

Co-Op Apartments Gain Popularity

The many apartment and town house projects now under way here indicates growing popularity of urban housing and explains the increasing interest in cooperative apartment ownership.

In the last eight years, a number of outstanding cooperatives have been constructed here . . . Potomac Plaza was built in 1957 . . . Potomac Plaza Terraces opened in 1961

. . . Harbour square will be completed soon.

The most dramatic of Washington co-ops is still under construction. It is Watergate, where 1000 apartments costing from \$20,000 to more than \$200,000 are being built.

The first Watergate building will be opened this fall.

While Washington has not had the large number of co-ops that New York City and Chicago have had, experiences over a generation and more have shown that co-ops are popular and are good investments.

In some cases, owners of co-op apartments in Washington have enjoyed property appreciation greater than that of other forms of real estate.

The Westchester, which opened its first section in the late 1920s, has been a Northwest Washington landmark. It currently is undergoing a major renovation.

The Westchester became a co-op in 1954. Capt. Samuel Kelly, USN (ret.), president of the Westchester Corp., said that in 12 years many of the apartments in the project have enjoyed more than a 100 per cent appreciation.

Other co-op apartments have enjoyed steady appreciation. Real estate agents who have handled sales of apartments at Potomac Plaza Terraces report that prices there have risen 10 to 15 per cent in the four years it has been open.

The popularity of co-ops in Washington is shown in the sales experience thus far at Watergate. More than 70 per cent of the first building has been sold, even though it is still four months from completion.

Co-ops allow people to live in urban apartments and still enjoy the stability of real

property ownership. Essentially cooperatives are corporations, the members (or stockholders) of which are the tenant-owners of the building or buildings. Where stock is issued, shares are allocated to each apartment in relation to the ratio of the equity cost of the apartment to the total equity cost of the entire project. Monthly charges for

operation, taxes and mortgage are then allocated on the basis of the number of shares assigned to each apartment.

In co-ops, real estate taxes and interest paid by apartment owners are tax deductible. There usually are restrictions on the assignment or subleasing of apartments without the consent of the co-op itself.