

April 5, 2021

**HOUSING LOTTERY SYSTEMS REPORT  
PURSUANT TO LOCAL LAW 216 OF 2019**

**I. INTRODUCTION**

The New York City Department of Housing Preservation and Development (“HPD” or “the Agency”) has two online housing lottery portals that play a role in the selection of tenants for affordable housing: NYC Housing Connect (or “Housing Connect”) and Mitchell-Lama Connect. The portals facilitate the application processes for projects subject to the Agency’s Marketing Handbook and projects in New York City’s Mitchell-Lama program, respectively.

Housing Connect is the application portal for housing subject to the Agency’s Marketing Handbook, including but not limited to projects that receive financing with City capital, tax exemptions that require income restricted housing, and Inclusionary Housing. The first version of Housing Connect (“HC1”) launched to the public in 2013, putting what was previously a paper-only application process online for the first time. Interest in and usage of the site, as well as production of affordable housing, grew exponentially over the subsequent years, showing HPD the value and potential for an expanded system. The Agency procured a vendor to build an entirely new Housing Connect (“HC2”), which launched in July 2020.

Mitchell-Lama Connect launched in 2016 as a sister website on the same platform with HC1, allowing people to enter lotteries for City Mitchell-Lama waiting lists online for the first time. User accounts in HC1 and Mitchell-Lama Connect were connected for efficiency, but lottery processes for the two programs remain distinct. The steps involved with entering a lottery to be placed on a Mitchell-Lama waiting list and the timing at which Mitchell-Lama applicant information is needed differ from Housing Connect so two pathways were necessary in the system.

This report is in response to the requirement of Local Law 216 of 2019 that the Agency submit a lottery-systems report on a biannual basis. This first report covers 2014 to the present. Because of the different policies and processes governing NYC Housing Connect and Mitchell-Lama lotteries, the report covers each system separately. In the Housing Connect section, the report specifies when certain information is relevant only to HC1 or HC2.

**II. NYC HOUSING CONNECT**

This section refers to the systems and processes associated with units subject to HPD’s Marketing Handbook.

**TENANT SCREENING AND SELECTION PROCEDURES**

As of January 1, 2014, tenant screening and selection procedures, including for accepting and processing paper applications and populating waiting lists, were set forth in the *2012 HPD-HDC Marketing Guidelines* (Exhibit A of this report). Relevant sections are as follows:

- 2 Basic Sequence of Activities
- 4 (II) Marketing
- 4 (III) Lottery
- 4 (IV) Applicant Evaluation and Resident Selection

In efforts to remove barriers to housing and make the affordable housing lottery process more standard and transparent, in October 2015 HPD first introduced limits on how marketing agents were permitted to use credit scores, credit history, and other tenant screening information (*Exhibit B, 2015 HPD-HDC Tenant Selection Criteria*). The agency established the strictest criteria marketing agents could use to disqualify applicants. Marketing agents remained required to submit their credit and screening policies to the agency for approval prior to advertising and to apply them consistently to all applicants. They could use a more lenient (and therefore more inclusive) set of criteria than those the agency published, but not stricter or more exclusive criteria.

In September 2016, HPD revised the 2015 tenant selection criteria to apply more lenient debt-to-income ratios if student loan debt was involved (*Exhibit C, 2016 HPD-HDC Tenant Selection Criteria*).

In October 2016, HPD updated the Marketing Handbook to include all revised tenant selection criteria as well as new policies promoting greater language accessibility at all stages of the application process; clarification on income calculations; streamlined interview scheduling procedures to reduce no-shows; limits on personal assets and property ownership; and overall updates to reflect the automated application process and the requirements for Housing Connect, including the use of digital communication for lottery management. *See Exhibit G for a detailed summary of 2016 changes to tenant screening and selection procedures. See Exhibit D for the 2016 HPD-HDC Marketing Handbook.*

In July 2018, a Marketing Handbook update included clarifying eligibility guidelines for a speedier review process; introducing additional protections for domestic violence survivors; further limiting options to reject applicants based on credit history and debt; and reducing document requirements where possible. *See Exhibit F for a detailed summary of 2018 changes to tenant screening and selection procedures. See Exhibit E for 2018 HPD-HDC Marketing Handbook.*

In August 2019, the Agency released Marketing Handbook amendments of the occupancy standards to increase the number of household members allowed per unit size by one person; the occupancy standards to remove the requirement that married or similarly committed couples are assumed to share a bedroom in determining the unit size for which they qualify; the Housing Court history policy and allowable credit fees to align with new State Tenant Protection laws; the credit/background check policy to allow applicants to provide a credit or background check run within the last 30 days; and the credit check policy to allow applicants to provide evidence of 12 months rental payment history in lieu of having the marketing agent run their credit report. These changes opened pathways through the application process to people who do not have or prefer not to use a Social Security Number or Individual Taxpayer Identification Number. *See Exhibit H for a detailed summary of 2019 changes to tenant screening and selection procedures.*

In January 2020, HPD introduced via the Marketing Handbook new efficiency measures to incorporate changes introduced in 2019; make the applicant eligibility review process faster and more convenient; provide clarifications and guidance for marketing agents reviewing applicant documentation; and update procedures for leasing units that remain unfilled after processing all lottery applicants, including referrals of homeless clients. *See Exhibit I for a detailed summary of changes to tenant screening and selection procedures. See Exhibit J for the 2020 HPD-HDC Marketing Handbook.*

In April 2020, the Agency released an addendum to the Marketing Handbook in response to health, safety, and urgent housing concerns related to the COVID-19 pandemic. New, temporary processes expedite the processing of applications to get qualified applicants into affordable housing as quickly

as possible. Specific policy changes are outlined in *Exhibit K* and include relaxed document requirements and a faster appeal timeline.

#### IMPLEMENTATION CHALLENGES AND RESPONSES (HC1)

**Implementation Challenge 1:** The design of HC1 made it very easy to apply to lotteries without reviewing each development's advertisement first. Many housing-seekers applied to numerous lotteries for which they did not meet the household size and income eligibility criteria, leading to applicant frustration and a high volume of ineligible applicants that Marketing Agents needed to process.

**Response:**

- Beginning in 2014 and continuing today, HPD ramped up applicant education efforts to emphasize the importance of reviewing lottery ads and applying to developments that fit the applicant's household size, income, and any personal choices, such as neighborhood, proximity to transit, etc.:
  - Created, distributed, and posted on HC1 and HPD's website educational materials (What to Expect guide and video; Checklists and Resources guide; Income Guide; Instructions, FAQ)
  - Made understanding eligibility and application process a central component of the new [Housing Ambassador Program](#)
  - Created outreach and education programming within HPD's Marketing Unit to conduct public presentations on how to apply, what to expect
  - Began offering applicant phone hotline and email address staffed by Marketing Unit to answer applicant questions and concerns
- Planned and designed the new HC2 applicant portal largely around the principle of educating and guiding applicants to lotteries that fit their household size, income, and needs.

**Implementation Challenge 2:** In 2015-2016, it became apparent that users were attempting to apply to lotteries when their address was in an invalid format and/or their profile was not complete. Some applicants were unsure why the system didn't allow them to submit an application.

**Response:**

- Updated dropdown options and clarified instructions for improved address inputs
- Procured and implemented Google address API to validate and standardize address information
- Updated and expanded error messaging to specify for users when their profiles were incomplete and how to fix them

**Implementation Challenge 3:** In 2016, the Agency built and implemented new functionality in HC1 to support the unique nature of lotteries for new developments at Essex Crossing (also known as the

Seward Park Extension Urban Renewal Area). These lotteries included a preference for Former Site Tenants (FST), which required certain applicants to provide additional information about their former residences and required new development and processing in HC1 for certain lotteries. For one such lottery in 2018, a subset of users was not able to view and use the option to self-identify as a Former Site Tenant, which, if unresolved, could have changed their chances of being processed under the FST preference.

**Response:**

- Immediately remedied the technical issue to make the FST option appear
- Conducted extensive outreach to all applicants who may have applied but missed the FST option, informing them of the issue and requesting FST information if they wished to provide it
- Outreach included robocalls, emails, 311 scripts, Ambassador, advocate, and Marketing Agent awareness
- Any applicant who missed the opportunity to self-identify as FST in HC1 before applying had multiple options for doing so afterwards

**TECHNICAL ISSUES REPORTED TO HPD AND RESOLUTIONS (HC1)**

**Technical Issue 1:** Beginning around 2016, unprecedented application volume and heavy site usage caused periodic performance issues and slowdowns.

**Resolution:**

- Performed extensive and ongoing research into the causes and patterns of performance issues
- Created targeted error message for users, specifying the cause for slowdowns and instructing them to try again later
- Trained Housing Ambassadors and applicants to, when seeking assistance from HPD, take note of the specific error message code to allow our tech team to explore and remedy sitewide issues
- Alerted Housing Ambassadors of potential site slowdown issues on days when very high usage was expected, e.g., when Marketing Agents entered paper applications

**Technical Issue 2:** In 2016, a bug in the applicant profile temporarily caused an error in the annual household income calculation for some applicants.

**Resolution:**

- Immediately identified and fixed the bug
- Notified affected users of the need to review and confirm the household income on their profile
- Ensured that affected users would not be disqualified without further review for being apparently eligible based on income for any lotteries to which they had applied with incorrect income

**Technical Issue 3:** Users periodically reported issues accessing their HC1 accounts and resetting passwords.

**Resolution:**

- Determined that issues were stemming from the security service, outside HPD's control
- Established an email account to monitor account creation issues from automatic security service
- Improved error messages to direct people to HPD helpline email address if experiencing username/password problems
- Incorporated tips for successful password reset into education and outreach material

**Technical Issue 4:** In June 2020, users reported bugs related to logging in, resetting passwords, security questions not loading, and submitting applications.

**Resolution:** HPD investigated and resolved all issues in an average of 1-2 days.

**Technical Issue 5:** In July 2020, as HC2 was launching, some users accessing HC1 received messages on Chrome and Firefox that the security configurations were out of date. HPD was in the process of updating its security configurations.

**Resolution:**

- HPD completed the security update to resolve the issue
- Helpline staff informed users of the reason and assured them that they could continue using the site or wait briefly for the resolution

## IMPLEMENTATION CHALLENGES AND RESPONSES (HC2)

**Implementation Challenge 1:** Updated security standards and more robust profile questionnaire required all HC2 users to create a new account

**Response:**

- Implemented communications strategy to educate all HC1 users via email, and all housing seekers via press engagement, websites, social media, 311, Housing Ambassadors, and applicant helplines

**Implementation Challenge 2:** Google's API did not recognize a small subset of applicant addresses, complicating the registration process for those users

**Response:**

- Worked with Google to find solutions
- Updated messaging to users
- Directly contacted users who had not been successful to assist

## TECHNICAL ISSUES REPORTED TO HPD AND RESOLUTIONS (HC2)

In the months since the new Housing Connect's (HC2) launch in summer 2020, and as each component of the vastly expanded and integrated system is used publicly for the first time, users have reported technical issues to HPD as they come up. Bugs are to be expected in the rollout of any tech system, especially one as comprehensive and complicated as HC2. Our technical teams and vendor work diligently to address each issue as it arises.

Because of HC2's newness and ongoing implementation and bug-fix work, it is too soon to summarize technical issues reported to HPD. Our Housing Ambassadors, applicant helpline and email, and online educational resources continue to provide detailed information about and respond to applicant questions when using the new Housing Connect system.

### COMMON SUBSTANTIATED APPLICANT COMPLAINTS ABOUT THE SELECTION PROCESS

HPD's emphasis on fairness and transparency in the lottery is reflected in its two-part appeal and complaint process. The Agency receives complaints from applicants and takes the work of reviewing and responding to each one very seriously.

The vast majority of complaints HPD receives are from applicants who have applied for a lottery but ultimately did not qualify according to the income or household size criteria. If the applicant disagrees with the rejection, the rejection notice explains how to appeal back to the Marketing Agent who reviewed their application. If the Marketing Agent upholds the rejection after the second review, the applicant may contact the Agency with a written complaint. HPD reviews complaints and backup documentation to determine if the rejection was in error; if so, the Agency instructs the Marketing Agent to reinstate the applicant into the process.

It is rare that applicant complaints are ultimately substantiated. Less than 10% of complaints received result in HPD instructing the Agent to reinstate the applicant. Of the few substantiated complaints about rejections, common reasons are:

- Incorrect income calculation on part of Marketing Agent
- Applicant is able to provide additional information substantiating their complaint, after initial appeal has been rejected
- After a policy change, Marketing Agent mistakenly applied former criteria

In each case, HPD catches the error and restores the applicant into the process as quickly as possible.

As referenced several times earlier in this report, HPD devotes considerable effort to education and outreach about the lottery system and processes with partners, advocates, and housing applicants. The Housing Ambassador Program, public Housing Connect presentations, the applicant helpline/email, and social media engagement are also promising opportunities to hear feedback and field questions from housing applicants.

### Applicant feedback and Agency actions in response:

- In HC1, it was not possible for an applicant to update application information online after submission (e.g., if household size or income changed). Information was often stale by the time an applicant's number was reached in a lottery.

⇒ Response:

- Allowed appeals for applications when the household income and size did not match the development's income bands, to allow for updated information
- Adjusted policies for acceptable changes to an application between submission and eligibility review
- Made a key feature of HC2 that updates to an applicant's profile reflect in real time across all applications already submitted
- Applicants can experience long wait times for information about application status
  - ⇒ Response:
    - Incorporated into educational outlets the message and expectation that not everyone hears back (in HC1)
    - Designed HC2 to provide more information about application status on applicant dashboard, including if selection is closed and applicant's number has not been reached
- Prior to 2015, applicants rejected for credit score/history expressed concerns about the disqualification criteria being too strict and inconsistent among developments
  - ⇒ Response: in 2015, HPD began standardizing and restricting the extent to which developers could disqualify based on credit history and has progressively continued to make selection criteria more inclusive since. Please see the section of this report entitled "Tenant Screening and Selection Procedures."
- Prior to 2017, the Agency addressed applicant concerns about eligibility appointments:
  - Applicants had insufficient time to assemble backup documents before appointment
  - Appointments were often pre-scheduled at inconvenient times
  - Some appointments involved several hours of waiting
  - ⇒ Response: In 2017, the Agency instituted new requirements around the notification and scheduling of eligibility appointments to provide applicants with sufficient notice, ability to schedule, and options for appointments outside of business hours. Please see the section of this report entitled "Tenant Screening and Selection Procedures."

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### III. MITCHELL-LAMA CONNECT

This section covers the Mitchell-Lama Connect system and processes associated with lotteries for waiting lists under the New York City-administered Mitchell-Lama program. City-administered Mitchell-Lama housing policies and procedures are largely established by the New York State Private Housing Finance Law and HPD's [Mitchell-Lama Rules](#).

All Mitchell-Lama Housing already exists; there are no lotteries for new developments. Rather, people can enter lotteries for the chance to be placed on a limited-size external waiting list for

future vacancies in an existing development. When a development's external waiting list is nearly exhausted, a new one is established via lottery in Mitchell-Lama Connect.

Unlike the process in NYC Housing Connect (see Section II), entrants to Mitchell-Lama waiting list lotteries do not submit housing applications through the system and the information they enter for that lottery is not the basis for tenant screening or selection. If randomly assigned to a limited waiting list, lottery entrants later have the opportunity to apply and demonstrate eligibility when a unit becomes vacant, and they are next on the list. This section of the report is organized to most accurately reflect the Mitchell-Lama process.

#### PROCEDURES FOR POPULATING WAITING LISTS

As a development's externally facing waiting list becomes depleted, an HPD supervised lottery is conducted to establish a new waiting list. Older lists must be exhausted before a new list may be used to fill vacancies.

When a housing company recognizes the need for a new waiting list, they request that HPD conduct a lottery to establish a waiting list for the required bedroom size. HPD may determine the need for a new waiting list and work with the housing company to initiate a lottery. Once the Assistant Commissioner approves the conducting of a lottery, the following steps are performed by a Constituent Services Coordinator at HPD in preparation for the publishing of the lottery:

- reach out to management for information to be placed in advertisement of the lottery, which includes:
  - purchase price, equity and rent/carrying charges, as applicable, for the bedroom size being offered in the lottery;
  - number of waiting list applicants needed; and
  - post office box address to receive paper entries.
- work with an advertisement company to populate the advertisement with all relevant information and format properly, with the housing company responsible for payment and HPD having final approval;
- post advertisement in two daily newspapers of general circulation and two publications known to have a high readership amongst minorities, with the housing company responsible for payment; and
- advertisement is uploaded to Mitchell-Lama Connect, at which point the lottery has been "published."

Once a lottery has been published, interested housing-seekers have to enter a lottery through the Mitchell-Lama Connect website or by sending a post card to the P.O. Box on the advertisement before the deadline date.

Each entrant is entitled to one entry per lottery for a development. Multiple entries result in disqualification from such lottery. Furthermore, an entrant whose name is selected in a lottery cannot be included in the family composition of any other entrant who is selected in the same lottery for that particular development. Inclusion in multiple selected family compositions results in disqualification of all involved parties from such lottery.



Once the deadline date has passed, no more entries may be accepted, and the Administrative Assistant at HPD takes the following actions:

- meets the Site Manager of the development at the P.O. Box to collect the submitted post cards. The Site manager witnesses the Administrative Assistant taking all submitted post cards;
- enters information from the post cards into Mitchell-Lama Connect, excluding those who are not New York State residents in non-236 developments, or have failed to provide their Social Security number;
- once all eligible entrants have been entered into Mitchell-Lama Connect, the lottery system is run and randomly creates a list from the pool of paper and digital entrants with a log number assigned to each. The waiting list length is limited to the number of entrants requested by the development;
- make the lottery results available for viewing by Mitchell-Lama Connect account holders. Users will see their status under the “Log #” column, with a number indicating their waiting list position or “Not Selected” for those that were not selected in the lottery; and
- provide the Master Waiting List to management in spreadsheet format.

#### TECHNICAL ISSUES REPORTED TO HPD AND RESOLUTIONS (MITCHELL-LAMA CONNECT)

Having launched as a sister site within the HC1 platform in 2016—over two years after HC1 launched—Mitchell-Lama Connect avoided implementation challenges, but users have reported some of the same technical issues from time to time including difficulty resetting passwords, inputting correct addresses, and editing profile information. Responses to these technical issues are the same as those for HC1 in Section II of this report. The Division of Housing Supervision’s Constituent Services Liaisons at HPD also provides guidance to assist users in applicable cases, such as to sign out and back in or restart devices and applications.

In 2020, HPD’s Division of Housing Supervision received complaints that applicants were unable to see their result from the lottery when logged into the Mitchell-Lama Connect system. This complaint was substantiated, and HPD immediately identified it as an unintentional processing error and rectified the situation for all future lotteries.

Mitchell-Lama Connect users have expressed that the website does not work as well on mobile devices as it does on laptop or desktop computers. Given this feedback and the overall shift in technology use over the last several years towards mobile, HPD has made mobile optimization a high priority for new systems.

#### TENANT SCREENING AND SELECTION PROCEDURES

No screening or selection procedures apply to prospective tenants until a person is reached on a waiting list and submits an application. All procedures for application submission, and the screening and selection of tenants, take place outside of the Mitchell-Lama Connect system.

For context, a summary of the screening and selection process is as follows: The housing company or managing agent of the development must offer a vacant unit to the next eligible applicant on the

waiting list for that bedroom size. The managing agent must take into account priorities for internal applicants and veterans or their surviving spouses. Eligibility requirements to move into a unit may vary according to the development and which unit in that development is being offered.