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PLANNING & ZONING
METROPOLITAN PLANNING SECT

July 1, 2013

Via Hand Delivery

Mr. Mark Woerner, AICP
Assistant Director, Department of Regulatory
and Economic Resources
111 NW 1st Street, 12th Floor
Miami, Florida 33128

RE: Application to Amend the CDMP Amendment #5 May 2013 Cycle Property located on the Corner of SW 137th Avenue and SW 2nd Street

Dear Mark:

Enclosed please find the economic analysis report prepared by Miami Economic Associates, Inc. in connection with application #5 of the May 2013 amendment cycle for your consideration. The report indicates that the proposed amendment will not adversely impact the County's ability to accommodate industrial uses, will support the need for additional commercial uses, and will create a significant number of new jobs and increased revenues for this area of the county.

Please incorporate the results of this study in the application file and we ask that you utilize its finding in your analysis. Thank you for your continued considerate attention to this application. If you have any questions or require additional information, please contact me.

Respectfully submitted,

HOLLAND & KNIGHT LLP

Tracy R. Slavens

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Encl.
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Miami Economic Associates, Inc.

June 27, 2013

Mr. Jack Osterholt
Director,
Department of Regulatory and Economic Resources
Miami, FL 33128

Re: Application to Amend the CDMP Amendment #5, May 2103 Cycle
Property located on the corner SW 137th Avenue and SW 2nd Street

Dear Mr. Osterholt:

Miami Economic Associates, Inc. (MEAI) has performed an analysis with respect to the above-captioned application to amend the Miami-Dade County Comprehensive Development Master Plan (CDMP), which was filed on behalf of Master Development, Inc. The proposed amendment, if adopted, would re-designate 9.1 net acres of land situated at the location indicated above (the "subject property") from Industrial and Office to Business and Office in order to allow the Applicant, which is the contract purchaser of the property, to develop a commercial project with approximately 113,700 leaseable square feet of retail and restaurant space.

The materials that follow, which are organized as shown below, summarize the findings of our analysis.

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Analytical Framework

The purpose of the analysis performed by MEAI was to determine the following:

- Whether re-designation of the subject property would adversely impact the County's future ability to accommodate industrial uses;
- Whether the need exists for additional commercially-designated land in the portion of the County in which the subject property is located; and

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- The extent to which re-designation of the property would produce economic and fiscal benefits for Miami-Dade County and/or its residents.

In conducting our analysis, consideration was given to the following objectives of the CDMP:

- **LU-8B.** Distribution of neighborhood or community-serving retail sales uses and personal and professional office throughout the County's urban area shall reflect the spatial distribution of the residential population, among other salient social, economic and physical considerations.

- **LU-8E.** Applications requesting amendments to the CDMP Laud Use Plan map shall be evaluated to consider consistency with the Goals, Objectives and Policies of all Elements, other timely issues, and in particular th extent to which the proposal if approved would, among other factors, satisfy a deficiency in the Plan map.

- **LU-8F.** The adequacy of non-residenttial land supplies (with the Urban Development Boundary) shall be determined on the basis of land supplies in subareas of the County appropriate to the type of use as well as the Countywide supply within the UBD. The adequacy of land supply for neighborhood and community-oriented business and office uses shall be determined on the basis of localized subarea geograpghy such as Census Tracts, Minor Statistical Area (MSA's) and combinations thereof.

Summary of Findings

MEAI believes that the proposed amendment to re-designate the subject parcel, which is located on the west side of SW 137th Avenue between theoretical W. Flagler Street and SW 8th Street, from Industrial and Office use to Business and Office Use should be adopted. We base this belief on the findings of our analysis presented below.

Impact of the Reduction of Industrial Land Inventory

- The area fronting on the west side of NW/SW 137th Avenue extending southward for a distance of approximately 1.75 miles from State Road 836 through the subject property to the parcel owned by Target on the northwest corner of the intersection of SW 137th Avenue and SW 8th Street has been designated for Industrial and Office Use on the County's Future Land Use Map for many years. In total, there are 15 parcels of land in that area comprised of a total of 49.67 acres. To date, only two of those parcels comprised of 14.86 acres --- less than 30 percent of the total acreage --- have been developed. One factor that has potentially inhibited the development of these parcels is the fact that they are located just inside the County's Urban Development Boundary (UDB) and their depth between the edge of the NW/SW 137th Avenue right-of-way and the UDB limits their utility as industrial pacels which typically require extensive areas for storage and/or access by large vehicles. Another

factor may be the presence of residential uses of along the east frontage of NW/SW 137th Avenue.

- The subject property is located in MSA 3.2, which has historically been the area of the Miami-Dade County that experiences the highest average annual pace of absorption with respect to industrial land. Data contained Appendix B, which was entitled *Planning Considerations* (Appendix B), to the initial recommendations report that the Miami-Dade County Department of Regulatory and Economic Resources (the Department) issued with respect to the 2013 EAR-based applications to amend the CDMP, indicates that 93.55 acres of industrial land are absorbed within MSA 3.2 on an average annual basis, or more than 60 percent of the total countywide. In that context, the fact that the strip of land on the west side of SW 137th Avenue discussed in the preceding paragraph has not experienced greater level of absorption is even more striking ... and significant.

- In the materials contained in Appendix B, the Deparment further estimated that MSA 3.2 contained a total of 8,848.3 acres designated for industrial use in 2012 including the 1,262.8 vacant acres. Assuming an average annual rate of absorption of 93.55, that vacant land would not be fully depleted, assuming an average until sometime during 2025. The Applicant for the subject property has submitted not only a proposed amendment to re-designate it from Industrial and Office to Business and Office and Use as part of the May 2013 Cycle but also another application seeking to do the same thing for a 9.91 net acre property located in the same general area. If both amendments are adopted the depletion date for the industrial land in MSA 3.2 would be reduced by less than than 3 months, which means that it would still be in 2025. It should also be noted that the Department estimated that the supply of vacant industrial land countywide would not be depleted until 2035.

- Based on the preceding information, MEAI believes that adoption of the proposed amendment regarding the subject property would not have a significant adverse impact on the County's future capability to accommodate industrial development in the County.

<u>Need for Additional Commercially-designated Land</u>

- The subject property is located in MSA 3.2, which extends north from SW 8th Street north to Okeechobee Road and west from just east of the Palmeeto Expressway (State Road 826) to Krome Avenue (177th Avenue). According to Appendix B, the Department estimated that MSA 3.2 had 1,847.6 acres of commercially-designated land inclusive of 377.1 vacant acres in 2012. The Department further estimated that the vacant land would not be fully depleted until after 2030. Appednix B further indicates that the ratio of commercially-designated acreage to population in MSA 3.2 in 2020 will approximate 11 acres/1,000 residents, which was more than twice the countywide ratio of 5.8 acres/1,000 residents at that same point in time. However, it should be noted that there is no developed commercial acreage in MSA 3.2 within 2

miles of the subject property and the overwhelming preponderance of developed acreage is 3 miles away or farther.

- The subject property is located on the southwestern edge of the urbanized portion of MSA 3.2 in an area in which the only residential uses exist. The area in which he subject property is situated is separated from the remainder of the urbanized portion of MSA 3.2 by either the Homestead Extension of Florida's Turnpike (HEFT) and/or by SR Road 836, two limited access highways that interrupt the County's normal grid pattern of streets. As such, these highway serve as barriers to travel through MSA. Residents of the area indicate that they also represents psychological barriers, with the result that they frequently travel south into MSA 6.1 to shop.

- MSA 6.1 is located west of the HEFT and extends southward from SW 8th Street to SW 88th Street (Kendall Drive). Appendix B shows that MSA 6.1 had a total of 577.9 commercially-designated acres in 2012 inclusive of 44.3 vacant acres. It further shows that the ratio of commercially-designated acreage to population in MSA 6.1 in 2020 will be 3.0 acres/1,000 residents, which was less than than 55 percent of the countywide ratio in that year. In fact, only 4 of the County's 31 urbanized MSA's will more underserved in term of commercial acreage than MSA 6.1 in 2020.

- MSA 6.1 extends from north to south for a distance of 5 miles. Within the MSA, more than 263.5 of the commercial acres, or 45.5 percent, are located in to the two southernmost miles, i.e. between SW 56 Street (Miller Road) and Kendall Drive. The remaining 54.5 percent, or 315.2 acres, are located between SW 8th Street and Miller Road. MEAI believes that the primary market area for the commercial project being proposed on the subject property will be comprised of residents of the portion of MSA 3.2 in which the subject property is located together with residents of the portion of MSA 6.1 residing north of Miller Road. At the time of the 2010 Census, the area just described had a total population of 122,623 people, a figure that probably not increased substantially since given the lack of significant construction activity between 2010 and 2012. Accordingly, the ratio of commercially-designated acreage to market area population within the defined market area currently approximates 2.6 acres/1,000 residents and it will decline in the period through 2020 as new residential construction occurs. It should be also be noted that Appendix B estimated that all the the commercially-designated land in MSA 6.1, including the 315.2 acres that serve the population of the primary market area defined above, would be depleted by 2016.

- Based on the preceding information, MEAI believes that a need clearly exists for the more commercially-designated property in the area defined above as the primary market area for subject property. Further, we believe that the need is of sufficient magnitude that the area would benefit from the re-designation of the subject 9.92 net acre parcel but also the 9.1 net acre parcel of 9.1 net acre parcel referred to above for which the Applicant is also seeking re-designation from Industrial and Office to Buisness and Office.

Economic and Fiscal Benefits

- Re-designation of the subject property for commercial uses would not only address the need for more commercially-designated land in the area defined above as the subject property's primary market area, it would also generate economic an fiscal benefits for Miami-Dade County and/or its residents. For the prupose of analyzing these economic and fiscal benefits, it was assumed that the subject property would be developed with 113,700 square feet of rentable area. The bulleted paragraphs that follow describe the most significant findings of the benefits analysis performed.

    - The term "economic benefits" refers to the positive impact that a project such as the commercial development that the Applicant is proposing would have on the overall economy of Miami-Dade County. Development of the proposed project is expected to cost $20.8 million in terms of the hard cost of construction and will provide a basis for approximately 165 man-years of direct construction employment during the development period as well as approximately 147 indirect and induced jobs[1].

      It is anticipated once the proposed retail facility is completed, the permanent workforce on-site would to total 227 people on a full-time equivalent basis, who will earn an average of between $20,000 and $25,000 annually depending on the mix of tenants that actually occupy the space.[2] Finally, it is estimated that the operations of the proposed retail facility would provide support for approximately 252 indirect and induced jobs.[3]

    - The term "fiscal benefits" refers to the positive impacts that a project such as the proposed retail facility would have on the finances of Miami-Dade County and the other governmental jurisdictions in which it would be located. MEAI estimates that during the development period of the proposed commercial facility, impact fees totaling $1,003,323 will be paid for roads, police and fire and general building permit fees in the amount of $16,742 will be paid. Additional fees that cannot currently estimated because the contsruction plans for the project have not been finalized will need to be paid by the various trades involved in the construction.[4]

      When construction is completed, it will generate ad valorem taxes for Miami-Dade County on an annual recurring basis in the amount of $217,212 and for

[1] The estimate of direct construction employment assumes that 45 percent of the moneys expended on hard construction would be spent on labor that the average worker on a non-residential construction project would earn approximately $56,900. The estimate of average earnings is based on the QCEW reports compiled by the Florida Department of Economic Opportunity for 2012.
[2] The estimate of employment assumes 2 FTE per 1,000 square of space. The estimate of earnings is based on the QCEW reports compiled by the Florida Department of Economic Opportunity for 2012.
[3] The estimates of indirect and induced employment were developed using the Regional Input-Output (I-O) Modeling System (RIMS) developed by the U.S. Commerce Department
[4] The fees estimated above are based on the current fee schedules of Miami-Dade County.

the Miami-Dade County Public School District in the amount of $181,745.[5] These amounts are nearly 9 times the amount of taxes collected on the subject property this year. It will also generate occupational license fees and utility taxes and franchise fees on an annual recurring basis for Miami-Dade County as well as increased salestax revenues.[6]

The Applicant recognizes that it will be responsible for payment of the costs associated with any improvements required to County infrastructure at the time of development although it may seek to have such expenditures, when appropriate, credited against impact fees it is obligated to pay. It is expected that once construction has been completed, the amount paid in ad valorem taxes will more than cover the incremental costs, if any, associated with providing the project with County services, which would primarily be police and fire protection. It is, therefore, anticipated that the proposed project would be at least revenue neutral, potentially revenue possitive. We base this conclusion on the following considerations.

- While the subject parcel abuts the UBD on its western boundary, there are significant amounts of development on the east side of SW 137th Avenue as well as south of SW 8th Street that are being provided with both police and fire protection by Miami-Dade County. Given the size of the subject property, the commercial development being proposed is likely to at most add to a small increment of expense to the cost of providing those services to the general area.

- The cost of police and investigative services is primarily paid for out of ad valorem tax collections made by the County for its General Fund and it UMSA Fund. Review of the County's 2012-13 Budget shows that only about 40 percent of the tax revenues collected for the General and UMSA funds would be used to pay for police and investigative services. The remainder of the funds collected in the two funds identified were expected to be used either for governmental activities that are not likely to increase because of the proposed commercial project such as general administration or not be impacted by it such as parks. Further, portions of the amounts spent on police and investigative services were expended on the operations of

[5] The ad valorem taxes estimated above assume a taxable value of $22.74 million and are based on the millage rates approved by the County and the Public School District in September, 2012. The assumed taxable value is based that of comparable facilties within MSA 6.1. The amount shown above for Miami-Dade County includes funds that will be paid into the County General Fund, the County Debt Service Fund, the UMSA Fund, the Library Fund, the Fire-Rescue Operating Fund and the Fire-Rescue Debt Service Fund.

[6] The amount of revenues that will be generated in the form of occupational license fee and utility taxes and franchise fees cannot be estimated at this time based on the information that is currently available. To estimate the occupational fees that will be collected on an recurring annual basis would require knowing number and mix of tenants by type of retailer and the size of each. To estimate utility taxes and franchise would require knowing the extent to the levels of usage of water, electricity and telecommunications services of the prospective tenants of the proposed retail facility

> specialized police units such as the organized crime and domestic violence units that are not likely to be expanded because of the proposed project.[7]

The cost of providing fire services is paid for out of the ad valorem tax collections made by the County for its Fire-Rescue Fund. Review of the County's 2012-13 Budget shows that the County expected that the ad valorem tax revenues collected in that fund would exceed the amount to be expended on suppression and rescue activities with the surplus being used to fund activities that would likely not increase directly as a result of the proposed commercial project

Closing

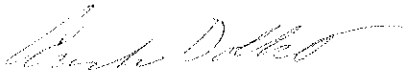
MEAI believes that the proposed amendment to the CDMP which would re-designate the subject property for Business and Office use should be adopted to allow for the development of approximately 113,700 rentable square feet of retail and restaurant space. We base this belief on the following factors:

- Re-designation of the property will not adversely impact the County's future ability to accommodate industrial uses;

- A need exists for additional community-serving commercial uses in the portion of the County where the property is located; and

- The proposed commercial project will provide a significant number of jobs on both a non-recurring basis during the development period and on a permanent basis thereafter. It will also generate significant revenues for Miami-Dade County on both a non-recurring and recurring basis and is likely to be at least revenue neutral, potentially revenue positive.

Sincerely,
Miami Economic Associates, Inc.



Andrew Dolkart
President

[7] In calculating the percentage of ad valorem revenues spent for police and investigative services, MEAI did not include the amounts spent on departmental administration and support services. We do not believe that those costs are likely to increase because of the proposed project.