

MIAMI BEACH

COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission

FROM: City Attorney Ricardo J. Dopico

DATE: April 23, 2025 1:45 p.m. First Reading Public Hearing

TITLE: AN ORDINANCE OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, AMENDING CHAPTER 58 OF THE MIAMI BEACH CITY CODE, ENTITLED "HOUSING," BY CREATING ARTICLE VII, ENTITLED "CONSUMER PROTECTION OF OWNERS OF RESIDENTIAL REAL PROPERTY," BY CREATING SECTION 58-600 THEREOF, TO BE ENTITLED "DEFINITIONS," TO ADOPT CERTAIN DEFINED TERMS; CREATING SECTION 58-602 THEREOF, TO BE ENTITLED "NOTICE TO ASSOCIATIONS," REQUIRING PROSPECTIVE BULK OWNERS OF RESIDENTIAL CONDOMINIUM UNITS TO PROVIDE NOTICE OF THEIR ACQUISITION OF INTERESTS IN CONDOMINIUM PROPERTY; CREATING SECTION 58-610 THEREOF, TO BE ENTITLED "CIVIL PENALTIES," TO PROVIDE FOR PENALTIES AND ENFORCEMENT; AND PROVIDING FOR REFERENCES TO FLORIDA STATUTES, REPEALER, SEVERABILITY, CODIFICATION, AND AN EFFECTIVE DATE.

BACKGROUND/HISTORY

The attached Ordinance is presented on First Reading by the sponsor, Commissioner Alex J. Fernandez, for the consideration of the Mayor and City Commission.

Condominiums are a popular form of residential real property ownership in the City of Miami Beach and are featured among the City's most cherished historic buildings within both local and National Register districts.

Rising property values and recent changes to the Florida Condominium Act, chapter 718, F.S., and other relevant state statutes in the wake of the Champlain Towers South disaster have contributed to increased attempts to terminate older condominiums in the City of Miami Beach.

Section 718.117, F.S., provides the methods by which condominiums may be terminated. Section 718.117(3)(c), F.S., sets forth the procedures, rights, and obligations of parties with respect to an optional termination of condominium initiated by an owner, together with its affiliates, who holds at least 80 percent of the voting interests in the condominium (a "bulk owner").

The City of Miami Beach Office of the Inspector General ("OIG") has identified that condominium residents may not be aware of efforts by developers to acquire controlling interests in condominium property and gain bulk owner status (defined in the attached Ordinance as "prospective bulk owners") until it is too late to meaningfully express their opinions, raise objections, or explore alternative living arrangements. The OIG further found that this lack of transparency can be especially harmful to elderly and middle- and fixed-income condominium owners.

ANALYSIS

The Ordinance requires notice be provided to condominium owners whose condominium is undergoing a buy-out by a prospective bulk owner.^[1] The sponsor's intent is to protect condominium unit owners' interests, promote owners' early inclusion and participation in negotiations, and protect historic properties.

If enacted by the Mayor and City Commission, the proposed Ordinance would require developers that acquire thirty (30) percent or more of the ownership interests in condominium property to mail a notice to each condominium unit owner, the property manager, and the condominium association secretary or equivalent officer. The notice will contain the name, principal address, business phone number, and email of the prospective bulk owner. The notice will also contain the name and physical address(es) of the condominium; the number of units the prospective bulk owner acquired; and all applicable required statements. The Ordinance requires the prospective bulk owner to update and redistribute the notice within five (5) business days of any changes to information contained in the notice. The Ordinance also requires the condominium association and/or property manager to conspicuously publish the notice.

The proposed Ordinance would be enforced by the City's code compliance department with fines per violation of \$500.00 for a first offense; \$1,000.00 for a second offense; \$2,000.00 for a third offense; and \$5,000.00 for a fourth or subsequent offense. Condominium associations and property managers would receive a written warning for the first offense, and thereafter be subject to fines for subsequent violations.

^[1] A requirement that prospective bulk buyers provide notice of their intent to effectuate a condominium buy-out is not in conflict with or expressly preempted by the Florida Condominium Act or the Florida Deceptive and Unfair Trade Practices Act.

FISCAL IMPACT STATEMENT

N/A

Does this Ordinance require a Business Impact Estimate? Yes
(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

CONCLUSION

Applicable Area

Citywide

<u>Is this a "Residents Right to Know" item, pursuant to City Code Section 2-17?</u>	<u>Is this item related to a G.O. Bond Project?</u>
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Yes	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

City Attorney

Sponsor(s)

Commissioner Alex Fernandez

Co-sponsor(s)

Condensed Title

1:45 p.m 1st Rdg PH, Notice of Prospective Bulk Condo Purchase. (Fernandez) CA

Previous Action (For City Clerk Use Only)