

# THINK TANK HOA

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## Special Assessment Districts

Growing Opportunity in Community  
Association Finance

**Jared Tunnell**

Co-founder, CEO of Common Area, Inc. · May 6, 2026 · Charlotte, NC

# ABOUT THE SPEAKER

# Jared Tunnell

**Co-founder, CEO of Common Area, Inc.**

The Common Area, Inc. – ReserveBuilder™ – platform currently helps independent and private equity backed management companies proactively manage reserve funds for over 12,000 communities across the United States.

Jared has long served as an advocate for community associations, devising financial solutions that have helped his client base achieve significant growth and innovation. He is currently Co-Founder and CEO of CommonArea, a financial technology company that helps management companies optimize financial services for their communities. Prior to this role, he was the Senior Vice President at National Cooperative Bank where he oversaw the creation and growth of their Association Banking division. Previously, he was Vice President at FirstService Financial responsible for loan placement and cash management services offered to communities managed by FirstService Residential.

## AREAS OF EXPERTISE

**Treasury  
Management**

**Credit  
Management**

**Business  
Development**

**Financial  
Technology**

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# Agenda

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1. State of the Market
2. Special Assessment Districts (SADs)
3. What could we apply for Community Associations

*As a subject of study, **Finance** is a field of business administration which involves the planning, organizing, leading, and controlling of an organization's resources to achieve its goals.*

# 01

# State of the Market

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*How is Community Association management changing?*

*The current changes in the regulatory and operating framework for Community Associations coinciding with significant influx of professional investors is the industries largest opportunity to date*

# State of the Market

## 66% of new housing stock is Condos & HOAs

- Governance & financial management is decentralized
- Partially managed by volunteer citizen soldiers
- 9,500 management companies overseeing an average of 25 communities prioritizing immediate problems over value creation



Tragedy caused capital markets, insurers, & municipalities to create new guidelines & regulations for financial oversight of Condos and HOAs to protect **\$13 Trillion of underlying asset values**

*2019-2020 US National and State Statistical Review for Community Association Data, Community Associations Institute adjusted for inflation.*

# State of the Market

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It is estimated that the market will require over **\$300 billion** to fund common area restoration projects over the next decade with Communities funding \$31 Billion per annum

This amount **does not** include non-reserve items like HVAC risers, electrical upgrades, construction defects, and structural repairs



*2019-2020 US National and State Statistical Review for Community Association Data, Community Associations Institute adjusted for inflation.*

# How did we get here?

*Incentives and alignment matters - success has traditionally meant a focus on managing Governing Documents & Management Contracts*

## **For Managers -**

- Contract renewals
- Managing staff to community demands
- # of communities or units managed

## **For Boards -**

- Minimal fee increases
- Rules enforcement
- Hitting operating budget

*Managing common area restoration is ad hoc unless required by state or local laws*

# State of the Market

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- Large, fragmented and growing market is attracting professional investors
- Active state sponsored regulation related to common area restoration is gaining traction
- Financial markets (Fannie Mae / Insurance Carriers) driving increased risk management compliance

*Early days of an industry evolving towards disciplined financial management to deliver the most value for Communities and Operators*

02

# Special Assessment Districts

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*What can we learn from municipal financial management?*

# Special Assessment District

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- Established for specific project-based financing within an existing municipality
- Requires local government sponsor including public hearings and approval
- Cost passed through to owners impacted by project in form of tax assessment

*Projects usually focus on infrastructure and include but are not limited to street repairs, water infrastructure, lighting, parks and other recreational facilities*

# Special Assessment Districts

## Pro's

- Targeted funding for projects and only those impacted pay the assessment
- Pooled resources from many constituents can speed up project timelines
- Can be managed outside typical political environment that would impact general municipal operations

## Con's

- Voter turn out challenges given affirmative vote is required to pass assessment
- Creating single purpose entities can be burdensome given initial requirements for legal, voting and ongoing administrative costs fall outside general municipal operations
- Accountability can be difficult to manage if proper oversight is not available

# Does this sound familiar?

## Special Assessment District

- Responsible for maintaining defined components
- Costs paid by assessments
- Managed by existing local government and service providers hired by paid and volunteer boards

## Community Associations

- Responsible for maintaining defined components
- Costs paid by assessments
- Managed by private citizens and service providers hired by volunteer boards

*Community Associations already have the framework in place to demand more robust solutions*

## Road construction, drainage infrastructure, water and sewer utilities and related landscaping repairs

Project cost - \$ 15.5 Million

Financing - \$14.4 Million

Payback period – 30 years

# of Residential units in district – 472

**Estimated annual cost / unit - \$213**

# Example – SAD Version

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Harmony Community Development  
District

Source: [emma.msrb.org](http://emma.msrb.org)

## SAME Project, but in Community Association World

Project cost - \$ 15.5 Million

Financing - \$14.4 Million

# of Residential units in district – 472

**Option 1 – One Time Assessment / unit - \$30,508**

**Option 2 – 10 Year Term Loan / unit - \$377**

# Example - CA Version

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Harmony Community Development  
District

***Why does the Community  
Association industry focus on large  
assessments as a go to solution  
with financing often a Plan B?***

Source: [emma.msrb.org](http://emma.msrb.org)

# Why do districts have more options?

## Special Assessment District

- Financial transparency & reporting
- Required third party oversight
- Larger projects attract investor interest

## Community Associations

- Private ad hoc financial reporting
- DIY strategies towards project oversight
- Short term planning (fix what is obviously broken) reduces average project size

*The opportunity exists for savvy Boards and Management Company operators to benefit from the SADs example*

03

# Community Associations

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*Aren't Community Associations like Special Assessment Districts?*

# Current Financial Management

## Operating Expenses

- Driven by management with board oversight
- Focus on big-ticket items like staffing, insurance premiums and large service contracts
- Goal is minimizing increases year over year

## Restoration Expenditures (Reserves)

- Periodic common area restoration is driven by board with management oversight (identified by reserve studies)
- Focus on “must fix” items
- Goal is compliance with minimum annual contributions required by insurance or mortgage industry

# What if it was integrated?

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- Operating Budget & Restoration Budget aligned with clear goals for upcoming repairs and relevant inflation benchmarks
- Board empowered Community Managers to report out progress to relevant stakeholders on a regular basis
- Replacement costs for Common Elements & Infrastructure was benchmarked annually and incorporated into comprehensive Restoration Expenditures plan

***For Special Assessment Districts, these practices are standard requirements***

# Example of what that would look like?

		As of December 31	
		2025	2024
<b>ASSETS</b>			
<b>Operating Assets</b>			
Cash & other monetary instruments		\$ 48,396	\$ 82,115
Assessments receivable	Note 4	30,168	85,472
Prepaid insurance		7,238	7,238
Expenses paid in advance			
Personal Property Assets	Notes 3 & 7	-	-
<b>Total operating assets</b>		85,803	174,825
<b>Common Area Restoration Assets</b>			
Cash & other monetary instruments	Note 3	287,771	367,507
<b>Total assets</b>		\$ 373,574	\$ 542,332
<b>LIABILITIES &amp; NET ASSETS</b>			
<b>LIABILITIES</b>			
<b>Operating Liabilities</b>			
Accounts payable		\$ 7,815	\$ 14,483
Assessments paid in advance		12,742	12,745
Income taxes payable		2,306	1,481
Remodel deposits			
<b>Total operating liabilities</b>		22,863	28,709
<b>Commitments</b>			
Note Payable	Note 5		171,827
Common Area Restoration Liability	Notes 3 & 6	998,402	882,310
<b>Total liabilities</b>		1,021,265	1,082,846
<b>NET ASSETS (DEFICIT)</b>			
Designated	Note 3		
Undesignated			
Beginning of year position		(540,514)	(581,071)
Current year equity increase (decrease)		(107,178)	40,558
Transfers from (to) designated			
<b>Net assets (deficit)</b>		(647,691)	(540,514)
<b>Total liabilities &amp; Net Assets</b>		\$ 373,574	\$ 542,332

- Financial reporting providing a reasonable estimate of annual wearing out costs of the common area elements

Supplemental Information		EXHIBIT A-COMPONENT INVENTORY SUMMARY					
As of December 31, 2025		After tax yield on Investments: <span style="border: 1px solid black; padding: 2px;">2.50%</span>					
Common Area Restoration study date:		Sinking Fund Method					
Component Groups	December 2025		Group Count	Current Cost	Current Liability	Annual Expense	
	Dollar Weighted Life	Remaining					
Paving	22.81	5.45	3	153,224	113,896	8,122	
Concrete	10.19	4.45	4	22,892	9,426	3,295	
Fencing/Access	26.92	10.27	12	219,922	133,664	9,092	
Lighting	29.11	5.82	3	44,811	34,781	1,377	
Roofing (1691Sqrs)	25.00	17.71	6	1,677,264	447,887	59,386	
Painting	10.00	4.26	7	197,661	111,925	18,893	
Landscape	16.84	12.76	5	58,425	13,078	3,611	
Equipment	26.41	13.77	3	5,633	2,441	189	
Mailboxes	30.00	3.00	2	10,780	9,552	310	
Signs	19.62	9.54	3	9,750	5,565	506	
Recreation/Pool	16.30	6.49	6	48,885	34,538	3,972	
Contingency	15.45	5.27	3	6,593	4,445	450	
Storage	20.00	4.00	2	12,000	9,405	545	
Building Components	12.85	4.26	4	154,820	101,893	11,775	
Lakes/Ponds	7.76	0.00	3	21,184	21,184	3,218	
Poolhouse	18.34	9.30	3	14,285	8,451	824	
<b>California Statutory Totals as of December 31, 2025</b>		<span style="border: 1px solid black; padding: 2px;">69</span>		<span style="border: 1px solid black; padding: 2px;">2,658,129</span>	<span style="border: 1px solid black; padding: 2px;">1,062,130</span>	<span style="border: 1px solid black; padding: 2px;">125,564</span>	
Portfolio Cash Flow Effect Discount or (Premium) Adjustment (See Page 51)					<span style="border: 1px solid black; padding: 2px;">8.00%</span>		
Liability & annual expense estimates as of December 31, 2025					<span style="border: 1px solid black; padding: 2px;">998,402</span>	<span style="border: 1px solid black; padding: 2px;">118,030</span>	
Actual funds on deposit designated for Periodic Common Area Restoration					<span style="border: 1px solid black; padding: 2px;">287,771</span>		
<b>Funding Excess or (Deficit)</b>					<span style="border: 1px solid black; padding: 2px;">(710,631)</span>		
Percent Funded					<span style="border: 1px solid black; padding: 2px;">28.82%</span>		

Source CID Consortium, LLC / Haney Accountants, Inc.

# Opportunity to Highlight Incentives to Drive Alignment

There is an ROI to proactive restoration expenditure management

Source [aprastorage.com](http://aprastorage.com) / Mack & Byun (2012), Cheung et al. (2014)

## This impacts the Boards personally

### Example:

*50-unit Condo – Average values \$350,000  
5% increase in values is \$875,000 vs. cost of additional annual analysis and reporting*

WELL-FUNDED RESERVE  
PREMIUM

**+5-10%**

vs. underfunded  
associations

SPECIAL ASSESSMENT  
IMPACT

**-3-8%**

temporary discount at levy;  
recovers post-repair

DEFERRED  
MAINTENANCE  
DISCOUNT

**-15-30%**

in distressed HOA  
communities

**Challenge / Opportunity - change boards from austerity to value mindset?**

# Ideas & Practical Steps

## Immediate Opportunities

- Engage restoration expenditure management as an opportunity to add value to your communities and grow your business
- Review your current financial reporting deliverables to determine if they identify where communities need help?
- Challenge embedded culture to fight costs associated with increased services especially when there is an obvious ROI

## Long Term Opportunities

- Industry specific financial standards including clarifying tracking of common area restoration items
- Develop financial products and services that address long term funding needs of common area restoration
- Platforms allowing board members to track performance against neighboring communities



*“Innovation is the ability to see change as an opportunity  
– not a threat”*

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**— Steve Jobs**

# DISCUSSION

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5 minutes

## Exciting times!

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### Things to consider:

- Insurance & mortgage financing risk will continue to drive compliance requirements regardless of any action by state or local regulations
- Do you have an immediate reaction to the idea of long-term financing for communities? Positive or Negative?
- Concerns about expanding financial services oversight you currently offer to communities?

# THINK TANK HOA

# THANK YOU

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*Community Association Finance – Current, Future & Next Steps*

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