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## **CAI Survey finds managers & boards optimistic of financial health**

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The national economy and housing market are improving-however slowly-and that means things are looking up for most associations, which is welcome relief to many communities that weathered some difficult years. While some associations continue to feel the pinch, almost 90% of community managers and board members say their association's overall financial health is "excellent" or "good," with 10% saying "fair" and only about 2% indicating "poor" financial health.

The results are based on responses from almost 1,000 community managers and association board members who completed CAI's 2014 State of Community Associations Survey.\* Looking ahead, almost 55% of managers and board members see their association's financial condition being "much" or "slightly" better in the next five years, while about 42% expect little change. Less than 4% anticipate a turn for the worse in the next five years.

### **Assessments and Delinquencies**

Almost 40% of associations did not increase assessments during the most recent budgetary cycle. Of those that did raise assessments, 33% of respondents say assessments increased 1 to 3%, while 17% report a 4 to 6% hike, 7% a 7 to 10% increase and 4% an increase of 10% or more. About 13% of associations levied a special assessment during the previous 12 months.

Most managers and board members are confident their homeowners believe they are getting a good value for their assessment dollars, with 26% "overwhelmingly" satisfied, 60% "for the most part" satisfied and 10% "somewhat" satisfied. Almost 5% acknowledge their members are "not really" satisfied with the value they are getting for their assessments.

Understanding that rates of assessment delinquency often reflect the health of a local economy and housing market, respondents were asked the percentage of owners who are behind on their payments to the association. About 81% of respondents say their delinquency rate is 6% or less, with three quarters of those in the 0 to 3% range. About 15% peg the delinquency rate at 7 to 15%, with 4% saying it's more than 15%. Asked if their associations pursue delinquencies differently than before the mortgage foreclosure crisis and economic downturn, 44% say they are now "much" or "somewhat" more aggressive, with a near-even split between the two. Almost 55% say their collection policies and approaches have remained largely consistent, while less than 2% say their associations have become less aggressive.

### **Reserve Funding**

Encouragingly, almost 70% of association managers and board members believe their associations are setting aside sufficient funds for future repairs and replacements. The remaining 30% do not believe their communities have sufficient reserves. The survey shows that almost 75% of associations base their reserve funding on a formal study or updates conducted by a professional reserve specialist; 25% do not use a reserve specialist.

## Leadership Performance

Most community managers and association board members believe their residents are satisfied with the performance of the association leadership team. Almost half of respondents believe 80% or more of their residents are satisfied, while about a third estimate their approval rate at 60 to 80%. About 20% peg their approval rating at less than 60% of residents.

According to a March-April 2014 national survey of community association residents conducted for the Foundation for Community Association Research, 90% of association residents rate their overall experience as positive (64%) or neutral (26%).

## Leading Challenges

The following are the percentages of managers and board members who rated issues as "very" or "somewhat" serious:

- \* 31% Resident apathy;
- \* 20% Renters and rental-related issues;
- \* 18% Rules enforcement;
- \* 15% Insufficient money to do what is needed;
- \* 13% Deteriorating common elements;
- \* 13% Community appearance and curb appeal;
- \* 12% Assessment delinquencies;
- \* 12% Issues related to aging residents; and
- \* 5% Resident discontent.

With more than 33,000 members dedicated to building better communities, CAI works in partnership with the local chapter to provide information, education and resources to community associations and the professionals who support them. CAI's mission is to inspire professionalism, effective leadership and responsible citizenship.

\*The findings are based on information provided by community managers and association board members who chose to complete the online survey. Since respondents are a self-selected sample of CAI members, the results are not offered as a scientifically valid representation of all managers and board members, but rather to provide a snapshot of associations from the perspective of managers and board members. The survey will be repeated annually so the data can be tracked over time.

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