



UNITED STATES DEPARTMENT OF COMMERCE
Economics and Statistics Administration
U.S. Census Bureau
Washington, DC 20233-0001

November 13, 2015

2015 AMERICAN COMMUNITY SURVEY RESEARCH AND EVALUATION REPORT
MEMORANDUM SERIES #ACS15-RER-15

CENTER FOR ADMINISTRATIVE RECORDS RESEARCH AND APPLICATIONS
MEMORANDUM SERIES # 15-4

MEMORANDUM FOR ACS Research and Evaluation Advisory Group

From: Amy O'Hara
Chief, Center for Administrative Records Research and
Applications (CARRA)

Prepared by: Denise Flanagan-Doyle
Center for Administrative Records Research and Applications
(CARRA)

Subject: Potential data sources to replace or enhance the question on
condominium status on the American Community Survey.

Attached is the Center for Administrative Records Research and Applications (CARRA) Research and Evaluation report, "Potential data sources to replace or enhance the condominium question on the American Community Survey." We conducted this evaluation to assess whether administrative records could replace or enhance the question on condominium status on the American Community Survey. If you have any questions about this report, please contact Denise Flanagan-Doyle at 301-763-3060.

Attachment

cc:

David Raglin (ACSO)
Todd R Hughes "
Beth Clarke Tyszka "
Craig Cruse (CARRA)
Denise Flanagan-Doyle "

Bonnie Moore	“
Dave Sheppard	“
Nicole Scanniello	(SEHSD)
Ellen Wilson	“
Jennifer Ortman	“
Arthur Cresce	“
Asaph Young Chun	(DSSD)
Mark E Asiala	“
Anthony G Tersine Jr	“
Howard R Hogan	(DIR)
Darcy Steeg Morris	(CSRM)
Rolando A Rodriguez	“
ACS R&E Advisory Group	
ACS R&E Work Group	

Potential data sources to replace or enhance the question on condominium status on the American Community Survey

Denise Flanagan-Doyle

Center for Administrative Records Research and Applications

EXECUTIVE SUMMARY

As detailed in the report, *Agility in Action: A Snapshot of Enhancements to the American Community Survey* (U.S. Census Bureau, 2015), the U.S. Census Bureau is investigating ways to reduce the difficulty and length of the American Community Survey (ACS) using administrative records. One of the questions on the ACS we are investigating is about condominiums. This research aims to identify sources of both federal and third party data that may supplement data collected or alleviate the need to ask certain questions altogether. The Census Bureau will use this report and conduct additional research to determine whether each question is a good candidate for removal with the use of external data sources in its place.

There is no dataset containing every condominium unit in the United States. Federal agencies collect some condominium information for specific purposes like flood insurance or mortgage guaranties. A limited number of states collect information on condominiums.¹ Collection efforts at the federal and state level focus on condominium associations as a whole, and not for individual units. None of the sources at the federal and state level include information on condominium fees. Some third party data sources exist that include information on the unit-level but CARRA has not evaluated this data for coverage or quality yet. CARRA will continue to explore other new data sources such as Zillow in the future.

¹ California, Colorado, Florida, Hawaii, Maryland, New Hampshire, New Jersey, Nevada, Utah, and Virginia collect information on condominiums.

INTRODUCTION

Stemming from concerns about the burden that American Community Survey (ACS) participation places on respondents, the U.S. Census Bureau is looking for ways to reduce the difficulty and length of the survey with administrative records. We have identified sources of both federal and commercial data that may potentially alleviate the need to ask certain questions altogether or for a subset of the ACS sample. Work is underway to acquire new sources and assess the quality of the matching and coverage of these sources. Data from other agencies are under review to potentially replace ACS content. The American Community Survey Office (ACSO) is consulting with stakeholders, including Congress, regarding the appropriateness of direct substitution.

Recently, the ACSO contracted with the National Opinion Research Center (NORC) to report on the availability of data sources, as well as the potential issues with those sources, as candidates for replacing/supplementing data currently collected by the ACS. Using this report (Ruggles, 2015) as well as their experience, the Center for Administrative Records Research and Applications (CARRA) identified several topics for further study based on the availability of data and likelihood of successful matching and analysis. These topics include:

- Year built
- Part of Condominium
- Tenure
- Property value
- Real estate taxes
- Have mortgage/mortgage amount
- Second mortgage/HELOC and payment
- Income in the past 12 months
- Residence one year ago
- Number of rooms/bedrooms
- Facilities
- Fuel type
- Acreage

For each topic, CARRA is acquiring and matching the administrative records to survey data, providing a report or memo describing the quality and coverage of the data source, and comparing the administrative record value to ACS self-reported and imputed responses. CARRA will document the linked file and put the research extract in the Data Management System (DMS) for future research.

This research is intended to be a first look at the condominium question to document the coverage, quality, and availability of external data sources for potential ACS integration. This research will enable ACS to evaluate the potential of the replacement data sources, identify challenges, and provide direction for further research. It is an exploratory investigation of the feasibility of replacing ACS data with administrative records.

Next, the ACSO will create teams for each ACS topic identified as a potential candidate for records usage based on the results from the first phase of research. Each team will include statistical researchers, subject matter experts, and data processors that together can identify and research issues related to the usage of these administrative records.

The teams will make recommendations on whether each question is a good candidate for

removal with the use of external data sources in its place. The recommendations will be based on an assessment of the implications of implementing such a change, considering data quality, reliability, alignment of reference periods, break in series, and the limitations of the data source affecting the suitability for use. The team will document and evaluate various options for integrating the records. For instance, for some topics, records may be better suited in assisting with imputation whereas for other topics the records may be used for direct substitution of a survey question (for all or a subset of the ACS respondent pool).

Moreover, the ACSO will gauge reactions to our intention to use external data sources from data users, stakeholders, and the public. They will review current ACS mail materials to ensure proper transparency, as well as publically share our vision in public forums such as the ACS Data Users Conference, meetings of the Association of Public Data Users (APDU), the Population Association of America (PAA), the Joint Statistical Meetings (JSM), the American Association of Public Opinion Research (AAPOR), and other public venues.

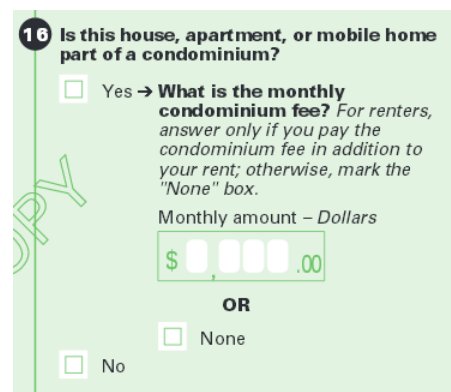
LITERATURE REVIEW

The report, “Review of Administrative Data Sources Relevant to the American Community Survey,” (Ruggles, 2015) provided a review of data sources that could be used to replace or improve specific questions on the ACS. Its purpose was to support the work of the ACS Content Review (Chappell and Obenski 2014) by providing additional input on potential data sources that might be used to strengthen the survey, improve its content, or reduce the burden associated with its collection.

The Foundation for Community Association Research (FCAR) supports information gathering for the Community Associations Institute (CAI), a community association advocacy group. FCAR publishes Fact Books for the nation and each of the states with statistical and legal information.² In these Fact Books, the recent public data is primarily taken from the American Community Survey and as such, does not provide information specifically about condominiums. This data is supplemented by state government data and by FCAR, CAI and CAI-member data used to produce estimates of the condominium population.

ACS BACKGROUND

The housing section of the ACS contains a question on whether an address was a part of a condominium. It reads, “Is this house, apartment, or mobile home part of a condominium?” with a choice of “yes” or “no.”³ If the respondent answers yes, that the housing unit is a part of a condominium, the question continues, “What is the monthly condominium fee? *For renters, answer only if you pay the condominium fee in addition to your rent;*



16 Is this house, apartment, or mobile home part of a condominium?

Yes → What is the monthly condominium fee? *For renters, answer only if you pay the condominium fee in addition to your rent; otherwise, mark the "None" box.*

Monthly amount - Dollars

\$, . .00

OR

None

No

² The CAI fact books are available at: http://cairf.org/research/factbook/state_summaries.aspx.

³ The ACS collects data using the Internet, mail, telephone, and personal visits. The wording described in this report comes from the mail form. The question wording may be slightly different in other collection modes.

otherwise, mark the 'None' box." There is a write-in box for the monthly amount in dollars and a "None" checkbox.

The ACS instruction guide provides the following information for housing question H16: "A condominium is housing in which the apartments, houses, or mobile homes in a building or development are individually owned, but the common areas, such as lobbies and halls, are jointly owned. Occupants of a cooperative should mark the "No" box. A condominium fee is normally assessed by the condominium owners' association for the purpose of improving and maintaining the common areas. Enter a monthly amount even if it is unpaid or paid by someone else. If the amount is paid on some other periodic basis, see the instruction for question 18a on how to change it to a monthly amount."

This research primarily delves into condominium status, i.e., whether a housing unit is part of a condominium or not, as a precursor to analyzing data on condominium fee. However, the question's purpose on the ACS questionnaire is to gather "condominium fees," and not necessarily to discover whether a housing unit is part of a condominium. Specifically, the ACS records condominium fees so they are included in the "selected monthly owner costs" (along with mortgage amount, real estate taxes, utility costs, insurance costs, etc.) data to determine the affordability of housing for owners. The ACS does not publicly release data on condominium status itself.

RESEARCH QUESTION

- What external data source(s) exist that could potentially be used to replace or enhance the respondent-provided response for condominium status?

To answer this question, we researched sources of information on whether a housing unit is a part of a condominium. We also contacted potential suppliers by telephone or e-mail to get more detailed information on the uses and limitations of the data source. Both governmental agencies and third party data suppliers are potential suppliers.

RESULTS

Federal Sources

Various agencies within the federal government collect information on condominiums for a variety of purposes. The most comprehensive data about condominiums is collected for loan guaranty purposes by the Department of Veterans Affairs (VA) and the Federal Housing Administration (FHA). Both the VA and FHA have a review process for condominiums and minimum qualifications a condominium project must meet before they will begin processing loans for any units within the project.^{4, 5} These agencies maintain lists of approved

⁴ This website allows users to search for VA-approved condominium projects:
<https://vip.vba.va.gov/portal/VBAH/VBAHome/condopudsearch>

⁵ This website allows users to search for FHA-approved condominium projects:
<https://entp.hud.gov/idapp/html/condlook.cfm>

condominium projects. However, the FHA's approval list is different from VA's. There may be project data on both lists if the project was reviewed by both Agencies, but the project data will not necessarily appear on both lists. In addition, these lists are not comprehensive. Condominium associations can choose not to pursue approval (called non-warrantable) and this could be geographically clustered. Because the lists are at the association level, it may be problematic to match unit addresses to the list of approved condominium associations. Condominium budget information is collected in the approval process, though condominium fees change over time and can vary by unit within an association. Any association budget information used in the approval process would be unlikely to be of sufficient detail to be useful in capturing condominium fee. In addition, condominium structures may be missing from the federal lists if units do not have mortgages or are owned free and clear.

Fannie Mae and Freddie Mac are shareholder-owned companies that operate under a Congressional charter.^{6,7} They buy mortgages from lenders who must meet strict eligibility requirements in order to resell those mortgages. There is no readily available "approved list" for Freddie Mac because their approval process is "100 percent lender delegated, i.e. the lender makes the decision if the association meets Freddie Mac Guidelines." Fannie Mae, like, VA and the FHA, requires an application process. While these companies honor reciprocal agreements with each other and with the FHA and VA, they primarily focus on the conventional mortgage market rather than government guaranteed loans. Because the approvals are at the association level, it may be problematic to match unit addresses to approved condominium associations.

In addition to mortgage guaranties, the federal government also collects information about condominiums in order to offer flood insurance. The Federal Emergency Management Agency (FEMA) administers the National Flood Insurance Program (NFIP), which covered 1,084,872 condominium units as of May 2015.⁸ According to the NFIP manual, coverage is more typical for properties in Special Flood Hazard Areas. The most comprehensive coverage type is the Residential Condominium Building Association Policy (RCBAP), a master flood insurance policy issued to residential condominium associations. This policy type insures all units in a condominium building under a single policy. Individual unit owners can also purchase additional coverage separate from the master policy.⁹ The application does not ask for condominium fee.¹⁰

All condominium associations have federal income tax filing obligations under the Internal Revenue Code (IRC). They may file as either a non-profit corporation using form 990, or as corporations. There are two ways to file as a corporation. Condominium associations may file

⁶ For more information on Fannie Mae and condominium policies see:

<https://www.fanniemae.com/singlefamily/project-eligibility?from=hp>

⁷ For more information on Freddie Mac and condominium policies see:

http://www.freddiemac.com/singlefamily/factsheets/sell/condo_projects.html

⁸ NFIP Policies in Force by Occupancy Type as of August 31, 2015: <https://www.fema.gov/policies-force-occupancy-type>

⁹ The NFIP Flood Insurance Manual section on condominiums can be found here: http://www.fema.gov/media-library-data/1444063407536-ba0719a500727e372693442dfd8f1ee8/06_condo_508_nov2015.pdf

¹⁰ The NFIP RCBAP Application is located here: http://www.fema.gov/media-library-data/1398952549283-ea652daa2df3f5fbfad99f950820ddfa/F-144_NFIP_RCBAPForm_June2014.pdf

under IRC Section 528 using Form 1120-H which is specific to homeowners associations, condominiums, and co-ops. Filing this way provides certain tax benefits. The other filing option is under IRC Section 277 using Form 1120. Regardless of which way the association files, the filing is for the association as a whole and has no list of individual condominiums.¹¹ Individuals may not deduct homeowners association or condominium dues from their personal taxes for their primary residence.¹²

State Sources

Many state laws surrounding condominiums derive from or have provisions similar to the Uniform Condominium Act or the Uniform Common Interest Ownership Act.¹³ These laws allow for the creation, management, and termination of condominium associations.¹⁴ Of particular interest to us, in terms of a complete list of all condominiums in a state, are the sections relating to the creation of the condominium association. In order to create a condominium in these states, the developer registers a condominium declaration with the county agency that handles land records and deeds. The declaration generally includes the location address and a legal description of the units including a unit number, and the percentage of ownership interest in the common elements allocated to each unit. The percentage of ownership is used to decide the condominium fee but because the declaration is a static document and does not include the annual association budget, this percentage of ownership is not a substitute for condominium fee by itself. Some counties have an online application in which you can search for the declaration documents, such as Hinds County, Mississippi.¹⁵ However, the information within the declaration is generally in digital form and not entered into a usable database.

Ten states have some form of a registry for condominiums.¹⁶ Colorado, Florida, Nevada, and Virginia have an ombudsman charged with overseeing condominiums and developers are required to formally register the condominium association with them. Delaware also has an ombudsman but has no formal registry. Illinois has enacted legislation that will create a formal condominium registry and an ombudsman. This legislation will go into effect July 1, 2016.¹⁷ California enacted the Davis-Stirling Act (California Civil Code Sections 1350 et seq.), requiring condominium associations to register biannually. Hawaii has a public list of registered condominiums including the address and the number of units.¹⁸ Maryland § 11-127 states, "A

¹¹ Instructions for filing form 1120H can be found here: <http://www.irs.gov/instructions/i1120h/ch01.html>

¹² Information on what can and cannot be deducted when filing an IRS 1040 can be found here <http://www.irs.gov/publications/p530/ar02.html>

¹³ Summary of state laws:

<https://www.caionline.org/Advocacy/StateAdvocacy/PriorityIssues/UniformActs/Pages/default.aspx>

¹⁴ A summary of the Condominium Act from the Uniform Law Commission can be found here:

<http://www.uniformlaws.org/ActSummary.aspx?title=Condominium%20Act>

¹⁵ http://www.co.hinds.ms.us/pgs/apps/sindex_condo_name_query.asp

¹⁶ California, Colorado, Florida, Hawaii, Maryland, New Hampshire, New Jersey, Nevada, Utah, and Virginia have some form of a registry for condominiums.

¹⁷ CAI tracks legislation pertaining to condominium ombudsmen here:

<http://www.caionline.org/govt/news/Political%20HeadsUp%20Public%20Document%20Library/Condominium%20Ombudsman%20%28Final%29.pdf>

¹⁸ This website allows users to search for the condo registry in Hawaii:

<http://web.dcca.hawaii.gov/DPR.Net/Public/ShowPublicTable.aspx>

contract for the initial sale of a unit to a member of the public may not be entered into until the public offering statement for the proposed condominium regime has been registered with the Secretary of State.” Similarly, New Hampshire 356-B:51 requires condominium associations to register with the Attorney General. New Jersey N.J.S.A. 55:13A-1 et seq. mandates multi-family buildings of three or more units, including condominiums, to be registered with the Bureau of Housing Inspection. Finally, Utah 57-8-13.1 requires condominiums to be registered with the Department of Commerce.

Third Party Sources

One third party source of condominium information can be found in the multiple listing service (MLS) data used by realtors. MLS data can include data on condominium fee, however this is not a mandatory field and many sellers chose not to include this information. Unfortunately, there is not one single MLS database in use across the United States, but separate, local MLS databases. The National Association of Realtors (NAR) has created a service called Realtors Property Resource, or RPR, that integrates local MLS data into a national database.¹⁹ The RPR is not exhaustive, as participating MLS organizations chose to join RPR and must sign a Data Content License agreement.²⁰ In addition to listings, RPR receives public records property data from, Black Knight Financial Services (BKFS).²¹ Public Records data includes tax assessment, deed, mortgage, and foreclosure records. This data source is only available to NAR members. CARRA has not evaluated this data for quality or coverage.

Alternatively, other vendors such as CoreLogic obtain data from the MLS and have some information on condominiums. The Census Bureau has acquired this data source in the past and evaluated its condominium coverage with mixed results. “CoreLogic matches at lower rates in multi-unit buildings (Brummett 2014).” CoreLogic is marketing a new product specifically for condominiums called “CondoSafe.” CondoSafe links condominium parcels to condominium projects and provides a report with detailed information including the condominium association budget where it is available. This product is marketed to lenders and the reports are specific to the condominium parcel. A condominium parcel includes the unit along with an undivided interest in the common elements.²²

Real estate websites like Zillow and Redfin may have information on condominium status. The websites can also include data on condominium fee, however this is not a mandatory field and many sellers chose not to include this information. Redfin gets data exclusively from the MLS as it is a brokerage site. Redfin operates in 36 states and DC.²³ Zillow gets data from public and user generated sources, as well as credit information from TransUnion. It covers 95 percent of

¹⁹ Overview <http://www.realtor.org/topics/realtors-property-resource/background>

²⁰ Coverage :

²¹ RPR Public Records overview: <http://support.narrpr.com/hc/en-us/articles/204964500-Where-does-RPR-get-the-data-for-the-property-pages->

²² Overview: http://www.corelogic.com/downloadable-docs/condosafe-2-page-sales-sheet_screen.pdf

²³ Coverage: <https://www.redfin.com/out-of-area-signup>

the real estate market by market value.²⁴ CARRA has not evaluated this data for quality or coverage, however there may be promise in exploring this data in the future.

Table 1. Characteristics of Sources

Source	Exhaustive List	Unit Level Data Available	Condo Fee Data Available
VA/FHA	No	No	No
Fannie Mae/Freddie Mac	No	No	No
NFIP	No	No	No
IRS	No	No	No
State Databases	Not for every state	No	No
CoreLogic	No	No, quality for multiunit buildings is variable	No
CondoSafe	Each report is unit specific	Yes	Potential, with some budget information
Real Estate Websites	Recent sales, variable by MLS market	Yes	Not a required field

LIMITATIONS

Research on condominiums is constrained by definitional differences across the market. There is commonly confusion or overlap between a condominium, cooperative, homeowner's association, and timeshare. For instance, tax form 1120-H considers there to be three types of homeowners associations: condominiums, residential real estate management associations, and timeshare associations. Sometimes, a condominium or homeowners association is called a common interest community. For instance, the Delaware Ombudsman's office serves common interest communities, including homeowners' associations, condominium or cooperative councils, and maintenance corporations. Another similar issue is that many state condominium registries, for instance the Utah Homeowner Association Registry, is actually a registry of the condominium or homeowners association and not of condominium housing units. It contains contact information for the members of the condominium board rather than an address listing of the condominium units.²⁵

CONCLUSION

²⁴ Overview: <http://files.zillowstatic.com/research/public/Zillow%20Real%20Estate%20Research%20-%20Why%20We%27re%20Different.pdf>

²⁵ This website allows users to search for the condo registry in Utah: <https://secure.utah.gov/hoa/index.html;jsessionid=5aff1f2e6803f65a0891e90a00eb>

There is no dataset of every condominium unit in the United States available.²⁶ Federal agencies collect condominium information for specific purposes like flood insurance or mortgage guaranties. A limited number of states collect information on condominiums. Collection efforts at the federal and state level focus on condominium associations as a whole, and not for individual units. None of the sources at the federal and state level include information on condominium fees. Some third party data sources exist that include information on the unit-level but CARRA has not evaluated this data for coverage or quality yet. CARRA will continue to explore other new data sources such as Zillow in the future.

REFERENCES

Work Request RS1-1-0154 “Use of Administrative Records to Reduce ACS Content”

Brummett, Q. (2014) “Comparison of Survey, Federal, and Commercial Address Data Quality”, CARRA Working Paper Series, Working Paper #2014-06.

Chappell, G., Obenski, S. (2014) “Fiscal Year 2014 Content Review Results”, American Community Survey Fiscal Year 2014 Content Review.

Ruggles, P. (2015) “Review of Administrative Data Sources Relevant to the American Community Survey”, Prepared for the U.S. Census Bureau, January 31.

²⁶ This report is subject to time constraints and will not reflect any changes to legislation or data sources after September 2015.