



## Conversion Case Study

# TERRACE TOWERS



### Property Information

<i>Location</i>	3 Island Ave Miami Beach, FL
<i>Project Size</i>	144 Units
<i>Conversion</i>	Co-op to Condo
<i>Total Value</i>	\$50 million



### Project Description

The property is ideally located on the magnificent Belle Isle off the Venetian causeway in Miami Beach. Constructed in 1960 as a cooperative housing under the Federal Housing Act, the building had structural and façade issues that needed significant restoration. Short on funds, low unit values and shrinking equity in the property, the owners turned to Hutton for solutions. Within a few months of engagement, Hutton converted the entire property to condo ownership and delivered over \$10 million in funding to pay off the current mortgage and fund the restoration in full.

#### Challenges Before Hutton

Unit values were too low to refinance the building and pull out the necessary millions to complete the restoration. As a co-op, units were selling at a 40% discount to neighboring properties. Several previous attempts to convert to condo ownership had failed.

The mortgage was coming due in 5 months when Hutton was finally engaged. Within that period, an additional \$4.0 million was needed to start the structural façade restoration ordered by city and county building officials.

As a co-op building, units were selling slow, at low prices and with no financing available.

#### Results After Hutton

Hutton created a structure to convert all 144 units to condominiums without requiring any out-of-pocket funds from the ownership. The plan also included a back-stop arranged by Hutton to cover any shortfall in funding the conversion from contributions from owners, which assured 100% participation by owners.

Within 5 months of starting the process, Hutton delivered on all points. Building was converted to condos, funding completed and restoration started. due to the pandemic, the restoration was delayed and has recently restarted.

Condos are easily selling at 50% higher prices with unlimited financing options.