

PALM BAY POINTE WEST MINOR COMPREHENSIVE PLAN AMENDMENT & PRELIMINARY DEVELOPMENT PLAN NARRATIVE AND JUSTIFICATION STATEMENT

Project: Palm Bay Pointe West (the “Project”) gives the city of Palm Bay a unique opportunity to overcome challenges and changes in land development and city planning caused by lingering effects from the pandemic and changing market conditions. Together, we can re-envision and build a project that is mutually beneficial to the city and its residents, as well as one that makes “planning sense” and is financially and fiscally accretive.

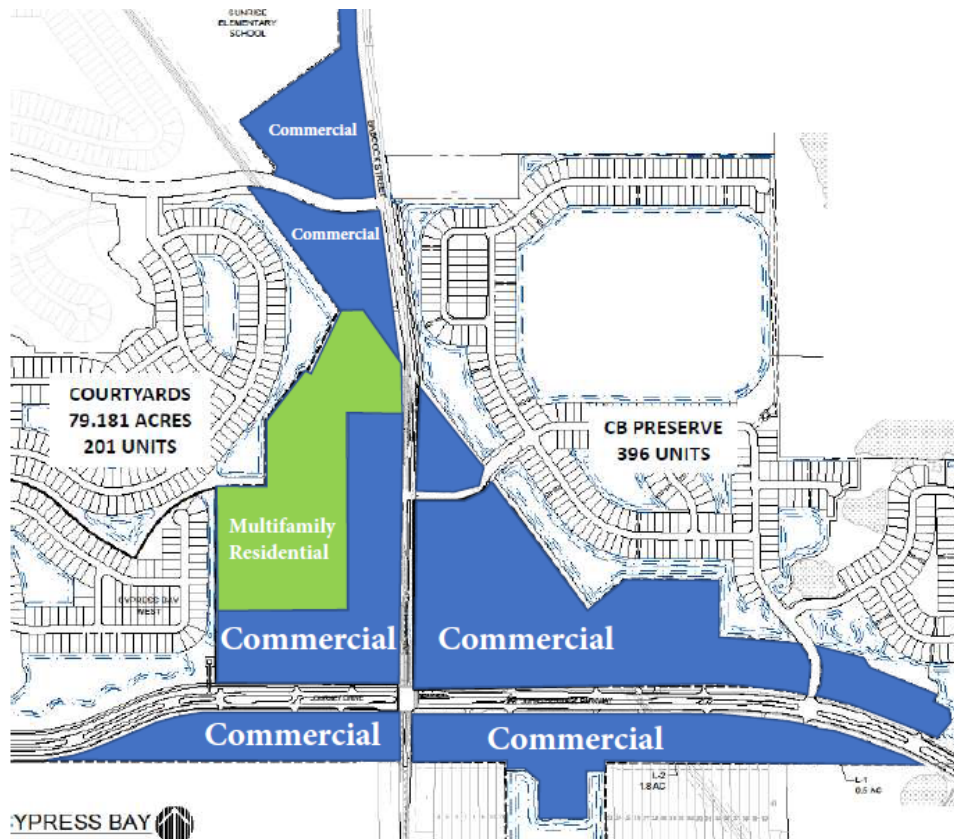
The Waterstone Cypress Bay Planned Unit Development includes +/- 157 acres of land with Commercial Future Land Use straddling all four quadrants of the intersection of St. Johns Heritage Parkway and Babcock Street: +/- 85 acres west of Babcock Street and +/- 71 acres east of Babcock Street.

The proposed PDP herein covers the commercial land west of Babcock (+/- 85 acres). As part of the 85-acre PDP, 30 of these 85 acres are proposed to be multifamily residential allowing for up to 600 market-rate multifamily units. The balance of the acreage (55 acres) will remain Commercial. In summary, west of Babcock, 55 acres will remain Commercial, and 30 acres are proposed to be multifamily residential.

East of Babcock, 71 acres will remain commercial. These 71 acres are not part of this PDP; rather, these are anticipated to be submitted for FDP July 15, 2023. In summary, 55 acres west of Babcock + 71 acres east of Babcock will result in +/- 126 acres remaining Commercial at the intersection of St. Johns Heritage Parkway and Babcock Street.

All needed infrastructure will be provided including vehicle access, stormwater ponds, city utility extensions, and internal amenities including pedestrian access to commercial land. This direct access between the multifamily and commercial land will **increase safety for Palm Bay residents and reduce traffic on Babcock Street**. The Project will meet or exceed design and development requirements set forth by the city including open space, parking, traffic, and environmental requirements.

Compatibility and Transitional Buffer: Multifamily is a logical step down in zoning and widely used transition of land use between single-family residential and high intensity uses, such as commercial. The multifamily residential will be situated between the single-family residential to the west and the commercial to the north, south and east creating a **step-down in zoning**, or a transitional buffer between the single-family residential and the commercial. The multifamily Project will **create a walkable community that will reduce traffic on city roads, provide a transitional land use buffer, and bring in people and incomes to support the remaining commercial parcels**.



Ponds have been constructed as part of the Cypress Bay West and Courtyards residential projects. These ponds exist between the single-family residential and the subject project. The ponds serve as additional buffering between the two projects. Additionally, the Applicant will offer to provide additional plantings and landscaping to additionally screen the subject project above and beyond what is required by code.

Property Owner: Waterstone Farms, LLC (north of Mara Loma) and Waterstone Holdings, LLC (south of Mara Loma)

Applicant: Kimaya, LLC, a subsidiary of Park Square Homes

Existing Zoning: Planned Unit Development (PUD)

Future Land Use: The underlying Land Use per the Comprehensive Plan is Commercial.

Request: The Applicant is seeking to (i) create a PDP for all land west of Babcock (+/- 85 acres), and (ii) change the Comprehensive Plan to amend the Future Land Use Map from Commercial to Multifamily Residential (maximum of 20 units per acre) for +/- 30 acres. The remaining acreage will remain unchanged with Commercial Future Land Use. **Assuming the FLUA is approved, Waterstone Cypress Bay will still have +/- 126 acres designated for Commercial Land Use.** The Applicant, separate from this submittal, is in the process of leasing and marketing these 126 acres for a variety of commercial users. Based on experience and

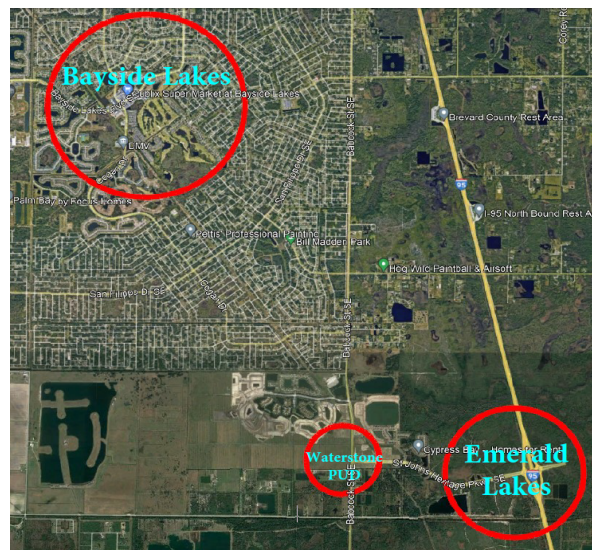
leasing/marketing feedback, **there is insufficient demand for this amount of commercial, and additional multifamily is needed for the commercial to be developed and successful.**

Supply and Demand: It is important to consider the supply and demand of existing and proposed commercial space in the trade area. The Project's trade area includes Emerald Lakes immediately adjacent to the east of the Project and Bayside Lakes to the north of the Project.

- (i) **Emerald Lakes is approved for 2,470,000 SF** of commercial space. With its location along I-95 immediately east of this Project and anticipated size and success, **it will serve as a regional commercial hub and negate the need for commercial space at Waterstone Cypress Bay.**
- (ii) **Bayside Lakes**, a highly successful and mature market which was predominantly built in the early and middle 2000's, has +/- 30 acres which are zoned commercial but even as of June 2022 have never been developed. In other words, **+/- 40% of the Bayside Lakes commercial land remains vacant and undeveloped for +/- 20 years.** This is notable given that Bayside's residential is already built out and still does not support all the commercial land Bayside has been allocated.

Currently, Waterstone Cypress Bay has far more commercial land entitled than Bayside Lakes relative to its residential density. **If this Project is approved, Waterstone Cypress Bay will have roughly the same ratio of commercial acres to residential units as Bayside Lakes.** Furthermore, there is up to 2,470,000 commercial SF at Emerald Lakes next door.

The market data demonstrates that **Waterstone Cypress Bay currently has too much commercial land relative to what can be absorbed.** This will be further exacerbated with 2,470,000 square feet of approved commercial space coming to market in Emerald Lakes next door. The addition of multifamily can help make the remaining +/- 126 commercial acres in Waterstone Cypress Bay successful.



Palm Vista Comparison: Even after the change of +/- 30 acres to Residential Land Use, Waterstone Cypress Bay will still provide +/- 126 acres of commercial compared to the +/- 60 acres currently approved for Palm Vista (also in Palm Bay). Waterstone Cypress Bay provides for 2,700 residential units while Palm Vista is planned for 4,000+ residential units. Palm Vista has a much more balanced approach to its commercial/residential ratio, whereas Waterstone Cypress Bay, as approved, is out of balance with what today's market can absorb.

Meeting a Need: Housing supply and affordability has been increasingly problematic throughout the city of Palm Bay and Brevard County. The proposal set forth in this Project meets a growing need for residential rental units in Brevard County, and more specifically, the southern portion of the county. Without the approval of this Project and similar projects, the scarcity of housing will continue to drive housing prices upward and make Palm Bay and Brevard County increasingly unattainable.

Adapting to Current Market Trends: The **Amazon Effect** is the impact the rise of online shopping has had on brick-and-mortar businesses and consumer shopping patterns. As Ecommerce has grown, the demand for brick-and-mortar shops has shrunk. The **Covid Effect** (i.e. people working from home and shopping from home) has accelerated the impacts of the Amazon Effect and **further reduced the need for brick-and-mortar retail.**

The Waterstone Cypress Bay PUD allocating +/- 157 acres of commercial land has evolved since 2006, long before the emergence of Ecommerce. **This proposed Project rebalances the ratio of residential and commercial to a level more viable to today's market conditions, allowing a mix of feasible, supportable development in this corridor.**

Conclusion: Looking at the amount of land designated for commercial use between Bayside Lakes, Emerald Lakes and Waterstone Cypress Bay relative to what can be absorbed provides clear justification that +/- 156 commercial acres are too many for the Waterstone Cypress Bay PUD. With the lack of demand and excess supply of commercial land, this subject property will remain vacant and undeveloped for the foreseeable future which will result in no economic or fiscal benefits to Palm Bay or its residents. There are meaningful fiscal and economic benefits if the Land Use change is approved which would allow additional residential to support commercial.

Future Development Plan: The Future Land Use Map Amendment is less than 50 acres, so it qualifies as a Small-Scale Amendment under Chapter 163 Florida Statutes. The Applicant is also submitting a Preliminary Development Plan (PDP) application and documents for City Council approval. Upon approval and completion of the comprehensive plan amendment and PDP, the Applicant will submit a Final Development Plan application and engineering plans and permits to start the construction approval process.