

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*. This report covers technological and procedural updates made, as well as technical issues and substantiated complaints received, and addressed, since then. 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.

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 2020 is provided in the original version of this report (*Exhibit A*).

UPDATES TO TENANT SCREENING AND SELECTION PROCEDURES SINCE 2021 ISSUANCE OF LL216 REPORT

Update to the HPD/HDC Marketing Handbook

In August 2021, the Marketing Handbook was updated in several sections to include processes to reflect how previous policies apply in the new Housing Connect 2.0 portal. This latest version of the Marketing Handbook is attached as *Exhibit B*. There are also several key updates that impact how affordable units are leased to eligible applicants:

- **Clarification and expansion of guidance on rejecting applicants based on criminal background.** In accordance with the 2016 HUD Guidance, the lookback period for certain offenses has been capped at five years and, for when crimes are grounds for rejection, developers are required to make individual assessments to take factors such as current employment or volunteer activities into consideration. See added [Marketing Handbook Attachments](#):
 - AA-1 (Justice Involvement Guidance)
 - AA-2 (Justice Involvement Worksheet)
 - AA-3 (Justice Involvement Notice)
 - AA-4 (List of Applicable NYS Penal Convictions)
- **COVID-19 era adjustments were made permanent.** The number of documents required to determine eligibility has been lightened, increasing the chances of an applicant's ability to comply. Attachments H-1C (Document List) and L-1 (TIC Checklist) have been updated to reflect the permanence of the document requirements.
- **Remarketing policies have been updated.** In brief, units that do not fill through lottery must be leased to households residing in homeless shelter through Homeless Placement Services. If the number of unleased units exceeds 15% of the building, the remaining units may be leased outside of the lottery. See Section 4-3(E) of the new Marketing Handbook.

The following chart is a full list of changes:

Section	Previous Handbook	August 2021 Handbook
Section 4.2 – Marketing (Part A)	No mention of Mini-Lottery	New language around Mini-Lottery to align with Housing Connect 2.0 functionality. Mini-Lotteries are used to match small numbers of newly vacant affordable units with eligible and interested Housing Connect users.
Section 4-2 – Advertisement (Part C)	No mention of New Housing Connect Advertisement Creation	Mention of Housing Connect 2.0 Advertisement Generation
Section 4-3 – Paper Application Entry (Part B)	Different paper application entry process for rental / homeownership (process varies depending on number of units in project)	For all rental projects and homeownership projects with 7 or more units

Section 4-3 – Order of Processing (Part C)	This section previously referred to log generation	This section now details the order of processing for batches in the Housing Connect 2.0 (most of the language was taken from the Section 4-4, Order of Processing, Part B in the previous January 2020 handbook). Also added language around simultaneous processing of preference and non-preference applicants in certain situations as well as changes to the appeals process.
Section 4-3 – Remarketing (Part E)	No mention of 15% unleased units going to homeless referral clients	Specific details on remarketing for units when a lottery has been exhausted without leasing all available units: 15% of units will be filled with homeless referrals, the remaining will be filled outside of the lottery, per agency guidance
Section 4-4 – Re-Rentals and Resales	This section was not in previous version of handbook	Added this section which details information on which units are required to go through Re-Rentals and Resales
Section 4-5 – Agency Review (Part F)	No mention of DOI Investigations	Updated language around Marketing Agent applicant verification and DOI investigations
Section 4-5 – Appeals (Part F)	There was one standard appeals process for lotteries in original Housing Connect system	Language updated to reflect slight change in appeal processes given the introduction of the new Housing Connect
Section 5-1 – Set-Asides and Preferences at Re-Rental	Not in previous version	Added language to specify that disability set-asides remain in re-rentals while preferences (for Community Board residents, municipal employees, and NYC residents) are only for initial lottery

Section 5-3 – Changes to An Application While Applicant is In Process for a Unit	Changes to Application had across the board rules for all applications depending on change	Significantly added new language as processes are different for the original and new Housing Connect systems
Section 5-6 - Background Check and Other Factors (Part D)	Criminal background checks must be conducted on all adults and should follow standards published by HUD 4/4/2016	Added clarification and guidance for how applicants with justice-involved history can be screened, including published lookback periods and an individualized assessment.

Security Deposit Alternatives Pre-Qualified List

In January 2022, HPD and HDC published a list of [pre-qualified providers of security deposit alternatives](#) as a resource for developers and Marketing Agents of City- and HDC-sponsored developments. This effort aims to reduce the onerous upfront outlays tenants must make when signing new leases.

Streamlined applicant file review process

As part of ongoing efforts to expedite the lease-up of affordable units, HPD/HDC announced in April 2022 that lottery applicants receiving a rental subsidy that are processed for non-tax code units will have a streamlined file review process. As explained to Marketing Agents, applicants receiving CityFHEPS rental assistance or Section 8 Housing Choice Vouchers (including Emergency Housing Vouchers) would no longer be subject to further income documentation requirements as the voucher eligibility determination satisfies the income eligibility for the affordable unit. A pared-down list of qualification documents would therefore be submitted for these applicants going forward, retaining important Marketing Handbook Attachments like the Applicant Information Form, Primary Residence Certification, and Authorization to Release Information, but dispensing with various duplicative Attachments relating to household income certification.

Efforts made to speedily house Emergency Housing Voucher recipients

In the American Rescue Plan Act of 2021, Congress authorized funding for Emergency Housing Vouchers (EHV) to be prioritized for households that were recently homeless, at risk of homelessness, or escaping intimate partner violence, sexual assault, or human trafficking. New York City's Public Housing Agencies (HPD and NYCHA) received 7,788 of these vouchers in total to administer to eligible New York City households. The vouchers operate similarly to the federal Section 8 Housing Choice Voucher program, in which voucher-holding tenants pay 30% of their income toward their rent, with any remainder covered by the administering Public Housing Agency.

Households that have received a voucher can search for housing on their own, but several factors, including a highly competitive market for rental apartments, and landlord unfamiliarity with the voucher program as well as outright discrimination by landlords and real estate brokers, have made

the search frustrating and protracted for many voucher-holding households. For this reason, as well as the risk that funding for some vouchers may be withdrawn if housing isn't secured expeditiously, HPD has launched a number of initiatives to support EHV clients in their search for a home that fits their needs before their voucher expires.

One of these was an effort to donate a portion of affordable housing units that otherwise would have marketed through lottery to these voucher-holding households. This came on top of earlier, more widespread outreach efforts by the Office of the Mayor's Public Engagement Unit to educate landlords about the program and support participating landlords with voucher-related paperwork. In June 2022, HPD Commissioner Adolfo Carrión & HDC President Eric Enderlin asked developer partners to commit 15% of units from current and upcoming Housing Connect lotteries to EHV clients.

Housing Navigators, a new HPD program in which HPD has contracted with 12 Community Based Organizations to help assist EHV clients in their housing search, work directly with the Marketing Agents responsible for administering Housing Connect lotteries to:

- Identify the units to be set aside,
- Identify interested EHV clients,
- Schedule federally required housing quality standards (HQS) inspections,
- Ensure the interested clients qualify under the building's relevant regulatory requirements, and
- Ensure smooth and quick processing of voucher/lease-up paperwork

These units diverted from lottery are in addition to any pre-existing homeless set-aside units required in some regulatory agreements, so no units already designated for shelter referrals will be foregone. As of December 2022, more than 200 units have been volunteered from lottery developments for EHV client referrals.

Pre-Qualified List of Marketing Agents

In September 2020, HPD and HDC released a Request for Qualifications (RFQ) for qualified Marketing Agents to assume the marketing, lease-up, and sales responsibilities for City-sponsored affordable housing in HPD and/or HDC's Marketing portfolio. It is the responsibility of the Marketing Agent to oversee marketing for projects and ensure compliance with the policies, procedures, and requirements outlined in the Agency's Marketing Handbook. The Developer and its Marketing Agent(s) also need to be knowledgeable of their responsibility to comply with all fair housing and equal opportunity laws and any other governmental requirements.

This RFQ was issued to identify Marketing Agents that have the capacity to manage the marketing of projects in the Agency's portfolio. Over 40 organizations submitted application materials as part of the initial application process, and several more have applied on a rolling basis since the initial deadline in April 2021.

In September 2022, after reviewing the first round of applications and submitting them through the agency's rigorous Integrity Review process, HPD and HDC announced an initial [Pre-Qualified List of Marketing Agents](#) consisting of 25 organizations. As of that publication, developers of City-sponsored affordable housing in HPD and/or HDC's portfolio must propose a Qualified Marketing Agent for Agency approval to begin marketing prior to each marketing effort, as required by the Marketing Handbook.

Applications to the RFQ will continue to be accepted on a rolling basis, and we expect the list of approved agents to grow over time. Additionally, Marketing Agent performance will be assessed on a project-by-project basis. Marketing Agents are expected to consistently conform to HPD's and HDC's standards for fairness and transparency as described in the Marketing Handbook. Those who fail to comply on several occasions may be removed from the PQL. HPD is currently in the process of developing a database to standardize the assessment of Marketing Agent performance once the first projects approved from the PQL start the marketing process.

Efforts made to accelerate shelter move-outs

Over the summer and fall of 2022, New York City's homeless shelter population neared and at times exceeded its capacity, in part due to an influx of asylum-seekers bused in from other states. The Mayor's Emergency Executive Order 224, announced on October 7, 2022, directs all relevant agencies to coordinate their efforts to construct humanitarian relief centers and fast-track long-term unhoused New Yorkers into permanent housing.

Most immediately, HPD Commissioner Carrión & HDC President Enderlin once again appealed to developer partners to donate additional rent-regulated apartments destined for lottery to instead go to households referred from City-run shelters, building on recent requests to do so for EHV voucher-holders and in addition to any other homeless set-aside commitments.

Subsequently, in November 2022, the Department of Social Services (DSS), the agency that oversees City-operated shelters, announced an expansion of its Augmented CityFHEPS voucher program to include the vast majority of units marketed through Housing Connect. This means that shelter residents, most of whom are promised a CityFHEPS voucher should they procure permanent housing, can qualify for many more units advertised through Housing Connect, even when the rents and income restrictions target higher-earning households.

While many shelter residents are placed in units set-aside for shelter referrals by filling out a Homeless Housing Application (HHA) with their housing specialists, this expansion gives shelter residents more resources to find a permanent home, either with the help of shelter staff or on their own. HPD and HDC's Marketing teams are working closely with Marketing Agents to ensure they understand that more applicants with these augmented vouchers will now be eligible for apartments advertised on Housing Connect.

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 its launch, two major updates have been made that are likely to have been observed by frequent users:

- Increased maximum file size allowed for applicant documents to be uploaded to the site for both applicants and Marketing Agents
- Profile information now logged at lottery deadline date (in addition to application submission date) to enable applicants to update their circumstances and Marketing Agents to see eligibility data at several points in time

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.

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:

- Streamline the user's application experience to arrive at a more accurate profile (e.g. making the type of rental assistance field required if applicant selects that they have a rental subsidy)
- Address bugs that hinder account creation/retrieval (e.g. locking an account before the expected three password attempts)
- Address bugs that hinder accurate profile completion (e.g. household members appearing in duplicate on profile)
- Address bugs that affect automated correspondence with applicant (e.g. applicants not receiving application confirmation emails)
- Address bugs that hinder logical applicant-Marketing Agent interaction (e.g. applicant can't upload documents if Marketing Agent has already uploaded documents to application)
- Add additional context to automated messages sent to applicant when lottery statuses (e.g. 'document requested', 'failure to qualify') are updated

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 is currently awaiting the approval of a new Housing Connect maintenance and enhancements contract, after which high-priority items to improve user experience, process expediency, and system performance will begin 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. However, two factors currently constrain the useful capacity of the Housing Ambassadors program. First, many of these organizations are working on a hybrid remote schedule, so in-office staffing for client appointments is slimmer than it was pre-pandemic. Second, the Housing Navigator program staff temporarily diverted its full focus to create and run the EHV Housing Navigator program to assist EHV recipients in their housing search, and looks forward to bringing more support back 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.

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 first version 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. 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 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:
- The new Housing Connect makes 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
 - The new 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
 - HPD and HDC are also planning an “audit-based” applicant file review process, whereby conditionally approved applications are not reviewed in full by both the Marketing Agent and agency staff before the applicant is approved for lease-signing. Such a change would decrease the time to move into many units in the lottery portfolio. This will be implemented via new functionality in Housing Connect, currently intended to begin development in early 2023.
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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.

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*).