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The Fees Burdening Home Owners After They Buy

Rising costs for insurance, repair and maintenance are pushing HOA dues higher, often at a faster pace than overall inflation

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Nearly a third of the U.S. housing stock is part of community associations, which include HOAs, condominiums and cooperatives. PHOTO: GETTY IMAGES

It is getting more costly to be in a homeowner's association or condo.

Dues are rising faster than inflation for many of the roughly 76 million residents of communities that keep shared pots to pay for expenses. The money pays for things such as swimming pools, recreational facilities and landscaping, as well as upkeep and insurance for the association.

In some parts of Washington state, including the Seattle area, homeowners association dues have more than doubled over the last year on average, according to Realtor.com, a listings marketplace.

Condo association dues are up 6% nationwide this year versus last, and as much as 15% in parts of Florida, according to real-estate brokerage Redfin.

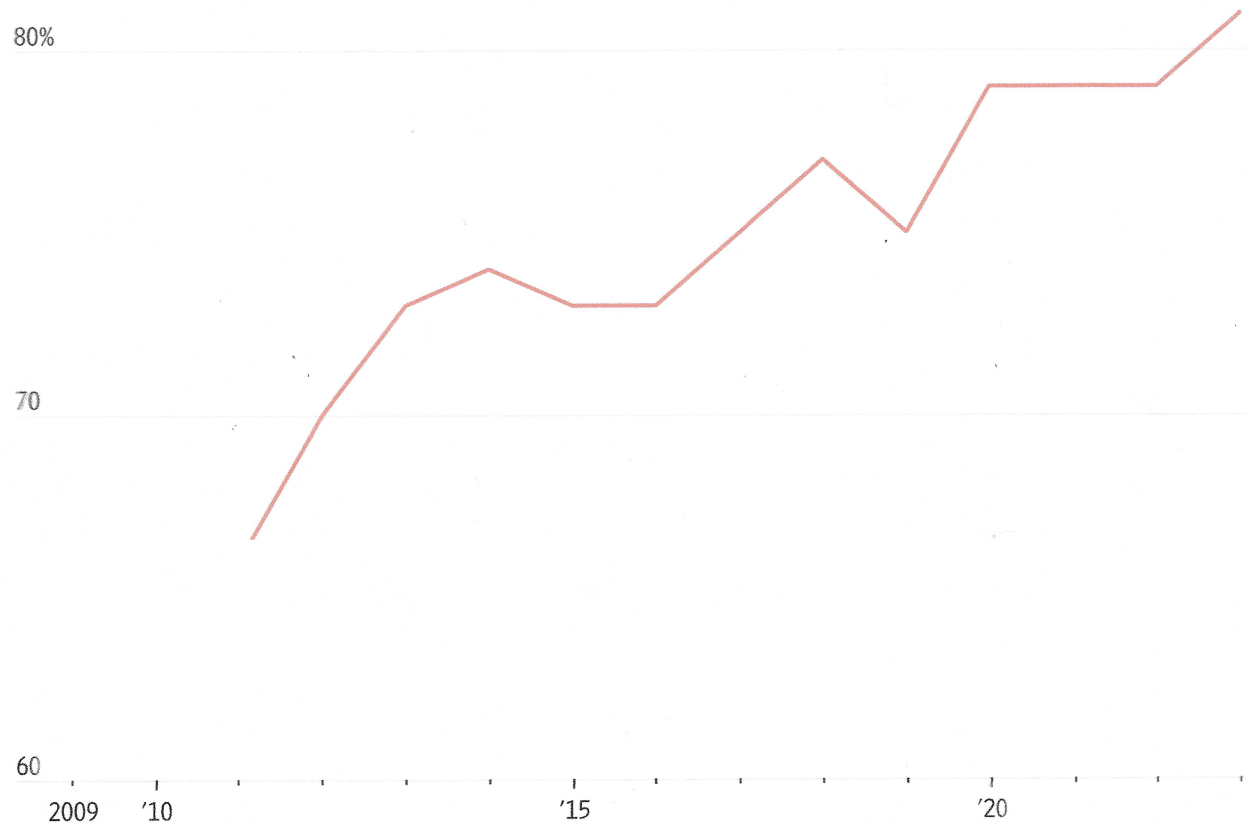
Maintenance fees for recently sold co-ops in Manhattan rose 27% in the third quarter of 2024 from four years earlier, and condo fees rose 41% in the same period, according to appraisal firm Miller Samuel.

Buying a newly constructed home means paying the fees more often than not. Eighty-one percent of new single-family homes sold in 2023 are in an HOA, compared with 73% a decade earlier, according to the U.S. Census Bureau.

Nearly a third of the U.S. housing stock is part of community associations, which include HOAs, condominiums and cooperatives, according to the Foundation for Community Association Research. The fees can range from a few hundred dollars a year to thousands every month.

“Buyers are spending much of their monthly payment on things other than the property itself,” said Joel Berner, senior economist at Realtor.com. (News Corp, parent of The Wall Street Journal, operates Realtor.com.)

Share of U.S. new single-family home sales in homeowners associations



Source: U.S. Census Bureau

The association fees are further stretching the budgets of current and prospective homeowners. Higher home prices and mortgage rates already make home buying prohibitive for many. Other costs like utilities and property taxes also are climbing in many areas of the country.

Higher association fees are part of the reason owners such as Judy Goldstein are selling. She said her \$12,500-a-year HOA dues are another expense to worry about for the upkeep of her roughly 1,800-square-foot, three-bedroom house in Boynton Beach, Fla.

Real-estate agents have told her that her dues are high for the area and have deterred some buyers. Goldstein, 82 years old, is hoping to be able to sell before she also has to pay a coming special assessment: about \$780 to fund a pickleball court that she has no intention of using.

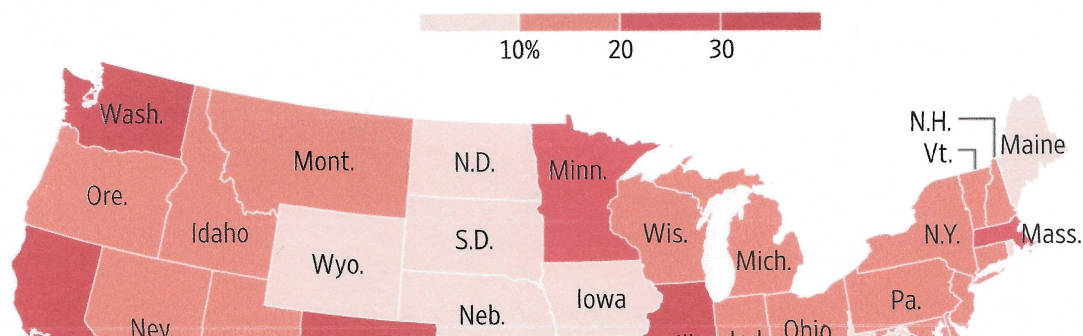
“It’s all too much,” she said.

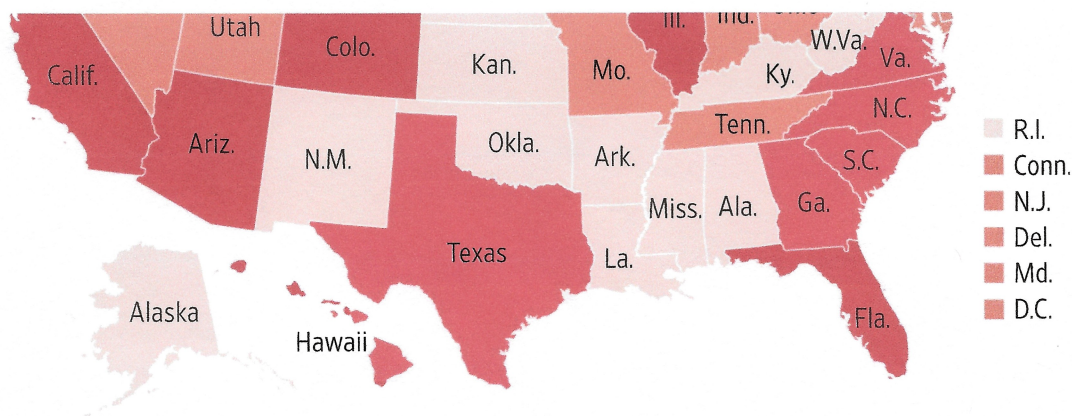
Moving target

Unlike a fixed mortgage payment, HOA dues tend to increase over time. The size of the dues in part depends on the home’s square footage, its location and the number and age of the buildings in the community. In 2024, 9% of homeowners will pay more than \$500 a month in HOA fees, compared with 6% in 2020, according to the Foundation for Community Association Research.

They are generally mandatory and not negotiable. HOAs may foreclose on owners for unpaid dues, which can result in the loss of an owner’s home, said Pierre Debbas, a real estate lawyer in New York City.

Share of U.S. population in home associations





Source: Foundation for Community Association Research

Services such as trash collection and snow removal are increasingly shifting away from cash-strapped local governments to community associations, said Dawn Bauman, executive director of the Foundation for Community Association Research.

Owners who frequently use the amenities may feel they are getting their money's worth. They may enjoy the community parties and using features such as a clubhouse or golf simulator that otherwise they may not be able to afford.

Associations are meant to help homeowners financially by ensuring property values in their neighborhood don't go down, said Rick Sharga, CEO of CJ Patrick, a real estate consulting firm.

The evidence is mixed on whether HOAs actually support property values. Residents and property managers alike say that a community that never raises dues could fall into disrepair.

Rising costs

Karen Kostiw, a real-estate agent in New Jersey and New York, said HOA fees have become more unpredictable compared with about four years ago.

She recently has seen the fees jump by 15% to 20% in a year, stemming in part from more frequent and pricier repairs to big-ticket items such as roofs and boilers. An increased number of natural disasters, including flooding, have made the major fixes more frequent and costly. She added that expense of salaries and benefits for HOA employees such as property managers and maintenance staff is also rising.

“There is a delicate balance of being empathetic to owners with fixed incomes while recognizing that the association does not have fixed expenses,” said Karl Kuegler, director of community association management at property management company Imagineers LLC. He said regular fee increases often are less burdensome than delaying increases until large special assessments become unavoidable.

Many condo associations in Florida are issuing special assessments and beefing up their reserve funds to tackle overdue repairs. The partial collapse of a building in Surfside, Fla., that killed 98 people in 2021 has led to new laws around condo repairs.

Before you buy in a community, you can typically figure out whether there is a special assessment by reviewing financial disclosures and board-meeting minutes. In many states, buyers can make offers contingent on being able to review these types of documents, said Daryl Fairweather, Redfin’s chief economist.

Looking at the last five years of dues is likely to give you a sense of how much they will go up in the future. “Don’t assume that your dues will remain fixed,” she said.

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