



# West 120-126<sup>th</sup> Street Coop Renovation

Application #G 230039 XAM  
Subcommittee on Landmarks, Public  
Sittings, and Dispositions

12/5/2023

If you are a member of the public who wishes to testify, please register on the City Council Website at [council.nyc.gov](https://council.nyc.gov). Please visit the City Council Website to watch livestreams of all City Council Meetings and find recordings of previously held meetings.





# Overview

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## PURPOSE:

Gut renovate **Tenant Interim Lease** (TIL) program buildings and enable existing residents to become homeowners



## STRUCTURE:

- Rehab coordinated by **non-profit or for-profit sponsor** partnering with HPD. Sponsor manages building during construction/conversion process
- **Nonprofit Restoring Communities HDFC** owns building during construction to prevent conflicts of interest with sponsor
- Building owned and managed by residents upon coop conversion

## REQUIREMENTS:



To convert to cooperative, **80% of existing residents must:**

- (1) Attend at least 8 provided trainings;
- (2) Remain current on rent payments;
- (3) Choose to purchase units

*Buildings that do not convert to coops become **rent stabilized** rental buildings*



# Affordability: Sales Prices

Existing Residents	New Purchasers
<p><b>\$250</b> for households earning up to 80% AMI</p> <p><b>\$2,500</b> for households earning more than 80% AMI</p> <ul style="list-style-type: none"><li>Prices do not change; they have remained flat for the past 10+ years.</li><li><b>Existing residents do not have to obtain personal mortgages.</b></li></ul>	<p><b>Prices affordable to 80% of AMI households</b></p> <ul style="list-style-type: none"><li>Prices set so that the purchasers' <i>personal mortgages + monthly maintenance + utilities</i> does not exceed roughly <b>1/3 of their income.</b></li></ul>



AMI for a family of three (2023)

**\$50,840**

**\$101,680**

**\$127,100**

**40% AMI**

**80% AMI**

**100% AMI**





# Affordability: Monthly Costs

- TIL rents **do not produce enough income to maintain the building**. Expenses include: *Building insurance, heat/hot water, electric in public areas, maintenance staff salaries, water & sewer bills, accountant & legal, extermination, minor repairs*
- Coop shareholders **collectively decide** how much to increase maintenance annually
- For the coop to have enough money to cover expenses, monthly maintenance is set as follows:



- Residents get **Section 8** to ensure they do not pay more than 30% of their total income on housing costs
- The voucher subsidizes the difference between the residents' share (30% of income) and the 40% AMI maintenance fee.

40% AMI (2023)
Family of 1: \$39,560
Family of 2: \$45,200
Family of 3: \$50,840
Family of 4: \$56,480
Family of 5: \$61,000
Family of 6: \$65,520
Family of 7: \$70,040
Family of 8: \$74,560

- Initial maintenance is set so maintenance + utilities does not exceed roughly 1/3 of a **40% AMI household's** total income.

Unit Size	Initial Cost
1 Bedroom	\$1,059*
2 Bedrooms	\$1,271*
3 Bedrooms	\$1,468*

\*These numbers are only estimates and are not real monthly costs for this project; monthly costs will be set closer to construction through the project budget, which will be presented in more depth at an incoming budget meeting.



# Typical Project Costs

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## NEW BUILDING SYSTEMS



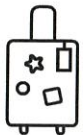
- Low carbon electrical & heating systems; new water and gas lines
- New roof & windows; repairs to façade & masonry
- Modernized security, doorbell, fire safety, mail, and other systems

## LEGALIZED LAYOUTS + ACCESSIBILITY



- Illegal bedrooms are removed; buildings brought up to code
- Accessibility improvements
- Residents sign-off on their new apartment layouts

## RESIDENT RELOCATION



- Residents are relocated nearby during construction (24-30 months)
- Project budget covers difference between TIL rent and relocation unit rent.
- Project budget pays for movers & storage

## COOP SUCCESS



- Training curriculum + long-term partnership with nonprofit monitor
- Substantial reserve fund for emergencies down the road





# Typical Financing for Coop Projects

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## City Capital (HPD No-interest Loan):



- Makes up majority of financing: roughly **\$500,000-\$700,000** per apartment
- **\$0** debt payments and **\$0** interest payments for 40 years
- First loan payment is due to City after 40 years if coop wants to exit affordability (if remaining affordable coop, no loan payment due)
- **HPD's loan does NOT impact maintenance fee amount.**

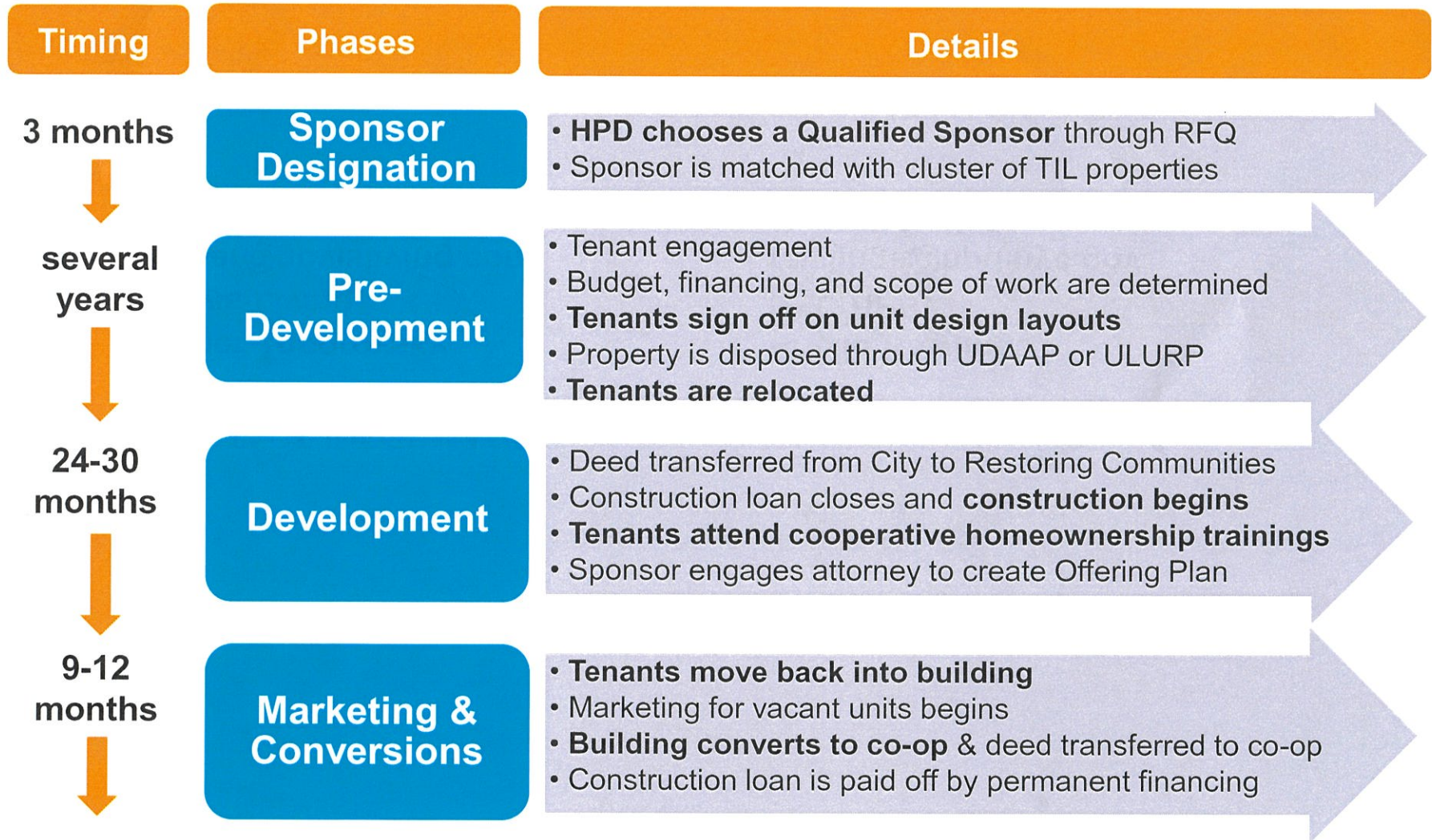
## Other Funding Sources:



- **New York State Grant Funding (AHC):** Grant that is not repaid
- **Sale Proceeds:** based on sales price for occupied and vacant units (higher vacant unit sales price = smaller bank loan and less debt)
- **Article XI Tax Exemption:** No property taxes for 40 years
- **Subsidized Acquisition Cost:** \$1 per building
- **Resolution A Funding:** decided by City Council and Borough Presidents



# Development Timeline





## **CONTACT INFORMATION**

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# Appendix

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# Benefits of Homeownership

- Residents can **sell or transfer units** to their heirs. HPD's goal is to **balance wealth-building** for individuals/families & **permanent affordability** for the community.
- This chart shows **an example of estimated profits, based on current AMI**, a resident (or their heir) would earn from selling a 3-bedroom unit at different points after coop conversion.

Years after conversion	Estimated Permitted Apartment Sale Price*	Flip Tax (% profit paid to coop) i.e. "collective/ shared equity"	Estimated Resident Profits
1	\$264,443	95%	\$13,000
5	\$297,633	70%	\$89,000
10	\$345,038	20%	\$276,000
15	\$399,994	10%	\$360,000
30	\$623,178	10%	\$561,000

\*Assuming 3% annual increase in sales price and 90% AMI income restriction for 3 BR apartment