

BACKGROUND:

Commissioner Grieco, at the City Commission's January 11, 2017 meeting, brought forward an item to discuss the creation of a Legacy Business Registry which was referred to the Neighborhood/Community Affairs Committee. The purpose of such a program is to identify and recognize certain small businesses within a community as historic assets in order to preserve neighborhood character.

Pioneered by the City of San Francisco, California, the Legacy Business program was designed to preserve neighborhood character by providing recognition and assistance to small businesses that were 30 years or older, have contributed to their neighborhood's history, and which agree to maintain their identity, name and craft.

The program was created in response to increasing property values within San Francisco that caused sharp increases in commercial rents. While these rent increases were difficult for all small businesses to absorb, residents and elected officials became increasingly concerned at the loss of long-time businesses that were closely identified with a particular neighborhood and key to the neighborhood's identity and character.

The San Francisco program utilizes a registry in which key small businesses (small business is defined as a business of 100 employee or less) are nominated to be included on the registry and go through a process of acceptance not unlike the designation of an historic property might. Once on the registry, the businesses are eligible for annual grants of \$4.50 per square foot occupied by the legacy business up to \$5,000 per business (if sufficient allocation does not exist in the dedicated fund for the program, grants are made on a prorated basis).

An additional grant, available to the business, is also made available in the San Francisco program. This grant carries a one-time award up to \$500 per employee (up to 100 employees), to the business.

At their March 17, 2017 meeting, the Neighborhood/Community Affairs Committee heard the item and determined there was validity to assisting key businesses that have been a part of the City's history and that have helped to define the City. The Committee requested staff and Commissioner Grieco, as the sponsor, work together to better define a Legacy Business and then bring the item to the Commission. The result of the work is the suggested program that can be found as Attachment 1 to this memorandum.

Commissioner Grieco also shared a website and an article regarding this program as part of his initial discussion item. Information from these can be found as Attachment 2 of this memorandum and at the following websites:

<http://legacybusinesssf.com>

<http://www.curbed.com/2016/10/17/13291184/small-business-gentrification-historic-preservation>

ANALYSIS

San Francisco's program may be one of the only such programs in the nation designed to insure that such neighborhood defining businesses are given assistance based

entirely on their status as a long-standing business that has been demonstrated to be part of the City's history and fabric. The City of Miami Beach certainly has had or currently has businesses that residents, visitors and other would identify as those that help to identify a neighborhood or the City as a whole. Miami Beach is experiencing increasing values and thus increased commercial rents, however these increases are not quite as pronounced as in San Francisco. The one exception might be Lincoln Road where property values in the last few years have sharply increased and rents have placed the area on the list of one of the top ten most expensive streets to do business in the country. These rents are causing a transformation of Lincoln Road from smaller, mom-and-pop type stores and restaurants, to larger retail shops that are often a flagship store for a national or international chain. Increasing rents are of most concern to the restaurants on Lincoln road. These restaurants are one of the major draws to the street and tend to drive the retail shopping.

It is possible to recognize key businesses and implement a program that may be advantageous without financial incentives. Designation of a business as a Legacy Business by the City may be a desired marketing tool and a way for the City to identify its defining businesses. To this end, it may be worth exploring creating the registry even if the Commission does not wish to contemplate implementing a grant program immediately.

AGE OF BUSINESSES

In an effort to make a determination of the number of businesses that might be eligible for such a program if it were created in Miami Beach, staff undertook a limited review of business tax receipt (BTR) data to determine the number of businesses that have existed in the City for more than 20 years. The review was a limited look at the number of businesses currently in existence that obtained a BTR (formerly called an Occupational License) more than 20 years ago. Initially located data only goes back 33 years ago to information beginning in 1983.

The following table shows the number of businesses obtaining a BTR for the first time in each of the years 1983 through 1997. The list includes active BTR information as of February 26, 2017 and it excludes BTR's for apartment buildings, condominiums, home based-businesses as they would not be considered for the Legacy Business List.

Year of Initial BTR	# of Businesses
1983	0
1984	7
1985	11
1986	9
1987	78
1988	17
1989	22
1990	32

Year of Initial BTR	# of Businesses
1991	27
1992	33
1993	35
1994	32
1995	31
1996	59
1997	58

The above table indicates that there are at least:

- 105 businesses in existence for more than 30 years (first BTR in 1987 or earlier)
- 236 businesses in existence for more than 25 years (first BTR in 1992 or earlier)
- 451 businesses in existence for more than 20 years (first BTR in 1997 or earlier)

While these numbers represent the universe of all businesses that could be considered for inclusion on a Legacy Business Registry, it would be anticipated that only a small number of them would actually meet the suggested criteria for inclusion of which tenure is only one consideration.

SUGGESTED PROGRAM

The suggested Miami Beach Legacy Business program requirements and potential incentive program can be found in Attachment 3 to this memorandum. It includes defined criteria that must be met in order to be included on the Legacy Business Registry such as tenure in the City, contribution to the City/neighborhood, pledge to continue the business as currently operating, and that the business be in good standing with the City. The process for inclusion takes the application through a board appointed by the Commission or it can be through an existing committee designated by the City Commission.

A Legacy Business Retention Incentive program is also suggested. Through this program, the City would make available grant funding that would be directed to property owners/landlords of declared Legacy Businesses. This funding and program follows the San Francisco model and funding limit per business allowing for \$4.50 up to \$5,000 per business on a continuous basis as long as the business exists or is under terms of the 10 year lease. Grants are based on the funding made available each fiscal year; when the total due to all businesses exceeds the allocated amount, the grants would be reduced in proportion to the amount available. The grant is paid directly to the property owner/landlord (to insure the funds were applied to their intended purpose and could not be diverted for another purpose by the business) after a joint grant application is submitted by the property owner/landlord and the Legacy Business owner and approved by the City Commission. The grant is only awarded where there has been a lease of at least 10 years executed and a pledge to not alter the space occupied by the business without prior City approval or a material change in the way the business operates.

Additional approval process and formal application procedures will still need to be more fully developed to meet the program requirements as may be approved by the City Commission.

CONCLUSION

The Administration seeks direction as to whether the Commission wishes to move forward with the suggested program. If the Commission is inclined to approve the program, staff would need to know whether to proceed as the program is suggested or are further refinements desired. Should the Commission wish to proceed with the Retention Incentive program, funding is required and funding limits would need to be set.

Should you have any questions regarding this item, please contact Jeff Oris at (305) 673-7577 x6186.

C: Kathie Brooks, Assistant City Manager
Eva Silverstein, Tourism, Culture and Economic Development Director
John Woodruff, Finance Director
Jeffrey Oris, Economic Development Division Director