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Committee

*Chair*

Health Occupations and  
Long-Term Care Subcommittee

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Joint Committee on Administrative,  
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Testimony of Delegate Samuel I. Rosenberg

Before the Environment and Transportation Committee

In Support of

**House Bill 1035**

**Real Property - Insufficient Condominium Reserve Account Grant Fund – Establishment**

Chairman Korman and Members of the Committee:

Many areas in Maryland – including many parts of my district – are home to a large number of 1960s and 1970s-era condominium buildings that need extensive renovation. These condo developments are desirable for older adults as they are easier for such owners to manage rather than single-family homes and are generally more affordable to an aging population.

Condo boards oversees administration and collection of homeowner fees, but many of these developments have fallen behind on reserve deposits and repairs due to many factors, including market instability and age and income of legacy owners. This neglect puts the safety of the building, the surrounding area, and the value of the homes at risk.

In the event that reserve funds fall short, residents will be burdened with the cost of these repairs if a State fund is not created. This type of shortfall poses a significant challenge for elderly or low-income residents who may not have the financial resources to meet such additional charges.

If these owners are unable to pay, the building may place a lien on their unit, putting their homes at risk. Alternatively, the remaining owners may have to bear the increased financial burden, or the repairs may have to be deferred. Both of these outcomes could compromise the safety and value of the building.

It is crucial, therefore, for building management to ensure that adequate reserve funds are in place to prevent such scenarios and maintain the welfare of all stakeholders.

House Bill 1035 would establish a State fund to provide financial assistance to condominium owners who are unable to bear the burden of higher assessments. The fund would prioritize applications from individuals aged 65 years and above whose income is 80% or less of the region's median income.

To maintain the structural stability and safety of the condominium buildings, a reserve study must be carried out, which would determine the necessary maintenance activities. Additionally, the study would require the building management to deposit funds into a reserve account following the study's recommendations.

Condominium owners, who often live on modest fixed incomes, find it challenging to bridge the gap between the required level and the available finances unaided. Insufficient investment has resulted in this gap, which has accumulated over time, making it a short-term requirement.

The proposed fund would assist these owners with modest incomes in paying their assessments and ensure that their buildings accumulate the necessary number of reserves, thereby rendering them safe, stable living spaces and secure investments for the owners.

Notably, the fund is intended to operate only to the point where reserve obligations are met. The sponsor amendment sets out a process for reporting by the Department of Housing and Community Development to track utilization of the fund and its impact on low-income seniors. The amendment furthers this goal by requiring annual reporting on utilization of the Fund. Once the Fund has achieved its goal of stabilizing condo development reserve funds, the General Assembly can determine if and when it can lapse.

I urge a favorable report on HB 1035.

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