

INSIDE

2025: Challenging Year for Associations

Summary of 2025

Industry Trends

Financial Comparisons

2026: A Year Ahead

Look to the Future.

2026: Important Dates

Budgeting Tips



2025: Challenging Year for Associations

McQuoid CPA LLC

In 2025, the Community Association industry faced an increasingly challenging economic and regulatory environment. After the tragic collapse of the Champlain Towers South building in Surfside, and the increased fraudulent activities uncovered in various Associations, the State of Florida has enacted sweeping reforms to Statutes governing Community Associations. Community Associations continue to feel pressure from inflation, new reserve funding requirements, and increased scrutiny from regulators and membership alike; however, small reliefs can be found on the horizon.

The anticipated continued deceleration in the Consumer Price Index (CPI) (a measurement of inflation) will provide stability for Associations striving to follow tighter annual budgets. The deceleration in inflation will allow Associations to better predict future costs and pass more accurate budgets. Additionally, Florida's notoriously volatile property insurance marketplace has shown signs of stabilization in 2025 - further helping Associations to avoid exorbitant, and often unbudgeted, increases in insurance premiums.

2025: Challenging Year for Associations, Continued

The implementation of rigorous building safety regulations, including mandatory Milestone Inspections, Structural Integrity Reserve Studies, and the subsequent mandatory funding thereof often necessitates significant special assessments, increased maintenance assessments, and/or the utilization of bank financing. The increased financial burden on the membership of such Community Associations is understated. The State of Florida has attempted to mitigate some of this burden by providing more flexibility in funding options.

Operationally, Boards of Directors and Management Firms alike continue to face an increased burden to adhere to new laws regarding financial and operational transparency, conflict of interest disclosures, official records management, and the ever-changing Florida Statutes that govern Community Associations. Now, more than ever, an Association must choose a Property Management Firm or Community Manager that is competent and experienced to handle the complex nature of Community Association Management.

Despite the challenging economic and regulatory environment facing Community Associations in 2025, there are opportunities for Associations to continue to flourish and provide a sense of community for their homeowners. Increased accountability, transparency, and safety standards will help to ensure long-term stability, high quality of living for residents, and improved property prices. Now, more than ever, Florida is *the* place to make home.

Industry Trends



Financial Comparisons: 2025

Operational costs have increased significantly year-over-year for Community Associations. The culprit? Increased insurance premiums, utility costs, and general repairs and maintenance. Costs for major repairs and replacements, such as roofing, paving, and painting/waterproofing have increased substantially as material and labor costs continue to rise.

Inflationary and regulatory pressures continue to affect Condominium Associations the most:

Expenditure Item	Condominiums, 3+ Stories, Within 1 Mile of the Ocean Percent Increase, Year-Over-Year*	Condominiums, <3 Stories, Within 1 Mile of the Ocean Percent Increase, Year-Over-Year*	Condominiums Over 1 Mile from the Ocean Percent Increase, Year-Over-Year*
Insurance	9.54%	30.80%	24.15%
Repairs and Maintenance	-1.59%	-15.00%	-24.81%
Utilities	4.33%	9.83%	2.23%
Total Expenditures	4.06%	32.42%	14.46%

* - Year-Over-Year based on the weighted average of 15 communities

Industry Trends - Continued

Townhome Associations present mixed differences:

Expenditure Item	Townhome Associations Percent Increase, Year-Over-Year*
Insurance	14.16%
Repairs and Maintenance	-42.73%
Utilities	2.21%
Total Expenditures	8.98%

* - Year-Over-Year based on the weighted average of 15 communities

Homeowner Associations present a more sustainable difference in expenditures year-over-year:

Expenditure Item	Homeowner Associations Percent Increase, Year-Over-Year*
Insurance	-2.10%
Repairs and Maintenance	-28.42%
Utilities	10.62%
Total Expenditures	-6.46%

* - Year-Over-Year based on the weighted average of 15 communities

Homeowner Associations see varied differences in landscaping service prices:

Expenditure Item	Homeowner Associations Percent Increase, Year-Over-Year*
Landscaping - Contract Services	-1.11%
Irrigation Repairs and Maintenance	-11.42%
Tree Trimming	50.02%
Landscaping Replacements	-36.91%

* - Year-Over-Year based on the weighted average of 15 communities

2026: A Year Ahead

2026 presents unique challenges to Community Associations throughout the State of Florida. Associations will continue to see rising costs, albeit many operational cost increases should be mitigated by lower inflation, condominium and co-operative associations will have to deal with the implementation of fully funding SIRS reserve components, and Board Members and Management Firms alike will continue to see increased scrutiny from membership and the State of Florida.

Important Dates for Community Associations: 2026

January 1, 2026: Fully-funded Structural Integrity Reserve Study (SIRS) requirement – applicable associations must fully fund SIRS reserve components (based on estimated useful lives and replacement costs) as of January 1, 2026.

January 1, 2026: Associations with 25 or more units must operate a website or secure online portal.

April 15, 2026, tax deadline: either the Association's 12/31/2025 taxes or an extension to file must be filed by this date.

October 15, 2026, final tax deadline: all 12/31/2025 tax returns must be filed by this date.

December 31, 2026, applicable Condominium and Co-Operative Associations are required to complete SIRS and Milestone Inspections.

Budgeting Tips

The financial and operational success of an association often comes down to reasonable budgeting. Below are some basic budgeting tips often overlooked during the budget process:

- ❖ Before the budget is composed, reach out to the Association's vendors to attempt to renegotiate the scope of services offered at a better rate. Oftentimes the Association's needs will change, but vendors will continue to perform the same scope of services until notified by the Board of Directors or Management. This is the Association's opportunity to redefine its service agreements with vendors and potentially secure a better rate for the Association. After this process is completed, the Association will know a more accurate anticipated expense to enter into its upcoming budget.
- ❖ Do not ignore known upcoming expenditures. Even if the amount is considered trivial, all known upcoming expenditures should be incorporated into the upcoming budget. Oftentimes Associations will not include budget line items for known upcoming expenditures, such as fees payable to the DBPR, even though these fees must be paid.
- ❖ Be realistic: enter known upcoming expenditures accurately and forecast unknown expenditures (such as utilities) with reasonable increases. If a budget line item is decreasing from last year's budget to this year's budget, ask whether this decrease is realistic.
- ❖ Identify any major upcoming projects, including major repairs and replacements. How will these projects be funded? If these projects are to be funded by assessments collected in the current year, make sure the budget reflects the necessary increase to the annual assessments.
- ❖ Review the prior year's year-to-date (December 31, 202X) financials to determine which line items were over (under) budget. If certain line-items are consistently over budget (such as utilities), it is a sign for the Association to increase budgeted amounts for these expenditures.