

STORAGE NAME: h0017s2a.ted

DATE: April 20, 1999

**HOUSE OF REPRESENTATIVES
AS FURTHER REVISED BY THE COMMITTEE ON
TRANSPORTATION & ECONOMIC DEVELOPMENT APPROPRIATIONS
ANALYSIS**

BILL #: CS/CS/HB 17

RELATING TO: Local Government (Urban Infill and Redevelopment Act)

SPONSOR(S): Committee on Community Affairs, Representative Constantine and others

COMPANION BILL(S): CS/SB 1078 & SB 1438 (s) by Comprehensive Planning, Local, and Military Affairs and Senator Carlton and Senator Klein

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) COMMUNITY AFFAIRS YEAS 7 NAYS 0
 - (2) BUSINESS DEVELOPMENT & INTERNATIONAL TRADE YEAS 5 NAYS 0
 - (3) WATER & RESOURCE MANAGEMENT YEAS 12 NAYS 0
 - (4) TRANSPORTATION & ECONOMIC DEVELOPMENT APPROPRIATIONS YEAS 10 NAYS 0
 - (5)
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I. SUMMARY:

CS/CS/HB 17 bill creates the "Urban Infill & Redevelopment Act" which authorizes municipalities & counties to designate urban infill and redevelopment areas based on specified criteria. Furthermore, the bill provides economic incentives for the urban infill and redevelopment areas. The bill creates an Urban Infill and Redevelopment Assistance Grant Program to used by local governments to develop community participation processes for the development of an urban infill and redevelopment plan. Matching grants funds are also provided for implementing urban infill and redevelopment projects that assist the goals identified in a local governments urban infill and redevelopment plan.

CS/CS/HB 17 also incorporates several recommendations of the Transportation Land Use Study Committee Report to address transportation concurrency requirements. Local governments are authorized to use professionally accepted techniques for measuring levels of service, and are authorized to establish multimodal transportation districts in local comprehensive plans.

The bill authorizes the Department of Community Affairs to enter into agreements with Regional Planning Councils for the review of local government comprehensive plan amendments. Additionally, the bill authorizes community redevelopment areas to acquire surrounding property through eminent domain proceedings.

The bill provides procedures by which a county or a combination of counties and municipalities may develop and adopt plans to improve efficiency, accountability, and coordination of delivery of local government services. The bill provides new criteria for feasibility studies that are submitted in conjunction with proposals for incorporation of a municipality.

This bill makes several changes to Florida's affordable housing laws. The changes: (1) clarify that certain low-income housing property are exempted from ad valorem taxation; (2) provide a state housing tax credit incentive to private corporations participating in urban revitalization projects, including housing specifically designed for the elderly; (3) allow persons between the ages of 55 and 61 (inclusive) to qualify for housing for the elderly under certain conditions; and (4) authorize the Florida Finance Housing Corporation to adopt rules establishing a process for distributing certain unallocated funds under the State Apartment Incentive Loan (SAIL) program.

Further, CS/CS/HB 17 creates the Urban Homesteading Act to allow a local government, or its designee, to operate a program making foreclosed single-family housing projects available for purchase to eligible buyers. The bill provides eligibility requirements and creates an application process with loans to qualified buyers. Finally, CS/CS/HB 17 takes effect on July 1, 1999.

[Note: See part VI. Amendments or Committee Substitute Changes for effects of amendments adopted by the Committee on Transportation & Economic Development Appropriations on April 20, 1999.]

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

Legislative Committee on Intergovernmental Relations:

In recognizing the importance of the vitality of urban cores to their respective regions and the state, the Legislative Committee on Intergovernmental Relations (LCIR), conducted an interim project, during the summer of 1997, on developing an urban policy for Florida to preserve, revitalize, and sustain the state's urban centers. During the course of the interim, the committee heard testimony from many experts including urban policy scholars; federal, state, and local government officials; representatives from regional entities, financial institutions, and residential and commercial developers; and others knowledgeable about urban issues.

The testimony emphasized the need for public/private partnerships, as well as the involvement of the community, to successfully address the varied problems of an urban area. Each urban area has unique needs and community support is needed in affecting change and directing resources to those needs. In addition, the private sector stressed the importance of the state and local governments demonstrating their commitment to urban areas before they are willing to invest in redevelopment projects. Finally, the following specific urban problems were identified:

- Vacant and abandoned buildings;
- Loss of jobs and corresponding high unemployment rates;
- Lack of public transportation facilities;
- Concerns for public safety;
- Difficulty in recruiting businesses into core areas;
- Disincentives to development because of lower land prices and building costs outside of urban areas;
- Eroding tax bases;
- Deterioration of neighborhoods; and
- Lack of sense of regional identity or citizenship by residents in outlying areas.

The LCIR sought to begin establishing a state urban policy by developing and identifying policies essential to revitalization of urban cores. The LCIR initially focused its efforts on promoting urban infill and redevelopment as a method to create jobs, improve neighborhoods, stimulate the economy, and to have a general positive affect in rectifying other urban needs. The committee sought to "level the playing field" between the cost of developing downtown versus the urban fringe, and to encourage urban redevelopment generally. The committee's recommendations are set forth in a report titled "*1998 Report On The Development Of A State Urban Policy.*"

Florida has various policies that address aspects of urban development including the State Comprehensive Plan, Strategic Regional Policy Plans, Local Government Comprehensive Plans, and Community Redevelopment Agencies, among others. More recently, a law enacted by the 1996 Legislature authorized the Department of Community Affairs to undertake a Sustainable Communities Demonstration Project for the development of models to further enhance local government's capacity to meet current and future infrastructure needs with existing resources. Additionally, the Governor's Commission for a Sustainable South Florida and the Florida Department of Community Affairs, in conjunction with regional and local level governmental entities, has initiated a regional approach to urban revitalization through the "Eastward ho!" initiative in southeast Florida.

Currently, Florida does not have a comprehensive urban policy to establish clear directions for the development of its urban centers. Laws governing urban policy consist of a series of fragmented programs and requirements administered by various state agencies and implemented by various

types of local governments. Consequences of this approach to urban policy include conflict among various program objectives and may result in achievement of certain objectives at the expense of other objectives relevant to urban areas. Several of the programs that affect urban areas are discussed below.

Chapter 163, Florida Statutes, County and Municipal Planning and Land Development Regulations:

Part II of chapter 163 (sections 163.3161 through 163.3244), Florida Statutes, is known as the "Local Government Comprehensive Planning and Land Development Regulation Act" (the Act), and is commonly referred to as the growth management act. The Act requires local governments to adopt a comprehensive plan, subject to review and approval by the Department of Community Affairs. The Act outlines the required and optional elements of local government comprehensive plans, provides for public participation in the local comprehensive planning process, requires local governments to follow specified procedures for adoption of the comprehensive plan and amendments thereto, and requires local governments to update their comprehensive plans at regular intervals. This chapter contains several provisions and programs which are significant to urban areas.

Concurrency

The concurrency requirement of the Local Government Comprehensive Planning and Land Development Regulation Act (part II, ch. 163, Florida Statute) is a growth management tool designed to accommodate development by ensuring that adequate facilities are available as growth occurs. The "cornerstone" of the concurrency requirement is the concept that development should be coordinated with capital improvements planning to ensure that the necessary public facilities are available with, or within a reasonable time of, the impacts of new development. Under the requirements for local comprehensive plans, each local government must adopt levels of service (LOS) standards for certain types of public services and facilities. See s. 163.3180, Florida Statutes. Generally, these LOS standards apply to sanitary sewer, solid waste, drainage, potable water, parks and recreation, roads and mass transit. Pursuant to s. 163.3180(2)(c), Florida Statutes, the local government must ensure that transportation facilities needed to serve new development are in place or under actual construction within three years after issuance of the certificate of occupancy. The intent is to keep new development from significantly reducing the adopted LOS by increasing the capacity of the infrastructure to meet the demands of new development.

In 1995, the Legislature provided exemptions to transportation concurrency requirements for local governments if such requirements discourage urban infill development, redevelopment, or downtown revitalization. In order to promote infill development and redevelopment, one or more transportation concurrency management areas may be designated in a local government comprehensive plan.

Amendment to the comprehensive plans

Section 163.3187, Florida Statutes, authorizes a local government to adopt amendments to its comprehensive plan only two times per year. However, this section contains numerous exceptions for emergencies, substantial deviations to a proposed development of regional impact, compliance agreements, locating a correctional facility, and small scale development activities.

Chapter 187, Florida Statutes -- The State Comprehensive Plan:

The state comprehensive plan was enacted in 1985, to provide long-range guidance for the orderly, social, economic, and physical growth of the state. Most of the provisions of the act have some bearing on the urban areas of the state. For example, public safety, education, hazardous waste issues, and many other policies and goals affect all communities. Some of the most significant features of the state plan include the following goals:

- To direct development to areas that have the resources, fiscal abilities, and service capacity to accommodate development in an environmentally acceptable manner;

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- To encourage a separation of urban and rural land uses;
- To encourage an attractive and functional mix of living, working, shopping, and recreational activities;
- To develop land in a way that maximizes existing facilities;
- To maintain agricultural resources and to conserve soil resources to maintain the economic value of land for agricultural pursuits; and
- To encourage the centralization of development in downtown areas.

The state comprehensive plan also supports downtown areas by providing preferential incentives; conducting special planning; and encouraging the centralization of commercial, governmental, retail, residential, and cultural activities.

Developments of Regional Impact:

The Development of Regional Impact (DRI) program, enacted as part of the Florida Environmental Land and Water Management Act of 1972, is a vehicle that provides state and regional review of local land use decisions regarding large developments that, because of their character, magnitude, or location, would have a substantial effect on the health, safety, or welfare of the citizens of more than one county. For those land uses that are subject to review, numerical thresholds are identified in section 380.0651, Florida Statutes, and Rule 28-24, F.A.C.

Substantial Deviations

Under Section 380.06(19), Florida Statutes, any proposed change to a previously approved DRI which creates a substantial likelihood of additional regional impact, or any type of regional impact constitutes "substantial deviation" which requires further DRI review and will require a new or amended local development order. The statute sets out criteria for determining when certain changes are to be considered substantial deviations without need for a hearing, and provides that all such changes are considered cumulatively.

Community Redevelopment:

Part III of Chapter 163, Florida Statutes, created the "Community Redevelopment Act of 1969." The Act provides counties and municipalities with a comprehensive system for the redevelopment of blighted and slum areas when such redevelopment is necessary in the interest of the public health, safety, morals, or welfare of the residents of the county or municipality.

The legislature enacted the provisions of Chapter 163 because it found the redevelopment of slum and blighted areas to be a "necessity in the public interest;" in furtherance of this interest, it enacted provisions conferring powers for public uses and authorizing the expenditure of public money and *the exercise of the powers of eminent domain* and police power.

Municipal Annexation:

Section 171.0413, Florida Statutes, provides that a municipality may annex contiguous, compact, unincorporated territory by using the procedures described in the statute. The statute requires the governing body of a municipality to adopt a non-emergency ordinance proposing the annexation of the territory. The ordinance does not become effective, however, until at least 10 days after it has been approved by a majority of the registered electors in the area proposed to be annexed. If a majority of the electors in the area to be annexed vote against annexation, the ordinance has no legal efficacy, and the area may not be the subject of another annexation attempt for at least 1 year.

In addition, an approving referendum is held in the municipality as well as the area to be annexed only if the area to be annexed, together with any other property annexed during the calendar year, is greater than 5 percent of the total area of the municipality or exceeds more than 5 percent of

the total of the municipal population. Otherwise, the statute provides for a referendum on the issue of annexation only in the area to be annexed.

Commission on Local Government II:

In 1996, the Legislature created the Commission on Local Government II, to study the structure and evolution of local government since 1972, the date when the last such analysis was conducted. The Commission included representatives from counties, cities, special districts, school districts, state government, and the private sector. The Commission was directed to recommend appropriate reforms to Florida's general laws, special acts, and constitutional provisions. The Commission issued reports in January 1997 and January 1998, and made recommendations to the Constitution Revision Commission.

Incorporation Feasibility Studies

The 1996 Legislature revised section 165.041, Florida Statutes, to require completion of a feasibility study for any area requesting incorporation. The purpose of the study is to enable the Legislature to determine whether or not the area: 1) meets the statutory requirements for incorporation, and 2) is financially feasible. Specifically the study must include:

- Data and analysis to support the conclusions that incorporation is necessary and financially feasible.
- Population projections and population density calculations and an explanation concerning methodologies used for such analysis.
- Evaluation of the alternatives available to the area to address its policy concerns.
- Evidence that the proposed municipality meets the standards for incorporation of section 165.061, Florida Statutes.

Low-income Housing Property Exemption

Section 501(c)(3) of the Internal Revenue Code designates qualifying organizations providing low-income housing as charitable and allows such organizations an exemption from federal income tax. The exemption is based on rationale that low-income housing organizations offer relief to poor and distressed persons as defined by Rev. Proc. 96-32, 1996-1 C.B. 717.

Chapter 196, Florida Statutes, enumerates various exemptions from real and personal property and leasehold interests in property taxation. Specifically, s. 196.192, Florida Statutes, authorizes exemptions from ad valorem taxation for property owned by an exempt private entity and used exclusively for exempt purposes. This section does not apply when determining exemptions for property owned by governmental units.

Pursuant to s. 196.192, Florida Statutes, Florida property appraisers are presently exempting property owned by a private exempt or charitable organization as defined by federal law from ad valorem taxation under most circumstances. However, the chapter fails to provide an **expressed** ad valorem tax exemption for low-income housing property which is owned entirely by a charitable, nonprofit corporation.

A recent court ruling in Florida's Fifth District Court of Appeals (SouthLake Community Foundation, Inc. v. Havill (Fla. 5th DCA, 1997)) held that non-profit housing organizations, qualified under 501(c)(3) of the Internal Revenue Code, cannot be considered "charitable" unless they provide affordable housing exclusively to persons who are Section 8 Housing and Urban Development voucher tenants. The court failed to recognize other non-profit housing organizations, qualifying under 501(c)(3) of the Internal Revenue Code, that provide affordable housing to persons under other state affordable housing programs such as the State Apartment Incentive Loan Program (SAIL). Consequently, the ruling financially undermines non-profit properties which provide housing to low or very low income working families under programs provided for years by the Florida Housing Finance Corporation or local governments. The ruling effectively makes such properties subject to ad valorem taxation for which they are presently exempt.

Urban Revitalization and Elderly Housing

Some housing experts are concerned that Florida must do more to provide housing for the elderly. They also believe that new resources are necessary to accomplish adequate housing for the elderly in the state. It is further surmised that to restore social and economic viability to urban areas, it is necessary to renovate or construct new infrastructure and housing, including housing specifically targeted to the elderly. Moreover, the state must provide mechanisms to attract and encourage private economic activity. Such a mission is not provided for in Florida's laws.

Chapter 420, Florida Statutes, provides regulations for various housing programs in the state. The chapter is divided into seven parts: (1) State Housing Strategy; (2) Housing Development Corporation of Florida; (3) Low-Income Emergency Home Repair Program; (4) Neighborhood Housing Rehabilitation Programs; (5) Florida Housing Finance Corporation; (6) Affordable Housing; Coalitions for Homeless; Family Emergency Assistance; and (7) State Housing Initiatives Partnership.

Part V of chapter 420, Florida Statutes, provides, in part, Legislative findings that an increase in the cost of developing, operating, and maintaining multifamily rental housing and a significant decrease of rental housing availability is a real problem in the state. Further, Legislative findings make it necessary to create new programs to stimulate the construction and substantial rehabilitation of rental housing for eligible persons and families, including the elderly.

Some housing projects administered by the Florida Housing Financing Corporation target affordable housing for the elderly. Section 420.5087(3)(c)(2), Florida Statutes, provides set-asides to provide loans to sponsors of housing for the elderly under the State Apartment Incentive Loan (SAIL) Program. Section 420.503, Florida Statutes, defines "elderly" as persons 62 years of age or older.

However, projects which qualify for an exemption under Florida's Fair Housing Act for "housing for older persons" pursuant to s. 760.29(4), Florida Statutes, are excluded, by definition, from housing for the elderly. Section 760.29(4), Florida Statutes, defines "housing for older persons" as housing:

1. Provided under state or federal program that the Florida Commission on Human Relations determines is specifically designed and operated to assist elderly persons, as defined in the state or federal program;
2. Intended for, and solely occupied by, persons 62 years of age or older; or
3. Intended and operated for occupancy by **persons 55 years of age** or older that meet certain requirements that include:
 - a. At least 80 percent of the occupied units are occupied by at least one person 55 years of age or older.
 - b. The housing facility or community demonstrates the intent to provide housing for older persons.
 - c. The housing facility or community must comply with certain United States Department of Housing and Urban Development rules.

Until ss. 420.503 and 760.29(4), Florida Statutes, are reconciled, developers sponsoring projects for the elderly under the SAIL program believe they are exposing themselves to potential discrimination law suits from persons between 55 and 61 (inclusive), according to representatives of the development community. There may be pending litigation arising from the nonconforming provisions. However, to date, the representatives have been unable to provide specific evidence of such litigation.

In addition, persons 55 to 61 (inclusive) are excluded from housing for elderly persons for purposes of the HOME Investment Partnership Program pursuant to s. 420.5089, Florida Statutes, or prioritize projects targeting the elderly for purposes of allocating tax credits under s. 420.5099, Florida Statutes. Section 420.5089, Florida Statutes, establishes the HOME Investment Partnership Program which authorizes the Florida Housing Finance Corporation to make loans available to eligible housing providers or home buyers. Section 420.5099, Florida Statutes, authorizes the Florida Housing Finance Corporation to establish procedures for allocating and distributing low-income housing tax credits.

State Apartment Incentive Loan (SAIL) Program

The SAIL program is created to provide mortgage loans to sponsors of housing affordable to very-low-income persons. A portion of SAIL program funds are required to be distributed over successive three-year periods with at least 10 percent of such funds allocated to three levels of counties, small, medium, and large. According to the Florida Housing Finance Corporation, for the first time in approximately 10 years, unallocated funds are available. However, the law does not provide a method for the Florida Housing Finance Corporation to allocate and distribute such funds.

B. EFFECT OF PROPOSED CHANGES:

The purpose of this bill is to authorize counties and municipalities to designate **urban infill and redevelopment areas** based on specified criteria. The bill requires the preparation of a plan or designation of an existing plan; the holding of a public hearing; and the amending of the local government comprehensive plan to incorporate the infill and redevelopment areas.

The bill provides that counties and municipalities that have adopted such a plan may issue revenue bonds and employ tax increment financing under the Community Redevelopment Act. Such counties and municipalities may exercise powers granted to community redevelopment neighborhood improvement districts, in the designated infill and redevelopment areas.

The bill provides certain exemptions from the transportation facilities concurrency requirement for local comprehensive plans in designated infill and redevelopment areas. The bill provides exemption from statutory limits on frequency of plan amendments for amendments designating infill and redevelopment areas.

The bill creates additional policies in the state comprehensive plan as follows:

- Promote public participation in redesign of the community core; flexibility in determination of urban priorities;
- Enhance linkages between land use, water use, transportation planning and the designated urban areas;
- Development of concurrency requirements for designated urban areas;
- Increased coordination and cooperation among local governments, school boards, and community colleges;
- Encourage development of concurrency requirements for designated urban areas;
- Encourage the development of mass transit systems for urban centers;
- Location of appropriate public facilities within urban centers;
- Integrate state programs to promote development of designated urban infill areas; and
- Promote infill development and redevelopment as a mechanism of revitalization and sustainability of urban centers.

The bill increases certain numerical standards for determining substantial deviations of development of regional impacts located in certain urban infill and redevelopment areas.

The bill authorizes acquisition by eminent domain of property in unincorporated enclaves surrounded by a community redevelopment area under certain circumstances.

The bill deletes the requirement that a separate referendum be held in the annexing municipality when the annexation exceeds a certain size.

The bill provides procedures by which a county or combination of counties and municipalities located within the county or counties may develop and adopt a plan to improve the efficiency, accountability, and coordination of the delivery of local government services.

The bill provides new criteria for feasibility studies that are submitted in conjunction with proposals for incorporation of a municipality.

[Note: Section 8 of the bill is related to the work of the Commission. The Commission's Internet URL is: <http://mailer.fsu.edu/iog/localgov/>]

Low-income Housing Property Exemption

The bill creates an ad valorem tax exemption in s. 196.1978, F.S. for property used to provide housing under any state housing programs authorized under chapter 420, F.S., or other similar local or federal housing program, and owned entirely by a nonprofit corporation which qualifies as charitable under s. 501(c)(3) of the Internal Revenue Service. Consequently, such property is considered property owned by an exempt entity and used for a charitable purpose. This provision effectively thwarts the unintentional adverse consequences of the 1997 Fifth District Court of Appeals ruling, conforms state law with federal law, and clarifies s. 196.192, F.S. This exemption applies retroactively to January 1, 1997.

Urban Revitalization and Elderly Housing

Under the bill, a state housing tax credit against corporate taxes is created. The purpose of this provision is to provide an incentive for private corporations to participate in revitalizing urban areas by granting state corporate income tax credits to qualified low-income housing projects, including housing specifically designed for the elderly, and associated mixed-use projects. Some planners believe the combination of projects helps create more of an economically and socially balanced urban environment.

The Florida Housing Finance Corporation is authorized to grant tax credits among designated projects as provided in the bill. The allowable credit is up to nine percent of the eligible basis of any designated project for each year of the credit period against any corporate tax due in a taxable year. The total amount of tax credit which may be granted for all projects approved under this bill is \$25 million annually. The Florida Housing Finance Corporation is also required to allocate the tax credit among designated projects based on certain considerations outlined in the bill, but no rulemaking authority is provided.

The bill provides that persons aged 55 and over also qualify for SAIL program projects for housing for the elderly. The same qualification applies if the Florida Housing Finance Corporation adopts a qualified allocation plan that prioritize projects targeting the elderly for purposes of the HOME Investment Partnership Program.

State Apartment Incentive Loan (SAIL) Program

The bill authorizes the Florida Housing Finance Corporation to adopt rules to establish a system for allocating and distributing specific funds that remain unallocated under the State Apartment Incentive Loan Program. Preference is to be given to counties with populations of 100,000 or less.

Urban Homesteading Act

The bill creates the Urban Homesteading Act to provide authority for a local government, or its designee, to operate a program making foreclosed single-family housing properties available for purchase to qualified buyers. Urban homesteading is to be one component of a comprehensive urban-core redevelopment initiative known as Front Porch Florida.

The bill creates eligibility requirements and an application process for persons found eligible to purchase the property. Further, the bill provides that contingent upon appropriation, the Department of Community Affairs, in consultation with the Office of Urban Opportunity, provide loans to qualified buyers who are required to pay the pro rata portion of bonded debt on single-family housing, and who must maintain the qualifications specified in the bill for the term of the loan.

[Note: See part VI. Amendments or Committee Substitute Changes for effects of amendments adopted by the Committee on Transportation & Economic Development Appropriations on April 20, 1999.]

C. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

Designation of urban infill and redevelopment areas increase a municipality's authority to make rules or adjudicate disputes. This program requires state agencies to make reports regarding the effectiveness of this program and seek statutory authority for necessary rules to implement the elevated scoring for grants and loans.

Adoption of a Plan to improve the efficiency, accountability, and coordination of the delivery of local government services could increase and/or decrease a municipality's or county's authority to make rules or adjudicate disputes.

The bill requires that the Florida Housing Finance Corporation (corporation) adopt rules to address an unforeseen occurrence. The bill provides specific Legislative guidelines to the corporation to establish an equitable process for distributing certain unallocated funds under the State Apartment Incentive Loan Program.

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

Designation of urban infill and redevelopment areas creates new responsibilities, obligations, and/or work for local governments due to the creation of plans and to state agencies revision of grant and loan programs.

Adoption of a Plan to improve the efficiency, accountability, and coordination of the delivery of local government services could increase and/or decrease a municipality's or county's authority to make rules or adjudicate disputes.

The Florida Housing Finance Corporation (corporation) is responsible for administering the allocation and distribution of certain state housing tax credits aimed at increasing housing specifically designed for the elderly.

The SAIL program for elderly persons, currently defined as 62 and older, allows persons defined as 55 and older, to qualify for the same housing project as those 62 and older.

The Urban Homesteading Act increases responsibilities for local government, or a local government's designee by authorizing the operation of a program for the purchase of foreclosed single-family housing.

(3) any entitlement to a government service or benefit?

Property providing low-income housing and entirely owned by a qualified charitable nonprofit corporation is entitled to be exempted from ad valorem taxation.

b. If an agency or program is eliminated or reduced:

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

N/A

(2) what is the cost of such responsibility at the new level/agency?

N/A

(3) how is the new agency accountable to the people governed?

N/A

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

The bill potentially extends various sales and property tax exemptions to businesses that develop or redevelop in an urban infill and redevelopment area. In addition, the designation of urban infill and redevelopment areas authorizes eligible municipalities to levy certain special assessments.

b. Does the bill require or authorize an increase in any fees?

Indeterminate.

c. Does the bill reduce total taxes, both rates and revenues?

The designation of urban infill and redevelopment areas authorizes eligible municipalities to utilize various financial incentives. Also, the bill provides tax incentives for private businesses that participate in increasing the total amount of affordable housing available.

d. Does the bill reduce total fees, both rates and revenues?

No.

e. Does the bill authorize any fee or tax increase by any local government?

The designation of urban infill and redevelopment areas authorizes eligible municipalities to levy certain special assessments.

3. Personal Responsibility:

a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

No.

b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

No.

4. Individual Freedom:

a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

The bill provides increased allowable options for private corporations by offering tax credit incentives. The incentives are designed to steer private corporations to revitalize urban areas by sponsoring low-income housing projects, including housing specifically designed for the elderly, and associated mixed-use projects.

- b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

No.

5. Family Empowerment:

- a. If the bill purports to provide services to families or children:

- (1) Who evaluates the family's needs?

N/A

- (2) Who makes the decisions?

N/A

- (3) Are private alternatives permitted?

N/A

- (4) Are families required to participate in a program?

N/A

- (5) Are families penalized for not participating in a program?

N/A

- b. Does the bill directly affect the legal rights and obligations between family members?

N/A

- c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

- (1) parents and guardians?

N/A

- (2) service providers?

N/A

- (3) government employees/agencies?

N/A

D. STATUTE(S) AFFECTED:

Amends sections 163.3164, 163.3177, 163.3180, 163.3187, 187.201, 380.06, 163.3220, 163.3221, 163.375, 165.041, 171.0413, 196.1978, 70.021, 420.503, and 420.5087, Florida Statutes. Creates sections 163.2511, 163.2514, 163.2517, 163.2520, 163.2523, 163.2526, 220.185, 420.5093, 420.630, 420.631, 420.632, 420.633, 420.634, and 420.635, Florida Statutes.

E. SECTION-BY-SECTION ANALYSIS:

Section 1: Creates sections 163.2511, 163.2514, 163.2517, 163.2520, 163.2523, and 163.2526, F.S. providing the following:

Section 163.2511, F.S., provides the short title, legislative intent and legislative findings for the “Urban Infill and Redevelopment Act.”

Section 163.2514, F.S., provides definitions for the act, including but not limited to the following:

“Urban infill and redevelopment area” as an “area or areas designated by a local government where:”

- (a) Public services such as water and wastewater, transportation, schools, and recreation are already available or are scheduled to be provided in an adopted 5-year schedule of capital improvements and are located within the existing urban service area as defined in the local government’s comprehensive plan;
- (b) The area, or one or more neighborhoods within the area, suffers from pervasive poverty, unemployment, and general distress as defined by s. 290.0058;
- (c) The area exhibits a high proportion of properties that are substandard, overcrowded, dilapidated, vacant or abandoned, or functionally obsolete;
- (d) More than 50 percent of the area is within 1/4 mile of a transit stop or stops, or such transit stop or stops will be made available with the designation: and
- (e) The area includes or is adjacent to community redevelopment areas, brownfields, enterprise zones, or Main Street programs, or has been designated by the Federal Government as an empowerment zone, enterprise community, brownfield showcase community, or similar urban revitalization designation.

Section 163.2517, F.S., authorizing counties and municipalities to designate urban infill and redevelopment areas based on the following criteria:

- The purpose of the designation must be for targeting economic, job creation, housing, transportation, and land-use incentives to encourage urban infill and redevelopment within the urban core.
- The local government must prepare a plan that describes the infill and redevelopment objectives or demonstrate that an existing plan or combination of plans associated with a community development area, Florida Main Street program, sustainable community, enterprise zone, or neighborhood improvement district includes the following factors:
 - ▶ Contains a map depicting the geographic area or areas to be included within the designation.
 - ▶ Confirms that the urban infill and redevelopment area is within an existing urban service area defined in the local government’s comprehensive plan.
 - ▶ Identifies existing enterprise zones, community redevelopment areas, community development corporations, brownfield areas, downtown redevelopment districts, safe neighborhood improvement districts, historic preservation districts, and empowerment zones located within the area proposed for designation as an urban infill and redevelopment area and provide

a framework for coordinating infill and redevelopment programs within the urban core.

- ▶ Identifies a memorandum of understanding between the district school board and the local government jurisdiction regarding public school facilities located within the urban infill and redevelopment area to identify how the school board will provide priority to enhancing public school facilities and programs in the designated area, including the reuse of existing buildings for schools within the area.
- ▶ Identifies each neighborhood within the proposed area and state preservation and revitalization goals and projects identified through the community participation process and how such projects shall be implemented.
- ▶ Identifies how the local government intends to implement affordable housing programs, including, but not limited to, the State Housing Initiatives Partnership Program, within the urban infill and redevelopment area.
- ▶ Identifies strategies for reducing crime.
- ▶ Adopts, if applicable, land development regulations specific to the urban infill and redevelopment area which include, for example, setbacks and parking requirements appropriate to urban development.
- ▶ Identifies and maps any existing transportation concurrency exception areas, and any relevant public transportation corridors designated by a metropolitan planning organization in its long-range transportation plans or by the local government in its comprehensive plan for which the local government seeks designation as a transportation concurrency exception area.
- ▶ Identifies and adopts a package of financial and local government incentives which the local government will offer for new development, expansion of existing development, and redevelopment within the urban infill and redevelopment area. Examples of such incentives include:
 1. Waiver of license and permit fees.
 2. Waiver of local option sales taxes.
 3. Waiver of delinquent taxes or fees to promote the return of property to productive use.
 4. Expedited permitting.
 5. Lower transportation impact fees for development which encourages higher use of public transit, pedestrian, and bicycle modes of transportation.
 6. Prioritization of infrastructure spending within the urban infill and redevelopment area.
 7. Local government absorption of developers' concurrency costs.
- ▶ Identifies how activities and incentives within the urban infill and redevelopment area will be coordinated and what administrative mechanism the local government will use for the coordination.
- ▶ Identifies performance measures to evaluate the success of the local government in implementing the urban infill and redevelopment plan.

- After the preparation of the urban infill and redevelopment plan or designation of existing plan or plans, the local government shall adopt the plan by ordinance. Public hearings shall be held on the ordinance, with the proper notice.
- The local government must designate an urban infill and development area, amend its comprehensive plan to adopt the urban infill and redevelopment area plan, and delineate the urban infill redevelopment area within the future land use element of its comprehensive plan; or
- Local governments which choose to employ existing or amended community redevelopment, Florida Main Street program, sustainable community, enterprise zone, or neighborhood improvement district plan or plans must also amend their comprehensive plan to delineate the urban infill and redevelopment area within the future land use element.
- Amendments to the comprehensive plans to designate urban infill and redevelopment areas are exempt from the twice-a-year limitation of amending comprehensive plans.
- Continued eligibility for the economic incentives requires that local governments demonstrate during the evaluation, assessment and review process of its comprehensive plan that at least 10 percent of its combined annual residential, commercial, and institutional development has occurred within a designated urban infill and redevelopment area.
- If the local government fails to implement the urban infill and redevelopment plan in accordance with the deadlines set forth in the plan, the DCA may seek to rescind economic and regulatory incentives granted to the urban infill and redevelopment area, subject to the provisions of chapter 120, Florida Statutes.

Section 163.2520, F.S., provides economic incentives for counties and municipalities that adopt urban infill and redevelopment plans, as follows:

- May issue community redevelopment revenue bonds;
- May employ community redevelopment tax increment financing;
- May exercise the powers of a neighborhood improvement district (including the authority to levy special assessments); and
- Shall have priority in the allocation of private activity bonds.

This section requires state agencies providing infrastructure funding, cost reimbursement, grants, or loans to local governments report to the President of the Senate and the Speaker of the House, by January 1, 2000, regarding necessary statutory and rule changes to give designated urban infill and redevelopment areas elevated priority in infrastructure funding, loan, and grant programs.

[Note: These agencies include, but are not limited to: The Department of Environmental Protection, the Department of Community Affairs, and the Department of Transportation.]

Section 163.2523, F.S., establishes a grant program for counties and municipalities with urban infill and redevelopment areas, requiring the following:

- 90 percent of the general revenue funds appropriated for this program must be made available for 50/50 matching grants for projects which further the objectives set forth in the local government's adopted urban infill redevelopment plan or combination of plans.
- 10 percent of the general revenue funds appropriated for this program must be used for outright grants for smaller scale projects.
- Projects that provide employment opportunities to clients of the WAGES program must be given elevated priority in the scoring of competing grant applications.

- Projects within urban infill and redevelopment areas that include a community redevelopment area, Florida Main Street Program, sustainable community, enterprise zone, or neighborhood improvement district must be given an elevated priority in the scoring of competing grant applications.
- The Department of Community Affairs is required to adopt rules to establish the grant review criteria consistent with this section.

Section 163.2526, F.S., provides for a review and evaluation of the act before the 2004 Regular Session of the Legislature. The Office of Program Policy Analysis and Government Accountability must perform the review and evaluation, including the financial incentives. The report must evaluate the effectiveness of the designation in stimulating urban infill and redevelopment, and strengthening the urban core. The report of findings and recommendations must be submitted to the President of the Senate and the Speaker of the House prior to the 2004 Regular Session of the Legislature.

Section 2: Appropriates \$5 million from the General Revenue Fund to the Department of Community Affairs to fund the Urban Infill and Redevelopment Grant Program specified in s. 162.2523, F.S.

Section 3: Amends subsection (28) of s. 163.3164, F.S., to provide that projects which are transit-oriented and designed to complement reasonably proximate planned or existing public facilities are "projects that promote transportation" under the definition.

Section 4: Amends paragraph (a) of subsection (6) of s. 163.3177, F.S., 1998 Supplement, to clarify school siting requirements in comprehensive plans.

Section 5: Amends subsections (1), (4), (5) and (10) of s. 163.3180, F.S., 1998 Supplement, and creates subsection (14) of same to:

- Delete roads and add transportation facilities, including mass transit, to the public facilities and services subject to statewide concurrency requirements,
- Require that local governments shall use professionally accepted techniques for measuring certain levels of service,
- Provide that the concurrency requirement as implemented in local comprehensive plans does not apply to public transit facilities, and to provide instances of public transit facilities,
- Authorize exemptions from the transportation facilities concurrency requirement for developments located in an urban infill and redevelopment area,
- Allow local governments to set level-of-service standards for general-lanes in urbanized areas with concurrence from FDOT, and
- Allow for the establishment of multimodal transportation districts under a local government comprehensive plan in specified areas, and authorize the reduction of impact fees or local access fees for development within multimodal transportation districts in certain circumstances.

Section 6: Amends subsection 163.3187(1), F.S., 1998 Supplement, and adds subsection (8), providing that comprehensive plan amendments to designate urban infill and redevelopment areas are not subject to the twice-a-year statutory limitation on the frequency of plan amendments, including areas within small scale development amendments; and providing the DCA may contract with a regional planning council in order to delegate the review of local government comprehensive plan amendments.

Section 7: Amends subsection 187.201(17), F.S., increasing the number of policies adopted as specific goals of the state comprehensive plan relating to urban redevelopment and downtown revitalization. The additional policies include the following:

- Promote public participation in redesign of the community core and flexibility in determination of urban priorities;
- Ensure local government flexibility to address urban priorities.
- Enhance linkages between land use, water use, transportation planning and the designated urban areas;
- Develop concurrency requirements for designated urban areas;
- Increase coordination and cooperation among the state, local governments, school boards, and community colleges;
- Encourage the development of mass transit systems for urban centers;
- Locate appropriate public facilities within urban centers;
- Integrate state programs to promote development of designated urban infill areas; and
- Promote infill development and redevelopment as a mechanism of revitalization and sustainability of urban centers.

Section 8: Amends paragraph 380.06(19)(b), F.S., 1998 Supplement, increasing substantial deviation numerical standards by 50 percent for the following development types which are located wholly within a designated urban infill and redevelopment area adopted in a local government comprehensive plan and not within the coastal high hazard area:

- Industrial development area;
- Land area for office development;
- Dwelling units;
- Commercial development;
- Hotel or motel facility units; and
- Multiuse development of regional impact.

Section 9: Amends subsection 163.3220 (2)(b), F.S., to add a reference to brownfield designations to the legislative intent section of chapter of that section.

Section 10: Renumbers subsections (1) through (13) of section 163.3221, F.S., and adds a new subsection (1) providing a "Brownfield designation" definition.

Section 11: Amends subsection 163.375(1), F.S., authorizing eminent domain acquisition of property in unincorporated enclaves surrounded by a community redevelopment area when necessary to accomplish a community development plan.

Section 12: Amends subsection 165.041 (1), Florida Statutes, changing the term "feasibility study" to "incorporation study," removing existing requirements and adding new, more detailed requirements for the preparation of a incorporation study required for municipal incorporation. New requirements include:

- The general location of territory subject to boundary change and a map of the area which identifies the proposed change.
- The major reasons for proposing the boundary change.
- The following characteristics of the area:

- a. A list of the current land use designations applied to the subject area in the county comprehensive plan.
 - b. A list of the current county zoning designations applied to the subject area.
 - c. A general statement of present land use characteristics of the area.
 - d. A description of development being proposed for the territory, if any, and a statement of when actual development is expected to begin, if known.
- A list of all public agencies, such as local governments, school districts, and special districts, whose current boundary falls within the boundary of the territory proposed for the change or reorganization.
 - Evidence, through signed petitions, letters or some other method, that a minimum of 25 percent of the landowners or residents consent or otherwise support the proposed change or reorganization.
 - A list of current service providers.
 - A list of proposed service providers.
 - The names and addresses of three officers or persons submitting the proposal.
 - Evidence of fiscal capacity and an organizational plan that, at a minimum, includes:
 - a. Existing tax bases, including ad valorem taxable value, utility taxes, sales and use taxes, franchise taxes, license and permit fees, charges for services, fines forfeitures, and other revenue sources, as appropriate.
 - b. A 5-year operational plan that, at a minimum, includes proposed staffing, building acquisition and construction, debt issuance, budgets, and future boundaries at build out.

Section 13: Amends section 171.0413, F.S., deleting the requirement that a separate referendum be held in an annexing municipality when the annexation exceeds 5 percent of the total land area of the municipality or cumulatively exceeds more than 5 percent of the municipal population. Adding language requiring a municipality, prior to the adoption of an ordinance proposing annexation of certain areas, to hold at least two advertised public hearings, and allowing for separate votes of the registered electors of the annexing municipality.

Section 14: Creates the "Efficiency and Accountability in Local Government Services" section, providing procedures by which a county or combination of counties and the municipalities located therein may develop and adopt a plan to improve the efficiency, accountability, and coordination of the delivery of local government services. Provides for the initiation of the efficiency and accountability process as follows:

- By resolution adopted by a majority vote of the governing body of each of the counties involved;
- By resolutions adopted by a majority vote of the governing bodies of a majority of the municipalities within each county; or
- By a combination of resolutions adopted by a majority vote of the governing bodies of the municipality or combination of municipalities representing a majority of the municipal population of each county.

The resolution must specify the following:

- The representatives of the county and municipal governments;
- Any affected special districts; and
- Any relevant local government agencies responsible for developing the plan.

The resolution must include a proposed timetable for the development of the plan and specify the local government support and personnel services which will be made available to representatives developing the plan.

When the plan is adopted, the designated representative must develop a plan for the delivery of local government services. The plan must:

- Designate the area-wide and local government services which are the subject of the plan;
- Describe the existing organization of such services and the means of financing the services, and create a reorganization of such services and the financing to meet the goals of this section;
- Designate the services that should be delivered regionally or county wide; however, no provision of the plan will operate to restrict the power of a municipality to finance and deliver services in addition to, or at a higher level than, the services designated for regional or county wide delivery of services;
- Provide means to reduce the cost of providing local services and enhance the accountability of service providers;
- Include a multi-year capital outlay plan for infrastructure;
- Describe specifically, any expansion of municipal boundaries that would further the goals of this section;
- Meet the standards for annexation provided in chapter 171, Florida Statutes, for any area proposed to be annexed;
- Prohibit any provisions for contraction of municipal boundaries or elimination of any municipality;
- Provide specific procedures for modification or termination of the plan; and
- Specify the effective date of the plan.

The plan must be approved by a majority vote of the governing body of each county involved and by a majority vote of the governing bodies of a majority of the municipalities in each county, and by a majority vote of the governing bodies of the municipality or municipalities that represent a majority of the municipal population of each county.

After the approval of the plan by the county and municipal governing bodies, as required, the plan must be submitted for referendum approval in a county wide election in each county involved.

The plan does not take effect unless approved by a majority of the electors of each county who vote in the referendum, and also by a majority of the municipal electors of the municipalities that represent a majority of the municipal population of each county who vote in the referendum.

In the event that a plan developed in accordance with this section includes areas proposed for municipal annexation and those areas meet the standards for annexation provided in chapter 171, F.S., such annexation takes effect upon approval of the plan as provided in this section, notwithstanding the procedures specified in chapter 171, F.S.

Section 15: Amends subsection (2) of s. 170.201, F.S., to allow municipalities to exempt certain properties from all special assessments levied by that municipality. Current law limits the exemption to special assessments levied to fund emergency medical services.

Section 16: Creates s. 196.1978, F.S., to provide an ad valorem tax exemption for property used to provide housing under any state housing program to low and very low-income persons and owned entirely by a nonprofit corporation which qualifies as charitable under federal law. Such property must then be considered as property owned by an exempt entity and used for charitable purposes. **This**

provision of the bill take effect upon becoming a law and applies retroactively to January 1, 1997.

Section 17: Creates s. 220.185, F.S., the **State Housing Tax Credit**, for housing and mixed-use projects in urban areas needing revitalizing; establishes Legislative findings that: (1) urban areas in the state are experiencing conditions of blight, (2) deterioration of housing and industrial, commercial, and public facilities contribute to the decline of neighborhoods, and (3) additional resources are necessary to significantly improve revitalization efforts by local governments and community development organizations; establishes public policy and purpose for a state housing tax credit; defines critical terms such as “credit period”, “eligible and adjusted basis”, and “designated and qualified projects”; and authorizes the Florida Housing Finance Corporation to grant state housing tax credits under certain guidelines and limitations. Provides that the total allocation for the tax credit is \$25 million.

Section 18: Creates s. 420.5093, F.S., to establish the **State Housing Tax Credit Program** to increase affordable housing in urban areas; requires the Florida Housing Finance Corporation to determine which projects qualify for the tax credits pursuant to s. 220.185, and prepare an annual report, to be approved by the Governor, containing general guidelines for tax credit allocation and distribution to certain projects; directs the Florida Housing Finance Corporation to adopt allocation procedures to ensure the maximum use of available tax credits to encourage development of low-income housing and associated mixed-use projects in urban areas; requires taxpayers wanting to participate in the State Housing Tax Credit Program to submit an application for tax credit to the Florida Housing Finance Corporation; provides that applicant’s approval must be in writing and must include a statement of the maximum credit allowable to the applicant; provides that for purposes of the tax credit program and assessing the property for ad valorem taxation, neither the tax credits nor financing generated by tax credits are considered income to the property; and authorizes the Florida Housing Finance Corporation to only use fees received in conjunction to the allocation of state housing tax credits for administering the state housing tax credit program.

Section 19: Amends s. 420.503, F.S. to provide that a project which qualifies for an exemption under the Florida Fair Housing Act as housing for older persons also qualifies as housing for the elderly for purposes of the State Apartment Incentive Loan Program.

Section 20: Amends s. 420.5087, F.S., to require that the Florida Housing Finance Corporation adopt rules which establish an equitable process for distributing any portion of the 10 percent of program funds allocated to counties under the State Apartment Incentive Loan Program which remains unallocated at the end of a certain period. Preference is to be given to counties with populations of 100,000 or less.

Section 21: Creates s. 420.630, F.S. - s. 420.635, F.S., to be known as the Urban Homesteading Act.

Section 420.630, F.S., provides definitions for the Urban Homesteading Act, including:

- “Authority” or “housing authority” means any of the public corporations created under s. 421.04, F.S.,
- “Homestead agreement” means a written contract between a local government or its designee and a qualified buyer which contains the terms under which the qualified buyer may acquire the single-family housing property, and
- “Designee” means a housing authority appointed by a local government, or a nonprofit community organization appointed by a local government to administer an urban homesteading program for single-family housing under the “Urban Homesteading Act”.

Section 420.632, F.S., provides:

- A local government, or its designee, with the authority to operate a program that makes foreclosed single-family housing properties available to eligible buyers to purchase. This authority must be made by resolution of the local government, is subject to federal and state law, and must be made in conjunction with the Office of Urban Opportunity.

Section 420.633, F.S., provides eligibility requirements for participation in the Urban Homesteading Act.

Section 420.634, F.S. creates:

- An application process for participation in the Urban Homesteading Act. Conditions under which a local government or its designee, shall deed property to a qualified buyer for \$1 are set forth in the section. Conditions under which the local government, or its designee, shall deed the property upon payment of a pro rata share of bonded debt on a specific property are also provided.

Section 420.635, F.S., provides:

- For loans to qualified buyers for the purchase of single-family housing. Terms of interest are provided and the Department of Community Affairs is authorized to provide additional terms and conditions for a loan.

Section 22: Provides that except as otherwise provided, the bill will take effect on July 1, 1999.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

None.

2. Recurring Effects:

The bill does not contain an appropriation to the Department of Community Affairs to fund the Urban Infill and Redevelopment Grant Program. Unless a designated funding source is identified, the Legislature may fund the grant program annually upon request.

The fiscal impact due to the authorization of the State Housing Tax Credit is pending an state benefit analysis comparing the financial benefit of developing affordable housing with general revenues as opposed to using state housing tax credits.

3. Long Run Effects Other Than Normal Growth:

Indeterminate.

4. Total Revenues and Expenditures:

Indeterminate.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

Indeterminate.

2. Recurring Effects:

Indeterminate.

3. Long Run Effects Other Than Normal Growth:

Indeterminate.

C. **DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:**

1. Direct Private Sector Costs:

Indeterminate.

2. Direct Private Sector Benefits:

Under the State Housing Tax Credit Program, private entities will receive some benefit from the tax credit allocation if participating in a project designed to increase affordable housing.

Under the Urban Homesteading Act, private citizens will enjoy the benefits of owning their own homes.

Under the Urban Infill and Redevelopment Act, companies will benefit from local government incentives offered for new development, expansion of existing development, and redevelopment within the urban infill and redevelopment areas, and from qualifying for grant funds under the Urban Infill and Redevelopment Assistance Grant Program.

The private sector may also see some direct benefit from a reduction in impact fees or local access fees for development within multimodal transportation districts.

3. Effects on Competition, Private Enterprise and Employment Markets:

Indeterminate.

D. **FISCAL COMMENTS:**

The preliminary conference report on the General Appropriations Act for fiscal year 1999-2000 contains an appropriation of \$400,000 for the Housing Tax Credit Program and \$300,000 for the Urban Homesteading Program.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. **APPLICABILITY OF THE MANDATES PROVISION:**

The bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds.

B. **REDUCTION OF REVENUE RAISING AUTHORITY:**

The bill does not reduce the authority local governments have to raise revenues in the aggregate.

C. **REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:**

The bill does not the reduce the percentage of a state tax shared with local governments.

V. COMMENTS:

A similar bill, HB 4783 by Rep. Constantine, was filed during the 1998 legislative session. The bill passed the House of Representatives and died in the Senate.

Comments of the House Water & Resource Management Committee:

On March 29, 1999, the Senate Comprehensive Planning, Local and Military Affairs Committee combined SB 1078, Urban Infill & Redevelopment, and SB 1438, also on Urban Infill & Redevelopment, to create a CS/SB 1078 & 1438. Among other provisions, the committee substitute does the following:

- o Creates s. 220.185, F.S., to establish a state housing tax credit against state corporate income taxes.
- o Creates s. 420.5093, F.S. to create the State Housing Tax Credit Program within the Florida Housing Finance Corporation.
- o Creates s. 420.630-420.635 to create the Urban Homesteading Act for qualified applicants to acquire single-family housing property.

These provisions are not contained within the CS/HB 17 and it is expected that the sponsor of the House bill will present a strike-everything amendment to conform the CS/HB 17 to the CS/SB 1078 & 1438. Amendments adopted by the House Business Development & International Trade Committee on March 17, 1999, will be incorporated into the strike-everything amendment.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On March 1, 1999, The House Committee on Community Affairs adopted a committee substitute to HB 17. The committee substitute substantively changed the bill in the following manner:

- The definition of an urban infill and redevelopment area was changed.
- Some additional requirements were added to receive an urban infill and redevelopment designation.
- Language was added to encourage the use of Brownfield designations.
- Language was added to strengthen the required elements of a feasibility study required for a proposed municipal incorporation bill.
- Technical amendments were made in the bill.

On March 17, 1999, the Committee on Business Development and International Trade passed CS/HB 17 with two amendments. CS/HB 17 was not made a committee substitute by this committee.

The first amendment adopted replaced section 9 of the bill dealing with the incorporation of a municipality. The new section 9 provides the following:

- It requires a feasibility study completed and submitted to the Legislature 90 days prior to the first day of session for the enactment of the municipal charter. It deletes language requiring a proposed special act in conjunction with the study be submitted to the legislature, and it deletes language referring to the feasibility study as an "incorporation study."
- It deletes language allowing for a draft comprehensive plan meeting state standards pursuant to s. 163.3167, F.S., to substitute for certain information required in the feasibility study.
- It deletes language requiring evidence of support for the proposed change or reorganization from at least 25 percent of the landowners or residents in that area.
- It deletes language requiring that future boundaries at build out be included in the 5-year operational plan.
- It retains current language that had been deleted in the original section 9 requiring:
 - a. Data and analysis to support the conclusions that incorporation is necessary and financially feasible, including population projections and density calculations along with methodologies used for such analysis.
 - b. Evaluation of the alternatives available to the area to address its policy concerns.
 - c. Evidence that the proposed municipality meets the requirements for incorporation pursuant to s. 165.061, F.S.

The second amendment adopted provides a new section to the bill. The amendment provides \$5 million to be appropriated from the General Revenue Fund to the Department of Community Affairs for the 1999-2000 fiscal year to fund the Urban Infill and Redevelopment Assistance Grant Program provided for in the newly created s. 163.2523, F.S., found in section 1 of CS/HB 17.

Committee on Water & Resource Management

On April 7, 1999, the Committee on Water & Resource Management adopted a strike-everything amendment offered by Representative Constantine that incorporated the amendments passed by the Committee on Business Development and International Trade at the March 17 meeting. The strike-everything amendment also added provisions creating a State Housing Tax Credit, a State Housing Tax Credit Program, and the Urban Homesteading Act.

The strike amendment, and the bill as amended, were adopted unanimously. A motion passed to have the amendment incorporated into the bill as a committee substitute.

Committee on Transportation & Economic Development Appropriations

On April 20, 1999, the Committee on Transportation & Economic Development Appropriations adopted one strike everything amendment and two amendments to the strike everything amendment. The amendments made the following changes:

Amendment 1 (Strike Everything Amendment): The amendment deletes all appropriations, changes the name of the Act to the "Growth Policy Act," and adds two references to the Front Porch Florida Program. The amendment also clarifies that the infill and redevelopment areas are in areas designated for urban uses in the local government's comprehensive plan, instead of being in an existing urban service area. The amendment clarifies that a provision related to tax increment financing does not nullify existing general law related to charter county powers and adds language to provide that local governments may allocate received monies to special districts.

Further, the strike everything amendment clarifies certain community participation processes for receiving grant monies. The amendment also clarifies that exceptions under the concurrency section in Chapter 163, F.S., may be requested by an affected property owner or local government. Finally, the amendment clarifies language for non-profit organizations related to low income housing property and clarifies language related to the tax credit program.

Amendment 2: The amendment allows "pipelining" for multi-use developments of regional impact (DRI). Pipelining would allow certain multi-use developments of regional impact with a residential component to satisfy the transportation concurrency requirements of local comprehensive plans by payment of a proportional-share contribution for traffic impacts.

Amendment 3: The amendment clarifies language regarding the low income housing property exemption.

VII. SIGNATURES:

COMMITTEE ON COMMUNITY AFFAIRS:

Prepared by:

Lisa C. Cervenka

Staff Director:

Joan Highsmith-Smith

AS REVISED BY THE COMMITTEE ON BUSINESS DEVELOPMENT & INTERNATIONAL TRADE:

Prepared by:

Jill F. Turman

Staff Director:

J. Paul Whitfield, Jr.

AS FURTHER REVISED BY THE COMMITTEE ON WATER & RESOURCE MANAGEMENT:

Prepared by:

Karon A. Molloy

Staff Director:

Joyce Pugh

STORAGE NAME: h0017s2a.ted

DATE: April 20, 1999

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AS FURTHER REVISED BY THE COMMITTEE ON TRANSPORTATION & ECONOMIC
DEVELOPMENT APPROPRIATIONS:

Prepared by:

Staff Director:

Kurt Hamon

Eliza Hawkins