

# MIAMI BEACH

## COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission

FROM: Eric Carpenter, City Manager

DATE: November 20, 2024

TITLE: A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, APPROVING, IN SUBSTANTIAL FORM, AN AGREEMENT WITH THE CHARLYS GROUP, INC. D/B/A CHARLY'S, FOR PARTICIPATION IN THE COMMERCIAL LEASE SUBSIDY PROGRAM, WITH A MAXIMUM ANNUAL REIMBURSEMENT AMOUNT OF \$20,000.00, FOR A TERM OF UP TO THREE (3) YEARS, FOR A TOTAL PROGRAM REIMBURSEMENT AMOUNT NOT TO EXCEED \$60,000.00, SUBJECT TO FUNDING APPROPRIATION AND APPROVAL DURING THE CITY'S BUDGETARY PROCESS FOR EACH FISCAL YEAR DURING THE TERM OF THE AGREEMENT; AND FURTHER AUTHORIZING THE CITY MANAGER AND CITY CLERK TO EXECUTE THE AGREEMENT.

### **RECOMMENDATION**

The Administration recommends that the Mayor and City Commission adopt the Resolution, authorizing an award and participation agreement under the Commercial Lease Subsidy Program ("Program") to The Charly's Group, Inc. (d/b/a Charly's), located at 345 Lincoln Road ("Property").

### **BACKGROUND/HISTORY**

Initiated by sponsor Vice Mayor Alex Fernandez, and authorized by the Mayor and City Commission, the Commercial Lease Subsidy Program ("Program") is a reimbursement-based financial incentive designed to invigorate the commercial environment within the Art Deco Cultural District (ADCD). The Program's primary objectives are to support arts and cultural businesses, reduce commercial vacancies, and/or phase out non-conforming businesses. The Program leverages existing zoning regulations for the Art Deco/MiMo Commercial Character Overlay District ("Overlay District") to attract appealing business activities that align with the City's cultural brand and community values.

Through this Program, eligible participants may receive reimbursement for:

1. Annual Business Tax Receipt (BTR) fees, and
2. Leasing or mortgage expenses up to a maximum of \$60,000 over three (3) years.

Eligible leasing expenses include: (i) rent or mortgage payments, (ii) insurance, and (iii) real estate taxes. Reimbursement is contingent upon annual budgetary appropriation and continued compliance with Program requirements.

The Program's geographic focus—the Overlay District—includes properties bounded by Ocean Drive to the east, Fifth Street to the south, Washington Avenue to the west, and 23rd Street to the north. The Program specifically targets (i) vacant storefronts, (ii) new-to-market businesses focused on arts and culture, and (iii) legal non-conforming businesses, defined as businesses with valid BTRs whose operations were lawful before being reclassified as non-permitted under Ordinance 2017-4137. Examples include check-cashing stores, pawn shops, souvenir and t-shirt shops, and tobacco and vape dealers.

The Program aims to reimagine the commercial character of the Overlay District by prioritizing businesses that create immersive, shareable experiences, fostering customer engagement through artisanal, experiential, and activity-based concepts.

Program applications are reviewed by City staff, and selected candidates are recommended to the City Commission. Reimbursements are issued after Program participants submit records of eligible expense payments. Additional information, including the Program application, is available via [mbbiz.gosmart.org](http://mbbiz.gosmart.org).

## **ANALYSIS**

### *Applicant Details:*

- **Applicant:** The Charlys Group, Inc. d/b/a Charly's (Tenant)
- **Applicant Representative:** Charles Jung, Owner
- **Property Location:** 345 Lincoln Road
- **Landlord:** The Manhattan House, Inc.
- **Business Activity:** Made-to-order churros, waffles, ice cream, and non-alcoholic beverages
- **Website:** [www.thecharlys.com](http://www.thecharlys.com)

The Applicant signed a lease for the Property on April 9, 2024, but the business has not yet opened, as interior remodeling is still underway to prepare the approximately 1,225 sq. ft. space for its intended food service use (e.g., new commercial exhaust system, new grease interceptor, life safety upgrades, kitchen equipment, etc.). The Applicant has invested significantly in permits and build-out, with an emphasis on creating a visually engaging storefront. As a temporary enhancement, the Applicant voluntarily participated in the City's Vacant Storefront Cover Program, installing an artistic wrap in July 2024.

The previous tenant at this location, Alter Native Retail d/b/a CBD Boutique, held a BTR for CBD, skincare, and pet products retail. On September 2, 2022, following an undercover investigation by the Miami Beach Police Department confirming illegal narcotics activity, the City Manager revoked the previous tenant's BTR and Certificate of Use. This location, which sits at a high-traffic intersection (Lincoln Road and Washington Avenue) near a County public transit hub popular with tourists and the City's workforce, has remained vacant since the license revocation in 2022. The Applicant's future business operation is compatible with its immediately adjacent neighbor who shares the same landlord, and is also a fast-casual restaurant, Raising Canes.

The Applicant's participation in the Program would activate a high-visibility storefront that had previously housed a non-conforming use detrimental to public safety. The proposed business aligns well with the tourism and pedestrian-friendly commercial corridor along Lincoln Road.

### **Evaluation of Applicant**

Through multiple meetings, City staff have assessed the Applicant as a motivated and capable small business entrepreneur. The Applicant's business plan aligns with the Program's goals by reactivating an idle storefront with a family-oriented, tourist-friendly concept that will contribute positively to the local commercial landscape.

## **FISCAL IMPACT STATEMENT**

The Program's fiscal impact to the City is capped at \$20,000 annually for up to three (3) years, contingent upon funding appropriations in each year's budget. Funding for the Program has been secured in the Fiscal Year 2024-2025 budget.

**Does this Ordinance require a Business Impact Estimate?**  
(FOR ORDINANCES ONLY)

If applicable, the Business Impact Estimate (BIE) was published on:

See BIE at: <https://www.miamibeachfl.gov/city-hall/city-clerk/meeting-notice/>

**FINANCIAL INFORMATION**

Funding for the Commercial Lease Subsidy Program is included in the City's Fiscal Year 2024-2025 budget, with the total financial commitment for The Charlys Group, Inc. capped at \$20,000 annually, for up to three (3) years, depending on continued appropriations. This allocation will support the reimbursement of eligible leasing expenses, as outlined in the Program guidelines, to promote business growth and economic activation within the Art Deco Cultural District.

In exchange for this financial support, the City anticipates a measurable positive economic impact, as the opening of Charly's will contribute to increased foot traffic, support the local workforce, and foster a more family-friendly and culturally vibrant commercial corridor. This investment is expected to yield long-term benefits by enhancing the City's reputation as a destination for both residents and visitors seeking quality, culturally aligned businesses on Lincoln Road.

**CONCLUSION**

The Commercial Lease Subsidy Program reflects the City's commitment to revitalizing the Art Deco Cultural District by fostering an environment that attracts residents, business owners, and visitors while promoting arts, culture, and family-friendly experiences.

The Applicant's planned restaurant will engage family-oriented tourists and residents alike, activating a vacant space previously occupied by a nonconforming business that conflicted with the district's character. Approving this application will further the City's objective of creating a vibrant, safe, and culturally rich environment.

**Applicable Area**

South Beach

**Is this a "Residents Right to Know" item, pursuant to City Code Section 2-17?**

No

**Is this item related to a G.O. Bond Project?**

No

**Was this Agenda Item initially requested by a lobbyist which, as defined in Code Sec. 2-481, includes a principal engaged in lobbying?** No

If so, specify the name of lobbyist(s) and principal(s):

**Department**

Economic Development

**Sponsor(s)**

Commissioner Alex Fernandez

**Co-sponsor(s)**

**Condensed Title**

Execute Agreement, Participation in Commercial Lease Subsidy Program. (Fernandez) ED