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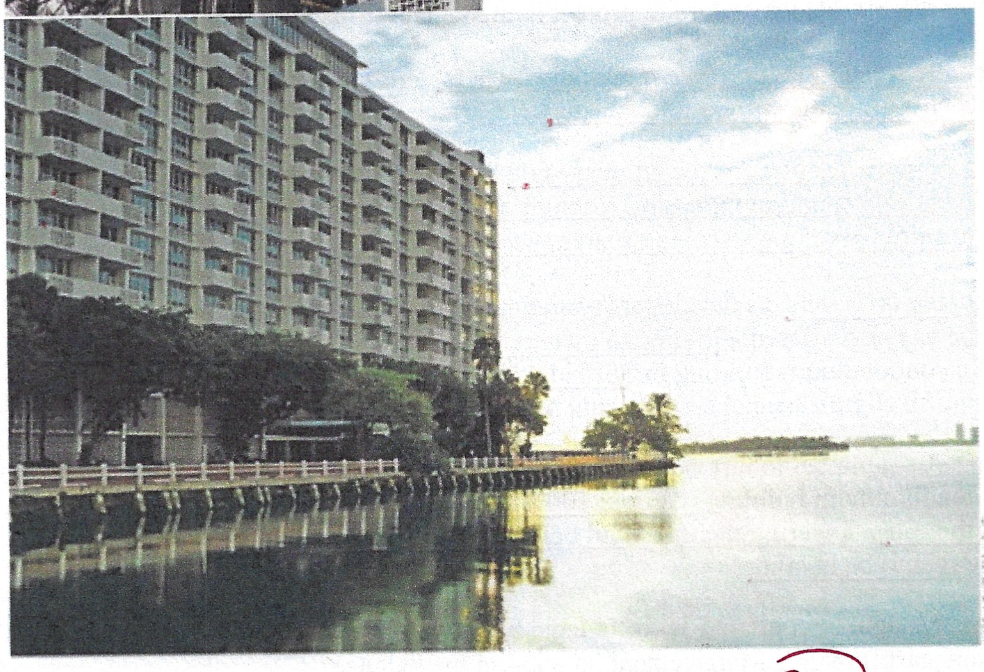

Two Roads Development plans to demolish the more more than 190-unit tower in Miami's Edgewater neighborhood and build a 55story luxury residential tower. MARTINA TUATY FOR WSJ (3)

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Miami Condo Standoff Ends With a Deal

Some owners had blocked new luxury tower by refusing to sell their units

BY DEBORAH ACOSTA

MIAMI—A legal standoff that paralyzed a prime piece of Miami's waterfront and sent shock waves through Florida's real-estate industry has finally come to an end.

Miami's "zombie condo" has been empty for three years, while the developer who bought out a majority of the building fought with a small group of owners who refused to sell their units. The developer planned to demolish the building and construct a new luxury tower.

Last week, Two Roads Development and the remaining individual owners of Biscayne 21 condo units signed an outof- court settlement, clearing the way for the developer to move forward with its plans.

Under the terms of the deal, the individual owners agreed to drop their lawsuit and sell their units to the developer. The settlement closed this week.

According to a person familiar with the matter, the 10 holdouts had demanded $50 million to settle months earlier, although neither side disclosed what the developer ultimately agreed to pay.

"The settlement's been a long time in the making, it was a long and arduous process but we're really excited to be focusing on being able to build the Edition project," said Lawrence Pecan, the general counsel for Two Roads Development.

The planned development, EDITION Residences, Miami Edgewater, is slated to be a 55-story luxury residential tower.

Robert Murphy, a Biscayne 21 resident and retired attorney who helped lead the legal effort to block the developer, said that while the settlement is substantial, it doesn't make up for what he has lost.

"By means of a hostile takeover and an attempted illegal termination, our community was destroyed, we were wrongfully forced from our homes, and a beautiful, sound building with decades of useful life ahead of it was deliberately wrecked," he wrote in an email, adding that "there is a desperate need for the Florida legislature to protect homeowners from predatory takeovers." Note

Before the settlement, an appellate court had recently ruled in favor of the individual owners, a ruling that meant the developer had to restore the more than 190-unit tower it had spent months stripping to the studs.

The settlement brings to a close a modern real estate saga that became a cautionary tale for South Florida's aggressive buyout market. The practice of buying out individual owners of a condominium until reaching a majority ownership stake to clear land for new luxury towers has become a popular practice for developers seeking scarce waterfront acreage along Florida's coastline. Note

These buyouts have frequently been likened to hostile takeovers, as developers sometimes engage in aggressive tactics to push owners, many of them elderly, to sell. The practice has also offered a lifeline to owners in aging buildings as the state tightened its condo regulations after the partial collapse of a condominium building in Surfside that killed 98 people in 2021. Those state regulations left many fixed-income residents facing six-figure special assessments that they couldn't afford. Note

The dispute at Biscayne 21 began when Two Roads at--tempted to buy out the entire Biscayne 21 condominium building. Because the original documents that govern the condominium building required 100% owner consent to terminate it, the developer used its majority ownership to amend the rules, lowering the threshold below the percent--age of units the developer already controlled. A court ruling found the maneuver to be invalid.

Ten unit owners refused to sell. The holdouts took the fight to court and set off a legal battle that left $150 million in real-estate loans from **Bank OZK** and mezzanine lender Lionheart Strategic Management hanging in the balance. Note

"The legal landscape has changed somewhat for condo terminations," Pecan said. "It's going to be more and more difficult for owners of aging condominiums to be able to find a way to monetize their real estate assets."

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