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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

February 13, 2023

RuthAnne Visnauskas
Commissioner/Chief Executive Officer
Homes and Community Renewal
Hampton Plaza
38-40 State Street
Albany, NY 12207

Re: Housing Trust Fund Corporation:
Oversight of the Residential
Emergency Services to Offer Home
Repairs to the Elderly Program
Report 2022-F-18

Dear Ms. Visnauskas:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law, we have followed up on the actions taken by officials of Homes and Community Renewal to implement the recommendations contained in our audit report, *Housing Trust Fund Corporation: Oversight of the Residential Emergency Services to Offer Home Repairs to the Elderly Program* (Report 2020-S-4).

Background, Scope, and Objective

Homes and Community Renewal (HCR) consists of several of New York State's major housing and community renewal agencies, including the Housing Trust Fund Corporation (HTFC), which is responsible for community development through the construction, development, revitalization, and preservation of low-income housing. Within HTFC, the Office of Community Renewal (OCR) is responsible for administering the Residential Emergency Services to Offer Home Repairs to the Elderly (RESTORE) program, which assists senior citizen homeowners with the cost of addressing emergencies and code violations that pose a threat to their health and safety or that affect the livability of their homes.

Local Program Administrators (LPAs), which are selected through an application process where they must demonstrate, among other things, a clear understanding of the RESTORE program requirements, are responsible for administering the program locally. LPAs' applications are reviewed and scored, and selected LPAs enter into a contract for a term of 1 year with HTFC and can be awarded up to $150,000 per funding year. For the 2 funding years 2020–2021, 19 RESTORE program awards totaling approximately $2.6 million were awarded to 17 LPAs.

Our initial audit report, issued on July 15, 2021, examined whether LPAs were selected appropriately and their selection was properly documented by HCR; and whether selected

LPAs were properly administering the RESTORE program in accordance with program goals and requirements. The audit, which covered awards in funding years 2017–2019, found that HCR could improve its process for selecting LPAs and ensuring RESTORE program funds reach elderly residents from more counties and within the prescribed time frames to better support senior homeowners in need of assistance. For example, the audit found that inaccurate scoring on seven of 30 LPA applications reviewed (23%) resulted in at least three LPAs being inappropriately awarded funds while other LPAs were denied the opportunity for funding. In addition, LPAs were not properly administering the RESTORE program and were not using awarded funds within the required time frames to ensure emergency repairs were addressed promptly. We also found that, for the 3-year period, 49 RESTORE awards went to just 36 LPAs to serve only 36 of the 62 counties in the State. Furthermore, there were significant delays from the time OCR received notices of available funding to when RESTORE funds were made available to LPAs, thereby delaying the start of projects and assistance to seniors.

The objective of our follow-up was to assess the extent of implementation, as of January 27, 2023, of the six recommendations included in our initial report.

Summary Conclusions and Status of Audit Recommendations

HCR officials have made progress in addressing the issues identified in the initial audit report. Of the initial report's six audit recommendations, four were implemented and two were partially implemented.

Follow-Up Observations

Recommendation 1

Develop objective scoring guidelines to promote consistency and transparency in scoring and selecting LPA applications.

Status – Partially Implemented

Agency Action – OCR officials developed new scoring guidelines for the 2021 and 2022 funding years with transparent criteria that match those published in the Requests for Applications and in the LPA application form. Additionally, OCR officials have implemented a quality assurance review process to promote consistency and transparency in scoring and selecting LPA applications. This quality assurance process is an additional level of review of at least 25% of the submitted LPA applications to confirm the accuracy of scores.

Although OCR officials developed new guidelines and implemented an additional level of review for a sample of applications, we found the guidelines for certain sections of the applications are subjective and can lead to inconsistencies when scoring and selecting LPA applications. For instance, the scoring guidelines instruct reviewers to give a score of 0 if a category's response is "incomplete or inadequate," a score of 1 if the "response provides limited information and some items are not addressed," a score of 3 for a response with "adequate detail," and a score of 5 for a response with "exceptional detail." This terminology is vague and open to subjective interpretation by the reviewer, which can lead to inconsistent scoring of applications with similar narratives. In fact, we found there was inconsistent scoring among applications for the 2021 funding round. For example, OCR officials noted that five applications did not address and/or demonstrate

an understanding of the RESTORE timeline. Nevertheless, four of these applications received a score of 3 while one application received a score of 1 for this category.

Recommendation 2

Maintain clear, contemporaneous documentation (e.g., supporting scores, including deductions) during the LPA application scoring process.

Status – Partially Implemented

Agency Action – OCR maintains clear documentation to support deductions, but the documentation to support scores was not always clear. According to OCR officials, the Scoring Guides eliminate the need for extensive notes, and all review scores and notes are maintained in an Access database. We reviewed 75 notes (for 23 applications) from the Access database for the 2021 funding round and found 11 (15%) were unclear. For example, an applicant received a score of 3 for the Program Activity category, and the notes to justify the score simply state "not enough details to score a 5." There were no notes explaining what information was missing. We also noted that the Access database did not note when the documentation supporting the scores and deductions was created, so there is no assurance that the documentation was contemporaneous.

OCR officials maintain a separate spreadsheet to document the reason for deductions. We reviewed the 2021 applications that had points for deductions, and found that officials maintained clear notes within the spreadsheet for each application that had deductions.

Recommendation 3

Identify LPAs that have shown they are unable to use awarded RESTORE funds within the contracted period and provide timely assistance.

Status – Implemented

Agency Action – OCR officials identified LPAs that were unable to use awarded RESTORE funds within the contracted period and provided timely assistance. Subsequent to our audit, HCR officials began sending monitoring outreach emails, at 3-month intervals and monthly as the contract approached the end date, to each LPA awarded RESTORE funding. In addition to this monitoring outreach, HCR officials created a Grant Agreement Extension Evaluation Form where they document the justification for approving a contract extension for LPAs that are not using the awarded RESTORE funds within the contracted period. We reviewed the awards and disbursements for the 2021 and 2022 funding years and selected four LPAs that had undisbursed funds as of December 5, 2022. Our review found that OCR officials provided timely assistance to these four LPAs, including email or phone communications to all four LPAs throughout the contract period and an on-site monitoring visit to one LPA.

Recommendation 4

Increase monitoring of LPAs for RESTORE program compliance and establish a process for LPAs to consistently track compliance with program requirements, including timeline, bidding, and PMD [Property Maintenance Declaration] provisions.

Status – Implemented

Agency Action – OCR increased its monitoring of LPAs for RESTORE program compliance, and instituted the RESTORE Program Project File Checklist (Checklist) to assist LPAs in consistently tracking compliance with program requirements. The Checklist, which includes items that address timeline, bidding, and PMD provisions, is intended to be used by LPAs to organize responses for OCR's first file reviews and to organize project files. The Checklist must be completed and submitted to OCR for review both at the time of project set-up and at completion/disbursement. For example, at the time of set-up, LPAs are required to submit items such as the homeowner application, "before" photos, the award letter from the LPA to the participant, pre-construction inspections, and Project Set-Up Forms. At the time of completion, LPAs must submit items such as contractor bid proposals, the Contractor Bid Solicitation Log, the Project Completion Form, and the signed PMD.

We selected a sample of four LPAs that were awarded funds in the 2021 funding round and reviewed the Checklists and supporting documents. All four LPAs submitted the Checklist and supporting documents at the time of set-up. Two of the four LPAs did not submit the Checklist and supporting documents at the time of completion; however, OCR officials provided evidence that they contacted these LPAs via email to request the Checklist and supporting documentation.

Recommendation 5

Increase outreach and support to LPAs in counties that have not applied for or did not receive RESTORE program awards.

Status – Implemented

Agency Action – OCR increased outreach and support to LPAs in counties where there were no applications or awards in previous years. We found that, in addition to mass emails notifying LPAs of RESTORE funding availability, OCR officials conducted targeted outreach to LPAs in counties that did not apply for or were not awarded RESTORE funds. OCR officials provided documentation showing they contacted LPAs that serve 17 of the 19 (89%) State counties that did not apply for RESTORE program awards in 2021 or 2022 and LPAs in 26 of the 43 counties (60%) that were not selected for awards in 2021 or 2022. Additionally, OCR sent emails to the New York State Association of Counties, the New York State Office for the Aging, the New York State Association of Towns, and various counties, including those in which LPAs did not apply for funding in prior years, asking these organizations to notify their members that funding rounds were open and communicating information regarding RESTORE applications and funding availability. OCR also held various presentations about the RESTORE program. For example:

- In April 2021, HCR officials held a webinar on RESTORE Application Scoring for LPAs that were not selected for awards in the prior funding year.

- In September 2021, HCR officials presented at the Neighborhood Preservation Coalition Annual Conference.

- In August 2022, HCR officials held a webinar on State Funded Housing Application Training. OCR officials sent the webinar invitation to various local officials, including those from counties that had not previously applied for RESTORE funding. HCR also posted the webinar recording and presentation slides on its public webpage.

Recommendation 6

Improve timeliness of awarding RESTORE program funds to LPAs.

Status – Implemented

Agency Action – OCR improved the timeliness of awarding RESTORE program funds to LPAs. Our initial audit found there was an average of 11 months between the appropriations in the State's Budget and the awards for funding years 2017–2019. For funding years 2020–2021, the average time improved to 9.5 months. Further, the initial audit found there was an average of 6 months between the budget appropriations and Notice of Funds Available. For funding years 2020–2022, this improved to an average of 4 months.

Major contributors to this report were Joseph Gillooly, Leanna Dillon, Erik Dorfler, and Teeran Mahtoo-Dhanraj.

We would appreciate your response to this report within 30 days, indicating any actions planned to address the unresolved issues discussed in this report. We thank the management and staff of HCR for the courtesies and cooperation extended to our auditors during this follow-up.

Sincerely,

Diane Gustard
Audit Manager

cc: Sean Fitzgerald, HCR
    Diane McClure, HCR
    Lorrie Pizzola, HCR
    Allen Thesier, HCR