

# MIAMI BEACH

## COMMITTEE MEMORANDUM

TO: Finance and Economic Resiliency Committee Members

FROM: Rickelle Williams, Interim City Manager

DATE: June 28, 2024

TITLE: DISCUSS CONVEYANCE OF AIR RIGHTS EASEMENT, MMS 7 FARREY LANE LLC.

### **BACKGROUND/HISTORY**

At its March 13, 2024 meeting, the City Commission, at the request of Commissioner Joe Magazine, approved a referral (C4 J) to the Finance and Economic Resiliency Committee (FERC) to discuss the possible conveyance of an air rights easement to MMS 7 Farrey Lane to allow for the connection, with habitable space, of the properties at 7 and 6 Farrey Lane. The air rights will allow for unified construction on the adjacent properties which are separated by the public right-of-way, without the conveyance of any floor area ratio and subject to appraisal and compliance with all other requirements in the City Code.

At its May 24, 2024 meeting, FERC members opened the item for discussion. The Public Works Department presented the appraisal results and favorable recommendation of the air rights easement request, provided the applicant contributed with a proposed public benefit in the total monetary amount of \$803,250. Inquiries arose from Committee members on whether the surrounding property owners were in favor of the air rights easement (it was commented that last year, the Belle Isles Neighborhood Association was not in favor of this initiative when presented with a similar discussion at Committee). Before proceeding with a motion, Committee members requested that staff gather feedback from the neighboring property owners and come back the following month for a decision.

Public Works has reached out to the Applicant's representative, who will be providing necessary letters of approval by neighbors as well as public comments at the next FERC meeting.

### **ANALYSIS**

Pursuant to Sections 82-38 of the City Code, any proposed sale or lease of City-owned land is required to be analyzed from a planning perspective so that the City Commission and the public are fully apprised of all conditions related to the proposed sale or lease.

An appraisal was conducted and received on March 19, 2024 (Attached) in order to form an opinion of the market value of the aerial easement. Based on the analysis contained in the report, the fee simple market value of the subject air rights and land value concluded as follows:

<b>MARKET VALUE CONCLUSION</b>			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Air Rights	Fee Simple Estate	February 16, 2024	\$595,000
Land Value	Fee Simple Estate	February 16, 2024	\$850,000
Compiled by CBRE			

Under an air rights easement, the developer/applicant shall bear any and all costs of installation, maintenance, repairs, taxes, insurance and any and all other costs and expenses, including any necessary relocation or undergrounding of existing utilities in conflict with the proposed air bridge, involved in its installation, operation and use.

#### **PUBLIC BENEFIT:**

The Applicant has calculated that the following amounts would be appropriate monetary contributions to be proffered as a public benefit in connection with the air rights easement:

\$595,000 + 35% (median range of 20-50%) range above market value as suggested on the appraisal report, for a total monetary contribution of \$803,250.

#### **FISCAL IMPACT STATEMENT**

No fiscal impact.

#### **CONCLUSION**

The Administration is in favor of the conveyance of an air rights easement to MMS 7 Farrey Lane, subject to and conditioned upon the Applicant's voluntary monetary payment to the City of the applicable public benefit depending on the square footage of the area of the easement, and favorable feedback from neighboring property owners.

#### **Applicable Area**

South Beach

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

Yes

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

No

#### **Department**

Public Works

#### **Sponsor(s)**

Commissioner Joseph Magazine