



The City of New York
Department of Investigation

MARGARET GARNETT
COMMISSIONER

180 MAIDEN LANE
NEW YORK, NY 10038
212-825-5900

Release #26-2019
nyc.gov/doi

**FOR IMMEDIATE RELEASE
THURSDAY, DECEMBER 5, 2019**

**CONTACT: DIANE STRUZZI
NICOLE TURSO
(212) 825-5931**

DOI REPORT ON HRA'S SPECIAL ONE-TIME ASSISTANCE PROGRAM REVEALS FLAWS THAT LED TO HOMELESS CLIENTS BEING PLACED IN UNSAFE HOUSING OUTSIDE OF NEW YORK CITY

Margaret Garnett, Commissioner of the New York City Department of Investigation ("DOI"), released a report today examining certain aspects of the New York City Human Resources Administration ("HRA") Special One-Time Assistance ("SOTA") program, a rental assistance program that is designed to provide permanent, stable housing to qualified Department of Homeless Services ("DHS") clients. The Report found several deficiencies in processes and practice related to the SOTA program's placements outside of New York City, sometimes leading to DHS clients' placement in units without valid occupancy certifications, without heat, and with insect and vermin infestations. DOI's investigation also found that Housing Specialists assigned to inspect SOTA properties for habitability were not properly trained to detect health and safety hazards, and some did not conduct the required inspection despite documenting that they had. The City's Department of Social Services ("DSS"), which includes both HRA and DHS, cooperated in DOI's investigation and has begun implementing reforms to the SOTA program. DOI has made additional recommendations in this Report to address the vulnerabilities found in its investigation. A copy of the Report is attached and can also be found here: <https://www1.nyc.gov/site/doi/newsroom/public-reports.page>

DOI Commissioner Margaret Garnett said, "The SOTA program was designed to help New York families break the cycle of homelessness and set them on a path to achieve stable, affordable housing. However, DOI's investigation has found the promise of the program is not being fulfilled. Instead, because of a lack of proper oversight and poorly designed paperwork, our investigation showed some SOTA families placed in housing outside of New York City were living in squalor under the roofs of unscrupulous landlords, who collected tens of thousands of dollars in rental payments upfront from the City to provide these subpar conditions with little risk of accountability for their actions. DOI will continue to monitor DSS' implementation of reforms to this program to ensure City funds are not wasted and homeless families are given a real chance to succeed."

In February 2019, DOI began its investigation into the SOTA program after receiving a referral from DSS about possible wrongdoing by a landlord who owned multiple properties in New Jersey being leased to DHS clients as part of the program. DOI found:

- Inspectors had determined the temperature inside of one of the apartments registered only 42.6 degrees Fahrenheit, far below the minimum standard of 68 degrees required by local regulations. An inspection by DOI and City of Newark officials later found a defective boiler in that same property.
- Another property with insect and vermin infestations housed a family in an illegal attic apartment with no heat. In a subsequent inspection by DOI and City of Newark officials, a family with young children was observed using a stove and open oven as heating. A tenant of this property, also a former DHS client, told DOI that the Housing Specialist assigned to her case did not conduct a walkthrough of the property as he was supposed to, but instead, remained in his car while the client viewed the apartment alone.
- A third property had no heat and multiple malfunctioning electrical outlets.

more

- Another property in East Orange, New Jersey, leased to DHS clients through the SOTA program, had 52 open violations in 2018, including a violation for a missing Certificate of Habitability. Despite these violations, a Housing Specialist documented the property passed each requirement in the SOTA Apartment Walk-Through checklist. East Orange Property Maintenance officials vacated the tenants because of these issues. The tenants were moved to another property owned by the same landlord, which also lacked a Certificate of Habitability. Again, the property was documented by a Housing Specialist to have passed each requirement of the SOTA checklist.

DOI's broader investigation determined that flaws in the design and implementation of the SOTA program and the application paperwork associated with the program allowed unscrupulous landlords and brokers to take advantage of the program, collecting upfront a full-year's rental payments and a 15% broker's fee, despite leaving tenants in dilapidated housing. On average, an annual SOTA lease costs HRA approximately \$17,000 and an additional \$2550 with any applicable broker's fee.

DOI found that defective language in several HRA forms was inapplicable to properties outside of New York City, and therefore prevented the agency from holding landlords and brokers accountable for placing or allowing DHS clients to live in unsafe housing. This language, contained in affirmations made by SOTA landlords and brokers, was specific to New York City and its regulations, however, as these properties existed outside of the jurisdiction of the City, the affirmations were rendered ineffective, all but eliminating the ability to criminally prosecute intentional misrepresentations or fraud by landlords or brokers.

DOI also found HRA only required real estate brokers to affirm that rental units were safe and habitable, but did not require the same of landlords, even though landlords would have the ongoing responsibility of maintaining properties over the course of the lease.

The investigation further showed that DHS-employed Housing Specialists did not have adequate training or experience to conduct proper safety checks before families were placed in properties through the program and in fact, DHS is unable to conduct walkthroughs at all outside of the New York City metropolitan areas (which includes adjoining counties in New York as well as Bergen, Essex, Hudson, Middlesex, Passaic and Union Counties in New Jersey) relying solely on statements made by out-of-state landlords and brokers.

DOI has made several recommendations to DSS, including modifying its SOTA payment arrangements from one year's rent upfront to installments throughout the year, requiring landlords to affirm habitability of SOTA properties and provide copies of valid occupancy certifications and deeds for their jurisdictions, broadening language in agreements for landlords and brokers to cover jurisdictions outside of New York City, and developing a new process for SOTA property inspections to be conducted by appropriately trained staff. DSS responses to each of these recommendations are included in the Report.

This investigation was conducted by Special Investigator Zach Toner, under the supervision of Assistant Inspector General Kristen Dufour, Deputy Inspector General Audrey Feldman, and First Deputy Inspector General John Bellanie, under the overall supervision of Inspector General Milton Yu, Deputy Commissioner/Chief of Investigations Dominick Zarrella, and First Deputy Commissioner Daniel Cort.

DOI is one of the oldest law-enforcement agencies in the country and New York City's corruption watchdog. Investigations may involve any agency, officer, elected official or employee of the City, as well as those who do business with or receive benefits from the City. DOI's strategy attacks corruption comprehensively through systemic investigations that lead to high-impact arrests, preventive internal controls and operational reforms that improve the way the City runs.

**DOI's press releases can also be found at twitter.com/NYC_DOI
Bribery and Corruption are a Trap. Don't Get Caught Up. Report It at 212-3-NYC-DOI.**