

**NORTHSIDE SHOPPING CENTER:
COMMUNITY ACQUISITION AND CONTROL**

by

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B.A., BRANDEIS UNIVERSITY, 1980

SUBMITTED IN PARTIAL FULFILLMENT
OF THE REQUIREMENTS FOR THE
DEGREE OF

MASTER OF CITY PLANNING

at the

MASSACHUSETTS INSTITUTE OF TECHNOLOGY

JUNE 1984

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Submitted to the Department of Urban Studies and Planning on May 25, 1984
in partial fulfillment of the requirements for the Degree of Master in
City Planning.

ABSTRACT

This thesis is a client report to Miami-Dade Neighborhood Housing Services, Inc. It includes an examination of the process to acquire Northside Shopping Center, as well as a strategy for the future, upon ownership. This thesis expands on the notion of community ownership for community benefit, with the objective of maximizing those benefits to the community, subject to the monies generated by the venture itself. It contains an examination of the economic problems in that area of Dade County, and advocates a plan responsive to community needs and designed to maximize community benefits.

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ACKNOWLEDGEMENTS

This Thesis is dedicated to the many people who have given me the support which has made this all possible.

First, I wish to thank those who have given me guidance in putting this document together. I would like to thank Frank S. Jones, my Thesis Supervisor, for his kindness, patience and assistance in this effort. I would also like to thank Robin Campbell, my Reader, for her quick support and warm ways. A very special "Thanks" goes to Jackie LeBlanc; not only for her excellent typing, but for her special care, reassuring ways and wonderful sense of humor. She kept me sane and helped me to get over the hurdles.

Next I'd like to thank all of the people on the Northside Acquisition Team who have worked with such commitment to see this project through and who have opened their files and freely expressed their thoughts to me. This thanks goes especially to Lynette Williams, Charles Scurr, Larry Levine, Don Stevenson and most of all Gail Williams. Gail, you have inspired me, but more than that, I am proud to call you my friend.

My thanks must also go to the people at M.I.T. who made my experience here a special one, my classmates and friends. A warm thank you to Cristina Nelson, Randal Rucker, Mary Knasas, Ann Jarosiewicz and especially to Beatriz Ramirez for sharing the times, both good and bad, for caring and for just being there.

Finally I wish to thank my mom, Gwen Margolis and my dad, Allan B. Margolis. You both have taught me to care about the quality of life for all people and have shown me that one person can truly make a difference. You both leave me a tough act to follow, but I, too, will do my best in my own way to make a difference. Thank you for your love and support.

TABLE OF CONTENTS

Abstract	2
Acknowledgements	3
Introduction	5
Chapter One - The Context	7
Chapter Two - Community Acquisition	19
Chapter Three - A Blueprint for the Future	41
Conclusion	81
Footnotes	86
Bibliography	89
Newspaper Articles	92
Interviews	93
Appendix A	95
Appendix B	97
Appendix C	100
Appendix D	122
Appendix E	127

INTRODUCTION

The objective of this thesis is two-fold. First, it is a case study of the acquisition process of Northside Shopping Center by a local Community Development Corporation, Miami-Dade Neighborhood Housing Services. Secondly, it is a strategy for the future designed to maximize benefits to the community subject to fiscal constraints, upon community ownership.

This thesis is a report to a client, Miami-Dade NHS, a CDC in Dade County, Florida. At their request, the acquisition process to date, of Northside Shopping Center, has been investigated and documented as a part of this thesis. Beyond that documentation, this thesis contains an analysis of the economic need in the community and advances the notion of community ownership of this newly acquired resource for the direct economic benefit of the community. The thesis expands on the notion of maximizing community benefits, subject to the monies generated by the venture and a plan is formulated to that end.

Chapter One provides contextual information for a more complete understanding of the acquisition process. This Chapter briefly examines the ethnic economy of Dade County and some of the underlying socio-economic factors which have led up to the present status of Blacks in Miami. The Chapter also provides a brief introduction and history of both Northside Shopping Center and of Miami-Dade Neighborhood Housing Services leading up to the Northside Shopping Center Community Acquisition Project.

Chapter Two documents the actual acquisition process undertaken by Miami-Dade NHS and the acquisition team that they were able to bring together for this effort. The focus of these efforts has been community

acquisition for the purposes of revitalization of Northside Shopping Center as the largest retail center in Black Miami, the potential to more than double the present 450 or so jobs, and to generate a source of funds to assure the stability and continued operation of Miami-Dade NHS.

Chapter Three goes beyond the present acquisition process and addresses the role that Northside Shopping Center could play in the economic development of the surrounding, predominantly Black communities. Beginning with the present objectives for community ownership, this chapter expands on those objectives and advocates an ownership role which is highly responsive to community needs, not just as consumers, but as employees at the Center. Having expanded and clarified the goals of "community ownership," this Chapter proposes a practical plan to maximize the benefits to the community over the long run not only by revitalizing Northside, but by also addressing the economic problems of the community; poverty due not only to unemployment but to underemployment and lack of access to primary market sustaining jobs.



CHAPTER ONE

THE CONTEXT

Miami-Dade County's Ethnic Economy

Before the influx of the Cuban refugees into the Miami area around 1960, Miami was much like any other southern city. The arrival of the Cubans changed the sociology and economy of Miami forever. "In the rest of the South, Black rights were the predominant social issue of the 1960's and 1970's. In Miami, the assimilation of the Cubans overshadowed Black concerns. The community's moral conscience shifted from concern about civil rights to focusing on the influx of Cubans."¹ Thus, Black issues were put aside in Miami, while in other communities these issues moved forward on the social agenda.

Upon the arrival of the Cubans in 1960, Miami was predominantly a tourist and retirement-oriented economy, with Blacks as the labor backbone of the tourist industry. The Cubans not only displaced Black workers, but in many ways redefined the Miami economy with an increasing commercial orientation in Latin America. The expanding economy in the 1970's centered more and more on international trade and banking, real estate development and tourism catering to Latin Americans. Blacks have been left far behind in an economy where knowledge of Spanish has become an economic asset in the demand for labor, and where Latin employers are reluctant to hire Black workers.²

In the City of Miami, Cubans who comprise 60 percent of the nearly 350,000 residents own 18,000 businesses. The Blacks, who make up 25 percent of the City population own only 400 businesses. In Dade County, Blacks own just 1 percent of the businesses, and these are mostly small businesses. The largest Black-owned firm in Miami is a construction firm

employing 12 permanent employees. Blacks just opened their first Black-owned bank in Liberty City in January 1983 and the first Black controlled credit union also opened in the Model City area this past year. Finding Black professionals to operate businesses is a challenge in Dade County where only 10 percent of the workforce is employed in a professional/managerial capacity.³

According to a survey of 1980 census data for 13 metropolitan areas nationwide by the Chicago Urban League, Miami has the widest gap between jobless rates between Blacks and Anglos. In 1980, unemployment in Miami was 3.6 percentage points lower for Anglos (4.8 percent) than Blacks (8.4 percent). Of the thirteen metropolitan areas, Miami was just behind Chicago with the second highest proportion of Blacks living below the poverty level. Wage gaps between Blacks, Hispanics and Whites are considerable though comparable to other areas.⁴ 1980 Census Bureau data records a median family income for Whites at \$20,261, while for Blacks, median family incomes was a mere \$12,710. Median income for Hispanics (who are also included in the race counts) was \$16,331 in 1980.

<u>Dade County Median Incomes</u>				
	<u># Families</u>	<u>Family Income</u>	<u>Male Income</u>	<u>Female Income</u>
Whites	339,685	\$20,261	\$11,703	\$5,903
Blacks	64,160	12,710	8,276	5,176
Hispanics*	156,662	16,331	9,345	4,951
TOTAL	426,520	\$18,642	\$10,887	\$5,717

Source: 1980 U.S. Census Bureau's Detailed Population Characteristics, Florida

* Hispanics also included in race counts.⁵

More than just a sense of powerlessness, it was the lack of economic justice in Dade County, Florida for area Blacks that led to the outburst that came to be known as the 1980 Liberty City riot. Patrice Trapp, Staff Assistant to Congressman William Lehman explained it this way, "The civil disturbances underscored that many needs were unmet and unaddressed in the Black community. There was an increased demand for a Black economy. It made the County more aware of the problems and that they have to meet the needs of the total community. They cannot develop one part of the community at the expense of the other part." The U.S. Civil Rights Commission, in its report on the riot, labeled Black Miami "the missing partner" in the City's economic development. The message "Black owned and operated" was one of the few ways to protect business establishments during the three days of rioting. "Since the riots, fostering economic development so that Blacks can employ other Blacks has emerged on the public agenda."⁶

Ironically, at the time of the riots, unemployment was at its lowest point for that economic cycle at 5.6 percent. Unemployment expanded from that low in April-May 1980 to an unemployment rate of 8.6 percent by March 1982.⁷ Unemployment among Dade County's Blacks was undoubtedly much higher, as it has historically been.

Northside Shopping Center

Northside Shopping Center was Dade County's first regional shopping center when it opened on March 16, 1960. Northside was developed between 1957 and 1960 on what was once the site of a dairy farm at NW 79th Street and 27th Avenue. That corner became the second busiest intersection in Dade County following the opening of the shopping center, with a customer draw from beyond the young middle-income family neighborhoods that surround it. The crowded shopping center contained 565,000 square feet

of gross leasable space housing some 50 stores on a 40 acres site. Originally , it had many AAA tenants and catered to a predominantly White population.⁸

Northside Shopping Center has slowly shifted from a regional center to one that basically services the community. The center was operating at its peak between 1960 and 1972, and it ran well between 1972 and 1978. 1978 was a banner year, according to Northside's present manger, Donald Stevenson, with a sales volume of \$45 million.

Nonetheless, it was becoming very apparent that the ethnic composition of the neighborhoods surrounding Northside was changing. The neighborhoods were becoming increasingly Black, and per capita income of the area had dropped dramatically in the 1970's.

At the same time, Northside was experiencing increased competition as modern, air-conditioned regional malls such as Westland and the Omni Mall, began springing up around Dade County luring Northside customers.

Though 1978 was a banner year, it also marked a turning point in the history of Northside. In 1978, Sears and Roebuck, the anchor tenant at Northside Shopping Center had been enticed by the developers of the Adventura Mall, a super regional mall which was to open in the summer of 1983 in a wealthy and growing section of North Dade County. The Adventura management would pick up the final 2 years that Sears would have remaining on their lease, which will expire in June 1985. This amounts to \$270,000 per year or \$1.28 per square foot annually for its 207,000 square feet.⁹

Once Sears signed the lease with Adventura, they went into "a protective mode" and eliminated evening hours, closing at 6 p.m. rather than at their previous closing time of 9 p.m. This action had a major

impact on Northside Shopping Center as evening customers dropped off. It accelerated Northside's decline as a regional shopping center causing Northside to lose its regional base of customers.¹⁰

In May of 1980, foreign investors, Tashi Valley N.V. a Netherland-Antilles Corporation operating out of Israel, bought Northside Shopping Center. At the time, it was appraised at \$10.6 million, \$3.2 million in land and \$7.4 million for the buildings. "The total reproduction cost of the center including land was valued at...\$21,199,456. Utilizing a cost replacement approach to market value which included depreciation, the center was valued at...\$16,500,000."¹¹

Tashi Valley hired Donald Stevenson to be the General Manager of the shopping center. Stevenson formerly managed the Lerner's Shop at the center and headed the Merchants Association. He also had a very strong retail management background. Stevenson took the job only because he had his own agenda...for eventual community ownership of Northside, which he openly expressed to Tashi Valley. They hired him fully aware of Stevenson's dual interests; to manage the shopping center in a professional manner and to use his direct contact with them to further a goal (remote as it may have seemed at the time) for broad-based, for-profit community ownership.

Since Don Stevenson began managing Northside in 1980, he has accurately sought a tenant mix that reflects the shift in market from that of a shopping center serving a regional base to a center which provides both retail and services for a local middle, moderate and low-income consumer markets. While office space was already provided for State Representative (now Senator) Carrie Meek and for the legal services of Greater Miami in Northside's office building, and in 1975, Dade County signed a 30 year lease for a Central Police Station to be built on 1.687

acres of the property for \$1 per year rent, the 1980's saw significant shifts from retail space to a mix of retail and community services at the center. Community services include 7,000 square feet for a Dade County Public Health Center and 3,000 square feet for a U.S. Post Office, as well as a Job Placement Services Corporation, a Dade County Department of Transportation Office and office space for Miami-Dade Neighborhood Housing Services.

While vacancies have remained fairly steady between 5 and 6 percent over recent years (not counting the vacant Sears space), the management has been successful at negotiating new leases and renegotiating expiring leases at more favorable rates. James Kurps, Director of Management of the Courtelis Company has observed in a letter dated May 25, 1983 that "a comparison of the two tenant identification lists (June 1, 1982 and February 1, 1983) indicates that in the interim approximately 15,000 square feet was vacated with approximately 8,000 square feet re-leased. The effective rental rate for the 15,000 square feet was \$4.66/square foot; the 8,000 square feet was re-leased at an effective rate of \$6.08/square foot. Current leases under negotiation also indicate that the prospects for increasing base rent income are very good." The Sears lease will be paid through April 1985 by the Adventura Mall, at which time the lease will expire.

No replacement has yet been found for the Sears space which comprises over a third of the 565,000 square feet of the shopping center. The Sears Garden Shop area has been leased out to the Florida Business College, and a separate tenant is also being sought for the former Sears Automotive Center. Still, the best usage for the Center's viability and stability would be to lease the 2 story, 150,000 square foot main store

to a single anchor tenant. If this proves unfeasible, the alternative strategy proposed by the management is to separate the first floor space for one or two tenants and use the second floor for non-retail activity.¹³ Still, an anchor tenant is needed at Northside Shopping Center and remains a critical issue in the viability of Northside Shopping Center.

The center continues to operate in the black, though currently its margin of profit has dwindled. Still it has always been a profit-making venture. In the Spring of 1983, gross rents were at \$1,712,000, with a cash flow before taxes of \$1,197,000. Given a debt service of \$696,300, this left a profit of a half a million dollars (before special repairs). By the Spring of 1984, gross rents have declined by some \$80,000 of which \$50,000 comes from the loss of a grocery store. To this will be added the loss of the \$278,000 Sears lease which expires next year.¹⁴] The primary concern of management is to get these spaces leased, lest Northside Shopping Center will lose much of its margin of profitability.

Miami-Dade Neighborhood Housing Services

Miami-Dade Neighborhood Housing Services was incorporated in April 1976 by the State of Florida, and was incorporated as a not-for-profit corporation under the Internal Revenue Service Section 501(c)(3) tax exemption status in 1977. Miami-Dade NHS is part of a nationwide system of private, locally controlled, non-profit corporations. There are now 195 NHS programs in 136 cities, each operating with the goal of stimulating reinvestment in their community neighborhood. Neighborhoods are selected for this program based upon such criteria as the size and condition of the housing stock and evidence of deterioration, the level of owner-occupancy, median neighborhood income and a definable identity as a neighborhood. The NHS Program is one which attempts to stem further

decline in neighborhoods showing evidence of deterioration and lack of maintenance in the housing stock. It is predominantly a housing support program designed to rehabilitate targetted neighborhoods as a singular entity.

The NHS concept was developed by the Neighborhood Reinvestment Corporation, a public corporation chartered by Congress which provides the local NHS with development and technical support. The Neighborhood Reinvestment Corporation provided Miami-Dade NHS with a large one-time grant as a revolving loan fund upon its inception as an NHS. A subsidiary of the Reinvestment Corporation, the Neighborhood Housing Services of America, "provides a secondary mortgage market mechanism to recycle revolving loan fund dollars." Miami-Dade NHS operates its Revolving Loan Program in the West Little River target area bounded by 79th Street the south, 95th Street the north, 22nd Avenue on the west and 7th Avenue on the east, thus following the Little River Canal on the northeast.

The NHS Program is based upon "working partnerships of community residents, representatives of financial and non-financial institutions and local government." Private funds are raised through fundraising drives for the operating budget of the NHS and lenders agree to make bankable loans to local residents.

The public sector local government partner's role is to make capital improvement investments in the neighborhood to improve the level of public services in the area and to provide funds for a Revolving Loan Fund to assist residents who cannot qualify for bankable loans. Miami-Dade HNS's local government partner, Metro-Dade County Office of Community and Economic Development (OCED) has allotted \$100,000 this past

year from Dade County's CDBG money for Revolving Loan Funds for housing, in addition to capital and major road improvements.

Community residents participate in the partnership by upgrading their properties and homes to the level of code or better, with and without the financial assistance and support of M-D NHS. They also participate in Crime Watch and related activities to improve their neighborhood. The majority of the Miami-Dade NHS Board of Directors is made up of community residents. Public sector and private sector representatives also participate on the NHS Board of Directors and various committees.¹⁵

Miami-Dade Neighborhood Housing Services was a faltering agency in its early years, suffering from mismanagement and internal conflicts. Though the agency had a great deal of money at that time, the first administration has been described as incompetent and uncaring. They neglected to execute notes and collect from homeowner borrowers. Following a number of lawsuits, the Board considered permanently closing M-D NHS. Following 9 months with a skeleton staff, a second administration was eventually brought in to "clean house," Though they meant well, they did not have the wherewithall to solve the NHS's problems and to move forward. The organization could not continue to make loans as they were not trusted in the community nor by the banking sector.

M-D NHS applied to the State of Florida for an administrative grant from the newly created Community Development Corporation Support and Assistance Program (CDCSAP). Miami-Dade NHS became a CDC in June 1981. The following month, they received a grant for \$100,000 from the state. Their contract emphasized housing, but also spoke of commercial revitalization at Northside Shopping Center, the largest retail center in

Black Miami and within their newly established CDC boundary of West Little River which extended westward to N.W. 37th Avenue (see Appendix A). Though money was badly needed to hire staff, ironically they received funding at a time when they had virtually no staff. The second administration had already left. The acting director was a rehabilitation specialist from HUD who was taking care of the ongoing rehab projects and "holding down the fort." This money was, in effect, "guilt money," as the state CDCSAP program was in response to the 1980 Miami riots. Miami-Dade NHS had enough political clout to get funded.

In the fall of 1981, Mrs. Wilhelmina Sands a community resident and active citizen became the Chairman of the M-D NHS Board. Under Mrs. Sands, the organization began to turn around. She brought stability and professionalism to the board and grew into her role. In December of that year, she hired Gail Williams to be the Executive Director of Miami-Dade NHS. Shortly thereafter, Lynette Williams (no relation) was hired as the Development Officer.

Before Gail and Lynette were hired, only \$5,000 of the \$100,000 grant was spent, and there were only 6 months left in their contract with the state. They had to spend the remaining money quickly with a project that could show a real impact, so decided to amend their contract with the state and focus on Northside Shopping Center rather than on housing. In the time they had, it would be difficult to get the housing projects going, given the scarcity of federal housing money. Yet, they would be able to meet the more specific objectives of promoting events at Northside and trying to stimulate community support, establish new businesses, and create jobs for residents in their target area, West Little River.

Their final decision to promote Northside as their primary focus came after a meeting with Don Stevenson, Manager of Northside Shopping Center. As he will do with anyone who will listen, Stevenson told Gail about his dream of community acquisition of Northside Shopping Center and the importance of real community control of the center as the single largest employer in the Black community.

Northside is highly visible in the community, yet one could see the decline. If allowed to continue, it had the potential to become a blight to the area, causing the deterioration of the surrounding neighborhood. The center employed 1,200 people in the 1970's. Yet by 1982, employment was cut in half. 135 jobs were cut by the Sears store alone, though Sears had always been profitable at Northside. Even so, Northside Shopping Center remained the largest single employer of residents in the Liberty City, West Little River areas.

Gail Williams understood the advantages of community ownership of Northside Shopping Center: the potential multiplier effects of keeping money circulating within the community, the pride and community support that would accompany such an action, and the chance to create many new jobs on the site. The center could be the cornerstone of redevelopment of the neighborhood. Still, Miami-Dade Neighborhood Housing Services was largely unknown in Dade County political circles, had a bad reputation due to past mismanagement and had no money. Community acquisition was not a feasible strategy at the time.¹⁶

Thus, Miami-Dade NHS turned its focus toward Northside Commercial Revitalization as its primary economic development activity as a CDC, with a secondary emphasis on its established housing and loan programs. In March of 1982, Mrs. Wilhelmina Sands, President of M-D NHS, sent a letter to organizations and institutions operating in the Black community

asking them for community-wide support and participation in the revitalization of Northside Shopping Center. The letter recognized the importance of the center as the most convenient and accessible marketplace for a full range of consumer goods and services; the major employer in the area; and the focal point for community, civic and cultural activities. As such, support was viewed as essential to neighborhood revitalization and improvement.

As part of these revitalization efforts, M-D NHS undertook a number of activities in conjunction with the Northside Shopping Center's Merchants Association (NSCMA). M-D NHS spent \$25,000 of its \$100,000 in state funding on promotional and marketing efforts to increase consumer traffic, stimulate business and create jobs for community residents at Northside Shopping Center. These efforts included an intensive three month campaign directed to area residents to "Keep You \$\$\$ In Your Community." The campaign continued from February through April 1982. NSCMA and M-D NHS also developed a program for giveaways to West Little River residents and M-D NHS supporters who would patronize the Northside center. Merchants were asked to evaluate how many of their employees reside in West Little River and to inform M-D NHS of open positions which M-D NHS would disseminate to West Little River residents in their newsletter. Miami-Dade NHS also collaborated with the Merchants Association and the Carver Family YMCA in a major promotional campaign at Northside Shopping Center, "The First Annual International Caribbean Family Festival." This three day festival in August 1982 served to encourage "community-wide use of the center" by introducing Northside Shopping Center as a positive place to shop.¹⁷

CHAPTER TWO

COMMUNITY ACQUISITION

Miami-Dade Neighborhood Housing Services, under the commitment and energetic efforts of Gail Williams and Lynette Williams is in the process of tackling what appears an enormous undertaking. They are moving forward to purchase Northside Shopping Center. Though other community-based organizations have purchased shopping centers before, none has sought to own a center as large as Northside, with its 40+ acres. This \$10 million acquisition project may be the largest retail acquisition for community-based economic development in the U.S. In order to make community ownership a reality, many pieces have to fall into place. As virtual unknowns, M-D NHS has had to gain political clout, county support, technical assistance, financing, and put together a development team, all on a "shoestring budget."

M-D NHS began to look seriously at purchasing Northside Shopping Center following a meeting at which Dr. Ernest Martin, Director of Dade County Office of Community and Economic Development, called together all CDC's in Dade County to discuss the idea of community acquisition of Northside. Don Stevenson had spoken to Ernie Martin about this idea and Dr. Martin felt that it was worth discussing at a meeting. When it was clear that the County was interested, M-D NHS, under Gail Williams, realized that it was a project worth pursuing. She went before the M-D NHS Board of Directors, and they gave their go-ahead to investigate the feasibility of community ownership.

Why Community Acquisition?

Northside Shopping Center is worth more to the community than to foreign investors, and will take community commitment to turn it around.

With the Sears space vacant, the center could deteriorate rapidly. It is important to stabilize Northside, to stop decline at the margins then move forward with progress. The funds needed to turn Northside around are small compared to what it might take later. Those funds can today leverage much community involvement and economic activity at Northside. It has the potential to recreate up to 600 new jobs which have been lost at the center over the last 8 years. With a minimum application of funds at this time and community support could turn Northside around and rejuvenate the area.

Community ownership of Northside means that much of the money spent at Northside Shopping Center will stay in the community and will be used to create more jobs for community residents. It will reduce one of the major leakages of money out of the community, thus producing a larger multiplier effect as money circulates in the community and stimulating the local economy.

As put forward in M-D NHS's campaign to encourage community support, Northside is the heart of the community. According to a study by Hammer, Siler, George Associates, the Northside Shopping Center is currently the most significant retail development in the area. In addition, it is the major employer in the Black community. Northside is very visible and its rejuvenation will have significant impacts on the surrounding areas.

Community ownership and the extensive marketing and education that would accompany its purchase have the greatest potential to make Northside once more the centerpiece of the area. With community ownership, it is the residents who would gain the economic benefits associated with its success. Community ownership would bring with it control, so that the center would be more responsive to those who work

and shop there and who live nearby.

Community ownership of Northside Shopping Center can address the major needs in the Community for stable jobs, business development opportunities, economic revitalization and investment in the rejuvenation of the largest facility in the community which serves not only as the largest employer in the West Little River and neighboring areas but as a social, cultural and community focal point of the area. Its success would also lead to renewed private investment in the neighborhoods surrounding Northside.

Projects such as Northside Acquisition follow a nation-wide trend of community-based organizations to advance strategies for self-sufficiency. The 1980's have been a time of reduced federal funding, and instability and uncertainty in local funding. In the State of Florida, funding is tied largely to the ability to leverage private dollars and become self sufficient; that is, when funding from the state can be counted on at all. Community groups can no longer rely on continuing support to provide services for their local constituencies. Community-based economic development will allow Miami-Dade Neighborhood Housing Services financial independence, increased control over the sources and uses of their funding, and the opportunity for stability in these times of shifting support.

Seeking Support and Gaining Credibility

In late September of 1982, Miami-Dade NHS began making presentations to the business community and others to inform them of M-D NHS's intentions and to garner support. They had also made a presentation to the Dade County CDC Coalition directors to make the project a joint effort of all CDC's in the area, but got no response.

Many people were skeptical. The first person to see that there was

potential was T. Willard Fair, President of the Urban League of Greater Miami. Following their presentation to the local Black Miami-Dade Chamber of Commerce, Mr. Fair called M-D NHS to find out more about Northside and their plans for community acquisition. He agreed to lend the backing of the Urban League and his full support if the project were financially sound.

The original plan called for the selling of shares through a public stock offered to people in the community to raise the equity, and to give them a personal stake as motivation to increase traffic flow. In addition, M-D NHS would take back a first mortgage of over \$4 million and would have to raise additional money through loans. The purchase price of Northside Shopping Center was placed at \$10 million. The owners, Tashi Valley, NV, expressed a willingness to negotiate in good faith with a community based organization.

Mr. Fair sent them to Larry Levine, a principal of Arthur Anderson Company, the largest accounting firm in the country, to determine the financial feasibility of the project. He had worked with the Urban League in the past. Larry Levine saw the Center, ran through the numbers and agreed that this was a good solid project that could support the financing.

Given 1982 income and expenses including the mortgage payment, the center was operating with a positive cash flow of almost \$38,000 monthly or \$448,000 yearly. The existing \$4.5 million mortgage would be completely paid off by 1990.¹⁸ The deal could be structured so that all new debt would not be payable until such time that the first mortgage was to expire.

As Larry Levine puts it, "This project had its genesis in the people

of the West Little River area - Don Stevenson and Gail Williams. To accomplish something real does not take someone sitting in a tower downtown, who lives in the suburbs, pontificating what needs to be done. The beauty of this project is that people there have come downtown and have said, 'this is what we want, can you help us.'" In Dade County, this was a rare occurrence.

Larry Levine put his full support behind this project which had become a joint venture of M-D NHS and the Urban League of Greater Miami. He agreed to work pro-bono on the condition that the ownership be community-based non-profit. He also insisted on top professional legal counsel. Mr. Levine saw the project as financially sound, even under very conservative assumptions. The project can pay back its debt - it is a feasible project. He also understood the potential benefits that this project could hold for Miami's Black community.

Mr. Fair and the Urban League of Greater Miami's involvement gave Miami-Dade NHS's efforts legitimacy. They were able to put together the linkages needed to move the project forward in the private sector and give M-D NHS credibility with the County.

Miami-Dade NHS quickly built up a network of support from political leaders, non-profit consultants, politicians and the private sector which allowed the project to progress. The acquisition team was pulled together due to the enthusiasm and commitment of Gail Williams and her staff as well as the merits of the project itself. Still, the real test was now ahead of them, to garner financial support for the acquisition project and put together a financial package to achieve their goal of community ownership of Northside Shopping Center.

Putting Together a Financial Package

In the private sector world, the purchase of Northside Shopping

Center could be accomplished in a matter of weeks, but for a non-profit organization without any money the task is complicated and immense. Finding the capital to affect a change of ownership has taken political maneuvering, bureaucratic paperwork, perserverance, long hours, commitment and patience by the acquisition team, and especially the pro-bono support by Larry Levine of Arthur Anderson and Company.

The original purchase plan called for a public stock offering to area residents and supporters of the Shopping Center to raise equity towards the purchase price of \$10 million. Don Stevenson, manager of the center had advanced this plan to Dr. Ernest Martin, OCED in the late spring of 1982. By September of that year, M-D NHS had gotten involved and began to pursue the concept of community ownership. They applied for seed money from the U.S. Department of Health and Human Services (\$1 million) and from Dade County's Office of Community and Economic Development (\$100,000) to affect that change of ownership. Both requests were denied. They had little support to back up the merits of their request. When they approached Larry Levine that September, it was with the plan for a stock offering. Over the next few months, it was becoming increasingly clear that it would be a difficult and slow process to sell stock to the community. Though the idea was not completely discarded, they investigated other sources of funding.

They considered searching for a limited partnership syndication, but upon examination of the cash flows that idea was quickly put to rest. The \$4.5 million mortgage held by Teachers Insurance and Annuity Association which was assumable at an average rate of 6 percent would become fully amortized on May 31, 1990. As it was in its final few years of a 30 year amortization period, the bulk of the cash dispersement would

be going to reduce the principal. Of a yearly cash dispersement of \$696,300 per year, by 1984, over \$500,000 would be going to reduce the principal debt. Even with a depreciation of \$533,333 over 15 years, the project was not expected to generate tax losses for tax shelter income.¹⁹

M-D NHS also investigated the possibility of pursuing a UDAG grant to be used as equity into the project. They were advised by the consultant to Dade County on UDAGS that they could not use the UDAG because there was not enough new construction and that HUD would not accept the transfer of land as a match. They were advised to apply for a UDAG for renovations of the center once they had attained ownership.

By the years end, there were new complications which made M-D NHS painfully aware of how critical it was to move ahead quickly and make use of the support they had amassed to implement thus project. Another area CDC, Home and Housing announced, out of the blue, that they were purchasing Northside Shopping Center. They had received word from an Aid in Congressman William Lehman's office that there was money available from the Urban Mass Transit Administration's (UMTA) Urban Initiatives program to use for economic development near new transit stations. Northside Shopping Center, just 2 blocks from the new Northside Metrorail Station would be eligible for consideration.

Though Home and Housing was politically connected to Congresssman Lehman's office, Miami-Dade NHS cried foul. Home and Housing had done no homework on this project and knew that M-D NHS was pursuing acquisition. Lehman's Aid didn't want to work with Miami-Dade NHS, so they went straight to the Congressman to let him know the score and to the Dade County Mayor and County Commissioners.

Miami-Dade NHS gained the support of Congressman Lehman and the County Commissioners, especially Barbara Carey, Ruth Shack, and Clara

Oesterle, as well as the County mayor, Stephen Clark. M-D NHS began working with the Dade County Transportation Administration and Charles Scurr, Special Assistant to the Transportation Coordinator, to put together an application for an UMTA grant through the Urban Initiatives Program. With Larry Levine, they devised a financial package whereby the UMTA money would be used in the purchase of Northside Shopping Center as equity. It was clear that the sale of stock to the community would take too long and would be better implemented as a second phase once the center were to become more stable with an anchor tenant. The UMTA money would be central to community acquisition.

Urban Mass Transit Application

The Dade County Commission authorized the Transportation Administration to apply to the Urban Mass Transit Administration for funding. The Metropolitan Dade County Transportation Administration submitted a request to UMTA in June 1983 for a \$3,667,499 project of which \$2,130,000 would go toward the acquisition of 8.25 acres of land presently serving as a parking lot for Northside Shopping Center along N.W. 27th Avenue. The remainder of the money would go toward the design, construction and construction management of a bus feeder/terminal to be located on the site and to serve as a bus turnaround and passenger loading and parking facility for the feeder bus service to and from the nearby Metrorail Northside Transit Station, scheduled to open in December 1984 (see Appendix B). The request was for \$2,750,625 to come from UMTA with a 25 percent local match of \$916,874. The local match would be divided evenly between the Florida Department of Transportation and the Dade County Office of Community and Economic Development at \$458,437 each.

The \$2,130,000 requested for land acquisition would be used by the non-profit purchases as equity for the purchase of the site. The transaction would occur simultaneously to the purchase of Northside Shopping Center from the present owners.

The federal funds were requested out of Section 3 of the UMTA. These are discretionary funds which are limited to a total of \$1 billion per year for distribution for the entire country. With such limited funding, allocation is very competitive and based predominantly on the transportation aspects of the project.

Several years ago, under the Carter Administration, and former UMTA Administrator Arthur Tiele, UMTA was more responsive to community development objectives tied to transportation projects. The Urban Initiatives Program which provided special funds for community revitalization tied with rapid transportation has been phased out. The Northside project now has had to compete for funding with traditional transit projects.

Charles Scurr feels that the project should be funded because it is not only "an outstanding community revitalization project" but it is also a good transportation project. There is a need for a bus terminal and connector to the Metrorail, and Northside Shopping Center, as the major traffic generator in the area, is an appropriate site. In addition, it is excellent as the future station site for the proposed north extension of the Metrorail along 27th Avenue. It can also fulfill the need for additional parking for Metrorail riders.

As a community development project, the bus feeder can make the shopping center more accessible and thus viable, bringing more people to the center. This would create more transit riders and more money for the transportation system. On the down side, if Northside Shopping Center

continues to deteriorate, this would have a negative impact on the Miami-Dade Transportation Authority.

Finally, the project should be funded because "in addition to the transit ridership and economic benefits discussed earlier, this project has been structured to provide an equity position and direct financial return to the transit system.... In recognition of the transit investment in the project, the county will assume an equity position in the shopping center development."²⁰ This equity position is based on net profits or revenue at the shopping center, whereby the county will receive 10 percent of net revenues once they exceed \$100,000. These proceeds will be reinvested back into the transit facilities and services within the community.

By structuring the equity position on net revenues beyond \$100,000, there will be no drain on the Center during critical times. It will also encourage reinvestment back into the viability of the Center itself, thus keeping net revenues lower. Once the Center is viable and profitable, the County Transit Administration can realize an equity return. By policy, the County Transit Administration is structuring equity returns for all transit related projects in which they "invest."

Putting the Pieces Together

The pieces to community ownership of Northside Shopping Center were coming together. Miami-Dade Housing Services was designated by the County Commission as the developer of the Northside project and was given a \$30,000 grant administered by the Dade County Office of Community and Economic Development for administrative purposes to continue to pursue this project. They had negotiated an option agreement for the purchase of the shopping center from Tashi Valley, N.V. and their pro-bono

attorneys, Holland and Knight, prepared a draft for the sale and purchase of the Northside property. The owner placed the sale price at \$10 million. In addition to the purchase price, \$1 million would go toward renovations and a reserve fund.

To raise the \$11 million needed, the Acquisition Team along with their accountant, Larry Levine, structured a deal in the early months of 1983, whereby \$2 million in equity would come from the UMTA money, \$1.5 million in equity would be added by the Business Assistance Center. The debt would be comprised of the approximately \$4 million assumable mortgage from Teachers Annuity and Insurance, \$2.5 million borrowed from local financial institutions and \$1 million in subordinated debt from Dade County for renovations.

The Business Assistance Center (BAC), an arm of the Greater Miami Chamber of Commerce, was set up by private businessmen to provide loans to minority entrepreneurs following the 1980 riots. The BAC has commitments of over \$7 million from the private sector and financial institutions. Under the leadership of Charles Babcock, the BAC was helpful in the early stages of the project by linking M-D NHS and the Urban League with private-sector lawyers and other technical advisors. The BAC was originally to have been an equity partner with Miami-Dade NHS and the Urban League of Greater Miami in the Northside project with an equity contribution of \$1.5 million. Yet BAC reduced its contribution by \$1 million to an equity participation of \$500,000. They were becoming uneasy with the project.

The present owners agreed to hold a purchase money obligation for the \$1 million dollars with a simple interest rate of 10 percent per year. "All principal and the first years's interest and 50 percent of each succeeding year's interest will be deferred until May 31, 1990. The

sellers' balance of \$1,425,000 will be paid on May 31, 1990, with the proceeds of refinancing loan to be amortized at 10 percent over 10 years. Monthly payments, starting in June of 1990, will be \$18,051 (\$216,612 per year).²¹ Yearly interest payments up to that time would be approximately \$50,000 (though not indicated in Arthur Anderson & Company's mortgage computation summary).

Four local financial institutions, Florida National Bank, People's National Bank, Amerifirst Savings and Loan Association and Miami Savings Investment Corporation have written letters of conditional commitment for a total of \$2.5 million dollars on the condition that the other sources of financing are in place and that a tenant be found for the vacant Sears space. A fifth lender, Southeast Bank, N.A. also expressed a willingness to participate. By September 1983, this commitment would need to be increased to \$2,641,492 as the assumable mortgage would have decreased to \$3,858,508. This is because much of the debt service goes toward reducing the principle. With an interest rate of 9 percent amortized over a 30 year basis until May 31, 1990, the yearly payment would be \$255,048. After that time, the remaining balance, amortized over 10 years at 9 percent would lead to payments totalling \$477,208 annually.

Dade County has agreed to additional subordinated debt of \$1 million for renovations and reserves. This debt is to be accrued at 6 percent until May 31, 1990 at which time the principal and prior accrued interest would be amortized at 6 percent for 10 years. This would amount to monthly payments of \$16,457 or \$197,484 yearly beginning in 1990.

Given these sources of funding and the debt service on them (see Appendix C), including the \$696,300 to be paid annually on the assumed mortgage from Teachers Insurance and Annuity Association, debt service on

these finances would amount to approximately \$1 million annually prior to June 1990. After that time debt service would be about \$800,000.

Based on the Courtelis Company's analysis of income and expenses at Northside Shopping Center (see Appendix C) with its conservative assumptions of a static condition taking into account an inflation rate of 5 percent the Shopping Center is expected to maintain a cash flow of just over \$1 million available for debt service. This does not take into account the fact that leases are being renewed at considerably higher rates, nor that the Sears lease expires in 1985 and will certainly bring in a higher rent upon its occupancy.²² Thus, the center would be able to cover its debt service with little excess profits.

Since that time, the deal has changed considerably. The Business Assistance Center pulled out of the project altogether due to a conflict in philosophies. The BAC found the project to be too collectivist for them. Their interests lie in building a Black middle class by making loans available to black entrepreneurs starting up small businesses. Yet, they have even fallen short of this mission as money is lent out conservatively. Tashi Valley, the present owners, agreed to hold the \$500,000 in addition to \$1 million already committed.

The Missing Pieces

In order for the project to close, three pieces had to fall into place. First, they needed a waiver from Teachers Insurance and Annuity on the prohibition of additional encumbrances written into their mortgage, and they needed Teachers to allow the release of the eight acres for the bus terminal. Second, they needed an anchor tenant so that the banks would be satisfied with the viability and stability of the center and to assure it can meet its debt. Finally, they needed UMTA to agree to fund this project.

Miami-Dade NHS and their acquisition team pursued these pieces with all of their resources. Still, all three rested with the decisions of others and could not be assured. M-D NHS's strategy was to get to the right people, to convince the key decision makers of the merits of the project, to bring politics to bear where appropriate, and to keep hoping.

The easiest piece was getting the release from under the first mortgage for the eight acres of land and to allow further encumbrances on the property. Both of these actions would weaken Teachers' mortgage on the property. The acquisition team looked for the most sympathetic ear at Teachers. They made contact with Dr. Foster, the only Black man on the Board of Trustees at Teachers Insurance and Annuity Association. He understood what they were trying to do, saw the merits to the project and followed it through. After 6 weeks, the requests were conditionally approved internally and awaited the approval of the Board of Trustees. That too was received.

Finding an anchor tenant would not be so easy. Manager Don Stevenson, pursued a number of large discount retailers to fill the Sears space, including K-Mart, Jeffersons and Zayre's. Most, like K-Mart said they were not interested, Jeffersons never gave a final answer, and Zayre's said that they were very interested but had two stores that were too nearby. The terms offered for the space are much below market rate at \$2.25 per square foot annually plus a percentage above a minimum. According to Stevenson, before Sears left, they had a sales volume of \$12 million annually. The Woolco store, which closed nationally, had a sales volume of \$7 million annually. With both stores gone, there is a large untapped consumer market for a discount retailer in the Sears space.

Stevenson feels that there is "an unspoken decision among major

retail establishments that they won't locate in Black or depressed areas, and where they have the opportunity to terminate present relationships they may leave," Still, he feels the decision to locate there is harder than the decision to leave. Though these areas, such as Northside, may in fact be very profitable, many stores just feel they do not need the hassles. They prefer the clean, suburban locations without the city problems. Inner city shopping centers have high shrinkage, pilferage and crime. According to Judd Smalls, President of the Merchants Association, Northside battles an image problem which is not warranted. With the Metro-Dade police station on the site and hired security, crime has been down at Northside. An informal survey of 11 major malls and shopping centers in Dade County placed Northside as number 8 out of 11 in numbers of crimes. Still, an anchor could not be found.

M-D NHS has tried to find money to do a formal market study to let the numbers speak for themselves and let retailers know that Northside can be a viable retail market. M-D NHS need that space filled to close on the center. The present owner, knowing that the center is to be sold soon, did not feel the expenditure was necessary. The Sears lease would be paid through June 1985. The company that is paying the Sears lease has put minimal effort into filling the space and appears to have written off the lease for a loss.

M-D NHS first planned to use some of the UMTA money for a market study, but with each delay in a decision by the UMTA administration it became clear that they could not wait for the UMTA grant. They would need the study and an anchor tenant in place before getting the private financing and closing on the deal. Though they had been talking about the need for a market study for six months, in December of 1983, they went to Dr. Ernie Martin from the Office of Community and Economic

Development and requested a grant for the study and a needed appraisal of the site. Though he suggested that his office might be able to do the study in conjunction with a more general market study of the area, that was unacceptable. They needed a market study specific to Northside Shopping Center and its retail markets and business mix, as well as to let the community know that Northside is out there and looking to be responsive to their needs and their business.

Dr. Martin agreed to give them the money, but did not move on it. M-D NHS was growing impatient and spoke to Congressman Lehman's office about the difficulty they were having in getting a marketing study. Congressman Lehman sent a letter to Dr. Martin which spoke of all that he is doing to see this project succeed and the critical importance of showing County support. This small expenditure may go a long way toward finding an anchor tenant, getting the UMTA money, and making the project happen.

At this time, M-D NHS has put out an RFP for a market study and has received two responses, another expected. It still is not certain whether the County will fund the study. Though they say they will, the County continues to drag its feet and is not sure where the money will come from. M-D NHS has recently applied to its national parent corporation, Neighborhood Reinvestment, to see if they will do the study. Meanwhile, Northside Shopping Center still awaits a new anchor tenant.

As the May 31, 1984 closing date draws near, it is clear that an anchor will not be found in time. Yet, Larry Levine has devised a revised financial deal in an attempt to bypass this missing piece. He has been working with the owners' representative to reach a new contract which would take into account the lack of an anchor tenant and which

would reduce the purchase price, which is already at \$9,750,000, to \$7.5 million (see Appendix C). This reduction is based on the decline in gross rents from \$1,712,000 to \$1,352,000 from the spring of 1983 to the spring of 1984 (not counting the Sears rent in 1984 which is presently being paid and will be for another year), for a decline to 79 percent of the 1983 level. The reduced cash flow without anchor space filled and other vacancies has meant an inability of the cash flow to cover the debt needed to finance a \$9,750,000 project and an inability to get debt financing from the local financial institutions. With the anchor in place, the \$9.75 million would be a fair and reasonable price, but without it, the price is not justified.

Larry Levine is close to an agreement with the present owners for a closing purchase of \$7.5 million with a contingent of \$2.25 million "to be triggered at such a time as the gross rents of the center for the preceding 12-month period equal or exceed \$1,750,000." As laid out in his letter to the sellers local representative, "the base price of \$7,500,000 due at closing on May 31, 1984 will be satisfied by: (1) a cash down payment equal to the funds provided by Dade County from the UMTA grant; (2) assumption of the existing first mortgage; and, (3) a purchase money note to the seller for the balance secured by a second mortgage on the property." The terms of the note will be the same as previously set forth.²³

According to this scheme, the bank loans would not be needed until such time as the cash flow could certainly carry the debt. Also written into the deal is a clause which increases the amount of the purchase money note by all reasonable expenditures made prior to closing, for the upgrading and renovation of the property. This is to encourage renovations to take place now to upgrade the center and to attract an

anchor tenant.

The missing piece to a closed deal is now the UMTA money. M-D NHS and its acquisition team have been putting much of their energy and resources into getting these discretionary funds from Section 3 of the UMTA Act. The Urban Mass Transit Administration is no longer as sympathetic or responsive to community revitalization tied to mass transit projects since the replacement of Arthur Tiele, former UMTA Administrator, and the phasing out of the Urban Initiatives Program.

Miami-Dade NHS first sought the active support of Dade Congressman William Lehman. Congressman Lehman represents the district and is the Chairman of the House Sub-Committee on Transportation Appropriations, and in this capacity, he has brought billions of dollars into Dade County for the Metrorail, People Mover and related transportation projects. Though Lehman was aware of the Northside acquisition project, they wanted him to be aware of its importance to the community and the benefits of the bus terminal to the vitality of the area's major commercial hub, Northside Shopping Center.

M-D NHS, through the efforts of Gail Williams and Lynette Williams, had gathered broad political support and brought much of it with them to Washington, D.C. in October 1983 to make their points clear to Congressman Lehman and to the UMTA administration. The delegation was led by State Senator Carrie Meeks and included T. Williard Fair, President of the Urban League of Greater Miami; Metro Dade Commissioner Barbara Carey; community leader Athalie Range; Larry Levine from Arthur Anderson & Company; Don Stevenson, Manager of Northside; and Charles Scurr, Dade County Transportation. Congressman Lehman assured the group of his strong support for the project and his commitment to working

towards an award.²⁴

Congressman Lehman has been very supportive of the project, meeting with UMTA officials and Secretary of Transportation Elizabeth Dole. He has gone through political and administrative channels to try to get this project approved. Yet, even given his political position, he has been unable to move the UMTA grant. Lobbying efforts by the Dade County Department of Transportation through normal administrative channels has also proven unfruitful.

All progress came to a halt in late 1983 when the new UMTA Administrator, Ralph Stanley, took over the Administration. He put a freeze on all grant programs subject to more review. Those within UMTA who were pushing the project found themselves in positions with little clout.

It has become clear to the acquisition team that in order to get the UMTA money, they would have to enlist the political support from the top of the Republican Administration. Congressman Lehman, as a Democrat has done all he can. To get the UMTA money down to Miami will take a thrust from within the Republican Administration.

The strategy presently being pursued by Gail Williams, Lynette Williams and their team of supporters has been to make as many inroads as they can to get their message to the top of the Republican Party that this is an important project for the economic development of Black Miami and is a project that makes sense. They want President Reagan to know that while his energy in Miami to date has been directed toward the Cuban community, that he should not turn his back on Miami's Black community, that he needs to recognize them, and that he needs their support.

By garnering the support of Black Republicans, influential Republicans based in Miami, such as lawyer Al Cardinas who is the

Chairman of the President's Commission on Small and Minority Businesses, people close to those at the top of the Republican Administration, and a number of lobbying groups, the acquisition team is trying to put Northside on the Republican agenda and make it a priority at UMTA. Whether their efforts succeed, time will tell.

Plans are underway to devise a contingency plan in case the money does not come through. There are talks of shifting funds from other transportation projects or finding other County money. How and if this project gets funded is now mere speculation. Given the merits of the project, its great potential for community economic development, the energy already expended and support garnered, its failure would be a sad statement of the government's commitment to the wellbeing and vitality of Black Miami.

The Northside Shopping Center acquisition project has come a long way from an idea for community control of one of the major economic bases in Black Miami to what may soon be a reality. M-D NHS has consistently moved forward with the support and guidance of a committed team of individuals from both the private sector and the public sector. In particular their ability to solicit and receive private sector pro-bono technical assistance has been the greatest asset to the project.

When M-D NHS first decided to pursue this project all odds were against them. They had no money, no track record, and no political clout. Gail Williams and Lynette Williams were "the new girls in town." But, they had dreams in a big way. They believed in this project. While many people were busy telling them that Northside was too big and explaining why they could not do it, they felt the mood in Dade County and that the time was ripe for action. They were prepared to see it

through.

The Northside project is very "sexy" and exciting. It does not take much imagination to see the great potential for revitalization, especially after a visit to the site. The M-D NHS strategy has been to determine what is needed to move forward and to seek out support to fill in those missing pieces. They gained that support through their energy, professionalism and commitment, by letting the numbers speak for the financial feasibility of the project and by showing off "their shopping center." As more pieces have fallen into place, others see the work that has gone into the project and the progress that has been made. Those who were once skeptical are now jumping on the bandwagon. The project is almost infectious.

The Northside project has great potential for success because the center is still alive and viable, though five years from now, it could easily be distressed. M-D NHS, and their joint partner the Urban League want to own the shopping center now while it is still relatively healthy and profitable. They want to breathe life into Northside and the Black community before it becomes deteriorated.

Somewhat in the philosophy of the NHS movement is the strategy of working at the edges in areas showing signs of decline which can be stopped before it happens, rather than in the hard core areas of poverty. The present effort at community ownership of Northside is not so much a crisis reaction as it is an intervention to prevent future crisis in an urban area and to use ownership of a viable market to further community objectives. The deterioration at Northside, if allowed to continue, could lead to a widespread deterioration in the social, economic and physical characteristics of West Little River and other surrounding neighborhoods. With active community support, Northside Shopping Center

can become major catalyst for the economic development of Miami's Black community.

CHAPTER THREE

A BLUEPRINT FOR THE FUTURE

As Miami-Dade NHS and their partner, the Urban League of Greater Miami get closer to actual ownership of Northside Shopping Center, it is critical to look toward the future and plan for implementation to maximize all goals. To date, most of their energy has gone into the acquisition process and into plans for turning Northside Shopping Center around for neighborhood revitalization and community economic development. Yet the economic development strategies themselves have not yet been clearly defined or planned out, mostly due to an orientation toward preservation and neighborhood stability rather than toward community self-determination, and because the more immediate goal is ownership.

Present Objectives

At present, my understanding of the objectives of M-D NHS in relation to the Northside project are to acquire Northside Shopping Center as it is the largest employer in their target area. They also want to renovate it, establish the center as a link to the Metrorail Transit System, and undertake an aggressive marketing and promotional campaign aimed at attracting new tenants and increasing consumer traffic at the center. These are all attempts at making the center attractive and profitable. Through these efforts at revitalization and increased consumer support, M-D NHS hopes not only to keep existing jobs but to create new ones, and to target those jobs to minorities and people in the West Little River target area, mostly by working in conjunction with the Merchants Association and advertising these positions in the M-D NHS local newsletter.

M-D NHS also sees this venture as a way to contribute to their own operating budget for future stability and independence from uncertain sources of support. In the future when the Center becomes more profitable, they would like to use some of the funds to do more residential and commercial development in their target area. A long range goal is to eventually divest of a portion of their interest once the center is healthy and operating at high capacity by selling shares of stock to the community and making it "truly community owned," as was the original intention.

Community Ownership Versus Private Ownership

Those close to the Northside acquisition project feel that community ownership is important because outside investors cannot understand the needs of the community and have more interest in their returns on investment than in the center as a place for people to shop and work. They saw their money being drained out of the community in the form of profits extracted from the local economy to faraway places and they saw a cycle of decline at Northside which was in need of active community support to turn around.

Community ownership would mean local control, local responsibility and local profits to be kept in the community. It would allow them to keep money recycling in the community thus stimulating the local Black economy and providing more local jobs. The key to this scenario is the active community support of Northside Shopping Center which would create profits and open up more jobs to the community at the Center.

Don Stevenson, M-D NHS and much of the the acquisition team of this project saw the sale of stock to the community as the way to assure local control, to assure a built in clientele for the center, and to recycle

profits back into the community. Community members who invested would have a strong incentive to shop at Northside. There seems to be some internal uneasiness with the "community-ownership" being in the hands of a partnership of two non-profits serving the Black Community, as the deal has now been restructured. That link of direct profits to the community no longer holds.

There is the feeling among those involved in the project that once ownership is achieved that the hard part will be to convince the people of the community to shop at Northside. They feel it will take an all-out education process to make people understand that Northside is now a "Black establishment" and locally owned, and that their support will mean vitality to Northside as the retail hub of the area and thus vitality to its surrounding areas. The money will stay in the Black community, thus stimulating the local economy. It will also lead to jobs for people in the community.

Generating this needed community support needed, and maintaining it, may be difficult unless the community sees real changes at Northside and real benefits coming back to the community. Unless business can be stimulated, the profits that now leave the county will instead go into debt payments, not back into the local economy. There is the risk that without active community support of the center, Northside will be no different than it was under private ownership.

Community Participation

Key to the success of Northside Shopping Center and real progress for community economic development is community involvement. That can not be assured over the long run without the feeling that Northside Shopping Center is truly responsive to community needs. The major partner missing from the Northside acquisition process has been the

broad-based support of the people in the surrounding neighborhoods. This is not to be construed as a negative reflection on those who put their energy into the project, but as a reflection of the newness of the CDC movement in Florida and the difficulties in trying to replicate the success of CDC's elsewhere, and on the general defeatist attitude and apathy in Miami's Black community. Many promises have been made and broken.

While it is true that the objectives for a well managed and maintained, attractive and profitable center in the community, responsive to local consumer needs, is an impressive and laudable goal, one must not overlook the fact that Northside Shopping Center is not just a place for the community to shop, but is also a place for people in the community to work. At the present time, community support of the center already does lead to jobs for people in the community with most employees coming from the nearby West Little River, Broadmoor, and Liberty City communities according to a recent survey by M-D NHS and the Merchants Association. Community ownership won't necessarily change the existing link between improved business and jobs, though active marketing may increase both. Given local control and stated economic goals, responsiveness to the community as an employer is equally, if not more, important.

As the major single employer of the Black community of Miami, M-D NHS and the Urban League will have a unique opportunity to facilitate substantial improvements to the economic well-being and quality of life for community residents through sensitivity to the real economic needs. Such responsiveness to the people of Miami's Black community would create a loyalty and "sense of ownership" by community members both as shoppers and as employees, and could lead to meaningful community economic

development.

The goals of traditional community-based economic development are numerous. As expressed in The National Economic Development and Law Center's book, A Lawyer's Manual on Community-Based Economic Development,

"Some of the more widely shared objectives include the following:

- (1) the development of business and economic institutions which increase the income of community residents;
- (2) provisions of more and better employment opportunities both inside and outside the community;
- (3) participation in the ownership and management of such firms and institutions by the residents of communities in which they are located;
- (4) the development of more skilled human and technical resources than are presently available in such communities; and,
- (5) the development of economic, social and political institutions which the community residents can view with pride and which will be responsive to their collective wishes."²⁵

Community representation and control is believed central to these five objectives for community economic development, which are meant to lead to self-sustained economic growth, a reduction in poverty and a more equal distribution of wealth and income.

The draft Contract for Sale and Purchase of Property, version #6, dated December 14, 1983, between Tashi Valley, a Netherlands Antilles Corporation and the joint venture of M-D NHS and the Urban League of Greater Miami (now known as "Forty Acres Plus A Mule, Inc.") states that "The center is the only major regional shopping center in, and is the largest single employer of residents of, Liberty City. Buyers' sole purpose for and intention in entering into this contract is to insure the continued existence of the center as a major and vital community employer, shopping facility and economic factor of and for Liberty City

residents by means of transferring ownership, control, operation and management of the center to local interests."²⁶ (Though Northside is not actually in Liberty City, the boundaries of Liberty City are commonly extended to refer to a larger area of Northwest Miami taking in adjacent areas of Black Miami and sharing with them the negative connotations of riotous Liberty City.)

Under the ownership of Forty Acres, Inc., a non-profit local interest, the shopping center will already be 'community-owned' as long as they are true to their stated purpose in their Contract for Sale and Purchase as acting solely in the interests of the residents of Miami's Black community. It is important that M-D NHS and the Urban League remain truly responsive to the people and give them a voice and the benefits of this ownership which has been undertaken on all of the community's behalf.

Profits to Meet Objectives

Though most CDC's think in terms of "trading off profits for community welfare; so that profits become one of several target variables in the CDC's implicit objective function."²⁷ There is not necessarily a tradeoff between the two. For CDC's and other non-profit organizations, profits are not an objective for their own sake but as a medium through which to meet explicit community goals and thus to further their charitable purposes. According to Reg. 1.501(C)(3)1(e) of tax law on non-profits, "an organization may meet the requirements of Section 501(C)(3) although it operates a trade or business as a substantial part of its activities, if the operation of such labor or business is in furtherance of the organization's exempt purpose or purposes and if the organization is not organized or operated for the primary purpose of carrying on an unrelated trade or business..."²⁸

Thus, revenues from Northside Shopping Center are most desirable to the extent that they are not gained at the expense of community goals and to the extent that they can be used to finance and leverage community economic development and commercial and community revitalization for the empowerment and wellbeing of the community. The objective of development programming, as advanced by British development economist Dudley Sears, is "the implicit maximization of a weighted average of community benefits, subject to the constraint of fiscal solvency."²⁹

Using this concept, the question facing Forty Acres Plus a Mule, Inc. then becomes one of how to maximize community benefits to Miami's Black community and the neighborhoods surrounding the shopping center subject to the monies generated by the venture itself. Given the multiple priorities of community ownership, it is important to proceed carefully so that actions are taken which will not sacrifice the income needed for future benefits for the sake of immediate goals. Though future benefits are discounted, they should be included in weighing the maximization of benefits. Put more practically, it is important to use ownership of the center in such a way that the community can derive the most benefits from it, taking into account benefits derived now and in the future. Using Northside Shopping Center for community benefits would not be detrimental to the center, but would be complementary to its vitality and continued health as long as the vitality of the center itself, as the major community shopping facility, major community employer and major catalyst for community economic development is understood to be the first priority for the present and future gains of the community.

Bob Vdenek, President of the National Congress for the Community

Economic Development has warned that the track record of businesses wholly owned by CDC's is not good. While he feels that it is important to have social goals such as preference in hiring, job training and upwardly mobile jobs, he warned that one must be careful not to put a lot of external pressure on the business. He sees the need to first plow the money back into the venture before anything else in order to assure the continued success of the venture. Beyond that, the money available should be used for administrative support of the CDC, then for support services.

According to Vdenek, most CDC businesses are not usually profitable and few have money to put toward community goals. Yet Northside Shopping Center has a great potential on the "up side," Once the anchor space is leased, the center will be able to carry existing and new debt service with gross rents of \$1.7 million. Given rent structures with the percentage sales above minimum provision and the ability of management to sign on new leases at higher rates, the center has the potential to generate gross rents upward to \$2.2 million should the center be revitalized to 1978 sales levels.

As the deal has been structured, the risk of losses without the anchor tenant has been greatly reduced by the deferral of \$2.25 million in debt until such time as the space has been leased. The reduction in gross rents of \$270,000 annually once the Sears lease expires will be offset by the deferred debt service. Yet, without an anchor tenant, the center can not hope to realize its full potential, nor bring in the profits needed to assure the security of M-D NHS and to meet other goals of community revitalization and economic development.

As the health and vitality of Northside Shopping Center is paramount to achieving other community goals and is important in its own rights as

the commercial center of the community, revitalization of the center and efforts to assure its continued success should be the first priority of community ownership. Profits generated by the center should be used first to capitalize, improve and maintain Northside Shopping Center.

Turning Northside Around

The road to self-sufficiency through economic development ventures and the ability to meet organizational goals and objectives for revitalization and for community economic development can be achieved only if the venture itself is successful and generating income. The first goal of community acquisition is to reverse the deterioration that has beset Northside Shopping Center and to make it the centerpiece of the community and a catalyst for the revitalization and development in the surrounding area.

Below is a brief examination of the problems facing Northside Shopping Center and steps proposed to solve these problems to maximize success in the future. Success will depend on the ability to draw customers to the center and to tap new markets. This in turn, will depend on the mix of products and services available at the center reflective of community needs, the level of service, a hospitable atmosphere and management.

There are also many positive aspects of Northside Shopping Center that give it the potential to achieve, once again, its status as a regional shopping center. These too will be examined.

Having spoken to many people familiar with Northside Shopping Center, most feel that the major problem at Northside Shopping Center at this time is the lack of an anchor tenant to take over the Sears space. To paraphrase, the Urban Land Institute's Shopping Center Development

Handbook, 1977, for a regional shopping center, the strength of the major tenant or key tenants is the determining factor for the character and success of the center.

Without an anchor store, many customers go elsewhere to meet their consumer needs, meaning less traffic, less sales, and lower percentage rents. The empty store which comprises 40 percent of the space at Northside Shopping Center is "dead space," projecting a negative image on the entire center. Though the Sears' lease will be paid for another year, this vacancy is costly to the other tenants at Northside as compared to the business that could be drawn given a new anchor tenant.

As the lease on the Sear space expires next year, cash flows can be expected to drop by \$270,000 a year. Present cash flow before debt service is projected at \$818,000 when the Sears' lease is not included. When combined with a debt service on the first mortgage of \$696,300, there is little margin for additional vacancies, major expenses, declines in percentage rents and so on. Without an anchor tenant, acquisition of Northside Shopping Center may be a risky undertaking, even though additional debt is to be postponed due to favorable negotiations with the present owner.

In order to bring in an anchor tenant, it is imperative that a market study be undertaken to accurately read the demands of the population. The market study is the primary sales kit for gaining the interest of prospective major tenants. This hard data will speak for the viability of the area to support the anchor tenant and for the anchor tenant to provide the consumer goods which the market demands. In an untraditional shopping development area such as West Little River, it is important that a professional with access to major retailers be hired to give added credibility to the report and to gain access to the retailers

themselves as potential tenants. If the market looks good on paper, if the lease arrangements are suitable and if a respected professional in the field will put support behind the feasibility of the site and market it, then the potential for filling the site and ensuring its profitability will be greatly enhanced.

Also critical to the success of Northside Shopping Center is overcoming its negative image and making the center a safe, clean, comfortable, and attractive place to go shopping. Upgrading the center, re-landscaping and parking lot improvements as well as giving attention to continued maintenance and cleanliness should make Northside attractive to a larger consumer market. Unlike private investors who see profits as the bottom line, for a non-profit organization, profitability of the center itself is important only to the extent that through it the needs of the community can be addressed and solutions maximized. Investing in the appearance of Northside not only makes good business sense but provides external benefits as well. It may make the area more amenable to the community, instilling pride in the those who frequent it or live nearby. It may create a feeling of Northside as being responsive to the community and a part of it. The message portrayed to those outside of the community by its most visible economic entity is that, though you may have written us off, we have faith in ourselves and are investing in our own vitality. It may also leverage additional investment in the surrounding areas and serve as a catalyst for commercial and retail revitalization in the area.

An architectural plan has already been drawn and bids are out for the renovations to take place. M-D NHS is anxious for work to begin, even before transfer of ownership. As structured, major renovations will

be added to the purchase price upon sale and held as additional debt by the present owners. This was just the incentive needed for implementation of the renovation plans.

Beyond bringing in an anchor tenant and undertaking renovations to Northside Shopping Center, most important to the viability of Northside is aggressive management and overcoming "the prevailing mythology that a shopping center in a predominantly Black neighborhood had little chance of success."³⁰

An MIT Case Study, Mondawmin Mall depicts a case, similar to the Northside experience, of a 350,000 square foot shopping center in the predominantly Black area of northwest Baltimore. The case followed its early success and its downfall and subsequent loss of Sears, after a change of management to one with little experience in shopping centers or with a primarily Black clientele. Using the experience of the early successful managers, the

"prime challenge they faced was to create and maintain an image of quality for the Mall. The prevailing general assumption was that a shopping center adjacent to a Black community would not carry quality merchandise and could not be a success... In fact Mondawmin had always carried quality merchandise and the market for it always existed for it in the Mall... To counteract the negative assumptions about shopping centers in a Black area required the management to work continually on maintaining an exceptionally clean center with excellent security and good public relations. They established links with a number of influential Black leaders and met with them on a regular basis to keep informed of what was going on in the Black community. Activities and special events were planned to appeal to the different group that patronized the Mall... (They) were all held on a regular basis at Mondawmin. An enjoyable, attractive, successful and safe Mall environment was understood to be in everyone's interest."³¹

Public image was key to success.

Many familiar with Northside Shopping Center agree that Northside faces an image problem. Though physical renovation will alleviate some

of the problem, a strong management effort will be required to make Northside an attractive place to shop. While the center is quoted to be 8th of 11 major Dade County shopping centers in numbers of crimes and it is agreed that crime is down since the location of the Metro-Dade Police Substation at one end of the site, the President of the Merchants Association would like to see the hours of the security agency dropped, with more hours added to the service contract with the Metro Police. The Metro Police, though more expensive, is believed to be a much more effective security force.

Professionalism was also seen as important to the success of the center, as was a tenant mix that will reflect consumer needs and thus benefit all merchants at the center. Merchants complain of individual tenants who keep irregular hours or go home early, and advocate less neighborhood merchants and more chain stores. Though more chain store may be one solution to the problem, it also leads to large leakages of community money to headquarters outside of the community. A solution more consistent with community economic development would be entrepreneurial training for small community business persons, technical assistance and stricter professional standards required of all tenants including dependable operating hours and design control, such as on windows, displays and signage. Remodeling of individual stores should also be encouraged.

Other initiatives important for Northside's success are involvement with the Merchant's Association for collective advertisement and promotion of Northside Shopping Center and community outreach and activities. Northside needs to reverse its image as being a center for Black people only. Making Northside Shopping Center amenable to not only the local community but to those outside of the community will bring more

dollars into the area, thus raising its economic base and the overall wealth of the community. James Kurps of the Courtelis Company sees a real potential to turn Northside back into a regional mall, given an anchor tenant, renovations and aggressive management.

As stated by Brooke Bassett in an article entitled "Starting With a Feasibility" in the Economic Development and Law Center Report, Spring 1983, "Poor management is the primary cause of business failures... The selection of the right manager is a crucial factor in the venture's success. The ideal manager for the venture would have experience operating a similar venture in your community." M-D NHS and the Urban League will have the benefit of the past experience and present commitment of Donald Stevenson, the present shopping center manager who has agreed to remain upon community ownership. The challenges that lie ahead for Mr. Stevenson are substantial as are the benefits that the community can look forward to with a rejuvenated Northside Shopping Center.

Given a new anchor tenant, a renovated facility, aggressive management, and outreach for community support the prognosis for Northside Shopping Center as a major retail shopping center looks good.

Northside Shopping Center has many potential market strengths. Future plans in the area make the location especially attractive. The center is located at a busy intersection, Northwest 79th Street and 27th Avenue. Both are major access roads. As much traffic goes by Northside, the challenge will be making the center attractive enough to entice the traffic into Northside.

The opening of the Northside Metrorail Station scheduled for December 1984, is expected to serve almost 2,400 patrons daily. "About

one half of these patrons are projected to arrive by feeder buses, almost a third by walking and the remainder by automobile. Initially, 312 cars will be accommodated on the site, but the station will eventually need a parking facility capable of handling about 950 cars daily."³² Northside Shopping Center's proximity to the station and its proposed linkage to the center as the hub for feeder bus traffic and parking facility for Metrorail riders will greatly enhance the accessibility of the center. The Northside transit station with its easy access and high volumes of people entering and leaving the station, is expected to attract new development to the area, which may also enhance Northside Shopping Center.

A major industrial development is presently being planned for an area just southeast of the shopping center along 79th Street between 22nd and 27th Avenues in Liberty City. The proposed 90 acre industrial park, which is expected to generate 1,500 new jobs and about 50 new businesses, is also expected to "anchor the revitalization of some 430 acres in the northwest Dade area,"³³ Seven million dollars in Federal, State and County funds have already been secured for land acquisition and basic support services. As stated by Dr. Ernest Martin of the Dade Office of Community and Economic Development, "This is the largest, single revitalization project that the county has undertaken so far." The project is expected to be ready for leasing by 1987. It will surely have an enormous impact on the vitality of Northside Shopping Center and on the area in general, while providing much needed jobs to area residents.

Northside Shopping Center is in an area expected to grow and develop in the near future. A revitalized Northside Shopping facility can be expected to contribute to that revitalization and in turn can be expected to reap the benefits from the healthy environment around it.

While the continued success of Northside Shopping Center is a high priority, it is only a priority to the extent that it meets the goals of revitalizing the center, making it amenable to consumers, creating jobs and generating an income stream for community development. Care must be taken to assure that the reinvestment of income back into the center is not abused, but is in the sole interest of the community. For example, lush shopping center offices and expensive furniture would not be the most optimal use of the income. Cost controls need to be enforced by management.

Distribution of Net Income: Stability of Non-Profits to Implement Activities for Community Development

Following capitalization, maintenance and operating expenditures for the center the question remains as to the distribution of the net income. According to the joint venture agreement for the purchase of Northside Shopping Center, interest in the center is divided 60 percent for M-D NHS and 40 percent for the Urban League of Greater Miami. (This would be beyond the 10 percent of net profits above \$100,000 that the County would then use for transportation services in the area.)

It is certainly reasonable to expect some income to flow back to the non-profits to support the administration of operations which serve the Black community and to ensure the stability and continuation of the non-profit interests in the shopping center. M-D NHS and the Urban League have put years of sweat equity into the acquisition of Northside. Community economic development has increasingly been turned to as a strategy to promote self-sufficiency among community-based organizations nationwide. Cutbacks and uncertainty in public sector funding, limited private foundation support and difficulties obtaining private sector support have made community economic development necessary for the very

survival of many non-profit organizations serving the interests of poor and minority communities. In the State of Florida, eventual fiscal self-sufficiency is a major criteria for State funding and is seen as a goal for successful CDC's.

Still, distribution of net resources to the non-profits for administrative funding should be kept in balance with the level of net profits generated and the alternative goals of community ownership for the benefit of people in the community. To the extent that traditional sources of operating grants and other funds can be generated by the non-profits for their traditional activities, money gained through the profit venture should be used only as a supplement and as a safety net for dwindling public, foundation and private support.

Distribution of Net Income: Meeting Community Goals

Beyond revitalization of Northside Shopping Center and generating operating income for the non-profit organizations, ownership of the Center will provide a unique opportunity to further economic development goals as an employer and major economic factor in the community and to upgrade the quality of life in the Black community. The challenges are many.

Under tax exempt status, money derived from the venture must be used for "related" activities, those activities that complement or are related to the charitable purpose of the organization. "A business activity is considered 'related' when it helps the CBO achieve its tax-exempt purposes, such as alleviating the effects of poverty or providing education. The activity, however, cannot be operated only to provide additional money for the CBO, but must be integrated into the CBO's tax exempt purpose."³⁴

The money generated from Northside Shopping Center is to be used for the benefit of and for the community residents near the center. The tax-exempt purposes include the revitalization of Northside not only as a shopping center but as an employer and an economic factor of and for community residents. Beyond just providing jobs, the venture should be actively used to further a better life for the people in the area. Ownership is in their behalf. Distribution of the benefits of ownership should be managed conscientiously to maximize the return to the community.

Only by acting on behalf of the community and in their interests will Forty Acres Plus a Mule, Inc. be recognized by the community as a legitimate representative of the community interest. At that time, the community can be expected to internalize "ownership" of Northside Shopping Center as their own, and can be expected to support the center actively. Giving local community residents a real voice in the center through participation in decisions affecting them would give even more strength to the legitimacy of the center as being community owned. In any case, responsiveness to community need and efforts to improve the economic condition of the people to the greatest extent possible, are at the heart of community acquisition.

The challenges that lie ahead involve making the best use of resources to meet economic development goals. This will first require an investigation into the economic health of the community and an understanding of the problems that members of the community face in order to evaluate their basic needs. Such analysis is crucial for a systematic approach to problem solving.

Defining the Impact Area

The first step to the analysis is to define the geographic

neighborhoods that would most likely be impacted by the project and which would be the natural community constituency of Northside Shopping Center. The most obvious criteria would be proximity to the center, which is located at N.W. 79th Street and 27th Avenue, M-D NHS would certainly include the residents of West Little River and Broadmoor, as they are in the service area for M-D NHS as a CDC. The M-D NHC CDC Service area runs from N.W. 37th Avenue or the Hialeah boundary on the west, N.W. 7th Avenue on the east, N.W. 106th Street on the north, following the Little River Canal on the northwest and N.W. 79th Street on the south. This area corresponds roughly with, and forms the majority of, the West Little River Census Area.

The area to the south of the Shopping Center, the northern half of the Model Cities Section of Liberty City, which forms the Gladeview Census Area, should also be included in the impact area. Gladeview residents, like those of the West Little River census tracts, form a large part of the Northside Shopping Center workforce. Economic conditions there are also somewhat more depressed than in the West Little River area. Residents in Gladeview, like West Little River, should be equally defined as part of the community to which Northside Shopping Center is a major employer and economic factor in the residents' quality of life, and as part of the community on whose behalf Forty Acres Plus is purchasing the center. The Gladeview Census Area runs roughly from N.W. 38th Avenue/Hialeah on the west to N.W. 7th Avenue on the east, and from N.W. 79th Street on the north to N.W. 62nd Street on the south. The combined West Little River and Gladeview Census Areas are approximately within a two mile radius or half hour walk to Northside Shopping Center (see Appendix D).

Area Characteristics

According to 1980 census data (see Appendix D), of the 51,400 people in the Target Area, 63 percent of the people in West Little River and 87 percent of the from Gladeview are Black. While the Target Area counts for only 3.1 percent of Dade's total population, Blacks in this area comprise approximately 13 percent of all Blacks in Dade County. The remainder is almost totally white, many of whom are Hispanic. Most of the White population is located to the west of 27th Avenue. Most of the Hispanics are located to the west in the West Little River Census Area in a neighborhood often called Broadmoor. Since 1980, the Black share of the population in these neighborhoods has increased as many Whites have moved from the area.

A profile of the residents in the Target Area reveals that the people of the Community are young, with a median age in the mid-20s as opposed to the mid-30s for Dade County and with many young families. Fifty-six percent of the family households have children under 18 as compared to 45 percent for Dade. Of these 39 percent are headed by women without husbands present. In Gladeview alone, over half of all families with children have female heads of households, as compared to only 21 percent for all of Dade County.

The mean income for all households in Dade County in 1979 was \$20,402 while for the Target Area it was only \$14,666. Mean family incomes were slightly higher at \$23,472 and \$15,559 for Dade and the Target Area respectively. For a better understanding of the distribution of household income, examination of the median household income shows that half of all Dade households had an income below \$15,571 while the median income in West Little River Census Area was a mere \$8,566.

Target Area Poverty: Unemployment and Underemployment

Upon examination of the 1980 census data covering 1979 conditions, the most overwhelming problem in the target areas is the prevalence of poverty. Poverty status in 1979 for families and unrelated individuals is defined in the 1980 Census of Population and Housing using a poverty index which provides a range of income cutoffs or "poverty thresholds," varying by family size, number of children and age of the family householder or unrelated person. The poverty threshold for a family of four was \$7,412 in 1979. The income cutoffs are adjusted each year to reflect changes in the Consumer Price Index.

Among all persons for whom poverty status is determined in the Target Area, 28.5 percent are living in poverty, as compared to 15 percent for all of Dade County. Among families, poverty affects over a quarter of all Target Area families as compared to 11.9 percent for Dade County. Poverty incidence is even higher among female headed households at 43.1 percent. More than half of all female headed households with no husband present and with children under the age of 18 are living in poverty. These statistics point to very real problems in the community, which have certainly worsened through the early 1980's.

To understand why poverty is so prevalent in this target community, one must look at the employment characteristics of the people. 60.9 percent of the Target Area persons over the age of 16 were in the 1980 civilian labor force. This was comparable to the 60.5 percent for Dade County as a whole. Of those in the labor force, 7.0 percent suffered from unemployment as compared to 5.0 percent for Dade County according to 1980 census data. Unemployment among women in the labor force was at 8.4 percent for the Target Area women, while for high school dropouts it was

as high as 53.8 percent. Both were higher than the County rates of 5.7 percent and 43.7 percent respectively. Unemployment, especially in the Black community has increased since that time. Still unemployment alone does not account for the very high incidences of poverty in the Target Area.

Most striking is the fact that of all households in the Target Area in which a householder was employed in 1979, 16.4 percent of the households were living in poverty. The problems is especially acute among Gladeview families where it exceeded 20 percent. In Dade County, only 7.1 percent of family households in which a householder worked in 1979 lived in poverty. Female headed households are especially prone. Among those households in the Target Area where the householder worked, 31.8 percent still lived in poverty, as compared to 19.1 percent for the County.

Employment, far from being the easy answer to poverty, seems to be contributing to it. These statistics point to very basic problems inherent in the jobs available to Target Area residents. Upon closer examination of statistics on labor force status in 1979, it becomes clear that one problem may lie with the fact that many jobs do not provide year-round employment for Target Area residents. Among those in the Target Area who worked in 1979, only 72 percent worked 40 or more weeks of the year and only 54 percent worked 50 to 52 weeks of the year, as compared to 76 percent and 61 percent respectively for the County. More striking is the fact that while 18.8 percent of County residents in the workforce suffered from unemployment at some time during 1979, a full 26 percent of the Target Area residents in the workforce were unemployed at some time during that year. This points to a great lack of stability and permanence in the jobs of Target Area workers. Adding to that is the

fact that it takes area residents longer to find new jobs. The mean time of unemployment was 16.6 weeks for Target Area workers while only 13.6 weeks for workers in the county overall.

The problems facing the target population in the neighborhoods around Northside Shopping Center are not just problems of unemployment. "Unemployment is only a part of a greater underlying problem -- the opportunity of people to support themselves... A full time job at minimum wage is still a sub-poverty income for a family of four."³⁵ Underemployment problems include the inability of people to find steady employment for all of the hours they wish to work in order to secure sufficient incomes to support themselves and their families above poverty conditions and to maintain a decent standard of living. People of color in the target neighborhoods as well as throughout Dade County have been denied equal access to good stable jobs with opportunities for advancement.

Dual Labor Markets

A number of labor market economists have formulated the notion of a dual or segmented labor market in response to the shortcomings of neoclassical labor theories of labor. Dual labor market theorists have rejected the concept of equal opportunity for jobs and advancement. They recognize that there are many predetermined and structural barriers to employment opportunities due to "broader social phenomena such as racism, sexism and poor achievement based upon socio-economic background."³⁶

One version of the dual labor market model, put forth by Bennett Harrison of MIT and based upon ghetto labor market data, advances that urban jobs are divided both behaviorally and technologically into two separate segments "within which mobility is common but between which it

takes place infrequently and only with difficulty."³⁷ This model divides activities and allocation of time and work into two strata, the core stratum and the periphery stratum.

The primary labor market dominates the core stratum. Some characteristics of the primary labor market include employers who have a high degree of market power, and can generate enough profits to pay above-poverty wages. Their profitability allows them to invest in both physical and human capital, thus increasing productivity of labor which leads in turn to increased profits and increased wages and benefits. Increased wages and benefits in turn leads to higher labor efforts and "induces workers to value these jobs, while the high fixed costs associated with the aforementioned investments encourage employers to value stable job attachment by their workers. Those factors converge to increase the probability that jobs in the primary labor market will be stable as well as relatively high paying."³⁸ These are often referred to as "good jobs."

The periphery stratum of the economy can be divided into four identifiable sub-sectors which contrast with the attributes of the cores. The secondary labor market of the periphery is characterized by employers with labor intensive technologies and a lack of market power which restricts their ability and need to pay high wages. In contrast to the primary labor market, the secondary labor market is beset with low wages and almost no benefits, leading to undesirable work conditions which discourages stability and job attachment by the labor force. Similarly, the lack of investment in human capital through training, etc., results in a lack of concern by employers for employee stability. These jobs remain low paying and unstable and are often referred to as "bad jobs."

The other three activities of the periphery, which are close

substitutes for the secondary labor market, consist of what dual market theorists call the "training economy," the "welfare economy." and the "irregular economy" or "hustle." Individuals in these and the secondary labor economy "receive poverty-level income in return for an investment of time."³⁹ All four are characterized by unstable behavior with people moving between these activities of the periphery stratum. "Finally, city school and job placement institutions whose ostensible function is to "upgrade" the urban poor, or, in terms of the above model, facilitate intersectoral mobility, often perpetuate poverty by re-circulating these individuals and their children among the segments of the periphery."⁴⁰

Jobs in the Local Economy

The Dade County economy is oriented toward services, trade and government employment. The trades and services industries alone account for over half of all Dade County jobs and are expected to increase in the future. "The atypical nature of the Dade County economy is exemplified by the fact that the single largest employer is the School Board, with the County government ranking second, Federal government third and Eastern Airlines ranking fourth. Among the top 30 employers, only one is a manufacturing firm... A great deal of trade and service employment is associated with the numerous shopping centers throughout the county...significant locations include...Northside at 79th Street."⁴¹

The overwhelming emphasis on service and trade jobs in the Dade County economy is discouraging for the employment prospects of the inner-city poor and those in the secondary labor markets. The service and trade industries are characterized by a dichotomy between "good" and "bad" jobs, and the emphasis on such jobs creates increased dualism in the labor markets. The service industries, for the most part lack the

middle layers of jobs that provide for upward mobility into the primary sector. Employment in retail and consumer service, in particular, is largely restricted to low paying, dead end jobs.

Estimated Dade County Employment in Non-Agricultural Establishments
by Major Industry Groups, March 1980 and 1982

Industry Group	Estimated Employment March 1980	Estimated Employment March 1982	Percentage Change	Percent of Total 1980	Percent of Total 1982
Total Non-Agricultural	720,700	737,900	+2.4	100.0	100.0
Services & Mining	175,600	181,400	+3.3	24.4	24.6
RETAIL TRADE	126,900	132,800	+4.6	17.6	18.0
Manufacturing	102,900	98,800	-4.0	14.3	13.4
Government	94,500	96,700	+2.3	13.1	13.1
Transportation/ Public Utilities	71,000	71,500	+0.7	9.8	9.7
Wholesale Trade	56,900	62,900	+10.5	7.9	8.5
Finance, Insurance and Real Estate	51,100	57,800	+13.1	7.1	7.8
Construction	41,800	36,000	-13.9	5.8	4.9

Source: 1982 Biennial Report on the Comprehensive Development Master Plan for Metropolitan Dade County Florida, 1982, using Florida Department of Labor and Employment Security data.

Northside Shopping Center Jobs

Jobs at Northside Shopping Center, like those at retail shopping centers throughout the county, are predominantly entry level, low paying, high turnover jobs. According to Don Stevenson, Manager of Northside, the majority of jobs at the center pay the minimum wage of \$3.35 per hour

with a frequent turnover of employees. Much of the jobs are less than full time. A typical salary for a department or area manager is \$200 per week or \$5 per hour. A typical chain store manager, as many of the Northside stores are chains, might earn approximately \$30,000 per year. While the area and the storewide manager jobs tend to have a much lower turnover, most store managers are brought into the center from outside of the area. According to Stevenson, this is a traditional retail industry practice. In addition, many of the retail chains do provide some benefits such as medical and life insurance.

Retail jobs at Northside appear typical of retail jobs in general and of service sector employment. The great majority of jobs can be described as secondary labor market or "bad jobs."⁴² Except for the benefits provided by some of the chain stores, they may be characterized by the typical secondary market scenario as labor intensive jobs in a competitive market where low wages are the norm. These low, poverty level wages for most employees leads to undesirable work conditions which discourages stability and job attachment by the employees. The lack of investment in the employees as human capital through training and advancement results in a lack of concern by the employers for employee stability. Employees are then dispensable.

This scenario then leads to the frequent complaint about shopping at Northside; that store employees don't know how to deal with customers, that many have no enthusiasm and make little effort to affect customers to come back to the store or to Northside. While it may be said that they don't understand the benefits of encouraging people back, it may be closer to the truth to say that they understand that they won't be sharing in the benefits to be gained and that the added effort means only

more work and no relief from poverty. For those trying to support a family, these minimum wage jobs are jobs without dignity, which keep people poor and without hope for the future.

The management of some of the retail stores at Northside do understand the advantages to making investments in employees. Judd Smalls, President of the Merchants Association and Manager of the Butlers Shoe Store feels that professionalism is important -- in many ways it is the bottom line. He hires local people, trains them and gives them an opportunity to move up the job ladder. Butler's has a programmatic on-the-job training curriculum instituted throughout the chain. It appears to work handsomely, especially at Northside, which is said to be the most successful of all Butler's in the Dade region. A visit to the store and one is immediately aware of the professional, efficient and polite service that employees give to customers. The customers seem to respond favorably. On a weekday afternoon the store was more crowded than most shoe stores in successful suburban malls. Attention is paid to giving the consumer quality merchandise and quality service. Investments in employees who share in the benefits of their efforts provides for a stable, upwardly mobile, proud and productive workforce. The payoff is a professional atmosphere with a caring and responsible workforce and many happy customers who keep bringing their business back. Investments in employee training and adequate pay for their labor are investments which pay off in sales and in community economic development.

Community Economic Development at Northside

M-D NHS and the Urban League of Greater Miami as joint partners in the ownership of Northside Shopping Center, acting solely in the interest of the community, will have a unique opportunity to facilitate the alleviation of employment problems in the community through the creation

and upgrading of jobs at Northside Shopping Center. The challenge is not just the creation of new jobs, as many retail jobs are typical of the secondary labor market and keep people in the periphery of the economy and in poverty, but to create new jobs which are meaningful to the community as employees and which provide adequate support, stability and hope for the future.

The most optimal use of the resources generated by Northside Shopping Center for the benefit of the community is to tie the money back into the shopping center by taking advantage of the ownership leverage, to invest in activities and programs which will lead to the economic development of the community while at the same time furthering the goals of revitalization of Northside and increased consumer activity. Revitalization success will depend not only on investment in physical capital but equally important is the investment in human capital. Economic development goals and revitalization goals are not mutually exclusive. By linking economic development activities back to the center, Forty Acres, Inc. will be contributing to the vitality of Northside, while at the same time maximizing the benefits to the community.

M-D NHS was correct in their statement, in the Scope of Services of the Northside Shopping Center Community Acquisition Project, that "The value of this project to the community is its potential for increased employment opportunities." As a major employer of more than 400 people, most from the community, and the potential for employment to double with revitalization, Forty Acres, Inc. has a responsibility to community residents as employees of Northside.

In response to the problems of the dichotomy between "good" and

"bad" jobs in the service sector, Thierry J. Noyelle is an article entitled, "People, Cities and Services," sees the solution this way, "In terms of people, the challenge lies in developing a better ladder labor market and a more favorable distribution of earnings so that certain groups of workers -- principally women, minorities and youth -- do not remain permanently at the bottom of the labor pool. Strategies emphasizing upskilling among today's lower strata of the labor force...could be used to recreate a broader layer of better paid and somewhat more challenging medium jobs."

Ownership of Northside Shopping Center will give Forty Acres, Inc. a unique opportunity to facilitate the restructuring of employment conventions at the center. Given the present number of jobs at Northside and potential for the future, Northside employment practices could have a profound impact on the economic well-being of the people in the community.

Such an investment in and commitment to the people would give Forty Acres, Inc. legitimacy as acting on behalf of the community's interest. It would also heighten the sense of true community ownership, loyalty and support, both as consumers and employees, of Northside Shopping Center. Given the size of Northside as the largest single employer in the Target community, the investment in employment opportunities and "good jobs" could have significant impacts on the economic health of the community itself and the increased ability of the community as consumers to support a revitalized Northside. This investment in people might not only enhance the original investment in Northside but might lead to more lasting and profound impacts and the transformation to a healthy, revitalized community.

Job Training Implementation

The implementation of a job training program for steady employment with adequate compensation and upwardly mobile job opportunities for community residents will not require the reinvention of the wheel. It will require making use of already existing resources and facilitating their linkage, and it will take a strong commitment by all parties to reach this end. Foremost, it will take the commitment of the merchants of Northside Shopping Center and their willingness to participate in an effort which may change present work arrangements but which has the potential to turn their own operations and the operations of the Center as a whole into a very profitable and positive ventures. The merchants will need to be convinced that not only would these policies and programs be a social or community good, but also that it makes good business sense. It will take sensitivity on the part of Forty Acres to accomodate and take into account existing employment and training policies of individual stores, especially chain stores and to work them into a plan to maximize participation within those constraints.

Forty Acres, Inc. would need to hire at least one staff person, possibly shared with M-D NHS or the Urban League, to facilitate and administer community economic development activities, and who would answer directly to the Board of Directors. It is important that such activities be kept separate from the profit making activities of the center, so there be no conflict of interest. These activities need to be handled in a consistent and professional manner by a qualified and dedicated individual who can interface well with the individual merchants and the Merchants Association and can facilitate necessary linkages for implementation.

One of the most important linkages that can be made is with the Private Industry Council (PIC) of South Florida. The PIC of South Florida, acting jointly with the South Florida Employment and Training Consortium Board (SFETC Board) of local public officials has been designated to implement the Job Training Partnership Act (JTPA) in the Dade and Monroe Counties service delivery area. The JTPA legislation established by Congress in 1982, is primarily a training act which requires that 70 percent of all funds spent on the local level be used specifically for job training and job placement services.

While the PIC does not directly provide job training, they devise policy and implement the JTPA by designating and funding service providers programs which either directly train individuals from targetted groups or designate training agents such as schools, technical and community colleges, community based organizations and private sector employers.

The range of services offered through the PIC under the JTPA guidelines include Employability Skills Training, Remedial Education, Occupational Skills Training, and On-The-Job Training among others, with programs for both youth and adults. Customized programs can also be developed to suit the needs of individual employers.⁴³

Those targetted for these job training programs include people who are economically disadvantaged, high school dropouts, AFDC recipients, displaced homemakers and heads of households, among others. Special outreach to residents of Dade County's Black communities has been pursued by the PIC/SFETC with strong emphasis on providing high quality employment and training services. Almost two-thirds of their 1984 program budget of \$16,005,000 is designated for Black participants.⁴⁴

A sample program for Northside might be implemented as follows. The

Forty Acres, Inc. Community Economic Development Coordinator could work with the Northside merchants to try to reach a consensus on participation in the job-training program and to hire local community residents. Forty Acres could be designated by PIC as a service program and as such could do outreach in the community for employment opportunities at Northside. Those residents participating in the program could be referred to an existing PIC/SFETC Comprehensive Employability Skills Training Program which features an established curriculum and performance benchmarks to ensure a workforce with good work habits and attitudes. This training would be paid through JTPA funds.

Beyond completion of the Employability Training Program, participants could then be referred back to the Northside merchant employers for a job and for continued training. The PIC of SF could work with Forty Acres and with the merchants to develop a training program tailored to their specific employment needs. The training might consist predominantly of on-the-job training coupled with weekly classroom instruction for trainees, and present employees, if they desire, on such aspects of retail as customer relations, sales techniques, employee/employer relations, the basics of inventory control, window display design and other aspects deemed appropriate for the orientation and potential advancement of new employees.

Forty Acres might negotiate with individual merchants to provide instruction for the classes. The curriculum itself would have to be formalized to assure a relevant and competent program. Alternatively, Forty Acres and PIC/SFETC might work with a teaching institution such as Miami-Dade Community College to provide instruction and teachers. Forty Acres would act as facilitator in bringing the decision making parties

together, including the training agents, but would not need to be involved in actual training, unless so desired and unless a comprehensive curriculum could be established internally. In any case, the training provider must be a qualified institution to teach the curriculum according to the State and PIC criteria. The costs of this Occupational Skills Training would be paid through JTPA monies. These contracts are performance based with retention of the employees as part of the benchmark system for payment.

Regarding the On-The-Job Training, each merchant would be reimbursed by PIC for up to half of the employee's wages during the training period, for a period up to six months. These jobs are to be permanent, full time positions with a wage scale beginning at a minimum of \$3.50 per hour, according to PIC/SFETC policy.⁴⁵ It is assumed there is potential for upward mobility, increased responsibility and commensurate pay increases over time with upskilling and increased productivity.

In addition to the 50 percent of wage reimbursements during training, merchants who hire targetted employees would be eligible for tax credits for each employee. These credits would be a substantial share of employee costs. The federal government would provide the employer with a 50 percent tax credit on the first year of wages for each targetted employee up to a maximum of \$3,000 in the first year. The Federal Targeted Jobs Tax Credit would be a maximum of \$1,500 in the second year of employment for each targetted employee.⁴⁶ Those credits may be carried over into the future.

In addition, the West Little River and Model Cities areas are both development target areas in Dade County and as such have been designated as enterprise zones (see Appendix E). Florida Corporate Income Taxpaying businesses may claim enterprise zone (EZ) tax credits of 25 percent on

wages paid to residents of these designated areas who have been hired for new jobs. These tax credits, formally known as Florida Economic Revitalization Jobs Creation Incentive Credits, may be claimed for an additional year as long as the EZ employee is promoted but is still paid under \$1,500 per month or if the EZ employee is replaced, by another EZ resident, and does not claim Unemployment Compensation Benefits. Both State and Federal tax credits may be claimed at the same time as long as eligibility requirements for each are met. Any unused State EZ tax credits may be carried over for a five year period.

The tax incentives, job training incentives, and increased productivity and sales potential make merchant participation in these programs not only attractive financially but in the best interests of the people of the community and of the long-term vitality of Northside Shopping Center. Community residents need stable, sustaining jobs with ladders for advancement and hope for the future. By responding to that need the merchants would be making a strong investment in the community and the community in turn could be expected to support the merchants. These relations are vital to a healthy shopping environment and a healthy local economy.

Beyond the training provided upon initial employment, Forty Acres, Inc. could again work with Merchants Association and the Private Industry Council to develop training programs to upgrade the jobs of hourly wage employees, who have the potential for management positions, and to teach them the proper skills of middle management or department management jobs. A real effort should be made to encourage and facilitate this upward mobility in jobs and opportunities.

Northside Shopping Center could become a training ground and model

program for retail expertise in the Black community. Retail jobs in Dade County are abundant, yet most are dead-end jobs. Through training programs and upward mobility at Northside, employees may seek opportunities outside of the community but at a salaried managerial level. Merchants of chain stores could be encouraged to find managerial jobs for promising employees at other chain locations. This not only would bring more money into the local economy from outside of it, but it would continuously open up the ranks so people below would have the opportunity to move up the job ladder. The job training and primary sector employment efforts for Northside employees should be well orchestrated and documented with the participation of all affected parties in the planning and implementation of these efforts, so that all understand what is expected and what constitutes success. There should be no surprises. Goals should be realistic and achievable.

Success in the job training and upgrading efforts will require a strong progressive merchants association and their willingness to accommodate work structures and job training programs which lead to upward mobility and increased positions of responsibility for employees. It will require employees who are up to the challenges of increased responsibility, education and professionalism, and the financial benefits and opportunities that should follow. Finally, it will require the creativity, cooperation and commitment of M-D NHS and the Urban League as joint owners, the PIC of S. Florida, Job training Service Providers, the merchants and the mall management to put together a training program that will work in this complex setting to advance these goals.

Additional Community Economic Development Activities

Other programs to achieve community economic development for the economic well being of the community while at the same time linking back

to the vitality of Northside Shopping Center, might include bringing a day care facility onto the site to provide child care services to female heads of households with such responsibilities who need and want to work to support their families. The lease arrangements could be kept low so that the lease just covers costs associated with it. Forty Acres, Inc. and the Merchants Association might provide subsidies to employees for daycare expenses. This would enable many women to enter the workforce who otherwise face difficult barriers to employment and would not only add to the desirability of the jobs at Northside, but would create a sense of loyalty.

Other efforts should include linkages to the local economy to keep money circulating within the community. Such linkages might include maintenance and renovation contracts to local contractors and the purchase of materials, major items, and services through local businesses, among others.

Entrepreneurship of community residents might also be encouraged through training that focuses on teaching existing entrepreneurs and would-be entrepreneurs the skills needed to take an idea to the marketplace. This might be seen as an extension of the managerial training given to present employees who have demonstrated their retail savvy and would like to start their own businesses. Northside could serve as an incubator to local entrepreneurs by providing relatively cheap space and Forty Acres could provide debt or equity investments and support/technical services to help them get through the first few critical years. Care must be taken that these entrepreneurs not be placed in direct competition with existing merchants, that there is a potential market for their products, and that mechanisms and support be

in place to assure a professional operation that would complement and reinforce the efforts of other merchants at Northside.

These and other community efforts tied to Northside would not only have a significant impact on the economic wellbeing of community residents, but would also enhance the original investment for a revitalized Northside Shopping Center. While maximizing the payback to the community from Northside as a place to shop, a place to work, and as an economic resource owned by the community, Northside can become the true "heart of the community." Through responsiveness to community needs, the feeling of legitimate community ownership will emerge among the people, and with it a loyalty to the center as shoppers, workers, and citizens.

Miami-Dade NHS and the Urban League of Greater Miami should not lose sight of the purpose of community-based ownership of Northside. It is critical that the asset be used to further the goals of reducing dependency and bringing dignity to the community in terms of quality of jobs and quality of service; thus, leading to a better quality of life in Black Miami. Profits generated beyond what is needed in programs tied to Northside might go back to Miami-Dade NHS and the Urban League to enhance their own existing programs for the community, which in turn may indirectly benefit Northside.

Sale of Stock to the Community

As Miami-Dade NHS and the Urban League may still be committed to the eventual sale of stock to community members for direct community ownership of Northside Shopping Center, this too could be incorporated into the future plans of Northside Shopping Center. Such a plan would need to be well thought out and balanced against other goals to maximize community gains.

Upon achievement of the objectives of a revitalized Northside, and the institutionalized arrangements in place to assure the continuation of actual gains made to further the policies for "good jobs" and employment opportunities for community residents, then Miami-Dade NHS and the Urban League might consider the sale of stock to a broad community base. Once the non-profit joint venture, Forty Acres Plus a Mule, Inc., has achieved its charitable purpose, its status as a non-profit might be threatened if profits are no longer used to advance the charitable purpose of the organization.

At such a time, Forty Acres would become a for-profit subsidiary of Miami-Dade NHS and the Urban League of Greater Miami. The time would be appropriate for the opportunity of community-wide ownership and distribution of profits to the people. Given an already strong relationship with the community as an entity operating in the community interest, the sale of stock could be an extension of those present relationships.

Keeping in mind the objectives of broad-based community ownership and building in the self-sustaining support of Northside Shopping Center through community ownership, the distribution of the stock should be planned to further these goals and add to the vitality of Northside. Stock should be made available not only to consumers or potential customer of Northside, but also to employees, merchants, management and other supporters of the center. A policy might be implemented to give a few shares of stock to all employees including merchants and the shopping center management based on the length of their employment under Forty Acres ownership.

While the sale of stock should be marketed to all constituencies of

Northside Shopping Center, care should be taken to ensure that the stock not be controlled by a corporate entity or individual. Should this occur, Northside will once again be under private ownership for private profit. The rationale for broad-based community ownership is so that community people will not only have a say in how the center is run and in policies affecting employment, but will also share in the distribution of profits. Care should also be taken to limit the sale of stock to those outside of the community as such would represent a drain of monies away from the community.

True broad-based community ownership should result in built-in support of Northside Shopping Center from its employees to its managers, from customers to community supporters. Northside could become the focal point of community activity and community pride. At the same time, it would satisfy the important objective of the redistribution of wealth and control to those in the community who support the center as consumers, who are employed by the center and whose lives are profoundly affected by this significant economic base of Miami's Black communities.

Through the sale of stock, Miami-Dade NHS and the Urban League will acquire money which could then be used as equity in other investments to further the goals of community revitalization and economic development. Still, some control of stock should be maintained to ensure the continued stability of the non-profit organizations and to ensure the stability of Northside Shopping Center and the continued implementation of policies to maximize community benefit.

CONCLUSION

Acquisition of Northside Shopping Center by Miami-Dade NHS in partnership with the Urban League of Greater Miami is close to becoming a reality. The challenges have been numerous and many obstacles have been overcome with the perseverance and commitment of Miami-Dade NHS and the acquisition team.

While acquisition of Northside has been a challenging process, an even greater challenge will be making real progress in the revitalization and economic development of the community upon community ownership by Forty Acres, Inc.

While present objectives include the revitalization of Northside to make it, once again, an attractive and profitable center responsive to consumer needs, Northside is equally, if not more, important to the Black community as its major employer. It is in the area of employment that community ownership of Northside may have a significant and profound impact on the economic well-being and quality of life for community residents.

Given ownership of Northside in the community's interest, only through sensitivity to the real economic needs and through a genuine responsiveness to the people of the surrounding neighborhoods, would M-D NHS and the Urban League become a legitimate representative of the community. This in turn would create a loyalty and "sense of ownership" by community members both as shoppers and employees. Such responsiveness, through policies and action, on the behalf of the community could lead to active community support and meaningful local economic development.

While many CDC's think in terms of trading off profits for community

welfare, as a non-profit organization's profits are not an objective for their own sake. They are only useful and desirable as a vehicle in which to reach community goals and thus to further the charitable purpose of the organization. Borrowing the concept from British Development Economist, Dudley Sears, the objective of development programming is "the implicit maximization of a weighted average of community benefits, subject to the constraint of fiscal solvency," Using this concept, the question facing Forty Acres, Inc. becomes one of how to maximize community benefits, for the Black community and neighborhoods surrounding Northside Shopping Center, subject to the monies generated by the venture itself. It is with such an orientation that planning for the future of Northside is undertaken in this thesis. Community ownership of Northside should be used for the purposes of deriving the most benefits for the community subject to the monies generated by the center, with future benefits, though discounted, to be included in the formulation. This approach would be beneficial to the revitalization and health of both the shopping center and the community.

The initial strategy should be one of ensuring the continued success and health of the institutions which would be supporting community development. First and foremost, this means recycling enough of the income generated back into the center to ensure its success as a shopping center and to encourage investment into the area. A revitalized Northside is a public good in and of itself. Additionally, goals, such as the self-sufficiency and survival of the community-based owners who serve the community and direct economic development for the community benefit, can be achieved only if the venture is itself successful and generating income. Profits generated by the center should be directed first to

properly capitalize, improve and maintain Northside Shopping Center in a professional manner, using strict cost controls. Northside is the life support for further efforts in the community's behalf. A healthy and vital Northside could generate as much as \$500,000 in net profits to further community goals.

Beyond a revitalized Northside Shopping Center, ownership by a joint venture of two non-profit organizations responsive to community needs, means that net profits do not get distributed to individuals but would be used to further community interests. Still, it is not only reasonable, but it is in the community interest for Miami-Dade NHS and the Urban League to expect some income support from the net revenues generated at Northside. Not only has much "sweat equity" gone into purchasing the center on the community's behalf, but their continued support of this project is critical, like investment back into the center, to the continued success of a Northside Shopping Center dedicated to the community. To ensure their own stability and effectiveness in delivering existing services and programs to the Black community, the stability of their ownership of Northside in the community interest, and the facilitation of activities in conjunction with Northside ownership to further the objectives of commercial revitalization and community economic development, an investment in the operations of these groups will enhance the present and future returns in benefits to the community.

Given the support to the "infrastructure" of this community development effort, an income generating asset and the facilitators of its success and the success of its use for community benefit, net income and efforts should be distributed to directly maximize the returns to the community, not as profits but in terms of lasting solutions to the problems of the community. The challenges ahead involve making the best

use of resources to meet community economic development goals. For a systematic approach to problem solving, this requires an investigation into the economic health of the community targetted for this effort and an understanding of the problems community members face and their needs. Solutions which are tied back to Northside Shopping Center, and which could facilitate significant progress for the community while simultaneously adding to the attractiveness, viability, and fiscal health of Northside should be of the first order in the pursuit of economic gains for the community.

An investigation into the economic problems of the community show very high rates of poverty, due not only to unemployment. Unemployment is part of a larger problem in the community -- that of an inability of people to support themselves. Community members face problems of underemployment and lack of access to steady sustaining, "good jobs."

Most jobs at Northside, like the majority of jobs in Dade County open to people of color, are typical of the secondary labor market; labor intensive, low wage, minimal benefits and lack of job attachment by the labor force and lack of concern by employers for employee stability.

With a strong commitment, efforts should be undertaken by Forty Acres to address these problems and to form linkages with appropriate parties to facilitate solutions to these employment problems at Northside Shopping Center. Given the employment capacity at Northside, such policies and solutions could have a profound effect on the well being of the community residents and on the economic development of the community, while simultaneously making community owned Northside truly responsive to its constituents. This in turn might hold the key to long-lasting attachment, sense of ownership, and community support of

Northside, leading to a sustained source of income for community benefit.

Beyond such investments in the community through activities at Northside, additional resources might be funneled back to Miami-Dade NHS and the Urban League of Greater Miami to further their existing activities for the benefit of the Black community. These activities in turn would indirectly benefit the continued health of Northside.

Upon achieving the goals set forth for community benefit from community ownership and control of Northside, and at such a time as revenues can no longer be sufficiently tied to the charitable purpose of Forty Acres, then, Miami-Dade NHS and the Urban League should pursue their original intention of sale of Northside to people in the community for true and broad based community ownership. This would lead to the continued support for the center and the redistribution of wealth, control and ownership of this most vital community resource to all involved in its success -- the community, the employees, the merchants, the management and the non-profits who would continue to see the fruits of their efforts. Through this approach to community economic development, benefits to the community can be maximized to their highest level facilitating long-lasting and appreciable solutions to the problems of poverty in the community.

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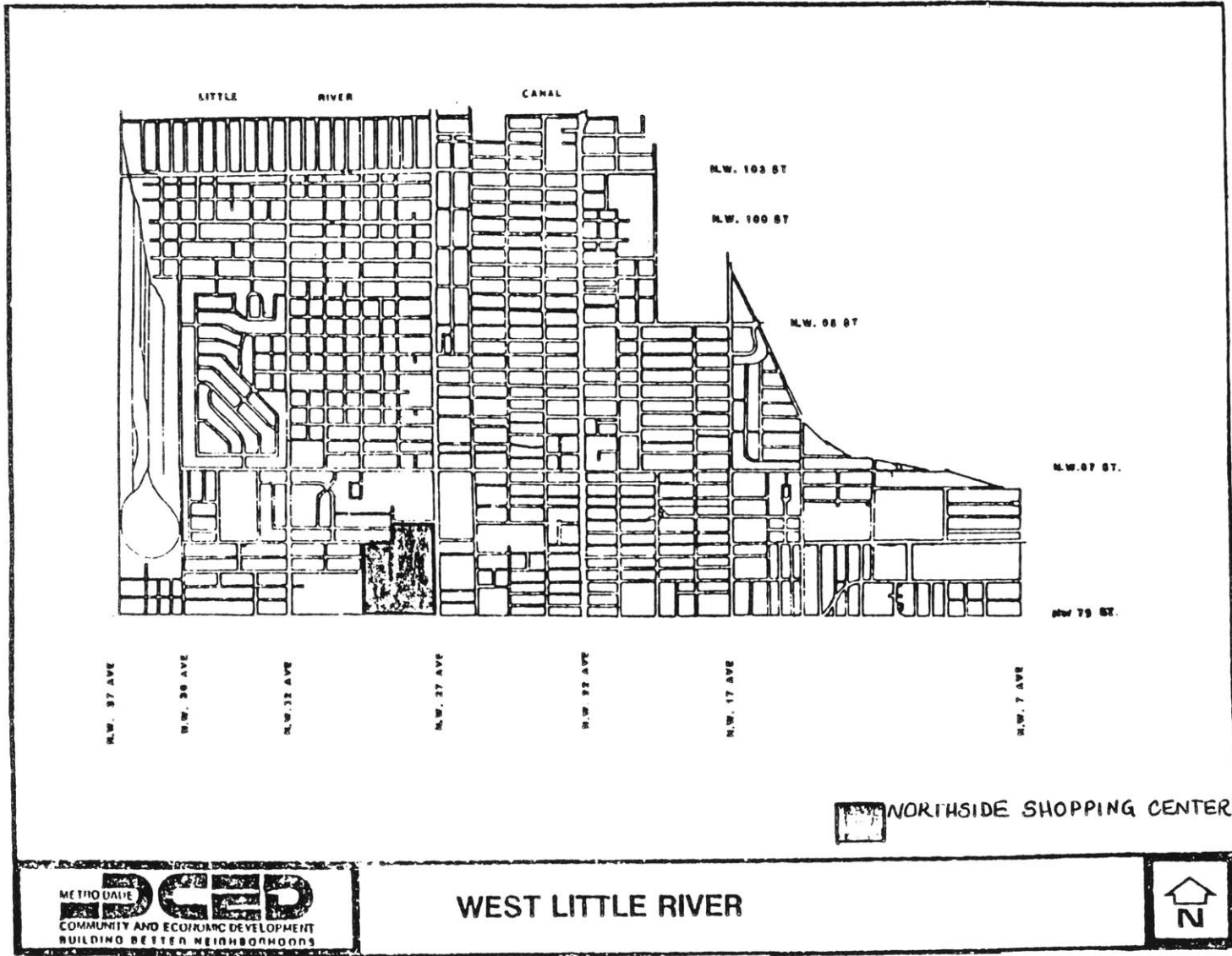
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APPENDIX A:

MAP OF WEST LITTLE RIVER



CD
 METRO DADE
 COMMUNITY AND ECONOMIC DEVELOPMENT
 BUILDING BETTER NEIGHBORHOODS

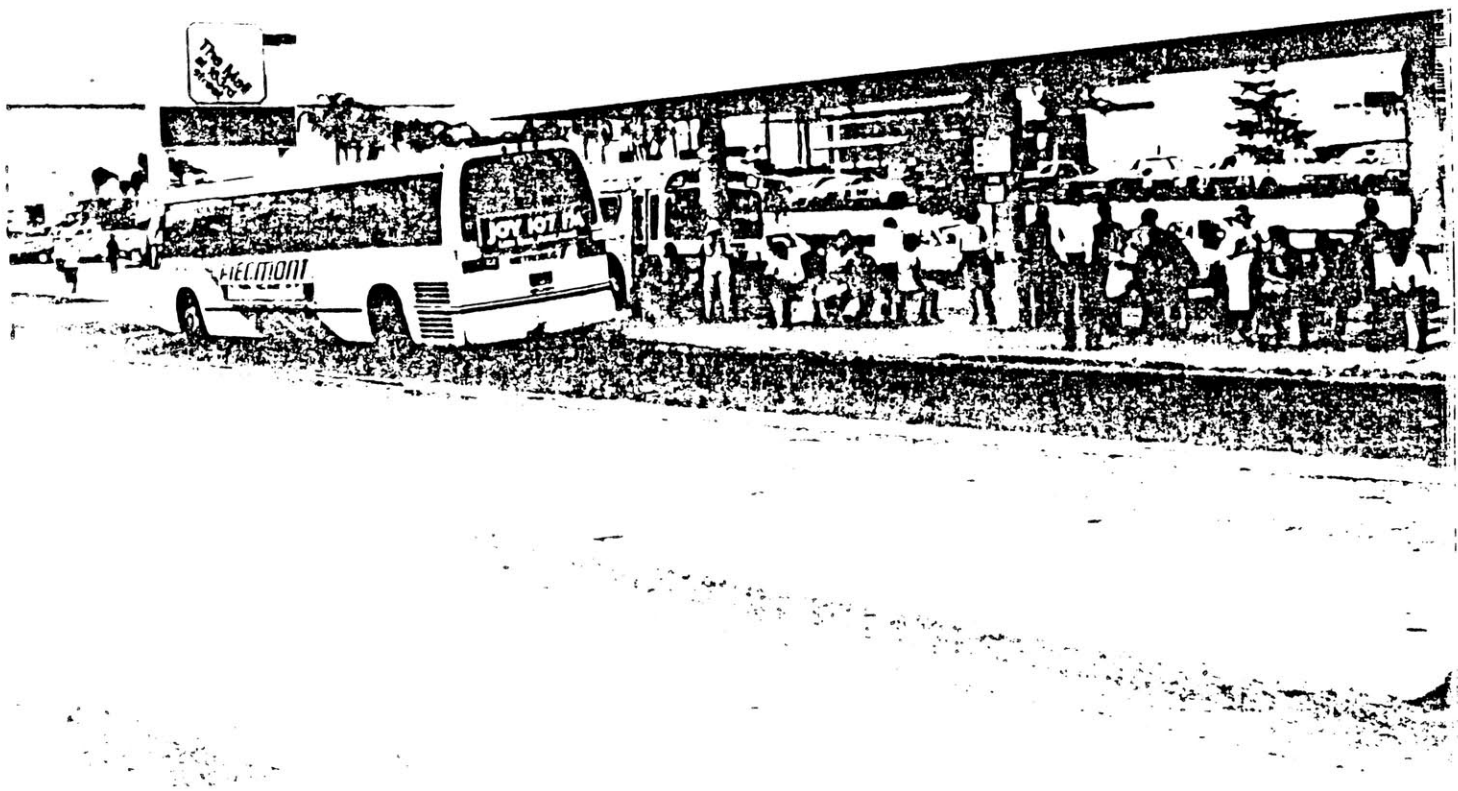
WEST LITTLE RIVER



APPENDIX B:

BUS FEEDER TERMINAL





APPENDIX C:

NORTHSIDE FINANCIAL FEASIBILITY MATERIAL

FINANCIAL FEASIBILITY

ACQUISITION AND COST OF COSMETIC RENOVATION

*Assumable first mortgage	\$ 4,000,000
Available UMPTA funds - <i>grant - equity</i>	2,000,000
Bank consortium (loan)	2,500,000
Dade County renovation (loan)	1,000,000
Purchase money obligation to seller	1,000,000
Business Assistance Center (loan)	500,000
Total	----- \$11,000,000 -----

* Pays out in the year 1990.

The above captioned (loans) may be structured in order to provide a debt service pay back return to ensure the "recycling" of resource dollars for other business loans and/or investments in the community.

COMMENT:

The projection of cash flow prepared by Arthur Andersen & Co. included herein is further substantiated by data prepared by Courtelis Company following its in-depth analysis of:

- Existing and recently signed lease agreements
- Present cash flow
- Physical inspection of the center

It is clearly indicated by each of the above that the project will support debt service on its loans based on present figures of revenue and expense levels.

NOTES AND ASSUMPTIONS TO THE PROJECTION OF CASH FLOW

BY

ARTHUR ANDERSEN & CO.

ARTHUR ANDERSEN & Co.

CERTIFIED PUBLIC ACCOUNTANTS

ONE BISCAYNE TOWER-SUITE 2100
MIAMI, FLORIDA 33131
(305) 374-3700

June 30, 1983

Miami-Dade Neighborhood Housing
Services, Inc.
Lemon Tree Building, 2nd Floor
2160 N.W. 79th Street
Miami, Florida 33147

Urban League of Greater
Miami, Inc.
1200 Biscayne Boulevard
Miami, Florida 33132

Gentlemen:

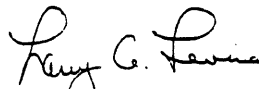
The financial projection for the fiscal period
September 1, 1983, to August 31, 2003, is based on assumptions
and estimates, the principal ones of which are set forth in the
notes to the projection.

We have satisfied ourselves as to the mathematical
accuracy of the projection and that it fairly reflects the esti-
mates and assumptions contained therein. The selection of
assumptions requires the exercise of judgment and is subject to
uncertainties relating to the effect that changes in legislation
or economic or other circumstances may have on future events.
There can be no assurance that the assumptions or the data upon
which they are based are accurate. Variations of such assump-
tions could significantly affect the projection. To the extent
that the assumed events do not occur, the outcome may vary
significantly from that projected. Accordingly, we express no
opinion on the achievability of the results presented in the
projection, and no representation to the contrary may be made or
implied.

Very truly yours,

ARTHUR ANDERSEN & CO.

By


Larry A. Levine

GG

Enclosure

NORTHSIDE SHOPPING CENTER

NOTES AND ASSUMPTIONS TO THE
PROJECTION OF CASH FLOW

(1) GENERAL:

(a) It is assumed that a corporation will be formed to purchase the land and buildings at the Northside Shopping Center on September 1, 1983. Each year of the projection is a fiscal year beginning September 1st and ending August 31st.

(b) The cost of the center is assumed to be \$10,000,000, with the buildings and other depreciable improvements representing 80% (or \$8,000,000) and the land 20% (or \$2,000,000) of that amount.

(2) ACQUISITION OF PROPERTY:

The source of funds for the purchase of the shopping center (including a \$1,000,000 reserve for renovation and possible working capital requirements) is as follows:

<u>Equity:</u>		
Community Development Corps.	\$2,000,000	
Business Assistance Center	<u>500,000</u>	\$ 2,500,000
<u>Debt:</u>		
Existing mortgages	\$3,858,508	
Additional borrowings-		
Financial institutions	2,641,492	
Subordinated debt - Dade		
County	1,000,000	
Seller to hold	<u>1,000,000</u>	8,500,000
Total		<u>\$11,000,000</u> =====

(3) FINANCING:

(a) Existing Mortgages-

The property is subject to assumable mortgages for the first six years and nine months in favor of Teachers' Annuity Association. The existing debt is at an average rate of approximately 6% and will be fully amortized at May 31, 1990. The monthly payments are \$58,025, or \$696,300 per year.

(b) Financial Institutions-

The private borrowing with financial institutions of \$2,641,492 at 9% is to be amortized on a 30-year basis until

May 31, 1990 (the payoff of the existing mortgages). The monthly payment will be \$21,254 (\$255,048 per year) through May 1990. After May 1990, the remaining principal balance will be amortized at 9% over 10 years. The monthly payments after May of 1990 will be \$31,434 (\$377,208 per year).

(c) Subordinated Debt - Dade County-

Interest on the additional subordinated debt with Dade County of \$1,000,000 is to be accrued at the rate of 6% until May 31, 1990. Then, after May 1990, the principal and prior accrued interest will be amortized at 6% over 10 years. The monthly payment starting in June of 1990 will be \$16,457 (\$197,484 per year).

(d) Seller To Hold-

An additional \$1,000,000 purchase money obligation will be held by the seller with simple interest at 10% per annum. All principal, the first year's interest and 50% of each succeeding year's interest will be deferred until May 31, 1990. The seller's balance of \$1,425,000 will be paid on May 31, 1990, with the proceeds of a refinancing loan to be amortized at 10% over 10 years. Monthly payments, starting in June of 1990, will be \$18,051 (\$216,612 per year).

Because of provisions in the existing mortgages that no additional debt may be secured by the property, the private borrowings will be either unsecured or secured by the stock of the corporation formed to acquire the assets of the Northside Shopping Center.

(4) OPERATING INCOME AND EXPENSES:

Rental income and expenses were projected with the assistance of James Kurps, Director of Management with the Courtelis Company. Mr. Kurps reviewed the available data to arrive at assumptions of gross income and expenses in a static condition. The overall inflation rate is assumed at 5% per year. (See the attached Report by Courtelis Company.)

(5) INCOME TAXES:

The assumption has been made that funding of the investment directly or indirectly by §501(c)(3) organizations will not result in "unrelated business taxable income"; therefore, no provision for state or federal income taxes has been made.

NORTHSIDE SHOPPING CENTER
MORTGAGE COMPUTATION SUMMARY

MORTGAGE— 1

81 PERIODS FOR AMORTIZATION
12 PAYMENTS PER YEAR, 12 IN FIRST YEAR
INTEREST RATE AS AN ANNUAL PERCENTAGE IS 5.7802
PRINCIPAL AMOUNT IS \$3,838,308, EACH PAYMENTS ARE \$38,025

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
-PRINCIPAL	478,536	507,950	539,175	572,312	607,493	644,831	508,211	0	0	0
-INTEREST	217,764	188,250	157,125	123,988	88,807	51,469	12,722	0	0	0
-PAYMENT	696,300	696,300	696,300	696,300	696,300	696,300	520,933	0	0	0
-UNAMORT. BALANCE	3,379,972	2,872,022	2,332,847	1,760,535	1,153,042	508,211	0	0	0	0

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
-PRINCIPAL	0	0	0	0	0	0	0	0	0	0
-INTEREST	0	0	0	0	0	0	0	0	0	0
-PAYMENT	0	0	0	0	0	0	0	0	0	0
-UNAMORT. BALANCE	0	0	0	0	0	0	0	0	0	0

MORTGAGE— 2

360 PERIODS FOR AMORTIZATION
12 PAYMENTS PER YEAR, 12 IN FIRST YEAR
INTEREST RATE AS AN ANNUAL PERCENTAGE IS 9.0002
PRINCIPAL AMOUNT IS \$2,041,493, EACH PAYMENTS ARE \$21,255

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
-PRINCIPAL	18,048	19,739	21,590	23,616	25,830	28,256	2,504,416	0	0	0
-INTEREST	217,000	235,309	253,458	271,432	279,219	226,794	168,269	0	0	0
-PAYMENT	235,048	255,048	275,048	295,048	305,048	355,048	2,672,785	0	0	0
-UNAMORT. BALANCE	2,023,445	2,003,706	2,582,116	2,558,500	2,532,670	2,504,416	0	0	0	0

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
-PRINCIPAL	0	0	0	0	0	0	0	0	0	0
-INTEREST	0	0	0	0	0	0	0	0	0	0
-PAYMENT	0	0	0	0	0	0	0	0	0	0
-UNAMORT. BALANCE	0	0	0	0	0	0	0	0	0	0

MORTGAGE— 3

120 PERIODS FOR AMORTIZATION
12 PAYMENTS PER YEAR, 1 IN FIRST YEAR
INTEREST RATE AS AN ANNUAL PERCENTAGE IS 9.0002
PRINCIPAL AMOUNT IS \$2,401,499, EACH PAYMENTS ARE \$31,434

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
-PRINCIPAL	0	0	0	0	0	0	0	38,738	164,019	179,404
-INTEREST	0	0	0	0	0	0	0	25,344	223,189	197,804
-PAYMENT	0	0	0	0	0	0	0	94,302	377,208	377,208
-UNAMORT. BALANCE	0	0	0	0	0	0	0	2,442,761	2,278,722	2,099,318

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
-PRINCIPAL	196,222	216,042	234,775	256,798	280,889	307,226	336,057	372,629	0	0
-INTEREST	180,774	162,566	142,433	120,410	96,319	69,972	41,151	19,333	0	0
-PAYMENT	377,208	377,208	377,208	377,208	377,208	377,208	377,208	393,022	0	0
-UNAMORT. BALANCE	1,993,026	1,988,444	1,953,069	1,876,871	1,751,982	1,580,744	1,372,689	0	0	0

NORTHSIDE SHOPPING CENTER
MORTGAGE COMPUTATION SUMMARY

MORTGAGE— 4

120 PERIODS FOR AMORTIZATION
12 PAYMENTS PER YEAR, 1 IN FIRST YEAR
INTEREST RATE AS AN ANNUAL PERCENTAGE IS 6.0002
PRINCIPAL AMOUNT IS \$1,405,000, EACH PAYMENTS ARE \$15,598

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
-PRINCIPAL	0	0	0	0	0	0	0	25,048	107,346	113,967
-INTEREST	0	0	0	0	0	0	0	20,946	79,830	73,209
-PAYMENT	0	0	0	0	0	0	0	46,794	187,176	187,176
-UNAMORT. BALANCE	0	0	0	0	0	0	0	1,379,152	1,271,806	1,157,839

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
-PRINCIPAL	120,996	128,461	136,384	144,796	153,726	163,208	173,273	136,993	0	0
-INTEREST	46,180	58,715	50,792	42,380	33,450	23,968	13,903	3,447	0	0
-PAYMENT	187,176	187,176	187,176	187,176	187,176	187,176	187,176	140,442	0	0
-UNAMORT. BALANCE	1,036,843	908,382	771,998	627,202	473,476	310,268	136,993	0	0	0

MORTGAGE— 5

120 PERIODS FOR AMORTIZATION
12 PAYMENTS PER YEAR, 1 IN FIRST YEAR
INTEREST RATE AS AN ANNUAL PERCENTAGE IS 10.0002
PRINCIPAL AMOUNT IS \$1,425,000, EACH PAYMENTS ARE \$18,821

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
-PRINCIPAL	0	0	0	0	0	0	0	21,042	89,608	98,993
-INTEREST	0	0	0	0	0	0	0	35,451	136,364	126,979
-PAYMENT	0	0	0	0	0	0	0	56,493	225,972	225,972
-UNAMORT. BALANCE	0	0	0	0	0	0	0	1,403,958	1,314,350	1,215,357

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
-PRINCIPAL	109,339	120,808	133,460	147,435	162,874	179,928	198,768	162,725	0	0
-INTEREST	116,613	105,164	92,512	78,537	63,998	46,044	27,204	6,861	0	0
-PAYMENT	225,972	225,972	225,972	225,972	225,972	225,972	225,972	169,586	0	0
-UNAMORT. BALANCE	1,105,998	985,190	851,730	704,293	541,421	361,493	162,725	0	0	0

REPORT BY COURTELIS COMPANY



COURTELIS COMPANY

1101 BRICKELL AVENUE • MIAMI, FLORIDA 33131
TELEPHONE: (305) 379-8467

May 25, 1983

Mr. Charles I. Babcock, Jr.
Chairman
The Babcock Company
1500 Monza Avenue
Coral Gables, Florida 33146

Re: Northside Shopping Center
Income and Expense Projection

Dear Mr. Babcock:

At your request I reviewed the following documents in order to project income and expenses for this property for the period of September 1, 1983 through August 31, 1988:

- *Tenant Identification List dated June 1, 1982
- *Tenant Identification List dated February 1, 1983
- *Individual Lease Abstracts
- *Tashi Valley N.V. Financial Statements for Years Ending December 31, 1981 and 1982
- *Selected Tenant Sales Summaries for 1980, 81 and 82
- *Schedule of Percentage Rent Payments 1980, 81 and 82
- *Cash Flow/Taxable Income Projection, Analysis of Taxable Income and Loss 1983 - 2002 (Schedule I)

From the attached projection sheet you will note that I am projecting a higher initial income than that shown on the previous cash flow reports. However, the annual rate of increase over the projected period is less than previously projected. There are several factors involved in this variance.

- 1) The initial cash flow/taxable income projection was based on income figures and existing leases available at the time of that report. Since that time there have been several tenant changes and rental increases which affect the base rent income. The income from the food store was not fully included in the initial report.

Mr. Charles I. Babcock, Jr.
May 25, 1983
Page 2

- 2) This projection is based on very conservative assumptions for CPI rental increases, re-leasing and tenant sales increases. Thus, the rate of increase from year to year is less than previously projected. Favorable renewal and new leasing would have a significant impact on these projections. Tenant sales generating overage rental payments is a significant factor and my projections could be quite understated.

On the expense side there are some current expenses which are attributable to the particular current ownership situation which would not be a factor if this property is owned and operated locally, i.e.,

Communications	\$10,844
Consulting Fees	15,161

The communications cost is extremely high due to telex and long distance phone conversations. This expense should be around \$3,600/year. The consulting fees should not be an expense for a new owner.

In addition, the 1982 Schedule of Expenses included a bad debts entry of \$19,146. I have made an adjustment on the income side labeled "Collection Loss" to cover this entry. The schedule listed insurance under fixed charges; I have included this expense under operating expenses.

These adjustments would make 1982 operating expenses to be approximately \$411,000. The cash flow/taxable income projection showed \$450,000 for these expenses for the first year. I suggest that we continue to use this higher figure since it would provide additional funds for extra maintenance personnel, higher costs for repairs and maintenance and a little extra for Merchants Association contribution (security guards costs are paid from this fund). These expenses are assumed to increase five percent each year.

This projection does not include any provisions for debt service since there are a myriad of methods to structure the financing. Mr. Levine and you can determine what amounts you want to plug in for this expense. I have also left out corporate income tax.

In addition to the projection, I have attached a couple of pages of my personal comments and observations. After you have had a chance to review this information we can get together to discuss this report.

Sincerely,

James Kurps
Director of Management

JK:kw

Enclosures

COMMENTS/OBSERVATIONS

As Director of Management for the Courtelis Company I routinely prepare annual budgets, proformas and projections similar to the projection I have just completed for Northside. Generally, my forecasts are for well established properties that have a history of continuous, increased income growth. I have the benefit of first-hand operating experience with a reasonable knowledge of past costs, current market rent structures, income trends, tenant sales and the related factors that can influence a property's cash flow.

This projection utilized the available data along with very conservative assumptions to arrive at the gross income figures. The expense side accurately reflects anticipated costs to maintain this property at a higher standard. I am confident that these projections are reasonably accurate, but they may be misinterpreted if they are not understood to represent a static condition. All of the assumptions were based on the premise that this Center would just continue at the same level that it is operating on at this time. The only adjustments were minimal cost of living increases tying sales volume, expenses and rental increases, where applicable, to anticipated increases in the CPI Index. However, there are some additional factors to be considered in analyzing this data.

A comparison of the two tenant identification lists indicates that in the interim approximately 15,000 square feet was vacated with approximately 8,000 square feet re-leased (not necessarily the same space). The effective rental rate for the 15,000 square feet was \$4.66/square foot; the 8,000 square feet was re-leased at an effective rate of \$6.08/square foot. It is evident that Management is able to obtain new leases and renewal leases at much more favorable rates. Current leases under negotiation also indicate that the prospects for increasing base rent income are very good.

There are a number of leases which provide for a fixed rental rate for their entire term. Several of these tenants are currently either paying percentage rent or can be expected to be paying percentage rent in the near future because of the increase in gross sales due to inflation. If additional sales can be generated at this Center, there will be a significant increase in percentage rent income. It is not unrealistic in my opinion to anticipate that at least some of the current sales volume from Sears will be transferred to some of the other existing tenants once Sears vacates. This would also increase percentage rent income.

Additionally, the Metro Rail System will have a positive impact on gross sales for this property.

If this projection is to be extended past August 31, 1988, some sort of an adjustment should be made to the income side to incorporate the effects of renewal leasing at higher rates, increases percentage rent income and re-leasing the Sears main store and the related space (auto center, patio area and storage).

NORTHSIDE SHOPPING CENTER

5-Year Projection - Income/Expenses

NOTES/ASSUMPTIONS

Base Rent

Arrived at by calculating each tenant's annual rent per the terms of the Lease. Renewal leases and annual CPI increases were assumed to be 105% of previous years rate. Income from Holly Shops not included per discussion with Mr. Stevenson since this tenant is expected to vacate his space. Income for leases under negotiation is McDonald's, Trax Auto, and odd lots not included.

Collection Loss

Assumed to be 2% of base rent.

Sears

Straight lined at \$278,902/year based on average of tenant's payments.

Percentage Rent

Based on actual individual tenant's 1982 sales increased 5% each year. This would represent a static condition where sales only keeps pace with inflation.

CAM

Based on current leases and rates, CPI increases assumed to be 5%.

Operating Expenses

As explained in the cover letter, based on 1982 actual expenses with appropriate adjustments including the anticipated higher expense of maintaining this property in acceptable condition.

Real Estate Taxes

Taken from the cash flow/taxable income projection. No adjustment made for existing tax stops in tenant leases. Does not include any proration for 1983 taxes payable by Seller.

Special Repairs

First year includes costs for painting, seal coat and restriping parking lot; parking lot lighting repairs; landscape improvements; general small repairs to bring the property back to acceptable condition; and funds for getting vacant spaces into rentable condition.

Second, third and fourth years show \$50,000/year for an on-going program of upgrading the property. This may include items such as additional landscaping, tenant improvements, site lighting improvements, etc.

The fifth year expense assumes the need for repainting and resealing and striping the parking lot.

5-Year Projection - Income/Expenses
Page 2

Reserves

Anticipated costs for major roof repair, parking lot repairs, architectural improvements.

	<u>9/1/83-8/31/84</u>	<u>9/1/84-8/31/85</u>	<u>9/1/85-8/31/86</u>	<u>9/1/86-8/31/87</u>	<u>9/1/87-8/31/88</u>
INCOME					
Base Rent	\$1,324,214	\$1,347,476	\$1,368,572	\$1,399,369	\$1,419,843
Less 2% Collection Loss	26,404	26,950	27,371	27,987	28,397
Adjusted Base Rent	1,297,730	1,320,526	1,341,201	1,371,302	1,391,446
Sears	278,902	278,902	278,902	278,902	278,902
Percentage Rent	135,502	152,185	171,997	198,341	225,983
CAM	69,551	70,578	71,656	72,788	73,976
INCOME	<u>\$1,781,685</u>	<u>\$1,822,191</u>	<u>\$1,863,756</u>	<u>\$1,921,413</u>	<u>\$1,970,307</u>
EXPENSES					
Operating Expenses	\$450,000	\$472,500	\$496,125	\$520,931	\$546,978
Real Estate Taxes	104,000	108,161	112,487	116,986	121,665
Special Repairs	178,500	50,000	50,000	50,000	120,000
Percentage Rent Adjustment	90,334				
Reserves	150,000	150,000	150,000	150,000	150,000
EXPENSES	<u>\$972,834</u>	<u>\$780,661</u>	<u>\$808,612</u>	<u>\$837,917</u>	<u>\$938,643</u>
CASH AVAILABLE FOR DEBT SERVICE	\$808,851	\$1,041,530	\$1,055,144	\$1,083,496	\$1,031,664

ARTHUR ANDERSEN & Co.

2929 EAST COMMERCIAL BOULEVARD
FORT LAUDERDALE, FLORIDA 33308
(305) 561-9227

April 12, 1984

Mr. Steven Polon
Twelve Fifty East Building
1250 East Hallandale Beach Boulevard
Hallandale, Florida 33009

Dear Steve:

This letter will summarize the conversations Dick Satterfield and I have had with you during the past two weeks regarding the purchase of the Northside Shopping Center.

The original contract called for a purchase price of \$10,000,000 subject to possible reduction to \$9,750,000 based upon certain appraisals which might be required. As you know, that offer was based upon gross rents in the range of \$1,700,000 to \$1,800,000, which represented the operations of the Center in the fall of 1982 and spring of 1983. Gross rents in that range would generate cash flow sufficient to service the debt associated with a purchase price of \$9,750,000 to \$10,000,000 as stated in the present contract. A recap of the situation a year ago and at present is as follows:

	<u>Spring 1983</u>	<u>Spring 1984</u>
Gross rents	\$1,712,000	\$1,352,000
Operating expenses	(411,000)	(420,000)
Real estate taxes	(104,000)	(114,000)
	-----	-----
Cash flow before debt service	\$1,197,000	\$ 818,000
	=====	=====

Gross rents have declined by \$360,000 to 79% of the Spring 1983 level. The \$360,000 decline is composed principally of the

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Mr. Steven Polon

-2-

April 12, 1984

vacancies in the Sears space (\$278,000) and the grocery store (\$50,000). Similarly, the cash flow available before debt service has declined by \$379,000 to 68% of the Spring 1983 level.

As a result of the decline in gross rents and cash flow, a purchase price of \$9,750,000 cannot be justified at the present time. However, we all recognize that if the vacant space were to be leased at any reasonable rate, \$9,750,000 would indeed be a fair and reasonable price. We have explored numerous financing sources. As a result of these attempts, it has become clear that no financing will be available until an anchor tenant and other tenants are located which will increase the gross rents to the level projected in Spring of 1983.

In view of the difficulties noted above, we agreed that the purchase price for the Center at closing will be \$7,500,000 with an additional contingent payment of \$2,250,000. The obligation to pay the contingent element of the purchase price will be triggered at such time as the gross rents of the Center for the preceding 12-month period equal or exceed \$1,750,000. The \$2,250,000 contingent payment will be secured by a letter of credit or in such other form as may be acceptable to the seller. The contingent payment will be X non-interest bearing and subordinated to the purchaser's equity in the property based upon a \$7,500,000 purchase price. The seller will retain the right to locate suitable retail tenants for the vacant space and the purchasers will agree to absorb any usual and customary brokerage commissions which may result. The focus of the community project is to rehabilitate this vitally important economic

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Mr. Steven Polon

-3-

April 12, 1984

hub and to restore the 700 to 800 jobs which have been lost over the last several years. The governmental, civic and business leaders who have been so supportive of this project constitute an impressive network of contacts and influence which will assist the purchasers in the effort to secure tenants for Northside. In the unlikely event that the combined efforts are unsuccessful in increasing the gross rents to the trigger point by May, 1990 (the due date of the seller's purchase money mortgage), the contingent obligation will expire. Based on the vacancy rate at the present time, it would only be necessary to rent the space at an average rate of about \$1.50 per square foot to reach the trigger point. In addition, the seller will have the right to prohibit the sale of the property at a price less than \$9,750,000 during the contingency period.

The base price of \$7,500,000 due at closing on May 31, 1984 will be satisfied by: (1) a cash downpayment equal to the funds provided by Dade County from the UMTA grant; (2) assumption of the existing first mortgage; and, (3) a purchase money note to the seller for the balance secured by a second mortgage on the property. The terms of the purchase money note to the seller will be the same as set forth in the existing purchase contract (no principal amortization, interest accruing at 10% per year with no interest payable in the first year and 5% per year payable annually thereafter with a balloon payment of all principal and deferred interest due in May 1990 coterminous with the payoff of the existing first mortgage). Based upon a projected May 31, 1984 closing, the components of the purchase price will be as follows:

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Mr. Steven Polon

-4-

April 12, 1984

Cash-UMTA grant	\$2,150,000
Assumption of 1st mortgage	3,502,000
Purchase money note	1,848,000

Total	\$7,500,000
	=====

The principal amount of the purchase money note will be further increased by reasonable expenditures (other than routine maintenance) which the seller may make prior to closing for landscaping, parking lot lighting, paving, etc., and for interior renovation of vacant space.

If you have any questions or comments on the terms of sale as indicated in this letter, please do not hesitate to contact me.

Also enclosed is a copy of the letter from Teachers Insurance and Annuity Association, which confirms their willingness to release the eight acres on 27th Avenue and to permit subordinated financing on the remainder of the property.

Very truly yours,

ARTHUR ANDERSEN & CO.

By
Larry A. Levine

bkt

Copies to: Mr. Richard W. Satterfield

Mr. T. Willard Fair
Ms. Gail Williams

(Continued Next Page)

ARTHUR ANDERSEN & CO.
CERTIFIED PUBLIC ACCOUNTANTS

Mr. Steven Polon

-5-

April 12, 1984

Copies to: Congressman William Lehman
Mayor Stephen P. Clark
Commissioner Barbara Carey
Commissioner Ruth Shack
Senator Carrie P. Meek
Dr. Ernie Martin
Mr. Charles Scurr
Mr. Raul Masvidal
Mr. Kenneth M. Neely
Mr. Sonny Wright
Mr. Don Stevenson
John H. Patterson, Esq.
John Smith, Esq.
Mr. Joshua High
Mr. James Kurps



Teachers Insurance and Annuity Association
College Retirement Equities Fund
730 Third Avenue/New York, NY 10017 (212)490-9000

March 27, 1984

Mr. Larry Levine
Arthur Andersen & Co.
2929 East Commercial Boulevard
Fort Lauderdale, FL 33308

RE: TIAA Mtge. #M-900
Northside Shopping Center
Miami, Florida

Dear Larry:

Please be advised that Teachers is willing to waive the prohibition of additional encumbrances and to release the eight acres as requested in your letter of November 29, 1983. I will forward a letter which outlines the terms and conditions under which Teachers is willing to waive the prohibition of additional encumbrances, as we get closer to closing and know the exact amounts of the additional loans.

Please do not hesitate to contact me if I may be of assistance.

Sincerely,

A handwritten signature in cursive script that reads 'David Redmond'.

David Redmond
Senior Mortgage Analyst

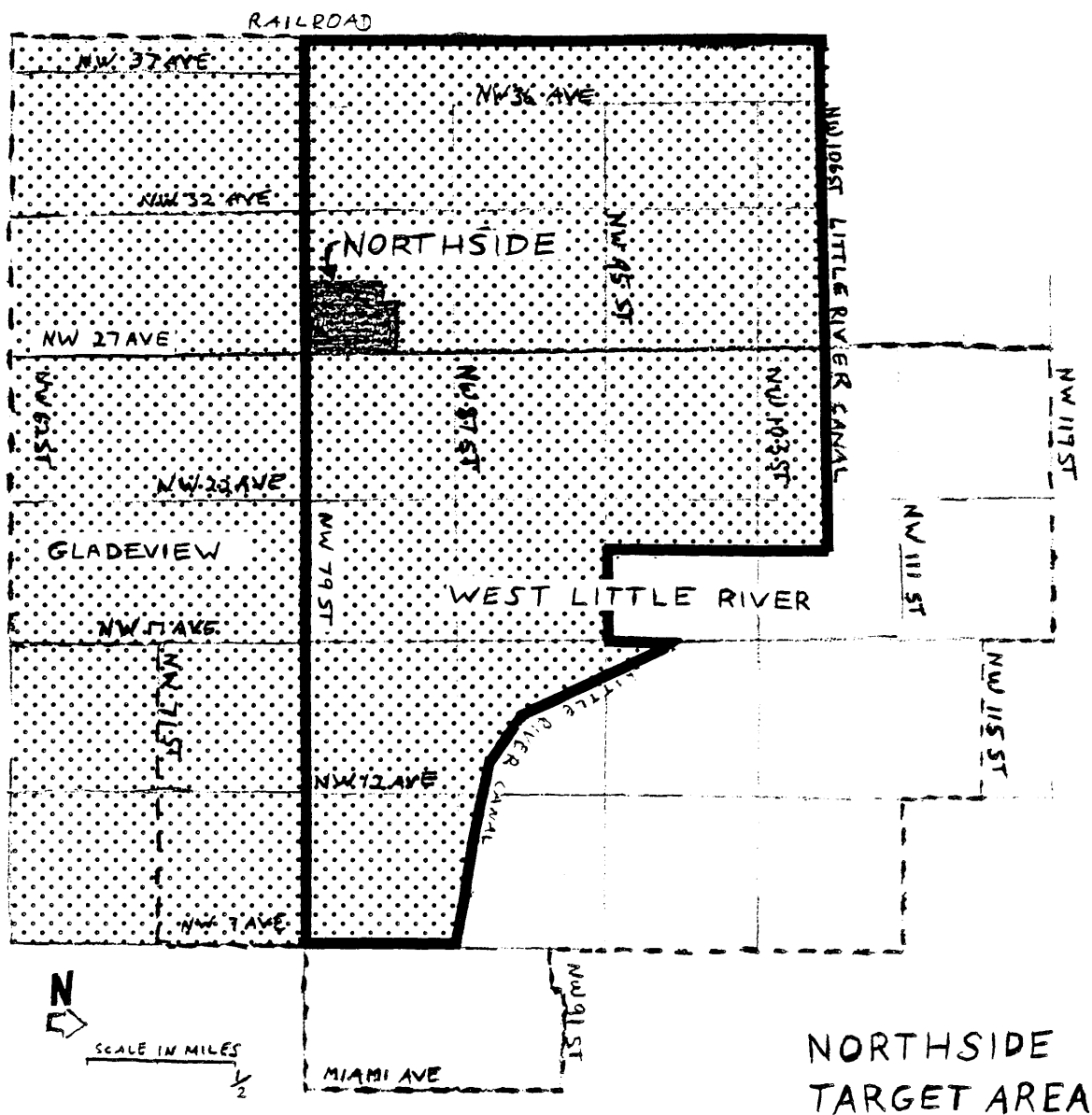
kw

cc: Mr. T. Willard Fair
Mr. Charles D. Scurr
Mr. Donald Stevenson
Ms. Gail Williams

APPENDIX D:

CENSUS AND TARGET AREAS

CENSUS AND TARGET AREAS



1980 CENSUS DATA

	Dade SMSA	West Little River*	Gladeview**	West Little River and Gladeview
General Characteristics:				
Total Persons	1,625,781	32,492	18,919	51,411
Median Age	34.7	27.3	24.9	@26
Family Households	422,762	7,658	4,248	11,906
Family HH w/kids less than 18 yrs	188,643	4,368	2,278	6,646
Female heads w/kids less than 18	39,613	1,337	1,283	2,620
Race & Ethnicity:				
White	78%	31%	12%	24%
Black	17%	63%	87%	72%
Other	5%	6%	1%	4%
Hispanic	36%	22%	3%	15%
Education:				
People Age 25+	1,048,561	17,354	9,439	26,793
Some High School	77%	71%	67%	69%
High School Grads	64%	50%	43%	47%
Some College	34%	19%	17%	18%
College Grads	17%	7%	8%	7%

* West Little River - Census Tracts 4.07. 4.08. 9.01, 9.02, 10.01, 10.02.

** Gladeview - Census Tracts 9.03, 10.04, 15.02.

Source: 1980 Census of Population and Housing, U.S. Dept. of Commerce, Bureau of Census, Census Tracts SMSA, PHC80-2-241, Issued July 1983.

Analysis by Karen Margolis

1980 CENSUS DATA, p. 2

	Dade SMSA	West Little River*	Gladeview**	West Little River and Gladeview
Income, 1979:				
Median Income - Households	\$15,571	\$12,890	\$ 8,566	@\$11,000
Mean Income - Households	\$20,402	\$16,002	\$12,258	\$14,666
Median Income - Families	\$18,642	\$13,926	\$10,079	@\$12,000
Mean Income - Families	\$23,472	\$16,520	\$13,787	\$15,559
Income in 1979 Below Poverty Level:				
Persons	15.0%	23.8%	36.5%	28.5%
Unrelated individuals	27.4%	33.2%	46.3%	39.0%
Families	11.9%	21.5%	32.0%	25.2%
Householder worked in 1979	7.1%	14.5%	20.8%	16.4%
With related children less than 18 yrs.	16.1%	25.9%	40.4%	31.0%
Female HH, no husband present	28.3%	37.5%	49.3%	43.1%
Householder worked in '79	19.1%	29.1%	35.5%	31.8%
With related children less than 18 yrs.	38.2%	45.0%	57.8%	51.4%

* West Little River - Census Tracts 4.07. 4.08. 9.01, 9.02, 10.01, 10.02.

** Gladeview - Census Tracts 9.03, 10.04, 15.02.

Source: 1980 Census of Population and Housing, U.S. Dept. of Commerce, Bureau of Census, Census Tracts SMSA, PHC80-2-241, Issued July 1983.

Analysis by Karen Margolis

1980 CENSUS DATA, p. 3

	Dade SMSA	West Little River*	Gladeview**	West Little River and Gladeview
Labor Force Status:				
Persons Age 16+	1,292,407	23,013	13,095	36,108
Civilian labor force				
16+	781,308	14,873	7,117	21,990
Unemployed	5.0%	6.3%	8.4%	7.0%
Unemployed among women	5.7%	7.1%	10.8%	8.4%
Unemployed among H.S. dropouts, age 16-19	20.3%	31.7%	29.3%	30.9%
Not in labor force among H.S. dropouts, age 16-19	43.7%	49.1%	61.5%	53.8%
Labor Force Status in 1979:				
Persons Age 16+ in labor force	831,794	15,365	7,967	23,332
Percent of all persons 16+	64.4%	67%	61%	64.6%
Worked in 1979	815,655	14,847	7,462	22,309
40 or more weeks	76%	74%	68%	72%
50-52 weeks	61%	56%	49%	54%
With Unemployment in 1979	19%	24%	31%	26%
Mean Weeks of Unemployment	13.6%	15.1%	18.9%	16.6%

* West Little River - Census Tracts 4.07. 4.08. 9.01, 9.02, 10.01, 10.02.

** Gladeview - Census Tracts 9.03, 10.04, 15.02.

Source: 1980 Census of Population and Housing, U.S. Dept. of Commerce, Bureau of Census, Census Tracts SMSA, PHC80-2-241, Issued July 1983.

Analysis by Karen Margolis

APPENDIX E:
EMPLOYMENT TAX CREDITS

EZ (ENTERPRISE ZONE) TAX CREDITS
Employer Fact Sheet

What are EZ Tax Credits?

They are state tax credits for newly created jobs (Section 220.181 Florida Statutes, as amended in 1982). Florida Corporate Income Taxpaying businesses may receive a 25 percent tax credit on wages paid to residents of enterprise zone areas hired on new jobs. Since July 1982, any unused EZ credits earned may be carried-over for a five year period.

What is an EZ Eligible Applicant?

An EZ eligible applicant is a resident of an approved enterprise zone. An eligible employer may only claim EZ tax credits on wages paid to EZ residents for months in which the employee resides in an EZ area.

For EZ tax credit purposes, what is a new job?

The following definitions regarding "new jobs" are based on technical advisements issued by the Florida Department of Revenue (DOR). The advisements are subject to change upon issuance of DOR rules.

A new job is defined two ways:

1. Quantitatively - when an employer reports more employees on their current year's unemployment compensation quarterly tax report than the average they reported in the previous four quarters.
2. Qualitatively - when an employer diversifies and hires employees to perform services not provided in the previous tax year, he/she has, for EZ credit purposes, established new jobs, even if the total number employed is less than last year.

Additional EZ Tax Credit Job Requirements

A corporate taxpaying employer may claim an additional year's Florida EZ credit only when:

1. The EZ employee is promoted but still paid less than \$1,500 a month, or
2. The EZ employee is replaced, (by another EZ resident) and does not claim Unemployment Compensation benefits.

NOTE: Eligible employers whose firm is not located in an EZ area may only claim replacement credit for the unused portion of the initial 12 month period.

How to Claim EZ Credits?

To claim Florida Economic Revitalization Jobs Creation Incentive credits (EZ credits), the law requires an employer to attach to a Department of Revenue Corporate Income Tax Form (F-1157) both the resolution(s) passed by the appropriate local government and the OCA letter which designates this area an enterprise zone for tax credit purposes. Submit this information with your Florida Corporate Income Tax return.

How do I locate EZ eligible applicants?

If you are interested in hiring job seekers eligible for EZ tax credits, please contact your nearest local office of the Florida State Employment Service.

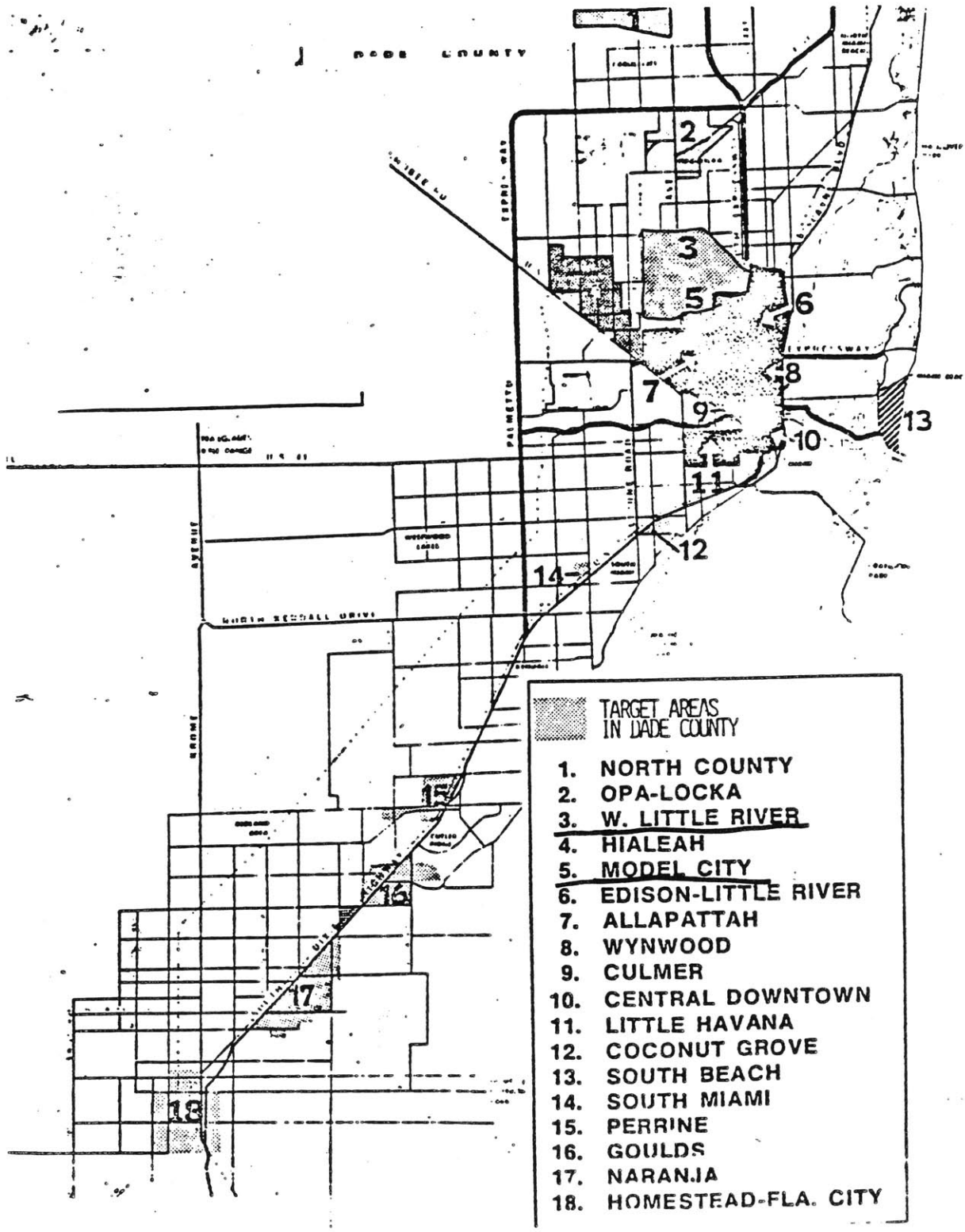
Are there any restrictions or limitations?

Yes, a few reasonable restrictions.

1. The program is effective for businesses earning more than \$5,000 in a given tax year in Florida. The first \$5,000 of income earned is exempt from Florida corporate income tax.
2. The EZ credit increases federal tax liability because as the credit reduces Florida taxes, it will reduce the amount that can be deducted from federal taxable income.

May I claim both the Federal Targeted Jobs Tax Credits (TJTC) and the Florida EZ Tax Credits at the same time?

Yes. Some EZ eligibles will also meet Federal TJTC eligibility criteria. These combined savings over a two year period could result in as much as a \$13,500 (\$4,500 TJTC/\$9,000 EZ) EZ zone employer tax credit on each eligible individual hired on a new job.



TIME IS MONEY-DOLLARS SAVED

EXAMPLE

ADVERTISING COSTS

MIAMI HERALD, 1 COLUMN INCH, 2 SUNDAYS	\$229.00
MIAMI TIMES, 3 COLUMN INCH MINIMUM, 1 THURSDAY	21.00
DIARIO LAS AMERICAS, 1 COLUMN INCH, 1 SUNDAY	22.00
TOTAL	<u>272.00</u>

PERSONNEL COSTS

STAFF TIME:	
REVIEW & SCREEN APPLICATIONS/RESUMES	150.00
(\$15/STAFF HR.)(1/2 HR./APPLICATION)(20 APPLICATIONS)	
INTERVIEWS	37.50
(\$15/STAFF HR.)(1/2 HR./INTERVIEW)(5 INTERVIEWS)	
TOTAL	<u>187.50</u>

TAX CREDITS

STATE (FOR ONE EMPLOYEE):	
(\$4/HR. WAGE)(40 HRS./WK.)(52 WKS.)(25% CREDIT)	2,064.00
FEDERAL (FIRST YEAR FOR ONE EMPLOYEE):	
(\$256*)(50% CREDIT)=\$4,128 (HOWEVER, MAXIMUM IS \$3,000/EMPLOYEE)	3,000.00
	<u>5,064.00</u>

*ANNUAL WAGE AT \$4/HR.

<u>GRAND TOTAL SAVED</u>	<u>\$5,524.10</u>
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