

MEMORANDUM

To: Mr. Thomas Mooney, Planning Director
City of Miami Beach
Mr. Kareem Brantley, Chair
Planning Board

From: Alex Fernandez, Member 
Planning Board

Date: May 19, 2021

Subject: Discussion item regarding hotel occupancy, cap on hotel rooms, and prohibition in certain neighborhoods

Request:

To complement the City Commission's effort to address matters that impact the residents' quality of life and to diversify the economy from its current dependency on tourism, I would like to officially request a discussion item regarding:

- Establishing a cap on the number of hotel rooms allowed within the City or within certain neighborhoods of the City.
- Maximum occupancy in hotel rooms and short-term rentals.
- Neighborhoods within the City where hotel development should be prohibited.

Background:

Over the past decades, Miami Beach has approved new hotel developments while also maintaining existing hotel uses within its collection of architecturally significant Art Deco boutique buildings. According to data provided by staff, there are approximately 19,862 hotel rooms in Miami Beach per the Greater Miami Convention and Visitors Bureau. Additionally, 1,059 hotel rooms have been approved for development by the Historic Preservation Board and 874 room by the Design Review Board. It is estimated that approximately 6,000 additional transient units exist in the form of short-term rentals. By consequence, the addition of new hotels without the repurposing of historic hotel properties into other non-transient uses has contributed to a perceived oversupply.

Of primary concern is the impact on the residential quality of life caused by the increasing number of hotel rooms. Secondly, the influx of tourists may also strain city resources. As a result, some residential areas with organized neighborhood associations have advocated for LDR amendments that limit or prohibit certain transient uses. These amendments are consistent with Objective RLU 1.3, entitled "Land Use Compatibility," of the Resilient Land Use and Development Element of the City's 2040 Comprehensive Plan which provides that "[I]and development regulations will be used to address the location, type, size, and intensity of land uses and to ensure adequate land use compatibility between residential and non-residential land uses."

The City Commission has endeavored to protect the character and livability of its multi-family family districts. For example, on April 29, 2021, the Land Use and Sustainability Committee recommended that the City Commission refer to the Planning Board a draft ordinance, sponsored by Commissioner Mark Samuelian, prohibiting Bed and Breakfast establishments in the West Avenue Bay Front Overlay. During the consideration of the draft ordinance, Commissioner Ricky Arriola addressed concerns regarding the compatibility and impacts of short-term rentals. Given the State's preemption on the regulation of short-term rentals, Commissioner Arriola inquired as

to what support the City could provide to condominium associations that may wish to adopt their own rules to prohibit short-term rental activity. The referral to the Planning Board was adopted by the City Commission as part of its consent agenda on May 12, 2021.

On February 10, 2021, the City Commission referred to the Planning Board a proposed ordinance, sponsored by Commissioner Arriola, establishing the Sunset Harbour Neighborhood Vision Plan. This referral to the Planning Board included an amendment that was unanimously accepted by the City Commission adding language prohibiting hotel uses within the overlay. During the Planning Board's discussion of the proposed ordinance on April 27, 2021, I raised the current occupancy limits in hotel rooms as a concern and raised the need for a broader discussion on hotel uses. Board Member Tanya Bhatt raised similar concerns regarding occupancy limits in hotel rooms. As such, the action taken by the Planning Board recommended that the ordinance further limit the maximum occupancy in suite hotels from the maximum occupants currently allowed by the Code to a maximum of six, as voluntarily agreed to by the property owner's representative. Additionally, the Planning Board recommended an applicability clause for projects that have submitted a DRB application prior to April 27, 2021, that would allow for the proposed hotel at the southeastern boundary of the Sunset Harbour neighborhood to proceed. At the May 12, 2021, the City Commission adopted the first reading of the Sunset Harbour Neighborhood Vision Plan. In response to comments made by the City Commission, the representative for the proposed hotel agreed to further limit the maximum occupancy per room to four.

Separately, on October 14, 2020, the City Commission adopted Ordinance 2020-4364, sponsored by Commissioner Mark Samuelian, removing suite hotels as an allowable use in the West Avenue Bay Front Overlay. On August 25, 2020, the Planning Board held a public hearing and transmitted Commissioner Samuelian's ordinance with a favorable recommendation. The ordinance sponsored by Commissioner Samuelian builds upon the prohibited hotel uses on RM-2 and RM-3 zoned properties within West Avenue as legislated in Ordinance 2013-3820 sponsored by Commissioner Michael Gongora and adopted by the City Commission on October 16, 2013.

Some of the other legislative action previously taken includes the passage of Ordinance 2017-4146, sponsored by Commissioner Joy Malakoff and adopted by the City Commission on October 18, 2017, which among other changes addressed occupancy limits. Also, the adoption of Ordinance 2015-3971, sponsored by Commissioner Michael Grieco, aimed to safeguard the security of those residing or visiting at suite hotels from intruders.

Request:

As part of the discussion that I am requesting to occur at an upcoming meeting of the Planning Board, I will appreciate a presentation from staff on the following:

Current supply

- What are the official numbers on the existing supply of suite hotel, apartment hotel, hostel, and hotel ("hotel"/"hotel rooms") in Miami Beach? How many hotel rooms have been approved for development but not part of the official number? Please include data for the past ten (10) years.
- What is the total number of short-term rentals currently licensed by the City and over the past ten (10) years?
- Are there any existing policies that incentivize hotel development?

Hotel room capacity

- What are our existing regulations on capacity for hotel rooms and short-term rental units?

- As an additional enforcement tool to protect residential quality of life, can policy be adopted requiring short-term rentals to advertise an occupancy no greater than that allowed by the City Code?
- Does staff recommend any revisions to the limit in capacity for hotel rooms or short-term rental units?

Establishing a cap on hotel rooms.

- Does the City of Miami Beach have the legal authority to establish, by Commission action, a citywide cap on the number of hotel rooms allowed in the City? If so, can the cap be created for sections or districts within the City? Are there other alternatives or policies that could be considered to help limit or control the continued growth of our hotel room inventory?
- To reduce the burdens caused by the concentration of short-term rental units in specific neighborhoods, does the City have authority to establish a cap on the number of business tax receipts issued for short-term rental activity by area?

Requirement for preservation and restoration

- If a cap on hotel rooms were to be enacted with the intent of not increasing the supply of hotel rooms, could existing hotel owners (such as those on Collins Avenue) sell the rights to their hotel rooms to another entity seeking to construct new hotel rooms?
- Could the City require that such a sale of room rights be conditioned on the seller agreeing to reuse the property for a non-transient use and additionally to preserve and restore the property when it is one of architectural significance?

Conclusion:

This official request is submitted as a follow-up to my comments at the April 27, 2021, Planning Board meeting recommending a broad discussion on hotel uses and it builds upon the concerns I have received from stakeholders from across our city.

While tourism continues to be a major thriving industry in Miami Beach, the proliferation of transient uses and its intrusion into residential neighborhoods has had a detrimental impact on the residential quality of life resulting in “hotel fatigue,” placed a strain on important public resources, and has contributed to a high budgetary dependency on volatile tourism related revenues. To this extent, the total FY 2021 Resort Tax budget is \$69.3 million, which is a decrease of \$24.3 million, or 26.0%, from the adopted FY 2020 budget. The FY 2021 Resort Tax budget includes a \$18.6 million transfer to the General Fund (decrease of \$18,118,000 from FY 2020) to support tourism eligible expenditures. A study conducted by the City estimated approximately \$151.5 million in tourism-related expenditures from the General Fund in FY 2019.

It is my hope that any recommendation arising from this discussion helps further safeguard the residential quality of life, support efforts to diversify our economy, and incentivize the preservation and repurpose/adaptive reuse of older boutique hotel buildings. I appreciate the input provided to me by the Planning Department and the City Attorney’s Office during several meetings prior to the submittal of this request.

Thank you.