

ALACHUA COUNTY
DEPARTMENT OF GROWTH MANAGEMENT

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January 11, 2011

MEMORANDUM

TO: Board of County Commissioners

VIA: Randall H. Reid, County Manager

VIA: Steven Lachnicht, Director of Growth Management

FROM: Michael Castine, Planner

SUBJECT: Eastside Community Redevelopment Area

Purpose

The purpose of this memo is to inform the Board of County Commissioners of the work plan and community participation process to establish an Eastside Community Redevelopment Area (CRA) as authorized by Chapter 163 of the Florida Statutes. This activity implements Comprehensive Plan policies and direction from the Board of County Commissioners intended to help revitalize the area in the vicinity of the Eastside Activity Center (see attached map) as a component of the Plan East Gainesville vision. This memo provides an overview of the major activities, policy background, and a description of the establishment and function of CRAs. Attachments providing maps and further explanation of issues relating to CRAs including funding, operations, and available incentive tools are provided in the Appendix.

A Community Redevelopment Area is a defined sub-area of a city or county that is targeted for revitalization and economic development by a Community Redevelopment Agency, whose objective is to provide a foundation and mechanism for stimulating investment and fostering job and income growth in the community. The Redevelopment Plan adopted by the CRA is the strategic plan for revitalizing the community, attracting additional development, and fostering business expansion and should include specific near-term, mid-term and long-term projects, some of which could be funded with a General Fund appropriation, especially near-term, relatively low-cost items.

Examples of common projects for CRAs include: streetscapes and roadway improvements; building renovations; new building construction; flood control initiatives; water and sewer improvements; parking lots and garages; neighborhood parks; sidewalks installations; and street tree plantings.

A variety of tools are available to facilitate redevelopment within a CRA. Some of the kinds of redevelopment incentives that CRAs can offer include: Loans, interest or rent subsidies; local, state or Federal grants or loans; micro-loans to small businesses; public assembly of land, land donation, reduced land cost; shared cost of upgraded or new utility/infrastructure; environmental cleanup costs; relocation/training costs; cash payment for developer's costs; reduced impact fees; façade improvements; and affordable housing loans and grants to developers.

A key tool available to CRAs is the ability to retain and reinvest a specified portion of the increased property tax revenue that results from the increased property values associated with development and redevelopment consistent with the CRA plan and within the CRA district, known as Tax-Increment Financing (TIF). TIF is a revenue source that can help fund initiatives that are designed to stimulate economic development. Having a TIF tool in place can provide the opportunity for leveraging additional funding sources such as grants, micro-loan programs, public-private partnerships and related activities to enhance the quality of life and economic opportunity in the CRA. Capture and reinvestment of the increment in tax revenues generated within the CRA should also in the long term help enhance the tax base for the local government.

Policy Background

Several policy decisions set the framework for consideration of a CRA.

The Plan East Gainesville Final Report outlined a plan in 2003 for the revitalization of East Gainesville. Plan East Gainesville was developed by the Metropolitan Transportation Planning Organization (MTPO), and was the result of a year-long collaboration between Alachua County, the City of Gainesville, Gainesville Regional Utilities, and the Florida Department of Transportation and the community and addressed the themes of land use, land conservation, transportation, and infrastructure.

Subsequently, the Comprehensive Plan Future Land Use Element was amended in 2006 to incorporate the applicable goals and objectives of Plan East Gainesville as a guiding vision for the area. In particular, Future Land Use Policy 8.5.2 states “use the updated Eastside Activity Center as a foundation for development of a Community Redevelopment Area.”

The Eastside Activity Center Master Plan was updated in 2009, following a community participation process. The amended Master Plan established mixed-use land use

categories and land use policies to implement the revitalization objectives first outlined in Plan East Gainesville and enhance the housing, transportation and employment opportunities for residents.

Following adoption of the amended policies for the Eastside Activity Center, the Alachua County Unified Land Development Code was amended to implement the Activity Center policies in the Comprehensive Plan. The Eastside Activity Center Overlay District established zoning categories that implement the residential and commercial mixed-use designations.

Major Activities

The Work Plan and timeline includes the following milestones:

- Community meetings to discuss CRA: Jan – Feb 2011
- Workshop/Update to County Commission: March – April 2011
- Initiate Study for Finding of Necessity: May – June 2011
- Formal Action of Finding of Necessity & establish CRA Board: August – September 2011
- Draft Redevelopment Plan: October 2011 – December 2011
- Adopt Redevelopment Plan: Jan – Feb 2012

Community participation will be a fundamental component of establishing the Eastside CRA. Informal workshops and public meetings with residents, business owners, community leaders and interested groups will be held to introduce the CRA concept and the benefits to the community, explain the relationship of the CRA to existing community enhancement efforts including the City of Gainesville's CRA in adjacent areas, generate ideas for projects to discuss and consider for inclusion in the Redevelopment Plan, and define the boundary of the CRA.

The Eastside Activity Center is the core of a Conceptual Study Area identified by staff for consideration as a CRA, as directed by Comprehensive Plan Future Land Use Element Policy 8.5.2. The Conceptual Study Area (Map 1) generally includes the portion of the Urban Cluster that is east of and adjacent to the City of Gainesville, south of University Avenue, west of Newnan's Lake, and north of SE 24th Avenue. This area is adjacent to portions of the City of Gainesville's Eastside CRA and also includes the greatest portion of the higher-intensity commercial and mixed-use land use designations in the area, as well as supporting residential land use designations.

Using the Conceptual Study Area for the Eastside CRA (Map 1), a study of the existing conditions within the proposed Eastside CRA will be initiated to determine whether conditions exist that meet the statutory definition of slum or blight. Examples of the kinds of conditions that contribute to a Finding of Necessity include lack of access to sewer, inadequate street design, lack of access to parks, low and stagnant property values, and relatively high incidence of poverty. Upon completion of the study, formal

action by the Board of County Commissioners will be required to make the Finding of Necessity, which is formal recognition of the conditions and a determination that a CRA is warranted.

Following the community outreach meetings, a workshop with the Board of County Commissioners will be scheduled to provide the results of the community discussion and brief the Board of County Commissioners on issues that relate to establishing the CRA. These issues will include the structure and powers of the CRA Board and any Advisory Board, and the CRA boundary. Finally, staff will request authorization to proceed with the formal steps to establish the CRA consistent with the Florida Statutes.

In order to formally establish the Eastside CRA in accordance with Chapter 163, F.S., the Board of County Commissioners must appoint a CRA Board, adopt the Redevelopment Plan recommended by the CRA Board, and establish a Trust Fund account. The CRA Board may be composed of the County Commission, or it may be composed of members of the community that are appointed by the Board of County Commissioners. The Redevelopment Plan must include the projects recommended by the CRA Board, and the CRA cannot fund projects that are not included in the Redevelopment Plan. The Trust Fund functions similar to an escrow account, where the tax increment from the increase in property values is retained to fund expenses for implementing the Redevelopment Plan. Additional detail on these steps is provided in the Appendix.

Conclusion

Community Redevelopment Areas are authorized by Chapter 163 of the Florida Statutes, and local governments are encouraged to establish CRAs to eliminate and help prevent the spread of blight, which is an indicator of community decline. A CRA is an implementation tool designed to focus financial resources and help accelerate investment in this area. The Eastside CRA represents the County's commitment to reinvest in the community, and establishing the Eastside CRA will extend the Board of County Commissioners' commitment to the principles of economic development, community investment and sustainability.

If you have any questions or would like more information, please let me know.

cc: Rick Drummond, Assistant County Manager
Chris Bird, Environmental Protection Director
Rick Hedrick, Public Works Director
David Schwartz, Assistant County Attorney

/attachment

Appendix

Steps to Creating a CRA

CRA's are for establishing and implementation of a redevelopment plan for an area. CRA Boards do not establish policy for the local government - they develop and administer a plan to implement an adopted redevelopment policy. The CRA acts officially as a body distinct and separate from the governing body, although it may be composed of the same individuals. The CRA has certain powers that the local government may not have, such as the ability to establish tax increment financing, and leverage local public funds with private dollars to stimulate redevelopment. By statute, the term of a CRA is limited to 30 years, with an option to extend to a maximum of 40 years. Subsequently, all revenues (which should have increased from the date the CRA was established) are retained by the County and are no longer retained in the trust fund.

Several steps must be accomplished before the CRA is established. These steps include the following:

- Identify study area for proposed CRA and initiate study of community conditions.
- Staff prepares a Finding of Necessity based on the community survey documenting that the required conditions exist.
- Board of County Commissioners (by resolution) accepts the Finding of Necessity.
- Board of County Commissioners appoints a CRA Board to govern the CRA and prepare and administer the Redevelopment Plan for the CRA. The Board of County Commissioners prescribes the powers of the CRA Board, and establishes the percentage of the eligible tax increment to be retained in the Redevelopment Trust Fund.
- CRA Board prepares a Redevelopment Plan to address the unique needs of the CRA district, including the overall goals for the redevelopment area and identifies redevelopment projects. Any project using CRA funds must be included in the Redevelopment Plan.
- CRA adopts Redevelopment Plan.
- BoCC adopts CRA Redevelopment Plan.
- BoCC establishes a Redevelopment Trust Fund administered by the CRA. Establishment of the Trust Fund enables the Community Redevelopment Area. The increment in real property tax revenues is deposited in the Trust Fund for re-investment in projects in the target area.
- CRA Board begins implementation of Redevelopment Plan.

CRA Funding and Tax Increment Financing

Once established, a CRA can be funded through a variety of methods. A common method is known as Tax Increment Financing (TIF), which can provide leverage to obtain additional funds.

Using the TIF tool, the tax revenue of real property in the CRA is determined on a fixed date. The total real property tax revenue of the base year becomes the “frozen tax base.” The increase in the total tax revenue between the base year and year two is called “the increment.” The total tax increment revenues are deposited into a trust fund administered by the CRA for use in redevelopment projects within the CRA district. The types of projects funded from the CRA trust fund typically provide community infrastructure, enhancements and amenities that contribute to an environment conducive to expanding and attracting businesses within the area and to higher values for homes and property.

An illustration of the tax increment revenue potential in a sample of the CRA study area is attached. The sample area for the illustration is the area east of the Gainesville City Limits, west of SE 51st Street, bordered by East University Avenue to the north and by Hawthorne Road to the south, and is centered on the Eastside Activity Center as depicted on **Map 2**. The values presented in the tables show the current property values and provide an illustration of the amount of revenue that could be generated and available for use within the CRA district, based on assumed taxable value growth rates of 1% and 3% annually. Calculations for this illustration are based on the 2010 tax rates for the various taxing entities, and the assumption that these rates will remain constant for the entire time period. Based on an assumed **1%** annual growth rate in taxable value, the total tax increment for the 20 year period would be **\$328,518.10**. Assuming a **3%** annual growth rate in taxable value, the total tax increment for the 20 year period would be **\$1,117,898.00**. This is the amount of incremental tax revenue that would be available for investment in the area over a 20-year period. Note that for the illustration, the growth of the tax revenue increment is presented as a linear increase, however it is expected that actual growth of the tax revenue increment will vary from year to year based on changes in assessed values and millage rates. The growth rate of the tax revenue increment is expected to be slow in the initial years and could increase rapidly toward the end of the period, reflecting an increase in property values resulting from reinvestment in the area.

Sources/Citations/Links

- Florida Redevelopment Association website: <http://www.redevelopment.net>

Map 1

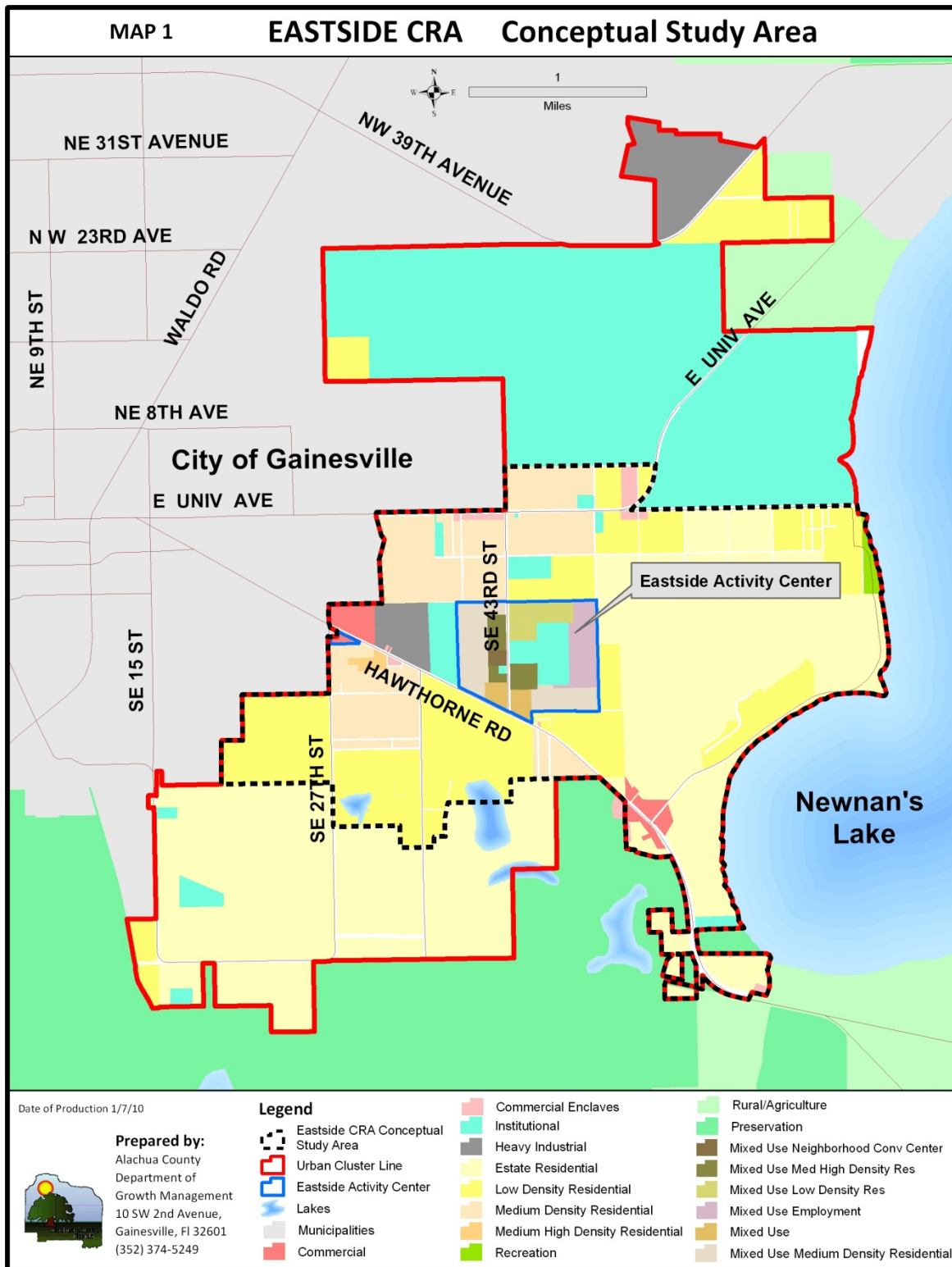


Table 1: Illustration of Projected Revenue for CRA Sample Area (1% Annual Growth Rate)

Year	(A) Sample Area Taxable Value	(B) Total Sample Area Tax Revenue	(C) CRA Eligible Amount*
2010	\$19,082,690	\$439,764.41	-0-
2011	19,273,517	444,162.05	1,627.13
2012	19,466,252	448,603.67	3,270.53
2013	19,660,915	453,089.72	4,930.36
2014	19,857,524	457,620.61	6,606.79
2015	20,056,099	462,196.81	8,299.99
2016	20,256,660	466,818.78	10,010.12
2017	20,459,227	471,486.98	11,737.35
2018	20,663,819	476,201.84	13,481.85
2019	20,870,457	480,963.86	15,243.80
2020	21,079,162	485,773.50	17,023.36
2021	21,289,954	490,631.25	18,820.73
2022	21,502,854	495,537.57	20,636.07
2023	21,717,883	500,492.96	22,469.56
2024	21,935,062	505,497.89	24,321.39
2025	22,154,413	510,552.88	26,191.73
2026	22,375,957	515,658.40	28,080.78
2027	22,599,717	520,814.99	29,988.83
2028	22,825,714	526,023.14	31,915.73
2029	23,053,971	531,283.37	33,862.02
Total Amount of Eligible Tax Increment Funding Over 20 Year Period			\$328,518.10

*These increment amounts are based on the allocation of 100% of the County's share of the millage to the CRA trust fund.

The total amount of funds that would be eligible to be used within the CRA district over the 20-year period is **\$328,518.10** (sum of amounts listed in Column C) based on an annual growth rate of 1% in Taxable Value.

It is established that the amount of the 2010 base year taxes for the sample area is \$439,764.41. The projected revenue is determined by using the formulas $B = r_+(A)$ and $C = (B - \$439,764.41)r_1$ where:

A = Sample Area Taxable Value

B = Sample Area Tax Revenue

C = Increment Eligible to Fund CRA

r_+ = Total Tax Rate for All Entities¹

r_1 = Alachua County General Fund Millage Rate Share²

For purpose of this illustration, the sample area is the area east of the Gainesville City Limits, west of SE 51st Street, bordered by East University Avenue to the north and by Hawthorne Road to the south and is depicted on **Map 2**.

1 The 2010 millage rate of 0.0230452 is held constant for each year for this illustration.

2 The percentage share of the 2010 Alachua County General Ad Valorem millage rate ($8.6263/23.0452 \times 100$) is held constant for each year for this illustration.

3 Taxable Value data provided by the Alachua County Property Appraiser

Table 2: Illustration of Projected Revenue for CRA Sample Area (3% Annual Growth Rate)

Year	(A) Sample Area Taxable Value	(B) Total Sample Area Tax Revenue	(C) CRA Eligible Amount*
2010	\$19,082,690	\$439,764.41	-0-
2011	19,655,171	452,957.35	4,881.39
2012	20,244,826	466,546.06	9,909.21
2013	20,852,171	480,542.45	15,087.87
2014	21,477,736	494,958.72	20,421.89
2015	22,122,068	509,807.48	25,915.94
2016	22,785,730	525,101.70	31,574.80
2017	23,469,302	540,854.76	37,403.43
2018	24,173,381	557,080.40	43,406.92
2019	24,898,582	573,792.80	49,590.51
2020	25,645,539	591,006.57	55,959.60
2021	26,414,905	608,736.77	62,519.77
2022	27,207,352	626,998.87	69,276.75
2023	28,023,573	645,808.84	76,236.44
2024	28,864,280	665,183.10	83,404.92
2025	29,730,208	685,138.59	90,788.45
2026	30,622,114	705,692.74	98,393.48
2027	31,540,777	726,863.51	106,226.67
2028	32,487,000	748,669.41	114,294.85
2029	33,461,610	771,129.49	122,605.08
Total Amount of Eligible Tax Increment Funding Over 20 Year Period			\$1,117,898.00

*These increment amounts are based on the allocation of 100% of the County's share of the millage to the CRA trust fund.

The total amount of funds that would be eligible to be used within the CRA district over the 20-year period is **\$1,117,898.00** (sum of amounts listed in Column C) based on an annual growth rate of 3%.

Map 2

