

LW Opportunity Zones – Report

Opportunity Zone’s – Facts and Benefits

Opportunity Zones are a result of the 2017 Tax Act allowing anyone with Capital Gains realized in 2018 to take advantage of “tax favored” investments. Investments from these Capital Gains (sale of real estate or equity) can be channeled into an Opportunity Zone (OZ) via a Qualified Opportunity Zone Fund (QOZF) to benefit from tax deferral, basis adjustment, and appreciation exclusion.

The Qualified Opportunity Zone (QOZ) program was created to encourage long-term job creation and economic development in blighted areas designated by federal and state governments as “Opportunity Zones.” There are 427 Opportunity Zones in Florida; 27 are in the Palm Beach County area. When structured properly, investments in these areas are afforded special federal income tax treatment. The most important benefits include:

- temporary deferral of taxable federal income for Capital Gains to the extent these gains are reinvested in a Qualified Opportunity Fund (QOF) within 180 days of the gain
- a step-up in the investor’s tax basis on original Capital Gain equal to 10% if the investment in the QOF is held for 5 years
- no federal income tax on Opportunity Zone-related Capital Gains if the investment is held in an Opportunity Zone fund for at least 10 years

Investors who want to take advantage of the program must invest through a QOF. QOFs are required to invest at least 90% of their assets in QOZ property, which includes any QOZ stock, QOZ partnership interests, and QOZ business property. The timing of investments is important as those who invest by December 31, 2019 get the maximum tax benefit.

Holding Period	Appreciation Rate	Investment in a Stock Portfolio		Investment in an Opportunity Fund		Difference in After – tax Annual Rate of Return
		Total Tax Liability	After-tax Funds Available	Total Tax Liability	After-tax Funds Available	
5 Years	7%	\$31	\$100	\$31	\$109	1.9%
7 Years	7%	\$35	\$111	\$35	\$126	1.8%
10 Years	7%	\$41	\$132	\$20	\$176	3.0%

Study Area in Context

The 160-acre study area highlighted within this document is a small part of Census Tract 51.02, which is a designated Federal Opportunity Zone located in the southwest area of the City of Lake Worth Beach (the City). The entire tract is approximately 482 acres and bounded to the north by 6th Avenue, the east by the FEC rail corridor, the south by the municipal boundary with the Town of Lantana, and the west by I-95 and a path to the west that follows Wingfield and F Street’s. Overall, the OZ has a total population of approximately 5,996 residents with a median income of \$34,419 and an estimated 32% of households living in poverty. Other issues facing this community include housing instability, with only 39% home ownership and 16% of the units being over-crowded, the need for better educational opportunities for both children and adults as only 53% of the population report having a high school diploma, and poor access to healthcare.

While these issues are symptoms of a larger overall disinvestment in the community, which the OZ designation in conjunction with the City's master planning and visioning exercises are working to improve, they also represent key areas for investment that clearly show a spectrum of needs and opportunities. Additionally, the community benefits from an active and engaged neighborhood association. This group is working to improve the neighborhood on a grassroots level and are intricately aware of the community's needs. Many of the members of this group were raised in the neighborhood and are excited by the opportunity to bring new businesses and economic investment to the area. Another positive aspect of the OZ is its overall design and character, which exudes the feeling of being a community, something that would be easy to promote and enhance with new infill development and investment.

The study area is only 1 mile away from the central business district of Lake Worth Beach, a city known for its eclectic boutiques, art galleries, antique stores, music venues, and restaurants. People are drawn to the City as residents and vacationers due to its high quality of life, outstanding cultural and recreational opportunities, beach and Intracoastal Waterway access, and the wide array of year-round events and activities. In addition to the amenities offered by the City itself, the study area's easy access to I-95 from 6th Avenue also makes other metropolitan areas in southeast Florida only a short drive. The study area is also ideally located adjacent to the proposed expansion site for the Tri-Rail Coastal Link proposed inter-local line. The proposed station would be directly linked to the study area making this site an ideal location for future mixed-use and transit-oriented development (TOD) style redevelopment.

**(MAP SHOWING DISTANCES TO WPB, DELRAY, FLL, MIAMI)
(Proposed Station location)**

While investment is welcome within the entire OZ, the study area was selected as the focus of redevelopment due to its proximity to the proposed Tri-Rail Coastal Link station and the existing Future Land Use (FLU) designations being primarily mixed-used and multifamily. The Single-Family designated areas were left out of the study area due to the OZ funds being primarily available for investment in businesses and development and not for use on individual home improvements. Additionally, it is the City's intent to protect and enhance the existing community by centralizing new development to the eastern portion of the Census Tract adjacent to the railway and 6th Ave. Although the predominant FLU designations in the study are that of mixed-use and multifamily, the historical development pattern in the neighborhood is overwhelmingly single-family in nature with some light industrial uses closer to the railroad tracks. The FLU Map shows a total of seven FLU's within the study area which include:

- Artisanal Mixed Use (AMU)
- Medium Density Residential (MDR)
- Public (P)
- Public, Public recreation and Open Space (PROS)
- High Density Residential (HDR)
- Mixed Use – East (MU-E)
- Transit Oriented Development (TOD)

Overall, the housing stock within the study area was constructed in the mid-twentieth century and is made up of single-story vernacular structures on regularly sized lots and alleys in the back. The roadway network within the OZ consists primarily of local two-way, two-lane streets, which are bordered and traversed by the following main roadways:

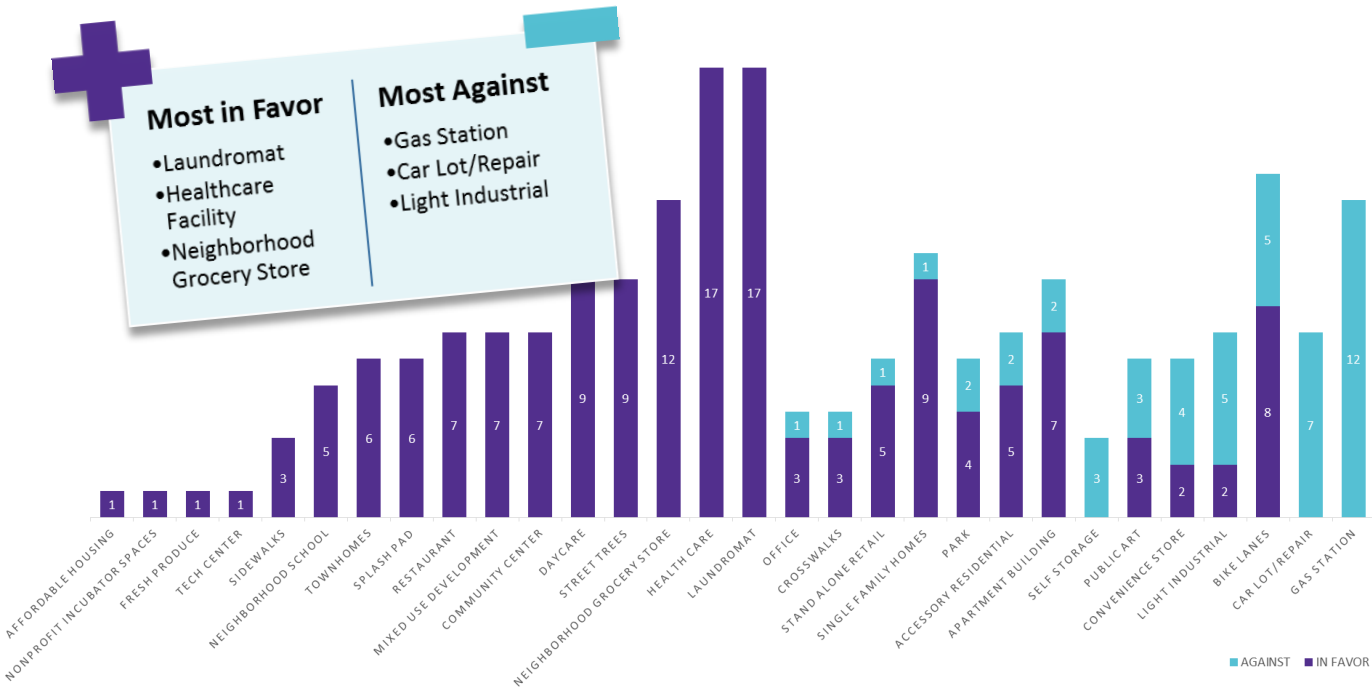
- 12th Ave S – Urban Collector (U-COLL) – three lanes undivided
- US 1 / SR 805 / S Dixie Hwy – Urban Minor Arterial (U-MA) – four lanes undivided

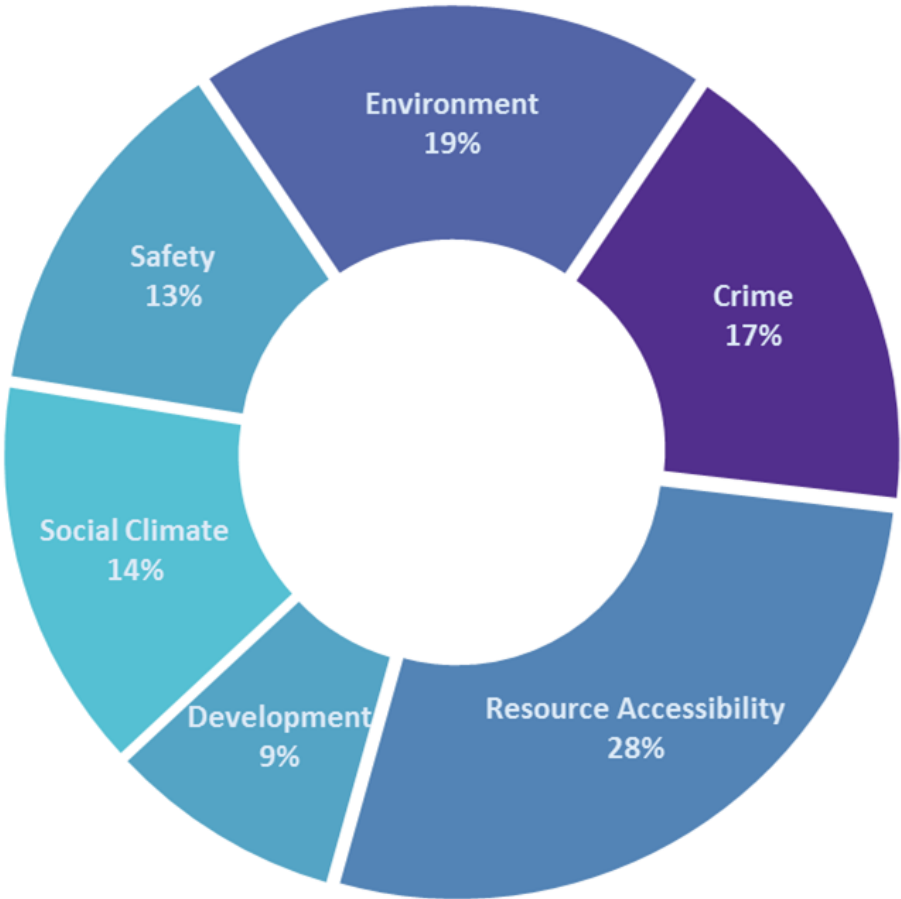
- 6th Ave S – Urban Minor Arterial (U-MA) - four lanes divided (4LD)

Of these only 6th and 12th Avenues have traffic signals.

To assess the types of businesses, land uses, and redevelopment types that would be most beneficial for the neighborhood, the City has engaged with the Whispering Palms Neighborhood Association to ensure that the community’s insights and opinions are taken into account throughout the planning process. Two public outreach meetings were held in 2019 at the Osborne Community Center on June 27th and September 26th. At the first of these, attendees were presented with 30 development options, through a visual preference survey, and were asked to provide feedback on the favorability of each in the study area.

Overwhelmingly, community members were opposed to automobile related uses such as car lots, repair shops, and gas stations, while uses such as healthcare facilities, laundromats, and grocery stores scored high as well as personal services. Other frequent concerns were neighborhood crime prevention, resource availability, as well as the need to clean up the existing residential buildings that are in disrepair, new safe routes to school, and more open space and recreation area. The full results can be seen in the chart below.





The second meeting focused on presenting the proposed Opportunity Zone Master Plan to the community to get their feedback on the overall design and direction as well as the different development nodes. The plan was well received with questions focused primarily on how development would take place and how the community could get involved with the Opportunity Zone funding to help the proposed plan become reality.

The Plan

The information gathered at these public meetings was integral in creating a master plan for the neighborhood. Based on the City’s goals for the area, and the neighborhood’s wants and needs, the Master Plan breaks down the study area into six distinct nodes and outlines the types of uses and development styles that are best suited for each. The six nodes, as shown on the master plan, are Mixed-Use Residential, Transit-Oriented Development (TOD), Neighborhood Core, Artisanal/ Makers, Health & Tech Incubator, and Neighborhood Residential. The overall vision for the study area is to be a walkable/bikable neighborhood with a mix of residential, commercial, office and light industrial uses. The nodes will be connected internally through integrated multi-modal options such as sidewalks, bike lanes, and vehicular areas as well as new connected mobility options such as scooters, rideshare pickup zones, and mobility hubs.

Based on these six nodes, and the desired uses and development style of each, a massing study was developed to show the overall development potential in each area. A sample block from each node was selected to show the style and intensity for each node. In addition to showing the general design of each area the massing study looked at how the density and intensity would change if the site was developed “By Right”, or using either the “Sustainable Bonus” or “TDR Bonus” incentive programs developed by the City.

1.) Mixed-Use Residential

This node is located at the northern edge of the study area along 6th Avenue. The character will be made up primarily of multifamily and infill residential uses with some small commercial spaces. The development types envisioned for this area are townhomes, condominiums, and apartment buildings with retail located on the ground floor level—particularly along 6th Avenue where commercial uses would be more visible due to the high vehicle traffic volumes along the corridor. Special care should be taken to ensure that the existing single-family residential districts are protected and buffered from the multistory buildings by creating a transition in style and height from the high to the low-density areas.

This node has a FLU of MU-E (Mixed-Use East). Due to its FLU, location on a thoroughfare road, and easy access to both Dixie Highway and I-95, it is suited for medium density redevelopment with a mix of residential and commercial uses.

Principal non-residential uses allowed by right in this district include:

- Low intensity commercialⁱ
- Low intensity officeⁱⁱ
- Low intensity retailⁱⁱⁱ
- Low intensity personal services^{iv}
- Low intensity cultural & artisanal^v
- Low intensity institutional^{vi}
- Community residences up to six people
- Essential services

Uses permitted as either an administrative or conditional use include:

- Medium/high intensity commercial
- Medium/high intensity office
- Medium/high intensity retail
- Medium/high intensity personal services
- Medium/high intensity cultural & artisanal
- Medium/high intensity institutional
- Community residences up to 14 people
- Bed and breakfasts
- Cemeteries
- Places of worship
- Daycare centers
- Hotels and Motels
- Light utility facilities
- Public indoor recreation
- Public outdoor recreation
- Schools (elementary)
- Schools (intermediate/secondary)
- Transitional parking facilities

NODE 1 | Mixed-Use (6th Avenue) | FLU: MU-E; Zoning: MU-E

Scenario	Height		Density	FAR
	Feet	Stories		
By Right w/ Sustainable Bonus Incentive Program (SBIP)	35 feet	3	30 DU/AC	1.5
MXPd/MX Urban PD w/ SBIP	52.5 feet	4	45 DU/AC	2.25
MXPd or MX Urban PD w/ SBIP & TDR's	67.5 feet	5	55 DU/AC	2.47

2.) Transit-Oriented Development (TOD)

This area of the Master Plan is a mix of residential, commercial, and office uses and has a FLU of TOD throughout the node. The character and use of this area is based on its proximity to the proposed Tri-Rail Coastal Link expansion station currently sited between 10th Avenue and 11th Avenue, just east of the FEC railway. The proposed station would connect this neighborhood with the West Palm Beach, Ft. Lauderdale, and Miami markets as well as the many other communities along this rail corridor that are also now planning new stations.

While the station location will span across the railroad with a portion just outside of the study area and on the opposite side of the FEC railway, the City plans to create a walkway across the tracks to ensure the neighborhood would be directly linked to the station. With this walkway in place, the TOD area of the master plan is primarily within a half mile walk from the station making this an ideal location for office, commercial, and residential development.

While the FLU for the entire node is TOD, the current zoning is divided between TOD-E (TOD East) and SFR (Single Family Residential). Mixed-used development in this node would require that any parcels with a current zoning district of SFR be rezoned to TOD-E. The below permitted uses are based on the parcel having a TOD/ TOD-E FLU and zoning designation.

Principal non-residential uses allowed by right in this district include:

- Low intensity commercial
- Low intensity office
- Low intensity retail
- Low intensity personal services
- Low intensity cultural & artisanal
- Low intensity institutional
- Essential services
- Mixed-used developments

Uses permitted as either an administrative or conditional use include:

- Medium/high intensity commercial
- Medium/high intensity office
- Medium/high intensity retail
- Medium/high intensity personal services

- Medium/high intensity cultural & artisanal
- Open air operations
- Places of worship
- Hotels and motels
- Medium/high intensity institutional
- Parking facilities (including temporary)
- Daycare centers

NODE 2 | Transit-Oriented Development | FLU: TOD; Zoning: TOD-E

Scenario	Height		Density	FAR
	Feet	Stories		
By Right w/ Sustainable Bonus Incentive Program (SBIP)	55 feet	5	40 DU/AC	1.7
MXPD/MX Urban PD w/ SBIP	82.5 feet	7	60 DU/AC	2.55
MXPD or MX Urban PD w/ SBIP & TDR's	97.5 feet	8	70 DU/AC	2.8

3.) Neighborhood Core

This node centers on the entrance into the study area from Dixie Highway at 12th Avenue. In addition to being a main vehicular route through the study area, this node also falls within the half mile walking radius from the proposed train station. It is a pinch point that ties the two northern and southern halves together, as such it has been envisioned as a gateway into the community and gathering space in addition to a residential and commercial area.

The redevelopment style of this node is different from the TOD and Artisanal/ Makers Nodes in name only. This node overlaps both Districts with the parcels north of 12th Avenue having the FLU designation of TOD and those south having an AMU designation. As such the permitted uses and LDR's will match with those two nodes. The reason this has been called out as its own entity is to highlight the prioritization of creating parks, plazas, and other forms of community spaces within this node to connect the north to the south. Additionally, this node will serve as a main gateway into the OZ and as such should create a sense of place and identity not only for those who visit but also for community members.

4.) Artisanal/Makers

Due to the existing uses within this node and its proximity to both the proposed train station and the 12th Avenue entrance, this part of the study area has been envisioned to be a mixed-use artisanal industrial area. Development in this node will focus on light industrial uses related to the arts and included uses such as live/work artist lofts, galleries, vocational schools, and light artisanal industrial spaces.

The FLU for this entire node is AMU (Artisanal Mixed-Use) however; the zoning is split between AI (Artisanal Industrial) and SF-TF-14. To achieve the mix of uses desired, the parcels that are currently zoned SF-TF-14 will need to be rezoned to AI. The permitted uses

identified below are based on the parcel having an AMU/ AI future land use and zoning designation.

Principal non-residential uses allowed by right in this district include:

- Low intensity commercial
- Low intensity retail
- Low intensity industrial
- Low intensity institutional
- Mixed-use development
- Low intensity office
- Low intensity personal services
- Low intensity cultural & artisanal
- Essential services

Uses permitted as either an administrative or conditional use include:

- Medium/high intensity commercial
- Medium/high intensity personal services
- Medium/high intensity cultural & artisanal
- Medium intensity institutional
- Medium intensity office
- Medium intensity industrial
- Medium intensity institutional
- Residential (multifamily dwelling, townhouses, and bed and breakfasts)

NODE 4 | Artisanal/Makers | FLU: AMU; Zoning: AI

Scenario	Height		Density	FAR
	Feet	Stories		
By Right w/ Sustainable Bonus Incentive Program (SBIP)	35 feet	3	30 DU/AC	1.5
MXPD/MX Urban PD w/ SBIP	52.5 feet	4	45 DU/AC	2.25
MXPD or MX Urban PD w/ SBIP & TDR's	67.5 feet	5	55 DU/AC	2.47

5.) Health & Tech Incubator

Like the Artisanal/Makers node, this node will focus on creating a space where startup light industrial can come to grow ideas into businesses. This node is envisioned to be a mixed-use neighborhood with residential and live-work areas intermingled with commercial and residential buildings. Unlike the neighboring Artisanal/Makers node this area will not focus solely on art related industrial uses – thus allowing a wider variety of businesses to take advantage of this incubator space.

This node currently has both a FLU and zoning designation of P (Public). To achieve the mix of uses and urban form envisioned for this area it would need to be both rezoned and the Comprehensive plan amended so that the parcel's future land use and zoning would be AMU/AI and match that of the Artisanal Industrial district.

Principal non-residential uses allowed by right in this district include:

- Low intensity commercial
- Low intensity retail
- Low intensity industrial
- Low intensity institutional
- Mixed-use development
- Low intensity office
- Low intensity personal services
- Low intensity cultural & artisanal
- Essential services

Uses permitted as either an administrative or conditional use include:

- Medium/high intensity commercial
- Medium/high intensity personal services
- Medium/high intensity cultural & artisanal
- Medium intensity institutional
- Medium intensity office
- Medium intensity industrial
- Medium intensity institutional
- Residential (multifamily dwelling, townhouses, and bed and breakfasts)

NODE 5 | Health & Incubator | FLU: AMU; Zoning: AI

Scenario	Height		Density	FAR
	Feet	Stories		
By Right w/ Sustainable Bonus Incentive Program (SBIP)	35 feet	3	30 DU/AC	1.5
MXPD/MX Urban PD w/ SBIP	52.5 feet	4	45 DU/AC	2.25
MXPD or MX Urban PD w/ SBIP & TDR's	67.5 feet	5	55 DU/AC	2.47

6.) Neighborhood Residential While the FLU for this area is primarily HDR (High Density Residential), this node, due to its more limited vehicular access and location away from a major thoroughfare, would be ideal for infill development such as townhomes and apartment style developments in the short term. The mixed-used and high-density residential development envisioned in this node would require that parcels be rezoned to MF-30, given the current zoning classification of SF-TF-14 (single-family and two-family residential).

The below permitted uses are based on the parcel having a MF-30 zoning designation.

Principal uses allowed by right in this district include:

- Multi-family building between 20-30 du/acre
- Multi-family building under 20 du/acre

- Essential services
- Single-family with accessory building
- Single-family
- Community residences of no more than six residents

Uses permitted as either an administrative or conditional use include:

- Bed and Breakfast
- Places of worship
- Light utility facilities
- Public outdoor neighborhood recreation
- Transitional parking facilities
- Nursing home/ community residence for seven or more individuals
- Cemeteries
- Daycare centers
- Public indoor neighborhood recreation
- Schools (elementary)
- Schools (intermediate/secondary/vocational)
- Townhomes

NODE 6 | Neighborhood Residential| FLU: HDR; Zoning: MF-30

Scenario	Height		Density	FAR
	Feet	Stories		
By Right w/ Sustainable Bonus Incentive Program (SBIP)	35 feet	3	30 DU/AC	1.5
MXPD/MX Urban PD w/ SBIP	52.5 feet	4	45 DU/AC	2.25
MXPD or MX Urban PD w/ SBIP & TDR's	67.5 feet	5	55 DU/AC	2.47

Other Considerations

The current road network is operating at a Level of Service (LOS) of “D” or better but many of the roads are unpaved or in disrepair. It is likely that as the area redevelops the road infrastructure will need to be analyzed and studied to ensure that it can handle the increase in population and vehicle trips. In addition to improving the roads, connectivity out of the study area will need to be improved as well. Currently, the majority of the intersections within the study area are unsignalized. Only 12th and 6th Avenues are signalized and carry traffic across the FEC rail corridor. The ability to improve these intersections to accommodate various multi-mobility options such as bikes, scooters, pedestrians, and circulators as well as creating gateway features should be explored.

Since the study includes the proposed new train station and a TOD, mobility should be a central theme as the area is redeveloped. A key consideration should be creating “mobility hubs” where bus and circulator routes, pedestrian and bike paths, and parking areas converge to create something akin to a multi-mobility station. A good location might be in the Neighborhood Core node as two bus lines already run through that area. Improving and enhancing the current pedestrian area should also be a priority. While sidewalks currently exist throughout the study area there are segments that need maintenance and many areas that need to be widened to meet the current ADA standards. Adding bike

lanes or “sharrow” lanes would also help to promote new mobility options and improve connectivity throughout the neighborhood.

ⁱ Commercial uses: low intensity is less than 2,500 SF of space, medium intensity is between 2,500 SF and 7,500 SF, and high intensity is over 7,500 SF

ⁱⁱ Office Uses: low intensity is less than 2,500 SF of space, medium intensity is between 2,500 SF and 7,500 SF, and high intensity is over 7,500 SF

ⁱⁱⁱ Retail use: low intensity is less than 2,500 SF of space, medium intensity is between 2,500 SF and 7,500 SF, and high intensity is over 7,500 SF

^{iv} Personal services uses: low intensity is less than 2,500 SF of space, medium intensity is between 2,500 SF and 7,500 SF, and high intensity is over 7,500 SF

^v Cultural & artisanal uses: low intensity is less than 2,500 SF of space, medium intensity is between 2,500 SF and 7,500 SF, and high intensity is over 7,500 SF

^{vi} Institutional uses: low intensity is less than 2,500 SF of space, medium intensity is between 2,500 SF and 7,500 SF, and high intensity is over 7,500 SF