



The Interplay Between Community Associations and Municipalities

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Introduction

Oversight of Development Process

- Development agreement deals primarily with number and placement of homes, utilities and other infrastructure and any required parks or green space dedication
- Development agreements generally do not include provisions ensuring that the construction meets industry standards, that the governing documents comply with state law or that the topography and soil conditions will support the proposed housing
- Homeowners are then left to deal with construction defects, drainage or erosion issues, poorly drafted documents, etc.
- Developers also often fail to properly fund the association's operating and reserves and keep assessments artificially low to sell units.
- Some cities and counties do not even require building permits or inspections.



Support for Associations

- Municipalities do not provide ongoing support for associations to ensure their success
- Cities do not have to provide much notice to adjacent property owners of proposed construction that might affect those properties or to consider the impact of the project on neighboring associations for things like access, parking or possible damage from vibrations, excavation, etc.
- Police refuse to respond to calls regarding minor criminal behavior in associations.
- Associations do not have police power to enforce laws or authority to evict owners for violations or criminal behavior.



Operations

- Community associations are corporations. They are subject to corporate law, not municipal law.
- Associations do not receive any public funding and are funded solely through assessments to unit owners.
- Associations budget to a zero budget and rely on owners paying on time to fund operations. If they have a budget deficit, they must levy a special assessment or obtain a bank loan, or they have to cut costs, reduce services and/or defer maintenance projects.
- The current insurance crisis has had a significant impact on association funding and overall financial health.
- Double assessment for associations with public and private streets.



Housing Improvement Areas



- Allows an association to obtain low-interest financing for major repair or replacement projects through the city.
- Paid for by an assessment to the property taxes for a period of years.
- Under Chapter 428A, participation by cities is optional and the program sunsets on June 30, 2028.
- Sunset provision should be eliminated and participation by cities should be mandatory or a process created whereby an association can require the city to participate if it meets certain criteria.

Recommendations

- Need more consistency in how cities and counties deal with associations:
 - Permitting and inspections
 - Emergency and police response
 - Street assessments
 - HIA participation
- Require studies by developers to address drainage, runoff, erosion, etc. Cities should also be required to study impact of their projects on neighboring properties.
- Require proof of compliance by homeowner with association architectural change process before issuing building permit
- Legislative work-around to allow associations to levy emergency assessments without owner approval





THANK YOU!

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