



Cover Memorandum/Staff Report

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Agenda Date: 3/24/2026

Item #: 8A.

TO: CRA Board of Commissioners
FROM: Christine Tibbs, Assistant Director
THROUGH: Renée A. Jadusingh, Esq., Executive Director
DATE: March 24, 2026

DUE DILIGENCE STUDIES FOR THE PROPERTIES LOCATED AT 330, 350, & 358 NE 4th STREET, AND AT 2400 & 2410 NORTH FEDERAL HIGHWAY

Recommended Action:

Review and discuss the due diligence studies for the properties located at 330, 350 & 358 NE 4th Street, and at 2400 & 2410 North Federal Highway.

Background:

The properties are located at 330, 350, and 358 NE 4th Street (Artists Alley Properties) within CRA Sub-Area #2 and 2400 & 2410 North Federal Highway (Federal Highway Properties) within the CRA Sub-Area #5.

Artists Alley Properties:

These properties are generally bounded by the Florida East Coast (F.E.C.) Railway to the east, Artists Alley to the west, NE 4th Street to the north, and the CRA-owned Arts Warehouse (located at 313 NE 3rd Street) to the south. The buildings on the properties currently consist of four single-story commercial and warehouse buildings that total approximately 32,636 SF, with the land totaling approximately 1.91 acres (83,200 SF). The Artists Alley Properties are zoned Central Business District, are currently vacant, and are all owned by SW Delray Artist Alley, LLC.

In August 2014, the Artists Alley Properties were foreclosed upon and were set to be sold at public auction in November 2014, which was later rescheduled to February 2015. In an attempt to acquire the properties to execute the CRA's Community Redevelopment Plan retail strategy to redevelop NE 3rd Street and Artists Alley in order to provide better access and character to the area, the CRA obtained an appraisal. Ultimately, the CRA was not able to purchase the Artists Alley Properties at the time of public auction, nor at the time when the properties were later sold the current owner.

In May 2024, the current owner's representative contacted CRA Staff and stated that the Artists Alley Properties were available and listed for sale. Subsequently, CRA Staff requested two appraisals in 2024, and the current owner's representative provided a third appraisal in 2025. Below is a summary of the appraisals:

PREPARED FOR CRA		
Report Date	Appraiser	Market Value
7/25/2024	Anderson Carr	\$19,250,000
10/3/2024	Callaway and Price, Inc.	\$19,200,000

PREPARED FOR SELLER		
Report Date	Appraiser	Market Value
3/24/2025	Aucamp, Dellenback & Whitney	\$20,200,000

Federal Highway Properties:

These properties are generally bounded by North Federal Highway (US1) to the east, Old Dixie Highway to the west, and private properties to the north and south. The buildings on the properties currently consist of two single-story commercial buildings with surface parking lots each with the land totaling approximately 3.04 acres (132,700 SF); the properties are zoned General Commercial and have future land use designation of General Commercial. The Federal Highway Properties are currently owned by Federal 2400, LLC, and 2410 N Federal, LLC.

At the March 25, 2025, CRA Board meeting, the Artists Alley Properties were introduced during CRA Board comments. At that time, there was a consensus amongst the CRA Board to add the topic of the potential acquisition of the Artists Alley Properties for the development of affordable/workforce housing to the April 30, 2025, CRA Board meeting agenda.

At the April 30, 2025, CRA Board meeting, the Artists Alley Properties were on the CRA Board agenda for discussion as a potential acquisition for the future development of affordable/workforce housing. During the discussion, the Federal Highway Properties were introduced for the CRA Board to also consider as a potential acquisition for the development of affordable/workforce housing. Following the discussion, the CRA Board directed CRA Staff to research the City of Delray Beach's Land Development Regulations and potential development capacity of each of the Properties as it related to affordable/workforce housing.

After the April 30, 2025, CRA Board meeting, CRA Staff reached out to Peacock Architects, a consulting firm in the CRA professional consulting services pool, to discuss a potential work assignment to assist the CRA in assessing the feasibility of the potential development of both the Artists Alley Properties and the Federal Highway Properties for affordable/workforce housing.

At the May 29, 2025, CRA Board meeting agenda included two (2) items related to approving work assignments with Peacock Architects to conduct two (2) due diligence studies for the Artists Alley Properties and the Federal Highway Properties. After the start of the meeting, during the approval of the agenda, the CRA Board discussed revising the agenda to remove those two items - raising other CRA obligations and CRA funding constraints as concerns. Ultimately, the May 29, 2025, CRA Board meeting agenda was revised to remove the two (2) items related to the Artists Alley Properties and Federal Highway from the agenda from consideration.

At the September 30, 2025, CRA Board meeting, during the approval of the CRA budget for Fiscal Year 2025-2026, the CRA Board directed CRA Staff to look into whether or not certain properties were available for potential acquisition for the potential development of affordable/workforce housing.

At the November 30, 2025, CRA Board meeting, CRA Staff provided an update on several properties that had been previously discussed by the CRA Board and the two (2) properties that remained available for potential acquisition were the Artists Alley Properties and Federal Highway Properties. The CRA Board expressed its desire to discuss potentially researching the Artists Alley Properties and Federal Highway Properties and the development potential of each site for affordable/workforce housing.

Subsequent to the November 30, 2025, CRA Board meeting, CRA Staff, based on the CRA Board's direction, reached out to Peacock Architects again and it was confirmed that the previously submitted work assignment proposals for the Artists Alley Properties and the Federal Highway Properties would be honored.

The work assignments would include the development of two (2) due diligence packages - one for the Artists Alley Properties and one for the Federal Highway Properties. Each would comprise of a summary of the research into the City of Delray Beach's codes, ordinances, Land Development Regulations, and the feasibility of the development of the properties. The research will specifically focus on the development of housing, in conjunction with understanding the bonus units allowed per the Live Local Act. More specifically, there would also be a detailed analysis of the properties including location, size, environmental considerations, legal and/or zoning constraints. Additionally, a general overall site plan depicting the required property information, setbacks, and basic building footprint to better understand and visualize the development potential of the properties and their constraints would also be included as part of the due diligence packages.

At the January 27, 2026, CRA Board meeting, the CRA Board approved the work assignments with Peacock Architects to develop the due diligence packages for the Artists Alley Properties and the Federal Highway Properties, in an amount not to exceed \$7,550, for each due diligence package.

The analyses conducted by Peacock Architects are intended to assess regulatory feasibility, policy alignment, and planning-level residential capacity; the analyses test order-of-magnitude development potential of the Artists Alley Properties and the Federal Highway Properties rather than establish a final development program, unit count, or financial feasibility.

The due diligence packages each provide a summary of the order-of-magnitude development potential of the Artists Alley Properties and the Federal Highway Properties which show a Practical Yield of the number of units that could potentially be developed based on the estimated number of parking spaces that could be developed. Peacock Architects also highlights key risks and considerations in the final conclusions that may further impact the development potential of the Properties.

Artists Alley Properties Overview of Due Diligence Conclusion:

While the due diligence review did not identify items that would preclude redevelopment of the Artists Alley Properties, at this high-level planning review, several site and development constraints suggest that achieving the Practical Yield may be challenging and could affect the overall feasibility of the development of the properties.

While zoning and Live Local provisions may theoretically support a higher residential density, the Practical Yield in the following table is governed primarily by an estimated parking capacity and the estimated physical space required to accommodate building systems and operational support areas within a multifamily building which include:

- Vehicular parking and circulation
- Required ADA parking and loading areas
- Solid waste and recycling facilities
- Utility infrastructure and transformer locations
- Fire pump, mechanical, and electrical rooms
- Elevator cores and stairwells
- Mail and package rooms
- Bicycle parking
- Amenity and resident support spaces
- Required setbacks and site access points

Collectively, these elements consume a significant portion of the developable area and could potentially further reduce the footprint available for residential units.

Additionally, in this high-level planning scenario several key factors have not yet been evaluated that could further reduce the achievable development capacity, including:

- Absence of a certified boundary and topographic survey to confirm buildable area and easements
- Potential requirements associated with adjacency to the FEC Railway corridor:
 - Setbacks or safety buffers
 - Coordination with the railroad for site design and access
 - Potential limitations on building placement or circulation
- Possible fire lane and emergency access requirements that could reduce parking supply
- The structural column layout required for the building may also reduce parking efficiency beneath the building
- Traffic and access conditions
 - Additional residential units would increase traffic volumes and turning movements in the area.
 - Vehicle queuing at the site entrance may require additional circulation space within the site.
 - Access from Artist Alley may limit ingress/egress efficiency.
 - A traffic study would be required to evaluate access operations, queuing, and intersection impacts.
- Lack of financial feasibility analysis to confirm economic viability of the development scenario

Because these factors have not yet been fully evaluated, the current analysis should be viewed as a high-level capacity test rather than a confirmed development program.

While the Artist Alley Properties may theoretically support the Practical Yield in the following table, the number is based on an estimated parking capacity; the combination of site constraints, operational requirements, and outstanding technical analyses may ultimately reduce the achievable unit count and could affect the feasibility of redevelopment of the Artist Alley Properties. Further detailed analysis - including survey verification, traffic evaluation, structural planning, and financial feasibility assessment - would be required before confirming the viability of redevelopment of the Artist Alley Properties.

Table 7.1A Residential Yield Comparison Summary (Planning-Level)			
Metric / Assumption	Scenario A – Base CBD (100% Workforce)	Scenario B – Base CBD (Mixed Program)	Scenario C – Live Local (≥40% @ ≤120% AMI)
Typical Floor Plate (Footprint)	64,662 SF	64,662 SF	64,662 SF
Stories Counted in GFA (planning)	4	4	4
Total GFA	258,648 SF	258,648 SF	258,648 SF
Net Efficiency	75–80%	75–80%	75–80%
Net Residential Area	193,986–206,918 SF	193,986–206,918 SF	193,986–206,918 SF
Workforce Requirement	100% workforce	50%–70% workforce (tested)	Minimum 40% workforce @ ≤120% AMI
Unit Mix Assumption	Balanced mix (25% S / 50% 1BR / 25% 2BR)	Same as Scenario A	Reduced studios; larger 1–2BR mix
Avg Net Unit Size	~712.5 SF	~712.5 SF	~800–810 SF
Resulting Unit Yield (GFA Based)	272-290 units	272-290 units (program split varies)	239-259 units
Parking Ratios Assumed	1.25 (Studio/1BR); 1.75 (2BR)	Same	Same (Final Mix May Vary)
Weighted Avg Parking Ratio	1.38 spaces/unit	1.38 spaces/unit	1.38 spaces/unit
Estimated Parking Demand (for GFA-based yield)	~374–399 spaces	~374–399 spaces	~329–357 spaces
Under-Building Parking Supply (1 level, planning range)	~160–192 spaces*	~160–192 spaces*	~160–192 spaces*
Practical Yield Indicated by Parking Supply	~116–146 units**	~116–146 units**	~105–130 units (unit mix may increase ratio)

*If a Fire Lane is required, an estimated 20 spaces will be lost. Estimated parking will be approx. 174 spaces.

** If a Fire Lane is required, the unit yield will reduce to 127-132 units.

Federal Highway Properties Overview of Due Diligence Conclusion:

While the due diligence review did not identify items that would preclude redevelopment of the Federal Highway Properties, at this high-level planning review, several site and development constraints suggest that achieving the Practical Yield may be challenging and could affect the overall feasibility of the development of the properties.

Of note, the General Commercial (GC) zoning designation, in combination with the Mixed Use - General Commercial future land use designation, provides a current regulatory framework that can support residential and mixed-use development. Residential uses within the GC zoning designation are permitted in conjunction with commercial uses and are subject to specific use provisions and development standards. Further coordination with City Staff is needed to confirm the permissibility of and approval process for a 100% residential development at the Federal Highway Properties.

While zoning and Live Local provisions may theoretically support a higher residential density, the Practical Yield in the following table is governed primarily by an estimated parking capacity and the estimated physical space required to accommodate building systems and operational support areas within a multifamily building which include:

- Vehicular parking and circulation
- Required ADA parking and loading areas
- Solid waste and recycling facilities
- Utility infrastructure and transformer locations
- Fire pump, mechanical, and electrical rooms
- Elevator cores and stairwells
- Mail and package rooms
- Bicycle parking
- Amenity and resident support spaces
- Required setbacks and site access points

Collectively, these elements consume a significant portion of the developable area and could potentially further reduce the footprint available for residential units.

Additionally, in this high-level planning scenario several key factors have not yet been evaluated that could further reduce the achievable development capacity, including:

- Florida Department of Transportation (FDOT) access management requirements along North Federal Highway (US-1), which may limit or restrict curb cuts and site access locations.
- Potential queuing and circulation requirements associated with access to a major arterial corridor.
- Absence of a certified boundary and topographic survey to confirm buildable area and easements.
- Structural building configuration and column spacing may affect parking efficiency beneath the building.
- Traffic impacts associated with additional residential density, which may require a traffic study and coordination with City and FDOT requirements.
- Lack of financial feasibility analysis to confirm economic viability of the development scenario.

Because these factors have not yet been fully evaluated, the current analysis should be viewed as a high-level capacity test rather than a confirmed development program.

While the Federal Highway Properties may theoretically support the Practical Yield in the following table, the number is based on an estimated parking capacity; the combination of access constraints, operational requirements, and outstanding technical analyses may ultimately reduce the achievable unit count and could affect the feasibility of the redevelopment of the Federal Highway Properties. Further detailed analysis-including survey verification, traffic evaluation, FDOT coordination, structural planning, and financial feasibility assessment-would be required before confirming the viability of redevelopment on the Federal Highway Properties.

Table 7.1A Residential Yield Comparison Summary (Planning-Level)

Metric / Assumption	Scenario A – Base GC (100% Workforce)	Scenario B – Base GC (Mixed Program)	Scenario C – Live Local (≥40% @ ≤120% AMI)
Total GFA	319,340 SF	319,340 SF	319,340 SF
Net Efficiency	75–80%	75–80%	75–80%
Net Residential Area	239,505 – 255,472 SF	239,505 – 255,472 SF	239,505 – 255,472 SF
Workforce Requirement	100% workforce	50%–70% workforce (tested)	Minimum 40% workforce @ ≤120% AMI
Unit Mix Assumption	Balanced mix (25% S / 50% 1BR / 25% 2BR)	Same as Scenario A	Reduced studios; larger 1–2BR mix
Avg Net Unit Size	~725 SF	~725 SF	~780–820 SF
Parking Assumption	Tuck-under parking beneath building	Tuck-under parking beneath building	Tuck-under parking beneath building
Estimated Parking Supply	~175 – 190 spaces	~175 – 190 spaces	~175 – 190 spaces
Resulting Unit Yield	130 - 140 units	130 -140 units (program split varies)	115 - 125 units

At this time, CRA Staff is requesting the CRA Board discuss the due diligence packages for the Artists Alley Properties and the Federal Highway Properties, the potential development of the Properties and the key risks and considerations.

Attachment(s): Exhibit A - Property Location Maps & Photos; Exhibit B - Callaway and Price Appraisal - Artists Alley Properties; Exhibit C - Anderson Carr Appraisal - Artists Alley Properties; Exhibit D - Aucamp, Dellenback & Whitney Appraisal - Artists Alley Properties; Exhibit E - Peacock Architects Work Assignments; Exhibit F - Artists Alley Properties Due Diligence Package; Exhibit G - Federal Highway Properties Due Diligence Package

CRA Attorney Review:

N/A

Funding Source/Financial Impact:

N/A

Overall need within the Community Redevelopment Area from Delray Beach CRA

Redevelopment Plan:

Removal of Slum And Blight

Land Use

Economic Development

Affordable Housing

Downtown Housing

Infrastructure

Recreation and Cultural Facilities