



City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

COMMISSION MEMORANDUM

TO: Mayor Dan Gelber and Members of the City Commission

FROM: Jimmy L. Morales, City Manager

DATE: November 14, 2018

SUBJECT: **REFERRAL TO THE NOVEMBER 30, 2018 FINANCE AND CITYWIDE PROJECTS COMMITTEE MEETING A DISCUSSION ON FUNDING AND THE HOUSING COMPONENT FOR THE PROPOSED MIXED-USE PARKING GARAGE AT PARKING LOT P16, LOCATED AT 1262 COLLINS AVENUE.**

RECOMMENDATION

The Administration recommends referral to the Finance and Citywide Projects Committee a discussion item regarding the funding and the housing component for the parking garage.

ANALYSIS

On April 13, 2016, the Mayor and City Commission approved the issuance of Request for Qualifications No. 2016-124-KB (RFQ) for Architectural and Engineering Design Criteria Professional Services for mixed use parking garages.

On June 8, 2016, the Mayor and City Commission adopted Resolution No. 2016-29425 authorizing the City to negotiate with DESMAN, INC. (Consultant) and an agreement was executed with the Consultant.

The construction of a parking garage at the P16 Surface Parking Lot was approved in the FY 2015-16 Capital Budget as part of the City's initiative to expand municipal parking garages.

The Consultant started work on the Design Criteria Package (DCP) which shall be provided to the Design Build Team for design development and subsequent construction of a new parking garage. The proposed parking garage will be constructed on the property currently occupied by surface parking lot P16 located at the southwest corner of the intersection of 13th Street and Collins Avenue. The surface parking lot currently holds fifty three (53) parking spaces.

On May 17, 2017, the Mayor and City Commission referred this project to the Finance and Citywide Projects Committee, requesting that a financial analysis be completed on options proposed by the Consultant, to account for potential revenues from workforce housing, retail and parking.

At the June 16, 2017 FCWPC meeting, Office of Capital Improvement Projects (CIP) staff presented three options to the committee. The committee recommended proceeding with Option 3. Option 3 includes a 104,000 SF gross area building, with 5,000 SF of ground floor retail, a net gain of 154 new parking spaces (207 total), and workforce housing of the top floor. The single floor (18,000 gross SF) of workforce housing provides approximately 14,000 SF of living space, and 23 one-bedroom units, of 600 SF each. The building will be seven stories, with a maximum height of 75 feet and would require variances for the height and setbacks.

On July 26, 2017, the Mayor and City Commission accepted the FCWPC's recommendation to proceed with the parking garage Option 3. As part of a separate Commission agenda item, the

Mayor and City Commission approved scheduling a public hearing to consider the waiver of Development Regulations. On September 13, 2017, the Mayor and City Commission approved a height variance to 75 feet and reduced setbacks.

A Design Criteria Package (DCP) has been completed, based on Option 3. The proposed structure would provide approximately 4,500 SF of retail space at the ground level, 18,000 gross SF of workforce housing including twenty seven (27) studio units on the top floor, and 202 gross parking spaces.

A 2018 report from The Concourse Group, on The City of Miami Beach Workforce Housing Initiative, included a feasibility study for the project. The study suggests that the design with a single floor of workforce housing, with twenty seven (27) units does not provide a positive financial return which could attract a developer. The report suggests that by adding a second floor of workforce housing, increasing the design to a minimum of fifty (50) units, the project could be financially attractive to a development entity. The fifty (50) units should be designed to include a view for all the units, in a diverse housing mix of studios, one-bedroom and two-bedroom units, to accommodate municipal employees.

A comparison of the schematic design from the DCP, and the schematic design suggested by the report from The Concourse Group is provided below:

ORIGINAL OPTION

Parking garage with seven (7) floors (up to 75'-0" in height), 202 spaces (net gain of 149 spaces), with 4,500 SF ground floor retail, and 27 units (14,000 SF net) of workforce housing on the top floor:

- Total Project Cost for Parking and Ground floor retail: \$11,500,000
- Total Project Cost for Workforce Housing Units: \$ 7,200,000
- Revenue from Parking Spaces (202): Approximately \$2,390 per space, or \$482,780 annually.
- Revenue from Ground Floor Retail: 4,500 SF at \$62 per SF, or \$310,000 annually.
- Revenue from Workforce Housing Units: 14,000 SF at \$2.80 per SF, or \$474,000 annually.

CONCOURSE GROUP OPTION

Parking garage with seven (7) floors (up to 75'-0" in height), 158 spaces (net gain of 105 spaces), with 4,500 SF ground floor retail, and 50 units (28,000 SF net) of workforce housing on the two (2) top floors:

- Total Project Cost for Parking and Ground floor retail: \$ 8,100,000
- Total Project Cost for Workforce Housing Units: \$14,400,000
- Revenue from Parking Spaces (158): Approximately \$2,390 per space, or \$377,620 annually.
- Revenue from Ground Floor Retail: 4,500 SF at \$62 per SF, or \$310,000 annually.
- Revenue from Workforce Housing Units: 28,000 SF at \$2.80 per SF, or \$940,800 annually.

The above revenue information was provided by the Parking Department for the estimated parking revenue; by Tourism Culture and Economic Development Department for the anticipated retail data; and was based on the Workforce Housing Analysis prepared by The Concourse Group for Housing and Community Services for the projected rent for housing data.

Currently the parking and retail components of the project are funded. There is no available funding programmed in the Capital Budget to fund the housing component.

CONCLUSION

The Administration recommends referral to the Finance and Citywide Projects Committee to discuss funding and provide direction regarding the housing component.