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COMMISSION MEMORANDUM

TO: Honorable Mayor Dan Gelber and Members of the City Commission

FROM: Alina T. Hudak, City Manager 

DATE: April 6, 2022

SUBJECT: **DISCUSS AND, IF NECESSARY, TAKE ACTION REGARDING THE FINANCE AND ECONOMIC RESILIENCY COMMITTEE'S RECOMMENDATION TO DEVELOP AND ISSUE A REQUEST FOR PROPOSALS (RFP) FOR THE DEVELOPMENT AND/OR SALE OF THE CITY-OWNED BUILDING LOCATED AT 1940 PARK AVENUE (THE BARCLAY); PROVIDED, THAT IN THE EVENT THE SALE OF THE BARCLAY IS APPROVED BY THE CITY COMMISSION, THAT THE PROCEEDS FROM THE SALE BE APPLIED TOWARD LOW INCOME HOUSING OR WORKFORCE HOUSING INITIATIVES.**

BACKGROUND

The Barclay Plaza Apartments ("the Barclay" or "Property"), located at 1940 Park Avenue, was acquired by the Miami Beach Community Development Corporation (MBCDC) in 2007 using City Redevelopment Agency funds. The Property was purchased as affordable workforce housing. After MBCDC was in default, the City of Miami Beach purchased the Barclay building in 2015 already vacant and boarded and has remained so during the duration of the City's ownership. The Barclay sits on a lot that is 170 feet wide, with varying depth from 143 feet to 213 feet, for a total of 26,250 SF, containing an L-shaped building that occupies 41% of the site and is bounded by Park Avenue on the east and Washington Avenue on the west. There are large open space areas to the west and north of the building. The Barclay is currently vacant and contains sixty-six (66) efficiency units, each with a bathroom, closet, and a small kitchen.

Subsequent to its acquisition, the City issued two (2) Requests for Proposals (RFP) in search of a private workforce housing developer for the site. The RFPs were devised after having held an industry meeting to gauge interest and concern regarding the building's redevelopment as affordable workforce housing serving households earning no more than 140 percent Area Median Income. Unfortunately, there were no responsive respondents to these RFPs. When both RFPs seeking to find a private development partner failed, the City began to explore other uses for the Property located at the heart of the Convention Center Redevelopment District. The City evaluated the site from a variety of perspectives that served its greater vision as a resilient City, efficiently meeting the needs of its residents, and as such, considered the following considerations:

1. Housing the non-profit agencies displaced by the closure of the South Shore Community Center which provide critical economic supports to the City's economy.

2. Preserving a building that is built at-grade which has been neglected for decades and is at risk with rising seas;
3. Eliminating the vacant building located in such a high-profile location which serves as a detraction to the vibrancy of the Convention Center and the up-and-coming efforts of the residential and hospitality properties in the surrounding Collins Park neighborhood; and
4. Establishing an architecturally and economically sound framework that can serve as a blueprint for private properties to be prepared for ongoing resiliency and community use.

On June 16, 2021, the City requested an appraisal, which was completed by Cushman and Wakefield (Exhibit A). The Property was appraised for \$8.3M. However, the Administration believes this appraisal significantly undervalued The Barclay.

On July 23, 2021 Finance and Economic Resiliency Committee ("FERC") budget briefing, in addition to the RFP for the sale of the North Beach Library site, the Committee discussed the possible disposition of other City-owned properties, in their "as is" condition, including The Barclay.

At the July 28, 2021 City Commission meeting, the possible disposition of the Barclay was discussed; however, the Administration did not recommend moving forward with any form of competitive listing of the Barclay until the City completed a structural assessment that was pending at the time, in order to evaluate the structural integrity of the building.

On August 12, 2021, a feasibility study was completed by M.C. Harry & Associates. The study determined the existing units are too small for current zoning regulations due to minimum square footage requirements and would have to be combined to be suitable for residential use. This report was conducted without any destructive investigations and material sampling or testing. Moreover, the structural shell and interior framing would also require upgrades. It is expected that additional deficiencies in the building will be found during a renovation project. The building is listed as contributing to the Museum Historic District and the Miami Beach Architectural District. The Property is in a primarily residential area surrounded by buildings of similar size and character and is located across the street from the Miami Beach Convention Center.

At the October 13, 2021 Commission Meeting, a discussion was held regarding the status and plan for the Barclay. The direction of the Mayor and City Commission was to refer the item to the Finance and Economic Resiliency Committee (FERC) for further discussion.

ANALYSIS

On February 25, 2022, FERC discussed the future of the Barclay property, and recommended issuing a formal competitive solicitation to test the market and possible P3 development opportunities. A motion was carried to have the item heard at Commission with a recommendation of issuing a formal competitive solicitation; and should the Property be sold, the proceeds to be used for low income or workforce housing.