



Feb. 26, 2025

CITY ISSUE FACT SHEET: Understanding the Relationship of Cities and Homeowners' Associations (HOAs)

Minnesota cities are not allowed to require the creation of homeowners' associations (HOAs) or have any input on HOA policies. However, a recently introduced bill (HF1286/SF1750) would limit cities' ability to ensure that private common area spaces within a development are adequately managed by an HOA. If passed, this legislation could require cities to take responsibility for certain features of a development as public property, leaving them to handle maintenance and management of certain aspects of a development instead of an HOA.

THE FACTS:

- **Cities cannot require HOAs:** Cities do not directly mandate the establishment of HOAs within their boundaries but may seek to ensure private common property in a development is appropriately managed. HOAs are private agreements enforced civilly, and cities have no authority to enforce them.
- **HOAs and city involvement:** While cities may become aware of a planned HOA during the subdivision or development approval process, the establishment of an HOA is entirely separate from city governance. Cities have no statutory authority to enforce HOA rules.
- **Developer-led decisions:** The creation of an HOA is typically a decision made at the developer level. This process is governed by state law, including the Minnesota Common Interest Ownership Act (MCIOA). This law requires that common interest communities be administered by an HOA, which must be incorporated no later than when the community is created.
- **Common areas and amenities:** Cities do not require private common areas such as fitness centers, swimming pools, or parks in new developments. However, developers may include these amenities in response to market demand. Public property like streets, stormwater ponds, and parks are often managed by the city, but developers often choose to keep certain areas private and assign management to an HOA.
- **HOAs and neighborhood standards:** Developers may use HOAs to enforce neighborhood standards, such as restrictions on architectural materials, exterior storage, or landscaping. However, cities do not enforce HOA rules that go beyond city codes.



Cities and Homeowners' Associations (HOAs)

KEY TAKEAWAYS:

- Cities **DO NOT** require HOAs or private common areas as part of development approval.
- The decision to establish an HOA or maintain private common areas is entirely up to the developer.
- Cities may reference HOAs in approval documents to identify property ownership but do not manage private common areas or enforce HOA-imposed rules.
- LMC opposes language that has the effect of forcing cities to accept the management and maintenance costs of common area property that should be kept private.
- LMC opposes language that limits a city's ability to ensure that private common area property is adequately maintained.



OUR GOALS:

While HOAs offer a way to manage private properties and enforce neighborhood standards, they can present challenges when they are not adequately managed or when they impose restrictions that exceed city codes.

As the legislature considers ways to address challenges posed by HOAs, including limiting an HOA's impact on individual homeowner's property, policymakers must continue to work with cities to ensure that private common interest property continues to be adequately managed by private parties.

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