NYC Department of Social Services
Corrective Action Planning Office
Corrective Action Plan Update

Audit Name: OSC Audit of NYC DSS CityFHEPS Rental Assistance Program (Homebase)
Audit Number: 2023-N-8 **Date: 7-6-2026**

Auditor's Recommendations	Agency Response	Responsible Unit	Agency Corrective Action	Target Date
Recommendation 1: Ensure compliance with policies for document retention pertaining to CityFHEPS cases originating at Homebase locations.	**Disagree with an explanation** As previously shared with the Office of the State Comptroller (OSC), the Department of Social Services (DSS) completed a migration from one database of record, Housing Assistance Payment System (HAPS), to another – CurRent – on January 1, 2022. The HAPS database did not have an application origin indicator, which was a limitation that the Agency corrected when it transitioned to the CurRent database as of January 1, 2022. However, DSS processed CityFHEPS applications submitted by Homebase providers before and after the migration, according to the governing policies and procedures, including retaining the necessary documentation related to these applications. **State Comptroller's Comment** – Our report did not question the processing of applications prior to January 1, 2022, but noted that DSS could not provide the requested case information for the period. If documentation was retained, we are uncertain as to why it was not provided. Effective January 1, 2022, the implementation of the CurRent database also ensures compliance with document retention pertaining to CityFHEPS cases, as the CurRent database has a document repository that includes applicable documentation for the CityFHEPS cases.	N/A	N/A	**Completed/ Ongoing**

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	Also note that DSS already has a comprehensive record retention policy for contracted providers – please refer to the attached *DSS Policy Bulletin #2019-005*. The policy states, among other things, that the "[c]ontractors must create, maintain and retain all books, records, [and] documents…for six years after the final payment or expiration or termination of their Agreement" with DSS/HRA/DHS.			
Recommendation 2: Establish a process to track the origin of CityFHEPS cases.	**Partially Agree** Since January 2022, after the implementation of the CurRent database, the Agency has been able to track the origin of CityFHEPS cases.	DSS Office of Business Process Innovation & Design (OBPID)	Track the Origin of CityFHEPS Cases in CurRent.	**Completed**

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Recommendation 3: Establish policies and procedures to check for all violations during preclearance and expand preclearance checks for all CityFHEPS cases (including "to stay" cases).	**Disagree with an explanation** DSS follows applicable rules and laws regarding the CityFHEPS subsidy as it relates to clearances and inspections while continuously monitoring quality, implementing course corrections, and updating procedures to reflect changes in policy and practice. Examples of such procedures include the *Rental Assistance Integrity Unit Quality Assurance Apartment Review for CityFHEPS/ FHEPS and SOTA Procedure #2020-11-OPA* and the *Revision to the Preclearance and Walkthrough Process for Moves with Rental Assistance Programs DSS-PB-2023-010*, both of which were previously shared with OSC. **State Comptroller's Comment** – We reviewed these policy bulletins during the course of our audit work and considered them in arriving at our conclusions. Additionally, the DHS Clearance Guidance by the Clearance Apartment Review (CAR) unit and the Apartment Review Checklist (ARC) tool have gone through revisions and improvements as the CityFHEPS program has expanded. The CAR unit serves as the gatekeeper for CityFHEPS apartments that are being considered for rent by subsidy participants. The ARC walkthroughs are	N/A	N/A	**Ongoing**

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	comprehensive inspections to assess the condition of housing units. CityFHEPS "to stay" is for households at risk of eviction and these cases typically arise where the tenant is already in housing court due to unpaid arrears. The court is the proper authority to address habitability issues, and repairs are clearly documented on decision stipulations that landlords must adhere to. Additional recourse options exist for current tenants who experience habitability issues and elect to remain in the apartment and follow up on violations or repairs directly with their landlord. "To stay" clients otherwise self-attest to habitability of their units. **State Comptroller's Comment** – We disagree with DSS's position that the responsibility for "to stay" households is shifted because these cases typically arise when the tenant is already in housing court. As the administrator of the CityFHEPS program, DSS has a responsibility to ensure that all of its clients—whether "to moves" or "to stays"—are living in safe and habitable units. Lastly, DSS follows Chapter 10 of Title 68 of the Rules of the City of New York, as related to the CityFHEPS program requirements, which does not expand preclearance checks to "to stay" cases.			

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Recommendation 4: Establish a landlord disqualification list and include unresolved safety and habitability issues as a reason for disqualifying landlords from the Program.	**Agree** DSS would like to emphasize that it takes its clients' well-being very seriously. The Agency acknowledges that an additional oversight mechanism enabling more intensive reviews of specific landlords could be helpful and will be working on creating the Landlord Escalation List. The List will enable more intensive reviews of specific landlords with particularly egregious concerns. A new Vendor Monitoring Unit responsible for managing this task is expected to be operational by the end of the first quarter of 2026.	DSS Accountability Office	Establish a Vendor Monitoring Unit Establish the Landlord Escalation List	**July 2026 Update: Completed in October 2025 (see attached)** ~~**April 2026**~~ **July 2026 Update: September 2026** ~~**June 2026**~~
Recommendation 5: Issue policies and procedures timely, pertaining to Good Cause Transfer and other areas of the program, to guide Homebase contractors prior to the implementation of changes within the CityFHEPS program.	**Disagree with an explanation** DSS disagrees with OSC's recommendation to issue policies and procedures timely, pertaining to Good Cause Transfer and other areas of the program to guide Homebase contractors, because the Agency already has such procedures in place. These include the attached *Rental Assistance Program Good Cause Transfer Guideline*, dated June 2017. This Guideline was shared with the Homebase providers and contains information on Homebase rental assistance transfer requests and approvals, good cause transfer conditions, and rental assistance relocation documents,	N/A	N/A	**N/A**

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	among other things. In addition, the Agency has the *HRA Policy Bulletin #2020-024*, also known as the *Homebase Source Book*, issued in May 2020, which provides additional Good Cause Transfer guidance, and which was previously shared with the auditors. **State Comptroller's Comment** – In response to the draft report, DSS provided a 2017 document titled *Rental Assistance Program Good Cause Transfer Guideline*, which was adopted based on a 2015 draft HRA LINC transfer procedure. DSS officials did not share the 2017 guideline with us before we issued the draft report. Instead, during the audit, DSS provided a policy titled *Good Cause Transfers Processed by Homebase Providers or Other Referring Providers for Rental Subsidy Community Cases*, which was formally issued in May 2024. Consequently, we reached our conclusions and made recommendations based on evidence provided during the audit. We encourage DSS officials to ensure that policies and procedures pertaining to CityFHEPS Homebase be formalized, issued, and distributed timely and prior to implementation of changes within the program. As the subsidy continues to evolve, the Agency continues to update its procedures, as is supported by the most recent *HRA Policy Bulletin 2024-008*, titled *"Good Cause Transfers Processed by Homebase Providers or Other Referring Providers for Rental Subsidy Community Cases*". This bulletin, issued in May 2024, contains information on rental assistance transfer requests and determinations as well as good cause transfer criteria. It was previously shared with the auditors.			

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	Regarding the specific case cited by the auditors, where OSC stated that they "found that DSS staff approved a client to move into an apartment with significant habitability issues", the Agency previously provided OSC with a detailed response. DSS approved the request for a Good Cause Transfer in April 2022. This was a point in time decision based on the request. The apartment passed pre-clearances on 12/16/2022 and 3/13/2024. The referenced violations noted by the auditors occurred in May of 2025, and the tenant should have followed up directly with the landlord and available community resources. **State Comptroller's Comment** – The violations for this specific case were dated in 2021 and 2022 and included two that were classified as immediately hazardous. We shared the supporting information for this case with DSS officials, which clearly demonstrated that the violation was not dated in 2025, Additionally, information on violations is publicly available.			

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Recommendation 6: Develop adequate written procedures and monitor for compliance to confirm that no substantiated relationship exists between landlords, brokers, and managing members for all CityFHEPS cases and that rent payments are issued to the correct parties.	**Partially Agree** The Agency agrees that improvements were needed to track rent payments to ensure that they were issued to the correct parties. As a result, DSS developed and rolled out the CurRent database to enhance the quality and depth of program data and will continue to implement additional system improvements, as needed. The Agency disagrees with OSC's recommendation to develop adequate procedures confirming that no substantiated relationship exists between landlords, brokers, and managing members, as DSS already has procedures regarding verification of the landlord-broker relationships in place. Specifically, the attached *DSS-8f (E) (CityFHEPS Landlord Package for Apartment Rentals Only* form, which was previously shared with the auditors, and updated again as recently as August 27, 2025, clearly defines the roles of each party. The landlord self attests to the following on the DSS-8f (E):	OBPID	Rolled out the CurRent Database	**Completed/ Ongoing**

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	If the unit is being rented with the assistance of a broker, I represent that: (a) The property owner is not the sales agent, associate broker, or individual broker. (b) No person who directly or indirectly owns or controls the rental unit: i. also directly or indirectly owns or controls the brokerage firm; or ii. is a broker, employee, or salesperson associated with the brokerage firm. (c) The property owner will not receive any part of the broker's fee directly or indirectly from the broker. (d) The sales agent, associate broker, or individual broker is not otherwise employed by the owner for services related to the property (e.g., property manager). (e) I understand that broker's fees do not apply to HPD units leased through a housing lottery or centralized homeless referral process. (f) The premises cannot be rented without the services of the sales agent, associate broker, or individual broker below.			

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	Note that during the Agency review, applications are returned if a conflict is found between the CityFHEPS Landlord Package form (refer to page 6 of *DSS-8f (E)*) and the Broker's Request for Enhanced Fee Payment by Check form (refer to bullet 5 on *HRA-121 (E)*). Additionally, as was previously shared with the State Comptroller, the Agency's Rental Assistance Integrity (RAI) Unit receives requests from DHS, the Package Review and Rental Processing Unit (PRRPU) and Clearance & Apartment Review (CAR) Unit. RAI verifies the ownership and investigates a broker's potential connection to the housing unit owner(s). Ownership of a property can be by a single individual, co-owners, or organization. If identified as an organization, RAI obtains verification of managing members. A substantiated relationship is determined by utilizing systems such as ACRIS, HPD, LexisNexis, Accurint, Property Shark, Department of State Division of Corporations and eAccessNY to ascertain if there are any connections based on familial ties, same address, matching executives/employees etc. RAI also conducts broker license lookups via online portals, which can confirm the status of a broker, their license number, address of business on record, etc. This information is			

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	then used for a Lexis/Nexis search to link parties, as applicable. For one case referenced by OSC where DSS incorrectly issued broker's fees, due to a missed familial landlord/ broker relationship, the Agency's Claims and Collections Unit is actively engaged in funds recovery efforts.	DSS Claims and Collections	Recoup Funds for Referenced Case	**Completed 11/30/2025**

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Recommendation 7: Comply with policies and procedures to verify eligibility, including income for all members of a household who are age 18 and older and ensure that all eligibility (including income) documents are retained.	**Disagree with an explanation** DSS already complies with its existing policies and procedures to verify the CityFHEPS subsidy eligibility, including income. As per the attached most recent guidance *DSS-PB-2025-010*, issued in June 2025, titled *CityFHEPS Payment Standards and Utility Allowance Amounts, New Landlord Packages, Income Documentation Changes for Clients of Cash Assistance, and Statewide CityFHEPS,* "[f]or clients in receipt of CA (active case), the income on record with their CA case will …be used in lieu of providing income documentation." The bulletin reiterates that "income documentation no longer needs to be submitted with the CityFHEPS packet for clients with active CA cases." **State Comptroller's Comment** – DSS failed to comply with the policies that were in effect during our audit scope period. As stated in our report, DSS policies specifically state that CityFHEPS packets should include paystubs for the last 30 days or other proof of income for household members age 18 and older. Furthermore, the adoption of a policy that does not require income verification documentation potentially increases the risks of program abuse and ineffective cost-containment.	N/A	N/A	**N/A**

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	Prior to this bulletin, the Agency was following the DSS *Policy Bulletin #2021-009*, titled *City Fighting Homelessness and Eviction Prevention Supplement (CityFHEPS)*, issued in December of 2021, where it states, among other things, that "A household's income can be verified through the Welfare Management System (WMS)." This policy bulletin was previously shared with OSC. In compliance with the above procedures, the Agency used the information from the clients' active Cash Assistance (CA) cases to inform decisions on processing and approval of the applications for the CityFHEPS subsidy, including but not limited to meeting the income threshold for the eligible members of the household. Accordingly, during the audit period, DSS provided OSC with supporting documents, such as the Welfare Management System (WMS) screenshots, and other relevant income verification documents, which were uploaded as part of the CurRent application for all **30 cases** in question. Specifically: **For 14 cases:**			

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	- For 6 cases, the verification documents were uploaded as part of the CurRent application and were shared with OSC for reference. - For the remaining 8 cases, WMS screens showing an active Cash Assistance benefit status were shared with OSC. **State Comptroller's Comment** – We reviewed all relevant information available to us at the time of our audit. As stated in our report, we found no record showing that the 14 households were referred by a CityFHEPS qualifying program. It is unclear how WMS screens showing active Cash Assistance status would corroborate that households are referred by a qualifying program. **For 10 cases**, where OSC found no evidence that the Homebase contractors issued the Household Share Letter to the applicant, that was because these were transfer cases, who already had the subsidy and knew their share of the rent. As previously explained to OSC, the Household Share Letter is not related to the subsidy eligibility determination.			

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	State Comptroller's Comment – According to DSS policy bulletin 2021-009, for households applying to move into a new housing unit, providers should issue a Household Share Letter. Further, one case was incorrectly classified as a transfer case when it was the client's first time receiving CityFHEPS. Therefore, according to DSS's policy, the household should have been issued a Household Share Letter. Additionally, in six cases, the household share amount changed, two of which involved increases. However, DSS provided no evidence that households were notified of these changes prior to approval. If DSS's current practices differ from written policy, we urge officials to update the policy to reflect actual procedures or to enforce compliance with the written policy. **For 3 cases**, where the households were potentially eligible for the subsidy because they were facing eviction, but OSC found no supporting documentation, the housing court stipulation was uploaded as part of the CurRent application and was also shared with OSC for reference. **State Comptroller's Comment** – As stated in our report, and contrary to DSS's assertions that these documents were in the case records, we did not find documentation supporting the eligibility reasons nor was the			

	documentation shared with us. Lastly, the **3 cases** noted by OSC as having been deemed potentially eligible based on participating in the Pathway Home Program, were in fact all referred through the PATH Diversion program. The referrals were in the case record and were also shared with OSC for reference. **State Comptroller's Comment** – The Household Share Letter for the three cases cited in our report noted the client's participation in the Pathway Home program—not the Pathway Diversion program as DSS asserts.			

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Recommendation 8: Establish written procedures to ensure that only eligible household members are included when determining household size for calculation of the CityFHEPS subsidy.	**Disagree** DSS follows the State Law, OTDA policy and RCNY §10-06 ensure that eligible household members are included when determining household size for calculation of the CityFHEPS subsidy. A household is eligible for a CityFHEPS subsidy if there are members of the household who meet the eligibility criteria. The size of the subsidy is determined based on the number of eligible household members only. **State Comptroller's Comment** – As noted in our report, we identified at least three households where there was no evidence that only eligible individuals were included when determining household size for calculation of the CityFHEPS subsidy. Accurately determining household size is important to ensuring program integrity, particularly as program costs continue to rise. The lack of verification not only undermines the credibility of the program's eligibility determinations but also exposes the program to risk of abuse.	N/A	N/A	**N/A**
Recommendation 9: Comply with policies related to rent reasonableness determination for CityFHEPS cases.	**Agree** As previously shared with the auditors, the policy for the rent reasonableness test is currently in development and is expected to be launched agencywide by end of 2025. Rent reasonableness assessments for CityFHEPS rental units will be performed by DSS staff via the web-based tool AffordableHousing.com.	OPPT	Develop and Launch the Rent Reasonableness Policy	**Completed April 1, 2026** ~~**12/31/25**~~

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Recommendation 10: Review discrepancies identified on IRS Form 1099 and issue corrected forms where warranted to ensure that accurate rent payments are reported.	**Agree** The DSS Finance Office regularly conducts research to find the information necessary to issue 1099 forms to landlords for whom DSS did not initially have complete information. Additionally, the Agency plans to roll out the following enhancements as part of a future release of CurRent. • Add a required field for the 'Payee' TAX ID/ SSN. • Update the Routing Code Validation for Electronic File Transfer (EFT) payment accounts. • Update the SSN/TIN ownership table to include effective start and end dates to document and track ownership changes. • Display to an Owner that a payment was made and recovered in the Payment History module and break the link to any of the tenant information associated to the recovered payments. • Refine the process by which payments are updated in CurRent to include status updates if payments have been recouped, including corresponding dates.	OBPID DSS Finance	Complete CurRent Enhancements	**July 2026 Update: September 2026** ~~**March 2026**~~

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	• Create functionality to document that a recovery took place, update the appropriate payment amount and reflect recovered payments under the CurRent Payment History. • Add the Recoupment Status.			