

Fort Lauderdale Community Redevelopment Agency: *Creating and Enhancing a Development Finance System*

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Development Finance Toolkit

Economic Development Corporation (501 c3)

Community Development Financial Institution (CDFI)

New Markets Tax Credits - Community Development
Entity (CDE)

Opportunity Zones

Other tools:

Business Improvement Districts (BID)

Brownfield Areas

Goal

Leverage federal and other capital resources
to assist in implementing the CRA's vision
and plan.

Challenges

- CRA Sunset
- County reluctance to extend CRAs
- Limited CRA capital resources for development and business incentives
- Limited use of existing federal and other leveraging tools

"Development arm" for the CRA.

Potential activities may include:

- Housing and mixed-use development.
- Development of commercial/office/retail uses including business incubators.
- Serve as an organizational umbrella to other tools (CDFI, CDE, Opportunity Zone Fund, BID)

Economic
Development
Corporation

Community Development Financial Institutions (CDFI)

CDFIs are community-based financial institutions with missions to promote community development through the provision of capital lending and investing for housing or economic development purposes.

Certified by the U.S. Department of Treasury CDFI Fund which also provides financial assistance awards for capitalization and technical assistance purposes.

Certification also helps leverage private sector (e.g. banks) loans and investments to grow the capital base of the institution.

New Markets Tax Credits – Community Development Entities (CDE)

- CDEs are corporations with missions to promote community development through the deployment of capital to businesses and real estate projects.
- Capital is raised from private investors (e.g. banks, insurance companies) in exchange for tax credits valued at 39% over seven years allocated by the U.S. Treasury Department CDFI Fund.
- Effective subsidy to end borrower (e.g. developer or business) is approximately 20%.
- Largest federal economic development program with a budget of \$3.5 billion per year and is being considered for permanent extension.

Opportunity Zones

Part of Tax Cut Act of 2017

Offers tax deferrals to those investors with capital gains subject to taxation

Taxes are deferred for five, seven or ten years with new investment gains reduced or eliminated

Opportunity Zone Funds are now being created to make equity investments in designated Opportunity Zones (3 in CRA)

Investment Prospectus to attract investors/OZ Funds to CRA.



Additional Tools for Consideration

- Business Improvement Districts (BID)
 - Similar to Fort Lauderdale Beach BID
- State of Florida Brownfield Areas
 - Existing tool

Next Steps



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QUESTIONS