



United States General Accounting Office
Washington, DC 20548

Office of Special Investigations

B-285540

June 1, 2000

The Honorable Christopher S. Bond
Chairman
Subcommittee on Veterans Affairs, HUD and
Independent Agencies
Committee on Appropriations
United States Senate

Subject: HUD: Decision to Deny New York City Authority Over Funds for the Homeless

Dear Mr. Chairman:

You asked that we determine who at the Department of Housing and Urban Development (HUD) made the decision to strip New York City of its authority over \$60 million in homeless funding. On February 7, 2000, we briefed your staff on our findings. You recently asked that we provide our investigative results in writing.

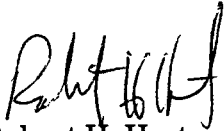
The HUD Deputy General Counsel Kevin Simpson advised us that during meetings in early December 1999, Assistant Secretary for Community Planning and Development Cardell Cooper recommended that New York City be barred from administering any grants awarded to it under the Continuum of Care program. Also, Deputy Assistant Secretary for Special Need Fred Karnas recommended that New York City be prohibited from serving as convener for the Continuum of Care process for the fiscal year 2000 competition. We were told that HUD Secretary Andrew Cuomo subsequently made the decision to implement the recommended courses of action.

Although we were informed that there is no decision memorandum, there is a December 20, 1999, legal memorandum from the General Counsel that addressed the above-described recommendations. The Deputy General Counsel advised us that (1) in discussions, it was determined that the recommended actions were legally supportable and (2) the General Counsel's memorandum finalized and memorialized the legal opinion.

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We will make copies of the letter available to interested congressional committees and others on request. If you have any questions or need additional information, please contact Assistant Director Ronald Malfi at (202) 512-6722. William McDaniel was a key contributor to this case.

Sincerely yours,



Robert H. Hast
Assistant Comptroller General
for Special Investigations

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