

# Cities and Homeowners Associations (HOAs)

League of Minnesota Cities

Legislative Working Group on CICs and HOAs  
January 6, 2025

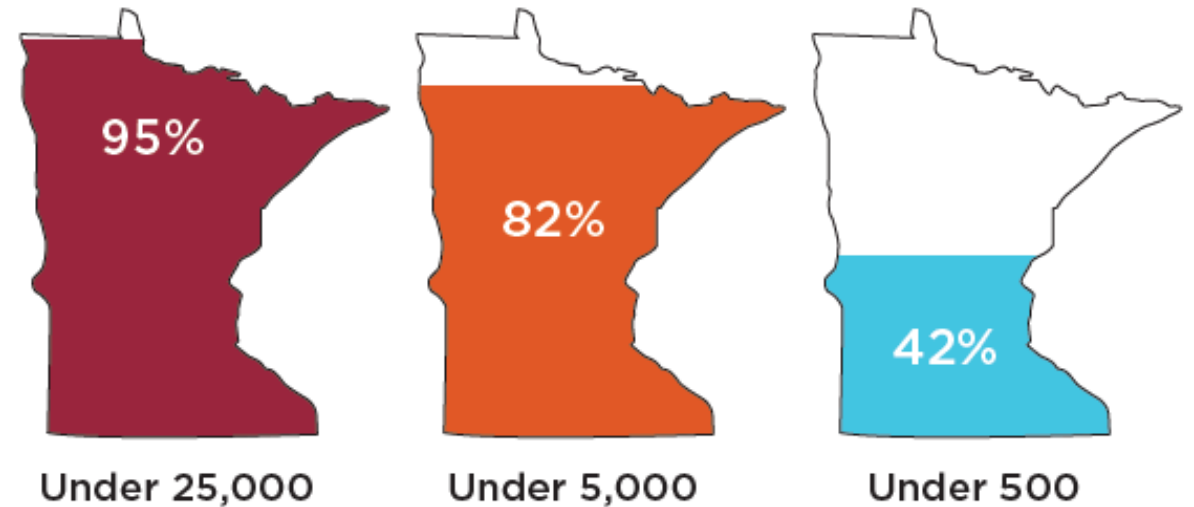




# The Nonpartisan Voice of All Minnesota Cities

The League of Minnesota Cities advocates on behalf of Minnesota cities, connecting the work of local governance to the legislative processes in St. Paul and Washington, D.C.

## MINNESOTA'S 854 CITIES BY POPULATION



# Cities and HOAs: The Basics



## What we do during development:

- Developer provides plans for new development according to city subdivision and land use ordinances, which do not and cannot require establishment of an HOA
  - Minnesota Common Interest Ownership Act requires ownership associations for Common Interest Communities in Minn. Stat. 515B.-101
- Often, developers of new subdivisions will include within their plans some degree of private common area property as amenities for new residences, which are market driven
  - Common inclusions: Pools/clubhouses, recreation facilities, private parks and playgrounds, and in some cases roads or stormwater ponds
- During development approval process, cities may ensure that plans that include private common area property for a new subdivision have a clear understanding of how property is going to be managed

# City Interaction with HOAs



## **Cities do not directly mandate the establishment of HOAs**

- May seek to ensure private common area property in a development that developer chooses to keep private is appropriately managed

## **Cities do not have oversight over HOA Covenants, Conditions, and Restrictions (CC&Rs) or governance**

- Cities enforce City code on property but have no statutory authority to enforce HOA rules; CC&Rs are enforced by association or management company
- Cities would only enforce a covenant if city was party to the covenant agreement
- 28 cities participating in Just Deeds Project to help homeowners discharge racially discriminatory covenants

## **Support for improvement of common elements with Housing Improvement Areas (HIAs)**

- Allowable improvements can be financed with city assistance by advancing city funds or issuing bonds

# Common HOA Issues and City Support



**Cities have experienced a growing number of requests for information from residents living in an HOA**

- Lack of information sharing/non-responsiveness
- Role ambiguity between homeowners and associations
- Low engagement between association boards and residents
- Poor administration by contracted HOA management companies
- Disagreement about fees, fines, and/or rules
- Discriminatory behaviors, rules, and/or fines by HOAs
- Deferred Maintenance
- Financial mismanagement – Inadequate liquidity for needed repairs
- Renters whose property owners are not current on HOA dues
- Lack of governing documents – NOT made available to homeowners.

**Some have developed resources for residents including technical assistance and data gathering**

# Recommendations



## Focus legislative approach on HOA/CIC oversight, scope, transparency and conflict resolution

- **Oversight**
  - Ensure adequate resources, clarify role between homeowners, associations, and HOA management companies, eliminate discriminatory behaviors, rules, and/or fines by HOAs
- **Scope**
  - Focus HOA scope on upkeep and maintenance of private common area property
- **Transparency**
  - Improve information sharing of HOA governing documents to homeowners and renters of units in an HOA as well as information to the city
- **Conflict Resolution**
  - Consider dispute resolution avenues other than courts to resolve issues

# Recommendations



## **Avoid any legislation that removes ability for cities to ensure proper maintenance and management of private common area property**

- Continue to work with the League and cities to ensure that private common interest property continues to be adequately managed by private parties

## **Retain existing tools including Housing Improvement Areas where cities can assist with improvements of common elements**

- Eliminate or extend sunset in Minn. Stat. 428A.11
- Consider supporting city and other efforts to provide educational opportunities for homeowners, collect data, etc.



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