

CRA Basics

June 14, 2013

Mount Dora, Florida



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Agenda

- Why Redevelopment?
- What are Community Redevelopment Agencies (CRAs)?
- What can CRAs Do and Not Do?
- What are the “Rules of Engagement”?
- How to be an effective CRA Leader
- What are the Best Practices?

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Ten Reasons to 'Re'develop

- Remove Slum & Blight
- Create Clean and Safe Places
- Prevent Crime
- Encourage Economic Development
- Build or Enhance Affordable Housing
- Fund Streetscape and other Capital Improvements
- Preserve Historic Buildings/Resources
- Retain and Recruit Business
- Enhance Parks and Recreation
- Increase the Tax Base

What is Redevelopment?

- ANY activity authorized under Chapter 163, Part III, Florida Statutes.
- Activities authorized by your approved Redevelopment Plan and funded by the local CRA Trust fund

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What is a CRA?

- Dependent Special District
- Board Members
- Law generally - only one Community Redevelopment Agency (Board) per jurisdiction
- Note: Except in Charter Counties over 1.6 million people
- One CRA may have multiple CRA districts

Community Redevelopment Agencies (CRAs)

- Redevelopment Act 1969
- Amended over years, Chapter 163 Part III, F.S.
- Not in widespread use until 1980
- State of Florida v. Miami Beach
- Affirmed by Strand Case 2007
- 214 CRAs Florida Department of Economic Opportunity
- Only form of tax increment used widely in Florida
- State not involved in the creation or administration

Mission: Eradicate Slum & Blight

- serious and growing menace, injurious to public health, safety, welfare
- disease and crime
- economic and social liability
- declining tax base
- Impediments to sound growth
- decent housing accommodations
- traffic problems/hazards

How Created? All Local...

- Charter counties “delegate” authority to city CRAs
- Non charter counties can challenge the creation of city CRA by statutory process
- Finding of Necessity and “blight” as defined by statute, not Mr. Webster
- CRA Board is established
- Trust Fund is created
- Redevelopment Plan is adopted
- No state approval required, but reporting requirements

The CRA Board

- Elected officials of city or county
- OR board of 5 – 9 appointed by electeds
- Interlocal agreement may include representatives of other taxing authorities
- If governing body is only 5 members then it can be governing body + 2 appointed
- Chair and Vice Chair of the CRA designated by governing body (not the CRA Board)

Redevelopment Plan = Blueprint

- Even if a program or project is in the Plan, does not need to be done ultimately
- But if a program or project is NOT contained in the Plan it CANNOT be undertaken.
- Put everything you might want to do in the Plan whether you think you will do it or not.
- Can only do projects in the plan AND in the CRA area
- Be ready to point to page where activity is in the plan
- Strategic planning ea year is key to details for carrying out the plan

Not allowed by statute/other...

Any project or program a CRA wishes to undertake must be outlined in the Community Redevelopment Plan (CRP) and in the CRA district

IF IT IS NOT IN THE PLAN AND DISTRICT YOU CAN'T DO IT !!!!!

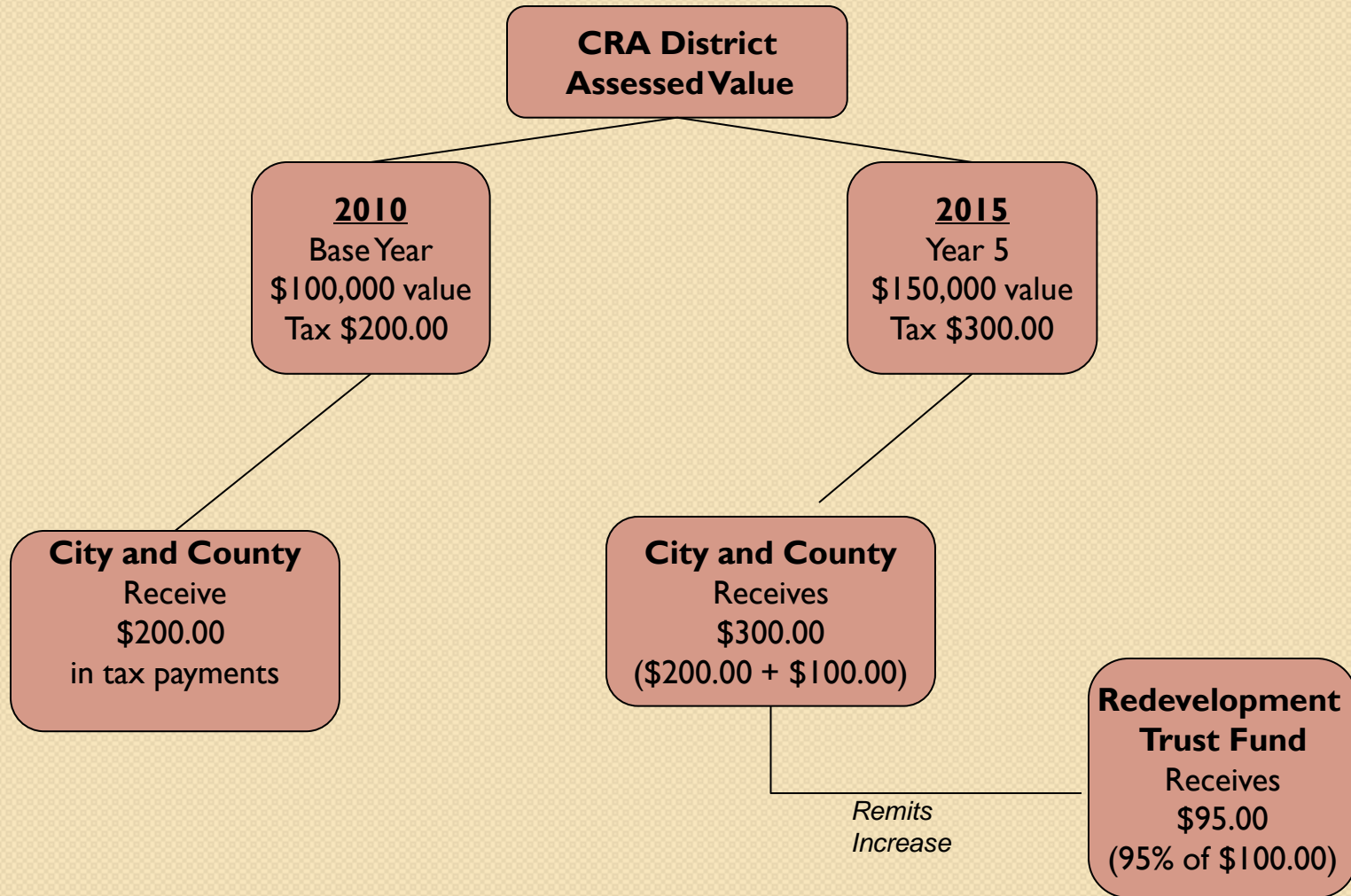
What is *Increment Revenue*?

- “Tax Increment Financing” or “TIF”
- Contributed by cities, counties, very few districts
- Not school boards, water or library districts
- Increases in taxes collected from property values improving over time ostensibly from CRA activities
- What you put in, you get out, plus much more through private partnerships
- Technically not ad valorem tax – “amount equal to”
- This fine point reaffirmed in Strand case 2007
- Increment is 95% or less of the revenues per statute (5% admin fee for processing by local govt)

Calculating Increment

- All taxable properties in the CRA
- Difference in value between ad valorem revenues this year and year CRA was created
- Does not include debt service millage
- Collected for no longer than 40 years (60 years if created before July 1, 2002)
- Can differ from statute by interlocal

Tax Increment Revenues



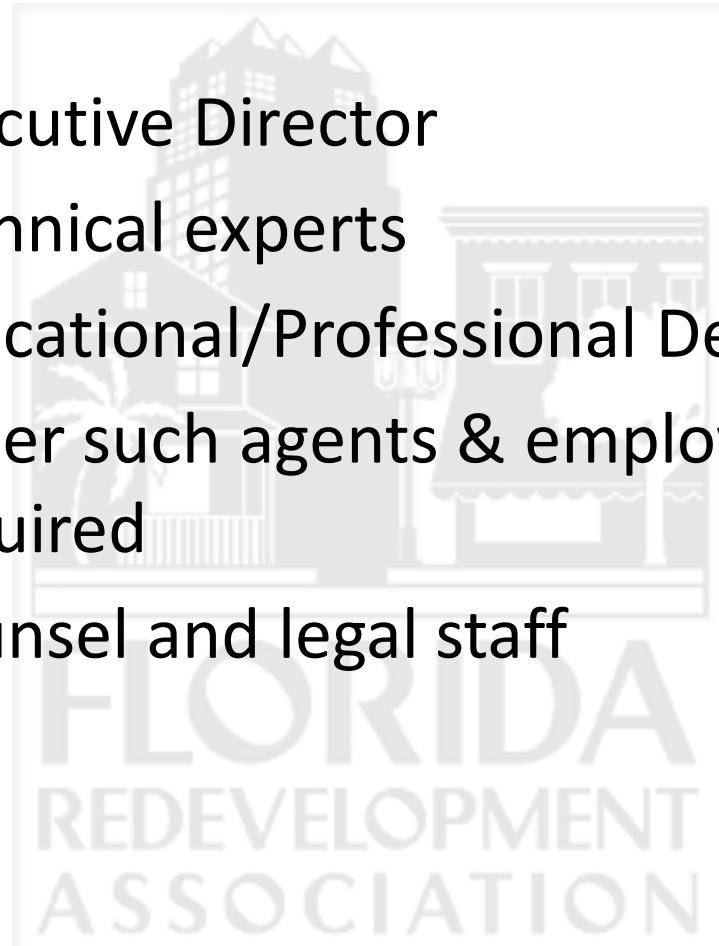
Use of Funds Ch. 163, Part III, F.S.

Anything in plan and district, including but not limited to:

- Administrative and overhead expenses
- Redevelopment planning, surveys, & financial analysis
- Acquisition of real property in the CRA district
- Clearance/preparation & relocation of occupants
- Repayment of borrowed funds
- All expenses related to bonds/other indebtedness
- Development of affordable housing
- Community policing innovations

Administrative/Overhead

- Executive Director
- Technical experts
- Educational/Professional Development
- Other such agents & employees as required
- Counsel and legal staff



E/O/Liability Insurance?

- CRA is a separate legal entity
- Governing body's insurance may or may not cover the CRA Board and staff
- Check with the city/county's carrier if the CRA does not have its own insurance

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What CRAs Can't Pay For (s. 163.370)

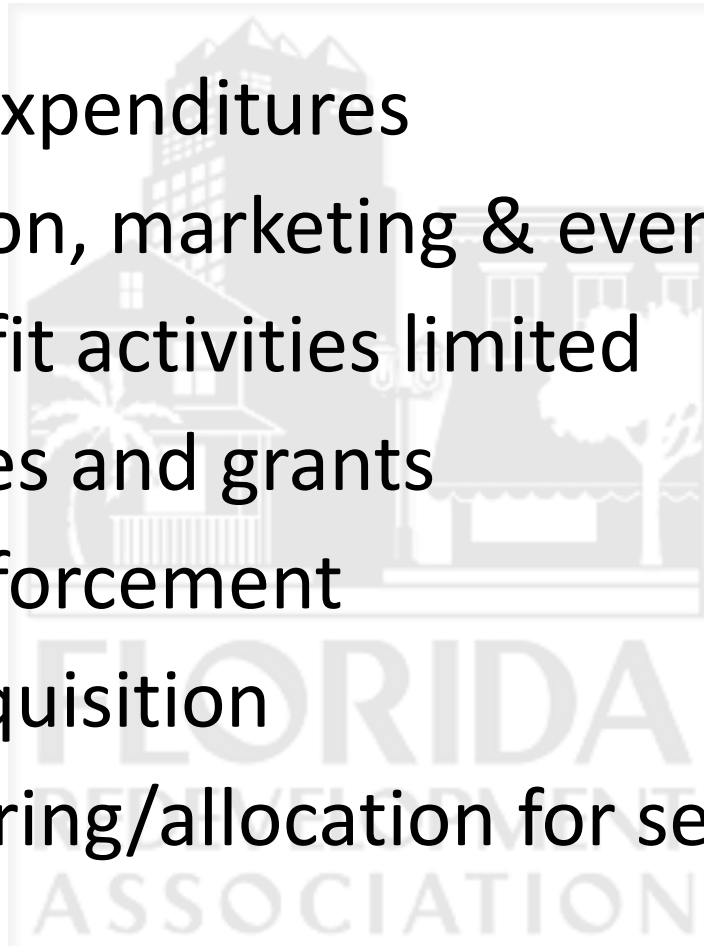
- Construction / expansion administrative buildings for public bodies/police/fire facilities
- *Publicly owned capital improvements* if scheduled in city or county capital improvement plan until removed from schedule or plan and 3 years have elapsed.
- General government operating expenses unrelated to the planning & carrying out of a community redevelopment plan

Other Things CRAs Can't Pay For

- Activities/projects not covered in plan
- Board Members/Commissioners payment for service as CRA Bd member
- Project or program outside of the development area
- However, by interlocal agreement there may be legal uses of funds outside the CRA Area and not in plan

Things CRAs Can Pay For

- Capital expenditures
- Promotion, marketing & events
- Non Profit activities limited
- Incentives and grants
- Code enforcement
- Land Acquisition
- Cost sharing/allocation for services



Be Careful With.....

- Market/direct funding events (AG-2010-40)
- Funding non-profits (AG-2010-40)
- Substitution of CRA funding for city/county duties/projects done previously by them
- Maintenance and repair of CRA projects
- Community Policing – details, details
- Reimbursement to city/county of expenses (Auditor General Reports 2006)
- Subject to all GASB requirements

Powers of a CRA

- 163.345 – Encouragement of private enterprise
- 163.358 – Exercise of powers in carrying out redevelopment and related activities
- 163.360(7)(d) Community Redevelopment Plans maximum opportunity for rehabilitation and redevelopment by private enterprise
- 163.370 (2)(c) Powers; counties and municipalities; community redevelopment agencies
- 163.380 – Disposal of Real Property
- 163.400 Cooperation by public bodies
- 163.410 Exercise of powers in counties with home rule charters
- 163.415 Exercise of powers in counties without home rule charters

Interlocal Agreements

- 163.387 (3)(b)
- Alternate provisions contained in an inter local agreement between a taxing authority and the governing body....
- May supersede the provisions of this section with respect to that taxing authority.
- The Community Redevelopment Agency may be an additional party to any such agreement.

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Five (5) Reporting Requirements

1. Proposed and Final Budgets posted on official website *two days prior/30 days after (September/October)*
2. Annual report to the *Florida Department of Economic Opportunity (DEO), Special Districts Information Program (December)*
3. Annual Report to governing body and taxing authorities (March 31)
4. Audit (separate or city/county component unit) to each taxing authority *and to Auditor General (45 days after completion or June 30)*
5. Inclusion in Annual Financial Report (AFR/CAFR) to the Florida Department of Financial Services by city or county (June 30)

Amending the Redevelopment Plan

- Modification of boundaries, terms, language, trust fund, board composition, etc. is an amendment
- A lot like the creation process
- Governing body amends on recommendation from the CRA.
- The governing body holds public hearings after public notice in newspaper of general circulation and notices to all the taxing authorities that collect a millage within the CRA.
- New Finding of Necessity must be prepared and adopted for a new area or expanded area.

\$\$ End of the Fiscal Year

Funds left in the Redevelopment Trust Fund on the last day of the Fiscal Year shall be:

- Returned to the taxing authorities
- Used to reduce debt
- Deposited in an escrow account for reducing debt later
- Appropriated to a specific project contained in the Redevelopment Plan that will be completed within three (3) years
- No carryover into the next fiscal year of an “undesigned fund balance”

Indeed, it has been said that democracy is the worst form of government except all those other forms that have been tried from time to time.

-- Winston Churchill

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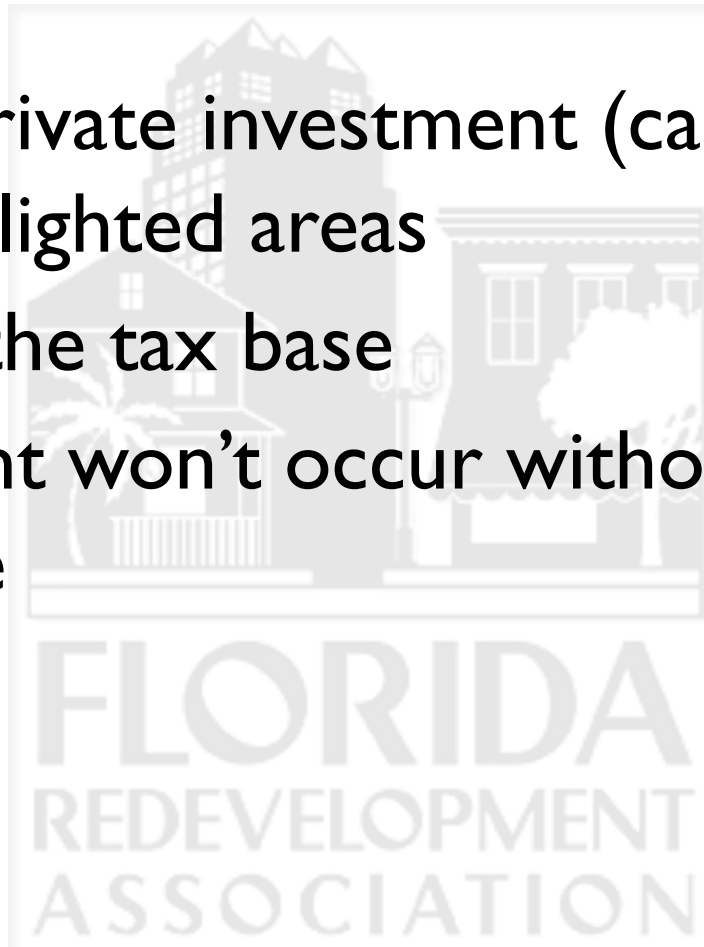
The Rules

- Open Meetings
- Open Records
- Ethics



Why is the Public Sector Involved?

- Attract private investment (capital) into slum or blighted areas
- Increase the tax base
- Investment won't occur without public assistance



Why Private Sector Investment Doesn't Occur Without Public Assistance

- Investors perceive an inadequate Return on Investment (ROI)
 - Understand how investors measure ROI
 - Learn to adjust the imbalance between cost and revenues
- Lenders perceive an unacceptable level of risk
 - Understand how lenders evaluate risk
 - Learn to reduce risk of default and foreclosure

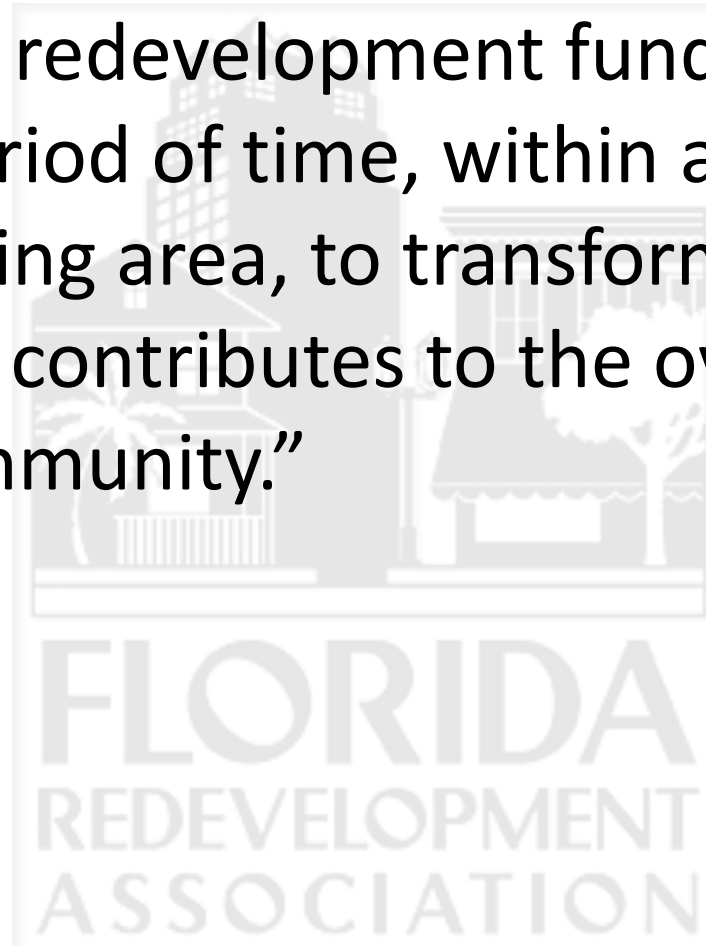
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Redevelopment - a Contact Sport

- Chapter 163, Part III encourages government to invest public funds with private enterprise to ultimately bring an area back to life.
- Local funds, generated by cities and counties, can be a political football.
- Diverse groups have vastly differing ideas on how to use the money.
- Lack of vision, leadership, buy-in, and responsible implementation can lead to mission drift.
- Public does not understand the ‘Who, What, When, Where and Why’ of the process.

Who, What, When, Where and Why

“CRAs use redevelopment funds, for a limited period of time, within a deteriorating area, to transform it into one that again contributes to the overall health of the community.”



How to be a 'CRA Leader'

- Do your homework (benefit from FRA experience).
- Seek input from citizens, businesses – build consensus.
- Adopt the shared vision and make a personal commitment to it.
- Explain '*Who, What, When, Where & Why*' as many times as necessary
- Get out of the way – steer don't row.
- Work for redevelopment success, not credit.

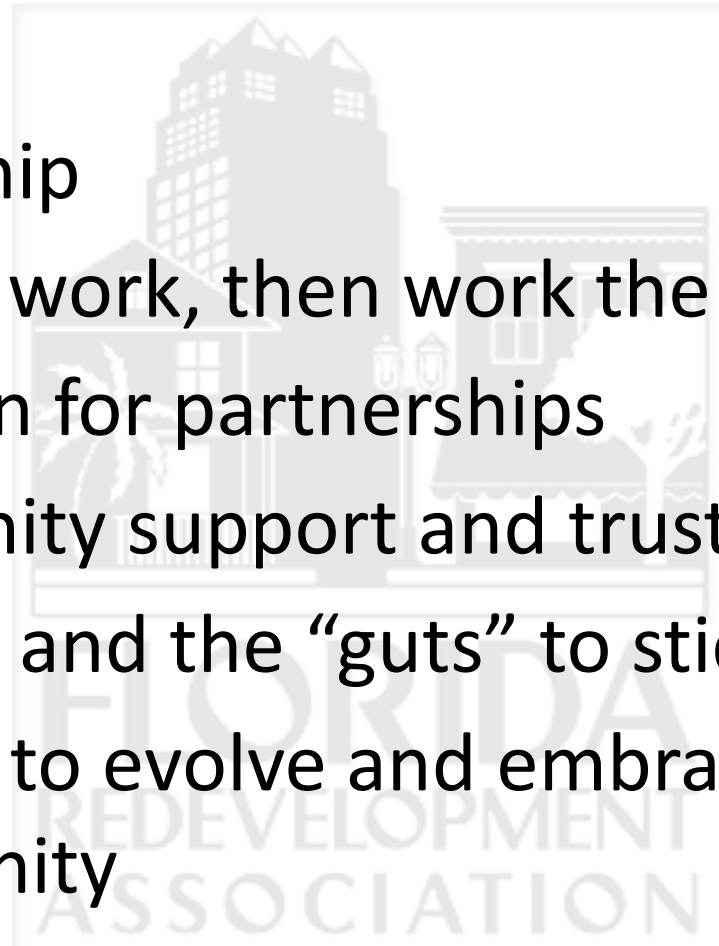
Homework:

Things to Know About Your CRA

- What is the history of your CRA?
- What has been accomplished?
- What are the current projects?
- What programs does the CRA offer?
- What's in the plan? Read it in entirety.
- How much money is in the trust fund?
- How much does the county v. city contribute?
- How much longer has the CRA to operate?
- When was the last time the plan was amended?

Successful CRAs

- Vision
- Leadership
- Plan the work, then work the plan
- A passion for partnerships
- Community support and trust
- Patience and the “guts” to stick with it
- Wisdom to evolve and embrace the next opportunity



Building the Consensus

To Vision or Not to Vision . . .

- No one right way to build consensus
- You can over think it – ask yourself:
 - Is it time to get the community involved?
 - Is it time to move charge forward regardless?
- Identify easy-to-understand measurement for progress and success
- Continuously build support for the program

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Good Ideas

- Be realistic about what can be accomplished, but...
 - ... be bold in setting goals
- Vision, Mission, Goals, Objectives – keep them up front
- Understand the private sector/profit motive
- Annual strategic planning workshop (two hours)
- Let the annual budget tell the story
- Communicate, Communicate, Communicate

Best Practices

- Understand the Market
- Review Land Use & Zoning
- Create Successful Partnerships
- Track Your Progress
- Promote Projects and Success Stories
- Create Themes, Campaigns, Events, and “Buzz” in the district

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More Best Practices

- Always separate CRA vs. Commission meetings
- Consider joint procedures for CRA and city, e.g.. Personnel Policies
- Maintain separate insurance (errors/omissions, liability)
- Monitor CRA contracts
- Complete all appropriate reports
- Use your legal counsel - pay now or pay more later

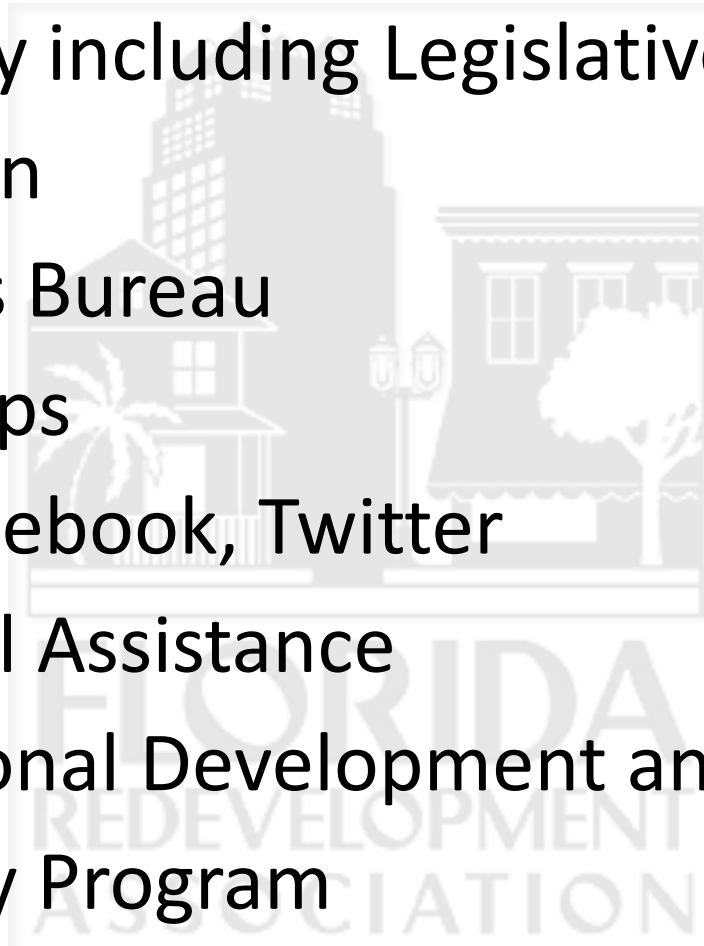
The Future . . .

- Inter local agreements will be used more to outline who pays for what, when, how and why
- Cooperative instead of competitive approach to governing
- Dialogue, not monologue
- Strong legislative advocacy - any changes to the redevelopment act should empower, not limit.

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FRA Can Help

- Advocacy including Legislative
- Education
- Speakers Bureau
- News Clips
- Web, facebook, Twitter
- Technical Assistance
- Professional Development and Training
- Academy Program



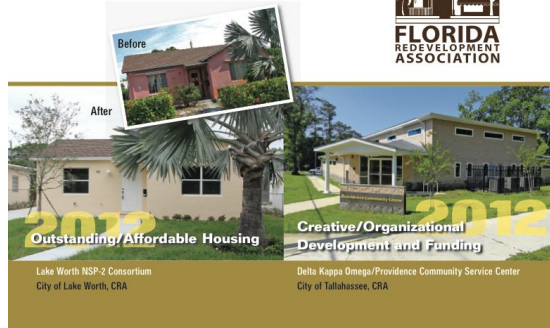
2013 FRA Annual Conference

- “Redevelopment Defined”
- October 30 – November 01
- Tampa Waterside Marriott



Redevelopment Defined

▪ October 30 - November 1, 2013 ▪
Tampa Waterside Marriott
www.redevelopment.net



Resources

- Florida Chapter of the American Planning Association
www.floridaplanning.org
- Florida League of Cities www.flcities.com
- Florida Association of Counties
www.flcounties.com
- International Council of Shopping Centers
www.icsc.org
- Urban Land Institute www.uli.org
- Florida Brownfields Association
www.fba.org

Florida Redevelopment Association

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