

# CITY COUNCIL RESEARCH DIVISION

## LEGISLATIVE SUMMARY



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**Bill Type and Number:** 2020-317

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

**Date of Introduction:** June 9, 2020

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

**Date of Analysis:** June 10, 2020

**Type of Action:** Lease agreement authorization and designation of oversight agency

**Bill Summary:** This bill authorizes the lease agreement between the City of Jacksonville and Front Porch Communities and Services for property in Cecil Commerce Center containing individual housing units that leases to adults 55 years of age and older to be used as a senior living facility. The Office of Economic Development will oversee the project.

**Background Information:** Front Porch Communities (formerly know as Internext Group) entered into a lease agreement with the City for the Cecil Pines Adult Living Community at Cecil Commerce Center, in May of 20000 (at that time it was a "Sub-License", as the City was still operating under a "License" with the Navy but that 20-year sub-license is now expiring). This legislation authorizes a new lease agreement which would allow Front Porch to continue the leasing and management duties at the senior living community. The terms of the lease include: 92 units, 1,200-1,500 SF each; Term: 10 years, with two additional 5 year extension options; Annual Rent: \$120,000 per year, with 3% annual escalator. In addition to minimum annual rent, tenant agrees to percentage rent within 15 days following the end of each calendar month which shall be equal to the amount, if any by which the sum of 14% of tenant's residential rental revenues for such month exceeds the monthly minimum rent paid for such month. The tenant is responsible for all building and grounds maintenance, road and streetlight maintenance remains the obligation of the Landlord. The tenant will contract and pay for road repair and streetlight work, which shall not exceed \$500,000, and must obtain at least 3 qualified and competitive bids prior to any maintenance work related to roads and streetlights. Upon completion of the work, the Tenant will be given a rent credit (which shall never exceed the monthly rent amount due) equal to the total cost of repairs divided by the remaining months in the lease. Tenant may request an increase in the \$500,000 rent credit cap, however that increase would require approval by the City Council.

**Policy Impact Area:** Senior living facility in Cecil Commerce Center

**Fiscal Impact:** Revenue from rent paid to the City of \$120,000 per year, with 3% annual escalator; varying cost for rent credit cap for road and streetlight maintenance

**Analyst:** Hampsey