

Value Capture Analysis

South Dade Corridor

Miami-Dade Citizens' Independent Transportation Trust

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1 Introduction and Summary

The Citizens' Independent Transportation Trust (CITT), in conjunction with IMG Rebel and Planning & Economics Group (the Team) reviewed value capture opportunities that Miami-Dade County (the County) could pursue along the South Dade (the Corridor).

Value capture revenues can be used to fund transit improvements either as: (i) debt service for bonds issued to finance capital costs or (ii) availability payments for the delivery of the transit projects under a public-private partnership.

This report discusses the results of the real estate value capture analysis, including assessment districts (ADs) and tax increment financing (TIF) for the Corridor, incorporating the new assumptions. Specifically, three value capture techniques were analyzed:

- AD₁ – This assessment district is based on annual ad valorem assessment property assessment values;
- AD₂ – This assessment district is based on a specific annual assessment on the projected total floor area; and
- TIF – Tax increment financing is based on ad valorem annual assessment on incremental property assessment values and incremental floor area development. TIF estimates are prepared for both countywide millage (County TIF) and city or unincorporated municipal services area (UMSA) millage (City/UMSA TIF).

Each of these mechanisms has policy considerations. Both ADs impose increased burdens on private property owners, which will likely meet resistance and could slow the growth of property values. AD₁ considers the location and quality of development, which are part of assessed value, while AD₂ treats all square footage the same. TIF does not increase out-of-pocket costs to private property owners, but does reduce funds potentially additionally available to the County for other uses. Furthermore, TIF generates revenue only as property values increase, while assessment districts generate funds as soon as implemented.

While AD₁ and AD₂ are applied to commercial, office, industrial, and mixed use properties, TIF relies on incremental tax revenues from all current tax paying properties including residential properties. Properties under government and public use – such as government buildings, utilities, water bodies, public parks, and cemetery – are excluded from both ADs and TIFs.

2 Corridor Overview

The South Dade Corridor is an approximate 21-mile, corridor along U.S. 1. This Corridor was the subject of a study by the Miami-Dade Metropolitan Planning Organization in June 2006, titled ***South Miami Dade Corridor Alternative Analysis Report***. The objective of this study was to identify transit improvements along the corridor. The development and evaluation of alternatives followed the general approach described the Federal Transportation Administration Procedure and Technical Guidance for major investment planning for project development and fixed guide-way for transit systems.

The northern portion of the Corridor consist of predominately-residential land use. The middle portion of the Corridor is largely agricultural and includes unincorporated villages. The cities of Homestead and Florida City are at the southern end of the Corridor. Scattered throughout the neighborhoods are recreational facilities (ball fields, golf courses, etc.) and agricultural areas. Areas zoned for commercial light industrial are found only immediately adjacent to U.S.1 The uses include retail and light industrial facilities, including automotive dealerships, shopping centers, gas stations, restaurants, auto repair centers, marine supplies and maintenance and building supply facilities.

3 Methodology, Assumptions, and Limitations

Value capture is applied to properties within a half-mile area along each side of the Corridor.

Table 1 provides an overview of the floor area and property assessment valuation, which is the basis for the value capture estimates in the half-mile area.

South Dade Corridor – Value Capture Estimates

Table 1: Summary of Current (2016) Property Assessment Value and Floor Area for the Corridor

<i>Land Use Category</i>	<i>Property Assessment Value (\$M)</i>	<i>Percent of Property Assessment Value</i>	<i>Floor Area* (Millions of Square Feet)</i>	<i>Percent of Floor Area</i>
Commercial	2,615	35.05%	20.76	27.56%
Office	523	7.01%	4.43	5.89%
Industrial	387	5.18%	5.58	7.40%
Other	16	0.21%	0.00	0.00%
Residential	3,299	44.22%	39.61	52.58%
Government/Public Use	621	8.32%	4.95	6.57%
Total	7,461	100.00%	75.33	100.00%

* Parcels without assessment value such as canals, streets and roads, transit and railroad properties, canals and waterways, etc., and agricultural properties have been excluded.

Table 2: Summary AD1 Bond Issuance Capacity (\$)

<i>Growth Scenario</i>	<i>Year</i>	<i>Incremental Bond Issuance Capacity (\$)</i>	<i>Incremental Revenue (\$)</i>
<i>\$0.10 / \$1000 of Property Assessment Value</i>			
<i>Slow Growth</i>	Current Year	8,492,561	685,528
	Year 5	625,213	50,468
	Year 10	443,685	35,815
	Total	9,561,458	-
<i>Medium Growth</i>	Current Year	8,492,561	685,528
	Year 5	890,748	71,902
	Year 10	709,220	57,249
	Total	10,092,529	-
<i>Fast Growth</i>	Current Year	8,492,561	685,528
	Year 5	2,218,423	179,073
	Year 10	443,685	35,815
	Total	11,154,669	-
<i>\$0.20 / \$1000 of Property Assessment Value</i>			
<i>Slow Growth</i>	Current Year	16,985,122	1,371,056
	Year 5	1,250,425	100,936
	Year 10	887,369	71,629
	Total	19,122,917	-
<i>Medium Growth</i>	Current Year	16,985,122	1,371,056
	Year 5	1,781,495	143,804
	Year 10	1,418,440	114,498
	Total	20,185,057	-
<i>Fast Growth</i>	Current Year	16,985,122	1,371,056
	Year 5	4,436,847	358,147
	Year 10	887,369	71,629
	Total	22,309,339	-
<i>\$0.50 / \$1000 of Property Assessment Value</i>			
<i>Slow Growth</i>	Current Year	42,462,806	3,427,641
	Year 5	3,126,063	252,339
	Year 10	2,218,423	179,073
	Total	47,807,292	-
<i>Medium Growth</i>	Current Year	42,462,806	3,427,641
	Year 5	4,453,738	359,510
	Year 10	3,546,099	286,245
	Total	50,462,644	-
<i>Fast Growth</i>	Current Year	42,462,806	3,427,641
	Year 5	11,092,117	895,367
	Year 10	2,218,423	179,073
	Total	55,773,347	-

Table 3: Summary AD2 Bond Issuance Capacity (\$)

<i>Growth Scenario</i>	<i>Year</i>	<i>Incremental Bond Issuance Capacity (\$)</i>	<i>Incremental Revenue (\$)</i>
<i>\$0.10 / Square Foot of Floor Area</i>			
<i>Slow Growth</i>	Current Year	38,090,911	3,074,737
	Year 5	10,325,131	833,455
	Year 10	10,325,131	833,455
	Total	58,741,172	-
<i>Medium Growth</i>	Current Year	38,090,911	3,074,737
	Year 5	17,208,551	1,389,092
	Year 10	17,208,551	1,389,092
	Total	72,508,013	-
<i>Fast Growth</i>	Current Year	38,090,911	3,074,737
	Year 5	51,625,653	4,167,275
	Year 10	10,325,131	833,455
	Total	100,041,694	-
<i>\$0.20 / Square Foot of Floor Area</i>			
<i>Slow Growth</i>	Current Year	76,181,822	6,149,474
	Year 5	20,650,261	1,666,910
	Year 10	20,650,261	1,666,910
	Total	117,482,344	-
<i>Medium Growth</i>	Current Year	76,181,822	6,149,474
	Year 5	34,417,102	2,778,183
	Year 10	34,417,102	2,778,183
	Total	145,016,025	-
<i>Fast Growth</i>	Current Year	76,181,822	6,149,474
	Year 5	103,251,305	8,334,550
	Year 10	20,650,261	1,666,910
	Total	200,083,388	-
<i>\$0.50 / Square Foot of Floor Area</i>			
<i>Slow Growth</i>	Current Year	190,454,554	15,373,685
	Year 5	51,625,653	4,167,275
	Year 10	51,625,653	4,167,275
	Total	293,705,860	-
<i>Medium Growth</i>	Current Year	190,454,554	15,373,685
	Year 5	86,042,754	6,945,458
	Year 10	86,042,754	6,945,458
	Total	362,540,063	-
<i>Fast Growth</i>	Current Year	190,454,554	15,373,685
	Year 5	258,128,263	20,836,375
	Year 10	51,625,653	4,167,275
	Total	500,208,470	-

Table 4: Summary County TIF Bond Issuance Capacity (\$)

<i>Growth Scenario</i>	<i>Year</i>	<i>Incremental Bond Issuance Capacity (\$)</i>	<i>Incremental Revenue (\$)</i>
<i>50% Revenues for Transit Funding</i>			
<i>Slow Growth</i>	Current Year	-	-
	Year 5	15,551,678	2,510,694
	Year 10	13,450,565	2,171,486
	Total	29,002,243	-
<i>Medium Growth</i>	Current Year	-	-
	Year 5	24,167,748	3,901,690
	Year 10	22,066,635	3,562,482
	Total	46,234,383	-
<i>Fast Growth</i>	Current Year	-	-
	Year 5	67,248,096	10,856,669
	Year 10	13,450,565	2,171,486
	Total	80,698,662	-
<i>100% Revenues for Transit Funding</i>			
<i>Slow Growth</i>	Current Year	-	-
	Year 5	31,103,356	5,021,389
	Year 10	26,901,130	4,342,973
	Total	58,004,487	-
<i>Medium Growth</i>	Current Year	-	-
	Year 5	48,335,496	7,803,380
	Year 10	44,133,270	7,124,964
	Total	92,468,765	-
<i>Fast Growth</i>	Current Year	-	-
	Year 5	134,496,193	21,713,338
	Year 10	26,901,130	4,342,973
	Total	161,397,323	-

Table 5: Summary City TIF Bond Issuance Capacity (\$)

<i>Growth Scenario</i>	<i>Year</i>	<i>Incremental Bond Issuance Capacity (\$)</i>	<i>Incremental Revenue (\$)</i>
<i>50% Revenues for Transit Funding</i>			
<i>Slow Growth</i>	Current Year	-	-
	Year 5	8,327,704	1,344,441
	Year 10	7,202,588	1,162,800
	Total	15,530,291	-
<i>Medium Growth</i>	Current Year	-	-
	Year 5	12,941,487	2,089,300
	Year 10	11,816,371	1,907,659
	Total	24,757,859	-
<i>Fast Growth</i>	Current Year	-	-
	Year 5	36,010,405	5,813,593
	Year 10	7,202,588	1,162,800
	Total	43,212,993	-
<i>100% Revenues for Transit Funding</i>			
<i>Slow Growth</i>	Current Year	-	-
	Year 5	16,655,408	2,688,883
	Year 10	14,405,175	2,325,601
	Total	31,060,583	-
<i>Medium Growth</i>	Current Year	-	-
	Year 5	25,882,975	4,178,600
	Year 10	23,632,742	3,815,318
	Total	49,515,717	-
<i>Fast Growth</i>	Current Year	-	-
	Year 5	72,020,811	11,627,186
	Year 10	14,405,175	2,325,601
	Total	86,425,986	-

Table 6: Range of Annual AD1 Revenues (\$)

<i>Growth Scenario</i>	<i>Current Year</i>	<i>Year 5</i>	<i>Year 10</i>	<i>Year 30</i>
<i>\$0.10 / \$1000 of Property Assessment Value</i>				
<i>Slow Growth</i>	685,528	735,996	771,811	1,043,675
<i>Medium Growth</i>	685,528	757,430	814,679	1,043,675
<i>Fast Growth</i>	685,528	864,602	900,416	1,043,675
<i>\$0.20 / \$1000 of Property Assessment Value</i>				
<i>Slow Growth</i>	1,371,056	1,471,992	1,543,621	2,087,350
<i>Medium Growth</i>	1,371,056	1,514,860	1,629,358	2,087,350
<i>Fast Growth</i>	1,371,056	1,729,203	1,800,832	2,087,350
<i>\$0.50 / \$1000 of Property Assessment Value</i>				
<i>Slow Growth</i>	3,427,641	3,679,980	3,859,053	5,218,375
<i>Medium Growth</i>	3,427,641	3,787,151	4,073,396	5,218,375
<i>Fast Growth</i>	3,427,641	4,323,008	4,502,081	5,218,375

Table 7: Range of Annual AD2 Revenues (\$)

<i>Growth Scenario</i>	<i>Current Year</i>	<i>Year 5</i>	<i>Year 10</i>	<i>Year 30</i>
<i>\$0.10 / Square Foot of Floor Area</i>				
<i>Slow Growth</i>	3,074,737	3,908,192	4,741,647	11,409,287
<i>Medium Growth</i>	3,074,737	4,463,829	5,852,920	11,409,287
<i>Fast Growth</i>	3,074,737	7,242,012	8,075,467	11,409,287
<i>\$0.20 / Square Foot of Floor Area</i>				
<i>Slow Growth</i>	6,149,474	7,816,384	9,483,294	22,818,574
<i>Medium Growth</i>	6,149,474	8,927,657	11,705,840	22,818,574
<i>Fast Growth</i>	6,149,474	14,484,024	16,150,934	22,818,574
<i>\$0.50 / Square Foot of Floor Area</i>				
<i>Slow Growth</i>	15,373,685	19,540,959	23,708,234	57,046,434
<i>Medium Growth</i>	15,373,685	22,319,143	29,264,601	57,046,434
<i>Fast Growth</i>	15,373,685	36,210,059	40,377,334	57,046,434

Table 8: Range of Annual County TIF Revenues (\$)

<i>Growth Scenario</i>	<i>Current Year</i>	<i>Year 5</i>	<i>Year 10</i>	<i>Year 30</i>
50% Revenues for Transit Funding				
<i>Slow Growth</i>	-	2,510,694	4,682,181	21,714,587
<i>Medium Growth</i>	-	3,901,690	7,464,172	21,714,587
<i>Fast Growth</i>	-	10,856,669	13,028,155	21,714,587
100% Revenues for Transit Funding				
<i>Slow Growth</i>	-	5,021,389	9,364,362	43,429,173
<i>Medium Growth</i>	-	7,803,380	14,928,345	43,429,173
<i>Fast Growth</i>	-	21,713,338	26,056,311	43,429,173

Table 9: Range of Annual City TIF Revenues (\$)

<i>Growth Scenario</i>	<i>Current Year</i>	<i>Year 5</i>	<i>Year 10</i>	<i>Year 30</i>
50% Revenues for Transit Funding				
<i>Slow Growth</i>	-	1,344,441	2,507,242	11,627,854
<i>Medium Growth</i>	-	2,089,300	3,996,959	11,627,854
<i>Fast Growth</i>	-	5,813,593	6,976,393	11,627,854
100% Revenues for Transit Funding				
<i>Slow Growth</i>	-	2,688,883	5,014,483	23,255,709
<i>Medium Growth</i>	-	4,178,600	7,993,918	23,255,709
<i>Fast Growth</i>	-	11,627,186	13,952,786	23,255,709