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Manny Diaz and the Rise and Fall of the Miami Renaissance

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Introduction

In the early to mid-2000s, Miami underwent the largest real estate boom and bust in its history. The frenzy of new construction in Miami’s urban core radically transformed the politics and demographics of the “Magic City.” Hispanics, especially the city’s powerful Cuban American business and political establishment, were the prime agents behind the redevelopment of Miami’s historic neighborhoods. However when the city’s real estate market collapsed in 2006, the effects of the ensuing recession were disproportionately felt by those residents who did not benefit from the boom years. In large measure, it was the city’s working-class Hispanics and African Americans who bore the burden of 10% of unemployment and had one of the nation’s highest foreclosure rates. The major agent responsible for the Miami Renaissance and its consequences was then-Mayor Manuel (Manny) Diaz (2001–2009) who reasoned that if he provided political stability, efficient government services, and development incentives, then developers would flock to the city and redevelop its downtown and the surrounding, depressed, waterfront neighborhoods. His logic at that time was that growth would revitalize the city and bring prosperity to one of the nation’s poorest city.

The real estate boon under Mayor Diaz was different from Miami’s past boon in that its main beneficiary was the Latino-owned development and
construction companies. These projects were largely financed, planned, developed, and constructed by Miami’s Latino bourgeoisie. Latino developers and bankers were able to negotiate with the Diaz administration’s favorable government-private partnership that added fuel to Miami’s already hot real estate market. Miami’s Latino-owned businesses, along with the Diaz Administration, were the principal agents of the so-called Miami Renaissance. While the building boon enriched the mostly Cuban business community, it only temporarily improved the lives of working-class Hispanics and African Americans. Unemployment dropped to 4% during the height of the boon, and housing values skyrocketed, increasing the assets of many middle- and working-class Hispanics. But when the boon ended it was Miami’s Hispanic working- and middle-classes who bore the burden. Unemployment climbed to 10%, and many families lost their homes due to second mortgages taken out during the height of the housing bubble.

At its height in 2005, the scope, scale, and speed of the Miami real estate boom was breathtaking:

More than 114 major projects, most of them high-rise condos, were under construction or in the planning stages in the urban core along Biscayne Bay. Citywide, developers were proposing more than 61,000 new condominium units, eight times the number built during the past decade.¹

This unprecedented growth came under the leadership of Miami’s Cuban American Mayor Diaz.

Elected in 2001, Diaz counted on the boom to reverse Miami’s long decline. The 2000 Census found that the City of Miami was the poorest city in the nation. Diaz also became Mayor after a period of political instability and corruption that tarnished the city’s image. In 1996, City Manager Cesar Odio and City Commissioner Miller Dawkins were convicted of accepting bribes from city contractors. The following year, the city’s mayoral election was tainted by widespread vote fraud that eventually led to the removal of Mayor Xavier Suarez in February 1998. During Suarez’s brief, 100-day tenure as Mayor, his extraordinary behavior led the city’s major newspaper to refer to him as “Mayor Loco.” The crisis in Miami politics exploded on national television during Easter week 2000 when Elián González was forcibly removed from his Miami relatives’ home in Little Havana, sparking days of civil protest.
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Diaz was committed to reviving the city’s faltering fortunes; therefore, neighborhood issues were very much a part of his election campaign. The mayor outlined his version of the Miami Renaissance during his 2005 State of the City address when he announced that Miami was becoming a world class city. He said, “Now it is the time we stop talking about potential. Now is the time to take our rightful place as one of the world’s greatest cities.”

The Mayor then tracked the city’s progress from the financial turmoil and fraudulent mayoral election of the 1990s to its boom town status as one of the hottest real estate markets in the country and the darling of such entertainment events as the MTV Video Music Awards.

An important dimension of the Miami Renaissance story was Diaz’s leadership style. He governed as an Agentic leader—that is he has a “power over” orientation towards leadership. Such leaders describe themselves as “aggressive, ambitious, dominant, forceful, independent, daring, self-confident, and competitive.” These attributes are reflective of what Burns calls great man leadership, in which a heroic figure employs his “will to power” to achieve desired results. As a result, Diaz’s vision of the city’s transformation was very much his own; he worked very little with people and/or groups in neighborhoods to bring about neighborhood change. Even the city commission and the city manager were reduced to rubber stamping the vision advocated by the Mayor’s Office. Diaz was able to bulldoze his agenda through the city’s commission and bureaucracy because of his close ties to the Miami business establishment, combined with his appeal to voters as reflected in his surprise come-from-behind victory in the 2001 mayoral election.

The 2001 Election: The Neighborhood Candidate

Diaz’s commitment to the revitalization of Miami’s downtown is ironic given that in the 2001 mayoral election he ran as the candidate of Miami’s neighborhoods. The frontrunner in the election was former-Mayor Maurice Ferre (1970–1985). Ferre based his candidacy on the city’s 1970s construction boom that saw the development of Miami’s financial district along Brickell Avenue. Ferre entered the race as a clear favorite leading his nearest rival incumbent, Mayor Joe Carullo, by 15 points, 35% to 20%. Diaz barely registered at 5%. In fact, in a race that featured two former Mayors (Ferre, Suarez), an incumbent Mayor (Carollo), the chairman of the City Commission (Willy Gort), and a former city
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manager (Jose Garcia Pedrosa), Diaz, who had never held elected office, was clearly the underdog.

Diaz overcame his early underdog status by exploiting his ties to the city’s business community and raising more money than all his rivals. In the primary election, Diaz raised over $1.1 million. Ferre was only able to raise $900,000 while incumbent Mayor Carrollo, who had offended both the Anglo and Cuban American business establishments, barely reached $300,000. Diaz’s fundraising muscle came from his close relationship with then-Insurance Commissioner and former US Senator Bill Nelson, and his business relationship with many of the city’s most prominent developers. Diaz, a life-long Democrat, also had strong connections with the city’s Anglo legal establishment. These connections allowed him to collect monies from the state insurance industry, from Hispanic developers, and from Miami’s silk stocking law firms. He also was able to organize a campaign staff that brought together three of Miami’s most savvy campaign consultants (Armando Gutierrez, Alberto Lorenzo, and Steve Marin).

Candidate Diaz combined his elite fundraising and campaign organization with a populist message and touch. Though Diaz never held public office, he was relatively well known in the city’s Cuban community. He had been the founding President of the Spanish American League Against Discrimination (SALAD) that defended the civil rights of South Florida’s Spanish speaking immigrants. More importantly, Diaz gained notoriety as Elián González’s lawyer. He was in Elián’s relatives’ Little Havana home the morning it was raided by federal agents. Diaz justified his abandonment of the Democratic Party by pointing out that Janet Reno, the Democratic Attorney General, had ordered federal agents to point a gun to his head. Diaz’s reputation gave him entry into the city’s Hispanic neighborhoods, and he became a Republican.

Diaz’s campaign strategy was designed to capitalize on his strong Cuban credentials. Early in the campaign, Diaz spent three months walking door-to-door in the heavily Cuban neighborhoods of The Roads, Shenandoah, Little Havana, Coral Gate, and Flagami. He stressed his strong community links and the fact that he came from humble origins, having been raised in the city’s Hispanic neighborhoods. In the debates, Diaz criticized Suarez, Ferre, Carrollo, and Garcia Pedrosa, all of whom had been mayors or city managers, for ignoring Miami’s ethnic neighborhoods and concentrating their efforts on Downtown and the Biscayne and Brickell corridors. This strategy paid off. By October 2001, four weeks from Election Day, Diaz was in a close race with Ferre and Carrollo. On Election Day, Ferre was
in first place with 14,310 votes, while Diaz barely edged out incumbent Mayor Carrollo by just over 200 votes (10,808 to 10,581) to make it into the run-off with Ferre.

The run-off election for Mayor of the City of Miami was no contest. Despite the fact that Ferre had bested Diaz in the primary, Ferre suffered from the handicap of being a Puerto Rican in a Cuban city. In the primary, Ferre had been the only non-Cuban in the race, now he was head to head with a Cuban Republican who had developed a strong base in that community. To make matters worse, Ferre, a Democrat, muddled the question of whether he would endorse Janet Reno for Governor of Florida. The confused answer set off a firestorm in the city’s Cuban American community that the Diaz campaign gleefully exploited. Needless to say, Diaz easily defeated Ferre 55% to 45% in the run-off. Moreover, Diaz carried the Hispanic neighborhoods by nearly 70% of the vote, while Ferre received two-thirds of the Anglo vote and nearly 90% of the African American vote.

**Reforming the City**

The incoming Diaz Administration faced formidable challenges as they took office. First, repairing Miami’s tarnished image in the wake of the Elián González affair and the corruption and electoral fraud of the 1990s. Second, dealing with the endemic poverty that plagued the city, especially its traditional ethnic neighborhoods. The new administration was barely in power a month when they received the official notification from the US Census Bureau that Miami was the United States’ poorest city. Third, the administration faced a city bureaucracy that was inefficient and unresponsive to citizens. Moreover, previous administrations had granted the police and fire employee unions generous pensions and benefit packages that threatened the city’s financial stability. Finally, the Diaz administration had to deal with a shrinking tax base that, along with financial mismanagement, had pushed the city to the edge of bankruptcy. From the 1990s to the 2000s the city’s population had actually declined and urban development projects were rare.

Almost immediately, the new administration began a vigorous campaign to restore the Magic City’s image. During his first year in office, Mayor Diaz, working with the city’s large Latino music industry, began negotiations to host the Latin Grammys. Miami had been scheduled to host the 2001 award show but a dispute over the appearance of Cuba-based musicians had led to the relocation of the Grammys to Los Angeles. After a year
of intense negotiations between the Diaz Administration and the Latin Recording Academy, Miami was chosen to host the awards in 2003. The success of the show, plus Miami’s knack for hosting extravagant events, led the city to host the more popular MTV Video Music Awards in both 2004 and 2005. The Diaz Administration’s ability to host these events without generating protest from radical elements of the city’s Cuban community was a major breakthrough. In the past, the city’s reputation had been blemished by extremists who had been able to shut down major mainstream events because they somehow offended local sensibility regarding Castro’s Cuba. During the negotiations to bring the Latin Grammys and the MTV awards, the Diaz Administration did not allow the unreasonable demands of right wing groups to determine the city’s official position. This was a radical shift from the policies of past city administrations. Therefore, in this case the avoidance of conflict, rather than the use of conflict, proved effective.

Diaz also made reforming the Miami Police Department (MPD) a major priority of his tenure. Before the new administration, the national image of the Miami Police Department had been tainted by numerous deadly encounters between police officers and community members. In a 12-year period (1991–2003), 33 civilians were killed by Miami police officers under questionable circumstances. Miami officers, for example, shot fifteen people in the back, killing five. These incidents became very high profile, dominated press coverage of the department, and overshadowed the hard work of the department in crime reduction. In 2002, the Department of Justice published a report which criticized MPD’s policy on the use of deadly force. Mayor Diaz began his term as eleven Miami police officers were convicted by a federal court of planting guns at the scene of police shootings. The large numbers of bullets at various shooting scenes that were fired indiscriminately, suggesting that officers often lost control and had no line of vision on their intended targets were also disturbing. Six times they wounded or killed innocent bystanders. More often than not, officers missed their intended targets and sent bullets flying, raising questions about whether it was proper to resort to firearms. During a 12-year period (1991–2003), MPD officers fired nearly 1,300 bullets at suspects and missed more than 1,100 times. At least 20 of those bullets ended up inside civilian homes, including one found in a microwave oven.

The Mayor began his reform by hiring one of the most respected law enforcement professionals in the nation to head the troubled department. John Timoney was appointed as Miami’s eleventh Chief of Police
on January 2, 2003. Timoney had worked his way through the ranks of the New York Police Department until he was appointed First Deputy Commissioner, the second highest rank in the NYPD, in 1995. The new Chief began his effort to reform the city’s police by initiating a new “Use of Force” guideline. Under the new policy, MPD officers discharged their weapons in less than 1% of incidents resulting in arrests in 2004. The policy required officers to, under all circumstances, avoid placing themselves in a position where the only option is the use of deadly force. The new policy also greatly restricted the authority of MPD officers to shoot at moving vehicles, a practice that was all too frequent before the implementation of the 2003 policy. In the past, police officers fired more than 300 bullets at 33 moving vehicles during the same 12-year period (1991–2003). Since the institution of new departmental policies, introduced by Chief Timoney and the adoption of new “less-than-lethal” technologies during threatening situations, the death of officers and suspects, as well as the accidental death of innocent bystanders during these situations decreased to zero.

In addition to restoring the public image of the MPD, the Diaz Administration also initiated a major overhaul of the city’s organizational structure. At the end of his first year in office, Mayor Diaz appointed Joe Arriola, a feisty Cuban American businessman, to begin the process of reforming Miami’s bureaucratic processes in order to ensure efficiency and economy in the governance of the city. In fewer than six months, every major department head had been removed and replaced from the Parks Director to the City Attorney. Moreover, the new Manager began the arduous process of renegotiating the city’s pension programs with its employee unions in order to reduce the city’s financial liability in the future.

The mayor also made dealing with the city’s high poverty rate one of his top priorities. As part of the mayor’s Prosperity Campaign, the city launched a public relations campaign to publicize the availability of the Earned Income Tax Credit (EITC) program for Miami’s working poor. Duplicating successful campaigns in Denver and Chicago, the city partnered with the Internal Revenue Service (IRS), the Human Services Coalition, and Florida International University to conduct the outreach effort. According to the IRS, the number of City of Miami residents receiving EITC increased from 60,170 to 63,247, an increase of over 3,000 applicants. The increase in monies going to low-income workers in the City of Miami increased from $110,000,000 to $123,500,000. The City of Miami captured a little over half of the $26,000,000 that the IRS estimated, are potential EITC claims.
The legacy of the Diaz Administration, however, is not in these long overdue reforms, but the dramatic transformation of the city’s skyline. The inauguration of Diaz as mayor ushered in a period of unprecedented growth in the city’s real estate market. The level of private investment in the city outdid in risk and bravado the 1920 boom that created the city. It included a 74-story spire—taller than any residential building south of Manhattan—in Midtown Miami, the largest urban development project in the nation second only to the freedom towers in New York. All this unprecedented growth occurred in a city with fewer than 400,000 inhabitants and only 45 square miles.

The large-scale construction improved the city’s economy. During a four-year span (2002–2006), over 11,000 new jobs were added in the City of Miami (from 142,632 to 154,377), cutting the city’s unemployment rate in half from 9.8% to 4.7%. Furthermore, the city’s fiscal situation was aided by the real estate boom. The Diaz Administration, due to increased tax revenues from the boom, was able to lower property tax rate every year of his administration. The city’s bond rating rose from near junk bond to triple “A” rating.

One of the most unique features of the Miami Renaissance is that Latino developers are among the principal agents of growth. Jorge Perez, of the Related Group, has been one of the cataclysmic forces behind the boom. Perez’s Related Group is the largest Hispanic-owned business in the United States with a development portfolio with projects valued in excess of $10 billion, and with reported sales of more than $2.1 billion for 2004. The Related Group is responsible for some of the boom’s landmark developments, including One Miami, Loft Downtown, Loft II, 500 Brickell Avenue, Icon Brickell, Park Suites, The Plaza, and The Mark. These projects, with a multi-million dollar assessed value, were at the forefront of Diaz’s vision of the new Miami. It is important to note that Jorge Perez and other prominent Hispanic developers, such as former ambassador Paul Ceijas, are Cuban Democrats and were associated with Diaz before the 2001 election. While Hispanic developers are the chief beneficiaries of the real estate boom, a sizable number of projects are being constructed by national developers who were predominantly Anglo.

The Diaz Administration initially took a laissez-faire approach to the transformation of the Miami skyline, their attitude was best expressed by commissioner Johnny Winton, who quipped that “the role of government
is to simply stay out of the way.”\textsuperscript{9} By 2005, the mayor decided that the unprecedented growth offered the city a unique opportunity to create a city-wide Master Plan that would regulate and rationalize the boom. The Mayor was determined that the plan be in harmony with his vision of Miami as a world-class city. The new plan, Miami 21, was coined for the Miami of the twenty-first century and entailed the complete overhaul of the city’s outdated and chaotic zoning code. Diaz viewed Miami 21 “as a long-term investment in the preservation and improvement to the quality of life in [the] city.”\textsuperscript{10}

The city hired architect Elizabeth Plater-Zyberk, the high-priestess of new urbanism, as the lead consultant on the project. Plater-Zyberk sought to revive the principle of traditional town planning denser, compact development and walkable streets as an alternative to auto-dependent urban sprawl—this was needed in a Miami where traffic congestion is a major issue for residents. Miami 21 was designed to produce a zoning code that dated back to the city’s founding in the early 1900s and had not been re-written since. New regulations, called overlays, were added on top of the original code, making Miami’s zoning one of the most complex in the country. The city’s new zoning regulations filled several volumes, forcing developers and homeowners to hire lawyers and consultants versed in exploiting loopholes in the code. This complexity has resulted in many cases of inconsistent decisions leading to inappropriate zoning. The Diaz Administration hoped that Miami 21 would create a Master Plan that compelled rational and consistent zoning, resulting in a more livable and pleasant urban core.

The adoption of a form-based code, like Miami 21, places the city in a proactive position as opposed to a laissez-faire attitude in regards to development. Private citizens were encouraged to participate by helping adopt community standards for their neighborhoods. This “form” gave the city the tool it needed to achieve the highest quality of development with a vision that is accepted by citizens at the neighborhood level.

The Diaz administration hoped that Miami 21 would create a predictable and efficient code. Predictability would result from giving residential neighborhoods the tools to conserve and enhance their unique character. It would also give developers clear guidelines of the areas that are available for high-density growth, thus allowing them to concentrate their resources on projects that will succeed. In contrast to conventional zoning codes, form-based codes are highly illustrated and involve a significant level of public participation by engaging citizens in the development process, so that they have ownership over it. These new regulations would actually reduce the
time and cost for development in the City of Miami. Developers are no longer forced to hire land-use lawyers and lobbyists to obtain city approval for their projects as long as they adhere to the form-based code.

**Gentrification**

The real estate boom has not only changed the Miami skyline but also affected the city’s demographics. After nearly two decades of static growth, the City of Miami witnessed a significant increase in population. Between 2000 and 2003, the City’s population grew by over 20,000 people, from 362,470 to 382,959. This compares with a very modest population increase of 3,685 between 1990 and 2000. Significantly, the dramatic increase in the city’s population has come before 61,000 new units have come online. Given the planned growth in the city’s residential units, it was expected that the City of Miami would have a population of half a million by the 2010 decennial census; in fact Miami’s population in 2010 approximated 400,000.

However, at the same time that Miami’s population was increasing, the number of African Americans continued to decline. During the same three year period, 2000–2003, the African American population of the city declined from 80,858 to 68,817. According to estimates from the US Census Bureau, African Americans comprised only 18% of the city’s population in 2003, compared to 22.3% in 2000 and 25% in 1990. This decline of African Americans reflects the growing gentrification of Miami’s urban core. This gentrification began before the inauguration of the Diaz administration; between 1990 and 2000, the African American population of the city declined by 11,000. The process began when middle- and upper-middle class Anglos and Hispanics, fleeing the high cost of housing on Miami Beach, began settling in Miami’s northeast neighborhoods, such as Morningside and Belle Meade. These new homeowners replaced African American renters in those neighborhoods. By the late 1990s, the process of gentrification had moved to the west side of the Biscayne corridor including the eastern areas of Lemon City and Little Haiti.

The Diaz administration, especially Commissioner Winton, encouraged and promoted this process in the areas adjacent to Miami’s declining downtown. An economic development study of Miami’s Florida East Coast (FEC) Railroad Corridor demonstrated the economic potential of developing a series of poor neighborhoods north of downtown. The
report recommended the residential development of Edgewater, Wynwood, and the areas south of the city’s vibrant design district. The centerpiece of this development strategy was the 55 acres of the Buena Vista site. An abandoned railroad switching yard, the Buena Vista site, was the hole in the donut between the design district and the Wynwood and Edgewater neighborhoods. The development of the Buena Vista site into Midtown Miami accelerated the gentrification process in the city. Midtown Miami, an 18-block stretch dubbed “SoHo South,” is a place residents and visitors gravitate to, much like its sister neighborhood up north. Designed as a pedestrian-friendly neighborhood, it was to be comprised of 3,000 condominium residences interspersed with street-level retail and commercial space. The pricing of the units were geared toward upper-middle class and wealthy buyers; condominiums are priced between $400,000 and $2,000,000.

The pricing of the Midtown project was in line with the rest of the developments occurring in the city at the time. Most of the new condominium residences under construction and planned, were priced in the mid-six-figure range, pricing out most of the current residents of the city. Many critics of the Miami boom argued that by pricing-out middle- and working-class people, the city will not become a vibrant 24-hour metropolis, but instead, Miami will be nothing more than a seasonal playground for the rich. Joel Kotkin, an urban historian, hypothesizes that Miami is in danger of becoming an “ephemeral city, like San Francisco and [Manhattan].” The danger is that Miami will become a place that caters to the rich, the childless young, and tourists.

In addition to the high cost of the units, many critics of the Miami building boom argued that the real estate market in the city is, in reality, a speculative bubble. They point out that in some projects, nearly 80% of the buyers are investors. The luxury condo market in the city has been dominated by European and Latin American buyers, attracted by the weak dollar and the relatively inexpensive properties in comparison to other coastal US cities. These critics suggest that many of the spectacular new buildings will stand empty and will not create the busy street life the Diaz administration is hoping for.

In 2005, construction began on the “Midtown Miami” development which was planned with eight high-rise residential buildings, a hotel, two parks, and a major urban shopping area—“The Shops at Midtown.” Due to the collapse of the real estate bubble in 2007, only two residential buildings, and about two-thirds of the “The Shops at Midtown” were built. In
July 2011, plans were announced to begin construction on a new entertainment center at Midtown, including a hotel, movie theater, and shops on the site of the current temporary park in the center of Midtown. Critics of Midtown state the lack of parks continues to be a major issue. Midtown has grown quickly, despite the development slow down.

Nowhere have the battlegrounds over gentrification been so clearly drawn as in Miami’s Overtown neighborhood. Overtown is the city’s historic African American neighborhood, adjacent to downtown. The area, in the 1940s–1960s, was a working and viable neighborhood. Within the boundaries of Overtown, there were many black-owned businesses and homes. Moreover, Overtown was nationally famous as a venue for black entertainment. Since black entertainers were prohibited from staying in Miami Beach, Overtown became the place where they lodged. After performing for whites on the beach, the entertainers would then play for African Americans in Overtown clubs like Sir John’s and the Lyric. The neighborhood’s cohesion was destroyed by the building of I-95 that cut through Overtown, dividing the community. From 1980–2010, Overtown experienced steep decline as businesses and middle- and working-class blacks have moved out. However, Overtown remains a powerful symbol of past injustices for Miami’s African American community and remains an important center for traditional black churches.

After years of neglect and broken promises, The City of Miami redirected efforts toward Overtown. The first step in the redevelopment of Overtown was a four-block parcel of parking and vacant lots in the southeast corner of the historic neighborhood. The city awarded the contract to Crosswinds Communities to develop over 1,000 residential units to be sold to medium-income buyers. The city-run Community Redevelopment Agency (CRA) would donate the land to the project in exchange for moderately priced units and 65 units to be given to low-income Overtown residents. The Crosswinds deal, supported by the Mayor, divided the Overtown community. Community leaders embraced the development as the best possible deal available while others in the community viewed it as a gentrification project in disguise. Power U, a group of dissatisfied residents, became the project’s main critic, suing both the City and the developer.

Since 2011, the city’s redevelopment agency has had to settle two lawsuits tied to claims from both the public and private sector about who should control the land. One, between the county and the city, is about whether the city and its CRA should continue to control three county-owned parcels located between Sixth and Ninth streets. These parcels have reverted to
county control. The second has to do with land tied to the stalled Sawyer’s Walk/Crosswinds residential project, which has 3.5 blocks that overlap with some of the parcels in question in the county/city lawsuit.

Gentrification was also occurring in the city’s Hispanic neighborhoods. However, in sharp contrast to the process in the city’s historic black areas, gentrification in Latino areas had not decreased the city’s Hispanic population. In fact, contrarily, the city’s Hispanics population continues to grow and diversify. In these neighborhoods, young, professional Latinos are buying property from retired, elderly Hispanics. The elderly are replacing single-family homes for mid-priced condominiums along Coral Way and Southwest 8th Street in Miami’s Little Havana neighborhood. Young, professional Latinos are remodeling the single-family homes and rein-vigorating Miami’s decaying historic neighborhoods. Thus, gentrification did not become the hot-button issue among the city’s Hispanics, as it did among African Americans. The major issue that the Miami boom created for some elderly and working class Hispanics is that higher property values resulted in higher rents. This has disproportionately affected poor and working-class Hispanics, especially the elderly.

The Failure of the Miami Renaissance

Mayor Diaz was an agent of change for the Miami urban landscape during his tenure, but an agentic leader. This leadership and decision-making style brought both positive and negative results to Miamians. He almost single-handedly rehabilitated the image of the city’s Cuban American majority. In the aftermath of the fraud and corruption of the 1990s and the Elián González affair, he demonstrated that Miami’s Cuban American community was capable of tolerance and community building. The Mayor broke many of the traditional taboos that had constrained Cuban American politicians in the past. He did not kowtow to the city’s right-wing extremists or allow them to veto events and public policy. For example, he was the only prominent Cuban American politician that met with Oswaldo Paya, the founder of the Varela Project that calls for reconciliation between the Cuban American community, Cuban dissidents, and the Castro government.

It was under Diaz’s leadership that the city underwent the most profound economic and real estate boom in its history. Moreover, this boom was spearheaded by local Latino developers. Similar to Stone’s analysis of Atlanta’s black leadership, in Miami it was minority developers who
designed, constructed, and profited from the redevelopment of Miami’s urban core. Jorge Perez, Pedro Martin, Paul Ceijas, Sergio Roc, Walter Defortuna, and Alan Ojeda directed the boom. Anglo and outside developers also profited, but it was the Hispanic developers, especially the Related Group, that paved the way and determined the rapid pace of the boom. By encouraging speculators and marketing his products in Europe and Latin America, Perez’s firm discovered the formula for Miami’s successful real estate development.

However, it was this very formula that overheated the real estate market. For example, in a four-year period (2002–2006), 21,616 units were built in the downtown area, but buyers were only absorbing 2,000 a year. By 2006, there were over 13,000 unsold units just in the city’s urban core—a five-year surplus—and over 10,000 more units in construction. Speculators began backing away from their contracts, and the contraction of the market began in earnest. Real estate prices fell over a third in the City of Miami in 2007. The cranes and construction sites, which were a ubiquitous part of the Miami landscape for most of the decade, disappeared. Despair set in.

By mid-2009 all the economic indicators were worse than when Mayor Diaz took office in 2001. Unemployment was in the double-digits, foreclosures at record levels, and the reduction in real estate values had reduced city revenues; in 2012 the unemployment rates hovered around 9.5%. Moreover, the reduction in revenues combined with generous union contracts has again put the long-term fiscal viability of the city in jeopardy. More disturbing is that while the rank-and-file people of Miami did not benefit from the boom, they are surely suffering from the consequences of Diaz’s growth-at-all-costs strategy. The failure of the Miami Renaissance does not only reflect the limits of growth-machine strategies of urban development but also reflects the limits of agentic leaders. Diaz’s leadership style not only disempowered the working people of the city who elected him but, at the end of the day, made them pay the price for his failed policy.

Endnotes

3. Ibid.
7. FIU Metropolitan Center 2003. Florida International University, Metropolitan Center, *Evaluating the City of Miami Earned Income Credit Program*, June.
10. Ibid.