



DEALS & DEALMAKERS

A look at the transactions making the biggest impact on the commercial real estate landscape

DEVELOPMENT

COMMUNITY TO RISE ON HURRICANE-RAVAGED SITE

Delray Beach, FL—When Hurricane Wilma tore through South Florida in 2005, it destroyed Carver Estates, a local public housing community, displacing 200 families. Now those families will have a chance to rent or own new residences in a soon-to-be-built affordable, workforce and market-rate housing complex being developed by locally based Auburn Development Group.

The Delray Beach Housing Authority recently named Auburn the master developer for the 18 acres where Carver Estate once stood. The community is part of a larger \$200-million, 50-acre mixed-use and mixed-income residential complex known as the Villages of Delray, which Auburn is developing as well.



Villages at Delray

Cito Beguiristain, VP at Auburn Development, says the entire project will take approximately five years to build out and will include over 1,000 residences. The first phase will offer 264 rental apartments for low-income families, or families of four that earn below \$36,000 a year, and medium-income families that have a yearly income of \$75,000.

Beguiristain points out that the median home price in Delray Beach is now \$469,000. "That means a schoolteacher, a police officer and most certainly people of lower incomes do not have the opportunity for housing," the VP states. "Because of that, the city has created overlay districts where you can basically build at a higher density, as long as you provide a substantial portion of the property at affordable prices that would serve the housing needs of essential employees and lower-income families." In fact, he notes that 47% of the project will be designated as affordable and workforce housing. That will make it the

largest residential community of its kind in Florida, according to the company.

Groundbreaking is slated for January 2008, with the first units ready for occupancy by the end of next year.

The market-rate, affordable and workforce residences will be constructed similarly, according to Beguiristain. "We've been separating people by income since World War II, and we've learned that's not the right way to do it," he says. "At the Villages, you cannot tell the difference between a market-rate unit, a workforce unit or a lower-income unit."

Affordable homes are becoming harder to find in South Florida, Beguiristain says, noting the median income in Palm Beach County is \$66,000 a year. "If you look at that and the median home price, you realize we have a substantial problem," he says. "In the past when we were meeting the needs of affordable housing, it was primarily for families that earned below 60% of the area median income. But because of the boom in the real estate market and the increase in valuations, especially here in South Florida, it's become a challenge for even the middle class."

The Villages at Delray will also include a neighborhood retail component, Beguiristain says, as well as a transportation hub so residents "can go Downtown or the beach by trolley, without using a car."—*Maria Wood*