

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 Appropriations Subcommittee on Finance and Tax

BILL: SB 856
 INTRODUCER: Senator Bullard
 SUBJECT: Community Redevelopment
 DATE: April 4, 2013 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Anderson</u>	<u>Yeatman</u>	<u>CA</u>	Favorable
2.	<u>Babin</u>	<u>Diez-Arguelles</u>	<u>AFT</u>	Pre-meeting
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

SB 856 expands the definition of “blighted area” for purposes of the Community Redevelopment Act to include land that was previously used as a military facility and is located adjacent to a county-owned zoological park.

This bill does not impact state or local revenue.

This bill substantially amends section 163.340 of the Florida Statutes.

II. Present Situation:

Community Redevelopment Act

The Community Redevelopment Act of 1969,¹ authorizes a county or municipality to create community redevelopment areas (CRAs) as a means of redeveloping slums and blighted areas. Community Redevelopment Areas are not permitted to levy or collect taxes; however, the local governing body is permitted to establish a community redevelopment trust fund that is funded through tax increment financing (TIF).² Taxing authorities must annually appropriate an amount representing the calculated increment revenue to the redevelopment trust fund. This revenue is used to back bonds issued to finance redevelopment projects. School district revenues are not subject to the tax increment mechanism.

¹ Chapter 163, F.S., part III.

² Through tax increment financing, a baseline tax amount is chosen, and then in future years, any taxes generated above that baseline amount are transferred into the trust fund.

Counties and municipalities are prohibited from exercising the community redevelopment authority provided by the Community Redevelopment Act until they adopt an ordinance that declares an area to be a slum or a blighted area.³

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 inter-local 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.”⁴ Disposal

³ Sections 163.355(1) and 163.360(1), F.S.

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.⁵

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 that benefit the homeless must be given priority, and then the land may be transferred at a discount of up to 100 percent if it is used for other specific types of public uses, which include education, corrections, emergency management, airports, self-help housing, parks and 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.⁶

The Base Realignment and Closure Act of 1990 (BRAC) provides for an exception to the normal process by which the DOD disposes of military real property.

The BRAC process makes recommendations for realigning and closing military facilities. The BRAC process was 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, including the possibility of transferring BRAC property to an LRA at reduced or no cost for the purpose of economic development. The Secretary of Defense is responsible for determining what constitutes an LRA and what cost, if any, will be associated with the transfer.⁷

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

⁴ Department of Defense Instruction 4165.72.

⁵ *Id.*

⁶ 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 April 4, 2013).

⁷ 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 April 4, 2013).

Field was closed in 1999; and Orlando's Naval Training Center and Naval Hospital were closed in 1999.⁸

III. Effect of Proposed Changes:

Section 1 expands the current definition of the term "blighted area" provided for in s. 163.340(8), F.S., to include land that was previously used as a military facility and is located adjacent to a county-owned zoological park.

Section 2 provides an effective date of July 1, 2013.

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:

Community redevelopment agencies will be able to develop a community redevelopment plan utilizing the expanded definition of "blighted area" to include land that was previously used as a military facility and is located adjacent to a county-owned zoological park. 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.

⁸ United States Department of Defense, *Major Base Closure Summary*, <http://www.defense.gov/faq/pis/17.html> (last visited April 4, 2013).

C. Government Sector Impact:

A municipality or county would be able to develop a community redevelopment plan utilizing the expanded definition of “blighted area” to include land that was previously used as a military facility and is located adjacent to a county-owned zoological park. This could result in a portion of the ad valorem taxes from those lands being used for TIF. County and municipal governments would then receive the benefit of 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:

None.

VII. Related Issues:

Miami-Dade County has expressed interest in developing the area around Metrozoo as a recreation destination.⁹ The family entertainment center, as considered in 2004, was projected to bring 9,000 permanent jobs to the area.¹⁰ 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.

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.

This Senate Bill Analysis does not reflect the intent or official position of the bill’s introducer or the Florida Senate.

⁹ 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 April 4, 2013).

¹⁰ 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 April 4, 2013).