

CITY COUNCIL RESEARCH DIVISION LEGISLATIVE SUMMARY



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Bill Type and Number: Ordinance 2020-0024

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

Date of Introduction: January 14, 2020

Committee(s) of Reference: F, NCSPHS

Date of Analysis: January 14, 2020

Type of Action: Deteriorated Infrastructure Grant (DIG) Agreement; authorizing the Administration to execute agreement; providing oversight

Bill Summary: The bill authorizes the Administration to execute a Deteriorated Infrastructure Grant (DIG) Agreement between the City and the Millennia Companies for the revitalization of four communities within Jacksonville: Valencia Way (Eureka Gardens) 400 units; Calloway Cove (Washington Heights) 200 units; The Weldon (Moncrief Village) 94 units; and Palmetto Glen (Southside Apartments) 74 units.

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. Oversight for the project will be provided by the Office of Economic Development.

Background Information: The Millennia Companies purchased four apartment communities located in Jacksonville in 2018 for \$51 million. Due to its non-profit status, previous owner Global Ministries Foundation was not required to pay ad valorem taxes. 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 \$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.

Policy Impact Area: Community rehabilitation

Fiscal Impact: 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, the City of Jacksonville and Millennia will enter into a DIG Agreement. 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.

Analyst: Baltiero