

# How to Keep Your HOA Healthy

By Beth Gilbert



**M**anaging the daily operations of a homeowners association can make it hard for board members and community managers to carve out time to evaluate the health of their association. Though it may be one more thing that goes on the to-do list, knowing your community's financial standing, curb appeal, and the relationship with residents is well worth the time and effort.

Board members have the responsibility to preserve, protect, and enhance homeowners' property while community managers coordinate and execute the services needed to run the association, also acting as trusted advisors to the board with their vast knowledge of governance, operations, and management. It's critical for board members and their community managers to partner and leverage each other's strengths and skills to assess the health of their association and execute a plan of action.

There are five areas to evaluate. During the process, community managers and board members should create a spreadsheet to take detailed notes that enable them to quickly turn findings into a plan to share with residents.

**Home values.** Residents want to ensure the value of their home is maintained when choosing to live in an association. Conduct research to review property values in the community. Have they gotten higher or lower in recent months,

or do they seem steady? This data can easily be collected through websites such as Zillow, Redfin, and Trulia, which make it simple to compare home prices in the area. While home values may be in great shape, that's only a small piece of community health.

**Curb appeal.** Tying into the value of homes is the physical condition of the community, which is one of the simplest things to assess at a glance. Does the community look like a place people are proud to call home? Are trash bins being put away, yards well-trimmed, and common spaces clean? Fresh paint, clear walkways, and clean and safe [common areas](#) are critical to the overall look and feel of the community.

If this is not the case, think about increasing communication about rules and boosting violation notices. The beautiful look and feel of the neighborhood is one of the reasons people choose to live in associations in the first place.

**Proper budgeting.** [Budgets](#) are crucial to a homeowners association's financial operation. Homeowners can tell when things are off if monthly assessments increase at an alarming rate or if a special assessment is approved to cover budget shortfalls. Similarly, high delinquency rates also may be a red flag that the association is not getting the funding it needs to cover expenses.

While considering regularly occurring costs, it's essential to plan for future projects, as well as those unexpected line items that may creep in, which brings us to reserve funding.

**Reserve funding.** Are your community's reserves adequately funded? Do you follow regional rules and regulations regarding the frequency of reserve studies? If a large, unexpected project arises, can you cover it? Homeowners are ever fearful of hearing that they may have to pay a considerable special assessment for a project that should have been planned for. Inadequate reserve funding also may keep potential homeowners from buying into a community.

Large-scale projects that do not occur every year should be budgeted for in advance to avoid assessment increases when the time comes to replace components. Take a look at the estimated years left on each component in your community and the percentage funded to date. For example, if your community needs the roof replaced in five years knowing that roofs must be replaced every 20 years, reserves should be 75% funded.

[Reserve studies](#) can be complicated; associations should rely on a reserve specialist to help. It's well worth it in the long run.

**Community culture.** Does the board and the community manager have a good pulse on homeowners' views of the association? Is there a strong relationship with homeowners, or is the only contact with them when something is wrong? If so, it might be time to start some positive outreach to make them feel more connected to the community.

Ensure that you're engaging with residents by the means that they prefer, such as via email, social media, or text messages. Make sure there is two-way communication so homeowners can ask questions and feel like part of the bigger picture in the association. Holding events outside of regular board meetings also is a great way to get people together and talking as a community. Events like summer potlucks, spring mixers, and volunteer appreciation parties help build connections between neighbors, the board, and the community manager.

Board members should partner with their community managers to develop a health assessment report and a plan of action to get their communities back on track, if necessary, or identify areas for improvement. It's not going to happen overnight, but if you take it one step at a time, you will get there.

Start by tackling the low-hanging fruit, such as reviewing home values and determining the general physical condition of the properties and common areas. Then start chipping away at the more labor-intensive tasks like budgeting and reserve funding. Set a goal to get the community in better shape within a year, and also set regular reminders—perhaps quarterly or biannually—to update the board and homeowners on how far a large-scale project has come toward completion.

Healthy associations have informed board members, knowledgeable community managers, and engaged homeowners who are happy and confident in the management of the place they call home.