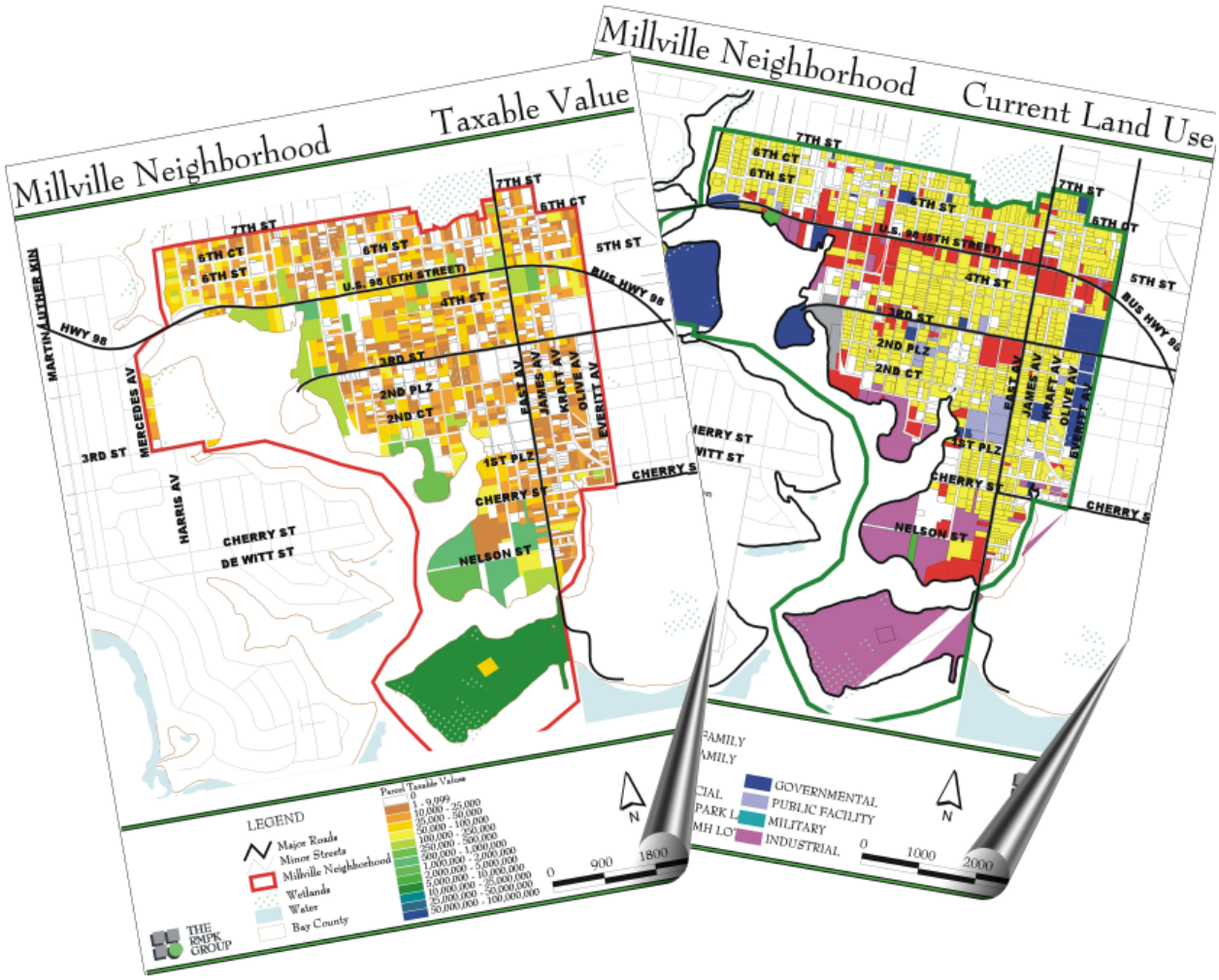

Panama City - Millville Area
Finding of Necessity for Redevelopment

Prepared for:
The City of Panama City
July 2002

Panama City - Millville Area
Finding of Necessity
for
Redevelopment

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Part I
Introduction

Introduction

On January 22, 2002 the Panama City Downtown Improvement Board completed the Panama City Strategic Master Plan. The Plan provides a recommended course of action for the City to position itself favorably in the competitive market of the regional economy. One of the recommended actions is for the City to address the needs of areas in economic decline such as the Millville community, located in the southeast portion of the City. As an outcome of the plan, the City initiated a course of action to transform the Millville area, using tools provided to local governments through Chapter 163 Part III of the Florida Statutes: "The Community Redevelopment Act". The Act outlines a comprehensive program that provides the legal framework and financing mechanisms with which local governments can undertake the unique and complex task of overcoming the conditions that contribute to the causes of slum and blight in certain areas of the City.

The Community Redevelopment Act of 1969

Figure 1 - Location Map

The Community Redevelopment Act of 1969, Chapter 163 Part III, Florida Statutes, authorizes local governments to establish community redevelopment agencies to improve slum and blighted areas within their jurisdiction. The Act sets forth the legal process by which local governments may establish community redevelopment agencies and provides financing and regulatory tools to accomplish the goal of improving selected areas.

Section 163.355 F.S. requires local governments desiring the establishment of a community redevelopment agency to adopt, by resolution, a finding that one or more slum or blighted areas exist within its jurisdiction and that the rehabilitation, conservation, or redevelopment of such areas is necessary in the interest of the public health, safety, morals, or welfare of the residents of the area. The purpose of this study is to provide information to the Panama City City Commission that will serve as a factual basis for a finding that conditions in the Millville area meet the statutory criteria for blight.

Part II
Study Area Description

Study Area Defined

The study area was determined after careful evaluation of all parcels of property located within the Millville district. Final determination for parcels to be included in the proposed boundary was based on the following criteria:

- Statutory criteria pertaining to site conditions
- Consideration of future development or redevelopment potential
- Consideration of sound planning principles for continuity of future land use based on adjacent land uses or land attributes, transportation systems, and the efficient provision of government utilities and services
- Deteriorating commercial corridors and areas with commercial zoning or designated as mixed-use on the future land use map of the City's Comprehensive Plan
- Consideration of irregular, small or surrounded parcels that might, at some future time, be combined with adjacent parcels for a more efficient use of land
- Areas providing a logical terminus for the boundaries such as the Watson Bayou and City limits

Study Area Boundary

Starting in the Watson Bayou, approximately 150 feet from the terminus of 7th Street, head east to 7th Street, then along 7th Street to the wetland area. The boundary follows the property line to encompass the wetland area, rejoining 7th Street on the east side. Continue east on 7th Street to Kraft Avenue. Head south on Kraft Avenue to 6th Court, then east on 6th Court to Everitt Avenue. Travel south on Everitt Avenue to Cherry Street and the Watson Bayou. The boundary then heads in a southwesterly direction along the Watson Bayou to East Avenue. Travel south along East Avenue meeting the Watson Bayou again. The boundary curves southwest then northwest along the Watson Bayou to encompass the large industrial parcel at the southern City limits. The boundary continues in a northwesterly direction, following the curve of the Bayou, meeting with the terminus of the western portion of 3rd Street. Head west on 3rd Street, then north on Mercedes Avenue to U.S. 98 as it crosses over the Watson Bayou. The boundary extends northward along the bayou, terminating at the point of beginning at 7th Street.

Current Land Use

There are 1421 parcels in the study area, totaling approximately 597.6 acres. Their current land use classifications are listed below, along with a general description of their location.

Commercial

There are 67 Commercial parcels in the study area, or 5% of the total number of parcels, totaling approximately 45.66 acres, or 8% of the total acreage. The commercial parcels are clustered almost exclusively along U.S. 98 (5th Street) between Mercedes Avenue to the west and Everitt Avenue to the east. There are also several commercial parcels at the south end of the study area on East Street.

Government-Institutional

There are 55 Government-Institutional parcels in the study area, or 4% of the parcel count, totaling approximately 88.87 acres, or 15% of the total acreage. These parcels are located along Everitt Avenue on the eastern boundary of the study area, including a housing project, and a large public park with ball fields at the corner of Mercedes Avenue and 3rd Street, as well as the sewage treatment plant at the west end of 3rd Street on the waterfront. The remaining Government-Institutional parcels are in various locations throughout the study area.

Industrial

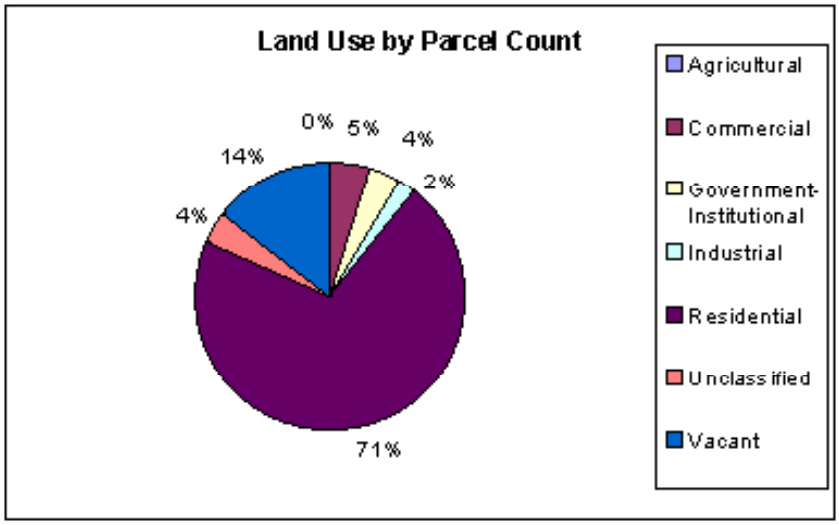
There are 29 Industrial parcels, or 2% of the total number of parcels, totaling approximately 58.50 acres, or 10% of the total acreage in the study area. The industrial parcels are primarily located along the waterfront and cater to the marine industry. Several large parcels are located at the south end of the study area.

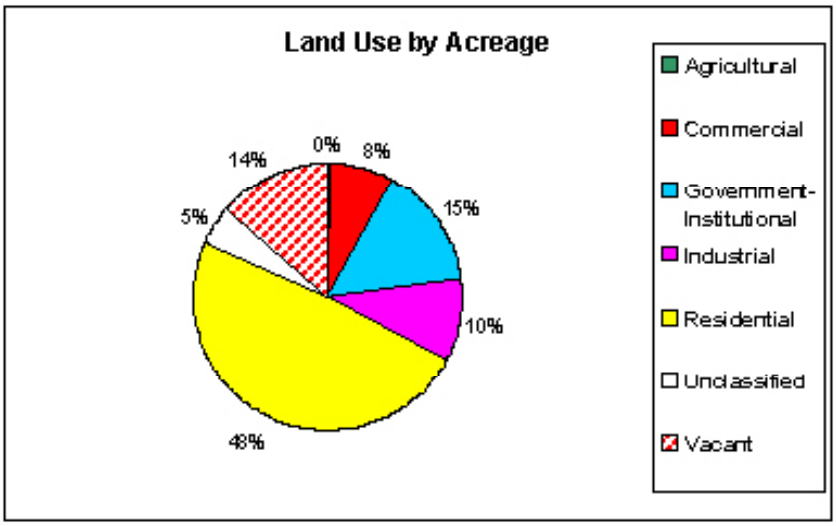
Residential

The majority of the proposed Millville redevelopment area is residential in use. There are 1005 Residential parcels, 71% of the parcel count, totaling approximately 292.62 acres, 48% of the total acreage. Residential parcels are primarily single-family and spread throughout the study area.

Vacant

There are 206 vacant parcels of land, 14% of the parcel count, which is approximately 81.68 acres, or 14% of the total acreage, interspersed throughout the study area.



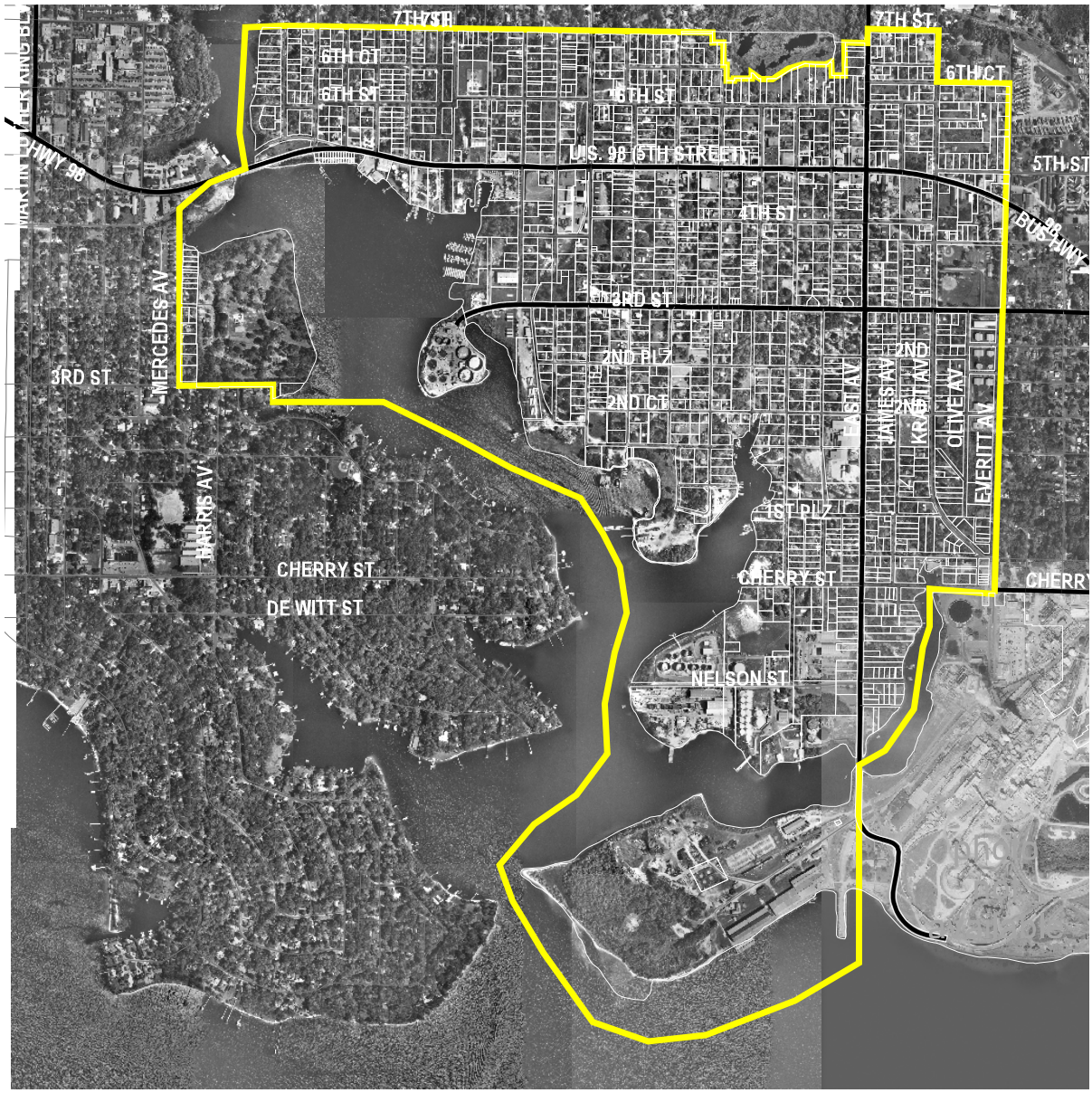


Study Maps

Figure 2, the aerial photograph, and Figure 3, the boundary map, illustrate the study area boundary. Figure 4 shows the current land uses in the Millville area. Additional maps on the following pages are used to present the information collected during the study that confirms the existence of blighted conditions in the proposed CRA.

Figure 2 - Aerial Photograph

Millville Neighborhood Aerial Photograp



Millville Parcels
Millville Neighborhood
Roads
Major
Minor

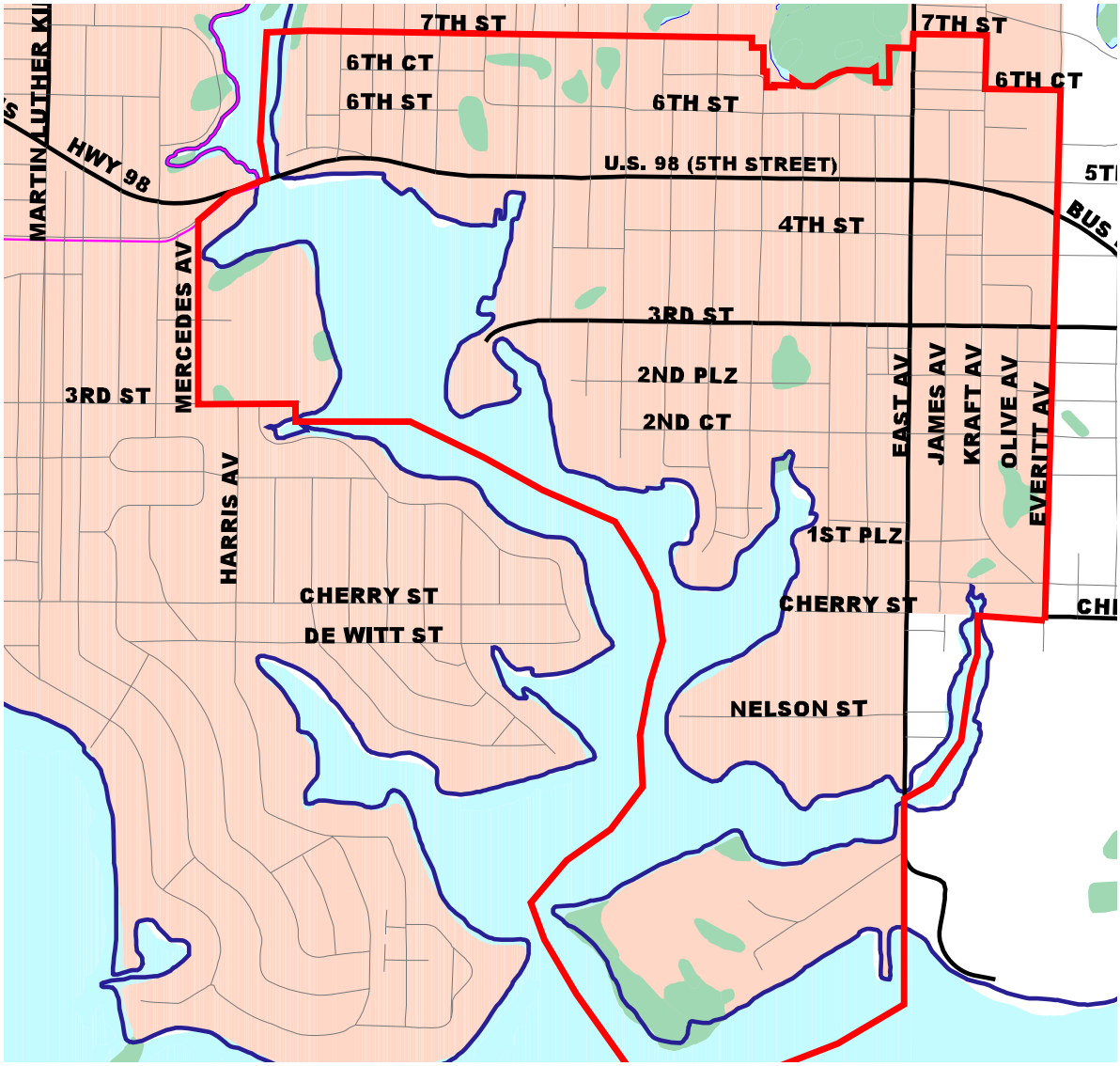
N

0 900 1800 2700 Fee

THE RMPK GROUP

Figure 3 - Study Area Boundary

Millville Neighborhood Boundary Ma



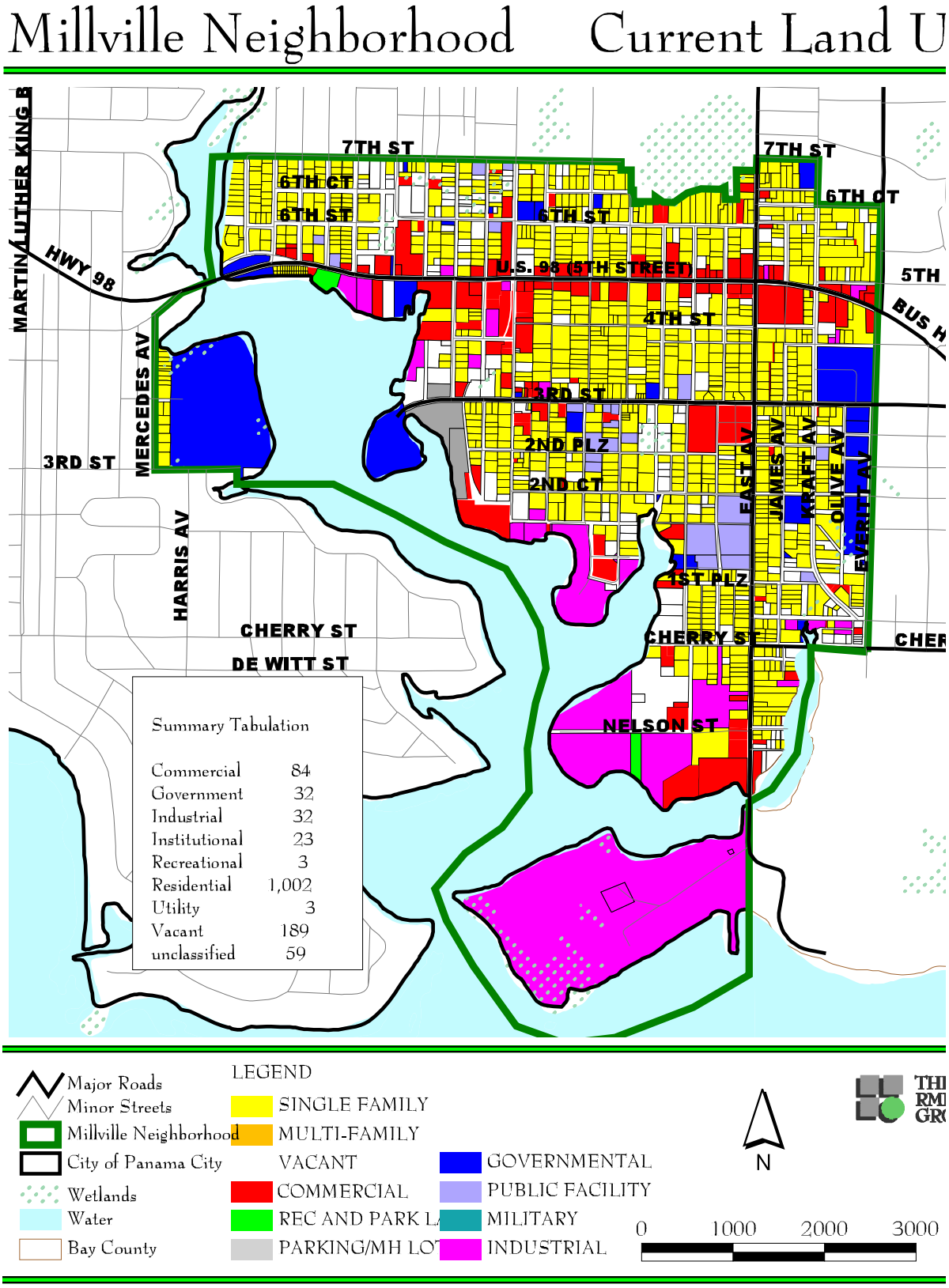
Millville Neighborhood
Major Roads
Minor Streets
Bay County
Water
Wetlands
Panama City Incorporated Area

N

0 800 1600 2400

THE RMPK GROUP

Figure 4 - Current Land Use



Part III
Inventory

Project Approach

Blight as defined by Florida Statute

Sections 163.340(8)(a) and (b) F.S.

This section of the statute provides a definition of "Blighted Area" which means either:

(a) An area in which there are a substantial number of slum, deteriorated, or deteriorating structures and conditions which endanger life or property by fire or other causes or one or more of the following factors that lead to economic distress or substantially impairs or arrests the sound growth of a county or municipality and is a menace to the public health, safety, morals or welfare in its present condition and use:

1. Predominance of defective or inadequate street layout;
2. Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
3. Unsanitary or unsafe conditions;
4. Deterioration of site or other improvements;

5. Inadequate and outdated building density patterns;
6. Tax or special assessment delinquency exceeding the fair value of the land;
7. Inadequate transportation and parking facilities; and
8. Diversity of ownership or defective or unusual conditions of title which prevent the free alienability of land within the deteriorated or hazardous area; or

(b) An area in which there exists faulty or inadequate street layout; inadequate parking facilities; or roadways, bridges, or public transportation facilities incapable of handling the volume of traffic flow into or through the area, either at present or following proposed construction.

The project approach for data collection and analysis utilized a breakdown of the criteria described in the Florida Statutes to determine the existence of blight. Each of the statutory criteria was examined to determine the presence or absence of that condition. For those conditions existing in the study area, a more detailed analysis was undertaken and is presented here. The study finally focused on the following conditions indicative of blight, including:

1. Unsanitary and unsafe conditions
2. Deterioration of site or other improvements
3. Faulty lot layout in relation to size, adequacy, accessibility or usefulness
4. Diversity of ownership or defective or unusual conditions of title which prevent the free alienability of land within the deteriorated or hazardous area
5. Deterrents to sound future growth and development

Deterioration of Site or Other Improvements

Structural Conditions

One of the more apparent elements of blight is the deterioration of buildings. A significant number of deteriorating or dilapidated buildings in an area are an indication of a lack of private investment in maintaining the integrity and value of existing development or in redevelopment.

The presence of deteriorated buildings impairs economic growth in a community by negatively impacting the investment environment. In addition, deteriorated buildings create additional expense for the community in the need for increased code enforcement personnel and inspections.

Fieldwork conducted by RMPK confirmed the existence of these conditions in the Millville study area. Criteria not only included the physical condition of structures, but also local roadway, alley, and sidewalk conditions and the condition of vacant parcels and buildings that may be subject to further deterioration. Virtually the entire study area displayed characteristics of deterioration including local road surfaces, dirt alleyways, broken concrete sidewalks and the accumulation of trash and debris. This is not only a strong indication of the physical condition of the public right-of-way and private properties in the study area, it reflects the declining economic conditions in the area representing a lack of investment in property upkeep and maintenance.

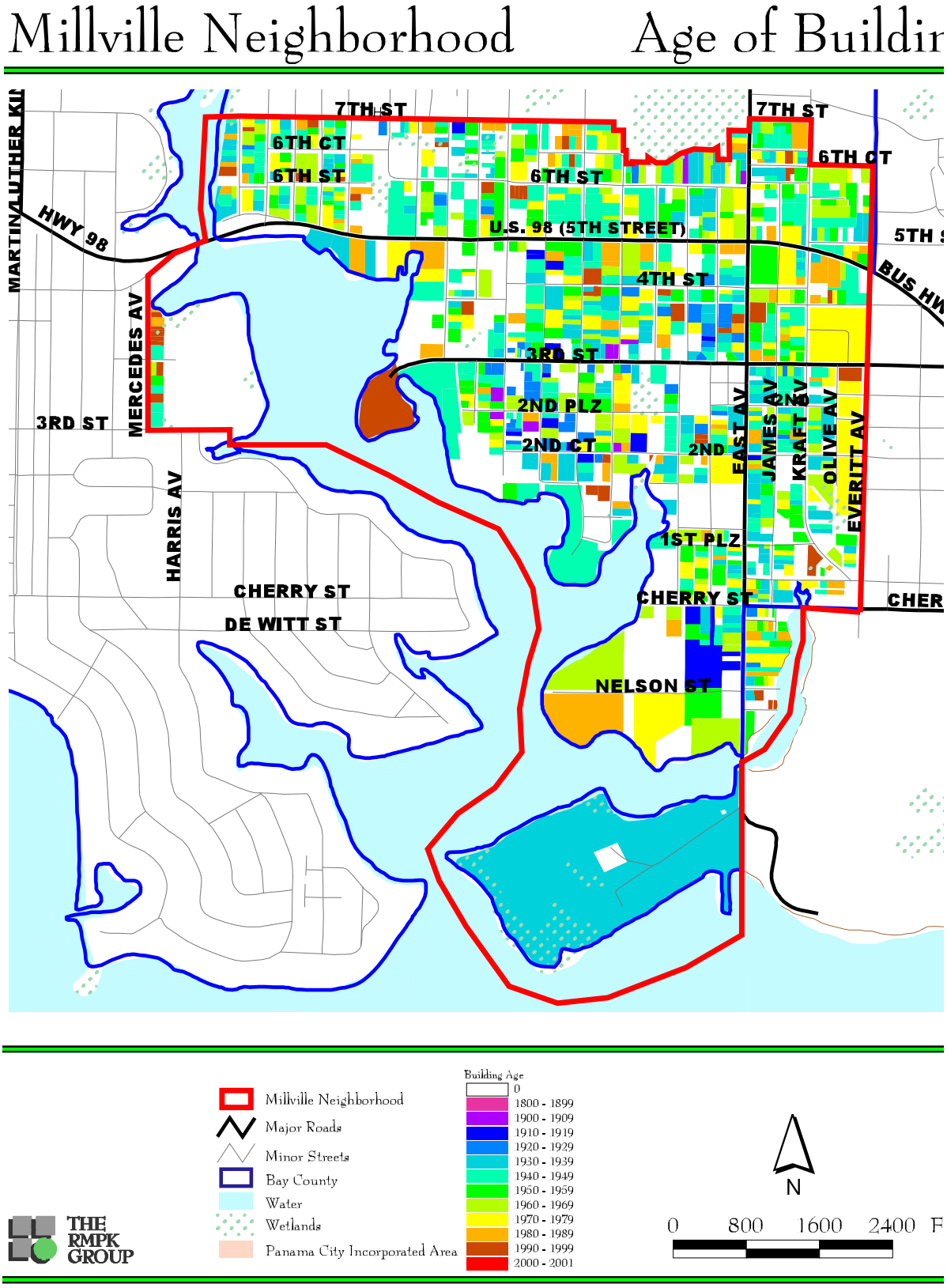
Another indication of the building stock quality in an area can be the relative age of the buildings. Aging buildings typically require increased maintenance and repair. In addition, the interior space, exterior appearance, and functional aspects of older buildings may be obsolete for modern market demands. When market demand declines, lease revenues decline, and investment in upkeep or enhancement may suffer.

Age of the primary structure of a site is recorded by the Bay County Property Appraiser's Office, but is not available for all sites in the study area. For those sites where data is available, the average building age is fifty-six years.

The age of a building in and of itself is not a blighting condition. If adequate investment and maintenance is made, older buildings can remain viable and desirable in the real estate market. In fact, the historic building stock and attractive neighborhood setting in Millville has caused a resurgence in private housing renovations, as seen in the adjacent photograph. Conversely, a concentration of older, poorly maintained and dilapidated buildings creates many negative influences in an area: a loss of economic status, lack of interest in new development, increased crime, and decreased revenues for businesses.

Older buildings are often more costly to maintain. Combined with the potential for lower market demand, the likelihood is increased that deterio-

Figure 5 - Age of Buildings



ration will occur in areas with a concentration of older buildings.

The combination of older building stock with deteriorating conditions results in other negative factors in the community, including:

- Depressed property values, resulting in lower local tax revenues.
- Increased fire hazard potential.
- Increased code enforcement demands.
- Concentration of low-income groups and marginal businesses with decreased potential for investment to reverse the blighting conditions.
- Creation of an environment that is attractive to transients and conducive to criminal activity.
- Low potential for rents promotes the conversion of single-family homes to multi-family units, often as single room occupancy units, resulting in a decrease in long-term homeowners.
- Creation of a poor market environment, where existing businesses relocate to other, more stable areas, and new businesses do not replace them.

In summary, the concentration of old and deteriorating buildings within the study area is a blighting condition. It discourages investment in development and redevelopment, ultimately decreasing the property values and tax revenues for the surrounding area.

Streets, Traffic and Sidewalks

Four primary transportation corridors occur within the study area. East Avenue and Everitt Avenue serve as the primary north-south access roadways. US. 98 (5th Street) and 3rd Street serve as the primary east-west roadways.

Relative to conditions of blight, the relationship of these transportation corridors to pedestrian movement is an issue of concern. Many pedestrians use the sidewalk systems in the study area as a primary transportation mode. However, three characteristics exist which result in the sidewalk system being a point of potential health and safety risk: width, location, and driveways.

The existing sidewalk system along U.S. 98 is complete, however the sidewalk is immediately adjacent to the curb and travel lane, affording no protection or buffering from traffic movement. Additionally, multiple driveways that often are excessively wide introduce many potential sources of conflict between motorists and pedestrians.

Therefore, while the condition of the existing

transportation network may be adequate, the sidewalk system may be considered a contributing factor in the conditions of blight.

Unsanitary or Unsafe Conditions

Several areas of Millville have unsanitary and unsafe conditions. As seen in the photographs below: Dilapidated structures, outside storage, litter, and debris are external signs of property neglect. There is little chance of revitalizing this community if the unsanitary and unsafe conditions are not addressed through the redevelopment process. This situation is compounded by the fact that there is insufficient code enforcement in the Millville area.

In addition, several commercial and industrial properties utilize outside storage of equipment and machinery causing unsafe conditions especially for children who often play nearby in adjacent residential areas.

Lot Size and Adequacy

Portions of the study area contain substandard lots with characteristics of faulty lot layout in relation to size, adequacy, accessibility, or usefulness. These were analyzed according to

current codes to determine hindrances to future development, indicating possible economic liabilities of affected properties.

Lot/Parcel Size/Adequacy

Lot size is an important factor in the redevelopment potential for a site. If lot sizes of the older platted subdivisions and commercial properties are too small for development under the current zoning codes, this becomes a significant deterrent for redevelopment. Many properties are technically non-conforming due to inadequate lot sizes that cause limitations on property modifications. Similar to properties with insufficient size, inadequate properties are those with limited development potential based on the application of land development regulations that were not in place when the property was originally platted or developed. When this occurs, often the only recourse is to assemble surrounding property in order to attain a parcel large enough to meet regulated design standards. This increases the cost of development, which causes a deterrent to private sector investment. These properties are limited by their size in relation to parking and setback requirements, stormwater retention standards, landscaping requirements, and other land development regulations.

Figure 6 identifies residential properties less than 5,000 square feet and commercial properties less than one acre, which are considered minimum parcel sizes for development of property in these land use categories. Of the 116 commercial properties in the study area, 91 (about 80% of the total) are less than one acre in size.

Many of the properties located on U.S. 98 in the study area are facing potential economic liabilities due to lot size inadequacies. Figure 7 identifies the properties located on this road section with 100 feet or less of depth from the present right-of-way line. Of the 121 parcels fronting the highway, 19 were found to be less than 100 feet in depth. In many instances the lack of depth has caused overflow parking and loading zone conflicts with adjacent residential properties.

In summary, the combination of a high percentage of commercial lots smaller than one acre and a large diversity of ownership is a blighting influence. These conditions impede sound growth in the study area by creating a combination of physical, legal, and economic constraints, which makes substantial redevelopment either impractical or impossible. Further, these impediments to growth perpetuate the negative physical and social conditions, prevent economic revitalization, and suppress surrounding property values and tax revenues.

Diversity of Ownership

Diversity of ownership or defective or unusual conditions of title which prevent the free alienability of land within the deteriorated or hazardous area can contribute to conditions of blight. There is a high degree of diversity of ownership in the study area where a majority of the lots are owned by different persons or entities. According to the tax roll, there are 1,177 different

Figure 6 - Inadequate Parcel Size

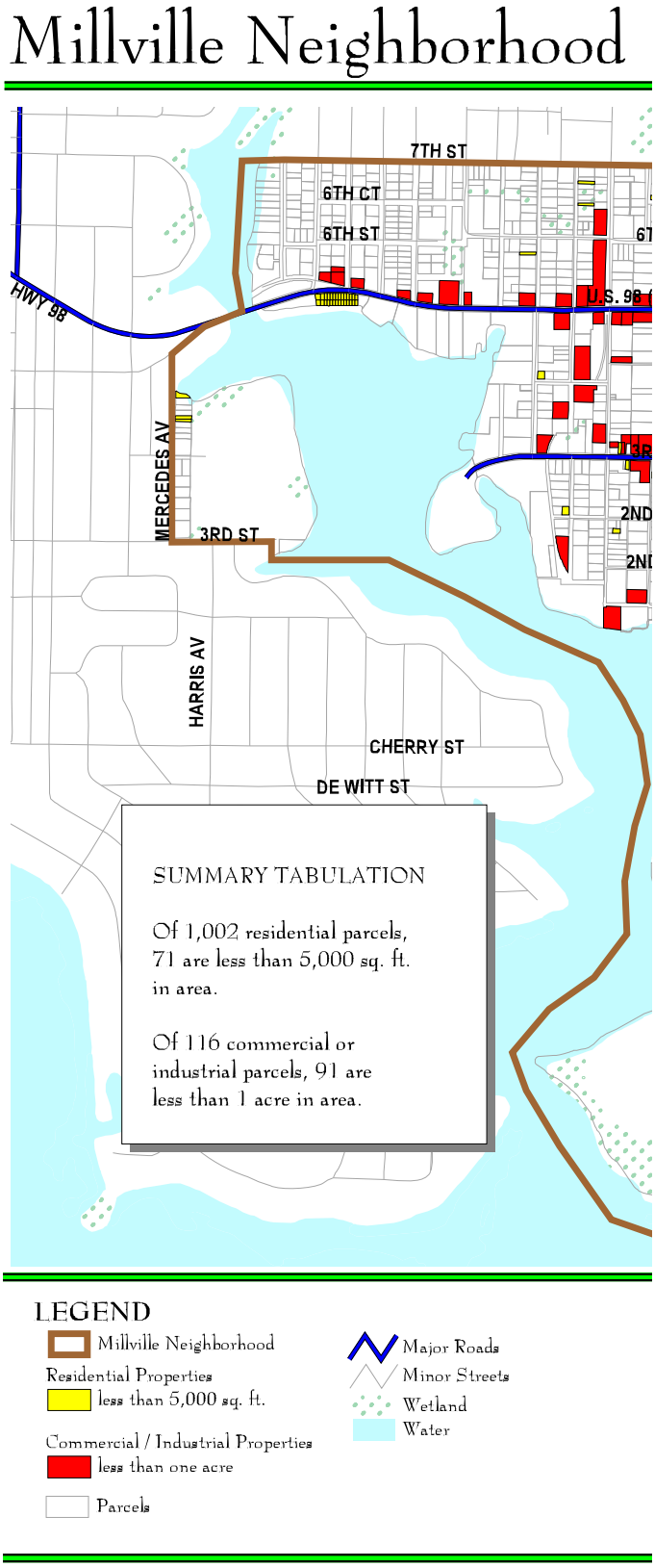
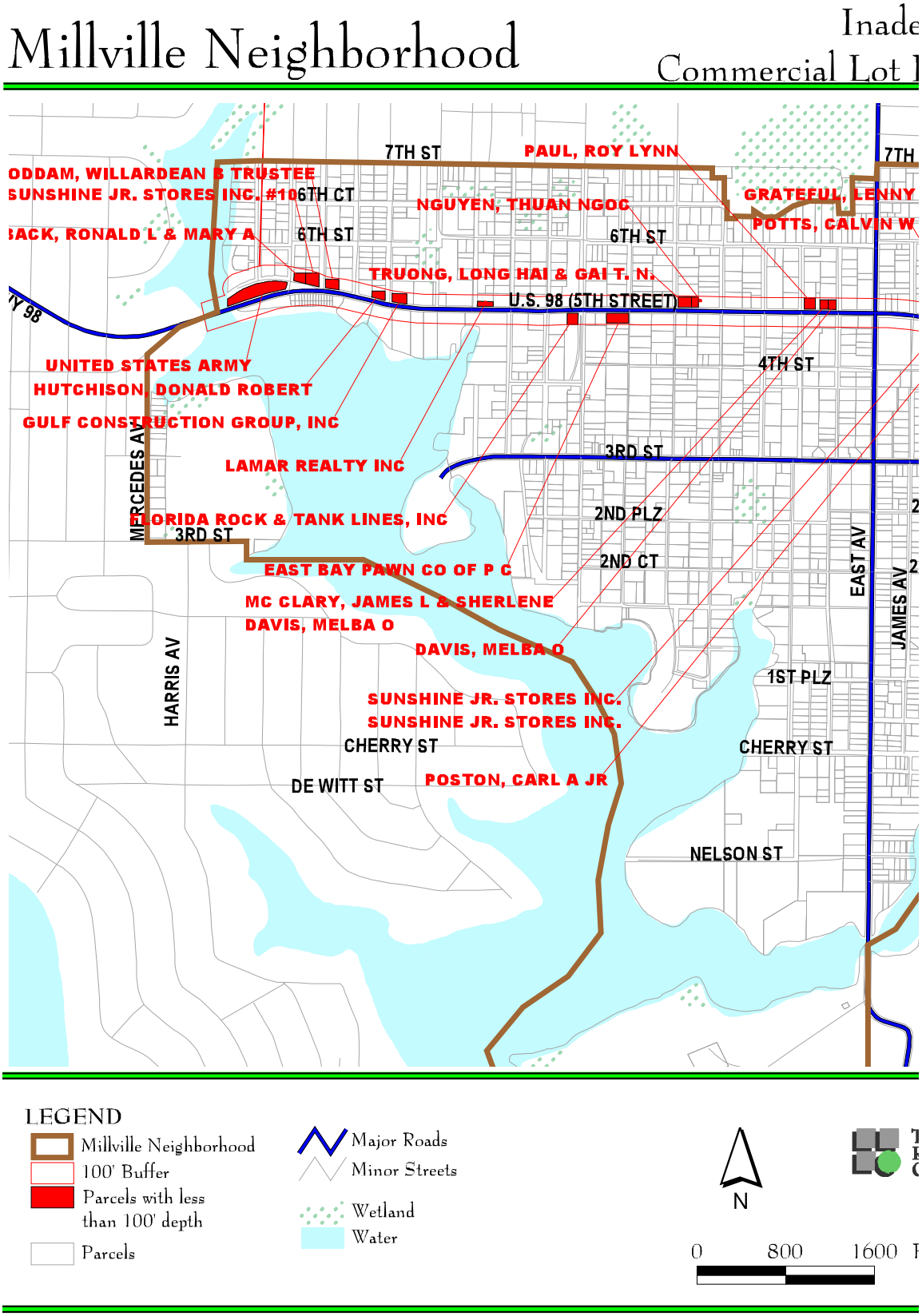


Figure 7 - Inadequate Commercial Lot Depth



owners of the total number of 1,360 parcels of property. This situation is compounded by the fact that many of the individual properties are insufficient in size and are not owner occupied. This condition makes it extremely difficult to combine properties to bring about more efficient development patterns. If one landowner is interested in redeveloping his or her property but needs the size of a larger parcel to meet existing codes; and the adjacent owners are not interested in joining forces or selling, then this one owner is powerless to make the necessary property improvements. This situation makes redevelopment by the private sector extremely difficult, if not impossible. Unfortunately, the combination of inadequate parcels of property and insufficient demand in the commercial real estate market has stymied opportunities for investment in this area. Without effective redevelopment strategies or intervention by the City, these conditions will further deteriorate causing a decline in the tax base and in City revenues.

Occupancy

Data obtained from the Bay County Property Appraiser suggests a high proportion of rental property in the study area. Of the 1,421 properties in Millville, 726 (51%) are owner-occupied. Properties that are not owner-occupied total 695 (49%). When occupancy of residential parcels alone is analyzed, the owner-occupancy rate climbs to 72%, with 28% being not owner-occupied. Rental property located in a declining real estate market perpetuates the cycle of deteriorating conditions due to the inherent lack of motivation and finances to maintain property. Figure 8 shows a residential occupancy analysis.

Tax Base

For 1,366 parcels in the database (Millville Neighborhood subset)

Low Property Values

The combination of small lots, age of buildings, number of substandard buildings, and the vacancy and physical condition of commercial properties is reflected in low property values for the study area. Figure 9 shows taxable property values in Millville. The predominance of residential property with taxable value less than $25,000 indicates a very weak tax base.

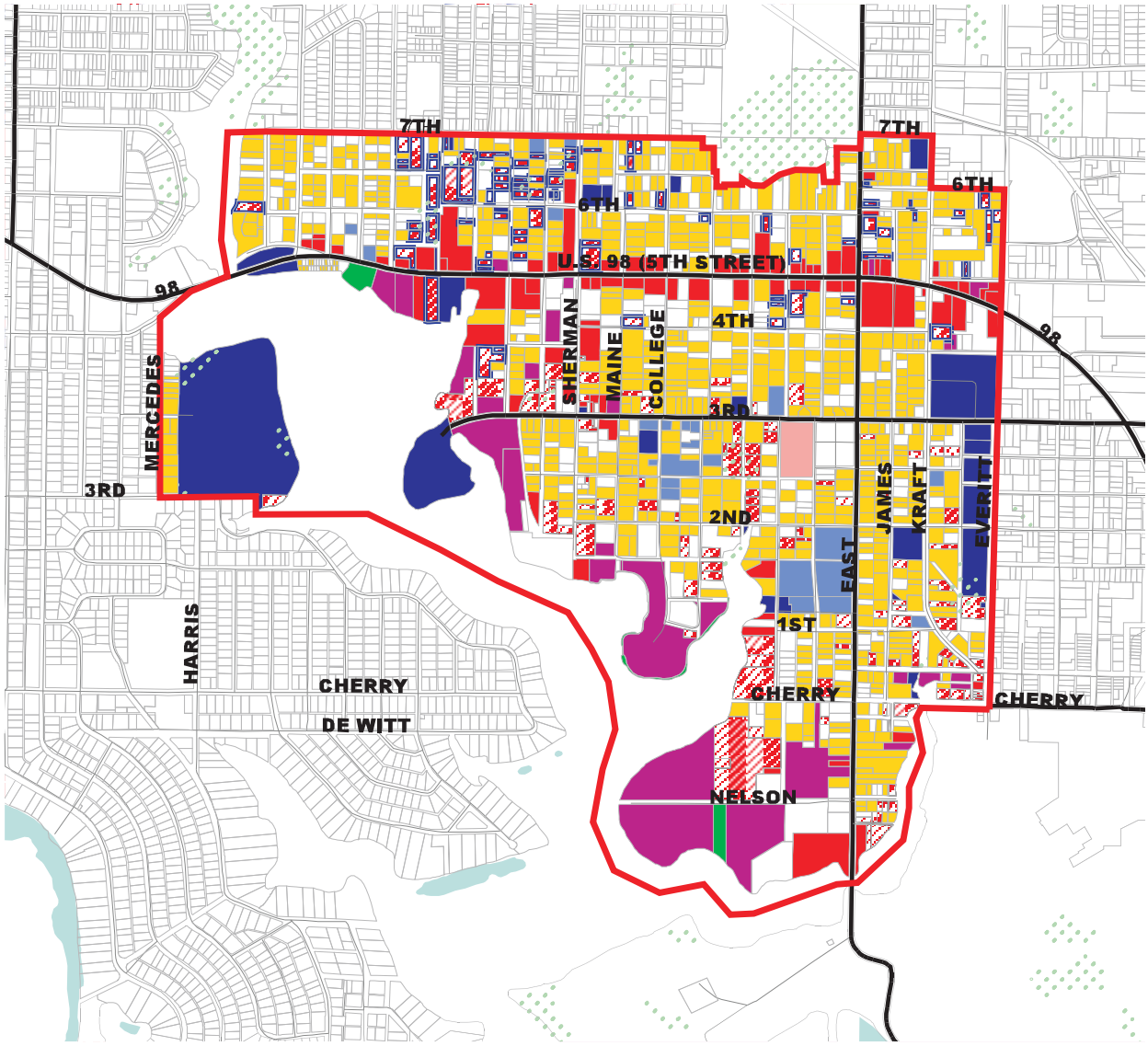
	Taxable Value
Residential	$13,675,783
All Others	$16,144,735
Total:	$29,820,518

Deterrents to Sound Future Growth and Development

The purpose of the Community Redevelopment Act is to provide local governments with the ability to combat deteriorating urban conditions. Section 163.360 entitled “Community Redevelopment Plans” describes the purpose of such plans. It includes subsection (8)(b)(2), which explains the requirements for acquisition of property for the purpose of redeveloping it for non-residential uses. This section of the statute identifies additional conditions that warrant the use of redevelopment powers including economic disuse or any combination of fac-

Figure 8 - Residential Owner Occupancy

Millville Neighborhood Residential Owner Occupancy



Millville Neighborhood
Major Roads
Minor Streets
Bay County
Water

OWNER OCCUPIED RESIDENTIAL
VACANT
COMMERCIAL
REC AND PARK LAND
PARKING/MH LOT

GOVERNMENTAL
PUBLIC FACILITY
MILITARY
INDUSTRIAL

N

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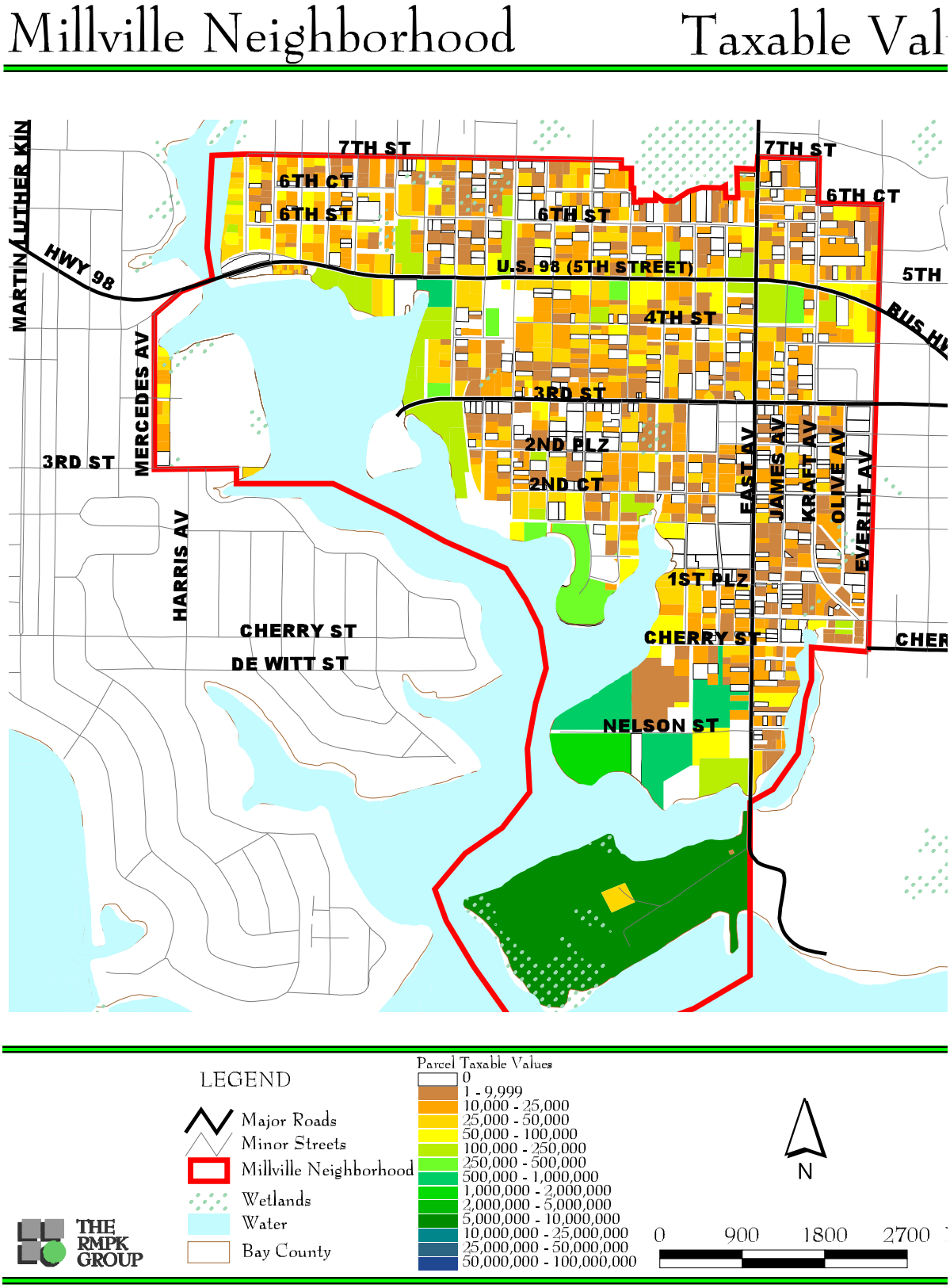
0 900 1800 2700 Feet

Figure 9 - Taxable Value



tors or other conditions, which retard development of the area. These criteria provide further insight into the intent of the legislation and relate directly to the conditions found in the study area; conditions, which hinder opportunities for sound future growth and development.

The content of this report has identified conditions in the study area that are consistent with the definition of blight contained in the Florida Statutes. Several other factors also combine to limit Millville's ability to grow and prosper. The formulation of a redevelopment plan, using the tools made available in the statutes, is the most appropriate means of overcoming these obstacles to economic development. The following factors are considered deterrents to sound future growth and development of the study area.

High Cost of Redevelopment

Redevelopment is, by nature, more costly than the development of vacant land. The cost of property with improvements is invariably more expensive than the cost of similar vacant property. Furthermore, the demolition, retrofitting, and related site preparation tasks add substantial costs to property development that are absent from raw land sites. Redevelopment activity also triggers thresholds for mandatory compliance with more costly, modern development standards and often requires environmental clean up which increases expense. Finally, as in the case of the study area, it is often necessary to assemble more than one parcel of land, which is more costly, aggravating and time consuming. Considering these economic influences, it is difficult to justify investing in such areas without government strategies to overcome the obstacles associated with redevelopment.

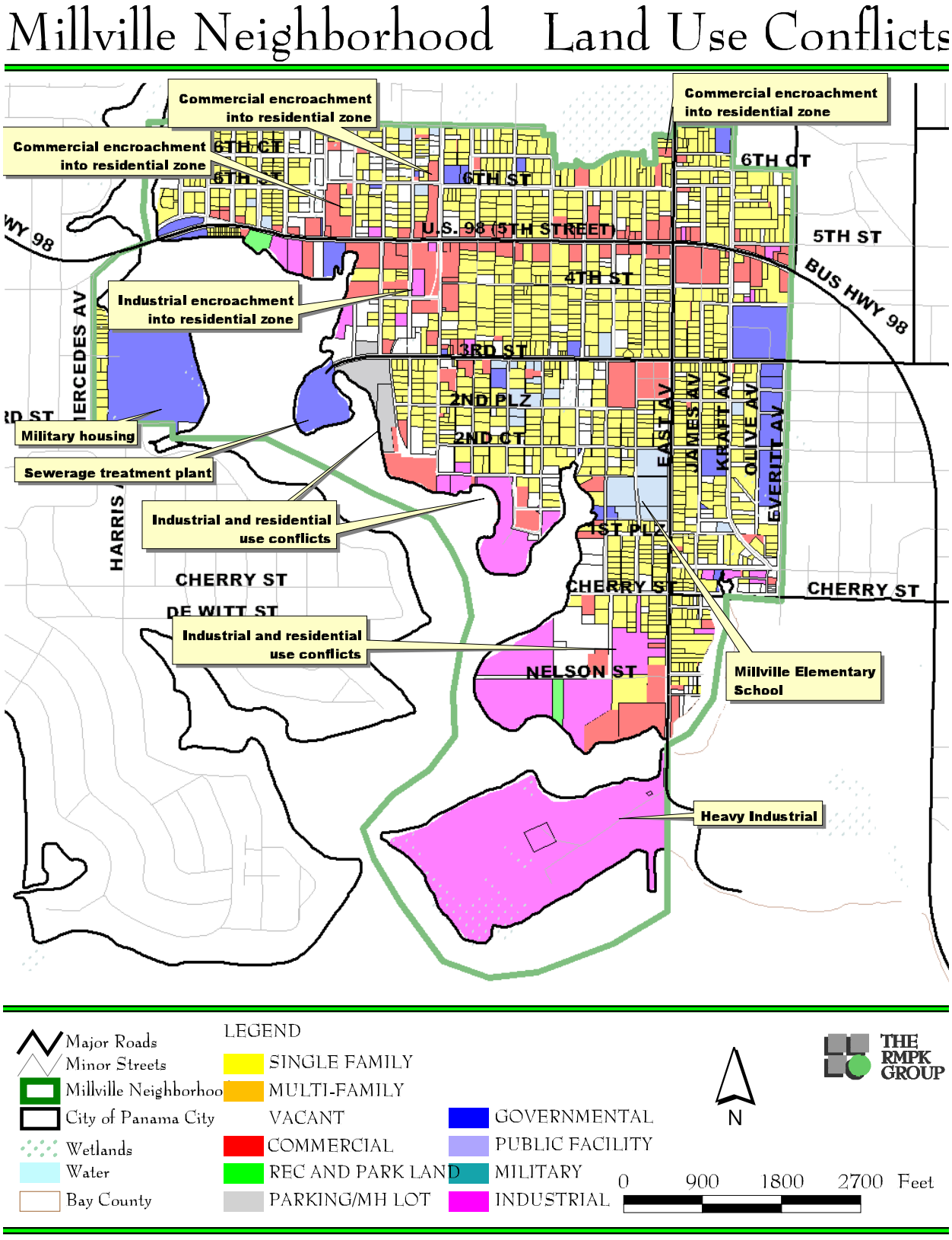
Conflicting Land Use

Figure 10 and the following photos depict a composite of conflicting land uses that are detrimental to the conditions of the local real estate market and to the health of the tax base. A severe land use conflict exists between commercial, industrial, and residential land uses along U.S. 98 and on the Watson Bayou shoreline. The condition exists where older commercial properties are located on small lots with little or no buffer between the commercial use and the adjacent residential use. In other areas, heavy commercial and industrial uses surround small pockets of residential use or intrude into predominantly residential areas. The decision to build a sewage treatment plant in the Bayou area has also contributed significantly to the problem of conflicting land use.

Economic Disuse

Economic disuse can be defined in many ways from different perspectives. From the private sector, economic disuse is defined through the vacancy of land and buildings and through the highest and best land use determined by market conditions. Property values and the tax base can be benchmarks for determining economic disuse from the public perspective. Criteria from both sectors of the local economy were used to determine that conditions of economic disuse are prevalent in the study area.

Figure 10 - Land Use Conflicts



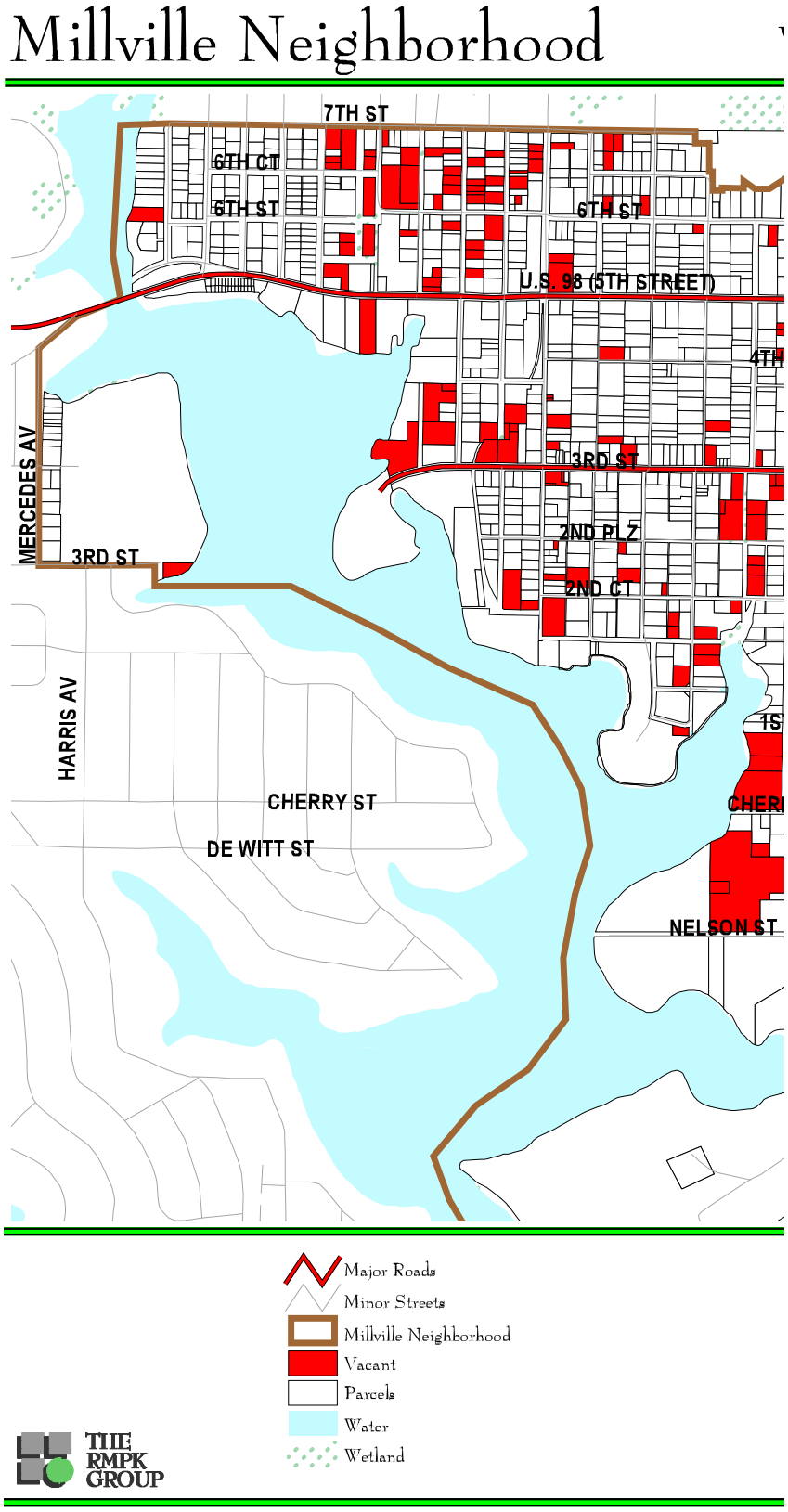
While it is understood that the existing land uses play an important role in the local economy, long term planning goals should minimize any negative influences on future growth and development due to building conditions or vacancy. The following land uses influence the strength of the local economy.

- Commercial property taxes are an important component of the ad valorem revenue base that supports the provision of local government services. The U.S. 98 commercial corridor currently contains a significant amount of vacant land and buildings. The recent success of the downtown should have a positive effect on future market demand in this area in conjunction with redevelopment efforts. However, Millville will be left behind if the area's significant deteriorating physical condition is not addressed.
- The condition and value of the housing stock have a substantial influence on the strength of the tax base. Housing conditions in the study area are deteriorating, therefore, it can be assumed that the tax base is declining and is generating very little revenue for the City. Considering the unsafe and deteriorating physical conditions described in this study, the City is faced with a difficult challenge of resurrecting the viability of the local housing market.
- Industrial warehousing and marine related activities along U.S. 98 and the Watson Bayou waterfront have long been a part of the economic base for the community. Unfortunately the intense function and obtrusive visual character of these uses has a negative influence on the investment image of a community. Although industrial activity is very desirable for employment, these uses in Millville are in highly visible

locations.

- Vacant land is an obvious sign of economic disuse. Vacant properties in the study area are a challenge to be developed at their highest and best use because of the area's inability to succeed in competitive market conditions given the obstacles to redevelopment described in this study. Figure 11 shows the 206 vacant parcels in the Millville neighborhood, out of a total of 1,421. Approximately 14% of the properties (14% of the acreage as well) in Millville are vacant.

Figure 11 - Vacancy Analysis



Part IV Conclusions & Recommendations

Conclusions

The Millville area exhibits characteristics of blight. Specifically, this report documents the existence of several criteria that substantiate a Finding of Necessity for a blighted area according to Chapter 163, Part III, Florida Statutes. Those criteria are: inadequate lot sizes for current market demand, deterioration of site improvements, large diversity of parcel ownership, and other conditions that are unsafe or that are an impediment to sound economic growth.

Legal Case History

As explained in key court cases concerning findings of necessity, a finding of blight will be upheld if there is "competent substantial evidence" presented on the record, upon which the governing body's decision was based. The Florida Supreme Court has defined the term "competent substantial evidence" as follows:

"Substantial evidence has been described as such evidence as will establish a substantial basis of fact from which the fact at issue can be reasonably inferred. We have stated it to be such relevant evidence, as a reasonable mind would accept as adequate to support a conclusion... We are of the view ... that the evidence relied upon to sustain the ultimate finding should be sufficiently relevant to sustain the ultimate finding and should be sufficiently relevant and material that a reasonable mind would accept it as adequate to the conclusion

reached. To this extent the 'substantial' should also be 'competent'."

Presence of Blight

As described in previous sections of this report, there is substantial evidence of the presence of blighted conditions in the study area. Those conditions are:

Faulty Lot Layout in Relation to Size, Adequacy, Accessibility, or Usefulness

- Substandard lot sizes
- Inadequate depth of properties on portions of U.S. 98
- Inadequate properties in relation to current development codes
- Vacancy and economic disuse

Deterioration of Site or Other Improvements

- Deteriorating housing conditions
- Deteriorating pavement and sidewalk conditions
- Deteriorating building conditions
- Abandoned vehicles, machinery and appliances
- Unsafe industrial warehousing in direct proximity to neighborhoods
- Unsafe access for residential properties fronting major roadways
- Conflicts between industrial and residential land use
- Overflow parking from commercial properties into residential areas

Diversity of Ownership

- Multiple owners of small lots
- Substantial number of non owner-occupied property

Deterrents to Sound Future Growth and Development

- Deteriorating housing conditions
- Deteriorating conditions of commercial properties
- Economic disuse
- Incompatible land use patterns
- Impacts of industrial development on surrounding properties
- High cost of property assembly
- Industrial and commercial encroachment in residential neighborhoods
- High cost of redevelopment without government incentives

Visual blight as deterrent to private sector investment

- Declining Tax Base
- Vacant buildings
- Undeveloped and underdeveloped properties
- Deteriorating commercial, industrial, and housing conditions and loss of market value

Recommendations

Designate a Community Redevelopment Area

Based upon the results of this study, the City of Panama City should designate the study area as a Community Redevelopment Area and prepare a redevelopment plan in accordance with the provisions of the Community Redevelopment Act. These actions present the best opportunity to accomplish many long-range goals that will benefit the community.

The redevelopment plan provides a framework for focus and oversight of the land development process while improving the appearance and marketability of the area. It can provide a strategy for funding capital improvements and economic incentives that will attract private sector investment and ensure that infrastructure is in place to support future growth and development.

Prepare a Redevelopment Plan

Section 163.362 F.S. contains a detailed description of the required contents of a redevelopment plan. Such a plan is intended to address the needs identified in this study, define community redevelopment goals and objectives, set forth specific Community Redevelopment Agency policies and actions, and finally, to identify all publicly funded capital improvements, their costs, and funding sources.

Redevelopment Trust Fund

Program funding and accounting is administered through a Redevelopment Trust Fund, which is created by ordinance of the governing authority. According to statute, the fund provides for the collection of tax increment revenues to finance capital improvements identified in the plan.

Upon adoption, the ordinance freezes the tax base and thereby establishes the base valuation of the property located within the boundaries of the redevelopment district. Thereafter, all taxes assessed by qualified taxing authorities on future increases in the value of properties contained in the district are diverted to the Redevelopment Trust Fund. All taxes assessed on the value of property determined prior to adoption of the ordinance continue to generate revenues for local taxing authorities. Community Redevelopment Agencies are not considered Special Tax Districts since they do not have the authority to levy ad valorem taxes.

Define Organizational Roles and Relationships

It is recommended that the City define the roles and relationships of the various organizations that will be involved in the implementation of the redevelopment effort. The redevelopment planning process provides an opportunity to evaluate the existing organizational structure in order to streamline operating efficiencies and enable a greater impact from those organizations currently involved in the various aspects of community development in Panama City.