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CAI 2024 state policy priorities - by Dawn Bauman

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CAI's 36 legislative action committees (LACs) run by hundreds of volunteers have led the conversations with state legislators and other stakeholders resulting in new laws allowing community associations to conduct business via virtual meetings and electronic voting and new laws mandating reserve studies, funding, and building inspections that will result in more financially sustainability condominium associations and greater structural integrity.

As the new year arrives, we've taken the historical trends from recent years, the political climate for 2024 and conversations with lawmakers, industry experts, and our legislative action committee chairs, and outlined the following state legislative priorities.

Reserve Studies And Funding: Supporting laws that mandate reserve studies and appropriating funding for condominium and homeowners associations is a policy issue expected to be discussed in numerous states in 2024. Following Fannie Mae and Freddie Mac's continued push for condominium and housing cooperatives to have reserve studies and funding and the state's interest in financially sustainable communities, mandatory reserve studies provide a logical solution. While 16 states (California, Colorado, Delaware, Florida, Hawaii, Maryland, Massachusetts, Michigan, Minnesota, Nevada, Ohio, Oregon, Utah, Tennessee, Virginia, and Washington) have mandatory reserve study and/or funding requirements, that number is expected to grow in 2024. CAI has model language and appropriate solutions for legislators that allow communities practical timing to implement.

Access To Affordable Insurance: Access to affordable property insurance coverage; especially for condominiums and housing cooperatives has become increasingly challenging. Community associations have seen extraordinary premium increases that are unaffordable with examples of community associations using a line of credit or special assessment to pay for these extraordinary premiums. CAI's legislative action committees are working with their state's insurance commissioners, FARE plans, and legislators to identify solutions to this crisis.

Environmental Sustainability: As our world continues to address issues related to climate change and responsible citizenship contributing to preserving the environment for the future, community associations are navigating rules related to the installation and placement of solar devices, electric vehicle charging stations as well as incentives for energy saving initiatives like window replacement, lighting choices, and more. Community associations' boards should hold community conversations about these issues and discuss ways to create reasonable opportunities for the use of solar and electric vehicles.

Board Member Education/Training: Community association board members are faced with increasing responsibility to navigate compliance with local, state, and federal laws and greater complexities within communities; especially with the aging infrastructure and with a greater number of people living in community associations. As these volunteer roles become more complex,

legislators are looking for solutions to ensure volunteers have the proper training and education to fulfill their responsibilities. As such, more states are considering mandatory education requirements for board members. CAI currently opposes mandatory board member education and supports board member education as a best practice. This policy and these issues will likely evolve this year and into the coming years.

Fining Authority And Foreclosures: Homeowners value the rules and regulations in their community as they lead to safer, more attractive, and more valuable homes. Rules are enforced with fines that could lead to foreclosure. An increasing number of legislatures have expressed concern about a possible foreclosure for a violation of a covenant. It is most important that CAI preserves the community associations authority to collect unpaid assessments, when seriously delinquent and as a last effort, through a lien and foreclosure process.

Dispute Resolution In Community Associations: Alternative Dispute Resolution (ADR) is statutorily required in many states. Even where ADR is not required by law, Community Associations Institute (CAI) advocates that communities adopt policy resolutions to offer ADR for housing-related disputes between individual unit owners as well as between owners and the Association.

Alternative Dispute Resolution (ADR) is viewed as a preferable option to litigation for the settling of housing-related disputes within a community. Subject to jurisdictional differences, qualified housing disputes may constitute everything from interpretation and enforcement of the governing documents and rules, allegations of improper maintenance or infringement of owners' rights.

Short- & Long-Term Rentals: CAI encourages policymakers to engage industry stakeholders, including community associations, on this issue. Further, CAI believes crafting regulation should always take place in an open and transparent manner, providing the opportunity for comment by all interested parties. A board of directors, with input from homeowners, is in the best position to decide whether short and/or long-term rentals are appropriate for their community and is the appropriate governing body to craft suitable policies. This is assuming the association's governing documents allow or could be amended to permit short and/or long-term rentals to reflect the preferences of homeowners.

Housing Affordability: As the country continues to see a shortage of affordable housing located near employment and transportation; we continue to engage in conversations on how condominiums and housing cooperatives can be positioned as solutions for housing affordability. CAI supports incentives providing access to sustainable homeownership, including the construction and rehabilitation of affordable housing units, within the community association housing model. CAI does not support government preemption of lawful zoning and land use policies adopted by municipalities or of community association covenants that govern property use. Community association autonomy over lot size and use, including placement of multi-family structures on lots designated for single-family use by association covenants and placement of accessory dwelling units, should not be diminished by state policy.

Read more on these issues and stay connected for updates on our progress with these and other

important legislative issues at www.caionline.org

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