

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

BILL: SB 522

SPONSOR: Senator Miller

SUBJECT: Community-Based Development Organizations

DATE: March 28, 2001 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Cooper	Yeatman	CA	Favorable
2.	_____	_____	AGG	_____
3.	_____	_____	AP	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

This bill provides an appropriation of \$192,000 to fund the administration of the Community-Based Development Organization Assistance Act and an appropriation of \$3 million to fund grants to eligible organizations under the act.

This bill creates an unspecified provision of Florida Law.

II. Present Situation:

Community Development Corporations

Community Development Corporations (CDCs) are grass-roots organizations engaged in real estate and economic development as a means to revitalize communities. They are nonprofit entities governed by boards that include local residents, business representatives, and community leaders. Nationwide, CDCs have grown from some 100 organizations in 1970, to more than 2,500 by the mid-1990's. According to the Local Initiative Support Corporation, a national nonprofit organization that provides funding and technical support to CDCs, 90 percent of CDCs are involved in creating affordable housing.

In 1998, the Office of Program Policy Analysis and Government Accountability (OPPAGA) estimated there were 87 CDCs in Florida. Although most of the CDCs in Florida engage primarily in housing development, some also undertake a variety of activities designed to promote economic development.

Community Development Corporation Support and Assistance (CDCSAP) Act

Prior to their repeal by ch. 91-262, L.O.F., effective June 30, 1998, and by ch. 99-4, L.O.F., a statutory revisers bill, ss. 290.0301-290.0395, F.S. (1998), constituted the Community

Development Corporation Support and Assistance Act. The purpose of the CDCSAP was to preserve and revitalize certain communities of the state by providing financial assistance to CDCs. Each year since 1981, the DCA awarded administrative grants, project development loans, or affordable housing loans through the CDCSAP to CDCs for economic development and housing projects located within specific target areas.

From FY 80/81 to FY 97/98, the Legislature appropriated between \$800,000 and \$1.8 million annually for administrative grants. From FY 80/81 to 91/92, the Legislature provided funding for economic development loans. From FY 95/96 to FY 98/99, \$1.3 to \$1.5 million was appropriated annually in affordable housing loans to CDCs.

In FY 98/99, the Legislature appropriated \$800,000 in General Revenue to CDCs through a competitive grant program administered by DCA. CDCs may have qualified for funds appropriated in FY 99/00 (\$5.5 million) to the Governor's Front Porch Florida program.

Community-Based Development Organization Assistance Act

Chapter 2000-351, L.O.F., created the Community-Based Development Organization Assistance Act to provide community-based development organizations with the necessary administrative and operating funds to retain project staff to plan, implement, and manage job-generating and community revitalization developments in distressed neighborhoods. This assistance is intended to strengthen the community-based development organizations, assist local governments to enhance and expand revitalization efforts, and contribute to expanding the base of commerce, business, and affordable housing that will serve persons with very low incomes or low incomes, or WAGES recipients.

Sections 163.445 through 163.462, F.S., codify the Community-Based Development Organization Assistance Act. These provisions establish grant eligibility criteria and a three-tiered grant process, distinguishing between emerging, intermediate, and mature Community-Based Development Organizations (CBDOs). Funding is available to all levels of CBDOs, with priority given to organizations demonstrating community-based productivity and high performance and to organizations with current projects in high-poverty neighborhoods. Priority also is to be given to emerging CBDOs with the greatest need. Grants may also be used to further the goals of the Front Porch Florida Initiative. Each CBDO is eligible to apply for a grant of up to \$50,000 per year for a period of five years.

The act also establishes the administrative and operational activities that are allowed with grant funds, grant application requirements, and reporting and evaluation requirements.

Section 9 of Ch. 2000-351, L.O.F., appropriated \$1 million for grants awarded through the program. However, this appropriation was vetoed by the Governor. No appropriation was provided to fund costs incurred by DCA to administer the grants.

III. Effect of Proposed Changes:

Section 1 appropriates \$192,000 from the General Revenue Fund to the Department of Community Affairs to pay the salaries to fund the administration of the Community-Based

Development Organization Assistance Act, pursuant to sections 163.455 – 163.462, F.S., for FY 2001-01.

Section 2 appropriates \$ 3 million from the General Revenue Fund to the Department of Community Affairs to fund grants awarded under the Community-Based Development Organization Assistance Act to eligible organizations.

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:

To the extent they qualify, eligible organizations will benefit from this appropriation.

C. Government Sector Impact:

The Department of Community Affairs will incur additional administrative costs to administer the grants. The bill provides an appropriation to fund these additional administrative costs.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.