



February 28, 2024

Senate Community and Regional Affairs Committee
Alaska State Legislature
120 4th St
Juneau, AK 99801

Comments Submitted Via: Senate.Community.And.Regional.Affairs@akleg.gov

RE: CAI Support for SB 236 An Act relating to grants to disaster victims.

Dear Chair Dunbar, Vice Chair Olson, and Senators Gray-Jackson, Bjorkman, and Giessel,

On behalf of Community Associations Institute ¹(CAI) and approximately 68,000 Alaskans living in 24,000 homes in approximately 1,000 community associations², thank you for the opportunity to provide written support of SB 236 An Act relating to grants to disaster victims¹.

CAI supports SB 236 as it would allow the state to provide vital assistance funds to the thousands of Alaskans living in community associations who are victims of disasters.

Support for SB 236 An Act relating to grants to disaster victims.

Although this is a state bill seeking to provide Alaska's Governor with additional grantmaking authority during disaster events, SB 236 aligns with the intent of [CAI's Fairness in Federal Disaster Relief Public Policy](#).

¹ About CAI and the Community Association Housing Model

CAI is the only international membership organization dedicated to the community association model of homeownership. CAI members are homeowners, association board members, managing agents and business partners who work tirelessly to improve the community association model of housing. CAI members have a keen focus on homeowner and board member education, development and enforcement of best practices and ethical standards, and raising standards through credentialing and continuing education requirements for community association professionals. CAI's more than 44,000 members are organized in more than 64 chapters.

² Foundation for Community Association Research 2022 Alaska Community Association State Facts and Figures: <https://www.caionline.org/Advocacy/Resources/Documents/2022%20State%20Facts%20and%20Figures/StateFactsFiguresAlaska.pdf>

When disasters strike and the President declares a region to be a disaster area, the Federal Emergency Management Agency (FEMA) enters to provide assistance, which may include debris cleanup and financial aid to eligible individuals and communities. However, existing FEMA policy specifically excludes community association roads from receiving federal assistance for debris cleanup. This means that until a solution is found in Washington D.C., each state must individually step up to close the gaps left by a lack of FEMA funds.

Community associations depend on assessment funds from homeowners to perform day-to-day maintenance of roads, clubhouses, roofs, and other collectively owned properties. While these expenditures are usually fixed, when there is an emergency, community associations have the authority to impose a special assessment to fund crucial community projects. This means that, as we have seen in other states, when a disaster hits, community associations need to not only continue regular maintenance programs, but also figure out how to pay for disaster response and recover efforts.

SB 236 would allow the Governor to award grants of between \$12,500 and \$50,000 to Alaskans which could be specifically used for community association assessments by eligible homeowners impacted by certain disaster events. This influx of cash would provide a vital lifeline for homeowners who are struggling to rebuild after a disaster and would benefit from the increased financial security that the grant funds would give them as they figure out how to pay their fair share of community association assessments and special assessments.

CAI thanks the Prime Sponsor for introducing SB 236 and hopes that the Committee will vote to approve this impactful piece of legislation.

We hope the comments provided in this letter are helpful to the Committee and will assist in developing public policy that is sensible for residents living in Alaska's community associations. Please feel free to contact us to discuss these comments or any legislation impacting community association residents in Alaska.

Respectfully,

Phoebe E. Neseth, Esq.
Senior Director, Government and Public Affairs and College of Community Association
Lawyers (CCAL) Liaison
Community Associations Institute (CAI)
pneseth@caionline.org | (703) 970-9256

CC: Senator Jesse Kiehl SENATOR.JESSE.KIEHL@AKLEG.GOV

ⁱBackground

CAI represents the interest of homeowners, community association management companies and business that support the more than 74.1 million Americans who live in a homeowners' association, planned community or condominium. Approximately 29% of the housing stock today is in a community association, also known as condominium, homeowners association, and housing cooperative. Community association housing plays a critical role in meeting housing needs in a time of tight state and local budgets.

Since 1973, CAI has been working with state legislatures and the federal government to provide input on sensible public policy for the community association housing model. CAI is pleased to provide specific information to the Committee to improve LB 1119.

Role & Benefit Community Association Housing

Emerging in the 1970s, community association housing was a means to address issues of land use and limited resources at the state and local level for housing development. HOAs and condominiums allowed for affordable and efficient construction of housing while concurrently limited the financial impact of such development on local and state governments. The investment in community infrastructure including roads, retention ponds, parks, club houses and amenities are borne by developers and the ongoing cost of maintenance is supported by assessments paid by residents of the community association. Amenities and infrastructure are driven by market considerations and the result is a vast array of communities that provide consumers with an array of choices in housing and lifestyles.

When purchasing a home in a community association, a resident enters a contractual arrangement which obligates them to pay assessments to their association, which is governed by a board elected by the residents. Such communities, through deed restrictions and adopted rules have provisions to enhance and maintain the property values of homes in the community. The benefits of such communities accrue to both residents, taxpayers, and local business. First, homes in community associations are worth at minimum, 5% more than homes in a traditional community. This directly benefits the purchaser, but also the larger jurisdiction through enhanced property taxes resulting from this value premium. Additionally, community association residents assess themselves to maintain the infrastructure and amenities in their community, costs that would otherwise fall on state or local governments.

More importantly, community associations provide residents with an accessible opportunity for civic involvement. Community Associations are governed by their residents, who elect representatives to serve on a board of directors. This provides a level of local governance that residents find highly responsive to their needs. 89% of association residents rate their experience as positive or neutral, and 87% believe their elected boards strive to serve the best interests of their community. In total, more than 2.5 million Americans demonstrate their civic commitment by service on a community association board each year.