

Co-op Coalition Survey: Reserves Per Unit (9-2021)

9 co-ops responded.

Sent: Thu, Sep 9, 2021 3:31 pm

Subject: Fwd: CO-OP SURVEY - RESERVES PER UNIT (REP) (REVISED DUE 9-16)

Dear CHC Representatives,

Only four member cooperatives have responded to the forwarded survey on the important subject of amounts saved in Reserves. Please recall that we report survey findings without revealing the names of respondents. Also, if you do not use "reserves per unit", please provide the benchmark or approach your cooperative employs. I am urging your cooperative to reply to the survey and extending the deadline through Wednesday, October 16.

Best regards,

Janet Sten, Director

DC Cooperative Housing Coalition

-----Original Message-----

Sent: Mon, Aug 30, 2021 3:52 pm

Subject: CO-OP SURVEY - RESERVES PER UNIT (REP) (DUE 9-10)

In keeping with the on-going interest in practices around Reserve Plans and Budgets, a coalition member wants to know:

On a *per apartment basis*, what is

(1) your current reserve for capital improvements/replacement and

(2) your *goal* for the reserve for capital improvements/replacement (which could be the same answer if your current reserve is what your goal is).

Please reply to the above questions as presented. Regardless of your response to (1) and (2) above, if you establish your goal for capital improvements/replacement on some other basis than reserves per apartment, please describe the basis that your cooperative uses.

Please reply by Friday, September 10, 2021.

Best regards,

Janet Sten, Director

District of Columbia Cooperative Housing Coalition

www.CoopsDC.org

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<30 units	We do not establish the goals for reserves on a per apartment basis. Our budget for contributions to reserves is based on the building's need to maintain a reserve fund which will cover anticipated capital expenses over a five to ten year period. Currently, our contributions to reserves is averaging 22% of the total building's annual expenses. Therefore, the monthly fee for each apartment includes the contribution to reserves which is currently 22% of their total month fee.
<30 units	It is not possible for our building to respond to these questions in the desired format, given our reserves model. The amount of our reserves is based on our anticipated capital expenditures over the short term (the next five years) and the long term (the next 40 years). When we prepare our annual budget, a portion is set aside for the reserves in order to meet these goals. As a result, we don't look at the reserves on a per apartment basis, nor do we have a fixed numerical goal, as the reserves number is changing constantly as: (1) capital projects are paid for, and (2) we replenish the reserves from our operating budget. We do have a number that we do not allow the reserves to drop below, and that would compute as \$5,000 per apartment. But the reserves are usually well above that.
30-60 units	For our cooperative the current reserve balance is about \$3500 per unit. We have recently had a new reserve study done and we are considering increasing our yearly contribution and trying to get the balance up closer to \$4500 per unit.
30-60 units	Neither our reserve balance nor our reserve contributions are calculated on a "per apartment" basis. We make a contribution to our reserve fund each month collected as part of our regular monthly fees. The total annual amount is fixed during our budget process and then contributions are determined based on number of shares held (different for apartments of different size). The annual contribution amount is adjusted every few years to reflect inflation. Our reserve balance is higher or lower depending on where we are with relation to undertaking a major project. To put it simply, we save up for things that either must be done (roof resurfacing or replacing our water heaters, for example) and projects that the majority of members would like to undertake (constructing a ramp to our front entrance is a good example). The way that I explain this to membership is that it is easier for each shareholder to budget an extra \$15 per month in fees than it is to pay a 'surprise' special assessment of several thousand dollars when an emergency occurs. A strong record of reserve contributions and expeditions with no special assessments is a positive selling feature, and an adequate reserve balance gives confidence to prospective purchasers that the building is well managed.

30-60 units	<ol style="list-style-type: none"> 1. Each year we review the overall budget as a whole along with COLA and our previous fee increases to determine our overall percentage increase for revised fees. Our goal is to increase our annual amount to reserves as much as we can, while keeping fees low. We are currently allocating around \$1,750 per unit into our reserves per year. 2. We had a reserves study completed in 2018 and we are trying to best target those numbers, while keeping fees reasonable.
30-60 units	<p>Our cooperative has approximately \$500,000 in reserves. Reserves are collected on a monthly basis as part of the coop fee. Reserve fees are collected based on unit square footage. The building will collect \$80,000 this year and continues to raise fees by 5% annually to bolster the reserve amount and avoid assessments.</p>
150+ units	<ol style="list-style-type: none"> 1. \$6545 2. The answer is that reserves have to be sufficient to fund the projects that are defined in the Reserve Study. The Reserve Study should include all those elements that the coop is responsible for and their projected date of repair/replacement based on the component's expected useful lifetime.
150+ units	<p>We don't calculate our reserves on a per apartment basis. Our budget is based on a set amount for capital projects/reserves, which is increased \$50,000 each year.</p>
150+ units	<p>Our cooperative has the following 2021 Capital Reserve Assessment: \$1,466,845</p> <p>Based on the number of units occupied, the monthly amount is roughly \$273 per unit</p>