



**Homes and
Community Renewal**

**Division of Housing
and Community
Renewal**

KATHY HOCHUL
Governor

RUTHANNE VISNAUSKAS
Commissioner/CEO

February 14, 2022

The Honorable Kathy Hochul
Governor of the State of New York
The Capitol, Executive Chamber
Albany, New York 12224

Dear Governor Hochul:

Pursuant to Section 170 of the Executive Law, I am submitting this response to the recommendations for corrective action in the Office of the State Comptroller's Report 2020-S-48, Controls Over Federally Funded Programs and Maximization of Federal Funding.

Sincerely,

RuthAnne Visnauskas
Commissioner/CEO

cc: Honorable Thomas P. DiNapoli, Comptroller, State of New York
Honorable Brian Benjamin, NYS Senate President
Honorable Andrea Stewart-Cousins, NYS Senate President Pro Tempore and Majority Leader
Honorable Robert G. Ort, NYS Senate Minority Leader
Honorable Liz Krueger, NYS Senate Chair, Finance Committee
Honorable Thomas O'Mara, NYS Ranking Minority Member, Senate Finance Committee
Honorable Carl E. Heastie, NYS Assembly Speaker
Honorable Crystal D. Peoples-Stokes, NYS Assembly Majority Leader
Honorable William A. Barclay, NYS Assembly Minority Leader
Honorable Helene F. Weinstein, NYS Assembly Chair, Ways and Means Committee
Honorable Edward P. Ra, NYS Ranking Minority Member, Assembly Ways and Means Committee

Recommendation 1: “Identify and take steps to mitigate potential future losses of federal funds caused by unexpected events.”

DHCR disagreed with this recommendation. As we previously noted, the conditions presented by the pandemic were unprecedented and would unlikely have been identified in a prior risk assessment. Nevertheless, we have instituted the following policy changes to address this:

First, the program area reviewed its expenditure policies and modified its processes to prioritize obligating and expending expiring funds first. Additionally, to help promote multifamily WAP production, the agency is identifying potentially eligible projects within our own affordable housing portfolios that would benefit from Weatherization Assistance Program services. By identifying and referring these multifamily projects to our subgrantees, we anticipate increased productivity and a corresponding increase in expenditure of federal funds at earlier dates that will help preempt possible future losses of funds caused by unforeseen events. DHCR is also working with our State agency partners to broaden and diversify the investment of these federal funds within program guidelines to provide alternative spending avenues that will similarly help achieve this objective.

Recommendation 2: “Ensure all remaining funds are obligated and expended by the end of the current grant period.”

DHCR agreed with this recommendation. Spending down our allocated federal funds to weatherize and make health improvements to the homes of income-eligible New Yorkers is this program’s mission and chief goal. The agency’s program staff and our network of subgrantees worked tirelessly throughout the pandemic, and through its associated restrictions, to produce and deliver this program statewide. Despite the hurdles presented by the pandemic, OSC’s report illustrated that DHCR was able to successfully spend down over 99 percent of the total HHS HEAP award. We consider this a testament to the diligence and commitment of our mission-driven staff and subgrantee network.

To build on these successes, DHCR continues to look for efficiencies and internal policy modifications to aid in the obligation and expenditure of program funds in an effective and timely manner. As described above, our collaboration with our State agency partners and exploration of expanded uses for these federal grant awards is a responsible, proactive approach to maximizing our federal funding while minimizing risk of loss for both foreseen and unforeseeable circumstances.

As demonstrated by the results of the audit, DHCR is a responsible steward of this federally funded program and will continue to proactively monitor and manage program activity and spending effectively.