

# Big Projects Do NOT Have to Mean Big One-Time Assessments

## Understanding the Board's Financial Flexibility for Flood Mitigation and Other Capital Projects

### Plain-English takeaway:

Even if the community ultimately decides to pursue a major flood-mitigation solution — whether that is a barrier, drainage improvements, elevation strategies, or another option — **the Board has latitude to make large projects more affordable over time**. Big projects do *not* automatically require large, one-year special assessments.

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## 1. The Board has legal flexibility in *how* projects are paid for

Under the proposed Amended & Restated Code of Regulations, the Board has broad authority to manage Association finances and Common Expenses. This includes:

- Adopting budgets and special assessments
- Setting **installment payment schedules** (monthly, quarterly, or annual)
- Entering contracts on behalf of the Association
- Managing reserves and capital expenditures

Importantly, **nothing in the Code requires capital projects to be paid in a single year**.

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## 2. Installment assessments are explicitly allowed

The Code expressly allows:

- Annual and special assessments to be paid **in installments**, on a schedule set by the Board
- Additional (“further”) assessments — when reserves are insufficient — to be payable **either as a lump sum *or* in installments**, at the Board’s discretion

### Translation:

Even without borrowing, the Board can spread costs across multiple years to reduce the per-unit financial impact.

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### 3. Financing (loans) is not prohibited

The governing documents:

- Do **not** prohibit loans
- Do **not** cap Association indebtedness
- Do **not** require owner approval specifically to borrow

A loan is simply a contract — and the Board already has authority to enter contracts and manage Association obligations.

#### **In practice:**

The Association could pay construction costs upfront and repay them gradually through regular assessments, rather than requiring owners to come up with large sums all at once.

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### 4. Owner approval is about the *project*, not the payment method

If a flood-mitigation project:

- Qualifies as an addition, alteration, or improvement **over \$20,000 in a 12-month period**, then
- A **majority vote of owners is required** to approve the project itself

However:

- The Code does **not** require owners to vote on whether the Board uses installments, reserves, or financing
- Owners approve *what* is being built — the Board decides *how* to responsibly fund it

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### 5. This is not advocacy for any specific solution

This discussion is **not** an argument for:

- A flood barrier
- Any particular engineering option
- Spending money without analysis

It *is* an argument for:

- Keeping options open
  - Avoiding unnecessary financial shock to owners
  - Matching payment timelines to the useful life of infrastructure
  - Making the *best solution* more achievable if government funding is unavailable or delayed
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## 6. Loans are a tool — not a default (Pros & Cons)

Any decision to finance should be informed by a **cost-benefit analysis**, just like the project itself.

### Potential Advantages

- Spreads costs over time, improving affordability
- Reduces risk of owner delinquency
- Aligns payments with long-term benefit
- Preserves owner liquidity
- Can make resilience projects realistically achievable

### Potential Drawbacks

- Interest increases total cost
- Requires disciplined financial management
- May limit flexibility if poorly structured
- Must be evaluated against reserves and future obligations

**Bottom line:** Financing is neither good nor bad by default — it's a tool that should be evaluated alongside project costs, risks, and benefits.

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## Final Thought

**“Big projects do not require big one-time assessments by default. The Board has legal tools to spread costs over time and reduce financial strain — if it chooses to use them responsibly.”**