

Making Bright Brighter:

Highlighting South Florida as a shining example of Adaptive Reuse 2.0



KC Conway, CCIM, CRE, MAI

Caylinn Peterson

Red Shoe Economics, LLC

kc@redshoeeconomics.com



Prepared for and Provided By:

MIAMI Realtors and a generous grant from the National Association of REALTORS

AdRu 1.0 (Blight to Bright) Evolution to AdRu 2.0 (Bright Brighter)

Adaptive Reuse (AdRu) is not a new term or concept to the commercial real estate industry. However, AdRu is an evolving property use trend expanding beyond the rejuvenation of single-property assets in urban areas to form neighborhood renewal extending to the suburbs and secondary MSAs. In other words, *AdRu 1.0 (Turning Blight Bright)* was about understanding the conversion of individual assets in cities from something “blight-ed” to something “bright” again. *AdRu 2.0 (Making Bright Brighter)* is about taking the property use trend beyond one-off properties associated with blight and applying it to entire neighborhoods beyond the urban core to make suburban areas even brighter than when first developed three, four, or more decades ago.

AdRu 2.0 is a proactive approach to adaptive reuse. It involves a re-examination of our suburban communities to reposition them for transformation before the opportunity for change passes them over, and creates blight that will later need to be addressed. What kind of change? Change such as driverless vehicles and a transportation evolution away from car- concentric infrastructure. Change such as 5G and its impact on more remote work post Covid19. Change such as integrating versus segregating work and recreation, housing affordability, and population diversity. Imagine if this evolving AdRu 2.0 had been applied as America developed the Interstate Highway System nearly three-quarters of a century ago¹ - and if a car-concentric infrastructure was designed to preserve and connect neighborhoods, and not divide and segregate cities. Think about Route 66 and how the neighborhoods and communities along the East-to-West coast roadway failed to plan for the change of an Interstate Highway System. Reflect, for example, on Birmingham, Alabama and the blight that resulted from an Interstate Highway System that bypassed and divided a city deeply rooted in politics and racism. Birmingham is today hard at work reconnecting their city using the AdRu 2.0 neighborhood approach which could have been planned for more than a half century ago. Similarly, the construction of I-95 in South Florida divided communities in ways that are still visible today. This was particularly apparent in

¹ Birth of America’s Interstate Highway System commencing in 1956 - https://www.army.mil/article/198095/dwight_d_eisenhower_and_the_birth_of_the_interstate_highway_system

Overtown during the early 1960s when municipalities acknowledged that thousands of families would be displaced by the construction of I-95; however, no relocation assistance programs were offered, or even in place. In fact, it was expressed that “highway building and housing were two separate and distinct activities.”² Can we learn from the past and appreciate the AdRu 2.0 example being promulgated by MIAMI Realtors and community leaders in South Florida to anticipate the change ahead?

A post Covid19 era will only accelerate AdRu 2.0 as remote work is likely to be one of the lasting residual effects of the pandemic. American companies and their workforce have discovered that:

- Dense is neither the most affordable nor enjoyable work and living model;
- Technology advancements in eCommerce, Last-Mile Logistics, the virtual office (Zoom, GoToMeeting, DocuSign, etc.), and the imminent reality of driverless vehicles favor suburbs and secondary MSAs;
- Suburbs and secondary MSAs are an overlooked opportunity for adaptive reuse.

Communities and metropolitan areas surrounding dense cities like New York, Chicago, Los Angeles, Dallas, and Washington D.C. can address a lack of housing affordability, declining workforce, and out-migration of companies and their workforce by studying AdRu 2.0 and learning what South Florida has done about *Making Bright Brighter* in the suburbs and outlying cities.

Step Back to AdRu 1.0

Before you can comprehend AdRu 2.0, you must go back to AdRu 1.0 for some foundational concepts including:

- What constitutes adaptive reuse;
- The driving forces that led to *Turning Blight Bright* and how those forces are both similar and different with respect to AdRu 2.0;
- The challenges confronting AdRu activity that are being reduced by AdRu 2.0.

² I-95 and Its Effect on Overtown, Raymond A. Mohl, “Race and Space in Miami”, Urban Policy in Twentieth-Century America (1992) - https://localwiki.org/miami/i-95_and_its_effect_on_Overtown

In the Summer of 2018, the CCIM Institute published an Insights paper on adaptive reuse titled “*Adaptive Reuse: Turning Blight into Bright*”³ authored by K.C. Conway, CCIM, CRE, MAI. This 2018 report was a first step to:

- Redefine and quantify the adaptation of obsolete commercial properties;
- Identify the influences driving AdRu activity;
- Examine how adaptive reuse projects effectively compete with new construction; and
- Highlight the impediments to a broader application of AdRu activity.

Defining Adaptive Reuse

Prior to the 2018 CCIM Institute “*Turning Blight into Bright*” AdRu 1.0 paper, there was not a generally accepted definition for what constituted an adaptive reuse property. The three elements that define an adaptive reuse project remain:

1. Reuse of all or a material portion of an *Existing Structure*;
2. Presence of *Functional and/or Economic Obsolescence*; and
3. *Change of Use*.

Of these three elements, the most material was - and remains - a Change of Use. Merely renovating an older office building with a new lobby and updating mechanical systems, or refurbishing a Big-Box retail store from use by an apparel retailer to a sporting goods or furniture merchant, is not adaptive reuse.

The question then follows: *How is the definition of AdRu 2.0 changing?*

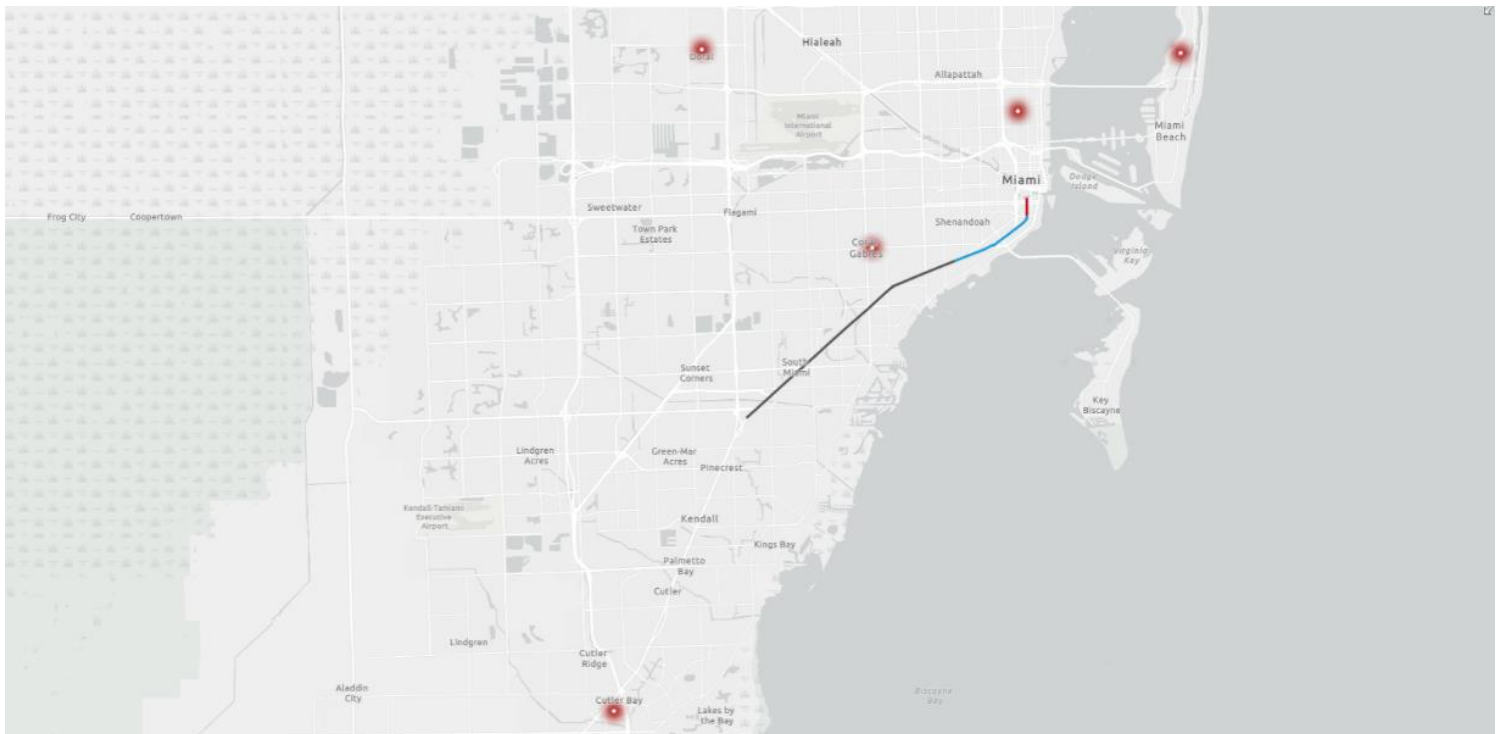
The answer to the aforementioned question is a fourth element. The newly added fourth element for the definition for AdRu 2.0 is *neighborhood*. AdRu 2.0 is defined as “the change of use for existing properties suffering from current functional or foreseeable economic

³ CCIM Institute 2018 Adaptive Reuse “Turning Blight Bright” Insights paper by K.C. Conway, CCIM, MAI, CRE
<https://www.ccim.com/newscenter/commercial-real-estate-insights-report/adaptive-reuse/>

obsolescence impacting a neighborhood versus a single property.” *In other words, AdRu 2.0 is neighborhood versus single property concentric.*

Examples of the neighborhood-concentric approach to adaptive reuse in South Florida developed and explained in this paper include:

- Wynwood Arts District
- Doral
- Coral Gables (Whose experimentation with adaptive reuse dates back nearly 100 years)
- Cutler Bay (How to redefine a community whose identity evolved around a now defunct mall?)
- The Underline
- Ritz Carlton Residences, Miami Beach



This neighborhood application of AdRu extends to open space and greenspace with such projects as *The Underline* – a 10-mile linear park integrating multiple uses and reconnecting neighborhoods previously separated by automobile concentric infrastructure despite being ironically located below the Metrorail elevated train system.

AdRu 2.0 is differentiated from AdRu 1.0 by neighborhood versus property specific applications. While other cities have projects that emulate this neighborhood element now defined as AdRu 2.0, such as Denver, Colorado (redevelopment of the former Stapleton Airport with a “new neighborhood” approach while preserving elements of the existing airport - the air traffic control tower), or Tempe, Arizona outside Phoenix (2.0msf and \$600 million Marina Heights project to reinvigorate an underutilized portion of the Arizona State University campus with a live-work-recreation neighborhood that included a lake, new HQ for State Farm Insurance, and affordable housing), only South Florida has and is applying the neighborhood element of AdRu 2.0 metro-wide on multiple fronts. South Florida is the quintessential example of AdRu 2.0 in the United States.

Looking Forward to the NextGen of Adaptive Reuse with AdRu 2.0

This “*Making Bright Brighter*” report by *Red Shoe Economics* for MIAMI Realtors develops this neighborhood concept of adaptive reuse being successfully deployed in South Florida by community leaders and MIAMI Realtors. This paper examines 6 projects that reveal a set of unique perspectives about AdRu 2.0. Some of these examples have experienced AdRu before, such as Coral Gables and its conversion of a quarry to the renowned Venetian Pool in the 1920s. Others are examples of repurposing an industrial area with innovative financing (Wynwood – Miami’s garment and fashion district in the 1980s to an iconic business and arts district that was one of the first in South Florida to use a BID [Business Improvement District] to help finance its neighborhood AdRu).

And then there are examples of AdRu 2.0 Works-In-Progress, such as Doral and Cutler Bay. Doral is a good example of a successful suburban community anchored by an iconic recreational asset that experienced unimagined growth as it was not incorporated until more than a half century after its genesis. It is an example of how local government can be part of the solution in a

neighborhood application of adaptive reuse compared to AdRu 1.0 where local government was identified as a primary impediment to adaptive reuse.

Cutler Bay is an example of life after the demise of a suburban mall, Southland Mall. The Mayor of Cutler Bay, community leaders, surrounding residents, and the vested property owners of the legacy Cutler Ridge Mall are working collaboratively to find a neighborhood AdRu solution. What lies ahead for Cutler Bay is potentially not too dissimilar to the transformation and remaking to the former SouthGlenn Mall in Centennial, Colorado southeast of Denver. It, too, took a public/private partnership approach to create a new AdRu neighborhood known today as the Streets of SouthGlenn.⁴

Key highlights and takeaway conclusions from this paper include:

- *“We Create Magic in Places Often Overlooked.”*⁵ This quote by Goldman Properties and the late Tony Goldman, who is credited with the vision that is today Wynwood, and best captures the essence of adaptive reuse and the neighborhood approach in AdRu 2.0.
- *Post Covid19, successful communities will be pedestrian concentric.* Taking a neighborhood approach to AdRu and preserving the cultural elements of what made a community great in its “hey-day” encourages a pedestrian-based community. That is the legacy lesson of Wynwood.
- *Working collaboratively from the get-go is critical to a successful neighborhood AdRu.* Regardless of the type of public/private partnership; local government, businesses, residents, community leaders, and property owners have to find common ground and work together. Doral is modeling this for Cutler Bay. And the Streets of SouthGlenn in Centennial, Colorado south of Denver is an example of the necessity of working together for a new community.

⁴ Streets of SouthGlenn AdRu story in Centennial Colorado SE of Denver – A neighborhood approach to AdRu
<https://www.centennialco.gov/Government/Departments/Economic-Development/The-Streets-at-SouthGlenn/The-Streets-at-SouthGlenn-FAQs>

⁵ Goldman Properties History - <https://goldmanproperties.com/history/>

- *Local government can be the solution in AdRu 2.0 that it was not in AdRu 1.0.* Learning from Doral and the absence of a governing entity with a cohesive planning and zoning strategy in its first 50 years of existence, development activities prior to incorporating were not well thought out. Creating a local government entity/incorporating allowed Doral to coordinate their economic development efforts and manage their services and funding more effectively. Subsequently, Doral has seen exponential growth with a more organized planning strategy.
- *Imitation is more than a form of flattery.* Study what has worked elsewhere and incorporate what works into your own community's neighborhood AdRu. Doral has learned from Wynwood and is incorporating those lessons into its adaptive reuse strategies. Key elements to integrate into any neighborhood AdRu include:
 - Make it pedestrian-friendly
 - Preserve culture
 - Be proactive and flexible with businesses and ideas in repurposing properties
 - Think forward not backward – look at what reconnects residents, businesses, and recreation
- *It costs money to do a neighborhood AdRu, and a community is well served to figure out the financing from the get-go. A BID is one successful strategy.* Noting from the Doral example herein: "Creating a Business Improvement District (BID) would be an advantageous way to generate funds while also forming an organization to operate and advocate for the subject area moving forward."
- *Think Forward – the lesson from Coral Gables.* "In an effort to stay current with changing economies and technological innovations, Coral Gables is in the process of updating their zoning code. One of the main goals is to encourage developers to invest in the area; however, current regulations make it difficult for them to make a profit. Many lots are shallow making it difficult to incorporate the current parking requirements."

- *Don't overlook the need for greenspace when embarking on a neighborhood concentric AdRu 2.0.* What you need may be right under your nose. The lesson from The Underline that surpasses even the “Beltline” in Atlanta is: “The Underline will be a 10-mile linear park that spans over 120 acres under Miami’s Metrorail. This project highlights the adaptive reuse opportunities that can arise from space that may have been previously written off as unusable. Once completed, the park will have a wide array of amenities including a basketball court, mini-soccer field, exercise equipment, running track, dog park, art gallery, butterfly gardens, gaming tables, and a communal dining table that can seat up to 50 guests. A 700 SF sound stage with a 2,300 SF plaza will also be incorporated to accommodate community events and cultural and wellness programs. Free Wi-Fi will be offered throughout as well.

1 | Wynwood Arts District



Wynwood Walls⁶

⁶ Wynwood Walls Photo Source - <https://wynwoodmiami.com/businesses/wynwood-walls/>

Wynwood Arts District⁷ has become an exemplary model of how a large, struggling neighborhood can cohesively transform into a cultural gem. Wynwood began as a residential neighborhood for middle-class households after farmland was purchased in 1917 and subsequently divided. Once families arrived, business established sites to tap into the local workforce. This commercial influx eventually enabled Wynwood to become The Garment District with large warehouses for clothing manufacturing. According to an article on Miami History⁸, Miami's Fashion District grew to be the third largest in the country in the 1980s. However, as commercialization of the area increased, newer suburbs were expanded, and I-95 was constructed, the residential population in Wynwood became characterized as lower-income with many households experiencing hardships.

As time went on, the area became unsafe with numerous riots and increasing racial tensions. During this time, there was exceptionally low nighttime population in the downtown area and garment district since there was limited nightlife and retail remaining open after dark as the daytime workforce 'evacuated' at the end of the workday. The residential decline combined with a commercial exodus due to a transition to overseas manufacturing contributed to Wynwood becoming a shell of its Garment District prime.

Fortunately, Wynwood caught the attention of Tony Goldman, Goldman Properties Founder, in the early 2000s. Goldman Properties' motto is "We Create Magic in Places Often Overlooked,"⁹ and this aptly describes the role they assumed with this area. Before focusing on Wynwood, Tony Goldman was instrumental in reinvigorating SOHO in New York City and South Beach in Miami. Between 2004 and 2006, Goldman Properties purchased over 25 properties that would become Wynwood Arts District. A small arts community had been emerging in the area, and Tony recognized the significance of incorporating art into the new community plan. This artistic component is integral to Wynwood's identity today and helps encourage a pedestrian-based community. The area is also currently looking to address some of the parking issues that can hinder neighborhood walkability by introducing a parking garage valet service. For example, this

⁷ Wynwood Arts District - <https://wynwoodmiami.com/>

⁸ History of Wynwood Miami, August 2014 - <https://miami-history.com/history-of-wynwood-miami/>

⁹ Goldman Properties History - <https://goldmanproperties.com/history/>

would allow individuals to park their cars in a garage at one end of Wynwood and then stop at the most convenient garage to their current location whenever they are ready to leave to have their car brought around to them. Over the last two decades, Wynwood has expanded over 50 city blocks and includes more than 400 business, 200 street murals, and 30 restaurants.¹⁰

In 2009, the Miami 21 zoning code was adopted with one of their key principles of good planning being “Building Communities: Abandoned industrial corridors can be revitalized into communities.”¹¹ This zoning change would prove to be instrumental in encouraging a community that has a true live-work-play environment with strong walkability. Miami 21 has also recently identified Wynwood as a Neighborhood Revitalization District (NRD-1).¹² This will allow the zoning to be tailored to Wynwood, recognizing its unique artistic and industrial nature.

In 2013, the community decided to formally organize the Wynwood Business Improvement District (BID). The BID covers 50 city blocks and 400 properties who have agreed to pay a special assessment in order to generate funding for supplemental services that the municipality cannot support on its own. The estimated cost of additional services that would be funded by this special assessment is \$760,000 per year.¹³

Supplemental services the BID would provide include security, sanitation, streetscape improvement, transportation, marketing, promoting the artistic culture, and coordinating with local municipalities on items such as favorable zoning, capital improvements, economic development, etc.

A crucial component of this is the partnership between the public sector, in this case the City of Miami, and the private sector, i.e., property owners, businesses, etc. This is a recurring theme of AdRu projects today as the public and private sector acknowledge that they are able to make a larger impact by working together.

¹⁰ Wynwood | Our Story - <https://wynwoodmiami.com/learn/our-story/>

¹¹ Illustrated Principles of Good Planning - <http://www.miami21.org/IllustratedGoodPlanning.asp>

¹² Miami 21 Appendix J – Wynwood NRD-1

¹³ Wynwood BID’s Formation Resolution R-13-0136 - <https://wynwoodmiami.com/wp-content/uploads/Wynwood-BID-Formation-Resolution-R-13-0136-Color-Version.pdf>

WHAT IS A BUSINESS IMPROVEMENT DISTRICT (BID)?

A BID establishes a geographically defined area where a special assessment is charged to property owners in the district to provide special services, programs, and/or improvements within the district above and beyond what the local government provides. It typically has an entity that oversees the district and implementation of initiatives and projects, such as a non-profit organization with a Board of Directors and committees.

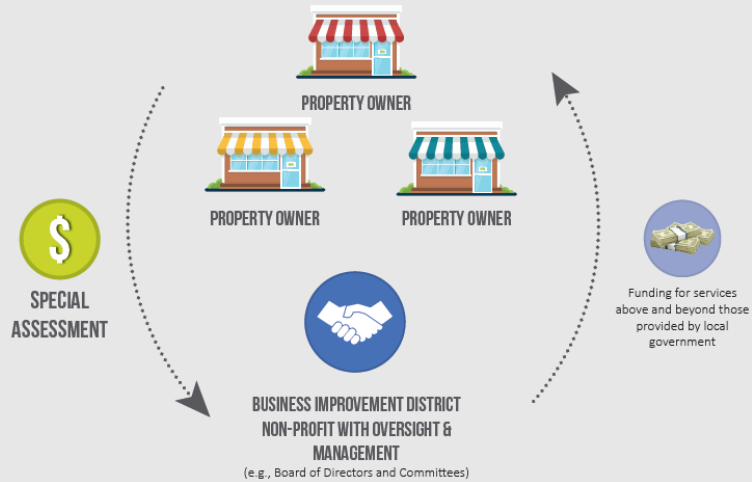


Figure E-4: Business Improvement District

Wynwood has primarily grown through the conversion of underutilized or dilapidated buildings into creative office and retail space, and those opportunities continue to exist today. Recent success stories include The Print House and 1-800-Lucky.



The Print House¹⁴

¹⁴ The Print House Photo Source - https://wynwoodmiami.com/development_projects/print-house/

The Print House, located at 2509 N Miami Avenue, Miami, FL 33127, was formerly a 17,843 SF commercial printing plant built in 1925.¹⁵ In 2019, Link Real Estate and Jameson Equities completed the expansion of the building to include 21,000 SF of creative office space and 4,000 SF of retail space.¹⁶ The building was home to Pioneer Announcements for more than 60 years, and the company purchased the site in 1971 for \$94,000.¹⁷

By the end of 2017, the property had significantly appreciated, and developers paid \$5.4 million for the acquisition. In homage to the building's history, the exterior façade will be a mural resembling newspaper print. Incorporating the story behind the site has shown to be a powerful tool in drawing an audience and differentiating the destination from the competition.



1-800-Lucky¹⁸

1-800-Lucky, located at 143 NW 23rd Street, Miami, FL, 33127, was a former warehouse that has been converted into a food hall focusing entirely on Asian cuisine. The 10,000 SF building is home

¹⁵ MKDA Designed The Print House Adaptive Reuse in Miami, April 2018 - <http://www.mkda.com/new-york/news/mkda-designed-printhouse-adaptive-reuse-miami/>

¹⁶ The Print House - https://wynwoodmiami.com/development_projects/print-house/

¹⁷ Link, Jameson Equities Team Up on Creative Office Project in Wynwood, December 2017 - <https://therealdeal.com/miami/2017/12/19/link-jameson-equities-team-up-on-creative-office-project-in-wynwood/>

¹⁸ 1-800-Lucky Photo Source - <https://wynwoodmiami.com/businesses/1-800-lucky/>

to seven restaurants and two bars with communal indoor and outdoor seating. Patrons enter the food hall through a record store, and a karaoke room is available for private events.¹⁹

2 | Doral

The City of Doral has recognized the significant benefits arising from reinvigorating areas on a downward trajectory before they reach a true 'blighted' status. Doral began in the 1950s when Doris and Alfred Kaskel acquired 2,400 acres of vacant everglade land for \$49,000. They proceeded to build a hotel and a country club on the property in 1962. The development was named Doral Hotel and Country Club after its founders 'Dor'is and 'Al'fred. Today the site is known as Trump National Doral Golf Club following purchase of the property by Donald Trump in 2012 for \$150 million.



Clubhouse of Doral Hotel and Country Club²⁰

¹⁹ 1-800-Lucky - <https://www.1800lucky.com/restaurants>

²⁰ Clubhouse of Doral Hotel and Country Club Photo Source - <https://www.pinterest.com/trumpdoral/our-history/>

Despite beginning its story in the 1950s, Doral was not officially incorporated as its own municipality until 2003. Without having a governing entity with a cohesive planning and zoning strategy, the development activities prior to incorporating were not well thought out. Incorporation status allowed the community to coordinate their economic development efforts, and manage services and funding more effectively. Since unifying together, Doral has seen exponential growth, and the city is proving to be very proactive in identifying opportunities within their city limits.



The 15 Fastest-Growing Large Cities²¹

²¹ US Census: The 15 Fastest-Growing Large Cities - <https://www.census.gov/library/visualizations/2020/demo/fastest-growing-cities-2018-2019.html>

In particular, Codina Partners²² began significantly transforming Downtown Doral in 2014 with over \$1 billion²³ invested. The vibrant town center spans 250 acres with everything from luxury residential, office, and retail buildings to Doral's City Hall and Downtown Doral Park.



Downtown Doral²⁴

Doral has now proactively pinpointed an area directly north of Downtown Doral for a natural progression for revitalizing areas currently on a downward economic trajectory. This area is predominately characterized by industrial buildings with many of the structures being significantly older than the average age of buildings in Doral as a whole. Additionally, both the city and subject area are running out of vacant land that can be used for new development. According to Doral, “the study area is 11% vacant (13 acres), and the city is 5% vacant (450 acres).” This puts the emphasis on adaptively reusing the existing buildings instead of ground-up developments.

²² Corridors of Opportunity: Codina Barlick on Building Doral's Downtown, May 2019 - <https://www.codina.com/news/corridors-of-opportunity-codina-barlick-on-building-dorals-downtown/>

²³ Armando Codina: Development and Civic Leader Focuses on Industrial Sector, October 2019 - <https://www.codina.com/news/armando-codina-development-and-civic-leader-focuses-on-industrial-sector/>

²⁴ Downtown Doral Photo Source - <https://downtowndoral.com/>



Map E-1: Study Area

Doral Subject Area

Jackson Health System also expanded their footprint in Doral when they acquired 27 acres in 2015 for \$38.5 million.²⁵ The site was formerly the home of Incredible Universe until the company closed its stores in the late 1990s. Currently under construction, Jackson West Medical Center is estimated to cost approximately \$250 million.²⁶ The hospital is projected to open in 2021²⁷ bringing much needed medical options to the area's residents and workers, while also re-engaging this stagnant property within the surrounding community.



Jackson West Medical Center Rendering²⁸

²⁵ Jackson West to Open in City of Doral - <https://jacksonhealth.org/blog/2015-09-jackson-west/>

²⁶ New Doral Hospital Provides Options to Miami Springs Residents, January 2019 - <http://new.miamisprings.com/new-doral-hospital-provides-options-to-miami-springs-residents/>

²⁷ New Jackson West Medical Center Campus Set to Open in the City of Doral - <https://mlmiamimag.com/new-jackson-west-medical-center-set-to-open>

²⁸ Jackson West Medical Center Rendering Photo Source - <https://mlmiamimag.com/new-jackson-west-medical-center-set-to-open>

PERCENT SQUARE FOOTAGE BY DECADE

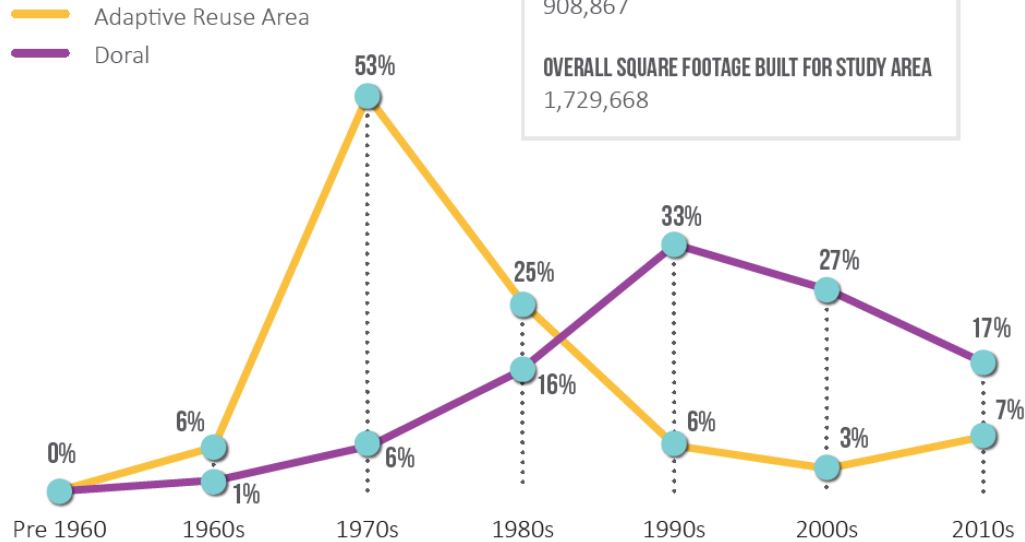


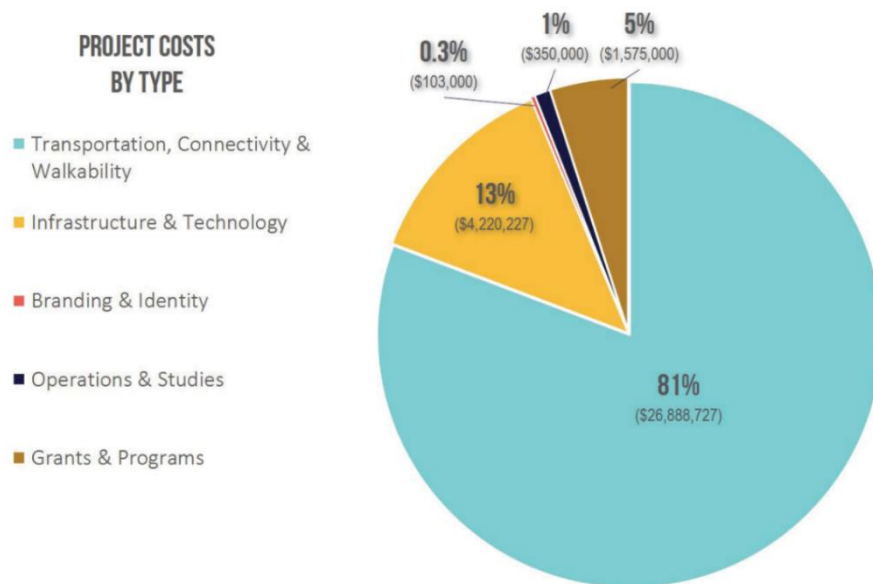
Figure E-2: Square Footage Built by Decade. Source: Florida Department of Revenue, 2018.

After significant analysis, Doral approved an extensive Adaptive Reuse Study Area Action Plan in 2019 detailing numerous measures to be taken to revitalize the subject area. Several case studies were included; however, Wynwood Arts District would prove to be the largest inspiration for Doral's strategy. In fact, concepts have already crossed over from Wynwood after Doral Yard moved to Downtown Doral from its temporary location as Wynwood Yard.²⁹

Both Doral's subject area and Wynwood Arts District largely began their metamorphosis as industrial warehouses. Key aspects Doral would like to replicate from Wynwood include its highly artistic culture, pedestrian-friendly environment, active first-floor requirements, and creative uses which may have not been allowed under the previous zoning regulations. Doral's team acknowledges that many of these goals will require numerous updates to current regulations such as, reducing parking requirements, easing the list of prohibited uses, updating streetscape

²⁹ Della Heiman: Shifting from Former Wynwood Yard to a New Doral Yard, May 2020 - <https://www.miamitodaynews.com/2020/05/05/della-heiman-shifting-from-former-wynwood-yard-to-a-new-doral-yard/>

plans to improve walkability and aesthetics, reducing setback requirements to create a more urban feel, and allowing custom signage and murals to enable the creative culture desired. Doral is targeting unique concepts for the area, so design standards like maximum storefront widths may be implemented to discourage chain stores joining the mix. Doral has identified numerous avenues for funding. Total capital and non-capital costs associated with Doral's AdRu plans are estimated to be \$33.1 million with \$31.2 million attributed to capital expenses.



Creating a Business Improvement District (BID) would be an advantageous way to generate funds while also forming an organization to operate and advocate for the subject area moving forward. Doral estimates that creating a BID would generate almost \$6 million in revenue by 2040.

Projected BID Revenue Estimate		
Year	Adaptive Reuse Area Taxable Value	Projected BID Revenue
2019	\$ 176,183,625	-
2020	\$ 184,111,888	\$176,184
2021	\$ 192,396,923	\$184,112
2022	\$ 201,054,784	\$192,397
2023	\$ 210,102,250	\$201,055
2024	\$ 219,556,851	\$210,102
2025	\$ 229,436,909	\$219,557
2026	\$ 239,761,570	\$229,437
2027	\$ 250,550,841	\$239,762
2028	\$ 261,825,628	\$250,551
2029	\$ 273,607,782	\$261,826
2030	\$ 285,920,132	\$273,608
2031	\$ 298,786,538	\$285,920
2032	\$ 312,231,932	\$298,787
2033	\$ 326,282,369	\$312,232
2034	\$ 340,965,076	\$326,282
2035	\$ 356,308,504	\$340,965
2036	\$ 372,342,387	\$356,309
2037	\$ 389,097,794	\$372,342
2038	\$ 406,607,195	\$389,098
2039	\$ 424,904,519	\$406,607
2040	-	\$424,905
Total		\$5,952,035

Figure 3-7: Projected BID Revenue Estimate. Source: taxable value sourced from Florida Department of Revenue, 2018
Note: assumes 1.1 millage rate, tax value growth rate of 4.5%, and \$1 of revenue per \$1,000 of taxable value; collected revenue for each year is based on the prior year's taxable value.

3 | Coral Gables

The City of Coral Gables began with an idea of George Merrick in the early 1920s and was officially incorporated as a city in 1925. He inherited ownership of the citrus groves from his father that would jumpstart his plan, and his vision was largely inspired by The City Beautiful Movement.³⁰ This movement encouraged “beautification and monumental grandeur” meant to combat the blight appearing from overcrowding, and inefficient planning during the Industrial Revolution. In some ways, this is an early example of AdRu 2.0 where public and private partnerships developed a plan to transform struggling areas addressing changing social and economic needs.

The city was constructed with an emphasis on Mediterranean styles, with its first AdRu project in 1924. Merrick used limestone from a local quarry to build numerous structures. When it was no longer able to be mined, the quarry was converted into The Venetian Pool.³¹ Today, this pool is listed in the National Register of Historic Places, and is the only pool to attain this distinction.



The Venetian Pool³²

³⁰ Coral Gables Museum: The City Beautiful Movement - <https://coralgablesmuseum.org/portfolio-item/the-city-beautiful-movement/>

³¹ The Venetian Pool History - <https://www.coralgables.com/venetian-pool-history>

³² The Venetian Pool Photo Source - <https://www.coralgables.com/venetian-pool-history>

Construction on Coral Gables began in 1921, and between 1920 and 1923 alone, Merrick had invested more than \$50 million³³ on developing the area. With a commitment to its Mediterranean and City Beautiful influences as evidenced in its zoning and planning policies, the city has grown into a thriving community today with over 50,000 residents.

In an effort to stay current with changing economies and technological innovations, Coral Gables is in the process of updating their zoning code. One of the main goals is to encourage developers to invest in the area; however, current municipal regulations make it difficult for them to build profitably. Many infill lots are very shallow making it difficult to meet the current parking requirements.

The city has emphasized the importance of attaining a pedestrian-centric community, which encourages changes providing for reduced parking on certain properties. Growing the pedestrian environment will help bridge the transportation disparity between individuals with cars, and those without. By reducing current parking requirements, municipalities could increase the density and recapture space currently being utilized by parking lots. Increasing the density also increases walkability for people without cars, and encourages a more active lifestyle for all.

Major changes to the zoning code would incorporate reduced parking in certain cases where businesses utilize remote off-site parking, or payment-in-lieu parking plans. Remote off-site parking allows businesses to utilize parking on another property within a certain distance from the subject property. Payment-in-lieu parking plans are agreements allowing developers to pay a fee instead of incorporating the required number of parking spaces. In some cases, sites are not required to have parking at all. For example, within the Central Business District Overlay, buildings with a maximum lot width of 100 feet and a maximum height of 45 feet or 3 stories are not required to have any off-street parking.³⁴

Continuing the theme of parking adaptations, Coral Gables is also planning on redeveloping two of their current parking garages: Garage 1 located at 245 Andalusia Avenue and Garage 4 at 345 Andalusia Avenue. One goal is to modernize the currently dilapidated structures while

³³ George Edgar Merrick, August 1942 - http://digitalcollections.fiu.edu/tequesta/files/1942/42_1_01.pdf

³⁴ Coral Gables Zoning Update - <https://www.coralgables.com/zoningupdate>

maintaining their parking capabilities. Another goal focuses on recapturing space within the building currently utilized by parking that could have a more engaging use. For example, the city is planning on redeveloping Garage 1 to have ground floor retail and a community park on its roof instead of only parking spaces that previously resided in those areas.³⁵



Garage 4: Currently (Left)³⁶ and Coral Gables City Center, LLC Rendering (Right)³⁷

In 2017, Coral Gables sent out an RFP³⁸ for developers to reimagine the two parking garages, and the contract was ultimately awarded to Coral Gables City Center, LLC. The development team behind the winning bid includes The Allen Morris Company and The Related Group Associated Consultants, Inc. The selected proposal (CGCC's Version 1) included 770 parking spaces in Garage 1, 280 spaces in Garage 4, 244 residential units in Garage 4, and 28,749 SF of ground floor retail collectively. The proposal also indicated that Garage 1 would reach 9 stories, and Garage 4 would be 16 stories housing the multifamily component.³⁹

³⁵ Building the City of the Future, Coral Gables Magazine - <https://coralgablesthemagazine.com/building-the-city-of-the-future/>

³⁶ Coral Gables Garage 4 - <http://legacy.coralgables.com/index.aspx?page=903>

³⁷ Coral Gables City Center, LLC Development Proposal (Page 362) - <https://evogov.s3.amazonaws.com/media/91/media/144860.pdf>

³⁸ Coral Gables Parking Garage RFP - <https://www.coralgables.com/departments/economic/parkinggaragerfp>

³⁹ Coral Gables Legislation Attachment 7: 01-24-17 – Parking Garage RFP PowerPoint Presentation - <https://coralgables.legistar.com/LegislationDetail.aspx?ID=2942105&GUID=3E40BCAA-72A9-4D6A-ADBA-71778DADEA2D>

Table 1: Andalusia Avenue Property City of Coral Gables, Florida Development Program					
I. Residential (Multifamily Rental)	244 dwelling units				
II. Retail	28,749 square feet				
III. Structured Parking	593,359 square feet				

CAPITAL SOURCES (ALL NUMBERS IN \$1,000,000'S)	VERSION 1			
	Total	Residential	Retail	Office
TOTAL PROJECT CAPITALIZATION ^[1]	\$170.2	\$149.8	\$20.4	\$0.0
EQUITY	\$60.6	\$52.4	\$8.2	\$0.0
CONSTRUCTION LOAN	\$109.6	\$97.4	\$12.2	\$0.0

I. Ad Valorem Revenue (20 years) City of Coral Gables Miami-Dade Public Schools S. Florida Water Mgmt. Dist. Everglades Construction Project Okeechobee Basin FIND* County Operating County Debt Service Library District Children's Trust		\$22,853,979 \$31,294,205 \$599,819 \$208,025 \$652,031 \$131,557 \$19,186,407 \$1,850,025 \$1,167,572 \$2,055,584
TOTAL		\$79,999,204
II. Construction Economic Impacts Output Earnings Employment		\$311,474,000 \$93,738,000 2,519
III. Annual Economic Impacts Output Earnings Employment		\$74,205,461 \$19,408,880 628

Coral Gables City Center Version 1 Est. Project Cost, Funding and Economic Impacts⁴⁰

However, Coral Gables decided to change direction and self-develop the garages in 2019 in the hopes of speeding up the development timeframe, and retaining more control of the garages. This decision came with the agreement that the city would have 3 years to break-ground on Garage 1 before Coral Gables City Center, LLC is able to re-negotiate the redevelopment. If the city is successful in self-developing Garage 1 within the allotted time frame, Coral Gables City Center, LLC would retain a right-of-first-refusal for 25 years to purchase Parking Garage 4.⁴¹

Coral Gables has consistently placed an emphasis on staying ahead of new innovations for the community's benefit, and these development initiatives are no exception. The city has recognized the importance of identifying space within projects that may be transformed into a more engaging neighborhood use (i.e., Garage 1's planned rooftop transformation from *parking to park*). There has been some community resistance to the zoning changes; however, transparent

⁴⁰ Coral Gables City Center Development Proposal (Pages 102, 103, and 120) - <https://evogov.s3.amazonaws.com/media/91/media/144860.pdf>

⁴¹ Coral Gables Puts Development with Related Group, Morris on Hold, March 2019 - <https://www.bizjournals.com/southflorida/news/2019/03/29/coral-gables-puts-city-center-on-hold.html>

communication to educate the public on the project's benefits will assist in combating any potential NIMBY mentalities.

4 | Cutler Bay – Southland Mall



Cutler Bay's origin stems from Dr. Henry Perrine when he was granted 36 square miles from the US Government in 1838 in an effort to stimulate development and agriculture in southern Dade County. The area had been clashing with the Native American population living there, so the government hoped that new development would help reduce its vulnerability. Unfortunately, Perrine passed away during a Seminole raid in 1840 without the chance to start his plan. Following his death, a legal dispute over ownership tied up the land for decades until 1897 when the Perrine heirs were able to claim title.

Cutler Ridge would finally gain a more permanent population base once Henry Flagler decided to extend his railway system, the Florida East Coast Railway, south to Key West in the early 1900s. Flagler began his Florida railroad investments in St. Augustine in the late 1880s after realizing the significant benefits this transportation option would bring by connecting his current hotel ventures. The railroad had reached Miami by 1896, and Flagler was prompted to continue the railway to Key West once the United States began the Panama Canal Project in 1905. This additional 156 miles of railway, Over-Sea Railroad, is considered "the most ambitious engineering feat ever undertaken by a private citizen," according to the Henry Morrison Flagler Museum.⁴²

⁴² Henry Morrison Flagler Biography - <https://flaglermuseum.us/history/flagler-biography>

Flagler acquired a large percentage of the Perrine Grant land for his railway extension. Any land that was not utilized for railroad services was marketed to individuals and investors primarily as agricultural land. However, outside investors were originally hesitant due to their lack of experience farming the rocky land found in this area. Eventually, the agricultural community learned to work with the stone soil structure, and communities began to grow in the area.

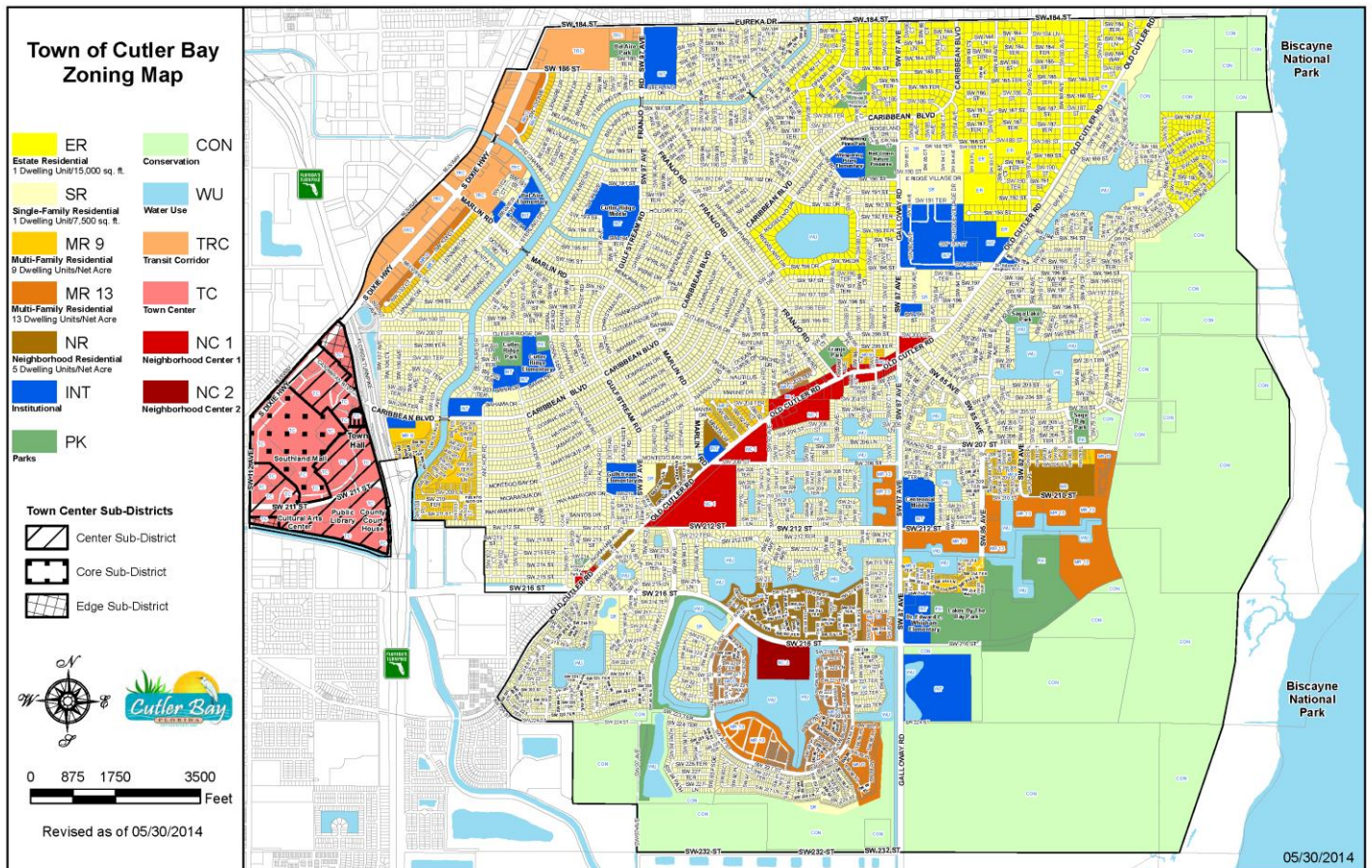
The area began trending away from agriculture and towards urbanization during World War II when the Homestead Army Airfield was opened in 1942. The military base, used for maintenance and training during the war, attracted large populations that located in the area even after the military ceased its use in 1945.

Following the end of the war with troops returning home, many developments began to establish themselves, including Cutler Ridge. David Blumberg purchased approximately 1,400 acres and developed the community's first subdivision in 1954, Cutler Ridge Section One. Blumberg named the new development after Dr. Cutler and the limestone ridge that ran beneath the land. Cutler Ridge would soon see even greater growth once the Homestead Army Airfield reopened in 1955 in response to the Korean War. Blumberg's investment in this community would continue over many years including the development of Cutler Ridge Mall⁴³, now Southland Mall, in 1972.

Cutler Ridge continued to expand over the next few decades; however, the town's lack of incorporation would prove to be problematic. Without their own governance and oversight, Cutler Ridge was at the mercy of the county that continued to locate its 'unattractive' projects in the area including a Super Fund dump site and a wastewater treatment plant. With these uses and projects being pushed towards Cutler Ridge, beneficial services to the community such as educational facilities and municipal services like a police force were significantly thwarted. In addition to the lack of control, the community also struggled with the absence of cohesive planning, zoning, codes, etc. These frustrations cumulated with the town voting to officially incorporate as Cutler Bay in 2005.

⁴³ Development of Cutler Bay - <https://www.cutlerbay-fl.gov/community/page/development-cutler-bay>

In the 16 years since incorporation, Cutler Bay has been working towards a coordinated economic development plan for their community vision. Most recently, the town has been updating the zoning regulations relating to the declining Southland Mall in order to encourage the adaptive reuse of the Town Center district identified on the map below. The zoning regulations within the Town Center incorporate factors such as higher development density, expanded permitted uses, and active first floor requirements that encourage a pedestrian-centric environment.

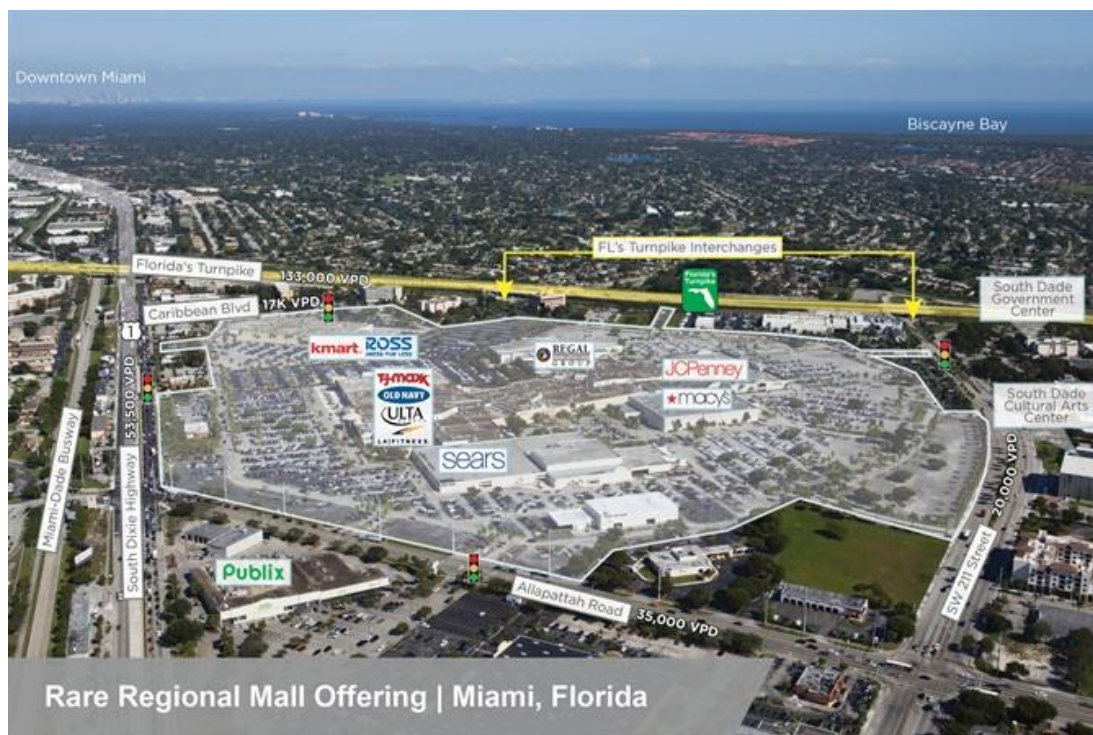


Southland Mall located in Cutler Bay presents an opportunity for a significant AdRu 2.0 project. The mall originally began as an extension of the Cutler Ridge Shopping Center which first opened in the 1960s. The mall was nearly destroyed in 1992 by Hurricane Andrew and was rebuilt with some modifications to the current 990,000 SF retail center. Southland Mall experienced financial

troubles prior to the coronavirus pandemic. At the end of 2020, Trepp reported occupancy of 74%, with vacancies negatively impacting the property's appraised value. Its appraisal fell from \$130 million in 2014, to \$68.4 million last year.⁴⁴

In April 2020, the current owner, Investcorp, defaulted on its \$65 million CMBS loan and initially asked its special servicer KeyBank for relief. However, the firm later said the property will be “unsustainable,” according to Trepp. A foreclosure suit was filed in June and a receiver for the mall was appointed in the summer.

In October, the commercial brokerage JLL was hired to sell the \$65.1 million CMBS loan tied to the mall. The marketing pitch cited the mall's Opportunity Zone designation and redevelopment potential. This listing was short lived as Wells Fargo, representing a trust of commercial mortgage-backed securities investors, was awarded a foreclosure judgment of \$68.7 million in January and the property was ordered to be sold at a foreclosure auction on February 10, 2021. Wells Fargo placed a credit bid of only \$2,600. There were no other bids, and the lender seized the property.⁴⁵



⁴⁴ Lender Takes Control of Struggling Southland Mall in Cutler Bay, February 2021 -

<https://therealdeal.com/miami/2021/02/22/lender-takes-control-of-struggling-southland-mall-in-cutler-bay/>

⁴⁵ Miami Herald Article - <https://www.miamiherald.com/news/business/article249381140.html>

Current plans are uncertain as re-developing malls is a difficult task even for experienced mall owners. Part of the challenge is securing the anchor tenant spaces which are currently independently owned. Options for AdRu include a mixed-use development with a retail component and office or industrial (Last Mile) options. The new Mayor of Cutler Bay, Tim Meerbott, may be the key that unlocks the future of this site. Recently securing a \$17 million land swap to expand the operational space for the municipality, the Mayor has the support of the community, both residents and government officials, and has expressed a desire to redevelop the 72.8 acres that is currently Southland Mall.⁴⁶

5 | The Underline



The Underline⁴⁷

The Underline will soon become a 10-mile linear park that spans over 120 acres under Miami's Metrorail. This project highlights the adaptive reuse opportunities that can arise from space that may have been previously written off as unusable. The Underline will be constructed in three phases with final completion anticipated by 2025. The first phase, Brickell Backyard, recently opened and stretches approximately 0.5 miles. Once completed, the park will have a wide array

⁴⁶ Tim Meerbott: Cutler Bay Mayor Plans for a Community Gathering Site, February 2020 - <https://www.miamitodaynews.com/2020/02/25/tim-meerbott-cutler-bay-mayor-plans-for-a-community-gathering-site/>

⁴⁷ The Underline Photo Source - <https://www.theunderline.org/activities/exercise/>

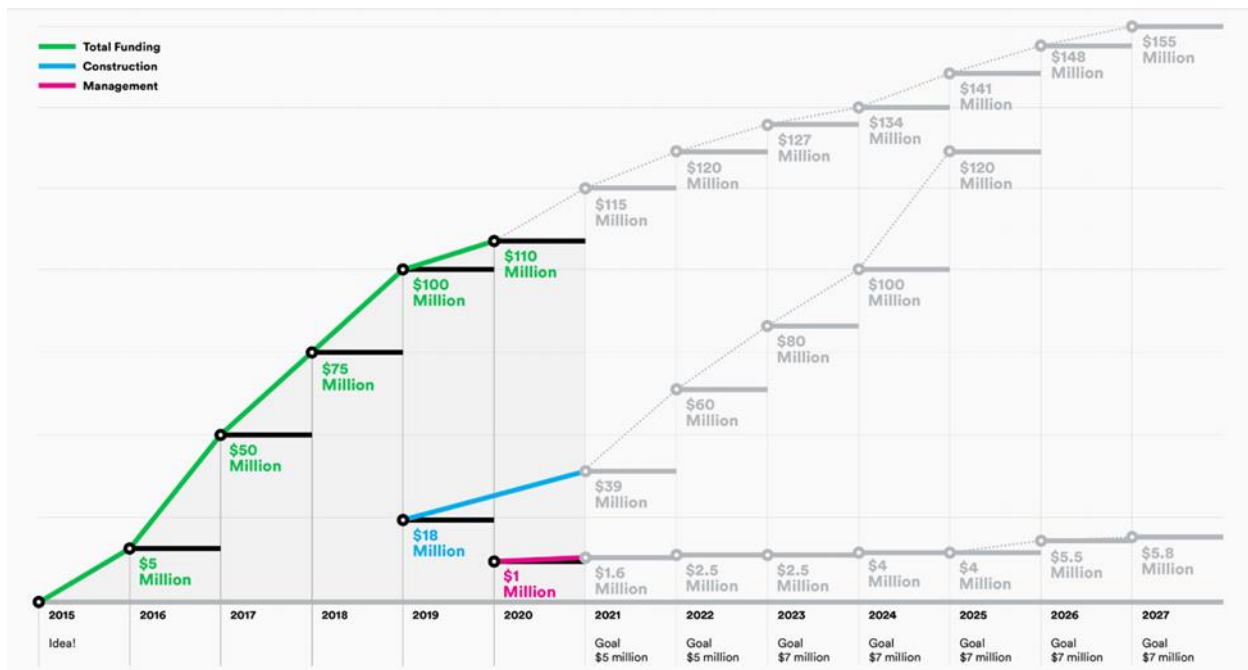
of amenities including a basketball court, mini-soccer field, exercise equipment, running track, dog park, art gallery, butterfly gardens, gaming tables, and a communal dining table that can seat up to 50 guests. A 700 SF sound stage with a 2,300 SF plaza will also be incorporated to accommodate community events and cultural and wellness programs. Free Wi-Fi will be offered throughout The Underline giving numerous adults and children access to a crucial tool they may have lost due to hardships like COVID-19.

The vision for The Underline began in 2013 when Meg Daly, Friends of The Underline Founder, began walking below Miami's Metrorail to meet with her physical therapist for rehabilitation after breaking her arms. Meg recognized the existing walking path was in desperate need of new life and offered a unique redevelopment opportunity for the community.

While Miami's Metrorail provides much needed shade in the hot and humid Florida climate, the overlooked walking area was not inviting, nor particularly safe. At that time, Miami-Dade County was characterized as having one of the most dangerous conditions for pedestrians and bicyclists in the country. An insulated route away from roads and with direct access to Metrorail stations would greatly increase the safety of individuals moving through this area.

While the need for action was clear, the project had a large funding problem. Ms. Daly attributes the success of the project to establishing a public and private partnership. In fact, neither the public nor private sector had the financial resources to see the project through on their own. The total project funding required is estimated to be \$155 million with \$110 million being raised thus far.⁴⁸

⁴⁸ The Underline 2020 Prospectus Report - https://www.theunderline.org/wp-content/uploads/2020/06/2020-THE-UNDERLINE_PROSPECTUS.pdf



The Underline Project Funding⁴⁹

The public and private funding sources include Miami-Dade County, the State of Florida, FDOT, Miami, Coral Gables, South Miami, the John S. and James L. Knight Foundation, the Health Foundation of South Florida, and Mitchell Wolfson Foundation.⁵⁰ The construction component of funding for the first phase, which recently opened, was provided by Miami-Dade County (\$7,688,760), FDOT TAP Grant (\$1,944,000), State of Florida (\$2,000,000), the City of Miami (\$4,871,690), and FDOT (\$19,808) for a total construction cost of \$16,524,258.⁵¹ Miami-Dade County currently owns the land that will be transformed into The Underline which eliminates the hurdles that can arise from coordinating with multiple property owners.

In addition to monetary partnerships for funding The Underline, success of the project is further aided by organizations volunteering their expertise and services. The Underline team began with a vision on the design and ultimately partnered with University of Miami's School of Architecture. Ten students dedicated a semester towards creating the plan for the new greenspace. Then the

⁴⁹ The Underline Project Funding Graph Source - https://www.theunderline.org/wp-content/uploads/2020/06/2020-THE-UNDERLINE_PROSPECTUS.pdf

⁵⁰ The Underline FAQ: How is the Project Being Funded? - <https://www.theunderline.org/phases/>

⁵¹ The Underline Phases - <https://www.theunderline.org/phases/>

team connected with The High Line Network⁵² an organization involved in similar projects including The High Line in NYC, The BeltLine in Atlanta, and Buffalo Bayou in Houston. The High Line Network connects organizations working on similar infrastructure reuse projects together for collaboration on best practices, and how to overcome hurdles that may pop up.

While the obvious improvement of the direct space under the Miami Metro could be argument enough to initiate this plan, the land adjacent to the project will also see significant benefits due to the close proximity to The Underline. From the new aesthetic frontage that is created by the greenspace, to increased foot traffic, to the potential of new development near transit stations, the potential for value creation is endless.

According to The Underline's Economic Impact Study, annual tax revenue is expected to increase by \$6 to \$10 million in increased property values with the creation of more than 400 permanent jobs. An additional estimate of \$300 to \$485 million in incremental assessed value for existing properties will be created by the completion of this project.

Spending in the area from increased foot traffic is estimated to increase the economic activity by \$170 million per year during construction, and \$50 million per year following completion. The revenue stream to be generated from the projected 20 million SF of new development is expected to add \$3 billion in gross taxable value to the county.⁵³

⁵² The High Line Network - <https://network.thehighline.org/>

⁵³ Creating Value Through Open Space: The Economic Impacts of The Underline - <https://www.theunderline.org/wp-content/uploads/2018/09/Miami-Underline-Economic-Impact-Study-FINAL-12.4.15.pdf>

6 | The Ritz Carlton Residences, Miami Beach



The Ritz-Carlton Residences, Miami Beach⁵⁴

As evidence that individual private sector AdRu opportunities are still available, the owners of a former hospital, the Miami Heart Institute, have transformed the property into luxury residential condominiums, The Ritz Carlton Residences, Miami Beach⁵⁵. Prior to the property's life as a medical campus, the site was originally developed by Carl Fisher to operate as The King Cole Hotel⁵⁶ in 1925.

Fisher developed numerous hotels in Miami Beach that helped spur Miami's tourism industry and establish it as a snowbird destination. While still functioning as The King Cole Hotel, the property had its first experience as a medical facility when it was temporarily transformed into a military hospital during WW2.

⁵⁴ The Ritz-Carlton Residences, Miami Beach Photo Source -

<https://theresidencesmiamibeach.com/gallery/#category=design-vision&index=0>

⁵⁵ The Ritz-Carlton Residences, Miami Beach - <https://theresidencesmiamibeach.com/>

⁵⁶ The Old King Cole and Other "Lost" Miami Beach Hotels: Some Wolfsonian Highlights, January 2015 - <https://wolfsonianfiulibrary.wordpress.com/2015/01/21/military-hospitalsthe-old-king-cole-and-other-lost-miami-beach-hotels-some-wolfsonian-highlights/>



The King Cole Hotel⁵⁷

The King Cole Hotel was demolished in 1965 to make way for the Miami Heart Institute. The hospital successfully operated and continued to expand over the years; and was incorporated into the Mount Sinai Medical Center in 2000. The ultimate purpose of the acquisition was to reduce competition for Mount Sinai's existing nearby hospital. Once the purchase was completed, Miami Heart Institute closed its doors, and its staff was predominantly consolidated within the neighboring medical campus.

⁵⁷ The King Cole Hotel Photo Source - <https://www.floridamemory.com/items/show/34944>



Miami Heart Institute⁵⁸

In 2012, Lionheart Capital and Elliott Management Corporation partnered to purchase the former hospital property for \$20 million. Prior to spearheading this project, Ophir Sternberg, Founder and CEO of Lionheart Capital, began his career in NYC where he focused on revitalizing neighborhoods experiencing a downward decline.⁵⁹ In 2010, Sternberg relocated to South Florida and began developing The Ritz-Carlton Residences, Singer Island. This project was the conversion of a 450,000 SF condominium tower on 8 oceanfront acres. According the Lionheart Capital, the project is now completely sold out at more than \$300 million.⁶⁰

⁵⁸ Miami Heart Institute Photo Source - <https://www.wolfbergalvarez.com/projects/miamiheart.html>

⁵⁹ Ophir Sternberg Bio- <https://lheartcapital.com/ophir-sternberg/>

⁶⁰ The Ritz-Carlton Residences, Singer Island - <https://lheartcapital.com/projects/the-ritz-carlton-residences-palm-beach-fl/>



The Ritz-Carlton Residences, Singer Island⁶¹

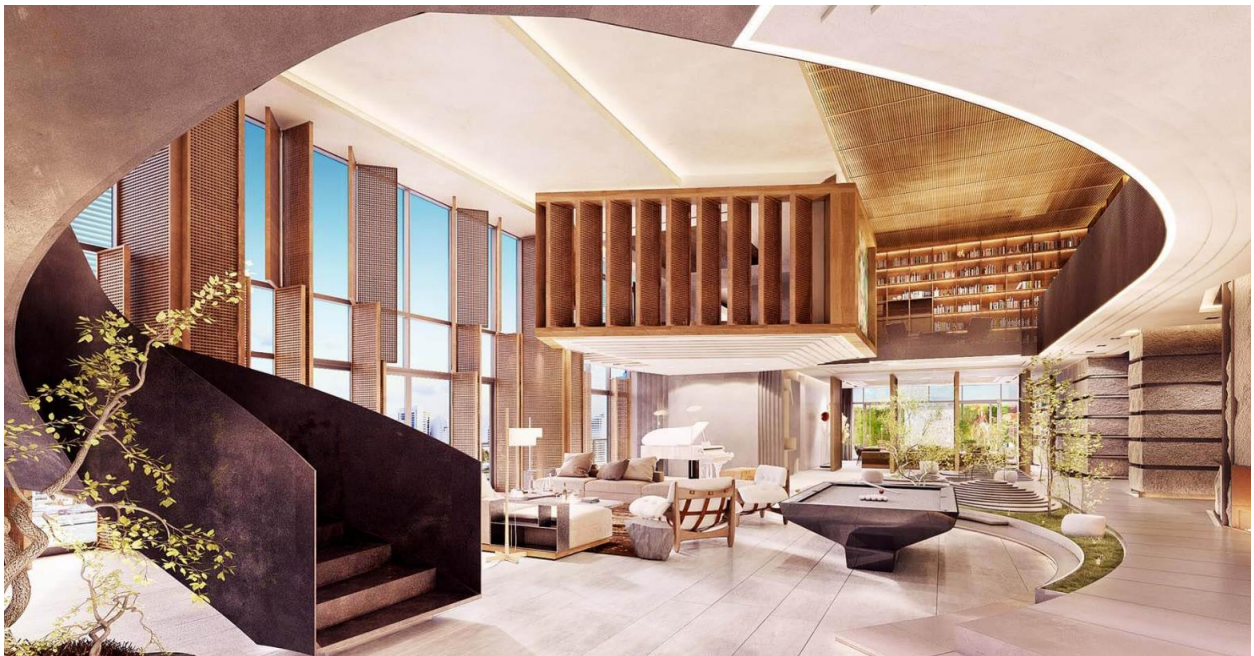
Following the success of The Ritz-Carlton Residences, Singer Island, Lionheart Capital began the adaptive reuse of the Miami Heart Institute into The Ritz-Carlton Residences, Miami Beach in 2012. As the surrounding area is dominated by residential neighborhoods, the vacant medical facility presented a harsh contrast. A unique characteristic of this project is that the existing structure was grandfathered in to allow higher density zoning than current regulations would approve today. According to Building Design and Construction Network⁶², the developers would lose approximately 600,000 SF if the existing structures were scrapped and new condominiums were constructed. New residential construction was also limited to 4 stories. Instead, the new owners were motivated to convert the former hospital and take advantage of its existing footprint.

The developers were able to beautifully convert the hospital property into 111 condominium units, and 15 free-standing villas. The footprint of the former hospital allowed the architects to design units with wider floorplans and higher ceiling heights than traditionally found in similar

⁶¹ The Ritz-Carlton Residences, Singer Island Photo Source - <https://www.theresidencespalmbeach.com/gallery/>

⁶² Abandoned Miami Hospital Gets Third Life as Waterfront Condo Development, January 2021 - <https://www.bdcnetwork.com/abandoned-miami-hospital-gets-third-life-waterfront-condo-development>

condominiums giving them an airier feel. The unit sizes vary significantly from 1,922 SF to over 10,000 SF. Amenities include 36 private boat slips, two pools, a poolside restaurant, spa, fitness center, art studio, meditation garden, and a kid's room. The property also boasts a theater, day yacht, edible garden, club room, pet grooming, and helicopter services.



The Ritz-Carlton Residences, Miami Beach Penthouse Living Room⁶³

Units are listed from \$2 million to \$40 million with a projected sellout estimated to be \$550 million, according to Lionheart Capital.⁶⁴ This project is a great reminder that some buildings may be worth the risk if they enable a different type of structure than would be approved in a new development due to grandfather clauses.

In furthering their commitment to reimagining struggling areas, especially big-box retail stores, Lionheart Capital created a subsidiary called Out of the Box Ventures⁶⁵ in 2017. Their vision is to “transform these retail spaces into dynamic mixed-use destinations, designed to be as functional

⁶³ The Ritz-Carlton Residences, Miami Beach Penthouse Living Room Photo Source - <https://theresidencesmiamibeach.com/gallery/#category=penthouses&index=0>

⁶⁴ Lionheart Capital: The Ritz-Carlton Residences, Miami Beach - <https://lheartcapital.com/projects/the-ritz-carlton-residences-miami-beach-fl/>

⁶⁵ Out of the Box Ventures - <https://ootbventures.com/>

as they are impactful in the revitalization of their surrounding areas and communities.”⁶⁶ Lionheart Capital’s story began in NYC reinvigorating emerging neighborhoods in New York City, and it continues to expand that reach every day.

Conclusion | Adaptive Reuse is a “Neighborhood Thing.”

Adaptive Reuse (AdRu) is not a new term or concept to the commercial real estate industry. It is an evolving property use trend expanding beyond the rejuvenation of single-property assets in urban areas to a broader neighborhood application now extending to the suburbs and secondary MSAs. As a property type, it surpasses the amount of square feet in property uses like self-storage. It is long overdue to recognize Adaptive Reuse as its own property type.

The original 2018 Adaptive Reuse paper by the CCIM Institute - and the co-author of this paper (*AdRu 1.0 (Turning Blight Bright)*) - provided the CRE industry with a much-needed uniform definition for Adaptive Reuse needed for data collection, transaction analysis, and capital underwriting of key metrics ranging from operating expense ratios and NOI to LTV and Cap Rate ranges. It also examined the spectrum of redevelopment projects undertaken from 1998-2018 that included large scale urban projects (such as repurposing of historic train depots and former malls), small scale properties (like former branch banks and a former air traffic control tower), as well as the application to blighted pathways (graffiti laden train tunnels or abandoned rail lines in NY and Atlanta) for the creation of much needed greenspace to reconnect neighborhoods divided by rail and highway infrastructure and generate opportunities for new residential development.

This paper sheds light on the next phase in the evolution of Adaptive Reuse described herein as **“Making Bright Brighter.”** AdRu 2.0 involves a re-examination of our suburban communities to reposition them for transformation before the opportunity for change passes them over, or worse, creates blight that will later need to be addressed at a much higher cost – especially in a post-Covid19 era where so many retail, small business, and hospitality property uses have closed. Some communities, like South Florida, are ahead of the curve for the change that lies ahead.

⁶⁶ Out of the Box Ventures: About Us - <https://ootbventures.com/about-us/>

What kind of change? Driverless vehicles and a transportation evolution of car-concentric infrastructure to more walkable, driverless-car friendly with less land being utilized for parking.

While Miami and South Florida are no strangers to Adaptive Reuse dating back nearly a century in Coral Gables with the Venetian Pool, and the many shopping malls decimated by "[Retail eVolution](#)" requiring new land use solutions; Miami and South Florida are a leading example of Adaptive Reuse being applied on a neighborhood basis. The City of Doral has discovered that becoming incorporated and overlaying a comprehensive AdRu land use plan is a model for other communities such as Cutler Bay. Doral confirms local government is an important component in the solution to AdRu from a neighborhood perspective. And this "Neighborhood Approach" to Adaptive Reuse is occurring in other communities in the United States: Phoenix with the Marina Heights project in Tempe AZ (adjoining Arizona State University), and in Denver with the redevelopment of the former Stapleton Airport by Forest City, or the [Streets of SouthGlenn](#) transformation from a 1970's vintage suburban mall into an affluent SE Denver community- all examples of something Brighter representing a 2020-generation AdRu neighborhood.

This paper provides a blueprint for making suburban communities Brighter by applying a neighborhood approach to transforming economically obsolete areas. Miami is the quintessential example of this neighborhood approach in action – and don't forget the green space. Miami's new Underline project is reconnecting neighborhoods once divided. If that is not great ESG (Environmental, Social and Governance), and DEI (Diversity, Equity and Inclusion) from a real estate perspective, what is?