



20 N. Swinton Avenue
Delray Beach, FL 33444

Agenda Item # *HC*
November 29, 2017

~ CRA BOARD SUMMARY ~

RESOLUTION NO. 2017-17 - URGING THE LEGISLATURE TO VOTE AGAINST HB 17, AND SB 432 THAT WOULD AMEND PART III, CHAPTER 163, FLORIDA STATUTES

House Bill 17 (HB17) and Senate Bill 432 (SB432) have been filed in the Florida Legislature for consideration during the upcoming 2018 Legislative Session. Both bills propose revisions to the existing state statutes governing Community Redevelopment Agencies ("CRA's"). Some of the proposed changes will have a minimal impact on the Delray Beach CRA, as the Delray Beach CRA already provides the relevant information, or undertakes the required responsibility. Other proposed revisions would result in greater restrictions on the CRA's ability to implement projects in its adopted community redevelopment plan, or to undertake new projects. The bills, as drafted, would further hamper the CRA's efforts to assist redevelopment efforts undertaken in conjunction with recognized community not-for-profit corporations that assist in furthering the CRA's goals and objectives in a manner consistent with state law.

One of the proposed revisions that causes the greatest concern is the proposed amendment to Section 163.387(6), Fla.Stat. related to the use of funds deposited in the CRA's Trust Fund. The proposed revision will delete the phrase ". . . including, but not limited to. . ." from the existing statute. The existing language provides the CRA with needed flexibility in its ability to expend trust fund monies on matters related to redevelopment that are consistent with the Community Redevelopment Plan, as adopted by the City Commission. There is concern, that in removing the language from the existing statute that the CRA may be unnecessarily limited in its ability to expend trust fund monies for economic redevelopment activities including, business recruitment, business assistance programs, to fund specific activities related to promoting tourism and not-for-profit entities, as well as funding for other projects customarily funded by CRA's that are not strictly related to bricks and mortar projects.

In addition, with respect to expenditures, SB 432 would limit the use of Tax Increment Revenues to fund administrative and overhead expenses up to 18% of the total annual budget of the CRA. Currently there is no limit on the use of Tax Increment Revenues with respect to funding the CRA's administrative and overhead expenses.

Attached are the memos to the CRA Board prepared by CRA General Counsel, David Tolces, regarding both HB17 and SB432 for your review and reference.

The attached resolution urges the legislative members to vote against these bills.

Recommended Action:

Approve Resolution No. 2017-17 urging the legislature to vote against HB 17 and SB 432 that would amend Part III, Chapter 163, Florida Statutes.

Submitted By: Jeffrey A. Costello, Executive Director
Attachment(s): Resolution No.2017-17

DA for DE

RESOLUTION NO. 2017-17

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY (“CRA”), URGING THE LEGISLATURE TO OPPOSE HB 17, AND SB 432 THAT WOULD AMEND PART III, CHAPTER 163, FLORIDA STATUTES, AS SUCH ACTS WOULD REDUCE THE ABILITY AND FLEXIBILITY OF COMMUNITY REDEVELOPMENT AGENCIES IN ACCOMPLISHING THEIR REDEVELOPMENT TASKS; PROVIDING FOR SEVERABILITY; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, House Bill 17 and Senate Bill 432, as proposed for the 2018 legislative session, (the “Bills”) apply to community redevelopment agencies (CRAs) and;

WHEREAS, CRAs are community redevelopment programs designed to eliminate slum and/or blight conditions, and enhance quality of life and business conditions for residents and business owners in a community redevelopment area; and

WHEREAS, CRAs throughout the state have demonstrated that the use of Tax Increment funding dramatically improved economic and social conditions within the targeted areas, with outcomes that have benefitted redevelopment areas, cities and counties; and

WHEREAS, HB 17 and SB 432 would significantly revise the manner and process under which city created CRAs operate in carrying out redevelopment and policy making for that purpose under state law. The changes would unduly restrict the ability of CRA’s to fund traditional redevelopment activities as authorized by the existing state statutes, and for municipalities to create and continue to operate community redevelopment agencies; and

WHEREAS, the Bills would further greatly restrict allowable CRA expenditures as provided under current state law; and

WHEREAS, the Bills would lead to existing community redevelopment agencies being hampered in their efforts to implement their redevelopment plans, and increase challenges to CRAs, their creation, and operations;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE DELRAY BEACH CRA:

SECTION 1: The foregoing “**WHEREAS**” clauses are ratified and confirmed as being true and correct and are incorporated herein by this reference.

SECTION 2: The Board of Commissioners of the Delray Beach Community Redevelopment Agency urges all members of the Florida Legislature to oppose the adoption of HB17 and SB 432.

SECTION 3: The Board of Commissioners of the Delray Beach Community Redevelopment Agency further directs the CRA Executive Director to transmit a copy of this Resolution to the Palm Beach County League of Cities, the Florida League of Cities, the Palm Beach County Legislative Delegation, and any other interested parties.

SECTION 5: If any section, sentence, clause or phrase of this Resolution is held to be invalid or unconstitutional by any court of contempt jurisdiction, then said holding shall in no way affect the validity of the remaining portions of this Resolution.

SECTION 6: This Resolution shall become effective immediately upon its passage.

PASSED AND ADOPTED BY THE BOARD OF COMMISSIONERS OF THE DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY this ____ day of ____ 2017.

DELRAY BEACH COMMUNITY
REDEVELOPMENT

By: _____
Annette Gray, Chair

ATTEST:

By: _____
Jeffrey A. Costello, Executive Director

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY

MEMORANDUM NO. 2017-02

TO: Annette Gray, Chair
Members of the CRA Board of Commissioners

CC: Jeff Costello, Executive Director

FROM: David N. Tolces, General Counsel *DNT*

DATE: October 5, 2017

RE: Delray Beach Community Redevelopment Agency ("CRA")/Proposed Legislation
Related to Community Redevelopment Agencies for the 2018 Florida Legislature

Representative Jake Rayburn (Hillsborough County) filed the attached legislation for consideration during the upcoming 2018 legislative session.

While the Delray Beach CRA already complies with many of the requirements contained in the bill, there are additional data collection requirements that if enacted, would potentially require the CRA to expend additional funds to pay consultants to provide information related to the following:

1. Earliest data available as of the date the agency was created, providing total commercial property vacancy rates within the community redevelopment agency.
2. Total commercial property vacancy rates within the boundaries of the community redevelopment agency.
3. Earliest data available as of the day the agency was created, providing total housing vacancy rates within the boundaries of the community redevelopment agency.
4. Total housing vacancy rates within the boundaries of the community redevelopment agency.

In addition to the reporting requirements, the legislation will require four (4) hours of ethics training, annually, for CRA board members. The training shall address the Florida Code of Ethics, the Sunshine Law, and Florida's Public Records Law.

The legislation will also amend Section 163.387(6), Fla.Stat., related to the use of funds deposited in the CRA's Trust Fund. Specifically, line 399 on Page 16, will delete the phrase ". . . including, but not limited to. . ." from the existing statute. The existing language provides a CRA with flexibility in its ability to expend trust fund monies on matters related to redevelopment that are consistent with the Community Redevelopment Plan, as adopted by the City Commission.

There is concern, by some, that in removing the language from the existing statute that the CRA may be unnecessarily limited in its ability to expend trust fund monies for economic redevelopment activities including, business recruitment, business assistance programs, and other projects customarily funded by CRA's that are not strictly related to bricks and mortar projects.

We will continue to monitor this legislation as it progresses through the legislative process. Thank you for your consideration, and if you would like to discuss further, please contact my office.

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY

MEMORANDUM NO. 2017-03

TO: Annette Gray, Chair
Members of the CRA Board of Commissioners

CC: Jeff Costello, Executive Director

FROM: David N. Tolces, General Counsel *DNT*

DATE: November 2, 2017

RE: Delray Beach Community Redevelopment Agency (“CRA”)/Proposed Legislation
Related to Community Redevelopment Agencies for the 2018 Florida Legislature

Senator Tom Lee (Hillsborough/Pasco/Polk Counties) filed Senate Bill 432 for consideration during the 2018 legislative session. A copy of the proposed legislation is attached to this memorandum.

Similar to House Bill 17, which was discussed in our office’s Memorandum No. 2017-02, dated October 5, 2017, SB 432 also includes many reporting and auditing requirements which the CRA follows. The legislation would require the CRA to include specific measurable within its annual report (i.e. vacancy rates, total expenditures, affordable housing expenditures, and assessed real property values), and that the CRA’s annual audit be included within the City’s annual financial report. Both HB 17 and SB 432 would require the CRA to utilize the City’s purchasing policies and processes for procuring goods and services.

One of the primary differences between HB 17 and SB 432 is the specific inclusion in SB 432 of a **limit placed on** the CRA’s ability to utilize Tax Increment Revenues to fund specific activities related to **promoting tourism and not-for-profit entities**. The language to be added to Section 163.370, *Fla.Stat.*, is included in lines 331 through 339, and provides as follows:

163.370 Powers; counties and municipalities; community redevelopment agencies.-

- (3) The following projects may not be paid for or financed by increment revenues:
 - (d) Community redevelopment agency activities related to festivals or street parties designed to promote tourism
 - (e) Grants to entities that promote tourism.
 - (f) Grants to nonprofit entities providing socially beneficial programs.

If the legislation were to become law, the CRA would need to undertake a thorough review from both a legal and operational perspective with respect to the CRA's legal ability to fund various not for profit entities' programs and events that are currently funded in the CRA's budget.

Senate Bill 432 also includes provisions related to requiring lobbyists to register prior to lobbying a CRA. In Palm Beach County, there are currently lobbyist registration requirements as provided in the Palm Beach County Code of Ordinances. The adoption of this legislation by the State of Florida **would likely preempt** the Palm Beach County Code of Ordinance lobbyist registration provisions as it relates to CRA's. The CRA would therefore be responsible for insuring compliance with the provisions contained in lines 88 through 159 of SB 432.

Please also remember that as we discussed at the October 12, 2017 meeting, House Bill 17 would also provide for an **earlier "sunset" of the CRA**. Currently, the CRA's life span cannot exceed sixty (60) years from the date of the CRA's establishment. As the CRA was created in 1985, the CRA may continue up through 2045. If the legislation were to pass, as stated in lines 285-291, the CRA's existence would expire on September 30, 2038, unless its continued existence is approved by a super majority vote of the members of the City Commission.

Similar to HB 17, Senate Bill 432 will also amend Section 163.387(6), Fla.Stat., related to the use of funds deposited in the CRA's Trust Fund. Specifically, lines 423 and 424, will delete the phrase ". . . including, but not limited to. . ." from the existing statute. The existing language provides a CRA with flexibility in its ability to expend trust fund monies on matters related to redevelopment that are consistent with the Community Redevelopment Plan, as adopted by the City Commission. There is concern, by some, that in removing the language from the existing statute that the CRA may be unnecessarily limited in its ability to expend trust fund monies for economic redevelopment activities including, business recruitment, business assistance programs, and other projects customarily funded by CRA's that are not strictly related to bricks and mortar projects.

We will continue to monitor both HB 17 and SB 432 as it progresses through the legislative process. Thank you for your consideration, and if you would like to discuss further, please contact my office.