
Opportunities & Constraints

INTRODUCTION

The previous section “Existing Conditions” contained a general description of the North Federal Highway Corridor in terms of geography, demographics, infrastructure, land use, regulations, etc. This section, “Opportunities & Constraints,” builds on that information by relating how current conditions and regulations affect the potential for redevelopment. The section outlines problems in the area that hinder redevelopment as well as strengths that may be catalysts for redevelopment.

COMMERCIAL DEVELOPMENT

The commercial properties on North Federal Highway are less than 300' in depth. Parcels of this size are most conducive to strip type commercial development, which the City is working to reduce and discourage. While commercial redevelopment is still possible within this depth, development and redevelopment options are limited. Increases to the depth of commercial zoning may be considered to allow for future planned commercial development of the area.

Most of the commercial properties on North Federal Highway have a General Commercial zoning designation. While this zoning district generally accommodates the types and intensity of uses that are appropriate for the area, the specific conditions of this area require special development standards that reflect the area's needs and conditions. A North Federal Highway Overlay District was added to the GC district of the LDRs in 1996 to accommodate a mix of commercial and light industrial uses in the area between North Federal Highway and Dixie Highway, north of NE 14th Street. A description of this district is included in The Redevelopment Plan section of this report.

The Delray Swap Shop is now undergoing major redevelopment. In its original configuration, the Swap Shop had a negative influence on redevelopment of the entire corridor. Overflow parking on adjacent properties and poor visual appearance were two of the major problems. However, participants at the charrette felt that the Swap Shop should be viewed as an opportunity for increasing neighborhood commerce and that it could become an asset to the neighborhood with proper redevelopment and enhancement. It was suggested that a public market plaza be created and that buildings be located adjacent to Federal Highway. As a charrette participant, the owner of the Swap Shop took these suggestions seriously and incorporated them into a major redevelopment effort. Now known as “Delray's Lost Drive-In”, the project also includes increased parking, improved traffic and pedestrian circulation and movement of a large number of vendors indoors. Phase One of the redevelopment is expected to be completed in 1999. Phase Two and Three of the project include the construction of two buildings adjacent to Federal Highway and a secondary plaza between the buildings. These buildings will have more traditional hours than the Swap Shop, which will increase economic activity in the area. Overall, the project should have a positive impact on the area and lead to additional investment along the corridor.

The participants of the planning charrette agreed that North Federal Highway should not compete with Atlantic Avenue, but compliment it by becoming a "workplace" with

office buildings and light-industrial uses as opposed to boutiques and specialty shops. Restaurants, dry-cleaning, daycare, banks, etc. should be provided to meet the daily needs of workers in the area. Additionally, businesses providing goods and services to the local neighborhood market as well as a larger community market are also appropriate.

RESIDENTIAL DEVELOPMENT

The existing development pattern of low density residential housing and the close proximity of commercial properties along Federal Highway creates the potential for conflicts between uses in the study area. Precautions must be taken in the redevelopment of commercial properties along Federal Highway to minimize the conflicts and avoid unnecessary intrusion into the residential neighborhoods. Although the stability of owner-occupied single family housing is generally deemed to be an asset to the area, there is also an intermixing of multiple family structures on small parcels. These multiple family structures have limited parking, landscaping and other facilities, and along with absentee ownership have combined to create substandard conditions.

The City encourages additional residential development in the study area. There are few vacant building lots within the existing residential neighborhoods and new development on these lots is limited to infill single and low density multiple family housing. Although residential development within these neighborhoods should be allowed to continue in the existing pattern, development code requirements for future multiple family structures must be strictly enforced.

One portion of the study area with a high potential for residential development is the vacant parcel adjacent to the Intracoastal Waterway (Yake Property). Site plan approval was recently granted for an 82-unit townhouse project on this site. The potential for mixed-use development consisting of commercial uses on the ground floor and residential units above also exists along Federal Highway. The convenience of living and working in the same area saves time and reduces dependence on the automobile.

VACANT AND DILAPIDATED STRUCTURES

One factor that hinders redevelopment in the North Federal Highway corridor is the presence of a number of vacant and/or dilapidated structures. These structures give the area a blighted appearance, which discourages investment in other properties.

In recent years, many dilapidated structures have been eliminated. The former drug treatment center and the Rusty Anchor restaurant were demolished. The former Tadpole Lounge, the Adult Book Store, the former trailer court south of the Swap Shop, and the Miller Dodge site, were redeveloped or are in the process of being redeveloped with new commercial uses. The elimination of the remaining dilapidated structures, either through demolition or rehabilitation should be an objective of redevelopment efforts in the area. Strategies for eliminating blighted properties are given in The Redevelopment Plan section of this report.

MARKET DEMAND ANALYSIS

The Community Redevelopment Agency and the City of Delray Beach Planning and Zoning Department envision the redevelopment of the North Federal Highway area to include a mix of uses, particularly retail, office, office-light industrial, and residential. Consequently, the Agency commissioned a market demand analysis for retail and office uses from a market research firm, Marketek, Inc. of Atlanta, GA, for the purpose of quantifying the long-term demand.

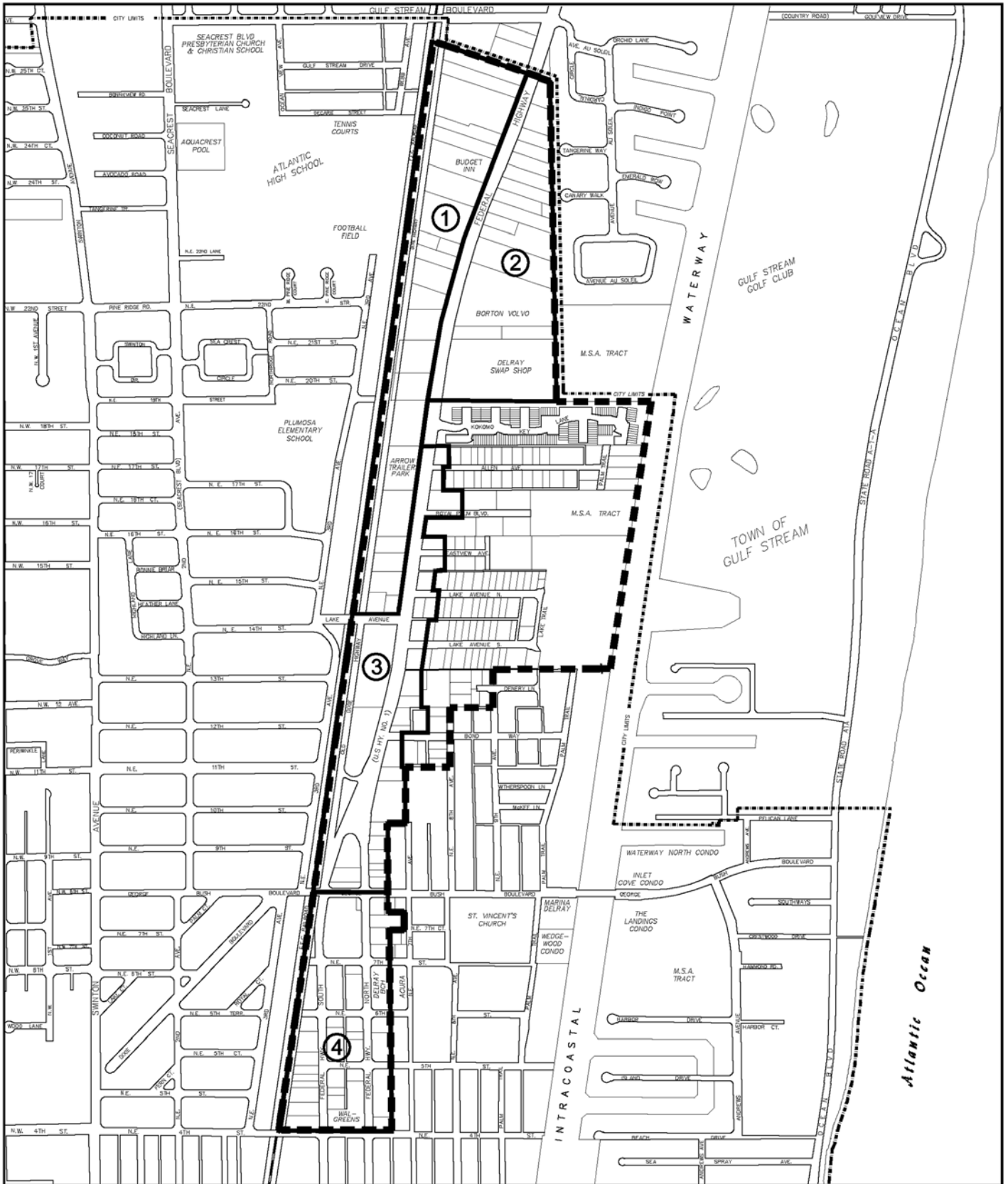
RETAIL DEMAND

Businesses in the North Federal Highway corridor are providing retail goods and services for the local neighborhood market as well as a larger community market. A few businesses such as Del Sol Patio, the Swap Shop, and large furniture stores may appeal to consumers on a regional basis. The market demand study suggests that the Study Area could absorb approximately 150,000 square feet of additional retail space over the next 15 years. This amounts to an average of approximately 10,000 square feet per year. In the first five years, the absorption would be relatively low, but as residential development takes place in the area and the local demand for goods and services increases, the absorption rate will begin to increase. Additionally, improvement of the area's physical appearance, reduction of crime, and the establishment of a stronger retail theme, such as factory outlets will also significantly increase the retail absorption rate over the long term.

Table 4 describes the projected 15-year absorption rate for retail space. Table 5 describes the potential maximum supply that could be expected on the corridor. This amounts to a total potential of 245,000 additional square feet of retail space. See Figure 7, page 23 for location of market study zones shown in the table.

OFFICE/LIGHT INDUSTRIAL DEMAND

The Marketek study suggests that the demand for office and industrial space within the corridor amounts to approximately 250,000 square feet over a 15-year period. This demand includes only new space formation and does not include existing businesses shifting locations. It does, however, include expansion space for existing businesses. Marketek suggests that office and light industrial will outpace retail in the short term, five years, as well as the long term, 15 years. There are several factors to suggest a greater strength in office and light industrial for the area.




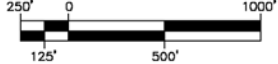

 PLANNING DEPARTMENT
 CITY OF DELRAY BEACH, FL
 -- DIGITAL BASE MAP SYSTEM --

FIGURE 7
**NORTH FEDERAL HIGHWAY
 MARKET STUDY ZONES**

GRAPHIC SCALE

 250' 0 1000'
 125' 500'
 CITY LIMITS
 REDEVELOPMENT AREA - - - -

First, there is relatively little land available in the South Palm Beach County area where small, light industrial users can find attractive locations, particularly with adequate frontage on major roadways. Federal Highway is an excellent location for businesses that wish to sell their products from their place of manufacturing/assembly. The overlay district allows light industrial uses in the commercial area with the stipulation that industrial operations operate in conjunction with a permitted service or retail use located on the premises are contained within an enclosed building with no outside storage. This concept is very important in order to attract smaller businesses that cannot afford to locate in the more expensive planned office/industrial developments in the suburbs whose minimum size lots may be five acres or more.

Secondly, North Federal Highway is a major thoroughfare and sites fronting on the road offer businesses the opportunity to market their goods and services on a community and regional basis. Consumers from Boca Raton to West Palm Beach can easily access Federal Highway to seek a product.

Thirdly, small office users in South Palm Beach County are scrambling to find relatively inexpensive office space, and the Federal Highway corridor offers the user a known and easily accessible address as well as moderately priced space.

With respect to the relationship of physical appearance and safety, as these issues change for the better, absorption rates for office and light industrial space will increase. Table 4 describes the projected 15-year absorption rate for Office-Industrial space. Table 5 describes the potential maximum supply that could be expected on the corridor. This amounts to a total potential of 336,000 additional square feet of office and industrial space. See Figure 7, page 23 for location of market study zones shown in the table.

In order to meet the potential office demand, the private and public sectors may have to assemble a few sites large enough to accommodate larger office/light industrial business development.

Table 4
North Federal Highway Corridor
Retail and Office-Industrial Market Demand Potential
1996-2015

Time Period	Retail			Office-Industrial		
	Total Demand ¹	North Federal Share		Total Demand ²	North Federal Share	
	(Square Feet)	(Square Feet)	(%)	(Square Feet)	(Square Feet)	(%)
1996-2002	2,396,402	40,000	2%	15,040,277	60,000	0.4%
2003-2009	1,200,164	60,000	5%	16,215,929	120,000	0.7%
2010-2015	1,028,712	50,000	5%	14,655,144	70,000	0.4%
TOTAL	4,625,278	150,000	3%	45,911,350	250,000	0.5%

Source: Marketek, Inc., 1996

¹ In Delray Beach Market Area

² In Palm Beach County

**Table 5
North Federal Highway Corridor
New Development Potential**

Use	Land Area	Existing Building Area		Potential Building Area		Net Potential
	(Square Feet)	(Square Feet)	Ratio	(Square Feet)	Ratio	(Square Feet)
Zone 1						
<u>Retail</u>						
Developed	490,141	97,144	20%	127,237	26%	30,093
Undeveloped						0
Total						30,093
<u>Office-Industrial</u>						
Developed	164,760	5,761	3%	57,666	35%	51,905
Undeveloped	317,471			111,115	35%	111,115
Total						163,020

Zone 2						
<u>Retail</u>						
Developed	311,962	16,869	5%	81,110	26%	64,241
Undeveloped	191,465			49,781	26%	49,781
Total						114,022
<u>Office-Industrial</u>						
Developed	144,661	13,178	9%	50,631	35%	37,453
Undeveloped	191,465			67,013	35%	67,013
Total						104,466

Zone 3						
<u>Retail</u>						
Developed	425,508	59,228	14%	110,632	26%	51,404
Undeveloped	153,044			39,791	35%	39,791
Total						91,195
<u>Office-Industrial</u>						
Developed	103,230	29,136	28%	36,131	35%	6,995
Undeveloped	51,014			17,855	35%	17,855
Total						24,850

Zone 4						
<u>Retail</u>						
Developed	193,037	46,703	24%	50,190	26%	3,487
Undeveloped	22,875			5,948	26%	5,948
Total						9,435
<u>Office-Industrial</u>						
Developed	289,771	57,135	20%	101,420	35%	44,285
Undeveloped						0
Total						44,285

Totals						
Grand Total Potential New Retail						244,745
Grand Total Potential New Office-Industrial						336,621

Source: Marketek, Inc., 1996

STREETSCAPE AND BEAUTIFICATION

STREETSCAPING

The appearance of the rights-of-way in the study area has been cited as a problem by several residents. By contributing to the area's run-down appearance, the lack of landscaping and other improvements may hinder redevelopment. The installation of streetscape improvements is an important factor in revitalization as proven by the impact of Atlantic Avenue beautification on the rebirth of the downtown. These improvements will be discussed in the Redevelopment Plan section of this report.

ENTRANCE FEATURES

The North Federal Highway corridor is one of the principal gateways into the City of Delray Beach. The City maintains a "Welcome to" monument where Federal Highway splits into NE 5th Avenue and NE 6th Avenue, just north of George Bush Boulevard. The placement of that monument symbolically separates the study area from the rest of the City. That separation could be eliminated by adding additional entrance signage within the median strip at the north boundary of the City.

FEC/DIXIE HIGHWAY CORRIDOR

The condition of the FEC Railroad/Dixie Highway area is a concern for the redevelopment of the area. Noise from the railroad is a nuisance for both residential and commercial retail properties. There are a number of dilapidated commercial and residential uses along the railway corridor which contribute to the blighted conditions in the study area. Improving the image of the FEC/Dixie Highway corridor will be an important challenge in the revitalization efforts. Proposals for improving the appearance of the Dixie Highway right-of-way and encouragement of new uses in the area are included in the Redevelopment Plan section.

CRIME MANAGEMENT AND PUBLIC SAFETY

Eliminating the perception of North Federal Highway as a high crime area is a critical issue in revitalizing the area. When an area is perceived as a high crime area, the associated negative image tends to drive potential customers away from commercial areas and residents away from neighborhoods. As the area becomes less appealing for businesses and residents, property values fall. The reduction in property values inhibits investment in the area and the resulting dilapidation of structures further contributes to the negative image of the area. Nuisance activities play a role in negative perceptions of the North Federal Highway corridor. Methods to alter this perception and reduce crime in the area are included in the Redevelopment Plan.

TRAFFIC CONCURRENCY

Traffic levels on North Federal Highway have historically been well below design capacity. As stated earlier in this report, low traffic volumes have contributed to the decline of the commercial businesses within the corridor. However, in terms of this redevelopment plan, this situation is also an opportunity. Since new development must meet traffic concurrency standards, the excess capacity on this roadway makes development more attractive here than on suburban sites located on near or over-capacity roadways that require substantial off-site improvements to mitigate impacts and meet concurrency standards.

CRA BUSINESS ASSISTANCE PROGRAMS

Subsidized Loan Program

The CRA subsidized loan program was originally developed in 1990 as an incentive for property owners to upgrade the appearance of their properties. Working with lenders, the CRA provides funding to “buy down” interest, thus providing subsidized interest loans for businesses. The program was expanded in 1992 to include loans for the creation of new businesses and interior modifications to existing structures to accommodate new businesses.

Business Development Program

Although not currently funded, this program was established by the CRA to help foster the establishment of new businesses in the Redevelopment Area. The program will help subsidize start up costs for new businesses by providing rental subsidies for the first year of long term leases and other expenses such as:

- utility deposits;
- advertising signs;
- licenses; and
- legal assistance.

Site Development Assistance Program

This program provides limited CRA funding in the form of grants or loans to cover land development costs associated with new development or redevelopment. The program helps subsidize costs of site development such as site design and engineering.