



Department of
Housing Preservation
& Development
nyc.gov/hpd

Office of Asset & Property
Management
Division of Housing
Supervision
100 Gold Street
New York, N.Y. 10038

ADOLFO CARRIÓN JR.
Commissioner
VACANT
Deputy Commissioner
JULIE WALPERT
Assistant Commissioner

TO: Site Managers for City Mitchell-Lama Developments
FROM: Julie C. Walpert
SUBJECT: 2021 Mitchell-Lama Income Verification Audit
DATE: July 18, 2023

Attached is the 2021 Income Verification Audit Report(s) for your Mitchell-Lama development(s). Managing agents are responsible to follow up on Audit Reports, including calculating and implementing any surcharge resulting from the audit. The Audit Report includes columns titled "Income Audit Results" and "Primary Residence Issue?", which must be completed by managing agents in accordance with the below instructions and provided to HPD by March 31, 2024.

The 2021 Income Verification Audit is based on a comparison done by the NY State Department of Taxation and Finance (DTF) between the information declared on residents' 2021 income affidavits and the information they filed on their 2021 NYS tax returns. Residents identified in the Audit Report receive one of the following four designations:

"MATCHED": This means that the income reported on the resident's 2021 income affidavit is the same as (or higher than) the income reported on their 2021 tax return.

"UNMATCHED": This means the income the resident reported on the 2021 income affidavit is lower than the income the resident reported on their 2021 tax return, and they may be subject to a surcharge.

"NO RETURN FILED": This means DTF matched the resident's Social Security number to a profile; however, they were unable to find a 2021 return filed for the individual. There could be several reasons for this:

- The resident is required to file a tax return, but failed to file.
- The resident is no longer a resident of NYS and files elsewhere.
- The resident is not required to file a return.

"NOT FOUND": This means DTF was unable to match the resident's Social Security number to an existing taxpayer profile. There could be several reasons for this:

- The resident did not correctly indicate their Social Security number on the income affidavit.
- The resident's Social Security number was entered incorrectly.
- The resident does not reside in NYS and/or has never filed a NYS return.

NOTICE TO RESIDENTS

You must notify each resident designated in the Audit Report as "Unmatched," "No Return Filed," or "Not Found" in writing and retain proof of mailing. The mailing to the residents must be timely, so that they have ample opportunity to respond. Therefore, please be sure to mail out the resident notices by August 15, 2023. Enclosed is a sample notification letter for residents that we strongly encourage you to use, as it provides an explanation of each audit designation and the information that must be provided to your office. The letter must be placed on management's letterhead and management must provide contact information .

Along with the notification letter, residents should be given the enclosed "NYS TAX DEPARTMENT RELEASE FORM" to request that their 2021 New York State income information be released directly to management. Management should add the name and address of the housing company to this form in the space provided before it is sent to residents.



Management will be responsible for collecting the forms, ensuring they are completed and submitting them with a cover letter directly to DTF, which will return the forms to management with the tax information requested.

The release forms should be organized by building and should include a separate cover letter for each building in the development indicating the name of the housing company. The cover letter should indicate the request is for a Mitchell-Lama development to avoid any charges. Please also include a return address. The release forms should be sent to:

State of New York
Department of Taxation and Finance
Office of Budget and Management Analysis
Disclosure and Government Exchange
W. A. Harriman Campus
Albany, NY 12227

If a resident objects to authorizing the release of their information directly to management, they can obtain a certified copy of their 2021 income tax return directly from DTF by completing and submitting the "Individual Request" form (please do not use the DTF-505). A resident who chooses to obtain their own copy of their return is responsible for all costs and must provide their return to management to avoid a surcharge.

A RESIDENT'S FAILURE TO RESPOND

If a resident fails to sign a release form or provide a certified copy of their 2021 tax return or otherwise fails to provide requested documents related to the Income Verification Audit by October 1, 2023 they are subject to a maximum surcharge for the entire 2021 calendar year pursuant to section 3-02(h)(9) of the City Mitchell-Lama rules. Before implementing the maximum surcharge, management must provide the resident with 30 days' written notice (which should include the option to pay the amount due over a 12-month period) and be able to document that they requested the information from the resident.

RECALCULATION

Should a resident's 2021 tax return show a higher income than was reported on the resident's 2021 income affidavit, management must perform a new 2021 surcharge calculation to determine if there should be an adjustment. The adjustment must be implemented for the entire 2021 calendar year. Before implementing a surcharge, management must provide the resident with 30 days' written notice (which should include the option to pay the amount due over a 12-month period) and be able to document the discrepancy between the resident's 2021 income affidavit and their tax return.

REPORTING THE RESULTS OF THE AUDIT

Management must use the "Income Audit Results" column of the Audit Report to note what actions have been taken and the results of the Income Verification Audit. The neighboring "Primary Residence Issue?" column should be used to indicate any primary residence actions taken. The "Remarks" column should be used to provide context or additional information. Management must submit the completed Audit Report to HPD by March 31, 2024.

Again, please ensure that notices are mailed to all residents designated in the Audit Report as "Unmatched," "No Return Filed," or "Not Found" by August 15, 2023. Residents should address all income verification audit issues with management unless they are appealing a surcharge resulting from the Income Verification Audit. If a resident wishes to appeal to HPD, the appeal must be in writing and include supporting documentation. The appeal should be addressed to: **Myisha Johnson 100 Gold Street, Room 7M2, New York, NY 10038.**



2021 INCOME VERIFICATION AUDIT MILESTONES

Task:	To be completed by:
Management mails notice (as well as Release Form and Form DTF-505) to any resident designated as "Unmatched," "No Return Filed" or "Not Found" (exception applies for Full-time Student under 21)	August 15, 2023
Residents must return either the completed Release Form or a certified copy of their 2021 NYS tax return.	October 1, 2023
Management to transmit Release Forms to DTF.	November 10, 2023
Management to analyze information received; recalculate surcharges, as applicable; send 30-day notices to impacted residents; and bill applicable surcharges.	February 2024 (surcharges to be included on March 2023 statements)
Management to submit Audit Results to HPD.	March 31, 2024

cc: Managing Agents
 Boards of Directors
 Owners

