Issues for Seniors, People with Disabilities and Those on Low and/or Fixed Incomes:
<u>Condominium and Homeowner Associations in California</u>

CALL TO ACTION => Align condominium policy reform with the Master Plan for Aging. Protect older Californians' ability to age safely, affordably, and with dignity — in the homes they already own. **The issues of condominium living for elders can be summarized as a conflict between the "theoretical benefits" of aging in place (community, low maintenance) and the "operational reality" of financial volatility, governance failures, and a lack of consumer protection.**

1. <u>Financial Instability and "Fixed Income" Mismatches</u> - The most critical issue is the mismatch between a senior's fixed income (Social Security, pensions) and the variable, often volatile costs of HOA living. While mortgage payments may be stable or nonexistent, HOA dues and assessments are unpredictable.

The Threat of Special Assessments: The single biggest risk to senior housing stability is the "special assessment"—a sudden, mandatory fee for capital repairs (e.g., roofs, balconies). These can range from $5,000 to over $50,000. Because many seniors lack liquid savings or borrowing power, a large assessment can lead to liens or foreclosure, even if they own their home outright.

"Surprise" Inflation: Inflation affects HOAs disproportionately due to rising costs for insurance, labor, and construction materials. Social Security Cost-of-Living Adjustments (COLAs) often lag behind these double-digit increases.

Inability to Subsidize: Low-income seniors often feel they shouldn't have to pay for expensive repairs, but the HOA is a business, not a charity. If the HOA fails to collect necessary funds, the property degrades; if they do collect, seniors are displaced.

2. <u>Governance: The "Volunteer" Trap</u> - HOAs are sophisticated non-profit corporations often managing millions of dollars in assets, yet they are governed by untrained volunteers who often lack business or construction expertise.

Incompetence and Waste: There are examples of boards signing unenforceable contracts, wasting thousands on legal fees, or approving massive loans ($2 million) without proper inspections. This waste creates financial burdens that are passed directly to homeowners.

Corruption and Self-Interest: There is a persistent risk of "kickbacks" or commissions between management vendors and contractors, where vendors push unnecessary or overpriced projects to benefit themselves rather than the community. Further, Board members spend HOA dollars on their unit repairs and those of their friends in the HOA and on reimbursements for expenses that are not the responsibility of the HOA.

The Indemnification Imbalance: A major systemic failure is that board members are indemnified by the HOA. If a homeowner sues the board for misconduct, the board uses HOA dues (the homeowner's own money) to pay for their legal defense. The homeowner must pay their own legal fees plus a portion of the board's defense, creating a severe power imbalance.

3. The "Enforcement Void" - Perhaps the most significant structural issue is that nobody is responsible for oversight once a condo complex is built.

Regulatory Gap: While the Davis-Stirling Act governs HOAs; yet there is no state agency to enforce it. The Department of Real Estate regulates developers, not existing HOAs.

The Litigation Trap: Currently, the only remedy for a homeowner facing board abuse is to sue in Superior Court. This is prohibitively expensive, slow, and adversarial, effectively leaving seniors with no recourse against board negligence or harassment.

Lack of "Condo Courts": Unlike small claims or traffic courts, there is no accessible venue for resolving HOA disputes. This forces disputes to escalate, wasting community funds and causing immense stress for older residents.

4. Infrastructure and Deferred Maintenance - Many condos built between 1960 and 1990 are reaching the end of their component lifecycles (roofs, plumbing, siding).

Kicking the Can: To keep dues artificially low - often to please voters or protect resale value - boards frequently defer maintenance. This "short-termism" leads to catastrophic infrastructure failures later, which cost exponentially more to fix.

Construction Defect Liability: As noted in the Terner Center for Housing Innovation research, litigation risks have discouraged new condo construction, leaving seniors reliant on older, aging buildings that require expensive retrofitting.

Safety Hazards: Deferred maintenance is not just financial; it is physical. Issues like balcony rot or failing elevators pose direct safety risks to seniors with limited mobility.

5. Accessibility and "CondoLand" Culture - Finally, the culture of "CondoLand"—the social and political environment of the complex—can be hostile to aging in place.

Resistance to Modification: HOAs often resist reasonable accommodations for disabilities, such as installing ramps or grab bars, citing "uniformity" or aesthetic rules.

Social Isolation: In poorly governed associations, the lack of transparency of providing Association Records at zero cost, political infighting and fear of retaliation from the board can isolate seniors, discouraging them from participating in meetings or voicing concerns.

Conclusion - For elders, the condo unit itself is often less important than the balance sheet and governance culture of the association. The current system relies on the hope that volunteers will act competently, which is a fragile safety net. Without legislative reform to create enforceable standards, mandatory reserve funding, and low-cost dispute resolution, condominiums remain a high-risk housing option for the very demographic they are ideally suited to serve.

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