



Economics Research Associates

Draft Project Report

**Wynwood Priority Development Area
Analysis**

Prepared for

**Miami 21
City of Miami
Duany Plater-Zyberck & Company**

DRAFT

Submitted by

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General & Limiting Conditions

Every reasonable effort has been made to ensure that the data contained in this study reflect the most accurate and timely information possible. These data are believed to be reliable. This study is based on estimates, assumptions and other information developed by Economics Research Associates from its independent research effort, general knowledge of the market and the industry, and consultations with the client and its representatives. No responsibility is assumed for inaccuracies in reporting by the client, its agent and representatives or any other data source used in preparing or presenting this study.

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Introduction

Economics Research Associates (ERA) was retained by the City of Miami and Duany Plater-Zyberck & Company to complete an analysis of designated targeted industries and land uses and to form the basis for a city-wide economic development strategy tasks under the Miami 21 Plan. Part of that analysis focuses on specifically designated geographic areas called Priority Development Areas, or PDA's. The Miami 21 Plan is intended to provide a framework for both planning/urban design and economic development strategies that will create both a clear planning direction and an element of predictability for how Miami should grow and evolve over time; both elements should also integrate sound economic development principles and implementation steps grounded in local market conditions and opportunities. The urban design and planning framework of the Miami 21 Plan has been structured as a series of Transects, land areas that vary according to the amount and type of development proposed as appropriate for both current zoning and future redevelopment opportunities, as well as providing for predictable development transitions between adjoining areas of the City. The economic development plan is structured to direct certain land uses and densities to particular locations and areas as a basis for near-term and longer-term economic development strategies.

The Miami 21 Plan has been organized to address these issues within four large quadrants – East, West, North and South. The first quadrant selected by the City for analysis by DPZ and ERA (and other consultants) is located in the eastern part of Miami, and including the portion of the city from the Broward County line down the waterfront through the Central Business District and Brickell Boulevard, and west to approximately Seventh Avenue. A map of the quadrant boundaries is located on the Miami 21 website (www.Miami21.org).

This report focuses on the Wynwood Priority Development Area (PDA), and includes several components:

- The role and definition of a Priority Development Area is based on a broader economic development perspective, not simply on a real estate development perspective
- The relationship of the PDA area analysis to the overall Miami 21 Plan as it intersects with city's larger Economic Development objectives
- Site and employment development opportunities used to define the economic development approach and implications for land uses
- Economic patterns in industry sectors recommended for the PDA and the economics of employment resulting from targeted industries
- Consistency between recommended economic uses and the relative potential densities linking the economic development strategy to the Miami 21 plan and the proposed transect characteristics in Wynwood
- Fiscal and Economic implications resulting from the recommended uses and densities

- Implementation Recommendations – Recommendations on what will be required to implement the project and what tools and incentives can accelerate the process

Following these sections, an Appendix includes supporting tables and charts documenting the backup information supporting the analytical methodology and process and data assumptions used in developing the analysis.

What is a Priority Development Area (PDA)?

After completing an overview of industry sectors and land uses as a basis for near and long-term economic development opportunities, ERA was asked to identify specific areas for further study which we called Priority Development Areas, or PDA's.

The Miami 21 PDA is defined as

- *A Specified Location and Use Character* -- A geographically designated area, identified within specific boundaries and including one or more dominant existing land or primary economic drivers that characterize the land use and density today or could catalyze a different use in the future. In the Little Haiti and Wynwood PDA's, the current industrial zoning and density clusters businesses that would not have other relocation options within the city.
- *Manageable Barriers to Development* -- Barriers to development should be manageable, that is, incompatible adjacent uses and/or development opportunities can be mitigated through a system of transitional uses and densities under the Miami 21 development code. An example relevant to the Wynwood area is the site known as the International Trade Center, a multi-acre City-owned parcel located near the intersection of NW 5th Avenue and 23rd Street. The barrier to redevelopment of this site is ongoing litigation that has delayed the site's redevelopment. The overwhelming advantages of the site (larger, publicly owned parcel already assembled and currently not in use) all suggest that managing a rapid outcome to the obstacle of litigation will generate benefits far beyond the cost of resolving the legal issues. This site can be a critical location for media production facilities as a catalyst for collateral media-related industries to locate nearby (as well as other compatible supporting businesses).
- *Proximity to Planned/Pending/Pipeline Projects* – PDA's should have some proximity to planned or pending projects in the development 'pipeline' that can affect compatible changes in density or use. This could either be an upgraded version of the primary economic drivers or a land use and density that will increase the level of development in a way that will not conflict with the primary land use. This approach to proximity is consistent with the planning principles of Miami 21.
- *Presence of Natural or Physical Characteristics That Create Continuity, Amenities or Infrastructure That Affect Development Potential* – For example, in both Little Haiti Industrial and Wynwood, the presence of the FEC rail line and proximity to major road networks suggests continued

clustering of uses that benefit commercially from adjacency to rail access and truck connections on highways.

- *Neighborhood or Cultural Cohesion* – To the extent that industrial concentrations can be considered a “neighborhood”, both PDA’s are industrial districts. While change could come over time, the synergistic benefit of sustaining these types of industrial uses will translate into jobs (a core benefit of economic development policy).

Two areas were selected as PDA’s in the East Quadrant: Wynwood and Little Haiti Industrial. The overall principles used in identifying these (and potential future) PDA’s are based on the premise that the city’s economic development approach should be based on opportunities to sustain and attract jobs – creation of jobs, retention of existing jobs, improvement in the pay scale of existing and potential jobs or attraction of new jobs drawn by industry sectors that make sense for the characteristics of the PDA. In ERA’s view, this economic development principle does not mean that real estate project development potential is not considered, but rather that the longer view of benefits attributable to a diverse, focused job development program should be considered of equal importance to projects driven by values associated only with real-estate.

Governing Principles for Economic Development

ERA's mandate from the City of Miami for the Miami 21 Planning effort has been to take a comprehensive, longer view of how to diversify and stabilize the economic character of the City. The objective has *not* been to maximize the real estate development potential of the PDA areas. This is an important distinction, as real estate has been a primary economic driver (some might say *the* primary economic driver) in Miami since its founding. Historically, residential and commercial real estate development and speculation has been a major force in creating and evolving the South Florida region, coupled with establishment and growth of the area as a national and international tourism/hospitality destination. Both of these industries have grown rapidly in the past ten years, and the accelerated growth in the Miami housing market has made the City one of the fastest growing residential areas in the United States with almost 80,000 recent and proposed new dwelling units in the development pipeline.

ERA recognizes that this should remain a major factor in the south Florida region's growth and tax base. However, in our opinion, real estate services and the hospitality industry (cruise ships, hotels and lodging, dining and entertainment) do not represent the full spectrum of economic development opportunities in the region, but have had a disproportionate effect on how the city has grown, and have dominated growth areas, absent a more comprehensive, long-term economic development strategy within City government. The overarching principle of ERA's economic development analysis is to protect and broaden the range of jobs available in areas of the city that have functioned as industries (ranging from manufacturing and distribution uses clustered in a few areas like Little Haiti and Wynwood through the class A office concentration that defines downtown Miami as the commercial office heart of the region).

In our experience, real estate cycles will always change over time, and the more dependent local economies are on one or two segments, the greater the likelihood of cyclical crashes when the most dominant industries slow down. The recent boom in residential development in Miami has been the result of low interest rates and the availability of mortgage financing, interest by international buyers to purchase property for investment purposes (whether rented or used seasonally, both anticipating appreciation in value over time) and the city's well deserved reputation as a sophisticated international destination. However, residential development has grown to the point that other uses (such as office) have been precluded as more land has been committed to residential development. As the prime rate has risen, the housing market has shown signs of slowing down, and some projects have repositioned from for-sale to rental or conversion of housing towers to future office development. To ERA, this suggests that a more comprehensive approach to economic development will help maintain a more sustainable rate of growth, and not be so dependent upon the future of the housing industry. Economic development is about increasing prospects for employment and the quality of life that will attract business, industry and workers, not simply real estate development

It is ERA's understanding that the City of Miami support this principle – that the greater objective is to take a more comprehensive view of economic development, rather than predominantly on residential real estate development. The initial financial implications of this approach to city revenues are evident; as the City's general operating funds are heavily dependent upon real estate taxes as the major source of revenue. As a short term justification for revenue development, unrestricted real estate development could be interpreted as an easier priority, potentially at the expense of encouraging other sources of economic stability. However, Miami has recently witnessed inconsistent patterns of growth, such as high-rise residential development immediately adjacent to single-story detached residential neighborhoods, resulting in scale juxtapositions that have been detrimental to the lower scaled areas that many residents want to protect. This is where the economics of value intersect with planning; the maximized value of the high rise site may be generated at the expense of the lower scaled adjoining residential area. ERA's experience suggests that a more balanced planning approach will protect property values and generate greater general appreciation over time.

In ERA's view, the larger issue is the recognition that, as economic entities, cities are more than just real estate and property, even in markets growing as rapidly as Miami. From an economic development standpoint, as a city that has a large population of residents who may lack education and/or marketable job skills, the social and economic costs of ignoring a comprehensive job development/training and education strategy as well as potentially compromising the quality of life will result in an economic burden that a thriving real estate market alone cannot resolve. The economic benefits of real estate may be more immediate, but a balanced economic strategy that acknowledges and addresses jobs, amenities as well as real estate is a better protection against cyclical real estate trends.

This is the overall rationale for ERA's analysis of the potential to retain/create/enhance employment opportunities by sustaining land uses that provide jobs to a range of skill levels. This is a means to provide economic activity for a broad cross-section of the population (whether highly skilled or not). Over time, focusing economic development tools and incentives on job development, as well as amenities such as parks and open space, community facilities and stronger education possibilities will provide a stronger base for real estate development to remain strong throughout industry cycles. The rationale for targeted industries in the PDA's is described in the Jobs and Economics of Employment section of this report. This has also been the governing principle for the Priority Development areas analytical approach.

How Does the Wynwood PDA Relate to the Miami 21 Planning Process?

There are two related efforts in the Miami 21 Planning effort. Duany Plater-Zyberck & Company have analyzed existing land uses and densities throughout the East Quadrant, while ERA has conducted a parallel economic development analysis that has focused on existing and potential strategies to retain and attract jobs to traditional employment centers. The two efforts have been integrated through a series of work sessions between ERA, the City of Miami and DPZ, but ERA's primary objective is to analyze how a comprehensive economic development strategy can shape the planning process to the benefit of a more stable and diversified employment sector for the city.

The Miami 21 Planning process offers a New Urbanism approach to prioritizing future growth along primary streets and development nodes, and reinforcement of existing activity areas. Through a series of Transects ranging from undeveloped rural land (of which the only example within the City limits is on Virginia Key) through high rise/high density office/mixed-use (such as downtown Miami), the planning process has identified a series of classifications that relate to current zoning and land use, as well as detailing a form code/density and land use designation that relates development patterns to be compatible with adjoining/neighborhood areas. The Miami 21 Plan also includes a provision for 'Successional Zoning', under which areas designated for one density level and use mix (defined in the selected Transect category) may be changed to accommodate changes in use and density over time.

The two categories not yet fully formed under the form-based code are the two Transect categories that relate to land currently zoned as Industrial; these Transects are called Districts (D-1, representing 'light' or Specialized Industrial uses, as well as a limited amount of housing and other supporting uses that complement industrial concentrations; and D-2 Heavy Industry, or uses that may be considered more noxious and less complementary to other kinds of uses). For purposes of the economic and fiscal analysis, ERA recommends that the maximum building height for the D-1 and D-2 categories be limited to 45 feet, whether occupied by one floor of space with high ceilings (such as a sound stage in a Media Production area) or up to four floors of warehousing. ERA also recommends that the preferred lot coverage ratio for the industrial area conceptual development examples included in the D-1 and D-2 areas should range from 65% to 85% of gross surface land area, in order to accommodate truck traffic and vehicle parking areas, storage of products (as required for the allowed businesses) or other uses. For purposes of the analysis, ERA has included this option in the conceptual development programs shown in the Fiscal analysis.

DPZ has suggested that a limited amount of housing be allowed for inclusion in the D-1 category, whether based on one unit per industrial parcel (which could be considered to penalize larger parcels since the same allowance would be available to smaller sites) or as a maximum percentage of gross floor area (but limited enough to allow space for a very small number of on-site units).

As a practical matter, ERA also recommends that, if a limited amount of housing is allowed within D-1 areas, the development rights to those allowed units may be available to be sold and aggregated in locations deemed appropriate within the designated D-1 zone, or potentially combined into adjoining commercial or transit corridors in order to allow industrial property owners who might not want to include a housing unit on site to benefit from the availability of the use. As the intent of the D-1 category is to preserve and sustain industrial uses, ERA believes that the number and location of housing within industrial categories should be carefully placed and controlled so as not to shift the economic balance away from industrial spaces (and the jobs they support). In ERA's opinion, greater concentrations of housing should be part of a site re-designation to a different Transect category allowing a different mix and density of uses. In other words, any housing allowed in the D-1 areas should not tip the balance (and expectations of higher density zoning) away from industrial uses and the jobs they represent.

These suggestions (or a variation of them) are expected to be incorporated into the Miami 21 Transect descriptions and form-based code for D-1 and D-2 areas as they are modified over the coming weeks. ERA anticipates that the physical planning aspects of the form-based code remain to be analyzed by DPZ, and will be adopted as part of the further definition of the D-1 and D-2 categories after review by the City of Miami Department of Economic Development and the Planning Department, among others. The economic development objective is to encourage job retention and development, with real estate economics balancing the jobs program, but not precluding it.

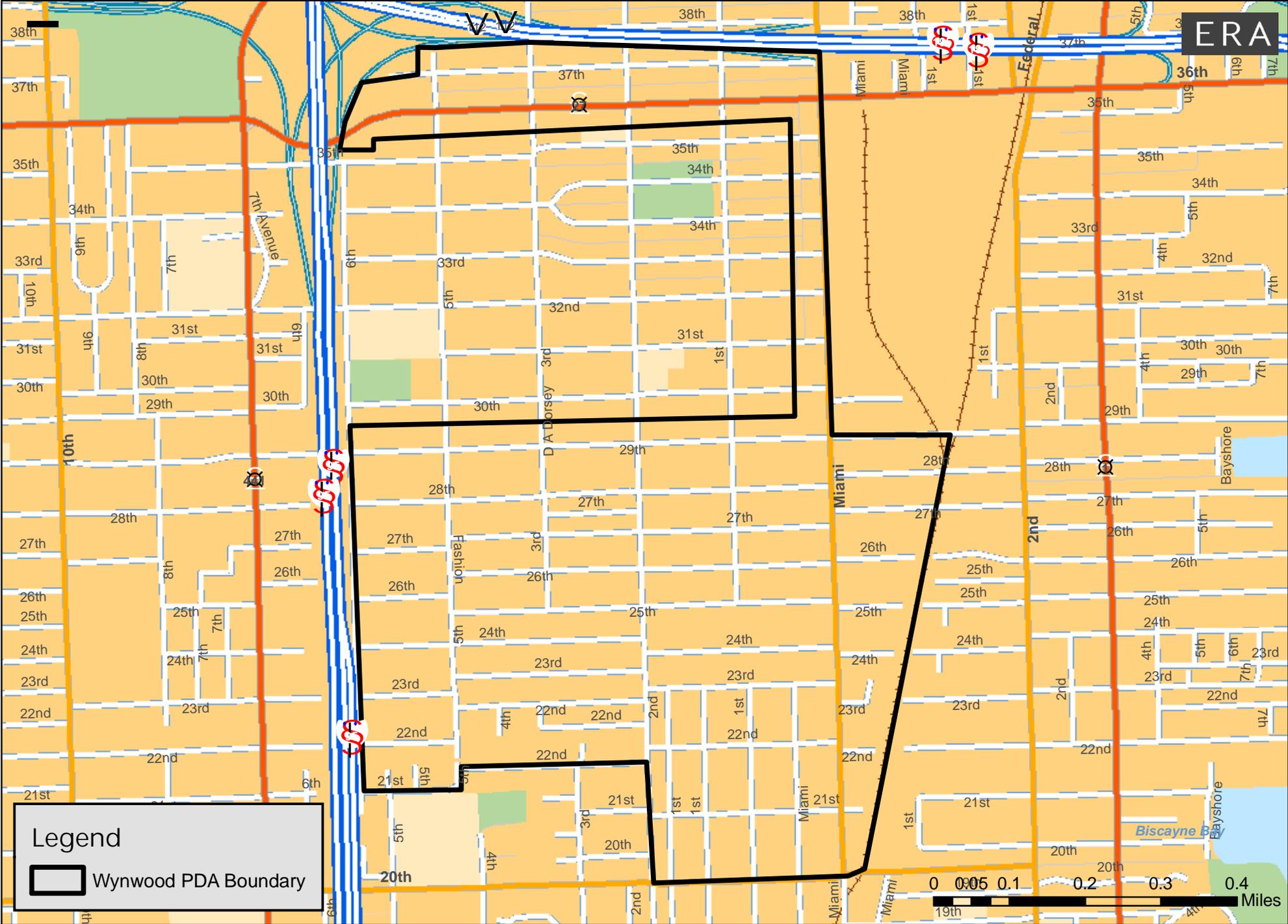
ERA also notes that the amount of land zoned Heavy Industrial (D-2) in Wynwood should be reduced in land area and concentrated along the FEC track alignment below the Mid Town site. In our view, this area should provide for rail-dependent uses that would not have other options in the City of Miami, or which would not fit into the larger D-2 area recommended in the Little Haiti Industrial area. The remaining land currently zoned Industrial is recommended to be designated as D-1, which offers more flexibility for incorporation of lighter/specialized industrial uses, without precluding industry-compatible supporting uses. The area of Wynwood currently occupied by apparel wholesaling and manufacturing (the Garment District along NW 5th Avenue) is reportedly in transition, with traditional apparel businesses shifting the assembly that has traditionally been done in this area to the Caribbean or the far East.

The character of this part of NW 5th suggests that the area within the PDA be designated as a Commercial Corridor, in which upper floors might be occupied by affordable/workforce residential spaces above the manufacturing/wholesaling/services commercial and small scale retail spaces at the ground level. ERA recommends that this corridor could also accommodate some higher density housing at intersections that form key nodes (to be identified by DPZ on updated maps of the PDA). The presence of the International Trade Center site at the southern end of the PDA also suggests potential evolution of today's apparel-oriented wholesale/retail businesses into media production-oriented businesses. Wynwood's location between Miami International Airport and Miami Beach (destinations cited as important to the media production industry), as well as the proximity to the amenities of the Design District south of Wynwood indicate supporting uses can locate

nearby, but that they would also reinforce the catalytic effect of an undersupplied specialty industry (media production soundstage) use on the whole D-1 district. Other areas along 36th Street/Highway 27 are also designated as D-1 areas, allowing a broader range of light industrial uses. The rationale for maintaining a predominance of specialized industry-based uses in Wynwood is to create opportunities for job retention and attraction in growth-related and/or higher paying jobs in an area that, if re-classified to other Transect categories, would be lost within the City. Wynwood's rail and road connections to I-95 serve as indications to ERA that the area should be incorporated into the Miami 21 plan as industrial, with a larger allocation of land area designated as D-1 Specialized Industrial and a smaller area designated as D-2 Heavy Industrial. These recommendations should be instituted for a sufficient period of time that a concerted marketing effort and stable occupancy period for industrial uses can be provided, at least for 5 years in areas with stabilized industrial concentrations.

These recommendations are subject to review and discussion with the City of Miami as well as with DPZ to assure consistency with the Transect designations and form-based code implications of the recommended level of site density and building height. ERA also recognizes that, over time, Wynwood's rail access to the FEC corridor could change when the proposed commuter rail is introduced. The regional solution for how to handle rail freight into and out of Miami is currently unresolved. As a near term (up to 5 years) and potentially mid-term action, it is ERA's opinion that protection and attraction of jobs to the light industrial areas of Wynwood should be priorities for the City and its economic development program. A map of the area selected as the Wynwood PDA is included on the following page. This map will be updated by DPZ to illustrate redefinition of the commercial corridors and shift from D-2 to D-1 in the majority of Wynwood in the next revision of the report.

Wynwood PDA



Industry Sectors and Land Uses

As part of the Miami 21 process, the City of Miami requested that Economics Research Associates (ERA) prepare brief papers analyzing opportunities for specific industries, land uses, and development policies supporting specific objectives. These reports included case study data documenting proven strategies on how Miami can attract, recruit and sustain the strongest prospective industries and/or most needed land-uses within the Miami 21 Plan.

ERA has also worked with Duany Plater-Zyberk (DPZ), the planning and architectural consultant developing the revisions to the zoning code, to integrate market and development opportunities into the recommended the form-based code that will direct future planning and growth in a series of designated Priority Development Area's (PDAs). Based upon ERA's general industry data and research, specific economic conditions in the City of Miami and the Miami-Dade MSA and recommendations from City of Miami officials and DPZ, ERA selected the following industry sectors and land uses or public policy directions for further research and consideration.

Industry Sectors Considered for Miami PDAs

The industry sectors researched and considered for their economic potential for priority development areas in the City of Miami were:

1. **Motion Picture and Media Production** – Included in this category were industries in the Motion Picture and Sound Recording Industries sub-sector group (NAICS 512) such as establishments involved in the production and distribution of motion pictures and sound recordings. In addition to motion pictures, this industry sector also includes production of product for television broadcasting. Miami-Dade County represents the largest concentration of motion picture and television production employment and activity in the State of Florida. While the industry is found throughout the metro area, operators have expressed interest in locations between Miami Beach and Miami International Airport, positioning the City of Miami to continue to build its position as a favorable location for the industry in the metro region. ERA has identified short and mid-term opportunities for Miami to continue to develop as a production center recognized at both the national and international level.
2. **Biomedical Technology** – The Bio-Medical Industry typically includes Pharmaceutical and Medicine Manufacturing (NAICS 3254), Medical Equipment and Supplies manufacturing (NAICS 3391), Medical Laboratories (NAICS 621511), and Biomedical Research (NAICS 541710). The industry can also include the genetic engineering of food and fibers, food processing, chemical engineering and bio-computers. Within the past decade the biotechnology industry has proven to be lucrative, and as a result many cities are aggressively and proactively recruiting biotech companies and other life science industries with various other incentives. In the broadest sense, a biotech industrial center needs to have stable and strong research and commercialization practices. Key determinants for developing a biomedical technology center are, proximity to an established biotech industry and excellent academic research institutions, a location in which they can research, produce, market

and distribute their products, technologically adequate facilities, highly educated and skilled labor, and venture capital. The presence, absence and nature of these factors greatly influence the location and success of biotechnology companies. While Miami has a few biotechnology companies, university and medical research facilities, it is still limited in its biomedical industrial opportunities.

3. **Tourism and Hospitality** – The Miami area, with its beaches, restaurants, clubs, shopping and commerce, is an ideal city for hospitality and tourism. Tourism and hospitality-related industries include a wide range of Accommodation and Food Services industries (NAICS 72), Arts, Entertainment, and Recreation (NAICS 71) industries, and selected Transportation (NAICS 48-49) sub-sectors. The city of Miami contains more than 150 hotels and 20,000 hotel rooms. In 2004, 2,986,600 tourists visited Miami and created an overall economic impact of \$2.3 billion. Miami’s development strategy for the tourism and hospitality will include strengthening and expanding its current market position, including leisure and business travel.
4. **Light (Specialized) Industry, Manufacturing, and Warehousing/Distribution Systems** – A wide range of industries and sectors are represented in this group to be considered for PDAs. The Manufacturing sector comprises establishments engaged in the mechanical, physical, or chemical transformation of materials, substances, or components into new products. The assembling of component parts of manufactured products is considered manufacturing. (NAICS 31-33). Some distinction has been made for light, or specialized, industries that may be located in the D-1 Transect zoning areas within specified industrially oriented areas. Light industrial manufacturing is usually less capital intensive than heavy industry, and is more consumer-oriented than business-oriented (i.e., most of light industry products are produced for end users rather than as a component of goods produced by other industries). Light industry has less environmental impact than heavy industry and is typically more tolerated in residential areas. Site selection decisions relating to light industrial manufacturing/warehouse and distribution operations are driven by a series of economic and physical variables that are related to the cost of doing business. These variables include availability of competitive facilities and land, skilled labor, and business incentives provided by state and local jurisdictions. Access to transportation systems and distribution channels and markets are also important.
5. **International Trade and Finance** - International trade is the exchange of goods and services across international boundaries or territories. Industrialization, advanced transportation, globalization, multinational corporations, and outsourcing are all having a major impact on increasing the volume of international trade and the globalization of the world economy. Major requirements for attracting international trading partners including: free-trade zone status that enable businesses to store, ship, import, export, and process, increasing rate of total trade volume, international banking capacity, in-state origin exports: Volume of manufacturing and services exports and associated job growth, transportation infrastructure including seaports, airports, multimodal connectors, and roadways, international air passenger volume, foreign language, speaking workforce, and the value of international investments. Miami is second only

to New York in the number of international banks and finance companies in the U.S. With the port facilities, international investment and international profile, Miami is positioned to increase its international trade. Using Miami's international trade position to support the growth of other sectors may be a valid strategy in several PDAs.

6. **Venture Capital** - Venture capital is money provided by professionals who invest alongside management and innovators of start-up companies that have the potential to develop into significant economic contributors. Venture capital is an important source of equity for newly formed companies attempting to become established, expand lines of business or open new markets. While Miami has a limited number of venture capital funds, its strong international banking sector offers an opportunity for the development of more venture capital. Venture capital is not geographically restricted as an industry, however the development of venture capital funds in Miami can support specific industrial development objectives in various PDAs across the City.
7. **Marine Industries** – Marine industries include a wide range of sectors, including (but not limited to) marinas (NAICS 713930), support activities for water-based transportation (NAICS 488390), ship building and repairing (NAICS 336611), marine cargo handling (NAICS 488320), and marine supplies, pleasure, merchant wholesalers (NAICS 423910). While not all PDAs might have water access and are not suitable for some maritime industries, there are some sub sectors that do not require immediate access to water that can be accommodated in industrial districts (D1 and D2).

Land Uses/Development Policies

In addition to industrial sectors, ERA was directed to research the economic development implications of four specific land uses or public policy directions. Some were more tied to geography and specific locations than other.

1. **Affordable Housing** – Miami has recently experienced high growth of commercial and high-value residential properties. As values grow for property and development, low- and-moderate income households find it increasingly difficult to secure affordable housing. “Affordable” housing typically includes housing affordable to households with income at or near 80% of median household incomes. However, the real estate market may place households with incomes greater than 100% of median into affordable housing-eligible criteria. In Miami-Dade, the median-priced home cost \$237,000, which requires an annual income of \$73,866. The median household income in the City of Miami is \$31,723. As interest rates increase, housing affordability becomes an issue for middle-income households as well as low-to-moderate income households. The availability of affordable housing will have an impact on economic development, as companies seek an appropriately priced labor supply that is able to travel to work over a reasonable distance. Addressing the issue of affordable housing will be necessary to make Miami a competitive business location. PDAs that contain businesses that will employ lower skilled employees will also need to accommodate low-to-moderate housing within or proximate to the priority development area.

2. **Public Transportation/Streetcar Corridors** - Access to public transit can be considered a valued amenity. Properties located near transit stations enjoy increased regional accessibility, more mobility options and reduced transportation costs; and thus, if appreciated the amenity would be reflected in the value of the property and the intensity of development near the transit access point. Public transportation also provides greater flexibility for workers and customers to reach businesses across the city. PDAs with access to public transportation systems and stations should be more attractive as potential locations for employment, residence and commerce. Current plans to expand the public transportation infrastructure in Miami help inform economic development initiatives within specific PDAs. PDAs with increase access to transit should be considered for development of affordable (workforce) housing, employment centers, trade and tourism development.
3. **Commercial (Retail) Clusters and Corridors** - Retail is a use that is most successful when stores are congregated in a specified geographic area. Depending upon proximity to markets and transportation, retail will vary greatly from one priority development area to another and may seek markets that are located beyond the metro area (super-regional or regional shopping), or may develop to serve community, neighborhood or convenience shopping needs. Retail development will concentrate in PDAs that have a commercial character, although some scale of retail businesses will be found in a range of mixed-use transects, including D1 Specialized Industrial. Market demand potential, targeted market groups and proximity to markets and access will influence the scale of the retail development identified for PDAs.
4. **Arts/Cultural Districts and Entertainment Districts** – Arts and cultural districts may contain public visual and performing arts facilities such as theatres, concert halls, and museums, as well as private arts-related businesses, including retail art galleries, art studios, arts and cultural program administration offices, music or dance studios, performance rehearsal space. PDAs containing or near existing arts clusters or districts may target arts-related businesses, industries or facilities to recruit, retain or enhance such businesses. Such districts may also link development of arts and culture related businesses with affordable live-work artist residential development.

Entertainment districts are typically clusters of businesses that include Food Services and Drinking Places (NAICS 722) such as restaurants, cafés, bars, taverns, or nightclubs. Other businesses may include All Other Amusement and Recreation Industries (NAICS 7139) such as arcades, bowling centers, dance halls and discothèques. Such districts may support hospitality and tourism development, as well as attract local and regional markets. Entertainment districts typically form in an “organic” fashion, though the growth of entertainment districts can be encouraged or curtailed depending upon the ease and availability of business licensing and other operating requirements. Proximity to residential districts and retail areas should be considered when weighing the relative advantages or disadvantages to encouraging the formation of an entertainment district.

Approach to Development within the Wynwood Priority Development Area

Following an extensive examination of a wide range of industries for potential to create and retain jobs and reviewing the current and proposed zoning in Wynwood, ERA has developed a program of near, mid-, and longer-term economic development opportunities. The transects and economic development strategy for the Wynwood PDA feature a physical or cluster approach that concentrates compatible industrial uses and provides predictable development over a period of time. The approach to the Wynwood PDA supports:

- Specialized industries that provide the opportunity for improved skills and mobility, as well as entrepreneurial prospects;
- Retention and enhancement of job opportunities across a wide range of skill levels;
- Locations for affordable, workforce housing to keep the employment base close to the job opportunities;
- Increased space designated for specialized, light industries (D1) and an aggregation of heavier industrial uses (D2) close to rail and other transportation corridors.

The Wynwood PDA also identifies a particular specialized industry, media production, as a specific opportunity due the existing physical characteristics of one site, though it faces some challenges to development of the site.

Targeted Industries Not Considered for Wynwood PDA

ERA reviewed the targeted industries and land uses to determine which might be most appropriate and present opportunities for the Wynwood PDA. Many of the targeted industries that were rejected for inclusion were due to specific requirements of the industry (typically geographic) or that the industry already has a presence elsewhere in the city and would likely grow and develop in its existing location. The targeted industries not included in the Wynwood PDA are:

- Biomedical technology – Miami’s biomedical opportunities will likely locate near the Civic Center, in close proximity to medical facilities and educational institutions. An initiative has already begun to target biomedical in that area of the City and Miami’s limited biomedical development will need to be concentrated to flourish.
- Tourism and Hospitality – Miami’s tourism and hospitality industry is closely associated with the cruise ship industry, athletic events, performing arts, business meetings and travel, and historic sights. While there is some prospect that media production facilities that might develop in the PDA may attract some tourism, it is unlikely that the tourism and hospitality industry will develop as a major economic driver for the PDA.

- International Trade and Finance – International banking in Miami is already centered in the Brickell area. Such businesses benefit from and seek to be near similar enterprises. International business associated with the Port of Miami facilities or the airport will locate nearer to those sites. One way in which the Wynwood PDA may become involved with international trade may be the assembly of imported components into a finished product in the specialized and heavy industry areas of the PDA, or by the development of warehousing facilities with duty-free status serving international customers.
- Venture Capital – While venture capital does not require specific geographic site conditions, it typically seeks to locate in financial centers and professional office locations. In Miami, Brickell and the Downtown office core are better positioned to attract the location of venture capital firms. Wynwood’s media production industries may, however, be able to attract the investment from such firms.
- Marine Industries – Logically, marine industries will most likely seek locations along the Miami River, and other waterfront areas. There may be some repair and equipment businesses with marine application that could locate in Wynwood PDA, if the product or service was not water-dependent.
- Public transit/streetcar corridor – There are proposals for the streetcar to cross through a portion of the Wynwood PDA. Final plans, routes, feasibility and potential station locations are not set, so ERA could not include transit-oriented development (TOD) as a near-term opportunity. When, and if, that streetcar corridor development plan is solidified, some consideration should be given to TOD relating to any station that could be sited in the PDA.
- Commercial Retail Clusters and Corridors – Some retail uses will be developed in the PDA in the D1 and T5 zones proposed for Wynwood. Some of the current outlets currently located in the former garment district will likely remain and are allowed under the proposed transect. However, ERA does not anticipate that retail will be the major economic driver in the PDA.
- Arts/Cultural Districts or Entertainment Districts – Should the media production industry locate in the PDA, there will be opportunities for other arts and cultural businesses and/or entertainment uses to locate near those facilities. The media production would remain the targeted industry economic driver of the neighborhood. Should arts, cultural or entertainment uses begin to cluster as part of an “organic” process, there are spaces in the D1-zoned former garment district that would be able to transition. ERA does not recommend that the city take specific action to encourage or aggregate these businesses, as wages and skills in the media production industry would be higher and preferred to service-oriented jobs.

Development Challenges Facing Wynwood Industrial

Development Pressures

The Wynwood Industrial PDA faces challenges to its continuation as a viable industrial area as a result of approaching development pressures due to its proximity to the Design District and the Midtown Project. As those areas continue to rise in land value and higher-value residential properties get closer to Wynwood, there is a risk that industrial uses will be pushed out and will need to seek locations further from the Miami work force. This PDA strategy is predicated on the need to retain industrial uses and jobs for a balanced economic future.

Concentration of Low-Income, Low-Skill Workforce

In addition to nearby development pressures on the Wynwood PDA, the district is also faced with the realities of Miami population demographics and economics. The Brookings Institution reports that among the 100 largest cities in the US, Miami ranks first in its poverty rate, third in the rent burden being carried by households that rent their residences, and one-hundredth in median household income.

In addition, the US Census reports that more than 47% of the adult population aged 25 and above have less than a high school education. Many of these persons are recent immigrants with limited English language skills. While near and mid-term industrial development opportunities can offer some enhancement in wages and skills, long term development will depend on strategies to mitigate the education gap.

Miami and Miami-Dade County Economic Indicators
Miami 21

	Rank Among 100 Largest U.S. Cities / Counties
Miami City	
Poverty Rate	1
Rent Burden	3
Share of Adult Population With at Least a B.A. Degree	94
Share of Households Earnings Between \$18,000 and \$81,0000	96
Median Household Income	100
Miami-Dade County	
Poverty Rate	12
Rent Burden	1
Share of Adult Population With at Least a B.A. Degree	85
Share of Households Earnings Between \$18,000 and \$81,0000	62
Median Household Income	91

Source: Brookings Institution, 2004 (based on U.S. Census Bureau).

Lack of Affordable Housing

As mentioned previously, the gap between median household income and median homes prices in Miami continues to increase. The Mayor of Miami has formed a task force to examine how more affordable housing may be developed in the city. The challenge of providing decent, affordable housing is national in scope, however the situation has become acute in Miami with the rapidly rising housing prices. Providing affordable housing is sometimes only viewed as a social issue, but it is also an economic one. A lack of affordable housing can result in loss of jobs and business expansion opportunities and an increase in public expenditures to support low-and-moderate households and their needs, thus reducing the available funding for infrastructure and economic development.

Industry Changes

Wynwood was once the center of apparel manufacturing in Miami. As many of those manufacturing jobs moved offshore, the area began to see a change to a concentration of warehouse, distribution and a variety of other light industrial uses. The Wynwood PDA will need to remain flexible in order to face future changes in global, national and regional markets.

Jobs and the Economics of Employment

A major strength of the City of Miami is the overall size of its active labor force, with 2005 BLS data showing 157,400 annual resident-workers. The city represents the third largest labor force concentration in the State of Florida, trailing only Jacksonville (398,000) and Tampa Bay (160,900.) However, despite this strength, the Miami job market is underperforming relative to statewide benchmarks. Between 1995 and 2005, Florida employment increased at an average annual rate of approximately 2.7 percent. Meanwhile, the Miami Metropolitan Division experienced average annual job growth of only 1.2 percent over the same 10-year time period.

As shown in Figure 1, Miami also appears to be more susceptible to downturns in the national economy, evidenced by significant job loss during the most recent recession that began in late 2001. This fact is largely attributable to a lack of diversity in the Miami-area employment base, which tends to rely heavily on leisure and entertainment industries that are supported by discretionary consumer spending.

Figure 1: Annual Job Growth by Month, 1995 to 2005

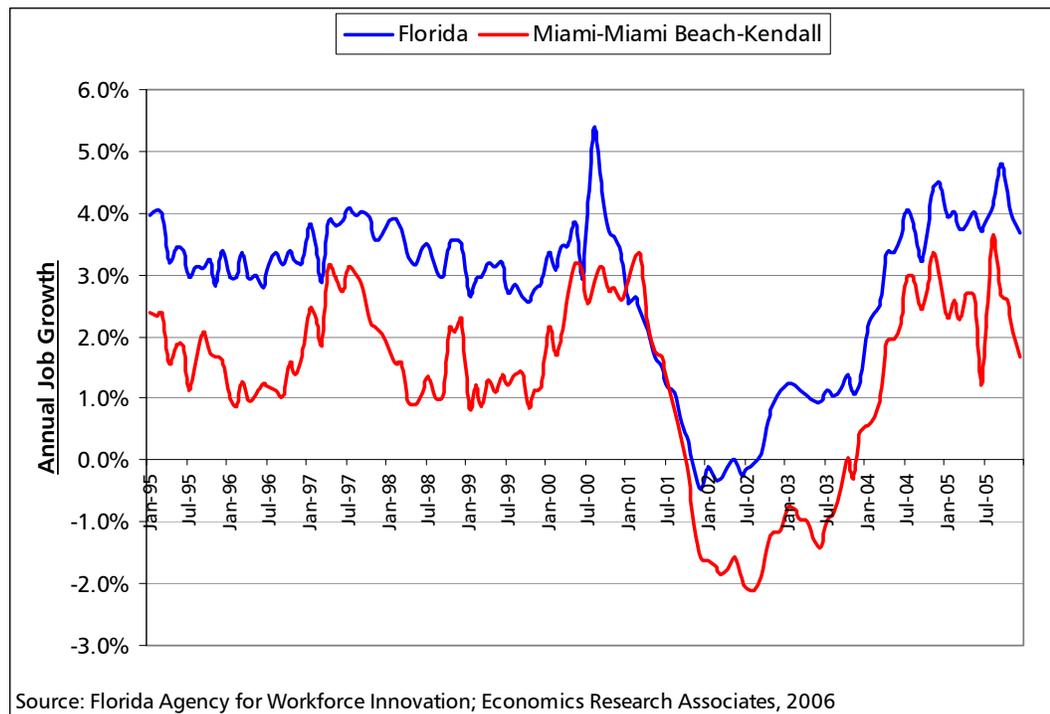
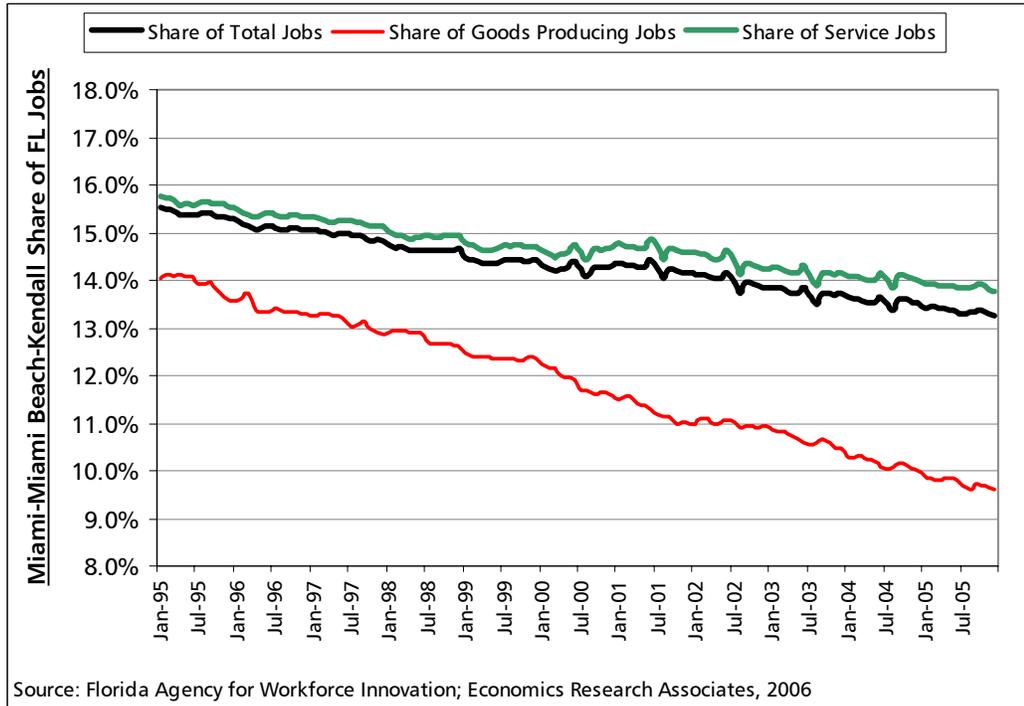


Figure 2: Miami-Miami Beach-Kendall Metro Division Share of Florida Employment, 1995 to 2005



These job growth trends have resulted in a smaller share of total Florida employment concentrated in the Miami area. In 1995, the Miami-Miami Beach-Kendall Metropolitan Division (roughly Miami-Dade County) contained over 15 percent of total state employment; by 2005 the area’s share declined slightly to less than 14 percent. Miami’s goods producing industries, such as manufacturing, warehousing, and wholesale trade, experienced a significant loss in statewide job share, down from 14 percent in 1995 to less than 10 percent a decade later. These types of industries are of critical importance to Miami because of the diverse range of employment opportunities they afford the local labor force. Jobs in goods producing industries typically offer livable wages, require minimal formal education, and provide opportunity for career advancement.

Therefore, the analysis presented below focuses on the fundamental objective of ERA’s economic development strategy – the creation of a range of jobs that facilitate upward mobility and improve the quality of life for all Miami residents.

Analytical Framework

Based on the local employment trends described above, ERA developed an analytical framework that identifies opportunities for Miami to diversify and expand its economic base through targeted industry retention and attraction. More specifically, the framework enables the evaluation of targeted industry sectors specific to the PDA as well as the Transects developed by DPZ for Miami 21. This analysis provides a view of the competitive strength of Miami, and by extension the PDA, with respect to a variety of industry sectors as they relate to job opportunities and livable wages.

ERA utilized North American Industrial Classification System (NAICS) based sector definitions to identify 59 potential industry sectors with land use and economic characteristics that are consistent with the PDA and the Transect overlays. A list of the 59 industry sectors and the applicable Transect overlays considered for the purposes of this analysis can be found in the attached Appendix.

It should be expected that the number and type of potential industry sectors will vary based on the character of the Transects proposed for the PDA. For example, if a “D2-Heavy Industrial” overlay is proposed for the PDA, the model only considers those industry sectors typically classified as “heavy industrial,” such as the manufacture of chemicals, major automobile repair, and other nuisance-creating sectors that are incompatible with a residential land use. However, if the PDA only contained the “T5-R Urban Center Residential” overlay, the model excludes industries associated with D2, and focuses only on those applicable to T5-R.

Ranking Criteria

The next step in ERA’s model utilizes three ranking criteria in order to select targeted industries out of the 59 that will have the greatest economic development impact on the PDA. The ranking criteria include the following: 1) industry skills requirements; 2) the relative concentration of local industry employment; and 3) industry wages.

While ERA’s analytical model primarily reflects a job-based approach, in reality, firm location decisions can be quite complex and tend to involve a variety of important considerations. For example, a city with weak labor force demographics may attract an industry sector by offering relocation incentives, cheap land, low rental rates, access to a major transportation network, or a favorable local tax structure. Similarly, a city with strong labor force demographics can lose an industry due to higher business costs or insufficient transportation infrastructure.

However, by utilizing a jobs-based approach, ERA’s model ensures that the targeted industry sectors meet or exceed the following thresholds:

- **Does the local labor force meet the minimum occupational education and skill requirements for this particular industry?**

- **If the local labor force does not meet the minimum occupational education and skill requirements, are there near-term training solutions to better equip residents for the workplace?**
- **Does the industry sector have a presence in the Miami area of regional or national significance – i.e. can a new firm leverage existing economies of scale?**
- **Are industry sector wages competitive with other good quality jobs in the Miami area – i.e. industry sector jobs will enhance quality of life and economic status for workers?**
- **Does the industry sector compliment or support another industry sector targeted for the PDA?**

Criterion 1 – Industry Skills Requirement

The first criterion assures that there is a match between the educational attainment of the Miami resident labor force with the skills and education required to perform a particular job within an industry sector.

In order to develop a skills and education benchmark for each industry sector, ERA relied on 2005 Florida Agency for Workforce Innovation data that assigned an occupational education requirement code to over 800 types of jobs. ERA also utilized data from the US Department of Labor, Bureau of Labor Statistics that details the types of job functions comprising the 59 industry sectors.

By combining the data from these two sources, ERA calculated an occupational education requirement score, where a score of “1.0” indicates that no jobs in an industry sector require a high school diploma, and a score of “5.0” means that every job in an industry sector requires an advanced degree. Most industry sectors fall somewhere in between the two extremes.

Next, ERA analyzed population data from the US Census, 2004 American Community Survey to calculate a similar score for the labor force of City of Miami and Miami-Dade County, respectively. The City of Miami working population represents the immediately available labor force, whereas the Miami-Dade County working population represents an available labor force, but only when necessary. For the purposes of this analysis, ERA considered the labor force to be the population between the ages of 18 and 64.

As shown below in Table 1, the educational attainment score for the city and county are 2.39 and 2.67, respectively. This suggests that the average labor force participant in both jurisdictions has a skill set that can be attained through some combination of high school, vocational training, or community college.

Finally, ERA compared the industry sector occupational education requirement score to the labor force educational attainment score. An industry sector score that is below the labor

force score implies that adequate staffing can be achieved without significant private investment in on-the-job training or public investment in workforce development programs.

ERA considers industry sectors that can be staffed at the city level to offer greater near term opportunity for job creation. An industry sector that can only be staffed at the county level suggests that either non-Miami residents will occupy some of the jobs created by a new firm, or that the city and/or the firm will have to invest in local workforce development programs.

Table 1: Level of Educational Attainment, Miami Area Labor Force, 2004

Edu Code	Level of Educational Attainment	% of Population Between Ages 18 & 64			
		City of Miami	Miami-Dade County	Florida	United States
1	No High School Diploma	28.8%	17.8%	14.2%	14.3%
2	High School Graduate	30.5%	30.9%	30.2%	29.3%
3	Some College, Vocational Certificate, Associates Degree	21.7%	27.5%	31.4%	30.3%
4	Bachelors Degree	11.4%	14.6%	16.1%	17.2%
5	Advanced Degree	7.6%	9.2%	8.1%	8.9%
Labor Force Education Attainment Score		2.39	2.67	2.74	2.77

Source: US Census, 2004 American Community Survey; Economics Research Associates

Criterion 2 – Local Concentration of Industry Sector Employment

The second criterion identifies industry sectors that have an established regional or national presence. Cities with prominent industry sectors are able to provide new firms with immediate access to a skilled labor force, capital markets, and infrastructure. The economy of scale that is generated by this type of activity in turn enhances the marketability of the city’s business community.

The industry sector concentration score is derived from the utilization of location quotient analysis, a commonly used technique to identify “specializations” in a local area by comparing proportional employment concentrations in the local economy to those of a larger benchmark economy. In this case, the local economy is Miami-Dade County (data at the detailed industry sector is unavailable at the city level) and the “benchmark” economies are those of the State of Florida and the United States.

From a trade volume perspective, the BLS Location Quotient data provides a comparison of Miami-Dade County employment by industry to that of the state or nation in the form of a ratio. A factor of 0.75 to 1.25 indicates that the proportion of employment for an

individual industry located on Miami-Dade County is balanced with the national rate of employment for that industry. Ratios greater than 1.25 indicate that the location is a net exporter of goods and services associated with that industry; ratios less than 0.75 indicate that the location is a net importer of goods associated with that industry.

An industry sector that reports a high ratio at the national level is generally considered to be very competitive, and Miami could potentially become a magnet for firm relocation. Meanwhile, an industry sector that has a high ratio at only the state level suggests that Miami could potentially face competition from cities in other states targeting a similar type of business. Media Production is a Miami-specific example of this type of industry sector.

Criterion 3 – Industry Wages

The final criterion addresses the issue of livable wages. Current job growth patterns suggest that the city is moving toward a local economy that subsists on low-paying service and hospitality jobs. Long-term sustainability can only be achieved by targeting industry sectors that foster higher-value jobs.

Out of all the industry sectors that met the skills and employment concentration criteria, ERA then selected target sectors that offer annual wages near, or above, the average annual wage for all jobs in Miami-Dade County (data is unavailable at the city level), reported by the US Bureau of Labor Statistics in 2005 at approximately \$36,100. ERA made exceptions for some industry sectors that passed the first two screening criteria, but failed the wages criterion, if the sector is a necessary complement to another sector that had been identified as PDA target opportunity.

Targeted Industries for Wynwood PDA

ERA analyzed a range of industries that offer improved wage and skill employment opportunities that also meet the particular geographic and physical characteristics of Wynwood PDA. The industries were also categorized based on the immediacy of the opportunity and the relative requirements for entry into the PDA based on investment, workforce readiness and Miami’s relative position to take advantage of the opportunity. Industries were sorted by “near-term opportunities” (representing immediate to five years for development) and “mid-term opportunities” (representing those industries that will require some investment in infrastructure, workforce skills development or current presence in the Miami market).

A table illustrating all of the near-and-mid-term industrial sector opportunities for Wynwood is included.

Near-Term Industrial Sectors for Wynwood

D1 – Specialized Industrial Transect

Some representative near-term specialized industrial sector (D1) opportunities in Wynwood include:

- Furniture and Home Furnishing Merchant Wholesalers (NAICS 423200) - This industry comprises establishments primarily engaged in the merchant wholesale distribution of furniture.
- Hardware, and Plumbing and Heating Equipment and Supplies Merchant Wholesalers (NAICS 423700) - This industry comprises establishments primarily engaged in the merchant wholesale distribution of plumbing equipment, hydronic heating equipment, household-type gas appliances, and/or supplies. A typical business may be engaged in heating and air-conditioning equipment installation and repair.
- Apparel, Piece Goods, and Notions Merchant Wholesalers (NAICS 424300) - Establishments primarily engaged in the merchant wholesale distribution of piece goods, fabrics, knitting yarns (except industrial), thread and other notions, and/or hair accessories.
- Personal and Household Goods Repair and Maintenance (NAICS 811400) – This sector represents a wide array of repair and maintenance businesses including: home and garden equipment repair and maintenance; repairing and servicing household appliances; reupholstering, refinishing, repairing and restoring furniture and other personal goods repair.

D2 Heavy Industrial Near-Term Sectors

The heavy industrial sector recommended for Wynwood’s D2 areas includes:

- Warehousing and Storage (NAICS 493000) - This group represents a full range of businesses engaged in operating warehousing and storage facilities for general

merchandise, refrigerated goods, and other warehouse products. These establishments provide facilities to store goods. They do not sell the goods they handle. Bonded warehousing and storage services and warehouses located in free trade zones are included in the industries of this subsector and could provide Wynwood with an opportunity to engage in international trade and commerce.

T5-R Urban Center Restricted Near Term Industry Sectors

For the Wynwood T5-R transects, ERA recommends the following sectors:

- Furniture and Home Furnishing Merchant Wholesalers
- Personal and Household Goods Repair and Maintenance

Mid-Term Industrial Sectors

D1 Specialized Industry Sectors

Mid-term industrial sector opportunities for Wynwood's D1 areas include the following:

- Professional and Commercial Equipment and Supplies Merchant Wholesalers (NAICS 423400) - Merchant wholesale distribution of photographic equipment and supplies; office, computer, and computer peripheral equipment; and medical, dental, hospital, ophthalmic, and other commercial and professional equipment and supplies.
- Electrical and Electronic Goods Merchant Wholesalers (NAICS 423600) - Merchant wholesale distribution of electrical construction materials; wiring supplies; electric light fixtures; light bulbs; and/or electrical power equipment for the generation, transmission, distribution, or control of electric energy.
- Drugs and Druggists' Sundries Merchant Wholesalers (NAICS 424200) - The merchant wholesale distribution of biological and medical products; botanical drugs and herbs; and pharmaceutical products.
- Movie Production & Distribution (NAICS 512110) - producing, or producing and distributing motion pictures, videos, television programs, or television commercials. The former International Trade Center is especially well positioned to become a production sound stage.
- Sound Recording Industries (NAICS 512200) - Establishments primarily engaged in producing and distributing musical recordings, in publishing music, or in providing sound recording and related services. Foreign language voiceover studios are included in this subsector.
- Radio and Television Broadcasting (NAICS 515100) - This industry group comprises establishments primarily engaged in operating broadcast studios and facilities for over-the-air or satellite delivery of radio and television programs. These establishments are often engaged in the production or purchase of programs

or generate revenues from the sale of airtime to advertisers, from donations and subsidies, or from the sale of programs.

- Beer, Wine, and Distilled Alcoholic Beverage Merchant Wholesalers (NAICS 424800)
- Other Miscellaneous Manufacturing (NAICS 339900)

D2 Heavy Industry Sectors

Mid-term D2 sectors include:

- Beer, Wine, and Distilled Alcoholic Beverage Merchant Wholesalers (NAICS 424800)

T5-R Urban Center Restricted Mid-Term Industry Sectors

- Printing and Related Support Activities (NAICS 323000) – Businesses that print products, such as newspapers, books, labels, business cards, stationery, business forms, and other materials, and perform support activities, such as data imaging, platemaking services, and bookbinding.
- Other Miscellaneous Manufacturing (NAICS 339900)



Table 2: Near and Mid Term Industry Sectors

NEAR TERM TARGETED INDUSTRY SECTORS - WYNWOOD					
<u>D1 - SPECIALIZED INDUSTRIAL</u>		<u>D2 - HEAVY INDUSTRIAL</u>		<u>TR-5 - URBAN CENTER RESTRICTED</u>	
NAICS ID	Industry Sector Description	NAICS ID	Industry Sector Description	NAICS ID	Industry Sector Description
423200	Furniture and Home Furnishing Merchant Wholesalers	493000	Warehousing and Storage	423200	Furniture and Home Furnishing Merchant Wholesalers
423700	Hardware, and Plumbing and Heating Equipment and Supplies Merchant Wholesalers			811400	Personal and Household Goods Repair and Maintenance
424300	Apparel, Piece Goods, and Notions Merchant Wholesalers				
811400	Personal and Household Goods Repair and Maintenance				

MID TERM TARGETED INDUSTRY SECTORS - WYNWOOD					
<u>D1 - SPECIALIZED INDUSTRIAL</u>		<u>D2 - HEAVY INDUSTRIAL</u>		<u>TR-5 - URBAN CENTER RESTRICTED</u>	
NAICS ID	Industry Sector Description	NAICS ID	Industry Sector Description	NAICS ID	Industry Sector Description
339900	Other Miscellaneous Manufacturing	424800	Beer, Wine, and Distilled Alcoholic Beverage Merchant Wholesalers	323000	Printing and Related Support Activities
423400	Professional and Commercial Equipment and Supplies Merchant Wholesalers			339900	Other Miscellaneous Manufacturing
423600	Electrical and Electronic Goods Merchant Wholesalers				
424200	Drugs and Druggists' Sundries Merchant Wholesalers				
424800	Beer, Wine, and Distilled Alcoholic Beverage Merchant Wholesalers				
512110	Movie Production & Distribution				
512200	Sound Recording Industries				
515100	Radio and Television Broadcasting				

Overview of Fiscal & Economic Impact Analysis

The purpose of this segment of the Priority Development Area (PDA) analyses is to provide the City of Miami and local property owners, businesses, and residents with an analytical framework for evaluating the relative economic and fiscal implications relating to the proposed Transect Pan. This analysis provides a point of departure for discussion and further research and analysis regarding these proposed zoning changes.

The basis for this analysis originates from a comparison of current zoning (and sample building types) against the anticipated building types that are associated with the Transect Zoning at full build-out. *As such, the analyses presented in the economic and fiscal component of the PDA studies should be considered conceptual and illustrative in nature.*

Summary of Economic and Fiscal Drivers

ERA's economic and fiscal analysis is based on a series of integrated plan assumptions consistent with the Transect Planning Areas within PDAs. ERA notes that from a real estate development standpoint, increased density will result in higher property taxes to the city, consistent with the Transect Plan's primary objective to achieve densification of commercial corridors and nodes (e.g., NW Fifth Avenue in Wynwood). Concurrently, retaining and expanding industrial jobs in areas designated as D1 and D2 Transects result in economic benefits from job retention and improvements in base salary levels.

Based on a review of the City of Miami Comprehensive Annual Financial Report (FY 2005), the primary drivers of the City of Miami General Fund budget revenues are property taxes (33 percent), charges for services (29 percent), and public services taxes and operating grants (19 percent). The balance of the City's General Fund budget revenue structure is comprised of nominal contributions from franchise taxes, capital grants and contributions, state revenue sharing, sales and use taxes, investment earnings, and other miscellaneous sources (19 percent).

ERA concludes that the primary fiscal implications of the proposed Transect Pan are associated with a potential net gain or loss in real property tax revenues and the nature of employment within the PDA boundaries.

Methodology and Approach

In order to develop the assumptions that form the basis for comparing the long-term fiscal and economic performance of prototypical building types associated with individual zoning categories, ERA conducted site visits to the two PDA's identified by ERA's earlier economic analysis to assess current conditions of building uses, conditions, and relative productivity within the Miami area.

ERA collected research on current values associated with construction costs, assessed property values, retail sales productivities, and other factors to develop estimates of property market value and employment generation capacity.

ERA also reviewed the current structure of the City of Miami General Fund Budget (FY2005) to test the relationship between the potential property, sales and other tax revenues that could be generated by the anticipated land uses associated with the proposed Transect Zoning. Based on this research, ERA includes only *ad valorem* real property taxes and property.

Note that these assumptions are estimates based on the relative performance of a sampling of current and potential space users located in properties in each of the representative zoning categories located within the PDAs; these figures are subject to change as the Transect Zoning guidelines are refined and as market conditions continue to evolve.

The fiscal and economic benefits are based on the prototypical development programs at buildout. The analysis considers fiscal and economic performance in two distinct scenarios – current state (today’s zoning) and future state (as envisioned upon implementation of the proposed Transect Plan). The figures analyzed in this modeling exercise represent the potential annual recurring fiscal and economic activity associated with prototypical space users located within the PDAs.

Although fiscal and economic benefits will occur on two levels – direct and secondary – ERA includes only the direct impacts associated with on-site job creation and tax revenues that are reasonably expected to occur within the PDA boundaries. Secondary, or indirect, benefits are expected to occur outside of the PDA boundaries due to associated spending by construction workers, permanent residents, employees, and visitors associated with the PDA-based land uses. Although ERA considers secondary property investment, retail spending, and employment occurring outside of the PDA boundaries as catalytic drivers of District-wide economic redevelopment activity, these benefits would be difficult to quantify in the absence of a specific development proposal. As such, secondary fiscal and economic benefits are excluded from the analysis.

Base Assumptions

ERA’s estimates are based on current and future PDA-based economic activity associated with property reinvestment and new construction, and employment). The future-state scenarios are based on the assumption that the economic activity would not occur “*but for*” the public and private investment that would result from land use and space user changes anticipated by implementation of the proposed Transect Plan. The total anticipated fiscal and economic benefits are based on a range of residential and commercial activities at buildout (stabilized year of operations for each illustrative use).

ERA contacted the City of Miami Finance Department to obtain current rates for the applicable sales, property and other tax revenue streams that would accrue to City and County governments, as applicable. ERA also validated the assumptions that form the basis for determining the fiscal and economic impacts of the proposed development.

ERA also relied upon assumptions reported by available industry sources such as Costar, Marshall and Swift Cost Estimators, the US Bureau of Economic Analysis for property values, employment generation factors, and other inputs that formulated ERA’s estimate of

potential occupied space by building type and the associated market value and employment generation capacity represented by the various zoning categories.

ERA's detailed assumptions are presented in the Appendix of this report.

Real Property Tax Revenues

The City of Miami levies a real property tax on all commercial (“non-homestead”) and residential (“homestead”) properties located within the city boundaries. The City of Miami sets millage rate on an annual basis. The City of Miami Commission reviews and approves the millage rate on an annual basis, with adjustments generally depending on the growth of the tax base and other economic factors. Although the City of Miami imposes the millage rate, the city is under an intergovernmental agreement whereby Miami-Dade County assesses city properties and collects the associated real property tax revenues. In return, Miami-Dade County retains an administrative fee equal to approximately 1.5 percent of total collected tax revenues.

The process for establishing annual assessment value is differentiated by non-homestead (commercial) and homestead (primary residential) uses. According to Florida State Statute, real property tax assessments on homestead properties are restricted a three percent annual appreciation rate. Non-homestead (commercial) properties are based on market appreciation calculated through a random sampling of property sales transactions City-wide on an annual basis. Assessments on new property within the first year of occupancy are based on the value of land and building construction costs.

Upon the second year of occupancy, new construction property tax assessments revert to the market value approach. Assessed values for both homestead and non-homestead properties are set at 75 percent of market value. Property value assumptions will reflect current appraised values reported by the City of Miami. Employment impacts will reflect the most up-to-date labor market statistics reported by the Florida Agency for Workforce Innovation, unless other resources are identified by the City of Miami.

As the basis for calculating real property tax revenues, ERA obtained transaction value trends data by land use type for properties located within the PDA boundaries (vacant land, single family and multifamily residential, light and heavy industrial/flex uses, and retail) from Costar. ERA further tested these assumptions by collecting replacement construction costs data from Marshall and Swift (adjusted to reflect local Miami conditions). If additional data regarding assessed value trends the City of Miami becomes available, ERA will further test the assumptions regarding assessed property values within each of the PDAs.

Sales and Use Taxes

The combined state and local sales and use tax rate is 7.0 percent of gross retail sales (6.0 percent state tax and 1.0 percent local tax). After local businesses remit the total sales tax collections directly to the Florida Department of Revenue, the City of Miami receives a share of the sales tax returned by the state to Miami Dade County through an annual intergovernmental transfer mechanism. According to the Miami Department of Finance,

Miami-Dade County transfers the proportionate share of sales tax revenues based on ratio of the City of Miami's population to the population within the entire county. The funds may be used for general governmental purposes (80 percent) or for transit projects (20 percent).

In effect, the local share of sales tax revenues retained by the City of Miami is nominal when compared to the total General Fund budget revenue structure. As an example, based on 2004 Florida Department of Revenue intergovernmental revenue sharing data, for every \$100 in gross retail sales, the City of Miami received only \$0.015 (one and one-half cents) in intergovernmental sales tax revenues from Miami-Dade County. Based on this nominal contribution by sales tax revenues to city-level budgeting, ERA does not consider potential changes in sales tax revenue flows to be a primary driver of the fiscal component of this analysis. However, there could be other economic implications associated with improving retail sales within the PDAs, such as providing enhanced support for urban housing through mixed-use retail concepts.

Tax and Fee Revenues Excluded from the Analysis

In addition to the annual ongoing tax and fee revenues associated with potential development activity resulting from the Transect Plan, the City of Miami will benefit from one-time capital spending on construction activity. These benefits typically include hard and soft construction costs. Hard construction costs are split between materials (60 percent of hard costs) costs and construction wages (40 of hard costs). Soft costs comprise the remaining balance of total construction, typically representing 35 percent of total construction investment.

In addition to the job and wage benefits, the sale of construction materials will generate additional sales and use taxes. However, given the inherent difficulty in sourcing the location of these sales, this tax revenue potential is somewhat speculative.

In addition to the direct benefits described above, the project will have secondary effects on the local economy as well. This will result from new resident households within the PDAs spending dollars in other area businesses for grocery items, apparel and other household goods, and restaurant and entertainment.

Additional tax and fee revenues that could be considered applicable to the representative industrial and commercial building uses illustrated by the current zoning and the proposed Transect Plan include:

- Personal Property Taxes
- Intergovernmental revenues
- Charges for services
- Internal service funds
- Other miscellaneous/non-revenue funds

Due to the lack of a specific redevelopment proposal, the tax and fee revenues are derived from expenditures on construction investment and indirect spending are difficult to quantify. Although these revenues are applicable to the consideration of the full range of fiscal and economic activity that would accrue to the City of Miami's General Fund as a result of the proposed Transect Plan, these items are excluded from the quantitative analysis. As such, ERA's estimates are considered to be conservative.

General Fund Public Service Costs

ERA evaluated the potential need for incremental one-time capital improvements within each of the PDAs as a result of the proposed Transect Zoning. ERA's review focused on the capital improvements associated with the following functional city departments:

- Fire-Rescue Department
- Miami Parking Authority
- Parks & Recreation Department
- Solid Waste Department
- Public Works Department

Based on the proposed land use scenarios, ERA evaluated the need for additional capital costs to support the real estate development that could occur under the proposed transect zoning. According to the City of Miami Finance Department, the majority of anticipated one-time capital improvement costs are off-set by developer impact fees and earmarked revenues generated by the Local Option "Half-Cent Transit Sur-Tax" (or the "Peoples' Transportation Tax").

Another common form of public service cost revenues is in the form of special taxing district fees (e.g. business improvement districts or special assessment districts). ERA evaluated whether development occurring within the Wynwood and Little Haiti priority development areas could be subject to special taxing district fees (e.g. business improvement districts or special assessment districts) and determined that these areas do not currently have a sufficient revenue base to warrant a special taxing district.

Although ERA evaluated the potential public service costs associated with potential changes in building uses within the PDA areas, ERA concluded that a determination of potential costs would require a refined development program to serve as a basis for cost estimates. However, from a general standpoint, ERA considers the current development impact fee requirements to be the most applicable resource for off-setting the marginal costs that would result from the majority of the anticipated intensification of land uses envisioned by designated areas within the Transect Plan.

However, the City of Miami has recently completed an infrastructure capacity analysis associated with the 2005-2006 Multi-Year Capital Plan (Finance/Financial Policies/ Anti-Deficiency Act/ Financial Integrity Principles) that has identified specific areas and capital programs in need of funding to meet required level of service standards across multiple

functional areas of transportation, public safety, parks and recreation, public realm facilities and amenities, and community development. ERA concludes that consideration of the potential public service capital costs associated with the proposed Transect Plan within the PDA’s would require further in-depth study outside the scope of this assignment to fully evaluate any potential funding gaps or deficiencies in public service delivery.

Table 3: City of Miami Development Impact Fee Schedule

	Police	Fire-Rescue	General Services	Parks and Recreation
Residential (Per DU)				
Single Family Detached	\$ 164	\$ 704	\$ 413	\$ 6,818
Low Rise	\$ 144	\$ 619	\$ 363	\$ 5,998
High Rise	\$ 95	\$ 409	\$ 239	\$ 3,959
Non-Residential (Per 1,000 SF Commercial Space)/1				
Light Industrial	\$ 0.107	\$ 0.210	\$ 0.087	N/A
Manufacturing	\$ 0.059	\$ 0.162	\$ 0.068	N/A
Warehousing	\$ 0.076	\$ 0.116	\$ 0.048	N/A
Mini-Warehouse	\$ 0.038	\$ 0.003	\$ 0.001	N/A
General Office	\$ 0.206	\$ 0.336	\$ 0.140	N/A
Commercial/Shop Ctr	\$ 0.609	\$ 0.227	\$ 0.095	N/A

1/ Development impact and other related fees according to City of Miami Ordinance File No. 05-01042, Chapter 13, Section 13-1 through 13-13. Development impact fee rates for non-residential General Office and Commercial/Shopping Centers are based on the midpoint of the fee rate schedule for all building types and sizes.

Source: City of Miami; Economics Research Associates, 2006.

III. Economic & Fiscal Implications of Proposed Transect Plan

Introduction

Based on the methodology and approach detailed in the introduction to ERA’s fiscal and economic analysis, ERA compared and contrasted the fiscal implications of a range of land uses under the current zoning versus the proposed Miami Transect Plan. ERA based the comparative analytical structure on the following three primary elements:

- Physical Implications: Building type, use, height, And character
- Economic Implications: Comparison of jobs creation capacity
- Fiscal Implications: Comparison of property tax generation capacity

ERA’s findings imply that the proposed Transect Plan does not necessarily represent a wholesale change in land use, job creation, or property tax revenue generation, with the exception of those areas with potential for significant land assemblage (15 acres or more), or a substantial increase in density or intensification of land use. In short, the Transect Plan provides the opportunity for transitioning density to appropriate locations, corridors, or nodes, while retaining the supply of light/heavy industrial uses to provide the City with much needed capacity to serve users of those building types, thereby supporting the regional import/export and light manufacturing economy as a whole. ERA provides the detailed findings resulting from the Wynwood and Little Haiti Priority Development Area analyses in the following summary of results.

Basis for Property Tax Valuation

Summary of Table Footnotes

The following summary of calculation supports Table 4 on the following page, Current and Proposed Property Tax Valuation Characteristics. This table represents the anticipated market value per square foot for a sampling of representative space users associated with the zoning categories identified in each of the PDAs. Estimated property tax revenues are based on the following series of assumptions and calculations:

1. Total building value is based on a sampling of the replacement costs for light/heavy industrial and multifamily buildings reported by Marshall and Swift Cost Estimators (adjusted to reflect current local City of Miami conditions).
2. Land factor value is based on the proportion of land value per dirt square foot as a share of total transaction value for light/heavy industrial buildings as reported by Costar for the City of Miami (as of 4th quarter 2005). Residential examples are based on recent ERA interviews with national urban multifamily real estate developers.
3. Property market value represents the sum of estimated construction costs per square foot plus estimated land costs per square foot.

4. Assessed value is 75 percent of appraised property market value.
5. Property taxes per 10,000 square foot building are based on the estimated assessed value divided by \$1,000 and multiplied by the most recently reported City of Miami Real Property Tax Millage rate of 7.9995 (note figures are rounded to reflect illustration purposes). ERA provides examples for 10,000 square foot buildings for each zoning category located within the PDAs to provide a point of comparison for the relative real property tax contribution by building type and space user.



Table 4: CURRENT AND ANTICIPATED PROPERTY TAX VALUATION CHARACTERISTICS

CURRENT ZONING	Example Property Type	Example Property Class	Total Building Cost Value/SF	Land Factor (10% of Replacement Cost)	Land Value / Surface SF	Property Market Value (Land + Improvements) /SF/3	Assessed Value/SF (@75% of Market Value)	Property Taxes Per 10,000 SF Building
C1: Restricted Commercial	Light Manufacturing/Warehousing	Low Cost Class C	\$25.54	10%	\$255	\$28	\$21	\$1,690
C2: Liberal Commercial	Heavy Industrial/Manufacturing	Low Cost Class C	\$26.14	10%	\$261	\$29	\$22	\$1,725
I: Industrial	Light Manufacturing/Warehousing	Low Cost Class C	\$25.54	10%	\$255	\$28	\$21	\$1,690
R2/3: Low/Medium Density Residential	Apartments/Duplexes	Low Cost Class C	\$67.55	20%	\$1351	\$81	\$61	\$4,860
Anticipated Property Tax Valuation Characteristics								
PROPOSED TRANSECT ZONING	Example Property Type	Example Property Class	Total Building Cost Value/SF	Land Factor (10% of Replacement Cost)	Land Value / Surface SF	Property Market Value (Land + Improvements) /SF /3	Assessed Value/SF (@75% of Market Value)	Property Taxes Per 10,000 SF Building
D1: Specialized Industrial	Light Manufacturing/Warehousing	Average Cost Class B	\$52.14	10%	\$5.21	\$57	\$43	\$3,441
D2: Heavy Industrial	Heavy Industrial/Manufacturing	Low Class B	\$78.52	10%	\$7.85	\$86	\$65	\$5,182
E: Residential	Commercial (Retail/Residential)	Good Class C	\$85.06	20%	\$17.01	\$102	\$77	\$6,124

Source: Duany Plater-Zyberck; City of Miami Department of Economic Development; City of Miami Finance Department; Costar; US Bureau of Economic Analysis; Marshall & Swift Cost Estimators; Economics Research Associates, 2006.





Wynwood Priority Development Area (PDA)

The following table provides a snapshot of a range of potential space user changes associated with the transition from current zoning to the Transect Plan in the Wynwood PDA. ERA provides these examples for discussion purposes only and comparisons are subject to change.

Table 5: CURRENT AND PROPOSED ZONING CHARACTERISTICS		
ILLUSTRATIVE IMPLICATIONS OF ZONING TRANSFORMATION	CURRENT ZONING	PROPOSED TRANSECT ZONING
International Trade Zone transitions from vacant flexible use industrial complex to specialized media production use	C-2: Liberal Commercial	D1: Specialized Industrial
Mix of light/heavy industrial transitions to light industrial with potential residential and supporting retail uses	I: Industrial	D1: Specialized Industrial
FEC frontage transitions from mix of light/heavy industrial to heavy industrial as primary use	I: Industrial	D2: Heavy Industrial
5th Avenue Corridor transitions from low-yield employment, subsistence industrial to moderate-yield employment, mixed-use commercial & residential	I: Industrial	T5 R: Urban Center Residential
Central Wynwood residential neighborhood transitions from low-density, marginal residential to moderate-density, attainable residential	R3: Multifamily Med Density Residential	T5 R: Urban Center Residential
Source: Duany Plater-Zyberck; City of Miami; Economics Research Associates; 2006.		

Wynwood Priority Development Area

Summary of Table Footnotes

The following summary of table footnotes apply to Table 4 through Table 11, current and proposed physical, economic, and fiscal characteristics of the Wynwood PDA, on the following pages:

1. User example reflects prototypical development program for a range of potential users as reflected by current and proposed zoning concepts.
2. Square footage estimates (“Illustrative Square Feet”) do not reflect the total built area of the PDAs. Square footages reflect prototypical conceptual development programs that could include either a single parcel or a series of adjacent combined parcels within the Priority Development Areas. These space estimates and user examples are intended to provide a conceptual comparison of potential changes in zoning, land use, density, and property values as a result of the Transect Zoning changes under consideration by the Miami 21 project. These estimates are for discussion purposes only and are subject to change.
3. “Typical Building Height” reflects average height across all developable space.
4. Square footage estimates do not reflect the total built area of the PDAs. Square footages reflect prototypical conceptual development programs that could include either a single parcel or a series of adjacent combined parcels within the Priority Development Areas.
5. Property value is based on cost approach to calculating market value (land and hard/soft construction costs) as estimated by Marshall & Swift Cost Estimators.
6. The economic analysis is based on ERA’s estimation of “at-place” employment. This category of employment is defined as jobs held by employees working only within the boundaries of the PDA. At-place employment differs from “labor force” employment which represents jobs held by residents within the PDA boundaries working anywhere.

Summary of Tables and Analytical Findings

- **Table 6: Current Physical Characteristics** – The area’s current zoning, space user examples, prototypical lot coverage, implied floor area ratio, typical building height, and assumed vacancy rate. Current estimates are based on ERA site visits and interviews with City officials, brokers, land owners, and other community representatives.
- **Table 7: Anticipated Physical Characteristics** – The area’s anticipated physical characteristics (as detailed in current conditions) based on the Transect Plan’s zoning and land use guidelines. .

- **Table 8: Current At-Place Employment Characteristics** – A representative sampling of the employment yields associated with a range of building types associated with the current zoning categories located in the PDA. Employment yields are based on assumed building occupancy and industry standards for employment per square foot of commercial space.
- **Table 9: Anticipated At-Place Employment Characteristics /Net Gain (Loss) of Jobs** – Estimate of the employment yield associated with the likely building users that would be attracted to D1: Specialized Industrial and D2: Heavy Industrial uses. A small amount of employment is also anticipated with the medium density multifamily properties in the form of building managers and the like. The majority of the space users within the PDA are anticipated to transition from marginal, low employment yielding subsistence jobs to small-scale, specialized manufacturing and service-based businesses / wholesale and warehousing uses with a nominal increase in employment. Notably, ERA anticipates that the Transect Plan provides the opportunity to transition the subsistence employment associated with current uses to upgrade skilled/low-capital intensive employment with an improved wage base due to the concentration of light-industrial activity in designated areas within the city.
- **Table 10: Current Fiscal Characteristics** – Estimate of the current property tax generation capacity of a range of C2: Liberal Commercial special use sites and I: Industrial manufacturing and warehousing space users. The majority of these properties were classified as “Low Cost Class C” as defined by Marshall and Swift Cost Estimators.
- **Table 11: Anticipated Fiscal Characteristics/Net Gain (Loss) of Property Tax Revenues**—Estimate of the anticipated D1: Specialized Industrial and D2: Heavy Industrial, and TR5 Medium Density Multifamily Residential uses proposed by the Transect Plan. ERA concludes that only those prototypical industrial development opportunities with a significant increase in density or intensification of uses would result in substantial increased in real property tax revenues. Conversely, the transition from industrial to mixed-use residential indicates a significant increase in property tax collections (on a dirt square foot basis) due to the relatively higher value of residential building improvements as compared to industrial construction as well as the likelihood of increased density. However, the introduction of mixed-use properties in a traditionally industrial area should be approached with caution due to the need to maintain appropriate barriers between incompatible land uses. This market condition is especially true with respect to residential development in the City of Miami due the current availability of housing in established urban neighborhoods that would have a better chance of competing within the Miami housing market.

Table 6: CURRENT PHYSICAL CHARACTERISTICS: WYNWOOD PDA

CURRENT ZONING	User Example	Prototype Development Parcel Size (Acres)	Assumed Lot Coverage Ratio	Typical Building Height (Floors)	Illustrative Square Feet/2	Implied FAR	Occupied Space w/In Building	Occupied Space (SF)
C-2: Liberal Commercial	Trade Benefit Special Use Site (Vacant)	1.07	75%	1	35,000	0.75	0%	-
I: Industrial	Manufacturing and Distribution	0.57	80%	1	20,000	0.80	75%	15,000
I: Industrial	Manufacturing and Distribution	1.53	60%	1	40,000	0.60	70%	28,000
I: Industrial	Manufacturing and Distribution	1.53	75%	1	50,000	0.75	70%	35,000
R3: Multifamily Med Density Residential	Two-Story Multifamily Rental Dwelling	0.29	80%	2	20,000	1.60	90%	18,000

Source: Duany Plater-Zyberck; City of Miami Department of Economic Development; City of Miami Finance Department; Costar; US Bureau of Economic Analysis; Marshall & Swift Cost Estimators; Economics Research Associates, 2006.



Table 7: ANTICIPATED PHYSICAL CHARACTERISTICS: WYNWOOD PDA

PROPOSED TRANSECT ZONING	User Example	Prototype Development Parcel Size (Acres)	Assumed Lot Coverage Ratio	Typical Building Height (Floors)/4	Illustrative Square Feet/2	Implied FAR	Occupied Space w/In Building	Occupied Space (SF)
C2 to D1: Specialized Industrial	Media Production	1.07	85%	1.25	49,600	1.06	90%	44,640
I to D1: Specialized Industrial	Small-scale specialized manufacturing and service-based businesses / wholesale and warehousing				58,200		90%	52,380
	1 Apartment/Condo Unit/Parcel				1,800		90%	1,620
	<i>Total building</i>	0.57	80%	3	60,000	2.40		54,000
I to D2: Heavy Industrial	Auto Body/Metalworking Uses	1.53	60%	1	40,000	0.60	70%	28,000
I to T5 R: Urban Center Residential	Apartment/Condo Building				67,300		90%	60,570
	Ground Floor Neighborhood Serving GAFO/F&B				3,500		95%	3,325
		1.53	85%	1.25	70,800	1.06		63,895
R3 to T5 R: Urban Center Residential	Moderate Density, Attainable Multifamily Rental Building	0.29	80%	4	40,000	3.20	90%	36,000

Source: Duany Plater-Zyberck; City of Miami Department of Economic Development; City of Miami Finance Department; Costar; US Bureau of Economic Analysis; Marshall & Swift Cost Estimators; Economics Research Associates, 2006.

Current and Proposed Employment Characteristics

Table 8: CURRENT AT-PLACE EMPLOYMENT CHARACTERISTICS: WYNWOOD PDA				
CURRENT ZONING	User Example	Occupied Space (SF)	Estimated Employment Yield (Jobs/SF)	Estimated Employment
C-2: Liberal Commercial	Trade Benefit Special Use Site (Vacant)	-	800	-
I: Industrial	Manufacturing and Distribution	15,000	800	19
I: Industrial	Manufacturing and Distribution	28,000	800	35
I: Industrial	Manufacturing and Distribution	35,000	800	40
R3: Multifamily Med Density Residential	Two-Story Multifamily Rental Dwelling	18,000	20,000	1
Source: Duany Plater-Zyberck; City of Miami Department of Economic Development; City of Miami Finance Department; Costar; US Bureau of Economic Analysis; Marshall & Swift Cost Estimators; Economics Research Associates, 2006.				



Table 9: ANTICIPATED AT-PLACE ECONOMIC CHARACTERISTICS: WYNWOOD PDA

PROPOSED TRANSECT ZONING	User Example	Occupied Space (SF)	Est. Employment Yield (Jobs/SF)	Estimated Employment	TRANSECT ZONING ECONOMIC IMPACT (Net Gain/Loss Jobs)
D1: Specialized Industrial	Media Production	44,640	500	89	89
	Small-scale specialized manufacturing and service-based businesses / wholesale and warehousing	52,380	800	65	47
D1: Specialized Industrial	1 Apartment/Condo Unit/Parcel	1,620	20,000	0	0
	<i>Total building</i>	54,000	20,800	66	66
D2: Heavy Industrial	Auto Body/Metalworking Uses	28,000	800	35	0
T5 R: Urban Center Residential	Apartment/Condo Building	60,570	20,000	3	(37)
	Ground Floor Neighborhood Serving GAFO/F&B	3,325	400	8	8
		63,895	20,400	11	11
T5 R: Urban Center Residential	Moderate Density, Attainable Multifamily Rental Building	36,000	20,000	2	1

Source: Duany Plater-Zyberck; City of Miami Department of Economic Development; City of Miami Finance Department; Costar; US Bureau of Economic Analysis; Marshall & Swift Cost Estimators; Economics Research Associates, 2006.

Current and Anticipated Fiscal Characteristics

Table 10: CURRENT FISCAL CHARACTERISTICS: WYNWOOD PDA				
CURRENT ZONING	User Example	Illustrative Square Feet (Total FAR)	Assessed Value (75% Market Value)	Total Annual Property Tax Revenues
C-2: Liberal Commercial	Trade Benefit Special Use Site (Vacant)	35,000	\$754,660	\$6,040
I: Industrial	Manufacturing and Distribution	20,000	\$421,460	\$3,370
I: Industrial	Manufacturing and Distribution	40,000	\$842,920	\$6,740
I: Industrial	Manufacturing and Distribution	50,000	\$1,053,650	\$8,430
R3: Multifamily Med Density Residential	Two-Story Multifamily Rental Dwelling	20,000	\$1,215,900	\$9,730
Source: Duany Plater-Zyberck; City of Miami Department of Economic Development; City of Miami Finance Department; Costar; US Bureau of Economic Analysis; Marshall & Swift Cost Estimators; Economics Research Associates, 2006.				



Table 11: ANTICIPATED FISCAL CHARACTERISTICS: WYNWOOD PDA

PROPOSED TRANSECT ZONING	User Example	Illustrative Square Feet (Total FAR)	Assessed Value (75% Market Value)	Total Annual Property Tax Revenues	TRANSECT ZONING FISCAL IMPACT (Net Gain/Loss Property Tax Revenues)
C1 to D1: Specialized Industrial	Media Production	49,600	\$2,133,760	\$17,070	\$11,030
I to D1: Specialized Industrial	Small-scale specialized manufacturing and service- based businesses / wholesale and warehousing	58,200	\$2,503,720	\$20,000	\$16,630
	1 Apartment/Condo Unit/Parcel	1,800	\$137,800	\$1,100	\$1,100
	<i>Total building</i>	60,000	\$2,641,520	\$21,100	\$17,730
I to D2: Heavy Industrial	Auto Body/Metalworking Uses	40,000	\$2,591,300	\$20,730	\$13,990
I to T5 R: Urban Center Residential	Apartment/Condo Building	67,300	\$4,359,830	\$34,880	\$26,450
	Ground Floor Neighborhood Serving GAFO/F&B	3,500	\$267,940	\$2,140	\$2,140
		70,800	\$4,627,770	\$37,020	\$37,020
R3 to T5 R: Urban Center Residential	Moderate Density, Attainable Multifamily Rental Building	40,000	\$2,591,280	\$20,730	\$11,000

Source: Duany Plater-Zyberck; City of Miami Department of Economic Development; City of Miami Finance Department; Costar; US Bureau of Economic Analysis; Marshall & Swift Cost Estimators; Economics Research Associates, 2006

Summary of Economic & Fiscal Findings

ERA’s findings imply that the proposed Transect Plan does not necessarily represent a wholesale change in land use, job creation, or property tax revenue generation, with the exception of those areas with potential for significant land assemblage (15 acres or more), or a substantial increase in density or intensification of land use.

Notably, the commercial components of the proposed Transect Plan offers the potential to both improve and diversify the tax base within the PDA areas, an assertion that recognizes the City of Miami’s historic reliance on residential real property taxes as the primary source of General Fund income.

In conclusion, the Transect Plan provides the opportunity for transitioning density to appropriate locations, corridors, or nodes, while retaining the supply of light/heavy industrial uses to provide the City with much needed capacity to serve users of those building types, thereby supporting the regional import/export and light manufacturing economy as a whole.

Implementation Recommendations

The implementation recommendations for the Wynwood PDA fall into two categories. The first is the operational and tactical requirements – staffing, funding, new marketing approaches, partnerships, and short-term and longer-term actions. The second is the funding programs, incentives and tools and sources of support available to accelerate and leverage private investment. If the jobs-based economic development strategy outlined in this report are to be implemented, it is ERA’s opinion that the City of Miami will need to make a considerably greater commitment of staff, funding and investment of political capital into a comprehensive economic development program than has been the case in recent years. This will mean increased budget, increased capacity and numbers of staff dedicated to economic development, and the commitment of a range of financial and policy tools and incentives. The first part of this section describes the operational and tactical components. The second section summarizes financial and policy tools and incentives that are currently, or could be made available in the PDA’s to generate private investment, potentially ahead of the presumed market.

In ERA’s experience in other cities, redevelopment areas need some, if not all of the following:

1. *A Plan for Growth and Allowed Uses* -- This will result from Miami 21, in cooperation with owners and activists in Wynwood, and should be incorporate a consensus-building program to align interests and commitments to the Miami 21 recommendations. The issue will be whether property owner expectations for re-zoning will compromise the industrial focus of the plan in the near term.
2. *Staff to Coordinate Marketing Outreach and Funding Incentives* – The current staff levels in the Economic Development Department are, in ERA’s view, insufficient to demonstrate to prospective industrial tenants and developers that the City has made a serious commitment to assisting in the redevelopment management of the PDA. While the City’s Television and Film Production office will have a major role to play in Wynwood in conducting outreach to (and coordination with) the media industry and the Florida Film Office to encourage this near-term catalyst use, there are many other components of redevelopment that will require time, experience and focused attention. These include coordination between City departments, assistance with the review and approvals process, development/cultivation of prospects from the targeted employment industries described earlier in this report. ERA estimates that the staffing level of qualified FTE’s (full time equivalents) for the Economic Development Department should be a minimum of five persons, considering the volume of work needed to implement and administer/broker/coordinate the tools and incentives in multiple parts of the city.
3. *Policy Commitments to Support the Economic Development Strategy* – Miami’s real estate development community is well-funded and well connected to develop its projects. The job development and enhancement program is somewhat less tangible/harder to measure, but unless there is a policy commitment to protect the objectives of the jobs oriented programs, it is likely that the prioritization of real

estate as a primary development resource will displace economic development, since the returns are more easily quantified and documented. The City's policies should underpin the necessary actions to support economic development, and provide a balance between real estate benefits and long-term job stability and opportunities to improve pay scales through development of better skills.

4. *Mechanisms for Site Control and Transfers* – Other than condemnations/takings (which ERA considers to be a site control mechanism of last resort), other tools that can assemble (likely through purchase) and write-down property occupancy and/or transfer costs as a vehicle to attract specialized industries. Discounted sales or land lease agreements for publicly owned properties can provide a powerful incentive for industrial recruitment in Wynwood. Given the opportunity for media production as a new industry segment in the area, ERA strongly recommends that the City negotiate an end to the International Trade Center legal dispute in order to make the parcel available to a qualified developer to get the complex converted to a production center as soon as possible.
5. *Forming/Encouraging Partnerships with Public and Private Institutions for Skills Training and Education*– As targeted industries are identified, Economic Development staff should have the knowledge and ability to develop contacts with both institutional and corporate partners to establish and/or encourage skills training programs. While the industrial sectors targeted for the two East Quadrant PDA's have been identified to best meet near-term and mid-term opportunities, it is clear to ERA that other industries (not targeted for Wynwood or Little Haiti Industrial) will require more fundamental education and skills development support to create a qualified workforce. As an example, Miami's competitive position to attract the Biomedical and Biotechnology industry sector included in ERA's research is hampered by the low level of average achieved education, limited public and private incentives, and availability of venture capital for project cost underwriting. ERA believes that it could take 7-10 years of concerted effort and partnerships with institutions like the hospitals at the Civic Center and the University of Miami to establish a new competitive platform. This does not mean that Biomedical/biotech cannot be attracted to Miami, but rather that it may take years of partnership efforts to increase the odds. There are also precedents for industry-sponsored training programs that respond to all skill levels. A Miami-based yacht builder has reportedly offered to create a privately sponsored training program, both to bolster its own employee opportunities and to address needs in Miami's maritime-related industries.
6. *Multi-year Budget Commitment to Economic Development* – Paralleling the need for more staff is the need for multi-year budget commitments for Economic Development. In ERA's experience, building a comprehensive development strategy can take several years of directed effort, and will involve developing and cultivating relationships within the targeted industries for the program to work. This will mean a multi-year commitment by the city to expand the breadth and number of available staff and programs. While there are a number of local and state programs which can be attracted for financial incentives, there must be a commitment by the City to provide the ongoing staff to follow through.

Incentives

In order to attract, sustain and support the targeted industry sectors in the Wynwood PDA, the City of Miami will need to take a series of steps and provide some incentives to aid in the economic development program recommended in this report.

City of Miami Empowerment Zone

The Wynwood PDA is fortunate to be one of neighborhood assemblies working with the Empowerment Zone Trust, a non-profit organization responsible for maximizing the use of federal funds available through the Empowerment Zone (EZ) program. The EZ program is designed to create jobs and business opportunities by offering various tax credits and cash incentives in the most economically distressed areas in the country.

Due to the eligibility guidelines governing EZ benefits, the incentives associated with the areas are particularly applicable to specialized or light industrial and manufacturing and warehouse distribution operations that are capital and labor intensive. ERA's recommended targeted industry sectors for Wynwood in the D1, D2 and T5-R transects contain many industries that may qualify for EZ incentives. Incentives that may be useful to support the Wynwood PDA are:

- **Tax Exempt Bond Financing:** A special tax-exempt bond, outside of the state volume cap, that may provide lower than market interest rates for large-scale business expansion and job creation projects. The proposed media production facility is sufficiently large in private investment and job creation to be considered for such an incentive.
- **Deductions:** An IRS Section 179 Expensing increase that may provide up to \$37,000 for investments in capital and equipment. This incentive has more value for smaller specialized light industrial companies for whom the \$37,000 cap would be an attractive incentive to locate or relocate to Wynwood.
- **Revolving Loan Fund Program:** A program that may provide easier access to capital and affordable financing to small and minority-owned businesses that do not meet standard credit criteria. Loans range from \$10,000 to \$250,000 and must be used for general business purposes, excluding real estate. These loans would be more attractive to the smaller specialized industrial enterprises than the larger employers.
- **Work Opportunity Tax Credit:** A federal tax credit that may provide businesses with incentives of up to \$2,400 for each eligible employee and up to \$3,000 for each eligible summer youth employee. As employees in the Wynwood PDA may require additional training and skills development in order to be productive for higher wage specialized or heavy industry employers, this tax credit will provide some funds to off set the additional costs of hiring less experienced persons. Combined with the Florida Qualified Target Industry Tax Refund (QTI). As Wynwood is in the EZ, QTI refunds \$6,000 to pre-approved applicants on corporate income, sales, *ad valorem*, intangible personal property, insurance

premiums and certain other taxes. Many of the listed QTI are manufacturing, film, sound and video production and postproduction jobs that are being recommended for Wynwood.

Workforce Training

The State of Florida offers two workforce training incentives that may also be used to prepare Miami's workforce for the new job opportunities in Wynwood:

- **Quick Response Training Incentives (QRT):** Quick Response Training is a customer-driven training program designed to assist new value-added businesses and provide existing Florida businesses the necessary training for expansion. The Florida Workforce Investment partners with local training providers (typically a community college, area technical center or university) to assist with application and program development or delivery. If the company has a training program, a state training provider will manage the training program and serve as the fiscal agent for the grant funds. Reimbursable training expenses include: instructors'/trainers' salaries, curriculum development, textbooks/manuals, and materials/supplies. This program is customized, flexible and responsive to individual company needs.
- **Incumbent Worker Training Program (IWT):** Incumbent Worker Training is a program that provides training to currently employed workers to keep Florida's workforce competitive and to retain existing businesses. The program is available to all Florida businesses that have been in operation for at least one year prior to application and require training for existing employees. The program provides reimbursable funding for instructors'/trainers' salaries/tuition, curriculum development, and textbooks/manuals.

Additional incentives and assistance may be provided through special financing for targeted industries by creating Tax Increment Financing District (TIF) and industrial revenue bonds to aid in the development of capital-intensive facilities or equipment. New Markets Tax Credits may be possible to use to write down the cost of financing manufacturing and other facilities. The City's Economic Development Office will need to ensure that the Wynwood PDA site to be financed is located in an eligible NMTC census track. There are several designated NMTC Certified Development Organizations that can participate in such a program.



APPENDICES: Supporting Tables

D1 - SPECIALIZED INDUSTRIAL

NAICS ID	Industry Sector Description	Types of Businesses 1/	Top-5 Occupations 2/	Avg Annual Wage 3/
339100	Medical Equipment and Supplies Manufacturing	Manufacture of dental equipment; laboratory apparatus; ophthalmic goods; surgical & medical instruments	1. Production 2. Office & Admin Support 3. Management 4. Transportation & Material Moving 5. Architecture & Engineering	\$35,500
339900	Other Miscellaneous Manufacturing	Manufacture of jewelry; sporting goods; dolls, toys, & games; office supplies (except paper); signs; candles; brooms, brushes, & mops; musical instruments; etc.	1. Production 2. Office & Admin Support 3. Transportation & Material Moving 4. Management 5. Sales	\$33,500
423200	Furniture and Home Furnishing Merchant Wholesalers	Distribution of carpets; china & glassware; household furniture; household kitchen utensils; linens & towels; office furniture; public building furniture	1. Office & Admin Support 2. Sales 3. Transportation & Material Moving 4. Production 5. Management	\$38,000
423300	Lumber and Other Construction Materials Merchant Wholesalers	Distribution of concrete & asphalt mixture; brick or stone; doors & windows; fencing; glass; lumber; mobile homes; plywood; roofing, siding, & insulation; wood & metal millwork	1. Transportation & Material Moving 2. Sales 3. Office & Admin Support 4. Production 5. Management	\$36,900
423400	Professional and Commercial Equipment and Supplies Merchant Wholesalers	Distribution of balances & scales; commercial cooking equipment; computers & software; electrical signs; mailing machines; medical, dental, hospital equipment; ophthalmic goods; photocopy machines; cameras; shelving	1. Office & Admin Support 2. Sales 3. Computers & Mathematical 4. Installation, Maintenance, & Repair 5. Management	\$47,200
423600	Electrical and Electronic Goods Merchant Wholesalers	Distribution of electrical apparatus & equipment; appliances; light fixtures; household audio-video equipment; household refrigerators & freezers; telecom equipment; wiring supplies	1. Sales 2. Office & Admin Support 3. Transportation & Material Moving 4. Management 5. Installation, Maintenance, & Repair	\$45,100
423700	Hardware, and Plumbing and Heating Equipment and Supplies Merchant Wholesalers	Distribution of automotive air-conditioning; central air-conditioning; bolts, nuts, rivets, & screws; handtools; hardware; knives; plumbing & heating equipment	1. Sales 2. Office & Admin Support 3. Transportation & Material Moving 4. Installation, Maintenance, & Repair 5. Management	\$39,300

D1 - SPECIALIZED INDUSTRIAL

NAICS ID	Industry Sector Description	Types of Businesses 1/	Top-5 Occupations 2/	Avg Annual Wage 3/
424100	Paper and Paper Product Merchant Wholesalers	Distribution of greeting cards; industrial service paper; pens & pencils; printing & writing paper; stationery	1. Office & Admin Support 2. Sales 3. Transportation & Material Moving 4. Installation, Maintenance, & Repair 5. Management	\$37,000
424200	Drugs and Druggists' Sundries Merchant Wholesalers	Distribution of biological & medical products; botanical herbs & drugs; pharmaceuticals; vitamins	1. Sales 2. Office & Admin Support 3. Transportation & Material Moving 4. Management 5. Healthcare Practitioners & Techs	\$46,600
424300	Apparel, Piece Goods, and Notions Merchant Wholesalers	Distribution of clothing; footwear; leather; piece goods & notions	1. Office & Admin Support 2. Sales 3. Transportation & Material Moving 4. Installation, Maintenance, & Repair 5. Management	\$36,900
424400	Grocery and Related Product Wholesalers	Distribution of canned food; confectioneries; dairy; fish & seafood; fresh produce; frozen foods; meat; pet food; poultry; soft drinks	1. Transportation & Material Moving 2. Office & Admin Support 3. Sales 4. Production 5. Management	\$33,400
424800	Beer, Wine, and Distilled Alcoholic Beverage Merchant Wholesalers	Distribution of ale; beer; distilled alcohol; malt beverages; neutral spirits; wine	1. Transportation & Material Moving 2. Sales 3. Office & Admin Support 4. Management 5. Arts, Entertainment, Sports, & Rec	\$40,400
493000	Warehousing and Storage	Businesses engaged in operating warehousing and storage facilities for general merchandise, refrigerated goods, farm products, and other non-petroleum warehouse products	1. Transportation & Material Moving 2. Office & Admin Support 3. Sales 4. Production 5. Installation, Maintenance, & Repair	\$27,700
512110	Movie Production & Distribution	Businesses engaged in production and/or distribution of motion pictures, videos, television programs, or commercials. Also includes post-production and related services.	1. Arts, Entertainment, Sports, & Rec 2. Office & Admin Support 3. Management 4. Sales 5. Transportation & Material Moving	\$45,400

D1 - SPECIALIZED INDUSTRIAL

NAICS ID	Industry Sector Description	Types of Businesses 1/	Top-5 Occupations 2/	Avg Annual Wage 3/
512200	Sound Recording Industries	Businesses engaged in producing & distributing musical recordings, publishing music, providing sound recording, etc.	1. Arts, Entertainment, Sports, & Rec 2. Office & Admin Support 3. Management 4. Sales 5. Business & Financial Operations	\$46,100
515100	Radio and Television Broadcasting	Businesses engaged in operating broadcasting studios or facilities for over-the-air or satellite delivery of radio and tv programs	1. Arts, Entertainment, Sports, & Rec 2. Sales 3. Office & Admin Support 4. Management 5. Computers & Mathematical	\$52,700
811400	Personal and Household Goods Repair and Maintenance	Businesses engaged in restoring personal & household goods	1. Installation, Maintenance, & Repair 2. Production 3. Office & Admin Support 4. Sales 5. Transportation & Material Moving	\$30,700

Notes:

1/ Industry sector descriptions from "Guide to Industry & Foreign Trade Classifications for International Surveys, 2002," US Department of Commerce, Bureau of Economic Analysis

2/ Top-5 occupations based on national-level employment characteristics from US Department of Labor, Bureau of Labor Statistics

3/ Average annual wage based on weighted average occupational wage data from Florida Agency for Workforce Innovation for Miami-Dade County. Occupational wages are weighted by share of occupational employment within an industry sector.

Source: US Department of Commerce, Bureau of Economic Analysis; US Department of Labor, Bureau of Labor Statistics; Florida Agency for Workforce Innovation; Economics Research Associates, 20006

D2 - HEAVY INDUSTRIAL

NAICS ID	Industry Sector Description	Types of Businesses 1/	Top-5 Occupations 2/	Avg Annual Wage 3/
312000	Beverage and Tobacco Product Manufacturing	Manufacture and bottling of beer, ale, & malt liquor; distilled & blended liquors; ice; purified & bottled water; soft drinks; wines & brandies	1. Production 2. Transportation & Material Moving 3. Sales 4. Office & Admin Support 5. Installation, Maintenance, & Repair	\$32,700
327000	Nonmetallic Mineral Product Manufacturing	Manufacture of clay products; glass products; cement & concrete products; lime & gypsum products; other nonmetallic mineral products	1. Production 2. Transportation & Material Moving 3. Office & Admin Support 4. Installation, Maintenance, & Repair 5. Construction & Extraction	\$32,700
424600	Chemical and Allied Products Merchant Wholesalers	Distribution of acids; dyestuffs; explosives; industrial chemicals; plastic materials; plastic films & sheets	1. Sales 2. Office & Admin Support 3. Transportation & Material Moving 4. Production 5. Management	\$41,600
424800	Beer, Wine, and Distilled Alcoholic Beverage Merchant Wholesalers	Distribution of ale; beer; distilled alcohol; malt beverages; neutral spirits; wine	1. Transportation & Material Moving 2. Sales 3. Office & Admin Support 4. Management 5. Arts, Entertainment, Sports, & Rec	\$40,400
493000	Warehousing and Storage	Businesses engaged in operating warehousing and storage facilities for general merchandise, refrigerated goods, farm products, and other non-petroleum warehouse products	1. Transportation & Material Moving 2. Office & Admin Support 3. Sales 4. Production 5. Installation, Maintenance, & Repair	\$27,700

Notes:

1/ Industry sector descriptions from "Guide to Industry & Foreign Trade Classifications for International Surveys, 2002," US Department of Commerce, Bureau of Economic Analysis

2/ Top-5 occupations based on national-level employment characteristics from US Department of Labor, Bureau of Labor Statistics

3/ Average annual wage based on weighted average occupational wage data from Florida Agency for Workforce Innovation for Miami-Dade County. Occupational wages are weighted by share of occupational employment within an industry sector.

Source: US Department of Commerce, Bureau of Economic Analysis; US Department of Labor, Bureau of Labor Statistics; Florida Agency for Workforce Innovation; Economics Research Associates, 20006

T5-R - URBAN CENTER RESIDENTIAL

NAICS ID	Industry Sector Description	Types of Businesses 1/	Top-5 Occupations 2/	Avg Annual Wage 3/
323000	Printing and Related Support Activities	Printing of books; business forms; digital images; greeting cards; newspapers; periodicals; etc.	1. Production 2. Office & Admin Support 3. Transportation & Material Moving 4. Sales 5. Management	\$33,500
339900	Other Miscellaneous Manufacturing	Manufacture of jewelry; sporting goods; dolls, toys, & games; office supplies (except paper); signs; candles; brooms, brushes, & mops; musical instruments; etc.	1. Production 2. Office & Admin Support 3. Transportation & Material Moving 4. Management 5. Sales	\$33,500
423200	Furniture and Home Furnishing Merchant Wholesalers	Distribution of carpets; china & glassware; household furniture; household kitchen utensils; linens & towels; office furniture; public building furniture	1. Office & Admin Support 2. Sales 3. Transportation & Material Moving 4. Production 5. Management	\$38,000
811400	Personal and Household Goods Repair and Maintenance	Businesses engaged in restoring personal & household goods	1. Installation, Maintenance, & Repair 2. Production 3. Office & Admin Support 4. Sales 5. Transportation & Material Moving	\$30,700

Notes:

1/ Industry sector descriptions from "Guide to Industry & Foreign Trade Classifications for International Surveys, 2002," US Department of Commerce, Bureau of Economic Analysis

2/ Top-5 occupations based on national-level employment characteristics from US Department of Labor, Bureau of Labor Statistics

3/ Average annual wage based on weighted average occupational wage data from Florida Agency for Workforce Innovation for Miami-Dade County. Occupational wages are weighted by share of occupational employment within an industry sector.

Source: US Department of Commerce, Bureau of Economic Analysis; US Department of Labor, Bureau of Labor Statistics; Florida Agency for Workforce Innovation; Economics Research Associates, 20006



SUMMARY OF FISCAL & ECONOMIC ASSUMPTIONS

Real Property Tax	Rate	Value Basis Per
City of Miami Millage Rate	7.9995	\$ 1,000
Assessed Value Equalization Rate	75%	Market Value

State and Local Sales Tax	Rate	Value Basis Per
Florida State and Local Taxes	7.0%	Gross Sales

City of Miami Sales Tax Revenue Sharing	Rate	Value Basis Per
General Fund Uses	0.5%	
Transportation Uses	0.5%	
	1.0%	Gross Sales

Employment Generation Factors	High-Yield Square Feet/		FTE ASSUMPTION/2
	Low-Yield Square Feet/ Job	Job	
Industrial	800	500	1
Retail	450	400	1
Office/Office Flex	400	250	1
Multifamily Residential (Management)	20,000	20,000	0.4
Square Feet Per Acre	43,560		

1/ Millage rate reflected proposed reduction of one-half mil from 8.4995 to 7.995 per City of Miami.

2/ FTE assumption based on Full-Time Equivalent employment factor equal to 2,080 work hours per year per employee, or a 40 hour work week.

Source: Duany Plater-Zyberck; City of Miami Department of Economic Development; City of Miami Finance Department; Costar; US Bureau of Economic Analysis; Marshall & Swift Cost Estimators; Economics Research Associates, 2006.