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MIAMI BEACH

‘Seems like bullying to me’: Investors took over their condo boards. Costs skyrocketed

BY AARON LEIBOWITZ

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SIPIWE ANDERSON

Miami Beach Resident

Some Miami Beach condo owners are facing large cost increases imposed by investors who purchase a majority of units and take control of boards.

BY PEDRO PORTAL



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Daniel Fiorda moved out of his 800-square-foot condo in Miami Beach last month, more than two decades after he bought it.

He didn't want to leave his canal-front slice of paradise. But after a real estate firm purchased six of his building's 10 units, took control of the board and increased maintenance fees by more than four times — a jump for Fiorda from about \$550 to \$2,280 a month — he and his wife, Laura Ines Cobos, were in a bind.

Fiorda, an artist and musician from Argentina, began taking odd jobs to try to keep up. But ultimately, the couple moved into a rental in Biscayne Park and found a tenant to live in their Miami Beach home. The tenant is now paying \$2,100 a month — still less than the cost of their condo fees, which are on top of mortgage payments.

“They want us to be worn out,” Fiorda said of the building's new majority owner, a Miami Beach real estate company called [Stonemason](#). “To be broke.”

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The situation at the two-story building at 2033 Calais Drive is, in some ways, a reflection of forces resulting in steep costs for many South Florida condo owners. Those costs include inflation, ballooning insurance prices and a [condo safety law](#) enacted after the deadly Champlain Towers South collapse that will require associations to maintain reserves for structural repairs by 2025.

Properties like Fiorda's 1959 building have become red meat for investors in North Beach, a [gentrifying neighborhood](#) full of aging coastal structures and one of the last slivers of Miami Beach that some middle-class and working-class families can afford.

But the substantial, sudden cost increases at 2033 Calais Drive also reflect the tactic of investors taking over condo boards and making spending decisions with limited input from other owners who must also foot the bills. Condo associations in Florida have broad latitude to make financial decisions under a "business judgment rule" that protects directors from liability, as long as they can show a reasonable basis for their spending, said Roberto Blanch, a South Florida condo lawyer.

"There is this gray area, I think — let's call it this wiggle room — that might be enough to let them get away with some unsubstantiated or some uncorroborated increases," Blanch said. "The board can always get away with saying, 'We're just spitballing here.'"

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At Fiorda's building, a new board controlled by Stonemason and its leader, Gustaf Arnoldsson, passed a 2023 operating budget of more than \$271,000, up from about \$66,000 in 2022, according to a document Fiorda provided to the Herald.

The proposed spending includes increases in legal fees from around \$800 to \$20,000, management fees from \$4,800 to \$9,600 and, most significantly, reserve fund contributions from \$5,800 to \$150,000.

The resulting owners' monthly fees of \$2,000 or more are unusually high. Across Florida, average homeowners association fees are less than \$400 a month, according to data from the Foundation for Community Association Research.

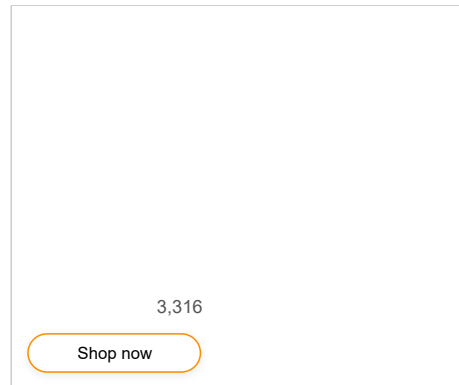


Miami Beach residents (from left) Daniel Fiorda, Laura Ines Cobos and Brian Trevisa stand in front of the building at 2033 Calais Drive on June 10. They moved out after investors bought a majority of condo units in the building and maintenance fees increased by more than 300%. Pedro Portal pportal@miamiherald.com

'THEY CAME TO KILL US'

Arnoldsson, who has bought several properties in North Beach over the past few years, says the budget increases are long overdue. The property has been neglected, he said in an interview, and needs to build up a healthy reserve fund to address costly repairs including a new seawall and roof.

Entities tied to Arnoldsson and Stonemason bought six units from a single owner there for \$1.2 million in late 2021. At a new board election, Arnoldsson and an associate won two of the three seats. Fiorda was appointed to the third. (Fiorda said he's not sure who nominated him. After he asked for meeting minutes, a property manager replied that no minutes were taken, despite a [Florida law](#) that requires minutes to be kept.)

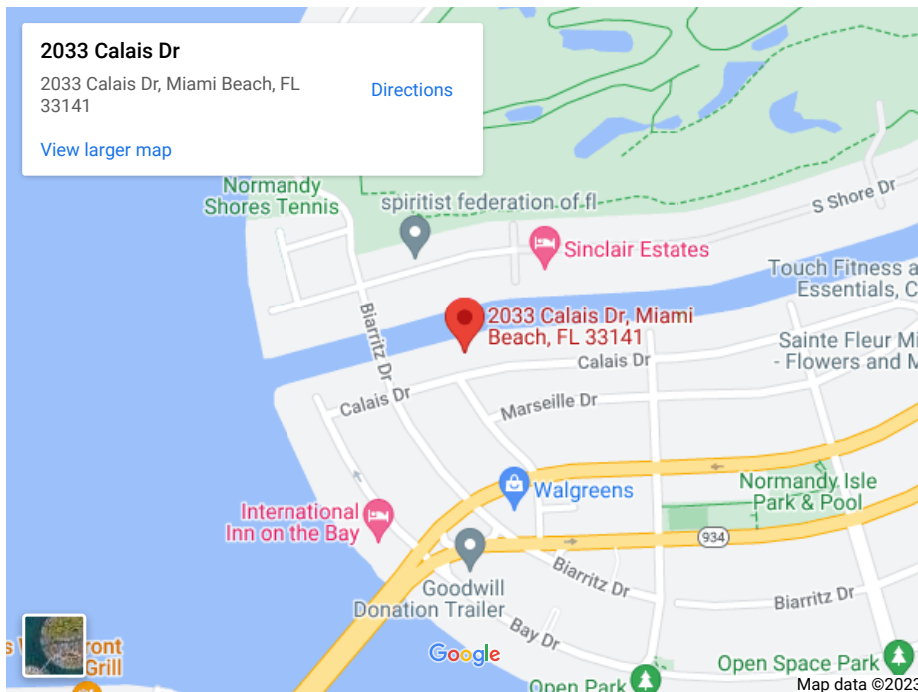


“When we came in and saw the state of disrepair of this building, we were shocked,” Arnoldsson said. “Now they’re saying we’re pushing them out. I just find it to be a little bit disingenuous.”

But Fiorda says the sudden fee increases are not a good-faith effort to spruce up an aging building. Arnoldsson, he claims, is jacking up costs to put Fiorda and the other remaining owners in a bind — unable to sell their units to outside buyers due to the steep fees attached, and at risk of facing liens and even foreclosure if they don’t pay up.

Ultimately, Fiorda said, he may be forced to sell to Arnoldsson for well below market value.

“They’re doing all this because they want to pay us less on the market,” Fiorda said. “They came to kill us.”



Brian Trevisa, who owns two units in the building with his wife, Lissy La Paix, echoed that sentiment and said Arnoldsson has failed to justify the big jump in spending.

“None of this has been in writing or formalized in any way at all,” said Trevisa, who proposed an alternative to Arnoldsson’s budget with more modest increases that was rebuffed.

Trevisa and La Paix, who is pregnant with the couple’s second child, also moved out of the building recently because of the fee hikes, Trevisa said. Maintenance fees for their two units will top \$60,000 this year.

Some of those costs are being passed on to renters. Trevisa and La Paix are now charging \$3,000 per month for the two-bedroom unit they lived in, and they raised the rent from \$1,400 to \$2,000 in their other unit, a one-bedroom.

Like Fiorda, Trevisa believes Arnoldsson wants to buy his units at a bargain.

“That seems like bullying to me,” he said. “They’ve put a crazy HOA budget fee in there, knowing that I can’t sell my apartment with that fee tied to it.”

Arnoldsson said he would entertain offers to buy the remaining units, but that his intention is to fix up the building rather than knock it down and build something new. Collecting maintenance fees of more than \$2,000 per month, he added, is more humane than imposing a large special assessment all at once.

“How come, in the last 10 years, they never looked at what needed to be done at the property?” he said. “Now it’s our fault that we’re pointing out the things that need to be done?”

Fiorda admits the association could use more in reserves, which he said were depleted due to recent increases in insurance costs. And he acknowledged the building has issues that ought to be resolved in the coming years.

Still, he noted that a 2019 engineer report, prepared as part of the building’s 60-year recertification, found the building to be in good structural condition with no significant cracking or deterioration.

And he says Arnoldsson’s approach is inconsiderate to long-time residents.

“Knock on our doors. Let’s have a meeting, let’s discuss these issues. We can build up our reserves slowly,” Fiorda said. “He forgot that there were families living there.”

‘THIS IS A FAMILY’

Other condo owners in North Beach are facing similar pressures.

At 8125 Crespi Boulevard, Sipiwe Anderson, a fashion model and member of Miami Beach's Black Affairs Advisory Committee, was removed as president of her four-unit building's condo board and hit with a series of special assessments after a Texas man purchased the three units above hers early last year.

Anderson, who lives in the canal-front property with her husband and two children, is now being told to pay \$169,000 for her share of repairs between 2022 and 2024, including a total of \$100,000 made in quarterly payments this year, records show. The assessments are for upgrades including \$150,000 for concrete restoration, \$150,000 for seawall repairs, \$50,000 for balcony and railing improvements and \$50,000 for the dock.

Meanwhile, monthly maintenance fees have doubled from \$700 to \$1,400, Anderson said.

This week, a lawyer for the condo association told Anderson's attorney that a collection agency would soon be pursuing the money she owes.

"How many people can pay \$25,000 every quarter?" Anderson said. "I'm happy to make this place look beautiful, but it has to be done over time to understand this is a family."

The building's new majority owner, Tim Hill, did not respond to several requests for comment. Carla Jones, a lawyer representing the condo association, declined to comment.

Like her North Beach neighbors on Calais Drive, Anderson said she believes the new owner is hoping she will sell him her unit for less than it's worth, or else face foreclosure under the weight of the assessment costs.

The first assessment, passed late last year, was for \$16,000 per unit. The next was for approximately \$100,000 per unit owed in \$25,000 quarterly payments this year. Another \$53,000-per-unit assessment is planned for 2024.

Each was approved by a new board led by Hill.

Anderson says she can understand the concrete repair cost estimates, which are based on an engineer's assessment. City records show the five-story building, constructed in 1971, has yet to pass its 50-year recertification.

But she said she doesn't see the urgency of the other repairs, including the seawall and dock, nor how those costs were determined.

Anderson said Hill made her an offer for her unit that she believes was well below market value.

“Last time I talked to him, he said, ‘I’m not trying to squeeze anybody out of their home,’” Anderson said. “I just don’t know what the truth is anymore.”



An overhead view of the four-unit building located at 8125 Crespi Blvd. in Miami Beach, where Sipiwe Anderson owns a condo and has lived with her family since 2001. Pedro Portal pportal@miamiherald.com

‘WE DON’T WANT PREDATORY DEVELOPERS’

Blanch, the condo lawyer, said he’s heard his share of allegations of investors buying up units in condo buildings, then raising costs for the remaining owners “with the objective of either getting them out or having them agree to sell their units to the bulk owner.”

But those motives are hard to prove, he said.

“Did it go up drastically because it was woefully under-budgeted before, or did it go up drastically because there are some ulterior motives?” Blanch said. “That’s probably the million-dollar question.”

Condo owners in North Beach are trying to fight back, working with attorneys and filing detailed information requests to their associations. The Calais Drive owners recently filed complaints with the state's Department of Business and Professional Regulation. And owners at both buildings have flagged their concerns to Miami Beach Commissioner Kristen Rosen Gonzalez, who said she was troubled.

"We don't want predatory developers in our city," she said. "At least buy these people out at their fair market value."

Condo owners need to be vigilant, Rosen Gonzalez added, especially in smaller buildings that may be more susceptible to investor takeovers.

"I'm going to do whatever I can to inform people this is happening on Miami Beach," she said.

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