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Long Odds: Inside The Process of Applying for Affordable Housing Through NYC’s Lottery System

Chris Kelly was ready to pack up and leave New York.

But first, he’d have to make it there. He’d do that by way of St. Paul, Minnesota in the summer of 2006, in a fully-loaded Volkswagon Jetta. Visiting friends a few months earlier was enough to do it: he was ready for a fresh start in a city where anything was possible.

St. Paul had given him a college degree, a boyfriend and a one-bedroom apartment with a dishwasher and laundry and a gym in the building. And a parking space. But the relationship, the apartment, the $750 a month in rent split two ways, all of it shrank in the rearview and New York did what New York does: it loomed.

If he didn’t tell you he grew up in Connecticut, you might think Kelly was born and raised in the Upper Midwest. The 36 year old freelance writer and personal assistant has an effusive warmth and restless brown eyes that have a way of darting around the room as he summons the perfect words.

“New York is full, in every sense of the word,” he says, pausing, eyes aflutter. “It’s so full of opportunity and just... stuff.”

And people. Five to an apartment, sometimes.

Kelly took part in the game of musical apartments familiar to many young transplants, bouncing from apartment to crowded apartment: First in the Harlem apartment sub-subleased from a friend. Next in the East Village, crammed into a four-bedroom [with four other roommates (a couple shared one of the bedrooms)]. Next in Astoria. And then finally in an eight foot-wide railroad apartment in Greenpoint, where until recently he’d shared a two-bedroom with a roommate.

With a fluctuating income that last year came to around $33,000, he was able to make it work in the neighborhood that’s probably best known these days as the setting for HBO’s Girls. But just barely.

“Popcorn for dinner has been one of my favorite ways to stretch money,” he says. “It’s surprisingly filling.”

Kelly and his roommate had been splitting a monthly rent of $1,840. When you do the math, his share comes out to almost half of what he made last year, after taxes.

In the four years he was in the place, the rent crept up a few times, but his unit’s not rent regulated—so his landlord could jack up the rent by hundreds of dollars a month in one fell swoop and it would be totally legal.
How bad could it get? Residential brokerage MNS pegged the average rent for a two-bedroom in Kelly’s neighborhood at $3,301 a month as of October of last year.

A quick look around suggests things are bleak other parts of town, too. The average two-bedroom in all of Brooklyn in October would set you back $3,415 a month. In Queens it was a little better, at $2,733. In Manhattan it was $4,250.

After years of living a rent hike from disaster, Kelly’s questions about whether life in New York was worth it had metastasized and he knew he had to do something.

“I started just looking around and thinking ‘I’m in my 30’s and I still have a roommate and I’m not saving for retirement,’” Kelly recalls.

Then, in early 2014, he heard from a friend about online lotteries that let New Yorkers apply for affordable apartments.

You may have heard of these lotteries—the ones with famously long odds of “wining” an apartment, often in gleaming new high-rises, at rents that don’t shock the conscience in a city where that kind of thing has crept its way to normalcy.

Kelly was willing to play the odds. He began applying for apartments through Housing Connect, the website set up by the city for residents to apply for affordable apartments through the lotteries.

Registering on the site only takes a few minutes. From a home page with rotating artist’s renderings of soon-to-be-built apartment buildings, a link takes you to a prompt to enter some basic info about yourself like your address, income and the number of bedrooms you need in an apartment. Then it’s on you to check the site frequently for units that fit your criteria. For about two years, Kelly checked at least once a week. Sometimes there was nothing he qualified for that met his criteria. Other times he’s apply for four different apartments in one sitting.

“I was really meticulous about being on the website,” he says. “That first step of applying is incredibly easy.”

The hard part was getting a place.

He applied for 40 apartments from March 2015 through April 2016. (Kelly’s records on the site only go back as far as March 2015, but by Kelly’s estimation, he put in about the same number of applications in the year prior to that March.)

With a mounting toll of applications that went nowhere, Kelly began seriously thinking about leaving New York for Chicago. Why not? He had some friends there and had stayed in their comparatively palatial apartments and balked at the low rent they paid. One friend there even owned a house. A house!
Kelly was working two part-time jobs in addition to the freelance writing and personal assistant work he still does. He wasn’t getting enough shifts personal assisting, and juggling all those jobs was taking a toll.

In late April of last year he opened up his mailbox to find a letter informing him that he’d won a lottery for a one-bedroom apartment in a brand new building in Williamsburg.

“I kind of wanted to go running through the streets screaming, telling everyone I got an apartment,” he says, glowing at the mere memory. “I didn’t know how to handle all the excitement and energy I had.”

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A perfect storm for an affordability crisis has been brewing in major cities across the country for decades. Since 2000, according to the American Community Survey, rents nationally have risen 66 percent while incomes only notched a 35 percent gain.

And the number of renters in all 11 of the country’s largest metropolitan areas went up between 2006, the year Kelly first moved to New York, and 2014. But in those cities, the renter population grew faster than available rental housing stock over those years. This has meant a higher average number of people per rental apartment, and it’s also driven rents up—few places worse than in New York.

According to a recent report by NYU’s Furman Center for Real Estate and Urban Policy, 30 percent of all renters in the city were “severely rent burdened” as of 2014. That’s worse than metropolitan San Francisco, Washington, DC or Boston.

Affordable housing became a big enough issue in the Big Apple that it brought the city a mayor who won by a 72 percent landslide in 2013, campaigning on a platform to make the city more affordable. Among Bill de Blasio’s first actions as mayor was a call to build or preserve 200,000 new units of affordable housing by 2020.

As of last July, the administration said it was ahead of schedule in meeting the goal. By the city’s count, over 23,000 new units of affordable housing had either been built or preserved in the fiscal year that started on July 1st, 2015 and ended on June 30th of last year. That’s more affordable units than have been built or preserved in any fiscal year since 1989.

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Kelly’s excitement waned when he came in for an interview at the office of the company that manages the building where he thought he’d scored an apartment. He arrived almost an hour early. He sat in a plastic chair in a hallway with others there
for the same reason. Someone was called up. They were back out within five minutes. Next up was a couple. They were out in a hurry too.

When it was Kelly’s turn to go into the room where he’d be interviewed, he was going to going to do everything he could to help his chances. Tax returns going back three years? Check. Proof of residency? In hand. Money order for $25 to cover a background check? That was covered too.

He watched as the woman conducting the interview crunched numbers with an old-school adding machine—the kind with a scroll of ticker-tape that makes clicking noises as it punches out numbers.

He recalls an admonishment from his internal monologue: “I have to be extremely nice to this woman. She has to be my best friend. I need her on my side.”

But this interaction was about math, not friendship. And the math looked good. Kelly’s numbers checked out, and it was on to a pile of disclosure and consent forms to be signed before he walked out the door. The management company would need to do more financial forensics on Kelly, and they’d need his permission for all of it. When the last form on the pile wasn’t a lease, Kelly wasn’t surprised.

“Winning” a lottery is only the first step of what, as it turns out, is a far longer and more complicated process. Kelly had several more appointments with the management company, but was never really sure what was being done with the documents he’d brought in. It typically takes three to four months after the initial interview for a landlord or management company to grant a lottery winner an apartment, and that’s if they clear every hurdle put in front of them, from income verification to estimates of future income.

“It was a lot of ‘hurry up and wait,’” Kelly says of the process.

At one point over the summer, Kelly was taken on a tour of the one-bedroom apartment which, months earlier, he’d thought would be his. It was starting to look like the process would soon be over.

Then, in mid-July, Kelly got another letter in the mail. It was a half-page form letter, informing him that his application for the apartment was no longer being considered.

He went through the process of appealing the decision, but the next letter he got opened with the words: “Appeal Rejection Letter Final Decision.”

He resolved to be in Chicago by the summer of 2017.

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Throughout New York City’s five boroughs, according the real estate research firm Reis, the average rent for all apartments was $3,017 in 2013.

That was the year the city’s Department of Housing Preservation & Development launched the Housing Connect site for New Yorkers to access affordable housing lotteries. Demand was high from the get-go: About 364,000 applications came in that year between the website and paper applications, giving each application roughly 1 in 150 odds.

The number of applications would soon reach explosive numbers.

In just the first six months of 2016, applications had shot up to more than 2.5 million, meaning each application was met with odds that worked out to about 1,000-to-one. Let this sink in: That’s more than 20 times longer odds than you’d have of winning if you played the New York Lottery, according to its website, if you count every game and drawing the lottery makes available.

For most who apply, the odds are never overcome. “I did all the right things. I went to college, I worked hard, I graduated without debt, I got a job that uses my degree,” says Norma Perez-Hernandez, a 26 year-old editorial assistant at a major publishing house. She says she’s applied in excess of 30 times. “Apparently nothing’s enough just to live affordably in my hometown.”

It’s not hard to see why so many applications have rolled in. It only takes a couple minutes to apply for an apartment. And someone can have multiple applications out at a time. Which means that those long odds are often somewhat shorter than they seem.

According to HPD, the city agency that presides over the lottery system, there are so many applications in part because people aren’t always careful about which units they apply for.

“Folks often don’t even consider whether they’re eligible for the lottery they’re applying for,” says Juliet Pierre-Antoine, an HPD spokesperson. “There’s a high demand, certainly, but the numbers may be misleading.”

To give a sense of what she means, the agency uses a specific spectrum of household income to determine eligibility for an affordable unit. Households making less than $24,500 annually are considered by HPD to be “extremely low” income, and those making 97,921 to $134,640 are considered to have a “moderate” income. Just where you fit along that continuum can put you into one of five categories of income, and those determine which units, in which buildings, you can be eligible for.

The criteria HPD uses to categorize income are based on a figure called AMI, or area median income—a figure based on the median income for New York City and all the areas within commuting distance of it. What percentage of AMI a person makes is
key to whether they’ll be considered in a lottery for an apartment. Many people—
HPD didn’t have a precise figure—get that first step wrong when they apply, and
aren’t eligible for the apartment they applied for to begin with.

The program’s ease of use for young people with internet access may contribute to a
lopsidedness in who applies for housing through the lotteries, and in who gets it.

Affordable housing advocates like Sarah Desmond, executive director of Housing
Conservation Coordinators, have been outspoken about what they see as a built-in
mechanism for keeping the underprivileged from even applying through the
lotteries. Desmond, who did not respond to requests for comment, told DNA info in
November of last year that she believes units on Manhattan’s West Side, where her
organization focuses its work, tend to be targeted to single professionals rather than
families.

"If there is a higher proportion of young singles in the applicant pool, it’s likely
because they have more access to the information and to the Housing Connect
website,” she told the publication. “This speaks to a need for greater outreach.”

Some recent numbers across the city tend to bear her view out.

Young, single people like Kelly have far better chances of winning than those with
families or senior citizens. Among applicants who landed 1,470 units throughout the
city between January 2013 and the end of 2015, 41 percent were between 25 and 34
years old, and half were single. Because of who applies and who doesn’t, the
lotteries can start to look a lot like a subsidy for childless young professionals.

Emily Osgood, HPD’s Director of Operations for Policy and Operations, says the
lotteries are just one component of several in HPD’s efforts to connect low income
New Yorkers to housing they can afford.

“The lottery doesn’t favor anybody. It is what it is,” she says. “We receive a certain
number of applicants, and if some are of a similar age, if there are more younger
applicants, we would expect that there would be more younger people receiving
housing.”

Osgood also notes that HPD oversees programs that aren’t lottery-based and serve
populations like the homeless and people with special needs housing, through
referrals, and the agency works with volunteers from community-based affordable
housing organizations around the city to work with applicants who may not have
internet access or need help using the website.

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About two weeks after Kelly had resolved to leave New York, he got an email from
HPD. He read it in a haste, until he got to the words “notice of ineligibility.” It was for
a lottery he’d applied for through Housing Connect several months earlier. The letter said that because Kelly was self-employed, he’d have to show that he met the income requirement for the apartment for a full three years prior to the application.

“I looked up the apartment on their site and I was like, ‘I do qualify.’”

The next afternoon, he gathered together the documents that showed his income did meet the eligibility requirements, and mailed them to HPD. And he waited.

Within about a week, Kelly got a call. After reviewing his documents, as far as HPD would tell, his income looked like it fell within the range required for the apartment. Instead of putting him back into the lottery pool once it was determined that he’d be eligible, Kelly was invited to repeat the interview process he’d just been through, with its months of submitting documents and waiting, and never knowing for certain whether the next appointment would be the one at which he’d be handed a set of keys.

Since his previous appeal had been denied on the grounds that insufficient proof of freelance income had been provided, Kelly took no chances this time. He hired a certified public accountant to help him comb through statements, stubs, 1099’s and W9’s.

It’s ultimately up to a landlord or management company to decide which of the qualified applicant gets an affordable apartment. Which means that he could have done everything right and the management company still could have picked another applicant.

But Kelly’s persistence paid off. In November of last year, he signed a lease for a one-bedroom apartment in Williamsburg. The rent was $875 a month—about a quarter of what his neighbors in the building would be paying at market rate rents.

But this time he wasn’t running around telling the world. “I was much more cautious with my optimism this time.”

That turned out to be a wise strategy.

Kelly’s lease started December 1st. But the brand new building was waiting on a certificate of occupancy. Any days during December that Kelly wouldn’t be moved in would be pro-rated, but he still had to be out of his apartment in Greenpoint to make way for a new roommate by Christmas. He says he had to restrain himself from calling the building’s management office multiple times a day for updates.

When it was time for the new roommate to move in, Kelly had to be out. It didn’t matter that there was no apartment to move his stuff into. The movers he’d booked for December 22nd hauled much of Kelly’s stuff into storage. The rest, he moved on foot to his sister’s apartment in Williamsburg, where he’d commence an unknown
period of couch surfing. He’d get to stay there while she took a trip overseas. She’d leave just after Christmas and he’d have two weeks till her return, when he’d have to leave and find someplace else. Unless, of course, his new building had its certificate of occupancy by then.

On the evening of Christmas, Kelly and his sister celebrated with wine and armloads of possessions. They moved a giant sack of laundry and a bulky computer tower on foot across a mile of northern Brooklyn, to her place.

“What would happen if I dropped this thing?” she asked, straining under the weight of the hulking piece of electronics as they walked.

“Oh, don’t worry about it,” Kelly replied, adjusting the huge bag of clothing for a better grip. “There’s nothing on there that really matters anyway.”

What mattered, he seemed to be saying, was that he’d landed a place to live at a rent that would be livable and would stay that way. The only trouble was actually moving in. As of December 28th, Kelly still has no firm word on how long he’ll have to couch surf. He’s hoping to move in by the middle of January. Even as the ground beneath his feet shifts, he’s unshaken: “I’ve waited so long for this I hardly even care.”