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## **Condo Vs. Townhouse: Which Housing Option Is Right For You?**



If you're in the market for a new home, there are a lot of considerations that must be weighed before pulling the trigger. One of them is the type of housing you're interested in. Condo? Townhouse? You've undoubtedly heard these terms before, but most people don't have a clear understanding of what a condominium is or what it's like to live in a townhouse.

If you grew up in a traditional detached house with a yard, you might take for granted that there are other housing options available to you. But, these days, an increasing number of home buyers are forgoing the detached, single-family home in favor of the more community-minded style of living that condos and townhouses provide.

In order to determine which housing option is right for you, consider how much you're prepared to spend, what type of lifestyle you're interested in leading and how much responsibility you're willing to take on. There's no clear advantage of one option over the other, which is why you should get to know the ins and outs of condominiums and townhouses before you settle on your perfect home.

### What Is A Condo?

When you hear the word condo, think apartment-style living. You own the space within the walls of your apartment, but nothing outside of them. Everything outside of your unit, including the building's exterior, common areas and land, is owned by a separate entity but enjoyed by the community.

Of course, not all condos are apartments. Some condos are houses within larger residential complexes. Regardless of the type of unit, the principle is the same: you own and have exclusive rights to your unit but nothing around it.

So who's in charge of maintaining the hallways, elevators and land outside of your unit? Every condo has a homeowners association that's responsible for managing and caring for the property. In exchange for the work they do to ensure the property is kept up, each condo owner is required to pay monthly common charges and follow the rules set by the association.

### What Is A Townhouse?

Townhouses, on the other hand, are much more similar to traditional houses in that they are multilevel and usually have a front yard and a backyard. However, townhouses are not detached properties. They are typically part of a row of narrower homes that are attached to one another through one or two walls.

After purchasing a townhouse, an individual owns the interior and exterior of the home as well as the property it sits on. As a result, the homeowner is responsible for all the upkeep required for the property, both inside and outside.

Even though townhomes are privately owned properties, they are still often part of larger communities that have their own homeowners association. While these HOAs are not responsible for the maintenance of the individual townhouses, they are in charge of the preservation of the community as a whole. As a result, they charge owners a fee for things like snow and trash removal. Some HOAs also have a set of guidelines that homeowners must follow in order to protect the look and feel of the neighborhood. And if the townhouse is classified as a condo, the rules can be even more restrictive.

### What Are The Cost Differences Between Condos And Townhouses?

When deciding whether you want to buy a condo or townhouse, price is a considerable factor. Both options are typically more affordable than detached houses due to their community-centered living arrangements, but there are differences between condos and townhouses when it comes to cost.

Condominiums tend to be cheaper to buy because ownership is confined to the interior of the unit. Condo owners also tend to spend less on property taxes and insurance because there is less square footage, and owners do not have to pay taxes or insurance on the rest of the building or complex.

Although the purchase price and property taxes are usually more expensive for townhouses, the HOA fees are often lower. Because townhouse owners maintain their own properties, there are fewer communal expenses.

On the other hand, condo owners have to chip in to pay for all improvements and repairs deemed necessary to preserve or enhance the entire property that their unit is in. Plus, condominiums often offer owners additional amenities that are funded by the common charges owners pay each month.

### What Are The Lifestyle Differences Between Condos And Townhouses?

Condo and townhouse dwellers benefit from the community that this style of living provides. Although these housing options are more communal than detached houses, condominium and townhome owners experience different lifestyles.

While condos tend to be smaller and lack private outdoor space, they offer homeowners unparalleled convenience and a more urban style of living. Many choose condos because of the wealth of amenities they offer residents. These amenities can come in the form of doormen, fitness centers, swimming pools, event spaces, playrooms and rooftop decks. Some condos even go all out, enticing future home buyers with screening rooms, bowling alleys and rock-climbing walls. These features, as well as the condominium boards that regulate HOAs, create great opportunities for residents to get to know and bond with their neighbors.

Townhouses provide owners with a more suburban lifestyle that includes increased space inside and outside the home. There are yards to play in and neighbors to socialize with. While having neighbors close by is rewarding, townhouses present owners with far more privacy than condos. But the trade-off for privacy is a lack of shared amenities and an increase in responsibilities.

### What Are The Responsibility Differences Between Condos And Townhouses?

Homeownership comes with a slew of obligations, but condo owners dodge most of them – they’re merely responsible for the upkeep of their own units. Everything else is reserved for the condominium’s HOA. So, if the roof leaks, the HOA replaces it. If there’s a plumbing issue, the HOA arranges for someone to fix it.

The burdens of condo ownership are minimal, but owners are responsible for abiding by the rules of the HOA. These rules are meant to ensure that condo owners are equally content in their coexistence, so they can include regulations regarding noise and the appropriate use of units. Because the value of each unit directly impacts the value of the entire property, there are also guidelines about the type of remodeling that condo owners can undertake.

For townhouse owners, the responsibilities are aligned with detached homes. It’s up to them to maintain every aspect of their homes as well as the plots of land they’re on. While HOAs may arrange for snow to be plowed or garbage to be picked up, it’s up to the individual to adhere to certain aesthetic standards regarding their property.

The HOA may have rules about the frequency with which owners must mow their lawns or paint their exteriors. HOAs may dictate the kind of fences that can be installed or the color of paint that can be used. Regardless of how absurd these rules may seem, townhouse owners are responsible for following them.

### Do Condos And Townhouses Have The Same Resale Value?

If you’re thinking about purchasing a condo or townhouse, you want to know that your property will hold its value when it comes time to sell. But is one type of property more valuable than another?

“Home value often depends on market conditions as well as conditions of the space itself. Neither is intrinsically more valuable, as buyers’ preferences often dictate lifestyle choices,” says Garrett Derderian, managing director of market analysis for CORE Real Estate. “Newer, updated spaces often command a higher value than an outdated space. This is true for condos as well as townhomes. However, outside of the home itself, condo owners must also be aware of their common-area finishes, and if they are as modernized as their condo or not, which could impact value.”

The extent to which you care for and update your home will be a crucial factor in determining its resale value. If you buy a townhouse, you’ll be wholly responsible for putting in the work necessary to retain its value. But if you buy a condo, you’ll only be responsible for maintaining your specific unit.

However, if purchasing a condo, you'll also want to make sure that it's in a reputable building that's updated and well-maintained. If buyers are turned off by the state of the building, it won't matter how well you've cared for your individual home.

Beyond the condition of the building, you should also be aware of how difficult it is to gain financing for the condominium, as that can impact the ultimate resale value of your home as well.

"Like single-family homes, townhouses on their own parcels are straightforward to finance. Condos have traditionally been trickier to finance, especially if a buyer is using FHA financing. That is because FHA guidelines previously required condo developments to be vetted for a pre-approved list," says David Meek, real estate broker associate at Keller Williams Arizona Realty. "That is now changing with an FHA policy change effective October 2019 that will make it much easier for buyers to finance a condo with an FHA home loan."

When deciding whether a condo or townhouse is appropriate for your circumstances, the decision often comes down to your priorities. Are you looking for affordability, convenience or privacy?

Condos may be the perfect option for first-time homebuyers who are looking for convenience but are not yet ready for the responsibilities of homeownership. But townhouses have a lot to offer growing families, for whom outdoor space and the safe environment that's fostered by a close-knit community may take precedence.