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# **Transportation & Economic Development Appropriations Subcommittee**

**Tuesday, September 20, 2011  
9:00 AM - 10:30 AM  
Reed Hall**

**Meeting Packet**

**Dean Cannon  
Speaker**

**Mike Horner  
Chair**



# **The Florida House of Representatives**

## **Appropriations Committee**

### **Transportation & Economic Development Appropriations Subcommittee**

**Dean Cannon**  
Speaker

**Mike Horner**  
Chair

**September 20, 2011**

**AGENDA**  
**9:00 AM – 10:30 AM**  
**Reed Hall**

- I. Call to Order/Roll Call**
- II. Introduction and Opening Remarks**
- III. Agency Reorganization Update: Department of Economic Opportunity**
- IV. Overview of State Small Business Credit Initiative**
- V. Adjourn**





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FLORIDA  
DEPARTMENT *of*  
ECONOMIC  
OPPORTUNITY

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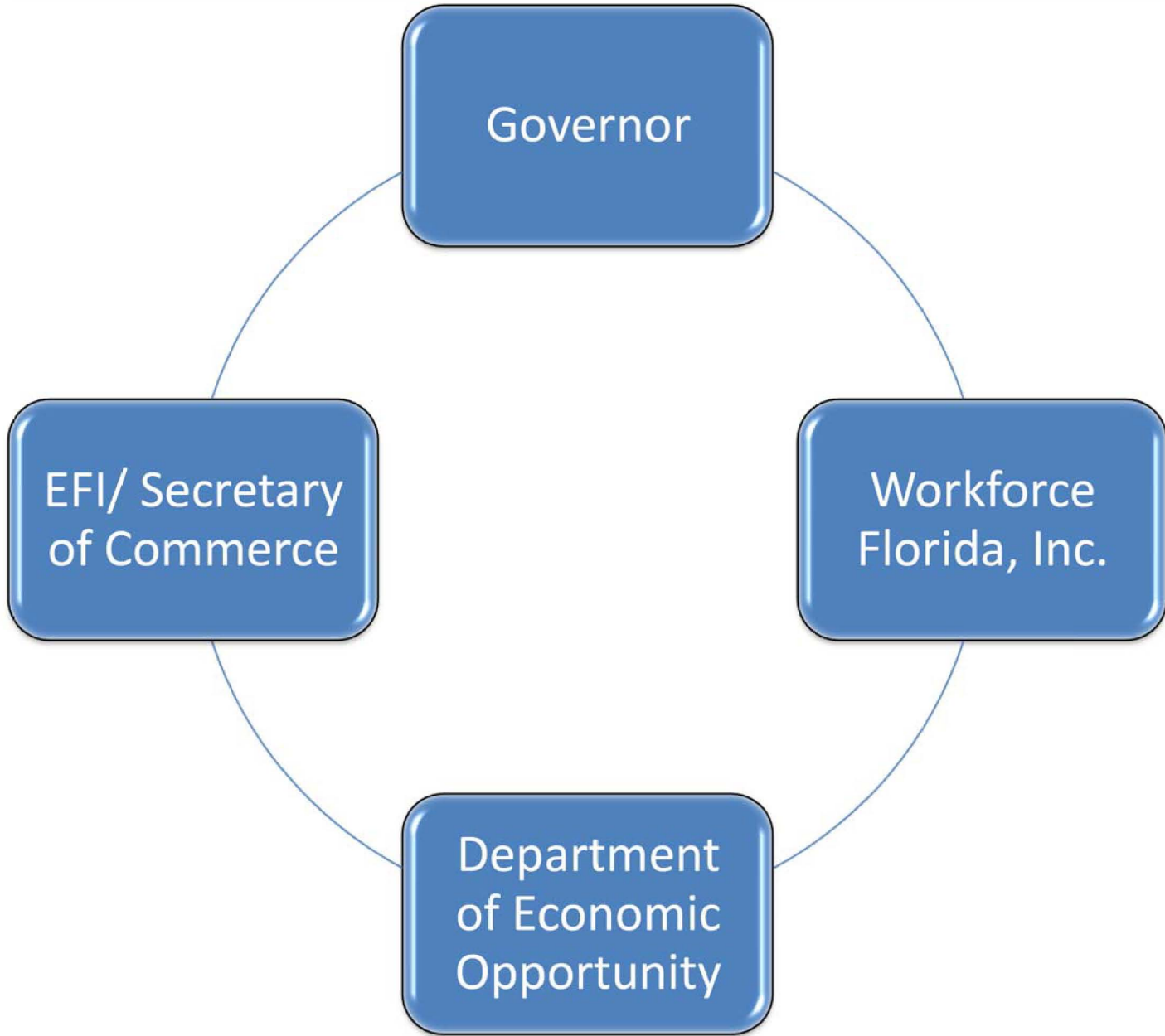
# House Transportation & Economic Development Appropriations Subcommittee

*Presented by: Doug Darling, Executive Director, Department of Economic Opportunity*

Tuesday, September 20, 2011

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Department  
of  
Community  
Affairs



Agency for  
Workforce  
Innovation



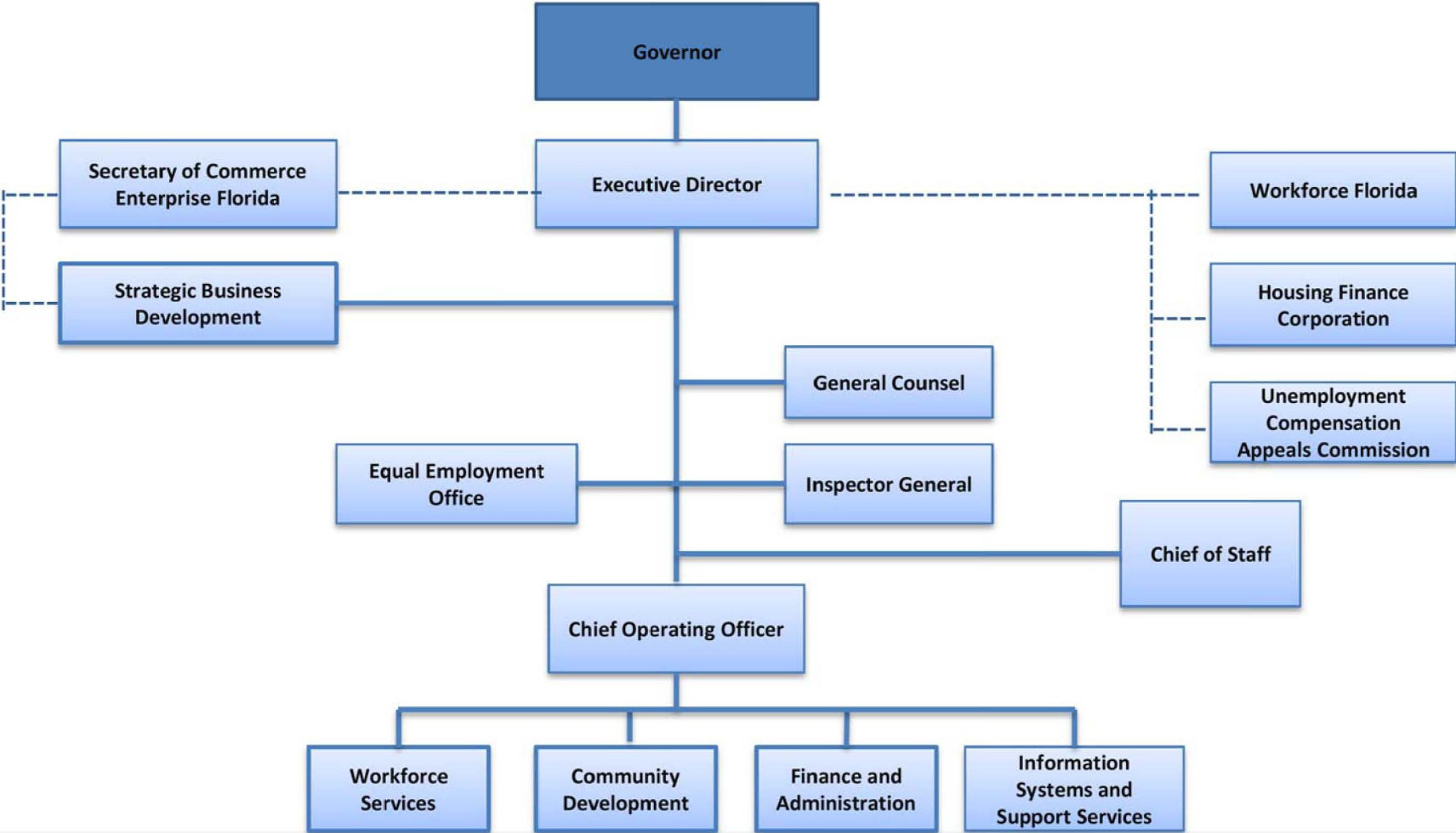
Department  
of  
Economic  
Opportunity



Office of  
Tourism,  
Trade, and  
Economic  
Development



# Organizational Chart



# Division of Strategic Business Development

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- **Business Plan - submitted Sept. 1, 2011**
- **Coordination of Strategic Planning**
- **Incentive Review Timelines**
- **More Flexible Decision Making**
- **Account Executives in the Division of Strategic Business Development**





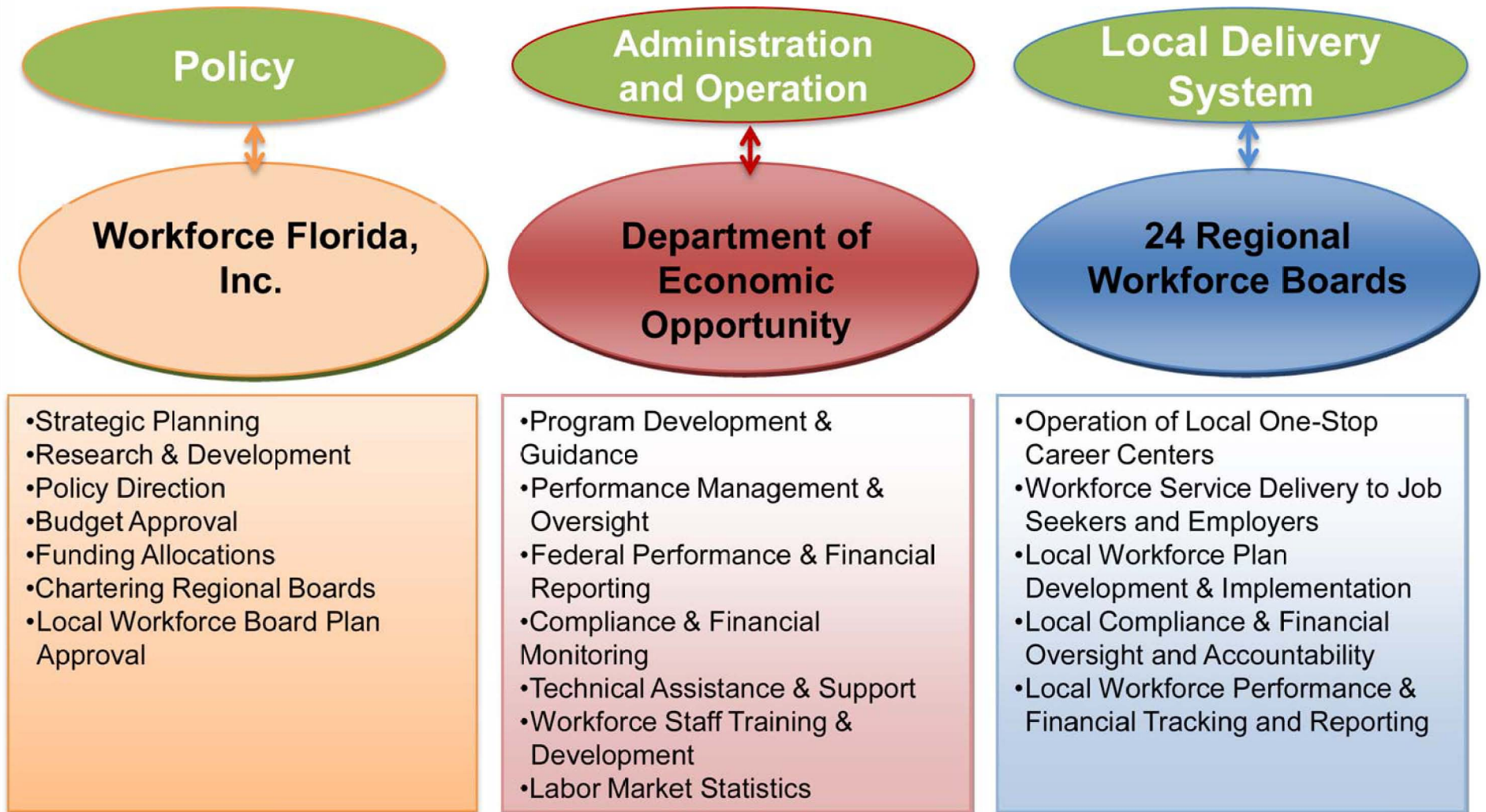
# Division of Workforce Services

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- **Workforce program development & guidance, oversight, federal performance & financial reporting, technical assistance**
- **Labor market information**
- **Unemployment compensation services**



# Florida's Workforce System



# Division of Community Development

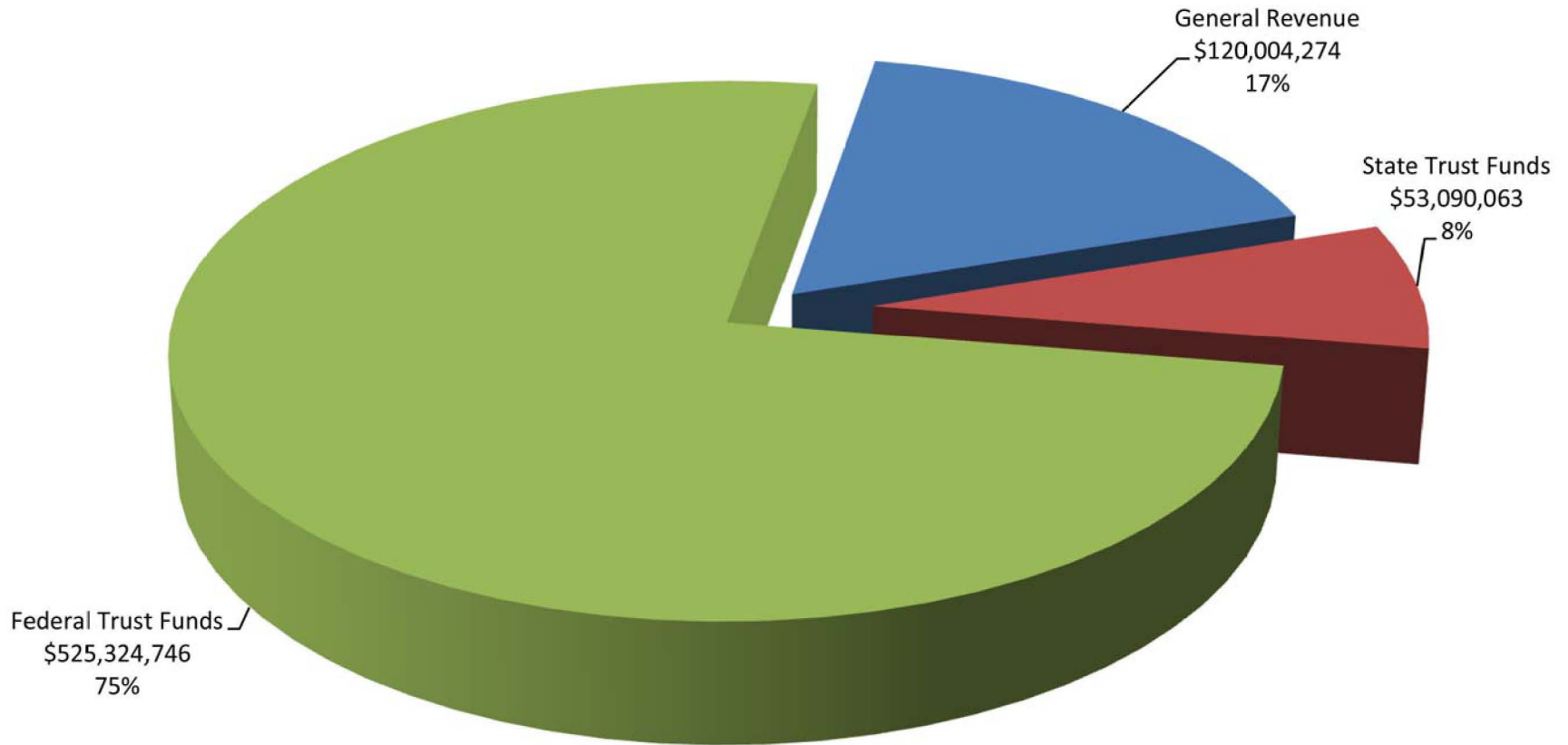
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- **Rural/Urban Small Business/Economic Development**
- **Community planning**
- **Grants:**
  - Infrastructure
  - Economic development
  - Housing rehabilitation
  - Revitalization
- **Assistance programs for low-income Floridians**



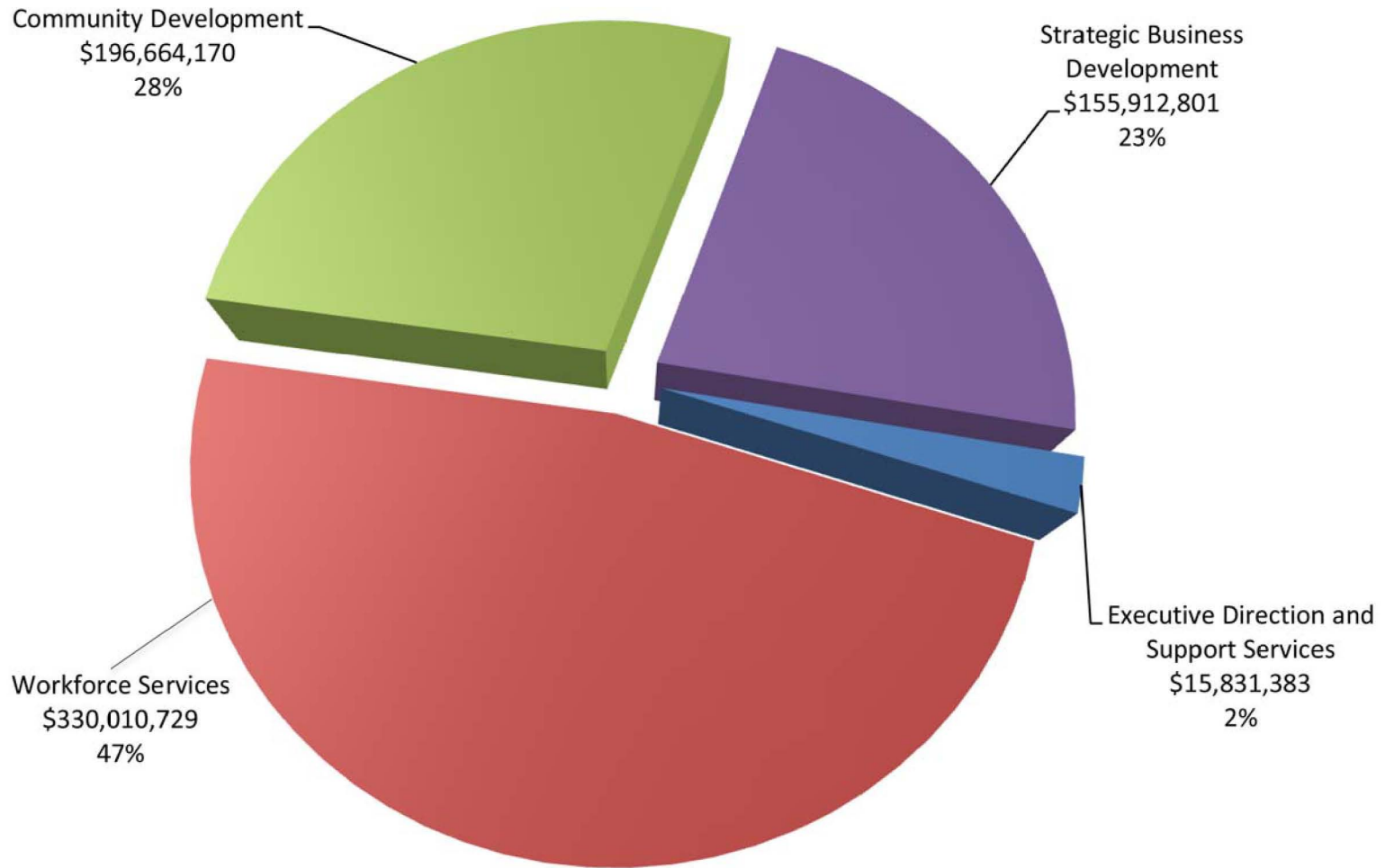
# Initial Funding Sources

Partial Year Funding - \$698.4 million (approved by LBC on 9/7/2011)



# Initial Operating Budget

Partial Year Funding - \$698.4 million (approved by LBC on 9/7/2011)



# Florida Housing Finance Corporation

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- **Financial institution created by the Legislature to better access federal housing initiatives, stabilize the flow of funds for affordable housing and boost construction; privatized by the 1997 Legislature to better work within the financial markets**
- **Governed by 9-member Board of Directors appointed by the Governor and subject to Senate confirmation; DEO Executive Director or senior-level designee sits ex officio voting member**
- **Works through developers, private lenders and investors, rating agencies, local governments, State Board of Administration and Division of Bond Finance**
- **Programs meet the housing needs of:**
  - Extremely low to moderate income families
  - Elders, farmworkers, people with special needs (disabilities, homeless, etc)
- **Internal and external oversight measures are used to determine that program resources are properly and efficiently used**



# Affordable Housing Programs Provide Economic Benefit for Florida

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## Homeownership Programs

- Fixed-rate, low-interest mortgages and down payment assistance address over-supply of for-sale housing on the market today and help stabilize neighborhoods at risk from foreclosures
- 4,283 homes financed by Florida Housing in 2010 (\$430.6 million in first mortgage volume) — 89% were existing homes and 11% were “newly” constructed, but unsold for a longer period of time

## Permanent Financing to Develop Rental Housing

- Key programs: federal Low Income Housing Tax Credit and tax-exempt Mortgage Revenue Bonds **PLUS** state gap financing
- In 2010 alone, rental housing financing created:
  - **An estimated 30,900 jobs**
  - **More than \$3.8 billion in economic benefit to Florida**



# October 1 - A new chapter begins!

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- **Align strategies**
- **Mandate collaboration**
- **Remove barriers to job creation**
- **Advance the Governor's 7-7-7 plan**





# New Opportunities

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- **The Institute for the Commercialization of Public Research**
  - **Continuing core programs of investor matching and commercialization assistance**
  - **Using new funding to provide seed capital to companies through “Repayable at Liquidity” loans**
- **Office of Economic Development & Engagement at UWF**
  - **UWF has already conducted outreach events in disproportionately affected counties**
  - **Implementing project-based programs building on Florida’s existing incentives**
  - **Emphasis is on performance-based awards**
  - **Managing the Commission on Oil Spill Response Coordination**



# Questions?

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**Doug Darling**

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# House Transportation & Economic Development Appropriations Subcommittee

*Presented by: Michelle Dennard, Director, Division of Strategic Business Development*

Tuesday, September 20, 2011

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# Florida Small Business Credit Initiative

*September 2011*



# State Small Business Credit Initiative

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- Florida is allocated \$97.6 million under the Small Business Jobs Act of 2010.
- Funds will provide critical credit support to small businesses to help them expand and spur private sector job growth.
- These funds will leverage at least \$977 million in private financing for Florida's small businesses.
- Eligible program types and use of funds are prescribed under the Act and U.S. Treasury policy guidance.



# Florida's Funding

- Florida will receive its allocation of funds in three disbursements.

Installment	Amount
1st	\$32,228,575
2nd	\$32,228,575
3rd	\$33,205,199
Totals	\$97,662,349

- State must use 80% of installment to receive the next installment.
- Legislative Budget Commission approved budget authority for the 1<sup>st</sup> two installments, with the 2<sup>nd</sup> installment in reserve



# Eligible Businesses

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- Businesses located and legally authorized to do business in Florida.
- Small businesses with up to 500 employees (with some flexibility).
- Both for-profits and not-for-profits are eligible





# Florida's SSBCI Programs

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- Florida's programs are designed to be flexible and respond to a variety of small business credit needs.
- Programs include:
  - FL Capital Access Program: \$20.6 million administered by DEO
  - Venture Capital Program: \$43.5 million administered by Enterprise Florida
  - Small Business Loan Support Program: \$33.5 million administered by Enterprise Florida



# Capital Access Program

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- Administered by DEO
- Target: Small business unable to find financing for expansion
- Loan portfolio insurance in which the lender and borrower pay an up-front premium to a reserve fund held by the originating bank.
- The state matches the premium in the originating lender's reserve fund.
- As the account grows, so does the lender's cash collateral to cover losses on its entire portfolio of CAP loans.



# Venture Capital Program

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- Administered by Enterprise Florida
- Will assist companies with long-term growth potential seeking to create Florida jobs.
- Emphasis on those businesses that provide strong co-investment opportunities and that fall within the state's targeted industries.
- Targeting business with 500 or fewer employees but may be up to 750 employees.
- Targeting equity investments averaging \$5 million – but may be up to \$20 million.



# Loan Support Program

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- Enterprise Florida will offer a range of credit support including loan participation, loan guarantees and direct loans.
- Emphasis on those businesses that provide strong co-investment opportunities and that fall within the state's targeted industries or promote small business exporting.
- These credit facilities will serve businesses with up to 500 employees with loan amounts between \$50,000 and \$5,000,000.



# Next Steps

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- Utilizing local networks to enroll lenders
  - Chambers of Commerce
  - Small Business Development Centers
  - Black Business Investment Corporations
  - HBIF
  - Florida Bankers Association
- Diversified approach to both statewide institutions and local lenders
- Assisting Enterprise Florida in making the Venture Capital and Loan Support Programs available to eligible businesses

