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Florida's Amendment 3 could give housing market a 'sugar high' through year-end

Homestead exemption rises to $250,000 in 2028, eligibility requires Florida residency by 12/31/2026

Article Summary

Florida voters approved Amendment 3 with 62%, raising the homestead exemption to $150,000 in 2027 and $250,000 in 2028. Agents expect accelerated buying and residency decisions ahead of the 12/31/2026 cutoff, with uneven effects by market and inventory type. *AI Summary*

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Jason Haber, a **Compass** broker licensed in both Florida and New York, believes the Sunshine State's approval of Amendment 3 will lead to the state's housing market experiencing a "sugar high" to close out the year.

Amendment 3, which was approved by 62% of the electorate on Tuesday, easily surpassing the 60% threshold, increases the homestead exemption, reducing the taxable value of a person's primary residence in the state. Prior to this, homeowners could receive an exemption of up to $50,000, but the amendment increases the exemption on non-school property taxes to $150,000 in 2027 and $250,000 in 2028. Beyond that, the amendment says the exemption will be adjusted for inflation.

This means that if someone's primary residence has an assessed value of $350,000, in 2028, the new $250,000 exemption would leave $100,000 subject to non-school property taxes, assuming the homeowner qualifies for the full exemption, generating potentially thousands of dollars in savings for homeowners.

Haber agrees that the amendment could create "serious property tax savings for those who homestead in Florida."

"That was clearly very attractive to the majority of people. Affordability is the top domestic issue of our time right now and people see this as direct relief on their cost of living," Haber said.

Carrots to entice people to move to the Sunshine State

But the amendment comes with a caveat. Homeowners must establish primary residency in Florida before Dec. 31, 2026, in order to be eligible for the 2027 and 2028 exemptions. If you establish primary residency after the deadline, you will have to wait five years until you're eligible for the expanded exemptions, which is why Haber believes the market may experience a "sugar high."

"If you were on the fence this would certainly move you to act quickly," Haber said, noting that Florida uses a variety of "carrots" to entice people to move to the state.

Chris Wands, the founder of **The Wands Team**, a **RealTrends Verified** ranked team, at **Douglas Elliman**, a RealTrends Verified brokerage, shares a similar view.

"It may make people move faster especially if they are already planning to move in the first half of next year," Wands said. "I think it makes Florida an even more attractive state. A lot of people are moving here for the tax benefits, so adding another benefit helps with that."

If a "sugar high" market does happen, local real estate professionals said it could have greater impacts on some markets than others.

"In Boca Raton right now, if a house is priced properly, you will have six people fighting over it, but that isn't the case in every market. Further north in the state, the market is weaker because those markets are more impacted by high interest rates, so it would be a different story there," Haber said.

Danielle Blake, the chief of residential and advocacy at **Miami Realtors + RWorld**, shares a similar view.

"Availability of inventory is going to vary by the asset class that you are looking for, whether it is single family or condominiums, and also the geographic location. In Miami, we have more condo inventory than single-family inventory at affordable price points, but that also varies by cities. Some cities have a larger supply, so it really varies," Blake said.

In addition to a potential uptick in new residents, Wands also believes this could impact current primary residents' decisions on purchasing larger properties, especially if they were previously concerned about how property taxes could impact their long-term affordability. This could then open up more mid-level or entry-level properties, helping more people get into the housing market.

Blake however, is skeptical, noting that despite this impacting the property tax portion of the affordability equation, many current homeowners may be reluctant to give up the 3% mortgage rate they have on their current property, especially in today's mortgage rate environment.

In addition to this, property taxes in Florida are reset when a property is sold, meaning that if the purchase price goes up, so do the property taxes.

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"Even if you're not paying as much as you otherwise would have, anything that pushes up purchase price and, by extension, property taxes can have that adverse impact on affordability," Haber said.

Additionally, legislators could increase the millage rate, which would hamper the affordability benefits homeowners are hoping to gain out of this amendment.

Perks for renters

Beyond impacting homeowners, Wands also noted the amendment's provisions relating to investment properties could also help renters.

Under Amendment 3, the annual cap on increases in the assessed value of non-homestead properties drops from 10% to 5%. This means that if a rental property's assessed value is $300,000, the existing 10% cap would generally allow its assessed value to increase by as much as $30,000 in a year. Under the new 5% cap, that increase would be limited to $15,000.

"I think it puts guard rails up for renters and investment property owners by giving them more stability in what they can expect their taxes to be," Wands said.

The New York to Florida pipeline

If Florida sees an influx of homebuyers set on establishing their primary residency prior to the Dec. 31, 2026 cut off, it would naturally have an impact on other housing markets

as the buyers have to come from somewhere. Unsurprisingly, many are pointing to New York City as a market that could be impacted by the amendment's approval.

"The year-end residency cut off is going to bring a lot of decisions," Frances Katzen, the founder of **The Katzen Team**, a RealTrends Verified team, at Douglas Elliman, said. I'm going to be watching for people who are going to downsize their primary home here, keeping a small apartment as a base, but moving their primary residence to Florida. But that move doesn't necessarily mean giving up a connection to New York."

Katzen said she wouldn't predict a mass exodus from the Big Apple based on this amendment alone.

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"Buyers are not stupid," she said. "They are going to weigh the full cost of ownership, including insurance, which is very expensive in Florida, along with maintenance and condo assessment fees, alongside family and business ties. This could influence the timing of a move but a property tax break alone won't determine where people build their lives."

Not set in stone

On Wednesday, Florida's Governor Ron DeSantis called a special session that will focus on some of the implementation language surrounding the amendment, so until then it remains to be seen exactly how this will impact the state's housing market in the future. In the meantime, agents are prepping for a flurry of activity to close out the year.

"I'm getting a lot of emails and phone calls today from people asking about how they can qualify by the December 31 cut off," Blake said.

What Blake is most excited about is how the amendment could impact future generations of homebuyers who have grown up in the state or lived there most of their lives, as it would immediately decrease the property tax portion of their housing affordability concerns.

While Amendment 3 could provide a short-term boost to Florida's housing market, its longer-term impact will depend on how the tax changes are implemented and whether the savings are enough to offset rising home prices, insurance costs and mortgage rates.