

Florida Multifamily — Taxes & Insurance Increase: 2025 Study

Prepared for: Crown & Oak Workspace
Coverage period: Calendar Year 2025 (with 2023–2024 context)
Asset Focus: Market-rate multifamily (garden & mid-rise), Florida statewide

Executive Summary

- **Operating expense pressure remains elevated** across Florida multifamily, led by property **insurance** and **ad valorem taxes**. Renewal outcomes vary materially by **vintage**, **construction type**, **location (coastal vs. inland)**, and **loss history**.
- **Base case (directional):** Insurance renewals trend flat to up modestly for well-performing inland assets; coastal and large-frame structures see higher dispersion. **Tax bills** track assessed value growth and millage decisions at the county/municipality level.
- **Impact:** Expense deltas of **+5% to +20%** (combined taxes + insurance) can compress DSCR by **10–40 bps** and reduce value **3–10%** at constant cap rates—absent offsetting rent growth or operating efficiencies.
- **Action plan:** Pair **carrier engagement** (data-driven SOV, risk-engineering credits, program design) with **tax strategy** (pre-TRIM valuation review, evidence-backed appeal). Model **scenarios** and underwrite with conservative cushions by submarket.

****Note:**** This study is a ****framework****. Replace the illustrative ranges with your ****carrier quotes**, **TRIM notices**, and **VAB outcomes**** to produce property-specific results.

1) Drivers of 2025 Taxes & Insurance Outcomes

- **Insurance:** reinsurance costs and capacity; wind/flood exposure; roof age and FBC compliance; secondary perils (water, convective storms); claims/loss runs; property valuations and replacement cost appraisals; deductible/limit structure; participation in layered programs.
- **Taxes:** assessed value trajectory, classification, millage rates, new construction/permit impact, change in ownership, and county appraiser methodology. (Deadlines and rules are **county-specific**; verify each jurisdiction’s calendar.)
- **Cost inputs:** materials and labor inflation flat to moderating vs. 2022–2023 peaks, but high replacement costs keep insured values elevated.

2) Florida Multifamily Snapshot (Directional, Statewide)

Exposure Factor	Lower Impact (Inland/Newer)	Higher Impact (Coastal)
Insurance Renewal Range	Flat to +8%	+10% to +25% (outliers h

Deductible Trends	Higher AOP and wind deductibles for premium relief	Lower deductibles costlier
Credits/Discounts	Roof upgrades, opening protection, life/safety, plumbing/HVAC remediation	Limited if roof age >15yr,
Tax Assessment Drift	+2% to +6%	+5% to +10% (plus new)
Appeal Likelihood	Moderate	Higher where NOI/market

*Ranges are **illustrative**; substitute with actual quotes and notice values.*

3) Worked Example — 240Unit Garden, Inland Orlando (Illustrative)

Starting point (2024 actuals):

- Insurance premium: **\$520,000** (\$2,167/unit)
- Property taxes: **\$980,000** (\$4,083/unit)
- Other opex: **\$1,500,000**
- **NOI (predebt):** \$3,000,000

2025 renewal scenarios:

Scenario	Insurance Δ	Taxes Δ	2025 NOI	Δ NOI vs. 2024	Value @ 6.0% Cap	Δ Value
Flat/Base	+4%	+4%	**\$2,904,800**	\$(95,200)\$	**\$48.41MM**	\$(1.59)MM
Downside	+12%	+8%	**\$2,782,400**	\$(217,600)\$	**\$46.37MM**	\$(3.63)MM
Upside	0%	+2%	**\$2,960,000**	\$(40,000)\$	**\$49.33MM**	\$(0.67)MM

DSCR impact (illustrative): With \$30.0MM senior debt @ 6.75% interestonly (annual debt service ≈ \$2.025MM), DSCR moves from **1.48x** (2024) to **1.43x** (Base), **1.37x** (Downside), **1.46x** (Upside).

This is an example; plug in your property’s exact premiums, deductibles, assessed values, and debt terms.

4) Insurance Program Design — Options & TradeOffs

Option	What It Means	Pros
Higher Deductibles	Increase wind/AOP deductibles to reduce premium	Lower premium, align with larger reserve
Layered/Shared Programs	Multiple carriers share layers (e.g., \$25M limit)	Access capacity, diversify counterparty risk
Parametric Cover	Payout triggered by event parameters (e.g., wind speed)	Fast claims, basis/risk hedging
Captive/Cell Participation	Retain slice of risk for portfolio	Potential longterm savings, control
Engineering & Credits	Roof upgrades, opening protection, fire/life/safety	Premium credits; improves resilience

Data pack for brokers/carriers: updated SOV with construction details, roof age/material, photos, loss runs (5 yrs), valuations, site mitigation list, and completed windmitigation forms.

5) Property Taxes — Process & Playbook (Generalized)

1. **Pre-TRIM Review:** Confirm property data (units, SF, condition) and review income/expense evidence vs. last assessment.
2. **TRIM Notice:** Once mailed, compare assessed value to **market and income evidence**; check for errors (VAC income, cap rate assumptions, economic obsolescence).
3. **Informal Conference:** Engage the appraiser's office with a concise evidence packet.
4. **VAB Petition (if needed):** File within the deadline; prepare NOI-based valuation, comp set, and any atypical expense proofs (e.g., insurance spikes).
5. **Post-Decision:** Track outcomes and incorporate into next-year budgeting and comps library.

Calendars, deadlines, and forms vary by county. Always verify the current year requirements on the county appraiser's website.

6) Underwriting Guidance for 2025 Acquisitions

- **Expense Underwrites:** Use **property-specific** quotes where possible; otherwise, **scenario** insurance + taxes of **+5%/+10% (Base/Downside)** year-one over the seller's T12 with a 2–3 year normalization glidepath.
- **DSCR Padding:** Stress DSCR to at least **+25–50 bps** above lender minimum under **Downside** expenses.
- **Exit Modeling:** Assume **no relief** from expense lines unless backed by committed program changes (e.g., roof replacement yielding verified credits).
- **Capex with Paybacks:** Prioritize scope items that secure underwriting credits (roof, openings, life-safety) and reduce volatility (water intrusion fixes).

7) County-Level Focus Areas (Checklist)

County	Key Focus Items
Miami-Dade / Broward / Palm Beach	Coastal wind exposure, flood zones, older roofs, high insured values; close attention to layer
Hillsborough / Pinellas (Tampa Bay)	Mixed frame types; inland vs. coastal spread; hail/convective storm trends
Orange / Seminole (Orlando)	Inland risk profile; roof age & MEP updates often unlock credits; robust appeals where asses
Duval (Jacksonville)	Wind exposure moderated inland; new supply clusters can pressure NOI—use income appro
Lee / Collier (SWFL)	Recent storm rebuilding; verify replacement-cost studies and updated code compliance

8) What to Gather — Data Request List

- Current policy: premiums, limits, deductibles, schedule of locations, endorsements; **loss runs (5 years)**.
- SOV with construction/vintage, roof age/material, MEP systems, life-safety features.

- 2023–2025 capital improvements with invoices and completion dates.
- Latest TRIM notice (or prior year bill), prior VAB outcomes, millage breakdown.
- Current T■12/T■3; 2025 budget; any lender insurance requirements.
- Recent BOVs/appraisals for triangulation.

9) Glossary (Select Terms)

- **AOP (All Other Perils):** Non■wind/hail deductible peril bucket.
- **Named■Storm Deductible:** % of insured value applied to wind events meeting policy definition.
- **Layered Program:** Insurance placed across multiple carriers with stacked limits.
- **TRIM Notice:** Truth in Millage; preliminary property tax notice.
- **VAB:** Value Adjustment Board; county appeal venue.
- **SOV:** Statement of Values (asset schedule for insurance).

10) Disclaimer & Methodology

This document provides a **directional framework** for Florida multifamily in **2025** using illustrative ranges and a worked example. It is **not** a substitute for carrier quotes, appraiser records, or legal/tax advice. Replace placeholders with verified **broker proposals, reinsurance terms, TRIM data**, and county■specific rules before making investment decisions.