Office of Temporary and Disability Assistance
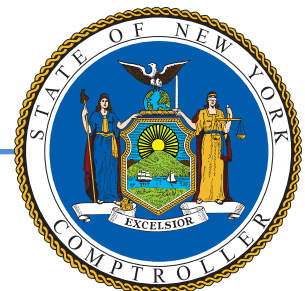
Controls Over the Empire State Supportive Housing Initiative

Audit Highlights

Objectives

To determine whether the Office of Temporary and Disability Assistance's controls over the Empire State Supportive Housing Initiative are sufficient to ensure high-risk target populations' needs are met and whether providers deliver the services as required in their contracts with OTDA. The audit covered the period from January 2017 through June 2023.

About the Program

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 the 15-year period ending in 2031. The Office of Mental Health (OMH) serves as the lead procurement agency for ESSHI, which provides up to $25,000 annually per individual or unit toward supportive housing for vulnerable populations experiencing homelessness. As such, OMH issues Requests for Proposals (RFPs) annually, with the goal of developing 1,400 units of supportive housing each year.

Although OMH is the lead contracting agency, proposals accepted through ESSHI RFPs are not solely for persons with a serious mental illness. Proposals should also address the needs of the various populations to be served by both OMH and the other State agencies under ESSHI. To that end, the Office of Temporary and Disability Assistance (OTDA), among others, contracts with providers to offer supportive housing and related services.

The provider contracts we reviewed require the providers to maintain confidential and comprehensive case files that document and demonstrate service provision achievements as well as barriers overcome by residents. Further, those contracts also require providers to meet with residents and develop Individualized Service Plans (ISPs), service plans, or support service plans (all three are synonymous based on the contracts reviewed) to address each resident's needs and goals.

From the program's inception in 2016 through October 2022, OTDA has contracted for 159 ESSHI projects, comprising 4,290 units. Of the 159 projects, 71 (relating to 1,274 units) are currently active and providing supportive housing. The remaining 88 projects (relating to 3,016 units) are in the process of becoming active and are in various stages of construction.

Key Findings

We found significant deficiencies in OTDA's oversight of the ESSHI program, including insufficient monitoring of contract requirements, inadequate conditions at some housing units, and inadequate case management for support services.

- Of a sample of 81 residents' progress notes, we determined:
  - 40 residents (49%) did not have completed ISPs. ISPs are meant to address each resident's needs and goals.
  - Eight residents' case files (10%) were lacking evidence of adequate case management.
  - One provider did not meet as frequently as required for nine of its 11 residents.

- Despite its contract requiring that case managers be a Licensed Master Social Worker (LMSW), one provider employed an unlicensed case manager from June 2021 through September 2022. An LMSW ensures that case managers have the qualifications necessary to assist residents in setting meaningful goals and making progress toward achieving them.

- Five of the seven providers' ESSHI projects we inspected had critical issues at the housing units, such as water leaks, electrical or lighting issues, and/or lack of furnishings. Water leaks within a building may result in immediate and long-term damage if moisture is not removed appropriately.

  - We also found that a wheelchair-using resident was forced to leave their patio entrance unlocked for re-entry while the building's handicap-accessible entry door was left unrepaired. While the provider did repair the door, it took 10 months.

- Only 32 of the required monitoring visits (once during the 5-year contract term) were completed for the 71 active ESSHI projects (45%). More frequent visits can hold providers more accountable and improve unit conditions as well as quality of life for residents.

- OTDA receives quarterly data from its providers related to occupancy rate and resident turnover; however, it does not aggregate it to monitor ESSHI program performance in its entirety or on a provider-by-provider basis to compare individual providers' performance to identify potential issues.

Key Recommendations

- Develop and implement policies and procedures to ensure the ESSHI program achieves its goals, including addressing case management expectations.

- Increase the frequency of provider monitoring visits to ensure the ESSHI program achieves its goals.

- Revise and update monitoring visit procedures to ensure providers comply with contract requirements and/or applicable policies and procedures.

- Develop and implement a process to aggregate and track resident turnover and length-of-stay data from providers to measure the effectiveness of the program.

- Review ESSHI contracts prior to award to ensure performance measures and requirements are reasonable and consistent throughout the program.
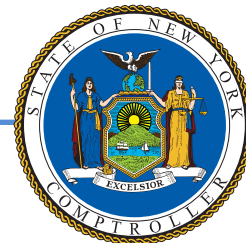
Office of the New York State Comptroller
Division of State Government Accountability

August 8, 2024

Barbara C. Guinn
Commissioner
Office of Temporary and Disability Assistance
40 North Pearl Street
Albany, NY 12243

Dear Commissioner Guinn:

The Office of the State Comptroller is committed to helping State agencies, public authorities, and local government agencies manage their resources efficiently and effectively. By so doing, it provides accountability for the 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 entitled *Controls Over the Empire State Supportive Housing Initiative*. This audit was performed pursuant to the State Comptroller's authority under Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law.

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,

Division of State Government Accountability

Contents

Glossary of Terms

Term	Description	Identifier
OTDA	Office of Temporary and Disability Assistance	*Auditee*
CAMBA	ESSHI provider in the Bronx	*Provider*
CAPTAIN	ESSHI provider in Saratoga Springs	*Provider*
ESSHI	Empire State Supportive Housing Initiative	*Program*
Hour Children	ESSHI provider in Long Island City	*Provider*
ISP	Individualized Service Plan	*Key Term*
LMSW	Licensed Master Social Worker	*Key Term*
OMH	Office of Mental Health	*State Agency*
Provider 1	ESSHI domestic violence residence provider	*Provider*
Provider 2	ESSHI domestic violence residence provider	*Provider*
RAT	Risk Assessment Tool	*Key Term*
RFP	Request for Proposal	*Key Term*
SMI	Serious mental illness	*Key Term*
Spiritus	ESSHI provider in Rochester	*Provider*
VOC	Veterans Outreach Center, ESSHI provider in Rochester	*Provider*

Background

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. Supportive housing is intended to ensure that residents' options and preferences in choosing long-term or permanent housing are enhanced by increasing the availability of safe and affordable housing options; ensuring the provision of community supports necessary for residents to remain in their preferred housing and meaningfully integrate into their communities; and changing services as necessary to meet their varying needs. As part of this plan, ESSHI's goal is to develop 20,000 units of supportive housing over the 15-year period ending in 2031. The Office of Mental Health (OMH) serves as the lead procurement agency for ESSHI, which provides up to $25,000 annually per individual or unit toward supportive housing for vulnerable populations experiencing homelessness. As such, OMH issues Requests for Proposals (RFPs) annually, with the goal of developing 1,400 units of supportive housing each year for eligible target populations to be served under the program, including persons who:

- Have a serious mental illness (SMI)
- Have a substance use disorder
- Are living with HIV or AIDS
- Are survivors of domestic violence
- Have military service and a disability
- Are chronically homeless (individuals or families)
- Are homeless young adults (including those who left foster care)
- Are seniors who have a disability or infirmity
- Are re-entering the community following incarceration (youth and adults)
- Have an intellectual or developmental disability

Although OMH is the lead contracting agency, proposals accepted through ESSHI RFPs are not solely for persons with SMI, as indicated above. Proposals should address the needs of the various populations to be served by both OMH and the other State agencies under ESSHI. To that end, the Office of Temporary and Disability Assistance (OTDA), among others, contracts with providers to participate in ESSHI.

OTDA's mission is to help vulnerable New Yorkers meet their essential needs and advance economically by providing opportunities for stable employment, housing, and nutrition. OTDA awards contracts under ESSHI for permanent supportive housing programs with solutions to address the nomadic nature of the eligible target homeless populations and provide a constant home that will lead the way to addressing other needs as well as appropriate support services tailored to the specific homeless population served. ESSHI is intended to remove entry barriers for individuals seeking permanent housing solutions and designed to fund the provision of supportive services, such as case management and operating expenses attributable to maintaining the supportive housing units and supporting the needs

of the individuals residing in the units of a supportive housing project so that they remain stably housed.

OTDA assigns responsibility for review and approval of ESSHI contracts to its Bureau of Housing and Support Services. Contract criteria may vary by provider but, generally, they describe the services that will be offered, the number of units, and any objectives and performance measures developed by the provider in the ESSHI contract. Annually, OTDA executes new ESSHI contracts with providers that progress through OMH's RFP process. In October 2022, OTDA was responsible for providing oversight to 71 active projects with annual contract amounts totaling $28 million (overall, these 5-year provider contracts have a value of more than $140 million).

ESSHI funds are to be spent on rent and supportive housing services designed to assist eligible families, individuals, and young adults to live independently and remain stably housed. These services include determining if an individual is eligible for supportive housing; navigating the range of available housing and social service resources; identifying available housing opportunities; completing housing applications and documentation requirements; providing linkages to community resources, employment and training opportunities, parenting education, counseling, independent living skills training, primary health care assistance, substance use disorder treatment and mental health care, and childcare; and providing household management and budgeting assistance to ensure that rent and other expenses are paid, which are critical components of any ESSHI-funded program. To initiate these services, providers meet with residents and develop Individualized Service Plans (ISPs) to address each resident's needs and goals. In addition to ISPs, provider contracts also refer to service plans, support plans, and support service plans, all of which are synonymous with the ISP.

In order to ensure ESSHI is functioning as intended, OTDA officials stated that they complete on-site monitoring visits to ESSHI supportive housing programs at least once every 5 years (once per 5-year contract term). These monitoring visits may include a review of residents' records (e.g., leases, rent calculations, referrals), the programs and services (e.g., policies and procedures on services, support plans), the property (e.g., inspection of units, maintenance records and practices), and interviews with residents and residential staff.

From the program's inception in 2016 through October 2022, OTDA has contracted for 159 of these projects, comprising 4,290 units. Of the 159 projects, 71 (relating to 1,274 units) are currently active and providing supportive housing. The remaining 88 projects (relating to 3,016 units) are in the process of becoming active and are in various stages of construction. See Table 1 for a breakdown of the 1,274 units associated with the 71 active OTDA ESSHI projects by population served.

Table 1 – Breakdown of Active ESSHI Units by Population Served

Population Served	Active Units
Survivors of domestic violence	423
Individuals experiencing chronic homelessness*	244
Individuals re-entering the community from incarceration	213
Young adults experiencing homelessness	139
Veterans	116
Individuals with SMI	73
Individuals with substance use disorder	33
Youth who left foster care	17
Individuals living with HIV or AIDS	9
Seniors with a disability or infirmity	7
Individuals with an intellectual or developmental disability	0
Total	**1,274**

*OTDA officials stated that the other categories listed in Table 1 are examples of where the provider predominantly contracts with OTDA for ESSHI or other supportive housing outside of chronic homelessness.

As part of our audit, we judgmentally selected seven providers for audit testing, two of which are domestic violence residence providers (see Table 2). For confidentiality reasons, these two are referred to as Provider 1 and Provider 2 throughout the report.

Table 2 – Providers Selected for Audit Testing

ESSHI Provider	Location	Number of Housing Units	Contract Amounts
CAMBA	Bronx	61	$1,525,000
CAPTAIN	Saratoga Springs	10	$174,900
Hour Children (2 locations)	Long Island City	26	$650,000
Provider 1	Intentionally left blank	77	$1,882,904
Provider 2 (2 locations)	Intentionally left blank	30	$374,598
Spiritus (2 locations)	Rochester	28	$588,500
Veterans Outreach Center	Rochester	10	$250,000

Audit Findings and Recommendations

While OTDA's ESSHI programs are offering services and providing housing for the high-risk target populations it serves, we found significant deficiencies in OTDA's oversight of the ESSHI program, including contract requirements that were not being met. Specifically, one provider employed a case manager from June 2021 through September 2022 who was not a Licensed Master Social Worker (LMSW), as its contract required. Moreover, this issue was not identified by OTDA during its September 2022 monitoring visit.

In addition, infrequent monitoring by OTDA has resulted in inadequate conditions at some housing units, including instances of water leaks, electrical issues, peeling paint, and infrastructure that is in disrepair. Issues such as water leaks within a building may result in immediate and long-term damage if not remediated appropriately.

Residents' safety and well-being can be impacted when monitoring visits are only completed once every 5 years, as indicated by our finding that one wheelchair-using resident was forced to leave their patio entrance unlocked for re-entry when not home while the building's handicap-accessible entry door was left unrepaired. While the provider ultimately repaired the door, it went unrepaired for 10 months.

We also found that there are inconsistencies in contract requirements, such as housing stability goals not being consistent from one provider to the next without justification or reasoning. Further, while OTDA receives occupancy rate and turnover data quarterly from its providers, it does not aggregate the data to analyze ESSHI comprehensively or by individual providers' performances to identify potential issues.

Contract Requirements

According to the contracts for the seven providers we visited, the providers were required to meet with residents either monthly or weekly, keep confidential and comprehensive case files, and develop an ISP for each resident. These requirements function to ensure residents receive the appropriate support services, and the periodic meetings allow the providers to monitor residents' needs and to aid in ensuring their support plan is relevant. Overall, we found that providers were not always meeting the requirements of the contracts.

Case Management

All seven of the provider contracts we reviewed contained a requirement to keep confidential and comprehensive case files documenting/demonstrating service provision achievements and barriers overcome by program residents. This includes developing an ISP for each resident that places an emphasis on increasing residents' existing and potential abilities to achieve the highest degree of independence possible. ISPs are used to document residents' life goals, such as managing medications, defining employment goals, addressing rental arrears, attending scheduled appointments with health care providers, and achieving higher education. Some contracts also required providers to meet with their residents at a specified frequency. For example, the Veterans Outreach Center's (VOC) contract requires it

to meet with residents weekly and to develop the ISP upon an individual's entry to the program and revisit it weekly. However, other provider contracts did not always include these same requirements.

Documentation

To determine whether case management files met the contract requirements, we reviewed 81 case files related to the seven providers and found that eight case files (10%) were not organized and lacked sufficiently detailed case notes. The eight case files were from two providers: Spiritus (Charlotte Square) and Provider 2 (both locations). In addition, Provider 2 (Location 2) case notes did not show evidence that the goals listed on its residents' ISPs were tracked or updated by the case manager as required or that residents' progress outcomes were recorded. Spiritus (Charlotte Square) case notes were inconsistent as the provider did not always record referrals regarding its ISPs' support services such as developing life skills, achieving personal goals, and assisting residents with their needs and goals such as connections to the most appropriate resources (e.g., mental health services, employment resources, higher education services). For example, one of its residents expressed concerns that the smell of marijuana in the building was a trigger; however, the case manager did not take immediate action and only recommended that the resident discuss the matter with the property manager. Subsequently, the resident relapsed and was undergoing eviction proceedings at the time of our case file review.

Additionally, all ESSHI contracts for the seven providers sampled require that case managers meet with residents to develop their ISPs or service plans. All seven providers met with residents as required (e.g., monthly, weekly). However, with respect to Hour Children (Eclipse and Meridian), for nine of the 11 case files in our sample, meetings had not occurred as frequently as required by its contract. These nine files were missing meeting notes prior to 2021, and Hour Children officials were unable to provide these case files for our review. However, case files from January 2022 through April 2023 documented that required meetings occurred. Also, Provider 2 (Location 1) was late in implementing the program by over 3 months. However, the case manager at Provider 2 (Location 1) started conducting weekly/biweekly life skills group meetings in February 2023.

Development of ISPs

Regarding the development of ISPs, we found that 40 of 81 (49%) resident case files did not have ISPs (see Table 3). All the missing ISPs were at four of the seven providers: CAPTAIN, Provider 2 (both locations), Spiritus (Charlotte Square and Thurston Village), and VOC. The other three providers adequately prepared the ISPs for all of their residents.

Table 3 – Missing ISPs by Provider

ESSHI Provider	Case Files Reviewed	Missing ISPs	Percentage Missing
CAMBA	10	0	0%
CAPTAIN	13	6	46%
Hour Children (Eclipse & Meridian)	11	0	0%
Provider 1	10	0	0%
Spiritus (Charlotte Square & Thurston Village)	15	15	100%
VOC	11	11	100%
Provider 2 (both locations)	11	8	73%
Totals	**81**	**40**	**49%**

Provider 2 (Location 2) did not complete three residents' ISPs while Provider 2 (Location 1) had no ISPs in place for five residents. CAPTAIN did not complete ISPs for six of 13 files in our sample, and the seven files that did contain ISPs only consisted of three life goals and lacked an explanation of how they would be achieved or measured. Finally, Spiritus and VOC did not complete ISPs.

OTDA officials stated that ESSHI projects are based on the Housing First model, which supports individual choice and self-determination related to services (voluntary participation) as well as the length of time in the program. The contracts for all seven providers we reviewed state that residents' participation in support services is voluntary. However, two providers—Provider 2 (Location 1) and Spiritus (Thurston Village)—have ESSHI program requirements for mandatory resident participation in planned ESSHI activities such as case management meetings and group activities. OTDA officials confirmed that participation in services is voluntary and at the discretion of the residents. OTDA should develop policies and procedures for governing ESSHI program requirements and case management expectations, as well as more frequent monitoring visits to ensure the ESSHI program better serves its residents.

Not completing ISPs or service plans may result in residents' needs not being adequately addressed. Further, OTDA may not be aware of the circumstances that arise from such disparities and ESSHI residents not achieving their personal goals or having their needs met. When discussing this issue, OTDA officials stated that there is no requirement that contractors meet with residents according to a specific set schedule. They also stated that some providers may offer ISPs, but they are not a contractual requirement. However, we note that all seven providers' contracts we reviewed have a provision for the development of an ISP as well as a frequency at which case managers meet with residents. Further, because ISPs place emphasis on increasing residents' existing and potential abilities to achieve the highest degree of independence possible, the ISP should be standardized and required as part of OTDA's ESSHI policies and procedures. OTDA officials generally agreed with our findings and stated they will consider developing guidelines for establishing ISPs and the frequency at which they are reviewed and updated.

We also determined that three of the four providers (CAPTAIN, Spiritus, and VOC) that did not complete ISPs for their residents have not had an OTDA monitoring

visit and have been under contract since fall 2019, or for about 4 years, at the time of our audit. Although Provider 2 had an OTDA monitoring visit in March 2022, approximately 3 months after the contract was initiated, none of the issues we identified at Provider 2 were reported in OTDA's monitoring visits. While OTDA generally completes monitoring visits once per contract cycle (once every 5 years), this is insufficient to ensure providers are in compliance with their contract requirements (e.g., ISPs, case management, provision of services). OTDA officials stated that they believe their reviews of quarterly claims and program reports are sufficient to ensure contract compliance; however, those activities did not identify the issues we are reporting on.

Performance Measure Inconsistencies

Contract deliverables varied by provider but usually consisted of measurable objectives used to gauge a provider's performance. Our review found several disparities between providers' quantifiable objectives. Hour Children (both locations) did not have performance measures related to housing stability. The other providers had housing stability performance measures, although the measures were assessed differently. For example:

- Provider 1 and CAPTAIN contracts state housing stability will be measured by the number of move-outs and post-move destinations, with an annual goal of 90% of residents remaining housed.

- VOC's contract and Spiritus's two contracts have goals of at least 80%, 85%, and 90% of residents staying a minimum of 12 months respectively.

- Provider 2's (both locations) contracts have housing stability measures consisting of an average length of stay of 24 months.

- CAMBA's contract includes a housing stability performance measure that all residents (100%) remain housed for 12 months or more.

We found that five of the providers with housing stability goals were able to meet them. However, CAPTAIN did not meet its residents' housing stability requirement because only four of the current 10 residents (40%) have been there since program inception (between 24 and 37 months). For the six units with turnover, residents left based on a decision to move on from the program or due to notice to vacate or eviction for behavior issues (e.g., violence, drug use). All seven providers we visited achieved an occupancy rate of at least 80%. While OTDA receives this data quarterly from its providers, it does not aggregate it to monitor ESSHI's overall program performance or to compare individual providers' performance to identify potential issues.

OTDA officials stated that the program is driven by resident choice; therefore, standardized performance measures are not feasible. However, we note that establishing more uniform program expectations among providers would help ensure that providers are held to similar standards of performance and that contracts are more consistent across providers. Also, to effectively manage its ESSHI program, OTDA would be better informed if it used its quarterly length-of-stay and turnover

data to create an overall picture of ESSHI program performance and identify those providers that perform well and those that might be encountering difficulties. There is value in analyzing program data to measure the effectiveness of the program, for annual reporting purposes, and to report out to interested parties. For example, post-move destinations can be valuable information to determine if positive outcomes, such as independent living, are being achieved or if undesirable outcomes, such as chronic homelessness, are resulting. Similarly, OTDA should establish standardized performance measures to help in these efforts, and review performance measures and requirements for ESSHI contracts prior to award to ensure consistency and reasonableness.

Unqualified Staff

The contract between OTDA and Hour Children requires case managers to be Licensed Master Social Workers (LMSWs) to ensure they have the qualifications necessary to assist residents in setting meaningful goals and making progress toward achieving them. During our visit, we identified one case manager who worked at Hour Children's Eclipse location between June 2021 and September 2022 and was not an LMSW. OTDA did not identify this issue during its September 2022 monitoring visit to Hour Children. As a result, an unqualified case manager was providing case management services to ESSHI residents.

Including contract requirements as part of OTDA's monitoring visits, developing policies and procedures, and increasing the frequency of monitoring visits would better ensure that contract requirements and residents' needs are met.

ESSHI Unit Inspections

Our intent was to inspect 10 units at each of the seven ESSHI providers in our sample; however, during the inspection process, some residents preferred that we not enter their apartments—which we respected—while other residents who were not part of our inspection sample requested that we inspect their apartments. As a result, we inspected a total of 69 units. All seven providers had newer units; however, two providers also had locations that utilized older units (Provider 2 [Location 2] and Spiritus [Thurston Village]). We observed inadequate conditions at six of the seven providers as well as more critical issues (i.e., water leaks, electrical/lighting issues, lack of furnishings) at five of the seven providers (see Table 4). (We did not identify any issues at Provider 1.) Unaddressed, these issues may lead to larger problems that could potentially impact additional units and residents—or the overall building.

Table 4 – Breakdown of Conditions at the Seven Providers' Units

ESSHI Provider	CAMBA	CAPTAIN	Hour Children	Provider 1	Spiritus	VOC	Provider 2
Units Inspected	**8**	**10**	**9**	**10**	**11**	**10**	**11**
Electrical/lighting issues	6	3	1	0	2	0	2
Furnishing issues	0	0	0	0	0	4	3
Evidence of water leaks	2	1	2	0	0	0	0
Other issues*	0	3	5	0	0	0	0
Totals	**8**	**7**	**8**	**0**	**2**	**4**	**5**

*Unrepaired: handicap-accessible entry door, holes in wall/floor, tub drainage, etc.

CAPTAIN

At CAPTAIN, we inspected 10 units and found issues at four of them. We found one unit where the electrical circuit breaker tripped when all the lights in the living and kitchen areas were turned on. This required the resident to reset the breaker after each occurrence. Further, when reviewing case files for two other residents, we saw discussions where other residents were having similar issues with their lights. We also observed a loose railing, a water leak in a stairway, and missing bolts in the ladders leading to the roofs at both of their buildings. In addition, our review and discussions with CAPTAIN officials found that a handicap-accessible entry door for one of the buildings was faulty and would not open. Although the issue was resolved prior to our visit, CAPTAIN officials confirmed that the situation had persisted for 10 months—and in the meantime a wheelchair-using resident was forced to leave their unit unlocked while away for re-entry from their patio entrance, rendering the unit unsecured during their absences.

We also identified two vacant units at CAPTAIN; one unit had been vacant for 9 months and the other for 10 months due to a communication breakdown between CAPTAIN and the property manager. CAPTAIN officials stated that the property manager informed them that CAPTAIN is responsible for cleaning units when residents moved out. However, the property manager told us that the responsibility for cleaning of the ESSHI units resides with the property manager and not CAPTAIN. Regarding needed repairs for these units, the property manager stated they had not made the necessary repairs because CAPTAIN had not notified them of potential candidates for the units. CAPTAIN officials stated they were waiting for the repairs to be completed before identifying potential candidates. Consequently, ESSHI-eligible individuals in need of permanent supportive housing were prevented from utilizing these two units. Further, these two vacant units represent 20% of CAPTAIN's 10-unit ESSHI program. Moreover, CAPTAIN is in Year 4 of its contract term and has not yet had an OTDA monitoring visit.

CAMBA

At CAMBA, we inspected eight units and found issues at six of them, including lights that were not functioning—potentially needing a bulb or a new fixture (six units)—and evidence of prior water leaks in bathroom and kitchen (two units). Further, the case manager's case notes indicated that multiple service requests for these issues were submitted to property management, but repairs were delayed. CAMBA officials attribute the delays to turnover in maintenance personnel. Upon our arrival at CAMBA, we noticed a pervasive smell of garbage permeating the building lobby. CAMBA officials told us that the trash sat overnight in the trash room due to a lack of maintenance staff and, once remedied, the smell dissipated over the course of a few days.

CAMBA – bathroom ceiling water leak

Hour Children

At Hour Children, we inspected nine units and found issues at six of these units. During our visits to the Eclipse and Meridian locations, we observed that two units had evidence of prior water leaks, one unit had a hole in the hallway wall and a light out in the stove range hood, two units had peeling paint, and one unit had a hole in a bedroom floor and a bathtub that didn't drain properly. Also, at the Eclipse location, we found the outside fence was damaged, a lamppost in the parking lot was broken, and an exterior vent was damaged.

Hour Children - Eclipse – bathroom shower ceiling water leak

Hour Children - Eclipse – peeling paint in bathroom
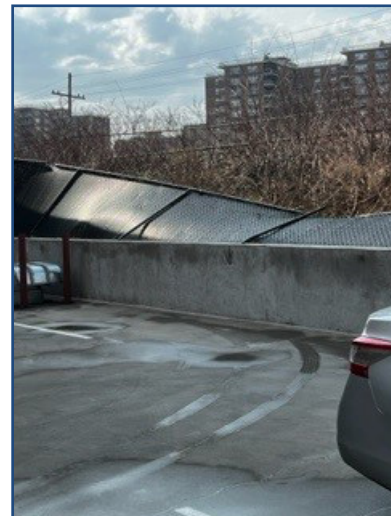
Hour Children - Eclipse – broken parking lot fence

Spiritus, Provider 2, and VOC

We inspected 32 units at Spiritus (11), Provider 2 (11), and VOC (10) and found the following issues:

- Spiritus had two units where the lights in the bathroom and/or bedroom were not working.

- Provider 2 had three units that were not adequately furnished (e.g., mattress on the floor, lacking a toddler bed, no dresser) even though ESSHI funds can be used for furniture, and two units had bathroom lights that were not working.

- VOC had four units that were not adequately furnished (e.g., the living room of one unit had only a couch and no other furniture; residents in two units each reported not having a bed; a living room only had a television and a couch).

Both Spiritus and VOC are in Year 4 of their contract terms and have not had an OTDA monitoring visit. Provider 2 (both locations) was in the first year of its 5-year renewal contract.

Overall, infrequent monitoring has resulted in inadequate living conditions that continue to exist and negatively impact residents. OTDA officials were unaware of the issues we found even though they had conducted monitoring visits to the three of the providers 6 months prior to our inspections; they had yet to visit the others. Further, as of September 2022, only 32 of the required monitoring visits (once during the 5-year contract term) were completed for the 71 active ESSHI projects (45%). More frequent visits can hold providers more accountable and improve unit conditions as well as quality of life for residents. Units that are not adequately maintained may lead to conditions impacting the health and safety of residents, with hazards such as water damage and mold potentially leading to physical injury and illness.

OTDA officials generally agreed with our findings and advised us that they will take steps to address these issues.

Risk Assessment Tool

OTDA uses a Risk Assessment Tool (RAT) to schedule monitoring visits to each provider at least once during the 5-year contract term. The RAT captures information on each provider, including its name, contract value, and answers to eight questions to assess whether each provider is a "High" or "Low" risk. The RAT is updated at least annually by the ESSHI Program Manager and, according to OTDA officials, it is part of an undocumented, informal process to determine which providers should be prioritized for monitoring visits in the coming year. The eight questions are as follows:

- Has the provider changed leadership within the last 24 months?
- Has the provider been untimely with communication and responses?
- Has the provider had a negative Google alert in the last 12 months?
- Has the provider had a monitoring visit by OTDA within the last 12 months?

- Does the provider have multiple contracts with OTDA?
- Does the provider have contracts valued at over $250,000 in total?
- Is the provider new to supportive housing (other programs as well as ESSHI)?
- Is the provider a Homeless Housing and Assistance Program sponsor?

We found that the RAT does not account for whether the providers are meeting contract deliverables for providing appropriate living conditions or for providing contract-specified support services. Further, the RAT does not factor in any issues of non-compliance identified during previous visits to the provider's facilities. For example, OTDA staff visited an ESSHI provider in November 2021—where they noted a lack of support for services in the residents' files; however, OTDA ranked this provider as a low risk despite the results of the monitoring visit.

OTDA's RAT includes a total of 71 active ESSHI projects. We selected a judgmental sample of 31 of these projects to determine whether OTDA prioritizes monitoring visits based on risk. We found that, as of February 2023, nine (29%) of the 31 providers had not received a monitoring visit even though all nine had contract start dates during 2018 or 2019 (meaning these contracts were entering their fourth year and the providers have not yet had a monitoring visit). When we asked OTDA officials why the RAT wasn't followed in determining their monitoring visits, they stated that they use other factors in addition to the RAT to determine which providers will get monitoring visits, such as news coverage (of a provider's actions that required OTDA's immediate attention), the timeliness and quality of quarterly claims and program reports, and accuracy of reimbursement claims for programs other than ESSHI. However, these factors were not included in the RAT or in any other documentation provided by OTDA. Consequently, we could not determine the reasons for OTDA site monitoring visits or the deviations from the RAT.

Using a risk tool that doesn't assess all of the program's risk factors (e.g., facility conditions, provision of services, prior issues) is not effective in identifying high-risk providers most in need of on-site monitoring visits. Further, not documenting the informal reasons for deviating from the RAT does not justify why OTDA visits lower-risk providers before those that the RAT identified as higher risk. To effectively plan and schedule monitoring visits based on risk, OTDA should measure additional variables and document deviations. In doing so, riskier providers may be identified and visited sooner, thereby preventing residents from living in inadequate conditions and receiving inadequate support services.

Recommendations

1. Develop and implement policies and procedures to ensure the ESSHI program achieves its goals, including addressing case management expectations.

2. Standardize ISPs and establish the minimum requirements that each should document, including how often they need to be revisited/updated.

3. Increase the frequency of provider monitoring visits to ensure the ESSHI program achieves its goals.

4. Revise and update monitoring visit procedures to ensure providers comply with contract requirements and/or applicable policies and procedures.

5. Establish standardized performance measures to ensure all ESSHI programs offer consistent services.

6. Develop and implement a process to aggregate and track resident turnover and length-of-stay data from providers to measure the effectiveness of the program.

7. Review ESSHI contracts prior to award to ensure performance measures and requirements are reasonable and consistent throughout the program.

8. Revise the RAT to ensure it evaluates providers' risk for compliance with ESSHI and contract deliverables.

9. Document deviations from the RAT and the reasons why higher-risk providers are not given priority.

Audit Scope, Objectives, and Methodology

The objectives of our audit were to determine whether OTDA's controls over ESSHI are sufficient to ensure high-risk target populations' needs are met and whether providers deliver the services as required in their contracts with OTDA. The audit covered the period from January 2017 through June 2023.

To accomplish our objectives and assess related internal controls, we interviewed OTDA and ESSHI providers. We reviewed relevant RFPs, contracts, support plans, progress notes, summary sheets, income and program eligibility verifications, discharge information, and documentation that supported providers meeting their work plan objectives. We became familiar with and assessed OTDA's internal controls as they relate to controls over ESSHI to ensure that the needs of target populations are being met and that providers are delivering services as required in their contracts. In addition, we conducted visits to seven ESSHI providers, inspected 69 units, and reviewed the 81 case files related to those units to determine provider compliance with their contracts. We also sampled 31 contracts from OTDA's RAT to determine whether OTDA prioritizes monitoring visits based on risk. The 31 contracts were selected based on contract start dates, and included all contracts executed in 2019 and prior so that sufficient time for monitoring would have occurred.

OTDA had 71 active ESSHI projects associated with 1,274 units during our audit scope. We selected a judgmental sample of seven ESSHI providers and projects related to 242 active ESSHI units. The judgmental selection of the seven providers was based on geographic location, to select providers from across the State (western, Capital District, and New York City); number of housing units; and ESSHI population served (veterans, family units, people with SMI, survivors of domestic violence, and people re-entering the community from incarceration).

Our intent was to inspect 10 units, judgmentally selected, at each of the seven ESSHI providers in our sample. However, during the inspection process, some residents preferred that we not enter their apartments—which we respected—while other residents who were not part of our inspection sample requested we inspect their apartments. As a result, we inspected a total of 69 units: 68 units from our original sample of 70 and one additional unit based on requests of the residents or resident availability (11 units at Provider 2 and Spiritus; 10 units at CAPTAIN, Provider 1, and VOC; nine at Hour Children; and eight at CAMBA) to determine if residents' needs are being met and if providers are delivering services as required in their contracts. The judgmental factors used in selecting those units included: family size, source of income and employment, unit size, and units from different floors, where applicable; in cases where there were 10 or fewer units, we reviewed them all. We also inspected those 69 housing units to determine if conditions were adequate. During these inspections, we walked through the units, visually inspected the conditions, and took photos where appropriate. The findings and conclusions drawn as a result of our samples cannot and were not intended to be projected to the population as a whole.

Additionally, we verified the reliability of the data used to conduct our audit work that would be used to support our findings, and found the data to be sufficiently reliable for the purposes of our audit. We selected a sample of ESSHI providers and reviewed their documentation and information to determine the accuracy and completeness of the data.

Statutory Requirements

Authority

The audit was performed 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 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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. These duties could be considered management functions for purposes of evaluating organizational independence under generally accepted government auditing standards. In our professional judgment, these duties do not affect our ability to conduct this independent performance audit of the OTDA's oversight and administration of ESSHI.

Reporting Requirements

We provided a draft copy of this report to OTDA officials for their review and written comment. Their comments were considered in preparing this final report and are attached in their entirety at the end of it. While OTDA officials disagreed with some of our recommendations, they noted actions that they will evaluate in consideration of our findings. Our responses to certain OTDA comments are embedded within OTDA's response.

Within 180 days after final release of this report, as required by Section 170 of the Executive Law, the Commissioner of the Office of Temporary and Disability Assistance 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 were not implemented, the reasons why.

NEW YORK STATE OF OPPORTUNITY. | **Office of Temporary and Disability Assistance**

KATHY HOCHUL
Governor

BARBARA C. GUINN
Commissioner

May 31, 2024

Nadine Morrell
Audit Director
Office of the State Comptroller
110 State Street
Albany, NY 12236

Re: Empire State Supportive Housing Initiative (ESSHI)
2022-S-034

Dear Nadine Morrell:

This letter provides the Office of Temporary and Disability Assistance ("OTDA") response to the draft Audit Report ("Report") released by the Office of the State Comptroller ("OSC") regarding the audit of the Empire State Supportive Housing Initiative (ESSHI) (2022-S-034).

As a matter of record, the Report fails to acknowledge the impact of the Coronavirus Pandemic on operations at nonprofits and at OTDA. Not noted in the Report, but significant to the time period of this audit, is the fact that all travel and face-to-face contact was limited to ensure the health and safety of staff and residents.

State Comptroller's Comment – We provided OTDA officials with the scope period of our audit, which included the time period of the pandemic, at the start of the audit. During the course of the audit and in response to our preliminary findings, OTDA officials never indicated any adjustments, special considerations, or exceptions OTDA put in place related to the pandemic or how services were impacted or delivered differently. Further, we observed that OTDA continued to conduct in-person monitoring visits during the pandemic.

ESSHI projects are expected to follow a Housing First model which has been shown to be an effective approach to reducing chronic homelessness.[1] Housing First does not require people experiencing homelessness to address all of their problems, or to graduate through a series of services programs, before they can access housing. The Housing First approach views housing as the foundation for life improvement and enables access to permanent housing without prerequisites or conditions beyond those of a typical renter.

Consistent with the Housing First model, and as stated in the ESSHI Request for Proposals, client participation in all supportive services must be voluntary, as services have been found to be more

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[1] Housing First: A Review of the Evidence | HUD USER

effective when a person chooses to engage. Studies show that when residents are securely housed and live in a supported environment, they are significantly more likely to voluntarily engage in the services necessary to retain their housing. Supportive services may consist of mental health and substance use disorder treatment, medical care, financial assistance, legal assistance, transportation, employment training and placement, and any other services offered by the provider or requested by the residents. As the target beneficiaries differ among each ESSHI project, the specific services offered by each ESSHI project also differ.

It should also be noted that participation in available services, or compliance with individual service plans, are not conditions for continuing in ESSHI supportive housing programs.

State Comptroller's Comment – Our audit focused on whether providers offered services and complied with contract requirements intended to assist residents in moving toward independent living. Our audit did not focus on the Housing First model and whether a client chose to engage in services.

With respect to ESSHI provider monitoring, OTDA is meeting their policy of conducting site visits at least once in each ESSHI contract term. While the report states that only 32 of 71 active contracts were monitored, all contract terms are not over yet.

State Comptroller's Comment – Our report correctly points out that only 32 of the 71 required monitoring visits were completed as of September 2022. Further, our report also mentions, where applicable, which provider contract terms were not over yet.

Monitoring is an ongoing process and OTDA is on track to monitor all ESSHI contracts within their respective contract terms. The Risk Assessment Tool (RAT) referenced in the Report is an enhanced means to identify conditions that <u>may</u> indicate some vulnerabilities at an agency. The RAT enables OTDA to identify potential indicators of program issues and proactively address serious concerns that may jeopardize services and residency to tenants. Site visits are just one aspect of oversight, with the review of quarterly claims and individual program reports providing further assistance in this regard.

State Comptroller's Comment – OTDA presented the RAT as its formal method for determining provider monitoring visits. In response to our preliminary findings, OTDA stated that it uses other means outside the RAT, which it does not document. Although quarterly claims and program reports have value, they do not identify the issues we observed during our site visits.

OTDA would also like to clarify that, in many cases, the ESSHI Contractor is not the Owner/Landlord of the property. ESSHI provides rental and operating funding to the contractor. Remedying unit conditions as described in the Report is incumbent on the landlord and property management team. ESSHI contractors may assist tenants in advocating with the landlord and property management team about any issues related to the property.

State Comptroller's Comment – ESSHI funds can and do include a portion for residents' rent and, therefore, units should be in acceptable condition. Additionally, as OTDA stated in its response to audit Recommendation 5, OTDA has a responsibility to ensure units are in good working order.

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OTDA's responses to Specific OSC's Recommendations

1. Develop and implement policies and procedures to ensure the ESSHI program achieves its goals, including addressing case management expectations.

    OTDA Response: OTDA agrees with this recommendation. The ESSHI Request for Proposals (RFP) governs contracts administered at OTDA. OTDA will develop guidelines for grantees which will further detail expectations of the RFP. ESSHI developed guidelines will cover, among other things, support services and case management.

2. Standardize ISPs and establish the minimum requirements that each should document, including how often they need to be revisited/updated.

    OTDA Response: OTDA disagrees with this recommendation. While some ESSHI providers may offer Individualized Service Plans (ISP) as part of their support services, ISPs are not a contractual requirement. Unlike Emergency Shelters, there is also no requirement that a client commit to an ISP. ESSHI operates under the Housing First model, which aims to reduce barriers to entry and participation, and residents are offered linkages to a range of supportive services, including services offered on-site that can be generated from an ISP. A wealth of evidence suggests people are better able to move forward with their lives if they have safe and secure housing first. If a household no longer needs to problem solve where they sleep for the night, the household is able to begin to focus on other aspects of their life. Moreover, every person served has their own individual needs and goals. ESSHI contractors are expected to document their case management work and note any progress made towards established goals. Standardizing, and establishing minimum requirements, would hinder customization to individual needs and potentially limit an individual's personal path towards stability. Furthermore, the services provided are developed with the provider on a contract-by-contract basis and reflect the needs of the specific population to be served/housed. However, OTDA will consider developing guidelines for establishing ISPs consistent with Housing First principles, and how often they are reviewed and updated, without mandating that service providers use standardized ISPs.

    State Comptroller's Comment – We stand by our findings. For the seven providers we reviewed, all contracts required providers to meet with residents and develop ISPs, service plans, or support service plans (all three are synonymous, based on the contracts reviewed) to address each resident's needs and goals.

3. Increase the frequency of provider monitoring visits to ensure the ESSHI program achieves its goals.

    OTDA Response: OTDA is further evaluating this recommendation and will consider increasing the frequency of provider monitoring visits by assessing existing mechanisms for identifying inadequate conditions and available resources.

4. Revise and update monitoring visit procedures to ensure providers comply with contract requirements and/or applicable policies and procedures.

    OTDA Response: OTDA is further evaluating this recommendation. Review of quarterly claims

and program reports, in addition to monitoring visits, are used to ensure contract compliance. OTDA will evaluate whether updates to any of these procedures are needed.

State Comptroller's Comment – Although OTDA stated it is further evaluating the recommendation, we strongly believe that monitoring visits are needed more frequently during the life of the contract so the issues we observed during our site visits do not persist for long periods of time. Further, the issues we observed are not identifiable through reviews of quarterly claims and program reports.

5. Establish standardized performance measures to ensure all ESSHI programs offer consistent services.

    OTDA Response: OTDA disagrees with this recommendation. ESSHI operates under the Housing First model, and residents are offered linkage to a range of supportive services, including on-site services. Every ESSHI project is unique in the mix of people housed and the individual needs of the ESSHI tenants. The Housing First model supports individual choice and self-determination not only with respect to the services that are available but also the duration of participation in the program. The Housing First model is based on evidence, human rights and recovery principles. When a person is given a choice, versus mandated to participate, it supports their own self growth and identified goals. The responsibility of the ESSHI provider is to support the participants in their respective individual choices. As such, standardized performance measures are not practicable. OTDA measures performance against contractual obligations, ensuring that units are in good working order, contracted staff is in place, and relevant services are offered.

    State Comptroller's Comment – All seven provider contracts we reviewed contained performance measures and requirements such as length of stay, occupancy rates, and ISP completion. However, these metrics varied by provider. Consistency among the metrics would allow OTDA to better measure performance.

6. Develop and implement a process to aggregate and track resident turnover and length-of-stay data from providers to measure the effectiveness of the program.

    OTDA Response: OTDA disagrees that aggregating and tracking resident turnover and length of stay would be suitable measures of the effectiveness of an ESSHI project. The program is driven by participant choice and the responsibility of ESSHI providers is to support participants in their choices. How long tenants choose to stay based on their individual needs and goals, should not be a measure of overall program effectiveness. Furthermore, while ESSHI is permanent supportive housing, with no set length of stay, a tenant's decision to leave should not be used to determine the effectiveness of the program. Individuals can leave for a variety of reasons. However, OTDA agrees that there is value in data and recognizes the important goals of maintaining housing stability and preventing exits to homelessness. Accordingly, moving forward, OTDA will assess how best to evaluate these outcomes.

    State Comptroller's Comment – We stand by our findings. Without tracking and aggregating program data, OTDA is less informed on whether ESSHI program goals are being achieved.

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7.   Review ESSHI contracts prior to award to ensure performance measures and requirements are reasonable and consistent throughout the program.

OTDA Response: OTDA is already acting in accordance with this recommendation. OTDA currently does, and will continue to, review contracts prior to execution to ensure contractual ESSHI requirements are reasonable.

8.   Revise the RAT to ensure it evaluates providers' risk for compliance with ESSHI and contract deliverables.

OTDA Response: OTDA agrees with this recommendation and has already revised the RAT in 2023 to add a question to reflect any negative findings during the most recent OTDA monitoring visit.
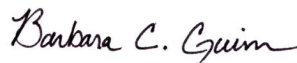
9.   Document deviations from the RAT and the reasons why higher-risk providers are not given priority.

OTDA Response: OTDA disagrees with this recommendation. OSC did not conclude that OTDA has not monitored higher risk projects, as determined by the RAT. However, OTDA will consider whether changes to the RAT are needed to further document conditions that contribute to site visit determinations.

State Comptroller's Comment – As stated on page 17 of the report, the RAT doesn't assess all the program's risk factors (e.g., facility conditions, provision of services, prior issues) and is not effective in identifying high-risk providers most in need of on-site monitoring visits. Further, according to the Comptroller's Standards for Internal Control, management should maintain its analysis and interpretation of risk assessment information as part of its documentation of the rationale that supports its risk management decisions. Management should review these decisions periodically to determine whether changes in conditions warrant a different approach to managing and reducing risk.

If you have questions or comments about our response to the Report, please contact the OTDA Audit Liaison at (518) 473-6035.

Sincerely,

Barbara C. Guinn
Commissioner

cc: Rajni Chawla
      Richard Umholtz

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