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Real Property - Insufficient Condominium Reserve Account Grant Fund – Establishment Position: Favorable with Amendment March 4, 2025

Mr. Chair, Madam Vice Chair and Members of the House Environment & Transportation Committee:

I write today to request a report of **favorable with amendment** HB1411.

CHAI is a community-based nonprofit agency serving northwest Baltimore City and County for over four decades. Our mission is to strengthen neighborhoods through housing and community development to create a community where all neighbors can thrive.

For years we have been hearing from our older neighbors about an issue of great concern to them. There are many condominium buildings in our service area, built in the 1960's and 70's, most of which are in need of substantial repair. A significant portion of the residents of these condos are older adults living on a relatively small and fixed income. The condo buildings are managed under the guidance of volunteer resident boards, most of whom do not have direct experience in building maintenance and repair. For years, the buildings have put off needed repairs due to insufficient funds in reserve accounts and the impossibility of assessing themselves and their neighbors to pay for expensive building upkeep. Many of these buildings are in disrepair, posing potential hazards to the residents. Recent laws require the properties to have updated reserve studies, which is an important step in ensuring the properties will be safe and well maintained. However, we hear from residents in our service area that there is a large gap between the funding needed for repairs identified in the reserve studies and the funding available in the reserve accounts. The only way to comply with the requirement to fully fund reserves is to demand special assessments from residents to fund the gap. These are the very residents who do not have disposable funds to pay for these assessments.

Given the clear safety concerns that must be addressed and the inability of the older residents to address this issue on their own, there is an important opportunity for the State to help. With State support, older condo buildings can fund their reserves and complete needed repairs, benefiting the residents and the surrounding community. Once the reserves have caught up to appropriate funding levels, assessments can return to a manageable level.

In order to determine the scope of assistance needed from the State, an amendment is offered to HB1411 to require a study of the issue. The study will provide information on the number of units built before 1980, and the number of older, low-income condo



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owners living in these buildings. Additionally, it will determine the size of the gap between reserve funds available and reserve funds needed. The State can then assess how it can provide needed support to low-income older condo owners facing special assessments. It will be clear from the study how long it will take for these reserve accounts to catch up to needed funding levels, at which time, the State support will no longer be needed. With a full understanding of the scope, the State can determine the appropriate solution to this critical issue.

Testimony of the board of the condominium communities in CHAI's service area is attached hereto.

We urge your support on HB1411, as amended to include a study of this issue.

Respectfully submitted:

Lisa K. Budlow
Chief Executive Officer



February 21, 2025

Re: Testimony in Support of House Bills 1133 and 1411 (offering support to condominium owners facing increased assessments)

Mr. Chairman, Madam Vice Chair, and Members of the Committee:

We, the undersigned condominium board leaders, collectively submit this letter of **support for HB1133 and HB1411**, which would provide support to older condominium owners who are living in older buildings with insufficient reserve funds to support necessary maintenance and repair. Owners such as our neighbors and ourselves are living on fixed incomes and cannot afford to fund special assessments to pay for deferred maintenance in our buildings where reserve accounts are insufficient. We understand the importance of maintaining the buildings in good repair, both for our safety and for the value of these important community investments; however, we are unable to fill the gap between the amount of funding required to do this work and the amount our communities have in reserve. Until such time as reserve accounts are fully funded, we are in need of state support to provide relief from this cost burden.

Many condominium buildings in the Park Heights Avenue corridor where we live were built in the 1960's and 70's and are in need of significant repair. The buildings have been maintained under the direction of the condo board, which consists of volunteer owner representatives. Prior to the recent requirement to have reserve studies completed, many of our buildings did not have up to date studies that would help us manage the schedule of repairs and maintenance required to keep our building safe and stable. We have made deposits to our reserve accounts but not at the pace needed to have sufficient funds in reserve to accommodate the vast repair needs we are currently facing. As a result, our buildings have deferred maintenance, which needs to be addressed, and insufficient funds in reserve to get the work done.

We are now faced with a requirement to fully fund reserves and we are too far behind to be able to meet this requirement in a timely manner. Further, if our buildings need immediate repair, we will be faced with the need to levy special assessments on each owner. Many of our building owners are lower-income older adults who simply cannot afford to pay these special assessments. If some owners can't pay, they may be forced to sell their units and move out. As a low-income senior, this could be devastating. However, if the building cannot collect the funds needed for repairs, they would be faced with delaying needed upkeep while they attempt to collect, which would further decrease the safety and value of the building.

We are in need of assistance to help get our reserve accounts fully funded and cover any necessary special assessments required while we work on funding the reserve account. State support that would lead to funding to pay for repairs will help put the buildings on the path to safety, would help owners retain their units, and would help units retain their value. This is a win-win for our neighbors and communities.

Sincerely,

The Boards of:

Elmont Condominium

Heather Ridge Condominium Association

Park Slade Condominium Association

Park Towers East Condominium

Park Towers West Condominium

Regency Condominium

Seven Slade Condominium

Shelburne Court Condominium Association

Slade Village Condominium

Stevenson Commons Condominium, Inc

The Bartonwood Condominium

The Risteau Condominium

The Towers Condominium