

STUDY OF HOMEOWNERS ASSOCIATIONS IN BLOOMINGTON

MAY 2025



PLANNING
DIVISION



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STUDY OVERVIEW

The City of Bloomington's Planning Division, in collaboration with the Housing and Redevelopment Authority (HRA), initiated the Homeowner's Association (HOA or HOAs) Study in response to a growing number of inquiries regarding the management and operations of HOAs within the city. The study was adopted as part of the 2025 Planning Commission Work Plan. Preliminary research highlighted a significant gap in the availability and accessibility of comprehensive data on HOAs and their associated assets.

To address this knowledge gap, the study aims to develop a detailed inventory and mapping of existing HOAs across Bloomington. By compiling critical information, such as HOA structure, governance, estimated fees, property management, and infrastructure, the study seeks to establish a reliable dataset that supports transparency and informed decision-making.

The outcomes of this effort will provide a foundational resource for City staff, policymakers, and the public, enabling more efficient responses to HOA-related concerns and guiding future City operations and policies that intersect with these entities.

DEFINITIONS

HOMEOWNERS ASSOCIATION (HOA):

An HOA is a governing body in a residential neighborhood, usually made up of property owners within a specific development or subdivision.

COMMON INTEREST COMMUNITY (CIC):

A CIC is a broader legal term used to describe any type of community where individuals have ownership of dwelling units and also a shared interest in certain common property or amenities, like in condominiums, townhouses, or co-ops.

MINNESOTA COMMON INTEREST OWNERSHIP ACT (MCIOA):

The Minnesota Common Interest Ownership Act (MCIOA) is a State Law (Minnesota Statutes Chapter 515B) that governs the creation, management, and operation of common interest communities, such as condominiums, townhome associations, and planned communities. Enacted in 1994, MCIOA establishes legal rights and responsibilities for both homeowners and associations, covering topics like budgeting, maintenance obligations, rule enforcement, meetings, recordkeeping, and dispute resolution. MCIOA applies to most common interest communities formed in Minnesota on or after June 1, 1994, and may also apply (fully or partially) to older communities that have opted in. Its goal is to provide consistency, transparency, and consumer protection in the governance of shared-property communities.

HOA FEE (OR DUES):

A regular payment required from property owners to fund the operations, maintenance, and reserves of the HOA. Fees vary based on property type, amenities, and services offered.

PROPERTY MANAGEMENT COMPANY:

A third-party company hired at a cost by the HOA to act as its agent to handle administrative and operational tasks, including budgeting, maintenance coordination, and resident communication.

DOMESTIC NONPROFIT CORPORATIONS:

An HOA is a Minnesota-based, legally recognized organization that exists to serve its members—not to make a profit. It must comply with State Laws that govern nonprofit corporations, such as the Minnesota Common Interest Ownership Act (MCIOA).

GOVERNING DOCUMENTS:

These may include a Declaration, Bylaws, and Covenants, Conditions, and Restrictions (CCandRs), which outline the rules and regulations specific to each HOA.

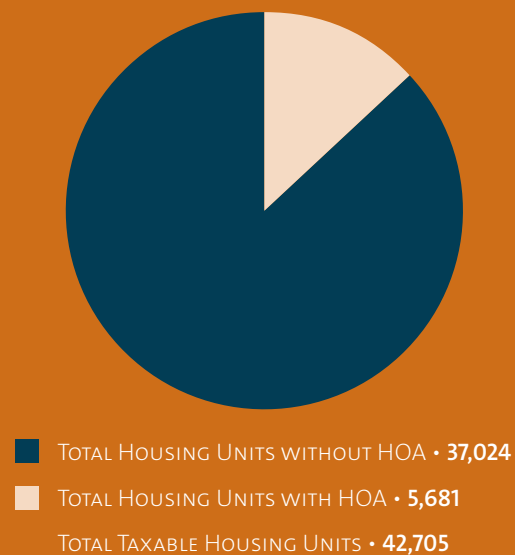
Note: While all HOAs are CICs, not all CICs are HOAs. For example, a condominium association operates under a CIC model but may have different legal and financial structures compared to a traditional HOA governing single-family homes or townhouses.

FINDINGS

The study identified a total of 5,681 housing units in Bloomington that are governed by an HOA, accounting for 13.3% of all taxable housing units citywide.

HOA-managed properties in Bloomington are not confined to one neighborhood or geographical area, but are instead dispersed throughout the city, highlighting the broad presence and role of HOAs in the city's housing stock.

FIGURE 1.1. HOUSING UNITS TOTAL IN BLOOMINGTON



The median year-built is 1982. Most HOA-governed complexes were established in the mid-1980s, with ages ranging from 1972 to the early 1990s.



The average monthly HOA fee is \$520, but fees range from \$300 to \$1,000+, depending on size, services, physical assets, and amenities.



Many HOAs hire professional management companies, but smaller complexes often are self-managed.

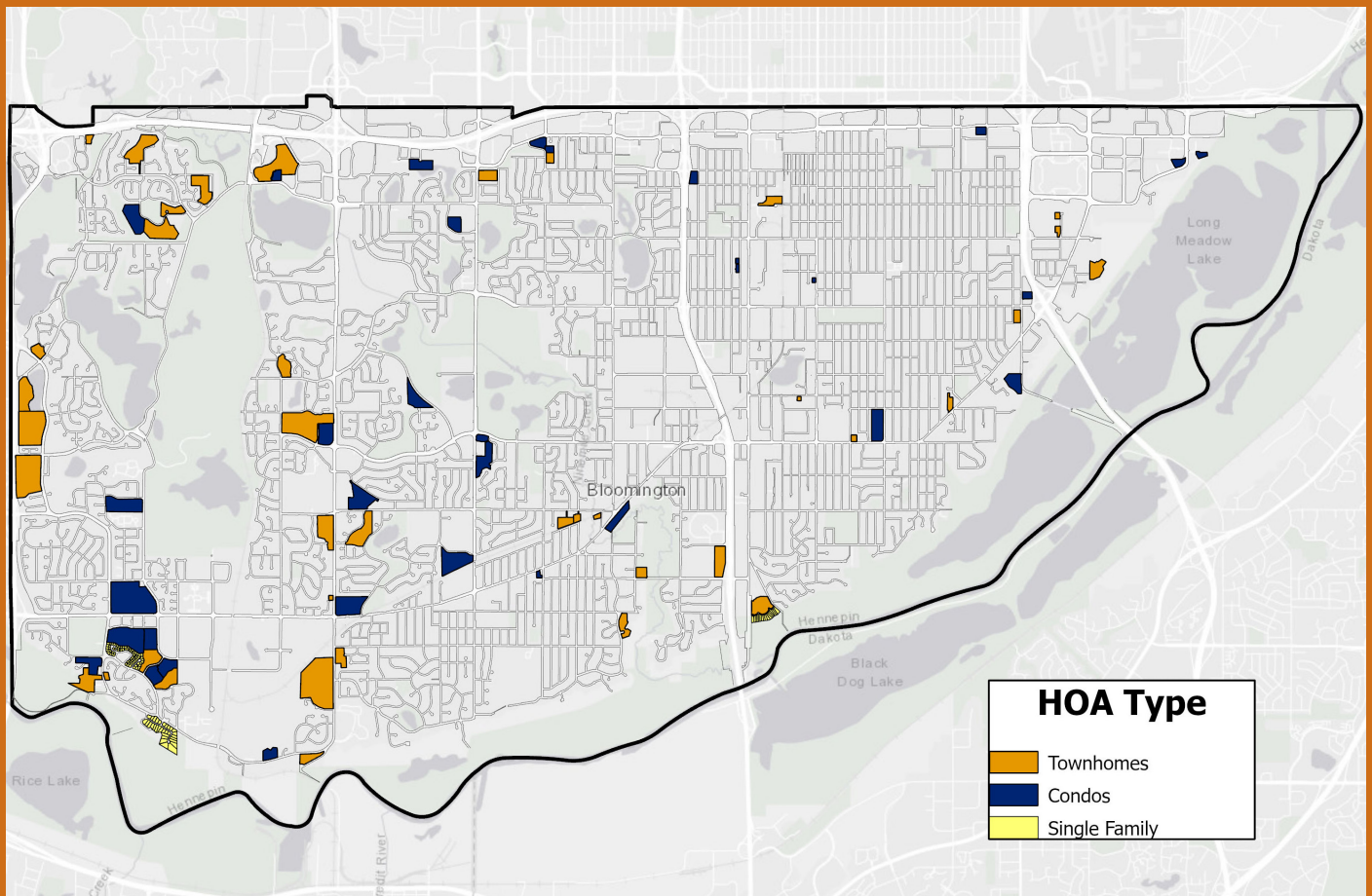


Most associations are registered as domestic nonprofit corporations with the State of Minnesota.



19 buildings governed by an HOA offer structured or underground parking, especially in newer or higher-fee complexes.

FIGURE 1.2. LOCATIONS OF HOMEOWNERS ASSOCIATIONS IN BLOOMINGTON.



The analysis revealed notable concentrations of HOAs, particularly in the form of townhomes and condominiums, primarily located in the western and southern areas of Bloomington (see Figure 1.2). Condominiums tend to be situated in higher-density zones, often near major roadways and commercial centers, where they cater to residents seeking an urban lifestyle with shared amenities and lower-maintenance living. Townhomes, by contrast, are more evenly spread across the city and typically located in suburban-style neighborhoods, offering a mix of community living and private space. While the Assessing Division does not routinely track single-family homes governed by HOAs, the study did identify several such properties owned by associations.

RIGHTS OF OWNERS

While HOAs have the authority to set and enforce rules, property owners within these communities are also granted rights protected under Minnesota Law, particularly the Minnesota Common Interest Ownership Act (MCIOA). Here are some of the key rights HOA members can expect:

Annual Report: Property owners have a right to be kept informed about their association. Associations must prepare an annual report and provide a copy to each unit owner before or at the association's annual owner meeting (Minn. Stat. § 515B.3-106(b)(2)). The annual report must contain, at a minimum, revenue and expense statements, capital expenditures, a replacement-reserves statement, the status of any pending litigation or judgments, and a description of insurance coverage provided by the association.

Claim for Relief: The MCIOA establishes a claim for relief for those who are adversely affected when a declarant, association, or any other person violates the MCIOA or an HOA's governing documents (Minn. Stat. § 515B.4-116). This claim is in addition to any other rights, remedies, or claims owners may have under other statutes or common law. The statute under which the association was formed or incorporated may provide additional relief.

Fair Treatment: HOAs are subject to the federal Fair Housing Act. If an HOA discriminates against a property owner based on a protected class, they can submit a complaint to the Minnesota Departments of Human Rights or federal Department Housing and Urban Development (HUD).

Right to Access Records: One of the most fundamental rights is the ability to access governing documents and records. Property owners are entitled to review documents, such as membership records; meeting records; financial records; association contracts, leases, and agreements; and material correspondence, memoranda relating to its operations, and governing rules to better understand how decisions are made and how funds are managed.

Right to Participate: Property owners have the right to attend board meetings (with some exceptions for closed sessions) and to be notified about significant decisions affecting the community.

Right to Vote: Property owners typically have voting rights on major association matters, including electing board members, approving budgets, and amending bylaws. Owners also have the right to vote on key issues that affect the community, including electing board members, approving budgets, and making changes to the association's governing documents. In addition, property owners have the right to participate in the governance process by attending board meetings (with exceptions for closed or executive sessions) and receiving timely notifications about important changes or decisions.

CITY RESPONSIBILITY TO HOAs



Infrastructure and Public Services: The City is responsible for public infrastructure (such as City-owned roads, water, stormwater, and sanitary sewer systems), but not for private roads, assets or amenities maintained by HOAs. HOAs often maintain private streets, sidewalks, playgrounds, and other amenities. The City has no maintenance responsibility for these physical assets unless it expressly agrees to take on such responsibility.

Code Enforcement and Public Safety:

The City may respond to Code violations, safety concerns, or health issues on HOA properties, but it doesn't enforce HOA-specific rules (such as landscaping or noise policies).

- Police and Fire Department services are still provided by the City to HOA communities, as they are to all residents.

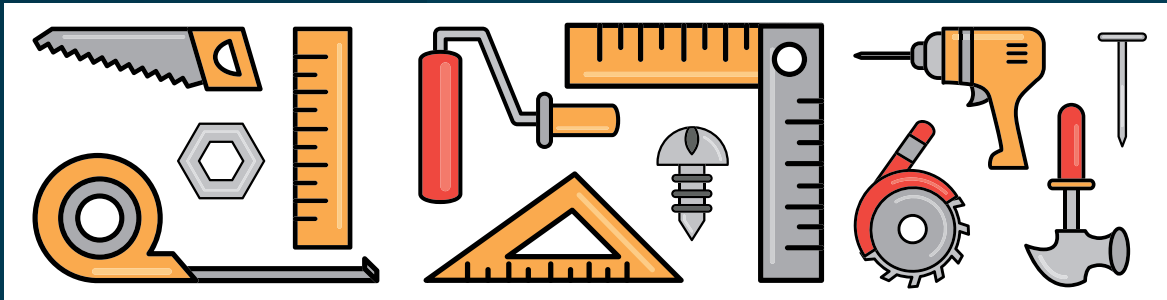
CITY RESPONSIBILITY TO HOAs



Permitting and Zoning: HOAs must follow City zoning laws and building codes. If an HOA or a property owner within an HOA wants to make changes to structures or land use, they go through the same application or permitting processes as any other property owner. However, residents living within an HOA community should be aware that their association may have its own design guidelines or approval processes for structural or exterior work. While the City does not enforce or require HOA approval as part of its permitting process, residents are encouraged to seek prior approval from their HOA to ensure compliance with association rules and avoid potential conflicts. The City evaluates permit applications solely based on applicable zoning regulations and the Minnesota State Building Code. It does not mediate HOA disputes or enforce HOA rules. Homeowners are responsible for ensuring they meet both City and association requirements before starting a project.

Regulations: The City does not regulate HOA fees, board elections, or internal governance. Those are governed by the HOA's bylaws, and Covenants, Conditions, and Restrictions (CCandRs) as well as state statute (including Minnesota's Common Interest Ownership Act, or MCIOA).

CITY OF BLOOMINGTON RESOURCES FOR HOA



Supporting Information and Transparency: As with this HOA study, the City may gather and share information to increase transparency and help residents understand how HOAs function. The City might assist residents with resources or referrals, especially when disputes arise, or confusion exists about responsibilities.

Housing Improvement Area Program (HIA): The City of Bloomington offers support to eligible condominium and townhome associations through the Housing Improvement Area (HIA) Program, which provides City-funded loans to help finance essential improvements to shared, common areas or assets. This financial tool is designed for associations that are unable to fund needed repairs or upgrades through existing reserves, commercial loans, or contributions from individual unit owners. Improvements eligible under the HIA Program include roofing, siding, landscaping, roadways, parking lots, water lines, painting, decks, and other upgrades to common elements within the community. The program is initiated by the association and can be a cost-effective way to maintain property conditions and boost home values. Funding is limited and awarded on a competitive basis, with applications reviewed according to the City's HIA policy and property standards. For more information, please visit the website: <https://www.bloomingtonmn.gov/hr/housing-improvement-area>.

ADDRESSING PROBLEMS IN A HOA

When issues arise within an HOA, there are several steps that residents can take to seek resolution and remain actively involved in their community's governance.

Know Your Rights: While HOAs have the authority to set and enforce rules, property owners within these communities are also granted rights protected under Minnesota Law, particularly the Minnesota Common Interest Ownership Act (MCIOA). Read through the MCIOA and make sure you understand your rights as a property owner in an HOA.

Contact the board of directors: Start by notifying the board of your concerns. Although many associations hire pro perty management companies, the board holds ultimate authority and is responsible for making decisions on behalf of the community. Residents should communicate their concerns directly to the board and, if a response is not provided or information is withheld, they may request clarification regarding the board's authority and actions.

Attend meetings and participate: Minnesota Law requires that associations hold at least one annual meeting, with additional special meetings possible. These gatherings are where many key decisions, such as board elections and budget approvals are made. Attending meetings ensures that residents have a voice in the community's direction.

During the 2025 legislative session, Minnesota lawmakers addressed increasing concerns related to the governance and accountability of Common Interest Communities (CICs), such as homeowners associations (HOAs). As part of the Final Commerce Finance Bill (SS SF 4), the legislature passed provisions to establish a **Common Interest Communities Ombudsperson** within the Department of Commerce. This newly created role will provide homeowners, boards, and property managers with education, guidance, and resources regarding HOA-related rights and responsibilities.

The Ombudsperson will also serve as a neutral party to help resolve disputes, clarify obligations under the Minnesota Common Interest Ownership Act (MCIOA), and maintain public reports on trends and issues arising within these communities. This development reflects a growing recognition at the Capitol of the challenges faced by HOA residents, including communication gaps, enforcement disputes, and transparency concerns. The measure aims to foster clearer governance and fairer practices within Minnesota's HOAs, offering state-level support to supplement local management and oversight.



ADDRESSING PROBLEMS IN A HOA



Engage with other unit owners: Since the HOA is composed of its members, discussing concerns with neighbors may uncover shared experiences or support. A group of concerned owners may be more successful in encouraging the board to address particular issues or consider specific improvements.

Conflict Resolution Center of Minnesota: In cases where disputes escalate, residents and boards may benefit from professional support. The Conflict Resolution Center of Minnesota (CRC) offers mediation services and conflict coaching to help individuals and groups resolve disagreements constructively. These services can be especially helpful when addressing interpersonal tensions or misunderstandings within an HOA, and they provide a neutral space for residents to find common ground. More information about these services is available at crcminnesota.org. Utilizing community mediation can prevent long-term division, promote collaboration, and create a more positive living environment for everyone involved.

Conciliation Court: If a dispute involves a financial issue under \$20,000, residents may consider filing a claim in Conciliation Court (Small Claims Court). This is a cost-effective legal avenue for resolving disputes when informal communication does not lead to a resolution.

Contact a private attorney: In cases where concerns are unresolved through community channels, consulting a private attorney may be appropriate. HOA laws can be complex, and an attorney experienced in these matters can provide guidance on resident's legal rights and available options. The City cannot provide legal advice for internal disputes within an HOA and cannot give recommendation or referrals for attorneys.

FREQUENTLY ASKED QUESTIONS (FAQ)

1. What should I do if my HOA is not enforcing its own rules?

HOAs are responsible for enforcing the rules and covenants outlined in their governing documents. If enforcement seems inconsistent, residents should contact the board in writing to raise their concerns. If the board is unresponsive, organizing with other homeowners or seeking mediation may be necessary.

2. Why do HOAs have stricter rules than City Code?

HOAs often set standards that go beyond City regulations in order to maintain the appearance, consistency, and property values of their communities. While these rules must not violate or be in conflict with City, State, or Federal law, they can be more restrictive than City Code.

3. How can a homeowner contact their HOA if they do not know who is in charge?

If a homeowner is unsure who manages their HOA, there are several ways to find contact information. Property records, closing documents, or past correspondence from the HOA may include board or management details. In many cases, the HOA is registered as a nonprofit corporation with the Office of the Minnesota Secretary of State, where contact information may be publicly available, typically including a registered agent. Additionally, neighbors, especially longer-term residents, can often provide insights or contact information for the board or property management company.

- In cases where a homeowner is unable to locate contact information on their own, they may reach out to the City of Bloomington HRA at 952-563-8937 or HRA@bloomingtonmn.gov for assistance. While the City does not oversee HOA operations, some basic contact information was gathered as part of this study and may be available for reference. This can serve as a helpful starting point for residents struggling to connect with their association.

4. Who is responsible for managing trees in HOA communities?

Trees located in HOA-managed common areas are the responsibility of the association. During events like Emerald Ash Borer outbreaks, HOAs may seek guidance from the City Forester on how to manage tree removal or treatment.

5. Can HOAs rent public space for meetings?

Yes. Some HOA boards rent space through the Parks and Recreation Department for annual meetings or other gatherings. Availability and fees vary by facility.

FREQUENTLY ASKED QUESTIONS (FAQ)



6. What happens when there is tension between renters and owners in an HOA?

Tension between renters and owner-occupants is a common challenge in some HOA communities, especially those with a growing number of rental units. Property owners may express concern that an increase in rentals could impact property values, community involvement, or maintenance standards, while renters may feel excluded from decision-making or targeted by association policies. To address this, many associations implement policies designed to maintain a healthy balance of units by tenure. These may include rental caps (limiting the percentage of units that may be rented at any given time), minimum lease durations to discourage short-term rentals, and occupancy guidelines to ensure consistent community standards. However, policy alone is not enough. Associations must prioritize clear communication, fair enforcement, and inclusive community-building efforts to reduce misunderstandings and foster mutual respect among all residents—whether they own or rent. Transparent rulemaking, accessible meeting participation, and equitable treatment of renters and owners alike are essential to maintaining a cohesive and cooperative HOA environment. Note: HOAs are still subject to federal and state fair housing laws, meaning they cannot discriminate against renters or owners based on protected characteristics such as race, national origin, religion, sex, disability, familial status, or other protected classes. All policies and actions taken by the association must comply with these legal requirements.

7. Our HOA is increasing dues, but there is no clear plan for future repairs. What can we do?

HOA dues should be tied to a long-term maintenance plan or a reserve study that outlines upcoming repair needs. If such a plan is not in place, homeowners can engage the board to conduct one and better communicate financial priorities before approving dues increases.