

Recreation Districts vs. homeowners' associations

There are some advantages to shifting ownership and management of recreational amenities to a special tax district, as opposed to a homeowners' association. As a public entity, the special district must conduct open meetings in public. That means nonresidents, environmental groups, and the media can also attend and serve as a watchdog for the public interest.

Public access to records is a matter of state law, and there is no corporate veil to hide behind, as there is with most association governed communities.

The governing body is elected by **registered voters** who reside in the district, whereas the HOA currently allocates one vote per unit of property owned. That makes the Recreation District a more democratic institution.

Additionally, financial liability to homeowners is far greater for HOA members. HOA assessments and fees must guarantee payment of insurance premiums, plus any non-covered losses. Members are also on the hook for rebuilding after a disaster. Another common risk factor for HOAs: payment obligations for legal expenses that exceed insurance policy limits, or that are excluded from coverage.

For example, recall the recent [\\$20 million verdict against Lamplight Village HOA](#) in Centennial Springs, Las Vegas, Nevada. The HOA liability policy limit is only \$2 million. The Plaintiff will seek recovery of \$18 million directly from the HOA, who can then turn to homeowners with demands for special assessments. (The case is likely to be appealed, but the ultimate outcome is uncertain.)

By contrast, Recreation Districts are under the direct control and supervision of local elected governments, with easy access to administrative staff, legal counsel, engineering and building code experts, and maintenance equipment. Thus, parks and recreation areas are likely to be better maintained and more closely monitored to avoid safety hazards that lead to catastrophic injury.

That's why an increasing number of taxpayers and local governments are exploring ways to privatize maintenance of infrastructure and amenities currently under the management of volunteer homeowner boards of association-governed common interest communities.

TE Park & Recreation District has no knowledge of the proposed HOA or what purpose it proposes to serve. The District always appreciates input from owners and residents within the Park.