



# 2017 Legislative Issue Briefs



## 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.

### Talking Points:

- The Florida League of Cities oppose **CS/CS/CS/HB 13** (Raburn) and **CS/SB 1770** (Lee) which severely restrict the ability of CRAs to conduct their original purpose and create a process by which to terminate all CRAs in Florida.
- **CS/CS/CS/HB 13** provides that the creation of new CRAs on or after October 1, 2017, may only occur by special act of the Legislature..
- **CS/SB 1770** requires a supermajority vote by the city or county in order to create a new CRA.
- **CS/CS/HB 13 and CS/SB 1770** require a supermajority vote by the city or county that created any existing CRA in order to reauthorize past 2037.
- The Florida League of Cities opposes provisions in both bills which restrict the use of TIF (Tax Increment Finance) funds limiting it to only those purposes specified in statute, severely limiting the flexibility CRAs needed to address things like infrastructure, playgrounds, roads, drainage and other traditional CRA expenditures.
- The Florida League of Cities supports provisions of the House and Senate bills seeking to strengthen accountability and transparency requirements for CRAs; such as requiring CRA board members to undergo 4 hours of ethics training, requiring CRAs to use the same procurement process as the city which created it, and expanding reporting and audit requirements.
- Part III of Chapter 163, Florida Statutes, allows a county or municipality to create a CRA to carry out redevelopment of slum or blighted areas when certain conditions exist.
- There are currently 222 active 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.

- CRAs rely heavily on tax increment financing (TIF) as a tool for redevelopment and to spur job growth. This financing system is very popular and successful because it provides specific public services without increasing or levying any new taxes.
- The activities and programs offered within a Community Redevelopment Area are administered by the CRA. A five- to seven-member CRA “board” created by the local government (city or county) directs the agency. The board can be composed of local elected government officials and or other individuals appointed by the local government.
- The state should be wary of attempts to restrict CRAs, 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 TIF funding dramatically improved the economic and social outcomes within the targeted areas. These outcomes benefit the cities and counties and, more importantly, the taxpayers.

**Background:**

There are currently 222 active Community Redevelopment Agencies (CRAs) in the State of 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. Examples of conditions that can support the creation of a CRA include: 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. 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.

CRAs rely heavily on tax increment financing as a tool for redevelopment and to spur job growth. This financing system is very popular and successful because it provides specific public services without increasing or levying any new taxes. In addition, both residents and business owners favor this system because the taxes they pay on their investment are rewarded with direct benefits from

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the CRA. In many cases, these benefits have been in the form of infrastructure improvements and job growth. 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.

**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 both cities and the 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." This report asserts that 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. Further, 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.

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 develop and administer a redevelopment plan for the blighted area. The CRA acts 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.

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.

**Status:**

The House Local, Federal & Veterans Affairs Subcommittee has been workshopping the issue of CRAs and has had two presentations on CRAs. One was by the Auditor General's Office and the second by the Florida Legislature's Office of Program Policy Analysis & Government Accountability (OPPAGA).

Highlights from these presentations include recommendations to the legislature to:

- Provide counties with more authority to control the expenditures of CRAs
- Expand CRA board composition to include non-elected citizen members or county commissioners
- Limit the types of expenditures that CRAs may use TIF funds on
- Specifically list authorized TIF expenditures in law
- Require all municipal CRAs to submit annual budgets to the county commission for review
- Revise the CRA reauthorization process to require the CRA to demonstrate progress in certain areas, such as business, employment and wage growth

**CS/SB 1770** (Lee) and **CS/CS/CS/HB 13** (Raburn) increase audit, ethics, reporting and accountability measures for community redevelopment agencies (CRAs). The bills require 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 spent on affordable housing within the CRA. The bills require CRA procurement to comport with city and county procurement procedures. Of specific concern to cities, the bills outline 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 eliminates 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 differ on some key provisions. CS/SB 1770 requires a supermajority vote of the governing body that created the CRA to maintain any existing CRAs past 2037. CS/SB 1770 allows 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 prohibits 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 (2-5 vote) on April 18. A motion to reconsider the vote of CS/SB 1770 left the bill pending before the Subcommittee, which is currently not scheduled to meet again for the remainder of the legislative session. CS/CS/CS/HB 13 passed the House Government Accountability Committee and is now awaiting action on the House floor.

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