# HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HB 4003 Growth Policy
**SPONSOR(S):** Diaz
**TIED BILLS:** **IDEN./SIM. BILLS:** SB 188

| REFERENCE | ACTION | ANALYST | STAFF DIRECTOR or BUDGET/POLICY CHIEF |
|---|---|---|---|
| 1) Community & Military Affairs Subcommittee | 12 Y, 1 N | Gibson | Hoagland |
| 2) Economic Affairs Committee | 17 Y, 0 N | Gibson | Tinker |

## SUMMARY ANALYSIS

This bill repeals section 163.2523, F.S., and thus eliminates the Urban Infill and Redevelopment Assistance Grant Program. The program was created as part of the 1999 "Growth Policy Act" to help local governments revitalize distressed urban areas. The Legislature appropriated $2.5 million in fiscal year 2000-2001 to the program but has not appropriated funds in subsequent years. This bill does not affect a local government's ability to designate an urban infill and redevelopment area and to offer local incentives within the area in order to target economic development and job creation. This bill also does not affect the economic incentives available to local governments with an adopted urban infill and redevelopment plan such as the power to finance redevelopment plans through revenue bonds and employ tax increment financing. This bill corrects several statutory references.

This bill has an effective date of July 1, 2012.

## FULL ANALYSIS

## I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Current Situation

Created as part of the "Growth Policy Act"[1] in 1999 to help local governments revitalize distressed urban core areas, the Urban Infill and Redevelopment Assistance Grant Program has not been funded since fiscal year 2000-2001. The program was administered by the Division of Housing and Community Development within the Department of Community Affairs, and as of October 1, 2011, is under the jurisdiction of the Division of Community Development within the new Department of Economic Opportunity.

Two main types of grants are offered under the program. Planning grants aid local governments in developing urban infill and redevelopment plans. The other type of grant money is used for implementing projects under existing urban infill and redevelopment plans. Section 163.2523, F.S., requires that thirty percent of all revenue appropriated to the program be used for planning grants. Sixty percent of appropriated funds must be used in fifty-fifty matching grants for implementing projects. The remaining ten percent is to be used in outright grants for implementing projects requiring expenditures of less than $50,000. Local government grant recipients may allocate the money to special districts, including community redevelopment agencies and nonprofit community development organizations to implement projects consistent with an urban infill and redevelopment plan.

The Legislature appropriated $2.5 million in fiscal year 2000-2001 to the program, but has not appropriated funds since then.[2] The Department of Community Affairs divided these funds among 22 local government grant applicants.

Section 163.2526, F.S., directed OPPAGA to report on the effectiveness of the designation of urban infill and redevelopment areas by 2004. OPPAGA's 2004 Status Report stated that evaluating the impact of the grants was difficult because little data and few evaluating criteria were available, yet the report stated that the local government grant recipients described the funds as useful in addressing local issues. Because its directive was complete, the OPPAGA review and evaluation requirement embodied in section 163.2526, F.S., was repealed in 2010.[3]

Effect of Proposed Changes

By repealing section 163.2523, F.S., this bill eliminates the Urban Infill and Redevelopment Assistance Program that has not been funded since fiscal year 2000-2001. The bill also corrects several statutory cross-references.

Regardless if section 163.2523, F.S., is repealed, local governments may continue to designate urban infill and redevelopment areas and implement plans for these areas under section 163.2517, F.S. Within an urban infill and redevelopment area, local governments continue to have the ability to offer financial and local government incentives in order to target economic development and job creation. Examples of incentives include waiver of license and permit fees, exemption of sales made in the area from local option sales surtaxes, waiver of delinquent local taxes or fees, expedited permitting, lower transportation impact fees, prioritization of infrastructure spending, and local government absorption of developers' concurrency costs.[4] Additionally, economic incentives, such as the power to finance redevelopment plans through revenue bonds and employ tax increment financing, remain available to local governments.[5]

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[1] Currently ss. 163.2511-163.2523, F.S.

[2] Office of Program Policy Analysis, Report No. 04-14, Status Report: Urban Infill and Redevelopment Areas Have Uncertain Impact But Perceived as Useful, p.2 (2004), *available at* http://www.oppaga.state.fl.us/MonitorDocs/Reports/pdf/0414rpt.pdf.

[3] *See* ch. 2010-102, L.O.F.; SB 1412 (2010).

[4] *See* s. 163.2517(3)(j), F.S.

[5] *See* s. 163.2520, F.S. Other incentives available under s. 163.2520, F.S., include the authority to levy special assessments and prioritization in the allocation of private activity bonds from the state pool.

B. SECTION DIRECTORY:

Section 1: Repeals s. 163.2523, F.S., relating to the Urban Infill and Redevelopment Assistance Grant Program.

Section 2: Amends s. 163.065, F.S., to correct for references to repealed section.

Section 3: Amends s. 163.2511, F.S., to correct for references to repealed section.

Section 4: Amends s. 163.2514, F.S., to correct for references to repealed section.

Section 5: Provides an effective date of July 1, 2012.

## 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:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

No direct fiscal impact. This repeals a grant program that has not been funded since fiscal year 2000-2001.

## III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to: require counties or municipalities to spend funds or to take an action requiring the expenditure of funds; reduce the authority that counties or municipalities have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with counties or municipalities.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

## IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES