



**MEASUREMENT OF
ECONOMIC IMPACTS**

**WEST ATLANTIC
PROPERTIES**

UPTOWN ATLANTIC, LLC

DELRAY BEACH CRA



August 2018

PMG Associates, Inc.

**MEASUREMENT OF ECONOMIC IMPACTS
WEST ATLANTIC PROPERTIES – UPTOWN ATLANTIC, LLC
DELRAY BEACH CRA**

INTRODUCTION

PMG Associates, Inc. has been engaged to update the impacts of the development proposal by Uptown Atlantic, LLC for the West Atlantic Properties. The original estimate was completed in 2013 as part of an evaluation of proposals from three organizations. The CRA Board selected Equity Enterprises (later Uptown Atlantic, LLC) to proceed with the development of the properties.

DEVELOPMENT PROGRAM

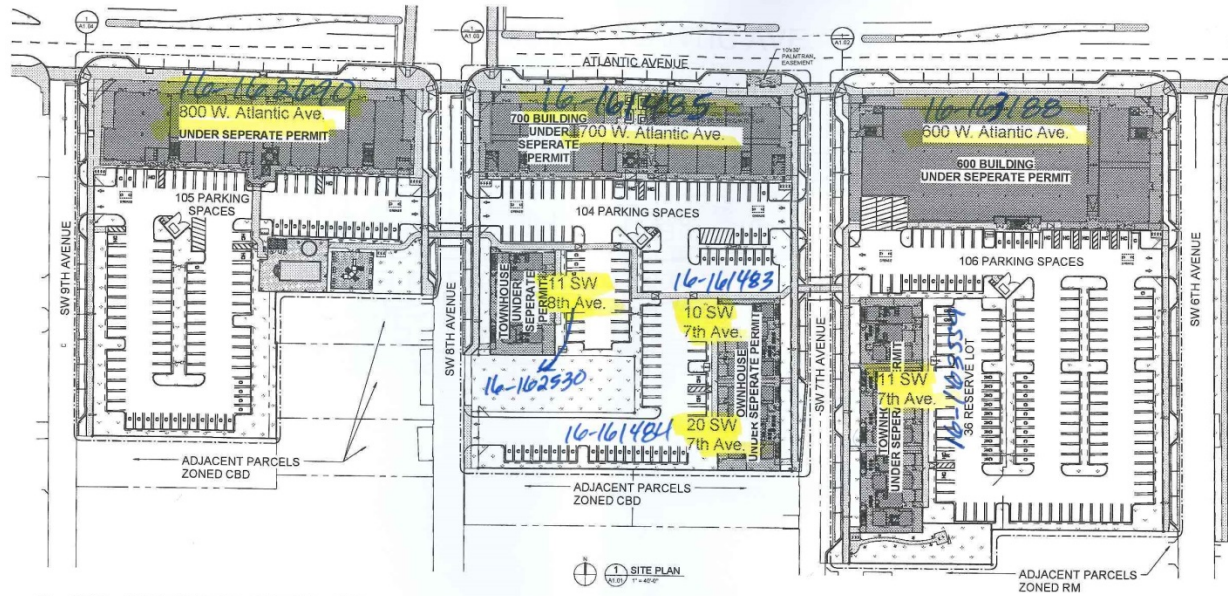
The property consists of approximately 6.17 acres located between Southwest 6th Avenue and Southwest 9th Avenue on West Atlantic Avenue.

The development program has been established in the proposed Purchase and Sale Agreement between the CRA and Uptown Atlantic. The provisions are as follows:

- a) Three (3) mixed use buildings fronting West Atlantic Avenue consisting of a total of 50,830 square feet of retail space (including the space for the Full Service Grocery Store) and 23,000 square feet of class A office space. In any office space developed, up to twenty percent (20%) of the square footage of such space, shall be allocated to start-up and incubator business purposes, which shall be coordinated through the cooperation of the Purchaser and the Seller.
- b) No less than One Hundred Twelve (112) multifamily residential units of which Thirty-Nine (39) shall be located in townhouse-style structures, based upon the current site plan for the Project; provided, however, it is understood and agreed that the number of residential units may be adjusted depending upon the parking requirements for the proposed Full Service Grocery Store.
- c) Twenty percent (20%) of the total multifamily residential units shall be set aside for below market workforce housing as defined in the City's workforce housing ordinance.
- d) The Purchaser shall undertake diligent efforts to locate, in its normal course of business, acceptable bank and pharmacy tenants for the Project, it being understood, however, that the Purchaser shall have no liability in the event that such tenants cannot be located.

The site plan for the property is found in Exhibit 1.

EXHIBIT 1 - SITE PLAN



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 Architecture, Planning, Interiors, & Sustainable Design
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 1056 4th Avenue, Suite 211
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 www.curriesowardsaguila.com

BOB
 PERMIT
 CONSTRUCTION
 SEAL

PROJECT TITLE
UPTOWN ATLANTIC

600, 700, 800 BLOCK W. ATLANTIC AVENUE DELRAY BEACH, FL

NO.	DESCRIPTION	DATE

SITE DATA		FORM CLASSIFICATION: CBD - CENTRAL BUSINESS DISTRICT		FLUM CLASSIFICATION: CC - CENTRAL CORE	
SITE AREA INFORMATION		RESIDENTIAL INFORMATION		PARKING CALCULATIONS	
SITE AREA TOTAL	288,828 SQ FT 6.17 ACRES	NUMBER OF UNITS	112	RESIDENTIAL TOTAL	112
GROUND FLOOR AREA	68,849 SQ FT 25.8 %	UNITS PER ACRE	18	EFFICIENCY	15
TOTAL FLOOR AREA	185,766 SQ FT 68.1 %	UNITS PER ACRE	18	1 BEDROOM	18
PARKING/PAVED AREA	125,471 SQ FT 56.7 %	UNITS PER ACRE	18	2 BEDROOM	75
OPEN (LANDSCAPED) AREA	47,588 SQ FT 17.2 %	UNITS PER ACRE	18	3 BEDROOM	4
WATER BODIES	0	UNITS PER ACRE	18	4+ BEDROOM	20
WORKFORCE HOUSING NOTES		UNITS ALLOWED PER DENSITY	74.5 UNITS	OFFICE	17,287.3 SF
		UNITS REQUESTED WITH COND. USE	112 UNITS	RESTAURANTS	6,040 SF
		WORKFORCE HOUSING UNITS:	22 UNITS (58.7% OF UNITS OVER DENSITY)	COMMERCIAL/RETAIL	45,192 SF
			(20% OF TOTAL UNITS)	TOTAL REQUIRED PARKING	489.07
SETBACKS - CBD		SHARED PARKING CALCULATIONS		PARKING PROVIDED	
FRONT	0'-0" AT ARCADE, 5'-0" COMMERCIAL, 10'-0" RESIDENTIAL	REQUIRED	245	REGULAR SPACES	355
REAR	10'-0"	PROVIDED	358	COMPACT SPACES	108
SIDE (CORNER)	CAN EXTEND FRONT SETBACKS FOR 50% BLDG		363	HANDICAPPED SPACES	18
INTERIOR SIDE	0'-0", 10'-0" IF NO REAR ACCESS		379		
INTERIOR SIDE ADJACENT TO RESIDENTIAL ZONING	15'-0" WITH 6'-0" WALL OR 4 1/2' WEDGE PROVIDED		541		
HEIGHT	48'-0"				
FLOORS					

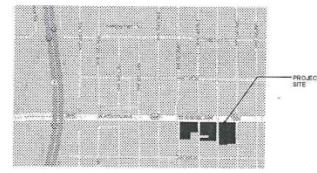
SITE 600 W Atlantic Ave #16-161482

THESE DRAWINGS ARE PREPARED FOR 30% PLAN AND 60% CIVIL STANDARD AND REPRESENT THE ARCHITECT'S AND ENGINEER'S DESIGN TO PROVIDE BASIC DETAIL OR CONCEPT REQUIRED TO OBTAIN PERMITS AND OTHER COORDINATION FOR EFFORTS BY ALL RESPONSIBLE PARTIES. PROVIDING A COMPLETE AND OPERATIONAL BUILDING WHETHER INDICATED ON THE PLANS OR NOT. FILE NUMBER

DRAWING TITLE
OVERALL NEW SITE PLAN

SHEET
 12/14/2015
 1211.08

SHEET #
 109 NUMBER
A1.01



2 VACINITY MAP
 NOT TO SCALE

REVENUE IMPACT TO THE CRA

Two revenue sources exist for the CRA from this project. The first is the reimbursement for the property through the agreed purchase price. The second amount is the annual TIF generated by the increased Taxable Value of the completed development which is received each year of the life of the CRA. These revenue amounts must also be reduced by the incentive amounts paid to the developer through the Development Infrastructure Assistance Program (DIA).

Sales Price:	\$2,000,000
DIA Payments:	\$ 400,000
TIF Amounts (PV):	\$5,488,059

Tax Increment Financing (TIF) is calculated based on the increment of the Taxable Value of the improved property which is defined as the value of the completed project over the current (Base Year) Taxable Value. The Project Cost of the development is estimated based on the letter of agreement for the financing of the project. This agreement estimates the Project Cost at \$40,883,000.

To arrive at the Taxable Value, methods used by the Palm Beach County Property Appraiser's Office were evaluated. Typically, the initial valuation of an income producing asset will be at 80% of Project Cost (less Financing Costs). Later, this method will be altered to account for lease rates, vacancies and other use factors. For this valuation, the 80% of the Project Cost factor was used resulting in an estimated Taxable Value of \$32,706,000 in the first year after construction is completed.

The next factor is the rate applied for TIF purposes. Under State law, TIF is applied to operating millage rates only. Those rates that apply for Debt Service are excluded. Additionally, millage rates for School Districts and those taxing authorities that cross county boundaries are also exempt. Under the agreement in Palm Beach County, the Children's Services millage rate is also exempt. The millage rates that apply for TIF purposes are the proposed FY 2019 City and County Operation Millage, which totals 115426 mills (City @ 6.7611 and County @ 4.7815).

The TIF amount is further reduced by the 5% Administrative Charge that is retained by the City and County.

The values are projected to grow at a rate of 4%. Additional figures are presented for the Present Value of the revenue using a Discount Rate of 3.5%. TIF calculations are provided in Table 1.

**TABLE 1
TIF CALCULATIONS**

Period	Year	Incremental Value	Incremental Taxes	Total TIF	Present Value
1	2019	\$0	\$0	\$0	\$0
2	2020	\$0	\$0	\$0	\$0
3	2021	\$32,706,000	\$362,412	\$344,291	\$310,531
4	2022	\$34,014,240	\$376,908	\$358,063	\$312,031
5	2023	\$35,374,810	\$391,985	\$372,385	\$313,538
6	2024	\$36,789,802	\$407,664	\$387,281	\$315,053
7	2025	\$38,261,394	\$423,971	\$402,772	\$316,575
8	2026	\$39,791,850	\$440,929	\$418,883	\$318,105
9	2027	\$41,383,524	\$458,567	\$435,638	\$319,641
10	2028	\$43,038,865	\$476,909	\$453,064	\$321,185
11	2029	\$44,760,419	\$495,986	\$471,186	\$322,737
12	2030	\$46,550,836	\$515,825	\$490,034	\$324,296
13	2031	\$48,412,870	\$536,458	\$509,635	\$325,863
14	2032	\$50,349,384	\$557,916	\$530,020	\$327,437
15	2033	\$52,363,360	\$580,233	\$551,221	\$329,019
16	2034	\$54,457,894	\$603,442	\$573,270	\$330,608
17	2035	\$56,636,210	\$627,580	\$596,201	\$332,205
18	2036	\$58,901,658	\$652,683	\$620,049	\$333,810
19	2037	\$61,257,725	\$678,790	\$644,851	\$335,423
20	2038	\$63,708,034	\$705,942	\$670,645	\$337,043
TOTAL					\$5,488,059

Total Return

The total return to the CRA is estimated at \$7,088,059 over a twenty year period based on the figures in Table 2.

**TABLE 2
REVENUE CALCULATION**

Revenue Source	Amount
Purchase Price	\$2,000,000
Less DIA Payments	\$ -400,000
TIF (Present Value over 20 years)	\$5,488,059
TOTAL	\$7,088,059

REVENUE IMPACT TO THE CITY

Revenues accruing to the City include both General Fund and Enterprise Fund amounts. For ease of comparison, both General Fund and Enterprise Fund amounts will be combined in this section. The revenue sources for the City of Delray Beach are:

- Incremental Ad Valorem Taxes (5% of increase retained by the City)
- Franchise Fees
- Utility Taxes
- Communications Service Tax
- Stormwater Fees

The estimated revenue generated to the City of Delray bEach in the first year of operation is \$97,772.

IMPACT ON THE LOCAL ECONOMY

The impact on the general economy is generated through several items including employment, employee spending and sales tax.

Employment:

The projection of permanent (post construction) employment was performed using standard rates of number of employees per square foot or seating. These rates are for estimation purposes and reflect the typical conditions in the area. In addition, the employment measures Full Time Equivalent (FTE) persons. In the service industries, many employees are not full time and each person that is employed at the location may not be a FTE. This analysis makes the measurement in FTEs for consistency and applicability.

The rates used for the calculation are as follows:

Office – 1 employee per each 250 square feet
Retail - 1 employee per each 350 square feet
Residential – Total of four employees for the development

**TABLE 3
EMPLOYMENT GENERATION**

Use	Employees
Office	92
Retail	145
Residential	4
TOTAL	241

Employee Spending:

Additional economic impact is derived from the retail spending by employees of the elements of the overall development. Chief among this category is spending by office workers since they generally are higher paid and must normally go outside of the office for items such as lunch. The best source of data for this activity is a study conducted by the International Council of Shopping Centers. The study concluded that office workers spend approximately \$214 per week on all expenses, with \$112 per week in close vicinity to their office building. There is no separate study for spending by Retail workers available. However, the spending by Clerical and Administrative workers can be adapted to equate to this spending. For this study, the spending amount to be considered is a total of \$92 per week with \$62 per week spent in the vicinity of the workplace. These figures generate employee spending in the general vicinity of \$977,100 annually.

Retail Sales by Residents:

The residents of the development will also participate in the economy of the community based on the Retail Sales by this group. Retail Sales spending per household was obtained from Claritas (a nationally recognized supplier of marketing data) for the general area of the project. This figure is listed at \$14,737 per household annually. The total annual retail spending for the development is \$1,650,000. Sales Taxes on this amount are estimated at \$99,000 annually.

**TABLE 4
SUMMARY OF IMPACTS**

Category	Amount
Development Program	
Office Square Feet	23,000
Retail Square Feet	50,830
Residential Units	112
Revenue Return to CRA	
Purchase Price	\$2,000,000
Less DIA Payments	\$400,000
Total Received	\$1,600,000
TIF Payments (20 years Present Value)	\$5,488,059
Total Return	\$7,088,059
Revenue to the City	
Annual	\$97,772
Employment Impacts	
Employment	241
Employee Spending Annual	\$977,100
Impact from Residents	
Annual Retail Sales by Residents	\$1,650,000
Sales Taxes	
Annual	\$99,000