

PHOTOS BY MARK FREEMAN



Miami developer Haim Einhorn is converting the historic Capital Building into Capital Lofts, which will include 55 residential condominiums with prices starting at \$120,000.

# Historic former bank HQ goes condo

BY PAOLA IUSPA-ABBOTT

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After years of indecision, a Miami developer has opted to follow an emerging trend fueled by dreams of downtown living and convert a historic office building into market-rate residential condominiums.

Haim Einhorn, president of Arbel, an investment and management firm, sat with an empty 17-story building for nearly three years. The group bought the 77-year-old Security Building at 117 N.E. First Ave. in 1999.

Einhorn knew his \$3.1 million acquisition had a lot of potential, but the challenge was to narrow down many options to one.

The developer's initial plan was to keep the tower as an office building. Then, Einhorn considered converting it into a telecom hotel. As the telecom bubble burst, he leaned toward rental apartments, but that didn't gel.

Finally, Einhorn made up his mind.

"People want to live in the downtown [area]," he said. "Flagler First gave me the courage to bring housing and home ownership to the area."

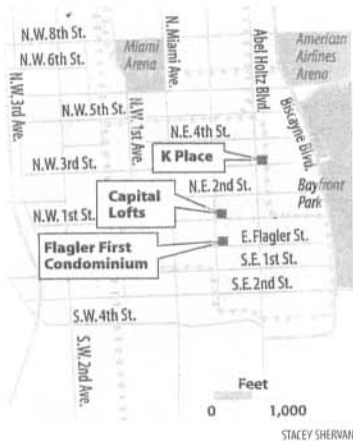
Einhorn refers to the former Centrust bank building at 101 E. Flagler St., now being brought back to life as a 90-unit residential condo project.

More than 400 potential buyers have filled out applications to buy a unit at the Flagler First Condominium, said Miami developer Rafael Kapustin, who pioneered the office-to-condo conversion in Miami's business district. More are being added to a waiting list.

The 10-story Centrust tower lay empty for more than 15 years with only the ground floor leased to retailers. A year ago, Kapustin and partner Sergio Rok began a \$15.7 million restoration and conversion scheduled to be finished in late 2005. One- and two-bedroom units will range from \$110,000 to \$150,000.

## Historic buildings

While at least five historic office buildings have been converted to residential space in the downtown Miami core, they all were rental apartment projects for low-income families. The Einhorn and Kapustin projects will offer market-rate condo units.



STACEY SHERMAN

Listed in the National Register of Historic Buildings, Capital Lofts, as Einhorn renamed the property, is about to begin an interior transformation, headed by Miami architecture firm Rodriguez & Quiroga.

When completed, the building will offer units ranging from 649 square feet to 1,858 square feet, with prices starting at \$120,000. The developer expects to build 55 condos, 15 of which will have private elevators. Buyers will be able to move in by late 2004, Einhorn said.

Restoring and converting the nearly 97,000-square-foot building could cost \$50 to \$60 a square foot, Einhorn said.

"Being a historic-designated building makes the conversion more costly and detail oriented," he said.

The developer is trying to tap into public funds to bring home ownership to the business district.

The New World Community Development Corp., a nonprofit group, is working with the developer to secure public funds to help finance the conversion. If successful, about five or six units would have to meet affordable housing thresholds and sell below the market rate, becoming accessible to a larger pool of buyers, said Wilfredo (Willy) Gort, head of the CDC and a former Miami city commissioner.

Construction costs for the Capital Lofts

are estimated at \$12 million, of which \$9.5 million would be financed with a combination of private and public funds, Gort said. His group also played a similar role with the Flagler First project, which is being partially funded by the city of Miami, Miami-Dade County and the Miami-Dade Housing Finance Authority.

Einhorn also leases about 100,000 square feet of undeveloped land next to his building. Last year, he signed a four-year lease for the lot with renewal options. The developers now operate a parking lot on the land, but he plans to build a garage, with retail on the ground floor and rental apartments on top of it.

At least 100 spaces in the planned garage would be assigned to Capital Lofts homeowners, he said.

## The need for parking in hand

Last year, the city of Miami passed an ordinance allowing projects without on-site parking to proceed as long as the developers have an agreement with a nearby parking operator.

Miami Beach developer Scott Robins, who three years ago unsuccessfully bid on the Capital Building, welcomed Capital Lofts.

"The conversion will be good for the area, if he ever finishes it," he said. "He went through different plans. He finally settled on this."

Restoring historic properties has a financial advantage. Developers often qualify for a 20 percent tax credit the federal government provides on 100 percent of the project's cost.

"You build it at a 20 percent discount," said Robins, who is about to complete the restoration of his historic Miami's Old Post Office building at 100 N.E. First Ave. The four-story, mid-rise will house jewelry shops and become part of the area's jewelry district.

Developer Kapustin and The Related Group of Florida are in the permitting stage of a new residential project at 234 N.E. Third St. The new building - part of a three-phase project - will have 197 units with prices ranging from \$99,000 to \$250,000 and sizes ranging from 700 square feet to 1,100 square feet.

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