

Opportunity Zone -- but for Whom?

Written by Erik Bojnansky, BT Senior Writer
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Little Haiti squirms on the chopping block



Two proposed immense projects in the vicinity of Little Haiti may be headed for public hearings within the next few months.

If both projects are approved by the Miami City Commission, nearly 14 million square feet of new structures will be built between two high-rise communities within one mile of each other.

That prospect has some residents and business owners of Buena Vista, the Upper Eastside, and Little Haiti nervous. Among their concerns are congested streets, an increase in late-night entertainment establishments, the displacement of lower-income residents, and the erasure of Haitian culture in an enclave that has been settled by immigrants since the 1970s.

“A really bad hurricane needs to come and scare them off. That’s what it’s come down to,” says Naomie Payen, a third-generation resident of Little Haiti who is opposed to the projects.

To placate residents, the development teams of both projects are offering community benefits agreements (CBAs) that include preferred hiring for Little Haiti residents, public open plazas, and new roads. The developers of both projects also want train stations in their respective future communities. And they’ve offered a combined \$41 million for the Little Haiti area, the distribution of which would be determined by two separate advisory boards. However, the exact

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form of those community benefits, as well as the developments themselves, are still being negotiated as they head toward public hearings, says Miami's planning and zoning director, Francisco Garcia. Those hearings could be delayed, Garcia adds.



One of those two projects, the Magic City Innovation District, is close to being approved. It would be built on a 17.8-acre assemblage in Little Haiti that includes the former Magic City Trailer Park at 6001 NE 2nd Ave., the historic DuPuis Building, and a couple of dozen warehouses.

The developers of the Magic City Innovation District want zoning that would allow them to build a new 8.2-million-square-foot community that will include 2600 residential units, 432 hotel rooms, 335,000 square feet of retail, and 1.9 million square feet of office space.

Approved at first reading by the Miami City Commission on March 29, the Plaza Equities-led Magic City project is scheduled to be heard by the elected body for a second and final reading June 25, but *only* if the state's Community, Planning, Development, and Services division completes its review.

In exchange for generous zoning, Magic City's developers are offering \$31 million, paid over 15 years, for affordable housing to be built elsewhere in Little Haiti, the funds of which would be administered by the Miami City Commission under the guidance of an advisory board of five voting members, with one being appointed by the city manager and the other four named by the

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city commissioner of District 5, an elected position now occupied by Keon Hardemon.

The second project, the 5.4-million-square-foot Eastside Ridge, is tentatively scheduled to be heard by the city's Planning Zoning and Appeals Board on May 15. It would include as many as 3370 residential units, 400 hotel rooms, and around 390,000 square feet of non-residential commercial space.



If approved, Eastside Ridge would replace the 400-unit, 22-acre Design Place apartment complex at 54th Street and NE 2nd Avenue, just south of the city's officially designated Little Haiti neighborhood.

Under the proposed Eastside Ridge development agreement, submitted to the planning department on March 20, the New York-based Podolsky family is offering community benefits that include ten percent of the project's units being reserved for workforce housing, defined as housing for residents whose earnings disqualify them for government-subsidized housing but who struggle with rising rents (under the county's ordinance requirements, their earnings are 60-140 percent of the county's median household income of \$52,300).

The Podolskys have pledged \$10 million for "promoting the Little Haiti community," if they are allowed to build all 3370 residential units. That "promotion," according to the draft agreement submitted by the developer, includes creating affordable housing offsite, "advancing educational opportunities," helping efforts to retain Haitian culture, "promoting Haitian-owned & operated businesses," and providing legal assistance with immigration and naturalization issues.

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The draft agreement also envisions the funds being distributed by a seven-person board, with four appointed by the developer and three by the District 5 city commissioner.



Both applications are being made under the city's special area plan, or SAP, provision of the Miami 21 zoning code, which allows real estate developers with control of nine contiguous acres of land to submit plans for a new urbanely planned community.

Since Miami 21's passage in May 2010, there have been seven SAPs approved in the City of Miami, including projects built on slightly less than nine acres of land, like Robert Wennett's Miami Produce Center in Allapattah, within city Commissioner Willy Gort's District 1 (see this issue's cover story).

Of those seven SAPs approved by the city, three are located in District 5. One of those SAPs is just across the street from Design Place: the 20-acre "empathic village" at Jewish Health Systems, a senior care facility. The other two are the Craig Robins-led Miami Design District Retail Street SAP, which enabled the ongoing redevelopment of the 22-acre commercial district within Buena Vista, and Moishe Mana's planned 9.7-million-square-foot Mana Wynwood in western Wynwood.

Garcia, the city's planning director, contends that SAPs can be useful in that they encourage

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developers to provide publicly accessible open space in a municipality where parks are scarce, as well as other infrastructure improvements, like transportation enhancements, new roads, and even affordable housing. They're also a great tool for urban planning, he says, since the development agreements specify how and where they will be built.

"These large assemblages of land presented an opportunity in the interaction between the city and private developers to go beyond the minimum standard [of Miami 21]," Garcia tells the *BT*.

But SAPs are generating enough backlash from City of Miami residents that the Planning and Zoning Department is reviewing regulations governing how SAPs are approved. On April 25, the Miami City Commission unanimously approved an ordinance banning SAPs within single-family zoned properties. Garcia says the city commission has also asked for the drafting of an ordinance that requires public input on future SAPs.

That's not enough for Buena Vista Heights homeowner Geina Veillard, who was born in Little Haiti. She's pushing for an outright ban on SAPs, using an online petition that, as of deadline, had gathered 413 signatures.

"They are harming our quality of life by...destroying affordable housing and replacing it with insane high-rise overdevelopment, displacing long-time residents, and making horrible traffic much worse," writes Veillard in the petition.

Her neighbor Ulysee Kemp, who has lived in Buena Vista Heights since 1963, says the traffic is already so horrendous that he has trouble getting on the I-95 ramp that's right by his house.

"They've got several SAPs going on, which is going to encompass this entire neighborhood in high-rises," Kemp tells the *BT*. "If we wanted New York we would have lived there. This is not New York. This is Miami, and we don't need another New York in Miami. The infrastructure can't support it."

Marleine Bastien, a prominent Haitian activist and executive director of the Family Action Network Movement, says she would prefer that approvals of the Magic City and Eastside Ridge

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SAPs be postponed until after the city creates a master plan for Little Haiti. “There’s no impact study to look at the results of the development,” she says.

At the very least, Bastien says, a new Magic City Innovation District agreement needs to be redone. She denounces the current deal as the result of private meetings between Commissioner Hardemon and Magic City’s developers.

There’s also some apprehension about the makeup of the Little Haiti Revitalization Trust board pushed by Hardemon. Leonie Hermantin is a board member of Concerned Leaders of Little Haiti, a coalition of Haitian activists who generally support the Magic City project. She fears that by being able to appoint four members of the five-member board, Hardemon can shut out Haitian activists like herself to determine how the money should be spent.

“There’s no room for community input as to who the members of the board are,” Hermantin says. “It’s at the discretion of the commissioner.”

Nevertheless, the Miami City Commission unanimously approved the Little Haiti Revitalization Trust board during its April 25 meeting. (Hardemon’s office did not respond to e-mail messages from the *BT* by deadline.)

Bastien and other critics of the Magic City deal question why the project no longer offers affordable and workforce housing on site. Prior to the first reading of the Magic City SAP, the developers promised to designate 14 percent of the project’s units as workforce housing and 7 percent as affordable housing. Under county regulations, affordable housing is housing designated for those who make 30-80 percent of the county’s median household income.

Neisen Kasdin, an attorney for Magic City, insists that mixing subsidized housing among the market-rate apartments will be impractical. Market-rate units are built larger than affordable units, Kasdin explains, yet they both cost the same to construct if they’re included in the same building. “So as soon as you try to put affordable units in a market-rate building, it will drive up the construction costs for everything, both the affordable and the market rate, and therefore it is not feasible,” Kasdin says.

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But by providing \$31 million for affordable housing, Kasdin claims that money can be leveraged by the city and/or affordable housing builders for more money to build housing attainable by Little Haiti's poorer residents on public land within Little Haiti. "This fund actually provides the opportunity to spend more on affordable housing," he says.

Planning and zoning director Francisco Garcia, however, is also skeptical of the \$31 million offer. "I am on record saying at the [March 29] city commission meeting that we thought the \$31 million proffer did not quite measure to our standards for affordable housing," Garcia tells the *B T*.

During the meeting, the developers were urged to improve their community benefits agreements prior to second reading, Garcia adds.

The commission also directed the developers to hold community meetings, and the first of two was held at Notre Dame d'Haiti Church on April 23, which was attended by more than 150 people.

In the early part of the meeting, Max Sklar, vice president of Plaza Equities, a development firm with a portfolio that includes the twin 25-story Marina Yacht Club and Residences in North Miami Beach, offered a PowerPoint presentation on the potential benefits the project could bring to the community.

Sklar emphasized that the project's office district will be a hub for educational facilities and startups that will provide training and well-paying jobs. He pointed out that the development partners are already renovating the warehouse spaces, which are being utilized by such tenants as tech companies OnPoint and Motorsport Network. And he touted the work of Magic City partner Guy Laliberte, the founder of Cirque du Soleil, who helped create a hub for startup companies in Montreal.

There was no mention of Bob Zangrillo, CEO of the investment firm Dragon Global, whose MDC Dragon LLC owns the largest share among the project's four partners. MDC Dragon LLC, which is majority owned by 52-year-old Zangrillo and a trust for his three daughters, has a 35 percent ownership in the innovation district venture. Individuals affiliated with Plaza Equities, the managing partner, hold 25 percent interest. Guy Laliberte and his family have a 25 percent

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interest. And Tony Cho, CEO of Metro 1 Properties, has 15 percent.

This past March, Bob Zangrillo was among the 33 parents charged by the federal government in an organized scheme run by William Singer, CEO of a college prep business called Key Worldwide Foundation, to get affluent children into top universities through fraudulent means. Federal prosecutors state that, in an effort to get his daughter Amber into the University of Southern California, Zangrillo paid Singer \$200,000 to “make his daughter look like an accomplished rower, falsify her high-school transcripts, and arrange for a [Key Worldwide Foundation] employee to take a biology class for her,” according to an April 9 *Miami New Times* report. Zangrillo faces 20 years in prison for charges that includes money laundering and conspiracy to commit fraud.

Kasdin says Zangrillo is no longer a voting member of the Magic City Innovation District’s board of directors. His MDC Dragon LLC vote has been given to New York real estate investor Zachary Vella, according to a *Miami Herald* report.

Zangrillo isn’t the only real estate investor involved with Magic City who has had a brush with controversy. Venture capitalist Neil Kadisha, reportedly the 37th richest person in Los Angeles, has a 3.3 percent interest in MDC Dragon LLC. In 2007, Kadisha was ordered to pay the family of Dafna Uzyel \$100 million after a judge ruled that Kadisha had embezzled money from her since 1988 to “replenish his Union Bank credit line, buy real estate, and acquire Qualcomm stock,” according to the *Los Angeles Times*.

As for Eastside Ridge’s developers, the Podolsky family has its own controversial past. In 1986, brothers Stuart and Jay Podolsky pleaded guilty to charges of grand larceny and coercion for their part in forcing rent-control tenants out of apartments of three buildings the family owned. The brothers are now under investigation by the U.S. Attorney’s Office for tax evasion related to the family’s hotel company, Amsterdam Hospitality Group, which receives millions of dollars from New York City to house homeless people on their properties, according to a January 9 article in the *Wall Street Journal*. The Podolsky family’s dealings with New York Mayor Bill de Blasio are also under scrutiny by New York media outlets like the *New York Daily News*.

Yet it wasn’t the developers’ reputations that were discussed during the community meeting -- it was the impact the Magic City project will have on Little Haiti and the surrounding area. There

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were fears expressed that more businesses and low-rent apartment buildings would be torn down by property owners in anticipation of future deals sparked by the Magic City Innovation District. (Little Haiti also happens to be located within an Opportunity Zone, a new Trump administration IRS tax break for developers who build within those low- to moderate-income areas.)

There were tales told at the meeting of mailings and real estate agents repeatedly urging homeowners to sell their houses. There were complaints about how the planned project, which will include buildings as tall as 25 stories, was out of scale with the surrounding area, and complaints about the developers' \$31 million trust fund scheme. More than one speaker compared the developers to colonizers. When Warren Perry, a Little Haiti renter, suggested non-violent acts of protest to stop the project, he was met with applause.

Michael Loveland, a homeowner from the Upper Eastside neighborhood of Palm Grove, asked about the "multiple liquor licenses that are being asked for" in the project. Sklar confirmed that ten 5:00 a.m. liquor licenses were being requested. "The objective is to have some bars and clubs in the project," Sklar said. "We would like to have some of those. Not outdoor entertainment or the 24/7 type of environment that you see in downtown." Loveland didn't like that answer, and urged the developers to reconsider any scheme to have 5:00 a.m. bars.

Following the meeting, Kasdin said he still felt that his client has offered "a very good agreement" that "provides a lot of benefits to the neighborhood."

"I think what you heard tonight were some legitimate neighborhood concerns," he told the *BT*, "[and] some people just want to hear themselves speak."

The next community meeting on the proposed Magic City Innovation District will be held on May 6 at the Notre Dame d'Haiti Catholic Church at 130 NE 62nd St. Registration starts at 5:00 p.m. The meeting is expected to last until at least 9:00 p.m.

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