SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/SB's 1078 & 1438

SPONSOR: Comprehensive Planning, Local and Military Affairs, Senators Carlton, Jones & Klein

SUBJECT: Local Government

DATE: April 12, 1999 REVISED: 4/15/99

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Bowman	Yeatman	CA	Favorable/CS
2.	Hayes	Hadi	FP	Fav/4 amendments
3.				
4.				
5.				

I. Summary:

The CS creates the Urban Infill and Redevelopment Act, establishing a voluntary program for local governments to designate urban infill and redevelopment areas for the purpose of holistically approaching the revitalization of urban centers, and ensuring the adequate provision of infrastructure, human services, safe neighborhoods, educational facilities, job creation and economic opportunity. The act creates an incentive program for areas designated as urban infill and redevelopment areas including economic incentives for businesses locating or expanding in the area. A matching grant program for local governments is also created.

In addition, the CS:

- Provides exceptions from transportation concurrency requirements, Development of Regional Impact substantial deviation thresholds, and limitations on amendments to comprehensive plans, for certain types of development within urban infill and redevelopment areas. The CS also amends the State Comprehensive Plan, ch. 187, F.S., to establish the preservation and revitalization of urban centers as a goal.

- Revises the Florida Local Government Development Agreement Act to provide certain assurances to the developer of a brownfield site.

- Authorizes the acquisition by eminent domain of property in an unincorporated enclave surrounded by a community development district.

- Revises the requirements for feasibility studies for proposed incorporations, and allows municipalities to annex unincorporated areas through a single referendum of the residents of the unincorporated area to be annexed.

- Provides procedures by which a county or a combination of counties and municipalities may develop and adopt plans to improve efficiency, accountability, and coordination of delivery of

local government services. The bill provides new criteria for feasibility studies that are submitted in conjunction with proposals for incorporation of a municipality.

- Creates the State Housing Tax Credit Program authorizing tax credits to be issued against the state corporate income tax.

- Creates an Urban Homesteading Program within the Governor's Office to make single-family housing properties available to eligible low-income buyers for purchase.

This CS substantially amends ss. 163.3180, 163.3187, 187.201, 380.06, 163.3320, 163.3221, 163.375, 165.041, 171.0413, F.S.; and creates ss. 163.2511, 163.2514, 163.2517, 163.2520, 163.2523, 163.2526, 220.185, 420.5093, 420.630, 420.631, 420.632, 420.633, 420.634, and 420.635, F.S.

II. Present Situation:

Legislative Committee on Intergovernmental Relations:

In recognizing the importance of the vitality of urban cores to their respective regions and the state, the Legislative Committee on Intergovernmental Relations (LCIR), conducted an interim project, during the summer of 1997, on developing an urban policy for Florida to preserve, revitalize, and sustain the state's urban centers. During the course of the interim, the committee heard testimony from many experts including urban policy scholars; federal, state, and local government officials; representatives from regional entities, financial institutions, and residential and commercial developers; and others knowledgeable about urban issues.

The testimony emphasized the need for public/private partnerships, as well as the involvement of the community, to successfully address the varied problems of an urban area. Each urban area has unique needs and community support is needed in affecting change and directing resources to those needs. In addition, the private sector stressed the importance of the state and local governments demonstrating their commitment to urban areas before they were willing to invest in redevelopment projects. Finally, the following specific urban problems were identified:

- Vacant and abandoned buildings;

- Loss of jobs and corresponding high unemployment rates;

- Lack of public transportation facilities;

- Concerns for public safety;

- Difficulty in recruiting businesses into core areas;

- Disincentives to development because of lower land prices and building costs outside of urban areas;

- Eroding tax bases;

- Deterioration of neighborhoods; and

- Lack of sense of regional identity or citizenship by residents in outlying areas.

The LCIR sought to begin establishing a state urban policy by developing and identifying policies essential to revitalization of urban cores. The LCIR initially focused its efforts on promoting urban infill and redevelopment as a method to create jobs, improve neighborhoods, stimulate the economy, and to have a general positive affect in rectifying other urban needs. The committee sought to "level the playing field" between the cost of developing downtown versus the urban fringe, and to encourage urban redevelopment generally. The committee's recommendations are set forth in a report titled *"1998 Report On The Development Of A State Urban Policy."*

Florida has various policies that address aspects of urban development including the State Comprehensive Plan, Strategic Regional Policy Plans, Local Government Comprehensive Plans, and Community Redevelopment Agencies, among others. More recently, a law enacted by the 1996 Legislature authorized the Department of Community Affairs to undertake a Sustainable Communities Demonstration Project for the development of models to further enhance local government's capacity to meet current and future infrastructure needs with existing resources. Additionally, the Governor's Commission for a Sustainable South Florida and the Florida Department of Community Affairs, in conjunction with regional and local level governmental entities, has initiated regional approach to urban revitalization through the "Eastward ho!" initiative in southeast Florida.

Currently, Florida does not have a comprehensive urban policy to establish clear directions for the development of its urban centers. Laws governing urban policy consist of a series of fragmented programs and requirements administered by various state agencies and implemented by various types of local governments. Consequences of this approach to urban policy include conflict among various program objectives and may result in achievement of certain objectives at the expense of other objectives relevant to urban areas. Several of the programs that affect urban areas are discussed below.

Chapter 163, Florida Statutes, County and Municipal Planning and Land Development Regulations:

Part II of chapter 163 (ss.163.3161 through 163.3244), F.S., is known as the "Local Government Comprehensive Planning and Land Development Regulation Act" (the Act), and is commonly referred to as the growth management act. The Act requires local governments to adopt a comprehensive plan, subject to review and approval by the Department of Community Affairs. The Act outlines the required and optional elements of local government comprehensive plans, provides for public participation in the local comprehensive planning process, requires local governments to follow specified procedures for adoption of the comprehensive plan and amendments thereto, and requires local governments to update their comprehensive plans at regular intervals. This chapter contains several provisions and programs which are significant to urban areas.

Concurrency

The concurrency requirement of the Local Government Comprehensive Planning and Land Development Regulation Act (part II, ch. 163, F.S.) is a growth management tool designed to accommodate development by ensuring that adequate facilities are available as growth occurs. The "cornerstone" of the concurrency requirement is the concept that development should be coordinated with capital improvements planning to ensure that the necessary public facilities are available with, or within a reasonable time of, the impacts of new development. Under the requirements for local comprehensive plans, each local government must adopt levels of service (LOS) standards for certain types of public services and facilities. *See* s. 163.3180, F.S. Generally, these LOS standards apply to sanitary sewer, solid waste, drainage, potable water, parks and recreation, roads and mass transit. Pursuant to s. 163.3180(2)(c), F.S., the local government must ensure that transportation facilities needed to serve new development are in place or under actual construction within three years after issuance of the certificate of occupancy. The intent is to keep new development from significantly reducing the adopted LOS by increasing the capacity of the infrastructure to meet the demands of new development.

In 1995, the Legislature provided exemptions to transportation concurrency requirements for local governments if such requirements discourage urban infill development, redevelopment, or downtown revitalization. In order to promote infill development and redevelopment, one or more transportation concurrency management areas may be designated in a local government comprehensive plan.

Amendment to the comprehensive plans

Section 163.3187, F.S., authorizes a local government to adopt amendments to its comprehensive plan only two times per year. However, this section contains numerous exceptions for emergencies, substantial deviations to a proposed development of regional impact, compliance agreements, locating a correctional facility, and small scale development activities.

Chapter 187, Florida Statutes -- The State Comprehensive Plan:

The state comprehensive plan was enacted in 1985, to provide long-range guidance for the orderly, social, economic, and physical growth of the state. Most of the provisions of the Act have some bearing on the urban areas of the state. For example, public safety, education, hazardous waste issues, and many other policies and goals affect all communities. Some of the most significant features of the state plan include the following goals:

- To direct development to areas that have the resources, fiscal abilities, and service capacity to accommodate development in an environmentally acceptable manner;
- To encourage a separation of urban and rural land uses;
- To encourage an attractive and functional mix of living, working, shopping, and recreational activities;
- To develop land in a way that maximizes existing facilities;

- To maintain agricultural resources and to conserve soil resources to maintain the economic value of land for agricultural pursuits; and

- To encourage the centralization of development in downtown areas.

The state comprehensive plan also supports downtown areas by providing preferential incentives; conducting special planning; and encouraging the centralization of commercial, governmental, retail, residential, and cultural activities.

Developments of Regional Impact:

The Development of Regional Impact (DRI) program, enacted as part of the Florida Environmental Land and Water Management Act of 1972, is a vehicle that provides state and regional review of local land use decisions regarding large developments that, because of their character, magnitude, or location, would have a substantial effect on the health, safety, or welfare of the citizens of more than one county. For those land uses that are subject to review, numerical thresholds are identified in s. 380.0651, F.S., and Rule 28-24, F.A.C.

Substantial Deviations

Under s. 380.06(19), F.S., any proposed change to a previously approved DRI which creates a substantial likelihood of additional regional impact, or any type of regional impact constitutes a "substantial deviation" which requires further DRI review and will require a new or amended local development order. The statute sets out criteria for determining when certain changes are to be considered substantial deviations without need for a hearing, and provides that all such changes are considered cumulatively.

Community Redevelopment:

Part III of Chapter 163, F.S., created the "Community Redevelopment Act of 1969." The Act provides counties and municipalities with a comprehensive system for the redevelopment of blighted and slum areas when such redevelopment is necessary in the interest of the public health, safety, morals, or welfare of the residents of the county or municipality.

The legislature enacted these provisions of Chapter 163 because it found the redevelopment of slum and blighted areas to be a "necessity in the public interest"; in furtherance of this interest, it enacted provisions conferring powers for public uses and authorizing the expenditure of public money and the exercise of the powers of eminent domain and police power.

Municipal Incorporation

Section 165.041, F.S., provides that the incorporation of municipalities occurs only by special act of the Legislature and requires that a feasibility study must be submitted with the incorporation proposal. The feasibility study must contain: 1) data and analysis supporting the conclusions that incorporation is necessary and financially feasible; 2) evaluation of alternatives available to the area proposed for incorporation; and 3) evidence that the proposed municipality meets the

incorporation standards listed in s. 165.061, F.S. (population, distance from boundaries of existing municipality, and density).

Municipal Annexation:

Section 171.0413, F.S., provides that a municipality may annex contiguous, compact, unincorporated territory by using the procedures described in the statute. The statute requires the governing body of a municipality to adopt a non-emergency ordinance proposing the annexation of the territory. The ordinance does not become effective, however, until at least 10 days after it has been approved by a majority of the registered electors in the area proposed to be annexed. If a majority of the electors in the area to be annexed vote against annexation, the ordinance has no legal efficacy, and the area may not be the subject of another annexation attempt for at least one year.

In addition, an approving referendum is held in the municipality as well as the area to be annexed only if the area to be annexed, together with any other property annexed during the calendar year, is greater than 5 percent of the total area of the municipality or exceeds more than 5 percent of the total of the municipal population. Otherwise, the statute provides for a referendum on the issue of annexation only in the area to be annexed.

Commission on Local Government II:

In 1996, the Legislature created the Commission of Local Government II, to study the structure and evolution of local government since 1972, when the last such analysis was completed. The Commission included representatives from counties, cities, special districts, school districts, state government, and the private sector. The Commission was directed to recommend appropriate reforms to Florida's general laws, special acts, and constitutional provisions. The Commission issued reports in January 1997 and January 1998, and made recommendations to the Constitutional Revision Commission.

Federal Tax Credit Program for Low-Income Housing

The Tax Reform Act of 1986 established the Federal Low Income Housing Tax Credit program (LIHTC). Each year, the U.S. Department of Treasury awards each state with an allocation authority consisting of the per capita amount ($1.25) and the state's share of the national pool (unused credits from other states). The Florida Housing Finance Corporation (FHFC) is the sole issuer of tax credits for Florida. Since 1987, the program has allocated over $187 million in tax credits for the production of more than 42,000 affordable rental units, valued at over $2.2 billion.

Tax credits may be claimed by owners of residential rental property used for low income housing. The credit amounts are based on the cost of the building and the portion of the project that low income households occupy. The cost of acquiring, rehabilitating, and constructing a building constitutes the building's eligible basis. The portion of the eligible basis attributable to low-income units is the building's qualified basis. A percentage of the qualified basis may be claimed for 10 years as the low income housing credit. Eligible properties must comply with a number of requirements regarding tenant income levels, gross rents, and occupancy. Projects must be held

for low-income use for a minimum of 15 years under federal law. For a project to qualify for the low income housing credit, one of two tests must be met:

- at least 20 percent of the project must be occupied by households with incomes at or below 50 percent of the area median income; or
- at least 40 percent of the project must be occupied by households at or below 60 percent of area median income.

III. Effect of Proposed Changes:

Section 1 creates ss.163.2511, 163.2514, 163.2517, 163.2520, 163.2523, and 163.2526, providing the following:

Section 163.2511, F.S.**,** provides the short title, legislative intent and legislative findings for the "Urban Infill and Redevelopment Act."

Section 163.2514, F.S.**,** provides definitions for the act, including but not limited to the following:

"Urban infill and redevelopment area" as an "area or areas designated by a local government where":

(a) Public services such as water and wastewater, transportation, schools, and recreation are already available or are scheduled to be provided in an adopted 5-year schedule of capital improvements and are located within the existing urban service area as defined in the local government's comprehensive plan;

(b) The area, or one or more neighborhoods within the area, suffers from pervasive poverty, unemployment, and general distress as defined by s. 290.0058;

(c) The area exhibits a higher than average proportion, compared to the local government as a whole, of properties that are substandard, overcrowded, dilapidated, vacant or abandoned, or functionally obsolete;

(d) More than 50 percent of the area is within 1/4 mile of a transit stop or stops, or such transit stop or stops will be made available with the designation; and

(e) The area includes or is adjacent to community redevelopment areas, brownfields, enterprise zones, or Main Street programs, or has been designated by the Federal Government as an empowerment zone, enterprise community, brownfield showcase community, or similar urban revitalization designation.

Section 163.2517, F.S., authorizing counties and municipalities to designate urban infill and redevelopment areas based on the following criteria:

- The purpose of the designation must be for targeting economic, job creation, housing, transportation, and land-use incentives to encourage urban infill and redevelopment within the urban core.

- As part of the preparation and implementation of an urban infill and redevelopment plan, a collaborative community participation process must be implemented to include each neighborhood within the area target for designation. The neighborhood participation process must include a governance structure for the sharing of decision-making authority between stakeholders and the local government.

- The local government must prepare a plan that describes the infill and redevelopment objectives or demonstrate that an existing plan or combination of plans associated with a community development area, Florida Main Street program, sustainable community, enterprise zone, or neighborhood improvement district includes the following factors:

  a) Contains a map depicting the geographic area or areas to be included within the designation.

  b) Confirms that the urban infill and redevelopment area is within an existing urban service area defined in the local government's comprehensive plan.

  c) Identifies existing enterprise zones, community redevelopment areas, community development corporations, brownfield areas, downtown redevelopment districts, safe neighborhood improvement districts, historic preservation districts, and empowerment zones located within the area proposed for designation as an urban infill and redevelopment area and provides a framework for coordinating infill and redevelopment programs within the urban core.

  d) Identifies a memorandum of understanding between the district school board and the local government jurisdiction regarding public school facilities located within the urban infill and redevelopment area to identify how the school board will provide priority to enhancing public school facilities and programs in the designated area, including the reuse of existing buildings for schools within the area.

  e) Identifies each neighborhood within the proposed area and states community preservation and revitalization goals and projects identified through the community participation process and how such projects shall be implemented.

  f) Identifies how the local government intends to implement affordable housing programs, including, but not limited to, the State Housing Initiatives Partnership Program, within the urban infill and redevelopment area.

  g) Identifies strategies for reducing crime.

  h) Adopts, if applicable, land development regulations specific to the urban infill and redevelopment area which include, for example, setbacks and parking requirements appropriate to urban development.

i) Identifies and maps any existing transportation concurrency exception areas, and any relevant public transportation corridors designated by a metropolitan planning organization in its long-range transportation plans or by the local government in its comprehensive plan for which the local government seeks designation as a transportation concurrency exception area.

j) Identifies and adopts a package of financial and local government incentives which the local government will offer for new development, expansion of existing development, and redevelopment within the urban infill and redevelopment area. Examples of such incentives include:

1. Waiver of license and permit fees.

2. Waiver of local option sales taxes.

3. Waiver of delinquent taxes or fees to promote the return of property to productive use.

4. Expedited permitting.

5. Lower transportation impact fees for development which encourages higher use of public transit, pedestrian, and bicycle modes of transportation.

6. Prioritization of infrastructure spending within the urban infill and redevelopment area.

7. Local government absorption of developers' concurrency costs.

k) Identifies how activities and incentives within the urban infill and redevelopment area will be coordinated and what administrative mechanism the local government will use for the coordination.

l) Identifies partnerships with financial institutions and the business community.

m) Identifies the governance structure that the local government will use to involve community representatives in the implementation of the plan.

n) Identifies performance measures to evaluate the success of the local government in implementing the urban infill and redevelopment plan.

- After the preparation of the urban infill and redevelopment plan or designation of existing plan or plans, the local government shall adopt the plan by ordinance. Public hearings shall be held on the ordinance, with the proper notice.

- The local government must designate an urban infill and development area, amend its comprehensive plan to delineate the boundaries of the urban infill redevelopment area within the future land use element of its comprehensive plan. Amendments to the comprehensive plans

to designate the boundaries of urban infill and redevelopment areas are exempt from the twice-a-year limitation of amending comprehensive plans.

- Continued eligibility for the economic incentives requires that local governments demonstrate during the evaluation, assessment and review process of its comprehensive plan that at least 10 percent of its combined annual residential, commercial, and institutional development has occurred within a designated urban infill and redevelopment area.

- If the local government fails to implement the urban infill and redevelopment plan in accordance with the deadlines set forth in the plan, the DCA may seek to rescind economic and regulatory incentives granted to the urban infill and redevelopment area, subject to the provisions of chapter 120, F.S.

Section 163.2520, F.S., provides economic incentives for counties and municipalities that adopt urban infill and redevelopment plans, as follows:

- May issue community redevelopment revenue bonds;

- May employ community redevelopment tax increment financing;

- May exercise the powers of a neighborhood improvement district (including the authority to levy special assessments); and

- Shall have priority in the allocation of private activity bonds.

This section requires state agencies providing infrastructure funding, cost reimbursement, grants, or loans to local governments to report to the President of the Senate and the Speaker of the House, by January 1, 2000, to necessary statutory and rule changes to give designated urban infill and redevelopment areas elevated priority in infrastructure funding, loan, and grant programs. These agencies include, but are not limited to: The Department of Environmental Protection, the Department of Community Affairs, and the Department of Transportation.

Section 163.2523, F.S., establishes a grant program for counties and municipalities with urban infill and redevelopment areas, requiring the following:

- 30 percent of the funds appropriated must be available for planning grants to be used by local governments to develop community participation processes.

- 70 percent of the general revenue funds appropriated for this program must be made available for 50/50 matching grants for projects which further the objectives set forth in the local government's adopted urban infill redevelopment plan or combination of plans.

- 10 percent of the general revenue funds appropriated for this program must be used for outright grants for smaller scale projects.

- Projects that provide employment opportunities to clients of the WAGES program must be given elevated priority in the scoring of competing grant applications.

- Projects within urban infill and redevelopment areas that include a community redevelopment area, Florida Main Street Program, sustainable community, enterprise zone, or neighborhood improvement district must be given an elevated priority in the scoring of competing grant applications.

- The Department of Community Affairs is required to adopt rules to establish the grant review criteria consistent with this section.

Section 163.2526, F.S., provides for a review and evaluation of the act before the 2004 Regular Session of the Legislature. The Office of Program Policy Analysis and Government Accountability must perform the review and evaluation, including the financial incentives. The report must evaluate the effectiveness of the designation in stimulating urban infill and redevelopment, and strengthening the urban core. The report of findings and recommendations must be submitted to the President of the Senate and the Speaker of the House prior to the 2004 Regular Session of the Legislature.

Section 2 amends subsection 163.3180(5), F.S., 1998 Supplement, authorizing exemptions from the transportation facilities concurrency requirement for developments located in an urban infill and redevelopment area.

Section 3 amends subsection 163.3187(1), F.S., 1998 Supplement, providing that comprehensive plan amendments to designate urban infill and redevelopment areas are not subject to the twice-a-year statutory limitation on the frequency of plan amendments, including areas within small scale development amendments.

Section 4 amends subsection 187.201(17), F.S., increasing the number of policies adopted as specific goals of the state comprehensive plan relating to urban redevelopment and downtown revitalization. The additional policies include the following:

- Promote public participation in redesign of the community core and flexibility in determination of urban priorities;

- Ensure local government flexibility to address urban priorities;

- Enhance linkages between land use, water use, transportation planning and the designated urban areas;

- Develop concurrency requirements for designated urban areas;

- Increase coordination and cooperation among local governments, school boards, and community colleges;

- Encourage the development of mass transit systems for urban centers;

- Locate appropriate public facilities within urban centers;
- Integrate state programs to promote development of designated urban infill areas; and
- Promote infill development and redevelopment as a mechanism of revitalization and sustainability of urban centers.

Section 5 creates s. 220.185, F.S., to establish a state housing tax credit against state corporate income taxes. The provision includes Legislative Findings and a statement of Policy and Purpose, which declares that the tax credit program provides an incentive for private corporations to participate in the revitalization of urban areas by granting state corporate income tax credits to qualified low-income housing projects, including housing specifically designed for the elderly, and associated mixed-use projects.

This section also provides definitions of key terms, which are the same as or similar to terms used in the Low-Income Housing Tax Credit Program (LIHTC). The "credit period" extends for 5 years, rather than 10 as is in the LIHTC program. The term "eligible basis" is defined the same as it is in the LIHTC program. The term "adjusted basis" references the federal code. The term "qualified project" means a "project located in an urban infill area, at least 50 percent of which, on a cost basis, consists of a qualified low-income project within the meaning of s. 42(g) of the Internal Revenue Code" -- which references the Federal code for the LIHTC program. However, the income restrictions imposed by that part do not apply to projects designed specifically for the elderly, unless imposed by the FHFC. In addition, "urban infill area" is defined as an area designated for urban infill as defined by s. 163.3164, F.S. This definition of "urban infill" differs from the definition of urban infill and redevelopment that applies to sections 1-6 of the Committee Substitute.

This section also establishes the parameters of the new program. The allowable credit is nine percent of the eligible basis of any designated project for each year of a 5-year credit period against any state corporate income tax due in a taxable year. The total amount of tax credit which may be granted for all projects approved under this bill is $5 million annually for five years. The FHFC is required to allocate the tax credit among designated projects. Designated projects are required to comply the applicable provisions of s. 42 of the Internal Revenue Code, which is the section governing the LIHTC program. Transfer of the tax credit is limited to other owners of the designated project.

Section 6 amends paragraph 380.06(19)(b), F.S., 1998 Supplement, increasing substantial deviation numerical standards by 50 percent of the following development types which are located wholly within a designated urban infill and redevelopment area adopted in a local government comprehensive plan and not within the coastal high hazard area:

- Industrial development area;
- Land area for office development;
- Dwelling units;

- Commercial development;
- Hotel or motel facility units; and
- Multiuse development of regional impact.

Sections 7 and 8 amends subsection 163.3220 (2)(b), F.S., to add a reference to brownfield designations to the legislative intent of that section and renumbers subsections (1) through (13) of s.163.3221, F.S., and adds a new subsection (1) providing a definition of "Brownfield designation."

Section 9 amends subsection 163.375(1), F.S., authorizing acquisition of property, by eminent domain, of unincorporated enclaves surrounded by a community redevelopment area when necessary to accomplish a community development plan.

Section 10 amends subsection 165.041 (1), F.S., to require the submission of an incorporation feasibility study 90 days before the first day of the regular session of the Legislature in which a special act seeking incorporation will be filed. The feasibility study must include:

- The general location of territory subject to boundary change and a map of the area which identifies the proposed change.
- The major reasons for proposing the boundary change.
- The following characteristics of the area:

  --A list of the current land use designations applied to the subject area in the county comprehensive plan.

  --A list of the current county zoning designations applied to the subject area.

  --A general statement of present land use characteristics of the area.

  --A description of development being proposed for the territory, if any, and a statement of when actual development is expected to begin, if known.

- A list of all public agencies, such as local governments, school districts, and special districts, whose current boundary falls within the boundary of the territory proposed for the change or reorganization.
- A list of current service providers.
- A list of proposed service providers.
- The names and addresses of three officers or persons submitting the proposal.
- Evidence of fiscal capacity and an organizational plan that, at a minimum, includes:

--Existing tax bases, including ad valorem taxable value, utility taxes, sales and use taxes, franchise taxes, license and permit fees, charges for services, fines forfeitures, and other revenue sources, as appropriate.

--A 5-year operational plan that, at a minimum, includes proposed staffing, building acquisition and construction, debt issuance, and budgets.

Section 11 amends s. 171.0413, F.S., deleting the requirement that a separate referendum be held in an annexing municipality when the annexation exceeds 5 percent of the total land area of the municipality or cumulatively exceeds more than 5 percent of the municipal population. Adding language requiring a municipality, prior to the adoption of an ordinance proposing annexation of certain areas, to hold at least two advertised public hearings, and allowing for separate votes of the registered electors of the annexing municipality.

Section 12 creates the "Efficiency and Accountability in Local Government Services" section, providing procedures by which a county or combination of counties and the municipalities located therein may develop and adopt a plan to improve the efficiency, accountability, and coordination of the delivery of local government services. Provides for the initiation of the efficiency and accountability process as follows:

- By resolution adopted by a majority vote of the governing body of each of the counties involved;
- By resolutions adopted by a majority vote of the governing bodies of a majority of the municipalities within each county; or
- By a combination of resolutions adopted by a majority vote of the governing bodies of the municipality or combination of municipalities representing a majority of the municipal population of each county.

The resolution must specify the following:

- The representatives of the county and municipal governments;
- Any affected special districts; and
- Any relevant local government agencies responsible for developing the plan.

The resolution must include a proposed timetable for the development of the plan and specify the local government support and personnel services which will be made available to representatives developing the plan.

When the plan is adopted, the designated representative must develop a plan for the delivery of local government services. The plan must:

- Designate the area-wide and local government services which are the subject of the plan;

- Describe the existing organization of such services and the means of financing the services, and create a reorganization of such services and the financing to meet the goals of this section;

- Designate the services that should be delivered regionally or county wide; however, no provision of the plan will operate to restrict the power of a municipality to finance and deliver services in addition to, or at a higher level than, the services designated for regional or county wide delivery of services;

- Provide means to reduce the cost of providing local services and enhance the accountability of service providers;

- Include a multi-year capital outlay plan for infrastructure;

- Describe specifically, any expansion of municipal boundaries that would further the goals of this section;

- Meet the standards for annexation provided in chapter 171, F.S., for any area proposed to be annexed;

- Prohibit any provisions for contraction of municipal boundaries or elimination of any municipality;

- Provide specific procedures for modification or termination of the plan; and

- Specify the effective date of the plan.

The plan must be approved by a majority vote of the governing body of each county involved and by a majority vote of the governing bodies of a majority of the municipalities in each county, and by a majority vote of the governing bodies of the municipality or municipalities that represent a majority of the municipal population of each county.

After the approval of the plan by the county and municipal governing bodies, as required, the plan must be submitted for referendum approval in a county wide election in each county involved.

The plan does not take effect unless approved by a majority of the electors of each county who vote in the referendum, and also by a majority of the municipal electors of the municipalities that represent a majority of the municipal population of each county who vote in the referendum.

In the event that a plan developed in accordance with this section includes areas proposed for municipal annexation and those areas meet the standards for annexation provided in chapter 171, F.S., such annexation takes effect upon approval of the plan as provided in this section, notwithstanding the procedures specified in chapter 171, F.S.

Section 13 creates s. 420.5093, F.S., to create the State Housing Tax Credit Program within the Florida Housing Finance Corporation. The FHFC is required to establish eligibility criteria, application procedures, and determine qualified projects. The board of directors of FHFC is responsible to administer the allocation procedures and determine allocations on behalf of the corporation. The FHFC is required to prepare an annual plan, to be approved by the Governor, containing allocation and distribution guidelines. This provision also establishes application and application approval criteria.

Subsection 420.5093(5), F.S., duplicates s. 420.5099(5), F.S., which addresses LIHTC properties, to impose property tax assessment restrictions. When assessing property for ad valorem tax purposes, "neither the tax credits nor financing generated by tax credits shall be considered as income to the property, and the rental income from rent-restricted units in a state housing tax credit development shall be recognized by the property appraiser."

Sections 14-19 creates an Urban Homesteading Program to be administered by the Office of Urban Opportunity in the Office of Tourism, Trade and Economic Development within the Governor's Office. The purpose of the program is to make foreclosed single-family housing available to eligible buyers. A qualified buyer is defined as a person who, for a five-year period: stays drug-free and crime-free; the school-age children of the applicant must remain in school; and at least one member of the household must remain employed. In addition, the qualified buyer must and his or her spouse must have incomes below the median income for the state, as determined by the United States Department of Housing and Urban Development, based on the number of family members.

At the end of the five year period, the housing authority must deed the property to the qualified buyer for $1, if such buyer has resided at the property for at least 5 years, and complied with the terms of the homestead agreement. If bonds or notes remain outstanding on the property, the qualified buyer shall pay a pro rata share of the bonded debt on that property. The Department of Community Affairs must provide loans to qualified buyers who are required to pay the pro rata share of any bonded debt on the single family housing.

Section 20 provides a $10 million appropriation from General Revenue to fund the Urban Infill and Redevelopment Act grant and housing tax credit provisions.

Section 21 provides that this act will take effect on July 1, 1999.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Private developers of low-income housing will benefit from the availability of additional housing tax credits for the construction of low-income housing.

Developers and providers of low-income housing will benefit to the extent they qualify for the tax credits offered under the proposed State Housing Tax Credit program.

C. Government Sector Impact:

Local governments choosing to develop urban infill and redevelopment plans will incur administrative and operational expenses in preparing the plan, noticing and holding public hearings. Local governments may apply for $5 million in grant money to prepare and implement urban infill and redevelopment plans.

The bill provides for a corporate income tax credit of $5 million annually, for 5 years, to qualified low-income housing projects. The FHFC will incur additional responsibilities in administering the proposed State Housing Tax Credit program, and the Department of Community Affairs will incur additional responsibilities in administering the urban infill and redevelopment grant program and providing loans associated with the urban homesteading program.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

#1 by Fiscal Policy Committee:
This amendment clarifies that a local government, or its designee is authorized to operate an urban homesteading program for making housing properties available to eligible homesteaders.

#2 by Fiscal Policy Committee:
This amendment provides an appropriation of $5 million non-recurring General Revenue for Urban Infill and Redevelopment grants.

#3 by Fiscal Policy Committee:
This amendment provides an appropriation of $5 million recurring General Revenue for funding state housing tax credit provisions.

#4 by Fiscal Policy Committee:
This amendment specifies the order in which the corporate income tax must be applied and amends the definition of the term "adjusted federal income" to conform to the housing tax credit provisions in the bill.