



neighbors

The Nature and Benefits
of Community Associations



Community Association Benefits

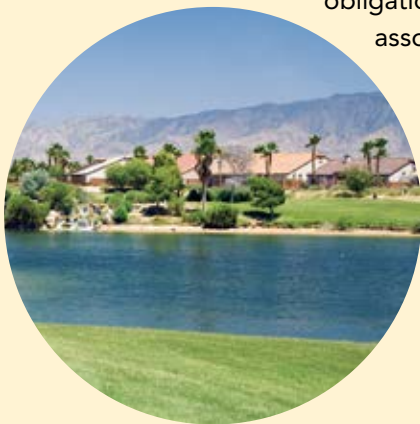
Many homeowners associations and condominium communities offer a range of amenities that can include swimming pools, tennis courts, fitness centers, playgrounds, lakes and ponds, professional security and golf courses. The typical association also provides services such as trash pickup, street paving and lighting, snow removal and the maintenance of common areas—services that were once the exclusive province of local municipalities.



This transfer, or privatization, of services has become commonplace as the demand for housing has outpaced the ability of many local governments to provide services. Municipalities now require developers and builders to provide these services in new communities. Builders manage these services during the early stages of construction and sales, but eventually the obligation falls to homeowners. Knowing this, builders need to put an association in place while the community is being built.

Community associations also extend some degree of protection against neighborhood degradation and deterioration—cars on cinder blocks, dilapidated homes or yards that are not maintained. This requires not only creating reasonable community standards, but also enforcing equitable and consistent rules.

While rules differ among associations, the goals and benefits are the same: To protect property values, preserve the nature of the community and meet the established expectations of residents.



90% of community association residents rate their overall experience as positive (64%) or neutral (26%). Only 10% rate their experience as negative.

—PUBLIC OPINION STRATEGIES, 2014



GOVERNED BY NEIGHBORS

There is usually a correlation between the level of homeowner involvement and the long-term success of a community. While businesses and professionals provide specialized support to many associations, homeowner volunteer leaders are accountable to the neighbors who elect them.

The typical community—whether a homeowners association, condominium or cooperative—is governed by a board of homeowner volunteers who are elected by their fellow owners to set policy. Smaller associations with limited budgets also may rely on resident volunteers for various management responsibilities.

Homeowner involvement is essential, whether a community is self managed or professionally managed. CAI encourages residents to get involved in their communities. There are many opportunities, from leading a specific project to chairing a committee to running for a seat on the board.

Association-governed communities in the United States

| Year | Communities | Housing Units | Residents |
|------|-------------|---------------|--------------|
| 1970 | 10,000 | 701,000 | 2.1 million |
| 1980 | 36,000 | 3.6 million | 9.6 million |
| 1990 | 130,000 | 11.6 million | 29.6 million |
| 2000 | 222,500 | 17.8 million | 45.2 million |
| 2010 | 311,600 | 24.8 million | 62.0 million |
| 2012 | 323,600 | 25.9 million | 63.4 million |
| 2014 | 333,600 | 26.7 million | 66.7 million |

Homeowners associations and other planned communities account for 51–55% of the totals above, condominiums for 42–45% and cooperatives for 3–4%.

- » 90% of community association residents say their elected board members “absolutely” or “for the most part” serve the best interests of their communities.
- » 88% of association residents who had direct contact with their community manager say it was a positive experience.

—PUBLIC OPINION STRATEGIES, 2014

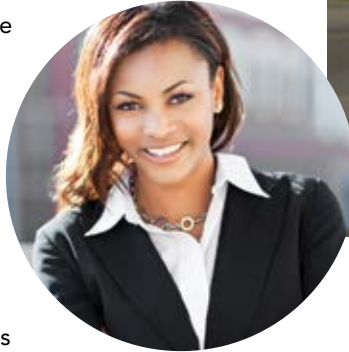
MANAGED BY PROFESSIONALS

Many communities contract with management firms and other product and service providers for selected services, such as general management, maintenance and legal guidance. Large homeowners associations and condominium communities typically hire full-time, on-site managers.

Association management has become increasingly specialized as community governance has become more demanding. Successful community managers must possess knowledge and skills relating to finance, strategic planning, maintenance, personnel management, insurance, laws and regulations, communications and covenants enforcement. These professionals must also provide sound advice and guidance.

But even the best managers can't be experts in everything. Many communities, even those with full-time, on-site managers, turn to professionals with specialized expertise—attorneys, accountants and financial advisors, for example.

CAI is committed to helping associations identify qualified professionals. This is the motivation for credentials awarded by CAI to professional managers, reserve specialists, and insurance and risk-management specialists. A credential tells the association that an individual has demonstrated the knowledge and expertise to perform in that professional specialization.



PROTECTING PROPERTY VALUES

Community association board members and managers are guided by their association's governing documents. Often known as covenants, conditions and restrictions (CC&Rs), these documents are created to maintain community standards, protect property values and encourage a sense of community stewardship. People living in an association-governed community contractually agree to adhere to these codes.

While CC&Rs are developed and enforced to protect all homeowners, they do not eliminate occasional disagreement and discontent. Issues often arise because of unrealistic expectations, misinformation or misunderstanding. With all their inherent advantages, associations face difficult issues—none more common than the challenge of balancing the best interests of the community as a whole and the preferences of individual residents.

For example, one resident may want to deviate from established architectural guidelines by painting shutters bright red instead of using a color set forth in the CC&Rs. Another may neglect to pay community assessments, therefore placing additional financial burdens on their dues-paying neighbors.



More than 50,000 community managers provide professional services to U.S. associations.

70% of residents say their association rules protect and enhance property values. Only 4% say the opposite is true, while the remainder see no difference.

ABOUT CAI

CAI is an international membership organization dedicated to building better communities.

Founded in 1973, CAI and its 60 chapters provide education, tools and resources to the volunteers who govern communities and the professionals who support them. CAI's 33,000-plus members include community association volunteer leaders (homeowners), professional community managers, association management firms and other professionals who provide products and services to associations. CAI serves the community association housing market by:

- Advancing excellence through seminars, workshops, conferences and education programs, some of which lead to professional credentials
- Publishing the largest collection of resources available on community associations, including books, guides, *Common Ground* magazine and specialized newsletters
- Advocating community association interests before legislatures, regulatory bodies and the courts
- Conducting research and acting as a clearinghouse for information on innovations and best practices in community association development, governance and management

CAI's vision is reflected in community associations that are preferred places to call home.

For membership or other information, call (888) 224-4321 (M-F, 9-6 ET), write cai-info@caionline.org or visit www.caionline.org.

