



Limited Equity Cooperative Task Force Meeting Minutes
Tuesday, October 1, 2019
6:00 pm to 7:00 pm
DHCD Conference Call Line: 1-877-447-5075;
Participant code is #2418574

Attendance

Present: Paul Hazen, Louise Howells, Amanda Huron, Vernon Oakes, Ana Van Balen, Risha Williams, and Elin Zurbrigg

Absent: Sandra Butler-Truesdale, Jade Hall, Janene Jackson, and Lolita Ratchford

Guests: Anamita Gall

Meeting commenced at 6:00pm

Summary: The October 1st LEC Taskforce meeting was a focused discussion of changes to the Taskforce's report recommendations. The main changes were to ensure that recommendations were tailored to distinguish between those for existing LECs and the creation of new LECs. The Taskforce also discussed new concerns raised around missing recommendations and issues related to failing LECs. The latter points will be further discussed along with a review of the final report at the next LEC Taskforce meeting which will be held on October 30th, 2019.

Proceedings:

Discussion of LEC Report Changes

- Amanda Huron provided an overview of the changes to the report introductions which were as follows:
 - Reorganized the introduction based on feedback from the Department of Housing and Community Development (DHCD) to distinguish between recommendations for supporting existing LECs versus the creation of new LECs. The report includes one new recommendation, making 16 total recommendations.
 - Incorporated some of the data from Prof. Kate Howell that was discussed at the last LEC Taskforce meeting. The introduction also references Prof. Howell's study and recommends the council review the study and consider its recommendations, given they are similar to those of this taskforce.
- Amanda provided a short summary of changes to the recommendations:
 - The recommendations have been divided into two categories: the first ten recommendations are for existing LECs the last six relate to the creation of new LECs.
 - Elin Zurbrigg reviewed the final six recommendations, noting that the main change is to the recommended new LECs the city should create. After conversations with DHCD and the results of Kate Howell's study (which revealed that there are currently approximately 4400 units of LECs in DC), the taskforce recommends that the city consider creating approximately 2,000 units of LECs as opposed to an additional 3,000. In terms of financing, this might require the city fund \$60MM for acquisition funds and add \$40MM to the Housing Production Trust Fund (HPTF). The taskforce originally voted on doubling the number of units (adding 3,000 to an existing 3,000); however, with the new information, today they agreed to propose the city add 2,000 units of LECs making a total of 6,000 LECs units in the city by 2025.
 - Ana van Balen clarified that the HPTF fund is \$115MM not \$130MM as noted in the current draft of the report.



- The group discussed how the Mayor is defining her goal for creating 12,000 affordable housing units by 2025 and how LECs might fit into that goal. Specifically, the taskforce debated whether new housing units means new construction and the conversion or rehabilitation of old buildings or only means new construction. To date, the group has been defining new units to be either rehabilitated or converted units and believes the recommendations should speak to both.
- Paul Hazen asked if there is any further discussion before moving to a vote to finalize the recommendations and the report.
 - Vernon Oaks asked for feedback on some information he shared on property tax abatement with the group and noted the main point of this information was that there were some properties that received abatements after making some repairs and noted that its unclear whether its easier to change the law to include property tax abatements for LECs or whether its easier to draft or submit a new law. The group discussed that the current law isn't flexible enough to be modified to include LECs.
 - Elin doesn't believe the current laws allow for long term tax abatement.
 - Paul recommends that the group share that information with Councilmember Bonds office for consideration.
- Vernon also shared that he regretfully, recently terminated a management contract with a property that had a COOP board that was not functioning effectively. Given that experience, he is concerned that the current LEC Report recommendations do not offer solutions or address cases where a LEC board needs guidance and training on how to function as a responsible governing body. In the past, sometimes he has been able to get the U.S. Department of Housing and Urban Development (HUD) to be involved, which has prompted a board to function better; however, that is only when there are federally funds in the property. He doesn't believe that DHCD presently has the capacity or tools to intervene.
 - Elin asked if they are working with a TA provider. Vernon shared that they were working with Housing Counseling Services (HCS), however, HCS was unable to help them. At that point, he had started working with the LEC as their property manager but found the COOP board was not convening unless he called a meeting. The COOP has about \$130,000 in the bank. One of the board members had spent about \$100,000 of the COOPs funds, and its unclear how or what the money was spent on. He assumes the board may have issues with corrupt members or poor decision making.
 - Louise Howells suggested the taskforce should discuss mechanisms and appropriate measures for government intervention. In an instance like this, Louise believes the Attorney General could intervene and the property go into receivership.
 - Elin suggested that the COOP members could be contacted and provided with contacts like the Housing Technical Assistance Community Based Organizations to help them understand the challenges their property is dealing with, particularly when there is an opaque board.
 - Louise believes there are avenues through which the government can intervene, just as it does when businesses engage in corrupt activities or are not accountable to their shareholders.
 - Vernon doesn't believe this current property can be helped within the timeline of the LEC Taskforce report; however, feels the report does need to better



address ways to help COOPS struggling with challenges of sociocracy and either internal corruption or external negative influences.

- Paul asked if the taskforce wants to consider meeting after the report is published to continue to address issues for COOPs.

 - Ana requested that the group meet one more time to incorporate any final feedback and absolutely finalize the report before it goes back to council. Louise agreed that one more meeting would allow the group to further address some of the concerns raised tonight. She suggests there should be some sort of consumer agency that could address predatory actions or criminal actions that can occur within the management of COOPs. Louisa also suggested that they discuss mechanisms for the tax abatement recommendation how it could be enforced, what reporting might be required, at the next meeting.

 - Paul asked if the group can meet again on the regular meeting time for October— Wednesday, October 30th from 6pm to 8pm. The group agreed. Elin believes that the group is ready to finalize the report and should be conscious of the fact that the report deadline was already extended. Amanda agreed to finalize the report and circulate a clean version after the meeting. The group agreed to review the clean version and provide any feedback via email by October 9th.

 - Paul asked if the group received an invitation from Councilmember Bonds to provide some remarks on LECs and asked if Vernon would consider representing the group. Vernon agreed and will respond to Emmanuel in Councilmember Bond’s office.
- **Meeting adjourned at 6:58pm.**