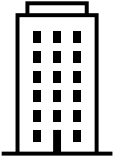


A multi-story brick building with a fire escape, trees, and cars on a city street. The building has a mix of brick and stone facades. There are several windows, some with air conditioning units. A fire escape is visible on the side of the building. In the foreground, there are trees and several cars parked on the street. The overall scene is a typical urban street view.

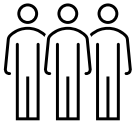
Affordable Neighborhood Cooperative Program (ANCP)

Overview



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 any potential conflicts of interest with sponsor
- Building owned and managed by residents upon coop conversion

REQUIREMENTS:



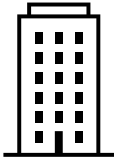
To convert to cooperative, **80% of existing residents must:**

- (1) Attend at least 8 provided *cooperative & homeownership readiness* trainings;
- (2) Remain current on rent payments;
- (3) Choose to purchase rehabilitated units

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

Overview

How does a co-op conversion project benefit tenants?



A **total (gut) rehab of your building**, including renovated units



Return to your newly renovated building with the **option to purchase** the shares to your unit or to remain in your unit as a rent-stabilized tenant

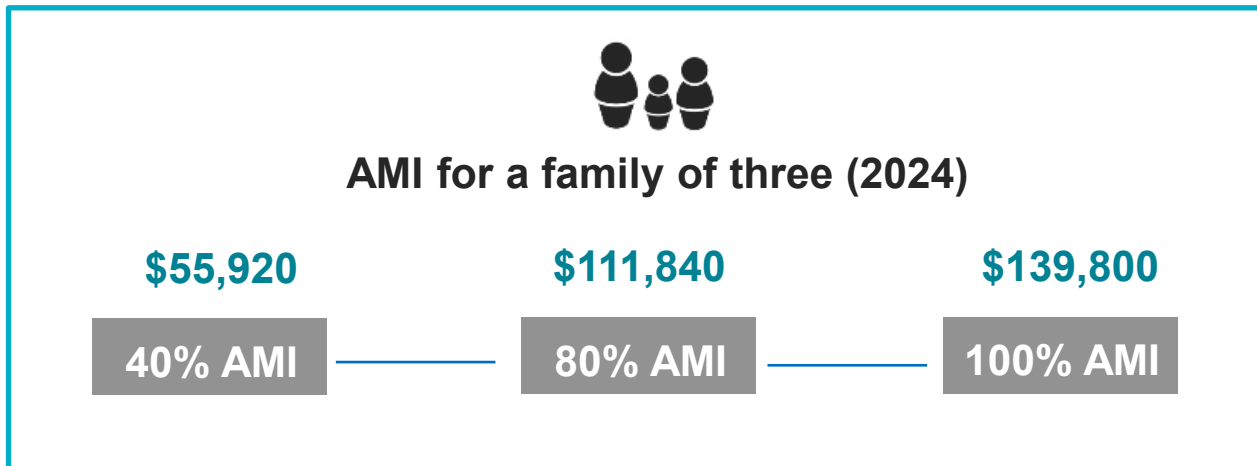


Opportunity to become a **cooperative shareholder (homeowner)**, which empowers you to:

- Make decisions on how to run your co-op building with your neighbors
- Build wealth over time in your home instead of paying rent
- Pass along your unit to an heir

Affordability: Sales Prices

Existing Residents	New Purchasers
<p>\$250 out of pocket for households earning up to 80% AMI</p> <p>\$2,500 for households earning more than 80% AMI</p>	<p>Prices affordable to low- and moderate-income households</p> <ul style="list-style-type: none">Example: A 2-bedroom home affordable to an 80% AMI household of three in 2024 would cost roughly \$243,720





Affordability: Monthly Costs

It costs approximately **\$1,000 - \$1,500 each month** to properly operate one apartment in an NYC building. TIL rents are much lower than this and have not increased annually.

These monthly operating costs typically include the below estimates:

Example Operating Expenses	Cost per Unit, per Month
Supplies, Cleaning, Exterminating	\$100
Heat, Gas, Electricity	\$160
Insurance	\$130
Repairs & Replacements	\$200
Legal & Accounting	\$100
Maintenance Staff Salaries	\$250
Property Management Fee	\$85
Water & Sewer	\$140
Co-op Monitor Fee	\$20
Energy Benchmarking	\$5
Building Reserves	\$10
Total Monthly Expenses Estimate	\$1,200

**Approximate example, based on NYC HDC 2024 standards*

Affordability: Monthly Costs

Depending on their household income, some households will receive **Section 8 “Housing Choice” vouchers** after converting to cooperative. This ensures that residents **do not pay more than 30% of their total income** on housing costs, and the building can stay up-to-date on maintenance with a sufficient cushion for reserves.

For example:



Family of three
making
\$70,000 per
year (50% AMI)

Household pays:
\$1,200 per month



Family of three
making
\$20,000 per
year (15% AMI)

Household pays:
\$500 per month

Section 8 pays:
\$700 per month

Typical Project Costs

What is a total (gut) building rehab?

It typically includes (but is not limited to):



New building systems (mechanical, electrical, plumbing)



Repair or replacement of roof and windows



Modernized security, doorbell, fire safety, mail, and other systems



Bringing your building and apartments up to code

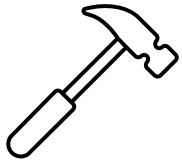


Accessibility improvements

Residents will have an opportunity to provide feedback on building and unit rehab plans.

Typical Project Costs

Why a total (gut) building rehab?



The money HPD spends now on major upgrades to your building will **reducing your future maintenance, repair, and operating costs**



Rehabbing the building now means it will be newly renovated and in **good condition before ownership is transferred** to the tenants



The project budget covers temporary **tenant relocation** during construction, at no additional cost to the tenants. The budget covers the difference between the TIL rent the tenant continues to pay and the rent of the relocation unit, as well as moving expenses.



Typical Financing for Coop Projects

- HPD “City Capital” makes up the majority of co-op project sources: typically more than **\$550,000** per unit
 - Comes with **no debt payments and no interest payments** (\$0) for 40 years, matching the term of the tax exemption
- Article XI Tax Exemption: **No property taxes** for 40 years while affordability is maintained, which is the maximum tax exemption that the City offers. The exemption can be extended beyond 40 years.
- Subsidized Acquisition Cost: **Acquisition price set at \$1** for the building and land
- Reso A: “Discretionary funds” which may be awarded by **City Council members and Borough Presidents**
- New York State Affordable Housing Corporation (AHC): **Grant** provided by the State that is not repaid
- **Sales proceeds** from both occupied and vacant units



Benefits for Co-op Shareholders

How do TIL residents build equity in their new homes?

This chart represents the **estimated equity** or wealth that a resident (or their heir) would enjoy from selling a 2-bedroom unit in their building, at different points in time after the co-op conversion.

Years After Conversion	Estimated Permitted Resale Price*	% of Profit Paid Back to Co-op as "Collective/Shared Equity"	Estimated Resident Profit
1	\$301,113	95%	\$32,202
5	\$338,906	70%	\$80,265
10	\$392,885	20%	\$152,038
15	\$455,461	10%	\$239,916
30	\$709,594	10%	\$648,709

*Assuming **3%** annual increase in sales price and **80% AMI** income restriction for **2 BR** apartment. *This is an illustrative example.* As the project moves forward, you will have the opportunity to review this information for your specific building before choosing whether to purchase shares in the cooperative.

The goal of this “shared equity” system is to **balance wealth-building** for shareholders and their heirs **with permanent affordability** for the community.

Sponsor Assignment

HPD Identifies at least 2
Qualified Sponsors



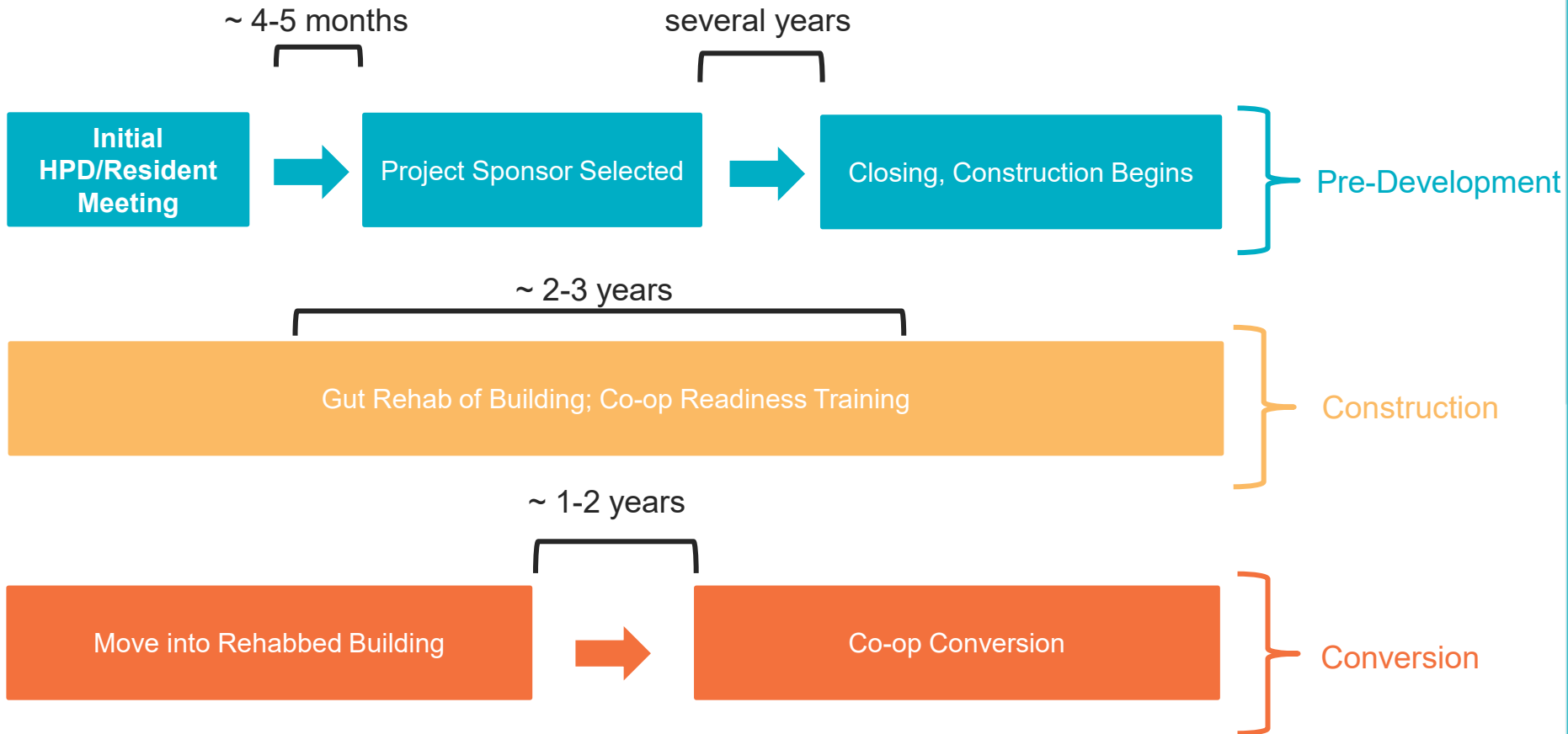
Residents Review
Presentations and Vote



Sponsor Designation

Approximately
4 - 5 months

Estimated Timeline



Note: These timelines are dependent upon resident engagement and cooperation, among other factors. For example, if any resident refuses to relocate, a project's timeline could be delayed significantly.