



Housing Affordability Relating to Homeowners Associations & Common Interest Communities

Minnesota's Working Group on Common Interest Communities and
Homeowners Associations

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At a Glance: The National Housing Crisis

Supply Side Considerations

- Nationwide shortage of at least 1.5 million housing units.
- No state has a sufficient supply of affordable rental housing.
- Lack of adequate housing affects both renters and homeowners.
- Construction challenges
 - Rising materials costs.
 - Workforce shortages.
 - Lengthy permitting processes.
 - Restrictive land use regulations.

Demand Side Considerations

- Current interest rates hover around 7%.
 - More than twice the 3% rate averaged across 2020 and 2021.
- The total monthly payment of a median-priced home is \$3,096, only affordable by:
 - 8% of Black households.
 - 13% of Hispanic households.
 - 16% of White households.
 - 29% of Asian households.
- Over 21 million cost-burdened renter households in 2023.
 - Nearly 50% of all renter households.

2024 Housing Policy Trends

- Incentivizing more housing construction.
- Preserving existing affordable housing.
- Revising zoning and land use regulations.
- Permitting more density and expanding transit-oriented development.
- Regulating investor purchases and short-term rentals.
- Strengthening eviction protections.
- Bolstering housing and economic supports after climate disasters.



Housing Construction Barriers and Opportunities

Barriers

- Land costs.
- Rising prices for building materials.
- Workforce shortages and increased labor costs.
- Lengthy permitting processes.
- Complicated administrative procedures.
- Prohibitory zoning.
- Minimum parking requirements.
- Building code requirements.

Opportunities

- Provide tax abatements and housing tax credits to help stimulate supply.
- Offer financial incentives to developers to offset construction costs.
 - Require a certain portion of the project be reserved for income-restricted residents.
- Streamline and simplify permitting processes.
- Revise zoning regulations and reduce parking requirements.



Policies to Incentivize Housing Construction

2024 Enacted State Legislation

- **Alabama** ([HB 346](#)) established the State Workforce Housing Tax Credit for qualified workforce housing projects.
- **California** ([AB 1053](#)) authorizes a borrower to use any funds approved, reserved, or allocated to provide loans for multifamily housing lending programs and construction financing.
- **Hawaii** ([SB 1170](#)) requires counties to issue affordable housing credits for units constructed under the Hawaii Housing Finance and Development Corporation.
- **Mississippi** ([HB 765](#)) created a pilot program to construct rental units for teachers.
- **Utah** ([HB 465](#)) authorizes redevelopment and community development agencies to use funding to pay for or contribute to the construction of income-targeted housing.

Housing Supply and Homeowners' Associations or Common Interest Communities



- [75.5 million Americans](#) reside in a community that's governed by a homeowners association.
 - Representing more than 30% of the total U.S. housing stock.
- [60% of new single-family homes](#) are being built in HOA communities.
- Homes in communities with HOAs tend to be [worth 5% to 6% more](#) than similar homes without an HOA.
- White and Asian Americans [disproportionately reside in communities with HOAs](#) compared with non-HOA areas.
 - Including other communities with high rates of homeownership.



Policies to Regulate Homeowners Associations and Common Interest Communities

Enacted State Legislation

- **California** ([AB 3182, 2020](#)) restricts homeowners' associations from establishing limits on rentals and short-term leases of more than 30 days.
- **Colorado** ([HB 1137, 2022](#)) enacted the Homeowners Association Board Accountability And Transparency Act which prohibits an HOA from imposing daily late fees or fines.
- **Idaho** ([HB 166, 2023](#)) prohibits homeowners associations from restricting internal accessory dwelling units.
- **Texas** ([HB 886, 2023](#)) established procedural requirements HOAs must follow for placing a lien on a property.
- **Washington** ([HB 1054, 2024](#)) restricts the authority of homeowners' associations in common interest communities from regulating or limiting occupancy by unrelated persons.



Policies to Prohibit Discriminatory Covenants

Enacted State Legislation

- **Connecticut** ([HB 6665, 2021](#)) prohibits restrictive covenants based on race and allows homeowners who discover a racially restrictive housing covenant to file an affidavit with the municipal clerk and have the covenant voided.
- **Illinois** ([HB 58, 2021](#)) allows homeowners in property associations or housing cooperatives to legally compel the voiding of a discriminatory covenant.
- **Michigan** ([HB 4416, 2021](#)) allows homeowners to file a form with their local register of deeds notifying them of the need to remove any discriminatory language in a property deed.
- **Missouri** ([HB 1662, 2022](#)) voids any restrictive housing covenants related to race, color, religion or national origin of any person and considers these deed restrictions unenforceable.

NCSL Resources

- [Housing and Homelessness Toolkit](#)
- [Housing and Homelessness Legislation Database](#)
- [Increasing the Housing Supply by Reducing Costs and Barriers](#)
- [Housing Supply Webinar Series](#)
- [Middle Housing: Filling a Gap in Available Housing Options](#)
- [Manufactured Homes: An Underutilized Source of Affordable Housing?](#)
- [State Taxation of Short-Term Rentals](#)
- [State Policy Considerations for Disaster Risk and Resilience](#)

Questions? Need Support?

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Children & Families Program Topics:

- Child Support & Family Law
- Child Welfare & Prevention of Child Maltreatment
- Early Childhood
- Economic Security & Mobility
- Food Security
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