

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1799 (PCB LGV 03-02) Residential Acquisition Fund Act
SPONSOR(S): Local Government & Veterans' Affairs
TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Local Government & Veterans' Affairs</u>	<u>17 Y, 0 N</u>	<u>Highsmith-Smith</u>	<u>Highsmith-Smith</u>
2) _____	_____	_____	_____
3) _____	_____	_____	_____
4) _____	_____	_____	_____
5) _____	_____	_____	_____

SUMMARY ANALYSIS

This bill creates the "Residential Acquisition Fund Act" (act). The act provides a funding mechanism for certain local governments that contain an area of part of an area designated an Area of Critical State Concern (ACSC), to use for funding projects established in the act. In designated areas where the entire county is included in the designation, the authority under the act is exclusive to the county. The authorization is construed to be general law authorization pursuant to the state constitution.

The act restricts use of such funds to wastewater/stormwater projects, the acquisition of land for moderate and affordable housing, and the acquisition of environmentally sensitive land. Any projects currently underway or undertaken pursuant to this act are authorized.

The funding mechanism imposes a voter approved fee, derived by applying a percentage of the purchase price, based on a sliding scale, of a single-family or multi-family residence. Single or multi-family residences purchased at a cost at or below \$200,000 are not subject to the fee. The bill establishes funding priorities and authorizes distribution of the proceeds to be used for the purposes set forth in the act.

The bill provides that ten years after de-designation of an area that has been designated an ACSC, the local government(s) in that area may not impose or collect the fee.

The act does not impact the general revenue fund or the state budget. Certain local governments may experience an increase in funds to be used for certain projects for a limited period of time.

This document does not reflect the intent or official position of the bill sponsor or House of Representatives.

STORAGE NAME: h1799.lgv.doc
DATE: March 31, 2003

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. DOES THE BILL:

- | | | | |
|--------------------------------------|------------------------------|--|---|
| 1. Reduce government? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | N/A <input type="checkbox"/> |
| 2. Lower taxes? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. Expand individual freedom? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. Empower families? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

1. Reduce government? To the extent that a local governing board may choose to adopt a resolution or ordinance to impose and collect the fee as provided in this bill, and if subsequently approved by the voters, the local governing body may experience additional governmental administrative duties associated with the collection and disbursement of the funds generated under this bill. Also, closing agents at real estate closing transactions are responsible for collection and transmittal of the fee to the clerk of the governing body of the local government choosing to impose and collect the fee. If approved by the voters, persons purchasing homes in areas where the local governing body has chosen to adopt the appropriate ordinance or resolution to provide for the imposition and collection of the fee under this bill will experience increased costs associated with the purchase of single or multi-family residences.

B. EFFECT OF PROPOSED CHANGES:

This bill creates the "Residential Acquisition Fund Act" (act). The act provides a funding mechanism for certain local governments that contain an area or part of an area designated an Area of Critical State Concern (ACSC), to use for funding projects established in the act. In an ACSC where the entire county is included in the designation pursuant to s. 380.05, F. S., the authority under this act is exclusive to the county. The authorization is construed to be general law authorization pursuant to the state constitution.

The act restricts use of such funds to wastewater/stormwater projects, the acquisition of land for moderate and affordable housing, and the acquisition of environmentally sensitive land. All projects currently underway or undertaken pursuant to this act, are authorized. In addition, ten years after the date an area becomes de-designated, pursuant to s. 380.05, Florida Statutes, the local government may not impose or collect the fee.

The funding mechanism imposes a voter approved fee, derived by applying a percentage of the purchase price, based on a sliding scale, on the purchase price of a single-family or multi-family residence. Single or multi-family residences purchased at a cost at or below \$200,000 are not subject to the fee. The fee must be adopted by ordinance or resolution of the local government and approved at referendum by the electors in the affected area of critical state concern. The ordinance must include the schedule of fees set out in the act.

At the time of closing on the sale of a single or multi-family residential property(ies), the closing agent or representative of the closing agent or the seller, must collect the fee and remit it to the clerk of the governing body. A space must be provided on the buyer and seller disbursement statement, or an addendum accompanying the buyer and seller disbursement statement, identifying the fee and disclosing the amount of the fee to the prospective buyer. The residential acquisition fund, authorized by this act, must be established by ordinance or resolution of the governing body of the local government imposing the fee.

The act provides that seventy percent of the proceeds derived from the imposition and collection of the fee may be used for improvements to wastewater or stormwater facilities; ten percent may be used for the acquisition of land for moderate and affordable housing; and ten percent may be used for acquisition of environmentally sensitive lands as designated by the local government(s) imposing the fee. Ten percent is reserved for other purposes necessary to and resulting from the implementation of the act.

The bill authorizes distribution of the proceeds by the clerk of the governing body to the board of the governing body, quarterly, after the initial distribution. The initial distribution is to occur six months after the initial collection.

Homebuyers in those areas where their local government(s) adopt an ordinance for the imposition of this fee will experience a higher cost in purchasing a single or multi-family residence. Persons purchasing homes at a cost at or below \$200,000 are not subject to a fee. Persons purchasing a home priced at \$2 million are subject to the fee amounting to \$40,000. Persons purchasing homes priced in between those two amounts are subject to the fee based on a sliding scale.

Background – Area of Critical State Concern

Established in Chapter 380.05, Florida Statutes, the Area of Critical State Concern (ACSC) program protects resources and public facilities of major statewide significance. Designated ACSCs are:

- City of Apalachicola
- City of Key West
- Green Swamp
- Florida Keys (Monroe County)
- Big Cypress Swamp (Miami-Dade, Monroe and Collier counties)

Staff of the Division of Community Planning, Department of Community Affairs (DCA) review all local development projects within the designated areas and may appeal to the Administration Commission any local development orders that are inconsistent with state guidelines. DCA also is responsible for reviewing and approving amendments to comprehensive plans and land development regulations proposed by local governments within the designated areas.

Background – Franklin County, City of Apalachicola and City of Carrabelle

The portions of Apalachicola Bay ACSC, which include Franklin County and the City of Carrabelle, have successfully implemented the provisions of state law and were de-designated as part of the critical area in 1993. The City of Apalachicola remains designated until completion of improvements to the central wastewater treatment system. The 1993 Legislature granted \$3.7 million which was converted by the City of Apalachicola to a \$7.6 million loan from the state revolving loan trust fund for completion of the central wastewater system.

Background – Florida Keys Carrying Capacity Study

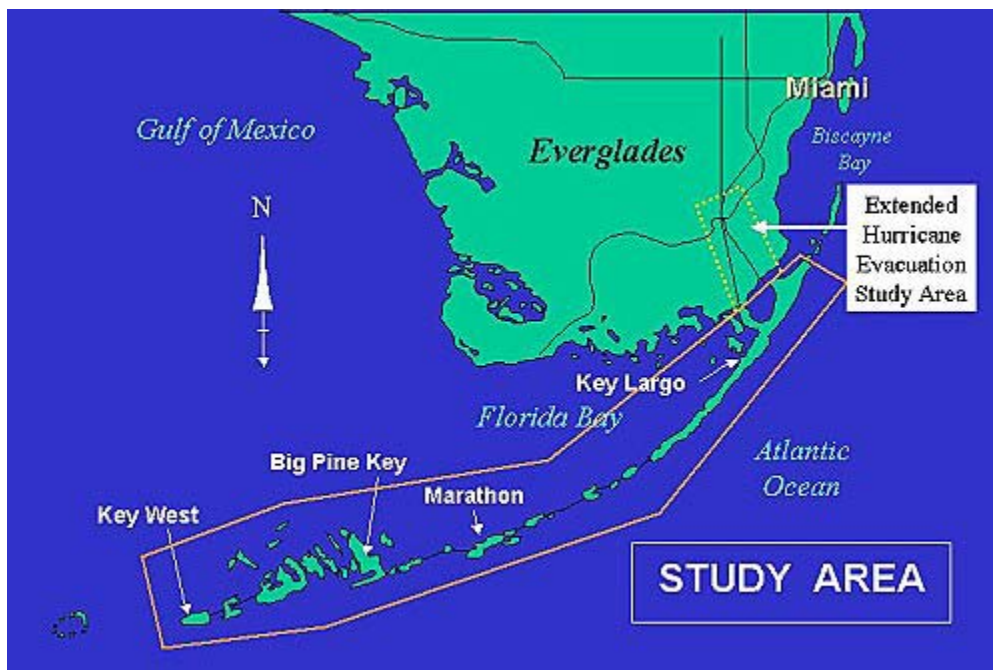
In the Florida Keys, the DCA, in partnership with the Corps of Engineers and Monroe County, has initiated the Florida Keys Carrying Capacity Study. Further information concerning the study may be obtained at the Corps of Engineers' web site: www.saj.usace.army.mil/projects/proj4.htm

The Florida Keys have long been recognized at local, state and national levels as ecologically rich, culturally significant and environmentally sensitive. The Florida Keys attract a growing number of visitors and new residents. To assure the sustainability of the Keys unique resources, comprehensive planning is required to address the complexity of the situation. Conducting a Florida Keys Carrying Capacity Study is the best way to complement and assist the planning effort. This study will provide an

information database and an analysis of consequences (i.e. a planning tool) that may be used to determine the level of land development activities that will avoid further irreversible and/or adverse impacts to the Florida Keys ecosystem.

This study explores past (where possible), present and future impacts on that ecosystem. Several scenarios are included in the study to represent potential future conditions. Each scenario, with its set of assumptions, projects any impacts it may have on identifiable Florida Keys components, such as natural resources, human infrastructure and the social environment. An interactive, spatially explicit Carrying Capacity Analysis Model (CCAM) will be developed that will simulate the conditions of land development activities and population growth, through time, described by the various input assumptions. Utilizing relationships that describe land development and population growth impacts on the environment, CCAM will determine and inventory the impacts on the natural resources and human infrastructure in the Florida Keys. Next, CCAM will compare the impacts on the natural resource elements with their associated requirements, responses, limiting factors and tolerance limits, where identified and quantified, and on the existing infrastructure. CCAM will then spatially identify the natural resource element(s) and human infrastructure whose carrying capacities may have been exceeded. In the case of the human infrastructure, the cost estimate for retrofitting and/or new construction to meet the additional population requirements will be provided.

This scope of work was prepared by the U.S. Army Corps of Engineers in response to a request from the Florida Department of Community Affairs (DCA) under the Intergovernmental Cooperation Act (31 USC 6505) and (10 U.S.C. 3036 Ld). The impetus for the contractual agreement between the two agencies was DCA's requirement to comply with Florida Administration Commission Rule 28-20.100, F.A.C. The final draft FKCCS report is being finalized based on the independent peer review report dated December 30, 2002. A workshop was held in Marathon on January 7, 2003 to discuss the final review.¹



The Florida Keys Carrying Capacity Study takes into account inputs into the study area, such as tourists and fresh water supply from the mainland. It also considers the outputs from the study area, such as exit of residents and tourists from the Keys in a hurricane evacuation.

¹ www.saj.usace.army.mil/projects/project4.htm

Projections for City of Apalachicola

The Franklin County Property Appraiser’s Office (office) was contacted for assistance in determining total number of gross sales and values of single and multi-family residences for the City of Apalachicola for the calendar year 2002. Due to the electronic information system undergoing a recent transition, the office is unable to offer assistance in determining number of real estate sales and their value for the 2002 calendar year in a timely fashion. They anticipate the transition will be complete by the end of March or first week of April. Therefore, it is not possible to identify, at this time, the funds that might be generated should the governing body adopt an ordinance, with subsequent voter approval.

However, information obtained for the City of Apalachicola at the following web address www.factfinder.census.gov identifies relevant census information:

Total Population/City of Apalachicola –	2,334
Households -	2,250
Housing Occupancy/Total Units	1,207
Occupied Housing Units	1,006
Vacant Housing units	201
Owner-occupied housing units	1,006
Renter-occupied housing units	312
Total housing units	1,220 (includes 89 mobile home, boat, rv, van,etc. units)
Specified owner-occupied units	612
Number of those units valued at:	
Less than \$50,000	169
\$50,000to\$99,999	192
\$100,000 to \$149,000	94
\$150,000 to \$199,999	74
\$200,000 to 299,999	47
\$300,000 to 499,999	13
\$500,000 to \$999,999	23
\$1,000,000 or more	0
median dollars	\$83,800

Projections for Monroe County

The Monroe County Property Appraiser’s Office was contacted for information relating to total number and value of sales of single and multi-family residences for the calendar year 2002. The following chart identifies amounts that might be generated for Monroe County based on sales of single and multi-family residences for the 2002 calendar year:

Monroe County Calendar 2002 Gross sales = \$1,624,340,900.00

Price of residence	No. of sales in 2002	% of total sales	Sales per category	Fee = % of sales price	Revenue Yield (sales x fee)
\$200,000 to \$499,999	2,254	42.3048%	\$687,174,169.06	1.00%	\$ 6,871,741.69
\$500,000 to \$999,999	553	10.3791%	\$168,591,966.35	1.50%	\$ 2,528,879.50
\$1,000,000 to \$1,999,999	132	2.4775%	\$ 40,243,045.80	1.75%	\$ 704,253.30
\$\$2,000,000 and up	47	0.8821%	\$ 14,328,311.08	2.00%	\$ 286,566.22
				TOTAL	\$10,391,440.71 ²

² Residential sales (single and multi-family) for the calendar year 2002, Monroe County Property Appraiser’s Office

Current Estimated Capital Costs for Wastewater Systems Improvements – Monroe County 2002-2010³

<u>Jurisdiction</u> <u>Project</u>	<u>Capital Cost</u>
County	
Big Coppitt Regional	\$20,470,000
Big Pine Regional	\$55,880,000
County Total (additional projects to be added)	\$76,350,000
Key Largo Board	
Largo Gardens/Hibiscus Park	\$2,856,000
Port Largo/Key Largo Ocean Shores/Holiday Homesites, etc.	\$11,100,000
Lake Surprise/Sexton Cove/Ocean Isle Est.	\$11,000,000
Stillright Pt./Paradise Pt./Riviera Village, etc.	\$26,630,000
Key Largo Total (additional projects to be added)	\$51,596,000
Islamorada	
Plantation Key Colony – Phase 1 and 1A	\$10,651,000
Plantation Key Colony – Phase II	\$10,792,000
Plantation Key	\$22,000,000
Upper Matecumbe	\$16,310,000
Islamorada Total (additional projects to be added)	\$59,753,000
Layton	
City of Layton*	\$3,540,000
City of Layton Total	\$3,540,000
Key Colony Beach	
Sanitary Sewer Rehabilitation	\$335,000
City of Key Colony Beach Total	\$335,000
Marathon	
Marathon – Phase II	\$83,000,000
Total Marathon (additional projects to be added)	\$83,000,000
Key West	
Stormwater Projects*	\$15,965,000
Total Key West	\$15,965,000
All Total All Projects	\$290,539,000

*Partial Funding committed

C. SECTION DIRECTORY:

Section 1 – Name of Act. -- Names the act the “Residential Acquisition Fund Act.”

Section 2 – Authority to adopt ordinance or resolution; amount of fee; referendum; and disbursement. -- Authorizes adoption of ordinance or resolution by local governing body that contains an area or parts of an area designated an ACSC to provide for imposition and collection of a residential acquisition fee;

³ Information provided by the Office of Director of Marine Resources, Monroe County, FL identifying costs of sewerage the “hotspot” areas.

provides in instances where the entire county is included in the ACSC designation, pursuant to s. 380.05, F.S., the authority under the act is exclusive to the county; establishes amount of fee; provides that authorization is construed to be general law authorization pursuant to state constitution; establishes applicability of fee; provides for content of ordinance or resolution by local governing body; provides for voter approval of majority of qualified electors in the affected area; provides for deposit of fees into residential acquisition fund, such fund to be established by ordinance or resolution; provides that the fund be maintained and administered by the clerk of the court; provides for quarterly distribution of funds, after initial distribution, to local governing body for purposes of act; and provides for reasonable administrative costs.

Section 3 – Applicability of fee; fee schedule. -- Provides schedule of fees based on purchase price of single and multi-family residential property.

Section 4 – Collection of fee. -- Provides closing agent, a representative of the closing agent or the seller is responsible for collecting and remitting fee to clerk of governing body; and provides for disclosure to buyer and seller on appropriate closing forms at time of closing on the sale or upon the sale of the property.

Section 5 – Utilization of funds. -- Provides that 70 percent of funds must be used for improvements to wastewater/stormwater facilities; 10 percent for acquisition of land for moderate and affordable housing; 10 percent for acquisition of environmentally sensitive lands, designated by local governing body; and provides 10 percent be available for other purposes necessary for, or resulting from, the implementation of this act; provides projects undertaken pursuant to this act or those currently underway may use funds imposed and collected pursuant to this act.

Section 6 – Expiration of Authority. -- Provides that ten years after de-designation of an area that has been designated an ACSC, the local government(s) in that area may not impose and collect the fee.

Section 7 – Provides effective date of upon becoming law.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

Certain local governments adopting an ordinance or resolution to impose and collect the residential acquisition fund fee, may experience an increase in revenues in order to provide improvements to wastewater and stormwater systems, provide funds for acquisition of affordable land for moderate and affordable housing, and provide funds for acquisition of environmentally sensitive lands.

2. Expenditures:

Costs attributable to adoption of ordinance or resolution and subsequent referendum.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Homebuyers in those areas where their local government(s) have adopted an ordinance for the imposition of this fee will experience a higher cost in purchasing a single or multi-family residence. Persons purchasing homes at or below a cost of \$200,000 are not subject to the fee. Persons purchasing a home priced at \$2 million are subject to the fee amounting to \$40,000. Persons purchasing homes priced in between those two amounts are subject to the fee based on a sliding scale.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The bill does not require a city or county to expend funds or to take any action requiring the expenditure of funds.

The bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

This bill does not reduce the percentage of state tax shared with counties or municipalities

2. Other:

B. RULE-MAKING AUTHORITY:

Not applicable.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

None.