



Locals Find State Urban Revitalization Programs Useful; More Centralized Program Information Would Be Helpful

at a glance

Redevelopment of distressed urban communities is primarily a local government responsibility. Local governments use the state's redevelopment programs in conjunction with other federal and local programs to help package deals for revitalizing distressed urban communities. While Florida's programs do not directly provide a large amount of funds, they are viewed as being useful in helping leverage other funding support and in demonstrating government commitment to revitalization. Florida's programs also are viewed as being useful in helping local governments get community and private sector buy-in on revitalization projects.

However, state program fragmentation hinders local government officials in accessing current and comprehensive information about state programs and resources. The Office of Trade, Tourism, and Economic Development (OTTED) should work with other state entities to enhance its Florida Resource Directory website to provide more complete and up-to-date information on state programs and resources. The website also should be modified to incorporate an electronic mailing list that local officials could use to request information and assistance. OTTED also should enter into agreements with other state entities to market this website, as few local government representatives are aware of it.

Scope

This project was conducted in response to a legislative request to determine how state efforts to support local government revitalization of distressed areas can be enhanced.

Background

Many urban communities have distressed areas that suffer from high crime rates, dilapidated buildings, poor infrastructure, and high unemployment.¹ These conditions reduce residents' quality of life and make the areas less attractive to private sector investment, thereby discouraging private revitalization efforts. Distressed conditions also decrease the local government tax base. Revitalization of distressed areas requires a substantial long-term commitment in order to prepare redevelopment plans, obtain community support, secure funding, and package deals with the private sector.

According to the State Comprehensive Plan, revitalization of distressed communities is primarily a local responsibility.² The State Comprehensive Plan provides that the state's overall role is to assist local governments in planning, financing, and implementing revitalization efforts; provide incentives to encourage private sector investment; promote state programs and investments that encourage redevelopment; and integrate state programs that promote economic development and neighborhood revitalization.

¹ Conditions of distress are identified in Ch. 163, Part III, *F.S.*, and s. 290.0058, *F.S.*

² Section 187.201(16), *F.S.*

As shown in Exhibit 1, the state has created several programs to aid local government revitalization efforts. Some state programs, such as the Enterprise Zone Program, are specifically designed to help improve conditions in communities designated distressed by local governments. However, local governments also use other state programs that are not specifically targeted to distressed communities, but help address housing problems and other adverse conditions.

OPPAGA has examined many of these state programs individually (see Appendix A for a list of nine OPPAGA reports on these and other programs issued since 1998). We determined that while the individual programs are useful, the effects of individual programs cannot be isolated because they are generally used in conjunction with other state, federal, and local programs operating simultaneously in the same distressed areas. Thus, in this review, we examined how local governments are generally using state programs to aid their revitalization efforts and their experiences with them.

**Exhibit 1
State, Federal, and Local Governments Offer Many Community Redevelopment Programs**

State Programs That Target Designated Distressed Areas

Enterprise Zone Program

This program, which is administered by the Governor’s Office of Tourism, Trade, and Economic Development, was created in 1982 to provide incentives in the form of tax credits and refunds to businesses that locate or invest in distressed areas. An enterprise zone is a specific area that is targeted for redevelopment on the basis of high unemployment, poverty, or other evidence of economic weakness. There are currently 51 enterprise zones in Florida. In Fiscal Year 2003-04, businesses located within enterprise zones received \$7.2 million in state and \$34.5 million in local tax credits and refunds.

Brownfield Redevelopment Program

This program, which is administered by the Department of Environmental Protection, the Office of Tourism, Trade, and Economic Development, and Enterprise Florida, Inc., was created in 1997 to encourage the voluntary clean-up and redevelopment of brownfield sites. Brownfield sites are real property in which the expansion, redevelopment, or reuse of the property may be complicated by actual or perceived environmental contamination. As of March 2005, local governments had designated 106 brownfield areas covering approximately 75,738 acres. Under this program, any person who voluntarily cleans up a brownfield site under an agreement with the state may claim a corporate income or intangible personal property tax credit of up to 35% of the cost of site rehabilitation not to exceed \$250,000 per site per year. In addition, an eligible business may receive refunds of \$2,500 per job created at the designated site on various state and local taxes. In 2004, eight tax credit certificates having a total value of \$876,001 were issued. As of February 2005, \$213,314 in bonus tax refunds have been paid to eligible companies.

Front Porch Florida Initiative

This initiative, which is administered by the Office of Urban Opportunity in the Department of Community Affairs, was created in 1999 to help local residents define and resolve neighborhood problems. Under this initiative, neighborhoods in distressed areas can seek to be designated as Front Porch Florida communities. The communities are required to develop an action plan for improving neighborhood conditions. Designated communities are eligible for financial and technical assistance from the state. There are 20 Front Porch Florida communities throughout the state. The Legislature appropriated \$3.2 million for the initiative in Fiscal Year 2004-05.

Main Street Program

This program, which is administered by the Department of State, was created in 1985 to provide training and technical assistance to local organizations in support of their efforts to revitalize their traditional downtown and neighborhood commercial districts. The focus of the program is economic revitalization within the context of historic preservation. Main Street helps local communities organize and develop plans for revitalization of downtown centers to build sustainable economic stability, sense of vitality, and enhanced quality of life and civic pride among its residents. As of January 2005, there were 44 active local Main Street programs across the state. The Legislature appropriated \$206,574 for the program in Fiscal Year 2004-05.

Urban Infill and Redevelopment Program

This program, which is administered by the Department of Community Affairs, was created in 1999 to help local governments stimulate investment in distressed urban areas and strengthen urban centers. The program provided 22 grants to local governments to help them prepare redevelopment plans or implement redevelopment projects in designated urban infill areas. The Legislature appropriated \$2.5 million for the program in Fiscal Year 2000-01, but has not appropriated funds to it in subsequent years.

State Programs That Support Local Revitalization But Not Targeted to Designated Areas

State Community Contribution Tax Credit

The Community Contribution Tax Credit Program, which is administered by the Governor's Office of Tourism, Trade, and Economic Development, was created in 1980 to encourage private corporations and insurance companies to participate in community revitalization projects. The program allows any corporation paying Florida corporate income tax or insurance premium tax to receive a tax credit equal to 50% of the donation to an approved community development or historic preservation project. A business may take up to \$200,000 in tax credits in a year against its Florida corporate income, franchise, or insurance premium tax.

State Housing Initiative Partnership (SHIP)

The State Housing Initiative Partnership, which is administered by the Florida Housing Finance Corporation, was created in 1992 to provide funds to counties and eligible municipalities to use as an incentive for the creation of local housing partnerships, and to expand production and preservation of affordable housing. The Legislature appropriated \$130.9 million for the program in Fiscal Year 2004-05.

Examples of Federal Programs Used in Local Community Revitalization Efforts

Federal Community Development Block Grant Program (CDBG)

The CDBG Program, which is administered by the U.S. Department of Housing and Urban Development, awards grants to communities to carry out a wide range of community development activities directed toward revitalizing neighborhoods, spurring economic development, and providing improved community facilities and services. The Florida Department of Community Affairs administers the Small Cities Community Development Block Grant Program on behalf of cities with populations of less than 50,000 and counties with populations of less than 200,000. The U.S. Department of Housing and Urban Development allocated \$179.7 million in CDBG funds for Florida communities for federal Fiscal Year 2004-05.

Federal HOME Investment Partnerships Program (HOME)

HOME, which is administered by the U.S. Department of Housing and Urban Development, provides formula grants to states and localities that communities use, often in partnership with local nonprofit groups, to fund a wide range of activities related to building, buying, or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income people. The U.S. Department of Housing and Urban Development allocated \$80.5 million in HOME funds for Florida communities in federal Fiscal Year 2004-05.

Local Government Community Redevelopment Agencies

The Legislature authorized local governments to create community redevelopment agencies to revitalize slum and blighted areas. Community redevelopment agencies can use tax increment financing (TIF) to fund redevelopment activities. Tax increment financing involves property values in a defined geographical area that are capped or frozen at the assessed value for a base year. Tax revenues resulting from increases in property value, in excess of the base year value, are dedicated to the redevelopment area. The tax increment revenues can be used to pay the debt service on bonds issued to generate funds to redevelop distressed areas. There are currently 144 Community Redevelopment Agencies in Florida.

Local Government Grant Programs

Some local governments also have established programs that provide grants to help support neighborhood revitalization activities. For example, Orange County's Neighborhood Services Division offers grants for neighborhood enhancement activities. The grants are available to neighborhood homeowners associations, councils, and civic organizations and are to be used for projects such as community gardens, entranceway enhancements, signs, and landscaping.

Source: OPPAGA.

To obtain local input on the use of state programs, we made site visits to Jacksonville, Orlando, and Tallahassee to conduct focus groups and interview local government, neighborhood organization, and economic development representatives.³ We also conducted telephone interviews with local program directors and other stakeholders involved in community revitalization activities from the cities of Gainesville, Miami, Sarasota,

and St. Petersburg. We also reviewed local government revitalization plans and other documents.

Findings

Local governments use state programs to help package revitalization deals

Local government representatives reported that they often used state programs in conjunction with other federal and local programs to help package deals for major revitalization projects. This includes using state and local funds to

³ We selected these cities based on a review of state program records, U.S. Census data, and stakeholder input. These cities used several state programs and had distressed areas we identified by an analysis of U.S. Census social and economic data.

leverage federal funds and induce the private sector to invest in the distressed community.

This approach can be illustrated by a recent large-scale, mixed use project located on a site in the Parramore district in Orlando. This area has long been classified as economically distressed. The revitalization project included apartment buildings, retail office space, and a parking garage.

Orlando officials used various state, local, and federal programs to put together a package of incentives and funding for the project, which they reported had an estimated price tag of \$43.7 million. As shown in Exhibit 2, state programs contributed \$1.2 million for the project while local programs contributed \$26.5 million and federal programs contributed \$12.2 million. Private sector investment included \$3.7 million from the Bank of America Community Development Corporation.

**Exhibit 2
The Orlando Community Revitalization Project Used a Wide Range of Federal, State, Local, and Private Funding Sources**

Incentive Sources	Amount
Federal	
New Markets Tax Credit	\$ 4,500,000
Low-Income Housing Tax Credit	3,712,000
Community Development Financial Institutions Fund	1,750,000
HOME	1,550,000
Community Development Block Grant	700,000
State	
Brownfield Program Sales Tax Refund	\$ 500,000
HOME match	473,000
SHIP	250,000
Local	
Orlando CRA	\$12,500,000
Housing Finance Authority Tax-exempt bonds	12,000,000
Taxable bonds	2,000,000
Private	
Bank of America Community Development Corporation	\$ 3,747,000

Source: Orlando Neighborhood Improvement Corp. and the City of Orlando.

Local governments view Florida’s programs as useful in leveraging other funds and obtaining private sector and community involvement

Local government representatives we contacted generally reported that while Florida’s programs did not directly provide a large amount of funds to support revitalization, they were useful in helping leverage other funding support. For example, the City of Tallahassee uses state housing funds to fulfill matching requirements for federal housing programs.

The local government officials also indicated that Florida’s programs that offer the greatest flexibility are the most useful in supporting local redevelopment efforts. For example, the local government officials reported that state programs with funds that could be used flexibly to address distressed conditions, such as the State Housing Initiative Partnership and the Urban Infill and Redevelopment Grant Program, and the federal Community Development Block Grant Program, help them fill funding gaps not met by other less flexibly designed programs.⁴

Local representatives also viewed Florida’s state programs as useful in demonstrating government commitment to community revitalization, which helps them get a buy-in from community residents and the private sector. For example, Tallahassee representatives indicated that participating in the Front Porch initiative was helpful in getting community residents to support revitalization plans and activities. Local representatives also believed that having state involvement helped convince businesses that local governments and the state were both committed to revitalizing the distressed area.

⁴ In a 2004 report on Urban Infill and Redevelopment Program, we noted that the City of Pensacola used its urban infill implementation grant along with funds from other programs to acquire 12 lots, construct seven new homes, and pay for 1,700 overtime hours worked by police officers patrolling the urban infill and redevelopment area. Additionally, these activities were seen as helping encourage private developers to take more interest in building housing in the urban infill and redevelopment area. See *Status Report: Urban Infill and Redevelopment Areas Have Uncertain Impact But Perceived as Useful*, [Report No. 04-14](#), February 2004.

State programs could be improved by more coordination and easier access to information

While local government officials indicate that Florida's state revitalization programs are useful, they also asserted that the programs could be improved by reducing fragmentation and improving access to information about program resources and assistance.

Florida's state revitalization programs efforts are fragmented. As shown in Exhibit 1, five state agencies and entities are currently involved in administering seven programs. This fragmentation is exacerbated by limited coordination in marketing the programs. Five of the state programs listed in Exhibit 1 have websites on the Internet, and these websites do not consistently provide current and complete information on the other state revitalization programs. For example, the state Enterprise Zone Program has a website maintained by Enterprise Florida, Inc. (www.floridaenterprisezone.com). However, this website does not provide information or link to the Brownfield Program website maintained by the Department of Environmental Protection (www.dep.state.fl.us/waste/categories/brownfields).

At the time of completion of our fieldwork, the Brownfield Redevelopment Program's website included information describing the Enterprise Zone Program, but this information was outdated—the map showing the zones and a list of local enterprise zone contact persons had not been updated since January 2003, and it did not include a link to the Enterprise Zone Program website. However, subsequent to the completion of our fieldwork, the department updated its link to the Enterprise Zone Program's website.

Local government representatives complained that it is difficult for them to determine who to contact to obtain assistance and access information on Florida's full range of revitalization programs and resources. These officials asserted that a single state "one-stop" website should be available for community revitalization that would include current information on all state programs and funding sources that could be used in addressing distressed conditions and identify appropriate state agency contact persons. Local representatives also recommended that the

website included an electronic mailing list that could be used to request assistance and communicate with other community revitalization representatives regarding best practices.

The state has a website that includes some of this information, but it is not widely marketed. This website, the Florida Resource Directory (www.floridaresourcedirectory.org), is maintained by the Governor's Office of Tourism, Trade, and Economic Development (OTTED) and is intended to help distressed rural and urban communities find and access sources of assistance. The site includes a searchable list of many state and federal programs, grants, and other resources that could be used to help redevelop distressed communities that could be used to support local redevelopment efforts.

However, the directory does not contain current information on all state programs and resources. For example, it does not provide information on the tax credits available to businesses and individuals through state's Brownfield Redevelopment Program nor does it include a link to the Department of Environmental Protection's Brownfield Redevelopment Program website. Few state agency websites include links to the site. Most local representatives we interviewed were not aware of the Florida Resource Directory.

Conclusions and Recommendations —————

Local governments use state redevelopment programs in conjunction with other federal and local programs to help package large deals for revitalizing distressed urban communities. Local government representatives generally view state revitalization programs as useful in leveraging other funds and in showing government commitment to revitalization. Thus, while state programs often offer limited funding, they are useful tools in helping local government redevelopment efforts. However, information on these programs is fragmented, which can limit local government's ability to use the programs to assist revitalization efforts.

We recommend that the Office of Trade, Tourism, and Economic Development work with other state agencies that administer community revitalization programs including the Department of Community Affairs, the Department of Environmental Protection, the Department of State, the Florida Housing Finance Corporation, and Enterprise Florida, Inc., to enhance the Florida Resource Directory. This would enable the website to better serve as a one-stop website that local government representatives and other stakeholders could use to access comprehensive and current information on state community revitalization programs and resources. The website also should incorporate an electronic mailing list that local government

representatives could use to request more information and assistance on state programs and to communicate with local government representatives in other parts of the state on best practices. To do so, OTTED should enter into agreements with other entities administering state redevelopment programs to update and maintain the information on the Florida Resource Directory website. Further, these agreements should provide that these entities will work together to market the website. In addition, the entities should add links on their individual websites to the central website and provide the central website with current information on program procedures, forms, and contact persons.

OPPAGA supports the Florida Legislature by providing evaluative research and objective analyses to promote government accountability and the efficient and effective use of public resources. This project was conducted in accordance with applicable evaluation standards. Copies of this report in print or alternate accessible format may be obtained by telephone (850/488-0021 or 800/531-2477), by FAX (850/487-3804), in person, or by mail (OPPAGA Report Production, Claude Pepper Building, Room 312, 111 W. Madison St., Tallahassee, FL 32399-1475). Cover photo by Mark Foley.

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Appendix A

Previous OPPAGA Reviews of Community Revitalization and Economic Development Programs

Report No.	Report Title	Issue Date
04-24	<p><i>Florida's Enterprise Zone Program Is Similar to Those of Other States</i></p> <p>Summary: Florida's Enterprise Zone Program is similar to programs of other states. Most states (39) have established enterprise zone or similar programs. These programs vary widely in the number of zones established, and three entire states have been designated as enterprise zones. Most states require areas to meet certain criteria, such as having high levels of poverty, unemployment, and population losses, to be designated as an enterprise zone. Most states also require businesses to meet certain job creation or capital investment criteria in order to receive incentives.</p> <p>Some states have implemented other types of geographically targeted incentive programs such as tax-free zones. These programs differ from typical enterprise zone programs in that they substantially reduce taxes for existing business and residents of distressed areas rather than targeting incentives to businesses relocating or expanding operations in a designated area.</p>	March 2004
04-14	<p><i>Urban Infill and Redevelopment Areas Have Uncertain Impact But Perceived as Useful</i></p> <p>Summary: The 1999 Growth Policy Act authorized local governments to designate urban infill and redevelopment areas to help stimulate investment and development in distressed urban centers. Thirteen local governments designated such areas, and the Legislature appropriated \$2.5 million for the program in Fiscal Year 2000-01. While limited data was available on the impact of urban infill and redevelopment area designations on local conditions, representatives of local governments that received urban infill and redevelopment assistance grants believed they were useful in leveraging resources. If the Legislature creates similar programs in the future, it should consider requiring local governments to compile and report information on program activities and outcomes.</p>	February 2004
03-64	<p><i>Enterprise Zone Pilot Project Incentives Not Widely Used, But Progress Made in Revitalizing Project Area</i></p> <p>Summary: The Enterprise Zone Pilot Project was created in 1999 to encourage business investment and improve general social and economic conditions within a small, distressed local area. A distressed inner city mall in Jacksonville was designated as the pilot project area. The pilot project had a very limited effect. Only one business qualified to receive the incentives offered under the project. However, local efforts to revitalize the area have had success.</p>	December 2003
03-20	<p><i>Progress Report: OPPAGA Recommendation Adopted; Economic Development Toolkit Was Implemented</i></p> <p>Summary: The 2000 Legislature established the Toolkit for Economic Development to assist distressed communities by coordinating a broad array of economic development programs. The Legislature intended the Toolkit to link the many federal and state economic development programs and "enable economically distressed communities to access easily, and use effectively, federal and state tools to improve conditions in their communities. Workforce Florida, Inc., was designated to coordinate the initiative. The 2000 Legislature appropriated \$25 million in non-recurring Temporary Assistance for Needy Families funds for the Toolkit. Although the program was appropriated \$25 million, it was able to award only \$13.6 million in grants to 30 distressed communities. These grants supported a broad variety of activities, such as providing computer training to welfare recipients, providing tutoring to at-risk students, and support services to grandparents and other relatives raising children in rural areas. All grants awarded through the Toolkit were closed in December 2002.</p>	March 2003
02-08	<p><i>Slow Progress Has Been Made in Cleaning Up and Redeveloping Contaminated Brownfield Sites</i></p> <p>Summary: The Legislature created the Brownfields Redevelopment Program in 1997. Brownfield sites are abandoned, idled, or underused industrial and commercial properties where expansion or redevelopment is complicated by actual or perceived environmental contamination. The program is a voluntary cleanup program in that cleanup actions are initiated by landowners and developers rather than by government regulatory actions. While the program provides various financial and regulatory incentives and assistance, landowners and developers are responsible for ensuring that the contamination at the site has been properly remediated.</p>	February 2002

Report No.	Report Title	Issue Date
	<p>We found that the program's implementation has been slow. Brownfield Site Rehabilitation Agreements have been signed for only 14 sites within 45 brownfield areas, and only 2 sites had been completely cleaned up and redeveloped. Also, there has been little use of state incentives for cleaning up brownfields. Several factors discourage brownfield redevelopment, including lack of information on the extensiveness of contamination at brownfield sites, restrictive state incentives, and slow implementation of key strategies for marketing the program to developers.</p>	
<p>01-25</p>	<p><i>Slow Startup, Lack of Structure Jeopardize Toolkit for Economic Development's Implementation and Funding</i></p> <p>Summary: The Toolkit for Economic Development was an approach that attempted to improve conditions in economically distressed communities by assisting those communities in leveraging federal and state resources for economic and community development activities. The initiative comprised six tools.</p> <p>Liaisons. Twenty-one (21) state agencies and organizations were to designate high-level staff to serve as liaisons to the initiative. Liaisons were to identify opportunities for support and existing statutes and rules that have adverse effects on distressed communities. Liaisons also were required to propose alternatives to mitigate these adverse effects.</p> <p>Inventory. The liaisons were to compile an inventory that identifies and profiles federal and state resources that target distressed areas, including tax credits, incentives, and grants.</p> <p>Start-up. A start-up initiative was to identify 15 communities that are eligible to compete for start-up funds and award funding to 9 communities.</p> <p>Executive committee. Designated coordinating partners were to serve as an executive committee to the liaisons and identify projects with the potential for extraordinarily positive impacts.</p> <p>Waivers and matching funds. Waivers and matching funds were to be made available to assist communities that lack necessary funds meet requirements for other state and federal programs.</p> <p>Communities of critical economic opportunity. Three distressed communities with the potential for creating more than 1,000 jobs within five years were to be designated as communities of critical opportunity.</p> <p>The Toolkit's implementation had been delayed because it did not have an adequate administrative structure. As a result, its future success may be compromised. It was also likely that only a small portion of the initiative's \$25 million appropriation will be expended or obligated before its spending authority expires at the end of Fiscal Year 2000-01.</p>	<p>May 2001</p>
<p>99-47</p>	<p><i>Progress Report: Community Development Corporation Program Not Re-Enacted, But DCA Continues Monitoring</i></p> <p>Summary: Consistent with recommendations from a 1997 OPPAGA report, the 1998 Florida Legislature did not reenact the Community Development Corporation Support and Assistance Program, which sunset on June 30, 1998.</p>	<p>April 2000</p>
<p>99-43</p>	<p><i>Use of Enterprise Zone Incentives Has Increased, but Challenges Continue</i></p> <p>Summary: Florida's Enterprise Zone Program was created in 1982. The program's purpose is to identify distressed areas and provide incentives to induce private investment in such areas.</p> <p>Limited data was available for evaluating the program's effectiveness. The effect of zone incentives could not be isolated from a multitude of factors such as overall economic conditions and other local, state, and federal economic development, community development, and other incentive programs designed to improve conditions in distressed areas. More businesses were using enterprise zone incentives since the Legislature revised the program in 1994. However, the rate of small businesses using incentives had not increased since a 1993 OPPAGA review of the program. Businesses have made very limited use of incentives in rural and net ban-affected zones.</p>	<p>March 2000</p>
<p>99-45</p>	<p><i>Review of the Community Development Corporation Support and Assistance Program</i></p> <p>Summary: The Community Development Corporation Support and Assistance Program provided administrative grants, project development loans, and technical assistance to local community development corporations. The corporations helped redevelop distressed communities primarily through affordable housing, although some also have economic development programs.</p> <p>The Program was an inefficient way to provide financial assistance and support for affordable housing development. The program's administrative grants were not a major source of funding to the corporations, the corporation's loan programs had not performed well, and the Department of Community Affairs' cost to operate the Program was high. Affordable housing development could be assisted more efficiently by expanding other existing state housing development programs.</p>	<p>February 1998</p>

Source: OPPAGA.