

Co-op Coalition Survey: Subletting

Thanks to the 22 members who responded (below). Compared to previous years' responses, most responding co-ops limit renting after 2 years of ownership and then for a limited number of years, often 3, but with some interesting variations. Several charge monthly or annual fees, often increasing over time.

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In a message dated: Fri, Apr 26, 2019 3:00 pm

A Coalition member wants to know if other Coalition members have any constraints on sub-letting. Their question is below. Please respond by Friday, May 10. Thanks for helping out one another!

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Our Board is considering a policy to discourage sub-lets and especially long term sub-lets. We already limit the number of sub-lets to 10% of the total number of units and we are considering imposing an escalating fee structure on the unit owner who wishes to sub-let. This might take the form of having the unit owner pay a share of his rental income to the co-op reserve fund. The fee would be relatively low for the first year, would increase in the second year and would take major steps up for the third year and beyond. Is the Coalition aware of any similar policies currently in use and if so, would you kindly share the specific policy verbiage?

<25 units	We only allow two units to be rented at a time and owners can only rent their apartment out for two years. At that point, they either have to move back into the apartment or sell it. We do not impose fees.
<25 units	We have not imposed a fee for sub letting, but we have the following restrictions: a. Owner must have occupied the apartment for two years before applying to sublease. b. Owner must apply to the Board in writing for subleasing approval, and such approval must be obtained prior to subleasing an apartment. c. Subject to the other conditions herein, only owners who plan to live away from 3016 Tilden temporarily for sabbatical, employment, care for a family member or travel, and demonstrate their intention to return, will be eligible for subleasing. [As amended November 8, 2011.] d. Sublessee must be interviewed and approved by the Board. e. Sublease approval will be given to a shareholder only once in a five-year period. [As amended November 8, 2011.] f. Sublease approval is for a one-year period only. Application for an annual renewal of the sublease for up to an additional two years is subject to Board approval. g. Owner must pay an in/out moving fee equal to the current owner in/out moving fee at the time of approval of the sublease. h. Board approval for subleasing cannot be given if such action would cause the building's owner-occupancy ratio to fall below 90 percent.

	<p>i. Owner is responsible for any additional tax incurred as a result of a loss of homestead exemption for the unit.</p> <p>j. When subletting, the owner loses any lease for garage space and must reapply when reoccupying apartment; Sublessee can only apply for garage space if all stockholder-owners desiring a space have been accommodated. If Sublessee is granted a space, the garage lease ends with the apartment sublease or when an owner applies for garage space. (Any stockholder-owner has preference over Sublessee at any time.)</p> <p>k. Subleasing is defined as the occasion when the shareholder is not in residence during the subleasing period. [As amended November 10, 1998.]</p>
<25 units	<p>We have 20 units and cap rental to four units. Our by-laws allow it with restrictions. A member must reside for two years before renting and rentals are limited to three years. After three years, the owner must reside in the unit. We also allow short term rentals such as AirBnB with board oversight.</p> <p>We are currently updating our short term rental language so I don't have anything to share at this time. We charge a fee which we put in with our taxes budget to help save some money.</p>
<25 units	<p>Here is the House Rule re subletting at [our co-op]. We discourage subletting unless it is temporary and the Board has reasonable assurance that the stockholder will return to the building.</p> <p>e. <i>Sub-letting.</i> This is an owner-occupied building, for which the continuity and commitment of its owners transforms twenty-one apartments into a community. Because the building is small and has no live-in staff, the building has a unique reliance on its owner residents to contribute their time and talent to the management and operation of the building. Thus sub-letting is generally discouraged but sub-letting for six months-three years is permitted if the stockholder presents reasonable assurance, in a written request to the Board that they will return to reside in their apartment. The Board may use its discretion, in reviewing requests to sublet, to consider other compelling factors in making its decision.</p>
25 - 49 units	<p>Our coop put into place a similar policy two years ago for the same reason--to discourage shareholders from subleasing their units long-term. We put in an escalating fee structure for owners subleasing their apartments, starting at the beginning of their 4th year of sublease. Every year, the monthly surcharge will increase (4th year, \$100/month; 5th year, \$200/month; 6th year \$300/month, and so on). (House Rules attached)</p>
25 - 49 units	<p>Our bylaws restrict subleases to 15% of units. Subletting is approved for one year at a time and is generally limited to 2 years.</p>
25 - 49 units	<p>This would be covered by our more stringent policy on all rentals, which prohibits subleases of less than a year, and imposes an all-time limit of three years renting on any unit owner.</p>
25 - 49 units	<p>We are a 32 unit building and our bylaws currently restrict our number of rentals to a maximum of 4. Rentals are allowed for a maximum of three years but the owner must seek permission each year to continue renting. The owner must then move back into the building after 3 years (or the unit sit empty) for at least a year before the board will reconsider allowing rental again.</p> <p>The Board has the ability to grant additional rentals beyond 4, but to my knowledge this has never been used.</p> <p>We also charge a 50% surcharge on monthly fees to the owner for units being rented.</p>
25 - 49 units	<p>We charge an extra fee of 25% of the monthly coop fee to anyone who rents their unit out; and you have to live in the unit for 2 years before you can rent it.</p>
25 - 49 units	<p>If you're using "subletting" as a synonym for "renting," yes, we allow it at [our co-op] with Board approval once a member has been in the association for two years or more. Leases are limited to two years in duration and cannot be</p>

	<p>renewed beyond that. Owners are assessed a non-escalating extra fee for renting. We also have a cap of 10% of the building's units (but haven't approached that limit in recent memory).</p> <p>If you're using "subletting" in the more traditional sense -- a renter renting to someone else -- we don't permit that.</p>
50 – 74 units	House Rules provided
50 – 74 units	As of January 1, 2020, a by-law assessing a surcharge will go into effect. The by-law reads as follows: "Any shareholder who subleases his/her apartment unit shall, after the first two (2) years of subleasing, pay to the corporation an annual surcharge ("Subleasing Surcharge"). The amount of the Subleasing Surcharge shall be \$600 during the year 2020, and the amount of the Subleasing Surcharge shall be subject to adjustment annually, as of January 1 of each year, by a percentage equal to the percentage increase in the "Lessor's Cash Requirements" for the year beginning as of that date.
75 – 99 units	We are looking to change our language related to subletting as well and would be interested in whatever the other member coop comes up with.
75 – 99 units	We have caps on percent of units which can be concurrently rented, and the total amount of time an owner can rent a unit (3 years, after having owned for 2 years). We also require all rentals to be at least 30 days.
75 – 99 units	[Our co-op] requires that subleases be a minimum of one-year and a maximum of three-years. The owner may reapply at the end of three years to consider a continuation of the sublease, but we discourage long-term subleases. All potential tenants are required to be interviewed by [our co-op] Board. We also require a DC license and legal formal lease agreement from the shareholder.
100 – 149 units	Our co-op charges a rental surcharge - to allow an owner to lease and become an offsite owner. The annual rental surcharge is 10% of the monthly (operating) assessment for the specific unit. This 10% surcharge goes up 10% each year with no end to the increase as long as the unit continues to be rented. We have additional restrictions (House Rule was attached).
100 – 149 units	<p>We do not have an escalating fee structure. If a shareholder wants to sublease the apartment the costs are:</p> <ul style="list-style-type: none"> \$200.00 for the Rental Package (paperwork) \$300.00 Subleasing adm. fee \$100.00 paid by renter \$200.00 elevator use fee (not a deposit) \$150.00 to \$375.00 Move-in fee based on size of apt.
150 – 174 units	[Our co-op] subletting is strongly constrained. In exceptional circumstances, such as temporary job relocation or family situation, or an educational opportunity or some such, maximum 2 years can be requested and the board has to approve each individual requests. The application has to contain an explicit statement that stockholder intends to resume residency at [our co-op] after the period expired. (House Rule and lease was attached to response)
175+ units	<p>Though we do not have restriction on the overall percentage of rental units in Watergate South, we do have certain limitations as noted below:</p> <ul style="list-style-type: none"> - You have to be a member/shareholder for at least 2 years before you are permitted to rent - Members/Shareholders can rent only for two years during their entire residency at Watergate South - Rental fee to Watergate South is 10% of the assessments or 20% of the rent amount, whichever is greater
175+ units	Our policy states that all new owners must homestead for the first two years. After that they can only sublet their unit for a total of four (4) years for the entirety of their ownership.
175+ units	Owner must wait 2 years before renting. Owner may rent up to 3 years in total in one-year increments (no short-term rentals without Board approval). Monthly rental fee is charged. Corporate lease must be used. Unit must be registered with the city before tenant can move into unit. Renter must meet

	with the Admissions Committee and approved by the Board. Owner is liable for any fees, fines, and/or damages incurred, but not paid, by renter.
175+ units	<p>New Shareholders have to wait two years after they purchase their shares before they are allowed to rent their unit. After the two years they can only rent the unit for three years over the next eight years. On their 10 year anniversary, they can again rent it for three years. The minimum lease we allow is a one year lease.</p> <p>For the past seven years I have been working at my property, that has kept our rental ratio under 3%</p>