

## Topics to cover with Shu Bartholomew

### Debunking CAI Myths

#### Myth #1: CAI represents homeowners and residents in HOAs

*CAI at 40*

<http://www.caionline.org/about/who/40thAnniversary/40th%20CG%20Article,%20Print%20and%20Read.pdf>

*Homeowners We Serve*

<http://www.caionline.org/about/who/Documents/HomeownersWeServe.pdf>

CAI Governance, as seen on their website:

<http://www.caionline.org/about/governance/Pages/default.aspx>

- Of CAI's estimated 33,000 members, 40% are "homeowner leaders" ie. Board members representing the interests of the corporate HOA
- It is unclear how many of these homeowner leaders are developer-appointed Board members, investors, or professionals that work in the real estate industry
- CAI estimates there are 64 million residents in CICs
- Some math:  $33,000 \times 40\% = 13,200$  and  $13,200 / 64,000,000 = 0.00020625 \times 100 = 0.020625\%$  LESS THAN ONE TENTH OF ONE PERCENT of "homeowners" are members of CAI
- CAI was created in 1973 by combined efforts of FHA, NAHB, and ULI. "CAI's first board consisted of builders and developers, homeowners, managers, leaders from other associations (what were those?) and public officials." Two members of the Board were homeowners. Per Lincoln Cummings, a CAI founder, "No policy could be implemented without the approval of all five interest groups." Each group was given equal power. (CAI at 40, Common Ground Jan Feb 2013)
- From the start, homeowners had, at best, a 20% stake in creating policies affecting common interest communities. (CICs) The four remaining interest groups create policies that mutually benefit their combined interests. Developers obtain construction permits to increase density, managers obtain policies that promote job security and profitable management companies, public officials get a larger tax base with greater net revenue because many government services are shifted to CICs. It is unclear which "other associations" were included on the original Board.
- Today's CAI Board of Trustees has 14 members. They elect three Membership Representation Groups (MRGs): Association of Professional Community Managers (APCM) Board, Business Partners Council, and

- Community Association Volunteers Committee. (Board and Committee members for their CICs)
- CAI Board members.
    - <http://www.caionline.org/about/press/Pages/HowardHeadsSlateof2014CAILeaders.aspx>
      - Of 14 trustees, only 2 are homeowners. That is a 14% interest. Three of the members are attorneys, and the other nine are Credentialed Community Managers, one of whom owns a successful insurance business. All are large, well-established in the real estate industry.
      - There are three Member Representation Groups (MRGs): a 14 member APCM (Assoc of Professional Community Managers), a 12 member BPC (Business Partners Council), and a 7 member CAVC (Community Association Volunteers Committee)
      - Of the three MRGs, a total of 33 people, only 7 are homeowners. That's a 21% interest. MRGs do not vote.
      - The CAVC is tasked with providing assistance in designing education and training for Board members. They also recruit new CAI members and promote the training courses.
      - The homeowner members are long-time CAI members, long-time Board members, and several have served on the Boards of their local CAI chapters.
  - What kind of representation do owners and residents get, if they do not happen to be volunteers on their Boards or Committees???

### **Myth #2: CICs are a "Form of Democracy"**

*Community Association Living*

[http://www.caionline.org/info/readingroom/Publication%20Excerpt%20Library/community\\_association\\_living.pdf](http://www.caionline.org/info/readingroom/Publication%20Excerpt%20Library/community_association_living.pdf)

*Comparing Governments*

<http://www.ushistory.org/gov/13a.asp>

- ROLE OF THE OWNERS (pg 26 of downloaded file, *Community Association Living*)
 

“Although board members run community associations, governing documents and the law often reserve certain powers for the owners. For example, there are often provisions in the governing documents and the law stating that the owners must elect the board members. Also, some governing documents only permit owners to fill vacant positions on the board. It is the owners—not the board members—who generally have the power to amend the declaration (master deed) or proprietary lease. The owners also may have the power to amend particular provisions of the bylaws, such as those dealing with the assessments and sale of common property. This usually requires consent from a specified percentage of the owners.”

- “Community associations are one of the most representative and responsive forms of democracy in America today. Residents of a community freely elect neighbors to serve on the board of directors of the community. Numerous other owners or residents serve on committees and help with special tasks as they arise.”
  - One hallmark of Democratic governance is free, competitive elections.
  - Fact: During Developer control, which can last more than a decade, the Board or Directors, or a majority of it, is appointed by the developer. Owners and residents do NOT “freely elect” the Board.
  - Fact: Many Associations do not allow residents who are not owners to participate in elections.
  - Fact: Most Associations allocate one vote per unit owned, resulting in inequitable voting rights, and unequal distribution of voting power. If cumulative voting is prohibited by the By Laws (it often is), this further dilutes voting power for the minority
  - During developer control, the developer is allocate at least three votes per lot or unit owned, and I have seen documents that allow up to NINE votes per lot owned.
  - Some CCRs specify that a Developer may retain control as long as he owns just ONE lot.
  - During Developer control, the Board can, and often does, vote to add additional land to the Association, with the purpose of creating more units. This shifts the ratio of voting interests to more control by the Developer.
  - After turnover, the Association Board is elected according to processes outlined in the governing documents, in compliance with Statutes. There is no national standard to ensure fair elections in CICs. Representative voting structures, voting by proxy, disqualification of voting rights for members under certain conditions, and ballot tampering can all taint elections.
  - Without the power of an equitable vote, the Board is difficult or impossible to remove by election, and therefore the Board does not have to be responsive nor representative of residents at large.
  
- “The basic authority in a community association lies with the owners. However, the owners elect a board of directors to act on their behalf. Usually the governing documents delegate almost all of the association’s decision-making powers to a board. This leaves the owners with very few *direct* powers. Typically, owners have only the *voting* power to: 1) Elect and remove directors and 2) Amend any of the governing documents, except board resolutions. Occasionally, owners will approve the annual budget for their association. But all other decisions are usually left to the board. As a result, if owners are unsatisfied with a board decision, they usually do not

have the direct authority to “veto” or “undo” its action. Under such conditions, their only remedy is to elect a new board to represent them.”

- Given these facts, as outlined by CAI, the power to vote means everything. Without voting power, residents are basically at the mercy of their Board or Directors.
  - Voting methods for amending the governing documents are almost always delegated to voting representatives, and are complete by proxy rather than by referendum on a ballot.
  - The very same inequitable voting interest allocations that apply to elections, also apply to amendments. Therefore, those who hold the most voting power can create and change the CC&Rs – the rules of the game - for the rest of the residents, *even if the number of members casting the votes represents a small minority of actual residents.*
- Other hallmarks of Democratic governance: (see pg 36 of *Community Association Living*)
    - Freedom of speech, the press, and religion: CICs often limit all three, with regard to religious or political objects that residents can display in their yards or on their front doors; with regard to what can be published in the CIC newsletter or on its website; with regard to the small amount of time that residents are allowed to speak at meetings
    - Majority rule with minority rights: the minority has no rights, and must abide by the decisions of the majority. They must follow all rules, no matter what, or face penalties
    - Varied personal backgrounds of political leaders (not limited to an elite class): this is definitely not true during Developer control. After turnover, it’s debatable.
    - Rule by law that applies to leaders and citizens alike: Often Board members do not follow the rules they enforce and/or they apply the rules selectively.
    - Meaningful participation by citizens: Besides the fact that voting power is limited, it is very common for the Board of a CIC to be unresponsive to concerns, protests, or complaints.
    - By process of elimination, many CICs could be better described as Authoritarian vs Democratic. But in reality, they are governed as *Corporations*, and corporations are definitely NOT democratic by nature.

**Myth #3: “more than 65 million Americans who make their homes in condominiums and homeowners associations are overwhelmingly satisfied with their communities” (Tom Skiba, CAI)**

**Publicly Released:**

*Residents give high marks to Associations*

<http://www.caionline.org/about/press/Pages/2014HomeownerSurvey.aspx>

2014 "Verdict" [http://www.cairf.org/research/Americans\\_Grade\\_2014.pdf](http://www.cairf.org/research/Americans_Grade_2014.pdf)

2012 "Who Should Judge Community Association Success?"

[http://www.caionline.org/info/research/Documents/national\\_homeowner\\_research.pdf](http://www.caionline.org/info/research/Documents/national_homeowner_research.pdf)

2014 Survey Monkey tracking survey of managers and Board members

<http://www.caionline.org/about/press/Documents/2014%20State%20of%20Community%20Associations.pdf>

### **Additional Information provided by CAI**

Management reports of survey results for 2007, 2009, 2012

Management report from 2014 with methodology

Methodology summaries for 2009 and 2012

### *How valid and reliable are surveys commissioned by CAI?*

- Consider the source: CAI's membership has a financial stake in CICs, therefore there is a tendency toward bias. CAI wants results to show that residents are happy and satisfied with living conditions and services from two of their key member constituents: CAMS and Board members. CAI funds research through optional contributions that can be added to membership dues.
- Are survey companies reputable?
  - Zogby – not as respected as Gallup and Rasmussen; history of unreliable results for election polls, especially internet-based polls
  - IBOPE-Zogby – in 2011, IBOPE (a Brazilian company) bought a majority share of Zogby. By 2012, Zogby's home office in Utica, NY was closed. IBOPE has had some reputation problems in Brazil – experienced periods of internet down time, and critics have accused the company of fabricating data
- Survey methodology:
  - 2007-2009-2012 surveys were done by telephone interview of 700 HOA residents. Potential problems with telephone surveys:
    - Statement made by Zogby –Ibope "Samples are randomly drawn from telephone CDs of national listed sample. IBOPE Zogby International surveys employ sampling strategies in which selection probabilities are proportional to population size within area codes and exchanges. Up to [sic] are made to reach a sampled phone number. Cooperation rates are calculated using one of AAPOR's

approved methodologies<sup>1</sup> and are comparable to other professional public-opinion surveys conducted using similar sampling strategies.<sup>2</sup> Weighting by *age, race and gender* is used to adjust for non-response. Margin of error is +/- 3.8 percentage points. Margins of error are higher in sub-groups.”

- Increasing number of people do not have a land line, and lists did not include cell phone numbers (they were based on area codes and exchanges, which cannot work with cell phones with a highly mobile population)
- About 93% of “cold calls” are not completed, and only response rates have dropped to 7%, which calls into question how well one can generalize results.  
<http://www.cme.hsc.usf.edu/fsjune/pdf/4%20-%20Day%20Four%20-%20A%20comparison%20of%20reliability%20between%20telephone%20and%20web-based%20surveys.pdf> Source: Council for Marketing and Opinion Research, 2003)
  - The call is not answered (due to caller ID), or the person ends the call as soon as they realize it’s a survey. Obviously, most people who would be worried about collections phone calls would not pick up the phone.
  - The few people who answer the survey questions may not accurately represent the target population, even if drawn from a list that is meant to be representative.
- The interviewer can interject bias or may “fudge” the interview questions or data.
- Time-consuming and costly
- 2014 Survey done by Public Opinion Strategies was an online survey of 800 adults living in CICs.
  - POS Management summary contains the following disclaimer *“Respondents for this survey were selected from among those who have volunteered to participate in online surveys. The data have been weighted to reflect the demographic composition of the target population. Because the sample is based on those who initially self-selected for participation in the panel rather than a probability sample, no estimates of sampling error can be calculated. All sample surveys and polls may be subject to multiple sources of error, including, but not limited to sampling error, coverage error, and measurement error.”*
  - In fine print, the publicly released CAI 2014 report claims *“The 2014 findings track closely with previous survey results, affirming the validity of the online survey.”* Really? Note that POS is not making this claim—CAI has drawn this conclusion!
  - Potential problem with web-based surveys: Since the survey

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<sup>1</sup> See COOP4 (p.38) in *Standard Definitions: Final Dispositions of Case Codes and Outcome Rates of Surveys*. The American Association for Public Opinion Research, (2000).

<sup>2</sup> *Cooperation Tracking Study: April 2003 Update*, Jane M. Sheppard and Shelly Haas. The Council for Marketing & Opinion Research (CMOR). Cincinnati, Ohio (2003).

respondents were self-selected, there is no way to ensure that the sample is representative. It is possible that many of the same people who answered telephone surveys were asked to volunteer to do the online survey, or perhaps CAI members themselves might have volunteered.

- The most reliable online surveys use volunteers from pre-selected representative panels, but the methodology summary does not indicate this extra step was taken.

Availability of raw data was limited. I was able to obtain management reports prepared by the survey companies, however, these contained limited information, and some discrepancies were noted

- For instance, each survey asked 37-39 questions, but the management summaries only contained the questions and results for 24-26 of those questions.
- In the 2009 management report, the sample size was stated as 701, but when I added up the numbers in the sample table by attribute (location, marital status, income ranges, etc.) several totaled 700 or 699.
- Each year the survey was done, there were 3-5 questions that varied from the previous year, listed as “exclusive” questions.
- 2014 report only includes percentages, not numbers of respondents for each strata (attribute) in the sample

Is the sample of survey respondents representative of CICs residents? A key problem in getting a representative sample of CIC residents is the lack of tracking data. The US Census does not differentiate between single family homeowners that live in planned communities vs. older communities without an HOA. A few states are just beginning to require CICs to register and provide basic data such as the number of units. Most CICs do not make demographic data available to the public, and many do not track it at all.

- The profile of survey respondents by “type of community” does not reflect CAI’s own reported statistical review from 2012.
  - CAI estimates that 50% of CICs are HOAs (single family homes), 45-48% are condos, and 3-5% are Co-ops. However, each survey profile includes 65-70% single-family house dwellers, 4-7% apartment (co-op) residents, and the remaining 23-31% live in condos or townhouses. (Townhouses can be either HOAs or Condominiums.)
- Own vs. Rent: earlier surveys indicate 93-96% own their homes, no own vs. rent data reported for 2014. But we hear all the time that homes and condos are being purchased by investors and rented, and that communities are quickly approaching the 30% rental limit, and setting restrictions so

that buyers can qualify for FHA loans. So this appears to be a skewed sample.

- Do demographics of CIC residents vary from national averages? Or is residence in CICs less diverse/more segregated by race and social class?
  - Education levels: 2014 – 33% some college, 53% college graduate. 2012 – 22% Some college – 69% college grad. NATIONAL averages: 21% some college, 36% college graduates. Are CIC residents more educated than non-CIC residents, or is the survey sample skewed?
  - Income levels: 2014 – 54% @ \$60K+, compared to national average of 45% @ \$60K+. Do CIC residents actually earn higher than average incomes?
  - Race: Hispanics appear to be under-represented in all surveys, less than 3% in Zogby surveys, and 10% in the POS survey for 2014. (US Census 16-20%). In previous Zogby surveys 89% of respondents were White, 5% were African American. (latest US Census reports 74% white, 12% black) Are minority races less likely to live in CICs, or is the survey profile skewed?

Other questionable data from the management reports:

- *In your current community, have you ever attended any community association board meetings?* Do you buy the survey result that 7 in 10 residents have attended a Board meeting? All we hear from CAMS, Attorneys, Board members and owners alike is “No one ever attends the meetings!” Most CICs would not even have the capacity to handle 70% of their residents if they showed up for a meeting. They cannot even handle 10-20% of residents in most communities!
- *Do you currently or have you in the past served on a homeowners association or condominium board?* Does anyone believe that 1 in 5 (20%) of residents have served on the Board at one time? All we hear is that “Nobody wants to run for this thankless job!” We hear from owners all the time that either Boards become entrenched for many years or the community cannot find enough people to serve.

The 2014 Tracking survey:

- 30% of managers and Board members said Apathy is Very or somewhat serious problem: 20% said that renters and rental issues is a problem.
- These questions are asking respondents to read the minds of owners (notice they omit tenants).
  - *Thinking about the services and amenities provided by the association, do you think your owners believe they are getting a good value for their assessment dollar? Answer choices are biased: three*



*positive choices and one negative choice: Overwhelmingly Yes (25%), For the most part (60%), and Somewhat (10%) with less than 5% choosing Not Really*

- *In your view, what percentage of your residents would say they are SATISFIED with the performance of the association's leadership team (board members and/or community managers)? The answer choices are arbitrarily broken down into five percentage ranges. The question is qualitative, but the answer is quantitative.*
  - 0-20% range: less than 2%
  - 21-40% range: less than 5%
  - 41-60% range: about 14%
  - 61-80% range: about 35%
  - 81% or more: 45%
- *What this says is that managers and board members think that nearly 80% of “their” owners are at least 60% satisfied. But what does that mean? It cannot be compared to the POS of owners for 2014, since the answer choices were not the same.*

### *How valid are the questions and results in CAI surveys?*

The BIG question: this is the one used to prop up the news release, claiming that **“The more than 65 million Americans who make their homes in condominiums and homeowners associations are overwhelmingly satisfied with their communities, according to national survey conducted by Public Opinion Strategies for the Foundation for Community Association Research.”** See here for news release -

<http://www.caionline.org/about/press/Pages/2014HomeownerSurvey.aspx>

Actual question:

- *On a scale of one to five, with one being very bad and five being very good, how would you rate your overall experience living in a community association?*
  - 25% rated 5 + 39% rated 4, for a total of 64%
  - 26% rate 3 for Neutral
  - “only” 10% expressed outright dissatisfaction
- **Since when does a 64% positive rating indicate that consumers are “overwhelmingly satisfied?”**
- Note that 64% would be equivalent to a “D” in school.
- Note that 64% would be insufficient to attain a Super Majority vote of 67% - 75% that is required by most CC&Rs for amendments.
- **Would you have purchased your HOA home or condo if it had**

been disclosed that the satisfaction rate was 64%?

Interesting quote from news release: is Mr. Skiba comparing HOA institutions to government? Are Board members politicians?

**Only 10 percent express some level of dissatisfaction**

**"I'd like to meet a local, state or national politician who wouldn't want such approval ratings," says Thomas Skiba, CAE, chief executive officer of the Foundation and Community Associations Institute (CAI). "All institutions have issues—our schools, businesses, government and the entertainment industry—but I think it's safe to say community associations fare very well in comparison."**

Leading questions or Loaded Questions on the CAI surveys: Leading questions suggest a particular "right" answer in the question itself, or in a statement preceding the question. Loaded questions are often emotionally charged or potentially controversial. The respondent is made to feel "wrong" or "stupid" if they do not choose the suggested response. A question is made even more biased if the response choices are also unbalanced – if there are more positive vs. negative choices or vice versa. To avoid bias, the question must be structured so that there is no "right" or "wrong" answer, and so that response choices are balance, usually on a 5 or 7 point Likert scale. (numerical or with balanced phrases)

- *Do you think the members of your elected governing board serve the best interests of your community as a whole? Answer choices: Yes, absolutely; Yes, for the most part; No, not at all. (2014 results: 36%/54%/10%)* This question leans toward a positive response. The answer choices are unbalanced – two quite positive and one very negative. A better way to ask the question: Please indicate your opinion of how well your governing Board serves the interests of your community? Response choices rate on a 5- or 7-point scale from Very Well to Not Well at All. NOTE: since 7 out of 10 have attended Board meetings, and 20% have served on the Board, of course they would skew in the positive direction.
- *Overall would you say you are on friendly terms with your current community association board, or would you say you are on unfriendly terms with them? (2014 results 92% Friendly, 8% unfriendly)* Another example of a question that suggests the "right" answer is Friendly. What if you don't know them at all? What if you have never met them? What if you are on friendly terms with 2 of 7 Board members, but on unfriendly terms with the rest? The question would be more useful like this: How would you describe your personal relationship with your governing Board? Possible responses: rate on a numerical scale from most friendly to least friendly. Again, with so many apparently actively involved residents, of course the

results would skew positive.

- *What do you think your community should do when residents neglect to pay their assessments? (2014 results):*
  - *73% Insist that every homeowner pay the assessments, involving attorneys only if delinquent accounts are not brought up to date after sufficient notification.*
  - *20% Curtail services and amenities such as reducing pool hours, delaying improvements and spending less on landscaping.*
  - *6% Make up the loss by increasing assessments for homeowners who pay on-time.*

Talk about a LOADED question! The question assumes a negative stance toward owners as “deadbeats” with the use of the phrase “neglect to pay.” This type of question should be depersonalized—query what to do about past due *accounts* vs. individuals that have not paid their dues. The response possibilities are also loaded and limited. The reference to “insist that every homeowner pay” and “involving attorneys” reveals the bias of CAI’s stance on how to handle the issue. What about using a collection agency instead of an attorney? What about setting up a payment plan? How about not applying assessment payments to fines due? How much notification is “sufficient?”

What is really the purpose of this question?

The second and third possible answers – “curtail services and amenities” or “make up the loss by increasing assessments” – are also loaded. They basically convey this message to the survey respondent: *if you choose this answer, you are allowing your deadbeat neighbors to cheat you.* The second and third answers are not possible *solutions*, they are *consequences* of inaction, and are highly inappropriate! This question has only ONE solution presented, and it just so happens to be the one CAI prefers.

- *Do the rules in your community protect and enhance property values (70%), harm property values (4%), or make no difference in property values (26%)?* This is what I call a *sandwich* question. All three possible responses appear in the question itself, and the least desirable answer is sandwiched in between the less offensive responses. Why not ask, How would you rate the effect of your community’s rules on property values? And then give a 7-point numerical scale to allow respondent to choose a rating from *Very Significant* to *Not at all Significant*
- *Did the fact that your current home is in a community*

*association make you more interested (32%) or less interested (12%) about purchasing or renting your home, or did it have no impact (57%)?* Another *sandwich* question. It is notable that more than half are not actively seeking an HOA. Perhaps the high response for “no impact” is mainly because, for many people, there is little choice to buy or even lease outside an HOA. What this answer reveals is that even with a survey skewed in favor of HOAs, more than half of respondents would be open to housing options without an HOA!!

- *In your view, does the community manager provide value and support to residents and the community as a whole?(45% yes, 9% no, 46% NO ANSWER)* and *Have you had any direct contact with your community manager? (43% yes, 11% no, 46% NO ANSWER)* It is obvious which answer is “right” in these questions. No wonder almost half gave no response! That alone makes these questions invalid.
- *Was it generally a positive experience?(88% yes)* Notice that the respondent is once again fed the “right” response. Yet there were still 12% that bucked the trend! They must have been very displeased.
- *Are you currently or have you ever been behind on your association assessment payments? (12% admit it)* What is the purpose of this question? If CAI really wants to know how many owners are past due on their assessments, all they need to do is start collecting that information through their members.

Complex and Double-Barreled questions: These are questions that try to obtain an answer to more than one question at the same time, or that are vague, or that contain terminology that is confusing or not likely known by most respondents

- *Please mark whether you have a favorable or unfavorable impression of the following group, (Community Associations Institute) have heard of this group but have no opinion of them, or have never heard of them. (42% Heard of, 18% no opinion, 21% favorable, 2% unfavorable)* This is trying to determine general awareness of CAI as well as their general reputation among those who are already aware. It is really two separate questions.
- *The governance of community associations is subject to differing state laws and regulations. Would you like to see more (14%) or less government control (37%) of these associations, or would you prefer no change (49%)* This complex question is loaded AND non-specific. What exactly is meant by “government control?” The researcher does not define the term. It

sounds bad - who in their right mind ever wants more government control? The fact that half want to see no change (ie they did not ask for *less* control) is very telling! Suppose you asked residents if they would be in favor of government regulations requiring equal allocation of voting rights to each resident? Or if they would be in favor of having the option to bring violation notice appeals before a judge in a local court (instead of the Board or a Board-appointed committee)? Or if they would be in favor of limiting Developer's term of control? I think we would get a much different response. Better yet: why don't we ask residents how much control they would like to see over their lives from their HOA---more, less, or about the same☺

So what can we conclude from the results? Keeping in mind that the sample is probably not representative, and that the survey questions themselves are skewed, the overall results are not as favorable toward HOAs as one might expect.

*On a scale of one to five, with one being very bad and five being very good, how would you rate your overall experience living in a community association?*

- According to Community Associations Institute, "The more than 65 million Americans who make their homes in condominiums and homeowners associations are overwhelmingly satisfied with their communities." The 2014 survey was done by Public Opinion Strategies for the Foundation for Community Association Research. The press release says survey results show that almost two-thirds of community association residents rate their overall association experience as positive, while 26 percent are neutral on the question. Only 10 percent express some level of dissatisfaction. First of all, the question is structured such that it allows more than one in four respondents to remain neutral on level of overall satisfaction! Less than 2 out of 3 respondents rated their CIC experience as positive. In school, 64% would get you a D on your report card. I would reject a hotel or restaurant rated at only 64% positive. And had I seen this survey before purchasing - not the news release but the survey summary - it would have steered me away from an HOA.
- One can just as easily conclude from 2014 data that 36% of residents are either dissatisfied or neutral - neutral ratings can be construed as meaning that if a better option presents itself, the resident would move elsewhere. (A moot point in metro areas where very few non-CIC options exist). At least that is the way most market research is interpreted. Incidentally, comparing 2012 and 2014 data on supposed overall satisfaction, one notes that the positive rating dropped by nearly 9% (from 70% to 64%).
- At the same time, respondents rating their overall CIC experience as

negative increased by 25% (from 8% to 10%). Neutrals increased by 15% (from 22% to 26%). If we combine neutrals with negatives, and compare to 2012, there has been a 20% increase (from 30% to 36%) in the number of residents who *cannot* rate their overall experience as positive.

- By the way, if we are to conclude these percentages translate to the entire population of CIC residents, that means that 6.5 MILLION CIC residents are decidedly dissatisfied. (10% of 65 million). An additional 16.9 million CIC residents are sitting on the fence, or they have mixed feelings about their communities. These are not small numbers. These numbers are probably understated, given the context of this survey.

*And thinking about the amount of your overall assessments that you pay for the services provided by your association, do you feel the amount of your assessments is too much, too little, or just the right amount?*

- More than one third (36%) think their assessments are too high. In other words, they do not believe they are getting good value for their dollar.
- How many businesses would feel comfortable with this kind of assessment from their consumers? Most would be concerned about losing buyers and repeat business. This seems to indicate that a significant number of owners would sell IF they had options to buy, and assuming they would not lose too much money on the sale.
- With 80% of new construction in HOAs, options are limited for buyers, therefore there is little motivation to be concerned about charging high assessments.

*Please select the one item on this list you feel is the single **BEST** thing about living in a community association?*

- Top three answers: Clean/Attractive neighborhood (23%), Safe neighborhood (16%), and Maintenance-free neighborhood (15%)
- But what about the TOP reasons CAI cite for buying into HOAs?
  - Only 9% cited Property Values
  - Only 6% cited Amenities

*Please select the one item on this list you feel is the single **WORST** thing about living in a community association?*

- In 2012, 34% of residents claimed there was "nothing bad" about life in their Common Interest Communities (CICs), but in 2014, only 18% of residents make the same claim.
- Restrictions on Exterior Home Improvements (18%) + Rules in general (10%) + Restrictions on Landscaping (8%) account for a combined total of 36%.
- What about the Three Ps? This is where CAI managers say all the problems arise.
  - People (9%) Pets (did not make the list)

- Parking (8%)
- Interestingly, 7% cite dissatisfaction with the Board.

*On a scale of one to five, with one being not at all and five being very well, how well would you say you get along with your immediate neighbors?*

- 51% rated a 5, Very Well. \*(on a scale of 1-5, 4.3 Mean score for positive interactions with neighbors)

***What issue or issues create most of the conflict? Asked of respondents who say interactions with their neighbors are not at all well '1' to well '4' (N=390)***

- First of all, why was this question asked of the 32% of respondents who rated their interactions as Well (4 out of 5)? Why not simply as the 17% who rated 3 or less? Obviously if relations are “Well” for 2/3 of those asked the question, then these “conflicts” are relatively minor.
  - Noise 34%
  - Pets 28%
  - Parking 25%
  - Personal habits 24%
  - Landscaping/yard issues 20%
  - General lifestyle 18%
  - Appearance of home 13%
  - Other 6%

*Have you personally experienced significant issues or disagreements with your association?*

- 24% - almost one in four – have had a disagreement with their HOA! Have one in four of your neighbors had a dispute with your local municipality or county government?
- Biggest issues: KUA rules (Keeping Uniform Appearances)
- Landscaping or yard issues (28%) + Architectural Guidelines (13%) = 41%!!!
- Vehicles and parking (17%) – perhaps most of which could have been prevented if the developer created sufficient parking space in the first place
- Overall Finances (14%) + Assessment Collection (8%) = 22%
- Pets (10%)

***And how satisfied or dissatisfied were you with the outcome of the most recent issue or disagreement? Asked to those who had disagreements with their association (N=196)***

- Only about half (51%) were satisfied with the outcome
- Dissatisfied (37%) + Unresolved (12%) = 49%!!
- Is this any way to run a BUSINESS?

## **Questions that might have been asked, but were not:**

- How many residents own vs. rent? (was not asked in 2014)
- How many owners are underwater on a mortgage?

- How old is the community where they reside?
- How many residents live in the respondent's community? (is it a large PUD or a small condominium building?)
- What amenities does the community have, and which of those do residents use regularly? Who owns the amenities - the HOA or a private business owner (or some combination)?
- How many units does each respondent own? (Very relevant, and it would be interesting to correlate satisfaction with level of financial interest in a CIC)
- What factors led to the resident's decision to buy or rent in their current community?
- If residents could move elsewhere, would they?
- Did the resident purchase his or her home directly, or inherit it?
- How about these queries: Knowing what you now know, would you buy/rent in your same community, or would you choose a different community, perhaps not in a CIC?
- How about measuring the level of knowledge CIC residents have? An educational organization, which CAI claims to be, might want to know: how many CIC residents have read their governing documents? (Or are even aware of their existence?)
  - How many are familiar with relevant statutes?
  - Do residents vote in elections, or is the developer still in control? Do the residents even know whether their Board is Developer-appointed or Owner-controlled?
  - Do residents know the rules?
  - Do they know how votes are allocated and how they are cast?
  - Do they know what to do if they are having trouble paying assessments?
  - Are they aware that the CIC can lien or foreclose their home?
  - Do they know their legal rights in the event they get a violation notice, or
  - Do they know what recourse they have, if any, should the Association fail to maintain or repair common areas?

## **Trouble ahead**

**Related Snap survey of Community Managers on Reserve Funding/Special Assessments, Sept 2013** Data based on responses from almost 400 community managers

[http://www.cairf.org/research/snapsurvey\\_sept2013.pdf](http://www.cairf.org/research/snapsurvey_sept2013.pdf)

ASSESSMENTS:



33% of respondents say their association has increased assessments during the previous 4–5 years to pay for major repairs and replacements that would have been funded with sufficient reserves.

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**SPECIAL ASSESSMENTS:**

20% of respondents say their association has used a special assessment during the past 4–5 years to fund major repairs and replacements.

Only 45% of HOAs surveyed fully fund their Reserves  
And 66% wait 3-5 years to review their Reserve study

Additional references:

On survey companies and survey reliability:

Zogby and IBOPE

[http://www.cjr.org/politics/how\\_reliable\\_is\\_the\\_zogbyjourn.php](http://www.cjr.org/politics/how_reliable_is_the_zogbyjourn.php)

[http://fivethirtyeight.blogs.nytimes.com/2012/01/15/before-citing-a-poll-read-the-fine-print/?\\_php=true&\\_type=blogs&\\_php=true&\\_type=blogs&r=1](http://fivethirtyeight.blogs.nytimes.com/2012/01/15/before-citing-a-poll-read-the-fine-print/?_php=true&_type=blogs&_php=true&_type=blogs&r=1)

<http://www.freerepublic.com/focus/f-news/2687277/posts>

[http://www.pollster.com/blogs/the\\_loopy\\_zogby\\_polls.html](http://www.pollster.com/blogs/the_loopy_zogby_polls.html)

Public Opinion Strategies

<http://pos.org/expertise/why-were-different/> (Marketing information)

[http://www.huffingtonpost.com/2012/06/06/mitt-romney-campaign-misspells-reagan-regan\\_n\\_1575727.html](http://www.huffingtonpost.com/2012/06/06/mitt-romney-campaign-misspells-reagan-regan_n_1575727.html)

<http://urbanmilwaukee.com/2012/09/30/murphy%E2%80%99s-law-journal-sentinel-swallows-right-wing-propaganda/>

POS Election poll

<http://www.nmtelegram.com/2012/10/29/wilson-internal-puts-her-up-in-senate-race/>

Actual election results

<http://www.cnn.com/election/2012/results/state/NM/senate>

