

October 27, 2015

Frank Patone, CPA  
Audit Director  
Office of the State Comptroller  
59 Maiden Lane - 21st Floor  
New York, NY 10038

**Re: Status Report on the Audit of the Mitchell Lama Program: Awarding Housing Units  
And Maintaining Waiting Lists  
Audit Number: 2014-N-3**

Dear Mr. Patone:

The following represents the Department of Housing Preservation and Development's Status Report on the recommendations contained in your Audit of the Mitchell Lama Program: Awarding Housing Units and Maintaining Waiting Lists.

If you have any additional questions, please call Assistant Commissioner Josh Cucchiaro at 212-863-6610.

Thank you.

Sincerely,



Vicki Been



STATUS REPORT  
OFFICE OF THE NEW YORK STATE COMPTROLLER  
NEW YORK CITY DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT  
STATUS REPORT ON MITCHELL LAMA PROGRAM: AWARDING HOUSING UNITS AND MAINTAINING WAITING  
LISTS  
REPORT 2014 N-3  
Date: October 27, 2015

Audit Finding	Audit Recommendation and Agency Response	Corrective Action Plan
<p>Awarding Housing Units</p> <p>Applicants List was not followed in Sequence</p> <p>Applicants were not Approved by HPD</p> <p>Use of Lottery for Waiting Lists</p>	<p><b>1. Recommendation:</b> Formalize procedures to conduct lotteries and establish waiting lists for housing developments. The procedures should sufficiently detail steps necessary to ensure a fair applicant selection process and provide consistency among developments.</p> <p><b>Agency Response: Agree</b></p>	<p><b>1. Corrective Action:</b> In the short term, HPD will review its current processes and procedures for conducting lotteries, making adjustments as needed. These procedures will detail the steps that we take to continue to ensure a fair opportunity for all applicants to be selected. HPD will automate the lottery process by Spring 2016 and will produce procedures related to this new automated process.</p> <p><b>Projected Implementation Date: Spring 2016</b></p>
<p>Questionable Waiting List Notations</p>	<p><b>2. Recommendation:</b> Ensure that waiting lists provide sufficient space to post and update notations regarding applicants' status, including continued interest in housing units.</p> <p><b>Agency Response: Agree</b></p>	<p><b>2. Corrective Action:</b> In conjunction with the automation of the lottery, HPD will develop a reformatted waiting list that provides space for updates and notations regarding applicant status. The reformatted waiting list will be implemented prospectively for new lotteries.</p> <p><b>Projected Implementation Date: Spring 2016</b></p>
	<p><b>3. Recommendation:</b> Require managers of housing developments/buildings to maintain appropriate documentation for notations made to waiting lists.</p> <p><b>Agency Response: Agree</b></p>	<p><b>3. Corrective Action:</b> HPD will work internally and with managing agents to determine which appropriate documents must be maintained to support waiting list annotations. HPD will make sure that guidelines are being followed as part of its review and approval of the applications.</p> <p><b>Actual Implementation Date: October 15, 2015</b></p>
	<p><b>4. Recommendation:</b> When awarding available units, prepare and maintain sufficient documentation of the reasons for awarding units to applicants other than the next available applicant on the waiting list.</p> <p><b>Agency Response: Partially Agree</b></p>	<p><b>4. Corrective Action:</b> HPD will review the supporting documents described in the response to Recommendation 3 as part of the approval process and place special focus on units that are awarded to applicants other than the next available applicant on the waiting list. The supporting documents will be maintained at the management office rather than at HPD.</p> <p><b>Actual Implementation Date: October 15, 2015.</b> HPD will review the supporting documentation for annotations made by the managing agents after 10/15/15.</p>
	<p><b>5. Recommendation:</b> Develop and implement formal plans to automate the lottery process and waiting lists. Such plans should include timetables for completing key phases of the projects.</p>	<p><b>5. Corrective Action:</b> HPD plans on automating the lottery process by Spring 2016. The full automation of the waiting lists will require a longer implementation schedule, which will be established after making significant progress on the</p>

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	<p><b>Agency Response: Partially Agree</b></p>	<p>lottery automation.</p> <p><b>Projected Implementation Date:</b> Currently working on the automation of the lottery process for Spring 2016. An implementation schedule for automation of the waiting lists is not yet available.</p>
	<p><b>6. Recommendation:</b> Increase the number and frequency of internal compliance reviews to ensure units are occupied by eligible, HPD-approved applicants. Formally follow up on significant deficiencies to ensure that they are corrected.</p> <p><b>Agency Response: Agree</b></p>	<p><b>6. Corrective Action:</b> HPD is in the process of hiring an additional compliance review analyst in order to increase the number and frequency of compliance reviews. In addition, HPD will follow up on the pending outstanding compliance reviews that were included in the audit in order to ensure that any deficiencies are addressed.</p> <p><b>Actual Implementation Date: August 2015.</b> Two compliance staff were hired in August 2015. Follow-up on pending compliance reviews in process.</p>
	<p><b>7. Recommendation:</b> Follow up on the occupant-related matters at the three developments we examined, as detailed in the report.</p> <p><b>Agency Response: Partially Agree</b></p>	<p><b>7. Corrective Action:</b> HPD has advised management offices of the specifics of the occupant-related matters detailed in the report and will follow up on those matters to determine what, if any, appropriate actions to take.</p> <p><b>Actual Implementation Date:</b> Cadman Towers 5/11/15, Trinity 5/14/15, Washington Square 6/17/15</p>
<p>Other Matters- Units Listed on Airbnb</p>	<p><b>8. Recommendation:</b> Follow up on the apparent misuse of AirBnB by occupants of units at Washington Square Southeast.</p> <p><b>Agency Response: Agree</b></p>	<p><b>8. Corrective Action:</b> HPD has informed the management of Washington Square of the apparent misuse of AirBnB by the occupants of units detailed in the report and will follow up to ensure appropriate action is taken. In addition, HPD has sent out a directive to the Mitchell-Lama developments reminding them that using AirBnB or other similar arrangements is prohibited by the Mitchell-Lama rules.</p> <p><b>Actual Implementation Date: July 15, 2015.</b> AirBnB Directive sent 7/1/15. Cases brought to Hearing Officer for the two units indicated in the report.</p>