

**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.)

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Prepared By: The Professional Staff of the Budget Subcommittee on Transportation, Tourism, and Economic Development Appropriations

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BILL: SB 562

INTRODUCER: Senator Lynn

SUBJECT: Community Based Development Organization

DATE: January 17, 2012

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Hinton</u>	<u>Yeatman</u>	<u>CA</u>	<b>Favorable</b>
2.	<u>Tell</u>	<u>Hrdlicka</u>	<u>CM</u>	<b>Favorable</b>
3.	<u>Smith</u>	<u>Meyer, R.</u>	<u>BTA</u>	<b>Favorable</b>
4.	_____	_____	<u>BC</u>	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

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**I. Summary:**

This bill eliminates the Community-Based Development Organization Assistance Act.

This bill repeals the following sections of the Florida Statutes: 163.455, 163.456, 163.457, 163.458, 163.459, 163.460, 163.461, and 163.462.

**II. Present Situation:**

In 2000,<sup>1</sup> 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.<sup>2</sup> The program has not been funded or implemented since it was created by the Legislature in 2000.<sup>3</sup>

The Community- Based Development Organization Assistance Act authorized 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.<sup>4</sup> DCA is required to adopt by

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<sup>1</sup> Chapter 2000-351, L.O.F. codified at ss. 163.455-163.462, F.S.

<sup>2</sup> Section 163.456(2), F.S.

<sup>3</sup> Department of Economic Opportunity, *Senate Bill 562 Analysis* (November 2, 2011) (On file with the Budget Subcommittee on Transportation, Tourism, and Economic Development Appropriations.)

<sup>4</sup> Section 163.458, F.S.

rule<sup>5</sup> 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.<sup>6</sup> When the act was created, the Legislature appropriated \$1 million to be distributed as grants to CBDOs. Subsequently, the appropriation<sup>7</sup> was vetoed by the Governor and as a result, no grants were awarded.

Eligible activities include, but are not limited to:<sup>8</sup>

- Preparing grant and loan applications, proposals, fundraising letters, and other documents essential to securing additional administrative or project funds.
- Monitoring and administering grants and loans, providing technical assistance to businesses, and any other administrative tasks essential to maintaining funding eligibility or meeting contractual obligations.
- 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.
- Providing technical, accounting, and financial assistance and information to businesses and entrepreneurs interested in locating, expanding, or operating in the service area.
- 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.
- Developing, selling, owning, and managing subsidized affordable housing designed for persons with very low incomes or low incomes, or for WAGES recipients, or developing, selling, owning, and managing subsidized affordable industrial parks providing jobs to such persons.
- Obtaining technical assistance to build capacity to support community-based development organization projects.

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.<sup>9</sup>

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<sup>5</sup> 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.

<sup>6</sup> See *supra* note 3.

<sup>7</sup> Section 9, ch. 2000-351, L.O.F.

<sup>8</sup> Section 163.459, F.S.

<sup>9</sup> Section 163.457, F.S.

A CBDO applying for a core administrative and operating grant must also submit a proposal to DCA.<sup>10</sup> Those CBDOs receiving funds must submit an annual report providing information specified by law and other information as may be required by DCA.<sup>11</sup>

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.<sup>12</sup>

### **III. Effect of Proposed Changes:**

The bill eliminates the Community-Based Development Organization Assistance Act.

#### **Section 1**

This bill 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.

#### **Section 2**

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

### **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:**

None.

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<sup>10</sup> Section 163.460, F.S.

<sup>11</sup> Section 163.461, F.S.

<sup>12</sup> See s. 3, Ch. 2011-142, L.O.F.

C. Government Sector Impact:

None.

**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:

None.