OFFICIAL FILE COPY
CLERK OF THE BOARD
OF COUNTY COMMISSIONERS
MIAMI-DADE COUNTY, FLORIDA
(Second Reading 02-06-07)

Memorandum

MIAMI-DADE COUNTY

Agenda Item No. 7(S)

Date: December 19, 2006

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

From: George M. Burgess
County Manager

Subject: Ordinance Granting Enterprise Zone Ad Valorem Tax Exemption Under Ordinance No. 96-74 for DDR Miami Avenue LLC (DDR)

O#07-33

RECOMMENDATION

It is recommended that the Board of County Commissioners (the "Board") approve the attached ordinance granting Enterprise Zone Ad Valorem Tax Exemption to DDR Miami Avenue LLC (DDR), hereinafter referred to as "Business," for its tangible personal property purchased for the Shops at Midtown Miami, pursuant to the provisions of Section 196.1995, Florida Statutes, and Miami-Dade County Ordinance No. 96-74.

BACKGROUND

On April 19, 1988, the Board enacted Ordinance No. 88-27, which authorized Enterprise Zone Ad Valorem Tax Exemption for new or expanding businesses, which invest in these zones. On May 21, 1996, the aforementioned ordinance was revised and enacted as Ordinance No. 96-74.

The Business has filed an application for Enterprise Zone Ad Valorem Tax Exemption for acquisition of tangible personal property for the Shops at Midtown Miami. The Property Appraiser will review the application and inspect the property to arrive at determinations of the appropriate exemption. The Business is a national real estate developer, which is in the process of developing approximately 634,000 square feet of retail and a lifestyle center within the north central portion of the Enterprise Zone. The Business' address is 3401 North Miami Avenue, #132, Miami, Florida.

The Shops at Midtown Miami is part of a much larger project called Midtown Miami Project (MMP), which will be one of the largest and most multi-faceted projects to be undertaken in Miami-Dade County. It entails the three often-utilized elements of economic development; including residential, office, and commercial space development. These elements will create a financial base, which in the long run will stimulate economic growth within the City of Miami and Miami-Dade County. The 56-acre site is located in the Wynwood/Buena Vista neighborhood and is in close proximity to Little Haiti, Overtown, Allapattah, Design District and the Biscayne Boulevard corridor.

Under the provisions of Section 29-81 (the Code), the Board may grant tax exemption based on substantive proposals to build or expand a business within the Enterprise Zone. The Business' development proposal increases full-time job opportunities for residents to work in the retail industry. To be eligible for this exemption, a new or expanded business shall create a minimum of five (5) new full-time jobs. If, on a given year of the five-year exemption, 20 percent or more of a company's permanent full-time employees are residents of the Enterprise Zone, the exemption for that year will be 100 percent of the assessed value of all improvements to real property and/or of the tangible personal property. In case the company cannot comply with the 20 percent residency requirement of their employees living in the Enterprise Zone, then the exemption for that year will be 50 percent of the assessed value of the improvements to real estate and/or tangible personal property. Once the Board has granted approval, Miami-Dade's Office of Community and Economic Development (OCED) will monitor the company's compliance during the life of the tax exemption.

Detailed information regarding the Business is provided below. The tax exemption is based on the estimated countywide millage rate for the applicable assessment year.

DDR Miami Avenue LLC/Shops at Midtown Miami

Address:	The boundaries of the project are Miami Avenue on the West, NE 2nd Avenue on the East, NE 29th Street on the South and NE 36th Street on the North (Midtown Miami Redevelopment Area)
Community Redevelopment Area (CRA):	Yes
Product:	Retail and Lifestyle Center
Contact Person:	Neisen Kasdin, Esq. (305) 376-6000
Employment:	5 new jobs, 20% EZ Residents
Basis for Application:	Tangible Personal Property
Total New Investment:	$65 million approximately (not including land acquisition costs)
Exemption Eligibility:	Tangible Personal Property (amount to be determined)
100% Estimated County Tax Exemption Per Year:	TBD
Total:	**TBD**
Period:	Five (5) Years

MIDTOWN COMMUNITY REDEVELOPMENT AGENCY ISSUES

According to Ordinance No. 96-74, businesses within a Community Redevelopment Agency are not eligible for Real Property or Tangible Personal Property Tax Exemption. On March 1, 2005, the Board of County Commissioners adopted Resolution R-213-05, declaring the "Midtown Miami Redevelopment Area" a slum or blight area and delegated the authority to the City of Miami to create a Community Redevelopment Agency for the purpose of using the Agency's tax increment financing revenues for project. However, MMP submitted its ad valorem application to the County on March 16, 2005, which was prior to the City of Miami Commission adopting Resolution R-05-0194, creating the Midtown Miami Community Redevelopment Agency. Therefore, MMP is eligible to receive Real Property or Tangible Personal Property Tax Exemption.

ECONOMIC IMPACT ANALYSIS

The economic impact of the ordinance is summarized in the Economic Impact Analysis Chart below. If the full exemption is granted, the impact on the County budget would be to reduce revenues by an undetermined amount for the applicable assessment year. The portion that applies to improvements to real estate remains relatively constant for the duration of the exemption period while the portion which applies to tangible personal property declines annually as the property is depreciated.

ECONOMIC IMPACT ANALYSIS CHART

Company	Exemption	Term	Projected Total Jobs	Projected E.Z. Jobs	Projected New Jobs	Total New Investment
DDR Miami Avenue LLC	TBD	5 Yrs.	5	1 (20%)	5	$65+ million

The impact of the exemption on the private sector normally is to reduce the applicant's operating costs by the abatement amounts, which is intended as an incentive to invest and create jobs in the most distressed areas of Miami-Dade County. The Business will create at least 5 new jobs, which include a total of one or more jobs for residents of the Enterprise Zone. However, MMP will create over one thousand employees for the retail stores and restaurants which will be leased within the Shops at Midtown Miami. The Property Appraisal's Office is notified immediately of adjustments due to the exemption amounts for non-compliance.

The initial cost of processing the application is offset by a $50 application fee and 10 percent of the first year's exemption, if the abatement is funded. The public benefit of this project is the investment and job creation in Miami-Dade County's distressed areas. The additional payroll and economic activity generates other taxable activity.

Cynthia W. Curry
Senior Advisor to the County Manager

MEMORANDUM
(Revised)

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

DATE: February 6, 2007

FROM: Murray A. Greenberg County Attorney

SUBJECT: Agenda Item No. 7(S)

Please note any items checked.

_____ **"4-Day Rule" ("3-Day Rule" for committees) applicable if raised**

_____ **6 weeks required between first reading and public hearing**

_____ **4 weeks notification to municipal officials required prior to public hearing**

_____ **Decreases revenues or increases expenditures without balancing budget**

_____ **Budget required**

_____ **Statement of fiscal impact required**

_____ **Bid waiver requiring County Manager's written recommendation**

_____ **Ordinance creating a new board requires detailed County Manager's report for public hearing**

_____ **Housekeeping item (no policy decision required)**

_____ **No committee review**

Approved _____ Mayor

Veto _____

Override _____

Agenda Item No. 7(S)

02-06-07

ORDINANCE NO. 07-33

ORDINANCE GRANTING ENTERPRISE ZONE AD VALOREM TAX EXEMPTION TO DDR MIAMI AVENUE LLC, A NEW BUSINESS LOCATED IN THE ENTERPRISE ZONE; PROVIDING SCOPE AND TERMS OF EXEMPTION; PROVIDING SEVERABILITY, EFFECTIVE DATE AND EXPIRATION DATE

WHEREAS, this Board recognizes the need to stimulate economic development in certain areas of Dade County which are economically depressed, where housing and structural conditions are blighted and deteriorated, and where unemployment and poverty are prevalent, said areas being designated "Enterprise Zones" as defined in Section 196.012 and Section 290.004, Florida Statutes; and

WHEREAS, pursuant to Article VII, Section 3 of the Florida Constitution, the State has enacted Section 196.1995, Florida Statutes, providing a local government option for ad valorem tax exemption to new businesses and expansions of existing businesses in each such Enterprise Zone; and

WHEREAS, this Board authorized Enterprise Zone Ad Valorem Tax Exemptions to new businesses and for the expansion of existing businesses located in the Enterprise Zone through Ordinance No. 96-74, enacted on May 21, 1996; and

WHEREAS, this Board desires to encourage economic growth and development and alleviate the conditions of unemployment, economic disinvestments and poverty by creating new construction, new jobs, and an enhanced business climate particularly for small or minority owned businesses; and

5

WHEREAS, DDR Miami Avenue LLC/Shops at Midtown Miami, hereinafter referred to as "Business", located at 3401 North Miami Avenue #132, Miami, Florida, within Enterprise Zone No. 1301 has made an application for ad valorem tax exemptions; and

WHEREAS, the Business has committed to this Board that it will maintain a work force of at least five (5) employees of whom at least twenty percent (20%) must be residents of the Enterprise Zone; and

WHEREAS, this Board finds that the Business has tax bills which are current; and

WHEREAS, this Board finds that ad valorem tax exemption is appropriate and consistent with the public purpose to eliminate the serious and distressing economic conditions of the designated "Enterprise Zone" in Miami-Dade County,

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA:

Section 1. Legislative Intent and Findings of Public Purpose. The above recitations of legislative intent and findings of public purpose are fully incorporated herein as part of this ordinance.

Section 2. Eligibility Requirements. This Board finds the Business is a "new business" as defined in Section 196.012(15) (b) Florida Statutes (1991) and as defined in Miami-Dade County Code Section 29-82(b), and after careful consideration of certain factors including those enumerated in Section 29-84(a) and (b) of the Miami-Dade County Code finds and determines the Business is eligible for ad valorem tax exemption.

Section 3. Granting the Exemption. This Board hereby grants ad valorem tax exemptions pursuant to Ordinance No. 96-74, enacted on May 21, 1996, to DDR Miami Avenue

LLC, located within Enterprise Zone No. 1301, a "new business". The exemption shall be up to 100% of the eligible assessed value of the improvements to real property and to the eligible tangible personal property, if the company complies with the 20% residency requirement of their employees living in the Enterprise Zone. If the company cannot comply with the 20% residency requirement of their employees living in the Enterprise Zone, then the exemption, for that year, will be 50% of the eligible assessed value of the improvements of the eligible tangible personal property acquired and owned by the Business.

Section 4. Revenue Implications. The estimated revenue loss to the County attributable to the exemption of the Business named in the ordinance will be determined based on this assessment by the Property Appraiser of Miami-Dade County.

Section 5. Duration and Expiration of the Tax Exemption. The duration of the Enterprise Zone Ad Valorem Tax Exemption granted to the Business is five (5) years. The tax exemption granted in this ordinance shall expire five (5) years thereafter. Notwithstanding the foregoing, the Business must apply for a renewal of the exemption each year for which the exemption is sought. Failure to file a renewal application with the Office of Community and Economic Development by March 1 of each year shall constitute a waiver of the exemption for the year.

Section 6. Scope of Exemptions. The property tax exemption authorized through this ordinance shall be up to 100% of the eligible assessed value of the improvements to real property and to the eligible tangible personal property, if the company complies with the 20% residency requirement of their employees living in the Enterprise Zone. If the company cannot comply with the 20% residency requirement of their employees living in the Enterprise Zone, then the exemption, for that year, will be 50% of the eligible assessed value of the improvements to the tangible personal property made by or for the use of the Business. The

exemption shall apply only to Miami-Dade County countywide operating millage and shall not apply to taxes levied for payment of bonds or to taxes authorized by vote of the electors pursuant to Section 9(b) of Section 12, Article VII of the State Constitution. The exemption shall not be prolonged or extended by granting exemption from additional taxes or by virtue of any reorganization or sale of the Business receiving the exemption.

Section 7. Penalties. Non-compliance during the life of the tax exemptions unless expressly waived by the Board, with any of the eligibility requirements of Section 29-87 of the Miami-Dade County Code will nullify the tax exemption benefits granted through this ordinance and the Business shall be required to make payments of taxes exempted in addition to interest accrued from the date of non-compliance.

Section 8. Fee. The Business named in the ordinance will pay a $50 application fee and a fee of 10% of the first year tax exemption to cover administrative expenses of Miami-Dade County in processing the application for tax exemption. All fees are non-refundable even if Miami-Dade County rescinds the tax exemptions due to non-compliance with eligibility requirements. Fees are payable to Miami-Dade County Board of County Commissioners.

Section 9. Renewal Provisions. Enterprise Zone Ad Valorem Tax Exemptions granted through this ordinance can be renewed each year for the duration of the term of the exemption as indicated in Section 6 of this ordinance; however, the Business must re-apply to maintain the exemptions on or before March 1 of each year for which the renewal is sought. Failure to file a renewal by March 1 of every year with the Office of Community and Economic Development (OCED) shall constitute a waiver of the exemption for that year.

Section 10. Severability. If any section, subsection, sentence, clause or provision of this ordinance is held invalid, the remainder of this ordinance shall not be affected by such invalidity.

Section 11. Effective Date. This ordinance shall become effective ten (10) days after the date of enactment unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.

Section 12. Sunset. This ordinance shall stand repealed five (5) years from its effective date.

PASSED AND ADOPTED: February 6, 2007

Approved by County Attorney as to form and legal sufficiency.

Prepared by:

Shannon D. Summerset