

CRA What You Need to Know Now

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2 AGENDA

- How does redevelopment work?
- What are Community Redevelopment Agencies (CRAs)?
- What can CRAs Do and Not Do?
- What are the “Rules of Engagement”?
- How to be an effective CRA Leader
- What are the Best Practices?



3 What is Redevelopment?

- Activity under Chapter 163, Part III, F.S.
- Activities authorized by your approved Redevelopment Plan
- Activities funded by CRA Trust fund
- Urban Infill Development
- Brown/gray fields
- Areas in need of redevelopment
- Preservation and revitalization
- AN INVESTMENT IN OUR FUTURE



4 Reasons to Revitalize

- Restore Blighted* Area
- Create Clean and Safe Places
- Reduce Crime
- Economic Development
- Housing
- Streetscapes/Infrastructure
- Historic Buildings/Resources
- Retain/Recruit Business
- Enhance Parks/Recreation
- Reverse Declining Tax Bases



5 What is a CRA? Area or Agency?

- Dependent Special District
- Appointed Board Members
- One Community Redevelopment Agency (Board) per jurisdiction, except in Charter Counties over 1.6 million pop.
- One CRA may have multiple CRA districts
- Separate district trust funds,
accounting, uses, plans



Long and Short Story

- Redevelopment Act 1969
- Chapter 163 Part III, F.S.
- Popular after *State of FL v. Miami Beach* 1980
- FL Supreme Court Case *Strand v. Escambia County* 2007
- Modeled after New York, Michigan and California (FL differs greatly from CA)
- Home rule increment, CDD, BID, special assessments alternatives
- Very few amendments or case law
- 214 CRAs today in Florida
- More districts than that total



7 **CRA Mission: Eradicate Blight***

- Area of declining health/safety/welfare
- Crime/social/housing issues – not safe
- Decline of businesses/residences
- Preserve and enhance the tax base
- Land use issues: layout, parcels, assembly
- Traffic problems
- Flooding/hazards/contamination
- *Not Webster's definition - when U C it....



Powers of Redevelopment (City, County and/or CRA)

- 163.345 Encouragement of private enterprise
- 163.358 Exercise of powers in carrying out redevelopment
- 163.360 CR Plans and private enterprise
- 163.370 Powers; counties/municipalities; CRAs
- 163.380 Disposal of Real Property
- 163.400 Cooperation by public bodies
- 163.410 Exercise of powers, charter counties
- 163.415 Exercise of powers, non-charter counties



City/County Creates CRA

1. Approve doing a “need” or “blight” finding
2. Prepare “Finding of Necessity (for redevelopment)” (adopts)
3. Finds that a CRA is needed, establishes CRA Board (adopts)
4. Charter county delegates authority to city if applicable*
5. Write Redevelopment Plan (land planning agency reviews) (adopts)
6. Creates Increment Trust Fund (adopts)

Notes: Blight as defined in s.163 Part III. Adoptions may be by resolution. Allocate 12 months for the steps above if possible. Some charter counties are asking for plan before delegating.



Intergovernmental

- No state approval required, but statutory *reporting requirements*
- Charter counties “*delegate*”, but have veto
- Non-charter counties can’t delegate or veto
- But charter & non-charter can challenge
- State not involved in the creation or administration
- But state JLAC is the appeals body
- Auditor General can audit at will
- Counties also may have authority to audit



Intergovernmental Agreements Are Allowed Outside of Statute

163.387(3)(b) Alternate provisions contained in an interlocal agreement between a taxing authority and the governing body that created the community redevelopment agency may supersede the provisions of this section with respect to that taxing authority. The community redevelopment agency may be an additional party to any such agreement.

Types of Intergovernmental Issues

- City County powers and conflicts
- Legislative Interference
- Community Benefit Agreements
- Developer Agreements
- Interlocal Agreements
- Memos of Understanding (MOUs)
- Cost Allocation Agreements
- Service Provider Agreements
- Shared Services Agreements



CS/HB 9 ENROLLED (2019)

1. requires ethics training for all CRA board members;
2. requires the CRA to use the same procurement processes as the city or county
3. revises the annual reporting requirements for agencies;
4. allows for extensions of CRA terms beyond 2039;
5. limits the extension of outstanding bonds' maturity beyond 2039;
6. updates state agency requirements when declaring inactive CRAs;
7. allows the amounts of funding by each taxing authority who passes the funding ordinance of a CRA trust fund to be lowered to 50%;



CS/HB 9 ENROLLED (2019)

- 1. requires all CRA expenditures to be pursuant to the annual budget**
- 2. such budget/amendments shall be submitted to the county 10 days after approval**
- 3. revises the list of allowed expenditures by a CRA;**
- 4. allows end of fiscal year carry over of project funds beyond the 3 year limitation;**
- 5. revises audit requirements;**
- 6. requires the audit to accompany the annual financial report under 218.32;**
- 7. effective October 1, 2019**

Community Benefit Agreements

- Flexible
- Local
- Community Discussion
- Public Discussion with Developers
- Great examples of success are available
- What they cover is all important of course
- Get an expert to negotiate like any other agreement
- Be sure all parties are included/transparent



What Does the Governing Body Do?

- County/city has all powers necessary or convenient to carry out and effectuate the purposes and provisions of the statute
- County/city delegates powers to their CRA Board
- Exclusive to governing body:
 - Determination of an area to be a slum or blighted
 - Final approval of redevelopment plans/modifications
 - Issuance of revenue bonds
 - Acquisition, demolition, removal, or disposal of property
 - Liability for loss
 - Approve community policing innovations.
 - ~~▪ The power of eminent domain.~~



17 Who is the CRA Board?

- Elected or appointed
- 97% are elected
- Interlocal agreement may include representatives of other taxing authorities
- If governing body is only 5 members then it can be governing body + 2 appointed
- Chair and Vice Chair of the CRA designated by governing body (not the CRA Board)



What Does the CRA Board Do?

- Prepare annual CRA budget for city/co.
- Annual strategic planning session
- Identify funding and program priorities
- Proposes plan amendments/modifications
- Allocates trust fund monies
- Receives and reviews state reports
- Directs staff, public input, visioning, etc.
- Can sign contracts, consultants, etc.
- Carries out/Implements redevelopment plan



How a CRA Operates

- Separate minutes, notices, meetings
- Separate redevelopment plan
- Separate projects v. city comp plan projects
- Separate trust funds if multiple districts
- Major Fund in city CAFR/audit
- Component unit of city/co. audit
- May do separate audit
- Separate legal entity – check E/O insurance



The Deal with the Private Sector

- Statutes and case law supports government investment of public \$\$ with private enterprise to bring area to life
- Local tax dollars can be a political football
- Diverse groups may vastly differ on how to use \$\$
- Mission drift: lack of vision/leadership/buy-in
- You are and will be held responsible, so go slowly
- Public does not understand the 'Who, What, When, Where and Why' of the process
- Constitution?
- Investment - not give-away
- Incentives ROI put it in the budget or plan
- Time is MONEY for both sectors



What Can City/CRA Board Spend it On?

- Contracts
- Inspections of and access to property in the CRA area;
- Acquisition of real property and improvements, including public uses (mortgage, pledge, hold, purchase, lease, insurance);
- Demolition, removal, installation, repair, rehabilitation, construction, or reconstruction;
- Hotels in support of convention centers;
- Disposition of real property/repair/rehabilitation of buildings, air rights;
- Housing, utilities, parking, parks and playgrounds;
- Public improvements, grants, loans, debt;
- Solicitation of proposals, invest funds, redeem bonds;
- Appraisals, surveys, plans, code enforcement, weatherization, disaster mitigation, vacate streets, develop community policing innovations



163.370(3) The following projects may not be paid for or financed by increment revenues:



- Construction/expansion of administrative buildings for public bodies, police or fire
- Exception: Each taxing authority agrees to it
- Exception: Construction or expansion is part of community policing innovation
- Capital improvements/projects that were on a previously approved public capital improvement (overall city CIP) schedule or plan
- Unless such projects or improvements were removed from the list three or more years ago.
- General government operating expenses unrelated to the planning and carrying out of a community redevelopment plan.
- THEME: CRAs are not “special project” funds to be used when revenues are not available in GR or other recurring funds.

Redevelopment Plan = Blueprint

- Put everything you might want to do in the plan
- Even if it is in the plan, does not need to be done
- But if a program or project is NOT contained in the Plan it CANNOT be undertaken.
- Include only projects in the CR *area/boundaries*
- Be ready to point to where outlined in the plan
- Update the plan every five years = best practice
- Post redevelopment plan and agendas online
- Tie in budget and expenditures to plan language
- Good record keeping/paper trail will pay off



What is the Trust Fund?

- “Increment Financing” or “TIF”
- Contributed by cities, counties, certain districts
- Not school boards, water or library districts
- Increases in taxable value from year of creation
- May include sales taxes, utility fees, donations, loans
- Goal: leverage with private money
- Technically *not ad valorem tax* – “amount equal to”
- Miami Beach 1980 and Strand case 2007
- 95% is most common amount (5% = admin fee)
- Different % by inter local agreements



Calculating Increment

- All taxable properties in the CRA
- City/county millage rates apply
- Amount of money from increases in property values between now and base year (X current millage rates of county and city)
- Does not include debt service millage
- Collected for up to 40 years (up to 60 < 2002)
- Charter counties may limit their contributions



Trust Fund Expenditures

s.163.387(6) monies may be spent
IN THE PLAN IN THE BUDGET IN THE DISTRICT

- Administrative and overhead expenses
- Redevelopment planning, surveys, & financial analysis
- Acquisition of real property in the CRA district
- Clearance/preparation & relocation of occupants
- Repayment of borrowed funds
- All expenses related to bonds/other indebtedness
- Development of affordable housing
- Community policing innovations



Things CRAs Can Pay For

- Capital Expenditures
- Promotion, Marketing & Events
- Non Profit activities
- Incentives and grants
- Code enforcement
- Land Acquisition
- Cost sharing/allocation for services
- Maintenance and Repair sometimes



Administrative/Overhead

- Executive Director
- Technical experts
- Educational/Professional Development
- Other such agents & employees as required
- Counsel and legal staff



What CRAs **Can't** Pay For (s.163.370)

- Construction / expansion administrative buildings for public bodies/police/fire facilities
- *Publicly owned capital improvements* if scheduled in city or county capital improvement plan until removed from schedule or plan and 3 years have elapsed.
- General government operating expenses unrelated to the planning & carrying out of a community redevelopment plan



30 Other Things CRAs **Can't** Pay For

- Activities/projects not covered in plan
- Board Members/Commissioners payment for service as CRA Board member
- Project or program outside of the development area
- However, by interlocal agreement there may be legal uses of funds outside the CRA Area and not in plan



31 Be Careful With...

- Market/direct funding events (AG-2010-40)
- Funding non-profits (AG-2010-40)
- Substitution of CRA funding for duties/projects done previously by city/county
- Maintenance and repair of CRA projects
- Community Policing – watch the details, details
- Reimbursement to city/county of expenses (Auditor General Reports 2006)
- Following GASB requirements



32 **Not** allowed by statute...

163.370 Any project or program not outlined in the Community Redevelopment Plan (CRP) and not expended in the CRA district and NOT IN THE CRA BUDGET.

(Even if the statute authorizes it, you have to approve it LOCALLY)



Reporting Requirements

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1. Website filing of up to date CRA detailed district information (Ch. 189)
2. CRA budget/city budget w CRA in it posted on official CRA website pages two days prior and 30 days after adoption (*September/October*) (Ch. 189)
3. Annual filing fee \$175 and any updates to FL Special District Office (*Dec*) (Ch. 189)
4. Inclusion of CRA in annual financial report (AFR/CAFR) of governing body (within 45 days after the completion of the audit or by June 30) (Ch. 218)
5. CRA local annual report completed w notice in newspaper (*March*) (Ch. 163 Part III)
6. Copy of annual audit to each taxing authority and to Auditor General (45 days after completion or June 30) (Ch.218)



Amending the Redevelopment Plan

- Modification of boundaries, terms, language, trust fund, board composition, etc. all are amendments
- Almost identical to creation process
- Governing body amends, CRA board recommends
- Governing body notices to all taxing authorities that collect a millage within the CRA.
- Full set of public hearings
- Finding of Necessity must be prepared and adopted for a new area or expanded area
- Local planning agency, charter county reviews



\$\$ End of the Fiscal Year

s. 163.387(7)

(7) On the last day of the fiscal year of the community redevelopment agency, any money which remains in the trust fund after the payment of expenses pursuant to subsection (6) for such year shall be:(a) Returned to each taxing authority which paid the increment in the proportion that the amount of the payment of such taxing authority bears to the total amount paid into the trust fund by all taxing authorities for that year;

(b) Used to reduce the amount of any indebtedness to which increment revenues are pledged;

(c) Deposited into an escrow account for the purpose of later reducing any indebtedness to which increment revenues are pledged; or

(d) Appropriated to a specific redevelopment project pursuant to an approved community redevelopment plan which project is redesigned, delayed or extended.

Important notes:

Check with your auditor, CRA attorney and finance director on how to do this for your CRA. There are many opinions and interpretations about what this section means, because it is so vague.

Contact the FRA for examples of what other CRAs do.



TOP THINGS TO REMEMBER ABOUT WHAT IS FUNDABLE FROM THE TAXPAYER FUNDED CRA INCREMENT TRUST FUND

1. Anything you can point to in the redevelopment plan
2. Anything in the plan that is also spent in the district
3. Anything not in the city or county annual CIP budget
4. Anything that the city would not have done anyway
5. Anything that does not constitute a “give away”
6. Anything that is by all accounts an investment with return on the expenditure of public dollars
7. Anything you can see or touch or that improves the look of the district



Telling Your Story

- *People* love and respond to a *good* story
- Numbers are just half
- Don't wait for the inquiries to come
- Communicate at each step - frame issue
- Plan communication who/what/how/when
- When in doubt, it is all public
- Transparency totally
- Reporting = communicating = reporting



*Indeed, it has been said that democracy
is the worst form of government except
all those other forms that have been
tried from time to time.*

-- Winston Churchill



These Rules Apply to all CRAs

- Open Meetings
- Open Records
- Ethics
- Quasi-judicial
- Seek legal guidance when in doubt!
- Conflicts of Interest
- Doing Business with One's Agency
- 1% affected class rule



CRA: What do our citizens gain?

- Empowerment for businesses, neighborhoods, jobs, crime issues
- Public input is built into plan creation
- Transparent way to attract private \$\$
- Bringing up areas of deterioration brings up neighboring areas, negative also true
- CRAs attract many public and private resources
- Sustainable tax base for all of city
- Elimination of drain on government services
- Investment for future
- Without this investment, what will happen?
- Finite and focused process



What Does the Private Sector Gain?

- Predictability
- Consistency
- Recurring and Long Term Funding
- Return on Investment (ROI)
- Leveraging of their money
- Agreements that outlast election cycles
- Comprehensive Planning for their investment(s)
- Limited and exact commitment



42 Redevelopment - a Contact Sport

- Know Your Market(s)
- Market, ROI, Feasibility Studies = best practice
- Understand how groups of investors measure ROI
- Adjust the imbalance between cost/revenues
- How do your lenders evaluate your CRA?
- Lenders all have their “CRA” responsibilities
- Meet w lenders personally, invite them to tour
- CRAs usually secondary pledges for debt



Do you have your “sound bite”?

“CRAs leverage and invest tax revenues, for a limited period of time within a deteriorating area, to revitalize the quality of life for its residents.”



How to be a 'CRA Leader'

- Do your homework - *www.redevelopment.net*
- Seek input from citizens, businesses – build consensus.
- Adopt a shared vision and make a personal commitment to it
- Explain '*Who, What, When, Where & Why*' as many times as necessary
- Get out of the way – steer don't row
- Work for redevelopment success, not credit



Homework: *Things to Know About Your CRA*

- What is the history of your CRA?
- What has been accomplished?
- What are the current projects?
- What programs does the CRA offer?
- What's in the plan? Read it in entirety (really!)
- How much money is in the trust fund now?
- How much does the county v. city contribute?
- How much longer has the CRA to operate?
- When was the last time the plan was amended?



Successful CRAs

- Leadership
- Stay on course or officially change it
- Partnerships – county (number one) and businesses, chambers, economic development councils, lenders, Main Streets, Enterprise FL, DEO, non-profits, regional health, volunteers, charities, universities, faith based, support organizations, etc.
- Community support and trust is all that
- Patience and compromise to move forward
- “Open” for business and focused on people



Building Consensus

- Use experts, universities, students
- Develop innovative and creative ways to gather opinions/data and post them
- Did you understand “what they just said”? CRAs are unlike anything else in Florida –complicated - ask questions
- You can over think it: timing is everything
- Easy and clear measures progress/success
- Implement simple/effective communication system for CRA reports, activities



Best Practices

- Be realistic on what can be done - **bold** in goal setting
- Keep the plan and budget front & center
- Understand/mitigate private sector profit needs
- Annotate CRA budget to tell the \$\$\$ story years later
- Understand project development cycle(s)



49 Best Practices

- Use MOUs to clarify expectations/deadlines
- Use service agreements between CRA and...
- Training and experience, learning curves = time/money
- Ask for peer references w specialists to prove experience to get best job in least amount of time for least \$\$
- Ask questions re: your fiduciary responsibilities
- With current economy, demand “value added”
- Widely disseminate reports and good news
- Public wants real success stories of real people



Best Practices

- Develop a mission statement
- Is zoning/are variances a problem?
- One person in charge of each CRA task
- One person who can speak for CRA
- Create positive “buzz” in the district
- Review codes for conflicts w
redevelopment plan



Best Practices

- Hold CRA meetings before commission meetings
- Consider joint procedures for CRA and city, e.g.. personnel policies, purchasing
- Carefully monitor CRA contracts
- Use your legal counsel - pay now or pay more later
- Dialogue, not monologue



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FRA Online

www.redevelopment.net

- Advocacy / Legislative
- Speakers Bureau
- Daily News Clips
- Social Media
- Technical Assistance
- Professional Development and Training
- Annual conference



Resources

- Special District Information floridajobs.org
Jack Gaskins Jr., (850) 717-8430
- FRA...redevelopment.net
- International Downtown Association ida.org
- International Council of Shopping Centers icsc.org
- Urban Land Institute uli.org
- Florida Brownfield Association fba.org
- Florida League of Cities flcities.com
- Florida Association of Counties flcounties.com
- Florida Chapter of the American Planning Association
floridaplanning.org





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