

Developer nears tax cut for key downtown land

In Olympia & York challenge over 8 acres in Miami

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REVIEW STAFF

FOUR tracts in the heart of downtown Miami have been recommended for a 40 percent property assessment reduction that would cut nearly \$530,000 off the Dade County tax roll.

Toronto developer Olympia & York, which owns the Dupont Circle real estate, convinced a county-appointed hearing officer this month to cut its 1993 assessment to \$24.21 million, or an average of \$62 a square foot, from \$39.76 million, or an average \$101 a square foot.

That would reduce the developer's property tax bill to \$775,000, from \$1.27 million.

The reduction, recommended by special master Manuel Blanco, is expected to be ratified in June by the county's Value Adjustment Board. The county property appraiser has not decided whether it would

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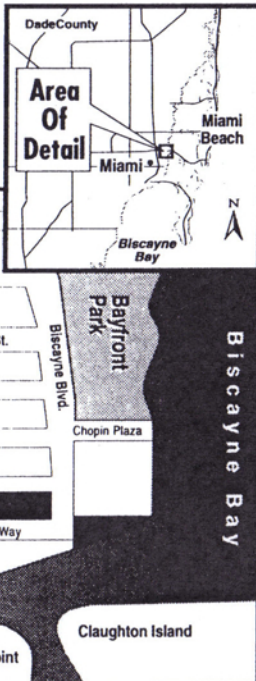
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AKA MONTERO-GREEN

M.J. Stone, president of AREEA Assessment Consultants Inc., represented Olympia & York.

Nearly nine acres of prime downtown Miami land have been recommended for a half-million dollar tax cut.



Interim parking lot called land's best use

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appeal the reduction, said Fred Knowles, supervisor for the appraiser's office.

The parcels cover 8.98 acres just north of the Miami River, along Biscayne Boulevard Way and Southeast Second Avenue. Olympia & York bought the land as a site for office building development. But with the office market too depressed to support construction, the parcels have been used mainly as parking lots for almost a decade.

The county contends that the land is zoned for offices and should be assessed accordingly.

But the developer, represented by M.J. Stone, president of AREEA Assessment Consultants Inc., argued that the land's "highest and best use," one of the key criteria for assessment, is as a parking lot.

"The highest and best use is as an interim use, and the return from a parking lot could not support the assessment of \$101 a square foot," Stone said. "It has tremendous future potential, but at this point in time it does not have the value that the county has ascribed to it," Stone said.

Stone argued that the real estate market is so soft that there are 2.27 million square feet of vacant office space downtown. She also examined a series of proposed downtown projects and found "most had been

scaled back, revised, foreclosed, or dropped completely."

Assessments in the central business district have dropped 25 percent in the last three years, said Matthew Schwartz, executive director of the Downtown Development Authority. The DDA utilizes asessment monies to fund its operation.

The Olympia & York reduction is consistent with current conditions, he added. "With the market being soft and values declining, that has had a huge effect. After this year, values should be rising again but it's still not over."

Not every real estate expert agrees with the reduction. Clifford Stein, president of Savitar Realty Advisors in Miami Beach, said vacant land on Brickell Avenue is regularly being assessed at \$90 a square foot. "I would expect the county would be assessing property along the Brickell corridor and central business district consistently and uniformly," said Stein, who has successfully represented other downtown building owners who sought reductions.

The Olympia & York parcels were valued at \$47.51 million in 1992. Those assessments were challenged by the owners, but were never revised.

The site has had various development plans — a 328-unit condominium in 1979 and in 1986, a hotel, retail and residential project. Poor market conditions prevented any development from occurring.