MIAMIBEACH

COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission
FROM: Alina T. Hudak, City Manager
DATE: September 13, 2023

SUBJECT: DISCUSS AND TAKE ACTION ON THE REDEVELOPMENT OF THE CITY-OWNED PROPERTY LOCATED AT 1940 PARK AVENUE (THE BARCLAY); PURSUANT TO REQUEST FOR PROPOSALS (RFP) NO. 2023-115-KB.

BACKGROUND/HISTORY

Located at 1940 Park Avenue, the Barclay Plaza Apartments (the Barclay) property sits on a City-owned lot that is 170 feet wide, with varying depths from 143 feet to 213 feet, for a total of 26,250 SF (the Site). The Site is bounded by Park Avenue on the east and Washington Avenue on the west and is positioned across from the newly renovated Miami Beach Convention Center. The property includes an L-shaped 3-story building occupying 41% of the Site. The Barclay is in the RM-2, Residential Multi-Family Medium Intensity Zoning District, and is also a contributing structure located within the boundaries of the Museum Local Historic District. Any changes and improvements to the building, including, but not limited to, exterior modifications, alterations to public interior spaces such as the lobby, and attached or detached additions, will require a Certificate of Appropriateness from the City's Historic Preservation Board.

The Barclay has sixty-six (66) efficiency units, each with a bathroom, closet, and a small kitchen, that are not Americans with Disabilities Act (ADA)-compliant. The building has been secured and vacant since 2015, when it was transferred to the City by the Miami Beach Community Development Corporation (MBCDC). A feasibility study prepared by M.C. Harry & Associates in August 2021 found that many components of the existing building envelope and all major building systems required replacement to extend the building's useful service life.

On April 6, 2022, the Mayor and City Commission approved the recommendation of the Finance and Economic Resiliency Committee directing the Administration to develop a Request for Proposals (RFP) for the redevelopment of the Barclay.

On November 16, 2022, the Mayor and City Commission authorized the issuance of RFP 2022-115-KB for the redevelopment of the City-Owned Property Located at 1940 Park Avenue (the Barclay). The purpose of the RFP was to engage a development partner with proven experience in developing similar projects and the financial and professional qualifications to deliver a high-quality, economically feasible project.

Through the RFP, the City sought proposals from parties interested in entering into a public-private development agreement and ground lease agreement to design, build, operate, and maintain the development. Developments may include residential apartments or other zoning-appropriate uses, including but not limited to office (e.g., general office space, tech hub), school campuses, etc. Further, the City Commission expressed an interest in including a number of units as workforce housing as public benefit. The City may consider other conditional uses, subject to approval by the City's boards and the Mayor and City Commission.

ANALYSIS

On December 16, 2022, the RFP was issued. A voluntary pre-proposal conference to provide information to proposers submitting a response was held on January 5, 2023. Two (2) addenda were issued, and 107 prospective bidders accessed the advertised solicitation. RFP responses were due and received on February 23, 2023.

The City received a proposal from The Barclay Partners LLC, (the Developer) a joint venture between Urban American and Legacy Real Estate Development LLC. No other proposals were received.

On March 21, 2023, the City Manager appointed the Evaluation Committee via Letter to Commission (LTC) # 143-2023. The Evaluation Committee convened on April 19, 2023, to consider the proposal received. The Committee was comprised of Ozzie Dominguez, Asset Management Division Director, Facilities and Fleet Management Department; Ariel Guitan, Senior Capital Projects Coordinator, Office of Capital Improvement Projects; Marcela Rubio, Assistant Director, Office of Housing and Community Services; and Heather Shaw, Assistant Director, Economic Development Department.

The Committee was provided an overview of the project, information relative to the City's Cone of Silence Ordinance, and the Government Sunshine Law. The Committee was also provided with general information on the scope of services and a copy of the proposal. The Committee was instructed to score the proposal pursuant to the evaluation criteria established in the RFP. The results of the evaluation process are included in Attachment A. No ranking is available as the proposal from The Barclay Partners LLC was the sole proposal. However, the Evaluation Committee scored the proposal highly with an average score of 87 out of 100 available points based on the evaluation criteria in the RFP.

The following is a brief summary of The Barclay Partners LLC (the Developer) based on information it has provided.

The proposal is submitted by The Barclay Partners LLC, a joint venture between Urban American and Legacy Real Estate Development LLC (Legacy).

Legacy is a nationwide workforce and affordable housing development company, and sister company to The Peebles Corporation. Legacy is led by CEO Jerrod Delaine and Chairman Donahue Peebles III and is focused on improving communities by leveraging their access to capital.

Urban American is a privately held real estate investment management company that currently owns 5,000 residential units across the U.S. Urban America has deployed over $1 billion of equity from financial institutions, pension funds, foundations, endowments, and family offices.

The development team includes a collection of talented firms and individuals. Architecture is to be managed by Stuart Anson Architecture, Brooks & Scarpa, and March Architects. The engineering team considers Feller Engineering (MEP), Green Coastal Engineering (Structural), Dynamic Engineering (Geotechnical), and Spinnaker Group (Environmental). The team also has Elbert L. Waters, M.C.P to assist with the workforce housing development, finance, planning and permitting process. Heritage Consulting Group is the consultant assigned to assist in the land use approvals and historic preservation activities. The team's General Contractor is Journey Construction and OHLA Group Construction. The leasing and marketing team is the firm of Eklund Gomes Team of Douglas Elliman.

The Barclay Partners LLC has proposed three (3) options for the City's consideration. Each option provides for a 99-year ground lease:

Option 1 proposes renovating the existing building for retail and office use on the first floor, while the upper two (2) floors would be used for residential purposes. Fifty percent (50%) of the residential units will be set at market rate, and fifty percent (50%) will be workforce housing. This scenario contemplates 18 total units: 9 at market rates and 9 workforce units targeting residents at or below 120% Area Median Income (AMI) for Miami-Dade County. The Developer will pay the City a lump sum of $300,000 upfront, and $50,000 in ground lease payments each year, with escalations for consumer price index (CPI) every five (5) years.

Option 2 is similar to Option 1, with the building being renovated for retail and office use on the first floor. However, in Option 2, eighty percent (80%) of the upper floors (14 residential units) will be dedicated to workforce housing targeting residents at or below 120% AMI, and the remaining twenty percent (20%) (4 residential units) will be at market rate. The Developer is proposing to pay the City $300,000 upfront, and $100,000 in ground lease payments each year, with escalations for CPI every five (5) years.

Option 3 proposes a complete renovation of the existing building and the addition of 20 market rate units over the rear parking lot. The first floor will remain dedicated to retail and office use, with 80% of the upper floors for market rate housing and the remaining 20% for workforce housing. The renovation includes a new five-story building, where the existing parking and pool are located. There will be a total of 37 market rate units and 9 workforce units for residents at or below 120% AMI. In this scenario, the Developer will pay the city $300,000 upfront, and $200,000 in ground lease payments each year, with escalations for CPI every 5 years.

Additional Considerations

In assessing the viability of the options proposed by the Developer, the Mayor and City Commission should consider other alternatives for the future of the Barclay. The Administration seeks policy direction on the Barclay based on the alternatives presented below:

1 – Approve a Resolution authorizing the Administration to enter into negotiations with The Barclay Partners LLC, the sole proposer. In all options, the Developer is proposing to provide the City a lump sum upfront payment and annual ground lease payments with CPI escalations every 5 years. However, the Administration deems that the City could benefit from a projected revenue stream higher than what is proposed by the Developer. For instance, the workforce units provided in Options 1 and 2, would yield an average of $297,000 (9 units) to $465,000 (14 units) annually, subject to annual adjustment to rent guidelines as set by the U.S. Department of Housing and Urban Development and published by the Florida Housing Finance Corporation. This does not include the additional income generated by the units rented at market-rate. Notwithstanding the Developer's upfront renovation costs and post-renovation operating, maintenance and debt services expenses, the proposed annual ground lease payments to the City should be carefully evaluated. The Administration would negotiate terms that are more favorable to the City's economic interest and would yield the greatest return.

2 – Consider the City independently redeveloping the Barclay to provide workforce or elderly affordable housing for the community. The Barclay's sixty-six (66) units can be combined/reconfigured to conform to zoning standards. The existing units range from 280 square feet (SF) to 325 SF. The minimum unit size per current zoning for existing buildings is 400 SF, and 550 SF for new construction. The City may also benefit from the existing Floor Area Ratio (FAR) of the site, which could be developed up to 2.0. If the City were to consider pursuing this project, the approximate renovation cost is $23.2M. Although there is currently no funding earmarked for the redevelopment of the Barclay, there may be funding opportunities through i) partnerships with Miami-Dade County (through request for applications (RFA) for multi-family affordable/workforce rentals, documentary stamp surtax funding; ii) state and federal funding such as State Housing Initiative Partnership, etc.); iii) Miami Beach Redevelopment Agency (RDA) funding via amendment to interlocal agreement given the building's location in the redevelopment area; and iv) Arts and Culture G.O. Bond unallocated funding ($4M) for affordable/workforce housing.

SUPPORTING SURVEY DATA

According to the 2022 Resident Survey conducted by ETC Institute, 67.4% of the City of Miami Beach residents would recommend the City to family and friends as a place to live.

FINANCIAL INFORMATION

TBD

CONCLUSION

The Evaluation Committee deemed that The Barclay Partners' experience in Miami Beach is significant and important, particularly since development on Miami Beach is unique and requires a team that can deliver a project that is sensitive to the requirements of the site, including the historic considerations, and the needs of the community.

As previously mentioned, the RFP proposal includes three (3) options for the City's consideration. All options include a noteworthy design concept for the site that retains and renovates the existing building. The designs incorporate resiliency measures and account for sea level rise. The proposed Developer team has demonstrated its ability to complement the architectural significance of the neighborhood. Some of the public benefits offered by the team include workforce housing, generating tax revenue, enhancing public safety, investing in arts and culture, and adding to the cultural vibrancy of the area. Some of the public safety plans for the project include the installation of new lighting, security cameras, and other safety features that will provide a safer environment for nearby residents and visitors. Additionally, The Barclay Partners LLC proposes to partner with local arts-focused not-for-profit organizations to create opportunities for local artists to showcase their work. The Developer also plans to contribute to the Miami Beach community by activating the street with new retail options, public art, and community amenities; the project will create a more vibrant and attractive neighborhood for both residents and visitors.

The information presented herein is preliminary and based solely on the proposal received. As is typical in these developments, the City must undergo extensive negotiations with the proposer to arrive at a final agreement. Further detailed information will be provided to the City Commission as the negotiations proceed.

For the reasons stated herein, it is recommended that the Mayor and City Commission consider all the alternatives proposed by the Administration. Should the Mayor and City Commission recommend in favor of this RFP, it is recommended to approve a Resolution authorizing the Administration to enter into negotiations with The Barclay Partners LLC, as the sole proposer. The final agreement will require City Commission approval.

Applicable Area
South Beach

Is this a "Residents Right to Know" item, pursuant to City Code Section 2-14?	**Does this item utilize G.O. Bond Funds?**
Yes	No

Legislative Tracking
Facilities and Fleet Management/Procurement

ATTACHMENTS:

Description

- Attachment A
- RFP Response - Financial Proposal
- RFP Response - Project Details and Programming
- RFP Response - Design