

Memorandum



Date: March 6, 2007

Supplement to
Agenda Item No. 14(A)1

To: Honorable Chairman Bruno A. Barreiro
and Members, Board of County Commissioners

From: George M. Burgess
County Manager

A handwritten signature in black ink, appearing to read "Burgess", written over the printed name of George M. Burgess.

Subject: County Manager's Report on Biscayne Landing - Expansion of the
Enterprise Zone

This report provides staff's analysis on the City of North Miami's request to include the Biscayne Landing project within Miami-Dade County's Enterprise Zone (EZ).

Background on Enterprise Zone Program

The State of Florida Enterprise Zone Act created the Enterprise Zone program in 1982, which is designed to allow a county or municipality the ability to provide economic incentives to businesses and stimulate economic growth in distressed areas through private investment and job creation. Miami-Dade County adopted the program in 1986 after voters approved a referendum on November 4, 1986. The County's EZ boundaries currently contain 51 square miles, including 31 square miles of expansions over a period of approximately 20 years.

More recently, House Bill 1725 passed in 2005, made changes to the way the program is administered. The Bill repealed provisions in prior laws that allowed the County to add any new areas, but did allow a boundary change through substitution of qualifiable areas. The Bill also grandfathered the size of existing EZs but established that any new EZ's may not exceed 20 square miles.

Biscayne Landing Project

Currently, there is a site consisting of approximately 193 acres in the City of North Miami that is being developed as a master planned community known as Biscayne Landing that does not fall within the boundaries of the existing EZ. This project will consist of up to 5,999 residential units, 434,297 square feet of retail/office space and a 150,000 square foot, 250-room hotel.

On October 24, 2006, the City of North Miami (City) and the City of North Miami Community Redevelopment Agency (CRA), both unanimously adopted resolutions supporting extension/modification of the Enterprise Zone boundaries to include the Biscayne Landing project. Following the passage of these resolutions, the City requested the County to submit an application to the State seeking approval of an amendment to the EZ boundaries.

To qualify for inclusion in the EZ, a determination must be made as to whether the area to be included meets the minimum poverty threshold of 20 percent (Biscayne Landing's is 22.1 percent), and after inclusion in the EZ, whether the entire EZ still maintains a mix whereby more than 50 percent of the Block Groups have a poverty rate higher than 30 percent. The Department of Planning and Zoning (DPZ) has completed its analysis and determined that the area does qualify.

As part of its analysis, DPZ included an area over the northern runway at Miami International Airport as the potential donor area for substituting the 193 acres required to include Biscayne Landing in the EZ. This location was discussed between the Office of Community and Economic Development and the Miami-Dade Aviation Department.

Financial Impact

Below is a description of the exemptions available under the EZ program:

Real Property Tax Exemption

The Biscayne Landing project is currently part of the City of North Miami Community Redevelopment Area (CRA). Accordingly, the developer will not benefit from any tax exemption on investments on real property (i.e. land), because all benefits have been committed to the CRA's Trust Fund through the County's interlocal with the CRA. This is the case as the Ordinance establishing the Trust Fund commits the tax increments to the CRA.

Tangible Property Tax Exemption

Any financial impact to the County will result from ad-valorem tax exemptions for investments in tangible personal property (e.g. equipment). The Department of Property Appraisal will determine the amount of the exemption after the equipment has been purchased and the company has filed a tangible personal property tax return. The value of any tax exemption to the businesses that invest in the Biscayne Landing development is expected to be minimal, because no significant tangible personal property investments are expected, as most of the commercial activities will focus around office equipment and small retail businesses.

Sales Tax Exemption

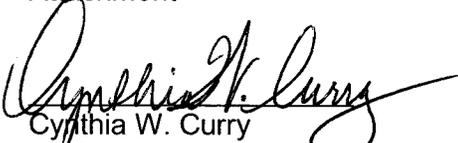
If the County approves the substitution of the property to accommodate its inclusion in the Enterprise Zone, our research indicates that it is possible that under current legislation, the project may be able to participate in the State's program which provides an exemption of sales taxes of up to \$5,000 per unit paid on construction materials. Given the planned construction of up to 5,999 units on the site, this benefit could equate to a potential rebate of up to \$29.995 million.

Next Steps

The results of the analysis by DPZ, establishes that the Biscayne Landing project meets the required technical criteria for inclusion in the EZ. However, the incentives provided by the EZ are meant to serve as inducements to encourage development within the zone. Normally, these incentives are needed to lure businesses and job creation that otherwise would not exist. In this case, the developer originally committed to produce the 5,999 units of housing and ancillary development activities without the promise of these EZ incentives. Given this, staff would normally not recommend the area for inclusion in the EZ.

If the Board chooses to include this area within the EZ, a Resolution must be adopted and an application must be submitted to the State. If this is the case, a fixed percentage of the \$29.995 million sales tax refund, that may be paid to the developer, should be shared with the County and deposited into the Affordable Housing Trust Fund to support workforce housing. This fixed rate should be delineated in the Resolution authorizing the inclusion of the area within the boundaries of the EZ.

Attachment


Cynthia W. Curry
Senior Advisor to the County Manager

