Community Next: 2020 and Beyond
Public Policy Paradigms
Panel Report

Introduction
Over the course of 2015, a panel representing various interests in community associations convened for in-depth conversations about public policy concerns in the next 15 years. The Community Next: Public Policy Paradigms Panel included CAI members and non-members. Stakeholder groups represented include an academic, an insurance professional, a state legislative lobbyist, attorneys, community association volunteer leaders, community association managers and state legislators, each of whom have spent significant time interacting in the legislative process. The discussion led the group to identify the prevalence of challenges and opportunities that community associations have and may continue to encounter, issues that may be addressed in the next 15 years, and the impact of relationships with legislators, regulators, other decision-makers and stakeholders. The panel identified eight challenges and opportunities in the realm of public policy for the next 15 years:

- Perception of Community Associations
- Volunteer Community Leadership
- Financial and Structural Stability of Associations
- Residents Aging in Place
- Adapting with Technology
- Aging Communities: Termination, Sale, Dissolution and Conversion
- Relationships with Decision Makers
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Context: Background of the Community Association Housing Model and Public Policy/Statutory Structure

Community associations in the United States were first developed in measurable numbers during the late 1800s. The first type of association developed was the planned community and more recently the condominium. The three types of community associations are planned communities, cooperatives and condominiums. Each type has its own unique history.

HOMEOWNERSHIP; DIFFERENT ASSOCIATION FORMS

Homeownership increased from 44 percent in 1940 to more than 64 percent by the mid-1960s. Condominium development exploded in the late 1960s and early 1970s, fueled by an expanding economy. Unlike housing cooperatives, which were initially popular but based on personal property concepts, condominiums were based on real property, thereby increasing the availability of financing through conventional mortgages. Also, condominiums emphasized the profit motive for builder/developers and unit owners, who could view condominiums as a financial investment.

In the early 1960s, large-scale, master-planned communities like Reston, Va., Irvine, Calif., and Columbia, Md., emerged, as did planned communities as an alternative to condominiums. The population of planned communities grew rapidly. By the 1990s, community associations had demonstrated the ability to satisfy a full range of housing needs—starter homes, retirement communities, vacation homes, low- and moderate-income housing and the most expensive housing available. Associations also demonstrated that they were an efficient use of the land and resources.

ROLE OF LOCAL GOVERNMENT

Developing residential communities in associations may be required by local government. First, flexible planning and zoning concepts, such as the planned unit development (PUD), allow developers to build with greater density and at the same time preserve green space; more homes on a site yield more efficient use of land, economies of scale and revenue for localities. Second, obligations that traditionally have been carried out by local government have typically been transferred to the association; this includes trash pickup, street paving, lighting, snow removal, maintaining common areas and community infrastructure (roads, bridges, and storm water systems), disaster recovery and providing for better regulation of water, sewer and electric utility services. Third, developers of community associations can provide amenities that increase the desirability of the community and foster a neighborhood atmosphere. Finally, community associations protect, preserve and enhance property values through architectural control and shared maintenance.

The fundamental community association model is a significant unit of local democracy in which the members elect, from among themselves, volunteer leaders to govern and operate the community. It is often observed that, more than any other level of government, associations are the most intimate and closest to their constituents.

SIMPLE BEGINNINGS AND PHENOMENAL GROWTH

In 1970, an estimated 10,000 community associations were in operation across the country. Early public policy studies of this emerging form of property ownership anticipated many of the issues that would be addressed as associations matured and experience developed. For example, a report by Frank S. So published by the American Society of Planning Officials in 1962 advocated the use of flexible land development models such as the planned unit development. The Department of Housing and Urban Development (HUD) conducted hearings in 1975 at which homeowners, realtors, builders, lenders, attorneys and other stakeholders discussed issues of governance, financial stability and much more.
The Foundation for Community Association Research’s 2014 Fact Book provides an important source of data measuring the numbers and demographics of community associations. The growth in the number of associations has been phenomenal. From 10,000 in 1970, the number of associations has grown to 333,600 in 2014. These associations contain housing for more than 66 million Americans. Some 20.7 percent of Americans reside in a home in an association; by 2030 this share may reach one-third of all homeowners. Between 2040 and 2050, a critical shift will occur whereby the community association may become the majority form of housing in the U.S.

ECONOMIC IMPACT OF COMMUNITY ASSOCIATIONS
In 2014, the estimated value of homes in community associations was $4.95 trillion. Through architectural design review, associations preserve the appearance of the streetscape and quality of housing within the community. These functions preserve and enhance values for property owners and lenders as well as tax revenue for local governments. Community associations must be recognized for their role in building community within the community itself and as a contributor to defining the way of life for the municipality as a whole.

Associations add value to the economy by generating business and creating jobs. By 2030, the projections are that the contribution of associations to the Gross National Product may be at least 4 percent, and more likely in the range of 5 or 6 percent.

DIVERSITY
Associations are also extremely diverse. Of the total mix of associations, planned communities comprise 51-55 percent, condominiums are 42-45 percent, and cooperatives are 3-4 percent. Community associations vary in size from 2-unit condominium buildings to planned developments containing tens of thousands of homes. They include horizontal attached-unit “villa” style communities, traditional stand-alone single family homes on individual lots and vertical hi-rise condominiums, as well as all sizes of condominiums converted from apartment buildings. While many associations comprise only one type of housing, others contain multiple forms of housing; and, increasingly, particularly in urban environments, associations comprise mixed uses that contain retail on the lowest level, hotels or offices on intermediate levels and housing on the upper levels. As future planning concerned with reducing energy inefficiency, co-locating uses to create neighborhood and reduce transportation costs, and use of open land directs an increased number of housing units to urban centers, we can expect to see mixed-use developments increase.

COMMON CHARACTERISTICS
While the three forms of associations vary in how property ownership is split, they all share common characteristics: they are governed by recorded documents, the homeowners are automatically members of the association and paying assessments to the association to carry out common purposes such as maintenance and insurance is mandatory.

COMMON ELEMENTS
Depending on their size and form, many associations are responsible for maintenance, repair and replacement of common elements, including roofs, siding, masonry, and other components and systems serving the buildings. These components and systems are aging: as of 2014, 39.2 percent of all owner-occupied housing was constructed prior to 1970 (45 years old) and 54.2 percent was constructed prior to 1980 (35 years old).

ROLE OF ASSESSMENTS
To ensure these vital community services and functions are fully funded, all owners pay assessments, which are by law mandatory and lien-based. By joining together, association homeowners build financially stable communities and enable greater enjoyment of their homes and property.
UNIFORM ACTS
By 1967, every state had adopted a horizontal property act, mostly based on a Federal Housing Administration (FHA) model statute. Conversion of apartment buildings into condominiums and cooperatives came under intense public scrutiny; in 1972, a blue-ribbon commission of real estate experts and future CAI members met in Virginia to develop a new Virginia condominium statute that balanced developer needs with consumer protections. The Virginia Condominium Act was adopted in 1974, without a single “no” vote. This statute led to the development of the Uniform Condominium Act in 1977, the Uniform Planned Community Act, the Model Real Estate Cooperative Act and ultimately in 1980 a combination of the three called the Uniform Common Interest Ownership Act.

Recognizing the hybrid nature of associations and the valuable benefits provided, CAI advocates a comprehensive and balanced approach to creating, operating, and governing associations. This approach is embodied in the uniform acts, which reflect the most accurate perception of associations that govern and administer them, and balance broad governing authority with flexible means to carry out responsibilities. These developments and the integrity of this balance contained in the uniform acts should not be undermined by burdening associations with unreasonably detailed regulations. CAI has advocated and supported adopting the uniform acts and is proud that the vast majority of states has adopted at least one of the uniform acts as the most effective statutory framework for community associations. CAI applauds the vision of legislators in the states that have adopted some or all of the uniform acts and continues to be a strong advocate for this approach.

FACTORS AFFECTING PUBLIC POLICY
CAI estimates that by 2030 more than 70 million Americans will make their homes in approximately 375,000 community associations. At least 80 percent of all new housing starts, especially in major urban and suburban areas, will be in community associations.

None of the early studies could have predicted the rapid growth of community associations or the diverse sizes and forms that would evolve. What began as a minor housing market sector sharply expanded over the past 50 years, with one in five Americans now living in a community with some form of owners association, and higher percentages in many of the country’s more populous and growth-oriented states. Along with this growth, operational models and perceptions of associations have evolved. These factors add challenges and complexity to public policy considerations in the next 15 years.

Perception of Community Associations
Community associations have been perceived in different ways over the years. Lawmakers have been, and will continue to be, called upon to address concerns expressed by individual constituents who share an isolated incident that has made them unhappy with their community associations. In an effort to help constituents, lawmakers may introduce legislation addressing association governance that may increase and undermine the well-established and proven model of community association governance.

This trend is expected to continue as long as a legislative response is considered necessary to respond to negative perceptions produced by media out of lone circumstances. Legislative responses to individual constituents contribute to community associations being perceived as over-restrictive micro-governments focused on covenant enforcement. This perception may accelerate legislative efforts aimed at greater oversight of community association governance and require greater transparency. Legislation may seek to increase regulation of associations including the conduct of meetings and elections, the contents and access to documents and contracting methods. Legislators
may also continue to promote legislation to define homeowner rights and further eligibility requirements including mandatory education for community association board members. The tendency to react to specific situations, marginalized complaints and particular circumstance may result in increased and burdensome procedural oversight on community association volunteers. Therefore, it is important to foster and sustain an appropriate understanding of associations and the volunteers who are often thrust into positions of responsibility for which they may not be fully prepared.

**CHALLENGE**

*Perception of Community Associations*

Associations perform a broad range of functions. Depending on an association’s size and nature, these functions include (a) maintenance of buildings, systems, and infrastructure, (b) budgeting and collections, (c) insurance, (d) enforcement of restrictions, (e) accountability, (f) rulemaking and compliance authority and (g) governing.

The courts, commentators, legislators, and stakeholders – faced with these multi-faceted functions – have applied various models in their perceptions and treatment of associations. The authority to adopt rules and impose penalties for violations resembles a mini-governmental function. Maintenance responsibilities suggest a business role. Promoting the general welfare of homeowners suggests a social component to build a sense of community.

**SOLUTIONS**

*Associations Should be Recognized for Delivering Core Services.*

Relying on a single model distorts the true nature of community associations. Instead, the appropriate perception recognizes that community associations are hybrids, a mosaic of several models. Community associations of all sizes and forms are housing management organizations that deliver three core services to their residents: community services, business services and governance services. The scope and value of benefits provided by associations deserve greater attention among public policy makers. CAI should continue its strong advocacy of the comprehensive and balanced statutory framework in the uniform acts. Legislative efforts should foster effective governance and avoid random solutions to rare or unique circumstances that impair self-governance and increase operational costs.

*Telling the True Story of Community Associations*

Association leaders and professionals should sharpen the image of community associations. Media, government decision makers and the general public need to be better informed about the role that community associations play in society and the economy. Community associations should be seen for the tremendous value they add to the localities and the greater good of the housing market and stewardship of natural resources. The message should include a clear description of services and benefits provided by associations (see Section A), utilizing the approaches recommended below.

*Municipal Partnerships*

Associations should explore opportunities to create partnerships with local governments in a wide range of common interests based on the close relationship between associations and local government and the fundamental role carried out by associations in providing infrastructure services historically delivered by those municipalities.

*The Success of Neighborhood Autonomy*

Associations of all sizes are housing management organizations that deliver core services to their owners. The primary objectives of associations are to preserve the character of their communities,
protect property values and meet the expectations of their members. Associations are not only places to live, they are places to work and places where jobs are created and maintained. In view of the many benefits and value provided by associations, public laws and regulations must promote and protect associations with the same respect, deference and autonomy as applied to other business and social organizations.

*Increase Professionalism*

Association operations should be conducted in a business-like manner. Maintaining the housing stock benefits both individual owners and society at large. Associations should utilize professional management and explore the viability of compensated board members. Management service providers should offer a broad tier of services so that all associations may obtain the benefit of essential professional services.

*Volunteer Community Leadership*

Since the 1960s, community association governance has represented the successful expansion of democratic behavior and the socialization of board and committee members in terms of business and governance-related skills. CAI estimates that in 2014 a total of 2.3 million board and committee members participated in the work of their associations, performing 78 million hours of service at an estimated value of $1.6 billion. Indeed, many units of local government and other entities (e.g. library boards, park districts, etc.) look for association board members to serve as leaders; experienced and educated association board members promote standards of practice that result in effective governance and thoughtful business decisions.

A number of measures should be taken to nurture competent boards and committees with volunteer leaders who are knowledgeable and effective in association governance and administration.

**CHALLENGE**

*Impacts of Excessive Regulation*

The vast majority of boards carry out their responsibilities properly, but the success stories go unnoticed. Stories of success are overshadowed by isolated circumstances of bad behavior that contribute to negative perceptions of community associations. These perceptions may result in legislative actions that have a chilling effect on community association volunteerism. The result is a growing challenge to identify, recruit and sustain volunteers to serve as association leaders.

Further, increased complexity of the relevant statutory foundation may necessitate experienced, professional community association management and professional support (including legal counsel) to handle certain, if not all, governance and management matters. These same challenges may require community association managers to develop more extensive skills and education in association operations and a requirement for licensure. The complexity will undoubtedly require more frequent reliance upon legal counsel to avoid missteps and ensure compliance.

**SOLUTIONS**

*Nurture Community Leadership*

Community associations should be permitted and encouraged to elect effective leaders, recognizing that volunteer leaders have increasingly less time available or are less willing to devote substantial time to community association affairs.

*Flexibility for Board Membership*

Flexibility should be available to compensate directors and/or officers, and to recruit professional board members to serve as directors or similar professionals to serve on important committees. In certain large associations, architects may be involved in the design review process.
Leadership Training
Community association boards must be nimble and able to react quickly and effectively to the needs of members, the demands of association management, economic circumstances and environmental issues. Community associations also face challenges endemic to the ever-changing membership of boards as new members are elected on a regular cycle. Emphasis on board member education in subjects relevant to association operation and governance is essential even if that requires board member education as a prerequisite to serving. Board member training may include governance standards of practice, policy-based governance, effective communication of community association rights and responsibilities (for homeowners and board members) and ethical standards for board members.

With increasing demands on personal and leisure time, without compensated board members there may be increasing pressure to ignore the critical skills of leadership. Ignoring these critical skills may lead to greater homeowner discontent and increased pressure on legislators to take action that may make serving as a board member more time consuming and thereby discourage qualified people from participating. Both volunteer and professional board members would benefit from continuing education. Traditional requirements for educating board members concerning legal requirements may not be sufficient. Educating board members in the art of communication and building consensus in an increasingly diverse population may be critically necessary. Strong leadership requires not only education but time and experience, and leadership is not necessarily a learned skill. Without addressing the core issue of leadership training, the pace of this difficult cycle may increase.

Dispute Resolution
Association leaders and management must also engage and educate owners to share responsibility of community governance so that problems may be identified and solved within the community before third-party intervention becomes necessary. Community members must be encouraged to resolve disputes fairly and efficiently, using affordable, efficient and appropriate dispute resolution processes and neutrals who are not persuaded by internal politics and who are professionally trained to resolve conflicts. Mediation, which is especially appropriate for long-term relationships, is identified as the best dispute resolution mechanism for disputes within communities. However, several models of mediation and other forms of dispute resolution should be developed based on pertinent state constitutions and statutes.

Financial and Structural Stability of Associations
In rapidly changing urban centers across the country, the most appropriate uses of a given location may change significantly over time. A community developed 40 years ago may no longer be the best use of the land and environmental resources today. Despite best intentions and efforts, associations may lack funds when repair or replacement becomes necessary. Associations should have access to loans to augment reserves as well as maintain common areas. Incentives for developers to redevelop obsolete or non-functioning communities should be supported and include flexibility to convert to other housing alternatives or reconstitute amenities on a private basis. Associations should have flexible tools to terminate and sell, to reform themselves or to dissolve and to convert the community.

CHALLENGE
Long-Term Sustainability
Associations maintain infrastructure including building structure – a critical function in protecting property value, the quality of the community amenities and more as well as impacting neighboring properties. This is particularly important for communities created decades ago. Associations also provide insurance for common areas. They establish operating budgets that include capital reserves
for long-term repair and replacement. Associations must have financial stability to pay for these services, requiring adequate and reliable sources of funding to minimize unforeseen financial needs for homeowners such as special assessments.

**SOLUTIONS**

*Planning for the Future*

As communities’ age and infrastructure requires more attention, assessments may significantly increase just to maintain critical operations and fund professionals to ensure compliance with a highly-regulated governance structure. Constituent complaints to legislators about increased assessments should not result in legislation imposing new obstacles that could hinder or cripple the financial model of associations and their ability to provide the quality of services and amenities expected by all homeowners.

*Capital Improvements and Related Funding (Reserves)*

Careful planning for future repairs and replacements is not only in the best physical and fiscal interests of community associations, it is required by law in some states. As of 2015, the following seven states require community association reserve studies by law: California, Delaware, Hawaii, Nevada, Oregon, Utah and Virginia. Washington encourages associations to have a reserve study performed every three years unless doing so would impose an unreasonable hardship and Florida mandates the maintenance of reserves by condominium associations unless the owners vote otherwise. Further, maintaining a reserve fund not only meets legal and professional requirements, it also minimizes the need for special assessments and enhances resale values. Fannie Mae, Freddie Mac and Federal Housing Administration all require percentage allocations of annual assessments to reserve funds.

The reserve study is nothing more than a strategic plan for community facilities. Reserve planning must be addressed by every volunteer leader in communities with common areas to be maintained in a way that address adequately the natural aging of facilities. If not addressed, the high quality of life associations promise may not be achieved or sustained. Rather than unexpected assessment increases or special assessments for aging communities, the first priority for an association must be to engage in financial study and forecasting as the keystone of every reserve study.

*Identifying Communities Unique Character and Needs*

Communities vary greatly in materials, quality of construction, level of past maintenance, effects of weather and other factors. Accordingly, each association requires flexibility to meet the varied needs of reserve funds to complete repair and replacement projects on schedule without special assessments. Effective fiscal planning allows associations to build adequate reserves to fund necessary repair and replacement costs that reflect such different needs.

*Termination and Sale*

In some circumstances current owners may realize substantial financial gains by selling the entire community to a developer to reconfigure into a community that makes better use of the land. In such cases, a vote for termination might be framed in the context of whether to accept a financial offer to the owners. Frequently, though, statutory dissolution requirements are purposely onerous and permit a tiny minority of residents to frustrate the desires of an overwhelming majority of owner (these decisions should not be taken lightly). New laws should guide such termination processes, ensuring that dissolution need only be approved by a two-thirds supermajority owners, benefits are equitably distributed and hardships are minimized.
**Dissolution**

Circumstances may lead to a determination by leaders and owners to dissolve the community. An effective legal structure should be developed to address association insolvency proceedings that recognize the unique nature of associations to dissolve the entity and terminate the common-interest community.

**Conversion**

The impact of changing circumstances may call for converting the form of ownership and organization, or for altering the use of a portion of the structures or common ground, including amenities. An effective legal structure should be developed to provide reasonable flexibility for associations to make such decisions.

**Residents Aging in Place**

The aging population presents challenges for community associations primarily because resources necessary to address attendant social issues are limited and not well defined in the law. Currently, nearly 12 million condominium owners are age 55 or older. It is estimated that there are another 12 million to 15 million age 55 or over in planned communities, condominiums and cooperatives.

**CHALLENGES**

**Addressing the Needs of the Aging Population**

While there is no doubt that aging residents prefer to continue living in their homes, many community associations have limited authority and resources to handle the needs of an aging population. Volunteer leaders are unsure of the proper role the association is to play in addressing circumstances that arise. It is projected that by 2030 the number of U.S. residents 60 or older will reach 92,171,565 persons out of a total population of 373,503,674, or 24.82 percent.¹ As the demand for services and expense to the government significantly increases, there will inevitably be pressure to maintain this segment of the population in their residences, which, in turn, will result in additional mandates on community associations, particularly in those that are age-restricted communities.

**Demand for Different Services to Accommodate Aging in Place**

Residents of age-restricted communities may have limited or fixed incomes and limited capacity to absorb increasing costs. As medical care and housing of those who can no longer care for themselves without assistance continues to absorb a larger and larger share of the nation’s Gross Domestic Product, the government may seek ways to transfer the obligation for delivery of municipal and social services to private entities like community associations – where residents can continue to remain in their homes while receiving increased assistance with major life activities.

**SOLUTIONS**

**Seek Methods of Alternative Support**

Associations will need to prepare to allow residents to age in place safely and securely. If, however, it becomes the expectation of governmental entities that private age-restricted community associations will shoulder a burden that benefits the public at large, financial support will need to be provided that eases the burden on all owners in communities governed by associations. The owners in age-restricted communities will not be able to bear this burden on their own. The coordinated support services and social fabric inherent in community associations provide an enhanced quality of life as the life longevity increases. Some associations are beginning to integrate with medical and social service providers to cater to the ever-increasing retirement-age population, offering vital services

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such as courtesy bus transportation, referral clinics and coordination of home health professionals on a 24/7 basis. Typically, however, associations generally do not have these resources necessary to collaborate as these needs dictate.

**Changes in Policy to Accommodate an Aging Population in Community Associations**

Because U.S. housing is supported by the federal and state tax incentives through mortgage interest deductions and real estate taxes, tax laws should be amended so the age appropriate homeowners (who have little use for these benefits) can sell tax credits to the association or other parties. Tax credits are already a means of funding low- to moderate-income housing. A similar approach should be created for associations that have a certain percentage of aging-in-place residents.

**Technology and Environmental Demands**

Rapid evolution of new technology and changing external conditions (including the general acceptance of climate change and increase in conservation demands) present challenges and opportunities for community associations.

**CHALLENGE**

*Unaccommodating to Technology*

The ability of associations to adapt is impeded by outdated and rigid law and governing documents. To meet changing social standards and member preferences, associations must be alert and ready to utilize new technology to achieve members’ expectations.

*Resource Management*

The population of the United States is projected to rise well above 355 million by 2030, and the demand for natural resources will grow in proportion. If not already, resource management will become essential to survival.

**SOLUTIONS**

*Adapting with Technology*

State law should allow community association governance to accommodate evolving communities by enabling associations to use the most effective and latest means of communication.

*Communications, Meetings and Voting*

Procedures for meetings and decision-making by boards and members must be dynamic allowing adaptation to new and different communication methods as technology develops. For example, associations should be able to use a combination of electronic and in-person meetings, employ Internet voting for elections and document amendments, and video and Internet meetings or electronic forums as an alternative to in-person meetings ever mindful of the demand for transparent governance.

Community associations and the professionals who support them should continue to produce more accessible online information for homeowners in the community. These materials need to appeal to technology, be instant in information and appeal to all age groups. Legislators must provide associations the tools and flexibility to thrive and carry out their responsibilities effectively, efficiently and transparently. State law must recognize that each community is unique, and afford flexibility for each association to determine the most appropriate models and to proceed at its own pace.

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² 355,765,000.

Greater Flexibility in Decision-Making
The ability to adapt with technology for many associations is impaired by rigid or unreasonable procedures for decision-making. Graduated voting percentages based on the significance of the particular issue would facilitate adoption of resolutions and reaction to unforeseen situations. The tiered approach of the uniform acts is the preferred model: an 80 percent affirmative vote for termination, a 67 percent affirmative vote for other major changes and a 51 percent affirmative vote for administrative and other minor matters. Also, unreasonably high quorum requirements for meetings should be reduced to foster the association’s ability to carry out fundamental functions such as elections.

Tax Incentives
Community associations are leaders in conservation of water and other natural resources, energy management and related sustainability matters. This needs to be constantly brought to the attention of legislators and governmental agencies. In view of rising energy costs, legislators should provide tax incentives for community associations to implement energy conservation measures and to adopt renewable energy sources. Unlike traditional subdivisions in which each homeowner must decide to carry out such improvements, associations can foster sustainability in a collective manner for large groups of homeowners.

Relationships with Decision Makers
The legislative process is dependent on various professionals voluntarily appearing before legislative committees to endorse or oppose proposed laws.

CHALLENGE
Insufficient Relationships with Decision Makers
Given the fact that most volunteer leaders work during the day, when legislative committees meet, advocating is predominantly done by third-party representatives who are compensated, professional lobbyists. Professional lobbyists tend to represent more than one client and a variety of issues. Workday access to legislators and regulators leads to a relationship developing with lobbyists and rarely by the owners who are directly impacted by proposed legislation.

The legislative challenge is also apparent in the judicial system. Community associations and their attorneys regularly encounter judges who lack full understanding of associations and the relationship between an association and its members.

SOLUTIONS
Effective Relationships are Critical
Association leaders must be proactive in portraying the positive aspects of community associations, including the contributions that associations make to the local economy and environment.

Leadership Training
Training board and committee members and homeowners is essential for building effective relationships with government decision makers. Volunteer leaders must be groomed to act as articulate, savvy advocates with legislators and their staffs as well as governmental agencies. Lobbyists cannot be the sole source for these relationships. Stakeholder leaders are the best informed and most effective communicators of association issues with legislators and regulators on all levels. Education must be constant.
Public/Private Partnership and Conversations
Community associations should build effective relationships with government decision makers. Local, state and federal legislators and regulators function best when provided objective information by competent advocates. Decision makers must be able to see firsthand the benefits and community that associations offer and promote. The most effective way to convey this message is by inviting decision makers into the community and facilitating conversation between residents and government officials. This should be a dialogue based on mutual concern and shared objectives.

Association leaders should be less insular and focus more on face-to-face forums. During these meetings, stakeholders need to identify problem sectors and actively address them. Leaders must showcase associations within the context of businesses, job creators and service providers. Associations should be showcased as voting organizers, containing constituents that can influence government elections.

Association advocates should take sophisticated approaches when educating and engaging legislators. This process should be innovative, active and consistent, with face-to-face meetings, conducting educational programs at conferences attended by legislators, as well as encouraging legislators to tour communities and speak at member gatherings. Legislators appreciate the opportunity to connect with constituents, and member meetings offer a unique opportunity for those connections. The potential negative effect of horror stories by unhappy constituents should be balanced by an organized, professional and persistent educational effort by volunteer leaders as well as professionals involved in the industry.

Association leaders and management should actively educate and engage those in the judicial system toward the goals of achieving better results and creating beneficial laws and regulations addressing the community association housing model. Attorneys should design educational programs on community association law for judges and other lawyers.

Independent Sources of Information
Community associations and stakeholders should work with academic institutions, think tanks and other research-focused groups to support the study of community association operation and governance. Independent, qualified experts are best situated to offer objective information for legislators and regulatory officials. Faculty members in university research centers and other similar institutions fulfill this role by conducting research, analyzing issues and synthesizing findings in reports that may then be presented in testimony before Congress and state legislatures. That convention has not been used as much in community associations, partly because of their newness and perhaps because many of the issues are behavioral or based on governance principles about which legislators feel adequately informed. Centers for the study of community associations should be multi-disciplinary, recognizing the hybrid nature of associations, including business, urban planning, and public policy and sociology schools.

Conclusion
By 2030, at least one third of all owner-occupied homes are expected to be located in a community governed and administered by an association. It is projected that a critical shift will occur between 2040 and 2050 whereby the community association model will become the majority form of housing in America. As this model continues to grow and communities continue to age, the challenges and opportunities identified in this report must be addressed. The following most significant findings and recommendations should guide public policy paradigms over the next 15 years.
PERCEPTION OF COMMUNITY ASSOCIATIONS
Community associations are community management organizations providing three core services: community, business and governance. In 2014, the estimated value of homes in associations was $4.95 trillion. As perceptions of community associations evolve over the next 15 years, focus must be on the broad range of services performed by associations and the beneficial value provided by associations. When legislative bodies focus solely on the governance functions of associations, the core community and business functions that are an essential part of the complex association model are ignored, leading to legislative enactments that underserve the community and business functions. Public policy must preserve the comprehensive and balanced treatment of community associations embodied in the uniform acts, while avoiding random solutions to rare circumstances that would impair self-governance and increase operational costs.

THE POSITIVE IMAGE OF COMMUNITY ASSOCIATIONS
Volunteer leaders and professionals should sharpen the image of community associations with the media, government decision makers, and the general public as polling by the Foundation for Community Association research clearly shows. Partnerships with municipalities should be explored recognizing vital responsibilities associations carry for infrastructure maintenance and repair. Public policy must reflect the model of community associations as a provider of a broad range of services and cultivate the respect, deference and autonomy for associations that is given to other business and social organizations.

VOLUNTEER COMMUNITY LEADERSHIP
The community association model relies on volunteer leaders. In 2014, an estimated 2.3 million board and committee members participated in their associations, performing 78 million hours of service at an estimated value of $1.6 billion. To continue fostering strong, responsive and harmonious communities, membership on boards and committees must be more flexible and enable use of professional (compensated) directors, leaders must be trained in governance and management, stakeholders must proactively convey the benefits of associations to decision makers, and disputes within the community must be resolved amicably through dispute resolution procedures.

FINANCIAL AND STRUCTURAL STABILITY OF ASSOCIATIONS
Associations maintain community infrastructure and building components and systems. But, the infrastructure and buildings are aging: as of 2014, 54 percent was at least 35 years old. Careful planning for future repair and replacement, through reserve studies and reserve funding, are the best physical and fiscal approaches to fostering financial stability of associations.

RESIDENTS AGING IN PLACE
There is no doubt that aging residents prefer living in their homes as long as possible. Currently, approximately 25 million Americans age 55 or older reside in a community association. Over the next 15 years, associations must develop the resources to meet increased demand for services for our older residents, while being sensitive to the fact that many residents are on limited or fixed incomes. Public policy must consider flexible funding alternatives such as allowing tax credits for property tax and mortgage interest deductions of little use to many older residents. Further, the government must redirect funds expending on the nursing side to incentivize older residents to stay in their homes by providing payments to associations for the services they provide.

AGING COMMUNITIES—TERMINATION, SALE, DISSOLUTION AND CONVERSION
As communities age, particularly in changing metropolitan areas, their original use may no longer be the best use of land and environmental resources today. Public policy should provide an effective and sustainable legal structure that features reasonable procedures for termination and sale to parties.
seeking to redevelop the land, for dissolution of insolvent associations and conversion of the form of ownership and organization. Fannie Mae, Freddie Mac, and FHA project standards need to be modified to accommodate these objectives.

ADAPTING WITH TECHNOLOGY
Rapidly evolving technology and changing external conditions present challenges and opportunities for community associations, but many associations lack the tools essential to successful adaption. Public policy should foster flexibility in procedures for communications, meetings and voting, decision-making such as amendment approval procedures, dealing with environmental and energy factors and expanding on-line information. Public policy must recognize that each association is unique, and promote flexibility to allow the development of the most appropriate models at a pace that makes sense for each community.

RELATIONSHIP WITH DECISION MAKERS
Community associations should build effective relationships with decision makers – public officials at all levels of government and regulatory agencies. This begins with training association leaders, homeowners and professionals. Stakeholders should engage in proactive communications to inform decision makers of the positive aspects and benefits of community associations. Associations should seek partnerships with research-focused institutions such as colleges and universities to develop objective and independent data and analyses. Association attorneys should advocate educational programs for judges and other attorneys to foster deeper understanding of the community association housing model.

In conclusion, CAI is uniquely situated as a multi-disciplinary industry leader to promote effective steps to meet the challenges and opportunities ahead. From the viewpoint of homeowners, associations must be perceived as helping homeowners achieve an enhanced quality of life as well as a return on their investment by increasing the property value of each neighborhood. From the viewpoint of the larger community and of society itself, associations must be recognized for lessening the financial burdens of municipalities and for stewardship of natural resources and energy.

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