Community Redevelopment Agencies

Priority Statement:
The Florida League of Cities SUPPORTS legislation to improve municipalities' use of community redevelopment agencies to effectively carry out redevelopment and community revitalization in accordance with Home Rule.

Background:
There are 222 active community redevelopment agencies (CRAs) in Florida. They were established to encourage new investment and job creation in urban areas that were blighted as a result of substantial growth moving away from the urban core.

For many years, residential development and commercial and governmental facilities were being built outside central urban areas. As these urban areas became vacant or underutilized, high crime rates followed, creating a decline in the economic and social vitality of many municipalities. Faced with these challenges, municipalities, working with their respective counties, have exercised their discretion to establish a CRA as a means for economic recovery in these areas.

Under Florida law (Chapter 163, Part III), local governments are able to designate areas as CRAs when certain conditions exist. Such as: 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 CRA to provide the tax increment financing tools needed to foster and support redevelopment of the targeted area, and to spur job growth. This redevelopment tool is used by both Florida counties and cities of all sizes, from Miami-Dade County, Tampa, Orlando and Jacksonville, to Hernando County, Madison and Apalachicola, to improve their targeted areas.

The tax increment used for financing projects is the difference between the amount of property tax revenue generated before the CRA designation and the amount of property tax revenue generated after the CRA designation. Monies used in financing CRA activities are, therefore, locally generated. CRA redevelopment plans must be consistent with local government comprehensive plans. This makes CRAs a specifically focused financing tool for redevelopment.

This financing system is successful because it provides specific public services without increasing or levying any new taxes. Both residents and business owners favor this system because the taxes they pay on their investment are rewarded with direct benefits from the CRA. Also, unlike a city or county government, a CRA may utilize tax increment financing as a way to leverage these local public funds with private dollars to make redevelopment happen in public/private partnerships. This has been extremely successful throughout the state.

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Additional Points:

1. The state should be wary of attempts to restrict the use of tax increment financing, particularly if the debate is over money and control and not about the merits of revitalizing blighted areas. CRAs have demonstrated that the use of the funding dramatically improved the economic and social outcomes within the targeted areas. These outcomes benefit cities, counties and, more importantly, the taxpayers.

2. CRAs and tax incrementing financing have been integral tools for municipalities to provide improvements to run-down urban cores for more than 30 years. It is not in the state's best interest to restrict municipalities' ability to revitalize and redevelop areas that are struggling the most. This is especially true, given the sunset of the state funded Enterprise Zones program and the lack of alternative programs that address slum and blighted areas in Florida.

3. Redevelopment of an area can take different twists and turns to accommodate shifting circumstances, requiring the need for flexibility. Any attempt to increase bureaucratic or political interference would hinder the ability of the CRA to respond nimbly and comprehensively in implementing redevelopment initiatives.

4. On February 3, 2016, the Miami-Dade County Grand Jury filed a report titled "CRAs: The Good, the Bad and the Questionable" that asserts the highest priority of Florida's CRAs should be affordable housing. This view of CRAs incorrectly reduces and mislabels their value and core mission as versatile revitalization engines. The Grand Jury report asserts CRAs are not held accountable for their spending and, therefore, public tax dollars are being abused by city officials. This is incorrect. The use of TIF funds must be consistent with the redevelopment plans agreed to by the citizens in a community.

5. Overall, the comprehensive community redevelopment plans that are created and implemented by CRAs are uniquely designed to address that area's specific needs for revitalization. Creating affordable housing is just one of the many roles that CRAs may play, and it should be part of a balanced economic development strategy. There are a variety of community, state and federal programs with the primary mission of providing affordable housing and CRAs consistently partner with and invest in these programs. The Florida Redevelopment Act, which governs CRAs, is designed to be adaptable to Florida's widely diverse communities.

6. Local governments create CRAs to respond to local needs and concerns to address slum and blight. CRA boards act officially as a body distinct and separate from the governing body of a city or county, even when it is the same group of people. By allowing elected officials to serve as CRA board members, CRAs provide knowledgeable representation to taxpayers from individuals who are familiar with community needs. Ultimately, elected city officials are held accountable by their decisions

7. At times, some county governments have been critical or uncooperative in the creation and expansion of CRAs by municipalities. These intergovernmental disputes have led to unnecessary conflicts between local governments. In some instances, questions regarding the interpretation of certain provisions of the Community Redevelopment Act are being disputed.

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Status: CS/SB 1770 (Lee) and **CS/CS/CS/HB 13** (Raburn), introduced during the 2017 session, would have increased audit, ethics, reporting and accountability measures for community redevelopment agencies (CRAs). The bills would have required CRAs to annually submit additional reporting information to the state, including the number of CRA projects (the term "projects" is not defined), and the amount of money spent on affordable housing within the CRA. The bills would have required CRA procurement to comport with city and county procurement procedures. Of specific concern to cities, the bills outlined a process by which CRAs could be phased out and restrict the use of tax increment financing (TIF) funds to only those purposes specified in statute. This restriction would have eliminated the ability of the CRA to fund what could be considered traditional CRA projects such as infrastructure, streetscapes, sidewalks, building improvements, parks, security and the like. The House and Senate bills differed on some key provisions. CS/SB 1770 required a supermajority vote of the governing body that created the CRA to maintain any existing CRAs past 2037. CS/SB 1770 allowed for the creation of a new CRA, but only with a supermajority vote of the city or county that is creating it. As amended, CS/CS/CS/HB 13 prohibited the creation of a new CRA unless authorized by a special act of the Legislature. CS/SB 1770 failed to pass the Senate Appropriations Subcommittee on Transportation, Tourism, and Economic Development. CS/CS/CS/HB 13 passed the House on a 78-37 vote. The League anticipates that legislative efforts to phase out or eliminate CRAs will continue in the 2018 legislative session.

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