

## **Redevelopment Capital Program (RCP) Program Overview and Loan-to-Grant Conversion Provisions**

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### **Program Overview**

The Redevelopment Capital Program (RCP) was established in Broward County in 2004, through the adoption of Chapter 19.18, PART III of the Broward County Administrative Code. This program was designed to provide investment dollars in-lieu-of Tax Increment Financing (TIF) through grants and then subsequently, loans-to-grants to Broward County municipalities and Community Redevelopment Areas. The types of projects which were eligible for RCP funding included, acquisition of land for redevelopment, design and construction for public improvement projects and affordable housing. Through the life of the program (2004-2014), the County originally committed \$41.7 million and actual disbursements and commitments totaled \$20.6 million. The municipalities that participated in the RCP included Coral Springs CRA, Dania Beach CRA, Lauderhill CRA, Oakland Park CRA and Plantation. As of December 31, 2020, RCP has remaining loan commitments with Dania Beach CRA (\$539K), and Oakland Park CRA (\$3.1 million).

### **Loan-to-Grant Conversion Provisions**

Within all RCP Interlocal Agreements (ILAs) and Loan Agreements, various provisions exist for timeframes for loan conversions, and criteria which establishes conditions needed to be met, in order for a loan to convert to a grant. Basically, once the ILA is executed, the CRA has twenty (20) years to convert future loans to a grant. The loan agreements provided for a five (5) year interest/principal-free period, where no payments were required, and then a fifteen (15) year pay-back period. This payment-free period was intended to allow the CRA sufficient time to develop new, private redevelopment projects, which established a "Project Value". This total Project Value is used in the calculation to convert the loan into a grant. Ideally, if large enough project values could be determined within the first five (5) years of the loan, and a conversion request was received and approved, there was a chance no actual repayments would need to occur. **As described in the original ILAs and Loan Agreements, in order for an entire loan to convert to a grant, the Net Present Value (NPV) of income from the County's share of tax base payments (over a 20-year period) from new, private redevelopment would need to be equal to, or greater than, the loan amount. The 20-year period to calculate the NPV starts at the effective date of the ILA. The ILA effective dates for the remaining two CRA's (Dania Beach & Oakland Park) were in 2006.** However, the loan agreements associated with these ILAs were not executed until 2009 thru 2017. The first loan-to-grant conversion requests received from these CRAs was not until 2016.