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NYC Housing Connect Analysis
November 2021 By Danny Cabrera & Jessica Katz

About Brutal Bureaucracy

To get food stamps, you need the make and model of your car. To get rental assistance, you need your child's social security number. To get supportive housing, you must complete a series of screenings to prove your need for services. Even if you have lived in a homeless shelter for years, you still have to verify that you are low-income to get access to housing. From in-person meetings, visits with case workers, shuttling documents from one City agency to another, to paperwork that never seems to be filled out correctly, we have a complicated system in place to help those most in need. Is it working?

Our social safety net programs are designwed with a variety of goals in mind. What are those goals and how do we prioritize among them? Have we designed processes and programs that uplift our values and priorities? Or are we stuck in a mindset of exposing fraud, achieving perfect compliance, and demanding that participants "deserve" our help, thus crafting programs that create barriers for those that need the City's help the most? Given everything we know about how much New Yorkers depend on these programs for their health, safety, and success, are we doing everything we can to ensure the process moves as swiftly as possible?

In **Brutal Bureaucracy**, CHPC explores how to reduce the administrative burden of our housing and social safety net programs.

Executive Summary

Given New York City's affordable housing crisis, it is critical that when scarce affordable housing resources become available, we move as quickly as we can to house New Yorkers. In this brief, CHPC analyzes NYC housing lottery data to examine how long it takes for tenants to move into new affordable housing.

- On average, it takes 371 days to fill all the units in an NYC housing lottery, despite units being available and ready for occupancy.

- It takes 430 days on average from when residents begin applying to the lottery for all the units to be filled.

- One in three housing lotteries did not even begin until months after a building was already ready for occupancy, resulting in thousands of units sitting empty despite being ready to house New Yorkers.

- Variables such as building size, AMI level, or number of applications received are not correlated with prolonged rent-up times.

- The Mayor's Management Report does not measure the time it takes to rent up the affordable housing units that HPD finances and builds.

- To improve the process and timeline for lottery units, City agencies must: evaluate the administrative burden of their programs; set performance goals and measure progress over time; work with State and Federal government to streamline regulations; and seek alternative methods, such as using administrative data, to collect and verify eligibility information.

Introduction

Beyond the slim odds of winning the lottery, New Yorkers have long expressed frustrations with NYC Housing Connect, NYC's affordable housing lottery program. Common concerns have centered on the lotteries' time-consuming process, the copious amounts of paperwork required, and an overall lack of communication. In order to be successful, applicants must have the ability to wait months or even years before hearing back about whether they are in the running for a unit. This is time that New Yorkers facing housing instability or homelessness simply do not have. Applicants who do hear back must provide copious financial, tax, and employment verification documents for further screening and processing.

With New York City facing an ongoing housing crisis, NYC Housing Connect should be streamlined to quickly place New Yorkers into housing. However, the data and experience of New Yorkers suggest the opposite: a slow bureaucracy.

Given the crucial role NYC Housing Connect plays in addressing the city's housing crisis, CHPC examined the timeframe and process for lottery applicants. Through analysis of NYC Housing Connect data, this policy brief explores how long it takes for tenants to move into new affordable lottery units.

NEW YORKERS SPEAK OUT ABOUT HOUSING CONNECT

"Every time I send something in I am told I need something else and am put at the back of the line. I am tired of this dance and of wasting time."

"I have been through the process before. I had a good number but unfortunately, they requested more documents, and I couldn't get it in within a timely manner so they disqualified me."

"I've been applying to the housing lottery for ~7 years and never selected for an interview until now."

"I wonder why they're moving so slow when the building has been done and open to market rate tenants for quite some time."

"I wonder what makes the application time frames vary... it's such a frustrating process."

"Housing lotteries are really for people who have the time to wait because this is NOT an overnight process."

- City-Data: NYC Housing Lottery Forum

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REQUIRED LOTTERY DOCUMENTS:

1. 12 months of complete rent payments or consenting to a credit review

2. Copies of birth certificates for all minors in the household

3. Copies of last 4-6 most recent consecutive pay stubs or Employment Verification Form

4. Copies of last year's W-2 forms (all pages).

5. Copies of picture ID for all persons over 18

6. Signed & completed most recent year's federal and state tax returns

7. Copies of Social Security cards or ITIN

8. If paid in cash, proof of cash payments, provide notarized letters from employers and/or bank statements that support deposits

9. Last six most recent Checking account statements

10. Most recent investors' statement for Stocks and Bonds

Methodology

CHPC's analysis is based on project data obtained from HPD on newly constructed units advertised on NYC Housing Connect between 2014 and 2018. These units account for 21,382 apartments in 426 projects. Our analysis of the rent-up timeline compares the Lottery Date, the TCO Date, and the Rental Achievement Date for each project in that dataset. The Lottery Date is the date the project lottery was advertised by HPD. The TCO Date is the date when the building is issued its first Certificate of Occupancy (CO) or Temporary Certificate of Occupancy (TCO) which marks the date when the apartments are legally ready for occupancy. The Rental Achievement Date is the date the last affordable unit in a project was filled.

Of the 426 projects (21,382 units) in the dataset, only 180 projects (10,412 units) had a TCO Date and Rental Achievement Date at the time the data was provided (June 2020). For those 180 projects, CHPC compared the TCO Dates, the Lottery Date, and the Rental Achievement Date to learn more about the time it takes for affordable apartments to be rented up. This report refers to "Rent-Up Time" as the length of time between the TCO Date and the date the final unit in the project is leased. Rent-Up Time measures how long at least one lottery unit in a project remained empty despite being available and ready to house a New Yorker.

To ensure the accuracy of these findings, CHPC also reached out to a sample of property management companies that oversee projects included in this analysis to confirm Rental Achievement and TCO Dates.

HPD only provided data on the rent-up timeline by building. With data on the rent-up timeline for each individual apartment, it would be possible to ascertain how quickly the majority of units were leased up. That information was not provided for this report, but would be a useful part of any follow-up analysis.

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Data Findings

CHPC's analysis found that, on average, it took over a year (371 days) for all lottery units in a project to be rented up. The fastest rent-up process occurred at a Williamsburg project in just forty days. The longest-rent up process was at a development in Downtown Brooklyn, and took over five years to complete.

The ramifications of an average rent-up time of 371 days are staggering. During the midst of a housing crisis in which thousands of New Yorkers are living in homeless shelters, every unit of affordable housing is critical. Yet under the current system, brand new affordable apartments remain vacant long after they are ready to house New Yorkers. Lottery applicants' anecdotal accounts about slow lotteries align with the data. Additionally, New Yorkers' observations that new construction buildings have units sitting empty are based in some reality.

Variability in Rent-Up Time

Figure 1: Housing Lotteries Rent-Up Time Distribution
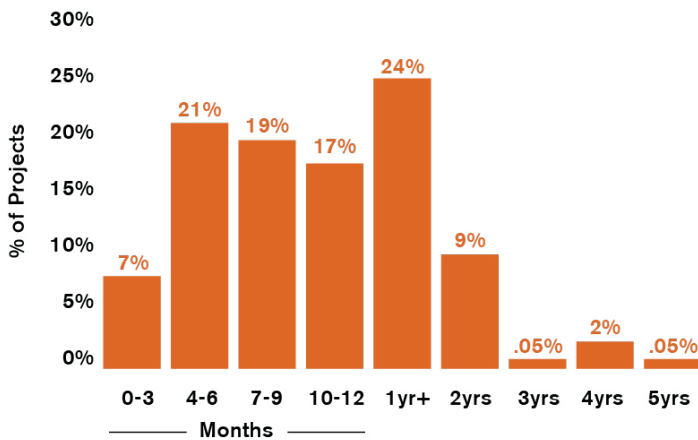
The data show that project rent-up times vary greatly (Figure 1). 7% of projects were rented up in less than 90 days, demonstrating that it is possible to quickly fill all lottery units in a building. An additional 21% of projects were filled within 4-6 months.

However, the data also show that 73% of lotteries took more than six months to completely rent up, and 13% took more than two years.

To assess what factors impact rent-up time, CHPC analyzed rent-up times alongside other available variables in the dataset to find possible correlations.

Rent-Up Process and TCO dates

Between the uncertainty of construction delays and DOB paperwork issues, it can be very difficult to predict when a new construction project will be ready to rent up. Ideally, the lottery and tenant eligibility screening processes would take place while a building is still under construction, so tenants would be ready for move-in as soon as a Certificate of Occupancy was issued. In practice, it is very difficult to ensure that the rent-up process and the construction process dovetail perfectly. Even given these challenges, it is difficult to explain why in this dataset, almost one in three lotteries did not even begin until after the TCO had already been issued. For 2,460 units of new affordable housing across 137 projects, lotteries started only after a TCO was issued, meaning the units were guaranteed to sit vacant.

Total Wait Time for Lottery Applicants

Once a TCO is issued and a building is ready for occupancy, the average-rent up time is 371 days. But for lottery applicants who apply for housing while buildings are still under construction, the total wait time is even longer: an average of 431 days.

Project Characteristics and Rent-up Time

While the average rent-up time for all lotteries in this analysis was 371 days, rent-up times ranged from 40 to 1,942 days. Through conversations with affordable housing stakeholders, CHPC identified a number of project characteristics that could impact rent-up times. CHPC looked at a range of variables to assess whether there were any patterns in the data that could help explain the wide variation in rent-up times. We looked for relationships between rent-up times and project characteristics including size, total number of applicants, percentage of lottery units in a project, and average AMI. We did not find evidence that these traits affect rent-up times.

Project Size

Some stakeholders suggested that lotteries with more units could have a slower rent-up time because of their size. Others believed that smaller projects might be slower because they were run by less experienced teams. Our analysis found that the total number of lottery units is not correlated with how quickly projects are rented up. The total number of units in a project does not explain rent-up delays.

Share of Lottery Units in a Project

Stakeholders also suggested that the percentage of lottery units in a project could impact rent-up times. Their rationale was that the proportion of lottery units in a building could impact which units are prioritized for rent-up first. Theoretically, buildings with a high percentage of market-rate units may focus on renting out those units first and deal with leasing the more administratively intensive lottery units after. Conversely, buildings with a high percentage of lottery units would focus on renting lottery units up first. However, our analysis that found the percentage of lottery units in a project was not correlated with rent-up times.

Application Totals

The demand for lottery units is immense: for the 21,382 new lottery units rented between 2014 and 2018, 18.3 million applications were received. However, demand varies, as some projects receive substantially more applications per unit than others. Projects with a high number of applications per unit could lead to increased administrative work and additional application processing time or, conversely, such projects could rent up more quickly due to being more desirable.

Projects ranged from 500 to 10,000 applications per unit. However, our analysis found that the number of applications received per unit was not correlated with how quickly all the units were leased up.

Affordability Levels

We heard repeatedly in our interviews that anecdotally, low-income units rent up more quickly but that moderate-income units take longer. Given fewer affordable housing options available to New Yorkers at lower AMI levels, perhaps projects with lower AMIs rent up quicker. New Yorkers with higher incomes have more housing options, so some units in higher AMI buildings may sit empty for longer. Analysis found little evidence to support this line of thinking. The average AMI level of projects was not correlated with the rent-up time of the project. It is important to note that this analysis relies on average project AMI and average rent-up time for the project overall, but more detailed data at a unit level could reveal a different pattern.

Correlation Analysis

CHPC utilized Pearson Correlation Coefficients (PCCs) to assess potential relationships between project rent-up times and project characteristics. CHPC defined correlation coefficients between +/-0 and +/-0.3 as weak, those between +/-0.31 and +/-0.5 as moderate, and those greater than 0.5 or lower than -0.5 as strong.

Analysis results indicated no strong or moderate correlations between project rent-up times and the considered project characteristics.

Figure 2: Pearson Correlation Coefficents: Project Characteristics & Project Rent-Up Times

Project Characteristics	Project Rent-Up Time PCC
Total # of Lottery Units	-0.05
% of Lottery Units	-0.30
# of Applications Received	-0.07
# of Applications Received per Unit	0.27
Average Project AMI	0.29

Changes in Rent-Up Time by Advertisment Year

Is rent-up time getting better or worse? Some stakeholders believed that rent-up times have gotten increasingly worse. Others speculated that rent-up times had been lengthy in the past, but improved in recent years due to better processes and technology. CHPC's analysis did not find a consistent a trend. The average rent-up time for projects advertised each year from 2014-2018 fluctuated without a strong pattern (Figure 3).

Project Location

Rent-up times vary widely by borough (see Figure 4), although the sample sizes in Staten Island and Queens mean that this data is not very robust. Rent-up times in Manhattan are significantly longer than in Brooklyn and the Bronx.

Time for Due Process

Timely rent-up of sorely needed affordable housing units is a critical public policy goal, and an average time of more than one year is too long to allow apartments to sit vacant while the gears of government turn. However, speed must be balanced against the need for due process to allow prospective tenants to prove their eligibility and appeal decisions they feel are unfair or incorrect.

Lottery applicants have the right to file an appeal if they believe they were rejected in error. While eligibility disputes are ongoing, units are held offline to ensure applicants do not wrongfully lose their opportunity for an apartment if the appeal is decided in their favor.

The available data did not delineate whether a project had any prospective tenants in the appeals process, so CHPC could not examine the relationship between rent-up times and the need for due process during an appeal.

Figure 3: Average Rent-Up Time (Days) by Advertisement Year
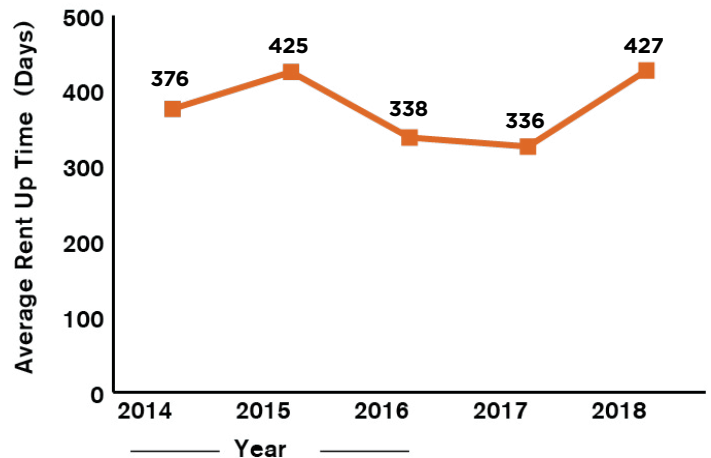
Figure 4: Average Rent-Up Time (Days) by Borough

Bronx 278
Manhattan 474
Queens 377
Brooklyn 380
Staten Island 172
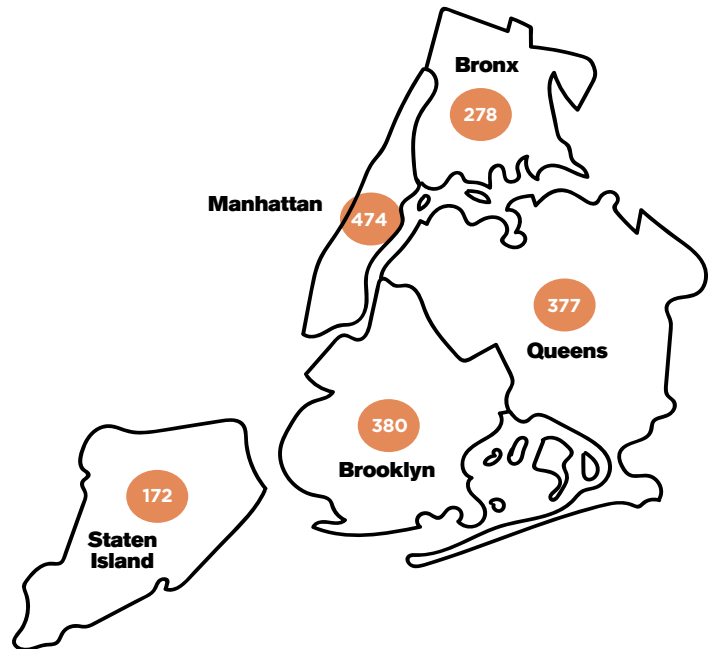
You Get What You Measure

To accelerate the housing lottery process, and reduce the administrative burden faced by New Yorkers seeking affordable housing, we must set goals for our programs and processes and measure our progress towards those goals. The current system for performance metrics for City agencies is the Mayor's Management Report (MMR). The MMR is the centralized tool the City of New York uses to publicly measure of the performance of City agencies, their speed, effectiveness, and efficiency. HPD's MMR report includes four service areas and six goals, and measures 62 different metrics to assess agency performance and track progress over time. Key performance indicators include units created or preserved, housing litigation initiated, housing code complaints and violations, and other important measures. However, nowhere in the publicly available data does HPD measure the time it takes to rent up the affordable housing units it finances and builds. The MMR does not include any metrics about the number or timeframe of renting up lottery units, supportive housing units, or homeless set-aside units. In order to improve the process and timeline for HPD's lottery units, the agency must first understand the scope of the problem and measure performance over time.

Future Research

NYC Housing Connect is a major component of New York City's strategy to tackle the affordable housing crisis, and as such it requires ongoing evaluation. While this policy brief examines the performance of lotteries for a period of time, further analysis is necessary.

The analysis in this brief faced several data limitations. As noted earlier, CHPC's analysis examined newly constructed units advertised only between 2014 and 2018. Of those units, CHPC could only analyze 180 projects out of 426 projects (10,412 units out of 21,382) due to incomplete data and the remaining projects still being in the process of renting up. As the data becomes available, it would be useful to examine all lotteries from 2014 to present. This would also present the opportunity to explore any impact NYC Housing Connect 2.0 has had on the lottery process, as well as the impact of the COVID-19 pandemic on the affordable housing rent-up process, neither of which are measured in this report.

As previously discussed, the lack of unit-level rent-up data limited the ability to further assess the efficiency of the lottery process. As the city begins to compile key performance metrics for lotteries, a revisited analysis would be fruitful. Finally, there are many subsidized apartments which are rented up outside the lottery process, notably supportive housing and homeless set-aside units. Subsequent analysis should review the timeline and process for these critical housing resources, to ensure that the utmost urgency is applied when leasing up apartments which serve New Yorkers experiencing homelessness.

Next Steps

1. Add key performance indicators in the MMR to measure rent-up volume and timeline of lottery, homeless set-aside, and supportive housing units. Set internal goals and measure progress and performance over time. You get what you measure!

2. Evaluate the administrative burden of social safety net programs, including housing. Map processes, evaluate the design and content of forms, check our systems against legal requirements, and identify areas where a less burdensome option is possible.

3. Measure the amount of time and paperwork it takes to receive help. Customer service, reducing administrative burden, and above all, ensuring that affordable apartments do not sit vacant, must be a north star.

4. Work with State and Federal government to streamline regulations and eliminate overlapping and contradictory guidance where necessary to reduce administrative burden. NYC Housing Connect is administered and run by NYC, but City, State, and Federal regulations all intersect to shape the program. Regulatory standards outline required documentation, acceptable proof of eligibility, and overall processes and procedures. While New York City can take steps on its own to reduce the bureaucracy New Yorkers face in trying to obtain affordable housing, regulatory review and clarity from other levels of government are also needed.

5. Evaluate the risks of litigation and fraud and seek other methods to prevent these bad outcomes. Some options include using existing administrative data to collect and verify eligibility information, random spot checks, and post-placement audits.

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