



OFFICE OF ECONOMIC DEVELOPMENT
CITY OF JACKSONVILLE, FL

**Millennia Deteriorated Infrastructure Grant ("DIG")
Agreement Summary
December 3, 2019**

Company:
The Millennia Companies

Background:

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.

Request:

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.