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 Community Affairs Committee

BILL:	SB 468
INTRODUCER:	Senator Bullard
SUBJECT:	Community Redevelopment
DATE:	February 7, 2011 REVISED:

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Wood	Yeatman	CA	**Favorable**
2.			MS	
3.			BC	
4.				
5.				
6.				

I. Summary:

This bill expands the definition of "blighted area" for purposes of the Community Redevelopment Act to include land previously used as a military facility which is undeveloped and which the Federal government has declared surplus within the preceding 20 years.

This bill substantially amends s. 163.340(8) of the Florida Statutes.

II. Present Situation:

Community Redevelopment Act

Part III of chapter 163, F.S., the Community Redevelopment Act of 1969, authorizes a county or municipality to create community redevelopment areas (CRAs) as a means of redeveloping slums 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.

As property tax values in the redevelopment area rise above an established base, tax increment revenues are generated by applying the current millage rate to that increase in value and depositing that calculated amount into a trust fund. This occurs annually as the taxing authority must annually appropriate an amount representing the calculated increment revenues and deposit it in the redevelopment trust fund. These revenues are used to back bonds issued to finance redevelopment projects. School district revenues are not subject to the tax increment mechanism.

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, morale, or welfare of the residents of such county or municipality.

Community Redevelopment Plans and Initiation

Section 163.360(1), F.S., provides:

> 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(8), F.S., defines "blighted area" as follows:

> An 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 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.

However, the term "blighted area" also means any area in which at least one of the factors identified in paragraphs (a) through (n) are present and all taxing authorities subject to s. 163.387(2)(a) agree, either by interlocal agreement or agreements with the agency or by resolution, that the area is blighted.

Disposal of Military Real Property

The U. S. Department of Defense (DOD) provides for the disposal of real property "for which there is no foreseeable military requirement, either in peacetime or for mobilization."[1] Disposal of such property is subject to a number of statutory and department regulations which consider factors such as the:

- Presence of any hazardous material contamination;
- Valuation of property assets;
- McKinney-Vento Homeless Assistance Act;
- National Historic Preservation Act;
- Real property mineral rights; and
- Presence of floodplains and wetlands.[2]

Once the DOD has classified land as excess to their needs, the land is transferred to the Office of Real Property Disposal within the federal General Services Administration (GSA). With general federal surplus lands, GSA has a clear process wherein they first offer the land to other federal agencies. If no other federal agency identifies a need, the land is then labeled "surplus" (rather than "excess") and available for transfer to state and local governments and certain nonprofit agencies. Uses which benefit the homeless must be given priority, and then the land may be transferred at a discount of up to 100% if it is used for other specific types of public uses which include education, correctional, emergency management, airports, self-help housing, parks & recreation, law enforcement, wildlife conservation, public health, historic monuments, port facilities, and highways. If the public use is not among those public benefits, the GSA may negotiate a sale at appraised fair market value to a state or local government for another public purpose.[3]

[1] Department of Defense Instruction 4165.72.
[2] Id.
[3] General Services Administration Public Buildings Service, *Acquiring Federal Real Estate for Public Uses* (Sep. 2007), https://extportal.pbs.gsa.gov/RedinetDocs/cm/rcdocs/Acquiring%20Federal%20Real%20Estate%20for%20Public%20Uses1222988606483.pdf (last visited Mar. 08, 2011).

The Base Realignment and Closure Act (BRAC) of 1990 provides for an exception to this process in which the Department of Defense (DOD) supersedes the normal surplus process. BRAC is a process by which military facilities are recommended for realignment or closure and approved by the President; the BRAC process has been undertaken in 1988, 1991, 1993, 1995, and 2005. Surplus disposal authority is delegated to the DOD when BRAC properties are involved. The Secretary of Defense is authorized to work with Local Redevelopment Authorities (LRAs) in determining what to do with surplus BRAC properties. This includes the possibility of transferring BRAC property to an LRA at reduced or no cost for the purpose of economic development, which is not an acceptable public purpose under the general federal surplus process. The Secretary of Defense is responsible for determining what constitutes an LRA and what cost, if any, will be associated with the transfer.[4]

There are four Florida cities which have been affected by BRAC closures, all resulting from the 1993 BRAC process. Homestead Air Force Base was realigned in 1992; Pensacola's Naval Aviation Depot and Fleet and Industrial Supply Center were closed in 1996; Jacksonville's Cecil Field was closed in 1999; and Orlando's Naval Training Center and Naval Hospital were closed in 1999.[5] A total of 20,973 acres were declared surplus from 1988 to present as a result of the BRAC process, and all of that has been transferred to non-federal agencies with the exception of 182 acres that were a part of Cecil Field in Jacksonville and remain undisposed.[6]

III. Effect of Proposed Changes:

Section 1 of the bill expands the current definition of the term "blighted area" provided for in s. 163.340(8), F.S., to include land previously used as a military facility which is undeveloped and which the Federal Government has declared surplus within the preceding 20 years.

Section 2 of the bill provides an effective date of July 1, 2011.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

[4] Congressional Research Service, *Base Realignment and Closure (BRAC): Transfer and Disposal of Military Property* (Mar. 31, 2009), http://www.fas.org/sgp/crs/natsec/R40476.pdf (last visited Mar. 14, 2011).
[5] United States Department of Defense, *Major Base Closure Summary*, http://www.defense.gov/faq/pis/17.html (last visited Mar. 14, 2011).
[6] Email from David F. Witschi, Associate Director, Secretary of Defense Office of Economic Adjustment (Mar. 16, 2011) (on file with the Senate Committee on Community Affairs).

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Community redevelopment agencies will be able to develop a community redevelopment plan utilizing the expanded definition of "blighted area" to include land previously used as a military facility which is undeveloped and which the federal government has declared surplus within the preceding 20 years. As a result, these areas may receive TIF revenues under the Community Redevelopment Act, and property values in the area may increase as a result of any improvements using TIF. Redevelopment of these areas can contribute to increased economic interest in a region and an overall improved economic condition.

Counties and municipalities are required by s. 163.345, F.S., to prioritize private enterprise in the rehabilitation and redevelopment of blighted areas. The increase in ad valorem taxation could be used to finance private development projects within this new category of "blighted area." Overall property values in the surrounding area may also increase as a result, affecting current homeowners' resale values and ad valorem taxation.

C. Government Sector Impact:

A local government or county would be able to develop a community redevelopment plan utilizing the expanded definition of "blighted area" to include land previously used as a military facility which is undeveloped and which the federal government has declared surplus within the preceding 20 years. This could result in a portion of the ad valorem taxes from those lands being used for TIF. County and municipal governments would then not directly receive the ad valorem tax revenue on the increase in property value within the CRA, but could see an increase in other aspects of the local economy.

VI. Technical Deficiencies:

The bill provides for the definition to include land used as a military facility and undeveloped. Land used as a military facility would typically be considered developed land, which may unintentionally exclude military land which has buildings from consideration under the new definition of blighted area.

VII. Related Issues:

Miami-Dade County has expressed interest in developing the area around Metrozoo as a recreation destination.[7] The family entertainment center, as considered in 2004, was projected to

[7] Oscar Pedro Musibay, *Plans for Entertainment District Near Miami Metrozoo Progress*, South Florida Business Journal, Sep. 21, 2009, *available at* http://www.bizjournals.com/southflorida/stories/2009/09/21/story6.html (last visited Mar. 14, 2011).

bring 9,000 permanent jobs to the area.[8] Coast Guard property adjacent to current Metrozoo property could be part of this development, and tax increment financing through a CRA could help finance such improvements. The Richmond Coast Guard Base, which is currently open, is reportedly considering a deal where the county would help them attain a new location while selling the land to private developers who would then build this new development.[9]

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:

None.

[8] Susan Stabley, *Zoo Entertainment Park Planned*, South Florida Business Journal, Dec. 27, 2004, *available at* http://www.bizjournals.com/southflorida/stories/2004/12/27/story1.html (last visited Mar. 14, 2011).
[9] Conversation with Kevin Asher, Special Project Manager, Miami-Dade Parks and Recreation Department (Mar. 16, 2011).