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IN THE Spotlight

Condo HOA fees jumped 60% in South Florida in past 5 years. Why higher costs are ahead

BY REBECCA SAN JUAN
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Arkadiy Kats, 71, is photographed outside of the Caribbean Breeze Condominium on Monday, July 29, 2024, in Sunny Isles Beach. Kats pays \$887 in homeowners association fees and \$340 in special assessment fees monthly as a resident of the condominium. MATIAS J. OCNER mocner@miamiherald.com

South Florida condo owners, burdened by spiraling insurance, repair bills and a new state law, saw their association fees shoot up nearly 60% over the past five years — driving some to consider difficult financial decisions to make their next HOA payment.

Miami-Dade County's median monthly condo association fee of \$900 from April through June this year is up more than 59% from the \$567 fee over the same stretch in 2019, according to data from Redfin.

Broward faced a similar wave of condo costs: HOA fees jumped more than 56% to \$613 this year, from \$392 over the same three-month period in 2019.

The Seattle-based residential real estate brokerage firm provided data exclusively for the Miami Herald based on information from the Multiple Listing Service. The data includes information on 97% of condominiums listed for sale in Miami-Dade and Broward counties.

The rising condo fees are piling on top of an owner's monthly mortgage, as well as steep assessments to repair broken elevators, patch a leaky roof, repave a parking lot or bolster dwindling emergency reserves.

"I don't know how I'm going to stay here if things keep going up," said Ingrid Vassell, who owns a condo in Plantation.

HOA fees pay for the bread and butter of condo living: utilities like water and cable TV, and shared amenities like a community pool, landscaping or an entrance gate. Then there are the new and big costs of a condo, such as boosting reserves for structural repairs in aging buildings.

But the biggest driver behind rising fees has been insurance, said Bill Hughes, an expert at the University of Florida. The combination of hurricanes and lawsuits drove up insurance costs, and companies passed along those costs to customers.

In a state where hurricanes threaten and hit, [insurance companies often leave Florida](#) rather than enter, and policyholders have had little choice but to grit their teeth and pay.

Legislation passed in 2022 [limiting lawsuits](#) against property insurance companies for delayed payments on claims will be a saving grace, said Hughes, executive director of applied research at UF's Kelley A. Bergstrom Real Estate Center. With only storm coverage influencing insurers, insurance costs are expected to remain stable or slightly increase.

But just as one condo cost subsides, [another emerges](#): the requirement to bring communities up to code and repair aging structures. It's a ripple effect from the condo collapse in Surfside three years ago.

The collapse of the 12-story [Champlain Towers South](#) in summer 2021 [killed 98 people](#). Structural issues doomed the building, and despite several warnings from

contractors, the owners delayed repairs due to the multi-million dollar cost for renovations and upkeep.

A year later, state lawmakers banned [associations from waiving reserve contributions](#) — a form of savings for routine maintenance projects — and waiving structural repairs. Now, condo associations with buildings three stories or higher owe the state a reserve study by January 2025, essentially providing a savings plan for repairs needed every 15 to 25 years.

Seeing the tide coming, condo association leaders are approving higher HOA fees.

Median monthly fees in Miami-Dade have jumped 10% from the second quarter 2023, up from \$820. Broward had an even larger jump, 17%, a rise from \$526 in the second quarter of 2023.

And condo owners, some with stagnant salaries or on fixed incomes, are feeling every bit of those [rising costs](#).

Hughes said he recognizes the “painful transition,” especially in a region with the largest concentration of condominiums and coastal high-rises in the state.

“What has happened is many of those people who are finding this troublesome have underpaid the cost of where they have been for a long time,” Hughes said. “It’s hard when you establish your life pattern on a cost that is too low, because at some point that catches up.”

South Florida condo HOA fees up by about 60% since 2019

Property insurance premiums caused condo HOA fees to rise in recent years. Real estate experts predict more increases due to new legislation implemented after the condo collapse in Surfside.

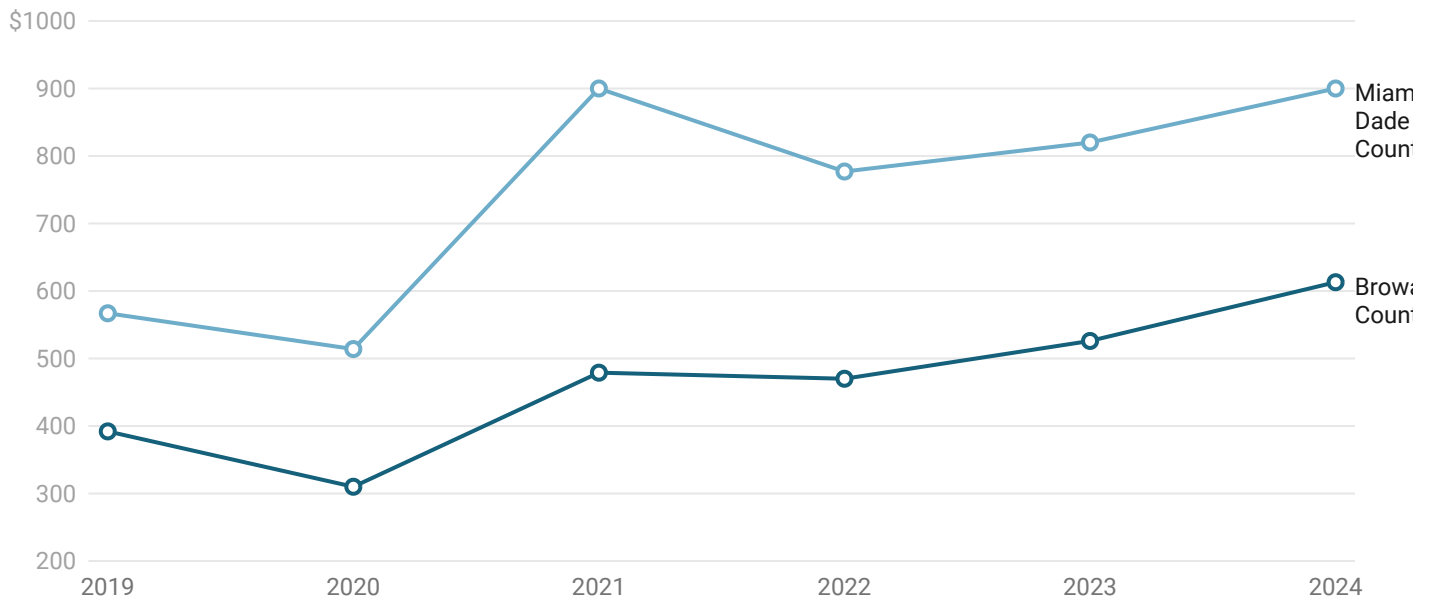


Chart: Rebecca San Juan • Source: Redfin • [Get the data](#) • Created with [Datawrapper](#)

HIGH COSTS FOR HIGH-RISE LIVING

Some longtime and new condo owners are facing dire financial issues with their rising condo HOA fees.

Vassell, a 41-year-old nurse practitioner, thought she landed a sweet deal a year ago when she bought a two-bedroom, two-bathroom condo at Plantation Club Condominium at 6625 W. Broward Blvd. Vassell considered her third-floor unit the perfect place for a mom and her two kids.

She landed the 1,500-square-foot condo for \$220,000, with a monthly condo HOA fee of \$630. A few months later, in March, the fee jumped to \$930. Condo association leaders told Vassell that will go down to \$830 later this year — but that's still a stretch for her.

“Right now, I’m in a very tough spot,” she said. “A lot of my neighbors are selling. I cannot sell right now.”

Those who do decide to sell face a challenging situation.

Condo [sales fell by double-digits](#) year-over-year in June — by nearly 27% in Miami-Dade and another 32% in Broward. Buyers are increasingly gaining the upper hand in negotiations and Miami-Dade has already seen a steady month-to-month [slip in asking prices](#) since March.

For people who stay put like Vassell, spiraling condo costs can mean taking on a second job. She now works every other weekend from 11 a.m. to 7 p.m. at a hospice care center to earn extra income to afford the fees.

“I’m not a happy camper as a mother of two. I want to give them all I can give them, but I don’t know how I’m going to stay here if things keep going up,” Vassell said. “I want to keep it as long as I can so when I have to sign for [my kid’s college] school loans, I have something. If I quit now and leave after a year of getting a property, I’m going to lose.”

Retirees on fixed incomes are also thinking about going back to work to pay their increasing condo fees.

James Brenner, 67, said he can keep up with costs for now but worries about more increases down the road. He is the condo association president for East Point Tower at 1160 and 1170 N. Federal Hwy. in Fort Lauderdale.

The community approved a \$3 million assessment for owners, including \$1.5 million for a new roof. Split among his 273 neighbors, that’s nearly \$11,000 per household by 2026.

Brenner is determined to stay put, enjoying the short walk to the beach and Publix, and the building’s two courtyards. He bought his 1,550-square-foot condo with two bedrooms and two bathrooms in 2015, after splitting his life among Boston, D.C., and Rhode Island.

For Brenner, Fort Lauderdale is now home — and he wants to keep it that way.

“I am still healthy and can still work,” Brenner said. “It has altered my long term financial planning and it has made me realize my cost of housing is going to be

significantly higher.”

Others have already jumped back into the workforce.

Arkadiy Kats returned as a real estate agent. He had to. Costs kept climbing at his Caribbean Breeze Condominium at 250 180th Dr. in Sunny Isles Beach.

Today, he pays \$340 a month for a special assessment and \$897 a month for monthly condo HOA fees. Starting in January, the association expects him to contribute another \$731 a month toward reserves.

“Everyone agrees to the maintenance, ‘Oh, it’s normal.’ It’s not normal,” said the 71-year-old Kats. “Increase the reserve plus maintenance. It’s not normal.”

This is the most he’s ever paid for his home of 24 years, the same place he bought with his wife to raise their son. He wants to stay, but said he has to make a big sacrifice to do so.

“I cannot retire, because I have no money for food, car insurance, gas,” Kats said. “All of these payments — HOA, reserves, special assessments — is from my Social Security.”

BEHIND THE CONDO COSTS



Aerial view of the Caribbean Breeze Condominium, bottom-center, on Monday, July 29, 2024, in Sunny Isles Beach. Some residents at the condominium pay over \$800 a month in homeowners association fees, which has increased year after year. MATIAS J. OCNER mocner@miamiherald.com

Surfside was a wake-up call to elected leaders, including state Rep. Vicki Lopez.

“When Champlain Towers [South] collapsed, it put a spotlight on condominiums that were never there before,” said Lopez, a Republican who represents District 113 in Miami-Dade.

After a [failed attempt](#) in early spring of 2022, state lawmakers passed policies later in the year to help protect condo owners with [more frequent building recertifications](#), and the banning of zero or partial reserve contributions that failed to meet the necessary financial goals for structural repairs.

Starting in 2025, condo associations have to present a plan showing how owners plan to contribute each month or every year to a reserve fund meant to pay for structural repairs at the end of an item’s lifespan, including roofs and concrete

restoration. In other words, if a roof has a lifespan of 20 years, then the reserve study must show the cost of a new roof and the annual plan to save toward that new roof.

A condo association can increase HOA fees as much as it wants to cover reserves, but condo owners can push back if a budget is 15% more than the previous year, said David Podein, a partner at the Wynwood-based Haber Law.

“If there is a budget that is above that threshold, it opens up the opportunity for members to propose an alternative budget. Members can vote on that alternative budget,” Podein said, “but I have never seen that occur.”

Already swimming in a pool of repair costs, some owners may feel like they’re about to drown in a tidal wave of reserves coming next year.

“We’ve seen a lot more stress in the lower to middle market where buildings have put off repair projects and have maybe waived reserves for many, many years and have been kicking the can down the road,” Podein said. “You are seeing a lot of economic stress where maybe the units are worth \$400,000, \$500,000 or \$600,000, but you have unit owners potentially facing \$50,000, \$100,000 or \$150,000 special assessment.”

[READ MORE: Homeowners association fees keep rising. How are South Florida condo owners managing?](#)

‘THE STORM HASN’T ARRIVED’ FOR CONDOS



Arkadiy Kats outside of the Caribbean Breeze Condominium on Monday, July 29, 2024, in Sunny Isles Beach. *MATIAS J. OCNER mocner@miamiherald.com*

Policymakers plan to keep a close eye on reserve studies and assessments in 2025.

Rep. Lopez expects South Florida to be hit the hardest with increases in condo HOA fees, special assessments and reserve plans, because Miami-Dade has the most condos in the state, followed by Broward and Palm Beach. According to data from Condo Vultures, the tri-county area had 12,925 condo associations as of December 2023 — that’s about 26% of the 50,000 condo associations in Florida.

Still, she’s sticking with the legislation on reserves for now, until she sees data on financial costs and condo associations’ abilities to meet requirements come early 2025.

“I can’t come up with a solution yet because the storm hasn’t arrived,” Lopez said. “We are always looking at refining legislation that we pass.”

Kats, the Sunny Isles Beach condo owner, said he hopes the state government steps in soon. He said retirees like him are struggling big time.

“Instead of enjoying my retirement,” he said, “I have to work hard to keep my salary up to make a payment on this building.”

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