

7. DISCUSS INCENTIVES FOR PROPERTY OWNERS TO RESTORE/REHABILITATE HISTORIC RESIDENTIAL APARTMENT BUILDINGS IN NORTH BEACH.

Applicable Area:

MIAMI BEACH

COMMITTEE MEMORANDUM

TO: Land Use and Sustainability Committee Members

FROM: Eric Carpenter, City Manager

DATE: March 11, 2025

TITLE: DISCUSS INCENTIVES FOR PROPERTY OWNERS TO RESTORE/REHABILITATE HISTORIC RESIDENTIAL APARTMENT BUILDINGS IN NORTH BEACH.

RECOMMENDATION

The Administration recommends that the Land Use and Sustainability Committee (LUSC) endorse the recommendations identified in the summary herein, and send the item back to the City Commission for policy direction.

BACKGROUND/HISTORY

On September 11, 2024, at the request of Commissioner Tanya K. Bhatt, the Mayor and City Commission (City Commission) referred a discussion item (C4 S) to the LUSC and the Ad Hoc Historic Preservation Ordinance Review Committee (Preservation Committee) regarding incentives for property owners to restore/rehabilitate historic residential apartment buildings in North Beach. Commissioner Laura Dominguez is the co-sponsor of the item.

ANALYSIS

As noted in the attached referral memorandum, the item sponsor would like the LUSC to consider potential incentives to encourage owners of apartment buildings to renovate their buildings within North Beach. This would include upgrades to electrical, plumbing and air-conditioning systems, window replacement, and roof replacement, while keeping properties at a reasonable rent. Specifically, the Administration was requested to explore the following possible incentives:

1. A fast-tracked and streamlined process at the Building Department and with the Historic Preservation Board (HPB).
2. A single point of contact for the permitting and inspection processes and for the HPB approval process.
3. Reducing or waiving City fees.
4. Assisting property owners with the identification of affordable housing grants.
5. Assisting property owners with the process to obtain life safety variances.
6. Providing grants from the City's workforce housing funds.

Permitting Initiatives

On February 21, 2024, the City Commission established the Ad Hoc Permitting Process Improvement Advisory Committee (Permitting Committee) for a period of one (1) year. The purpose of the Permitting Committee is to comprehensively assess and evaluate the City's

permitting process and identify recommendations for streamlining the process and improving the customer service experience with the public. The Permitting Committee's final report and recommendations are expected to serve as the basis for improving and expediting the permit review process for all applicants.

Further, all permitting departments, including Building, Planning, Fire, Public Works, and Parking, are fully engaged in an ongoing service improvement initiative to enhance the customer experience. This initiative includes training for all staff, service standards for each key role, process improvement, revisiting internal policies, and enhancing communication and access for all customers.

In addition to any future recommendations from the Permitting Committee, the following initiatives could be explored for housing rehabilitation projects in North Beach:

1. A single point of contact for property owners.
2. An expedited building permit review process.
3. Assisting property owners who request accessibility waivers from the State of Florida for an eligible project (the Florida Building Code and the Fire Prevention Code do not provide for life safety variances or waivers).

Certificate of Appropriateness Procedures

The renovation of multi-family buildings, including window and door replacement, air-conditioning replacement, interior modifications, roof repair, and other general repairs, are most often reviewed and approved by the Planning Department as part of the regular building permit review process. These types of improvements, in most instances, do not require the review and approval of the Historic Preservation Board (HPB).

In the event the scope of work exceeds administrative review thresholds, the Historic Preservation & Architecture Officer serves as a single point of contact for applicants. While a fast-track application process is possible, it would likely require a reduced timeframe for the current thirty (30)-day public notice. Any modification to the public notice requirements would require an amendment to the Land Development Regulations of the City Code (LDRs).

Fee Reductions

Florida Statute 553.80 restricts the City's ability to reduce or waive building permit fees. Certain city fees that are currently charged for projects, including HPB application fees, mobility fees, and permit training and technology fees, may be waived. However, these fees typically apply to development projects consisting of new construction and larger additions and are typically not applicable to smaller renovation projects.

Funding Sources of Property Owners/Developers of Affordable Housing

The Office of Housing & Community Services currently assists property owners with the identification of affordable housing grants. A list of potential 2024-2025 funding sources that may be available for developers and/or property owners interested in rehabilitation of affordable housing projects is attached.

Further, the North Beach Community Redevelopment Agency (CRA) Board has established the Residential Property Improvement Program (Improvement Program). The Program focuses on cultivating an improved visual experience and sense of place through exterior enhancements to existing buildings such as paint, lighting, windows, and stucco, among other improvements. Program funding awards consist of matching grants of up to 70% of the cost of eligible projects, not to exceed \$20,000.00 per application. Such funds are provided on a reimbursement basis for eligible expenses paid on completed work. The CRA Program funds may only be utilized within the CRA's Redevelopment Area and within the Program boundary, which consists of a portion of North Beach.

The Program aims to (i) assist certain qualifying residential property owners to improve, repair, and preserve older residential buildings whose owners commit to providing affordable and workforce housing including for extremely low, very low-, low-, or moderate-income persons; (ii) stimulate investment in private property that preserves and enhances the tax base; and (iii) highlight historic architecture and preserve neighborhood character.

The CRA Board may establish additional programs to promote the renovation, preservation or construction of affordable and workforce housing.

Ad Hoc Historic Preservation Ordinance Review Committee Discussion

On September 18, 2024, the Preservation Committee discussed the incentives in the referral memorandum to the LUSC. There was consensus that the incentives identified would likely not be sufficient to encourage property owners to undertake any type of substantial building renovation.

The Preservation Committee members recommended that in conjunction with other smaller financial incentives, such as a reduction in permitting fees, the City explore larger financial incentives including an expansion the City's Historic Ad Valorem Tax Exemption program and creating a transfer of development rights (TDR) process. Several Preservation Committee members also expressed concern that major construction could result in the need to vacate tenants and substantially increased rental rates.

SUMMARY

As it pertains to the policy initiatives identified herein, the Administration recommends the following:

1. Endorse a TDR program, where the North Shore and Normandy Isle Historic Districts are identified as a sending district. This will require a separate referral to the LUSC.
2. The City Commission refer a separate discussion to the LUSC regarding an expansion of the City's Historic Ad Valorem Tax Exemption program to include multi-family buildings in the North Shore and Normandy Isle Historic Districts.
3. The City Commission direct the Administration to develop a single point of contact for property owners submitting permit applications in the North Shore and Normandy Isle Historic Districts.
4. The City Commission direct the Administration to develop an expedited permit review process for property owners submitting permit applications in the North Shore and Normandy Isle Historic Districts.

If there is consensus on these, and any other initiative that may be identified by the LUSC, the proposal can be sent to the full City Commission for policy direction.

FISCAL IMPACT STATEMENT

No Fiscal Impact Expected

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

Not Applicable

CONCLUSION

The Administration recommends that the LUSC endorse the recommendations identified in the summary herein, and send the item back to the City Commission for policy direction.

Applicable Area

North 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

Planning

Sponsor(s)

Commissioner Tanya K. Bhatt
Commissioner Laura Dominguez

Co-sponsor(s)

Condensed Title

Discuss Incentives For Property Owners To Restore/Rehabilitate Historic Residential Apartment Buildings In North Beach.



COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission

FROM: Commissioner Tanya K. Bhatt

DATE: September 11, 2024

TITLE: REFERRAL TO THE LAND USE AND SUSTAINABILITY COMMITTEE - DISCUSS INCENTIVES FOR PROPERTY OWNERS TO RESTORE/REHABILITATE HISTORIC RESIDENTIAL APARTMENT BUILDINGS IN NORTH BEACH.

RECOMMENDATION

BACKGROUND/HISTORY

There is naturally occurring affordable housing in areas of North Beach which is critical to maintain. These multi-family properties find themselves in a tough spot, however: providing workforce housing, but also being in need of upgrades to be able to offer tenants appealing and safe properties at a reasonable rent. They may also be caught in a situation where there is work to be done that is beyond their ability to find the funds for, and therefore find it tempting to sell out to commercial developers who would seek to tear down and rebuild or modify properties without sufficient care for the context of the neighborhood character, nor to the band of income to which these properties cater.

I would like to refer this discussion to LUSC to develop incentives to property owners specifically in North Beach to improve their properties without compromising the character of the neighborhood, nor overdeveloping and therefore eliminating this important inventory of housing stock. I would like the Administration to prepare recommendations and be prepared to discuss them, including but not limited to the ideas below. The goal is to help property owners do what is needed to rehabilitate their properties, not to permit out-of-scale development.

For property owners willing to do significant renovations to improve electrical & plumbing, install a/c, replace windows with hurricane windows, replace roof (if needed); maintain the scale of the building; commit to remaining as rental property; and voluntarily prohibit STRs in the building, the City could offer

- a fast-tracked and streamlined process at the Building Department and with the Historic Preservation Board;
- a single point of contact for the permitting and inspection processes AND for the HPB approval process who has the authority to provide functional guidance and make binding decisions;
- reducing or waiving City fees;
- help in identifying, applying for, and using for said projects any affordable housing grants that could be relevant for the project(s);
- help in navigating the process to obtain life safety variances which would allow the contributing building to retain its defining characteristics without impeding life safety concerns; and
- provide grants from our City's workforce housing funds to help defray costs.

ANALYSIS

FISCAL IMPACT STATEMENT

N/A

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

Applicable Area

North 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

Office of Commissioner Tanya K. Bhatt

Sponsor(s)

Commissioner Tanya K. Bhatt

Co-sponsor(s)

Commissioner Laura Dominguez

Condensed Title

Ref: LUSC - North Beach Restoration Incentives for Residential Buildings. (Bhatt/Dominguez)

**Potential 2024-2025 Funding for Property Owners/Developers of
Naturally Occurring Affordable Housing**

City of Miami Beach Funding			
Subject of RFA	2024-2025 Program Funding and Estimated Funding Available	RFA Issue Date	RFA Due Date
City of Miami Beach Community Development Block Grant (CDBG) <ul style="list-style-type: none"> • 51% of units must be occupied by low- to moderate-income renters. • Interested applicants must have a feasible project that can be potentially shovel- ready by the following December. • Environmental Review Process/ Physical Needs Assessment required • Affordability Period of 15 years 	\$607,866, available after October 1, 2025	February/ March 2025	April 2025
City of Miami Beach HOME Investment Partnership Program (HOME) <ul style="list-style-type: none"> • Initial Occupancy 60% AMI with 20% of units 50% AMI • Maximum Subsidy Unit Limits • Interested applicants must have a feasible project that can be potentially shovel ready by the following December. • Environmental Review Process/ Physical Needs Assessment/ Subsidy Layering Review required • Affordability Period of Fifteen (15) Years • Units must be Assigned to the HOME project for the duration of the affordability period 	\$503,970.00 available after October 1, 2025		
State Housing Initiatives Partnership (SHIP) Program <ul style="list-style-type: none"> • Maximum \$40,000 per unit and a maximum of \$400,000 per property (contingent upon funding availability) • Affordability Period of fifteen (15) years • At least 10% of the SHIP-Assisted Units (1 unit) in the Development shall be set aside for occupancy by persons or families having incomes at or below 50% AMI. • At least two (2) of the units must serve persons with special needs, as defined in s.420.0004. • No environmental review required 	\$103,000 Available after October 1, 2025	July/ August 2025	September 2025

Miami-Dade County Funding				
Funding Source	2024-2025 Program Funding and <u>Estimated</u> Funding Available	Unit Income Requirements	RFA Issue Date	RFA Due Date
Surtax/ SHIP - Multi-Family Rental Countywide	TBD	Allows for mixed-income residential housing, which includes units affordable to persons with incomes of 80% or less of AMI.	Applications are typically released March- April	TBD
Miami-Dade HOME FY 2025	TBD	Funding available for HOME Community Housing Development Organizations and Tenant-Based Rental Assistance only.		
Miami-Dade CDBG FY 2025	TBD	Funding available for public services, economic development, water and sewer connections, and homeowner rehabilitation only.		

Florida Housing Finance Corporation – Competitive Grant Funding			
Subject of RFA	2024-2025 Program Funding and <u>Estimated</u> Funding Available	RFA Issue Date	RFA Due Date
State Apartment Incentive Loan (SAIL) RFA 2025-103 Housing Credit and SAIL Financing to Develop Housing for Homeless Persons	<ul style="list-style-type: none"> • \$12,500,000 SAIL • \$3,200,000 Housing Credit (Medium county) • \$3,300,000 Housing Credit (Large county) • \$TBD - HOME-ARP 	10/17/2024	1/21/2025
State Apartment Incentive Loan (SAIL) RFA 2025-106 Financing to Develop Housing for Persons with Disabling Conditions/Developmental Disabilities	<ul style="list-style-type: none"> • \$3,466,500 9% HC • \$6,000,000 SAIL for Disabling Conditions • \$5,572,918 Grant funding for Developmental Disabilities • \$TBD - HOME-ARP 	10/17/2024	2/4/2025

Florida Housing Finance Corporation issues several Requests for Applications (RFA) a year, varying by the demographic or geographic targeted and the type of funding offered (e.g. 9% tax credits, loans, etc.) Most can be used for both new construction and acquisition/rehabilitation. The FHFC multifamily programs often require at least 30 units. For information on multifamily funding RFAs, the timeline of upcoming applications, please visit: [2024/2025 RFA Cycle Information \(floridahousing.org\)](#). Applications can change from year to year on the details. Listed below are the RFA's currently available to developers or property owners potentially interested in affordable housing construction projects.