

**CITY OF HOLLYWOOD, FLORIDA
DEPARTMENT OF DEVELOPMENT SERVICES
DIVISION OF PLANNING AND URBAN DESIGN**

DATE: June 14, 2022 **FILE:** 19-T-66a

TO: Planning and Development Board/Local Planning Agency

FROM: Leslie A. Del Monte, Planning Manager

SUBJECT: Text Amendment to the Zoning and Land Development Regulations regarding the incentive program for the Opportunity Zone.

REQUEST

Text Amendment to the Zoning and Land Development Regulations to extend the incentive program for the Opportunity Zone to include sites or portions of sites along the Federal Highway and Dixie Highway/21 Avenue corridors.

RECOMMENDATION

Forward a *recommendation* of Approval to the City Commission.

BACKGROUND

Opportunity Zones were created across the country through the passage of the 2017 Federal Tax Cuts and Jobs Act with Governors in each state able to designate 25 percent of the qualifying census tracts as Opportunity Zones to incentivize investment in these economically distressed areas. Two census tracts in Hollywood (12011080500 and 12011091801), were designated Opportunity Zones and investments in these areas receive preferential tax treatment under the U.S. Tax Cuts and Jobs Act of 2017. Through investing capital gains in a qualified Opportunity Fund, an investment vehicle organized to make investments in Opportunity Zones, investors can defer federal taxes on that gain until no later than December 31, 2026. Those who hold the investment in the Qualified Opportunity for 7 years will receive a 15 percent step up in basis reducing their tax liability; and those who hold the investment for 5 years will receive a 10 percent step up in basis which allows taxpayers to exclude up to 15 percent of the value of their reinvested capital gains from their taxable income, decreasing their tax liability when they sell or can no longer defer taxation. To take full advantage of the tax incentives offered by investing in an Opportunity Zone, a taxpayer would have to invest funds no later than December 31, 2021; and

Currently, 17 federal agencies have developed 132 different actions to further enhance the Opportunity Zone program and have encouraged state and local governments to consider doing the same. Similarly, the City seeks to maximize the benefit of this federal tax incentive to encourage investment that will expand the tax base, create jobs, and revitalize economically challenged areas.

At the November 14, 2019 Planning and Development Board meeting, the Planning and Development Board acting as the Local Planning Agency recommended approval to the City Commission to create an incentive program for the Opportunity Zone within the downtown core. On December 4, 2019, the City Commission passed and adopted O-2019-28, establishing the Downtown Core Opportunity Zone Incentive. For the purposes of this regulation, the Downtown Core shall be defined as the area generally located south of Polk Street, north of Van Buren Street, east of 21st Avenue, and west of 17th Avenue.

REQUEST

Capitalizing on the unique incentive through the opportunity zone existing framework and continued evaluation of the Downtown Core Opportunity Zone Incentive, Staff has identified that extending the Downtown Core Opportunity Zone Incentive’s geographical area to include sites or portions of sites along the major mixed-use corridors, Federal Highway and Dixie Highway/21st Avenue, would further encourage and focus catalytic redevelopment opportunities in the most appropriate areas. The parameters below already in place create the desired incentive, while also ensuring the vision established by the regulatory framework remains balanced:

- **Buildable Area Bonus.** The buildable area bonus will be generated by allowing developments to base the Floor Area Ratio (FAR) calculation on *gross lot area*, rather than *net lot area*.
- **Geographic Location.** While the Opportunity Zone area is larger—to maximize the potential of the bonus—the program focuses exclusively on the area of highest priority for redevelopment, the Downtown Core and major corridors Federal Highway and Dixie Highway/21st Avenue. Limiting the bonus geographically yields a higher success rate within the desired area; and also protects areas where an increase in the buildable area may not be appropriate. As a result of aggregation, these areas do not have a consistent lot pattern and is primarily characterized by commercial uses. Because of this, potential impacts of the bonus would be minimal and easier to mitigate. Additionally, current Floor Area Ratios were created as a function of the net lot area. Therefore, a blanket or broader approach would not be appropriate.
- **Sunset Provision.** As the program is designed to work in conjunction with the Opportunity Zone, it would sunset within a similar timeframe (five years).

SITE INFORMATION

Owner/Applicant:	City of Hollywood
Address/Location:	Federal Highway and Dixie Highway/21 st Avenue
Land Use:	Regional Activity Center (RAC)
Existing Zoning:	Multiple

ADJACENT LAND USE

North:	Regional Activity Center
South:	Regional Activity Center
East:	Regional Activity Center
West:	Regional Activity Center

CONSISTENCY WITH THE COMPREHENSIVE PLAN

The proposed text amendment is consistent with the Comprehensive Plan, based upon the following:

Land Use Element

The goal of the Land Use Element is to *promote a distribution of land uses that will enhance and improve the residential, business, resort, and natural communities while allowing land owners to maximize the use of their property.* The surrounding community has a mix of residential, office, and other commercial uses.

Policy 3.2.18: *Define options and develop recommendations for redevelopment, nonconformity, etc. along major transportation corridors, i.e.: Dixie Highway, US 1, Stirling Road, Griffin Road, Pembroke Road, US 441/SR 7 and Hollywood Boulevard. (CWMP Policy CW.6)*

Policy 4.8: *Ensure that future neighborhood plans are consistent with the City-Wide Master plan and City's Comprehensive Plan. (CWMP Policy CW.13)*

Policy 4.9: *Place a priority on protecting, preserving and enhancing residential neighborhoods while incorporating the unique characteristics of redevelopment areas. (CWMP Policy CW.15 & CW.19)*

Objective 5: *Encourage appropriate infill redevelopment in blighted areas throughout the City and economic development in blighted business and tourist areas by promoting improved architectural and streetscape design standards, code enforcement, economic development, neighborhood planning, and public information dissemination.*

Policy 5.5: *Continue redeveloping downtown.*

CONSISTENCY WITH THE CITY-WIDE MASTER PLAN

The City-Wide Master Plan is a compilation of policy priorities and recommendations designed to improve the appearance, appeal, and economic tax base of the City. It establishes a format for future direction and vision for the City. The proposed text amendment is consistent with the City-Wide Master Plan based upon the following Guiding Principles and Policies:

Guiding Principle: *Promote the highest and best use of land in each sector of the City without compromising the goals of the surrounding community.*

Policy CW.5: *In conformance with the City of Hollywood Comprehensive Plan, preserve and maintain historically significant structures located within the City.*

Policy CW.6: *Define options and develop recommendations for redevelopment, nonconformity, etc. along major transportation corridors, i.e.: Dixie Highway, US 1, Stirling Road, Griffin Road, Pembroke Road, US 441/SR 7 and Hollywood Boulevard.*

Policy CW.13: *Ensure that future neighborhood plans are consistent with the City-Wide Master plan and City's Comprehensive Plan.*

Policy CW.15 & CW.19: Place a priority on protecting, preserving and enhancing residential neighborhoods while incorporating the unique characteristics of redevelopment areas.

Policy CW.44: Foster economic development through creative land use, zoning and development regulations, City services and City policies.

Policy CW.48: Continue working with the Downtown and Beach CRA's, the Broward Alliance, the Hollywood Business Council and other economic development agencies to realize redevelopment, increased tax base and improved quality of life.

Policy CW.80: Identify and evaluate vacant buildings and encourage adaptive reuse where the building is worth saving. In cases where the building is not worth saving demolition and land assembly is encouraged.

Policy CW.81: Develop and implement city-wide and neighborhood design guidelines which must be consistent with the City's Design Review Guidelines Manual.

Policy 2.9: Encourage development of office space in the Downtown and other desired locations.

Policy 2.14: Encourage expansion of business and public improvements that are "family oriented" and targeted to local residents and workers.

Policy 2.16: Provide a mix of businesses and events that will attract area residents to the Downtown.

Policy 2.31: Continue support of CRA projects and plans.

Policy 2.46: Preserve stable neighborhoods and encourage rehabilitation initiatives that will revitalize and promote stability of neighborhoods.

APPLICABLE CRITERIA

Analysis of Criteria and Findings for Text Amendments as stated in the City of Hollywood's Zoning and Land Development Regulations, Article 5.

CRITERIA 1: The proposed change is consistent with and in furtherance of the Goals, Objectives and Policies of the adopted Comprehensive Plan as amended from time to time.

ANALYSIS: The proposed amendment is consistent with multiple policies of the City's Comprehensive Plan as outlined previously in the Consistency section of this Report. Furthermore, the proposed text amendment reinforces the desire to create redevelopment opportunities that concentrate higher intensities in the Downtown Core, as envisioned by the Comprehensive Plan.

FINDING: Consistent

CRITERIA 2: That conditions have substantially changed from the date the present zoning regulations were established.

ANALYSIS: While the adequate regulatory framework has been set, the expansion of the Opportunity Zone in this area provides a unique setting to generate incentives that may lead to the catalytic redevelopment. The text amendment is intended to “enhance the identity and image of Hollywood as a historic, cultural and entertainment destination for residents, business owners, and visitors while preserving and fortifying its sense of place.”

FINDING: Consistent