



Data Refuting FHFA's Claims on LL-2026-03: New York-Specific Summary

Why New York Presents the Most Complex Compliance Environment of Any State

New York is not simply a large condo market confronting a reserve underfunding problem. It is a layered regulatory environment in which condo and co-op boards are simultaneously navigating federal GSE lending standards, New York City's Local Law 97 carbon emissions compliance regime, a state structural integrity legislation framework, and pending state legislation that would independently mandate reserve studies. These are not parallel tracks. They compete for the same finite pool of board capacity, owner dollars, and professional services. FHFA's claim that the compliance burden of LL-2026-03 is narrow and financially modest cannot be sustained in a market where buildings are already absorbing costs from multiple mandatory compliance fronts -- and where the absence of any statewide reserve study mandate means the starting point for many associations is effectively zero.

Claim #1: Fewer than 10,000 Associations Would Struggle

New York Has No Statewide Reserve Study Requirement and No Minimum Funding Level

This is the foundational problem, and it is more acute in New York than in any other large state. New York does not have a statewide statute that requires all HOAs, condominiums, or co-ops to commission periodic reserve studies. New York's Real Property Law Section 339-V sets out a framework for what condo bylaws may cover, including reserves, but the statute allows rather than compels a particular reserve level or study schedule.

(<https://www.propfusion.com/law-guide/new-york-reserve-study-requirements>)

For co-ops, New York law requires boards to "periodically set aside reasonable sums for reserves," but does not define what percentage constitutes a reasonable sum. For the overwhelming majority of New York condo associations outside of the NYC conversion context, there is no legal floor at all. Boards have operated for decades under a framework that leaves reserve planning entirely to governing documents and board discretion.

This means New York condo associations currently failing the 15% test are not boards that violated any law. Many of them followed state law perfectly. FHFA's claim that only a small number of associations would struggle is rendered implausible by a state in which the law

provides no minimum reserve requirement and no mandatory study schedule -- creating an environment where underfunding is structurally likely and broadly undetected.

Proposed state legislation, bills S7600 and A8945, introduced in the 2025-2026 legislative session, would require condominium and cooperative housing associations to complete capital reserve studies including 30-year funding plans. As of the latest published actions, S7600 had been reported out of committee but not yet adopted into law, and no final floor vote had been recorded. The fact that the New York Legislature is actively working to create a reserve study mandate for the first time -- in the same legislative session in which LL-2026-03 was issued -- is itself evidence that New York's associations are operating in a pre-mandate environment that FHFA's impact projections do not adequately account for.

New York City's Co-op and Condo Market Is Among the Largest and Most Financially Stressed in the Country

In Manhattan, condo HOA fees average roughly \$3.20 per square foot, translating to \$300-\$1,500 a month for a typical one- to two-bedroom unit. Co-op maintenance charges average about \$2.44 per square foot but bundle property taxes, underlying mortgages, and utilities, making total carrying costs comparable or higher.

(<https://sps.columbia.edu/news/progress-and-obstacles-implementing-nycs-local-law-97-and-sustainable-nyc>)

Thin reserves raise the odds of a surprise special assessment when the roof fails or insurance premiums spike. The Wall Street Journal chronicled one New York association whose annual insurance policy soared from \$110,000 to \$960,000, forcing both a special assessment and higher dues simultaneously. This is not a hypothetical. It is documented market behavior that directly contradicts the characterization of reserve-driven cost increases as limited to \$15-\$30 per month.

The Co-op Structure Adds a Category FHFA's Survey Likely Undercounts

New York is unique nationally for its dominant co-op housing structure. Co-operatives -- in which residents own shares in a corporation rather than real property -- are not technically condo associations and are governed by different legal frameworks. Many co-ops are not tracked in the same datasets used to compile condo association counts. To the extent FHFA's survey of 160,000 associations focused primarily on condominium associations, it may have systematically undercounted New York's co-op inventory, which represents the majority of the city's owner-occupied multi-family housing stock. Co-op boards in New York are required to "periodically set aside reasonable sums" for reserves, but the standard is vague and unenforced, and underfunded co-ops can find it difficult to refinance underlying mortgages or maintain share values. This population of underfunded co-ops --

structurally similar to condo associations for lending purposes -- is not fully captured in FHFA's count.

Claim #2: Monthly Dues Would Only Increase \$15-\$30

New York Co-ops and Condos Are Already Under Multi-Front Cost Pressure

FHFA's \$15-\$30 figure assumes that the reserve contribution increase is the primary or sole financial pressure on New York associations at the time of compliance. That assumption is not accurate. New York associations are simultaneously absorbing Local Law 97 compliance costs, insurance premium spikes, and deferred capital project costs -- on top of any reserve funding increase LL-2026-03 requires.

A 4 to 8% maintenance bump tied to Local Law 97 is the new normal in affected Manhattan and Brooklyn buildings. A building that exceeds its LL97 emissions cap by even a moderate margin faces fines of \$268 per metric ton of CO₂-equivalent over the cap annually. Spread across 80 shareholders, a typical fine scenario works out to approximately \$840 per shareholder per year, or about \$70 per month -- just to cover the penalty, before any capital project costs to actually achieve emissions reduction.

That \$70 per month -- just for one existing compliance obligation -- already exceeds FHFA's top estimate of \$30 per month for the reserve requirement increase. The combined effect of LL97 costs and LL-2026-03 reserve increases on a New York condo or co-op owner's monthly carrying cost is a multiple of FHFA's projection.

NYC's Local Law 97 Is Competing Directly with Reserve Funding for the Same Dollars

Local Law 97 applies to most buildings over 25,000 square feet in New York City. Approximately 57% of covered buildings are projected to exceed their emissions limits for the 2030-2034 compliance period if they make no changes, and approximately 20% are already exceeding their cap in the 2024-2029 period.

(<https://cooperatornews.com/article/local-law-97-3>)

For co-ops and condos, compliance costs include raising maintenance or common charges, passing one-time assessments, or refinancing the building's underlying mortgage. Co-op bylaws often require shareholder votes for capital improvements above certain thresholds, adding a governance layer to what is already a capital-intensive compliance obligation. (<https://www.urbangreencouncil.org/what-we-do/driving-innovative-policy/ll97/>)

A New York condo board trying to simultaneously fund reserves at the level required by LL-2026-03 and execute the capital projects required for LL97 compliance -- within overlapping timelines -- is not choosing between two equally manageable adjustments. It is choosing which legally consequential obligation to prioritize. There is no financial analysis in FHFA's \$15-\$30 estimate that accounts for this tradeoff.

The Scale of Real Special Assessments in New York Refutes FHFA's Estimate

A 37-year-old community with \$410,000 in its reserve fund facing significant deferred maintenance on roofs and siding was found to be only 4.4% funded upon reserve study, leading to a \$7.7 million special assessment. The board implemented a phased repair approach and increased monthly assessments to support higher reserve funding requirements going forward. (<https://www.reservestudy.com/resources/article/hoa-reserve-funding-your-roadmap-to-financial-security/>)

For a 100-unit building, a \$7.7 million special assessment translates to \$77,000 per unit. Amortized over 10 years, that is \$641 per month per unit -- a figure that stands in direct contrast to FHFA's characterization of reserve-related cost increases as modest.

New York-area property management practitioners observe that co-op and condo boards regularly face unexpected situations arising from new city regulations, which can be costly for associations with no cushion. When associations are underfunded, they have no buffer for mandatory regulatory compliance costs, and those costs then arrive as sudden, concentrated assessments. (<https://www.reservedataanalysis.com/condo-reserves/>)

New York-Specific Legal Barriers to Timely Compliance

No State Law Framework to Compel or Facilitate Rapid Reserve Compliance

Because New York has no statewide reserve study mandate and no minimum funding level, there is no existing legal infrastructure that associations can leverage to comply quickly with LL-2026-03. In Florida, the SIRS process -- however imperfectly timed relative to Fannie Mae's deadlines -- at least gives boards a statutory study framework to work from. In California, the Davis-Stirling Act provides a study mandate, annual review requirement, and disclosure obligation. In New York, boards seeking to comply with LL-2026-03 must do so entirely through their governing documents and the initiative of individual boards, without state law support, mandatory study schedules, or disclosure requirements that would create market pressure to act.

For most New York communities, the governing documents, not a special statute, define reserve contributions. This means that boards deciding to increase contributions to meet

LL-2026-03's 15% threshold or "highest recommended allocation" standard must navigate the amendment process of their own bylaws, which may require supermajority member approval, multiple noticed meetings, and attorney general review in some cases.

Co-op Governing Documents Create Approval Bottlenecks

Co-op bylaws often require shareholder votes for capital improvements above certain amounts or for changes to the underlying mortgage. Major capital projects -- of the kind required for LL97 compliance and potentially needed to address reserve shortfalls -- require this approval before they can proceed. For co-ops trying to simultaneously address LL97 capital needs and reserve underfunding, the requirement to convene and secure shareholder votes for each significant financial action creates a governance timeline that is incompatible with the compressed compliance window between LL-2026-03's issuance and the January 4, 2027 effective date.

Local Law 97 Capital Projects and Reserve Compliance Compete for Shareholder Vote Capacity

This is a unique governance constraint that applies only in New York. A co-op or condo board that must call a shareholder or unit-owner meeting to vote on a LL97 compliance capital project -- then separately call another meeting to vote on a dues increase for reserve compliance -- faces not just a financial constraint but a governance bandwidth constraint. Each meeting requires proper notice, quorum, and a valid vote. Many boards meet only quarterly. The realistic window for completing multiple major governance votes between LL-2026-03's March 2026 issuance and January 2027 is extremely tight, and the risk of failing to achieve quorum at one or more meetings is real.

Proposed Legislation Creates a Conflicting Timeline

Bills S7600 and A8945, currently in the New York legislative session, would require condominiums and cooperative housing associations to complete capital reserve studies with 30-year funding plans, prepared by credentialed specialists, and filed with the Attorney General. The bills also contemplate timelines to catch up underfunded reserves, with equal annual line-item increases in reserve funding required during the catch-up period, even if those increases exceed 10% of the prior year's common expense assessment. (<https://newenglandcondo.com/article/underfunded-reserves>)

If enacted, these bills will impose a 30-year funding plan standard that is structurally different from Fannie Mae's 15% of budget standard. An association that complies with the state mandate under S7600/A8945 may be funded at a level that satisfies the 30-year projection requirement under state law while falling below the 15% annual budget threshold under federal lending guidelines -- or vice versa. There is no coordination

between these frameworks. New York associations could find themselves caught between two non-harmonized compliance standards, with no guidance on which takes precedence and no mechanism for resolving the conflict.

New York HOA Fees Are Among the Highest in the Nation

In New York, the median HOA fee exceeds \$500 per month, one of the highest in the nation alongside the District of Columbia and Hawaii. At that baseline, any mandated reserve contribution increase has a materially different impact on housing affordability than FHFA's national average calculation implies. First-time buyers and moderate-income owner-occupants in New York City are already stretching to carry existing monthly obligations. FHFA's \$15-\$30 estimate does not reflect the New York cost environment and does not account for the cumulative effect of the reserve increase alongside existing and rising regulatory compliance costs. (<https://www.skybriz.com/insights/local-law-97-nyc/>)

New York Data Points for Congressional Letters

1. **New York has no statewide reserve study mandate and no minimum reserve funding requirement** for the vast majority of condo associations. FHFA's survey cannot accurately assess impact in a state where there is no existing compliance baseline and where underfunding is structurally undetected.
2. **Proposed New York legislation (S7600 and A8945) would independently require 30-year reserve funding plans** -- a standard that does not align with FHFA's 15% annual budget threshold, potentially creating a two-standard compliance conflict that no New York association can resolve without federal-state coordination that does not currently exist.
3. **New York City's Local Law 97 is simultaneously imposing carbon compliance costs of \$268 per metric ton over building caps**, with industry practitioners citing 4-8% maintenance increases already attributable to LL97 alone in Manhattan and Brooklyn -- costs that already exceed FHFA's stated \$15-\$30 monthly estimate for reserve compliance.
4. **Approximately 57% of NYC buildings covered by Local Law 97 are projected to exceed their emissions caps in the 2030-2034 compliance period**, meaning that capital demands on New York condo and co-op associations are set to escalate significantly in the same window that LL-2026-03 reserve requirements take effect. FHFA's cost projection does not account for this compounding effect.

5. **A documented New York case study shows a reserve study revealing 4.4% funding in a 37-year-old community, resulting in a \$7.7 million special assessment** -- equivalent to \$77,000 per unit in a 100-unit building, or \$641 per month per unit over 10 years. This is real, documented New York market behavior that directly contradicts FHFA's characterization of cost impact as marginal.
6. **Co-op governance structures require shareholder votes for major capital expenditures**, and New York boards facing simultaneous LL97 capital compliance and reserve funding compliance must run multiple major vote processes through a governance structure that was not designed for concurrent regulatory deadlines. The timeline for completing these processes before January 4, 2027 is not realistic for many associations.
7. **New York's median HOA fee exceeds \$500 per month**, one of the three highest in the country. In this cost environment, FHFA's \$15-\$30 monthly estimate is not a rounding error -- it is a category mismatch that fails to reflect the compounding effect of reserve requirements on a market already at the upper boundary of ownership affordability.