

Co-op Coalition Survey: Delinquencies & Other Challenges

Thanks to the 9 members who took the time to respond to this survey. Following is the original question and the table of responses.

Mike O'Dell, Director
 DC Cooperative Housing Coalition
www.CoopsDC.org
CooperativesDC@aol.com

In a message dated: Mon, Jun 18, 2018 2:57 pm

Dear Presidents and Coalition Representatives,

Most (all?) co-ops (and condos, for that fact) have faced difficult times having to face challenging issues-- increasing delinquencies, board/management relations, and more. A Coalition member wants help from other Coalition members as their co-op faces new challenges. Can you help? Below is the actual question. Please respond by Friday, June 29. NOTE: If you don't wish to share specific information in your response, but would be willing to correspond directly with the requesting member, please indicate that and we can put you and the requester in touch with one another.

Question:

We're looking to make some big changes ...we've got a new board, looking at getting a new management team, are having some issues with delinquencies...wondering if you know of any other cooperative(s) who have faced some challenging issues/tough times and how they have turned things around. We would like to reach out to them and get some pointers.

<50 units	We've been very fortunate in this regard. In the past several years, we've only had one instance of delinquent payments and that was an unusual situation related to an estate being handled in a trust. The matter was resolved within a few months.
<50 units	<p>I would be happy to speak with the questioner and offer my advise on the issues that they are facing. Please feel free to share my email address. A more general response for publication follows.</p> <p>Our Coop has faced difficult challenges from time to time over the 25 years that I've lived here; luckily they do not come up every year, and working through an issue can give you a precedent (or at least a guideline) for working through a similar issue in the future. Communication with your members is key to getting their buy-in for difficult and sometimes costly changes. Try to share the Board's thought process and offer members the opportunity to weigh in before major policy changes are implemented or expensive projects contracted. No one (including Board Members) always wins what they want, and your co-owners should be adult enough to understand this.</p> <p>Regarding delinquencies, check your by-laws for options. We had one (no longer living) member who would stop paying fees from time to time. Each time I came on the Board he would be years behind and I would write to him, giving a deadline by which he must either pay all amounts in arrears or lose his occupancy rights. It is a very big stick, but very effective if the amount is large. If the problem is simply tardiness rather than non-payment I would try to work collaboratively on a solution with the shareholder.</p>
<50 units	<p>I would be willing to speak directly with the co-op seeking advice. It's a longer conversation than I could write, but in the [several] years I've been on [our co-op's] board, I have been through some very difficult/stressful times. With consistent dedication and grit, here are some things we were able to do to turn our financial situation around (not necessarily in this order):</p> <p>* weeded out corrupt practices which were slowly draining our budget</p>

	<ul style="list-style-type: none"> * with our attorney's help, took over abandoned apartments, renovated and sold them, collecting all back fees and renovation costs * signed a resolution instituting a stricter delinquency policy * kept on top of monthly financial reports and management company practices * voted the "drama queens" off the board who were blocking decision making and progress * over the years, slowly worked to get to know the members of the community and instilled an environment of trust
<50 units	As for delinquencies, we charge a late fee on coop payments, and that seems to work. As for the other challenges, my sense of general coop dynamics is that factions will always develop. It might revolve around some wanting to spend more versus others who might be more conservative. It might revolve around other issues. I think the governance challenge is to keep the different factions involved and to not have any faction that feels it never wins or that it has no influence. Those dynamics tend to lead to an unpleasant environment and one in which members are fighting against each other rather than working together.
<50 units	<p>Fortunately, our cooperative has not had frequent and repeated delinquencies regarding co-op fees. In the few instances we've had, the management company notified the Board and the President immediately wrote to those members requesting prompt payment of the overdue fees. The problems were resolved quickly and without animosity. The key was to tackle these issues promptly and with tact as soon as they were made known to the Board.</p> <p>Regarding the other issues of a new Board and management team, I would refer the co-op to the recently distributed DC CHC notes from the May 15 roundtables. The notes dealing with emergencies, communications, and professional management companies may be helpful... These documents provide many excellent, adaptable frameworks for dealing with daily, monthly, and annual inspections and other issues.</p>
50 – 99 units	We have a House Rule pertaining to late fees, so shareholders know, from the time they sign papers to take over ownership of a unit, of the penalties for late payments of fees. The board will forgive late fees under extraordinary circumstances, but we are generally firm on payment of late fees (8% if unpaid 10 days after the due date). Consequently, we have very few delinquencies.
50 – 99 units	I don't believe we have ever had a widespread delinquency problem, but I believe there was a time our fees were not nearly high enough. I know the community had to make some difficult decisions. I believe there are people still in the co-op who have a good memory of what it took to turn around the finances. If the requesting member wants, I can try to facilitate a meeting, or can get answers to more specific questions.
100 – 199 units	<i>No responses from co-ops this large</i>
200+ units	<p>[I recently] stepped down from [our board] after having, over the course of 9 years on the board, led major changes to the way the building is managed, to the way the board functions, and to our financial structure. [Our co-op was also involved in an eviction of someone who was] delinquent and the D.C. court of appeals upheld the eviction.</p> <p>I am assuming this is a reasonably large cooperative. If so I'm willing to share some of our experience directly with these folks, but I don't think our experience is applicable to your smaller members.</p>
200+ units	Yes, I can help [and would be willing to speak directly with the Coalition member].