

# **SB 1011 - Senator Attar's Testimony.pdf**

Uploaded by: Dalya Attar

Position: FAV



## THE SENATE OF MARYLAND ANNAPOLIS, MARYLAND 21401

### **Testimony in Support of Senate Bill 1011 - Real Property - Insufficient Condominium Reserve Account Grant Fund – Establishment**

March 11, 2025

Chair Smith, Vice-Chair Waldstreicher, and members of the Judicial Proceedings Committee,

Thank you for your consideration of Senate Bill 1011 – *Real Property - Condominium Reserves – Grant Fund and Study*. This bill, with the proposed amendment, focuses on conducting a study to better understand and address the financial challenges faced by condominium communities, particularly those with aging infrastructure.

#### **The Need for Senate Bill 1011**

Currently, Maryland law requires condominium associations to conduct reserve studies to ensure the long-term maintenance of shared infrastructure and common elements. These studies are vital for planning future repairs and replacements of elements like roofs, elevators, and plumbing. However, many older condominium communities, especially those with low-income owners, face significant financial strain because of these requirements. As condominium buildings age, the cost to maintain and replace critical infrastructure increases, often leading to increased assessments that many homeowners struggle to afford.

#### **Supporting Vulnerable Homeowners through the Proposed Study**

With the proposed amendment, Senate Bill 1011 now seeks to address this issue through a study conducted by the Department of Housing and Community Development (DHCD). The study will focus on condominium communities that are over 50 years old, examining the current financial status of their reserve funds. This will help identify the gap between reserve requirements and available funds, which often results in higher assessments for homeowners, many of whom are low-income or elderly.

The study will collect essential data, including:

- The total number of units in older condominium buildings.
- The age and income levels of unit owners.
- The date of the most recent reserve study for each building.

- The gap between current reserve funds and necessary reserve levels.

By gathering this information, we can gain a clearer picture of the financial challenges facing condominium owners, particularly those over the age of 65, who are especially vulnerable to financial hardship.

### **Ensuring Long-Term Stability through a Data-Driven Approach**

This study is an important first step in understanding the financial strains faced by condominium communities, particularly those with aging infrastructure. The findings and recommendations from the study will help policymakers determine how best to support these communities in the future, whether through targeted financial assistance or changes to policy that can help alleviate the burden on low-income owners.

### **Request for Support**

I urge you to support the amended Senate Bill 1011, as it is an important step toward understanding the financial burdens faced by condominium owners in Maryland, especially those in older communities. This study will provide the data needed to make informed decisions that can improve the long-term health and stability of these communities.

Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Dalya", followed by a long, sweeping horizontal line.

Senator Dalya Attar

# **SB 1011 - CIC Reserves - FWA - REALTORS.pdf**

Uploaded by: Lisa May

Position: FWA



## **Senate Bill 1011 – Real Property - Insufficient Condominium Reserve Account Grant Fund - Establishment**

### **Position: Support with Amendments**

Maryland REALTORS® supports efforts to help Common Interest Communities to fully fund their reserve accounts, such as SB 1011. However, we believe the number of grant applicants eligible for assistance may overwhelm any funding amounts allocated to the Reserve Account Grant Fund. Therefore, may need to be scaled back to serve just low-income seniors to ensure that those with the greatest need are able to access assistance.

In 2022, the General Assembly passed a statewide requirement that all condo and homeowner's associations regularly conduct a reserve study, which evaluates the association's ability to pay for future financial obligations like maintenance and repairs. If the study determines that an association's financial reserves are insufficient, the unit owners may face increases in their monthly fees or special assessments to recapitalize the accounts.

Since then, REALTORS® have learned some associations have imposed sharp increases in fee amounts charged to homeowners, due to the large unmet capital needs of these communities. These fee amounts can be difficult for those on fixed incomes to absorb, especially during this time of higher-than-average inflation. What's more, there is concern that associations which are not able to meet necessary reserve amount funding by the statutory deadline will face difficulties in obtaining mortgages or insurance coverage for residential units within the community.

Giving assistance to low-income seniors to meet their increased assessments will help them to remain in their homes and their developments to remain safe and fiscally sound. With these considerations, REALTORS® recommend a favorable report on SB 1011.

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