

Limited Equity Co-op Vacant Units—Marketing Best Practices

Limited Equity Cooperatives (LECs) have different marketing needs than other types of housing because the resale price of co-op shares are limited. This means LEC members cannot sell their apartments at market value, but only at the price provided in the bylaws.

We'll soon have a vacant unit—now what?

- (1) Check if your co-op has a marketing & sales policy.** If not, now's a good time to make one. This policy lays out in order each task that must be completed in the process of filling a vacant unit and who is responsible for it.
- (2) Look at your governing documents.** Bylaws, occupancy agreements & sometimes subscription agreements typically have important requirements for marketing & selling vacant units.
- (3) Make sure you understand your lender's and fair housing requirements.** LECs typically have additional requirements than other types of housing.
- (4) If your co-op doesn't have a marketing & sales policy yet, you should make a plan to meet the following minimum requirements:**
 - a. Confirm the permissible price.
 - b. Decide whether the exiting member or the co-op will be selling the unit.
 - c. Identify and make any necessary repairs.
 - d. Market the unit.
 - e. Have potential buyers fill out applications.
 - f. Interview potential buyers and choose one.
 - g. New member signs occupancy & subscription agreement and completes orientation.

How should we choose who markets our vacancies?

In many cases, it makes sense for the co-op's property management company to manage the marketing & sales process, so long as they are a licensed real estate agent. It is critical that the person or company responsible for marketing understands how LECs work, including:

- Understand the restrictions on resale value and member income, if applicable, and know to explain this right away to potential buyers;
- Be able to explain to buyers what it means to own a share in the co-op and co-op members' rights and responsibilities;
- Understand the co-op board's right to interview and approve buyers;
- Fair housing laws and affirmative fair housing marketing requirements, if required (see below);
- Important restrictions listed in the co-op's organizational documents buyers will want to know, such as restrictions on sub-leasing, pets, and which repairs inside apartments the co-op is responsible for making versus those the member is responsible for making.

- Whether a share loan lender has approved the co-op for share loans and whether sales are recorded with the city's Recorder of Deeds.

How can we comply with fair housing requirements?

- Always market units to the public and interview multiple applicants for every vacancy.
- Have a clear set of factors you consider when choosing a new member. Judge each prospective member by these same factors. It is especially helpful to use the same set of questions at each interview.
- Do not treat any applicant differently based on:

race	color	national origin	religion
sex	sexual orientation	gender identity or expression	age
familial status or responsibilities	marital status	personal appearance	political affiliation
source of income (Section 8 vouchers)	matriculation (student status)	where someone lives or works	disability

Those are a lot of categories! Things you don't think are discrimination may actually be, legally. It can be very expensive if someone files a discrimination complaint against your co-op. To be safe, [confirm the property management staff person responsible for marketing has completed fair housing training](#), and be sure to do periodic fair housing trainings for the co-op board. Our organizations can help!

- You may be required to affirmatively target marketing to a diverse audience because of your co-op's loans. In general, it is always a good practice & part of an LEC's mission to do this. Some ideas include:
 - Posting on www.dchousingsearch.org, a D.C. Department of Housing and Community Development site for affordable housing marketing, www.gosection8.com, and other sites that market affordable housing.
 - Send marketing materials to community organizations that serve low-income people from a variety of racial and ethnic backgrounds.