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COOP REAL PROPERTY TAX BENEFITS

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WHAT IS A COOPERATIVE?

- A housing Coop is the legal term for a housing unit that is owned and controlled jointly by a group of individuals who hold shares, membership and/or occupancy rights to the housing community.
- Coop members do not own their units, they have the exclusive right to usage of their unit. occupy their units by virtue of their membership.





AS A RESULT, COOPERATIVES PAY REAL ESTATE TAXES FOR THE CORPORATION'S PROPERTY AS A WHOLE.

Shareholders do not pay real estate taxes directly. So any tax benefits are managed through the cooperative, not the individual shareholder.

- As your managing agent, EJF will coordinate your Homestead and Senior Tax benefits. Shareholders will not engage with OTR directly.

THERE ARE TWO MAIN COOPERATIVE TAX BENEFIT PROGRAMS OFFERED BY DC OTR



Homestead Tax Benefits



Senior/Disabled Tax Benefits

HOMESTEAD TAX BENEFITS

A benefit deduction applied to the Cooperative's real estate tax bill for each unit that is occupied by a shareholder as their primary residence and qualifies for the Homestead Deduction. This benefit applies to the Cooperative's property tax bill as a whole and is not an individual benefit.

In order to qualify, one must:

- **File an application – this only has to be filed once, you do not need to file annually**
- **Occupy your unit as your primary residence and meet the DC criteria to establish domicile – where you pay your taxes, where you are registered to vote, where you have your drivers license**
- **Only claim Homestead in DC – you cannot claim in another jurisdiction**

HOMESTEAD TAX BENEFITS

As part of the application, you will be required to provide your Social Security Number.

If a shareholder owns two units and they are combined, the only way that both units will qualify is if they are legally combined under a single ownership contract or a single proprietary lease.

At EJP, we encourage shareholders to file the ASD-100 form when they purchase their unit if they intend to occupy their unit as their primary residence. A copy of this form is included in the closing packet. Shareholders can also complete this application online.

HOMESTEAD TAX BENEFITS

Homestead Deduction reconfirmation occurs in advance for the following tax year. In October, OTR mails out a list of the current shareholders receiving the homestead benefit for each lot & square in DC. These confirmation packets are sent to the registered address for the Cooperative. For most EJF clients, this is our office, but for some, it is mailed directly to the property.

By December 15, the Cooperative must register their Homestead Deduction confirmation. This is done through a portal at mytaxdc.gov. The portal stays open all year, but for filers after March 31 you will only receive second half credit for your Homestead Deduction.

The Cooperative (or their agent) submits any new applications for the Homestead deduction in the portal and removes any units that have either changed hands or whose Homestead status has changed – IE the shareholder no longer occupies the unit as their primary residence.

HOMESTEAD TAX BENEFITS

As part of the Homestead Tax registration, Cooperatives can also register to receive the trash credit.

In single-family homes, real estate taxes pay for trash collection. As a result, Cooperatives that pay for their trash collection to a private vendor are eligible for a credit on their taxes.

This is done by providing a copy of the Cooperative's trash bill when submitting the Homestead confirmation in the MyTaxDC portal.

HOMESTEAD TAX BENEFITS

- Owner-occupied residential property receives a benefit in the form of a 10% real property tax “cap”
- The real property tax bill cannot increase more than 10% from one year to the next, without regard to any increase in the property’s assessed value





HOMESTEAD TAX BENEFITS

- If at least 50% of the units are occupied by coop members who qualify for the Homestead Deduction, a coop will be considered “owner occupied”
- The coop will be protected by the tax “cap”
- If less than 50% of the units are occupied by coop members who qualify for the Homestead Deduction, the coop will NOT be considered “owner occupied”
- The coop will NOT be protected by the tax “cap”

Every coop gets a real property tax credit for each unit that qualifies for the Homestead Deduction, regardless of whether or not the coop qualifies for the tax “cap.”

SENIOR/DISABLED TAX BENEFITS

A benefit for senior or disabled shareholders that results in a refund of a portion of the real estate taxes the shareholder paid in the prior year.

This is an individual benefit that applies only to the qualifying shareholder. The Cooperative (or their agent) will issue a check for the credit directly to the shareholder.

OTR does not regulate how this is administered by the Cooperative.

Shareholders must register annually for this credit and reconfirm their status.



SENIOR/DISABLED TAX BENEFITS

To qualify for the Senior/Disabled tax credit a shareholder must:

- Have a qualifying Homestead application on file
- Be 65 years or older
- Have a total household income less than the Federally Adjusted Gross Income level set for that tax year. **
- If claiming disability, the shareholder must provide confirmation of receipt of benefits from the SSA.

** The FAGI confirmation can be confusing due to fiscal years. In calendar year 2023, in order to qualify, the total household income in 2021 must be less than \$149,400.

Another note on this, this is calculated on **household** income, not **individual** income.



DIFFERENCES IN THE BENEFITS

Homestead

- Apply once
- Benefit applies to Cooperative's total tax bill
- Confirmed in advance for the following calendar year
- Data is collected in the fall/winter

Senior

- Apply annually
- Benefit is realized as a refund to individual shareholder
- Confirmed in the following year for the prior year
- Data is collected in the spring/summer

EJF ADMINISTRATION OF BENEFITS

Homestead Tax Benefit

EJF will provide the Board of Directors with the list received from OTR of all registered shareholders receiving the tax benefit.

EJF will send an email to all shareholders who are not registered with OTR advising the shareholder that they are not registered, requesting registration if they qualify.

We will do this regardless of registered address on file as we want to be certain that there is no change in residency of which we may not be aware.

Prior to submission to OTR, EJF will update the Board on the applications received and allow the Board time to seek other applications as they see fit.



EJF ADMINISTRATION OF BENEFITS

Senior/Disabled Tax Benefit

EJF will provide the Board of Directors with the list received from OTR of all registered shareholders receiving the tax benefit. We do this as the Board may be more aware of those that might qualify for this benefit than we are.

EJF will send an email to all shareholders including the requirements for qualification and the application.

EJF will send a follow-up to all shareholders who were confirmed to receive the benefit in the prior year if we do not receive a new application to be sure they understand that shareholders understand that registration must be done annually.

Prior to submission to OTR, EJF will update the Board on the applications received and allow the Board time to seek other applications as they see fit.



ANY QUESTIONS?