

MIAMI BEACH

PLANNING DEPARTMENT

Staff Report & Recommendation

Planning Board

DATE: May 5, 2026

TO: Chairperson and Members
Planning Board

FROM: Thomas R. Mooney, AICP
Planning Director



SUBJECT: PB26-0829, 1691 Michigan Avenue – Lease Agreement.

AMENDED LEASE AGREEMENT BETWEEN CITY OF MIAMI BEACH, FLORIDA AND RK RIVANI LLC, PURSUANT TO SECTION 1.03(B)(1) OF THE CITY CHARTER, WHICH REQUIRES PLANNING BOARD REVIEW AND ADVISORY RECOMMENDATION FOR LEASE AGREEMENTS HAVING A TERM OF TEN (10) YEARS OR LONGER, INCLUDING OPTION PERIODS/RENEWAL TERMS, FOR CITY-OWNED PROPERTY

RECOMMENDATION

Review the proposed lease agreement amendment and transmit a favorable advisory recommendation to the City Commission.

BACKGROUND

On January 5, 1998, the City issued RFP No. 20-97/98, seeking proposals for the development of Public-Private Parking Facilities. On July 7, 1999, the Mayor and City Commission (City Commission) adopted Resolution No. 99-23236, approving the Agreement of Lease and the Development Agreement between the City and Lincoln Plaza Partners, LLC, for the development of a mixed-use project, located at Michigan Avenue, between Lincoln Lane and 17th Street (the "Land"). An Agreement of Lease dated September 1, 1999 was executed between the City, as Owner/Ground Lessor, and Lincoln Plaza Partners LLC, a Florida limited liability company, as Tenant/Ground Lessee (the "Ground Lease"), under which Ground Lease Tenant agreed to develop a commercial project, consisting of an office building, a parking garage, and ground floor retail space (collectively the "Project"), which Project is currently located at 1691 Michigan Avenue, and commonly referred to as "The Lincoln" (the Land and Project will be collectively referred herein to as the "Premises"). Pursuant to the Ground Lease, Tenant leases the land from the City and Tenant holds ownership and title to the Project, and upon the expiration of the Ground Lease, ownership of, and title to, the Project automatically vests in the City, without the payment of consideration.

The Ground Lease has an initial term of 50 years, expiring September 30, 2052, plus two automatic renewal options for 20 years each, unless the Tenant is in default or notifies the City within the last twenty-four (24) months of the end of the term in question that it will not exercise its option.

On December 20, 2000, the City Commission adopted Resolution No. 2000-24220, approving the Sale and Assignment and Assumption of the Ground Lease from Lincoln Plaza Partners, LLC to

LNR Jefferson, LLC. On October 5, 2005, LNR Jefferson, LLC changed its name to The Lincoln, LLC.

On or about July 18, 2006, The Lincoln LLC sold the Project and assigned its leasehold interest in the Land to Lincoln Miami Beach Investments, LLC, a Delaware limited liability company.

On November 17, 2006, Lincoln Miami Beach Investment, LLC changed its name to OIK Lincoln Miami Beach Investment, LLC, and thereafter, on June 17, 2009, merged with 1691 Michigan Ave Investment LP, a Delaware limited liability partnership.

On February 12, 2014, the City Commission approved Resolution No. 2014-28486, authorizing the Mayor and City Clerk to execute Amendment No. 1 to the Ground Lease, modifying the Scope of Use under the Ground Lease by reducing the minimum number of parking spaces required for the parking garage facility, from 700 to 645 spaces; increasing the minimum number of parking spaces required to be maintained at all times for use by the general public from 100 to 155 parking spaces; and further increasing the monthly parking spaces for members of the general public from 50 to 75, in connection with the development of a miniature golf project at the sixth floor of the garage with the subtenant, City Middle, LLC. City Middle, LLC never developed the miniature golf project; therefore, Amendment No. 1 was never Executed.

On January 13, 2016, the City Commission adopted Resolution No. 2016-29268, declining the Owner's Reciprocal Right of First Refusal and approving the sale of the Project to CLPF-Lincoln, LLC, a Delaware limited liability company ("Tenant"), subject to the Administration's successful completion of its evaluation of the proposed purchaser. The Ground Lease was further assigned to Tenant by an Assignment and Assumption of Ground Lease dated April 8, 2016.

On May 4, 2022, the City Commission adopted Resolution No. 2022-32136 declining the Owner's Reciprocal Right of First Refusal in connection with a proposed sale to 1691 Property Owner, L.O., a Delaware limited partnership that was to be owned by a fund managed by Starwood Capital Group ("Starwood Affiliate"), and rescinding Resolution No. 2014-28486 which had authorized the execution of Amendment No. 1.

On July 20, 2022, the Commission adopted Resolution No. 2022-32217 authorizing a new Amendment No. 1 ("New Amendment No. 1") that included the modification of certain terms requested by Starwood Affiliate as well as revisions favorable to the City.

The New Amendment No. 1 was executed by the Parties on July 22, 2022, but became null and void and of no further force or effect on December 31, 2022 because the contemplated sale by Tenant to Starwood Affiliate was not consummated.

In 2024, Pursuant to Resolution 2024-32875, the City approved the sale of Tenant's leasehold interest in The Lincoln for the total purchase price of \$62.5 million to RK Rivani, LLC.

On March 18, 2026, at the request of Commissioner Joe Magazine, the City Commission referred an item to the Finance and Economic Resiliency Committee and the Planning Board to consider an amendment to the lease agreement for 1691 Michigan Avenue (C4 F).

On April 1, 2026, the Finance and Economic Resiliency Committee discussed the proposed lease amendment and transmitted a favorable recommendation to the City Commission.

On April 22, 2026, the City Commission accepted the recommendation of the Finance and Economic Resiliency Committee and approved the proposed terms of a first amendment to the lease agreement and directed the Administration to negotiate a first amendment with the Tenant consistent with the term sheet, with the final first amendment subject to the prior approval of the

City Commission.

COMPLIANCE WITH REVIEW CRITERIA

Section 2.1.2.1.k of the LDRs establishes the following review criteria when reviewing the sale, exchange, conveyance or lease of ten years or longer of certain city-owned property:

1. Whether or not the proposed use is in keeping with city goals and objectives and conforms to the city comprehensive plan.

Consistent

The site will continue to be used in the same fashion as it is today and conforms with the City's goals and objectives and the Comprehensive Plan.

2. If a sale, a determination as to whether or not alternatives are available for the acquisition of private property as an alternative to the proposed disposition or sale of city-owned properties, including assembly of adjacent properties, and impact of such assemblage on the adjacent neighborhood and the city in general.

Not Applicable

3. The impact on adjacent properties, including the potential positive or negative impacts such as diminution of open space, increased traffic, adequate parking, noise level, enhanced property values, improved development patterns, and provision of necessary services.

Consistent

The proposal allows for the continuation of the existing uses and a small expansion for additional Class A office space and restaurant. No adverse impacts are anticipated by the proposal. There is an existing mixed-use building and parking garage on site so there will be no diminution of usable open space. Property values and the provisions for services will not change.

4. Determination as to whether or not the proposed use is in keeping with the surrounding neighborhood, blocks views or creates other environmental intrusions, and evaluation of design and aesthetic considerations of the project.

Consistent

The surrounding neighborhood will not be adversely affected. The site will continue to operate in the same fashion as it does today. The proposed additional Class A office space and restaurant will not obstruct views or create environmental intrusions to adjacent properties and are consistent with the surrounding CD-3 zoning district.

5. A traffic circulation analysis and plan that details the impact of projected traffic on the immediate neighborhood and how this impact is to be mitigated.

Consistent

The existing mixed-use office building has an attached parking garage which includes required parking for the building and 100 public parking spaces. The parking garage will continue to operate in the same fashion as it is today.

6. Determination as to whether or not the proposed use is in keeping with a public purpose and community needs, and improving the community's overall quality of life.

Consistent

The Tenant has currently made substantial capital investments in the Property, transforming the building into a high-quality, Class A office asset that is now attracting globally recognized tenants. These improvements have materially enhanced the value of the City-owned land and have contributed to the continued economic vitality of Lincoln Road.

7. If a lease is proposed, the duration and other non-financial terms of the lease.

Consistent

See the Analysis section below for general lease terms.

COMPLIANCE WITH SEA LEVEL RISE AND RESILIENCY REVIEW CRITERIA

Section 7.1.2.4 of the LDRs establishes the following review criteria when considering ordinances, adopting resolutions, or making recommendations:

8. Whether the proposal affects an area that is vulnerable to the impacts of sea level rise, pursuant to adopted projections.

Not Applicable

9. Whether the proposal will increase the resiliency of the City with respect to sea level rise.

Not Applicable

10. Whether the proposal is compatible with the City's sea level rise mitigation and resiliency efforts.

Not Applicable

ANALYSIS

As outlined in the Background Section of this report, the applicant, RK Rivani, LLC (the "Tenant") has leasehold interest in The Lincoln building located at 1691 Meridian Avenue which expires on September 30, 2052, plus two automatic renewal options for 20 years each. The Tenant has currently made substantial capital investments in the Property, transforming the building into a high-quality, Class A office asset that is now attracting globally recognized tenants. These improvements have materially enhanced the value of the City-owned land and have contributed to the continued economic vitality of Lincoln Road.

In addition to the significant improvements already completed, the Tenant proposes to undertake an additional investment of approximately \$50 million; further reinforcing the Tenant's ability to deliver high-value development consistent with the City's objectives for the area. The proposed terms (Exhibit A), which would be incorporated in Amendment No. 1, would authorize construction of new Class-A office space and a tentative 6,000 square foot rooftop restaurant above the existing parking structure as depicted in the renderings attached (Exhibit B). This investment, particularly on City-owned land, demonstrates both confidence in the long-term viability of the project and alignment with the City's broader goals of revitalizing Lincoln Road and strengthening Miami Beach's business environment.

With the Tenant's planned \$50 million investment in the Premises, the Tenant is requesting an amendment to the existing Lease Agreement, which is tied to the Tenant's redevelopment program and reflects conditions necessary to support the scale and feasibility of the proposed improvements. In relation to the Tenant's request to extend the lease term by an additional two (2) twenty (20) year periods, the City will obtain an independent appraisal to determine the Fair Market Rental value of the Property, as required under Miami Beach Charter Section 1.03 (any sale or lease of City-owned property for ten (10) years or more must undergo a uniform review process that includes an appraisal).

The Lease Agreement contains specific instructions for how appraisals of Fair Market Rents must be evaluated. Under the Agreement, Fair Market Rent is defined as the rent that the Land should bring if it were raw and unimproved (i.e., all existing Improvements shall be disregarded) and if it were available for use only for the same uses as the Project as it is then being used, in a competitive and open market under all conditions requisite to a fair lease, Owner and Tenant each acting prudently, knowledgeably, and assuming the rent is not affected by undue stimulus.

The Tenant seeks the following general terms as part of the Amendment:

- The Lease Agreement expires on September 30, 2052, plus two automatic renewal options for 20 years each and the Tenant seeks to extend the lease by an additional two (2) twenty (20) year terms after the last renewal option, subject to Tenant's buildout of the Phase 2 Project and to the citywide referendum process.
- Retain the existing base rent schedule in Section 3.2 of the Agreement with increases every fifth year by the lesser of 12% or the cumulative CPI over the previous five (5) year period.
- Upon obtaining a Temporary Certificate of Occupancy (TCO) or the official Certificate of Occupancy (CO) for the new Phase 2 Project, base rent shall be subject to a one-time increase by one hundred percent (100%) of the most recently calculated Base Rent. Thereafter base rent shall remain unchanged for five (5) years, increasing every five (5) years thereafter as provided in the Lease. The current base rent is \$392,512 per year.
- Upon obtaining a Temporary Certificate of Occupancy (TCO) or the official Certificate of Occupancy (CO) for the new Phase 2 Project, percentage rent to the City shall be increased from two and one-half percent (2.5%) to four percent (4%). The annual percentage rent collected for calendar year 2025 (based on 2.5% of gross revenues) was \$279,717.
- Extension of the Lease Agreement and base rent terms to be voted on by the City electorate in November 2026.
 - a. The Lease Agreement allows for adjustments to base rents in years fifty (50) and seventy (70) based on an appraisal of "Fair Market Rents". In consideration of the additional \$50 million investment, the Tenant requests that a cap be placed on the base rent increase in each of the "appraisal adjustment" terms. Due to the Tenant's investment, the Administration recommends that any base rent increases as a result of a "Fair Market Rent Analysis" adjustment be capped at thirty-three percent (33%) over the previous lease term for each of the four (4) renewal periods.
- The Lease Agreement provides that the Premises shall contain "not less than seven hundred (700) parking spaces" and further provides that "no less than one hundred (100) parking spaces available for use by members of the general public at all times at the Tenant parking rates. The planned \$50 million investment constitutes a "Major Alteration" for which the Tenant must obtain prior written consent from the Owner and prohibits such alteration from causing any reduction in the number of parking spaces.
- Amend the total number of required parking spaces within the garage to 425 spaces (where the Lease Agreement currently provides for a garage containing not less than 700 spaces) and amend to allow "Major Alterations," as defined in the Lease, that reduce number of parking spaces, with all other requirements to remain.
- Replace with Article 2 of recorded Development Agreement providing for a maximum height of 100 feet for portion of the Property zoned GU, consistent with the maximum height permitted for the GU-zoned portion of the Property under the Code today.
- Additional Public Benefits to include:

1. \$600,000 in cash contributions for Lincoln Road Improvements and/or Lincoln Road Art (Lincoln Road Initiatives and Streetscape improvements), as follows:
 - a. \$300,000 within 90 days of execution of lease amendment
 - b. \$200,000 within 90 days of issuance of building permit for proposed addition
 - c. \$100,000 within 30 days of issuance of TCO/CO for proposed addition.
 2. \$100,000 in total cash contributions to support rewards payments for tipsters for human trafficking crimes when a conviction is secured.
 - a. \$20,000/year for five years, the first payment made within ninety (90) days of execution of the lease amendment. All remaining payments to be made by January 31st of each year, for the proceeding four (4) lease years.
 3. \$50,000.00 in total cash contributions to support Miami Beach Sister Cities Program.
 - a. \$10,000/year for five years, the first payment made within ninety (90) days of execution of the lease amendment. All remaining payments to be made by January 31st of each year, for the proceeding four (4) lease years.
 4. \$250,000 for other general programs as follows:
 - a. \$10,000/year for senior citizen meal programs for five (5) years starting in January 2027, the first payment made within ninety (90) days of execution of the lease amendment. All remaining payments to be made by January 31st of each year, for the proceeding four (4) lease years.
 - b. \$100,000 in total cash contributions towards establishing a master plan for 17th Street, within 90 days of issuance of building permit for proposed addition.
 - c. \$100,000 in total cash contributions to make Lincoln Road restaurants satisfy “blue zone” criteria, within 90 days of issuance of building permit for proposed addition.
 5. Approximately \$300,000 in annual value through provision of 110 workforce parking passes, discounted parking rates, or other parking-related benefits, per year, during the term of the Agreement; to commence upon issuance of the TCO/CO.
 6. Install Level-Three, dedicated electric vehicle charging station in publicly accessible parking garage spaces prior to issuance of the TCO/CO.
 7. Hosting monthly/quarterly activations for small businesses, young entrepreneurs’ workshop, health and wellness seminars, and activations for seniors to commence within 90 days of issuance of TCO/CO.
- Activate the City’s Art In Public Places (AiPP) initiatives as directed by City Ordinance No. 2004-3448 (2% of Construction Costs).

STAFF RECOMMENDATION

In view of the foregoing analysis, staff recommends that the Planning Board review the proposed lease agreement amendment and transmit a favorable advisory recommendation to the City Commission.

EXHIBIT A

1691 MICHIGAN AVENUE TERM SHEET FOR AMENDMENT TO LEASE AGREEMENT

This term sheet (the "**Term Sheet**") sets forth the key terms which are proposed for certain amendments to that certain Agreement of Lease (the "**Lease Agreement**") between, on the one hand, the City of Miami Beach, a Florida municipal corporation (the "**City**" and "**Owner**") and, on the other hand, RK RIVANI LLC (the "**Tenant**") (collectively, the "**Parties**"), in connection with an existing public-private collaboration with respect to the property located at 1691 Michigan Avenue (the "**Premises**") with public-private parking facilities and other uses (the "**Project**").

Recitals.

- a) The City and Tenant's predecessor in interest entered into that certain Development Agreement (the "Development Agreement") and the Lease Agreement in connection with a public-private collaboration to develop the Premises with the Project.
- b) The Lease Agreement expires on September 30, 2092 (if extended) and Tenant seeks to extend the lease by an additional two (2) twenty (20) year renewal options upon the expiration of the current Agreement.
- c) Tenant further seeks to retain the existing base rent in Section 3.2 with increases every fifth year by the lesser of 12% or the cumulative CPI over the previous five (5) year period.
- d) Section 1.03 of the City Charter provides the process for the sale, exchange, or lease of ten (10) years or longer (including option periods/renewal terms) of any City-owned Property that requires, among other requirements, approval of the majority of the voters in a City-wide referendum.
- e) Tenant seeks for the extension of the Lease Agreement and base rent terms to be voted on by the City electorate in November 2026.

- f) Section 6.1(b) of the Lease Agreement provides that the Premises shall contain “not less than seven hundred (700) parking spaces” and further provides that “no less than one hundred (100) parking spaces [] shall be available for use by members of the general public at all times...”
- g) Section 14.5 of the Lease Agreement provides that an addition or alteration to the Premises which costs more than \$500,000, adjusted for inflation, constitutes a “Major Alteration” for which the Tenant must obtain prior written consent from the Owner, and prohibits such alteration from causing any reduction in the number of parking spaces.
- h) The Lease Agreement incorporates Article 2 of the Development Agreement, “Construction” (“Article 2”), as Exhibit 8.2 of the Lease Agreement. Article 2 governs the development and construction of the Project.
- i) Article 2 as represented in Exhibit 8.2 of the Lease Agreement conflicts in a material manner with Article 2 as represented in the recorded Development Agreement; namely, with respect to the maximum permitted height of the Project as set forth in Section 2.11, “Proposed Permitted Development.” Whereas the recorded Development Agreement provides for a maximum Project height of one hundred (100) feet, consistent with the City Code, while Exhibit 8.2 of the Lease Agreement provides for a maximum Project height of eighty (80) feet.
- j) The Tenant desires to invest in the Premises to maximize revenue to the City at no cost to the City by repurposing underutilized parking spaces within the garage as approximately 47,000 square feet of additional leasable square footage (the “Phase 2 Improvements”).
- k) The Tenant desires to amend Sections 6.2 and 14.5 to allow for modifications to the number of parking spaces within the Premises, and correct the scrivener’s error in Exhibit 8.2 in order to facilitate investment into the Premises intended to maximize revenue at no cost to the City.

I. Lease Extension and Base Rent Terms Subject to Referendum Process

- a) The Term is to be extended for an additional two (2), twenty (20) year renewal options upon expiration of the current Agreement subject to Tenant's buildout of the Phase 2 Improvements.
- b) **Section 3.2(d) ADJUSTMENTS TO BASE RENT** – A provision in substantially the following form shall be incorporated into the Lease Agreement: *Twelve (12) months after Tenant obtains a Certificate of Occupancy for the Phase 2 Improvements, Base Rent shall be escalated to \$500,000.*
- c) **Section 3.2(e) APPRAISAL ADJUSTMENTS TO BASE RENT** – *Sometime during the 49th (if the Term has been extended) and 69th (if the Term has been extended) Lease Years, the Parties shall cause to be made appraisals of the Fair Market Rent according to the provisions set forth below, for the purpose of adjusting the Base Rent or Phase II Rent, as applicable, which adjustments shall be effective at the beginning of the fiftieth (50th) (if the Term has been extended) and seventieth (70th) (if the Term has been extended) Lease Years, while maintaining the Percentage Rent payments as provided in **Section 3.3** herein.* This provision shall be incorporated into the two (2) additional twenty (20) year renewal options where the parties shall cause to be made appraisals of the Fair Market Rent in years 2092 and 2112 (as each term is extended). The appraisal adjustments to Base Rent occurring during the fiftieth (50th) and seventieth (70th) Lease Years shall be capped at twenty percent (20%) of the most recently calculated Base Rent. Any subsequent appraisal adjustments to Base Rent shall be capped at thirty-three percent (33%) of the most recently calculated Base Rent.
- d) **SECTION 3.3(a) PERCENTAGE RENT** – A provision in substantially the following form shall be incorporated into the Lease Agreement: *Twelve (12) months after Tenant obtains a Certificate of Occupancy for the Phase 2 Improvements, Percentage Rent shall be escalated to three percent (3%).*

II. Amendments Not Requiring Referendum Process

- a) The Lease Agreement shall be amended as follows:

Section 6.1 Use.

- Amend the total number of required parking spaces within the garage to 425 spaces, where the Lease Agreement currently provides for a garage containing not less than 700 spaces.

Section 14.5 Alterations.

- Amend to allow “major alterations,” as defined in the lease, that reduce number of parking spaces. All other requirements remain.

III. Correct Scrivener’s Error in Exhibit 8.2

EXHIBIT 8.2

ARTICLE 2 OF DEVELOPMENT AGREEMENT

ARTICLE 2.

CONSTRUCTION

Replace with Article 2 of recorded Development Agreement providing for a maximum height of 100 feet for portion of the Property zoned GU, consistent with the maximum height permitted for the GU-zoned portion of the Property under the Code today. Add addendum reflecting contemplated addition to the rooftop of the garage portion of the existing building.

IV. Public Benefits

- **Estimated Project Revenue Increase for City:**

30-year Projected Revenue to City BEFORE Rivani	\$ 28,329,034.85
30-year Projected Revenue with Rivani Phase 1 and 2	\$ 54,538,146.98 (+ 26,209,112.14)
Total 30-Year New Revenue from Rivani	\$ 26,209,112.14

- **Additional Public Benefits to include:**

- 1.** \$600,000.00 in cash contributions for Lincoln Road improvements and/or Lincoln Road art (Lincoln Road Initiatives and Streetscape Improvements), as follows:
 - a.** \$300,000 within 90 days of execution of lease amendment
 - b.** \$200,000 within 90 days of issuance of building permit for proposed addition
 - c.** \$100,000 within 30 days of issuance of TCO/CO for proposed addition.
- 2.** \$100,000.00 in total cash contributions to support rewards payments for tipsters for human trafficking crimes when a conviction is secured
 - a.** \$20,000/year for five years, the first payment made within ninety (90) days of execution of the lease amendment. All remaining payments to be made by January 31st of each year, for the proceeding four (4) lease years.
- 3.** \$50,000 in total cash contributions to support Miami Beach Sister Cities Program
 - a.** \$10,000/year for five years, the first payment made within ninety (90) days of execution of the lease amendment. All remaining payments to be made by January 31st of each year, for the proceeding four (4) lease years.
- 4.** \$250,000 for other general programs as follows:
 - a.** \$10,000/year for senior citizen programs for five (5) years starting in January 2027, the first payment made within ninety (90) days of execution of the lease amendment. All remaining payments to be made by January 31st of each year, for the proceeding four (4) lease years.
 - b.** \$100,000 in total cash contributions towards establishing a master plan for 17th Street, within ninety (90) days of issuance of building permit for proposed addition.
 - c.** \$100,000 in total cash contributions to make Lincoln Road restaurants satisfy “blue zone” criteria, within ninety (90) days of issuance of building permit for proposed addition.
- 5.** \$300,000 to coordinate with City’s Parking Department to maximize the use of public parking through provision of 110 low-income workforce parking passes, discounted parking rates, or other parking-related

benefits, per year, during the term of the Agreement, to commence upon issuance of the TCO/CO.

6. Install Level-Three, dedicated electric vehicle charging station in publicly accessible parking garage spaces prior to issuance of the TCO/CO.
7. Hosting monthly/quarterly activations for small business, young entrepreneurs' workshop, health and wellness seminars, and activations for seniors to commence within 90 days of issuance of the TCO/CO.

V. Art in Public Places (AIPP)

Activate the City's Art in Public Places (AIPP) initiatives as directed by City Ordinance No. 2004-3448 (2% of Construction Costs).

Exhibit B



























