

Recent Coalition Seminar on Reserve Studies



Presenters Sammy Dweck and Bob Hirsch left, with presenters Jack and Bill Grimes on the right.

On Saturday morning, April 6, the Coalition held an in-person seminar at the Broadmoor Co-op in Cleveland Park. The seminar focused on considering and arranging a **reserve study** for a co-op property, and on how a Board might effectively use the results of the study to properly maintain the cooperative's property. About 25 interested people attended, from at least 12 co-op properties. The seminar was arranged into three aspects of the topic, with a Q and A period after the presentations.

The first presenters were Bill Grimes and Jack Grimes, owners of Property Diagnostic, Inc. They spoke about the purpose and the process of conducting a reserve study. They addressed the need for a *reserve study* to enable a co-op to sensibly plan for the future and avoid unforeseen surprises for the co-op and its members. They noted that preparing such a study will also demonstrate to banks and insurers that a co-op is being wisely run. This fiscal planning should help to avoid unexpected special assessments.

The next presenter was Robert Hirsch, Board President of the Netherlands Co-op, who talked about effectively using a reserve study to lay out and then execute a financial plan. He discussed the efforts that he and his co-op had taken to actively involve its members in this planning. He further reviewed the need to effectively keep unit owners informed about their co-op home.

The final presenter, Realtor Sammy Dweck of TTR Sotheby's International, examined what real estate agents often say to prospective buyers when talking about reserves. He also spoke about the different ways in which a co-op Board might be realistically useful in working to help with sales – such as by having a good fiscal reserve plan.

After the presentations, there were audience questions – and discussions – that were interesting and useful, with some real-world stories drawing perceptive comments from other co-op members who were attendance.

Once several technical issues are addressed, the presentations will be sent to seminar participants, and will be made available on the Coalition's website.



Speakers Jack and Bill Grimes on the left, with facilitator Karen Jones, Coalition Vice President.

Co-ops 101 – Revisiting a Useful Guidebook

In 2012, a committee of Directors serving on the Coalition's Board of Directors prepared a document entitled **Co-ops 101: Cooperative Housing Ownership in Washington, DC**. The document (in booklet form) was created because the Board of Directors was concerned that market-rate cooperatives, despite their popularity and long history in Washington, were not always well understood as a form of residential home ownership. Nor was there always a clear understanding of how they differ from condominiums.

The committee considered that there were also several misconceptions about co-ops, a major one being that co-op fees are higher than for condominiums -- although in fact co-op fees are no higher than the fees in any comparable condominium providing the same level of service. It should be noted that what leads to this misconception is the fact that the monthly fee in a co-op also includes money for that unit's share of the entire cooperative's property tax, thus causing the fee to look higher than that for a comparable condominium. The individual condominium owner, however, pays the property tax directly to the government in addition to the monthly fee assessed by the condo association.

Co-ops 101 is intended to provide a brief overview of cooperatives that should be of interest to several different audiences, including:

- Persons considering the purchase of a co-op unit.

(Continued on Page 2)

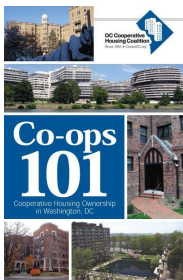
Co-ops 101 (from Page 1)

- Real estate agents involved in the sale and purchase of co-op units
- Owners of co-op units
- Co-op Boards of Directors
- Persons involved in the operative and management of co-ops
- Loan officers involved in financing cooperatives.

That brief overview is intended to address several questions:

- How does ownership in a co-op differ from condominium ownership?
- How do co-ops operate?
- What is included in a co-op's monthly fees and assessments?
- What is involved in purchasing a co-op unit?
- What kind of financing is available?
- What is the role of the co-op's Board of Directors?
- What is involved in settlement and transfer of cooperative ownership?
- What are some specific benefits of owning and living in a cooperative unit?
- What are some of the common misconceptions about co-ops?

Co-ops 101 remains a valuable source of information and can be readily accessed on the Coalition's website: www.CoopsDC.org.



Board Volunteers Needed

The Coalition has openings on its Board of Directors. If you are interested in serving on our working, all-volunteer Board, please contact us.

Upcoming Seminar

-- MARK YOUR CALENDAR !

During the first week in June 2024, the Coalition is planning on holding an evening Zoom seminar for its members on the changing insurance landscape for co-ops. Stay tuned, more information will follow.

An Interesting Question in an Email to the Coalition

From the DC/CHC Mailbox

Periodically, the Coalition receives inquiries about a variety of topics related to co-ops and cooperative living and, as part of our mission to educate and inform our members, we respond to these questions. We do not, however, provide legal advice. Members should consult with their attorneys on legal issues. A good question follows.

We received this question in February 2023, but the answer is still relevant and a good reminder.

Q: I recently moved into a co-op in DC. What DC law governs it? Is it the DC Condominium Act?

A: The DC Condominium Act does NOT govern cooperatives. It governs condominiums ONLY. If a cooperative is incorporated under the DC General Cooperative Association Act (DC Code, Title 29, Chapter 9), or an earlier version of that, it is governed by that statute. However, most market rate housing cooperatives in the DC actually are Delaware corporations, incorporated under the Delaware General Corporation Law (Delaware Code, Title 8, Chapter 1). The Delaware statute is preferable to the DC statute because the DC statute is very rigid in many respects. If a cooperative is incorporated in Delaware (or in any other state), the DC statute provides that the

cooperative's corporate operations will be governed by the law of the state where it is incorporated.

The Coalition was instrumental in the effort to get the DC Council to add this provision to the law. Section 29-936 of the DC cooperative statute provides, in part, as follows: "A foreign corporation or association operating on a cooperative basis and complying with the applicable laws of the state wherein it is organized shall be entitled to do business in the District as a foreign cooperative corporation or association and shall govern itself in accordance with its bylaws and the laws of the state wherein it is organized."

Of course, other DC laws that are not directly related to corporate governance will apply to Delaware-incorporated cooperatives located in DC (e.g., tax laws, building codes, etc.).

A Brief Update on the BEPS Program

Do you know about BEPS? You should. It stands for Building Energy Performance Standards and is a required, multi-year city program designed to promote and monitor good energy conservation. The DC Department of Energy and Environment (DOEE) administers BEPS and is focused now on ensuring that all District buildings 50,000 square feet and up meet certain energy targets by the end of 2026. Co-ops will likely be impacted in varying ways.

News: DOEE has delayed the year 2023 Energy Benchmarking and Third- Party Data Verification deadline from April 1, 2024 to July 1, 2024.

The BEPS office is also holding virtual office hours on Wednesdays, 2 - 3 pm for people with questions about BEPS and benchmarking.

Coalition Meetings with the DC City Council

Since June 2023 the Coalition's Board of Directors has been visiting with each member of the District's City Council and/or their key staffers to re-introduce the Coalition to council members after Council elections and the pandemic. Coalition Board President Russ Rader attended all the meetings with at least one of the other Directors. These small groups of Directors shared some information about the Coalition member co-ops within the Councilmember's Ward and discussed issues of importance to Coalition members.



Karen Jones and Russ Rader meet with Ward 6 Councilmember Charles Allen.



Jan Sten and Russ Rader meet with At-Large Councilmember Anita Bonds.

Mr. Rader relates the following about these visits:

When she walked in the room, one D.C. City Councilmember exclaimed "I love co-ops!" It's great when we hear a legislator in the city express appreciation for our cooperative communities. Late last year, we set out to meet with each member of the council to ensure they are aware of the Coalition and its work.

In briefing the members or their staff members, we have emphasized the Coalition's role in advocacy and education. A key message is that cooperative owners should be treated the same under District laws and regulations as owners of single-family homes, rather than as rental properties or commercial businesses. Council members and staff have been especially impressed with the varied seminars we hold to inform our members and foster the sharing of information among co-op owners and building board members.

The main topics of discussion have been the challenges of meeting the District's Building Energy Performance Standards and providing access to affordable electric vehicle charging stations as well as resources the city can offer cooperative owners. We have provided the Council with a fact sheet that lists our members by Ward. And we've provided each Council office with a copy of our book - *Washington D.C. Housing Co-ops: A History* [available on Amazon: <https://www.amazon.com/Washington-D-C-Housing-Co-ops-History/dp/1467146234>].

These meetings are important for helping the Council realize how numerous co-ops are in the District and how important they are to the fabric of the city. We want them to know that we are also an important resource. We plan to continue this outreach so that more Councilmembers will say they love co-ops, too.

Recent Surveys Done by the Coalition

The following Coalition member-requested surveys were conducted and the results were shared with member co-ops' presidents, managers, and their representatives to the Coalition. How widely the results are distributed to others is a co-op's responsibility. These surveys (to the right) were conducted from November 2022 through March 2024.

- BEPS Contractor Recommendations (November 2022)
- Water Intrusion Contractor Recommendations (December 2022)
- A Call for Seminar Topics (March 2023) [described in the Summer-Fall 2023 Newsletter]
- Security Cameras (July 2023)
- Amenities and Services (August 2023)
- Rental-Sublet Restrictions (August 2023)
- Administrative-Policy Issues (September 2023)
- E-Bikes & Scooters (October 2023)
- On-Site Manager Job Description (October 2023)
- Co-op Coalition Board Elections, Terms, & Limits (October 2023)
- Co-op Coalition Electric Generators (November 2023)
- Emergency Staffing (December 2023)
- Member Participation (January 2024)
- EV Charging III (February 2024)
- Fee for Loss of Homestead Deduction Credit (March 2024)

Coalition Website

Our website continues to evolve. We will soon activate a "Members Only" portal that will post Coalition information, such as past seminar presentations, newsletters, and member survey results. We will soon be providing instructions to Coalition members on how to access this portal, but we encourage you to view our entire website now for other good information.

Our Service Provider Sponsors

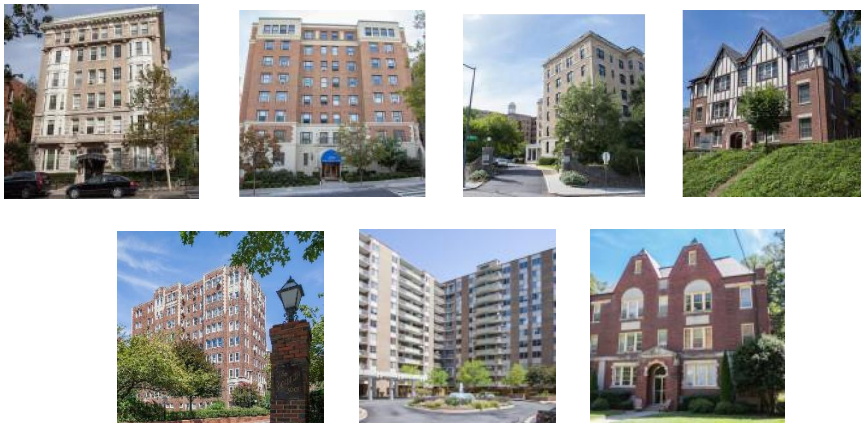
The Coalition has a wide variety of sponsors on our Website, in a range of fields. Please consider using their services and expertise when your co-op might need to have some work done. These sponsors have shown a proven interest in supporting co-ops. Unit-owners might also want to consider engaging their services.

Here are some of the services represented:

- Accountants
- Banks
- Construction Management
- Consultants / Leadership Training
- Legal Services
- Energy
- Management Companies
- Mortgages / Lenders
- Real Estate Brokerage
- Software / Websites for Co-ops
- Steam Heating
- Transfer Agents / Settlements Companies

(The Coalition does not endorse any businesses, but these sponsors have supported the DC's cooperative housing community so consider supporting them.)

Can You Name These Co-ops?



The co-ops with their photos are listed on the website.

Join the Coalition

If your co-op is not already a member of the Coalition, please consider contacting us. Joining is easy and the cost is modest. There are many benefits of being a part of the DC co-op community: friendly people, news for co-ops, and a trove of useful information on the sound operation of co-ops.

Board of Directors

President

Russ Rader
Westmoreland, 60 units

Vice President

Karen Jones
Harbour Square, 447 units

Secretary

Janis Oehmann
The Altamont, 49 units

Treasurer

Matt Buzby
The Broadmoor, 194 units

Directors

Loretta Glaze Elliot
Shoreham West, 60 units

Arthur Leabman
1870 Wyoming Avenue, 28 units

Stephen McKeivitt
Beverly Court, 39 units

Ray Olson
River Park, 518 units

Davis Sherman
Copley Plaza, 109 units

Janet Sten
3020 Tilden Street, 21 units



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DC Cooperative Housing Coalition

Helping Co-ops Flourish



About DC/CHC, the Coalition

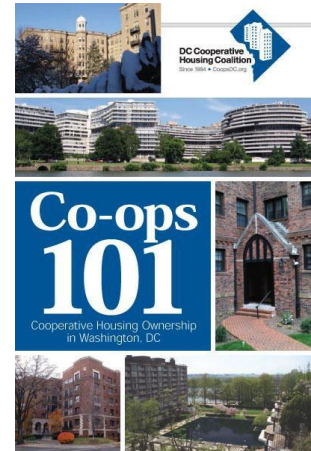
Active for 40 years, the DC Cooperative Housing Coalition exists to advance the common interests of cooperative housing associations in the District of Columbia and to promote cooperative housing as a desirable form of home ownership. It is therefore both an advocacy organization that articulates the 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).

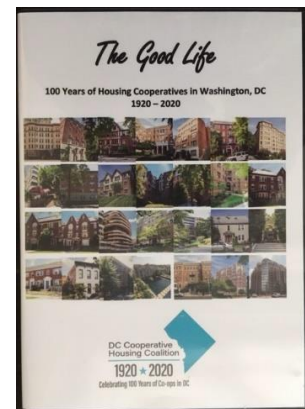
The Coalition grew out of an ad-hoc group of District cooperatives that formed in response to a judicial ruling that had cast a cloud over many cooperatives by banning proportionate voting. By marshaling the forces of more than 3,000 housing cooperative units, the ad-hoc group persuaded the District's 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 14, 1993.



Co-ops 101 Free Download:
<http://coopsdc.org/wp-content/uploads/2014/07/Co-ops101-PDF.pdf>



The Good Life, 100 Years of Cooperatives in Washington, DC, 1920 – 2020

15 minutes. DVD or video:
<https://www.youtube.com/watch?v=W1wcBu3F8vY&t=24s>

Visit the Coalition's Website

Please visit our website for housing co-ops. See what we have at:
<https://coopsdc.org/members/>
Check out the member page for photos of member co-ops.

The Online Place to find a Service Provider:

<https://coopsdc.org/service-providers/> Support those who support the Coalition and the District's market-rate cooperative housing community.