



Legislation Details (With Text)

File #: PO-2019-26 **Version:** 2 **Name:** 1966_Opportunity Zone
Type: Ordinance **Status:** Passed
File created: 11/4/2019 **In control:** Regular City Commission Meeting
On agenda: 12/4/2019 **Final action:** 12/4/2019
Title: An Ordinance Of The City Of Hollywood, Florida, Amending Article 4 Of The Zoning And Land Development Regulations Entitled "Schedule Of District, Use And Setback Regulations" By Amending Section 4.6 To Create An Incentive Program For The Downtown Core Within The Young Circle - Hollywood Boulevard - South Federal Highway Opportunity Zone Area; Providing For A Repealer Provision And A Severability Clause. (19-T-66)

Sponsors:

Indexes:

Code sections:

Attachments: 1. 1966_Ordinance_2019_1120.pdf, 2. Exhibit A.pdf, 3. Attachment I.pdf

Date	Ver.	Action By	Action	Result
12/4/2019	1	Regular City Commission Meeting	adopt on second and final reading	Pass
11/20/2019	1	Regular City Commission Meeting	adopt on first reading	Pass

An Ordinance Of The City Of Hollywood, Florida, Amending Article 4 Of The Zoning And Land Development Regulations Entitled "Schedule Of District, Use And Setback Regulations" By Amending Section 4.6 To Create An Incentive Program For The Downtown Core Within The Young Circle - Hollywood Boulevard - South Federal Highway Opportunity Zone Area; Providing For A Repealer Provision And A Severability Clause. (19-T-66)

Staff Recommends: Approval of the attached Ordinance.

Explanation:

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 seven years will receive a 15 percent step up in basis reducing their tax liability; and those who hold the investment for five 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.

While the adequate regulatory framework has been set, the establishment of an Opportunity Zone in the area of Downtown provides a unique opportunity to incentivize redevelopment. Capitalizing on this, the text amendment proposes a zoning-based building area bonus that, coupled with the economic incentive generated by the Opportunity Zone, would further encourage and focus catalytic redevelopment opportunities. As such, the request proposes to amend Section 4.6.B. Regional Activity Center and Downtown Community Redevelopment Districts to include the incentive program establishing the following parameters:

- **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 (generally located south of Polk Street, north of Van Buren Street, east of 21st Ave, and west of 17th 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, the Core does 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).

These parameters create the desired incentive, while also ensuring the vision established by the regulatory framework remains balanced.

Attachment I: Planning and Development Board Staff Report

Recommended for inclusion on the agenda by:

Leslie A. Del Monte, Planning Manager
Shiv Newaldass, Director, Development Services
Gus Zambrano, Assistant City Manager/Sustainable Development