

THOMAS P. DINAPOLI
COMPTROLLER



110 STATE STREET
ALBANY, NEW YORK 12236

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

August 18, 2020

Mr. Michael P. Hein
Chairman
Homeless Housing and Assistance Corporation
40 North Pearl Street
Albany, NY 12243

Re: Homeless Housing and Assistance
Program – Project Selection and
Maintenance
Report 2020-F-14

Dear Chairman Hein:

Pursuant to the State Comptroller's authority as set forth in Article X, Section 5 of the State Constitution, we have followed up on the actions taken by officials of the Homeless Housing and Assistance Corporation to implement the recommendations contained in our audit report *Homeless Housing and Assistance Program – Project Selection and Maintenance* (Report [2018-S-4](#)).

Background, Scope, and Objective

The Homeless Housing and Assistance Program (HHAP), created in 1983 under the Social Services Law, provides funding for the establishment of projects for the homeless. HHAP is overseen by the Homeless Housing and Assistance Corporation (HHAC) and is administered and staffed by the Office of Temporary and Disability Assistance pursuant to its service agreement with HHAC. Through the Homeless Housing and Assistance Fund, HHAC provides State financial assistance in the form of grants, loans, or loan guarantees to acquire, construct, or rehabilitate supportive housing for the homeless. Financial assistance is provided through direct contracts with municipalities, not-for-profit and charitable organizations, and public corporations, awarded through a Request for Proposal process. Projects eligible for HHAP funding may serve families, single persons, youth, and the elderly as well as a range of special needs populations.

Most HHAP clients reside in permanent supportive housing (80 percent), and the balance utilize shelters. HHAC's providers are required to provide supportive services to these clients to assist in maintaining their residence. HHAP performs monitoring inspections to ensure the projects are adequately maintained. As an additional means of monitoring, HHAC requires all providers to submit detailed annual reports, which include information related to budget, finances, milestones, proof of insurance and tax payments, and various other fiscal and program information. HHAP analyzes this data to ensure each project adheres to standards and has a reasonable budget for the coming year. Annual reports serve to alert HHAC of possible red flags or issues that may require attention.

From the inception of the program in 1983 through State Fiscal Year (FY) 2019-20, the State appropriated \$1,226,500,000 for the development of 22,128 housing units. For State FYs 2018-19 and 2019-20, \$63 million was appropriated for HHAP. During State FYs 2017-18 and 2018-19, HHAP developed 995 units consisting of 1,573 beds that became operational. As of June 12, 2020, there were 342 active provider contracts.

Our initial audit report, issued on January 10, 2019 and covering the period April 1, 2015 through September 14, 2018, sought to determine if HHAP was selecting feasible projects to provide permanent supportive housing to the homeless and if its projects were being properly maintained. We found that, of the 51 projects that were awarded funding during the three-year period ending March 31, 2016, all but one were operational or in the preconstruction or construction phase within two to four years of being awarded funding. We also identified several areas for improvement. For instance, for 326 projects that were active during the period April 2015 through March 2018, we determined that HHAP had conducted the required inspections but not all were done timely: for about 10 percent (32) of the projects, inspections were past due, ranging from one to nine months. Further, 46 annual reports (14 percent) were delinquent, ranging from 94 to 980 days overdue. Lastly, HHAP officials disclosed that their database was not always reliable and, in some instances, query results were not accurate. In July 2016, officials began seeking solutions to replace this system.

The objective of our follow-up was to assess the extent of implementation, as of June 12, 2020, of the four recommendations included in our initial audit report.

Summary Conclusions and Status of Audit Recommendations

HHAP officials have made progress in addressing the problems we identified in the initial audit report; however, additional improvements are needed. Of the initial report's four recommendations, two were implemented and two were partially implemented.

Follow-Up Observations

Recommendation 1

Continue improving the timeliness of monitoring site visits and ensure all projects are visited within a 12-month cycle.

Status – Implemented

Agency Action – HHAP officials have improved the timeliness of monitoring site visits to ensure all projects are visited within a 12-month cycle. For the period April 1, 2019 through March 7, 2020, we determined 10 of the 342 active contracts projects (3 percent) did not receive monitoring site visits within a 12-month cycle. However, according to HHAP officials, six of these ten projects were under close supervision for issues related to change in ownership/leadership, vacancies, project transfers, and/or litigation.

Recommendation 2

Ensure all annual reports are received and reviewed timely and take appropriate action to acquire delinquent reports.

Status – Partially Implemented

Agency Action – Even though HHAP officials have processes in place for issuing annual report

reminder letters prior to the due date and following up on delinquent reports, we still found a significant number of project providers whose annual reports were identified as delinquent and who were issued a delinquency letter. During the period April 1, 2019 through June 12, 2020, 128 of the 342 active providers (37 percent) received a delinquency letter for not submitting their annual reports timely. As of June 12, 2020, 69 of these project providers had submitted their annual reports, leaving 59 with annual reports still outstanding (17 percent), ranging from 67 to 342 days delinquent. We excluded outstanding annual reports with a due date after pandemic protocols were put in place. We also acknowledge that HHAP officials have taken action to follow up with providers to obtain delinquent annual reports; however, based on the significant number outstanding at the time of our request, they have not completely ensured that all annual reports are received timely.

Recommendation 3

Develop and implement policies and procedures for the submission of timely and complete annual reports, with procedures for following up to obtain complete delinquent annual reports.

Status – Partially Implemented

Agency Action – According to HHAP officials, the process to ensure annual reports are submitted timely is initiated with an annual report reminder letter to each provider prior to the due date. Each annual report is tracked upon receipt, and a delinquency letter is issued when an annual report is overdue. Additionally, during monitoring site visits, any delinquent reports are discussed with the provider. HHAP officials stated that this process has been reviewed with staff during monthly meetings; however, it is not formally documented as written policy. According to HHAP officials, they intend to use a new software application to automate the sending of reminder and delinquency letters, reducing the need for formal written procedures.

Recommendation 4

Continue taking the needed steps to implement a management information system that generates reliable data for reporting and decision making.

Status – Implemented

Agency Action – HHAP officials are in the process of implementing a management information system that both gathers and generates reliable data for reporting and decision-making functions. HHAC has successfully procured a web-based software application that enables the tracking and reporting of HHAC processes, including multi-agency lending, asset management, finance and accounting, compliance, project operation and management, construction management, and ongoing site inspections. As of July 1, 2020, the project had gone through several phases of implementation such as the discovery phase, which included the sharing of existing capacity and documents, project and data mapping of business processes, data migration into a testing environment, training, and data migration into the production site. According to HHAP officials, the next phase will allow for the submission of annual reports by providers and the automation of follow-up processes for delinquent reports.

Major contributors to this report were Amanda Eveleth, Nolan Lewis, and Nancy Hobbs.

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 HHAC for the courtesies and cooperation extended to our auditors during this review.

Very truly yours,

Bob Mainello, CPA
Audit Manager

cc: Linda Glassman, Assistant Deputy Commissioner
Richard Umholtz, Director
Rajni Chawla, Audit Director