



Montgomery County

Office of Intergovernmental Relations

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HB 1035

DATE: February 27, 2024

SPONSOR: Delegates Rosenberg, Attar, and Ruff

ASSIGNED TO: Environment and Transportation

CONTACT PERSON: Leslie Frey (leslie.frey@montgomerycountymd.gov)

POSITION: FAVORABLE (Department of Housing and Community Affairs)

Real Property - Insufficient Condominium Reserve Account Grant Fund – Establishment

House Bill 1035 establishes an Insufficient Condominium Reserve Account Grant Fund for low-income unit owners earning no more than 80% household Area Median Income (AMI). The grant fund will help low-income condominium owners pay increased assessments necessary for the condominium association to meet the required reserve account funding, credit Fund interest earnings, and prioritize grant eligibility for certain older adults.

Currently, common ownership communities (CoC) are required to conduct reserve studies to establish budgets and assessments for fund reserves consistent with the study recommendations. Homeowners who cannot meet the required assessments can fall behind and face liens and foreclosure for unpaid assessments. House Bill 964 proposes a fund to support eligible lower-income homeowners with grants to assist in meeting assessments related to reserve fund requirements.

Montgomery County Department of Housing and Community Affairs supports House Bill 1035 because it provides the opportunity for low income and elderly homeowners to receive assistance in paying assessment increases caused by reserve study funding requirements. Common ownership community homes represent the lowest cost category of homeownership, with owners generally lower income than single family homeowners. Reserve study and funding requirements imposed in state law are intended to assist COC associations and members in understanding and committing to critical maintenance and operating reserves. COCs that have not conducted reserve studies recently may face significant unrecognized funding needs to maintain and operate their COC. Assessments to fund these needs may be infeasible for lower income homeowners to meet and could put some in a position of assessment delinquencies which may cause a foreclosure. House Bill 1035 would help residents most in need in this situation; for this reason, Montgomery County Department of Housing and Community Affairs respectfully requests a favorable report.