DETERMINANTS OF CONDOMINIUM ASSOCIATION FEES: EVIDENCE FROM MIAMI-DADE COUNTY

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Introduction

Housing affordability remains a pressing issue in South Florida, driven by rising insurance premiums, increasing construction and land costs, an investment-friendly real estate environment that constrains local housing supply, and, for condominium owners, escalating association fees and recent regulatory changes. Following the collapse of the Surfside Champlain Towers on June 24th, 2021, which claimed 98 lives, condominiums have been at the forefront of both the media and legislation in Florida. With significant public pressure to prevent such tragedy in the future, on May 26th, 2022, the Florida Senate passed SB 4-D, which restructured inspection practices as well as budgeting requirements for condominiums three stories or higher. This policy reduced the recertification period from 40 to 30 years and mandated a structural integrity reserve study that required condominium associations to maintain reserve funds towards major repairs, effective December 31st, 2024, and later extended to December 31st, 2025.[1]

The new requirements increased monthly condominium association (COA) fees for many communities and forced associations to impose steep assessments, adding to the housing affordability challenges of condominium owners. South Florida was already experiencing housing affordability struggles due to macroeconomic and market conditions as well as from already rising COA fees because of skyrocketing insurance premiums.[2] This compounding cost burden effect, in which COA fees play a central role, has been termed as Florida's condominium crisis and represents significant challenges in regional housing stability. This is because the 387,175 condominium units[3], which excludes timeshares, cooperatives, and mobile homes, account for about 34.9% of the total housing stock in Miami-Dade County[4].

Characteristics of COAs

Although the term Homeowners Association (HOA) is commonly used in the context of condominiums, it is important to distinguish between HOAs and COAs. HOAs refer to planned unit developments and single-family housing in which homeowners own a plot of land and their entire dwelling structure. In contrast, COAs refer to multifamily housing in which homeowners own their individual unit but share mutual responsibility for the building structure and roof.[5] In condominiums, members contribute association fees, typically through either monthly or quarterly payments. These fees help fund the services provided by the association including amenities such as laundry rooms, pools, gyms, clubhouses, child play areas, or other upscale amenities including business centers, saunas, docking marinas or golf courses. COA fees also fund the maintenance of collectively owned common elements including hallways, elevators, or parking lots as well as insurance and, after SB-4D, reserve funds set aside to cover intensive capital repairs which were commonly waived by many association boards.

Condominium associations serve as an organizing mechanism that enables the co-ownership of common areas, their maintenance, as well as the enforcement of rules that residents belonging to

[1] Bridge, Jennifer A., Christopher Ferraro, Thomas Sputo, Suzanna Barna, Kate Norris, and Timothy K. Mueller. "Reporting on Age-Based Building Inspections Programs in South Florida." *Journal of Performance of Constructed Facilities* 39, no. 3 (2025): 04025009.

[2] Molk, Peter. "Florida's Homeowners Insurance Problems." *Conn. Ins. LJ* 31 (2024): 40.

[3] *Florida Dept. of Revenue- Property Tax - Data Portal*. (n.d.). https://floridarevenue.com/property/Pages/DataPortal.aspx

[4] The Florida Department of Revenue reported 387,175 condominium units under category "004" for 2025 in MDC. However, the Department of Business & Professional Regulation (DBPR), which overseas condominiums reports a total of 317,921 condominium units in MDC. It is unclear whether the new reporting requirements, effective Oct 1, 2025, will increase these numbers for both agencies. Using the data from the DBPR, condominiums make up 28.78% of the total housing stock in MDC.

[5] Cheung, Ron, and Rachel Meltzer. "Homeowners associations and the demand for local land use regulation." *Journal of Regional Science* 53, no. 3 (2013): 511-534.

such communities must adhere to.[6] Restrictive covenants such as age requirements signal the type of lifestyle that a particular community aims to portray, which in turn impacts condominium property values.[7] At the same time, the socio-demographic composition of an association influences what services or restrictions the association should fund and abide to thus indirectly impacting association budgets and fees. In other words, while COA fees directly capture the costs to operate and maintain a condominium association, such fees also reflect indirect or intangible costs related to the governance of the association.

Because of their higher densities and economies of scale, which result in lower housing prices, for many, the affordable condominium market represents the first step into the American dream of homeownership.[8] In fact, the Miami Association of Realtors reported a median sale price for single-family homes at $665,000 in September 2025, compared to $420,000 for condominiums.[9] However, this affordability is dependent on sound management practices that ensure both accountability and efficiency of COA operational maintenance by management and board members. Elevated COA fees resulting from discrepancies between what condo owners budgeted at the time of purchasing their home and unexpected monthly fee increases because of mismanagement or external factors such as the Surfside collapse have profound consequences for multiple stakeholders. For first time homebuyers in the mortgage market, association fees are factored into debt-to-income mortgage qualifying ratios along with mortgage payments (principal and interest), taxes, and insurance as well as revolving debt that the buyer may have such as student loans or car payments. Essentially, this means that high association fees reduce purchasing power for would-be homebuyers. For current homeowners, high association fees lead to high housing cost burdens, placing them at risk of liens and foreclosures if monthly payments cannot be made. Those looking to sell often must significantly reduce their sales price due to decreased buyer demand and a smaller pool of homebuyers willing to assume such high fees.[10]

Despite the importance of condominium fees, especially in South Florida housing markets, no prior study has empirically provided evidence as to how the physical characteristics of condominiums, their service provision, restrictions, and other qualities influence association fees. One reason for the neglect of studies focusing on association fees may be the misleading assumption that association fees are positively correlated with sales prices, implying that greater community investment through higher association fees directly corresponds to higher property values. However, we argue that this positive linear relationship with sales price does not always hold true when the components of association fees are examined individually. This is because a factor or characteristic may influence COA fees and property values differently. For example, consider a condominium with storm protection fixtures, such as hurricane impact windows. While these fixtures may increase sales prices, they can reduce monthly association fees by lowering building insurance costs. It is with this critical understanding of the importance of COA fees that we set out to empirically understand (1)

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[6] Reichman, Uriel. "Residential private governments: An introductory survey." *U. Chi. L. Rev.* 43 (1975): 253.

[7] Blakely, Edward J., and Mary Gail Snyder. "Divided we fall: Gated and walled communities in the United States." *Architecture of fear* 320 (1997).

[8] Glaeser, Edward L., and Joseph Gyourko. "The impact of building restrictions on housing affordability." *Federal Reserve Bank of New York, Economic Policy Review* 2002 (2002): 1-19; Glaeser, Edward. *Triumph of the city: How urban spaces make us human*. Pan Macmillan, 2011; Rosen, G., & Walks, A. (2013). Rising cities: Condominium development and the private transformation of the metropolis. *Geoforum*, *49*, 160-172.

[9] Umpierre, C., & Umpierre, C. (2025, October 23). *Miami-Dade Real Estate registers best sales month of the year; affordable and $1M & up Condo transactions surge*. MIAMI REALTORS®. https://www.miamirealtors.com/2025/10/23/miami-dade-real-estate-registers-best-sales-month-of-the-year-affordable-and-1m-up-condo-transactions-surge/

[10] Langbein, Laura, and Kim Spotswood-Bright. "Efficiency, accountability, and private government: The impact of residential community associations on residential property values." *Social Science Quarterly* 85, no. 3 (2004): 640-659.

what influences COA fees and (2) what are the policy effects and implications of policy changes such as that of SB 4-D.

Condominiums and COA Fees in Miami-Dade County

Miami-Dade County stands out as the epicenter of Florida's condo crisis not only because of the Surfside collapse occurring there, but also because it contains 20% of all condominiums in the State - the highest share of any Florida county[11]. Undoubtedly, condominiums have shaped Florida's social, political, and economic climate since their inception through the Florida Condominium Act of 1963.[12] The Condominium Act of 1963 together with the common practice of turning rental apartments into condominiums during the 60s and 70s, exploded the condominium supply in Florida (**Table 1**). Condominiums also appealed to seasonal residents, particularly from Canada and Northern States attempting to escape harsh winter conditions. Unfortunately, many tenants became at risk of eviction during this rapid growth of condo conversions which resulted in the Condominium and Cooperative Conversion Act of 1980.

Table 1. Condominiums in MDC by Year Built (2025)

Year Built	Count
1949 ≤	6,528
1950 -1959	3,517
1960 - 1969	41,061
1970 - 1979	86,790
1980 - 1989	76,530
1990 - 1999	40,566
2000 - 2009	84,411
2010 - 2019	32,497
2020 - 2025	15,275

Source: Florida Department of Revenue Assessment Roll Data

Although the relationship between property age and value is a complex one[13], certainly, condominiums built or converted during the 60s, 70s, or prior are now aging out. In fact, the median age of condominiums in Miami-Dade County is now 39 years (**Table 2**). This means that the 137,896 pre-1980 units, or approximately 35% of the total condominium inventory in MDC, will begin to require significant repairs or the issuance of special assessments. Special assessments are typically paid separately from the regular monthly COA fees, and their presence may indicate poor financial management by the association board. This is because, ideally, sound management would require association members to allocate, through increased COA fees, towards a reserve fund which would cover both long-term and short-term repairs. The Surfside Champlain Tower collapse dramatically illustrated the grave consequences of not having sufficient reserves and postponing the issuance of special assessments. With the enactment of SB- 4D, association boards of condominiums three floors or higher cannot defer maintenance by waving the requirement for reserve funds to pay for capital improvements. While reserve funds directly increase monthly COA fees, in the long run they may help stabilize association budgets by mitigating future costly unforeseen repairs. This is even more critical for taller multifamily condominiums which produce capital intensive repair costs.

Table 2. Age of Condominiums in MDC

Condominiums	Year Built	Age
Average	1989	36
Median	1986	39

Source: Florida Department of Revenue Assessment Roll Data

Although not a direct operating cost line item, the number of floors in a condominium building

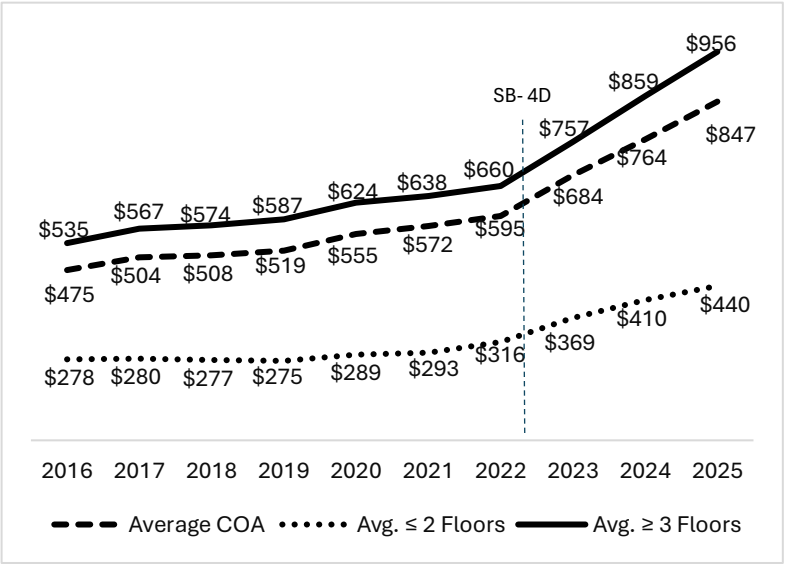
[11] "Condominiums, Timeshares, and Mobile Homes – Public Records – MyFloridaLicense.com." n.d. https://www2.myfloridalicense.com/condos-timeshares-mobile-homes/public-records/#1506106627060-5ba15dab-9203.

[12] Pollakoff, Gary A. "The Florida condominium act." *Nova L. Rev.* 16 (1991): 471.

[13] Green, Richard, and Patric H. Hendershott. "Age, housing demand, and real house prices." *Regional Science and Urban Economics* 26, no. 5 (1996): 465-480.

impacts COAs fees in various ways. In terms of maintenance, the higher number of floors, the more expensive it is to service and maintain a multi-family housing building. In Florida, residential buildings more than three stories high must have an elevator while high rise buildings require the installation and maintenance of water pressure booster pumps without which water may not reach higher upper floors.[14] For these reasons, pre-Champlain association fees were already significantly higher for buildings three floors or higher (**Figure 1**). Legislatively, the enactment of SB-4D means that COA fees for condominiums three stories or higher should significantly increase due to the financial reserve mandate.

Figure 1. Average COA Fees in MDC 2016 - 2025



Source: MLS Miami 2016 – 2025 from 73,369 Condos sold between 2016-2015

Furthermore, in Florida, most condominiums have developed (or have been converted from rentals) along the coasts, where scenic beach views and higher densities offer significant return on investment for developers.[15] However, rising insurance costs[16] have significantly exacerbated housing affordability challenges and are directly correlated with the spatial distribution of risk and exposure. In fact, a study initiated by the Florida Building Commission revealed the need to impose different inspection requirements for buildings closer to the coast.[17] Analyzing 40-year inspection reports, the study demonstrated that building concrete deterioration was more persistent closer to the coast due to airborne chloride. As a result, SB-4D mandates that condominiums within 3 miles of the coast have an initial milestone inspection at 25 years of building age, instead of the now standard 30 years. For these reasons, we can hypothesize that COA fees will be higher for condominiums closer to the coast due to increased insurance or maintenance costs.

Methodology

This research is empirically informed using data from the Miami Multiple Listing Service (MLS); the primary platform used by Realtors to list properties for sale. Our primary goal is to identify how condominium characteristics, building attributes, amenities, non-tangible characteristics (COA fiscal policies), and regulatory related factors (SB-4D) impact COA fees. To do so, we extracted condominium listings in Miami-Dade County sold between January 2016 and June 2025. Our sample consisted of *n*=73,369 condominium units. In our analysis we excluded luxury condominiums priced above $1 million dollars because of the different behavior of COA fees in these types of properties which would significantly skew results.

We developed three regression models with the difference between the first and second being that the latter adjusts COA fees and sales price for inflation using the Miami-Ft. Lauderdale CPI

[14] Rosen, Gillad, and Alan Walks. "Rising cities: Condominium development and the private transformation of the metropolis." *Geoforum* 49 (2013): 160-172.

[15] Cheung, Ron, Chris Cunningham, and Rachel Meltzer. "Do homeowners associations mitigate or aggravate negative spillovers from neighboring homeowner distress?." *Journal of Housing Economics* 24 (2014): 75-88.

[16] Jorge M. Perez Metropolitancenter, (2025). *CONDOMINIUM AND HOMEOWNERSINSURANCEPOLICYRATEINCREASES*. https://metropolitan.fiu.edu/research/_assets/infographics/2025-condominium-and-homeowners-insurance-policy-rate-increases.pdf

[17] Bridge, Jennifer A., Christopher Ferraro, Thomas Sputo, Suzanna Barna, Kate Norris, and Timothy K. Mueller. "Reporting on Age-Based Building Inspections Programs in South Florida." *Journal of Performance of Constructed Facilities* 39, no. 3 (2025): 04025009.

housing index. The third only focuses on condominiums sold between 2024 and 2025, which is another method of addressing both inflation and market fluctuations although it reduced our sample size to 14,642 units. The different characteristics which influence COA fees (directly or indirectly) can be categorized as physical, social, COA fiscal policies, services and amenities provided by the association, coastal risks, and policy effects of SB-4D. **Table 3** provides a summary of all variables.

Table 3. Variables

Variables		Description
Sales Price	*Sales Price*	Price condominium was sold for at time of sale
Physical Characteristics	*# of floors*	Indicates the number of floors in condominium building
	≥ 3 floors	The condominium is 3 floors or higher
	Age	Derived by subtracting year built from year sold
	Age Sq.	Age Squared
	Condo Conversion	The condominium was a converted unit
Policy Effects	*Surf Side Years*	Condos sold between 2022-2025
	Interaction	Condo sold post Surfside and is ≥ 3 floors
Social Characteristics	*HOPA (55+)*	The association is restricted to people ages 55+
	Homestead Exempt.	Indicates that the property is homesteaded
COA Fiscal Policies	*Assessments*	The condo had a special assessment at time of sale
	Reserve Funds	The association had established reserve funds at time of sale
Services	*Amenity Count*	Sum of the different amenities offered by the association
	Golf	The community offered golf courses
Coastal Risks	*Waterfront*	The condo is adjacent to a bay, channel, or ocean front
	East of US 1	The condo is located east of US 1
	Storm Protection	The condo had storm protection fixtures

Findings

Overall, all three models were statistically significant with the distinctive characteristics previously outlined capable of explaining up to 62% of the variation in condominium association fees. For readers familiar with regression models, full table results are provided in the appendix section. We will focus our attention on model two which accounts for inflation and a longer time horizon. In total, 15 of these characteristics were highly correlated or associated with COA fees meaning that they have a meaningful impact on them. For example, condominium conversions exhibit a COA fee premium of approximately $116.17, controlling for other variables. In other words, rental apartment units which were then converted to condominiums tend to have significantly higher monthly association fees. This finding may align with the notion that many conversions originated as profit-oriented apartment buildings during the 1960s and 1970s, often with lower construction quality than condominiums originally developed for homeowners, and that deferred maintenance and repair costs are starting to catch up to these units.

In relation to age, the model depicts COA fees increasing by $1.84 for every year of age which significantly affects the older condominiums stock. Considering that the median age for condominiums in MDC is 39 years, this translates to $861 in annual fees. Additionally, the presence of a special assessment is associated with an increase of $58.04 in monthly COA fees, or $696 annually. This is not to be interpreted as $58.04 being the average cost of special assessments in Miami-Dade County, being that these costs are typically paid separately from COA fees, but rather

that condominiums that have special assessments typically pay an additional $58.04 in COA fees. This may support the hypothesis that special assessments may reflect (though not always) poor financial planning or inefficiency by the association.

Interestingly, there was no statistical evidence to suggest that the presence of a reserve fund increases COA fees. Although this may appear counterintuitive, since reserve contributions typically raise monthly payments, our findings may reflect what we initially hypothesized: that associations with established reserves tend to exhibit stronger financial management practices that stabilize COA costs over time.

Our model also indicates that for every additional amenity offered by a condominium association, monthly COA fees increase by approximately $12.68. However, if one of the amenities includes a golf course, there is an additional premium of about $143.89 monthly, or $1,726.68 annually. Communities with underutilized golf courses may find these results informative.

We also found that, prior to SB-4D, condominium associations in buildings three stories or higher were already paying an additional $82.87 per month, likely attributable to elevator maintenance costs. Furthermore, for each additional floor in a building, COA fees increase by approximately $4.58 per month, reflecting incremental maintenance and operational costs associated with taller buildings. Following the enactment of SB-4D in 2022, a premium of $44.12 per month was observed across all condominiums, accounting for inflation. However, if the condominium was sold after 2022 *and* was three stories or higher, there was an additional $20.63 monthly increase in COA fees. Overall, this analysis shows that after SB-4D, condominium associations with three or more stories experienced a COA fee premium of roughly $64.75 per month (or $777 annually). This is in addition to the $82.87 monthly fee ($994.44 annually) already paid for three-story-and-higher structures, plus $4.58 per month for each additional floor.

Water and coastal risks reveal a similarly concerning relationship between COA fees and coastal proximity. For instance, waterfront properties exhibit a COA fee premium of approximately $80.76, with an additional $78.99 premium for properties located east of US-1. While it might be expected that condominium units equipped with storm protection features, such as hurricane-impact windows, would significantly reduce COA fees through potential insurance discounts, our models indicate only a modest decrease of $9.91, translating to $118.92 in annual savings. However, it is important to note that our analysis focuses on individual condominium units. Meaningful insurance premium reductions typically require that the entire building, not just individual units, be equipped with such storm protection features—a condition not captured in our dataset.

Discussion, Policy Implications, and Limitations

COA fees are critical for sustaining property values, funding building maintenance, and supporting compliance with safety and insurance regulations in South Florida's condo-dense housing market. However, rising fees pose significant economic challenges by increasing the overall cost of homeownership, straining household budgets, and potentially reducing access to affordable housing. Exacerbated association fees, whether stemming from inefficient management or external shocks such as SB-4D, can reduce purchasing power for prospective buyers and increase the risk of liens or foreclosures for existing owners. Sellers may face a smaller pool of buyers able to assume high fees, and could be forced to adjust their sales price, which may in turn reduce government revenues.

This study also examined the policy impacts of SB-4D and other factors on COA fees. Despite widespread criticism of mandated reserve funding

requirements and their perceived contribution to rising association fees, our findings indicate no statistically significant relationship between the presence of reserve funds and higher COA fees. One possible explanation is that the establishment of reserve funds reflects prudent management practices that promote long-term financial stability, thereby mitigating volatility in association costs over time. As urbanization trends toward higher densities and vertical development, local officials must carefully balance the need for increasing housing supply with the resulting affordability implications of COA fees. In Miami-Dade County, where environmental coastal risks are pronounced, the location of a development can significantly influence COA fees, particularly in relation to insurance premiums.

Through the Miami-Dade County Housing and Community Development Condo Special Assessment Program[18], qualified condominium owners earning less than 140% of the area median income (AMI) could receive up to $50,000 toward special assessment costs through a 0% interest, 40-year loan. As the program is being redefined, this timely study identified areas where it could focus its policy efforts. By considering COA fees, the program could target owners who are already severely housing-burdened by high COA fees, for whom an additional special assessment could create an even more precarious housing situation. Despite the shortcomings of quantitative analysis in capturing the unique and complex circumstances of each condominium association, our research could spark meaningful discussions. Future studies could incorporate longitudinal data beyond 2025 to assess the long-term effects of SB 4-D and other regulatory shifts on COA fees, reserve fund adequacy, and housing affordability. Research could also explore the intersection of COA fees with broader economic and social outcomes, such as displacement risk, intergenerational wealth building, and municipal fiscal health. Integrating qualitative data—such as interviews with board members, property managers, and residents—could enrich the understanding of governance practices, fiscal decision-making, and lived experiences of COA fee burdens. Such insights would complement the quantitative findings and help identify best practices in association management.

[18] As of this writing, the Miami-Dade County Housing and Community Development Condo Special Assessment Program has been paused and is being redeveloped.

Appendix

Regression Coefficients on Condominium Association Fees

	Model 1				Model 2				Model 3			
Variables	**Coefficients**	**SE**	**t**	**p-value**	**Coefficients**	**SE**	**t**	**p-value**	**Coefficients**	**SE**	**t**	**p-value**
Sale_Price	0.001152	0.000006	181.47	0.0000	0.001134	0.000006	185.72	0.0000	0.001239	0.0000	75.24	0.0000
Floors_In_Building	3.44	0.09	38.23	0.0000	4.58	0.12	39.38	0.0000	3.79	0.23	16.27	0.0000
≥3 _Floors	44.98	3.06	14.68	0.0000	82.87	3.97	20.87	0.0000	102.45	6.95	14.73	0.0000
Surfside_legis_Years	115.99	6.75	17.18	0.0000	44.12	8.68	5.08	0.0000	-	-	-	-
Interact_Surfside ≥3_Floors	72.85	4.79	15.19	0.0000	20.63	6.21	3.32	0.0009	-	-	-	-
Age	1.59	0.18	8.91	0.0000	1.84	0.23	7.92	0.0000	3.02	0.47	6.42	0.0000
Age_Sq	-0.001951	0.002098	-0.93	0.3522	-0.001068	0.002720	-0.39	0.6945	-0.004374	0.005167	-0.85	0.3973
Condo_Conversion	92.64	4.55	20.36	0.0000	116.17	5.89	19.73	0.0000	121.84	10.60	11.50	0.0000
HOPA	-26.19	6.12	-4.28	0.0000	-36.80	7.92	-4.65	0.0000	-30.94	15.18	-2.04	0.0416
Tax_Exemption	-12.49	2.52	-4.96	0.0000	-16.51	3.26	-5.06	0.0000	4.07	6.31	0.65	0.5185
Assesments	48.50	4.21	11.51	0.0000	58.04	5.45	10.64	0.0000	58.26	8.56	6.81	0.0000
Reserve_Fund	1.12	3.53	0.32	0.7515	1.58	4.57	0.35	0.7296	6.28	8.27	0.76	0.4476
Amenity_Count	9.62	0.32	30.45	0.0000	12.68	0.41	30.99	0.0000	13.24	0.83	15.97	0.0000
Golf	105.70	10.73	9.85	0.0000	143.89	13.89	10.36	0.0000	100.50	27.92	3.60	0.0003
Water_Front	60.60	2.30	26.40	0.0000	80.76	2.98	27.14	0.0000	81.23	6.00	13.54	0.0000
East_of_US1	60.80	2.36	25.81	0.0000	78.99	3.05	25.90	0.0000	76.69	6.17	12.43	0.0000
Storm_Protection	-6.31	2.78	-2.27	0.0231	-9.91	3.59	-2.76	0.0058	-18.02	6.24	-2.89	0.0039
_cons	-32.55	5.19	-6.28	0.0000	1.91	6.83	0.28	0.7796	-154.93	13.51	-11.47	0.0000
***n* =**	73,369				73,369				14,642			