

## **Proposal for Cooperative Conversion Consulting Services for Tenant Petition Buildings in HPD's Third Party Transfer Program**

UHAB offers various services to developer/sponsors of Tenant Petition buildings in HPD's Third Party Transfer Programs. This package of services combines training, technical assistance / coaching, and legal assistance that is designed to promote and facilitate a transition to strong and stable cooperative ownership. They include:

**TRAINING:** Class sessions are offered to all residents on topics delivered in step with milestones in the renovation and co-op conversion process. Trainings are delivered in groups of up to 25, using a participatory instructional method for adults called the "Small Group Activity Method".

**TECHNICAL ASSISTANCE / COACHING:** Technical assistance to residents and coaching of resident association members and leaders is provided through meetings with the Board, a Committee or a smaller group of residents to explore a specific topic, develop a policy, create a practice, perfect a skill or otherwise develop the leadership capacity of the group. Coaching is always structured to increase understanding at the tenant level and make it possible for them to coach the next set of leaders. In that way, coaching also functions to promote resident involvement over the longer-term. Coaching session topics spring from the training or from the time-sensitive demands made of the Resident Association by the co-op conversion process.

**COOPERATIVE CONVERSION SERVICES:** UHAB's Legal Department offers a set of unique services focused on the conversion of the property into an HDFC cooperative under Article XI of the PHFL. The service is comprehensive and begins with the creation of the co-op corporation that will eventually take title to the property, and proceeds through the development of an request to the NYS Attorney General for a Letter of Exemption, liaison with HPD and the NYS Attorney General to secure approval of the cooperative offering materials, distribution of the Offering Plan and facilitation of shares sales. Cooperative Conversion Services do not include the legal representation of the developer and will not invoke the attorney/client privilege.

These three categories of service are described in the proposal below in the order and combination we recommend.

### **Phase I: Pre-Development**

#### **TRAINING**

The classes in this phase are:

- What is a Co-op
- Using Your By-Laws
- Resident Association Roles and Responsibilities
- Effective Meetings and Participation
- Developing Policy

## **TECHNICAL ASSISTANCE / COACHING**

UHAB Project Associate meets on site regularly with tenants and leaders to:

- Lead a Visioning Session in which residents envision what kind of a co-op they want to be and the steps necessary to get them there
- Prep for and monitor first board election (determining eligibility for the election, preparing ballots; setting up proxy system, etc.)
- Attend first board meeting and monitor election of officers
- Coach board president to prepare for and chair meetings
- Coach board secretary to prepare and circulate minutes
- Assist board with distribution of an apartment condition survey, analysis of its results and communicate those to the development team
- Assist residents to amend (if appropriate) and officially adopt their bylaws
- Assist board to identify and meet with their local electeds. The meeting will allow the board to introduce itself, discuss the co-op plan, the opportunity to fill vacant units (if any) at the completion of rehab and ask for financial or resource support (if needed)
- Help arrange for and attends a meeting with developer and project architect to review the scope of work
- Arrange for and attend a meeting with developer and property manager to review the relocation plan.
- Help arrange for and attend a meeting with developer and property manager to review the building stabilization plan.
- Meet with tenants interested in becoming the Construction Committee to review responsibilities.
- Coach construction committee and possibly attend some of the walk-throughs with the developer, architect, and contractor.
- Determine if one issue immediately presents itself for policy development and work with new Board to create it. Practice policy development and enforcement techniques discussed in class

## **COOPERATIVE CONVERSION SERVICES**

UHAB begins work to create the cooperative corporation by

- Assembling and submitting IG No Change Affidavits for previously vetted board members. (\* full disclosures are the responsibility of the Sponsor.)
- Drafting the Certificate of Incorporation and secure HPD approval
- Filing C of I with the State

## **Phase II: Construction**

### **TRAINING**

The classes in this phase are:

- Understanding the Development Budget
- Working with Managers + Management Reports

- Financial Management and Budgeting for Shareholders
- House Rules

### **TECHNICAL ASSISTANCE / COACHING**

UHAB focuses to specifically build the strength of the future HDFC Co-op by:

- Assisting board and leaders to maintain the operation of the Resident Association even though residents may be scattered by relocation
- Assisting to convene regular board meetings to update board on the status of construction work
- Assisting with or preparing for distribution newsletters to keep residents apprised of the progress of construction, ensure attendance at trainings, and facilitate timely elections.
- Assisting with the review of data from actual management reports, including budget-to-actual analysis, rent collections and operating expenses
- Convening a Resident Association meeting to explain rent restructuring, section 8, and related matters.
- Assisting residents and the Resident Association re: issues with the condition of rehabbed apartments.
- Assisting residents with compliance with HPD's requirements for applications for section 8 assistance.
- Meeting with Board or ad hoc committee to develop House Rules

### **COOPERATIVE CONVERSION SERVICES**

Creation of the Offering Plan begins by:

- Negotiating with HPD (Regulatory Agreement, tax exemption)
- Negotiating with Owner and Resident Assoc.
- Developing Letter of Exemption application
- Negotiating with AG to approve project for a Letter of Exemption
- Creating Co-op Information Package ("Plan")

### **Phase III: Co-op Conversion**

#### **TRAINING**

The classes in this phase are:

- 14 Steps to Co-op Conversion
- Understanding your Co-op Documents
- Shareholder Selection Committee
- Who Fixes What?
- Shareholder Education

### **TECHNICAL ASSISTANCE / COACHING**

During this phase UHAB will:

- Assist leaders to form and run a Shareholder Selection Committee for sales of vacant units
- Assist the Resident Association to create a Maintenance and Repair Committee

- Help organize warranty repair walk-throughs lead by the Maintenance + Repair Committee members.
- Answer all individual questions about co-op conversion.
- Assist Resident Association Board to find an attorney
- Assist Resident Association circulate "Expression of Interest" petition
- Assist residents to complete sales formalities (Purchase Agreements and Purchaser Affidavits, etc.)
- Attend the co-op's first organizational meeting, assist with the distribution of shares, and election of the first Board of Directors.

**COOPERATIVE CONVERSION SERVICES**

UHAB completes the creation of the Offering Plan and initiates the process to close on co-op shares by:

- Printing, binding and delivering Plan to Sponsor
- Meeting with resident to review Plan
- Preparing for Insider pre-closings
- Executing Insider pre-closings
- Facilitating Outsider Sales (\*Sale Contracts must be negotiated by Sponsor)
- Establishing and Maintaining Escrow account
- Creating and printing stock certificates and proprietary leases
- Copying all pre-closing documents for each apt, file in binder\*
- Scanning all pre-closing documents. Save on disk\*
- Spanish Translation- legal trainings (as needed)
- Preparing ACRIS- individual apts
- Confirming eligibility with Sponsor and amend purchasers (if necessary)

**COSTS**

For the **Training** classes:

\$13,500	up to 20 du	includes preparation and delivery of 14 course program with training sessions for approx. 25 tenants
\$27,000	20 -- 50 du	
\$40,500	50 -- 75 du	
to be negotiated	over 75 du	

For the **Technical Assistance / Coaching**:

\$31.25	Per unit per month; occupied and vacant units	assumes 24 months
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For the **Co-op Conversion Services**:

\$17,000	flat fee	
\$650	per unit beyond flat fee	includes all apartments, occupied or vacant, purchasing or not

This proposal will be incorporated into a contract from us if you would like to use UHAB's services. We look forward to working with you and your future affordable co-op. Please indicate the services for which you would like a contract:

<b>Training</b>	yes_____	no_____
<b>Technical Assistance / Coaching</b>	yes_____	no_____
<b>Co-op Conversion</b>	yes_____	no_____

If you would like to discuss any aspect of our proposal further, please contact Marina Metalios (212-479-3307) or [metalios@uhab.org](mailto:metalios@uhab.org).