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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 5032

03/18/2024 Authored by Bahner and Hemmingsen-Jaeger The bill was read for the first time and referred to the Committee on Housing Finance and Policy

1.1 A bill for an act
1.2 relating to housing; establishing a working group on common interest communities
1.3 and homeowners associations; requiring a report to the legislature.

1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. WORKING GROUP ON COMMON INTEREST COMMUNITIES AND
1.6 HOMEOWNERS ASSOCIATIONS.

1.7 Subdivision 1. Creation; duties. (a) A working group is created to study the prevalence
1.8 and impact of common interest communities (CICs) and homeowners associations (HOAs)
1.9 in Minnesota and how the existing laws regulating CICs and HOAs help homeowners and
1.10 tenants access safe and affordable housing. The working group shall study:

1.11 (1) how many CICs and HOAs exist, how many people may reside in those housing
1.12 units, and where they are located in the state;

1.13 (2) the governing documents commonly used by CICs and HOAs and whether the
1.14 governing documents or common practices create barriers for participation by homeowners
1.15 in the CICs or HOAs board of directors;

1.16 (3) the fees and costs commonly associated with CICs and HOAs and how those fees
1.17 have increased, including the cost of outside management, accounting, and attorney fees
1.18 that are assessed to owners and residents;

1.19 (4) whether there should be uniform, statutory standards regarding fees, fines, and costs
1.20 assessed to residents;

1.21 (5) how the organization and management of CICs and HOAs, including boards and
1.22 management companies, impact the affordability of CICs and HOAs;

- 2.1 (6) the impact of CICs and HOAs on the housing market and housing costs;
- 2.2 (7) the racial disparity in home ownership as it relates to CICs and HOAs;
- 2.3 (8) the accessibility and affordability of CICs and HOAs for Minnesotans with disabilities;
- 2.4 (9) how other states regulate CICs and HOAs and best practices related to board
- 2.5 transparency, dispute resolution, and foreclosures; and
- 2.6 (10) how the current laws governing CICs and HOAs may be consolidated and reformed
- 2.7 for clarity and to improve the experience of homeowners and residents in CICs and HOAs.
- 2.8 (b) The focus and duties of the working group shall be to recommend legislative reforms
- 2.9 or other methods to regulate CICs and HOAs, including the consolidation or recodification
- 2.10 of existing chapters regulating CICs and HOAs.
- 2.11 Subd. 2. **Membership.** The working group shall consist of the following:
- 2.12 (1) two members of the house of representatives, one appointed by the speaker of the
- 2.13 house and one appointed by the minority leader;
- 2.14 (2) two members of the senate, one appointed by the senate majority leader and one
- 2.15 appointed by the senate minority leader;
- 2.16 (3) one member from the Minnesota Homeownership Center;
- 2.17 (4) one member from the Community Association Institute;
- 2.18 (5) one member from a business association that supports, educates, or provides services
- 2.19 to CICs and HOAs in Minnesota designated by the commissioner of the Department of
- 2.20 Commerce;
- 2.21 (6) one member from a legal aid association familiar with housing laws and representing
- 2.22 low-income clients;
- 2.23 (7) one member from the Minnesota Association of Realtors;
- 2.24 (8) one member who is an attorney who regularly works advising homeowners or
- 2.25 residents in CICs and HOAs and is familiar with the state foreclosure laws designed by the
- 2.26 State Bar Association;
- 2.27 (9) one member who is an attorney who regularly works advising CIC and HOA boards
- 2.28 designated by the State Bar Association;
- 2.29 (10) one member from a metropolitan area government who is familiar with issues
- 2.30 homeowners and tenants face while living in CICs and HOAs in the metropolitan area;

- 3.1 (11) the commissioner of the Housing Finance Agency or the commissioner's designee;  
3.2 (12) one member from the attorney general's office designated by the attorney general;  
3.3 (13) two members who are currently, or have within the last five years, served on a CIC  
3.4 or HOA board and have knowledge about the management of CIC and HOA boards; and  
3.5 (14) four members who are current or recent owners of a residence that is part of a CIC  
3.6 or HOA.

3.7 Subd. 3. **Facilitation; organization; meetings.** (a) The Legislative Coordinating  
3.8 Commission shall facilitate the working group, provide administrative assistance, and  
3.9 convene the first meeting by July 15, 2024.

3.10 (b) The working group must meet at regular intervals as often as necessary to accomplish  
3.11 the goals enumerated under subdivision 1. Meetings of the working group are subject to the  
3.12 Minnesota Open Meeting Law under Minnesota Statutes, chapter 13D.

3.13 Subd. 4. **External consultation.** The working group shall consult with other individuals  
3.14 and organizations that have expertise and experience that may assist the working group in  
3.15 fulfilling its responsibilities, including entities engaging in additional external stakeholder  
3.16 input from those with experience living in CICs and HOAs as well as working with the  
3.17 board of directors for CICs and HOAs.

3.18 Subd. 5. **Report required.** The working group shall submit a final report by February  
3.19 1, 2025, to the chairs and ranking minority members of the legislative committees with  
3.20 jurisdiction over housing finance and policy, commerce, and real property. The report shall  
3.21 include recommendations and draft legislation based on the duties and focus for the working  
3.22 group provided in subdivision 1.

3.23 Subd. 6. **Expiration.** The working group expires upon submission of the final report in  
3.24 subdivision 5, or February 28, 2025.

3.25 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
3.26 expires March 1, 2025.