



25!

2009 marks the Coalition's twenty-fifth anniversary, a major achievement for any organization, especially for an all-volunteer organization. And to mark our anniversary comes a new look: a new logo, a new newsletter, and over the next few months, a new web site!

Over the years, the Coalition has grown to become known and respected by our members and city officials, alike. During our past 25 years, we have made significant achievements, including legislation that defined how market-rate housing cooperatives are valued and assessed by the District government.

In recent years the Coalition has moved forward by taking advantage of technology: improving our web site, including member profile pages to the site, initiating e-mail notifications, and on-line surveys. Our future looks bright, as we begin our next twenty-five years and become an even more important part of the District's cooperative community.

Because board members of our cooperative members change over time, we need to inform new board members, as well as to remind ourselves about our history and purposes. Read "The ABCs of the CHC" inside this issue and learn or remind yourself about the Coalition. Happy Anniversary, everyone!

CAI Conference & Expo, March 28

The Coalition is pleased once again to participate as an Allied Partner in the Washington Metropolitan Chapter Community Associations Institute's (CAI) 2009 Conference and Expo.

The 2009 event will be held in the Washington Convention Center on Saturday, March 28. The event includes many helpful training sessions as well as many vendors serving homeowners associations including cooperatives.



The Coalition will send out additional information about the event in the next few weeks. Consider sending several Board and/or committee chairs to this event and join hundreds of other homeowner association members. It will be time well spent. (And don't forget to stop by the Coalition's table and say hello!)

For more information, go to our web site, www.CoopsDC.org, and click on the above image. You will be taken to the CAI web site where you can get complete information including program and exhibitors.

Homestead and Tax Cap Update

Q&A with OTR

The Coalition recently received several questions from our members about the Homestead Exemption and how it relates to the cap placed on tax increases. To get the correct answers, we contacted Patricia M. Wagner, Manager of Special Programs in the Assessment Services Division of the Real Property Tax Administration in the Office of Tax and Revenue. Here are your questions and her answers.

 **1. Do all co-ops get the Homestead Exemption, even if they have fewer than 50% of their units with Homestead Exemptions? For example, if a 100-unit co-op has 49 Exemptions, do they lose the value of those 49 Exemptions?**

Ms. Wagner: A cooperative with 50% or more qualified units, the annual tax is based on the Cap Assessment value. A Cooperative with less than 50% qualified units does not qualify for the cap assessment. The deduction for those cooperatives will be determined by multiplying the number of units times the homestead deduction rate. For example, if a cooperative has 30 qualifying units the deduction is determined as 30 X \$64,000 = \$1,920,000. This amount is subtracted from the true assessed value before the annual tax is calculated.

The above formula will also be used for a cooperative with 50% or more qualifying units if this method yields a higher deduction than the Cap Assessed value.

(Continued, p. 2)

-  2. **Is there a different tax rate if a co-op has fewer than 50% of their units with Homestead Exemptions? Years ago, this was true, but it's my understanding that that changed several years ago and there is no other residential class rate. The current rate of \$0.85 per \$100 assessed value, therefore, remains even if, for example, a 100-unit co-op has only 49 Exemptions. Am I correct or do such co-ops pay a rate different than the Class 1 residential rate?**

The same tax rate is applied for cooperatives.

-  3. **If a co-op has a cap on its taxes, does it lose the value of the Homestead Exemption deduction? Some members believe it's an either/or and that the city determines which is the least expensive to the co-op (i.e., the better deal). Or, is a co-op's tax bill first reduced by the number of Homestead Exemptions and then, if appropriate, a cap is then applied?**

See #1.

-  4. **If a co-op has fewer than 50% of their units with Homestead Exemptions, do they lose the protection of the cap? For example, if a 100-unit co-op has only 49 Exemptions, and their tax bill is 15% higher this year than it was last year, must they pay the full 15% now and the 10% cap is null and void?**

See #1. To be considered for the cap-assessed value, the cooperative's current assessed value must exceed the previous year's value by 10%.

-  5. **If a co-op has a cap, does it still owe the tax that exceeds the cap,**

and the amount exceeding the cap ("overage") is being deferred over the next few years until it has been fully paid? Some members believe it owes the balance ("overage") in future years while other co-ops believe the cap is all they owe and the "overage" is eliminated/forgiven.

There is no overage with regards to the cap. The cap assessment is a value that is lesser than the true assessed value of the property. Because of the cap, the annual tax is lesser than it would have been if the true assessed value was used.

-  6. **Regardless of how the Homestead Exemption is treated for taxes, does every co-op, regardless of the percent of units with the Exemption, get the value of those Exemptions for trash/recycling credit? For example, a 100-unit co-op has 49 Exemptions, does it get a trash credit equal to 49 Exemptions (\$4508 or \$92 per Exemption x 49 units)?**

The trash credit is determined by multiplying the trash rate times the number of exemptions.

-  7. **The Tax Rates and Revenues web page on the CFO site has a note that "...the \$64,000 Homestead Exemption and the Class 2 valuation, will undergo modifications soon." Will that have any effect on residential market-rate co-ops?**

[Someone else from OTR] will address Question 7 regarding market-rate.

We appreciate Ms. Wagner taking the time to respond to our members' questions. If you have more questions concerning issues related to real estate taxes, please contact the Coalition and we will find the answer and share it with all of our members. The Coalition's contact information is contained on the back page.

Management / Rental On-line Survey

The DC Cooperative Housing Coalition receives many questions from its members. To provide meaningful responses, we seek answers from the most knowledgeable source. Often, the best source of information is our membership.

When the question relates to matters unique to cooperative policies and procedures, we survey our members to gather and share their knowledge and real-life experiences. In February, we issued our latest survey covering two areas of long-term interest to our members: co-op management and rental policies. This is the Coalition's first on-line survey.

The questionnaire is hosted at www.SurveyMonkey.com. SurveyMonkey is a secure site dedicated to affordable questionnaire development, implementation, and analysis. All survey responses are confidential and will be combined with those provided by other Coalition members in order to further protect the confidentiality pledge.

For the few Coalition members without e-mail addresses, a paper version of the same questionnaire was mailed to them to obtain their responses.

The Coalition will provide a summary report of the results as soon as the data have been compiled and analyzed. The report will be made available to our members.



The ABCs of CHC

For twenty-five years, the Coalition has been the premier organization devoted exclusively to advancing and protecting the interests of District of Columbia market-rate cooperatives, second only to New York City in the number of cooperatives.

The D.C. Cooperative Housing Coalition exists to advance the common interests of cooperative housing associations in the District of Columbia and 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. At least five seats on the board must be filled by representatives of small (50 or fewer units) cooperatives.

Activities are financed through annual dues that are based on the number of units a cooperative has. Activities include quarterly newsletters, web site, seminars, web-based surveys, and contact with the City Council. The Coalition is pleased that through careful planning and generating income from alternative sources, dues have remained the same for many, many years at \$1.50 per unit, per year (or 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 units, the ad hoc group persuaded the D.C. 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 the DC/CHC, Inc., a nonprofit organization in the District of Columbia, in 1993.

The Coalition's most important accomplishment was its work toward the passage of the

CHC: The cooperative housing community speaking in a single voice.

Cooperative Housing Procedure Act of 1988 (D.C. Law 7-205), a law that provides for uniform procedure and an equitable formula to assess real property owned by cooperatives.

Up to that time, the District did not have a prescribed method to estimate fair market value, and as a

result, the annual assessments were arbitrary and unpredictable. It also successfully opposed a move by the City Council to charge each cooperative association \$3.00 per unit to fund a new government agency to oversee cooperatives and condominiums.

The Coalition testified before the City Council in support of a recycling tax credit in lieu of the city collecting recyclables and successfully opposed a 50 percent reduction in

the trash collection tax credit, which co-ops and condominiums receive in lieu of the city collecting their trash.

At the heart of many of these efforts was the defense of cooperatives before the City Council to maintain parity between cooperative homeowners and single-family homeowners rather than to be treated as rental complexes

Perhaps most important, the Coalition successfully defended the assessment system it had worked hard to put in place in 1988 when it warded off proposals to change the system in recent years.

The Coalition has co-hosted mayoral candidate forums and recognized Council members who work on behalf of the interests of housing cooperatives. It has also promoted public awareness and interest in cooperative ownership by sponsoring events, most notably organizing two Smithsonian tours of several D.C. housing cooperatives, first in 1995 to mark the 75th anniversary of the first housing cooperative in the District and again in 2006 in recognition of over 85 years of successful cooperative living.

One of the most important benefits Coalition members receive is timely information. The Coalition has conducted seminars and issued newsletters covering topics as diverse as elevators, rentals, taxes and oil and gas bulk purchasing agreements, among others. As a consequence, members receive information that enables them to anticipate and address changes affecting their operations

For more information about the Coalition, visit www.CoopsDC.org.

Board of Directors**President**

Michael O'Dell
Harbour Square, 447 units

Vice President

Carl Gerber
The Cathedral Avenue, 145 units

Secretary

Art Leabman
1870 Wyoming Avenue, 28 units

Treasurer

Jill Golden
3028 Porter Street, 11 units

Directors

Fred Dyda
Tilden Gardens, 170 units

Madeline Evaneck
Naylor Gardens 318 units

Desmond Foynes
The Presidential, 43 units

David Horrigan
1300 Massachusetts Avenue (The DeSoto), 31 units

Paul St. Hilaire
Tiber Island, 389 units

Nancy Skinkle
The Broadmoor, 194 units

JoAnn Wells
Potomac Plaza Apartments 249 units

Counsel

Joseph Douglass
Whiteford, Taylor & Preston, LLP
1025 Connecticut Avenue, NW
Washington, DC 20036
202- 659-6779
jdouglass@wtplaw.com

Administrative Assistant

Jim Smith
700 7th Street, SW #633
Washington, DC 20024
200-488-3670
DCCHC@aol.com

Contact us:

CooperativesDC@aol.com

www.CoopsDC.org

DC/CHC
c/o Harbour Square
520 N Street, SW Suite South 616 Washington, DC
20024

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

Member Web Page

Does your cooperative have its own dedicated page on the Coalition's web site? It's free and it is one of the Coalition membership benefits. See what your co-op is missing at www.coopsdc.org/Membership.htm and click on members with the  icon next to their names. Don't let your co-op miss out on this members-only benefit!

**Reproducing
CHC Member News Articles**

No special permission is required to use or reproduce articles contained in **CHC Member News**. However, each reproduced material should contain proper acknowledgement of the DC Cooperative Housing Coalition and its **CHC Member News** as the source of the article.

**Need a web site or have
one that needs updating?**

CHC is fortunate to have found a talented web designer to create our web site. Luckier still, he is willing to create sites for our member coops at reasonable rates. Go to our web site, <http://www.coopsdc.org/services.htm>, and click on "Scott D. Seligman." Scott has done several web sites for co-ops in addition to the profile pages on our web site.