



# DC Cooperative Housing Coalition News

Representing the interests of the cooperative community in the District of Columbia since 1984

May - August | 2017

Serving the District's cooperative housing community for 34 years

## Annual Meeting October 24

Hosted by  
The Broadmoor Cooperative  
3601 Connecticut Avenue, NW  
Cleveland Park Metro  
Red Line Stop

Speaker topic:

*Co-ops and the Grim Reaper:  
What to do when  
someone dies!*

Details will be mailed to  
members in early October

a high of \$161,284,880 in Ward 2. The median valuation was \$9,587,270; the average was \$26,220,124.

All Wards showed increases over 2017 valuations ranging from a low of 1.1 percent in Ward 6 to a high of 5.2 percent in Ward 3.

### 2018 Proposed Valuations by Ward

Ward	# of Coalition Member Co-ops	2018 Cumulative Proposed Assessed Valuation
1	16	\$286,719,530
2	20	\$702,901,990
3	23	\$397,973,020
4	3	\$15,442,940
5	1	\$1,940,400
6	6	\$370,247,430
7	1	\$33,963,270
8	0	NA
Total	69	\$1,809,188,580

Based on OTR's assessment database ([https://www.taxpayerservicecenter.com/RP\\_Search.jsp?search\\_type=Assessment](https://www.taxpayerservicecenter.com/RP_Search.jsp?search_type=Assessment)), the Coalition's 69 member cooperatives represent 73 percent of the \$2.5 billion total value of the estimated 193 cooperatives in the District.

## Coalition Members Valued at \$1.8 Billion

*Coalition Members account for  
73% of the value of all DC Co-ops*

The Coalition's 69 market-rate cooperatives have a cumulative value of \$1,809,188,580 (\$1,767,238,680 in 2017) according to the DC Office of Tax Revenue's (OTR) proposed assessment valuation for 2018—a 2.4 percent increase over the 2017 valuation. Individual valuations ranged from a low of \$1,214,040 in Ward 3 to

documents, policies, and House Rules? You are not alone.

On April 26, the Coalition provided testimony before the Committee of the Whole in support of Bill 22-92, the "Short Term Rental Regulation and Affordable Housing Protection Act of 2017."

The bill would require short-term rental hosts to obtain a basic business license and require the Department of Consumer and Regulatory Affairs to inspect short-term rentals for violations of health  
*(Continued on p. 2, "Airbnb")*

## Cooperatives and Electronic Voting

*Thomas C. Mugavero, Counsel  
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Electronic delivery of notices and electronic voting can streamline some of the processes involved in cooperative membership meetings. It is, however, not a substitute for those meetings, and one must be sure that any such electronic notice is given in accordance with both the governing documents for the cooperative and the applicable law.

For any cooperative in the District of Columbia, the first question should always be: "where is the cooperative actually incorporated?" D.C. Code § 29-936 states that:

*"A foreign corporation or association operating on a cooperative basis and complying with the applicable laws of  
(Continued on p. 2, "e-Voting")*

## Bill 22-92, Short-Term Rental Legislation

Does your co-op have problems with co-owners who rent out their extra bedroom or entire apartment using such services as Airbnb, VRBO, and other similar web-based short-term rental services for a few days at a time in violation of your controlling

## e-Voting *(Continued from p. 1)*

the state wherein it is organized shall be entitled to do business in the District as a foreign cooperative corporation or association and shall govern itself in accordance with its bylaws and the laws of the state wherein it is organized. A foreign corporation or association shall file a foreign registration statement as provided in § 29-105.03.” (Emphasis added).

For most cooperatives in D.C., this would mean compliance with the corporate laws of the District of Columbia or Delaware, depending on where the cooperative is incorporated. Where a D.C. cooperative is incorporated in another state, the laws of that state would apply.

Under the D.C. General Cooperative Association Act (D.C. Code § 29-901 et seq.) electronic notice of meetings and electronic voting are permissible for D.C.-incorporated cooperatives if so allowed under the articles of incorporation or the bylaws. The notice of any meeting must include a copy of any proposal scheduled to be offered at the meeting, as well as notification of the deadline by which any electronic votes must be received in order to be valid.

Delaware-incorporated cooperatives in the District of Columbia are governed by the Delaware general corporation law, which permits electronic voting, if authorized by the cooperative’s Board of Directors, in its sole discretion. An electronic ballot must “be submitted with information from which it can be determined that the electronic transmission was authorized by the stockholder or proxy holder.” (Title 8 Delaware Code § 211)

Whatever law applies, there are two important points to remember. First, the Board must make sure that each electronic vote or proxy is properly authenticated, that each unit owner has only voted once, or submitted only one proxy, and that all the electronic votes are properly counted. In short,

the Board must document that there were no irregularities in either the notice provided for the meeting or the votes cast on a proposal. The Board does not want to be in a position of trying to defend, years after the fact, an election or Bylaw change with shaky facts about how the electronic votes were collected.

Second, electronic notice and voting is not a panacea. These procedures can definitely make the cooperative meeting process more efficient, and will improve the chances of having a quorum for any meeting where a vote of cooperative members will occur. Having the option of voting electronically will allow residents to participate in the decision-making process, even if they cannot actually attend the meeting or just don’t feel like attending. It will also streamline the vote-counting process. However electronic notice should be treated as an “opt-in” procedure; the cooperative must still provide regular notice for those residents who do not opt in. More importantly, regardless of the number of people who choose electronic voting, the cooperative must still provide a means for residents to cast their votes by written ballot in paper form at the meeting itself. There is no escape from counting at least some paper ballots.

Nor, for that matter, is there any escape from the requirement to hold the meeting itself, to ensure that there is a quorum, or to allow members to participate in the discussions. No matter how convenient electronic voting might be – either for residents or for Board members – the Board still has to meet. While the governing documents may permit the Board to take certain actions outside of a formal meeting, the Board is elected to hold regular meetings to deliberate and to conduct the business of the cooperative. The touchstone for any functioning board – whether it’s a (2) cooperative or a large corporation – is that the Board of Directors regularly meets and discusses the issues at hand. Functional cooperatives also provide for frank and open discussion of various issues by the members

themselves. Board members are expected to listen to each other’s views, reflect on those opinions, and use such information in forming their own conclusions. The failure to meet on a regular basis is usually the first symptom of a truly dysfunctional Board.

Too, a cooperative is intended to be a community. Just as the Board needs to meet and confer, the cooperative members – neighbors, friends and family who comprise the building occupants – need to meet and air their opinions to the Board. Relying too heavily on electronic voting diminishes this, again to the detriment of the cooperative.

In all, electronic notice of meetings and electronic voting are important tools that cooperatives can use to efficiently and effectively increase participation by their members who are unable to attend meetings in person. But, in the end, an over-reliance on one tool can lead to future trouble.

## Airbnb *(Continued from p. 1)*

and safety, as well as to establish duties and enforcement powers for the Department.

The Coalition supports the proposed legislation in general but proposed two additional provisions to protect co-ops and condos that restrict short-term rentals. Those provisions are:

1. Add a prerequisite that prior to issuance of the license, require certification from the cooperative, condominium or homeowner association where the applicant wishes to offer short-term rentals stating such short-term rentals do not violate its rules or governing documents.
- (2) If an applicant utilizes a booking service (including, but not limited to, Airbnb, Homeaway, VRBO, ShortTermHousing.com, Home Togo, Tripping.com, Flipkey, sublet.com, and other similar websites), the individual *(Continued p. 3, “Airbnb”)*

## Airbnb *(Continued from p. 2)*

offering his or her unit for short term rental must furnish to the booking service a similar notice certifying that short term rentals do not violate the rules or governing documents of the applicant's cooperative, condominium or homeowner association.

The status of this legislation at the time of this newsletter's printing was listed as "Under Council Review."

Following is the Coalition's statement.

### Statement of the DC Cooperative Housing Coalition

#### On Bill 22-92

#### The "Short-term Rental Regulation and Affordable Housing Protection Act of 2017"

**Council of the District of Columbia  
Committee of the Whole  
Wednesday, April 26, 2017, 10:00 AM  
John A. Wilson Building, Room 500  
1350 Pennsylvania Avenue, NW  
Washington, D.C. 20004**

Mr. Chairman, Council Members and Staff:

The DC Cooperative Housing Coalition (DC/CHC) was established in 1984 to advance the common interests of cooperative housing associations in the District of Columbia and to promote cooperative housing as a form of home ownership. Our 70 member market-rate cooperatives, found throughout the city, represent nearly 8,000 units with a combined assessed valuation of \$1.7 billion. They range in size from 4 units to 520 units. The year 2020 will mark the 100<sup>th</sup> anniversary of cooperative housing in the City of Washington. To learn more about the Coalition and our members, visit our website: [www.CoopsDC.org](http://www.CoopsDC.org).

The Coalition supports the intent of Bill 22-92.

Unlike a condominium where individuals own real property, an individual's ownership in a housing cooperative takes the form of shares or membership

in a corporation that was specifically formed for the purpose of providing its members a place to live.

Cooperatives are governed by Certificates or Articles of Incorporation, Bylaws, and House Rules. Much like a condominium, a cooperative's Board of Directors is charged with directing the operation and business affairs of the corporation and has the authority to establish, amend, and enforce the cooperative's House Rules that govern a member's use and occupancy of the property.

Historically, cooperatives generally have put great emphasis on ensuring high owner occupancy. Rentals typically are subject to Board approval, and many cooperatives have Bylaws that limit the conditions under which a unit may be rented (in some cases, not at all), impose limits on how long a unit can be rented, and, in some cases, limit the total number of units that can be rented at any one time. Cooperatives may also require that no unit may be rented for less than a certain amount of time, typically six months or one year.

We agree that licensing and regulation of short-term rental housing is needed to ensure health and safety. However, enactment of this Bill, as written, may encourage some cooperative members to violate the short-term rental restrictions in most cooperative's Bylaws and rules. Under the Bill as drafted, a cooperative member might obtain a short-term rental license without the cooperative's knowledge, and might be under the mistaken impression that the license would permit short-term rental of the apartment, even if the cooperative's own rules and governing legal documents prohibit short-term rentals. This could lead to disruptive and potentially expensive disputes between cooperatives and their members.

We urge the Council to add provisions to the Bill that would prohibit the issuance of short-term rental licenses to applicants who wish to rent out units in cooperatives, condominiums or homeowner associations that prohibit short-term rentals. If a cooperative member or unit owner in a condominium or homeowner association applied for a short-term rental license, a prerequisite to issuance of the license would be receipt by the issuing agency of a

certification from the cooperative, condominium or homeowner association, stating that short-term rentals do not violate the rules or governing documents.

Therefore, we respectfully request that a provision, such as the following, be included in the Bill:

*No person shall receive a basic business license to rent a unit in a housing cooperative, a condominium or a homeowner association community for short term durations unless the submitted application also contains a notarized letter or form from the cooperative's, condominium's or homeowner association's Property Manager, Board President, or other authorized individual, certifying that short term rentals do not violate the rules or governing documents of the cooperative, condominium or homeowner association.*

If an applicant utilizes a booking service (including, but not limited to, Airbnb, Homeaway, VRBO, ShortTermHousing.com, Home Togo, Tripping.com, Flipkey, sublet.com, and other similar websites), we suggest the following should also be included in the Bill:

*The individual offering his or her unit for short term rental shall furnish to the booking service a notarized letter or form from the cooperative's, condominium's or homeowner association's Property Manager, Board President, or other authorized individual, certifying that short term rentals do not violate the rules or governing documents of the cooperative, condominium or homeowner association.*

We believe that these added provisions will help safeguard cooperatives and other owner-occupied communities with restricted rentals against misunderstandings about the legal effect of DC-issued short term rental licenses and will protect these communities from unauthorized transient, short term leasing.

Respectfully submitted,

Russell Rader, President  
DC Cooperative Housing Coalition  
c/o Whiteford Taylor & Preston  
1800 M Street, NW, Suite 450N  
Washington, DC 20036

Section 501(c)(6) organization in the District of Columbia, May 24, 1993.

## Board of Directors

### President

Russ Rader  
The Westmoreland, 60 units

### Vice President

Lynn Ohman  
Shoreham West, 60 units

### Secretary

Art Leabman  
1870 Wyoming Avenue, 28 units

### Treasurer

Dottie Moskowitz  
Tiber Island, 389 units

### Directors

Fred Dyda  
Tilden Gardens, 170 units

Stephen McKeivitt  
Beverly Court, 39 units

Susan Muhlbach  
Madison Terrace, 44 units

Michael O'Dell  
Harbour Square, 447 units

Ray Olson  
River Park Mutual Homes, 518 units

Nancy Skinkle  
The Broadmoor, 194 units

Janet Sten  
3020 Tilden Street, 20 units

Katie Wilson  
Cathedral Avenue Cooperative, 145 units

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## About DC/CHC, the Coalition

Established in 1984, the DC Cooperative Housing Coalition exists to advance the common interests of cooperative housing associations in the District of Columbia and to promote cooperative housing as a desirable form of home ownership. It is therefore both an advocacy organization that articulates the interests of members before government officials and regulatory agencies and a service organization that provides information and education to members.

Membership is open to all District housing cooperatives, regardless of size. A volunteer board of directors, elected by member co-ops, governs the Coalition. Activities are financed through annual dues, \$1.50 per unit per year (12.5 cents per month)

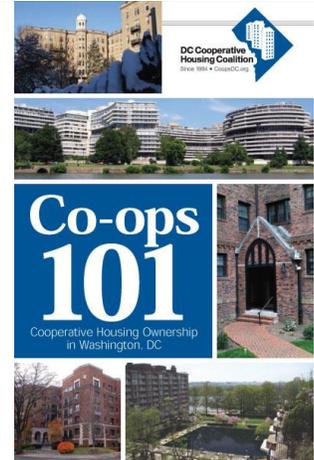
The Coalition grew out of an ad-hoc group of District cooperatives that formed in response to a judicial ruling that had cast a cloud over many cooperatives by banning proportionate voting. By marshaling the forces of more than 3,000 housing cooperative units, the ad-hoc group persuaded the District's City Council to resolve the matter.

Recognizing the importance to the cooperative housing community of speaking in a single voice and maintaining the ability to respond quickly and knowledgeably to matters affecting cooperative housing, the ad-hoc group decided to form a permanent organization.

The Coalition was established in 1984 and was incorporated as DC/CHC, Inc., a nonprofit, IRS Code

[www.CoopsDC.org](http://www.CoopsDC.org)

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## Member Profile Page

Does your cooperative have its own dedicated page on the Coalition's website? It's free and it is one of the Coalition membership benefits. See what your co-op is missing at <http://coopsdc.org/members/> and click on members with names in bold. **Don't let your co-op miss out on this members-only benefit**