

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 4027 Community-Based Development Organizations

SPONSOR(S): Rouson

TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Community & Military Affairs Subcommittee	13 Y, 1 N	Duncan	Hoagland
2) Economic Affairs Committee	16 Y, 0 N	Duncan	Tinker

SUMMARY ANALYSIS

In 2000, the Legislature established the Community-Based Development Organization Assistance Act for the purpose of providing community-based development organizations (CBDOs) with administrative and operating funds to retain project staff to plan, implement, and manage job-generating and community revitalization developments in distressed neighborhoods.

The law authorizes the Department of Community Affairs (DCA) to award core administrative and operating grants used for staff salaries and administrative expenses for eligible CBDOs selected using a competitive three-tiered process for housing and economic development projects. DCA is required to adopt by rule a set of criteria for three-tiered funding that ensures equitable statewide geographic distribution of the funding. The plan must include emerging, intermediate, and mature CBDOs recognizing the varying needs of the three tiers. Each eligible CBDO may apply for a grant of up to \$50,000 per year for a period of 5 years. When the act was created, the Legislature appropriated \$1 million to be distributed as grants to CBDOs. Subsequently, the appropriation was vetoed by the Governor and as a result no grants were awarded.

This bill repeals ss. 163.455, 163.456, 163.457, 163.458, 163.459, 163.460, 163.461, and 163.462, F.S., eliminating the Community-Based Development Organization Assistance Act, which has not been funded or implemented since it was created by the Legislature in 2000.

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

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Current Situation

In 2000,¹ the Legislature established the Community-Based Development Organization Assistance Act for the purpose of providing community-based development organizations (CBDOs) with administrative and operating funds to retain project staff to plan, implement, and manage job-generating and community revitalization developments in distressed neighborhoods.²

The law authorizes the Department of Community Affairs (DCA) to award core administrative and operating grants used for staff salaries and administrative expenses for eligible CBDOs selected using a competitive three-tiered process for housing and economic development projects. DCA is required to adopt by rule³ a set of criteria for three-tiered funding that ensures equitable statewide geographic distribution of the funding. The plan must include emerging, intermediate, and mature CBDOs recognizing the varying needs of the three tiers. Each eligible CBDO may apply for a grant of up to \$50,000 per year for a period of 5 years.⁴ When the act was created, the Legislature appropriated \$1 million to be distributed as grants to CBDOs. Subsequently, the appropriation⁵ was vetoed by the Governor and as a result no grants were awarded.

Eligible activities include, but are not limited to:⁶

- Preparing grant and loan applications, proposals, fundraising letters, and other documents essential to securing additional administrative or project funds.
- Developing local programs and home ownership housing projects to encourage the participation of financial institutions, insurance companies, attorneys, architects, planners, developers and other professional firms and individuals providing services beneficial to redevelopment efforts.
- Coordinating with state, federal, and local governments and nonprofit organizations to ensure that activities meet local plans and ordinances to avoid duplication of tasks.
- Assisting service area residents in identifying and determining eligibility for state, federal, and local housing programs, including rehabilitation, weatherization, home ownership, rental assistance, or public housing programs.

In order to be eligible for assistance, a CBDO must be a nonprofit corporation under state law and s. 501(c)(3) of the Internal Revenue Code; maintain a service area in which economic and housing development projects are located; and meet other specific criteria as provided by law. In addition, a majority of the CBDO's board members must be elected by those members of the nonprofit corporation who are stakeholders, comprising a mix of service area residents, area business property owners, area employees, and low-income residents.⁷

A CBDO applying for a core administrative and operating grant must also submit a proposal to DCA.⁸ Those CBDOs receiving funds must submit an annual report providing information specified by law and other information as may be required by DCA.⁹

¹ Chapter 2000-351, L.O.F. codified at s. 163.455, F.S.

² Section 163.456, F.S.

³ The Department of Community Affairs was granted rulemaking authority for the purposes of administering the Community-Based Development Organization Assistance Act pursuant to s. 163.462, F.S.

⁴ Section 163.458, F.S.

⁵ Section 9, ch. 2000-351, L.O.F.

⁶ Section 163.459, F.S.

⁷ Section 163.457, F.S.

⁸ Section 163.460, F.S.

⁹ Section 163.461, F.S.

DCA was abolished by the Legislature during the 2011 legislative session and several of its programs and functions including the Division of Housing and Community Development, which manages grant programs, were incorporated into the newly created Department of Economic Opportunity.¹⁰

Effect of the Proposed Changes

By repealing ss. 163.455, 163.456, 163.457, 163.458, 163.459, 163.460, 163.461, and 163.462, F.S., this bill eliminates the Community-Based Development Organization Assistance Act which has not been funded or implemented since it was created by the Legislature in 2000.

B. SECTION DIRECTORY:

Section 1: Repeals ss. 163.455, 163.456, 163.457, 163.458, 163.459, 163.460, 163.461, and 163.462, F.S., relating to the Community-Based Development Organization Assistance Act and other provisions related to the act.

Section 2: 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:

None.

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

¹⁰ See s. 3, ch. 2011-142, L.O.F.

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

N/A.