



Limited Equity Cooperative Task Force Meeting Minutes

Wednesday, August 28, 2019

6:00 pm to 8:00 pm

DC Housing Finance Agency

815 Florida Avenue NW

Washington, DC 20001

Attendance

Present: Paul Hazen, Louise Howells, Amanda Huron, Vernon Oakes, Ana Van Balen, Elin Zurbrigg, Jade Hall, and Lolita Ratchford

Absent: Sandra Butler-Truesdale, Janene Jackson, and Risha Williams

Guests: Kate Howell and Anna Clements, Adam Maloon, Anamita Gall, and Wesley Lua

Council: Irene Kang

Meeting commenced at 6:00pm

Summary:

The August 28th LEC Taskforce meeting was a robust discussion around the taskforce's preliminary recommendations and included an insightful presentation on CNHED's study on LECs in the district by Prof. Kate Howell. Following Prof. Howell's presentation, the taskforce decided to finalize their recommendations with reference to data from Prof. Howell's research. Both the taskforce and Prof. Howell's recommendations suggest that the District needs to increase funding and resources for cooperatives.

Proceedings:

Consensus on Final Recommendations

- Taskforce members generally felt that their proposed recommendations seem to be well accepted. Ana van Balen reiterated DHCD's feedback for the report to organize recommendations based on priority and to include recommendations for preserving and supporting the current stock of LECs. DHCD presently feels that the report focuses heavily on the creation of new LECs and has limited recommendations for existing LECs. The taskforce agreed that the report could be organized to better differentiate or specify recommendations for preservation versus creation. The recommendations discussed are as follows:
 - How to support existing Limited Equity Cooperatives (LECs)
 1. Support acquisition and rehab
 - a. Mayoral support to increase 1200 units of LECs.
 - b. Pool resources together to support production of LECs.
 - c. Transparent guidelines.
 - d. Align goals with NOFA scoring.
 - e. Create multiple funding pools
 - f. Separate pools for LEC so they can compete with each other
 - g. "Sunsetting" of property abatement of taxes if in exchange for training
 2. Multi-Sector Tools



- a. Prioritization of city-owned properties for LECs via Department of Housing and Community Development (DHCD) or Office of the Deputy Mayor of Planning and Economic Development (DMPED)
 - b. Incorporate Inclusionary Zoning for LECs
 3. Facilitating trainings for technical assistance (TA) providers, organizers, tenants, etc. created collaboratively with Community Based Organizations (CBOs) and DHCD
 - a. Convene biannual meetings on stakeholders.
 - b. Peer to peer support.
 4. Increase funding for:
 - a. Common Interest Community (CIC) program
 - b. Housing Production Trust Fund
 - c. Predevelopment funds
 - d. Local funds to match CDGB funds for CBOs
 - e. Pilot training academy (“Neighborworks” provides this in New York City)
- Paul Hazen & Louise Howells presented a new recommendation: to create a group purchasing program for LECs in the district. This program would be a cooperative purchasing arrangement that would allow LECs to have stronger bargaining power for common services. A similar model has been established in the District to increase the purchasing power of nonprofits.
 - Irene Kang shared that several of the recommendations could serve to help community interest groups such as condominiums and housing associations. Presently, the councilmember’s office gets a lot of calls from other common interest groups seeking assistance and is unable to assist them as they are private entities. Ana van Balen echoed this concern, sharing that DHCD also receives these types of calls and that there is a demonstrated need for some resource for common interest community groups.
 - Elin Zurbrigg briefly led a conversation on coordinating a citywide coop day which would serve as a convening of coops, government, and community-based organizations to share information and resources to benefit LECs

CNHED’s study on District LECs, by Kate Howell

- LEC landscape: Kate Howell shared the preliminary findings of her study on LECs commissioned by CNHED. The research study focused on answering two main research questions:
 - How can LECs be better sustained?
 - How are LECs doing today?
- Currently there are 99 buildings that are coops, the average size of these buildings are 44 units, which is relatively small in the world of multifamily housing. In the district, coops were formed primarily in the 1980s and since then, growth has significantly slowed. She noted that there were 81 coops created before 2010 and after that only 18 have been created. In examining the distribution of coops throughout the district we see the following: Ward 1 has seen a sustained creation of coops, Ward 4 has seen some growth, Ward 7 has sustained a few coops, while Wards 3 and 8 have had relatively few. Ward 3 likely has less coops because there are fewer rental buildings there. Ward 8 also doesn’t have many coops, likely because there is less development, a lot of affordable housing,



less competitive affordable housing market and there has also been less community advocacy to create coops in Ward 8. Coops do create mixed income neighborhoods and communities and are critical in the affordable housing landscape. For example, there are coops in Capitol Hill which is a relatively high-income neighborhood in Ward 6. This allows for relatively low-income families to be able to access amenities and resources often out of reach in lower income areas. LECs are also key in preventing displacement.

- **LEC challenges:** The district is a challenging place for coops to navigate primarily because it is a wealthy and well-funded city and that also attracts a lot of private developers which increases the competition of resources. Coops are particularly challenged because they have limited viable funding sources for acquisition or any necessary repairs. They are ineligible for LIHTC and often do not have strong or successful applications when they apply for HPTF money. The funding streams available to LECs are inconsistent and do not have transparent requirements. In addition to limited funding resources, LECs also are challenged with interacting with property management service companies. Many property management companies do not understand coops or how to work with them.
- After coops are formed, they generally do not have any reference point on what to do next and ideally require ongoing TA to function as issues arise or boards turn-over. LECs have little in the way of a roadmap to maintain their buildings. Challenges can become precipitous, e.g. a vacancy in the building means less money coming in that can be used for renovations, which can lead to residents moving out due to poor conditions, which equals more vacancies and less money. Ideally, coops need a one-stop-shop resource that they access to help them be sustained over time.
- **Possible government interventions:** The Mayor should include LECs in her stated affordable housing goals and consider providing support towards predevelopment, acquisition, and the rehabilitation of LEC buildings. Presently, the Mayor's government tool for creating LECs is TOPA, which is reactive and not proactive. Prof. Howell's preliminary recommendations are as follows:
 - Increase funding sources and services for LECs
 - Explore creating LECs with land trusts
 - Increase HPTF funding and improve transparency on criteria, fund uses, and application process.
 - Help LECs get a path to financing
 - Examine creating funding pools either by need or by location
 - Consider using IZ for the creation of coops, e.g. when condo buildings are developed consider creating a LEC within the building, which would allow the low-income residents to have better bargaining power. Often low-income residents are not heard or do not have their needs met or are pushed out by higher income residents of new condominiums.
 - Require property management companies to receive training or get certified to work with LECs
 - Create one-stop resource center for LECs that connects service providers and DHCD. Have common documents with service providers to share feedback from the community to DHCD.



- Increase resources to grow LEC by funding service providers/ CBOs funded by the NBA department. Propose matching local funds to CDBG funds for NBA to support CBOs.
 - Increase outreach around the creation of LECs east of the river, by supporting CBOs, particularly demographically diverse CBOs. Increase funding for LEC organizers in CBOs, perhaps 3 per organization.
 - Pilot academies to help training for areas where economic and development changes are rapid.
 - Examine the model created by [ROC USA \(https://rocusa.org/\)](https://rocusa.org/) which works with mobile home communities and supports them in becoming cooperatives.
 - Examine NY coops where training is made accessible to coops and is also required as part of their financing compliance. NY coops receive tax abatements and are required to take property management and cooperative specific training.
- Prof. Howell expects to finalize the LEC study report for CNHED by October. She will be sharing some a preliminary summary of the data of the existing LECs with the taskforce in the next few weeks.

Finalizing Taskforce Recommendations

- Taskforce members were pleased to hear that the CNHED's study recommendations were not very different from theirs. The group further discussed the recommendation of offering a tax abatement for LECs in exchange for requiring them to receive ongoing training. Presently, the District qualifies tax credits and provides residents with an abatement only after the mortgage/ title is in the homeowner's name. Irene Kang mentioned that she recently proposed to OTR that they change the property tax abatement regulations to allow residents to be able to receive the abatement prior to title transfer, like Maryland. Following that Office of Tax and Revenue (OTR) is currently opening title 42, chapter 35 of the property tax legislation for revisions.
- In the next 2 weeks: Elin will revise the finance sections of the report to better differentiate between recommendations for existing LECs and those proposed for the creation of new LECs; as well as identifying recommendations that might be considered short term versus long term. Amanda will revise the policy and asset management sections to include references to the CNHED's report and more specific recommendations.
- The Taskforce agreed to finalize and present their report to council with reference to the CNHED report with the goal of asking Kate/ CNHED to testify before council as additional support.
- Taskforce agreed to provide feedback on tax legislation to Barry.
- Paul will convene a meeting of lenders to discuss other sources of funding for creating LECs.
- Taskforce discussed that it should also be recommended that a LEC commission be created. Irene Kang believes Councilmember's Bond's intends to do that.
- Taskforce revisited the discussion of creating a COOP day, possibly in October, and will discuss planning the event at the next meeting on September 25th.

Meeting adjourned at 8:30pm

