



Common Interest Community

Working Group Minnesota

October 4, 2024

Dawn M. Bauman, CAE



WWW.CAIONLINE.ORG

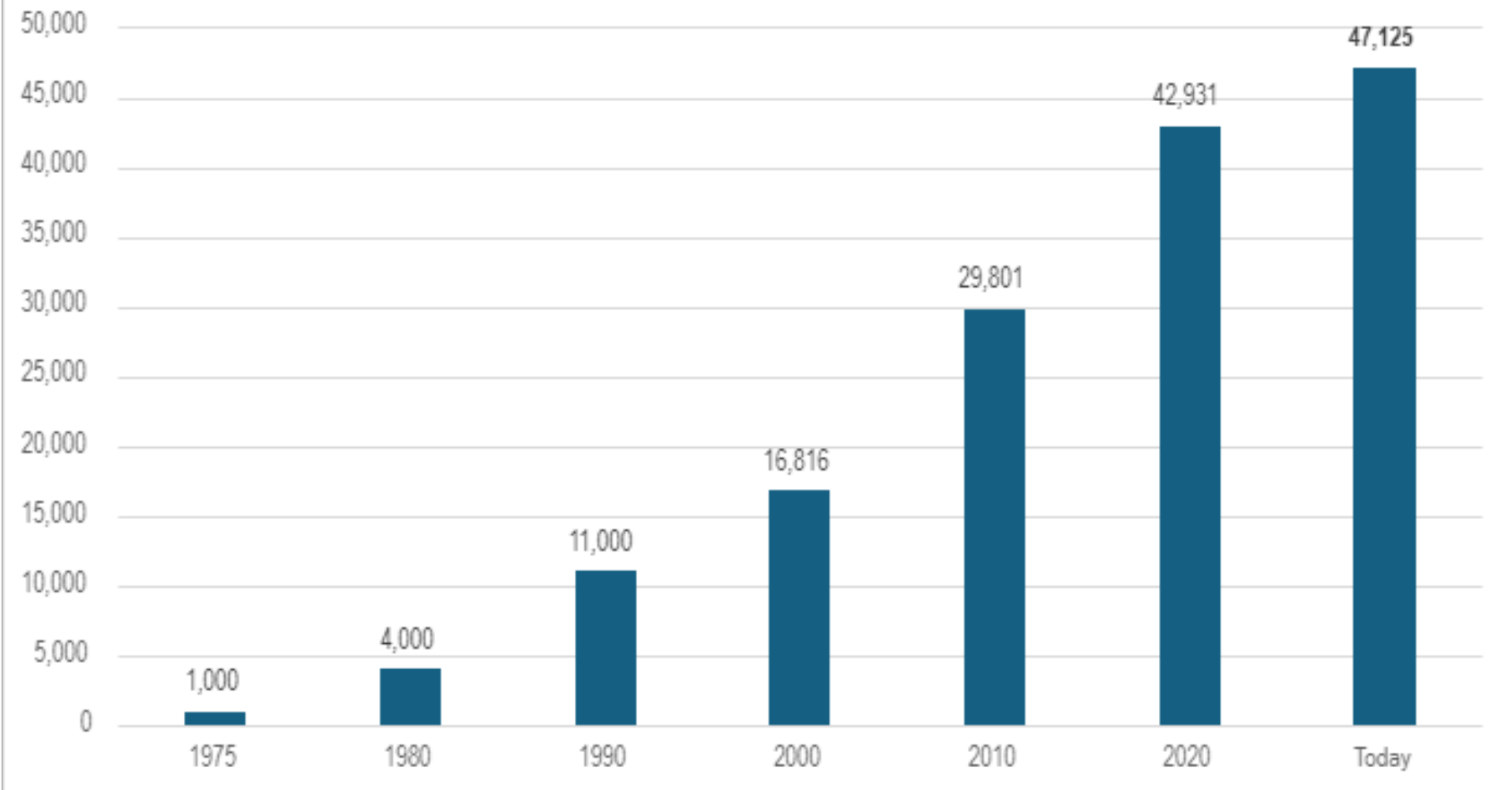


THROUGH THE YEARS MEMBERSHIP

www.caionline.org/milestones



CAI Membership Growth Over Time



MINNESOTA

COMMUNITY ASSOCIATIONS

- | Approximately **1,556,000** Minnesotans live in more than **7,950** community associations.
- | These residents pay **\$3.1 billion** a year to maintain their communities. These costs would otherwise fall to local governments.
- | **84%** say they always or usually vote in state and local elections. **86%** vote in national elections.
- | **89%** say their association's rules protect and enhance property values.



Foundation for
Community Association
research | **community**
ASSOCIATIONS INSTITUTE
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FOUNDATION FOR
COMMUNITY ASSOCIATION

research

DATA DRIVEN. INDUSTRY FOCUSED.

Community Associations: Impact on U.S. Housing



**67% completed
and 84% sold**
of new housing is in
community associations.



75.5 million
residents living in
365,000
community associations.



Condominiums are an
affordable housing option for
seniors and first-time buyers.



30% of U.S. population
lives in a community association.

Community Associations & Assessments



\$108.8 billion

In assessments collected from homeowners.

Assessments fund utilities, security, insurance, common area maintenance, landscaping, capital improvement projects, and amenities like pools and club houses.

Community Association Management National Statistics



7,000-9,000

Large-scale associations—minimum of 1,000 units and \$2 million annual budget



60,000-65,000

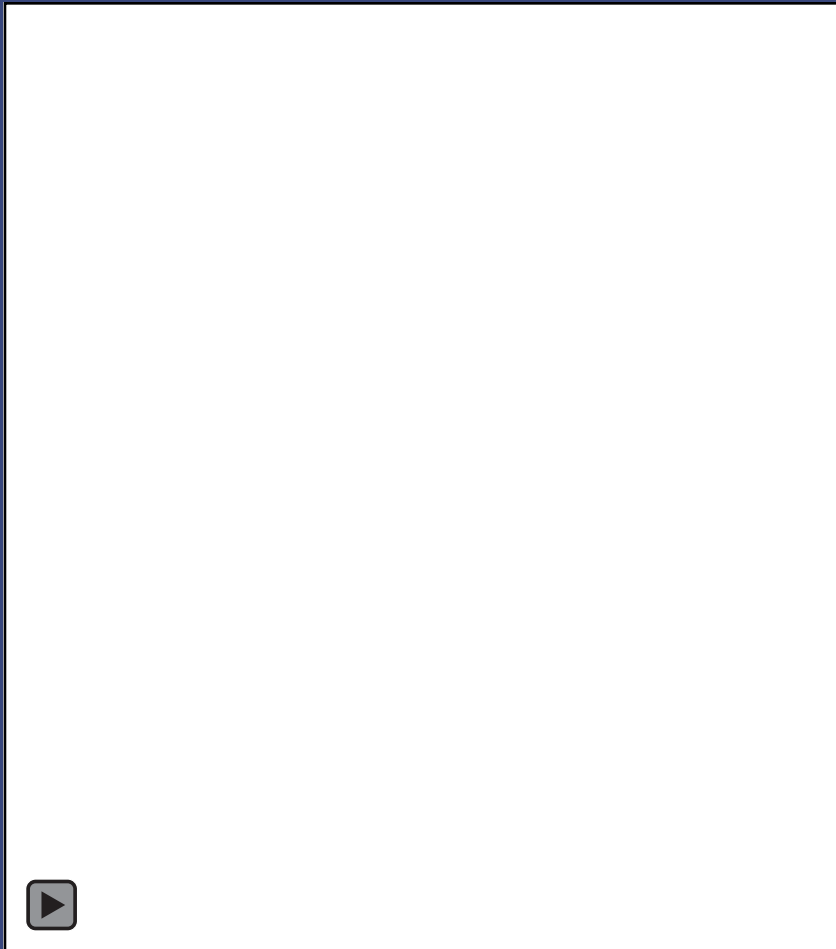
Community association managers



30-40%

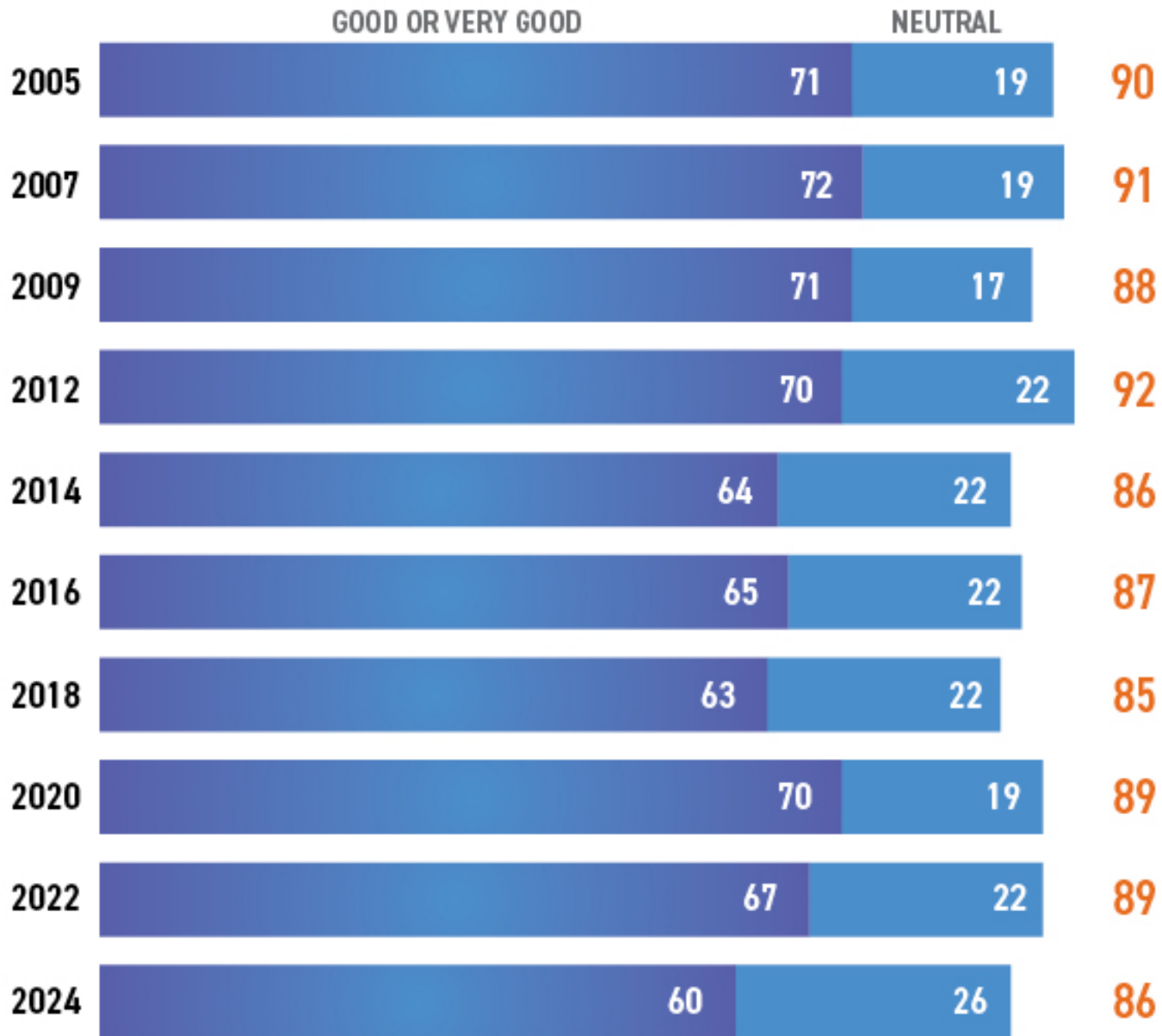
Community associations are self-managed

Homeowner Satisfaction Survey



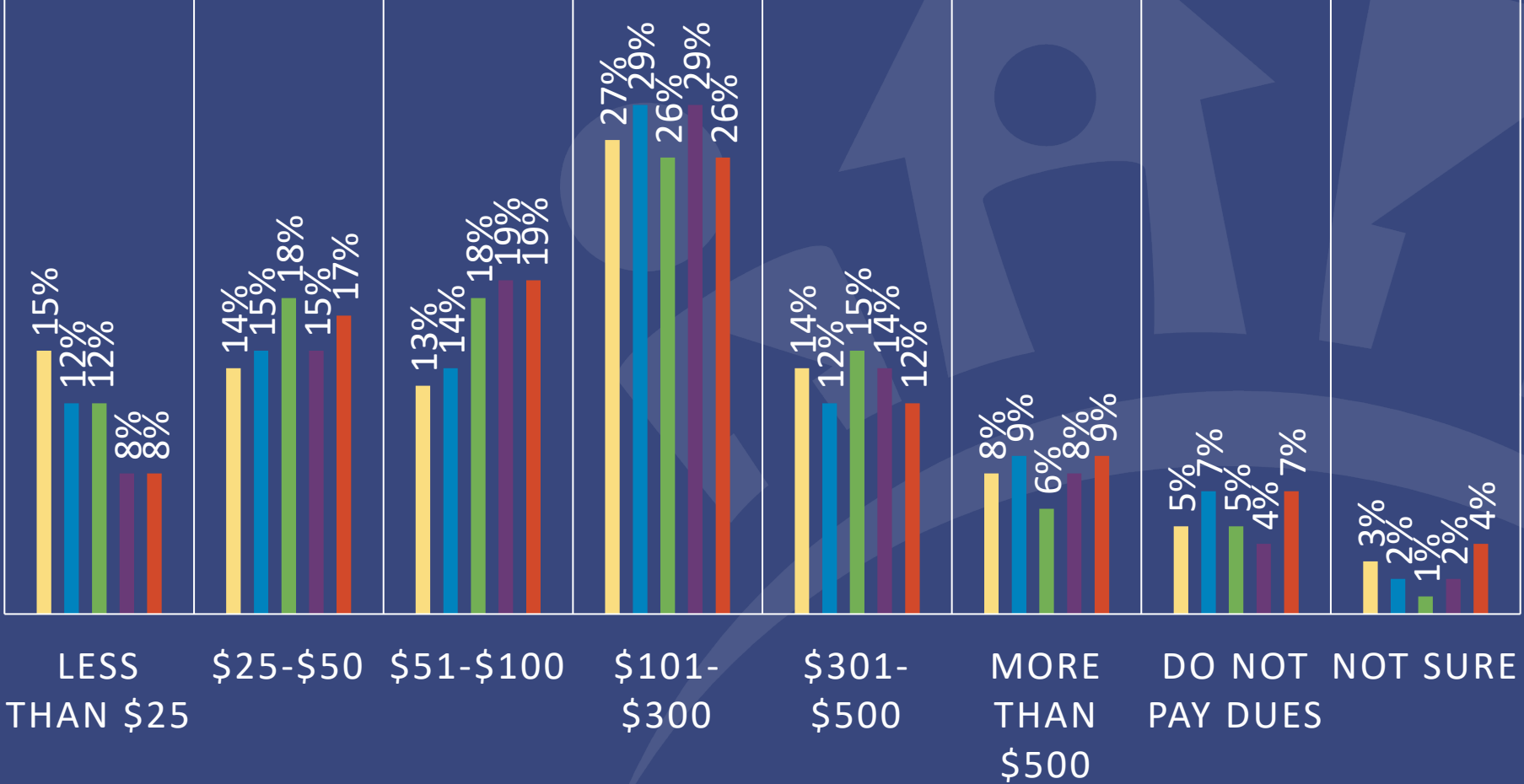
- For the 10th time in 19 years, Americans living in homeowners associations, condominiums, and housing cooperatives say they're overwhelmingly satisfied in their communities.
- The April 2024 survey, compiled into a report titled *Community Associations Remain Preferred Places to Call Home*, affirms the findings of almost identical national surveys conducted every other year since 2005.
- The 2024 survey was conducted by Zogby Analytics for the Foundation for Community Association Research.

In 2024, **86%** of residents rate their overall community association experience as **good or very good** (60%) or **neutral** (26%)



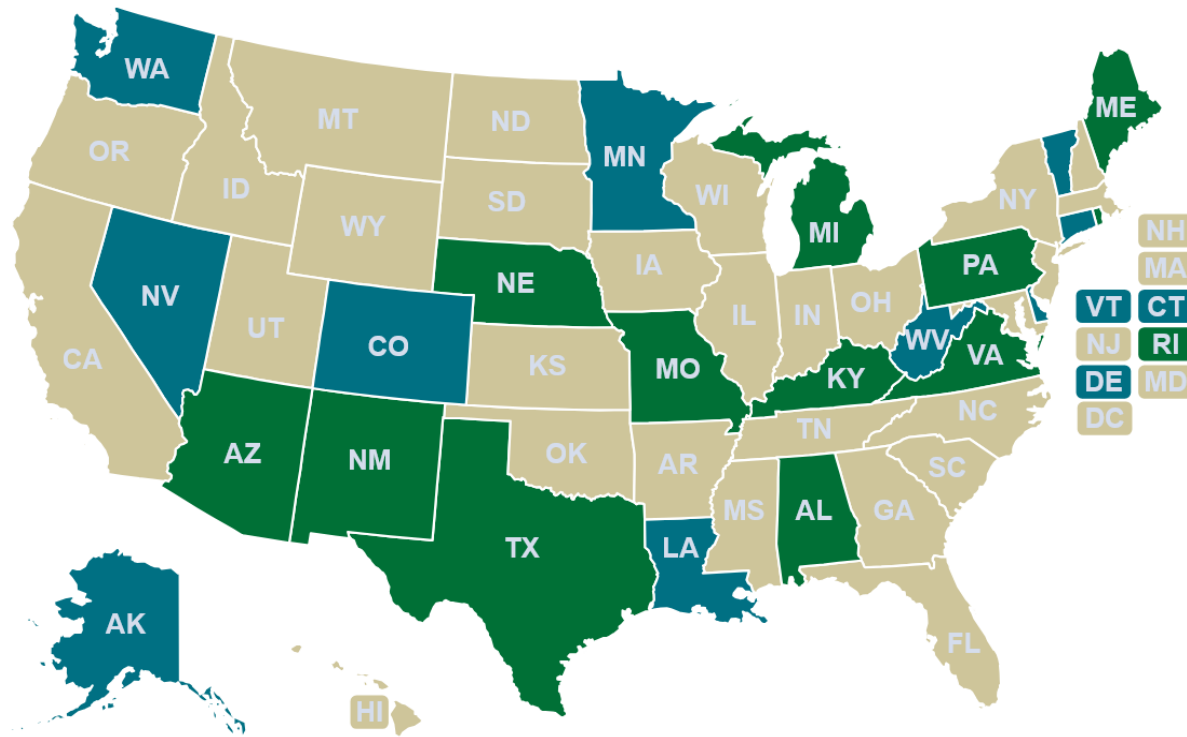
COMMUNITY ASSOCIATION ASSESSMENT TRENDS

2016 2018 2020 2022 2024



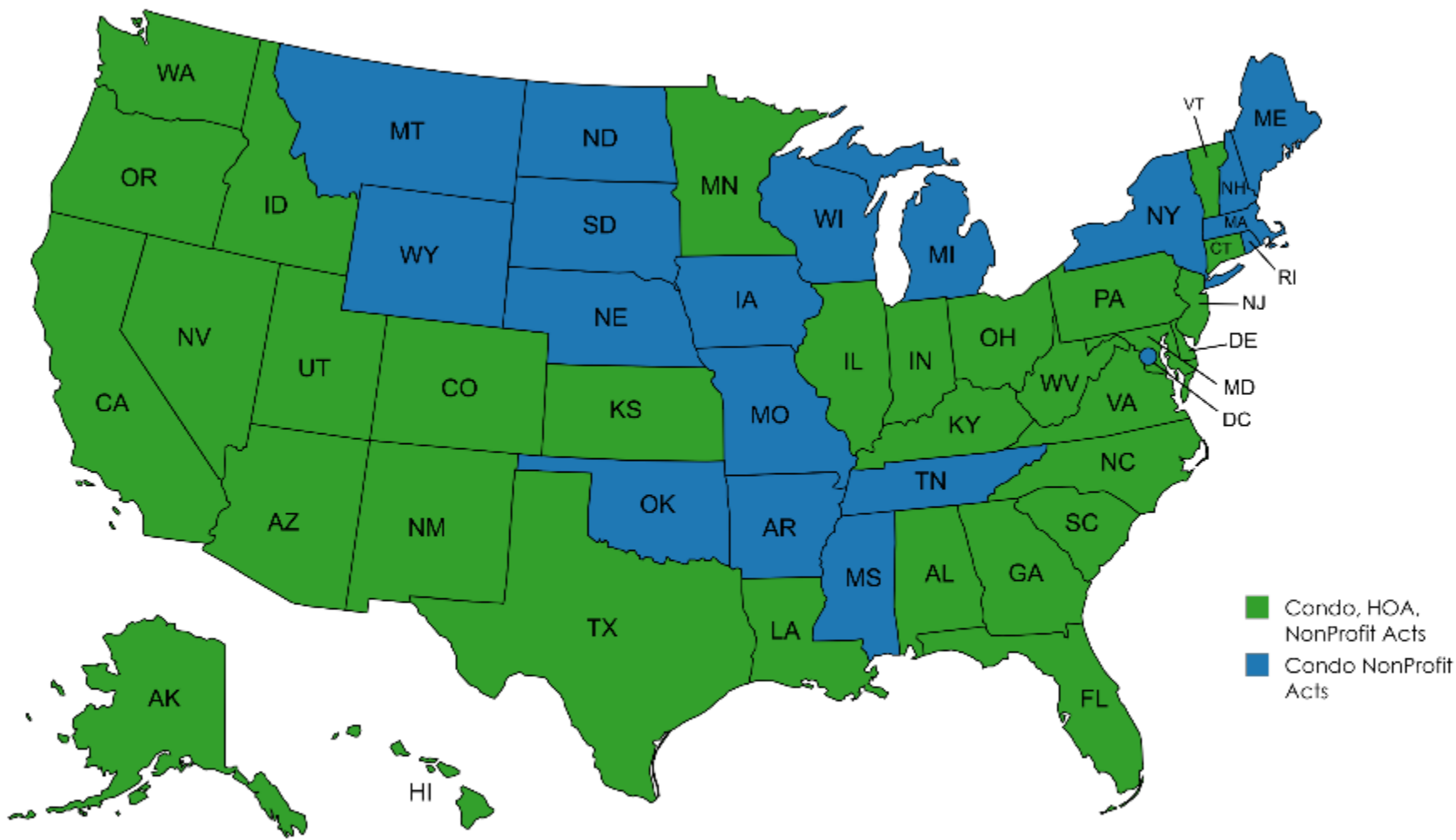


Condominium, Homeowners Association, Non-Profit Statutes



Uniform Common Interest Ownership Act (UCIOA)

UCIOA is a basic statute for creating, managing, and terminating condominium, planned community, and real estate cooperatives. States enacted either the 1982 or 2008 version of the UCIOA.



Trends



community
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RESERVE STUDY AND FUNDING



RESERVE STUDY STANDARDS



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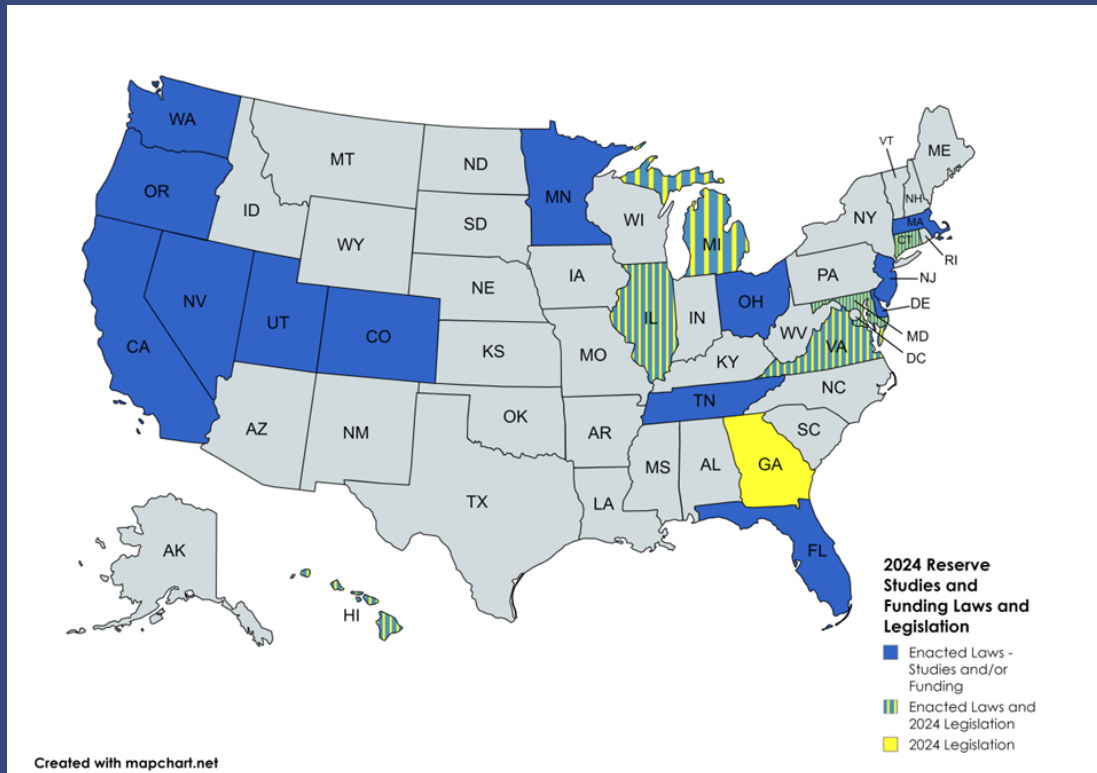
NORMAS PARA EL ESTUDIO DE RESERVAS

RSS - R5052023
Español (latinoamericano)



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Reserve Study and Funding Laws and Legislation



Reserve Study Condo
Laws = 13 states

↑ 3 since 2021

Reserve Funding Condo
Laws = 12 states

↑ 2 since 2021

2024 Legislation = 7
states

CAI supports mandated reserve studies and funding for new community developments and periodic reserve studies for communities with major shared components.

INSURANCE TRENDS

The background features several large, semi-transparent geometric shapes in various shades of blue. These include a large triangle pointing upwards, a circle, and a curved line that resembles a stylized wave or a partial arc. The overall aesthetic is modern and professional.

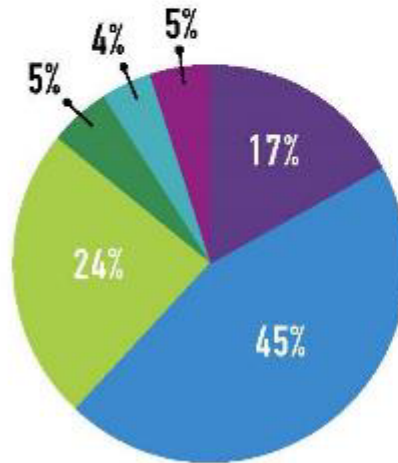
Did your property & casualty insurance premium increase at the last or current renewal?

91% Yes

6% No 3% Unsure

How much money per homeowner did the increase premium cost (per year)?

17% N/A
45% UNDER \$100
24% BETWEEN \$101-\$500
5% BETWEEN \$501-\$1,000
4% BETWEEN \$1,001-\$2,000
5% MORE THAN \$2,001



How did you fund the premium increase?

50% Increased individual assessments
43% Used operating funds
7% Imposed a special assessment
2% Took out a line of credit
2% Used contingency funds
1% Used reserve funds
5% Other
6% N/A

What did your community experience with these policies?

- Increase in premium in 2022 or 2023
- Policy non-renewed/canceled by insurer
- Do not carry

Property and Casualty



Directors & Officers



Fidelity & Crime



Cybersecurity



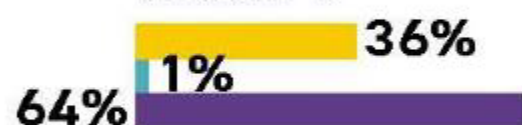
Flood



Wind



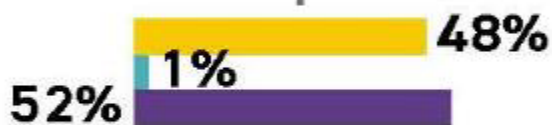
Wildfire



Hurricane



Earthquake



Fannie Mae and Freddie Mac Release Lender Bulletins for Condo and Coop Mortgages

Mortgage Lending.com - Fannie Mae & Freddie Mac

A close-up photograph of a metal stamp or seal. The letters 'FHFA' are embossed in a large, serif font. To the left of the letters, there is a small, five-pointed star. The background is a blurred, metallic surface with some faint text and lines, suggesting a document or a stamping process.

FHFA

Double Taxation (Locality and Common Interest Community)



Local Taxation & Public Services

- Associations required to provide what historically have been considered “municipal” services, such as trash collection, road and sidewalk maintenance, repair, and lighting, disposal of sewage, storm, flood and erosion control systems, and security patrol
- Association members must then typically pay the same local taxes as other homeowners
- Homeowners should be allowed to deduct assessments used for these services

Fairness in Taxation

- CAI supports fairness and equity for classification of taxation for community associations

Taxation Remedies

- **Assessment deduction:** Homeowners have the ability to deduct payment of community association assessments from personal tax obligation,
- **Municipal Services Act:** Localities and/or state is obligated to provide the same level of support to homeowners within a community association as owners not in a neighborhood association (i.e. snow removal, trash removal, debris removal, etc).

Community Resources

- **Boards of Directors**
 - Best Practices
 - Fundamentals and Basics
 - Good to Great
 - Civility Pledge
 - Equality Pledge
- **Homeowners**
 - Community Association Living
 - Rights & Responsibilities for Better Communities



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BEST PRACTICES

Community Association Maintenance

A regularly applied maintenance plan and program combined with a properly prepared and funded reserve study can lead to safe, desirable, financially secure community associations. This report highlights:

Building Maintenance Programs

Roles & Responsibilities of the Developer and Homeowners

The Intersection of Reserve Studies and Maintenance

Sample Maintenance Checklists



Foundation.caionline.org

Stay in Touch



@CAISocial

@CAIAdvocacy

@DawnBauman

Dbauaman@caionline.org



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