

# **EXHIBIT A**

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## **2022 FINDING OF NECESSITY - CRA EXPANSION**

### **Lake Park Community Redevelopment Agency**

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Town of Lake Park, Palm Beach County, Florida



**Prepared for**

Lake Park Community Redevelopment Agency

**Prepared by**

BusinessFlare®

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## **Acknowledgements**

The Lake Park Community Redevelopment Agency (CRA) professional staff and its expert redevelopment consultants, BusinessFlare® collaborated on this statutorily required report.

The Lake Park CRA is grateful to the many persons who participated in discussions during the Lake Park CRA Master Plan Update 2022 project, which lead to this report.

### **CRA Board**

Michael O'Rourke, Chair  
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Roger Michaud, Board Member  
Mary Beth Taylor, Board Member  
Dr. Henry Stark, Board Member

### **CRA Executive Director**

John O. D'Agostino

### **Community Development Director**

Nadia DiTommaso

### **Town Planners**

Anders R. Viane  
Karen J. Golonka

### **Consultants**

BusinessFlare®  
Kevin Crowder, CEcD, Founder  
Camilo Lopez, Planner, Strategic Economic Designer  
Alicia Alleyne, Associate, Real Estate Professional

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## **Executive Summary**

The Town the Lake Park has implemented steps to conduct a Finding of Necessity for an expansion of the Lake Park Community Redevelopment Area (Lake Park CRA) created in 1996. The Town of Lake Park has had notable success with the Lake Park CRA. The Town desires to reach its full revitalization and economic potential by incorporating certain opportunity areas into the district.

The proposed expansion areas can realize long-term economic rebirth and contribute to a vibrant, enriched placemaking identity. The proposed expansion areas will benefit from the public and private investments a CRA designation generates, as well as potential property value increases. This report demonstrates why the Town of Lake Park and the Lake Park CRA now find it necessary to expand its district to include these areas. It explains how to designate an area as a CRA and how to implement redevelopment.

A Community Redevelopment Area is a government affiliate fiduciary district detailed in Florida Statutes Chapter 163. Under Section 163.355, a Finding of Necessity is a statutorily required to prioritize area(s) that require significant redevelopment efforts and alternative financing mechanisms. It requires an assessment of slum and blight as a precursor to designation. A Finding of Necessity must be supported by evidentiary data and thorough analysis of impaired conditions.

The Lake Park Community Redevelopment Agency (CRA) desires for all its residents to reach their full potential through deserved revitalization and economic growth through the proffered expansion. Over the last decade, many areas of Lake Park have rebounded effectively from the 2008 recession and recently from the 2020 pandemic. Yet, in keeping with past Florida cycles of redevelopment, certain neighborhoods have had more challenges and have not organically responded to shorter term economic rebounds led by venture capital and real estate market flips.

Without intervention now, slum and blighted areas impose onerous burdens onto the community, decrease the tax base, and constitute safety and public health menaces to the welfare of residents. Residents and small business owners are limited by rising investment rates and inflation, construction materials increases, wacky supply chain logistics, and labor shortages. Moreover, the expansion area has had longstanding barriers to equity investment. All these situations affect the output, success, and advancement in Lake Park.

The ability to create long term good will in Lake Park's asset base is rooted in uncovering and exposing feasible investment advantages in the expansion areas. These areas are often intuitively understood and realized by long-term residents and businesses as having deep intrinsic value. But areas with slum and blight conditions are rejected by U.S. institutional investors who determine worth through book value, risk level, and the goal to produce benefit above the going market rate of investment return.

Through dedicated efforts including the recent Lake Park CRA Master Plan Update and downtown land development regulation changes, the Town of Lake Park and its CRA staff have diligently prepared for this finding of necessity so all residents can experience revitalization and success.

### **Proposed Expansion Areas**

The proposed expansion areas ("Study Area") are approximately 67 acres, and is more specifically defined as:

(1) 10th Court (26 acres)

Northern edge of the existing CRA boundary, bounded by Northern Drive on the south, Northlake Boulevard on the north, FEC right-of-way on the west, and W Road on the east. This area is generally of commercial character with some residential on the eastern edge.

(2) Silver Beach Road (41 acres)

Southern edge of the existing CRA boundary, bounded by 7th Street on the west, Federal Highway/ US1 on the east, and Bayberry Drive on the north. This area also includes Bert Bostrom Park, and it is generally of residential character.

### **Legal Requirements**

Under Florida Statutes Section 163.340, the requirements of a Finding of Necessity are outlined. The below analysis follows this outline to examine the needed criteria and provides a final recommendation regarding a determination that a state of slum and blight exists.

#### Slum Determination Chapter 163.340 (7), Florida Statutes (1 must be present)

(7) "Slum area" means an area having physical or economic conditions conducive to disease, infant mortality, juvenile delinquency, poverty, or crime because there is a predominance of buildings or improvements, whether residential or nonresidential, which are impaired by reason of dilapidation, deterioration, age, or obsolescence, and exhibiting one or more of the following factors:

- (a) Inadequate provision for ventilation, light, air, sanitation, or open spaces;
- (b) High density of population, compared to the population density of adjacent areas within the county or municipality; and overcrowding, as indicated by government-maintained statistics or other studies and the requirements of the Florida Building Code; or
- (c) The existence of conditions that endanger life or property by fire or other causes.

#### Blight Determination Chapter 163.340 (8), Florida Statutes (2 must be present)

(8) "Blighted area" means an area in which there are a substantial number of deteriorated or deteriorating structures; in which conditions, as indicated by government-maintained statistics or other studies, endanger life or property or are leading to economic distress; and in which two or

more of the following factors are present (the proposed expansion areas for Lake Park CRA meets at least four or more of the following factors, see requirements table below):

- (a) Predominance of defective or inadequate street layout, parking facilities, roadways, bridges, or public transportation facilities.
- (b) Aggregate assessed values of real property in the area for ad valorem tax purposes have failed to show any appreciable increase over the 5 years prior to the finding of such conditions.
- (c) Faulty lot layout in relation to size, adequacy, accessibility, or usefulness.
- (d) Unsanitary or unsafe conditions.
- (e) Deterioration of site or other improvements.
- (f) Inadequate and outdated building density patterns.
- (g) Falling lease rates per square foot of office, commercial, or industrial space compared to the remainder of the county or municipality.
- (h) Tax or special assessment delinquency exceeding the fair value of the land.
- (i) Residential and commercial vacancy rates higher in the area than in the remainder of the county or municipality.
- (j) Incidence of crime in the area higher than in the remainder of the county or municipality.
- (k) Fire and emergency medical service calls to the area proportionately higher than in the remainder of the county or municipality.
- (l) A greater number of violations of the Florida Building Code in the area than the number of violations recorded in the remainder of the county or municipality.
- (m) Diversity of ownership or defective or unusual conditions of title which prevent the free alienability of land within the deteriorated or hazardous area.
- (n) Governmentally owned property with adverse environmental conditions caused by a public or private entity.
- (o) A substantial number or percentage of properties damaged by sinkhole activity which have not been adequately repaired or stabilized.

**The table on the following page highlights the qualifying “blight” criteria present in the proposed expansion areas.**

**Proposed Expansion Areas of the Lake Park CRA Requirements Table**

Requirements for CRA Expansion (General)	Criteria Found in Proposed Expansion Areas of the Lake Park CRA
Predominance of defective or inadequate street layout, parking facilities, roadways, bridges, or public transportation facilities.	10th Court presents inadequate parking facilities and street layout with large, underutilized parking lots, back in parking into a major thoroughfare, and 5-point intersection. Silver Beach Road presents inadequate parking on swale areas.
Aggregate assessed values of real property in the area for ad valorem tax purposes have failed to show any appreciable increase over the 5 years prior to the finding of such conditions.	10th Court and Silver Beach Road real property shows a stagnant position regarding any increase on assessed values. It fails to show any appreciable increase compared to other areas.
Faulty lot layout in relation to size, adequacy, accessibility, or usefulness.	10th Court suburban shopping plaza shows a faulty layout with large parking lot in front and large, big box building (mostly vacant) on the rear. Its usefulness is underutilized as a potential mixed-use redevelopment project with sidewalk activity and better parking solutions. This site is a "gateway" site to the community.
Unsanitary or unsafe conditions.	10th Court shows unsanitary and unsafe conditions with trash dumpsters in plain view, not asphalted areas, holes in asphalt, cracked sidewalks, and overhead power lines. While Silver Beach Road shows trash on swale areas, and expose trash dumpsters, giving the impression of a deteriorating environment.
Deterioration of site or other improvements.	10th Court shows a large amount of inadequate and outdated buildings.
Falling lease rates per square foot of office, commercial, or industrial space	The northern expansion area has experienced some negative absorption of retail space, compared to significant

compared to the remainder of the county or municipality.

positive absorption in the rest of the County. Compared to the rest of the Town and County, office and industrial space in the northern expansion area has a higher vacancy rate (13.4% for office compared to 3.6% in the Town and 8.6% in the County, and 6.2% for industrial compared to 0.5% in the Town and 3.5% in the County.

Residential vacancy in the southern expansion area is 3.8% compared to countywide multifamily vacancy of 6.8% according to CoStar. Retail rates in the southern expansion area are \$21.53 per square foot compared to \$24.51 in the rest of the Town and \$32.3 in the County.



## **Conclusion**

This firm has conducted research in a professional manner following previous and widely accepted data accepted methodologies. This document includes information for each item listed here with visual, descriptive, and/or research-based information that supports the finding of slum and blight.

In addition to data analysis, physical site visits were conducted to testify that there is a sworn presence of blight as defined by Florida Statutes Chapter 163 in the proposed expansion areas of the Lake Park CRA.

This Finding of Necessity provides conclusive evidence that if left unattended, the blighted areas will undoubtedly persist. Given recent unfavorable economic outlooks, these conditions may worsen. They will consume additional resources while reducing the local tax base. The presence of slum and blight conditions are an economic and social liability to the Town of Lake Park and Palm Beach County.

# Introduction

## Town of Lake Park

Lake Park was incorporated in 1923 on land developed by the president of Waldorf Systems, Inc., Harry Seymour Kelsey. In its early years the town was conceived as Kelsey City a resort mecca and winter playground. Kelsey called the famous Olmsted brothers (landscape architects) and Dr. John Nolan to plan and design what would become the first zoned municipality south of Washington D.C. The Olmsted brothers were decedents of Frederick Law Olmsted the father of American landscape architecture and the designer of New York City's Central Park.

In 1923, electric lights were installed along the streets and the Town was formally incorporated. During this period, Kelsey City attracted nationwide attention as a revolutionary town per its design, which led to unprecedented activity and continued growth. Then, the land boom began to slow at the end of 1925, leading to a decline in the local real estate. The 1928 hurricane caused extensive damage that it was decades before Kelsey City was able to recover. By the late 1930s the Works Progress Administration (WPA) had paved roads in the town and 80% of the property had been purchased by the Tesdem Company, headed by Sir Harry Oakes, a millionaire who planned to create an exclusive residential community.

In 1939 the local garden club petitioned the state to change the town's name to Lake Park. They also persuaded the local government to change the existing numbered street names to flowers, plants, shrubs, and trees, which remained today. World War II led to an influx of military personnel and their families in the area.

Today, Lake Park is home to nearly 9,000 residents and hundreds of businesses ranging from retail to manufacturing to restaurants and boasts an eclectic downtown arts district and a popular marina. The Town will soon be home to a high-rise waterfront building featuring condominiums with unparalleled views and ground floor restaurants that will serve as destination dining establishments for the public.

The Town through this *Finding of Necessity* seeks to move forward with the expansion of their CRA boundary located in the downtown to attract investment and bring it back to its glorious days. This report will showcase that the existing conditions of these areas shows disinvestment and blighted conditions that need to be remediated.

## Study Areas / CRA Boundaries

The proposed expansion areas ("Study Area") is approximately 67 acres, and is generally defined as:

### (1) 10th Court (26 acres)

This area is physically defined as the northern edge of the existing CRA boundary, bounded by Northern Drive on the south, Northlake Boulevard on the north, FEC right-of-

way on the west, and W Road on the east. This area is generally of commercial character with some residential on the eastern edge.

Zoning designations within this area: C1 - Business District

C1B - Neighborhood Commercial District

C2 - Business District

C4 - Business District

NBOZ - Overlay

FLUM designations within this area: Commercial

(2) Silver Beach Road (41 acres)

This area is physically defined southern edge of the existing CRA boundary, bounded by 7th Street on the west, Federal Highway/ US1 on the east, and Bayberry Drive on the north. This area also includes Bert Bostrom Park, and it is generally of residential character.

Zoning designations within this area: R1 - Single Family Residence District

R2 - Multiple Family Residence District

P - Public District

FLUM designations within this area: Single Family Residence District

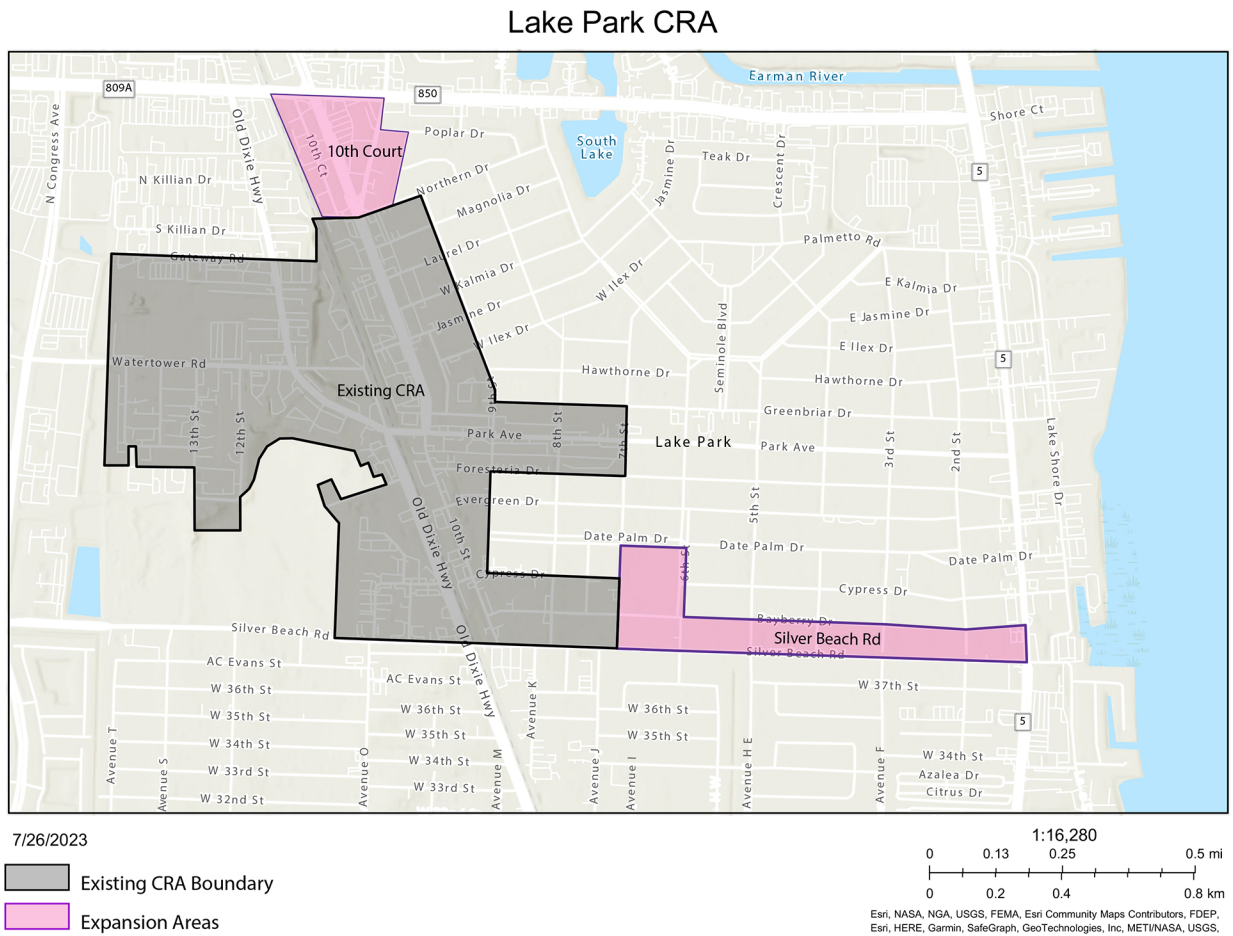
Public Buildings & Grounds

### Lake Park Economic Conditions

	Lake Park Study Area	County
Median Household Income	\$31,705	\$65,015
Residents Below the Poverty Line	27.1%	12.2%

Lake Park's general population and in the proposed area is more diverse than Palm Beach County and USA. The median household income in the proposed expansion areas is below the County median income. The percentage of residents below the poverty line is double that of the County. Over a quarter of the expansion area residents are impoverished

## Map of Existing Lake Park CRA and Proposed Expansion Areas



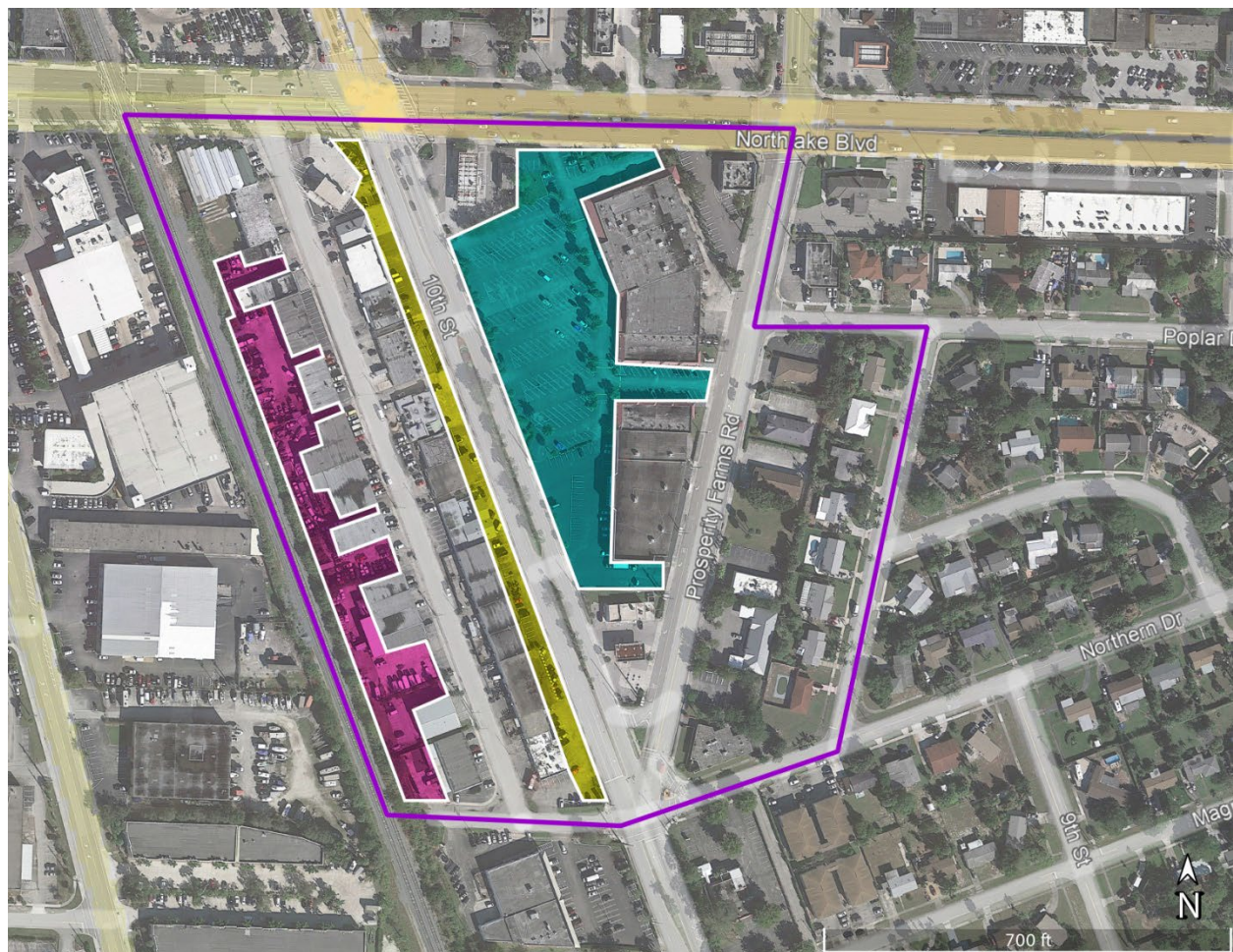
## Finding of Necessity

### Street Layout, Parking Facilities, and Roadways

Predominance of defective or inadequate street layout, parking facilities, roadways, bridges, or public transportation facilities.

10th Court presents inadequate parking facilities and street layout with large, underutilized parking lots, back in parking into a major thoroughfare, and 5-point intersection. Silver Beach Road presents inadequate parking on swale areas.

### 10th Court Inadequate Parking Facilities



- 10th Court Expansion Area (26 Acres)
- Inadequate Parking Facilities - Large Underutilized Parking Lot (3.5 Acres or 13.5% of the Study Area)
- Inadequate Parking Facilities - Back-In Parking to Major Roadway
- Inadequate Parking Facilities - Other Inappropriate Parking Cluttered





Photo: Unsafe Back-In Parking on 10th Street



Photo: Inadequate parking along 10th Street. Obstructing sidewalk walkability.



Photo: Underutilized Parking Lot on 10th Street; Flood risk.



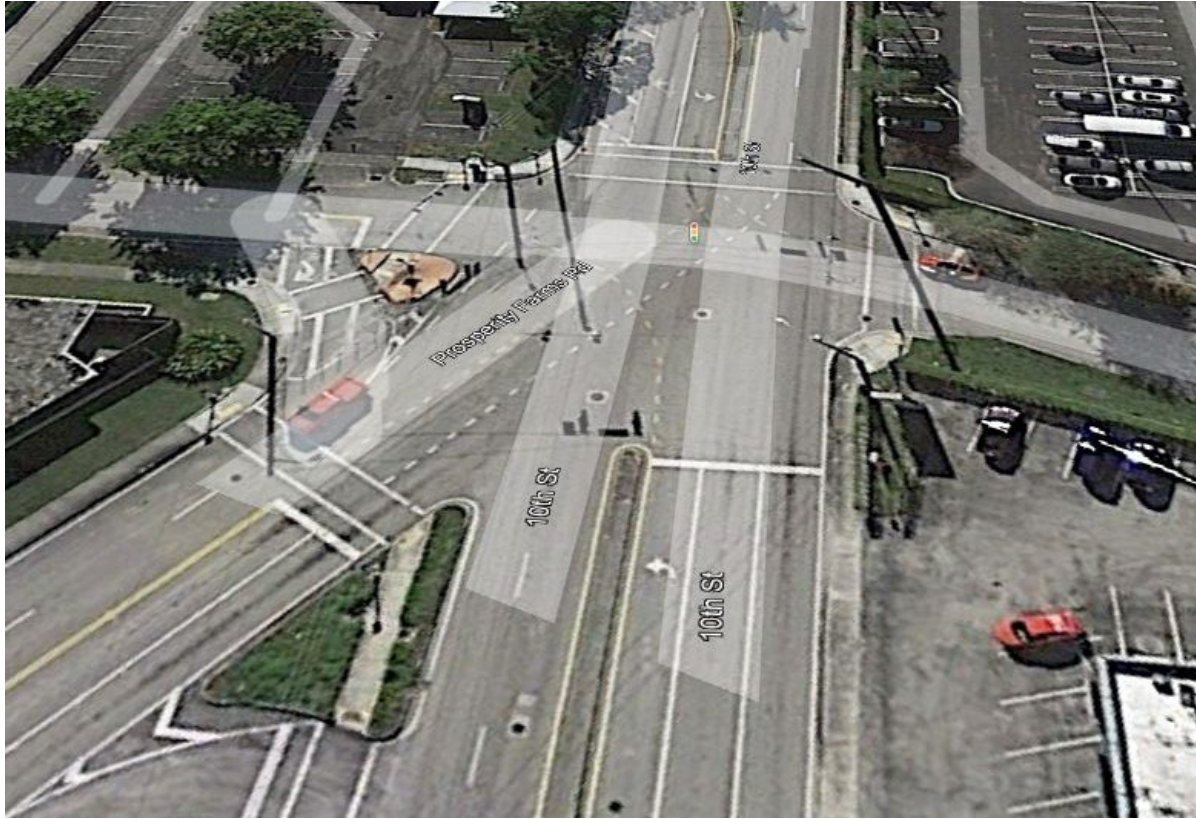


Photo: 5-Point Intersection on 10th Street



Photo: 10th Court inadequate public transportation facilities





Photo: Silver Beach Rd - inadequate public transportation facilities



Photo: Silver Beach - parking on swale areas



Photo: Silver Beach inadequate public transportation facilities



## Faulty Lot Layout

Faulty lot layout in relation to size, adequacy, accessibility, or usefulness.

10th Court suburban shopping plaza shows a faulty layout with a large parking lot in front and large, big box building (mostly vacant) on the rear. Its usefulness is underutilized as a potential mixed-use redevelopment project with sidewalk activity and better parking solutions. This site is a "gateway" site to the community.

10th Court Faulty lot layout in relation to size, adequacy, and usefulness.



 10th Court Expansion Area (26 Acres)

 Faulty Lot Layout





- 10th Court Expansion Area (26 Acres)
- Untapped Potential



Photo: Underutilized parking facility.



Photo: Underutilized parking facility.





Photo: Faulty lot layout. Blank wall facing main street with no use zone adjacent to sidewalk.



Photo: Faulty lot layout. Missing internal connections.



## **Unsanitary or Unsafe Conditions**

Unsanitary or unsafe conditions.

10th Court has unsanitary and unsafe conditions with trash dumpsters in plain view, not asphalted areas, holes in asphalt, cracked sidewalks, and overhead power lines. Silver Beach Road experiences trash on swale areas, and exposed trash dumpsters, giving the impression of a deteriorating environment.



Photo: 10th Court holes in asphalt and cracked sidewalk showed unsafe conditions



Photo: 10th Court cracked sidewalk showed unsafe conditions



Photo: 10th Court electrical lines unsafe conditions





Photo: 10th Court exposed dumpsters unsanitary conditions



Photo: 10th Court exposed dumpsters unsanitary conditions and blank walls facing street.





Photo: Broken glass unsafe conditions.



Photo: 10th Court exposed dumpsters unsanitary conditions





Photo: Dilapidated building structures.

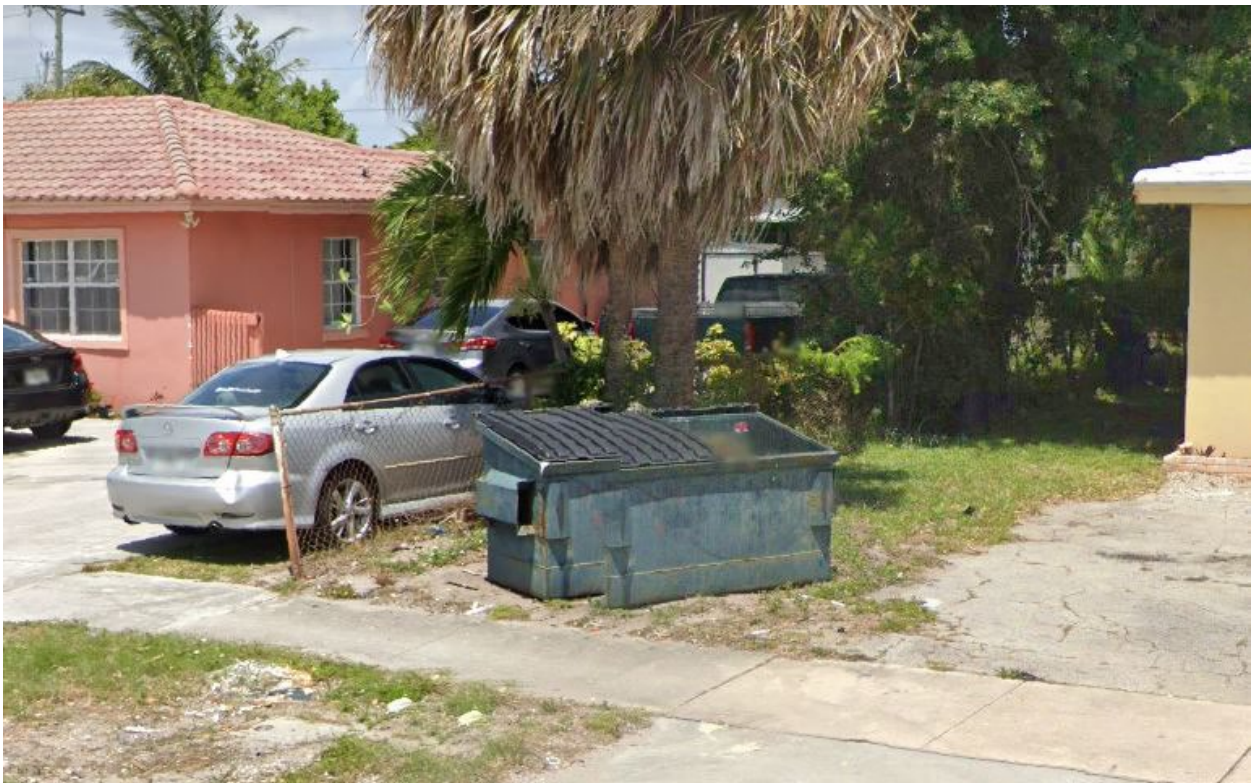


Photo: Silver Beach exposed dumpsters unsanitary conditions





Photo: Silver Beach exposed trash unsanitary conditions



Photo: Silver Beach exposed dumpsters unsanitary conditions



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## Deterioration of Site or Other Improvements

10th Court shows a large amount of inadequate and outdated buildings.



Photo: 10th Court obsolete and outdated building facade facing Prosperity Farms Road - In addition to inadequate ventilation and light.



Photo: 10th Court deterioration of site improvements





Photo: 10th Court deterioration of site improvements/ outdated building



Photo: Silver Beach outdated residential/ housing building





Photo: Silver Beach deterioration of site improvements



Photo: Silver Beach inadequate and outdated building at Bostrom Park





Photo: Silver Beach inadequate and outdated building at Bostrom Park



Photo: Silver Beach signs of blighted conditions.



## Property Taxes

Aggregate assessed values of real property in the area for ad valorem tax purposes have failed to show any appreciable increase over the 5 years prior to the finding of such conditions. 10th Court and Silver Beach Road real property shows a stagnant position in regards to any increase on assessed values. It fails to show any appreciable increase compared to other areas.

The current taxable value of the northern expansion area is \$21,230,527. The impact from the growth of this area without redevelopment is limited, and represents only between \$3000 to \$4,000 annually in town and county property taxes. Should the CRA attract redevelopment to the key parcel, this would result in additional Tax Increment Revenue of almost \$200,000 annually, which would be realized by the taxing authorities upon the CRA's sunset.

	Current Contributions		North Expansion		With New Project	
	City	County	City	County	City	County
2022	521,178	959,790	3,406	3,045	190,501	170,341
2023	536,813	988,584	3,508	3,137	196,216	175,451
2024	552,918	1,018,241	3,613	3,231	202,103	180,715
2025	569,505	1,048,788	3,722	3,328	208,166	186,136
2026	586,590	1,080,252	3,833	3,428	214,411	191,720
2027	604,188	1,112,660	3,948	3,530	220,843	197,472
2028	622,314	1,146,039	4,067	3,636	227,468	203,396
2029	640,983	1,180,421	4,189	3,745	234,292	209,498
2030	660,213	1,215,833	4,314	3,858	241,321	215,783
2031	680,019	1,252,308	4,444	3,974	248,561	222,256
2032	700,420	1,289,878	4,577	4,093	256,018	228,924
2033	721,432	1,328,574	4,714	4,216	263,698	235,792
2034	743,075	1,368,431	4,856	4,342	271,609	242,865
2035	765,367	1,409,484	5,002	4,472	279,757	250,151
2036	788,328	1,451,768	5,152	4,606	288,150	257,656
2037	811,978	1,495,322	5,306	4,745	296,795	265,386
2038	836,338	1,540,181	5,465	4,887	305,698	273,347
2039	861,428	1,586,387	5,629	5,034	314,869	281,548

## **Conclusion**

### **Summary of Recommendations**

In accordance with Florida Statutes, BusinessFlare® LLC completed a comprehensive analysis of conditions within the Town of Lake Park and determined that the redevelopment of the community proposed expansion areas is necessary to ensure the safety and economic welfare of its residents. The findings are documented throughout this report. The proposed expansion areas for the Lake Park CRA meet and exceed the threshold criteria of "blight".

### **Next Steps**

BusinessFlare® LLC recommends that the Town of Lake Park Commission adopt the *Finding of Necessity* by resolution. The Town must give proper notice for the public hearing and inform all other taxing authorities of their desire to approve the findings 15 days prior to the actual adoption of the report. Next, the Finding of Necessity must be approved by the Palm Beach County Commission. During this process, the Town will complete an amendment to the CRA Master Plan to incorporate the new expansion areas. Once both the Finding of necessity and CRA Plan have been approved and updated, the CRA will include the expansion areas as eligible areas for the Redevelopment Trust Fund for purposes of funding projects within the Town of Lake CRA.

### **Additional Information**

The following systems, reports and data were utilized in the development of this finding of necessity and are available upon request.

ArcGIS Online

ESRI Business Analyst

CoStar

LoopNet

Microsoft Access

Palm Beach Property Appraiser

Building Code Violations (Town of Lake Park)

Code Violations (Town of Lake Park)

Fire/Emergency Service Calls (Town of Lake Park)

Crime Statistics (Town of Lake Park)