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Is a Florida condo crisis brewing? Developers claim rising costs are necessary to prevent disaster

Florida real estate giants argue 'Condo 3.0' bill prevents another Surfside, but residents are outraged over high costs



By Kristen Altus FOXBusiness



Pricey Florida condo fees are necessary for building safety, real estate developers argue

Gutman Development Marketing's Phil Gutman, The Continuum Company's Ian Bruce Eichner and BH Group CEO Isaac Toledano explain to Fox News Digital why they support Florida's 'Condo 3.0' bill.

High-rise condominium owners along the sunny and serene Florida coastlines are facing a costly reality, [but prominent developers](#) in the state argue surges in HOA fees and maintenance reserves are necessary to prevent a future tragedy.

"A lot of people have seen their maintenances double. They've seen some of the assessments become extremely unaffordable. It's definitely impacted many residents here in Florida," Gutman Development Marketing President Phil Gutman told Fox News Digital.

"There is a conflict, and the conflict is a bit complicated, and it's a bit complex because you have three competing issues. One, you have the issue of safety. Two, you have older buildings," Ian Bruce Eichner, The Continuum Company founder, also told Digital. "The last issue that comes from [the Condo 3.0 law]

is a requirement that unless the condominium's declaration, what the original offering said 50 years ago provides otherwise, you need 90% of the residents to agree to terminate the condominium."

"We have the state, cities, city officials, code enforcement, city managers more involved in buildings. I think it's important to prevent the next disaster, God forbid, the next catastrophe. Let's not forget that there [are] thousands of old buildings, and thank God we didn't see any other catastrophe except the Surfside building," BH Group CEO and founder Isaac Toledano added.

"I think the fact that you have more inspections, more regulations, I think it's good for everybody and for everybody's safety."



Three prominent Florida real estate developers voice support for the state's Condo 3.0 bill, even though it's resulted in higher HOA and maintenance fees for unit owners. (Getty Images)

The higher condo fees are a result of the state's "Condo 3.0" bill, passed by Florida Gov. Ron DeSantis in early 2024, less than three years after the [Champlain Towers collapse in Surfside](#). The new bill dictates a new set of reforms, including how a building is maintained to how condo associations are governed. The oldest buildings and their residents are likely to see the most costly impending assessments.

"Any rational person has to be supportive of the legislation because it goes to the issue of safety. So while it may have a financial burden, we have an obligation – the state, the city, everybody has an obligation to keep people safe," Eichner said. "So there's no question that the law is something that, unfortunately, was a consequence of an event, but certainly it's something everyone supports."

According to [recent data from Redfin](#), multiple Florida cities on the east and west coasts have year-over-year double-digit increases on condo fees. Tampa saw the sharpest rise at 16.7%; Fort Lauderdale had a 16.2% increase; the average median condo cost in Miami is \$835 per month; and Key West has the highest median HOA fee at \$1,063.



South Florida condo, HOA fees add pressure to hot market

FOX Business' Ashley Webster reports from Fort Lauderdale, Florida, where condominium and HOA fees are rising and thus turning new residents away.

In some high-demand markets like Miami, unit owners at the 16-year-old 1060 Brickell Avenue building are required to split \$21 million in special assessments after the board of directors reportedly identified areas of damage.

Many condo buildings that are 40 to 60 years old are more likely to be demolished and rebuilt as newer, luxury real estate projects, according to the developers.

"I think we're going to see more and more of this transaction of prime real estate, older product getting replaced with the new product," Toledano noted.

"The shift that we see in the market is the appetite of older product, older units, many other owners willing to work with the developers, and they understand that if you live in a three-story building that was built in the 1960s, this building will probably have some serious assessments, a lot of improvements, and sometimes it doesn't make any sense to go and replace the roof, the electrical, the mechanical, something that will cost millions of dollars," the BH Group lead also said. "[You're] better off [to] sell the unit."



Florida's dubbed "Condo 3.0" bill requires yearly maintenance and reserve evaluations for buildings that are three stories or higher.

"Some of these buildings that are 50, 60 years old that really can't be fixed anymore. Those buildings do need to come down," Gutman explained. "If somebody has an apartment there that was worth \$300,000 in the open market, and we come in at \$750 [to] \$800,000, I believe those people are in a much better position than they were, to be quite honest with you. But people will have to find possibly another area to live in, something that's more affordable, something that's newer, something that's safer."

While state lawmakers argue the Condo 3.0 law will improve the longevity and quality of high-rise buildings, there are fears that luxury mixed-use developers strip residents of deciding powers, add costly fees and price them out of their long-term homes – especially for [retired or fixed-income](#) owners. Gov. DeSantis' office did not respond to Fox News Digital's request for comment.

Eichner posed an example: "You have a building that is 62 years old, has \$12 million in deferred maintenance, has a population of 20 or 25% of the building that's retired, and that 20 or 25% either doesn't want to move, doesn't have the resources to move, need help to move."



Florida condo market facing 'so much elasticity in the price': Mitch Roschelle

Madison Ventures+ managing partner Mitch Roschelle reacts to latest developments with the alleged gang-controlled apartment complex in Colorado and Florida's condo market in correction mode.

"So what you have is building after building facing assessments that they really can't afford. They do not have the will, i.e. the 90% that can require a termination, and so they sit now in this 'Never-Never Land' in which they attempt to have some partial assessment, deferred assessment. Where is this going to go? I don't know," Eichner continued. "But for sure, there are hundreds of buildings that are in this situation as we wind our way out of year one of the post-assessment requirement. I suspect that this is going to be a real issue in 2025, 2026."

In February, new leaders in the Florida legislature said their next sessions will include potential changes to condo laws, but will not involve talks around direct financial assistance for condo owners.

The three developers insist they're here to help those concerned residents.

"I think that after all, developer or not, we're all human being[s]. And if the stronger person can help the weaker person, or the smarter person can help the person with less knowledge or less experience, I think this is something that it's good to see, and we should all help each other if we can," Toledano said.



Naftali: South Florida demand is strong, but construction costs are up

Naftali Group chairman and CEO Miki Naftali discusses the insurance cost as Hurricane Helene makes its way to the Gulf Coast on 'The Claman Countdown.'

"We don't go in to try to take over buildings and don't prefer a hostile environment. When we approach a building, we approach it and we move forward because everybody in the building wants to sell. And they don't want the assessments, they don't want the hiked-up maintenance fees," Gutman chimed in. "That's just our approach. We're not fighters, we're trying to help."

"Part of the offer that we made was, to the extent that you are interested, we will help move you. To the extent that you're not sure where you want to go, we will recommend some brokers to work with you," Eichner said. "So it's an attempt to have a more holistic, full-service approach rather than simply say: We're offering you 'x' million dollars for your apartment, and that's that, thank you, goodbye."