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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

November 19, 2025

Ann Marie T. Sullivan, M.D.
Commissioner
Office of Mental Health
44 Holland Avenue
Albany, NY 12229

Re: Controls Over the Empire State Supportive Housing Initiative
Report 2025-F-11

Dear Dr. Sullivan:

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 the Office of Mental Health to implement the recommendations contained in our initial audit report, *Controls Over the Empire State Supportive Housing Initiative* (Report 2022-S-22).

Background, Scope, and Objective

Established in 2016, the Empire State Supportive Housing Initiative (ESSHI) is part of the Executive's comprehensive plan for affordable and supportive housing to ensure all New Yorkers have access to safe and secure housing. As part of this plan, ESSHI's goal is to develop 20,000 units of supportive housing over a 15-year period ending in 2031. The Office of Mental Health (OMH or Office) serves as the lead procurement agency for ESSHI, which provides up to $34,000 annually per individual toward supportive housing for vulnerable populations experiencing homelessness. As such, OMH issues Requests for Proposals annually with the goal of developing 1,400 units of supportive housing each year.

Proposals should address the needs of the various populations to be served by both OMH and the other State agencies under ESSHI. Each of OMH's ESSHI contracts contains a work plan detailing the provider's objectives as well as the housing-related support services to be provided. OMH's Supportive Housing Guidelines (Guidelines) provide a framework for operating supportive housing programs, such as ESSHI, and require OMH to engage in monitoring of supportive housing programs once per 5-year contract cycle.

Additionally, case managers are required to have monthly face-to-face visits with residents, make quarterly in-home visits, develop an initial support plan within 30 days, and verify their income annually. The face-to-face visits allow case managers to ensure residents remain stable, monitor their needs for changes, and aid in ensuring the support plan is relevant. Further, in-home visits allow the opportunity for the provider to see the residents' living environment.

From the program's inception in 2016 through September 2025, there have been 355 ESSHI projects and 10,304 units permanently awarded across all State agencies. OMH has contracts for 97 of these projects comprising 3,366 units. Of the 97 projects, only 75 (relating to 2,671 units) are currently active and providing supportive housing. The remaining 22 projects are in the process of becoming active and are in various stages of construction.

The objectives of our initial audit, issued on December 21, 2023, were to determine whether controls over ESSHI were sufficient to ensure the needs of high-risk target populations were being met, and whether providers deliver the services that are required in their contracts with State agencies. The audit covered the period from July 2017 through March 2023. The audit found significant deficiencies in OMH's oversight of the ESSHI program. For example, a review of selected residents' progress notes identified a lack of face-to-face meetings or in-home visits, delays in developing support plans, and that annual income was not being verified in all cases. Furthermore, two residents were missing for extended periods of time and one resident's alleged relative moved into the unit and changed the locks. Also, four of six providers that auditors inspected had critical issues with housing units, such as water leaks, water stains, and mold. Lastly, contract work plans lacked attainable, measurable objectives to allow providers to track their progress toward stated objectives.

The objective of our follow-up was to assess the extent of implementation, as of September 2025, of the five recommendations included in our initial audit report.

Summary Conclusions and Status of Audit Recommendations

OMH officials made some progress in addressing the problems we identified in the initial audit report. Of the initial report's five audit recommendations, three have been partially implemented and two have not been implemented.

Follow-Up Observations

Recommendation 1

Increase the frequency of the Office's provider monitoring visits to ensure ESSHI units are adequately maintained, provider performance is acceptable, and Guidelines are met.

Status – Partially Implemented

Agency Action – OMH has increased the number of its provider monitoring visits from nine projects during the initial audit period (July 2019 through December 2022) to 28 projects between January 2024 and June 2025. Additionally, OMH officials stated another 18 visits were scheduled to be completed by the end of September 2025. According to March 2025 field office meeting minutes, all field offices are increasing the frequency of monitoring visits to twice per contract cycle, including once within the first year of a new project site opening. Because OMH ESSHI contracts are 5-year cycles and the new monitoring guidelines were just issued in March 2025, we were unable to determine whether OMH met its Guidelines' requirement of one monitoring visit within the first year, or if OMH has increased its visits to two per cycle since we issued the initial audit report. We reached out to three providers (one that had a completed monitoring visit and two with scheduled monitoring visits based on OMH data) to verify whether the visits had occurred or were scheduled. The one provider confirmed the visit occurred. Of the two providers with scheduled visits, one confirmed the visit was scheduled and may have already occurred and the other provider did not respond to our request.

Although monitoring visits have increased, we found instances where issues identified in the initial audit were not resolved. We reinspected certain ESSHI units that were not properly maintained during our initial audit to determine whether providers had corrected the identified issues and whether other issues were present. Of the six provider projects visited from our initial audit, we judgmentally selected two projects for reinspection totaling 20 units based on geographical location, number of previously identified issues, and whether the same residents were residing in the units. Of these, we revisited eight units with 14 issues identified in the initial audit, such as wall damage, bubbling or peeling paint, water stains, unclean floors and carpets, and signs of vermin. In one of the eight units, a continued presence of cockroaches and peeling/chipped paint had not been addressed; however, the provider documented that they had made multiple attempts to correct the issues but the resident refused entry. Of the remaining seven units, we found that providers had not addressed 69% (nine of 13) of the identified issues. Additionally, we observed five new issues across four of the units, including needed repairs to windows, walls, cabinets, and a stove.

Recommendation 2

Develop and implement a process that ensures provider contracts have objectives and performance measures that are attainable, measurable, and reportable prior to awarding contracts.

Status – Partially Implemented

Agency Action – OMH officials reported that OMH convened a workgroup in November 2023 to standardize language for provider contract plans across all housing models. OMH has developed and implemented contract language templates that include objectives and performance measures that are attainable, measurable, and reportable for newer programs, such as Critical Time Intervention, Home-Based Crisis Intervention, and Youth Safe Spaces. However, OMH has yet to implement such contract language for its supportive housing work plans, including ESSHI. OMH officials stated that their priority is new projects, and that ESSHI contracts will be updated as ESSHI contracts come up for renewal.

Recommendation 3

Develop and issue policies and procedures to field offices related to monitoring and reviewing work plans to ensure providers comply with contract requirements.

Status – Not Implemented

Agency Action – OMH has not developed policies and procedures for field offices related to monitoring and reviewing work plans. According to OMH officials, this will be done following the implementation of the standardized contract language for ESSHI provider contract work plans.

Recommendation 4

Review work plans during the Office's monitoring visits to better evaluate program success.

Status – Not Implemented

Agency Action – According to OMH officials, review of work plans during monitoring visits will begin after the implementation of standardized contract language for ESSHI provider contract work plans and policies and procedures for field offices to monitor and review work plans have been developed.

Recommendation 5

Develop a mechanism to track and monitor non-SMI resident data to incorporate lengths of stay and occupancy rates into measures of success.

Status – Partially Implemented

Agency Action – OMH is exploring a mechanism to track and monitor data on non-serious mental illness (SMI) residents. According to July 2025 meeting minutes, OMH's Taxonomy Committee—which reviews and advises the executive team on program code changes in fiscal, licensing, and survey systems—proposed adding a program code in OMH's Child and Adult Integrated Reporting System to allow supportive housing programs to report on their non-SMI populations. This change would enable tracking and oversight of these programs without affecting SMI data. OMH officials stated that testing of this change is ongoing and did not indicate a time frame for implementation.

Major contributors to this report were Jessica Kirk, Jason Getman, and Andrew Mautone.

OMH officials are requested, but not required, to provide information about any actions planned to address the unresolved issues discussed in this follow-up within 30 days of the report's issuance. We thank the management and staff of OMH for the courtesies and cooperation extended to our auditors during this follow-up.

Very truly yours,

Scott Heid
Audit Manager

cc: Tarra Pratico, Office of Mental Health