

MIAMI BEACH

COMMITTEE MEMORANDUM

TO: Finance and Economic Resiliency Committee Members

FROM: Eric Carpenter, City Manager

DATE: May 7, 2025

TITLE: DISCUSS POSSIBLE ECONOMIC INCENTIVES TO ATTRACT MORE BUSINESSES TO THE CITY AND EXPAND EXISTING PROGRAMS.

RECOMMENDATION

The Administration recommends that discussion on methods of attracting businesses and expanding existing incentive programs remain open and included in the Economic Development Quarterly Report to FERC, to update FERC on efforts, challenges, accomplishments, revisions, and recommendation to discontinue.

BACKGROUND/HISTORY

On February 3, 2025, the Mayor and City Commission referred a discussion to the Finance and Economic Resiliency Committee (FERC) on possible economic incentives to attract more businesses to the city and expand existing programs.

The referral highlighted how Miami Beach has been and is actively attracting new businesses by creating a business-friendly environment and how the Administration continues to work on how to streamline permitting processes, create and offer new inventive and practical incentives, invest in infrastructure, and develop a skilled workforce. The Administration is developing housing opportunities and exploring how to do more, promoting the City's unique amenities, history, character, and reputation; and engaging with entrepreneurs, startups, and businesses of all sizes and shapes to share and embed the benefits of operating in Miami Beach's emerging economy. Is the City doing enough?

Attracting and retaining businesses is a constant exploration of best practices. What key strategies, regulatory barriers, incentives, development, marketing, outreach, partnerships, policies, and/or communications can the Administration consider, boost, alter, influence to enhance the appeal of Miami Beach as a best in choice city to start and/or expand a business? What are other cities doing? What are the best practices?

ANALYSIS

Miami Beach offers unique opportunities for businesses to thrive, with lower operating costs, and a strong sense of community. However, attracting businesses can be a challenge, even when the programs, practices, procedures, and intentions are deployed.

In 2025, there are a number of factors that make a city business-friendly including, but not limited to:

- **Access to Venture Capital and Funding Opportunities** – startups are looking for cities with strong finance ecosystems – where venture capital companies live, and local grants.
- **Business Climate and Tax Policies** – businesses are looking for lower costs, which means more cash to grow the business and where the city is pro-business.

- **Quality of Life and Talent Pool** – entrepreneurs want affordable rents and workers want a good life. Businesses are looking for tech-savvy workforce (recent college grads), affordable living, and life with bike trails, coffee shops, and art scene. A happy team builds better businesses, and lifestyle perks keep them around.

Most successful municipal business attractions and retention incentive programs include tax breaks, grants, and streamlined processes.

As a best practice, Miami Beach created incentives and programs that offer:

- Financial assistance including grants.
- Streamline permitting and zoning processes and business-friendly regulations that reduce the time and effort required to open and/or expand and create a predictable regulatory environment and reduces burdens.
- Infrastructure improvements such as public transportation that can improve accessibility and reduce transportation costs.
- Talent development that includes collaborating with local educational institutions to develop a skilled workforce or quality of life that attracts the talent businesses require.
- Support services that offer mentoring, networking, capacity building, and access to resources.

Though Miami Beach does not provide tax incentives (property tax breaks, sales tax exemptions, and/or tax credits), we continue to attract the interest of new and existing businesses, looking to expand where they have access to resources that reduce their costs and increase their profitability.

Miami Beach is a best-in-class business community. We are more than beaches and parties. Our proximity to Latin America is perfect for businesses looking at global markets, with access to millions of global consumers including Brazil, Argentina, and Mexico. Our no state income tax is an enormous plus for entrepreneurs. The money they save can be invested back into their company instead of the tax collector, which also attracts venture funding. Miami Beach is unique, which is why companies like SoftBank and eMerge Americas are actively investing in the areas. The possibilities abound in Miami Beach, yet we still, like most cities, have challenges.

The Administration, via the Economic Development Department, currently administers a number of programs individually and collaboratively with other City departments, to encourage businesses to start and/or expand their business, and to maintain a business in Miami Beach.

Business Attraction Programs:

Commercial Lease Subsidy (CLS) Pilot Program – a reimbursement-based incentive grant designed to enhance the retail character of the Art Deco Cultural District by reimbursing a portion of eligible leasing-related expenses, such as rent, mortgage fees, insurance, and real estate taxes.

- *Advantage:* The program offers a change of use in a neighborhood saturated by nonconforming use businesses.
- *Challenge:* The program only had three applicants within the last year.
- *Recommendation:* Continue with the program. Awareness about the program is building and we expect more applicants in the future.

Expedited Plan Review and Permitting Incentive Program – aims to streamline the permitting process for, financial services and technology businesses new to market or moving headquarters, by offering faster review and approval times for Building Permits applicable to office developments and renovations.

- *Advantage:* Businesses save time and money, making projects more feasible and the community more business friendly.
- *Challenge:* There is a potential for delays if all permit requirements are not met.
- *Recommendation:* Continue with this program as it is popular.

Film Production Incentive Grant – awards grants annually to feature films, music videos, television shows, commercials, documentaries, short films and web series.

- *Advantage:* The grants lower the cost of production, makes Miami Beach more attractive to filmmakers, leads to increased competition for locations and talent; brings revenue through spending on goods, services, and labor; creates jobs - directly – on set, and indirectly – in hotels, restaurants, etc.
- *Challenge:* The limited funding may not attract large projects.
- *Recommendation:* Increase funding to attract independent filmmakers.

Job Creation Incentive Program – a grant-based system designed to encourage businesses to move or expand business in Miami Beach and create new high-wage jobs and stimulate economic growth. Supports businesses creating at least 10 new full-time jobs within 3-4 years, with wages 125% above local or state averages.

- *Advantage:* The program stimulates job growth and reduces unemployment rates; reduces the tax burden of a business and frees up cash flow for other investments or operations, targets financial services and technology companies, and retains existing jobs by reducing the cost burden on businesses, preventing layoffs, and keeping wages competitive.
- *Challenge:* The incentive is not the primary drivers for relocation and expansion. Wages, utilities, and transportation play a larger role.
- *Recommendation:* Reduce funding, increase promotion, and use excess funding to provide up to 90 days of financial assistance for startup businesses waiting for Business Tax Receipts (BTR's,) which can include rent.

Parking Incentive Program – a grant program for new-to-market or existing expanding technology, financial services, hospitality, or health/wellness industries with a physical location within the City. Eligible businesses are provided a reimbursement-based financial incentive for the dollar value associated with the cost of up to twenty (20) parking access cards, at current City rates.

- *Advantage:* The program reduces parking demand and costs for employers, attracts and retains talent, and enhances employee morale and productivity.
- *Challenge:* There is low interest in the program.
- *Recommendation:* Continue the program with enhanced promotion.

Pop-Up Venue Permit – temporary business permits that allows the activation of a vacant retail space for up to nine (9) months while pursuing a BTR.

- *Advantage:* The permit creates the opportunity to operate, attract customers, generate sales, and embed awareness, while waiting for non-life safety permits.
- *Challenge:* Requires long-term planning and investment.
- *Recommendation:* Continue the program and enhance promotion and marketing.

Vacant Storefront Cover Program - offers preapproved designs and assistance to temporarily beautify vacant storefront windows and doors to promote available or underutilized tenant spaces and improve the appearance of commercial corridors.

- *Advantage:* The program promotes available or underutilized rental opportunities, improves aesthetics and deters vandalism.
- *Challenge:* Cost of installation, potential for the covers to become a blight themselves if not well-maintained, does not address the underlying issues of vacancy.
- *Recommendation:* Continue the program with updated images.

Business Retention Programs:

Art Deco Painting Incentive Program – a matching grant program, of up to \$20,000, to historic buildings for pastel-themed exterior makeovers that embody the vibrant Art Deco style. With \$88,000 in funding, the program, in collaboration with designer Barbara Hulanicki, aspires property owners to revamp at least four (4) properties in the Art Deco Cultural District.

- *Advantage:* The program has just launched and has attracted 10 applicants.
- *Challenge:* There are more applicants than funding.
- *Recommendation:* Continue, the results are at least a year out, but the potential is great.

Façade Improvement Grant Program – a matching grant incentive program, of up to \$20,000, designed to encourage property owners, business and residential, to enhance the exterior appearance of their residential and/or commercial buildings/storefronts.

- *Advantage:* Helps residents, small businesses and commercial property owners beautify their building's exterior and storefronts, and enhances the aesthetics and curb appeal, economic vitality, and preservation of architecture, leading to a more vibrant and attractive neighborhood.
- *Challenge:* The program requires upfront funding from applicants before reimbursement, which can be a barrier for some businesses, and the potential for projects to focus on superficial changes rather than addressing underlying issues.
- *Recommendation:* Continue with enhanced marketing and promotion to increase awareness of the program, specifically to residential owners. Similar to the Vacant Storefront Cover Program, consider offering suggested commercial façade designs to enhance streetscape.

Small Business Grant Program – a matching grant providing eligible businesses with up to \$5,000 in reimbursable funding for business improvements, security upgrades, employee training, and other approved expenses.

- *Advantage:* Serves as a bridge for local businesses by providing resources that might otherwise be difficult to access during the slower summer season.
- *Challenge:* The grant is small but great for businesses in need with limited funding.
- *Recommendation:* Popular new program; adopt the Miami-Dade County model and offer the small grants annually.

Small Business Incubator and Accelerator Program – designed to support and accelerate the growth of startups businesses, with incubators focused on nurturing early-stage businesses and accelerators on scaling more established businesses. The goal is to create an environment where startups can accelerate their growth, refine their business strategies, and increase their chances of long-term success in the competitive market.

- *Advantage:* Provides mentorship, access to resources, funding opportunities, and networking, which can significantly boost a startup's chances of success and rapid growth.
- *Challenge:* Programs can offer valuable support, they also come with potential drawbacks, including equity dilution, pressure to scale quickly, and limited customization, which might not suit all startups. Unstructured nature of incubators can make it harder for some startups to stay focused and move forward and lack of immediate funding and/or access to high-profile investors.
- *Recommendation:* Continue plans to launch in 2025 because Miami Beach does not have an incubator/accelerator program nor pitch training for entrepreneurs and startups. The program will likely be a gamechanger for next generation businesses on Miami Beach.

Most cities use a variety of tax incentives to attract businesses. Best practice research reveals there are a number of non-tax incentives that may have traction. Miami Beach can leverage and combine these examples, with our unique location, lifestyle, and business-friendly environment to attract companies, and develop new incentives such as:

- Cash Grants that directly financially support businesses investing in Miami Beach.
 - *Tenant Lease Surety/Rent Subsidy Program* – attract new businesses and reduce storefront vacancies, and reduce the risk of developing/constructing speculative commercial space by providing rent subsidies of up to ten percent (10%) of a business's monthly rent for up to twelve (12) months during the first 18 months of operation, during a multi-year lease term. For restaurants/retail/high-tech/creative arts.
- Low-Interest or Forgivable Loans in collaboration with the Dade County Federal Credit Union (RISE Fund) – a program designed to provide quick and accessible working capital to micro and small businesses in Miami-Dade County.
- Create a one-time *Microgrant Program* with up to \$10,000 to seed entrepreneurship and small business creation in Business Improvement Districts or the North Beach CRA.
- Relocation grants to support the cost of moving headquarters or key offices.
- R&D Grants to support fintech innovation, cybersecurity advancement, or AI-driven financial services.
- Market Miami Beach as an innovation-friendly city with desirable lifestyle for tech and financial services professionals and feature new companies in city branding campaigns.
- Host major financial and technology conferences to increase visibility and attract global talent.
- Partner with investors and accelerators to prove funding opportunities.
- Host a *Find A Site* or *Find A Broker* site where businesses can find view available commercial properties.

Next Steps

To increase the number of economic incentives and attract more businesses, the Administration is committed to take a strategic approach and leverage our unique assets, strengthen public-private partnerships, adopt forward-thinking policies, expand and customize our incentives to target specific industries, create and expand grant programs by leveraging stakeholders and community partners, invest in business infrastructure and real estate incentives, streamline business and regulatory processes, and promote Miami Beach as a business-friendly destination.

FISCAL IMPACT STATEMENT

The fiscal impact of Miami Beach's business incentives depends on the structure and scale of the programs implemented. While incentives can stimulate economic growth, they also come with short-term costs that need to be evaluated against long-term benefits.

- ☐ Well-structured incentives can drive economic growth, but they must be carefully managed to avoid fiscal losses.
- ☐ Miami Beach should continue to prioritize high-growth industries (tech, fintech, sustainability) with clear performance benchmarks.
- ☐ Regular impact assessments should continue to ensure that incentives generate a net positive fiscal effect.

Does this Ordinance require a Business Impact Estimate? (FOR ORDINANCES ONLY)

The Business Impact Estimate (BIE) was published on .

See BIE at: <https://www.miamibeachfl.gov/city-hall/city-clerk/meeting-notices/>

FINANCIAL INFORMATION

TBD

CONCLUSION

The Administration recommends discussion on the methods of attracting businesses and expanding existing incentive programs remain open and included in the Economic Development Quarterly Report to FERC, to update FERC on efforts, challenges, accomplishments, revisions, and recommendation to discontinue.

Applicable Area

Citywide

Is this a "Residents Right to Know" item, pursuant to City Code Section 2-17?

No

Is this item related to a G.O. Bond Project?

No

Was this Agenda Item initially requested by a lobbyist which, as defined in Code Sec. 2-481, includes a principal engaged in lobbying? No

If so, specify the name of lobbyist(s) and principal(s):

Department

Economic Development

Sponsor(s)

Mayor Steven Meiner

Co-sponsor(s)

Commissioner Laura Dominguez

Condensed Title

ECONOMIC INCENTIVES TO ATTRACT BUSINESSES / EXPAND EXISTING PROGRAMS.