



SECTION 6 - DOLLARS AND SENSE

Planning for Redevelopment in 2005 with the economy on an upsurge was different than in 2009, where economic conditions are strained. However, as with any cyclical events, the United States' and Florida's economic conditions are expected to improve over the next 24-36 months. Therefore, while difficult to maintain "pin-point" accuracy in TIF projections, planning for the FCRA revenues and expenditures in the new area will be crucial for Plan implementation. Separate sections are devoted to the project cost estimates, yearly budget estimates, and proposed project time frames. This section provides insight into funding options, sources and projections.

Tax increment financing was originally developed over 30 years ago as a method to meet the local match requirements of federal grant programs. With the reduction in federal funds available for local projects, however, tax increment financing is standing on its own as a method to finance local redevelopment. State law controls tax increment financing. In Florida, tax increment financing is derived from the Community Redevelopment Act of 1969, which is codified as Part III, Chapter 163 of the Florida Statutes. This act provided for a combination of public and private redevelopment efforts, but did not authorize the use of tax increment financing. The Act was amended in 1977 to allow tax increment financing. Under the Statutes, municipalities must go through a number of steps to establish a redevelopment area and implement a tax increment district.

Upon approval of the governing body, a Trust Fund for a Community Redevelopment Area may be established. The revenues for the Trust Fund are obtained by allocating any increases in taxable assessed value to the area. The assessed value of the district is "frozen" and any increases (the tax increment revenues) are available for improvements to the area. The tax collector collects the entire property tax and subtracts the tax on the base value, which is available for general government purposes. Of the remaining tax increment revenues, 95% are deposited to the Trust Fund. The remaining 5% is kept by the local government.

Tax increment financing is the most popular method for cities throughout the country to redevelop urban areas through public improvements, which promote private sector activity. Although the legal requirements are complex, the basic concept is relatively simple. The municipality and the county both continue to receive property tax revenues based on the frozen value. These base revenues are available for general government purposes. The tax increment revenues can be used immediately, saved for up to 3 years for particular projects, or can be bonded to maximize the funds available. Any funds received from a tax increment financing district, however, must be used for the redevelopment of the area and not for general government purposes.

In the early 1980's, many Florida cities established Community Redevelopment Agencies to facilitate the redevelopment of urban areas. As the tax increments have increased, many redevelopment areas now have sufficient revenues to support significant levels of bonds. The types of tax increment revenue expenditures that are allowed are defined under Florida Statutes 163.387(6).



Financial plan

The following discussion entails the financial plan and mechanisms to implement the plan.

1) Tax increment trust fund estimates:

The estimates in the following tables show approximate increments of assessed values and resultant tax increment for general planning purposes for the original 2005 Community Redevelopment Area and the modified/added area in 2009. These are estimates only and subject to changes from year to year. The exact increment will not be determined until City and County millage rates are adopted each year. The following tables provide TIF estimates.

2) Special Districts

a) Creating special districts such as a Community Development District, Business Improvement District, Neighborhood Enhancement District, Main Street, or other similar programs, will enhance the financial capabilities of the area as a whole and will infuse other resources to leverage the TIF.

b) In general, the FCRA will be subject to any statutory requirements governing Special Districts under Florida Law and must register for same and submit required annual documentation.



TABLE 6

FELLSMERE REDEVELOPMENT AREA										
PROJECTED ANNUAL AND CUMULATIVE TAX INCREMENT REVENUES 2005										
Year*	Area Tax Base**	Tax Base Increment	x	Millage Rate	=	Increment Revenues	x	Statutory Limit	Annual Redevelopment Trust Funds	Cumulative Redevelopment Trust Funds
0	\$18,723,335									
1										
2										
3										
4										
5	29,504,182	10,780,847	x	0.0075192	=	81,063	x	95%	77,010	77,010
6***	29,004,182	10,280,847	x	0.0075192	=	77,304	x	95%	73,439	150,449
7****	29,294,224	10,570,889	x	0.0075192	=	79,485	x	95%	75,510	225,959
8	30,173,051	11,449,716	x	0.0075192	=	86,093	x	95%	81,788	307,747
9	31,078,242	12,354,907	x	0.0075192	=	92,899	x	95%	88,254	396,001
10	32,010,589	13,287,254	x	0.0075192	=	99,910	x	95%	94,914	490,915
11	32,970,907	14,247,572	x	0.0075192	=	107,130	x	95%	101,774	592,689
12	33,960,034	15,236,699	x	0.0075192	=	114,568	x	95%	108,839	701,529
13	34,978,835	16,255,500	x	0.0075192	=	122,228	x	95%	116,117	817,645
14	36,028,200	17,304,865	x	0.0075192	=	130,119	x	95%	123,613	941,258
15	37,109,046	18,385,711	x	0.0075192	=	138,246	x	95%	131,334	1,072,592
16	38,222,318	19,498,983	x	0.0075192	=	146,617	x	95%	139,286	1,211,878
17	39,368,987	20,645,652	x	0.0075192	=	155,239	x	95%	147,477	1,359,355
18	40,550,057	21,826,722	x	0.0075192	=	164,119	x	95%	155,914	1,515,268
19	41,766,559	23,043,224	x	0.0075192	=	173,267	x	95%	164,603	1,679,871
20	43,019,555	24,296,220	x	0.0075192	=	182,688	x	95%	173,554	1,853,425
21	44,310,142	25,586,807	x	0.0075192	=	192,392	x	95%	182,773	2,036,198
22	45,639,446	26,916,111	x	0.0075192	=	202,388	x	95%	192,268	2,228,466
23	47,008,630	28,285,295	x	0.0075192	=	212,683	x	95%	202,049	2,430,515
24	48,418,888	29,695,553	x	0.0075192	=	223,287	x	95%	212,122	2,642,637
25	49,871,455	31,148,120	x	0.0075192	=	234,209	x	95%	222,498	2,865,136
26	51,367,599	32,644,264	x	0.0075192	=	245,459	x	95%	233,186	3,098,321
27	52,908,627	34,185,292	x	0.0075192	=	257,046	x	95%	244,194	3,342,515
28	54,495,886	35,772,551	x	0.0075192	=	268,981	x	95%	255,532	3,598,047
29	56,130,762	37,407,427	x	0.0075192	=	281,274	x	95%	267,210	3,865,257
30	57,814,685	39,091,350	x	0.0075192	=	293,936	x	95%	279,239	4,144,496

* Base Year - Assumes Year 0 is 2005
** Assumes 1-3% increase in property values after Year 7
*** Assumes decrease of \$500,000 in original CRA
**** Assumes 1% increase



TABLE 7

FELLSMERE MODIFIED COMMUNITY REDEVELOPMENT AREA										
PROJECTED ANNUAL AND CUMULATIVE TAX INCREMENT REVENUES 2009										
Year*	Area Tax Base**	Tax Base Increment	x	Millage Rate	=	Increment Revenues	x	Statutory Limit	Annual Redevelopment Trust Funds	Cumulative Redevelopment Trust Funds
0	\$ 102,117,790.00									
1***	101,617,790	-500,000	x	0.0075192	=	-3,760	x	95%	-3,572	-3,572
2****	102,633,968	516,178	x	0.0075192	=	3,881	x	95%	3,687	116
3	103,660,308	1,542,518	x	0.0075192	=	11,598	x	95%	11,019	11,134
4	103,763,968	1,646,178	x	0.0075192	=	12,378	x	95%	11,759	22,893
5	104,801,608	2,683,818	x	0.0075192	=	20,180	x	95%	19,171	42,064
6	105,849,624	3,731,834	x	0.0075192	=	28,060	x	95%	26,657	68,722
7	106,908,120	4,790,330	x	0.0075192	=	36,019	x	95%	34,218	102,940
8	110,115,363	7,997,573	x	0.0075192	=	60,135	x	95%	57,129	160,069
9	113,418,824	11,301,034	x	0.0075192	=	84,975	x	95%	80,726	240,795
10	116,821,389	14,703,599	x	0.0075192	=	110,559	x	95%	105,031	345,826
11	120,326,031	18,208,241	x	0.0075192	=	136,911	x	95%	130,066	475,892
12	123,935,812	21,818,022	x	0.0075192	=	164,054	x	95%	155,851	631,743
13	127,653,886	25,536,096	x	0.0075192	=	192,011	x	95%	182,410	814,154
14	131,483,503	29,365,713	x	0.0075192	=	220,807	x	95%	209,766	1,023,920
15	135,428,008	33,310,218	x	0.0075192	=	250,466	x	95%	237,943	1,261,863
16	139,490,848	37,373,058	x	0.0075192	=	281,015	x	95%	266,965	1,528,828
17	143,675,573	41,557,783	x	0.0075192	=	312,481	x	95%	296,857	1,825,685
18	147,985,841	45,868,051	x	0.0075192	=	344,891	x	95%	327,646	2,153,331
19	152,425,416	50,307,626	x	0.0075192	=	378,273	x	95%	359,359	2,512,691
20	156,998,178	54,880,388	x	0.0075192	=	412,657	x	95%	392,024	2,904,715
21	161,708,124	59,590,334	x	0.0075192	=	448,072	x	95%	425,668	3,330,383
22	166,559,367	64,441,577	x	0.0075192	=	484,549	x	95%	460,322	3,790,704
23	171,556,148	69,438,358	x	0.0075192	=	522,121	x	95%	496,015	4,286,719
24	176,702,833	74,585,043	x	0.0075192	=	560,820	x	95%	532,779	4,819,498
25	182,003,918	79,886,128	x	0.0075192	=	600,680	x	95%	570,646	5,390,144
26	187,464,035	85,346,245	x	0.0075192	=	641,735	x	95%	609,649	5,999,793
27	193,087,956	90,970,166	x	0.0075192	=	684,023	x	95%	649,822	6,649,614
28	198,880,595	96,762,805	x	0.0075192	=	727,579	x	95%	691,200	7,340,814
29	204,847,013	102,729,223	x	0.0075192	=	772,442	x	95%	733,819	8,074,634
30	210,992,423	108,874,633	x	0.0075192	=	818,650	x	95%	777,718	8,852,351

* Base Year - Assumes Year 0 is 2009
 ** Assumes 1-3% increase in property values after Year 3
 *** Assumes 1st Year decrease
 **** Assumes 1% increase



General Funding Sources

The following list shows other potential resources.

- 1) Special revenue bonds.
- 2) General obligation bonds.
- 3) Grants and Loans to the agency from the City's special or general funds for start up costs.
- 4) Fees, leases, and charges.
- 5) Industrial Revenue Bonds: Industrial revenue bonds may be used to finance industrial and some commercial projects. The primary emphasis on such projects is the creation of jobs. IRB's are tax-exempt, and consequently, are typically three percentage points below prevailing interest rates.
- 6) Commercial Loans: The Redevelopment Agency may directly borrow funds from local lending institutions, utilizing both short term and long term borrowing. Through an RFQ process, terms and conditions may be specified in an attempt to secure the lowest available interest rate. Lending institutions are required by Federal Law to meet certain Community Reinvestment Act portfolio requirements. Local banks should be pursued to contribute to FCRA projects.
- 7) Private Contributions: Voluntary contributions by private companies, foundations, and individuals are potential source of income to the Redevelopment Agency. Although such contributions may account for only a small portion of redevelopment costs, they do provide opportunities for community participation with positive promotional benefits.
- 8) Special Assessment Districts: The City of Fellsmere could also establish special assessment districts and MSTU, (Florida Statutes Chapter 170) for the purpose of funding various capital improvements within an area or for the construction of a particular project.
- 9) Grants from other Funding Sources, including those listed below, many of which have changed or are changing due to economic conditions
 - ***The Home Investment Partnership (HOME)***
 - ***The Safe Neighborhood Act – Chapter 163.501, F.S.***
 - ***Community Development Corporation Support and Assistance Program***
 - ***Florida Recreation Development Assistance Program***
 - ***TEA21/TEA 3/SAF-TEA***
 - ***Title V. Community Organizing Programs***
 - ***The Good Neighbor Program***
 - ***Community Development Block Grant (CDBG) Program***
 - ***Empowerment Zone/Enterprise Community (EZ/EC)- Sustainable Development Workshops***
 - ***Recreation and Parks Technical Assistance Services***
 - ***Florida Greenways and Trails Program***
 - ***State Housing Initiatives Partnership (SHIP) Program***
 - ***The Low Income Rental Housing Tax Credit (LIHTC)***
 - ***Florida Communities Trust (TCT) Fund Grant***
 - ***Florida Inland Navigational District Funding (FIND)***
 - ***St. Johns River Water Management District (SJRWMD) Funds***



Financial incentives

Incentives should be considered as the trust fund gains dollars to stimulate location of new/expanding business opportunities. These might include:

- 1) City installation and provision of “public” improvements, even those designed to facilitate private development such as water/sewer lines, parking/roadways, and other infrastructure needed to make a project financially feasible.
- 2) Permit fee reductions; impact fee reductions or delayed payment schedules; low-interest loans or grants for business start up or building improvements on infill sites or historic structures.
- 3) Façade and infrastructure Grants.