

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 951 w/CS Florida Small Cities Community Development Block Grant Program
SPONSOR(S): Carroll
TIED BILLS: **IDEN./SIM. BILLS:** SB 2284

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Growth Management Committee</u>	<u>8 Y, 0 N, w/CS</u>	<u>Porter</u>	<u>Grayson</u>
2) <u>Transportation & Economic Development Appropriations Committee</u>	<u>W/D</u>	<u></u>	<u></u>
3) <u>State Infrastructure Council</u>	<u>9 Y, 0 N</u>	<u>Porter</u>	<u>Havlicak</u>
4) <u></u>	<u></u>	<u></u>	<u></u>
5) <u></u>	<u></u>	<u></u>	<u></u>

SUMMARY ANALYSIS

HB 951 w/CS amends existing law relating to the Community Development Block Grant Program (CDBG) within the Department of Community Affairs (DCA).

The bill provides two additional objectives to the CDBG program to more closely match the Federal regulations governing the program.

The bill provides an additional fundable category to the program for project planning and design.

The bill provides for increased funding flexibility for the program by permitting the DCA to establish the funding percentages of each fundable category.

The bill provides for changes to the emergency set-aside provision of the program and makes the set-aside optional.

The bill does not appear to have a material fiscal impact to the state.

The bill provides an effective date of July 1, 2005.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Empower Families – The bill creates increased funding flexibility for the Florida Small Cities Community Development Block Grant Program. The primary beneficiaries of this program are projects that benefit low to moderate income persons.

B. EFFECT OF PROPOSED CHANGES:

HB 951 w/CS amends existing law relating to the Community Development Block Grant Program (CDBG) within the Department of Community Affairs (DCA).

The bill adds the two remaining objectives stated in 24 CFR 570.208 of the CDBG programs to the statutes. These objectives are “eliminating slum and blight” and “fortifying communities in urgent need” and bring the statutes closer to the federal regulations.

The bill adds project planning and design to list of fundable activities under the Florida Small Cities Community Development Block Grant Program.

The bill changes the funding percentages that are attributable to each fundable program category to permit the DCA to determine the percentage of funding of each category.

The bill provides for changes in the emergency set-aside provision of the grant program. The bill makes the set-aside for communities experiencing emergency or natural disaster optional and changes the set-aside from 10% of the neighborhood revitalization category to 5% of all categories. The bill also makes optional the provision stating the DCA can establish the set-aside by rule.

Background

The Department of Housing and Urban Development (HUD) requires in 24 CFR 570.208 (Code of Federal Regulations), the criteria for national objectives, that all activities relating to the usage of Community Development Block Grant funds serve at least one of three national objectives: elimination of slum and blight; urgent need; and low and moderate income citizens. Currently, CDBG Program requirements listed in ss. 290.0401 – 290.048, F.S., identify only one of the three national objectives, “serving low and moderate income citizens,” as the focus of the Small Cities Community Development Block Grant Program funds.

Current statutes required that the allocation of funding to each program category be set by the Legislature during the appropriation process in accordance with the manner in which they were set in the 1985 General Appropriations Act. The statutes require the DCA to submit its recommended funding percentages in the regular budget process to the Governor and Legislature. These are only recommendations and are not required to be adopted by the Legislature. The problem arises in the program that each category does not experience the same demand from year to year. This creates a large amount of competition for grants in some categories and little in others. The Code of Federal Regulations requires that no less than 70% of aggregate CDBG grant funds be spent for the benefit of low and moderate income persons [24 CFR 570.200(a)(3)].

C. SECTION DIRECTORY:

Section 1. Amends s. 290.0411, F.S. relating to Legislative intent.

Section 2. Amends s. 290.44, F.S. relating to Florida Small Cities Community Development Block Grant Program.

Section 3. Provides an effective date of July 1, 2005.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The bill does not appear to have an impact on the revenues of the state.

2. Expenditures:

The bill does not appear to have an impact on the expenditures of the state.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

The bill does not appear to have an impact on the revenues of the local governments. However, since the grant program will have more flexibility in determining the funding level of each category of the grant program, it is possible that local governments could have more grants approved under the program than in the past.

2. Expenditures:

The bill does not appear to have an impact on the expenditures of the local governments.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The bill does not appear to have an impact on the private sector.

D. FISCAL COMMENTS:

The Federal government requires in 24 CFR 570.200(a)(3) that 70% of aggregate CDBG grant funds be spent for the benefit of low and moderate income persons. Regardless of funding percentages designated by the DCA for each category of the grant programs, the grant program will still be required to meet this federal regulation to continue receiving the Federal award. This should provide assurance to the Legislature that the grant funds will not be used for unintended purposes by DCA through the determination of funding percentages for each fundable category. The funds for this program are Federal pass through dollars and are not appropriated state funds.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds. The bill does not reduce the percentage of a state tax shared with counties or municipalities. The bill does not reduce the authority that municipalities have to raise revenue.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

The bill does not materially change the rule making authority of the Department of Community Affairs.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES

On March 22, 2005, the Growth Management Committee adopted an amendment that adds "project design" to the list of fundable categories under the Florida Small Cities Community Development Block Grant Program.