

Jason Stommes Written Testimony

Hi,

I am a member of a townhouse association board, and our property manager is Gassen Management. Gassen operates not only as a property management company but also has lending and construction divisions. Recently, they have been actively revising association documents to reduce the number of approvals needed to greenlight financing and construction projects. Once these changes are made, granting sole authority to the board for multi-million-dollar projects, they steer business toward their own companies while disregarding board requests to solicit alternate bids.

For example, we received a \$1M estimate from them to replace our roofs. Using their same statement of work, I independently sought bids and received multiple offers in the \$700K–\$750K range. Despite this, other board members were swayed by Gassen’s high-pressure sales tactics favoring their internal businesses. They ignored my requests to consider competing bids.

Speaking with several contractors, I discovered many have stopped bidding on association projects because property management companies inflate bids by adding hidden “management fees” in the terms and conditions, giving the illusion of competitive pricing. In some cases, when they lack resources for a job, they subcontract it out, still collecting significant profits—sometimes as much as \$500K.

What’s most troubling is that this pattern isn’t isolated. Across the Twin Cities, I’ve heard from friends in other townhouse associations experiencing similar issues. Property managers are pushing multi-million-dollar projects with only a single bid—often their own. This creates a glaring conflict of interest, especially when they limit approval processes to a small number of board members.

These tactics place enormous financial burdens on communities. Volunteer board members, often ill-informed, are pressured into approving inflated bids without sufficient alternatives. This approach risks leaving associations saddled with long-term debt, depleted reserve funds, and skyrocketing dues. The impact disproportionately affects vulnerable members, particularly minorities and elderly residents on fixed incomes, who are left bearing the cost.

Thank you for your time and attention to this issue.