

The New York Times

https://www.nytimes.com/2017/04/21/realestate/first-time-home-buyers-who-did-it-on-their-own.html?_r=0



Real Estate

First-Time Home Buyers Who Did It on Their Own

By RONDA KAYSEN APRIL 21, 2017

EXCERPTS



Adrien Dacquel, left, and Shawn Reddy in their apartment in a converted shoe factory in Clinton Hill, Brooklyn. The couple saved for their purchase by being frugal in their early 20s and putting

away more than half of their incomes for five years. Credit Yeong-Ung Yang for The New York Times

Buying an apartment is a daunting task, particularly in a city like New York where even a shoe box can cost an eye-popping sum. Yet somehow, ordinary New Yorkers still manage to buy their own sliver of the city.

And while many buyers are helped along by a trust fund or a timely inheritance, others pull it off completely on their own.

For Shawn Reddy and Adrien Dacquel, saving for an apartment meant frugal years in their early 20s. While their friends splurged on dinners out and travel — or simply struggled to pay the rent — Mr. Reddy and Mr. Dacquel squirreled away more than half of their incomes for five years. They had the good fortune of a \$1,600-a-month, rent-stabilized apartment in Park Slope, [Brooklyn](#).

The couple also took subways instead of cabs, packed lunches for work and skipped vacations. When Mr. Reddy, 29, a fashion designer, got a signing bonus for a job, he saved every penny. “Anywhere we could cut costs we did because we had our eye on a bigger prize,” said Mr. Dacquel, 28, a graphic designer.

That bigger prize turned out to be a one-bedroom in Clinton Hill, Brooklyn, that they bought for \$659,000 in December 2015. But arriving at homeownership was a long and winding path riddled with setbacks, surprises and disappointments. Along the way, they were outbid, rejected by a co-op board and told they could not borrow as much money as they had anticipated.

[Tips for first-time home buyers](#).

There is a story not uncommon among first-timers, who can find themselves caught off-guard by an unyielding market.

Scroll through real estate listings, and the city looks like a sea of stunningly expensive dwellings. The median sales price for an apartment in [Manhattan](#) was \$1.1 million in the first quarter of the year, according to a [report by Douglas Elliman](#), a steep climb for someone who is not a millionaire. Yet gems do exist for buyers earning middle-class salaries, particularly for those willing to consider dated wallpaper or an unfamiliar neighborhood.

“There is this myth that New York real estate is just absolutely impossible to buy in,” said Danielle Lurie, an agent at Compass who represents many first-time buyers. “Usually there is something for everybody, within their own budget.”

Making a List

For years, Mr. Dacquel and Mr. Reddy spent Sunday afternoons at open houses, studying the market. “For me, it was knowing how much rent was going to the wind,” said Mr. Reddy, who tracked the information he gleaned at these open houses in an Excel spreadsheet.

But Mr. Dacquel and Mr. Reddy were young, and with boyish faces, they looked even younger. No one took them seriously. “It didn’t help that I made a beeline for the snacks,” Mr. Dacquel said. The brokers “thought we were going in there for free food. But we were very serious.”



The exterior of the apartment building where Mr. Reddy and Mr. Dacquel live. Credit Yeong-Ung Yang for The New York Times

Eventually, at an open house in Boerum Hill, Brooklyn, they met Ali Clarke, a Corcoran agent who did take them seriously. She asked them to list their top five priorities, a common strategy to help buyers focus. “A lot of first-time buyers don’t really have that in their head yet,” she said.

For buyers who do not know what items to put on that list, a good place to start is with your current apartment, for both inspiration and lessons on what to avoid.

Michael Novin, 53, who owns a [boutique stylist agency](#), had been renting on the Upper West Side for 27 years when he finally decided to buy. His broker, [John Barbato of Stribling](#), visited him a year ago to “see what I had and see what I was not willing to give up,” said Mr. Novin, whose rent-stabilized one-bedroom had an eat-in-kitchen, Roman columns and a bay window.

Ultimately, this list of features — which can include things like an eat-in kitchen, outdoor space or natural light — can help a buyer keep a level head in a frenzied market. No elevator? No go. In Mr. Novin’s case, he wanted to stay close to home in an apartment with plenty of light. “When you see it, you’ll know it,” he said.

The Magic Number: How Much House Can You Afford?

Before you even start apartment hunting, you need to know what you can afford. For anyone in need of a mortgage, your lender will answer that question in the form of a preapproval letter. Do not confuse preapproval with prequalification, which, for some baffling reason, sounds like the same thing but is far from it.



Michael Novin in his apartment on the Upper West Side. Credit Yeong-Ung Yang for The New York Times

Prequalification is a rough, back-of-the-envelope estimate of what you could afford based on unverified information you provide a lender.

To get preapproved, a mortgage broker or lender looks at your pay stubs, tax returns, debt-to-income ratio and credit report. The lender then provides a letter preapproving you for a maximum loan amount and a maximum purchase price. Without this number, trolling StreetEasy is basically playing house.

“If you can’t get the financing, then the rest of it is kind of moot,” said Matt Hackett, operations manager for [Equity Now](#), a direct mortgage lender in New York, who recommends talking to lenders before you visit open houses.”

For Mr. Dacquel, preapproval was a rude awakening. A lifetime saver, he did not have credit cards or car loans. So he had no credit score, which meant no bank would lend to him. “I thought we were done,” he said. “I thought I’d screwed it.”

Fortunately, Mr. Reddy qualified for a mortgage, but a smaller one, meaning the couple could borrow only up to \$560,000, not the \$720,000 they had anticipated. This priced them out of many Brooklyn two-bedrooms.



The exterior of Mr. Novin's apartment building. Credit Yeong-Ung Yang for The New York Times

Some buyers, however, can afford far more house than they want or need. Just because a bank approves you for a \$1 million loan does not mean that you should spend that much on housing.

Early last year, Shari Wyler, 39, who works in advertising, sat down with an Excel spreadsheet and mapped out her expenses. She tallied items like her cellphone bill, gym membership, utilities and incidentals, and looked for places to cut back. At the time, Ms. Wyler was living in a one-bedroom on the Upper East Side that she rented for \$1,850 a month. She'd built up some savings over the eight years she lived there.

When her father died in late 2015, he left her a small inheritance, making it possible to look at two-bedrooms and in neighborhoods she previously could not afford. She decided it was time to make a move. "I wanted to become an adult," she said. But for her, being an adult did not mean giving up her pleasures. "I'm a woman, I like to shop," she said. "I've got a bit of wanderlust, I like to travel."

She came up with a maximum purchase price of \$700,000, much less than the \$900,000 that the bank had preapproved for her. Armed with this information, she began her search.

When the Time Is Right

Sometimes, life pushes you to buy. In the summer of 2015, Nikki Switzer, 38, an actress and finance manager at a boutique gym, was looking for an apartment to rent with her boyfriend, Sean Smith, 34. They were living with a roommate in a run-down, \$2,000-a-month three-bedroom in Astoria, [Queens](#). Any two-bedroom in the area would cost them more money for less space.



Shari Wyler outside of her co-op building in Washington Heights. Credit Yeong-Ung Yang for The New York Times

So Ms. Switzer attended a workshop for first-time home buyers hosted by [Bridget Harvey](#), an agent with Douglas Elliman. A mortgage lender and broker sat on a panel and walked the attendees through the process. For Ms. Switzer, it was eye-opening. “Why would we spend \$600 more a month when we could just go find a place that could be our home, where we could start our family?” she said. “Honestly, I think it was just numbers.”

Numbers can have the reverse effect, too, as they did on another couple who attended one of Ms. Harvey’s workshops. After listening to the speakers, “They were like, ‘Oh no, we’re not going to buy in New York,’” said Ms. Harvey, whose [next workshop](#) is scheduled for May 4. That couple bought a condo in [Connecticut](#) instead.

Ms. Switzer and Mr. Smith, however, were in a good position to buy in New York. Ms. Switzer had built up a \$40,000 nest egg over the past four years. (She did this after paying off \$30,000 in [student loans](#) and credit card debt, all while earning \$35,000 a year.) Mr. Smith, who works in internet security, also had been putting away money for years, after putting himself through college, and had substantial savings.

Finding Your Corner of the City

New York is [304 square miles](#) spread out over five boroughs. But you can't exactly throw a dart at the map and hope for the best. Usually price, space and distance from your job determine where you look.

Ms. Switzer and Mr. Smith plugged their wish list — a two- or three-bedroom, within an hour of Manhattan, for under \$600,000 — into StreetEasy. Their criteria led them to Jackson Heights, Queens, a neighborhood they did not know. They spent weekends visiting the area, and warmed to it.



Nikki Switzer and Sean Smith in the living room of their two-bedroom apartment in Jackson Heights, Queens. Credit Yeong-Ung Yang for The New York Times

As for Ms. Wyler of the Upper East Side, it was Manhattan or bust. She had no desire to move back to Brooklyn, where she grew up, and where prices had soared. “On principal, I wasn’t going to pay that kind of money to move back to Brooklyn,” she said.

So she focused on Harlem and Washington Heights. One afternoon, while out with her broker, [Kirstin Allen](#) of Douglas Elliman, she came upon Bennett Avenue near Fort Tryon Park. “I heard

birds chirping,” Ms. Wyler said. “I loved that there was nature. It wasn’t all just concrete streets and skyscrapers.”

She honed in on the street, eyeing a co-op on the corner of Broadway. After she passed on two units in the building, a two-bedroom on the sixth floor came on the market in the spring. In July, she bought it for \$570,000 and now pays about \$3,000 a month in maintenance and mortgage costs.

Brace for Heartbreak

Shopping for an apartment in New York is a lot like dating. Just because you fall in love does not mean the apartment will love you back. And just like first love, the pain of unrequited love can be particularly acute for first-time buyers. Such buyers are often hunting in a sector of the market (the lower end) where apartments are in high demand, and move fast.

“First-time buyers, for the most part, tend to be buying in the most competitive market,” said Ms. Lurie of Compass. They “tend to be up against the bidding wars and up against the highest and best competition, and they often don’t have all cash.”



An exterior view of the building where Ms. Switzer and Mr. Smith live. Credit Yeong-Ung Yang for The New York Times

Sellers often favor buyers who can pay cash because the sale will not be contingent on a buyer getting a mortgage, which takes time and does not always work out.

Rejection, even by an inanimate object, hurts. “I definitely cried. I definitely hung up the phone and threw it across my office,” Ms. Switzer said of the second apartment she lost in a bidding war. She and Mr. Smith ultimately prevailed, buying a two-bedroom in Jackson Heights last August for \$495,000, putting 40 percent down. They now pay only \$18 more each month than

what they used to pay in rent, internet and utilities. “This was just the place where we’re supposed to be,” she said.

Rejection, of course, is not the sole province of the seller. If you want to buy in a co-op, you also have to get approved by a co-op board, which can turn down an applicant for any reason or no reason at all, so long as it does not discriminate against the buyer. The co-op board application can be an onerous one, full of reference letters and exhaustive information about your financial holdings and history. A rejection can feel like a punch. “A board package is like running for office. You have to present it in the right light,” said [Elizabeth Ann Stribling-Kivlan](#), the president of Stribling.

In May 2015, Mr. Reddy and Mr. Dacquel were rejected by a co-op board in Carroll Gardens, Brooklyn, after the couple won a bidding war. The board did not like that Mr. Dacquel had worked as a freelancer. “We were shocked, we were furious,” Mr. Reddy said.

“After that, we learned not to tell anybody anything until we closed,” Mr. Dacquel said.

Love at First Sight

Some love stories, however, do work out.

Mr. Novin of the Upper West Side knew he had found his home the moment he walked in the door of a one-bedroom on West 72nd Street and West End Avenue, just blocks from his beloved rent-stabilized apartment. “My heart skipped a beat,” he said of the corner unit with high ceilings, and windows on two sides. “It’s just perfect. It’s just absolutely perfect.” He bought it in June for \$790,000.

And in September 2015, Mr. Dacquel and Mr. Reddy walked into an apartment in a converted shoe factory. They found a large open one-bedroom that needed work but had high ceilings, natural light and a wraparound balcony. “Our eyes lit up,” Mr. Reddy said.

After factoring in the \$60,000 they would need to spend on renovations, the couple offered the asking price, \$659,000, with 23 percent down to qualify for an adjustable-rate mortgage, since their debt-to-income ratio was too high to qualify for a traditional 30-year loan. With no other bids, their offer was accepted.

“They say, when you find a home, it’s like finding a dog — you know it,” Mr. Dacquel said. “When we walked into this apartment, it was a done deal. If we had lost it, I would have been destroyed.”