



Study: Homeowners Associations Are Booming

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About 75.5 million Americans reside in a community that's governed by a homeowners association, representing more than 30% of the U.S. housing stock, according to the Foundation for Community Association Research(link is external). And that number is expected to spike, as the foundation expects more than 3,000 new HOAs to form in 2024 alone.

Community associations, which include homeowner and condo associations as well as housing co-ops, are self-governing organizations that make and enforce rules for a group of residents in a subdivision, community or residential building. They collect fees that go toward maintenance of common areas and the upkeep of the neighborhood.

Homes in communities with HOAs tend to be worth 5% to 6% more than similar homes without an HOA, according to data from the Cato Institute, a public policy research think tank. But not all homeowners are satisfied being under the watchful eye of an HOA. Having to abide by HOA rules and bylaws could be an important criterion for consumers when shopping for a home.

Concerns Over HOA Fee Increases

More than half—57%—of people who live under HOAs say they don't like it, according to a new study from Rocket Mortgage(link is external). One in 10 say they've even considered selling their home to get away from their HOA, the study shows.

One of the biggest gripes: a rise in HOA fees because of inflation. “[HOA fees] are not included in a mortgage and can rise with inflation,” the Rocket Mortgage study notes. “Many HOA dues have risen, along with inflation, making some homeowners question if the value they're getting is worth the cost.”

The average monthly HOA fee nationwide is \$259, according to the FCAR. Fees tend to be higher for condos than single-family homes and can vary dramatically across the country. The highest HOA fees are in places like New York (where the mean is \$653 per month) and Boston (\$444).

Clark Simson Miller, a nationwide management and account firm for community associations, says HOA fees likely will continue to increase(link is external) because of ongoing inflation and the rising costs of maintenance, utilities, insurance and property renovations.

What Residents Like About HOAs

Still, many homeowners and buyers say they prefer an HOA to manage neighborhood disputes, enforcing rules that protect residents and maintain shared amenities, such as a neighborhood park, pool or sports facility.

Eighty-nine percent of homeowners who live under an HOA say the HOA's rules protect and enhance property values, according to the 2022 Homeowner Satisfaction Survey(link is external), a biennial nationwide report produced on behalf of the FCAR. What's more, nearly 70% say they consider their HOA dues reasonable given the benefits they receive, according to the Rocket Mortgage survey.

Residents in HOA communities tend to most value outdoor recreation spaces and community-wide Wi-Fi. Of the amenities provided by HOAs nationwide, survey respondents reported the following as the most common:

- Landscaping: 52%
- Sidewalk maintenance: 43%
- Children's play areas: 39%
- Community swimming pool: 38%
- Outdoor recreation spaces: 37%
- Pet-friendly outdoor spaces: 32%
- Community security: 20%
- Fitness center: 19%
- Pest control: 18%
- Entertainment/game rooms: 14%

HOAs have different rules and enforcement policies, so home buyers will want to carefully review the bylaws, rules and regulations prior to closing on a home. Homeowners can face fines for failing to comply with rules regarding number of pets per household, types of vehicles parked in the driveway, a home's color or even the types of trees and landscaping. HOAs also have the power to foreclose on a property if the owner fails to pay their dues or assessments.