

Exhibit “B”

Analysis of Congress Avenue Corridor and Need for Residential Development

Introduction

The Congress Avenue Corridor (“Corridor”) in Delray Beach is defined as the area bordered by Interstate 95 (“I-95”) to the east, the E-4 canal to the west, Boynton Beach to the north and Boca Raton to the south. The northern portion of the Corridor has a land use designation of Commerce (CMR), which is an industrial land use designation, and a zoning designation of Mixed Industrial and Commercial (MIC). This area has primarily been the location for Delray Beach’s industrial uses, however, new additions such as Saltwater Brewery and Old School Bakery have ignited new interest in the Corridor. Furthermore, the Corridor’s proximity to the Atlantic Avenue Central Business District (“CBD”) makes the area the ideal location to support expansion from the CBD. Specifically, the major node at the intersection of Congress Avenue and Atlantic Avenue is an essential location for residential development, thereby absorbing the demand for additional housing from the CBD and further diversifying and stimulating the economy along the Congress Avenue Corridor.

Delray Beach’s Next Great Street Study

A 2016 study of the Congress Corridor, accepted by Delray Beach City Commission, named the Corridor as “Delray Beach’s Next Great Street.” The study found that the Corridor is a natural complement to the City’s downtown and a key component to Delray Beach’s future success and financial sustainability. In its initial assessment, the study found multiple issues with the current state of the Corridor. First, the lack of building and landscape maintenance has created an environment littered with abandoned vehicles, illegal signage and generally low curb appeal. Second, the Corridor is largely viewed as a thoroughfare to neighboring cities and not a destination or point of interest to many commuters. Third, the Corridor is an avenue of unfulfilled potential. The study points to the Corridor’s 1960s/70s suburban aesthetic, areas of blight, underutilized industrial sites and outdated plazas as factors in support of redeveloping the area into a new, vibrant and urban mixed-use district. The study identifies several elements to catalyze a transformation of the Congress Avenue Corridor. These elements include transit-oriented development, sustainable urbanized lifestyle patterns, and new housing opportunities inclusive to various income groups.



Source: Delray Beach’s Next Great Street

Industrial History in Delray Beach

The northern portion of the Corridor has traditionally been the site of Delray Beach's industrial area. At the time of its establishment as an industrial zone, the location of this as an industrial area was consistent with other modern cities, which decentralized industrial areas and forced them into the urban fringes-along major transportation nodes but out of reach from the residential urban core. At the time it was established, industrial use was the highest and best use for the area given its proximity to central Delray Beach. However, as the City has annexed more land in subsequent years, the Corridor has shifted into a centralized position within the City's urban core. As a result, the Corridor has become an area of great importance to sustain the population growth of Delray Beach. The needs of the City have shifted, and industrial uses are no longer the highest and best use of the entire area that is currently zoned industrial, specifically the major node at the intersection of Congress Avenue and Atlantic Avenue, which is located just to the west the CBD. Presented below are key factors to support a finding that this major node at the intersection of Congress Avenue and Atlantic Avenue is no longer appropriate for industrial use in Delray Beach and is more suited to support residential use.

Congress Avenue and Atlantic Avenue Node

The node at the intersection of Congress Avenue and Atlantic Avenue is particularly suitable for a change in use from industrial to a more comprehensive zoning district, such as the Special Activities District (SAD), to allow large-scale mixed-use projects in addition to the existing industrial uses. The intersection is located just west of I-95 and is easily accessible to commuters traveling along Atlantic Avenue, just a few minutes away from the CBD and A1A. The central location of this intersection makes this node a prime area for uses to support spillover from the nearby CBD and provide housing to the growing number of individuals employed within the CBD and surrounding area.

The SAD zoning district is the best fit for this intersection because it will allow for large-scale projects such as higher density residential developments with commercial use components. One of the most important factors to successful retail in an area is high-quality residents.¹ Studies show that great streets are often always surrounded by dense residential development.² Further, mixed-use developments create a mix of residential and commercial activities to attract a wider range of consumers and longer business hours.³ Therefore, residential development within this intersection node can further stimulate the economy within the Corridor by attracting visitors and supporting existing commercial and industrial uses.

Currently, this node already exhibits a more commercial, rather than industrial, atmosphere. Portions on all sides of the intersection are zoned for General Commercial (GC). Some of the existing uses in this area include a restaurant, a wireless phone retailer and convenience store gas stations. The area immediately to the south of Atlantic Avenue is zoned Planned Commercial (PC), with a mix of uses including restaurants, a major convenience store retailer, a bank and other smaller commercial retailers. Rezoning the northwest corner to SAD is consistent with, and supportive of, the existing uses already in operation throughout this intersection. Accordingly, the node at the intersection of Congress Avenue and Atlantic Avenue should be rezoned to SAD to allow for mixed use development including residential uses to help sustain growth within the core of Delray Beach and discourage urban sprawl.

Benefits of Increased Density

Higher density residential development provides substantial opportunities for economic growth without significantly burdening existing public infrastructure. One case study states, “[c]ommunities that focus on providing a high quality of life with the energy and vitality created by urban centers will be much more likely to attract highly prized, talented, and productive workers than communities of faceless sprawl.”⁴ Furthermore, “[d]iversifying housing options and adding amenities like shops and offices close by will improve the quality of life and attract businesses and people that will strengthen the communities economic stability.”⁵ Other studies suggest that those attracted to a suburban downtown living would likely spend a substantial portion of their discretionary income on shopping, eating and entertainment.⁶ Additionally, well planned, higher density development can be seamlessly integrated into a community and introduce features such as lush landscape boulevards, fountains and showcase a unique architectural style.⁷ When visually compared, these high-density developments are preferred to faceless low-density developments that often evoke no sense of community attachment.⁸ Below are some visual examples of higher density developments that have been integrated into existing low-density areas.



Furthermore, new high-density residential developments can offer updated site features that can enhance community safety and provide benefits such as upgraded lighting and landscape designs.⁹ Delray Beach has a thriving CBD district that attracts residents and visitors from around the country. The intention of higher density residential development at this strategic node within the Corridor will help to expand the vibrancy of the Atlantic Avenue area into the surrounding area.

Proximity to Public Transportation

The highest and best use for the node at the intersection of Congress Avenue and Atlantic Avenue is high quality residential development. Residential development in this area can extend the reach of public transportation and even increase ridership, specifically for the Delray Tri-Rail Station. Many cities are implementing new strategies to encourage public transportation use from areas that are located beyond the 0.5 radius from the public transportation hub. These strategies are referred to as first and last mile connectors because they provide commuters with alternative options to traverse the gaps between home, public transportation hubs and workplaces.¹⁰ Some cities have established intermodal partnerships with private car-sharing and bike-sharing providers to complete the trip ecosystem.¹¹

Additional strategies have included shuttle services that operate in the area immediately surrounding the public transportation hub to expand accessibility.¹² The Tri-Rail System has its own shuttle service called Commuter Connectors that operate in a growing number of Tri-Rail stations. The Tri-Rail introduced these Commuter Connectors specifically to address the first and last mile issues for Tri-Rail riders.¹³ First and last mile connectors in the Congress Avenue Corridor could greatly increase public transportation use, especially with the development of residential uses within the intersection node at Congress Avenue and Atlantic Avenue. The proposed residential use would be within a 1-mile radius from the Delray Beach Tri-Rail Station and would greatly benefit from a bike sharing, shuttle or other transportation alternative. An increase in residents in the area, especially those commuting, will introduce a new wave of potential riders for the Delray Beach Tri-Rail Station.



Industrial Landscape of the United States

The industrial industries in the United States have seen a broad shift in recent years. After manufacturing fled the United States due to cheaper options abroad, many industrial areas fell into states of disrepair and neglect. Industrial areas were not of particular interest for new development. However, with the emergence of e-commerce and technology, companies are taking new interest in industrial areas.¹⁴ The most successful and redeveloped industrial areas feature three key components: proximity to transportation hubs, low land costs and available space for development.

Proximity to Transportation Hubs

Arguably the most important factor contributing to the success of an industrial area is its proximity to transportation hubs. Arterial highways, shipping ports, railroads and airports are all important methods for the transportation of goods.¹⁵ E-commerce has catapulted society into an era of instant gratification, where customers expect the immediate delivery of goods from warehouse to doorstep. This new industrial era has required companies to strategically locate warehouses in areas with easy access to multimodal transportation options such as any combination of truck, rail, sea or air.¹⁶ Large e-commerce companies such as Amazon are seeking locations that are close to multiple modes of transportation to efficiently meet consumer demand. For example, in 2019 Amazon opened a massive 855,000 square foot fulfillment center in Miami-Dade, capitalizing on Miami's close proximity to the Port of Miami, Port Everglades and two international airports.¹⁷ The key factor in deciding where these companies choose to do business is the efficient movement of goods from their origin to the most possible customers.¹⁸

The intersection node at Congress Avenue and Atlantic Avenue located within the Delray Beach industrial area does not meet the transportation needs of the 21st century industrial businesses. While the Corridor is located adjacent to I-95, it is the only arterial highway connection available to support the Corridor. A singular transportation connector may have been adequate to support industrial uses at one time, however it is no longer the market preference. Even smaller industrial uses rely on an efficient, diverse transportation system to import items necessary to facilitate daily operations. On a larger scale, other cities in South Florida, such as Miami and Fort Lauderdale, feature more desirable industrial locations, many of which are closer to multimodal transportation hubs.

Cost of Land

The cost of land is another key factor contributing to the success of an industrial area. Typically, industrial uses require warehouses on large tracts of land in order to conduct business and to store materials, vehicles and machinery. Accordingly, industrial areas are commonly located on the urban fringes, where land is much cheaper and more available than in the urban centers.

Delray Beach has become a popular urban center and a hotspot for urbanization, targeting younger, white-collar businesses and employees. More urbanized, transit-oriented development and residential opportunities centrally located within the City and in proximity to its public transportation network are needed to support this growth in Delray Beach. The Corridor is located within a mile of both the CBD and the Delray Beach Train Station, making it the prime area to meet the growing demand. As more land was annexed into Delray Beach in the decades since its establishment as an industrial zone, the location of the Corridor has shifted from the urban fringe into a more centralized position within the city's urban core. With this shift into the City center, the cost of land has substantially risen along the Corridor. Consequently, while currently zoned for industrial use, the value of the land is too high to sustain the viability of industrial uses in this area. Therefore, the most appropriate use of the Corridor is no longer primarily industrial, and a diversification of uses is needed in order to allow the area to thrive economically as a key contributor to the City's economic base. Specifically, the intersection node at Congress Avenue and Atlantic Avenue is better suited as an urban, mixed-use area to support the growing demand and constraints for land generated by the CBD.

Available Space for Development

Recent studies have shown that the demand for industrial land has increased, but not for traditional manufacturing or distribution uses. Rather, these industrial institutions are incorporating significant design elements to create more efficient and sophisticated structures.¹⁹ Along with this building trend, companies are constructing much larger structures, averaging 500,000 square feet and greater.²⁰ Another important feature is flexibility for tenant users, with more space for truck deliveries, storage and an increase in technological capabilities.²¹ This flexibility appeals to a wider range of potential tenants, rather than the limited number of tenants looking for a traditional warehouse space.

The Corridor has a number of vacant properties zoned for industrial use that have not attracted potential investors for new industrial development. Instead, these properties continue to sit vacant. Since the demand for industrial land has been on the rise, the lack of interest in the available land along the Corridor, specifically in the intersection node, is indicative of its lack of value as industrial land. Instead, the area has gained increasing interest from parties looking to expand on the success of Delray Beach's CBD. These developers propose to use the character of the Corridor to create a dynamic mixed-use neighborhood in

refreshing contrast to the westward, sprawling development pattern that has overtaken Delray Beach in recent decades. Saltwater Brewery, Old School Bakery, and Delray Station have already begun to reshape the culture of the Corridor and attract new business and vitality to the area.



Source: Delray Beach's Next Great Street

Conclusion

In conclusion, maintaining an industrial use at this strategic node within the Corridor is no longer the highest and best use for this centrally located area in Delray Beach. Alternatively, the SAD zoning designation, residential use, and workforce housing is best suited for this major node at the intersection of Congress Avenue and Atlantic Avenue. This particular area is positioned in a key location to support the growth and spillover from the CBD and continue to stimulate the City's thriving economy. Specifically, developing this intersection node with high quality mixed and residential uses will meet the City's growing demand for additional housing. If residential development is not permitted at this node, then new development will be forced to spill out to the west farther from the existing transit opportunities, thus further contributing to suburban sprawl and its impacts on Florida's ecosystem. Delray Beach has the opportunity to meet the growing need for additional housing by activating spaces that are currently underutilized within the City. The Corridor has the potential to become a revived economic stronghold for Delray Beach as a destination and an area for residents and visitors to enjoy for years to come and the addition of residential in this location will support this positive growth within the City.

¹ Michael D. Beyard et al., *Ten Principles for Rebuilding Neighborhood Retail*, Urban Land Magazine, (2003).

² *Id.*

³ *Id.*

⁴ Richard M. Haughey et al., *Higher-Density Development: Myth and Fact*, The Urban Land Institute, 10 (2005).

⁵ *Id.*

⁶ Will Macht, *Flexible Parking Structures as Civic Catalysts*, Urban Land Magazine, (2019).

⁷ Haughey, at *supra* note 4 at 26.

⁸ *Id.*

⁹ *Id.*

¹⁰ Scott Dunn et al., *Creating Livable Cities Through Car-Lite Urban Mobility*, Urban Land Magazine, (2016).

¹¹ *Id.*

¹² *Id.*

¹³ Debora Lima, *These New Buses Will Help More Tri-Rail Commuters Get Where They Need to Go*, South Florida Business Journal, (2016).

¹⁴ Patrick J. Kiger, *Fulfillment centers Spur Competition for Industrial Real Estate*, Urban Land Magazine, (2017).

¹⁵ Sam Newberg, *Retooling Industrial Development*, Urban Land Magazine, (2010).

¹⁶ *Id.*

¹⁷ Rob Wile, *Amazon Opens Doors to Miami-area Fulfillment Center. It's as Big as 14 Football Fields*, Miami Herald, (2019).

¹⁸ Newberg at note 2.

¹⁹ Mike Sheridan, *Needs for More Power, Flexibility Driving Markets for Industrial Property*, Urban Land Magazine, (2018).

²⁰ *Id.*

²¹ *Id.*