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## **Standards, best practices and public policy following Surfside condo collapse**

September 03, 2021 - Owners Developers & Managers

Witnessing the partial collapse of the Champlain Tower South condominium in Surfside, FL, learning of the lives that perished, and seeing the tragedy's impact on survivors and those in the immediate community have been devastating. An investigation into the cause of the condo collapse is ongoing; standards of practice and legal requirements related to ensuring maintenance and structural integrity of condominiums understandably are coming under scrutiny.

While community associations have been in existence for more than a century, the rise in condominium developments began in the 1970s and has remained steady ever since. Condominiums are home to millions of people in the U.S., and government officials at the local, state, and federal levels have started pondering what changes need to occur to prevent a similar building collapse from happening again.

Immediately following the collapse, CAI's Government and Public Affairs Committee convened a special meeting with expert attorneys, builders, reserve specialists, and insurance professionals. Three task forces were appointed with the purpose of identifying recommendations for public policies, changes and updates to best practices, and guidance for local, state, and federal legislators as they discuss solutions to prevent this type of disaster in their districts.

The task forces were focused on:

**Building Inspections:** Several counties in Florida have inspection obligations that require a structural and electrical engineer or architect to conduct a building inspection and certify the safety of the building. New York City and other localities have similar requirements. CAI is studying these requirements to help develop standards for condominiums and other high-rise residential buildings. The Task Force is Led by Robert Diamond, a fellow in CAI's College of Community Association Lawyers (CCAL); Mitch Frumkin, RS, a professional engineer (PE) licensed by the National Society of Professional Engineers; and Stephen Marcus, a CCAL fellow.

**Reserve Study & Reserve Funding Plan:** Reserve studies for condominium associations are currently required in nine states: California, Colorado, Delaware, Hawaii, Nevada, Oregon, Utah, Virginia, and Washington state. Washington statutorily encourages associations to have a reserve study performed every three years unless doing so would impose an unreasonable hardship. Florida statute does not require a reserve study but requires a reserve schedule for repair and replacement of major components.

Condominium associations are required to have reserve funding for maintenance, repair, and replacement of major components in 11 states: Connecticut, Delaware, Florida, Hawaii, Illinois, Massachusetts, Michigan, Minnesota, Nevada, Ohio, and Oregon. CAI will be exploring tax benefits to incentivize association reserve funding as well as for special assessments and loans used to fund component maintenance, repair, and replacement.

The Reserve Study and Reserve Funding Plan Task Force is led by Robert Browning, PCAM, RS; Mitch Frumkin, PE, RS; and Lisa Magill, a CCAL fellow.

Insurance & Risk Management: CAI is reviewing best practices and standards for adequate insurance coverage for condominiums and individual units. The Task Force is led by Jennifer Eilert, CIRMS; Phil Masi, CIRMS; AJ Scott, CIRMS; and Cliff Treese, CIRMS.

Each task force engaged between 50 and 300 participants from across the country and from different disciplines. Reserve study providers made up the majority of the participants in the reserve study task force. The insurance task force consisted mostly of insurance professionals. The task forces met weekly and in addition, the team leaders connected weekly to ensure their work was not overlapping and to share progress. Since there were so many people involved in the activities, surveys were used to capture support of positions. There was a tremendous amount of conversation and different perspectives, which CAI believes contributed to the quality of the Task Force recommendations.

#### Task Force Update

In mid-August the CAI Board of Trustees, Government & Public Affairs Committee, and members of legislative action committees were presented with the task forces' public policy recommendations during the CAI Annual Conference and Exposition in Las Vegas.

Within the next 30 days, Government & Public Affairs Committee members, legislative action committee members, members of CAI's three membership representation groups, and CCAL fellows will be invited to participate in a survey to indicate support or opposition of each policy recommendation. The Government & Public Affairs Committee will reconvene to vote on recommendations.

Within the next 60 days, the CAI Board of Trustees will be presented with the Government & Public Affairs Committee recommendations for consideration and vote.

The Government & Public Affairs Committee was asked to consider the following high-level topics:

#### Building Inspections:

- Developers will provide a preventive maintenance schedule including all components that are the responsibility of the community association, not just the components included in the reserve study.

- All multifamily residential buildings of concrete, load-bearing masonry, steel, or hybrid structural systems such as heavy timber and those with podium decks will include a baseline inspection and regular inspections based on specific intervals. The protocol for these building inspections can be found in the American Society of Civil Engineers' Guideline for Structural Condition Assessment of Existing Buildings (SEI/ASCE 11-99) or other industry standards. The initial baseline inspection is identified as the preliminary assessment within this guide. If necessary, a detailed assessment as defined within this guide may be required.
- Committee proposals also included specifics regarding communication and disclosure to homeowners, residents, and local governments, as well as proposals authorizing community association boards to administer special assessments if funding is needed in an emergency situation.

#### Reserve Study and Reserve Funding Plan:

Whether or not state law should mandate or oppose:

- Regular reserve studies for all community associations.
- Reserve funding.
- Disclosure, including summary of reserve study, current funding, and funding plan during annual budgeting.
- Allowing owners to waive/opt out of state law reserve study and funding requirements.
- Funding for emergent life-safety repairs by authorizing the association governing board to special assess or borrow funds without a vote of the membership.

CAI is uniquely positioned to lead the conversation on these standards, best practices, and policy changes to benefit our more than 42,000 members, the 73.5 million Americans living in community associations, and the millions more living in community associations around the world. We will continue to engage in conversations with members, experts, and stakeholders in the community association housing model to strengthen existing standards and public policy in these areas.

CAI thanks the three task forces for their work on these important projects. For the latest Task Force updates, resources and guidance on condo safety visit [www.caionline.org](http://www.caionline.org).

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