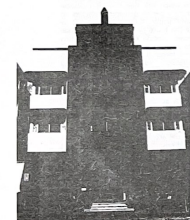


3. Eliminate the minimum unit and room restriction for accessory uses (Section 7-10B).
4. Expand the permitted list of accessory uses to include any use that is customarily associated with a hotel or apartment/hotel.
5. Allow limited specialty type retail uses on the ground floor in buildings which are substantially considered as apartments or hotels.
6. In order to insure that all renovated buildings and initial new construction is compatible with the recommended design program, it is recommended that all of Ocean Drive, between 9th and 15th Streets, (including 15th Street from Collins Avenue eastward) shall be under the provisions of the Design Review Board (Section 23-3).
7. Establish minimum yards (setbacks), density, parking, lot coverage, signage, etc. regulations which are consistent with the Design Guidelines presented in Chapter V (Section 6, 7, 11). With regard to the Floor Area Ratio (FAR), the maximum without Design Bonus, should be between 2 and 3 and allow for an increase in the maximum FAR from that level to between 3 and 6 on based the Design Review Conditions contained in this report and presented under a modified Design Bonus Formula similar to the proposed South Pointe Performance Design Standards.
8. In order to mitigate any adverse affect of these amendments and to insure that all accessory outdoor uses and structures are compatible with neighboring properties, and to reduce parking problems that will result from a reduction of standards, the Board of Adjustment's review

authority should be expanded to enable it to function as a Development Impact Committee



**Key Points**

Designate the study area as a Miami Beach historic district.

9. All property between 9th and 15th Streets (including 15th Street from Collins Avenue eastward) shall be designated as a Historic District, upon the vote of a majority of property owners or designations by the City Commission. This will require a redating of the City Historic District Regulations as they appear in Section 26 of the Zoning Ordinance.

**Key Points**

Create a Development Impact Committee to insure high standards and address negative development impacts on Ocean Drive.

**F. DEVELOPMENT IMPACT ASSESSMENTS**

The future growth and prosperity of Ocean Drive is based upon the emphasis and maintenance of the pedestrian amenities, the scale, proportionality and design of buildings, the use and relationship between Lummus Park and the extension of the Beachfront Park and Promenade and the ocean and the street. As advocated in this report, the substantial renovation of existing buildings and a limited amount of new initial construction that is compatible with the existing streetscape and public improvements will not only raise property values but create certain problems primarily relating to parking. Substantial private investment will only proceed if all the existing and prospective property owners can be assured that proper design guidelines developments, that the recommendations all developments are allowed to proceed if the all developments is somewhat mitigated and quality control is assured over all accessory uses that are operated on patios, porches, and public right-of-way.

In order to insure these and other issues are satisfactorily addressed in an efficient and economical manner, it is recommended the Board of Adjustment powers and responsibilities be expanded to include a Development Impact Committee. This body would have specific authorization to require as part of its zoning impact review that applicants requesting approval to operate nightclubs, restaurants, or entertainment uses demonstrate the following:

1. Substantial renovation of the exterior and interior of the building;
2. Provision for parking either by the acquisition or long-term lease (both recorded in Circuit Court), purchase of City parking decals, or a financial contribution equivalent to the cost of parking decals based on at least 90% of the required parking for the entire facility, including hotel rooms and apartments. All proceeds of such a program would be reinvested in the vicinity of the development;
3. A commitment letter from an institutional lender or private entity attesting to their readiness to commit funds should the Board approve the project and
4. Submission of detailed plans, narrative, or explanation of the renovation work.



**G. BLOCK DEVELOPMENT PROGRAM**

This program is designed to encourage the assemblage of properties which would allow for rehabilitation of existing structures, removal of non-contributing buildings, and the placement of recreational amenities in commercial and residential uses that otherwise are not permitted. Exhibit 11 shows two typical block plans which meet this objective. Upon the assemblage of properties, the applicant working with the Board of Adjustment's Development Impact Committee would grant the necessary zoning approvals based upon a site plan and impact analysis of the entire project. In order to encourage the demolition of non-contributing buildings and the placement of the requisite amenities and uses, it is recommended the Board can grant density, lot coverage, and setback variances in excess of 10-

25% of what is permitted in addition to allowing for accessory uses that are presently prohibited due to parking or from their exclusion from the District in particular. Floor Area Ratio (FAR) would be controlled by a fixed cap with a bonus for parcel aggregation and design performance standard requirements. It is anticipated the permitted FAR without design bonus would be 2.0-2.5 while the maximum FAR with design bonus would be 3.0-3.5. The FAR Bonus Formula would be based upon the design criteria listed in Appendix A of this report and a modified formula now in place in the South Pointe Area.

**Key Points**

Allow for aggregation of sites in a manner which will protect significant buildings and provide additional amenities.

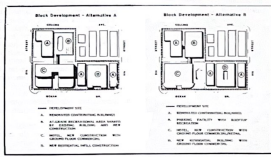


EXHIBIT 10 BLOCK DEVELOPMENT CONCEPT

**H. CASE STUDY**

To illustrate the recommendations discussed in this chapter, one block was selected as a case study. The 720 Block of Ocean Drive was chosen for it contains a variety of building types and opportunities for enhancement. Exhibit 11 is an elevation of the buildings in the 720 Block and shows the recommended improvements discussed in the 'Urban Design Guidelines'. Table 'IP' provides problems information on the example of new retail development shown at 766 Ocean Drive. Exhibit 12 shows a plan view of public improvements on the 720 Block.

- 720 Ocean Drive**
1. replace projecting sign
  2. remove exterior neon sign
  3. install wall mounted fluorescent fixtures
  4. install uplighting to emphasize projecting ledges on lower
  5. remove exterior fluorescent fixtures
  6. install uplighting to emphasize projecting ledges on lower
  7. remove exterior fluorescent fixtures
  8. install uplighting to emphasize projecting ledges on lower
  9. remove exterior fluorescent fixtures
  10. install uplighting to emphasize projecting ledges on lower

**720 Ocean Drive**

1. remove brick railing
2. install metal railing
3. remove exterior light fixtures and replace with period design fixtures
4. remove extraneous signage
5. replace sign above door with period design lettering
6. repaint with pastel colors

- hypothetical addition**
- a. maintain floor height
  - b. utilize similar ornamentation
  - c. sufficient setback

**728 Ocean Drive**

1. install concrete sawing railing and replace metal in simple design
2. repaint in pastel colors



EXHIBIT 11

- 736 Ocean Drive**
1. remove brick veneer
  2. replace 'HOTEL' sign projecting from marquee
  3. replace metal tubes and replace with metal railing repeating tube design
  4. install canvas awnings
  5. repaint in pastel colors

- 740 Ocean Drive**
1. install canvas awnings
  2. remove extraneous signage
  3. repaint in pastel colors

- 750 Ocean Drive**
1. remove projecting sign
  2. install wall mounted sign as in original design
  3. remove concrete railing and replace with metal railing
  4. repaint in pastel colors

- 760 Ocean Drive**
- hypothetical construction
1. maintain scale and similar form
  2. maintain front terrace
  3. maintain similar floor height
  4. use similar materials, glass block, pipe railing, stoop
  5. use similar window type



38

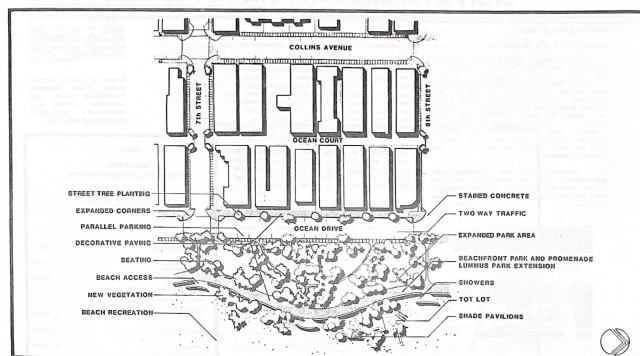


EXHIBIT 12

CASE STUDY: PLAN VIEW

39

**1. ADMINISTRATIVE ACTIONS**

**1. Update of Licensing Nomenclature**

In order to carefully regulate the types of uses located on Ocean Drive, the City should update and revise its licensing nomenclature. In order to ensure that only specified specialty retail, food related items, and tourist type uses are permitted, the Licensing Code Manual should include these types of specialized licenses and not merely list them under sundries, retail, grocery, or restaurant licenses. Unless the licensing code nomenclature is updated, licenses could be issued that are in conflict with the more specialized uses listed in the Zoning Ordinance.

It is imperative that this inconsistency be addressed in order to insure that only the proper uses are permitted and that improper uses are not allowed to be issued Occupational Licenses.



**2. Creation of Ocean Drive Business Association**

In order to assist on the implementation of recommendations, Ocean Drive Business Association should be created. This private sector Association would be composed of property owners, managers, and operators of hotels and apartments. This Association's principal purpose is to stimulate investment at a "grass roots" level in establishing the Assessment District, bond sales, advertising, and advising in the preparation of the detailed construction drawings. The Business Association would serve as a liaison with all public, semi-public and private agencies who impact the Ocean Drive business community and will promote compliance and implementation of a Business Code of Ethics.

Such an organization may be very helpful in establishing operational standards, joint marketing program, development of special events, and promoting the image of Ocean Drive.

The basic organization and powers and duties of the Business Association are contained in Appendix B.

The Business Association, when formed, should consider the hiring of a professional manager who could devote full time to the organization and promotion of Ocean Drive activities.

**Key Points**

Revise the City's licensing nomenclature to accurately describe the new permitted uses.

Create a private sector Ocean Drive Business Association which can advertise, advise, and implement acceptable standards of operation.

TABLE 1	
OCEAN DRIVE	
RECOMMENDED LOCAL DEVELOPMENT FACILITIES	
A 100 Square Foot Site Five Year Appraisal Building (1) New Retail (Shopping Center - 100 Square Foot) (1) Parking Space	
DEVELOPMENT PROGRAMS	
DEVELOPMENT ITEM	COST
Land and Building Acquisition @ 100 Square Foot	\$ 100,000
Development Costs @ 100 Square Foot (Includes: Professional Fees, Construction, Utility, and Other Development Costs)	\$ 400,000
Programs Costs @ 100	\$ 175,000
Total Project Cost	\$1,200,000
Cost/Per 1000	\$ 12,000

**CHAPTER VI: PLAN IMPLEMENTATION**

**Key Points**

Costs of Ocean Drive improvements must be shared by the City, County, State, and the private sector.

**A. COST SHARING PLAN**

The City has established a policy of concentrating public investment in areas with strong private development potential and targeting improvements to leverage a greater amount of private investment and development. The cost sharing plan developed for Ocean Drive has been designed to meet these objectives. Approximately \$3.6 million of public improvements to streets, alleys,

Lummas Park and the beachfront have been outlined in this plan (see Table "C"). In order to fully fund these improvements City, County, State, Federal and private funding sources will have to be combined to leverage the necessary monies.

Table "D" identifies the improvements necessary to implement the Ocean Drive Plan, identifies who is responsible for each improvement, estimates the cost of improvements and identifies a specific funding source recommended to pay for the necessary improvements.

OCEAN DRIVE IMPROVEMENTS			
PUBLIC/PRIVATE COST SHARING PLAN			
IMPROVEMENT	RESPONSIBILITY	ESTIMATED COST \$A	FUNDING SOURCE
Ocean Drive Street Improvements (B) (Streets, sidewalks, gutters, curbs, etc.)	City	\$ 1,195,473	Year 2000 Bond Issue
Ocean Drive Landscaping, Signage, Lighting and Street Furniture	Property Owners	\$ 382,268	Special Assessment
Green Streets and Alley Improvements (C)	Property Owners	\$ 507,700	Special Assessment
Lummas Park (D)	City/State 20% / 80%	\$ 1,118,750	(CDBG/Year 2000 Bond Issue/ LAW/CDD Program
Beachfront Park and Promenade	City/State 20% / 80%	\$ 1,197,821	(CDBG/Year 2000 Bond Issue/ LAW/CDD Program
			<b>PERCENT OF TOTAL</b>
	City Portion (B)	\$1,195,473	33%
	State Portion	\$1,118,750	31%
	Private Sector Portion	\$1,202,358	33%
	<b>TOTAL COSTS</b>	\$3,616,382	100%

(A) Includes land construction costs plus a 10% contingency and 5% professional fees, landfilled and graded.  
 (B) Represents final street improvements required to meet traffic. Special construction such as bridge spans, special materials, etc. would increase the total cost and would be required to be paid for by property owners.  
 (C) City may choose to improve or leave the responsibility to be paid for by property owners.  
 (D) Includes the cost of the special assessment district created as a development program. If no, a portion of these costs would be included under the special assessment district created as a development program.  
 (E) Includes the cost of the special assessment district created as a development program. If no, a portion of these costs would be included under the special assessment district created as a development program.  
 (F) City and State are 20/80 split. City and State are 20/80 split. City and State are 20/80 split.  
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 (H) City and State are 20/80 split. City and State are 20/80 split. City and State are 20/80 split.  
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1. City Portion

Utilizing a joint cost sharing approach the City would pay for all street, curb, gutter, and sidewalk improvements on Ocean Drive as well as provide 25% of the costs of improving Lummus Park and building that portion of the Beachfront Park and Promenade running along Ocean Drive from 15th Street to 5th Street. Total cost to the City for improvements in the Ocean Drive study area is estimated at \$2,907,748. A portion of the proceeds of a bond issue to pay for City-wide public improvements which are identified in the Year 2000 Plan is expected to pay for the City's share of improvement costs on Ocean Drive. The City's Community Development Block Grants (CDBG) would also fund a portion of the costs for Lummus Park and the Beachfront Park and Promenade and are estimated at \$285,000 for Lummus Park and \$395,000 for the Beachfront Park and Promenade for a total of \$680,000 to be funded over a two-year period. County funds, available primarily from Community Development Block Grant allocations may be used to fund demonstration projects or start up costs.

2. State Portion

State funds, primarily acquired from the Land and Water Conservation Fund (LAWCON) are expected to pay for 50% of the Lummus Park improvements and 50% of the construction costs of the Beachfront Park and Promenade. State funds are expected to equal \$1,359,273 and will be matched on a 50/50 basis with City and County funds to pay for these improvements. The State legislature during the 1984 regular session, has already appropriated

\$200,000 for the Lummus Park Improvement Project. These funds must be matched by \$200,000 of local funds and will be used to provide a permanent beachfront stage adjacent to the 10th Street Auditorium, resulting in the first phase of improvements to Lummus Park consistent with the recommendations contained in this Plan.



3. Private Sector Portion

Private property owners on Ocean Drive will be asked to share in the cost of improvements to the area. Utilizing a special tax assessment district private property owners will pay for new lighting, landscaping, irrigation, street furniture, and special improvement items such as paving materials, signage, and banners. As these types of specialty improvements supercede those customarily provided by the City, it is felt that the private sector should be responsible for these extras. This type of specialty improvements are necessary in order to create the pedestrian environment

**Key Points**

The City would be responsible for 52% of costs.

The State would be responsible for 25% of costs.

The private sector would be responsible for 23% of costs.



1. Phase I - October 1983 - July 1985

In order to assist the private revitalization efforts already occurring on Ocean Drive, it is important that the City identify short-term public improvements which can be implemented immediately. These improvements will not only begin to upgrade Ocean Drive, but will demonstrate the City's support and commitment to the area and generate additional private sector support and encouragement for future improvements.

Phase I improvements are expected to commence in October 1983 and involve improvements to Lumus Park. The State has already appropriated \$200,000 for Lumus Park improvements. A local funding source must be identified as a match for these funds. Once local matching funds have been identified, construction of the first phase of improvements to Lumus Park may begin. These improvements are fully described in Chapter V.

During the first phase of improvements, which are expected to last until October 1985, the City, working with the County and State, should prepare funding requests to complete Lumus Park improvements and construct the Beachfront Park and Promenade. Additionally, the City should detail the costs of improvements on Ocean Drive to be paid for by Year 2000 bonds and prepare a bond referendum for the Fall 1985 ballot. Property owners should be educated about special assessments districts and encouraged to lobby for this funding mechanism to finance their share of improvements. By the Fall of 1985 the first phase of improvements will be complete. Although improvements to Lumus Park are

the only physical improvements which will be in place by this time, the necessary funding mechanisms will have been established to pay for major physical improvements in Phase II.

Key Points

Phase I improvements should address Lumus Park and establish the means of funding Phase II.

Table '11'  
PUBLIC IMPROVEMENTS FINANCING PLAN

YEAR I (1983)				YEAR II (1984)				YEAR III (1985)			
October	January	April	July	October	January	April	July	October	January	April	July
Begin Lumus Park Phase I Improvements				Begin Lumus Park Phase II Improvements							
Request County/State Funding for Lumus Park Phase I Improvements											
Request County/State Funding for Beachfront Park and Promenade				Begin Beachfront Park and Promenade							
Prepare Year 2000 Bond Referendum (Fall 1985)				Issue Year 2000 Bonds - Begin Ocean Drive Streets, Curb, Gutters and Sidewalk Improvements							
Initiate Ocean Drive Special Assessment District by Fall 1985				Issue Special Assessment Bonds				Begin Ocean Drive and City Improvements and Ocean Drive Landscaping, Lighting, Program and Street Furniture Improvements			

Key Points

Phase II improvements should include all street, sidewalk, lighting, and landscape improvements within the study area.

Inform and encourage the private sector to take advantage of the many programs which can assist them in improving their properties.

2. Phase II - October 1985 - Mid - 1987

Phase II improvements, scheduled to begin in October 1985, include issuance of the Year 2000 bonds and special assessment bonds, improvements to Ocean Drive streets, sidewalks, lighting and landscaping, and improvements to cross streets leading into Ocean Drive. Lumus Park improvements and the Beachfront Park and Promenade will be completed in this phase. By the time Phase II is completed in mid-year 1987 all physical improvements to the Ocean Drive area will be in place. Special assessment bonds approved by the property owners and Year 2000 bonds will be issued during the first six months of this phase. Once the bonds have been issued and sold, the proceeds will be used for physical improvements. Additionally, grant requests by the City to the County and the State prepared in Phase I will be used to complete the rehabilitation of Lumus Park and incorporate the new Beachfront Park and Promenade into the Ocean Drive area. Completion of Phase II will signal completion of public improvements to the Ocean Drive area.



C. REVITALIZATION AND INVESTMENT

The major underlying purpose of the Ocean Drive revitalization strategy is to provide an overall plan which guides and encourages new development and investment. The Ocean Drive Plan establishes guidelines for new development and assists in the revitalization process so that it occurs in a manner which is in keeping with the City's objectives for the area. This is being done by preparing a plan which recommends major public improvements to upgrade the area's usage and public infrastructure, outlines changes needed to the area's zoning to allow new hotels, commercial, residential and retail/restaurant uses envisioned for the area, and identifies and recommends strategies and techniques to encourage new private sector development. Therefore, the most important result that can occur from the Ocean Drive planning process is to demonstrate to the private sector the City's commitment to the area, the resources and physical improvements it is willing to make available to help achieve those objectives, and identify a schedule to complete public improvements in the area.

The following are some of the programs and tools which are recommended to assist the private sector in revitalizing Ocean Drive:

1. Revolving Loan Fund For Commercial Revitalization

At the present time there are no City programs to assist hotel owners or other owners of commercial property in the rehabilitation, upgrading and restoration of their properties. The Miami Beach Development Corporation does offer a facade improvement program

whereby property owners are lent funds to improve their storefronts. However, this program is limited to commercial properties located on Washington Avenue and is limited to storefront improvements only. Therefore, it cannot be used for other renovation activities such as roof repairs, gutter improvements, major systems upgrading (i.e., electrical, plumbing, etc.) or window repair or replacement and so forth.

In order to assist the revitalization process on Ocean Drive a revolving loan fund should be organized and administered by the City to make matching 50/50 grants or low interest loans available to property owners willing to undertake a variety of rehabilitation, restoration and renovation projects. The program should be funded by a combination of sources, including the City's Community Development Block Grant program, the County's Community Development Block Grant funds and monies available from the State and Federal government for establishing revolving funds for historic preservation projects. Foremost among these funding sources is the National Preservation Loan Fund administered by the National Trust for Historic Preservation. This fund specifically provides seed money to begin revolving loan funds. Grant requests up to \$100,000 are available and local governments are eligible applicants.

It is recommended that a revolving loan fund be established initially at between \$300,000 and \$500,000 with ongoing yearly commitments. Monies from the fund would be used for facade improvements, roof repair or replacement, window repair, interior improvements related to bringing the building up to code requirements

and any other improvements which stabilize the building and improve the exterior appearance. Funds could either be awarded as grants matched by equal or greater private sector contributions or would be lent to projects requiring refinancing. Borrowers would be required to meet eligibility and suitability tests and would also be required to comply with rehabilitation guidelines, such as the Secretary of Interior's Standards for Rehabilitation for Historic Properties. The City's current Multi-Unit Residential Rehabilitation Program could be used as a model to structure the basic operating procedures for the revolving loan program.

#### 2. Urban Development Action Grants

The Urban Development Action Grant Program (UDAG) is funded by the U.S. Department of Housing and Urban Development to assist in private sector developments and to leverage private investment in distressed communities. This program provides financing in the form of loans, equity funding, interest subsidy, or almost any possible form of financing that is required to allow a development to proceed that could not go forward otherwise. The financing can take a subordinate position behind any bank or debt financing and the loan is eventually paid back to the City by the developers. UDAG funds are awarded competitively and currently the ratio of private dollars leveraged by UDAG funds in a typical project is 6:1.

#### Key Points

A revolving loan fund can provide grants or low interest loans.

The UDAG program can provide financing in a number of ways to assist development which otherwise could not proceed.

#### Key Points

Investment Tax Credits are useful in attracting additional equity into a rehabilitation project through syndication of tax shelter benefits.

Industrial revenue bonds can provide low-interest, permanent financing.

Private sector projects on Ocean Drive are eligible for CDBG funding.

Being located in an enterprise zone, Ocean Drive companies may be eligible for a variety of tax incentive programs.

#### 3. Rehabilitation Tax Credit

The Federal government offers a 25% investment tax credit of Federal income tax for all expenses related to substantial rehabilitations of historic structures. This tax credit is available in the year that the rehabilitation occurs and is a particularly useful incentive to attract additional equity into a rehabilitation project through syndication of the tax shelter benefits. Ocean Drive is located in the "Miami Beach Architectural District" and is located on the U.S. Department of Interior's National Register of Historic Places. Many of the structures along Ocean Drive are considered historic and contributing to the district. Therefore, most properties would be eligible for the rehabilitation tax credit.

#### 4. Industrial Revenue Bonds (IRBs)

Because Ocean Drive is located in the City's only State-designated Enterprise Zone, locally issued industrial revenue bonds may be used to finance hotel projects and other commercial or job-generating projects. Industrial revenue bonds can provide low-interest, permanent financing for developers in the Ocean Drive area. IRBs may be combined with the Urban Development Action Grants (UDAGs) to provide total project financing at very favorable interest rates.

#### 5. Community Development Block Grants

The Community Development Block Grant (CDBG) program provides Federal funds to cities for a wide variety of eligible local projects in the general area of housing, economic development, community development, and public improvements. Year 19 CDBG funds totaled approximately \$2.2 million. CDBG funds are eligible to fund a number of different private sector projects on Ocean Drive.

#### 6. Tax Incentives For Enterprise Zone Businesses

Ocean Drive is located within Miami Beach's only Enterprise Zone. Under Florida law, a locally designated enterprise zone is eligible for a variety of tax incentive programs which benefit corporations paying state corporate income taxes. First, any company which makes substantial improvements, expansions, or additions to an existing business or opens a new business in an enterprise zone is eligible for a credit against their state corporate income tax equal to the amount of the school portion of ad valorem taxes for a period of 10 years. A second benefit allows companies who hire employees who live in enterprise zones to take a 25% corporate income tax credit on wages paid to these employees. Presently, the State is considering additional legislation to strengthen tools available for Enterprise Zone projects. Proposals include corporate tax credits for local utility taxes paid and abatement of local property taxes for a period up to 10 years.

**7. SBA "503" Loan Program**

The SBA 503 Program is designed to provide 40% 2nd mortgage financing at U.S. Treasury rates for a loan term of 15, 20, or 25 years up to a maximum of \$500,000 per borrower for the purchase of fixed assets. The 503 Program also allows a bank or savings and loan to lend as little as 50% of project cost for a minimum of 10 years and for an amortization in excess of the loan term. This lowers the risk for the bank and gives them the level of comfort they need to lend for a longer term to small businesses. Therefore, by combining the 503 Program with private bank financing, the small business is able to borrow up to 90% of total project costs for a longer loan term and at below market interest rates.

**8. Other Programs**

Other programs available for rehabilitation include the City's Section 312 loan program for residential rehabilitation and the Multi-Unit Residential Rehabilitation Program. These programs provide 10% and 6% loans for up to 30 years to private developers and property owners undertaking residential and commercial rehabilitation work. It is anticipated that after October, 1984, \$150,000 of new funds from the City's Community Development Block Grants will be available to finance the Multi-Unit Residential Rehabilitation Program.

Additional county and private foundation programs exist to assist in rehabilitation. In particular, the Ford Foundation recently established a Local Initiative Support Corporation (LISC) to provide upfront and soft

cost loans for 501(c) non-profit corporations. This funding may be used in the Architectural District by a non-profit neighborhood based development corporation to fund architectural, engineering, appraisal, and legal fees.

The Duke Heritage Trust is accepting facade easements from owners of historic properties. Facade easements are treated as charitable contributions for tax purposes and can be used to raise more syndication equity dollars from individuals or corporations seeking tax shelters. Although a "before and after" appraisal is required to estimate the exact value of the donation of a facade easement, the rule of thumb for such a donation is generally 10-20% of the building's value.



There are numerous programs that can be used to help property owners willing to rehabilitate and invest in Ocean Drive properties. The UDAG program, the proposed revolving loan fund for commercial properties, the 25% Rehabilitation Tax Credit, the SBA 503 program and Industrial Revenue bonds are five programs which would have the most significant effect on Ocean Drive properties.

**Key Points**

Numerous public programs can assist private investment.

**Key Points**

Public improvements will be concentrated in areas which will provide the greatest private investment in return.

**D. POTENTIAL FOR NEW PRIVATE REINVESTMENT**

The purpose of concentrating public investment and improvements along Ocean Drive is to create an attractive and inviting environment for the area that will serve as a catalyst and a first-step investment to leverage new private sector investment. The City has adopted a policy to concentrate public improvements and investments in areas which will provide the most significant positive economic impact and return. Scarce public monies must be carefully utilized to pay for improvements in areas of the City which will return a significant amount of new private development.

**1. Case Study - Rehabilitation of Historic Hotel Property**

The following case study illustrates the basic economics involved in the rehabilitation and operation of a typical Ocean Drive hotel property (see Table 9). The basic assumptions utilized to develop this case study include:

- a. 75 room hotel property to be fully renovated into a first-class hotel with a fully operational restaurant and lounge facility;
- b. Parking is provided off-site in a municipal parking lot at no charge to developer. In exchange the developer agrees to purchase 38 parking stickers (50% of parking required under zoning) at an annual charge of \$250 per parking sticker;

**TABLE 9**  
OCEAN DRIVE HOTEL REHABILITATION PROPERTY PERFORMANCE ANALYSIS

NOTE: Figures are in thousands, unless otherwise indicated.  
Parking provided by City lot, Developer from City sticker.

ASSUMPTIONS	TOTAL	PRIVATE
DEVELOPMENT COSTS		
REHABILITATION	\$ 1,200,000	\$ 1,200,000
LAND	100,000	100,000
ARCHIT & ENG.	10,000	10,000
PERMITS & FEES	10,000	10,000
LEGAL & ACCOUNTING	10,000	10,000
FINANCING	10,000	10,000
OTHER COSTS	10,000	10,000
TOTAL DEVELOPMENT COSTS	\$ 1,350,000	\$ 1,350,000
INCOME ANALYSIS		
REVENUE	\$ 480,000	\$ 118,800
DEPRECIATION	100,000	100,000
OPER. EXPENSES (incl. taxes, etc.)	100,000	100,000
TOTAL INCOME	\$ 280,000	\$ 18,800
FINANCING ANALYSIS		
REVENUE	\$ 120,000	\$ 3,000
DEPRECIATION	100,000	100,000
OPER. EXPENSES	100,000	100,000
TOTAL EXPENSES	\$ 180,000	\$ 200,000
NET OPERATING INCOME	\$ 100,000	\$ 18,800
LEAS. REVENUE FOR REPLACEMENT	100,000	100,000
INCOME BEFORE COST REDUCTIONS	\$ 100,000	\$ 18,800
ECONOMIC VALUE & FINANCING		
ECONOMIC VALUE	\$ 1,200,000	\$ 300,000
REVENUE	100,000	100,000
OPER. EXPENSES	100,000	100,000
TOTAL INCOME	100,000	100,000
DEPRECIATION	100,000	100,000
OPER. EXPENSES	100,000	100,000
TOTAL EXPENSES	100,000	100,000
NET OPERATING INCOME	100,000	100,000
LEAS. REVENUE FOR REPLACEMENT	100,000	100,000
INCOME BEFORE COST REDUCTIONS	100,000	100,000
EQUITY & DEBT	\$ 118,800	\$ 18,800
DEBT SERVICE	100,000	100,000



- c. Acquisition of land and building is assumed to equal \$12,133 per room. Acquisition price considers substantial amount of public area in hotel which would be suitable for a restaurant and lounge operation.
- d. Room rates are calculated at \$36 per night and a 88% occupancy during first full year of operation.
- e. Expenses are based on industry standards for hotels adjusted to reflect operating characteristics of Ocean Drive hotels.
- f. Economic value of operating hotel property is capitalized at 12.3% taking into consideration current market-rate interest expenses, estimated UDAG terms, and a minimum 10% return on equity.
- g. Mortgage calculated at 7% loan-to-value ratio.
- h. Equity contribution is calculated on difference between total development costs and capitalized mortgage amounts. Equity does not include working capital or other equity contributions required during start-up.

Expenses for the first year total \$1.36 million. Net operating income would equal \$423,000 or 21% of total sales.

The project's economic value, for financing purposes, is estimated at \$2.9 million. Utilizing a 7% loan-to-value ratio, the project should be able to support \$2.2 million of debt financing or 73% of total project costs. Utilizing a 1% interest rate and a 23 year term for a conventionally placed mortgage, annual mortgage payments would equal \$243,561. A portion of the project could be financed by an Urban Development Action Grant (UDAG) thereby providing lower interest rates and a more lenient term to carry the project through the early years. In this case it is assumed that the UDAG would provide an 8% interest rate, 25-year term payable on a 13 year balloon mortgage. This would require annual payments of \$55,323 to amortize the UDAG loan. Based on the equity required to cover total development costs, a rehabilitated hotel structure should provide an 8% cash-on-cash return before taxes during the project's first year of operations. This return on equity would increase in later years as income from the project outpaces expenses.

#### 2. Tax Savings From Rehabilitation Tax Credits

Investors who rehabilitate structures listed on the National Register of Historic Places or structures located in the Miami Beach Architectural District and certified as contributing to the significance of the district are eligible for a 25% investment tax credit. The building may be either a residential or commercial structure which produces income.

#### Key Points

Full rehabilitation of a 75 room hotel on Ocean Drive would cost approximately \$40,000 per room.

A rehabilitated hotel should provide an 8% cash-on-cash return before taxes in the first year of operation.

A historic structure rehabilitation project is eligible for a 25% investment tax credit.

#### Key Points

Projects seeking the tax investment credits must follow the Secretary of Interior Standards for rehabilitation.

Investment tax credits could provide a developer with up to \$10,000 in tax benefits in the first year.

The rehabilitation work must be substantial meaning that it must cost more than the adjusted basis of the building, must retain at least 75% of the existing walls and must be certified by the Secretary of the Interior as being consistent with the historic character of the building and/or the district. Costs of acquiring the building are not eligible for the credit, nor are the costs of such facilities as parking lots and sidewalks.

If the credit is claimed, the rehabilitation expenses (but not the building itself) must be recovered on a straight line basis. For purposes of depreciation, the depreciable basis of the property is reduced by one-half of the income tax credit (ITC).

Table 'C' utilizing the case study of a rehabilitated Ocean Drive hotel property, illustrates the potential tax savings from the investment tax credit (ITC). An investor who utilizes the investment tax credit takes straight-line depreciation of all improvements over 18 years, and if in a 50% tax bracket can be expected to receive \$21,000 of tax benefits in Year 1 from the rehabilitation of the case study hotel. The same hotel without the investment tax credit would only generate \$98,000 of total benefits in Year 1. The large amount of tax benefits generated by the investment tax credit would allow a developer to syndicate a large portion of the equity requirements for this project, thereby providing additional sources of financing for the project and lowering the overall developer's exposure. In later years, depreciation of building and equipment and increased cash flow from

operations would provide a return to the original investors that supports and justifies their investment in the project.

The rehabilitation tax credit is particularly useful for investors considering rehabilitation projects. Rehabilitating older structures has become a cost-effective way of providing new housing, hotels, offices, and retail space; restoring older, historic areas; and attracting capital from investors looking to shelter their income from Federal taxes.

**TABLE 'C'**  
OCEAN DRIVE HOTEL REHABILITATION PROJECT  
TAX SAVINGS FROM REHABILITATION TAX CREDIT

Assumptions:  
Property is historic and is eligible for the 25% historic rehabilitation tax credit.

	WITH TAX CREDIT	WITHOUT TAX CREDIT
COST OF BUILDING	\$ 20,000	\$ 20,000
COST OF REHABILITATION	12,200	12,200
INVESTMENT TAX CREDIT @ 25%	\$ 3,050	0
TOTAL DEPRECIABLE COSTS	\$ 29,150	\$ 32,200
DEPRECIABLE BASIS	\$ 14,575	\$ 16,100
ANNUAL DEPRECIATION ALLOWANCE (18 YEAR STRAIGHT-LINE)	\$ 809.72	\$ 894.44
NET CASH FLOW	\$ 42,300	\$ 42,300
UNPAID INTEREST (25%)	\$ 13,275	\$ 13,275
TOTAL INCOME (25%)	\$ 15,762.50	\$ 15,762.50
TAX SAVING TAX CREDIT	\$ 21,000	\$ 0
CASH RECEIPT	\$ 21,000	\$ 21,000
TOTAL BENEFIT - YEAR 1	\$ 361,262.50	\$ 36,262.50

**SECTION XI: COMPLIANCE WITH LOCAL, STATE AND FEDERAL REGULATIONS**

The Provider agrees to comply with all applicable Federal Regulations as they may apply to program administration. These regulations are attached hereto and made a part hereof as Appendix 5. Additionally, the Provider will comply with all State and Local laws and ordinances hereto applicable.

**SECTION XII: ADDITIONAL CONDITIONS AND COMPENSATION**

It is expressly understood and agreed by the parties hereto that monies contemplated by this Agreement to be used for the compensation, originated from grants of Federal Community Development Block Grant Funds.

It is expressly understood and agreed that in the event of curtailment or non-production of said Federal Grant Funds, that the financial sources necessary to continue to pay the Provider compensation will not be available and that this Agreement will thereby terminate effective as of the time that it is determined that said funds are no longer available.

In the event of such determination, the Provider agrees that it will not look to nor seek to hold liable the City of Miami Beach or any individual member of the City Commission thereof personally for the performance of this Agreement and all of the parties hereto shall be released from further liability each to the other under the terms of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officials on the day and date first above indicated.

ATTEST:

THE CITY OF MIAMI BEACH, FLORIDA

\_\_\_\_\_  
CITY CLERK

\_\_\_\_\_  
MAYOR

WITNESSES:

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
AUTHORIZED SIGNATOR

FORM APPROVED  
LEGAL DEPT.

By M. Louise Bennett

Date 9-25-84

### Key Points

Total private investment in a fully renovated Ocean Drive would range between \$50 and \$78 million.

A fully renovated Ocean Drive could generate \$750,000 in annual taxes.

A revitalized Ocean Drive could generate 1,000 new jobs.

#### b. Private Investment Potential for Renovated Apartment Units

1. Assuming that 800-1,000 hotel rooms can be renovated on Ocean Drive there remains an additional 1,100-1,300 hotel rooms which could be converted into apartments or other residential uses.
2. Estimating that the average hotel room size is 250 square feet and the average renovated apartment would range in size between 400-600 feet; two hotel units would need to be converted into one residential unit. Therefore, the remaining hotel units represent between 550 and 650 new apartment units, if converted.
3. Presently, 570 apartment units exist on Ocean Drive. Combined with hotel units that could be converted to apartments there exists a potential supply of between 1,100 and 1,200 residential units.
4. It was determined that hotel and apartment buildings suitable for renovation into new apartment units could be acquired for between \$15,000 and \$20,000 per apartment unit.
5. Apartment rehabilitation costs were estimated at between \$5,000 and \$10,000 per unit.
6. Total per unit costs for acquisition and rehabilitation of Ocean Drive properties into apartments and other residential uses was determined to range between \$20,000 and \$30,000 per unit.

7. Therefore, it is estimated that if approximately 1,100-1,200 residential units were rehabilitated on Ocean Drive total private sector investment would range between \$22 and \$36 million.

#### c. Total Private Investment Potential

1. Total private investment potential on Ocean Drive would equal \$50-\$78 million if hotel and residential properties are fully renovated into 800-1,000 hotel units and 1,100-1,200 residential units.

#### d. Annual Tax and Job Generation Potential

If Ocean Drive is fully renovated and redeveloped, the potential annual taxes generated are expected to equal no less than \$480,000 and could reach as much as \$750,000. This estimate is based on the City's FY 84 assessment ratio and does not take into consideration future tax rate increases or inflationary effects on property values.

A minimum of 1,000 new jobs could be generated from a revitalized Ocean Drive. These jobs would occur predominantly in the area's new hotel, restaurant and retail facilities. The estimated jobs generated from a revitalized Ocean Drive would represent between three (3) and five (5) percent of the total number of jobs which currently exist in the City today.

**E. IMPLEMENTATION ACTION PLAN: NEXT STEPS**

A revitalized Ocean Drive would offer considerable new opportunity for investors willing to develop on Miami Beach, and would provide significant new private sector investments, tax generation and job creation opportunities. This area's strong market potential and attractiveness makes it an important and significant sector of the City.

Table 'K' lists the necessary items and responsible agencies which are required to implement the following requests and physical improvements and administrative actions:

**TABLE 'K'**

**IMPLEMENTATION ACTION PLAN: NEXT STEPS**

STEP	ACTION/TASK	IMPLEMENTING AGENCY	TARGET DATE
1.	Community Response Review and Comment by: a. Ocean Drive Task Force b. Miami Design Preservation League c. Historic Preservation Board d. Community Development Advisory Committee	Planning Department	October-November 1984
2.	Plan Review and Consideration by Planning Board	Planning Department	November 1984
3.	Plan Review and Adoption by City Commission	Planning Department	December 1984
4.	Identify \$200,000 in Local Match for 1984 State Legislature Appropriation for Luminus Park Improvements	City Manager's Office Planning Department	August-September 1984

5.	Application for Dale County Community Development Block Grant Funding in Year 11 (Fiscal Year 85-86) for Luminus Park and Beachfront Park and Promenade Improvements	Planning Department	January 1985
6.	Application to State Land and Water Conservation Fund (LAWCON) for Luminus Park and Beachfront Park and Promenade Improvements	City Manager's Office Economic Development Department	Winter-Spring 1985
7.	Designation of the Ocean Drive Historic District	Planning Department	January-June 1985
8.	Preparation of Zoning Amendments Consideration by Planning Board and City Commission	Planning Department	January-April 1985
9.	Update of Licensing Nomenclature	Planning Department Development Services Department	January-April 1985
10.	Amendment of Beachfront Concession Plan	Planning Department	January 1985
11.	Creation of Ocean Drive Business Association	Planning Department Economic Development Department	January-April 1985
12.	Preliminary/Conceptual Design Drawings for Phase I Improvements	Planning Department Public Works Department	April 1985
13.	Request for Proposal for Professional Services to Complete Construction Documents for Phase I	Planning Department Purchasing Department	May 1985
14.	Construction of First Luminus Park Improvements Initiated	Public Works Department	May 1985
15.	Application for City Community Development Block Grant Funding in Year 11 (Fiscal Year 85-86) for Luminus Park and Beachfront Park and Promenade Improvements	Planning Department	April-July 1985
16.	State Designation of Ocean Drive as a "Scenic Highway" and Consequent Qualification for Additional Funding of Street Improvements	City Manager's Office Economic Development Department	June 1985
17.	Preparation of Year 2000 Bond Referendum and Program (For Funding of Street/Sidewalk Improvement) a. Commission Approval b. Electorate Approval	City Manager's Office Economic Development Department	Summer 1985



18.	Creation of Ocean Drive Special Assessment District a. Commission Approval b. Electorate Approval	City Attorney's Office Economic Development Department Planning Department Public Works Department	Summer-Fall 1985
19.	Construction Contracts Awarded and Final Design/Engineering Work Completed on Phase One	Public Works Department	Winter 1985
20.	Construction of Phase One (Lummus Park and Beachfront Park and Promenade) Improvements	Public Works Department	Winter 1985 - Spring 1986
21.	Phase II Construction Documents and Award of Construction Contract	Public Works Department	December 1985 - Spring 1986
22.	Issue Year 2000 Bonds	Finance Department	January 1986
23.	Issue Special Assessment Bonds	Finance Department	January 1986
24.	Begin Construction of Phase Two (Street and Sidewalk) Improvements	Public Works Department	Spring 1986
25.	Project Completion		Summer 1987



**APPENDIX 'A'**  
**URBAN DESIGN GUIDELINES**

**1. General Guidelines**

- a. Every reasonable effort should be made to minimize alteration of the building structure.
- b. Distinguishing qualities and/or character of the building shall not be destroyed. The removal or alteration of any historic material or architectural feature shall be avoided when possible.
- c. All buildings shall be recognized as products of their own time, alterations which seek to create an earlier appearance are not encouraged.
- d. Existing alterations which do not detract from the original structure and have acquired significance in their own right shall be respected.
- e. Distinctive stylistic features or examples of skilled craftsmanship which characterize the building or site shall be treated with sensitivity.
- f. Deteriorated architectural features shall be repaired rather than replaced. If replacement is necessary, the new material shall match that being replaced in composition, design, color, texture, and other visual qualities.
- g. Cleaning the surface of buildings shall be undertaken with the greatest possible care. Sandblasting or other methods which may damage historic building materials and/or details shall be avoided.
- h. Contemporary design for alterations and additions shall not be discouraged when such alterations and additions do not destroy significant historic, architectural, or cultural materials and such design is compatible with the size, scale, color, material and character of the existing building and neighborhood.
- i. New additions and alterations should be done in a manner such that if they were to be removed in the future, the essential form and integrity of the original structure would be unimpaired.

**2. Environmental Guidelines**

- a. The distinctive features such as the size, scale, mass, roof, porches, and stairways of a building shall be retained.
- b. New plant materials, walls, fences, walks, signs and furniture shall be compatible with the size, scale, materials, and character of the building and the street.

**3. Structural Guidelines**

- a. Stabilize and repair weakened structural members and systems.
- b. Supplement existing structural systems when damaged or inadequate. Replace historically important structural members only when necessary.

#### 4. Exterior Guidelines

- a. Retain original masonry whenever possible.
- b. Duplicate old masonry in composition, and texture when repair is necessary.
- c. Repair stucco with stucco mixture that duplicates the original as closely as possible in appearance and texture.
- d. Repair, or replace when necessary, deteriorated material with new material that duplicates the old as closely as possible.
- e. Repair, or replace when necessary, damaged or missing architectural features such as cornices, brackets, railings, and shutters.
- f. Retain, repair, or duplicate if replacement is necessary, original signage.

#### 5. Roof Guidelines

- a. Preserve the original roof shape.
- b. Retain original roofing material when possible.
- c. Replace deteriorated roofing material with new material that matches the old in composition, size, shape, color and texture.
- d. Retain, repair or replace if necessary, all architectural features which give the roof its essential character such as dormer windows, railings, cupolas, cornices, brackets, chimneys, finials, gutters, weather vanes, downspouts, etc.

#### 6. Windows and Door Guidelines

- a. Retain and repair existing, or reproduce original, window and door openings, including size, shape, design, materials, and hardware.
- b. Storm windows or hurricane shutters should be installed in a manner that does not damage existing windows and door frames and can be removed when not in use.
- c. Use original doors and door hardware when they can be repaired and reused.

#### 7. Entrances, Porches, and Steps

- a. Retain porches and steps which are appropriate to the building and the neighborhood.



- b. Do not enclose porches.
- c. Do not cover porch floor material with carpeting or other contemporary material.
- d. Repair, or replace when necessary, deteriorated railings, floors, door surrounds, or other architectural features of the porch and steps.
- e. Telephone booths, vending machines, or similar items shall not be located on porches.

#### 8. Ornamentation Guidelines

- a. Retain, repair, or replace if necessary, all ornamental features including light fixtures, ornamental tile work, wall fountains, decorative metal or masonry grill work, balconies, etched glass, medallions, relief work, sculpture, signage, addresses, eyebrows, decorative neon, decorative stone work, racing stripes, and pilasters.

#### 9. Exterior Paint Guidelines

- a. Exterior paint shall be in pastel hues. Dark or intense colors, browns, beiges, and earthtones should be avoided.
- b. Secondary, or accent colors which emphasize architectural detailing is encouraged.
- c. Stone, tile, or terrazzo surfaces shall not be painted. Such surfaces which have been painted should be carefully stripped.
- d. Metal elements shall be carefully cleaned (see 1-c above) and primed prior to painting.
- e. Paint used should be of a type developed to best withstand harsh environmental conditions.

#### 10. Interior Guidelines

This section primarily refers to the public spaces within the building such as lobbies, restaurants, parlors, etc.

- a. Retain original materials, architectural features, and hardware whenever possible, such as stairs, elevators (particularly the doors), handrails, balusters, columns, cornices, doors, windows, doorways, light fixtures, mantles, front desks, and flooring.
- b. Repair or replace if necessary, deteriorated materials with new material that duplicates the old as closely as possible.
- c. Retain, repair, or replace if necessary, original plaster work.

2. A quorum shall be fifty percent (50%) of the members of the Board of Governors present at a general meeting of the Board. A quorum for a general meeting of the Association shall be 15% of the total membership of the Association;
3. A general meeting of the Association shall be conducted pursuant to accepted parliamentary procedures or any other procedures when such procedures are accepted by the Board of Governors. At a minimum, the following rules shall be applied:
  - a. All actions of the Association shall be by motion or resolution on a vote of the members present or a quorum;
  - b. Voting by proxy and/or absentee ballot at any meeting is prohibited;
  - c. The Chairman or in his absence the Vice-Chairman, or in his absence the Secretary-Treasurer, shall preside at all meetings of the Association;
  - d. Written summary minutes of all meetings of the Association and Board of Governors shall be presented and approved by the Association;
  - e. General meetings of the Association shall occur not less than once during a one month period of time;
  - f. Members of the Association hereby agree to follow a Business Code of Ethics and shall have the privilege to display one emblem indicating same to the general public. Said emblem shall only be renewed yearly to members of the Association in good standing. The design of the emblem shall be approved by the Association indicating the name of the Association and the date issued;
  - g. Membership in the Association must meet the eligibility requirements as provided in Section 'a.' Said membership shall be for a one-year term with dues paid on October 1st of each year;
  - h. Termination of a member in the Association shall only be for good cause. Termination shall automatically result from:
    1. Failure of a member to maintain good standing in the Association;
    2. Failure of a member to abide by the spirit as well as the written Business Code of Ethics;
    3. Failure of a member to substantially conform to the business program adopted by the Association; and
  - i. The Association will coordinate and cooperate with the City of Miami Beach in all matters of mutual interest.