City of Delray Beach
New Rules for Economic Development
FCCMA Annual Conference

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May 31, 2012
New Rules for Economic Development
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Old School Square
CULTURAL ARTS CENTER
NATIONAL HISTORIC SITE

CORNELL MUSEUM EXHIBITS
YARDWORKS WOMEN IN THE VISUAL ARTS ISLAND STORIES
GARLIC FEST NOV 11
FIRST NIGHT BUTTONS ON SALE AT ART N JAZZ OCT 21
New Rules for Economic Development

Growth management’s decentralized approach provides opportunities for locals to:

• Think outside the box
• Undertake local initiatives
• Implement local incentives
• Implement local creativity

All without fear of State oversight
New Rules for Economic Development

Delray seized this opportunity via a two fold approach:

• Regulatory incentives....

• followed by...Financial incentives
New Rules for Economic Development

Identified development area were infusion was needed and would result in the greatest municipal benefit:

• Four Corners (Overlay District)

• Congress Avenue (Delray Beach Innovation Corridor)
New Rules for Economic Development

Two areas discussed by Florida Public officials Design Institute (Florida Atlantic University)

• Four Corners Overlay District Vision:
  – Creation of high quality jobs
  – Encourage mixed use development
  – Create a signature identity for this area

• Congress Avenue Corridor Vision:
  – Creation of high quality jobs
  – Infusion of Class A office uses
  – Transient oriented mix use development around Tri-Rail Station
  – Mix of Commercial /office ground floor /residential above
New Rules for Economic Development

Implementation:

• Four corners
  – Left existing zoning designations in place...created an overlay district (new urban design principles )
  – Increased lot coverage (75% vs. 40%)
  – Increased Height (60’ vs. 48’)
  – Increased density (30 du/ac vs. 12 du/ac) (75%/25% mix)
  – Shared parking

• Congress Avenue (Delray Beach Innovation Corridor)
  – Creation of new FLUM designation CMU (Congress Mixed Use) and new Zoning district (MROC) Mixed Residential, Office, and Commercial District
Existing Conditions

Old Office Uses/Storage
Existing Conditions

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Existing Conditions

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Old Office Uses/Storage
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Old Housing in Need of Redevelopment
Existing Conditions

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Old Housing in Need of Redevelopment
Existing Conditions

Hardrives
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Vacant Property
Existing Conditions

Existing Office in Corridor
Existing Conditions

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Tri-Rail Station
Existing Conditions

Tri-Rail Station
Existing Conditions

Tri-Rail Station – Multimodal Connection
Delray Beach Innovation Corridor

• Land use focus
  – Higher intensity mixed Use development
  – Higher density residential development in proximity to the tri-rail station.
  – Particular emphasis on Class A office

• Zoning focus
  – Residential 50 du/ac - 1000’ of tri-rail stand alone
  – Mixed 50 du/ac - 1000’-2500’, 80%/20% floor area
  – Mixed 40 du/ac - beyond 2500’, 75%/25% floor area
  – 20% workforce in all scenarios
  – Allowed significant supplementary uses (support for office uses exercise, child care, dry cleaner etc.)
Regulatory Incentives Include:

– Increases in densities 50/40 du/ac vs. 12 du/ac
– Increases in lot coverage 75% vs. 40%
– Increases in height 85’ vs. 48’
– Decreased parking requirements (residential in proximity to Tri-Rail)
– Shared parking options
Changing Conditions

New Development
Changing Conditions

New Development
Other General Corridor Incentives:

– Design new urban design principles
– Aggregation encouraged
– Regional Activity Center (RAC) development
– Processing changes (relief as part of master plan process)
– Branding the Corridor

Other Citywide Regulatory Changes:

– Expedited permitting of development plans and permits
– Parking modifications (net vs gross)
CREATING A STRATEGIC MARKETING PLAN
DELRAY BEACH INNOVATION CORRIDOR
(CONGRESS AVENUE)
SCOPE & OBJECTIVES:

– Create a strategic marketing and branding plan that brings new economic development, jobs, and demand for real estate along Congress Avenue in Delray Beach.

– A real estate branding strategy that repositions key underutilized properties along Congress Avenue will transform this Corridor into a catalyst for new private investment.
# SWOT Analysis – Congress Avenue Corridor:

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
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</thead>
<tbody>
<tr>
<td>• Excellent access to I-95, ports, rail, airports, universities, and hospitals</td>
<td>• Vacancy and status of IWA and lack of any market energy or excitement</td>
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<tr>
<td>• Real estate prices are generally lower than Boca and Palm Beach</td>
<td>• Certain properties diminish the potential uplift of the Corridor</td>
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<tr>
<td>• Delray Beach has a track record of success in redevelopment</td>
<td>• Lack of nearby food and retail services for office occupancy</td>
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<td>• MROC zoning is perfect for the uses necessary to redevelop land on Congress and good utilities</td>
<td>• No competitive package of incentives and/or funding for users</td>
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<tr>
<td>• Boca leadership and BDB are ready to support a new Congress Ave strategy</td>
<td>• No “sense of place” along Congress Avenue that would help to draw new business</td>
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<th>Opportunities</th>
<th>Threats</th>
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<td>• Connecting to downtown Delray’s success in a way that attracts new businesses to Congress</td>
<td>• IWA continues to stay dormant and de-stabilizes the absorption of existing office space</td>
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<tr>
<td>• Strategic alliance with Boca for branding and demand uplift based on shared borders</td>
<td>• Numerous vacant land parcels available for sale with limited buyers and feasibility for years</td>
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<tr>
<td>• Continuing the MedUTech concept north of Boca along Congress into Delray</td>
<td>• Boca and Palm Beaches markets have millions of SF of vacant space that competes with Delray</td>
</tr>
<tr>
<td>• Development of vacant commercial land now available right off I-95 on Congress</td>
<td>• Public schools are not well perceived and present challenges for attracting new residents</td>
</tr>
<tr>
<td>• Working with Delray Medical Center and FAU to attract new healthcare users to Congress Ave</td>
<td>• Congress Avenue in Delray is left to market forces and remains “stuck” with no clear vision</td>
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INITIAL BRANDING DIRECTION:

- Technology, Research, Education, Aspiration, Talent
- Corporate Headquarters and Regional Offices
- Tourist and Destination Demand from I-95
- New Food, Lifestyle, Retail & Leisure Uses
- Solar-Power & Green Technology - Powering the New Mix of Uses
INITIAL BRANDING DIRECTION:

Reposition the IWA property (Formerly Office Depot World Headquarters)

- Main Street Entrance with Specialty Retail Uses/Restaurants
- Corporate/Regional Headquarters Office
- Technology/Educational Campuses - Adult, STEM and Children
- Multi-Family Units - FAU Med, Young Families & Professionals
- Park and Open Space for Community Use (Gazebo, Concerts)
- Model of Sustainability and Innovative Land Uses
DELRAY BEACH INNOVATION CORRIDOR
US INTERSTATE 95 TO LINTON BOULEVARD
CONCEPTUAL PLANS – “DELRAY BEACH INNOVATION PARK”

Scenario 1

Scenario 2
CRITICAL INGREDIENTS FOR SUCCESS:

– A competitive financial incentive & economic development package for Business Development Board (BDB)
– Aesthetic improvements, infrastructure, CRA District and accelerated entitlements for new users
– IWA owners working with the City on the new strategic marketing and branding plan for redeveloping their property into the “Delray Innovation Park”
– A “green” trolley link and/or transit connection between Congress, the rail stations and Downtown Delray
– Creating a “PR” story and branding/marketing collaterals about the transformation of IWA property into “Delray Innovation Park”
– Partnering with Boca Raton and Boynton Beach along the Congress Avenue corridor to accelerate everyone’s success
NEXT STEPS:

- Refine and polish the conceptual corridor plan and branding collaterals that capture the new mix of uses comprising the “Delray Innovation Corridor”
- Finalize the economic development incentive package and branding refinements to make the “Delray Innovation Corridor” credible
- Present the strategy and new brand to the City Commission, BDB, Chamber of Commerce, and key stakeholders to build excitement and support for the concept
- Fast-track the process for the IWA property redevelopment to be entitled for new uses and become the “Delray Innovation Park”
- Finalize the market awareness package for BDB including the Economic Development and Financial Incentives Plan for the “Delray Innovation Corridor”
Existing Economic Conditions

Congress Avenue Corridor Statistics

- Assessed valuations have decreased more than $106 million over past 5 years:

<table>
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<tr>
<th>CONGRESS AVENUE ASSESSED VALUE - 2006</th>
<th>CONGRESS AVENUE ASSESSED VALUE - 2011</th>
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<tbody>
<tr>
<td>$376,770,522</td>
<td>$269,892,630</td>
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- No substantial corporate development over past 3 to 5 years

- Alta Congress Residential Project ~ only recent major development
  - 369 apartments (including 74 workforce units) under construction
  - Included within the Congress Park Office Park
  - Close proximity to Tri-Rail Station
Existing Economic Conditions

CRA Economic Development Incentives
(Available only within CRA District)

– 6 new incentive programs established in 2010 & 2011
– $2 million allocated towards economic development projects
– Nearly $1 million in incentives awarded:
  • Large Projects: Approved - 2 new hotels & relocated law office
    Planned - several office buildings & 3rd hotel
  • Small Projects: Approved - various property renovations as well as
    new & expanding employers
– 175 new jobs created (projected)
– Over $20 million in new assessed valuations (projected)
Existing Economic Conditions

Operating Without Citywide Economic Development Program
- Promote job creation
- Preserve existing jobs
- Increase property valuation ~ long term, tax base
- Improve business image and visibility of Delray Beach

Need Direction on Economic Development Activities to Target
- Recruitment & Relocation ~ new businesses to Delray Beach
- Retention ~ keeping our long-standing companies from looking elsewhere
- Expansion ~ assisting businesses with growth & market expansion
- Support Start-Up & Second-Stage Companies ~ higher risk/reward
- Renovation & Redevelopment ~ improve aesthetic appeal of City business districts

State & County Financial Incentives
- Limited availability due to lack of funds to support required local match
- Not fully utilizing available state & county incentives (i.e., State Urban Job Tax Credit Program)
Existing Economic Conditions

**Urban Job Tax Credit Program**
- Up to $1,500 in state funding per job created within targeted areas and for specific industries (other qualifications also apply)
Economic Development Programs

Review of Other Communities

– Delray Beach is not just competing with neighboring municipalities and surrounding counties, we are up against other parts of the state and the country in trying to attract/retain target industries and businesses.

– We reviewed (and should continuously review) what other successful communities are offering to attract/retain their targets (i.e., jobs, businesses, etc.)

– Conversations & meetings with municipalities considered to be aggressive in targeting economic development opportunities.

– Discovered “leading practices” & “best practices”
Citywide Economic Development

Goals & Strategies

Goals

– Continue to improve the perception that Delray Beach is business friendly and a viable corporate destination

– “Level the playing field” by matching economic development tools offered by locally & regionally competitive communities

– Grow sustainable & livable wage jobs

– Encourage new & retain existing entrepreneurs (i.e., start-ups)

– Increase Delray Beach tax base
Citywide Economic Development Goals & Strategies

Strategies: Non-Fiscal

– Ongoing review of overall development & permitting processes (i.e., MROC zoning & expedited permitting)
– Create new Delray Beach Economic Development Action Team to work with corporate prospects
– Create new business visitation program for effective retention/expansion of local businesses
– Continuous improvement of www.BusinessDelray.org web site and other related web sites in Delray Beach (City/Chamber/CRA/DDA) for consistent messaging
– Constructive & continued engagement with strategic partners
  • Enterprise Florida & Florida Office of Economic Opportunity
  • Business Development Board (BDB), Palm Beach County Economic Development Office & Economic Council of Palm Beach County
  • Delray Beach CRA, DDA, DBMC & Chamber of Commerce
  • South County neighboring municipalities
Citywide Economic Development
Goals & Strategies

Strategies - Fiscal

– Implement economic development financial incentives – “Delray Beach Economic Development Fund”

– Step-up branding & marketing/promotion activity

– Create sustainable economic development systems
  
  • Create CRA District along the Congress Avenue Corridor to improve the aesthetics and infrastructure necessary for a true corporate environment, support financial incentives and to fund marketing/promotion efforts
  
  • Collaborate with state legislative delegation to create an Enterprise Zone to support the Delray Beach Innovation Corridor
Recommendations

1. Adopt City Resolution #21-12 to provide local match for state and county incentive programs:
   - Qualified Target Industry Refund Program (QTI)
   - Governor’s Quick Action Closing Fund
   - Economic Development Transportation Fund Road Fund

2. Commit City’s unrestricted reserve funds ($1 to $2 million) to support City incentives & local match for county and state incentives

3. Establish annual budget allocation for economic development activities:
   - Grants & incentives – smaller projects
   - Citywide branding
   - Citywide marketing/promotion
Recommendations

4. Develop grant/loan incentive programs to encourage good economic development. Program examples may include:
   - Job Growth (business development) incentive grants/loans
   - Extraordinary Opportunity/Alternative incentive program
   - Ad-Valorem (property) Tax Exemptions and rebates
   - Economic gardening (technical assistance) grants
   - Workforce Development Assistance and Training grants
   - Green grants/loans (PACE – Property Assessed Clean Energy Program)
   - Rent Subsidies

5. Request state legislative delegation to support City’s effort to establish Enterprise Zone for Congress Avenue area

6. Authorize development of CRA district along Congress Avenue to support the “Delray Beach Innovation Corridor”
City of Delray Beach, Florida

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