

Miami Beach: a case study on the impacts of historic preservation

As part of a statewide study entitled, "Economic Impacts of Historic Preservation in Florida Update, 2010," http://www.law.ufl.edu/cgr/pdf/executive_summary_2010.pdf The Center for Urban Policy Research at Rutgers University has produced a special case study focusing on the City of Miami Beach. The South Beach area of Miami Beach is one of America's most famous neighborhoods, known around the world as a hotspot for nightlife and a mecca for the rich and famous. Its Art Deco architecture is known for its picturesque lines and dazzling colors, which have formed the backdrop to many fashion shoots, movies, television shows, and music videos.

South Beach owes a lot to the efforts of dedicated volunteers who fought to preserve its historic buildings when they were in grave danger of deterioration and demolition and were considered by very few to be historic or worth saving at all. Indeed, today's South Beach owes its very existence to the historic preservation movement. The federal rehabilitation tax credit (and a local historic property tax exemption) played a vital role in supporting Miami Beach's redevelopment. Of the 480 federal rehabilitation tax credit projects in Florida since 1987, worth approximately \$920 million, Miami Beach received 90 projects worth nearly \$550 million, restoring its Art Deco hotels and apartments, most recently the mid-century modern Fontainebleau Hotel north of South Beach. Yet these federal tax credit projects are only a part of the \$2.3 billion worth of rehabilitation in Miami Beach since 1987.

Benefiting from its unique geography and history, the preservation of Miami Beach has a significant regional impact. The Art Deco District and South Beach were the top tourist attractions in Miami-Dade County in 2008, visited by nearly 52% of its 12 million visitors. From 1995-2009, these visitors to Miami Beach spent some \$15 billion for food, drinks and lodging, with historic South Beach drawing nearly 75% of this spending.

The full case study exploring the significant impact of historic preservation to the economy of Miami Beach and the surrounding region is included in the Technical Document accompanying Florida report. This report is reproduced on the following pages.

CHAPTER SEVEN:

**South Beach, Miami Beach, Florida Case Study: Synthesis
of Historic Preservation and Economic Development**

Jedediah Drolet
Research Associate
Center for Urban Policy Research

David Listokin, Ph.D.
Center for Urban Policy Research
Edward J. Bloustein
School of Planning & Public Policy
Rutgers, The State University of New Jersey

INTRODUCTION

The following case study of the synthesis of historic preservation and economic development in South Beach, Miami Beach, Florida is organized into two sections: “narrative” and “numbers.” The “narrative” is the “story” of the development of Miami Beach, generally and South Beach in particular, with a focus on how South Beach was threatened with demolition, but was then spared and then prospered with historic preservationists leading the way.

The “narrative” portion of the case study includes the following sections:

- Early Settlement: 1880s to 1910s
- Boom and Bust in the 1920s and 1930s
- World War II and its Aftermath
- Threats to South Beach During the 1980s and Nascent Preservation Actions
- Preservation and Development in South Beach During the 1990s and Beyond

The “numbers” portion of the case study quantifies some of the significant economic contributions of South Beach and identifies some of the financial incentives that enabled the economic gains. Included are the following four sections:

- Tourism
- Hospitality
- Construction
- Federal Historic Tax Credits and Property Tax Incentives

I. NARRATIVE

HISTORIC PRESERVATION AND THE REVITALIZATION OF SOUTH BEACH

INTRODUCTION

South Beach, the southernmost neighborhood in the city of Miami Beach, Florida, is today one of the most famous neighborhoods in the US. It is known around the world as a hotspot for nightlife and a mecca for the rich and famous (City of Miami 2002). Its Art Deco architecture is known for its picturesque lines and dazzling colors which have formed the backdrop to many fashion shoots, movies, television shows, and music videos. The story of how South Beach came to be what it is today, however, is long and complicated, and it involves a great many odd twists and unexpected surprises. Few people at any point in the history of this area would have been likely to accurately guess what it would be like even a few years later. Indeed, it has gone through so many changes that it can be difficult to untangle all of them. In an immediate sense, South Beach owes a lot to the efforts of a small group of dedicated volunteers who fought to preserve its historic buildings at a time when they were in grave danger of deterioration and demolition and considered by very few to be historic or worth saving at all (Stofik 2005). It is no exaggeration to say that the South Beach of today owes its very existence to the historic preservation movement. There is much more to the story, however, and to understand what has happened in the recent past it is necessary to go back much further, to the very beginning of both the neighborhood and the city of which it forms a part.

EARLY SETTLEMENT: 1880S TO 1910S

The city of Miami Beach lies on a barrier island across Biscayne Bay from the city of Miami. Despite their geographical proximity and similar names, the two communities are separate municipalities and always have been. While Miami was founded in 1896 when the railroad arrived and quickly began to grow and prosper, Miami Beach took a little longer to develop. An attempt to start a coconut plantation in the 1880s failed, but one of the investors in the plantation, a wealthy farmer from Moorestown, New Jersey named John Collins, subsequently came down to Florida and began growing other crops on the island in 1907. He met with some success, but his efforts at agriculture ultimately paled in importance compared to his subsequent move into land development. This began with Collins's realization that hauling his crops, which were grown on the ocean side of the island, across the island to be shipped to Miami was too expensive. He decided to dredge a canal across the island, and enlisted some of his children to invest in the project. When they saw the island, however, they were more impressed with its potential as a tourism destination, and they agreed to back the canal project only if it also included a bridge to make passenger travel from the mainland easier. There was already a ferry that brought small numbers of tourists from Miami to a small bathhouse on the ocean beach, but the Collins family was looking to develop the area as a much more substantial resort. John Collins agreed to his family's plan, and the Lummus brothers, prominent Miami bankers, put up financing and also bought a substantial amount of land at the southern end of the island to get in on the development game themselves. As it turned out, the bridge cost more than expected, and

the Lummus brothers were not able to provide any more financing, so the Collins family turned to Carl Fisher, a millionaire from Indiana who was vacationing in Miami and had become interested in the idea of developing the island. Fisher provided financing in exchange for a large plot of land on which he would begin his own development. The bridge was completed in 1912, and all three of the development teams—Collins, Lummus, and Fisher—began building up their holdings. In 1915, they joined together to incorporate as the Town of Miami Beach (Stofik 2005, 9–11). J. N. Lummus became the first mayor (City of Miami Beach 1992, 4).

The town layout consisted of a series of subdivisions platted primarily between 1912 and 1918 and was basically a grid, with some allowances for the shape of the coastline (City of Miami Beach 1992, 5). The east-west streets were numbered, starting at the southern end of the island, and the north-south streets were given names such as Ocean Drive, Collins Avenue, and Washington Avenue. A few specialty districts went on to become slight exceptions to this pattern: Espanola Way, which runs east-west between Fourteenth and Fifteenth Streets, was designed to look like a Mediterranean village, and Lincoln Road, which runs east-west between Sixteenth and Seventeenth Streets, was developed as an upscale shopping destination (City of Miami Beach 1992, 7–8; Stofik 2005, 131–132). Overall, however, the pattern holds well enough that locations on the island, which itself runs north-south, are generally referred to by the numbered streets. By the 1920s, the different parts of the city had become known as South Beach, Middle Beach, and North Beach, and while the exact boundaries of these areas have shifted over time, the names have persisted to the present day. South Beach originally referred to the small area south of Fifth Street, but over time began to creep northward (Stofik 2005, xiii). The current boundaries of the three areas are: South Beach, from the southern tip of the island to Dade Boulevard/Twenty-Third Street; Middle Beach, from Twenty-Third Street to Sixty-Third Street; North Beach, from Sixty-Third Street to the northern boundary of the city (City of Miami Beach 2002, 8).

The importance of this rather complicated founding story for the future of Miami Beach, and especially for South Beach particularly, lies in the different approaches the three developers took. The Collins family and Fisher, who between them controlled most of the central and northern parts of the island, catered to the upper end of the market, and their hotels and rental properties were extravagant and luxurious. Fisher in particular spared no expense in developing exotic attractions to lure rich vacationers to his hotels (Stofik 2005, 13). To ensure that they got the type of customers they wanted, Collins and Fisher specified openly that their properties were only available to Gentiles, with occasional exceptions made for a few particularly wealthy Jews. Other developers who bought land in the central and northern parts of the island tended to do likewise, and Jews were generally not welcome in those parts of town for a long time to come (Stofik 2005, 17).

The Lummus brothers, who developed the southern part of the island, took a different approach, aiming at a more modest, middle-class clientele and allowing Jews. In contrast to the elaborate luxury hotels and sprawling mansions further north, the southern end of the island became dominated by small hotels and single-family vacation

homes. This is the part of the island that came to be known as South Beach, in contrast to Middle Beach and North Beach further north. In the early days, the most important boundary was Lincoln Road. South of Lincoln Road was the part of the city that accepted Jewish visitors and residents and over time became dominated by them (Stofik 2005, 17). North of Lincoln Road, the city was a playground for the very rich and not very Jewish, at least at first. African Americans were not welcome anywhere on the island.

BOOM AND BUST IN THE 1920S AND 1930S

Miami Beach's first big boom came in the Roaring Twenties, when the overall prosperity of the country and the good fortune of the wealthy in particular made a resort city catering to the rich a very profitable endeavor. Carl Fisher, who had already made a fortune making automobile parts in Indiana, made another from his high-end developments and luxury hotels in Miami Beach, and this city became known across the country as a place where rich people went to play. Industrial tycoons, many of whom, like Fisher himself, had made their money in the booming automobile industry, built elaborate vacation mansions on large lots with ocean views (City of Miami Beach 1999). The middle class was doing well too, however, and the more modest playground of South Beach became a popular destination for those who were not wealthy by any means but had made enough money to take a vacation every once in a while (City of Miami Beach 1990, 4–6). Because of the widespread Anti-Semitism throughout the country at the time, there were relatively few vacation options for the growing Jewish middle class, so the acceptance that Jewish visitors found on South Beach led to its increasing popularity. Throughout the city, buildings were put up in a variety of architectural styles, but primarily in the Mediterranean Revival style which was popular at the time and considered well suited to the casual tropical environment of Miami Beach (City of Miami Beach 1986).

The first boom came to an end with twin calamities: a massive hurricane in 1926 that caused widespread destruction and the stock market crash in 1929 that suddenly led to a drastic decline in the amount of money people had to spend on things like vacations. Carl Fisher was ruined by the crash, but Miami Beach survived. There were still enough rich people with enough money to stay in the luxury hotels in the city and keep homes there, although there was no longer the surging demand for new construction that had marked the 1920s. The less expensive hotels and rentals of South Beach survived as well, and indeed began to thrive as the remaining middle class, desperate for a brief respite from the hard times, continued to pour in (Stofik 2005, 16). Many new hotels and apartment buildings in this part of the city were built during the 1930s in the popular Art Deco style, which local architects such as Henry Hohausser, L. Murray Dixon, Albert Anis, and Russell Pancoast adapted into a distinctively whimsical and streamlined style often called Tropical Deco (City of Miami Beach 1990, 8). The National Labor Relations Act of 1935, known as the Wagner Act, had an important effect on this dynamic by protecting the rights of workers to unionize, which increased the number of people who had both the money and the vacation time to spend in a place like South Beach (Donnelly 2005, 6). And, again, the people coming to vacation in the southern part of the city were

disproportionately Jewish, largely immigrants who had come to the US from eastern Europe early in the century and worked diligently in industrial jobs in Northeastern cities until they had saved enough money to indulge in some small luxuries like occasional vacations.

WORLD WAR II AND ITS AFTERMATH

During World War II the US Army Air Force took over much of Miami Beach as a training ground and staging area, and many of the hotels were used to house troops (Stofik 2005, 20–21). Twenty percent of all Air Force troops over the course of the war ended up being trained in the city. Some of these servicemen were so impressed with Miami Beach that they returned permanently after the war, and the city began to rise again, buoyed by the newfound prosperity of the 1950s (City of Miami Beach 1990, 6–7). Times were changing, and the country was more prosperous than ever before. The small Art Deco hotels in South Beach were no longer acceptable to the expanding middle class, and vast new hotels in Middle Beach, many on the locations of the old vacation mansions built by industrial magnates in the 1920s, became the destinations of choice (Stofik 2005, 16–17). These new hotels, the largest and most famous of which was the Fontainebleau, designed by the prominent local architect Morris Lapidus and built in 1954, were in new modernist styles of architecture, particularly a local variation that would later become known as “Miami Modernism” or “MiMo” (City of Miami Beach 2000, 13; City of Miami Beach 2008, 20). Importantly, they now catered to Jews and Gentiles alike. A law in 1949 had outlawed Anti-Semitism in accommodations, and the Jewish middle class now flocked to the big new hotels for their increasingly frequent vacations. The older hotels and rentals in South Beach continued to attract tourists and seasonal residents, but they were mostly the same people who had been coming to them since the 1930s. There were still enough of these individuals, however, to create and sustain a vibrant community in the southern part of the city, with many kosher restaurants, synagogues, and other facilities catering to the by this point almost exclusively Jewish population. As this generation that had spent so much time on South Beach began to retire in the 1960s, many of the people who had been vacationing there for years began to move there permanently, and by the 1970s many of the hotels and apartment buildings had seen the nature of their clientele shift from seasonal vacationers to permanent elderly residents, although it was largely still the same people (Stofik 2005, 18).

CHALLENGES DURING THE 1970S AND VERY DIFFERENT VISIONS TO REVITALIZE SOUTH BEACH

In the 1970s, Miami Beach as a whole began to face a difficult situation. The opening of Walt Disney World in Orlando in 1971 began to shift the attention of Florida-bound tourists away from the Miami area, and new Caribbean resorts were attracting more visitors as air travel became easier (Stofik 2005, 19). These new destinations elsewhere were drawing tourists away from Miami Beach, and the community had no other industry to rely on. The city’s newer hotels still attracted visitors, but South Beach had become almost entirely a retirement community for seniors, many of them Jewish and poor. The whole city was beginning to get a reputation as a retirement haven for

those of modest means rather than a destination resort. The steady stream of retirees from the northeast coming to South Beach wouldn't last forever, however, since younger generations didn't have the same attachment to the place shared by those who remembered it from the 1930s, and retirees were increasingly beginning to move to other parts of South Florida instead. Over time the elderly population in the southern part of the city would necessarily dwindle as people died off, so something would inevitably have to change about the neighborhood, but no one was quite sure what that was or what it would or should look like in the future. Some people had ideas, however.

One idea, popular among local developers and the city commission, was that the city needed classic urban renewal involving the demolition of older, often smaller-scaled buildings and their replacement by new, often higher-density, modern developments. This urban renewal strategy was first embraced by the federal government as national policy in 1949, and over the next two decades many municipalities nationally had effected massive-scale clearance and new construction projects. Not surprisingly, some in Miami Beach embraced an urban renewal strategy as the means to revitalize the city. In 1973 the Miami Beach city commission created an independent redevelopment agency tasked with reviving the fortunes of the city. The obvious place for any redevelopment to occur was South Beach, with its aging population and old buildings, and in 1975 the commission declared the area south of Sixth Street “blighted” and imposed a moratorium on new building or major improvements to existing buildings in the area. This cleared the way for the redevelopment agency to develop a master plan for the area, which they named “South Shore,” and in 1976 the plan was ready. It was astonishingly ambitious and involved tearing down almost all of the existing buildings in South Beach south of Fifth Street and replacing them with soaring condo towers, office buildings, and an elaborate network of canals creating numerous islands. The planned luxury hotels, exclusive residences, and a convention center provided no place for the existing residents, few if any of whom would be able to afford the new housing included in the plan. There was little planning to relocate them either (Stofik 2005, 21–23).

The renewal plan was controversial from the start, and the redevelopment agency was dogged by constant political problems that dragged the process out for much longer than anyone expected (Stofik 2005, 59). As the 1970s wore on and the building moratorium continued, the existing buildings in the South Beach redevelopment area continued to deteriorate. The area's blight designation, a considerable conceptual stretch when it was declared, became a self-fulfilling prophecy. As one state agency after another raised objections to the South Beach redevelopment plan, the revitalization it aimed to deliver—by demolishing the existing fabric and building an ambitiously scaled new neighborhood—seemed less doable and appropriate.

Another quite different approach was advocated by a new organization, founded in 1976 and known as the Miami Design Preservation League. This group was established by Barbara Capitman, a middle-aged widow who had moved to the area a few years earlier, along with some of her friends from the design world, including the designer Leonard Horowitz, who would go on to play a particularly important role in the League's work. Capitman had become fascinated by the Art Deco architecture of South

Beach, and resolved to preserve it using the techniques developed by preservationists across the country to save historic buildings (Stofik 2005, 24–31).

At the time, a preservation vision for South Beach was a hard sell, for a number of reasons. For one thing, the neighborhood's buildings had been built in the twentieth century, and many were less than fifty years old. The preservation movement generally focused on much older buildings, and particularly on buildings and locations associated with specific historic events. None of that really applied to South Beach, which was built as a vacation resort and had a relatively short history (Stofik 2005, 50). The contrast between South Beach and conventional ideas of what made something "historic" was particularly poignant as the United States celebrated its bicentennial the same year that the League was founded. Furthermore, the Miami Beach city government was generally not interested in saving what it saw as a bunch of old, small, crumbling eyesores in South Beach (Stofik 2005, 105). It was focused on redevelopment as the answer, and from that perspective the aging, smaller-scaled buildings in South Beach were a problem standing in the way of revitalization. The same perspective led both large and small cities across the United States (e.g., New York, Chicago, Philadelphia, Baltimore, and New Haven) to opt for urban renewal's demolition with new construction framework as opposed to preservation. Furthermore, most real estate developers in the Miami area weren't interested in preservation either. They saw condo towers as the best bet in South Florida real estate, and Miami Beach was so thoroughly built out that any new construction on that scale would in their view necessitate tearing down old buildings (Stofik 2005, 76). The last thing developers wanted was a new set of restrictions on what they could do with buildings that they bought. Even the residents of South Beach, whose interests the League often presented itself as representing, were mostly unimpressed with the preservation concept. Many of them remembered when the buildings were first built, and couldn't see how something that had been constructed in their lifetimes could possibly be historic. Indeed, they remembered the hard times of the 1930s all too well, and had little desire to relive them and little nostalgia for the architecture of that period. They had mostly grown up around buildings that were centuries old, and spent much of their lives around the nineteenth-century buildings of large Northeastern cities, and in comparison the little hotels and apartment buildings they currently occupied in South Beach looked of recent vintage and mundane, certainly not historic.

Capitman and the League persevered with their vision of preservation. The proposal they came up with involved not just preserving the buildings, but revitalizing the neighborhood by bringing in tourists and young residents attracted by its historic nature and using the money they spent to fix up the buildings, start little clusters of specialty shops, and provide secure, safe, and affordable housing for the remaining elderly residents (Rothman 1982).

This was a very different vision from that of the Miami Beach redevelopment agency, and the League decided to pursue its vision selectively and strategically. In its initial efforts, the League turned away from the redevelopment area south of Fifth Street and focused on the area to the north between Sixth and Twenty-Third Streets which had the largest concentration of Art Deco architecture in South Beach (Stofik 2005, 32).

Volunteers recorded information on every building within this one-square-mile area that was built before 1950, and nominated the area as a historic district to be listed on the federal government's *National Register of Historic Places* (Stofik 2005, 34–40). The *National Register* had been authorized by the 1966 National Historic Preservation Act. While *National Register* designation does not ensure preservation (by, e.g., prohibiting demolition and allowing only historic fabric-sensitive alterations—both actions limited to local designations), *National Register* designation does confer official recognition, eligibility for federal historic preservation investment tax credits, and limited safeguards against inappropriate federal agency undertakings that would harm the National Register resource. Yet at the time (mid- to late 1970s), *National Register* designation was a reach for South Beach. It required some deft maneuvering and diplomacy with state preservation officials, since buildings as new as the ones in South Beach were not traditionally seen as appropriate for nomination to the *National Register*, but the League was successful and the Miami Beach Architectural District was officially designated in 1979 (Stofik 2005, 53).

Listing in the *National Register* still provided no protection against demolition, however, and the buildings would not actually be safe until they were protected by local legislation, which the pro-development city government was unlikely to enact unless compelled to by some outside force. The League commissioned a plan for the district by the Boston architectural and planning firm Anderson Notter Finegold, which it attempted to persuade the city to adopt, with no initial success (Rothman 1982). Some League members, including Capitman's son Andrew, began to buy hotels in the district and fix them up in an attempt to personally jumpstart the revitalization they envisioned (Stofik 2005, 54). However, such efforts met with only limited success, and were complicated by a set of changes that no one in 1976 could have envisioned.

THREATS TO SOUTH BEACH DURING THE 1980S AND NASCENT PRESERVATION ACTIONS

In 1980 Fidel Castro temporarily opened the port of Mariel to anyone who wished to leave Cuba provided that they left by boat (Stofik 2005, 63–65). This event, known as the Mariel Boatlift, flooded South Florida with Cuban refugees. In addition to the many who left voluntarily, Castro made sure to send a large number of prisoners from the island's jails and other undesirables, in an attempt to embarrass the US. The city of Miami, where most of the refugees ended up initially, had nowhere near enough space to house them all, and officials searched desperately for places where they could be resettled. The redevelopment area at the southern tip of Miami Beach was crumbling from deferred maintenance because of the building moratorium and was thus a relatively cheap place to live (Donnelly 2005, 9). The residents who had enough money to leave had mostly left already, and the remaining poor, elderly residents were slowly dying off. Space was relatively abundant, and huge numbers of refugees were resettled in the redevelopment area and other parts of South Beach. Some had been criminals in Cuba, and others soon turned to crime in frustration at their continuing poverty in what they had thought would be a land of plenty. The crime rate soared, and the Miami area became a major hub for the international drug trade (Stofik 2005, 66–68). This was a result that

neither the League nor the redevelopment agency had expected, and both were taken aback. The elderly population of South Beach, equally shocked by the influx of newcomers and the increased crime, continued to move away or die off, and the neighborhood quickly underwent a massive demographic shift from predominantly old and largely Jewish to largely young and Cuban (Donnelly 2005).

As the situation continued to deteriorate on South Beach, local developers began to demolish the old hotels, either to replace them with condo towers or just to save on the cost of maintaining the crumbling buildings. The city played a part by rigorously enforcing its building code, which mandated an inspection forty years after initial construction—failure resulting in mandatory demolition (Stofik 2005, 74). The demolition of the New Yorker Hotel in 1981 by developer Abe Resnick was a particular rallying point for the League, which continued to push for local protection of buildings within the National Register district. The cause also gained some unexpected strength when the Dade County School Board proposed a consolidation that would involve tearing down an elementary school in South Beach that was built in 1920. The League opposed the plan on preservation grounds, and joined forces with the local Parent-Teacher Association, which was fighting the consolidation plan. The two groups allied to successfully stop the planned changes, and the PTA president, Nancy Liebman, would go on to be an important figure in the League and the preservation movement (Stofik 2005, 76–77).

In 1981, Dade County enacted a strict historic preservation ordinance and mandated that all municipalities in the county had one year to enact their own ordinances if they wanted to avoid being subject to the county's regulations (Stofik 2005, 83). As a result, in 1982, Miami Beach enacted its first local historic preservation ordinance. Not surprisingly for such a famously pro-development city, the initial ordinance was widely lambasted as extraordinarily weak, and some preservationists concluded that it was the weakest such ordinance in the country. Many doubted that it would even be accepted as fulfilling federal requirements, but it was. The ordinance established an historic preservation board with only advisory authority, and mandated that designation of historic properties could only come with the full consent of the owner. Nevertheless, for the first time this ordinance brought the properties in the National Register district the prospect of heightened protection by a local preservation board, and over time it would be strengthened (Stofik 2005, 85).

Conditions gradually began to turn around in South Beach over the course of the 1980s. The extent to which this was happening is apparent only in retrospect, but the seeds of a revival can clearly be seen. There was a lot going on, however, and which events were most important in how exactly the revival came about is a matter of dispute.

One factor was the success of the TV show *Miami Vice*, which debuted in 1984 and went on to become a massively successful national and international hit (Stofik 2005, 106–109). The Art Deco buildings of South Beach served as a backdrop for much of the show, which was filmed largely in Miami Beach. The tropical style of the buildings served to define much of the aesthetic of the show. The plot, however, glamorized the

very real crime problems the area was suffering, and city officials were concerned about the image it was giving of their community. Overall, it was the exotic splendor of the setting rather than the grit of the story that captured the public's imagination more, and tourists began to come to Miami Beach specifically to see the locations used in the series. Around the same time, artists began to move into some parts of South Beach, especially around Lincoln Road, where some prominent art institutions such as the South Florida Arts Center and the Miami City Ballet had begun to set up shop (Stofik 2005, 135–136). Lincoln Road had fallen on hard times and was quite different from the upscale shopping street Carl Fisher had originally planned (City of Miami Beach 1992, 8). It had been closed off in 1959 to form a pedestrian mall, and as the fortunes of South Beach had faded, the fine shops had left, leaving behind empty storefronts and a Woolworth's that catered mainly to South Americans who came to buy cheap goods in bulk for resale in their home countries. This decline made stores on the street very cheap to rent, and it attracted attention from the artistic community that was rapidly being priced out of the traditional artists' colony in Miami, Coconut Grove, as gentrification set in there. The dual combination of art and artists helping revitalize Lincoln Road and environs tracked parallel revitalization in many once decaying neighborhoods nationally (e.g., SoHo in Manhattan and Denver's Art District). The fashion industry also discovered the South Beach area, and more and more fashion shoots took place on the beaches or in front of the photogenic Art Deco buildings. Fashion shoots brought directors, models, and their entourages, and gave South Beach an aura of glamour. The main catalyst for this influx was a shoot done by the photographer Bruce Weber in 1986 for the designer Calvin Klein. Weber posed four nude models on the roof of the Breakwater Hotel on Ocean Drive for the shoot, and the edgy, exotic look of the resulting widely distributed photos attracted other designers and photographers to South Beach (Stofik 2005, 170).

The buildings were key to this aesthetic appreciation of South Beach, which began to bring more and more celebrities and rich people into the area starting in the late 1980s, but their historic character as such played a very minor role. Indeed, the pastel colors that began to define the South Beach style were a recent change. A new independent development corporation for Miami Beach had been established in the early 1980s as part of a state effort at supporting local economic development, and it quickly became closely tied to the League and the preservation movement (Stofik 2005, 101). One of the corporation's first actions in its attempt to revitalize business in South Beach was to launch a program to repaint the facades of the Art Deco hotels and other buildings, many of which had been suffering from deferred maintenance for years. Leonard Horowitz, a friend of Barbara Capitman and a staunch member of the League, was put in charge of the repainting, and the palette of pastel colors he chose was carefully designed to tie the buildings together into a coherent streetscape (Stofik 2005, 102). It was not, however, historically accurate. When they were first built in the 1920s and 1930s, most of the buildings were white, with only a few touches of color (Stofik 2005, 78). The League's vision of an historic district evoking the style of the 1930s had never been about verisimilitude. Barbara Capitman didn't want a museum exhibit frozen in time. She wanted a living, diverse, prosperous community that evoked the glamour of the period when the buildings were built as she remembered it. It was an idiosyncratic vision, and it

overlapped only partially with the plans of the various other people who also became interested in South Beach.

At the same time that the art world was beginning to discover South Beach, and America was discovering it on the TV, a few gutsy developers, largely from New York City, began to buy up property there (Stofik 2005, 138–144). They were banking on a revival of the area, and they wanted to be on the ground floor. To succeed, however, they needed to fix up the buildings, many of which were in very bad shape. Gerry Sanchez, a Cuban-born developer based in New York City, was particularly known for his skill in rehabilitation, and he bought up many buildings which he successfully revamped and resold. Tony Goldman, another New Yorker who had played a crucial role in the revitalization of SoHo, embarked on similar projects (Pristin 2010; Stofik 2005, 143). The bet these developers were making would ultimately pay off spectacularly, but they struggled at first to get financing. Local banks had long considered South Beach a bad credit risk, and many of the developers had to get most of their financing from out of town (Stofik 2005, 153). In short, South Beach, like other older urban neighborhoods nationally, had been “redlined”—denied conventional bank access. The development corporation put a lot of effort into promoting the area and hosting conferences for developers, which was helpful because the established development community in the Miami area had very limited interest in preservation or rehabilitation.

The city was meanwhile changing its tune, but slowly and cautiously. Once the idea of totally redeveloping “South Shore” was dead, the redevelopment agency shifted its emphasis to rehabilitating the existing buildings when possible (Stofik 2005, 93). Demolitions continued and the League protested and lobbied for stronger protections, and in 1986 the city commission, on the recommendation of the historic preservation board, finally designated two local historic districts, Espanola Way and Ocean Drive/Collins Avenue, which between them covered a major part of the *National Register* district (City of Miami Beach Planning Department 1986; Stofik 2005, 148). Many developers continued to fight the preservation movement, however, and chief among them was Abe Resnick, who by this point was a member of the city commission and wielded considerable power. The developers and many other powerful city leaders didn’t embrace the Art Deco district and were more invested in the idea of a big hotel to go along with the convention center at the northern edge of South Beach along the Collins Canal.

PRESERVATION AND DEVELOPMENT IN SOUTH BEACH DURING THE 1990S AND BEYOND

One crucial event came in 1990. Under state law, the city of Miami Beach needed to have its comprehensive plan approved by the state. The atmosphere of change and the widely differing opinions on what sorts of change to encourage made the process of putting together the plan unusually fraught with tension, however. The local developers wanted their convention hotel, and the League wanted the rest of the *National Register* district to be given local designation and protection from demolition. In what some have termed the “Grand Compromise,” the two sides struck a deal (Donnelly 2005,

12–13; Liebman 1997). The preservationists, led by Nancy Liebman, who had taken over as executive director of the League in 1988, would support the building of a new convention hotel on the oceanfront near the convention center, despite the adverse effects this would have on the historic buildings in that area (which was in the *National Register* district), and in exchange the developers would support the designation of two new local historic districts, Flamingo Park and Museum, which would bring the amount of the *National Register* district under local protection to 85% (City of Miami Beach 1990). In addition, the city commission revised the zoning of the *National Register* district to lower the permitted density and impose strict height limits, which made rehabilitation significantly more lucrative for developers than demolition and new construction. The parts of South Beach outside of the *National Register* district, however, were unaffected, and the old redevelopment area south of Fifth Street, which had been renamed from “South Shore” to “South Pointe” (now promoted by realtors as “SoFi”), continued to permit considerably higher densities, a legacy from the redevelopment era that resulted in several very tall condo towers being built alongside the low-rise historic buildings in that area. Most of this area would be given local protection in 1995 as the Ocean Beach Historic District (City of Miami Beach 1995).

As the revitalization of South Beach continued into the 1990s, Barbara Capitman’s vision of a mixed-use, diverse neighborhood with plenty of affordable housing and beyond for seniors and a focus on the historic ambience of the 1930s was only partially realized. Capitman herself died in 1990, but she could already see by the end of her life that things were not going exactly as she had planned. The elderly Jews who had played such a big role in her plans were almost all gone by then, having either died or moved away, and they had been replaced primarily by Hispanic immigrants, mostly from Cuba, along with yuppies seeking a more walkable, urban environment than was available in the sprawling suburbs in other parts of the Miami metropolitan area (Donnelly 2005). Because of the influence of fashion and the arts, celebrities began to make South Beach their newest destination, and while renovation of the historic hotels and shops in the Art Deco district continued at a breakneck pace, many of the renovations only preserved the exteriors of the buildings, totally gutting the interiors and replacing them with high-end boutique shops and very expensive restaurants and hotels (Stofik 2005, 226–229). Yet, one must not forget that almost all of the Art Deco legacy would have been lost had the original redevelopment plans been realized. Gentrification did set in, and many of the members of the League, which had struggled for so long to rejuvenate South Beach, began to push for development to slow down. Foremost among them was Nancy Liebman, who was elected to the city commission in 1993 (Stofik 2005, 205). As the preservationists became more influential, and as the conspicuous wealth and consumption evident on the major commercial streets became more problematic for the year-round residents, more restrictions were enacted by the commission, including the expansion of the Flamingo Park and Museum historic districts in 1992 to extend local protection to the remainder of the *National Register* district (City of Miami Beach 1992). Other districts began to be established both elsewhere in South Beach and in other parts of the city. The revitalization of South Beach, and the role played in it by historic preservation, were so striking that the city government had gone in a short period of time from opposing preservation to pushing for it wherever possible. The shift in attitude

paralleled the shift in the economic fortunes of the city, and the combination of the two shows just how important the preservation movement ended up being to the city of Miami Beach. To the extent that historic preservation works in the United States, South Beach gets the brass ring.

Viewed in purely economic terms, there can be no question that the revival of South Beach has been wildly successful. What was a poor, deteriorating neighborhood in the 1970s is now a byword for “cool” the world over. What had been one of the cheapest places to live in South Florida is now one of the most expensive, translating into a valuable tax base. The city, which for so long was resistant to the very idea of preserving the Art Deco district and wedded to the idea of large-scale redevelopment, is now fully behind the newfound prosperity of South Beach as a destination for the affluent and others. As it turns out, there was plenty of demand for heritage tourism focused on the Art Deco architecture of the neighborhood, and the League does a brisk business by offering tours of the neighborhood and selling Deco-related items in its gift shop. The annual Art Deco Weekend is a huge, and hugely successful, event. The vast majority of the tourists who come to Miami Beach every year visit South Beach, which is now the area’s number one tourist attraction. Few historic preservation efforts in the United States have achieved the outstanding economic success of South Beach

In the following section we quantify some of the significant economic contributions of South Beach. This analysis looks at the contributions with respect to tourism, hospitality, and construction. Also considered is South Beach’s extensive utilization of federal historic tax credits (HTCs). These HTCs are both a mirror of the building rehabilitations prowess achieved by South Beach and an important subsidy that aided the rehabilitation. Besides the federal HTCs, local and county government abetted the rehabilitation through the granting of property tax reductions and this important contribution is quantified as well.

HISTORY AND GEOGRAPHY

FIGURE 7.1: TIMELINE OF MIAMI BEACH, FLORIDA: FOUNDING, DEVELOPMENT, REDEVELOPMENT, AND HISTORIC PRESERVATION

1880s	Henry Lum, Ezra Osborn, and Elnathan Field establish a coconut plantation on the island that would later become Miami Beach. John Collins invests \$5000 in the venture.
1896	Henry Flagler's railroad reaches Miami. John Collins arrives in the area to inspect the failing coconut plantation.
1907	Collins buys a substantial amount of land on the island and begins planting avocados.
1911	Collins and his family decide to build a bridge and canal connecting their land to Miami with funding from J. E. and J. N. Lummus
1912	The Lummus brothers buy land at the southern tip of the island and file the first plat to develop it.
1913	Construction begins on the Collins bridge. The Collins bridge is completed with additional funding from Carl Fisher, given in exchange for land on the island.
1915	The Town of Miami Beach is incorporated. J. N. Lummus is elected mayor.
1923	A real estate boom in South Florida opens a period of extensive development in Miami Beach.
1926	A massive hurricane causes extensive destruction throughout the area, bringing the development boom to an end. South Beach is hit particularly hard.
1929	The stock market crashes, ushering in the Great Depression.
1930s	Miami Beach continues to prosper despite the Depression, and many hotels and rental apartment buildings are built in the popular Art Deco style.
1941	Japan attacks Pearl Harbor, leading the US to enter World War II.
1942	The US Army Air Corps begins training troops in Miami Beach.
1945	The war ends. Many servicemen who trained in Miami Beach return there permanently.
1949	Miami Beach outlaws Anti-Semitism in accommodations.
1954	Fontainebleau Hotel opens in Middle Beach. It is the most grandiose of the new resort hotels being built in that part of the city.
1960s	Retirees, many of them Jewish, begin to predominate in South Beach as tourism declines.
1973	The Miami Beach City Commission establishes an independent redevelopment agency to revive the city's declining fortunes and declares a moratorium on new construction south of Sixth Street.

1975	The area south of Fifth Street is declared “blighted.”
1976	The Miami Beach Redevelopment Agency unveils its plan, involving wholesale demolition and urban renewal, for the area designated as “blighted,” which it terms “South Shore.” The Miami Design Preservation League is formed by Barbara Capitman and others to preserve the Art Deco buildings of South Beach.
1979	The Miami Beach Architectural District is listed in the <i>National Register of Historic Places</i> due to the efforts of the MDPL.
1980	The Mariel Boatlift brings an influx of Cuban refugees to South Florida. Many are resettled in South Beach. Crime increases dramatically.
1982	The Miami Beach City Commission adopts a municipal historic preservation ordinance. The moratorium on new construction south of Sixth Street is lifted.
1984	<i>Miami Vice</i> premieres on television and quickly becomes a major hit, exposing national audiences to South Beach.
1986	The Miami Beach City Commission designates Espanola Way and Ocean Drive/Collins Avenue as the first two local historic districts in the city.
1990	The “Great Compromise” between developers and preservationists leads to the Miami Beach City Commission designating the Flamingo Park and Museum Historic Districts in exchange for MDPL support for a new convention center hotel.
1992	The Miami Beach City Commission expands the Flamingo Park and Museum districts, bringing the entire <i>National Register</i> district under local protection.
1996	The Miami Beach City Commission designates the Ocean Beach Historic District, bringing local protection to parts of the old redevelopment area south of Fifth Street.
1998	Loews Miami Beach, the long-awaited convention center hotel built as a result of the Great Compromise, opens.
1999	The Miami Beach City Commission designates the Palm View Historic District, protecting a small area of South Beach near the Collins Canal
2001	The Miami Beach City Commission designates the Collins Waterfront Historic District, the first local historic district in Middle Beach.
2008	The Miami Beach City Commission expands the boundaries of the Flamingo Park Historic District to include a few adjacent properties just outside the boundary of the National Register district.

FIGURE 7.2: Local Historic Districts in Miami Beach, Florida

<u>District</u>	<u>Location</u>	<u>Year Established</u>
Espanola Way	South Beach*	1986
Ocean Drive/Collins Avenue	South Beach*	1986
Altos del Mar	North Beach	1987
Flamingo Park	South Beach*	1990 (expanded 1992, 2008, 2009)
Museum	South Beach*	1990 (expanded 1992)
Ocean Beach	South Beach	1996
Harding Townsite/South Altos del Mar	North Beach	1996
Palm View	South Beach	1999
Collins Waterfront	Middle Beach	2001
North Beach Resort	North Beach	2004
Flamingo Waterway	Middle Beach	2005
Morris Lapidus/Mid 20 th Century	Middle Beach	2009

*District is partly or entirely within the *National Register of Historic Places* Miami Beach Architectural Historic District.

II. NUMBERS

TOURISM DATA

- 12 million visitors to Greater Miami¹ in 2008
- Visitors to Greater Miami spent \$17 billion in 2008
- The Art Deco District/South Beach² was the top tourist attraction in Greater Miami in 2008, visited by 51.7% of all visitors
- Miami Beach got over 4 million overnight visitors each year from 2002 to 2007.
- More than 6 million people visited South Beach each year from 2002 to 2007.
- Lincoln Road, an area of South Beach with a reputation as an artists' colony and upscale shopping district, was the fourth most popular tourist destination in 2008 and received more than 2 million visitors each year from 2002 to 2007.
- The average number of daily visitors to South Beach between 2002 and 2007 ranged from 4000 to over 9000.
- In 2008 Miami Beach had a total of 474 businesses in the accommodation and food services sector, employing 16,427 people and generating over \$1.6 billion in sales revenue, 22% of the total Gross City Product of \$7.3 billion. This makes it by far the largest sector in the city and the clear driver of the local economy. Spending by tourists in other sectors such as retail trade adds another \$650 million, for a total direct economic impact from tourism of about \$2.3 billion or 32% of Gross City Product.
- As of the second quarter of 2009, 50% of workers in South Beach were in the hospitality sector, compared to 44% in the city as a whole. Given the importance of tourism to the overall city economy, this shows the economic centrality of South Beach in particular.

¹ "Greater Miami" for these purposes refers to all of Miami-Dade County.

² The "Art Deco District" is the part of Miami Beach within the federal Miami Beach Architectural Historic District listed in the National Register of Historic Places, which consists of four locally designated historic districts. "South Beach" refers to the larger geographical area of Miami Beach south of Dade Boulevard where these districts are located. Sixty-one percent of the land and eighty-three percent of the buildings in geographic South Beach are in local historic districts.

FIGURE 7.3

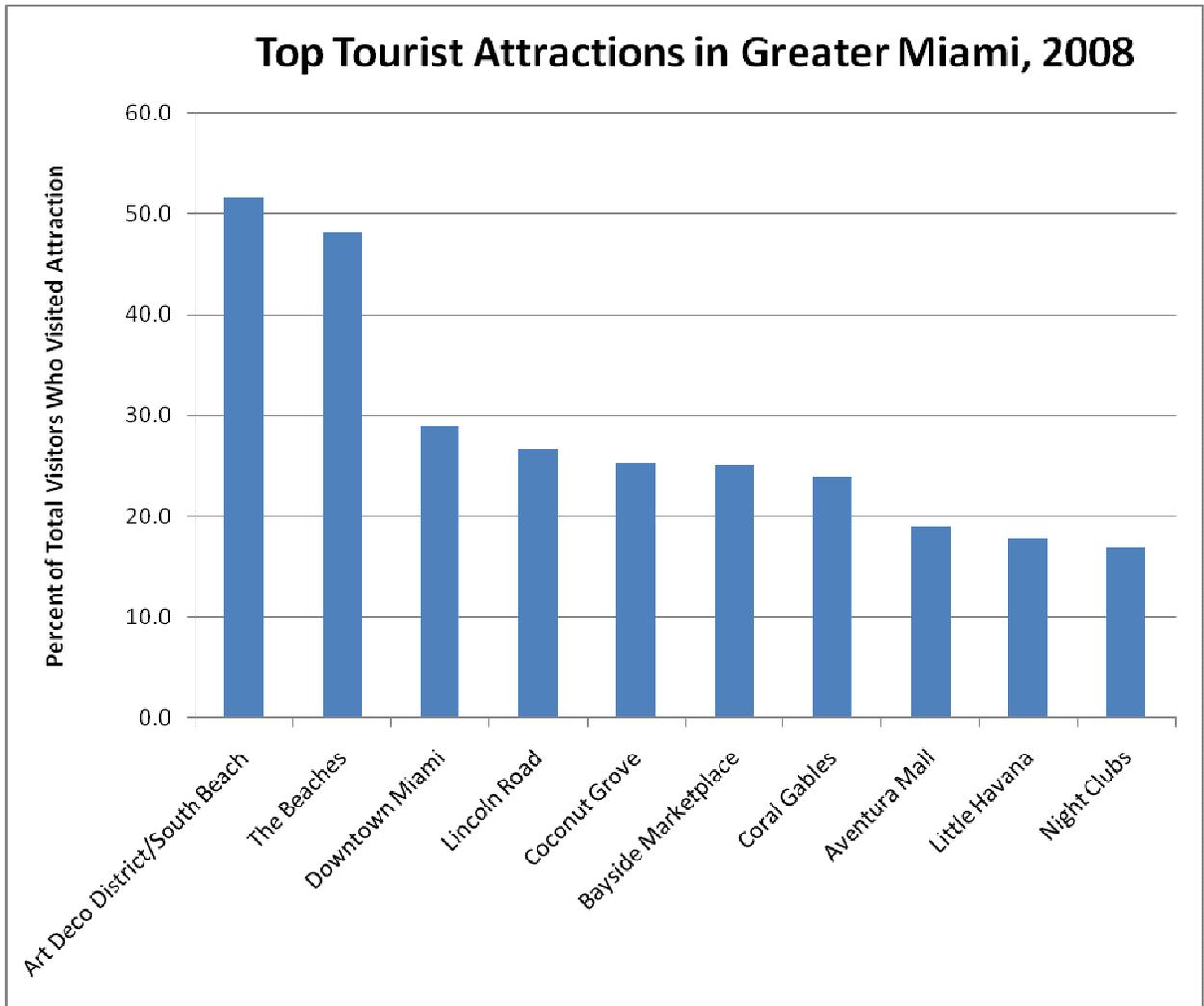


FIGURE 7.4

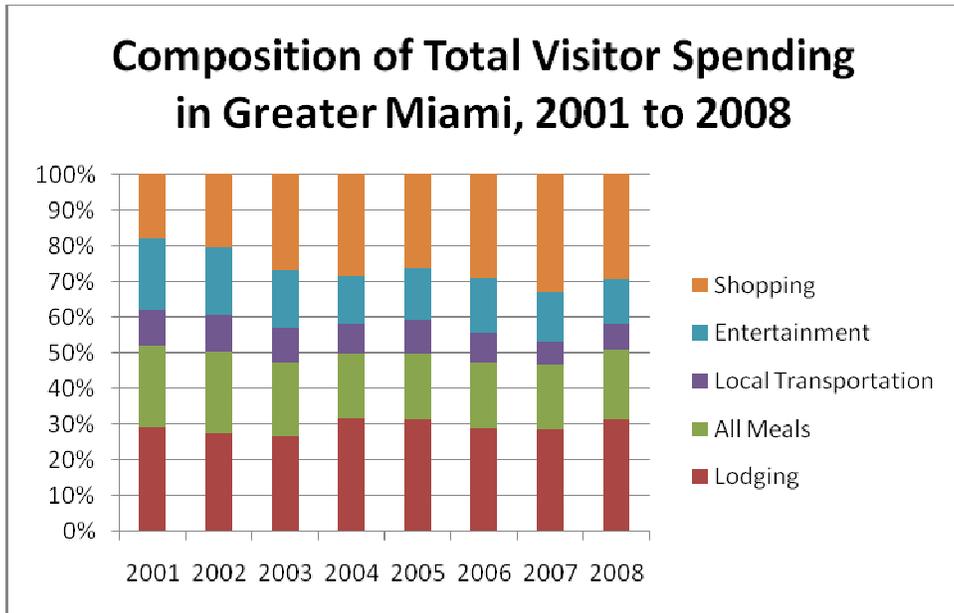


FIGURE 7.5

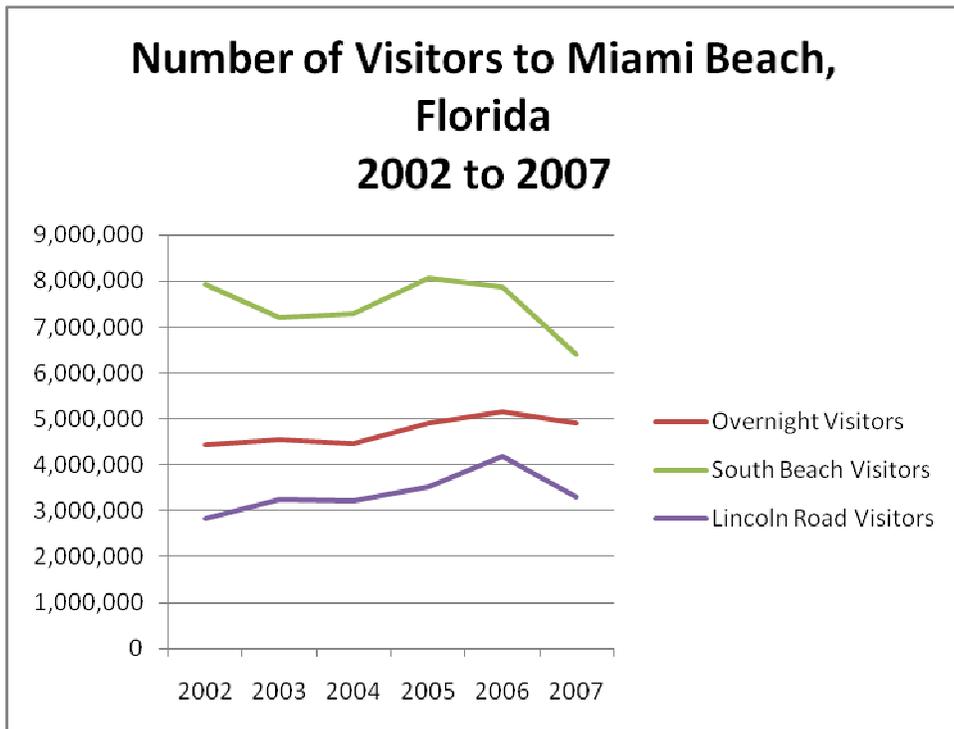


FIGURE 7.6

Annual Number of Visitors to Miami Beach and Specific Attractions, 2002 to 2007

<u>Year</u>	<u>Overnight Visitors</u>	<u>South Beach Visitors</u>	<u>Lincoln Road Visitors</u>
2002	4,427,668	7,916,752	2,836,156
2003	4,551,840	7,193,160	3,236,400
2004	4,458,100	7,281,200	3,226,400
2005	4,897,700	8,064,120	3,530,900
2006	5,150,400	7,864,800	4,176,000
2007	4,908,000	6,396,000	3,312,000

FIGURE 7.7

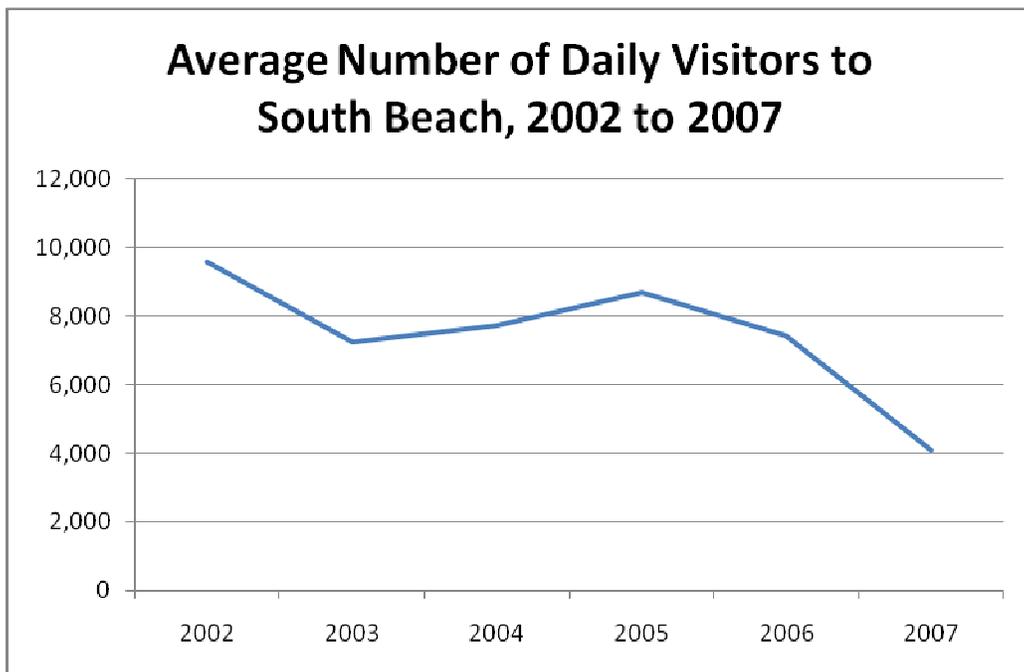


FIGURE 7.8

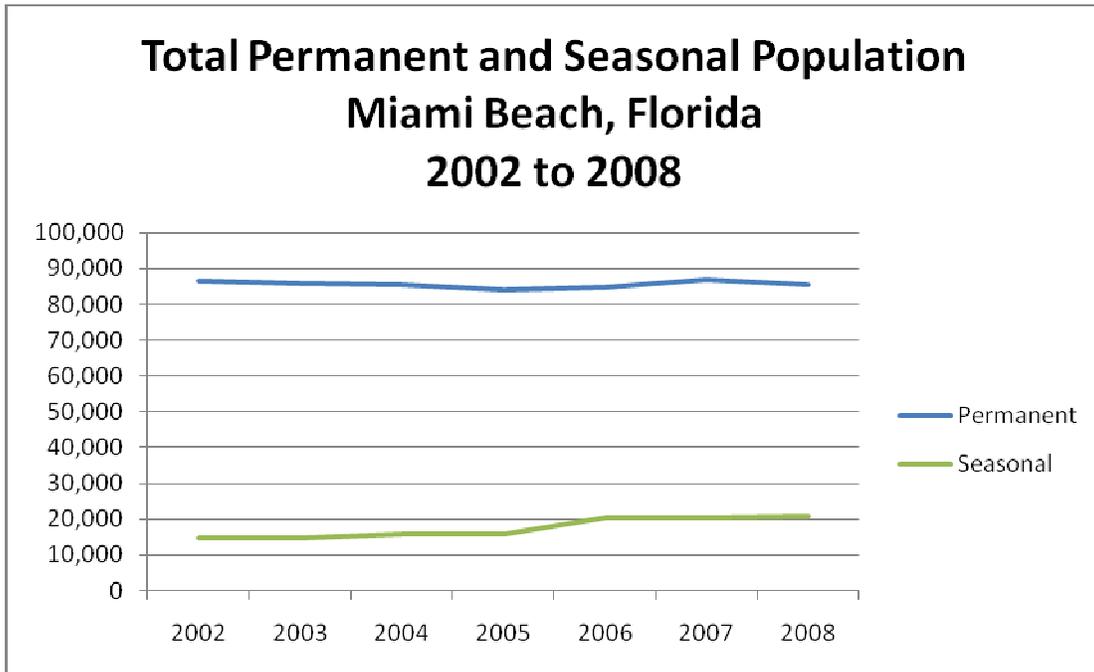


FIGURE 7.9



FIGURE 7.10



FIGURE 7.11

**Accommodation and Food Services Sector
Miami Beach, Florida
2002 to 2008**

<u>Year</u>	<u>Establishments</u>	<u>Total Sales</u>	<u>Employees</u>
2002	454	\$950,290,402	14,159
2003	465	\$1,067,089,957	15,382
2004	487	\$1,292,464,984	17,512
2005	478	\$1,484,989,522	17,328
2006	460	\$1,668,892,930	17,751
2007	479	\$1,676,339,516	16,718
2008	474	\$1,684,567,848	16,427

FIGURE 7.12

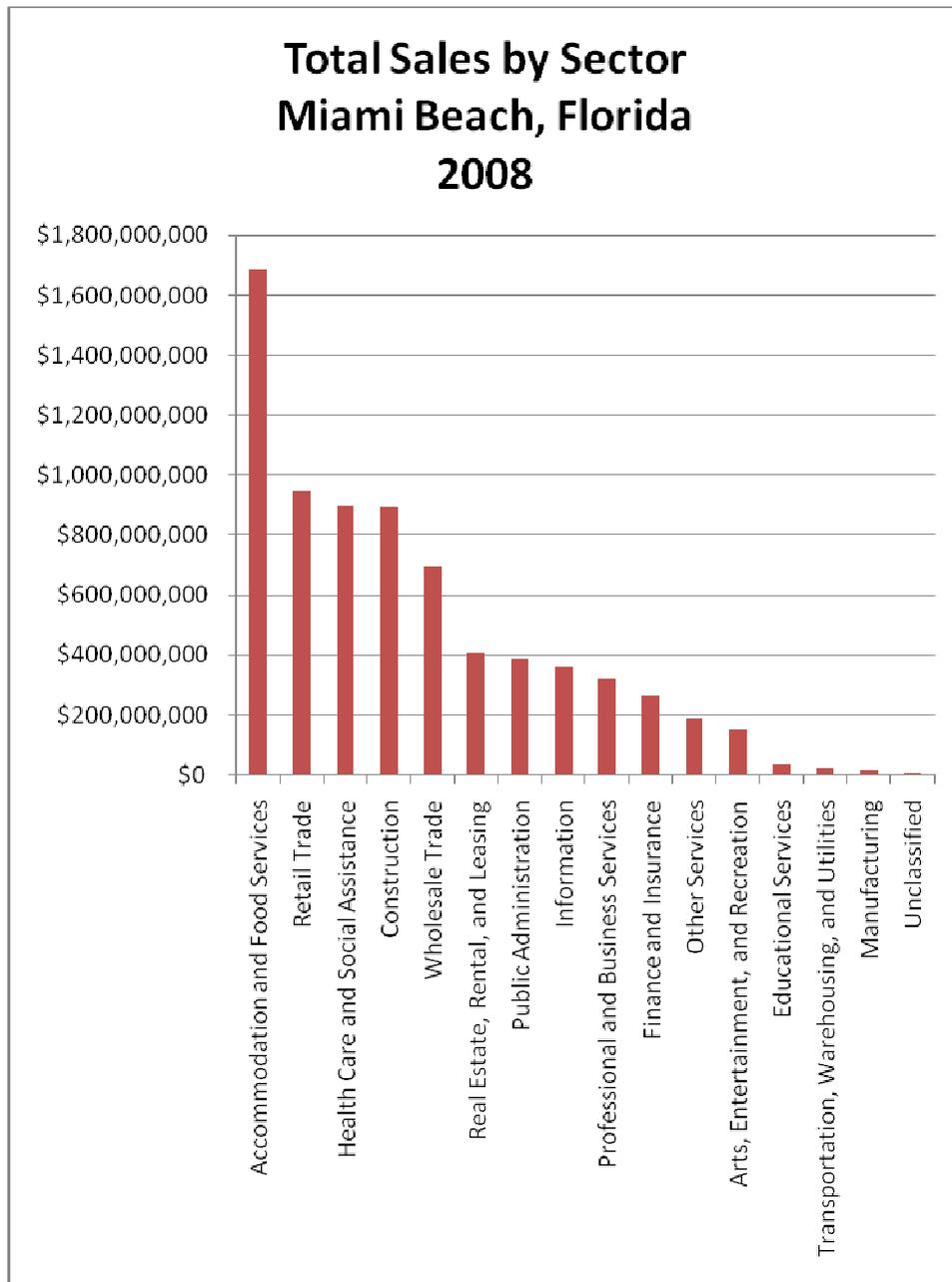


FIGURE 7.13

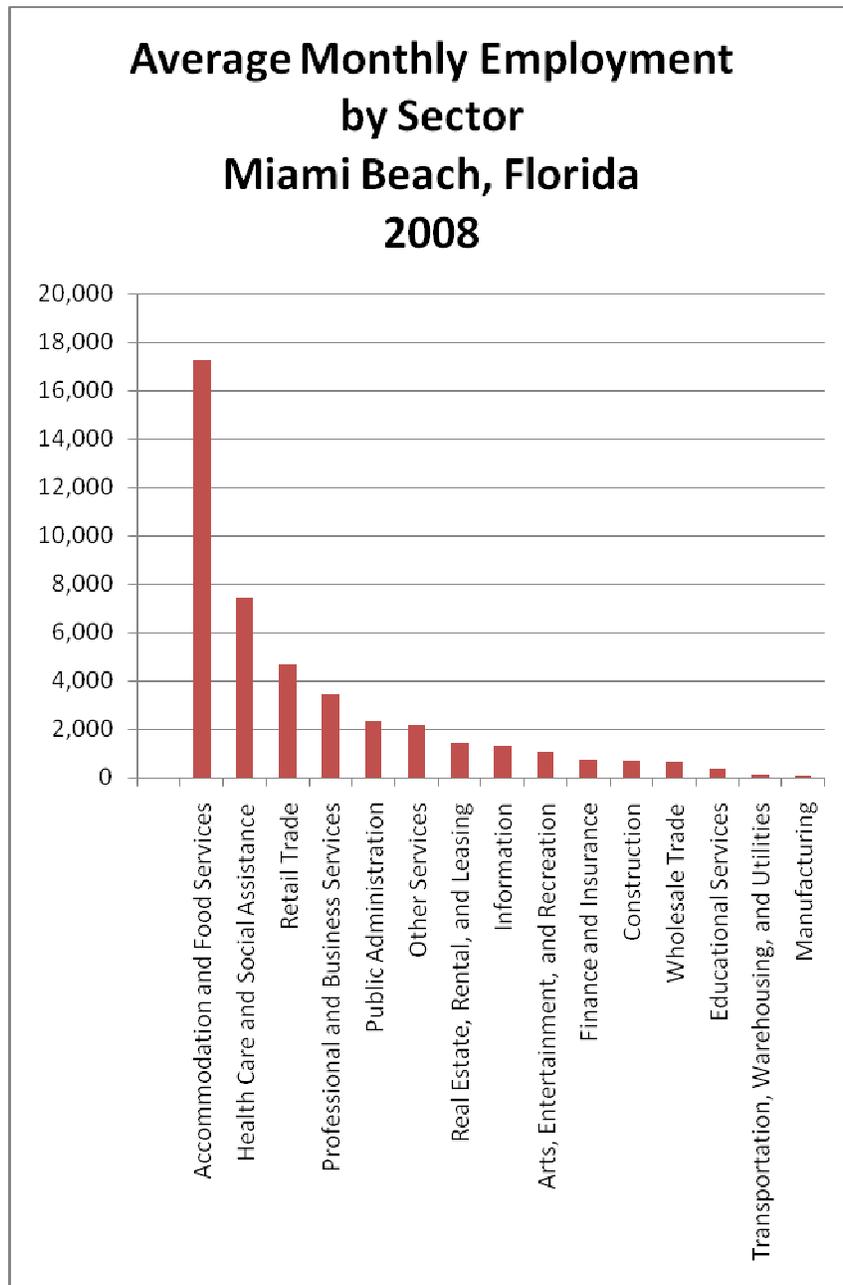


FIGURE 7.14**Total Employment and Sales By Sector
Miami Beach, Florida
2008**

<u>Sector</u>	<u>Employees</u>	<u>Sales</u>
Accommodation and Food Services	17,277	\$1,684,567,848
Retail Trade	4,710	\$948,336,198
Health Care and Social Assistance	7,434	\$896,522,856
Construction	673	\$895,060,160
Wholesale Trade	626	\$694,546,273
Real Estate, Rental, and Leasing	1,426	\$404,626,917
Public Administration	2,347	\$390,680,075
Information	1,304	\$360,886,363
Professional and Business Services	3,419	\$322,674,231
Finance and Insurance	744	\$267,451,298
Other Services	2,157	\$190,887,516
Arts, Entertainment, and Recreation	1,065	\$149,321,754
Educational Services	388	\$37,651,699
Transportation, Warehousing, and Utilities	122	\$23,361,375
Manufacturing	88	\$16,399,950
Unclassified	25	\$4,863,958
Total	43,805	\$7,287,838,471

FIGURE 7.15

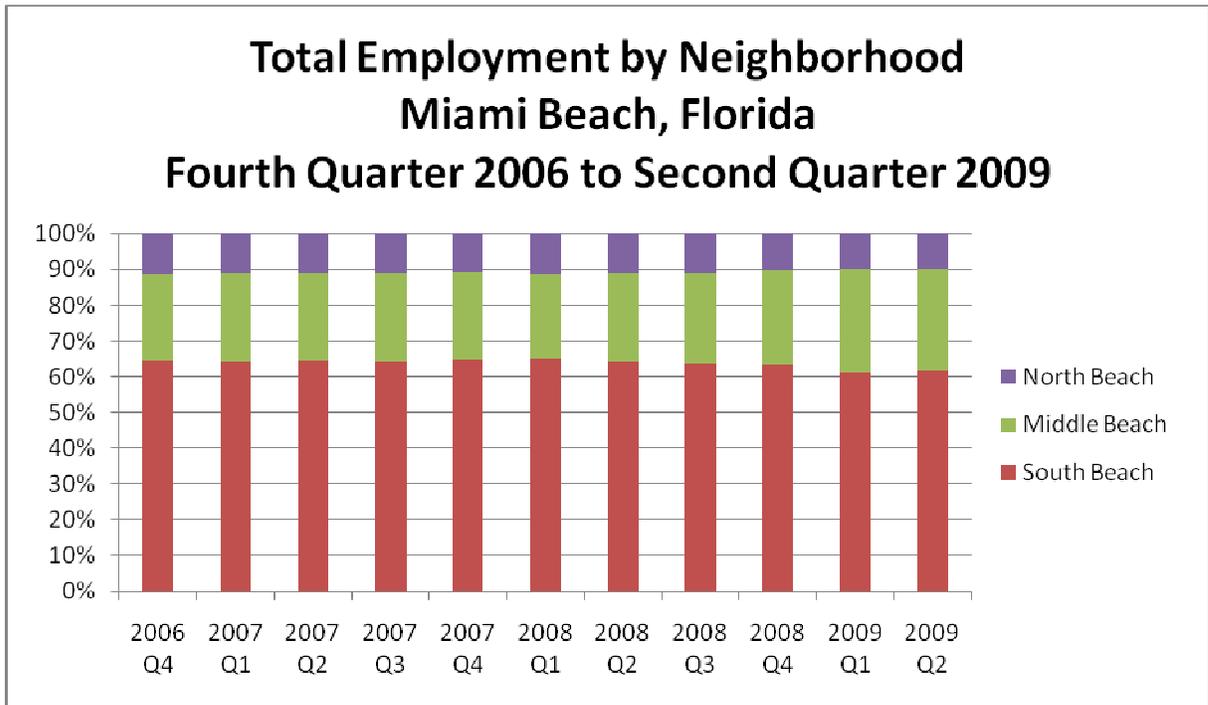


FIGURE 7.16

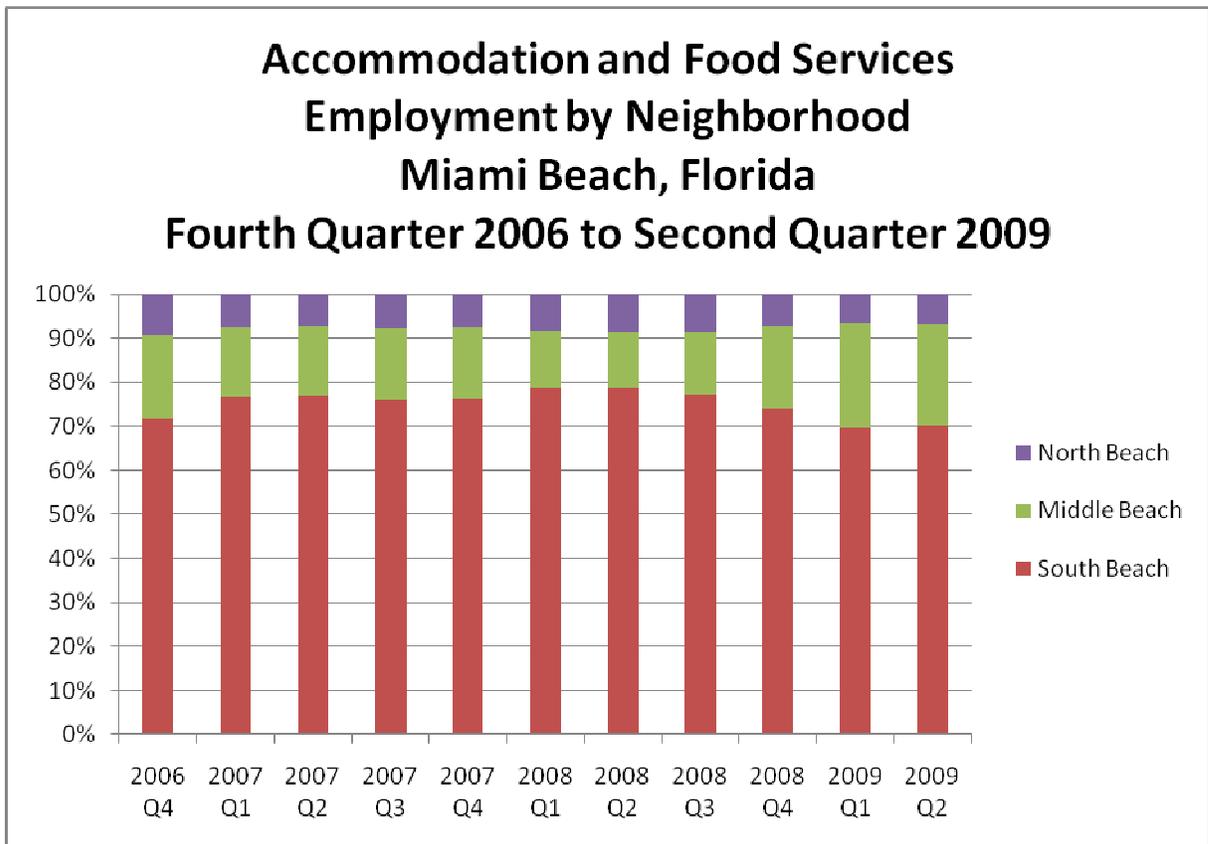
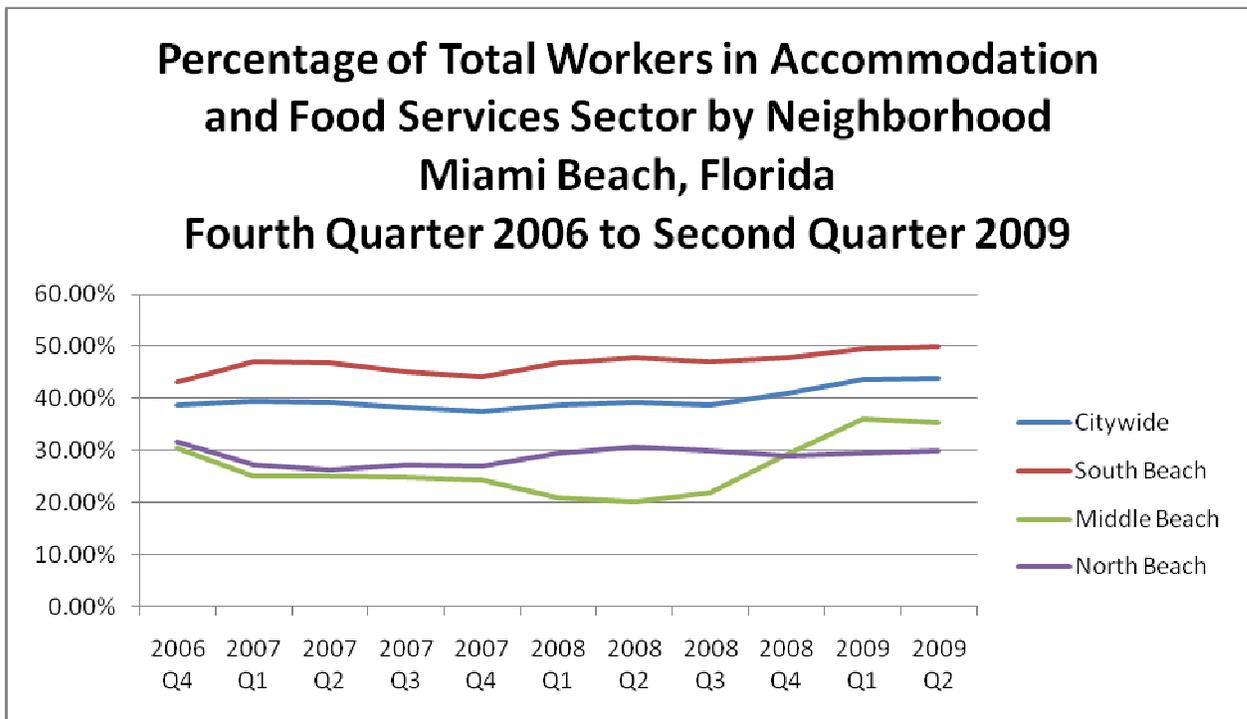


FIGURE 7.17

**Total and Hospitality (Accommodation and Food Services) Employment by Neighborhood
Miami Beach, Florida
Fourth Quarter 2006 to Second Quarter 2009**

Quarter	<u>Total Employees</u>				<u>Hospitality Employees</u>			
	Citywide	South Beach	Middle Beach	North Beach	Citywide	South Beach	Middle Beach	North Beach
2006 Q4	44,716	28,759	10,930	5,028	17,366	12,440	3,337	1,589
2007 Q1	43,851	28,181	10,921	4,749	17,291	13,250	2,747	1,294
2007 Q2	43,248	27,866	10,698	4,684	16,955	13,050	2,673	1,232
2007 Q3	42,258	27,139	10,461	4,645	16,132	12,268	2,594	1,270
2007 Q4	44,062	28,583	10,849	4,629	16,494	12,589	2,650	1,255
2008 Q1	43,415	28,240	10,339	4,836	16,833	13,249	2,158	1,426
2008 Q2	43,137	27,713	10,670	4,753	16,878	13,272	2,151	1,455
2008 Q3	42,138	26,911	10,544	4,683	16,348	12,638	2,308	1,402
2008 Q4	46,517	29,473	12,336	4,708	19,049	14,083	3,602	1,364
2009 Q1	47,028	28,886	13,492	4,649	20,562	14,324	4,867	1,371
2009 Q2	46,563	28,671	13,231	4,661	20,409	14,329	4,679	1,401

FIGURE 7.18



HOSPITALITY DATA

- From October 1995 through March 2009 a total of \$15.146 billion³ was spent on hospitality in Miami Beach.
 - \$5.491 billion in food sales
 - \$2.850 billion in alcohol sales
 - \$6.805 billion in room sales
- The lion's share of Miami Beach's \$15.146 billion in hospitality sales—\$11.206 billion or 74%—occurred in South Beach⁴. The South Beach sales by component were:
 - \$4.354 billion in food sales
 - \$2.536 billion in alcohol sales
 - \$4.325 billion in room sales
- While about three-fifths (63%) of the total hotels rooms in Miami Beach are located in South Beach, a higher share of the hospitality spending (food, alcohol, and room sales) in the city occurs in South Beach:
 - 79% of food sales
 - 89% of alcohol sales
 - 74% of room sales

³ All dollar values are nominal and are not adjusted for inflation.

⁴ “South Beach” in this context refers to the geographic area of the city of Miami Beach between Government Cut and Dade Boulevard/23rd Street, rather than to the local or federal historic districts within that area. “Middle Beach” refers to the area of the city between Dade Boulevard and 63rd Street. “North Beach” refers to the area of the city north of 63rd Street.

FIGURE 7.19

**Hospitality Sales in Miami Beach
October 1995 to March 2009**

	North Beach		Middle Beach		South Beach		Total
Food Sales	\$305,532,590	5.56%	\$831,623,776	15.14%	\$4,354,044,082	79.29%	\$5,491,200,448
Alcohol Sales	\$59,296,547	2.08%	\$254,392,187	8.93%	\$2,536,415,195	88.99%	\$2,850,103,929
Room Sales	\$500,579,694	7.36%	\$1,978,845,254	29.08%	\$4,325,596,385	63.56%	\$6,805,021,333
Total	\$865,408,831	5.71%	\$3,064,861,217	20.24%	\$11,216,055,662	74.05%	\$15,146,325,710

FIGURE 7.20

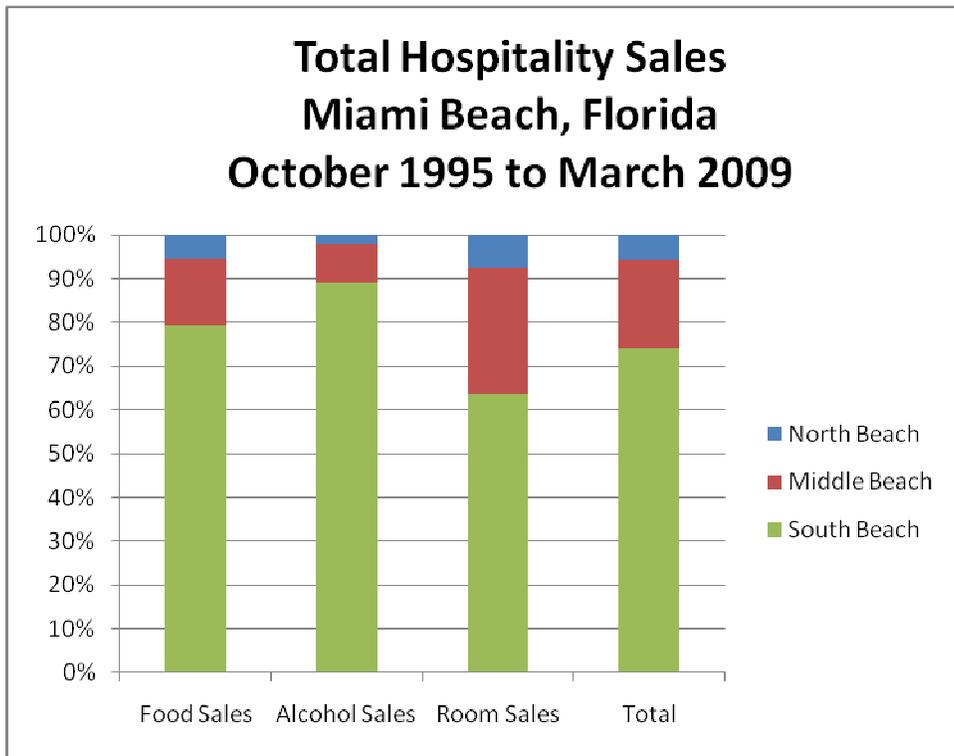


FIGURE 7.21

**Annual Hospitality Sales in Miami Beach
1996 to 2008**

Year	North Beach	Middle Beach	South Beach	Total
1996	\$40,911,075	\$186,412,313	\$348,198,173	\$575,521,561
1997	\$42,335,944	\$204,999,687	\$382,139,995	\$629,475,626
1998	\$34,771,220	\$224,945,061	\$426,728,574	\$686,444,855
1999	\$46,140,524	\$235,255,922	\$574,394,289	\$855,790,735
2000	\$51,464,765	\$244,211,367	\$661,777,975	\$957,454,107
2001	\$56,910,882	\$235,761,492	\$725,238,015	\$1,017,910,389
2002	\$51,944,225	\$193,036,230	\$701,675,756	\$946,656,211
2003	\$51,177,080	\$219,804,181	\$802,687,878	\$1,073,669,139
2004	\$72,881,607	\$232,869,769	\$982,119,590	\$1,287,870,966
2005	\$90,641,448	\$271,735,331	\$1,124,758,386	\$1,487,135,165
2006	\$95,236,323	\$220,792,863	\$1,285,188,473	\$1,601,217,659
2007	\$95,370,112	\$219,703,570	\$1,375,208,868	\$1,690,282,550
2008	\$97,550,013	\$237,354,291	\$1,356,565,688	\$1,691,469,992

FIGURE 7.22



FIGURE 7.23



FIGURE 7.24

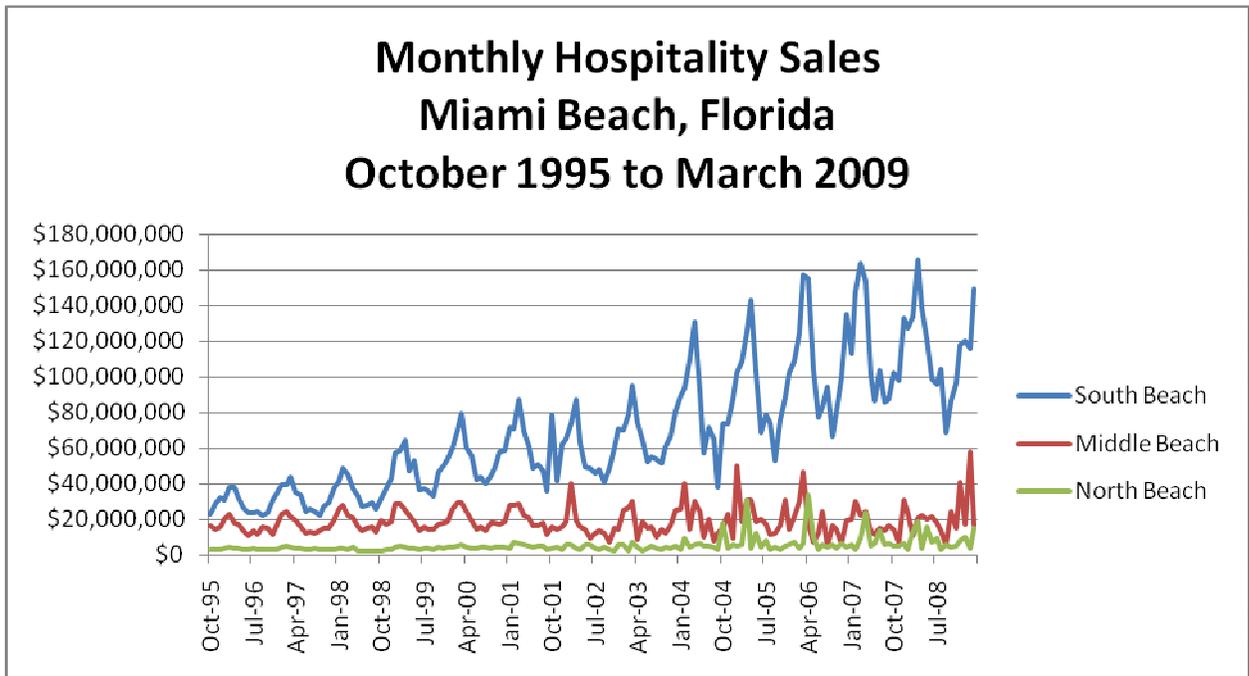


FIGURE 7.25

**Total Sales Tax Revenues from Hospitality Sales, Miami Beach, Florida
October 1995 to March 2009**

<u>Area</u>	<u>Room Tax Revenue</u>	<u>Food Tax Revenue</u>	<u>Alcohol Tax Revenue</u>	<u>Total Tax Revenue</u>
South Beach	\$562,327,530	\$391,863,967	\$228,277,368	\$1,182,468,865
Middle Beach	\$257,249,883	\$74,846,140	\$22,895,297	\$354,991,320
North Beach	\$65,075,360	\$27,497,933	\$5,336,689	\$97,909,983
Citywide	\$884,652,773	\$494,208,040	\$256,509,354	\$1,635,370,167

FIGURE 7.26



FIGURE 7.27

**Total Hospitality Sales Tax Revenues by Level of Government
Miami Beach, Florida
October 1995 to March 2009**

<u>Level of Government</u>	<u>Room Tax Revenue</u>	<u>Food Tax Revenue</u>	<u>Alcohol Tax Revenue</u>	<u>Total Tax Revenue</u>
State	\$408,301,280	\$329,472,027	\$171,006,236	\$908,779,543
County	\$272,200,853	\$54,912,004	\$28,501,039	\$355,613,897
City	\$204,150,640	\$109,824,009	\$57,002,079	\$370,976,728
State, County, and City	\$884,652,773	\$494,208,040	\$256,509,354	\$1,635,370,167

FIGURE 7.28

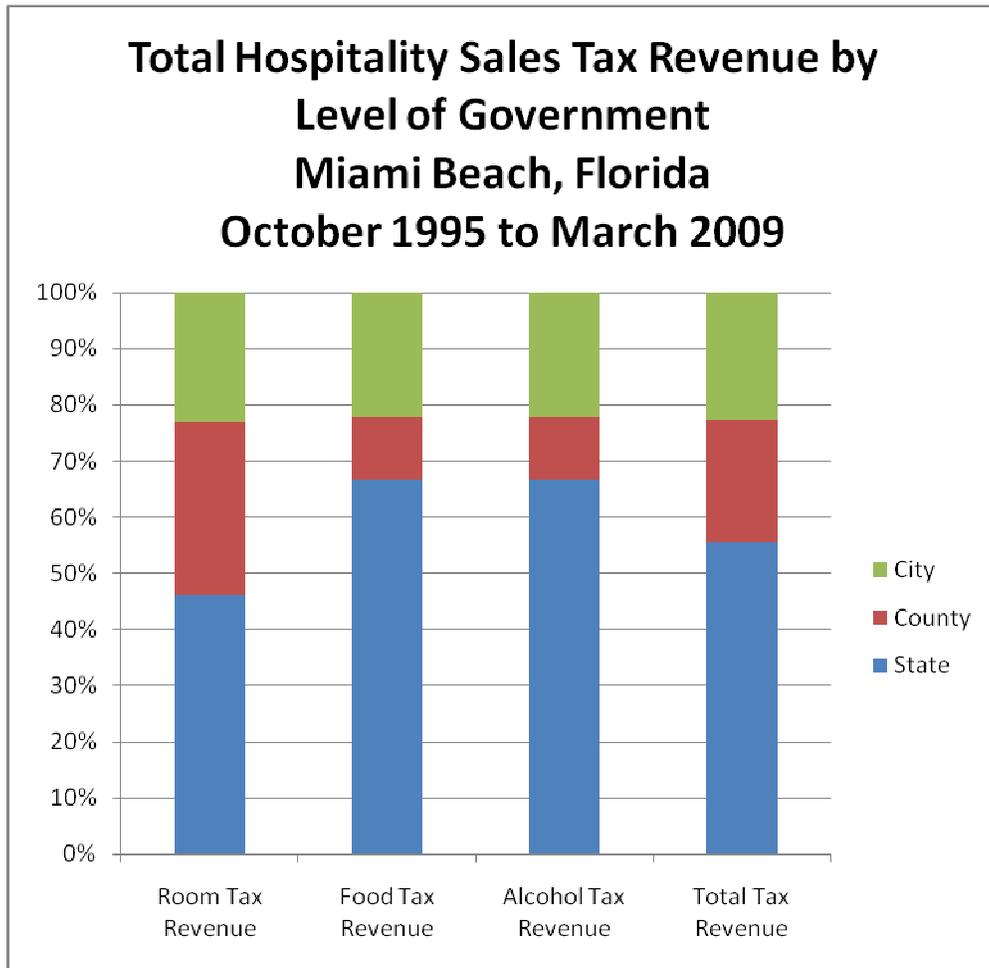


FIGURE 7.29



FIGURE 7.30

**Total Hospitality Sales Tax Revenue by Level of Government
South Beach Neighborhood of Miami Beach, Florida
October 1995 to March 2009**

<u>Level of Government</u>	<u>Room Tax Revenue</u>	<u>Food Tax Revenue</u>	<u>Alcohol Tax Revenue</u>	<u>Total Tax Revenue</u>
State	\$259,535,783	\$261,242,645	\$152,184,912	\$672,963,340
County	\$173,023,855	\$43,540,441	\$25,364,152	\$241,928,448
City	\$129,767,892	\$87,080,882	\$50,728,304	\$267,577,077
State, County, and City	\$562,327,530	\$391,863,967	\$228,277,368	\$1,182,468,865

FIGURE 7.31

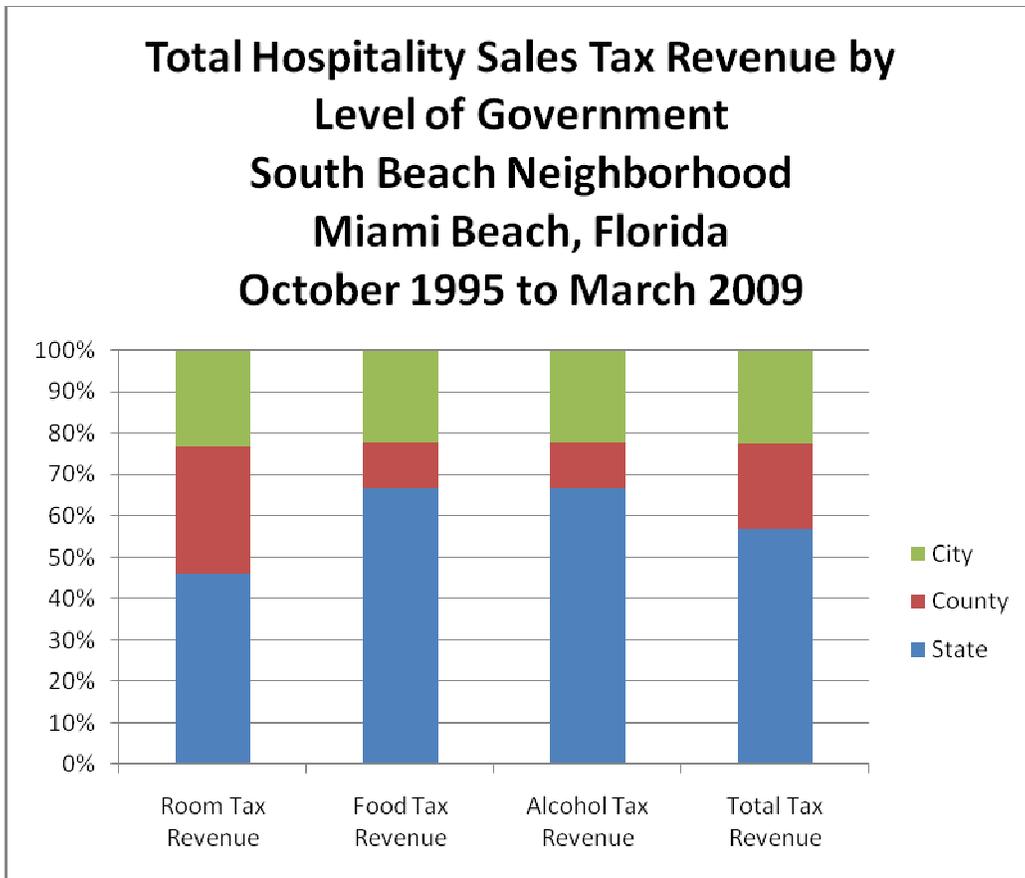


FIGURE 7.32

**Tax Base and Rates for Food Sales, Miami Beach, Florida
October 1995 to March 2009**

Area	Total Food Sales	Standard Sales Tax: State (6%)	Standard Sales Tax: County (1%)	Additional City Tax (2%)	Total Tax Revenue (9%)
South Beach	\$4,354,044,082	\$261,242,645	\$43,540,441	\$87,080,882	\$391,863,967
Middle Beach	\$831,623,776	\$49,897,427	\$8,316,238	\$16,632,476	\$74,846,140
North Beach	\$305,532,590	\$18,331,955	\$3,055,326	\$6,110,652	\$27,497,933
Citywide	\$5,491,200,448	\$329,472,027	\$54,912,004	\$109,824,009	\$494,208,040

FIGURE 7.33

**Tax Base and Rates for Alcohol Sales, Miami Beach, Florida
October 1995 to March 2009**

Area	Total Alcohol Sales	Standard Sales Tax: State (6%)	Standard Sales Tax: County (1%)	Additional City Tax (2%)	Total Tax Revenue (9%)
South Beach	\$2,536,415,195	\$152,184,912	\$25,364,152	\$50,728,304	\$228,277,368
Middle Beach	\$254,392,187	\$15,263,531	\$2,543,922	\$5,087,844	\$22,895,297
North Beach	\$59,296,547	\$3,557,793	\$592,965	\$1,185,931	\$5,336,689
Citywide	\$2,850,103,929	\$171,006,236	\$28,501,039	\$57,002,079	\$256,509,354

FIGURE 7.34

**Tax Base and Rates for Room Sales, Miami Beach, Florida
October 1995 to March 2009**

Area	Total Room Sales	Standard Sales Tax: State (6%)	Standard Sales Tax: County (1%)	Additional County Tax (3%)	Additional City Tax (3%)	Total Tax Revenue (13%)
South Beach	\$4,325,596,385	\$259,535,783	\$43,255,964	\$129,767,892	\$129,767,892	\$562,327,530
Middle Beach	\$1,978,845,254	\$118,730,715	\$19,788,453	\$59,365,358	\$59,365,358	\$257,249,883
North Beach	\$500,579,694	\$30,034,782	\$5,005,797	\$15,017,391	\$15,017,391	\$65,075,360
Citywide	\$6,805,021,333	\$408,301,280	\$68,050,213	\$204,150,640	\$204,150,640	\$884,652,773

CONSTRUCTION

- From Fiscal Year 1987/1988 to Fiscal Year 2008/2009:
 - About two-fifths (42%) of total construction (rehabilitation⁵ and new construction)—\$2.703 billion⁶ out of a citywide total of \$6.425 billion—effected in Miami Beach took place in the city’s historic districts⁷.
 - About three-fifths (59%) of total rehabilitation—\$1.347 billion out of \$2.292 billion total—took place in the historic districts.
 - About one-third (33%) of total new construction—\$1.356 billion out of \$4.133 billion total—took place in the historic districts.
 - About \$725 million of construction, including \$431 million of rehabilitation and \$293 million of new construction, was effected in the historic districts in South Beach⁸.

⁵ Called “alteration and remodeling” by the City of Miami Beach in its permit system.

⁶ All dollar values are nominal and are not adjusted for inflation.

⁷ Historic district boundaries are as of June 2010. There are 12 local historic districts in the City of Miami Beach, designated at various times between 1986 and 2009. Not all construction described here as being in an historic district was officially designated as such at the time the work took place.

⁸ There are six local historic districts in the geographical area of the city of Miami Beach known as South Beach, defined as the part of the city between Government Cut on the south and Dade Boulevard/23rd Street on the north. The districts, with their dates of initial designation, are: Espanola Way (1986), Ocean Drive/Collins Avenue (1986), Flamingo Park (1990), Museum (1990), Ocean Beach (1996), and Palm View (1999). All except Ocean Beach and Palm View are also part of the federal Miami Beach Architectural Historic District listed in the National Register of Historic Places. References to “South Beach” in these tables refer to the total area covered by the six local districts. District boundaries are as of June 2010.

FIGURE 7.35

**Spending on Construction in the City of Miami Beach, Florida
Fiscal Years 1987/1988 to 2008/2009**

	<u>Rehabilitation</u>		<u>New Construction</u>		<u>Total Construction</u>	
Total City	\$2,292,132,171	100.00%	\$4,133,430,740	100.00%	\$6,425,562,911	100.00%
Total Historic Districts in City	\$1,347,196,355	58.77%	\$1,356,019,196	32.81%	\$2,703,215,550	42.07%
Historic Districts in South Beach	\$431,113,488	18.81%	\$293,881,591	7.11%	\$724,995,079	11.28%

FIGURE 7.36

**Spending on Construction in the City of Miami Beach, Florida
Fiscal Years 1987/1988 to 1993/1994**

	<u>Rehabilitation</u>		<u>New Construction</u>		<u>Total Construction</u>	
Total City	\$199,411,355	100.00%	\$196,191,805	100.00%	\$395,603,160	100.00%
Total Historic Districts in City	\$61,290,539	30.74%	\$52,444,209	26.73%	\$113,734,748	28.75%
Historic Districts in South Beach	\$43,755,845	21.94%	\$14,980,809	7.64%	\$58,736,654	14.85%

FIGURE 7.37

**Spending on Construction in the City of Miami Beach, Florida
Fiscal Years 1994/1995 to 2000/2001**

	<u>Rehabilitation</u>		<u>New Construction</u>		<u>Total Construction</u>	
Total City	\$446,352,757	100.00%	\$1,024,221,272	100.00%	\$1,470,574,029	100.00%
Total Historic Districts in City	\$179,142,036	40.13%	\$305,090,178	29.79%	\$484,232,214	32.93%
Historic Districts in South Beach	\$122,185,207	27.37%	\$44,162,872	4.31%	\$166,348,079.00	11.31%

FIGURE 7.38

**Spending on Construction in the City of Miami Beach, Florida
Fiscal Years 2001/2002 to 2008/2009**

	<u>Rehabilitation</u>		<u>New Construction</u>		<u>Total</u>	
Total City	\$1,646,368,059	100.00%	\$2,913,017,663	100.00%	\$4,559,385,722	100.00%
Total Historic Districts in City	\$1,106,763,780	67.22%	\$998,484,809	34.28%	\$2,105,248,588	46.17%
Historic Districts in South Beach	\$265,172,436	16.11%	\$234,737,910	8.06%	\$499,910,345.83	10.96%

FEDERAL TAX CREDITS AND PROPERTY TAX INCENTIVES

- From 1987 through 2010, about \$212 million⁹ of investment financed by federal historic preservation tax credits¹⁰ was effected in South Beach¹¹. The total value of the credits was \$42 million. Another \$340 million of investment financed by historic preservation tax credits was effected in Middle Beach, \$322 million of which represents the 2009 renovation of the Fontainebleau Hotel, for a citywide total of \$552 million.
- Throughout the state of Florida from 1987 to 2010, federal historic preservation tax credits worth a total of \$184 million funded \$919 million in rehabilitation work. Of that, 60% was in Miami Beach, 23% in South Beach alone.
- From 1999 to 2007, about \$20 million worth of property in Miami Beach was covered by Dade County's ad valorem tax exemption for rehabilitation of historic properties¹². Of that, about \$14 million (70%) was in South Beach¹³.

⁹ All dollar figures are nominal and not adjusted for inflation.

¹⁰ The federal historic preservation tax credit program offers a dollar-for-dollar reduction in tax liability of 20% of the cost of rehabilitation of designated historic properties. To qualify, the property must be income-producing and the rehabilitation work must be done according to the Secretary of the Interior's Standards for Historic Preservation.

¹¹ "South Beach" in this context refers to both the geographic area of the city of Miami Beach south of Dade Boulevard and the portion of that area included in a designated historic district. These are not identical areas, but all of the properties for which tax credits were used are located in designated historic districts. Sixty-one percent of the land and eighty-three percent of the buildings in geographic South Beach are in local historic districts.

¹² Miami-Dade County offers a ten-year freeze of the assessed value of an historic property that is rehabilitated. The property must be residential rather than income producing (i.e., not eligible for the federal historic preservation tax credit). The effect of the freeze is to eliminate any property tax liability for an increase in the value of the property as a result of the rehabilitation work. The values reported here are for the frozen assessed value and thus do not reflect the true market value of the properties.

¹³ In this context "South Beach" again refers to both the geographic area and the historic districts within it, as all of the properties in geographic South Beach using the exemption are in local historic districts.

FIGURE 7.39

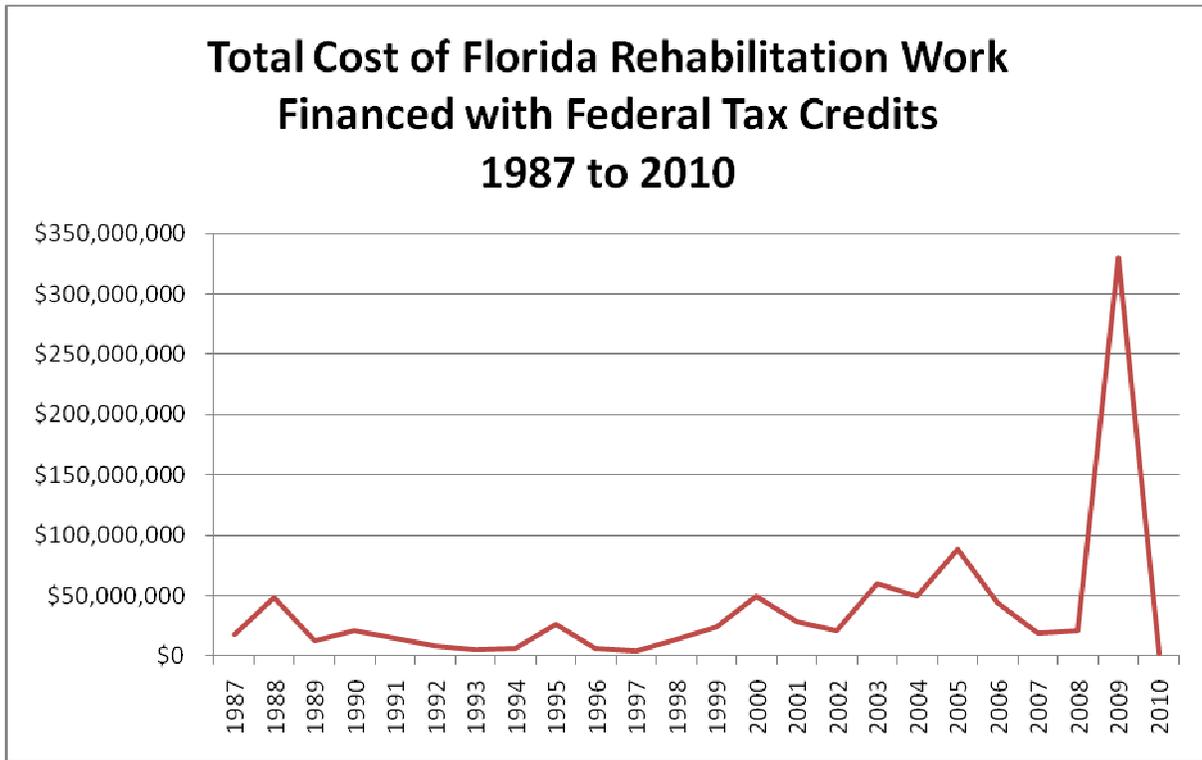


FIGURE 7.40

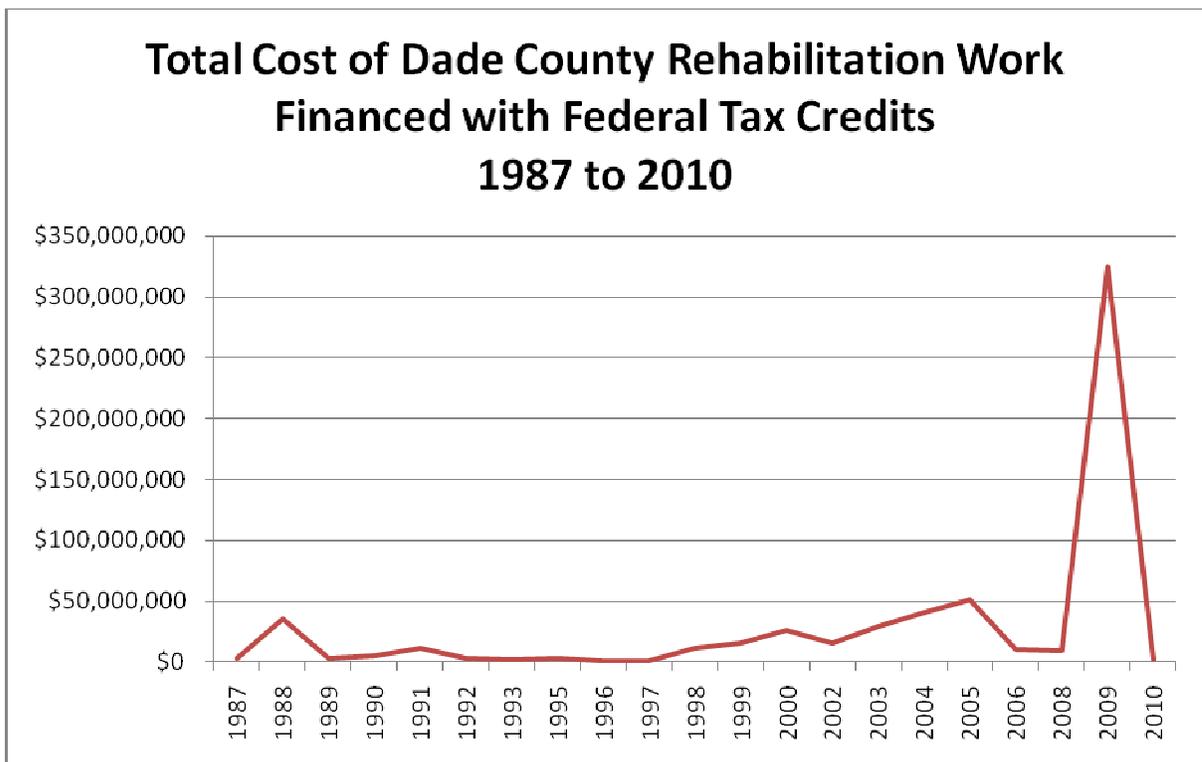


FIGURE 7.41

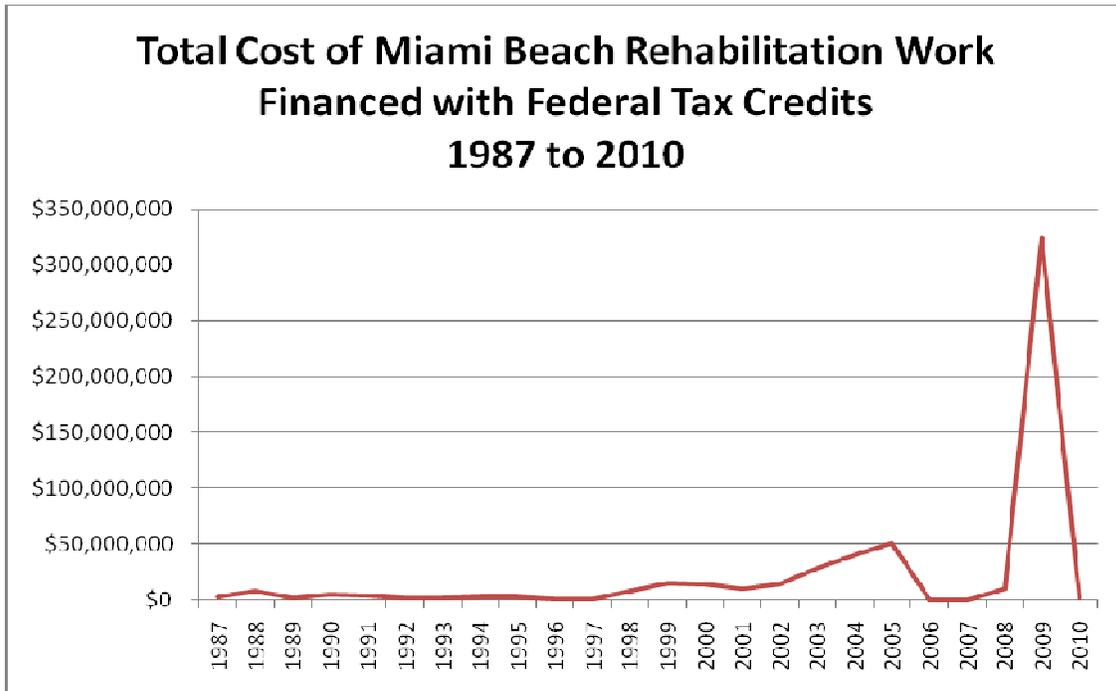


FIGURE 7.42

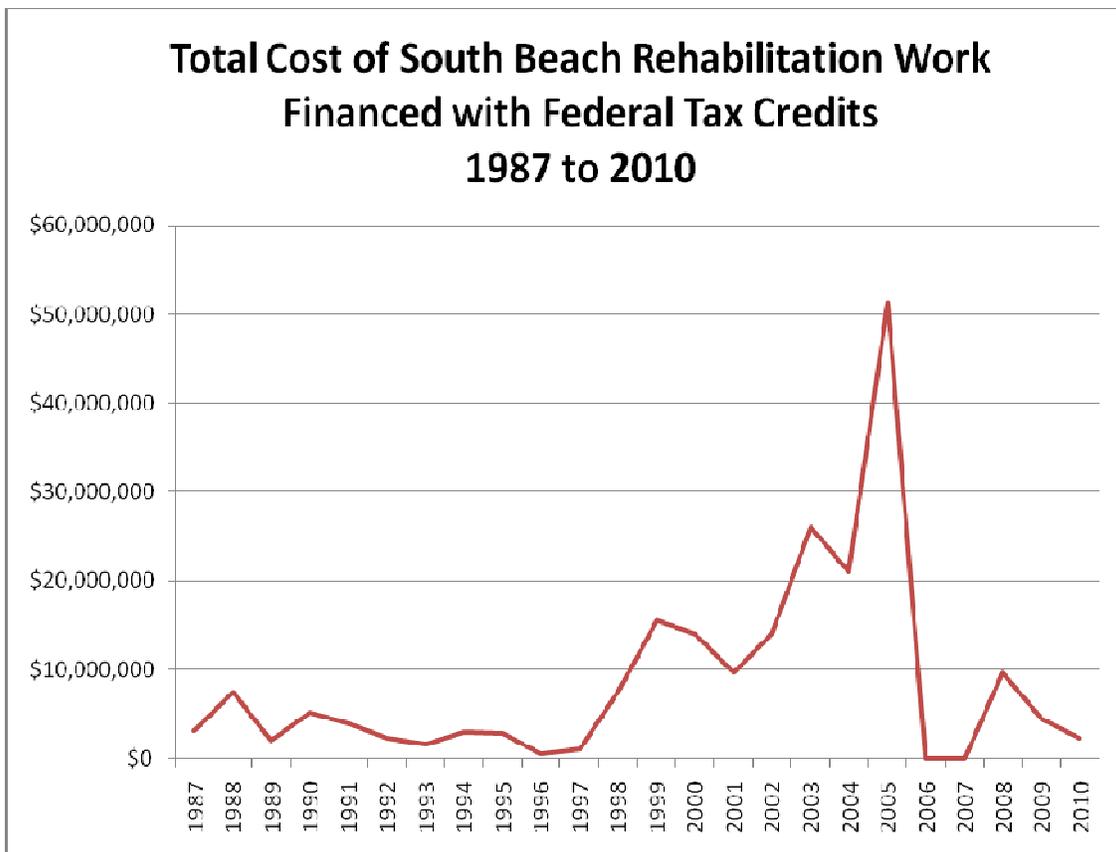


FIGURE 7.43

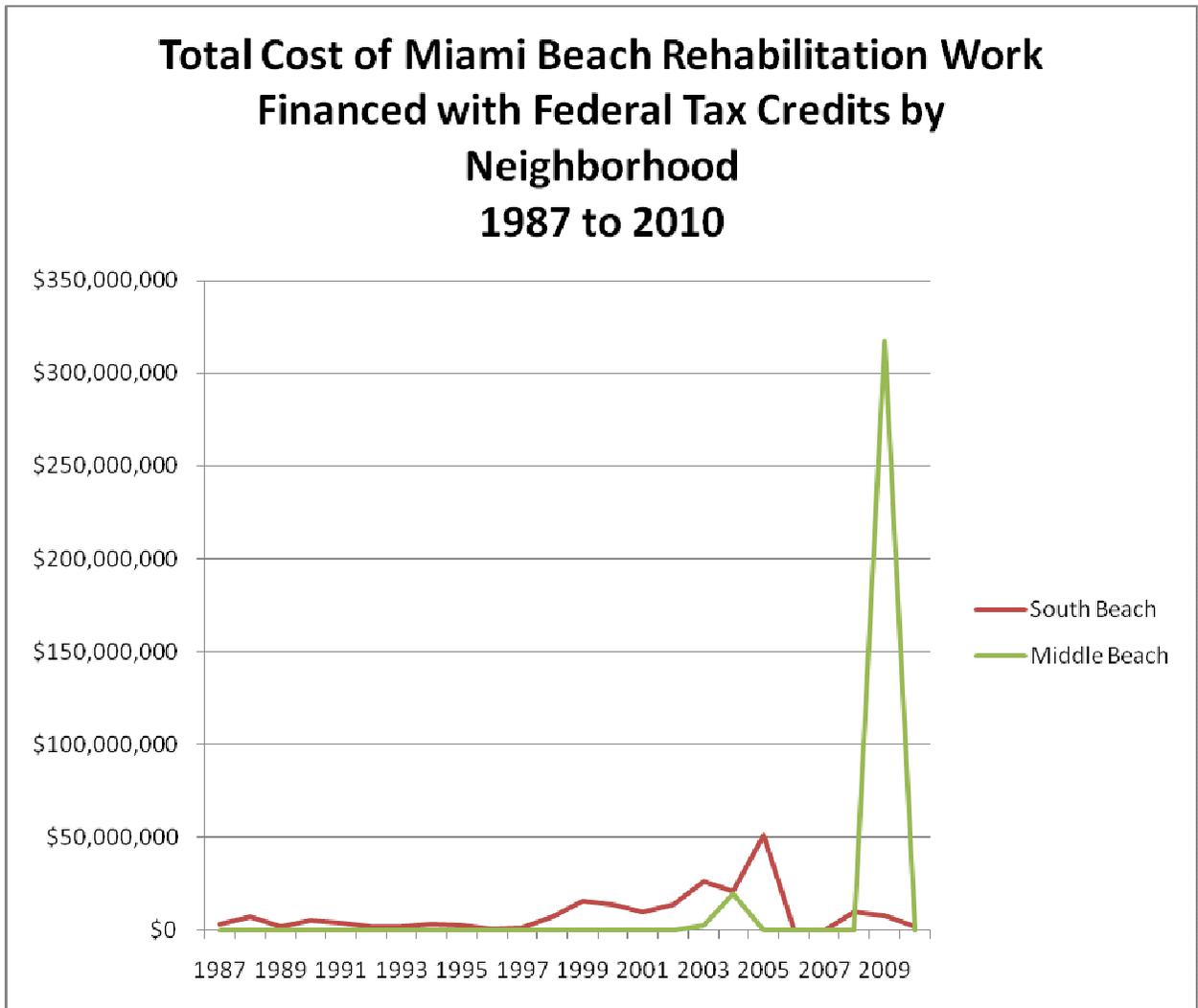


FIGURE 7.44

**Total Cost of South Beach Rehabilitation Work
Financed with Federal Tax Credits
1987 to 2010**

<u>Year</u>	<u>Total Cost</u>	<u>Value of Tax Credits</u>
1987	\$3,146,000	\$629,200
1988	\$7,479,484	\$1,495,897
1989	\$2,056,259	\$411,252
1990	\$5,199,000	\$1,039,800
1991	\$3,883,000	\$776,600
1992	\$2,207,115	\$441,423
1993	\$1,620,827	\$324,165
1994	\$2,935,659	\$587,132
1995	\$2,843,000	\$568,600
1996	\$525,421	\$105,084
1997	\$1,050,000	\$210,000
1998	\$7,460,000	\$1,492,000
1999	\$15,462,693	\$3,092,539
2000	\$14,000,000	\$2,800,000
2001	\$9,635,055	\$1,927,011
2002	\$13,950,000	\$2,790,000
2003	\$25,997,883	\$5,199,577
2004	\$21,025,000	\$4,205,000
2005	\$51,253,871	\$10,250,774
2006	\$0	\$0
2007	\$0	\$0
2008	\$9,700,000	\$1,940,000
2009	\$7,965,000	\$1,593,000
2010	\$2,260,000	\$452,000
Total	\$211,655,267	\$42,331,053

FIGURE 7.45

**Total Cost of Miami Beach Rehabilitation Work
Financed with Federal Tax Credits
1987 to 2010**

<u>Year</u>	<u>Total Cost</u>	<u>Value of Tax Credits</u>
1987	\$3,146,000	\$629,200
1988	\$7,479,484	\$1,495,897
1989	\$2,056,259	\$411,252
1990	\$5,199,000	\$1,039,800
1991	\$3,883,000	\$776,600
1992	\$2,207,115	\$441,423
1993	\$1,620,827	\$324,165
1994	\$2,935,659	\$587,132
1995	\$2,843,000	\$568,600
1996	\$525,421	\$105,084
1997	\$1,050,000	\$210,000
1998	\$7,460,000	\$1,492,000
1999	\$15,462,693	\$3,092,539
2000	\$14,000,000	\$2,800,000
2001	\$9,635,055	\$1,927,011
2002	\$13,950,000	\$2,790,000
2003	\$28,825,907	\$5,765,181
2004	\$41,025,000	\$8,205,000
2005	\$51,253,871	\$10,250,774
2006	\$0	\$0
2007	\$0	\$0
2008	\$9,700,000	\$1,940,000
2009	\$325,067,677	\$65,013,535
2010	\$2,260,000	\$452,000
Total	\$551,585,968	\$110,317,194

FIGURE 7.46

**Total Cost of Dade County Rehabilitation Work
Financed with Federal Tax Credits
1987 to 2010**

<u>Year</u>	<u>Total Cost</u>	<u>Value of Tax Credits</u>
1987	\$3,146,000	\$629,200
1988	\$35,728,324	\$7,145,665
1989	\$3,074,201	\$614,840
1990	\$5,199,000	\$1,039,800
1991	\$11,247,502	\$2,249,500
1992	\$3,296,110	\$659,222
1993	\$1,620,827	\$324,165
1994	\$2,935,659	\$587,132
1995	\$2,843,000	\$568,600
1996	\$525,421	\$105,084
1997	\$1,050,000	\$210,000
1998	\$11,810,000	\$2,362,000
1999	\$15,462,693	\$3,092,539
2000	\$25,592,495	\$5,118,499
2001	\$13,902,822	\$2,780,564
2002	\$16,068,558	\$3,213,712
2003	\$28,825,907	\$5,765,181
2004	\$41,025,000	\$8,205,000
2005	\$51,253,871	\$10,250,774
2006	\$10,000,000	\$2,000,000
2007	\$7,072,941	\$1,414,588
2008	\$9,700,000	\$1,940,000
2009	\$325,067,677	\$65,013,535
2010	\$2,260,000	\$452,000
Total	\$628,708,008	\$125,741,602

FIGURE 7.47

**Total Cost of Florida Rehabilitation Work Financed
with Federal Tax Credits
1987 to 2010**

<u>Year</u>	<u>Total Cost</u>	<u>Value of Tax Credits</u>
1987	\$17,489,627	\$3,497,925
1988	\$48,500,446	\$9,700,089
1989	\$12,721,287	\$2,544,257
1990	\$21,208,389	\$4,241,678
1991	\$14,089,342	\$2,817,868
1992	\$8,232,005	\$1,646,401
1993	\$4,868,506	\$973,701
1994	\$5,784,670	\$1,156,934
1995	\$25,909,385	\$5,181,877
1996	\$6,001,204	\$1,200,241
1997	\$4,491,018	\$898,204
1998	\$13,047,500	\$2,609,500
1999	\$23,791,327	\$4,758,265
2000	\$49,674,539	\$9,934,908
2001	\$28,640,078	\$5,728,016
2002	\$20,667,214	\$4,133,443
2003	\$59,748,042	\$11,949,608
2004	\$49,414,337	\$9,882,867
2005	\$88,473,309	\$17,694,662
2006	\$44,253,113	\$8,850,623
2007	\$18,395,685	\$3,679,137
2008	\$20,830,009	\$4,166,002
2009	\$330,552,399	\$66,110,480
2010	\$2,260,000	\$452,000
Total	\$919,043,431	\$183,808,686

FIGURE 7.48

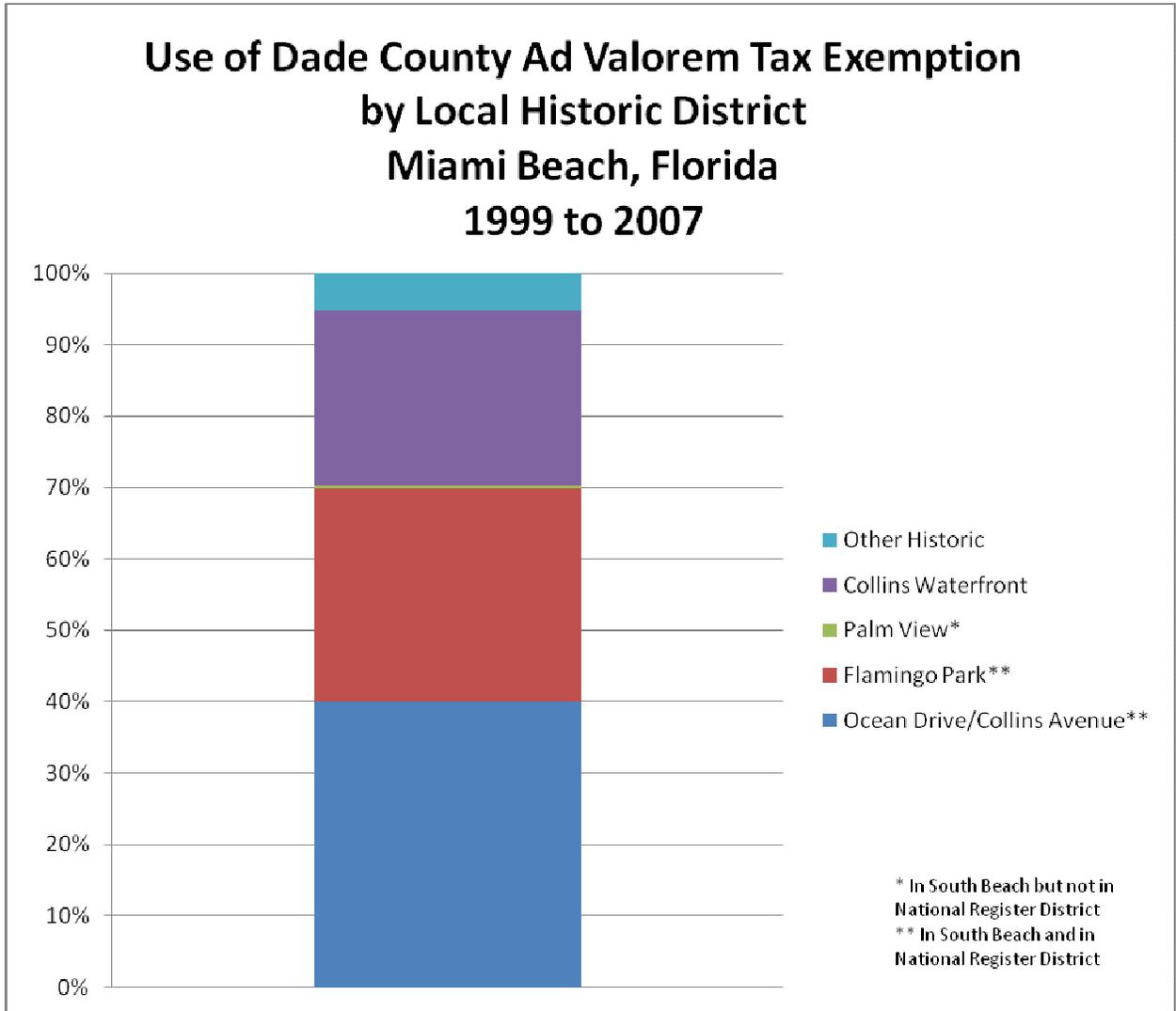


FIGURE 7.49

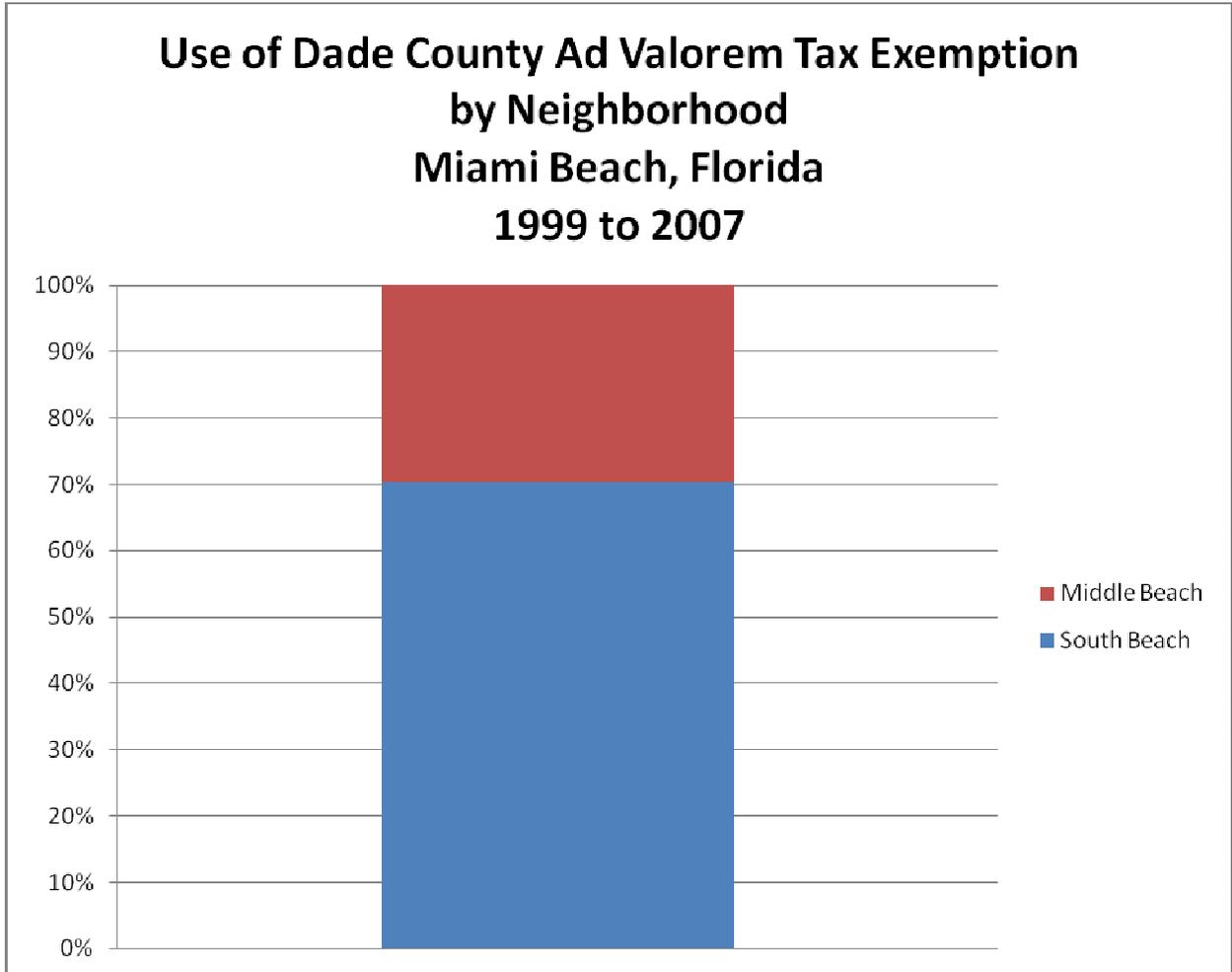


FIGURE 7.50

**Value of Property Covered by Dade County Ad Valorem Tax Exemption by Local Historic District
Miami Beach, Florida
1999 to 2007**

<u>Local Historic District</u>	<u>Total Value of Property Using Exemption</u>	<u>Percent</u>
<i>Ocean Drive/Collins Avenue</i>	\$8,035,815	40.07%
<i>Flamingo Park</i>	\$5,952,680	29.68%
<i>Palm View</i>	\$108,192	0.54%
Collins Waterfront	\$4,905,988	24.47%
Other Historic	\$1,050,172	5.24%
Citywide	\$20,052,847	100.00%

Note: Districts in *italics* are geographically in South Beach; districts in ***bold italics*** are in the federal Miami Beach Architectural Historic District, listed in the National Register of Historic Places.

SOURCES

- City of Miami Beach. 1986. Espanola Way Historic Preservation District Designation Report. Miami Beach: Planning Department.
- City of Miami Beach. 1990. Flamingo Historic Preservation District Designation Report. Miami Beach: Planning and Zoning Department.
- City of Miami Beach. 1992. Flamingo Park Historic District Expanded District Designation Report. Miami Beach: Department of Historic Preservation and Urban Design.
- City of Miami Beach. 1995. Ocean Beach Historic District Designation Report. Miami Beach: Planning, Design and Historic Preservation Division.
- City of Miami Beach. 1999. Palm View Historic District Designation Report. Miami Beach: Planning Department.
- City of Miami Beach. 2000. Collins Waterfront Historic District Designation Report. Miami Beach: Planning Department.
- City of Miami Beach. 2002. Miami Beach Market Study. Miami Beach: Economic Development Department.
- City of Miami Beach. 2008. Flamingo Park Historic District Westward Expansion Designation Report. Miami Beach: Planning Department.
- Donnelly, Jeff. 2005. The Art Deco District of Miami Beach: What Really Happened? Presented at the Annual Meeting of the American Studies Association, Washington, DC.
- Liebman, Nancy. 1997. Miami Beach: A History of Boom to Bust to Boom. Available online at <http://www.p2pays.org/ref/19/18210.htm>, accessed June 9, 2010.
- Pristin, Terry. 2010. A SoHo Visionary Makes an Artsy Bet in Miami. *New York Times*, March 31, page B6.
- Rothman, Paul A., ed. 1982. Miami Beach Art Deco: Time Future. Miami Beach: Community Action and Research, Inc.
- Stofik, M. Barron. 1995. *Saving South Beach*. Gainesville: University Press.