

# MIAMI BEACH

## COMMITTEE MEMORANDUM

TO: Finance and Economic Resiliency Committee Members

FROM: Eric Carpenter, City Manager

DATE: May 7, 2025

TITLE: DISCUSS THE BYRON CARLYLE WORKFORCE HOUSING COMPONENT AS IT PERTAINS TO UNIT SIZE AND AFFORDABILITY.

### **RECOMMENDATION**

The City Administration (Administration) recommends that the Committee consider the rents and unit sizes provided (Exhibit A) for comparable workforce housing projects in Miami-Dade County and discuss the desire to set similar minimum unit size(s) and rent limits on the proposed Byron Carlyle workforce housing.

If the Committee would like to impose standards different from those currently set for Workforce Housing, the Administration recommends exploring what effect that will have on the financing and future revenues of the project in order to craft an RFP that would best leverage City Assets while balancing project goals.

### **BACKGROUND/HISTORY**

The Byron Carlyle Theater complex is located at 500 71st Street, between Byron Avenue and Carlyle Avenue, where it opened in 1968 as Twin Cinemas hosting first-run movies. The City purchased the Byron Carlyle Theater (the Theater) from the WBC Broadcasting Corporation in 2001 and partially renovated it to spur economic development and bolster North Beach arts and culture. In 2014, the City executed a Management Agreement with Living Arts Trust d/b/a O Cinema, who occupied the Theater's western portion. The remaining eastern portion remained vacant and unutilized. The poor condition of the building required it to be permanently closed and has remained so since October 31, 2019.

At the March 13, 2024, City Commission meeting, the Mayor and City Commission approved at the request of Commissioner Bhatt, the referral of item (C4 D) to the FERC to discuss the programming for the new Byron Carlyle G.O. Bond project for a multi-purpose cultural arts space and possibly workforce housing and/or other uses that are compatible with a cultural arts center and the surrounding neighborhood and to consider the various options for financing construction and funding models for the project. Additionally, on April 3, 2024, the Mayor and City Commission approved a dual referral of item C4 H to FERC and the Land Use and Sustainability Committee (LUSC) to conduct a detailed review of the two (2) different models for the proposed Byron Carlyle cultural center.

This item was presented and discussed at the May 1, 2024, LUSC meeting. A motion was made to recommend moving forward with the Cultural Arts Center with some level of workforce housing. Two board members voted in favor of the motion and two against, citing they would like to have more information on the impact of the workforce housing. Some questions considered were how the Project could affect parking and traffic, as well as if there are ways to ensure residents of the building work in the area to avoid additional congestion. The item moved to the June 26, 2024, Commission meeting with an unfavorable recommendation from LUSC.

At the G.O. Bond Oversight Committee meeting held on May 9, 2024, the Committee moved with

a 7/0 vote to include workforce housing, including artist housing, as part of the Byron Carlyle Theater Project, utilizing \$4 million of G.O. Bond funds available in Tranche 2 (for workforce housing) (LTC# 184-2024).

Subsequently, the North Beach CRA Advisory Committee adopted at their May 14, 2024, meeting, a unanimous motion, supporting, in concept, the Byron Carlyle redevelopment incorporating the workforce housing component, prioritizing artistic and cultural workers, provided that there are no short-term rentals and/or micro-units (LTC # 199-2024). The Committee also discussed the CRA's requirement to use a minimum 10% of its budget toward the creation of workforce housing and identified the Byron Carlyle project as a way to do so without the added burden of purchasing additional land.

On May 24, 2024, the FERC discussed this item and recommended in favor of proceeding with the project incorporating workforce housing with no micro-units and no short-term rentals. It was also discussed that there should be further deliberation on the qualifications for those seeking to live in the workforce housing created. The FERC further recommended to return this item to Commission for discussion.

At the June 26, 2024, Commission meeting, the Mayor and City Commission unanimously approved the Byron Carlyle Project to proceed with the inclusion of workforce housing. Additionally, the body authorized the continued engagement of AMS Planning and Research for the additional amount of \$160,000.00, waiving by a 5/7ths vote the formal competitive bidding requirement, finding such waive to be in the City's best interest.

At the Commission meeting held on Dec 11, 2024, a Referral (C4 U) was made to FERC to discuss the status of the Byron Carlyle Project and the structure for the contemplated RFP.

At the January 24 FERC meeting, the Administration presented three (3) sample building programs of differing scales and costs, described in the Analysis below. The Committee unanimously recommended the option titled "Scenario #2" to be used by AMS for the financial modeling of a typical operating year.

Also at the Jan 24 FERC meeting a motion was made to continue the discussion on the unit size and affordability of the Byron Carlyle's Workforce Housing component.

## **ANALYSIS**

The maximum allowable rents for workforce housing units are based on Area Median Income (AMI), as reported by the United States Department of Housing and Urban Development (HUD). Allowable total household income limits for workforce housing are defined as approximately 60% to 140% AMI, adjusted for size of household. The maximum rent is then calculated to be 30% of the top income for that bracket.

Example for a one-person household at 120% AMI:

AMI in Miami-Dade County (2024): \$79,400

Maximum allowable income at 120% AMI:  $\$79,400 \times 1.2 = \$95,280$  (HUD Actual \$95,400)

Maximum allowable rent at 120% AMI:  $\$95,400 \times 0.3 = \$28,620/\text{year}$  or \$2,385/month

Example for a one-person household at 80% AMI:

AMI in Miami-Dade County (2024): \$79,400

Maximum allowable income at 80% AMI:  $\$79,400 \times .8 = \$63,520$  (HUD Actual \$63,600)

Maximum allowable rent at 80% AMI:  $\$63,600 \times 0.3 = \$19,080/\text{year}$  or \$1,590/month

A schedule of rent and income limits for Miami-Dade County in 2024 is included as Exhibit B.

Most of the Workforce Housing developments examined in this exercise have an allotment of units available for applicants ranging from 60% AMI through 140% AMI.

Currently, the City of Miami Beach Municipal Code (Sec. 142-276) limits the minimum size of any workforce housing unit to 400 square feet.

As part of the Byron Carlyle development RFP, the City could choose to impose limits, beyond those already governing new workforce housing units. If this is the case, it would be beneficial to model the workforce housing project to better understand how those requirements would affect the financing and the future subsidy of the Cultural Center. Modeling the workforce housing component would inform the City as to what the trade-offs would be, and at what point the project may no longer be viable to a private developer. Understanding these limitations before issuing an RFP would help the City make optimal decisions that leverage its assets to meet its goals in the development deal. Not fully understanding the financial implications of these desired terms may lead to an unsuccessful RFP process for several reasons. First, the requirements set forth by the City could be too onerous and make this project cost prohibitive to a private developer, leading to few or no respondents to the RFP. Secondly, an RFP that does not clearly lay out the critical requirements of the project may lead to proposals that are so far off from the desired goals of the project that the two may be irreconcilable.

Learning of the potential need to define the workforce housing component, AMS Planning and Research has brought two firms to the attention of the City. The first, Denham Wolff (Exhibit C) specializes in advising non-profit organizations on how to craft real-estate development projects that uphold the organization's priorities while best leveraging their assets. Denham Wolff would model the Byron Workforce housing component to find the terms that best balance the needs of the Cultural Center with the affordability of the workforce housing and financing requirements. These values would be made part of the RFP and not left to the discretion of the responding developers. Additionally, because of their experience with these types of development projects, part of their scope will be to advise on what developers could be targeted with this RFP.

Based on the work from AMS and Denham Wolff, Hilltop Securities (Exhibit D) can work to specify the financing model(s) that would work best to fund the part of the project not paid for through the GO Bond. This would give the City the flexibility to choose from financing options that best serve the objectives of the project, instead of solely relying on a private developer financing model which may require the City to compromise its interests.

If the Committee and Commission desire to further explore this option, AMS has provided a preliminary proposal (Exhibit E) for this scope of work. The estimated cost of this work is between \$160,000 and \$190,000.

### **FISCAL IMPACT STATEMENT**

The 2022 G.O. Bond for Arts and Culture has appropriated \$30,570,000 (split over two tranches) for the redevelopment of the Byron Carlyle Theater: \$10,590,000 in tranche 1 and \$19,980,000 in tranche 2. This project also qualifies to receive part or all of an additional \$4,000,000 available for workforce housing through the 2022 G.O. Bond for Art and Culture.

If the AMS/Denham Wolff/Hilltop Securities proposal is accepted, the estimated cost could be up to \$190,000. The Committee could choose to recommend this be funded through a budget amendment or the North Beach Community Redevelopment Authority (NBCRA) workforce housing budget.

### **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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If the AMS/Denham Wolff/Hilltop Securities proposal is accepted, the cost is estimated to be up to \$190,000. The Committee could choose to recommend this be funded through a budget amendment or the North Beach Community Redevelopment Authority (NBCRA) workforce housing budget.

### **CONCLUSION**

The City Administration (Administration) seeks direction as to the Committee's desire to set minimum unit size(s) and rent limits on the proposed Byron Carlyle workforce housing project.

The Committee may choose to proceed with issuing the RFP for a development partner and negotiate the unit size/rent as part of the development agreement, or it may choose to preemptively model and prescribe those parameters as part of the RFP.

If the Committee would like to further explore the proposal from AMS, Denham Wolff, and/or Hilltop Securities, the body may choose to direct the administration to continue the conversation with AMS and bring a final proposal to FERC or Commission for approval.

The following sources may be considered for funding this work:

- 1) Budget Amendment
- 2) North Beach CRA Workforce Housing Budget. If this option is chosen, this request would be presented to the NBCRA Advisory Committee at their next meeting and return to Commission for approval in May.

### **Applicable Area**

North 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?**

Yes

**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)**

Commissioner Tanya K. Bhatt

**Co-sponsor(s)**

Commissioner Joseph Magazine  
Commissioner David Suarez

**Condensed Title**

Discuss the Byron Carlyle Workforce Housing Component as it pertains to unit size and affordability.