Requirements for Co-op Conversion*

Each Tenant Association must meet the following criteria in order to convert to cooperative homeownership.

80% of tenants must be current in monthly rent
(No more than two months in arrears)

80% of tenants must attend all eight homeownership training courses during construction

80% of tenants must buy their unit

*Buildings that are unable to meet the three requirements for co-op conversion will be converted to an affordable rent stabilized property under a regulatory agreement that will be owned and operated by an HPD selected entity

Benefits of Co-op Conversion

- Creates homeownership opportunities in New York City for existing tenants at a purchase price of $2,500

- Future affordability maintained through a regulatory agreement that sets income restrictions and restricted sale prices for vacant units

- Building maintenance is kept affordable through an Article XI tax exemption of up to 40 years

Affordable Neighborhood Cooperative Program

**Office of Development
Division of Property Disposition & Development**

Please visit our webpage for more information and FAQ: **www.nyc.gov/ancp**

**NYC
Department of
Housing Preservation
& Development**

100 Gold Street, 9th Floor
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Pre-Construction   Post-Construction

508 West 134th Street façade in the West Harlem Community

Affordable Neighborhood Cooperative Program

**Office of Development
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**NYC
Department of
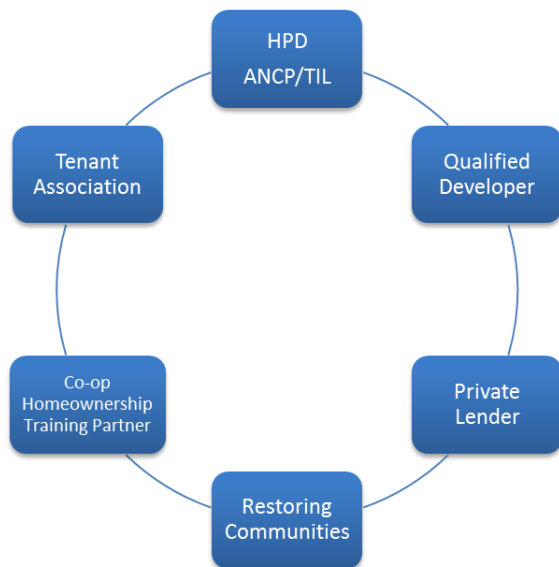Housing Preservation
& Development**

What is the Affordable Neighborhood Cooperative Program (ANCP)?

HPD's Affordable Neighborhood Cooperative Program (ANCP) selects qualified developers to rehabilitate city-owned buildings managed by the Tenant Interim Lease Program (TIL) in order to create affordable cooperatives for low and moderate-income households.
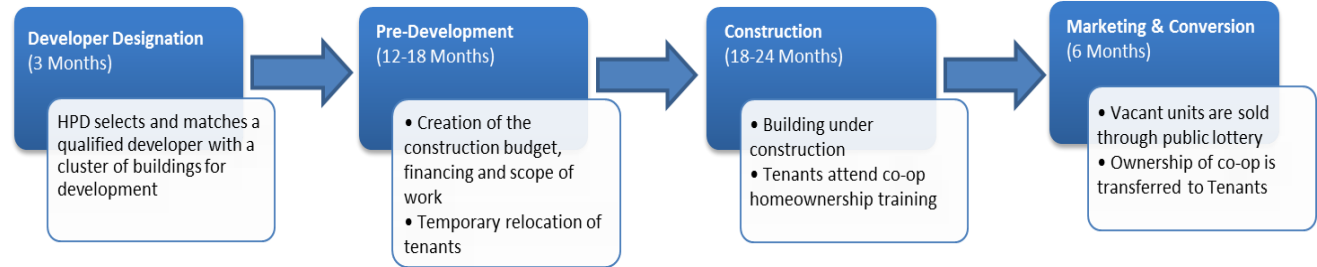
ANCP uses a mix of City Capital subsidy, private loans, sales proceeds and New York State Affordable Housing Corporation (AHC) grants to finance the rehabilitation. Additionally, ANCP works to secure an Article XI tax exemption of up to 40 years to keep the property affordable.

HPD works with Restoring Communities, a nonprofit entity, who acts as titleholder of the buildings during construction and also supports HPD in overseeing developer performance in building operations, timely project completion and co-op conversion.

Development Stakeholders

HPD ANCP/TIL — Qualified Developer — Private Lender — Restoring Communities — Co-op Homeownership Training Partner — Tenant Association

Project Phases

Developer Designation (3 Months)
HPD selects and matches a qualified developer with a cluster of buildings for development

Pre-Development (12-18 Months)
• Creation of the construction budget, financing and scope of work
• Temporary relocation of tenants

Construction (18-24 Months)
• Building under construction
• Tenants attend co-op homeownership training

Marketing & Conversion (6 Months)
• Vacant units are sold through public lottery
• Ownership of co-op is transferred to Tenants

Affordability

- **Insider Purchase Price:** Current tenants participating in the Tenant Interim Lease Program (TIL) may purchase their unit for $2,500, regardless of its size. Insider families earning less than or equal to 80% of Area Median Income ($68,720 for a family of 3 in 2017) and current in rent are eligible to participate in a payment plan toward the purchase price of $2,500.

- **Outsider Purchase Price**: Vacant units will be sold at sales prices affordable to households earning between 80-120% Area Median Income. Prices are calculated to ensure that a qualifying household's maintenance fee and projected monthly mortgage payment will not be more than 33% of their total annual income.

- **Maintenance fee:** After conversion to co-op, each new shareholder will pay a monthly maintenance fee. The maintenance fee is allocated per apartment based on apartment size. The monthly maintenance fee is structured to cover building operation expenses, pay down mortgage debt and put away money into reserves for future capital or operating needs.

- **Section 8:** If available, vouchers will be offered to current tenants that meet the eligibility requirements.

Co-op Regulatory Agreement Requirements

- **What is a Regulatory Agreement?** It is a contract between the co-op and the City of New York that outlines certain restrictions and legal requirements with the aim of ensuring continued affordability for your co-op.

- **Length of Agreement:** A minimum of 30-years.

- **Resale Price Restrictions:** Vacant unit purchasers will be subject to income restrictions and seller profits will be subject to a flip tax to be split among the co-op, HPD and the seller based on a schedule within the Regulatory Agreement.

- **Owner Occupancy Requirement:** Each shareholder owner must live in their unit as their primary residence and annually certify with HPD.

- **Monitoring and Management:** The newly formed co-op is required to maintain a third-party property manager and co-op monitor for the duration of the regulatory agreement.

- **Maintenance increases:** A minimum of 2% annual maintenance increase is required for the duration of the regulatory agreement.

- **Tracking and Reporting:** The co-op must submit financial reports and documentation showing annual maintenance increases, record of sales, etc. to HPD.

Completed Project: 244 Elizabeth Street

244 Elizabeth Post Renovation

- **Timeline:** Approximately three years from initiation to construction completion.

- **Development Team:** Nonprofit developer, Asian Americans for Equality (AAFE) selected from Request for Qualifications. Worked with General Contractor ICM Global Design, Inc.

- **Affordability:** Building has a 30-year regulatory agreement that sets an income restriction for resale of units, requires third party property manager, co-op monitor and sets a flip tax on vacant unit sales proceeds to be reinvested into the co-op for the term of the regulatory agreement.

- **Financing:** Renovation costs for the 19-unit building totaled $3.9 million. Construction loans were partially paid down through the sale of insider and vacant apartments as well as grant proceeds from the New York State Affordable Housing Corporation (AHC).

244 Elizabeth Pre Renovation (2013)

Typical Scope of Work*

- Hard wood cabinetry with laminate countertops and new, energy efficient kitchen appliances

- Hard wood floors throughout unit

- Modern bathroom fixtures and finishes

- A new roof to last 30+ years

- Upgraded hallways with proper lighting and ventilation

- Brand new utilities including a gas powered boiler and hot water heater

- All work will comply with the NYC Department of Buildings 2014 Construction Code requirements

*All warranties are handed off to TA post co-op conversion