




Creating and Sustaining Limited Equity Cooperatives in the District of Columbia



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About the Coalition for Nonprofit Housing and Economic Development

Established in 2000, the Coalition for Nonprofit Housing and Economic Development (CNHED) is an association of 140 organizational members working to foster just and equitable community development solutions that address the needs and aspirations of low-and moderate-income District of Columbia residents. CNHED's members represent a broad spectrum of nonprofits, for-profits, and government agencies that build, preserve, and manage affordable housing; protect tenants' rights; provide homeownership counseling; advise and lead capital to small businesses and community projects; connect residents to career pathways; deliver critical family services; and engage, represent, and benefit low-and moderate-income residents of the District. Through the power of convening diverse stakeholders, CNHED advances effective advocacy, public education, capacity building, practical research, and information sharing. For more information, visit cnhed.org.

About the Urban/Regional Studies and Planning Program, Virginia Commonwealth University

The Urban/Regional Studies and Planning Program at Virginia Commonwealth University envisions a better future by enhancing the quality of life in mature communities and regions, particularly in Virginia, but also elsewhere in the United States and abroad, through strong planning education, high-quality scholarship, and professional planning practices. The program creates a diverse learning environment that cultivates engagement of diverse participants—both students and faculty; it prepares students to be effective practitioners in a variety of planning-related organizations, especially in urban communities and regions, with competence in the preparation, presentation, and implementation of professional plans and in doing planning-related work; it produces scholarship that increases knowledge and understanding of sustainability and planning support systems, as well as the development of innovative methodological approaches and solutions to address issues related to sustainable community development; and it Provides useful planning services to urban communities and regions, in cooperation with private and public planners, as appropriate.

Executive Summary

Limited Equity Cooperatives (LECs) provide a critical source of affordable homeownership, stable community networks, and political power in neighborhoods across the District of Columbia. The District is home to 96 LECs, representing more than 4,300 units in all 8 wards (Figure 1). While a third are located in Ward 1, due to ongoing patterns of gentrification and displacement, Ward 4 has seen recent growth in the number of buildings opting to become LECs. The LECs in the District have been created steadily over the past four decades and represent a mix of building types, sizes, and resident-owner communities.

Increasingly, LECs are being created in newly gentrifying neighborhoods in Wards 4, 5, 7, and 8. These buildings are home to households native to the District, as well as those who have arrived in the past year; immigrant households from Ethiopia, Guatemala, Eritrea, Mexico, and El Salvador, among many other countries; and households with children, seniors, couples, and young, single-person households. What is consistent is that these households have been able to enjoy the benefits of homeownership—stability, community engagement, and consistent networks—in communities that have become unaffordable to others like them.

In 2004, the Coalition for Nonprofit Housing and Economic Development (CNHED) produced, *A Study of Limited-equity Cooperatives in the District of Columbia*, which sought to create: (1) a list of all 81 LECs established in the District of Columbia since 1977, and an inventory of those 57 still functioning; (2) an understanding of the financial and social benefits of living in LECs; (3) a picture of the relative financial health of existing LECs; (4) an understanding of the characteristics of successful and poorly performing LECs; and (5) recommendations to make future LECs stronger and existing LECs better equipped to succeed.¹

CNHED's report found that LECs were a critical resource for ongoing affordability and community stability and that the bulk of LECs were stable and able to maintain the health of their membership and integrity of the property. The report noted that LECs represent a critical affordable housing resource, offer low- and moderate-income households an opportunity for homeownership, and prevent displacement across the District. Importantly, the report established that for those LECs experiencing problems, "Severe financial distress experienced by limited-equity cooperatives is both fixable and preventable."² To better support long-term LEC success, the report recommended that LECs should receive ongoing technical and asset management assistance to help them to develop resources for governance and financial stability.

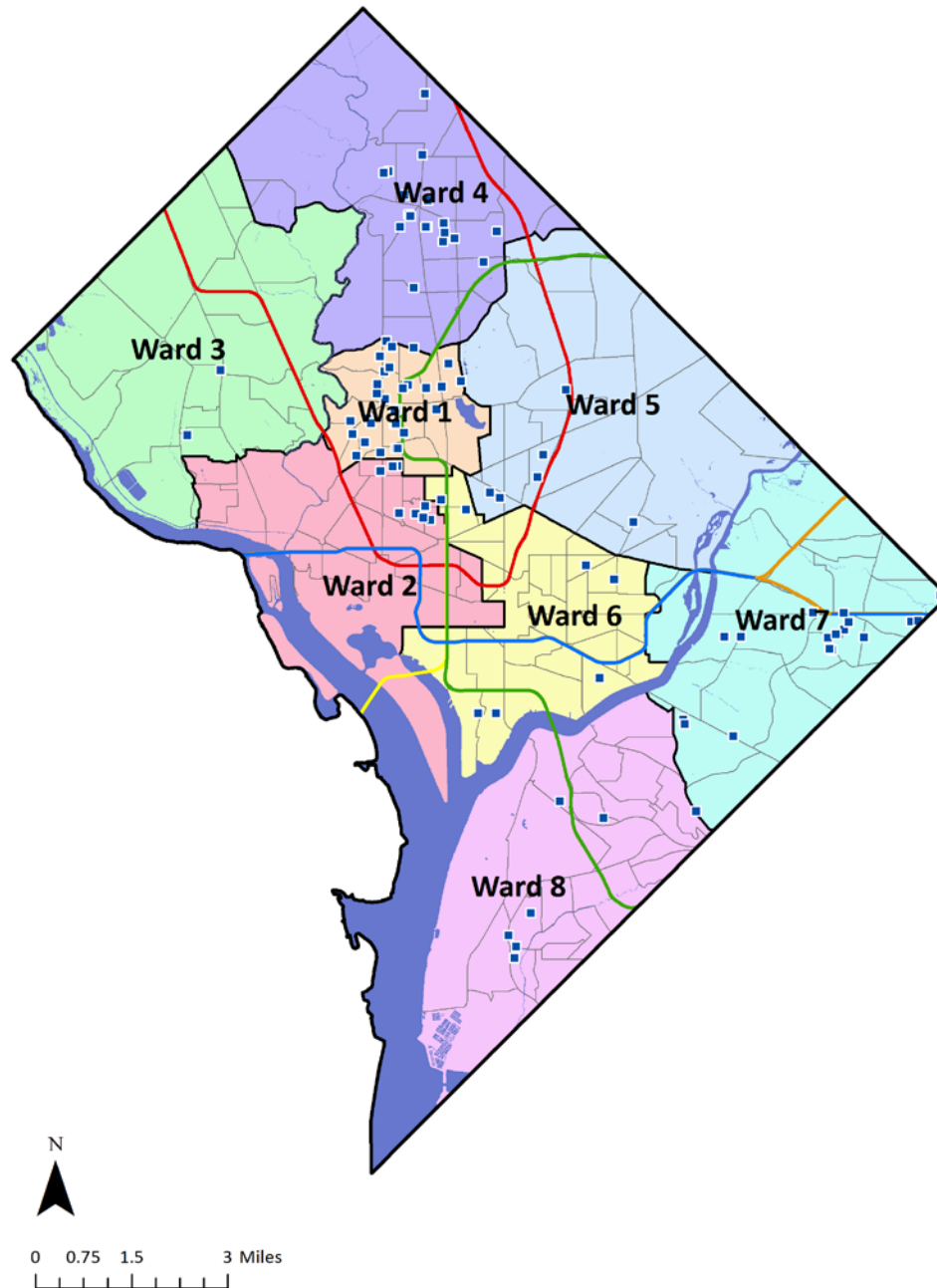
Since the publication of CNHED's 2004 report, the housing and political landscape in the District has changed dramatically. Increased demand from new, upwardly mobile, and high-income residents and rising rental and home sale prices have made the need for affordable housing more acute in nearly every part of the District. Neighborhoods that were once stable communities for low- and moderate-income households have become inaccessible to all but high-income residents, and much of the District's unsubsidized affordable housing has been lost to condominium conversion, redevelopment, and loopholes in the District's rent control laws. The lack of affordable housing has led to significant

¹ Coalition for Nonprofit Housing and Economic Development (CNHED), "A Study of Limited-equity Cooperatives in the District of Columbia" (Washington, DC: Coalition for Nonprofit Housing and Economic Development, Spring 2004).

² *Ibid.*, 20.

housing instability across the District and resulted in out-migration of its long-term African American residents.³

Figure 1: Limited Equity Cooperatives in Washington, DC



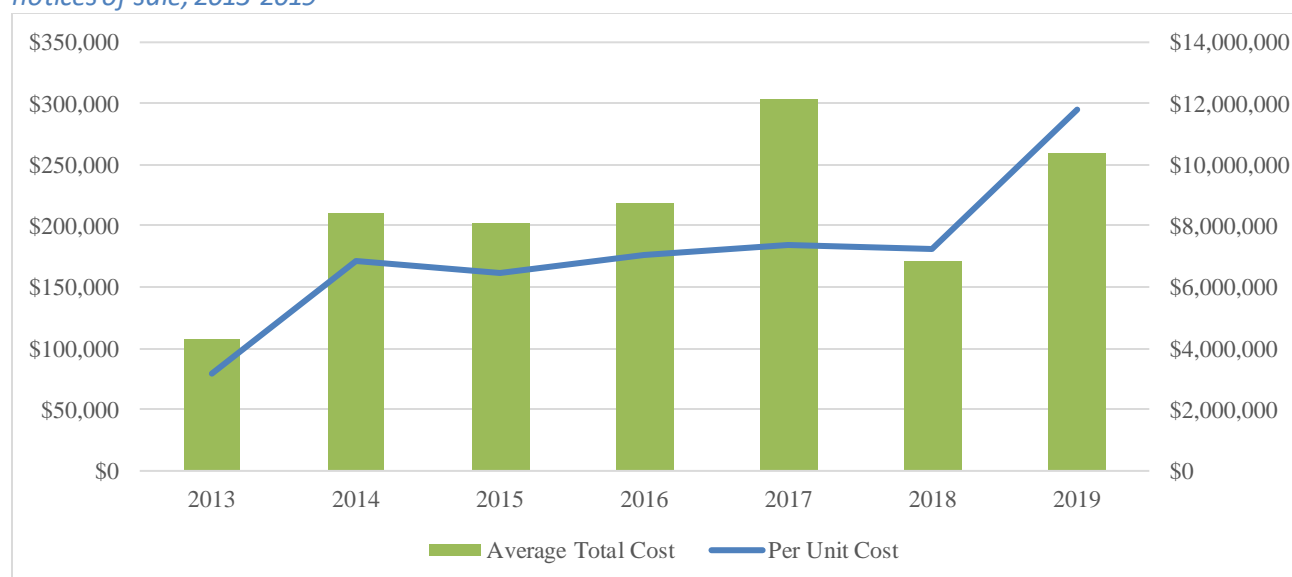
Source: DC GIS, VCU Analysis

³ Jason Richardson, Bruce Mitchell, and Juan Franco, "Shifting Neighborhoods: Gentrification and Cultural Displacement in American Cities" (Washington, DC: National Community Reinvestment Coalition, 2019). <https://ncrc.org/study-gentrification-and-cultural-displacement-most-intense-in-americas-largest-cities-and-absent-from-many-others/>.

These growing costs for housing complicated the picture for new and existing LECs, as demand grew in formerly disinvested neighborhoods. Tenant associations hoping to purchase their buildings through the Tenant Opportunity to Purchase Act (TOPA) continue to face intense pressure for their members to take buyouts to leave their homes or to agree to extraordinary rent increases for future tenants, resulting in a loss of community and residential and rent level stability. At the same time, the shifting landscape of District funding has made tenant associations' ability to convert to an LEC and fund large-scale repairs unclear. This changing funding landscape coexists in a context where there is little public information about what an LEC is, as well as how to exercise TOPA rights, register as a tenant association, or apply for acquisition and rehabilitation funding, much less undergo renovations.

Figure 2 illustrates the total cost (right axis) and per unit cost (left axis) of buildings that received TOPA notices between 2013 and 2019. Land prices across the District continue to rise, and, while new resident incomes have increased, many long-term District residents—particularly African American and Latinx residents—have seen their incomes stagnate or fall, in adjusted dollars.

Figure 2: Average total cost and per unit cost for buildings with more than four units receiving TOPA notices of sale, 2013-2019



Source: CNHED database of TOPA/DOPA notices, VCU Analysis

While housing costs have grown, the resources available to support affordable housing have, too. In 2004, the newly created Housing Production Trust Fund (HPTF) was legislatively mandated to receive 15 percent annually of the deed and recordation taxes collected in the District. As a result, in years where there was a high volume of sales, the trust fund received as much as \$65 million, yet as the recession slowed the District's economy, the HPTF fell to less than \$10 million, making it difficult to fund more than a few affordable housing developments. In the years where there was a surplus at the end of the fiscal year, the Council reallocated funds through the Budget Support Act process, but the funding was unpredictable, making planning difficult for both Department of Housing and Community Development (DHCD) staff and sponsors of affordable housing developments. To remedy this problem, in fiscal years 2015-2019, the Mayor and Council committed \$100 million annually to the trust fund, facilitating greater predictability of funds and serving more residents. In fiscal year 2020, the Mayor and the Council committed \$116 million to the HPTF. In fiscal year 2018, the District added a new Affordable Housing Preservation Fund (AHPF), administered by two Community Development Finance Initiatives (CDFIs),

which uses public dollars to leverage private investments at a 3-1 ratio to support acquisition of and critical repairs for existing affordable buildings. By fiscal year 2020, annual appropriations to the AHPF would leverage \$126 million.

As the District government has recognized the affordable housing crisis in its jurisdiction and provided significant, new financial resources to combat it, both the number of developers working in the subsidized affordable housing market and projects seeking subsidies have caught up and surpassed the available HPTF and AHPF funding. The result is that competition limits the number of projects that can be funded under the standards created by the existing programs. An unintended consequence of the District's race to meet its affordable housing needs is that these standards have become advantageous for experienced, high volume developers with ready access to funding. While tenant associations seeking to create LECs are working with experienced technical assistance providers, lawyers, and development consultants, they do not have a track record with multifamily housing development nor easy access to funding. Further, more than 75 percent of the buildings from which LECs have been created contain fewer than 50 units and are considered comparatively small development projects. So, while the District has unprecedented resources for affordable housing, LECs are at a disadvantage when applying for the funds necessary to acquire and rehabilitate buildings that, in many cases, have decades of deferred maintenance.

Impediments to accessing funding for acquisition, critical repairs, and rehabilitation have profound impacts on the stability of tenant associations seeking to create LECs and to responsibly manage their buildings through the conversion process. Tenants in buildings going through LEC conversion with significant deferred maintenance issues may decide to move out during conversion, leading to a rise in vacancies, which, ultimately, puts stress on the property's financial stability. At the same time, what could be perceived as delayed or broken promises of building improvements can lead to infighting, distrust, and discord among LEC members. These issues are compounded by the fact that development, ownership, and maintenance of multifamily housing is a full-time job, requiring knowledge of housing finance, government, land use law, and management—as well as the needs of the other residents living in the building. LEC board members are often learning on the job with management companies that may or may not have experience working with LECs.

This report relies on a combination of surveys, interviews, and focus groups; observation of trainings and public meetings; analysis of quantitative and geographic data; research into the local history of LECs, and practices in other jurisdictions. The authors interviewed District residents, practitioners working in government agencies, nonprofit legal services organizations, nonprofits providing technical assistance to LECs, as well as lenders and others working to create and maintain LECs. Additionally, this study contains a database of LECs in the District, which is based on these interviews, research in District agency databases, data gathered by CNHED and its members, and public data sources. This research led the authors to seven primary findings that are detailed in Sections 3 and 4.

1. LECs represent household, neighborhood, and District-wide assets.
2. Technical assistance providers play critical roles in the successful exercise of TOPA rights and in the creation and long-term sustainability of LECs.
3. Difficulties accessing acquisition and renovation financing options cause significant barriers to the creation of new LECs and the sustainability of existing LECs.
4. Lack of consistency and transparency in funding application processes, regulatory timelines, and government priorities create hurdles to community cohesion during LEC conversion.

5. Challenges and opportunities for LECs are distributed unevenly across submarkets in the District; therefore, context and flexibility are necessary in assessing the processes and tools needed in individual communities.
6. There are few proactive tools for the creation of new LECs in the District.

We combined these findings with research into practices in other jurisdictions to devise the following locally-grounded solutions that reflect existing needs, policies, and market conditions:

Goal 1: Support the acquisition, rehabilitation, and long-term viability of buildings that represent a broad range of incomes and experiences.

Objective 1: *The Mayor should explicitly include the creation of new LECs in her goal of creating 12,000 additional affordable housing units by 2025.*

Objective 2: *Support the collaborative use of Community Land Trusts (CLTs) to pool resources for training, asset management, property management, collective purchasing, and knowledge creation and dissemination.*

Strategy 1: In coordination with LECs and existing land trusts in the District, develop guidelines for community control at the building and portfolio scales.

Strategy 2: Develop guidelines for structures that will retain resident power while supporting them in their goals for long-term sustainability.

Strategy 3: Evaluate the need to modify Neighborhood Based Activities Program (NBAP) grants at DHCD to incorporate CLT technical assistance.

Objective 3: *Develop transparent guidelines that describe the range of projects that may best fit existing District resources.*

Strategy 1: Use the First Right Purchase Program (FRPP) to support the development of TOPA projects, including LECs, that serve households at less than 50 percent of Area Median Income (AMI), need substantial gap financing due to high acquisition costs, have low Net Operating Income (NOI), and significant deferred maintenance.

Strategy 2: Develop an assessment tool for LECs at the acquisition stage, regardless of the acquisition funding source, to guarantee a path to permanent rehabilitation financing through DHCD within three years. This assessment tool may include member engagement and board training, ability to access private financing due to risk or net operating income, and rehabilitation needs.

Strategy 3: Collaboratively develop training modules for LEC boards who wish to qualify for financing (see goal 3 for greater detail).

Strategy 4: Align AHPF criteria with the criteria of the Consolidated Request for Proposals (RFP) to increase the likelihood that projects that receive AHPF funding will receive rehabilitation and permanent financing through the RFP.

Objective 4: *Facilitate fair competition in the RFP for LECs.*

Strategy 1: Develop funding pools for LECs similar to those used in states such as Virginia in the LIHTC process. The LEC pool would mean that LECs compete with similarly situated projects, rather than large-scale projects with greater economies of scale and experience.

Strategy 2: Evaluate threshold and scoring criteria to ensure the District can meet the goal of expanding and sustaining LECs.

Strategy 3: Mandate that a minimum of 40 percent of the RFP's funds should be allocated to preservation projects and that preservation and new production projects should be segregated into separate evaluation pools with separate scoring criteria to reflect the different dynamics at play in each.

Objective 5: *Improve the predictability of long-term costs to LECs regardless of the changes to the neighborhood.*

Strategy 1: Eliminate the five-year sunset of property tax abatements for LECs with affordability covenants at 80 percent of AMI or below in which 75 percent of the board meets annual training requirements through DHCD or its nonprofit designee (D.C. Code § 47-3503(c)(4)).

Goal 2: Fully use multi-sector and multi-agency tools to create new LECs.

Objective 1: *Prioritize the use of District-owned property for the creation of LECs.*

Strategy 1: DHCD's Property Acquisition and Disposition Division (PADD) and the Deputy Mayor's Office for Planning and Economic Development (DMPED) should develop a toolbox for the creation of LECs on District-owned land with four or more units, including groups of single-family and multifamily properties or lots with space to construct four or more units.

- Prioritize homeownership proposals that maximize affordability for households earning less than 80 percent of AMI through an LEC structure.
- Use the existing Inclusionary Zoning (IZ) lottery list to ensure potential residents are trained and educated about LECs.

Objective 2: *Explore the use of IZ for the creation of new LECs.*

Strategy 1: DHCD and the Office of Planning (OP) should develop a policy requiring the creation of affordable LECs within new condominium developments created with IZ units to support the sustainability of tenure for low- and moderate-income households within the building.

Strategy 2: DHCD, resident-owners, and practitioner stakeholders should collaboratively develop training modules to include as part of the process for IZ units targeted at potential owners, developers, and management companies to better understand the roles, responsibilities, and rights of LEC members.

Objective 3: *Explore the creation of LECs within existing public housing redevelopments that give existing residents the first right to join the cooperative.*

Strategy 1: In all projects involving the redevelopment of public housing, DMPED and DCHA should explore the creation of ownership units as LECs among the mix of affordability and subsidy options considered and provide current residents of the property being redeveloped the first right to join the LEC.

Goal 3: Facilitate ongoing knowledge creation and dissemination among boards, technical assistance providers, organizers, District agency staff, and other stakeholders to enable LEC members to benefit from the community stability and cohesiveness to which they aspire.

Objective 1: *Support robust, relevant, and accessible training for board members and new member-owners, management companies, and practitioners, including organizers and ongoing technical assistance providers.*

Strategy 1: DHCD, resident-owners, and practitioner stakeholders should collaboratively develop training modules focused on the rights and responsibilities of LEC ownership and the principles of LECs.

Strategy 2: DHCD, resident-owners, and practitioner stakeholders should collaboratively develop training modules focused on LEC boards, including how to:

- Promote effective governance practices, including adherence to bylaws, regular recordkeeping of meeting minutes and membership and occupancy records, holding elections, and effective membership communications.

- Develop strategic goals through long-term planning for legal organization and the property, such as a carrying charge increase schedule, implementation of energy conservation, and scheduling replacement of major systems or rehabilitation of the property.
- Perform regular financial reviews to ensure that cooperatives have monitored and/or voted on an annual budget, carrying charge levels, actions on delinquencies, replacement reserves, loan payments, and District Homestead exemptions.
- Assist boards in overseeing and regularly evaluating property management performance.
- Perform regular assessments of building conditions and adequacy of reserves and determining major outstanding repair/replacement issues.
- Assure regulatory compliance, including annual reporting to DHCD or private lender; conducting required income certifications; maintaining a business license, certificate of occupancy, and corporate filings; and completing audits and corporate tax returns.

Strategy 3: To facilitate the development of capacity among regional management companies, DHCD, community-based organizations (CBOs), and other technical service providers should collaboratively develop required trainings or engage with national organizations to create a certification for management companies working with LECs.

Strategy 4: To facilitate long-term knowledge growth in the sector and consistency in training across cohorts and organizations, DHCD, CBOs, and other technical service providers should collaboratively develop training that leads to a certification focused on new organizers and technical assistance providers in the field.

Objective 2: *To facilitate ongoing education, responsiveness to changing laws and policies, and open and transparent communication between the agency and grantees, DHCD should convene biannual meetings of legal services providers, organizers, and technical assistance providers.*

Strategy 1: Maintain an ongoing discussion of processes for and current and future funding for FRPP, HPTF and the AHPF, as well as funding goals for the NBAP.

Strategy 2: Discuss trends such as changing markets, new developments, and common challenges facing LECs.

Strategy 3: Facilitate the development of a peer-to-peer and/or geographically-based mentoring system to support new and existing LECs in the sharing of information on practices in other jurisdictions, common challenges, and common opportunities such as collective purchasing, funding, or contracting.

Objective 3: *DHCD, the DC Office of the Attorney General (OAG), legal services providers, and other relevant stakeholders collaboratively should develop a set of publicly accessible standard documents to support the consistent and efficient development of LECs. Documents may include: Articles of Incorporation, Bylaws, Development Agreements, Management Company Agreements, and Resident Agreements.*

Objective 4: *Identify a central point of contact and resource coordination at DHCD for new and existing common interest communities, including LECs. The point of contact should:*

Strategy 1: Develop a clear web presence that includes the process for becoming an LEC, the CBOs funded to support new and existing LECs, how to apply for funding for new and existing LECs, and links to facilitate registration with other relevant District agencies.

Strategy 2: Publish regularly updated common documents to assist new and existing cooperatives.

Strategy 3: Create new materials in a variety of formats and languages to reach residents across the District, including printed fliers and information, public presentations, and web-based presentations.

Goal 4: The Council and the Mayor should allocate resources to facilitate the growth and sustainability of LECs in the District while continuing to preserve and create housing across the housing continuum.

Objective 1: *The Council and the Mayor should increase the financial resources available to enable DHCD to respond both to ongoing needs for rental housing preservation and for creation and preservation of homeownership opportunities through LECs.*

Strategy 1: Significantly increase funding of the HPTF in fiscal years 2021-2025 to achieve the Mayor's goal of producing 12,000 units affordable to households under 80 percent of AMI and maintain funding for the HPTF above \$200 million annually in following fiscal years.

Strategy 2: Increase the Oramenta Newsome Predevelopment Loan Assistance Fund for Nonprofit Developers from \$2 million to \$4.5 million, with individual loans of up to \$250,000.

Strategy 3: Implement the TOPA Application-Assistance Program, which was funded at \$540,000 in fiscal year 2017 to provide TOPA technical and legal assistance, as well as seed money, for tenant associations exercising their TOPA rights.

Strategy 4: Fund and implement the Common Interest Communities Program to facilitate critical repairs.

Objective 2: *Increase funding to expand the work of existing CBOs and the development of capacity for new organizations in the field.*

Strategy 1: Augment Community Development Block Grant funds with local funds to support the expansion of tenant-focused work within the NBAP budget line, such as organizing, proactive outreach, ongoing technical assistance, and technical assistance for exercising TOPA rights and LEC creation and preservation.

Strategy 2: Fund experienced CBOs to develop a pilot training academy to facilitate the growth of the organizing and technical assistance sectors to include new, minority-led, and small CBOs in areas currently experiencing rapid gentrification, including Wards 4, 5, 7, and 8.

Strategy 3: New organizations funded through the NBAP should receive funding for at least three organizers to support the creation and maintenance of technical services expertise at the organization and adequate staffing to absorb disruptions without negatively impacting the quality of service delivery.

Part One of this report examines the history and current neighborhood characteristics of LECs in the District. Part Two presents the findings of this report on the opportunities and challenges for LECs in the District. Part Three explores practices in other jurisdictions aimed at addressing some of these challenges. Part Four offers specific goals and recommended strategies for the creation and sustainability of LECs in the District.

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Part One: Introduction to Limited Equity Cooperatives in the District

What is an LEC and how does it work?

LECs are an affordable type of housing cooperative. The [International Cooperative Alliance](#) (ICA) defines a cooperative as an “autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically-controlled enterprise.”⁴ Cooperatives function in a variety of arenas, but shares seven principles outlined by the ICA:

1. Voluntary and Open Membership
2. Democratic Member Control
3. Member Economic Participation
4. Autonomy and Independence
5. Education, Training, and Information
6. Cooperation among Cooperatives
7. Concern for Community

LECs are collectively owned by the residents, and each household owns a share in the building. Each household pays monthly costs, or carrying charges, for a unit from the collectively owned building. However, unlike market-rate cooperatives, the resale price is restricted to retain affordability. In other words, an owner who sells a share in the building does not receive the full market appreciation on the share. The LEC acts as an affordable housing asset for the individual household and the community in which the property resides.

In the District, this affordability is often assisted through public subsidies from the Housing Production Trust Fund (HPTF), existing place-based Section 8 contracts, Housing Choice Vouchers, and the Community Development Block Grant Program (CDBG). A covenant is placed on the deed to ensure continued affordability over time. In this model, as in other forms of homeownership, such as traditional cooperatives, condominiums, community land trusts (CLTs), and single-family homes, the benefits of homeownership include predictable costs, control over the space, and housing stability. However, in LECs and CLTs, in contrast to condominiums, market rate cooperatives and single-family homes, residents receive a lower rate of equity, typically matching inflation.

How are LECs created?

While the District has a small number of buildings created as intentional communities through the use of government-owned vacant properties or defunct programs from the US Department of Housing and Urban Development (HUD), most LECs were created through the Tenant Opportunity to Purchase Act (TOPA), which gives tenant associations the first right to buy the building when it is for sale. While the creation of LECs in the District is driven by property transfers and increasing demand for land, TOPA provides residents the opportunity to secure their tenure and remain in place.

⁴ International Cooperative Alliance, “Cooperative Identity, Values & Principles,” <https://www.ica.coop/en/cooperatives/cooperative-identity>, International Cooperative Alliance, 2018, Accessed February 6, 2020.

Under TOPA, a landlord must give residents a notification when the building is for sale. The notice must include an explanation of the tenants' rights, the timeline to purchase, the price and terms of sale, and contact information for District-funded assistance in understanding rights and working through the process. If tenants decide to form a tenant association and collectively register for their TOPA rights, they can choose to allow the sale to the market buyer, choose another purchaser who will agree to resident demands and keep the building a rental, to convert the building to a condominium or cooperative with the assistance of a developer or development consultant. The District Department of Housing and Community Development (DHCD) supports community-based organizations (CBOs) with CDBG funds to assist tenant associations with organizing, understanding their rights, and deciding how they wish to exercise their TOPA rights.

Within 45 days of receiving a TOPA notice, tenants must form a tenant association, incorporate it as a nonprofit entity with the District's Department of Consumer and Regulatory Affairs (DCRA), gather signatures from more than 50 percent of the units indicating that they wish to register for their TOPA rights, and send a letter to DHCD indicating the association intends to exercise its right of first refusal. Within 120 days, the association must have determined if they will work with a development consultant or developer to purchase the building and convert it to a cooperative or a condominium or work with a developer to keep it as a rental, find a source for the earnest money deposit, and submit the deposit to the building owner. Within 240 days, the buyer (the tenants or developer) must close on the acquisition of the building or get another extension to 360 days with a commitment letter from a lender. The funding for the deposit and acquisition may come from the District's First Right Purchase Program (FRPP), the public-private Affordable Housing Preservation Fund (AHPF), or from private lenders. However, both private financing and public acquisition funding are short-term loans of a few years that require permanent financing to pay off the acquisition loan and rehabilitate the building.

As part of the permanent financing, new LEC boards must find funding to make repairs on their building. These repairs can be small, but often, affordable rental buildings come with significant deferred maintenance from a few years or even decades of neglect. At best, buildings are maintained but need upgrades to aging appliances, fixtures, and systems. More often, buildings need funding to: replace decades-old plumbing, electrical systems, or HVAC systems; address weatherization issues such as deficient insulation, gaps in walls and floors, or roof leaks; and improve common areas, such as stairwells, elevators, and community rooms. Typically, acquisition support from DHCD also addresses "critical repairs": those that bring the building up to code or basic safety standards for livability. However, the longer-term repairs to address quality of life, renovations to replace aging appliances, electrical, HVAC, and plumbing systems, roofs, and other issues left undone by previous owners, must await the District's competitive Consolidated Request for Proposals issued once or twice annually by DHCD. To access funding, LECs must compete with experienced developers and more-commonly-funded rental projects. (This process will be discussed later in this report.)

Over the past four decades, LECs have been created, strengthened—and at times faced challenges in the midst of changing residents, neighborhoods, and city. These buildings have remained spaces for residents to retain political power and cultural identity. The current 96 LECs have largely been created through the Tenant Opportunity to Purchase Act (TOPA) and house more than 4,000 DC residents representing a broad range of experiences, incomes, and ethnicities. Yet, they have been a significant outcome of the District's history organizing around civil rights, housing conditions, and neighborhood redevelopment. The next section of this report details the history of LECs in Washington and illustrates the relationships to the District's legislative rights to collective ownership.

Mobilization, Collective Ownership, and Affordable Housing

Washington, DC has a deep history of tenant mobilization leading to significant policy change. TOPA, and the creation of LECs, was but one result of the work of tenants, organizers, and advocates. While one could easily trace back the District's organizing history to the Civil War and the local African American struggle for voice and power in the changing District, the fight for a voice in housing grew in the mid-Twentieth Century amid ongoing discrimination, poor housing conditions, massive redevelopment projects, and shortages of affordable housing.⁵

The early and mid-Twentieth Century was marked by projects that resulted in the forced removal of African American households from their communities in the District, including the destruction of alley dwellings, Urban Renewal, and highway projects. A watershed project was the notorious Southwest Urban Renewal Plan that displaced approximately 25,000 residents, primarily African Americans. More than 90 percent of the buildings in the affected area were destroyed, and only 500 units of affordable housing were built to replace them. As a result, this project became the focal point for local organizing. Residents in neighborhoods such as Shaw, seeing the experience of Southwest, demanded community engagement and a better deal in neighborhood development when their community was designated as an Urban Renewal Area.⁶

In 1958, as displacement and dispossession were underway in the District's Southwest Urban Renewal Area, the District Department of Labor, Licenses, and Inspections launched an intensive—but ultimately unsuccessful—pilot project to address massive code violations in two neighborhoods undergoing racial change.⁷ However, the effort to enforce code requirements over time typically resulted in the displacement of African American residents, rather than the improvement of their housing conditions. As a report written by the District's Redevelopment Land Agency, which had been given code enforcement duties in 1965, explained, “While not all public improvements will displace low-income families, it is likely that the largest numbers of persons to be relocated will be poor”⁸

At the same time, the legacy of racially restrictive covenants, enforceable by law until 1948, and the continued legal discrimination through redlining in housing prevented African Americans from moving to new developments in and outside of the District and older neighborhoods in Northwest DC. While there were notable exceptions of buildings for “professional” African American families, working class residents continued to be excluded and displaced. This mass displacement and ongoing discrimination led to organizing at the neighborhood level across the District to resist similar urban renewal efforts.⁹ While white households moved to the District's suburbs or to new communities in upper Northwest

⁵ Chris Myers Asch and George Derek Musgrove, *Chocolate City: A History of Race and Democracy in the Nation's Capital* (Chapel Hill: The University of North Carolina Press, 2017).

⁶ “Urban Renewal Gets Hit at NAACP Rally,” *Washington Post*, August 19, 1960, sec. B, ProQuest Historical Newspapers: The Washington Post. Myers and Musgrove, *Chocolate City*. W.E. Finley. “Correspondence from W.E. Finley to Hon Frank Thompson, Jr.,” September 20, 1960. National Archives.

⁷ Howard Hallman, “Relocation: A Door to New Opportunities (Confidential Draft – Not for Publication)” (Washington, DC: Redevelopment Land Agency, June 1965).

⁸ *Ibid.*, 3.

⁹ Cameron Logan, *Historic Capital: Preservation, Race, and Real Estate in Washington, DC* (Minneapolis: University of Minnesota Press, 2017).

with low-cost mortgages—particularly after the desegregation of schools in 1954—African Americans were forced to remain in small areas with higher costs and comparatively aging, poor-quality housing.¹⁰

By the 1960s and 1970s, conditions had continued to deteriorate in neighborhoods like Columbia Heights. Tenants in several buildings in the neighborhood went on rent strikes to protest the horrible conditions in the neighborhood. The first rent strike in the District was at 1415 Girard Street in 1964, and was supported by the Student Nonviolent Coordinating Committee (SNCC) and the nearby All Souls Unitarian Universalist Church. Tenants at Clifton Terrace, a few blocks away, went on rent strike due to the 1,200 code violations on the property. As Paige and Reuss explain, “by the late 1960s, rent strikes had become a widely used weapon to force landlords to maintain their properties. Tenants became increasingly militant, striking at the landlord where damage could be more severe—the cash flow of the building.”¹¹ The Columbia, located at 14th and Girard Streets NW, was one of the most notorious buildings in the neighborhood. After the uprisings following the 1968 assassination of Dr. Martin Luther King, Jr., code violations, and a subsequent rent strike, the management company abandoned the building, leaving it with no security, and a rat infestation. It subsequently suffered repeated arson attempts. The District’s efforts to evict the tenants and condemn the building were thwarted by a lawsuit brought by Neighborhood Legal Services Program on behalf of the tenants. The building was put in receivership under District control and the District was required to pay utility costs until they could relocate the residents to units with similar rents.¹²

Starting in the late 1960s, a series of cases made the use of retaliatory evictions, particularly those stemming from reports of poor housing conditions, illegal.¹³ While the 1968 Fair Housing Act made housing discrimination illegal, there were few enforcement mechanisms, and African Americans continued to be forced into poor conditions across the District. A coalition of tenants formed in 1973 in response to a wave of mass evictions, condominium conversions, rapid gentrification in neighborhoods like Adams Morgan, Capitol Hill, and Dupont Circle, and conditions complaints in neighborhoods like Columbia Heights.¹⁴ An inter-racial coalition of tenants representing all parts of the District protested and demanded stronger rent control laws, legislation discouraging speculation, and enforcement of building codes.¹⁵

In response, lawmakers passed a series of regulations and laws between 1974 and 1980, which were intended to prevent displacement and increase tenants’ rights. The first, rent control, straddled the pre- and post-Home Rule period and was passed as Regulation 74-20 in 1974 and as part of the Rental

¹⁰ Jerome S Paige and Margaret M. Reuss, *Safe, Decent, and Affordable: Citizen Struggles to Improve Housing in the District of Columbia, 1890-1982*, Studies in DC History and Policy Paper No. 6 (Washington, DC: University of the District of Columbia, 1983).

¹¹ *Ibid.*, 42.

¹² Kathryn Howell, “Transforming Neighborhoods, Changing Communities: Collective Agency and Rights in a New Era of Urban Redevelopment in Washington, DC” (PhD diss., The University of Texas, 2013).

¹³ David Tiplady, “Recent Developments In The Law Of Landlord And Tenant: The American Experience*,” *The Modern Law Review* 44 (1981), <https://doi.org/10.1111/j.1468-2230.1981.tb02742.x>. Catholic University Law Review, ed., “Tenant’s Remedies in the District of Columbia: New Hope for Reform,” *Catholic University Law Review* 18, no. 1 (1969): 24.

¹⁴ Amanda Huron, *Carving out the Commons: Tenant Organizing and Housing Cooperatives in Washington, D.C., Diverse Economies and Livable Worlds 2* (Minneapolis: University of Minnesota Press, 2018). Logan, *Historic Capital*.

¹⁵ Paige and Reuss. *Safe, Decent, and Affordable*.

Accommodations Act of 1975.¹⁶ In the hearings on the law, “of more than seventy witnesses, few were landlords. Those landlords who did appear did not deny there might be a need for controls. They pleaded for a higher percentage ceiling [for rent increases] and a relaxation of the burden of paperwork.”¹⁷ The legislative report also cited a vacancy rate of 2.7 percent and a sharply decreasing stock of affordable housing. Initially, rent control applied to all buildings constructed before 1976. The rent control laws also included just cause eviction as a tenant protection, which provided greater housing stability to tenants in the District by ensuring that landlords could only evict tenants for nonpayment of rent, violations of their lease, and, under specific terms, for personal use of the unit. Landlords would not be able to evict a tenant at the end of their lease, so tenants were able to go month-to-month without the need to sign a new lease.

The Condominium Act of 1976 was intended to provide rules to stabilize the condominium conversion process and to provide some compensation to tenants displaced by it. The District passed the Rental Housing Act of 1977, to provide tenants with the first right to purchase their building, if it went up for sale. This first right to purchase increased the creation of housing cooperatives in the District. However, the law did not provide a process by which tenants could claim their right or the conditions necessary to do so.¹⁸ While DHCD secured a grant from the US Department of Housing and Urban Development in 1978 to support those individuals and tenant associations that wanted to purchase their units, creating the FRPP, only fifteen lawsuits—a requirement for a tenant purchase before TOPA— were filed between 1977 and 1980.¹⁹ The District Council passed the Condominium and Cooperative Conversion Stabilization Act of 1979 and paused the onslaught of condo conversions with a ninety-day moratorium, which was extended by the Council for another ninety days.²⁰

These efforts spurred a series of laws including rent control, condominium conversion regulations and moratoria, and ultimately, the 1980 Rental Housing Conversion and Sale Act, which included TOPA. TOPA gave renters the right of first refusal when their buildings were for sale. The law specifically cited the displacement of low-income and senior households, a need to preserve affordable rental housing, and the formation of tenant associations as policy goals. Specifically, “These controls are necessary to more effectively assure that housing will be preserved at a cost which can be afforded by current tenants who would otherwise be involuntarily displaced and forced into overcrowded or otherwise substandard housing conditions.”²¹ As part of this, the District supported attorneys and provided grants and loans through the FRPP, using federal and, eventually, local funds to purchase buildings for the creation of LECs.

The administration of Mayor Marion Barry continued a strong tradition from the pre-Home Rule era, explicitly using cooperatives, and TOPA more broadly, to promote collective, rather than individual,

¹⁶ 1974 Reg No 74-20 per PL 93-157. B1-157 L1-33 Rental Accommodations Act of 1975.

¹⁷ The Committee, on the District of Columbia, House of Representatives, Ninety-fourth, and Congress. 1975. “Rental Accommodations Act of 1975, (Council Act No. 1-46) and Report of the Council of the District of Columbia as Referred to the Committee on the District of Columbia.” Legislative Report. Washington, DC: U.S. Govt. Print. Off., 23.

¹⁸ Huron, *Carving out the Commons*.

¹⁹ Patricia Camp, “The Battling Tenants: Associations Help Once-Voiceless Victims Gain Victories in Some Conversion Fights,” *Washington Post*. November 19, 1979, sec. A.

²⁰ Kerry Dougherty, “Tenant Power: Growing Number of Tenant Groups Fight to Buy Buildings.” *Washington Post*, July 26, 1979, sec. DC.

²¹ Oversight Hearing and Markup on H. Con. Res. 420 - To Disapprove Rental Housing Conversion and Sale Act of 1980, 1980, 4

rights. LECs have an important history in the District, and identifying them specifically as options through TOPA was not surprising. They became popular as a tool for resistance in the pre-Home Rule period. The lack of political power—particularly for African Americans who were excluded from many forms of power locally and nationally—facilitated the creation of independently controlled cooperative institutions, including food, worker, and housing cooperatives.²²

At the same time, organizations like the Foundation for Cooperative Housing (FCH) (now the National Association of Cooperative Housing) was setting up cooperatives across the District. In 1963, FCH purchased The Kober-Sternberg Apartments, buildings created by the Washington Sanitary Housing Company in 1937 and 1939, from the Redevelopment Land Agency (RLA) for \$500,000. FCH then used a HUD 221 (d)(3) insured mortgage to create St. James Mutual Housing Cooperative. Opened in 1967, the cooperative is located in Southwest DC and remains an affordable cooperative, using federal subsidies to keep monthly costs low. The building is blocks from Nationals Park, Audi Field, and the redeveloped Southwest waterfront.²³

By 1980, approximately 3,000 units had been purchased or were in negotiation to become cooperatives in the District.²⁴ These conversions required significant assistance from consultants and attorneys. Then, as now, tenants that wanted to exercise their rights through TOPA had to negotiate with the owner, amass the funding necessary, develop a new governance structure, and when necessary, make repairs to the building. In response, consultants emerged to provide a link between tenants and owners. As one consultant explained in a 1979 Washington Post article, “Most groups are ‘accidental organizations with no specific purpose in mind. . . . You’re working with a group of people with a variety of interests, and it’s often difficult to get a sense of purpose beyond ‘Let’s buy the building.’”²⁵ The reactive nature of TOPA required tenant associations to organize and bring resources together quickly to purchase their buildings.

Several organizations filled that gap for low- and moderate-income tenant associations across the District. Leaders in the mobilization for better housing conditions and anti-displacement, Washington Intercity Self Help (WISH), the Southern Columbia Heights Tenants Association (SCHTA), Ministries United to Support Community Life Endeavors (MUSCLE), and the Southern Vicariate Cluster Tenant Association also helped tenants purchase their buildings.²⁶ The District supported conversion to LECs through funding for acquisition and rehabilitation, as well as support for organizing and legal services.

The buildings that were preserved as LECs have been critical sources of affordable homeownership to long-term residents and have affirmed the District’s commitment, according to the Rental Housing Act’s purpose, “to prevent displacement, preserve affordable housing, strengthen the bargaining power of

²² Johanna Bockman, “Home Rule From Below: The Cooperative Movement in Washington, DC,” in *Capital Dilemma: Growth and Inequality in Washington, DC*, eds. Derek Hyra and Sabiyha Prince (New York: Routledge, 2015), 67–85.

²³ National Register of Historic Places, “Registration Form- St. James Mutual Homes,” <https://www.nps.gov/nr/feature/places/pdfs/16000027.pdf>, National Register of Historic Places, 2016, Accessed December 18, 2019.

²⁴ LaBarbara Bowman, “Low-Income Tenants Buy Their Apartments,” *Washington Post*, November 9, 1980, sec. B.

²⁵ Camp, “The Battling Tenants.”

²⁶ Bill Black, “3 D.C. Groups Push for Renters’ Rights,” *Washington Post*, August 14, 1982, sec. Real Estate. Vernon Thompson, “Poor Tenants Learn How to Use MUSCLE to Become Homeowners,” *Washington Post*, April 3, 1980, sec. DC.

tenants, and encourage the formation of tenant associations.”²⁷ In the 2004 CNHED report, *A Study of Limited Equity Cooperatives*, the median monthly cost of 30 LECs studied at the time were almost half of HUD’s 2003 Fair Market Rent.²⁸ A more recent qualitative study of a smaller number of LECs had similar findings, affirming that residents of these LECs are able to stay in their communities and buildings due to the affordability maintained through the LEC. Further, the more recent study noted that LECs represent a common pool resource that allows for self-governance, community-building, and self-determination. The affordability of LECs allow their residents to remain stable in housing and jobs—as well as to address other needs, such as higher education or training, community engagement, or family.²⁹ Because many of these buildings have at least one subsidy (e.g. HPTF, CDBG, or Section 8), they remain affordable to residents earning no more than 80 percent of Area Median Income (AMI). However, in most cases, as the earlier studies suggest, the monthly costs are below 80 percent of AMI, providing a critical source of stable homeownership for low- and moderate-income households in the District.

Organizations such as Housing Counseling Services (HCS) and the Latino Economic Development Center (LEDC) had been providing technical assistance to tenant associations and LECs throughout the 1980s and 1990s in Ward 1. In the late 1990s, the District began to experience a new wave of gentrification in Shaw, Adams Morgan, Columbia Heights, and Capitol Hill, which led local officials to believe that there was a critical need to more proactively deal with displacement pressures. In the early 2000s, DHCD allocated CDBG funds through the Neighborhood Based Activities Program (NBAP) to provide organizing and technical assistance to support residents receiving TOPA notices, forming LECs, facing poor housing conditions, and losing housing in those neighborhoods. Beginning in approximately 2004, this funding supported the expansion of technical assistance across the District. HCS, LEDC, DC Agenda, the Development Corporation of Columbia Heights (DCCH), and MANNA Community Development Corporation (which became ONE DC) were among the first CBOs to receive this CDBG funding. Within a few years, only HCS and LEDC were still doing this work, and have continued to do so to the present day. Over the years, other CBOs, including the Central American Resource Center (CARACEN), University Legal Services (ULS), and United Planning Organization (UPO) have received NBAP funding to provide similar services.³⁰

During the early years of this CBO funding, HCS also administered a \$100,000 fund allocated through the NBAP that paid for attorneys’ fees and pre-development costs for qualifying tenant associations at TOPA buildings. Each tenant association had to apply for such funds, sign a memorandum of understanding (MOU), and get bids for the services requested. Each tenant association was eligible for up to \$10,000. Most of the funds were used for retainers for attorneys and their ongoing billing. Some tenant associations used the funds to help pay for feasibility analysis costs (environmental, architectural, etc.).³¹

²⁷ Oversight Hearing and Markup on H. Con. Res. 420 - To Disapprove Rental Housing Conversion and Sale Act of 1980. 1980. Washington, DC: GPO.

²⁸ Coalition for Nonprofit Housing and Economic Development (CNHED), “A Study of Limited-equity Cooperatives in the District of Columbia” (Washington, DC: Coalition for Nonprofit Housing and Economic Development, Spring 2004).

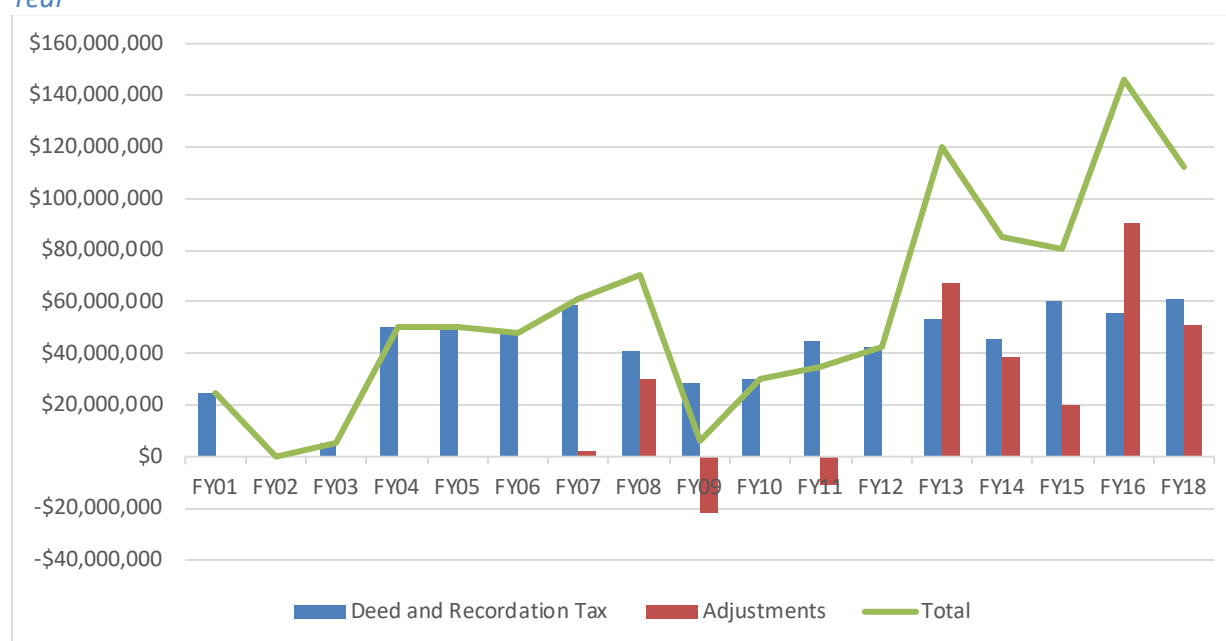
²⁹ Huron, *Carving out the Commons*.

³⁰ Information in this paragraph is based on correspondence with current and former CBO staff and former DHCD staff who worked on these grants during the time periods mentioned.

³¹ Information in this paragraph is based on correspondence with HCS staff who worked on this grant during the time periods mentioned.

Soon after its founding in 2000, CNHED began to advocate for a series of affordable housing proposals that would further support low-income households and the creation of LECs. CNHED led an initiative to advocate for the District to create the HPTF, which Mayor Anthony Williams brought into being in 2002 to supplement existing federal affordable housing funding.³² The HPTF is funded through a dedicated portion of the deed and recordation taxes on real estate sales (15 percent), which has yielded from less than \$10 million to more than \$65 million annually. In some years, the Council supplemented the HPTF's dedicated funding through the annual Budget Support Act (BSA). However, the unpredictability of the funding for affordable housing, combined with the rapidly growing need for housing, drove a change in the approach. Figure 3 illustrates the amount received from Deed and Recordation taxes, adjustments made due to citywide budget surpluses or new allocations, and the total amount in the trust fund by fiscal year.

Figure 3: Deed & Recordation Taxes and Adjustments to Total Housing Production Trust Fund by Fiscal Year³³



Source: DC Department of Housing and Community Development, *Housing Production Trust Fund Annual Reports*

In its 2010 report, *An Affordable Continuum of Housing...a key to a better city*, CNHED identified LECs as a critical part of a housing ecosystem design with a broad range of residents in mind—from those experiencing homelessness to those buying market rate units.³⁴ Though there have been debates about whether and how residents should be able to gain equity from homeownership, the intangible benefits of homeownership—stability, community engagement, and sense of pride of place—have placed LECs into a critical part of the ecosystem of housing. For many residents who moved into LECs, traditional homeownership was either not yet or would never be an option due to income, credit, or family

³² CNHED “Vision to Action: How CNHED’s Housing For All Campaign Led Washington, DC from Drastic Cuts to Momentous Investments in Affordable Housing” (Washington, DC: CNHED and the Center for Community Change, 2016), 6.

³³ FY 2017 Data was unavailable from the DC Department of Housing and Community Development as of publication.

³⁴ CNHED, “An Affordable Continuum of Housing...a Key to a Better City” (Washington, DC: CNHED, 2010).

situation. Yet these residents were committed to long term residence in the District and needed control over their tenure to facilitate that kind of stability. In interviews with residents of LECs, many explained that they had been in the same building—and, indeed, the same unit—for decades until the building was threatened with a sale. As will be discussed in the findings section, many of these buildings had served as de facto families, or, in fact, as spaces for multi-generational families to live.

In 2010, CNHED initiated the *Housing for All* campaign, aimed at stabilizing the trust fund at \$100 million.³⁵ The campaign, based on the principles of the Continuum of Housing report, argued the housing ecosystem was linked and that those who experienced homelessness should not be competing for housing with moderate-income, rent burdened households or those who needed access to affordable homeownership. In 2014, after four years of sustained advocacy in rallies, council hearings, and individual meetings with agency staff, the District allocated \$100 million in annual funding for the HPTF, creating a predictable resource through which to support preservation and new construction. Currently, the HPTF is statutorily required to use 50 percent of the funds to support households earning less than 30 percent of AMI, 40 percent for those earning 31 to 50 percent of AMI, and the balance may be used for those earning up to 80 percent of AMI.³⁶ These funds have been administered through a Consolidated Request for Proposals (RFP) process that includes the District's other sources of affordable housing funds and have been intended as a gap source of funding, supporting no more than 50 percent of project costs.

Over the past 20 years the District has struggled with how to deploy acquisition funding quickly enough to respond to the TOPA timeline, while also doing it affordably enough to minimize borrowing costs for tenant associations. Traditionally, this has been done through the FRPP, but both the volume needed and the time to respond often have not matched up. In the early 2000s, the Site Acquisition Funding Initiative (SAFI) was created, using District funds as a base to bring in mission-driven lenders to the process. SAFI provided rapid, low-cost loans for acquisition that allowed tenant organizations to meet the deadlines of TOPA with affordable terms. While SAFI facilitated many successful projects, the District criticized the program due to the lack of strong underwriting and time to conduct in depth due diligence. As a result, when projects returned to DHCD for rehabilitation funding, the District struggled to underwrite these to stable and affordable standards with permanent financing. This initiative lapsed during the recession and the FRPP remained the default acquisition source.

In 2018, the District created the leveraged AHPF to provide acquisition, critical repairs, and predevelopment funding. In its first year, the District added \$10 million to the fund, which was leveraged to create a \$40 million fund. Managed by the Local Initiatives Support Corporation (LISC), District of Columbia and Capital Impact Partners, the fund is targeted at buildings larger than five units in which at least half the residents earn less than 80 percent of AMI. Projects that receive AHPF loans are required to take on a ten-year covenant to maintain at least 50 percent of the units at rents affordable to households below 80 percent of AMI, with the rent levels set by the annual rates set for the District's Inclusionary Zoning (IZ) program.³⁷ While the AHPF allows for up to 125% loan-to-value ratio, it also requires a 5% interest rate and permanent financing. In its first year, more projects came to

³⁵ CNHED "Vision to Action." See also the Housing For All case study's webpage: <http://h4all.cnhed.org/>.

³⁶ DC Department of Housing and Community Development, "Housing Production Trust Fund," <https://dhcd.dc.gov/page/housing-production-trust-fund>, DCDHCD, Accessed February 6, 2020.

³⁷ For projects exercising the District Opportunity to Purchase Act (DOPA), to be eligible for an AHPF loan, at least 25 percent of units are required to be affordable to households below 50 percent of AMI. Information provided by LISC DC.

the fund than could be supported. One of the LECs supported by this fund in 2019 was 3218 Wisconsin Avenue, NW, one of two LECs located in Ward 3. The District contributed an additional \$10 million to the AHPF in fiscal year 2019 and another \$11.5 million for fiscal year 2020 for a total leveraged fund of \$126 million. Over the past few years, the District has worked to define the goals for their resources for preservation (Figure 4). The decades of change in both the District's economy and housing market, as well as in the District's funding sources underscore the importance of ongoing evaluation to ensure these sources meet the needs of both existing and newly forming limited equity cooperatives.

Figure 4: Preservation Funding Sources and Policies in the District

Types of Preservation and Funding Sources Used				
	Acquisition Assistance	Predevelopment	Critical Repairs	Major Rehabilitation
Financing	Public-Private Affordable Housing Preservation Fund	Public-Private Affordable Housing Preservation Fund	Public-Private Affordable Housing Preservation Fund	Housing Production Trust Fund
	Low Income Housing Tax Credit (LIHTC)	Oramenta Newsome Predevelopment Fund	Small Buildings Grant Program (including Common Interest Communities [CIC])	LIHTC
Policies	District Opportunity to Purchase Act (DOPA)		District Opportunity to Purchase Act (DOPA)	
	Tenant Opportunity to Purchase Act (TOPA)		CIC	

Source: DHCD, <https://dhcd.dc.gov/dhcd/affordable-housing-preservation-0>

Decades of tenant advocacy has led to significant investments in LECs in the District. The District has 96 LECs across all eight wards serving low- and moderate-income households. LEC owners are immigrants and native-born residents who are representative of the broader population of the District. However, LECs fit into a unique space in the housing continuum because, while they provide the stability and control that are hallmarks of homeownership, they do not provide the financial equity that has been touted in recent decades as a primary goal of homeownership. This, along with some of the challenges faced by some LECs over time, has meant that their importance for residents and the District broadly is often poorly understood and contested in public discourse.

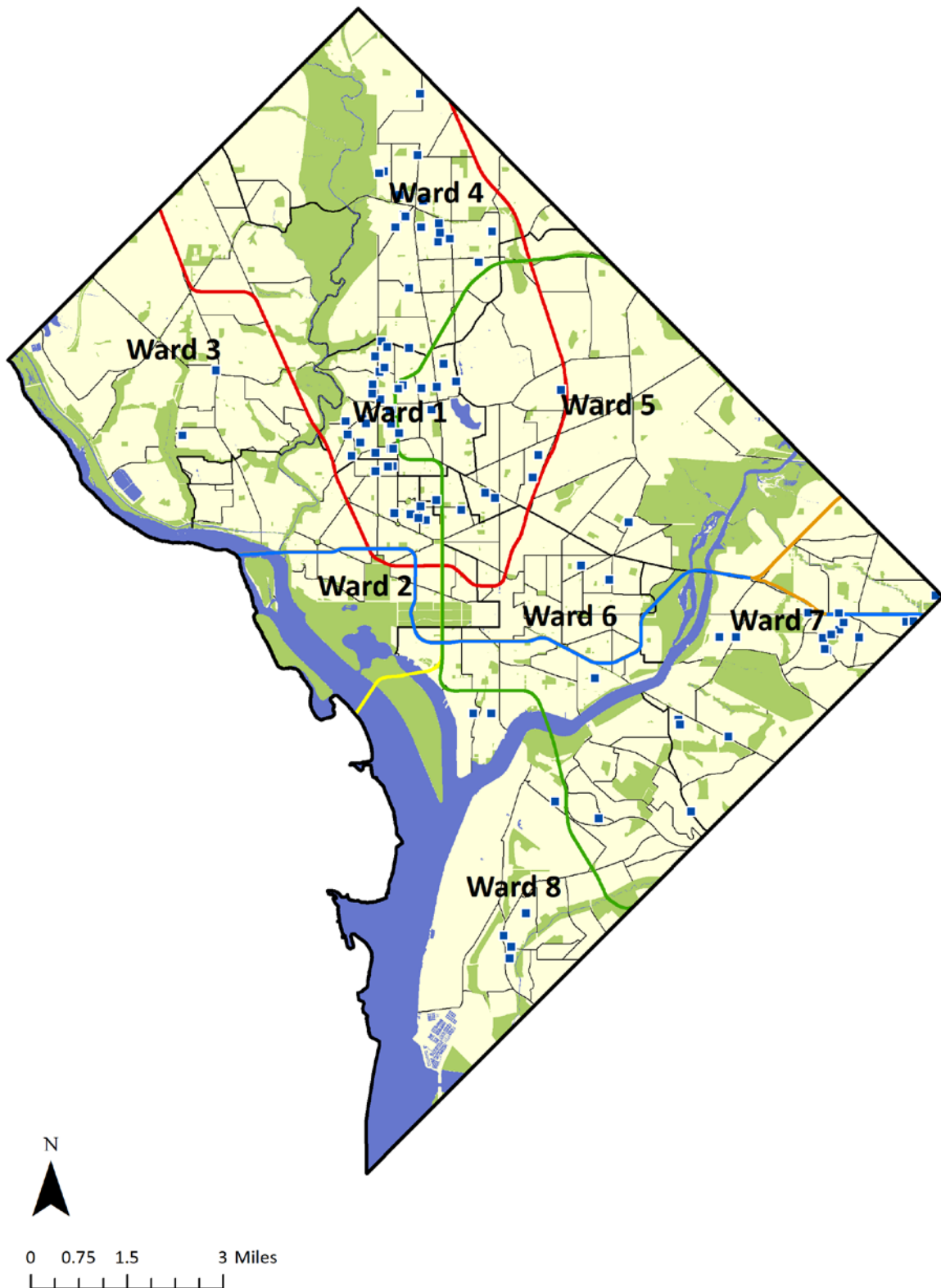
The Landscape of LECs in the District

There are 96 LECs in the District, representing approximately 4,300 units in all eight wards.³⁸ These buildings serve households from a variety of incomes, primarily below 80 percent of AMI. The funding sources include project-based Section 8, household-held federal Housing Choice Vouchers, federal HOME Investment Partnership Program (HOME) and CDBG funds, private lending, grants, and the District's HPTF, FRPP, and AHPF. Figure 5 illustrates the dispersal of those buildings across the District.

The profile of LECs across the District varies due to the range of the building stock, age of the buildings, and the timing of redevelopment pressure. For example, in neighborhoods where buildings are small, LECs skew small. At the same time, neighborhoods that have experienced gentrification over the past two decades have a higher number of LECs because most LECs are created through TOPA, which is triggered when buildings are for sale. Figure 5 illustrates the location by ward of the District's LECs. The largest percentage of LECs (32 percent) are in Ward 1. These buildings hold 18 percent of the total LEC units. Ward 7 is home to 41 percent of the LEC units, yet only 19 percent of the total buildings due to the presence of Naylor Gardens, a property with more than 700 units that has operated as a cooperative since 1958. Ward 4 has a growing number of LECs, with 21 percent of the buildings and 13 percent of the units due to the increased pace of development in the past decade.

³⁸ As detailed in Appendix 1, these data were collected starting with an original list from members of the Coalition for Nonprofit Housing and Economic Development and others familiar with LECs in the District. The research team then used District data sources, direct connection (email or telephone), and institutional knowledge to determine whether the buildings were LECs.

Figure 5: Limited Equity Cooperatives in Washington, DC



Source: DC GIS, VCU Analysis

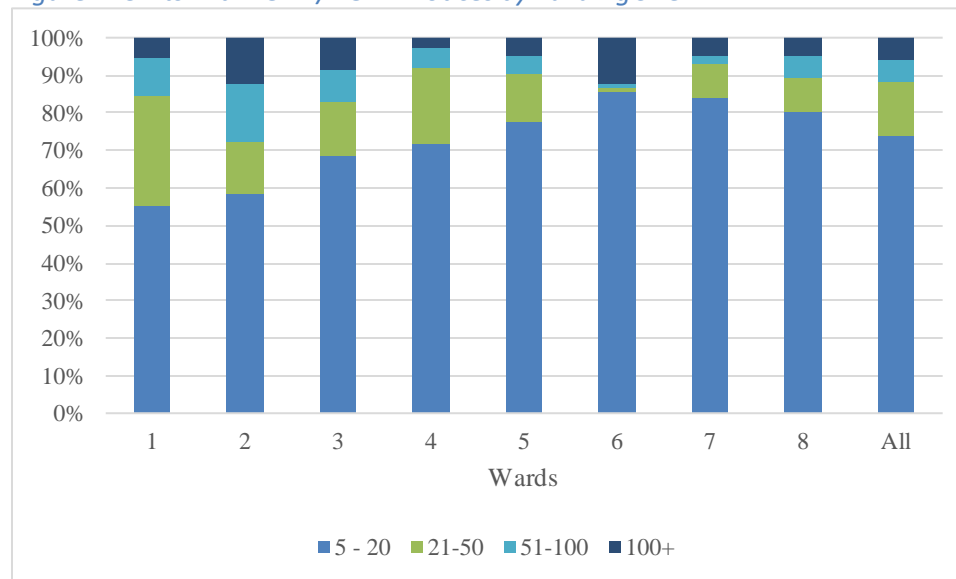
LECs vary by size across the District, from a low of four units to the largest building totaling 796 units, with an average of 44 units. Figure 6 shows the average number of units by ward. Ward 7 had the largest average building size at 99 units, yielding 1,770 units across the ward. Ward 6 had an average of 61 units, 424 units total. Ward 1 had the smallest average building size at 25 units, with a total of 773 units. Importantly, however, more than half (56 percent) of all LECs have fewer than 25 units, and fully 75 percent have fewer than 50 units, reflecting the larger context of building sales in the District, where the bulk of those receiving TOPA notices have fewer than 20 units. Figure 7 shows the size of buildings receiving TOPA notices between 2006 and 2016. Small buildings typically face greater per unit costs for rehabilitation and maintenance than larger buildings.

Figure 6: Ward-Level Building and Units for Limited Equity Cooperatives

Ward	Buildings	Units	Average Units/Building
1	31	773	25
2	8	260	33
3	2	83	42
4	20	566	28
5	7	221	32
6	7	424	61
7	18	1,779	99
8	6	256	43
Total	99	4,362	44

Source: DCGIS; VCU Analysis

Figure 7: Units with TOPA/DOPA Notices by Building Size

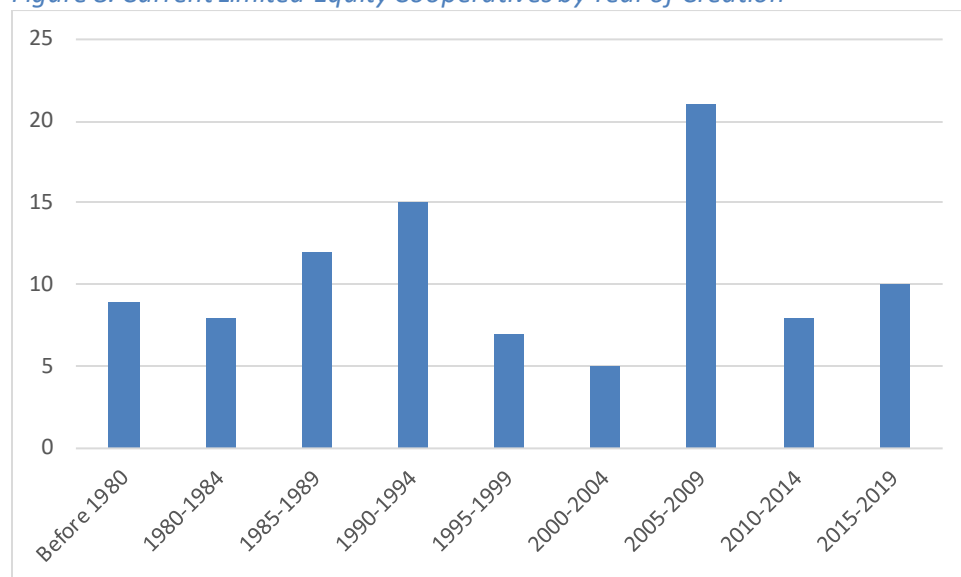


Source: TOPA/DOPA Notices, 2006-2016

Existing LECs have been created steadily over the past three decades. While it is difficult to know how many LECs were created and then lost to condominium or rental conversions or other factors before 1980, the creation and preservation of LECs accelerated after the passage of TOPA in that year. Figure 8 illustrates the decades in which existing LECs were created. Of the current LEC stock, nine were created

before 1980. Between 1980 and 2009, the pace of LEC creation accelerated with 20 created between 1980 and 1989, 22 from 1990 to 1999, and 26 between 2000 and 2009. From 2010 to the present, there has been a slow-down in the creation of new LECs, with only 18 created. When examining this at a more granular level, there are clear peaks in response to rapid changes in the housing market. These changes in the pace of LEC creation may have been affected by a variety of factors, including the influence of the pre-recession housing boom, fluctuations in annual funding, the willingness of DHCD to fund LECs, and tenant associations exercising their TOPA rights to remain rental due to a variety of incentives, affordability options, or constraints of timing, funding, or organization.

Figure 8: Current Limited Equity Cooperatives by Year of Creation



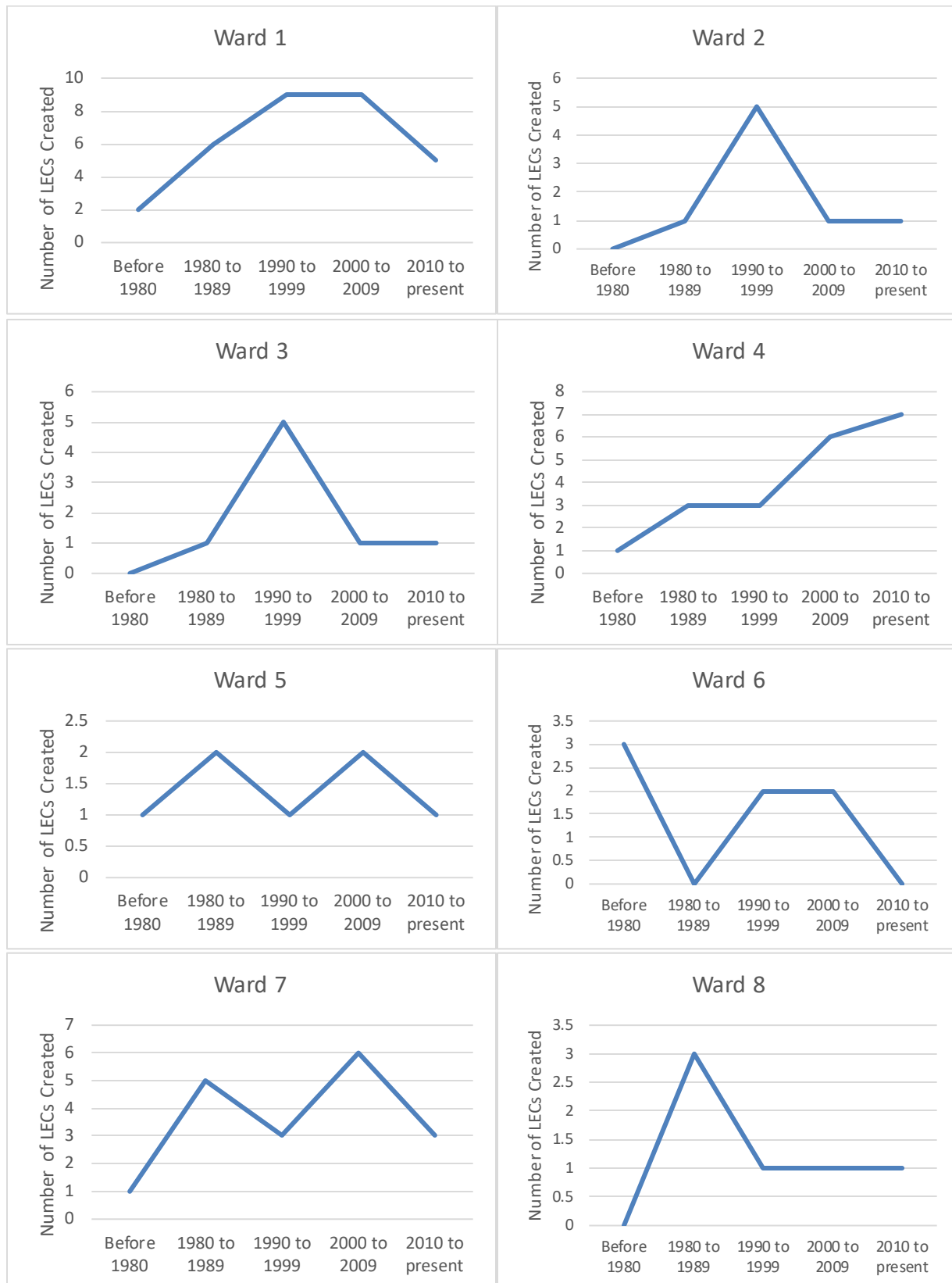
Source: DCGIS; VCU Analysis

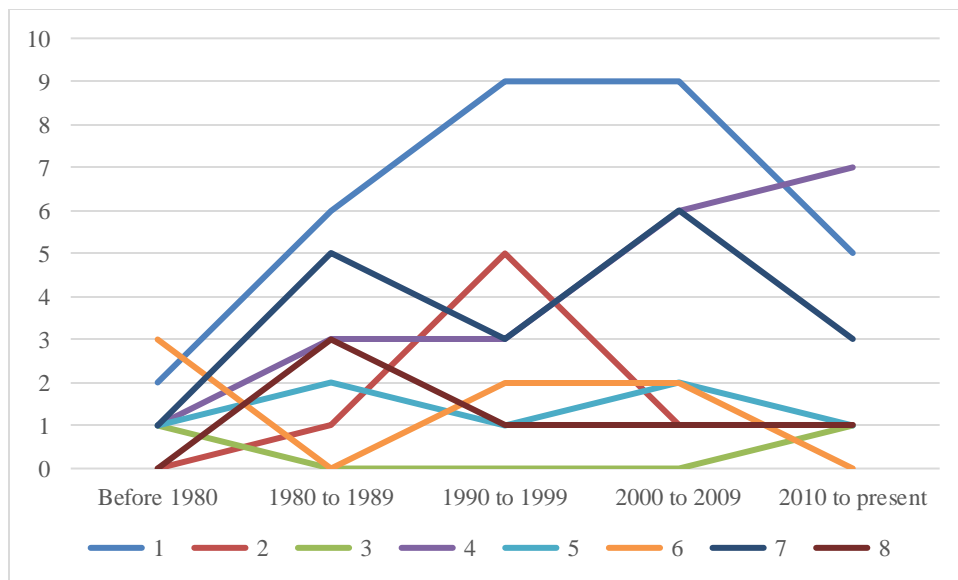
Focusing geographically illustrates the changes occurring at the neighborhood level as buildings are sold. Figure 9 shows the number of buildings created by ward in each decade. Ward 1—where gentrification in the 1970s was part of the impetus for TOPA’s creation—experienced sustained growth through 2009. However, in the past twenty years, as changes on Georgia Avenue and the neighborhoods surrounding the Walter Reed redevelopment have spurred sales, Ward 4 has seen growth in the number of new LECs. While these data only capture the LECs created over the past several decades, DHCD data suggests that these patterns persist for buildings where tenant associations choose to assign their rights to a developer and remain rentals.³⁹

Notably, two wards, 3 and 8 have seen few new LECs. The reasons for this lay in their respective housing markets. Ward 3 has been stable and largely unaffordable over the past 40 years. While there are many multifamily rental properties subject to the District’s rent stabilization laws in Ward 3, often their rents have increased beyond the reach of many tenants who might typically choose to create an LEC. However, in 2019, 3218 Wisconsin Avenue Cooperative (3218 Wisconsin Ave., NW) was formed, adding 20 affordable units to the District’s LEC stock.

³⁹ DC Department of Housing and Community Development, “DFD Pipeline Dashboard,” <https://octo.quickbase.com/db/bit4kvfmq>, DCDHCD, Accessed February 6, 2020.

Figure 9: Decade of creation of current Limited Equity Cooperatives by Ward





Source: DCGIS; VCU Analysis

Conversely, Ward 8 has faced a very different housing market. Maintaining an LEC during its initial years of operation, while it is awaiting renovation funding and permanent financing from DHCD, in a market with more affordable rental and homeownership options leaves the LEC at a competitive disadvantage that can compound over time. The resulting vacancies can put the financial stability of the LEC in jeopardy.

Communities surrounding LECs

Because LECs serve households earning less than 80 percent of AMI (or \$77,600 for a household of four), they provide a critical source of stable, affordable housing in a broad range of neighborhoods. Of the District's 179 census tracts, 58, or one third, are home to at least one LEC. Figure 10 shows the number and percent of LECs and the number and percent of LEC units by the median income of the census tracts in which they are located. Almost 45 percent of all buildings (30 percent of all units) are located in neighborhoods with incomes greater than the District's median income of \$77,649. Another 18 percent fall just below the median, while 15 percent were in tracts where the neighborhood's median income is just half of the District median. However, the demand for housing in high-income, high-cost neighborhoods can put pressure on LECs to change the demographics of residents and convert to other forms of ownership, as will be discussed in Section 5.

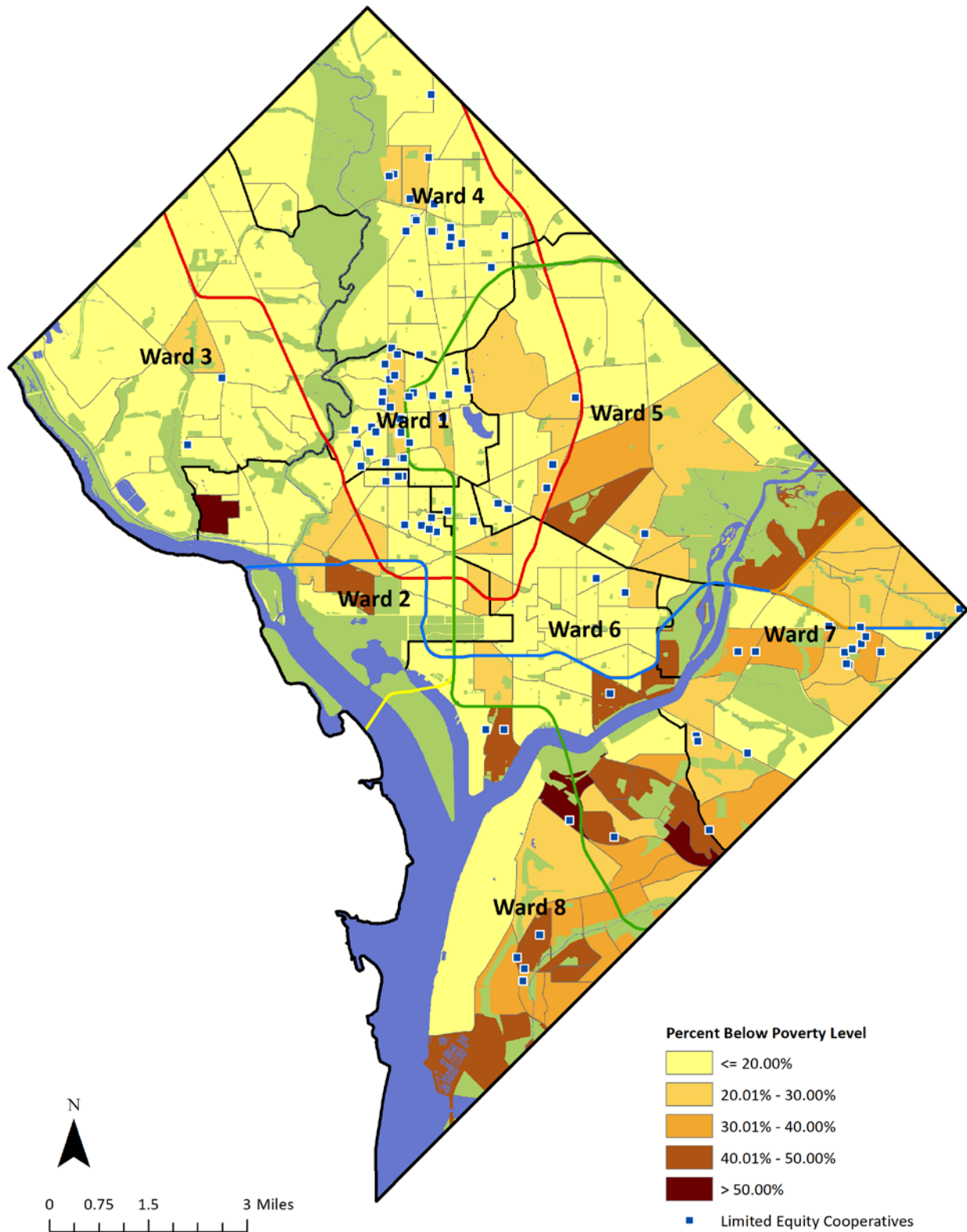
Figure 10: Median Income of the District's 58 LEC Tracts, 2017

Tract Median Income	Buildings	Percent	Units	Percent
Less than \$38,824	15	15.2%	840	19.3%
\$38,825-\$58,236	22	22.2%	1481	34.0%
\$58,237-\$77,648	18	18.2%	734	16.8%
\$77,648-\$97,060	29	29.3%	754	17.3%
\$97,061-\$116,474	12	12.1%	459	10.5%
Greater than \$116,474	3	3.0%	94	2.2%
All Incomes	99	100%	4362	100%

Source: American Community Survey 2017, 5-year estimates; VCU Analysis

Historically, because LECs have often been created in neighborhoods going through the early stages of gentrification, they have provided stable, affordable homeownership options for low- and moderate-income households who otherwise progressively would have been priced out. Figure 11 shows the location of LECs in the District with tract level poverty rates. HUD defines low-poverty neighborhoods as those with rates of less than 20 percent.

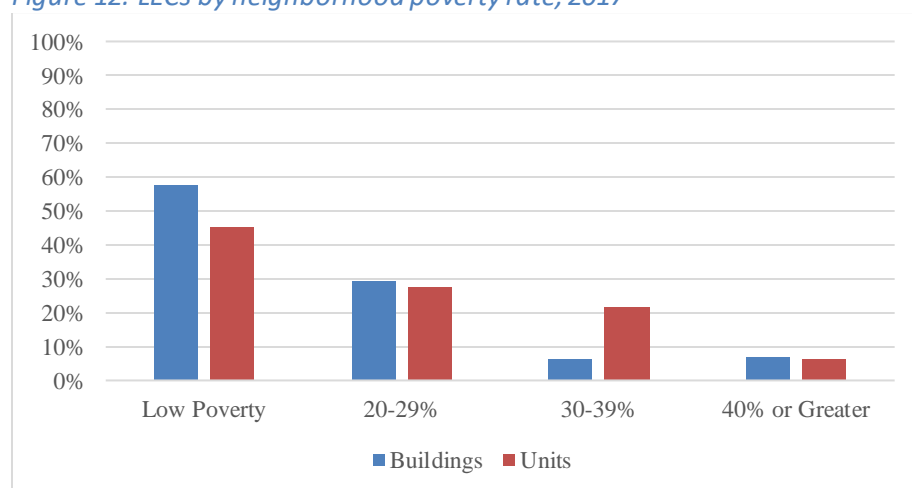
Figure 11: Limited Equity Cooperatives and Neighborhood Poverty, 2017



Source: DCGIS, American Community Survey 2017 5-Year estimates, VCU Analysis

Most LECs are located in neighborhoods with low poverty or in areas of the District where the overall poverty rate is low. Figure 12 shows the percentage of buildings and units by tract poverty rates. More than half (57 percent) of the District’s LECs are located in low-poverty neighborhoods. This translates to 45.1 percent of the total units or 1,966 units. Almost 30 percent of the buildings and 27 percent of the units are located in tracts with poverty rates between 20 percent and 29 percent. Notably, 16 of the 29 buildings in this category are located in Columbia Heights, Pleasant Plains, and Shepherd Park; these neighborhoods have been rapidly gentrified or, in the case of Shepherd Park, are anticipating the redevelopment of Walter Reed. These three neighborhoods have retained high numbers of deeply subsidized rental units, yet median home values exceed \$400,000, far beyond the means of most LEC owners. While the poverty rate is high for these neighborhoods, they differ from the traditional concept of the high poverty neighborhood in that they have experienced significant upward pressure on housing prices and residents have access to grocery stores, improving schools, transportation, and jobs. The percentage of units in the 30 percent to 39 percent category is high due to the presence of Naylor Gardens, a stable community of more than 700 units. The 1314 K Street SE Cooperative, which incorporated in 2007, is in a tract in which the poverty rate is higher than 40 percent. That tract, which includes two large public housing developments, is in the heart of Capitol Hill, a high-cost neighborhood with limited affordable rental or homeownership opportunities. While that tract is high poverty, those surrounding it are low poverty.

Figure 12: LECs by neighborhood poverty rate, 2017



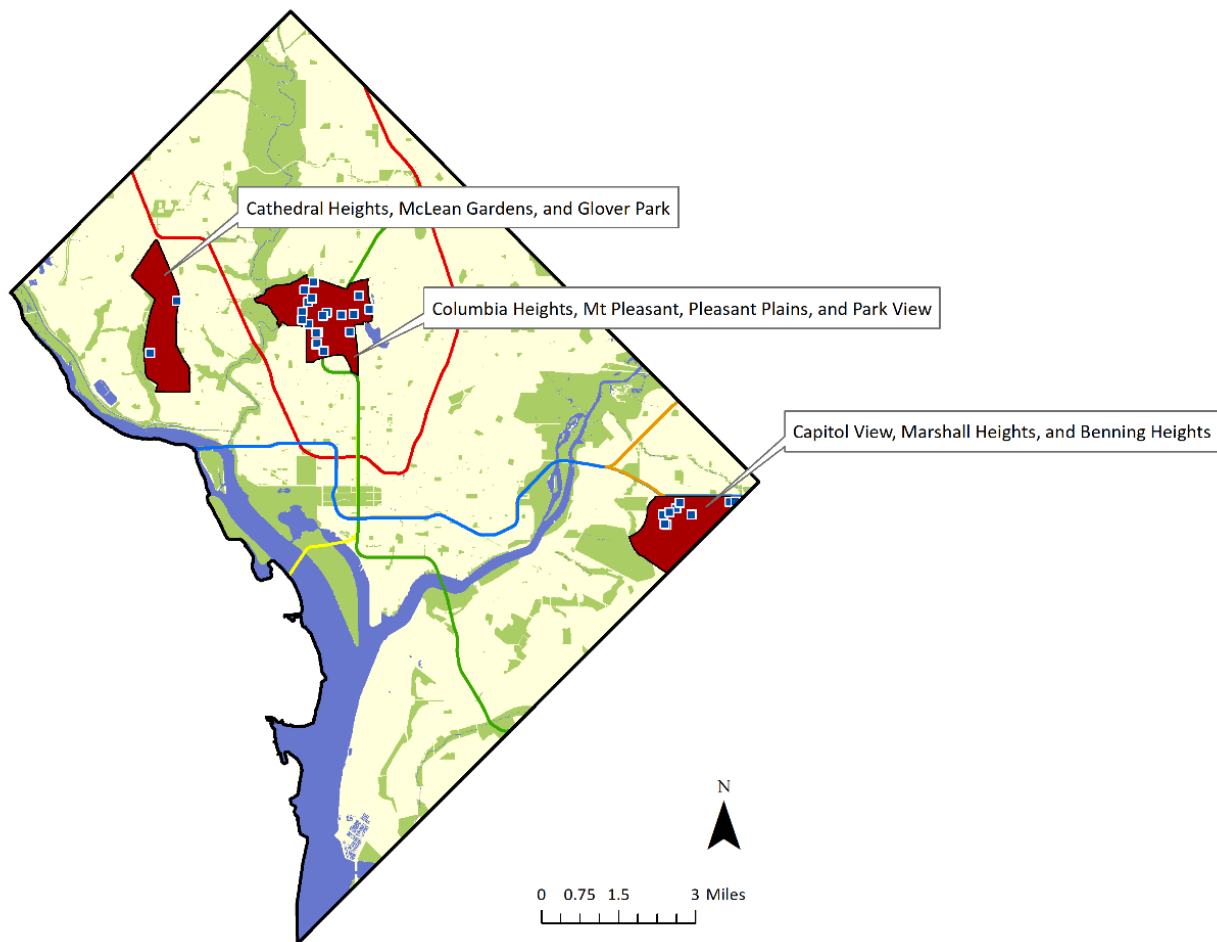
Source: American Community Survey 2017, 5-year estimates; VCU Analysis

Limited Equity Cooperative Neighborhood Case Studies

To better understand the communities where LECs are located, we selected three neighborhood clusters in the District that represent different conditions and concentrations of cooperatives. The neighborhood clusters are defined by the District’s OP and represent multiple neighborhoods as shown in Figure 13.

The three clusters are (1) Columbia Heights, Mt. Pleasant, Pleasant Plains, Park View; (2) Cathedral Heights, McLean Gardens, Glover Park; and (3) Capitol View, Marshall Heights, Benning Heights. These case studies illustrate that LECs have many unique creation stories and serve members of diverse races, ethnicities, and incomes. More importantly, they show the ways that LECs have filled needs for residents in the community.

Figure 13: Neighborhood Cluster Case Studies

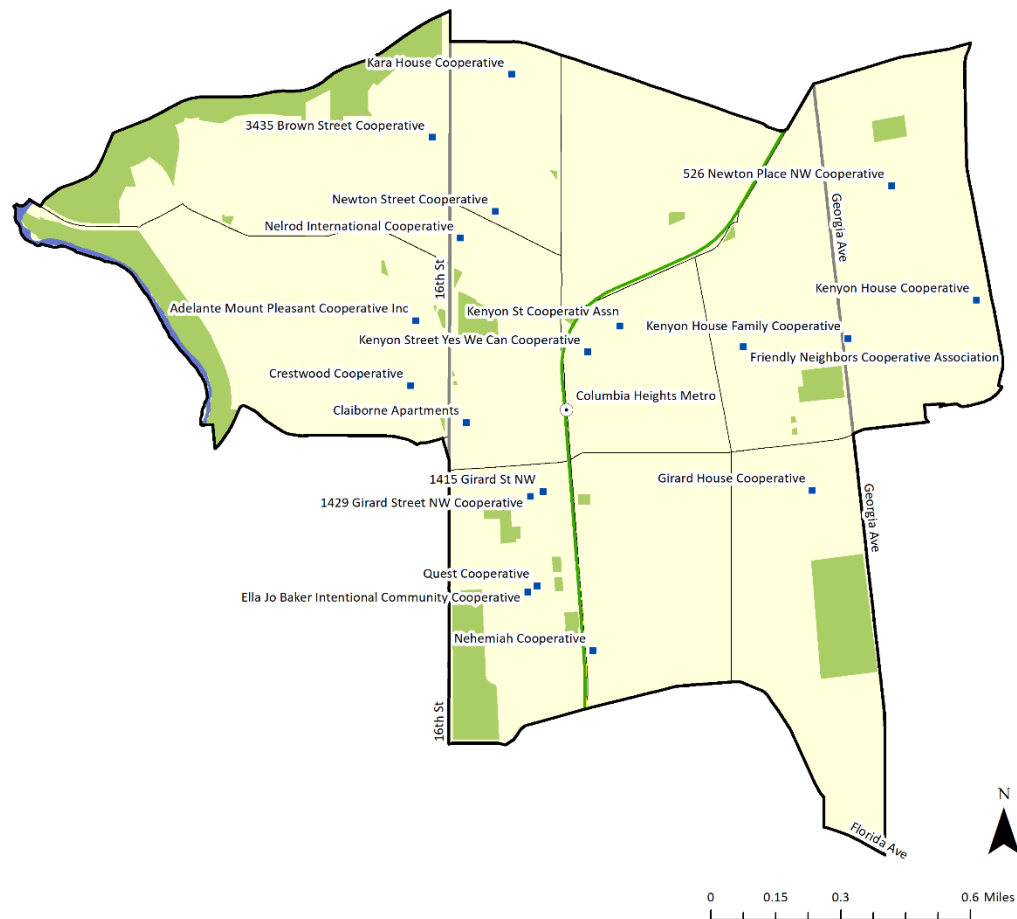


Cluster 2: Columbia Heights, Mt. Pleasant, Pleasant Plains, Park View

Located two miles north of downtown and bounded to the south by Florida Avenue and north by Spring Road, the Columbia Heights, Mt. Pleasant, Pleasant Plains, Park View cluster has experienced high-intensity change over the past twenty years. Figure 14 shows the cluster with the LECs located inside the boundaries. There are 23 LECs in the cluster, with 475 units, an average of 21 units per building.

In 1998, a new Metro stop opened in Columbia Heights and, two years later, a 13-acre redevelopment kicked off, just as the national real estate market was heating up. As a result, this cluster began to see property sales accelerate. Over the next decade, the area saw the white population increase three-fold, while the African American and Latinx populations declined. Since 2010, the African American population has declined by as much as 22 percent across the cluster, while the Latinx population declined by as much as 40 percent in some tracts. At the same time, the white population increased by between 20 percent and 60 percent, with increases greatest in neighborhoods in the east and north of the cluster.

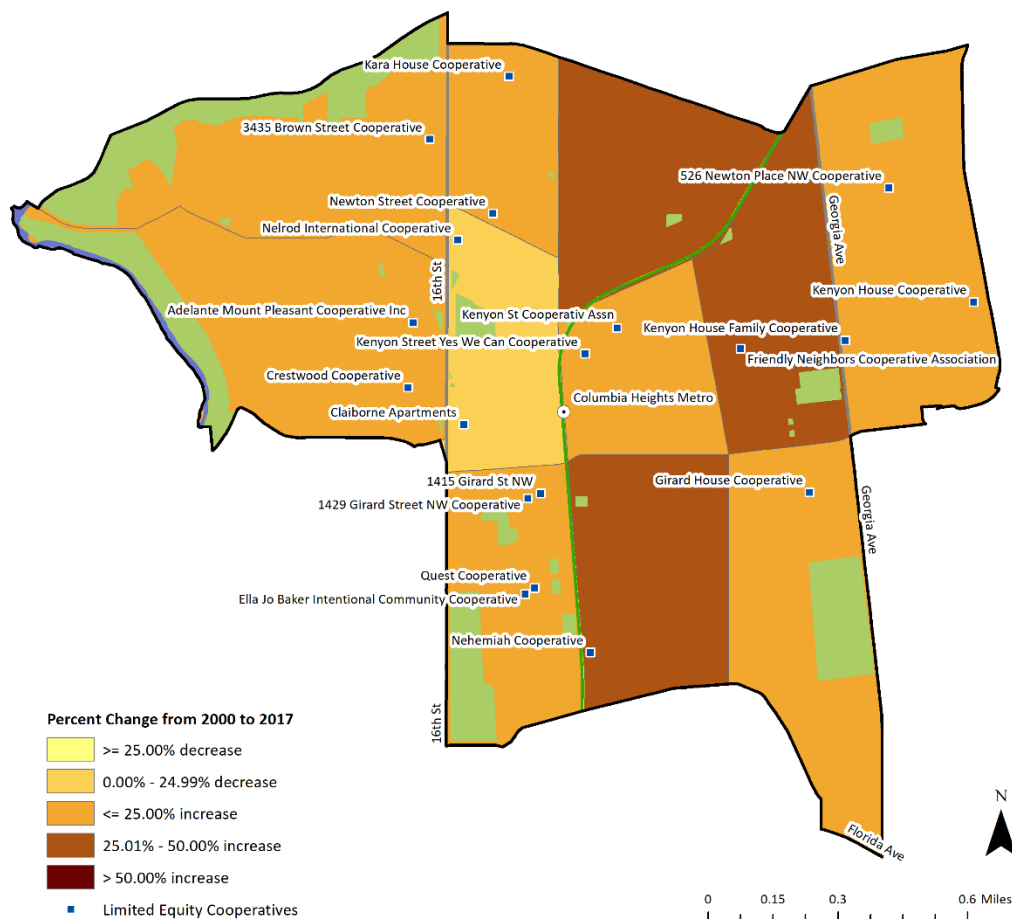
Figure 14: Columbia Height, Mt. Pleasant, Pleasant Plains, Park View Cluster



Rents increased dramatically over the past 20 years. Since 2000, rents in the cluster increased in nearly all tracts. However, this increase was moderated by the high percentage of subsidized units in the neighborhood in addition to the relatively high percentage of cooperative units. Figure 15 illustrates the change in median rent across the cluster. Similar to changes in race, rents increased most in areas that did not gentrify in the early 2000s.

The LECs located in this cluster have a diverse set of origins. They include Ella Jo Baker Intentional Community, a 15-unit LEC created outside the TOPA process in 2003. The LEC, in partnership with Manna CDC, an affordable housing developer, acquired a collection of six District-owned parcels at the corner of Euclid Street NW and University Place NW, including row houses and small multifamily buildings. Unlike buildings created through the TOPA process, Ella Jo Baker was created by a group of households coming together to form an LEC focused on social justice principles. The building was set up as an intentional community by a small group of leaders who interviewed new residents for membership when the LEC was formed.

Figure 15: Median Rent change in Columbia Heights, Mt. Pleasant, Pleasant Plains, Park View Cluster



Source: American Community Survey 5-Year Estimates, 2017; Census 2010; DCGIS; VCU Analysis

At the same time, the cluster also hosts LECs created through the TOPA process from former rent stabilized rental properties. Claiborne Cooperative (3033 16th St., NW), a 92-unit property, was created after the owner put it up for sale in 2006. The cooperative, like many across Wards 1 and 4, holds meetings in multiple languages to accommodate its English, Spanish, and Amharic speakers. The Girard House Cooperative (744 Girard Street, NW), a 35-unit property, was created through a TOPA sale in 2012 using funding from the HPTF. Its African American and Latinx residents represented new residents and those who had grown up in the neighborhood, including students, seniors, and working professionals.

The Kennesaw Phoenix Cooperative (3060 16th St., NW) represents a relatively unique structure in which the 15-unit cooperative is located within a condominium structure. The building, though not an LEC, served low- and moderate-income households through Section 8 vouchers. While the building was one of the early cooperatives in the District in the late 1970s, the residents voted to change their ownership to a split structure more than 20 years later. In 1987, the building was in the midst of a rehabilitation project. With cost-overruns, the association's consultant suggested a condominium structure to raise funds for the project. However, not all residents supported this plan. The split in the structure allowed the 20 residents with Section 8 vouchers to remain in the building as cooperative

members. This structure maintains cooperative members' ability to organize and keep costs low within a changing community, because they can vote as a block in the condominium association.

Another route to becoming an LEC represented in this cluster was the Kenyon Yes, We Can Cooperative (1372 Kenyon Street, NW). The 18-unit building overlooks the Columbia Heights plaza and has had a Section 8 contract since 1980, when the owner used HUD funding to rehabilitate the existing rental structure. The funding the owner received from HUD gave the residents a 1 percent share in the building, meaning that when he sold it, they would have the right to purchase it. However, when the owner tried to sell in 2008, the rights of residents were circumvented. Through the assistance of pro bono attorneys, the residents sued the owner for their rights—both through TOPA, but, more importantly for their rights through the HUD contract, which was uncovered as part of the legal research by pro bono attorneys. The court decided in favor of the residents, who were able to retain their Section 8 subsidy and purchase the building for the price agreed upon by HUD in 1980 of \$569,000.

The diverse routes to becoming and maintaining LECs in this cluster illustrate the creative and contextually dependent ways to approach this mechanism for homeownership and housing stability and affordability. In the Columbia Heights, Mt. Pleasant, Pleasant Plains, Park View area, these creative approaches have facilitated stable, affordable home-ownership options for low- and moderate-income households and maintained communities of economic and racial diversity.

Cluster 14: Cathedral Heights, McLean Gardens, Glover Park

To the west of Rock Creek Park, the Cathedral Heights, McLean Gardens, Glover Park cluster houses just two cooperatives in an area of Ward 3 with very little affordable housing. Bounded by Wisconsin Avenue to the east and New Mexico and Archibald Glover Park to the west, this neighborhood cluster (Figure 16) is home to both the newest and one of the oldest cooperatives in the District.

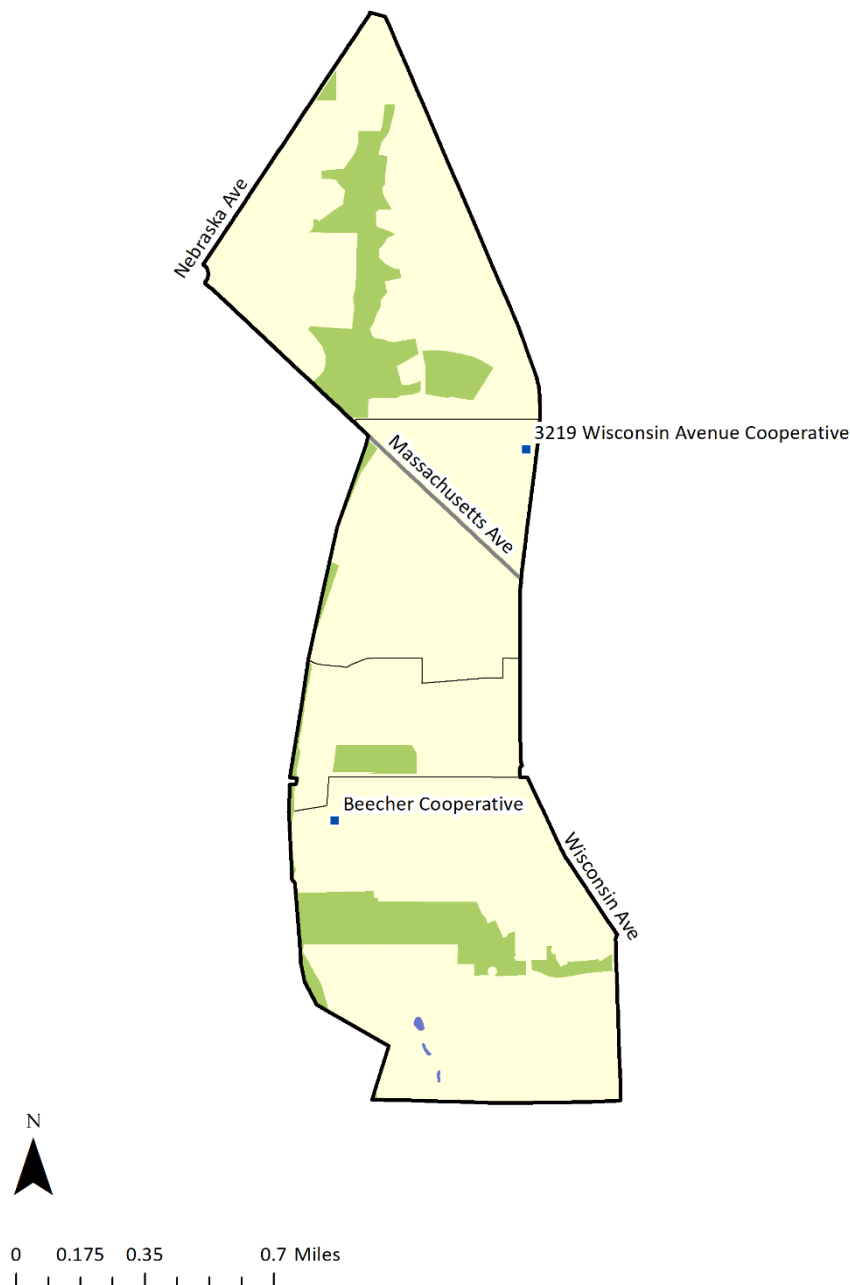
Organized in 1977 and purchased officially in 1979, the 63-unit Beecher Cooperative (2307 41st St., NW), was part of the early wave of LECs across the District. The tenants faced mass evictions to make way for redevelopment of the low-rise buildings in 1977. The tenants were given ninety days to leave their building.⁴⁰ Yet, they were able to organize and purchase six of the eight buildings in the development with assistance from the District government, which helped with down payments and accessing federal rental subsidies.⁴¹ Only eighteen of the units are subsidized with a Section 8 contract, but Beecher has remained an affordable LEC. The building has been largely self-managed, despite the ongoing high cost of living in the neighborhoods around them.

Just over a mile away and behind the National Cathedral sits the District's newest LEC, 3218 Wisconsin Avenue Cooperative. They worked with two CBOs to understand their rights and work through the complex process of organizing their tenant association, asserting their rights, and applying for funding to purchase the building. The 20-unit building received \$3.9 million from the AHPF to support the purchase through TOPA in the summer of 2019. They are currently in the process of converting to an LEC and making critical repairs with AHPF funding. However, the LEC will need additional funding for the permanent financing to repay the AHPF and to make needed repairs and improvements.

⁴⁰ Amanda Huron, "Creating a Commons in the Capital: The Emergence of Limited-Equity Housing Cooperatives in Washington, D.C." *Washington History* 26, no. 2 (2014): 56–67.

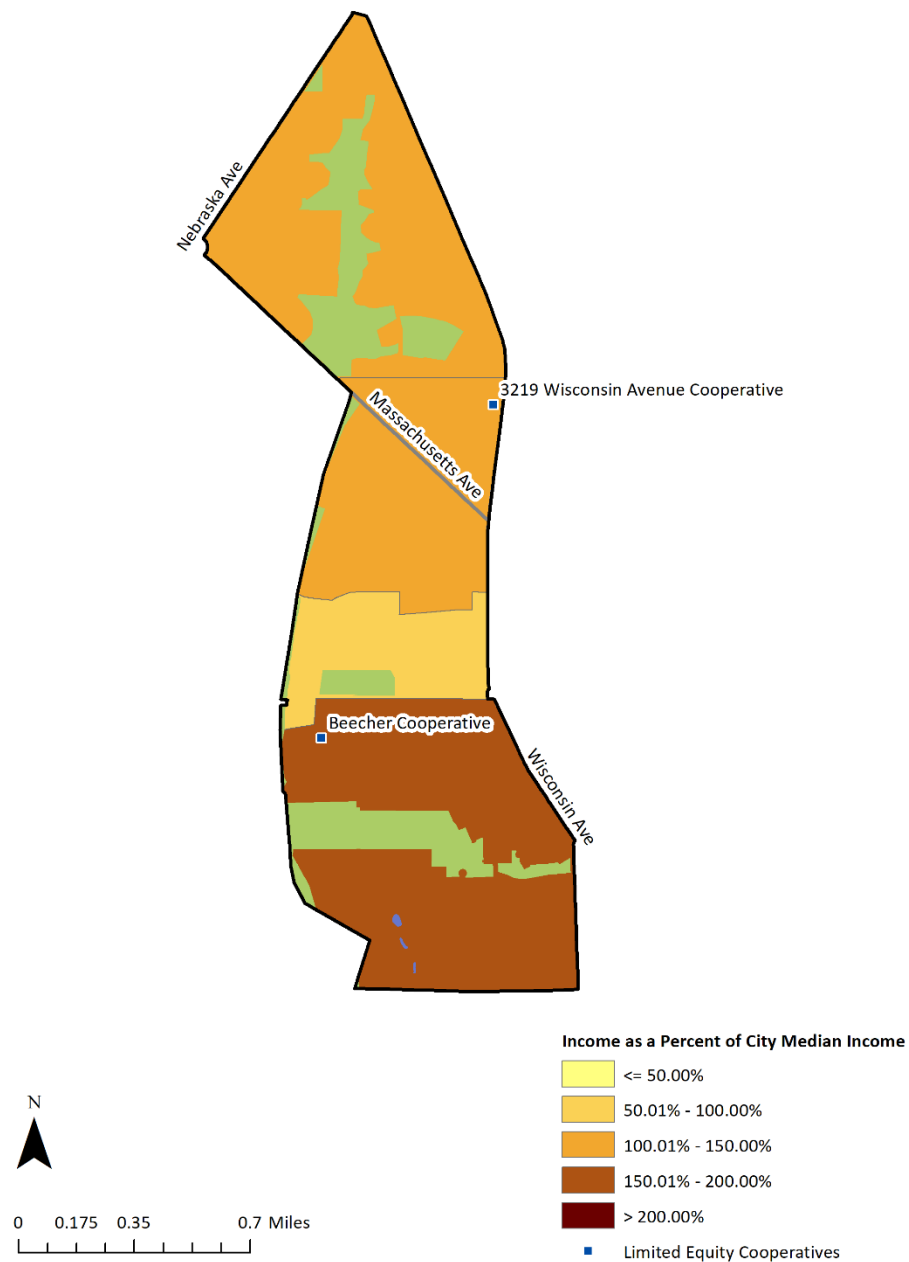
⁴¹ Camp, "The Battling Tenants."

Figure 16: Cathedral Heights, McLean Gardens, Glover Park Cluster



These buildings offer critical affordable housing resources for Ward 3 and the communities where they are located. Ward 3 has long-been Washington’s highest-income ward, meaning that these LECs provide a critical resource for the families who have been able to secure a home in them. Incomes have continued to rise in this part of the District. In the census tract where 3218 Wisconsin Avenue is located, the median income is almost \$90,000, \$5,000 more than the District’s median income. Beecher Street Cooperative’s census tract income exceeds \$130,000. Figure 17 illustrates the tract-level median income as a percentage of the District-wide median.

Figure 17: Cathedral Heights, McLean Gardens, Glover Park Cluster median income as a percentage of District-wide median, 2017



Source: American Community Survey 5-Year Estimates, 2017; DCGIS; VCU Analysis

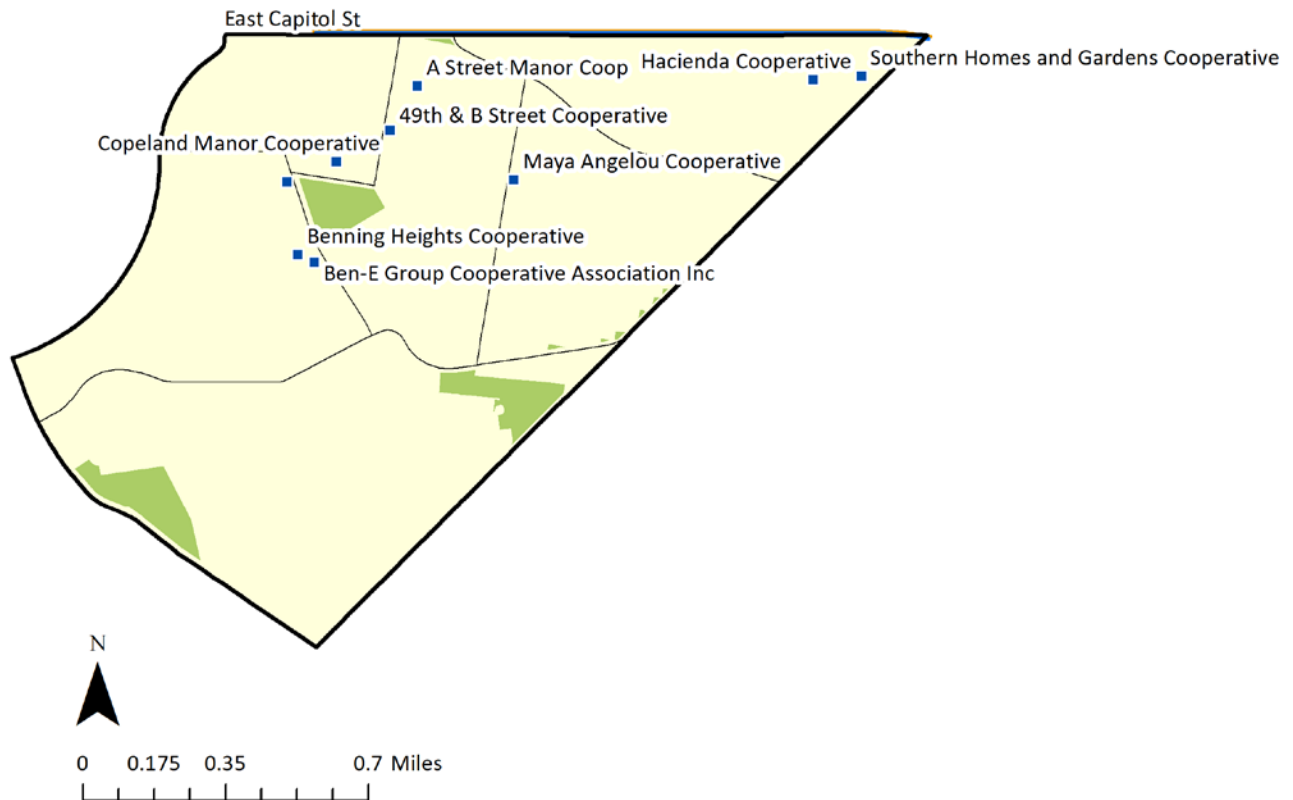
The opportunity to create LECs in Ward 3 is difficult due to the limited supply of rental housing and rents that are out of reach for most moderate-income households. A report from the Urban Land Institute (ULI) cites the limited number of affordable units in Ward 3—including only four subsidized buildings. The ULI study notes that, “About 16 percent of the District’s rent-controlled units are located in Ward 3,

yet only 2 percent of the District’s total housing vouchers are used there.”⁴² Those LECs that exist provide resident stability, affordable housing, and low-barrier homeownership in this high-cost area. However, these two buildings also highlight the lack of housing affordable to low- and moderate-income families west of Rock Creek Park.

Cluster 33: Capitol View, Marshall Heights, Benning Heights

On the opposite edge of the District, the Capitol View, Marshall Heights, Benning Heights cluster in Ward 7 is starting to see change in an area that has been under-invested for decades. This cluster is located east of the Anacostia River with the Maryland border to the east, East Capitol Street to the north, and Benning Road to the west. There are nine LECs in this cluster with 626 units. Like the Columbia Heights cluster, these LECs range in age from almost 40 years to fewer than five years. Though the average building size is 70 units, the median number of units is 29, with buildings as small as ten units and as large as 326 units. Figure 18 shows the cluster and existing LECs.

Figure 18: Capitol View, Marshall Heights, Benning Heights Cluster



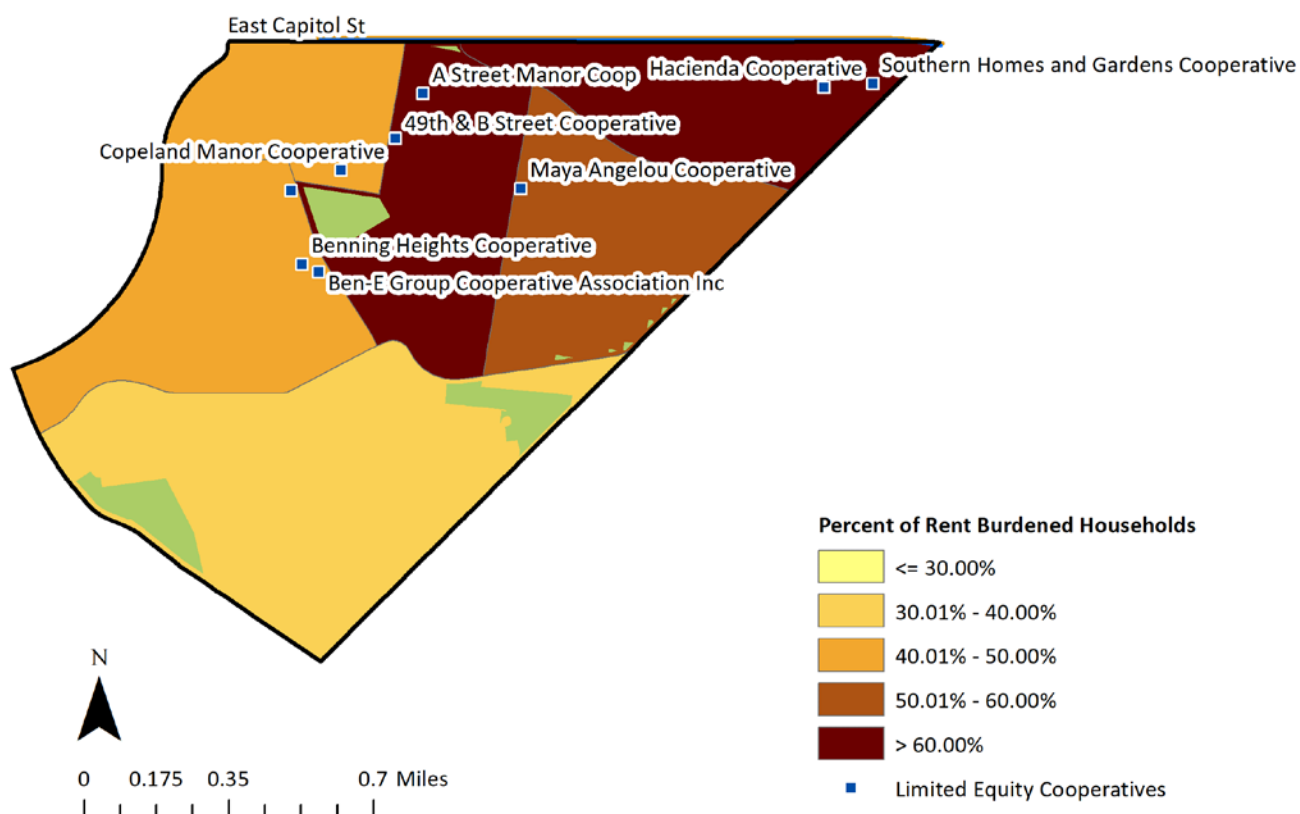
Unlike the previous two clusters, the Capitol View, Marshall Heights, Benning Heights cluster (Figure 19) has median census tract incomes below the District-wide median income. In fact, since 2010, incomes have fallen or remained stagnant across the cluster, reflecting a District-wide trend of income stagnation in communities of color. Yet these buildings provide a source of stable, affordable housing, and

⁴² Urban Land Institute, “Affordable Housing Washington, D.C.: A ULI Advisory Services Panel Report” (Washington, DC: Urban Land Institute, July 2019).

community for the households living in them. This is critical as the supply of affordable housing shrinks across the District, and more residents move east of the river, making stable affordable housing that is controlled by a resident board a critical piece of maintaining a safe, healthy building.

While this part of the District remains relatively affordable, it is still home to a high percentage of rent burdened households. HUD defines rent burdened as a household paying more than 30 percent of its income on housing costs. In parts of this cluster, nearly 2/3 of the households are rent burdened. Figure 16 illustrates the percent of rent burdened households by census tract within the cluster for 2017.

Figure 19: Rent Burden by Census Tract for the Capitol View, Marshall Heights, Benning Heights Cluster, 2017



Source: American Community Survey 5-Year Estimates, 2017; DCGIS; VCU Analysis

While these neighborhood case studies offer just a small cross section of the District's more than 4,000 LEC units, they do demonstrate that LECs play a critical role in creating and maintaining stable, affordable housing in a range of submarkets. They also demonstrate the diverse ways that LECs can be created and structured. The next two sections will take lessons from the neighborhood and District-wide context of cooperatives, as well as in depth interviews, focus groups, and surveys, to discuss opportunities and challenges for LECs.

Part Two: Opportunities and Challenges for LECs

LECs hold a critical place in the District's continuum of housing.⁴³ Neither traditional homeownership nor rental housing, LECs fill a gap for households ready to manage their own housing but who do not have the stable income, upfront capital, level of income, or long-term upward mobility to make the leap into traditional homeownership. Homeownership has benefits beyond equity accrued through traditional models. These associated benefits include housing stability and control over one's environment, greater engagement in the community, and sense of pride in ownership. These benefits have spillover effects at the individual, community, and, ultimately, city scales, including improved health, education and employment outcomes, and improved participation in community organizations, clean-ups, and relationships with neighbors.⁴⁴ The benefits associated with homeownership are particularly pronounced where the monthly costs are affordable, reducing the risk of instability through foreclosure and eviction.⁴⁵

As the previous case studies indicated, the District's 96 LECs are part of the fabric of their neighborhoods, serving residents representing many ethnicities, languages, and incomes—many times in the same building. In some buildings, as many as three different primary languages—including Amharic, Spanish, Vietnamese, and English, among others—are spoken in membership meetings. The residents are both new to the community and have been lifelong residents of the building, community, or city. The buildings provide many residents with a critical sense of community and support that may include as little as conversations in the hallways and at meetings or as much as babysitting of children, access to job networks, or a neighbor who checks in on seniors in the building. Additionally, these buildings provide more affordable monthly charges than similar market rate homeownership or rental options.⁴⁶ In short, these buildings provide access to stable homeownership that may be a stepping stone to traditional homeownership or an end in itself for families that prefer communal ownership.

In addition to providing affordable, predictable housing costs, LECs create and sustain community networks and neighborhood stability. LECs are located in high- and low-cost neighborhoods and represent a critical community resource. Neighborhoods benefit from having long-term resident-owners who are invested in maintaining their buildings and their communities. Neighborhoods also benefit from having a diversity of housing stock to support the needs of families, seniors, and individuals living and working in the neighborhood.

The District as a whole also benefits from having stable housing affordable to people working in a variety of industries. In 2019, Mayor Muriel Bowser announced an ambitious plan to create 36,000 new units in the District—with 12,000 of them affordable to households earning less than 80 percent of AMI—in all

⁴³ CNHED, "An Affordable Continuum of Housing."

⁴⁴ Kim Manturuk, Sarah Riley, and Janneke Ratcliffe, "Perception Vs. Reality: The Relationship between Low-Income Homeownership, Perceived Financial Stress, and Financial Hardship," *Social Science Research* 41, no. 2 (2012): 276-286. William M. Rohe, Shannon Van Zandt, and George McCarthy, "The Social Benefits and Costs of Homeownership," in *Low-Income Homeownership: Examining the Unexamined Goal*, eds. Nicolas P. Retsinas and Eric S. Belsky (Washington, DC: Brookings Institution Press, 2002), 381-406.

⁴⁵ William M. Rohe and Mark Lindblad, "Reexamining the Social Benefits of Homeownership after the Foreclosure Crisis." In *Homeownership Built to Last: Balancing Access, Affordability, and Risk after the Housing Crisis*, eds. Eric S. Belsky, Christopher E. Herbert, and Jennifer H. Molinsky (Washington, DC: Brookings Institution Press, 2014), 99-140.

⁴⁶ Huron, *Carving out the Commons*.

eight wards. These units will need to represent residents experiencing homelessness; residents who, due to credit, unstable income, personal preference or family circumstance need affordable rental housing; households that are ready for the long-term stability and investment of shared equity homeownership; and those who have the resources and interest for traditional homeownership. LECs provide a critical piece of the larger policy to serve households across incomes, experiences, and life stages.

Yet this work is complex and has benefitted since TOPA's inception from the support of organizers, technical assistance providers, and legal service providers who help to build a strong foundation for stable homeownership. This section focuses on the opportunities created and maintained by LECs for residents, neighborhoods, and the District. LECs represent household, neighborhood, and District-wide assets. Specifically, LECs build and sustain community networks and supports. Further, LECs prevent displacement and sustain economically diverse communities. As important, LECs fulfill the goals of the Rental Housing Act and the District's traditional focus on community-based ownership and control of their communities.

LECs offer their members significant opportunities for housing and budget stability, social networks and a sense of community, and maintaining socioeconomic diversity and affordable housing in their neighborhoods. However, the creation and maintenance of LECs and the attainment of those opportunities require resident-owners to work together to overcome a variety of challenges. These challenges include maintaining the fiscal health, social cohesion, and ongoing governance of the cooperative. Failures in these areas can create compounding issues for LECs, such as persistent vacancies, deferred maintenance, and broken relationships that can threaten financial viability, housing stability, sense of community, and predictability aspired to by resident owners.

LECs create incredible opportunities for households, communities, and the District as a whole. They are supported by a significant set of assets that have grown up through the District's history of anti-displacement and anti-gentrification activism and laws and the financial resources that have facilitated these opportunities. At the same time, LECs come with significant challenges. Creating, renovating and maintaining an LEC requires significant on-going knowledge, financial support, and engagement of residents, technical assistance providers, District government staff, and affordable housing advocates. Further, these challenges differ by the resident incomes, location, population, and building conditions of the LEC. While challenges existent with the current system of TOPA-based creation of LECs are significant, the District still lacks a proactive mechanism through which to create new LECs, meaning that growth in this form of low-barrier homeownership is reliant on the chance of which properties come up for sale in a given year, the interests and abilities of the tenants living in those properties, and the District's variable commitment to this form of affordable housing.

Part Two focuses the following findings regarding the opportunities and challenges for LECs in the District.

1. LECs represent household, neighborhood, and District-wide assets
2. Technical assistance providers play critical roles in the successful exercise of TOPA rights and in the creation and long-term sustainability of LECs
3. Difficulties accessing acquisition and renovation financing options cause significant barriers to the creation of new LECs and the sustainability of existing LECs.
4. Lack of consistency and transparency in funding application processes, regulatory timelines, and government priorities create hurdles to community cohesion during LEC conversion.

5. Challenges and opportunities for LECs are distributed unevenly across submarkets in the District; therefore, context and flexibility are necessary in assessing the processes and tools needed in individual communities.
6. There are few proactive tools for the creation of new LECs in the District.

Finding 1: LECs represent household, neighborhood, and District-wide assets.

Household

Building and Sustaining Community

LECs can facilitate housing stability and predictable costs that allow families to focus on other needs, including bills, health, education, and work because the carrying charges in LECs are typically more stable and far lower than market rate options in the community. Moreover, residents have control over their environments and tenure. The majority of LECs received District funds or currently have a Section 8 contract on the building that keep monthly costs low. A board member of a largely African American cooperative in Ward 8 explained, “we’re in a prime spot and if we get priced out we’re gonna go somewhere else and pay more rent than I’m paying now. And it will be a less desirable place. I mean, I don’t know where we’d end up being [...]. And I just don’t want to take those type of chances.”⁴⁷ Many residents expressed an awareness of the precariousness of housing as the District changes. They felt that the LEC provided critical household and community stability.

For some members, LECs also represent a desire to live in a supportive and caring community. For some LECs, the community existed before the tenant purchase of the building. Residents in many buildings had been stable for decades, raising children and having those children raise families in the building before it was purchased. In a building in Columbia Heights, one neighbor recalls moving in 30 years ago because her friend lived in the building, and many of the other 17 households were relations or friends. As a result, when they purchased their building, they were able to maintain their community. At an LEC near downtown, a former board member explained, “Our building was predominantly immigrants and Latinos, of course undocumented. Few working professionals, and then there were some families that have lived in the building their whole life. This one particular person who’s on the board with me now for the co-op, she lived in the building her whole life, her mom passed away in her apartment, and she’s now raising kids in that same apartment.” This ability to remain in community was another strong motivation for residents of LECs across the District. In some LECs, children grew up and purchased shares in the building, while in others, many of the residents were moving into the cooperative to build community.

At a large building in Northwest, as residents were still getting to know each other, the LEC structure became a critical way of bringing the community together. One resident explained, “Well I think once we became a co-op and started having tenant meetings you know, people were forced to interact. So, it makes it a little better when you see someone in the hallway it’s like ‘oh hey, I remember you from the meeting, how’s things?’ So, it fosters relationships which is a good thing.” These relationships are critical to low-income and vulnerable households who depend on community for childcare, assistance, and

⁴⁷ The interviews cited throughout this report were conducted by the VCU research team primarily from January-August of 2019. Interviews were recorded and transcribed with names and other identifying factors removed to protect confidentiality.

emergencies. An elderly woman who moved into her cooperative in 2015 explained, “Actually this has been my favorite home and why. And why? ‘And why’ is because it’s a community and at the age I am now, which is... will be 74 this year. I like the fact that there are people around, mostly younger, who would step in and take care of me should anything terrible happen.” This need for supportive neighbors was a theme that emerged often as residents reported supporting each other for babysitting, conversation, and in social groups.

Preventing Displacement and Sustaining economically diverse communities

Interviewees—residents, technical assistance providers, and District agencies—were all aware of the critical role of LECs in preventing displacement and providing long-term access to affordable housing, jobs, and amenities for their families and other community members. Many, like a woman and her husband who lived near downtown without a car, needed to be close to work, “I didn’t want to work further away because it would be costly for transportation and from here it’s within walking distance [...] My husband used to work nights. So, we didn’t use transportation. We walked.” In addition to being able to retain stable access to work, this family, like many interviewed, was able to keep their heads above water while working low-paying jobs in the District through affordable, centrally-located housing.

Without this housing, the cost of accessing low-wage jobs in the District would increase for workers. A former board member at a cooperative housing Latinx, Ethiopian, African American, and White residents said, “We’re just everyday working people. Ya know, we’ve got some professionals but for the most part, ya know, blue collar people just wanting better for themselves though, ya know? And we just get the opportunity to live in a neighborhood, I don’t think that, if it wasn’t a co-op, any of us could afford to live here.” Having access to housing within the neighborhood meant that residents did not have to rely on cars or long transit commutes to access low-wage work. The LEC became a critical resource for job stability as well as housing stability.

While anti-displacement is often the proximate issue, members and practitioners see a longer view for households. For many families, LECs are a critical way of achieving homeownership and control over their surroundings, rather than equity or individual ownership.⁴⁸ An attorney who works with cooperatives considers LECs a critical resource for housing stability to help families retain stability, noting “So gathering that level of stability too, just I’m feeling like housing doesn’t have to constantly be a state of emergency; housing doesn’t have to constantly be something that you feel like you’re teetering on the edge, and anything that someone says is going to blow apart your sense of security and stability that you’ve managed to build up. For me that feels like a really critical thing co-ops can provide, that’s huge.” That stability allows their kids to remain in stable housing, save money for future expenses, and build stronger networks.

Echoing the attorney’s sentiment and suggesting the potential long trajectory for community access to affordable housing, a board member at a predominantly Latinx cooperative in Ward 4 explained, “That’s why we are doing this, it’s for our families. We might make it through this so that we can have a decent place to live. That is what we want. That is why we take good care of the building.” Similarly, at a mixed income cooperative in Shaw, a board member said, “I would like to see if one day after we die, for my kids to have their families here. To see the building to stay affordable because we don’t want to lose this. Because, I think, at the end of the day, since we won the building, we’re hoping things, after we die, that things keep on.” This focus on the long-term role of the LEC—for their families, friends and

⁴⁸ Huron, *Carving out the Commons*.

communities—was discussed by residents across the District at many different cooperatives. Most residents understood that in preserving their building, they were preserving access to the neighborhood for future generations.

The sense that LECs provide a critical resource to families was also part of the way District agency staff perceived them. As one staff member stated, “I think [LECs] will continue to be an important part, we just want to make sure that we’re funding strong cooperatives, and that they receive all the supports they need to be successful long-term, because the reality is, it is an opportunity for home-ownership, and for security, and for tenants to be empowered and take control of their living environment, and their future, and have some security in that. So, I think that’s valuable.” The importance of resident empowerment was echoed by nonprofit technical assistance providers and residents across the District. There was a feeling that, as one TA provider explained, LECs can be a “Power mechanism for low-income people to become decision-makers, owners, stakeholders, economically stable, to have choice where, how long and how much, building conditions—especially for people who haven’t had access to those decisions in their lives.” The LECs, ultimately, are a way for members to assert a right to remain in the neighborhood and have control over their own living situation. For many LEC residents, the alternative becomes frequent moves, long commutes, or building and neighborhood conditions that do not meet their needs.

Neighborhood

LECs can help to preserve the community character, historic landscape, affordability, and density of existing neighborhoods. A lender who works with LECs believes these buildings are an asset due to the ownership residents feel. The lender noted the importance of LECs as a source of homeownership:

It can be a stepping stone for different types. For some people, that’s it. They are just looking for stability in housing. For other people, it really can become a stepping stone for a different type of tenured housing ownership. And then, just because of my background, the community organizing aspect, having a community of supports right there. You can say, well, how is that different from a rental situation? Perhaps it is not. Except for the fact that, again, that notion of shared ownership just sets your mind in a different place than it does if you were just somebody that happens to be renting and then you can leave next month.

As a form of affordable homeownership, LECs provide stability to communities across the District, which facilitates improved resident engagement, stable student populations in the local schools, and improved neighborhood cohesion.

At the same time, LECs play a critical role in preserving both the physical and cultural character of the neighborhoods. As one native Washingtonian who moved into his cooperative near Columbia Heights in 2014 argued,

It feels like a true mix. It pays homage to the roots and how I grew up understanding Columbia Heights[...] I think Spanish is a common language of people in the hallway. I enjoy that. There’s...when I first came along I met the board [president] and she’s an old black woman she had gone to my high school and they had been living there for 30 years and so it was cool. I found it interesting to be able to identify with one of the elders in the building. And so, I like that. The way I understand DC is, you can use the word diversity but it’s really an African American community, it’s a Latino community, and it’s the white community. These three elements, historically speaking, have kind of been sectioned off in parts of the District so to feel the potential in the building is great.

While some LECs are relatively new, many buildings are historic—though few are designated officially—and help to keep the historic look of a neighborhood. But, at the same time, these buildings also help to keep the social and cultural landscapes alive.

Many of these buildings are maintaining community history in the context of rapidly changing neighborhoods that can make staying both more important from an affordability perspective, but also challenging from a cultural lens. A former board president near Logan Circle explained that these changes created some challenges.

So, after we bought the building, the neighborhood seemed to change overnight. 2011 is when we bought it, July 2011 and that's when everything was kicking into high gear. I forget what the stats were for our neighborhood. I think we had, the last year, I think it was like 20 new restaurants opening. This many new housing units built, condos and things... People started asking me 'do we still belong here?' This was after we bought the building. And I was really angry. I was like 'yeah, we fought to be here, why don't we?' And I didn't realize I was feeling like that myself. You know I was just so gung ho about it. This is ours.

Yet by being owners, LEC members feel they can legitimately say they have a long-term stake in the community and power to determine the manner in which they remain in their neighborhood. They feel confident to engage and commit to their neighborhood for the long term. In the LEC described above, members are now using their building as platform to develop cooperative childcare with a local church.

LEC boards can devise community solutions for community problems. Several LECs reported having issues with people dumping trash, smoking marijuana, letting people in who did not live there, or dealing drugs. LECs with active aware boards were able to deal with such issues swiftly by barring the individual from the property, meeting with the individual owner who might be responsible, or changing protocol. One board president, who had to deal with a drug dealer in the building explained, "When I talked to the police, they said 'Every building has a drug dealer. That's just how it is in DC. Not much you can really do about it.' When it impacts other people, I feel like cooperatives have a way to deal with it, but I feel like condos probably can't; besides calling the police." This board member, like many interviewed for this report, felt they had direct opportunities to manage the building and its environs.

District

LECs generate and maintain affordable assets that facilitate homeownership for households with incomes below 80 percent of AMI. In May 2019, Mayor Bowser announced a plan to create 36,000 new units of housing across all eight wards of the District by 2025, distributed to address the current inequality of access to affordable housing. Twelve thousand of those units would be affordable to low- and moderate-income households with incomes below 80 percent of AMI.⁴⁹ As a critical part of the housing continuum and a source of affordable homeownership, LECs can play a critical role in producing affordable homeownership options to achieve the Mayor's goal while supporting the range of housing needs of District residents. Yet beyond these goals, LECs have been part of actualizing the goals of the District's tenant protections by offering a way of supporting control over tenure and preventing displacement

A lender, discussing the work of the community process in Ward 8, discussed the importance of affordability. She said, "the topic of affordable housing is just high, high up there. There's some diversity

⁴⁹ DC Office of the Mayor, "Mayor Bowser Signs Order to Drive Bold Goal of 36,000 Housing Units by 2025" <https://mayor.dc.gov/release/mayor-bowser-signs-order-drive-bold-goal-36000-housing-units-2025>, DCEOM, 2019, Accessed February 6, 2020.

of community opinion about that. But what there's not a diversity opinion about is the fact that they're losing thousands of units of subsidized, whether federally or locally, subsidized units over there...I'm talking about principally Ward 8, but east of the river. And, of course, across the district we are too." At an acute scale, cooperative residents have seen the rapid changes and know the larger importance. One resident owner in northwest argued that LECs are "a model of affordability and collective home-ownership which should be more wide-spread in this District and elsewhere." They see this collective homeownership as a way of maintaining community, affordability, and culture in the District.

While this may be said about preservation more generally, the ability to access the market through TOPA to preserve market-affordable buildings is unique and critical to creating and preserving affordability. However, homeownership, which has significant benefits for household and neighborhood stability, has been a specific policy goal in the District generally – and TOPA, more specifically. As was discussed in section part 1, LECs provide stable, below-market ownership for low and moderate-income households who may not have the credit, savings, or income to purchase. Yet these families have stable incomes and want to remain in the communities where they live and work. Unfortunately, increasingly, market rate homeownership is not accessible to low- and moderate-income households due to the rising housing costs.

More importantly the ability to preserve more than the building—but the community itself—is necessary to mitigating cultural displacement in the changing District. For many residents – particularly African American and Latinx communities – the ability to retain community norms and traditions in their building is critical to a sense of belonging and safety in their communities. Beyond LEC's ability to retain community, the ability to control the way a building is preserved and the terms under which a community lives such that all residents can stay and be active in their futures builds leadership and engagement in the building and the neighborhood. But this has not been done without significant assistance from a broad range of actors across the District.

Finding 2: Technical Assistance Providers play a critical role in the organizing and long-term sustainability of LECs.

Through interviews and observation, it was clear that technical assistance providers—including organizers, development consultants, and attorneys—play a critical role in ensuring the successful creation and long-term sustainability of LECs. First, the provision of technical assistance is critical for tenants to understand their rights and options when going through the TOPA process. Second, providers educate and advise residents through the acquisition, conversion to an LEC, and rehabilitation of their building. Third, providers are a necessary part of ongoing training for LECs on such issues as self-governance and managing management companies.

TOPA process

For tenants, the TOPA process begins when residents receive a notification from their landlord that the building will be sold and that they have the right to purchase it. The notification does not provide guidance for navigating the TOPA process. While various District government websites provide basic information about the TOPA timeline and numbers to call for more information, none contain instructions about how to register a tenant association and file for TOPA rights, how to move forward with the TOPA process after doing so, or about how to become an LEC. Due to this lack of public information about the TOPA process and general tenant rights in the District, many low- and moderate-

income renters are prone to assuming that they will be displaced by the sale of a property, as is often the case in other jurisdictions that do not have a right of first refusal, rent control, or just cause eviction.

Most people initially learn about TOPA and LECs from friends or relatives who have gone through the process and from CBO technical assistance providers. The DHCD-designed TOPA notice that residents receive when their building is being sold does include contact info for DHCD-funded CBOs. Some residents proactively will call the CBOs listed on the TOPA notice. However, most residents first receive information about TOPA from one of the CBOs, which track DHCD's public posting of TOPA notices on its website and proactively set up informational meetings at affected properties. A former board president in Southeast DC learned about TOPA from his neighbor who had been through the process at another building. He said, "So I got real interested, the further they got the more I learned and she . . . came up with [a technical assistance provider]. We met them, we met [another provider] and everything just started flowing and, you know, people got involved, people got excited and, you know, we went from there to here. There's a lot of bumps in between but, yeah, we're here, we made it." A board member from a small LEC in Petworth explained the process she and her fellow residents went through before they believed they would be able to buy:

There were several companies that were offering us money. One time, I was outside when someone came to me about buying the building. The man told me, "you guys can remain in the building but all of you would have to pay me \$2,000" and at the time we were only paying \$800 a month. He was trying to take advantage. Several companies tried to buy the building. We put a stop to that. We had a hard time believing that this was going to be possible. So [a technical assistance provider] asked me if I could go to a meeting in Chinatown. I was there and the Mayor was there and he said there is \$100 million to take advantage of and if not, we're going to lose it. It will have to be returned. Then I had to believe. Then I went to another event at Irving and 16th. So, a group of us was there and an African-American woman came and she sounded very knowledgeable. She told me, "Take advantage of this or you guys will lose it." She handed me her business card and replied, "If you guys don't want it, tell your friends to not let go because you need it." She said, "So don't give it up." That was when I could tell that she had experience with this.

While many LECs are able to navigate the complexities of building ownership and management, this takes time and commitment from multiple actors inside and outside the community.

The process of organizing a tenant association, purchasing a property through TOPA, renovating the property, and sustaining an LEC is complicated and time consuming. Tenant associations and their boards generally have no experience with either TOPA or forming an LEC, so they must rely on the experience and commitment of the technical service providers to successfully navigate these processes. One interviewee noted, "I think there's a missing overarching standard of what it means to run a co-op. There's no manual." For tenant associations navigating TOPA with an interest in forming an LEC, their guidance in the process comes from technical assistance providers: the few DHCD-funded CBOs, development consultants, and attorneys with experience assisting tenant associations through the TOPA process and in forming LECs.

Residents of buildings that receive technical assistance from a CBO are far more likely to register for their TOPA rights than those who do not (Figure 20). For residents who decide to form a tenant association to pursue the TOPA process with the help of technical assistance providers, they require significant engagement with the providers to begin to believe that they can succeed at preserving affordability through continuing as a rental property or forming an LEC. And, as the tenant association continues through the TOPA process, technical assistance providers and board members must maintain

significant engagement to keep residents who have varying degrees of engagement in the process informed about key developments, which can slow decision making during the tight TOPA timelines. Almost all tenant associations that exercise their TOPA rights to preserve affordable rental housing or to create LECs do so with technical assistance from a CBO.

Annually, CBOs provide TOPA rights information and technical assistance to approximately 7,000 tenants residing in properties from one to several hundred units.⁵⁰ CNHED's analysis of TOPA data from calendar years 2015-2019 finds that 454 TOPA notices were issued for 5+ unit properties (Figure 20). CBOs provided TOPA technical assistance to tenants at 57 percent of those properties. Of those properties where tenants received TOPA technical assistance 65 percent registered for their TOPA rights. Of the 190 TOPA properties that did not receive CBO assistance, only 21 percent registered for their TOPA rights. Based on ongoing conversations with CBOs, CNHED found that the increase in the number of properties registering for TOPA without CBO assistance in 2017, 2018, and 2019, as compared with previous years, was attributable to a few real estate brokers and attorneys who actively engaged in organizing tenant associations and helping them register for their rights at smaller TOPA properties. These real estate brokers and attorneys facilitated tenant buy-outs rather than presenting tenants with a variety of options to continue living at the property and preserving or increasing affordability. While the engagement of these real estate brokers and attorneys did increase the number of tenant associations in small buildings registering for their TOPA rights, information provided by CBOs who tracked these activities indicated that the bulk of these TOPA projects resulted in a loss of affordability at the property.

Figure 20: CBO TOPA Technical Assistance 2015-2019 (calendar years)

Year	5+ Unit TOPA Properties	Tenant Assoc. at 5+ Unit Properties that Received CBO Assistance	Tenant Assoc. at 5+ Unit Properties that Registered for TOPA with CBO Assistance	Tenant Assoc. at 5+ Unit Properties that Registered for TOPA without CBO Assistance
2015	91	58	34	5
2016	86	51	32	4
2017	71	31	19	8
2018	109	61	45	14
2019	97	59	39	8
Total	454	260	169	39

Source: Data compiled by CNHED as of February 2020.⁵¹

⁵⁰ Data provided to CNHED by Housing Counseling Services and Latino Economic Development Center. CBOs also provide housing conditions counseling and technical assistance to help more than 3,000 tenants annually with understanding the rights and protections that District laws and regulations provide them and in alleviating housing conditions problems that negatively impact their health and safety. CBO and tenant interventions and outreach to government agencies for assistance in alleviating housing health and safety problems help to extend the life of affordable housing units and to provide humane housing conditions for District residents.

⁵¹ CNHED considered reissuances of TOPA notices within a few months of the original notice without a change in price of 10 percent or more to be correcting errors in the initial notice, so they were not recounted. CNHED used the same methodology for tallying tenant association TOPA registrations.

While the District funds CBOs to conduct outreach and work with tenant associations who want to purchase, the volume of TOPA notices, particularly in small buildings, is beyond the capacity of the current funding for staffing. Organizers have tried to conduct proactive outreach by geographically targeting neighborhoods where buildings are being sold at high volumes and visiting buildings that have received notices to meet residents or at least leave fliers with information about the process. However, the large number of properties receiving notices and efforts of brokers and sellers to circumvent the TOPA process make keeping up with proactive resident engagement challenging for the stretched CBOs. Moreover, the CBOs providing technical assistance for TOPA are located in Ward 1 and Ward 4 due to the historic trends in redevelopment, while the demand for organizing and assistance is District-wide. CBO staff travel to all eight wards to assist tenant associations and have meetings at TOPA buildings most nights of the week. While CBO staff are able to reach residents wherever they live in the District, their assistance would be even more easily accessible if the existing CBOs received additional funding from the District to open satellite offices in more wards or new or existing CBOs located in other wards received support and the needed training and mentorship to begin offering these services.

Acquisition and Rehabilitation

Technical assistance providers are critical to keeping an LEC conversion project moving, making connections, and ultimately bringing the building through to closing on acquisition and rehabilitation funding. Organizing, purchasing, rehabilitating, and managing multi-family buildings requires significant time, patience, and knowledge that most people outside the affordable housing industry do not possess. One new member of an LEC noted that technical assistance providers are very hands on “to the point that I thought they were on the board.” At this LEC, the providers were working with board members to complete applications for funding, facilitate multi-lingual meetings, and manage conflict in the building and at meetings. Descriptions of this level of involvement from technical assistance providers was typical among the LEC members interviewed. Interviewees estimated that they received approximately three and a half years of technical assistance while getting their LEC on its feet. One technical assistance provider said that they, “will work with the boards of directors to figure out their rehab budget, to assemble the team needed to finance . . . Or help them just think through what they need to have in reserves, how much debt could they take on. All of that kind of thing. And when to troubleshoot.” Another provider explained that “We demand more of co-ops—they are the developers because of TOPA. They have to become minor experts in development.”

Technical assistance providers have the added challenge of helping board members manage expectations of the renovations in the midst of constrained finances. This issue was discussed by providers and board members alike. At a building near Logan Circle, residents were trying to create support for making critical repairs by doing public events on public health and safety in housing. Their goal was to highlight the poor conditions in their building in the wake of a building fire in Mount Pleasant that was tied to decades of poor maintenance and thousands of building code violations. They also used the events to build community within the building. The former board president credited “that collaboration of the non-profit community organizations that made us execute what we wanted to do. Because there was no way one person could do it. So [technical assistance provider] got a hold of the fire department and they showed up with their big fire truck and they checked . . . And we just knocked on doors and were like ‘hey, we don’t want to be like Mt. Pleasant’ and we issued a press release about it and said we don’t want to be like Mt. Pleasant and end up without a home and a burnt building.” In the end, the residents convinced the owner to sell to them, and they elected to become an LEC. The community organizing experience of the technical service providers and their knowledge of

how to work with the District government to achieve positive results were crucial to this community and many others.

A board president of an established LEC said that “in 2013, or maybe a little before that, there was some problems going on, financially. A lot of the units were in disrepair, and that's when [a technical assistance provider] came in with legal help to, as far as I know, get some grants and things, and get some money flowing into the property.” One provider explained that residents work hard through the purchase process and to get a loan for renovations, but “even though I feel like advisors try to do a careful job of upfront of saying, ‘You're probably not gonna get a kitchen renovation. You're probably not gonna get these things that really matter to you on a personal level.’ When it actually happens, I think it's a really big disappointment for people,” meaning development consultants and board members have to be transparent and work to manage expectation. This is partially due to the backlog of maintenance at the many of the buildings. Boards must prioritize long-term, large projects that are at times invisible. Yet residents see their units—the kitchen or bathroom, for example—daily and had higher expectations for the post-purchase renovations. Another provider explained that it is also a challenge to manage the anxiety “because so much is at stake,” or, more specifically, the risks and rewards are higher for vulnerable families. Technical assistance providers support buildings like this one to apply for funding, engage in conflict resolution, and connect residents with other types of support.

Technical assistance providers can help to sustain or support LECs that develop organizational, financial, or physical problems over time. All common interest communities share power and make decisions collectively, so communication and process are key points of tension. One former board member in Columbia Heights argued, “you can't assume you will all get along, you got to do education and training around cultural differences and cultural diversity and what that means and how you handle things [...] So that's one lesson, if you're gonna do affordable housing you've gotta train people on the cultural issues, how to get along.” Many LECs experienced conflict about culture, money, power, rehabilitation, and more. For some, this was just a normal part of living in community, while for others it became destabilizing. An attorney described consensus building as “a good way of managing communications. And an easy way of people talking and disagreeing and working through conflict [...] I, board president, I'm gonna go around and talk to every single person on their stoop over the course of the week, to get a feel for it. And if it's something that requires it, we'll have a more formal vote. I feel like those small informal things of that consensus building, can be really critical for building trust.”

Technical assistance providers also may assist with conflict resolution, succession planning, and enforcement of bylaws. Board members, technical assistance providers and District agency staff all argued for the importance of strong bylaws that are understood by the membership. Having those clear boundaries gave boards clear ways to act when things were challenging on everyday issues such as renting out the unit, something that came up in several interviews. At the same time, residents and service providers describe challenges to the type of clear leadership and inclusion where boards or individual board members make decisions without consulting the membership, do not follow bylaws, or change course after a decision has been made. This can be exacerbated by the death or stepping down of a long-term leader with insufficient training to support the new leadership or inexperience by the board. In most cases, this reflected a need for training in leadership, rather than malfeasance or an effort to displace residents.

Technical service providers see part of their role as capacity building to help LECs become self-sustaining, but they also believe that getting LECs to that point is labor-intensive. Over the years, technical assistance providers from various organizations have collaborated to conduct workshops and

annual meetings for LECs to learn, share, and network; however, most technical assistance provided throughout the year is one-on-one with board members. While attendees appreciate the opportunity to learn in a group setting, one provider explained that “In terms of delivery, clearly just doing workshops is not where we need to go. It is working intensively with the board. It's gotta be that, I say one-on-one, but with the board, with the executive team of the limited equity co-op. And the part of the delivery of service, the standards of delivery of service, has to be that you agree to a minimum level of touch with your co-op members. Or anybody who's in your stewardship realm.” Many technical assistance providers see this type of front-end capacity building as an opportunity for preventing the type of crisis-based engagement that often comes too late.

Self-Governance

CBOs offer ongoing technical assistance and training to existing LECs with issues such as promoting effective governance and recording-keeping practices, developing or reviewing strategic goals, performing regular financial reviews, overseeing property management, performing regular property needs assessments, and ensuring regulatory compliance.

In interviews with residents, one of the key elements that emerged was the challenge of creating and maintaining an LEC amid balancing work schedules and family requirements with the need to learn how to manage the physical needs of property and comply with the housing code in addition to learning landlord-tenant law and government regulations regarding income certification and tax filings with multiple agencies. These challenges are compounded by the communal nature of common interest communities like condominiums and cooperatives. While tenants may know some of their neighbors well and be relative strangers to others, they will have to work together in organizing to purchase a property.

A key aspect of maintaining resident engagement is the need to address language gaps. Properties may have more than three primary languages spoken: for example, English, Spanish, and Amharic. One resident-owner explained the process of a membership meeting in which

[the technical assistance provider] brought in a headphone translator but then it wasn't working with the broadcaster so then we just split to, okay, three sentences in English, paraphrase in Spanish. Someone asks a question in Spanish, ya know, paraphrase to English. You know, it doubles the time of the meeting, and I had to go back to work because I was having someone cover me so it forced me to leave before the meeting was fully adjourned but, ya know, I did see the need for it. There were people that are in the building that think we would really benefit from the services. I'm glad.

For multicultural LECs still in the window of acquisition and rehabilitation in which they have active relationships with CBOs, there is support for these services. After that window closes, LECs either must maintain relationships with the CBOs providing this assistance or address these issues from within.

Many residents and technical assistance providers talked about the lack of assistance for LECs after renovation. One provider stated, “I think currently it seems like there's sort of a cliff that co-ops fall off of after they've done the acquisition, and done the renovation, and then everyone leaves. It sort of feels like sometimes sorting back through the history of our co-ops, even the ones that have very active boards, who have been fine lining the financial agreements. That's that kind of where things started to slowly fall apart, is where they no longer knew who to call, right?” The challenge of not knowing whom to call is often where LECs and other common interest communities run into problems, particularly those who have changes in leadership and population. For new LECs, they went through the process of

creation, rehabilitation, and stabilization with a particular group of leaders and residents, but as they filled vacancies and residents turned over, the population changed.

The shift from rental to ownership is often addressed through technical assistance, but in more established LECs many new residents are not knowledgeable about cooperatives. At times, this lack of awareness contributes to conflicts with other residents, the board, and the management company. New residents may not understand that living in an LEC requires constant engagement and cooperative management or that they will not gain significant equity through their purchase. Many still approach living in an LEC as a rental housing situation, meaning they do not understand the power and responsibilities they have as a resident-owner. One member of an LEC that has been active since the early 2000s explained, “I think a lesson is to, you know, you got to really vet people before they come into a co-op. That’s really important because people don’t really have a lot of experience working together, we’re all taught to be individualistic and so you gotta work with that.” Other LECs have less formal mechanisms like one board president’s approach: “New people come in, I usually talk with them first, just to get an idea for they feel and why they want a condo over a co-op. I talk to them, like, ‘This is different. Are you willing to help out?’, and I’m happy when they say, ‘Yes.’” A DHCD staff member explained that “for an LEC, you kind of need everybody on board, so what I’ve found is that the mindset is often that I’m still renting because many of these deals were TOPA deals, right? So, the shift never happened that I’m the owner now, or I’m a part of the ownership entity. So, my level of engagement needs to change.” Often the information needed to educate and shift the mindset of both existing and new residents is difficult to find outside of technical assistance providers.

While CBOs provide valuable technical assistance and guidance through the LEC formation process, peer LECs also can be valuable sources of information and support. A Ward 4 LEC member who attended a District-wide training conducted by CBOs noted that,

There were some delegates from other cooperatives that would come to look at our cooperative. They would ask me, “so is it true that you get the money?” I replied, “We are closer to getting the money.” At the time we were sure of that. We had already been approved by the bank for the remodeling. We had already contracted an architect, so we were ready. We were just waiting to be told where to go because we even had the District’s approval for the construction so we are ready to start the construction.

This peer-to-peer discussion was critical, both for information about the process, but also to help new associations believe it was possible. The spaces created through District-wide events hosted or co-hosted by CBOs have allowed many LECs to share information, but the attendance is often spotty.

Managing Management Companies

Most LECs hire a management company to assist with running their property. The management company is a contractor that runs the day-to-day operations of the property but also provides technical assistance to the LEC and its board. However, most multifamily property management companies do not specialize in working with LECs. A perennial challenge for LECs is finding a management company that knows and complies with relevant District laws, works with the resident-members, follows their bylaws, and understands the community’s values.

As with condominiums, market-rate cooperatives, and multifamily rental properties, LECs and the technical assistance providers working with them report a broad range of experiences with management companies: from competence to a range of problematic behaviors, including poor communications, negligence, and illegal activity. Some technical assistance providers explained that, in some cases, the

management companies were located outside the District and did not know or follow District laws. In other cases, the property managers had limited capacity. Also, it was not uncommon for resident interviewees to describe blatantly nefarious behavior. Interviewees complained of lower-level negligence and price gouging and noted that while they can sometimes learn about problem management companies from technical assistance providers, “we all have access to this information but everyone’s working and busy, it’s a lot of working-class folks that don’t have time to really concern themselves with these things so they can charge what have you.” As with any common interest community, the board and members are rarely property management experts, so there is usually a varying degree of tension about the advice given and actions performed by management companies.

LECs and other common interest communities hire management companies because they are supposed to be experts in the management of multifamily properties with the capability to handle everything from building maintenance to contracting to billing and accounting. Problems with management companies can be exacerbated when resident-owners do not exercise adequate supervision. One technical assistance provider explained,

I do think property managers, when left in control, have a certain way of handling things that's kind of their own way of handling things, perhaps for all of their landlord clients. And that may or may not really match up with the values of the co-ops, and it also may not result in things getting done that need to get done. Which is, I think the bigger problem [...] I have property managers who've been very negligent, and then when finally, they're getting a sense of, 'Oh wait, now the board is watching me. We've missed all these deadlines and we've gotten in trouble for it.' Then they kind of clean their act up.

The nonexpert board and members of common interest communities often do not have years of experience overseeing management companies, and it may take years for them to gain that experience or to realize the shortcomings or malfeasance of a management company or to gain the confidence to overrule their advice or standard practices.

Technical assistance providers can help boards navigate the complexities of managing management companies. An example of where the goals of an LEC to build community may conflict with normal management company practices in rental or market rate ownership properties is the issue of nonpayment of carrying charges. While LECs may wish to have flexibility to decide how arrears are handled with the goal of having a more personal approach and maintaining community stability, many management companies have standard practices to take legal action to remedy the situation.

Even on general management issues, technical service providers can act as knowledgeable facilitators between boards and management companies. One attorney described her position as “a negotiating posture of really pushing with the property manager to say, ‘Okay, we know you guys are dead set against this particular policy, maybe legitimately this piece feels like it does fall outside of your contract, or creates a lot of addition worry. So, let's see if we can find a creative solution, maybe the board can manage that piece, maybe they have a small pot of money where they can hire an outside person to handle that small piece temporarily, or create a form that they can use.’” These types of interventions by technical service providers can reduce tensions between LECs and management companies and lead to better community outcomes.

LECs have created critical opportunities to support community power, collective ownership, household stability, and the preservation of affordable housing. This has been done through TOPA and the engagement of technical assistance providers, legal services providers, and funding from District agencies. As part of the diverse ecosystem that can meet the needs of families at stages of life and

income levels, the strengthening and expansion of opportunities for LECs in the District is an important investment. Moreover, as the District faces increasing pressure on the affordable housing stock—particularly in opportunities for stable tenure and ownership—maintaining the long-term stability of existing cooperatives and finding new opportunities through strong organizing and technical support will be a critical part of maintaining the District’s economic and cultural diversity.

Finding 3: Difficulties accessing acquisition and renovation financing options cause significant barriers to the creation of new LECs and the sustainability of existing LECs.

LECs have difficulty accessing many federal and local public financing options for affordable housing. For example, the Low income Housing Tax Credit (LIHTC), one of the primary mechanisms for rehabilitation funding for affordable housing, is not available to LECs, because it cannot fund homeownership, regardless of the household incomes served.

More broadly, affordable housing preservation projects—particularly those involving small buildings, which includes most LECs—are at a competitive disadvantage due to the relatively high acquisition and redevelopment costs per unit, significant rehabilitation needs due to deferred maintenance, and the need to address the existing resident base, rather than having an empty building that needs to be filled.

LECs have an additional layer of difficulty in that the developer, which is the resident board, has no proven track record and is reliant on consultants to help manage the development of their buildings. Comparatively, a TOPA project in a similar building in which the tenant association chooses to remain a rental property, has the advantage that their development partner, who will own the property, likely has an existing portfolio and relationships with government agencies and lenders. For the purposes of funding LEC applications, the board is the developer, and their lack of experience counts against them in competing for public and private acquisition and redevelopment financing. Further, because LECs are not nonprofit organizations, they do not qualify for public programs that benefit nonprofit developers. As importantly, within those constraints, LECs vary widely as discussed in Part One, based on resident incomes, location, size, renovation needs, and existing vacancies. As a result, financing for LECs must allow for flexibility and creativity.

Competing in the Consolidated Request for Proposals Process

All affordable housing projects seeking funding from the District must apply through DHCD’s semiannual RFP. These projects must meet particular threshold requirements, including site control, financial documentation, development team, appraisal, and green building compliance in order to be scored for funding. DHCD scores and ranks the applications, which, in a large pool, can be a challenge for LECs. As a District agency staff member summed it up, “our last round we had twenty-eight other applications with projects that can access tax credit equity, can have a developer that has a very strong balance sheet, and has a strong track record.” While new LECs are assisted by development consultants, technical assistance providers, and their attorneys, the residents’ lack of development experience poses problems in a RFP where 30 percent of the underwriting criteria put LECs at a critical disadvantage.

Compounding this disadvantage are a significant number of (twenty-five) additional points for leverage and cost per square foot criteria, meaning that large projects with multiple sources of funds and low per-unit costs score better. TOPA projects with a small number of units, whether the tenant association

wishes to become an LEC or to remain rental are at a disadvantage in these scoring criteria because rehabilitation costs are spread across fewer units. LECs average 44 units (with half fewer than 25 units).

Further, many TOPA projects in small buildings that apply suffer from decades of deferred maintenance, which increases costs and can result in hard choices about the scope of rehabilitation. One former board president explained that when a developer tried to sell them on signing on to a condo regime, “we met with them but we had a list of demands we had printed on a huge piece of paper . . . and they said ‘oh yeah, we know, granite countertops and stainless-steel appliances.’ My response was ‘how can we talk about those things, they sound great, but we’re dealing with babies being bitten by bed bugs and mold and asthma and not working heaters, I can’t visualize that until they fix this.’” The high costs of fixing such deferred maintenance issues and the number of units in small TOPA projects put them at a disadvantage in the RFP and can result in them going through multiple RFP rounds without funding. Waiting for permanent and rehabilitation financing through multiple RFP rounds prolongs living with poor housing conditions and makes the projects more in danger of financial failure if they do not receive such funding.

Buildings that have not been renovated in decades—with malfunctioning or non-existent security systems, leaking roofs, broken boilers, and inaccessible public spaces—are common problems for small TOPA projects, including new LECs. Technical assistance providers working with the residents to develop properties with such significant deferred maintenance issues explained that LECs often inherit far-reaching problems caused by the poor management or neglect of the previous owner. One lender noted: “It’s more than likely that the owner has drawn out the cash and did not put enough back into it to maintain property reserves. And so, when the property comes up for sale, we’ve seen this on the three recent ones that I’ve been involved with, there’s just nothing there.” While deferred maintenance issues pose development problems for many small rental properties that go through the TOPA process, they are particularly difficult to deal with for tenant associations hoping to get federal or local subsidies and to place long-term affordability covenants on their properties. Tenant associations in properties with few units that have continued rental or LEC affordable housing aspirations both face similar difficulties in their search for acquisition, critical repairs, rehabilitation, and permanent financing; however, LECs are at a greater disadvantage because they do not have a track record as a developer, do not have established relationships with funders, and cannot use some types of subsidies, such as LIHTC.

As a result of the inherited deferred maintenance issues, high acquisition costs in the District’s expensive real estate market, and the commitment to keep housing costs low, most LECs depend on low-interest or no-interest funding from DHCD to successfully create and sustain their property. Because DHCD serves as a gap funder—meaning that DHCD’s goal is to support the gap between what the affordable housing development can afford from the private market and what the building needs to operate and support reserves—both public and private sources are critical to the success of LECs. However, practitioners all reported challenges in finding private lenders to participate with LECs. For some lenders the building was too risky, while others did not understand the structure, which does not fit easily within a traditional corporate lending paradigm.

While the AHPF is helpful for LECs that can take on more expensive debt or find permanent financing on the open market, this is not the case for LECs with high rehabilitation costs, very-low-income tenants seeking to maintain affordability, or other forms of risk. Since the late 1970s, new LECs have historically accessed funding through the FRPP, which offered rolling applications for acquisition funding and built in the assumption of rehabilitation funding. However, over the past decade there have been many changes to DHCD’s approach to funding LECs. In 2008, during the Great Recession, funding for the HPTF fell to

\$12 million annually, yet buildings still needed acquisition and rehabilitation funding. Advocates from CNHED and technical assistance providers requested standards for the FRPP to increase the transparency of decision making. DHCD developed new standards to separate acquisition funding from major rehabilitation; however, these standards could be improved to better help finance low-income LECs.

One board member in Northeast DC summarized their experiences during the decade between their purchase and finally getting a loan for rehabilitation and how they were able to keep their building stable:

So, we didn't get approved for the partial loan until fall of 2017 and we are now finally going under renovation, but we had to take a building out of renovation that needed the renovation and keep it maintained and keep the units filled and keep it habitable and somehow keep it up to code when it was out of renovation for 10 years. We were able to do it. One, we did get a small grant for lead paint, which helped us to get new windows, but the rest was up to us. So, we were able to do that because we managed ourselves financially well enough to be able to do that for 10 years and that's because self-governance works, and that's the significance of Limited Equity Coops.

In the case of this LEC, community decision making facilitated the difficult tradeoffs that they needed to operate the building for a decade without rehabilitation funding.

As the HPTF rebounded, reaching a stable \$100 million annually in fiscal years 2015-2019 and increasing to \$116 million in fiscal year 2020, opportunities to purchase buildings have increased; however, acquisition and construction costs and the need to rehabilitate the District's aging housing stock have also increased. Also, the significant increase in HPTF appropriations and the District government's greater commitment to creating and preserving affordable housing have led more developers to apply to the RFP, increasing competition among projects. While there are more resources for affordable housing development, LECs struggle to conform to the RFP's increasingly competitive scoring criteria.

DHCD loans also are a linchpin for other funding sources. Because DHCD funding takes a second position if the building defaults, private banks are more likely to lend. DHCD typically plays the role of a "gap funder," meaning they fill gaps between what private lending or grants can provide and what the building needs to be completed. However, the size of this gap and the ability of LECs to afford that gap are often the subject of debate between development consultants and DHCD.

The difficulty that many new LECs have in conforming with existing tools and financing structures have critical implications. The increasing uncertainty about access to the FRPP, the inability of some projects to succeed with AHPF terms, and the possible need to apply to several rounds of the RFP can make residents question whether creating an LEC is a viable option and whether they will get permanent financing and rehabilitation funding to stabilize their cooperative. Given the fact that many residents are skeptical of the process to begin with, the delays and repeated failed attempts at funding can serve to confirm those doubts. These funding process concerns were discussed by all the practitioners and many of the residents. An attorney who provides pro bono legal services to coops explained, "I think a key marker in my tiny sample for success, or really going downhill is whether or not co-ops initially get some sort of renovation funding. I've seen co-ops that get the acquisition loan, and then zero renovation funding and are still operating on like 1920s plumbing, and electrical. The spirit and energy to do anything evaporates very quickly in those buildings." Other technical assistance providers and DHCD staff explained that this can lead to vacancies that reduce the operating funds available to the building. It also can lead to fractures in board and resident unity, threatening the long-term viability of the LEC.

Finding 4: Lack of consistency and transparency in funding application processes, regulatory timelines, and government priorities create hurdles to community cohesion during LEC conversion.

Problems caused by lack of transparency and consistency were themes throughout interviews with practitioners and residents about LEC conversions. In decision making by DHCD, boards, or technical service providers, inclusive communication practices were a critical piece of the challenges faced during LEC conversions.

DHCD and the TOPA Process

Perhaps the most consistent complaints about communication between District agencies, LECs, and their technical assistance providers concerned the system of funding LECs and the timelines for that funding once it was committed. Technical assistance providers felt that they never had enough information to help residents make decisions about whether LECs could eventually receive funding for acquisition and, more importantly, repairs. The lack of transparency and changes in policy gave residents and technical assistance providers the impression that the District was not committed to LECs. Conversely, DHCD staff saw the changes in their policies as critical to being good stewards of District resources. The narrowing of FRPP criteria and limitation to \$10 million over the past several years and, most recently, the creation of the AHPF in fiscal year 2018 with near-market lending criteria, caused confusion and frustration for LEC stakeholders from organizers to residents to lenders.

Further, tenant associations, technical service providers, and government staff sometimes end up with very different perceptions about the quality of communications and level of transparency provided about the tenant decision-making process and the government's evaluation process for funding applications. Tenants have 120 days to notify the owner of their intent to purchase. For organized associations, this process is a challenge in terms of scheduling meetings, ensuring all residents can attend and receive consistent information and ultimately make a decision. This challenge is compounded in buildings where the residents have not yet organized an association, meaning that the timeline must also include having additional meetings to organize, register their association, and then make decisions about how and if they will exercise their TOPA rights.

While the 120 days that a tenant association has to decide about exercising its TOPA rights are a whirlwind of activity that includes significant education from technical assistance providers, choosing legal representation, interviewing potential development partners or consultants, and choosing a development model, the association only has to provide the 5 percent deposit to the owner to comply with the contract and gain an additional 120 days to close. Before the end of that additional 120 days, the tenant association can get an additional 120-day extension with a funding commitment letter from a lender. Effectively, the tenant association has 360 days to close after registering for their TOPA rights. Technical service providers have engaged with DHCD for several years about the agency making acquisition and critical repairs funding choices within the TOPA timeline and have made multiple proposals to improve the agency's decision-making processes to better fit the TOPA timeline.

Finding 5: Challenges and opportunities for LECs are distributed unevenly across submarkets in the District; therefore, context and flexibility are necessary in assessing the processes and tools needed in individual communities.

The District has a range of housing submarkets that impact demand and the monthly charges that can be underwritten. In competitive submarkets, LECs can more effectively enforce bylaws, vet new residents, evict non-paying residents, and minimize the number of units that are rented because there is high demand for affordable ownership units. These buildings are more likely to have a fully engaged owner base and are unlikely to be financially precarious due to vacancy or non-payment. However, the high demand also means the LEC is attractive to residents who, while interested in an affordable unit, have options beyond the cooperative and may hope for financial gain from their purchases.

Conversely, in low-cost submarkets, the comparatively low demand for housing means that LECs risk losing residents if they enforce house rules, cannot fill vacancies with resident-owners, and thus are more likely to have vacancies that reduce available cash flow and fewer residents eligible for board membership. These buildings, often located in neighborhoods with other options for housing, have to offer a competitive advantage to attract new residents. This may mean high-quality renovations, community amenities, affordability, or existing community networks. At the same time, these buildings offer opportunities to build stability in a District where becoming a high-cost market is a matter of time.

Significant investment in these neighborhoods can yield high returns in the long run, as they have in formerly low-rent markets such as Columbia Heights, Shaw, and Logan Circle. As the analysis in Part One shows, the buildings in Wards 1, 6, and 2 represent a significant historic investment in the long-term affordable housing infrastructure for low- and moderate-income District residents. Many of these buildings transitioned at or before the gentrification of these neighborhoods, meaning that they faced many of the same financial and organizational challenges as those emerging in more challenging parts of the District.

Increasingly, there have been efforts to increase the mix of incomes to improve financial stability of the cooperative. However, this has come at a price. In several buildings, conflicts have arisen about renewing subsidies critical for the lowest income residents, new residents renting out their units (in some cases in violation of the bylaws), and a lack of communication. One former board member explained that a few new board members have been creating a division between new and long-term residents:

Cause the neighborhood's all good right? And so, sadly we're dealing with that right now and struggling with that. Because we have ten vacancies and we've been filling some of them but the new people coming in don't know the history of the building, don't respect the diversity and how we worked together in spite of everything. The worse things got . . . and now it's like we don't have a common foe to fight, because we own the building, but there's these divisions that are emerging. And I'm really struggling with that. And I want new people to move into the building who are socially progressive and who can contribute to healing that instead of making it wider.

These conflicts—particularly in expensive submarkets of the District—have led to instability in the cooperative, complaints to Council members and District agencies, and in some cases, loss from the subsidized stock.

Finding 6: There are few proactive tools for the creation of new LECs in the District.

As discussed in Part One, LECs have been created from many types of buildings. However, there have been few ways outside of TOPA to create new LECs. A review of the current LECs finds that of those

created after 1980, fewer than five were created outside of the TOPA process. Those that were came through District-owned property dispositions.

The lack of proactive tools for the creation of new cooperatives means that LEC creation is primarily reactive. More importantly, it leaves the creation of this critical source of low- and moderate-income homeownership and stability to chance: the lack of predictability of which buildings come up for sale in a given year, the interest and ability of the tenants living in these properties to form an LEC, and the District's historically variable processes to fund LEC creation. The reactive nature of the process of LEC formation exacerbates the challenges outlined through this section: the need to help residents organize and understand their options before making decisions; the need to address maintenance deferred by previous owners; and the need to find funding through multiple stages of the process. These factors make setting goals for the creation of a certain number of LECs over multiple years extremely difficult.

Part Three: Practices in Other Jurisdictions

While cooperatives represent a significant opportunity for residents, communities, and the District, there are significant challenges outlined in the previous sections.

- The structure of LECs currently relies on intensive technical assistance for the creation and the development of sustainable governance;
- Creating and sustaining LECs requires flexible and predictable financial tools to address the significant rehabilitation needs of their buildings; and
- There are currently few tools for the creation of new LECs.

Part Three explores practices that have been used outside the District to explore the potential for policy and practice changes for LECs in the District. Specifically, we first explore trainings and other resources for technical assistance offered by national and local member organizations. Second, we investigate the ways that other funding sources improve access for finance to less competitive sectors of affordable housing development, including the use of property tax relief, funding pools, community land trusts, and shared ownership structures

Training and information for LEC stakeholders

There has long been a consensus that training is key to the success of LECs for multiple reasons. First, LECs are an uncommon form of homeownership that few not currently engaged in them know about. Second, as with all common interest communities, LECs are self-governed by resident-owners with little experience in administering multifamily housing, the finances of affordable housing, or conflict resolution. Third, LECs exist within a larger structure of market capitalism that can impact the needs of, pressures on, and complications with their communities.

National

The National Association of Housing Cooperatives (NAHC)

A nonprofit member association, the National Association of Housing Cooperatives offers one-day training seminars to LECs and market-rate cooperatives for \$1,500 for up to ten participants. NAHC seminars for board members cover goals of cooperatives, legal documents, financial planning, and board responsibilities. This training is conducted either at the cooperative or in a location coordinated by that cooperative.

NAHC also offers a two-day certification for management companies.⁵² The training includes a history of cooperatives and the principles underlying the structure; the business of cooperatives, focusing on the unique structure of governance; and ethical practice for management companies.

⁵² National Association of Housing Cooperatives, “RCM Certification,” <https://coophousing.org/education/rcm/>, NAHC, 2020, February 6, 2020.

Finally, though broader due to the organization's national focus, NAHC houses a resource library⁵³ for sample documents, frequently asked questions, specific topics such as how to increase participation, and an online directory⁵⁴ of local resources.

New York City

New York City has had a large number of cooperatives—both market-rate and limited equity—across the city for decades. To facilitate both types of cooperatives, New York, like the District, has put resources into training and technical assistance. However, the depth of training, availability of public information, and the regulatory requirements for cooperatives are far more expansive. For LECs with residents earning less than 120 percent of the AMI, New York City caps the amount of property taxes per unit in exchange for participation in regulatory agreements. These regulatory agreements require both board and resident training provided through a CBO. In addition, the buildings must meet financial reporting requirements. These regulatory agreements also are in place for buildings that have transitioned since 2003 between the cooperatives and their lenders. Approximately 200 LECs have regulatory agreements in New York.

Urban Homesteading Assistance Board (UHAB)

Part of the support for LECs is the Urban Homesteading Assistance Board (UHAB).⁵⁵ UHAB is an independent, member-based nonprofit offering special support services and resources essential to strengthening LECs. One of their primary services is *UHAB University*, a 9-week course that teaches the ins and outs of cooperative management and meets the requirements of New York City's regulatory agreements for property tax caps. The trainings are conducted in Spanish and English and cover topics including pest management, contracts, and elections. UHAB also offers a resource library on their website that includes guides on governance, financial management, maintenance, and legal concerns. Additionally, the site offers sample documents for LECs.⁵⁶ UHAB also offers ongoing, one-on-one technical assistance and monitoring for any LECs or market-rate cooperatives that run into challenges or new issues.

Neighborhood Housing Services of NYC

While UHAB had a contract with the city to provide free services for residents, and still continues to provide some free services, the contract has shifted to Neighborhood Housing Services of NYC, which specifically supports LECs in the city.⁵⁷ Neighborhood Housing Services provides technical advisory services for residents of LECs focused on topics such as financial reporting, election preparation and monitoring, and program compliance. They also hold information and skills building sessions.

⁵³ National Association of Housing Cooperatives, "Resources," <https://coophousing.org/resources/>, NAHC, 2020, Accessed February 6, 2020.

⁵⁴ National Association of Housing Cooperatives, "Professional Directory," <https://coophousing.org/resources/professional-directory/>, NAHC, 2020, Accessed February 6, 2020.

⁵⁵ Urban Homesteading Assistance Board, "Home," <https://www.uhab.org/>, UHAB, 2019, Accessed February 6, 2020.

⁵⁶ Urban Homesteading Assistance Board, "Resource Library" <https://www.uhab.org/co-op-members/resource-library>, UHAB, 2019, Accessed February 6, 2020.

⁵⁷ Neighborhood Housing Services of New York City, "Homeownership Education," <https://nhsnyc.org/homeownership-education/>, NHSNYC, 2019, Accessed February 6, 2020.

New York Council for Housing Development Fund Companies

In addition to training, groups such as the New York Council for Housing Development Fund Companies offer a help line, legal services, free conference calls for residents of LEC buildings with regulatory agreement to discuss common concerns, and other forms of community engagement for constant feedback. The Council also offers referrals to appropriate government official and agencies, nonprofit service providers, mission-driven businesses, and attorneys who specialize in LEC law. Finally the Council maintains a database of LEC units that includes financial, physical, demographic, and historical information.⁵⁸

New York Housing and Preservation Department

The New York Housing and Preservation Department has a website for all cooperatives with links to relevant organizations. While it does not have information about how to become a cooperative, the organizations which they list provide clear information on this and other topics, including available financing and subsidy programs.⁵⁹

Financial Tools and Policies

LECs in the District face financial challenges starting from acquisition and continuing through renovation and long-term sustainability. LECs operate on thin margins, like all affordable housing, but are also critical assets for affordable homeownership, housing stability, and neighborhood accessibility. At the same time, they struggle to compete against well-resourced developers in the traditional request for proposals process. In the District, there are also few tools with which to create new cooperatives outside the TOPA Process. This section looks at tax abatements, funding pools, community land trusts, and new construction as mechanisms to address the challenges.

Property Tax Abatement/Caps

One of the ways that jurisdictions can make LECs more sustainable is to abate or cap their property taxes. This is particularly relevant in high-cost and gentrifying cities where rapidly rising property values and their concomitant increasing property taxes can place a significant strain on LEC finances. In the District, LECs are eligible for a five-year property tax abatement. After that ends, the cost to the LEC can average out to between \$350 and \$1,000 per unit, depending on the building's amenities, location, and condition. Further, as homeowners, LEC members are also eligible for the homestead tax deduction. However, technical assistance providers argue the homestead deduction is not well-understood by management companies and residents; therefore, it may not be fully utilized.⁶⁰

In New York, as discussed above, the city caps the maximum property taxes for buildings with regulatory agreements. A regulatory agreement is one between the building and the lender or city that stipulates affordability, training requirements, and other long-term compliance elements to ensure the

⁵⁸ New York Housing Development Fund Companies, "About," <http://www.nychdfc.org/#about>, NYHDFC, Accessed February 6, 2020.

⁵⁹ New York Housing Preservation and Development, "HDFC Cooperatives," <https://www1.nyc.gov/site/hpd/services-and-information/hdfc.page>, NY HPD, 2020, Accessed February 6, 2020.

⁶⁰ These data come from a review of financial documents of 15 LECs and interviews with technical assistance providers.

cooperative's sustainability and affordability to support a public purpose. The New York City Housing and Preservation Department is authorized to remove the benefit if the agency determines that the requirements have been violated. Currently, New York caps the maximum amount of the assessed value to \$9,000 per unit, meaning that most cooperatives have not had to pay property taxes. However, there is a new proposal to exempt property taxes entirely for LECs, a deeper cut, ahead of the 2020 sunset of the original provision.

Funding Pools and application scoring

Historically, nonprofit developers—particularly those newer to the field—have struggled to compete with for-profit developers for funding from public agencies, similar to the challenges faced by the District's new LECs. To address the challenge of competition with highly professionalized and well-resourced developers, some state housing finance agencies have developed funding pools using LIHTC to encourage nonprofits developers, facilitate regional diversity, and support other policy decisions (permanent supportive housing, veterans' housing, etc.). In funding pool scenarios, all projects are scored, with the top projects receiving funding through the general pool, similar to the District's Consolidated RFP process. However, the projects that are not in the highest scoring group are put into pools—typically nonprofit or regional—to be scored against projects that are alike or in similar markets. The sizes of the pools are determined by the administering agency—but typically use a set of percentages to ensure a slate of projects that represent the needs of the state. This is common in most states, including Virginia⁶¹ and Maryland.⁶² This is typically part of a larger transparent effort to use locally-controlled funding sources to address particular policy or practice goals within the larger guidelines of the program, including affordable housing preservation like Louisiana⁶³ and permanent supportive housing like Maryland.⁶⁴

Community Land Trusts

Increasingly a way to prevent displacement, facilitate community control of land, and preserve affordable housing, Community Land Trusts (CLTs) reduce the cost of housing by separating the cost of land—variable based on changing demand for the surrounding community—from the cost of the improvements on the land. A CLT is a nonprofit organization that seeks to develop and maintain permanently affordable rental, commercial, and homeownership opportunities for low- and moderate-income households in their communities. In a CLT, the cost of land—which represents the largest variation in value—is separated from the improvements or building. The land trust then owns the land to keep it affordable, while the building is owned by another entity. Typically, in exchange for permanent affordability, a CLT can support the financial needs of a property while retaining a larger governance structure for technical assistance and community control.

There are several common rationales for CLTs:

⁶¹ Virginia Housing Development Authority, *The Plan for the Virginia Housing Development Authority for the Allocation of Low-Income Housing Tax Credits* (Virginia: Virginia Housing Development Authority, 2019).

⁶² Maryland Department of Housing and Community Development, *Maryland Qualified Allocation Plan For the Allocation of Federal Low Income Housing Tax Credits* (Maryland: Department of Housing and Community Development, 2019).

⁶³ Louisiana Housing Corporation. *Qualified Allocation Plan* (Louisiana: Louisiana Housing Corporation, 2019).

⁶⁴ Maryland Department of Housing and Community Development, *Maryland Qualified Allocation Plan For the Allocation of Federal Low Income Housing Tax Credits* (Maryland: Department of Housing and Community Development, 2019).

- Preventing displacement;
- Creating sustainable, long-term affordability;
- Using technical assistance and ongoing support to improve the stewardship of public resources;
- Assembling land for diversity of equitable development, including housing, community-serving retail and public spaces
- Enabling access to homeownership for low and moderate-income households by mitigating the risk through technical assistance, early engagement, and so on.⁶⁵

There are more than 225 CLTs across the country, including the Douglass Community Land Trust in the District.⁶⁶ The Douglass CLT is being incubated by City First Homes in partnership with the 11th Street Bridge Park Initiative, whose Equitable Development Plan called for the creation of a CLT to help reduce displacement and promote equitable development particularly in neighborhoods east of the Anacostia River.⁶⁷ The Douglass CLT announced its first property in April 2019: a 65-unit complex in Ward 8 that was saved from conversion to market rate by residents exercising their TOPA rights. The tenants selected the National Housing Trust (NHT) as the new owner and the project was awarded \$1.3 million from the Douglass CLT and another \$8.2 million from DHCD.⁶⁸

In addition to its support of the Douglass CLT, City First Homes has been working with LECs on ways to improve community stability through financial investments and technical assistance. One example is 1415 Girard Street Cooperative. In exchange for funding to buy down the affordability on this cooperative, the building has a permanent affordability covenant on the property located in Columbia Heights. The board also receives ongoing technical assistance to support the sustainability of the building.

Shared ownership in new construction/rehabilitation

In New York City and England, shared ownership models have been used in the redevelopment of housing or government-owned land and in inclusionary zoning models as a method of mixing tenures, providing access to homeownership, and addressing long-term affordable housing needs. In England, for example, redevelopment of council housing (similar to public housing) resulted in a mix of public housing units, limited or shared equity cooperative units, and market-rate homeownership and rental units.⁶⁹ Offering opportunities for ownership in the redeveloped property acknowledges the commitment of long-term residents to their communities and facilitates community control of former public housing resources in which many residents are deeply invested due to long tenure.

⁶⁵ Grounded Solutions Network, "Community Land Trust Technical Manual," https://groundedsolutions.org/sites/default/files/2018-10/Community%20Land%20Trust%20Technical%20Manual_0.pdf#page=7, Grounded Solutions Network, 2018, Accessed December 18, 2019.

⁶⁶ Grounded Solutions Network, "Community Land Trusts," <https://groundedsolutions.org/strengthening-neighborhoods/community-land-trusts>, Grounded Solutions Network, 2019, Accessed December 21, 2019.

⁶⁷ Douglass Community Land Trust, "Home," <http://douglassclt.org/>, Douglass Community Land Trust, 2019, Accessed February 6, 2020.

⁶⁸ Morer, Meena. "The Douglass Community Land Trust is making its first investment to support community control among new housing development in Ward 8." Streetsense (Washington, DC). June 26, 2019. <https://www.streetsensemedia.org/article/permanent-affordability-housing/#.XjRCjS2ZPfY>. Steve Dubb, "Community Land Trust in Nation's Capital to Purchase 65-Unit Property," *Nonprofit Quarterly*, October 8, 2019. <https://nonprofitquarterly.org/community-land-trust-in-nations-capital-to-purchase-65-unit-property/>.

⁶⁹ John Boughton, *Municipal Dreams: The Rise and Fall of Council Housing* (London: Verso, 2019).

In New York City, inclusionary zoning units provided off-site (but within a half mile of the development, per New York law) have been coordinated into affordable cooperatives following requirements for the regulatory agreements discussed above.⁷⁰ Critically, the use of new construction in these systems alleviates the challenge of trying to recover from decades of deferred maintenance, allows for a coordinated ramp-up of membership, and coordinated support through city agencies, nonprofits, and lenders. Further, it creates a proactive opportunity for the creation and stabilization of LECs.

New York City has also used the on-site ownership housing created through inclusionary zoning to create cooperatives within market-rate condominium systems.⁷¹ Responding to the lack of vacant properties that can be used to proactively create new cooperatives, the City and UHAB worked creatively. This practice can address the power imbalances and communication breakdowns that can occur in mixed-income communities.⁷² By creating shared governance in the context of permanent affordability as required in inclusionary zoning, residents can remain visible and have a voice in the direction of their community. Further, it can allow an opening through the required application process to engage residents about the principles of shared ownership. Currently, there are cooperative units in 12 buildings across the city.

District-owned property was used to create Ella Jo Baker Intentional Community Cooperative. Planning started for the cooperative in 1999, and the collection of row houses and small multi-unit buildings were occupied as an LEC in 2003. As a planned new cooperative, the building allowed for the creation of principles and connection to larger national organizations that have allowed them to focus and rely on shared principles, bylaws, and established practice through conflict and change over more than 15 years. While Ella Jo Baker is one of only a small handful of LECs created without TOPA in the District, the use of city-owned property to proactively create LECs may offer a helpful model for the District to create low-barrier affordable homeownership.

⁷⁰ Emily Thaden and Wang Ruoniu. "Inclusionary Housing in the United States: Prevalence, Impact, and Practices" (Washington, DC: Lincoln Land Institute, September 2017).

https://www.lincolnlnd.edu/sites/default/files/pubfiles/thaden_wp17et1_0.pdf. Benjamin Schneider, "CityLab University: Shared-Equity Homeownership." *CityLab* (blog), April 29, 2019.

<https://www.citylab.com/equity/2019/04/home-ownership-ideas-housing-co-ops-shared-equity-land-trust/585658/>.

⁷¹ Andy Reicher and Alex Roesch, "Intro to Limited-Equity Housing Cooperatives," Presentation at Bay Area People's Land and Housing Convening, Oakland, CA, November 28-29, 2018. Urban Homesteading Assistance Board, "Newly Constructed Apartments for Sale," https://www.uhab.org/sites/default/files/apts/jupiter21_co-ops_ad.pdf, ND. Accessed January 31, 2020.

⁷² Kathryn Howell, "Stability, Advocacy and Voice: Opportunities and Challenges in Resident-led Preservation of Affordable Housing," *Housing Studies* 34, no. 8 (2019): 1330-1348.

Part Four: Recommendations

The following recommendations are based on the research done, data gathered, and interviews and focus groups conducted by the authors on LECs in the District of Columbia. We combined these findings with our research into practices in other jurisdictions to recommend goals and specific strategies to expand the valuable role that LECs have played in the District's continuum of housing over the past forty years.

While it is clear that there are challenges to any type of common interest community—including Homeowners Associations, Cooperatives, and Condominiums—these types of communities serve a broad range of needs.

The District government should take an affirmative policy position to create more LECs, not because they are the most cost-efficient means to create affordable housing for low-income residents, but because they fill the need for stable, affordable, low-barrier homeownership, particularly in Black and Latinx communities. The formation of LECs should play an important role in Mayor Bowser's plan to create 12,000 units affordable to households at 0-80 percent of AMI by 2025. In this vein, these recommendations address the need for reliable sources of funding and strong pre- and post-purchase technical assistance for resident-owners, management companies, and technical assistance providers successfully to create and maintain LECs in the District.

Goal 1: Support the acquisition, rehabilitation, and long-term viability of buildings that represent a broad range of incomes and experiences.

Objective 1: *The Mayor should explicitly include the creation of new LECs in her goal of creating 12,000 additional affordable housing units by 2025.*

Objective 2: *Support the collaborative use of CLTs to pool resources for training, asset management, property management, collective purchasing, and knowledge creation and dissemination.*

Strategy 1: In coordination with LECs and existing land trusts in the District, develop guidelines for community control at the building and portfolio scales.

Strategy 2: Develop guidelines for structures that will retain resident power while supporting them in their goals for long-term sustainability.

Strategy 3: Evaluate the need to modify NBAP grants at DHCD to incorporate CLT technical assistance.

Objective 3: *Develop transparent guidelines that describe the range of projects that may best fit existing District resources.*

Strategy 1: Use the First Right Purchase Program (FRPP) to support the development of TOPA projects, including LECs, that serve households at less than 50 percent of Area Median Income (AMI), need substantial gap financing due to high acquisition costs, have low NOI, and significant deferred maintenance.

Strategy 2: Develop an assessment tool for LECs at the acquisition stage, regardless of the acquisition funding source, to guarantee a path to permanent rehabilitation financing through DHCD within three years. This assessment tool may include member engagement and board training, ability to access private financing due to risk or net operating income, and rehabilitation needs.

Strategy 3: Collaboratively develop training modules for LEC boards who wish to qualify for financing (see goal 3 for greater detail).

Strategy 4: Align AHPF criteria with the criteria of the Consolidated Request for Proposals (RFP) to increase the likelihood that projects that receive AHPF funding will receive rehabilitation and permanent financing through the RFP.

Objective 4: *Facilitate fair competition in the RFP for LECs.*

Strategy 1: Develop funding pools for LECs similar to those used in states such as Virginia in the LIHTC process. The LEC pool would mean that LECs compete with similarly situated projects, rather than large-scale projects with greater economies of scale and experience.

Strategy 2: Evaluate threshold and scoring criteria to ensure the District can meet the goal of expanding and sustaining LECs.

Strategy 3: Mandate that a minimum of 40 percent of the RFP's funds should be allocated to preservation projects and that preservation and new production projects should be segregated into separate evaluation pools with separate scoring criteria to reflect the different dynamics at play in each.

Objective 5: *Improve the predictability of long-term costs to LECs regardless of the changes to the neighborhood.*

Strategy 1: Eliminate the five-year sunset of property tax abatements for LECs with affordability covenants at 80 percent of AMI or below in which 75 percent of the board meets annual training requirements through DHCD or its nonprofit designee (D.C. Code § 47-3503(c)(4)).

Goal 2: Fully use multi-sector and multi-agency tools to create new LECs.

Objective 1: *Prioritize the use of District-owned property for the creation of LECs.*

Strategy 1: DHCD's Property Acquisition and Disposition Division (PADD) and the Deputy Mayor's Office for Planning and Economic Development (DMPED) should develop a toolbox for the creation of LECs on District-owned land with four or more units, including groups of single-family and multifamily properties or lots with space to construct four or more units.

- Prioritize homeownership proposals that maximize affordability for households earning less than 80 percent of AMI through an LEC structure.
- Use the existing IZ lottery list to ensure potential residents are trained and educated about LECs.

Objective 2: *Explore the use of IZ for the creation of new LECs.*

Strategy 1: DHCD and OP should develop a policy requiring the creation of affordable LECs within new condominium developments created with IZ units to support the sustainability of tenure for low- and moderate-income households within the building.

Strategy 2: DHCD, resident-owners, and practitioner stakeholders should collaboratively develop training modules to include as part of the process for IZ units targeted at potential owners, developers, and management companies to better understand the roles, responsibilities, and rights of LEC members.

Objective 3: *Explore the creation of LECs within existing public housing redevelopments that give existing residents the first right to join the cooperative.*

Strategy 1: In all projects involving the redevelopment of public housing, DMPED and DCHA should explore the creation of ownership units as LECs among the mix of affordability and subsidy options considered and provide current residents of the property being redeveloped the first right to join the LEC.

Goal 3: Facilitate ongoing knowledge creation and dissemination among boards, technical assistance providers, organizers, District agency staff, and other stakeholders to enable LEC members to benefit from the community stability and cohesiveness to which they aspire.

Objective 1: *Support robust, relevant, and accessible training for board members and new member-owners, management companies, and practitioners, including organizers and ongoing technical assistance providers.*

Strategy 1: DHCD, resident-owners, and practitioner stakeholders should collaboratively develop training modules focused on the rights and responsibilities of LEC ownership and the principles of LECs.

Strategy 2: DHCD, resident-owners, and practitioner stakeholders should collaboratively develop training modules focused on LEC boards, including how to:

- Promote effective governance practices, including adherence to bylaws, regular recordkeeping of meeting minutes and membership and occupancy records, holding elections, and effective membership communications.
- Develop strategic goals through long-term planning for legal organization and the property, such as a carrying charge increase schedule, implementation of energy conservation, and scheduling replacement of major systems or rehabilitation of the property.
- Perform regular financial reviews to ensure that LECs have monitored and/or voted on an annual budget, carrying charge levels, actions on delinquencies, replacement reserves, loan payments, and District Homestead exemptions.
- Assist boards in overseeing and regularly evaluating property management performance.
- Perform regular assessments of building conditions and adequacy of reserves and determining major outstanding repair/replacement issues.
- Assure regulatory compliance, including annual reporting to DHCD or private lender; conducting required income certifications; maintaining a business license, certificate of occupancy, and corporate filings; and completing audits and corporate tax returns.

Strategy 3: To facilitate the development of capacity among regional management companies, DHCD, CBOs, and other technical service providers should collaboratively develop required trainings or engage with national organizations to create a certification for management companies working with LECs.

Strategy 4: To facilitate long-term knowledge growth in the sector and consistency in training across cohorts and organizations, DHCD, CBOs, and other technical service providers should collaboratively develop training that leads to a certification focused on new organizers and technical assistance providers in the field.

Objective 2: *To facilitate ongoing education, responsiveness to changing laws and policies, and open and transparent communication between the agency and grantees, DHCD should convene biannual meetings of legal services providers, organizers, and technical assistance providers.*

Strategy 1: Maintain an ongoing discussion of processes for and current and future funding for FRPP, HPTF, and AHPF, as well as funding goals for the NBAP.

Strategy 2: Discuss trends such as changing markets, new developments, and common challenges facing LECs.

Strategy 3: Facilitate the development of a peer-to-peer and/or geographically-based mentoring system to support new and existing LECs in the sharing of information on practices in other jurisdictions, common challenges, and common opportunities such as collective purchasing, funding, or contracting.

Objective 3: DHCD, the DC Office of the Attorney General, legal services providers, and other relevant stakeholders collaboratively should develop a set of publicly accessible standard documents to support the consistent and efficient development of LECs. Documents may include: Articles of Incorporation, Bylaws, Development Agreements, Management Company Agreements, and Resident Agreements.

Objective 4: Identify a central point of contact and resource coordination at DHCD for new and existing common interest communities, including LECs. The point of contact should:

Strategy 1: Develop a clear web presence that includes the process for becoming an LEC, the CBOs funded to support new and existing LECs, how to apply for funding for new and existing LECs, and links to facilitate registration with other relevant District agencies.

Strategy 2: Publish regularly updated common documents to assist new and existing cooperatives.

Strategy 3: Create new materials in a variety of formats and languages to reach residents across the District, including printed fliers and information, public presentations, and web-based presentations.

Goal 4: The Council and the Mayor should allocate resources to facilitate the growth and sustainability of LECs in the District while continuing to preserve and create housing across the housing continuum.

Objective 1: The Council and the Mayor should increase the financial resources available to enable DHCD to respond both to ongoing needs for rental housing preservation and for creation and preservation of homeownership opportunities through LECs.

Strategy 1: Significantly increase funding of the HPTF in fiscal years 2021-2025 to achieve the Mayor's goal of producing 12,000 units affordable to households under 80 percent of AMI and maintain funding for the HPTF above \$200 million annually in following fiscal years.

Strategy 2: Increase the Oramenta Newsome Predevelopment Loan Assistance Fund for Nonprofit Developers from \$2 million to \$4.5 million, with individual loans of up to \$250,000.

Strategy 3: Implement the TOPA Application-Assistance Program, which was funded at \$540,000 in fiscal year 2017 to provide TOPA technical and legal assistance, as well as seed money, for tenant associations exercising their TOPA rights.

Strategy 4: Fund and implement the Common Interest Communities Program to facilitate critical repairs.

Objective 2: Increase funding to expand the work of existing CBOs and the development of capacity for new organizations in the field.

Strategy 1: Augment Community Development Block Grant funds with local funds to support the expansion of tenant-focused work within the NBAP budget line, such as organizing, proactive outreach, ongoing technical assistance, and technical assistance for exercising TOPA rights and LEC creation and preservation.

Strategy 2: Fund experienced CBOs to develop a pilot training academy to facilitate the growth of the organizing and technical assistance sectors to include new, minority-led, and small CBOs in areas currently experiencing rapid gentrification, including Wards 4, 5, 7, and 8.

Strategy 3: New organizations funded through the NBAP should receive funding for at least three organizers to support the creation and maintenance of technical services expertise at the organization and adequate staffing to absorb disruptions without negatively impacting the quality of service delivery.

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Appendices

Appendix 1: Methodology

The research for this project was conducted between January 2019 and August 2019 in partnership between CNHED and students and faculty of the Virginia Commonwealth University Urban/Regional Studies and Planning Program. The first portion of data collection was conducted by students from the graduate Housing Policy during the spring 2019 semester class as part of a learning and community engagement process. Research was continued and ultimately completed by a team of students and a faculty advisor in the summer of 2019. The team used a mixed methods approach to investigate:

- The universe of LECs in the District, mapped with neighborhood/building characteristics;
- The universe of resources: technical assistance providers, legal providers, capacity building;
- Financial data on buildings, such as assessed values, funding sources, and carrying charges if possible;
- Community-level data around the challenges residents faced prior to and any benefits of living in LECs; and
- Current policies and practices and how they inhibit or benefit the development and governance of LECs.

Using a combination of interviews, surveys, and focus groups with residents and community stakeholders; observation of trainings and public meetings; and analysis of quantitative and geographic data, this report identifies LECs as a critical source of affordable homeownership, established community networks, and influence in neighborhoods.

Universe of LECs: Database, geography, and quantitative analysis

Unfortunately, there has never been a reliable central source for past, ongoing, and/or future works regarding the standard documentation of LECs. To develop an accurate database of LECs, we started with lists from District agencies based on historic data of cooperative conversions and from CNHED, which conducted a study on LECs in 2004 and has collaboratively maintained a list since 2016 with technical service providers. These data were then investigated further using local data from the DC Recorder of Deeds, the Office of Tax and Revenue, the Department of Housing and Community Development, and other online sources. Some LECs referenced in the database had reliable or semi-reliable contact information for LEC members, associated technical assistance providers, or management companies that facilitated confirming the status of the LEC. If an LEC was confirmed by phone, the name, title, and contact information of the person was recorded along with a brief overview of what was said and how the LEC was confirmed. Some LECs were easily confirmed while others took more time and multiple resources and searches to either confirm or question the overall status and/or activity.

LECs were put into a “CONFIRMED” (active) category, “NO” (remove, no longer a cooperative) category, and a “Questionable” category due to the fact that there were not enough resources or evidence at the time to determine an overall confirmation. We then brought that list to practitioners who currently work or have worked with LECs to confirm the resulting list. In some cases, this process led to connections with building residents and management companies. As the LECs were narrowed down, the database was color coded to help establish a status visually: green was active, red was no longer active,

and yellow was questionables. All LECs that were confirmed included the resources, data, and/or person that supported this decision.

While we are reasonably confident that the buildings listed here are LECs, it may be missing older or disconnected LECs and may be missing data where there was no good contact information for the building. This database should be considered a living document that CNHED will continue to update.

Neighborhood Analysis

To better understand the types of neighborhoods where LECs are located, we mapped the buildings using ARC GIS and layered data from the American Community Survey, Open Data DC (from the DC Office of the Chief Technology Officer), other District agency sources, and the Urban Institute. We used neighborhood boundaries taken from OP to develop the neighborhood case studies and overlaid census tract data to better understand the communities where LECs are located.

Qualitative Data Collection: Interviews, Focus Groups, and Surveys—Purpose and Processes

The purpose of gathering qualitative data from resident members of LECs, technical assistance providers, lenders, District agency staff, and other practitioners engaged with LECs was to collect information about the functions, challenges, and importance of LECs. These data helped the research team see LECs from multiple perspectives: those who live in the buildings, work with the residents, engage with District and other lending and regulatory institutions, and see the day-to-day impacts of high-level decisions. Specifically, because residents are the blood of LECs, it was critical to hear from as many LECs as we could. LECs revolve around the residents and self-governance and it is imperative that the process works best for them.

These data were then coded to find common themes across the data. All interviewee names and buildings were removed to protect the privacy of the interviewee, including practitioners, due to the sensitive nature of housing information, the relationships that must be maintained, the personal nature of the conversations, and, in some cases, ongoing legal issues.

While we tried to survey or interview a larger number of buildings, the research team was limited by a low response rate, particularly with LECs not currently connected to a technical assistance provider or other member of CNHED. Residents also work full-time jobs, may not be interested in participating in research, and may not have trusted inquiries from unknown researchers.

Resident Interviews and focus groups

Initially, we drew our list of research participants from email and/or phone numbers of people who were either organizers, members of agencies, or actual members of LECs that was provided by the Federation of Limited Equity Cooperatives. Additional contacts were made through members of CNHED, CBOs, and word of mouth. From these contacts, a phone call was made or an individual email was sent out to every email address provided. This email stated the purpose of the study, the need for resident participants for interviews, and the contact information of those conducting the interviews. The email also contained two flyers that could be distributed that briefly explained the study in both English and Spanish. Because many of the email addresses listed belonged to members of organizing agencies, they passed the email along to residents through their own methods. Those who were interested in participating reached out, and phone interviews or focus groups were scheduled based on availability

and preferences of the research participants. We interviewed residents from fourteen buildings across the District.

Focus groups were typically scheduled on behalf of the researchers by LEC board members. Residents met in their community room and sat around a table together. Snacks were provided. Residents were asked the same questions as those who participated in the individual interviews, and the focus group was recorded. Afterward, the recorded focus group was transcribed.

Phone interviewees were asked for their consent before they were recorded. The questions used were those developed by the Interview section of the VCU Masters of Urban and Regional Planning Housing Policy Class during the spring 2019 semester. During the interview, detailed notes were taken of the experiences and stories the resident members told. Afterward, the recorded interviews were transcribed.

Practitioner Interviews

Interviewees were invited through specific requests from existing networks and cold calls, as well as through a general request through CNHED and the Federation of Limited Equity Cooperatives. These stakeholders represented all sectors engaged with LECs in the District, including lending, government agency staff, organizers, technical assistance providers, and legal services providers. We interviewed practitioners who work in all eight wards and in buildings at all stages of the process of forming and sustaining their LECs.

In some cases, we used focus groups to facilitate a broad range of views within the confines of research participant availability. These were hosted at nonprofit organization offices and typically were an hour, facilitated by at least one member of the research team. Table A1 demonstrates the number of participants by sector.

Figure A1: Practitioner Interviewee by Sector

Type of Organizational Affiliation	Interviewees
Technical Assistance Provider	7
Legal Services	2
Government Agency	8
Organizer	5
Lender	3
Other	1

Surveys

We developed surveys as a means of reaching people who did not want/did not have the time to participate in individual interviews. The questions on the survey were based on those asked during the interviews but were close-ended as opposed to questions that required significant elaboration. All the questions were optional to fill out and none were personal or identifying in any way to maintain anonymity. The topics of the questions covered in the survey were: life in the District, experience with

renovation, building conditions, and opinions of the building/neighborhood. The survey was created in English and Spanish and was available online and in paper. We surveyed 22 residents from four buildings, representing three wards of the District.

We used the same channels developed to find interviewees to disseminate surveys. Unlike the first email sent, this email contained information about the survey. It also contained attached survey documents, as well as links to the survey available online through Google sheets. The survey also was distributed when canvassing.

Observation

In partnership with one of the technical assistance providers, we canvassed buildings across the District. The idea of canvassing the District's wards was executed for various reasons. First, because it was a way to gather more data from people who perhaps did not have access to computers or had not heard of the study. Second, it was a way to observe the neighborhoods, buildings, and people first-hand. It also allowed us to work with an employee from Mi Casa, a tenant organizing agency that works with LECs and provided technical assistance and guidance. Canvassing occurred on June 28, 2019. While walking around, we were able to take pictures of buildings, talk to people, and distribute surveys/contact information.

Our team also conducted observation at two LEC trainings conducted through the study period. In addition, the lead researcher on this project has conducted interviews and observations in and about LECs for the past five years. We conducted these observations to better understand the training available, meet residents, and listen to the challenges and opportunities that brought them to trainings. It further allowed the research team to learn from the technical assistance providers about the processes for funding, building maintenance, and compliance.

Interview/Focus Group Questions

Introduction:

1. How long have you lived in D.C., and what's your favorite memory in the city?
2. We've shared why we're here - can you tell us what made you interested in talking with us today?

Research theme 1: Understanding challenges faced before they moved into a Cooperative

1. Where did you grow up? If in this neighborhood, why did you want to stay? If not this neighborhood, what brought you to this area?
2. Was the location of the cooperative a factor in decision to move?
3. How would you compare life in the cooperative to past living situations?

Research theme 2: Housing Stability and Affordability

1. What was your experience finding and keeping a place to live before this? Has living here changed that? Why or why not?
2. Before moving here, did you ever worry about being able to keep your place? If so, why?
3. Was there ever a time where you had to move out of a place that you actually wanted to stay in? If so, can you tell us what happened? (ex: new owner, price increase, unaffordable, relocation for work, got behind on rent payments etc.)

4. If you had to move within the next 90 days, would you feel confident in finding another stable place to live that you can afford? Why or why not?

Research theme 3: Benefits and challenges of living in a Limited Equity Cooperative

1. How long have you lived in the cooperative?
2. How did you find out about the cooperative?
3. What are some of the everyday benefits and challenges you face living in a cooperative?
4. Did you plan to stay in the cooperative long or short term?
5. Do you prefer the cooperative better to other housing you have lived in?
6. Do you encounter any common myths or misunderstandings about cooperatives when discussing them with friends/family/coworkers? Is it confused with condos or public housing?
7. What changes have you seen to the cooperative, residents, and surrounding neighborhood during your time living here?
8. If you had a lawmaker visit your home, what would you most want them to know about cooperatives?
9. What were you surprised by? Are there things you wish you would have known?

Research theme 4: Community connectivity and belonging

1. Can you tell me about some of the relationships you have with other neighbors in this building?
2. How about management?
3. What's your favorite memory with your neighbors?
4. Have you had challenging experiences with your neighbor? If so, can you share what happened and that made you feel?
5. Do you have children? Do they go to school near here?
6. What are your thoughts on the community/neighborhood surrounding your cooperative?
7. Do you feel a sense of belonging and ownership with your cooperative?
8. Are you involved with your tenant association now? How did you become involved?
9. Do you plan to stay in the building? The neighborhood? Why/why not?

Closing question: Is there anything you want to tell me or that you think I should know that I haven't asked you?

Focus Group Questions for Stakeholder Input

Organizers

- What is your background in organizing and how long have you been working with Limited Equity Cooperatives? How did you first interact with them?
- How do you approach your role in forming and maintaining LECs?
- In which areas of the city are you most focused on working with LECs? Are there certain areas/wards/buildings that request or require more organizational services?
- How much of a role does the city play in your work with LECs?
- How do you have to manage expectations for residents in the process of forming a LEC? Do you see different outcomes with different levels of tenant engagement?
- What kind of issues in transitioning from landlord owned to LEC do you most often run into? How could these challenges be addressed to facilitate the process?
- What kind of tenant engagement strategies have you found most effective?
- Why do you think LECs are valuable? In what ways are they most successful?

Developers/Development Consultants

- What is your background in development and how long have you been working with Limited Equity Cooperatives? How did you first interact with them?
- How do you approach your role in forming and maintaining LECs?
- How do you have to manage expectations for residents in LECs during the development process? What do residents usually look for from you as developers?
- What are the most common challenges you and residents face? How have you dealt with unforeseen circumstances that alter development timelines?
- What do you consider best practices in developing LECs? Are there conditions of the building, tenant organization, or other factors that facilitate development?
- How much of a role does the city play in your work with LECs?
- In your opinion, how do LECs compare to other types affordable housing developments?

Lenders

- What is your background in finance/lending and how long have you been working with Limited Equity Cooperatives? How did you first interact with them?
- How do you approach your role in forming and maintaining LECs?
- Why do you choose to finance LECs? What are some of the key factors/elements you all look for?
- What outside sources do you often consult during the financing process? How much of a role do the city and other organizations or institutions play in financing the acquisition of the LEC?
- How much of the financial burden of forming an LEC is focused on acquisition vs building rehabilitation and improvements?
- What are common challenges for tenants in the financing process and how are they addressed?
- In your opinion, how do LECs compare to other types affordable housing developments?

LEC Resident Survey (Offered in English and Spanish; hard copy, online and in person)

Limited Equity Housing Cooperatives in the District of Columbia - Survey

The Coalition for Nonprofit Housing and Economic Development (CNHED) proposed to undertake a study of the value and efficiency of Limited Equity Cooperatives (LE Coops) for creating and preserving affordable housing in the District of Columbia.

In 2004, CNHED published "A Study of Limited Capital Cooperatives in the District of Columbia." Since CNHED published this study, no other study has analyzed LE Coops in the district. As a result, we have limited data and evidence to understand the scope, including funding sources, structure and sustainability of the cooperatives in the District. Nor do we have complete data to better understand why and how cooperatives succeed or fail, how they can be strengthened and how professionals can partner to be more effective for cooperatives.

Your opinions and experiences will be used to make policy recommendations to strengthen and expand limited equity cooperatives in D.C.

Where do you live?

How long have you lived in DC?

How long have you lived in your building?

- Less than a year
- A year to 5 years
- 6 to 9 years
- 10+ years

Where are you from? What brought you here?

- Family
- Affordable
- Location (close to work/school)
- Grew up in this neighborhood

Do you have kids living with you?

- Yes
- No

How old are they?

What was the building like when you moved here?

- Excellent condition
- Good condition
- Moderate/ok condition
- Bad condition

What is your experience with your building becoming a Cooperative?

How would you describe your neighborhood now and how has it changed?

Where did you move when the building was being redeveloped?

Was it hard to find housing?

- Yes
- No

Do you think it is expensive to live in D.C.?

- Yes
- No

How satisfied are you with the new conditions of your building?

- Very satisfied
- Satisfied
- Not satisfied

What about your building do you like? (Check all that apply)

- Utilities
- Location
- Decor
- Maintenance
- Neighbors
- Resident Board/Council
- Member Activities

- Self-responsibility

What would you change?

How has it affected you financially?

How are you involved with your tenant association now?

- I go to every meeting
- I go to some meetings
- I do not go to any meetings
- Other (please explain)

Do you plan to stay in the building?

The neighborhood? Why/why not?

Would you be interested in a phone or in-person interview? If so, please leave contact information below.

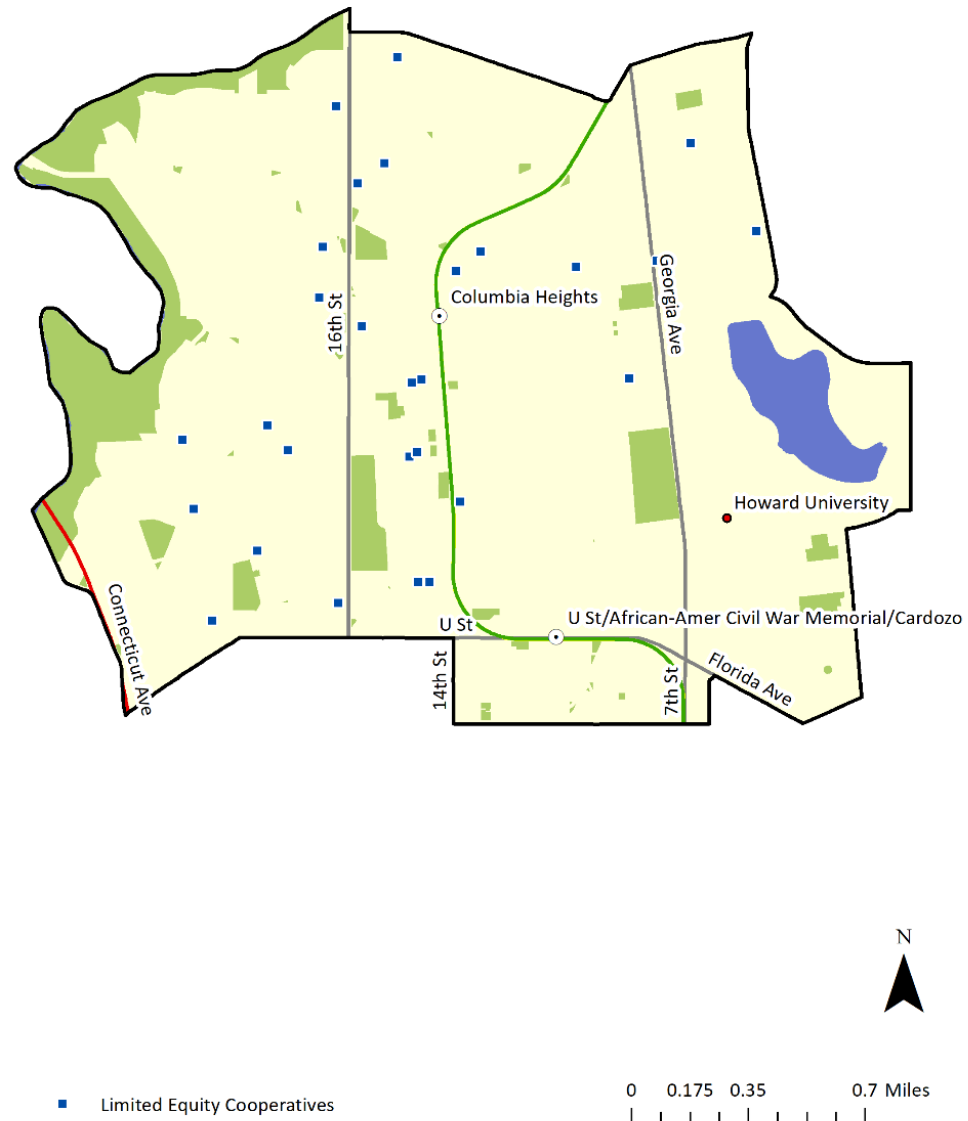


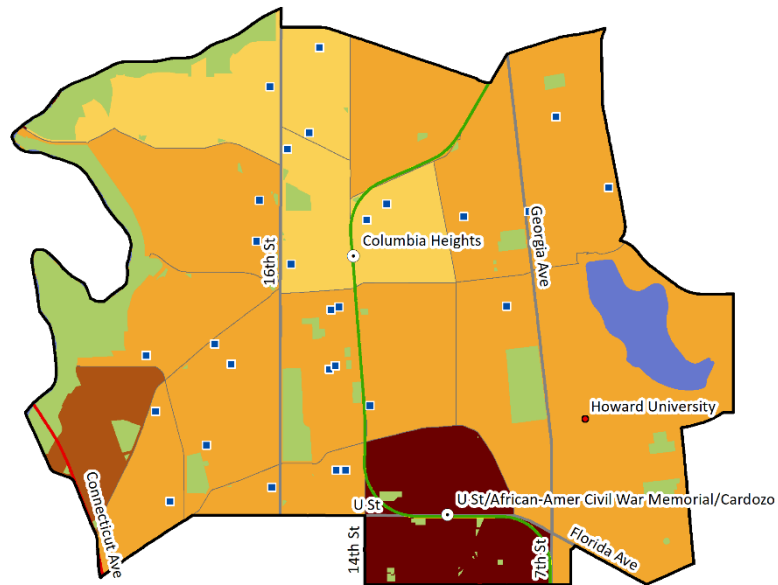
Appendix 2: Ward-level Data and Maps

Contents for Each Ward:

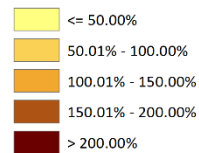
- Map of Ward with all Cooperatives Marked
- Map of tract level median income as a percentage of District-wide median income
- Map of tract-level median rent as a percentage of District-wide median rent
- Map of tract-level poverty rates
- Map of tract level rates of rent burden (households paying greater than 30 percent of income on housing)
- All LECs with number of units, year formed, and tract-level demographics

Ward 1



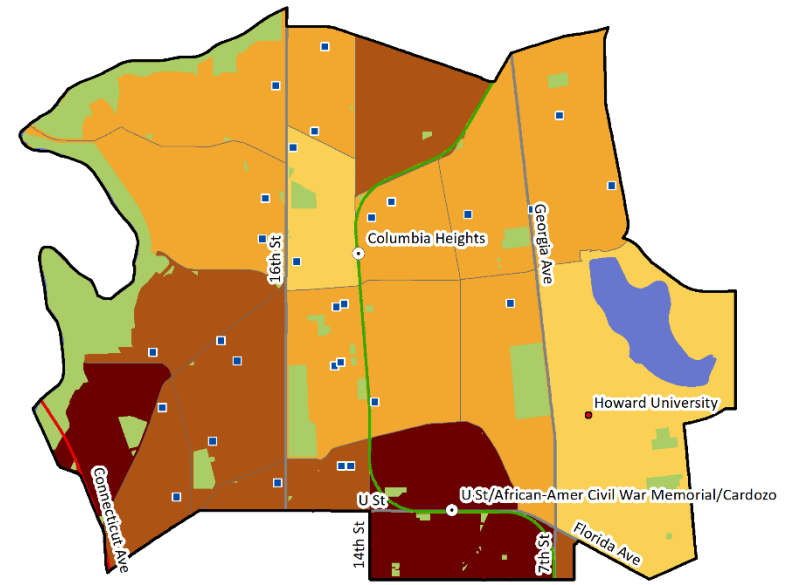


Income as a Percent of City Median Income

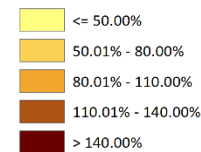


■ Limited Equity Cooperatives

0 0.175 0.35 0.7 Miles



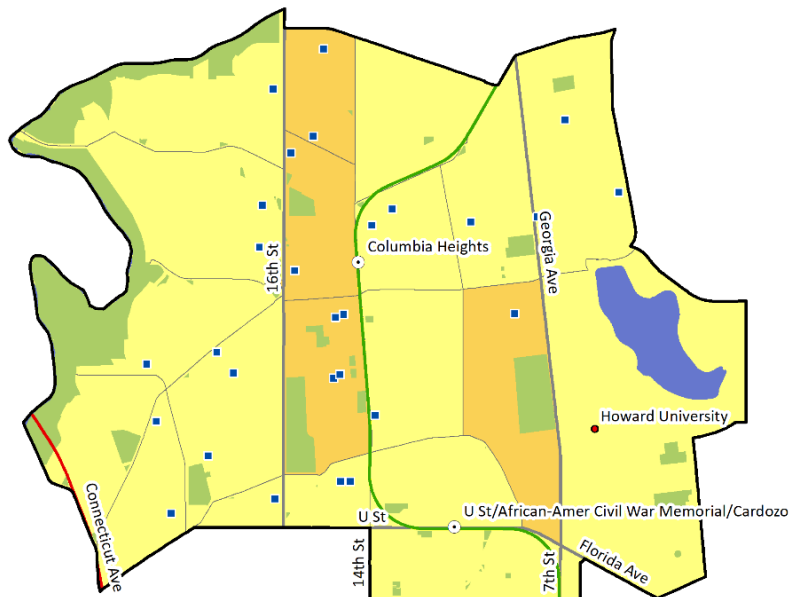
Rent as a Percent of City Gross Median Rent



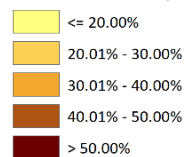
■ Limited Equity Cooperatives

0 0.175 0.35 0.7 Miles

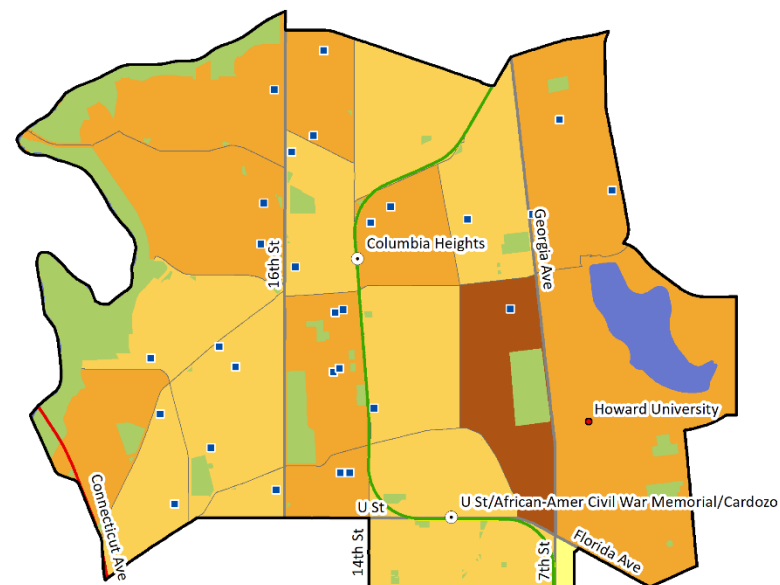
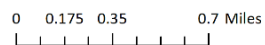




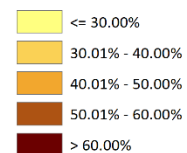
Percent Below Poverty Level



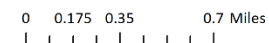
■ Limited Equity Cooperatives



Percent of Rent Burdened Households



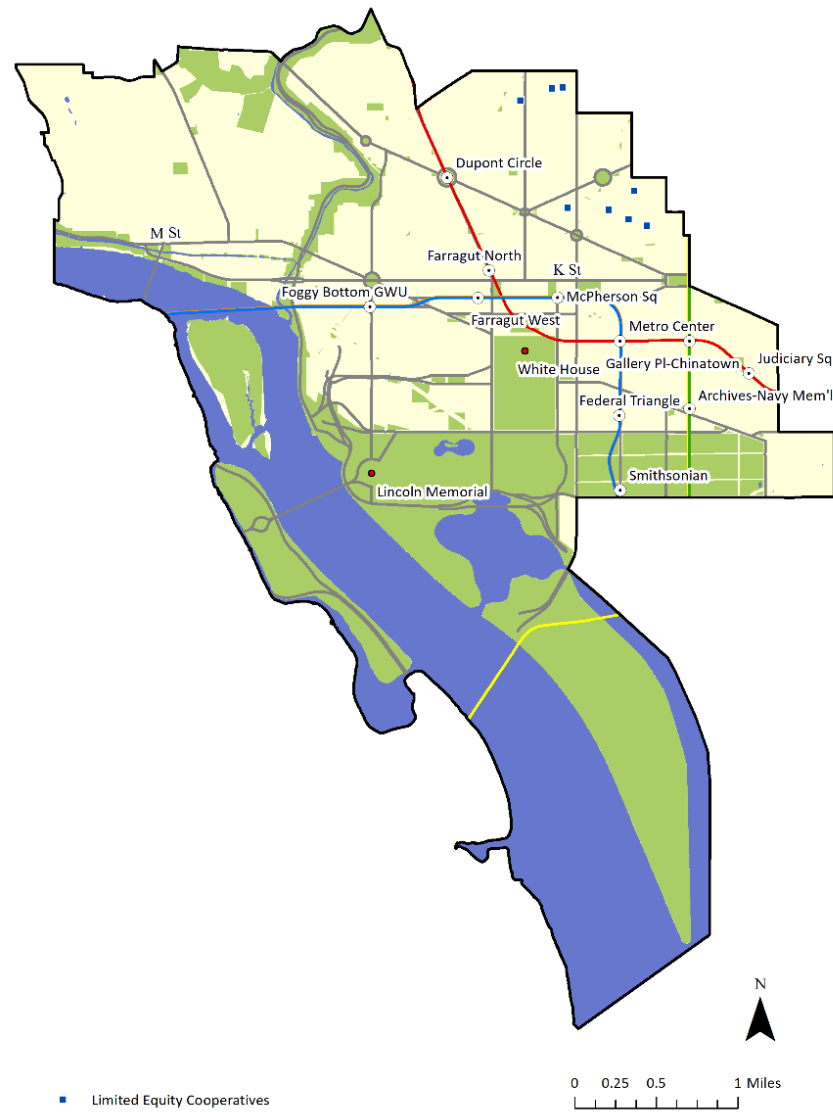
■ Limited Equity Cooperatives

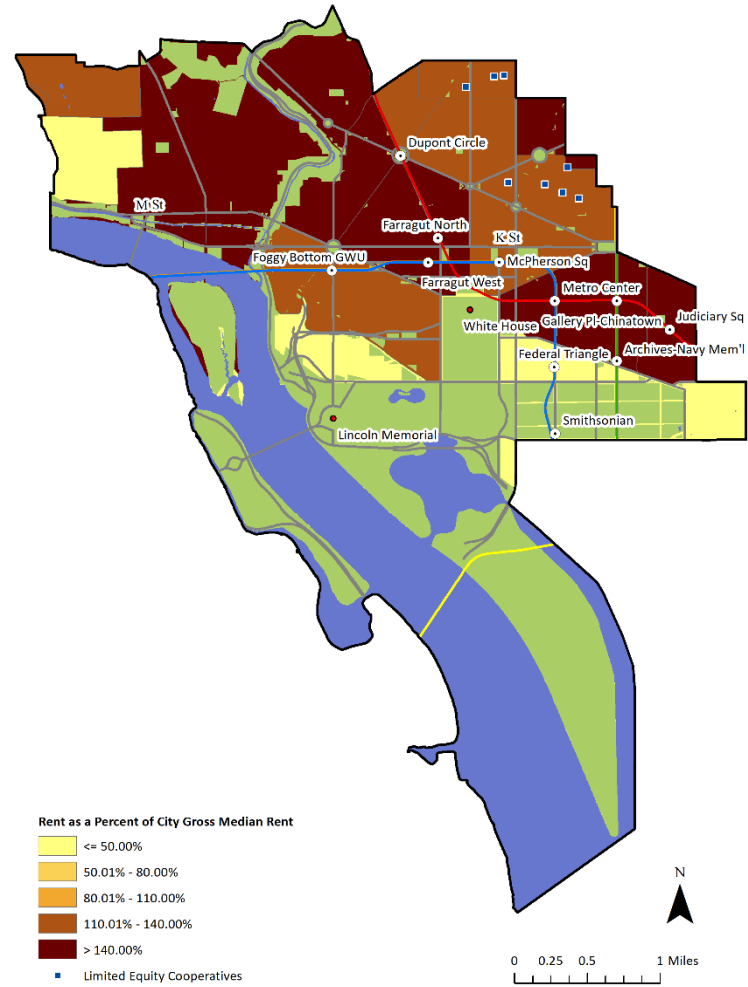
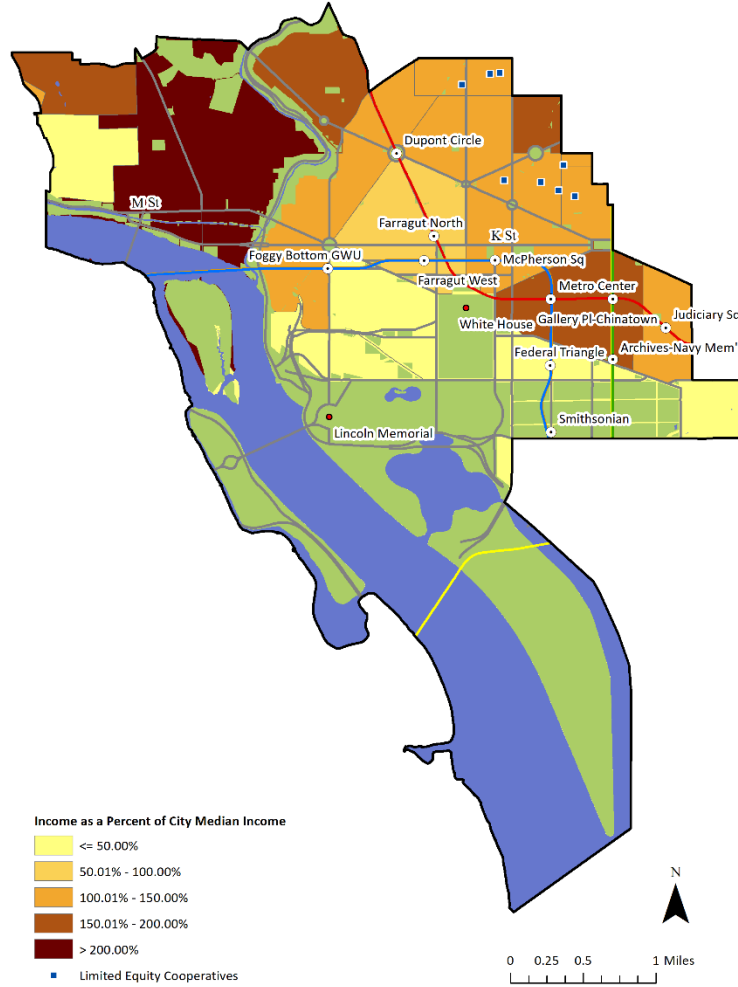


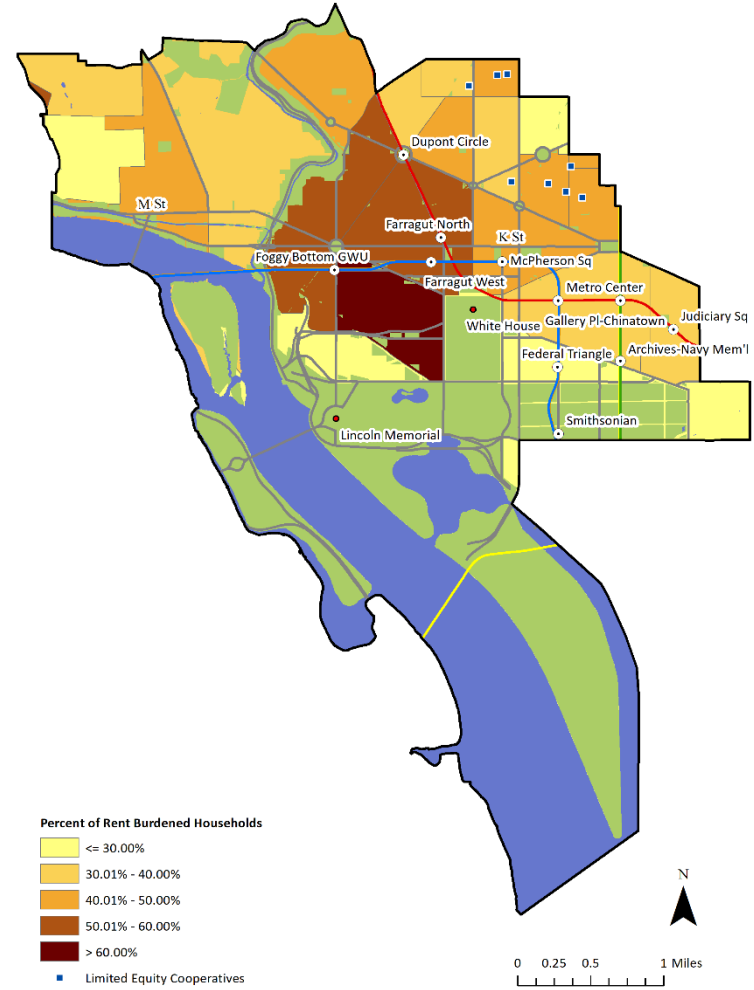
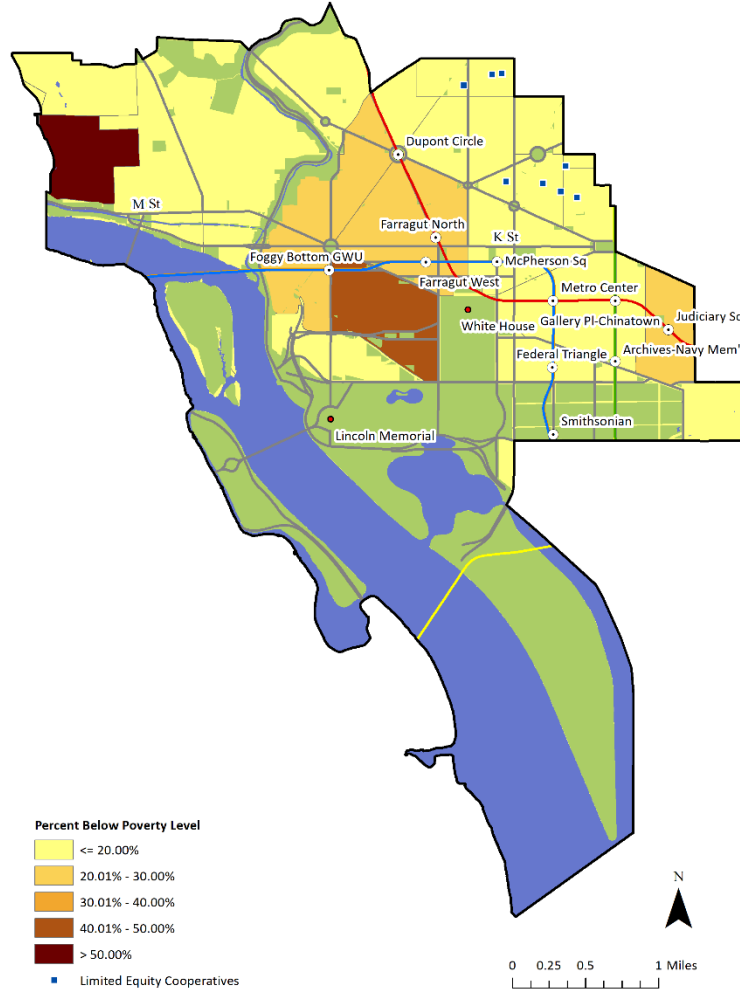
Ward 1 Cooperatives	Year Formed	Units	Income as a % of District Median Income	Rent as a % of District Gross Median Rent	% Below Poverty	% of Rent Burdened Households	% Hispanic	% Non-Hispanic Black	% Non-Hispanic White
1415 Girard St NW	1950	21	102.31	87.01	21	46.9	24.79	36.25	34.16
Beverley Court	1979	40	126.33	120.37	10.4	34.44	20.76	16.49	53.09
526 Newton Place NW Cooperative	1983	6	118.96	87.29	12.9	46.6	23.97	45.87	24.7
1820 California Street Cooperative	1983	17	131.95	131.74	3.7	39.45	7.24	2.95	83.7
Lehigh Cooperative	1985	12	125.64	117.42	8.3	38.15	10.23	9.56	71.59
3435 Brown Street Cooperative	1985	16	93.12	101.9	15.7	47.02	29.9	18.35	45.13
Champlain Court Cooperative	1988	28	126.33	120.37	10.4	34.44	20.76	16.49	53.09
Kenyon House Cooperative	1989	12	118.96	87.29	12.9	46.6	23.97	45.87	24.7
Newton Street Cooperative	1990	24	68.99	90.52	21.1	49.68	32.05	36.96	27.51
1621A-1627A V Street Association Inc.	1991	8	147.08	131.04	3.1	30.63	6.02	9.75	75.54
Malcolm X Cooperative Association	1991	6	126.33	120.37	10.4	34.44	20.76	16.49	53.09
Adelante Mount Pleasant Cooperative Inc.	1992	17	101.71	103.93	11.4	43.66	24.91	10.01	56.77
Spirit of W Street NW	1992	30	122.35	120.65	8.9	49.74	11.73	23.56	57.62
Nehemiah Cooperative	1993	32	120.72	104.42	15.3	37.16	13.22	26.51	44.05
1429 Girard Street NW Cooperative	1994	19	102.31	87.01	21	46.9	24.79	36.25	34.16
Kenyon Street Cooperative Association	1996	12	86.87	82.37	17.1	48.52	16.41	38.88	40.13
Capital Manor Cooperative	2002	102	122.35	120.65	8.9	49.74	11.73	23.56	57.62
Friendly Neighbors Cooperative Association	2003	15	122.27	106.6	9.7	35.74	33.42	28.46	28.79
Covington Family Association Cooperative	2005	21	131.95	131.74	3.7	39.45	7.24	2.95	83.7
Crestwood Cooperative	2005	24	101.71	103.93	11.4	43.66	24.91	10.01	56.77
Kara House Cooperative	2005	12	68.99	90.52	21.1	49.68	32.05	36.96	27.51
Quest Cooperative	2005	23	102.31	87.01	21	46.9	24.79	36.25	34.16
Claiborne Apartments	2006	92	77.03	73.67	20.1	37.5	42.76	23.09	24.25
Nelrod International Cooperative	2007	12	77.03	73.67	20.1	37.5	42.76	23.09	24.25
Elia Jo Baker Intentional Community Cooperative	2010	15	102.31	87.01	21	46.9	24.79	36.25	34.16
Kenyon Street Yes We Can Cooperative	2010	18	86.87	82.37	17.1	48.52	16.41	38.88	40.13
Girard House Cooperative	2012	35	113.09	84.06	20.1	53.71	5.67	68.37	18.49
Kenyon House Family Coop	2014	8	118.96	87.29	12.9	46.6	23.97	45.87	24.7



Ward 2



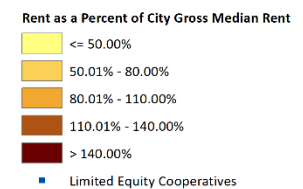
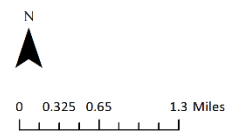
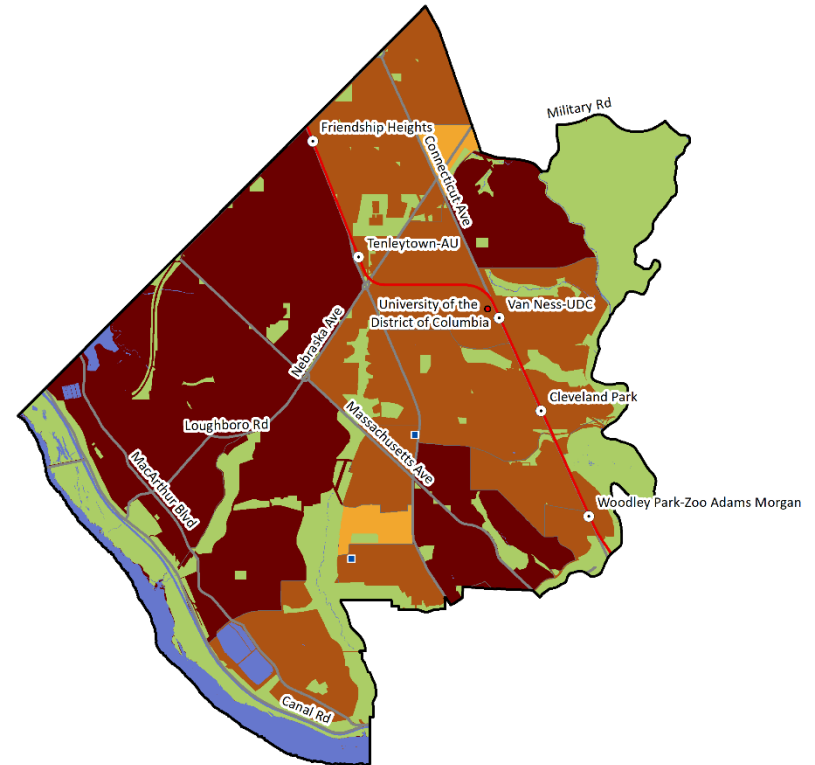
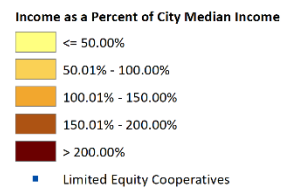
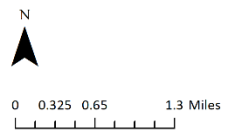
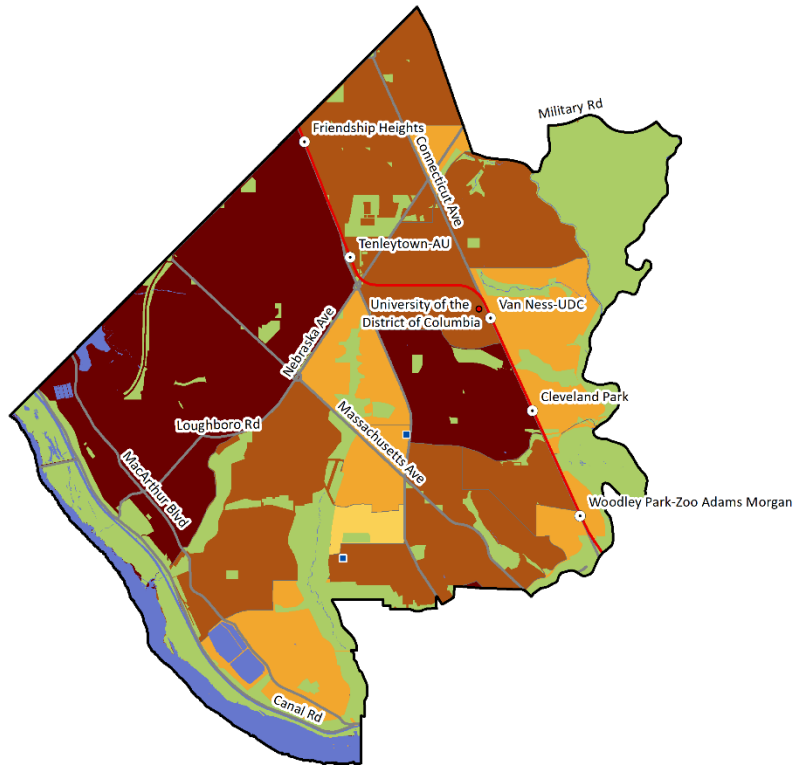


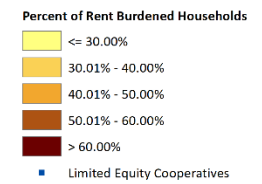
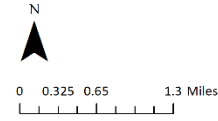
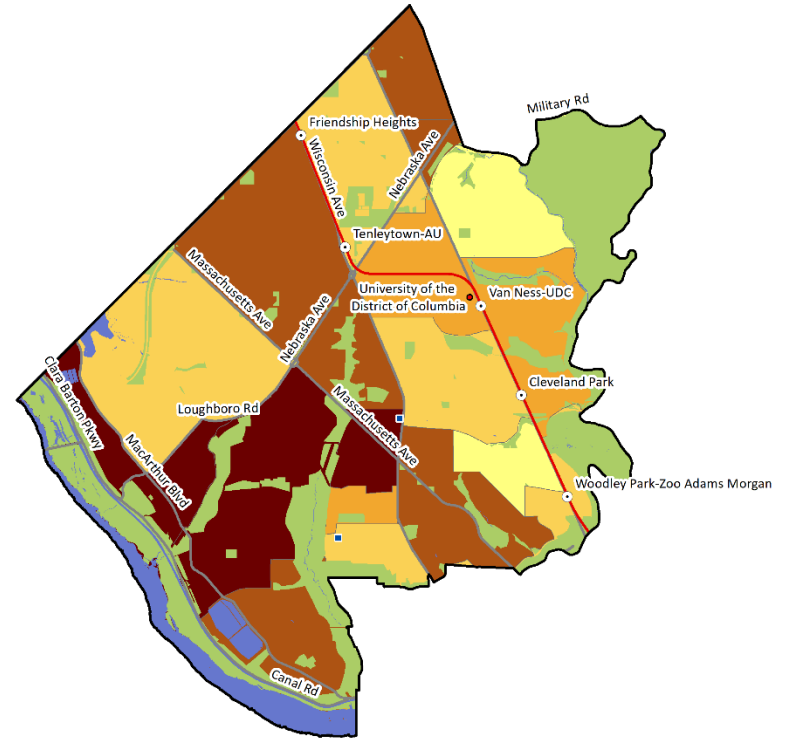
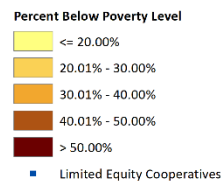
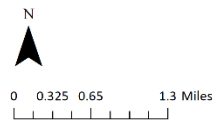


Ward 2 Cooperatives	Year Formed	Units	Income as a % of District Median Income	Rent as a % of District Gross Median Rent	% Below Poverty	% of Rent Burdened Households	% Hispanic	% Non-Hispanic Black	% Non-Hispanic White
1901-07 15th Street NW	1980	51	122.35	120.65	8.9	49.74	11.73	23.56	57.62
1401 11th St NW Cooperative Association	1990	4	133.29	141.78	15.3	44.11	14.87	36.02	39.65
Mandela Cooperative	1991	6	113.29	126.76	11.7	45.17	24.84	19.33	43.28
1425 T St NW	1992	30	122.35	120.65	8.9	49.74	11.73	23.56	57.62
Lealand Cooperative	1993	6	147.08	131.04	3.1	30.63	6.02	9.75	75.54
We Still Have A Dream Co-op	1995	5	112.15	126.12	17.6	45.53	24.91	20.31	39.5
Martin Luther King Jr. Latino Co-op	2006	73	113.29	126.76	11.7	45.17	24.84	19.33	43.28
1417 N St NW Cooperative / The Norwood	2011	84	147.16	138.2	7.1	39.72	12.74	6	68.61

Ward 3

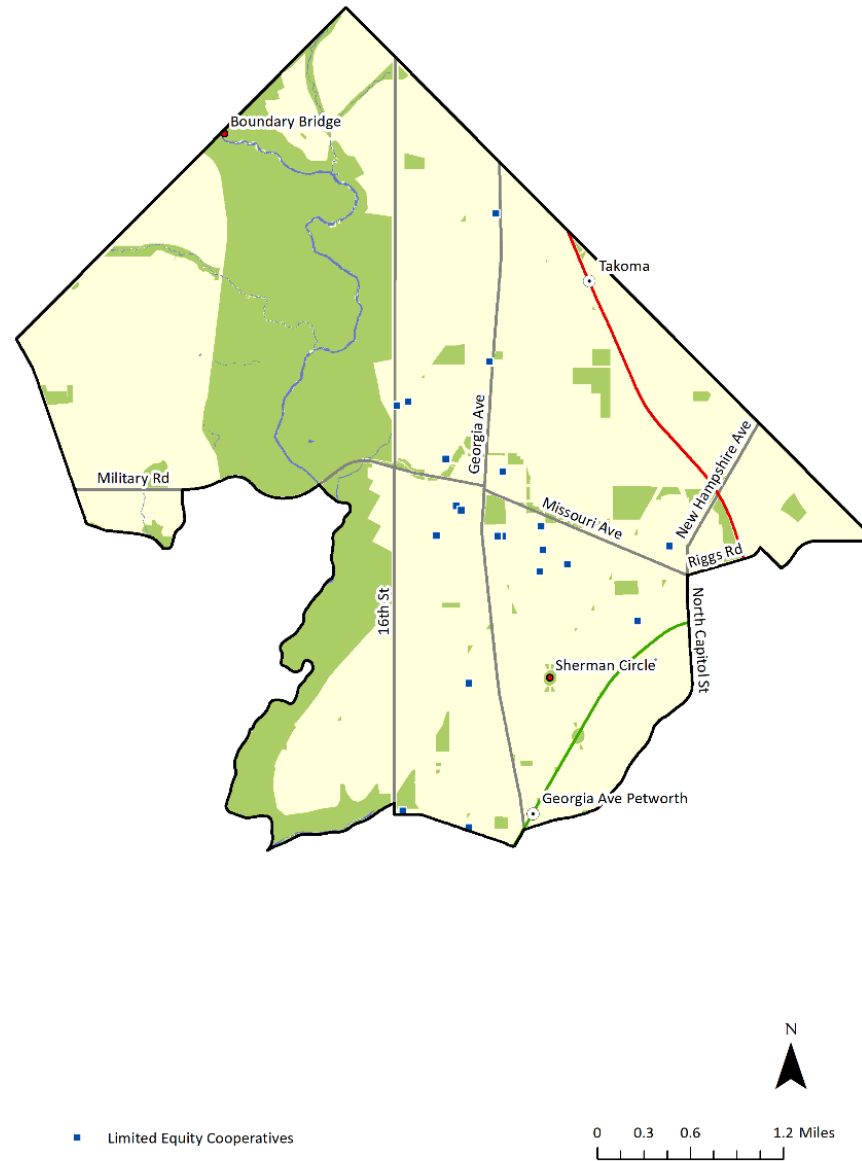


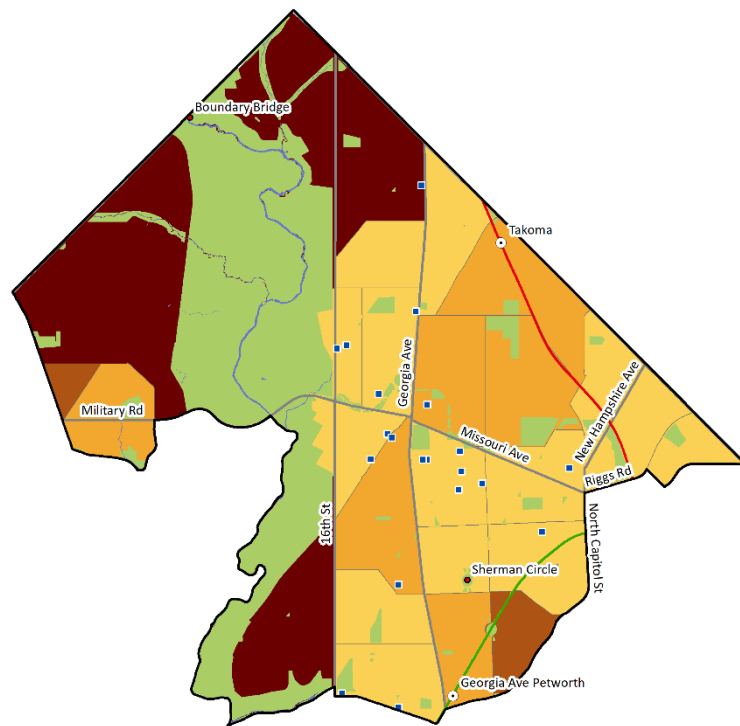




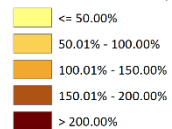
Ward 3 Cooperatives	Year Formed	Units	Income as a % of District Median Income	Rent as a % of District Gross Median Rent	% Below Poverty	% of Rent Burdened Households	% Hispanic	% Non-Hispanic Black	% Non-Hispanic White
Beecher Cooperative	1979	63	171.29	136.1	18.6	36.47	4.63	7.33	77.42
3218 Wisconsin Avenue Cooperative	-	-	115.76	117.35	11.7	61.43	4.06	8.4	76.68

Ward 4

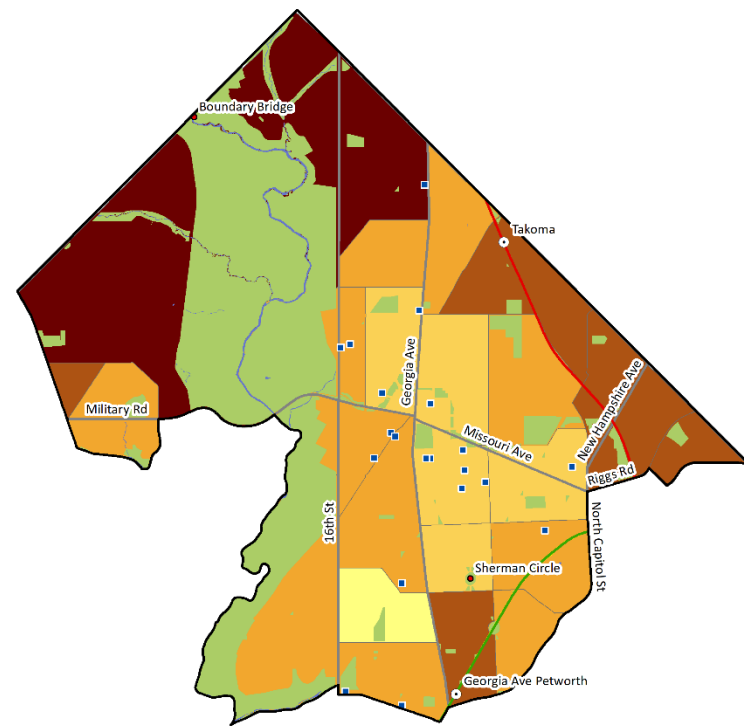
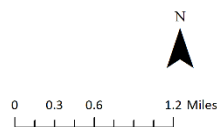




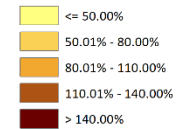
Income as a Percent of City Median Income



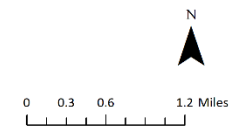
■ Limited Equity Cooperatives

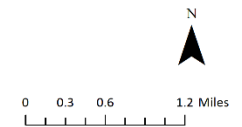
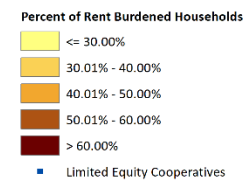
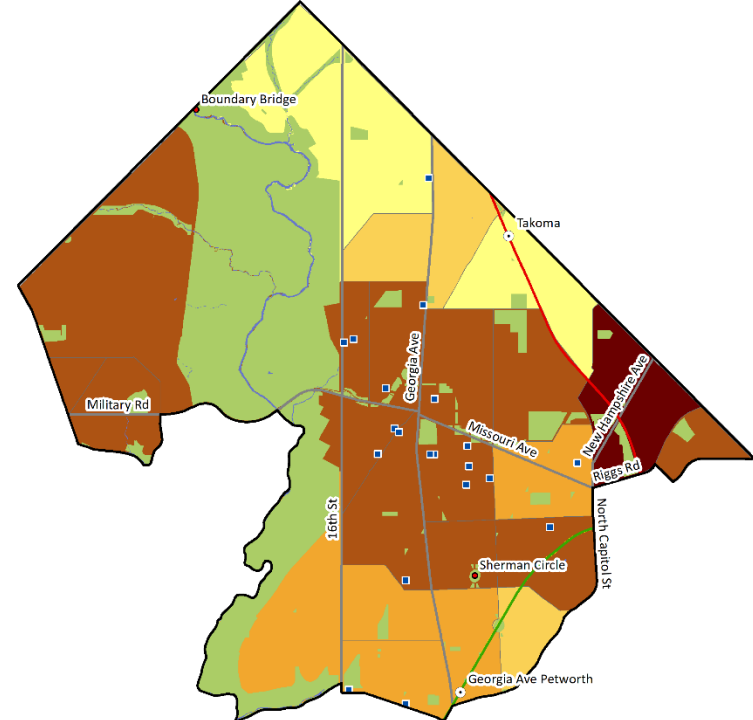
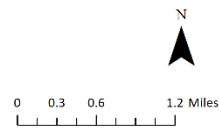
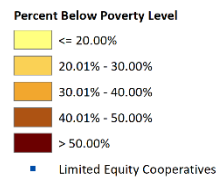
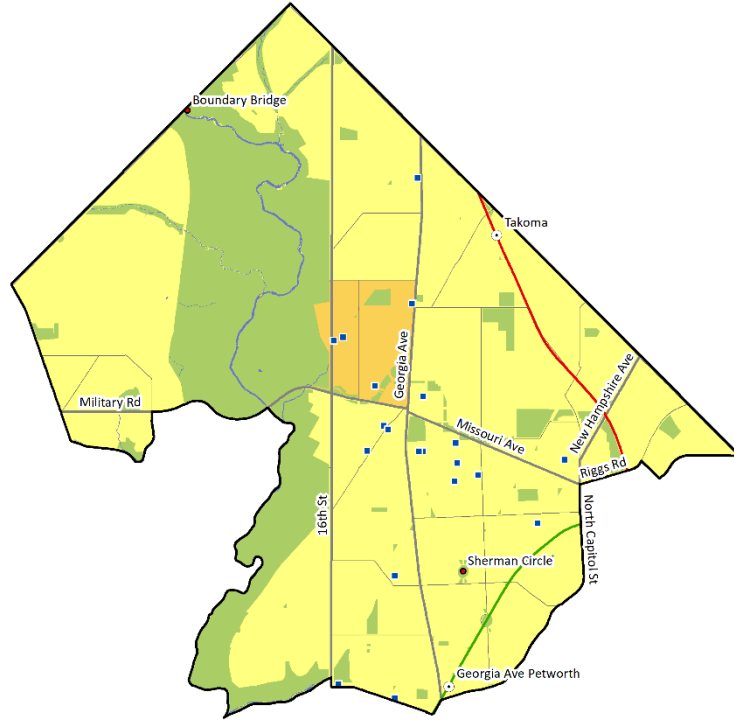


Rent as a Percent of City Gross Median Rent



■ Limited Equity Cooperatives



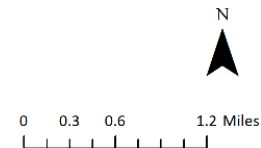


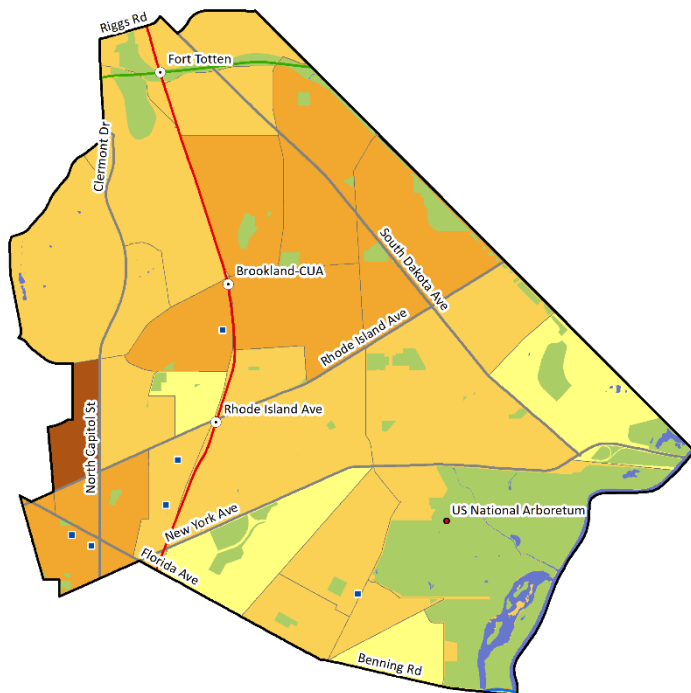
Ward 4 Cooperatives	Year Formed	Units	Income as a % of District Median Income	Rent as a % of District Gross Median Rent	% Below Poverty	% of Rent Burdened Households	% Hispanic	% Non-Hispanic Black	% Non-Hispanic White
Brightwood Park Cooperative	1979	8	70.6	82.23	14.7	55.64	25.66	62.18	7.92
Tuckerman Coop	1982	28	65.91	82.02	20.5	53.22	29.67	60.99	7.21
13th Street Terrace Cooperative	1989	24	94.61	86.94	14.3	46.19	35.14	38.28	18.55
Florian Gardens Cooperative	1989	45	106.84	74.23	11.5	53.89	11.56	63.57	16.73
Lightview Cooperative, Inc.	1990	73	54.84	76.4	24.3	56.89	29.06	63.94	4.55
Voices of Madison	1991	15	70.01	69.73	10	50.98	19.71	65.41	8.88
Colorado Cooperative	1995	36	81.21	81.74	12.2	58.27	28.89	42.1	19.4
5610 Colorado Cooperative Inc	2006	36	81.21	81.74	12.2	58.27	28.89	42.1	19.4
Brightwood Gardens Cooperative	2006	52	70.01	69.73	10	50.98	19.71	65.41	8.88
Duncan Cooperative	2006	25	112.37	82.72	12.4	58.72	21.28	55.35	18.59
Peabody Cooperative	2006	15	54.84	76.4	24.3	56.89	29.06	63.94	4.55
Carolina Coop	2009	12	70.01	69.73	10	50.98	19.71	65.41	8.88
5741 Colorado Cooperative LCA	2013	28	112.37	82.72	12.4	58.72	21.28	55.35	18.59
Hope Coop	2014	13	94.61	86.94	14.3	46.19	35.14	38.28	18.55
Luzon Coop @ 6323	2015	43	65.91	82.02	20.5	53.22	29.67	60.99	7.21
The Barlee Cooperative Association	2016	37	70.01	69.73	10	50.98	19.71	65.41	8.88
Diversity Coop	2016	21	217.97	172.89	3.9	22.83	6.94	62.4	26.69
Phoenix Coop	2017	15	70.01	69.73	10	50.98	19.71	65.41	8.88
710 Unidos Cooperative Association	2017	14	70.01	69.73	10	50.98	19.71	65.41	8.88
5912 14th Street NW	2019	22	81.21	81.74	12.2	58.27	28.89	42.1	19.4
Unity Building 25 Cooperative	-	27	98.95	78.02	13.3	44.39	15.33	71.92	9.56

Ward 5

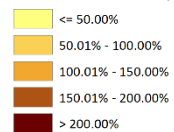


■ Limited Equity Cooperatives

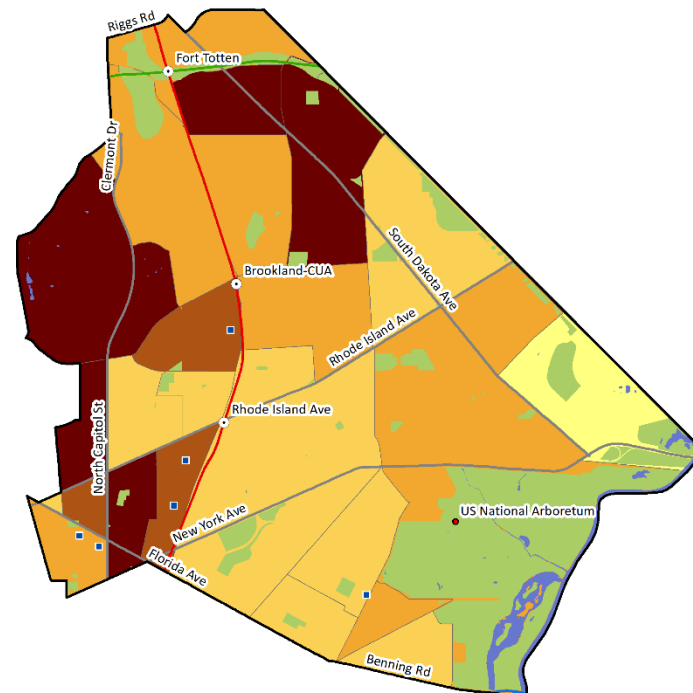
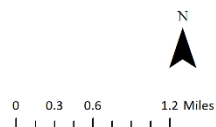




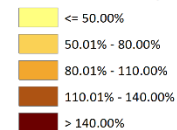
Income as a Percent of City Median Income



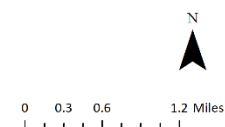
■ Limited Equity Cooperatives

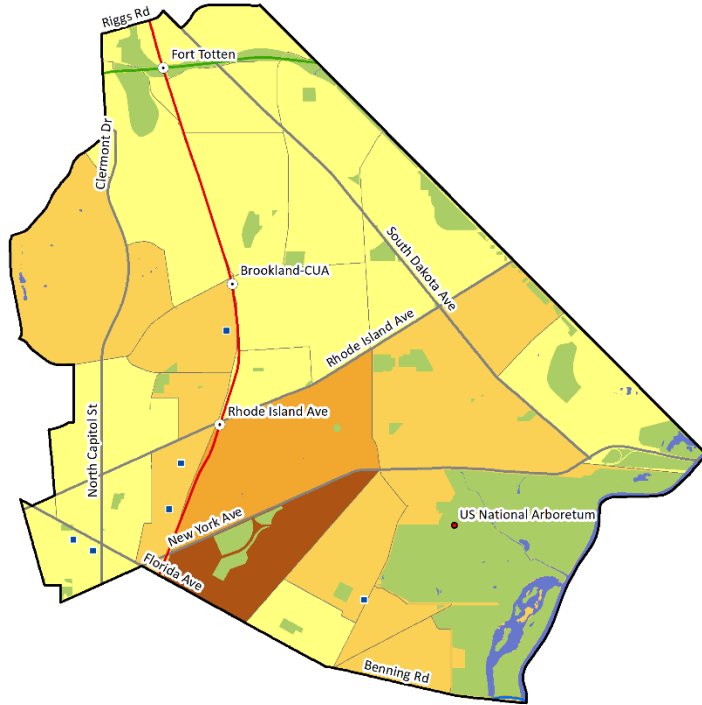


Rent as a Percent of City Gross Median Rent

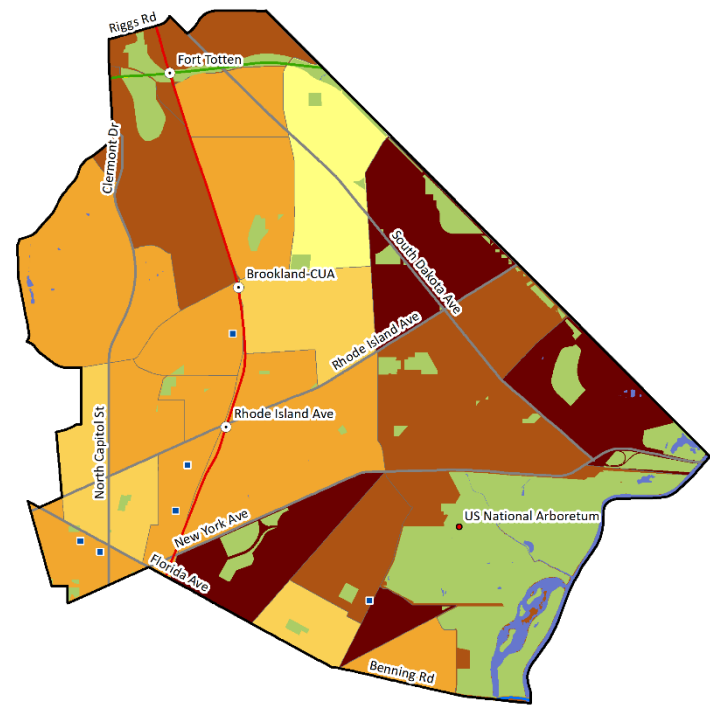
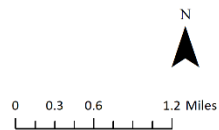
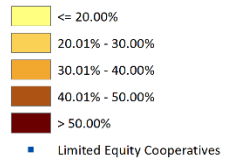


■ Limited Equity Cooperatives

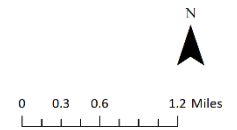
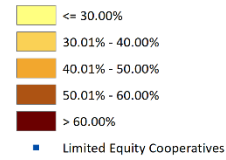




Percent Below Poverty Level

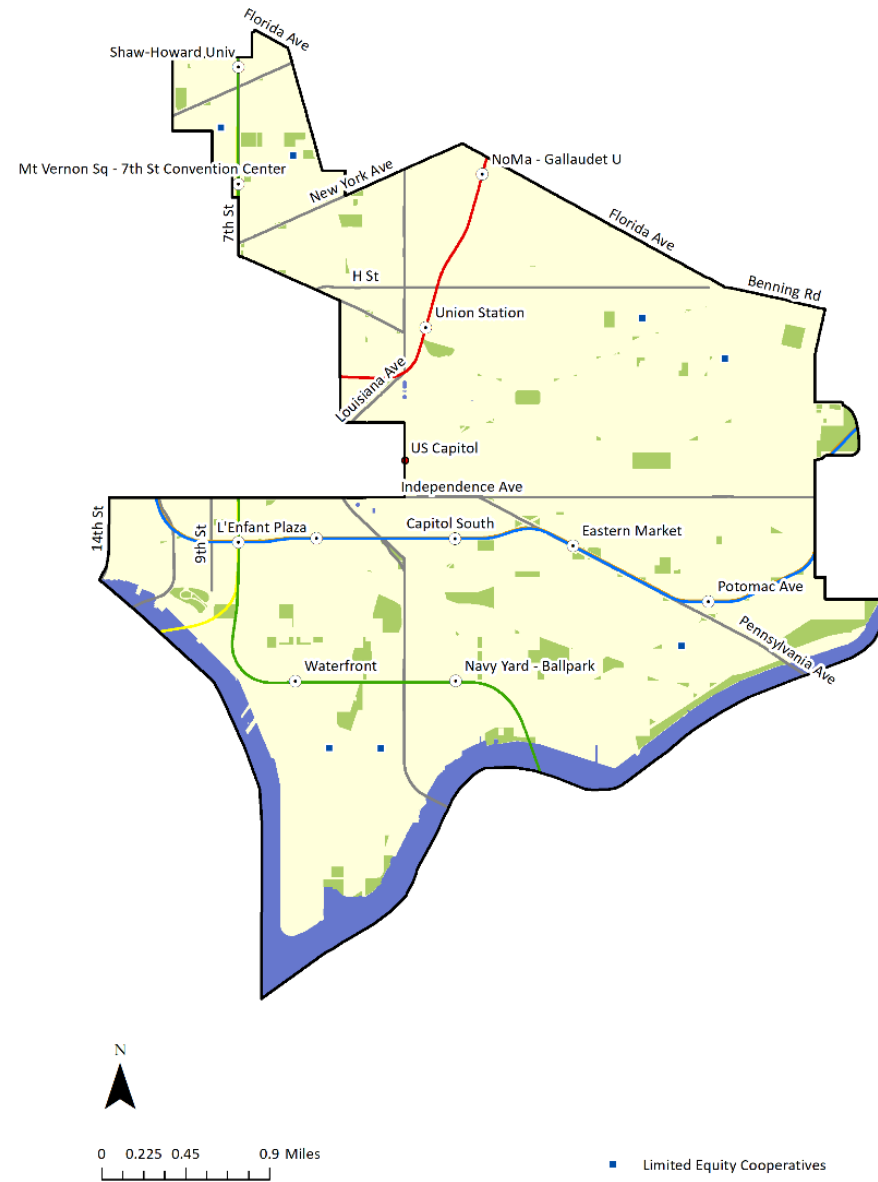


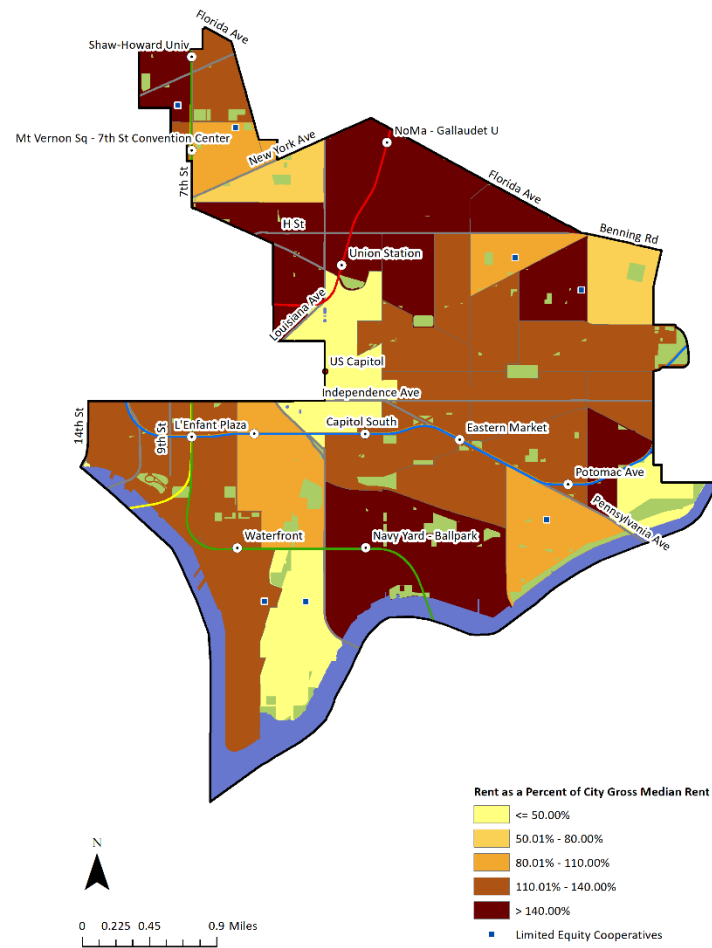
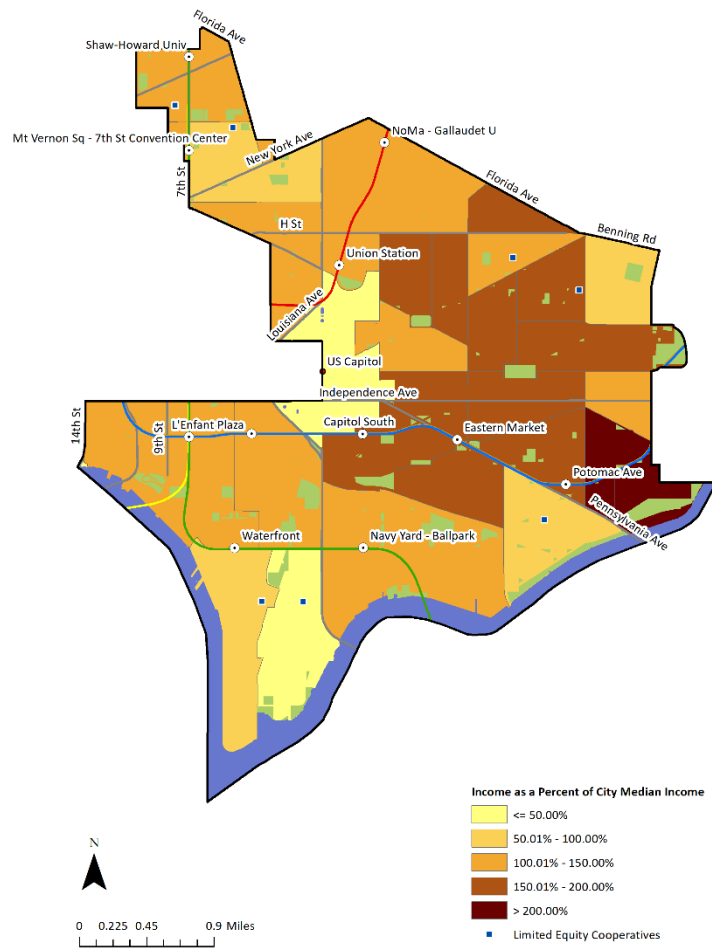
Percent of Rent Burdened Households

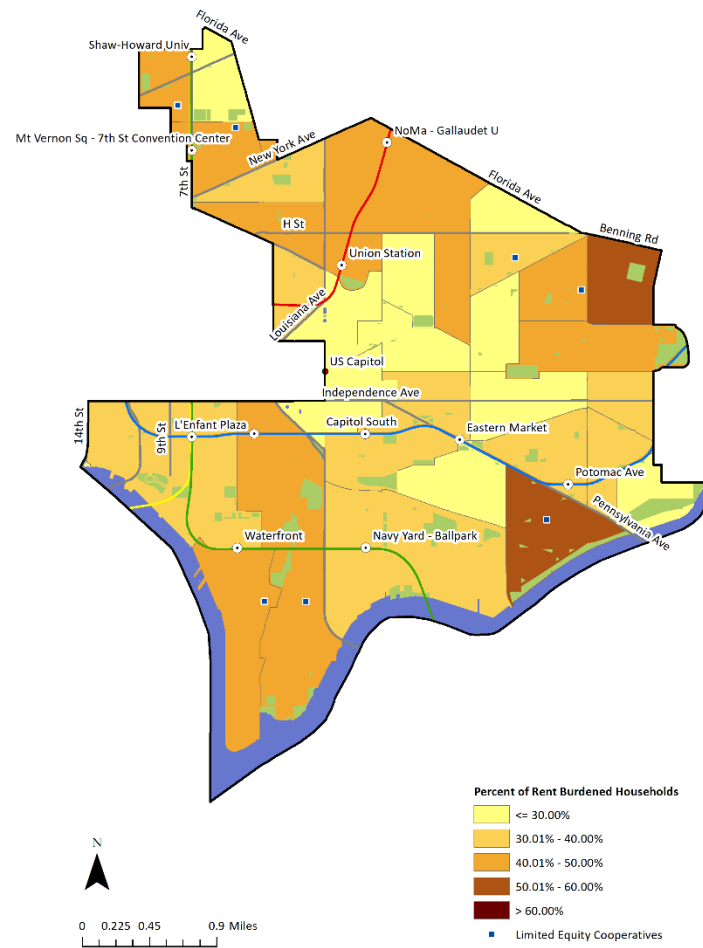
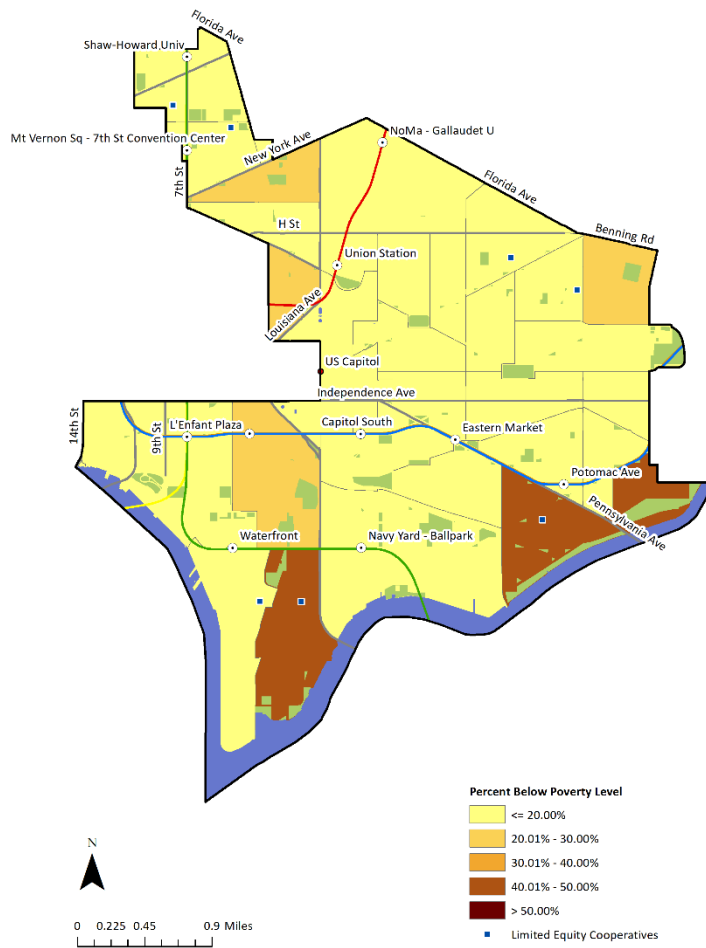


Ward 5 Cooperative	Year Formed	Units	Income as a % of District Median Income	Rent as a % of District Gross Median Rent	% Below Poverty	% of Rent Burdened Households	% Hispanic	% Non-Hispanic Black	% Non-Hispanic White
Northwest Cooperative Homes	1977	162	127.11	91.08	17	47.74	6.74	45.72	41.63
Jackson St Cooperative	1988	5	109.27	113.2	20.8	47.74	7.17	41.13	42.02
Angels Gate Coop	1988	11	93.1	116.57	20.1	43.67	10	56.67	25.88
1230 Bladensburg Rd Co-op Association	1990	14	52.29	85.11	26.8	61.21	5.04	79.06	12.24
Sierra Cooperative Association	2004	20	93.1	116.57	20.1	43.67	10	56.67	25.88
Bates Street Townhomes	2005	5	127.11	91.08	17	47.74	6.74	45.72	41.63

Ward 6



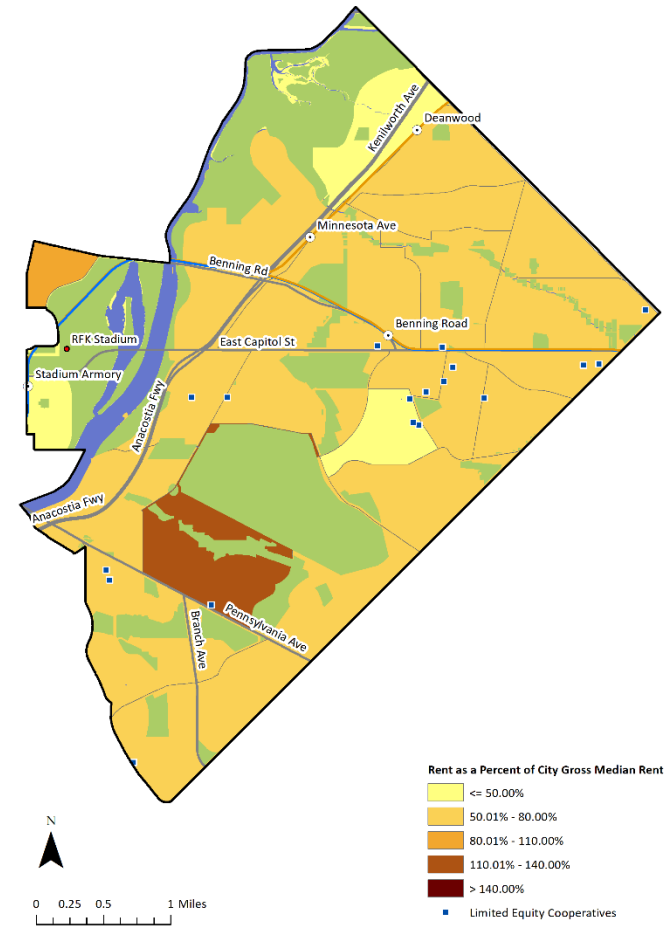
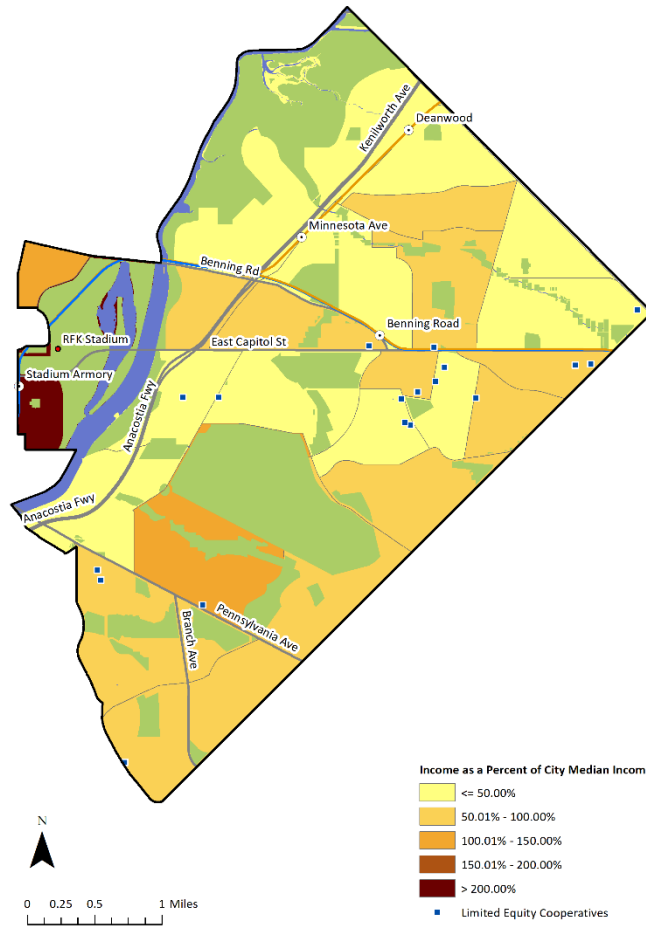


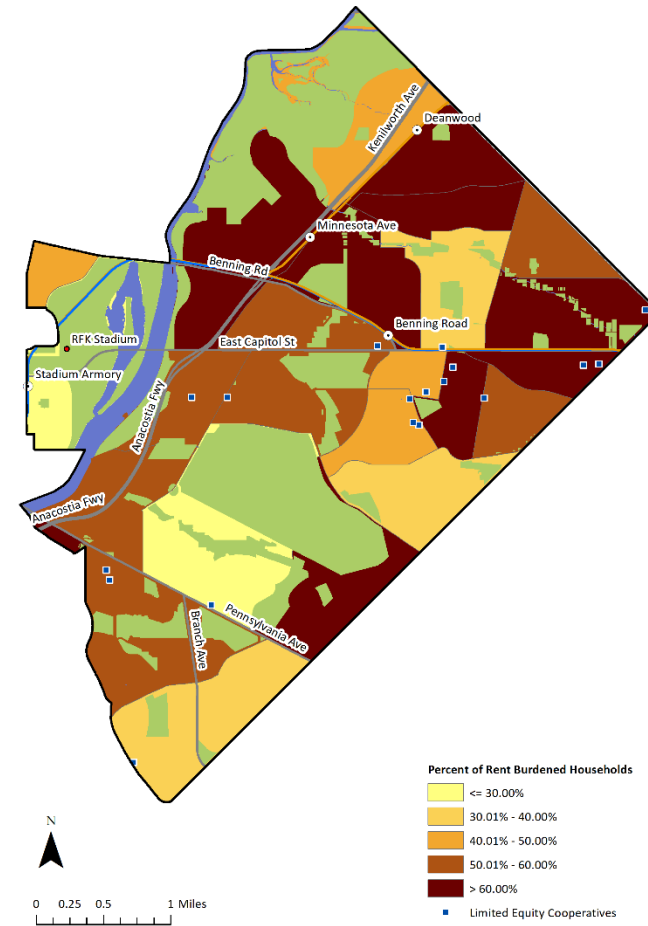
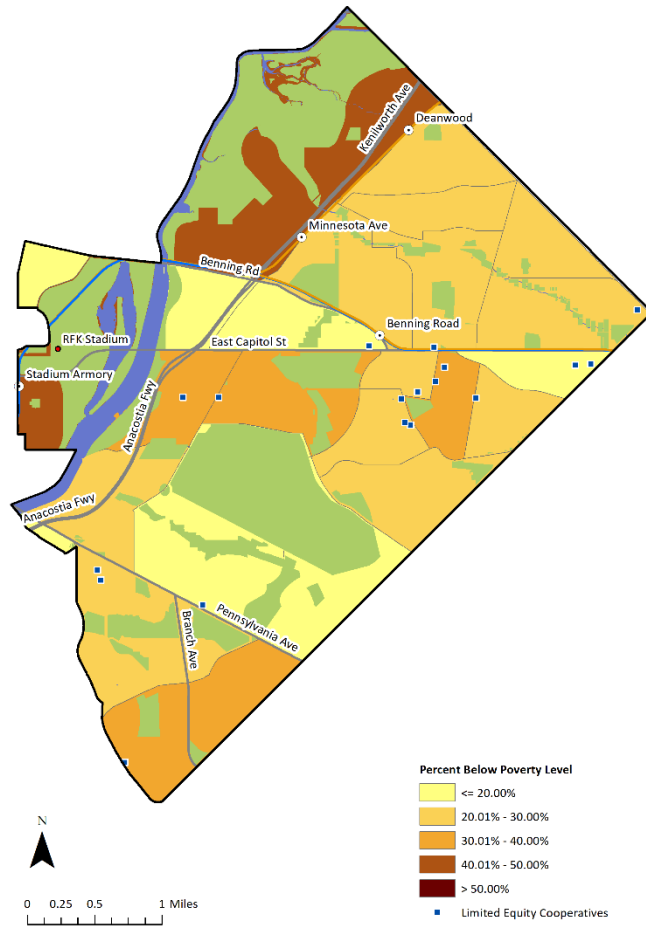


Ward 6 Cooperatives	Year Formed	Units	Income as a % of District Median Income	Rent as a % of District Gross Median Rent	% Below Poverty	% of Rent Burdened Households	% Hispanic	% Non-Hispanic Black	% Non-Hispanic White
St. James Mutual Homes, Inc.	1967	107	97.27	118.96	6.6	48.69	4.09	26.29	62.18
Second Northwest Cooperative Homes	1977	145	86.81	85.04	18.9	43.45	7.71	44.76	35.71
Tel Court Cooperative Association	1979	56	25.06	36.31	49.4	44.63	4.86	83.12	11.66
636 Cooperative Associates	1995	16	119.78	88.27	8.7	35.65	3.27	26.7	65.14
1314 K Street SE Coop	2007	12	92.87	88.83	40.8	58.68	4.85	57.96	32.09
E Street Cooperative Association	2008	10	179.92	153.79	3.6	40.7	2.98	24.93	64
801 P St New Hope Cooperative	-	78	133.29	141.78	15.3	44.11	14.87	36.02	39.65

Ward 7

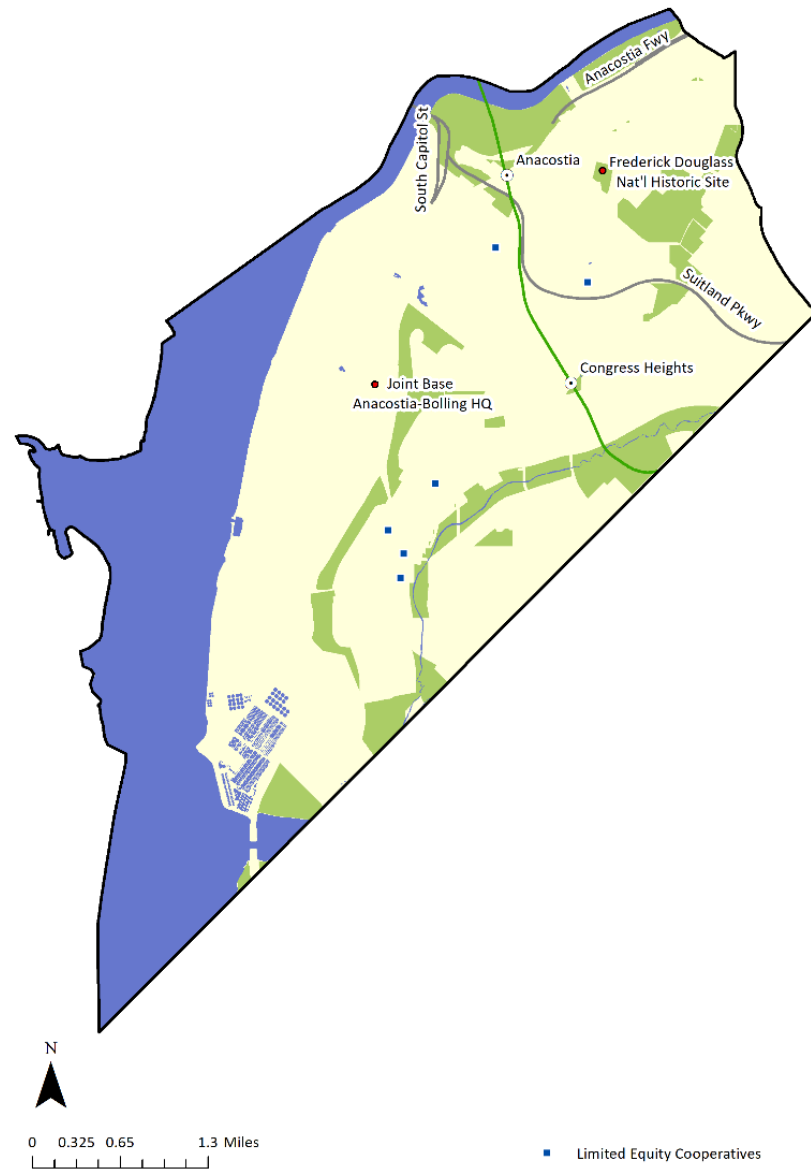


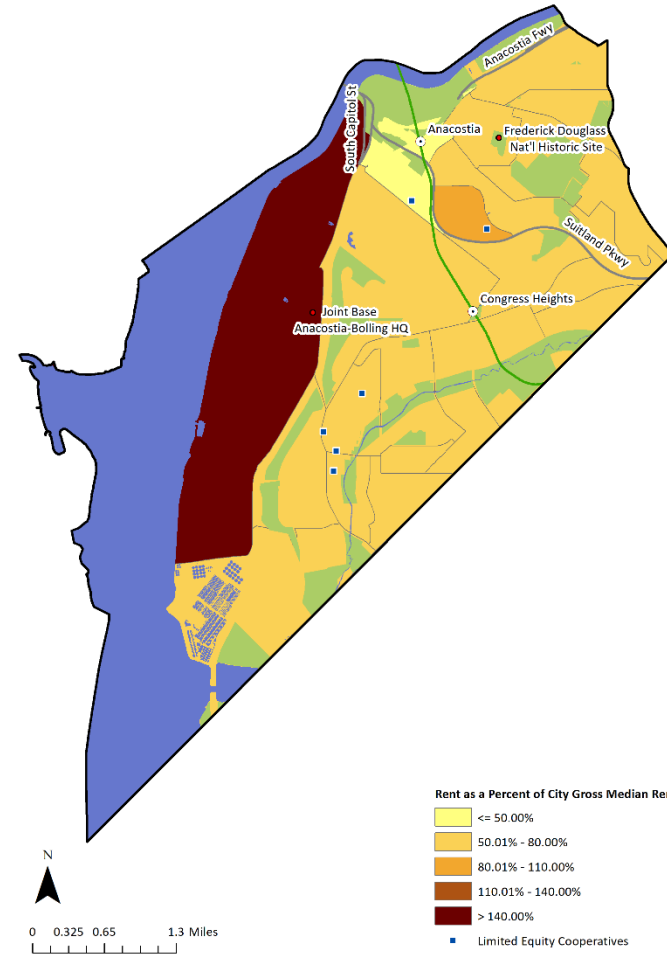
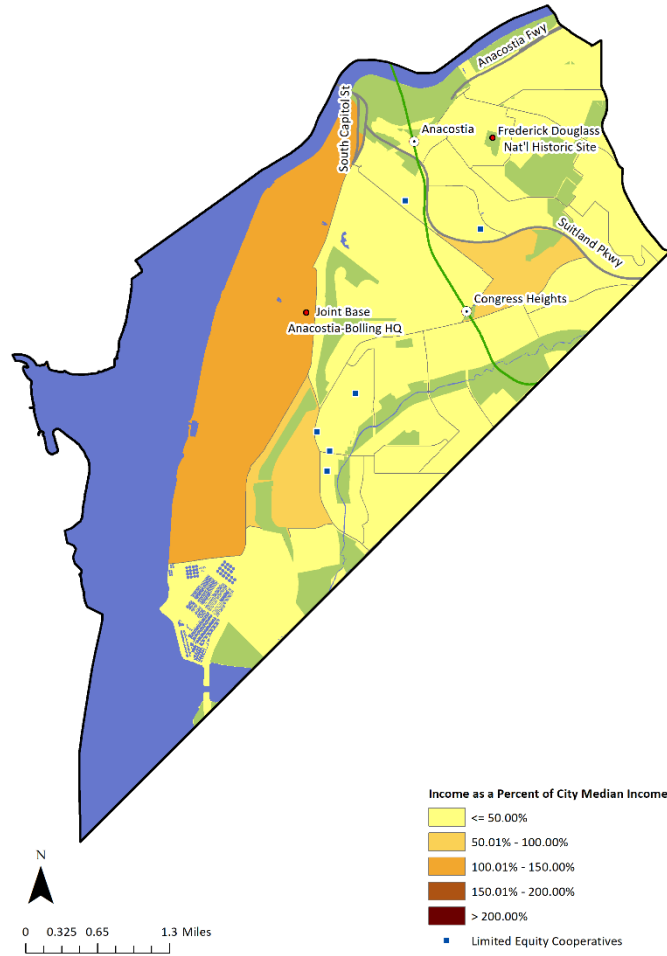


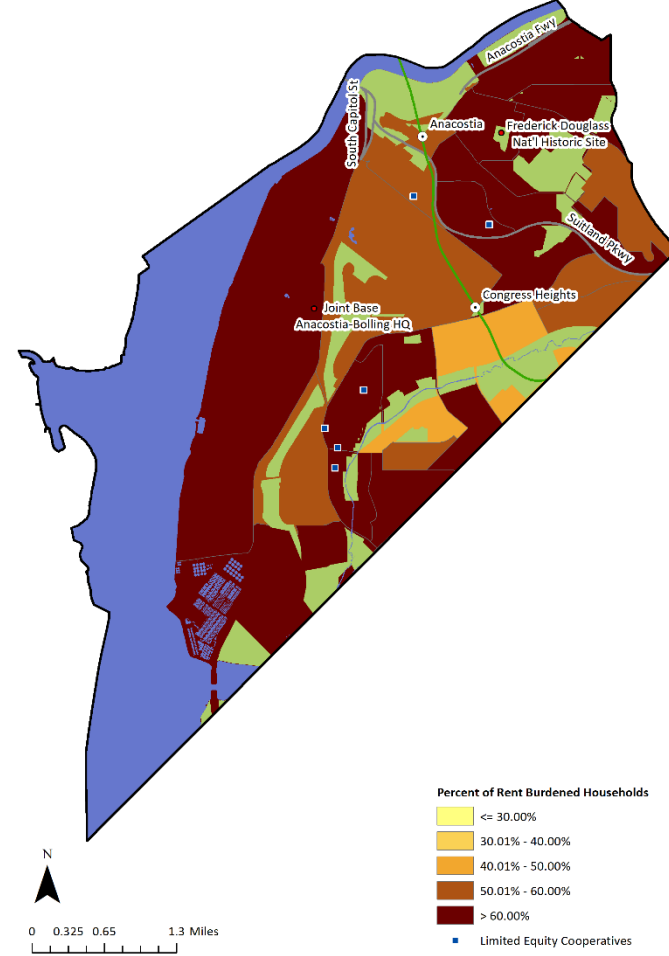
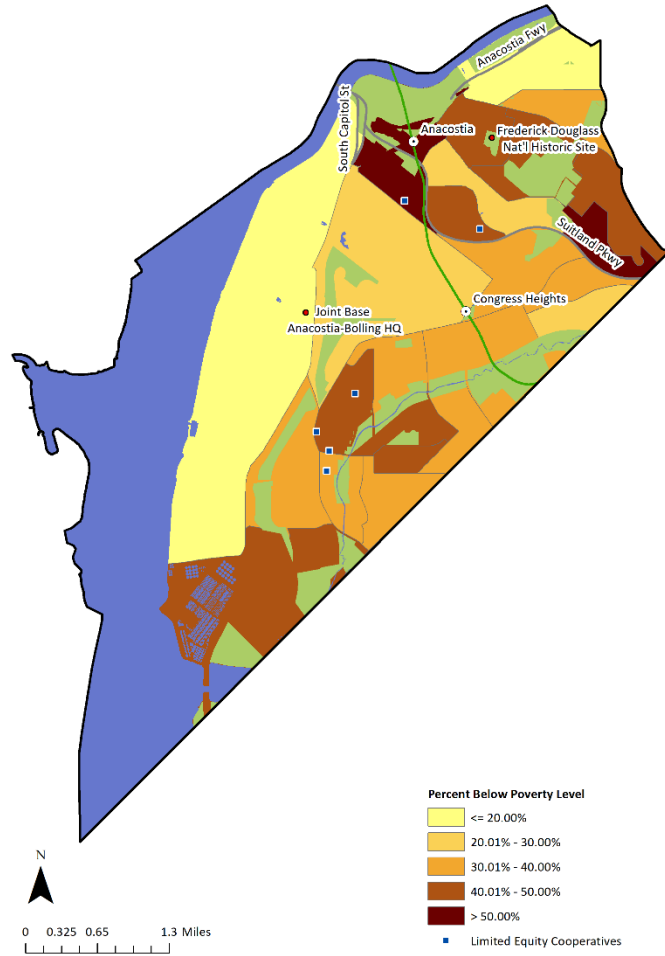


Ward 7 Cooperatives	Year Formed	Units	Income as a % of District Median Income	Rent as a % of District Gross Median Rent	% Below Poverty	% of Rent Burdened Households	% Hispanic	% Non-Hispanic Black	% Non-Hispanic White
Naylor Gardens Coop	1958	796	63.66	68.54	32	38.16	8.64	83.66	7.19
Benning Heights Cooperative	1981	280	40.47	46.84	28.8	41.95	0	99.57	0
Penn Manor Cooperative	1982	15	115.67	110.25	9.3	23.78	1.94	85.29	3.29
49th & B Street Cooperative	1985	10	39.57	65.73	35.3	65.15	16.48	79.72	1.75
East Capitol Gardens	1985	57	56.96	75.98	11.3	57.9	3.14	96.29	0
Hacienda Cooperative	1989	63	82.78	66.01	19.3	60.58	0.41	89.6	4.66
3301 C Street SE Tenant Association	1990	12	45.7	74.02	37.4	54.45	0	100	0
4615 Benning Road Housing Cooperative	1995	27	40.47	46.84	28.8	41.95	0	99.57	0
Southern Homes and Gardens Cooperative	1998	90	82.78	66.01	19.3	60.58	0.41	89.6	4.66
George Washington Carver Tenants Association	2002	125	65.76	51.54	28.4	35.5	0.53	96.48	0.1
A Street Manor Coop	2004	16	39.57	65.73	35.3	65.15	16.48	79.72	1.75
Copeland Manor Cooperative	2006	60	57.13	70.15	22.9	44.6	1.97	95.81	0.12
Garden View Cooperative	2007	31	69.98	79.42	24.9	52.55	3.76	89.12	3.1
The Pleasant Park Cooperative	2007	60	40.84	58.57	26.5	67.6	2.66	96.33	0
Maya Angelou Coop	2014	9	52.35	74.3	28.4	59.82	4.36	93.6	0.1
Residence at Minnesota Gardens Coop	2017	48	33.51	70.29	33.3	59.6	5.96	93.41	0
Ben-E Group Cooperative Association Inc	2018	29	40.47	46.84	28.8	41.95	0	99.57	0
2711 Q Street SE Cooperative	-	9	69.98	79.42	24.9	52.55	3.76	89.12	3.1

Ward 8







Ward 8 Cooperatives	Year Formed	Units	Income as a % of District Median Income	Rent as a % of District Gross Median Rent	% Below Poverty	% of Rent Burdened Households	% Hispanic	% Non-Hispanic Black	% Non-Hispanic White
People's Cooperative Association	1980	20	31.79	99.58	48.5	69.68	8.97	89.24	0.06
Brandywine Chesapeake Housing Corp.	1981	57	39.54	66.43	37.3	68.48	0	97.46	0
New Parkchester Housing Cooperative	1989	128	18.76	28.02	64.6	56.3	2.12	94.56	2.17
South Capitol Street Manor Cooperative	1991	11	33.88	72.33	41.7	66.95	0	99.45	0
22 Atlantic Cooperative Association	2007	15	33.88	72.33	41.7	66.95	0	99.45	0
United 2nd St Coop	2015	25	33.88	72.33	41.7	66.95	0	99.45	0

Appendix 3: District-wide Limited Equity Cooperatives

Cooperative	Address	Year Formed	Units	Ward	Tract
1415 Girard St NW	1415 Girard St NW	1950	21	1	37
Naylor Gardens Coop	2912 Naylor Rd SE	1958	796	7	76.03
St. James Mutual Homes	1414 3rd St SW	1967	107	6	110
Second Northwest Cooperative Homes	1321 5th St NW	1977	145	6	48.02
Northwest Cooperative Homes	1600 1st St NW	1977	162	5	46
Tel Court Cooperative Association	1413 Half St SW	1979	56	6	64
Beecher Cooperative	2301 41st St NW	1979	63	3	3
Beverly Court Cooperative	1736 Columbia Rd NW	1979	40	1	38
Brightwood Park Cooperative	5004 2nd St NW	1979	8	4	22.02
People's Cooperative Association	2430 Elvans Rd SE	1980	20	8	74.06
1901-07 15th Street NW Cooperative Association	1901 15th St NW	1980	51	2	43
Brandywine Chesapeake Housing Corp.	20 Chesapeake St SE	1981	57	8	98.1
Benning Heights Cooperative	4454 E St SE	1981	280	7	99.07
Tuckerman Cooperative	1446 Tuckerman St NW	1982	28	4	18.03
Penn Manor Cooperative	1735 33rd Pl SE	1982	15	7	99.01
526 Newton Place NW Cooperative	526 Newton Pl NW	1983	6	1	32
1820 California Street Cooperative	1820 California St NW	1983	17	1	40.02
Lehigh Cooperative	2605 Adams Mill Rd NW	1985	12	1	39
3435 Brown Street Cooperative	3435 Brown St NW	1985	16	1	27.01
49th & B Street Cooperative	140 49th St SE	1985	10	7	99.04
East Capitol Gardens	4270 East Capitol St NE	1985	57	7	96.03
Jackson St Cooperative	715 Jackson St NE	1988	5	5	92.01
Angels Gate Coop	2023 4th St NE	1988	11	5	87.02
Champlain Court Cooperative	2201 Champlain St NW	1988	28	1	38
New Parkchester Housing Cooperative	2905 Pomeroy Rd SE	1989	128	8	74.01
13th Street Terrace Cooperative	3701 13th St NW	1989	24	4	25.02
Florian Gardens Cooperative	5928 9th St NW	1989	45	4	19.01
Hacienda Cooperative	0028 58th St SE	1989	63	7	99.03
Kenyon House Cooperative	429 Kenyon St NW	1989	12	1	32
Lightview Cooperative, Inc.	6606 Georgia Ave NW	1990	73	4	18.04
3301 C Street SE Tenant Association	3301 C St SE	1990	12	7	77.08
1401 11th St NW Cooperative Association	1401 11th St NW	1990	4	2	49.01
1230 Bladensburg Rd Co-op Association	1230 Bladensburg Rd NE	1990	14	5	89.03
Newton Street Cooperative	1489 Newton St NW	1990	24	1	28.01
South Capitol Street Manor Cooperative	3848 South Capitol St SE	1991	11	8	98.03
Mandela Cooperative	1223 N St NW	1991	6	2	50.02
Voices of Madison	700 Madison St NW	1991	15	4	21.01
1621A-1627A V Street Association Inc.	1621A V St NW	1991	8	1	42.01
Malcolm X Cooperative	1701 Euclid St NW	1991	6	1	38
1425 T St NW	1425 T St NW	1992	30	2	43
Adelante Mount Pleasant Cooperative Inc	3149 Mount Pleasant St NW	1992	17	1	27.02

Spirit of W Street NW	1424 W St NW	1992	30	1	43
Lealand Cooperative	1830 16th St NW	1993	6	2	42.01
Nehemiah Cooperative	2425 14th St NW	1993	32	1	36
1429 Girard Street NW Cooperative	1429 Girard St NW	1994	19	1	37
We Still Have A Dream Cooperative	1213 10th St NW	1995	5	2	49.02
Colorado Cooperative	5746 Colorado Ave NW	1995	36	4	20.01
4615 Benning Road Housing Cooperative	4615 Benning Rd SE	1995	27	7	99.07
636 Cooperative Associates	636 12th St NE	1995	16	6	84.02
Kenyon Street Cooperative Association	1327 Kenyon St NW	1996	12	1	30
Southern Homes and Gardens Cooperative	5916 Southern Ave SE	1998	90	7	99.03
Capital Manor Cooperative	1436 W St NW	2002	102	1	43
George Washington Carver Tenants Association	4900 East Capitol St NE	2002	125	7	78.04
Friendly Neighbors Cooperative Association	3128 Sherman Ave NW	2003	15	1	31
A Street Manor Coop	4920 A St SE	2004	16	7	99.04
The Sierra Cooperative	307 S St NE	2004	20	5	87.02
Bates Street Townhomes	24 Bates St NW	2005	5	5	46
Covington Family Association Cooperative	1848 Columbia Rd NW	2005	21	1	40.02
Crestwood Cooperative	1630 Irving St NW	2005	24	1	27.02
Kara House Cooperative	1498 Spring Pl NW	2005	12	1	28.01
Quest Cooperative	1428 Euclid St NW	2005	23	1	37
5610 Colorado Cooperative	5610 Colorado Ave NW	2006	36	4	20.01
Brightwood Gardens Cooperative	931 Longfellow St NW	2006	52	4	21.01
Claiborne Apartments	3033 16th St NW	2006	92	1	28.02
Copeland Manor Cooperative	4760 C St SE	2006	60	7	99.06
Duncan Cooperative	4627 13th St NW	2006	25	4	20.02
Martin Luther King Jr. Latino Co-op	1236 11th St NW	2006	73	2	50.02
Peabody Cooperative	1333 Peabody St NW	2006	15	4	18.04
Nelrod International Cooperative	3323 16th St NW	2007	12	1	28.02
Garden View Cooperative	1550 27th St SE	2007	31	7	76.04
1314 K Street SE Coop	1314 K St SE	2007	12	6	71
22 Atlantic Cooperative Association	22 Atlantic St SE	2007	15	8	98.03
The Pleasant Park Cooperative	323 63rd St NE	2007	60	7	78.08
E Street Cooperative Association	1431 E St NE	2008	10	6	80.01
Carolina Cooperative	5504 7th St NW, Condo 1	2009	12	4	21.01
Ella Jo Baker Intentional Community Cooperative	2521 University Pl NW	2010	15	1	37
Kenyon Street Yes We Can Cooperative	1372 Kenyon St NW	2010	18	1	30
1417 N St NW Cooperative / The Norwood	1417 N St NW	2011	84	2	52.01
Girard House Cooperative	744 Girard St NW	2012	35	1	35
5741 Colorado Cooperative LCA	5741 Colorado Ave NW	2013	28	4	20.02
Maya Angelou Cooperative	5100 Bass Pl SE	2014	9	7	99.05
Kenyon House Family Cooperative	3119 Georgia Ave NW	2014	8	1	32
Hope Cooperative	1445 Spring Rd NW	2014	13	4	25.02
Luzon Cooperative @ 6323	6326 Luzon Ave NW	2015	43	4	18.03

United 2nd St Coop	3715 2nd St SE	2015	25	8	98.03
The Barlee Cooperative Association	909 Longfellow St NW	2016	37	4	21.01
Diversity Cooperative	7440 Georgia Ave NW	2016	21	4	16
Residence at Minnesota Gardens Cooperative	3513 Minnesota Ave SE	2017	48	7	77.03
Phoenix Cooperative	505 Jefferson St NW	2017	15	4	21.01
710 Unidos Cooperative Association	710 Jefferson St NW	2017	14	4	21.01
Ben-E Group Cooperative Association Inc	4447 E St SE	2018	29	7	99.07
5912 14th Street NW	5912 14th Street NW	2019	22	4	20.01
3218 Wisconsin Avenue Cooperative	3218 Wisconsin Ave NW	-	-	3	7.01
2711 Q Street SE Cooperative	2711 Q St SE	-	9	7	76.04
801 P St New Hope Cooperative	801 P St NW	-	78	6	49.01
Unity Building 25 Cooperative	25 Kennedy St NW	-	27	4	21.02