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Testimony for Senate Bill 71 Taskforce on Common Ownership Communities Before the Judicial Proceedings Committee January 21, 2025

Good afternoon, Chair Smith and members of the Judicial Proceedings Committee,

A growing number of homes in Maryland are located in common ownership communities ("COCs") – i.e., condominiums, cooperatives and homeowners' associations. COCs are designed to give homeowners control over services and amenities that might otherwise be provided by local governments. However, these communities present unique issues that non-COCs do not have to address.

Twenty years ago, my mentor and former Vice Chair of this Committee, Senator Delores Kelley, introduced and passed Senate Bill 229 (Chapter 469 of 2005) establishing a 26-member Task Force on Common Ownership Communities. Ultimately, the task force examined several issues¹ relevant to COCs and published its final report with several recommendations.

Its findings were the basis for a couple of bills since 2006 with the goal of improving the operation of COCs:

- HB 906 (Chapter 688 of 2012) authorized Prince George's County, by ordinance, to impose and collect a fee for the provision of administrative hearing services for the resolution of disputes involving a common ownership community located in the county.
- HB 844 (Chapter 216 of 2023) required the Department of Housing and Community Development to establish and maintain a website that provides certain information on the rights and responsibilities of individuals living in a common ownership community.

In the vein of Chapter 469 of 2005, Senate Bill 71 creates a 17-member Task Force on Common Ownership Communities to study five topics, including:

¹ They included education and training needs, alternative dispute resolution services, the desirability of adopting provisions of the Uniform Common Interest Ownership Act of 1994, issues facing aging COCs, issues facing the collection of assessments, and issues relating to the resale by owners of homes in COCs.

- (1) the education and training needs of common ownership community boards and new and prospective owners of homes and dwelling units in common ownership communities.²
- (2) the feasibility of establishing statewide alternative dispute resolution services for common ownership communities.³
- (3) the advisability of creating a permanent State Commission on Common Ownership Communities;
- (4) the feasibility of requiring Common Ownership Community managers to be licensed; and
- (5) best practices related to common ownership community election processes and governance.

Service on this Task Force will require that members have specified professional experience or relationships to common ownership communities. Two members are appointed by the Senate President, four members are appointed by the Speaker, and seven members are appointed by the Governor. There are others Task Force members representing various groups who have an interest in COCs.

The bill directs the Attorney General's Office to provide staffing for the Task Force. The Task Force is to submit a final report to the Governor and the General Assembly by December 31, 2026.

There remains an opportunity for more progress to be made by studying best practices currently in place and establishing statewide educational resources and COC manager oversight. Establishing the Task Force on Common Ownership Communities will assist us to identify relevant issues and opportunities to better support these communities. Therefore, I ask that we provide SB 71 a favorable report.

² This includes: (i) creation and dissemination of information on the best practices for common ownership community governing boards; and (ii) options for providing classes and brochures through a State agency or an institution regulated by the Maryland Higher Education Commission on:1. the responsibilities of members of common ownership community governing boards; and 2. the obligations and rights of owners of homes and dwelling units in common ownership communities;

³ This includes (i) providing resources to the Office of the Attorney General for enforcement of laws related to common ownership communities; and (ii) offering assistance and guidance to owners of homes and dwelling units in common ownership communities prior to litigation.