

Why It Took 2 Years to Rent Affordable Apartments Through NYC's Housing Lottery and How to Fix It

March 2026

NYHC analyzed what it takes to move New Yorkers into newly constructed affordable housing through HPD's Housing Connect lottery system.

Administrative complexity and excessive oversight are slowing lease-up timelines, but practical reforms can significantly accelerate move-ins without sacrificing fairness or compliance. We identified targeted policy and process improvements to reduce unnecessary delays, improve interagency coordination and streamline documentation and oversight.

We understand that NYC HPD intends to make improvements to the housing lottery system, and we are encouraged by Mayor Mamdani's Streamlining Procedures to Expedite Equitable Development Task Force ("SPEED Task Force") as a promising first step toward modernizing and streamlining these processes. We hope this case study helps inform and support that work.

Thank you to our many partners and their marketing agents who have contributed to this case study, provided data and participated in interviews to inform this analysis and policy recommendations.



The Housing Connect lottery process requires processing thousands of applicants to lease up new affordable housing financed by the City's affordable housing plan.

Step 1: Premarketing & Marketing

*HPD Approves
Marketing Plan
& Housing
Connect Lottery
Opens for 60
Days*

Step 2: Lottery

*Applications
randomized into
lottery log &
"batched"*

Step 3: Evaluation & Selection

*Applicants
processed for
eligibility in
batches of about
100*

Step 4: 95% Occupancy

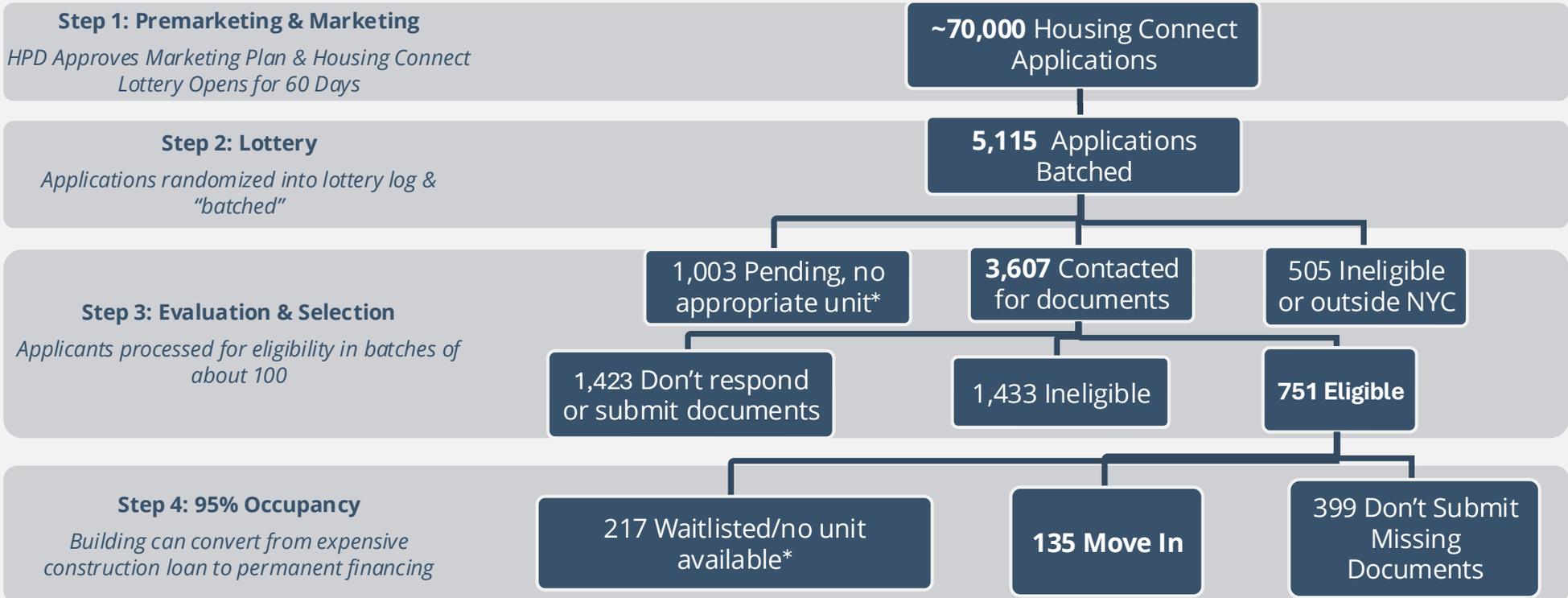
*Building can
convert from
expensive
construction
loan to
permanent
financing*

- Newly constructed affordable housing is leased up through Housing Connect (HC), NYC's affordable housing lottery, managed by NYC HPD.
- Developers begin marketing ~ 7 months before the building is ready for occupancy with the hope of approving tenants by the time a Certificate of Occupancy is issued.
- Administrative hurdles can add months of delays to the process. In FY25, less than half of lottery projects were able to approve applicants for 95% of their units 6 months after receiving a certificate of occupancy.

Buildings receive huge volumes of applications to process for eligibility, even when potential tenants are not eligible or interested. This creates unnecessary work for staff and long wait times for New Yorkers in need of housing.



Case Study: NYHC analyzed applications, timing and processing challenges for a nonprofit to rent up a newly constructed apartment building in the Bronx for low-income renters. It took 27 months to lease 180 apartments through Housing Connect.

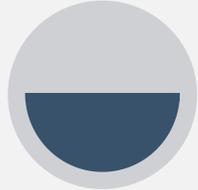


4 out of 5 households processed were unresponsive or ineligible. HPD adopted some policy changes in 2025 after this building was occupied but many of the same challenges persist.**

*These are applicants for whom there was no longer a unit appropriate for their household at the time their application was reviewed.
 **Since this project was leased up, HPD has made some marketing rule reforms including several changes in accordance with HUD's HOTMA provisions to reduce documentation requirements, particularly for applicants who already receive certain federal government benefits.



Repetitive documentation requirements and unnecessary agency touchpoints added months of delays to the process.



Pre-Marketing & Marketing

This project saw a 3-month delay waiting for HPD to respond to changes to the marketing plan.

This building received TCO and was safe for occupancy by the time the lottery closed, **but it still took another 1.5 years to lease-up.**

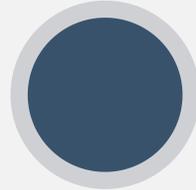
Developers must submit a slew of documentation for the marketing plan, duplicating information finalized with HPD at closing.

Lottery ad approval & posting can take 6-8 weeks. 4 different HPD staff must sign-off on developer's lottery ad even though it follows an HPD template.

Marketing agents must both be approved by HPD to be on the Prequalified List of Marketing Agents (PQL) **and** be approved to market each individual project.

Requirements to use "caller service" from the post office is time-consuming, costly and inconvenient. Few post offices offer this antiquated service and marketing agents must compete with each other to secure it, which can delay starting a lottery.

HPD oversight of trained marketing agents is heavy handed throughout the process. HPD capacity issues turn even routine communications into a source of delay.



Lottery & Selection

HPD "monitors" Prequalified Marketing Agents as they open mailed in applications and input the information into the lottery log by Zoom. Scheduling this meeting can take 2 weeks.

The current batching structure is complex and batch size limits creates delays and inefficiencies. Requirements to process community and other preferences in small batches first, delays the lease-up time for all units.

Applicants have 10 days to submit documents to show eligibility. Files are reviewed and another 5 days are given to submit missing info. HC does not require applicants to keep household income up to date.

Applicants with vouchers are contacted for every applicable AMI tier, even when their voucher does not cover the rent since they cannot indicate voucher size or subsidy in HC.

Each household processed for lease-up by the Prequalified Marketing Agent is sent to HPD with files uploaded to HC.

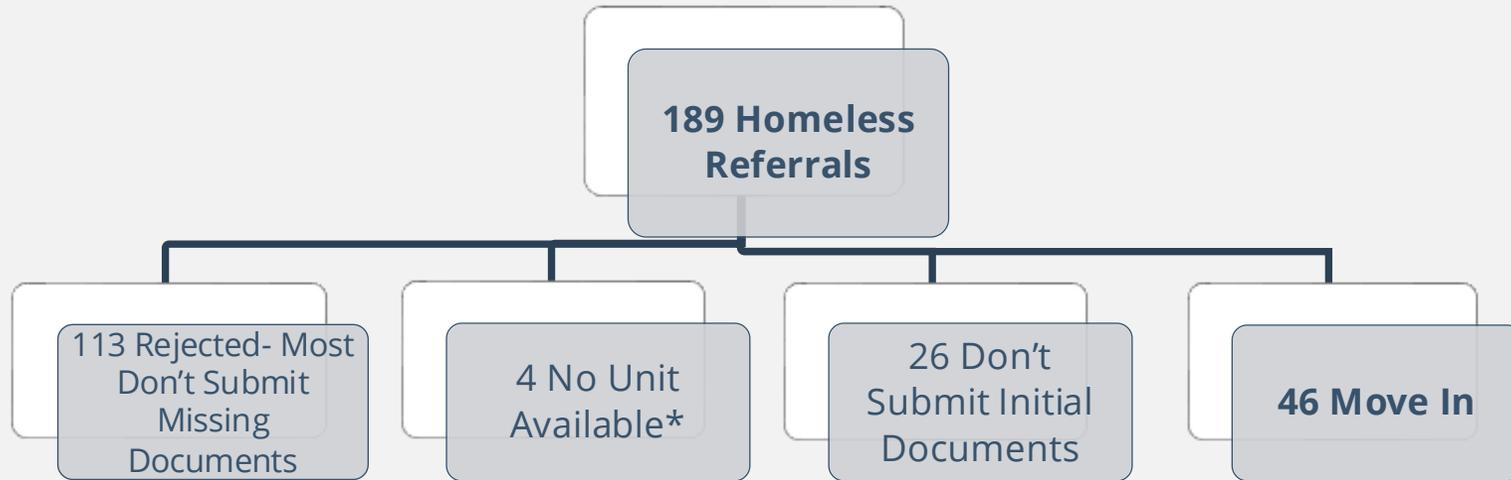
HC does not issue status notifications instead Marketing Agents must manually look up a status change for applicants in a time-consuming process to find out if applicants are approved by HPD, for lottery log compliance.

Monitoring paper applications delayed this project by another month.

A Housing Connect system glitch interrupted batches for community board preference, adding 5 more months



46 apartments were reserved for people experiencing homelessness. 4 referrals were processed to fill each unit.



3 out of 4 homeless households referred by the City shelter system do not submit required paperwork even though they are assisted by caseworkers. Marketing staff must navigate a web of stakeholders and approvals from HPD, DHS & HRA. This can lead to months of delays.

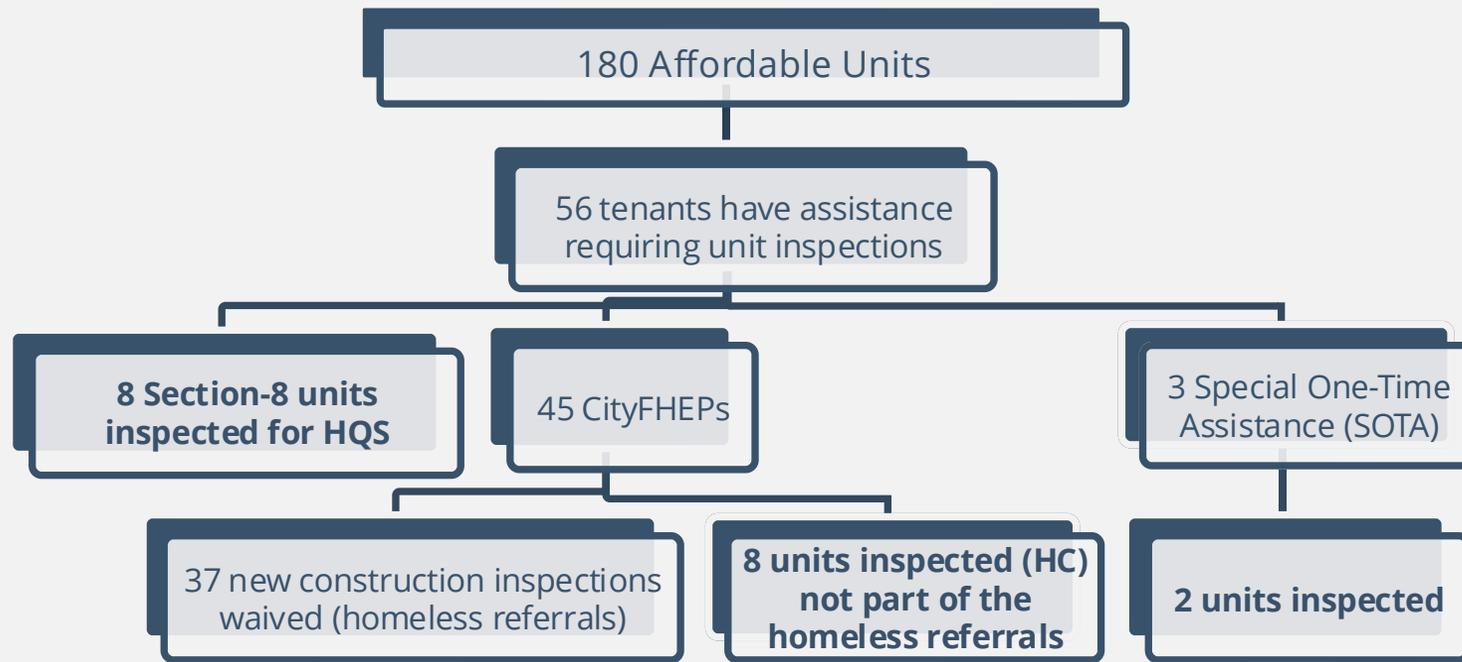
- Referrals for homeless set-aside units come indirectly from HPD, originating with the Department of Homeless Services (DHS) and are processed alongside lottery applications.
- Affordable Housing providers consistently report problems with filling homeless units due to lack of timely referrals or not receiving enough referrals, leaving homeless units vacant for months.
- Even though DHS determines if a household qualifies for the affordable housing referral, after the referral the Marketing Agent must confirm income eligibility again and HRA then processes CityFHEPs if applicable.
- According to the FY25 MMR, it took almost 8 months to approve New Yorkers experiencing homelessness for a unit set aside for them once the building was ready for occupancy .

**These are applicants for whom there was no longer a unit appropriate for their household at the time their application was reviewed.*

Redundant inspection requirements slow down move-ins and waste resources. Brand new buildings require additional inspections if tenants use rental assistance like Section 8 or CityFHEPs.

While Section 8 HQS inspections are required by federal law, HUD allows virtual and 3rd party inspections that HPD & NYCHA do take advantage of.

CityFHEPs & SOTA inspections are City-imposed requirements



- CityFHEPs & SOTA inspections created by the City include a 12-page inspection checklist and 11 pages of instructions.
- Instead of waiving new construction entirely, the City created a waiver for submission and in this case 10 units still needed to be inspected.
- Inspectors also respond to a huge volume of 311 housing complaints (~700k) to uphold the City's Housing Maintenance Code.

NYC DOB inspection for building occupancy was received at the start of the marketing process, yet **18 separate unit inspections were required!**



Key Recommendations

Housing Connect & Marketing

- HPD oversight should be limited, while maximizing use of audits rather than step-by-step oversight.
- Technology should be used to create less “processing” work for Marketing Agents and to minimize unresponsive / uninterested and ineligible applicants through income verification and preference options, while still ensuring fair access.

Homeless Referrals

- Households referred to affordable housing by DHS should already be determined to be income-eligible and rental assistance should already be approved.
- Developers are motivated to fill their units- they should be able to work directly with DHS or individual emergency homeless shelters for referrals. HPD’s coordination role in homeless referrals should not be necessary.

Inspections

- HPD & NYCHA should take advantage of virtual and 3rd party inspectors to comply with federal HQS in affordable housing that is newly constructed.
- CityFHEPs housing assistance should not require inspections to use the subsidy. These same apartments can immediately be rented without an inspection by a household who is not using a voucher.