

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. The first report covered 2014 to 2020, and was submitted to the Mayor and the Council Speaker on April 21, 2021. It is attached here for background as *Exhibit A*. The second report covered 2021 and 2022, and was submitted to the Mayor and the Council Speaker on January 9, 2023. It is attached here as *Exhibit B*. This report covers technological and procedural updates made, as well as technical issues and substantiated complaints received, and addressed, in 2023 and 2024. Because of the different policies and processes governing NYC Housing Connect and Mitchell-Lama lotteries, the report covers each system separately.

II. NYC HOUSING CONNECT

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

1. TENANT SCREENING AND SELECTION PROCEDURES (BACKGROUND)

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*. A summary of this and all subsequent updates made to tenant screening and selection procedures and related documents for the years 2014 to 2022 is provided in the first two versions of this report (*Exhibits A and B*).

2. UPDATES TO TENANT SCREENING AND SELECTION PROCEDURES SINCE 2023 ISSUANCE OF LL216 REPORT

a. Updates to the HPD/HDC Marketing Handbook

i. Streamlined and fairer reviews for voucher-holders

In September 2023, HPD and HDC introduced revisions to Section 5-6 (F) and Section 5-6 (G) of the HPD-HDC Marketing Handbook in order to further its commitment to connecting vulnerable New Yorkers to affordable housing more quickly and with fewer barriers. *Housing Our Neighbors: A Blueprint for Housing and Homelessness* commits that the City will improve the expediency of and reduce administrative burden for applicants in the affordable housing placements and lease-up process. The Marketing Handbook revisions update and clarify the City's policies and procedures related to credit checks for applicants who receive rental subsidies or who are entering units connected with rental subsidy.

Marketing Agents are not permitted to run credit checks on or to require evidence of monthly rent payments from applicants receiving any type of rental subsidy or on applicants in process for a unit that has been designated for any type of project-based rental subsidy. Further, Marketing Agents may not use credit score or information related to such applicants' credit or rental history in determining their eligibility for an affordable unit. This policy applies to both housing lottery and homeless set-aside applicants.

The update includes the addition of a third option—Rental subsidy – no credit check ("Option 3")—to Attachment R-5 (ROI RENT PMT VS CREDIT CHK) of the Marketing Handbook. The form is used by Marketing Agents to ask applicants how they want their creditworthiness evaluated, and previously included only two options: evidence of rent payment history ("Option 1") or credit check ("Option 2").

ii. Reduced eligibility documentation

In November 2024, HPD and HDC implemented an update to the list of documentation required of applicants in order to qualify for affordable housing. The changes are to align with the Housing Opportunity through Modernization Act of 2016 (HOTMA), which requires compliance by January 2025. The key updates are:

- Employed households will only need to provide one month's worth of paystubs – as few as 2 paystubs for those paid biweekly or 4 paystubs for those paid weekly

- Only one bank statement is necessary for each account reported by the applicant (no longer required to supply 6 bank statements for checking accounts)

In addition to updates made to Housing Connect to reflect these changes, new system logic was introduced so document request notifications to applicants more closely align with information they provided in their profiles. For example, child support documentation will only be requested of applicants who indicated they were receiving child support payments. This change will help save time for Marketing Agents and applicants alike, and reduce confusion around any applicants getting requests for irrelevant documentation.

Attachments H-1C (Document List) and L-1 (Checklist) of the Marketing Handbook were also updated to reflect these changes. These are the forms Marketing Agents use to document required applicant eligibility.

The Marketing Handbook, along with the memos and attachments that outline the above changes, are attached together as *Exhibit C*.

b. Audit-style file eligibility review

In October 2023, HPD and HDC introduced an audit-style review procedure for applicant files instead of the previous policy which required full eligibility reviews of applicant files prior to move-in. Agency eligibility review will therefore no longer be conducted for all units being leased through the Housing Connect portal. The agencies will continue to perform up-front lottery compliance reviews on all files and, after initial lease-up is completed, conduct back-end audit reviews on a percentage of randomly selected files. Any findings of programmatic or marketing non-compliance resulting from these audits may result in consequences including, but not limited to, the Marketing Agent's removal from the [Pre-Qualified List \(PQL\) of Marketing Agents](#).

For homeless referrals and supportive housing applications, Marketing Agents no longer need to submit applicant files and supporting documentation to HPD/HDC before lease-signing. A percentage of files may be requested after lease-up as part of an audit.

This procedure allows households to move in sooner, without waiting for their income eligibility to be confirmed first. Originally proposed in Mayor Adams's housing blueprint, *Housing Our Neighbors*, the policy reflects the City's commitment to reducing administrative burden in our affordable housing procedures.

In addition, Attachment L-2: SET-ASIDE / PREFERENCE CERTIFICATION was added to the list of Marketing Handbook Attachments. Since not all applicant files will be reviewed in real-time, this document ensures Marketing Agents are confirming applicants' qualifications for disability set-aside and any preference categories.

c. Reduction of Community Board preference requirements

In April 2024, HPD and HDC announced a reduction in the percent of units in initial lottery efforts for local Community District preference, from 50% to 20%. The change was part of a legal settlement regarding the preference. Beginning in April 2029, the Community District preference percent will be reduced again to 15%. The agreement affirms the City's commitment to the principle of inclusivity in all of its neighborhoods, including supporting New Yorkers to reside in neighborhoods of their choice.

d. More efficient mini lottery policy

The mini lottery allows a Marketing Agent to run an instantaneous lottery for a single affordable unit to identify eligible, and potentially interested, registered Housing Connect users for it, without also posting a public advertisement for applications. It is typically used for re-rental and resale units upon turnover. The system reviews all Housing Connect user profiles to pull a random batch of applicants who have indicated a general interest and eligibility that meet the criteria of the vacant unit. However, in formal feedback sessions and through HPD's regular collaborative interactions with Marketing Agents, applicants, advocates, and other industry partners, we have learned that applicant response to outreach under this approach is low, which can add time to leasing vacant units. Anecdotally, we believe one reason is that where households haven't actively chosen and applied for the specific opportunity that becomes available, they may have different priorities or timelines for moving when a mini lottery opportunity opens up.

Implemented in February 2024, Marketing Agents may request a waiver from HPD or HDC to use outside marketing if no eligible and interested candidates remain after contacting and reviewing 250 applicants for a mini-lottery and proceeding as required through their appeal periods. This is not required; Marketing Agents may continue with mini lottery batches.

e. Reduced appeal period

Effective May 2024, HPD and HDC reduced the appeal period for Housing Connect applicants from ten weekdays to five weekdays (excluding paper applicants, who rely on the postal service). The change aims to streamline the leasing process for everyone and further expedite lease-up timing.

3. IMPLEMENTATION CHALLENGES AND RESPONSES

As with any new web portal rollout, the launch of Housing Connect 2.0 in July 2020 did not come without its share of bugs and limitations discovered over the years since launch. HPD Tech and the contracted Housing Connect vendor have continued to monitor site performance, solicit feedback from both internal and external users, and work through a list of desired future

enhancements. Since the last release of this report, two major updates have been made that are likely to have been observed by frequent users:

- Applicants can now update their primary email address and add additional secondary method of contact (email or phone) on their account
- Applicants can now delete their account entirely if they feel it is no longer serving their purpose

Additionally, the New York City Office of Technology and Innovation (OTI) has periodically upgraded Housing Connect's server capacity to accommodate greater than expected traffic and user numbers.

4. TECHNICAL ISSUES REPORTED TO HPD AND RESOLUTIONS

HPD Tech and the vendor have also released hundreds of relatively smaller enhancements and bug fixes, most of which fall into one of the following categories:

- Added functionality and language to make registration, application and profile statuses more transparent for the user (e.g. profile completion, document submission and reasons for rejection/no-unit-available)
- Added functionality to more accurately process paper applicants (in particular, those with a voucher)
- Enhanced accessibility for screen-reader users
- Increased text limits on certain fields and adds other fields so more thorough communication can be conveyed (e.g. additional document request, document categorization)
- Increased max family size from 8 to 13, due to new larger units available in certain lotteries
- More frequent and clearer automated system outreach to users (e.g. when they update account information, regular reminders to keep info up-to-date)
- Updated logic to accurately flag certain groups for processing (e.g. NYC residents who have no permanent address and seniors)
- Updated system to more accurately determine eligibility at application (e.g. applicants with a voucher, unearned income from a minor)
- Updated to make lottery-level information clearer on the public portal (e.g. which Community Districts get preference for lotteries with a community preference and which lotteries an applicant already applied to)
- Various fixes on administrative portal to help streamline Marketing Agents' assessment and processing of applicants
- Site bugs, when identified by users, can be reported via the agency's customer service hotline (212-863-7990) and email account (nychousingconnect@hpd.nyc.gov). HPD Tech maintains a running list of bugs reported and their statuses, and uses a project management software to assign, troubleshoot, and resolve bugs as quickly as possible.

In addition, the agency plans additional enhancements to Housing Connect's functionality over the next 3-5 years. The agency recently began working on a new Housing Connect maintenance and enhancements contract, during which high-priority items to improve user experience, process expediency, and system performance will continue to be implemented.

The aforementioned Housing Connect hotline and email account continue to be a heavily used resource for applicants who are experiencing technical challenges with Housing Connect that are not bugs per se, but rather frustration with using an unfamiliar web application. The most common of these questions/issues include:

- How to register for Housing Connect
- How to procure an application (whether online or otherwise)
- How to edit important account information like income or household composition
- Trouble regaining access to a locked account/resetting password

HPD Marketing staff deftly and patiently address the vast majority of these. Those applicants who are believed to need closer, even one-on-one attention are most often referred to one of HPD's network of volunteer-based [Housing Ambassador](#) organizations. Over the last three years, the Housing Ambassador program staff temporarily diverted its full focus to create and run the EHV Housing Navigator program to assist EHV recipients in their housing search. As that program winds down, more support will return to the Housing Ambassador program in future months.

Regarding the last bullet above (regaining access to a locked account), HPD Marketing and Tech staff have been surprised by the volume of Housing Connect users who change their mobile phone numbers and email addresses rather frequently. Without access to the contact information used to originally register an account, it's impossible to reset a forgotten or misplaced password. HPD continues to explore options for verifying the identities of these users while guaranteeing their safety and security, which remains of utmost importance.

5. 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.

As was the case in the prior versions of this report, 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, 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. Few 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 addition to the application-specific complaints identified above, the most common general complaint about the selection process HPD and HDC hear is that procuring an apartment through the lottery is a long and information-intensive process

⇒ Response:

- Updates to Housing Connect have made it easier for applicants to identify opportunities they qualify for, and asks them to think twice about applying to those they do not, to help cut down on the number of knowingly unqualified applications and shorten the lottery process for everyone
- Housing Connect makes it easier for HPD and HDC to capture and analyze data associated with millions of applications submitted in the system, and the Marketing team hopes to make use of this data to uncover some factors prolonging lottery lease-up and to identify some steps to address them

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.

There have been no substantive changes to the procedures for populating Mitchell-Lama waiting lists, technical issues reported to HPD regarding Mitchell-Lama Connect, or tenant screening and selection procedures since the first issuance of this report (*Exhibit A*).