Homeowner Association (HOA) Facility Transfer Program

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PURPOSE

To provide instructions on Homeower Association (HOA) facility transfer program.

PROCEDURE

During initial subdivision designs, developers request non-standard Village items that are owned and maintained in future by Homeowner Associations (HOA). These could be: Private streets with different width/curbs/depth of asphalt, Lighting system/poles that are decorative, Sidewalk/walkways not in front of homes or pass through development, and Stormwater basin(s)/retention/detention facilities to reduce storm impact to creeks and protect homes.

As time passes with new homeowners, increasing costs, and aging infrastructure, HOAs often consider transferring ownership and maintenance back to the Village. HOAs also see the opportunity to bring up to Village standards, provide stable and predictable funding, ensure long-term professional maintenance, and reduce risk for the HOA and its membership.

To provide a guide for HOAs, the HOA Facility Transfer Program would provide a clear, step-by step pathway to request the Village assume ownership and long-term maintenance of certain HOA owned infrastructure. The process would be transparent, financially responsible, and consistent for all HOAs. The transfer would fully evaluate: Feasibility, Long-term maintenance, and Regulatory compliance.

Due to these improvements benefit only the properties within the subdivision, a Special Service Area (SSA) or Special Assessment (SA) would be required to fund both initial upgrades and ongoing maintenance where applicable. A SSA or SA are funding mechanisms that ensure that costs are shared fairly among benefiting residents, village-wide taxpayers do not subsidize private facility transfers, and adequate and stable funding exists for long-term maintenance when applicable.

The following steps shall be completed if a HOA considers transferring facilities to the Village.

Steps:

1. **HOA Inquiry:** An inquiry is routed to Public Works expressing interest in a transfer of item.

2. **Public Works:** Will provide a no-fee application to HOA.

3. **HOA:** Will submit application before any technical review begins. Included with application, a required letter by the HOA stating a two-thirds vote by the HOA has been approved to formally support the exploring transfer and SSA that will be required.

4. **Public Works:** Will conduct a detailed assessment once the application is received that includes:
   - Engineering Evaluation
   - Infrastructure Condition Review
   - Required upgrades to meet Village standards
   - Long-term maintenance projections

   Public Works will also coordinate with Development Services on regulatory and code considerations.

5. **Finance:** The Finance Department will conduct a financial analysis that includes:
   - The cost of required capital improvements
   - Ongoing annual maintenance
   - The estimated per-household SSA/SA cost

   The information will be provided to the HOA.

6. **HOA Decision and Agreement:** After reviewing the financial analysis, the HOA decides whether to proceed. If HOA proceeds:
   - A formal agreement is drafted with the assistance of the Village Attorney
   - Agreement confirms the HOA's support for SSA/SA creation and outlines transfer terms.

7. **Village Board Review:** Once the HOA signs the agreement:
   - Development Services schedule the item for Committee and Board agendas
   - The Village Board considers both the facility transfer and the SSA/SA creation
   - Acceptance is contingent on successful SSA/SA approval.

ENCLOSURES

1. HOA Facility Transfer Program Form

RESPONSIBILITIES

Upon notification by a HOA, Streets Operations Manager will ensure the steps are started above.

This standard operating procedure may be updated or revised at any time.

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