OFFICE OF THE NEW YORK STATE COMPTROLLER

DIVISION OF STATE GOVERNMENT ACCOUNTABILITY

New York State Affordable Housing Corporation

Homebuyer Selection and Approval

Report 2008-S-100

Thomas P. DiNapoli

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State of New York
Office of the State Comptroller

Division of State Government Accountability

September 29, 2009

Ms. Priscilla Almodovar
President and Chief Executive Officer
NYS Affordable Housing Corporation
641 Lexington Ave.
New York, NY 10022

Dear President and Chief Executive Officer Almodovar:

The Office of the State Comptroller is committed to helping State agencies, public authorities and local government agencies manage government resources efficiently and effectively and, by so doing, providing accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of State agencies, public authorities and local government agencies, as well as their compliance with relevant statutes and their observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations. Audits can also identify strategies for reducing costs and strengthening controls that are intended to safeguard assets.

Following is a report of our audit of the New York State Affordable Housing Corporation: Homebuyer Selection and Approval. The audit was performed pursuant to the State Comptroller's authority as set forth in Article X, Section 5 of the State Constitution.

This audit's results and recommendations are resources for you to use in effectively managing your operations and in meeting the expectations of taxpayers. If you have any questions about this report, please feel free to contact us.

Respectfully submitted,

Office of the State Comptroller
Division of State Government Accountability

State of New York
Office of the State Comptroller

EXECUTIVE SUMMARY

Audit Objective

Our objective was to determine whether grants funded by the New York State Affordable Housing Corporation are awarded to homebuyers in accordance with eligibility requirements.

Audit Results - Summary

In the Affordable Home Ownership Development Program (Program), persons of low or moderate income can receive a grant to help with the purchase of a home. The grants are awarded through Program grantees (municipalities and not-for-profit entities) under formal agreements with the New York State Affordable Housing Corporation (Corporation), a State-funded public benefit corporation. The Corporation provides the funding for the grants and oversees the grant award process. In the three-plus years covered by our audit, nearly $83 million in grants were awarded for home purchases.

The grants should not be awarded to applicants with incomes or assets above the maximum allowable amounts. However, 3 of the 70 grants in our sample were awarded to such applicants and as many as 12 others may have been awarded to such applicants, as these applicants' reported incomes and assets were not fully documented and there were indications that at least 2 of the 12 had underreported their assets.

When grants are awarded to applicants with incomes or assets above the maximum allowable amounts, less grant funding is available to the applicants who are supposed to benefit from the Program. We recommend the Corporation more effectively oversee the grant award process and ensure the eligibility determinations are appropriately performed and documented by the Program's grantees.

To ensure fairness, Program grantees may use a random selection method to determine the order in which applicants are considered for grants. Such a method was to be used for the grants in our sample. However, when applicants with low selection numbers were passed over and not awarded grants, there was inadequate documentation explaining why. To provide assurance applicants are being considered in numerical order and the grant award process is, in fact, fair, we recommend such documentation be maintained.

Grantees receive funding from the Corporation for particular housing projects, and award grants for home purchases in those projects. Applicants who reside in the local community may be considered for Program grants ahead of non-residents. However, we found that two of the applicants in our sample who were given this preference, and were awarded grants ahead of non-residents, were not, in fact, residents of the local community. We recommend the Corporation ensure that selection preferences are only given to applicants who qualify for the preferences.

In addition, a certain number of housing units in a project are often set aside for local community residents. However, we found that these targets for community participation were not always met, even when the number of community residents applying for the project far exceeded the number needed to meet the target. Corporation officials responded that while there may be set preference targets, they are merely grantee goals and not necessarily Corporation requirements. We recommend the Corporation clarify in its project agreements as to whether or not grantees must achieve the stated preference targets.

Our report contains six recommendations for improving the Corporation's operation of this program. Officials generally agreed with our recommendations and have begun to take steps to implement them.

This report, dated September 29, 2009, is available on our website at: http://www.osc.state.ny.us.
Add or update your mailing list address by contacting us at: (518) 414-3271 or
Office of the State Comptroller
Division of State Government Accountability
110 State Street, 11th Floor
Albany, NY 12236

INTRODUCTION

Background

The New York State Affordable Housing Corporation (Corporation), a public benefit corporation, is a subsidiary of the New York State Housing Finance Agency. It was created in 1985 to administer the Affordable Home Ownership Development Program (Program).

In the Program, grants are awarded to eligible individuals to help with the acquisition, construction, rehabilitation or improvement of owner-occupied dwellings of one- to four-family units, including cooperatives and condominiums. This financial assistance is intended to make home ownership affordable to persons who otherwise would be unable to purchase or improve a home by relying solely on private lending sources.

The grants are awarded to the individuals through intermediary grantees (generally not-for-profit organizations or government entities, such as municipalities). The grantees receive set amounts of funding from the Corporation for particular projects (i.e., specific housing developments), and are to use this funding for grant awards.

Agreements between the Corporation and grantees set forth the scope of services, authorized uses of grant funds, as well as the project location. They also establish specific eligibility criteria for home buyers receiving Program grants, particularly maximum allowable income and asset limits. They further require the grantee to verify reported income and assets before the purchase agreement is signed.

The project agreement also specifies other obligations for the grantee and the Corporation, and includes a marketing plan for the project. The marketing plan may give preference to certain types of project applicants (e.g., local community residents), and if this is the case, these applicants are to be considered for Program grants before those who are not given preference. Grantees may use a random selection method to determine the order in which project applications are reviewed for possible grant awards. This random selection method is used to ensure fairness and avoid the appearance of favoritism in the application review process.

The Corporation is required to review the grantees' performance, determine whether they have complied with the requirements in their agreements, and ensure their financial integrity. The Corporation fulfills this responsibility by hiring accounting firms to perform periodic reviews of the performance of selected grantees. During these reviews, the accounting firms review

the grant award practices and determine whether the practices comply with the requirements in the project agreements. The Corporation can terminate an agreement and recover funds from a grantee that does not comply with these and other Program requirements.

From the Program's inception in 1985 through May 31, 2008, grantees awarded a total of more than 51,000 Corporation grants in projects throughout New York State. Between April 1, 2005 and May 31, 2008 (the period covered by our audit), a total of $132 million in grants was awarded for 6,948 housing units, of which $82.8 million was awarded for the construction of 2,587 housing units, $21.6 million was awarded for the rehabilitation of 856 housing units, and $27.5 million was awarded for improvements at 3,505 housing units.

Nearly half the grants since April 2005 ($65.5 million or 49.6 percent) were handled by a single grantee: the New York Partnership Housing Development Fund Company, Inc. (Partnership), which is based in New York City. Accordingly, our audit focused on this grantee.

The Corporation is governed by a seven-member Board of Directors. Four of the members are appointed by the Governor, and the other three serve ex officio in their capacities as Commissioner of the New York State Division of Housing and Community Renewal, Director of the New York State Division of the Budget, and Commissioner of the New York State Department of Taxation and Finance. Much of the funding for Program grants is provided through State appropriations.

Audit Scope and Methodology

We audited to determine whether grants funded by the New York State Affordable Housing Corporation are awarded to homebuyers in accordance with eligibility requirements. Our audit period was April 1, 2005 through May 31, 2008. To accomplish our objective, we met with Corporation and Partnership officials to understand the process used in selecting applicants for Program participation. We reviewed the Private Housing Finance Law, Title 21 of the Rules and Regulations of the State of New York, and Corporation policies and procedures. We also examined Corporation reports related to grantee activities, records relating to five projects sponsored by the Partnership, and documentation relating to a sample of 70 Corporation grants at these five projects.

We conducted our performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State. These include operating the State's accounting system; preparing the State's financial statements; and approving State contracts, refunds, and other payments. In addition, the Comptroller appoints members to certain boards, commissions and public authorities, some of whom have minority voting rights. These duties may be considered management functions for purposes of evaluating organizational independence under generally accepted government auditing standards. In our opinion, these functions do not affect our ability to conduct independent audits of program performance.

Authority

We performed this audit pursuant to the State Comptroller's authority as set forth in Article X, Section 5 of the State Constitution.

A draft copy of this report was provided to Corporation officials for their review and comment. Their comments were considered in preparing this report and are attached in their entirety.

Within 90 days of the final release of this report, as required by Section 170 of the Executive Law, the President of the New York State Affordable Housing Corporation shall report to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendations contained herein, and where recommendations not implemented, the reasons therefor.

Contributors to the Report

Major contributors to this report include Frank Houston, Cindi Frieder, Gene Brenenson, Jeremy Mack, Katrina Lau, Jonathan Bernstein, Iraida Del Rosario and Dana Newhouse.

Audit Findings and Recommendations

Homebuyer Eligibility

To determine whether Corporation grants are being awarded to individuals with incomes or assets within the maximum allowable levels, we reviewed a sample of 70 grants in five selected projects. We found that 3 of the 70 grant recipients exceeded the maximum allowable income or asset levels, and 12 others may have exceeded those levels, as their reported income and assets were not fully documented and there were indications that at least 2 of the 12 had underreported their assets.

We limited our review to grants for housing construction, and did not review any grants for housing rehabilitation or improvement. There was a total of 202 housing acquisition grants in the five selected projects, and in selecting 70 of these grants for review, we randomly selected 15 grants from four of the projects and we selected all ten grants from the fifth project.

All five projects were sponsored by the Partnership. We selected the five because their housing units were sold to grant recipients primarily between April 30, 2005 and May 31, 2008 (our audit period) and none of the projects had been reviewed by the Corporation's CPA firms for compliance with the project agreements. The five projects are Bradhurst Parc, Hart-Pulaski, Putnam Jefferson, East 119th Street, and Twin Parks East II, and they are located in Central and East Harlem, the Bronx, and the Bedford Stuyvesant section of Brooklyn.

The Partnership constructs housing units in certain neighborhoods and sells the units to qualified applicants. A portion of the cost may be offset by Program grants. The Partnership requires all prospective homebuyers to submit a formal application and it randomly orders the applications for review and possible funding.

During this review, the Partnership is supposed to determine whether the applicants are eligible for a Program grant, and if so, it is supposed to verify, and certify to, this eligibility. The Corporation requires that an applicant's income be verified against federal income tax returns, W-2 forms, and recent pay stubs, and it requires that prospective buyers disclose and certify household assets.

To determine whether the Partnership was awarding Program grants to applicants with allowable income and asset levels, we reviewed the Partnership's files for the 70 grants in our sample. Specifically, we compared the income and asset documentation in each file to the maximum income

and asset levels allowable for that project. These levels were specified in the Partnership's formal project agreements with the Corporation.

We found that 55 of 70 grant recipients met their project's income/asset eligibility requirements, as their income and assets did not exceed the maximum allowable amounts for their project. However, the remaining 15 grant recipients either did not, or may not, have met these requirements, as follows:

- One individual received a $25,000 grant for the purchase of an apartment in Central Harlem. The asset limit for this apartment was $97,000, and the individual reported that his only asset was a checking account with a balance of about $20,000. However, a bank statement in the grant file showed a checking account balance of $45,028, and another bank statement showed a savings account balance of $196,405. The individual also appeared to own real estate, as his tax return had a deduction for real estate taxes and mortgage interest. Partnership and Corporation officials agreed that this individual was not eligible for the grant, and said they are taking corrective action. On January 28, 2009, the property was sold to a new buyer; the grant was also transferred to the new buyer.

- A couple received a $25,000 grant for the purchase of an apartment in East Harlem. The asset limit for this apartment was $57,892, and the couple reported combined assets of $55,386, consisting of checking and savings accounts and two certificates of deposit. However, bank statements in the grant file showed a combined balance of $69,457 for the two accounts, an amount that exceeded the asset limit. The personnel who reviewed the bank statements for the Partnership had not been instructed that the accounts' beginning balance was just as important as the ending balance, and withdrawals from the accounts should have been included when determining the couple's assets. In response to our finding, Corporation officials discussed the matter with Partnership officials and emphasized the importance of properly determining asset levels.

- An individual received a $45,000 grant for the purchase of a building in the Bedford Stuyvesant area. The stated income limit for this building was $70,950, but the individual's income was reportedly $73,642. When we questioned the appropriateness of this award, Partnership and Corporation officials said that the income limit for this project had been increased to $75,000, and consequently, they considered this individual eligible for the grant. However, they have not provided any written documentation of the modification to the income limit.

- Twelve individuals received grants ranging from $20,000 to $45,000 for the purchase of housing units. However, some of the documentation

that was required to support their reported income and assets (e.g., pay stubs and bank statements) was not on file. Partnership officials stated that this documentation was reviewed, but it had been misplaced. We note that Program grantees are not specifically required by the Corporation to keep copies of income and asset documentation in the grant file.

- It appeared that 2 of the 12 individuals with missing documentation did not report all their assets, as their tax returns had a deduction for real estate taxes and mortgage interest (indicating that they owned real estate), but neither individual reported owning any real estate. This discrepancy should have been detected during the review of the individuals' applications. However, the personnel who performed the review were not aware of the need to follow up on such discrepancies, believing a signed statement of disclosure from the applicant together with supporting documentation was sufficient.

When grants are awarded to applicants with incomes or assets above the maximum allowable amounts, less Corporation funding is available to the applicants who are supposed to benefit from the Program. It is therefore important that the Corporation effectively oversee the grant award process and ensure that eligibility determinations are appropriately performed and documented by the Program's grantees. To facilitate this monitoring and further emphasize the importance of the eligibility determinations, we recommend the grantees be specifically required to keep copies of income and asset documentation in the grant file.

We note that some of the incorrect eligibility determinations in our sample were performed for the Partnership by another entity (the New York City Housing Development Corporation, which became involved when property was donated by the City). However, the Partnership was responsible for overseeing the eligibility determination process and for ensuring that it was performed correctly.

Corporation officials agreed with our findings. They stated that they would issue a memorandum to all grantees addressing the importance of documentation retention.

Recommendations

1. Recover the funds for the grants in our sample that were awarded to homebuyers who were ineligible.
2. Require grantees to maintain sufficient documentation of their grant recipients' eligibility, and determine whether such documentation is maintained when the periodic compliance reviews are performed.

3. During the periodic compliance reviews, ensure that proper instructions have been given to the personnel who perform the eligibility determinations and the determinations themselves are performed correctly.

4. Adequately document any changes in a project's maximum allowable income or asset levels.

Homebuyer Selection

A certain number of housing units in a project are often set aside for local community residents. Applicants who reside in the local community are considered for Program grants ahead of non-residents. However, we found that two of the individuals in our sample who were given this preference were not, in fact, residents of the local community. We also found that the targets for community participation were not always met, even when the number of community residents applying for the project far exceeded the number needed to meet the target.

To ensure fairness, a random selection method may be used to determine the order in which a project's applicants are to be considered for the available housing units. We found that such a method was used in the five projects in our sample. However, when applicants with low selection numbers were passed over and not selected for housing units, documentation was not maintained to explain why. As a result, there was no assurance these applicants were, in fact, considered for the available housing units.

Selection Preferences

According to the agreements between the Corporation and the Partnership for the five projects in our sample, certain types of individuals were to be given preference when applications for housing units were reviewed. Local community residents were to be given such preference in all five projects, and New York City police officers were to be given such preference in four of the projects. Once a certain percentage of the available units in each project was sold to eligible preferred applicants, or the list of such applicants was exhausted, the remaining units were to be offered to the remaining eligible applicants, in selection number order.

A total of 35 of the 70 grants in our sample were awarded to purchasers who were given preference (32 as community residents and three as police officers). To determine whether these buyers qualified for their preference, we reviewed the grant files. We found that 33 of the 35 grant recipients did qualify for their preference, as documentation in the files showed that they were either local community residents or New York City police officers at the time of application.

However, the remaining two individuals did not qualify for their preference, as neither was a resident of the local community at the time of application, as follows:

- One individual was given preference for being a resident of Manhattan. However, the documentation in the file showed that the individual was actually a resident of Queens. This individual was number 681 on the project's log.
- The other individual was given preference for being a resident of community board #3 in Brooklyn. However, the documentation in the file showed that the individual was not a resident of that neighborhood. This individual was number 202 on the project's log, which had 256 applicants.

If selection preferences are given to individuals who do not qualify for the preferences, the fairness of the selection process is compromised. We recommend the Corporation establish control techniques to ensure that selection preferences are only given to individuals who qualify for the preferences. Corporation officials agreed with our recommendation and stated that they will establish guidelines and procedures for preferences.

For the five projects in our sample, their agreements called for a certain percentage of the housing units in each project (ranging from 30 to 50 percent) to be sold to community residents and a certain percentage of the housing units in four of the projects (5 percent in each project) to be sold to New York City police officers. We found that the targets for police officers were met. However, in two projects, the targets for community residents were not met, even though the number of residents applying far exceeded the number needed to meet the targets, as follows:

- At the Bradhurst Parc project in Central Harlem, 50 percent of the units were to be sold to community residents. However, only 43 percent of the units (58 of 134) were sold to community residents, even though Partnership records indicated that 756 community residents submitted applications for units.
- At the Hart-Pulaski project in Bedford Stuyvesant, 30 percent of the units were to be sold to community residents. However, only 15 percent of the units (3 of 20) were sold to community residents, even though Partnership records indicated that over 40 community residents submitted applications for units.

Partnership officials could not explain why the community resident target for the Bradhurst Parc project was not met, when there were more than enough qualified applicants. Corporation officials acknowledged that the

Partnership should be expected to abide by the terms and conditions of its project agreements, which may include preference targets. However, the officials also noted that there may be times when preference targets need to be modified in response to changes in marketing conditions. The officials further noted that preference targets are goals and may not always be met even in the course of good faith marketing efforts.

We note it is important for the Corporation to ensure that a grantee's efforts to attain preference targets are made in good faith. As is stated by Corporation officials, the preferences are "designed to encourage local support for and participation in …" affordable housing projects. Thus, if preference targets for community residents are not met, local support and participation could be undermined. Preference targets also help the Partnership secure other project funds and land from New York City. It is thus important for both the Corporation and the Partnership to attain preference targets, whenever possible.

Corporation officials added that while preference targets are disclosed in the agreements with the Partnership, the Partnership merely included the preference targets to disclose how they expected to market the Program buildings. Corporation officials state the preference targets are not their requirement. They may word future agreements to state that the proposed preference targets are not Corporation requirements.

Reasons Applicants Not Selected

Partnership officials told us a random selection method is used in their projects to determine the order in which applications will be reviewed. According to the officials, when all the applications for a project have been received, a sequential number is randomly assigned to each application. They then identify the preferred applications and review them in sequential order until either the preference target is met or the preferred applications are exhausted. Then, if housing units are still available, they review all the remaining applications in sequential order.

We found that the Partnership had assigned random sequential numbers to the applications for the five projects in our sample, as there was a listing of the applicants, in sequential order, for each of the five projects, with the preferred applicants designated as such. In addition, at four of the projects, this listing indicated whether the applicants were approved for a housing unit or not, and if the applicants were not approved, it usually gave the reason why (e.g., not eligible, no longer interested, or did not respond to inquiry.)

However, when we attempted to verify the reasons applicants were not approved for housing units, we were unable to do so, because the files for these applicants had not been retained by the Partnership. The files would have contained the applications and all supporting documentation related to the applicant. Partnership officials said they only maintain the files for the applicants who are approved. They do not retain the files for applicants who are not approved because they say they do not have sufficient storage capacity.

In the absence of this documentation, there is no assurance these applicants were, in fact, considered for housing units, and were, in fact, not eligible, not interested or non-responsive. Moreover, in the absence of documentation showing that applicants with lower selection numbers were appropriately passed over in favor of applicants with higher selection numbers, there is no assurance the Partnership did, in fact, consider each applicant in sequential order. We therefore recommend such documentation be retained for a reasonable period of time. Corporation officials agree with our recommendation. We also note that the electronic storage of documentation can alleviate concerns about storage capacity.

Recommendations

5. Modify the grant agreement format so that it is clear as to whether stated preference targets need to be achieved.

6. Require grantees using random selection methods to retain, for a reasonable period of time, documentation showing why applicants with lower selection numbers were passed over in favor of applicants with higher selection numbers.

nyhomes

State of New York Mortgage Agency
New York State Housing Finance Agency
New York State Affordable Housing Corporation

July 20, 2009

Mr. Jeremy Mack
Office of the State Comptroller
Division of State Government Accountability
123 William Street
New York, New York 10038-3804

Dear Mr. Mack:

This letter will serve as the response of the New York State Affordable Housing Corporation ("AHC") to the final audit findings, transmitted on June 9, 2009, related to your audit report with respect to the Affordable Home Ownership Development Program (the "Program").

Background

Your audit focused on grants made by AHC to one grantee, the New York Partnership Housing Development Fund Company (the "Grantee"). Nearly half of AHC's grants since April 2005 were made to the Grantee.

Your audit focused on grants made between April 1, 2005 and May 31, 2008 (the "Audit Period").

Management Responses

We have reviewed the audit report and, with regard to the recommendations that were made, management submits the following responses:

1. Recover funds for AHC grants for ineligible homebuyers.

Based on the findings in the audit report, we deemed one homeowner to be ineligible. With respect to such homeowner, corrective action has taken place. The Grantee has informed us that such homeowner has sold his home to an income eligible buyer. In

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addition, management has discussed the importance of the method for determining includable assets with the Grantee.

2. Ensure that grantees' documentation is maintained to support homebuyer eligibility.

It is AHC's policy that documentation utilized to support the awarding of grant funds be properly maintained and safeguarded for at least three years. Since the Audit Period, AHC has amended its form of grantee agreement to make such recommendation explicit.

We have reinforced this policy in a letter send to the Grantee on June 24, 2009, a copy of which is attached (the "Grantee Letter").

AHC engages a third-party to perform periodic compliance reviews of our grantees' projects. AHC will instruct such third-party to include as part of its review that documents are being properly maintained.

3. Ensure that Grantee staff reviewing eligibility requirements are properly trained.

Each project in AHC's Program is governed by a grant agreement, as well as established AHC policies and procedures. Under the grant agreement, it is a grantee's responsibility to employ staff that is both competent and capable of performing their functional responsibilities, as well as to train such staff. Our updated form of grant agreement now states this responsibility explicitly.

In addition, AHC staff is always available to provide guidance and clarification of program policies and procedures and to assist a grantee in completing program requirements.

With respect to the Grantee, we have reinforced this policy in the Grantee Letter.

4. Ensuring that changes in Program requirements are adequately documented.

Each grant agreement includes terms relating to the maximum allowable income and/or asset levels that were negotiated with a particular grantee for the awarding of grants for a particular project. We concur and will ensure that, if such terms are proposed to be modified, such request be made in writing. If such request is approved, it will then be incorporated into an amendment to the original grant agreement.

Mr. Jeremy Mack
Office of the State Comptroller
July 20, 2009

5. Modifying the grant agreement to reflect whether preference targets need to be achieved.

Currently, AHC's form grant agreement clearly states that preferences represent targets and are, therefore, not mandatory. As such, if these preference targets are not achieved, it will not be considered a violation of the grant agreement. With respect to the Grantee, the Grantee's form of grant agreement has been modified to reflect that preferences represent targets and are, therefore, not requirements.

6. Ensure that selection methods are properly documented and retained for a reasonable period of time.

We will encourage grantees, including the Grantee, to maintain a database of all applicants and a notation of whether or not they received grant funds and if not, the reason for the rejection.

On behalf of our management team at AHC, we thank the staff of OSC for the professional manner in which they conducted their examination.

If you have any questions, please feel free to call Dominic A. Martello, Vice President, at 212 872-0553, in our offices at 641 Lexington Avenue, New York, New York 10022.

Sincerely,

Priscilla Almodovar
President and Chief Executive Officer

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PRISCILLA ALMODOVAR
President/CEO

June 24, 2009

Mr. Dan Martin
President
NYC Housing Partnership Development Corporation
450 7th Ave.
Suite 2401
New York, NY 10123

Re: Audit Findings

Dear Mr. Martin:

As you are aware, the Office of the State Comptroller recently conducted an audit of the New York State Affordable Housing Corporation ("AHC"). As the NYC Housing Partnership Development Corporation (the "Partnership") has historically been the recipient of approximately one-half of the state appropriations, the audit focused specifically on the Partnership.

The issues raised in the audit have been previously brought to your attention. These issues include: properly training staff so they have the ability to determine eligibility of potential applicants, methods of documentation, and document retention.

Partnership staff should be given proper instructions as to eligibility determinations. In addition, the Partnership should keep copies of income and asset documentation for all applicants, whether accepted or rejected, in the grant file for a period of three years past the closing date of the Project.

Please respond to this letter, stating precisely how the Partnership is planning to address the above issues. If you have any questions or concerns, please do not hesitate to contact me.

Sincerely,

Dominic Martello
Vice President