

# MIAMI BEACH

## COMMITTEE MEMORANDUM

TO: Finance and Economic Resiliency Committee Members

FROM: Eric Carpenter, City Manager

DATE: February 21, 2025

TITLE: DISCUSS ADMINISTRATION NON-BINDING DISCUSSIONS WITH THE OWNER OF THE ROOSEVELT THEATER, LOCATED AT 770 ARTHUR GODFREY ROAD (THE "THEATER"), FOR THE CITY'S POTENTIAL PURCHASE OF THE THEATER; THE ADMINISTRATION APPRAISAL OF THE THEATER; AND PROPOSED TERMS FOR THE POTENTIAL PURCHASE OF THE THEATER.

### **RECOMMENDATION**

The Administration suggests the Finance and Economic Resiliency Committee review, discuss and consider a list of potential options regarding the possible disposition of the Roosevelt Theater that may be in the best interest of the City.

### **BACKGROUND/HISTORY**

During the May 15, 2024, City Commission meeting, the Mayor and Commission adopted Resolution No. 2024-33071, as amended, (attached as Exhibit A), voting unanimously to direct the Administration to initiate non-binding discussions with the Property owner regarding the City's potential purchase of the site. Resolution No. 2024-33071 also authorized obtaining an appraisal and referred the matter to the Finance and Economic Resiliency Committee (FERC) for review. Additionally, the Administration was directed to meet with the Property owner to discuss potential activation of the Property including, but not limited to, City partnership or purchase of the Property, and providing an update via Letter to Commission (attached as Exhibit B).

### **ANALYSIS**

The Roosevelt Theater, located at 770 W. 41<sup>st</sup> Street, is in the CD-3 Commercial High Intensity zoning district. The site includes a lot size of 21,538 square feet (0.49 acres) and a 45,947-square-foot structure. Situated on a prominent waterfront corner, the Property is bordered by the Biscayne Waterway to the west, Chase Avenue to the east, and City Parking Lot P60 (4000 Chase Avenue) to the south, which has 96 spaces.

Designed by architect Albert Anis in the Streamline Moderne style, the theater first opened in 1949 as a film cinema and has remained vacant since 2006. The surrounding neighborhood consists of single-family homes, civic and municipal uses, and neighborhood-serving commercial establishments. The area's demographics and proximity to key thoroughfares make it attractive for potential redevelopment.

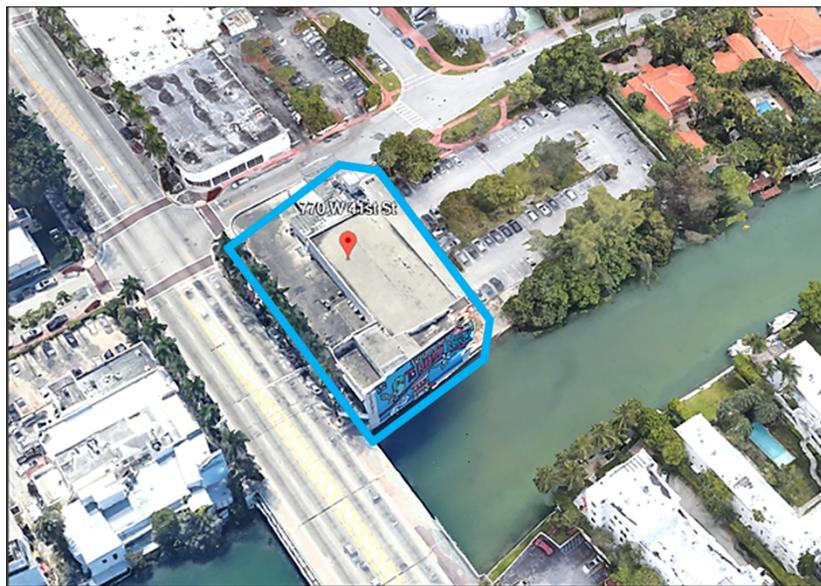
On April 21, 2023, following City Commission direction via Resolution No. 2022-32087, the Administration released Request for Letters of Interest (RFLI) 2023-435-KB, seeking expressions of interest in mixed-use development on city-owned parking lots near 41<sup>st</sup> Street including the adjacent Parking Lot P60 at 4000 Chase Avenue. A representative of the Property's owner, 245 East Eight LLC, submitted an expression of interest in a unified mixed-use development site encompassing both the Property and the city's parking lot (P60). It should also be noted that the City Charter requires voter referendum for any sale, exchange, conveyance or lease of ten (10)

years or longer of waterfront property and/or city-owned property in the vicinity of 41<sup>st</sup> Street, including the City-owned P60 site at 4000 Chase Avenue.



As reported in Letter to Commission (LTC) #516-2024 dated November 19, 2024 (attached), the City, via the Facilities and Fleet Management Department, engaged BBG Real Estate Services to conduct a real estate appraisal of the Property (attached as Exhibit B), which determined a Fee Simple Market Value (as is/vacant) of \$16,150,000 as of May 2024.

The Economic Development Department met with the Property owner to explore the owner's interest in potential opportunities to activate the Property. The Property owner reaffirmed interest in redeveloping the site as part of a larger mixed-use project, potentially encompassing additional properties on 41<sup>st</sup> Street, or a potential public-private partnership with the City's P60 property on Chase Avenue. The Property owner also indicated a desired sale price of \$30 million, significantly exceeding the appraised value, should the City seek to purchase the Property.



### **FISCAL IMPACT STATEMENT**

The May 2024 appraisal determined the Fee Simple Market Value of the Property at \$16,150,000, while the Property owner has indicated a desired sale price of approximately \$30 million, nearly 86% higher than the appraised value. The fiscal impact of a potential City purchase of the

Roosevelt Theater is significant, given the disparity between the appraised value and the owner's potential asking price. Should the City pursue acquisition, negotiations would be necessary to reconcile this valuation gap.

In addition to the purchase price, further financial considerations include:

- *Due Diligence Costs:* Additional appraisal, legal review, and environmental assessments.
- *Maintenance & Holding Costs:* If acquired, the City may need to fund maintenance and any stabilization or security efforts for the vacant structure.
- *Redevelopment & Activation Costs:* If the City intends to activate or repurpose the Property, capital improvements would be required, the scope of which would depend on the intended use.
- *Public-Private Partnership (P3) Potential:* If the City opts for a P3 structure, financial modeling would be necessary to determine investment requirements, revenue projections, and long-term viability.
- *Referendum Considerations:* If the acquisition involves City-owned property (such as Parking Lot P60), associated costs for a voter referendum must also be factored.

At this stage, no direct funding allocation has been identified for the potential purchase. Further analysis will be required to evaluate financing mechanisms, including General Fund allocations, bond financing, or alternative funding sources.

### **Does this Ordinance require a Business Impact Estimate?**

(FOR ORDINANCES ONLY)

The Business Impact Estimate (BIE) was published on .

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

### **FINANCIAL INFORMATION**

See Exhibit C - Property Appraisal

### **CONCLUSION**

The Administration suggests the following options for discussion and consideration:

1. Encourage the Property owner to redevelop the site with private funding only;
2. Encourage a third-party private entity to purchase and redevelop the Property;
3. Assess and explore city funding as a partial subsidy incentive for redevelopment;
4. Negotiate the City's purchase of the Property; or
5. Explore redevelopment through a public-private partnership with the current owner.

### **Applicable Area**

Middle 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**

Economic Development

**Sponsor(s)**

Commissioner Kristen Rosen Gonzalez

**Co-sponsor(s)**

**Condensed Title**

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