

Co-op Coalition Survey: Flip Tax

Thanks to the 9 people who took the time to help another co-op. The results are contained in the table, below. Once again, thanks for helping your other co-op Coalition members!

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

In a message dated Thu, Nov 8, 2018 3:51 pm, CooperativesDC@aol.com writes:

This email is directed only to the Representatives to the Coalition:

Does your co-op have a "Flip Tax?" A Coalition member wants to know. Hopefully, most of you will reply. Here is their question:

We would like your assistance in getting some feedback on a "flip tax".

A flip tax (or transfer fee) could be a significant new source of revenue for our coop. It is very common in NYC. Essentially when a unit is sold the seller shares the gain with the building, say a 1-3% share going to the building. In just a year, we might have realized income of about \$30-50k.

We don't have any such fee at this time. We also understand that this might be controversial enough to be voted down by members. One argument against this is the rumor that no other building does this in DC. We wonder if this is actually true.

We would appreciate any assistance in finding out more about this from our fellow cooperatives in the area.

Please respond by Friday, November 30. Thanks for helping one another!
DC Cooperative Housing Coalition
www.CoopsDC.org

Serving the District's cooperative housing community since 1984

We are looking to do a major round of preventive maintenance on our building. We have multiple big problems we want addressed that cross systems within the building (i.e. roof AND plumbing AND exterior envelope). However, we are not so lucky to have enough money to do literally everything that comes to our mind. We are looking for a general contractor who will be able to both supply sufficient expertise to address our issues, and will be able to help us prioritize our efforts for maximum success. Could you send this around to members of the coalition for their recommendations? Thanks!

| | |
|-----------|---|
| <50 units | [Our] Cooperative does not do this. |
| <50 units | Thanks for this question. 1300 Mass. Owners' Co-op, Inc. does not have a "flip tax," and to the best of my knowledge, this has never been proposed/considered by any recent Board. |
| <50 units | Thanks for this question. [Our co-op] does not have a "flip tax," and to the best of my knowledge, this has never been proposed/considered by any recent Board. |
| <50 units | We looked into it and decided against it, for some of the reasons cited in our attorney's opinion, excerpts of which are posted below: "...The concept raises a number of issues, both with respect to a cooperative's existing documents and with respect to outside factors (e.g., sales, financing, etc.). It would be necessary to amend the By-Laws and the Cooperative Ownership Contract to condition any |

| | |
|-----------------|---|
| | <p>transfer on payment of a transfer fee. It also would be necessary to amend the By-Laws to allow the Cooperative to raise money by the use of transfer fees, in addition to the regular assessments against members.</p> <p>It is possible that someone would argue that amendments like these should not be allowed because they would be 'inconsistent with or adversely affect equity rights contained in ownership contracts.' ..."</p> |
| 50 – 99 units | Our building (50-100 units) does not have a flip tax. This is the first I have heard of such a tax. |
| 50 – 99 units | [Our co-op] does not have a "Flip Tax." I don't think it would be approved here. |
| 100 – 300 units | None reported |
| 400+ units | We do not have, nor has the suggestion been made to have, a flip tax. |
| 400+ units | No 'flip-tax' or fee. Interesting idea -- what period of ownership would apply? 1 yr? 3 yrs? We've had several buyers take 1 to 2 yrs remodeling their unit, then selling... so a period of 3 yrs might work. Thanks. |
| 400+ units | We do not have a flip tax, and I do not think that we would consider such a thing. We currently have 19 unites on the market and with our fees going up for some capitol projects I think a tip tax would cause Member Owners to go bananas. |