



Senate

General Assembly

File No. 342

January Session, 2023

Substitute Senate Bill No. 1013

Senate, March 30, 2023

The Committee on Insurance and Real Estate reported through SEN. CABRERA of the 17th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING COMMON INTEREST OWNERSHIP COMMUNITIES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (*Effective from passage*) Not later than February 1, 2024, the
2 Commissioner of Housing shall prepare and submit a report, in
3 accordance with the provisions of section 11-4a of the general statutes,
4 to the joint standing committee of the General Assembly having
5 cognizance of matters relating to real estate. Such report shall include
6 an assessment of the funding of reserves involving any common interest
7 community in this state. As used in this section, "common interest
8 community" has the same meaning as provided in section 47-202 of the
9 general statutes, as amended by this act.

10 Sec. 2. Section 47-261b of the general statutes is repealed and the
11 following is substituted in lieu thereof (*Effective October 1, 2023*):

12 (a) At least ten days before adopting, amending or repealing any rule,

13 the executive board shall give all unit owners notice of (1) The executive
14 board's intention to adopt, amend or repeal a rule and shall include with
15 such notice the text of the proposed rule or amendment, or the text of
16 the rule proposed to be repealed; and (2) the date on which the executive
17 board will act on the proposed rule, amendment or repeal after
18 considering comments from unit owners.

19 (b) Following adoption, amendment or repeal of a rule, the
20 association shall give all unit owners notice of its action and include
21 with such notice a copy of any new or amended rule.

22 (c) Subject to the provisions of the declaration, an association may
23 adopt rules to establish and enforce construction and design criteria and
24 aesthetic standards. If an association adopts such rules, the association
25 shall adopt procedures for enforcement of those rules and for approval
26 of construction applications, including a reasonable time within which
27 the association shall act after an application is submitted and the
28 consequences of its failure to act.

29 (d) A rule regulating display of the flag of the United States shall be
30 consistent with federal law. In addition, the association may not prohibit
31 display, on a unit or on a limited common element adjoining a unit, of
32 the flag of this state, or signs regarding candidates for public or
33 association office or ballot questions, but the association may adopt
34 rules governing the time, place, size, number and manner of those
35 displays.

36 (e) Unit owners may peacefully assemble on the common elements to
37 consider matters related to the common interest community, but the
38 association may adopt rules governing the time, place and manner of
39 those assemblies.

40 (f) An association may adopt rules that affect the use of or behavior
41 in units that may be used for residential purposes, only to:

42 (1) Implement a provision of the declaration;

43 (2) Regulate any behavior in or occupancy of a unit which violates the

44 declaration or adversely affects the use and enjoyment of other units or
45 the common elements by other unit owners; or

46 (3) Restrict the leasing of residential units to the extent those rules are
47 reasonably designed to meet underwriting requirements of institutional
48 lenders that regularly make loans secured by first mortgages on units in
49 common interest communities or regularly purchase those mortgages,
50 provided no such restriction shall be enforceable unless notice thereof is
51 recorded on the land records of each town in which any part of the
52 common interest community is located. Such notice shall be indexed by
53 the town clerk in the grantor index of such land records in the name of
54 the association.

55 (g) In the case of a common interest community that is not a
56 condominium or a cooperative, an association may not adopt or enforce
57 any rules that would have the effect of prohibiting any unit owner from
58 installing a solar power generating system on the roof of such owner's
59 unit, provided such roof is not shared with any other unit owner. An
60 association may adopt rules governing (1) the size and manner of
61 affixing, installing or removing a solar power generating system; (2) the
62 unit owner's responsibilities for periodic upkeep and maintenance of
63 such solar power generating system; and (3) a prohibition on any unit
64 owner installing a solar power generating system upon any common
65 elements of the association.

66 (h) No condominium association shall consist of less than fifty per
67 cent owner-occupied units, unless any such condominium association
68 adopts a rule that allows less than fifty per cent of such units to be
69 owner-occupied.

70 (i) No person shall own more than twenty-five per cent of all units in
71 a common interest community.

72 [(h)] (j) An association's internal business operating procedures need
73 not be adopted as rules.

74 [(i)] (k) Each rule of the association shall be reasonable.

75 Sec. 3. Subdivision (13) of section 47-202 of the general statutes is
76 repealed and the following is substituted in lieu thereof (*Effective October*
77 *1, 2023*):

78 (13) "Dealer" means a person who owns either six or more units, or
79 [fifty] up to, but not exceeding, twenty-five per cent or more of all the
80 units, in a common interest community.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>October 1, 2023</i>	47-261b
Sec. 3	<i>October 1, 2023</i>	47-202(13)

INS *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 24 \$	FY 25 \$
Department of Housing	GF - Cost	At least 50,000	None

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill requires the Department of Housing (DOH) to prepare a report for the Insurance and Real Estate Committee by February 1, 2024, assessing the funding of reserves involving any common interest community (e.g., condominium association). Due to a lack of staff capacity at DOH, the bill is anticipated to result in a one-time cost in FY 24 of at least \$50,000 for DOH to hire a consultant to prepare the required report.

The cost for consultant services will vary based on: (1) the methods used to identify and contact associations, (2) the number of associations and communities included, and (3) the depth of analysis into each association's reserve funding adequacy. To the extent the consultant conducts a thorough analysis of many systematically selected communities, the cost could exceed \$500,000. There are over 5,000 common interest communities in Connecticut.¹

The bill also makes various changes to the Common Interest

¹ According to testimony from the Connecticut chapter of the Community Associations Institute, February 16, 2023.

Ownership Act, which are not anticipated to have a fiscal impact on the state or municipalities.

The Out Years

There is no fiscal impact in the out years.

OLR Bill Analysis**sSB 1013*****AN ACT CONCERNING COMMON INTEREST OWNERSHIP COMMUNITIES.*****SUMMARY**

This bill makes various changes to the Common Interest Ownership Act (CIOA, see BACKGROUND) and addresses related issues.

It requires a condominium association to have at least 50% owner-occupied units unless the association adopts a rule allowing for less than 50% to be owner occupied. Also, it prohibits a person (e.g., an individual or entity) from owning more than 25% of all units in a common interest community.

The bill correspondingly redefines the term “dealer” in CIOA as a person who owns at least six units or up to 25% of all units in a common interest community, rather than at least 50% of the units as under current law. By law, dealers must issue public offering statements when offering units for sale (CGS §§ 47-263 & 47-270).

Lastly, the bill requires the housing commissioner to report to the Insurance and Real Estate Committee by February 1, 2024, on common interest communities’ reserve funding.

EFFECTIVE DATE: October 1, 2023, except the provision requiring the housing commissioner to report on reserve funding is effective upon passage.

BACKGROUND***Common Interest Ownership Act***

CIOA governs condominiums and other common interest communities formed in Connecticut on and after January 1, 1984 (CGS

§ 47-200 et seq.). Certain CIOA provisions (including those amended by this bill) also apply to common interest communities created in Connecticut before January 1, 1984, but do not invalidate existing provisions of the communities' governing instruments. Common interest communities created before that date can amend their governing instruments to conform to portions of CIOA that do not automatically apply (CGS §§ 47-214, -216 & -218).

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 8 Nay 4 (03/14/2023)