

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.)

Prepared By: Community Affairs Committee

BILL: CS/SB 2284

SPONSOR: Community Affairs Committee and Senator Bennett

SUBJECT: Small Cities Community Development Block Grants

DATE: April 5, 2005

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Herrin	Yeatman	CA	Fav/CS
2.			TA	
3.				
4.				
5.				
6.				

I. Summary:

This committee substitute (CS) expands the statutorily-approved objectives of the state's Small Cities Community Development Block Grants (CDBG) to include the two remaining objectives of the federal program: eliminating slum and blight and fortifying communities in urgent need. It adds project planning and design to the list of activities that are funded under the program. The CS also adds project planning and design to the list of grant program funding categories within the CDBG program. It changes the method by which funds are allocated to each program category, and changes the amount of federal funds to be set aside for emergency or natural disasters.

This CS amends sections 290.0411 and 290.044 of the Florida Statutes.

II. Present Situation:

The Federal Department of Housing and Urban Development administers the Community Block Development Grant program. The objectives of this program are threefold: to benefit low- and moderate-income persons, to aid in the prevention or elimination of slums or blight, and to meet community development needs having a particular urgency.¹ The sole objective of ss. 290.0401-290.048, F.S., the Florida Small Cities Community Development Block Grant Program Act, is to provide decent housing and expanded economic opportunities for low- and moderate-income persons. If Florida Statutes were amended to allow the expenditure of CDBG funds for all three of the objectives listed in the federal program, local governments in this state may have more flexibility in submitting projects that reflect their community's needs and priorities.

¹ See 24 C.F.R. 570.208(a)-(c).

The Department of Community Affairs (DCA) administers the Florida Small Cities Community Development Block Grant Trust Fund which serves as a grant and loan guarantee program. Funds are distributed as loan guarantees and grants to eligible local governments. Federal regulations require that no less than 70 percent of the aggregate CDBG funds be expended for the benefit of low- and moderate-income persons.² The state's grant program categories are: housing, economic development, neighborhood revitalization, and commercial revitalization.³ Section 290.044, F.S., authorizes the Legislature to establish the percentage of funds allocated to each program in the appropriation process. This can create a large amount of competition for grants in certain categories and not in others.

The DCA is required to set aside an amount, that may not exceed 10 percent of the funds allocated to the neighborhood revitalization category, for use by an eligible local government that has an emergency or natural disaster declared within its jurisdiction by executive order. The program received \$33,341,184 in federal funding for 2004, and \$11,606,741 was allocated to the neighborhood revitalization category.⁴

III. Effect of Proposed Changes:

Section 1 amends s. 290.0411, F.S., to add two additional objectives for community development programs, which are to eliminate slum and blight and to fortify communities in urgent need. It adds project planning and design to the list of activities that are funded under the Florida Small Cities Community Development Block Grant Program. In addition, it adds project planning and design to the list of grant program categories for funding under this program.

Section 2 amends s. 290.044, F.S., changing the process of determining the funds to be distributed in each of the grant program categories to allow the DCA to determine the percentage of funding for each category.

Section 3 provides the CS shall take effect July 1, 2005.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

² See 24 C.F.R. 570.200(a)(3)

³ See s. 290.044(3), F.S.

⁴ These figures are for federal fiscal year 2004 and state fiscal year 2004/05.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.

VIII. Summary of Amendments:

None.

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