IV. E. HISTORIC PRESERVATION PLAN

The Omni area contains a number of structures and sites that are important in the historical and architectural development of Miami. The earliest is the City of Miami Cemetery, which dates to 1897, and reflects Miami's pioneer era. Miramar, one of the City's early exclusive residential subdivisions, was laid out in 1912, while Biscayne Boulevard, the City's first "shopping center," was completed in 1927. Buildings in the Omni area also reflect the wide variety of architectural styles common to Miami, including frame and masonry vernacular, Mediterranean Revival, and Art Deco.

The Dade County Historic Survey, completed in 1979, identified approximately 140 structures of varying degrees of historic and/or architectural significance within this area. Since that time, approximately 30 of these have been demolished, while many others have been drastically altered. Two buildings are listed in the National Register of Historic Places (Miami Woman's Club, 1737 N. Bayshore Drive and Trinity Episcopal Church, 464 N.E. 16th Street), while one has been determined eligible for the National Register (Sears, Roebuck and Co., 1300 Biscayne Boulevard). In addition, two properties (Miami Woman's Club and City of Miami Cemetery, 1800 N.E. 2nd Avenue) have been designated as local historic sites by the City of Miami under its Heritage Conservation Ordinance.

As part of the Downtown Master Plan, the Dade County Historic Survey was updated, and all buildings eligible for the National Register of Historic Places and/or local historic site designation were identified. These sites are listed on the following page and illustrated on Map 10. It is the policy of the City of Miami to promote the preservation of these historic sites and to encourage that any remodeling respect their historic character.

To promote preservation, the City will nominate all of the ten potentially eligible buildings to the National Register of Historic Places. If listed in the National Register, income producing buildings would be eligible for a 20 percent investment tax credit for rehabilitation. Other federal incentives would also be available.

The City will also encourage the designation of all eligible buildings as local historic sites under the Heritage Conservation Ordinance. This ordinance provides for certain zoning incentives in exchange for the preservation of a building. These incentives may include floor area or density bonuses, transfer of development rights, change in use, and modification of height, setback, parking and other zoning regulations. The City will continue to explore other incentives to encourage preservation.

Because of its historic and architectural significance, as well as its visual prominence at the entrance to the Omni area, the Sears Building is worthy of special attention. Every attempt should be made to find a buyer who will rehabilitate the building, either individually or as a component in a larger development. In the meantime, the exterior should be cleaned and painted in Art Deco colors to eliminate the negative visual image the building currently projects.

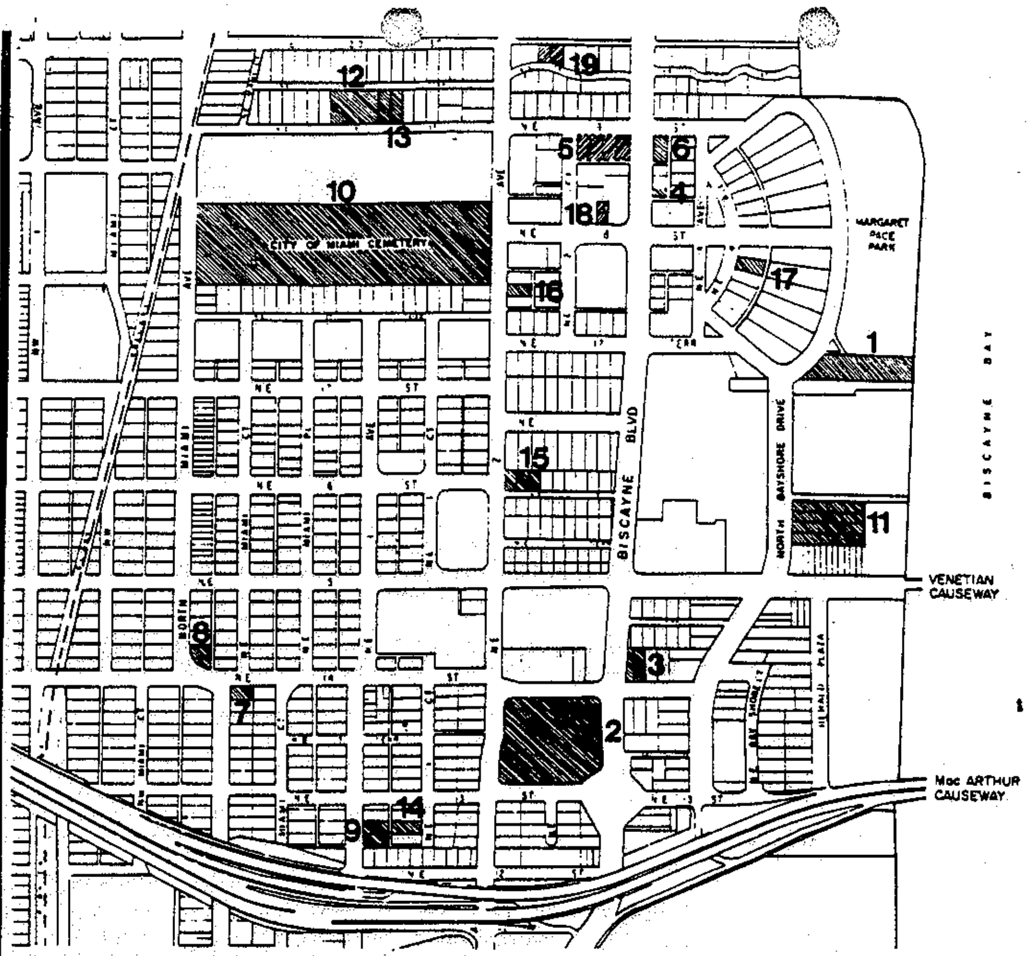
PROPERTIES OF ARCHITECTURAL AND/OR HISTORIC SIGNIFICANCE

Properties of major architectural and/or historic significance that are listed in or potentially eligible for the National Register of Historic Places:

	Address	Historic Name
1.	1737 N. Bayshore Drive	Miami Woman's Club
2.	1300 Biscayne Boulevard	Sears, Roebuck and Company
3.	1401 Biscayne Boulevard	Boulevard Shops
4.	1825 Biscayne Boulevard	Algonquin Apartments
5.	1836 Biscayne Boulevard	First Church of Christ Scientist
6.	1845 Biscayne Boulevard	Priscilla Apartments
7.	1367 N. Miami Avenue	Citizens Bank
8.	1401 N. Miami Avenue	Fire Station No. 2
9.	1221-27 N.E. 1st Avenue	Kentucky Home
10.	1800 N.E. 2nd Avenue	City of Miami Cemetery
11.	464 N.E. 16th Street	Trinity Episcopal Cathedral
12.	109 N.E. 19th Street	Miramar Public School
13.	137 N.E. 19th Street	Temple Israel

Additional properties of architectural and/or historic significance that are potentially eligible for designation by the City of Miami as local historic sites.

1.	1227 N.E. 1st Court	Anderson Hotel Annex
2.	1603 N.E. 2nd Avenue	Franklin Court Apartments
3.	1757 N.E. 2nd Avenue	S & S Restaurant
4.	1799 N.E. 4th Avenue	Pelican Apartments
5.	263 N.E. 18th Street	
6.	219 N.E. 20th Street	



Properties of
Historical /Architectural Significance

OMNI AREA REDEVELOPMENT PLAN

Map 10

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CITY OF MIAMI PLANNING DEPARTMENT AND DEPARTMENT OF DEVELOPMENT

V. IMPLEMENTATION PROGRAM

The Community Redevelopment Act outlines the minimum criteria for community redevelopment plans and authorizes the use of various municipal powers to implement them. However, the success of the redevelopment depends, to a large measure, upon the effectiveness of mechanisms available to implement and regulate the plan recommendations.

This section outlines major implementation tools and regulations that shall apply to new development and redevelopment within the Omni Redevelopment Area.

A. ZONING PLAN

The Zoning Plan provides a major vehicle for implementing the Proposed Land Use Plan. It proposes some changes to the existing zoning within the area. In general, the existing zoning categories are retained, in some cases SPI (Special Public Interest) overlay districts are introduced, and some revisions are proposed to district boundaries as necessary to accomplish redevelopment objectives.

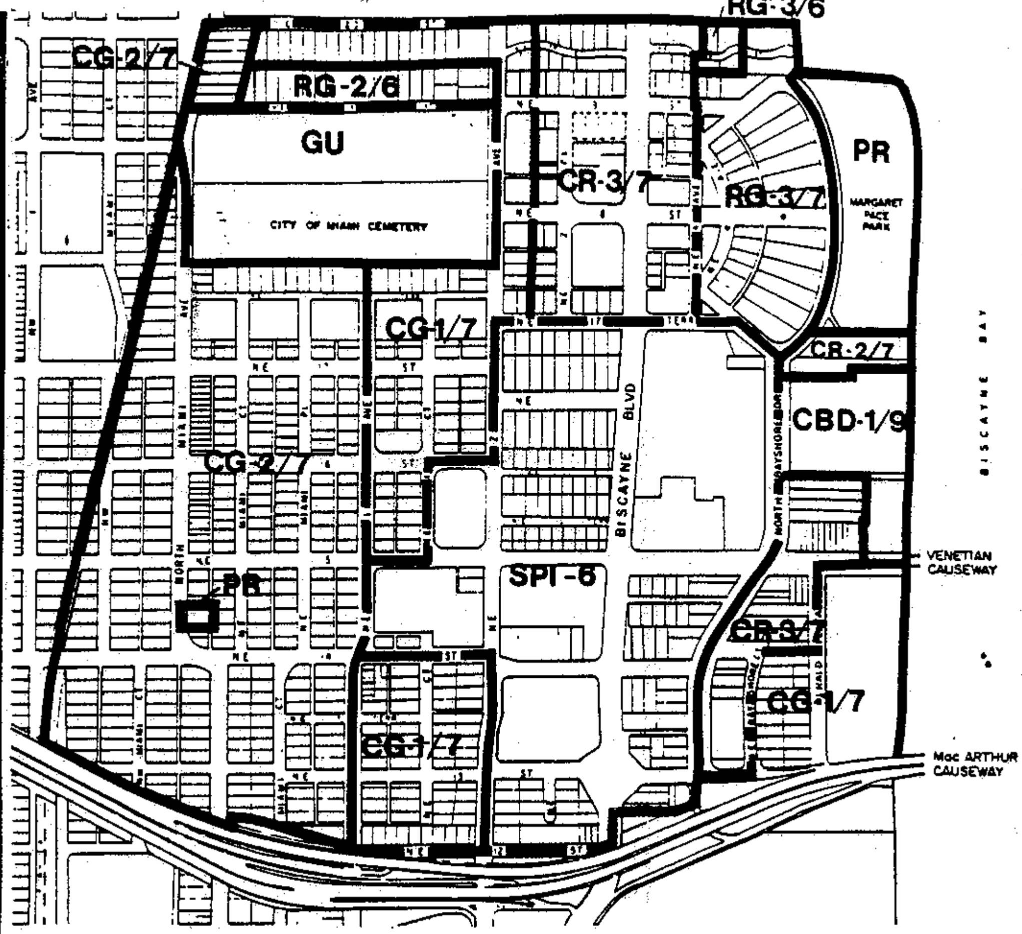
Existing zoning is shown on Map 11; and proposed changes are shown on Map 12 and described below. Zoning categories incorporated within this plan are illustrated on Map 13 Proposed Zoning.

1. Create a SPI-6.1 zoning district to replace the existing pattern of unrelated zoning districts in the area east of North Bayshore Drive. This new zoning classification should have all of the essential characteristics of the adjoining SPI-6 district; however, greater emphasis should be placed upon residential uses and special waterfront development design standards. To ensure that residential uses are developed within this district or in nearby areas, the Floor Area Ratio for non-residential uses should be limited to approximately 3.0, with bonuses up to FAR 6.0-8.0 (depending upon proximity to Metromover Stations) in exchange for on-site housing or assistance for an equivalent amount of off-site housing through contribution to the City of Miami's Affordable Housing Trust Fund. The following existing zoning districts should be changed to SPI-6.1:

   -- CR-2/7 immediately south of Pace Park
   -- CBD-1/9 between North Bayshore Drive and Biscayne Bay north of N.E. 15th Street
   -- CR-3/7 along North Bayshore Drive and west of N.E. Bayshore Court and Herald Plaza
   -- CG-1/7 east of N.E. Bayshore Court and Herald Plaza

2. Expand the western boundary of the CR-3/7 district located between N.E. 17th Terrace and N.E. 20th Street to include CG-1/7 district lying east of N.E. 2nd Avenue.

3. Extend and straighten the western boundary of RG-3/7 district located north of N.E. 19th Street to include a small pocket of RG-3/6 district.



CBD-1/9 CENTRAL BUSINESS DISTRICT
SPI-6 CENTRAL COMMERCIAL RESIDENTIAL
CG-2/7 GENERAL COMMERCIAL
CG-1/7 GENERAL COMMERCIAL
CR-3/7 RESIDENTIAL COMMERCIAL
RG-2/6 GENERAL RESIDENTIAL
RG-3/7 GENERAL RESIDENTIAL
PR PARK AND RECREATION
GU GOVERNMENTAL

Map 11

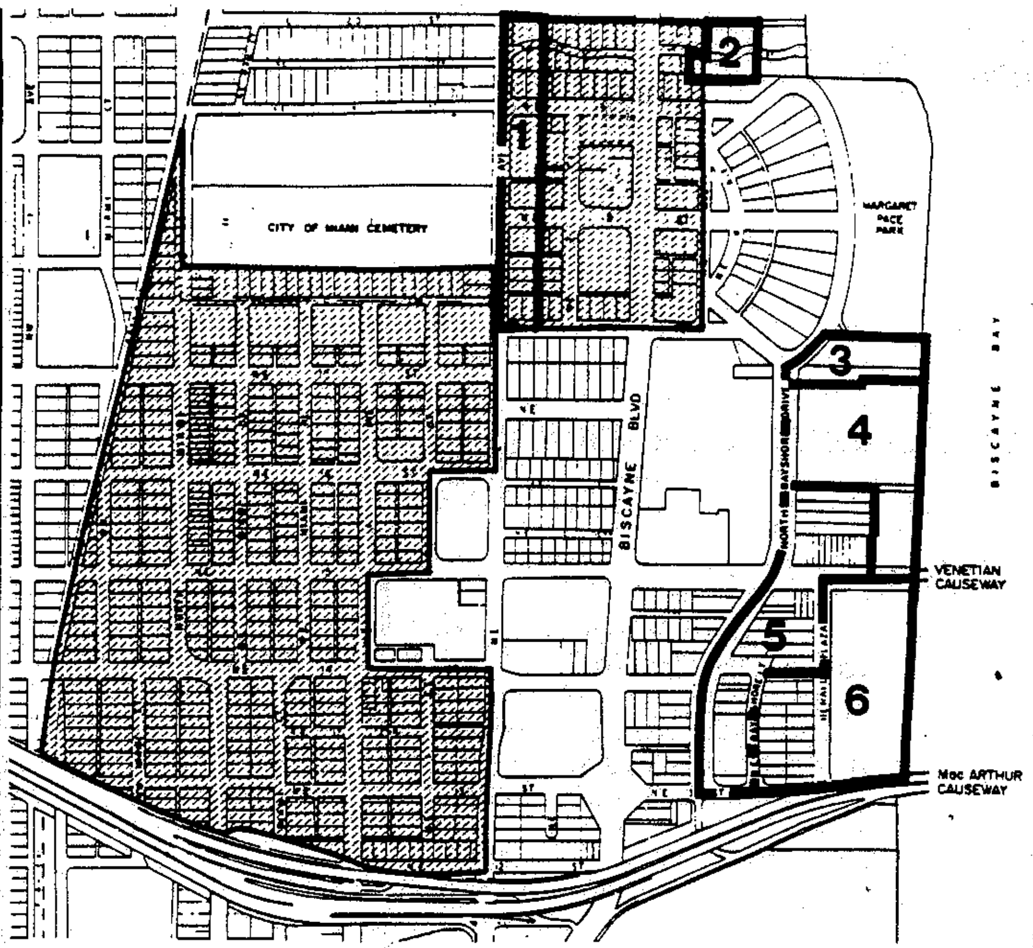
0 200 400 600

Existing Zoning

OMNI AREA REDEVELOPMENT PLAN

CITY OF MIAMI PLANNING DEPARTMENT AND DEPARTMENT OF DEVELOPMENT

53



FROM:

1 CG-1/7 TO CR-3/7

2 RG-3/6 TO RG-3/7

3 CR-2/7 TO SPI-6.1

4 CBD-1/9 TO SPI-6.1

5 CR-3/7 TO SPI-6.1

6 CG-1/7 TO SPI-6.1

SPI OVERLAY DISTRICT

Map 12

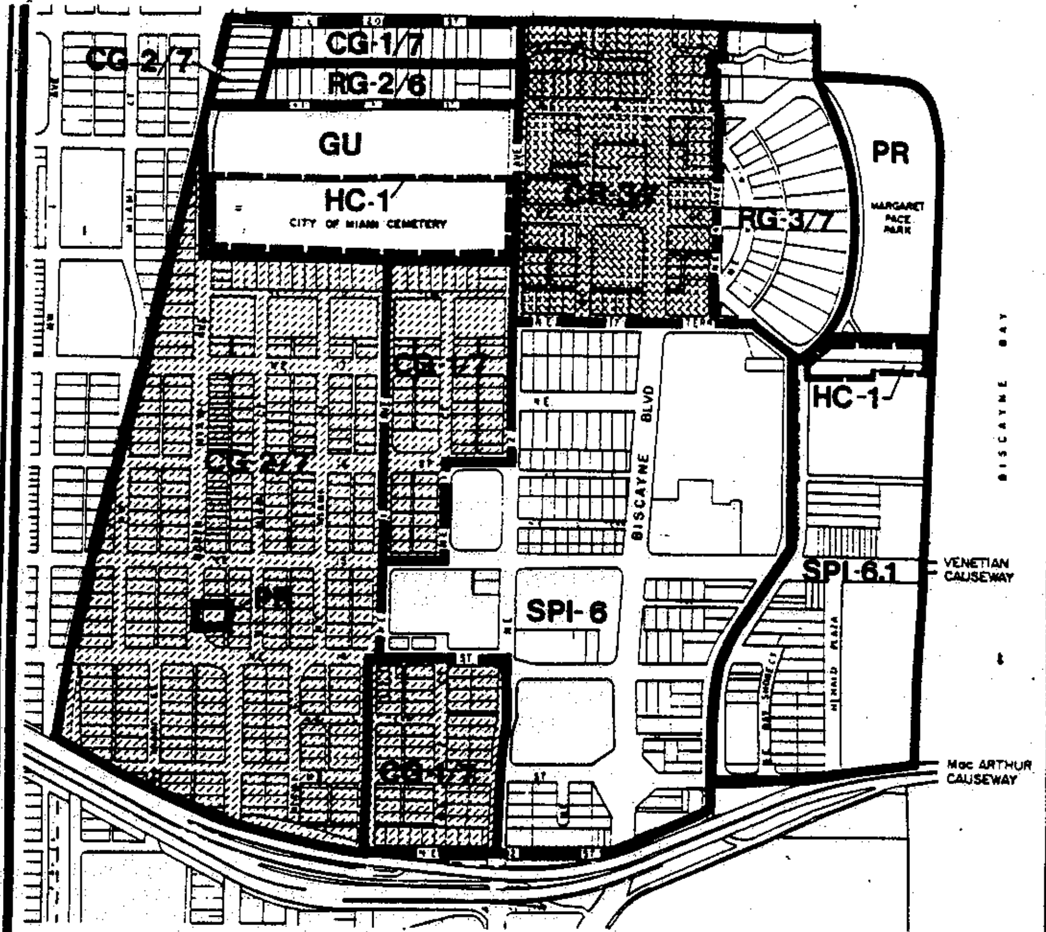
0 200 400 600

CITY OF MIAMI PLANNING DEPARTMENT AND DEPARTMENT OF DEVELOPMENT

Proposed Zoning Changes

OMNI AREA REDEVELOPMENT PLAN

51



SPI-6	CENTRAL COMMERCIAL RESIDENTIAL
SPI-6.1	CENTRAL COMMERCIAL RESIDENTIAL
CG-2/7	GENERAL COMMERCIAL
CG-1/7	GENERAL COMMERCIAL
CR-3/7	RESIDENTIAL COMMERCIAL
RG-2/6	GENERAL RESIDENTIAL
RG-3/7	GENERAL RESIDENTIAL
PR	PARK AND RECREATION
GU	GOVERNMENTAL USE
	SPI OVERLAY DISTRICT
	SPI OVERLAY DISTRICT

Map 13

0 200 400 600

Proposed Zoning

OMNI AREA REDEVELOPMENT PLAN

CITY OF MIAMI PLANNING DEPARTMENT AND DEPARTMENT OF DEVELOPMENT

55

4. Create an SPI overlay district for the CR-3/7 district located between N.E. 17th Terrace and N.E. 20th Street. Such SPI district would permit an intensity increase from sector 7 to sector 8 when such added intensity is used for on-site housing, or when an equivalent amount of off-site affordable housing is assisted by contribution to the City of Miami's Affordable Housing Trust Fund.

5. Create an SPI overlay district for the CG-1 and CG-2 areas located west of N.E. 2nd Avenue that would contain special design guidelines to ensure that the wide variety of commercial and light industrial uses permitted there would not create adverse visual impacts on one another.

A portion of the proposed Redevelopment District falls within the boundary of the Dade County Shoreline Development Review Committee (SDRC)[1]. As a result, this plan and any proposed "development action"[2] within the area must undergo review by the SDRC of the Executive Council of the Dade County Developmental Impact Committee (DIC)[3].

The Shoreline Development Review Ordinance contains certain review criteria that are to be utilized by the SDRC in their evaluation of this plan and in the evaluation of any proposed development action to be taken within the Shoreline Development Review Boundary. These criteria include standards for shoreline

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1 Section 33D-32 of the Dade County Code describes the "shoreline development review boundary" with a map and as being:

"defined by the nearest public roadway, or extension of such roadway alignment, paralleling the shoreline of Biscayne Bay and the northern embayments of Dumfoundling Bay, Maule Lake and Little Maule Lake and Intracoastal Waterway from N.E. 163rd Street to the Broward County Line. Where it is not feasible to follow existing road configurations or extensions of those alignments, zoning district boundaries shall be used to define the boundaries. The boundary line shall extend southward from the Broward County Line to the northern boundary of Biscayne National Park".

2 "Development Action" is defined by Section 33D-32 of the Dade County Code as:

"Any standard fpr, coastal construction permit as defined in Chapter 24 of the Dade County Code or any plat approval, building permit, zoning permit or approval, rezoning or district boundary change; varience; special exception; conditional permit; unusual use; special use permit or any other zoning action ancillary structure or change the existing grade elevation or use of any parcel whithin the shoreline development of a review boundary".

3 Section 33D-34 and 33D-35 of the Dade County Code set forth the respective duties and responsibilities of the SDRC and the DIC. Primarily, the SDRC has jurisdiction and responsibility regarding the review and recommendations as to this Redevelopment Plan while the DIC may become involved in certain decisions regarding the issuance of development approvals and the necessity for shoreline review or exemptions therefrom.

setbacks, visual corridors, side setbacks and side street setbacks, as well as conditions where the criteria may be waived by exception in order to provide additional publicly accessible amenities along the shoreline of Biscayne Bay. These criteria are set forth in Section 33D-38 of the Dade County Code and are incorporated within this plan, by reference. While adopting of this Plan will not actually implement any "developmental actions" as defined by the Code, the criteria of the Shoreline Development Ordinance are intended to be applied to the recommendations of this plan dealing with those properties within the boundaries of the Shoreline Review Ordinance. Thus, the criteria of the Shoreline Development Ordinance should be applied in the individual determinations of this plan.

For example, this plan does recommend certain zoning changes to take place in the future that would apply a new SPI-6.1 district along the shoreline of Biscayne Bay. When the new SPI-6.1 district regulations are written, the Shoreline Development standards will be incorporated into the requirements of the district. Once the proposed zoning changes are adopted, individual applications for development action will be reviewed by the Shoreline Development Review Committee.

V. B. CAPITAL IMPROVEMENT PROJECTS

The redevelopment plan provides for a range of capital improvements to accomplish the objectives of the plan. Capital improvements include:

1. Acquisition and assembly of one or more sites for public facilities to become activity anchors in order to stimulate additional redevelopment by the private sector.

2. Acquisition and assembly of one or more sites for disposition for private redevelopment in order to create specialized industry activity anchors that would create additional economic activity as a catalyst project. Should this catalyst project proceed, the initial tax increment could be utilized to create an available capital pool of between 11.5 million to 13 million through the issuance of a tax increment revenue bond in 1987 or 1988, which could be used for land assembly.

3. Public infrastructure improvements including, but not limited to, utilities, streets, sidewalks, parks, landscaping and upgrading of publicly-acquired easements.

The capital improvements will be accomplished over time at a pace set by the resources available for their completion, the primary resource being the tax increment revenues and land acquisition contemplated does not include residential properties.

The construction of the Omni Extension of the Metromover system is also scheduled for construction, the financing of which is to be supported in part by a special taxing district for the Omni area.

In addition to the above capital improvements which are recommended as part of the redevelopment plan, the 1985-86, City of Miami Capital Improvement Program includes the following projects for the Omni area:

1. Downtown Component of Metromover - Stage II

   The City of Miami has made a commitment to Metro-Dade County to finance a percentage of the project cost of Stage II. This consists of a total of $7,239,300 by the year 1991, from the City of Miami General Fund.

2. Edgewater Street Improvements - Phase II

   This project consists of the rebuilding of streets, which are to be selected by the City of Miami Public Works Department at the time of construction. Improvements will include asphalt pavement, concrete sidewalk, concrete curbs and/or gutters, storm drainage and landscaping. This consists of a total of $1,500,000 by the year 1990; of which $1,000,000 is to be appropriated from Highway G.O. Bonds, and $500,000 from 1984 storm sewer G.O. Bonds.

3. Miramar Storm Sewers Project

This project involves replacement of an existing storm sewer system to be accomplished in conjunction with the rebuilding of streets in the area bounded by N.E. 20th Street, Biscayne Boulevard, N.E. 17th Terrace, and Biscayne Bay. This consists of a total of $600,000 by the year 1989, all of which is to be appropriated by 1984 Storm Sewer G.O. Bonds.

4. Doran Jason/School Board Feasibility Study

This project will study the feasibility of an office/retail/parking building on both sides of N.E. 14th Street between N.E. 1st and N.E. 2nd Avenues, to be owned and primarily utilized by the school board. This consists of a total of $35,000 for 1987, all of which will be appropriated from Off-street Parking Revenues.

5. Renovation of all Fire Stations

This project involves the renovation of all existing Fire Stations, specifically Fire Station No. 2 in the Omni area. This consists of a total (for the entire city) of $697,500 by the year 1987; of which $472,000 has already been appropriated by 1981, Fire G.O. Bonds, and $225,5000 will be appropriated by 1981, Fire G.O. Bonds.

V. C. RELOCATION

The Community Redevelopment Act specifies that any plan prepared under this Act provide assurances that there will be replacement housing for the relocation of persons temporarily or permanently displaced from housing facilities within the redevelopment area [Fla Stats. 163.362(7)]. Chapter 163 also mandates that an appropriate procedure be established and adhered to which insures that such families are relocated to decent and safe housing without any undue hardship [Fla. Stats. 163.360(6)(a)].

Because no public acquisition activities are currently being proposed, a relocation plan is not included at this time. Public demolition activity, consistent with City-wide policies, will be limited to those cases where a health or safety problem is present which can not be resolved through code enforcement. In the event that public acquisition and subsequent relocation proves necessary, a detailed relocation plan in full conformance with Chapter 163 (and the Uniform Relocation Assistance and Real Property Acquisition Properties Act of 1970) will be developed and submitted for public review and approval, as required with any plan amendment under this Act.

V. D. DISPOSITION OF PROPERTY

Any publicly owned property to be transferred for private development as part of this redevelopment plan will be either sold in conformance with Section 18 of the Miami City Code, or will be made available on a long-term lease basis. Private redeveloper(s) of leased property will be selected under the procedures of the Unified Development Process (UDP) Ordinance of the City of Miami (Ordinance 9572).

V. E. REHABILITATION

Certain residential, commercial and industrial properties within the redevelopment area are in a deteriorated and/or substandard and/or underutilized condition and require rehabilitation and/or adoption to uses related to the new economic activity to be fostered within the area as part of this plan. An effort will be made to provide a range of incentives to allow rehabilitation to occur on a widespread basis in conjunction with the implementation of other components of the redevelopment plan, resulting in a widespread upgrading of the area and additional new private capital investment.

Part of the exterior rehabilitation of key commercial properties may be accomplished through the use of facade easement/facade improvement arrangements, whereby facade easements are granted to the City in exchange for improvements being made to the exterior facades of buildings.

V. F. ECONOMIC DEVELOPMENT PLAN

The creation of additional economic activity within the project area is the central purpose of the redevelopment plan. The scheduled Omni Extension of the Metromover system into the area will allow an added linkage to the Downtown Miami Central Business District. This, in itself, should increase the location desirability of the project area for a broad range of activities. In addition, market support for new economic activity will come from the continued development and occupancy of the Omni area hotels, condominiums, restaurants, entertainment, and shopping facilities.

However, this plan recognizes the need to actively seek additional activity to fully accomplish the redevelopment objectives. This activity will come from the location and concentration of new specialized industry anchor activities and new public use facilities in the area, key components of this redevelopment plan.

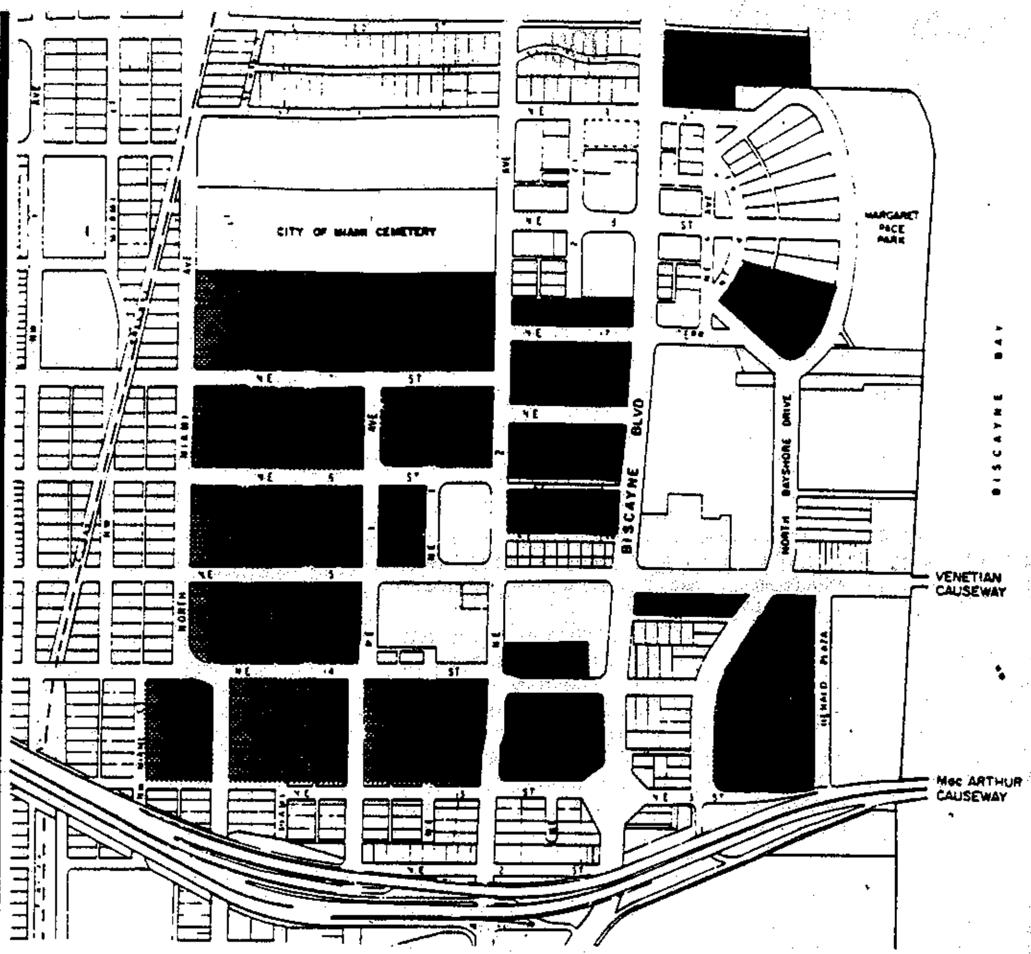
The redevelopment plan has identified a range of possible specialized activities, one or more of which could be concentrated at locations in the redevelopment area. Preliminary market investigation suggests these that these activities could include a media/film district, an exhibition center, port-related support functions and an apparel mart. Additional market research is required to specifically document which activities might be most feasible for concentration within the project area. This detailed research will be accomplished as implementation proceeds.

Several sites within the project area are ideally suited to be locations for concentrated new specialized use anchors. These sites include several major holdings of large, consolidated land, which at this time are either vacant or underutilized. A key component of the economic development strategy is facilitating the redevelopment of these land holdings, utilizing whatever public resources might be available (See Map 14). This could include utilization of tax increment revenues for partial or complete site acquisition for redevelopment.

The immediate strategy is to identify a catalyst project that can be quickly intiated to provide a stimulus to achieving other goals of the redevelopment plan. Should this catalyst project involve public land acquisition, the initial tax increment could be utilized to create an available capital pool of between $11.5 million and $13 million from a taxable or tax-exempt tax increment revenue bond. (See financial projections in Section VI.B.).

Another package of development incentives is available for that portion of the redevelopment area west of Biscayne Boulevard through the newly established Florida Enterprise Zone Act. (The City and County have agreed on a designation of the area shown on Map 15.) New developments or business activities occurring in the enterprise zone are eligible for state corporate income tax credits, state sales tax exemptions on building materials and equipment, and state sales tax remittances keyed to employment. In addition, the City and County have the option of approving additional incentives for the zone, including an abatement of property taxes for new construction.

For most situations, the incentives provided by the State through the enterprise zone designation are not major subsidies to attract development and business activity. The property tax abatement local option can be significant, but approval



PRIMARY DEVELOPMENT OPPORTUNITY AREAS

SECONDARY DEVELOPMENT OPPORTUNITY AREAS

Map 14

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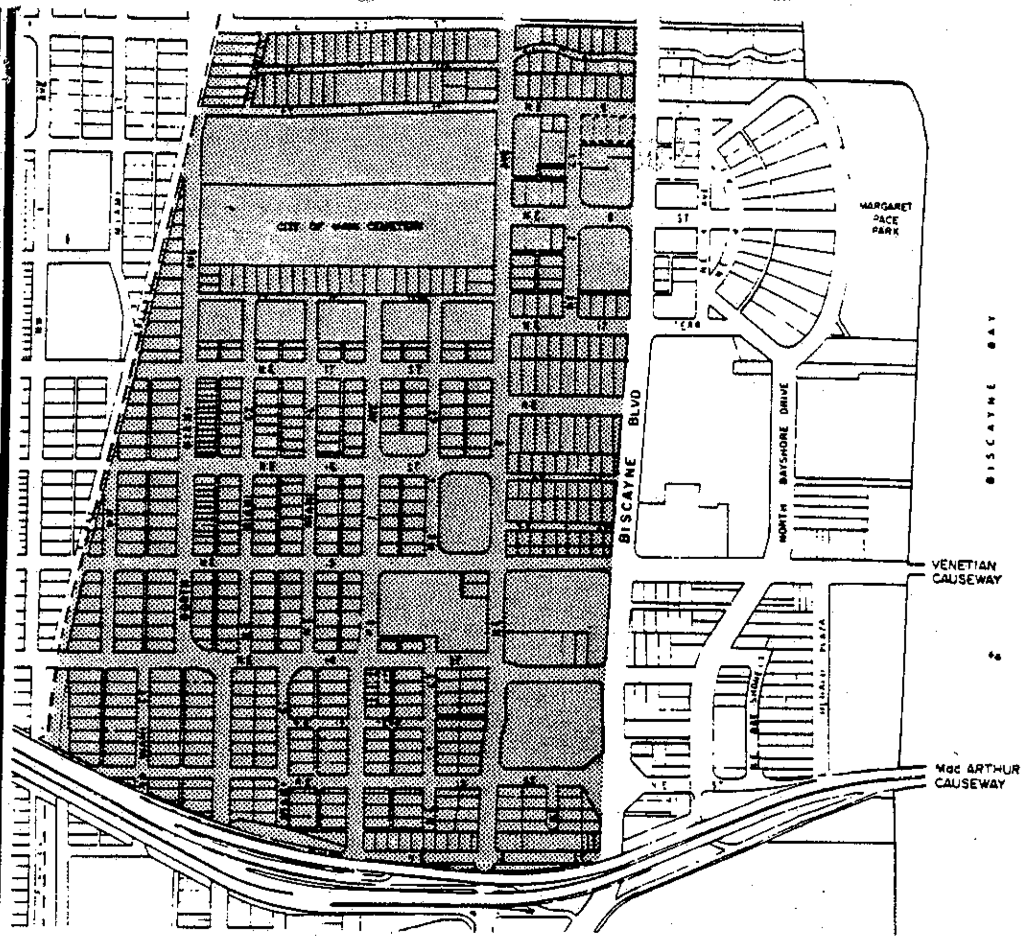
CITY OF MIAMI PLANNING DEPARTMENT AND DEPARTMENT OF DEVELOPMENT

Development Opportunity Areas

OMNI AREA REDEVELOPMENT PLAN

64



AREA DESIGNATED AS AN ENTERPRISE ZONE
JANUARY 1,1987 TO DECEMBER 31,1994
(SUBJECT TO FINAL STATE APPROVAL)

Map 15

0 200 400 600

CITY OF MIAMI PLANNING DEPARTMENT
AND DEPARTMENT OF DEVELOPMENT

Enterprise Zone

OMNI AREA REDEVELOPMENT PLAN

65

of the City and County electorate is required. A more complete discussion of the enterprise zone program is provided in Appendix C.

Other developments occurring outside the project area will also provide an economic stimulus for area redevelopment. The scheduled expansion of the Miami Beach Convention Center, located conveniently across the Venetian Causeway on Miami Beach, will increase convention usage of the Omni area hotels and related uses. The April 1987 opening of the Bayside Specialty Center, and the continued redevelopment of the Southeast Overtown/Park West Redevelopment area, both to the south of the project area, will also provide a new impetus for utilization and redevelopment of the project area.

VI. FINANCING AND MANAGEMENT

A. Estimated Public Costs

The public actions outlined in this plan are currently anticipated to be almost exclusively funded from the projected tax increment revenues. Therefore, actions must be scaled and timed to not exceed the projected magnitude and timing of the receipt of the tax increment revenues. Current projections estimate an annual initial increment revenue to the Redevelopment Trust Fund of approximately $1,500,000. As new private investment occurs, this can be expected to increase accordingly. However, for the initial stages of plan implementation, public costs must be kept at a level to be supportable by an annual income stream of this amount, either utilized on an annual program basis or on a financed income stream basis.

VI. B. **FINANCIAL STRATEGY AND STAGING**

The financial strategy, simply stated, is to utilize the tax increment revenues to fund the public cost related to the public actions contemplated by the redevelopment plan. The range of public actions to accomplish or implement this plan must be staged to allow the tax increment revenues to be available to fund these actions. Under this constraint, actions must be staged to require no more than $1,500,000 per year in sunk costs or in financed costs.

Alternative uses for the tax increment revenue include:

1. Utilization of the tax increment revenue on a non-financed basis, whereby an annual improvements program is implemented on a level that is limited by the annual increment. A previously stated, the annual increment revenue is estimated to be $1.5 million in 1987, assuming the plan is fully adopted by the end of 1986.

2. Utilization of the tax increment for issuing a tax-exempt tax increment revenue bond in 1988. Assuming the current tax-exempt rate for this type of non-GO (general obligation) bond at 8.5 percent, with a 1.25 debt service coverage ratio, the $1.5 annual increment could float a bond of approximately $13 million. The federal tax legislation pending before Congress will severely restrict the ability of cities to use tax-exempt tax increment revenue bonds for redevelopment. (A full discussion of this issue is included as Appendix D to this document.)

3. Utilization of the tax increment for issuing a taxable tax increment revenue bond in 1988. Assuming the current taxable rate for this type of non-GO bond at 10 percent, with a 1.25 debt service coverage ratio, the $1.5 million annual increment could float a bond of approximately $11.5 million. (A taxable bond would not be bound by the restriction tied to a tax-exempt bond referred to above, affording the City far greater flexibility in use of funds.)

4. Utilization of the tax increment on a non-bond basis, through a contract loan or installment purchase basis with a private party agreeable to such an arrangement. This would allow maximum flexibility and may be an efficient way to finance the increment in certain specific situations.

APPENDIX A

LEGAL DESCRIPTION

All that portion of the following listed record plats lying within the area bounded by the Florida East Coast Railroad right-of-way on the West, the Northerly right-of-way line of I-395 on the South, the Westerly shore of Biscayne Bay on the East and the Southerly right-of-way of N.E. 20 Street on the North:

Plat Name	Plat Book	Page
The Causeway Fill	5	120
First Addition to Serena Park	80	8
Resubdivision of Pershing Court and Walden Court	4	148
Serena Park	76	86
Pershing Court	4	147
Walden Court	4	148 1/2
Walden Court First Addition	6	23
Rickmers Addition Amended	4	149
Windsor Park Third Amended	4	145
Windsor Park Second Amended	4	123
The Villa La Plaisance	4	114
Boulevard Tract	100	65
Belcher Oil Company Property	34	29
The Garden of Eden	4	12
Nelson Villa and Garden of Eden Resubdivision	9	174
Nelson Villa and Garden of Eden Amended	30	20
Amended Map of Nelson Villa Subdivision	4	81
Biscayne Park Addition Amended	4	22
Rice and Sullivan Subdivision	4	64
Amended Plat of Miramar Plaza	33	18
Miramar Third Amended	5	4
Biscayne Park Addition	2	24
Replat of a Portion of Nelson Villa Amended	56	69
ASC Tract	89	21
Margaret Pace Park	(Unplatted)	
Coral Park	2	66
Resubdivision of Coral Park	4	106
Grand Union Replat	76	78
Mary Brickell Subdivision	B	9
Windsor Park	3	147
Rickmers Addition Amended	3	2
Alice Baldwin Addition	1	119
Alice Baldwin, Jenny M. & Charles E. Oxar Subdivision Amended	B	87
Ward & Havling's Resubdivision	4	185
Charles E. Oxar Block 24 Amended	3	101
Charles E. Oxar Block 15 Corrected	3	58
Alice Baldwin Block 1 Corrected	6	43
Lindsey Hopkins Education Center	84	48
Heyn Prop. Inc. Resubdivision	6	93
North Miami	A	49 1/2
Lindsey Hopkins Educational Center North Parking Lot	93	90
T.W. Palmers Resubdivision	4	60

69

Excerpts from Downtown Development Plan, Miami, Florida - Economic Analysis and Growth Projections, March, 1986

Table 5. HOUSING DEMAND PROJECTIONS, DADE COUNTY AND DOWNTOWN MIAMI AREA, 1985-2005
(Based on population projections)

	1985	1990	1995	2000	2005
Dade County					
Population	1,770,000	1,932,700	2,034,400	2,125,200	2,210,200
Household Population	1,745,220	1,905,642	2,005,918	2,095,447	2,179,257
Household Size	2.56	2.55	2.53	2.52	2.50
Vacancy	10.0%	8.8%	8.6%	8.4%	8.3%
Households	681,727	747,311	792,853	831,527	871,703
Total Units	757,500	819,400	867,500	907,800	950,600
Additional Units Required	--	61,900	48,100	40,300	42,800

A. Period Demand	1985-1990	1991-1995	1996-2000	2001-2005
Dade County	61,900	48,100	40,300	42,800
Demand Downtown Share of Dade County				
Alternative I: Trend				
@ 5.0%	3,100	--	--	--
@ 7.5%	--	3,610	--	--
@ 10.5%	--	--	4,230	4,490
OMNI	350	800	900	1,000
Overtown/Park West	2,000	2,000	2,500	2,500
CBD	150	200	230	250
Brickell	600	610	600	740
Alternative II: Latin Impact				
@ Plus 20%	3,720	4,330	5,080	5,390
OMNI	700	1,130	1,380	1,480
Overtown/Park West	2,000	2,000	2,500	2,500
CBD	220	300	300	410
Brickell	800	900	900	1,000

HAMMER · SILER · GEORGE · ASSOCIATES

Plat Name	Plat Book	Page
W.T. Heslington Subdivision	8	97
City of Miami Cemetary	2	16
San Jose	3	158
Niles Court Resubdivision	32	36
Fire Station Site 1972	93	42
Seitter Addition Amended	2	60
Style Accessories Subdivision	62	8
Replat of Lot 2, North Miami	57	69
Omni International	102	3
Plaza Venetia	107	91
Herald Park	121	4
Bay Serena	7	135
Replat of Johnson and Waddell	50	15
Johnson and Waddell	B	53
Jefferson Addition	108	55
Biscayne Federal Plaza First Addition	116	7
Amended Plat of Les Violins	109	16
Biscayne Federal Plaza Amended	109	77
Replat Biscayne Federal Plaza	103	60

and all that portion of any unsubdivided lands lying in Section 36, Township 53 South, Range 41 East and Section 31, Township 53 South, Range 42 East, lying within the area defined above, and all that portion of any street, avenue, terrace, lane, way, drive, court, place, boulevard or alley lying within the area defined above and any other subdivisions, not listed above, lying within the above defined area.

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Table 5. HOUSING DEMAND PROJECTIONS, DADE COUNTY AND DOWNTOWN MIAMI AREA, 1985-2005
(Based on population projections)
(Continued)

B. Cumulative Housing Demand

	1985-1990	1991-1995	1996-2000	2001-2005
Alternative I: Trend				
OMNI	350	1,150	2,050	3,050
Overtown/Park West	2,000	4,000	6,500	9,000
CBD	150	350	580	830
Brickell	600	1,210	1,810	2,550
Alternative II: Latin Impact				
OMNI	700	1,830	3,210	4,690
Overtown/Park West	2,000	4,000	6,500	9,000
CBD	220	520	820	1,230
Brickell	800	1,700	2,600	3,600

Source: Hammer, Siler, George Associates.

Cumulative Subarea Housing Summary

	Absorption, 1985-2005	
	Alternative I	Alternative II
OMNI	3,050	4,690
Overtown Park West	9,000	9,000
CBD	830	1,230
Brickell	2,550	3,600
Total	15,430	18,520

Excerpts from Downtown Development Plan, Miami, Florida - Economic Analysis and Growth Projections, March, 1986.

Table 12. ALTERNATIVE I: PROJECTED DEMAND FOR OFFICE SPACE, DOWNTOWN MIAMI BY SUBAREA, 1985-2005

Period	Annual Downtown Demand	Annual Square Feet Of Office Space Demand: Omni	Overtown	Core	Brickell
1985-1990	480,400	24,000	28,800	288,300	139,300
1991-1995	446,200	26,800	35,700	258,800	124,900
1996-2000	498,100	34,900	49,800	283,900	129,500
2001-2005	546,900	43,800	60,200	306,200	136,700

Source: Hammer, Siler, George Associates.

Table 13. ALTERNATIVE I: CUMULATIVE PROJECTED DEMAND FOR OFFICE SPACE, DOWNTOWN MIAMI BY SUBAREA, 1985-2005

Period	Downtown Demand	Downtown Demand By Subarea: Omni	Overtown	Core	Brickell
1985-1990	2,402,000	120,000	144,000	1,441,500	696,500
1991-1995	4,633,000	254,000	322,500	2,735,500	1,321,000
1996-2000	7,123,500	428,500	571,500	4,155,000	1,968,500
2001-2005	9,858,000	647,500	872,500	5,686,000	2,652,000

Source: Hammer, Siler, George Associates.

Table 14. ALTERNATIVE II: PROJECTED DEMAND FOR OFFICE SPACE, DOWNTOWN MIAMI, 1985-2005

Period	Dade County Demand	Downtown Market Share	Downtown Office Demand: Total/Period	Cumulative
1985-1990	8,498,500	32.5%	2,762,000	2,762,000
1991-1995	7,774,000	33.0%	2,565,400	5,327,400
1996-2000	8,550,300	33.5%	2,864,300	8,191,700
2001-2005	9,248,900	34.0%	3,144,600	11,336,300

Source: Hammer, Siler, George Associates.

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Table 15. ALTERNATIVE II: PROJECTED DEMAND FOR OFFICE SPACE, DOWNTOWN MIAMI BY SUBAREA, 1985-2005

Period	Annual Downtown Demand	Annual Square Feet Of Office Space Demand			
		Omni	Overtown	Core	Brickell
1985-1990	552,400	27,600	33,200	331,400	160,200
1991-1995	513,100	30,800	41,000	297,600	143,700
1996-2000	572,900	40,100	57,300	326,500	149,000
2001-2005	628,900	50,300	69,200	352,200	157,200

Source: Hammer, Siler, George Associates.

Table 16. ALTERNATIVE II: CUMULATIVE PROJECTED DEMAND FOR OFFICE SPACE, DOWNTOWN MIAMI BY SUBAREA, 1985-2005

Period	Downtown Demand	Downtown Demand By Subarea			
		Omni	Overtown	Core	Brickell
1985-1990	2,767,000	138,000	166,000	1,657,000	801,000
1991-1995	5,327,500	292,000	371,000	3,145,000	1,519,500
1996-2000	8,192,700	492,500	657,500	4,777,500	2,264,500
2001-2005	11,336,300	744,000	1,003,500	6,538,500	3,050,500

Source: Hammer, Siler, George Associates.

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2005, over 2,000 additional rooms can be supported by growing commercial, convention, and tourist demand.

The future hotel room demand is distributed by subarea in Table 22.

Table 22. ALTERNATIVE I: PROJECTED HOTEL DEVELOPMENT BY SUBAREA, DOWNTOWN MIAMI, 1985-2005

	No. Hotels and Rooms by Subarea				
Period	Omni	Overtown/ Park West	CBD	Brickell	Total
1985-1990	--	--	--	--	--
1991-1995	--	--	1 = 600	--	1 = 600
1996-2000	1 = 400	1 = 400	--	--	2 = 800
2001-2005	--	--	--	1 = 600	1 = 600
Total	1 = 400	1 = 400	1 = 600	1 = 600	4 = 2,000

Source: Hammer, Siler, George Associates.

A number of factors were taken into consideration when allocating future hotel room demand, particularly anticipated developments and existing competitive facilities in each subarea. The abundance of existing hotels within the CBD area are believed to be sufficient to handle additional demand in the near term through increased occupancy levels. However, DRI's have been approved for 634 rooms in the CBD subarea by 1990. For this reason, 600 rooms have been allocated to the CBD for the 1991-1995 period. The major factor which will generate demand in the Overtown/Park West subarea is the exhibition center/sports area and the Bayside project. There are no existing competitive hotels in that subarea at present. The Omni and Brickell subareas would then capture convention spillover demand, as well as the anticipated increase in commercial demand, respectively.

Alternative II

Under this alternative, the number of room/nights demanded for commercial and convention use would remain constant, while tourist-generated demand would increase greatly as a result of the degree of increased tourism reflected in Table 21 (from 5.9 million in 1985 to 11.6 million by 2005). As a result, the total number of competitive hotel rooms justified in downtown Miami would increase from 3,197 in 1985 to approximately 6,945 by 2005. This is shown in Table 23.

Under Alternative II, seven new hotels, totalling 3,700 additional hotel rooms, could be supported in downtown by 2005. The distribution of these facilities is shown in Table 24 on the following page.

The same rationale was used in allocating hotel facilities and hotel rooms under Alternative II as for Alternative I. However, the substantial increase in tourist-generated room/nights justified the development of more hotel rooms. An initial major hotel of 600 rooms would be justified somewhat earlier than under Alternative I and, presumably, would be located in the CBD subarea.

Table 24. PROJECTED ALTERNATIVE II. (INCREASED TOURISM): HOTEL DEVELOPMENT BY SUBAREA, DOWNTOWN MIAMI, 1985-2005

	No. Hotels and Rooms by Subarea				
Period	Omni	Overtown/ Park West	CBD	Brickell	Total
1985-1990	--	--	1 = 600	--	1 = 600
1991-1995	1 = 400	1 = 500	--	--	2 = 900
1996-2000	--	1 = 600	1 = 500	--	2 = 1,100
2001-2005	--	--	1 = 500	1 = 600	2 = 1,100
Total	1 = 400	2 =1,100	3 = 600	1 = 600	7 - 3,700

Source: Hammer, Siler, George Associates.

Appendix B
Excerpts from Downtown Development Plan, Miami, Florida - Economic Analysis and Growth Projections, March, 1986.

Table 31. RECOMMENDED RETAIL SPATIAL PROGRAM FOR FUTURE DEVELOPMENT BY SUBAREA, DOWNTOWN MIAMI, 1995-2005 1/

Alternative I	Cumulative Square Feet 1995	2005
CBD		
Department Store	240,000	575,000
Non-Department Store Shoppers' Goods	150,000	370,000
Eating/Drinking	15,000	50,000
Entertainment	35,000	50,000
Subtotal	440,000	1,045,000
Omni		
Department Store	-	-
Non-Department Store Shoppers' Goods	-	40,000
Eating/Drinking	15,000	35,000
Entertainment	-	10,000
Subtotal	15,000	85,000
Overtown/Park West		
Department Store	-	-
Non-Department Store Shoppers' Goods	25,000	40,000
Eating/Drinking	20,000	35,000
Entertainment	-	-
Subtotal	45,000	75,000
Brickell		
Department Store	-	-
Non-Department Store Shoppers' Goods	15,000	40,000
Eating/Drinking	35,000	80,000
Entertainment	-	-
Subtotal	50,000	120,000
Downtown - Total		
Department	240,000	575,000
Non-Department Store Shoppers' Goods	190,000	490,000
Eating/Drinking	85,000	200,000
Entertainment	35,000	60,000
Total	550,000	1,325,000

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Excerpts from Downtown Development Plan, Miami, Florida - Economic Analysis and Growth Projections, March, 1986.

Table 31. RECOMMENDED RETAIL SPATIAL PROGRAM FOR FUTURE DEVELOPMENT BY SUBAREA, DOWNTOWN MIAMI, 1995-2005 1/ (Continued)

Alternative II	Cumulative Square Feet 1995	2005
CBD		
Department Store	250,000	600,000
Non-Department Store Shoppers' Goods	160,000	400,000
Eating/Drinking	20,000	65,000
Entertainment	40,000	60,000
Subtotal	470,000	1,125,000
Omni		
Department Store	-	-
Non-Department Store Shoppers' Goods	-	50,000
Eating/Drinking	20,000	45,000
Entertainment	-	20,000
Subtotal	20,000	115,000
Overtown/Park West		
Department Store	-	-
Non-Department Store Shoppers' Goods	30,000	45,000
Eating/Drinking	25,000	40,000
Entertainment	-	5,000
Subtotal	55,000	90,000
Brickell		
Department	-	-
Non-Department Store Shoppers' Goods	25,000	60,000
Eating/Drinking	45,000	100,000
Entertainment	-	-
Subtotal	70,000	160,000
Downtown - Total		
Department Store	250,000	600,000
Non-Department Store Shoppers' Goods	215,000	555,000
Eating/Drinking	110,000	250,000
Entertainment	40,000	85,000
Total	615,000	1,490,000

1/ Does not include Bayside which, although not open, has been considered as "in place of" for this analysis.

Source: Hammer, Siler, George Associates.

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Appendix C

TAX INCENTIVES OFFERED UNDER THE NEW ENTERPRISE ZONE ACT

The Florida Enterprise Zone Act of 1984 offers substantial tax credits and other benefits to firms, especially corporations, which invest their resources in the distressed areas of the state. These incentives fall into two major categories: 1) State incentives, and 2) Local incentives. This summary identifies the incentives offered by the program, and explains how firms and individuals may take advantage of them.

State Incentives:

1. The Community Contribution Tax Credit. This program is designed to encourage private corporations to participate in revitalization projects undertaken by qualified redevelopment organizations. By donating cash or assets to these projects, businesses can help to reverse the trend of deterioration in blighted areas. This program establishes a procedure under which a corporation may receive a tax credit of a 50% of its contributions to an eligible community development project.

Chart 1 shows a sample computation of the tax advantage for a corporation based on its marginal tax bracket. In order to measure the impact of this incentive, a private corporation with $220,000 pre-tax income is used as an example. The cost of contributing $10,000 to an ordinary charitable project and to a qualified community revitalization project in an enterprise zone is computed separately. As shown in Chart 1, the net cost of contributing $10,000 to a qualifying project for a private firm, after state and federal taxes, is $2,403.

2. Enterprise Zone Jobs Credit. This program institutes an economic revitalization job creation credit against the corporate income tax to businesses located anywhere in Florida which employ residents of enterprise zones. The program offers businesses a significant tax incentive to reduce high unemployment rates in blighted areas. The credit is equal to 25% of wages paid, up to a maximum wage of $1,500 a month, for a period of 24 months.

A sample computation of the tax benefit of this program is shown in Chart 2 for the same hypothetical firm. The firm receives a $9,000 tax credit for hiring two employees from enterprise zones, and saves $4,593 after federal and state tax adjustments.

3. Enterprise Zone Property Credit. The new or expanded business tax credit program is designed to encourage private corporations to participate in the revitalization of economically distressed areas. It provides incentives to firms to establish new businesses or expand or rebuild existing businesses in enterprise zones.

The amount of tax credit is set at 96 percent of the school portion of the local ad valorem taxes levied on new or expanded commercial property. A sample computation of the credit is shown in Chart 3, when a firm with a $220,000 pre-tax income invests $800,000 on a new building in an enterprise zone. The firm receives a tax credit of $5,184 and saves $2,651 each year for ten consecutive years.

In addition to the three major incentives explained above, in 1984 the Legislature added the following incentives:

1. Sales tax exemption for building materials used in the rehabilitation of commercial real property in enterprise zones;

2. Sales tax exemption for business equipment used in enterprise zones;

3. Sales Tax remittance of $135.00 per month for each full time employee or $65.00 per month for each part time employee. In either case, wages per month for each employee must not exceed $1500.00. This incentive is open to all types of business establishments (corporations, partnerships, sole proprietorships, etc.). The program allows corporations to choose either the Sales Tax Remittance or the Enterprise Zone Jobs Credit, but not both.

4. Unspecified state regulatory relief in enterprise zones.

Optional Local Incentives:

The State Legislature also authorized the local governments to offer several local optional incentives as a supplement to the State incentives. These incentives are noted below.

1. The economic development ad valorem tax exemption. As much as 100% of the property taxes of a new or expanded portion of an existing property may be abated up to ten years. However, a local referendum is required to initiate the program.

2. Industrial Revenue Bond financing. The principal incentive provided by revenue bonds is the tax exempt status of the interest paid to the bondholders, which translates into lower borrowing costs and, therefore, reduced debt service or lease payments to the business against whose revenues the bonds are secured. Revenue bonds may be used to finance industrial park development, land acquisition, site preparation, etc.

3. Tax Increment Financing. Negotiable redevelopment revenue bonds may be issued by the local governments to finance undertaking of any community redevelopment project when authorized by resolution or ordinance of the governing body. Tax increment financing is often used by local governments to fund redevelopment efforts in blighted areas.

4. Municipal Utility Tax Exemption. Up to 50 percent of municipal utility taxes of new businesses in an enterprise zone may be abated.

5. Occupational License Tax Exemption. The new enterprise zone program also gives the local governments the authority to abate the occupational license fees up to 50 percent.

The new Enterprise Zone program goes into effect on January 1, 1987 and expires on December 31, 1994.

Chart 1

A sample case for the Community Contribution Tax Credit Program:

	No Contribution	An Ordinary Charitable Contribution	A Qualifying Rehabilitation Contribution
Florida Net Income	$220,000	$220,000	$220,000
Contribution	--	(10,000)	(10,000)
Florida Exemption	(5,000)	(5,000)	(5,000)
Taxable Income	215,000	205,000	205,000
Tax at 5.5%	11,825	11,275	11,275
50% Tax Credit	--	--	(5,000)
Florida Taxes Due	$11,825	$11,275	$6,275
Federal Net Income	$220,000	$220,000	$220,000
Contribution	--	(10,000)	(10,000)
Florida Tax	(11,825)	(11,275)	(6,275)
Taxable Income	$208,175	$198,725	$203,725
Federal Tax:			
1st $25,000 x 17%	$4,250	$4,250	$4,250
2nd $25,000 x 20%	5,000	5,000	5,000
3rd $25,000 x 30%	7,500	7,500	7,500
4th $25,000 x 40%	10,000	10,000	10,000
Remainder at 46%	49,761	45,414	47,714
Federal Taxes Due	$76,511	$72,164	$74,464
Cash Required			
Contribution:	None	$10,000	$10,000
Federal Taxes	$76,511	$72,164	$74,464
Florida Taxes	11,825	11,275	6,275
Total	$88,336	$93,439	$90,739
Actual Cost of Contributing $10,000	None	$5,103	$2,403

Appendix C

Chart 2

A sample case for the Enterprise Zone Jobs Credit Program:

Assume 2 employees at $1,500 per month for 12 months.
Total Wages = $36,000
Tax Credit = 25% of $36,000 = $9,000

	Firm that does not qualify	Firm that does qualify
Florida Net Income	$220,000	$220,000
Add Back Credit	--	9,000
Exemption	(5,000)	(5,000)
Taxable Income	215,000	224,000
5.5% Tax	11,825	12,320
Credit	--	(9,000)
Florida Taxes Due	11,825	3,320
Federal Net Income	$220,000	$220,000
Florida Taxes	(11,825)	(3,320)
Taxable Income	$208,175	$216,680
Federal Tax:		
1st $25,000 x 17%	4,250	4,250
2nd $25,000 x 20%	5,000	5,000
3rd $25,000 x 30%	7,500	7,500
4th $25,000 x 40%	10,000	10,000
Remainder at 46%	49,761	53,673
Federal Taxes Due	$76,511	$80,423
Total Taxes Payable	$88,336	$83,743
Savings Realized	--	$4,593
Savings as Percent of Labor Cost	--	12.8%
Savings as Percent of Total Tax Bill	--	5.2%

Appendix C

Chart 3

A sample case for the Enterprise Zone Property Credit Program:

Assuming assessed value of new property = $800,000

Assessed value = $800,000
School portion millage rate = $6.75/$1,000 assessed value
School portion ad valorem tax: $6.75/$1,000*$800,000 = $5,400

Tax Credit = .96 x $5,400 = $5,184

	Firm without Credit	Firm with Credit
Florida Net Income	$220,000	$220,000
Add Back Credit	--	5,184
Exemption	(5,000)	(5,000)
Taxable Income	215,000	220,184
5.5% Tax	11,825	12,100
Credit	--	(5,184)
Florida Taxes Due	11,825	6,916
Federal Net Income	$220,000	$220,000
Florida Taxes	(11,825)	(6,916)
Taxable Income	208,175	213,084
Federal Tax:		
1st $25,000 x 17%	4,250	4,250
2nd $25,000 x 20%	5,000	5,000
3rd $25,000 x 30%	7,500	7,500
4th $25,000 x 40%	10,000	10,000
Remainder at 46%	49,761	52,019
Federal Taxes Due	$76,511	$78,769
Total Taxes Payable	$88,336	$85,685
Total Tax Advantage	--	$2,651
Cash Value of Credit Received for 10 Years		$26,510

Appendix D
Pending Federal Tax Legislation Concerning Tax Exempt Revenue Bonds

Source: Greenberg, Traurig, Askew, Hoffman, Lipoff, Rosen and Quentel, P.A.

August 1, 1986

MEMORANDUM

Re: Omni Venetia Taxing District

The City of Miami proposes to create the Omni Venetia Taxing District in order to redevelop an area of the City near the Omni. The District would finance the redevelopment costs by issuing tax exempt revenue bonds to be secured and paid by real property taxes on the increase in value of the real property located within the District.

The question has arisen as to the treatment of the District's bonds under the Federal tax law.

Present Law

The Internal Revenue Service's only pronouncement on the treatment of tax increment financing under current Federal tax law is Revenue Ruling 73-481 published in 1973. The implicit holding in the ruling is that tax increment bonds are not industrial development bonds and therefore are not subject to the restrictions on the use of proceeds of industrial development bonds imposed by the Internal Revenue Code. The ruling described the financing as follows. Under a redevelopment plan, bond proceeds are used to acquire property in the blighted area and to improve streets and other public facilities. Buildings on the acquired property are razed and land prepared for sale or lease to private developers. Sale or lease proceeds are used to acquire additional property. Because the sale price to private developers is less than the cost of acquiring and preparing the land for sale, eventually all of the bond proceeds are spent in carrying out the plan. The principal and interest on the bonds are paid by property taxes levied and collected each year on the increase in the assessed value of the property in the redevelopment area.

Proposed Legislation

Both the House and the Senate tax bills would treat tax increment bonds as industrial development bonds (or "nonessential function bonds" in the case of the House bill). The requirements of the two bills in order for interest on the bonds to be exempt are generally similar with the differences noted below. Tax increment bonds meeting the requirements listed below are "qualified redevelopment bonds".

1. Both bills require the proceeds of the bonds to be used for redevelopment purposes in a locally designated blighted area. The House bill requires that 100% of the proceeds, and the Senate bill requires that 95% of the proceeds, be so used.

2. Property tax revenues attributable to any increase in real property values by reason of the bond-financed redevelopment must be reserved exclusively for debt service on the issue "to the extent necessary to cover such debt service". The Senate bill permits the tax increment revenues to be used to pay other tax increment bonds as well. Under both bills, other revenues or the full faith and credit of the issuer may be pledged as well.

3. Real property taxes imposed in the blighted area must be imposed at the same rate and in the same manner as other real property taxes in the same jurisdiction. No owners or users of property in the blighted area may be subject to charges and fees not imposed on similarly situated owners or users elsewhere in the jurisdiction.

4. Qualified redevelopment bonds may be issued only under a State law which authorizes the issuance of the bonds for use in blighted areas. In addition, the city or the other government unit having jurisdiction over the blighted area must adopt a redevelopment plan before the issuance of the bonds.

Both bills go on to define qualifed redevelopment activities and to describe how blighted areas may be designated. Qualified redevelopment activities, for which the bond proceeds must be used, include the acquisition of property in the blighted area by the exercise of the power of eminent domain or its threat and the subsequent transfer of the property to nongovernmental persons.

The Senate bill requires that the subsequent transfer be for fair market value. Other qualified redevelopment activities are the clearing and preparation of land in the blighted area for redevelopment and transfer to private persons, the rehabilitation of real property and the relocation of occupants of buildings in the blighted area. The Senate bill does not permit the use of bond proceeds to construct new buildings or structures.

Both bills require the State to pass legislation adopting criteria under which cities and other local governmental units would designate blighted areas. The House bill permits up to 10% of the total assessed value of all real property within the jurisdiction of the city to be designated as a blighted area, with no blighted area smaller than one-quarter of one square mile. The Senate bill permits 25% of the assessed value to be included in a blighted area, with no blighted area less than 10 contiguous acres.

Under both bills, qualified redevelopment bonds are subject to the volume cap limitation. In Florida, this would mean applying to the Division of Bond Finance for an allocation of the state volume cap prior to issuing the bonds. In the case of states which issued at least $25 million in tax increment financing during the period beginning July 18, 1984 and ending December 31, 1985, the House bill reserves volume cap for tax increment bonds in the amount of $6 per capita. Any state may allocate more of its $150 per person state volume cap to tax increment financing, if it so wishes.

Finally, the House bill provides that, if single or multi-family housing is rehabilitated with, or located on land acquired by, bond proceeds, then the housing must satisfy certain of the rules that would apply to the housing if it were itself financed with tax-exempt bonds. Both bills prohibit the use of bond proceeds for certain facilities which industrial development bonds generally may not finance.

39

The House and the Senate concurred on treating tax increment bonds as private activity or industrial development bonds. Tax increment bonds meeting the following statutory requirements are "qualified redevelopment bonds" the interest on which is exempt from federal income tax.

1. The Conference bill requires that 95 percent of the bond proceeds be used for redevelopment purposes in a locally designated blighted area. No more than 2 percent of bond proceeds may be used to pay costs of issuance. If costs of issuance exceed 2 percent, the excess may be paid from revenues or other non-bond proceeds.

2. Both the House and Senate bills required that property tax revenues attributable to any increase in real property values by reason of the bond-financed redevelopment must be reserved exclusively for debt service on the issue. According to the Summary, the Conference bill permits "qualified redevelopment bonds to be secured by pledges of generally applicable taxes if the taxes are the principal security for the bonds."

3. The House and Senate apparently agreed that real property taxes imposed in the blighted area must be imposed at the same rate and in the same manner as other real property taxes in the same jurisdiction.

4. The House and Senate also apparently agreed that qualified redevelopment bonds may be issued only under a state law which authorizes the issuance of the bonds for use in blighted

areas and that the city or the other governmental unit having jurisdiction over the blighted area must adopt a redevelopment plan before the issuance of the bonds.

The House and Senate generally agreed on the definition of qualified redevelopment activities and the designation of blighted areas. Qualified redevelopment activities include the acquisition of property in the blighted area by the exercise of the power of eminent domain or its threat and the subsequent transfer of the property to nongovernmental persons. The Conference bill adopted the Senate bill requirement that the subsequent transfer be for fair market value "determined including covenants and restrictions relating to the use of the real property". It also adopted the Senate bill position that the actual threat of eminent domain is not required if the acquiring entity has the power of eminent domain and the acquisition of property is one with respect to which that power may be exercised. The other qualified redevelopment activities are unchanged: the clearing and preparation of land in the blighted area for redevelopment and transfer of private persons, the rehabilitation of real property and the relocation of occupants of buildings in the blighted area. It is unclear from the Summary whether the Conference bill permits the use of bond proceeds to construct new buildings or structures.

The House and the Senate apparently concurred on requiring state legislation adopting criteria under which local govern-

Source: Greenberg, Traurig, Askew, Hoffman, Lipoff, Rosen and Quentel, P.A.

mental units would designate blighted areas. The Conference bill limits the designation of blighted areas within a city or other general purpose governmental unit to 20 percent the total assessed value of all real property within the jurisdiction of the unit. Subject to certain restrictions, districts designated before January 1, 1986 will not count against the 20 percent limit if redevelopment was in progress on that date. The Conference bill requires that a blighted area include at least 100 contiguous acres with the exception that a blighted area may be smaller if "(i) the area is at least 10 contiguous acres and (ii) no more than 25 % of bond-financed land in the area is provided to one person (or group of related persons) determined pursuant to a preapproved plan (as opposed to on an issue-by-issue basis)."

Under the Conference bill, qualified redevelopment Bonds are subject to a unified volume cap limitation of $75 per resident of the state until the end of 1987, after which the volume cap drops to $50 per resident. The Conference bill does not reserve volume cap for tax increment bonds.

The Conference bill apparently drops the House bill restrictions on the construction of single or multi-family housing on bond financed land. It adopts the Senate bill provisions permitting up to 25 percent of bond proceeds to be used for certain facilities as to which industrial development bond financing is restricted, or for land on which those facilities will be located. However, the Conference bill prohibits bond proceeds to be used for:

(i) private or commercial golf courses;

(ii) country clubs;

(iii) massage parlors, hot tub facilities or sun tan facilities;

(iv) race tracks or other gambling facilities; and

(v) facilities for the sale of alcoholic beverages for consumption on premises.

The Conference bill provisions governing tax increment financing are effective for bonds issued after August 15, 1986.

We would caution that the Summary is not an official legislative document and may in certain instances prove to be inaccurate. The Conference bill and Conference Committee report are expected to be released shortly at which time we will prepare a further supplemental memorandum analyzing the actual statutory language.