



Florida Redevelopment Association

Plan the Future by Understanding CRA Revenues

Panel

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Discussion Topics

- How revenues are collected/calculated
- How revenues are placed into the trust fund, by whom, when
- Allowable CRA expenses
- The budget process/schedule
- “Secrets” that may be in your revenue projections



Thomas R. Kohler
Real Estate Research Consultants



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Top Ten Reasons to Rebuild

- Economic Development
- Business retention
- Crime Prevention
- Streetscapes
- Housing
- Historic Preservation
- Clean and Safe Places To Be
- Storm water Management
- Parks and Recreation
- Sustainable Reuse and Urban Infill

What is Redevelopment?

- Relative to your CRA, any activity authorized under CH 163, Part III, Florida Statutes
- Revolves around a publicly customized plan, funded by the increase in assessed values over time, called increment.

Powers of a CRA

(highly recommended reading)

- 163.358 Exercise of powers in carrying out community redevelopment and related activities.
- 163.370 Powers; community redevelopment agencies.
- 163.410 Exercise of powers in counties with home rule charters.
- 163.415 Exercise of powers in counties without home rule charters.
- 163.400 Cooperation by public bodies.

Review: How is a CRA Created? All Local

- Notices and Public Meetings
- Finding of Necessity and “blight by statute, not Mr. Webster”
- Establish Board
- Create Trust Fund
- Adopt Redevelopment Plan
- No state approval required, but plenty of reporting

The Plan as a Blueprint

- Board implements, (not sets), policy per **city/county**
- Addresses unique customized needs
- A publically drafted master plan
- Sets goals, specifies priorities
- Roadmap for private sector
- Ensures focused investment
- Living document can be amended w/o limit

What is Increment Financing?

LONG TERM SEED?

- Ad valorem property values frozen (base year) for area
- Yearly increase in property values applied to millage is “increment”
- 95% of amount contributed to CRA trust fund annually
- CRA adopts budget based on increment plus donations, loans, bonds, interest, grants

What Can the \$ Be Spent on?

- Administrative and overhead to carry out adopted plan
- Planning, surveys, and financial analysis- professional services
- Reimbursement for start up costs
- Acquisition of real property in the redevelopment area
- Clearance and preparation of sites in redevelopment area

What Can the \$ Be Spent On?

- Repayment of loans, advances, bonds, bond anticipation notes, and other debt
- Cost of issuance, sale, redemption, retirement, or purchase of agency bonds
- Affordable housing within the area
- Community policing innovations
- Anything in the plan or finding of necessity, and in area

Contributing Taxing Entities

- City
- County
- Downtown Special Taxing Districts
- Some Hospital Districts
- Mosquito Control Districts
- Certain other special taxing entities

Not Subject to Contributions

- School districts
- Water management districts
- Library districts
- MSTU's and MSBU's
- Debt on general obligation bonds
- Districts where ad valorem is only source of revenue
- Others as may be agreed upon by inter-local agreement

Increment Calculation

- Taxable valuation X millage rate X 95% = Annual Contribution to Trust Fund
- Same calculation for each taxing entity
- Total taxable valuation – base year valuation X 95% X combined millage rates = Total increment contribution to Trust Fund

Billing Cycle

- Invoice taxing entities prior to end of calendar year
- Increment contributions must be received by January 1st
- Interest penalty for late payment of 1% per month + 5% penalty

Generally Not CRA Legal

Trust fund money for any project, program, donation, sponsorship, grant that is not expended in the area and is not clearly in the redevelopment plan.

Exceptions by inter-local agreement **

Also not CRA Legal

Construction or expansion of administrative buildings for public bodies or police and fire buildings, unless contributing taxing authority agrees to such method of financing for the construction or expansion, or unless the construction or expansion is contemplated as part of a community policing innovation.

Also not CRA Legal

Projects under any previously existing CIP or non CRA funding plan until they are off that list for three years

General government operating expenses unrelated to planning and carrying out the community redevelopment plan

Exceptions by inter local agreement **

Inter-Local Agreements

- Alternative provisions to the statute may be mutually agreed to by the taxing authorities.
- Also, 163.387 (3)(b) states: 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.

CRA Guiding Lights

- Chapter 163, Part III (money, plan, reporting)
- Chapter 189 Special Districts (reporting)
- Chapter 112, Part III (ethics)
- Chapter 218 (audits)
- Chapter 218 (local government reporting)

CRA Facts

- Over 200 CRAs in the state, mostly **cities**
- All are dependent special districts created by **city** or **county** (www.floridaspecialdistricts.org)
- CRAs in Florida have terms from 7-30 years, avg. 20
- Increment trust fund contribution calculations vary: some based on “preliminary” rolls, some “final” roll

CRA Facts

- Charter counties “delegate” authority to city CRAs
- Non charter counties can challenge the creation of city CRA by statutory process
- The fiscal year of all CRAs is October 1 – September 30

CRA Reporting

- OCT - Fee and report to Special Districts Program (DCA)
- NOV – CRA info to county for inclusion in their Comprehensive Annual Financial Report (CAFR)
- NOV – APRIL CRA audit (can be component unit)
- MARCH 31 – CRA annual report to taxing authorities



Ken Small
Florida League of Cities



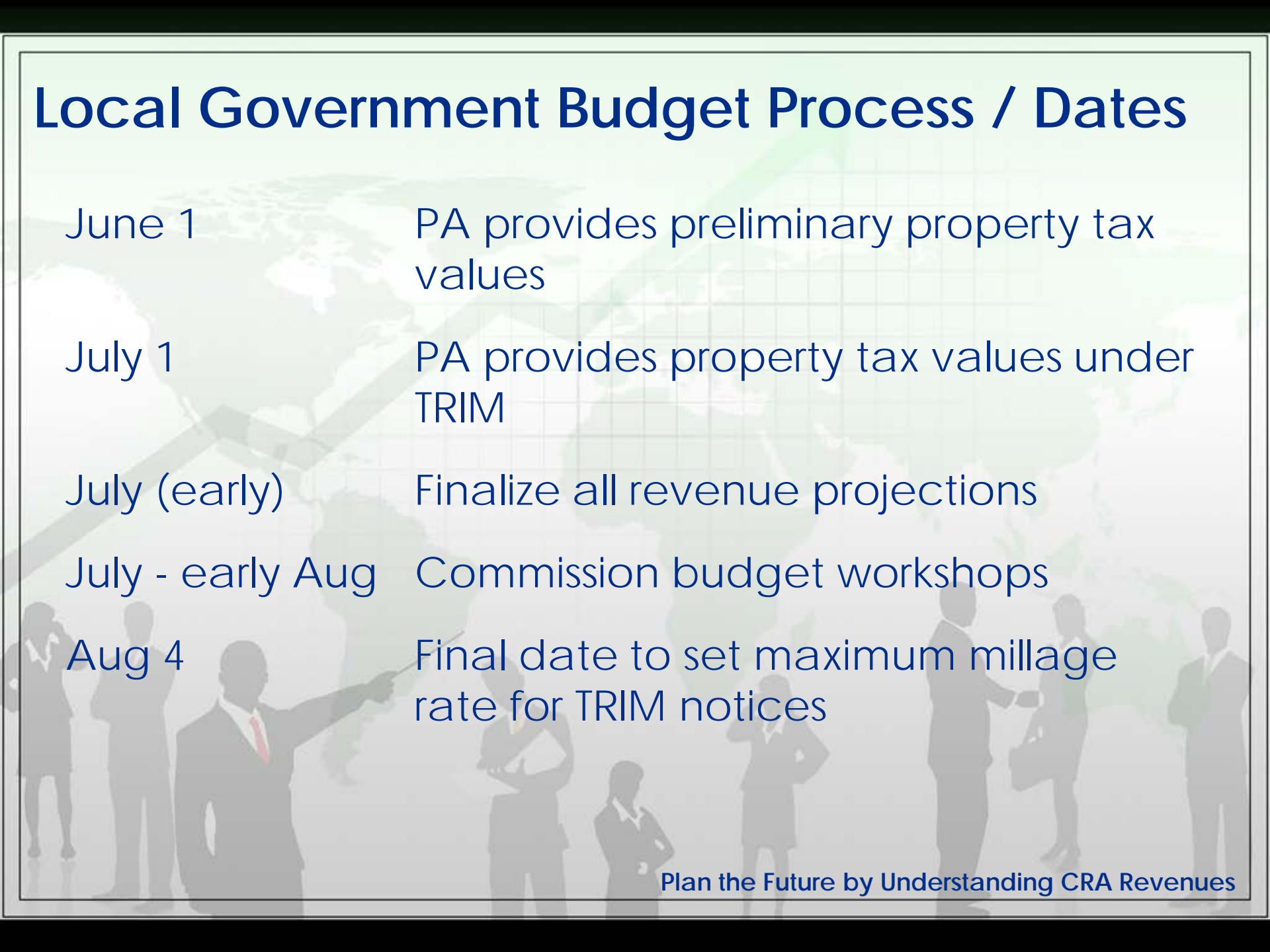
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Local Government Budget Process / Dates



Jan 1	PA - Assessment and valuation date
Feb	Establish Budget Guidelines for FY 2013 Budget
March (early)	Budget kickoff. Distribute Budget Instructions
March (late)	Deadline for requested budgets and new positions to be entered into the budget
May (early)	Manager's budget hearings with departments and agencies

Local Government Budget Process / Dates

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- June 1 PA provides preliminary property tax values
- July 1 PA provides property tax values under TRIM
- July (early) Finalize all revenue projections
- July - early Aug Commission budget workshops
- Aug 4 Final date to set maximum millage rate for TRIM notices

Local Government Budget Process / Dates

Aug 24 PA mails TRIM (Notice of Proposed Property Taxes) to taxpayers

September Taxing jurisdictions hold two budget hearings and adopts budget and millage

Sept 30 Fiscal year ends

Oct 1 Fiscal year begins

Nov 1 TC sends tax bill (Notice of Taxes)



K. Michael Chen
Urban Development & Mobility Solutions



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Understanding Assessed Value

- Total assessed value is the “forest” – the components of assessed value are the “trees”
- Understanding the components can provide insights to the future
- Insights are potential opportunities to explore – not necessarily final answers
- Vetted insights can lead to savvy strategies

Components of Assessed Value

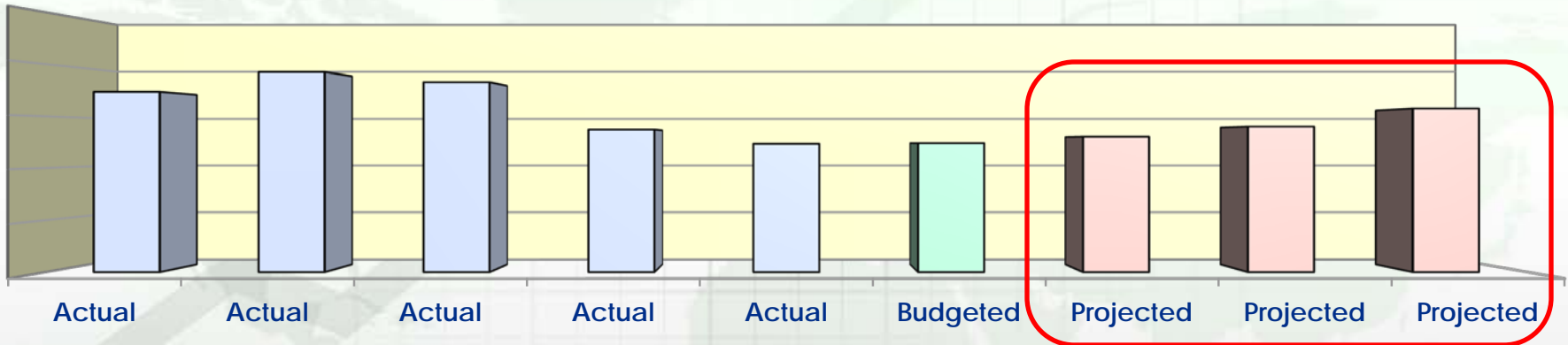
Short List

- Residential Hx
- Residential Non-Hx
- Office/Retail
- Industrial/Manufacturing
- Vacant Land

Long List

- Residential – Hx / Non-Hx
- Multifamily – Hx / Non-Hx
- Hotel
- Retail (incl Rest / Bars)
- Office
- Industrial
- Vacant Land
- Agricultural
- Govt / Inst (exempt)

Budget Projections



Focus on current budget - develop future expectations

Property Category	% Growth / Decline								
	Historic					Budget	Future		
	Yr -1	Yr -2	Yr -3	Yr -4	Yr -5	Yr	Yr +1	Yr +2	Yr +3
Single Family - Hx									
Single Family - Non-Hx									
Multi-Family - Hx									
Multi-Family - Non-Hx									
Industrial									
Commercial / Service									
Other									

“Save Our Homes” and Amendment 10
 time as an annual increase of assessed city value
 assessed value of Non-Hx status
 assessed value of Non-Hx status

Identifying the Most Influential Components

Category	Number of Parcels	Number of Units	Land Area (acres)	Taxable Value	
				Total	Percent
Single Family	211	136	33	\$29,017,053	2.1%
Multi-Family	2,637	3,627	35	\$911,888,760	66.8%
Industrial	9	-	2	\$1,667,700	0.1%
Commercial / Service	524	855	307	\$422,807,651	31.0%
Other	35	-	75	\$0	0.0%
Total	3,416	4,618	452	\$1,365,381,164	100%

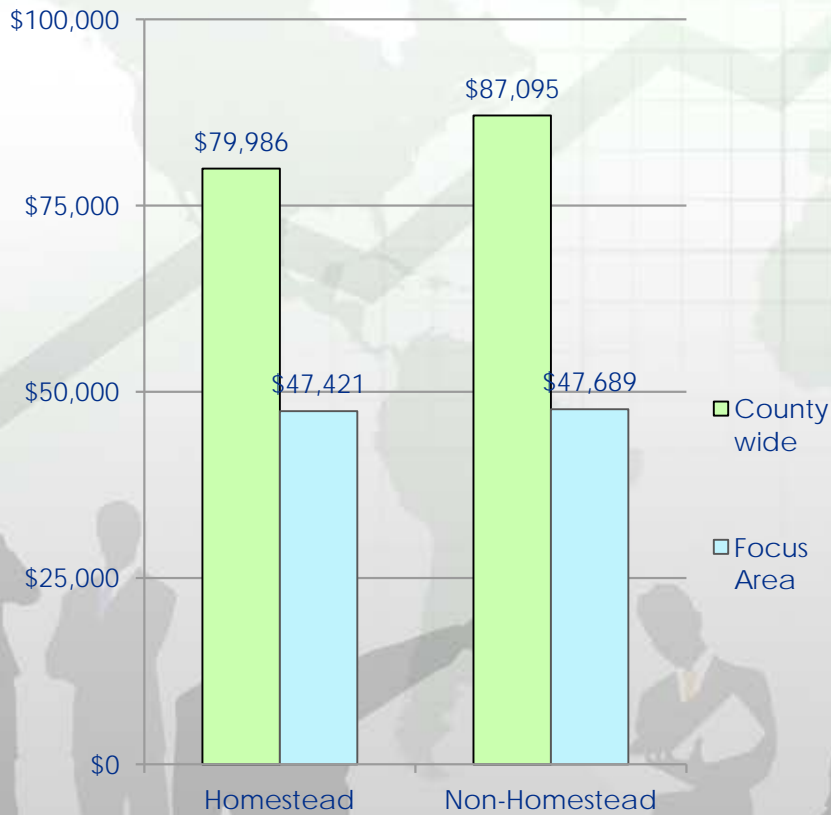
Wide-Area Versus Focus-Area Values

	Countywide Taxable Value				Focus Area Taxable Value				Comp Avg	Total Gap
Category	Total	Count	% of Value	Average	Total	Count	% of Value	Average	Tax Value	Impact
Residential - Hx	\$20,441,825,697	255,569	37.49%	\$79,986	\$371,777,890	7,840	19.65%	\$47,421	-\$32,565	-\$255,308,775
Residential - Non-Hx	\$10,648,880,892	122,268	19.53%	\$87,095	\$302,394,495	6,341	15.99%	\$47,689	-\$39,406	-\$249,872,282
Multifamily	\$5,448,761,481	7,013	9.99%	\$776,952	\$379,548,914	909	20.06%	\$417,546	-\$359,406	-\$326,700,079
Hotel	\$881,488,546	207	1.62%	\$4,258,399	\$66,264,050	26	3.50%	\$2,548,617	-\$1,709,781	-\$44,454,318
Retail (incl Rest / Bars)	\$4,426,507,876	4,968	8.12%	\$891,004	\$239,269,168	297	12.65%	\$805,620	-\$85,384	-\$25,359,022
Office	\$4,668,901,291	5,104	8.56%	\$914,753	\$231,751,037	178	12.25%	\$1,301,972	\$387,219	\$68,924,934
Industrial	\$4,568,929,623	7,474	8.38%	\$611,310	\$203,766,750	185	10.77%	\$1,101,442	\$490,132	\$90,674,432
Vacant Land	\$1,608,436,222	32,230	2.95%	\$49,905	\$29,660,143	634	1.57%	\$46,783	-\$3,122	-\$1,979,589
Agricultural	\$519,781,650	7,693	0.95%	\$67,566	\$730,885	20	0.04%	\$36,544	-\$31,021	-\$620,426
Govt / Inst (exempt)	\$1,310,031,380	22,785	2.40%	\$57,495	\$66,527,395	1,312	3.52%	\$50,707	-\$6,788	-\$8,906,489
Total	\$54,523,544,658	465,311		\$117,177	\$1,891,690,727	17,742		\$106,622		-\$753,601,613

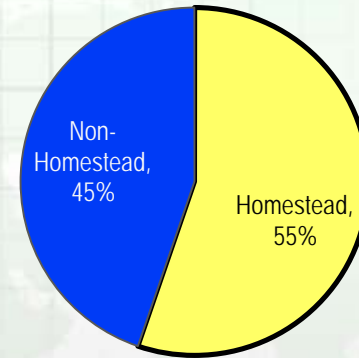
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Wide-Area Versus Focus-Area Values

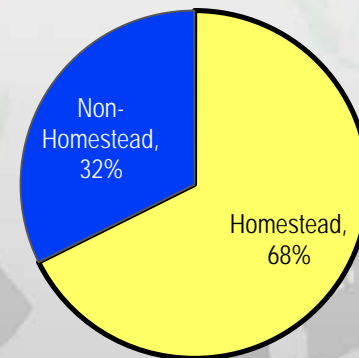
Average Assessed Values



Focus Area Residential



Countywide Residential



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Tax Base By Property Categories

Category	Parcels	Units	Land Area (acres)	Taxable Value		Building Area (sf)		Homestead Parcels (%)
				Total	%	Total	%	
Single Family	136	136	18.80	\$23,138,969	1.7%	255,661	2.1%	52.9%
Single Family - Vacant	75	-	14.70	\$5,878,084	0.4%	-	0.0%	0.0%
Multi-Family	2,628	3,627	32.64	\$911,531,683	66.8%	5,644,499	45.3%	44.7%
Multi-Family - Vacant	9	-	2.16	\$357,077	0.0%	-	0.0%	0.0%
Industrial	9	-	2.11	\$1,667,700	0.1%	37,583	0.3%	0.0%
Industrial - Vacant	-	-	-	\$0	0.0%	-	0.0%	0.0%
Commercial	242	666	179.69	\$198,904,136	14.6%	2,815,158	22.6%	2.5%
Commercial - Vacant	55	39	30.67	\$51,029,261	3.7%	81,941	0.7%	0.0%
Service	227	150	96.41	\$172,874,254	12.7%	3,613,446	29.0%	0.4%
Service - Vacant	-	-	-	\$0	0.0%	-	0.0%	0.0%
Other	29	-	73.18	\$0	0.0%	-	0.0%	0.0%
Other - Vacant	6	-	1.94	\$0	0.0%	-	0.0%	0.0%
Total	3,416	4,618	452.30	\$1,365,381,164	100%	12,448,288	100%	36.7%

Changing Construction Standards

Multi-Family Residential				
Decade Built	Unit Count	Just Val	Area (sf)	\$ / sf
1950 - 1959	33	\$1,990,300	20,341	\$97.85
1960 - 1969	349	\$36,500,360	280,529	\$130.11
1970 - 1979	916	\$138,645,800	973,992	\$142.35
1980 - 1989	656	\$183,885,060	1,001,617	\$183.59
1990 - 1999	171	\$60,029,360	250,728	\$239.42
2000 - 2009	1,157	\$583,233,400	2,195,250	\$265.68
2010+	0	\$0	0	

Just Value / Market Value is defined as: *"The amount a purchaser, willing but not obliged to buy, would pay to one, willing but not obliged to sell."*

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Questions?

