West Palm Beach
THE DOLLARS & SENSE OF DEVELOPMENT PATTERNS

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West Palm Beach has persevered through The Great Recession and emerged as the regional center of Palm Beach County. As a bustling center of regional shopping, commerce, and civic services, Downtown has helped anchor the City of West Palm Beach and Palm Beach County. The City has complemented investment along historic Clematis Street and CityPlace by providing urban core employment centers and encouraging significant housing density in the area. Those investments have had a ripple effect on some neighborhoods adjacent to downtown, and others have seen spill-over investment and infill projects. The linchpin in West Palm Beach's success is the leadership's role in investigating the impact of policy on Downtown investment and encouraging an open conversation on maturing the heart of the County.
While West Palm Beach (WPB) has arrived as a healthy mid-sized city unto its own, with a confident and thriving downtown, there is still work to be done. With the days of despair behind it, WPB is no longer the beggar, but the place to be, and with that success comes the maturity and responsibility of a new city. A city of promise and potential and a benefit to all of Palm Beach County and South Florida.

Indeed, Downtown WPB has always held the mantle of the seat of government in the County. For generations, it served as a secondary element to tourism destinations elsewhere in the community, particularly the Town of Palm Beach and other beaches. As those areas flourished, WPB languished. The City has since recovered. Vibrant pedestrian activity, street cafes, and retail have helped put past challenges and the recent successes into perspective.

This report serves as an economic MRI. Much like a check-up with a doctor, this analysis quantifies the physical and fiscal shape of the County, City and Downtown. The property tax potency of various community designs and building types were measured to show which areas are producing efficient community revenue and what locations could be improved. Further, the value of the Downtown is examined in the context of Palm Beach County to provide a relative metric of revenue production.

The Downtown Development Authority (DDA) and The City of West Palm Beach commissioned Urban3 for this study to illustrate economic trends in an easily digestible way. Urban3 is an internationally-recognized consulting firm specializing in land value economics, property and retail tax analysis and community design. Urban3 uses analytic methods that are typical for site-specific real estate analysis and applies them to development across entire counties and regions. Additionally, Urban3’s Principal,
Joe Minicozzi, is deeply familiar with the community having served as the zoning administrator for downtown West Palm Beach from 1998 until 2003.

The focal point of Urban3’s analysis is the “value per acre” method. This metric views development and property values on a per acre basis, utilizing land consumed as a baseline of productivity. West Palm Beach and Palm Beach County have a limited supply of land to develop and more expansive developments typically carry a higher cost of servicing with public resources (such as streets, water and sewer). Normalizing property value by the acre allows for an apples to apples comparison when examining various developments in different locations.

Property taxes are the backbone of local government revenue. Efficient property tax production has a direct impact on the ability to repair roads, provide quality education, and pay the bills. Identifying development that packs a financial punch is critical to cultivating community wealth.

Different cars have differently-sized gas tanks, so we use the gallon as the measurement of efficiency, not the tank. In other words, we use “miles per gallon”, not “miles per tank” to make a relative comparison of cars and trucks. Using a per acre metric for land helps to better understand the potency of one parcel against its neighbor, as well as the entire City and County.
Above: The County is broken into two zones: the agricultural lake region west of the Slough, and urbanized areas east of the Slough.

Palm Beach County’s value per acre peaks in Downtown WPB, with Two City Plaza achieving a staggering $99 million/acre. Apparent is the steep drop-off in value in western parcels, particularly west of I-95. As you travel westward on Okeechobee, lower density results in lower value per acre.

West Palm Beach has cultivated a significant amount of value in its downtown. Immediately noticeable in the model, Downtown is the financial mountain visible in the County. There are areas elsewhere that bring considerable value, particularly along the coast. Of course, ocean front views and access have had a huge impact on coastal property values and development. Unlike scarce ocean front property, however, the urban pattern in Downtown doesn’t suffer the same limitation. In other words, downtown West Palm Beach is its own beach, one that can continue to grow and be replicated.
Land use and building design have had a considerable impact on value per acre. Downtown development is clearly the peak of property value within the County. Put simply, the more stories of taxable development you add onto a lot, the more revenue is generated from that single plot of land. Dense, high-rise buildings in the Downtown produce the highest value per acre values in the county. Downtown’s City Palms building achieves an impressive tax value of over $34 million per acre. To put this into perspective, the Walmart Supercenter on Belvedere Road attains a value of $599,455 per acre. Thus, City Palms has a tax value 57 times the potency of the Walmart Supercenter. Less intense mid-rise and modest mixed-use buildings are tremendously potent as well. Footwear and More on Clematis Street reaches a value per acre of $7.9 million, which is 13 times greater than the Walmart.
There are lessons outside of Downtown WPB, such as the Magnolia Court Townhouses on Dixie Highway and Tuxedo Lane. Producing a surprising $5.7 million per acre, this development demonstrates the efficient yield of well-executed infill. There are ample opportunities for more infill development along Dixie Highway, however consideration should be given towards calming the street as it runs through residential areas south of Downtown. A calmer street would allow for “nodes” of neighborhood mixed-use development. Larger cities like Nashville and Charlotte provide excellent case studies of similar infill and transportation projects.
Palm Beach County’s economic indicators were generalized into hexagonal grid models for a comparison of metrics across the massive developed area east of the Slough. Property taxes, retail sales, and employment figures across the county were generalized into equal-area 933-acre hexagons, roughly the size of the Downtown. Organizing the metrics into hexagons allows for an accurate relative comparison of values from the downtown to the western communities. Significant land area (and thus portions of hexagons) in western areas are committed to streets, water retention and buffers, which reduces their per acre productivity tremendously.

The hexagon method simplifies the comparison of values across large areas. Parcels are larger in western areas, so applying a uniform area allows for symmetrical apples to apples comparison. However, it also loses the fine grain of parcel-scale data. Thus, this model is used more as a guide rather than an absolute metric. These visualizations are to be used in conjunction with the more specific parcel-level tax model to both recognize patterns and to focus into areas of importance. Put simply, make more spikes happen. As Magnolia Court has demonstrated, these need not be skyscrapers. Small developments can still pack a big punch.
Like many cities in the country, WPB has seen a return of residents to its Downtown core. It’s also now in the throes of an urban hotel boom that will add additional pedestrian traffic and tourist spending to the Downtown. To capitalize on these recent investments and solidify Downtown as a destination, the city should focus on filling in vacant parcels and improving streetscapes between Downtown retail and residential areas to help leverage the new investments.

The Downtown core area has a highly discontinuous, clustered development pattern. Clematis Street, CityPlace, and Okeechobee/Lakeview residential corridors function semi-independently of one another. One contributing factor is the considerable amount of vacant land in the Downtown core area. In fact, 11% of land in the core is vacant commercial land. This figure does not include the numerous underutilized government-owned properties, most of which serve as supplementary parking lots.

Although the downtown core has very vibrant areas, it is sprinkled with vacant lots and government-owned, tax-exempt properties. While large swathes of underutilized land and/or vacant land create a discontinuous streetscape, they represent a massive opportunity for new development and better connectivity between retail and residential areas in the urban center. Infill development in public land could be a powerful mechanism that revamps the entire area.
Impact Fees are funds collected from developments based upon their added effect on public services. In other words, when a residential area is built, those new residents will use parks, libraries, schools, roads and other services. Fees are generated based upon the size of residential and commercial developments. These fees are organized into different fund types that delineate improvements into separate funds such as school funds and road funds. Urban3 highlighted the road impact fee production of developments from years 2003 to 2014. Then, road improvements were located and measured by their total expenditure amount.

Road Impact Fees: Revenue & Expense per Square Mile (2003-2014)

Source: Palm Beach County Planning, Zoning and Building Department and Palm Beach County Roadway Production
The overarching question is, "How much did Downtown contribute to the Road Impact Fee fund, and how much investment did the Downtown area receive from the fund?" Over the 11 year period Downtown received $6.5 million of investments in the Okeechobee/Australian interchange and the widening of Okeechobee Blvd. Meanwhile, Downtown produced $9.3 million in Road Impact Fee funds.

There is a critical stipulation to the implementation of Road Impact Fee funds. Pursuant to Ordinance 2005-047, Road Impact Fee funds may only be used for new roadway construction, right-of-way acquisition, or traffic signalization. Dense Downtown environments function differently than areas elsewhere in Palm Beach County and therefore require different types of infrastructure improvements. This policy should be reevaluated to allow funds to be spent on alternative transportation infrastructure, streetscape improvements and other investments appropriate to the downtown area. Creating a new policy that works best for the downtown is an incredible opportunity to improve the downtown and catalyze development that benefits the City and County alike.

Loxahatchee / Ibis area received $56 million more than it generated in fees. While Downtown received $2.8 million less than it generated.

Source: Palm Beach County Planning, Zoning and Building Department and Palm Beach County Roadway Production
Palm Beach County was largely developed post-1960. Curvilinear residential subdivisions and large lot commercial developments dominate the landscape in the County, especially west of Interstate 95. It’s no coincidence that value potency drastically decreases in these low-density areas. While it is difficult to alter the suburban landscape, islands of mixed-use urbanism can be created in suburban areas to offer urban amenities and catalyze new real estate development. Many communities have secondary downtown areas or have begun to encourage mixed-use “town centers” in suburban areas far from the downtown cores. Asheville and Charlotte, North Carolina provide excellent examples of town center development projects that integrate into the existing environment and link residential and commercial developments together. Palm Beach County and western communities should explore beyond conventional suburban development patterns to create tax value spikes west of Interstate 95.