

MIAMI BEACH

COMMITTEE MEMORANDUM

TO: Land Use and Sustainability Committee Members

FROM: Eric Carpenter, City Manager

DATE: January 16, 2025

TITLE: DISCUSSION REGARDING FACILITATING POP-UPS FOR LOCAL CULTURAL INSTITUTIONS AND LOCAL START-UPS IN VACANT RETAIL COMMERCIAL SPACES

RECOMMENDATION

The Administration recommends the Land Use and Sustainability Committee (“LUSC” or “Committee”) evaluate, discuss, and select from the proposed programming in support of addressing vacant retail commercial spaces and provide guidance on identifying funding in the FY 2026 budget process.

BACKGROUND/HISTORY

On May 15, 2024, at the request of Commissioner Alex Fernandez, and co-sponsored by Commissioner Tanya Bhatt, the Mayor and City Commission referred a discussion item (C4 AG) to the Land Use and Sustainability Committee (“LUSC”) to discuss working with property owners with vacant retail commercial spaces to facilitate Pop-Ups for local cultural institutions and local start-up businesses.

On July 9, 2024, the Administration presented to the LUSC members a history of previous storefront activation initiatives. The presentation included previous challenges faced by the program, including the number of artists incentivized, the funding for each artist, and the lack of collaboration by property owners.

Staff further explained that the City’s current Commercial Lease Subsidy program is meant to attract long-term tenants, not necessarily for pop-up activations. The item was continued to January 2025 with direction, to the Administration, to further develop the proposal for vacant storefronts.

Staff suggested collaborative conversations with property owners and Business Improvement Districts to explore potential solutions. LUSC members recommended that the Administration work with the property owners and develop potential concepts that may prove to be successful in addressing vacancies (temporary and permanent) and invigorate the business corridors, including but not limited to incentivizing the property owners to transition from nuisance usage to non-nuisance usage and return in January 2025.

ANALYSIS

Previous Storefront Activation Initiatives/Challenges/Potential

Pop-Up Storefront Program:

On January 15, 2020, the Mayor and City Commission approved Resolution No. 2020-3111, authorizing the Administration to apply for a \$50,000 Knight Foundation Knights Arts

Challenge Grant Program for the “Miami Beach Artist Academy.” The proposal was to create a space for cultural makers and creators. Specifically,

- Pair vacant storefronts on the Washington Avenue corridor, with artists and cultural organizations in need of exhibition space.
- Vacant spaces would serve as workspaces, studios, galleries, and communal areas.
- Washington Avenue Business Improvement District (WABID) property owners would guarantee one-year minimum leases at no cost to artists and nonprofit organizations across multidisciplinary artistic practices.
- The project mission was to address the need to revitalize the Washington Avenue corridor by strengthening the artistic community and pedestrian appeal.
- The total project cost, in 2020, was \$200,000.
- The Knight Foundation grant required matching funds, and the proposed match would be through an in-kind match of \$25,000 from the WABID, and a \$125,000 funding request made by the Administration, and managed by the Tourism and Culture Department during the budget cycle.

Ultimately, the “Miami Beach Artist Academy” grant proposal was not selected by the Knight Foundation Knights Art Challenge for funding and staff did not proceed with implementing the program.

The Open House Miami Beach Program:

Post pandemic, cities, including Miami Beach, faced the challenge of the growing number of vacant storefronts nationwide. As a result, policymakers worked to support creative placemaking initiatives to mitigate blight and prevent nuisance issues in the hope that they will influence property owners to reduce vacancies and build vibrant communities. The mission was to initiate creative placemaking efforts by incentivizing artists and cultural organizations to transform vacant storefronts in Miami Beach.

On October 14, 2020, the Mayor and City Commission approved Resolution No. 2020-31450, authorizing an Arts Residency and Cultural Program, also known as “Open House Miami Beach.” The public/private program aimed to select and place up to seventy-five (75) artists, interested in temporarily exhibiting their works or creating an artistic/cultural activation, in commercial corridors of the city, within privately-owned properties participating in the program.

The goal of “Open House Miami Beach” was to entice artists to Miami Beach and unite residents and businesses through art. The project was geared to stimulate Miami Beach commercial corridors by providing a place of connection, forging a point of interest, and allow artists to fabricate a space for exchange among a cross section of creatives and the community. Artists were encouraged to sell work, increase their network, and collaborate with Miami Beach institutions.” Open House Miami Beach” was an extension of the “Miami Beach Artist Academy, where artisans become entrepreneurs and open their own gallery and/or workspace beyond the communal concept. Property owners were encouraged to bring innovative cultural business to Miami Beach and create a place for cultural tourism and activity in otherwise vacant spaces.

“Open House Miami Beach” provided a free space and financial support to qualifying artists and non-profit cultural organizations, and a \$2,500 artist stipend to accompany each occupancy, to cover costs including moving expenses, insurance, supplies, parking, utilities, and marketing.

Program Details

The program was open to all artists and invited artists of all disciplines and non-profit cultural organizations. The Administration, through the Tourism and Culture Department, overseeing the acquisition and placement of artists and the Pop-Up Permit process, and the Economic Development Department identifying available vacant properties activation.

Hours of Operation:

Monday – Sunday from 12 PM to 9PM

The hours of operation varied and were mutually agreed upon by the artist/organization and the City and included *Culture Crawl*, the City's monthly cultural program that takes place every third Thursday from 6-9pm (October through May). The targeted commercial corridors included, but was not limited to, Washington Avenue, Lincoln Road, 41st Street, and North Beach Normandy Fountain business corridors. Economic Development Department staff and the participating property owners collaborated to determine suitable locations. Once locations were identified, the Tourism and Culture Department placed the artist or organization via a pop-up permit application and approval process.

The program was open to professional artists in all disciplines and non-profit cultural organizations. Non-profit 501(c)(3) cultural organizations and cultural departments within an institution of higher learning (college or university) with tax-exempt status under other subsections of 501(c)(3) that wished to present or produce cultural and artistic events in City of Miami Beach were eligible to apply.

The selection process included a curatorial committee, comprised of representatives from the Art in Public Places Committee (AiPP) and Cultural Arts Council (CAC). Criteria included:

- Liability – the City of Miami Beach was not responsible for any damages that would occur to the property during the program.
- Insurance – The artist was responsible for insuring the space and artwork.
- Length of residency – Participating property owners were encouraged to allow occupancy of no less than sixty (60) days.
- Marketing – The City was to oversee marketing initiatives to further promote and publicize the program.
- Stipend restriction- Only artists and organizations selected through *the Open House Program* process and operating in a recognized participating Miami Beach storefront were eligible for the \$2,500 stipend.

Funding for the *Open House Program* was approved as part of the City's FY 2021 budget process in the amount of \$200,000.

Open House Program Performance Challenges

- Only thirty-three (33) artists out of the approved seventy-one (71) were placed in vacant commercial properties. Due to the lack of available commercial properties, Tourism and Culture Department staff engaged with Miami Beach Cultural Institutions, including The Wolfsonian, The Bass, Miami Beach Urban Studios-FIU, and The Miami-Dade Public Library System, to aid in placement of the artists.
- The remaining thirty-eight (38) artists were unable to participate due to unavailable vacant spaces that suited their needs/requirements.
- No vacant storefronts were secured after Spring of 2021 due to property owners leasing the available spaces.
- The average insurance coverage for artists to utilize the space was over one-thousand dollars (\$1,000+) leaving the remaining funds for utilities and supplies.

The Open House Program challenges described above ultimately resulted in its suspension.

The Tourism and Culture and Economic Development departments collaboratively worked to identify available, suitable locations and place local visual artists and non-profit cultural organizations. The program, despite its challenges, yielded several inspiring success stories, demonstrating its potential. However, the lack of vacant storefronts and property owner participation was a significant issue, leaving half of the selected artists needing a viable location to activate. The City did not present property owners with an incentive through the program.

Commercial Lease Subsidy Program:

On July 8, 2022, the Mayor and City Commission adopted via Resolution No. 2022-32207, the recommendation of the Land Use and Sustainability Committee at its May 13, 2022 meeting and approved the establishing of the Commercial Lease Subsidy Program overseen by the Economic Development Department, to attract arts and culture business activity and motivate property and business owners to convert nuisance non-conforming establishments in the Art Deco / Miami Modern (MiMo) Commercial Character Overlay District.

Currently, the City is piloting the Commercial Lease Subsidy Program ("CLS"). CLS is a performance-based reimbursement grant incentive created by the Miami Beach City Commission, via Resolution No. 2022-32207.

CLS is a financial assistance program intended to strengthen the commercial character of the Art Deco Cultural District by promoting art and culture and reducing the number of commercial vacancies and grandfathered (legal non-conforming) business establishments that operate prohibited uses. The program is designed to curate desirable business activation through long-term leases (or activation) along commercial corridors and reduce business activities that are not compatible with the City's brand.

The three (3) year pilot program offers eligible businesses a reimbursement of annual business tax receipt (BTR) fees and the reimbursement of monthly expenses related to rent or mortgage payments, certain leasing expenses, and/or real estate taxes (up to \$2,500 per month, \$20,000 per year, and \$60,000 over three (3) years, contingent upon annual budget appropriation, and compliance with program requirements by the participating business).

CLS is only available to commercial properties physically located within the geographical boundaries of the [Art Deco / MiMo Commercial Character Overlay District](#), roughly bounded by Ocean Drive to the east, Fifth Street to the south, Washington Avenue to the west, and 23rd Street to the north. Participation is geared to: (1) vacant storefronts, (2) new-to-market businesses promoting art and culture, or (3) existing prohibited businesses that are grandfathered and operate legally with a valid BTR (e.g., certain check cashing stores, pawn/souvenir/t-shirt shops, tobacco/vape dealers, pharmacies, grocery or convenience stores, tattoo parlors, and occult science establishments). The art and culture objective will prioritize new businesses creating immersive and shareable experiences that emphasize customer engagement and leverage onsite activities/events, such as experiential and artisanal retailers or interactive and activity-based spaces.

Funding for CLS was approved as part of the City's FY 2022 budget process in the amount of \$40,000. The Mayor and City Commission approved the appropriation of \$120,000 as part of the FY 2023 budget process via Resolution No. 2022-32207 to expand the program to allow for more business participation. The total CLS budget is \$160,000.

To date, few property owners have applied for the CLS. Promotional activities continue and the Administration is confident that this additional incentive has merit for long-term tenancies versus short-term Pop-Ups.

The Administration is presenting a combination of potential programming and initiatives to address property owner engagement below:

Revised Open House

To address the initial challenges the Open House Program encountered, the following revisions are recommended:

- To ensure all artists are matched with an appropriate vacant commercial property,

reducing the number of artists participating in the program from seventy-five (75) to fifteen (15) may ensure property owner participation and secure identified properties for the selected artists.

- Increasing the artist stipend from \$2,500 to \$10,000 will support the artist in acquiring insurance, utilities, and supplies.
- Providing an incentive for property owners in an amount of \$2,500 to encourage participation.
- Focusing the partnership between property owners and artists in the South, Mid and North Beach areas. This may allow some flexibility in securing storefronts and extending the artists' residency for an extended period.

Should there be a desire for the Administration to proceed with the reactivation of the *Open House Program*, it is recommended that the artist stipend be increased to reflect the *No Vacancy, Miami Beach Program*, \$10,000 stipend per artist and \$2,500 per property owner, and that the program begin with a conservative amount of fifteen (15) participating artists for a total funding amount of \$187,500. Funding would need to be identified during the FY 2026 budget process.

Pop-Up Permits

Currently, per the Special Event Guidelines, Pop-Up Permits are issued for temporary retail spaces, to promote and sell products of all types, ranging from food and beverage, clothing, or unique gifts. The Pop-Up permit is valid for a maximum of 90 days of activation. Any activation beyond the 90 days must be pursued through a BTR. The Pop-Up permit application is reviewed by Code Compliance to ensure the property does not have open violations, as well as the Fire and Building departments to ensure the structural safety of the proposed location.

In FY 2022, a total of nine (9) Pop-Up Permits were issued. In FY 2023, the number of permits increased to fifteen (15) and in FY 2024, eleven (11) pop-up permits were issued. Finally, in FY 2025, seven (7) Pop-Up Permits have been issued as of the date of this memo. The locations are throughout the City, but primarily on Lincoln Road. The activation dates take place throughout the year.

Number of Pop-Up Permits Issued		
FY 2022	9	
FY 2023	15	
FY 2024	11	
FY 2025	7*	*To Date

With the goal of having potential businesses occupy storefronts for a long period of time, one initiative could be to amend the Special Event Guidelines to change the restrictions to Pop-Up Permits.

- A potential revision to the current Pop-Up permit restrictions, could be to amend the activation limit of 90 days, to a nine-month period. Additionally, a Pop-Up permit could be further extended to a year, should the applicant show proof of application for a Conditional Use Permit (CU). This change aims to incentive businesses to activate currently vacant storefronts.

Makerspaces

A makerspace is a collaborative workspace for making, learning, and exploring that may utilize high-tech equipment to no-tech tools. A variety of maker equipment may be used, such as 3D

printers, laser cutters, sewing machines, art supplies, etc. Existing makerspaces in Miami Beach include Moonlighter FabLab and Miami Beach Regional Library's "YouMake Miami."

In 2016, National League of Cities developed a report on the relationship between makerspaces and local government. Areas of opportunity for a partnership between local government and makerspaces include public-private collaboration (grant opportunities or providing physical space at no or low cost), networking opportunities (public seminars, educational events, feedback sessions between local businesses and property owners, etc.), and hosting maker fairs.

Public makerspaces often exist within libraries, community centers, and schools. These spaces allow visitors to use equipment, with only a small charge for the use of consumable materials. Makerspaces exist in many forms, with a budget space prioritizing basic tools and art supplies to a high-end makerspace hosting professional machinery and equipment, staff, and ample space.

Considerations in developing a makerspace include staffing, space requirements, cost of equipment and consumable materials, and equipment maintenance:

- Staff for the makerspace must be trained in using the available equipment as well as able to train participants in how to use the equipment. Makerspaces often run on an appointment/reservation system to ensure that staff are available to train, supervise, and assist participants in using equipment.
- Depending on the equipment acquired, a makerspace must prioritize increased power access and ventilation, which may require potential infrastructure modifications. Heavy machinery may also be loud and disruptive, therefore, having space to place the equipment away from communal working areas would be essential.
- Purchasing or renting professional equipment may be costly. Professional machines and materials such as laser cutters, 3D printers, or heavy power tools are a considerable investment. Smaller or start-up makerspaces often forego the use of heavy machinery due to the costs of acquiring this equipment. However, large and small makerspaces require a constant supply of consumable materials.
- Makerspaces require upkeep and maintenance. To ensure equipment's longevity, frequent upkeep and maintenance is necessary.
- Moonlighter FabLab currently reports an annual operating budget of approximately \$400,000.

Similarly, should the potential of creating a Miami Beach Makerspace be considered, the Administration would explore the feasibility of such a program and identify funding during the budget process.

If the Mayor and City Commission approve and accept the proposal to identify private commercial spaces for temporary use by visual artists and cultural organizations, utilizing the Pop-Up permit is critical to addressing vacant storefronts; the success of such a program may hinge on the active participation of property owners to provide free temporary space and offering financially friendly options or assistance to artists and organizations. Likewise, if the long-term intent is to attract and place artists and cultural organizations in temporary leases, the program model of the *Open House* Program could be refreshed based on lessons learned or implement a new Makerspace program with guidelines that address known challenges, such as access to capital and or City sponsored lease subsidies, and the availability of suitable exhibition space.

FISCAL IMPACT STATEMENT

Based on previous programs and the proposed programs herein, a starting budget of \$200,000 for re-engaging the Open House Program or \$500,000 to initiate a Makerspace program would need to be identified during the FY 2026 budget process.

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

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CONCLUSION

Reintroducing the revamped Open House Program based on lessons learned would provide a temporary opportunity to address vacant storefronts and property owner engagement by reducing the number of participating artists, increasing the artist stipend, and introducing a property owner incentive fee. On a parallel path, increasing the activation days of the current Pop-Up permit by amending the restriction from ninety (90) days to nine (9) months may incentivize businesses to activate a vacant storefront. A long-term approach would be to initiate a Makerspace program that would include a deeper dive into identifying vacant spaces, staffing, equipment, and materials. Based on the proposed programs, the budget would range from \$200,000 to \$500,000.

The Administration recommends that the Land Use and Sustainability Committee discuss and provide guidance on selecting the desired program and funding proposed, as well as a recommendation to the City Commission for the FY 2026 budget process.

Applicable Area

Citywide

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

Tourism and Culture

Sponsor(s)

Commissioner Alex Fernandez

Co-sponsor(s)

Commissioner Tanya K. Bhatt

Condensed Title

Discuss Pop-Ups for Cultural Institutions for Vacant Commercial Storefronts