

Condominiums & Townhomes - Q & A

Q: How do you choose between condos and single family homes?

A: Using appreciation as a measure, condominiums in some areas have been as profitable an investment as single family homes in the last five years. And in some markets, condos appreciated even more, according to some experts.

While single family homes have been the preferred investment by home buyers, changing demographics are helping make condos more popular, especially among single home buyers, empty nesters and first-time buyers in high-priced markets.

Also, the condominium community has worked hard in the last few years to overcome image problems brought on by homeowners association and developer disputes as well as all too frequent construction-defect litigation.

Q: Are condominiums risky to buy?

A: While condos never had the kind of appreciation experienced by single-family homes in the go-go 1980s, most ultimately have not lost value, say some experts. And with high prices in many urban markets and more single home buyers in the market than ever before, the market for condos is strong.

As with any home purchase, you should do your homework about the neighborhood or development before you buy. In the case of condominiums, it is important to read the past six months of homeowners association minutes to see how effective the board is and to learn about any possibly detracting issues (such as protracted litigation with the developer).

The condominium community has worked hard in the last few years to overcome image problems brought on by disputes and lawsuits. Associations are becoming more sophisticated about property management and taking steps to prevent legal problems and disputes.

Other resources:

* Community Associations Institute, 1630 Duke St., Alexandria, VA 22314; (703) 548-8600.

* "The Condominium Bluebook," Branden E. Bickel, B&B Publications, San Francisco, CA; 1993.

Q: Do condos have to be made accessible to the disabled?

A: The 1990 Americans with Disabilities Act does not require strictly residential apartments and single-family homes to be made accessible. But all new construction of public accommodations or commercial projects (such as a government building or a shopping mall) must be accessible. New multi-family construction also falls into this category.

In all states, the Federal Fair Housing Act provides protection against discrimination for people with physical or mental disabilities. Discrimination includes the refusal to make reasonable modifications to buildings that aren't

accessible to the disabled.

Two educational brochures, "Housing Rights" and "Discrimination is Against the Law," are available through the Department of Fair Employment and Housing by calling (800) 884-1684.

Q: Can condos ban smoking?

A: A homeowners association's board of directors can restrict smoking if it applies to indoor common spaces such as hallways or recreation rooms. Outdoor spaces are a different story, say legal experts. Any restriction would probably hinge on local laws (i.e. if a city banned smoking outdoors, a homeowners association probably could restrict smoking in its outdoor spaces).

Typical covenants, codes and restrictions (CC&Rs), which govern condo associations, give the board authority to make and enforce reasonable rules for the use of common property. But that would not apply to interior spaces owned by smokers themselves.

Resources:

* Common-interest development brochure available free from California Department of Real Estate, Book Orders, P.O. Box 187006, Sacramento, CA 95818-7006; (916) 227-0938.

* Various Internet sites specializing in common-interest developments, such as those operated by the Community Associations Institute and CIDNetworks.

Q: Can a condo association ban nudity?

A: Could you sunbathe in the nude on your own balcony? Not necessarily. In a condominium development, a balcony is not considered private property but common property assigned to your exclusive use but a common area nonetheless.

Covenants, codes and restrictions (CC&Rs) usually spell out what activities can and cannot be conducted on common property. Some associations prevent people from barbecuing on their balconies or hanging large plants from the railings. However, the larger issue of regulating personal conduct is not so clear-cut. It literally depends on what side of the fence you're on.

If the sunbather can be seen from a public vantage point -- not by someone who must climb a tree or peer through binoculars -- then the rule probably would be considered reasonable, say legal experts.

Incidentally, there are places where nudity is tolerated but again, only out of public view.

Q: Are condos a good investment?

A: Condominiums have held their value as an investment despite economic downturns and problems with some associations. In fact, condos have appreciated more in the last few years than when they first came on the scene in the late 1970s and early 1980s, experts say.

While there are lots of reports about homeowners association disputes and

construction-defect problems, the industry has worked hard to turn its image around. Elected volunteers who serve on association boards are better trained at handling complex budget and legal issues, for example, while many boards go to great lengths to avoid the kind of protracted and expensive litigation that has hurt resale value in the past.

Meanwhile, changing demographics are making condominiums more attractive investments for single home buyers, empty nesters and first-time buyers in expensive markets.

Q: Where do I get information on condo association laws?

A: Resources:
* "The Condominium Bluebook" by Branden E. Bickel, B&B Publications, San Francisco, CA; 1994; call (415) 433-1233).
* Community Associations Institute, Alexandria, VA; (703) 548-8600.

Q: Where do I get information on condos?

A: The major interest group for condominium projects and other so-called common-interest developments is the nonprofit Community Associations Institute, 1630 Duke St., Alexandria, VA 22314; (703) 548-8600. Also, check the Internet where CAI operates an informative site as does CIDNetworks.

Q: Are one-bedroom condominiums a good investment?

A: One-bedroom condominiums historically have not been considered as good an investment as condos with two bedrooms or more. But in high-cost markets, such as Manhattan or the San Francisco Bay Area, one-bedroom condos have proven to be equally good investments. Helping that along are changing demographic trends. With more single home buyers in the market today than at any time in history, there is more demand for one-bedroom condos.

Q: How do I figure out the homeowners association?

A: Learn everything you can about the homeowners association before you buy into a development governed by one. The association's financial, political and legal conditions are very important to your investment and quality of life.

When run properly, homeowners associations maintain the common grounds and keep civility in the complex. If you follow the rules, the association should not intrude on your privacy or cost you too much in association dues.

Poorly managed associations can drag down property values and make living there difficult for residents. Start by studying the association's covenants, codes and restrictions, or CC&Rs, and find out if you can live by them. For example, if the rules prohibit loud music after a certain hour and you like to play your CDs late at night, this may not be the place for you. Don't move in thinking you can get away with violating the rules or change them later because you may find yourself in turmoil with determined neighbors firmly in control of the association board.

Find out all you can about the association's finances. Beyond reviewing the budget, talk to the association treasurer and find out if dues are expected to increase and if

any special assessments are planned. Ask if special inspections have revealed problems with roofs or plumbing that may cause a dues hike or special assessment later on.

Call and meet with the association president. If you are the type of person who despises intrusions into your private life and the president seems more interested in gossip about the residents than maintaining the property, this may not be the right condo complex for you.

Speak with residents to get their views on the association's finances, its property manager, how it operates and any politics. Associations are volunteer organizations with elected boards, like a mini-government, so politics can enter the picture and spoil a good thing.

Lastly, take some time to understand how homeowners associations are organized and how they conduct business. Like all real estate investments, the more you know the better off you are.
