



COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission

FROM: Eric Carpenter, Executive Director

DATE: June 25, 2025

TITLE: A RESOLUTION OF THE CHAIRPERSON AND MEMBERS OF THE MIAMI BEACH REDEVELOPMENT AGENCY (RDA), APPROVING, IN SUBSTANTIAL FORM, AMENDMENT NO. 3 TO THE LEASE AGREEMENT BETWEEN THE RDA (LANDLORD) AND OPEN VISION ONE, LLC (TENANT), FOR USE OF APPROXIMATELY 4,236 SQUARE FEET OF GROUND FLOOR RETAIL SPACE AT THE ANCHOR SHOPS AND GARAGE, LOCATED AT 1560 COLLINS AVENUE, SUITE NOS. 3-4, TO EXTEND THE RENT ABATEMENT PERIOD TO THE EARLIER OF: (I) THE OPENING OF THE PREMISES OR (II) AN ADDITIONAL EIGHT (8) MONTH PERIOD, FROM APRIL 25, 2025 THROUGH DECEMBER 24, 2025, DUE TO CONSTRUCTION AND PERMITTING DELAYS; AND FURTHER AUTHORIZING THE EXECUTIVE DIRECTOR TO FINALIZE AND EXECUTE AMENDMENT NO. 3.

RECOMMENDATION

The Administration recommends that the Chairperson and Members of the Miami Beach Redevelopment Agency approve Amendment No. 3 to the Lease Agreement with Open Vision One, LLC, extending the rent abatement period through December 24, 2025.

BACKGROUND/HISTORY

On January 13, 2023, the Miami Beach Redevelopment Agency ("Landlord") entered into a Lease Agreement with Open Vision One, LLC ("Tenant") for approximately 4,236 square feet of ground floor retail space located at 1560 Collins Avenue, Suites 3 and 4. The space was leased for the development and operation of a fine dining restaurant concept known as "Open Vision." The Lease term is nine (9) years and three hundred sixty-four (364) days, commencing January 25, 2023, and ending January 23, 2033.

Under the original Lease terms, the Tenant received a rent abatement period during which the Tenant was not obligated to pay monthly Minimum Rent of \$26,475.00, a Concession Fee, or any Percentage Rent, but remained responsible for monthly Operating Expenses. This initial abatement period was set to expire on September 24, 2024.

Due to delays stemming from the permitting process for a required grease trap installation, the Tenant requested and was granted an eight-month extension of the rent abatement period (Amendment No. 2), which was approved by the RDA via Resolution No. 701-2024. The extension covered the period from August 25, 2024, through April 24, 2025.

As construction and permitting challenges have continued, the Tenant submitted a request on April 10, 2025, as shown in Exhibit A, seeking a further eight-month extension of the abatement period to allow sufficient time for construction completion and final inspections.

ANALYSIS

The Tenant is contractually obligated to pay Minimum Rent in the amount of \$27,269.25 per month, in addition to a Concession Fee and Percentage Rent, once the abatement period ends. However, given the complexity of the required grease trap installation and the extended review process by the Department of Regulatory and Economic Resources (DERM), the Tenant has experienced significant delays in completing its buildout and obtaining final permits to commence operations.

These delays have been beyond the Tenant's control and have impacted the originally anticipated project timeline and budget. In recognition of these circumstances, the Tenant has requested a third amendment to the Lease to extend the rent abatement period for an additional eight (8) months, from April 25, 2025 through December 24, 2025.

During this extended abatement period, the Tenant will continue to pay monthly Operating Expenses, currently estimated at approximately \$4,942.00, ensuring the Landlord continues to recover its out-of-pocket property-related costs. The additional time will help the Tenant finalize buildout activities and secure all necessary operational approvals, supporting the long-term success of the restaurant's opening. The abatement period is extended to the earlier of: (i) the opening of the Premises or (ii) an additional eight (8) month period, from April 25, 2025 through December 24, 2025.

The Open Vision concept is expected to enhance the culinary and experiential offerings at the Anchor Shops and Garage, and the proposed amendment represents a collaborative effort to support tenant success and uphold the City's broader revitalization and economic development goals.

FISCAL IMPACT STATEMENT

The fiscal impact of the proposed Amendment No. 3 includes the deferral of the Tenant's Minimum Rent, Concession Fee, and Percentage Rent obligations during the requested eight-month extension. Based on the Lease's current rent schedule, this equates to a deferral of approximately \$218,154.00 in Minimum Rent revenue in addition to the forgone collection of associated Concession Fees and any Percentage Rent that would have been due if operations had commenced.

Despite the temporary deferral of this revenue, the Tenant will continue to pay monthly Operating Expenses of approximately \$4,942.00, totaling \$39,536.00 over the eight-month extension. These payments ensure that the Landlord continues to recover essential costs tied to maintaining the premises during the abatement period.

The proposed amendment does not increase the total lease term or provide additional economic incentives. Rather, it aligns the rent commencement timeline with realistic construction milestones, thereby preserving the Lease's long-term financial structure and enhancing the likelihood of full tenant occupancy and revenue generation in future lease years.

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-notice/>

FINANCIAL INFORMATION

CONCLUSION

The Administration recommends that the that the Chairperson and Members of the RDA hereby approve, in substantial form, Amendment No. 3 to the Lease Agreement between the RDA (Landlord) and Open Vision One, LLC (Tenant), for use of approximately 4,236 square feet of ground floor retail space at the Anchor Shops and Garage, located at 1560 Collins Avenue, Suite Nos. 3-4, to extend the Rent Abatement Period to the earlier of: (i) the opening of the Premises or (ii) an additional eight (8) month period, from April 25 , 2025 through December24, 2025, due to construction and permitting delays; and further authorize the Executive Director to finalize and execute Amendment No. 3.

Applicable Area

South Beach

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

Facilities and Fleet Management

Sponsor(s)

Co-sponsor(s)

Condensed Title

Approve Amendment 3 Lease w/ Open Vision One, LLC, for Add'l (8) Months Rent Abatement.
FF

Previous Action (For City Clerk Use Only)