

CONDOMINIUM DEVELOPMENT
IN WISCONSIN:

A Growing Issue

Occasional Paper No. 8
January 1981

Michael J. Enders
Department of Urban and Regional Planning
University of Wisconsin-Extension

TABLE OF CONTENTS

Introduction	1
Types of Condominium Development in Wisconsin	2
The Wisconsin Condominium Situation	6
General Issues Concerning Condominium Development	9
Specific Issues Related to Conversions	12
Needed Responses	16
Appendix A: Condominium Development Checklist for Local Officials	19
Appendix B: Detailed Checklist of Homeowners Association Costs	23
Appendix C: Sources of Further Information on Condominium Development Issues	25

Introduction

With the price of traditional single-family detached housing rising beyond the financial capabilities of most Wisconsin families, alternative forms of housing and homeownership are becoming increasingly popular. Among the alternative homeownership types is the condominium. Under the most common form of condominium homeownership, the occupant has a deed to a dwelling unit which forms a part of a larger residential complex. Other units will be located above, below, or alongside a buyer's unit. The open space, driveways, and parking areas are normally held in common by all the owners in the complex. To manage and maintain these common areas an association is created, and the homeowners pay a monthly membership fee. Condominium developments may take the form of multiple-family structure complexes, motels and resorts, mobile home parks, or subdivisions with detached single-family units.

Although condominium developments first appeared in the large urban areas of the State, they now have spread to many Wisconsin counties. Smaller communities like Eagle River or Algoma, whose previous residential development has been composed primarily of single-family detached housing, are now beginning to experience condominium development. Even in some rural areas, such as the Town of Nasewaupsee in Door County, such development is occurring. Furthermore, the residential condominium phenomenon has not been limited to newly constructed projects, but has also involved the conversion of existing rental apartment buildings, tourist resorts, and even mobile home parks. In all likelihood, this trend will continue into the foreseeable future.

Condominium developments, per se, are neither a good nor a bad form of housing. They do, however, constitute a significantly different form of

housing and property ownership than either the traditional single-family detached house or the multiple-unit rental apartment building. Properly conceived, condominium projects can offer attractive alternative types of living environments, expand the range of housing opportunities, and provide entry to homeownership for people otherwise priced out of the ownership market. On the other hand, poorly planned developments can become a financial problem for the new owners and a source of trouble for local governments. Conversions of resorts, mobile home parks, and apartment buildings to condominium ownership pose additional questions regarding their impact upon the local economy and housing market. Hence, it is crucial that local officials and prospective condominium purchasers alike understand the unique characteristics and requirements of such developments.

This report has been prepared with several objectives in mind. First, it attempts to provide a general picture of the status and nature of condominium development in Wisconsin. Second, it tries to identify the characteristics, requirements, and issues related to this type of development in order to aid state and local officials in understanding how to deal with such projects. Based upon the issues and concerns identified, this paper proposes several areas for government action and also presents a checklist for local officials to use when evaluating condominium proposals. Finally, the paper indicates organizations and publications which can provide further information or assistance concerning condominium projects. It is hoped that this effort will contribute to a better understanding of the condominium phenomenon and to the prevention of problems often associated with this type of development.

Types of Condominium Development in Wisconsin

Wisconsin condominium developments can vary considerably in terms of their origins, ownership systems, and usage. These differing variables

suggest that not all condominium projects are alike; they may have different characteristics and may require different treatment by local officials. Figure I identifies these variables and suggests ways that they may be combined.

The first and foremost distinction that can be made between condominium developments is whether they were built as such or whether they originated from the conversion of a rental apartment building or a resort. To date, most Wisconsin condominiums have been built as such from the beginning, but an increasing number of conversions are occurring, both in the larger urban areas where duplexes and apartment buildings are being converted and in the rural areas where tourist resorts and occasionally mobile home parks are so affected. As the condominiums originating from conversions pose different planning problems and issues than those created by new construction, they will be the subject of a special section of the report.

The renter-occupied status of units has important implication for the condominium owners association. Those condominiums created for use as second or recreational homes can be further subdivided on the basis of their ownership arrangements. Although most such projects continue to be sold on a full-occupancy basis, there are a few developments where the units are sold on a time-sharing basis. Under this arrangement, the buyer purchases the right to use the unit for a certain period of time during the year (often a week in summer and one in winter) rather than "full-time" ownership of the unit. While the time-sharing concept is still in its infancy in the state's condominium development, the increasing use of this approach in other major tourist areas, such as Florida and California, would suggest that it should become more commonplace in Wisconsin in the future.

FIGURE 1: A CONDOMINIUM CLASSIFICATION SCHEME

	Primary Residence	Recreational Residence	Mobile Home Park Pad
Origin	New development ----- Conversion	New development ----- Conversion	New development ----- Conversion
Type of Ownership	Full ownership	Full ownership ----- Time-sharing ownership	Full ownership
Unit/Commons Distinction	Unit owners also have semi-exclusive occupancy of limited areas.* ----- No limited commons	Unit owners also have semi-exclusive occupancy of limited areas.* ----- No limited commons	Unit owners also have semi-exclusive occupancy of limited areas.* ----- No limited commons
Platting Status	Unit owners own land under their units as platted lots. ----- Unit owners own "air rights"; no platted lots.	Unit owners own land under their units as platted lots. ----- Unit owners own "air rights"; no platted lots.	Unit owners own land under their units as platted lots. ----- Unit owners own "air rights"; no platted lots.
Type of Occupancy	Owner occupancy ----- Renter occupancy**	Owner occupancy ----- Renter occupancy**	Owner occupancy ----- Renter occupancy**

*A limited commons is an area in which a unit owner has semi- or nearly exclusive use and occupancy control but retains the main features of the shared ownership commons. An example would be the "patio area" which would be commonly owned and maintained but within which the unit owner would have substantial privacy and ability to select plantings, furniture, etc.

**Condominium units are sometimes owned as "investments" by non-resident owners and are rented out. Rental occupancy can also occur as an interim use by a developer who has not yet sold all units.

A third distinction has to do with whether the project involves one or two "tiers" of commons. Most projects have areas owned and occupied exclusively by the unit owner and all other areas owned and used in common. Some projects have traditional commons areas and a second class of area called a limited commons. A limited commons is an area in which a unit owner has semi- or nearly exclusive use and occupancy rights but which retains the main features of the shared ownership commons. An example would be the patio area which would be commonly owned and maintained but the unit owner would have substantial privacy and ability to select plantings, furniture, etc.

The Wisconsin law has a statute regulating condominium projects and another statute regulating creation of lots or parcels. Whether one or both of these statutes is controlling depends upon the character of the development. If title to a condominium includes ownership (in a traditional sense) of the land upon which the unit stands, then the project constitutes a subdivision and is regulated by Chapter 236 of the statutes, which concerns the platting of land. If title to the unit, however, only comprises the space occupied by the unit and not the land upon which it stands, then Chapter 703 concerning condominiums is the controlling legislation. Many Wisconsin condominium projects are governed by Chapter 236 as well as by Chapter 703. This appears to be due to a consumer preference for owning the land on which the unit stands as well as the unit itself. Discussions with several condominium developers tended to confirm this belief.

Most condominium units are lived in by their owners. However, some are leased out by the unit owner. Condominium units are sometimes seen as investments by non resident owners and are rented out. Rental occupancy can also occur as an interim use by a developer who has not yet sold all units.

A final category of condominium types is the mobile home park pad. This type of condominium arrangement does not involve ownership of a dwelling unit but rather a pad or small parcel of land upon which a mobile home may be installed. The park itself is run by the mobile homeowners rather than a private concern. While no new condominium mobile home parks were identified in this study, a number of existing private parks were found to have been converted to condominium projects.

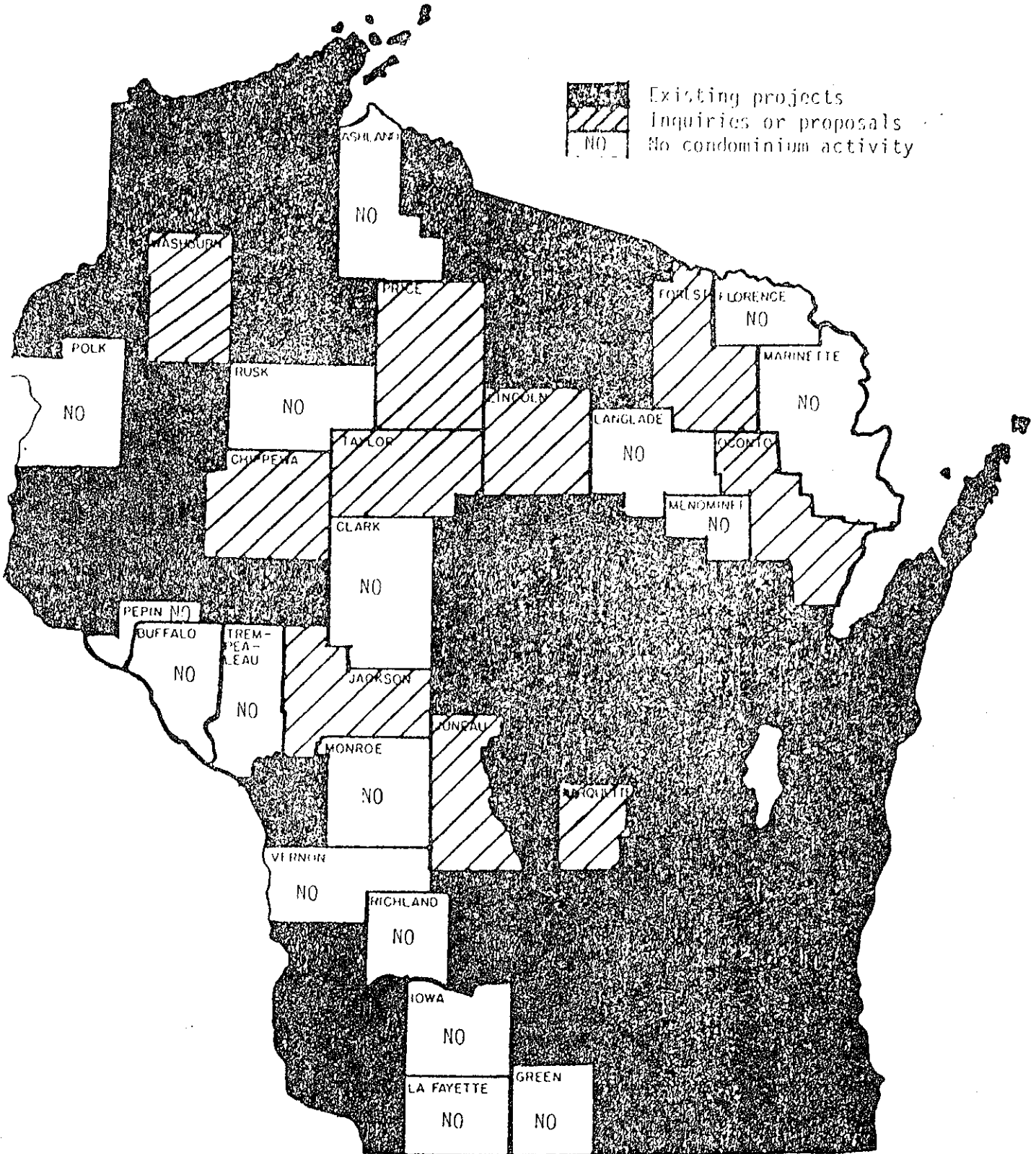
The Wisconsin Condominium Situation

Although condominium development is not a new phenomenon nationwide, most Wisconsin projects have been developed within the past decade, in particular, during the past five years. As Figure II shows, condominium development has occurred in over 40 Wisconsin counties and in most regions of the state. In addition, about another dozen counties which do not presently possess such projects have had either inquiries or proposals involving the development of condominiums. Local officials in a number of these counties felt that the failure of these inquiries and proposals to materialize into projects was probably due more to the present unfavorable economic environment than any other factor. An improvement in the economy, therefore, might result in as many as three fourths of Wisconsin counties possessing condominium developments.

The map outlined in Figure II only shows the counties with condominium developments and not the number of such units. In terms of numbers, most such units are concentrated in the large urban areas of the southern and eastern portions of the state. A number of the counties in the remainder of the state have experienced only one or two condominium developments. Most counties, cities, and villages have not bothered to maintain separate records on condominiums and few local officials are able to identify

FIGURE II

CONDOMINIUM DEVELOPMENT IN WISCONSIN
(as of mid-1980)



accurately the number of condominiums contained within their area of jurisdiction. One suburb of a large southern Wisconsin city probably has 25% of all its dwelling units comprised of condominiums but has never collected the data needed to verify this situation.

The type of condominium development occurring in a given county is dependent upon the economic and population characteristics of that county. In those counties with a large urban population, most condominiums are either constructed as such or result from the conversion of duplexes, townhouses, and apartment buildings. Most of these units are used as permanent residences by their purchasers. Condominium projects located in Wisconsin's major recreational areas (i.e., Door, Vilas, Sawyer, Sauk, Adams, Walworth counties) are primarily second-home developments. Some of these projects have been newly constructed, but the majority originate from resort conversions. In the remainder of counties with condominiums, such projects consist either of small new developments located in the small- and medium-sized cities or converted mobile home parks usually situated in the unincorporated towns. Counties which have neither experienced such development nor received inquiries or proposals are generally predominantly agricultural areas lacking both significant population and major recreational home demand.

With the widespread development of condominiums in Wisconsin, one would think that considerable attention would have been given to the requirements and issues of such developments. In truth, relatively little has been done at either the state or local level. No one knows how many condominium units exist within the State or even within most local jurisdictions. Many local officials are aware of potential or actual problems relating either to the capabilities of homeowners associations to manage

their condominium complexes or the adverse impact of conversion upon renters and tourists. But with the exception of a few of the large cities, none of these local governments is examining these issues. Worse yet, most local governments lack any specific regulations for condominium development and are uncertain how to process them. Some handle condominiums as special exceptions to the zoning ordinance, while others treat them as multi-family. Again, with the exception of a few of the largest cities, none of the local governments seems to appreciate the fact that condominiums are a special form of development and property ownership which requires special treatment.

General Issues Concerning Condominium Development

While each type of condominium development has its own particular requirements and issues, there do exist certain general issues which concern all such projects. One of these is the design and construction of the structures and the site of the condominium development. Given that most such projects are built at a greater density (usually 6-12 dwelling units per acre) than traditional single-family detached housing, concerns over privacy and safety become more important. A local government cannot adequately examine these project features unless it has an evaluation process which requires condominium developments to submit their site plans for review and approval.

The same comment holds true with regard to the design of the project site. Issues such as traffic circulation, parking, storage, refuse collection and recreational facilities become of critical importance as the density of a project increases. Will the on-site driveways or private roads be capable of handling the anticipated traffic? Can emergency vehicles, snowplows, and garbage trucks easily enter the project? Is there

adequate storage space for the residents' boats, trailers, and other large items? Are the on-site recreational facilities and open-space areas scaled to meet the needs of the resident population? Only by reviewing a site plan of the proposed development, will local officials be able to answer such questions.

A key issue associated with all condominium developments is the ability of the homeowners association to maintain the common facilities and provide the required services. Both nationwide and within the state, some associations have been unable to fulfill their responsibilities. While there are a variety of reasons as to why this occurs, very often the problem can be traced to inadequate local government regulation at the time the project was established.

Some local governments, in an attempt to avoid some of their normal obligations, will encourage or even require the condominium developer to establish the project with private streets and other facilities whose maintenance and upkeep are the sole responsibility of the homeowners association. Such an approach is not inherently bad if the local government establishes construction standards for these private facilities. Most communities, however, are unconcerned over private road construction standards since they will not have to maintain them. As a result, the private streets and other facilities are often of inferior construction and begin to deteriorate within a few years. Faced with rapidly escalating maintenance costs brought on by inferior construction, a homeowners association may be unable to maintain its facilities and may turn to the local government for relief. A case in point, in the neighboring state of Illinois is the City of Schaumburg, a Chicago suburb which was forced to aid local homeowners associations in maintaining their facilities.

If a local government wishes to avoid the occurrence of such a situation, it should try to minimize the number of private facilities within a condominium project; in particular, private streets, sewers, and water systems. In addition, it should require private facilities to meet the same performance standards as public facilities and require that the developer provide the purchasers with a warranty against defective quality and workmanship. During the construction phase, the local building inspector and public works engineer should carry out inspections of these private facilities.

Not all maintenance problems, however, stem from inadequate construction or government regulation. Some homeowners associations lack either the financial or managerial resources needed to run the complex. In some instances, the financial problems may be caused by the organizational structure of the association that can require a majority vote before any dues increases can be implemented. The existence of a large number of absentee owners or owners who are financially strapped can pose problems for the approval of needed fee increases. Unable to raise the needed funds, the board of directors of the association may find itself incapable of fulfilling its duties. This obstacle can be avoided if, when drafting the association charter, the developer makes provision to allow the governing board of the association to dispense with a vote when the proposed dues increase is less than a certain percentage of the present rate. A problem nonetheless does remain regarding those members who are financially unable to pay the increased dues. There are numerous instances of condominium owners in Wisconsin who have been forced to sell their units because they did not take into consideration in their purchase financing plans the possibility of increases in their monthly association fees.

Perhaps better buyer education as to the responsibilities of condominium owners is the best way of addressing this problem.

Unlike the question of financial resources, that of managerial talent is more difficult to resolve. An educational program by the developer may help the residents to manage the project, but in the larger projects (25 plus units) the most appropriate long-term solution may be a requirement that such projects either hire a professional manager or else contract with a property management firm to handle the routine management and fee collection duties. In this regard, the larger the project the better, since the more members an association has, the greater its financial ability to pay for such services.

Specific Issues Related to Conversions

Within the last few years, an increasing number of existing apartment buildings, mobile home parks, and resorts are being converted into condominium projects. There are many reasons for this trend. Landlords sometimes find continued operation of a rental project is no longer profitable and that the easiest way to unload the property is by packaging it as a condominium development. Investors often find that a large potential profit can be had by purchasing rental projects and converting them into condominiums. Encouraging owners of rental properties to convert their properties into condominiums is the very favorable federal tax treatment of homeownership investments. Inflation alone in recent years has allowed equity investments in ownership housing to increase at rates between 50% to 100% per year.

According to a study conducted by the U.S. Department of Housing and Urban Development, conversions of rental units to condominium housing is most likely to occur in areas where one or more of the following factors

are present: (1) single-family homes have high purchase prices; (2) land for residential development is high priced; (3) there are obstacles, such as a sewer connection moratorium, to new development; (4) rent controls are either in effect or likely to be enacted; (5) tenants are militant; (6) there is a supply of good quality rental units; (7) there is no legislation regulating conversions; and (8) there is little land available for new development. Of these factors, the ones which seem to be applicable to the Wisconsin situation are the high prices of single-family homes and the lack of effective regulatory restraints on conversions. In addition, it can be added that many conversions, in particular those involving resorts and mobile home parks, involve unprofitable or marginal businesses where the owner is attempting to withdraw capital. Since such enterprises are rarely attractive to other investors, the owner's best means of sale is to convert the development into condominium units and then sell the units individually to persons looking for a permanent or recreational residence.

Each type of conversion project has associated with it a specific set of issues. In the case of apartment buildings being converted to condominiums, these issues tend to involve impacts on the community's rental market. On one hand, a case can be made that the conversion of rental units to owner occupancy opens up new housing opportunities, increases local tax revenues, upgrades the existing housing stock, and results in a more stable population. Since many of the conversion projects tend to have lower selling prices than other types of housing, they certainly have allowed some individuals and families to undertake home ownership who would otherwise have been priced out of the market. Such units, however, also tend to be smaller and the projects tend to have fewer amenities than

newly constructed condominium developments. More importantly, the conversion projects tend to have higher maintenance and repair costs due to the age of the structures and the natural motivation of the developers to keep costs to a minimum by doing only those improvements which can be recouped in the selling price of the units. According to the U.S. Department of Housing and Urban Development, product quality problems in conversion projects appear to be widespread.

A second type of issue associated with the conversion of apartment projects is the fate of the existing tenants. Although Chapter 703 of the Wisconsin Statutes requires that tenants of affected projects be given advance notice of the conversion as well as the option to purchase their unit, many renters are unable or unwilling to do so. Although few figures are available on either a statewide or local basis, national studies indicate that less than 25% of the tenants of a rental project are likely to purchase their units when a conversion occurs (one conversion project in Madison, however, resulted in more than a third of the tenants purchasing their units). Conversion, therefore, means that most tenants will be forced to move.

Since according to state law, notice of a conversion must be given to tenants 120 days before the conversion takes place, one might assume that the tenants will have adequate time to locate alternative housing. In a normal housing market (5% vacancy rate), this might be true. Unfortunately, in a number of Wisconsin communities such as Madison, where conversion activity has been fairly strong, the vacancy rates are quite low and a tight market exists. Under such conditions, a tenant may require up to six months to find equivalently priced housing and may have to accept a less desirable unit. A few communities, Madison included, are studying this issue, but most local governments continue to ignore it.

Somewhat related to the issues concerned with the conversion of apartment buildings is the conversion of mobile home parks to condominium ownership. In this instance, however, the tenant is in a much more difficult position since alternatives are limited. The mobile home owner faced with the choice of buying into the condominium project to retain his or her placement or moving often has no choice. In many counties there may not be another nearby park or one with vacant spaces. Moving the mobile home may thus involve not only considerable expense, but also relocation many miles from the existing community. The time needed to obtain an alternative replacement, assuming it is even possible to do so, will probably be more than the 120 days provided by state law. In some portions of Wisconsin, the conversion of mobile home parks has become a serious problem, but few, if any, local governments appear to know how to respond.

Resort conversions to condominium ownership pose a different set of problems, since the units are normally destined for second home or recreational residences. As the owners are absent much of the year, it becomes critical that some provision be made for a local caretaker to ensure maintenance of the project common areas throughout the year. Also of concern is the capacity of the wells and on-site sanitary waste disposal systems of such projects. What was adequate for a resort complex may not be sufficient for a condominium project where each unit has its own dishwasher and laundry facilities.

Perhaps the key issue concerning resort conversions is their impact upon the local economy. Discussions with local officials in the state's major tourist areas have indicated a significant decline in operating resorts. The loss of these units is not, for the most part, being replaced with new tourist lodging.

Unless they are sold on a time-sharing basis, condominium/recreational residence units will have a less favorable impact upon the local economies of tourist areas than will resort units. The latter are used much more intensively during the tourist season and are occupied by persons who are more likely to patronize the local restaurants, shops, and entertainment facilities than are the owners of second-home units. In addition, as the number and selection of rental units drops, the increased difficulty of obtaining lodging is likely to discourage many prospective tourists from visiting these areas. Thus, at the very moment when, due to the high costs of gasoline, Wisconsin tourist areas are regaining their attractiveness for Midwest vacationers, the availability of lodging facilities is in decline. As tourism constitutes a major portion of the state's economy, the conversion of resorts to condominiums is a matter of concern not only for local officials but also for the state government. Yet neither level of government has taken any steps to study the magnitude or implications of this trend. Other than Chapter 703 of the statutes, itself an unintended obstacle to proper regulation and in need of amendment, there exist few controls at any level on the conversion of projects to condominium ownership.

Needed Responses

Condominium developments are increasing in number across the state. Few local governments have any adequate process or tools for evaluating or regulating condominium development. Many of these local officials are becoming concerned, but are unsure as how best to react.

As an immediate aid to local officials, this report includes several appendices which should help in the formulation of procedures and regulations for condominium proposals. Appendix A is designed as a checklist to be used in evaluating condominium proposals brought before the local

government for approval. This checklist is not to be considered as a definitive enumeration of all potential concerns relating to condominium development, but rather should be seen as a tool for focusing discussion and evaluation. Depending upon local needs, it could be expanded or reduced in length.

Appendix B consists of a detailed checklist of homeowners association costs based upon a checklist prepared by the California State Department of Real Estate. The developer of a condominium project should be required to submit a completed copy of a checklist such as this. Not only will local officials be able to determine whether or not the proposed homeowners association fees will be likely to cover the operating and maintenance costs of the project, but the checklist should also aid in making prospective buyers aware of the responsibilities and costs associated with ownership of a condominium.

Appendix C identifies sources for further information and advice on various aspects of condominium developments.

Besides these immediate measures, a number of longer-term actions need to be initiated. Chapter 703.27* of the State Statutes needs to be amended. Passed with the intention of prohibiting local governments from discriminating against condominium developments, it also prevents local governments

*The statute is as follows: "(1) A zoning or other land use ordinance or regulations may not prohibit the condominium form of ownership or impose any requirements upon a condominium which it would not impose upon a physically identical development under a different form of ownership. No provision of a state or local building code may be applied differently to a building in a condominium than it would be applied to a building of similar structure or occupancy under a different form of ownership unless the different application is expressly permitted in that provision. No subdivision ordinance may apply to any condominium unless the ordinance is, by its express terms, applicable to condominiums.

"(2) No county, city or other jurisdiction may enact any law, ordinance or regulation which would impose a burden or restriction on a condominium that is not imposed on all other property of similar character not subjected to a condominium declaration."

from adopting regulations which would protect both condominium buyers and the community-at-large from problems which can occur due to ill-conceived developments.

Moreover, both local governments and the state need to establish a data base which will describe the nature and magnitude of condominium development. This data base would then permit studies to be carried out on the impact of condominium development upon local housing markets, local government fiscal conditions, and the state's tourist economy.

A final major area of needed action is in provision of assistance to the homeowners associations of the condominium projects. Unlike other homeowners, this group has a heavy management and budgeting responsibility. Some type of ongoing assistance or annual training program needs to be developed to help them in operating and maintaining their projects. One obvious provider of such services could be University of Wisconsin-Extension.

APPENDIX A:

A CONDOMINIUM DEVELOPMENT CHECKLIST FOR LOCAL OFFICIALS

General Planning Concerns

- 1) Does the proposal conform to local regulations?
- 2) Is the proposed project compatible with adjacent land uses?
- 3) Is the project site adequately served with such public facilities as streets, sewers, water, schools, and parks?
- 4) Does the project expand the variety of housing types and range of housing prices currently existing in the local real estate market?
- 5) Does the project require any additional or special public services not presently being provided? If so, how will these be paid for?
- 6) Will the project have a positive or negative fiscal impact upon the local government in terms of revenues generated versus services required? Is this impact substantially different from that which would be caused by conventional development?

Site Planning Concerns

- 7) Is the architectural design of the buildings compatible with that of the surrounding structures in terms of height, mass, texture, line, and pattern?
- 8) Are the individual dwelling units within the project designed so as to assure both privacy and security?
- 9) Does the interior-dwelling design and layout of all units provide good circulation, security, adequate light, heat and ventilation, and protection against noise and accident hazards?
- 10) If the proposed buildings have common entries or hallways for the dwelling units, is there a system of security locks and intercoms to prevent entry by unauthorized persons?
- 11) What percentage of the project site is devoted to: (a) buildings, (b) paved surfaces, and (c) landscaped areas?
- 12) Is the interior circulation system designed to provide convenience and safety? Are pedestrian walkways separated from those for motorized vehicles? Do the streets and accessways allow for the entry and maneuvering of maintenance and emergency vehicles?
- 13) Is there sufficient on-site parking to accommodate both the residents and their visitors? Is this parking well situated with respect to the dwelling units?
- 14) Are the recreational facilities and areas within the project of a proper type and scale to serve the needs of the future residents?

- 15) Does the project attempt to preserve the natural topography and mature trees of the site?
- 16) Is the project designed to take advantage of the climatic characteristics of the site (e.g., prevailing winds, summer and winter sunshine)?
- 17) Are the open-space areas and the architectural design of the buildings protected from modification by deed restrictions or covenants?
- 18) Are there centralized refuse collection facilities? Are such facilities properly screened from public view?
- 19) Is there adequate storage space for the residents? Has provision been made for the storage of boats, trailers, and campers?

Project Construction Concerns

- 20) Does the project require considerable grading or excavation? What safety and erosion control measures will be taken during the period of this work?
- 21) Does the proposed drainage plan for the project fit into the larger drainage system?
- 22) Are the private streets, accessways, parking areas, loading areas and driveways constructed to the same performance standards as those for public ones? Are the grades too steep for some vehicles?
- 23) Does each dwelling unit have a smoke-detection system? Are the party walls sufficiently insulated so as to prevent the transmission of noise between adjacent units? Does each unit have its own gas, water, and electrical meters? Does each building have a common radio and television antenna to serve all the dwelling units within?
- 24) Does the landscaping include mature shrubs and trees? Are the species selected relatively hardy and easy to maintain? Is there an underground sprinkler system?
- 25) Does the developer provide buyers with a one-year warranty on all appliances in each unit, and on all electrical, heating, air conditioning, plumbing, ventilation equipment, and elevators?

Homeowners Association Concerns

- 26) Does the proposed homeowners association charter provide a simple mechanism for collecting and increasing the monthly member fees?
- 27) Has the developer submitted a detailed checklist of anticipated homeowners association costs? Does this estimate seem reasonable? Are these costs within the anticipated financial capabilities of the future residents?
- 28) Does the monthly membership fee include provision for a reserve fund?

- 29) Has the developer provided for adequate liability insurance on the common areas and facilities?
- 30) Does the developer have a brochure and program for informing prospective buyers of their responsibilities as condominium owners?
- 31) Does the developer have a program to train the new residents in the operation and management of the homeowners association?
- 32) If the project has twenty or more units, has the developer made provisions for a professional management firm to operate the project for the homeowners association?
- 33) What provisions have been included in the homeowners association charter for the enforcement of deed restrictions and the arbitration of disputes between residents?

Conversion Project Concerns

- 34) What impact will approval of this conversion proposal have upon the local housing market? Will the existing tenants be able to find comparable rental housing elsewhere in the community?
- 35) Have tenants been offered the opportunity to purchase their units?
- 36) How much advance notice has been provided to tenants regarding the conversion proposal? How much advance notice will tenants be given before they are required to vacate their units?
- 37) If the conversion involves a mobile home park, are there an adequate number of sites available in other local mobile home parks to accommodate the tenants so displaced? Are these alternative sites of a comparable price and quality?
- 38) If the conversion involves a resort, what will be the effect of the loss of these tourist facilities upon the local economy? Does this proposal involve a significant proportion of the total number of tourist rental units available in the local area? Are the units to be sold as time-sharing condominiums?
- 39) Has the developer made arrangements to aid displaced tenants in obtaining comparable alternative housing?
- 40) What improvements will the developer make to the existing buildings and facilities before selling them? Have these structures and facilities been inspected by a registered structural civil engineer or architect as to their physical conditions? Will this report be made available to prospective buyers?
- 41) Have adequate arrangements been made for on-site sanitary waste disposal and water supplies?
- 42) Will the project comply with all existing local and state building and housing codes? Will it comply with all relevant sections of the local zoning ordinance?

- 43) Will the project have adequate storage and parking space for owner-occupants? Are the open space and recreational facilities adequate for an owner occupied project?

APPENDIX B:
 DETAILED CHECKLIST OF HOMEOWNERS ASSOCIATION COSTS
 (adapted from a checklist by the California
 Department of Real Estate)

	Per Unit Per Month	Total Monthly	Total Annual
100. Fixed Costs			
101. Property Taxes _____	_____	_____	_____
102. Corporation Franchise Taxes _____	_____	_____	_____
103. Insurance _____	_____	_____	_____
104. Business Licenses, etc. _____	_____	_____	_____
105. Special Assessments _____	_____	_____	_____
Subtotal	_____	_____	_____
200. Operating Costs			
201. Electricity			
Elevator (210) _____	_____	_____	_____
Air Conditioning (212) _____	_____	_____	_____
Swimming Pool (213) _____	_____	_____	_____
Tennis Courts (214) _____	_____	_____	_____
202. Gas			
Hot Water (204) _____	_____	_____	_____
Central Heating (212) _____	_____	_____	_____
Swimming Pool (213) _____	_____	_____	_____
203. Water			
Domestic _____	_____	_____	_____
Conditioning (Softener) _____	_____	_____	_____
Irrigation _____	_____	_____	_____
204. Sanitary Sewage Treatment _____	_____	_____	_____
205. Television Cable Service _____	_____	_____	_____
207. Custodial _____	_____	_____	_____
208. Landscaped Areas _____	_____	_____	_____
Service _____	_____	_____	_____
Supplies _____	_____	_____	_____
209. Refuse Disposal			
_____ cans _____ bins _____	_____	_____	_____
211. Streets and Drives -- Sweep- ing Area _____	_____	_____	_____
213. Swimming Pool _____	_____	_____	_____
214. Tennis Court _____	_____	_____	_____
215. Security Guard			
Hours Per Day _____	_____	_____	_____

	Per Unit Per Month	Total Monthly	Total Annual
216. Miscellaneous			
Minor Repairs _____	_____	_____	_____
Pest Control _____	_____	_____	_____
Snow Removal _____	_____	_____	_____
Subtotal	_____	_____	_____
300. Reserves			
301. Painting, Area _____	_____	_____	_____
302. Roofing, Area _____	_____	_____	_____
303. Water Heaters, No. _____	_____	_____	_____
304. Lights, Area or No. _____	_____	_____	_____
305. Carpets and Flooring, Area _____	_____	_____	_____
306. Elevator			
No. _____ Type _____	_____	_____	_____
307. Street and Driveways, Area _____	_____	_____	_____
308. Central Heating and Air Conditioning _____	_____	_____	_____
309. Swimming Pool, Size _____	_____	_____	_____
310. Tennis Courts			
No. _____ Type _____	_____	_____	_____
311. Furnishings and Equipment _____	_____	_____	_____
312. Miscellaneous Reserve			
Underground Utility Svs. _____	_____	_____	_____
Subtotal	_____	_____	_____
400. Administration			
401. Professional Management _____	_____	_____	_____
402. Legal _____	_____	_____	_____
403. Accounting _____	_____	_____	_____
404. Miscellaneous Office Expense _____	_____	_____	_____
Subtotal	_____	_____	_____
500. Contingency			
501. New Construction _____	_____	_____	_____
502. Conversions _____	_____	_____	_____
Subtotal	_____	_____	_____
TOTAL BUDGET	=====	=====	=====