



ANDREW M. CUOMO  
Governor

## Homes and Community Renewal

DARRYL C. TOWNS  
Commissioner/CEO

**RECEIVED**  
EXECUTIVE CORRESPONDENCE

MAR 18 2015

OFFICE OF THE STATE COMPTROLLER  
THOMAS P. DINAPOLI  
COMPTROLLER

March 12, 2015

The Honorable Andrew M. Cuomo  
Governor of the State of New York  
The Capitol  
Executive Chamber  
Albany, NY 12224

Dear Governor Cuomo:

Pursuant to Section 170 of the Executive law, I write this letter in response to the Office of the State Comptroller's Report 2013-S-72, *Office of Rent Administration (ORA), Administration of Tenant Complaints*, issued December 11, 2014.

Homes and Community Renewal (HCR) agreed to take specific corrective action to address the issues and concerns identified in the audit report. Specifically, this response will describe what steps have been taken to implement the recommendations made by the Office of the State Comptroller ("OSC"). In summary, our strategy is to have ORA processes undergo LEAN review, prudently address staffing issues, and to implement a modern database information system for ORA.

### **Recommendation 1:**

*Establish criteria for the amount of time it should take to assign, address and resolve tenant complaints, and document the reasons why cases are not resolved within the prescribed time frames.*

As noted in our response to the Draft report, six court decisions have impacted heavily on ORA's ability to process cases in the order in which they were filed. Three of the cases (Cintron, Grimm, & Roberts), have permanently and significantly changed the way overcharge cases are processed going forward.

Imposing time limits would not come without significant complications. If we were to limit ourselves to a time limit in processing a case, we risk violating due process requirements, and we risk becoming motivated strictly by results (i.e., case closed within "X" days) as opposed to being motivated to issue quality determinations that are arrived at fairly and can survive scrutiny by the courts. Each party is entitled to their issues being heard, and each case is fact-determinative. Unlike many government agencies where the matter being addressed involves one party, DHCR, via ORA, is a quasi-judicial agency; thus each matter we address involves two adversarial interests, who are each oftentimes represented by counsel. However, we do encourage and instill in our staff that cases must be moved along as quickly as possible, and we will continue to do that through proactive training of staff, including supervisors. Our efforts in this will be greatly enhanced with the new technology the agency is scheduled to receive.

Governor Cuomo launched the Lean process transformation program to improve the efficiency of state government operations. HCR is part of that effort, and ORA is leading the way by applying these principles to the Overcharge Bureau. Areas of redesign in our business process are being implemented to eliminate waste, improve quality, and reduce "cycle" times so that resources can be used for higher value-added activities.

**Recommendation 2:**

*Investigate the circumstances surrounding long-term open cases and take steps to resolve them.*

The report correctly identifies certain factors involved in this wait time, such as the loss of key personnel (about one-third due to retirements), the observation of due process requirements, and key court decisions that require we delay processing related cases. Regarding court decisions, we believe the past few years were unlike any others in the agency's history. As can be shown by the chart below, there were a total of six court decisions that substantially impacted on our ability to process cases in the order in which they were filed. And three of the cases (Cintron, Grimm, & Roberts) have permanently and significantly changed the way we process overcharge cases going forward.

**OVERCHARGE CASES ON HOLD DUE TO COURT PROCEEDINGS**

<u>Decision</u>	<u>Placed on Hold</u>	<u>Court Decision</u>	<u>Processing Resumed</u>	<u>Time on Hold (yrs.)</u>
Casado	Dec 2008	Mar 2011	May 2011	2.4
Cintron	Oct 2010	Oct 2010	Jan 2012	1.3
Grimm	Sep 2009	Sep 2009	Jan 2012	2.3
IPN	2007	Sep 2013	Sep 2013	5.7*
Roberts	Oct 2009	Apr 2013	Feb 2014	4.3
Shore Road	2008	Apr 2013	Jan 2014	5.0*
				<b>Avg. = 4.5yrs.</b>

\*- To calculate the "Time on Hold (yrs.)" for IPN and Shore Road, December 31<sup>st</sup> is used as the "Placed on Hold" date. Thus, what is presented are "best case" scenarios for "Time on hold (Yrs.)" in these instances; and, of course, using January 1<sup>st</sup> would add one more year to each.

As these cases are no longer on hold, the current overall average wait time for a case to be assigned is expected to decrease. The ability to process cases more quickly will be realized as staff becomes more adept with the new regulations and case law. In addition to training, we are also exploring several options to move cases more quickly and hope to apply some of these in the near future. It must be noted that oftentimes, overcharge cases involve a lease renewal complaint component. When a tenant files both an overcharge and lease renewal complaint, ORA often merges those complaints into one overcharge complaint (closing the lease renewal) and the Examiner addresses all the related issues that may be involved in that one case. Furthermore, overcharge cases must take into account all related cases pertaining to the subject apartment. These may include rent reduction orders (due to any type service complaint), rent restoration orders, major capital improvements, individual apartment improvements, registration compliance, and lease renewal compliance, as well as anything else that affects processing; i.e., J-51 tax abatement, Section 8 vouchers, ownership trail, etc.

### **Recommendation 3:**

*Conduct an examiner/staffing productivity analysis and redeploy Office staff as appropriate to align with complaint caseloads and complexity.*

As our primary issue identified for staffing was replacement of key staff lost, the Overcharge Processing Unit has implemented the following personnel changes: the hiring of 6 new Rent Examiner 1's (SG 14); the promotion of two individuals to the position of supervisors as Housing & Community Specialist 1's (SG 18); and one new pending hire to replace a recently retired Rent Examiner 1 (SG 14). While the recently promoted supervisors are well-versed in processing cases, the new hires are only in the process of being trained.

### **Recommendation 4:**

*Establish a formal timetable to complete the development and implementation of an effective management information system.*

As noted in our response to the draft report, HCR recognized the need for a major business transformation effort and has a contract proposal with OSC to migrate from its present, outdated Historical Update and Tracking System (HUTS) to a state-of-the-art web-based case management system that will enable case processing workflows, enhance ability to manage case work queues, better reporting for ORA management, and greater transparency for tenants and building owners.

HCR submitted its initial contract package for the new management information system to OSC's Bureau of Contracts on December 1, 2014 after first being approved by the Office of the Attorney General. OSC rejected the initial contract package January 6, 2015 after reviewing our responses to a number of follow-up questions.

HCR submitted a revised contract package January 15, 2015 after discussions with OSC regarding revisions necessary for approval, including a reduction in contract term and price. HCR has provided all necessary information and responded to all questions throughout OSC's review process.

We understand and appreciate OSC's need to conduct its due diligence as this contract represents a significant investment of State resources. Accordingly, we eagerly await approval of the contract so that we may begin implementation of the technology solution, as it is expected to improve the efficiency of rent operations for years to come.

*Below are target timetables for this implementation that we had included in our response to OSC's Draft Report.*

#### **Year 1 activities:**

- High Level analysis and project Plan – 4 months
- Architecture Design, Security, and Capacity Plan – 1 month
- Build DEV and Test Environment – 1 month
- System analysis and definition of use cases for Authentication/Authorization/External interfaces, Registration – 5 months
- Analysis and definition of Core Case Management and Processing – 5 months
- Use Cases for Incident reporting, Management reporting, and Data Warehouse – 4 months

#### **Year 2 activities:**

- System Pilot – 3 months
- System rollout and training – 2 months
- Knowledge Transfer – 1 month
- Decommission HUTS system – 1 month

We hope that you find this response helpful and look forward to answering any questions you might have about HCR's Office of Rent Administration's handling of tenant complaints.

Sincerely,



Darryl C. Towns  
Commissioner/CEO

cc:

Honorable Thomas P. DiNapoli, NYS State Comptroller  
Honorable Dean G. Skelos, NYS Senate Majority Leader  
Honorable Andrea Stewart-Cousins, NYS Senate Minority Leader  
Honorable John A. DeFrancisco, NYS Senate Chair, Finance Committee  
Honorable Liz Krueger, NYS Senate Ranking Minority Member of the Senate Finance Committee  
Honorable Carl E. Heastie, NYS Assembly Speaker  
Honorable Joseph D. Morelle, NYS Assembly Majority Leader  
Honorable Brian M. Kolb, NYS Assembly Minority Leader  
Honorable Herman D. Farrell, Jr., NYS Assembly Chair, Ways and Means Committee



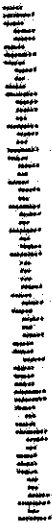
**Homes and  
Community Renewal**

641 Lexington Avenue, New York, NY 10022

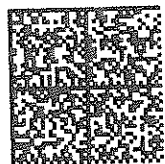
NEW YORK  
NY 100  
14 MAR '15  
PM 6 L

Hon. Thomas P. DiNapoli  
Office of the State Comptroller  
110 State Street  
Albany, NY 12236

12236



NYS OSC  
MAILROOM  
MAR 18 2015  
REC'D-228



U.S. POSTAGE® PITNEY BOWES  
ZIP 10022 \$ 000.48<sup>0</sup>  
02 1W  
0001374743 MAR 13 2015