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Council should consider full value of CRAs

OUR VIEW

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Community Redevelopment Areas are in the crosshairs of the Volusia County Council, but the council should take care to avoid shooting economic growth in the foot.

The County Council will consider altering the rules that govern the redevelopment areas, or CRAs, today. The council is under pressure from city governments to slow down and listen to the arguments against limiting the effectiveness of CRAs.

The council should take heed and move cautiously on CRAs. Over the last few weeks, there has been a drumbeat in county government against this tool to revitalize depressed areas. CRAs are not needed, critics say; they do not help generate much new tax revenue, and they cost the county taxpayers money.

But the record shows redevelopment areas can be a useful tool in fighting blight in urban areas. The CRAs have been used to improve commercial corridors and downtown areas. Across the nation, such innovative financing is used to make improvements to blighted areas.

Here's how it works: A baseline value is determined once a CRA is approved by the county. Any additional property-tax revenue generated on top of that base is then used for improvements within the area. CRAs can be in effect for 30 years or longer. School revenue is exempted from this agreement.

Of late, Volusia County government has been complaining that the CRAs are diverting millions of dollars in new tax revenue as the areas are improved. Volusia County has 15 CRAs that have raised $165 million for improvements in the past decade. The majority of those dollars would have gone to Volusia County government.

Only two of the CRAs are in West Volusia, and both are in DeLand. Thus, when Orange City asked for one, the Volusia County Council decided to "tweak" the rules as they consider new ones.

This has city leaders from South Daytona to Deltona up in arms.

Again, the County Council should slow down. The issue at hand is why West Volusia has but two — and why Deltona and Orange City so far have none.

City officials worry that changing CRA rules will mean less money will flow into improvements such as streetscaping, and more money will flow back to the county government.

It should be emphasized that CRAs are designed for blighted areas. They are not a generic substitute for an economic development plan, and they should not be used for the sole purpose of funding city projects.

The County Council has the right and the duty to scrutinize whether CRAs are needed and if they are working as intended. But the council should not scrap CRAs or impose rules that defeat their use for legitimate redevelopment in blighted urban areas.

A key criticism is that sometimes CRAs don't outpace Volusia County as a whole in terms of growth of property valuation. Critics point to the Main Street CRA in Daytona Beach, the oldest CRA, which still has pockets of blight.

Yet the Main Street CRA also had successes, including funding public spaces in the Ocean Walk project. The Ocean Walk project drew new businesses in that area — new businesses and new tax revenue that probably would have not appeared without the CRA's incentives.

South Daytona's CRA has been one of the stronger ones: This area had a property valuation of $116 million in 1997. It's $178 million today, an increase of more than 50 percent. That's success that is hard to argue with. Why short-circuit that?

Volusia County government has charged into this debate, seemingly with ax in hand. County leaders need to have a frank discussion with city officials and make careful judgments about the value and purpose of CRAs.

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