



**Homes and
Community Renewal**

**Housing
Trust Fund
Corporation**

KATHY HOCHUL
Governor

RUTHANNE VISNAUSKAS
Commissioner/CEO

December 20, 2024

The Honorable Kathy Hochul
Governor of the State of New York
The Capitol, Executive Chamber
Albany, New York 12224

Dear Governor Hochul:

Pursuant to Section 170 of the Executive Law, I am submitting this response to the recommendations for corrective action in the Office of the State Comptroller's Report 2022-S-12, Division of Housing and Community Renewal: Physical and Financial Conditions at Selected Mitchell-Lama Developments Located Outside New York City – Sunnyside Manor Unauthorized Bank Account.

Sincerely,

RuthAnne Visnauskas
Commissioner/CEO

cc: Honorable Thomas P. DiNapoli, Comptroller, State of New York
Honorable Antonio Delgado, NYS Senate President
Honorable Andrea Stewart-Cousins, NYS Senate President Pro Tempore and Majority Leader
Honorable Robert G. Ort, NYS Senate Minority Leader
Honorable Liz Krueger, NYS Senate Chair, Finance Committee
Honorable Thomas O'Mara, NYS Senate Ranking Minority Member, Finance Committee
Honorable Carl E. Heastie, NYS Assembly Speaker
Honorable Crystal D. Peoples-Stokes, NYS Assembly Majority Leader
Honorable William A. Barclay, NYS Assembly Minority Leader
Honorable Helene E. Weinstein, NYS Assembly Chair, Ways and Means Committee
Honorable Edward P. Ra, NYS Assembly Ranking Minority Member, Ways and Means Committee

Recommendation 1. “Review the Board-held bank account at Sunnyside Manor for compliance with Regulations, and take appropriate action, including recouping funds, for transactions that are inappropriate or unusual.”

In May 2023, the Agency directed Sunnyside Manor Limited (the “Housing Company”) to close out any Board of Director held accounts at Sunnyside Manor and to transfer any funds held in such accounts to the Housing Company's operating account. The Housing Company was further directed to provide the Agency with bank statements showing any such Board of Director held accounts had been closed with zero balances and showing that the funds had been transferred to Sunnyside Manor’s operating account. Counsel to the Housing Company subsequently responded in June 2023 providing documentation that the Board of Director held account had been closed and the funds had been transferred to the Housing Company’s operating account.

Recommendation 2: “Periodically review Sunnyside Manor’s rent receipts and miscellaneous operating income, including community room rental income.”

The Agency understands the importance of monitoring financial conditions and agrees that the review of housing company income is a necessary component of its oversight of the Mitchell-Lama Program. DHCR’s Office of Financial Operations reviews quarterly financials, certified annual financial statements, and budgets submitted by housing companies. The overall revenue of the housing company, which includes community room rental income, is reviewed as part of this process.

Furthermore, the Agency enforces compliance with its Mitchell-Lama regulations that provide for the review of contracts, purchases, and work exceeding \$100,000. Prior DHCR approval is not required for purchases and contracts less than \$100,000. This threshold was established in 2009 after completing an extensive rulemaking process under the State Administrative Procedures Act (“SAPA”) that included the opportunity for all affected parties to provide input.

Recommendation 3: “Issue guidance to all Mitchell-Lama developments related to the use of Board-held accounts and remind them of the Regulations for opening bank accounts and depositing rental income.”

In October 2023, the Agency issued Office of Integrated Housing Management Memorandum #2023-B-12 to all housing company owners, managing agents and site managers reminding them that 9 NYCRR Section 1728-2.4 requires housing companies to deposit all rent receipts and other miscellaneous operating income into FDIC-insured Administration Fund accounts from which shall be disbursed all expenses for current operations. All Mitchell-Lama housing companies are to follow the regulations at 9 NYCRR §1728-2 as to bank accounts held by each individual housing company. The project’s annual financial statements will indicate the cash position of the project.