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Grand Jury Report Slams Miami-Dade's Anti-Blight Tax Districts.

A Miami-Dade grand jury report released Thursday slammed county taxing districts created to fight slum and blight, saying some appear to fund pet projects of elected officials and flirt with "slush fund" status while shunning desperate needs for affordable housing.

The report takes aim at districts called Community Redevelopment Agencies, which siphon property taxes from general services like police and transit in order to focus spending within their boundaries. While billed as anti-poverty initiatives, CRAs have been used to subsidize museums, concert halls and a production studio in downtown Miami, tapped to cover county cultural expenses as it pursued funding for Marlins Park, and enlisted for a string of neighborhood amenities.

"It is unfathomable to us that in this day and age, citizens in our community live in housing units where sewage backs up within their apartments or overflowing sewage being released on the grounds of their apartment buildings are a regular occurrence," the grand jury wrote in the report. "This, while millions of dollars are being spent annually to fund ball stadiums, performing arts centers and dog parks is an outrage."

Supporters see CRAs, which are authorized by state law, as important tools in helping revive neighborhoods where seed money from government can spur private investment. But critics see them as ways to circumvent public scrutiny of tax expenditures, and reserve millions of dollars for projects that otherwise would lose out in the normal budget process.

They're set to cost Miami-Dade about $37 million in the current budget year — twice what it spends on Animal Services — and new CRAs have been floated as ways to subsidize the planned Miami Wilds amusement park in south Miami-Dade and expanding transit to accommodate a David Beckham soccer stadium. The dollars in play can be significant: a recent report predicted that downtown Miami's Omni and Overtown CRAs would cost the city and county $1 billion in lost property-tax revenues through 2030.

The grand jury report urges reforms of how CRAs are run, noting elected leaders rarely appoint civilians to boards so that, instead, elected leaders themselves can be in charge of the money. (Read the full report by clicking here.)

"We discovered several examples of CRA boards spending large amounts of taxpayer dollars on what appeared to be pet projects of the elected officials," the report said. "Additionally, there is, at a minimum, a perception and appearance that certain CRA boards are controlled by the commissioner or councilman within whose district boundaries the CRA operates."

"Under these circumstances," it continued, "we believe there is a significant danger of CRA funds being used in slush funds for the elected officials."

The report also noted that the Miami-Dade County Commission, which has authority over spending, routinely provides required approval of CRA budgets well after the fiscal year begins. As a result, it

is retroactively approving expenditures of property-tax dollars nominally under its control.

Use of CRAs has long been controversial, and release of this report comes during a recent contretemps over a potential extension of a downtown district's 2030 retirement date. The Omni CRA, in Miami's northern downtown, is being eyed as potential source for an operating subsidy at the Frost Museum of Science, a non-profit named after billionaire philanthropists that is now seeking county hotel taxes to boost its $275 million construction effort.

Miami-Dade Mayor Carlos Gimenez wants to borrow $45 million for the Frost against a stream of county hotel taxes that had been earmarked for a $4 million yearly Frost operating subsidy. Gimenez said that planned budget support would be scrapped to instead fund the construction dollars.

Separately, he also recommended that, if Miami and Miami-Dade agree to extend the Omni CRA's life another 15 years, that money be found to subsidize operations at Frost as well as its sister property in Museum Park, the Perez Art Museum Miami, and the nearby Adrienne Arsht Center for Performing Arts.

To the south, controversy ensued when Miami's Overtown CRA agreed in late 2014 to provide up to $108 million in tax refunds to help finance the massive Miami Worldcenter project in Park West. A larger deal is currently being negotiated with a developer planning an 1,800-room hotel and expo center on the old Miami Arena site. Both agreements hinged on local workforce hiring commitments and enhanced wages.

In exchange for the subsidies, developers have agreed to hire from within Overtown and other poor Miami communities and pay elevated wages. Redevelopment executives argue that tax incentives spur investment that in turn finances improvements in residential neighborhoods, lures in important retail and commercial businesses and brings jobs to the community. In Overtown, new development allowed the CRA to borrow $60 million to help finance the construction of several affordable and mixed-income rental projects, as well as rehab residences in the low-income Town Park communities.

Miami Commissioner Keon Hardemon, who is chairman of the Overtown CRA, said during a community meeting Wednesday at Trinity CME Church in Overtown that bringing new development to Overtown has also allowed the agency to fund rehabs of existing co-op and townhome communities, and rehab low-income apartment buildings.

"It takes money to get things to happen," he said.

Kevin Crowder, a CRA consultant working with North Miami and North Miami Beach, said the grand jury seemed to misunderstand the emphasis state laws place on the creation of affordable housing by redevelopment agencies. He said parts of the report were inaccurate, and glossed over the way economic activity can rebuild entire communities.

"It's not just housing. It's about investment, it's about jobs, creating wealth for everybody in the area," said Crowder, director of economic development for the RMA consultancy.

The grand jury report does not name names and largely avoids singling out specific CRAs or parties that may be responsible for questionable actions. It notes "we also found several CRAs which effectively and efficiently used their funds to accomplish the intended goals."

But its most pointed passages paint a picture of taxing districts spending millions largely out of the normal public oversight. It noted that CRAs regularly borrow money on the board's authority alone, using the same property-tax dollars that otherwise would require a public referendum before being

used to backstop government debt.

And for districts charged with helping Florida's most blighted neighborhoods, the grand jury found a string of expenditures that seemed aimed at less pressing needs. One unnamed CRA spends most of its money running the CRA itself. Because of failed projects, the report said, tax revenue coming into the district amounted to $400,000 a year while the CRA's administrative budget amounted to $300,000.

"The CRA board was spending $300,000 in salary and benefits to 3 employees who were managing the remaining $100,000," according to the report.

New CRAs are assigned a portion of all property-tax revenue generated either by higher property values or new construction, allowing the existing property-tax base to continue flowing into the regular government coffers.

The idea is that removing slum and blight would improve property values, and generate a stream of revenue for the CRA. But the grand jury said affordable-housing projects lose out in the calculation, since their creation doesn't tend to boost tax values.

"CRAs are not formed to see how profitable they can become," the report stated. "They are formed to address the needs of the community. In many of these communities, one of the major needs is that of safe and sanitary affordable housing."

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