



City of Miami Beach

Historic Preservation Fund Study

March 2020

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ABOVE



EXECUTIVE SUMMARY

Report Overview

This report provides technical research and program framework for a Historic Preservation Fund (HPF). The HPF is intended to provide funding assistance to owners of historically contributing properties for improvements to historic details and sea level rise adaptation projects.

A separate budget should be established for the Historic Preservation Fund. Through a grant application process, funds may be awarded to qualifying property owners to make improvements.

Historic Preservation Fund Background

Adopted in 2016, the North Beach Master Plan recommended creation of two local historic districts, two neighborhood conservation districts, and a HPF. The Master Plan called for the Historic Preservation Fund to enable owners of historically contributing properties to restore historic details on their property, or for implementation of sea level rise adaptation projects. The North Beach Master Plan recommended that developers pay a fee to the City in exchange for additional floor area ratio (FAR) or height on their proposed projects. The fees would go into a Historic Preservation Fund for eligible property owners to apply for grants from the fund. It is recommended that the connection between the HPF and any kind of development bonus be removed.

Historic Preservation Fund Goals

The goals of the Historic Preservation Fund are to encourage preservation, restoration, rehabilitation, and climate adaptation activities to contributing historic structures. This goal is based on the belief that incremental improvements lead to larger investments.

Introducing the HPF as a pilot program, with opportunities to review progress and measure results, is recommended. Small improvements can be magnified as they spread throughout the block or neighborhood.

In 1982, Criminologists George Kelling and James Q. Wilson wrote about the “broken window theory”, which states, “When low level crimes like vandalism (e.g. breaking windows of cars and buildings) are ignored, larger and more serious crimes start to happen soon.” Broken





windows are a metaphor for physical property characteristics that, when left unmaintained, is a signal that no one cares. In regard to tenants of the unmaintained properties, according to this theory, a property that is carefully-maintained will engender an attitude of respect in its tenant, who will treat it better than he would treat the identical but less-well-maintained house across the street¹.

The intent of the HPF is to help preserve and prevent deterioration not only to individual structures in Miami Beach, but the historic, iconic architectural characteristics of individual neighborhoods and the City. The benefits of seeing neighbors improve their properties has been shown to spread to other neighbors; nearby properties will undertake improvements whether they are recipients of grant funding or paying for the improvements on their own.



¹ www.royalroseproperties.com *Broken Windows: A Theory on Tenant Respect for Property*





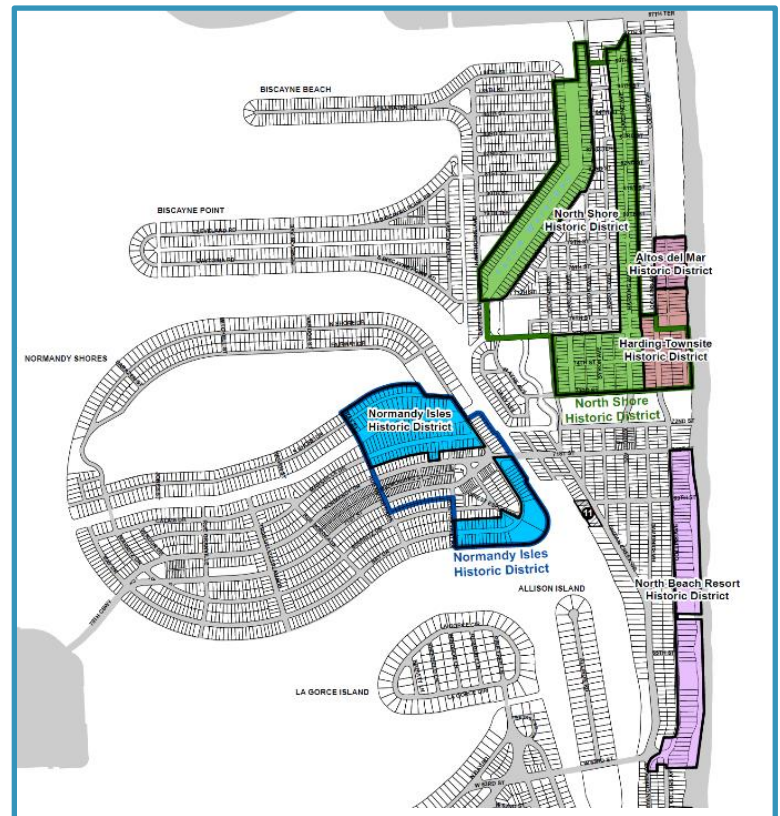
HISTORIC PRESERVATION FUND PROGRAM FRAMEWORK

- ❖ Location of Eligible Projects
- ❖ Types of Eligible Projects
- ❖ Prioritization of Projects
- ❖ Implementation of Program
- ❖ Funding Sources

Location of Eligible Projects

While the North Beach Master Plan originally recommended the creation of the HPF specific to the establishment of the North Shore and Normandy Isles Local Historic Districts, consideration was given as to whether the HPF program should be expanded citywide.

The limitation of the HPF program to the North Shore National Register Historic District, Normandy Isles National Register Historic District, North Shore Local Historic District, and Normandy Isles Local Historic District will allow for a controlled implementation that can be easily assessed in the early years of the program. Additionally, this will allow for more impactful improvements in a concentrated area. Upon success of the program, expanding the HPF citywide could be a long-term goal.





Eligible Projects

The following priorities have been identified for use of the HPF:

- Façade repairs
 - Exterior paint
 - Stucco repair
 - Impact windows and doors
 - Restoration of authentic architectural details that have been altered or removed
- Life safety / Fire safety improvements to architecturally significant features
 - Exterior railings
- Removal of street-facing wall and window air conditioning units
- Landscape improvements
 - Replacement of impervious areas with pervious hardscape
 - Introduction of resilient plant species, including salt-tolerant plants
- Small building upgrades
 - Architecturally significant features
 - Decorative walls
 - Planters
 - Façade ornamentation
 - Decorative roof eaves
 - Decorative brick or stone
 - Projecting window frames and “eyebrows”
 - Architectural breeze blocks
 - Authentic signage
- Hurricane resiliency of roofs
 - Structural tie-downs
 - Roof replacements
- Elevating seawalls
- Structural repairs to masonry, ironwork, and wood
- Building systems upgrades
 - Electrical





- Plumbing
- Elevating the finished floor of an existing building or structure for climate adaptation, as the fund grows.

Prioritization of Projects

The following three categories, in order of priority, provide the prioritization of projects:

Category 1 (Highest Priority)	
	Structures contributing to the historic significance of the City of Miami Beach
	Structures contributing to the architectural significance of the City of Miami Beach
Category 2	
	Projects contributing toward climate adaptation
Category 3	
	Applicant has a financial hardship
	Applicant is also receiving funding from other sources to reduce the amount of the grant requested from the HPF

In addition to the categories above, priority should be given to projects that are:

- An area-specific catalyst project;
- Properties that are visible from a major corridors, street facing, water facing, and areas of concentrated activity;
- Properties that provide workforce and/or affordable housing; and

Implementation of Program

Distribution of Funds

A Historic Preservation Fund Committee with specialized experience and knowledge should be established to award the funds. Due to the nature of the fund, it is recommended that the committee should be managed by the Office of Budget and Performance Improvement (OBPI) with a member of the City's Historic Preservation staff and a member of Capital Improvement





Projects office should also be on the committee. The committee would be responsible for reviewing and ranking the grant applications.

Grant Parameters

The HPF would function as a grant program. Typically, municipal administered building improvement grant programs are provided on a matching basis. This type of grant program requires a contribution by both the property owner and the fund (the municipality). Grants may be structured as a 50%, 40%, 20%, or other variation match requirement by the property owner.

The grant should be maintain at a level that is large enough to supplement the costs of projects, but also allow the funding of multiple projects to produce an impact and meet the programs goals.

Based on research of many of the recommended improvements, typical projects will cost approximately \$5,000. It is likely that properties will undergo multiple improvements at once, if the investment can be leveraged along with the grant. In order to maximize the fund it is recommended that initial grants be a minimum of \$2,500 and a maximum of \$5,000. Upon growth of the fund these amounts should increase. It is recommended that no more than one award per property in a three year period, with the previous project being completed prior to the application for an additional award.

Provided below are some examples of how much the Fund would pay and how much the property owner would pay in scenarios with \$5,000 and \$10,000 worth of improvements.

Type of Funding Split	\$5,000 Project Example	\$10,000 Project Example
50% / 50%	\$2,500 Fund \$2,500 Property Owner	\$5,000 Fund \$5,000 Property Owner
80% / 20%	\$4,000 Fund \$1,000 Property Owner	\$8,000 Fund \$2,000 Property Owner
60% / 40%	\$3,000 Fund \$2,000 Property Owner	\$6,000 Fund \$4,000 Property Owner

An additional funding opportunity may be considered through the establishment of a low-interest or no-interest loan. This could be a viable supplement to grants if the property owner wishes to take on additional projects or did not qualify for as much grant funding as anticipated. Payoff can be structured to repay \$5,000 per year and the property owner would have to hold the property until the loan is paid off. Additionally, it is recommended that the City explore the ability to place a deed restriction on a property to maintain rents on the





properties for three years. Increases consistent with the Consumer Price Index (CPI) could be allowed.

Additional Considerations

When grants are awarded, it is important to ensure there are checks and balances to prevent abuse of the program and misappropriation of funds. The following recommendations should be considered when establishing a Historic Preservation Fund.

- Continuation of property ownership
 - Grant stipulations should be included to ensure that the property owner retains ownership for at least two years after the funded project is complete. This could be monitored through a lien on the property.
- Discouraging displacement and gentrification
 - Following property improvements, property owners may increase rent charged to tenants or sell the property altogether. This could contribute to the displacement of existing area residents and is not the intent of historic preservation nor resiliency efforts. To address this possibility, rent increases should be limited when a property owner makes improvements through the HPF. It is customary to expect rent to increase by the Consumer Price Index (CPI) annually. Placing a limit by way of deed restriction on rent increases to the established CPI for the initial three years, scaled by the value or extent of the improvements, is recommended.
- Equitable distribution of funds
 - The Historic Preservation Fund Committee should consider whether a property has had multiple applications in the past and whether the property owner may have prolonged general maintenance in order to partake in the program.
- Measuring results
 - The HPF program should be reviewed annually through an assessment by staff and the Committee. Additionally, properties within the receiving area of the program boundary should be monitored for any changes including quarterly building permit reviews for the properties in the area to track improvements that are occurring outside of the grant program and code violations.





Funding Sources

While the original program recommendation in the North Beach Master Plan was to establish a fee in exchange for additional floor area ratio (FAR) or height on proposed projects in the North Beach Town Center, it has been determined that this type of fee will not be implemented at this time. The following potential funding sources for the HPF have been identified:

Establishment of a Demolition Fee

Currently, Miami Beach charges plan review fee as a percentage of job value for demolition permits. However, there is no additional fee associated with a demolition permit. Additionally, after-the-fact Certificates of Appropriateness for Demolition do not require a fee. To consider establishment of a demolition fee, review of demolition fees charged by other municipalities was conducted.

Municipality / County	Demolition Fee*
City of Miami Beach	Plan Review fee based on job (demolition work) value
Miami-Dade County	\$85.88 per structure
City of Coral Gables	\$0.08 per sq. ft.
City of Oakland Park	\$99.00 for first 500 sq. ft. plus \$19.80 for each additional 1,000 sq. ft.
City of North Miami	\$188.27 per structure
City of Miami	If demolition is a result of a violation, the permit fee is doubled, plus \$110
City of Dania Beach	1% of total project value
City of Pembroke Pines	\$99.11 per structure, per trade for a Single-Family Home
City of Pembroke Pines	\$99.11 per floor, per structure, per trade for all other

** The above fees are separate from review and inspections by individual trades.*

It is recommended that the City establish a demolition fee, scaled to the amount of demolition (full and partial). Established cases of demolition by neglect may require assessment of additional fees.

The following is recommended for general demolition:

Demolition	Penalty
Full Demolition	\$0.10 per square foot + \$250
Partial Demolition	\$0.10 per square foot

Code Violation Revenues





The intent to reassign the revenue that is captured from buildings with property maintenance violations was explored. Instead of fines going to the General Fund through Code Compliance, the fines could be deposited into the new Historic Preservation Fund. In most of the cases, however, no fines were collected as a result of voluntary compliance.

With the initial focus on the Historic Districts data was gathered on code violations and their associated revenue within the North Shore National Register Historic District and Normandy Isles National Register Historic District. The data is summarized below:

	Property Maintenance Violations		Revenue
	Normandy Isles Historic District	North Shore Historic District	
FY 2018/2019	5	57	
FY 2019/2020 to-date	11	48	
Total Revenue			\$165

Based on current policy, property maintenance code violation funding is not a viable source of revenue. According to City staff, only \$165 was collected over the past two years due to the fact that property maintenance violations do not carry immediate fines, and some carry no fine at all. The policy for imposing fines is when:

- There is a lot clearance provided by the City after a year of non-compliance.
- The owner does not comply in time and the case is referred to the Special Master. Often, they are granted additional time to comply. Sometimes a daily fine is imposed which will accrue until compliance is achieved. There have not been any violations with daily fines imposed in the past 2 years within the historic district boundaries researched.

In order to assist in the funding of the HPF, it is recommended that the City considering allocating revenue from property maintenance violations to the HPF. Instead of voluntary compliance in lieu of the Code Enforcement fine, the City could implement a policy to require the payment of the fine. It is recommended that policy changes be implemented to impose immediate fines for property maintenance violations in order to develop this funding mechanism.

Matching Funds

As with many grant programs, a matching fund source from another program may be a viable





option. Matching funds from the State Housing Initiative Program (SHIP) and Community Development Block Grants (CDBG) should be considered. Depending on the funding available and amount used annually, this may need to be limited to a smaller percentage instead of a full match.

Based on SHIP policies, a minimum of 75% of a local government's total annual distribution of SHIP funds must be used for construction-related activities, including rehabilitation, new construction, emergency repairs, or financing for a newly constructed or rehabilitated unit.

The CDBG program objectives include development of viable urban communities, principally for low- and moderate-income persons, through:

- Decent housing
- Suitable living environment
- Expanded economic opportunity

The funding for each SHIP and CDBG allocated to Miami Beach in recent years is shown in the tables below.

SHIP Funding			
Fiscal Year	2018/19	2017/18	2016/17
City Allocation	\$75,320	\$251,747	\$371,327

CDBG Funding			
Fiscal Year	2019/20	2018/19	2017/18
City Allocation	\$916,981	\$920,070	\$792,963

If a percentage of the above funds could be made available for matching grants to supplement the Historic Preservation Fund, more properties may be able to participate.





RECOMMENDATIONS

Summary of Recommendations	
Eligible Projects	<ul style="list-style-type: none">▪ Façade repairs▪ Life safety / Fire safety improvements to architecturally significant features▪ Removal of street-facing wall and window air conditioning units▪ Landscape improvements▪ Small building upgrades▪ Hurricane resiliency of roofs▪ Elevating seawalls▪ Structural repairs to masonry, ironwork, and wood▪ Building systems upgrades▪ Elevating the finished floor of an existing building or structure for climate adaptation, as the fund grows.
Prioritization of Projects	<ul style="list-style-type: none">▪ Category 1 (Highest Priority)<ul style="list-style-type: none">○ Structures contributing to the historic significance of the City of Miami Beach○ Structures contributing to the architectural significance of the City of Miami Beach▪ Category 2<ul style="list-style-type: none">○ Projects contributing toward climate adaptation▪ Category 3<ul style="list-style-type: none">○ Applicant has a financial hardship○ Applicant is also receiving funding from other sources to reduce the amount of the grant requested from the HPF
Implementation of Program	<ul style="list-style-type: none">▪ Limit to North Beach▪ Historic Preservation Fund Committee▪ Funding Split Options (Fund/Property Owner)<ul style="list-style-type: none">○ 50% / 50%○ 80% / 20%○ 60% / 40%
Funding Sources	<ul style="list-style-type: none">▪ Establishment of Demolition Fee▪ Code Violations Revenues▪ Matching Grant Funds





ADDITIONAL RESEARCH

Stakeholder Outreach

- On September 17, 2019, KCI staff met with the Miami Design Preservation League (MDPL) staff for feedback and suggestions for the Historic Preservation Fund. The discussion included suggestions for uses of the funds, many of which are included in this report. Overall, the MDPL is interested in prolonging the lives of historic properties, protecting property owners and tenants, and bouncing back from climate threats in addition to overall beautification of historic areas.

Similar Grants

- According to the U.S. National Park Service, Federal matching grants have funded historic preservation initiatives at a 1:1 matching grant for specific capital projects, such as restoration of structures on the National Register of Historic Places.
- In comparison, the City of Oakland Park Community Redevelopment Agency (CRA) provides façade grants that are an 80/20 split. The process involves the property owner acquiring a quote for the improvements up front and receiving pre-approval by the CRA. Then, after paying for and completing the improvements, they return paid receipts to the CRA for an 80% refund, up to \$10,000.

Typical Project Costs

- In order to determine if the grant amounts are appropriate, research was conducted on typical project costs. The following table provides examples of costs for improvements that may be eligible for Historic Preservation Fund grants:

Project	Cost Ranges
New central air conditioning plus ductwork	\$4,221 to \$7,411 (Home Advisor)
Impact windows	\$2,037 to \$10,175 (Home Advisor)
Sustainable roofing (solar, reflective)	\$15,000 to \$50,000 (RoofCostEstimator.com)
Stair railing replacement	\$700 to \$4,600 (Home Advisor)





Exterior door (high end, custom)	\$3,500 to \$6,000 (Home Advisor)
Permeable Pavers	\$5.00 to \$20.00 per square foot (Rate.com)
Re-piping home	\$2,500 to \$15,000 (Home Advisor)
Stucco Repair	\$500 to \$5,000 (Thumbtack)

Funding Sources through Development Bonus Fees

The following chart summaries municipalities that provide incentives for developers who provide historic preservation, affordable housing, public art, green development, land dedication, or pay additional fees.

The following table is a summary of the municipalities that were reviewed along with the types of programs offered:

Municipality	Bonuses Offered and Dedicated Funds	Requirements
City of Miami	Increased Development Bonuses: number of units, square footage, FAR, height, off-street parking bonus or reduction Public Benefits Trust Fund	Affordable Housing Trust Fund: Payment of \$12.40 per additional square foot. In addition, \$3.92 per square foot of additional parking. Locations near MetroRail may reduce parking or increase FAR. Provision of 75 public parking spaces permits additional 10 feet in height. Public Benefits Trust Fund: Payment of a fee-in-lieu of required parking.
Lee County	Bonus Density Program	Compliance with an Affordable Housing Program, Transfer of Development Rights, or a cash contribution of \$20,000 per unit.
Town of Jupiter	Density Bonuses	Density Bonuses: Provision of workforce or low-income housing or location within a Small Scale Planned Unit Development.





	Waivers from building standards in the Land Development Regulations Density, Lot Coverage, Height, Setback, and Landscape Bonuses, as well as Recreational impact fee credits	Waivers offered for participation in the Green Building Program. Projects in the US 1/ICW Zoning District are eligible through land dedication, pedestrian oriented improvements, and vistas within the Riverwalk.
City of Fort Pierce	Density Bonuses Tax Exemption	Density bonuses offered for projects near a transit stop and within the Community Redevelopment Area. Ad valorem tax exemption on the value of improvements from restoration, renovation, or rehabilitation of historic properties.
Miami-Dade County	Expedited Permit Program Floor Area Ratio Bonus	Applications for green buildings shall qualify for expedited permitting. Land dedicated to the County and upgraded with public amenities shall receive a FAR bonus of 2 square feet per 1 square foot dedicated.
City of Sarasota	Height Bonuses	Residential: Incentives target a specific zoning district. Commercial: Projects must dedicate parking open to the public.

A summary of the best practices identified in the review of the above municipalities:

- Only specific zoning districts or areas (such as near transit) would be eligible for incentives based on municipal goals
- Development within the Coastal High Hazard Areas is not eligible for bonuses
- Development within the Coastal High Hazard Area requires storm shelters or other appropriate mitigation
- Vulnerable areas such as barrier islands are exempt from bonuses
- Linking the bonuses to Comprehensive Plan policies
- Providing waivers for exceptional projects and green development
- Requiring land dedication and public amenities in exchange for bonuses, which will benefit more residents than those who reside at the new development
- Measuring eligibility by how the project impacts historic sites and surrounding vistas





- When negative impacts may be associated with a project that receives a density bonus, allowing for flexibility in development standards to address those negative impacts
- Establishing a trust fund to dedicate funding for art and other public benefits connected to construction or renovation of a municipal facility or system
- Tax exemptions equal to the value of improvements for historic properties
- Requiring a signed covenant to ensure the requirements are permanently in place when granting the bonuses

