

LCC CIC-HOA Working Group: Responsibilities and scope of work

Working group responsibilities/scope of work

Statutory requirements

Study

- (1) How many CICs and HOAs exist
 - how many people may reside in those housing units
 - where they are located in the state
- (2) governing documents commonly used by CICs and HOAs
- (3) fees and costs commonly associated with CICs and HOAs and how those fees have increased, including the cost of outside management, accounting, and attorney fees that are assessed to owners and residents
- (4) whether there should be uniform, statutory standards regarding fees, fines, and costs assessed to residents
- (5) how the organization and management of CICs and HOAs, including boards and management companies, impact the affordability of CICs and HOAs
- (6) impact of CICs and HOAs on the housing market and housing costs
- (7) racial disparity in homeownership as it relates to CICs and HOAs
- (8) accessibility, affordability of CICs and HOAs for Minnesotans with disabilities
- (9) how other states regulate CICs and HOAs
- (9) best practices related to board transparency, dispute resolution, and foreclosures

Decide/create

- (2) whether the governing documents commonly used by CICs and HOAs or common practices create barriers for participation by homeowners in the board of directors for CICs or HOAs
- (10) how the current laws governing CICs and HOAs may be consolidated and reformed for clarity and to improve the experience of homeowners and residents in CICs and HOAs
- (10b) Recommend legislative reforms or other methods to regulate CICs and HOAs, including consolidation or recodification of existing chapters regulating CICS and HOAs
- (Subd. 4) Consult with other individuals and organizations that have expertise and experience that may assist the working group in fulfilling its responsibilities, including entities engaging in additional external stakeholder input from those with experience living in CICs and HOAs as well as working with the board of directors for CICs and HOAs
- (Subd. 5) Submit report including recommendations and draft legislation by February 1

Additional scope and resources

Potential discussion topics

- Rules (what are they, what should they be) for
 - Accounting and budgets
 - Dispute resolution
 - Disclosure of information to residents (e.g., HOA/CIC budget, meeting minutes)
 - Open vs. closed meetings of HOA/CIC board
 - Proxy voting
- Differences between CIC/HOA run by property management company vs. individually; if/how this might make a difference in regulating them
- Scenarios
 - Builder starts HOA, switches it to an independent group, then abdicates responsibility
 - Charter that is restrictive or not representative of its members
 - Charter that shifts responsibility from local control (e.g., cities, counties) to the HOA and whether that is fair and appropriate
 - Staff of property management company claims the company is preventing them from unionizing
 - Restrictions on short-term rentals, long-term rentals, subletting; differences if the person offering the rental/sublet rents or owns the home
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Potential resources/relevant information

- Recent legislation (Texas and Florida?)
- NCSL (National Conference of State Legislatures)

Out of scope

- Impact of anything other than CICs and HOAs on housing market and housing costs
- Racial disparity in homeownership not related to CICs and HOAs
- Barriers to homeownership