

Draft

HB 23-1105: Kicking the Can down the Road on HOA and Metro District Reform

Commentary by the Colorado HOA Forum www.coloradohoaforum.com

We give our support for the Bill

We do have concern that this Bill may simply be kicking the can down the road to HOA and Metro District reform. However, the difficulty of getting anything done in the legislature that actually changes HOA governance is real and damn sad. There have been other State sanctioned studies and reviews identifying specific reform issues and the powerful and well-funded lobbyists kill the Bills or water them down every time. HOA homeowners don't need another study to identify problems and what changes are needed. Our hopes have been a roller coaster of optimism with State studies supporting our issues only for the legislature to ignore study recommendations. Our organization has pushed for Bills on reform for the past eight years and the best our legislators can do is pass administrative Bills changing little to nothing. Will this Bill add any legislative support for reform?

Note, the Forum has asked for a State study on HOAs for the past two years and got zero response so this Bill is nothing new to us. HB 23-1105 has revived this approach to HOA reform and it appears it can be a stepping stone to reform. What makes this different from other studies is that it appears homeowners and HOA homeowner advocacy organizations may have an actual seat at the table for input. As of Feb 16 it was announced the Bill would be changed but not materially and we await the final proposal. Generally, we are negative with State Task Forces as important issues and suggestions for reform never make it into the final report or are watered down in legislation. We move our support from neutral to approval, not blindly but with optimism.

Our issue with this Bill is that it may delay any reform until the 2025 legislative session so we ask for a begin and end date to the HOA Task Force work be in 2023. This allows for crafting Bills on reform for the 2024 legislative session based on their final report. This also takes off the table the argument that this Bill is kicking the can of reform down the road. Those who suggest this is rushing the Task Force must understand that the HOA issues have already been known and discussed for decades and so have the solutions. This isn't to say that certain issues are not open for discussion but simply that abusive practices, problems and solutions with HOA governance are nothing new. Thus, identifying the problems we feel should be the easy part. Getting agreement on the solutions is the area of contention. However, this can all be done in 2023 without rushing to judgement.

Also, we ask that homeowners be represented by no less than 50% on the HOA Task Force, preferably 51%. This is a Task Force that concerns homeowner's rights and HOA governance and not one that values the input of lawyers and the property management industry over homeowners as has been the case.

HOA homeowners have the most skin-in-the-game on reform and fairness. It is the several billion dollars each year from homeowners that funds the thriving and highly influential HOA and Metro District industries.

The membership of the Task Forces and those involved in creating such membership must understand the motives and grass roots of each member. In the past and until the Forum “outed” certain organizations as NOT representing HOAs or homeowner interests, our legislature used such organizations to define HOA law. This has had a direct result on homeowners who pay tens of millions of dollars each year in unjustified and undocumented legal fees, fines and foreclosure actions. Thus, it is clear to those involved in HOA reform what organizations understand the issues and abuse and can offer solutions that balance the power between the HOA Board and homeowners.

This Bill is an effort to accomplish HOA and Metro District reform with a broad membership study group. We would prefer reform be completed through the legislative process in 2023 but no significant Bills have been submitted for consideration (as of Feb 18, 2023). Lacking any legislative effort to complete reform we have concluded that homeowners should support this Bill and be part of the problem identification and solution process as it is better to be on the inside workings of the HOA Task Force than from the outside looking in. We also hope the results of the Task Forces get the serious attention of the legislature and media. We/homeowner representatives are available to contribute and cooperate upon any offer to part of this effort. **We endorse the Bill.**