



City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, [www.miamibeachfl.gov](http://www.miamibeachfl.gov)

## COMMISSION MEMORANDUM

TO: Mayor Philip Levine and Members of the City Commission

FROM: Jimmy L. Morales, City Manager

DATE: October 18, 2017

SUBJECT: A REFERRAL TO THE FINANCE AND CITYWIDE PROJECTS COMMITTEE AND TO THE PLANNING BOARD – A DISCUSSION REGARDING A FIFTY (50) YEAR EXTENSION TO THE CITY’S LEASE AGREEMENTS FOR AFFORDABLE ELDERLY HOUSING AT COUNCIL TOWERS SOUTH, LOCATED AT 533 COLLINS AVENUE, AND COUNCIL TOWERS NORTH, LOCATED AT 1040 COLLINS AVENUE, FOR A PERIOD OF FIFTY YEARS, COMMENCING JULY 9, 2026 AND ENDING JULY 8, 2076.

### **RECOMMENDATION**

Refer the matter to the Finance and Citywide Projects Committee and to the Planning Board for discussion.

### **BACKGROUND**

The City of Miami Beach (“Lessor”) and Elderly Housing Development and Operations Corporation, as successor in interest to Senior Citizens Housing Development Corporation of Miami Beach (“EHDOC” or “Lessee”), are parties to two separate, but similar, lease agreements, both dated July 9, 1976 (collectively “Leases”). The Leases are for the air rights located above the City-owned properties located at 533 Collins Avenue (“Council Towers South”) and 1040 Collins Avenue (“Council Towers North”). Council Towers South is a 12 story building consisting of 125 units and approximately 115,231 square feet. Council Towers North is a 12 story building consisting of 125 units and approximately 115,036 square feet. Both properties were completed in 1979 and offer quality affordable housing for low-income senior citizens.

### **Basic Lease Terms**

Lessee: Elderly Housing Development and Operations Corporation (EHDOC), as successor in interest to Senior Citizens Housing Development Corporation of Miami Beach

Demised Premises: Air rights for properties located at 533 Collins Avenue and 1040 Collins Avenue, Miami Beach, Florida

Use: The Demised Premises shall be limited in use to the construction and operation of housing for the elderly under Section 202 of the Housing Act of 1959, as amended.

Execution Date: July 9, 1976

Initial Term: Fifty (50) years, commencing July 9, 1976 and ending July 8, 2026.

Renewal Options: In the event Lessee is granted an extension on the original mortgage, the lease shall be renewed for the period of the extension beyond the original fifty (50) year term. **[Does not apply to this extension request because lessee is seeking a new mortgage].**

Rent Amount: Council Towers South - \$21, 500 annually  
Council Towers North - \$19,125 annually

Maintenance/Operation: Lessee is responsible for all real estate taxes, insurance, maintenance costs, and utilities for the Demised Premises.

Surrender: On the last day of the term, or on the earlier termination thereof, Lessee shall deliver the Demised Premises, together with the building or any new building, and all alterations, changes, additions and improvements which may have been made upon the premises, in thorough repair, good order and safe condition.

### **ANALYSIS**

On August 31, 2017, representatives from EHDOC met with the Administration to discuss a request for an extension of the Leases, for a period of fifty (50) years, in order to facilitate the refinancing of both properties. EHDOC submitted a formal request for an extension of the air rights leases, with supporting documentation, dated August 16, 2017, attached hereto as Exhibit A (Request for Extension of Air Rights Leases).

As stated in the request letter, EHDOC intends to use the proceeds of the

refinancing for capital renovations to the properties. The renovations would include, but not be limited to, site work, exterior façade work, new windows, interior common areas and office renovations, apartment renovations, and building systems (e.g., elevators, roof, electric, plumbing, water pumps, generators, fire alarm systems, etc.).

Upon initial review, the Administration recommends the following modifications in conjunction with consideration for a lease extension:

1. include enhancements to generator capacity to ensure continued operation of HVAC, elevators, life safety systems, etc. after a storm;
2. establish criteria for condition of building/units at the end of the extended term;
3. comply with Miami Dade County 40 year recertification requirements, and subsequent 10 year recertification requirements;
4. proactively manage and comply with the required Miami-Dade County annual registration of eligible tenants for the County's Emergency Evacuation Assistance Program (EEAP), utilizing the forms attached hereto as Exhibit B (EEAP Application) and Exhibit C – (Emergency Evacuation Pickup Sites) for the elderly and/or disabled individuals who:
  - a) are unable to evacuate on their own due to a specialized transportation need
  - b) are homebound residents and unable to walk to a bus pickup point and do not have anyone that can provide transportation
  - c) have medical needs that prevent them from evacuating on their own
  - d) are bedbound patients
  - e) are on life-sustaining medical equipment that requires electricity
  - f) require assistance with daily living activities
5. comply with required Miami Beach registration of other residents who need some type of daily assistance to live on their own, including completion of annual assessment form.

The Lease extension will reaffirm, and will have no effect on, the municipal parking spaces located at both sites.

### **CONCLUSION**

The Administration recommends that the Mayor and the City Commission refer this matter to the Finance and Citywide Projects Committee and to the Planning Board for discussion and further direction.

### **Exhibits:**

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| A | Request for Extension of Air Rights Leases |
| B | EEAP Application                           |
| C | Emergency Evacuation Pickup Sites          |

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