

BUILDING COMMUNITY

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Homeowner associations have been subjected to extremely negative publicity during the past few months. A recent cartoon in the Houston Chronicle characterized communications from homeowner associations as less desirable than IRS audits. This is very unfortunate and needs to be addressed by the leaders and management of community associations. The value of community associations and what they do is not very newsworthy, and we therefore need to be aware of the facts to place the negative publicity into proper perspective.

According to statistics gleaned from the Community Associations Factbook (by Clifford J. Treese, published in 1999 by The Community Associations Institute):

- Nearly one out of every six Americans (42 million) lives in a Community Association.
- There are an estimated 205,000 community associations in the United States providing 16.4 million housing units.
- A significant majority of new home sales are in community associations.

In 1996 CAI conducted a survey, *Inside look at Community Association Homeownership, Fact & Perception* from which it appeared that 89 percent of homeowners agree that living in a community association is a satisfactory housing choice. Sixty-six percent of the respondents reported that their community is “friendly or neighborly.” Twenty-six percent find their community to be “distant or private” and only 8 percent “divided and unfriendly.”

Research conducted during 1986, at the depth of the downturn in Houston’s economy, by Dr Barton Smith of the University of Houston Center for Public Policy demonstrated that an effective homeowners association had a direct relationship on the value of homes. The price of homes in effectively managed associations declined far less than homes in associations with ineffective management.

Community associations have a beneficial impact on every aspect of real estate:

- Developers are able to obtain more effective use of land and provide more services and amenities to the communities they create. This increases their profitability.
- Entities which tax real estate benefit from the infrastructure created by the development and from the enhanced tax base created by real property with improved values.
- Homeowners benefit from the group purchase of the facilities and services. They get far more for their dollars spent.

This is a win-win situation for everyone and that is why community associations have proliferated in spite of the negative media reports.

Is it the arrogant few leaders that are abusing the association's powers? Is it the vociferous few dissidents that are creating the negative publicity? Can and should we endeavor to legislate common sense? I don't believe that legislation is the whole answer. These same problems occur in California and Florida where community associations are highly regulated. The only real difference is the cost of management is considerably more because of having to deal with all of the legislative regulation. Recognizing the need for additional data to evaluate community association homeowner satisfaction, CAI's Research Foundation engaged the Gallup Organization to conduct consumer research. Until we have some other answers the leaders and managers of community associations need to promote harmony in their communities, and exercise the association's authority with courtesy, tact and respect for the individual.

A community association combines the functions of government, business and community. A successful association balances the three functions. However, the tendency of many associations has been to focus on governance and business. One of the reasons for this is the fear that association leaders and managers have because of their perceived legal responsibilities. Good old-fashioned common sense seems to have taken a back seat. Everything must be done "by the book". We have been told that deviations or variations from the restrictions or rules will be adverse to the best interests of the association. Leaders and managers should not forget that they are dealing with people and a community association that constantly evolves and changes. What may have been appropriate when the association was first established may no longer be relevant. Why perpetuate something that is clearly not conducive to current circumstances or to the lifestyles of the residents?

The governance and business functions include collection of assessments, deed restriction enforcement, and fulfilling maintenance responsibilities. Communications with members of the community therefore often take place under negative circumstances. This leads to defensive, aggressive reactions and extremely negative perceptions, making conversation difficult and unpleasant. The current adverse perception of community associations is a direct result of this form of negative communication. It has been a long time since anything positive appeared in the media concerning associations. As previously stated, the value of associations and the good they do is not very newsworthy.

According to the Community Associations Factbook the three functions tended to be applied as follows:

- Business meant *austerity*
- Governance meant *compliance*
- Community meant *conformance*

Current thinking dictates that new definitions be adopted:

- Community means *harmony*
- Governance means *justice*
- Business means *prudence*.

Building community is an ideal way to focus the association's membership on the positive benefits of being a part of the community and helping to direct and participate in the community's future activities, instead of complaining of past problems and difficulties. Activities that promote social interaction result in friendlier more positive communication. Building community is perceived as proactive as opposed to the reactive activities relating to collection of assessments and deed restriction enforcement.

Initially, activities relating to building community are in addition to and do not replace the traditional management functions. After progressing along the path of building community the time required for traditional management functions will diminish because of the positive influence that creating harmony has on the community. Relations with members will be less confrontational, far more pleasant and a lot friendlier.

The type and level of activity will depend on the community and may need to change from time to time depending on the wishes of the members. A luxury high rise condominium will have decidedly different programs and activities than a large master planned community. It is always advisable to survey the residents to see what type of activities they would like to participate in rather than make assumptions. Listening to the wants of the members will in and of itself be of benefit to the community. After hearing from residents and owners through town hall meetings and surveys, common goals can be formulated and community specific programs can be developed. Let the residents be a part of the process. Form resident committees to assist in the organization and implementation of the activities. The extra effort will be well worth the time spent.

To achieve community the leaders and management of community associations need to place more emphasis on the search for *harmony* in community, *justice* in governance, and *prudence* in business.