THRIVE COMMUNITY MANAGEMENT

ARIZONA BOARD EDUCATION SERIES

THE HIDDEN COST OF DEFERRED MAINTENANCE

Why Arizona HOA Boards Pay More When Repairs Wait

An executive field guide to infrastructure risk, reserve decisions, repair timing, and the true financial consequences of postponing necessary work.

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For Arizona HOA and condominium Board members

01 / THE FINANCIAL QUESTION

Maintenance Delayed Is Not Necessarily Money Saved

Why postponement often changes the cost of a project—not just its timing.

THE HIDDEN TRADEOFF

A Board facing rising expenses may reasonably consider deferring a nonurgent project. But the financial question is larger than whether the work fits this year’s budget. Delay can increase the scope of deterioration, accelerate damage to related assets, and reduce the time available to secure competitive bids.

THE DIFFERENCE BETWEEN TIMING AND EXPOSURE

Some maintenance can be rescheduled safely with documented inspection and monitoring. Other work—particularly water intrusion, drainage defects, electrical hazards, or active structural deterioration—can create compounding costs. A useful Board decision separates the cost of the planned repair from the potential cost of inaction.

WHAT INFORMED BOARDS MEASURE

Before voting to defer, identify the asset’s present condition, likely deterioration pathway, safety implications, realistic price escalation, warranty or insurance considerations, and the next inspection trigger.

THRIVE BOARD INSIGHT

The least expensive proposal today is not always the least expensive outcome for the association.

02 / ARIZONA CONDITIONS

The Desert Changes the Maintenance Equation

Heat, irrigation demand, and storm events make local asset conditions central to planning.

HEAT AND MATERIAL AGING

Intense sun and sustained summer heat can influence the condition of sealants, roof systems, pavement, coatings, and exposed equipment. The useful life assumed in a generic maintenance schedule should be tested against observed site conditions and qualified technical assessments.

WATER IN A DRY CLIMATE

Irrigation leaks, drainage failures, and poorly managed runoff can be expensive even where rainfall is limited. The City of Phoenix offers HOA-focused water-efficiency resources because landscape irrigation can represent a significant community expense.

THE MONSOON TEST

Drainage structures, retention areas, erosion controls, perimeter walls, and common-area grading deserve attention before seasonal storms. An asset that appears stable in dry weather may perform differently during a concentrated rain event.

THRIVE BOARD INSIGHT

Arizona maintenance planning should reflect actual exposure—not merely the age of the asset.

03 / THE COST CHAIN

How One Deferred Repair Becomes Several

A useful framework for understanding cascading infrastructure expenses.

STAGE ONE: THE KNOWN DEFECT

An inspection identifies a deteriorated seal, leaking irrigation zone, failing surface coating, or damaged drainage feature. At this point, the work may be limited and predictable.

STAGE TWO: ADJACENT EXPOSURE

If the defect remains unresolved, moisture, heat, settlement, or continued use may affect surrounding components. The eventual scope can expand from localized repair to system-level intervention.

STAGE THREE: FINANCIAL COMPRESSION

Once work becomes urgent, the association may have less time to compare contractors, phase construction, communicate with homeowners, or arrange funding. Emergency procurement and simultaneous projects can strain liquidity.

THE BOARD’S DECISION

Require a written explanation of the consequences of waiting, including the assumptions behind the recommendation. “We can wait” should have an inspection date and defined warning indicators.

THRIVE BOARD INSIGHT

Deferral is a decision with a monitoring obligation—not an absence of action.

04 / FINANCIAL SCENARIO

What a Two-Year Delay Could Cost

An illustrative scenario for Board discussion; not a forecast or market-price estimate.

SCENARIO: PRIVATE ROADWAY MAINTENANCE

An Arizona association receives a hypothetical $85,000 preventive pavement rehabilitation proposal. The Board defers the project for two years to preserve cash. Continued deterioration later requires broader surface repair and base remediation.

COMPARE THE OUTCOMES

Option A: complete the preventive scope for $85,000. Option B: defer and later approve a hypothetical $148,000 expanded scope. The difference is $63,000, or approximately 74% above the initial estimate. These numbers are invented solely to illustrate how expanded scope can change the economics of a delay.

QUESTIONS THAT MATTER

What inspection evidence supports the two-year assumption? Is the higher-cost scenario plausible for this specific asset? What maintenance work is required during the waiting period? What is the cash impact if another major component also fails?

THRIVE BOARD INSIGHT

A financial model should test alternatives; it should never present hypothetical costs as local contractor quotes.

05 / RESERVES & LIQUIDITY

When a Healthy Balance Masks Capital Risk

The reserve balance alone cannot tell a Board whether future obligations are funded.

LOOK BEYOND THE BANK STATEMENT

An association may report substantial reserves while facing several large replacements within a short period. Boards need to compare available cash against the timing, cost, and priority of upcoming projects.

FUNDING ASSUMPTIONS CAN DRIFT

Replacement estimates, inflation assumptions, component inventories, and useful lives should be revisited as conditions change. A reserve study is useful only to the extent its underlying information reflects the community.

AN ARIZONA LEGAL DISTINCTION

Arizona generally does not impose a statewide requirement that every planned community or condominium obtain a reserve study or maintain a particular reserve-funding percentage. Governing documents, lender standards, and specific circumstances may impose other obligations. Arizona resale-disclosure statutes address reserve information and an existing reserve study, if any.

THRIVE BOARD INSIGHT

Financial readiness is the relationship between cash, asset condition, and project timing—not a single percentage.

06 / THE CAPITAL COLLISION

What Happens When Projects Converge?

The overlooked risk of multiple necessary repairs arriving in the same budget cycle.

A COMMON PLANNING BLIND SPOT

A pool renovation, roadway resurfacing, roof replacement, and gate-system upgrade may each appear manageable when considered separately. When their replacement windows overlap, the combined demand can exceed projected reserves.

MODEL THE FIVE-YEAR WINDOW

Ask management and reserve professionals to map major projects by expected year, realistic cost range, operational urgency, and potential deferral consequences. Then compare those obligations with projected reserve contributions and operating liquidity.

STRESS-TEST THE PLAN

Evaluate a base case, a higher-cost case, and an accelerated-failure case. Identify which projects can be phased responsibly and which require timely action to avoid additional damage or safety concerns.

THRIVE BOARD INSIGHT

A five-year project map often reveals more about financial exposure than an annual budget comparison.

07 / WATER & LANDSCAPE

The Maintenance Risk Hidden in Irrigation

In Arizona, inefficient irrigation is both an operating-cost issue and an asset-management issue.

WHY RECURRING LEAKS MATTER

Aging valves, broken lines, improper controller settings, and unseen leaks can increase water expense while damaging planting areas, pavement edges, walls, or adjacent structures. Repeated spot repairs may conceal a system-wide problem.

MEASURE BEFORE REPLACING

Boards should request irrigation audits, water-use comparisons, leak histories, controller reviews, and repair-frequency reports. The City of Phoenix offers qualifying HOAs resources to assess landscape water efficiency.

EVALUATE LIFECYCLE VALUE

The cheapest irrigation repair is not necessarily the best long-term option. Compare the cost of continued patching with targeted upgrades, expected water savings, and potential damage avoidance. Use realistic assumptions rather than promising fixed savings.

THRIVE BOARD INSIGHT

A strong irrigation plan connects water use, maintenance history, landscape health, and capital spending.

08 / THE GOVERNANCE DECISION

How Boards Can Defend a Difficult Choice

A documented process is especially important when homeowners disagree about spending.

EVIDENCE BEFORE PREFERENCE

A Board may face competing pressure to keep assessments low and preserve infrastructure. A sound process begins with condition reports, qualified opinions, realistic options, and a clear explanation of consequences.

MAKE THE ALTERNATIVES VISIBLE

For material projects, compare immediate repair, phased work, monitored deferral, and replacement where appropriate. Record the expected cost, funding source, risk, and next review date for each viable alternative.

SEPARATE GOVERNANCE FROM EXECUTION

Management can coordinate inspections and bids, but the Board should understand the underlying assumptions before authorizing a major expenditure. Counsel or qualified specialists may be needed when safety, warranty, insurance, or contractual questions arise.

THRIVE BOARD INSIGHT

The goal is not to eliminate disagreement. It is to show that the decision was informed, consistent, and recorded.

09 / DECISION MATRIX

Repair Now, Phase, or Monitor?

A simple framework to use before approving a deferral.

REPAIR NOW

Consider when there is an active safety concern, accelerating damage, a critical operational failure, or a time-sensitive warranty or legal issue. Obtain appropriate professional guidance.

PHASE THE WORK

Consider when the project can be divided into independently safe and functional stages without materially increasing the total cost or compromising performance.

MONITOR WITH CONDITIONS

Consider when an expert supports a limited delay and the Board adopts a written inspection schedule, defined escalation triggers, and a reserved funding pathway.

DO NOT CONFUSE UNCERTAINTY WITH FLEXIBILITY

If the association lacks sufficient information to estimate the risk of delay, the next step is investigation—not an unsupported assumption that the asset will remain serviceable.

THRIVE BOARD INSIGHT

Every deferred project should have an owner, a deadline, and a documented condition that triggers reconsideration.

10 / 90-DAY BOARD PLAN

Turn Maintenance Exposure Into a Workable Plan

A practical sequence for Boards evaluating deferred projects.

DAYS 1–30: ESTABLISH THE INVENTORY

Compile open work orders, inspection findings, reserve-study components, recurring repair histories, water-use anomalies, and known owner complaints involving common assets.

DAYS 31–60: RANK THE EXPOSURE

Identify safety-critical issues, time-sensitive defects, high-cost systems, and projects likely to affect adjacent assets. Request professional opinions and multiple qualified bids when appropriate.

DAYS 61–90: FUND AND COMMUNICATE

Adopt a prioritized project schedule, document the rationale for deferrals, identify funding scenarios, and provide homeowners with a clear explanation of timing and tradeoffs.

QUARTERLY FOLLOW-THROUGH

Revisit high-risk deferred projects at defined intervals. Update the schedule when conditions, bids, funding, or operational needs change.

THRIVE BOARD INSIGHT

A maintenance plan becomes governance only when it leads to funded priorities and recurring oversight.

11 / BOARD DISCUSSION

Five Questions Worth Bringing to the Next Meeting

Use these prompts to identify where further information is needed.

01 — WHAT IS DETERIORATING FASTER THAN EXPECTED?

Review inspection findings, repeated repairs, and deviations from the reserve study’s useful-life assumptions.

02 — WHICH PROJECTS ARE CONNECTED?

Identify whether one system’s failure could damage or disable another asset.

03 — WHERE ARE WE RELYING ON OUTDATED COSTS?

Request current estimates for major projects and document uncertainty ranges.

04 — WHAT IS OUR TRUE CAPACITY TO ABSORB AN EMERGENCY?

Compare liquid resources with operating needs, committed projects, and funding restrictions.

05 — WHAT HAS THE BOARD EXPLICITLY CHOSEN TO DEFER?

Maintain a decision log with the reason, professional support, review date, and trigger for action.

THRIVE BOARD INSIGHT

The best maintenance discussions turn incomplete information into specific assignments and deadlines.

12 / NEXT STEPS

Protect the Community Before Costs Compound

A stronger maintenance strategy starts with clearer information.

A MORE USEFUL APPROACH TO LONG-TERM STEWARDSHIP

Deferred maintenance is rarely just a facilities issue. It affects reserve planning, assessment stability, vendor oversight, homeowner communication, and the association’s capacity to respond when unexpected conditions emerge.

HOW THRIVE SUPPORTS ARIZONA BOARDS

Thrive Community Management helps Arizona associations organize operational priorities, coordinate vendor and infrastructure reviews, improve financial visibility, and build practical maintenance and reserve-planning processes. Our approach emphasizes informed Board decisions and long-term community value.

THRIVE BOARD INSIGHT

Before postponing the next major project, ask what evidence supports the delay—and what the community could be committing to later.

Plan with the next decade in mind.

THRIVE COMMUNITY MANAGEMENT

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Sources and further reading: Arizona Department of Water Resources, Landscaping (azwater.gov/conservation/landscaping); City of Phoenix, HOA Water Efficiency (phoenix.gov); Arizona Revised Statutes §§ 33-1806 and 33-1260 (azleg.gov); Community Associations Institute, Reserve Requirements and Funding (caionline.org).

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