

LAKE WORTH BEACH – WMODA DEVELOPMENT

MARKET ANALYSIS

APRIL 2024

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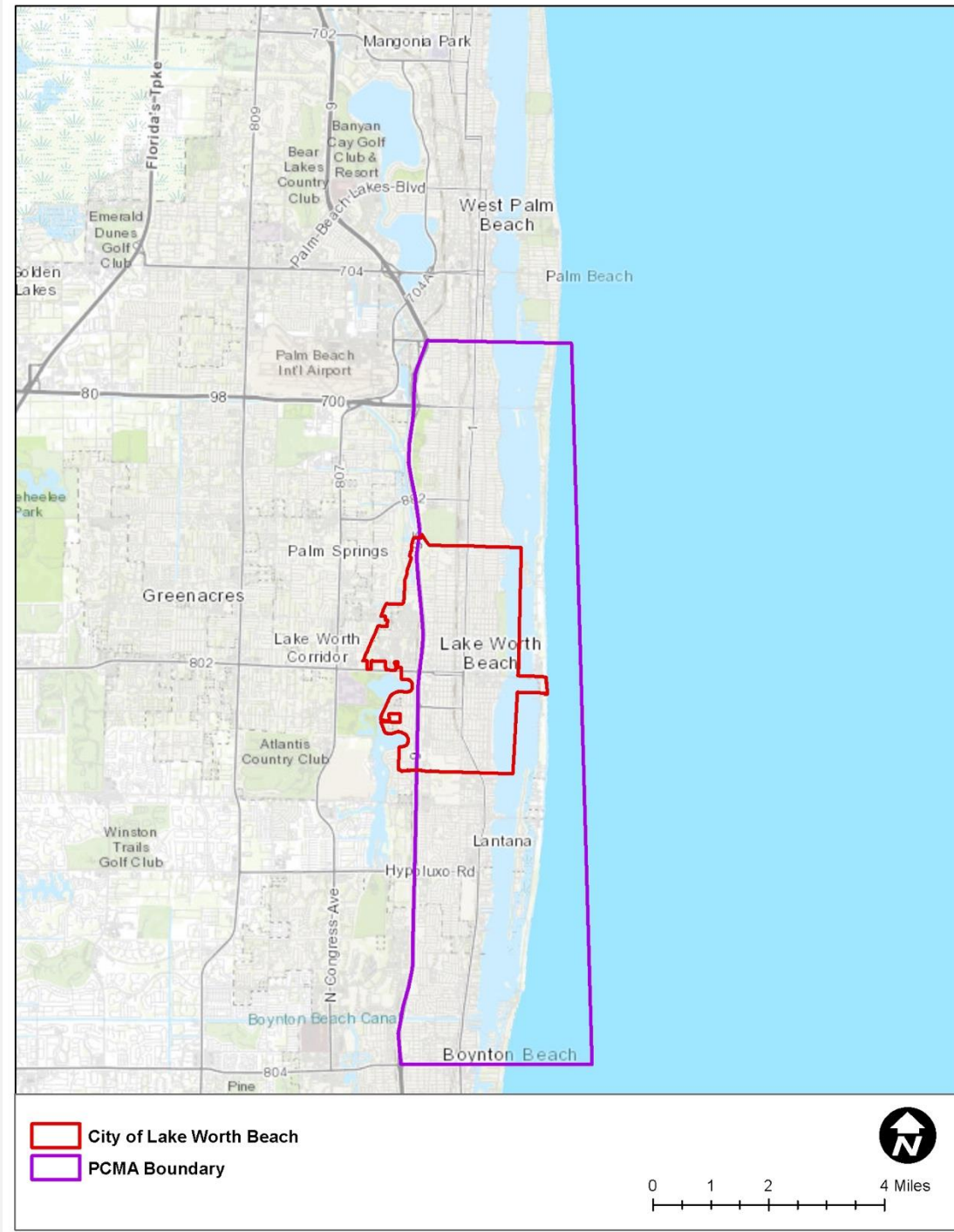
- Summary Findings/Recommendations
- Economic & Market Assessment Key Objectives
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- Economic & Demographic Background
- Multifamily Rental Market Overview
- Comparable/Competitive Property Assessment
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SUMMARY FINDINGS FOR 110 UNIT PLANNED WMODA RESIDENTIAL COMPONENT

- 110 units planned – 102 market rate and 8 affordable/artist live work duplex lofts
- Lambert analysis is specific to 102 market rate units
- Recommend a mix of one- and two-bedroom units with the one-bedroom units accounting for approximately 60 percent of units
- Recommend unit sizes of 725 square feet for a 1-bedroom and 925 square feet for 2-bedroom units. However, because newer developments have increasingly trended to smaller units, increasing unit sizes is likely to benefit through reduced unit turnover and during strong market conditions moderately higher rents.
- Average achievable rents of \$2.97 per square foot for 1-bedroom units and \$2.62 for 2-bedroom units which are modestly higher than the current market but reasonable given the location and the fact that the development will be new.
- Parking ratio at a minimum of 1.25 spaces/unit with potential for earning additional income by including a higher ratio of spaces per unit.

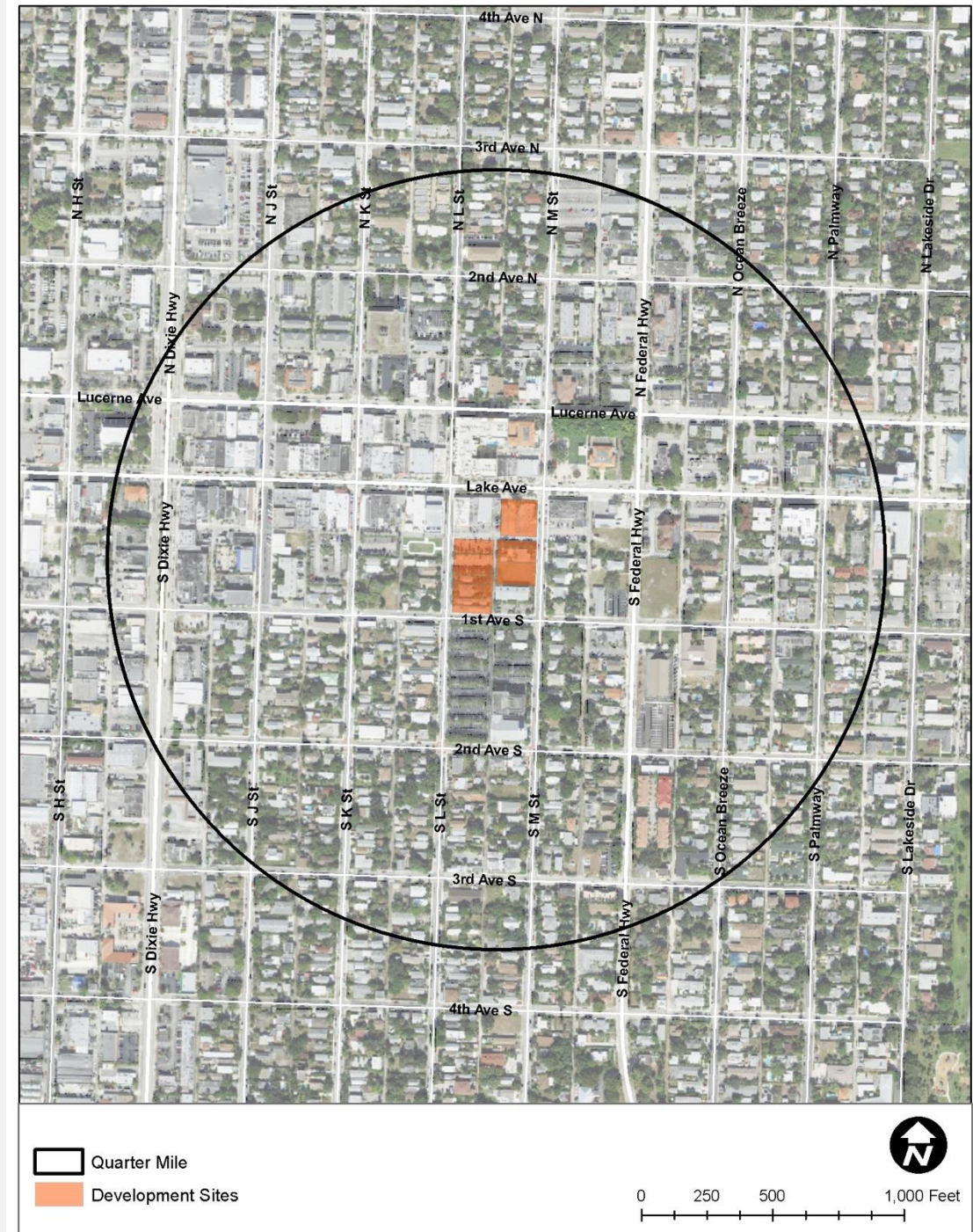
3 key geographic areas for assessing economic and real estate market conditions:

1. *Palm Beach County*
2. *City of Lake Worth Beach*
3. *Potential Competitive Market Area (PCMA)*



SUBJECT PROPERTY (SUMMARY OF PROPOSED DEVELOPMENT)

- Superior central location
- Critical development that continues to establish a true “downtown” environment



ECONOMIC/DEMOGRAPHIC BACKGROUND

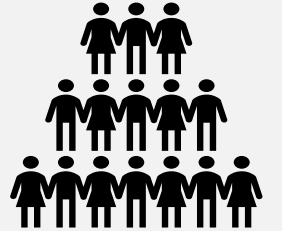
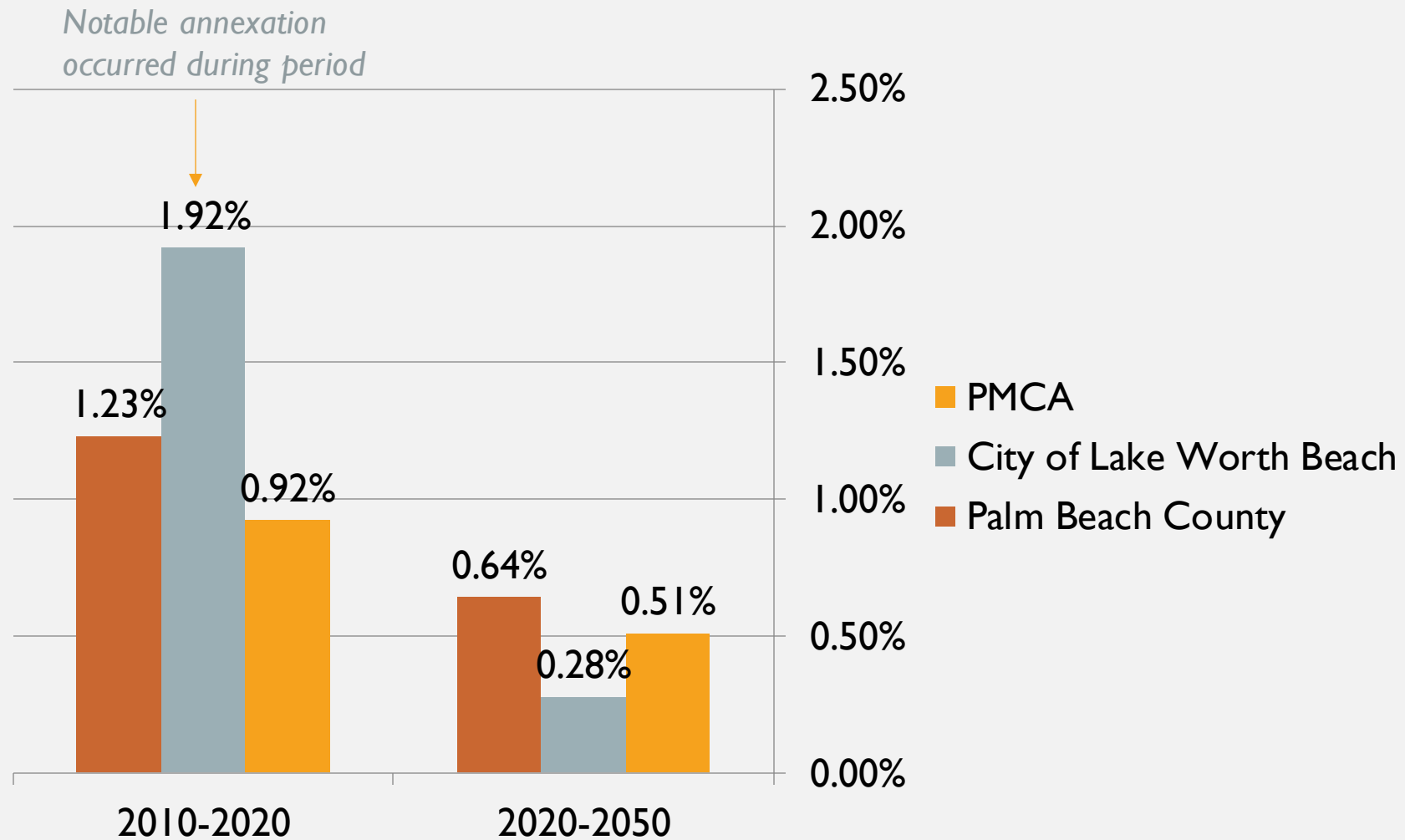
DEMOGRAPHIC SNAPSHOT: 2022

County, City and PCMA

	PMCA	City of Lake Worth Beach	Palm Beach County
Total Population ACS 2022	100,173	42,188	1,494,805
2020 Census Population	96,435	42,219	1,492,191
2010 Census Population	86,771	34,910	1,320,134
Households ACS 2022	38,279	15,029	589,594
Avg. HH Size ACS 2022	2.61	2.73	2.51
Median Household Income ACS 2022	\$66,390	\$57,489	\$76,066
Per Capita Income ACS 2022	\$41,637	\$28,939	\$48,121
% Above \$50K ACS 2022	60.1%	56.0%	66.5%
Owner Occupied HH's % ACS 2022	56.6%	43.7%	69.5%
Renter Occupied Households % ACS 2022	43.4%	56.3%	30.5%

Source: Census 2000, 2010, 2020, ACS 2010 & 2022

AREA ANNUAL POPULATION GROWTH RATE: 2010-2020 and 2020-2050



DEMOGRAPHIC SNAPSHOT - Age: 2022

City and County

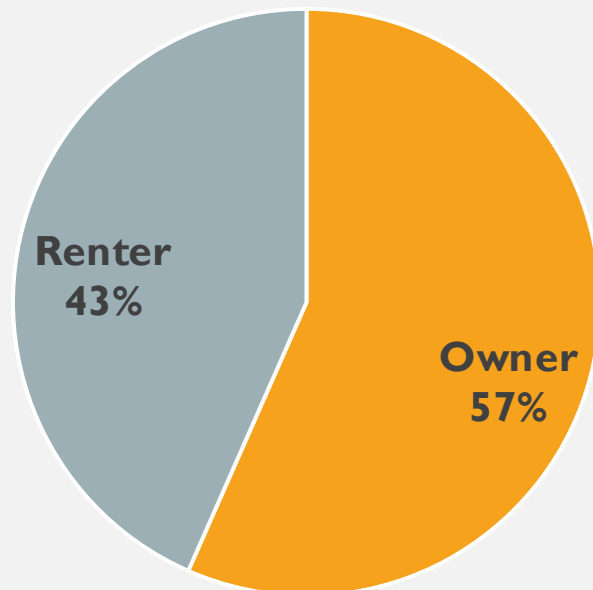
	PMCA	City of Lake Worth Beach	Palm Beach County
Median Age ACS 2022	44.7	36.8	45.2
Under 19	21.7%	25.5%	21.0%
20-34	19.6%	21.1%	17.0%
35-54	27.4%	28.8%	24.1%
55 – 65	12.5%	10.4%	13.4%
65+	18.8%	14.2%	24.4%

HOUSING TENURE

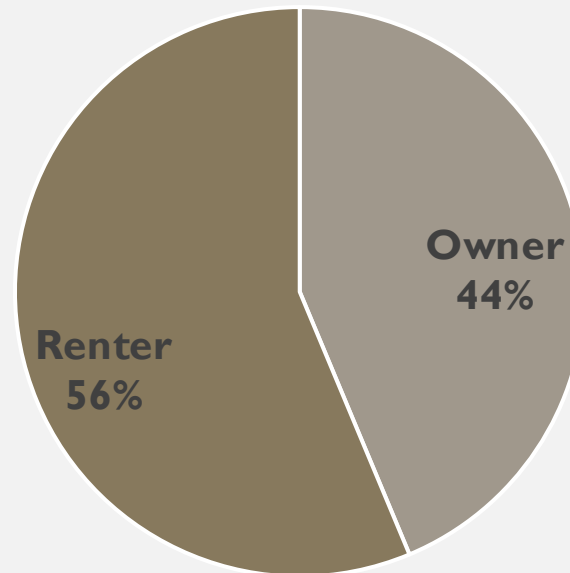
2022



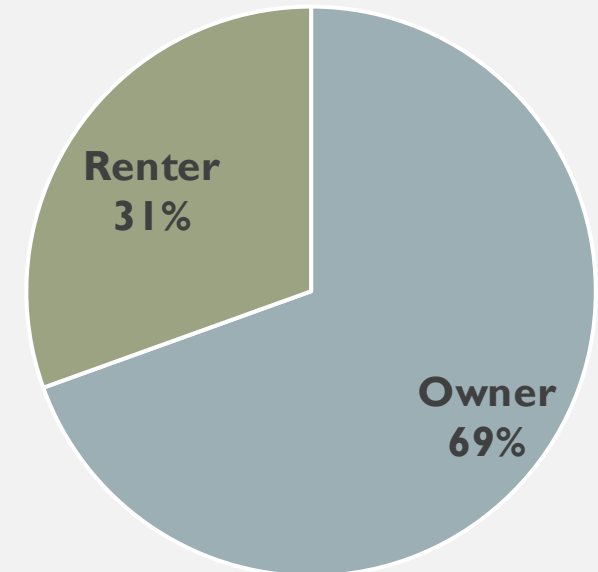
PMCA



City

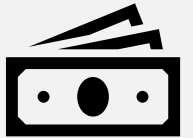
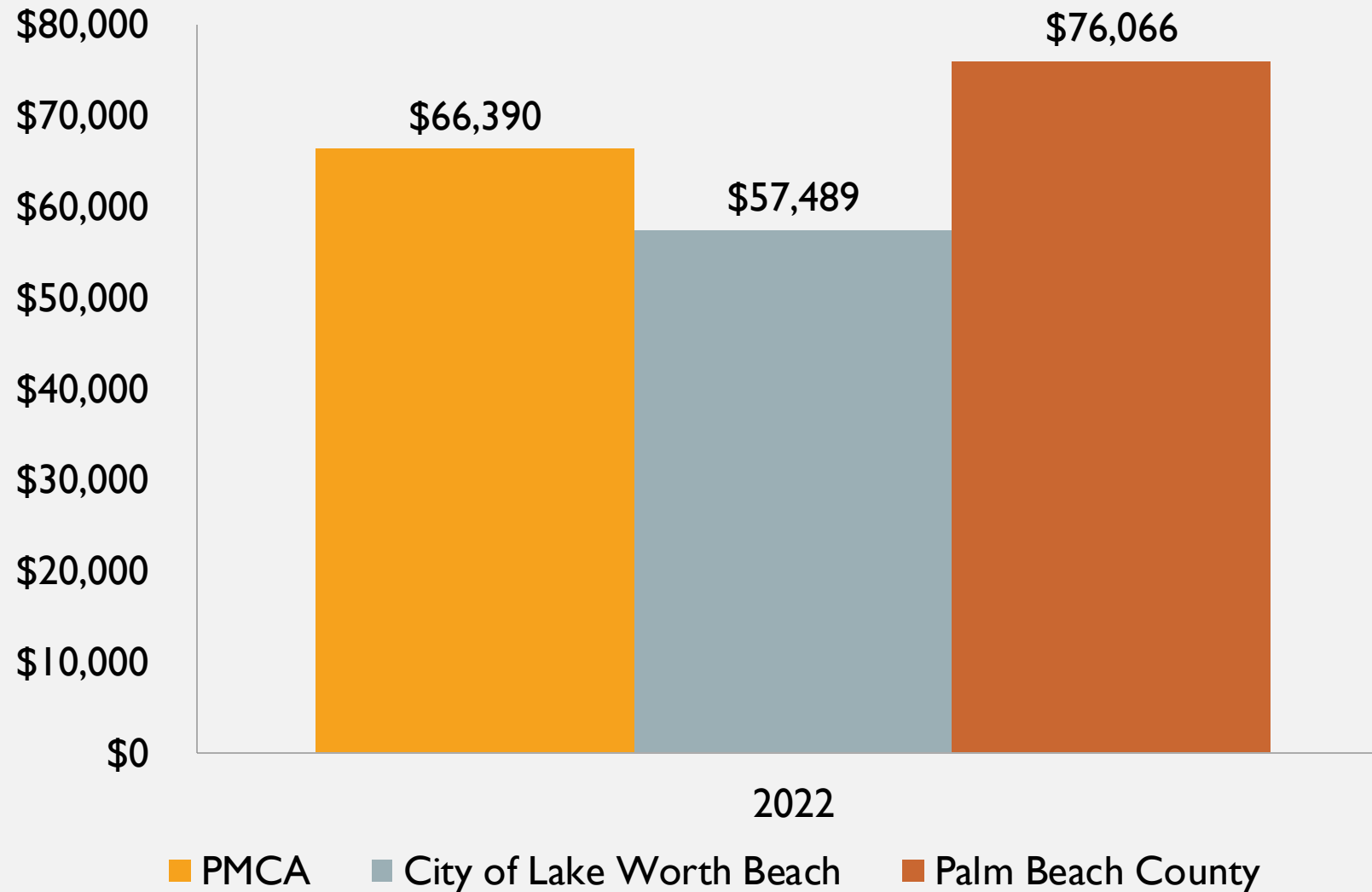


County



MEDIAN HOUSEHOLD INCOME

2022

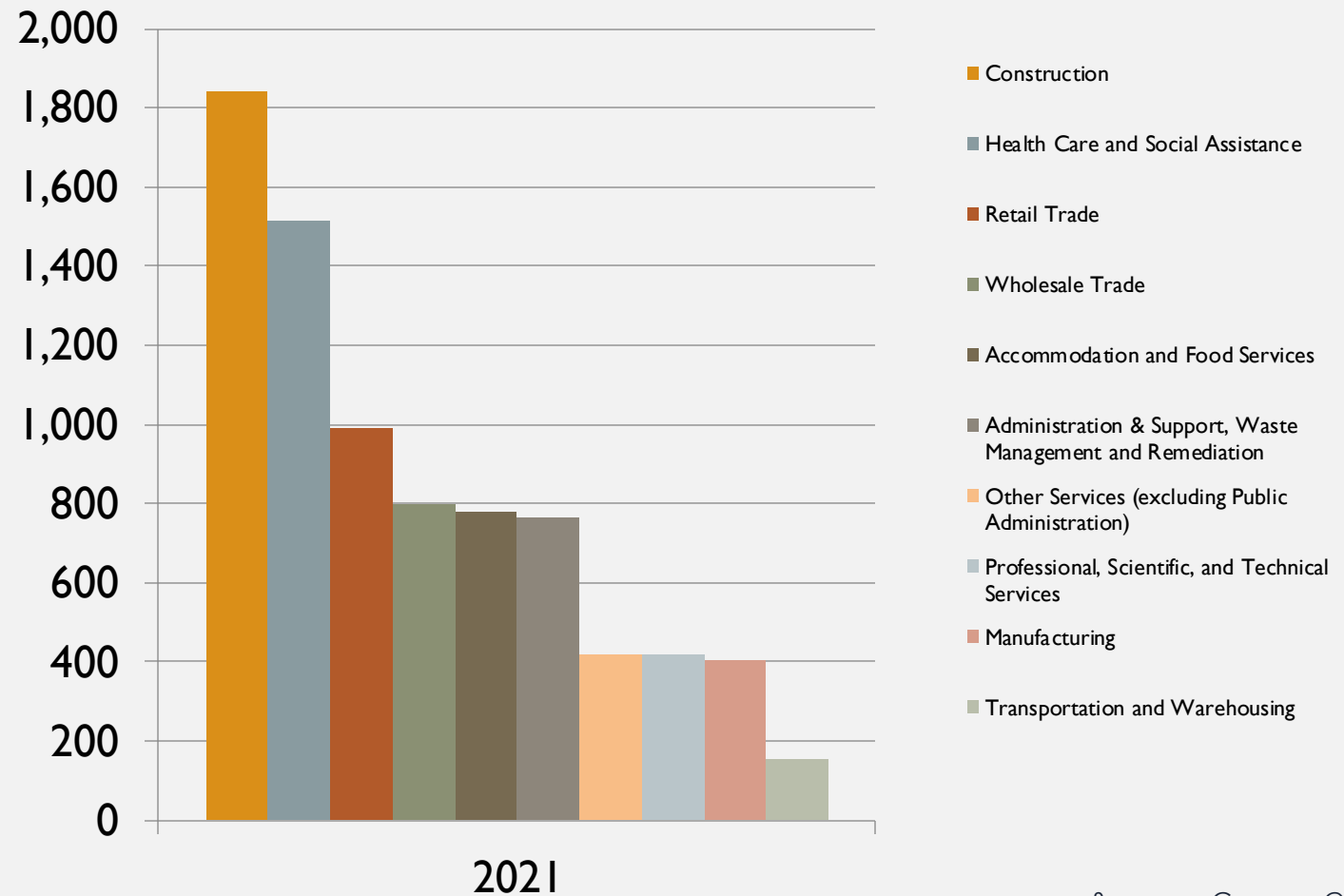


CITY OF LAKE WORTH BEACH EMPLOYMENT



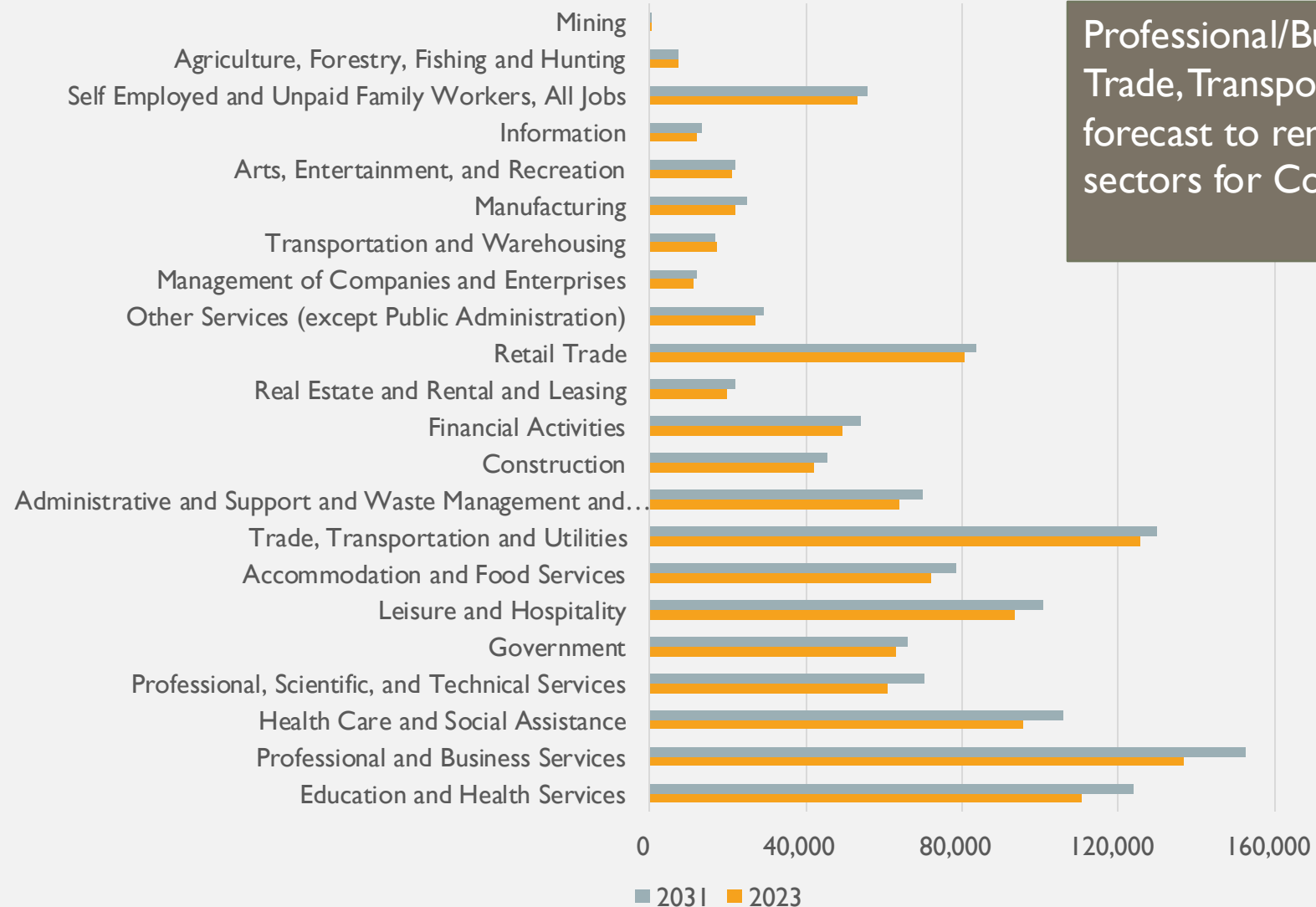
Top 10 Largest Sectors: 2021

- Construction employment represents a strong wage sector
- Professional, Scientific is a needed sector to support new housing



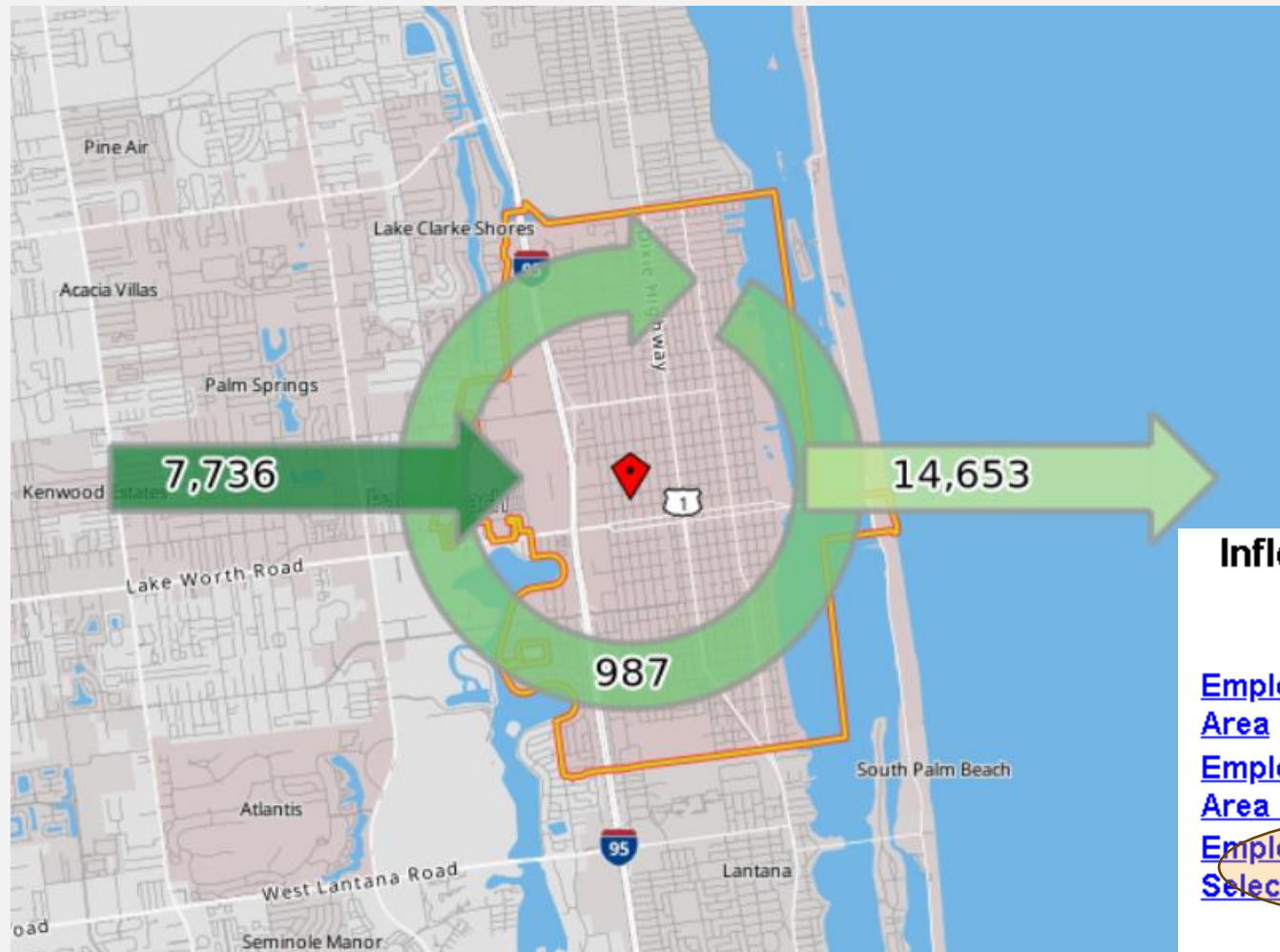
Source: Census On the Map

PALM BEACH COUNTY EMPLOYMENT PROJECTIONS BY SECTOR (2023-2031)



Professional/Business Services, Trade, Transportation and Utilities forecast to remain strong growth sectors for County

CITY JOBS INFLOW/OUTFLOW 2021

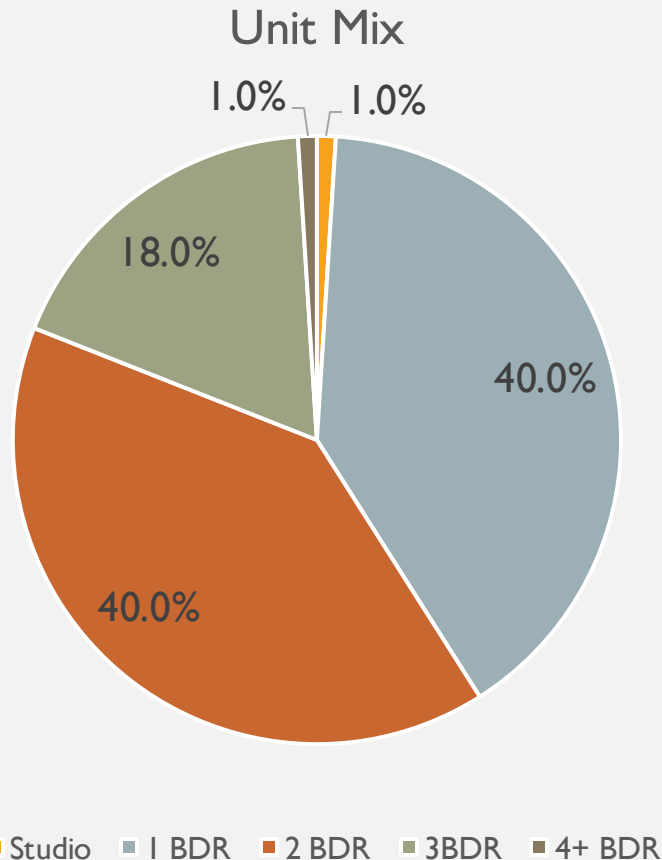


Inflow/Outflow Job Counts (All Jobs)

	2021	
	Count	Share
<u>Employed in the Selection Area</u>	8,723	100.0%
<u>Employed in the Selection Area but Living Outside</u>	7,736	88.7%
<u>Employed and Living in the Selection Area</u>	987	11.3%
<u>Living in the Selection Area</u>	15,640	100.0%
<u>Living in the Selection Area but Employed Outside</u>	14,653	93.7%
<u>Living and Employed in the Selection Area</u>	987	6.3%

MULTIFAMILY RENTAL MARKET OVERVIEW

PCMA – NEWER DEVELOPMENT (10 YRS.) INVENTORY & PERFORMANCE SNAPSHOT (TOTAL OF 2,200± UNITS)



	YE 2019	Peak (Post Pandemic)	Current
Avg. Eff. Rent (All Units)	\$1,737	\$2,236 (Q3'22)	\$2,112
1 BDR	\$1,531	\$2,033 (Q1'23)	\$1,823
2 BDR	\$1,844	\$2,363 (Q3'22)	\$2,256

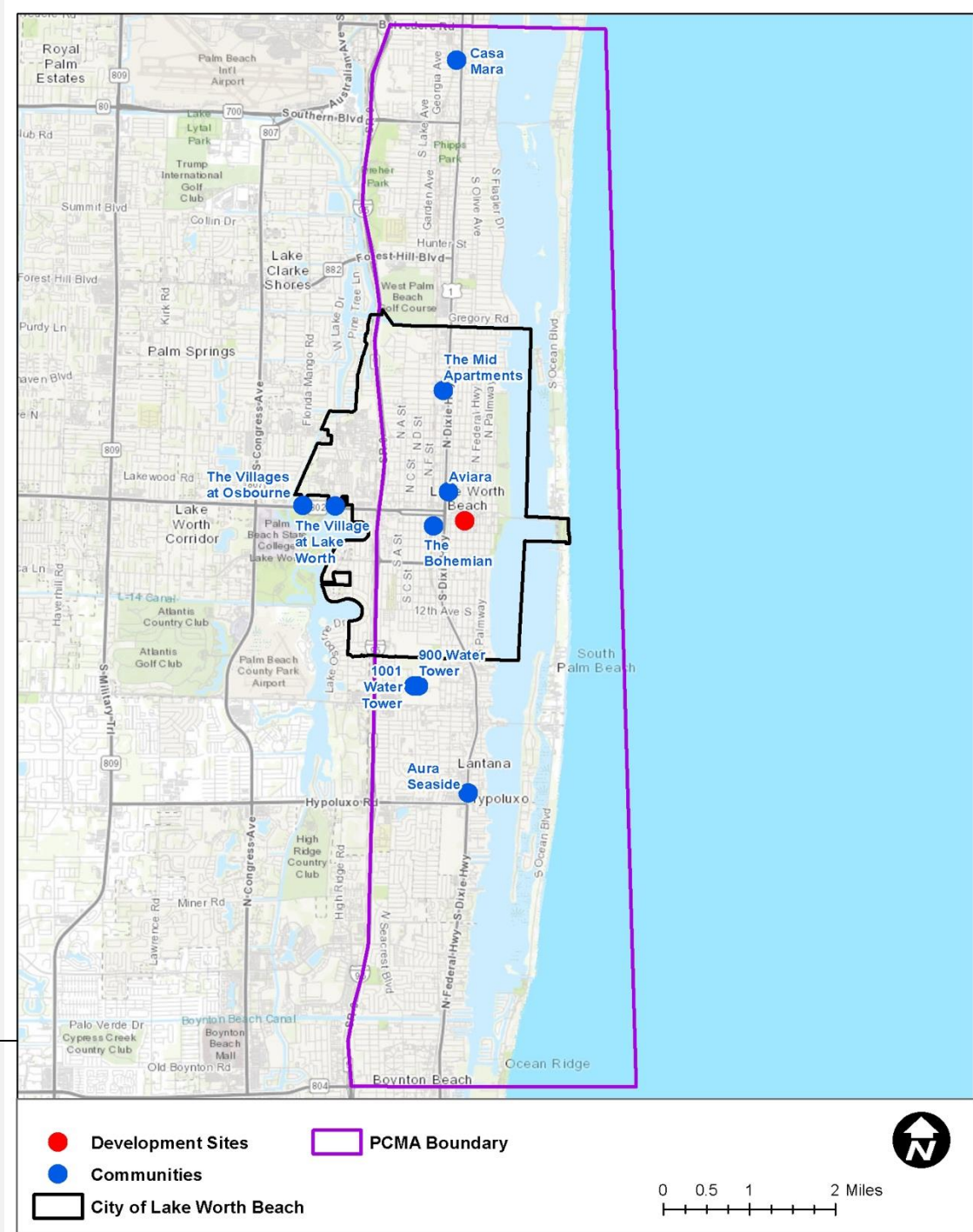
	2019	Peak (Post Pandemic)	Current
Occupancy (All Units)	94.7%	93.3% (Q3'23)	89.5%
Stabilized Occupancy	94.5%	93.3% (Q3'23)	92.7%

Nearly 1,900 units delivered Post-Pandemic
(85% of inventory since 2014)

COMPARABLE/COMPETITIVE PROPERTY ASSESSMENT

COMPARABLE/ COMPETITIVE DEVELOPMENTS

<u>Name</u>	<u>Year Built</u>	<u># Units</u>
The Bohemian	2022	200
900 Water Tower	2021	348
1001 Water Tower	2020	360
The Mid Apartments	2020	230
Aviara	2022	36
Casa Mara	2020	300
Aura Seaside	2020	215
The Villages at Osbourne	2017	118
The Village at Lake Worth	2015	216
Total		2023



THE BOHEMIAN (LAKE WORTH BEACH)

YEAR BUILT: 2022

Totals	Avg SF	Units	Mix %	Vacant Units	Mix %	Eff. Per Unit	Per SF
1 Beds	625	152	76.00%	3	2.0%	\$1,984	\$3.17
2 Beds	1,012	48	24.00%	6	12.5%	\$2,550	\$2.52
Totals	700	200	100%	9	4.5%	\$2,120	\$3.03

Amenities & Notes

- Clubhouse, Fitness, Pool, PBall, Game/Media Room, Storage
- Stainless Steel App., W/D
- Pet \$50/mo. (\$500 dep.)
- Structure Parking (separate), Est. 1.5 spaces/unit (\$100/mo. add space)



THE MID APTS (LAKE WORTH BEACH)

YEAR BUILT: 2020

Totals	Avg SF	Units	Mix %	Units	Mix %	Mo. Rent	Per SF
All 1 Beds	669	138	60.00%	10	12.0%	\$1,799	\$2.69
All 2 Beds	976	92	40.00%	4	6.5%	\$2,200	\$2.25
Totals	792	230	100%	15	6.0%	\$1,959	\$2.47

Amenities & Notes

- Clubhouse, Fitness, Pool
- Balcony, Island Kitchen, W/D
- Surface, 1.3 spaces/unit (\$100 for add space), none available
- Pet (\$50/mo.) - \$500 dep

Source: Costar; Lambert



AVIARA (LAKE WORTH BEACH)

YEAR BUILT: 2022

Totals	Avg SF	Units	Mix %	Units	Mix %	Mo. Rent	Per SF
All 1 Beds	717	12	33.3%	0	0.0%	\$1,584	\$2.21
All 2 Beds	1,625	24	66.7%	1	4.2%	\$2,624	\$1.61
Totals	1,322	36	100%	1	2.8%	\$2,277	\$1.72

Amenities & Notes

- 1 BDRs are flats, 2BDRs (TH, 2.5ba)
- Street parking



900 MANOR (LANTANA)

YEAR BUILT: 2021

Type	Avg SF	Units	Mix %	Vacant Units	Mix %	Mo. Rent	Per SF
All Studios	648	32	9.20%	n/a		\$2,048	\$3.16
All 1 Beds	822	98	28.20%	n/a		\$2,343	\$2.85
All 2 Beds	1,274	150	43.10%	n/a		\$2,656	\$2.08
All 3 Beds	1,659	68	19.50%	n/a		\$3,015	\$1.82
Totals	1,164	348	100%	73	95.0%	\$2,582	\$2.22

Amenities & Notes

- Clubhouse, Fitness, Pool/Deck, Game/Media Room, Storage, Spa
- Walk-in Closet, Stainless Steel, W/D
- Pet \$20 mo. (\$500 dep.)
- Surface and detach garage, 1.6 spaces/unit (\$100/mo., \$175 for garage space)
- Sold 06/2023 = \$396K/unit



CASA MARA (WEST PALM BEACH)

YEAR BUILT: 2020

Totals	Avg SF	Units	Mix %	Vacant Units	Mix %	Mo. Rent	Per SF
Studios	613	15	5%	1	6.7%	\$2,349	\$3.83
All 1 Beds	782	154	51.3%	7	4.7%	\$2,619	\$3.35
All 2 Beds	1,151	16	38.7%	3	2.6%	\$3,423	\$2.98
All 3 Beds	1,435	15	5.0%	3	20.0%	\$4,208	\$2.93
Totals	949	300	100%	14	4.7%	\$2,996	\$3.16

Amenities & Notes

- Pool, Game/Media, Fitness, Clubhouse Storage
- Balcony, Hardwood, Is. Kitchen, W/D
- Structured/Separate, 1.9 spaces/unit



AURA SEASIDE (LANTANA)

YEAR BUILT: 2020

Totals	Avg SF	Units	Mix %	Vacant Units	Mix %	Mo. Rent	Per SF
All 1 Beds	809	102	40.80%	8	7.80%	\$2,237	\$2.77
All 2 Beds	1,116	126	50.40%	12	9.50%	\$2,717	\$2.43
All 3 Beds	1,345	22	8.80%	1	4.60%	\$4,409	\$3.28
Totals	1,001	250	100%	21	8.40%	\$2,670	\$2.67



Amenities & Notes

- Secured, Pool, Game/Media, Fitness, Clubhouse Storage
- Balcony, Hardwood, Is. Kitchen, W/D
- Surface, 1.3 spaces/unit

THE VILLAGES LAKE OSBOURNE (LAKE WORTH BEACH) YEAR BUILT: 2017

Totals	Avg SF	Units	Mix %	Vacant Units	Mix %	Mo. Rent	Per SF
All 1 Beds	700	41	34.70%	5	12.1%	\$1,475	\$2.11
All 2 Beds	855	77	65.30%	2	2.5%	\$1,776	\$2.08
Totals	801	118	100%	6	5.8%	\$1,671	\$2.09

Amenities & Notes

- Control Access, Pool, Fitness
- Hardwood, Dishwasher, W/D
- Surface, 1.4 spaces/unit



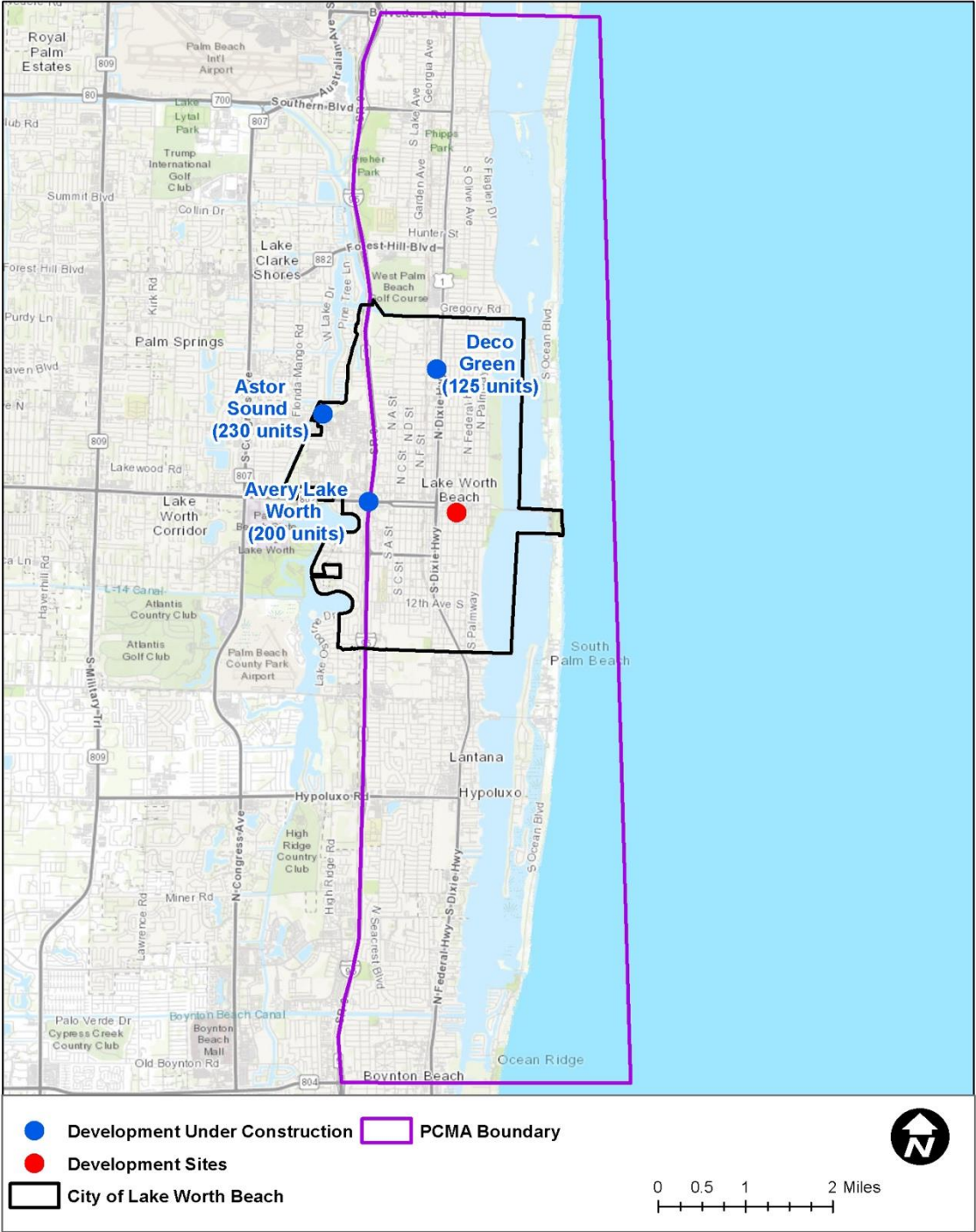
THE VILLAGES AT LAKE WORTH (LAKE WORTH BEACH) YEAR BUILT: 2015

Totals	Avg SF	Units	Mix %	Vacant Units	Mix %	Mo. Rent	Per SF
All 1 Beds	700	48	22.20%	4	8.3%	\$1,554	\$2.22
All 2 Beds	900	145	67.10%	8	5.5%	\$1,733	\$1.93
All 3 Beds	1,200	23	10.60%	1	4.3%	\$2,018	\$1.68
Totals	801	216	100%	13	6.1%	\$1,724	\$2.15

Amenities & Notes

- Lakefront, Pool, Fitness
- Granite counter Stainless steel, W/D
- Surface parking, est. 1.5/unit





MULTIFAMILY DEVELOPMENT UNDER-CONSTRUCTION

<u>Name</u>	<u># Units</u>
Deco Green	125
Avery Lake Worth	200
Astor Sound	230
Total	555

SUMMARY COMPARABLE/COMPETITIVE SET*

*Not including Aviara

Overall – All Communities*					
Metric	Studio	1 BDR	2 BDR	3 BDR	All
Unit Mix %	2.4%	49.0%	41.3%	7.3%	100.0%
Avg. Unit Size	637	731	1,040	1,479	911
Avg. Mo. Rent	\$2,144	\$2,131	\$2,366	\$3,184	\$2,305
Avg. Rent/SF	\$3.37	\$2.91	\$2.27	\$2.15	\$2.53

- Bohemian and The Mid are primary comparable/competition
- Both have 1's and 2's, with 66%/33% split
- Collectively monthly rent right in-line with performance of comp set
 - Though Bohemian has smaller units and avg. \$/SF at \$3.00
- Bohemian, 900 Water Tower, Aura and Casa Mar are only properties that are not 3-story garden

DEMAND ANALYSIS

NEW HOUSEHOLD TO LAKE WORTH AND PCMA 2024 TO 2029

PCMA - Annual HH Growth (5 Yrs)

<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
38,670	38,868	39,066	39,265	39,465	39,667

← Assumes 0.51% avg. annual growth rate

996 Total New HH's - 5 Yrs

44% Renter Households

438 Total New Renter HH's

88 Avg. Total HH Per Year

44% Renter HH's > \$75K HH Income

39 Qualified Renter HH's

50% Est. WMODA Capture

19 Annual Net New Demand - WMODA

MULTIFAMILY RENTAL DEMAND FROM PCMA TURNOVER MF RENTAL TURNOVER

- New development benefits from market “turnover” of existing tenants in submarket and is generally more competitive in their initial years
- Assumes that market remains generally balanced (stabilized)

	Households	Demand from Existing Resident Base
Multifamily Units in Market		6,657
% Renter Households > \$75,000		44.0%
Gross Annual Potential Workforce Rental Demand		2,929
% in Market for New Rental Location (Turnover)		44%
Adjusted New Annual Potential Demand		1,289
Est. WOMB Capture (%)		5.0%
Est. WMODA Capture Units		64

← Net of worker HH's

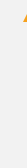
← Primarily competitive with market rate developments built w/in past 10 years (±2,300 units)

Est. City Employment (non-Resident):	7,700
Est. 30% w/Wages > \$70,000:	2,310
Worker Preference for New Rental (@ 20.0%):	462
Est. Palm River Capture Units (@ 2.5%):	12

Total:	76
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SUMMARY OF ESTIMATE ANNUAL DEMAND FOR WMODA

Source of Demand	Annual Demand (Units)
New Qualified Renter Households	19
Renter Turnover	64
Area Employee Capture	<u>12</u>
TOTAL	95



8 units per month on average, which is directly in line with new development absorption trends and consistent with a 13 month lease up at 102 units

RECOMMENDATION AND PROGRAMMING

WMODA DEVELOPMENT MATRIX FOR 102 UNIT MARKET RATE UNITS

Unit Type	Unit Mix %	Wtd. Avg. Sq. Ft.	Wtd. Avg. Rent	Wtd. Avg. Rent, Per/Sq. Ft
1 BDR	60.0%	725	\$2,150	\$2.97
2 BDR	40.0%	975	\$2,550	\$2.62
Total/Avg.	100.0%	825	\$2,310	\$2.80

Key Features for Performance Matrix:

- High quality construction and interior finish
 - Stainless steel appl.
 - W/D
- Assumes 4-5 stories providing premium for upper floors
- Amenities to include pool and fitness
- Security/access control
- Parking on-site of minimum of 1.25+ spaces per unit
 - Can charge >\$100/mo. for 2nd space as available



ECONOMIC IMPACT ANALYSIS:

WMODA Lake Worth Beach

- Prepared by -

Lambert Advisory, LLC

- Prepared for -

United Management

August 2024

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Executive Summary

i. Introduction and Development Overview

Lambert Advisory has completed an economic impact analysis for the proposed WMODA Lake Worth Beach development (WMODA), a proposed new mixed-use multifamily residential and museum complex located in Lake Worth Beach, FL. The analysis estimates the tangible direct and indirect economic impacts that will be derived from the construction and operation of the development and based upon the inputs and assumptions set forth herein. The report provides the methodology, assumptions and limiting conditions governing this analysis, and identifies and quantifies the benefits created by the Development within Palm Beach County and the City of Lake Worth Beach.

The proposed WMODA mixed-use development is envisioned to be a unique residential and cultural campus that has the potential to significantly enhance the character of Downtown Lake Worth Beach and create an environment that will attract visitors from within, and beyond, the broader South Florida region.

WMODA Mixed Use Development – Site Location Map



The Wiener Museum of Decorative Arts (WMODA) is recognized as a world-class museum celebrating the Fired Arts of ceramics and glass. The diverse collection of pottery and porcelain spans centuries and continents, including illustrious British names such as Wedgwood and Royal Doulton. WMODA also displays works by contemporary ceramic artists, notably the Ardmore Studio in South Africa. The museum's *Safari for the Soul* exhibition and design shop feature artwork for sale which helps uplift this remote African community. A spectacular collection of Dale Chihuly's work is exhibited in the *Hot Glass* gallery at WMODA along with works by other modern masters from the USA and Europe in the *Art on Fire* exhibition. The museum has long been a champion of local artists working in South Florida and a contributor to the cultivation of aspiring young artists.

Key features and characteristics planned for the museum comprise:

- A total **33,000 square feet** of space designed to be a sustainable, community-centric building;
- Approximately **3,000 square feet** of space to include a **café and retail/museum store**;
- The museum will be designed to provide areas for revenue generating **event space** accommodating social events (wedding, birthday, cocktail), corporate (meetings), and the arts industry (classes, lectures, exhibitions);
- The museum is preliminarily forecast to attract 50,000 annual visitors and generate approximately \$750,000 to \$1 million in annual gross revenue from attendance and event functions by its 5th year of operations.

The impact from visitors will significantly benefit surrounding businesses and properties. In particular, this includes the historical Gulfstream Hotel, which is currently in the revitalization process and planned for completion in 2026. The proximity of the WMODA and Gulfstream hotel opens the door for opportunities to host joint events at WMODA and cross-market the landmark hotel.

Adjacent to the museum building will be a 110-unit residential multifamily rental development that includes studio, one and two bedroom units, as well as artist lofts duplex units. The residential complex will be of luxury quality and attract a broad range of households.

In addition to the museum and residential development, the City, CRA and WMODA propose a public private partnership to build a four-story **250 space parking garage** located one block west of the WMODA providing parking for museum visitors, multifamily residences and the general public.

The collective integration of luxury residential, world-class cultural facilities, and a new parking garage positions WMODA to be a transformational development within Downtown, with benefits extending to the broader Lake Worth Beach community as well.

ii. *Summary Findings and Community Impacts*

The comprehensive research and analysis completed as part of the economic impact study herein is detailed in the body of this document. The following is a summary of key findings that include:

- The proposed Development is estimated to create **221 short-term direct and indirect/induced construction jobs** average annually during the 24-month planning and construction period with average annual wages of \$53,000. The planning and construction will add \$23± million in short term construction wages and \$40 million in total output (GDP) to the County during this time, and of which the City is positioned to capture a large share of the benefit –
 - Along with approximately **\$675,000± in permit, water/sewer connection and other fees to the City**, and an additional **\$1.25 million** in impact fees to the County;
- Upon commencement of operations and stabilization, the mixed-use development will create **21 direct and indirect/induced jobs** with an average annual wage of \$40,000±.
- A large portion of the museum’s estimated 50,000 annual visitors will come from beyond Lake Worth Beach, and their potential expenditures will have significant impacts on surrounding business and properties (evaluated further below):
 - There will also be \$12.0± million in annual household income generated to the area from the subject’s residents available for expenditure on goods and services in the City;
- Upon stabilization, the mixed-use development itself will generate approximately **\$768,000** in total incremental annual ad valorem taxes, of which **\$190,000** is attributed to **the City (Operating)**, **\$155,000 to Palm Beach County (Operating)**, and approximately **\$223,000 to the County School Board** (see table below for summary detail);
- Based upon an illustrative assessment of impacts on surrounding properties (detailed in Section 4), the Development will potentially enhance property taxable values within a select geography by an estimated \$6 million per annum which translates into roughly **\$40,000 in additional ad annual valorem tax revenue**; and,
- The 50,000 annual WMODA museum visitors and new multifamily residents potentially provides significant expenditure for retail, dining and other related goods and services within Downtown Lake Worth Beach and surrounding community. The analysis set forth herein indicates there will be upwards **\$5.1 million** annually from visitor and resident expenditures on retail, dining and other related goods and services upon stabilized operations that will flow to Downtown and surrounding area businesses.

The following tables provide a summary of key short-term and long-term impacts from operations of WMODA Mixed Use Development:

Summary of Key Short-term and Long-term Impacts from Operations of WMODA Mixed-Use Development (Rounded)

Short-term Construction Impacts

	Total	Avg. Annually
Total Jobs Created (Direct, Indirect/Induced)	522	261
Total Construction Wages (Direct, Indirect/Induced)	\$27,500,000	\$13,750,000
Total Output (GDP) Countywide	\$56,500,000	\$24,000,000
Bldg. Permit, Water/Sewer, Other Impact Fees to City	\$675,000	n/a
Impact Fees to County	\$1,250,000	n/a

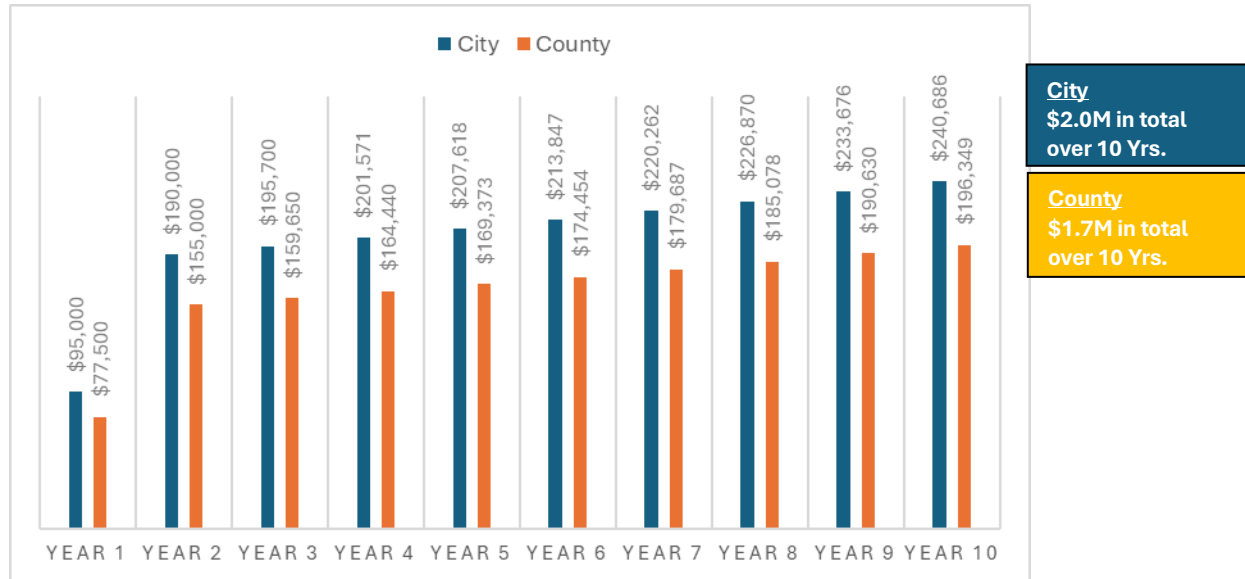
Long-term Recurring Impacts (Stabilized Operations)

	Stabilized Yr.	Total 10 Yrs.¹
FTE Jobs (Direct, Indirect/Induced)	21	n/a
<u>Ad Valorem Tax to City</u>		
Increment From WMODA Property (Operating)	\$190,000	\$2,025,000
Increment From Surrounding Properties	<u>\$40,000</u>	<u>\$425,000</u>
Total Increment to City	\$230,000	\$2,450,000
<u>Ad Valorem Tax to County</u>		
County Operating and Debt	\$155,000	\$1,650,000
<u>Ad Valorem Tax to County School Board</u>		
State and Local	\$223,000	\$2,400,000
<i>Estimated Expenditures on Retail, Dining & Other Goods and Services from Museum Visitors and New WMODA Residents (in Surrounding Area)</i>	\$5,100,000	\$54,300,000

A summary chart of incremental ad valorem tax revenue to City during the first 10 years of operations follows:

¹ Assumes annual escalation of 3 percent, and year one of taxable value upon stabilization at 50 percent to account for lease-up.

Summary of Estimated Incremental Ad Valorem Tax to City from WMODA (Operating) – 10 Years²



iii. Methodology, Assumptions and Limiting Conditions

In March 2024, Lambert completed a market assessment of the rental apartment market and worked collectively with United Management (Developer) to provide preliminary concepts for the rental component in terms of unit mix, rental rates, stabilized occupancy and general building/unit features. For the development costs, operating costs, and museum attendance and operations, the analysis is based upon information provided by Developer. Importantly, Lambert has not independently verified these specific costs and/or operating metrics.

The Development's entitlement and permitting process is proposed to commence in 2024. The construction is estimated to start by late 2024, with an estimated planning and construction timeline of approximately 24-months. The assessment of economic benefit related to the operations of the Development, including recurring economic impacts from residents is based upon the first full year of stabilized operations (or Year 2 of Developer's operating budget). The economic impacts as stated herein from construction and operation of the Development are presented in current (2024) dollars. Any change in development and/or operating assumptions from those utilized as part of this analysis can have a material impact on the direct and in-direct economic indicators stated herein.

The Development is situated on a 1.7-acre parcel. The overall development plan includes the museum building and adjacent 110-unit multifamily residential complex within a three- to five-story building.

² Ad Valorem Tax Revenue from TIF is at 95% of total collection to account for Administrative fee.

Based upon the information provided and estimates made, construction and subsequent operations of the Development will generate measurable benefits to the immediate area, the City of Lake Worth Beach, and the broader Palm Beach County community. There are four key areas in which the project will provide positive economic impacts:

1. Short-term construction employment and expenditure
2. Long-term residential and museum employment and visitor expenditure
3. Incremental Ad Valorem Tax Revenue
4. Impacts on Surrounding Properties

For both short-term and long-term impacts, which are detailed in the following analysis, the economic benefit to the area is the result of projected impacts from primary sources, including employment, wages, and taxes. Accordingly, the impact from these key sources comes from two distinct measures:

- Direct Expenditures – disbursements for site acquisition and development (hard and soft costs), resident/visitor expenditure, and expenditures associated with the operation of the residential and museum grounds and buildings
- Indirect and Induced Expenditures – net additional expenditures that flow into the local economy as a result of the new development

For this analysis, the IMPLAN economic impact model is used to derive select tangible impacts from direct and indirect/induced jobs and expenditures. IMPLAN is a nationally recognized economic impact modeling system and widely used by municipalities throughout the US.

Economic impacts from the four key sources are detailed in the following sections.

1. Short-Term Construction Employment and Expenditure

The impact from short-term construction employment and expenditure is directly associated with the project's development; the table below shows a summary of estimated development costs, which includes the proposed off-site parking structure:

WMODA – Summary of Estimated Development Costs (not including Land Cost)

Item	Cost
Hard Costs (including FF&E)	\$37,000,000
Soft Costs	\$9,000,000
Total	\$46,000,000

Source: United Management

The majority of development-related expenditures will be made in Palm Beach County, and the City of Lake Worth Beach will capture a significant share of these expenditures.

As illustrated below, the construction and capital improvements from the Development will create **522** direct and indirect/induced construction (and related) jobs during the 2-year development timeline; or, **261 direct and indirect/induced construction (and related) jobs** average annually. This generates a total of **\$27.5 million in direct and indirect/induced labor income** during the construction period that will flow to the local and regional economy; or an average annual wage of approximately \$53,000. Accordingly, there will be \$56.5 million in total output (GDP) created within the County during the construction, and the City will capture its share of employment, labor income and economic output.

WMODA - Summary of Total Short-Term Economic Impacts

Source: IMPLAN

Impact	Employment	Labor Income	Avg. Wage	Output
1 - Direct	465	\$24,545,888	\$52,787	\$46,000,000
2 - Indirect	27	\$1,487,104	\$55,368	\$5,242,895
3 - Induced	30	\$1,552,433	\$51,292	\$5,241,824
Total	522	\$27,585,425	\$52,833	\$56,484,718

Additionally, the proposed development will generate significant direct impact and other fees payable to the City and County during the construction period which will be available for public expenditures. The table below provides base estimates by jurisdiction and fee category and summarized as: a.) for the City, the most notable impact fees are associated with building permit fees (for new construction) and estimated to be approximately **\$175,000**, plus Water/Sewer Connection Fees estimated to total approximately **\$498,000**. There will also be additional but relatively marginal electric utility fee; and, b.) for the County, the fees are associated with roadways, schools, police, fire, and parks and is based upon the Palm Beach County Impact Fee Rate Schedule and estimated to be **\$1.25 million** in impact fees³; or, a total of more than **\$1.93+ million** over the construction period in the form of permit, impact, connection and administrative fees.

The following is a summary of development fees with detailed calculations provided in the Appendix.

³ Note, there is no specific impact fee category for museum. For this analysis, the museum is categorized as General Recreational, and includes the café/retail space which represents a nominal component of the overall development.

WMODA – Estimated Building Permit and Impact Fees – City and County

TOTAL ESTIMATED DEVELOPMENT FEES WMODA	
Fee Category	Fee
City of Lake Worth Beach	
Entitlements	\$9,500
Permit Fees	\$175,219
Water Utility Fees	\$497,580
City - Sub Total	\$682,299
Palm Beach County	
Impact Fees - County	\$1,253,560
Total Entitlement Fees	\$1,935,868

2. Long-Term (On-Going) Employment and Resident/Visitor Expenditure

The long-term (on-going) benefits from the operations of the mixed-use residential and museum will provide direct and indirect/induced benefits to both the Downtown area and the broader region from incremental employment, and resident and visitor expenditures.

For the WMODA residential component, the Development primarily proposes a mix of one-bedroom and two-bedroom units, with a small number of studios and artist loft units. The development is envisioned to support the City’s workforce population including young professionals and families with monthly rental rates generally in the range of \$2,000 to \$2,800. This implies household incomes in the range of \$80,000 and \$110,000. Therefore, with a total of 110 households in the building, total marginal personal income for the building is estimated to be in the range of \$12.0 million. Based upon a 25 percent expenditure factor on non-auto related foods and services,⁴ **\$5.1million** will be expended on retail, dining and related goods and services within the surrounding area and a measurable portion of which will occur in the Downtown area.

As it relates to multifamily rental buildings, industry benchmark metrics generally indicate between 1 employee per 25 to 35 units depending upon quality of product and amenities. For this analysis, we assume 1 employee per 25+ units, which creates **4** total full-time equivalent (FTE) jobs for the 110-unit multifamily units.

⁴ US Bureau of Labor Statistics – Consumer Expenditure Survey, Southern Metropolitan Statistical Areas, September 2023

For the museum, WMODA preliminary staffing indicates **19 FTE** direct jobs including Executive Director/Curator, visitor services, special events manager, art collection manager, store/café personnel, security and administrative.

The following tables provide a summary of direct, indirect/induced employment, wages, and total output utilizing the IMPLAN model for the **22 total direct FTE** jobs and *indirect/induced* jobs from the proposed WMODA mixed-use development a based upon a generic/miscellaneous employment sector classification.

WMODA – Direct, Indirect/Induced FTE Employment & Total Output (Stabilized Operations)

Impact	Employment	Labor Income	Avg. Wage	Output
1 - Direct	19	\$748,606	\$39,400	\$2,085,614
2 - Indirect	1	\$51,868	\$51,868	\$108,768
3 - Induced	1	\$46,019	\$46,019	\$16,856
Total	21	\$846,493	\$40,309	\$2,211,238

As illustrated above, there will be an estimated total of **21 direct, indirect and induced jobs** that will be created as a result of the WMODA residential and museum development wage of approximately \$40,300.

In addition to the incremental impacts from the WMODA’s mixed-use development, there will also be expenditures from the estimated 50,000 annual visitors to WMODA. Americans for the Arts conducted AEP6 to document the economic and social benefits of the nation’s nonprofit arts and culture industry. The study was conducted in 373 diverse communities and regions across the country, representing all 50 states and Puerto Rico. The *Cultural Council of Palm Beach County* joined the study on behalf of Palm Beach County.⁵ Though the report is a consolidated assessment of the Arts and Cultural sector Countywide, the data and results on a collective basis is considered to be applicable to understanding (at least on an order-of-magnitude basis) the benefits that WMODA will have within its surrounding community. There are two key sources of benefit obtained from the AEP6 report:

- 1.) *Local and Non-Local Attendance* – In aggregate, the County’s cultural and arts facilities draw approximately **70 percent** of their visitors from within Palm Beach County and **30 percent** from outside of the County; and,
- 2.) *Visitor Expenditures* – Both local and non-local visitors to non-profit arts and culture facilities provide considerable expenditures to their respective surrounding communities in the form of retail, dining, grocery, convenience, lodging and transportation. According to the AEP6 report, local attendees spend on average \$26 per visit while non-local visitors spend on average \$53 per visit; or a collective average of \$34.

⁵ The Economic and Social Impact of Nonprofit Arts and Culture Organizations and Their Audiences in Palm Beach County (www.AEP6.AmericansForTheArts.org)

Based upon the estimated 50,000 average annual visitors to WMODA, this generates **\$1.7 million** in expenditures and goods and services within the surrounding community and the majority of which is likely to be captured within the Downtown Lake Worth Beach area.

3. Long-Term (On-Going) Ad Valorem Tax from WMODA Property

The Development will provide benefits to the City and County by way of real property and personal property (ad valorem) taxes. The tax amount is based upon the County Tax Collector's (2023) millage rate of 22.2472 (per thousand dollars of value), broken down as follows.

WMODA – Ad Valorem Tax Estimate

District	Millage	Annual Tax
City of Lake Worth Beach Operating	5.4945	\$189,560
City of Lake Worth Beach Debt	0.920	\$31,740
Palm Beach County Operating	4.500	\$155,250
Palm Beach County Debt	0.0188	\$649
Palm Beach County Fire Rescue	3.4581	\$119,304
PBC School District - State	3.209	\$110,711
PBC School District - Local	3.248	\$112,056
South Florida Water Mgmt. District	0.0948	\$3,271
South Florida Water Mgmt. Basin	0.1026	\$3,540
Everglade Construction	0.0327	\$1,128
Children's Services	0.4908	\$16,933
Health Care District	0.6761	\$23,325
FIND	<u>0.0288</u>	<u>\$994</u>
TOTAL	22.2742	\$768,460

Real property is typically assessed at between 70 and 80 percent of Fair Market Value (FMV). For this analysis. Therefore, we calculate ad valorem taxes for the Development based on the estimated total development evaluation (including land) of approximately \$46 million, and all of which is net new increment since the property is City/CRA owned with no taxable value. As a result, the development should generate approximately \$770,000 in total real property taxes upon stabilized operations (in 2024 \$'s), and of which nearly \$190,000 flows to the City (Operating).

4. Impact on Surrounding Properties and Incremental Ad Valorem Tax Revenue

While difficult (if not close to impossible) to specifically quantify the effects that any proposed development and/or capital improvement has on surrounding properties, there is reasonable evidence to suggest that successful important well and uniquely designed projects can have

measurable effect in creating investment, activity and value in the surrounding neighborhoods where those projects are built.

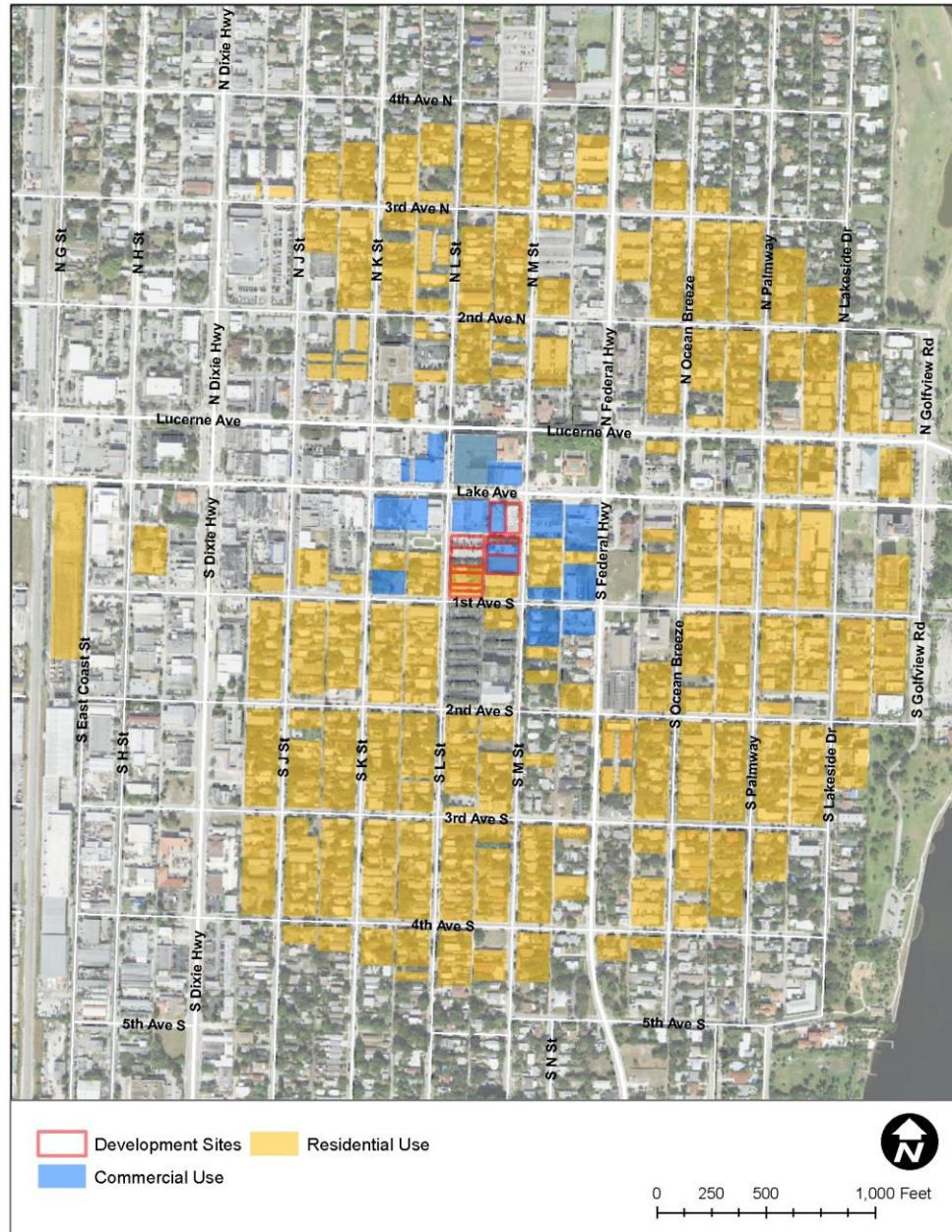
In the context of the scope of work for this study, we offer generalized insight as to the potential positive impacts that certain developments/capital improvements have on surrounding properties. This is based upon literature review of articles and case studies completed during the past several years and addressing the potential positive impacts that certain large-scale development/capital improvement projects could have on neighborhood areas, including increased values of residential and commercial properties. Importantly, this analysis is being completed solely for illustrative purposes.

The literature review of published documents, conducted several years ago, are listed in the Appendix. In this particular case, the proposed Development represents among the only notable new developments to occur within the property's surrounding areas is envisioned to improve the aesthetics of the surrounding area, as well as provide enhancements to streetscape in an area that has not experienced nearly this level of investment in many years. Information provided by Smart Growth America – an advocacy group that promotes creating and improving, streets and streetscapes as a catalyst for “socially equitable, environmentally sustainable and economically prosperous communities - provides discussion and examples of projects from around the country on creating and improving streets and streetscapes covering an array of projects.” Based upon this research, the benefit of this scale of mixed-use development is derived from an incremental increase in property values surrounding the Development. Accordingly, the incremental value is predominately captured by three property sectors: residential, office and retail. There are two key variables that drive the value increment:

- 1.) *Area of Impact:* The most significant radius of influence on residential properties extends roughly 1/3rd of a mile (1,760 feet) around the development, while a 500-foot boundary was established for office and retail incremental valuation; and,
- 2.) *Value Premium:* The literature research included herein previews numerous documents related to benefits derived from improvements to streetscape (streets and sidewalks) as well as from improvements to open space. As previously mentioned, it is extremely challenging to narrowly apply the literature study to a single development (and particularly one of this size), as it illustrates a wide range from as low as 1 percent for commercial and as high as 28 percent for large-scale residential. In light of these challenges, the analysis herein contemplates a relatively conservative approach, which is estimated to be between 1 percent and a maximum of 3 percent. These incremental values would apply to the existing residential parcels within 1/3rd mile radius and retail/office parcels within 500 feet.

Based upon the methodology and incremental value metrics outlined above, an incremental value analysis was completed for the residential, office and retail properties surrounding the Development. The following map outlines the affected parcels utilizing the Palm Beach County GIS Database and Parcel Data.

Map of Residential Parcels within 1/3 Mile & Retail/Office within 500 feet of WMODA Mixed Use Development



Based upon applicable residential, office and retail parcel data extrapolated from an analysis of the PBCPA property database, the table below provides a summary of the total assessed value of the impacted properties, with a highlight of incremental increase in assessment based upon lower

and upper value premium resulting from the proposed improvements. Furthermore, the table provides a summary of the annual incremental real estate tax from these properties that will accrue to the City of Lake Worth Beach based upon current millage rates:

City of Lake Worth Beach – Estimated Annual Incremental Value and Tax Revenue Analysis (from Development)

	Current Total Taxable Value	Incremental Assessed Value (lower/upper)	Increment Tax Revenue to City (lower/upper)
WMODA (surrounding properties)	\$308 million	\$3.1M to \$9.2M	\$20,000 to \$60,000

As summarized above, the properties impacted by the proposed development has a total taxable value of \$308 million. Based upon the premium value increments outlined above, the total assessed value of the properties affected by the Development’s improvements increases by \$3.1 million to \$9.2 million, resulting in an estimated **\$20,000 to \$60,000 in additional annual tax revenue** to the City of Lake Worth Beach over an extended period of time. For this analysis, the mid-point is utilized for incremental tax revenue growth; or, **\$40,000**.

APPENDIX

Entitlements - City Fees WMODA	
Application Type	Fee
Mixed Use Planned Development	4,000.00
Major Site Plan Approval	3,000.00
Zoning Map Amendment	2,500.00
Total Entitlement Fees	\$ 9,500.00

PERMIT FEE CALCULATION WMODA			
Value Calculation	Cost	Value	Fee
Residential Units - Value Estimate \$23,625,000			
1st \$500,000	2.25%	\$500,000	\$11,250
\$500,001 to \$1.5M	1.50%	\$999,999	\$15,000
\$1.5M to \$2.5M	1.00%	\$999,999	\$10,000
\$2.5M to \$12M	0.50%	\$9,999,999	\$50,000
Value Above \$12.5M	0.25%	\$13,487,499	\$33,719
Total Residential			\$119,969
Museum - Value Estimate \$6,300,000			
1st \$500,000	2.25%	\$500,000	\$11,250
\$500,001 to \$1.5M	1.50%	\$999,999	\$15,000
\$1.5M to \$2.5M	1.00%	\$999,999	\$10,000
\$2.5M to \$12M	0.50%	\$3,799,999	\$19,000
Value Above \$12.5M	0.25%	\$0	\$0
Total Museum			\$55,250
Total Permit Fees			\$175,219

PB COUNTY WATER UTILITY FEE CALCULATION WMODA		
RESIDENTIAL UNITS		
Water Capacity Charge		
Number of ERU's	Rate	Fee
72.6	\$3,659	\$265,643
Sewer Capacity Charge		
Number of ERC's	Rate	Fee
72.6	\$2,483	\$180,266
Meter Charges		
Meter Size	Rate	Fee
One (1) 2" Meter	\$2,535	\$2,535
Total Residential Utility Fees		\$448,444
MUSEUM		
Water Capacity Charge		
Number of ERU's	Rate	Fee
8	\$3,659	\$29,272
Sewer Capacity Charge		
Number of ERC's	Rate	Fee
8	\$2,483	\$19,864
Meter Charges		
Meter Size	Rate	Fee
One (1) 2" Meters	\$2,535	\$2,535
Total Museum Utility Fees		\$49,136
Total Water Utility Fees		\$497,580

WMODA						
Museum:	28,000 SF					
Proposed 110 Units:	9, Studio units at 600 SF					
	57, 1BR units at 725 SF					
	44, 2BR units at 975 SF					
	Total 90 Units					
	<u>Credit</u>	<u>28,000 SF Museum**</u>	<u>Units 800 SF and Under</u>	<u>Units 801 SF and Over</u>	<u>Total Fees</u>	<u>Total Fees Less Credit</u>
<i>Parks</i>	2,590.24	-	17,081.46	22,869.44	39,950.90	37,360.66
<i>Public Buildings</i>	2,696.42	52,109.40	12,223.86	9,761.84	74,095.10	71,398.68
<i>Schools</i>	30,332.55	-	203,586.90	248,835.40	452,422.30	422,089.75
<i>Fire Rescue</i>	2,660.47	4,256.00	15,925.80	10,617.20	30,799.00	28,138.53
<i>Roads</i>	55,233.72	403,921.00	233,494.80	112,400.20	749,816.00	694,582.28
Total	\$ 93,513.40	\$ 460,286.40	\$ 482,312.82	\$ 404,484.08	\$ 1,347,083.30	\$ 1,253,569.90
Credit Calculation						
Address	Use/SF	Impact fee Credits				
		<u>Parks</u>	<u>Public Bld</u> s	<u>Schools</u>	<u>Fire</u>	<u>Roads</u>
501 Lake Ave	Office/2102	-	357.13	-	135.79	9,383.87
509 Lake Ave	Retail/636	-	278.96	-	96.67	2,575.10
24 S L Street	SF Res/830	519.76	221.86	5,655.35	361.95	5,597.40
26 S L Street	4 MF Res/700	1,035.24	740.84	12,338.60	965.20	14,151.20
32 S L Street	4 MF Res/400	1,035.24	740.84	12,338.60	965.20	14,151.20
17 S M Street	Office/2100	-	356.79	-	135.66	9,374.95
Total		\$ 2,590.24	\$ 2,696.42	\$ 30,332.55	\$ 2,660.47	\$ 55,233.72
* NOTE: For budget purposes, this calculation uses the adopted fees for 2025						
Roads Impact Fees are run on the higher rate for units under 800 SF						
** Using "General Recreation" as per PBC						

Literature Review

- The Economic Benefits of Sustainable Street, New York City Department of Transportation, 2012
- Public Investment Strategies: How they Matter for Philadelphia Neighborhoods, Susan M. Wachter and Kevin C. Gillen, The Wharton School, University of Pennsylvania, 2007
- Lifting the Veil on Bicycle and Pedestrian Spending, Advocacy Advance. (2014) www.advocacyadvance.org/docs/LiftingTheVeil_Report.pdf.
- Safer Streets, Stronger Economies, (Complete Street Project Outcomes from Across the Country, Smart Growth America.org, March 2015. Examples provided:
 - ✓ College Park Neighborhood/Edgewater Drive, Orlando
 - ✓ Lancaster, California
 - ✓ Lee's Summit, Missouri
 - ✓ Normal, Illinois