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Economic downturn forces CRAs to choose: Fund business growth or help start new companies?



By **Matthew Arrojas** – Reporter, South Florida Business Journal
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Many of South Florida's Community Redevelopment Agency (CRA) directors have two choices: Continue to sustain existing businesses through the pandemic, or return to attracting new entrepreneurs to their cities.

With Option A, they can maintain jobs in the area, and with Option B, they bring in new jobs and increase the value of the city. Each option has its pros and cons.

Christopher Roog, executive director for the West Palm Beach CRA, is leaning toward Option A, which would see the CRA continue to pump grant money into long-established business that need temporary assistance to get through the economic downturn. He said that includes local mom-and-pop restaurants and retail business owners who saw revenue sharply decline due to changing consumer trends.

Most importantly, he believes the vast majority of future job growth will come from existing businesses rather than startups.

What's more, it's oftentimes cheaper to aid these businesses, explained **Rasha Cameau**, director of the North Miami CRA.

Cameau said the North Miami CRA's typical business attraction grant for startups is \$150,000 dollars per business. With that sum, she estimates she could instead help keep

15 to 20 businesses afloat with programs including commercial rent assistance for a handful of months.

But after nearly a year of providing grants and other assistance to existing businesses, she says her CRA will soon begin to steer toward Option B. That would mean once again placing the priority on attracting new businesses and helping first-time entrepreneurs get off the ground.

"I'd rather teach you to fish than keep giving you fish," Cameau said.

Rasha Cameau is the executive director of the North Miami CRA.

RASHA SORAY CAMEAU

The North Miami CRA sets aside at least \$1 million for new business grants each year. The CRA spent nearly all of that on business aid in 2020, and if businesses haven't been able to adapt by now, she thinks it'll soon be time to move on and leave them to fend for themselves.

By September, she expects her CRA will stop providing Covid relief to existing businesses.

The North Miami CRA receives business incentive grant applications at the same rate as before the pandemic, Cameau said. The agency doesn't expect to put off reviewing those applications indefinitely.

Roog of the West Palm Beach CRA said the agency may be subject to budget cuts for next year due to decreased tax revenue. If that's the case, the CRA could be even more limited in where it can spend money.

"The shift is also going to be in how we prioritize some areas of the city over others," he said.

For example, he said the city CRA focuses heavily on businesses in its Downtown and the Northwood Historic districts. If the agency's budget is cut for fiscal year 2022, the West Palm Beach CRA will likely dial in on the smaller Historic District, where businesses will be in greater need compared to those downtown.

Besides attracting new businesses and supporting existing ones, local CRAs are also heavily involved with affordable housing projects. Cameau of the North Miami CRA said it's imperative that her CRA continue to fund those projects, even if there is a budget cut, which could further divert money away from business grant programs.

Roog said the West Palm Beach CRA has continued to put money into already approved housing projects, but those still in the planning stage when the pandemic hit remain on hold.

