

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 691 Special Neighborhood Improvement Districts
SPONSOR(S): Local, Federal & Veterans Affairs Subcommittee, Newton
TIED BILLS: IDEN./SIM. **BILLS:** SB 854

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Local, Federal & Veterans Affairs Subcommittee	13 Y, 0 N, As CS	Rivera	Miller
2) Ways & Means Committee	12 Y, 0 N	Curry	Langston
3) State Affairs Committee	20 Y, 0 N	Rivera	Williamson

SUMMARY ANALYSIS

Neighborhood improvement districts (NIDs) are authorized under the Safe Neighborhoods Act of 1987 to address deteriorating business and residential neighborhoods and help revitalize them. By definition, a NID must use more than 75 percent of the land within its boundaries for either residential purposes or commercial, office, business, or industrial purposes, excluding land used for public facilities. Local governments may create four types of NIDs by ordinance: local government NIDs, property owners' association NIDs, community redevelopment NIDs, and special NIDs.

The ordinance creating a special NID must provide for specific features including a referendum before the NID can be implemented, authorization for the NID to levy an ad valorem tax up to two mills annually, and the appointment of a three-member board of directors. Board members are required by statute to serve three-year staggered terms and be residents of the proposed district who are subject to ad valorem taxation in the district. After 10 fiscal years, a special NID ceases to exist unless reapproved in another referendum.

The bill increases the number of members that can serve on special NID boards to allow three, five, or seven members and increases board member terms to four-year staggered terms. The bill requires members to be landowners in the proposed area who are subject to ad valorem taxation. The bill requires counties or municipalities to specify the number of members in the ordinance creating the NID.

The bill does not appear to have a fiscal impact on state or local governments.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Present Situation

Neighborhood Improvement Districts

The Safe Neighborhoods Act of 1987¹ (Act) was enacted to address deteriorating business and residential neighborhoods caused by the proliferation of crime, poor traffic flow planning, and other undesirable issues.² The Act authorizes the creation of neighborhood improvement districts (NIDs) to develop, redevelop, preserve, and revitalize neighborhoods.³ NIDs are subject to the laws governing special districts under ch. 189, F.S., which takes precedent in the event of a conflict with the Act.⁴

NIDs are districts where more than 75 percent of the land within the boundaries of the district must be used for either residential purposes or commercial, office, business, or industrial purposes. This percentage excludes any land used for public facilities.⁵ The governing body of a county or municipality may create a NID by adopting a local planning ordinance authorizing the creation of the district.⁶ Counties or municipalities with a designated enterprise zone or Community Redevelopment Authority (CRA) must consider creating a NID within the zone or CRA.⁷

After adopting the planning ordinance, a local government may enact a separate ordinance creating one of the following types of NIDs:⁸

- Local government;⁹
- Property owners' association;¹⁰
- Special;¹¹ or
- Community redevelopment.¹²

All ordinances creating a NID must specify the district's name, size, and boundaries¹³ and require the district to register with the Department of Economic Opportunity (DEO) and the Department of Legal Affairs (DLA) within 30 days of authorization and provide the same information and any other information the departments may request.¹⁴ Before taxes and fees can be levied or expended, NIDs must have adopted a safe neighborhood improvement plan¹⁵ that contains a number of required elements, including a statement of the district's goals and objectives, crime activity data and analysis, and cost estimates together with methods of financing, and evaluation guidelines.¹⁶

¹ Ch. 87-243, Laws of Fla.

² S. 163.502(1), F.S.

³ S. 163.502(4), F.S.

⁴ S. 163.5035, F.S. *See* chs. 163 and 189, F.S.

⁵ S. 163.503(1), F.S.

⁶ S. 163.504(1), F.S. No district may overlap the jurisdictional boundaries of a county or municipality without an interlocal agreement between the jurisdictions.

⁷ S. 163.522, F.S.

⁸ S. 163.504(1), F.S. Each NID must be created by separate ordinance.

⁹ S. 163.506, F.S.

¹⁰ S. 163.508, F.S.

¹¹ S. 163.511, F.S.

¹² S. 163.512, F.S.

¹³ *See* ss. 163.506(1)(a), 163.508(1)(b), 163.511(1)(d), and 163.512(1)(a), F.S.

¹⁴ S. 163.5055, F.S. All ordinances establishing a district must require the district to notify DEO and DLA within 30 days. *See* ss. 163.506(1)(h), 163.508(1)(g), 163.511(1)(i), and 163.512(1)(i), F.S.

¹⁵ S. 163.516(9), F.S. The plan may be proposed by the county, municipality, district, or any other person or agency. S. 163.516(4), F.S.

¹⁶ S. 163.516(1)-(3), F.S.

NIDs have general powers as authorized in s. 163.514, F.S., unless prohibited by local ordinance, including the power to improve street lighting, parks, streets, drainage, utilities, swales, and open areas, and provide safe access to mass transportation facilities in the district.¹⁷ NIDs may make and collect special assessments to pay for improvements and the reasonable expenses of operating the district, subject to referendum approval by a majority of the registered voters residing in the district. Any special assessment instituted by the NID must be used to pay for improvements to the district or reasonable expenses to operate the district.¹⁸

Local governments are authorized to cooperate with community organizations such as churches, urban leagues, and other not-for-profit organizations to create a NID. A NID may contract with a community organization to undertake any authorized NID activities except the preparation of a safe neighborhood improvement plan. The NID may compensate or receive compensation from a community organization with certain restrictions.¹⁹

The method for dissolving a NID depends on the type of NID created. Local government and community redevelopment NIDs may be dissolved by the governing body that established them.²⁰ Property owners' association NIDs may continue in perpetuity as long as the property owners' association exists.²¹ Special NIDs are dissolved at the end of the tenth fiscal year of operation unless another 10 years is approved in a referendum.²²

Currently, there are 23 local government NIDs that are controlled by the local governing body²³ creating the district. There is one property owner's association NID that is controlled by the officers of the incorporated property owners' association²⁴ that petitioned for the district. There are also two special NIDs that are controlled by an appointed board of directors.²⁵

Special Neighborhood Improvement Districts

An ordinance creating a special NID must:

- Declare a need for the district;
- Condition the implementation of the ordinance on the approval of a referendum;²⁶
- Authorize the district to levy an ad valorem tax on real and personal property of up to two mills annually;²⁷
- Authorize the use of special assessments to support planning and implementation of district improvements pursuant to s. 163.514(16), F.S., including community policing innovations;
- Authorize the district to receive a planning grant from DLA;

¹⁷ S. 163.514, F.S. *See also* ss. 163.506(1)(g), 163.508(1)(f), 163.511(1)(h), 163.512(1)(f), and 163.514, F.S.

¹⁸ S. 163.514(16), F.S. The county property appraiser may agree to collect the special assessment in the same manner as ad valorem taxes if so requested by the local governing body of the county or municipality. S. 163.5151(4), F.S.

¹⁹ S. 163.523, F.S. The compensation cannot exceed one percent of the district's total annual budget or two percent of the district's total budget for any project for which maintenance services are rendered. S. 163.523, F.S. Service agreements between the district and community organizations cannot have a renewable term longer than three years.

²⁰ Ss. 163.506(4) and 163.512(3), F.S.

²¹ S. 163.508(4), F.S.

²² S. 163.511(13), F.S.

²³ S. 163.506(1)(e), F.S.

²⁴ S. 163.508(1)(e), F.S.

²⁵ DEO, *Official List of Special Districts Online, Active Special Districts Function Totals as of March 15, 2019*, <http://specialdistrictreports.floridajobs.org/webreports/functiontotals.aspx> (last visited March 15, 2019).

²⁶ The referendum must be held within 120 days of either a county declaring a need for the district or a petition signed by at least 40 percent of the electors or 20 percent of the property owners within a proposed district. Residential special NIDs must be approved by a majority of the electors in the proposed district voting in the referendum. Business special NIDs must be approved by freeholders representing more than 50 percent of the assessed value of the property within the district.

²⁷ Special NIDs are required to submit a tentative budget and proposed millage rate to the local governing body of the county or municipality for approval before any budget and rate can be adopted. S. 163.5151, F.S.

- Provide for the appointment of a three-member board of directors (board) for the district;
- Authorize the district to exercise eminent domain powers pursuant to chapters 73 and 74, F.S.;²⁸ and
- Authorize the district to develop and implement community policing innovations in consultation with the local law enforcement agency having jurisdiction within the district boundaries.²⁹

The local governing body of the county or municipality must appoint the three board members by a majority vote within 30 days of the referendum.³⁰ Eligible members must be residents of the proposed area who are subject to ad valorem taxation in the district.³¹ Board members serve three-year staggered terms,³² are not permitted to receive compensation, and may not be employed by the district.³³ Board members may be removed for inefficiency, neglect of duty, or official misconduct but only after a hearing.³⁴

Upon dissolution, NID property becomes the property of the county or municipality in which the district is located³⁵ and the property owners in the district must make arrangements, acceptable to the debtholders and local governments, to pay any outstanding debt.³⁶

Effect of Proposed Changes

The bill increases the number of members that can serve on special NID boards to three, five, or seven members. The bill also increases member terms to four-year staggered terms, and requires members to be landowners in the proposed area who are subject to ad valorem taxation. The bill requires the number of members to be specified in the county or municipal ordinance creating the NID.

B. SECTION DIRECTORY:

Section 1. Amends s. 163.511, F.S., allowing three, five, or seven members to serve on special neighborhood improvement district boards, requiring four-year staggered terms, requiring members to be landowners, and removing term lengths.

Section 2. Provides an effective date of July 1, 2019.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

²⁸ S. 163.511(1)(g), F.S. Any property identified for eminent domain by the district is subject to the approval of the local governing body before eminent domain procedures are exercised. S. 163.511(1)(j), F.S.

²⁹ S. 163.511(1)(j), F.S.

³⁰ S. 163.511(8), F.S.

³¹ S. 163.511(7), F.S.

³² S. 163.511(8), F.S. Members are subject to the code of ethics for public officers and employees, and the requirements of the public records law and public meetings law in chapters 119 and 286, F.S., respectively. *See* s. 163.511(12), F.S.

³³ *Id.*

³⁴ S. 163.511(10), F.S.

³⁵ S. 163.511(13), F.S.

³⁶ S. 163.511(14), F.S.

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 take action requiring the expenditures of funds; reduce the authority that counties or municipalities have to raise revenues in the aggregate; or reduce the percentage of state tax shared with counties or municipalities.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

The bill does not provide rulemaking authority or require executive branch rulemaking.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

On March 26, 2019, the Local, Federal & Veterans Affairs Subcommittee adopted one amendment and reported the bill favorably as a committee substitute. The amendment clarified board members will serve four-year staggered terms.

This analysis is drafted to the committee substitute as approved by the Local, Federal & Veterans Affairs Subcommittee.