

# Money to be made in converting IMDs to residential

By JOSEPH BENZ,  
DIRECTOR OF OPERATIONS, METRO SPIRE, LLC

As a result of the dark days of the 1970s and early 1980s, when there was a lack of commercial tenants, thousands of "Interim Multiple Dwelling," or IMD buildings, now exist throughout the city.

Not anticipating that there could ever be an upturn in the commercial market, landlords welcomed either small commercial tenants or illegal residential tenants into their buildings at whatever rent they could get. These tenants eventually became legal occupants with long-term, rent-stabilized leases known as IMD tenants. Now, as both the city and the commercial market have rebounded, landlords of IMD buildings struggle to realize the value of or profit from their investments.

There are ways for owners of these buildings to capitalize on their holdings. With a little help, landlords, even those whose buildings have multiple violations, can bring their properties up to par with the city's Loft Law and convert the building for residential use.

Once designated a residential building, IMD landlords can sell the IMD portion or even the entire building to developers or investors waiting to pay top dollar.

As stated by the NYC Loft Board, an IMD building lacks a residential certificate of occupancy. Following the stipulations of the Loft Law will bring buildings illegally converted to residential use into compliance with city housing laws relating to health, safety and fire protection. The requirements of these laws are met when the owner performs the appropriate construction work on the building to bring it up to par with the city's residential code, qualifying the building for a certificate of occupancy allowing for residential use of the building.

But how can IMD landlords afford these construction costs when the current return on the building is insufficient to cover them?

The first step is to identify which parts of the building can be used as a means to finance the initial investments and to remove any violations. Removing outstanding violations, such as an inadequate fire safety system, qualifies the building for a certificate of occupancy under the city's loft conversion law. This will enable the landlord to qualify for a new equity loan for the building, creating the means to implement more improvements to the property.

From there landlords can follow a simple model that will generate enough funds in the short term to pay for long-term objectives, including the effective removal or buyout of the remaining IMD

tenants. Once these steps are completed, the landlord can shop their building to developers and investors that will pay top dollar for the property to convert the building into luxury residential units.

There are literally thousands of IMD properties in New York City.

Many are in highly desirable areas, including Midtown South, TriBeCa, the East Village, the Lower East Side and the Financial District. And that's just in Manhattan.

Metro Spire, LLC will help IMD landlords through the entire process. We provide consulting services to evaluate the state of an IMD building.

connect landlords with lenders, work with the city's loft board, broker the sale and buy out of IMD tenant leases.

For more information on how landlords of IMD buildings can take these steps, Metro Spire, LLC will hold its first annual Landlord Education Night on Wednesday, June 8 from 6 to 9 p.m. at our headquarters at 363 Seventh Ave. Experts will cover topics such as correcting code violations cheaply, the ins and outs of the NYC loft law, what it really takes to undertake a condo conversion and the best uses of owner's equity. For more information, call 212.967.1400. ■



JOSEPH BENZ

multiple violations, can bring their properties up to par with the city's Loft Law and convert the building for residential use. Once designated a residential building, IMD landlords can sell the IMD portion or even the entire building to developers or investors waiting to pay top dollar.

As stated by the NYC Loft Board, an IMD building lacks a residential certificate of occupancy. Following the stipulations of the Loft Law will bring buildings illegally converted to residential use into compliance with city housing laws relating to health, safety and fire protection. The requirements of these laws are met when the owner performs the appropriate construction work on the building to bring it up to par with the city's residential code, qualifying the building for a certificate of occupancy allowing for residential use of the building.

But how can IMD landlords afford these construction costs when the current return on the building is insufficient to cover them?

The first step is to identify which parts of the building can be used as a means to finance the initial investments and to remove any violations. Removing outstanding violations, such as an inadequate fire safety system, qualifies the building for a certificate of occupancy under the city's loft conversion law. This will enable the landlord to qualify for a new equity loan for the building, creating the means to implement more improvements to the property.

From there landlords can follow a simple model that will generate enough funds in the short term to pay for long-term objectives, including the effective removal or buyout of the remaining IMD

## Condo prices drop

Data garnered from Yale Robbins, Inc.'s newest website, Condo-Sales.com, indicates a marked decrease in actual condominium sales prices for apartments north of 96th Street, announces Henry Robbins, executive vice president of Yale Robbins, Inc., which developed and currently hosts the website.

In January 2004, the average price per square foot for a condominium apartment north of 96th Street was \$418-square-foot, encompassing east and west sides of northern Manhattan. As of January 2005, the price had decreased to \$325-per-square-foot.

The prices-per-square foot in the five other

Continued on Page R15



## The New CO Law Worked.



## And I Lived To Talk About It.

Iona Shelley's life was saved by a simple carbon monoxide alarm installed by her building superintendent. She called 911 after her new carbon monoxide alarm went off. All residents escaped unharmed.

Some news is worth repeating. Iona Shelley has one of those stories. Her building superintendent had just complied with New York City's new carbon monoxide law requiring a CO alarm in residential properties. Only hours after it was installed, the alarm sounded. Iona called the fire department who arrived to find dangerous levels of carbon monoxide throughout the multiunit building.

The law was enacted to save lives, and it's already doing it. Hundreds of thousands of CO

alarms have already been purchased and installed by property owners and managers just like you. But not everyone has acted. Yes, fire service officials have started compliance checks and yes, warnings and fines have been levied. But that's not what the law is about. Sometimes it just takes a near tragedy like Iona's to get us all thinking about tenant safety.

If you need to update or enhance your safety efforts, First Alert® offers a complete line of New York City-compliant CO alarms.

**First Alert**

Family First. Safety Always.™

JUST CALL KELLY & NOVIELLO ASSOCIATES, WEST BABYLON, NEW YORK, AT (631) 643-1100  
FOR THE NAME OF YOUR LOCAL STOCKING FIRST ALERT® DISTRIBUTOR.