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**MEMORANDUM**

**TO:** Coral Gables City Commission

**FROM:** Thomas F. Magenheimer, MAI  
Quinlivan Appraisal, P. A.

**DATE:** February 2, 2021

**SUBJECT:** Zoning Code Proposal – Miracle Mile

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The Coral Gables City Commission is considering several proposals to the zoning code for the Miracle Mile overlay district. This memorandum will analyze several of the proposed changes to the overlay district.

Based on an interview with Zoning Director, Ramon Trias, part of the current zoning regulations for properties fronting on Miracle Mile include a 70-foot building height limitation, an on-site parking requirement, and a base floor area ratio of 3.0 and a maximum floor area ratio of 3.5 (including Mediterranean bonuses). Any building area utilized for parking is not included in the floor area calculation.

The portions of the proposed changes to the Miracle Mile overlay district in this analysis include:

- 1) The impact of a 60-foot no parking building setback from Miracle Mile
- 2) The impact of a 15-foot ceiling height requirement for ground floor retail
- 3) The impact of allowing remote parking and allowing a payment into a trust fund in lieu of on-site parking
- 4) The impact of eliminating the floor area ratio Mediterranean bonus for allowing payment in lieu of on-site parking (including a 25% minimum ratio for payment in lieu).

The planning and architecture consultant to the city, Elizabeth Plater Zyberk, was interviewed related to the 60-foot building setback and the 15-foot ceiling height requirements. Ms. Zyberk reported that the 60 foot setback requirement would not have an impact on constructions cost or functional utility for buildings fronting on Miracle Mile. The majority of lots fronting on Miracle Mile have a depth of at least 100 feet and most have a depth of 120 feet. Therefore, the 60-foot parking setback should not impact design criteria and should not compromise accessibility for buildings fronting on Miracle Mile as long as properties can have vehicular access from an

abutting alley. The 15-foot ceiling height requirement for storefronts on Miracle Mile should also not impact design criteria for buildings. Current design trends for retail development are for higher ceilings than the existing older retail buildings in Coral Gables.

The Parking Director for the city, Kevin Kinney, was consulted related to the impact of remote parking and the required payment in lieu of providing parking. Mr. Kinney reported that monthly parking permits in the city operated parking garages is \$110 per space. Monthly parking rates in privately owned properties in Coral Gables generally ranged from \$150 to \$170 per space before the pandemic. Therefore, the annual cost to a property owner to rent a remote parking space would be at a minimum of \$1,320 (\$110 per month x 12 months). Mr. Kinney also reported that the proposed fee to pay into a parking trust in lieu of parking provided by on-site has been recommend by his staff at \$12,500 per space. It should be noted that the fee to pay in lieu has not been finalized and could be as high as \$17,000 to \$18,000 per space. The fee in lieu of parking is therefore estimated at \$15,000 per space.

The impact on values of a property owner not having to provide on-site parking versus allowing remote parking and/or the payment in lieu was analyzed by comparing the cost of constructing parking to the expense of leasing a remote space. The City of Coral Gables has constructed several parking structures in the recent past. Therefore, the city Parking Department is considered a good source for providing construction costs for parking structures. Mr. Kinney reported that the most recent parking structure built on Andalusia Avenue cost approximately \$26,000 per space. However, Mr. Kinney reported that other recently constructed parking structures had costs up to \$35,000 per space. The cost service Marshall Valuation Manual estimates the construction cost for parking structures between \$11,100 and \$24,100 per space. As a conclusion, it is estimated that a property owner would save in the range of \$25,000 to \$30,000 per space by not having to provide parking on-site in a parking garage. It should be noted that the cost per space to construct parking structures can vary, sometimes significantly, based on irregularly shaped sites, elevation, or building size.

The impact on value of renting remote parking spaces was estimated by capitalizing the annual rent per space. As discussed previously, the rent per month in a city owned garage is presently \$110 per space or \$1,320 annually. The rent per month in a privately owned garage is presently at least \$150 per space or \$1,800 annually (\$150 per month x 12 months).

Overall capitalization rates have been abstracted from recent sales of retail and office properties in Miami-Dade County. Summaries of the overall capitalization rates abstracted from market sales of retail and office buildings are contained on a following page. The *Realty Rates.com Investor Survey – Fourth Quarter 2020* indicates overall rates for of office properties ranging from 4.21% to 12.56%, with the average being 8.84%. The *Realty Rates.com Investor Survey – Fourth Quarter 2020* indicates overall rates for of retail properties ranging from 4.31% to 13.90%, with the average being 9.13%. The overall capitalization rates abstracted from the

market sales of office and retail properties were given primary emphasis in the final analysis. Based on the above sources, a capitalization rate of 6.0% is considered appropriate for this analysis.

The impact on market value of remote parking is calculated as follows:

Annual Rent Per Space	÷	Overall Rate	=	Market Value Per Space
\$1,320	÷	6.00%	=	\$22,000
\$1,800	÷	6.00%	=	\$30,000

Based on the above analysis, the impact on the market value of a property of the remote parking option would be between \$22,000 and \$30,000 per space.

The impact of the option of paying a fee in lieu of providing on-site parking would be more significant. By choosing the option of paying the fee in lieu would not eliminate the need for a property owner to provide parking. If a property is leased to a tenant, a property with no parking would command less rent than a property with parking. If a property is owner occupied, the owner would have to provide parking, either rented spaces or valet, for employees and clients. Based on the proposed deed in lieu of \$15,000 per space, the potential impact on market value of choosing the fee in lieu option would be \$37,000 per space (\$22,000 + \$15,000) to \$45,000 per space (\$30,000 + \$15,000).

The option of eliminating the floor area ratio Mediterranean bonuses by eliminating the design bonus would have a negative impact on market value of properties. As stated previously, the base floor area ratio is 3.0. The floor area ratio with the design bonus is 3.5. Mathematically, eliminating the design bonus and reducing the floor area ratio by 0.5 would indicate a difference of 16.7% ( $3.0 - 3.5 \div 3.0$ ). A hypothetical example of the difference in the floor area ratio of a property with a 20,000 square foot site and a potential net income of \$35.00 per square foot would be as follows:

Site Size (S.F.)	X	F.A.R	=	Bldg. Size (S.F.)
20,000	X	3.5	=	70,000
20,000	X	3.0	=	<u>60,000</u>
Difference				10,000
Net Income per Square Foot				<u>\$35.00</u>
Potential Net Income				\$350,000
Capitalized at		6.0%		\$5,833,333

Note: The design criteria necessary to achieve the Mediterranean design bonuses could result in higher construction costs which would lower the amount of the above example.

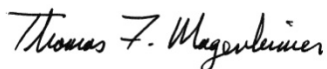
A reduction in floor area ratios, at the intensity of the zoning applicable to the properties fronting on Miracle Mile, would most likely cause a reduction in value of most of the properties fronting on Miracle Mile.

**Conclusions**

- Based on conversations with the planning and architectural consultant to the city, the 60-foot no parking site back and the 15-foot ceiling height requirement would have nominal impact on building designs and construction costs for buildings fronting on Miracle Mile.
- The option of allowing remote parking would indicate that the construction cost savings of not having to provide on-site parking would be slightly higher than the expense to pay for remote parking space.
- The option of allowing a payment in lieu of providing on-site parking would indicate that the construction cost savings of not having to provide on-site parking would be lower than the payment in lieu and the expense to pay for remote parking.
- A removal of Mediterranean bonuses for floor area ratio as an offset for allowing remote parking or payment in lieu would cause a significant reduction in value.

It should be noted that analysis and conclusions contained herein are based on general concepts for the zoning code proposal for properties fronting on Miracle Mile. The analysis and conclusions could be different for specific properties or if fees, parking ratios, and costs vary.

Respectfully submitted,



**Thomas F. Magenheimer, MAI**  
State-Certified General Appraiser  
Certification Number: RZ 553

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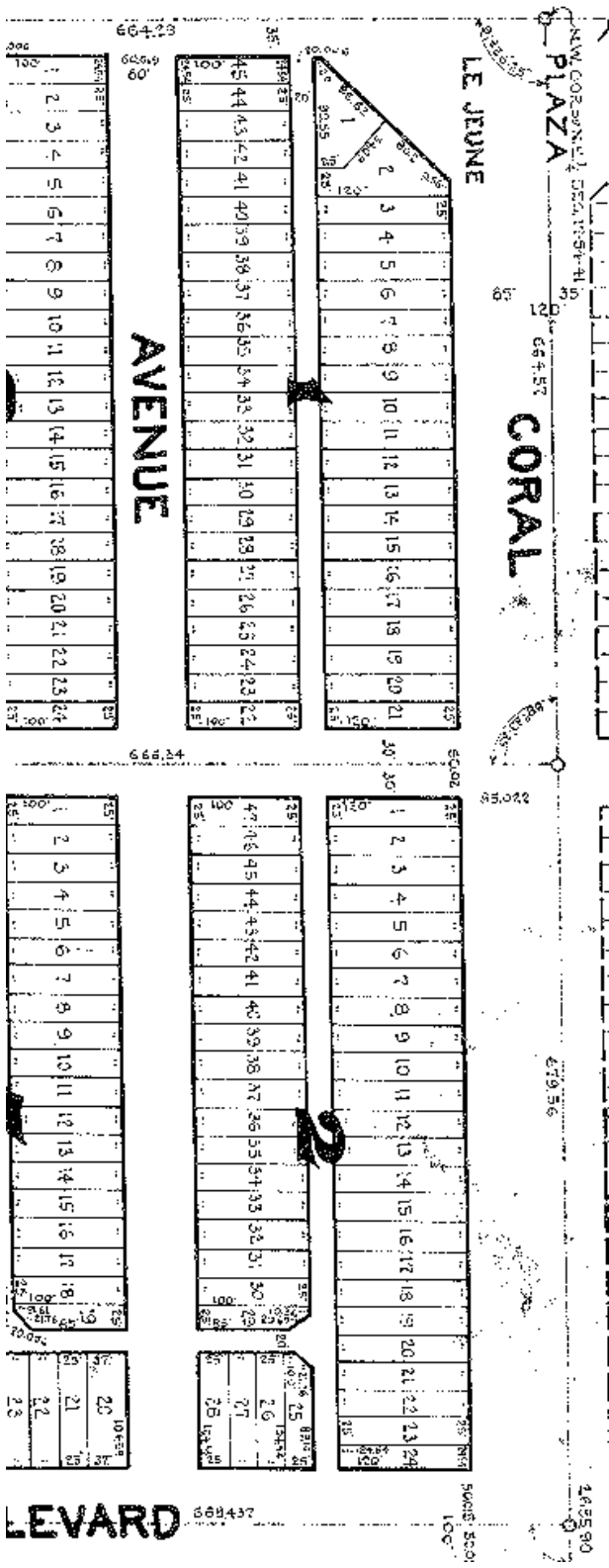
***ADDENDA***

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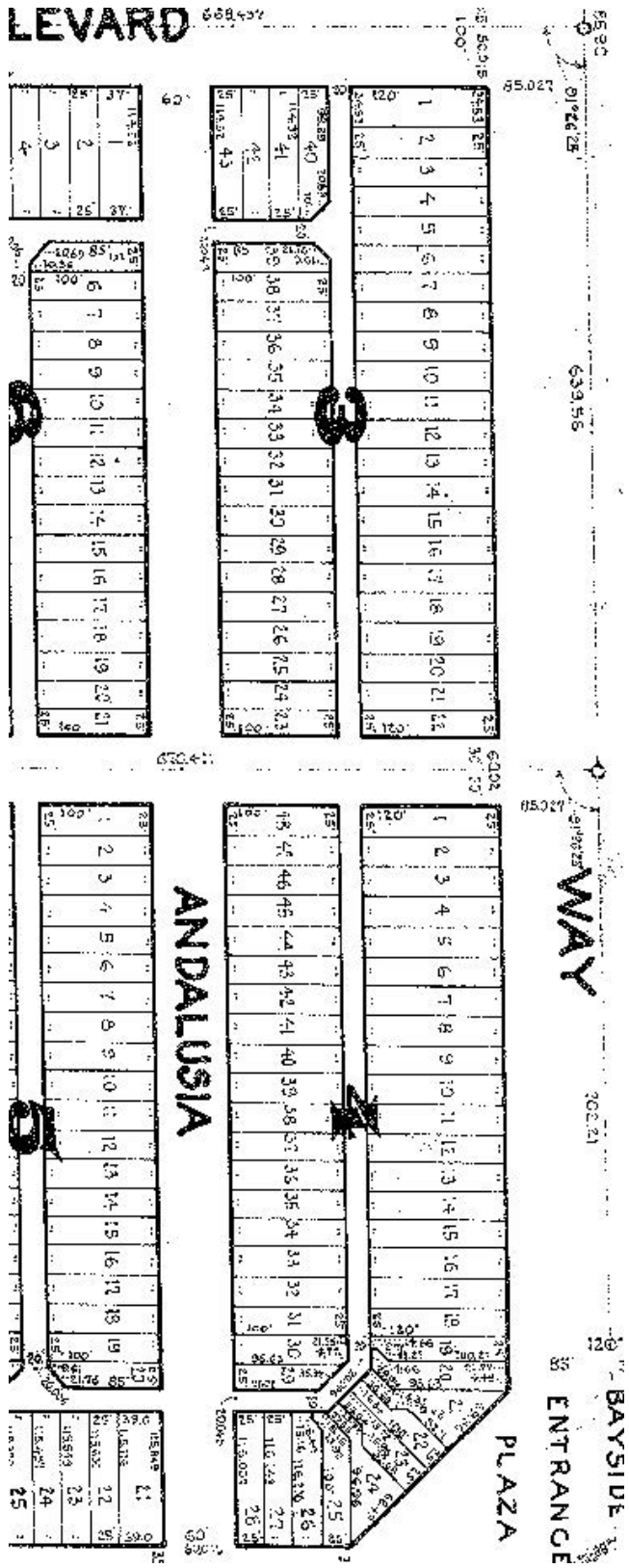
<b>OVERALL RATES FROM MARKET SALES OF OFFICE PROPERTIES – MIAMI-DADE COUNTY</b>				
<b>NO.</b>	<b>LOCATION</b>	<b>DATE</b>	<b>PRICE</b>	<b>OVERALL RATE</b>
1	550 Biltmore Way, Coral Gables	6/19	\$54,400,000	5.7%
2	11880 Bird Road, Miami-Dade Co.	8/19	\$11,524,100	8.0%
3	2490 Coral Way, Miami	8/19	\$2,800,000	7.4%
4	2020 N.E. 163 Street, North Miami Beach	12/19	\$6,000,000	5.85%
5	1490 West 49 Street, Hialeah	12/19	\$5,900,000	6.7%
6	1800 S.W. 27 Avenue, Miami	1/20	\$7,200,000	7.5%
7	3280 Ponce de Leon Blvd., Coral Gables	1/20	\$2,700,000	5.9%
8	1800 S.W. 1 Street, Mismi	6/20	\$5,400,000	5.6%
9	2601 Biscayne Boulevard, Miami	10/20	\$2,000,000	7.0%
10	6285 Sunset Drive, South Miami	10/20	\$3,401,400	7.1%

<b>OVERALL RATES FROM MARKET SALES OF RETAIL PROPERTIES – MIAMI-DADE COUNTY</b>				
<b>NO.</b>	<b>LOCATION</b>	<b>DATE</b>	<b>PRICE</b>	<b>OVERALL RATE</b>
1	13621 N.W. 7 Avenue, North Miami	2/20	\$2,650,000	5.7%
2	6787 Miller Drive, Miami-Dade Co.	2/20	\$1,780,000	6.5%
3	19321 N.W. 2 Avenue, Miami Gardens	3/20	\$2,325,000	6.0%
4	2007 S.W. 8 Street, Miami	3/20	\$1,100,000	5.9%
5	395 East 8 Street, Hialeah	5/20	\$1,000,000	7.7%
6	2829 Bird Avenue, Miami	6/20	\$3,100,000	5.8%
7	1755 N.E. 162 Street, North Miami Beach	6/20	\$1,200,000	4.5%
8	5841 West Flagler Street, Miami	7/20	\$1,450,000	5.2%
9	101 N.W. 20 Street, Miami	12/20	\$1,600,000	6.5%
10	45 Curtiss Parkway, Miami Springs	1/21	\$1,000,000	8.0%

**Plat - Crafts Section**



**Plat - Crafts Section**





Plat - Section "L"



Plat - Section "K"

