



# GOVERNMENT OF THE DISTRICT OF COLUMBIA

## Minutes

January 30th, 2019  
6:00 pm to 8:00 pm  
DC Housing Finance Agency  
815 Florida Ave NW  
Washington, DC 20001

### Attendance

**Present:** Jade Hall, Paul Hazen, Louise Howells, Vernon Oakes, Lolita Ratchford, Ana Van Balen, Risha Williams, Elin Zurbrigg

**Absent:** Sandra Butler-Truesdale, Janene Jackson

**Guests Present:** Adam Maloon, Andy Reicher, Julian Rowand

The regular meeting of the Limited Equity Cooperative Task Force was called to order at 5:15PM on January 30th in the DC Housing Finance Agency by Chair, Paul Hazen.

### Proceedings

*Presentation by Andy Reicher, Executive Director of Urban Homesteading Assistance Board (UHAB)*

- **Introduction:** Andy Reicher joined UHAB in 1978 as Director of Technical Assistance & Research and has served as Executive Director since 1981. Under his leadership, UHAB's base of resident-run and resident-owned HDFC co-ops has grown from several dozen to more than 1,600 buildings in New York City. UHAB's self-help approach has expanded from a single focus on housing cooperatives to include tenant associations struggling to preserve their affordable housing in the face of gentrification and expiring use restrictions.
- **Presentation:**
  - Has UHAB experienced any conversions to condos from coops?
    - It's not within the capacity of coops to convert. Coops are required to ask the city to make this happen. There are constraints for coops to go into market rate rentals.
    - For Mitchell Llama (organization with community of older generation coops with more units), provisions allow for renters to buyout and go through privatization.
  - How do you describe a successful coop versus one that is struggling?
    - Success comes from observing their financial status in paying bills for water, garbage, etc. UHAB knows when they don't pay because they provide the services and any unusual numbers serve as an early warning indicator. Keeping the regular elections in check and their factions by helping with meetings, sorting disputes, and accommodating for problems that require someone to come on-site (e.g. bookkeeping).
  - How do you empower coop members to become homeowners and not tenants?
    - Often, there's a problem with the leadership, not the followers. There's no reason that people should be doing things beyond their irrational time

- and space to participate in the coop. Leaders need to know how to be better at leading and getting others to feel like leaders to take ownership.
- Development training through CBO's are training grounds for understanding the dialogue of development, asset management long term; however, sometimes it becomes more difficult when the development process is over, and they now need to do all these things on their own.
  - There needs to be better explanation of participation from coop members. Elections happen at end of the year and opportunities for others to step up and take the lead. The issue is not if they made a mistake but if they made the steps to correct it.
- Once coops are done with acquisition and development, original financing and underwriting of the operating costs regulate and monitor the coops.
    - Underwriting in the regulatory agreements ask for annual budget, sales prices, and 2% annual increases in carry charges. This agreement sets rules about qualified buyers for who gets to purchase ownership stakes.
    - It includes that managers go to annual trainings.
    - Building managers don't need training but there's a lot of training on how to run meetings, bookkeep, and apply for insurance.
  - What happens when coop members are organized around particular issues to advocate?
    - UHAB reaches out to coops to organize with residents of rental property to investigate predatory lending and landlords that own surrounding land. UHAB implements a program that allows for an acquisition price that is \$250.
  - How is data collection for coops done to show that "75% of buildings are successful"?
    - Database created to keep track of buildings and information about them. Data sandwich habit of building and collecting, the same goes for organizing when HUD buildings went foreclosed (how many are there?) found the power of finding/collecting numbers.

*Recommendations to council by asset management for LECs:*

- **Best Practices in asset management**
  - Establish underwriting into the documents and contracts.
  - Exchange tax abatement for the coop's good financial standing and provide annual assessments.
  - Possibly evaluate what percentage of coops fall into "great, good, poor" standing
    - Some form of an annual evaluation, a checklist, and training for board and membership (Who does the training? A pool of certified training? What kind of training will be done, and will there be certification? These ideas require more expansion on how they would be paid for?)
  - More funding is required for annual training on management, audits, and bookkeeping.
    - How will monthly/annual trainings work when members are busy? It may be a hard request for some to go to same training every single year? Will these trainings be for coops in their relative geographical areas or for each individual board of coops?
    - Training happens through peer-to-peer learning on-hand, the hallways where those in the same positions share similar experiences.
- **Incentives for coops to follow best practices in asset management:**

- Expansion of the Small Buildings Program for a larger budget and include training and asset management requirements for coops.
  - How much total funding is currently going to CBO's and how many CBOs are there?
    - About \$3+ million which goes straight to allocations on specific pools of programs. DHCD funds about 10-12 CBOs.
  - How much is needed to fund the training for all the coops that need it?
    - How are CBO's specifically budgeting this funding (TOPA vs asset management)?
    - This question adds to the number of reasons for the continuance of the task force to figure out the potential need.
  - Successful co-management and self-management in LECs should require training/education on self-management so that tenants can choose the former or the latter.
- **Other Recommendations**
  - "Monitoring" equals asset management
    - Designate a DHCD representative to connect coops with technical assistance providers.
    - Collect/synthesize data for administrative uses and keep track of the financial status of coops.
    - Create and consistently update a database so that it can be continually built rather than collecting data every 5 years.
  - A worker owned coop that does asset management
    - Possible recommendation for self-managed coops to join to become a worker owned coop.
  - Peer counseling on a regular basis is important for making distinctions in the different levels of technical assistance and management required by coops versus the expected responsibilities of a homeowner.
  - Community purchasing alliance: everything that coops buy through the purchasing alliance can be leveraged into a smaller price.

*Recommendations to council by financing for LECs:*

- **Acquisition Funding**
  - How can we have financing from more dependable sources so that at least coops know whether to form a coop based on what is known about the resources for acquisition?
  - How much debt can each coop take on considering the affordable rent goes toward their debt?
  - There needs to be a certain criterion for the prioritization of LECs for FRPP acquisition funding.
  - DHCD's First Right to Purchase Program (FRPP) can be used for coop projects that need acquisition funding.
    - Possible recommendation for DHCD to provide small amounts of gap funding for interest and pre-development because it'll be more flexible and allow for more funding than council can provide.
    - Possible recommendation for changes to NOFA scoring that give priority to coops when competing against other projects.
  - Possible recommendation for the potential of coops to be formed based on data from housing counselors on how many boards that are interested in being coops, DHCD database, etc.
- **Permanent and construction funding**

- Possibilities for making coops more competitive in the NOFA.
  - Make the local rent subsidy program available for non-permanent supportive housing (PSH) units.
- Should leasing cooperatives be further explored as a possible recommendation? Do tenants have full control of the coops with tax credits? How would this work and what are the limitations of this in comparison to the LECs?
- Reach out to expiring section 8 buildings to convert it into a coop.
- Political support from intersecting fields must shape policy and investment that supports the development and sustainability of LECs.
- Availability of HPAP type loans (soft loans) used to supplement/fund gaps for coops.
  - HPAP for coops that have mixed income include LEC members with higher income but cannot use HPAP to purchase anything because they're not considered a first-time homeowner. Ownership stake in an LEC does not qualify higher income LEC members to use HPAP. If HPAP becomes available for these members then it creates more room for low income residents to move into the affordable units that the higher income LEC members once occupied.

### **Agenda for next meeting**

- Prioritization of recommendations for preliminary report
  - Asset Management LEC Subcommittee: Gathering data, training, and monitoring/sponsoring organizations
  - Financing LECs Subcommittee: Financing for new construction and LEC funding for low income residents
  - Stakeholders LEC Subcommittee: Discussion on how to present findings from interviews at next LEC meeting in February

### **Adjourned**

Meeting was adjourned at 8:06PM by Chair, Paul Hazen. The next meeting will be held at 6PM on February 27th, 2019 in the DC Housing Finance Agency.