THE COMMUNITY ASSOCIATION
Fact Book 2020
An annual publication delivering comprehensive data and information benefiting the community association industry—from managers to board members to suppliers.
2020
Community Association
Fact Book
The Foundation for Community Association Research (FCAR) is a nonprofit 501(c)(3) organization devoted to common interest community research, development, and scholarship. Incorporated in 1975, the Foundation supports and conducts research in the community association industry.

FCAR provides authoritative research and analysis on community association trends, issues and operations. Our mission is to inspire successful and sustainable communities. We sponsor needs-driven research that informs and enlightens all community association stakeholders—community association residents, homeowner volunteer leaders, community managers and other professional service providers, legislators, regulators and the media. Our work is made possible by your tax-deductible contributions. Your support is essential to our research.

CAI Stands for Equality and Justice

- Community Associations Institute (CAI) is unique in that we touch the lives of more than 73 million Americans living in condominiums, housing cooperatives, and homeowners associations. Our mission has always been about building better communities. We believe that the purpose of community associations everywhere is to bring people together, strengthen neighborly bonds, promote a sense of belonging, and build a place where we can connect.

- CAI stands peacefully, for equality and justice in America and throughout the world. We continue our unwavering support of the Fair Housing Act of 1968, giving the right of all individuals to be free from illegal discrimination in housing on the basis of race, color, religion, sex, familial status, national origin or disability. Racism, violence, and the destruction of property have no place in our communities or anywhere in the world.

- To members of the CAI staff, to CAI members, and to Americans everywhere who are afraid in your daily life for yourselves, your family, and your children because of the color of your skin, CAI stands with you. We will do our part to help all achieve the promise of America: life, liberty, and the pursuit of happiness. And we will do our part to ensure our communities realize their purpose of togetherness, neighborliness, and belonging.

This publication is designed to provide accurate and authoritative information in regard to the subject matter covered. It is distributed with the understanding that the publisher is not engaged in rendering legal, accounting, or other professional services. If legal advice or other expert assistance is required, the services of a competent professional should be sought.
—From A Declaration of Principles, jointly adopted by a Committee of the American Bar Association and a Committee of Publishers
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American Community Survey (ACS)
Census – Statistical Brief 1994
Census – Partnership Branch
CAI: Common Ground magazine
CAI Government & Public Affairs (G&PA)
CAI Press
California Bureau of Real Estate
California Law Revision Commission
Colorado Department of Regulatory Agencies
Connecticut Judicial Branch Law Libraries
Department of Agriculture – Rural Development
Department of Veterans Affairs (VA)
Federal Emergency Management Agency (FEMA)
Federal Home Loan Mortgage Corporation (Freddie Mac)
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National Association of Homebuilders (NAHB)
National Association of Realtors (NAR)
Nevada Real Estate Division
Urban Land Institute
Virginia Common Interest Community Board

Federal National Mortgage Association (Fannie Mae)

2.3 Notes on Community Association Fact Book Data  (Updated)

The Fact Book is based on information from seven data sources grouped in two categories:

- Public Data: (1) Census data at [https://data.census.gov/cedsci/] and American Community Survey (ACS), (2) American Housing Survey (AHS), (3) State data, (4) Related housing industries data such as that from the National Association of Realtors (NAR) Research and Statistics, National Association of Homebuilders (NAHB) Housing Statistics, and Zillow Housing Data
- FCAR and CAI Data: (5) FCAR data accumulated over time, (6) CAI data, also accumulated over time, and (7) Data provided by CAI members.

The Public Data may have a lag time from collection to publication. Usually, both the few states with association data and the ACS data tend to lack specificity in critically identifying the three basic types of associations. Similarly, the public data may count certain association units, but not the associations themselves. From a timing viewpoint, FCAR, CAI data and CAI member data are more readily available. Because of the timing issue, the Fact Book data generally may be one year ahead of certain Census data, e.g. the Fact Book 2020 uses Five Year ACS data for 2015-2019.
3. Getting Started with the FCAR Fact Book 2020

3.1 CAI and the Growth of Community Associations

It’s been said that the growth of community associations (condominiums, planned communities and cooperatives) offers the greatest single extension of homeownership opportunities since the housing reforms of the New Deal and the provision of GI Bill benefits just after World War II. The Community Associations Institute estimates that nationwide in 1970 there were 10,000 associations. In 2020, the estimate is now 355,000 associations housing around 74.1 million Americans. See the Statistical Review 2020. From its inception, CAI has grown to more than 42,000 members in 64 Chapters just as associations have grown as a housing choice – there now are more association professionals providing services to support communities by encouraging:

- Harmony,
- Transparency and
- Sustainability

The Community Associations Institute (CAI) is a national nonprofit 501(c)(6) organization founded in 1973 to foster competent, responsive community associations through research, training and education for association leaders and professionals.

The Foundation for Community Association Research (FCAR) is a national, nonprofit 501(c)(3) organization devoted to common interest community research, development, and scholarship. Incorporated in 1975, the Foundation supports and conducts research in the community association industry.

3.2 Community Association Fact Book 2020 – Four Goals

The Fact Book 2020 is published by FCAR and it documents, in general, the history, current status, recent trends and future issues involving community associations. The Fact Book 2020 also provides community association information on a state-by-state basis in both:

- Part Four: State Summaries 2020 and in
- Part Five: Economic Contributions & Value-Added Benefits.

The information and data in the Fact Book 2020 help in these four areas:

(1) Facilitating Evidence-Based Decisions: Facilitating the creation, analysis and publication of credible data such that evidence-based decisions on various association issues, regulations and laws can be made.

► Learn what really matters based on evidence: An Introduction to Evidence-based Management
► Making evidence-based organizational decisions in an uncertain world

(2) Demonstrating Contributions to the Economy and Society: Demonstrating the role of community associations as part of (i) the evolving transformation of land development practices, (ii) the expansion of housing opportunities, (iii) the creation of additional neighborhood benefits and (iv) the stabilization of housing as a personal investment.

► Community Associations: The Emergence and Acceptance of a Quiet Innovation in Housing
► The rise and effects of homeowners associations
(3) Providing an Understanding of Core Services: Providing an understanding of the three core services delivered by associations to residents (owners and renters):

- Governance Services,
- Community Services and
- Business Services

–These three core services are complementary to a broad range of both local and national housing goals and as well as related public policy considerations.

► Managing & Governing – How Community Associations Function

(4) Validating Associations as a Housing Market: Validating that the growth and continued growth of all three types of community associations (condominiums, cooperatives and planned communities), in and of themselves, are an important housing market that needs to be understood and analyzed in a comprehensive manner.

3.3 Statistical Review 2020

The Statistical Review 2020 is part of the Fact Book 2020, but it is provided as a separate document. Like previous Statistical Reviews, this one provides key national and local facts concerning community associations.

3.4 State Summaries 2020

While the Fact Book and the Statistical Reviews deal with community associations from a broad national perspective, there are 51 State Summaries (including the District of Columbia) that bring the national data to the state level. The format of the State Summaries generally follows the Fact Book, but without the emphasis on association history, definitions and comparative matters.

4. Community Association National Trends and Issues

In Democracy in America, (Vol. 1 and Vol. 2) Alexis de Tocqueville reflected on the constant activity that characterized America in the 1830s as it strived for continuous improvement at all levels of society and government. Little has changed since that time. He would be right at home at a community association board meeting, at a CAI Chapter program or at a national CAI Conference or Law Seminar. The best way to keep up with association trends and issues (and the need for continuous improvement) at either or both the national or local level is through the links that follow.

► Hugh Brogan, Alexis de Tocqueville: A Life
► Sheldon S. Wolin, Tocqueville between Two Worlds: The Making of a Political and Theoretical Life

4.1 At the National Level

CAI Issues and Advocacy

- From federal affairs to state issues, amicus briefs and more – this is constantly updated. Topics include regulatory issues with FHA and FEMA, new mortgage rules and CAI’s Public Policies.
CAI Common Ground Magazine Key Issues

- From aging in place to fostering participation, manager licensing, legal and operational issues and more, a subscription to Common Ground is part of CAI membership, but separate subscriptions are available.

- Associations in Perspective: Historical Housing Data, Company Towns, Chronology of Federal Involvement & Historical Housing Papers

- From the early Twentieth Century through today, you can track major federal and state initiatives, housing data sources, selected papers and articles – all that have impacted community associations.

Community Next: 2020 and Beyond

- Community Next is the result of a lengthy initiative conducted by several dozen CAI leaders and nonmember community association stakeholders about future association issues, trends and similar matters.

  1. Association Governance Model
  2. Community Management
  3. External Influences
  4. Public Policy Paradigms

4.2 At the Local Level

CAI Local Chapters

- CAI’s more than 42,000 members belong to one of CAI’s 64 Chapters. The link will help you find and contact any of CAI’s U.S. and Canadian, Middle Eastern, and South African Chapters.

CAI Grass Roots Advocacy Center

- CAI’s Government & Public Affairs provides political information and intelligence for the association industry.

4.3 At all Levels for All Interests

CAI Press

CAI Press, the publishing division of CAI, is dedicated to publishing the very best resources for community associations. It offers more than 100 books on association governance, management and operations. Browse by category, view the most popular products and discover what’s new. Check back frequently to see Featured Products and to take advantage of money-saving promotions.

► CAI now offers digital publications
CAI Education

- **Webinars** offer specialized, professional training to managers, board members and homeowners without leaving your home or office. Conducted via internet and audio teleconference, the programs are hosted by industry experts to keep you up-to-date on the latest legislative activity, management trends, industry best practices and subjects of special interest to community managers and homeowners. More than 450 on-demand webinars are now available, and new live webinars are added every month.

- **CAI Board Leader Certificate** provides a comprehensive look at the roles and responsibilities of community association leaders and conveys information to help create and maintain the kind of community people want to call home. The program is available in two formats: live classroom instruction through CAI Chapters, and online.

- **Professional Management Development Program** (“PMDP”) provides community association managers the comprehensive beginning and advanced level education courses to increase their skills, knowledge and job opportunities. Both the webinars and the PMDP program provide education credit toward new and renewing professional designations and credentials.

- **COVID-19 and Your Community Association**: Click for a free copy of Healthy Communities

► For more detailed COVID-19 information see this continuously updated link: Government Actions: Community Associations and COVID-19

**DIRECT LINKS TO THE FOLLOWING STATE GOVERNMENT ACTIONS INCLUDING:**

- **Emergency Declarations** - A link to each state’s Executive Order which outlines the steps that the state is taking to deploy resources to protect the health and safety of its' residents.

- **State COVID-19 Resources** - A link to the state's Health Department or resource center.

- **Stay at Home Order/Essential Workers** – A link to the state and local stay at home orders. CAI believes the stay-at-home orders permit the continuation of various essential services affecting the health, safety and welfare of homeowners and residences; which includes the essential tasks of a community association manager.

- **Foreclosure Actions** – A link to the federal, state, and local orders to temporarily suspended foreclosure actions.

- **Eviction Actions** - A link to the federal, state, and local orders to temporarily suspended eviction actions.

**CLICK FOR FEDERAL GOVERNMENT ACTIONS INCLUDING:**

- Foreclosure and Eviction Actions
- Summary of Federal Actions
- Small Business Administration
- U.S. Chamber Resources

**CLICK FOR WHAT TO KNOW ABOUT COVID-19, YOUR COMMUNITY, AND CAI**

**CLICK FOR FREQUENTLY ASKED QUESTIONS ABOUT COMMUNITY ASSOCIATIONS AND COVID-19**

If you are interested in finding out more about community associations, the Community Association Fact Book 2020 is the place to start. If you live in an association or work in the association industry, this Fact Book 2020 will help keep you and your association current on the latest facts, trends and issues.
5. Getting Started with Community Associations

5.1 Community Association Basics

Community associations (condominiums, planned communities and cooperatives) are housing management organizations that deliver three core services to their residents (owners and renters):

► **Governance Services**: Services designed to secure cooperation and compliance by residents based on fair and efficient adherence to association governing documents and local, state and federal laws and regulations;

► **Community Services**: Services designed to produce a harmonious living environment as well as a cooperative framework for working within the local governmental system.; and,

► **Business Services**: Services designed to maintain and replace the common assets of the association based on sustainable and prudent environmental practices that not only protect the value of the homes, but that are consistent with a broad range of local and national housing goals.

In delivering these *three core services*, a successful community association provides its residents with:

- *Organized and productive* business operations that help control costs,
- *Transparent* governance principles and practices that promote participation,
- *Clear and timely* communications that facilitate engagement,
- *Fair and effective* rules notification and enforcement procedures that foster cooperation
- *Creative programs* that are designed to enhance a sense of community and enhance residents’ enjoyment of their homes, and
- *Efficient use* of land and resources that is based on sustainability and stewardship.

5.2 Community Association Contributions to the Economy (Updated)

► In the aggregate, using a manual calculation, community association housing had a market value of $8.971 trillion dollars at Q4 2020 [Estimate based on the Federal Reserve Z.1 Financial Accounts at Q4 2020]. Owners’ equity was 65.9%. Using Zillow Home Values at 12/31/2020, but manually allocated for homes in community associations produces a market value of $9.200 trillion dollars. The Zillow Values probably are more timely in recognizing market forces at work. For more on “valuation,” see the last part of #5.2.

► Association housing units are estimated at 28% of all housing. The Census in Housing Vacancies and Homeownership provides estimates of (i) owner occupied housing, (ii) renter occupied housing and (iii) broad category for “vacant” housing (in several categories). This leads to several factors when estimating association housing as part of all housing.

- First, association housing can never be vacant in a traditional sense because the owner is responsible for payment until the owner is out of title and/or an entity (usually a lender) is responsible for assessments.
- Second, even absent receipt of assessments, the association will have financial responsibility for the common area on which the home is located and possibility for parts of the home itself.
- Third, during construction, the association comes into existence when the governing documents are filed in the local land records. This typically means the developer is responsible for some part of the assessments even if the actual construction is not completed on the home or homes.
According to the National Association of Home Builders (NAHB), the housing industry’s contribution in terms of new construction to the economy averages 14%-18% annually. This represents the combined impact of Private Residential Fixed Investment and Housing Services. Residential Fixed Investment component contributes from 3.3%-3.8% while the Housing Services component contributes 12%-13%. These percentages vary with fluctuations in economic cycles. Association housing is an important and growing component of both Residential Fixed Investment and Housing Services. Using NAHB historical estimates and recent Census data with respect to new construction, community associations contribute a 3.5% to 4.0% to GDP. Associations not only are a place to live, but they are a place to work and to create jobs. See Fact Book 2020 Part Five

Census New Single Family Homes in Community Associations – 2020
New Single Family in an Association Built for Sale: 78%
New Single Family in an Association Sold: 80%
New Single Family Association Attached Houses Sold: 92%
New Single Family Association Detached Houses Sold: 79%
Mapping New Homes for Sale in Associations
Understanding Construction and Housing Statistics
Measuring Aggregate Housing Wealth: New Insights from an Automated Valuation Model
Housing Value, Costs, and Measures of Physical Adequacy
NAHB Housing’s Contribution to GDP – Excel Tables

See the NIPA Handbook – Chapter 2: Fundamental Concepts – the GDP is defined as the “market value of the goods, services, and structures produced by the economy in a given period (p.2-7). “Consequently, following the aforementioned Federal Reserve Z.1, Report, Table B.101 (p.138) the market valuation of “Real Estate – Households” is used for Private Residential Fixed Investment. The association “Housing Services” component includes mandatory estimates for major repairs and replacement as well as capital improvements. The American Housing Survey (AHS), using ACS and other data, recently created four (4) Infographics/Visualizations of all housing as of 2019.

See 120 Years of U.S. Residential Housing Stock and Floor Space

Residential buildings are a key driver of energy consumption and also impact transportation and land-use. Energy consumption in the residential sector accounts for one-fifth of total U.S. energy consumption and energy-related CO₂ emissions, with floor space a major driver of building energy demands. In this work a consistent, vintage-disaggregated, annual long-term series of U.S. housing stock and residential floor space for 1891–2010 is presented. An attempt was made to minimize the effects of the incompleteness and inconsistencies present in the national housing survey data. Over the 1891–2010 period, floor space increased almost tenfold, from approximately 24,700 to 235,150 million square feet, corresponding to a doubling of floor space per capita from approximately 400 to 800 square feet. While population increased five times over the period, a 50% decrease in household size contributed towards a tenfold increase in the number of housing units and floor space, while average floor space per unit remains surprisingly constant, as a result of housing retirement dynamics. In the last 30 years, however, these trends appear to be changing, as household size shows signs of leveling off, or even increasing again, while average floor space per unit has been increasing. GDP and total floor space show a remarkably constant growth trend over the period and total residential sector primary energy consumption and floor space show a similar growth trend over the last 60 years, decoupling only within the last decade.

And from another perspective see The American Backyard In The Last 100 Years: Lot Sizes In San Diego Get Bigger While Seattle Loses Yard Space
By fairly and effectively delivering the *three core services*, community associations protect and enhance the:

- Value of the individual homes (and the lenders’ interests in those homes),
- Value derived from accepting shared responsibilities and performing mutual obligations that impact the larger civil community, and the
- Value inherent in the practice of governance, collective participation, and collaborative decision-making at a very essential level – the level of the home.

### 5.3 Community Association General Terms

- **Community Association (CA):** Used by the Community Associations Institute (CAI) and the [61B Division of Florida Condominiums, Timeshares and Mobile Homes](https://www.floridacondo.com/resource-center/61b-division/).

- **Common Interest Community (CIC):** Used by the [Uniform Law Commission](https://www.uniformlaw.com/), promulgator of the uniform real property acts: Uniform Condominium Act (UCA), Uniform Planned Community Act (UPCA), Uniform Common Interest Ownership Act (UCIOA) and the Uniform Manufactured Housing Act (UMHA).

- **Common Interest Realty Association (CIRA):** Used only by the [American Institute of Certified Public Accountants (AICPA)](https://www.aicpa.org) and the [Financial Accounting Standards Board (FASB)](https://www.fasb.org).  

  ► Note: The term “CIRA” may be receding from AICPA use, see Section 8.6 for a discussion of FASB 606 Revenue Recognition.

- **Common Interest Development (CID):** Used by the [California Bureau of Real Estate](https://www.rcrc.ca.gov/). The Davis-Stirling Act has been substantially recodified in [California Civil Code Division 4 Part 5](https://www.rcrc.ca.gov/california-civil-code/division-4-part-5/) on January 1, 2014. Also, on that date a new statute was created for [Commercial and Industrial Common Interest Developments, Division 4 Part 5.3](https://www.rcrc.ca.gov/california-civil-code/division-4-part-5/)

### 5.4 Three Basic Types: Condominium, Planned Community & Cooperative

The *Fact Book 2020* provides three ways to understand the three basic types of community associations. A fundamental point of all three ways is the reminder that you cannot tell which of the three basic types of community associations that you are looking at by their architectural style. For instance, a detached single-family home could be in a regular subdivision without an association or it could be in a condominium association, in a cooperative association or in a planned community. The governing documents are critical to determining the type of association.

**First Way:** Different parts of the country have more of one of the three types than the other two types of associations. For instance, New York state (and, in particular, New York City) has many more cooperatives than other states. Many states in the southeast and southwest have many more planned communities than other regions. All three types of associations are characterized by being predominately designed for residential use although some may have a nominal percentage devoted to non-residential use, typically commercial.

► Planned Communities: Around 58% to 63% of all community associations  
► Condominiums: Around 35% to 40% of all community associations  
► Cooperatives: Around 2% to 4% of all community associations
In a planned community, each member (owner) owns a home and the lot on which their home located. Typically, a state nonprofit corporation (the planned community association) holds title to the common areas which are subject to recorded Covenants, Conditions & Restrictions (CC&Rs). A community association is not a planned community unless there is common area to which the homeowner’s deed requires membership. There may or may not be a specific state enabling statute because this type of association can be created by conventional real estate methods. Planned communities are referred to by a number of different names that reflect diverse architectural styles and regional nomenclature variations, such as Homeowner Association (HOA), Property Owner Association (POA), Townhome Association and Planned Unit Development (PUD). The recorded CC&Rs are determinative and not the architectural style. The planned community is governed by a board of directors elected by the owners.

► If legislation exists for planned communities, states can vary. See California Attorney General Opinion No. 02-407 (2002) and the California Davis Stirling Act which uses the term “planned development.”
► Uniform Real Property Acts in Section 8.2 includes planned communities.

In a condominium, each individual member holds title to a specific unit (air space and certain real property) and owns an undivided interest as a “tenant-in-common” in the common elements. A community association is not a condominium unless the undivided interests in the common elements is vested in the unit owners. The condominium is subject to a recorded Declaration. Unlike in a planned community or in a cooperative, the entity (the condominium association) does not own the common elements. These common elements generally include the structural components, the exterior of the building or buildings, the grounds, the amenities, and all portions of the property other than the units as defined in the Declaration. There is always a state enabling condominium statute. The condominium is governed by a board of directors elected by the owners.

In a cooperative, a state nonprofit corporation holds title to the entire project, both units and common elements. Generally, the unit owners are stockholders in the corporation. A proprietary lease (or membership document) gives each member of a cooperative exclusive use of a unit for a specified period of time. There may or may not be a state enabling statute since cooperatives can be created by conventional real estate methods. Cooperative ownership interests are personal property interests while in a condominium and planned community those ownership interests are real property interests and eligible for long term amortized mortgages. Equity at resale can be (i) market rate, (ii) limited equity or (iii) fixed equity. The cooperative is governed by a board of directors elected by the owners. Most associations are nonprofit corporations under state corporation laws, but they are not nonprofit (tax exempt) under federal income tax laws. Condominium and cooperatives can never be tax-exempt under federal taxation rules.

All three types of associations have three essential characteristics:

- **Automatic Membership**: All owners automatically become members of the association when taking ownership of their unit and that membership ceases only when the unit is sold and title is transferred to the new buyer.

- **Mutually Binding Obligations**: Governing documents bind all owners to the community association and require mutual obligations by owners, the board of directors and the association itself.

- **Mandatory Assessments**: All owners pay mandatory lien-based assessments to fund the operation of the association and maintain the common elements. Cooperatives are different in their enforcement of collections.
Second Way: This diagram of a Hypothetical Community Association is the second way to understand the three basic types of community associations. It may be useful to review the chart below both before and after reviewing the commentary on each type of association provided in the Third Way, Appendix One.

<table>
<thead>
<tr>
<th>Units/Lots 1-10</th>
<th>Common Area/Common Elements Lot</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit Owner Title</td>
<td>Assn Title</td>
</tr>
<tr>
<td>Condominium</td>
<td>X</td>
</tr>
<tr>
<td>Cooperative</td>
<td>.....</td>
</tr>
<tr>
<td>Planned Community</td>
<td>X</td>
</tr>
</tbody>
</table>

X* --- The condominium association does not own the real property. The unit owners in a condominium have an undivided interest in the common elements as tenants in common. They own their units individually which is typically airspace and some real property that is part of the condominium.

Unlike in a planned community or in a housing cooperative, the condominium association does not own the common elements (or common area), hence the early condominium property acts sometimes referred to the board of directors as the “board of managers” – who “managed” the common elements. For general definitions of each of the three basic types of community associations see the Uniform Common Interest Ownership Act (2014 as amended).

Using a similar diagrammatic approach to understanding community associations as subdivisions, see A Guide to Understanding Residential Subdivisions in California (page 13/104) and Healthy Condominium Toolkit (page 8/32).

Third Way: See Appendix One: Basic Types of Associations by Selected Characteristics

Appendix One describes all three of the basic types of associations by similar characteristics.

5.5 Varieties on the Community Association Theme

The entities below appear with some regularity in discussions of community associations, but a number do not all fall within the more generally accepted definition of a primarily residential community association. As used in the Fact Book 2020, a community association comes in three types, but each type is predominately based on residential homeownership.
● **Business Improvement District (BID):** Outwardly, BIDs resemble commercial community associations. They are created by legislation, but they may or may not be supported by recorded covenants. BIDs may be created by public/private partnerships and their operations may be funded by additional tax assessments. Common practice does not include a BID in the definition of a community association.

  ► [The Business Improvement District Model](#)

● **Business Park Association (BPA):** Common practice does not include Business Parks within the three basic types of community associations. There is usually no enabling statute unless a condominium is involved. The BPA is created by conventional real estate transactions. See also Business Improvement District below. See [NAIOP](#) Commercial Real Estate and Development Association.

  ► [Hacienda Business Park Association](#)

● **Cohousing Community:** Cohousing association living can be organized in one of the three basic types of community association, but it is usually more definitively based on personal commitments, some degree of communal living and/or communal participation as well as the recorded governing documents. A cohousing association is also referred to as an Intentional Community.

  ► [Discover Intentional Communities](#)
  ► [The Typology of Community: A Case Study Analysis of Three Intentional Communities](#)

See also [Shared Equity Housing](#) in later in this Section.

● **Commercial Community Association:** Non-residential or purely commercial community associations are not considered a part of the residential association framework discussed in the [Fact Book 2020](#) and, in general, are not part of the major public policy discussions and laws involving associations with the exception of commercial condominiums.

  ► [Commercial and Industrial Condominiums: An Overall Analysis](#) (1974) and for comparison
  ► [Commercial Condominium Projects](#) (2015)

Apart from commercial associations and for comparative data purposes, according to EIA's [Commercial buildings have gotten larger in the United States, with implications for energy](#): “Commercial buildings have gotten larger in the United States as their floorspace continues to grow faster than the number of commercial buildings, according to preliminary results from the U.S. Energy Information Administration’s (EIA) 2018 [Commercial Buildings Energy Consumption Survey](#) (CBECS). CBECS estimates that 5.9 million U.S. commercial buildings contained a total of 97 billion square feet as of 2018. The number of commercial buildings increased by 6%, and commercial square footage increased by 11% since the CBECS was last conducted in 2012. Lodging, health care, and public order and safety buildings saw significant growth in building stock between 2000 and 2018. More than one-third of the 2018 building stock in these categories was constructed after 2000. These buildings tend to be larger than the average commercial building in the United States, which contributed to the increase in commercial floorspace relative to commercial building stock.”
● **Community for 55+: Communities for 55 and Older:** Quoting from the HUD Factsheet - “The Housing for Older Persons Act (HOPA), signed into law by President Clinton on December 28, 1995, amended the housing for older persons exemption against familial status discrimination. The HOPA modified the statutory definition of housing for older persons as housing intended and operated for occupancy by at least one person 55 years of age or older per unit. It eliminated the requirement that housing for older persons have significant services and facilities specifically designed for its elderly residents. It required that facilities or communities claiming the exemption establish age verification procedures. It established a good faith reliance defense or exemption against monetary damages for persons who illegally act in good faith to exclude children based on a legitimate belief that the housing facility or community was entitled to the exemption.” To qualify as a 55+ community, at least 80% of the homes/units must be occupied by at least one person who is 55 years of age or older. While HOPA has been in place for some time, it has been subject to continuous discussion. 55+ Communities can be organized as rentals as well as community associations.

Many states and local governments have similar statutes and regulations dealing with 55+ housing as well as other issues related to aging.

▶ Census New Single Family Homes in Age Restricted Housing – 2020
▶ Age Restricted Housing in an Age Restricted Development Built for Sale: 3%
▶ Age Restricted Housing in an Age Restricted Development Completed: 3%

Also, all residential community associations are subject to the various state and Federal Fair Housing Laws and Executive Orders. Generally, residential community associations are not subject to the Americans with Disabilities Act unless they have amenities and commercial space open for public use.

● **Community Development District:** “Community Development Districts (CDDs) are multipurpose, independent special districts, which are empowered to finance and manage infrastructure services in Florida. Since their authorization through a state statute in 1980, the CDDs have grown across many counties in the state. This article presents exploratory research evaluating the role of CDDs in financing and managing infrastructure services. CDDs finance infrastructure through tax-free bonds, which are paid by property owners. The arrangement is beneficial for city/county governments since infrastructure is not financed through general obligation bonds. Managerially, however, CDDs pose accountability problems, since developers rather than residents control them during their initial stage of existence."
More resources:

► 2020 Tabulation Of Community Development Districts In Florida
► Community Development Districts – What you should know!
► Community Development Districts: Financial and Accountability Issues
► Village Center Community Development District and Welcome to the Villages

See Foundation for Community Association Research:

► Recent Byron Hanke Fellowship Recipients and a new research report by Terry Henley:
► Community Development District (CDD) Proliferation, Governance, and Financial Condition: A Review and Qualitative Study of HOA Stakeholders

● Gated Community: In most situations, a gated community means one that somehow restricts or controls access by individuals (owners, renters, guests or invitees) and vehicles. By some definition, gated communities have a very long world history. In the 1920’s and 1930s, in U.S. planning, Clarence Perry advocated the use of “super blocks” for land planning especially in urban areas to restrict and control access. In their most secured sense and based on clear definitions, a gated community has three characteristics: (i) Restricted access usually by being fully enclosed by a fence, wall or separator of some sort, (ii) Controlled entrance by a fully staffed or monitored front gate on a 24x7 basis and (iii) Full time 24x7 personnel that monitor the common area. Without such a careful definition, a large percentage of U.S. housing (rental or ownership) in the U.S. is “gated” or “simply secured” by some measure. For instance, most high rises have a front desk. Also, many jurisdictions require the association’s developer to limit vehicular access to major streets thereby controlling access to the association for safety reasons. Other communities including those in traditional subdivisions use the concept of “defensible space” popularized by Oscar Newman. Using the three-part definition above, there are perhaps 3,000 to 5,000 gated communities in the U.S. These types of gated communities are expensive to maintain and contain high valued homes. On the other hand, as mentioned, secured access in some form is a common feature of a large part of U.S. housing.

● Lake Community: In the EPA’s most recent Assessment of Lakes, Ponds and Reservoirs, there were “Lakes, Reservoirs and Ponds (measured in acres).

► 41,666,049 acres of Lakes, Ponds & Reservoirs water is subdivided further as 5,390,570 acres of water labeled “good” which represented 44.7% of such bodies that were assessed although all such bodies that could be used for recreation were listed at 9,002,606 acres.
► A conservative sub-set of these waters could be considered “lake communities” probably 200,000 to 250,000, contain some combination of part-time and full-time housing depending on public infrastructure and the ability to obtain property insurance.

These “lake communities,” by way of example, may have Bylaws, Rules & Restrictions or Road Maintenance Agreements as well as references in individual deeds to joint obligations. Typically, they may not qualify as community associations by legislative standards, but they might be considered de minimis associations.

► Note: The above data is from 2017 and will eventually be replaced. For more current data by information segment, go to How’s My Waterway or go to Get Data: Access Public ATTAINS Data

● Limited-Purpose Association (LPA): This type of association is used and described by statute only in Nevada, see NAC 116.095

► Damonte Ranch Drainage District (DRDD)
► FILING FOR EXEMPTION AS A LIMITED PURPOSE ASSOCIATION CREATED AS A RURAL AGRICULTURAL RESIDENTIAL COMMON-INTEREST COMMUNITY
● **Live/Work Association:** There is no set definition for this type of community association except that a person lives where the person works. Therefore, the association combines both residential and commercial uses. FHA in Mortgagee Letter 2012-18 requires that the non-residential part must be less than 25% of the floor area and the non-residential part must be subordinate to the unit’s residential use and character in order to qualify for FHA home mortgage lending.

► Fannie Mae on live-work associations and other types of potentially ineligible projects.
► Sunnyvale Municipal Code – Live/Work Units
► Challenges and Recommendations for the Development of Affordable Live/Work Housing and Workspaces for Artists

● **Manufactured Housing Community/Park (MHC):** This refers to the type of construction which is regulated, as of 1976, by the HUD Office of Manufactured Housing and state agencies. See this list of State Manufactured Housing Agencies. The Manufactured Housing Institute maintains a Summary of Manufactured Housing Issues.

MHC housing can be found in either rental or homeowner communities. In the past, they were (and still are to some extent) referred to incorrectly as “mobile home parks”. MHC associations can be found in a cooperative or condominium association. According to the Manufactured Housing Institute, in 2017, 93,000 manufactured homes were shipped to buyers. ROC USA represents some 200 manufactured housing park cooperatives. There are at least 18 states with manufactured housing laws that deal with some aspect of the conversion of a rental manufactured housing community/park to a cooperative or condominium. Those 18 states and links to those laws are found in the given individual State Summary at #5.5 “Community Association Related Statutes.”

► Manufactured Housing in the United States Updated May 2020

| 40,000 land-lease communities (almost) |
| 4,200,000 home sites |
| 37% of new homes are placed in communities |
| 3% average annual rent increase |

For more detailed facts, see Annual Production and Shipment Data

► Promoting Resident Ownership of Communities
► Consumer Protections for Manufactured Housing
► Lakes Region Manufactured Housing Cooperative (Lakes Region MH Co-op)
► Brook Ridge Age Restricted Community (Hooksett NH)
► Fannie Mae Titling Requirements for Manufactured Homes

► Modular and Panelized Construction Accounted for Only 3% of 2020 Construction
► Freddie Mac – Manufactured Home Mortgage. Financing for manufactured homes that uses the credit standards of the home mortgage market rather than the movable property loan market.

► Consumer Financial Protection Bureau (CFPB. (May 2021) Manufactured Housing Finance: New Insights from the Home Mortgage Disclosure Act Data (see the map next)
**Master Planned Community (MPC)/Large-Scale Association (LSA):** This is a planned community of some size that may be composed of either sub-associations or separate cost-centers. The sub-associations may be any of the three basic types of associations. Cost centers are used to allocate revenue and expense liabilities more equitably. As a planned community, there usually is no enabling statute for the MPC although if a condominium is a sub-association, the condominium would have to be enabled by statute. MPCs, typically, exceed 1,000 lots or units and can range up to 50,000 lots or units.

- [Fact Book 2020, Part Seven, Large-Scale Association Survey Results](#)
- [RCLCO Ranks Summerlin® and Bridgeland® Among Nation's Best-Selling Master Planned Communities of 2020](#)
- [Top 50 Master Planned Communities 2020](#) (John Burns Real Estate Consulting)

**Mixed Use Association:** This type of community association can be found in any of the three basic types and combines residential and commercial uses. The percentage of commercial use varies, but typically is no more than 35% of the total building square footage (to be more readily acceptable for residential mortgage lending). On the other hand, some large and complex associations may obtain over 50% of their total revenue from commercial or retail uses. The commercial uses may or may not be in an association. There may be no enabling statute unless a condominium is involved.

- [The Highland Redevelopment in Austin, Texas: What’s Planned & Under Construction](#)
- [2018 San Francisco Housing Inventory](#)
- [Seattle Neighborhoods for All – Expanding Housing Opportunity in Single Family Zones](#)
● **Private Road Maintenance Agreements**: Individual homes or groups of homes may be bound by recorded covenants and/or state statutes to maintain streets and roads that might otherwise be maintained by local government. These can be thought of as borderline associations. Nevertheless, the [Fannie Mae Seller Guide](B4-1.3-04, April 15, 2014) requires that if the street is community or privately owned that there must be an adequate, legally enforceable covenant or agreement for maintenance.

- Private Road/Shared Driveway Agreement (General)
- Private Road Maintenance Agreement (Kinnickinnic Township WI)

● **Reciprocal Easement Agreement (REA)**: A REA has a recorded declaration that provides for cost sharing, maintenance and similar duties among entities in a common development. Sometimes, the REA gives one of the entities in the development the responsibility of the management of certain common areas used by all the entities. REAs are sometimes used in residential, commercial and mixed-use associations. The REA itself is just an agreement and not an association in the sense of a community association.

- How a Lender Views a Reciprocal Easement Agreement
- REA Between CityView Limited Partnership and The Peloton Condominium Association, Inc.

● **Shared Equity Housing**: Shared Equity Homeownership is an umbrella term for homeownership programs with lasting affordability. They can encompass single-family homes, townhomes, manufactured homes, and multi-family residential. These various forms of affordable housing infrastructure can be achieved through deed-restricted programs.

- The Sharing Equity Project
- Affordable Homeownership An Evaluation of Shared Equity Programs

For a slightly different view of Shared Equity Housing with an emphasis on commercial uses and Community Land Trusts, see [The Emerging Solidarity Economy](#).

The purpose of this brief is to help readers understand community ownership as a movement, policy choice, and mechanism for achieving resident-led community resilience and revitalization. We define and summarize various community ownership models, trace their evolution, present the evidence base on their benefits, and discuss the structural barriers that prevent these models from being adopted in more places. We conclude with recommendations for how local, state, and federal leaders can support community ownership as an emergent strategy for equitable development.
● **Site Condominium**: Generally, this refers to detached single family homes that are submitted to the state’s condominium act. Usually, this is done because land use regulations will allow for more detached single family units on a tract of land if the housing is in a condominium form as opposed to being in a traditional subdivision form.

- Fannie Mae What are the characteristics of a detached condo unit or site condo?
- Comparison between Michigan Site Condominiums and Platted Subdivisions (Homeowner Associations)
- APPLICATION FOR SUBDIVISIONS / SITE CONDOMINIUMS AND LAND DIVISION EVALUATION

● **Special Tax District (STD)**: Special tax districts (also called Special Purpose Districts) are not community associations. STDs have been popular in California, Florida, Texas, Colorado and other states by developers of associations to fund infrastructure and public improvements. If the STD is part of the development of a community association, then much or all of the association’s common area and amenities may be placed in the STD whose construction is then paid for by bond financing. The bonds, in turn, are repaid by separate assessments levied against the members of the association. In this instance, the STD is an overlay of the community association so that homeowners pay two assessments, one to the association and one to the STD (to repay the bond financing and to pay for operations of the STD). The latter assessment paid to the STD usually is tax deductible. If the development process falters or the association falters, however, the bond holders may step in to cure a default. Other similar terms (but with different benefits and purposes) are Community Facility District (CFD) and Special Purpose District (SPD). See An Overview of Special Purpose Taxing Districts. There are over 37,000 such Districts of all types in the U.S, but not all are connected in some manner with a community association. See Census 2012 of All State Governments and 2017 Census of Governments (and as PDF).

  - Colorado Special Districts and Community Associations
  - An Overview of Special Taxing Districts
  - Appendix Two for the Census of Local Governments on Special Districts

● **Timeshare Association (TS)**: Common practice does not include timeshare associations (of any kind) within the three basic types of community associations even though the TS may be organized as a condominium.

  **U.S. Timeshare Industry: By the Numbers** (Updated, 2020 data)
  - $10.5 Billion—Size of the Industry
  - 1,582 Timeshare Resorts
  - 9.9 Million—Number of U.S. Households That Own 1 or More Types of Product (timeshare weeks, points, fractional and/or Private Residence Club)
  - $22,942—Average Price of a Timeshare Interval
  - $97.4 Billion—Contribution to U.S. Economy
  - $11.29 Billion—Amount Spent by Timeshare Owners & Guests during Timeshare Stays

  - American Resort Development Association (ARDA) and Timeshare Terminology
  - Timeshare and Vacation Plans (FTC)
  - Timeshare Cancellation Rights & Special Protections: 50-State Chart
5.6 Varieties of Community Association Uses

The Fact Book 2019 is mainly focused on residential community associations although some commercial use may be present. Nevertheless, residential associations can be developed around special themes and uses. Similarly, there are associations, apart from residential ones, that serve a variety of ownership interests and use and, as mentioned, there are associations comprised solely of manufactured homes and of those whose members are aged 55+.

- Star Gazing Planned Community
- Winery Planned Community
- Equestrian Planned Community
- Docks & Dockominium (Condominium)
- Rackominium (for boats)
- Site and Land Condominium
- Airport and Airport Garage Condominium
- Garage Condominium
- Cruise Ship Condominium
- Silent Cooperative (for the Deaf)
- Three Dimensional Airspace Subdivisions
- Wheat Growers Condominium Storage
- Retail Condominium
- Industrial Condominium
- Office Condominium
- Medical Office Condominium
- Condotel (hotels with a condominium component)
- Nudist Resort Condominium
- Cemetery POA
- RV Park Condominium
- Camp Grounds

5.7 55+ Condominium Unit Owners & 55+ Non-Condominium Owners

Like the rest of the U.S. population, owners in community associations are getting older. Some association owners are aging-place while others are living in age-restricted communities described in #5.5 above.

The 2016 data has been revised from earlier data to include facts specific to both condominium unit owners that are 55+ and to non-condominium owners who are 55+.

Here is the Table of Contents for Part Six:
Preface
Introduction
Appendix A. Glossary
Appendix B. Data and Methods
Appendix C. Results and Discussion
Appendix D. State Profiles
Appendix E. Margin of Error
Appendix F. Map of Percent of U.S. Condominium Households

Example of Tables
Table 1. Condominium Status of Persons Age 55 and Over and Their Households
Table 2. Persons Age 55 and Over by Sex and Condominium Status
Table 3. Ten-Year Age Group of Persons Age 55 and Over by Sex and Condominium Status
Table 4. Race of Persons Age 55 and Over by Sex and Condominium Status
Table 5. Hispanic Origin of Persons Age 55 and Over by Sex and Condominium Status
Table 6. Decade Structure Built of Households of Persons Age 55 and Over Condominium Status
Table 7. Type of Housing Structure of Households of Persons Age 55 and Over by Condominium Status
Here are the first 3 of the 13 Tables with the U.S. as an example:

**Comparison of U.S. Condominium and Non-Condominium Residents Age 55 and Over**

**Table 1.**
Condominium Status of Persons Age 55 and Over and Their Households: United States 2011 - 2015

<table>
<thead>
<tr>
<th>Status</th>
<th>Persons Count</th>
<th>Persons Percent</th>
<th>Households Count</th>
<th>Households Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Condominium</td>
<td>3,912,810</td>
<td>5.1%</td>
<td>2,627,160</td>
<td>5.6%</td>
</tr>
<tr>
<td>Not Condominium</td>
<td>73,237,419</td>
<td>94.9%</td>
<td>43,934,104</td>
<td>94.4%</td>
</tr>
<tr>
<td>Total</td>
<td>77,150,229</td>
<td>100.0%</td>
<td>46,561,264</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

5.1% of persons age 55+ lived in a condominium.
5.6% of households of persons 55+ were in a condominium.

**Table 2.**
Persons Age 55 and Over by Sex and Condominium Status: United States 2011 - 2015

<table>
<thead>
<tr>
<th>Sex</th>
<th>Condominium</th>
<th>Count</th>
<th>Percent</th>
<th>Not Condominium</th>
<th>Count</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>Condominium</td>
<td>1,580,594</td>
<td>40.4%</td>
<td>33,772,752</td>
<td>46.1%</td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>Condominium</td>
<td>2,331,816</td>
<td>59.6%</td>
<td>39,464,667</td>
<td>53.9%</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>Condominium</td>
<td>3,912,810</td>
<td>100.0%</td>
<td>73,237,419</td>
<td>100.0%</td>
<td></td>
</tr>
</tbody>
</table>

59.6% of condominium residents age 55+ were female compared to 53.9% of non-condominium residents age 55+ who were female.

**Table 3.**
Ten-Year Age Group of Persons Age 55 and Over by Sex and Condominium Status: United States 2011 - 2015

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Condominium</th>
<th>Male</th>
<th>Count</th>
<th>Percent</th>
<th>Female</th>
<th>Count</th>
<th>Percent</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>55-64</td>
<td>Male</td>
<td>595,279</td>
<td>37.7%</td>
<td>848,579</td>
<td>53.6%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>532,671</td>
<td>33.7%</td>
<td>775,457</td>
<td>46.4%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>65-74</td>
<td>Male</td>
<td>333,759</td>
<td>21.1%</td>
<td>494,037</td>
<td>32.2%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>311,063</td>
<td>16.5%</td>
<td>211,063</td>
<td>10.1%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>75-84</td>
<td>Male</td>
<td>117,604</td>
<td>7.4%</td>
<td>211,063</td>
<td>26.8%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>111,664</td>
<td>7.5%</td>
<td>211,063</td>
<td>26.8%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>85-94</td>
<td>Male</td>
<td>1,660,000</td>
<td>7.4%</td>
<td>211,063</td>
<td>26.8%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>1,660,000</td>
<td>7.4%</td>
<td>211,063</td>
<td>26.8%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>95 and older</td>
<td>Male</td>
<td>1,660,000</td>
<td>7.4%</td>
<td>211,063</td>
<td>26.8%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>1,660,000</td>
<td>7.4%</td>
<td>211,063</td>
<td>26.8%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>Male</td>
<td>1,660,000</td>
<td>7.4%</td>
<td>211,063</td>
<td>26.8%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>1,660,000</td>
<td>7.4%</td>
<td>211,063</td>
<td>26.8%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

63.1% (calculated separately) of condominium residents age 55+ were age 65 and over compared to 51.9% of non-condominium residents age 55+ who were age 65 and over.

There are similar Tables for each of the 50 States and the District of Columbia.
See also the Age of Housing by State and Housing Vacancies and Homeownership (CPS/HVS).

5.8 Large-Scale Community Associations

In 2015-16, CAI conducted a Survey of certain types of Large-Scale Community Associations (LSAs). The Survey categorized these associations by five Primary Uses and Lifestyle Themes: Age Restricted, Mixed Use, Private Club, Residential, and Resort/Residential. Those categories are defined below. The largest percentages of respondents were in the Residential (44.3%) or Resort/Residential (26.8%) categories.

- **Residential**: A community which may have a mix of housing types along with association common area including clubhouse, recreational, and maintenance facilities.
- **Age Restricted**: A “55 years old and older” (also called 55+) community subject to the Housing for Older Persons Act (HOPA).
- **Resort/Residential**: In addition to residential properties, this community includes golf courses, marinas, ski areas, hotel, timeshares, and/or other amenities.
- **Private Club**: Similar to Resort/Residential but access is limited to members only.
- **Mixed Use**: A residential community with a significant public retail and commercial aspect.
The tables below show the median number of Acres, Lots, Lots with Units, and Units per Acre now and at build out across the five primary use categories.

<table>
<thead>
<tr>
<th>Now</th>
<th>Residential</th>
<th>Age Restricted</th>
<th>Resort/Residential</th>
<th>Private Club</th>
<th>Mixed Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>n=</td>
<td>66</td>
<td>21</td>
<td>40</td>
<td>14</td>
<td>8</td>
</tr>
<tr>
<td>Acres Total</td>
<td>2,097</td>
<td>397</td>
<td>1,778</td>
<td>944</td>
<td>1,593</td>
</tr>
<tr>
<td>Lots</td>
<td>2,600</td>
<td>1,371</td>
<td>2,300</td>
<td>1,235</td>
<td>1,200</td>
</tr>
<tr>
<td>Lots with Units</td>
<td>2,486</td>
<td>1,382</td>
<td>1,900</td>
<td>1,244</td>
<td>3,033</td>
</tr>
<tr>
<td>Units per Acre</td>
<td>2</td>
<td>4</td>
<td>1.97</td>
<td>1.1</td>
<td>3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Build Out</th>
<th>Residential</th>
<th>Age Restricted</th>
<th>Resort/Residential</th>
<th>Private Club</th>
<th>Mixed Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>n=</td>
<td>66</td>
<td>21</td>
<td>40</td>
<td>14</td>
<td>8</td>
</tr>
<tr>
<td>Acres Total</td>
<td>2,100</td>
<td>397</td>
<td>1,756</td>
<td>1,000</td>
<td>1,896.5</td>
</tr>
<tr>
<td>Lots</td>
<td>2,901</td>
<td>1,382</td>
<td>2,364</td>
<td>1,425</td>
<td>2,970</td>
</tr>
<tr>
<td>Lots with Units</td>
<td>3,000</td>
<td>1,507</td>
<td>2,163</td>
<td>1,500</td>
<td>3,716.5</td>
</tr>
<tr>
<td>Units per Acre</td>
<td>2</td>
<td>4</td>
<td>1.95</td>
<td>1.3</td>
<td>3</td>
</tr>
</tbody>
</table>

The 156-page Large-Scale Survey contains data and tables organize around four themes:

1. Housing and Demographics
2. Governance Facts & Services
3. Community Facts & Services
4. Business Facts & Services

A very large percentage of LSAs reported that they do have a relationship with local government and public officials. Out of those that reported having a relationship, most qualified the relationship as either Favorable or Very Favorable.

<table>
<thead>
<tr>
<th>Relationship with Local Gov and Public Officials?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
</tr>
<tr>
<td>n=</td>
</tr>
<tr>
<td>Yes</td>
</tr>
<tr>
<td>No</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Relationship with Local Gov and Public Officials?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
</tr>
<tr>
<td>n=</td>
</tr>
<tr>
<td>Unfavorable</td>
</tr>
<tr>
<td>Neutral</td>
</tr>
<tr>
<td>Favorable</td>
</tr>
<tr>
<td>Very Favorable</td>
</tr>
</tbody>
</table>

The LSA Survey data also is presented by the demographic regions used by the Census, FEMA, National Association of Homebuilder and National Association of Realtor® categories.
How Do You Describe the Neighborhood Where You Live?

Introduction: In 2017, HUD added a neighborhood description question to HUD’s 2017 American Housing Survey (AHS) asking respondents whether they considered their neighborhood to be “urban,” “suburban,” or “rural.” The AHS is the nation’s most detailed housing survey. HUD obtained responses to the neighborhood description question from nearly 76,000 households, including approximately 2,150 households in each of 25 large metropolitan areas. To date, HUD has published two products from this data. First, HUD created a series of summary tables summarizing some basic results. Second, HUD and coauthors created the Urbanization Perceptions Small Area Index (UPSAI), which classified each census tract as urban, suburban, or rural based on the 2017 AHS Survey data. See the Census on Small Area Estimation.


Definitions of urban and rural are abundant in government, academic literature, and data-driven journalism. Equally abundant are debates about what is urban or rural and which factors should be used to define these terms. Absent from most of this discussion is evidence about how people perceive or describe their neighborhood. Moreover, as several housing and demographic researchers have noted, the lack of an official or unofficial definition of suburban obscures the stylized fact that a majority of Americans live in a suburban setting.

Comments: The primary federal urban/rural data classifications are from two sources: the Census and the Office of Management and Budget (OMB). The Census Bureau identifies two types of urban areas:

- Urbanized Areas (UAs) of 50,000 or more people;
- Urban Clusters (UCs) of at least 2,500 and less than 50,000 people.

“Rural” encompasses all population, housing, and territory not included within an urban area.”

The OMB uses “Metropolitan Statistical Areas” and “Micropolitan Statistical Areas” with populations outside these two Areas being “Rural.” These two sources do not have a “suburban” category. Other federal agencies have their definitions. As the summary tables and Working Paper indicate, however, when the AHS asked where the respondent lived based on three choices – urban, suburban or rural – the respondents’ answers when compared to the “urban” categories of the two most widely used definitions (OMB’s Metropolitan Areas and the Census Bureau Urban Areas), the majority of people describe their neighborhood as “suburban.”

The AHS UPSMAI together with earlier data by Trulia and Pew Research Center produced these similar results when someone was asked about the neighborhood in which the respondent lived.

<table>
<thead>
<tr>
<th>Source</th>
<th>Urban</th>
<th>Suburban</th>
<th>Rural</th>
</tr>
</thead>
<tbody>
<tr>
<td>AHS UPSMAI</td>
<td>27%</td>
<td>52%</td>
<td>21%</td>
</tr>
<tr>
<td>Trulia</td>
<td>26%</td>
<td>51%</td>
<td>23%</td>
</tr>
<tr>
<td>Pew</td>
<td>25%</td>
<td>43%</td>
<td>30%</td>
</tr>
</tbody>
</table>

The categories where someone lives have a long history. In 1893, Frederick Jackson Turner described the passing of the frontier as indicated by the 1890 Census, see Section 6.2 below. The 1920 Census provided data that urban living for the first time was greater than rural living. The table above confirms what the respondents already sensed: United States is a suburban nation. The two official data sources now need to catch up.

Hopefully, the official data sources also will eventually ask “what type of community association do you live in” – condominium, cooperative or planned community.
6. Residential Land Use and Development – A Brief History

6.1 Land and More Land (Updated)

The real issue in Colonial and early 19th Century America was what to do with all of America’s land. Of the nearly 2.3 billion acres of U.S. land area, 80% of it was in the public domain. Colonial governors had several methods by which land was distributed, but even after independence was achieved, the new federal and state governments owned most of the land. For the next one hundred plus years after Independence, real estate meant putting land ownership in private hands. Initial land sales during that period, while seemingly inexpensive, were still too costly for most citizens. Ground leases, borrowed from England, built some early American fortunes, but this practice literally could not span a continent.

► Commons and Enclosure in the Colonization of North America
► Influences of Native American land use on the Colonial Euro-American settlement of the South Carolina Piedmont
► Quit-Rent System in the American Colonies
► Land Use and the Study of Early American History
► Origins of Commercial Banking in the United States, 1781-1830

Land distribution resulted in politically-generated federal legislation including “Homestead Acts” which gave a person title of up to 160 acres of freehold land outside of the original thirteen colonies. The Homestead Act of 1862 formally ended in 1976 except in Alaska. The last homestead acreage was given out in Alaska in 1986. The U.S. has a long history of involvement with lands in the public domain. See also the 2012 National Resources Inventory for the most updated information on non-federal land use. Of a total U.S. surface area of 1.94 billion acres, only 6% is classified as “developed.” See also Appendix Six

6.2 New Frontier – Land Subdivision and Public Regulation (Updated)

America, urban and otherwise, continued to grow at a rapid pace after the Civil War driven by a vast supply of land, increased immigration, and the evolution of innovative construction techniques (such as balloon frame housing) as well as other improvements in construction materials and techniques. While the frontier was slipping away, cities, urban areas and suburbs were growing. Vacant building lots in urban areas were sold on a mass scale usually to individual and small builders often for cheap credit and nominal down payments. Most of this new housing was not in a subdivision and it usually lacked, to some degree, water, sewers and paved sidewalks and streets.

► Historical Overview of the American Land Use System: A Diagnostic Appr Diagnostic Approach to Evaluating Governmental Land Use Control
► The First Suburbs: Residential Communities on the Boston Periphery, 1815-1860
► Streetcar Suburbs: The Process of Growth in Boston, 1870-1900
► The Urban Frontier: The Rise of Western Cities, 1790-1830
► The Rise of the City, 1878-1898 (Urban Life and Urban Landscape)
► The Significance of the Frontier in American History (Frederick Jackson Turner,1893)
► The Search for Order, 1877-1920

In fact, merchant builders, as known today, acting under enforced building codes and land use regulations, did not really become a factor in housing construction until after World War II. A less sophisticated sub-divider in the late nineteenth and early twentieth century sold one lot and little else. These subdividers were often called “curb-stoners,” “fly by nights,” “land butchers.” They set up shop at the curb, sold the lot and then left. Nearly all houses were built under contract by owners often with financing by several methods including Building & Loan
Associations and with the help of family and friends. Land use controls were nominal at best. The sale of a large percentage of lots often had racially restrictive covenants.

- The Use of Deed Restrictions in Subdivision Development (Helen Monchow, 1928)
- From a contemporary perspective see this new resource from CAI’s College of Community Association Lawyers, presented at the CAI 2021 Law Seminar: Overcoming Racism in Community Associations – Attorneys as Agents of Change

Urban transportation, first by horse drawn vehicles, then by electric street car, then by railroad and later by automobile, moved cities outward, usually leaving sections of the urban core over time in dilapidated or slum conditions. Certain suburban builders both before the Civil War, and more increasingly afterward, focused on affluent markets and began construction of what would now be termed master planned communities (MPCs), for example: Llewellyn Park, NJ, Riverside, IL, Tuxedo Park, NY, Roland Park, MD, and just at the beginning of the 20th century, Palos Verdes Estates, CA. See Historic Residential Suburbs and Historic Residential Suburbs in the United States, 1830--1960. These “community builders” were operating in an environment with little or no zoning and nominal building codes. Early master planned communities/LSAs (using today’s terminology) were part of the first phase in the transformation of land development practices by private real estate interests in conjunction with what later became public regulations such as zoning. This initial transformation in land use, together with another phase just before and after WWII, eventually led to the rise of community associations.

<table>
<thead>
<tr>
<th>Transformation of Urban Land Development, 1850s-1920s</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Main Private Planning &amp; Development Tools</strong></td>
</tr>
<tr>
<td>Administration and coordination of capital investment</td>
</tr>
<tr>
<td>Creation and use of deed restrictions</td>
</tr>
</tbody>
</table>


By the time the Supreme Court decision in Euclid v. Ambler Realty (1926) formally recognized public land use controls through zoning, early community builders already had developed private land use controls. In these early MPCs, the homes for the affluent were subject to controls created by restrictions that were part of the deed. Later developments were designed for the less affluent: Sunnyside Gardens, Radburn, Chatham Village and Greenbelt. The development of detailed (and separate) governing documents came much later. This fee simple system of complete property rights in private ownership, as practiced in the late 19th and early 20th century, did not fully overcome land and housing speculation whether by investors or individuals. “Land-jobbing” and “town-jobbing”, while diminishing over time, still was part of the frenetic activity observed by Alexis de Tocqueville (and referenced earlier).

- 20th century regulation of private property in the United States: Disasters, institutional evolution, and social conflict
- Zoning Rules – The Economics of Land Use Regulation
- Marketing and Financing Home Ownership: Mortgage Lending and Public Policy in the United States, 1918-1989
- Richard T. Ely and the Contribution of Economic Research to National Housing Policy, 1920-1940
- J. C. Nichols and the Shaping of Kansas City: Innovation in Planned Residential Communities (1990)
- Middletown: A Study in Modern American Culture (1929)
- Middletown in Transition: A Study in Cultural Conflicts (1937)
6.3 **New Deal Housing Reforms, GI Bill After WWII** and **Mortgage Finance** (Updated)

In many respects, the New Deal housing and mortgage reforms, together with the GI Bill housing benefits, completed another or *second phase in the transformation of land development practices*. Unlike the initial phase that was centered mainly on the affluent homeowner/homebuyer, this new phase moved to the middle class with some emphasis on affordable housing. In 1938, two thirds of builders constructed only one home per year while only 11% of all home construction was by builder who constructed 100 homes or more per year. After WWII, many changes took place. The creation of large *merchant builders* meant more homes could be constructed more cheaply. With the *Federal Highway Act of 1956*, an improved highway system meant that homeowners did not have to be tied to the central city by employment or otherwise. The creation of *Levittown*, Long Island and *Park Forest*, IL, after WWII, represented both the successful use of war-time mass production techniques to build affordable subdivisions all at once, as well as the creation of housing for the average consumer who could buy a home in a complete community paid for by an FHA insured mortgage whose monthly payments often were less than the cost to rent.

- **The Community Builders Handbook** (ULI, 1947)
- **Estimates of Accumulated Housing Needs** (After WWII)
- **Mortgage Banking in the United States, 1870 -1940**
- **The Origins of Modern Housing Finance: The Impact of Federal Housing Programs During the Great Depression** (2001)

Overall, the period from the end of WWII through the 1970s saw a dramatic increase in personal income and housing growth especially in the suburbs. Things started out, however, a bit more hesitantly. No sooner had WWII ended when the battle over housing started. There was a shortfall of nearly 3 million housing units. President Truman first extended wartime housing controls to stimulate production and then experimented with rent controls to limit hardships, but neither really worked. What would work was a matter of intense debate. See the *Housing Act of 1949*. While private market housing developers (merchant builders) were adapting wartime production techniques to the mass production of subdivision homes, housing policy advocates, planners and academics envisioned a future that would rectify historical ills: slum and blighted areas and poor sanitation, inadequate construction regulation – which led to all of those urban ills that the arc of reform stretching from the Progressive period to the New Deal had failed to eliminate – this was the hoped for future.

- **Toward New Towns for America** (1966)
- **The Levittowners: Ways of Life and Politics in a New Suburban Community** (1967)
- **Expanding the American Dream: Building and Rebuilding Levittown** (1993)
- **Houser: The Life and Work of Catherine Bauer** (2000)
- **The American Mortgage in Historical and International Context** (2005)

Between 1870 and 1940, mortgage banking in the U.S. underwent significant changes. By the use of the conditional commitment for mortgage insurance and by supporting long term amortized mortgages, FHA set the stage for two *Government Sponsored Enterprises* – Fannie Mae (in the 1960s) and Freddie Mac (in the 1970s) to play a crucial role in the expansion of homeownership. These entities and others are discussed in #8.3 of the *Fact Book 2019*. FHA, in the early 1960s, and then Fannie Mae, in the early 1970s – provided support for the necessary state legislation and the mortgage underwriting guidelines for the development of condominiums.

This began the *current phase in the transformation of land development practices* with its increased emphasis on promoting homeownership for the middle class and for under-served markets together with an emphasis on sustainability and sound environmental practices. This phase, also, saw *HUDs’ New Communities* program as well as the creation of new types of large master planned communities sometimes on a city-building scale such as *Reston*, VA, *Columbia*, MD, *Highlands Ranch*, CO and *The Woodlands*, TX.
► The Homes Association Handbook (Urban Land Institute, 1964, requires independent search)
► Planned Unit Development with a Homes Association (1970)
► Frontiers of Planned Unit Development: A Synthesis of Expert Opinion (1973)
► Planned Unit Development Legislation: A Summary of Necessary Considerations (1974)
► Housing Policy in the U.S.: The Evolving Sub-national Role (Since 1975)
► Condominiums and Homeowner Associations: Formation and Development (1975)
► Housing Policy in the United States (3rd edition, 2015)

While the Fact Book 2020 treats the development of community associations as part of the historical transformation of land use practices, the impact of association development (large and small associations) has influenced other aspects of society. For instance, see Robert H. Nelson, Private Neighborhoods and the Transformation of Local Government. Nelson sees the creation of residential community associations as the primary cause of the current decentralization of local government. Further, he sees this as a fundamental development in the history of both local government and property rights. See also Nelson, New Community Associations for Established Neighborhoods.

7. Rise of Community Associations

7.1 Foundations for Growth of Community Associations

The use and acceptance of deed restrictions and the creation of zoning, subdivision laws and regulations, coupled with affordable housing financing arising from New Deal Housing Reforms and the GI Bill – these all laid the groundwork for the rise and growth of community associations after WWII. Community associations are an ongoing part of the transformation of land development practices.

Once again, the effects of the New Deal Housing Reforms and the GI Bill can be seen from another perspective in Part Three of the Fact Book 2020:

► Historical Housing Data
► Company Towns
► Chronology of Federal Involvement
► Restrictive Covenants and Race
► Historical Housing Papers

In a similar manner, the law and state statutes, as applied to community associations, also grew and evolved:

► Common Interest Communities: Evolution and Reinvention (2008)
► Statutory Clarification and Simplification of CID Law - Study H-855 (2014, reasons for reorganizing and clarifying the California Davis-Stirling Act)
7.2 Brief History of Planned Communities, Cooperatives and Condominiums

In the United States, community associations were first developed nearly 200 years ago. As with many other concepts borrowed, in part, from Europe, associations evolved into something uniquely American for three reasons:

- This country’s independence as the “first new nation” and the nation’s continuous striving for improvement over a huge land meant that European land use practices never took hold.
- Community associations fit easily into the transformation of land development practices that first used deed restrictions and then required zoning and subdivision controls and the recorded master covenants.
- Community association governance and management was consistent with the idea of local control that linked volunteer participation with professional support to produce well run housing management organizations (associations).

In order of historical appearance, the three (3) basic types of associations:

**►Planned Communities:** Planned communities were sporadically developed beginning in the 1820s and 1890s. Initially, they involved luxury apartments, but later they catered to immigrant affinity groups and organized labor as a means of providing affordable and decent housing for garment workers and others. Cooperatives have tended to serve two market extremes: Either low-moderate income homebuyers and families or luxury cooperatives such as those that were developed in New York City and that spread to other major urban centers such as Chicago and Washington, D.C. In 1950, the National Housing Act added FHA Cooperative Section 213 which helped to increase the popularity of cooperative housing for the decade before FHA mortgage insurance for condominiums (cited next) cut short this initial growth. Cooperatives rank third in the number of community associations. For an account of housing cooperatives just after WWII, see Cooperative Housing in the United States, 1949 and 1950. For the most recent data on cooperative housing associations, see the Urban Homesteading Assistance Board National Co-op Research. See p. 61-63 for selected characteristics of cooperatives. See Cooperatives 101 Washington DC and New York City 2019 Tax Abatement Records, 5137 cooperatives with 252,262 units.

**►Cooperatives:** Housing cooperatives were first centered in New York City beginning in the 1880s and 1890s. Initially, they involved luxury apartments, but later they catered to immigrant affinity groups and organized labor as a means of providing affordable and decent housing for garment workers and others. Cooperatives have tended to serve two market extremes: Either low-moderate income homebuyers and families or luxury cooperatives such as those that were developed in New York City and that spread to other major urban centers such as Chicago and Washington, D.C. In 1950, the National Housing Act added FHA Cooperative Section 213 which helped to increase the popularity of cooperative housing for the decade before FHA mortgage insurance for condominiums (cited next) cut short this initial growth. Cooperatives rank third in the number of community associations. For an account of housing cooperatives just after WWII, see Cooperative Housing in the United States, 1949 and 1950. For the most recent data on cooperative housing associations, see the Urban Homesteading Assistance Board National Co-op Research. See p. 61-63 for selected characteristics of cooperatives. See Cooperatives 101 Washington DC and New York City 2019 Tax Abatement Records, 5137 cooperatives with 252,262 units.

**►Condominiums:** A few condominiums were created by common law efforts both before and after WWII. The U.S. condominium concept was borrowed from Puerto Rico, but the historical origins are from Europe. Condominiums never had a “Roman Origin.” Condominiums received a significant boost in 1961 with the passage of National Housing Act Sections 234(c) and 234(d) that extended mortgage insurance, respectively, for unit owner mortgages and for project development mortgages. This FHA mortgage insurance, however, was not available unless the state had a condominium act. By the end of the 1960s, every state had such an act – a “First Generation Condominium Act.” Condominiums have tended to serve the first-time homebuyer market, empty-nesters and others seeking direct relief from traditional detached homeowner maintenance issues. Some condominiums are used for very upscale, high-end primary and second homes. See p. 63-64 for selected characteristics of condominiums.
7.3 Reasons for Growth of Community Associations

Housing is more than just shelter in U.S. society – homeownership is often thought to be essential to achieve the "American Dream." Residential real estate development always has been subject to cyclical economic, social and political forces. Most recently, these forces have required home builders and developers to cooperate and negotiate more than ever with public bodies and, in some cases, the public itself in order to obtain building permits, design approvals, environmental releases and financing for their projects. These forces, together with demographic changes and smart growth activities, have influenced the growth of community associations.

The development and operation of community associations provides these four benefits to their homeowners and to the civil community in which the association is located:

(1) Effective Delivery of Services by Collective Management: Americans have accepted, for the most part, the collective management structure of community association living. The private covenants and rules and regulations characteristic of associations, of course, are not novel in residential living whether arising from rental leases or from municipal building and zoning controls. In some types of community associations, Americans have sought these private controls in return for recreational amenities, clubhouses and social activities. In all types of community associations, however, Americans have accepted these private covenants and rules because collective management and architectural controls benefit all residents.

► Community association housing is the only form of ownership housing whose financial management is predicated on standardized accounting for tracking revenue and expenses and the accumulation of reserves.

(2) Flexibility in Development and Land Planning: With respect to the development of the associations, local jurisdictions often require builders and developers to create community associations if they want to construct new housing. Because of local fiscal problems created by rising school populations and voter-imposed limits on real estate tax increases, these jurisdictions require associations to assume many responsibilities that traditionally belonged to local and state government, such as infrastructure development, road and sidewalk maintenance, snow removal and storm water management. For instance, the Public Works Department of some jurisdictions now only focuses on street signs and similar matters. One reason for this narrow focus is that the county effectively delegates (or privatizes) some of its previous public obligations by requiring that developers of residential properties create community associations to fulfill such tasks.

► This type of privatization of public goals using a community association is consistent with smart growth practices that stress collaboration, sustainability and efficient land-use design.

(3) Expansion of Affordable Homeownership: There has been an effort to increase the percentage of homeownership in America, especially in underserved market groups such as minorities, women, and immigrants and in underserved locations such as in rural areas, urban centers and inner ring suburban areas. Almost from their inception in the 1960s, condominiums have tended to serve the affordable end of market rate housing, especially for first-time buyers. This was especially true of early condominium conversions. Many states and city governments have requirements that mandate a developer provide a certain percentage of housing units just for low and moderate-income families with the balance of the units for market rate families. Some 500 civil communities have inclusionary housing requirements some of which involve community associations. See Montgomery County MD Housing Opportunity Commission.

► Community associations provide a viable housing management approach to inclusionary housing because of their delivery of the three core services to all residents regardless of economic status and tenure.
Reshaping the Economics of Public Goods: All association owners have to pay assessments and the association has to maintain and preserve common property. Free riders for this preservation are limited. Also, community associations minimize the effects of certain external public costs typically paid for by taxation. For instance, all types of housing are subject to certain actions of local government such as code compliance, zoning enforcement and inspections. The cost to fund these actions by local government is paid by local taxes usually property taxes. Association homeowners not only pay those property taxes to local government to fund those actions, but they also pay assessments to their association to privately fund their own architectural controls, property inspections and methods to secure compliance. These association financial actions enable local government is to minimize certain public staffing and compliance efforts while still getting revenue -twice.

Public Goods and Private Communities
HOAs Double Taxed in Colorado
Private Regimes in the Public Sphere
Cutting Municipal Services During Fiscal Crisis: Lessons from the Denial of Services to Condominium and Homeowner Association Owners

When viewed from a public goods perspective, associations either avoid or minimize:

- **Tragedy of the commons** where no one is responsible because of mandatory membership, collective management and direct homeowner governance; and associations also avoid or minimize the
- **Free Rider** problem (where not all beneficiaries pay their share,) through mandatory covenants, lien-based assessments and agreements that require reciprocal actions by both the association (acting through the board of directors) and the homeowners.

The rise and growth of community associations is the current phase in the transformation of land development practices in the United States. In the early history of associations, the three core services tended to mean the following:

- Business meant austerity
- Governance meant strict compliance
- Community meant conformity

As associations have matured and absorbed the changes brought about by the larger aspects of the transformation in land development practices, by environmental challenges and by the lessons learned from development and operations, current association practices have a new analogue.

- Community means harmony
- Governance means transparency
- Business means sustainability
8. Community Associations Housing in the Federalist System

8.1 State Laws Coupled with Federal Involvement

Condominiums always are created by state statute. Planned communities and cooperatives, however, can be created by conventional real estate methods. As mentioned, there is an important and evolving federal involvement that now combines with state and even municipal association laws and regulations. Early on, studies and reports concerning community associations at the state and federal levels tended to deal with association development matters or focus on public interest concerns or both.

► HUD Condominium Cooperative Study (1975)
► HUD Conversion of Rental Housing to Condominiums and Cooperatives (1980)
► Common Interest Communities: Private Governments and the Public Interest (1994)

8.2 Role of the Uniform Law Commission: By the end of the 1960s, every state had a condominium act that enabled the creation of the association in a manner that would facilitate obtaining FHA mortgage insurance, private mortgage lending and title insurance. This early legislation is often referred to as “First Generation Condominium Acts.” Little attention was paid to planned communities. Housing cooperatives, with a narrower geographic focus, had a long history, beginning in the 1890s, in the New York market. Problems with conversions to condominium, a lack of balance between consumer protection and developer flexibility, and other issues, however, led to the need to take a closer look at state community association legislation by the Uniform Law Commission. The result was a series of model and uniform laws dealing with the three types of associations that have been adopted in varying forms in a number of states. Uniform Common Interest Ownership Act (UCIOA)


UCIOA permits the creation of all three of the basic types of community association in a single statute. Generally, when any of the “uniform” statutes are adopted by a state, by the state makes changes to that statute to reflect state concerns and practices.

Uniform Condominium Act (UCA): The Uniform Condominium Act has been adopted in: Alabama, Arizona, Kentucky, Louisiana, Maine, Minnesota, Missouri, Nebraska, New Hampshire, New Mexico, North Carolina, Pennsylvania, Rhode Island, Texas, Virginia and Washington. UCIOA permits the creation of all three basic types of community associations in that statute. Generally, when the uniform acts are adopted, they are modified to state interests and needs. Collectively, these uniform laws are sometimes referred to as the “Uniform Real Property Acts.”

Model Real Estate Cooperative Act (MREA): This has been withdrawn and it is not available.

Planned Community Act (PCA): UPCA has been adopted only in Pennsylvania, 1997. The Law Commission does not show Oregon as having it, but Oregon may have a close version. The Planned Community Act started out as a Uniform Act, but it was changed to a Model Act in 2003.

Uniform Manufactured Housing Act (UMHA): UMHA was created by the Law Commission in 2012. Most states have statutes that deal with manufactured housing (formerly called mobile homes). UMHA deals with the proper classification of such housing as real property versus personal property. Approximately 18 states deal directly with the conversion of mobile homes to cooperative or to condominium. Those 18 states and links to those laws are found in the given individual State Summaries 2019 at #5.5.
8.3 Role of the “Agencies” (Revised and Updated)

8.3.1 GSEs: There are two Government Sponsored Enterprises (GSEs) – Federal National Mortgage Associations (doing business as Fannie Mae) and the Federal Home Loan Mortgage Corporation (doing business as Freddie Mac) that are very important to homeownership housing. Both are currently under the conservatorship of the Federal Housing Finance Agency (FHFA). Both have played and continue to play an active role in the development and operation of community associations by helping to modify some of the weaknesses in First Generation Condominium Acts.

There are four federal agencies below, however, that also play a role in the development and operation of associations:

- Federal Housing Administration (FHA),
- Department of Veterans Affairs (VA),
- Federal Emergency Management Agency (FEMA) and its National Flood Insurance Program (NFIP) and, to a lesser extent, the
- Government National Mortgage Association (Ginnie Mae)

8.3.2 FEMA/NFIP FEMA, through the NFIP, provides flood insurance for condominium associations in its Residential Condominium Building Association Policy (RCBAP). See the FEMA Flood Insurance Manual Previous Editions & Effective April 1, 2021. FEMA does not have special insurance programs for planned communities and cooperatives. FEMA, NFIP and RCBAP data is available in the State Summaries 2019. Collectively, all these entities have sometimes been called the “Agencies.” The GSEs, FHA and VA influence associations through underwriting standards and guidelines, sometimes called Project Standards.

- The GSEs (Fannie Mae and Freddie Mac) purchase mortgage loans made by mortgage lender for home/units in associations. The GSEs, however, will only purchase these association loans if the community association meets Project Standards.
- FHA insures mortgages for homes in associations.
- VA guarantees mortgages for homes in associations.
- Ginnie Mae buys mortgages only from FHA, VA, HUD’s Public and Indian Housing Program and from the Dept. of Agriculture’s Rural Development Program; therefore, Ginnie Mae has a minimal direct involvement with associations. Ginnie Mae securities are the only Mortgage Backed Securities (MBS) to carry the full faith and credit guaranty of the United States government.

These Agencies (apart from FEMA) will only provide their services if the association meets certain guidelines, i.e., meets Project Standards. In addition to meeting underwriting guidelines, each of the “Agencies” has a list of Ineligible Project Types. Freddie Mac’s approval process is 100% lender delegated, i.e. the lender makes the decision if the association meets Freddie Mac Project Standards. Fannie Mae, FHA and VA take the opposite approach, i.e., the lender needs to ask the given Agency for a waiver of the given Project Standard.

While flood insurance is required if the condominium association is in a Special Flood Hazard Area, FEMA can provide certain types of flood insurance even if the association is not located in such an Area. In fact, people outside of mapped high risk areas file over 20% of all claims with the National Flood Insurance Program and receive one-third of Federal Disaster Assistance for flooding.

The Project Standards and related information are detailed and regularly updated:

- Fannie Mae Selling Guide
- Freddie Mac Snapshot Selling/Servicing Guide
- FHA Condominium Project Approval and Related Information
- NFIP Condominium Coverage and FEMA Flood Insurance Manual
- Ginnie Mae Mortgage Backed Securities (MBS) Guide
Each *State Summary 2019*, also, contains links for the various Agencies to determine if a given community association is approved by the Agency in that state. Alternatively, a prospective borrower can ask their mortgage lender if the association is approved.

8.4 Community Association Housing as Part of U.S. Housing & Population

The links below also are found in the 51 *State Summaries 2020* (including the District of Columbia). This data is more appropriately viewed in those Summaries where the specific state data can be seen in the context of certain association data.

For more summary information, see the *Statistical Reviews* from 2012-2020.

8.5 Comparing Community Associations to Other Entities

There are just over 40 million “entities” in the U.S. – charitable, governmental, business and community associations. Associations represent just under 0.9% of the total. Community associations are one component of other primary entities in the U.S. See Appendix Two for the attributable years for the data.

<table>
<thead>
<tr>
<th>Entity</th>
<th>Number</th>
<th>Percent of Total Entities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Exempts &amp; Other Nonprofits</td>
<td>1,571,056</td>
<td>3.89%</td>
</tr>
<tr>
<td>Governmental Units</td>
<td>90,126</td>
<td>0.22%</td>
</tr>
<tr>
<td>Businesses</td>
<td>38,396,966</td>
<td>95.01%</td>
</tr>
<tr>
<td>Community Associations</td>
<td>355,000</td>
<td>0.88%</td>
</tr>
<tr>
<td>Total Entities</td>
<td>40,413,148</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

For more details, see Appendix Two:

8.6 Association Taxation and Financial Reporting

To some extent, the financial management and taxation of community associations falls between for-profit businesses and tax-exempt charitable organizations. *Appendix Three* makes clear where associations fit in terms of aspects of those two recognizable entities.

All condominiums and nearly all planned communities have federal income tax filing obligations under one of two sections of the Internal Revenue Code (IRC). One federal tax filing option is under IRC Section 528 and Form 1120-H is used. The other filing option is under IRC Section 277 and file Form 1120 is used.

Some planned communities qualify as tax-exempt under IRC Section 501(c)(4) (and perhaps some other IRS category) and these associations file IRC Form 990. Condominiums and cooperatives can never qualify under IRC Section 501(c)(4) because of IRS Revenue Ruling 69-280. A planned community, however, might qualify if it met the requirements of IRS Revenue Ruling 72-102 and of IRS Revenue Ruling 74-99. See also Homeowners’ Association Tax Library.

Housing cooperatives are taxed under IRC Sub-chapter T and file Form 1120-C. In order to qualify for the pass-through mortgage interest and real estate taxes to their shareholder members, housing cooperatives also must adhere to IRC Section 216 requirements.

See also FHA Production Reports, FHA Single Family Loan Performance, FHA Single Family Origination Trends Report and HUD/FHA Handbooks.

- Companies that provide title insurance also have underwriting guidelines that will involve community associations.
- FHFA Duty to Serve and Reports and Plans and Data Sets for GSE data.
The Financial Accounting Standards Board (FASB) provides accounting guidance for “common interest realty associations” (CIRAs). On July 1, 2009, the FASB Accounting Standards Codification (ASC) became “the single official source of authoritative, nongovernmental U.S. generally accepted accounting principles (GAAP).” CIRAs are described in Standard #972. Also see Financial Guide to Homeowners’ Associations and Other Realty Associations.

FASB requires the association’s accounting statements to be presented in accordance with Generally Accepted Accounting Principles (GAAP). For community associations, accrual accounting and fund reporting are the preferred methods. Fund reporting usually involves separately reporting the financial activities in an Operating Fund and a Reserve Fund. FASB refers to reserves as “major repairs and replacements.” The establishment of reserve standards and reserves themselves should be determined and calculated by a Reserve Specialist or someone with similar qualifications.

►The recent and important accounting change has been FASB 606 Revenue Recognition Standards that impacts all industries including community associations and the reporting of reserves. The existence of reserves has become an important issue in mortgage financing especially with the GSEs, FHA and VA. The underwriting guidelines (i.e., “Seller Guides” and “Processing Guides”) all have special sections for reserves. See the various State Summaries 2019 for state reserve requirements in the enabling statutes, and #12.4 below.

See also Summary of Financial Reporting and Auditing Guidance for HUD Multifamily Program Participants and Independent Auditors.

Many states also have community association income tax requirements.

8.7 Association Financial Management

The association’s requirements for adhering to budget processes, distribution of financial information and collection of delinquent assessments are found in the enabling statute and/or in the recorded governing documents. There is an emphasis placed on four financial and risk management areas: (i) Reserves as mentioned above, (ii) Lien Priority and Foreclosure, (iii) Budget Formation and (iv) Risk Management and Insurance. Risk Management and Insurance is discussed in Section #12 below.

Community association lien priority in certain states places the association’s lien for assessments in a priority position with respect the mortgage lender’s lien. This priority is recognition that the association has to look after the lender’s asset (the mortgaged home) when the owner is not making mortgage payments and probably not paying assessments. Lien priority is a state-by-state issue and can be found in the State Summaries 2019. Also, see Section #12.3 below.

All housing can be subject to foreclosure and the forced sale of the property for many reasons:

1. Failure to pay a debt secured by real property such as a mortgage delinquency. These foreclosure processes are state-specific. See Foreclosure Laws and Procedures by State.

2. Failure to pay federal income can lead to IRS Real and Personal Property Sales.

3. Vacant and abandoned property can prompt local government intervention and eventual acquisition of such property. See the Census Methodology for State and County Total Housing Unit Estimates.

4. The sale of property tax liens and tax deeds can result in the same foreclosure as mentioned above. Each year approximately $4-$6 billion in delinquent property taxes are offered for sale each year collectors in 28 states and D.C. use tax lien sales to force owners to pay delinquent taxes. These forced sales often are for a fraction of the market value of the home.
5. Failure to pay assessments to the community association.

There are several research articles discussing community association lien priority:

- Andrea Boyack, *Community Collateral Damage: A Question of Priorities*
- William Breetz, *The Six Month Limited Lien Priority*
- Daniel Goldmintz, *Lien Priorities*
- Stewart Sterk, *Maintaining Condominiums and Homeowner Associations*
- C. Scott Pyor, *Nine to Eleven: Accounting for Common Interest Communities in Bankruptcy*
- Joint Editorial Board (JEB), *Strengthening HECM Mortgages Strengthening HECM Mortgages*

Certain states and local jurisdictions have a more detailed approach to association budgets and related financial matters, by way of example see:

- California *Operating Cost Manual*
- Florida *Budgets & Reserve Schedules*
- Fairfax County VA *Community Association Manual*
- Virginia *Condominium Regulations*
- Maryland *Montgomery County Commission on Common Interest Communities*
- Hawaii *Condominium Registration and Education*

9. **CAI Professional Designations, Manager Licensing & Legislative Issues**

9.1 **Professional Designations**

[Community Associations Institute](https://www.caionline.org) (CAI) and [Community Association Managers International Certification Board](https://www.caimcb.org) (CAMICB) are pleased to provide this database of credentialed professionals. This database allows you to locate community managers and professionals who have earned the following credentials:

<table>
<thead>
<tr>
<th>Management Credentials</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certified Manager of Community Associations (CMCA)</td>
<td>Reserve Specialist (RS)</td>
</tr>
<tr>
<td>Association Management Specialist (AMS)</td>
<td>Community Insurance and Risk Management Specialist (CIRMS)</td>
</tr>
<tr>
<td>Professional Community Association Manager (PCAM)</td>
<td>College of Community Association Lawyers (CCAL)</td>
</tr>
<tr>
<td>Large-Scale Manager (LSM)</td>
<td>Educated Business Partner – Distinction</td>
</tr>
<tr>
<td>Accredited Association Management Company (AAMC)</td>
<td>CAI Board Leader Certificate</td>
</tr>
</tbody>
</table>

- [Learn more](https://www.caionline.org) about what these CAI professional designations mean to you and your community.
9.2 Association Manager Licensing

- Regulation of Community Association Managers

9.3 Association Legislation Initiatives and Tracking

- State Legislative Action Committee
- Legislative Tracking Reports

10. Community Services as an Association Core Function

Introduction: The Statistical Review 2020 reports on the active involvement of nearly 2.5 million homeowner leaders and other homeowner volunteers all of whom donated over 97 million hours of time in the governance and management of their association boards of directors and committees. These leaders provided nearly $2.8 billion dollars of time to their associations. In addition to privatizing certain infrastructure and development functions mentioned in #7.3, the community services functions save local government between $2 to $4 billion a year by minimizing the need for building and health code enforcement and other public safety services.

Associations perform many of these governmental type functions as part of common area inspections and obtaining cooperation and compliance from residents. New Jersey Bureau of Housing Inspections, for instance, makes clear that it understands that community associations have the same inspection functions as do hotel owners and rental apartment building owners. New Jersey, also, recognizes that community association assessments often cover the same services paid for in property taxes. See the New Jersey State Summary at Section #5.4 for the “Municipal Services Act for Community Associations.” Also, see this CAI Amicus Brief on Reimbursement Under the New Jersey Municipal Services Act. Community Services run the range of activities below and include a variety of related activities that are discussed in this CAI publication:

Managing & Governing: How Community Associations Function

10.1 Community Association Living: An Essential Guide for Homeowner Leaders

Introduction: The purpose of Community Association Living: An Essential Guide for Homeowner Leaders is to introduce community volunteer leaders and members to community associations, provide a greater understanding of exactly how a community association works from both an organizational and people standpoint, and to offer members the information necessary for fully enjoying and benefiting from community association living.

10.2 From Good to Great – Principles for Community Association Success

Every community has its own history, personality, attributes and challenges, but all associations share common characteristics and core principles. Good associations preserve the character of their communities, protect property values and meet the established expectations of homeowners. Great associations also cultivate a true sense of community, promote active homeowner involvement and create a culture of informed consensus. The ideas and guidance conveyed in this brochure speak to these core values and can, with commitment, inspire effective, enlightened leadership and responsible, engaged citizenship.
10.3 **Community Matters – What You Should Know Before You Buy**

Whether you are considering buying a home in a community that is newly developed (either new construction or a conversion) or a resale in an existing community, or you are renting with the possibility of buying—you need to consider certain key points about community association governance and operations. This publication will help. Also, this information runs parallel to the Consumer Finance Protection Bureau (CFPB) campaign on Know Before You Owe. Further, the State Summaries 2020 provide information links for those states that require disclosure upon sale. The states with some version of the Uniform Real Property Act require disclosure upon sale. If interstate land sales are involved, then the CFPB by means of the requirement for Interstate Land Sales Registration provides consumer protection. Many states have detailed disclosure and other requirements on first-sales and re-sales especially in condominiums. See Virginia Condominium Regulations or Connecticut Condominium FAQs or Colorado The HOA Information and Resource Center. The various State Summaries 2020 contain more information.

10.4 **Community Harmony & Spirit [FCAR Best Practices]**

How do managers and boards increase resident involvement within community associations? By treating all residents as stakeholders and developing and conducting community harmony and spirit-enhancing programs and including residents in the initial stages of program development. Building community spirit is more than informing residents about board action and improvements. It’s asking their opinions and developing programming that will spur further community involvement.

10.5 **Community Security [FCAR Best Practices]**

The goal of this Best Practices Report is to give you an assessment and review of many community security systems and features—including useful tips and tools—to help meet residents’ crime prevention needs.

10.6 **Community Associations Remain Preferred Places to Call Home**

For the eighth time in 15 years, Americans living in homeowner associations and condominiums have told pollsters they are overwhelmingly satisfied in their communities. The March 2020 Survey affirms the findings of almost identical national surveys conducted in 2005, 2007, 2009, 2012, 2014, 2016 and 2018. The 2020 survey was conducted by Zogby Analytics for the Foundation for Community Association Research. The findings from the seven surveys are strikingly consistent and rarely vary by a standard margin error for national, demographically representative surveys. By large majorities, owners:

- Rate their overall community experience as positive or, at worst, neutral.
- Say their association board members serve the best interests of their communities.
- Indicate their community managers provide valuable support to residents and their associations.
- Support community association rules because they protect and enhance property values.

The findings objectively refute the unfounded and unsubstantiated myth that the community association model of governance is failing to serve the best interests of Americans who choose to live in common-interest communities.
11. Governance Services as an Association Core Function

**Introduction:** Each of the State Summaries 2020 provides information on the state statutes that have an impact on how community associations are governed. The Statistical Review 2020, also, estimates that 30% to 40% of associations are self-managed. In these self-managed communities, the boards of directors avail themselves of advice from key professionals such as attorneys, accountants, insurance agents and Reserve Specialists; but the management itself is provided by the board. See the list of CAI Professionals by Designation in #9.1 above.

Good governance involves more than meeting legal requirements. Increasingly, association disputes, including construction defect matters, are often first approached by internal dispute resolution before moving on to more formal actions.

Nevertheless, association law is very important. The role of the Uniform Law Commission (see #8.2) in bringing changes at the state statute level has been discussed. In terms of property law, the American Law Institute (ALI) in its Restatement of the Law Third, Property (Servitudes) in Vol. 2, Chapter 6, “Common Interest Communities” brought about a comprehensive discussion of the basic elements of association law. Professor Susan French, the Reporter on the ALI project, has an explanatory article titled Making Common Interest Communities Work: The Next Step.

CAI continues to work toward using the law to help communities work, see:

- Amicus Briefs Filed on Behalf of Community Associations
- College of Community Association Lawyers
- Community Association Law Reporter
- Community Association Law Seminar
Managing & Governing: How Community Associations Function for a general discussion of governance as a core service.

11.1 Governance [FCAR Best Practices]

It is CAI’s purpose to foster vibrant, responsive, competent community associations that promote harmony, a sense of community and responsible leadership. Common characteristics of such community associations include good communication, trust in the management and board of directors, continuing education of board members and homeowners, and uniform, flexible and reasonable enforcement of governing documents. Inclusiveness—the involvement of as many residents of the community as possible—is a critical element in fostering a sense of community.

11.2 Strategic Planning [FCAR Best Practices]

Strategic planning is more than ensuring your association will remain financially sound and be able to maintain its reserves—it’s projecting where your association expects to be in five, ten, or fifteen years—and how your association will get there. It is a systematic planning process involving a number of steps that identify the current status of the association, including its mission, vision for the future, operating values, needs (strengths, weaknesses, opportunities, and threats), goals, prioritized actions and strategies, action plans, and monitoring plans. Strategic planning is the cornerstone of every common-interest community. Without strategic planning, the community will never know where it is going—much less know if it ever got there.

11.3 Transition [FCAR Best Practices]

The purpose of this report is to provide builders and associations with guidelines they can use to develop and turn over control of a community association project in such a way that transition becomes much easier and less confrontational. The ultimate goal of transition is for the unit owners to take over and move forward with the builder retaining a good reputation, with no litigation, and with positive word-of-mouth sales.

11.4 Ethics [FCAR Best Practices]

The concept has come to mean various things to various people, but, generally, it’s knowing what is right or wrong in the workplace and doing what’s right—usually in regard to products and services and to relationships with stakeholders. In times of fundamental change, values that were once followed inherently are now strongly questioned or no longer followed. Consequently, there is no clear moral compass to guide leaders through complex workplace dilemmas. Attention to ethics in the workplace sensitizes leaders and staff to how they should act. Perhaps most important, in times of crises and confusion, attention to business ethics helps ensure that when leaders and managers are struggling, they can retain a strong moral compass.
11.5 Community Association & Related Statutes

Association statutes are found in the *State Summaries 2020*.

While the state condominium or similar enabling act and the association’s declaration and related governing documents are critically important to governing the association, there are many other local, state and federal laws that impact community associations. Certain states have provided specific administrative support directed at assisting with association issues.

► *Common Interest Communities: Evolution and Reinvention*
► *Community Association Ombudsman Programs by State*

[Not all states have an Ombudsman]

See *Census 2012 of All State Governments* and the *2017 Census of Governments*

11.6 Community Association Volunteer Immunity

For more detailed information on volunteer immunity for association leaders and volunteers, see this comprehensive publication entitled *Voluntary Immunity in Community Associations*.

Volunteer directors and officers who serve on their boards face the potential for personal liability in serving the association. Although all states provide some form of immunity from liability for volunteers, the number of suits being filed each year against both community associations and their boards is increasing. The protections offered by states vary widely, and prudent board members need to consider them when formulating policy and participating in a community association. *Volunteer Immunity* offers a summary of volunteer immunity according to the federal Volunteer Protection Act and each state’s volunteer immunity statutes and explains how the statutes apply to community associations and their volunteer officers and directors. It includes a chart of volunteer immunity by state.

11.7 Standard of Care for Community Association Directors & Officers

Community association directors and officers need to understand the duties they owe to their association and fellow owners, the nature of those duties, and the liability performing those duties may bring. How much a volunteer leader knows about his or her state’s standard of care can be the difference between liability and immunity. *Standards of Care* provides a survey of each state’s standard of care for community association directors and officers, a brief description of the standards by which they must perform their duties and recommendations for complying with their state’s standard of care. Also includes a discussion of notable trends in state legislation, how the standard of care may evolve and a chart of the standard of care by state. For more detailed information on standards of care for association directors and officers, see this comprehensive publication entitled *Standards of Care in Community Associations*.

11.8 Community Association Deed Based Transfer Bans

11.9 Community Association Clothesline Ban

11.10 Community Association Ombudsman Programs

11.11 Community Association Solar Rights and Easements
11.12 **College of Community Association Lawyers (CCAL) State Law Pages**

[See selected states]

11.13 **Creating Harmony in Diverse Communities** (New)

Based on research findings, the Foundation for Community Association Research recommends that Community Associations Institute develop training and education that covers:

- How to establish formal procedures for handling diversity and discrimination issues in associations.
- Promotion of the importance for continuing active social programs and communications for reducing complaints. This relationship is already being recognized by management and residents as evidenced in these surveys.
- Education on relevant state and federal laws on diversity and discrimination issues as well as emerging changes in the way courts are handling these issues.
- The importance of board training on diversity and discrimination issue management and on how to handle resident-to-resident complaints and complaints to the board.

12. **Business Services as an Association Core Function**

**Introduction:** Community associations are “big business” in small increments. As mentioned in #5.2, the associations themselves have an aggregate value of around $6.288 trillion dollars and, in terms of residential fixed investment and Housing Services, contribute at least 4% to GDP. The [Statistical Review 2020](#) also points that the 7,000 – 8,000 community association management companies employ nearly 100,000 people to assist the 60% to 70% of associations that require professional management to deliver the core services previously discussed. Section #9.1 of the [Fact Book 2020](#) lists the various CAI management (and other) credentialing programs.

Physical asset management incorporating diligent maintenance and carefully structured budgets and reserve funds are two of the three most important association business services. The third important business service involves risk management and insurance. Most planned communities have nominal direct property exposures to loss because insurance for the homes is the responsibility of the owner. In 10% to 20% of planned communities, however, insurance is maintained on a blanket basis as though the planned community was a condominium or cooperative. For those planned communities as well as for condominiums and cooperatives, risk management and insurance expenses can be almost 25% to 30% of the budget especially if catastrophic perils such as flood, wind and earthquake are being insured.

► **Breaking Point: Examining Aging Infrastructure in Community Associations**

**Insurance:** Only a few states such as Florida and Illinois have comprehensive association insurance requirements. For most states, the governing documents contain more detailed insurance obligations. In turn, those requirements for condominiums typically are driven by Fannie Mae and Freddie Mac insurance requirements in their Seller Guides (see Project Standards). This is a reminder that association insurance is necessary for both physical asset management and to enable the association homeowner to obtain mortgage financing and refinancing. Insurance for the association is classified as commercial insurance while insurance obtained by a homeowner is classified as personal insurance. Generally, property insurance is obtained on the full insurable replacement cost of the property as well as for mechanical breakdown of common equipment. Liability insurance often includes Directors &
Officers (D&O) Liability Insurance. Usually, fidelity insurance is purchased to protect operating and reserve funds. In a condominium, if the building or home is in a Special Flood Hazard Area, then flood insurance will be required in order to obtain a mortgage or refinancing. See the various State Summaries 2020 for the amount of flood insurance in place.

Association residents (owners and tenants) typically obtain personal insurance for their homes:

- **HO-6** for a homeowner in a condominium, cooperative or in a planned community that insures like a condominium or cooperative.
- **HO-3** for a homeowner in a typical planned community.
- **HO-4** for a tenant renting a home in a community association.

Nationally, around one-third of all homeowners own their homes debt free which means that there is no mortgage lender pushing the owner to have insurance. Probably less than 50% of condominium owners have an HO-6 policy. See the various State Summaries 2020 for the percentage of homes without mortgages.

► **NAIC on** Dwelling Fire, Homeowners Owner Occupied, and Homeowners Tenant and Condominium/Cooperative Unit Owner’s Insurance Report: Data for 2018 (New released in 2020)

► **Notes:** Caution must be used with the NAIC data because Tenant (HO-4) data is included in the condominium (HO-6 data). Also, the NAIC does not recognize homes in planned communities. Also, the NAIC does not recognize that some planned communities insure like a condominium.

### 12.1 Condominium Insurance Requirements

See 50 State/District of Columbia Condominium Insurance Statutes

### 12.2 Flood Insurance – Condominiums

**Note:** Flood insurance offered by FEMA through the National Flood Insurance Program (NFIP) was subject to substantial changes in the Flood Insurance Reform - The Law. Not all of the changes have been enacted. See also the Homeowner Flood Insurance Affordability Act of 2014. For help regarding FEMA flood insurance see the newly created Flood Insurance Advocate. See the list of Fact Book 2019 Contributors for more source information.

► Introduction to the National Flood Insurance Program (NFIP) (January 5, 2021)
► Flood Insurance Analytics Reports and Data
► Common Interest Community Eligibility (DRRA 1230a)
► NFIP Flood Insurance Manual (April 2021)
► National Flood Insurance Program Community Rating System
► FEMA Community Rating System Fact Sheet
► California CRS Map 2019 [Substitute your state in the URL]
► Tsunami Outreach and the Community Rating System
► Tsunami Preparedness and the Community Rating System
NFIP Policies in Force by Occupancy Type  [Click for updated NFIP data]

Policies in Force
By Occupancy Type
as of September 30, 2019

<table>
<thead>
<tr>
<th>OCCUPANCY TYPE</th>
<th>POLICIES IN FORCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Family Home</td>
<td>3,543,399</td>
</tr>
<tr>
<td>2 to 4 Family</td>
<td>133,598</td>
</tr>
<tr>
<td>Condominium Units</td>
<td>1,040,258</td>
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<tr>
<td>Other Residential</td>
<td>130,193</td>
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<tr>
<td>Non-Residential</td>
<td>253,714</td>
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<tr>
<td>Unknown Occupancy</td>
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</tr>
<tr>
<td>All Policies</td>
<td>5,101,162</td>
</tr>
</tbody>
</table>

For additional information see the FEMA Policy & Claims Statistics for Flood Insurance and for more detailed flood statistics from FEMA see NFIP BureauNet.

Condominium RCBAP Policies, Claims, and Flood Data for all states.

12.3 CAI Information on Lien Priority for Community Association Assessments

12.4 Reserve Requirements By State

CAI advocates for developers to transition communities with a current reserve study, budget that includes both operations and reserves and initial funding of reserves for future maintenance, repair/replacement of facilities/equipment. CAI also advocates for laws that allow governing boards to determine the appropriate reserve level and method for funding long-term maintenance, repair/replacement of facilities/equipment and disclose the reserve study used to their community. Click on the map to find your state.
12.5 **Community Association Insurance**

Commercial insurance is one of the most important components of a community association's risk management program. To help managers and boards fully understand insurance issues, this guide explores three key areas:
- Insurance terminology, in terms of coverages, policies, and practices
- Association exposures to loss and insurance coverages
- Risk management and the association insurance industry

12.6 **Community Association Risk Management**

Risk management is the process of making and carrying out decisions that minimize the adverse effects of accidental losses. It involves five steps:

1. Identifying exposures to loss
2. Examining alternative techniques
3. Selecting the best techniques
4. Implementing the chosen techniques
5. Monitoring and improving the risk management program

This guide examines each phase of the risk management process. It also helps board members and managers identify risks and implement a plan that will safeguard association assets.

12.7 **Preventing Fraud and Embezzlement**

Community association boards should consider implementing ten practices and procedures to safeguard association funds.

12.8 **Energy Efficiency [FCAR Best Practices]**

CAI and the Department of Energy (DOE) are dedicated to educating the community association industry—and the significant portion of the U.S. population it represents—on the many ways to increase the energy efficiency of their homes and thereby reduce both energy consumption and costs.

12.9 **Financial Operations [FCAR Best Practices]**

The board of directors, particularly the treasurer, is ultimately responsible for the association’s funds and may not abdicate their fiduciary responsibility. Given the reality that community association boards are made up of diverse individuals with varied degrees of financial knowledge, this report contains basic guidelines that should be followed to ensure sound financial operations.

12.10 **Green Communities [FCAR Best Practices]**

This report explores “greenness” in communities, in their varied forms. It considers the concept of sustainability through better designs, new technologies and social innovations. Sustainable communities are developed to meet the “needs of the present without compromising the ability of future generations to meet their own needs.” They are regenerative, meaning they have “processes that restore, renew or revitalize their own sources of energy and materials, creating sustainable systems that integrate the needs of society with the integrity of nature.”
12.11 **Reserve Studies Management [FCAR Best Practices]**

There are two components of a reserve study—a physical analysis and a financial analysis. During the physical analysis, a reserve provider evaluates information regarding the physical status and repair/replacement cost of the association's major common area components. To do so, the provider conducts a component inventory, a condition assessment, and life and valuation estimates. A financial analysis assesses only the association's reserve balance or fund status (measured in cash or as percent funded) to determine a recommendation for an appropriate reserve contribution rate (funding plan).

12.12 **Breaking Point: Examining Aging Infrastructure in Community Associations**

The overwhelming majority of issues reported by survey respondents—water intrusion in windows and siding, deteriorating balconies or fences, or failing pipes or roofing, among a variety of other problems—were not surprises to those who had to address them. Most of the participating communities encountered ongoing situations that initially were addressed with minimal work because they did not fully understand how long the problem existed and the extent of deterioration. In many cases, the underlying cause of the problem was known, however the community delayed correcting the actual cause because association decision-makers wanted to attempt a minor repair to control the damage or they needed time to develop a financial plan for the repairs. Either action deferred the maintenance and turned costly for the community. Major repairs often were initiated when liability and life and safety of the residents became concerning and intolerable. Negligence on the part of the board to allow ongoing issues, cleanups, and restorations to be done can also lead to additional unknown and hidden costs.

13. **Community Associations – Additional Resources**

13.1 **Organizations Related by Content and Purpose**

**AARP**
601 E Street, NW
Washington DC 20049
Toll-Free Nationwide: 1-888-OUR-AARP (1-888-687-2277)
[http://www.aarp.org/](http://www.aarp.org/)

American Institute of Architects
The American Institute of Architects
1735 New York Ave., NW
Washington, DC 20006-5292
Phone: 800-AIA-3837

American Institute of Certified Public Accountants
New York, New York
1211 Avenue of the Americas
New York, NY 10036-8775
P: +1.212.596.6200
F: +1.212.596.6213
[http://www.aicpa.org/Pages/default.aspx](http://www.aicpa.org/Pages/default.aspx)
American Planning Association
American Planning Association
205 N. Michigan Ave., Suite 1200
Chicago, IL 60601
Phone: 312-431-9100
Fax: 312-786-6700
http://www.planning.org/

Appraisal Institute
200 W. Madison, Suite 1500
Chicago, IL 60606
888-7JOINAI (756-4624)
http://www.appraisalinstitute.org/

Cohousing Association of the United States
4710 16th St
Boulder, CO 80304
http://cohousing.org/

Communal Studies Association
P.O. Box 122
Amana, Iowa 52203
319.622.6446
info@communalstudies.org
http://www.communalstudies.org/

Council of New York Condominiums & Cooperatives (CNYC)
250 West 57th Street, Suite 730
New York, NY 10107-0730
Tel: (212) 496-7400
Fax: (212) 580-7801
E-mail: info@cnyc.coop
http://www.cnyc.com/

Federation of New York Housing Cooperatives and Condominiums (FNYHC)
61-20 Grand Central Parkway, Suite C1100,
Forest Hills, NY 11375,
info@fnyhc.co-op,
(718) 760-7540
Fax (718) 699-5618
https://fnyhc.com/

Institute for Real Estate Management (IREM)
430 N. Michigan Ave.
Chicago, IL 60611
Phone: 800-837-0706
Fax: 800-338-4736
E-mail: getinfo@irem.org
https://www.irem.org/
Manufactured Housing Institute
1655 Fort Myer Dr
Arlington, VA 22209
Tel: (703) 558-0400
Fax: (703) 558-0401
info@mfghome.org
http://www.manufacturedhousing.org/default.asp

National Association of Homebuilders® (NAHB)
1201 15th Street NW
Washington, D.C. 20005
Toll free: 1-800-368-5242
info@nahb.org
https://www.nahb.org/

National Association of Housing Cooperatives (NAHC)
1120 20th Street, NW, Suite 750
Washington D.C. 20036-3441
Tel: (202) 737-0797
Fax: (202) 216-9646
Email: info@nahc.coop
http://www.coophousing.org/

National Association of Realtors® (NAR)
Headquarters:
430 N Michigan Ave, Chicago, IL 60611
DC Office:
500 New Jersey Avenue, NW, Washington, DC 20001-2020 |
1-800-874-6500
http://www.realtor.org/

National Recreation and Park Association
22377 Belmont Ridge Road
Ashburn, VA 20148-4501
703.858.0784 (local)
800.626.NRPA (6772)
customerservice@nrpa.org
https://www.nrpa.org/

National Society of Accountants for Cooperatives
136 South Keowee Street
Dayton, Ohio 45402
tel: 937-222-6707
fax: 937-222-5794
info@nsacoop.org
http://www.nsacoop.org/
13.2 Other Housing and Related Organizations

American Seniors Housing Association
https://www.seniorshousing.org/

Brookings
http://www.brookings.edu/

Habitat for Humanity
http://www.habitat.org/

Local Initiatives Support Corporation (LISC)
http://www.lisc.org/

National Apartment Association (NAA)
https://www.naahq.org/

National Housing Conference (NHC)
http://www.nhc.org/

National Multi-Housing Council (NMHC)
http://www.nmhc.org/

National Housing Preservation Database
http://www.preservationdatabase.org/

National Low Income Housing Coalition
http://nlihc.org/

NeighborWorks
http://www.neighborworks.org/

Urban Institute
http://www.urban.org/

U.S. Department of Agriculture – Rural and Development
http://www.rd.usda.gov/
13.3 Selected Financial Services, Risk Management and Insurance

American Bankers Association
http://www.aba.com/default.htm

Consumer Finance Protection Bureau
http://www.consumerfinance.gov/

Federal Housing Finance Agency
http://www.fhfa.gov/

Independent Community Bankers of America
http://www.icba.org/

Mortgage Bankers Association of America
https://www.mba.org/

CPCU Society and American Institutes of CPCU
http://www.cpcusociety.org/
http://www.aicpcu.org/

Certified Insurance Counselor
http://www.scic.com/

Independent Insurance Agents & Brokers of America
http://www.independentagent.com/default.aspx

Insurance Institute for Business & Home Safety
https://www.disastersafety.org/

International Risk Management Institute
http://www.irmi.com/

University of Colorado Natural Hazards Center
https://hazards.colorado.edu/

3.4 Selected Research Centers - Housing

Northeast

Center for Real Estate and Urban Economic Studies
University of Connecticut School of Business
2100 Hillside Road, Unit 4041
Storrs, CT 06269-1041
phone: 860.486.3227
State of the Nation's Housing (Harvard University - Joint Center for Housing Studies) - Appendix tables include useful historic data on homeownership.
Midwest

**A. Alfred Taubman College of Architecture and Urban Planning**
University of Michigan
2000 Bonisteel Blvd
Ann Arbor, MI 48109-2069
Phone: 734-764-1300

**Brown School Center for Social Development**
Washington University in St. Louis
One Brookings Dr
St. Louis, MO 63130
314-935-7433
csd@wustl.edu

**College of Design**
University of Minnesota
107 Rapson Hall
89 Church Street SE
Minneapolis, MN 55455
612-626-9068
cdesdean@umn.edu

**Institute for Housing Studies at DePaul University**
1 E Jackson, Ste 5400
Chicago, IL 60604
Phone: 312-362-7074

**James A. Graaskamp Center for Real Estate**
University of Wisconsin
975 University Avenue
Madison, WI 53706-1323
Phone: 608.262.1550

**University of Wisconsin Center for Cooperatives**
427 Lorch Street
Madison, Wisconsin 53706-1503
Phone: (608) 262-3981
Fax: (608) 262-3251
info@uwcc.wisc.edu

**Voorhees Center for Neighborhood and Community Improvement**
412 South Peoria St, Ste 400
Chicago, IL 60607
Phone: 312-413-0215
janets@uic.edu

South

**Center for Housing & Urban Development**
Texas A&M University, TX
Housing and Demographics Research Center
University of Georgia
415 Sanford Dr.
Athens, GA 30602

Real Estate Center
Mays Business School
Texas A&M University
2115 TAMU
College Station, TX 77843
phone: 979.845.2031
Info@recenter.tamu.edu

Shimberg Center for Housing Studies
M.E. Rinker, Sr. School of Building Construction
College of Design, Construction & Planning
University of Florida
203 Rinker Hall
P.O. Box 115703
Gainesville, Florida 32611-5703
Phone: 352-273-1192
Fax: 352-392-4364
Email: fhdc-comments@shimberg.ufl.edu

University of Georgia Risk Management & Insurance Program
Terry College of Business
610 S Lumpkin St
Athens, GA 30602
Tel: 706-542-4290
Fax: 706-542-2784

University of North Carolina Center for Community Capital
The University of North Carolina at Chapel Hill
1700 Martin Luther King Jr. Blvd, Suite 129
CB# 3452
Chapel Hill NC 27599-3452
Phone: 919.843.2140
Toll Free: 877.783.2359
Email:

Virginia Center for Housing Research
Bishop-Favrao Hall
1345 Perry St
Blacksburg, VA 24061
Phone: 540-231-3993
Mel.Jones@VT.edu
West

Boulder Affordable Housing Research Initiative
260 UCB
Boulder, CO 80309

Fisher Center for Real Estate and Urban Economics
Haas School of Business
University of California
Berkeley, CA 94720-1900
phone: 510.643.6105

Lusk Center for Real Estate
University of Southern California
331 Ralph and Goldy Lewis Hall
Los Angeles, CA 90089-0626
phone: 213.740.5000

Population Research Center
Portland State University
1825 SW Broadway
Portland, OR 97201
Main: 503-725-3000
Outside Portland: 800-547-8887

Runstad Department of Real Estate
College of Built Environments
Box 355726 | 224 Gould Hall
University of Washington
Seattle, WA 98195-5726
Phone: 206.543.7679
Fax 206.543.2463
beinfo@uw.edu

Stanford Center on Poverty and Inequality
Stanford University
Building 370, 450 Jane Stanford Way
Stanford, CA 94305

Ziman Center for Real Estate
Anderson School of Management
UCLA
110 Westwood Plaza
Los Angeles, CA 90095-1481
Appendix One: Basic Types of Associations By Selected Characteristics

Notes: There are links to many of the topics below in the body of the Fact Book 2020.

1. Planned Community

Note: A planned community is a community association that is not a condominium or cooperative. Alternative names include homeowner association (HOA), property owner association (POA), planned unit development (PUD), and townhouse association. As with all types of community association, however, a visual inspection based on architecture can be misleading. The governing documents are determinative.

Key features and terms as follows:

(1) Statutory Basis
In most states, creating a planned community does not require a state enabling statute. To the extent that there is legal guidance or legal constraints on planned community development and operations, it comes from Fannie Mae and Freddie Mac Project Standard requirements. Some planned communities undertake exterior maintenance of the homes and some 10% to 20% of planned communities are insured like a condominium or cooperative.

(2) Common Area
This is everything that is not the home and the lot on which the home is located. The community association owns the common area, and the homeowner’s deed requires mandatory membership in the planned community as detailed in the governing documents that are recorded in the land records. The scope of responsibility between the common area and the homes is usually quite direct in that there is no real property/building interface, as in a condominium or cooperative, between what is common and what is owned by the association. Two homes with a common wall typically are bound by a party wall agreement. Leaving that aside, however, some planned communities have assumed certain exterior maintenance responsibilities while others assumed common area insurance obligations (like a condominium or cooperative).

(3) Unit Owner’s Legal Interest, Mortgages & Equity
It is a real property interest and, hence, similar to a condominium. Generally, there is no right of first refusal when an owner sells their home. Planned communities in manufactured housing are subject to specialized underwriting. Owner’s equity at resale is subject to market forces unless special government or private funding is involved. In some master planned communities with high-valued homes, there are equity recapture formulas similar to New York flip taxes payable to either the association or a related entity. The unit owner should purchase an HO-3 or its equivalent. The sale of a home in a planned community generally is not subject to a right of first refusal although there may be association disclosure requirements apart from real estate disclosures.

(4) Key Allocations
The homeowner’s allocation for expenses, liability and voting can be divided in different ways especially under UCIOA. Usually, annual assessments are calculated by dividing the annual budgeted revenue by the number of homes in the community. There can be a “benefit & burden” allocation. Voting is typically allocated by one vote per home.

(5) Governing Documents & Governance
Governing documents are the Declaration of Covenants, Conditions & Restrictions (CC&Rs) and the Bylaws with the association incorporated under some type of non-business state statute. The planned community comes into existence when the declaration is recorded. The Plat depicts the common area. A Public Offering Statement may be required. Turnover is patterned after condominiums, but it usually is not subject to statute.
The **Interstate Land Sales Act** may apply for out of state sales. Also, a state may require a registration for out of state sales. Similarly, a state may require a **Public Offering Statement** (POS).

In most states, the main pressure for governance, management and operations of planned communities criteria comes indirectly from borrowing from condominium legislation and copying parts of Fannie Mae or Freddie Mac Project Standards. As discussed earlier, Master Planned Communities and Large-Scale Associations essentially are planned communities.

- **Midtown Terrace Conditions, Covenants, and Restrictions (CC&Rs)** (1956)
- **Cameron Park Community Service District CC&Rs by Subdivision**
- **Hiddenbrooke CC&Rs** (2009)
- **Mountain House Community Service District Master Restrictions and CC&Rs** (2002)
- **Stoneridge Ranch Master Association CC&Rs** (2008)
- **CC&Rs Based on Firewise Considerations**
- **Irvine Homeowners Associations**
- **Woodbury Community Association**

(6) **Owner’s Federal Tax Deductibility**
Deductibility is provided for the unit (home) owner’s payment of their own mortgage interest and real estate taxes. If there is an overlay of a special tax district (STD), then assessments paid to the district usually are tax deductible.

(7) **Planned Community’s Tax Status**
Federal taxes for the association generally are paid under either Section IRC 528 using form 1120-H or under Section IRC 277 using form 1120. Under certain circumstances, planned communities are eligible for classification under IRC 501(c) typically as 501(c)(4) or 501(c)(7). For the most comprehensive discussion of the taxation of all types of community associations, see the *Homeowner’s Association Tax Library*. State taxation also will apply. Generally, real estate taxes attach only to the unit unless the common areas produce significant revenue, say, from clubhouse rentals, golf courses and so forth.

(8) **Planned Community Finances**
Like condominiums, assessments account for most of the revenue. Since early planned communities have little common property (with amenities) compared to new ones, reserve funds vary substantially and therefore so does interest income. While FASB 972 (and now FASB 606) has financial reporting requirements for planned communities, there is little if any kind of state regulation.

(9) **Planned Community Insurance:**
Planned communities can insure on a master policy basis like a condominium or cooperative. If that approach is used, then the owner would obtain an HO-6. If this planned community is typical, then the unit owner would obtain a HO-3 (or its equivalent) and the association would obtain commercial insurance on the common area.

(10) **FHA Programs**
Basically, there are no FHA programs involving the planned community per se although homeowners may benefit from FHA Section 8, Section 203(b), and Section 203(k). State housing authorities often have their own programs for home mortgages which can be used in planned communities. See also [FHA Production Reports](#), [FHA Single Family Loan Performance](#), [FHA Single Family Origination Trends Report](#) and [HUD/FHA Single Family Handbook](#).

(11) **Primary Trade/Professional Organization**
This is the [Community Associations Institute](#) (CAI).
2. **Cooperative**

Key features and terms as follows:

(1) **Statutory Basis**
Creating a cooperative does not require a state enabling statute. Some states and local governments, like New York and New York City, however, have regulations. Cooperatives are created by conventional real estate transactions although New York state (the location of probably 85% of all housing cooperatives), certain other states, and states with the Uniform Common Interest Ownership Act (UCIOA) provide an enabling framework for cooperatives. A single title-holding entity typically owns the common elements and the unit.

(2) **Common Elements**
This is everything that is not in the unit. The exact scope of the interface between the units and the common elements varies primarily by the plan of development as detailed by the governing document drafter unless FHA mortgage insurance is involved, then there will be a Regulatory Agreement, a Recognition Agreement. Because there is a single title-holding entity, the cooperative itself usually pays for the blanket mortgage on the building and for blanket real estate taxes for the building.

(3) **Unit Owner’s Legal Interest, Mortgages & Equity**
The unit owner is sometimes called a shareholder, cooperator or member. The owner has a personal property interest in their unit although UCIOA permits enabling a real property cooperative. As a personal property interest, long term amortized mortgages are not available. The individual cooperators may have their own separate mortgages, sometimes called *Share Loans* which are obtained by pledging shares as security. If there is a blanket building mortgage and individual cooperator mortgages, then there also is usually a *Recognition Agreement* to ensure that both lenders’ and the cooperative’s rights and interests are detailed. Typically, a shareholder has stock. The cooperative association usually has a right of first refusal on admitting a new member without an obligation to purchase the unit if the right is exercised (unlike in a condominium). Cooperatives in manufactured housing are subject to specialized underwriting. Of the nearly 900,000 to 1,100,000 housing cooperative units, around 36% are limited or fixed equity in their resale structure which means that the owner’s ability to capture equity at resale is restricted. In New York, cooperative unit sales also are subject to so-called “flip taxes” whereby the association takes some percentage of the resale proceeds. Equity at resale can be (i) market rate, (ii) limited equity or (iii) fixed equity.

- Shared Equity Housing Cooperatives
- Fannie Mae Share Loan Requirements
- Cooperatives and Condominiums in the New York City Housing Court
- Cooperatives 101 Washington DC
- New York City 2019 Tax Abatement Records, (5137 cooperatives with 252,262 units)

The sale of a home in a cooperative generally is subject to a right of first refusal and there may be disclosure requirements apart from real estate disclosures. See California on Stock Buyback.

(4) **Key Allocations**
The cooperator’s allocation for expenses and voting are usually tied to the number of shares owned or some stated membership interest. Allocation of liability may be governed by governing documents.

(5) **Governing Documents & Governance**
These are usually called the *Proprietary Lease* (or *Occupancy Agreement or Membership Agreement*) with *Bylaws*. If FHA mortgage insurance (or a state housing authority) is involved, there will be a *Regulatory Agreement* and an *Information Bulletin*. The cooperative always is incorporated. New York has extensive disclosure and regulatory requirements for both cooperatives and condominiums. Turnover from developer control may be subject to FHA or state/local requirements (if any).
HUD/FHA Related
► HUD Processing Instructions for Refinancing Cooperative Housing Projects under Section 207 pursuant to Section 223(f)
► HUD Section 213 Program and
► Other HUD Programs for Cooperatives
► HUD Forms for Cooperatives (search by term)

Cooperative Documents
► The Association of Riverdale Cooperatives and Condominiums Proprietary Lease Revised 8/25/09
► Proprietary Lease for Wayfarer Cooperative Association, Inc.
► Occupancy Agreement River Park Townhouses, Inc.
► Aztech Recognition Agreement

Equity Restrictions
► Limited Equity Cooperatives: The Non-Economic Value of Homeownership
► Walnut House A Limited Equity Cooperative
► The Work of the Urban Commons: Limited-Equity Cooperatives in Washington, D.C.
► Affordable Housing Cooperatives: Conditions and Prospects in Chicago

(6) Owner’s Tax Deductibility
Federal tax deductibility is provided for the shareholder’s payment of their own (share loan) mortgage interest and real estate taxes (if any) plus the allocable amount of the blanket mortgage interest and blanket real estate taxes. Until 2008, a cooperator’s tax deductibility hinged on the cooperative meeting an 80/20 test – if more than 20% of the cooperative’s revenue came from commercial sources, then the cooperator lost deductibility for their portion of the blanket mortgage interest and real estate taxes. The tax rules have now changed such that this possibility is significantly reduced.

(7) Cooperative’s Tax Status
Housing cooperatives are taxed under IRC Section 216 subject to Sub-chapter T rules and they file a form 1120-C. State taxation also will apply. Cooperatives are not eligible for treatment under IRC 501(c). See the Homeowner’s Association Tax Library cited earlier and the National Association of Accountants for Cooperatives.

(8) Cooperative Finances
Most revenue is from assessments and interest on reserves. If the cooperative has a FHA insured mortgage, then there are specific financial reporting and reserve funding requirements. If the cooperative is in New York (and not FHA insured), then other standards apply. New York cooperatives also are funded by flip-taxes. New York cooperatives long have required a “flip tax” when a unit is sold, i.e., a percentage of the sale price has to be paid by the seller at closing although some cooperatives require the “tax” from the buyer.

(9) Cooperative Insurance:
Cooperatives are insured much like condominiums. A major exception is the area of business income insurance where cooperatives, like rental buildings, need Loss of Rents coverage. A cooperator would purchase an HO-6 for personal protection.

(10) FHA Programs (also see #(5) just above)
FHA programs involving housing cooperatives and cooperators include Section 8, Section 202, Section 203(n), Section 213, Section 221(d)(3) and 221(d)(4) as well as Section 221(d)(3) BMIR, Section 236 and other Subsidized Multi-family programs. State housing authorities may have their own programs. See also FHA Production Reports, FHA Single Family Loan Performance, FHA Single Family Origination Trends Report and HUD/FHA Handbooks.
Primary Trade/Professional Organization

The primary national organization for housing cooperatives is the National Association of Housing Cooperatives. New York has two large cooperative housing organizations, the Council of New York Cooperatives and Condominiums and the Federation of New York Cooperatives and Condominiums. Also, the National Cooperative Bank is influential in many ways besides lending to cooperatives.

3. Condominium:

Key features and terms as follows:

(1) Statutory Basis
Creating a condominium requires a state enabling statute. The condominium is the entity or the association. The unit is the home. Some states have adopted the Uniform Common Interest Ownership Act (UCIOA) which allows for the creation of all three types of community associations (condominium, cooperative and planned community) in a single statute.

(2) Common Elements
This is everything that is not the unit. You cannot have a condominium without common elements. Each unit owner has an undivided interest in the association’s common elements as a tenant in common. Unlike a housing cooperative, with a single title-holding entity, condominium common elements cannot be mortgaged because they have no separate existence. Nevertheless, a condominium association can borrow money usually by pledging the assessment (fee) revenue as collateral. The exact scope of the interface between the units and the common elements, however, varies by enabling statute requirements and the plan of development as detailed by the governing document drafter. See (9) following for a brief discussion of condominium insurance.

(3) Unit Owner’s Legal Interest, Mortgages & Equity
The owner is referred to as a unit owner or a homeowner. Unit ownership is a real property interest and hence long term amortized mortgages are available. The association may have a right of first refusal coupled with the obligation to purchase the unit if it objects to the owner’s buyer as long as this objection does not interfere with a mortgagee’s interest, and other state and federal regulations. Condominium associations in manufactured housing are subject to specialized underwriting. The vast majority of condominium units are not subject to equity restriction on resale unless special development funding has been secured.

If an FHA insured mortgage is needed, then HUD in 2019 created two Forms

► HUD 9991 for Single-Unit Approval
► HUD 9992 for Condominium Project Approval
► HUD Project Approval Single Family Condominiums – Federal Register

The sale of a home in a condominium may or may not be subject to a right of first refusal and there may be association disclosure requirements apart from real estate disclosures.

(4) Key Allocations
The unit owner’s allocation for expenses, liability and voting are usually tied to a unit’s percentage ownership in the common elements although other measures are used. In most states, the amount of an owner’s liability for uninsured losses is limited to the owner’s percentage interest in the common elements – a single measure. In terms of flood insurance issues a notable exception to percentage ownership allocation is the manner in which the National Flood Insurance Program (NFIP) views the calculation of flood insurance limits.
(5) Governing Documents & Governance

The governing documents are the Declaration of Condominium and the Bylaws which are recorded in the land records. Other terms and documents such as Trust (only in Massachusetts), Condominium Plan (California) and Master Deed are sometimes used. The condominium comes into existence when the declaration is recorded in the land records. The association usually is incorporated under some type of nonprofit or non-business state statute. The Plat, depicting the units and the common elements typically is a Metes & Bounds survey.

The Interstate Land Sales Act may apply for out of state sales. Also, a state may require a registration for out of state sales. Similarly, a state may required a Public Offering Statement (POS). A municipality may require Property Report for either new construction or a conversion. Most states require that an election among the owners to turn over control from the developer be held when either (or both) a percentage of units is sold or after a specified period of time.

Public Offering Statement Maxwell Woods Condominium
The Cirrus Condominium Property Report 2019 (includes the Declaration of Condominium)

(6) Owner’s Federal Tax Deductibility

Federal tax deductibility is provided for the unit owner’s payment of their own mortgage interest and real estate taxes. If there is an overlay of a Special Tax District (STD), then the STD assessments paid by the owner usually are tax deductible.

(7) Condominium Tax Status

Federal taxes for the association generally are paid under either Section IRC 528 using form 1120-H or under Section IRC 277 using form 1120. Condominiums are not eligible for classification under IRC 501(c). For the most comprehensive discussion of the taxation of all types of community associations, see the Homeowners’ Association Tax Library. State taxation also will apply. Generally, real estate taxes attach only to the unit unless the common elements produce significant revenue, say, from clubhouse rentals, a golf course and so forth.

(8) Condominium Finances

95-98% of condominium revenue comes from assessments with the balance from interest on reserve funds and related income. Condominiums can and do borrow from lenders primarily by pledging their assessments as an account receivable. Except for Florida, Texas and California, few states require that association financial reports be subjected to an independent review or audit. The Financial Accounting Standards Board (FASB) consolidated certain financial reporting requirements in 2009 in Section 972 of its Standards and now using FASB 606. Generally Accepted Accounting Principles (GAAP) require accrual accounting and recommend fund reporting – at a minimum, an Operating Fund and a Reserve Fund. With the exception of a few states, most associations are not subjected to detailed reserve funding requirements. Fannie Mae and FHA have stipulated certain reserve requirements. New Jersey is the only state that provides broad relief from what is termed “double taxation” – the payment for a municipal-type service both in association assessments and property taxes. Several municipalities provide relief for scavenger/garbage collection if paid for by the assessment and by property taxes.

(9) Condominium Insurance

Insuring the condominium is required by statute in every state. The specifics of the required insurance, however, vary considerably. Regardless of the state statutory requirement, the governing condominium declaration for every condominium typically requires levels of insurance, at a minimum, specified by Fannie Mae, Freddie Mac, FHA and/or VA. In terms of property protection, the critical issues typically involve the degree to which both common elements and units are insured. This is discussed in the publications, Community Association Insurance and Community Association Risk Management. A unit owner would purchase an HO-6. Until recently, an HO-6 May not have been required at closing for a mortgage.
(10) **FHA Programs**
FHA programs involving condominiums and unit owners include Section 8, Section 203(b) and Section 203(k). Section 234(c), and Section 234(d) have been withdrawn and effectively are now part of Section 203(b). State housing authorities often have their own programs. The FHA Condominium Processing Guide released on 06-30-2011 requires more detailed specifications if an association can be approved by FHA such that a buyer can obtain FHA mortgage insurance. See also

- FHA Production Reports,
- FHA Single Family Loan Performance,
- FHA Single Family Origination Trends Report
- HUD Handbooks

(11) **Primary Trade/Professional Organization**
This is the Community Associations Institute (CAI).

(12) **Note on Site Condominiums:** A Site Condominium (sometimes called a Land Condominium) is composed of detached single-family homes submitted to a state’s condominium enabling statute. Site condominiums typically are created to accommodate zoning and similar land use regulations.

- HUD Mortgage Insurance Eligibility Including for Site Condominiums
- Michigan Comparison Between Site Condominiums and Platted Subdivisions (Homeowner Associations)

**HUD Single Family Housing Policy Handbook 4000.1** is available as a [HTML Page](#) and as a [PDF](#) (1081 pages)

[p.171/1091] **(b) Site Condominiums** A Site Condominium refers to: • a Condominium Project that consists entirely of single family detached dwellings that have no shared garages, or any other attached buildings; or • a Condominium Project that: o consists of single family detached or horizontally attached (townhouse) dwellings where the unit consists of the dwelling and land; o does not contain any Manufactured Housing units; and o is encumbered by a declaration of condominium covenants or a condominium form of ownership. Manufactured Housing condominium units may not be processed as Site Condominiums
## Appendix Two: Comparing Community Associations to Other Entities

<table>
<thead>
<tr>
<th>Category</th>
<th>2020</th>
<th>% of Total</th>
<th>% of All</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Private Non-Profit Organizations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1 501(c)(3) Public Charities</td>
<td>1,097,689</td>
<td>69.87%</td>
<td>2016</td>
<td></td>
</tr>
<tr>
<td>1.2 501(c)(3) Private Foundations</td>
<td>105,030</td>
<td>6.69%</td>
<td>2016</td>
<td></td>
</tr>
<tr>
<td>1.3 501(c) Other</td>
<td>368,337</td>
<td>23.45%</td>
<td>2016</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,571,056</td>
<td>100.00%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>As a Percentage of All Entities</td>
<td>3.89%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2. Governmental Units</strong></td>
<td>2017</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1 U.S.</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.2 States</td>
<td>50</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.3 Local</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. County</td>
<td>3,031</td>
<td>3.36%</td>
<td>2017</td>
<td></td>
</tr>
<tr>
<td>2. Municipal</td>
<td>19,495</td>
<td>21.63%</td>
<td>2017</td>
<td></td>
</tr>
<tr>
<td>3. Township &amp; Towns</td>
<td>16,253</td>
<td>18.03%</td>
<td>2017</td>
<td></td>
</tr>
<tr>
<td>4. School District</td>
<td>12,754</td>
<td>14.15%</td>
<td>2019</td>
<td></td>
</tr>
<tr>
<td>5. Special District</td>
<td>38,542</td>
<td>42.76%</td>
<td>2019</td>
<td></td>
</tr>
<tr>
<td><strong>Total for Local</strong></td>
<td>90,075</td>
<td>90,075</td>
<td>2017</td>
<td></td>
</tr>
<tr>
<td>As a Percentage of All Entities</td>
<td>0.22%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>3. Businesses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1 C or Other Corporations</td>
<td>2,146,904</td>
<td>5.75%</td>
<td>2019</td>
<td></td>
</tr>
<tr>
<td>3.2 S Corporation</td>
<td>5,186,557</td>
<td>13.85%</td>
<td>2019</td>
<td></td>
</tr>
<tr>
<td>3.2 Partnerships</td>
<td>3,946,342</td>
<td>11.45%</td>
<td>2019</td>
<td></td>
</tr>
<tr>
<td>3.3 Nonfarm Proprietorships</td>
<td>27,117,163</td>
<td>68.95%</td>
<td>2016</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>38,396,966</td>
<td>100.00%</td>
<td>2019</td>
<td></td>
</tr>
<tr>
<td>As a Percentage of All Entities</td>
<td>95.01%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>4. Community Associations</strong></td>
<td>355,000</td>
<td></td>
<td></td>
<td>2019</td>
</tr>
<tr>
<td>As a Percentage of All Entities</td>
<td>0.88%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Entities</strong></td>
<td>40,413,148</td>
<td>100.00%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Sources:**
1. National Center for Charitable Statistics
   [http://nccs.urban.org/statistics/quickfacts.cfm](http://nccs.urban.org/statistics/quickfacts.cfm)
2. IRS 2019 Data Book
3. Treese, Association Data, Inc., private files
4. FCAR, 2019 Statistical Review
5. 2012 Census of Government
   [https://www2.census.gov/govs/cog/2012/formatted_prelim_counts_23jul2012_2.pdf](https://www2.census.gov/govs/cog/2012/formatted_prelim_counts_23jul2012_2.pdf)
6. IRS Statistics of Income
7. Number of Congregations estimated at 350,000.
   [http://hirr.hartsem.edu/research/fastfacts/fast_facts.html](http://hirr.hartsem.edu/research/fastfacts/fast_facts.html)
8. IRS Nonfarm Proprietorship Data
## Appendix Three: Comparing Association Financial Management to For-Profit & Tax-Exempt Entities

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>For-profit Business</th>
<th>Nonprofit/Tax Exempt</th>
<th>Community Association (1)</th>
</tr>
</thead>
</table>
| **Organizational Purpose**      | Profit or private inurement of owners and/or shareholders | Mission that is related to exempt types of activities | Three core services:  
• Business (maintenance, reserves, budgets, expense reduction)  
• Governance (board meetings, elections)  
• Community (newsletters, recycling) |
| **Legal Structure**             | Corporation, partnership, nonfarm proprietorship | Usually a corporation organized under nonprofit state corporation acts, also a trust | Usually a corporation organized under nonprofit state corporation acts |
| **Governance**                  | Owner(s) and/or Board & shareholders | Board of Directors (as stewards) | Board of Directors, standards of care vary by state, sometimes as fiduciaries; tort immunity for boards varies by state |
| **Management**                  | Owners or corporate staff | Board of directors or staff | Board of Directors, self-management, may have staff or contract management |
| **Tax Status (3)**              | Taxable             | Tax exempt under a section of IRC 501(c)  
Condominiums and cooperatives can never be tax exempt under IRC 501(c) while certain Planned Communities can be exempt under 501(c)(4) | Condominiums & Planned Communities are Tax protected under IRC 528. Alternatively, they are taxed as a membership organization under IRC 277 (2)  
Cooperatives are tax protected under IRC 216 and usually file under Sub-Chapter T |
| **Typical Tax Form**            | 1120                | 990                  | 1120-H or 1120 for condominiums and planned communities;  
1120-C (co-ops) |
| **Revenue Source-Primary**      | Sale of products or services | Donors, grants, memberships | 95-98% from assessments levied on owner members for most associations |
Appendix Three: Comparing Association Financial Management to For-Profit & Tax-Exempt Entities

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Type of Entity&lt;sup&gt;(1)&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>For-profit Business</td>
</tr>
<tr>
<td></td>
<td>Nonprofit/Tax Exempt</td>
</tr>
<tr>
<td></td>
<td>Community Association</td>
</tr>
<tr>
<td>Distribution of Assets at Dissolution</td>
<td>Creditors, shareholders, owners</td>
</tr>
<tr>
<td>Classification of revenue (or assets)</td>
<td>Operating or those reserved for capital items</td>
</tr>
<tr>
<td></td>
<td>5. Notes to financial statements</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes:

(1) Community Associations: condominium, cooperative and planned community. This definition excludes timeshares, commercial associations and special tax districts.

(2) Under IRC 277, all the association’s income is potentially taxable unlike under IRC 528 which provides “tax protection.” A primary distinction between IRC 277 and IRC 528 is the tax rate with IRC 528 is a flat rate of 30% while IRC 277 has a graduated corporate rate beginning at 15%. The IRC 277 form, however, is more complicated.

(3) The personal tax issues for homeowners living in a community association are best reviewed by obtaining IRS Publication #530, “Tax Information for Homeowners For Use in Preparing Returns.”

(4) Financial Accounting Standards Board (FASB) codified accounting standards for common interest realty associations (CIRAs) in 2009 in FASB ASC #972.

(5) See FASB 606 Revenue Recognition.
Appendix Four: Contributions of Community Associations to the Economy - 2020

► In the aggregate, using a manual calculation, community association housing had a market value of $8.971 trillion dollars at Q4 2020 [Estimate based on the Federal Reserve Z.1 Financial Accounts at Q4 2020]. Owners’ equity was 65.9%. Using Zillow Home Values at 12/31/2020, but manually allocated for homes in community associations produces a market value of $9.200 trillion dollars. The Zillow Values probably are more timely in recognizing market forces at work.

► Association housing units are estimated at 28% of all housing. The Census in Housing Vacancies and Homeownership provides estimates of (i) owner occupied housing, (ii) renter occupied housing and (iii) broad category for “vacant” housing (in several categories). This leads to several factors when estimating association housing as part of all housing.

► According to the National Association of Home Builders (NAHB), the housing industry’s contribution in terms of new construction to the economy averages 14%-18% annually. This represents the combined impact of Private Residential Fixed Investment and Housing Services. Residential Fixed Investment component contributes from 3.3%-3.8% while the Housing Services component contributes 12%-13%. These percentages vary with fluctuations in economic cycles. Association housing is an important and growing component of both Residential Fixed Investment and Housing Services. Using NAHB historical estimates and recent Census data with respect to new construction, community associations contribute a 3.5% to 4.0% to GDP. Associations not only are a place to live, but they are a place to work and to create jobs.

<table>
<thead>
<tr>
<th>Community Association Economic Contributions 2020</th>
<th>Year One</th>
<th>Three Year Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>All Associations &amp; Their Homeowners – Categories 2020</strong></td>
<td><strong>$2,328,200,000</strong></td>
<td><strong>$6,984,600,000</strong></td>
</tr>
<tr>
<td><strong>Volunteer Leadership &amp; Governance:</strong> Meeting legal &amp; fiduciary requirements, achieving cooperation &amp; compliance with association goals</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Homeowner Property Tax Payments:</strong> Providing further economic support for local government services</td>
<td><strong>$76,919,000,000</strong></td>
<td><strong>$230,757,000,000</strong></td>
</tr>
<tr>
<td><strong>Homeowner Improvements within their Home/Unit:</strong> Upgrades and additions including changes to systems enhancing conservation and facilitating accessibility</td>
<td><strong>$86,060,000,000</strong></td>
<td><strong>$258,180,000,000</strong></td>
</tr>
<tr>
<td><strong>Association Housing Services:</strong> Operations, Physical Asset Management, Major Repairs &amp; Replacements, Capital Improvements, Conservation &amp; Sustainability, Contingencies</td>
<td><strong>$86,060,000,000</strong></td>
<td><strong>$369,660,000,000</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$288,527,200,000</strong></td>
<td><strong>$865,581,600,000</strong></td>
</tr>
</tbody>
</table>
Appendix Five: U.S. Land Use Cover and Alaska Data

USDA 2012 National Resources Inventory Summary Report on August 2015 (210 pages)

“This report presents summary results from the 2012 National Resources Inventory (NRI). The 2012 NRI is the latest in a series of natural resource inventories conducted by the U.S. Department of Agriculture’s Natural Resources Conservation Service (NRCS). It provides updated information on the status, condition, and trends of land, soil, water, and related resources on the Nation’s non-Federal lands. Non-Federal lands include privately owned lands, tribal and trust lands, and lands controlled by State and local governments. The 2012 NRI provides nationally consistent data for the 30-year period 1982–2012. This current NRI database should be used to compare 2012 conditions with those for earlier years. Comparisons using NRI data published prior to 2012 can produce incorrect inferences.

The contiguous 48 states, Hawaii, Puerto Rico, and the U.S. Virgin Islands cover over 1.94 billion acres of land and water; about 71 percent of this area is non-Federal rural land—nearly 1.4 billion acres. Non-Federal rural lands are predominantly forest land (413 million acres), rangeland (406 million acres), and cropland (363 million acres).”

General Editor’s Notes: The data above in the Resources Inventory does not include Alaska. See Alaska data below. The United States “Size” (of country column) in the Table in Section 13.1 of the Fact Book 2019, however, does include Alaska for the size of the U.S. (9,826,635 sq.km).
General Editor’s Notes: This data below pertains to Alaska.

See Alaska Summary Report – 2007 National Resources Inventory (33 pages)

“Overview of Survey Findings

(a) Alaska covers 388 million acres, or 16.7 percent of the 2.33 billion acres of surface area of the 50 States. The following charts illustrate relative proportions of areas represented in the report tables.

(b) The majority of Alaska’s rural land is Federal (220 million acres, or 62 percent of all rural land).

(c) Rangeland makes up 57 percent of Alaska’s rural land and 52 percent of Alaska’s surface area.”

See also Federal Land Ownership: Overview and Data (CRS, 28 pages, March 2017)
About Community Associations Institute (CAI)
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 more than 355,000 community associations, condominiums, and co-ops in the United States and millions of communities worldwide. With more than 42,000 members, CAI works in partnership with 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 and follow us on Twitter and Facebook @CAISocial.

About the Foundation for Community Association Research
The Foundation provides authoritative research and analysis on community association trends, issues and operations. Our mission is to foster successful and sustainable communities. We sponsor needs-driven research that informs and enlightens all community association stakeholders—community association residents, homeowner volunteer leaders, community managers and other professionals and service providers, legislators, regulators and the media. Our work is made possible by your tax-deductible contributions.

Your support is essential to our research. Visit foundation.caionline.org or email foundation@caionline.org.

For suggestions, additions, or updates to the Community Association Fact Book, please email foundation@caionline.org.
ABOUT THE FOUNDATION FOR COMMUNITY ASSOCIATION RESEARCH
Our mission—with your support—is to provide research-based information for homeowners, association board members, community managers, developers, and other stakeholders. Since the Foundation’s inception in 1975, we’ve built a solid reputation for producing accurate, insightful, and timely information, and we continue to build on that legacy. Visit foundation.caionline.org.

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The statistical information in this report was developed by Clifford J. Treese, CIRMS, president of Association Data, Inc., in Mountain House, Calif. A member of CAI almost since its inception, Treese is a past president of CAI and the Foundation for Community Association Research. We are grateful for his continuing support of both organizations.

Additional statistical information published by the Foundation for Community Association Research is available at foundation.caionline.org.