

LEGISLATIVE FACT SHEET

DATE: 11/4/2019

BT or RC No: N/A

(Administration & City Council Bills)

SPONSOR: Office of Economic Development

(Department/Division/Agency/Council Member)

Contact for all inquiries and presentations: Office of Economic Development

Provide Name: Kirk WendlandEd Randolph Contact No: 255-5450 Email edr@coj.net

PURPOSE: White Paper (Explain why this legislation is necessary. Provide, who, what, when where, how and the impact.) Council Research will complete this form for Council introduced legislation and the Administration is responsible for all other legislation. (Minimum of 350 words – Maximum of 1 page)

The Millennia Companies, a Cleveland-based real estate management company, purchased four apartment communities located in Jacksonville, from Global Ministries Foundation in October of 2018, for \$51 million. The four communities have all been renamed since the purchase was completed. They include: Valencia Way (FKA Eureka Gardens) 400 units; Calloway Cove (FKA Washington Heights) 200 units; The Weldon (FKA Moncrief Village) 94 units; and Palmetto Glen (FKA Southside Apartments) 74 units. Due to its non-profit status, Global Ministries Foundation was not required to pay ad valorem taxes on the four properties. However, Millennia, a private company, will be required to pay ad valorem taxes on all four properties moving forward. The total estimated amount of ad valorem taxes for their first year of ownership is approximately \$600,000, with approximately \$384,000 due to the City.

In 2016, Millennia was given the right to take over management of the four communities, after Global Ministries Foundation was forced by U.S. Department of Housing and Urban Development (HUD) to put the properties up for sale due to lack of maintenance and effective management. In 2017, Millennia was awarded the ability to develop a plan to purchase and rehabilitate the properties using tax credit bond allocations. Millennia agreed to invest \$44 million to rehabilitate all four of the properties. However, after starting construction, the company discovered that the conditions of the properties were worse than expected. Some of the unexpected issues include the need to replace the natural gas system utility infrastructure at Valencia Way, major plumbing repairs at Palmetto Glen, and other items such as termites, soil contamination, and overall deterioration at all four communities.

In order to help offset some of the unexpected additional costs and ensure Millennia makes the necessary capital improvements needed to improve the living conditions at the four facilities (Palmetto Glen, The Weldon, Valencia Way and Calloway Cove), the City of Jacksonville and Millennia will enter into a Deteriorated Infrastructure Grant ("DIG") Agreement. The DIG Agreement will utilize the form of a REV Grant, whereby a portion of the City/County ad valorem taxes paid by Millennia will be the basis for the grant amount. Using the 2018 taxable value (\$0.00) as the base year, 50% of the incremental increase in City/County ad valorem taxes paid on the above listed properties will be annually awarded to

Millennia as long as the infrastructure improvements have been made and the properties are maintained in a commercially satisfactory condition.

The DIG will be for a maximum period of 10 years or until the aggregate amount of the payments reach \$2,000,000, whichever occurs first.

APPROPRIATION: Total Amount Appropriated as follows: List the source name and provide Object and Subobject Numbers for each category listed below:

(Name of Fund as it will appear in the title of the legislation)

Name of Federal Funding Source(s)

From: _____ Amount: _____

To: _____ Amount: _____

Name of State Funding Source(s)

From: _____ Amount: _____

To: _____ Amount: _____

Name of COJ Funding Source(s)

From: Amount:

To: Amount:

Name of In-Kind Contributions:

From: _____ Amount: _____

To: _____ Amount: _____

Name & No. of Bond Account(s):

From: _____ Amount: _____

To: _____ Amount: _____

PLAIN LANGUAGE OF APPROPRIATION/FINANCIAL IMPACT/OTHER:

Explain: Where are the funds coming from, going to, how will the funds be used? Does the funding require a match? Is the funding for a specific time frame? Will there be ongoing maintenance and staffing obligation? Per Chapter 122 & 106 regarding funding of anticipated post-construction operation costs. (Minimum of 350 words – maximum of 1 page.)

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Millennia as long as the infrastructure improvements have been made and the properties are maintained in a commercially satisfactory condition.

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ACTION ITEMS: Purpose/Check List. If "Yes" please provide detail by attaching justification and code provisions for each.

ACTION ITEMS:

Emergency? Yes _____ No **X** _____

Justification of Emergency: If yes, explanation must include detailed nature of emergency.

Federal or State Mandate? Yes _____ No **X** _____

Explanation: If yes, explanation must include detailed nature of mandate include Statue or Provision.

Fiscal Year Carryover? Yes _____ No **X** _____

Note: If yes, note must include explanation of all-year subfund carryover language.

CIP Amendment? Yes ___ No **X** _____

Attachment: If yes, attach appropriate CIP form(s). Include justification for mid-year amendment.

Contract/Agreement Approval? Yes _____ No **X** _____

Attachment & Explanation: If yes, attach the Contract/Agreement & provide name of the Department and include contact name and telephone number of the person r that will provide oversight. Indicate if negotiations are on-going and with whom. Has OGC reviewed/drafted?

Related RC/BT? Yes _____ No **X** _____ If yes, attach appropriate RC/BT form(s)

Waiver of Code? Yes _____ No **X** _____

Code Reference: If yes, identify code section(s) in space below & provide detailed explanation (including impacts) within white paper.

Code Exception: Yes _____ No **X** _____

Code Reference: If yes, identify code section(s) in space below & provide detailed explanation (including impacts) within white paper.

Related Enacted Ordinances? Yes _____ No **X** _____

Code Reference: If yes, identify related code section(s) and ORD reference number in the space below & provide detailed explanation and any changes necessary within whitepaper.

ACTION ITEMS CONTINUED: Purpose/Check List. If "Yes" please provide detail by attaching justification and code provisions for each.

ACTION ITEMS:

Continuation of Grant? Yes _____ No X

Explanation: How will the funds be used? Does the funding require a match? Is the funding for a specific time frame and/or multi-year? If multi-year, note year of grant. Are there long-term implications for the General Fund?

Surplus Property Certification? Yes _____ No X Attachment: If yes, attach appropriate form(s)

Reporting Requirements? Yes _____ No X

Explanation: List agencies (including City Council/Auditor) to receive reports and frequency of reports, including when reports are due. Provide name of the Department and include contact name and telephone number of the person responsible for generating.

Division Chief: 
(Signature)

Date: 12/4/19

Prepared By: 
(Signature)

Date: 12/4/19

ADMINISTRATIVE TRANSMITTAL

To: MBRC, c/o Roselyn Chall, Budget Office, St. James Bldg., Suite 325

Thru: N/A
(Name, Job Title, Department)

From: Kirk Wendland, Executive Director, Office of Economic Development (OED)
Initiating Department Representative (Name, Job Title, Department)

Phone: 255-5445 E-Mail: kwendland@coj.net

Primary Contact: Ed Randolph, Director of Business Development OED
(Name, Job Title, Department)

Phone: 255-5450 E-Mail: edr@coj.net

CC: Jordan Elsbury, Director of Intergovernmental Affairs, Office of the Mayor

Phone: 255-5013 E-Mail: jelsbury@coj.net

COUNCIL MEMBER/INDEPENDENT AGENCY/CONSTITUTIONAL OFFICER TRANSMITTAL

To: Peggy Sidman, Office of General Counsel, St. James Bldg., Suite 480

Phone: 255-5055 E-Mail: psidman@coj.net

From: N/A
Initiating Council Member/Independent Agency/Constitutional Officer

Phone: _____ E-Mail: _____

Primary Contact: N/A
(Name, Job Title, Department)

Phone: _____ E-Mail: _____

CC: Jordan Elsbury, Director of Intergovernmental Affairs, Office of the Mayor

Phone: 255-5013 E-Mail: paulc@coj.net

Legislation from Independent Agencies requires a resolution from the Independent Agency Board approving the legislation

Independent Agency Action Item:

Board(s) Action/Resolution? Yes _____ No X

Attachment: If yes, attach appropriate documentation. If no, when is board action scheduled?

FACT SHEET IS REQUIRED BEFORE LEGISLATION IS INTRODUCED