

As promised in an earlier post, I'm going to share what I've learned in our move to Florida. Let's begin with the obvious question.

### **Why would I want to move to Florida?**

Really? After this winter is this a question you really need to ask? All winter long I have been watching WNY get pounded by storms and incredible cold on TV while having dinner outdoors on my lanai in shorts and a polo shirt.

The threat of bad weather holds WNYer's hostage for months. My wife had a hip replacement on January 2 at a hospital roughly as far from our home in Ocala as the distance from our old home in Fredonia to Buffalo (about 35 miles). In getting her to the hospital at 5:30 AM, our biggest weather worry was whether it might be raining. While rehabbing, she was able to walk outside on ice-free streets.

Let's face it, snow is pretty when it's around for the holidays, but then it gets old and dirty and when it finally melts it's "mud season" for another couple months.

To be fair, Florida has its share of bad weather. It rains for an hour or two most afternoons in the summer, but we look on that as a good thing. Rain recharges the underground aquifer that we depend upon for drinking water. There is also the occasional hurricane, but more about these later.

Contrary to what you may have heard, Florida is not always hot and sticky. One of my worries was that I wouldn't be able to handle the heat and humidity. To my surprise, high humidity disappears sometime in September and doesn't reappear until around May. Many days in the 70-80 degree range with low humidity make this period a joy.

May through September is hot and sticky, but luckily there is air-conditioning. People go from their air-conditioned homes to their air-conditioned destinations via their air-conditioned cars just like northerners go from their heated homes to their heated destinations in their heated cars in winter. The difference here is that you do not need to blow the heat and humidity out of your driveway to get out in the summer and your car will not get stuck in a huge pile of heat on the highway. Summer days may reach into the 90's, but it's really not that big of a deal, and this is said by someone who abhors heat and humidity.

### **What about living costs?**

That's a fair question. Hawaii is a nice place to live, but living costs are high. The good news is that Florida won't break you.

Let's start with taxes. Florida has no personal income tax, so your pension and Social Security income will not be taxed by the state. Florida's governments are financed mainly by sales and property taxes. Let's start with property taxes.

We built a new home. New homes are usually assessed at about 80% of the cost of the home. The first year we were here, we still owned our home in Fredonia and were legally

NY residents. Property taxes on our Florida home (which is about equal in true value to the home in Fredonia) were about the same as on our NY home.

Then we sold our NY home last August and became Florida residents. If you are a Florida resident living in your Florida home on January 1, you march on down to the county appraiser's office between January 2 and March 31. They will bring up the assessed value of your home on their computer screen and then subtract \$50,000 from that value to arrive at your new assessed value. This is called the Homestead Exemption. No need to do this every year, once is enough. The result is that our property taxes on a home of comparable value to that in NY are about \$600/year lower. Resident of another state owning a Florida home? No Homestead Exemption for you!

Unlike NY, homeowners get only a single property tax bill each year in November. School, town, county, etc. are all rolled into one bill. And here's a nice touch: Your property taxes aren't due until March, but you get a "discount" for paying "early." That sounds so much nicer than having them due now and paying a penalty for paying late. Trust me, it's really the same but it just sounds nicer to get a discount!

Florida has no "personal property" tax. This is a cute one found in some other states. You pay a tax based on the value of your car, home furnishings, etc. Not in Florida.

Florida used to have an "intangibles" tax on investments, but it was repealed several year ago.

You may have noticed that lots of people visit Florida. They buy things and pay a sales tax, and that's how Florida pays for things not covered by property taxes. We have lots of out-of-state visitors and so the sales tax is only 6% in Marion County where we live. ("Thank you for visiting Florida, please leave whatever money you have left with the agent at the gate before boarding your aircraft.")

Then there's the DMV. Getting a Florida driver's license is pretty simple. Turn in your NYS license, provide proof of birthdate and Social Security number (your passport and Medicare card works great for this), look into the vision test thingie and read the letters, pay a \$45 fee, get your picture taken and they will hand you your shiny new Florida license on the spot.

Of course you will need a Florida license plate for your car. Turn in your NY title certificate, show proof of insurance and pay a fee of about \$450—Hey, Florida didn't get any of the sales tax you paid on that car when you bought it in another state so they make up for it here!—and you get a Florida title and plate. Only one plate, for the rear of the car.

Grocery prices seem comparable to WNY. You won't find a Wegman's south of Virginia. Publix and Winn-Dixie are the two major chains. My personal opinion is that Publix is a great improvement over Tops. In Florida, you can buy wine in grocery stores and drugstores sell liquor.

### **What about insurance costs?**

Auto insurance is about the same as in WNY, but let's talk about homeowner's insurance for a minute. Insurance on our new home costs about half of what it did in WNY. Don't let that fool you. The cost of home insurance varies GREATLY depending on where you live, and the reason is those pesky hurricanes.

Hurricanes enter Florida from the Gulf of Mexico or the Atlantic Ocean. To get into Florida, they must pass over a coastline. That means that if you live in a coastal area, your homeowners insurance costs on a comparable home might be \$3000/year instead of the \$600/year that I pay. In some areas of the state, it's very difficult—if not impossible—to get homeowner's insurance because companies have dropped out of the market due to hurricane losses. This has led to a state-created entity as the “insurer of last resort” with pretty high premiums.

Why is that? Check out a map of the historical paths of hurricanes. Almost none of them come through Ocala, which is located in central Florida about equidistant from the coasts. (There are lots of “Evacuation Route” signs in Florida and many of them lead to Ocala.) If a hurricane does head our way, it will probably only be a tropical storm by the time it gets this far inland. Our home is built to withstand 140 mph winds, but that's only homes built within the last few years. More on building codes later.

And then there's the matter of flood insurance. Buying a home with a mortgage near the coast? Your lender will insist on flood insurance. Only a last-minute delay in implementation of new rules by the feds has saved coastal homeowners from skyrocketing flood insurance premiums, but it was only a one-year delay.

What about my flood insurance? We don't need it in Ocala. We are inland and on the “Florida Ridge,” 115 feet above sea level. If the polar icecaps melt and the coasts flood, Ocala will be the new Key West!

Bottom line: Your location has a TREMENDOUS influence on home insurance costs. Check those costs out before making any decision on where to live. Word of warning: If you are thinking of buying an existing home, don't assume that because the current owner has coverage that you can get covered, too. Check with some insurance companies before making an offer!

### **Where to live in Florida.**

Florida is very different from New York in that New York is a wide state (i.e. longer in a east-west direction than in the north-south direction), while Florida is a long, narrow state. It takes about the same time to drive the 500 miles from Chautauqua County to NYC as it does to drive the 500 miles from Jacksonville to Key West. Along the way on your NY drive you won't notice much of a change in climate because NYC isn't much farther south than Jamestown. The same is not true of your Florida drive!

Everywhere in Florida is nice and toasty in the summer, but the northern parts can get downright cold in the winter and you might even see an occasional snowflake. Southern

Florida tends to be sunny and warm all year round, which is why the majority of “snowbirds” winter in these areas. Central Florida (Orlando, Ocala) will be mostly in the 60’s and 70’s in the winter, but on occasion nights may dip into the lower 30’s. Google the average monthly temperatures of any place you might be interested in living.

Apart from climate, your lifestyle will be a consideration. Ocala is midway between east and west coast, so we have to travel a couple of hours to get to a beach. We’re not “beach people,” so this isn’t that important to us. Once again, Google something like “Florida Tourist publications” to find lots of information about what’s available to do in the various sections of the state.

After you think you have some idea of which region of the state you might be interested in, it’s a VERY good idea to spend a couple of weeks there getting a feel for things like crowds. For some strange reason, the tourist publications always show beaches as almost deserted. Check out how easy it is to get a table at some restaurants and what the traffic is like.

Don’t forget that Florida has three distinct seasons which have nothing to do with what northerners think of as seasons. The seasons here are snowbird-lite, snowbird-serious and snowbird-flown.

The snowbird-flown season begins about mid-April and lasts until about mid-October. All the snowbirds have flown north for the nice weather there. Around mid-October, the snowbirds begin to arrive back in Florida. This is the snowbird-lite season. Many snowbirds stay north until after the holidays. We made the mistake of leaving our daughter’s home in Albany on the day after Christmas a few years ago. Route 95 was packed. We encountered hour-long backups at toll bridges. Rest areas had huge lines for restrooms—both women’s and men’s! The arrival of the after-holiday birds signals the start of the snowbird-serious season.

The farther south you live in Florida, the more you will be affected by the snowbird flocks. Don’t visit in May and assume that the crowds jockeying for parking spots will be the same size in January!

### **Florida housing.**

After nailing down the geographical area in which you want to live, the next step is to address housing. We will leave out the more esoteric options such as RV parks. The most common forms are manufactured housing (think double-wide mobile home), condos and single-family homes (both resales and new builds).

I have no personal experience with manufactured homes. We know several people who live in manufactured homes in communities of manufactured homes. They are quite happy with their digs. As long as hurricanes stay away, no problem. This type of housing, however, is the least able to withstand serious winds. Depending on location (coastal vs inland) the ability to obtain insurance may be a consideration.

Think of a condo as an apartment you own in a building that you don't own. You purchase a condo in the same manner as purchasing a stand-alone house, but you will pay a monthly fee to the condo association for maintenance of the building itself and its common areas (elevators, pool, lobby, etc.) You won't need to insure the structure itself—the condo association does that-- but you will need an HO-6 (renters) policy to cover the contents of your unit. Liability insurance would also be a good idea.

There are plenty of resale homes available in the Florida market and the prices are attractive. Florida's real estate market collapsed along with the economy several years ago. Foreclosures flooded the market. There are fewer of these now, but the market is just beginning to recover and home prices are headed up again.

We did a new-build. We chose this path primarily because we found a situation where the developer wanted to finish building in one section and move their efforts to the next section of the development. They were offering incentives. The home we built was already priced \$30,000 lower than before the market collapse. In addition, the developer was offering another \$10,000 off the price of the home or that amount could be used for upgrades.

Most developers quote prices which include a "standard" lot. These are your rectangular, middle-of-the-block lots. Want a lot on the golf course, corner lot or one on the outside of a curve in the road with a view? That's going to cost extra. Our lot had a \$9000 premium attached to it. The incentive? We got it at no additional cost.

Developers in Florida pay for the infrastructure (roads, water systems, etc.) of their developments by forming Community Development Districts (CDD). If you buy a home in any sort of development, be sure to ask about the "CDD bond." This is a little piece of debt that comes along with the home, but it's not included in the purchase price and the salesperson just may neglect to mention it. It will show up in your property tax bill and you will pay it off in installments over the next 25 years. This can be a sizeable chunk of change. In The Villages—more about this gigantic development later—the CDD can be upwards of \$25,000. Ours was due to be just short of \$9,000. The incentive? The developer paid off the bond debt for us at closing.

There was one last incentive. We built in a community in which lots of places such as supermarkets and restaurants are accessible by golf cart. In fact, we downsized from two cars to one because of this. At closing, the developer handed us a certificate which we could take to the local golf cart dealer for a new golf cart.

All of this took place in April-October of 2012. The housing market has improved over the past 2 years. The base price for our home has just increased to a bit more than what it was before the market collapse, and our developer is now offering only the CDD payoff as an incentive.

While you may have missed the "sweet spot" of the buyer's market in Florida, it's still much more of a buyer's market than it was 7 or 8 years ago!

There were two additional advantages to a new-build: In the last couple of years, Florida has toughened the building codes, and energy efficiency.

Hurricanes cost insurance companies bundles of cash. Insurance companies have major influence with legislators. To cut down insurance losses—and to stop insurers from fleeing the state—building codes were beefed up. As an example, roofs are now tied down to the foundation by metal rods which are sunk into the foundation, extend through the walls up to the roof making it much harder for the roof to blow away in a storm. If your home meets these new codes, your insurance costs will be reduced.

By the way, one of the differences you will find when comparing Florida homes to WNY homes is that there are no basements and no attics. Any attempt to dig a basement will quickly produce what amounts to a swimming pool. Although there are attic spaces, they are mostly filled with heating/air-conditioning ducts. Since these spaces do not exist, plan on serious pruning of “stuff” you would ordinarily store in such spaces before making a Florida move.

I’m going to break this into two parts. In part 2 we’ll talk about energy efficiency and introduce the concept of the “55+ community” which includes places like The Villages.

Dick Steinfeldt