

THE ROAD AHEAD

WORDS JOHAN KRUGER



As I am writing this article, the end of 2020 is days away and naturally you will think back about what a year 2020 turned out to be. The first article I wrote back in February 2020 was all about winning the Rugby World Cup 2019, #strongertogether, the positive lessons learned, and what of these lessons we should implement in our communities for the year ahead. How quickly the road ahead changed after that article!

Over the last few months, I have been very fortunate to participate in several panel discussions at international conferences (all virtual). I listened with great interest to my peers in the industry on their take of the road ahead for HOAs in their countries, and I will attempt in this article to put this in a South African context.

Looking at the road ahead for HOAs in South Africa, I am still very optimistic and foresee a bright future.

The biggest bumps I foresee though are the growing debts (outstanding levies) that will eventually have an impact on cash reserves and the ability of HOAs to do the necessary maintenance in their communities. The impact of the economic outfall from COVID-19 is here to stay on the same level or worse than the financial impact of 2008. The other bump I foresee is the availability of the necessary skill sets to manage the complexities of HOAs in South Africa, but

this can be addressed through the necessary training and education of staff and directors.

The legal entity of an HOA is still one of the best mechanisms available to conduct residential developments within South Africa. This well-established legal mechanism provides an opportunity for developers and potential buyers in the current established HOAs. The return on property investment in HOAs and the continued growth in the demand for residential and commercial property further strengthen this view. The continued investment in the maintenance of the common property and the enforcement of conduct and aesthetic rules in HOAs also play a big part.

I do however foresee a major change in the way we used to conduct HOA business for the last 36 years, and for most HOA directors and management teams, it is a case of adopt or die. The vast number of HOAs that have been exposed to a high number of directors' turnover and the resignation of senior management in the last six months is a concern. More concerning are those senior managers that opted for employment outside of HOA management.

Our focus over the next few months should be to address the loss of this institutional knowledge on an HOA and national level.

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