

Failed Vote May Not Slow Miami Beach Transformation

By **Nathan Hale**

Law360 (November 21, 2022, 7:09 PM EST) -- On Election Day, Miami Beach voters rejected a proposal to let private developers erect office space over three city-owned parking lots near the well-known Lincoln Road pedestrian mall, but that doesn't mean the shift from oceanfront resort town to more of a live-work-play community envisioned by these plans won't still come to pass.



Miami Beach residents voted Nov. 8 against city proposals to lease public parking lots near Lincoln Road for development of office buildings, including this plan by a joint venture of Starwood Capital Group, Integra Investments and The Comras Co. (Courtesy of Brandon Haw Architecture and West 8 Urban Design & Landscape Architecture)

Mayor Dan Gelber, who backed the Lincoln Road proposals and has been a major proponent of the city's reprogramming efforts, told Law360 in an interview that he does not believe the **vote** represents a rejection of that vision, and pointed out that multiple office projects are in the pipeline for nearby private properties.

Gelber said that while he's still trying to determine why the messaging in support of the ballot questions fell short, his initial impression is that residents felt concerned about the amount of development proposed on the Nov. 8 ballot and accompanying disruptions, such as increased traffic and noise from construction.

"I think probably there was too much development on the ballot, which I think can create some indigestion in voters," he said. "Our city puts a lot of these decisions into the voters' hands, so it requires a good amount of work and attention, and I think that when they saw all these items, that probably was a little off-putting."

The mayor noted that while residents also shot down a controversial zoning variance sought by the Related Cos. to build two Frank Gehry-designed high-rises on the site of the just-demolished historic Deauville hotel, they backed two ballot

questions allowing for increased density in parts of the city to incentivize residential and office projects over hotels and short-term rentals. They also decided to tax themselves more through a bond offering for arts and culture projects, he added.

"I think that tells you they like to live, work, play [in the same area]. They like having those kinds of amenities," he said. "The development, they're always wary of, and you really have to make the case for it, because, for them, they always question why you're making accommodations to somebody who's trying to build and, you know in this case, why would we program our parking lots to have office additions on top of them?"

The Lincoln Road District proposals consisted of bids from two joint ventures that emerged after the city issued a request for proposals in 2021 inviting development of office space over three city-owned surface parking lots in the block north of Lincoln Road under long-term leases.

A joint venture of Barry Sternlicht's Starwood Capital Group, Integra Investments and The Comras Co. proposed The Gardens at Lincoln Lane for two of the current lots. The plans, designed by Brandon Haw Architecture and West 8 Urban Design & Landscape Architecture, called for a pair of low-rise buildings housing about 130,000 square feet of Class A office space, 25,000 square feet of street-level retail and 425 parking spaces, 192 of which were to be reserved for public use, according to public records.

The development also would have added new public spaces, including a 1,000-square-foot space available to a nonprofit or education organization rent-free, seating areas, and a pocket park with a waterfall feature.

A second proposal from a joint venture of The Peebles Corp., former Miami Beach Mayor Philip Levine and prominent local developer Scott Robins called for an 84-foot-tall building with room for about 80,000 square feet of Class A office space, 9,500 square feet of street-level retail, and about 69,500 square feet for 43 residential rental units, plus parking. There would have been at least 151 public parking spaces plus private spaces of a number to be determined under city code requirements.



A rendering of the mixed-use office and residential building that was proposed for Miami Beach's Lincoln Road District by a joint venture of The Peebles Corp., former Miami Beach Mayor Philip Levine and developer Scott Robins. (Courtesy of 1664 Meridian LLC)

City leaders saw an opportunity in the Lincoln Road District lots to diversify the city's tourism-heavy economy and capitalize on an influx of residents and capital that landed in South Florida during the COVID-19 pandemic. Many transplants who bought up waterfront mansions in the city chose to stay and relocate their businesses.

New York-based developer Michael Shvo, who is working on multiple office buildings in the city, noted the impact of those trends on his decision to pursue those projects.

"We see Miami Beach as a city that has truly arrived, one that not only attracts tourists from around the country, and indeed the world, but also one that is increasingly attracting people and companies that want to base themselves here," he said in an email.

Shvo stressed his efforts to garner public support for his projects.

"We have strived to ensure that local officials and members of the community have a meaningful role to play alongside us as we embark upon our journey to redevelop and reimagine these sites," he said.

Opposition to the Lincoln Road District projects was led by City Commissioner Kristen Rosen Gonzalez. The lone member of the panel's six current members to **vote against** advancing the proposals, she called them a land-grab by developers and argued that the public had not been adequately informed about the proposed replacement of the surface lots with public garages in the new buildings.

Gonzalez did not provide comment when reached by Law360. In an email to constituents ahead of the vote, she wrote: "This project has NO public benefit and questionable financial terms. I hope you will join me in sending a strong message to developers that 'Miami Beach is NOT on fire-sale!'"

Ultimately, city voters approved a requirement to spend the \$355 million in rent expected from the two proposed leases on resiliency projects, workforce housing and public safety, but that was rendered moot as the questions seeking approval of the leases themselves fell short of the simple majority needed to pass, with less than 47% support for each.

Gelber said he has not spoken with the involved developers since Election Day, nor has he received any input on whether they might wish to continue pursuing the Lincoln Road District plans. The developers did not respond to inquiries from Law360. But the mayor also pointed out that several of the developers are based in Miami Beach, which he said he thought helps incentivize pride in projects.

There might not be a strong appetite for the city to revisit the Lincoln Road idea right away, Gelber said, noting that the Deauville site is likely to be a more pressing issue, as the building's Nov. 13 implosion left a big hole in the skyline.

Nonetheless, several developers have projects in the pipeline to bring office space to private properties around the city, he added.



A rendering of The Alton, one of three projects New York-based developer Michael Shvo's firm is working on that will bring new or renovated office space to Miami Beach's Lincoln Road District. (Courtesy of SHVO and Foster +

Partners)

Shvo, who is performing a major redevelopment of the city's famed Raleigh Hotel and two neighboring hotels, is working on three office projects at either end of Lincoln Road, the mayor noted. The Alton, a ground-up development designed by Foster + Partners and Kobi Karp Architecture, is slated to feature 250,000 square feet of office and retail space, while the Peter Marino-designed One Soundscape Park, will offer 52,000 square feet of offices facing Soundscape Park in front of the New World Center concert hall. Shvo is also partnering on a proposed gut renovation of the midcentury modern office tower at 407 Lincoln Road and its iconic rooftop clock.

While Starwood and Integra's Lincoln Lane project was thwarted, the two companies teamed on Starwood's recently opened new headquarters building at 2340 Collins Ave.

In the stylish Sunset Harbor neighborhood, Deco Capital Group is building a mixed-use building that will feature Class A office space sandwiched between ground-level retail and a massive penthouse residence.

And closer to Ocean Drive, a joint venture involving Pebb Capital, Miami Beach developer Russell Galbut and his Crescent Heights company is working on converting the Bancroft Hotel into a mixed-use project with 186,000 square feet of office space along with restaurants and a social club.

"There's really quite a bit of interest and investment," Gelber said. "We were just hoping to incent some of that with lots that we were going to make available, because there just aren't a lot of empty lots in the city."

"I'm not in the business of forecasting future business conditions, but I know right now there's a great interest in people having their offices in the same area where they live and shop, and that was the advantage of the Lincoln Road effort," he added.

Attorney and certified urban planner Steven J. Wernick of Wernick & Co., who has been heavily involved in the rezoning and redevelopment that has revitalized Miami's Wynwood neighborhood, said the city has the right idea in looking to redevelop the parking lots.

"Bringing new mixed-use development to activate these sites is critical to supporting the long-term vitality of Lincoln Road," he said.

While Wernick said he expects the city will continue to explore ideas for the parking lots, he added that it might take some tweaking of the plans and not just the messaging to win voters' approval.

"Referendums are typically successful when voters see a direct benefit," he said. "The city might benefit from a bolder placemaking initiative with more publicly accessible space appealing to a broader mix of residents."

--Editing by Jill Coffey.