

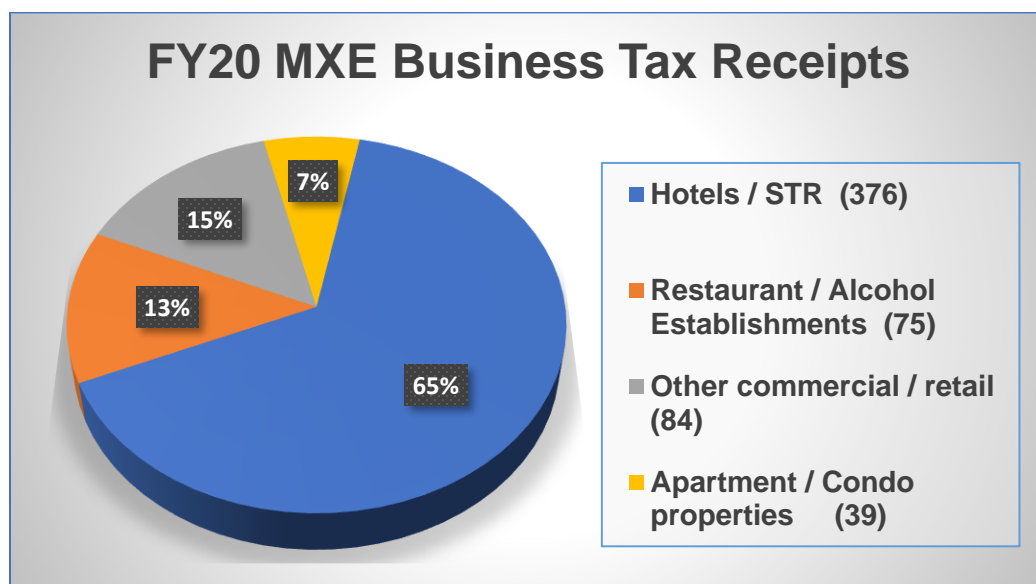
## **Overview:**

The City of Miami Beach's Economic Development Department (EDD) is dedicated to fostering a robust economy that stimulates balanced growth by connecting business, community, people and jobs through business assistance and resources, and real estate and commercial corridor development/ redevelopment. Economic Development's goal is to establish, grow and diversify the city's business community by promoting the city's image and assets, supporting businesses, encouraging real estate development, and creating a diverse economy for our dynamic and resilient global community.

In order to facilitate and support the growth of a district, there must be a strategic focus on business retention and attraction. Data-driven policymaking will cultivate positive outcomes for both existing businesses and potential new industries.

## **The District's Businesses Today:**

Prior to planning for the future, it is useful to understand the district's commercial composition today. As one would expect, FY 2020 data regarding 574 business tax receipts (BTRs) indicates that the MXE district is predominantly composed of businesses catering to tourism and hospitality interests.



The majority of business licensing (65%) is hotel and transient uses. However, it is important to note that, in buildings with mixed ownership, different units may each possess unique BTRs, all within the same building address. While necessary for adequate regulation of short-term rentals (STRs), this contributes to a proportionately greater share of transient uses in the chart. Nevertheless, when these "hotel and lodging" business types are combined with "restaurants, food service and alcohol establishments" (13%), together, the business licenses contributing to Resort Tax remittance amount to 78% of BTRs in the MXE during the current fiscal year. Granted that the approaching start of the new fiscal

year will provide updated business registration data that is more indicative of post-pandemic market conditions, this FY 2020 information provides necessary context.

## **Business Retention and Attraction Strategies**

### **Business Retention:**

- Identify and maintain core/heritage businesses
- Provide business support services and resources
- Small business outreach and advocacy
- Support the creation of Business Improvement Districts
- Maintain a proactive approach to addressing the needs of businesses that might be looking to relocate out of Miami Beach

### **Creation of the South Beach (SoBe) BID:**

In early 2020, the City Commission authorized an election to create the South Beach Business Improvement District (BID) pursuant to a favorable vote by affected property owners. Unfortunately, this vote was delayed due to the impacts of COVID-19. While stakeholders still desire the formation of the BID and the benefits it would provide, many businesses and property owners have faced significant reduction in revenue and are struggling to absorb additional expenses. To ensure proper organization of the district and, ultimately, the success of the commercial corridor, it is crucial that the City encourage and incentivize formation of the BID.

### **Encouraging the Formation of the BID:**

#### **Tax Increment Financing (TIF) or Tax Revenue Approach**

- The Administration proposes introduction of either a municipal TIF concept for retaining ad valorem tax revenue remitted by properties within a defined geographic area, or alternatively, retaining a percentage of resort tax dollars (food, beverage and rooms) generated within the district's boundaries, which then form a dedicated funding source devoted solely for the district's unique goals and initiatives. (Either option would be structured only to affect the City's tax revenue share and would not require consent of any other taxing district (i.e. the County)).
- The City's revocable offer for the contribution of a portion of its tax revenue stream would be strictly contingent upon the successful vote, creation and continued existence of the BID, including the annual collection of special assessments from constituent property owners within the BID.
- The Administration believes that this unprecedented offer of the City's dedicated tax revenue, compounded with funding from the self-taxing business improvement district would provide an irrefutable incentive for BID formation. The combined funding mechanisms would offer the ability for the district to implement a unified identity and bridge the gap to enhanced services that exceed the City's responsibility. Quite frankly, the district's members would be foolish not to coalesce together in this unparalleled economic opportunity for revitalization.

### **Business Attraction:**

- Use a targeted approach to business attraction
- Identify available inventory, market trends and data
- Market and promote the City of Miami Beach's strengths and assets
- Identify and explore emerging markets
- Proactively seek regional businesses that might relocating to Miami Beach
- Identify independent entrepreneurs who desire transitioning to a storefront operation

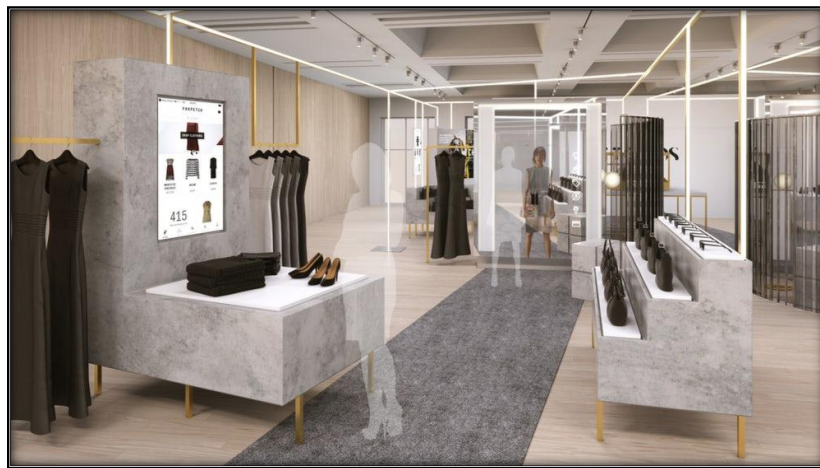
Examples of specific business sectors that may be conducive for the reimagined MXE/Art Deco Cultural District:

- Experiential and artisanal retail
- Activity-based, interactive spaces that are attractive to a variety of age groups and demographics
- Experiential cafes and dining

**Experiential Retail** - Creates an immersive and shareable experience, prioritizes customer engagement and leverages in-store activities and events.

- **Augmented Retail Vision**

Farfetch's technology-driven retail experience allows customers to visit a store of the future, using connected clothing racks, touch screen-enhanced mirrors and sign-in kiosks that pull data collected online to use in-store. A smart mirror allows requests for different sizes and payment without leaving the dressing room.



- **Fashion, Home and Décor businesses:**

The Line, a fashion, home, and beauty décor store created a modern and personal approach to retail by carefully curating spaces designed to look like real living spaces.

- **Movie-based or Promotional experience attractions:**

Marvel's Avengers Station, an energetic exhibit offers interactive experiences with the Marvel Avengers film characters, including real life movie props and state of the art multimedia displays. While there is Marvel-branded merchandise for sale, the creators focus on delivering an experience to fans and bring the brand to life. While in Las Vegas, the attraction is immensely popular with tourists and offers free entry to locals.



**Experiential Dining** – Nonformula establishments offering patrons the opportunity to enjoy the Art Deco Cultural district in a memorable way.

- **Tokyo Record Bar:**

Located in Greenwich Village, New York, this restaurant is an 18-seat establishment where diners are asked to pick a song or two for the meal's playlist. All choices are then combined and become the soundtrack of the night.

- **Chef Incubator inspired restaurants:**

A dining space where emerging chefs experiment with their own concept and menu, giving guests a different experience each time they visit.

- Other examples include:

- Restaurants that offer patrons the opportunity to learn from their favorite chef or bartender
- Restaurants that offer patrons the opportunity to learn how to make their favorite desert or product, e.g. a beverage or cigar-rolling.
- Independent and micro-breweries or locally produced products

**Activity-based experiential places of recreation, leisure and amusement:**

- Record Store and music establishments with live, nonamplified performances of local and Latin flare
- Sports-based activities where patrons can compete as athletes
- Beauty Bar concept – boutique establishments for all demographics with indulgent menus for pampering

**Social media interactive museums and temporary installations** - fully immersive, museum-like spaces which create interactive experiences have been very popular and often sell out tickets in Miami and beyond.

- Examples include: Museum of Ice Cream, Color Factory, and Museum of Selfies

## **Business Incentive Strategies**

To promote, encourage and attract business models conducive to the reimagined Arts and Cultural District, developing thoughtful economic and non-monetary incentive programs will be useful in attracting businesses. Funding may be available through CARES Act subsidies later this year or can be considered in a future City budgetary process.

### **Monetary incentives:**

- **Rebates on Business Tax Receipt (BTR) fees**
  - While property taxes are more significant, they fall under County purview. The City could waive or reduce BTR fees for landlord property owners that execute leases of +5 years with tenants within target industries. While the City should incent businesses to relocate here, property owners should also be provided motivation to execute leases with these tenants.
    - In FY 2018, the MXE provided the City with \$1.08 million in BTR related fees (LTC-189-2020 Lambert MXE Report).
- **Fee Abatement**
  - While the most significant property taxes are levied by the County and State, the City Commission could enact fee waivers for building and planning fees associated with renovating properties, as guided by State law.
- **Cash Grant**
  - provided for relocating to the Art Deco Cultural District and only for use on specified purpose e.g. tenant improvements at Art Deco Cultural district property. Grants may be available for existing businesses as part of business retention strategy.
  - In FY 2018, the MXE provided the City \$22.4 million in resort tax revenue according to the Lambert MXE study. Some of this could be earmarked for grants to move the District forward.
  - *Example:* Miami DDA property improvement grant intended to improve curb appeal of physical environment and enhance overall perception of the business district, DDA provides a grant for qualified exterior/facade improvements
  - *Example:* Miami DDA job creation cash grant—in addition to \$500 per employee, \$125 additional bonus if new firm is located in Flagler central business district or \$125 for each employee residing there.

- **Commercial Lease Subsidy:** based on size (square feet) of leasehold, with standard rates depending on street location: highest rate for Collins Avenue, middle rate for Washington Avenue, and lowest rate for Ocean Drive.
  - *Example:* NYC provides 3- or 5-year rent credit of up to \$2.50/sf, based on the length of the lease and employee size)
- **Business Relocation Loan:** low-interest loan provided for business relocation within the district. Low interest terms available for all firms and City recovers investment. Potential for full or partial loan forgiveness based on number of years the business remains in the district.
- **Cultural Heritage Business Program:** Opportunity to conserve the City's cultural heritage and prevent rising rents from displacing mainstays of cultural importance. Nomination by commissioner and designation approved by full Commission as a "Cultural Heritage Business" provides eligibility for small grants for the business and its landlord property owner if commercial leases are extended for 10 years. Criteria could include: (1) longevity of 20 years and either (2a) distinctive architecture or interior design or (2b) contribution to a sense of history in the neighborhood.
  - *Example:* San Francisco's Legacy Business Preservation for businesses +30 years old, designation also includes tax rebate, an annual grant of \$500 per employee, as well as offers an annual \$4.50 per square foot grant to property owners who extend 10-year leases to Legacy Business tenants. Annual grants will be capped at \$50,000 per Legacy Business and \$22,500 for building owners.

**Incentives with minimal or no budget impact:**

- **Expedited Licensing and Permitting:** priority preference in administrative review and approval, with waiver of or limited associated fees. Reduced or no special event fees for designated desirable events, e.g. festivals and parades which draw +5,000 attendees.
- **Technical Assistance:** designate a City employee that will serve as liaison and representative for recruited businesses throughout all required processes and approvals necessary to open a business. This municipal concierge will be promoted as an incentive to boost the City's business-friendly atmosphere.
- **City Sponsored Marketing Program:** City-organized events and tailored marketing package to promote target industry businesses upon relocation to the district.
- **City Sponsorship of Public Referendum for Targeted FAR Increases:** applicable for specific, back of house additions (e.g. storage, equipment, lockers) of hotels and preferred business uses.