



# City of Crescent City

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## MEMORANDUM

TO: CRA Public Meeting Attendees

FROM: Patrick Kennedy, City Manager

Cc: CRA Advisory Committee  
CRA Board

Date: November 28, 2017

Re: Questions from November 20<sup>th</sup> Public Meeting

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Thank you to all the stakeholders and interested persons who were able to attend the November 20<sup>th</sup> Public Meeting to discuss the proposal to expand the current boundaries of the Community Redevelopment Area. I must congratulate you on your thoughtful questions and commend you for wanting to be informed rather than be reactionary. You have made the process a more informed one. Below are some of the key questions asked and what I hope will be valuable responses to those questions. We will take this information to the next meeting, which will be a hearing before your city commissioners to determine whether there is enough data to support a finding of necessity for the CRA boundaries. Your continued input is welcomed and encouraged.

**Q: What is the size and general make up of the current CRA?**

**A:** The current CRA is 88 acres in size and comprised of 184 parcels (compared to the expansion area which is 198 acres in size and comprised of 125 parcels). The current tax assess value of the property inside the CRA is \$9,882,516 (compared to the expansion area as presented at the November 20<sup>th</sup> meeting which is \$12,736,666).

**Q: What is the estimated revenue stream from tax increment for the expansion area?**

**A:** While estimating the tax increment based on future property values is a bit of a guessing game, we were able to put together some information based on historical numbers that looks at the expansion area tax increment if we started it in FY2013. When you look at the statistics for the existing CRA, it shows a growth rate of 1.2%.

Potential Impact of CRA Expansion if Started 5 years Ago	
Dollar Value Difference Between 2013 and 2018	\$948,793.00
Percent Change Over 5 years	8%
Dollar Value Difference for Vacant	(\$38,800.00)
% Change in Value for Vacant	-2%
Dollar Value Difference for Property w/Improvements	\$987,593.00
Percent Change in Improved Property	10%
Estimated Tax Increment From City for 2018	\$7,743.89
Estimated Tax Increment From County for 2018	\$8,905.37
Average Annual Growth Over 5 Year Period*	1.56%

\*Growth rate is actually a Compound Annual Growth Rate (CAGR):  
CAGR = (Ending value / Beginning value) ^ (1/n) - 1

Using the change in property values for the most recent 5 years, the total Tax Increment that would have been paid into to the CRA Expansion Trust Fund by the County and the City this year would have been \$16,649.26. If we assume a tax assessable value growth rate of 2% and use the current taxable value of \$12,736,666 as the baseline, the taxable value of the property inside the CRA expansion area would increase to \$14,062,308.43 by 2023. This results in a taxable value increment of \$1,325,642.43. If we assume the current millage rates are still in place, then the 2023 Tax Increment payment to the CRA trust fund would total \$23,262 (\$10,820 from the City and \$12,442 from the County).

**Q: Why is vacant property counted as “blight” for purposes of making a finding of necessity for a CRA?**

**A:** First, do not confuse desirable open space with vacant property. A certain amount of open space for such things like parks, recreation, street-scaping, and conservation is beneficial. However, the properties categorized as vacant have been designated for residential and/or commercial development in the City’s Comprehensive Plan. The properties are over grown and not utilized to their fullest potential in accordance with the City’s plan for development within its current boundaries. The historical performance of taxable property values further supports the notion that vacant property is not good for the local economy and the quality of life in Crescent City. The vacant property inside the expansion area show a 2% decline taxable value since 2013, while the taxable value of the property that had some form of improvement grew by 10%. Thus, in just the proposed expansion area, vacant property pulls down property values by as much as 2% (see table above). Moreover, it is well documented that several of these vacant properties serve as escape routes for persons attempting to evade law enforcement; and also they attract illegal dumping, and can even present brush fire dangers in dry weather.

As an anecdote to the discussion on vacant property, I cannot tell you how many times I have heard how nice it was that the vacant commercial property at Magnolia and Summit Street was developed with an AutoZone. Even those that favor the NAPA store have commented that it makes it look like something positive is happening here which might draw others to consider developing a small business or a residence in our city.

**Q: Why not include the Winn Dixie?**

**A:** The short answer is we could include the Winn Dixie and adjacent property. However, it was my attempt to address the one concern that expanding the CRA might present: CRA tax increment money cannot be used for the standard general services provided city-wide. This high valued property should see increased value if the surrounding CRA property increases in value, then these tax dollars could be used to address general fund budget matters.

**Q: I do not have any “blight” issues, so why include my property?**

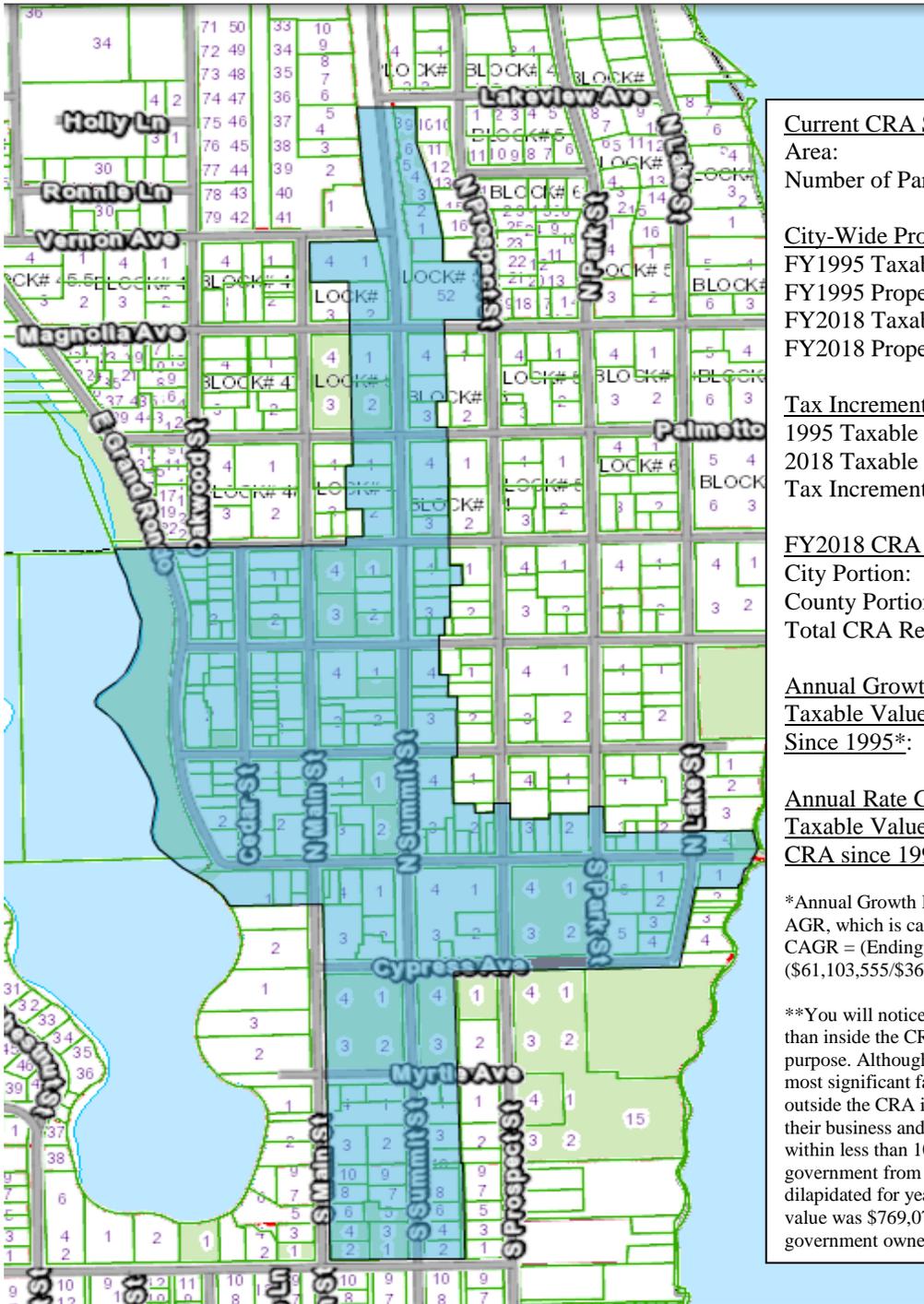
**A:** Some of you that lived in Lake Grove and Grove Avenue area asked the question “why include our neighborhood or my property”? As we discussed in the meeting, this neighborhood has some adjacent properties that do have blight issues, so it made sense to just come right across Grove and Lake Grove Avenues to create a more contiguous boundary. Additionally, you need some property that it not considered “blight” to be a part of the mix to get a running start on building a revenue stream for the CRA. If the Lake Grove residential area were to be excluded, we could still move forward and we would probably suggest adding back in the Winn Dixie property. (Our analysis shows this would be pretty much an even swap based on property valuations and historical rates of increase in property values.)

To answer a related concern, your property will not be individually labeled as “blighted” or a “redevelopment parcel”. The entire area is designated a Community Redevelopment Area, which is understood in most real estate circles as a positive because it is recognized as an area where the community is focused on proactive improvement.

**Q: Where are some examples of other CRAs, preferably in cities or towns closer to our size?**

**A:** Some examples of cities similar in size to Crescent City with a CRA include Apalachicola and Madison. Some examples nearby CRA’s include: Sanford, Port Orange, Holly Hill, New Smyrna Beach, Palatka and Jacksonville Beach. Some expressed concern about using Palatka as an example, and while there may be some criticisms of Palatka CRA districts (there are 3 of them), they have derived many benefits, including some very meaningful façade improvements along St. Johns Avenue and removal of some truly blighted structures.

## CURRENT CRA MAP



### Current CRA Statistics

Area: 88 acres  
 Number of Parcels: 184

### City-Wide Property Tax

FY1995 Taxable Value: \$36,257,091  
 FY1995 Property Taxes: \$ 299,121  
 FY2018 Taxable Value: \$61,103,555  
 FY2018 Property Taxes: \$ 524,965

### Tax Increment of Existing CRA

1995 Taxable Values: \$ 7,436,011  
 2018 Taxable Values: \$ 9,882,516  
 Tax Increment: \$ 2,446,505

### FY2018 CRA Tax Increment Payments

City Portion: \$ 19,968  
 County Portion: \$ 21,087  
 Total CRA Revenue: \$ 41,055

### Annual Growth Rate of Taxable Values City-Wide

Since 1995\*: 2.2%

### Annual Rate Growth of Taxable Values inside CRA since 1995\*:

1.2%\*\*

\*Annual Growth Rate (AGR) is actually the Compound AGR, which is calculated as following  
 $CAGR = (Ending\ value / Beginning\ value)^{(1/n)} - 1$  [e.g.  $(\$61,103,555 / \$36,257,091)^{(1/24)} - 1$ ]

\*\*You will notice the city wide growth in value is higher than inside the CRA, which is counterintuitive to the whole purpose. Although several factors could explain this, this most significant factors are (1) the Winn Dixie was built outside the CRA in 1997, and (2) the Miller Enterprises sold their business and property inside the CRA in 1995 and within less than 10 years it was seized by the federal government from subsequent owners and sat vacant and dilapidated for years. Although cleaned up, its 1995 taxable value was \$769,074 and its current taxable value as government owned property is \$0.