

Sebring Community Redevelopment Agency

CRA's, as they are known, are quite common, but often there are many questions in the minds of those who don't work with them every day. How are they authorized? Who oversees them? What is involved in their operation? How are they funded?

What is a Community Redevelopment Area or District?

Under Florida law (Chapter 163, Part III), local governments are allowed to designate areas within their boundaries as Community Redevelopment Areas when certain conditions exist. Since all the monies used in financing CRA activities are locally generated, CRA's are not overseen by the state, but their redevelopment plans must be consistent with local government comprehensive plans. Examples of conditions that can support the creation of a Community Redevelopment Area include, but are not limited to: the presence of substandard or inadequate structures, a shortage of affordable housing, inadequate infrastructure, insufficient roadways, and inadequate parking. To document that the required conditions exist, the local government must survey the proposed redevelopment area and prepare a Finding of Necessity. If the Finding of Necessity determines that the required conditions exist, the local government may create a Community Redevelopment Area to provide the tools needed to foster and support redevelopment of the targeted area.

There are currently 178 Community Redevelopment Areas in the State of Florida. The designation is used by Florida cities of all sizes, from Jacksonville and Tampa to Madison and Apalachicola. Many familiar locations, such as Church Street in Orlando, Ybor City in Tampa and the beachfront in Ft. Lauderdale are successful examples of Community Redevelopment Areas in larger cities.

What is a Community Redevelopment Agency?

The activities and programs offered within a Community Redevelopment Area are administered by the Community Redevelopment Agency. A five- to seven-member CRA "Board" created by the local government (city or county) directs the agency. The Board can be comprised of the elected local government officials or other individuals appointed by the local government. Although one local government may establish multiple CRA districts, there generally may be only one CRA Board. Each district must maintain separate trust funds, and expend those funds only within the boundaries of that district.

How does the CRA Process Work?

A public meeting begins the designation process. Several steps will have to be accomplished before the Community Redevelopment Area becomes reality. These steps are briefly outlined below.

1. Adopt the Finding of Necessity. This will formally identify the blight conditions within the targeted area and establish the area boundary.
2. Develop and adopt the Community Redevelopment Plan. The plan addresses the unique needs of the targeted area and includes the overall goals for redevelopment in the area, as

well as identifying specific projects.

3. Create a Redevelopment Trust Fund. Establishment of the Trust Fund enables the Community Redevelopment Agency to direct the increase in real property tax revenues back into the targeted area.

The Florida Legislature addressed CRA's in 2002 from an intergovernmental point of view, to strengthen the ability of cities and counties to manage CRA creation, notices and term issues. Disputes between cities and counties involving CRA's can be resolved locally by interlocal agreements, and should be, since they usually involve growth management issues other than just funding.

What is a Community Redevelopment Plan?

The Community Redevelopment Agency is responsible for developing and implementing the Community Redevelopment Plan that addresses the unique needs of the targeted area. The plan includes the overall goals for redevelopment in the area, as well as identifying the types of projects planned for the area.

Examples of traditional projects include: streetscapes and roadway improvements, building renovations, new building construction, flood control initiatives, water and sewer improvements, parking lots and garages, neighborhood parks, sidewalks and street tree plantings. The plan can also include redevelopment incentives such as grants and loans for such things as façade improvements, sprinkler system upgrades, signs, and structural improvements. The redevelopment plan is a living document that can be updated to meet the changing needs within the Community Redevelopment Area; however, the boundaries of the area cannot be changed without starting the process from the beginning.

What is Tax Increment Financing?

Tax increment financing is a unique tool available to cities and counties for redevelopment activities. It is used to leverage public funds to promote private sector activity in the targeted area. The dollar value of all real property in the Community Redevelopment Area is determined as of a fixed date, also known as the "frozen value." Taxing authorities, who contribute to the tax increment, continue to receive property tax revenues based on the frozen value. These frozen value revenues are available for general government purposes. However, any tax revenues from increases in real property value, referred to as "increment," are deposited into the Community Redevelopment Agency Trust Fund and dedicated to the redevelopment area.

It is important to note that property tax revenue collected by the School Board and any special district are not affected under the tax increment financing process. Further, unlike in some states, Florida taxing entities write a check to the CRA trust fund, after monies are received from the tax collector. In California for example, the increment is sent to the CRAs directly out of collected county tax revenues, before they are distributed to each taxing entity.

The tax increment revenues can be used immediately, saved for a particular project, or can be bonded to maximize the funds available. Any funds received from a tax increment financing area must be used for specific redevelopment purposes within the targeted area, and not for general government purposes.

Incentives for Infill and Redevelopment

In Florida, cities and counties, as well as CRAs, utilize incentives to encourage infill and redevelopment. These can include permitting incentives, such as density bonuses, expedited permitting, reduction in impact fees, reducing or eliminating parking requirements, providing tax incentives, or creating an area-wide storm water facility to minimize onsite detention and retention infrastructure. Three other redevelopment incentives include allowing the [transfer of development rights](#), leveraging publicly-owned real estate, and land banking. In a transfer of development rights program, a landowner or developer is allowed to purchase development rights from certain properties and transfer those rights to other properties to achieve higher densities than normally allowed through zoning (for example, to build six instead of four units per acre). The higher density serves as an incentive for the developer to purchase the development rights. Government-owned real estate leveraging strategies can include the donation of property or its sale or lease at a nominal or below market rate, providing access easement or assistance with infrastructure, and selling or leasing air rights over public property. In land banking, a CRA or another governmental or non-profit entity acquires property to later sell or lease for a nominal fee or below market rate price to induce a desired type of development (for example, affordable housing, mixed use retail/professional/residential projects or a development that facilitates the use of transit [transit-oriented development]). In some communities, a land bank authority is established to administer a land-banking program. A land bank can be used as a type of public broker to acquire property such as abandoned or tax delinquent properties or properties sold for taxes. The land bank holds the property and readies it for redevelopment (by clearing the title or demolition and land clearance for instance). A land bank can also assemble properties into larger redevelopment parcels.

TIF Expenditures

The funds deposited in the redevelopment trust fund may be expended only in the redevelopment area pursuant to the approved redevelopment plan in conformance with the requirements of Section 163.387(6), Fla. Stat., which includes but is not limited to the following:

- (a) Administrative and overhead expenses necessary or incidental to the implementation of a community redevelopment plan adopted by the agency.
- (b) Expenses of redevelopment planning, surveys, and financial analysis, including the reimbursement of the governing body or the community redevelopment

agency for such expenses incurred before the redevelopment plan was approved and adopted.

- (c) The acquisition of real property in the redevelopment area.
- (d) The clearance and preparation of any redevelopment area for redevelopment and relocation of site occupants as provided in s. 163.370.
- (e) The repayment of principal and interest or any redemption premium for loans, advances, bonds, bond anticipation notes, and any other form of indebtedness.
- (f) All expenses incidental to or connected with the issuance, sale, redemption, retirement, or purchase of agency bonds, bond anticipation notes, or other form of indebtedness, including funding of any reserve, redemption, or other fund or account provided for in the ordinance or resolution authorizing such bonds, notes, or other form of indebtedness.
- (g) The development of affordable housing within the area.
- (h) The development of community policing innovations.

In addition, only activities stated in the adopted Redevelopment Plan are eligible expenses. CRA's may provide assistance in improving or renovating existing properties through façade grant or loan programs and public private partnerships, as long as the activity is pursuant to the objectives set forth in the Redevelopment Plan. Expenditures for maintenance of projects created by the CRA are allowed, as long as the activity being funded was not originally planned and budgeted as a municipal or county project. CRA funds cannot be used to supplant the normal operating expenses of a county or municipality and cannot be used to renovate or construct public buildings intended for use for and by the local government.

Section 163.387, Fla. Stat. provides for a limitation of the pledge of tax increment financing to repay loans or bond issues for a term of 30 years after the community redevelopment plan is adopted or amended up to a maximum of 60 years. Section 163.385, Florida Statutes. Community Redevelopment Agencies created after July 1, 2002, are limited to 40 years.

Summary

CRAs are a specifically focused financing tool for redevelopment. CRA Boards do not establish policy for the city or county - they develop and administer a plan to implement that policy. The CRA acts officially as a body distinct and separate from the governing body, even when it is the same group of people. The CRA has certain powers that the city or county by itself may not have, such as establish tax increment financing, and the ability to leverage local public funds with private dollars to make redevelopment happen. The CRA term is limited to 30 years, 40 years if extended. After that time, all revenues (presumably much increased from the start of the CRA) are retained by each taxing entity that contributed to the CRA trust fund.

