



Limited Equity Cooperative Task Force Meeting Agenda

May 22nd, 2019

6:00 pm to 8:00 pm

DC Housing Finance Agency

815 Florida Ave NW

Washington, DC 20001

Attendance: Paul Hazen, Ana Van Balen, Amanda Huron, Elin Zurbrigg, Louise Howells, Amanda Huron, Lolita Ratchford.

Council: Council Member Anita Bonds and Barry Weise

Guests: Adam Maloon, Katharine Richardson, and Todd Lee.

Meeting commenced at 6:00pm

Opening Remarks by CM Bonds

The meeting commenced with opening remarks from Council Member Anita Bonds who introduced the goal of the taskforce as one solution to address the growing need for equitable housing in the district.

Introduction of LEC Task Force Report:

Paul Hazen introduced the report and the taskforce's proposed goal to double the number of LECs in the city by 2020. The Taskforce estimates there are 3000 LECs to date. Amanda Huron added that presently they believe that 3000 is a conservative estimation of the total number of LECs in the city and the taskforce is proposing recommendations that call for broad support for LEC development. This may include but is not limited to:

- o Training and expertise for management: the taskforce's findings suggest that property managers need training to understand their roles and responsibilities, including limited equity coop principles and asset management;
- o A designated staff person at DHCD with expertise with LECs;
- o Full property tax abatement: Coops are essentially nonprofit entities and should receive same consideration as nonprofits with regards taxation;
- o Funding to support LEC board and members; and
- o Increased funding for CBOs- estimated \$5 million annually; the taskforce acknowledges that this may be challenging to do sustainably in the long term.

CM Bonds agreed that coops need help and that they should consider providing tax abatements to them.

Financing LECs

The taskforce discussed the need to offer financing solutions for the creation of LECs. Presently, the Housing Production Trust Fund (HPTF) is well-funded however it is challenging to use to support the different types of housing needed. LECs are generally created through TOPA and they need more guidance or a step by step process. Additionally, LECs need Technical Assistance early in the Tenants Opportunity to Purchase Act (TOPA) process because tenants need support to become members. Funding could be a mix of private and public funding. Non-LIHTC financing should be considered. E.g.



LISC is a big supporter of land trusts, thus in this way private financing can complement public funding.

CM Bonds agreed that HPTF is not currently well suited for tenant associations going through TOPA acquisitions and encouraged the taskforce to explore different financing models or to examine how HPTF could be adjusted for TOPA acquisition and rehabilitation. Elin reiterated that public financing is still needed, particularly for pre-development financing. While there are some predevelopment tools available; it is difficult for coops to access these tools. The group discussed the First Right to Purchase Program (FRPP) which had been established in FY 19, but was exhausted early in the year, thus it needs to be increased in the future. CM Bonds shared generally that the different housing funds are a bit confusing and the council and the public needs to become better educated on the different housing funding mechanisms. Following that Ana van Balen briefly described two current funding mechanisms:

- The Housing Preservation Fund (HPF): which is a mix of public – private funds to be used for acquisitions, critical repairs and predevelopment costs. HPF funds are offered as short-term loans (5 years). HPF funds are accessible through two fund managers, Local Initiatives Support Coalition (LISC) and Capital Impact Partners (CIP) The HPF can be used as bridge financing.
- The HPTF fund is used for longer term financing and can be used for acquisition and substantive rehabilitation. Ana added that in prior years HPTF had a surplus of funds which allowed the Department of Housing and Community Development (DHCD) to fund TOPA acquisitions.

The taskforce briefly discussed ways to improve rehabilitation, the competition for the NOFA for HPTF funding, and possibilities of changing the scoring. CM Bonds noted that she will encourage the Mayor to increase the HPTF for future fiscal years with the hope that more funds would translate to more affordable housing.

LEC Report sections

- Paul transitioned the conversation to discuss specific parts of the report:
 - Scorecard: LECs would require training how to use it. The group agreed that this would be useful activity to invest in that could bear fruit later on.
 - Legal services: LECs and members could be provided with cheaper or pro-bono legal services, particularly when they need to establish documents for asset transfer.
 - Access to language programs: This is difficult in the district which is relatively diverse but has limited resources to support diversity and language access.
 - Online resources: this would be a one-stop-shop for people to find resources related to LECs.
 - Long-term policy decisions: there is a need for better data on coops and residents. This would allow for better decision-making on the allocation of resources.

CM Bonds shared there is an expectation that there will be a housing database created in the next few months. She also asked the taskforce to consider whether there will be a need for legislation that would provide coops with directions on how to file taxes, if they are given a tax abatement. She also asked the taskforce to realistically design a range of options for addressing the housing crisis.

CM Bonds' staffer, Barry Weise asked the taskforce to differentiate between market rate coops and LECs. Elin and Amanda Huron briefly described that LECs are designed for low-income communities



and often have a share price buy-in around \$2000. LECs also allow for a more equitable transition in ownership. Market rate coops are almost like condos in that they are much more expensive. Following that overview, Barry asked the taskforce to also consider sustainability when crafting their final recommendations. The group briefly discussed some of the challenges that LECs typically face, a key one being the challenge with ensuring all members pay their membership or coop fees which can jeopardize the financial health of an entire building. Taskforce members discussed the need to ensure that LEC boards and property managers get training on financial and property management and seek professional assistance when needed.

Next Steps

Paul briefly discussed next steps for the group:

- Sharing the preliminary recommendations with LEC stakeholders and then finalizing the recommendations to be submitted to CM Bonds; and
- Coordinating a LEC Roundtable event.

Closing Remarks

CM Bonds closed the meeting, commending the taskforce for their work thus far and sharing her hope to see how it will translate into more ideas for creating and maintaining affordable housing. She reiterated the need to acknowledge that DC is in a housing crisis and that they must take steps to address the challenges.

Meeting Adjourned. 7:45PM.