



Montgomery County

Office of Intergovernmental Relations

ROCKVILLE: 240-777-6550

ANNAPOLIS: 240-777-8270

HB 313

DATE: January 22, 2021

SPONSOR: Delegate Holmes

ASSIGNED TO: Environment and Transportation

CONTACT PERSON: Amy Samman (amy.samman@montgomerycountymd.gov)

DEPT. OF HOUSING AND COMMUNITY AFFAIRS POSITION: Support with Amendment

Cooperative Housing Corporations, Condominiums, and Homeowners Associations – Reserve Studies – Statewide

This bill requires the governing body of a common ownership community (COC) to commission a study of the COC's reserves every five years. The study would include an analysis of the amount of reserve funds needed to support future major repairs and replacement of the COC's common elements and common areas. This bill applies to condominiums, housing cooperatives, and homeowners' associations.

Montgomery County's Department of Housing and Community Affairs (MCDHCA) supports House Bill 313 with an amendment. Montgomery County's House Delegation introduced a similar local bill (House Bill 567/MC 3-21) this year. The bill reflects a recommendation from Montgomery County's Covid-19 COC Distress Workgroup based on concerns that members of COC governing bodies often lack the knowledge and expertise necessary to identify the improvements that need to be made to common elements and common areas and a timeline for making those improvements. This may result in those improvements not being budgeted for in advance, requiring the need for unanticipated resident special assessments or the loss of use of common elements and common areas altogether.

MCDHCA believes reserve studies will assist governing bodies in determining the appropriate level of reserve funding necessary to avoid burdening residents with frequent special assessments which may help these communities maintain financial solvency.

The Montgomery County House Delegation approved an amendment to House Bill 567/MC 3-21 that would require COCs in Montgomery County to update a reserve study periodically following an initial study rather than undertaking an entirely new study. This would ensure that the reserve studies remain accurate and up to date without requiring an entirely new study when it may not be necessary. This amendment has been discussed with the sponsor of House Bill 313. The suggested amendment language is on page 2.

For the foregoing reasons, MCDHCA respectfully requests a favorable with amendment report on House Bill 313.

On page 3, strike in their entirety, lines 26 through 30, insert:

“(II) THE GOVERNING BODY SHALL HAVE AN UPDATED RESERVE STUDY COMPLETED WITHIN 5 YEARS AFTER THE DATE OF THE INITIAL RESERVE STUDY CONDUCTED UNDER PARAGRAPH (2) OF THIS SUBSECTION, WHICH SHALL BE UPDATED AT LEAST EVERY 5 YEARS THEREAFTER.