

AGENDA ITEM SUMMARY

Meeting Date: January 26, 2010 [] Consent [X] Regular [] Workshop [] Public Hearing
Department: County Administration
Submitted By: County Administration
Submitted For: Economic Development Office

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to adopt. A Resolution designating the entire geographic area of Palm Beach County as a Recovery Zone for the purpose of complying with the Federal requirements of the American Reinvestment and Recovery Act (ARRA) of the Recovery Zone Facility Bonds and Recovery Zone Economic Development Bonds, per Sections 1400u-1, 1400u-2 and 1400u-3 of the Internal Revenue Code of 1986, as amended, and providing for an effective date.

Summary: On August 18, 2009, the Board of County Commissioners approved a Resolution (R-2009-1344) authorizing the issuance of ARRA Recovery Zone Facility Bonds and providing for the legal process, including application, fees, policy and procedures consistent with the Federal Treasury Department regulations, and directing County Administration, County Attorney's Office and Economic Development Office to administer the Bond Program, and delegating to the County Administrator authority to designate Recovery Zones. The Treasury defined a recovery zone as any area designated by the issuer as having significant poverty, unemployment, rate of home foreclosures or general distress. Statistics show significantly high unemployment rates and home foreclosures in Palm Beach County that have impacted citizens and businesses county-wide resulting in general distress of the County. The County Administrator, in consultation with the Economic Development office has designated areas of Palm beach County as a Recovery Zone in conformance with the purpose of ARRA. The designation of Palm Beach County as a Recovery Zone will enable businesses to be eligible for Recovery Zone Facility Bonds and Recovery Zone Economic Development Bonds allocated to Palm Beach County, as part of the Federal Government's stimulus package. The Recovery Zone Facility Bonds are the sole obligation of the private business and are not a financial obligation of the County. They require no guarantees of the County and are not assessed against the bonded indebtedness of the County. The authorization of the Recovery Zone Economic Development Bonds will be presented to the Board on February 23, 2010. Countywide (PFK)

Background and Policy Issues: On February 17, 2009 The American Recovery and Reinvestment Act (ARRA) authorizing the issuance of Recovery Zone Facility Bonds was signed into law. On June 12, 2009 the Treasury Department allocated \$15 Billion for Recovery Zone Facility Bonds, which includes Palm Beach County's allocation of \$53,988,000, and \$10 Billion of Recovery Zone Economic Development Bonds, which includes Palm Beach County's allocation of \$35,993,000. These bonds were specifically created to foster economic development in distressed areas. Recovery Zone Facility Bonds are a tax exempt private activity bonds that can be used for qualified private business, but must be used to finance "recovery zone property" in recovery zone. Recovery Zone Economic Development Bonds may be used to finance certain "qualified economic development purposes" and shall be treated as a "qualified bond" for which the amount of the refundable credit shall be 45 percent of the coupon interest payable on the bonds.

Attachments:

- 1. Resolution
2. Palm Beach County Statistics

Recommended by: [Signature] Economic Development Director 1/20/10 Date
Approved by: [Signature] Assistant County Administrator 1/21/10 Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2010	2011	2012	2013	2014
Capital Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Operating Costs	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
External Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Program Income (PBC)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
In-Kind Match (PBC)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
NET FISCAL IMPACT	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
# ADDITIONAL FTE POSITIONS (Cumulative)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Is Item Included In Current Budget? Yes No

Budget Account No: Fund Agency Org. Object

B. Recommended Sources of Funds/Summary of Fiscal Impact:

C. Departmental Fiscal Review: _____

III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Administration Comments:

No fiscal impact to the County.

Muel SLL

OFMB

1/21/2010

Jan. J. Jacoby 1/22/10

Contract Development and Control

B. Legal Sufficiency:

Paul F. [Signature] 1/22/10
Sr. Assistant County Attorney

C. Other Department Review:

Department Director

This summary is not to be used as a basis for payment.

RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, DESIGNATING THE ENTIRE GEOGRAPHIC AREA OF PALM BEACH COUNTY AS A RECOVERY ZONE FOR PURPOSES OF SECTIONS 1400U-1, 1400U-2 AND 1400U-3 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, Section 1401 of Title I, Division B of the American Recovery and Reinvestment Act of 2009 (the "ARRA") added Sections 1400U-1 through 1400U-3 to the Internal Revenue Code of 1986, as amended (the "Code") which authorizes certain state and local governments to issue Recovery Zone Economic Development Bonds and Recovery Zone Facility Bonds (collectively, "Recovery Zone Bonds") through December 31, 2010; and

WHEREAS, \$53,998,000 of Recovery Zone Facility Bonds and \$35,993,000 of Recovery Zone Economic Development Bonds were allocated for Palm Beach County, and both bonds must be issued by December 31, 2010; and

WHEREAS, pursuant to Section 1400U-1 of the Code, in order for the County to issue Recovery Zone Bonds the County is required to designate areas within the County as recovery zones which are eligible to receive such Recovery Zone allocation; and

WHEREAS, a Recovery Zone is defined in Section 1400U-1 as (1) any area designated by an issuer of Recovery Zone Bonds as having significant poverty, unemployment, rate of home foreclosures, or general distress; (2) any area designated by the issuer as economically distressed by reason of the closure or realignment of a military installation pursuant to the Defense Base Closure and Realignment Act of 1990; and (3) any area for which a designation as an empowerment zone or renewal community is in effect as of the effective date of ARRA, which effective date is February 17, 2009; and

WHEREAS, on August 18, 2009, the Board of County Commissioners approved Resolution R-2009-1344, delegating to the County Administrator Authority to designate Recovery Zones; and

WHEREAS, the County Administrator in consultation with the Economic Development office hereby finds that there has been high levels of poverty, unemployment and home foreclosures which has resulted in general distress within the County, and

WHEREAS, the Board of County Commissioners now finds it in the best interests of the County based upon these economic conditions to designate the entire geographic area of Palm Beach County as a Recovery Zone for purposes of issuing Recovery Zone Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, THAT:

Section I. Recovery Zone Designation - The County finds and affirms that the entire geographic area of the County has experienced poverty, high rates of unemployment, a high number of home foreclosures and general distress. As a result, the Commission hereby designates the entire geographic area of Palm Beach County as a Recovery Zone within the meaning of Section 1400U-2 of the Code for purposes of receiving Recovery Zone allocations and issuing Recovery Zone Bonds.

Section II: Effective Date – This Resolution is effective immediately upon its adoption.

The foregoing Resolution was offered by Commissioner _____ who moved its adoption. The motion was seconded by Commissioner _____ and, being put to a vote, the vote was as follows:

COMMISSIONER BURT AARONSON, CHAIR	_____
COMMISSIONER KAREN T. MARCUS, VICE CHAIR	_____
COMMISSIONER JOHN F. KOONS,	_____
COMMISSIONER SHELLEY VANA	_____
COMMISSIONER STEVEN L. ABRAMS	_____
COMMISSIONER JESS R. SANTAMARIA	_____
COMMISSIONER PRISCILLA A. TAYLOR	_____

The Chairman thereupon declared the Resolution duly passed and adopted this ____ day of _____, 2010.

ATTEST:
Sharon R. Bock, Clerk & Comptroller
By: _____
Deputy Clerk

APPROVED AS TO FORM AND LEGAL SUFFICIENCY
By: Paul F. [Signature]
County Attorney

APPROVED AS TO TERMS AND CONDITIONS
By: [Signature]
Economic Development Director

Palm Beach County Statistics

1/11/10

A) Palm Beach County Foreclosure Rate

(Reported by Condo Vultures)

End of 2009_ 28,592 foreclosures (a 17% increase from 2008 and 3X higher from 2007)

(Reported by Realty Trac)

November 2009_ 1 in 93 housing units received a foreclosure filing

(Reported by South Florida Business Journal)

November 2009_ 1,890 foreclosure filings (a 24% increase from 2008)

B) Poverty Rate

(From US Census, 2008 Survey)

PBC All people: 11.7%
>18 y.o.: 10.5%

Florida: 9%

(From US Census 2000 Census Tract List for Palm Beach County)

(Note: This data is updated only every 10 years; therefore, we may assume all tracts have higher rates)

PBC has 265 census tracts of which

108 tracts (or 41%) have a poverty rate between 8% and 56.5%

26 tracts (or 10%) have poverty rates between 8% and 10%

34 tracts (or 13%) have more than 20% poverty rate

C) Unemployment Rate

(From Workforce Alliance, December 2009 Report)

November 2009_ PBC: 11.7%
Florida: 11.5%
USA: 9.4%

(From US Census, 2008 Survey)

PBC: 4.5%
Florida: 3.9%

Foreclosure Home ▶ U.S. ▶ Florida ▶ Palm Beach County

Palm Beach County, FL Real Estate Trends

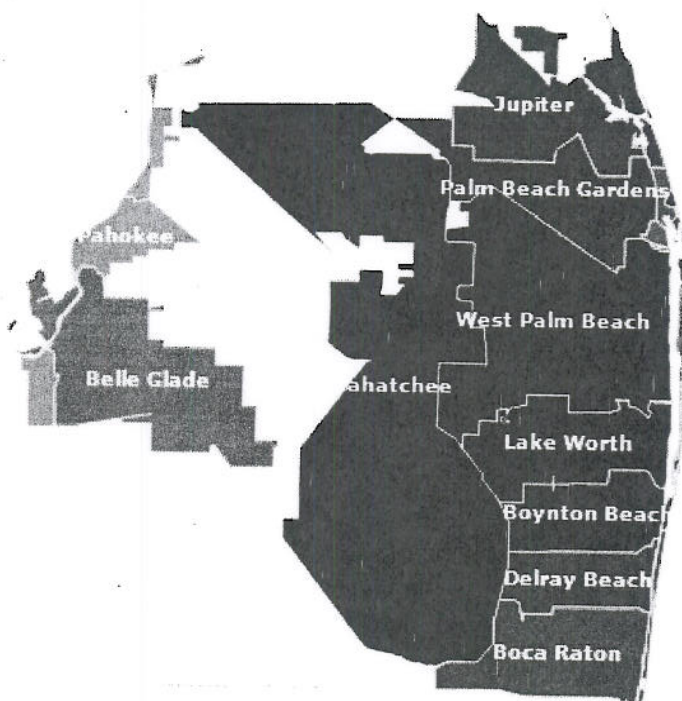
18,183 Foreclosure Homes

Foreclosure Trends

Market View

Sales Trends

November 2009 Foreclosure Rate Heat Map



Foreclosure Actions to Housing Units

1 in 90 Housing Units

1 in 1,100 Housing Units



Foreclosure Rate Heat Map

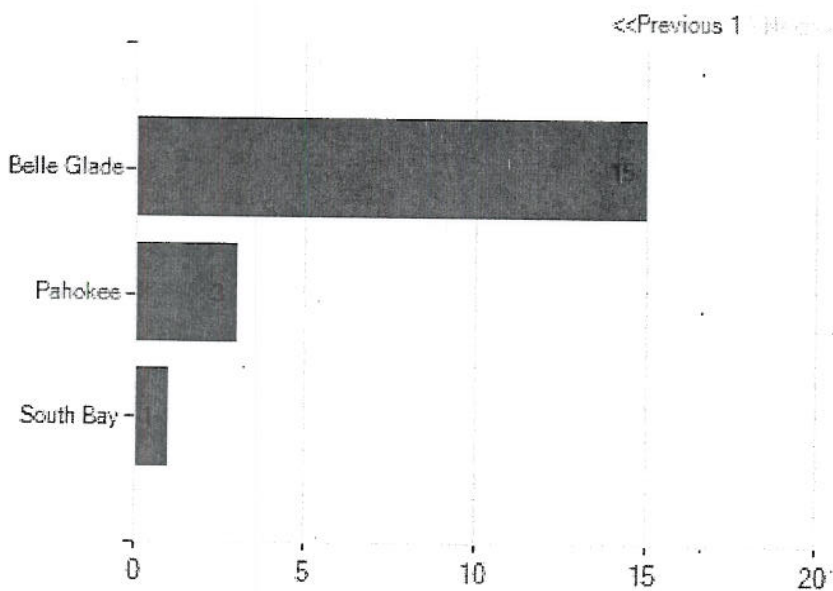
What are new foreclosures as a percentage of the housing market?
More info

1 in every 8,558

housing units received a foreclosure filing in November 2009

Foreclosure Activity Counts - Palm Beach county, FL

Compare Areas

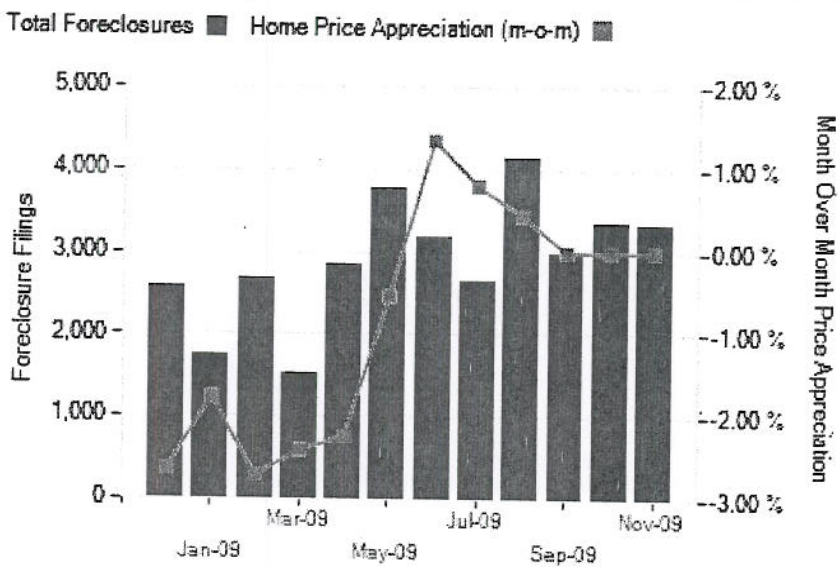


New Foreclosures

What areas have the highest amount of new foreclosure activity?
[More info](#)

Total New Foreclosure Activity
 3,302

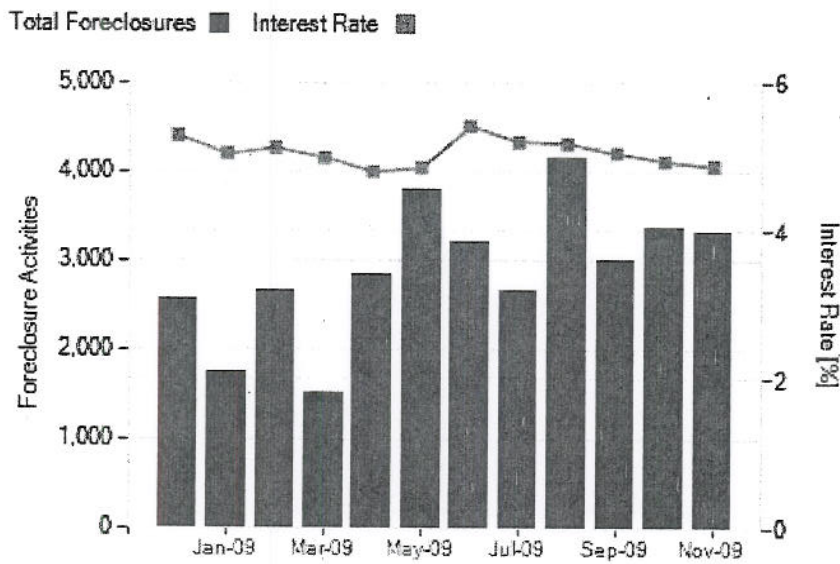
Foreclosure Activity and Home Price Index - Palm Beach county, FL



Foreclosures and Home Price Index

How do foreclosure activity and home prices stack up against each other?
[More info](#)

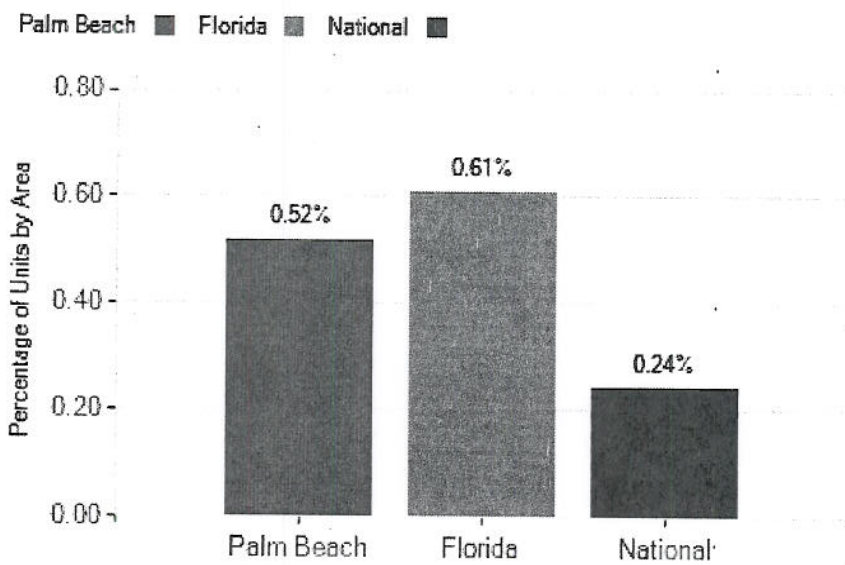
Foreclosure Activity and 30-Year Interest Rate - Palm Beach county, FL



Foreclosure Activity and Interest Rate

What impact do interest rates have on foreclosure activity?
[More info](#)

Geographical Comparison - Palm Beach county, FL



Geographical Comparison

Is your area's foreclosure rate as high as state and national averages?
[More info](#)

Foreclosure Activity by Month - Palm Beach county, FL

[Compare Areas](#)