

Marketing Handbook

Policies and Procedures for Resident Selection and Occupancy

April 2025



Contents

- 1. Introduction..... 5
 - 1-1 What This Handbook Is5
 - 1-2 What this Handbook Is Not6
 - 1-3 Systems and Definitions7
- 2. Timeline..... 8
 - 2-1 Phases of the Marketing Process8
 - 2-2 Major Milestones in the Marketing Process for Advertised Lotteries8
- 3. Basic Sequence of Activities – Advertised Rental and Homeownership Lotteries 10
- 4. Outline of Procedures 12
 - 4-1 Pre-Marketing13
 - A. INQUIRY LIST13
 - B. QUALIFICATION AS A MARKETING AGENT13
 - C. MARKETING MEETING13
 - D. MARKETING PLAN.....15
 - 4-2 Marketing.....16
 - A. GENERAL INFORMATION16
 - B. OUTREACH.....17
 - C. ADVERTISEMENTS18
 - D. PROJECT SITE MARKETING SIGN20
 - E. APPLICATIONS20
 - 4-3 The Lottery Process.....20
 - A. PAPER APPLICATION COLLECTION.....21
 - B. PAPER APPLICATION ENTRY.....21
 - C. ORDER OF PROCESSING22
 - D. REMARKETING24
 - E. PRIORITY WAITING LISTS.....24
 - F. RECORD KEEPING24
 - 4-4 Re-Rentals and Resales25
 - A. MINI LOTTERIES25
 - B. WAITING LIST LOTTERIES25
 - C. TRANSFERS26
 - 4-5 Applicant Evaluation and Resident Selection.....27
 - A. INELIGIBILITY POLICIES27
 - B. RENTAL ASSISTANCE.....28
 - C. PROCESSING APPLICANTS.....29
 - D. DOCUMENT SUBMISSION FOR USERS OF HOUSING CONNECT.....29
 - E. DOCUMENT SUBMISSION FOR PAPER APPLICANTS.....30
 - F. IN-PERSON APPOINTMENTS31
 - G. AGENCY REVIEW.....31
 - H. APPEALS33
 - I. COMPLAINTS33

5. Detailed Selection Policies..... 35

5-1 Set-Asides and Preferences36

A. DISABILITY SET-ASIDES36

B. COMMUNITY PREFERENCE37

C. MUNICIPAL EMPLOYEE PREFERENCE37

D. RESIDENCY PREFERENCE FOR NEW YORK CITY RESIDENTS37

E. ADDITIONAL SET-ASIDES AND PREFERENCES.....37

F. SET-ASIDES AND PREFERENCES AT RE-RENTAL38

G. SET-ASIDE & PREFERENCE DOCUMENTATION & CERTIFICATION38

H. HOMELESS REFERRALS39

I. REFERRALS39

5-2 Qualification as a Household40

5-3 Changes to an Application While Applicant is in Process for a Unit41

A. CHANGES TO INCOME WHILE IN PROCESS FOR A UNIT41

B. CHANGES TO HOUSEHOLD COMPOSITION WHILE IN PROCESS FOR A UNIT42

C. PROOF OF EXTENUATING CIRCUMSTANCES42

5-4 Income Eligibility.....43

A. INCOME ELIGIBILITY AT ADMISSION43

B. MINIMUM INCOME ELIGIBILITY DETERMINATION44

C. EMPLOYMENT INCOME.....46

D. SELF-EMPLOYMENT INCOME49

E. COMBINATION INCOME50

F. UNEMPLOYMENT.....50

G. INCOME FROM OTHER SOURCES51

H. SPORADIC OR NON-RECURRING INCOME53

I. ASSET CERTIFICATION.....53

J. CLARIFYING BANK DEPOSITS54

5-5 Continuing Need55

A. ASSET LIMITS.....55

B. PROPERTY OWNERSHIP56

C. PRIMARY RESIDENCE56

D. GIFTS AND DOWN PAYMENTS57

E. OTHER RESTRICTIONS57

5-6 Background Checks and Other Factors58

A. STUDENT STATUS (IRS PROGRAM UNITS)58

B. IMMIGRATION STATUS/CREDIT HISTORY58

C. CRIMINAL BACKGROUND CHECKS58

D. DISCOVERY OF FALSE INFORMATION59

E. RENTAL HISTORY AND CREDIT CHECKS: RENTALS.....60

F. EVALUATION OF CREDIT FINDINGS.....62

G. CREDIT ISSUES AND APPEAL PROCESS.....63

H. CREDIT CHECKS: HOMEOWNERSHIP64

I. VIOLENCE AGAINST WOMEN ACT (VAWA)64

5-7 Occupancy Guidelines and Unit Distribution65

A. OCCUPANCY GUIDELINES.....65

B. UNIT DISTRIBUTION.....66

C. RENT LEVELS AND INCOME STANDARDS.....66

5-8 Other.....69

- A. INCORPORATION OF “FAIR HOUSING LAWS”69
- B. AMENDMENTS69
- C. INSPECTIONS.....69
- D. BROKERS69
- E. ANNUAL UNIT INSPECTION FORM.....69
- F. HOUSEHOLD STUDENT STATUS AFFIDAVIT AT RECERTIFICATION ...69
- 6. Submissions and Ongoing Reporting Requirements 70
- 7. Attachments 72

1. Introduction

1-1 What This Handbook Is

- A.** This handbook (the “Marketing Handbook” or “Handbook”) contains the policies, procedures, and requirements for marketing and selection of residents for developments (“Projects” or “Project”) assisted by the New York City Department of Housing Preservation and Development (“HPD”) and the New York City Housing Development Corporation (“HDC”) (together, the “Agencies”).
- B.** Developers, owners, and sponsors of Projects (“Developers”), as well as other agents or entities responsible for the marketing and resident selection for Projects (“Marketing Agents”) must comply with the Marketing Handbook’s policies, procedures, and requirements. Marketing Agents may include in-house departments of the Developer, subsidiaries, or affiliates of the Developer, or third-party marketing, leasing, managing, monitoring, or administering agents. Marketing Agents must be prequalified through an applicable request for qualifications issued by the Agency and must also be approved by the Agency to market each individual project, prior to marketing such project, regardless of whether they are part of the Developer’s organization or a third party.
- C.** Compliance with the Marketing Handbook will be monitored by either HPD or HDC (whichever is applicable for a particular project is referred to herein as the “Agency”), depending on the project.
- D.** The primary objective of the marketing, rental, and sales efforts is to ensure that the process is fair and provides equal opportunity to all applicants, regardless of race, color, religion/creed, gender, sexual orientation, gender identity or expression, national origin, age, disability, military service/veteran status, immigration status, lawful occupation, lawful source of income, marital or partnership status, pregnancy, presence of children, height and weight, or status as a victim of domestic violence, sexual violence, or stalking. In addition, the process should affirmatively further fair housing by promoting racial, ethnic, income, and geographic diversity among residents and within the neighborhood, and by providing applicants with mobility, vision, or hearing disabilities that require accessible/adaptable units priority for those units.

1-2 What this Handbook Is Not

- A. The Marketing Handbook is not a comprehensive compliance manual. Developers and Marketing Agents must ensure that their employees are fully trained in all facets of the program and all aspects of the specific occupancy requirements of each Project. Maintaining compliance is the responsibility of the Developer and Marketing Agent.
- B. This handbook also does not contain specific occupancy requirements for individual Projects. Each Developer and Marketing Agent must refer to its Project's Regulatory Agreement and other applicable regulations and regulatory documents for income, rent, and other occupancy restrictions.
- C. The Developer or Marketing Agent should consult with the Agency if any questions or concerns arise with respect to the policies, procedures, and requirements set forth in the Marketing Handbook.
- D. Actual marketing and resident selection will be conducted in accordance with a marketing plan, submitted by the Marketing Agent for each project ("Marketing Plan"). The Marketing Plan and all pre-marketing activities must comply with the Marketing Handbook and other Project requirements and must be approved by the Agency before marketing can begin.
- E. This handbook is not a comprehensive guide for making housing placements for formerly homeless households and households transitioning to Supportive Housing units. Supportive Housing is permanent, affordable housing with on-site support services to serve the needs of the most vulnerable New Yorkers, including homeless individuals and people with disabilities. Where possible, this handbook attempts to cover instances where the housing placement process for these populations differs from the lottery process. However, Developers and Marketing Agents working with these populations should consult HPD/HDC for the applicable requirements. More detailed guidelines are available on HPD's website <https://www.nyc.gov/site/hpd/services-and-information/supportive-housing.page>
- F. Staff must be trained in HUD income calculations and the content of *HUD Handbook 4350.3: Occupancy Requirements of Subsidized Multifamily Housing Programs* and HUD Notice H 2023-10 (available at hud.gov), including any applicable Public and Indian Housing Notices, Rules and Regulations ("PIH") notices, any other rules and regulations governing the specific Project(s) to be marketed, fair housing, language access procedures, and Agency marketing requirements.

1-3 Systems and Definitions

This handbook includes policies and procedures effective April 1, 2025.

NYC Housing Connect (or “Housing Connect”) is the online application system for HPD/HDC-assisted affordable housing. Some programs or Projects may not be advertised on Housing Connect, but through other channels as determined by the Agency.

On July 1, 2020, the City launched an updated version of Housing Connect, where lotteries and newly available housing opportunities have been marketed through the new Housing Connect since that date. Older issuances of this handbook referred to an “original Housing Connect” or simply “Housing Connect,” which was a version of the web application that is no longer in use (<https://a806-housingconnect.nyc.gov/nyclottery/lottery.html#home>). All mentions of “Housing Connect” in this handbook refer to the version of the application that was launched in 2020, which can be accessed here: <https://housingconnect.nyc.gov/PublicWeb/>

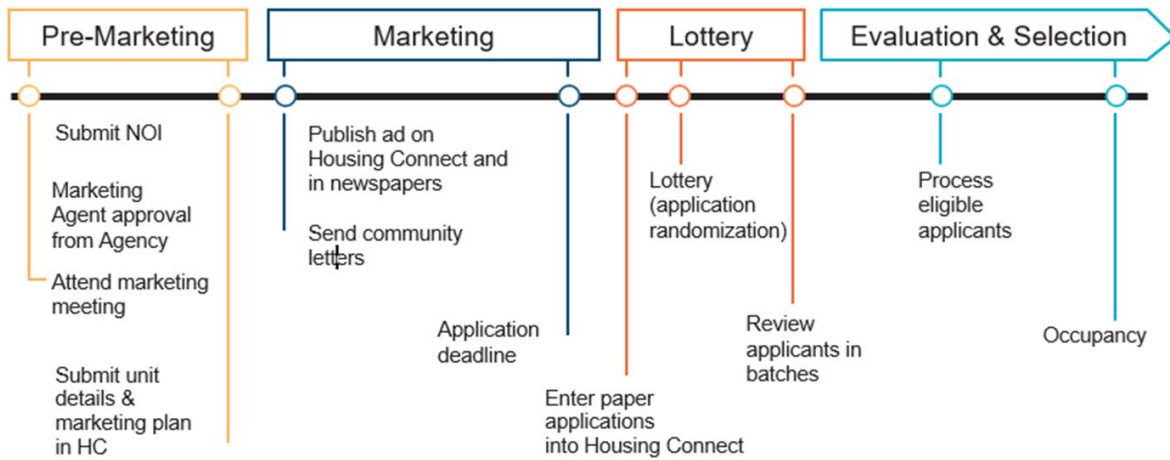
Marketing Agents and agency staff will access Housing Connect via the “Admin Portal” (<https://a806-housingconnectadmin.nyc.gov/AdminWeb/>) and all subsequent Marketing Agent actions referenced in this Handbook refer to the Admin Portal.

The Agencies reserve the right to amend, alter, change or repeal any provision contained in this handbook.

2. Timeline

2-1 Phases of the Marketing Process

Note: Timelines are approximate and may vary by project.



2-2 Major Milestones in the Marketing Process for Advertised Lotteries

Activity	Timeline
<u>Prior to the marketing process:</u>	
Developer maintains inquiry list of interested potential applicants	From the start of construction until commencement of the marketing period
Proposed Marketing Agent is reviewed and approved to conduct the lottery and initial lease-up.	
<u>At the beginning of the marketing process and afterwards:</u>	

1. Developer submits Notice of Intent (as defined in Section 3.A);	Typically, seven months prior to anticipated occupancy (or approximately 70% construction completion for projects requiring C of O)
2. Marketing Meeting held with Agency. Marketing Agent is assigned tasks in Housing Connect to complete the Marketing Plan	
3. PO Box / caller service box established for receipt of paper applications	Prior to commencement of the marketing period
4. Marketing Plan approved, advertisements posted on Housing Connect and Agency websites; print advertisements placed	Represents commencement of the marketing period: at least 60 calendar days prior to application deadline date for standard marketing; may be shorter for modified marketing
5. Community contact letters mailed	At commencement of the marketing period
6. Marketing sign posted on project site (design is project ad in multiple languages, at least 28" tall)	At commencement of the marketing period
7. Advertisements sent to inquiry list; requests for paper applications processed as received	At commencement of and throughout the marketing period
8. Compliance meeting held with Agency	Two weeks before or after the lottery date
9. For homeownership projects, first-time homebuyer seminars conducted	Two weeks after the beginning of the application period and two weeks before the application deadline
10. Paper applications retrieved at PO box or caller service box and entered into Housing Connect	Seven to ten business days after application deadline
11. Lottery log is available on Housing Connect, and resident selection process commences	Approximately one week after entry of paper applications into Housing Connect
12. Rentals: Lease is offered to eligible applicant and occupancy begins	After agency review and receipt of Temporary Certificate of Occupancy (TCO)
13. Homeownership: End loan closing, or purchase of co-op shares, and occupancy begins	After verification of eligibility from Agency, approval for private mortgage, and receipt of TCO

3. Basic Sequence of Activities – Advertised Rental and Homeownership Lotteries

A. The following activities take place before the Project is approved for advertising:

1. Developer submits a *Notice of Intent to Begin Marketing* (“Notice of Intent” or “NOI”) and *Marketing Agent Approval Request Form* to Agency. (see Section 4-1.B).
2. Developer, Marketing Agent and Agency hold the Marketing Meeting (see Section 4-1.C).
3. Marketing Agent begins pre-marketing tasks in Housing Connect (see Section 4-1.D).
4. Agency and Marketing Agent establish PO Box or caller service box (see Section 4-2.E.3).

B. The following activities take place after the pre-marketing process is complete:

1. Marketing Agent erects marketing sign on Project construction site: enlarged Project advertisement on outdoor-durable material, in multiple languages (see Section 4-2.D).
2. Agency publishes advertisement on Housing Connect and, when applicable, Agency website.
3. Marketing Agent publishes advertisements in newspapers and other media outlets and provides Agency with all copies of actual newspaper advertisements (Standard Marketing, as defined in Section 4-2.A.3.b, only) (See Section 4-2.C).
4. Marketing Agent sends copies of the approved advertisement to interested applicants on inquiry list (see Section 4-1.A).
5. Marketing Agent sends community contact letters (see Section 4-2.B.2.b).
6. Agency sends elected official letters (Standard Marketing, as defined in Section 4-2.A.3.b, only) (see Section 4-2.B.2.b).
7. Marketing Agent processes requests for paper applications as received (see Section 4-2.E.3).
8. Marketing Agent holds informational seminars at local facilities, such as community board(s) and/or local organizations (required for homeownership only).
9. Marketing Agent and Agency schedule paper application pickup and entry (see Section 4-3.A). Agency oversees entry of paper application information into Housing Connect, which is staffed by Marketing Agent (see Sections 4.3.A and B).

10. Lottery log is generated by the Housing Connect system (see Section 4-3.C).
11. Marketing Agent attends compliance meeting with Agency (see Section 4-2.A.7).
12. Marketing Agent conducts Applicant Evaluation and Resident Selection (see Section 4-5).
13. Marketing Agent submits applications to Agency for review (see Section 4-5.G.1).
14. Marketing Agent submits initial move-in certification to Agency, if required by Agency (see *Attachment W, Owner Certification of Initial Move-in Date*).
15. If needed, the Marketing Agent requests written approval from Agency to commence remarketing (see Section 4-3.D).
16. After all leases have been signed, Marketing Agent submits the initial rent roll to the Agency.

4. Outline of Procedures

- 4-1. Pre-Marketing**
- 4-2. Marketing**
- 4-3. The Lottery Process**
- 4-4. Re-Rentals and Resales**
- 4-5. Applicant Evaluation and Resident Selection**

4-1 Pre-Marketing

A. INQUIRY LIST

1. Commencing at the start of construction, the Developer must maintain a list of people who, before the deadline date for requests for applications, have inquired about renting or purchasing a unit. The inquiry list must include the following information:
 - a. Name and contact information of those who submitted an inquiry
 - b. How the inquiry was received, e.g. via phone, email, walk-in, or mail
2. The Marketing Agent must provide a copy of the inquiry list, as well as an outline of the Developer's inquiry list procedures and the date at which they were implemented, to the Agency as set forth in Section 4-1.D.2 in the pre-marketing process

B. QUALIFICATION AS A MARKETING AGENT

1. As of September 12, 2022, any entity intending to market or remarket units through HPD/HDC must first appear on the Agency's Prequalified List of Marketing Agents (PQL). Entities can apply to appear on this list via the Marketing Agent Request for Qualifications (RFQ): <https://www.nyc.gov/site/hpd/services-and-information/marketing-agent-rfq.page>. Since completing the requirements outlined in the RFQ can take some time, as can the Agency's review of each application, entities that hope to market HPD/HDC units are encouraged to begin the process well ahead of any anticipated marketing efforts.
2. Developers looking to hire a third-party Marketing Agent for an upcoming Marketing effort can browse the list of approved entities on the PQL website: <https://www.nyc.gov/site/hpd/services-and-information/marketing-agent-pql.page>
3. Agents responsible for filling ongoing vacancies through Housing Connect must also appear on the PQL. This includes Managing Agents responsible for ongoing compliance. Refer to Section 4-4.

C. MARKETING MEETING

1. The Developer must submit a Notice of Intent through Housing Connect (or by submitting *Attachment A-1*) to the Agency to initiate the marketing process, propose a Marketing Agent for the Project, and schedule a Marketing Meeting. This typically happens at approximately seven months prior to anticipated occupancy, but timing may vary based on project type.

2. The Agency may ask that projects requiring a Certificate of Occupancy also reach 70 percent construction completion before advertising may commence.
3. The Notice of Intent must identify the Marketing Agent that the Developer intends to use or retain to perform marketing and initial lease-up or sales. The Marketing Agent will be the primary contact in Housing Connect. At this time, the Developer must also propose any separate entity, if known, that the Developer intends to use or retain for ongoing resident selection for re-rental units or resales. For example, a Developer may retain a third-party marketing company to conduct a new Project's initial lease-up or sales, but when the Project is fully occupied, the Developer may assign a property management company the responsibility of overseeing re-rentals or resales.
4. With the Notice of Intent, the Developer must submit a summary of the experience and expertise of the Marketing Agent (*see Attachment A-2, Marketing Agent Approval Request Form*). If the entity responsible for ongoing re-rentals or resales is expected to be different than the initial Marketing Agent, then the Developer must submit another version of *Attachment A-2* for that entity.
5. In considering approval of a Marketing Agent, the Agency takes into consideration factors including, but not limited to:
 - a. Prior experience marketing affordable projects through the Agency's Housing Connect lottery system;
 - b. Current workload of Housing Connect lotteries;
 - c. Staffing and organizational capacity of the Marketing Agent;
 - d. Demonstrated performance on past and current lottery projects, including but not limited to:
 - i. Proper processing of applicants;
 - ii. Proper management of the lottery log;
 - iii. Proper determination of applicants' eligibility, including accurate income calculations, proper application of the Continuing Need criteria and resident selection standards from the Marketing Handbook;
 - iv. Timely and complete processing of applications and appeals; and
 - v. Timely, accurate, and complete submission of the certified rent roll upon full lease up for rentals and executed contract for sales.
6. After Agency approval of the Marketing Agent, the Developer, the Marketing Agent, and the Agency will hold a Marketing Meeting to review the policies, procedures, and requirements for marketing, applicant evaluation and

resident selection, occupancy, ongoing re-rental leasing, and resales, as well as any related documents and reports.

D. MARKETING PLAN

1. At the time of, or immediately following, the Marketing Meeting, the Marketing Agent must complete a series of pre-marketing tasks in Housing Connect that outline procedures to be followed in the pre-marketing, marketing, applicant evaluation, resident selection, re-rental, and resale phases of the Project (“Marketing Plan”). See Section 3 of this handbook, “Basic Sequence of Activities.”
2. In Housing Connect, tasks are assigned to the Marketing Agent with prompts to submit documentation and complete the Marketing Plan. The pre-marketing tasks include, but are not limited to, the following and are subject to Agency approval:
 - a. Unit registration: Number and type of units (if this description does not match the original underwriting and unit distribution described in the Regulatory Agreement, then the Marketing Agent must bring the discrepancy to the Agency’s attention in writing);
 - b. Initial rents or selling prices to be charged;
 - c. Minimum and maximum income range for each type of unit (*Marketing Agents should contact the Agency if they are unsure of the program’s income or rent limits*);
 - d. Approved Marketing Agent and, if applicable, managing agent or other re-rental/resale agent;
 - e. Dates of construction start and completion, advertising start, and application deadline date;
 - f. Inquiry list maintained since beginning of construction;
 - g. Marketing sign to be erected on site premises during advertising;
 - h. Set-asides and preferences;
 - i. Listing of amenities and, if applicable, proposed fees;
 - j. Resident selection and rejection criteria;
 - k. Estimate of groups least likely to apply;
 - l. Audience demographics for advertisements in different publications;
 - m. Community groups to be contacted;
 - n. Standards for accessibility, privacy/confidentiality, and data security in relation to applicant eligibility appointments and review processes;
 - o. Language access plan (see *Attachments C-1 and C-2*);
 - p. An outline of the management plan for ongoing operations (see Outline for Management Plan, Attachment E); and

- q. Methods for future marketing activities.

4-2 Marketing

A. GENERAL INFORMATION

1. The official marketing period, during which a Project is advertised and people may submit applications, typically should begin at least six months prior to the anticipated occupancy of the first unit.
2. Standard vs. Modified Marketing - Rentals
 - a. The requirements for the marketing process may differ based on the type of project and number of affordable units being marketed. All standard and modified marketing requirements are subject to the Agency's discretion.
 - b. "Standard marketing" (20 or more available units, except as otherwise approved by HPD or HDC) has a 60-calendar-day advertising period. Standard marketing for rental units requires a lottery through Housing Connect, advertising in newspapers, and publicity targeted to people with disabilities and those least likely to apply.
 - c. "Modified marketing" may have a shorter advertising period, no less than 21 days. Depending on the number of vacant units and the timeline by which the units will be ready for occupancy, the Agency will determine whether an advertised lottery through the Housing Connect system is required.
 - d. Both standard and modified marketing processes begin with the Developer's submission to the Agency of the *Notice of Intent to Begin Marketing* and *Marketing Agent Approval Request*, typically seven months before anticipated occupancy, or 70 percent construction completion for projects requiring a Certificate of Occupancy (C of O). See *Attachments A-1 and A-2*.
3. Advertising – Homeownership (Coops, Condos, and Small Homes)
 - a. The advertising period for projects of one to six homeownership units is 30 calendar days. For projects of seven or more homeownership units, the advertising period is 60 calendar days.
 - b. All homeownership advertisements must indicate that the housing is for first-time homebuyers only.
4. The opening of the lottery for applications on Housing Connect, the publication of advertisements on Housing Connect and Agency websites as

well as in print and in other media, and other outreach efforts commence the official marketing period.

5. The Developer and Marketing Agent must fully familiarize themselves with the provisions of the Project's Regulatory Agreement and ensure that the Project is always in compliance with the provisions of the Project's Regulatory Agreement. The Developer and Marketing Agent must be aware of their obligation to obtain, verify, and provide the Agency, on an ongoing basis, with all required information.
6. The Agencies require a Compliance Meeting to be held within approximately two weeks of the lottery deadline. The Agency may recommend that this take place either before or after the lottery date.

B. OUTREACH

1. Project marketing aims to achieve the broadest practical citywide representation in its outreach efforts. The Marketing Agent's outreach efforts are an essential element in the development of a diverse pool of applicants and residents. The Agency requires the use of community and citywide civic organizations as part of the marketing effort.
2. Community Outreach – Rental and Homeownership:
 - a. The Marketing Agent must conduct outreach to citywide and targeted audiences in order to ensure all groups are informed. For both standard and modified marketing, the Marketing Agent must provide methods of community contact and describe these methods as part of the marketing plan (e.g. *Commercial Media and Publicity Plan, Community Contact Groups*).
 - b. The Marketing Agent must send community outreach letters simultaneous with the opening of the lottery on Housing Connect and publication of the advertisement. See *Community Contact Letters, Attachment D*.
 - c. The Marketing Agent must initiate contact with organizations serving people with mobility, hearing, and vision disabilities, and the local Community Board(s) and elected officials.
 - d. *Homeownership Information Sessions*: Certain homeownership programs require the Marketing Agent to offer two information sessions to the public during the application period. The Agency will provide guidance on the content of the informational sessions, but all must include:
 - i. information on how to qualify tenants in two-family homes; and
 - ii. that all homeownership lotteries are for first-time homebuyers only. This means no member of the applicant household may

currently own or ever have purchased a home in the past.

The pre-marketing information submitted to the agency must include outreach plans, including, but not limited to:

- ✓ The intended outreach time schedules and types of materials to be distributed;
- ✓ Specific organizations and institutions (e.g., Community Board, private and not-for-profit organizations, citywide, ethnic, and local newspapers, senior centers, labor unions, government agencies), and their respective roles in the marketing process;
- ✓ Specific efforts to reach people with mobility, hearing, and vision disabilities;
- ✓ Specific efforts to reach groups that are likely to be underrepresented in the applicant pool;
- ✓ For homeownership projects, the dates and locations of the homeownership information sessions.

C. ADVERTISEMENTS

1. The Agency will post the approved advertisement and open the lottery on Housing Connect. For standard marketing, the date of the first published advertisement must coincide with the date of the advertisement posted on Housing Connect.
2. Advertisements in print publications and other media for “standard marketing” (rentals) and homeownership projects:
 - a. Advertisements must appear at least 60 calendar days prior to the application deadline date. See *Print Advertisement Templates: Attachments F-2 and F-3*.
 - b. The Marketing Agent must begin marketing by placing an advertisement in accordance with the following:
 - i. Housing Connect will generate an advertisement based on information submitted to the agency in the Marketing Plan. No changes to the format will be permitted without the prior written approval of the Agency.
 - ii. The advertisement must be approved by the Agency prior to publication. Advertisement draft approvals are required from multiple parties, in addition to the Agency, depending on the number of vested parties involved in the project. The Marketing Agent must allow enough time to receive each of these approvals. See *Routing Slip of Advertisement Approvals, Attachment F-4*.
 - iii. After obtaining Agency approval, and simultaneously with the posting of the advertisement on Housing Connect, the

Marketing Agent is responsible for placing the advertisement in newspapers and media outlets.

- iv. The advertisement must be advertised in at least three newspapers, including:
 - One citywide daily newspaper;
 - One ethnic-based newspaper. In addition to choosing a citywide publication that is generally read by all ethnic groups, the ethnic publication chosen must be one that serves the minority group(s) least likely to apply for this housing development (included in *Marketing Plan Summary Sheet, Attachment B*); and
 - One local newspaper.
- v. If the ethnic-based or local newspapers are printed in a language other than English, the advertisement must also appear in the language of those publications. The Agency will provide translated versions of the advertisement in select languages. If the language of the newspaper is not included in the Agency's translated versions, the Marketing Agent is responsible for having the advertisement translated.
- vi. The newspaper advertisement is to run at least three days in each publication with at least one day falling on a weekend (one ad placement in a weekly publication meets both the three-day and weekend requirements). The initial publication must be at least 60 calendar days prior to the application deadline. The Marketing Agent must run the additional two advertisements within two weeks of the initial publication. Any delays must be reported to the Agency.
- vii. The Marketing Agent must provide the Agency with a copy of all tear sheets immediately after the advertisements run (see *Evidence of Affordable Fair Housing Marketing, Attachment F-5*).
- viii. The Marketing Agent must target advertising to people who may be eligible for the units set aside for people with mobility, vision, and hearing disabilities, by contacting organizations who have established communications channels with those populations.
- ix. The Marketing Agent must ensure that at least one organization or media outlet serving people with mobility, visual, and hearing disabilities places the advertisement in any publications or public spaces.

- **The Marketing Plan must list the name(s) of the publications and the proposed dates of the advertisement's publication schedule.**

D. PROJECT SITE MARKETING SIGN

1. The Developer or Marketing Agent must display on the Project site, in public view, a legible marketing sign that is a version of the Project advertisement in multiple languages. See *Attachment F-6, Project Site Marketing Sign* for instructions and layout options. The full sign must be at least 28” tall, with advertisements enlarged proportionally.
2. The sign must be laminated and durable in outdoor conditions.
3. The sign must be displayed upon commencement of the marketing period and remain until the conclusion of the marketing effort.

E. APPLICATIONS

1. The Agency will provide, in English and additional required languages, populated templates for the paper application and response notices to applicants. Any changes to the application, cover letter, or response notices must receive prior approval from the Agency. (See sample application with cover letter, *Attachment G-1 and 2*. See also templates for communication with applicants, *Attachments H-1A through H-8*).
2. The application must include a statement that the Developer and the Developer’s family members, employees, agents, and employees of agents are prohibited from seeking or obtaining an affordable unit in the Project at any time, regardless of their position with the firm (please see Section 4-5.A.5 for a detailed list of the parties to which this applies). The cover letter must reiterate program guidelines and highlight the PO box to which applications may be returned. The format and translations in required languages will be provided by the Agency.
3. The PO box or caller service box used for receipt of paper applications must be one governed by the United States Postal Service (i.e., not a privately-owned business such as “Mailboxes Etcetera,” etc.) The location must be pre-approved by the Agency. During the advertising period, the Marketing Agent may receive requests from the public for the following:
 - a. Paper applications in English; and/or
 - b. Advertisements with paper applications in select other required languages (the “application package”).

Upon receipt of such a request, the Marketing Agent must mail the relevant application or application package immediately. The Marketing Agent must also keep a record of applications and application packages requested and mailed, in each language, including English.

4-3 The Lottery Process

A. PAPER APPLICATION COLLECTION

1. On a date mutually agreed to by the Marketing Agent and Agency, the Marketing Agent will retrieve the paper applications from the post office. This generally happens seven to ten business days following the application deadline to allow for the receipt of paper applications.
2. The Marketing Agent will transport the paper applications to the location where Marketing Agent staff will enter all applications postmarked or date-stamped by the application deadline into Housing Connect (see Section 4-3.B, “Paper Application Entry”).
3. The Marketing Agent must identify the paper application entry site and provide the transportation to that site from the post office location.

B. PAPER APPLICATION ENTRY

1. For **all** advertised rental and homeownership lotteries, all paper applications postmarked or date-stamped prior to and including the application deadline date must be opened and entered into the Housing Connect system.
2. Based on anticipated response volume, the Agency will recommend a minimum number of staff to be provided by the Marketing Agent for the full day(s) of the paper application entry. The Agency generally recommends that there be 10 to 15 staff members per day during paper application entry, but it may adjust this recommendation based on the volume of paper applications received. In general, a greater number of staff will minimize the number of days required to enter all applications received.
3. Marketing Agent staff will enter information from each paper application into the Housing Connect system in order to assign application identification numbers. Paper and online applications all receive unique identification numbers prior to and separate from randomization and assignment of lottery log numbers. The paper application entry site must have a sufficient number of computers with internet access to accommodate the number of staff members present and Agency monitors. Marketing Agent staff must be made familiar with the application entry process and freed from any other duties or distractions on the day of the paper application entry. Agency monitors will be present, either in-person or via audio/video conference connection, strictly to observe the opening of applications and completion of the paper entry. Agency monitors will be unable to assist in the actual opening and entry of paper applications so as not to divert their attention from their oversight responsibilities.
4. If more than one day is required for the paper application entry, the Marketing Agent must provide a locker or footlocker that can accommodate a standard combination lock, to secure the applications until entry resumes. The Marketing Agent will store this locker or footlocker in a location approved by the Agency monitor. Subsequent days of opening and logging must also occur under Agency supervision. At the start of the lottery, the

Marketing Agent should inform the Agency monitor of the count of all paper applications received, and this count will be compared to the final number entered in Housing Connect.

5. The Marketing Agent must ensure that all paper and digital applications and applicant personal information are stored securely and kept on file for at least six years, or longer if the project is subject to additional retention requirements.
 - a. The Marketing Agent has the option of scanning the paper application and associating it with the entry into Housing Connect for future reference.
6. Once all paper applications have been entered, Housing Connect randomizes both online and paper applications, thereby generating the lottery log.

C. ORDER OF PROCESSING

1. The Agency will notify the Marketing Agent when the lottery log has been generated and the Marketing Agent can begin creating batches of applicants to review in Housing Connect. The first batches of applications that the Marketing Agent processes must be batches for approved set-aside categories or preferences. For more information on processing of preferences, see Section 5-1, "Set-Asides and Preferences."
2. Batches of set-aside and preference applicants, when applicable, must be generated in the following order:
 - a. People with disabilities (five percent mobility; two percent vision/hearing)
 - b. Community Board residents
 - c. New York City municipal employees (paid by the City of New York)
3. Applications containing content entered by the applicant in a language other than English must be translated before the Marketing Agent makes any determination of apparent eligibility. The Marketing Agent is responsible for arranging professional translation services. All subsequent communication between the Agent and applicant must be provided in the applicant's preferred language as designated on their application.
4. When confirming the eligibility of applicants in each set-aside and preference category, eligible New York City residents must be processed before non-residents. If there are insufficient New York City residents to meet the set-aside or preference requirement, the Marketing Agent must then process non-residents to fulfill it. *Note: After initial lease-up or sales, the New York City resident preference no longer applies.*
5. After identifying applicants in the Community Board, municipal employee, and other preference categories (if applicable), applicants in the general pool who reside in New York City must be reviewed for eligibility and processed before non-residents.

6. Subject to Agency approval, set-aside and preference applicants may be processed simultaneously with non-preference applicants. The submission of non-preference applicants may begin prior to achieving all set-asides or preferences, so long as there remain a sufficient number of units to fulfill the preferences and so long as non-preference applicants are not processed for units that are intended for applicants eligible for set-asides.
7. If the Marketing Agent is unable to fulfill any set-aside or preference categories, it must contact the Agency for further instructions.
8. The Marketing Agent must offer units only to applicants who meet eligibility requirements, and only in numbered order from the lottery log (after first processing applicants for set-asides and preferences), for whom units of appropriate size are available.
9. When the applicant's household and income are verified at signing of the *Tenant Income Certification (Attachment L-3)* the Marketing Agent must make the applicant aware of all available unit types for which they are eligible and offer to the applicant the opportunity to select one of the eligible units. Batches should be generated in limited number and size to prevent initiating the eligibility review process on many more applicants than there will be units available. Applicants should be processed with priority of batch number order followed by log number order. Even within those batches, attention must be given to remaining available units based on bedroom sizes and (for mixed-income buildings) income levels. If the Marketing Agent has questions about appropriate batch size, it should consult the Agency.
10. If no unit of appropriate size is available to an eligible applicant when the applicant's log number is reached:
 - a. Applicants who applied online may be set as "pending" until an appropriate unit becomes available or until lease-up has been completed. These applicants will not receive a notice but will see their updated status in Housing Connect.
 - b. Applicants who applied on paper in this situation must be sent a *No Unit Available Notice (Attachment H-8)*.
11. Notwithstanding Section 4-5.H, "Appeals," in the rare circumstance that a successful appeal does not result in the applicant being assigned a unit at the end of initial lease-up or sales, the applicant is to be placed on the Project's Priority waiting list (see Section 4-3.E). The Marketing Agent must send each such applicant a *Priority Waiting List Notice, Attachment H-6*.
12. An applicant to whom a unit has been offered must be given five weekdays to respond to the offer, and a reasonable specific amount of time for a lease signing, before the Marketing Agent can proceed to offer a unit to the next eligible applicant on the log.

13. Depending on the number of applications received, lease-up or sales may be completed before all applicants on the log have been processed or contacted.

D. REMARKETING

1. If, after the initial lottery, there remain unleased affordable units, the Marketing Agent must provide the Agency with the list of units that are not yet assigned to or leased by a qualified applicant from the lottery. Of the remaining unleased affordable units, the Agent must allocate a portion that is the lesser of: 15% of the total number of units in the project or the total number of remaining unleased affordable units to homeless referral placements. These units are in addition to any homeless placements that the building is required to provide by the terms of any government financing or tax benefit.
2. For any additional units beyond 15% of the total affordable units that are allocated to homeless referral placements, the Agency may approve these units for remarketing in accordance with Section 4-3 D.3. The Marketing Agent is required to complete a Notice of Remarketing document (see *Attachment K, Notice of Remarketing*) to request written approval.
3. Under remarketing, the Marketing Agent must conduct robust outreach to attract applicants and, with Agency approval, may also utilize other methods to identify applicants outside of the lottery process. Such methods may include additional advertising, signage on the building to attract walk-ins, or the use of brokers. Proposed strategies should be detailed in the submitted *Attachment K*.
4. Unless a waiver is requested and approved, applicants to the remarketed units must meet all eligibility requirements applicable to initial lottery applicants.

E. PRIORITY WAITING LISTS

Applicants that are rejected and successfully appeal, and for whom no available units remain, will be placed on the “Priority Waiting List” for the development and must be processed for the next available vacant unit that meets their household size and income requirements.

F. RECORD KEEPING

1. Developers, owners and sponsors of Projects (“Developers”), as well as their agents responsible for the marketing and resident selection for Projects (collectively “Marketing Agents”) must maintain records in accordance with the NYC Housing Connect Terms and Conditions of Use for Developers and Marketing Agents, including the NYC Privacy Policy, NYC Terms of Use, HDC Privacy Policy, and the HDC Terms of Use. The NYC Housing Connect Terms

and Conditions of Use for Developers and Marketing Agents can be viewed at: <https://www1.nyc.gov/site/hpd/about/terms-and-conditions-developers-agents.page>. **In addition, Marketing Agents must not share any applicant information including but not limited to Lottery logs, Project applications and supporting documentation with any third party without the written approval of the Agency unless otherwise required by law.**

4-4 Re-Rentals and Resales

Projects subject to the Marketing Handbook must take appropriate action when re-renting or reselling vacant units. The developer or agent must notify the Agency when a vacancy is anticipated and follow the relevant process described in this section.

A. MINI LOTTERIES

A Mini-Lottery is a non-advertised lottery process (“Mini-Lottery”). Applicants have the option when creating their Housing Connect accounts to express their interest in being contacted for re-rental or resale units. Mini-Lotteries produce a batch of applicants whose household information and housing choices match the requirements of the available unit. The following types of units are required to use the Mini-Lottery process in Housing Connect:

- a. Units that are subject to an HPD or HDC regulatory agreement or similar instrument requiring the use of Housing Connect and/or specifying compliance with the Marketing Handbook upon turnover.
- b. Units in buildings in which the Developer opted in to use Housing Connect, as approved by the Agency
- c. Units subject to Section 51-04(c) of Title 28 of the Rules of the City of New York
- d. Units subject to Section 41-02(c)(1) of Title 28 of the Rules of the City of New York

Re-rental and Resale applicants who apply through the Mini-Lottery process will be processed according to the protocol outlined in Section 4-5, “*Applicant Evaluation and Resident Selection*” where applicable.

B. WAITING LIST LOTTERIES

1. Projects that are subject to the requirements in Section 4-4(A) may choose to advertise units through a Waiting List lottery instead of a Mini-Lottery. A Waiting List lottery follows the same processes as an advertised lottery but can be used for ongoing turnover. The Agencies recommend this option for projects with four or more vacant units. Waiting List lotteries follow the same process as initial lotteries described in Section 4-3.

2. Projects that are not subject to the requirements of Section 4-4(A) may maintain an independent waiting list. When the Project's waiting list is exhausted, the Developer or re-rental agent must notify the Agency. The Agency requires a fair resident selection process that complies with HPD-HDC eligibility criteria for re-rentals and with all applicable laws for the duration of the regulatory agreement.

Once a project's Waiting List has been exhausted, the Developer or agent must notify the Agency prior to commencing remarketing activity. A *Notice of Remarketing* form (*Attachment K*) must be completed and receive Agency approval before remarketing.

C. TRANSFERS

1. Internal transfers, wherein an existing tenant requests to move from one unit to another within the same development, are generally permitted under certain conditions. Examples of circumstances under which a household's transfer request must be considered are:
 - a. A household member that requires a reasonable accommodation due to disability
 - b. A household member that requires a reasonable accommodation due to an incident of domestic violence
2. A Project's transfer policy should be detailed in the Tenant Selection Plan or Management Plan (*Attachment E*) and made available to all new tenants at initial move-in in the form of a lease rider. The transfer policy must be applied uniformly to all tenants. Certain City, State or Federal programs may have policies that supersede the transfer allowance as described here; therefore, a project's regulatory agreement(s) and applicable laws must be consulted prior to establishing the transfer policy. Any other project-specific questions should be directed to the Agency.
3. Tenants of income-restricted units are permitted a transfer to other units in the same building under the same regulatory restriction category or categories as the original unit. Transferring tenants within the same regulatory restriction category are not required to requalify but will be subject to the current rent and the minimum income standards of the new unit.
4. Tenants of income-restricted units are permitted a transfer to other, household-size-appropriate units in the same building under different regulatory restriction category as the original unit. These transferring tenants are required to requalify in order to be eligible for the transfer.

5. Household members requesting to split their household in order to obtain a separate (second) unit in the same Project must apply to the waiting list and qualify for the available unit.
6. Following an internal transfer, the vacated unit should be leased according to the Project's re-rental or resale requirements (see Section 4-4).

4-5 Applicant Evaluation and Resident Selection

The Marketing Agent will have primary responsibility for applicant evaluation and resident selection. The Marketing Agent must select all prospective residents from the batches of applications generated in Housing Connect. (See Section 4-3.C, "*Order of Processing*," and Section 5-1, "*Set-Asides and Preferences*.")

A. INELIGIBILITY POLICIES

1. An applicant shall not be rejected for any reason that is not consistent with the rejection criteria approved in the pre-marketing process and Agency selection policies (see Section 5, "*Detailed Selection Policies*"). The rejection criteria must be applied fairly and equitably to all applicants. No application will be found ineligible prior to entering the lottery. Every application received via Housing Connect and every paper application postmarked or date-stamped prior to and including the application deadline date will be assigned a unique log number.
2. *Multiple applications*
 - a. A "multiple application" is defined as the appearance of any single person across two or more applications for any given project, where the applications differ in the number or composition of household members present.
 - b. In the case that multiple applications are received for any single person, all applications for that applicant must be found ineligible.
3. *Duplicate applications*
 - a. A "duplicate application" is defined as the appearance of any single person across two or more applications for any given project, where the same household members are present and all other information is the same.
 - b. Upon receipt of duplicate applications, the Marketing Agent will not find the applicant ineligible, but will consider only the application with the highest log number (lowest chance of being selected).
4. Applicants to rental projects may not be found ineligible or be rejected solely on the basis that the applicant receives Section 8 assistance or other qualifying government rental subsidy.

5. The Developer and the Developer’s family members, employees, agents, and employees of agents are prohibited from seeking or obtaining an affordable unit in the Project at any time, regardless of their position with the firm. This applies to the following parties:

- a. Any person holding an equity interest in the developer or any agent of the Developer;
- b. Any director, officer, member or employee of the Developer or of any agent of the Developer;
- c. The spouse of any such person;
- d. Any of their respective siblings, parents, grandparents, children, or grandchildren; or
- e. Their respective spouses.

6. Employees of HDC are prohibited from seeking a unit in any project in which HDC is involved.

7. Employees of HPD may not seek units in buildings that have been involved in HPD programs or projects in the last three years if the employee either (i) works in the division which administers such HPD program or project, (ii) works in the Marketing Unit, (iii) is or was involved in decisions concerning such HPD program or project, or (iv) seeks, obtains, or purchases the housing through a process that is different in any way from the process through which members of the general public seek, obtain, or purchase such housing. Any HPD employee who is invited to confirm their eligibility for a lottery project must consult with the agency's Office of Legal Affairs to determine whether the City Charter, HPD policies or orders, or any other law or rule regarding conflicts of interest prohibits such employee from leasing or purchasing the apartment or home. The employee will be required to submit a statement from HPD that receiving such unit does not present a conflict of interest.

✓ **The Marketing Plan must specify criteria to be used for resident selection and rejection.**

B. RENTAL ASSISTANCE

1. Applicants with tenant-based Section 8 and other qualifying rental subsidies are not subject to advertised minimum income levels. Such applicants must be considered provided that the subsidy’s payment standard, net of any utility allowances, meets the advertised rent for the unit. They must also meet all other eligibility criteria outlined in the Marketing Plan, including maximum income requirements.

2. The most common subsidy types are, but are not limited to:

- Housing Choice Vouchers (HCV) and Emergency Housing Vouchers (EHV), better known as Section 8, issued by HUD to qualified low-income renters, and administered in New York City by the New York City Housing Authority (NYCHA), HPD, and the New York State Division of Housing and Community Renewal (HCR).
 - CityFHEPS vouchers issued by the New York City Human Resources Administration (HRA) to qualified low-income housing-seekers exiting the City's DHS shelter system.
3. It is important to note that HPD and NYCHA utilize Exception Payment Standards (EPS) for certain ZIP codes. These payment standards are higher to encourage households to move to higher-opportunity neighborhoods. Similarly, applicants in DHS city shelters may be eligible for Augmented CityFHEPS, which also uses a higher payment standard for units advertised on Housing Connect. A shelter letter suffices as proof of eligibility for the Augmented CityFHEPS subsidy for DHS shelter clients.
 4. Applicants receiving a rental subsidy that are processed for **non-tax code units ONLY** will have a streamlined application review process. (A tax code unit is a unit associated with Low Income Housing Tax Credits and/or Tax-Exempt Bonds. A non-tax code unit is not associated with these programs.) Applicants receiving rental assistance in non-tax code units will not be subject to further income documentation requirements as the voucher eligibility determination will satisfy the income eligibility for the affordable unit.

C. PROCESSING APPLICANTS

As the Marketing Agent processes applications, applicants must be notified via Housing Connect or regular mail.

D. DOCUMENT SUBMISSION FOR USERS OF HOUSING CONNECT

1. The Marketing Agent will send a system generated notification in the applicant's preferred language to each apparently eligible applicant. The notification requests that they submit documentation to the Marketing Agent to review. The notification will include:
 - a. List of required documents for applicant to submit based on the information from their application;
 - b. The manner in which the applicant can submit the documents to the Marketing Agent. Agents may also provide at least one option for document submission outside of Housing Connect (e.g. email or in-person);
 - c. Notice to those applicants who have indicated they have mobility, vision, or hearing disabilities that they are required to submit third party verification of their need for the set-aside unit using the form,

Certification of Eligibility for Accessible Unit, Attachment I-2. The form will be included with the eligibility notice and indicate that it must be completed and submitted along with the other documents; and

- d. Request to respond by the system determined deadline (**not less than ten weekdays** from the date of the notice).
2. Applicants who submit partial documents must be sent an additional document request in the system and the applicant must be given at least five (5) weekdays to provide the documents using any of the means described above in Section D.1. Marketing agents must send an additional document request in the system for any documents not included in the initial request and the applicant must be given at least five (5) weekdays to provide the documents using any of the means described above in Section D.1).
 - a. If the applicant does not respond to the initial request or follow up request within the allotted timeframe, the Marketing Agent may issue a rejection notice, Attachment H-4;
 - b. Applicants who select the Screening Appointment option must be offered the opportunity to submit documents in person.
**See Section F below for appointment location requirements.*

E. DOCUMENT SUBMISSION FOR PAPER APPLICANTS

This follows the same process and timelines as above, with the exception that applicants that have submitted a paper application are contacted by mail rather than through the system.

1. The Marketing Agent will mail a Document Request Notice in the applicant's preferred language to submit supporting documentation, Attachment H-1A. (The applicant's language preference is indicated on the application.) The notice is only sent to applicants who appear to meet the Project requirements based on their self-reported information.
2. Upon receipt of the applicant's documentation, the Marketing Agent must provide confirmation to the applicant that the documentation was received, Attachment H-1B. Then, the Marketing Agent will review the submitted documentation for eligibility.
3. Applicants who do not respond within the first five (5) weekdays shall be sent a second and final Document Request Notice, reminding the applicant of their deadline date.
4. If the applicant does not respond to the second and final Document Request Notice within the allotted timeframe, or if the review of income and household documentation reveals that the applicant is not eligible, then the Marketing

Agent will send a Rejection Notice, Attachment H-4.

F. IN-PERSON APPOINTMENTS

1. Should the Marketing Agent schedule an in-person appointment with an applicant, the Marketing Agent is responsible for maintaining standards during applicant eligibility appointments **and any other appointments thereafter, such as lease signing**, including but not limited to the following:
 - a. Appointment space must be accessible and clearly marked for people with disabilities. All physical locations where applicants may go in person (e.g., for document drop-off, eligibility appointment, or to sign a lease or other documents) must be accessible to applicants with disabilities and be within New York City limits, that is, in New York, Bronx, Kings, Queens, or Richmond Counties.
 - b. Instructions for staff and applicants on how to access language interpretation and translation services must be on display;
 - c. Applicants must be provided quality language interpretation services free of cost (including American Sign Language; see Attachment C-2 – Guide to Language Access, for more details);
 - d. Appointments must be available outside of typical work hours (i.e., evening/weekend appointments);
 - e. Marketing Agents must ensure that applicants are seen at their scheduled appointment time;
 - f. Appointments must be conducted in private, where applicants' personal information is not visible or audible to anyone other than themselves and the reviewer;
 - g. Paper and digital applicant information must be stored in a secure and private place.

✓ **The Marketing Plan must detail the location of the appointment space and how the applicant eligibility appointment standards above will be achieved.**

G. AGENCY REVIEW

1. No applicant may be moved into the building, and no lease or contract may be signed, until the Agency has received and completed its review of the applicant screening information submitted by the Agent that such applicant may move forward. This is true both during initial lease-up or sales and thereafter. Concurrent reviews by other involved agencies may also be required.
2. The Marketing Agent may not collect funds from prospective residents (e.g.,

- security deposits, rents, etc.) until Agency review has been completed.
3. HPD and HDC will conduct Audit-Based Reviews for a percentage of randomly selected files after tenant selection has been completed to ensure compliance with the Marketing Handbook, Regulatory Agreement and any statutory requirements of the affordable housing or financing program. Agency verification of program eligibility is based on applicant information initially reviewed and submitted by the Marketing Agent.
 4. The Agency may perform independent reviews of applicant files at any point during the lottery and reserves the right to pause processing of the lottery if material non-compliance of Handbook requirements is observed.
 5. Upon request, Marketing Agents must provide any applicant or tenant records or other related records to the New York City Department of Investigation (DOI) for its review and inspection.
 6. *Tenant Income Certification for IRS program units (Low-Income Housing Tax Credits (LIHTC) or tax-exempt bonds):*
 - a. Reviews are conducted under HPD's and HDC's role as LIHTC monitoring agencies. Upon the Project's annual tax credit certification review (as required by IRS monitoring rules), the Compliance Unit in the respective Agency will review files in their entirety to monitor compliance.
 - b. The Marketing Agent must submit to Agency a full and complete Applicant file to enable a review of the Marketing Agent's computation of eligibility. The Marketing Agent must inform applicants that they will not be allowed to occupy a unit until the Agency has completed its initial file review. The Marketing Agent will be notified once the file review has been completed.
 7. *Tenant lease and related documents:*
 - a. Immediately prior to signing the lease, the statement in the Pre-lease Acknowledgement and Certification must be reviewed with, and signed by, all adult household members (see *Pre-lease Acknowledgement and Certification, Attachment N-1*). This statement warns against violating the primary residence rule, as well as provides a final confirmation as to the veracity of all information the applicants submitted throughout the process.
 - b. The Marketing Agent must use a lease that complies with the Rent Stabilization Law and regulations if required under the project's Regulatory Agreement.
 - c. For rental Projects financed by HDC, owners must execute an HDC lease rider, which outlines the unique aspects of the program and how it differs from standard rent stabilization (such as the prohibition on sublets). See *HDC Rider to Standard Rent Stabilization Lease for Low-Income, Attachment O*, or see *HDC Rider to Standard Rent*

Stabilization Lease for Middle-Income, Attachment P.

- d. At the time of lease-signing for IRS program units, the applicant must complete a Reaffirmation of Income. The Marketing Agent must confirm that all income documents comply with the 120-day rule. See Reaffirmation of Income, Attachment Q. The Marketing Plan must include a copy of the lease package, including all lease riders and/or addendums for review.
8. HPD and HDC allow Marketing Agents and Developers to use an electronic signing process for leases and other documents, as applicable.
9. Marketing Agents and property managers may choose to offer security deposit alternatives to tenants, but may only offer products from the approved providers on HPD/HDC's Pre-Qualified List (<https://www.nyc.gov/site/hpd/services-and-information/security-deposit-alternatives-pql.page>). Marketing Agents/property managers must also continue to offer tenants the option to pay the full security deposit up-front. Providers must have applied to the Security Deposit Alternatives Request for Expressions of Interest (RFEI), last released December 30, 2020, to be approved for the Pre-Qualified List. If Marketing Agents/property managers were using a non-approved product prior to the release of the RFEI, they can continue to do so, but may not offer any non-approved products on future projects where a security deposit alternative was not already in use.

H. APPEALS

1. Applicants are given the opportunity to submit a written appeal to the Marketing Agent to dispute a rejection notice. Applicants who applied on paper are also given the opportunity to submit a written appeal to the Marketing Agent to dispute an ineligibility notice, no unit available notice, or low priority notice as they do not have the opportunity to update an application prior to processing. The applicant's place on the log is maintained while the appeal is under review.
2. Upon receipt of an appeal, the appeal and application must be reviewed by a supervisor, and this reviewer may not be the same person as the initial reviewer. Any questions during appeal review should be directed to the Agency.
3. If the Marketing Agent finds the application still to be ineligible after the appeal review, the appeal rejection notice must provide specific and detailed reasons why an applicant cannot be approved, according to the template provided by the Agency See *Appeal Rejection Notice, Attachment H-7*.

I. COMPLAINTS

1. The appeal rejection notice will contain information for the applicant on how to contact the appropriate Agency (HPD or HDC) if the applicant has a complaint.
2. If the applicant's complaint concerns the rejection of their appeal, the applicant must submit their complaint to the Agency within five business days of the appeal rejection notice's postmark or sent date to initiate a review. Such a complaint must include a written explanation of why the applicant believes the appeal was rejected in error and documentation to support the explanation.
3. The Agency may require that the Marketing Agent hold a unit depending on the circumstances of the case and if units are available.

** NOTE: the above deadlines for documentation submission and notices sent out for documentation collection do not apply to clients referred through the supportive housing or homeless placement programs*

5. Detailed Selection Policies

- 5-1. Set-Asides and Preferences**
- 5-2. Qualification as a Household**
- 5-3. Changes To An Application While An Applicant Is In Process For A Unit**
- 5-4. Income Eligibility**
- 5-5. Continuing Need**
- 5-6. Background Checks and Other Factors**
- 5-7. Occupancy Guidelines and Unit Distribution**
- 5-8. Rent Levels and Income Standards**
- 5-9. Other**

5-1 Set-Asides and Preferences

A. DISABILITY SET-ASIDES

1. All City-assisted projects must comply with the accessibility requirements of Section 504 of the Rehabilitation Act of 1973. Section 504 requires that, for projects involving the new construction of housing containing five or more dwelling units and for projects involving the substantial alteration of housing containing 15 or more dwelling units, a minimum of five percent of units in the Project must be accessible and set aside for households with a person with a mobility disability (“Mobility Disability Set-Aside Units”). An additional minimum of two percent of units must be set aside for households with a person with a hearing or vision disability (“Hearing/Vision Disability Set-Aside Units”). See the *HPD Design Guidelines for more information, available at www.nyc.gov/hpd.*
2. Marketing Agents must make the Mobility Disability Set-Aside Units (five percent of units in the Project or one unit, whichever is greater) available first to any applicants with mobility disabilities.
3. Marketing Agents must make the Hearing/Vision Set-Aside Units (two percent of units in the Project or one unit, whichever is greater) available first to any applicants with hearing and/or vision disabilities.
4. When processing applicants for disability set-asides, New York City residents must be processed before non-residents. If there are insufficient New York City residents to meet the set-aside requirement, the Marketing Agent may then process non-residents to fulfill the set-aside requirement.
5. At the time community letters are sent out, the Marketing Agent must notify the Mayor’s Office for People with Disabilities of the Project in writing (with a copy to the Agency):

Mayor’s Office for People with Disabilities
100 Gold Street, 2nd Floor
New York, NY 10038
Tel (212) 788-2830
Fax (212) 341-9843
TTY (212) 788-2838
Email: Housing@mopd.nyc.gov
6. If the disability set-aside requirement is not fulfilled from applicants in the lottery, the Marketing Agent must notify the Agency indicating how many units could not be filled through the lottery.
 - a. All applicants on the disability set-aside batch(es) must have a final disposition indicating they have been processed.
 - b. After review, the Agency may require the remaining units to be remarketed.

B. COMMUNITY PREFERENCE

1. As instructed by the Agency prior to the marketing effort, the Marketing Agent may be required to give an occupancy preference for a percentage of the units to applicants who, at the time of application processing, are residents of the Community District in which the building is located (“Community Preference Units”). Applicants with community resident status must meet all other eligibility requirements of the Project.
2. When the community preference is fully achieved, any remaining community applicants will be processed in the same order as all other New York City resident applicants. If, after all applications have been processed, the community preference cannot be filled, the Marketing Agent must notify the Agency indicating how much of the preference has been achieved.

All applicants on the community preference batch(es) must have a final disposition indicating they have been processed. After review, the Agency may waive the remainder of this preference and authorize the Marketing Agent to proceed with the remainder of the log sequentially.

C. MUNICIPAL EMPLOYEE PREFERENCE

1. The Marketing Agent must give an occupancy preference for five percent of the units (or one unit, whichever is greater) to municipal employees of the City of New York (“Municipal Employee Preference Units”). At least one household member must be a municipal employee for an applicant to be eligible for this preference. A general list of New York City agencies is available at nyc.gov for reference, but to be eligible for this preference, the applicant must be paid by the City of New York. (Note: HDC employees are not eligible for this preference. Employees of HPD are only eligible if they can provide a statement from HPD that receiving such unit does not violate any applicable law, rule, or policy.)
2. When processing applicants for the municipal employee preference, New York City residents must be processed before non-residents. If there are insufficient New York City residents to meet the municipal employee preference, the Marketing Agent may then process non-resident municipal employees of the City of New York.

D. RESIDENCY PREFERENCE FOR NEW YORK CITY RESIDENTS

After fulfilling the disability set-asides and Community Board, municipal employee, and any remaining preference requirements, applicants in the general pool who reside in New York City must be processed before non-New York City residents.

E. ADDITIONAL SET-ASIDES AND PREFERENCES

There may be additional preferences and set asides tied to certain government

programs or funding sources. However, they are subject to the same resident selection criteria and application process and must be approved by the Agency.

- ✓ The Marketing Plan and Project advertisement must reflect all set-asides and preferences.

F. SET-ASIDES AND PREFERENCES AT RE-RENTAL

Upon re-rental of initially advertised units, units that are set aside for people with disabilities must remain set aside for people with those disabilities. Preferences are only applicable to initial lotteries unless otherwise stipulated in a Project’s regulatory agreement.

G. SET-ASIDE & PREFERENCE DOCUMENTATION & CERTIFICATION

1. While processing applicants in Housing Connect, the agent is responsible for certifying that they have verified and documented that the applicant qualifies for the selected preference or set-aside per the criteria and documentation in the table below. At least one document in the table below is sufficient to indicate eligibility so long as the document used is consistent with the rest of the application’s corresponding documents and information. The agent certifies by clocking the “Confirm Placement” box located in the applicant screening section of the applicant profile.
2. Please note the table below contains some of the most common set-asides and preferences but is not a comprehensive list nor are the documentation requirements exhaustive. A project’s regulatory agreement may include other preferences, set-asides, and corresponding documentation not listed below. Please refer to the regulatory agreement and consult the Agency as needed to maintain compliance when determining preference or set-aside eligibility and appropriate documentation.

Type	Criteria	Documentation
Mobility	An applicant or household member has a disability as documented in Attachment I-2	Certification of Eligibility for Accessible Unit (Attachment I-2)
Visual/ Hearing	An applicant or household member has a disability as documented in Attachment I-2	Certification of Eligibility for Accessible Unit (Attachment I-2)

Community Board	The applicant was a resident of the community board at the time of application snapshot and during processing, or the applicant is currently residing in shelter and they were a resident of the community board prior to entering shelter	<ul style="list-style-type: none"> • Income or Asset documentation reflecting address (such as: Paystubs, W2, Tax Returns, Benefit Award Letters, Bank Statements, etc.) • Driver's license or other government-issued ID • Lease agreement • Utility Bill (Electricity/Gas, Internet/Cable, Phone)
Municipal Employee	The applicant was an employee of New York City at the time of application snapshot and during processing	Paystubs issued by the City of New York

H. HOMELESS REFERRALS

1. The Agency may require that all or a portion of the Mobility Disability Set-Aside Units and Hearing/Vision Disability Set-Aside Units, the Community Preference Units, the Municipal Employee Preference Units and/or units associated with any other additional preference and set-aside in a project, be set aside as housing for households residing in emergency shelter and referred by the City as long as such homeless applicants meet the requirements of the applicable preference or set aside and any other applicable program eligibility criteria. This requirement may apply to initial rentals and/or re-rentals.
2. The Agency may also amend these policies and procedures for individual Projects (for initial rentals or re-rentals from a waiting list) to authorize the owner to give a preference or allocate set-aside units for referrals of households then residing in shelter and referred by the City, provided that such homeless applicants meet any applicable program eligibility criteria (i.e., have incomes at or below the maximum allowable income for eligibility).
3. If an owner elects to give a preference of units for homeless referrals, they may do so with the Agency's approval. No more than 30% of a building in any given Project may be leased through the homeless referral process without a Housing Stabilization and Retention Services contract in place. See <https://www.nyc.gov/site/hpd/services-and-information/housing-retention-stabilization-services-pql.page> for information on service providers and example scope of services.
4. The selection criteria for clients referred through the supportive housing or homeless placement programs may differ from the general lottery applicant selection criteria.

I. REFERRALS

The Agency may refer potential applicants who are being relocated or displaced due to a governmental action to the Marketing Agent. The Marketing Agent, if directed by the Agency, must first offer units to these referrals. Their applications must be processed according to program selection criteria for eligibility and the Agency must complete its review before any referred applicant may be offered a lease.

5-2 Qualification as a Household

DEFINITIONS

For the purposes of applying to City-assisted affordable housing, the following terms shall have the meanings set forth below:

"Adult" shall mean a person at or above the age of 18 years.

"AMI" shall mean the area median income for the primary metropolitan statistical area as determined by the United States Department of Housing and Urban Development or its successors ("HUD") from time to time for a family of four, as adjusted for family size. "80 percent of AMI" shall mean 160 percent of the income levels as modified by household size for the New York metropolitan statistical area for 50 percent of median income families (a.k.a. as "very low-income families") as determined from time to time by HUD under Section 3(b) (2) of the United States Housing Act of 1937 (or, if such program is terminated, under such program as was in effect immediately before such termination).

"Dependent" shall mean a Minor who is the lawful dependent of an Adult in the Household, as indicated by (i) a court order or other binding document establishing that such Adult is the legal guardian of, or is otherwise responsible for the custody and care of, such Minor, (ii) school records identifying such Adult as such Minor's legal guardian; (iii) written verification from a government agency, or a social service provider under contract to a government agency, confirming the placement of the Minor in the custody and care of such Adult, or (iv) federal or state income tax returns in which such Adult claims such Minor as a dependent.

"Guardian" shall mean an adult who is legally responsible for a Dependent.

"Immediate Family Member" shall mean, with respect to any person, (i) his or her grandparent, parent, co-parent, or Guardian, child or Dependent (who meets the definition of "Dependent" set forth above), grandchild, sibling, spouse, or domestic partner, and (ii) any of their respective grandparents, parents or Guardians, children or Dependents, grandchildren, siblings, spouses, or domestic partners.

"Extended Family Member" shall mean, with respect to any person, (i) his or her Immediate Family Member, and (ii) his or her aunt, uncle, or first cousin, or any of their respective Immediate Family Members.

"Household" at admission shall mean (i) a single person, or (ii) two or more persons who:

- a. are Immediate Family Members;
- b. are Extended Family Members who need to live together in order to support one another with respect to finances, childcare, eldercare, medical care, or other extenuating family circumstance, as indicated by self-certifications explaining the family circumstances and needs; or
- c. are financially interdependent, as indicated by records including, but not limited to, (i) current leases or utility records demonstrating a shared address, or (ii) documentation, such as bank accounts, demonstrating shared assets or shared expenses.

"Minor" shall mean a person under the age of 18 years.

If an applicant states that the applicant and their spouse or significant other are separated and there is otherwise evidence of interdependence, then the Marketing Agent must require the applicant to provide proof of a legal or legitimate separation. See Section 5-3.C, "*Proof of Extenuating Circumstances*" for documentation required.

5-3 Changes to an Application While Applicant is in Process for a Unit

Because eligibility for these programs is based on household size and income, special care must be taken to ensure that any changes to income or household composition reported after an initial eligibility determination has been made is not an attempt by the applicant to induce eligibility.

Applicants have the ability to update their Housing Connect profile at any time to reflect their current circumstances. Applicants are evaluated based on the information in their profile when their log number appears on a batch, at which time a "snapshot" of their profile is taken and used as the application for that lottery. Once a snapshot is taken, information cannot be changed, and an initial eligibility determination is made.

A. CHANGES TO INCOME WHILE IN PROCESS FOR A UNIT

1. In cases where the employer listed on the application snapshot does not match the employer on the paystubs submitted, the agent must obtain clarification from the applicant as to whether this is additional employment or terminated employment.
 - a. If the applicant indicates that it is previous employment that has been terminated, the agent must request verification of termination. If the employer fails to respond to an attempt by the

agent or applicant to verify termination, the agent may accept a self-certification from the applicant that includes the last date of employment and an acknowledgement that they don't anticipate returning for the following 12-month period.

2. In the case that an applicant reports a change in income after eligibility has been confirmed, and such change impacts their eligibility for the unit for which they are in process, the Marketing Agent will only continue processing the application if the change is due to a circumstance that is outside of the applicant's control that can be documented through a third-party source. If the Marketing Agent has questions regarding changes to income after the snapshot has been taken, it must contact the Agency.
3. If the change in income is determined to be outside of the applicant's control (through documentation from a third-party source), the application will be re-evaluated to determine whether the applicant qualifies for other unit types. If the change cannot be documented through a third-party source, the application will be rejected.

B. CHANGES TO HOUSEHOLD COMPOSITION WHILE IN PROCESS FOR A UNIT

1. After the application snapshot is taken, changes to household composition that impacts an applicant's eligibility for the unit for which they are in process will result in the application being rejected, unless the change is due to an Extenuating Circumstance ("Extenuating Circumstance(s)") including, but not limited to, the following:
 - i. Death of a member of the household
 - ii. Birth in the household
 - iii. Separation or divorce
 - iv. Court order of custody
 - v. Domestic violence
2. Similarly, in the case that an applicant appeals a rejection citing a change in household composition, the Marketing Agent must only continue processing the application if such change is due to an Extenuating Circumstance.

C. PROOF OF EXTENUATING CIRCUMSTANCES

1. The Marketing Agent will require the applicant to provide, at the time of appeal, documents to support any changes in household composition. A self-statement alone is not sufficient documentation

of an extenuating circumstance, except when permissible in subsections 2 and 3 below. Common examples of documentation for extenuating circumstances include but are not limited to: birth or death certificates, hospital records, divorce records, and court records.

2. Legal or legitimate separation

- a. Examples of proof of a legal separation would be either (i) a duly executed and acknowledged separation agreement filed with the county clerk where either spouse lives, or (ii) a judgment of separation granted by the New York Supreme Court, or (iii) proof of Divorce filing evidencing that a Summons and Complaint and an Affidavit of Service have been filed, or (iv) legal documentation, such as tax returns or other government-issued documentation, establishing one partner's absence from the household for at least six months prior to date of eligibility appointment and a self-statement from the applicant representing that they are separated and have no intention of reuniting.
- b. If legal proof of separation or divorce is not available to the applicant, they must provide an explanation for the lack of legal proof as well as documentation supporting such separation or divorce.

3. Domestic violence

When an applicant provides domestic violence as the reason for changes to income or household composition after document submission, and such changes affect eligibility, the Marketing Agent must follow the Agencies' appeal review processes under the Violence Against Women Act ("VAWA") (see Section 5-6.1 and *Attachment Z, VAWA Marketing Guidance*).

5-4 Income Eligibility

A. INCOME ELIGIBILITY AT ADMISSION

1. Income eligibility at admission is determined in the same way as it is determined under the federal Section 8 program except where the Agency specifies that additional requirements or restrictions apply.* The Marketing Agent must refer to the latest Code of Federal Regulations (24 CFR Part 5) and obtain a current copy of the HUD Handbook 4350.3 (Chapter 5), including all relevant updates and superseding policies, which respectively state and explain these requirements. The HUD handbook is available to print or view at hud.gov. In addition, the Marketing Agent must require its marketing staff to attend an industry training where these requirements are

reviewed in detail.

2. Safe Harbor Provision

Owners may determine a family's annual income, including income from assets, prior to the application of any deductions based on income determinations made within the previous 12-month period, using income determinations from the following types of means-tested federal public assistance programs:

- The Temporary Assistance for Needy Families block grant (42 U.S.C. 601, et seq.).
 - Medicaid (42 U.S.C. 1396 et seq.).
 - The Supplemental Nutrition Assistance Program (42 U.S.C. 2011 et seq.).
 - The Special Supplemental Nutrition Program for Women, Infants, and Children (42 U.S.C. 1786).
 - Other federal benefit determinations made by other means-tested federal programs that the Secretary determines to have comparable reliability and announces through a Federal Register notice.
3. Generally, the Marketing Agent must use current circumstances to anticipate income. Projected annual income is calculated by annualizing current income documents. Gross income, before any expenses or deductions, is used to determine income eligibility, with the exception of self-employment income (see Section 5-4.C, "*Self-Employment Income*").
4. This section offers general income calculation guidance that is applicable in most situations. Refer to Attachment L-1 (Checklist for Income Certification) for a detailed list of acceptable forms of verification, and the circumstances under which each document might apply. Income situations not covered here should be referred to HPD/HDC.

* Unlike the federal Section 8 program, income calculations for these programs are not made for the purposes of determining or adjusting rents, but only for determining eligibility at admission.

B. MINIMUM INCOME ELIGIBILITY DETERMINATION

1. When determining if an applicant meets the minimum income required for an affordable unit, certain income types that are typically excluded by HUD from the calculations are to be considered and included.
2. Refer to the list of **Income Inclusions for Meeting Minimum Income Requirements** and use the instructions below to determine an applicant's minimum income eligibility.

Step 1. Calculate the family's income without including income that is on the HUD exclusions list pursuant to 24 CFR5.609(b). Note that some income is partially

included, such as adoption assistance payments and income earned by a full-time student. Follow the standard procedures for these income types.

This is the household's gross annual income that is to be used to determine their eligibility under the maximum income limits applicable to the project (Maximum income calculation). These are the units that the household could be considered for.

Step 2. Identify whether the household has income on the HUD exclusions list.

If the household does not have sources of income from the list, you may proceed to process their application as you would normally for any units they are eligible for. If they do have sources of income from the list, proceed to Step 3.

Step 3. Calculate the household income including any income sources from the **Income Inclusions for Meeting Minimum Income Requirements** list below.

This is the household's income to be used to determine what units they qualify for under the minimum income limits applicable to the project. (Minimum income calculation).

Step 4. Identify where applicants meet both maximum and minimum income requirements.

Within the units the household is eligible for as determined in step 1, use the new minimum income calculation from step 3 to identify which units the household meets minimum income requirements for. These are all of the units for which the household is eligible.

INCOME INCLUSIONS FOR MEETING MINIMUM INCOME REQUIREMENTS

- The full amount of adoption assistance payments
- The full amount of earned income of Dependent Students over the age of 18 (do not include the earned income of students under 18)
- Income earned from Baby bonds
- Payments received for the care of foster children or adults.
- Earned income of foster adults (do not include the earned income of foster children)
- ABLE account interest
- State Payments to allow individuals with disabilities to live at home
- PASS payments
- Distribution of a trust used to pay the medical care expenses of a minor.
- Hostile fire special payment to a family member serving in the Armed Forces
- Veteran aid and attendance payments
- FSS account interest
- Workers' compensation as wage replacement (do not include lump sum payments or reimbursement of medical expenses)
- Lawsuit settlements if payments are recurring
- Deferred SSI income or VA disability benefits if payments are recurring (do not include if received as a lump sum payment)

C. EMPLOYMENT INCOME

- a. Owners must require that all adult household members reporting employment income provide current and consecutive paystubs that represent a minimum of one month of wages as detailed below:
 - *Applicants paid monthly, semi-monthly or biweekly must provide two (2) pay stubs.*
 - *Applicants paid weekly must provide four (4) pay stubs.*
 - Income must be calculated by both (i) projecting the year-to-date, and (ii) averaging the pay stubs. The higher of these two amounts (i or ii) will be “the pay stub income.” If there is evidence that the pay rate has increased or decreased over the course of the paystubs provided, the Marketing Agent must use the amount reflective of current circumstances, rather than an average (see Example 1

below).

- If there is evidence on the paystubs provided that indicate a wide fluctuation of hours or additional earnings, for example, bonuses and commissions, additional documentation may be requested either from the applicant or directly from the employer (see Example 2 below).
- b. Applicants may also provide alternative or additional documentation of income to support their current circumstances:
- Additional pay stubs
 - The most recent year's complete federal and state tax returns
 - Copies of the most recent year's W-2's or 1099's, if applicable
 - Third Party Verification directly from the employer
 - Employment verification form (see Attachment I-3 for a sample) filled out in its entirety, with instructions for the employer to return it directly to the Marketing Agent. This form will request current salary, year-to-date income, information about bonuses, overtime, etc., and anticipated increases.

If additional documentation is provided, the agent must compare the income verification sources and the highest of the sources must be used unless there is evidence that the applicant's income will decrease. Some examples include: a decrease in income due to retirement or disability, a change in employment, or a reduction in the number of hours worked that is supported by third-party employer verification.

Example 1: When Pay Stubs Reflect a Change

Aidan Reynolds is paid biweekly and provides his two most recent pay stubs at his eligibility appointment:

Pay Date	Amount
1. 03/16	\$951.20
2. 03/30	\$1,205.88

An average of the two payments is **\$1,078.54**. However, the change in pay-rate on his 03/30 paystub suggests that Mr. Reynolds may have received a raise. The Marketing Agent explores further to determine if his income has increased permanently by requesting a clarification from his employer.

In response to the agent's request for income verification, Mr. Reynolds' employer confirms that his new biweekly rate is **\$1,205.88**. The Agent must use this amount in projecting the annual income, rather than the average, because the raise most accurately reflects current circumstances.

Example 2: Factoring in a One-time Bonus

While determining income for an applicant, Joseph Brown, the Agent notices that the paystub average is significantly higher than the year-to-date. Upon closer review, the Agent discovers that Mr. Brown was awarded a performance bonus of \$2,000 in one of the two paystubs provided. Mr. Brown is paid bi-weekly and the Agent has confirmed with the employer that performance bonuses are awarded once a year

In order to accurately project income, the Agent must average the paystub amounts excluding the bonus. The bonus is then added to the projection of Mr. Brown's annual income:

1. [2 Paystubs – Bonus] / 2 = Paystub Average

(Gross income from 2 paystubs, minus bonus, divided by 2)

2. Paystub Average x 26 = Projected Annual Income

(Paystub Average from step 1, multiplied by 26 pay periods)

3. Projected Annual Income + Bonus = Total

Note: Agents should confirm the frequency and amount of the applicant's bonus(es) with the employer directly through the Employer Verification.

1. Tax Release Request Forms
 - a. If the Marketing Agent finds inconsistent information on income documents provided by the applicant, or that the file has been altered

or is otherwise suspicious, the Marketing Agent should alert the Agency for their review. If the Agency deems that a tax transcript is needed, the Agency will require that the applicant sign and date the 4506-T form and submit their request to the IRS. Upon receipt the applicant must provide the original transcript to the Agency for their review.

- b. The applicant must complete an IRS Form 4506 – Request for a Copy of Tax Return – with DOI contact information listed on line 5, in cases where DOI needs to request a copy of a tax return. The applicant must also complete a New York State DTF-505 Form — Authorization for Release of Photocopies of Tax Returns and/or Tax Information. The forms should be retained in the applicant file but do not need to be submitted to the IRS or New York State Department of Taxation and Finance. See IRS and State Forms, *Attachments R-2 through R-4*.

D. SELF-EMPLOYMENT INCOME

Because self-employment income is more difficult to document via third party than traditional employment income, and is subject to more variables and potential manipulation, special care must be given in the review of such income. The Marketing Agent must require that all adult household members reporting self-employment income provide documentation described below in order to establish as reliable and accurate a projection of income as possible.

1. Self-employment income that has been reported on the most recent year's tax return
 - a. *Documentation*. Applicants who have reported self-employment income on the most recent year's tax return must provide:
 - i. Tax return for the last year. (If the applicant is processed before the current year's filing deadline, the applicant may provide the prior year's return accompanied by a projection of net earnings for the most recent year.) The Marketing Agent must evaluate the net income from the Schedule C.
 - ii. An estimate of current year's net self-employment earnings certified in: (i) a letter from a licensed accountant or tax preparer, or (ii) a self-statement.
 - b. *Evaluation and Determination*. The projected and historical incomes are compared, and the higher amount is generally what is used as income for the purposes of income eligibility. If there is a significant discrepancy between the historical income and the projected income, the Marketing Agent must request additional documentation from the applicant or third-party sources.
 - i. The projected self-employment income must be evaluated by the Marketing Agent in an effort to identify any patterns that may logically result in a conclusion that the current or next year's income will increase or decrease.

- ii. If the projection is higher and in line with the progression of the historical self-employment income, the projected amount should be used as income.
- iii. If the projection is lower than the historical self-employment income, there must be an apparent pattern or trend to support utilizing a lower amount as income.
- iv. If no pattern or trend is present, the higher amount from the historical self-employment income must be used.

2. Self-employment income *without* documented history of self-employment

a. *Documentation.* Applicants who are not able to provide a filed self-employment tax return must provide:

- An estimate of current year’s net self-employment earnings certified in: (i) a letter from a licensed accountant or tax preparer, or (ii) a self-certified statement.
- All third-party documentation supporting the estimate so that the Agent may make a reasonable attempt to establish the applicant’s self-employment income and determine eligibility. See *Attachment I-4* for examples of self-employment records.

b. *Evaluation and Determination.* The Agent must use the provided third-party documentation to make a reasonable attempt to calculate the applicant’s gross earnings and expenses to establish the applicant’s net self-employment income and determine eligibility. If an applicant cannot provide sufficient documentation to support their estimate of self-employment income, they may be disqualified.

E. COMBINATION INCOME

- 1. An applicant may have a combination of wages and self-employment income. Such applicants may also have sporadic unemployment income. Their income should be evaluated similarly to the instructions outlined in the self-employment section above; however, the evaluation will include both W2 wages and self-employment income.

Example of IRS Form 1040 for Applicants with “Combination Income”:

Form 1040 (2018)				Page	
	1	Wages, salaries, tips, etc. Attach Form(s) W-2		1	40,729
	2a	Tax-exempt interest	2a		
	3a	Qualified dividends	3a		
	4a	IRAs, pensions, and annuities	4a		
	5a	Social security benefits	5a		
	6	Total income. Add lines 1 through 5. Add any amount from Schedule 1, line 22	2,043	6	42,772
	7	Adjusted gross income. If you have no adjustments to income, enter the amount from line 6; otherwise, subtract Schedule 1, line 36, from line 6		7	42,772

Attach Form(s) W-2. Also attach Form(s) W-2G and 1099-R if tax was withheld.

F. UNEMPLOYMENT

- 1. When calculating income that may not last for a full year, the Marketing Agent

must use current and recent income information to anticipate or project income for the 12-month period following initial certification. If information is available regarding changes that are expected to occur during this 12-month period, the income calculation is adjusted, as described in the examples below, to reflect such expected changes.

- a. *Example 1:* If a household member is receiving unemployment benefits that will end during the following 12 months, income is annualized by calculating the amount s/he would receive if the benefit were to continue at the same rate for the remainder of the 12-month period. The unemployment benefit is expected to bridge a temporary gap in employment as the recipient actively searches for work, and it is expected that the household member will earn income after termination of the unemployment benefits. Because it is not possible to predict whether an applicant's wages will immediately match their pre-unemployment levels, annualizing the benefit rate provides a reasonable projection of income as a person searches for employment and re-enters the workforce.
 - b. *Example 2:* If an applicant is claiming unemployment benefits for one or more periods during the year due to layoffs or furloughs with an expected return to work date, or if they have a mix of employment income and unemployment benefits throughout the year, income from unemployment would be calculated by projecting the number of weeks per year that they receive benefits. Third-party documentation such as employer verifications or tax returns establishing the duration of the layoff is required to accurately project the total amount of unemployment income to be received.
2. Note: Any household member over 18 years old who is unemployed must complete a Certification of Unemployment. See *Certification of Unemployment and Zero Income, Attachment I-1*.

G. INCOME FROM OTHER SOURCES

1. Recurring contributions and gifts

Gift income that will be regularly occurring for the 12 months following eligibility certification must be documented by a self-certification signed by either (a) the person providing the assistance or (b) by the applicant. Supporting documentation is needed if the contribution is not listed on the application.

2. Benefit Income: Public Assistance (PA), Social Security, Unemployment, Disability, Pension, etc.

Public assistance and other benefit income must be documented by one of the methods described on Attachment L-1 (Checklist for Income Certification). For public assistance, the following instructions should be followed if the award letter method is used:

- a. HUD 4350 excludes Supplemental Nutrition Assistance Program (SNAP) benefits in determining household income but requires the inclusion of cash assistance payments. The agencies determine cash

assistance according to the following formula:

- i. From the Budget Letter:
 1. Add Basic Allowance, Pregnancy Allowance, Restaurant Allowance, and Other Needs
 2. If there is a recoupment amount listed, subtract the recoupment amount from the total of (1).
 3. Multiply the amount by 24.
 - ii. From the Guide to Cash Assistance Budgeting Chart (W-203K):
 1. Take the Semi-Monthly (S/M) Energy Grants per Family Size and multiply by 24
 2. Take the Maximum Semi-Monthly (S/M) Shelter Allowance per Family Size and multiply by 24
 - b. Family Size is determined by the number of active cases listed on the PA budget. When calculating the shelter allowance, remember to take into account whether children are part of the budget letter.
 - c. Add the three amounts from (i), and (ii) together to get the Public Assistance Income.
3. Income earned from the applicant's current residence is not included in the income calculation if that source of income is not permitted in the affordable unit. For example, income from using space in the applicant's current residence as a source of rental income or for subleasing would not be included.
4. Child support or alimony income
- a. Annual income includes "all amounts received," not the amount that a family may be legally entitled to receive but may not have received.
 - b. A copy of a court order or other written payment agreement alone may not be sufficient verification of amounts received by a family. If court ordered payments are not being received, a self-certification from the household member indicating the amount and frequency of the payments should be collected.
 - c. Income from non-court-ordered child support may be documented with a self-certification of frequency and amount, by either or both the payer and recipient.
5. Student Financial Assistance
- a. Financial assistance that is part of the Higher Education Act (HEA) is excluded, regardless of any excesses calculated. HEA includes:
 - i. Federal Pell Grants
 - ii. TEACH Grants
 - iii. Federal Work-Study Programs

iv. Federal Perkins Loans

- b. For other student financial assistance, amounts in excess of tuition will be counted towards the household income; including GI Bill payments for housing and living expenses. (Use Attachment J-3, Student Financial Assistance Worksheet).

** NOTE: the above guidance refers only to households without Section 8 subsidy, please refer to HUD 4350.3 Exhibit 5.2 and HUD Notice H 2023-10/Notice PIH 2023-2 for guidance regarding Section 8 voucher holders*

H. SPORADIC OR NON-RECURRING INCOME

Certain forms of income that are sporadic and non-recurring are not considered when calculating maximum household income as they are considered temporary in nature. All sources of income must be disclosed, but such non-recurring income may be excluded from the income calculation. Non-recurring income is broadly defined as income that will not be repeated in the coming year (12 months following the effective date of the certification).

Examples of sporadic or non-recurring income include:

- One-time gifts or lump-sum inheritance payments.
- Payments from the US Census Bureau for employment lasting no longer than 180 days
- Gifts for holidays, birthdays, or other significant life events

I. ASSET CERTIFICATION

HUD has issued new guidance concerning asset classifications and updated exclusions to be compliant with the Housing Opportunity through Modernization Act of 2016 (HOTMA). Household assets are now classified as either personal property or real property (e.g. land). Personal property is further categorized as either necessary or non-necessary personal property where necessary personal property is excluded from the net family assets. Non-necessary personal property with a combined value exceeding \$51,600* is considered part of a household's net assets and any value under \$51,600* is excluded. Marketing Agents should refer to hud.gov for updates and guidance related to asset classification and exclusions.

** NOTE: the HUD-published asset threshold as of the date of Handbook publication. Owners and agents must use the current published threshold in effect at the time of processing.*

1. The Marketing Agent must require that all adult members of the applicant household complete a certification of assets, which must be signed by all adult members. A sample of such a certification is provided in Asset Certification, *Attachment T*. This form must identify both the specific assets and the actual income earned from the assets (such as the interest rate for a bank savings account) as well as the projected/calculated imputed income for assets with undeterminable income when exceeding the HUD published asset threshold.

- HUD allows that this self-certification is the only documentation required if the total value of an applicant's assets is less than the HUD published asset threshold and the asset information on the certification form and housing application are consistent.
2. Income generated from the asset(s) is added to employment and other income regardless of the total value of the household net assets. *This income must still be counted, but no further verification beyond self-certification is required if the total value of household assets is under the HUD published asset threshold. The self-certification must disclose the specific assets and income from said assets.*
 3. If the total value of assets equals or exceeds the HUD published asset threshold, the Marketing Agent must obtain complete asset verification documents. Refer to HUD Occupancy Handbook 4350.3 and 24 CFR § 5.609(b)(24) for guidance regarding the appropriate documents to be obtained based on the type of assets being verified. As required under tax credit rules for all verification, documents must be current within 120 calendar days of the tenant income certification (TIC) effective date (which is ultimately the move-in date). When the total value of assets is over the HUD published threshold, calculate the actual earned income from each asset whose yearly income is determinable. For each asset with undeterminable income, calculate its imputed income. The sum of the actual and imputed values is the total asset income and is added to the total household income.

** NOTE: the calculation of imputed value is dictated by the current HUD passbook savings rate and is subject to annual inflationary adjustments. The rate in effect as of January 2025 is 0.45 percent. The adjusted rate will be effective January 1 each calendar year but will be published by HUD no later than September 1 in the year preceding. Marketing Agents should refer to hud.gov for updates to the passbook savings rate.*

J. CLARIFYING BANK DEPOSITS

1. If bank statements are collected, the Marketing Agent must review the statements to determine if there are unreported sources of income reflected in the applicant's bank statements. For applicants who use payment apps to receive and hold income separate from a traditional bank account, "bank statements" may include records of transactions in a banking app (e.g., Venmo, Cash app).
2. Consistent, recurring, determinable, and/or regular deposits in an applicant's bank account must be questioned by the Marketing Agent and clarified by the applicant.
3. As per HUD, temporary, nonrecurring, and/or sporadic deposits are excluded from income calculations. (See 24 CFR § 5.609(b)(24)).

Example 3: When to Clarify Bank Deposits

Tony Pell submitted his checking statement to the Marketing Agent along with the rest of his documentation. The agent notices Mr. Pell receives a \$200 Venmo deposit weekly. Likewise, he had a \$50 cash deposit from an ATM and a \$85 deposit from PayPal.

The Agent must contact Mr. Pell and ask him to clarify, in writing, the source of the Venmo deposits in his checking account because this consistent, recurring deposit may be an unreported income source.

The Agent does not need to clarify the cash deposit nor the PayPal deposit because they are sporadic and do not impact eligibility.

5-5 Continuing Need

Eligibility is also dependent on whether the applicant can demonstrate a “continuing need” for housing assistance. Any City-assisted housing development aims to serve individuals and families with a true, continuing need for housing assistance and not those with other financial resources available. In determining “continuing need” for these programs, the criteria in this section must be satisfied, or the applicant is not eligible.

Note: HPD and HDC’s property ownership, asset limit, and primary residence policies differ from, or are required in addition to, those included in the *HUD Occupancy Handbook 4350.3*.

A. ASSET LIMITS

1. Note: For purposes of these requirements, real property includes shares of stock in a cooperative housing corporation and ownership includes any type of direct or indirect ownership interest (including partial ownership).
2. The value of household assets may not exceed the asset limit for the unit to which the applicant is applying. The definition of household assets, as it pertains to real property, deviates from the definition of assets in the HUD Handbook 4350.3.
3. The entire market value of any interest in real property is subject to the asset limit; for other capital investments, only the applicant’s equity in the investment is subject to the asset limit.
4. Balances in specifically designated retirement funds, life insurance accounts, annuities, and college savings accounts are not subject to the asset limit.

5. Developers and Marketing Agents should refer to HUD 4350.3 Exhibit 5.2 and HUD Notice H 2023-10/Notice PIH 2023-27 for the definition of all other assets not listed in this section.
6. Asset Limit for Applicants to Rental Units
For an affordable rental unit, the value of the applicant's household assets may not exceed the amount of the current HUD income limit for a four-person household for the AMI limit applicable to such unit.
For example, if the 60 percent HUD income limit for a four-person household is \$55,000, a household of any size applying for a 60 percent AMI unit is not eligible if its total household assets exceed \$55,000. If the 80 percent limit is \$72,000, a household of any size applying for an 80 percent AMI unit may not have more than \$72,000 in assets.
7. Asset Limit for Applicants of Homeownership Units
For an affordable homeownership unit, the value of the applicant's household assets may not exceed the current four-person HUD income limit for 175 percent AMI, plus a pre-determined percentage of minimum required down payment.

B. PROPERTY OWNERSHIP

1. Asset Calculation

If an applicant owns any real property, the market value of that real property is included in the calculation of household assets and is subject to the asset limit (see Section 5-5.A, "Asset Limits").

2. Income Calculation

If an applicant owns any real property, the actual or potential rental income from that real property is included in the income calculation.

3. Prohibition – Rental Affordable Unit

For a rental affordable unit, no member of the applicant's household may own any residential real property in, or within a 100-mile radius of, New York City.

4. Prohibition – Homeownership Affordable Unit

For a homeownership affordable unit, no member of the applicant's household may own, or have previously purchased, any interest in residential real property.

C. PRIMARY RESIDENCE

1. If approved for an affordable housing unit, the applicant must surrender any unit where applicant is then currently residing. Each member of the applicant's household who leases rental residential real property must

terminate the lease for and surrender possession of such rental property on or before the move-in date for a rental affordable unit or the date of purchase for a homeownership affordable unit. The applicant must also agree to withdraw any application(s) for other lotteries for which they are being processed, as they must attest to in Attachment N-2 or N-3.

2. For a homeownership affordable unit, the applicant must agree to continuously occupy the affordable housing unit as his or her sole primary residence, residing there no less than 270 calendar days per year, with the exception of days spent on active military duty or subleasing (where permitted by the project's regulatory documents).
3. For a rental affordable unit, the applicant must agree to continuously occupy the affordable housing unit as his or her sole primary residence, residing there no less than 270 calendar days per year, with the exception of days spent on active military duty or subleasing (where permitted by the project's regulatory documents) except where preempted by other laws.

D. GIFTS AND DOWN PAYMENTS

For homeownership affordable units, no more than half of the down payment amount may come to the applicant as a gift. The applicant can demonstrate this by providing bank statements from the three months prior to closing that show at least half of the down payment amount in the applicant's account.

E. OTHER RESTRICTIONS

1. If a unit is also subject to statutory restrictions, such as Inclusionary Housing in the New York City Zoning Resolution, additional rules may apply to property ownership, asset limit, and primary residence policies. The Marketing Agent must consult the Project's regulatory requirements for details. If a unit is also subject to another governmental subsidy, such as State Tax Credits, that program's governing agency should be consulted regarding any additional or different income and asset requirements.
2. If, after processing the entire lottery log, a development is experiencing difficulty in leasing or selling the remaining units or subsequent re-rentals or resales, HPD/HDC may modify the Continuing Need policies to ensure that available affordable units are occupied in a timely manner.
3. For clients referred through the supportive housing or homeless placement programs, all parties should collect the least number of documents required to establish tenant eligibility for rental assistance and/or tax credit compliance. Please see HPD/HDC's documentation chart (<https://www.nyc.gov/site/hpd/services-and-information/supportive-housing.page>) for clarification as to what is needed for various forms of rental assistance and tax code units.

✓ **All asset limit, property ownership, and occupancy requirements must be disclosed in the Marketing Plan and approved by the Agency.**

5-6 Background Checks and Other Factors

A. STUDENT STATUS (IRS PROGRAM UNITS)

1. The Marketing Agent must require that all adult members of the applicant household complete a Student Status Affidavit, which must be signed. Samples of such certifications are included in this manual. See Student Status Certification, *Attachment J-1*.
2. The Student Rule for IRS program units prohibits low-income units in these programs from being occupied exclusively by full-time students (for Low-Income Housing Tax Credits and tax-exempt bonds, the IRS defines a “student” as a full-time student during five calendar months of the calendar year at an educational institution, other than a correspondence school, with regular faculty and students), unless the household qualifies for an exception under the IRS code. See *Tenant Income Certification (TIC)*, *Attachment L-3*, for exceptions.

B. IMMIGRATION STATUS/CREDIT HISTORY

1. Immigration status is not a condition of eligibility for any City-assisted Project. Immigration status may not be questioned in any manner on the application, during the eligibility appointment, or at any other time during the applicant review process. Projects assisted with non-City funds may be subject to different requirements related to immigration status.
2. The Marketing Agent may reject an applicant for failure to provide a Social Security Number or an Individual Tax Identification Number (ITIN) when the Marketing Agent needs such information to check credit history, or if the applicant does not choose to provide evidence of complete monthly rent payments for the preceding 12-month period in lieu of a credit check, per Section 5-6.F.2 below.
3. All applicants must be able to provide verifiable proof of legal income; inability to provide documentation to verify income and credit is a basis for rejection, not immigration status.

C. CRIMINAL BACKGROUND CHECKS

1. The Agent must state in the Marketing Plan whether or not they will conduct criminal background checks and apply it consistently across applicant households.

2. Attachment AA-1 provides guidance to housing providers about how to assess justice-involved applicants for New York City-funded and/or-assisted housing in a way that is consistent with applicable Federal, State, and City anti-discrimination laws, regulations, and policies. These provisions include, without limitation: the Fair Housing Act (42 U.S.C. 3601 et seq), NYS Executive Law § 290 et seq, and NYC Administrative Code § 8-101, and their respective associated regulations and guidance, including “Guidance on Application of Fair Housing Act Standards to the use of Criminal Records by Providers of Housing and Real Estate-Related Transactions” dated April 4, 2016, from HUD’s Office of General Counsel.
3. Along with this guide, housing providers must use the accompanying worksheet, Attachment AA-2, to make an eligibility determination for justice-involved applicants. In cases where the Marketing Agent is required to request information from the applicant to complete the worksheet, the Agent must use Attachment AA-3, which provides the applicant with an opportunity to review and explain any conviction record to the housing provider before any decision regarding eligibility is made.
4. Neither the worksheet nor the guidance is or is intended to be a comprehensive guide to Fair Housing requirements. Developers and Marketing Agents are responsible for ensuring that their employees are fully trained in and comply with all applicable Fair Housing requirements.
5. HPD or HDC must find an applicant ineligible for a prior conviction of fraud in connection to any governmental housing program within the past three years.

** NOTE: background checks are NOT permitted for clients referred through the supportive housing programs. City-contracted supportive housing providers working with third party management companies must ensure that the management company does not conduct a background check of prospective tenants, and that any applications they may use do not contain sections or ask any questions related to credit, housing court history, or previous involvement with the criminal justice system. See the [Memorandum on Low Barrier Admission Policies](#) linked on the HPD Supportive Housing website for further guidance.*

D. DISCOVERY OF FALSE INFORMATION

1. Submitting false or knowingly incomplete information to induce eligibility is grounds for rejection and may also lead to further investigation and, potentially, criminal prosecution.
2. Even before an application is submitted to the Agency, there are times when the Marketing Agent may independently detect applicants who have falsified information. For example, the tax transcripts may differ from the provided returns, or provided pay stubs or other documents may be detected as having been tampered with. In all such cases, this fraud (or potential fraud) must be reported. Even if it is detected early and does not

result in the applicant receiving a unit, the attempt of fraud itself must be reported. The Marketing Agent must report such findings to the Agency or, if they prefer, directly to DOI.

3. Authorization to Release Information Form

The Marketing Agent must require each adult household member to execute a copy of the Rent Payment History or Credit Review & Authorization to Release Information Form, Attachment R-5.

E. RENTAL HISTORY AND CREDIT CHECKS: RENTALS

1. The following policies are the most stringent criteria permitted for evaluating rental and credit history. The Marketing Agent may implement less stringent policies, which must be described in the Marketing Plan and approved by the Agency. Selection criteria must be applied consistently to all non-Supportive Housing applicants. This applies to:

- Evidence of Rent Payments
- Credit Checks and Fees
- Credit Score
- Bankruptcy
- Delinquencies, Collections, Money Judgments, and Liens

** NOTE: Use of information regarding landlord-tenant actions is no longer permitted in tenant selection. Please refer to Section 227-f of the New York State Real Property Law.*

2. Marketing Agents are not permitted to run credit checks on or to require evidence of monthly rent payments from applicants who will be receiving any type of rental subsidy or on applicants in process for a unit that has been designated for any type of project-based rental subsidy.

3. Applicants who are asked to submit to a credit check by the Marketing Agent may instead choose to provide evidence of complete monthly rent payments for the preceding 12-month period in lieu of a credit check. If the applicant choosing this option currently resides in a City homeless shelter, they may provide evidence of rent payments for the 12-month period preceding their entry into shelter.

4. After the Marketing Agent has determined that the applicant is otherwise eligible for an available affordable unit, the Agent must provide the applicant *Attachment R-5 (Rent Payment History or Credit Review & Authorization to Release Information)* in which to indicate their decision to provide evidence of rent payments or proceed with a credit review.

5. The applicant must be given no fewer than five business days from the date the Marketing Agent provides *Attachment R-5* to submit the completed form and, if applicable, documentation supporting rent payment history to the Marketing Agent. Attachment H-1C, *Document List*, provides applicants

with information on these options at the time they are invited to submit initial documents for eligibility review or schedule an eligibility appointment.

6. Evidence of Rent Payments

- a. Applicants who opt to submit evidence of monthly rent payments must provide proof of the monthly rental amount they were required to pay for the preceding 12 months (in accordance with Section 5-6 E.2) AND any of the following as evidence of monthly rent payments:
 - i. Formal rent receipts
 - ii. Evidence of monthly withdrawals, payments, or transfers e.g., bank statements
 - iii. Money order receipts or copies
 - iv. Canceled checks
 - v. Landlord's written record of rent payment, i.e., rent ledger
 - vi. Other evidence subject to agency approval
- b. If the applicant provides evidence of monthly rent payments (in accordance with Section 5-6.E.2), the Marketing Agent will process the application without running a credit check.
- c. If the rent payment information that the applicant provides is incomplete or of unclear validity, the Marketing Agent must request the applicant's written consent to either (i) contact the owner/manager(s) of applicant's residence(s) in the preceding 12 months (in accordance with Section 5-6.E.2) to request a ledger; or (ii) run a credit check as described below in *Credit Checks and Fees*.

7. Credit Checks and Fees

* *NOTE: Please refer to Section 238-a(1)(b) of the New York State Real Property Law.*

- a. **Credit and background check fees may only be collected when (a) an applicant appears to be otherwise eligible and (b) it is clear that a unit will be available if the applicant is approved.**
- b. If the applicant provides for review a copy of a credit check conducted within the past 30 calendar days, the Marketing Agent may not run a credit check or charge a credit check fee.
- c. When a credit check must be run, the Marketing Agent may charge the actual fees for background checks and credit checks or \$20 per application, whichever is less.
- d. The Marketing Agent must provide the applicant with a copy of the background or credit check and the receipt or invoice from the entity that conducted the check; after which the applicant may be charged a fee.
- e. No credit/background check fees may be charged to homeless

applicants referred directly by the city. As noted earlier, City-contracted supportive housing providers working with third party management companies must ensure that the management company does not conduct a credit or background check of prospective tenants, and that any applications they may use do not contain sections or ask any questions related to credit, housing court history, or previous involvement with the criminal justice system. See the Memorandum on Low Barrier Admission Policies on the HPD Supportive Housing website linked above for further guidance.

- f. If the Marketing Agent wishes to conduct a credit/background check prior to eligibility determination, they may do so provided (i) that the applicant consents, (ii) that the applicant knows that consenting to the early credit and/or background check is optional with no consequences to declining, and (iii) that the Marketing Agent subsidizes the up-front cost of the check. (If the applicant subsequently accepts and signs a lease for the unit, the Marketing Agent may collect the fee at that time.)

F. EVALUATION OF CREDIT FINDINGS

If the Marketing Agent is permitted to conduct a credit check on an applicant per Section 5-6(E), the Marketing Agent may only reject that applicant for one of the reasons stated below.

1. Bankruptcy: Marketing Agents may only use past bankruptcy as grounds for rejection if the bankruptcy was filed or executed upon within the 12 months prior to the date of the credit report.
2. Delinquencies, Collections, Money Judgments, and Liens:
 - a. The Marketing Agent may only reject applicants with open or unsatisfied delinquencies, collections, money judgments, and liens exceeding \$5,000 in total.
 - b. Inclusions and exclusions:
 - Included in total: Money judgments, liens, and accounts on the credit report that are either over 120 calendar days delinquent as of the date of the credit report or have been transferred to a collections agency and are currently being pursued for collection.
 - Excluded from total: Delinquencies, collections, money judgments, and liens due to medical or student loan debt.
3. Settled and Satisfied Accounts

The following policies apply to delinquencies, collections, money judgments, and liens revealed in the credit check with a total exceeding \$5,000. Totals \$5,000 and below shall not be grounds for rejection.

- a. Satisfied and settled accounts that have been paid in full or as agreed, prior to the date of the rejection notice, are not grounds for rejection.
- b. Settled accounts in repayment are not grounds for rejection, provided the applicant can show proof of being up-to-date on payments toward the settlement.
- c. If an applicant is not up-to-date on repayment of their settled account, the pre-settlement delinquency counts towards the \$5,000 threshold.
- d. Balances reflected on charged off accounts should not be counted towards the \$5,000 threshold;
- e. If the applicant has settled an account but the credit report does not yet reflect this, the applicant must provide the Marketing Agent proof of payment and, if applicable, a copy of the settlement agreement with the creditor. Payment or settlement agreement must have occurred prior to the date of the rejection notice.

4. Prohibited information and criteria

Use of the following information and criteria is not permitted in rental resident selection:

- i. Debt to income ratios
- ii. Housing Court history
- iii. Lack of credit history or rental history
- iv. Guarantors or co-signers
- v. Home visits, photos/videos, or other representations of the applicant's living situation
- vi. Personal references
- vii. Outreach to current or previous landlords, neighbors, or others associated with the applicant's living situation (except when requested by the applicant).

G. CREDIT ISSUES AND APPEAL PROCESS

1. If an applicant was rejected for failing to meet credit history criteria, the applicant must be reinstated into the selection process if they provide evidence within the appeal period that the negative finding was resolved prior to the date of the rejection notice.
2. If an applicant was rejected for failing to meet credit criteria, the rejection notice must specify the relevant negative finding and the standard failed.
3. Marketing Agents must comply with the Fair Credit Reporting Act and all other applicable laws when issuing a rejection for reasons of credit.

H. CREDIT CHECKS: HOMEOWNERSHIP

1. Because the primary purpose of a credit and background review in the homeownership application process is to determine applicants' eligibility for an outside mortgage, Marketing Agents may use different criteria than those required for rentals.
2. The Marketing Plan must include a detailed set of proposed minimum criteria, supported by examples of at least three sets of mortgage eligibility criteria from outside lenders from whom applicants may seek a mortgage.
3. Use of the following information and criteria is not permitted in homeownership resident selection:
 - a. Housing Court history
 - b. Guarantors or co-signers
 - c. Home visits, photos/videos, or other representations of the applicant's living situation
 - d. Personal references
 - e. Outreach to current or previous landlords, neighbors, or others associated with the applicant's living situation (except when requested by the applicant).
4. All fees to be charged to applicants for credit and background checks must be included in the Marketing plan and approved by the Agency.

I. VIOLENCE AGAINST WOMEN ACT (VAWA)

In an effort to ensure any applicant who has been a victim of domestic violence, dating violence, sexual assault, or stalking (further summarized as "domestic violence") is not denied from an HPD/HDC financed project based on an adverse factor that is a direct result of the fact that the applicant is or has been a victim, HPD/HDC requires the following protocol to be incorporated into the marketing process:

1. *VAWA Notice of Rights* must be included with the following decision notices sent by the Marketing Agent to the applicant:
 - i. Attachment H-2: Ineligibility Notice (when applicable)
 - ii. Attachment H-4: Rejection Notice
 - iii. No Unit Available Notice (Attachment H-8)
2. If an applicant otherwise qualifies for the unit and claims during the eligibility review process or submits an appeal in response to an ineligibility or rejection letter indicating that the applicant has been a victim of domestic violence, the claim or appeal must be reviewed following the VAWA Marketing Guidance (*Attachment Z*).
3. If the Marketing Agent determines the applicant remains ineligible after the

review, the Marketing Agent must provide the file and written decision to the Agency prior to the issuance of a final rejection notice (*Attachment H-7*).

4. If the Marketing Agent cannot come to a determination in a reasonable time frame, the Agencies should be consulted for guidance.

5-7 Occupancy Guidelines and Unit Distribution

A. OCCUPANCY GUIDELINES

1. The occupancy criteria established must be consistent with federal, state and local laws and with the HPD and HDC occupancy guidelines, as noted on the following chart:

ALL UNITS (RENTAL AND HOMEOWNERSHIP)	
Unit Size	Number of People
Studio	1 - 2
1 Bedroom	1 - 3
2 Bedroom	2 - 5
3 Bedroom	3 - 7
4 Bedroom	4 - 9

- a. HUD has provided some guidance for establishing these criteria in the *HUD Handbook 4350.3, Chapter 3, and Paragraph 3-23*. This guidance states in part that, generally, a two person per bedroom standard is acceptable. However, it makes the following important distinction: “Owners must avoid making social judgments on a family’s sleeping arrangement. For example, it is not for the owner to determine whether a young child can share a bedroom with a parent.” If a family (i) qualifies as a household as defined in this Marketing Handbook and (ii) qualifies by both number of persons and income for more than one unit size, then the family chooses the unit size.
- b. The only additional exceptions would be certain programs, which may have statutorily imposed occupancy standards, or when the occupancy standards cannot be implemented due to local Housing Maintenance Code restrictions.

✓ **The Marketing Plan must clearly outline the Marketing Agent’s occupancy criteria and associated statutory requirements.**

B. UNIT DISTRIBUTION

See *Apartment Distribution Chart, Attachment U*.

1. The allocation of units (total number and number for each unit size) must match the information in the Agency Regulatory Agreement.
2. For mixed-income buildings (a building that includes affordable and market-rate units) please also note the following requirements pertaining to the distribution of units, **for mixed-income developments only**:
 - a. As soon as any of the units in the development are available for occupancy, at least 10 percent of those units must be occupied, or made continuously available for occupancy, by low-income households.
 - b. The Marketing Agent is not to segregate or physically isolate the low-income units from those units not occupied by low-income tenants. Low-income tenants must be reasonably dispersed throughout the development.
 - c. The Marketing Agent must also ensure that the percentage required by the Agency of each unit type (i.e. studio, one-bedroom, two-bedroom units) is low-income.
 - d. Distribution of all affordable units must be approved by the Agency.

C. RENT LEVELS AND INCOME STANDARDS

1. Rents:
 - a. The Developer must establish the rents in accordance with the Agency regulatory documents and programmatic requirements.
 - b. Private Housing Finance Law (PHFL) 610 Implementation: For units with tenant-based subsidy, the rent amount requested cannot exceed the **lesser of** the payment standard for (i) the unit size payment standard or (ii) household size payment standard, pursuant to the subsidy agency's payment calculation and subject to the subsidy provider's rent reasonableness requirements. **Nothing under PHFL 610 permits the owner to request modification of contract rents that increases the tenant's portion of rent.**
2. Maximum Income Levels:
 - a. The Agency will provide tenant income eligibility levels as modified by household size.
3. Minimum Income Levels
 - a. The Agency will provide minimum income eligibility levels based on 35 percent of the gross annual rent for the unit.

- b. The Developer may not establish minimum income levels for applicants with tenant-based Section 8 and other qualifying rental subsidies. Such applicants must be accepted provided they meet all other eligibility criteria outlined in the Marketing Plan. If questions arise, the Agency will advise the Developer on the use of minimum income limits for forms of rental subsidy other than Section 8.
4. For Low Income Housing Tax Credit Compliance
- a. Mixed-income projects participating in the Low-Income Housing Tax Credit program must elect designation as either “deep rent skewed” or “non-deep rent skewed” when they are originally placed in service.
 - b. *Deep Rent Skewed Properties.* Properties that are designated as deep rent skewed must meet the following:
 - i. At least 15 percent of all the low-income units occupied by tenants with incomes that are 40 percent AMI or less and rents are restricted.
 - ii. If a tenant’s income increases to over 170 percent of the then-current income limit for the unit occupied by such tenant, the unit may continue to be deemed a low-income unit provided the Marketing Agent rents the next available low-income unit at the property to a family with an income equal to or below 40 percent of AMI at a restricted rent. As long as one resident’s income is more than 170 percent of the income limit for the unit, the Marketing Agent must rent all available tax credit units to residents with income no greater than 40% of AMI.
 - iii. When the Marketing Agent of a property that deep rent skews submits a re-rental file for Agency review, then the Marketing Agent must submit a *Certification for Deep Rent Skewed Projects, Attachment V-1*, along with the file.
 - c. *Mixed-Income / “Non-Deep Rent Skewed” Properties*
 - i. A Mixed-Income building is a building that includes market-rate units. For buildings that are Mixed-Income and have tax credits, if the Marketing Agent discovers that the income of a tenant in a tax credit unit exceeds 140 percent of the then-current income limit, the unit may continue to be deemed a low-income unit if the Marketing Agent rents the next available unit of comparable or smaller size in the same building to a tax credit-eligible household at a restricted rent. If the next available unit is smaller than the tax credit unit that exceeds 140 percent of the then-current income limit, the Marketing Agent may have to rent more than one comparable or smaller size unit in the same building to tax-credit eligible households until the actual applicable fraction is at least equal to the first

year's applicable fraction. This rule also applies to projects financed solely with tax-exempt bonds, although the rule is implemented on a project level rather than a building level.

- ii. When the Marketing Agent of a Mixed-Income building submits a re-rental file for Agency review, then the Marketing Agent must submit a *Certification for Mixed-Income, Attachment V-2*, along with the file.

5-8 Other

A. INCORPORATION OF “FAIR HOUSING LAWS”

Federal, State and local laws, orders and regulations prohibiting housing discrimination (“Fair Housing Laws”) are hereby explicitly incorporated in this Marketing Handbook. The Developer and Marketing Agent(s) must comply with all Fair Housing Laws. Any violation thereof will be a violation of this Marketing Handbook and the Marketing Plan.

B. AMENDMENTS

The Agency reserves the right to amend any provision of this Marketing Handbook.

C. INSPECTIONS

The Agency reserves the right to conduct periodic inspections and spot-checks of the Developer and Marketing Agent’s records, including but not limited to: lottery logs, applicant files, marketing budgets, and procedures.

D. BROKERS

The *Broker/Third Party Certification* forms, *Attachments S-1 and S-2*, are to be completed and submitted to the Agency with all applicant files that are not from the original lottery. The *Broker/Third Party Certification* form is intended for re-rental vacancies not filled through Housing Connect and does not need to be submitted for an applicant from the initial lottery or from a mini-lottery in Housing Connect.

E. ANNUAL UNIT INSPECTION FORM

This form must be executed by approved residents and the owner and placed in the tenant’s file. This file must be kept at the management office. See *Unit Inspection Form, Attachment X*.

F. HOUSEHOLD STUDENT STATUS AFFIDAVIT AT RECERTIFICATION

For units financed with Low Income Housing Tax Credits (LIHTC) or tax-exempt bonds, *Household Student Status Certification, Attachment J-1*, must be used during the Annual Recertification process.

6. Submissions and Ongoing Reporting Requirements

A. The Agencies require submission or completion of the following items during the pre-marketing and marketing periods:

1. Marketing Plan (to include all required information as described herein). See Section 4-1, C.
2. The form of lease and all riders for Agency review. Additionally, the *Pre-lease Acknowledgement and Certification* and, for HDC Projects, the *HDC Lease Riders* are to be used with all units. See *Attachments N1 -N3, O and P*.
3. Owner certification indicating the move-in date for the first tenant to occupy the development. (Once the Marketing Agent has submitted this form for the “first tenant who occupies a unit in the Project,” it does not have to be used thereafter.) See *Owner Certification of Initial Move-in Date, Attachment W*.

B. The Agencies require submission or completion of the following items during the resident selection period:

1. Applicant Information Forms (AIF) and Tenant Income Certifications (TIC) completed by applicants and the Marketing Agent. See *Attachments M and L1 – L3*.
2. In addition to Tenant Income Certifications, the Marketing Agent must submit to the Agency all supporting documentation verifying income eligibility and family composition.

C. The Agencies require submission or completion of the following items during the compliance period:

1. After the initial lease-up or sales of all the units in the project, certain obligations pertain to the project. In particular, the Marketing/Managing Agent must submit the current rent roll on a regular basis, as determined by the Agency.
2. HDC-regulated projects are required to submit rent rolls on a quarterly basis. The template and submission instructions can be found here under the subsection "Rent Roll Collection": <https://www.nychdc.com/manage>
3. HPD projects with Low Income Housing Tax Credit and/or HOME funding are required to submit rent rolls annually. Submission instructions and forms can be found here: <https://www.nyc.gov/site/hpd/services-and-information/tax-credit-and-home-compliance.page>

4. For vacancies subsequent to initial project occupancy, the required Tenant Income Certifications and supporting documents must be transmitted for Agency review prior to the signing of the lease.

** NOTE: all applicant- and tenant-related documentation and correspondence must be kept on file for the relevant storage period, and easily retrievable should it be requested by the Agency, either during lease-up or afterward.*

7. Attachments

A-1	Notice of Intent to Begin Marketing
A-2	Marketing Agent Approval Request Form
AA-1	Justice Involvement - Guidance
AA-2	Justice Involvement - Worksheet
AA-3	Justice Involved Notice
AA-4	Justice Involvement - Applicable NYS Penal Codes
B	Marketing Plan Summary
C-1	Language Access Plan
C-2	Guide to Language Access for Marketing
D	Community Contact Letters
E	Outline for Management Plan
F-1	Print Advertisement Instructions
F-2	Advertisement - Rentals
F-3	Advertisement - Homeownership
F-4	Routing Slip of Advertisement Approvals
F-5	Evidence of AFHM
F-6	Project Site Marketing Sign
G-1	Application (if applicable)
H-1A	Document Request Notice
H-1B	Document Submission Confirmation Notice
H-1C	Document List
H-2	Ineligibility Notice (if applicable)
H-3	Approval Notice
H-4	Rejection Notice
H-5	Low Priority Notice
H-6	Priority Waiting List Notice
H-7	Appeal Rejection Notice
H-8	No Unit Available Notice (if applicable)
I-1	Certification of Unemployment / Zero Income
I-2	Certification of Eligibility for Accessible Unit

I-3	Sample Employment Verification Form
I-4	Guidance for Documenting Self-Employment
J-1	Student Status Certification
J-2	Student Financial Assistance Worksheet
K	Notice of Remarketing
L-1	Checklist for Income Certification
L-2	TIC Submission Cover Letter
L-3	Tenant Income Certification (TIC)
M	Applicant Information Form (AIF)
N-1	Pre-lease Acknowledgement and Certification
N-2	Primary Residency Certification - Rentals
N-3	Primary Residency Certification - Homeownership
O	HDC Rider to Standard Rent Stabilization Lease (Low-Income)
P	HDC Rider to Standard Rent Stabilization Lease (Middle-Income)
Q	Reaffirmation of Income
R-1	<i><u>Intentionally omitted – this form no longer in use</u></i>
R-2	IRS Form 4506-T (Applicant)
R-3	IRS 4506 (DOI/HDC) & (DOI/HPD)
R-4	NYS DTF-505 Form (DOI/HDC) & (DOI/HPD)
R-5	Rent Payment History or Credit Review & Authorization to Release Information Form
S-1	Broker/Third Party Certification ($\leq 165\%$ AMI)
S-2	Broker/Third Party Certification ($> 165\%$ AMI)
T	Asset Certification
U	Apartment Distribution Chart
V-1	Certification for Deep Rent Skewed Projects (HDC)
V-2	Certification for Mixed Income / “Non-Deep Rent Skewed” Projects (HDC)
W	Owner Certification of Initial Move-In Date
X	Unit Inspection Form
Z	VAWA Notice of Applicant Rights VAWA Marketing Guidance

