

# Housing Connect Re-Rental Vacancy Problems

New York City's Housing Connect lottery was designed to provide fair access to subsidized housing for all New Yorkers. However, units in existing affordable housing being re-rented through the lottery are not advertised for the public to apply for, and they can sit vacant for months – in some cases even more than a year. With a citywide rental vacancy rate of 1.4% and tens of thousands of New Yorkers applying for each new unit of affordable housing, the lottery's rules and approval process are not working. The roadblocks to renting are costing affordable housing developments significant revenue losses, while depriving New Yorkers of available units of affordable housing in a tight housing market.

The City must prioritize re-renting affordable housing as quickly and efficiently as possible. This will prevent affordable housing providers from unnecessarily losing income and decrease wait times for renters in need of affordable housing. The City must also improve functionality of the Housing Connect portal so that New Yorkers can view affordable housing vacancies.

## HOUSING CONNECT RERENTAL EXAMPLES

Below are examples of apartments owned by nonprofit housing organizations re-renting units through Housing Connect. Apartments at these rents are in high demand by New Yorkers and could be filled quickly with income-eligible tenants. NYC's Housing and Vacancy Survey shows that less than 1% of apartments renting for \$1,100 to \$1,649, and only .39% of apartments renting for less than \$1,100, are available. Yet, these apartments remain vacant for months.

Re-rental Unit	Vacancy History	Months Vacant	Lease Up Date	Lost Rent + Fees (as of 1/30/2025)
Tiebout Avenue (2BR) AMI 60% Rent: \$1,250.85	Vacated 6/26/2023 Turnover Repairs: \$14,375 Repairs Completed: 9/30/23	16	Still vacant	\$20,013.60
Crotona Pkwy (1BR) AMI 50% Rent: \$1,043.47	Vacated 5/1/2024 Turnover Repairs: \$13,543 Work Completed: 5/30/24	8	Still vacant	\$8,847.76
East 180th Street (2BR) AMI 60% Rent \$966.13	Vacated 4/27/2024 Turnover Repairs: \$6,575 Repairs Completed: 5/31/24	6	1/1/2025	\$7,245.97= \$5,796.78 rent + \$1,449.19 agent fees

## MINI LOTTERIES, BIG PROBLEMS

The New York City Department of Housing Preservation and Development's (HPD's) [Marketing Handbook](#) requires affordable housing owners to rent each vacancy after initial lease-up through Housing Connect "mini lotteries." In a mini lottery for a single vacant apartment, a batch (~250) of

applicants are sent to a marketing agent for outreach in a mini lottery with random numerical assignments, and an agent must wait 10 days for a response from prospective tenants selected for the mini lottery as they move through the batch of applicants. However, these applicants never actually applied to rent the vacant unit. Housing Connect doesn't even offer applicants the ability to apply directly to apartments in a mini lottery.

Applicants selected for a mini lottery have a profile on Housing Connect, checked a box expressing interest in "re-rental/resale opportunities," and match only the income and household size requirements for the unit. They may or may not have indicated borough, neighborhood, or unit size preference. For older buildings with few amenities, apartments in less sought after locations, and walk-up buildings, it is especially difficult to find a match through a mini lottery with inadequate applicant screening through the portal.

In fact, Housing Connect advises applicants on the neighborhood selection screen, "*We recommend that you keep all boroughs and neighborhoods selected so that you can increase the number of housing opportunities available to you*". This makes it even more work to sift through applicants to find a match. Many owners and marketing agents reported that several batches would yield no interest, and the same applicants would show up in multiple mini lotteries. One marketing agent reported contacting 1,000 tenants and receiving only 20 responses. The applicants selected for the mini lottery may not even currently be looking to move, since they didn't apply to live in the vacant unit. Yet, owners are required to go through the 10-day waiting periods over and over again.

After processing an unsuccessful batch of at least 250 applicants, HPD allows owners to apply for a waiver to use outside marketing.

According to HPD, 223 households have found affordable housing through mini lotteries for re-rentals on housing connect since 2021 and the median time to find a tenant after the mini lottery is set up on housing connect is 44 days – though this doesn't include the processing time for setting up the lottery by their marketing department. It also fails to capture projects that were unsuccessful in finding a match and applied for a waiver after processing 250 applicants and those ongoing vacancies that haven't matched yet.

It is clear based on our analysis that time and money are too often wasted by owners trying to find a match for their vacant unit among a pool of applicants who often never intended to apply. While their units remain vacant for months, many of these same owners are often providing social services to community members in need of affordable housing, and they could easily rent up their unit within days.

## WAITLIST OPTION

Since 2024, a waitlist option instead of mini lotteries has been offered for projects with four or more vacancies at once. Buildings advertise a waitlist on Housing Connect using the standard advertised lottery functionality. According to HPD, this allows applicants to apply for a particular development in Housing Connect and be considered for units upon turnover over the course of one or more years. Owners and marketing agents report preference for this option over mini lotteries but remain frustrated by the length of time it takes to get projects posted and to find matches. Nearly 800 households have found housing through the lottery this way since 2021 according to HPD.

## ADDED COSTS

In addition to lost rent that is not being collected while a unit is vacant, some owners have resorted to hiring a marketing agent to support this labor-intensive process, even just to fill a single vacant unit.

A Bronx nonprofit reported paying a \$6,000 annual fee to a marketing agent in addition to a fee of 1.5 months' rent for any tenant selected through Housing Connect. A Brooklyn organization managing a large housing portfolio outsourced Housing Connect lease ups due to the number of staff hours required and the frustration it caused their team to get through the process.

## POST PANDEMIC FINANCIAL TROUBLE

It has been widely reported that affordable housing rent collection is down, while costs are going up. Affordable housing owners faced significant rent arrears from tenants impacted by the pandemic, and this continues to be a challenge. Many owners talk about a "new normal" for collection rates, which used to be in the high 90s and now range from high 80s to low 90s. Lengthy vacancies for re-rentals only exacerbate an already challenging fiscal environment.

An owner of a 10-building portfolio in the Bronx estimates that they lost \$117,330 in 2024 while units were left vacant going through Housing Connect. If they could have filled their vacancies without using Housing Connect, they estimate that they would have saved 81%, only seeing \$20,421 in lost revenue from vacancies and saving nearly \$97,000 in revenue. Instead of having a 3% vacancy rate, they estimate they would have a vacancy rate of 0.6% if they could re-rent without using Housing Connect. After preparing a unit for re-rental, they estimate it would take them 6 weeks on average to lease a unit with an income-qualified tenant.

## NYC HPD MARKETING RULES

Local Law 64 of 2018 established requirements for a housing portal, however it does not require any units to be offered on Housing Connect. Those requirements come from the regulatory agreement and the HPD Marketing Handbook. All regulatory agreements executed since July 1, 2020, require the use of Housing Connect and the HPD Marketing Handbook (unless otherwise excluded). If an owner is required to adhere to the HPD Marketing Handbook and use Housing Connect, the owner may not use any other application system besides the Housing Portal. Pursuant to in Chapter 58, § 58-01 of the Rules of the City of New York, *"An Affordable Unit that is offered for rent or sale through the Housing Portal must be offered for rent or sale exclusively through the Housing Portal."*

However, NYC HPD has the discretion to change the rules to fix this problem for re-rentals and resales. Under § 4-4 of the Marketing Handbook, an owner's marketing agent *"will use the Mini-Lottery process in Housing Connect or alternate remarketing procedures as approved by the appropriate agency (HPD or HDC) to fill future affordable vacancies upon turnover."* By setting alternate remarketing procedures, HPD can immediately take action to address these issues.

## RECOMMENDATIONS

Marketing requirements should be reformed to make filling re-rentals more efficient and to decrease the time units are vacant. The City should also improve transparency and choice for renters in search of affordable housing.

- **Exempt re-rentals from Housing Connect:** Alternative marketing procedures should be established for affordable housing re-rentals. The City should set rules and conduct audits to ensure compliance and fairness.
- **Publicly post re-rentals:** The City should post re-rentals on Housing Connect or another website so that New Yorkers have information on vacancies, but owners should not be required to lease up through any portal that does not offer an efficient experience for both renters and owners.