

SANTA BARBARA NEWS-PRESS



SUNDAY, APRIL 16, 2006

Helping condo boards through the legal maze

MARIA ZATE

NEWS-PRESS STAFF WRITER

A boom in condominiums has taken over the South Coast, particularly in Santa Barbara, where single-family homes are being rapidly replaced by new, multifamily structures that allow for more households on the area's expensive plots of land.

Of the 192 building permits for new housing issued in Santa Barbara last year, single-family homes comprised only 19 of the total. The remainder of the new units were in mixed-use projects and multifamily housing, with condos making up the majority, according to the city's Community Development department. And many more condos are in the pipeline across the South Coast.

Despite the promise of low-maintenance living – including never having to do yard work and sharing the expense of having a swimming pool – owning a condo typically involves following a number of complex regulations mandated by California laws.

Those buying a condo for the first time often purchase their units unaware of the long list of legal requirements involved with properties that are part of a community development with multiple owners. Once the developer sells the final unit in a new condo project, the management is turned over to the owners, who typically have to fend for themselves.

"New owners usually don't know what to do. And there's no local or state government agency that they can turn to for help," said Michael Gartzke, a local accountant and founder of the South Coast Homeowners Association, www.southcoasthoa.org.

The nonprofit public interest group based in Goleta provides valuable information and resources to condo associations on the South Coast. Formed in 1988, South Coast HOA will likely attract more interest and members these days as the number of condo developments multiplies.

Condos and other community-interest developments on



the South Coast range in size from two units to nearly 1,000 homes, such as in Hope Ranch.

While larger condo developments with 30 or more units can usually afford to hire a professional property management company, smaller properties with 10 units or less may struggle to pay for outside assistance. Most of the new condos being built or proposed these days are part of developments with fewer than 10 units.

About half of the 600 or so condo associations on the South Coast use an outside management company or financial firm to handle some of their duties, Mr. Gartzke said. But management companies typically charge a minimum fee of several hundred dollars a month.

That leaves half that are "self-managed." Volunteer board members do the work required to stay in legal compliance, as well as handle the finances and property management.

Back in 1980, when Mr. Gartzke bought his first home in a Goleta condo development called Meadow Tree, there were few

resources available to help local condo associations. Because Mr. Gartzke was an accountant, he was tapped to become treasurer of his self-managed association, where he served for five years.

"The thing that frustrated me was not having resources for issues related to condo associations, such as where to go for information and how to meet board members of other condo associations," he said.

Although the national group Community Association Institute was around at the time to provide

resources for condo associations, the closest chapter was in Ventura. Mr. Gartzke and three others, including local attorney Jim Smith and property manager Sandra Foehl, decided to start a similar group on the South Coast, and the South Coast Homeowners Association was born.

An estimated 3,000 area homeowners volunteer to serve as directors on their condo association boards. Usually, the only criteria to become a board member is ownership of a unit on the property.

"It's a challenge dealing with people and their homes. The emotional level runs really high," said Mr. Gartzke. "Yet board members have to apply ever-burgeoning laws that only continue to get more complex."

Regardless of whether they have two units or several hundred, all condo associations must meet several basic requirements: they must conduct association business at meetings publicized in advance; hold an annual meeting to elect a board of directors; develop an annual budget to set assessments; and disclose future major maintenance costs for the common areas and how these costs will be funded. Also, regulatory filings are required with California's secretary of state and Franchise Tax Board.

The South Coast Homeowners Association has members representing 142 condo associations countywide, or roughly one out of five in the region.

The organization holds meetings each quarter and membership dues run about \$60 a year. On April 22, the group will hold a one-day seminar, called "HOA 101" to educate board members on the fundamentals of condo association operations.

Given the large number of new condo developments in the works, "I don't think our work here is going away anytime soon," Mr. Gartzke said.

e-mail: mzate@newspress.com

