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New Suncoast Homes Often Come With Hidden Developer Fees

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Homebuyers in Florida's Suncoast are discovering that new builds increasingly come with long-term financial obligations controlled not by local governments, but by the developers themselves, a new report from *Suncoast Searchlight* reveals.

A growing number of new homes along Florida's Suncoast are being built inside what are known as Community Development Districts (CDDs), special-purpose taxing districts where developers can impose additional fees on homeowners to fund infrastructure and amenities. In 2023 alone, nearly 60 percent of all new single-family homes and condominiums in

Sarasota and Manatee counties were located within these districts, a significant jump from less than 1 percent in the early 1990s.

These CDDs allow developers to issue tax-free municipal bonds to finance roads, utilities, parks, and more, with the debt passed down to the future homeowners. While the amenities are attractive, the extra costs can be burdensome, particularly for younger families or first-time buyers.

Manatee County has emerged as the epicenter of this trend, with over three-quarters of new housing built last year situated in developer-run districts. Entire ZIP codes in the county, including booming areas like Parrish and Lakewood Ranch, are now dominated by such developments.

“You can go an entire area, entire ZIP codes in states like Florida and Texas, where nearly every home is in one of these,” said Patrick Johansen, founder of the HOA Reform Leaders National Group. “These are governments in the U.S. that don’t run like any other governments in the U.S. They can raise fees, take that money, and spend it almost any way they want.”

Buyers often learn of these extra costs only after they are far along in the purchasing process. In places like Lakewood Ranch, some homeowners pay over \$6,000 annually in district fees, in addition to homeowners association (HOA) dues and regular property taxes.

“These are not a perfect substitute for local government, they are not even a close substitute,” said Eleanor Wilking, a law professor at Cornell University.

Coldwell Banker agent Tom Palazzo noted that many of his clients, especially retirees from the Northeast, aren’t deterred by CDD fees. “Many are cash buyers... and they view the additional fees as a fair tradeoff for the perks,” he said. “But for a lot of people, especially those financing their purchase, it can be difficult, like, ‘I have a house payment and an HOA payment and now CDD payment, too?’ It’s a tough pill to swallow.”

Critics argue that these quasi-governments operate with limited oversight, raising concerns over transparency and accountability. In some cases, developers have floated massive bond packages without input from residents. Since the 1980s, special districts have been mainly used to upgrade luxury communities. They’re becoming standard and often unavoidable for anyone seeking new housing on Florida’s Gulf Coast.

Terry Henley, a University of Central Florida lecturer, believes greater oversight is essential. “If you’re going to have this many CDDs, you need more oversight,” he said. “The optics are that the fox is guarding the hen house.”

As available land continues to shrink and demand for housing surges, experts warn that buyers’ options may narrow further, leaving many with little choice but to shoulder these hidden financial burdens.