



Community Redevelopment Agencies: What, When, and How

CRAs, as they are known, are quite common, but often there are many questions in the minds of those who don't work with them everyday. How are they authorized? Who oversees them? What is involved in their operation? How are they funded? This article is intended to simply answer those questions. For further information, please contact Carol Westmoreland of the Florida Redevelopment Association at 850.222.9684, ext. 115 or cwestmoreland@flcities.com.

What is a Community Redevelopment Area or District?

Under Florida law (**Chapter 163, Part III**), local governments are able to designate areas as Community Redevelopment Areas when certain conditions exist. Since all the monies used in financing CRA activities are locally generated, CRAs are not overseen by the state, but 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 over 170 Community Redevelopment Agencies 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.

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 local government officials and 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 in that district.

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 financing 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, which 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, 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.

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 a reality. These steps are briefly outlined below.

- I. Adopt the Finding of Necessity. This will formally identify the blight conditions within the targeted area and establish the area boundary.
- II. Establish a CRA Board.
- III. 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.
- IV. 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.

These steps should be taken in partnership with the taxing entities that will contribute to the redevelopment trust fund, i.e. the county and any special districts. But when it is all said and done, the local government that creates the CRA is legally responsible for the administration, management and funding of the CRA and its projects and activities.

Florida Redevelopment Association Legislative Position

As monies in the CRA tax increment trust fund build up, disputes may arise over the use of those monies. The FRA has been advocating before the legislature for local resolution of those disputes. This is because CRAs are 100% funded by local tax dollars. We support the ability of local governments to create and effectively use community redevelopment agencies to redevelop and revitalize their urban areas. This includes the use of tax increment financing. We support local control and disposition of any disputes between local governments over the use of such agencies and financing. The Florida Redevelopment Association is available for technical assistance, legislative advocacy and redevelopment educational resources.

For copies of current or past bills, statutes or further legislative information, you may visit www.leg.state.fl.us or call the FRA. at 800.616.1513, ext. 115.

About the FRA

The Florida Redevelopment Association (FRA) is dedicated to the revitalization and preservation of Florida's communities. Operated under a contract with the Florida League of Cities in Tallahassee, its purpose is to promote the improvement of downtowns and other urban areas through redevelopment and development activities under the Florida Statutes; provide a forum for networking, training and technical assistance; be an advocate for its membership; and monitor legal and legislative issues. The FRA currently has more than 300 public and business agency members.

Summary

CRA's 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 do, such as establish tax increment financing, and leverage local public funds with private dollars to make redevelopment happen. The CRA term is limited to 20 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.