

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

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

Prepared By: The Professional Staff of the Military Affairs and Domestic Security Committee

BILL: SB 2728

INTRODUCER: Senator Bullard

SUBJECT: Community Redevelopment / Blighted Areas

DATE: April 15, 2008

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Herrin	Yeatman	CA	Fav/1 amendment
2.	Pardue	McElroy	MS	Pre-meeting
3.			TA	
4.				
5.				
6.				

Please see Section VIII. for Additional Information:

- | | | |
|------------------------------|-------------------------------------|---|
| A. COMMITTEE SUBSTITUTE..... | <input type="checkbox"/> | Statement of Substantial Changes |
| B. AMENDMENTS..... | <input checked="" type="checkbox"/> | Technical amendments were recommended |
| | <input type="checkbox"/> | Amendments were recommended |
| | <input type="checkbox"/> | Significant amendments were recommended |

I. Summary:

The bill modifies the definition of “blighted area” for purposes of the Community Redevelopment Act to include land previously used as a military facility.

This bill amends section 163.340 of the Florida Statutes.

II. Present Situation:

Part III of chapter 163, F.S., the Community Redevelopment Act of 1969, authorizes a county or municipality to create a Community Redevelopment Agency (CRA) to carry out redevelopment of slum or blighted areas. CRAs are not permitted to levy or collect taxes; however, the local governing body is permitted to establish a community redevelopment trust fund utilizing revenues derived from tax increment financing (TIF). TIF uses the incremental increase in ad valorem tax revenue within a designated redevelopment area to finance redevelopment projects within that area.¹

¹ See David Cardwell and Harold R. Bucholz, “Tax-Exempt Redevelopment Financing in Florida,” *Stetson Law Review*, Summer, 1991, at 667.

As property tax values in the redevelopment area rise above an established base, tax increment is generated by applying the current millage rate to that increase in value and depositing that amount into a trust fund.² Each taxing authority must annually appropriate an amount representing the “increment revenues” and deposit it in the redevelopment trust fund. These revenues are used to back bonds issued to finance redevelopment projects.

Community Redevelopment Agencies – Section 163.355, F.S., prohibits a county or municipality from exercising the powers conferred by the Act until after the governing body has adopted a resolution finding that:

- (1) One or more slum or blighted areas, or one or more areas in which there is a shortage of housing affordable to residents of low or moderate income, including the elderly, exist in such county or municipality; and
- (2) The rehabilitation, conservation, or redevelopment, or a combination thereof, of such area or areas, including, if appropriate, the development of housing which residents of low or moderate income, including the elderly, can afford, is necessary in the interest of the public health, safety, morals, or welfare of the residents of such county or municipality.

Section 163.360(1), F.S., states that community redevelopment in a community redevelopment area shall not be planned or initiated unless the governing body has, by resolution, determined such area to be a slum area, a blighted area, or an area in which there is a shortage of housing affordable to residents of low or moderate income, including the elderly, or a combination thereof, and designated such area as appropriate for community redevelopment.

Section 163.340, F.S., defines "slum area" as follows:

[A]n area having physical or economic conditions conducive to disease, infant mortality, juvenile delinquency, poverty, or crime because there is a predominance of buildings or improvements, whether residential or nonresidential, which are impaired by reason of dilapidation, deterioration, age, or obsolescence, and exhibiting one or more of the following factors:

- (a) Inadequate provision for ventilation, light, air, sanitation, or open spaces;
- (b) High density of population, compared to the population density of adjacent areas within the county or municipality; and overcrowding, as indicated by government-maintained statistics or other studies and the requirements of the Florida Building Code; or
- (c) The existence of conditions that endanger life or property by fire or other causes.

"Blighted area" is defined as follows:

[A]n area in which there are a substantial number of deteriorated, or deteriorating structures, in which conditions, as indicated by government-maintained statistics or other studies, are leading

² Id., at p. 667.

to economic distress or endanger life or property, and in which two or more of the following factors are present:

- (a) Predominance of defective or inadequate street layout, parking facilities, roadways, bridges, or public transportation facilities;
- (b) Aggregate assessed values of real property in the area for ad valorem tax purposes have failed to show any appreciable increase over the 5 years prior to the finding of such conditions;
- (c) Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
- (d) Unsanitary or unsafe conditions;
- (e) Deterioration of site or other improvements;
- (f) Inadequate and outdated building density patterns;
- (g) Falling lease rates per square foot of office, commercial, or industrial space compared to the remainder of the county or municipality;
- (h) Tax or special assessment delinquency exceeding the fair value of the land;
- (i) Residential and commercial vacancy rates higher in the area than in the remainder of the county or municipality;
- (j) Incidence of crime in the area higher than in the remainder of the county or municipality;
- (k) Fire and emergency medical service calls to the area proportionately higher than in the remainder of the county or municipality;
- (l) A greater number of violations of the Florida Building Code in the area than the number of violations recorded in the remainder of the county or municipality;
- (m) Diversity of ownership or defective or unusual conditions of title which prevent the free alienability of land within the deteriorated or hazardous area; or
- (n) Governmentally owned property with adverse environmental conditions caused by a public or private entity.

In addition, the term “blighted area” may also mean any area in which at least one of the factors in (a)-(n) are present and the taxing authorities agree by interlocal agreement or by agreement with the CRA that the area is blighted.

III. Effect of Proposed Changes:

Section 163.3140, F.S., is amended to include land previously used as a military facility in the definition of “blighted area.”

The bill provides a broad expansion of the definition of a “blighted area” because the bill does not define the term “military facility.” It appears possible that any parcel of land that has ever served as the site of a military base or encampment throughout Florida’s history could be defined as a “blighted area” under the provisions of this bill.

The bill takes effect July 1, 2008.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

The bill would allow lands previously used as a military facility to be included in a community redevelopment plan. As a result these areas would receive TIF revenues under the Community Redevelopment Act, and property values in the area may increase as a result of any improvements using TIF.

C. Government Sector Impact:

The bill expands the areas that may be declared “blighted” to include lands previously used as a military facility and this would result in a portion of the ad valorem taxes from those lands being used for TIF.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

Barcode 085216 by Community Affairs on April 9, 2008:

Technical amendment.