

Small Condo Buildings Give Owners More Say – And More Responsibility

When Eddy Lee, and his fiancée, Sevana Sammis, both 29, were looking to leave renting behind to become homeowners in D.C., they knew they didn't want high condo fees. Many of the larger condominiums they looked at had fees that ranged from \$400 to \$900 a month.

"Just taking a look at my monthly payment on top of that, it kind of seemed unreasonable," Lee says. "It really put me off ... finding a place in a larger building."

That led the couple to look at smaller condos and, in January, they bought a spacious 1,450-square-foot unit that was one floor of a recently converted three-floor row house in Columbia Heights.

Without big-building amenities such as a concierge, extra security, a gym, pool and elevators, the condo fee is low. And with only three units, it's up to Lee (who works in mobile development), Sammis (a teacher) and the two other owners to make all the decisions for the building.

"It definitely comes with more responsibility, but I'm kind of embracing it," Lee says.

Having a big say in decisions is what being a part of a small association is all about.

"I have co-workers who live in bigger building," the first-time homeowner says. "They don't feel like they're a part of the association. The people that have been running it since the beginning and they're kind of at the mercy of what the association decides."

Many buyers opt for a small building to avoid that kind of bureaucracy, says Suzanne Des Marais, an associate broker and president of 10 Square Real Estate. She considers a building with fewer than 10 units to be "boutique" or small, 10 to 50 units to be mid-size, and more than 50 units to be large. She says she's had many clients who are more interested in boutique buildings because of the more hands-on experience.

"Some people don't want to pay for a roof deck," she says. "They might rather have a yard where they can do their own gardening."

Of course, being part of a smaller association also comes with challenges larger buildings don't face/

That's what Will Narracci, 28, a family medicine resident at Georgetown University, found out when he bought a 1,000-square-foot space in a four-unit townhome in Adams Morgan with his then-partner in April of last year.

The association had been established in 2006 and the building was run by a property management company, he says, but it changed hands a year ago. The new company was in charge of managing trash, landscaping and general maintenance, but they weren't holding up their end of the deal, Narracci says, when it came to trash removal.

"We didn't have trash pickup for probably, like two months," he says. He adds that after multiple complaints, management eventually hired trash removal services.

Trash removal was just one of the things that Lee and Sammis and the other owners had to figure out in their newly converted building. They had to establish their association from scratch, and none of the homeowners had any experience.

One tough decision came when they had to select an insurance policy to cover the whole property.

“That was a little bit of a pain because we don’t really know the ins and outs of insurance,” Lee says.

So they sought out some expert advice. Sammis’ aunt was a former deputy commissioner for insurance in Maryland. She guided the association through the decision. “Without her help, it would have been a lot harder,” Lee says.

The association also needed to set a monthly condo fee. The owners ran through the building’s expenses and agreed on \$216 a month. That was plenty to cover the costs of keeping the common spaces in good repair – and some to put in reserve for emergencies.

“We didn’t have to go through all these politics to get an answer,” Lee says. “We just kind of went ‘Yeah, we all agree that this should be the number,’ and that was that.”

Ready for the Small Time?

Running a small condo association doesn’t have to be daunting. Here’s how to keep yours running smoothly.

Set Your Expenses

The building’s developer can give owners recommendations on how much to spend each month on HVAC, water, trash removal and an emergency fund. Then owners can opt to add money for exterminators, janitorial services or landscapers. Some small associations hire a property management company, but consider saving the money and working directly with outside companies, says Jaclyn Williamowsky, a lawyer who handles small condo conversions for D.C.-based law firm Arness and Associates.

Take Advantage of Size

Members can skip nominating officers and agree to run things among themselves, says Emily Morris, a lawyer who specializes in real estate for EKM Law. In a larger association, decisions are left up to board members and not all meetings may be open.

Stay In Contact

All members need to be on the same page. Owners can use Skype or phone calls to make decisions, Morris says. D.C. condo laws changed to allow that in 2014 – before then all votes and meetings had to be held in person, she says.