

By Senator Simpson

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1 A bill to be entitled
2 An act relating to community development block grants;
3 amending s. 290.0411, F.S.; revising legislative
4 intent; amending s. 290.402, F.S.; revising
5 definitions; amending s. 290.044, F.S.; requiring the
6 Department of Economic Opportunity to adopt a rule
7 pertaining to the distribution of funds under the
8 block grant program; requiring the department to
9 define community development objectives in accordance
10 with federal law and regulations; amending s.
11 290.0455, F.S; requiring approved Section 108 loan
12 applicants to enter into an agreement with the
13 department; requiring the department to review all
14 applications received from local governments;
15 requiring that each application be deemed financially
16 feasible by a loan underwriter approved by the
17 department; allowing the department to submit
18 applications to the United States Department of
19 Housing and Urban Development under certain
20 conditions; reducing the maximum amounts of loan
21 guarantee commitments; removing requirement that the
22 applicant's past performance must be evaluated;
23 requiring that a local government's future community
24 development block grant be reduced in the event of
25 default; requiring a local government that has
26 received a Section 108 loan through the Small Cities
27 Community Block Grant Program but is granted
28 entitlement community status to pledge its block grant
29 allocation as guarantee to its previous loan and

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30 release the department as a guarantor; amending s.
31 290.046, F.S.; granting rulemaking authority to the
32 department; allowing local governments to submit one
33 grant application per funding cycle with the exception
34 of economic development projects; providing criteria
35 for applications for economic development grants;
36 prohibiting the department from awarding a grant until
37 a site visit has been completed; providing conditions
38 for the ranking of grant applications; establishing
39 procedures for citizen input and participation;
40 amending s. 290.047, F.S.; granting rulemaking
41 authority to the department; providing restrictions on
42 the expenditure of block grant funds by local
43 governments; amending s. 290.0475, F.S.; revising
44 provisions relating to the rejection of grant
45 applications; amending s. 290.048, F.S.; removing
46 requirements pertaining to written descriptions of
47 service areas; repealing a requirement for
48 establishment of an advisory committee; providing an
49 effective date.

50
51 Be It Enacted by the Legislature of the State of Florida:

52
53 Section 1. Section 290.0411, Florida Statutes, is amended
54 to read:

55 290.0411 Legislative intent and purpose of ss. 290.0401-
56 290.048.—It is the intent of the Legislature to provide the
57 necessary means to develop, preserve, redevelop, and revitalize
58 Florida communities exhibiting signs of decline, or distress, or

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59 economic need by enabling local governments to undertake the
60 necessary community and economic development programs. The
61 overall objective is to create viable communities by eliminating
62 slum and blight, fortifying communities in urgent need,
63 providing decent housing and suitable living environments, and
64 expanding economic opportunities, principally for persons of low
65 or moderate income. The purpose of ss. 290.0401-290.048 is to
66 assist local governments in carrying out effective community and
67 economic development and project planning and design activities
68 to arrest and reverse community decline and restore community
69 vitality. Community development and project planning activities
70 to maintain viable communities, revitalize existing communities,
71 expand economic development and employment opportunities, and
72 improve housing conditions and expand housing opportunities,
73 providing direct benefit to persons of low or moderate income,
74 are the primary purposes of ss. 290.0401-290.048. The
75 Legislature, therefore, declares that the development,
76 redevelopment, preservation, and revitalization of communities
77 in this state and all the purposes of ss. 290.0401-290.048 are
78 public purposes for which public money may be borrowed,
79 expended, loaned, pledged to guarantee loans, and granted.

80 Section 2. Subsections (1) and (6) of section 290.042,
81 Florida Statutes, are amended to read:

82 290.042 Definitions relating to Florida Small Cities
83 Community Development Block Grant Program Act.—As used in ss.
84 290.0401-290.048, the term:

85 (1) "Administrative closeout" means the notification of a
86 grantee by the department that all applicable administrative
87 actions and all required work of an existing ~~the~~ grant have been

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88 completed with the exception of the final audit.

89 (6) "Person of low or moderate income" means any person who
90 meets the definition established by the department in accordance
91 with the guidelines established in Title I of the Housing and
92 Community Development Act of 1974, as amended, and 24 C.F.R. s.
93 570.483(b).

94 Section 3. Subsections (2), (3), and (4) of section
95 290.044, Florida Statutes, are amended to read:

96 290.044 Florida Small Cities Community Development Block
97 Grant Program Fund; administration; distribution.—

98 (2) The department shall develop by rule guidelines for the
99 distribution of ~~distribute such funds as loan guarantees and~~
100 grants to eligible local governments through ~~on the basis of~~ a
101 competitive selection process.

102 (3) The department shall define ~~the~~ broad community
103 development objectives that meet national objectives established
104 by 42 U.S.C. s. 5304 and 24 C.F.R. s. 570.483 ~~objective to be~~
105 achieved through the distribution of block grant funds under
106 this section. ~~by the activities in each of the following grant~~
107 ~~program categories, and require applicants for grants to compete~~
108 ~~against each other in these grant program categories:~~

- 109 ~~(a) Housing.~~
110 ~~(b) Economic development.~~
111 ~~(c) Neighborhood revitalization.~~
112 ~~(d) Commercial revitalization.~~
113 ~~(e) Project planning and design.~~

114 (4) The department may set aside an amount of up to 5
115 percent of the funds annually for use in any eligible local
116 government jurisdiction for which an emergency or natural

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117 disaster has been declared by executive order. Such funds shall
118 ~~may~~ only be provided to a local government to fund eligible
119 emergency-related activities for which no other source of
120 federal, state, or local disaster funds is available. The
121 department may provide for such set-aside by rule. In the last
122 quarter of the state fiscal year, any funds not allocated under
123 the emergency-related set-aside shall be distributed to unfunded
124 applications from the most recent funding cycle.

125 Section 4. Section 290.0455, Florida Statutes, is amended,
126 to read:

127 290.0455 Small Cities Community Development Block Grant
128 ~~Loan Guarantee Program; Section 108 loan guarantees.~~-

129 (1) The Small Cities Community Development Block Grant Loan
130 Guarantee Program is created. The department shall administer
131 the loan guarantee program pursuant to s. 108 of Title I of the
132 Housing and Community Development Act of 1974, as amended, and
133 as further amended by s. 910 of the Cranston-Gonzalez National
134 Affordable Housing Act. The purpose of the Small Cities
135 Community Development Block Grant Loan Guarantee Program is to
136 guarantee, or to make commitments to guarantee, notes or other
137 obligations issued by public entities for the purposes of
138 financing activities enumerated in 24 C.F.R. s. 570.703.

139 (2) Activities assisted under the loan guarantee program
140 must meet the requirements contained in 24 C.F.R. ss. 570.700-
141 570.710 and may not otherwise be financed in whole or in part
142 from the Florida Small Cities Community Development Block Grant
143 Program.

144 (3) The department may pledge existing revenues on deposit
145 or future revenues projected to be available for deposit in the

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146 Florida Small Cities Community Development Block Grant Program
147 in order to guarantee, ~~in whole or in part,~~ the payment of
148 principal and interest on a Section 108 loan ~~made under the loan~~
149 ~~guarantee program.~~

150 (4) An applicant approved by the United States Department
151 of Housing and Urban Development to receive a Section 108 loan
152 shall enter into an agreement with the department which requires
153 the applicant to pledge half the amount necessary to guarantee
154 the loan in the event of default.

155 (5)~~(4)~~ The department shall review all Section 108
156 applications received from local governments. The department
157 shall review the applications ~~must submit all applications it~~
158 ~~receives to the United States Department of Housing and Urban~~
159 ~~Development for loan approval,~~ in the order received, subject to
160 a determination by the department ~~determining~~ that each the
161 application meets the all eligibility requirements contained in
162 24 C.F.R. ss. 570.700-570.710~~7~~, and has been deemed financially
163 feasible by a loan underwriter approved by the department. If
164 the statewide maximum available for loan guarantee commitments
165 established in subsection (6) has not been committed, the
166 department may submit the Section 108 loan application to the
167 United States Department of Housing and Urban Development with a
168 recommendation that the loan be approved, with or without
169 conditions, or denied ~~provided that the applicant has submitted~~
170 ~~the proposed activity to a loan underwriter to document its~~
171 ~~financial feasibility.~~

172 (6)~~(5)~~ The maximum amount of any individual loan guarantee
173 commitment that an ~~commitments that any~~ eligible local
174 government may receive shall ~~may~~ be limited to \$5 ~~\$7~~ million

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175 ~~pursuant to 24 C.F.R. s. 570.705~~, and the maximum amount of loan
176 guarantee commitments statewide may not exceed an amount equal
177 to two ~~five~~ times the amount of the most recent grant received
178 by the department under the Florida Small Cities Community
179 Development Block Grant Program.

180 (7) ~~(6)~~ Section 108 loans guaranteed by the Small Cities
181 Community Development Block Grant Program loan guarantee program
182 must be repaid within 20 years.

183 (8) ~~(7)~~ Section 108 loan applicants must provide loan
184 guarantees may be used for an activity only if the local
185 government provides evidence to the department that alternative
186 financing services were investigated and were unavailable or
187 insufficient to meet the financing needs of the proposed
188 activity.

189 (9) If a local government defaults on a Section 108 loan
190 received from the United States Department of Housing and Urban
191 Development and guaranteed through the Florida Small Cities
192 Community Development Block Grant Program, thereby requiring the
193 department to reduce its annual grant award in order to pay the
194 annual debt service on the loan, any future community
195 development block grants that the local government receives must
196 be reduced in an amount equal to the amount of the state's grant
197 award used in the payment of the loan debt service.

198 (10) If a local government that is the recipient of a
199 Section 108 loan guaranteed through the Small Cities Community
200 Development Block Grant Program is granted entitlement community
201 status, as defined in 24 C.F.R. s. 570, subpart D, by the United
202 States Department of Housing and Urban Development before paying
203 the loan in full, the local government must pledge its community

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204 development block grant entitlement allocation as a guarantee of
205 its previous loan and request that the United States Department
206 of Housing and Urban Development release the department as a
207 guarantor of the loan.

208 ~~(8) The department must, before approving an application~~
209 ~~for a loan, evaluate the applicant's prior administration of~~
210 ~~block grant funds for community development. The evaluation of~~
211 ~~past performance must take into account the procedural aspects~~
212 ~~of previous grants or loans as well as substantive results. If~~
213 ~~the department finds that any applicant has failed to~~
214 ~~substantially accomplish the results proposed in the applicant's~~
215 ~~last previously funded application, the department may prohibit~~
216 ~~the applicant from receiving a loan or may penalize the~~
217 ~~applicant in the rating of the current application.~~

218 Section 5. Section 290.046, Florida Statutes, is amended to
219 read:

220 (Substantial rewording of section. See
221 s. 290.046, F.S., for present text.)

222 290.046 Applications for grants; procedures; requirements.-

223 (1) The department shall establish application procedures
224 by rule.

225 (2) (a) Except for economic development projects, each local
226 government that is eligible by rule to apply for a grant during
227 a funding cycle may submit one application for a noneconomic
228 development project during the application cycle. A local
229 government that is eligible by rule to apply for an economic
230 development grant may apply up to three times each funding cycle
231 for an economic development grant and may have more than one
232 open economic development grant.

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233 (b) The department shall establish minimum criteria
234 pertaining to the number of jobs created for persons of low or
235 moderate income, the degree of private sector financial
236 commitment, and the economic feasibility of the proposed
237 project, and shall establish any other criteria the department
238 deems appropriate.

239 (c) The department may not award a grant until the
240 department has completed a site visit to verify the information
241 contained in the application.

242 (3) (a) The department shall rank each application received
243 during the application cycle based on criteria established by
244 rule. The rule may take into consideration factors including,
245 but not limited to: community need, unemployment, poverty
246 levels, low and moderate income populations, health and safety,
247 and condition of physical structures. The department shall
248 incorporate into its ranking system a procedure intended to
249 eliminate or reduce any existing population-related bias that
250 places exceptionally small communities at a disadvantage in the
251 competition for funds.

252 (b) Project funding must be determined by the rankings
253 established in each application cycle. If economic development
254 funding remains available after the application cycle closes,
255 funding will be awarded to eligible projects on a first-come,
256 first-served basis until funding for this category has been
257 fully obligated.

258 (4) In order to provide the public with information
259 concerning an applicant's proposed program before an application
260 is submitted to the department, the applicant shall, for each
261 funding cycle:

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262 (a) Conduct an initial public hearing to inform the public
263 of funding opportunities available to meet community needs and
264 eligible activities and to solicit public input on community
265 needs.

266 (b) Publish a summary of the proposed application which
267 affords the public an opportunity to examine the contents of the
268 application and submit comments.

269 (c) Conduct a second public hearing to obtain public
270 comments on the proposed application and make appropriate
271 modifications to the application.

272 Section 6. Section 290.047, Florida Statutes, is amended to
273 read:

274 (Substantial rewording of section. See
275 s. 290.047, F.S., for present text.)

276 290.047 Establishment of grant ceilings and maximum
277 administrative cost percentages.—

278 (1) The department shall adopt rules to establish:

279 (a) Grant ceilings.

280 (b) The maximum percentage of block grant funds which can
281 be spent on administrative costs by an eligible local
282 government.

283 (c) Grant administration procurement procedures for
284 eligible local governments.

285 (2) An eligible local government may not contract with the
286 same individual or business entity for more than one service to
287 be performed in connection with a community development block
288 grant, including, but not limited to, application preparation
289 services, administrative services, architectural and engineering
290 services, and construction services, unless it can be

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291 demonstrated by the eligible local government that such
292 individual or business entity is the sole source of the service
293 or is the responsive proposer whose proposal is determined in
294 writing as a result of a competitive process to be the most
295 advantageous to the local government.

296 (3) The maximum amount of block grant funds that may be
297 spent on architectural and engineering costs by an eligible
298 local government must be determined in accordance with a
299 methodology adopted by the department by rule.

300 Section 7. Section 290.0475, Florida Statutes, is amended
301 to read:

302 290.0475 Rejection of grant applications; penalties for
303 failure to meet application conditions.—Applications received
304 for funding ~~under all program categories~~ shall be deemed
305 ineligible if rejected without scoring only in the event that
306 ~~any of the following circumstances arise:~~

307 (1) The application is not received by the department by
308 the application deadline.

309 (2) The proposed project does not meet one of the three
310 national objectives as contained in federal and state
311 legislation.

312 (3) The proposed project is not an eligible activity as
313 contained in the federal legislation.

314 (4) The application is not consistent with the local
315 government's comprehensive plan adopted pursuant to s. 163.3184.

316 (5) The applicant has an open community development block
317 grant, except as provided in s. 290.046(2)(a) and department
318 rule 290.046(2)(c).

319 (6) The local government is not in compliance with the

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320 citizen participation requirements prescribed in ss. 104(a)(1)
321 and (2) and 106(d)(5)(c) of Title I of the Housing and Community
322 Development Act of 1984, s. 290.046(4), and department rule
323 rules.

324 ~~(7) Any information provided in the application that~~
325 ~~affects eligibility or scoring is found to have been~~
326 ~~misrepresented, and the information is not a mathematical error~~
327 ~~which may be discovered and corrected by readily computing~~
328 ~~available numbers or formulas provided in the application.~~

329 Section 8. Subsections (5) and (7) of section 290.048,
330 Florida Statutes, are amended, and present subsection (6) of
331 that section is renumbered as subsection (5), to read:

332 290.048 General powers of department under ss. 290.0401-
333 290.048.—The department has all the powers necessary or
334 appropriate to carry out the purposes and provisions of the
335 program, including the power to:

336 ~~(5) Adopt and enforce strict requirements concerning an~~
337 ~~applicant's written description of a service area. Each such~~
338 ~~description shall contain maps which illustrate the location of~~
339 ~~the proposed service area. All such maps must be clearly legible~~
340 ~~and must:~~

341 ~~(a) Contain a scale which is clearly marked on the map.~~

342 ~~(b) Show the boundaries of the locality.~~

343 ~~(c) Show the boundaries of the service area where the~~
344 ~~activities will be concentrated.~~

345 ~~(d) Display the location of all proposed area activities.~~

346 ~~(e) Include the names of streets, route numbers, or easily~~
347 ~~identifiable landmarks where all service activities are located.~~

348 (5)~~(6)~~ Pledge community development block grant revenues

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349 from the Federal Government in order to guarantee notes or other
350 obligations of a public entity which are approved pursuant to s.
351 290.0455.

352 ~~(7) Establish an advisory committee of no more than 13~~
353 ~~members to solicit participation in designing, administering,~~
354 ~~and evaluating the program and in linking the program with other~~
355 ~~housing and community development resources.~~

356 Section 9. This act shall take effect July 1, 2013.