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Redevelopment brings benefits, questions

OUR VIEW

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The Volusia County Council seems likely to cast a weary and skeptical eye on any further requests for Community Redevelopment Areas, or CRAs.

A CRA takes new property-tax revenue from a blighted area and pours it into improvements. That diverts new property-tax revenue from Volusia County government and some other taxing districts, causing controversy through the years.

The council's skepticism needs to be measured. Many of the improvements in property-tax revenue likely would have never occurred had the innovative CRA method not been applied. At least some of the CRAs, such as South Daytona's successful CRA along U.S. 1, would still be mired in blight including seedy motels, prostitution and unsightly utility poles.

Today, that portion of South Daytona is a source of growing community pride. The utility poles have been buried, trees have been added and the city has used "streetscaping" to create a more attractive urban environment. These changes have attracted or retained good businesses such as Martini's Chophouse. This was all made possible by the CRA program.

A CRA is an area within a Florida city that has been judged as blighted and struggling. Future property-tax revenue from the designated area — this always excludes school money — is given back to the area via improvement projects.

This is how the financing works: In 1997, the South Daytona CRA had a \$116 million base. Now it has nearly \$178 million in valuation, an increase of more than 50 percent. The county government and other taxing districts still get their revenue from that old base value. The new tax revenue from the positive difference goes to the Community Redevelopment Area.

There are 15 CRAs in Volusia County and four in Flagler County. In Volusia, the 15 CRAs have helped raise \$165 million in 10 years to do such things as enhance Ocean Walk, knock down dilapidated buildings and add streetscapes.

It should be emphasized that CRAs are intended to help blighted areas. They should not be used as economic development tools to further boost areas that are doing reasonably well. But CRAs have been created somewhat indiscriminately in Volusia County, raising even more questions about their ultimate value to taxpayers.

The arrangement isn't unique to the area or Florida. Other states have similar programs to stimulate blighted areas. A Florida CRA can be extended for as long as 30 years.

With CRAs, new tax revenue caused by growth doesn't go where it would normally. And therein lies the complaint from those opposed to the tax-increment financing of improvements.

The complaint grows louder when the Community Redevelopment Areas get that diverted revenue but don't outpace the county as a whole in terms of growth or property valuation. One example of this is the Main Street CRA, the county's oldest



CRA.

The Main Street CRA includes the work done to Ocean Walk and the Hilton expansion. It's hard to argue with success there. Yet the Main Street CRA's property has lost value in the last 10 years and still has unacceptable pockets of blight.

But that may be because of the Great Recession and other factors beyond the control of local authorities. It's possible the Main Street CRA has unique challenges still to be overcome before there is growing valuation and the elimination of blight within this very important tourism area.

The CRA strategy is a long-term commitment, according to Joe Yarbrough, South Daytona city manager. It can take a decade or two to lift an area out of the doldrums. The Main Street CRA in particular faces a battle that local officials must fight, as that part of Daytona Beach is arguably the main tourism magnet for the county.

This is not an argument for the County Council to rubber stamp all future CRA requests. But a campaign against all CRAs is wrongheaded. To just say no to all future CRAs would be to condemn some portions of Volusia County to long-term blight and stagnant property valuation.

The council must weigh each CRA request fairly, one at a time, with a mind toward innovation and growth.

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