



Long-Term Corporate Owned Rentals  
in the  
Community Association Housing Model

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.....	1
CAI's RECOMMENDATION .....	2
THE CORPORATE RENTAL MARKET .....	3
THE COMMUNITY ASSOCIATION HOUSING MODEL OF COMMUNITY COVENANTS, PRIVATE CONTRACTS & PROPERTY RIGHTS .....	4
ACCESS TO MORTGAGE FINANCING: .....	5
PRIVATE CONTRACTS: .....	6
AMENDING COMMUNITY ASSOCIATION COVENANTS: .....	7
IMPACT ON COMMUNITIES AND HOMEOWNERSHIP .....	7
PURCHASING HABITS OF REITS .....	9
HOUSING CRISIS: STATE DATA SAMPLES .....	10
Community Associations Institute (CAI) .....	14

## CAI's RECOMMENDATION

Community Associations Institute (CAI) supports the existing statutory and legal structure. Community associations - commonly known as condominium associations, homeowner associations, and housing cooperatives are generally organized as private non-profit organizations, community associations operate pursuant to various state statutes and certain conventional real estate practices. Housing units and lots in a community association (other than most cooperatives) are subject to a declaration of covenants (sometimes referred to as "CC&Rs") recorded among the land records and enforced by a Board of Directors (Trustees or Managers in some states) comprised of homeowner volunteers elected by owners in the community.

In purchasing a lot, home, or unit in a community association, owners agree to be bound by the association's CC&Rs. Community associations are by law required to disclose association covenants to consumers purchasing a home, unit, or lot prior to the consumer closing on a purchase contract.<sup>1</sup> Consumers understand community association covenants are legally binding contractual

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<sup>1</sup> See *Uniform Common Interest Ownership Act (2008)* Section 4-103. Public Offering Statement; General Provision.; Section 4-108. Purchaser's Right to Cancel.; Section 4-109. Resales of Units.

obligations that govern the use of real property (both the common property and the unit owner's property) and establish rights and responsibilities of the association and property owners.<sup>2</sup>

CAI supports the existing legal framework and democratic process in the community to determine the community covenants that work best for the majority of the owners.

CAI does not support exempting special interest groups from the democratic community association process.

## THE CORPORATE RENTAL MARKET

The cornerstone of the American dream has always been owning a home. However, starting in 2018 more Americans rented their homes instead of owning them.<sup>3</sup> It is widely accepted that this change is a result of the foreclosure crisis 2007-2010 that was depicted in the movie *The Big Short*. The same foreclosure crisis that devastated many families as they lost their homes and neighbors.

In an effort to get the abandoned homes occupied and eliminate blight from the community that resulted from the foreclosure crisis, Freddie Mac and Fannie Mae sold hundreds of thousands of homes – often at fire-sale prices – to the wealthiest financiers in the country. The same real estate investment trusts (REITS) that are proponents of this legislation.

This allowed Wall Street corporations to get the homes occupied quickly by converting homes to rental properties negating the need the lengthy paperwork needed for an individual to purchase a home. Consequently, millions of foreclosed homes, including hundreds of thousands of those owned by HUD, or Fannie and Freddie—both backed by the taxpayers—became part of one of the biggest wealth transfers from the middle class to the rich in our nation's history.

The U.S. Department of Housing and Urban Development (HUD) could have used the vast numbers of properties it owned as a result of the foreclosure crisis (also called “real estate owned” or REO properties) to create an at-scale affordable homeownership or lease-purchase program. Similarly, the Federal Housing Finance Agency (FHFA), as conservator of mortgage giants Fannie Mae and Freddie Mac, could have created a program to sell REO assets to low- and moderate-income owner-occupants only, or, if the homes were not in move-in condition, sell them to local, mission-focused developers who could rehabilitate them for local buyers.

But that's not what happened.

Unlike previous cycles, when the housing market recovered, the REITs didn't sell their properties, instead creating a new market in single-family home rentals.<sup>4</sup> Between 2011 and

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<sup>2</sup> See, e.g., *Mathis v. Mathis* (1948), 402 Ill. 66, holding in a conveyance of a real estate interest containing a covenant, “the covenant runs with the land and is binding upon subsequent owners.” See additionally, *Rosteck v. Old Willow Falls Condominium Assn.*, 899 F.2d 694, “But the condominium declaration is a contract...”

<sup>3</sup> Collins, G. [The US Rental Property Investment Market](#). *ManageCasa.com* June 3, 2019.

<sup>4</sup> Gordon, J. [The Dark Side of Single-Family Rental](#). *Shelterforce*. July 30, 2018

2017, large investors spent a combined \$36 billion on more than 200,000 homes in the U.S.<sup>5</sup> By 2021, large investors were estimated to control around \$60 billion in housing stock nationwide, or roughly 260,000 homes<sup>6</sup>. It was additionally estimated that the total number of these large investment firms numbered between 25 and 30 nationally, and the largest single investment firm was, at its height, responsible for 82,500 homes<sup>7</sup>. In 2018, it was estimated that more than half of all renters lived in single-family homes, and almost one-fifth of all single-family homes are occupied by tenants rather than homeowners.<sup>8</sup>

Today, well-financed REITs are competing with average Americans to purchase single-family homes. Needless to say, REIT's all-cash offers are usually the winner. According to CoreLogic Inc., in 2018 the data shows that:<sup>9</sup>

- REIT purchases are the highest on record and nearly twice the levels before the housing crash.
- REITs bought more than 11 percent of U.S. homes (20 percent of these were in the bottom-third price range).
- Detroit, MI, Philadelphia, PA, and Memphis, TN were the three biggest markets for REITs due to low home prices that allow REITs to profit by renting them out.
- Some of the world's largest private-equity groups and hedge funds, spent a combined \$36 billion on more than 200,000 homes in ailing markets across the country. In one Atlanta zip code, they bought almost 90% of the 7,500 homes sold between January 2011-June 2012.<sup>10</sup>

This data is well documented, and shared to illustrate the complexity of the housing marketing; including housing affordability, homeownerships, and the impacts of leasing on the future of homeownership nationwide. This is not a narrowly focused policy issue. This policy issue is part of an extraordinarily complex and tangled web that will have significant implications on neighborhoods throughout the country and the dream of homeownership – or the lack thereof.

## THE COMMUNITY ASSOCIATION HOUSING MODEL OF COMMUNITY COVENANTS, PRIVATE CONTRACTS & PROPERTY RIGHTS

Community associations are commonly known as condominium associations, homeowner associations, and housing cooperatives. Generally organized as private non-profit organizations, community associations operate pursuant to various state statutes and certain conventional real estate practices. Housing units and lots in a community association (other than most cooperatives)

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<sup>5</sup> Kusisto, L. [Investors Are Buying More of the U.S. Housing Market Than Ever Before](#). *Wall Street Journal*. June 20, 2019

<sup>6</sup> Mari, F. [A \\$60 Billion Housing Grab by Wall Street - The New York Times \(nytimes.com\)](#). *New York Times Magazine*. March 4, 2020, Updated October 22, 2021.

<sup>7</sup> Ibid

<sup>8</sup> Gordon, J. [The Dark Side of Single-Family Rental](#). *Shelterforce*. July 30, 2018

<sup>9</sup> [Special Report: Investor Home Buying](#). *CoreLogic Insights Blog*, June 20, 2019.

<sup>10</sup> Semuels, Alana. How Wall Street Bought Up America's Homes. *The Atlantic*. February 13, 2019

are subject to a declaration of covenants (sometimes referred to as “CC&Rs”) recorded among the land records and enforced by a Board of Directors (Trustees or Managers in some states) comprised of homeowner volunteers elected by owners in the community.

In purchasing a lot or unit in a community association, owners agree to be bound by the association’s CC&Rs. Community associations are by law required to disclose association covenants to consumers purchasing a home, unit, or lot prior to the consumer closing on a purchase contract.<sup>11</sup> Consumers understand community association covenants are legally binding contractual obligations that govern the use of real property (both the common property and the unit owner’s property) and establish rights and responsibilities of the association and property owners.<sup>12</sup> According to national research, 90 percent of community association homeowners assert that association covenants protect and improve the common property and protect and improve the value of their homes, often a household’s largest asset.<sup>13</sup>

In 2020 there were an estimated 74.1 million Americans living in homes in community associations, about 25-27% of the national population. To support their communities, association homeowners paid \$25.8 billion in association assessments in to fund maintenance and operation of community infrastructure<sup>14</sup>.

#### ACCESS TO MORTGAGE FINANCING:

Access to mortgage credit is critical to homeownership. The Federal agencies, including the Veterans Administration & HUD’s Federal Housing Administration (FHA) and government-sponsored enterprises (Fannie Mae & Freddie Mac), establish mortgage lending guidelines to manage risks associated with mortgage loans. These agencies have established guidelines specifically related to owner occupancy requirements. Generally, these agencies find a direct connection with higher risk with a higher concentration of investor owners in a community association.

1. FHA and VA have owner occupancy requirements for loans insured or guaranteed by these agencies (details forthcoming). Here is additional information on single-family homeowner occupancy requirements for VA and FHA homes. This owner-occupancy is for anyone (not just investors) seeking a loan insured by FHA/VA.

FHA is 50 percent. VA is 35 percent.

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<sup>11</sup> See *Uniform Common Interest Ownership Act (2008)* Section 4-103. Public Offering Statement; General Provision.; Section 4-108. Purchaser’s Right to Cancel.; Section 4-109. Resales of Units.

<sup>12</sup> See, e.g., *Mathis v. Mathis* (1948), 402 Ill. 66, holding in a conveyance of a real estate interest containing a covenant, “the covenant runs with the land and is binding upon subsequent owners.” See additionally, *Rosteck v. Old Willow Falls Condominium Assn.*, 899 F.2d 694, “But the condominium declaration is a contract...”

<sup>13</sup> *2018 Homeowner Satisfaction Survey*, Zogby Analytics for the Foundation for Community Association Research (June 2018). Available at [https://foundation.caionline.org/wp-content/uploads/2018/06/HOMEsweetHOA\\_2018.pdf](https://foundation.caionline.org/wp-content/uploads/2018/06/HOMEsweetHOA_2018.pdf).

<sup>14</sup> [2020-2021 U.S. NATIONAL AND STATE Statistical Review](#). Foundation for Community Association Research.

2. Fannie Mae and Freddie Mac apply a 50 percent owner occupancy requirement to loans secured by investment properties.
3. Pursuant to Fannie Mae Selling Guide Section B4-2.1-01: General Information on Project Standards, a loan secured by a housing unit in a planned unit development (Fannie Mae's term for a planned community with a homeowners association) is subject to general property eligibility.
4. Pursuant to Fannie Mae Selling Guide Section B4-2.2-02: Full Review Process, a lender selling a loan secured by a housing unit in a condominium project that is an *investment property* must show the project has at least a 50 percent owner occupancy rate. *The 50 percent owner occupancy rate does not apply to loans secured by a condominium unit that is owner occupied or meets the definition of a second home.*

In 2021, Fannie Mae notified sellers of new risk criteria on loans it could acquire, per recent amendments to the senior stock purchase agreement with the Department of Treasury. One restriction is a limit on the acquisition of single-family mortgages for second home and investment properties- this new limit is set at 7%, a decrease of 50% from previous allocations<sup>15</sup>. Loan applications for investment and second homes must also be submitted through the Desktop Underwriter Program, which itself has down payment and credit score requirements. These changes took effect April 1, 2021<sup>16</sup>.

**PRIVATE CONTRACTS:** Private land use covenants are the foundation of the community association model of housing. According to research conducted by Zogby International, homeowners purchase in a community association based on overall neighborhood attractiveness, association property maintenance services, and the protection of property values. This survey also reported that 76 percent of association residents found that association rules and covenants protect and enhance the value of their community and property. A private contractual relationship exists between each owner or resident within an association and the association. These parties have the legitimate expectation of receiving the services and benefits in exchange for assessments as part of this agreement. This is reflected in the survey's finding that an overwhelming 86 percent of association residents have an unambiguous preference to retain control over land use policies within their community.

The very purpose of a community covenant is to place restrictions on development of property. Property owners agree to covenants and conditions that restrict the use and enjoyment of their property for two main reasons. First, and most importantly, homeowners want to maintain or enhance the property's value.

Community covenants ostensibly ensure that a residential area will remain a desirable place to live; that the properties contained therein will retain their value; and that, in return for some minor sacrifices, homeowners will be able to better enjoy their own properties. Community

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<sup>15</sup> Cartier, B. [New Fannie and Freddie rules make investment properties harder to purchase](#). Stessa. 2021. and Klienman, J. [Fannie Mae tightens standards on investment properties](#). Housing Wire. March 10, 2021.

<sup>16</sup> Cartier, B. [New Fannie and Freddie rules make investment properties harder to purchase](#). Stessa. 2021.

covenants are disclosed to all homeowners prior to an owner closing on their home. Covenants contain an amendment clause that clearly states covenants are subject to change. Amending covenants is a transparent process that relies on engagement of the majority of owners to make changes.

Homeowners associations and condominiums are deed-restricted communities with the community association board, elected by neighbors, managing the operations of the community association, to preserve property values and maintain covenant, codes, and restrictions. The governing documents are structured to require the homeowners to vote on changes to the covenants, codes, and restrictions and the process uses a democratic system whereby the majority vote prevails. This community-oriented self-governance is the key to creating communities by the residents for the residents.

It should be noted that many states have adopted language from the Uniform Condominium Act (UCA) and the Uniform Common Interest Ownership Act (UCIOA). These uniform acts are well-balanced non-partisan legislation that has been widely vetted through attorneys, legislators, and government officials around the country with expertise and interests in housing.

**AMENDING COMMUNITY ASSOCIATION COVENANTS:** A community association – homeowners association or condominium - can only enforce covenants that are created by virtue of a properly recorded declaration of restrictive covenants (“declaration”). If the declaration does not permit amendments to the covenants, then as a general rule, an HOA or condo could not modify the covenants to impose a new covenant or amend an existing covenant—either to make it more or less restrictive—unless that covenant was approved by 100% of the affected homeowners. However, nearly all declarations that govern modern common interest communities contain an amendment provision. An amendment provision permits the modification or amendment of any of the existing covenants in the declaration, as long as the modification or amendment is approved by the required percentage of the homeowners within the community. Some declarations require that modifications be approved by a majority of the homeowners, while other declarations may require supermajority approval.

This process protects property rights for all owners. This democratic process requires the engagement of community association owners in a process values for all owners. It is a fair and equitable process that works for each community to for owners to determine what works best for their community.

In 2019, legislation from the real estate investment firms was introduced in North Carolina and Tennessee, both failed to move the bill out of committee.

## IMPACT ON COMMUNITIES AND HOMEOWNERSHIP

REITs make decisions based on quarterly profits, they do not factor the effect of their investment strategies on families or neighborhoods.<sup>17</sup> Governmental agencies, like the Tennessee Housing

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<sup>17</sup> Gordon, J. [The Dark Side of Single-Family Rental](#). Shelterforce. July 30, 2018



Development Agency, consider these important social impact factors and reported the levels of cost burden are much higher for renters than homeowners.<sup>18</sup>

The high cost burden for renters and lower median household incomes increase housing insecurity for due to the fear of eviction and fear of stable housing. Families with high levels of housing insecurity tend to move frequently, suffer eviction, or otherwise be at increased risk of homelessness.<sup>19</sup> A study done in similar population in Georgia shows REITs are 68 percent more likely than small landlords to file eviction notices.<sup>20</sup>

It is also important to note that there are two landlord strategies: “milkers” and “holders.” Non-local owners (REITs) are more likely to be milkers, focusing on rental income more than resale value, allowing building condition to deteriorate, then dump the property on the market or the municipality.<sup>21</sup> Holders are more like homeowners place more importance on maintenance, seeking profits through home price appreciation.

In the Atlantic’s reporting on *How Wall Street Brought Up America’s Homes*, they detail the plethora of lawsuits filed by tenants against corporate owners, the unusually high volume of evictions by corporate owners, the complex leases that result in increased revenue for the corporations while leaving the tenants feeling unstable and insecure about their future.

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<sup>18</sup> THDA Housing Indicators: Comparing TN’s Cities (2019)

<sup>19</sup> Duckworth, R. , Lucas, M., Miller, B., Pokarel, S., and Taymond, E. (2018) From Foreclosure to Eviction: Housing Insecurity in Corporate-Owned Single-Family Rentals. *Cityscape* 20(3).

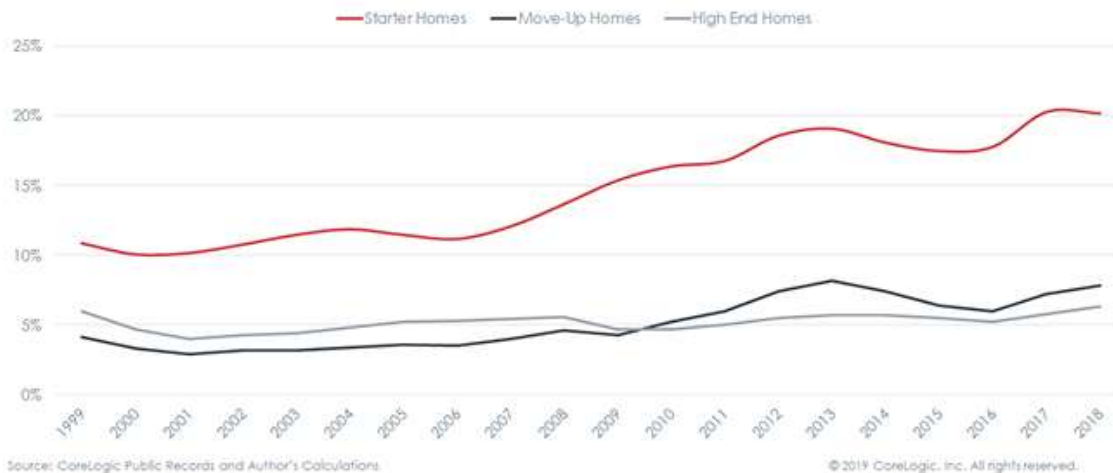
<sup>20</sup> Duckworth, R. , Lucas, M., Miller, B., Pokarel, S., and Taymond, E. (2018) From Foreclosure to Eviction: Housing Insecurity in Corporate-Owned Single-Family Rentals. *Cityscape* 20(3).

<sup>21</sup> Duckworth, R. , Lucas, M., Miller, B., Pokarel, S., and Taymond, E. (2018) From Foreclosure to Eviction: Housing Insecurity in Corporate-Owned Single-Family Rentals. *Cityscape* 20(3).



## PURCHASING HABITS OF REITs

**Figure 3: U.S. Investor Homebuying Rates: 1999 - 2018**  
Investors Focusing on Starter Homes



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REITs are increasingly focusing on the lower end of the housing market—houses that used to be primarily owned by first-time buyer and downsizing seniors.<sup>23</sup> And REITs will purchase many homes in one area, effectively controlling the rental prices. For example, in one Spring Hill, Tennessee subdivision, American Homes controls nearly half the rentals.<sup>24</sup>

This legislation attempted to blend two groups with drastically different goals—out-of-state publicly-traded corporations with a responsibility to their shareholders to make a profit and local community associations with a responsibility to their homeowners that are non-profit. A mission of one of the REITs reads as follows, “Our mission is to be the market leader in single-family home rentals by offering a superior residential experience to our customers and delivering attractive returns to our shareholders.”

In contrast, the purpose of a community association is to preserve the character of their communities, protect property values and meet the established expectations of homeowners. Community associations cultivate a true sense of community, promote active homeowner involvement and create a culture of informed consensus. Community associations can, with commitment, inspire effective, enlightened leadership and responsible, engaged citizenship.

<sup>22</sup> [Special Report: Investor Home Buying](#). CoreLogic Insights Blog, June 20, 2019.

<sup>23</sup> McLaughlin, R. [Special Report: Investor Home Buying](#). CoreLogic Insights Blog, June 20, 2019.

<sup>24</sup> Dezember, R. [Meet Your New Landlord: Wall Street](#). The Wall Street Journal, July 21, 2017.

## HOUSING CRISIS: STATE DATA SAMPLES

Public policy that favors out-of-state investors over local residents will continue to perpetuate and exacerbate the problem nationwide where we see a decline in homeownership and a growth in housing insecurity. Home prices and median rents are increasing across the country, and the economic effects of the COVID-19 Pandemic increased the financial pressure on many households, as well as on state governments needing to find ways to fill service gaps left by a largely bungled initial federal response<sup>25</sup>. It should be noted that while the average rent nationwide did see a dip at the beginning of the COVID-19 Pandemic in 2020, a period of growth began shortly after, and continues into 2022<sup>26</sup>. The following samples of data from across the country serve to illustrate more concretely what many Americans have experienced anecdotally:

### California:

To illustrate just how deep the housing crisis has gotten in California, one only has to look at the two jurisdictions which loom largest in the collective American mind, and which have also become key drivers in our national GDP; Los Angeles and San Francisco. The median home price in Los Angeles as of June 2022 sits at \$1.03 million, compared to \$778,000 in March 2020<sup>27</sup>. Compare this to a median income of \$62,142 and a median homeownership rate of 36.8% as of November 2021<sup>28</sup>. Meanwhile, the median home price in San Francisco at the end of 2021 rose to \$1.525 million, with a median homeownership rate of 37.6%<sup>29</sup>. San Francisco's median home price has not been below \$1 million since 2014<sup>30</sup>. As of July 2022, Los Angeles' median rent sits at \$3,143, while San Francisco's median rent is \$3,700<sup>31</sup>.

California additionally ranked as one of the worst states for renters during the height of the COVID-19 Pandemic (March 2020-June 2021), per Princeton University's Eviction Lab; California scored a 1.33 out of a possible 5.0<sup>32</sup>. While California did distribute housing stabilization funds, Eviction Lab notes that it failed to enact many other public policies designed to assist tenants facing sudden hardship due to the economic effects of COVID-19<sup>33</sup>.

Finally, it should be noted that while other states have been seeing an influx of new residents, California saw in the 2020 Census the first ever decline in population in the state's history. Analysis of this trend, and interviews with residents leaving the state, has shown a direct link between housing prices and the overall high cost of living with the loss of lower- and middle-

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<sup>25</sup> Nicker, B. [The federal government's coronavirus actions and failures](#). *Brookings*. March 21, 2020.

<sup>26</sup> Xu, J. et al [October 2021 Rental Data: Steep Rent Growth Makes Conditions Tough For Both Landlords And Renters - Realtor.com Economic Research](#). *Realtor.com*. November 30, 2021.

<sup>27</sup> [Los Angeles Housing Market: House Prices & Trends](#). *Redfin.com*. Visited July 20, 2022.

<sup>28</sup> [Los Angeles Housing Market: Trends & Prices](#). *SoFi*. November 2021.

<sup>29</sup> [San Francisco Housing Market: Trends & Prices](#). *SoFi*. December 2021.

<sup>30</sup> Ibid

<sup>31</sup> [Average Rental Price in San Francisco, CA & Market Trends](#). *Zillow*. July 19, 2022. And [Average Rental Price in Los Angeles, CA & Market Trends](#). *Zillow*. July 19, 2022.

<sup>32</sup> [COVID-19 Housing Policy Scorecard for California](#). From: *Eviction Lab*. June 30, 2021.

<sup>33</sup> Ibid

income households, while also showing California gaining a smaller number of higher-income households<sup>34</sup>.

## Florida:

Florida has continued to be one of the top destinations for Americans looking to relocate, with state-to-state inbound moves from 2018-2019 standing at 57.2% of all moves to/from Florida, per data compiled by United Van Lines, with an increase to 61.7% during the 2020-2021 reporting period<sup>35</sup>. The median home price in Miami, as of June 2022, sits at \$525,000, in March 2020 this number was \$350,000<sup>36</sup>. The June 2022 median home price in Tampa sits at \$420,000, compared to \$260,000 in March 2020<sup>37</sup>. As of July 2022, Miami's median rent sits at \$4,000, while Tampa's median rent sits at \$2,350<sup>38</sup>. The median household income in Miami-Dade County, per the 2020 Census, sits at \$44,268, and the 2020 Census also puts Tampa's median household income at \$55,634 and \$60,566 for the surrounding Hillsborough County<sup>39</sup>. Homeownership rates for Tampa and the surrounding Hillsborough County, per the 2020 Census, sit at 49.3% and 59.3% respectively<sup>40</sup>. The homeownership rate for Miami-Dade County, per the 2020 Census, sits at 51.6%<sup>41</sup>.

During the height of the COVID-19 Pandemic Princeton University's Eviction Lab rated Florida as one of the worst states for renters, with a COVID-19 Housing Policy Score of 1.58 out of a possible 5.0<sup>42</sup>. Interestingly, this score is slightly higher than what was rated for California. Governor DeSantis issued an Executive Order in April 2020 which suspended eviction actions based on non-payment of rent, which was then modified in July 2020 to cover only final eviction actions related to non-payment of rent for households experiencing hardship due to the COVID-19 Pandemic<sup>43</sup>. The Order expired in October 2020.

## Indiana:

The median home sale price in Indianapolis as of June 2022 sits at \$240,000, which is a 14% increase over the previous year (2021)<sup>44</sup>. The median household income is estimated at \$50,813, with an increase in total housing units from 2010-2020 estimated at 0.2%<sup>45</sup>. For further

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<sup>34</sup> Johnson, H. [Who's Leaving California—and Who's Moving In?](#). *Public Policy Institute of California*. March 28, 2022.

<sup>35</sup> Lavelle, M. and Kepner, E. [U.S. Migration Patterns Before and After the Start of the Covid-19 Pandemic](#). *Federal Reserve Bank of Chicago*. July 7, 2022.

<sup>36</sup> [Miami Housing Market: House Prices & Trends](#). *Redfin.com*. Visited October 13, 2022.

<sup>37</sup> [Tampa Housing Market: House Prices & Trends](#). *Redfin.com*. Visited October 13, 2022.

<sup>38</sup> [Average Rental Price in Miami, FL & Market Trends](#). *Zillow*. October 13, 2022. And [Average Rental Price in Tampa, FL & Market Trends](#). *Zillow*. October 13, 2022.

<sup>39</sup> [U.S. Census Bureau QuickFacts: Miami-Dade County, Florida](#). *US Census Bureau*. October 13, 2022. And [U.S. Census Bureau QuickFacts: Tampa city, Florida](#). *US Census Bureau*. October 13, 2022.

<sup>40</sup> [U.S. Census Bureau QuickFacts: Tampa city, Florida](#). *US Census Bureau*. October 13, 2022.

<sup>41</sup> [U.S. Census Bureau QuickFacts: Miami-Dade County, Florida](#). *US Census Bureau*. October 13, 2022.

<sup>42</sup> [COVID-19 Housing Policy Scorecard for Florida](#). From: *Eviction Lab*. June 30, 2021.

<sup>43</sup> *Ibid*

<sup>44</sup> [Indianapolis Housing Market: House Prices & Trends](#). *Redfin.com*. Visited July 18, 2022.

<sup>45</sup> [Indianapolis, IN Household Income, Population & Demographics](#). *Point2*. Visited July 18, 2022.

perspective, the median home price in March 2020 (the start of the COVID-19 Pandemic) sat at \$173,500; the median home price increased by over 38% in just under two years in what has been traditionally an affordable metropolitan area<sup>46</sup>. Meanwhile, the average rent in Indianapolis shot up to \$1,457 in April 2022, a 13.65% increase over 2021 numbers, with costs expected to continue to climb<sup>47</sup>.

Much like other jurisdictions, a lack of supply in the face of increasing demand has hit low-income residents in the Indianapolis-area the hardest. A 2022 study by the Polis Center at Indiana University-Purdue University Indianapolis found that for every ten households (of any size) falling in the low-income category, there are 137 units of the right size available to rent; this number decreases to 73 for households falling under the very-low-income bracket, and then to just six for extremely-low-income households<sup>48</sup>. It was estimated that at any point, only 6-7% of rental homes affordable to low and very-low-income households are vacant<sup>49</sup>.

During the height of the COVID-19 Pandemic, Princeton University's Eviction Lab rated Indiana as one of the worst states for renters, with a COVID-19 Housing Policy Score of 1.15 out of a possible 5.0<sup>50</sup>. While there was an attempt by Governor Holcomb to initiate a stay on new eviction filings, this order was quickly invalidated by the Indiana Supreme Court, shifting discretion over whether to accept eviction filings to local courts<sup>51</sup>.

## Tennessee:

As homeownership has declined and renting has increased, demand for rentals has caused urban rents to increase sharply. Shane Parker, a real-estate agent, said in 2019 first-time buyers he works with are struggling to win bidding wars against out-of-state buyers. The locals he works with are becoming more aggressive, putting in escalation clauses and agreeing to pay the difference if properties don't appraise.<sup>52</sup> The 2022 housing market has been no easier, with median home prices rising from \$400,000 at the start of the year to more than \$450,000 by the end of April<sup>53</sup>.

In October 2020, Davidson County, TN (Nashville) saw an overall average rent decrease of 11.4%, and Shelby County, TN (Memphis) saw an increase of only 2.2%<sup>54</sup>. Only one year later, October 2021 marked a fourth straight month of rent increase, with the Memphis, TN metro area seeing a 35% increase in average rents (which Realtor.com notes places it in the top six metro

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<sup>46</sup> Ibid

<sup>47</sup> Cheang, K. [Indiana real estate: Indianapolis landlord's profits soar amid shortage](#). *The Indianapolis Star*. June 16, 2022.

<sup>48</sup> Nowlin, M. [A Deep Dive into Affordable Rental Housing](#). SAVI. March 27, 2022.

<sup>49</sup> Ibid

<sup>50</sup> [COVID-19 Housing Policy Scorecard for Indiana](#) From: *Eviction Lab*. June 30, 2021.

<sup>51</sup> Ibid

<sup>52</sup> Kusisto, L. [Investors Are Buying More of the U.S. Housing Market Than Ever Before](#). *Wall Street Journal*. June 20, 2019

<sup>53</sup> Buitrago, J. [Nashville housing market: What to know about home sales, prices \(tennessean.com\)](#). *The Tennessean*. May 27, 2022.

<sup>54</sup> Bedo, N. [October 2020 Rent Report: Rents Continue to Cool as Larger Units Inch Toward Pre-COVID Levels - Realtor.com Economic Research](#). *Realtor.com*. November 13, 2020.

areas for increased rents), and the Nashville, TN metro area seeing an overall 22.2% increase from 2020<sup>55</sup>. It should be noted that Realtor.com forecasts continued increases in 2022 to the tune of 5.5% for the Nashville, TN metro area, and 7.4% for the Memphis, TN metro area<sup>56</sup>.

It should also be noted that during the height of the COVID-19 Pandemic, Princeton University's Eviction Lab rated Tennessee as one of the worst states for renters, with a COVID-19 Housing Policy Score of 0.53 out of a possible 5.0<sup>57</sup>. Further exacerbating issues for those with housing insecurity and lost income due to the Pandemic, Tennessee did not enact protections for renters such as those dealing with late fees and COVID-induced economic hardship<sup>58</sup>.

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<sup>55</sup> Xu, J. et al [October 2021 Rental Data: Steep Rent Growth Makes Conditions Tough For Both Landlords And Renters - Realtor.com Economic Research](#). *Realtor.com*. November 30, 2021.

<sup>56</sup> Hale, D. et al [2022 Housing Market Predictions and Forecast](#). *Realtor.com*. December 1, 2021.

<sup>57</sup> [COVID-19 Housing Policy Scorecard for Tennessee](#). From: *Eviction Lab*. June 30, 2021.

<sup>58</sup> Ibid

## Community Associations Institute (CAI)

CAI is an international membership organization dedicated to building better communities. With nearly 40,000 members, CAI has 64 chapters worldwide, including Canada, the Middle East and South Africa, and relationships with housing leaders in a number of other countries, including Australia and the United Kingdom. CAI provides information, education and resources to the homeowner volunteers who govern communities and the professionals who support them. CAI members include association board members and other homeowner leaders, community managers, association management firms and other professionals who provide products and services to associations. CAI serves community associations and homeowners by:

- Advancing excellence through seminars, workshops, conferences and education programs, most of which lead to professional designations for community managers and other industry professionals.
- Publishing the largest collection of resources available on community association management and governance, including website content, books, guides, *Common Ground* magazine and specialized newsletters.
- Advocating on behalf of common-interest communities and industry professionals before legislatures, regulatory bodies and the courts.
- Conducting research and serving as an international clearinghouse for information, innovations and best practices in community association development, governance and management.

We believe homeowner and condominium associations should strive to exceed the expectations of their residents. We work toward this goal by identifying and meeting the evolving needs of the professionals and volunteers who serve associations, by being a trusted forum for the collaborative exchange of knowledge and information, and by helping our members learn, achieve and excel. Our mission is to inspire professionalism, effective leadership and responsible citizenship—ideals reflected in associations that are preferred places to call home.