



**COMMISSION MEMORANDUM**

TO: Honorable Mayor and Members of the City Commission

FROM: Eric Carpenter, City Manager

DATE: June 25, 2025

9:17 a.m. Second Reading Public Hearing

TITLE: ALTON BEACH BAYFRONT OVERLAY - DEVELOPMENT AGREEMENT  
A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA APPROVING, FOLLOWING A SECOND READING/PUBLIC HEARING, A DEVELOPMENT AGREEMENT, AS AUTHORIZED UNDER SECTION 2.11.1 OF THE MIAMI BEACH RESILIENCY CODE, AND SECTIONS 163.3220 – 163.3243, FLORIDA STATUTES, BETWEEN THE CITY AND WEST HOSPITALITY OWNER LLC AND 1250 WEST AVE OWNER LLC (COLLECTIVELY THE “DEVELOPER”), WHICH DEVELOPMENT AGREEMENT DELINEATES THE TERMS AND CONDITIONS FOR THE DEVELOPMENT OF THE PROPERTY LOCATED AT 1250 WEST AVENUE (THE “DEVELOPMENT PROPERTY”) AND 1247 - 1255 WEST AVENUE AND 1234 13TH STREET (THE “HOSTEL PROPERTY”) LOCATED IN MIAMI BEACH, FLORIDA CONSISTING OF THE FOLLOWING USES ON THE DEVELOPMENT PROPERTY: (1) A MAXIMUM OF 125 RESIDENTIAL UNITS, (2) GROUND FLOOR RETAIL/COMMERCIAL, AND (3) ACCESSORY USES; AS WELL AS (4) THE CONVEYANCE AND POSSIBLE CONSTRUCTION OF A PUBLIC PARK ON THE HOSTEL PROPERTY, AND DEVELOPMENT OF THE SEGMENTS OF THE BAYWALK ADJACENT TO THE PROPERTIES LOCATED AT 800 WEST AVENUE, 1228 WEST AVENUE, AND 1450 LINCOLN ROAD (THE “PROJECT”); AND MEMORIALIZES CERTAIN PUBLIC BENEFIT COMMITMENTS MADE BY THE DEVELOPER, AS WELL AS CERTAIN REQUIREMENTS AND DEADLINES WITH RESPECT TO ACQUISITION OF THE HOSTEL PROPERTY AND CONVEYANCE TO THE CITY, AND DEVELOPMENT OF THE BAYWALK SEGMENTS, AMONG OTHER PUBLIC BENEFITS; AND FURTHER AUTHORIZING THE CITY MANAGER TO FINALIZE THE DEVELOPMENT AGREEMENT, IN A FORM ACCEPTABLE TO THE CITY ATTORNEY AND, FINALLY, AUTHORIZING THE MAYOR AND CITY CLERK TO EXECUTE AND RECORD THE DEVELOPMENT AGREEMENT.

**RECOMMENDATION**

The Administration recommends that the Mayor and City Commission (City Commission) provide direction on the few remaining matters and adopt the Resolution, approving the development agreement. This recommendation is predicated on the approval of the companion amendments to the Land Development Regulations (LDRs) and Comprehensive Plan, revised in accordance with the recommendations set forth in the corresponding Commission Memorandums for each item.

The developer has addressed most of the previous issues and concerns raised by the Administration and the City Attorney’s office. The revised development agreement that is attached for Second Reading has been carefully reviewed, and the Administration is generally supportive of the agreement. The value of the public benefits proposed (approx. \$47 million) is commensurate with a development that complies with the FAR, height and setbacks as recommended by the Planning Department. Administration’s ultimate recommendation on the expected public benefit value may be influenced by any revisions to the economic analysis

that may result from the collaboration between the City's consultant and the Developer.

While supportive of the adoption of the development agreement, the Administration continues to recommend that the LDR and Comprehensive Plan amendments be modified in accordance with the recommendations set forth in the corresponding memorandums. In addition, Administration will continue to work with the Developer to refine the terms associated with the completion of the Baywalk Segments in relation to final approvals of the private development project.

## **BACKGROUND/HISTORY**

### **Amendment Application**

On August 11, 2024, 1250 West Ave Owner LLC, applied to modify the Land Development Regulations of the City Code (LDRs) and the 2040 Comprehensive Plan, with respect to the property located at 1250 West Avenue. This is a private application filed pursuant to Sections 2.4.1 and 7.1.10 of the Resiliency Code and proposes to create the Alton Beach Bayfront Overlay within the City's Future Land Use Map, the text of the City's 2040 Comprehensive Plan, and the City's Resiliency Code.

On March 4, 2025, the Planning Board transmitted the proposed Comprehensive Plan and LDR Amendments to the City Commission with an unfavorable recommendation (4-3). These proposed amendments (Items R5AE and R5AF, respectively) were approved by the City Commission at First Reading on April 23, 2025, and Second Reading / Adoption of these amendments was set for June 25, 2025.

## **ANALYSIS**

### **Proposal Summary**

The applicant is proposing to create a new overlay, entitled the Alton Beach Bayfront Overlay, as well as amend the RM-3 development regulations specific to properties in the overlay. The proposed amendments to the Comprehensive Plan and the LDRs would enable the construction of a luxury housing development, including an accessory restaurant, located at 1250 West Avenue.

### **Existing Property (1250 West Avenue)**

- Lot size: 83,706 square feet
- Current Number of Units: 239 Residential Apartment Units
- Current maximum allowable residential density: 288 Residential Units (based on a maximum density of 150 units per acre). However, when taking into consideration common area requirements, it is likely that the maximum number of residential units could not exceed 244.
- Current maximum hotel density: Hotels are not permitted in the West Avenue Overlay.

### **Proposed Amendments to LDRs**

- A proposed increase in maximum FAR from 2.75 up to 5.75, which would result in an increase of 251,121 square feet, through bonuses.
- A maximum building height increase from 150 feet to 330 feet, through bonuses.
- Modifications to minimum setback requirements and allowable encroachments into required yards.
- Removal of Planning Board review of mechanical parking systems.

- A maximum density of 75 units per acre is proposed, which equates to a maximum of up to 144 residential units.

#### **Proposed FAR and Height Bonuses:**

- FAR bonus of .25 for not exceeding a density of 75 apartments per acre.
- FAR bonus of .25 for executing a covenant prohibiting short term rentals in perpetuity.
- FAR bonus of .50 for the design and construction of baywalk extensions at adjacent properties on West Avenue.
- FAR bonus of 2.0 for acquiring an existing property on the east side of West Avenue that has a transient use and conveyance of the property to the city.
- A building height bonus of 180 feet above the current maximum height of 150 feet for a project that implements all the above bonuses, allowing for a maximum height of 330 feet.

#### **Development Agreement Terms**

At the April 23, 2025, City Commission meeting, pursuant to item C7 AZ, sponsored by Commissioner Joseph Magazine, the Administration was directed to commence negotiations with the developer, 1250 West Ave Owner LLC, and First Reading of the proposed development agreement was set for May 21, 2025. On May 6, 2025, the developer provided a draft development agreement, in substantial form, to the Administration and the City Attorney's office.

The development agreement is proposed to be entered into by the City of Miami Beach and the developer of the property at 1250 West Avenue (1250 West Ave Owner LLC). The developer has represented that they would be obligated to comply with certain requirements as public benefits to the city, provided the developer obtains approval of the proposed amendments to the Comprehensive Plan and LDRs, as well as final approval for the proposed future development project on the site.

At a special meeting on June 9, 2025, the City Commission approved the development agreement at First Reading, which included revised terms proposed by the Administration and the City Attorney's office. The following is a general summary of the key draft terms of the proposed development agreement, which were discussed by the City Commission on June 9, 2025:

#### Definitions

General updates and clarifications have been proposed, which are mostly non-substantive.

#### Hostel Property Demolition.

The developer has proposed that within 120 days (4 months) after the legislative approvals of the amendments to the Comprehensive plan and LDRs becoming final and unappealable, the developer has agreed to do the following:

1. Acquire the Hostel Site located at 1247-1255 West Avenue.
2. Ensure compassionate relocation of the population of unhoused individuals that may be residing at the Hostel Site.
3. File a demolition permit application with the City seeking to demolish all improvements on the Hostel Property and, within thirty (30) days of the issuance of all necessary approvals, commence demolition of the existing improvements on the Hostel Property and

diligently pursue the demolition.

4. Within thirty (30) days of the completion of the demolition, bring the Hostel Property into compliance with Section 14-501 of the Miami Beach Code of Ordinances, governing the maintenance of vacant lots after demolition.

#### Waiver of Applicable Fees

#### Implementation of Baywalk Project.

1. *Concept Plan Approval.* Within sixty (60) days after approval of the private project at 1250 West Avenue has become final and unappealable the developer shall submit to the City a concept plan for the baywalk project for the City to approve, provided that the City shall not require a scope, design or specifications that include the relocation or harmonizing of existing boat slips and dock or such that the aggregate hard and soft costs for the development and construction of the baywalk project exceeds \$5,000,000.00 including the costs of the baywalk easements, as determined by Developer.

The City shall review and either confirm, approve or disapprove the baywalk concept Plan within thirty (30) days after receipt of the same. If the City fails to confirm, approve or disapprove such concept plan within such thirty (30) day period, then such concept plan shall be deemed confirmed/approved by the City. However, if the City timely disapproves such concept plan, the developer shall, at its election, either (i) submit the City's disapproval to the expedited arbitration process to be set forth in Section 29 of the development agreement or (ii) within sixty (60) days after such disapproval, submit proposed modifications to such concept plan, and then re-submit the concept plan to the City pursuant to the foregoing process until such concept plan has been or is deemed to have been confirmed/approved by the City.

2. *Final Construction Documents and Proprietary Review.* Following approval of the baywalk concept plan the developer shall prepare construction documents, including the preparation of design and permit plans, and the preparation of materials necessary for any development permits required by the City, County, and State. The developer shall submit such final construction documents to the city to confirm that such final construction documents conform in all material respects with the approved baywalk concept plan. The final construction documents, once confirmed/approved or deemed approved by the City, shall be the documents submitted for building permit for the baywalk improvements.

#### *3. Permitting of Baywalk Project.*

The City shall be responsible for the following:

- a. Obtaining all necessary permits for the baywalk project based on the approved baywalk concept plan.
- b. At its sole cost and expense, the City shall obtain all necessary joinders and consents from the owners of 800 West Avenue and 1450 Lincoln Road, provided however, to the extent any such owner of any such upland parcel is the developer, in which case the developer shall deliver such joinders or consents to the City upon request for same.

The Developer shall be responsible for all permit fees associated with the Baywalk Project.

4. *Construction of Baywalk Project.* After the City obtains the baywalk permits, the City shall deliver same to the developer, who shall then be responsible, at the developer's sole cost and expense, to complete or cause to be completed the construction of the baywalk project pursuant to the baywalk permits. The developer shall complete or cause to be completed the construction of the baywalk project within twenty-four (24) months after the

City delivers the Baywalk Permits to the Developer.

5. *Payment in Lieu for Missing Baywalk Segments.* The developer shall make good faith efforts to secure the baywalk easement for 1228 West Avenue. If the developer is unable to obtain a baywalk easement for 1228 West Avenue, or the City is unable to obtain a suitable baywalk easement for 800 West Avenue, or the City is unable to obtain the baywalk permits, then upon the later of: (i) forty-eight (48) months after the effective Date of this Agreement, or (ii) the date on which Developer obtains a TCO for the private project at 1250 West Avenue, the developer shall provide a payment to the City in the amount of \$1,250,000.00 per baywalk segment that cannot be constructed to fund the future improvement of that baywalk segment and that segment shall be removed from the baywalk project scope. The Developer shall thereafter have no further responsibility for that segment(s) of the baywalk project.

Development and Implementation of a Park Project at the Hostel Site and Transfer to City.

The developer shall design and construct a park on the hostel property (1247-1255 West Avenue) at the developer's sole cost and expense, not to exceed \$2,000,000.00. The park project, which will be transferred to the City upon completion, shall be governed as follows:

1. *Concept Plan Approval.* Within 120 days (4 months) of the private project at 1250 West Avenue approval becoming final and unappealable, the developer shall present a concept plan to the City Manager or designee for the creation of the park for the City to approve. The City may not require a scope, design or specifications such that the aggregate hard and soft costs for the development and construction of the park project exceeds \$2,000,000.00. The City Manager shall review and either confirm, approve or disapprove the park concept plan within thirty (30) days after receipt of the same. If the City Manager fails to confirm, approve or disapprove the park concept plan within such thirty (30) day period, the plan shall be deemed confirmed/approved by the City. However, if the City Manager timely disapproves of the park concept plan, specific and detailed reasons for such rejection shall be provided, in which event the developer shall, at its election, either (i) submit the City's disapproval to the expedited arbitration process to be set forth in Section 29 of the agreement or (ii) within sixty (60) days after such disapproval, submit proposed modifications to such concept plan, and then re-submit the concept plan to the City pursuant to the foregoing process until such concept plan has been or is deemed to have been confirmed/approved by the City.
2. *Schematic Plans / Hearing Approval.* The developer, at their sole cost and expense, shall be responsible for preparation and processing of all necessary materials for review and approval of schematic design plans by the DRB to implement the park concept plan. The developer shall prepare and submit the DRB application within 120 days of the City's approval of the park concept plan, and the City shall timely execute all necessary application materials upon the written request by the developer. In the event the DRB requires changes to the proposed design, the developer will be responsible for preparing all necessary modifications.
3. *Final Construction Documents and Proprietary Review.* Within 365 days of the DRB approval of schematic design plans, the developer shall prepare and submit to the City Manager the final construction documents, including the preparation of design and permit plans, and the preparation of materials necessary for any development permits required by the City, County, and State, it being understood and agreed that the developer's design professionals shall be responsible for preparing the construction documents in consultation with the City. The developer shall submit such final construction documents to the City Manager for the sole and limited purpose of verifying that the final construction documents conform in all material respects with the applicable approved Park Plans. The City shall review and either confirm/approve or disapprove such final construction



documents within thirty (30) days after receipt of the same, but for avoidance of doubt, the City may disapprove the final construction documents only if they do not conform in all material respects to the applicable approved schematic design plans.

If the City fails to confirm/approve or disapprove such final construction documents within such thirty (30) day period, then such final construction documents shall be deemed confirmed/approved by the City. However, if the City timely disapproves such final construction documents, it shall give the specific and detailed reasons for such rejection, in which event, the developer shall, at its election, either (i) submit the City's disapproval to the expedited arbitration process to be set forth in Section 29 of the agreement or (ii) within sixty (60) days after such disapproval, submit proposed modifications to such final construction documents so that they conform in all material respects to the approved park concept plan and DRB approval and then re-submit them to the City pursuant to the foregoing process until such final construction documents have been or are deemed to have been confirmed/approved by the City, and such final construction documents, once confirmed/approved or deemed approved by the City, shall be the documents submitted for building permit for the Park Project.

4. *Processing of Construction Permit.* Within ninety (90) days of the City's proprietary approval of the final construction documents for the park, the developer shall, at its sole cost and expense, submit the building permit plans to the City. The City shall waive any permit fees associated with the submittal, unless mandated by state law. The developer shall diligently pursue the issuance of a building permit for the improvements, including making timely revisions and resubmittals until the permit for the improvements is issued.

5. *Temporary Sales Center.* The Developer shall be permitted to utilize the Hostel Property for a temporary sales center for the Project.

6. *Transfer of Hostel Site:*

- a. Upon completion of the park improvements, the developer shall provide notice to the City, and the parties will thereafter set a mutually-agreed upon date for the closing of the conveyance of the Hostel Site to the City, but no earlier than sixty(60) days following the developers receipt of of temporary certificate of occupancy for the private project at 1250 West Avenue.
- b. At the Closing, the developer shall deliver to the City a warranty deed conveying to the City fee title to the Hostel Site free and clear of all liens and encumbrances as well as a customary title affidavit reasonably required by the title company.
- c. The City shall be responsible at its sole cost and expense for the operations, maintenance, repair, replacement, restoration of the Hostel Site from and after the closing, and all obligations and liabilities of the developer with respect to the Hostel Site shall terminate at the closing except for the warranties in the deed.

#### Rental Assistance for Lessees of the Existing Building at 1250 West Avenue

Prior to the City's issuance of a permit to demolish the existing building at 1250 West Avenue (Bay Garden Manor) the developer shall demonstrate that it has offered financial assistance in the amount of \$7,500 for one-bedroom units or \$10,000 for two-bedroom units to all bona fide lessees of the property to assist those lessees in securing new residential leases.

For purposes of this provision, bona fide lessees shall mean leaseholders meeting the following requirements:

- a. Resides full time in the unit.
- b. Is a lessee under a written lease with a term exceeding six (6) months entered into

between the Bona Fide Lessee and the relevant unit owner.

- c. Is not currently subject to eviction proceedings pursuant to Chapter 83 of the Florida Statutes.
- d. Provides documentation in a form acceptable to the Developer demonstrating intent to relocate within the City of Miami Beach.

The developer shall provide an affidavit to the City affirming compliance with this Section before a demolition permit may issue for the existing building on the Development Property.

### **UPDATE**

The first draft of the development agreement was provided to the Administration and the City Attorney's Office less than a week prior to the printing deadline for the May 21, 2025 City Commission agenda. Although the Administration and City Attorney's office were able to review and provide suggested modifications within the limited review period prior to the print deadline for the May 21, 2025 Commission agenda, a comprehensive review of the entirety of the document was not able to be completed.

On May 21, 2025, First Reading of the subject development agreement was continued to a special City Commission meeting date in June; the special meeting was eventually set for June 9, 2025. Additionally, the proposed development agreement is tethered to the companion amendments to the LDRs and the Comprehensive Plan, both of which were approved at First Reading on April 23, 2025 and are set for Second Reading on June 25, 2025.

On June 9, 2025, the development agreement was approved at First Reading. Subsequent to the June 9, 2025 City Commission meeting, the developer provided an updated version of the development agreement, which is attached for consideration at Second Reading. The developer has substantially addressed most of the remaining outstanding issues with the revised agreement, including the following:

- The developer has agreed to post a bond or letter of credit, should the remaining sections of the bay walk not be completed by the time a TCO is requested for the proposed new residential project at 1250 West Avenue. The City Manager shall authorize issuance of a TCO for the Private Project if the Developer has obtained the Baywalk Permits, commenced construction of the Baywalk Segments, is diligently pursuing construction of the Baywalk Segments, and all other requirements have been satisfied. Administration continues to work with the Developer to refine the terms of the completion of the Baywalk Segments in relation to final approvals of the private development project.
- The developer has agreed to provide rental assistance for the residents of the existing building at 1250 West Avenue. In summary, the Developer shall demonstrate that it has provided financial assistance in the amount of \$5,000 for studio apartment, \$7,500 for one-bedroom units, and \$10,000 for two-bedroom units. For renters that provide proof of relocation with the City, the Developer shall demonstrate that it has provided financial assistance in the amount of \$9,000 for studio apartment, \$12,500 for one-bedroom units, and \$15,000 for two-bedroom units.
- The developer has agreed to a no variance provision related to front and rear tower setbacks, as well as the requirement for below grade parking. This will ensure that the future residential tower will have a limited footprint.

At the time of the printing of the June 25, 2025 commission agenda, the developer had not yet provided a copy of the Purchase and Sale agreement (PSA) for the Bikini Hostel property, as requested by the City Commission. However, the developer has represented to the Administration that a copy of the PSA will be provided prior to the June 25, 2025 City

Commission meeting. Notwithstanding, based upon previous testimony, the purchase price for the Bikini Hostel site is estimated to be approximately \$20 million dollars.

At the June 9, 2025 City Commission meeting, the attached economic analysis prepared by Miami Economic Associates (MEA) regarding the value of the additional FAR and height contemplated in the proposal was discussed. On June 17, 2025, a workshop was held with the developer and Mr. Andrew Dolkhart from MEA, to discuss the findings in the economic analysis. This meeting was conducted in a hybrid format, with attendees participating in person and virtually (zoom). The workshop was productive and focused on the following:

1. The amount of floor area (FAR) that should be included in the analysis. In the initial analysis prepared by MEA, a standard efficiency of 85% of the bonus FAR was used to calculate the value of the additional zoning rights. The developer contends that the proposed building for 1250 West Avenue, which is limited in footprint and efficiency by the proposed amendments to the LDRs, has much less of an efficiency, and therefore the value of the additional FAR is lower than what MEA has calculated.

2. The comparables used by MEA to estimate the per square foot value of the additional FAR were limited to the recently completed building to the north (Monad Terrace). The developer put together a more comprehensive set of comparables that, collectively, result in a lesser per square foot value than that estimated by MEA.

Mr. Dolkhart agreed to consider the points raised by the developer and to further study his analysis. The developer and Mr. Dolkhart agreed to meet again prior to the June 25, 2025 City Commission, to reach consensus on these issues. Administration's ultimate recommendation on the expected public benefit value may be influenced by any revisions to the economic analysis that may result from the collaboration between the City's consultant and the Developer.

### **SUMMARY**

The developer has addressed most of the previous issues and concerns raised by the Administration and the City Attorney's office. The revised development agreement that is attached for Second Reading has been carefully reviewed, and the Administration is generally supportive of the agreement. The value of the public benefits proposed (approx. \$47 million) is commensurate with a development that complies with the FAR, height and setback as recommended by the Planning Department.

However, as the development agreement is tethered to the proposed amendments to the LDRs and Comprehensive Plan, all three of these components must be looked at collectively. Planning Department staff have expressed concerns with the proposed amendments pertaining to increases in intensity (FAR) and building height, as well as the proposed modifications to minimum setbacks. As noted in the analysis for the companion LDR and Comprehensive Plan amendments, the Administration has recommended the following:

1. The existing setback requirements should remain, with no modifications. The proposed setback modifications would result in the width of the proposed tower increasing from a maximum of 100 feet in width to 148 feet in width. Additionally, the pedestal portion of the building, at all levels, should fully comply with the minimum side setbacks of 16 feet.
2. The proposed FAR bonuses, collectively, should not exceed 2.0 and the aggregate increase in FAR should not exceed 4.75.
3. The proposed height bonus should be limited to 150 feet and the maximum allowable height should not exceed 300 feet.

While supportive of the adoption of the development agreement, the Administration continues to recommend that the LDR and Comprehensive Plan amendments be modified in



accordance with the recommendations set forth in the corresponding memorandums. In addition, Administration will continue to work with the Developer to refine the terms associated with the completion of the Baywalk Segments in relation to final approvals of the private development project.

### **FISCAL IMPACT STATEMENT**

No Fiscal Impact Expected

### **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-notices/>

### **FINANCIAL INFORMATION**

Not Applicable

### **CONCLUSION**

The Administration recommends that the City Commission provide direction on the few remaining matters and adopt the Resolution, approving the development agreement.

### **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

**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**

Planning

### **Sponsor(s)**

Commissioner Joseph Magazine

### **Co-sponsor(s)**

### **Condensed Title**

9:17 a.m. 2nd Rdg, Alton Beach Bayfront Overlay-Development Agreement. (Magazine) PL

**Previous Action (For City Clerk Use Only)**

First Reading Public Hearing on 6/9/2025 - R7 A