

City on the Verge



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IF IT WERE UP TO CITY FATHERS, NORTH MIAMI BEACH WOULD BE DEVELOPMENT'S NEXT WAVE

At first glance, the two-story office building clad in reflective glass doesn't look like an obvious site for an 11-story Cambria Hotel & Suites.

Located at the corner of 163rd Street and NE 19th Avenue in North Miami Beach, its immediate neighbors include a gas station, a Burger King, La Granja restaurant, and Fulford United Methodist Church. Within a mile are aging strip malls with restaurants, shops, and Asian massage joints. There are other office buildings like this one -- and, like it, dating from the 1960s and 1970s -- with abundant parking, but not so many cars.

There are unexpected monuments, too -- a stone water fountain, a medieval Spanish monastery brought in pieces from Segovia and rebuilt, an anti-aircraft cannon, a replica of the Vietnam Veterans Memorial Wall.

The neighborhood includes apartments, duplexes, and lots of single-family homes, plus warehouses, dive bars, and a satellite campus of Nova Southeastern University. There's a general sense of suburban quiet.

But Argentine-born developer Alejandro Araujo sees a city with soaring high-rises and apartment complexes, brand-new retail, pedestrian-friendly shopping areas, even a train station.

"The developer needs to imagine and focus and be a part of the future," he says. "If you wait until everything is done -- well, of course you can do that --



but we're envisioning that this is the moment to really start doing something."

"Remember Wynwood five years ago?" he asks. "Could you imagine then what Wynwood is today? And what it's going to be two years from now?"

Indeed, Wynwood was a bleak industrial district before being colonized by art galleries. Today New York-based developers, with plans to build millions of square feet of condos and retail, are pouncing on the neighborhood. Wynwood is now included in an area that real estate analysts call Greater Downtown Miami, a place where developers are building 10,908 apartment and condo units, according to a recent report from the Miami Downtown Development Authority. Another 20,101 dwellings are on the drawing board.

However, Araujo and his partners, Choice Hotels International and Raoul Thomas's CGI Merchant Group, aren't building their hotel anywhere near there. Instead, he sees the next frontier.

North Miami Beach is a five-square-mile city of 42,350 people wedged between North Miami, Sunny Isles Beach, the unincorporated Skylake-Highland Lakes area, and Aventura. Its neighborhoods include Eastern Shores, an affluent waterfront community just across the bridge from Sunny Isles Beach, where single-family homes sell for about \$1 million. But most of this city's residents aren't rich. The median household income is \$40,755, and 20.1 percent of its population live at or below the poverty level.

North Miami Beach is a diverse community, as evidenced by its small shops and restaurants. Roughly 25 percent of the city is Haitian-born or of Haitian ancestry, according to the latest census figures. The rest of the population is mixed, including Cubans, Dominicans, Hondurans, Colombians,



Unique NMB attraction: Monastery of St. Bernard de Clairvaux (1141), purchased by William Randolph Hearst (1925), dismantled and shipped to the U.S., acquired by entrepreneurs (1952), and reassembled (19 months) on W. Dixie Highway.

Peruvians, Puerto Ricans, Jamaicans, Russians, Polish, Italians, Mexicans, Chinese, Filipinos, French, Irish, Israelis, Germans, Arabs, and various other nationalities. Just under half the population was born somewhere else. Divided in broader groups, 35 percent of NMB's residents are Hispanic, 20.6 percent are Anglo, 41.2 percent are black, and 2.9 percent are Asian.

North Miami Beach doesn't have a beach -- but you can get to Sunny Isles Beach and Haulover Beach pretty quickly via NE 163rd Street. The city is located directly between Miami and Fort Lauderdale, and is adjacent to the Golden Glades Interchange and major roadways like Biscayne Boulevard and Miami Gardens Drive. That central location helped NMB grow in the 1940s, 1950s, and 1960s -- but not so much these days.

Aside from the Marina Palms Yacht Club & Residences, twin 24-story condo towers under construction at 17201 Biscayne Blvd., fronting Maule Lake, new construction over the past decade or so has been limited to houses, retail, and office buildings. (Araujo built one of those projects, a 56,000-square-foot office/condo at 33636 NE 163rd St.)

To put this in perspective, the number of housing units in North Miami Beach grew from just 15,350 in 2000 to 16,810 in 2013, according to census figures. By comparison, Aventura grew from 20,020 units in 2000 to 30,389 in 2013. Sunny Isles Beach almost doubled, from 12,946 units in 2000 to 22,811 in 2013.

That lackluster growth made it hard to collect revenue, says George Vallejo, the mayor of North Miami Beach. "If you allow the city to decay, so does your tax base," he explains. "It makes it more difficult to provide services, and that can be a negative spiral.

"But when you have good new development and redevelopment," he continues, "then that's a positive. It leads to better places, a more beautiful city. It provides more revenue, and it helps you to provide better services."



For a town like NMB, this is what a building boom looks like. City of North Miami Beach

So this past March 17, in its latest attempt to attract developers, the North Miami Beach City Council voted unanimously to designate eight “mixed-use districts” in various parts of the city, east of NE 15th Avenue. The districts are meant to encourage the development of high-rise residential, retail, and/or office space -- buildings similar to the types of towers seen in Brickell or Miami Beach -- not the low-rise apartments or squat offices, warehouses, and retail that dominate NMB’s landscape today.

Three months later, NMB officials enacted legislation to offer tax rebates to developers who build new retail/residential complexes within a designated redevelopment zone that includes W. Dixie Highway and city hall.

In other words, they’ve rolled out the red carpet.

In less than a year, NMB’s planning department has received ten applications to build condos, apartments, offices, hotels, retail, even a \$2 million Boca Juniors soccer training facility. The larger projects include The Harbour, a pair of 32-story, waterfront luxury towers at 16385 Biscayne Blvd.; Biscayne Cove’s Riverwalk at North Miami Beach, a hotel/condo project with three towers 17 to 32 stories tall at 16375 Biscayne Blvd.; Read Capital Apartments, a 638,855-square-foot apartment/retail complex at NE 21st Avenue and NE 164th Street; and Highland Apartments, a seven-story apartment building with spa and lounge, at 13780 Highland Dr.

These projects may be just the tip of the iceberg.

Two years ago developer Gil Dezer paid \$63.5 million for the 26-acre Intracoastal Mall in Eastern Shores, just across the bridge from Sunny Isles Beach. So far he seems content with the transformation of the old Sunrise Cinema into a luxe new iPic Theater, set to open November



Developer Alejandro Araujo:
“Remember Wynwood five years ago? Could you imagine then what Wynwood is today?”

20. But thanks to new zoning that includes his property, Dezer can now build 13 new towers between 35 and 495 feet tall, once a new road is built to handle increased traffic.

The fate of a proposed hotel near Greynolds Park is tied up in litigation. However, should the developers prevail, they will be able to build a 130-foot-tall facility encompassing a 275-room Hyatt Hotel, 85,000 square feet of office space, and a rooftop lounge at 17400 W. Dixie Highway.

The Hyatt, however, is nothing compared to the 2300 residential units that could be built on 17.7 acres at W. Dixie Highway and NE 159th Street, former home of TECO Peoples Gas. Rather than develop it himself, owner Jacob Elharar is trying to sell the property, which is in an industrial part of the city. He's asking around \$50 million, according to a report in the *Miami Herald*.

Dean's Gold, a strip club at 2355 NE 163rd St., may soon be replaced with at least one tower up to 375 feet tall. Privé Land Banking and CK Holding bought the fortress-like building and its 2.2-acre parcel for \$23.5 million in September from real estate investor Gary Crouch, who paid \$16.5 million for the property just last year. The club still operates on the site.

Then there's Tri-Rail Coastal Link. Officials from the South Florida Regional Transportation Authority hope to complete by 2021 an \$800 million passenger train service called Coastal Link along the existing Florida East Coast Railway from downtown Miami to Jupiter. Among the possible station sites is one near 163rd Street and Biscayne Boulevard. Key word: *possible*. Sites have not yet been determined, and the Coastal Link itself is far from certain.

But that hasn't diminished the sense of excitement felt by real estate speculators eager to capitalize on the proposed rail system. "Everybody's acting like it's the next big project," says Richard Lorber, director of community development for North Miami Beach. NMB officials fed that anticipation when they created a "core sub-area" around the intersection of the railroad tracks and 163rd Street, encouraging mixed-use residential and commercial buildings nearly 400 feet tall.

Laurenzo's Italian Center, a market, restaurant, and fresh produce center that has operated at 16385 W. Dixie Highway since 1951, lies within that "core sub-area." David Laurenzo, who operates

Laurenzo's with his father, Ben, and siblings, says he doesn't mind the zoning changes. "I think it's fine," he says. "It's a win for the city and the residents. You need *some* development and redevelopment."

In the past, such sweeping changes sparked backlash from homeowners. Marina Grande, the first incarnation of the Marina Palms twin-tower development, became a political lightning rod when it was approved by the city council in 2004. The project was held up for years in the courts, until it was seized from the original builders, Boca Developers, by mortgage holders in 2009. Plaza Group and DevStar Group took over the condo/marina venture and renamed it in 2013.

More recently, a Hyatt Hilton development has generated similar outcries from Greynolds Park supporters, who fear the project will harm the aesthetics and environment of the 250-acre county park (see "[Green Piece](#)," June 2013). Homeowners from Eastern Shores and Western Eastern Shores also opposed the unique floating-home community in Maule Lake proposed by Dutch Docklands; the endeavor was effectively killed when the city council recently made Maule Lake a "conservation zone" (see "[North Miami Beach Tries to Sink Floating Villas](#)," June 2015).

But so far at least, reaction to the zoning changes in North Miami Beach has been muted. Longtime parks advocate Mary Kathy Hilton contends that most NMB residents are either unaware of the zoning changes or are too jaded to speak up. "[The mayor and council] don't want to hear from the people," she says. "That's why they don't go to meetings."

City manager Ana Garcia says the zoning overhaul was designed to lessen its impacts on the city's existing residential neighborhoods. The city also didn't rush with the zoning changes. They held a series of public hearings over the course of



Ben and David Laurenzo, who says: "It's a win for the city and the residents. You need some development."

a year.

"There were hundreds of hours and multiple meetings," Garcia says. "Rather than try to shove this down people's throats, we took our time and spent nights and weekends explaining the benefit to the public."

The zoning changes are just one aspect of a larger strategic plan, forged through several workshops and meant to transform NMB into a safe and scenic place with vibrant commercial corridors, parks, and a stable tax base. Zoning was tackled first, Garcia explains, because development is the economic engine that will drive everything else.

"Now we have a vision," says Councilman Anthony DeFillipo, president of the North Miami Beach Chamber of Commerce. "And now we have this huge infusion of economic development and growth that's starting to come into North Miami Beach."

The story of North Miami Beach starts, like most Florida places, in a swamp. Actually, even when Miami and Lemon City were starting to grow in the late 19th and early 20th centuries, NMB was still basically swamp and farmland.

"It wasn't much before World War I," says Miami-Dade College history professor and *BT* columnist Paul George. "It was out there on the periphery of things. There were some homesteaders, but not much else."

Capt. William Hawkins Fulford (1834-1915) is credited with the area's modern settlement. A retired coastal ship captain, Fulford worked as a keeper for the federal government's refuge station for shipwreck survivors, which was based in today's Miami Beach. In 1891 he claimed 160 acres and, two years later, built a house on the sliver of wetland that stayed dry most of the year, what is today NE 17th Avenue and 162nd Street, according to *From Farms and*



Director of community development
Richard Lorber with Mayor George Vallejo:
They have a vision.

Fields to the Future, a book on North Miami Beach by historian Seth Bramson. Other homesteaders soon followed him to the settlement, which was already being called Fulford. Lafe Allen and Joshua Reynolds purchased most of Fulford's land in 1913.

By the 1920s, the settlement was known as Fulford-by-the-Sea as developers struggled to sell lots for up to \$1500 each. By then the settlement had a community center, a newspaper and radio station, an "electric fountain" now known as the Fulford-by-the Sea Monument, a coral wall adorning a central park, and a charismatic lot-seller named Merle Tebbetts, according to *From Farms and Fields to the Future*. It was Tebbetts who first built a water plant in the area and ferried in potential customers by steamboat.

To further promote Fulford, Tebbetts invested a million dollars in the creation of a racetrack. That racetrack would only be used once, in February 1926, as the Tropical Island Speedway. "It was known as Fulford's Folly," says Alan Sokol, president of the Greater North Miami Historical Association.

Two months later, Tebbetts was arrested on mail fraud charges of false advertising. His business filed for bankruptcy. Then in September, the infamous 1926 hurricane hit, killing 400 people and devastating South Florida's land boom.

Just one month after the hurricane, Fulford was officially incorporated as a town. But with Tebbetts in jail and the economy in tethers, it was in dire need of promotion. So in 1931 it was renamed North Miami Beach.

Back then the municipality did have a beach: today's Sunny Isles Beach and Haulover. The city's borders also included Skylake, Highland Lakes, Ojus, and various other areas. Yet while residents wanted to receive services, developers and land owners didn't want to pay the extra taxes. As the Depression progressed, NMB lost Ojus, Skylake, and the beach south of 163rd Street.

But the city began gaining people after World War II, thanks to federal interest-free mortgages for veterans. Business was so brisk for NMB home builders that plans for a Coral Gables-style community were abandoned for smaller, mass-produced homes.

Builders weren't just marketing to white veterans either. "The late 1930s saw the creation of Washington Park," Sokol says. "By the 1950s Washington Park was marketed as the American dream for African-American servicemen."

A neighborhood with dirt roads and barely 1.6 square miles in size, Washington Park became the designated neighborhood for African-Americans living in segregated North Miami Beach. A 100-yard fence known as the Green Belt served as a border. It stood even after segregation

officially ended; city workers took it apart in 1977, according to Washington Park activist Hazel Crawford in a 1987 *Miami Herald* story.

NMB's demographics, meanwhile, kept shifting. By the 1960s, most of its residents were Jewish. By the 1990s, the city became increasingly black and Hispanic. The city's borders kept evolving, too.

The most well-known boundary change came in the 1950s, when NMB lost the rest of Sunny Isles, the area of north of 163rd Street, thanks to a feud between NMB's controversial mayor, George Slick, and Sonny Jones, the Sunny Isles "borough" representative to the city council. Jones pulled Sunny Isles out of NMB during a fit of anger, Bramson writes in *From Farms and Fields to the Future*. Mayor Slick, "relieved he no longer had to contend with his nemesis," didn't contest the action.

In fact, NMB has lost and gained land throughout much of its history, which explains why it has the strangest borders in the county. Its northernmost point encompasses part of the Skylake neighborhood, as well as the actual lake the (mostly) unincorporated area is named after.

NMB's southernmost neighborhood, Highland Village, which consists mainly of mobile homes, sits east of Biscayne Boulevard just above NE 135th Street. Like an island, it is surrounded by Oleta River State Park and the City of North Miami.



The proposed Harbour condominium project is one of several vying for water views.

While the vast majority of NMB is east of I-95, a triangular section of the city sits west of the Interstate, encircled by Miami Gardens. Further into Miami Gardens is the location of NMB's Norwood Water Treatment Plant, which treats and provides water for not just city residents but also for about 130,000 other people in north Miami-Dade.

The city surrounds three unincorporated pockets, too. The largest -- which includes the dated Mall at 163rd Street, a Home Depot, and a Walmart -- is called Windward. About 5000 people live in the enclave, among them 900 Jewish Orthodox families.

City officials want to annex Windward and other parts of unincorporated Miami-Dade, including the redeveloped Shops at Skylake on Miami Gardens Drive. Problem is, property owners in unincorporated Miami-Dade pay just \$1.93 per \$1000 of assessed property value. In NMB, they'd be charged \$7.58 per \$1000.



Dean's Gold: Its 2.2 acres, slated for intense development, sold for \$23.5 million, up from \$16.5 million just last year.

So far, NMB is focusing its annexation ambitions on Windward. Lorber, the city's director of community development, argues that incorporation would be in the best interest of Windward's inhabitants. "They'd want to join NMB because our police department is a mile away and statistics show that they respond to calls two minutes faster than Miami-Dade police," he says.

But Alan Sakowitz, a developer of shopping centers outside Miami-Dade County, and who lives in Windward, says the Miami-Dade Police Department has been doing an excellent job. "The thing is, if we become part of NMB, it's going to cost us more money," he says. "And if it costs us more money, they need to provide better service than we're getting today."

One way the city *could* win over Windward's inhabitants would be to allow them to close off many of its streets, Sakowitz says. There are now more than 14 access points in Windward, and Sakowitz's neighbors would like to see that

reduced to three or four. The county has refused their requests.

Sakowitz argues that Jewish Orthodox mandates to not drive on the sabbath have made his community vulnerable to criminals. Last year a visiting rabbi was killed during a robbery. "Two youths probably asked him for his wallet or cell phone, and he was shot," he says.

NMB does experience its share of crime. In 2013, according to the FBI, the city of NMB had more than 300 incidents of violent crime: 4 murders, 24 rapes, 152 robberies, and 142 aggravated assaults. There were also 1677 property crimes, including 544 burglaries, 116 vehicle thefts, and 13 arsons.

City manager Garcia insists that crime is going down. The city has hired ten additional officers, she says, boosting the force to 107. The city has also implemented community policing, a marine patrol, and a bike patrol.

And it's not just public safety that's being revamped, Garcia says. The city is expanding its code enforcement, forging a parks master plan, and has hired a "beautification team" that trims trees and picks up trash.

It's all part of the strategic plan that influences every decision the city makes about services, zoning, and budget, she says: "In times past, NMB officials didn't have any priorities. They didn't have a vision."

Michael and Myrna Somerstein have some experience with North Miami Beach urban planning. Since 1988 they have run the Wall to Nuts kosher candy store at NE 16th Avenue and Hanford Boulevard (NE 164th Street), across the street from the North Miami Beach library.

Aside from their shop and a neighboring eyeglass store, the strip center appears to be shuttered. Looks can be deceiving, though. One covered storefront is actually a meal delivery business for the ill. Another is used as a church. Yet another is used as storage for a bakery.



Fulford-by-the-Sea Monument

The Somersteins remember a time when their strip mall was alive with a Penny Pincher store, a Chinese restaurant, a Domino's pizza, and a pharmacy.

"Business was very good," says Myrna Somerstein, who stays afloat thanks to loyal kosher customers. "We supported each other." But then, between 2002 and 2007, the city invested \$10 million to renovate Hanford Boulevard. "The city wanted to upgrade it," she says. "They wanted to make it more like a pedestrian area."

Instead, the road renovation essentially ruined the boulevard. The roadwork disrupted business on her block for months, and took away parking. Other store owners moved to the busy thoroughfare of NE 163rd Street for more exposure. "They [city officials] went to school to learn these things," Myrna surmises with a note of sarcasm, "and I never went to school to learn *that*."

In Mayor George Vallejo's eyes, Hanford Avenue is an example of poor planning. Merely altering a street doesn't enhance economic development. "Before, you didn't have that mixed-use option," acknowledges Vallejo, who is also a principal broker at Allied Florida Group in west Miami-Dade.

Under the city's new zoning code, the retail strip in which Wall to Nuts operates can be replaced by a mixed-use building up to 255 feet tall. And since the strip mall lies within NMB's community redevelopment district, the new developer could receive a rebate on a portion of his property taxes.

Developer Alejandro Araujo admits he'll likely apply for a rebate for his Cambria hotel, should it be fully approved by city officials.

"The whole idea behind the tax-rebate program is to provide an incentive for the initial wave of redevelopment," Vallejo says. "Once a trend is established, and there's momentum, we can phase out the rebate." The rebates aren't automatic either, but are issued on a case-by-case basis.

Will these incentives and zoning changes be enough to spark development? Thus far, there have been more land transactions than

(1925): The hurricane of 1926 ruined the land boom it was designed to promote.

investments. "If I saw 15 cranes right now, that would be a building frenzy," says Alan Macken, principal of VCM Properties and owner of an office building at 17071 W. Dixie Highway.

Ironically, NMB is pursuing its zoning changes at a time when real estate analysts believe downtown Miami's condo development boom is showing signs of slowing. Because of the strong U.S. dollar, wealthy foreign investors who fueled the latest building spree have less cash with which to purchase Miami homes to flip or to rent.

But Councilman DeFillipo, a property owner and developer himself, says, "The market is still vibrant. As far as I know, the interest rates aren't going anywhere, at least not this year."

Inigo Ardid, who is co-developing The Harbour condominiums, says he isn't too concerned about a downtown market slowdown. He intends to break ground soon on his project, where condo units are selling for between \$552,000 and \$1.2 million.

Ralph Diaz, co-developer of Read Capital Apartments at Hanford Boulevard, is even less worried. His company isn't building another high-end condo in an already saturated condo market. Instead, it's market-rate rentals, which are in high demand. "The idea isn't to sell it, so we're not going to be subject to foreign investors," says Diaz, who hopes to break ground next May.

Either way, investors are scouting for North Miami Beach properties. David Lorenzo says they've approached his family over the past five years about buying their prime real estate. With the zoning changes, the offers have only increased.

"We're just taking a wait-and-see attitude, letting some projects happen, and going from there," Lorenzo says. "But there are no immediate plans."

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Spanish monastery fun fact:
More than 11,000 wooden crates were required to transport the dismantled and numbered stones.