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January 13, 2025

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Re: Housing Trust Fund Corporation: Internal Controls Over and Maximization of Federal Funding for Various Section 8 Housing Programs and the COVID Rent Relief Program 2024-F-21 (“Report”)

This letter is in response to the Office of the State Comptroller’s (“OSC”) December 4, 2024 Report on its follow-up review of its prior audit of HTFC’s oversight of federally funded rental assistance programs (Report 2022-S-28).

Recommendation 1 – *Fully investigate and identify barriers to optimizing HCV vouchers and funding and, based on the results, develop and implement strategies to increase utilization and prevent potential reduction or loss of federal funds. This should include but not be limited to increased use of reserve funds.*

OSC Status Determination – Not Applicable

HTFC Response – HTFC agrees that this recommendation is not applicable and continues to disagree with the recommendation as presented in the initial 2023 audit report. HTFC has consistently maximized its available federal budget authority for Section 8 Housing Assistance Payments (“HAP”) to low-income families in New York, while carefully investing administrative reserves in various initiatives to incentivize both landlords and families to improve utilization. These actions have kept HTFC’s utilization on pace with and in many cases exceeding other large Public Housing Authorities (“PHAs”) nationally. HTFC’s high utilization rate was demonstrated in 2024 when HUD awarded HTFC additional HAP set-aside funds to continue supporting current voucher participants while keeping pace with increasing costs in the rental market. These funds most often become available when HUD recaptures HAP funds from PHAs that are underutilizing vouchers and redistributes them to PHAs, like HTFC, that are exceeding their utilization targets. Meanwhile, HTFC’s prudent approach to limiting the operating expenses for delivering this program while maintaining a sufficient administrative reserve ensures that families we serve are sufficiently protected from any future federal budget reductions to Section 8.

Recommendation 2 – *Develop and implement solutions to financial management systems to improve the reliability and usability of programmatic financial data.*

OSC Status Determination – Partially Implemented

HTFC Response – The first phase of Emphasys Elite implementation, completed in 2023, has already made improvements to HTFC’s ability to obtain accurate, real-time utilization and spending data that serves as the foundation for our financial reporting. We are continuing to explore options to improve our accounting systems.

Recommendation 3 – *Improve controls over HQS inspections to ensure that deficiencies identified during inspections are remedied within HUD-prescribed time frames and that inspection standards are consistent across LAs.*

OSC Status Determination – Implemented

HTFC Response – No comments

Recommendation 4 – *Develop and implement internal controls over the SDA.*

OSC Status Determination – Implemented

HTFC Response – No comments.