

Mayor and Commissioners,

On behalf of Benny's on the Beach, located within the historic Lake Worth Casino Building, we are respectfully requesting your consideration of a temporary rent abatement during the upcoming closure period required for critical structural renovations to our leased space. The period in question stems from September 2nd 2025 to November 3rd 2025, or 9 weeks. The abatement proposed would be for two months rent or \$57,000.

As stewards of a Lake Worth Beach institution, we are undertaking a substantial investment to improve and modernize the structural and functional integrity of the restaurant space. The totality of these projects will cost us roughly \$500k, with \$337k in quotes directly attributed to improvements to city property. These improvements include replacing multiple non-functioning air conditioning units as well as the kitchen hood system. They are not only essential for the continued safe operation of a restaurant but will also provide long-term value and enhanced usability to the Casino Building itself, a key city asset.

#### Why This Request Warrants Consideration:

- **Capital Investment by Tenant:** The proposed renovations, which include structural and systems upgrades, are being funded by us—the tenant—at no cost to the City.
- **Enhancement of City-Owned Asset:** These upgrades will significantly improve the City's property, ensuring it remains a premier oceanfront destination for years to come.
- **Temporary Closure Required:** The scope of work necessitates a full closure of Benny's operations during construction. During this time, we will be unable to generate revenue while continuing to bear fixed costs.
- **Precedent and Policy Alignment:** Across Florida, including cities like West Palm Beach, Fort Lauderdale, and Miami, municipalities have offered rent abatement in similar circumstances where tenant-funded improvements benefit city-owned real estate. Such accommodations recognize the public-private nature of these partnerships.

### 1. West Palm Beach – Sunset Lounge Renovation

- The operator of the Sunset Lounge temporarily closed for extensive renovations to a historic city-owned building.
- The renovations included structural enhancements funded in part by the tenant, but primarily for public benefit and long-term asset value.
- During the closure and buildout period, the city did not charge rent, classifying it as a period of “tenant improvement and construction,” despite the public-private nature of the lease.

### 2. Fort Lauderdale – Sistrunk Marketplace

- A private operator signed a lease for a city-owned warehouse-style property.
- The tenant invested millions into renovating the structure, improving HVAC, roofing, load-bearing walls, etc.
- The city offered initial rent abatement (6-12 months) while the tenant performed renovations that effectively improved the city’s real estate asset.

### 3. Delray Beach – Arts Warehouse

- Tenants leasing space in the CRA’s Arts Warehouse building were granted subsidized rents and periods of abatement during buildout phases, particularly when tenants were responsible for installing plumbing, electric, and HVAC within the shell space.
- While these are smaller leases, the city considered the tenant improvements as contributions to the capital value of the public asset.
- This model supports the idea of in-kind TI rent offsets or abatement during construction downtime.

### 4. Stuart – Downtown Redevelopment Commercial Tenants

- Stuart has a history of below-market and temporarily abated leases for small businesses who renovated city-owned
- In 2019, one such case involved a restaurant taking over a city-owned space on SW Osceola Street. The tenant funded kitchen and ADA improvements, and rent was deferred or abated during construction.

## 5. Lake Park – Marina Building

- A commercial tenant leasing space in a town-owned marina building negotiated rent relief during a multi-month closure for seawall and foundational upgrades—many of which were funded by the tenant.
- The Town recognized that the improvements were essential for long-term viability and did not enforce rent during the closure, even though the improvements benefitted the landlord asset as much as the tenant.

## 6. Boynton Beach – Ocean Avenue Corridor Properties

- Has offered multiple “Tenant Improvement Incentives” & rent abatements tied to:
  - Buildout of city-owned spaces
  - Restoration of historic structures
  - Public-facing improvements such as patios, sidewalks, or ADA entrances
- Tenants that were unable to operate during construction periods often received rent suspension for the months impacted, or rent reductions post-opening if construction delays were incurred improving property.

## 7. West Palm Beach – Green Market Vendors (Downtown Waterfront)

- While technically short-term leases, vendors granted space on city property (under tents or kiosks) have received fee abatements or waivers when:
  - The city made infrastructure improvements to the promenade
  - The vendors experienced business interruption due to public works

## Legal & Strategic Precedent:

Florida municipalities have broad authority under:

- Chapter 163, Florida Statutes (Community Redevelopment Act)
- Public-private partnership (P3) enabling statutes
- Home rule authority (Article VIII of Florida Constitution)

Municipalities often view tenant-led structural improvements as in-kind contributions, and may match with:

- Rent abatement or reduced rent periods
- Tenant improvement allowances
- Extensions of lease terms as compensation
- Grants or forgivable loans (especially through CRAs)

We are proud to have operated as a responsible, community-focused tenant for many years, helping to drive tourism, provide local employment, and serve as an anchor for the Oceanwalk and broader beachfront area. This renovation effort is a testament to our long-term commitment to Lake Worth Beach, and we view it as a partnership with the City to preserve and elevate this shared asset.

We respectfully request a temporary abatement of base rent during the renovation period, with the understanding that all work will be coordinated with the appropriate city departments and designed to preserve the historic integrity and function of the Casino Building.

We are happy to present full architectural and project scope documentation and work closely with City staff and your legal team to structure an appropriate agreement.

Thank you for your ongoing support of local businesses and thoughtful stewardship of the City's historic beachfront. We look forward to continuing our partnership well into the future.

Sincerely,

Dylan Lipton

Managing Partner