

Community Associations & COVID-19 IMPACT Survey Results

MAY 2020

Community association board members, managers, and business partners have been working tirelessly to support their communities through the COVID-19 pandemic. They have acted quickly and sensibly to establish remote meetings, close common areas and amenities, share information, and connect neighbors who need help.

Community Associations Institute (CAI) conducted three surveys in late March and late April to document the steps community association took and begin to measure the short- and long-term economic implications on employment, budgets, assessments, and more. Some highlights of the findings include:

- An overwhelming majority of community managers reported no change in their employment status.
- Less than 10% of community association management companies reported furloughing or laying off community managers, but almost one-third reported being forced to furlough or lay off other employees.
- Community association volunteers reported almost no change in their assessment delinquency rate between February and April.
- The vast majority of community association volunteers expressed confidence in their current budget.

Compared to the overall economy, the U.S. unemployment rate hit 14.7% in April, the highest level since the Great Depression, according to the Labor Department. Meanwhile, the Mortgage Bankers Association reported the total number of loans in forbearance grew from 0.25% to 2.66% from March 2 to April 1. MBA's survey data covers 22.4 million loans serviced as of April 1, representing almost 45 percent of the first mortgage servicing market.

Snapshot: Community Associations in the U.S.

- » Approximately **73.5 million** residents living in **26.9 million** homes in over **347,000** community associations.
- » These residents pay **\$95.6 billion** a year to maintain their communities. These costs would otherwise fall to the local government.
- » **2.5 million** residents serve as volunteers in their community associations each year, providing **\$2.3 billion** in service.
- » Homes in community associations are generally valued at least **4%** more than other homes.
- » By **2040**, the community association housing model is expected to become the most common form of housing.

Community Associations & COVID-19

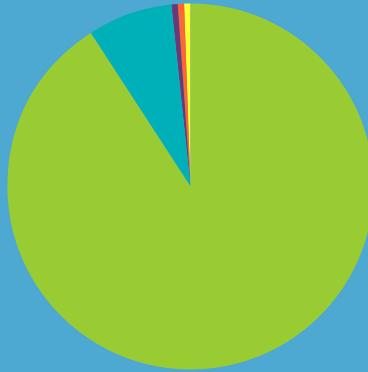
Employment Impact

as of May 15

CAI asked community association managers and community association management company executives about the short-term economic impacts of the pandemic in late April. More than 330 managers, 139 management company executives, and 46 other managers in the industry replied. Most of the managers replying to the survey reported holding at least one industry credential or designation.

COMMUNITY MANAGERS:

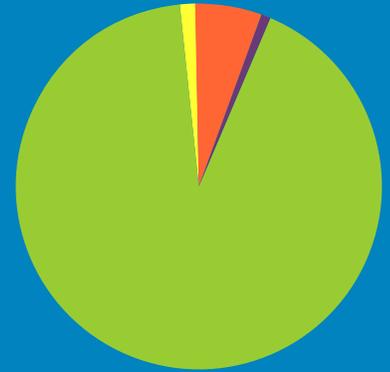
Has your level of community management employment been impacted due to COVID-19?



- 91% No
- 1% Yes, I've been laid off (permanently dismissed from your job)
- 0% Yes, I've voluntarily decreased my hours
- 1% Yes, my hours have been decreased by my employer
- 7% Other

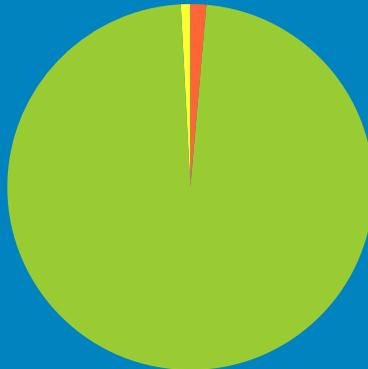
MANAGEMENT COMPANIES:

Have you furloughed or laid off community association managers?



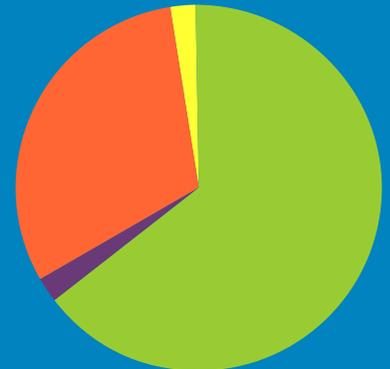
- 93% No
- 1% No, but I plan to
- 5% Yes
- 1% Other

Has your firm had community association managers quit specifically due to issues raised by COVID-19?



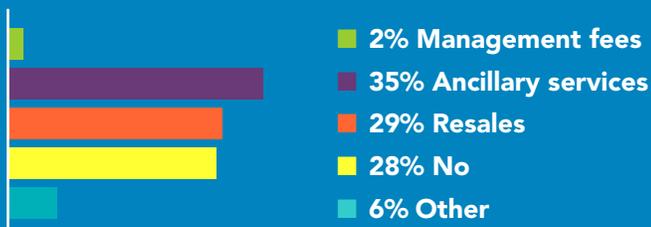
- 98% No
- 1% Yes
- 1% Other

Have you furloughed or laid off employees other than community association managers?

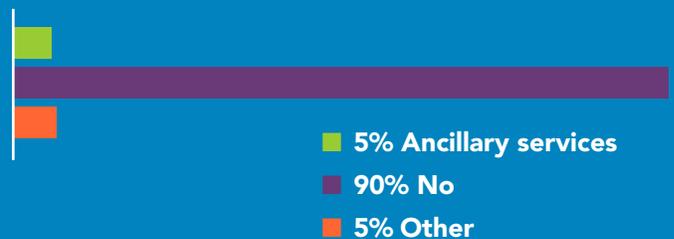


- 67% No
- 2% No, but I plan to
- 29% Yes
- 2% Other

Have you lost revenue in the following areas due to COVID-19?



Have you seen an increase in revenue in the following areas due to COVID-19?



Community Associations & COVID-19 Assessments

as of May 15

CAI fielded a separate survey of more than 600 community association volunteers across the country to measure impacts on assessment delinquencies, cash flow, and budgets. Respondents included volunteers serving homeowners associations (49%), condominium communities (41%), housing cooperatives (1%), townhome communities (2%), and associations with a mix of housing (7%).

Nearly 88% of respondents report that their community association engages a professional community association manager or management company. More than 38% of respondents have direct (non-contract) employees full-time or part-time.

HISTORICAL DATA

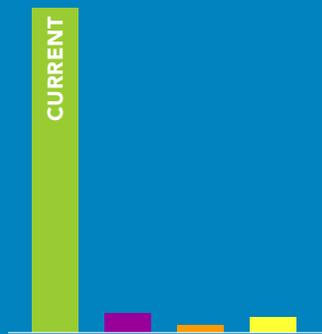
In 2011, in the midst of the Great Recession, CAI surveyed community associations to determine impact on assessment delinquencies.

- 46% of respondents characterized the impact on associations related to assessment delinquencies and property values to be "serious."
- More than one-third of the community associations that responded had a delinquency rate of greater than 11%.*
- In 2014, only 7% of respondents indicated they had a delinquency rate of greater than 11%.

*Note: Fannie Mae, Freddie Mac, and FHA will not secure/insure mortgages in communities with greater than 10% delinquency rate.

2020 DATA

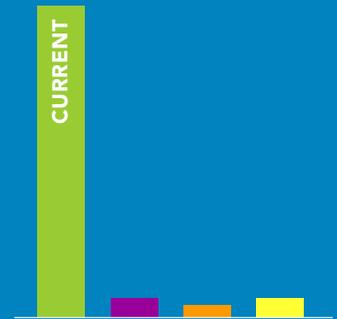
What was the association's assessment delinquency rate in February?



- 92% current (non-delinquent)
- 5% 31-60 days delinquent
- 2% 61-90 days delinquent
- 4% more than 90 days delinquent

Due to rounding, percentages may not always appear to total 100%

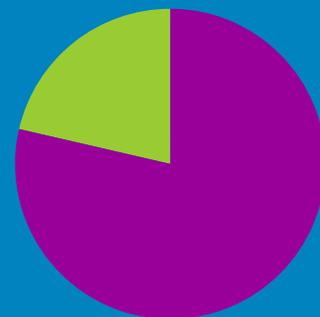
What is the association's current (as of April 30) assessment delinquency rate?



- 91% current (non-delinquent)
- 5% 31-60 days delinquent
- 3% 61-90 days delinquent
- 5% more than 90 days delinquent

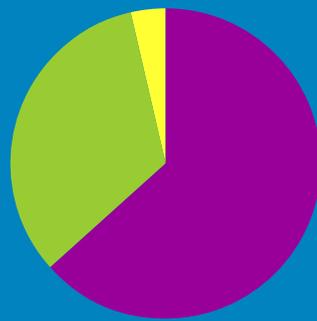
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Has your association experienced an increase in homeowner requests for payment plans or forbearance as a result of the COVID-19 pandemic?



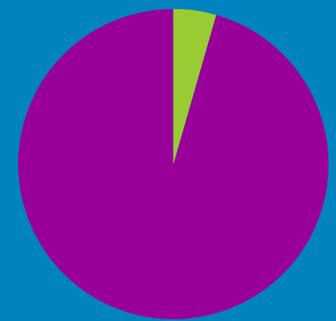
- 79% No
- 21% Yes

Has your association taken any actions to reduce expenses out of concern for future revenue due to the COVID-19 pandemic?



- 63% No
- 33% Yes
- 4% Other

Has the association experienced cash-flow constraints or reductions in working capital that have limited the association's ability to meet payroll or accounts payable obligations as a result of the COVID-19 pandemic?



- 95% No
- 5% Yes

Has the association needed to secure working capital through a loan, borrowing from reserves, increasing regular assessments, proposing a special assessment, or other means as a result of the COVID-19 pandemic?



- 95% No
- 1% Yes, we borrowed through the Small Business Administration
- 0% Yes, we borrowed from our local banking partner
- 2% Yes, we borrowed from our reserve funds
- 0% Yes, we increased our regular assessments
- 0% Yes, we approved a special assessment
- 2% Other

Based on current conditions, how confident are you the association's budget will be fully funded as adopted through the end of the current budget year?



- 36% Very confident
- 37% Confident
- 12% Neutral
- 12% Less confident
- 3% Not confident at all

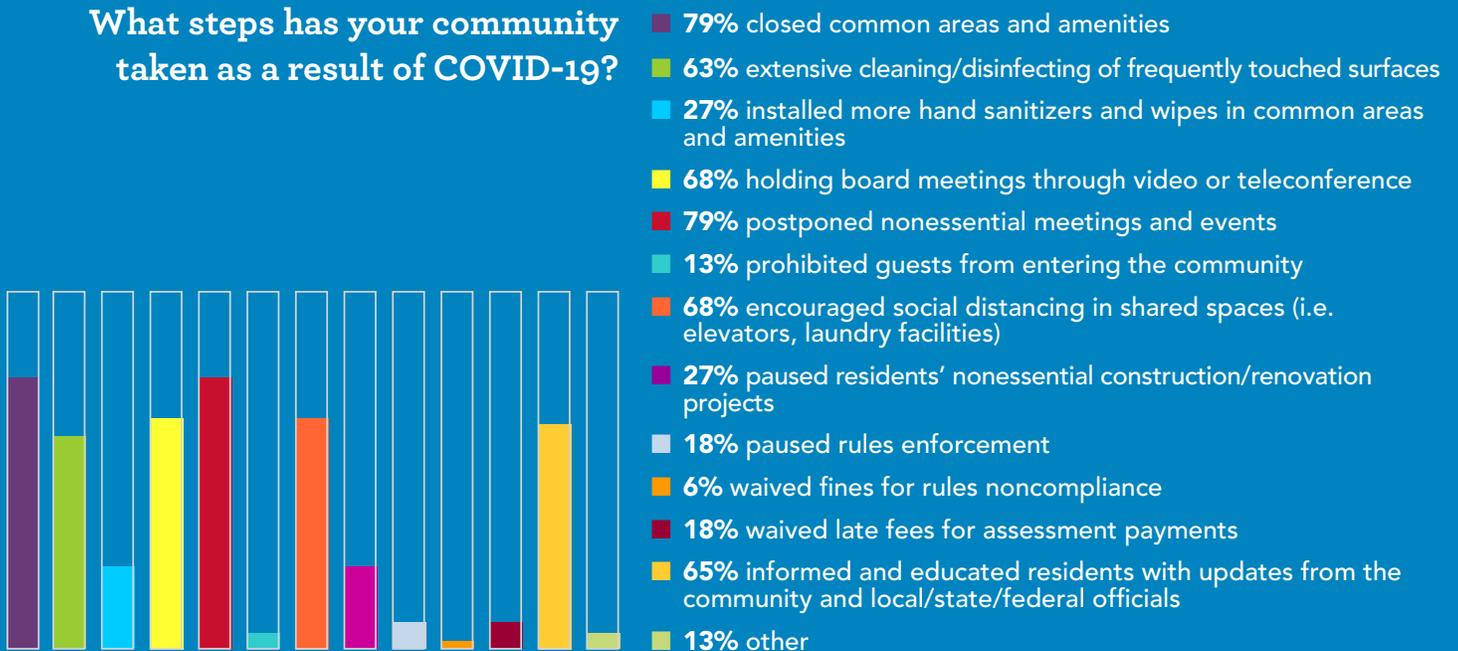
Community Associations & COVID-19

Member Pulse

as of March 28

CAI's *Common Ground*™ magazine asked readers in late March how their community association or their clients responded to the COVID-19 outbreak. Confirmed cases had not yet spread throughout the country. Part of the recurring Member Pulse section in the magazine, respondents included community association volunteers, community managers, management company executives, and business partners.

What steps has your community taken as a result of COVID-19?



Since 1973, Community Associations Institute (CAI) has been the leading provider of resources and information for homeowners, volunteer board leaders, professional managers, and business professionals in the nearly 350,000 community associations, condominiums, and co-ops in the United States and millions of communities worldwide. With nearly 45,000 members, CAI works in partnership with 36 legislative action committees and 64 affiliated chapters within the U.S., Canada, United Arab Emirates, and South Africa, as well as with housing leaders in several other countries including Australia, Spain, Saudi Arabia, and the United Kingdom.

A global nonprofit 501(c)(6) organization, CAI is the foremost authority in community association management, governance, education, and advocacy. Our mission is to inspire professionalism, effective leadership, and responsible citizenship—ideals reflected in community associations that are preferred places to call home. Visit us at www.caionline.org.

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