



**Homes and  
Community Renewal**

**Housing  
Trust Fund  
Corporation**

**KATHY HOCHUL**  
Governor

**RUTHANNE VISNAUSKAS**  
Commissioner/CEO

September 12, 2023

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 2022-S-28, Housing Trust Fund Corporation: Internal Controls Over and Maximization of Federal Funding for Various Section 8 Housing Programs and the COVID Rent Relief Program.

Sincerely,

RuthAnne Visnauskas  
Commissioner/CEO

cc: Honorable Thomas P. DiNapoli, Comptroller, State of New York  
Honorable Antonio Delgado, 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 Senate Ranking Minority Member, 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 E. Weinstein, NYS Assembly Chair, Ways and Means Committee  
Honorable Edward P. Ra, NYS Assembly Ranking Minority Member, Ways and Means Committee

**Recommendation 1. “Fully investigate and identify barriers to optimizing HCV vouchers and funding and, based on the results, develop and implement strategies to increase utilization and prevent potential reduction or loss of federal funds. This should include but not be limited to increased use of reserve funds.”**

HTFC agrees that high rates of voucher utilization and strategies designed to optimize utilization are a key component in managing the Section 8 Housing Choice Voucher Program. Nationally, voucher utilization dropped from over 90 percent in 2016 to 85 percent currently. Meanwhile, HTFC continues to be a leader nationally in addressing the ongoing challenges of the current rental market and as a result has recently improved both voucher and budget authority utilization (see the updated charts attached). HTFC has seen 12 consecutive months of increases in Units Months Leased (“UMLs”), for a net increase during that time of 1,657 families. The number of units leased per month listed in Attachment 1 for 2023 reflects the projected average for this year based on utilization for the first six months as well as anticipated increases during the second half. In July, HTFC’s utilization rate for the month exceeded 90%, thanks to the largest one-month jump in voucher utilization in recent memory. HTFC added 675 UMLs in July alone, for an increase from 44,825 to 45,500. HTFC’s anticipated yearly, average utilization rate for 2023 is projected to be above the national average and could go higher if the current trend continues. HTFC’s HUD-held (“HAP”) reserves now stand at 8.8 percent, compared to over 14 percent nationally. HTFC is now drawing approximately \$2-3 million per month from reserves, and project that the reserves will be down to 5.5% of Annual Budget Authority (“ABA”) by the end of the calendar year.

HTFC has taken a wide range of actions to increase utilization, helping us begin to turn the tide in New York even as the Program still struggles nationally. The flexibility to use 120% of Fair Market Rents (as opposed to the usual 90-110%) has been an important tool for improving utilization but is currently set to expire at the end of 2023 per HUD guidance. HTFC also offers Landlord Incentives and Security Deposit Assistance using our Administrative Reserves (“UNP”) and is among the only public housing agencies (“PHAs”) in the State to do so. HTFC’s 2022 Project Based Voucher (“PBV”) Notice of Funding Availability (“NOFA”) resulted in HTFC committing 700 PBVs to another 43 projects. The majority of these PBVs were awarded to existing projects, meaning the vouchers will increase the utilization rate almost immediately, as reflected by utilization numbers for July.

This summer, HTFC took steps to better understand the current challenges to voucher utilization. HTFC issued online surveys to our Local Administrators and to a sample of both landlords and participants. The results of these surveys are being analyzed now and will be used to re-calibrate our incentive package and customer service strategies in 2024. This may result in additional new incentives. Both landlord and participant surveys received over 200 responses. Preliminary findings indicate that most landlords are satisfied with the service they receive from Section 8, but the availability of affordable housing units remains the most significant barrier.

In addition, HTFC is significantly increasing its administrative reserve investment in mobility counseling, which generally involves a combination of financial assistance, housing search help, and more hands-on case management to assist Section 8 families with children in moving to neighborhoods with higher performing schools and greater economic opportunity. Known as the Making Moves Program (“MMP”), HTFC dedicated additional administrative reserves in 2022 to contract with Enterprise Community Partners to provide technical assistance and administer funding for two existing mobility programs in Erie County and Long Island. This year, HTFC authorized Enterprise to issue a Request for Proposals to add new programs, and they have made two awards: PathStone will receive funding via Enterprise to assist families in the Hudson Valley, while Tompkins Community Action will counsel families in Tompkins County. Both organizations are also currently under contract with HTFC as Local Administrators (“LAs”). Among other activities, these programs increase utilization

by assisting families with their housing search and by providing post-move support to make sure families remain stably housed. At the same time, they improve future economic outcomes for children and families.

### Summary of Actions Taken During the Past 180 days

- 1) Continued offering up to 120% FMR as an option for LAs, per HUD guidance, until the end of 2023.
- 2) Continued offering Landlord Incentives and Security Deposit Assistance using Administrative Reserves.
- 3) Issued an additional 700 PBVs through our NOFA process, for an unprecedented total of more than 2,000 new PBVs in just one year.
- 4) Contracted with Nan McKay Associates to update HTFC's administrative plan to streamline rules and reduce obstacles.
- 5) Conducted three separate surveys of LAs, landlords and participants to better understand how to improve utilization and began the process of re-evaluating financial incentives for 2024.
- 6) Hired a vendor to expedite processing of families selected from the New York City waiting list, with the goal of adding 500-700 or more new families by early 2024.
- 7) Hired eight new Section 8 case managers for HCR's New York City voucher program, which, unlike other counties, is run by State staff; these hires brought the New York City office back to its historic staffing levels following a wave of recent retirements.
- 8) Added two new locations for mobility counseling through a NOFA for our Making Moves Program ("MMP").
- 9) Began a dialogue with the New York State Division of Human Rights to review possible options to increase enforcement of the State's Source of Income discrimination law.
- 10) Provided the Local Administrators with the opportunity to increase their current administrative fee up to 4% to account for rapidly rising labor costs.

### Moving forward

Rents continue to rise rapidly throughout New York State and nationally, causing a significant increase in average subsidy per unit cost ("PUC"). Per HUD's Data Dashboard, HTFC's current average PUC of \$1,138.42 represents an increase of almost 11% from the yearly average for 2022 and a 40% increase from the yearly average for 2016; nationally, the PUC increased approximately 39 percent during the same time period. HUD's Fair Market Rents ("FMRs") increased by an average of 10.03% from Fiscal Year 2022 to Fiscal Year 2023 across our LA network. For a second year HUD has allowed HTFC the flexibility to approve payment standards of up to 120% of FMR to address rapidly increasing housing costs. If PUC continues to rise at this rate, and there is not a significant increase in Federal Section 8 funding, it is possible that our total reserves could be depleted by the end of 2024. So far, HUD is recommending that PHAs maintain an aggressive approach, but that could change if the spending caps for domestic spending included within the recent federal debt ceiling agreement are applied to HUD and Section 8. Therefore, HTFC also needs to act prudently in managing future spending to ensure there are sufficient reserves available to honor our commitment to families currently served by the Program, even in the event that annual funding increases begin to dwindle.

### **Recommendation 2: "Develop and implement solutions to financial management systems to improve the reliability and usability of programmatic financial data."**

HTFC agrees that financial management systems are a critical component in the administration of federal programs. HTFC's new technology, Emphasys Elite, is scheduled to go live on or around late 2023. This software program will provide additional reporting features and will account for HAP expenditures on a transaction-level basis, providing a more seamless method to reconcile expenses. . HTFC will provide additional funding for on-

site training for each of its 25 LAs. In addition, HTFC will provide a dedicated call center for landlords for the first three months after implementation to assist them in navigating the new on-line landlord portal.

**Recommendation 3: “Improve controls over HQS inspections to ensure that deficiencies identified during inspections are remedied within HUD-prescribed time frames and that inspection standards are consistent across LAs.”**

HTFC agrees with this recommendation to improve controls over Housing Quality Standards (“HQS”) inspections and has contracted for inspection services to provide for additional quality control (“QC”) inspections across the LA network, with HTFC staff performing QC in Westchester County. To date, HTFC’s contractor has visited 25 LAs and performed 391 QC inspections.

In 2023, HUD will transition to new inspections standards, known as NSPIRE. As required, HTFC will implement these standards in 2024. HTFC plans to provide training for our LAs on the NSPIRE standard through our training contract with Nan McKay Associates. Emphasys Elite should also improve functionality to track inspection data.

**Recommendation 4: “Develop and implement internal controls over the SDA.”**

HTFC agrees that internal controls over Security Deposit Assistance (SDA) are an important component of its responsibilities. HTFC developed a procedure for auditing SDA and other incentive payments annually and is in the process of conducting a review. No less than 10% of all payments will be sampled each year. HTFC staff will review paperwork submitted by each LA to verify the correct payment amount, landlord, tenant, etc.

# Attachment 1: Tables from OSC's Report Updated for 2023

**Updated Table 1: HCR Statewide Voucher Utilization**

Calendar Year	Number of Vouchers Available Per Month	Number of Units Leased Per Month	Number of Vouchers Not Used	Utilization Percentage	Non-Utilization Percentage
2017	48422	44754	3668	92.42%	7.58%
2018	48581	44350	4231	91.29%	8.71%
2019	48974	44675	4299	91.22%	8.78%
2020	49211	45004	4207	91.45%	8.55%
2021	49576	44704	4872	90.17%	9.83%
2022	49787	44113	5674	88.60%	11.40%
2023	50303	45070	5233	89.60%	10.40%

**Updated Table 2: HCR's HCV Utilization by Number of Geographic Areas**

SFY	Utilization			No. Areas Receiving HCV Funding Through HCR	Percent Underutilized
	Low < 95%	Standard 95%-97%	High > 98%		
2018	16	16	21	53	30.19%
2019	25	22	6	53	47.17%
2020	32	18	5	55	58.18%
2021	29	22	5	56	51.79%
2022	45	9	5	59	76.27%
2023	45	7	12	64	70.31%

**Updated Table 3: Estimated HAP Funding, Spending and Surplus**

Calendar Year	Total Funding Available	Total HAP Spending	Total HAP Surplus
2017	\$465,103,489	\$455,078,482	\$10,025,007
2018	\$481,783,142	\$463,889,905	\$17,893,237
2019	\$496,917,299	\$475,394,948	\$21,522,351
2020	\$526,533,405	\$505,843,162	\$20,690,243
2021	\$559,126,183	\$523,299,353	\$35,826,830
2022	\$595,235,286	\$544,570,022	\$50,665,264
2023	\$649,445,151	\$616,704,800	\$32,740,351

**Updated Table 4: Estimated Excess HAP Funds and Vouchers**

Calendar Year	HAP Surplus Exceeding 4% of Annual Budget		Total HAP Surplus	
	Surplus	Number of Vouchers	Surplus	Number of Vouchers
2017	N/A	N/A	\$10,025,007	986
2018	\$1,058,817	101	\$17,893,237	1711
2019	\$4,313,341	405	\$21,522,351	2024
2020	\$4,048,130	360	\$20,690,243	1841
2021	\$15,911,176	1360	\$35,826,830	3062
2022	\$28,348,616	2300	\$50,665,264	4111
2023	\$8,835,479	670	\$32,740,351	2484