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February 25, 2025

RE: Presentation on the Working Group on Common Interest Communities and Homeowners Associations

To Chair Port and members of the Senate Housing and Preventing Homelessness Committee:

Thank you for the opportunity to comment on the final report of the Legislative Working Group on Common Interest Communities (CIC) and Homeowners Associations (HOA) and for the opportunity to serve on the working group.

My name is Roxanne Young Kimball, and I'm the President and CEO of the Minnesota Homeownership Center. We serve as an intermediary for the State of Minnesota that provides training, technical support, and advocacy to further equitable access to homeownership. In this capacity, we work with 30 non-profit and government entities across the state, helping individuals stabilize their credit, prepare to qualify for a mortgage, purchase a home, and prevent foreclosure through housing counseling services.

HOAs and CICs play a key role in creating pathways to homeownership. According to the Minnesota Realtors, in 2024 the median purchase price of a condo or townhome in Minnesota was $200,000 and $300,000, respectively. In contrast, the median price for a detached single-family home was $355,000. Shared properties can inherently offer increased access and affordability. The core function of an HOA/CIC board – composed of volunteer residents – is to govern the community through a democratic process. When properly managed, HOAs and CICs can enhance community connections, improve housing affordability, and foster democratic engagement.

However, through our work with the housing counseling community and participation in the working group, we heard troubling stories about HOAs that are not functioning as intended. In some cases, HOAs are being used to exclude, discriminate, or operate unfairly. We've heard from frustrated residents facing predatory practices by some HOA management companies who hire contractors at an exorbitantly high cost because of a personal connection and from others charged attorney fees for simply for asking, "Why am I being charged this fine?" These experiences of Minnesota residents underscore the need for legislative action to ensure that HOA and CICs function fairly and transparently.

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As policymakers, I urge you to listen to the voices of your constituents and craft policies that protect HOA members' basic rights. These should include:

1. **Transparency in HOA/CIC Operations:** Residents should have reasonable access to detailed information about fines and charges levied against them. Clear communication about financial practices is crucial to all dues-paying members.
2. **Access to Fair Dispute Resolution:** Homeowners should have access to dispute resolution mechanisms that prevent the escalation of legal costs, such as the proposal for an office of ombudsperson to mediate conflicts.
3. **Protection of Basic Freedoms:** Homeowners should have the right to operate a business as permitted by the City, park a work vehicle, accommodate a disability, and use their privately owned property to promote environmental sustainability.
4. **Disclosure of Conflicts of Interest:** Property management companies, board members, and contractors should be required to disclose any conflicts of interest in a timely manner to ensure transparency and accountability.
5. **A Right to Dissolve an HOA/CIC:** In communities where no common property exists—such as in some single-family developments created due to city requirements for planned unit developments—homeowners should have the right to dissolve the HOA. A case in point is Heritage Park in Minneapolis, where a planned unit development was never fully built, no common property was created, and the City has eliminated the requirement for the HOA to continue. Yet, the HOA remains due to current statutes that place an unreasonably high barrier for dissolution requiring 80% of all owners and 80% of all first mortgage holders to approve dissolution.

I look forward to supporting legislation that upholds these essential rights and protections for homeowners across Minnesota. Our organization is committed to supporting the task force recommendations and is actively pursuing funding to develop and deploy an educational curriculum that outlines the unique roles and responsibilities for home purchase in an HOA or CIC, to accompany our HomeStretch homebuyer education curriculum throughout the state.

Thank you for your consideration,

Roxanne Young Kimball

Roxanne Young Kimball
President and CEO