

HPD Housing Connect for Homeownership Opportunities

Frequently Asked Questions (FAQ) - April 2024

1. What is HPD doing to increase the pool of applicants applying for initial and resale homeownership opportunities? How will prospective buyers know that there are opportunities for homeownership on Housing Connect?

HPD-financed homeownership units will be marketed to prospective buyers through Housing Connect.

For initial sales of homeownership units, HPD requires that, for projects of seven or more affordable units, sponsors put an advertisement of the homeownership opportunity in at least a citywide daily newspaper, an ethnic-based newspaper, and a local newspaper. Ads can also be placed on websites including but not limited to StreetEasy, Zillow, and other free or community-based sites, so long as any language included in the advertisement abides by requirements in HPD's Marketing Handbook.

For resales of homeownership units, Qualified Marketing Agents can either use the Mini-Lottery process in Housing Connect or alternate remarketing procedures as approved by the appropriate Agency (HPD or HDC) to fill future affordable unit vacancies upon turnover. Please see the [Marketing Handbook](#) for further detail. The agent can also opt to go through a complete Housing Connect Lottery process, which will include a designated 30–60-day advertising period, but this may mean the process is longer.

To further promote these homeownership opportunities, HPD is also planning to launch a specific advertising campaign and create related materials about how New Yorkers can apply and qualify for homeownership lotteries. HPD has also created a new Owner Outreach and Events team in the Office of Neighborhood Strategies, which organizes resource events in neighborhoods around the city promoting HPD's homeownership programs and publicizing homeownership opportunities.

2. There are not enough Monitors or Marketing Agents to fulfill the requirements for putting homeownership units through Housing Connect.

a. How many qualified Monitors will there be?

b. How many qualified Marketing Agents will HPD have?

HPD recently released the *Request for Qualifications: Monitor of Housing Development Fund Corporation Cooperatives* ("Coop Monitor RFQ") to qualify additional organizations to serve as Monitors and ensure that there are enough entities to fulfill related requirements. HPD encourages all interested organizations to apply. The RFQ is rolling, but the deadline for inclusion on the initial pre-qualified list (PQL) is July 31, 2024.

HPD also released a Marketing Agent RFQ in September of 2020 and is accepting applications on a rolling basis to qualify additional applicants. To date, HPD has qualified over 30 marketing agents and is working to expand Marketing Agent trainings to include details on marketing homeownership units.

3. Why is HPD requiring that new homeownership units and resale units go through Housing Connect?

The pipeline of initial sale and resale of homeownership units coming online through Housing Connect is small. HPD is requiring that new homeownership units go through Housing Connect to ensure that all interested applicants have equal opportunity and access to apply to this limited number of publicly financed, affordable homeownership opportunities. By promoting equitable access and opportunity to homeownership for all New Yorkers, HPD aims to fulfill its federal obligation under the Fair Housing Act to affirmatively further fair housing. The Housing Connect requirement also enables HPD to better ensure that sales and resales of homeownership units comply with requirements laid out in the governing regulatory agreement, promoting long-term affordability for future generations of homebuyers.

4. Will this new requirement require more paperwork for existing homeowners that now have to sell through Housing Connect?

Housing Connect requires the same information for a homeowner to sell through the system that would be required to sell to an eligible purchaser outside of Housing Connect.

5. Which HPD projects are subject to the requirements to go through Housing Connect on initial sale and resale?

Homes in projects with HPD regulatory agreements signed after 2019 likely include a requirement that all homeownership units be marketed through Housing Connect. The current standard HDFC Cooperative Regulatory Agreement includes this requirement, so projects receiving new HPD financing or tax exemptions will be subject to the requirement.

For buildings with HPD regulatory agreements that were signed prior to 2019 or with regulatory agreements that do not include the requirement, only the requirements included in the regulatory agreement are applicable.

6. What happens in the case that there are multiple sales in a building. Do they each have to go through a lottery separately?

HPD allows multiple units to be marketed together if they are poised to sell at the same time. For resales of homeownership units, Qualified Marketing Agents can either use the Mini-Lottery process in Housing Connect or alternate remarketing procedures as approved by the appropriate Agency (HPD or HDC) to fill future affordable unit vacancies upon turnover. Please see [Marketing Handbook](#) for further detail.

7. What happens in the case that a coop board rejects an application for a new homebuyer?

Under the current standard HDFC Cooperative Regulatory Agreement, prospective shareholder can attend a board meeting prior to purchasing a unit or cooperative boards can meet with potential shareholders. However, a board cannot reject an applicant for a reason that does not abide by HPD's Marketing Guidelines. If an applicant is deemed ineligible in accordance with HPD's Marketing Guidelines, they cannot purchase the unit, and additional applicants will need to be screened.

8. Why is HPD requiring that Coop Monitors be Marketing Agents?

The recently released Coop Monitor RFQ requires organizations to be on HPD's Marketing Agent PQL as a prerequisite for being added to the Coop Monitor PQL. This requirement will ensure that Coop Monitors are equipped to oversee ongoing marketing needs for coops, either by performing the marketing work themselves or by subcontracting it to a third party.

Prior to the release of the RFQ, the current standard HDFC Cooperative Regulatory Agreement already required Coop Monitors to verify income eligibility for new homebuyers purchasing shares in HDFCs. Requiring Monitors to be Marketing Agents reduces duplicative work by expanding on existing responsibilities of the Coop Monitor and eliminating the need for shareholders to find their own brokers. The requirement is also intended to enable coops to comply with requirements that resales go through Housing Connect by ensuring that they have ongoing access to marketing services via their Coop Monitors. HPD's intention is to maximize simplicity and efficiency by requiring one organization to provide both marketing and monitoring services to HDFC cooperatives.

The RFQ asks respondents to propose fees and payment structures that will adequately compensate Monitors for all required work, including overseeing a Coop's ongoing marketing needs. HPD will consider the information it receives via the RFQ before issuing guidance regarding how Monitoring fees may be sized and structured.

9. Do shareholders have to use their Monitor as a Marketing Agent?

Shareholders are not required to use their Monitor (or the Monitor's third-party subcontractor) as a Marketing Agent when they opt to sell their home. Instead, the shareholder may decide to hire a Marketing Agent of their own choosing and at their own cost. However, to the extent an HDFC's monthly maintenance fees are sized to cover the cost of retaining the Monitor's services (which will include Marketing Agent services), the shareholder would be entitled to use those services by nature of paying monthly maintenance to the coop (contingent upon the final Monitoring fee structure that HPD or the Monitor establishes). Regardless of whether a shareholder sells their unit via their Monitor or an independently hired Marketing Agent, the shareholder as well as the HDFC coop must abide by the HPD Marketing Guidelines.

10. What about older HDFCs that aren't required to have a Monitor?

Buildings with regulatory agreements that do not require a Monitor are not required to comply with the current HDFC Cooperative Regulatory Agreement. In those cases, only the existing regulatory agreement's requirements are applicable.

11. How will the relationship between Qualified Monitors and individual shareholders be structured? Will Qualified Monitors need to have separate agreements with individual shareholders?

The HDFC will have an agreement with the Coop Monitor. If an individual shareholder decides to sell and opts to use the Monitor's marketing services, they will execute an agreement with the Monitor that resembles a typical agreement executed between a shareholder and a real estate broker. If the shareholder decides to sell via an independently hired Marketing Agent, they will execute a similar agreement with that Marketing Agent.

12. What is the cost for sellers to market a homeownership unit on Housing Connect? Will this increase ongoing costs for shareholders? If an individual seller changes their mind and no longer wants to sell their unit but has already begun the HPD marketing process, do they have a way of recouping costs?

The Coop Monitor RFQ asks respondents to propose fees and payment structures that will adequately compensate Monitors for all required work, including overseeing a Coop's ongoing marketing needs. HPD will consider the information it receives via the RFQ before issuing guidance regarding monitoring fees. HPD's goal is to establish a price schedule and structure that mechanically and financially works for the selling shareholder, the prospective purchaser, and the Coop Monitor responsible for providing marketing services. A shareholder's monthly maintenance fees typically are already sized to cover the cost of retaining the Monitor's services. Based on insights received from its review of Coop Monitor RFQ submissions, HPD will establish an allowable fee schedule and structure to accommodate the Monitor's provision of marketing services. To contain costs for shareholders, HPD anticipates limiting total fees charged for marketing units in accordance with the Marketing Guidelines to no more than roughly 6% of a unit's maximum resale price (as permitted by the Regulatory Agreement) so that the Monitor's marketing services do not exceed the typical cost of hiring a real estate broker in New York City. Organizations should keep this limit in mind when proposing price schedules as part of their submissions to the Coop Monitor RFQ.

13. Is there a difference between requirements for outsider and insiders?

Under HPD's current standard HDFC Cooperative Regulatory Agreement, there are no differences between the requirement to use Housing Connect for insiders and outsiders to sell their home. There may be differences in flip tax schedules among insiders and outsiders, but this should not impact the requirement for the seller to sell through Housing Connect.

14. There is a lack of mortgage lenders & remedies for HDFCs. How is HPD addressing that?

HPD is aware of these challenges and is engaging in ongoing conversations with mortgage lenders to alleviate these issues.

15. What is the role of the Coop Monitor in foreclosures?

A robust Coop Monitor has a duty to ensure the financial viability and physical stability of a coop to help reduce the likelihood of foreclosure on a cooperative. However, there is no official role for the Monitor in a foreclosure of an individual shareholder.

16. Who will be the contact at HPD for reviewing advertising for homeownership units?

The relevant HPD program team will review advertisements for homeownership units in conjunction with HPD's Marketing Team.

17. Can a homeowner pass on a homeownership unit to an heir under HPD's current HDF Coop Regulatory Agreement?

A shareholder's heir can inherit the homeownership unit, so long as they meet income eligibility and other requirements laid out in HPD's current HDFC Cooperative Regulatory Agreement. If the heir is not income eligible, the heir will be required to sell the shares within one year of the date of acquisition of the homeownership unit shares.

18. What does a homeownership sale look like through Housing Connect? What happens if a shareholder needs to sell quickly?

For an initial sale of a homeownership unit, the Lottery process includes the following milestones:

- Pre-marketing: Submission of a marketing plan and creation of an advertisement
- Marketing: Publishing of advertisement on Housing Connect and in newspapers
- Lottery: Application randomization and assignment of lottery log number to applicants
- Evaluation and Selection: Marketing Agent review of applicants and purchaser selection

For a resale sale of a homeownership unit that utilizes the Mini-Lottery process, it includes the following milestones:

- Applicant list: A batch of applicants is generated whose household information and housing choices match the requirements of the available unit, after indicating their interest in being contacted for re-rental or resale units
- Lottery: Application randomization and assignment of lottery log number to applicants
- Evaluation and Selection: Marketing Agent review of applicants and purchaser selection

In the case that a homeowner needs to sell quickly, HPD may provide a waiver for the above processes that would allow for a shorter marketing time period and related requirements, subject to HPD's approval. Please see [Marketing Handbook](#) for further detail.

19. Is there a way to negotiate price on Housing Connect?

The primary objective of Housing Connect is to ensure that the process for purchasing a homeownership unit is fair and provides equal opportunity for all applicants to purchase. An eligible purchaser that applies to purchase a unit can offer a lower sales price than the listed price. However, acceptance of the offer is subject to the discretion of the seller and the seller can instead accept the offer of a subsequent applicant. The seller cannot accept a price that is above the maximum sale price established by the HPD Regulatory Agreement.

20. Housing Connect as a platform has mechanical/technical issues that make selling homeownership units, particularly at resale, challenging.

HPD is actively working to address issues with Housing Connect to ensure that its functionality facilitates ease of use for Coop Monitors, individual shareholders, and prospective purchasers.