



## F1. Homeowners' Association (HOA) Fee Affordability

*A Homeowners' Association (HOA) is a self-governing association that, in most cases, is created by a real estate developer for the purpose of controlling the appearance of the community and managing common area assets. HOAs are handed off for private control to the homeowners. Association dues are used to cover maintenance, capital improvements, and upgrades.*

### Key Issues:

- General HOA issues:
  - HOA regulations are established by the state legislature. The city has limited power to intervene in HOAs' bylaws.
  - There is a tension between ensuring homes remain affordable and meeting ongoing and long-term maintenance and emergencies needs.
  - The best run HOAs commission complete capital needs studies, anticipate and handle maintenance needs, and structure fees to sufficiently cover anticipated costs.
  - There is a tendency to reduce fees initially and under save for long-term needs, resulting in larger fees and assessments for older HOAs.
  - Small associations can run into problems when they can't afford professional management.
  - Increasingly, older market-rate owners report being priced out of their homes as HOA facilities age and capital needs increase.
  - Fee controls established by the city can be amended by HOAs.
- HOAs and permanently affordable homes:
  - Master-developed land, a major source of new affordable ownership opportunities in Boulder, typically comes with HOA membership.
  - HOA fees are included in the initial pricing and affordability calculation; however, the city has no control over future HOA dues increases.
  - Affordable buyers in HOAs hold a minority vote.
  - Currently at Dakota Ridge and the Peloton, HOA fees are over \$300/month; this ends up being one-third to one-quarter of the homeowner's monthly housing debt. High HOA fees deter some affordable buyers from these communities.

### Implementation Options:

1. Explore requiring an income-based sliding scale for any new HOAs formed and distributing HOA fees according to home value.
2. Explore offering loans and grants to people facing special assessments and analyze the possibility of providing a city subsidy to units that exceed a certain ratio of monthly housing payment to HOA fee.

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3. Continue outreach efforts with HOAs.

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### Goals Addressed Through this Tool:

- ✓ **Strengthen Our Commitments**
- ✓ **Maintain the Middle**
  - Create Diverse Housing Choices in Every Neighborhood
  - Create 15-Minute Neighborhoods
  - Strengthen Partnerships
- ✓ **Enable Aging in Place**