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CALL 2004 Florida Community Living Survey Report of Final Result Based on 751 Responses • November 29, 2004



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Introduction & Methodology

The CALL 2004 Florida Community Living Survey was conducted online in the state of Florida between October 21 and November 11, 2004 under the auspices of the Community Association Leadership Lobby (CALL).

The results contained in this report are based on the responses of 751 participants who own property in a community association in Florida. Not all respondents answered all questions. The margin of error for the total sample is +/- 4 percentage points at the 95% confidence level.

The survey was not random, with more than 2,000 previously identified owners of property in Florida community associations having been invited by CALL via e-mail to take the survey online. The initial invitees were also invited to forward the opt-in invitation to other owners of property in their community associations. Responses were received from 751 of the total universe of invitees who opted to take the survey online.

Further information about the survey is available to the media upon request.

Established in 2003 to work toward enhancing the quality of life and protecting property values for Florida's community association residents, CALL advocates on behalf of more than 4,000 member communities, including condominiums, homeowners' associations, mobile home communities and cooperatives throughout the state.

Property Usage Characteristics

Year-round residency is reported by most community association owners surveyed (65.8%), challenging the myth of snowbird occupancy. Since this is a principal residence, 91% do not make their property available as a rental at any time during the calendar year.

Working from home is popular among 52% of the respondents who work part-time. These part-time workers are relatively younger, with 66% in the 50-64 age range. A home office is also reported by over a third (34.3%) of full-time workers, who also tend to be in the 50-64 age range (65%). Retired respondents are just that - over 65 and not working from home. Geographically, almost half of the full-time (47.5%) and part-time (46.4%) workers live in Southeast Florida, while retirees tend to be clustered on the Gulf Coast in Southwest (28.6%) and Central West (25.5%) Florida.

Leading Factors in Purchase Decisions

Ease of maintenance and physical amenities clearly stand out as the most important factors in the decision to purchase in a particular community association. Physical security is rated as important by 2/3 of respondents, as well as protection for real estate investments.

Deciding where to purchase is determined by a personal visit to the area. While the recommendations of family and friends play a role in the purchase decision, owners rely on their first-hand impressions of the community and surrounding area when choosing where to buy.

About the Community Associations

Condominiums are the most common form of ownership (60.4%) represented in the survey, followed by homeowners' associations (34.6%). Cooperative associations, mobile home communities and timeshare units represent a combined 5% of respondents.

Associations of all sizes are included in the survey. Over a quarter of respondents (26.3%) own in an association of 500 or more units, followed by 20.8% in the 50-99 unit range and 19% owing in an association with 100-199 units.

The entire state of Florida is geographically represented, with the heaviest concentration of participants representing the Southeast (34.4%), Southwest (27.6%) and Central West (21.6%).

The majority of community owners represented (56.4%) live in a professionally managed association, compared to 40% who live in an association managed by residents or an unlicensed property manager.

The vast majority of respondents (96%) own only one unit in their community association. Survey participants tend to be long-term owners, with 56.5% reporting ownership of 5 years or more. Most residents (87%) report no immediate relatives living in the same association.

Almost a third of respondents (30.7%) live in single family homes within their community association, followed by mid-rise (20.4%) and high-rise (20.1%) units.

Association Owner Concerns

Maintenance of the community property and its appearance emerges as the most important issue among community residents. Enforcement seems to be the other side of the coin when it comes to maintenance, since it ranks third as a common association concern. Owners will resort to litigation when needed to enforce association rules and regulations.

In today's post-Enron era, board member integrity ranks as the second most important community priority among owners surveyed. While many voice concern over the lack of qualified volunteers to serve on a board, others are worried about the need for term limits, board member conflicts and unfair

representation if board members place their own well-being above that of other residents.

Crime and physical security is the # 1 quality of life issue determining property values, with 89% of respondents rating this as somewhat or extremely important. Quality of the environment is a close second consideration, followed by concerns about access to quality health care, overdevelopment and traffic congestion.

Legal and Regulatory Matters

Enforcement of the documents governing an association is definitely a hot topic among board members and owners. Almost all respondents (98.7%) feel that associations should strictly enforce community rules with no exception (36.1%) or with hardship exceptions as needed (62.6%).

Support for warning letters (92.8%), fines (86.1%), lawsuits (72.1%) and even liens or foreclosure (76.5%) underscore respondents' emphasis on the need to maintain association rules.

"The Association needs to strictly and fairly enforce all Association bylaws governing the complex," says one community owner. "In our (near)-retirement status it is more important than ever to have the peace of mind that the property we purchased increase in value. This is a major investment for most seniors. The bylaws governing what can and can not be done must remain intact and strictly enforced."

Perhaps in an effort to improve enforcement and management, over one quarter (27.9%) of respondents support an increase in the Division of Florida Land Sales' current \$4.00/condominium assessment for dispute mediation and better oversight. Almost half of those surveyed (46.6%) opposed the measure, however, with 25.5% undecided.

Litigation is faced by many associations, with almost half of those surveyed (46.3%) reporting that their association has been involved in a lawsuit. The most common types of litigation revolve around covenant enforcement action (33.3%), foreclosure (24.7%), general contract disputes (21.8%) and negligence/premises liability/personal injury (20.7%).

Community associations weather the storms without a plan

Despite this year's record shattering hurricane season, almost half (48%) of participating board members reveal that their community association lacks a hurricane preparedness plan for catastrophic storms.

Developers take the lead in construction safety by incorporating a full range of safety materials. Traditional window shutters are used by the majority of unit owners (60%) to protect their home from storm damage. Impact glass or hurricane film is reported in use by almost 40% of respondents.

Enforcement endorsement, but not by the "Condo Commando"

Residents and board members alike underscore the need for owners to read, understand and abide by the governing association documents.

"It is important to remember that most people purchase in an association because they want restrictions to insure that the community will be able to retain its value as a desirable place in which to live," notes one survey respondent. "If the restrictions cannot be enforced there is no advantage to living in an association community."

When a violation occurs, a standard warning letter is viewed as acceptable by almost all (93%) of respondents. Aggressive steps such as fines, lawsuits, liens and even foreclosure are supported by 3 out of 4 respondents when voluntary compliance fails.

Insurance tops the list of financial concerns

Access to suitable insurance at affordable rates is the # 1 financial worry expressed by community owners surveyed. The relationship of individual homeowner's policy to the homeowner association master policy is a particular factor in community living that requires special attention.

Expense management is also on the minds of community owners, with the adequacy of reserve levels rated as somewhat or extremely important by 8 out of 10 respondents. Almost all owners surveyed (80%) worry about the board's ability to levy special assessments.

Cost concerns emerge again in the category of common area maintenance. The feature that community owners enjoy the most - ease of maintenance - comes with a monthly price tag. Balancing the cost of property management against the beauty of a well-maintained environment is a challenge faced by many community association boards.

Demographics

Half of the owners surveyed (51.2%) currently serve on their community association's board of directors, followed by 22.5% who previously served on their board. Almost a third of respondents (31.7%) have never served on a board, while 16.7% served on the board of another association.

The majority of respondents (51.4%) are 65 or older, followed by 42% in the 50-64 age range. A small number of respondents (5.8%) are 34-49.

While some respondents work full-time (22.6%) or part-time (8.9%), the vast majority (68.5%) are retired. Most survey respondents (79.8%) are married, 13.8% are single and 6.4% are divorced.

The average household income is \$50-\$99,999 for 43% of respondents, with 26.5% reporting income under \$50,000 and almost a third (30.5%) enjoying an annual income greater than \$100,000.

Survey Questions and Response Data

Listed below are the actual questions asked and responses collected in the CALL Community Living 2004 Survey. The number of responses to each question is indicated by R = #.

Indicate the type of community association in which you own:

PERCENT	TYPE OF COMMUNITY ASSOCIATION
60.4%	Condominiums
34.6%	Homeowners' Association
3.2%	Cooperative Association
1.5%	Mobile Home Community
.3%	Timeshare
(R=687)	

Please indicate the location of your unit/home:**PERCENT FLORIDA TERRITORY**

34.4%	Southeast Florida (Key West, Miami, Fort Lauderdale, West Palm Beach and Stuart)
27.6%	Southwest Florida (Bradenton/Sarasota, Fort Myers, Naples and Marco Island)
21.6%	Central West Florida (Crystal River, Clearwater and St. Pete/Tampa)
3.5%	Central East Florida (Port St. Lucie, Melbourne and Daytona Beach)
2.2%	Central Florida (Ocala, Orlando, Kissimmee/St. Cloud and Winter Haven)
1.9%	Northwest Florida (Pensacola to Panama City)
0.0%	North Central Florida (Tallahassee, Lake City, Gainesville, Cedar Key)
8.8%	Other

(R=684)

How many units/homes are in your association?**PERCENT NUMBER OF UNITS**

26.3%	500 or more
20.8%	50-99
19.0%	100-199
14.9%	200-499
12.6%	25-49
5.1%	5-24
1.2%	Don't Know
.1%	Under 5

(R = 684)

HOW IS YOUR COMMUNITY ASSOCIATION MANAGED?**PERCENT TYPE OF MANAGEMENT**

56.4%	Managed by a licensed community association manager/management company
37.0%	Self-managed
3.4%	Managed by an unlicensed individual property manager/bookkeeper
3.2%	Don't know

(R=681)

DO YOU OWN MORE THAN ONE UNIT/HOME IN THE SAME COMMUNITY ASSOCIATION? (R = 680)

- No (95.9%)
- Yes (4.1%)

ARE ANY IMMEDIATE RELATIVES (MOTHER, FATHER, SIBLINGS, COUSINS, GRANDPARENTS, IN-LAWS) OWNERS OF UNITS IN YOUR ASSOCIATION? (R = 680)

- No (87.1%)
- Yes (12.9%)

How long have you owned your unit?**PERCENT LENGTH OF OWNERSHIP**

30.4%	5-9 years
26.1%	10 years or more
24.0%	2 years or less
19.5%	3-4 years

(R=682)

Which of the following describes your unit/home?**PERCENT TYPE OF HOUSING UNIT**

30.7%	Detached single family home
20.4%	Mid-rise unit (3-6 stories)
20.1%	High-rise unit (75 feet / 7 stories or higher)
18.8%	Low-rise unit (1-2 stories)
10.0%	Attached town home

(R=681)

HURRICANE PREPAREDNESS**Does your community association board have a hurricane preparedness plan in place in the event of a catastrophic storm? (R = 684)**

- Yes (44.3%)
- No (36.7%)
- Don't know (19%)

How is your unit/home protected from hurricanes?**PERCENT TYPE OF HURRICANE PROTECTION**

25.8%	Impact glass
18.1%	Accordion shutters
13.9%	Hurricane film on windows
12.7%	Electric roll-down shutters
11.7%	Steel or aluminum storm panel shutters
10.7%	Plywood
5.8%	Awning shutters
1.4%	Bahama shutters

(R = 497)

RESIDENCY AND WORK PATTERNS

Each year, I reside in my condominium/home:

PERCENT OCCUPANCY PRACTICES

65.8%	Year round resident
12.0%	4 - 6 months
10.7%	6 - 9 months
6.7%	1 - 3 months
4.7%	Less than 1 month
(R=682)	

Do you work/conduct business from your unit/home via phone, fax or Internet? (R = 681)

- No (78.4%)
- Yes (21.6%)

FACTORS IN PURCHASING A COMMUNITY ASSOCIATION

How important were the following association features in influencing your decision to purchase property in a condo/homeowners' association?

Feature	Extremely Unimportant	Somewhat Unimportant	Neutral	Somewhat Important	Extremely Important	Response Average
Ease of maintenance	9%	5%	8%	32%	46%	4.01
Physical amenities (clubhouse, pool)	11%	7%	9%	33%	41%	3.85
Physical security	9%	9%	15%	31%	36%	3.77
Protection for real estate investment	11%	7%	15%	32%	35%	3.73
Community and camaraderie	7%	10%	20%	31%	32%	3.70
Shared financial risk	10%	10%	32%	28%	21%	3.41
(R = 660)						

How important were the following information sources in determining which condo/homeowners' association property you selected?

Feature	Extremely Unimportant	Somewhat Unimportant	Neutral	Somewhat Important	Extremely Important	Response Average
Personal visit to the area	7%	2%	3%	15%	73%	4.45
Friends & family recommendations	21%	10%	33%	21%	16%	3.01
Working with a realtor	28%	11%	28%	21%	13%	2.80
Magazine/newspaper articles	28%	16%	40%	13%	2%	2.45
Information found on the Internet	34%	14%	38%	12%	3%	2.37

Feature	Extremely Unimportant	Somewhat Unimportant	Neutral	Somewhat Important	Extremely Important	Response Average
Developer's advertising	37%	14%	31%	14%	5%	2.36
Tourism/development agency info	43%	11%	37%	7%	1%	2.12
(R = 661)						

FINANCIAL CONCERNS AMONG COMMUNITY OWNERS

How important are the following FINANCIAL issues to you as an association member?

Feature	Extremely Unimportant	Somewhat Unimportant	Neutral	Somewhat Important	Extremely Important	Response Average
Insurance availability & affordability	5%	3%	6%	23%	64%	4.39
Level of reserves	5%	2%	10%	27%	56%	4.27
Cost of common area maintenance	4%	3%	6%	39%	49%	4.26
Bd ability to levy special assessments	3%	3%	13%	34%	46%	4.15
Retrofitting to meet building codes	6%	5%	29%	28%	32%	3.75
(R = 648)						

COMMUNITY ISSUES

How important are the following COMMUNITY issues to you as an association member?

Feature	Extremely Unimportant	Somewhat Unimportant	Neutral	Somewhat Important	Extremely Important	Response Average
Overall maintenance of community	5%	1%	1%	8%	85%	4.67
Board member integrity	5%	1%	1%	11%	82%	4.63
Enforcement of rules & regulations	5%	2%	3%	32%	57%	4.35
Guest and/or occupancy issues	4%	5%	14%	34%	43%	4.08
Percentage of renters	5%	6%	16%	26%	47%	4.05
Screening of new owners/tenants	7%	7%	20%	30%	36%	3.82
(R = 648)						

How important are the following quality of life issues in influencing property values in your community association?

Feature	Extremely Unimportant	Somewhat Unimportant	Neutral	Somewhat Important	Extremely Important	Response Average
Crime & physical security	4%	2%	5%	20%	69%	4.47
Quality of environment	4%	2%	4%	22%	68%	4.46
Access to quality healthcare	5%	6%	11%	29%	48%	4.10
Overdevelopment	6%	6%	12%	26%	50%	4.07
Traffic congestion	5%	8%	12%	39%	37%	3.96
Quality of education (R = 649)	16%	12%	37%	22%	14%	3.07

Should associations strongly enforce the governing documents for the community? (R = 637)

- Yes (36%)
- Yes, with hardship exceptions as needed (62.6%)
- No (1.3%)

What enforcement techniques should be available to enforce the governing documents for the community? (Check all that apply; responses > 100%) (R = 638)

- Warning letters (92.8%)
- Fines (86.1%)
- Lawsuit if continued non-compliance (72.1%)
- Liens against property / foreclosure (76.5%)

The Division of Florida Land Sales currently collects \$4.00 per condominium unit in the State of Florida to fund its programs and services. Would you support an increase in this annual fee to expand government oversight of community associations and mediate disputes between boards and members? (R = 638)

- Yes (27.9%)
- No (46.6%)
- Don't know (25.5%)

Has your association ever been involved in litigation? (R = 635)

- Yes (46.3%)
- No (26.8%)
- Don't know (26.9%)

If yes to the above question, what type of litigation? (Check all that apply; responses > 100%)

PERCENT LITIGATION TYPE

- 33.3% Covenant enforcement action
- 27.0% Construction defect
- 24.7% Foreclosure
- 21.8% General contract dispute
- 21.3% Don't know
- 20.7% Negligence / premises liability / personal injury
- 9.5% Employment dispute
(R=348)

Please tell us about any experience you have had as a member of the board of directors for a community association. (Check all that apply; responses > 100%)

PERCENT OCCUPANCY PRACTICES

- 51.2% Currently serve on my community association's board of directors
- 31.7% Never served on a community association board of directors
- 22.5% Previously served on this board of directors
- 16.7% Previously served on board of directors for another association
(R=621)

ABOUT THE PARTICIPANTS

Age: (R = 634)

- 65+ (51.4%)
- 50-64 (42.3%)
- 34-49 (5.8%)
- 21-34 (.5%)
- Under 20 (0%)

Work status: (R = 629)

- Retired (68.5%)
- Full time (22.6%)
- Part time (8.9%)

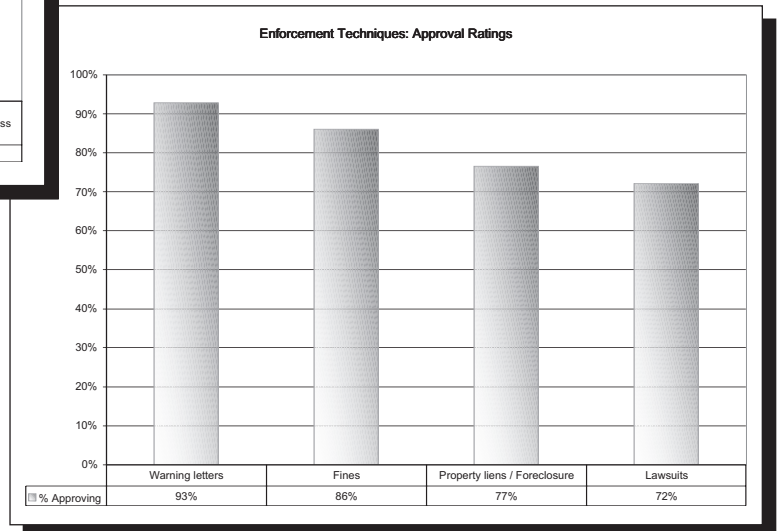
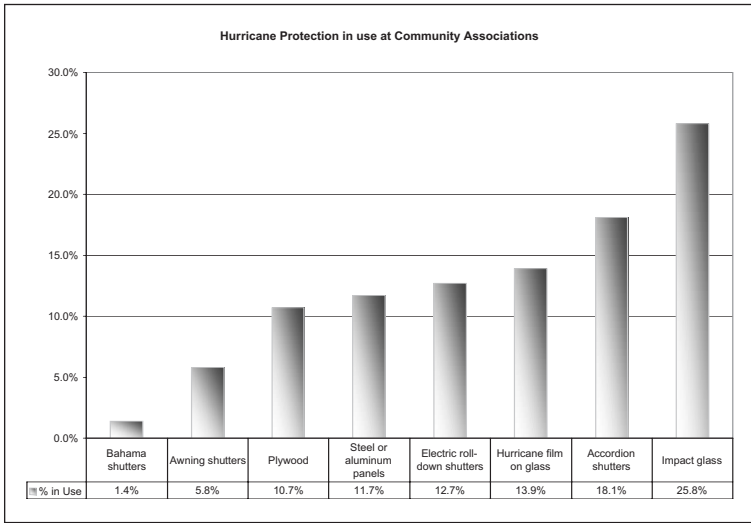
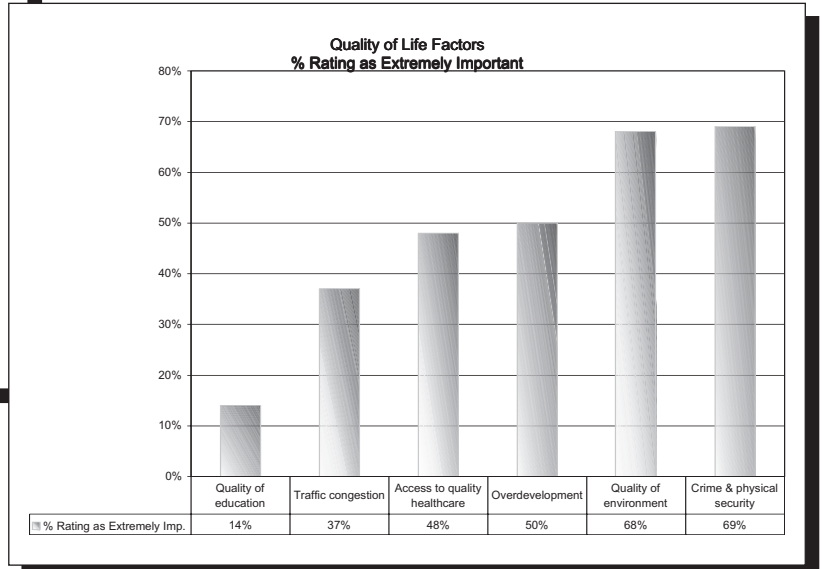
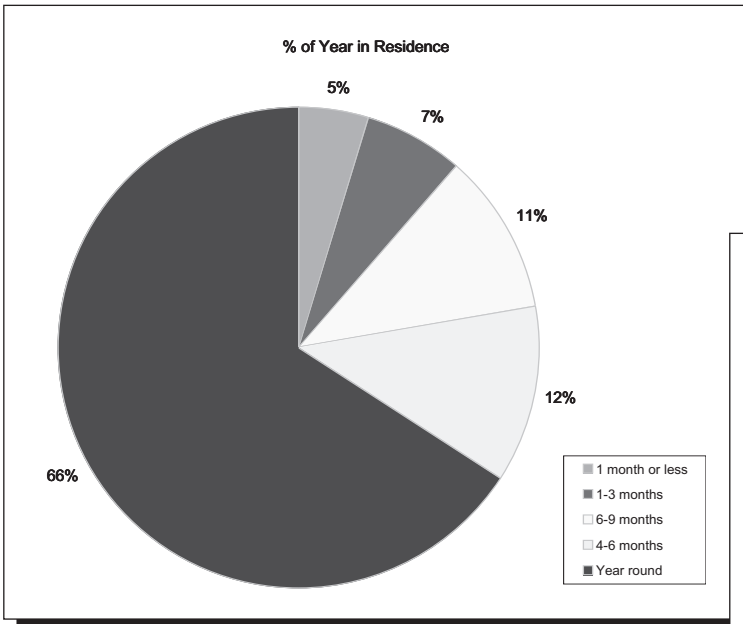
Total annual household income: (R = 551)

- \$50,000-\$99,999 (43%)
- Under \$49,999 (26.5%)
- \$100,000-\$149,999 (16%)
- \$150,000 or more (14.5%)

Marital status: (R = 625)

- Married (79.8%)
- Single (13.8%)
- Divorced (6.4%)

NOTE: If you have questions or comments about this survey, please contact Alan Penchansky at The Pen Group, 305-529-1944 or alan@thepengroup.com.



CASENOTES

Litigating Disputes LONG AFTER YOU HAVE ALREADY LOST

Tom Hill v. Palm Beach Polo and Country Club Property Owner's Association, Inc.
717 So.2nd 1080 (Fla. 4th DCA 1998).

In a previous community update, we advised you of the case of *Tom Hill v. Palm Beach Polo and Country Club Property Owners' Association, Inc.*, 717 So.2nd 1080 (Fla. 4th DCA 1998). In that case, Tom Hill, a property owner, filed a lawsuit against the Property Owners' Association and the developer, seeking various types of equitable and legal relief claiming the developer exceeded his authority under the by-laws by amending the monetary assessment provisions in the by-laws without a two-thirds vote of the board of directors and voting members. Mr. Hill then filed a separate lawsuit against the Association's insurance company, claiming his litigation expenses were a "covered loss" that should be paid under the insurance policy. As we advised you in our previous Community Update, the Court determined the Property Owner had acted in his individual capacity and not as a member of the Association's Board of Directors when he filed a lawsuit

and, therefore, was not entitled to coverage under the association's insurance policy.

Since then in *Hill v. Palm Beach Polo & Country Club Property Owners Ass'n, Inc.*, 885 So.2nd 879 (Fla. 4th DCA 2004), , Mr. Hill sought to

recover those same litigation expenses pursuant to the Association's by-laws which provided that the Association must indemnify every director and officer against all expenses and liabilities, including attorney's fees. However, the Court held it would be illogical and inconsistent to now decide Mr. Hill was acting in his capacity as a member of the Board of Directors, when the Lower Court previously decided he acted in his individual capacity as a property owner. This doctrine, known as collateral estoppel, prevents a party

from re-litigating an issue he or she previously had the full opportunity to litigate. Therefore, the Court held Mr. Hill was not entitled to indemnity from the Association for his attorney's fees pursuant to the provisions in the Association's by-laws.