Habitat Weekly

Lessons from Habitat's Legal Talk Series
January 18, 2024

Renovation Responsibilities for Co-op and Condo Boards

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New York City

When shareholders want to renovate their apartment, it can often be a headache for boards, particularly in older properties where problems are more likely to crop up related to the building's age. This might include the need for more energy-efficient appliances and systems, or upgrades to plumbing, wiring and windows for the benefit of the building. The escalating costs of running a co-op, including rising taxes and insurance expenses, as well as the desire to keep maintenance down, is prompting boards to explore new strategies for managing renovations.

Shifting responsibilities. One trend is for boards to shift more responsibility onto shareholders for covering renovation costs that might be considered the building's responsibility. In most cases, what's inside the building's walls is the co-op's responsibility. So if a unit owner is renovating and starts touching risers or branch lines, under the proprietary lease that's usually the responsibility of the co-op. However, in some cases, this dynamic is shifting. For example, in some buildings where soundproofing in the floors is inadequate, the board might impose an obligation on the unit-owner or shareholder to address that during a renovation. Another example is a building on the Upper East Side that mandated toilet upgrades to improve water efficiency during an apartment renovation.

The impact of energy regulations. As buildings face increased demands to decarbonize and shift from gas to electric, boards are exploring ways to pass the burden of upgrading electrical systems onto shareholders and unit-owners. For example, certain buildings have upgraded the electrical load capacity for the building to accommodate the shift away from gas, but if unit-owners want to take advantage of the increased load, they are being asked to pay for upgrades to the branch lines themselves. Window replacements are another area where boards often request shareholders make upgrades during renovations. The building is trying to shift to the unit owner what may be read in the proprietary lease as being the obligation of the co-op. Boards should be aware they face limitations in pushing shareholders and unit-owners too hard. If the renovation demands are too great, they may resist and legal conflicts could arise.

Navigating upgrades. Open communication and collaboration remain essential in successfully managing these evolving governance issues. Shareholders often prioritize their desire for renovations and alterations over resisting increased responsibilities. One route for the board is to amend the proprietary lease, which is the document that dictates responsibilities. However, as most board members know, making changes to the proprietary lease is often difficult to achieve because it requires a two-thirds majority of shareholders. Some boards might choose to defer certain work until a unit is sold, transferring the responsibility for upgrades to the new owner. As buildings age, the need for renovations and upgrades will only increase. The most sensible approach for boards is to communicate clearly with unit owners, emphasizing the collaborative nature of these changes to garner support. It’s important to seek solutions that benefit both the building and its residents without pushing too hard and risking shareholder backlash.

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