Expense Reduction

If owners are already paying **$550/month** in a community with **no amenities**, then the conversation should absolutely include **expense reduction**, not just fee increases. The good news is that HOAs almost always have several areas where spending can be trimmed, renegotiated, or restructured without harming operations.

Below is a **clear, targeted breakdown** of where reductions are realistically possible for a community like yours.

🔍 Where HOA Expenditures Can Be Reduced

1. Insurance Costs (Your HOA: $463,544/year)

This is the single largest controllable expense for most HOAs.

What can be done:

- **Rebid the policy** every year (many HOAs stay with the same broker for decades).
- **Increase deductibles** to lower premiums.
- **Remove unnecessary riders** (many HOAs unknowingly carry coverage they don't need).
- **Join a pooled HOA insurance program** for bulk-rate pricing.
- **Improve risk profile** (roof inspections, fire mitigation, updated electrical panels).

Typical savings:

10–25% reduction is common when rebidding properly.

For your HOA, that's **$46,000–$115,000/year** in possible savings.

2. Delinquency Management ($310,953 outstanding)

Delinquencies create a hidden cost: the HOA raises dues to compensate for unpaid owners.

Cost-reduction strategies:

- **Switch to a collections attorney** instead of a management-company collector.
- **Use payment plans** to recover more without legal escalation.
- **Place liens earlier** (waiting too long increases losses).
- **Charge late fees consistently** (many HOAs fail to enforce).

Typical impact:

Recovering even **20–30%** of delinquent balances reduces pressure on dues.

3. Over-Budget Spending ($110,041)

This is a direct indicator of operational inefficiency.

Fixes:

- **Zero-based budgeting** (every line item must be justified).
- **Monthly variance reporting** (board sees problems early).
- **Spending freeze** on non-essential items.
- **Require competitive bids** for all contracts over $5,000.

Typical savings:

$50,000–$100,000/year depending on discipline.

4. Operating Deficit ($37,478)

A deficit means the HOA is spending more than it earns.

Reduction options:

- **Cut or renegotiate landscaping contracts**
- **Reduce management company fees**
- **Eliminate unused services**
- **Shift project costs back to reserves where they belong**

Typical savings:

$20,000–$40,000/year depending on contracts.

5. Maintenance Contracts

Even without amenities, HOAs often overspend on:

- Landscaping
- Pest control
- Tree trimming
- Lighting/electrical
- General repairs
- Waste management

Savings approach:

- Rebid every contract every 2–3 years

- Combine services under one vendor
- Use multi-year contracts for discounts
- Remove “automatic annual increases” hidden in contracts

Typical savings:

10–15% across service contracts.

6. Management Company Fees

Many HOAs overpay for:

- Administrative fees
- “Extra” charges (mailings, violations, resale docs)
- After-hours call fees
- Software fees

Savings:

Switching management companies often saves **$10,000–$30,000/year**.

7. Utilities

Even communities without amenities still pay for:

- Water for landscaping
- Electricity for lighting
- Trash service

Savings:

- Convert to LED lighting
- Reduce irrigation schedules
- Install smart irrigation controllers
- Rebid trash contracts

Typical savings: **$5,000–$20,000/year**.

🧮 Combined Savings Potential

If your HOA pursued all realistic reductions:

Category	Possible Savings
Insurance	$46k–$115k

Category	Possible Savings
Over-budget spending	$50k–$100k
Operating deficit	$20k–$40k
Contract rebidding	$20k–$40k
Management fees	$10k–$30k
Utilities	$5k–$20k
Delinquency recovery	$60k–$90k (partial recovery)

Total realistic savings: $211,000–$435,000/year

This is **more than enough** to prevent further dues increases — and possibly reduce dues if managed aggressively.

🏡 What Owners Should Push For

Here's the most effective, non-confrontational way to approach the board:

1. Request a full rebid of:

- Insurance
- Landscaping
- Management company
- Trash service

2. Require monthly financial variance reports

This stops overspending early.

3. Freeze non-essential spending until the deficit is resolved.

4. Move major projects back to reserves

Operating funds should not be used for capital projects.

5. Create a delinquency recovery plan

Even small improvements reduce pressure on dues.

⭐ Bottom Line

With owners already paying **$550/month** and **no amenities**, the board should prioritize **expense reduction**, not automatic fee increases.

And based on your HOA's numbers, **there is significant room to cut costs** without reducing service quality.