

Written Testimony on SB0446 - Alex Hekimian.pdf

Uploaded by: Alex Hekimian

Position: FAV

Testimony to Senate Budget and Taxation Committee
by
Alex Hekimian
President, Holly Court Community Association
on
**SB0446 (Local Government – Condominium and Homeowners Associations –
Repair and Rehabilitation Funds)**

The collapse of a condominium building in Surfside Florida a few years ago is a stark reminder to all of us how difficult it is for boards of directors of associations that govern common ownership communities to collect enough funds to adequately and timely maintain their infrastructure.

The problem is that developers build these communities, but too often it's those associations that have to pick up the cost of repairing their common elements. And, that cost has turned out to be huge and unaffordable.

Excessive burden on associations. When local governments approved development plans, too many underestimated how much of a burden they would impose on associations. The governing documents drafted by the original developers made the situation worse because there are serious restrictions on how much the associations can raise their annual assessments. So, over the past 50 years, older communities could not collect enough money to adequately fund their reserves, and even if those restrictions are eased, the total amount of money needed is still so massive that it is impractical and unfair to extract them from today's residents.

Serious inequity issue. Much of an association's infrastructure, like roads and stormwater facilities, are types of facilities that governments normally provide. But, in too many development cases, local governments agreed with developers to declare that such facilities are private, and by so doing saddled the associations of the communities with the burden of repairing them. Meanwhile, in other cases, they declared that such facilities were public, and therefore local governments would be responsible for such repairs. Those differing decisions have caused a serious inequity among common ownership communities. It has created an arbitrary divide of haves and have-nots, with some associations paying little or nothing to repair their infrastructure, while other associations having to pay the entire cost.

Bill resolves inequity. This bill allows local governments to create Repair and Rehabilitation Funds that help resolve that inequity and place all community associations on an equal financial footing. It also removes double taxation, whereby residents of some communities not only pay assessments to their associations to restore their own infrastructure but also pay property taxes to local governments to pay for restoring the infrastructure of other comparable communities.

Bill is enabling legislation. This bill simply enables counties and cities, if they so choose, to allow all community associations to recoup, via local grants from the fund, a percentage of the property taxes that their residents pay each year to local governments. The grants would prevent further deterioration of common elements that are unsafe and detract from such communities, and help avoid depressed property values and the resulting negative impact and a drain on local governments' property tax income.

Similar in concept to TIF. Such a fund is generally similar to TIF (Tax Increment Financing), whereby the State has authorized local governments to create a fund that developers could use to recoup a portion of their development's property taxes to pay for their development's infrastructure. Just as TIF is a justified resource for developers, the proposed Repair and Rehabilitation Funds would be a justified resource for community associations.

For the above very important reasons, I urge a favorable report for SB0446.

SB 446 - Testimony for B&T.pdf

Uploaded by: C. Anthony Muse

Position: FAV

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Judicial Proceedings Committee
Executive Nominations Committee
Vice Chair, Rules Committee

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Testimony

**SB 446: *Local Government – Condominium and Homeowners Associations –
Repair and Rehabilitation Funds***

Good afternoon, Chairman Guzzone, Vice Chair Rosapepe and members of the Senate Budget and Taxation Committee.

SB 446 is enabling legislation that would allow counties and municipalities at their discretion to establish a local trust fund for the purpose of repairing and rehabilitating infrastructure within communities.

If the local government or municipality establishes the fund, it must consist of property tax revenues, other appropriations made by county/ municipality for the benefit of the fund and gifts or donations made to the fund and investment earning of the fund.

The county or municipality can establish eligibility requirements for condominium and HOA's to receive the funds. Additionally, the county or municipality must prioritize condominium and HOA's that exhibit the greatest need for the infrastructure repair and they can also consider the availability of other funds and resources that are available to the condominium and HOA's.

In closing, this legislation would take the burden off local communities, more specifically older developments that are stuck with repairing the common areas without adequate funds.

Therefore, I am asking for a FAVORABLE report on SB 446.

SB 446 Support Letter.pdf

Uploaded by: Karen Straughn

Position: FAV

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January 31, 2024

To: The Honorable Guy Guzzone
Chair, Budget and Taxation Committee

From: Karen S. Straughn
Consumer Protection Division

Re: Senate Bill 446 – Local Government – Condominium and Homeowners Associations –
Repair and Rehabilitation Funds (SUPPORT)

The Consumer Protection Division of the Office of the Attorney General submits the following written testimony in support of Senate Bill 446 submitted by Senator C. Anthony Muse. This bill authorizes a county or municipality to establish a fund to provide support for the repair of infrastructure in condominium or homeowners associations. If the local government establishes such a fund, a portion of property tax revenues paid by the members of these associations would go to that fund.

Legislation recently passed requires associations to conduct a reserve study and to fund the reserves of the association in accordance with that study. In the past, many associations had not been properly funding their reserves, either due to the inability to obtain the votes required to approve large increases or the simple inability of the residents to afford the increases necessary. As a result, the infrastructure of many of these associations has deteriorated and associations are now forced to incur substantial increases or face penalties along with the deteriorating conditions of the community.

In many common ownership communities, the infrastructure includes roads, storm water management ponds, sewers, parks and other elements that would normally be maintained by the local government, but instead are the sole responsibility of the association and its members. The failure to maintain the infrastructure can result in both physical danger to the community

members as well as depressed property values and eventually, communities in crisis. To assist in maintaining these communities, a portion of the property taxes paid by these communities would be used to maintain the infrastructure. Notably, this legislation does not require a local government to take action, but merely provides the basis by which a local government is enabled to take such action. When setting the parameters for payment of a percentage of property taxes into these funds, however, it may be prudent for the funding to be limited to property taxes paid by residents of communities where the infrastructure is not maintained by the local government.

For these reasons, we ask that the Budget and Taxation Committee return a favorable report on this bill.

cc: The Honorable C. Anthony Muse
Members, Budget and Taxation Committee

2024_SB446_Support.pdf

Uploaded by: Karin Emery

Position: FAV

January 30, 2024

Dear Senator Guzzone and members of the Budget and Taxation Committee,

I am writing to you today as a private resident of Oakland Mills and not in any official capacity to express my support for Senate Bill 446.

I have lived in Columbia, Maryland for my entire life and spent 23 years living in the Wooded Ridge Townhome community in Long Reach before moving back to my childhood home on Thunder Hill Road.

Wooded Ridge is not that different from many of the townhome communities & condominiums peppered throughout Columbia. In fact, it is one of the more affordable options when it comes to housing in Columbia and Howard County in general. However, communities like Wooded Ridge will never be in a position to amass the amount of money it would take to perform some repairs such as repaving private roads.

I believe Senate Bill 446 is a good bill to enable counties to set funds aside for the purpose of repair and rehabilitation. I urge you to vote yes for this bill.

Karin Emery
5358 Thunder Hill Road
Columbia, MD 21045

Testimony_In SUPPORT of SB446_Oakland Mills Commun

Uploaded by: Sandy Cederbaum

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January 29, 2024

TO: Members of the Senate Budget and Taxation Committee

FROM: Oakland Mills Community Association
Jonathan Edelson, Chair, Board of Directors

SUBJECT: TESTIMONY IN SUPPORT OF SENATE BILL 446

The Oakland Mills Community Association supports Senate Bill 2024-446. While most of Oakland Mills is already served by public roads, stormwater facilities, etc., parts of Oakland Mills were developed as subdevelopments with their own common ownership or homeowners' associations responsible for their subdevelopment within Oakland Mills. Fifty years or more after their construction, some of these subdevelopments are now struggling to raise the funds necessary to maintain or upgrade services provided by our county in other communities. This has led to inequities in the condition of infrastructure that would traditionally be maintained by the county, and the only current path to remedy this would be substantial dues increases passed on to the members of the subdevelopments.

Allowing counties and municipalities to establish infrastructure funds will be a step toward fixing this situation. We support not only the potential to create these funds, but also the prioritization by need for the disbursement of these funds. Senate Bill 2024-446 is a first step toward relieving a burden on residents of the State of Maryland, such as those who live in the subdevelopments within Oakland Mills, who currently face steep bills to maintain or repair infrastructure that other residents receive as a public good.