

# New York City Department of Social Services

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## Administration of the CityFHEPS Program for Department of Social Services Homebase Clients

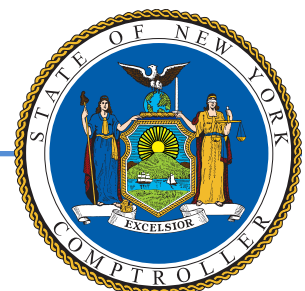
Report 2023-N-8 | January 2026

OFFICE OF THE NEW YORK STATE COMPTROLLER

Thomas P. DiNapoli, State Comptroller

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Division of State Government Accountability



# Audit Highlights

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## Objective

To determine whether the New York City Department of Social Services (DSS) is administering the City Fighting Homelessness and Eviction Prevention Supplement (CityFHEPS) program according to the rules and regulations, thereby assisting residents in the community served by Homebase providers to secure permanent housing. The audit covered the period from July 2021 through July 2025.

## About the Program

New York City has long faced a lack of affordable housing, one of the many issues driving the homelessness crisis. According to the Coalition for the Homeless, the court-appointed independent monitor of the municipal shelter system for single adults and the City-appointed monitor of shelters for families, in June 2025, 105,373 people slept each night in NYC shelters, with thousands more sleeping unsheltered in public spaces, and more than 200,000 sleeping temporarily in the homes of others.

In October 2018, the New York City Department of Social Services (DSS) launched the City Fighting Homelessness and Eviction Prevention Supplement (CityFHEPS) rental assistance program intended to help New Yorkers living in homeless shelters and those at risk of homelessness secure permanent housing. According to DSS officials, since the launch of CityFHEPS in 2018, through March 2025, the program has processed 57,888 new cases, helping 123,762 individuals to secure permanent housing. Officials also reported that between fiscal years 2019 and 2024, CityFHEPS expenses increased from \$176 million to \$834 million. In fiscal year 2025, the program's projected costs were \$1.2 billion.

DSS is composed of two administrative units: the New York City Human Resources Administration (HRA), the largest social services agency in the country, and the New York City Department of Homeless Services (DHS), whose mission includes homelessness prevention and assisting New Yorkers experiencing homelessness to find suitable housing. In 2004, DHS launched a homelessness prevention and aftercare services program, referred to as Homebase, to assist individuals and families experiencing a housing crisis and at risk of homelessness. To provide these services, DSS contracted with seven providers, and, since the contracts' inception in 2017, their estimated total cost has been approximately \$671 million, though no figures for actual expenditures were available. Households at risk of homelessness can apply for CityFHEPS at one of the 26 Homebase locations throughout the City's five boroughs. As of February 2024, individuals and families in New York City who are eligible for CityFHEPS can use the Statewide CityFHEPS program to move into permanent housing anywhere in New York State. Current CityFHEPS recipients may also relocate to any location within the State.

## Key Findings

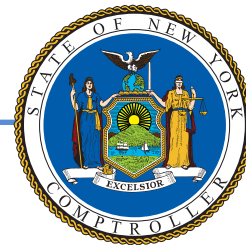
Consistent with our findings from prior audit [2023-N-1](#), completed in October 2024, we found DSS lacks adequate oversight and monitoring of the CityFHEPS program intended to assist individuals and families served by Homebase providers. As a result, program applicants were exposed to apartment units with immediately hazardous violations despite preclearance and inspection requirements. Further, insufficient support for program eligibility verification and payment calculations has resulted in lack of assurance that all approved applicants are eligible for the program and that the correct rent amounts are being paid. Given the lack of affordable housing, the vulnerability of the homeless population, and rising program costs, increased monitoring and oversight of safety and habitability requirements as well as program spending are critical to meeting CityFHEPS goals and assisting approved recipients to move into permanent housing. Our findings included the following:

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- In five of 45 sampled cases, DSS had approved housing units for the CityFHEPS subsidy that had open New York City Department of Housing Preservation and Development (HPD) hazardous violations. In three of the five cases, there was at least one open immediately hazardous violation, including a defective window guard and rat and roach infestations. In one example, we found that DSS staff approved a client to move into an apartment with significant habitability issues, despite previously approving another CityFHEPS client's transfer out of that same apartment due to habitability issues. We reviewed HPD housing violation data and found that the apartment had 20 open violations and, upon further review, found that DSS approved CityFHEPS clients to move into three other properties owned by the same landlord with similar issues. These three properties had 110 open violations at the time of our review in March 2025. While DSS may ban a landlord from participating in the program for violations of various landlord requirements, DSS has not established any policies or procedures to create a landlord disqualification list or included unresolved safety and habitability issues as grounds for disqualification.
  - Thirty of 75 CityFHEPS case records sampled showed no evidence that income was verified, leaving no assurance that only eligible applicants received the housing subsidy.
  - DSS does not have sufficient procedures related to verification of landlord-broker relationships, creating the risk of inappropriate payments. In one case, DSS paid \$6,800 in broker's fees before later finding that the landlord and broker were both owned by the same parent company.
  - DSS is required to verify that the rent is reasonable in comparison to other similar units within the vicinity. DSS officials could not provide evidence that a rent reasonableness test was completed for any of the 30 sampled Statewide CityFHEPS cases we reviewed. In 11 of the 30 sampled cases, we found the approved rent was greater than the rent for comparable units in the area, on average by \$525, with one approved monthly rent being \$1,647 more than the rate for comparable units. Failure to perform required rent reasonableness tests and approving rents exceeding comparable rates within the market without explanation raises questions related to how reasonableness is being determined as well as issues related to transparency and fairness.
  - As a result of insufficient monitoring of landlord payments and DSS issuing inaccurate Internal Revenue Service (IRS) Form 1099s to landlords, there is less assurance that accurate rent payments are reported to the IRS.

## Key Recommendations

- Establish policies and procedures to check for all violations during preclearance, and expand preclearance checks for all CityFHEPS cases.
- Establish a landlord disqualification list and develop written procedures for the addition and removal of landlords from the list and monitor for compliance.
- Comply with policies and procedures to verify eligibility, including income, for all members of a household who are age 18 and older and ensure that all eligibility (including income) documents are retained.
- Develop adequate written procedures and monitor for compliance to confirm that no substantiated relationship exists between landlords, brokers, and managing members for all CityFHEPS cases and that rent payments are issued to the correct parties.

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- Comply with policies related to rent reasonableness determinations for CityFHEPS cases.
  - Review discrepancies identified on IRS Form 1099 and issue corrected forms where warranted to ensure that accurate rent payments are reported.



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**Office of the New York State Comptroller  
Division of State Government Accountability**

January 7, 2026

Molly Wasow Park  
Commissioner  
New York City Department of Social Services  
4 World Trade Center, 42nd Floor  
New York, NY 10007

Dear Commissioner Park:

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 *Administration of the CityFHEPS Program for Department of Social Services Homebase Clients*. This audit was performed pursuant to the State Comptroller's authority under Article V, Section 1 of the State Constitution and Article III of the General Municipal 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*

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# Glossary of Terms

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<b>Term</b>	<b>Description</b>	<b>Identifier</b>
DSS	NYC Department of Social Services	<i>Auditee</i>
CARES	Client Assistance and Rehousing Enterprise System	<i>System</i>
CityFHEPS	City Fighting Homelessness and Eviction Prevention Supplement	<i>Program</i>
CurRent	Landlord management system used by DSS beginning in 2022	<i>System</i>
DHS	NYC Department of Homeless Services	<i>Auditee Administrative Unit</i>
Homebase	Homelessness prevention program administered by HRA	<i>Key Term</i>
HPD	New York City Department of Housing Preservation and Development	<i>Agency</i>
HRA	NYC Human Resources Administration	<i>Auditee Administrative Unit</i>
Rules	Rules of the City of New York	<i>Law</i>
Statewide CityFHEPS	Rental assistance program that pays part of household's monthly rent anywhere in New York State	<i>Program</i>
To-Move Applicant	CityFHEPS applicant who needs to relocate	<i>Key Term</i>
To-Stay Applicant	CityFHEPS applicant who will stay in their current housing	<i>Key Term</i>

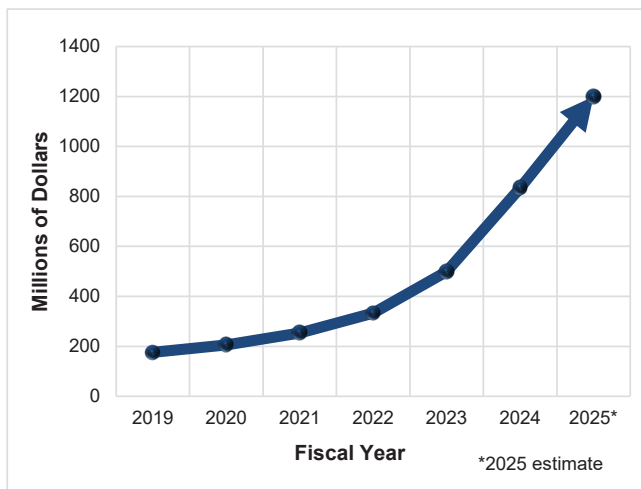
# Background

New York City has long faced the related issues of affordable housing shortages and homelessness. According to the Coalition for the Homeless, the court-appointed independent monitor of the municipal shelter system for single adults and the City-appointed monitor of shelters for families, in recent years, homelessness has reached the highest level since the Great Depression of the 1930s. In June 2025, 105,373 people slept each night in City homeless shelters, while thousands more slept unsheltered in public, and more than 200,000 slept temporarily in the homes of others. Between 1996 and 2017, the City lost 1.1 million units of affordable housing.

The New York City Department of Social Services (DSS) is composed of two administrative units: NYC Human Resources Administration (HRA), the largest social services agency in the country, and the NYC Department of Homeless Services (DHS), whose mission includes homelessness prevention and connecting New Yorkers experiencing homelessness to suitable housing. In October 2018, DSS launched the City Fighting Homelessness and Eviction Prevention Supplement (CityFHEPS) rental assistance program intended to help New Yorkers living in homeless shelters and those at risk of homelessness secure permanent housing.

According to DSS officials, since the launch of CityFHEPS in 2018, through March 2025, the program processed 57,888 new cases, helping 123,762 individuals to secure permanent housing. Officials also reported that, between fiscal years 2019 and 2024, CityFHEPS expenses increased from \$176 million to \$834 million, as shown in Figure 1. In fiscal year 2025, the program's projected cost was \$1.2 billion.

**Figure 1 – CityFHEPS Expenditure FY 2019 to 2025**



CityFHEPS is administered in accordance with Title 68, Chapter 10 of the Rules of the City of New York (Rules). According to the Rules, as of 2023, CityFHEPS consists of three programs: the tenant-based rental assistance program (Subchapter A), project-based rental assistance program (Subchapter B), and unit repair program (Subchapter C). In addition to the rental assistance to CityFHEPS applicants offered by DSS, HRA also offers broker's fees to eligible brokers, which is up to 15% of the annual rent once the CityFHEPS application is approved. DSS also offers

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participating landlords a Unit Hold Incentive equal to 1 month's rent so that the landlords hold the units while the application is being approved.

Households at risk of homelessness can apply for CityFHEPS at one of the 26 Homebase locations throughout New York City's five boroughs. Homebase providers are contracted to provide a range of services aimed at preventing homelessness and providing long-term stability—including rental assistance applications for programs such as CityFHEPS—to individuals and households living in the community. Since 2017, DSS has contracted with seven not-for-profit entities (also referred to as Homebase providers): CAMBA, Catholic Charities Neighborhood Services, Catholic Charities Community Services, RiseBoro, Bronxworks, Help USA, and SUS Urgent Housing Programs. The contracted costs totaled \$671 million, but DSS officials could not provide the amount of the actual contract expenditure to date.

As of February 2024, individuals and families in New York City who are eligible for CityFHEPS can use the Statewide CityFHEPS program to move into permanent housing anywhere in New York State. Current CityFHEPS recipients may also relocate to any location within the State.

## CityFHEPS Eligibility Determination and Application Process for Homebase Clients

The CityFHEPS application and eligibility determination is a complex multistep process requiring coordination between DSS and contracted services providers (see the Exhibit at the end of this report). Each step has various requirements depending on factors such as the applicant's income and housing criteria. In general, the process includes:

- 1. Application Procedure:** Individuals or families (households) residing in the community (i.e., not street homeless or in an HRA or DHS shelter [community applicants]) can apply for CityFHEPS through a provider affiliated with Homebase, where they undergo prescreening to determine their potential eligibility for Homebase services as well as for CityFHEPS. There are typically two categories of community-based applicants: those who need to relocate (referred to as “to move”) and those who will stay in their current housing (referred to as “to stay”).
- 2. Housing Process:**
  - “To move” households that have been determined to be potentially eligible for CityFHEPS are issued a Shopping Letter and a Household Share Letter, enabling them to start their search for permanent housing. The Shopping Letter includes an expiration date and states the maximum rent allowed for the household. It also indicates the number of rooms/sleeping areas the household is entitled to based on household size. The Household Share Letter indicates the reason for eligibility (e.g., eviction) and shows what portion of the monthly rent may be covered by CityFHEPS, as well as the amount the household would be responsible for.

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- “To stay” households are issued only a Household Share Letter after being deemed potentially eligible for CityFHEPS.
3. **Preclearance and Walkthrough:** After the household locates a housing unit, DHS’ Rehousing Division’s Clearance and Apartment Review unit must conduct a preclearance and then either DSS or the Homebase provider must conduct a walkthrough to ensure that the building and unit are safe and habitable. “To stay” applicants’ housing units are exempt from these requirements.
  4. **Submission of Document Packet:** Once a Homebase provider has determined an applicant’s potential eligibility, the provider must collect and submit a packet of required documents to DSS demonstrating that the household meets the program eligibility criteria. Since 2022, Homebase providers submit packets electronically through CurRent, DSS’ electronic landlord management system. Prior to 2022, these packets were submitted via email.
  5. **Packet Reviews and Approvals:** Applications then go through a series of higher-level reviews and approvals, including a final review by HRA’s Rental Assistance Program unit, which makes an eligibility determination and either approves or denies the packet.
  6. **Approval Notice:** In the final stage, an Approval Notice is issued to the household, and the initial rent checks are processed. The Approval Notice details information including the monthly rent and the household’s share. For “to move” households, an exchange of keys with the landlord is scheduled.

# Audit Findings and Recommendations

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Given the magnitude of the City housing crisis, the vulnerability of the families and individuals affected by homelessness, and the rising costs of administering CityFHEPS, it is imperative that DSS administers the program as efficiently and cost effectively as possible to ensure that the greatest possible number of eligible New Yorkers in need of this assistance promptly receive housing support, including the services Homebase providers are contracted to provide.

However, we found DSS has fallen short on creating sound monitoring processes for housing units and participating landlords to ensure that clients are placed in safe and habitable housing. DSS is not sufficiently vetting housing for program applicants, as we found examples of households residing in units approved for the CityFHEPS subsidy ultimately requesting to be relocated due to habitability concerns and open—sometimes immediately hazardous—violations that existed at the time DSS approved the units. In one case, we found that DSS staff approved a client to move into an apartment with significant habitability issues—the same unit DSS had previously approved another client to move out of due to habitability issues. We note that the issues that existed when the first client moved out still existed when the new client was approved to move in. Upon further review, we found that DSS approved CityFHEPS clients to move into three other properties owned by the same landlord—all with similar issues. These three properties had 110 open violations at the time of our review in March 2025.

Further, since the program’s inception in 2018, DSS has not established sufficient oversight and monitoring controls to ensure that the program’s goals are met in a cost-effective manner and that Homebase services related to CityFHEPS are delivered. For example, DSS could not account for any CityFHEPS cases processed by Homebase contractors prior to 2022, and it also failed to ensure that only eligible applicants received the subsidy or that the subsidy amount was correctly calculated. With the current affordable housing crisis, more care must be taken to ensure program resources are used effectively, including ensuring that program expenses are paid in accordance with DSS policy.

Similar to a prior audit report ([2023-N-1](#)), issued in October 2024, which found systemic weaknesses in DSS’ administration of CityFHEPS regarding the reliability of data and oversight of rent payments, this audit also identified significant internal control issues and points to a need for stronger oversight, monitoring, and documentation by DSS. Failure to address these issues leaves CityFHEPS applicants at risk of renting housing with known safety and health issues. We encourage DSS to take a stronger oversight role over both the delivery of program services and cost containment and to proactively identify and mitigate program weaknesses, including those discussed in this report.

## Missing CityFHEPS Program Records

The NYC Supplemental Records Retention and Disposition Schedule requires City agencies to retain case records for at least 6 years after the case is closed.

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To determine the total number of CityFHEPS cases processed by Homebase providers between July 2019 and May 2024 and to select a sample of cases for review, we asked DSS and Homebase contractors to provide us with a list of all CityFHEPS cases processed at Homebase during that time period. However, neither DSS nor six of the seven contractors could provide information on cases dated prior to 2022. According to DSS officials, the Housing Assistance Payment System, used prior to 2022, did not have an application origin indicator and when data migrated from that system to CurRent in 2022, they could not distinguish CityFHEPS applications from non-CityFHEPS applications. Because neither DSS nor Homebase providers could provide a list of clients served prior to 2022, we could not assess if the services that Homebase contractors were contracted to provide (related to homelessness prevention, including CityFHEPS) were actually provided.

Consequently, we based our review on a sample of 75 cases dated after January 22, 2022. Forty-five of these cases were households that moved or stayed within New York City and the other 30 were Statewide CityFHEPS cases.

## Insufficient Vetting and Poor Physical Condition of Housing Units and Buildings

According to the preclearance and walkthrough policy issued by DSS in June 2019 and updated in May 2023, before any apartment within a building can be rented, both the apartment and the building should be registered with the DSS Offer Portal. Once the unit is registered, it must be vetted for violations that may have a direct impact on the unit's habitability. Toward that end, DHS' Rehousing Division's Clearance and Apartment Review unit is responsible for the preclearance process.

The preclearance process consists of an online review of housing unit and/or building code violations and other information through databases of five New York City agencies:

- Housing Preservation and Development (HPD)
- Department of Buildings
- Department of Finance
- Fire Department
- Department of Health and Mental Hygiene

Specifically, when accessing the HPD website, the reviewer should assess whether the unit has open lead violations and if the building:

- has open litigation for heat and hot water issues
- is subject to comprehensive litigation

***We note that a 2019 report issued by the NYC Comptroller also identified several control weaknesses in DSS' preclearance and walkthrough procedures. According to the report, these issues should be addressed to better ensure apartments included in the CityFHEPS program are safe, habitable, and free of conditions that violate applicable housing regulations.***

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- is subject to 7A Program administration (addresses privately owned buildings with conditions that are dangerous to tenant life, health, and safety)
  - is listed in the Alternative Enforcement Program with an “I Order”
  - is in the Underlying Conditions Program (allows HPD to issue an order to correct underlying conditions violating the Housing Maintenance Code)
  - has open vacate orders

However, we noted that the policy does not apply to “to stay” cases (applicants who will stay in their current housing). The policy also does not require checking for all Class C (immediately hazardous) violations such as infestations (mice, rats, roaches), mold, or defective window guards; or Class B (hazardous) violations including defective carbon monoxide detectors or leaky roofs.

Furthermore, following a passed preclearance, DSS’ policy requires either DSS or the Homebase provider staff to conduct a walkthrough of the housing unit. During the walkthrough, reviewers rate interior elements of the building as pass or fail (examples of elements that could be rated as fail include damaged surfaces, excess garbage in hallways that may cause a health and safety condition, an unlocked fire exit, or insufficient lighting). Reviewers should also assess units for the presence of window guards (if required), whether the unit is under renovation or construction that would make it unsuitable for a client, and the presence of a fire escape. Reviewers should also look for evidence of rats, mice, roaches, or other vermin, as well as other hazards.

In addition to the multistep vetting of registered housing units and buildings available to CityFHEPS clients, the DSS Accountability Office’s Rental Assistance Integrity Unit conducts checks such as secondary quality assurance reviews of walkthroughs and preclearance.

We attempted to review documentation for our sample of 75 cases—67 “to move” cases (applicants who will relocate) and 8 “to stay” cases (applicants who will remain in their current unit) to ascertain whether DSS assessed the properties for code violations and whether safety and habitability walkthroughs were conducted by DSS or Homebase contractors. However, for the 30 Statewide CityFHEPS cases, data related to code violations was not available. Therefore, we reviewed data related to code violations for the 45 cases where households were approved for CityFHEPS within NYC. We found that in 17 of the 45 cases, households residing in CityFHEPS units had requested to be relocated to a different home due to habitability concerns such as apartment disrepair, mold, and infestations. In five of these 17 cases, we found that there were open HPD violations at the time DSS had approved the housing units for the CityFHEPS subsidy.

#### **Violation Types**

***Class C – Immediately hazardous violations may include issues such as infestations, mold, or defective window guards. Class C violations involving heat and hot water must be corrected immediately, and violations involving mold, lead-based paint, window guards, and pests such as rodents and roaches must be corrected within 21 days.***

***Class B – Hazardous violations may include defective carbon monoxide detectors or a leaky roof. Class B violations must be corrected within 30 days.***

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- In three of these five cases, the housing unit had at least one open Class C (immediately hazardous) violation, including infestations (rats, mice, and roaches) and a defective window guard.
    - Additionally, one of these three cases also had at least one open Class B (hazardous) violation, such as a defective carbon monoxide detector.
  - In two of these five cases, the housing unit had at least one or more open Class B violations, with one case having 14 open Class B violations.

Moreover, for the clients who ultimately had to relocate due to habitability concerns, DSS paid \$77,297 in broker’s fees and \$41,569 in Unit Hold Incentives (incentivize landlords to hold a unit while the application is being approved) for these clients to relocate—resources that may have been saved if issues had been flagged on the initial review.

As stated earlier, DSS does not conduct initial inspections of properties in “to stay” cases. Instead, Homebase contractors can either inspect the property and document the inspection, or alternatively, the applicant can self-attest as to its habitability. In addition, DSS officials advised us that “to stay” households can also resolve habitability issues through their landlords or housing courts. We reviewed case records for the eight “to stay” cases in our sample and determined that inspections were done in only four cases—one self-attestation and three inspections by Homebase contractors. The remaining four cases had no evidence that the inspections were performed or that the households had self-attested to the habitability.

## Other Issues

During our review of the 67 “to move” cases, we determined that 29 involved Statewide CityFHEPS cases (households that moved outside of New York City). In these cases, the reviewers certified on the forms that they had visited the properties. However, subsequently, DSS officials informed us that these inspections are done virtually, raising doubts about the integrity of the certifications. For two of these 29 cases, the Apartment Review Checklist (DSS-10a)—the document used to note building and housing unit safety and habitability—lacked dates and, in one of those cases, the checklist was also missing a signature, raising further questions about the integrity and timing of the inspections.

In response to a preliminary report of our findings, DSS officials stated that none were for lead, open litigation for heat and hot water complaints, comprehensive litigation, an alternative enforcement plan, or open vacate orders. However, when a housing unit or property, regardless of whether it is a “to move” or “to stay” case, presents conditions such as a vermin infestation, mold, or a leaky roof, not only is the client’s well-being jeopardized, but these conditions may also cause the household to request to be relocated, undermining the CityFHEPS program’s goal of moving clients to permanent housing, requiring additional DSS and Homebase resources, and incurring additional costs to the taxpayers.

We attribute these conditions to insufficient policies and procedures, as well as to DSS’ lack of oversight and monitoring of the existing habitability assessment procedures.

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## CityFHEPS Landlord Concerns

According to Section 235-B of New York State Real Property Law, landlords are responsible for ensuring that the leased property and common areas are safe and habitable and that the property is free of any conditions that would be dangerous, hazardous, or detrimental to the life, health, or safety of tenants. Additionally, DSS Policy Bulletin 2021-009 requires that, after a household locates a housing unit, a preclearance and walkthrough using the Apartment Review Checklist (DSS-10a) must be conducted to ensure that the building and housing unit are safe and habitable.

Despite these requirements, we found that DSS staff approved a client to move into an apartment with significant habitability issues. We note that DSS paid \$4,651 in broker's fees and \$2,584 in a Unit Hold Incentive for this apartment, despite the conditions. Further, DSS previously approved a Good Cause Transfer<sup>1</sup> for another client to move out of this same CityFHEPS apartment due to habitability issues.

We reviewed the HPD housing violation data and found that the apartment had 20 open violations, two of which were considered immediately hazardous, including mice and roach infestations of the entire apartment. Moreover, the apartment had 14 open hazardous violations including spider and fly infestations. Nevertheless, DSS approved the client to move into the same unit it had previously approved a Good Cause Transfer out of.

Upon further review, we found that DSS approved CityFHEPS clients to move into three other properties owned by the same landlord with similar issues. These three properties had 110 open violations at the time of our review in March 2025. According to payment data in CurRent, from January 1, 2022 to December 31, 2024, DSS paid this landlord approximately \$503,000 in rent for the three apartments with reported habitability issues.

We also found that DSS approved 57 CityFHEPS households for units in properties owned by landlords included on the *Worst Landlords of 2024* list maintained by the Office of the New York City Public Advocate. We reviewed HPD's website (HPD Online) for 10 of these properties and found that 15 CityFHEPS units associated with these properties had numerous open violations at the time of review. For example, one unit had 16 open Class C violations (immediately hazardous).

In response to a preliminary report on these issues, DSS officials stated that none of the documented violations would cause housing units to fail the preclearance. They further stated that, given NYC's low vacancy rates, it is not unusual that landlords who own multiple properties with violations would be allowed to participate in the CityFHEPS program and receive payments. Moreover, they emphasized that being on the *Worst Landlords* watchlist does not disqualify a landlord from participating, as it lacks legal enforceability. This stance taken by agency officials gives little incentive for landlords to improve poor conditions.

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<sup>1</sup> A Good Cause Transfer typically refers to a situation where a household needs to move to a different apartment due to a change in circumstances that impacts their housing needs—including apartment conditions and health and safety reasons.

While the Rules allow DSS to ban landlords from participation in City rental assistance programs for violations of landlord requirements by placing them on a disqualification list, DSS officials informed us that they have not yet established such a list. The officials did note that a new unit will be established to review and disqualify egregious actors.

Additionally, in a Statewide CityFHEPS case, the household requested a Good Cause Transfer to move shortly after having moved into the apartment under CityFHEPS. The client provided evidence that the apartment had been issued multiple violations.

We attribute these conditions to DSS' lack of sufficient oversight over participating landlords and the properties, in particular, not establishing any internal policy or procedure for the disqualification list. As a result, landlords continue to participate in CityFHEPS without having to rectify poor living conditions.

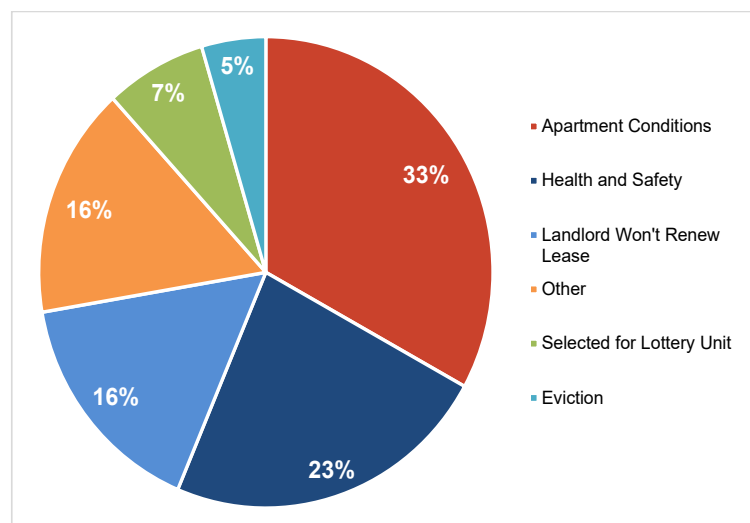
## Lack of Documentation for Good Cause Transfers

According to the Rules, a household participating in the CityFHEPS program may not move to a new residence without approval. In May 2024, nearly 6 years after the program's inception, DSS formally established policies and procedures regarding Good Cause Transfers processed by Homebase providers, whereby households requesting to move can go to a Homebase location where the contractor will assess the reason for the transfer request to ensure it meets eligibility standards, document the reasons, and submit the application to DSS' Prevention and Community Support unit for review and approval. In response to our findings, DSS officials commented that prior to 2024, the Homebase providers were to follow the Good Cause Transfer Guideline issued in 2017. We noted that both the 2024 policies and procedures and the 2017 guideline required Homebase providers to document reasons for Good Cause Transfers (e.g., conditions warranting the transfer, home visits, photos of the unit, and other) and report them to DSS.

According to HRA Policy Bulletin #2024-008, an example of criteria for a Good Cause Transfer would be when a client receives an order from another City agency (e.g., HPD) to vacate their residence due to hazardous conditions. Required documentation would include any vacate order document from a City agency, or verification of the event on the City agency's website. DSS is required to maintain this documentation.

In 2024, of 4,201 approved Good Cause Transfer cases, 1,388 (33%) were due to unsuitable habitability conditions, as shown in Figure 2.

Figure 2 – Good Cause Transfer Reasons (2024)



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To ascertain whether DSS approved Good Cause Transfer cases as required, we reviewed 35 such cases that were included in the sample of 75. For 20 of the 35 cases, DSS officials did not maintain sufficient documentation to justify the basis of their determination to move the client. This makes it challenging to evaluate whether the determination was sound and to identify trends and patterns that are crucial for making informed future decisions related to housing units and resource allocations. We note that approximately \$31,835 and \$50,437 were paid out in Unit Hold Incentives and broker's fees, respectively, for these moves, underscoring the need for appropriate review before program resources are expended.

## **Inadequate Documentation and Program Payment Weaknesses**

### **Insufficient Documentation Supporting Eligibility**

To be eligible for CityFHEPS, a household must satisfy the criteria outlined in the Rules. Homebase contractors are required to collect and verify the eligibility information. According to DSS policy, contractors document the reason for eligibility using the CityFHEPS Verification of Eligibility form (DSS-8e) and submit it with the application packet to HRA for approval. Additionally, Homebase contractors issue a Household Share Letter to the household that notifies them of the reason for potential eligibility. The NYC Supplemental Records Retention and Disposition Schedule requires City agencies to retain case records for at least 6 years after the case is closed.

To determine if the households met eligibility requirements, we examined application packets for a sample of 30 cases. We found no evidence that Homebase contractors completed eligibility forms (DSS-8e) for any of our 30 sampled cases. Also, we found the following:

- In 14 cases, according to the Homebase contractors, the households were deemed potentially eligible on the basis that they were referred by a CityFHEPS qualifying program. However, there were no corroborating records showing that the applicants were actually referred by such a program.
- For 10 cases, there was no evidence that the Homebase contractors issued the Household Share Letter (which states the reasons for the household's eligibility for the CityFHEPS subsidy) to the applicant, as required.
- In three cases, according to Homebase contractors, the households were determined to be potentially eligible for the subsidy because they were facing eviction. However, we found no supporting documentation, such as court orders, court stipulations, or eviction notices supporting the assertions.
- In another three cases, the households were deemed potentially eligible based on their participation in Pathway Home. However, we found no supporting documentation that these households were participating in the program.

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DSS provided no assurance that these households were indeed eligible for CityFHEPS in accordance with the eligibility criteria. Thus, households may have been approved for CityFHEPS rental assistance for which they were otherwise ineligible.

## Insufficient Documentation Supporting Income

Generally, according to the Rules, to be eligible for an initial year of CityFHEPS, the household's total gross income must not exceed 200% of the Federal Poverty Level. Also, for a household to continue receiving CityFHEPS, the household's total gross income must not exceed 80% of the Area Median Income, among other requirements. Further, DSS policy requires that CityFHEPS packets include paystubs for the last 30 days or other proof of income for household members age 18 and older. Homebase contractors are required to assess, verify, and document income for each adult household member, and to maintain eligibility documentation in the case records.

We reviewed case records for a sample of 75 CityFHEPS cases. We found that, in 30 of the 75 cases, there was no evidence that income was verified. According to DSS officials, cash assistance was used for income verification for these cases. However, DSS policies specifically state that CityFHEPS packets should include paystubs for the last 30 days or other proof of income for household members age 18 and older. If DSS practices do not match existing policies, it creates confusion for staff who are required to implement them and weakens accountability. DSS should comply with its policies or consider if policies should be updated.

## Unsupported CityFHEPS Calculations

According to the Rules, the maximum monthly rent for a unit receiving CityFHEPS rental assistance must not exceed limits set by HRA. The payment standards HRA uses to calculate the subsidy are based on the Section 9 standard adopted by the New York City Housing Authority for residences within New York City or the applicable local housing authority standard for residences outside of New York City. The maximum allowable subsidy is based on factors such as the monthly rent amount, number of bedrooms, and household size. During the application process, Homebase providers and DSS are required to gather and verify the applicants' and landlords' information to be used to determine and support the subsidy calculations.

We reviewed a sample of 75 cases and determined that, in 11 instances, the subsidy either exceeded the maximum allowable amount without explanation or lacked records supporting the calculation, as follows:

- In five cases, DSS approved monthly rent that exceeded the eligible amount by a total of \$603 per month. For example, in one of those five cases, the rent approved was \$269 greater than the amount the household was eligible for.
- In two cases, DSS approved monthly rents of \$3,350 and \$1,425, which exceeded the maximum payment standard by \$176 and \$51 per month,

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respectively. However, the case records did not contain documentation such as income verification supporting the households' eligibility for the higher rents. Moreover, the CityFHEPS approval notices did not list any income for the households, as required.

- In another three cases, there was no (required) evidence that all members of the household were eligible. Specifically, records supporting eligibility for CityFHEPS for one five-person household were available for only four members of the household, resulting in an overpayment of \$721 per month, based on the eligibility information available for the four members. In another case, there were no supporting records showing that the head of the household (the applicant) was eligible for the CityFHEPS subsidy at all. In this case, the approved monthly rent exceeded the amount for which they were eligible by \$181 per month.
- In one case, DSS officials could not provide supporting records, such as a complete copy of the lease to show whether the utilities were included or to explain how the utility allowance was determined, or the Landlord Utility Information form (DSS-8q) identifying the utilities and whether the expense is paid for by the landlord or the tenant. Because these documents containing specific financial data were missing, agency officials did not have the information required to calculate the subsidy accurately.

## Inadequate Controls To Prevent Payment of Fees to Related Parties

According to DSS policy, real estate brokers can receive a broker's fee of up to 15% of the annual rent for eligible households as long as the broker is not the owner, controlling person, or an affiliate of the owner of the actual rental unit.

According to DSS, between January 26, 2022 and February 28, 2025, the agency paid \$22.6 million in broker's fees to 1,288 brokers, averaging \$17,500 per broker.

DSS officials were unable to provide broker payment data prior to January 26, 2022, stating that the Housing Assistance Payment System, used prior to 2022, did not have an identifying field to differentiate shelter cases from Homebase cases. We then requested the aggregate data officials said was available; however, DSS officials failed to provide the requested data.

To assess whether broker's fees were paid according to DSS policy, we reviewed the sampled 75 cases and found the following:

- In one case, DSS paid \$6,800 in broker's fees before verifying that the landlord and the broker were not related entities. Further analysis revealed that 18 properties were associated with the same party that used 12 different business names. On May 22, 2024, DSS determined that the landlord and the broker were related parties—that both were owned by the same parent company. DSS officials could not explain why they did not verify the landlord-broker

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relationship before issuing the payment and stated that the agency is in the process of recouping the funds.

- In another case, DSS paid \$5,844 in broker's fees; however, the landlord and property manager names on the lease were different from other CityFHEPS records, such as on the Landlord Information form. Further, the lease agreement for this case was with a party whose name was not listed on the CityFHEPS Landlord Information form (DSS-8f). The DSS-8f is completed by landlords and provides information such as where rent payments should be mailed and, if the property is being rented with a broker, a self-attestation that the landlord is not the broker. Additionally, the DSS-8f was unsigned, and thus we questioned the document's validity. DSS officials responded that this was a clerical error and that the situation was later addressed. However, agency officials provided no evidence that this was done.
- In another case, the supervisor's name on the Security Voucher form (HRA-147n) was incomplete. We also noted that the landlord shares the same name as the client. We have no assurance that the client and landlord were not related and, thus, that the lease was executed at arm's length. Additionally, we noted that \$3,780 and \$2,100 were paid in broker's fees and a Unit Hold Incentive, respectively, for this case.

We attribute these conditions to DSS lacking sufficient procedures related to verification of the landlord-broker relationships, as well as to poor oversight and monitoring.

## Unreasonable Rents Compared to Similar Units in the Area

According to the Rules, the rent for a unit must be reasonable in comparison to other comparable units in the area where the unit is located and must not exceed the maximum monthly rent. Furthermore, rent charged for a CityFHEPS unit can never be more than rents charged for similar unsubsidized units within the development or in the vicinity. According to DSS policy, staff are supposed to compare proposed rents to the rents currently charged for similarly sized units within the same building and review rents charged by other landlords for comparable units in the area to determine if the rent is reasonable.

We reviewed a judgmental sample of 30 Statewide CityFHEPS cases (households that moved outside of New York City [since February 2024, DSS has allowed the subsidy to be used outside New York City]) to determine if the rents charged were reasonable compared to similar units within the area where the unit is located. We reviewed various real estate sites and requested documentation to support the rent reasonableness test conducted by DSS staff. We found the following:

- DSS officials could not provide evidence that a rent reasonableness test was completed for any of the 30 cases.

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- In 11 cases, the approved rent was greater than rent for similar units in the area, on average by \$525. In one instance, the approved monthly rent was \$1,647 more than the market rate for comparable units.

The goal of CityFHEPS is to help New Yorkers living in homeless shelters and those at risk of homelessness to secure permanent housing. Failure to perform required rent reasonableness tests and approving rents exceeding comparable rates within the market without explanation raises questions related to how reasonableness is being determined as well as issues related to transparency and fairness.

## **Inaccurate Reporting of Rent Payments on IRS Form 1099**

DSS issues IRS Form 1099 (for reporting non-employee income) to CityFHEPS landlords when \$600 or more is paid to them in rents during the calendar year. According to DSS officials, the DSS Office of Revenue Management and Development prepares and issues Form 1099.

To determine if the Form 1099s were accurate and issued to the correct landlords of CityFHEPS clients, we requested a list of all landlords participating in the CityFHEPS program during the audit scope period, along with their taxpayer identification numbers and associated case numbers. DSS officials provided us with a file that included approximately 20,000 landlords. However, the file did not include taxpayer identification numbers for 189 landlords. Although requested, DSS officials failed to provide the missing taxpayer identification numbers for these landlords and minimized our findings, stating that this affected only 1% of the total information. They further stated that DSS Finance conducts research to find information necessary to issue Form 1099s to landlords for whom the agency did not have complete information.

We selected a judgmental sample of 22 landlords and requested copies of the issued Form 1099s for the calendar years 2023 and 2024 and found issues with eight as follows. For the calendar year ended December 31, 2024, we found:

- DSS officials did not initially provide Form 1099s for two landlords when requested, despite payment records indicating that over \$600 in payments had been issued. In response to our findings, DSS provided a Form 1099 for one landlord; however, DSS provided no evidence that this Form 1099 was issued in a timely manner, or that it was not issued only because we brought it to DSS' attention. In the other case, DSS provided a corrected Form 1099, indicating that the original form issued was incorrect. For both landlords, we could not determine if the issued Form 1099s were accurate, as we could not reconcile the amount reported on the forms with payment records.
- For two other landlords, the amounts reported on the Form 1099 did not match rent payments issued to the landlords. In one case, DSS issued an incorrect form reporting payments of \$55,552. After we brought the matter to DSS officials' attention, the agency subsequently issued a corrected form reporting

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payments of \$406. We note that DSS had also issued an incorrect Form 1099 to the same landlord in 2023, as discussed below. In another case, the amount reported on the Form 1099 was approximately \$5,770 less than the issued payments.

For the calendar year ended December 31, 2023, we found the following:

- For three landlords, the amounts reported on the Form 1099 did not match rent payments issued to these landlords. Two Form 1099s understated the payments issued by \$18,379 and \$4,962, respectively, and one overstated the amount by \$5,471.
- DSS officials initially failed to provide a Form 1099 for one landlord when requested, despite payment records indicating that over \$600 in payments had been issued. DSS officials provided a corrected Form 1099, indicating that the original Form 1099 was incorrect. However, we could not determine if the corrected Form 1099 was accurate, as we could not reconcile the amount reported on the form with payment records.

DSS officials claimed the error occurred due to a database migration and explained that some landlord records did not transition correctly, resulting in inaccurate Form 1099 issuance. They also explained that CurRent had incorrectly assigned the payment to a different landlord. They stated that they have since corrected the error, have reissued the correct Form 1099s to the respective landlords, and that future enhancements will be made to CurRent.

We attribute these conditions to DSS' weak internal controls related to monitoring the CityFHEPS program. As a result, DSS issued inaccurate Form 1099s to these landlords. Consequently, we have no assurance that accurate rent payments are reported to the Internal Revenue Service.

## Recommendations

1. Ensure compliance with policies for document retention pertaining to CityFHEPS cases originating at Homebase locations.
2. Establish a process to track the origin of CityFHEPS cases.
3. Establish policies and procedures to check for all violations during preclearance, and expand preclearance checks for all CityFHEPS cases (including "to stay" cases).
4. Establish a landlord disqualification list and develop written procedures for the addition and removal of landlords from the list and monitor for compliance.
5. Issue policies and procedures pertaining to Good Cause Transfer and other areas of the program timely to guide Homebase contractors prior to the implementation of changes within the CityFHEPS program.

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6. Develop adequate written procedures and monitor for compliance to confirm that no substantiated relationship exists between landlords, brokers, and managing members for all CityFHEPS cases and that rent payments are issued to the correct parties.
  7. Comply with policies and procedures to verify eligibility, including income, for all members of a household who are age 18 and older and ensure that all eligibility (including income) documents are retained.
  8. Establish written procedures to ensure that only eligible household members are included when determining household size for calculation of the CityFHEPS subsidy.
  9. Comply with policies related to rent reasonableness determination for CityFHEPS cases.
  10. Review discrepancies identified on IRS Form 1099 and issue corrected forms where warranted to ensure that accurate rent payments are reported.

# Audit Objective, Scope, and Methodology

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The objective of our audit was to determine whether DSS is administering the CityFHEPS program according to the rules and regulations, thereby assisting residents in the community served by Homebase providers to secure permanent housing. The audit covered the period from July 2021 through July 2025.

To accomplish our objective and assess related internal controls, we interviewed DSS officials, landlords, contractors, and CityFHEPS recipients. We also visited Homebase locations, interviewed Homebase officials, and reviewed case documentation. We reviewed relevant laws, DSS policies and procedures, and contracts relevant to the administration of CityFHEPS.

We used a non-statistical sampling approach to provide conclusions on our audit objectives and to test internal controls and compliance. We selected judgmental samples. However, because we used a non-statistical sampling approach for our tests, we cannot project the results to the respective populations. Our samples, which are discussed in detail in the body of our report, include:

- A judgmental sample of 45 of 7,736 cases that DSS officials reported as having originated from Homebase locations for the period from January 22, 2022 through May 13, 2024. The sample was selected based on the total number of approved cases submitted by each provider to test for household eligibility, household income verification, accuracy of subsidy calculation, landlord eligibility for incentives, landlord ownership, broker eligibility of incentives, and habitability of housing unit.
- A judgmental sample of 30 of 193 approved Statewide CityFHEPS cases from Provider Details Reports that were identified as having originated from Homebase locations for the period from January 1, 2023 through December 17, 2024. The sample was selected based on the county to which the household moved to test for household eligibility, household income verification, accuracy of subsidy calculation, landlord eligibility for incentives, landlord ownership, broker eligibility of incentives, and habitability of housing unit.
- A judgmental sample of 22 of 19,619 landlords who have participated in the CityFHEPS program. The sample was selected based on individual landlords with similar names to test for accuracy of payments reported on Form 1099.
- A judgmental sample of 10 of 57 CityFHEPs properties whose landlords appeared on the *Worst Landlords of 2024* list (published by the New York City Public Advocate) based on the average number of violations to determine how many units located on these properties had open violations.

We obtained data from CARES and CurRent but were only able to test the accuracy of that data. As it was the only data available to us about CityFHEPS, we used it to draw samples and then corroborated the data in CARES and CurRent against other records about households participating in CityFHEPS, as documented in our report.

# Statutory Requirements

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## 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 III of the General Municipal 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

As is our practice, we notify agency officials at the outset of each audit that we will be requesting a representation letter in which agency management provides assurances, to the best of their knowledge, concerning the relevance, accuracy, and competence of the evidence provided to the auditors during the course of the audit. The representation letter is intended to confirm oral representations made to the auditors and to reduce the likelihood of misunderstandings. Agency officials normally use the representation letter to assert that, to the best of their knowledge, all relevant financial and programmatic records and related data have been provided to the auditors. They affirm either that the agency has complied with all laws, rules, and regulations applicable to its operations that would have a significant effect on the operating practices being audited, or that any exceptions have been disclosed to the auditors. However, officials at the New York City Mayor's Office of Operations have informed us that, as a matter of policy, mayoral agency officials do not provide representation letters in connection with our audits. As a result, we lack assurance from agency officials that all relevant information was provided to us during the audit.

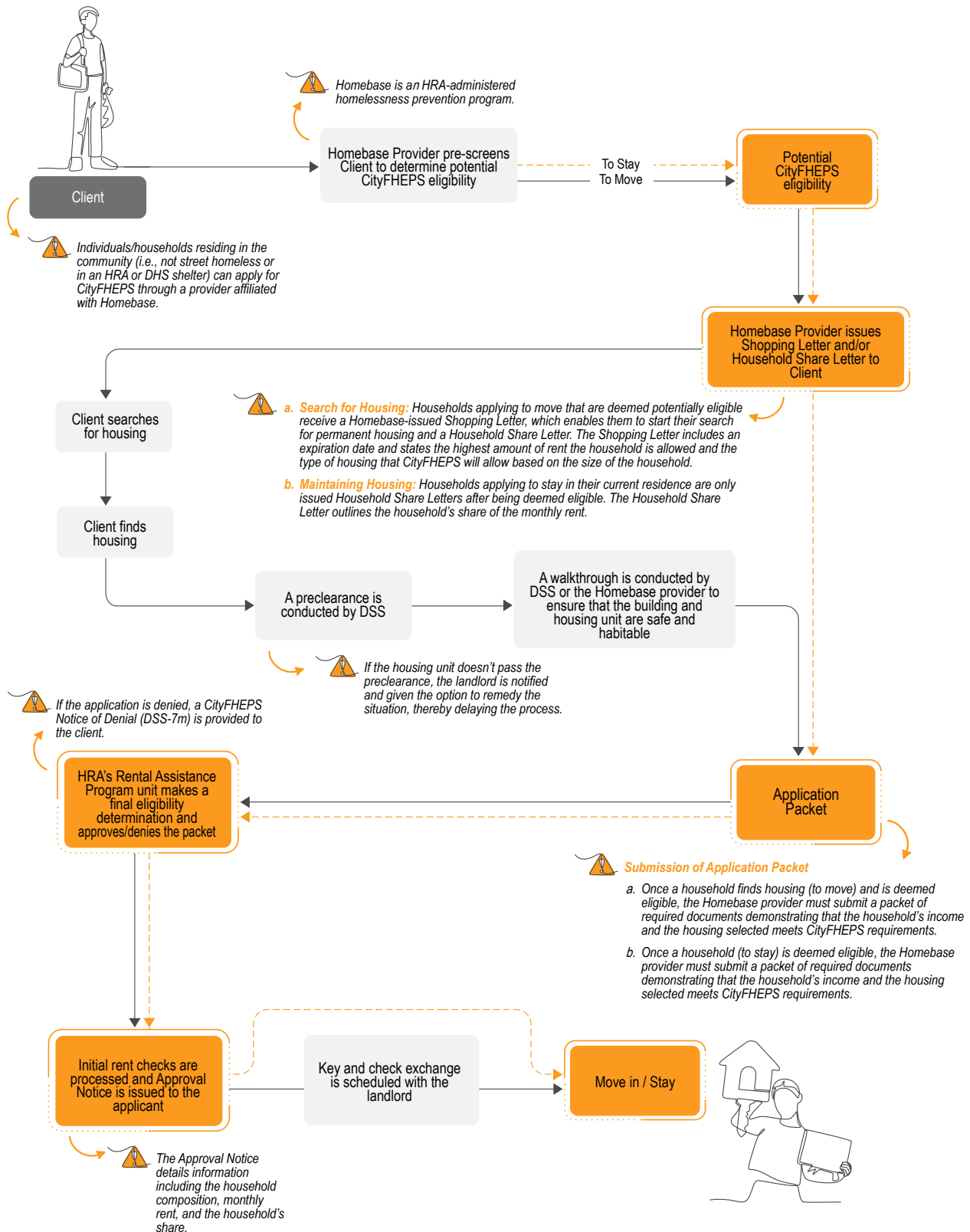
## Reporting Requirements

We provided a draft copy of this report to DSS officials for their review and formal comment. Their comments were considered in preparing this final report and are attached in their entirety at the end of it. In their response, DSS officials disagreed with some of the report's recommendations but agreed or partially agreed with others, and indicated actions they have taken or will take to implement them. Our responses to certain DSS comments are embedded within DSS' response as State Comptroller's Comments.

Within 180 days after final release of this report, we request that the Commissioner of the New York City Department of Social Services report to the State Comptroller, advising what steps were taken to implement the recommendations contained herein, and where recommendations were not implemented, the reasons why.

# Exhibit

## CityFHEPS Application Process for Homebase Clients



# Agency Comments and State Comptroller's Comments

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**Department of  
Social Services**

Human Resources  
Administration  
Department of  
Homeless Services

W-2-548  
Rev. 05/23

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October 6, 2025

Mr. Kenrick Sifontes  
NYS Office of the State Comptroller  
59 Maiden Lane, 21st Floor  
New York, NY 10038

**Re: Agency Response to the Draft Audit Report of the NYC Department of Social Services Administration of the CityFHEPS Program for Homebase Clients (2023-N-8)**

Dear Mr. Sifontes,

This letter is in response to the Draft Report of the Office of the State Comptroller's (OSC) Audit of the Department of Social Services (DSS) Administration of the CityFHEPS Program for the DSS Homebase Clients (2023-N-8).

DSS appreciates OSC's interest in our Agency's critical work. The report presents useful information about the CityFHEPS Program for the DSS Homebase clients. However, it also contains inaccuracies and misstatements regarding DSS' administration of the CityFHEPS Program, despite DSS making itself available for many meetings and interviews, and the extensive documentation that DSS shared with the auditors.

**State Comptroller's Comment** – We met with DSS officials and reviewed all documentation that was provided. Our findings and conclusions are based on evidence made available by DSS officials.

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The report lacks several critical big-picture successes related to the CityFHEPS Program. Firstly, despite New York City’s exceptionally low apartment vacancy rate of 1.4%, DSS currently supports approximately 60,000<sup>1</sup> households with CityFHEPS subsidies. Secondly, the report fails to highlight the Agency’s extensive inspection and collateral reviews, which play a critical role in ensuring safe housing for CityFHEPS recipients. Lastly, the report underplays significant achievements in the DSS identified and modified process and system improvements.

**State Comptroller’s Comment** – Our report acknowledges DSS’ inspection and preclearance process. However, as presented on pages 11–13 of our report, we found significant deficiencies in the process.

We elaborate further on these points below as well as in the enclosed Corrective Action Plan (CAP) document, which contains detailed responses to all of the State Comptroller’s recommendations.

### **Lack of Sufficient Oversight and Monitoring Controls and Missing CityFHEPS Program Records**

As is acknowledged by OSC on page 1 of the report, “*New York City has long faced a lack of affordable housing, one of the many issues driving the homelessness crisis.*” As a matter of fact, according to the New York City (NYC) Housing and Vacancy Survey (HVS), the current residential rental **vacancy rate is a historic low of 1.4%**, and this rate is **even lower for affordable rental units**. Despite a real hardship in finding affordable housing, the Agency continues to assist its clients via the CityFHEPS subsidy, with over 59,000<sup>2</sup> of new CityFHEPS cases since the program’s inception.

The report continues to state on page 7 that in New York City “*in recent years, homelessness has reached the highest level since the Great Depression of the 1930’s.*” As such, the CityFHEPS subsidy administered by DSS plays an integral role in keeping New Yorkers who are at risk of facing homelessness housed, while navigating the challenges of extremely low housing availability.

This is why the Agency strongly disagrees with the State Comptroller’s statement on page 10 that “*since the program inception in 2018, DSS has not established sufficient oversight and monitoring controls to ensure that the program’s goals are met...*” The Agency would not be able to assist hundreds of thousands of individuals in obtaining permanent housing if it did not establish proper oversight and monitoring controls.

**State Comptroller’s Comment** – We recognize DSS’ role in assisting clients with obtaining permanent housing. However, as evidenced by the control weaknesses identified in our report, improved oversight and monitoring are needed to ensure program goals are met.

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<sup>1</sup> There are 60,052 households / 136,194 individuals receiving a CityFHEPS subsidy as of 7/2025.

<sup>2</sup> To date, 59,651 households / 133,860 individuals have secured permanent housing via a CityFHEPS subsidy. This number excludes cases that rolled over from legacy rental assistance programs into CityFHEPS.

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DSS acknowledges that it was unable to provide OSC with CityFHEPS applications which originated at Homebase locations prior to January 2022. As previously explained to OSC, this was due to a system limitation of the Housing Assistance Payment System (HAPS) database, which was our system of record for CityFHEPS applications prior to January 2022, and which lacked an application origin indicator. However, DSS corrected this limitation in January 2022 by rolling out CurRent, which is our present end-to-end electronic application processing system for CityFHEPS. Note that the Agency continued to process CityFHEPS applications submitted by Homebase providers before, during, and after the transition to CurRent according to the governing policies and procedures, including retaining the necessary documentation related to these applications.

**State Comptroller's Comment** – DSS' assertion that it retains documentation related to applications before the transition to CurRent is unsupported. As documented in our report, DSS did not provide requested information for cases prior to January 2022.

All Homebase sites are enrolled to use CurRent, and 100% of CityFHEPS packages are submitted through this database. It facilitates an efficient review and processing of the subsidy packages as well as improved controls over landlord payments by streamlining the data entry process. CurRent also generates reports, which contribute to additional oversight and monitoring controls, such as tracking CityFHEPS transfers as well as trends in package submission-to-approval times, package return rates, and the in-progress package pipeline, among others.

### **Insufficient Vetting and Poor Physical Condition of Housing Units and Buildings**

The Agency disagrees with OSC's statement on page 10 that "*DSS has fallen short on creating sound monitoring processes for housing units and participating landlords to ensure that clients are placed in the safe and habitable housing.*" DSS takes the well-being of our clients very seriously and has comprehensive guidance in place, examples of which include the *Rental Assistance Integrity Unit Quality Assurance Apartment Review for CityFHEPS/FHEPS and SOTA Procedure #2020-11-OPA* and the *Revision to the Preclearance and Walkthrough Process for Moves with Rental Assistance Programs DSS-PB-2023-010* policy bulletin, both of which were previously shared with OSC. These procedures outline detailed actions related to the apartment reviews, preclearance and quality assurance walkthroughs, and complaint reviews related to the CityFHEPS subsidy.

Additionally, during the course of the audit, DSS responded to case-specific findings by the State Comptroller, including those related to the "immediately hazardous"

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violations in some apartment units that were part of OSC’s sample, and was able to demonstrate that the apartments in question either passed pre-clearances prior to clients moving in or that at the time of the Agency inspections there were no immediately hazardous violations.

**State Comptroller’s Comment** – Our report does not question whether DSS had comprehensive guidance in place; rather, we stated that DSS needs to strengthen its monitoring processes to ensure that clients are placed in safe and habitable housing. Further, our report acknowledges that DSS has a preclearance procedure; however, as stated on page 12 of our report, this procedure does not apply to clients seeking to remain in their current housing unit, and it does not include certain types of immediately hazardous violations, such as infestations (e.g., mice, rats, or roaches), mold, or defective window guards.

Further, CityFHEPS “to stay” is for households at risk of eviction and these cases typically arise where the tenant is already in housing court due to unpaid arrears. The court is the proper authority to address habitability issues, and repairs are clearly documented on decision stipulations that landlords must adhere to. Additional recourse options exist for current tenants who experience habitability issues and elect to remain in the apartment and follow up on violations or repairs directly with their landlord. “To stay” clients otherwise self-attest to habitability of their units. Lastly, DSS follows Chapter 10 of Title 68 of the Rules of the City of New York, as related to the CityFHEPS program requirements, which does not expand preclearance checks to “to stay” cases.

**State Comptroller’s Comment** – As the administrator of the CityFHEPS program, DSS should ensure that all its clients—whether “to move” or “to stay”—are living in safe and habitable units.

### **CityFHEPS Landlord Concerns**

On pages 14 and 15 of the report, OSC shared an excerpt of the Agency response, provided during the course of audit, which was taken out of context. The response is related to the *Worst Landlord Watchlist*. Without additional context, it paints an **inaccurate, incomplete and even negative picture**. Specifically, OSC states that the Agency “*emphasized that being on the Worst Landlord Watchlist does not disqualify a landlord from participating as it lacks enforceability. This stance taken by agency officials gives little incentive for landlords to improve poor conditions.*”

While it is factually accurate that being on the Worst Landlord Watchlist does not

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disqualify a landlord from participating in the subsidy because the Watchlist is not a legal enforcement tool, the State Comptroller failed to provide additional context shared by DSS in response to this finding. Specifically, OSC failed to mention the challenges related to the extremely low apartment vacancy rate, the requirement for participating landlords to still comply with the Housing Quality Standards (HQS) for initial lease-up, even if they appear on the *Watchlist*, and the robust DSS preclearance and walkthrough processes for the “move” cases with the CityFHEPS subsidy.

The full language of the original DSS response to the OSC Preliminary Report #4 related to the *Worst Landlord Watchlist* is below.

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**OSC’s Potential Finding from Preliminary Report #4:**

OSC also found that DSS approved CityFHEPS for 57 properties owned by landlords who in 2024 were included on the Worst Landlord Watchlist maintained by the Office of the New York City Public Advocate.

**Agency’s Full Original Response:**

The NYC apartment rental vacancy rate is currently at a historic low of 1.4%, well below the 5% threshold that typically defines a housing emergency. This means tenants, especially low-income households with vouchers like CityFHEPS, have very few available units from which to choose. In such a constrained market, it is not surprising that landlords that own properties with multiple violations may also participate in the subsidy. Restricting voucher use to only pristine landlords would shrink an already microscopic pool of available units, further delaying housing for people who need it most. Note that the *Worst Landlord Watchlist* cited by OSC is not a legal enforcement tool. Inclusion on this list does not disqualify property owners from receiving subsidies. Participating landlords must still comply with the Housing Quality Standards (HQS) for initial lease-up, even if they appear on the *Watchlist*.

Additionally, the Agency conducts robust preclearance and walkthrough processes for the “move” cases with the CityFHEPS subsidy. The DSS Policy Bulletin #2023-010, which is attached for reference, provides further details for both processes. The preclearance process consists of a review of building code violations and other relevant information through databases of other city agencies, such as the Housing Preservation and Development (HPD), Department of Buildings (DOB), Department of Finance (DOF), Fire Department (FDNY) and the Department of Health and Mental Hygiene (DOHMH). Following a passed preclearance, a walkthrough of the housing unit is performed using the Apartment Review Checklist (**DSS-10a**) or the Room and SRO Review Checklist (**DSS-10d**). Forms **DSS-10a** and **DSS-10d** consist of a series of questions to evaluate the safety and habitability of a building and/or unit and to ensure the walkthrough is conducted consistently.

Lastly, the Agency’s Rental Assistance Integrity (RAI) unit conducts quality assurance (secondary) reviews of walkthroughs and pre-clearances, verifies eligibility and landlord

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information, responds to various integrity issues, and participates in ongoing reviews of the program. The RAI also handles complaints and referrals from program staff regarding clients, landlords, and other third parties.

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DSS would like to emphasize once again that it takes its clients' well-being very seriously. The Agency acknowledges that an additional oversight mechanism enabling more intensive reviews of specific landlords could be helpful and will be working on creating the Landlord Escalation List. The List is estimated to be operational by June 2026 and will focus on additional reviews of particularly egregious actors.

### **Inaccurate Reporting of Rent Payments on IRS Form 1099**

On page 20 of the report, OSC describes its request for a list of all landlords participating in the CityFHEPS program and states that DSS provided a file that included approximately 20,000 landlords but was missing the taxpayer identification numbers for 189 landlords. DSS takes issue with OSC's statement that DSS officials "minimized" their "findings, stating that this affected only 1% of the total information." While the missing 189 records in fact represent less than 1% of the total information provided, the Agency's intent was not to minimize the State Comptroller's findings, but rather to point out that DSS was able to provide the vast majority of the requested information. We also note that the missing TINs are not indicative of missing 1099 forms and that the Agency is working on continued improvements to ensure this issue does not occur in the future.

**State Comptroller's Comment** – The absence of taxpayer identification numbers is a concerning weakness in DSS' oversight and accountability, given the importance of reporting accurate payment information to landlords and tax authorities. The explanation that the missing taxpayer identification numbers represent less than 1% of the total information fails to address the underlying issue.

DSS acknowledges that the audit identified discrepancies with some 1099 forms, which were primarily due to residual post-migration issues from HAPS to CurRent. The Agency has since re-reviewed all discrepancies on a case-by-case basis and issued the revised 1099 forms accordingly. Additionally, in March 2026, DSS plans to roll out several important enhancements as part of a future release of CurRent. These include adding a required field for the 'Payee' TAX ID/ SSN as well as updating the SSN/TIN ownership table to include effective start and end dates to document and track ownership changes.

In conclusion, DSS notes that despite many challenges, CityFHEPS remains a vital tool for moving families into permanent housing. Administration of any social service program, including CityFHEPS, is an ever-evolving process, requiring continuous improvements and course corrections. The Agency remains committed to such

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improvements, as is demonstrated by this letter and the enclosed CAP.

Should you have any questions regarding the enclosed, please contact Victoria Arzu, Executive Director of the DSS External Audit Facilitation Team (EAFT) at 929-221-7067.

Yours sincerely,

*Bedros L. Boodanian*

Bedros L. Boodanian, Chief  
DSS Accountability Office

Enclosures

NYC DEPARTMENT OF SOCIAL SERVICES  
OFFICE OF AUDIT SERVICES  
CORRECTIVE ACTION PLAN

Audit Name: OSC Audit of NYC DSS CityFHEPS Rental Assistance Program (Homebase)

Audit Number: 2023-N-8

Date: 10-6-2025

Auditor's Recommendations	Agency Response	Responsible Unit	Agency Corrective Action	Target Date
<p><b>Recommendation 1:</b> Ensure compliance with policies for document retention pertaining to CityFHEPS cases originating at Homebase locations.</p>	<p><b>Disagree with an explanation</b> As previously shared with the Office of the State Comptroller (OSC), the Department of Social Services (DSS) completed a migration from one database of record, Housing Assistance Payment System (HAPS), to another – CurRent – on January 1, 2022. The HAPS database did not have an application origin indicator, which was a limitation that the Agency corrected when it transitioned to the CurRent database as of January 1, 2022. However, DSS processed CityFHEPS applications submitted by Homebase providers before and after the migration, according to the governing policies and procedures, including retaining the necessary documentation related to these applications.   <b>State Comptroller's Comment</b> – Our report does not question the processing of applications prior to January 1, 2022. We simply noted that DSS did not provide the requested case information for that period.                       Effective January 1, 2022, the implementation of the CurRent database also ensures compliance with document retention pertaining to CityFHEPS cases, as the CurRent database has a document repository that includes applicable documentation for the CityFHEPS cases.</p>	<p>N/A</p>	<p>N/A</p>	<p>Completed/ Ongoing</p>

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	Also note that DSS already has a comprehensive record retention policy for contracted providers – please refer to the attached <i>DSS Policy Bulletin #2019-005</i> . The policy states, among other things, that the “[c]ontractors must create, maintain and retain all books, records, [and] documents...for six years after the final payment or expiration or termination of their Agreement” with DSS/HRA/DHS.			
<b>Recommendation 2:</b> Establish a process to track the origin of CityFHEPS cases.	<b>Partially Agree</b> Since January 2022, after the implementation of the CurRent database, the Agency has been able to track the origin of CityFHEPS cases.	DSS Office of Business Process Innovation & Design (OBPID)	Track the Origin of CityFHEPS Cases in CurRent.	<b>Completed</b>

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Auditor's Recommendations	Agency Response	Responsible Unit	Agency Corrective Action	Target Date
<p><b>Recommendation 3:</b> Establish policies and procedures to check for all violations during preclearance and expand preclearance checks for all CityFHEPS cases (including "to stay" cases).</p>	<p><b>Disagree with an explanation</b> DSS follows applicable rules and laws regarding the CityFHEPS subsidy as it relates to clearances and inspections while continuously monitoring quality, implementing course corrections, and updating procedures to reflect changes in policy and practice. Examples of such procedures include the <i>Rental Assistance Integrity Unit Quality Assurance Apartment Review for CityFHEPS/ FHEPS and SOTA Procedure #2020-11-OPA</i> and the <i>Revision to the Preclearance and Walkthrough Process for Moves with Rental Assistance Programs DSS-PB-2023-010</i>, both of which were previously shared with OSC.   <b>State Comptroller's Comment</b> – We reviewed these policy bulletins during our audit fieldwork and considered them in arriving at our audit conclusions.                       Additionally, the DHS Clearance Guidance by the Clearance Apartment Review (CAR) unit and the Apartment Review Checklist (ARC) tool have gone through revisions and improvements as the CityFHEPS program has expanded.</p>	<p>N/A</p>	<p>N/A</p>	<p>Ongoing</p>

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	<p>The CAR unit serves as the gatekeeper for CityFHEPS apartments that are being considered for rent by subsidy participants. The ARC walkthroughs are comprehensive inspections to assess the condition of housing units.</p> <p>CityFHEPS "to stay" is for households at risk of eviction and these cases typically arise where the tenant is already in housing court due to unpaid arrears. The court is the proper authority to address habitability issues, and repairs are clearly documented on decision stipulations that landlords must adhere to. Additional recourse options exist for current tenants who experience habitability issues and elect to remain in the apartment and follow up on violations or repairs directly with their landlord. "To stay" clients otherwise self-attest to habitability of their units.</p> <p><b>State Comptroller's Comment</b> – As the administrator of the CityFHEPS program, DSS should ensure all their clients—whether "to move" or "to stay"—are living in safe and habitable units.</p> <p>Lastly, DSS follows Chapter 10 of Title 68 of the Rules of the City of New York, as related to the CityFHEPS program requirements, which does not expand preclearance checks to "to stay" cases.</p>			

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Auditor's Recommendations	Agency Response	Responsible Unit	Agency Corrective Action	Target Date
<p><b>Recommendation 4:</b> Establish a landlord disqualification list and include unresolved safety and habitability issues as a reason for disqualifying landlords from the Program.</p>	<p><b>Agree</b> DSS would like to emphasize that it takes its clients' well-being very seriously. The Agency acknowledges that an additional oversight mechanism enabling more intensive reviews of specific landlords could be helpful and will be working on creating the Landlord Escalation List. The List will enable more intensive reviews of specific landlords with particularly egregious concerns. A new Vendor Monitoring Unit responsible for managing this task is expected to be operational by the end of the first quarter of 2026.</p>	<p>DSS Accountability Office</p>	<p>Establish a Vendor Monitoring Unit  Establish the Landlord Escalation List</p>	<p>April 2026  June 2026</p>
<p><b>Recommendation 5:</b> Issue policies and procedures timely, pertaining to Good Cause Transfer and other areas of the program, to guide Homebase contractors prior to the implementation of changes within the CityFHEPS program.</p>	<p><b>Disagree with an explanation</b> DSS disagrees with OSC's recommendation to issue policies and procedures timely, pertaining to Good Cause Transfer and other areas of the program to guide Homebase contractors, because the Agency already has such procedures in place. These include the attached <i>Rental Assistance Program Good Cause Transfer Guideline</i>, dated June 2017. This Guideline was shared with the Homebase providers and contains information on Homebase rental assistance transfer requests and approvals, good cause transfer conditions, and rental assistance relocation documents.</p>	<p>N/A</p>	<p>N/A</p>	<p>N/A</p>

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Auditor's Recommendations	Agency Response	Responsible Unit	Agency Corrective Action	Target Date
	<p>among other things. In addition, the Agency has the <i>HRA Policy Bulletin #2020-024</i>, also known as the <i>Homebase Source Book</i>, issued in May 2020, which provides additional Good Cause Transfer guidance, and which was previously shared with the auditors.</p> <p><b>State Comptroller's Comment</b> – In response to our draft report, DSS provided a 2017 document titled <i>Rental Assistance Program Good Cause Transfer Guideline</i>, which was adopted based on a 2015 draft HRA Living in Communities (LINC) Rental Assistance program transfer procedure. However, DSS officials did not share the 2017 guideline with us prior to the issuance of our draft report. Instead, during the audit, DSS provided a policy titled <i>Good Cause Transfers Processed by Homebase Providers or Other Referring Providers for Rental Subsidy Community Cases</i>, which was formally issued in May 2024. Consequently, we reached our conclusions and made recommendations based on evidence provided during the audit. We encourage DSS officials to ensure that policies and procedures pertaining to CityFHEPS Homebase be formalized, issued, and distributed timely and prior to implementation of changes within the program.</p> <p>As the subsidy continues to evolve, the Agency continues to update its procedures, as is supported by the most recent <i>HRA Policy Bulletin 2024-008</i>, titled "<i>Good Cause Transfers Processed by Homebase Providers or Other Referring Providers for Rental Subsidy Community Cases</i>". This bulletin, issued in May 2024, contains information on rental assistance</p>			

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Auditor's Recommendations	Agency Response	Responsible Unit	Agency Corrective Action	Target Date
	<p>transfer requests and determinations as well as good cause transfer criteria. It was previously shared with the auditors.</p> <p>Regarding the specific case cited by the auditors, where OSC stated that they "found that DSS staff approved a client to move into an apartment with significant habitability issues", the Agency previously provided OSC with a detailed response. DSS approved the request for a Good Cause Transfer in April 2022. This was a point in time decision based on the request. The apartment passed pre-clearances on 12/16/2022 and 3/13/2024. The referenced violations noted by the auditors occurred in May of 2025, and the tenant should have followed up directly with the landlord and available community resources.</p> <p><b>State Comptroller's Comment</b> – DSS is mistaken. The violations for this specific case were dated in 2021 and 2022, including two that were classified as immediately hazardous.</p>			

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Auditor's Recommendations	Agency Response	Responsible Unit	Agency Corrective Action	Target Date
<p><b>Recommendation 6:</b>                      Develop adequate written procedures and monitor for compliance to confirm that no substantiated relationship exists between landlords, brokers, and managing members for all CityFHEPS cases and that rent payments are issued to the correct parties.</p>	<p><b>Partially Agree</b>                      The Agency agrees that improvements were needed to track rent payments to ensure that they were issued to the correct parties. As a result, DSS developed and rolled out the CurRent database to enhance the quality and depth of program data and will continue to implement additional system improvements, as needed.                       The Agency disagrees with OSC's recommendation to develop adequate procedures confirming that no substantiated relationship exists between landlords, brokers, and managing members, as DSS already has procedures regarding verification of the landlord-broker relationships in place.                       Specifically, the attached <i>DSS-8f (E) (CityFHEPS Landlord Package for Apartment Rentals Only</i> form, which was previously shared with the auditors, and updated again as recently as August 27, 2025, clearly defines the roles of each party. The landlord self attests to the following on the DSS-8f (E):</p>	<p>OBFID</p>	<p>Rolled out the CurRent Database</p>	<p>Completed/                      Ongoing</p>

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	<p>If the unit is being rented with the assistance of a broker, I represent that:</p> <p>(a) The property owner is not the sales agent, associate broker, or individual broker.</p> <p>(b) No person who directly or indirectly owns or controls the rental unit:</p> <ul style="list-style-type: none"> <li>i. also directly or indirectly owns or controls the brokerage firm; or</li> <li>ii. is a broker, employee, or salesperson associated with the brokerage firm.</li> </ul> <p>(c) The property owner will not receive any part of the broker's fee directly or indirectly from the broker.</p> <p>(d) The sales agent, associate broker, or individual broker is not otherwise employed by the owner for services related to the property (e.g., property manager).</p> <p>(e) I understand that broker's fees do not apply to HPD units leased through a housing lottery or centralized homeless referral process.</p> <p>(f) The premises cannot be rented without the services of the sales agent, associate broker, or individual broker below.</p>			

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	<p>Note that during the Agency review, applications are returned if a conflict is found between the CityFHEPS Landlord Package form (refer to page 6 of DSS-8f (E)) and the Broker's Request for Enhanced Fee Payment by Check form (refer to bullet 5 on HRA-121 (E)).</p> <p>Additionally, as was previously shared with the State Comptroller, the Agency's Rental Assistance Integrity (RAI) Unit receives requests from DHS, the Package Review and Rental Processing Unit (PRRPU) and Clearance &amp; Apartment Review (CAR) Unit. RAI verifies the ownership and investigates a broker's potential connection to the housing unit owner(s). Ownership of a property can be by a single individual, co-owners, or organization. If identified as an organization, RAI obtains verification of managing members. A substantiated relationship is determined by utilizing systems such as ACRIS, HPD, LexisNexis, Accurint, Property Shark, Department of State Division of Corporations and eAccessNY to ascertain if there are any connections based on familial ties, same address, matching executives/employees etc. RAI also conducts broker license lookups via online portals, which can confirm the status of a broker, their license number, address of business on record, etc. This information is</p>			

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Date: 10-6-2025

Auditor's Recommendations	Agency Response	Responsible Unit	Agency Corrective Action	Target Date
<p><b>Recommendation 7:</b> Comply with policies and procedures to verify eligibility, including income for all members of a household who are age 18 and older and ensure that all eligibility (including income) documents are retained.</p>	<p>then used for a Lexis/Nexis search to link parties, as applicable. For one case referenced by OSC where DSS incorrectly issued broker's fees, due to a missed familial landlord/broker relationship, the Agency's Claims and Collections Unit is actively engaged in funds recovery efforts. <b>State Comptroller's Comment – We commend DSS for making updates to the policy during the course of our audit.</b></p>	<p>DSS Claims and Collections</p>	<p>Recoup Funds for Referenced Case</p>	<p>11/30/2025</p>
<p><b>Recommendation 7:</b> Comply with policies and procedures to verify eligibility, including income for all members of a household who are age 18 and older and ensure that all eligibility (including income) documents are retained.</p>	<p><b>Disagree with an explanation</b> DSS already complies with its existing policies and procedures to verify the CityFHEPS subsidy eligibility, including income. As per the attached most recent guidance DSS-PB-2025-010, issued in June 2025, titled <i>CityFHEPS Payment Standards and Utility Allowance Amounts, New Landlord Packages, Income Documentation Changes for Clients of Cash Assistance, and Statewide CityFHEPS</i>, "[f]or clients in receipt of CA (active case), the income on record with their CA case will ...be used in lieu of providing income documentation." The bulletin reiterates that "income</p>	<p>N/A</p>	<p>N/A</p>	<p>N/A</p>

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	<p>documentation no longer needs to be submitted with the CityFHEPS packet for clients with active CA cases.”</p> <p><b>State Comptroller's Comment – DSS was not in compliance with the policies that were in effect during our audit scope period.</b></p> <p>Prior to this bulletin, the Agency was following the DSS <i>Policy Bulletin #2021-009</i>, titled <i>City Fighting Homelessness and Eviction Prevention Supplement (CityFHEPS)</i>, issued in December of 2021, where it states, among other things, that “A household’s income can be verified through the Welfare Management System (WMS).” This policy bulletin was previously shared with OSC.</p> <p>In compliance with the above procedures, the Agency used the information from the clients’ active Cash Assistance (CA) cases to inform decisions on processing and approval of the applications for the CityFHEPS subsidy, including but not limited to meeting the income threshold for the eligible members of the household.</p> <p>Accordingly, during the audit period, DSS provided OSC</p>			

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	<p>with supporting documents, such as the Welfare Management System (WMS) screenshots, and other relevant income verification documents, which were uploaded as part of the CurRent application for all <b>30 cases</b> in question. Specifically:</p> <p><b>For 14 cases:</b></p> <ul style="list-style-type: none"> <li>- For 6 cases, the verification documents were uploaded as part of the CurRent application and were shared with OSC for reference.</li> <li>- For the remaining 8 cases, WMS screens showing an active Cash Assistance benefit status were shared with OSC.</li> </ul> <p><b>State Comptroller's Comment</b> – We reviewed all relevant information provided to us during our audit. Further, as stated on page 16 of our report, we found no records showing that the 14 households were referred by a CityFHEPS-qualifying program.</p> <p><b>For 10 cases</b>, where OSC found no evidence that the Homebase contractors issued the Household Share Letter to the applicant, that was because these were transfer cases, who already had the subsidy and knew their share of the rent. As previously explained to OSC, the Household Share Letter is <u>not</u> related to the subsidy</p>			

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	<p>eligibility determination.</p> <p><b>State Comptroller's Comment</b> – According to DSS policy bulletin 2021-009, providers should issue a Household Share Letter to households applying to move into a new housing unit. If DSS' current practices differ from written policy, we urge officials to either update the policy to reflect actual practices or enforce the policy, as written.</p> <p><b>For 3 cases</b>, where the households were potentially eligible for the subsidy because they were facing eviction, but OSC found no supporting documentation, the housing court stipulation was uploaded as part of the CurRent application and was also shared with OSC for reference.</p> <p><b>State Comptroller's Comment</b> – DSS is mistaken. We did not find documentation supporting the eligibility reasons, nor were these items shared with us.</p> <p>Lastly, the <b>3 cases</b> noted by OSC as having been deemed potentially eligible based on participating in the Pathway Home Program, were in fact all referred through the PATH Diversion program. The referrals were in the case record and were also shared with OSC for reference.</p>			

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<p><b>Recommendation 8:</b> Establish written procedures to ensure that only eligible household members are included when determining household size for calculation of the CityFHEPS subsidy.</p>	<p><b>State Comptroller's Comment</b> – The Household Share letter for the three cases noted the client's participation in the Pathway Home program, not the Pathway Diversion program, as DSS asserts.</p>			
<p><b>Recommendation 8:</b> Establish written procedures to ensure that only eligible household members are included when determining household size for calculation of the CityFHEPS subsidy.</p>	<p><b>Disagree</b> DSS follows the State Law, OTDA policy and RCNY §10-06 ensure that eligible household members are included when determining household size for calculation of the CityFHEPS subsidy. A household is eligible for a CityFHEPS subsidy if there are members of the household who meet the eligibility criteria. The size of the subsidy is determined based on the number of eligible household members only.</p> <p><b>State Comptroller's Comment</b> – As noted on page 18 of our report, we identified at least three households where there was no evidence that only eligible individuals were included when determining household size for calculation of the CityFHEPS subsidy. Accurately determining household size is important for ensuring program integrity. The lack of verification not only undermines the credibility of the program's eligibility determinations, but also exposes the</p>	N/A	N/A	N/A

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<p><b>Recommendation 9:</b> Comply with policies related to rent reasonableness determination for CityFHEPS cases.</p>	<p><a href="#">program to risk of abuse.</a></p> <p><b>Agree</b> As previously shared with the auditors, the policy for the rent reasonableness test is currently in development and is expected to be launched agencywide by end of 2025. Rent reasonableness assessments for CityFHEPS rental units will be performed by DSS staff via the web-based tool <a href="http://AffordableHousing.com">AffordableHousing.com</a>.</p>	<p>OPPT</p>	<p>Develop and Launch the Rent Reasonableness Policy</p>	<p><b>12/31/25</b></p>

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<p><b>Recommendation 10:</b></p> <p>Review discrepancies identified on IRS Form 1099 and issue corrected forms where warranted to ensure that accurate rent payments are reported.</p>	<p><b>Agree</b></p> <p>The DSS Finance Office regularly conducts research to find the information necessary to issue 1099 forms to landlords for whom DSS did not initially have complete information.</p> <p>Additionally, the Agency plans to roll out the following enhancements as part of a future release of CurRent.</p> <ul style="list-style-type: none"> <li>• Add a required field for the 'Payee' TAX ID/ SSN.</li> <li>• Update the Routing Code Validation for Electronic File Transfer (EFT) payment accounts.</li> <li>• Update the SSN/TIN ownership table to include effective start and end dates to document and track ownership changes.</li> <li>• Display to an Owner that a payment was made and recovered in the Payment History module and break the link to any of the tenant information associated to the recovered payments.</li> <li>• Refine the process by which payments are updated in CurRent to include status updates if payments have been recouped, including corresponding dates.</li> </ul>	<p>OBPID DSS Finance</p>	<p>Complete CurRent Enhancements</p>	<p><b>March 2026</b></p>

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	<ul style="list-style-type: none"> <li>• Create functionality to document that a recovery took place, update the appropriate payment amount and reflect recovered payments under the CurRent Payment History.</li> <li>• Add the Recoupment Status.</li> </ul>			

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Auditor's Recommendations	Agency Response	Responsible Unit	Agency Corrective Action	Target Date
<p><b>Recommendation 1:</b></p> <p>Ensure compliance with policies for document retention pertaining to CityFHEPS cases originating at Homebase locations.</p>	<p><b>Disagree with an explanation</b></p> <p>As previously shared with the Office of the State Comptroller (OSC), the Department of Social Services (DSS) completed a migration from one database of record, Housing Assistance Payment System (HAPS), to another – CurRent – on January 1, 2022. The HAPS database did not have an application origin indicator, which was a limitation that the Agency corrected when it transitioned to the CurRent database as of January 1, 2022. However, DSS processed CityFHEPS applications submitted by Homebase providers before and after the migration, according to the governing policies and procedures, including retaining the necessary documentation related to these applications.</p> <p><b>State Comptroller's Comment</b> – Our report does not question the processing of applications prior to January 1, 2022. We simply noted that DSS did not provide the requested case information for that period.</p> <p>Effective January 1, 2022, the implementation of the CurRent database also ensures compliance with document retention pertaining to CityFHEPS cases, as the CurRent database has a document repository that includes applicable documentation for the CityFHEPS cases.</p>	N/A	N/A	Completed/ Ongoing

# Contributors to Report

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