

Chairperson and Members of the Committee:

Thank you for allowing me the opportunity to present testimony in strong support of proposed legislation HB 7851. I testify today as both a property manager and condominium unit owner in Rhode Island. In my professional capacity, I see firsthand the operational and financial challenges associations face. As a unit owner, I share the same concerns as any homeowner about safety, financial stability, and protecting my investment.

HB 7851 was the product of a collaborative effort of attorneys, property managers, and condominium unit owners, developed in consultation with engineers to address risks that most notably came to light after the tragedy at Surfside, Florida. This bill takes practical, proactive steps to help ensure our communities do not face similar failures. At its core, it is about protecting unit owners—their safety, their homes, and their financial well-being.

Deferred maintenance coupled with insufficient funds for necessary repairs is a common issue in condominiums across the United States, including many in Rhode Island. In Rhode Island, many condominium communities are 30 to 50 years old, and their reserve accounts are often inadequate to meet the costs of needed repairs and capital improvements. Efforts to correct decades of underfunding through policies requiring reserve studies and reserve accounts to be “fully funded” within a short time frame, such as one to two years, risks making condominium living unaffordable for many existing condominium unit owners as well as first time buyers. Given Rhode Island’s existing housing crisis, any legislative response must carefully balance safety with housing affordability.

HB 7851 was drafted with that balance in mind. Its goals were to develop a policy to enhance safety, preserve housing affordability, support financial stability of condominium associations, and promote transparency for both current unit owners and prospective purchasers for their individual financial planning purposes.

This bill addresses safety concerns related to deferred maintenance in condominiums with an immediate focus on determining the structural integrity of condominiums over 20 years old by requiring a conditions study. It provides a framework for condominium boards to plan strategically for both future repairs and capital improvements and their funding by requiring reserve studies. Importantly, sets standards for both the content of these studies and the qualifications of those conducting them to ensure that these reports will serve as a reliable tool for condominium board decision making. It provides condominium boards with the flexibility to fund necessary repairs through reserve funds, assessments, or financing, enabling them to choose the approach that best supports the financial interests of their unit owners. It also promotes transparency by requiring that copies of these studies be provided to both current unit owners and potential purchasers.

In addition, HB 7851 requires a condominium association to establish a reserve fund and to contribute annually at least 15% of the condominium’s annual budget. This annual contribution of 15% is in line with the new regulations established by Fannie Mae which were recently announced.

In closing, I support this bill as both a property manager and a unit owner in Rhode Island. It is a balanced, forward-looking measure that promotes safety, financial stability, and responsible planning while remaining mindful of affordability. I respectfully urge you to support its passage.

Thank you for your time and consideration.

Sincerely,



Elizabeth Hanley, Committee Member