

**CITY COUNCIL RESEARCH DIVISION  
LEGISLATIVE SUMMARY**



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**Bill Type and Number:** Ordinance 2022-784

**Introducer/Sponsor(s):** Council President at the request of the Mayor

**Date of Introduction:** September 27, 2022

**Committee(s) of Reference:** NCSPHS, R, F

**Date of Analysis:** September 29, 2022

**Type of Action:** Authorization of economic development agreement; authorization of development loan, designation of oversight agency; Public Investment Policy waiver

**Bill Summary:** The bill authorizes execution of an economic development agreement between the City and Vestcor Companies, Inc. to support the development of a mixed-income apartment community on Merrill Road in Arlington. The bill authorizes a \$5 million loan to the project and waives the Public Investment Policy (PIP) in order to provide the loan, which is not otherwise authorized as a standard incentive in the PIP. The Office of Economic Development is designated as the City's oversight agency for the project.

**Background Information:** Vestcor proposes to construct a 240-unit mixed income apartment development to be known as Madison Palms at the intersection of Merrill Road and Hartsfield Road. The proposed development will be a mix of 1-, 2-, and 3-bedroom units, with 132 units set aside for households that are at or below 100% of the area median income (AMI), 97 units for households that are at or below 60% AMI, and 11 units for households at or below 33% AMI. The City is proposing to offer a \$5 million, 1% loan, with interest-only payments for 17 years, followed by a lump-sum balloon payment at maturity, to help finance the \$56.5 million project. Commencement of construction will begin by November 1, 2023, and completion is anticipated by March 1, 2025. The City will hold a Second Mortgage on the property, subordinate only to the First Mortgage. Loan funds will be disbursed at occupancy based on a minimum overall capital investment of \$55.3 million.

The proposed Loan is not specifically defined in the City's Public Investment Policy (PIP). Due to the project's large capital investment, and the City Council's stated desire for additional affordable housing, a waiver of the PIP is being requested.

**Policy Impact Area:** Affordable housing production

**Fiscal Impact:** The City would provide a 17-year interest-only loan at 1%, with a lump sum balloon payment due at maturity. The funds would be provided by future Council appropriation legislation.

**Analyst:** Clements