

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 \$17 to \$34/mn/unit
Operating deficit	\$20 k–\$40 k \$7 to \$14/mn/unit
Contract rebidding	\$20k–\$40k \$7 to \$14/mn/unit
Management fees	\$10k–\$30k \$3 to \$9/mn/unit
Utilities	\$5k–\$20k \$2 to \$8/mn/unit
Delinquency recovery	\$60k–\$90k (partial recovery) \$21.00/mn/unit to \$32/mn/unit
Total realistic savings: \$211,000–\$435,000/year \$73 to \$150/mn/unit	

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.