

## RESOLUTION 2021-10-03

**A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY RECOMMENDING CITY COUNCIL APPROVAL OF A MARKET RATE MULTI-FAMILY HOUSING RECAPTURE ENHANCED VALUE GRANT (“REV GRANT”), AND A PARKING GARAGE COMPLETION GRANT (“COMPLETION GRANT”), AUTHORIZING THE CHIEF EXECUTIVE OFFICER (THE “CEO”) TO NEGOTIATE A REDEVELOPMENT AGREEMENT REGARDING THE SAME BETWEEN THE CITY OF JACKSONVILLE, DOWNTOWN INVESTMENT AUTHORITY, AND AXIS 404 JULIA, LLC; AUTHORIZING THE CEO OF THE DOWNTOWN INVESTMENT TO EXECUTE SUCH AGREEMENT; PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, Axis 404 Julia, LLC, a single purpose entity created by Augustine Development Group (“Augustine”) for the purposes of the subject development has ownership of real estate parcels within the Central Core District of the Downtown Northbank Community Redevelopment Area with RE#s 073803 0000, 073802 1000, 073802 0000, and 073805 0000; and

**WHEREAS**, the DIA is the Community Redevelopment Agency for the Combined North Bank Community Redevelopment Area; and

**WHEREAS**, the Developer proposes to build a mixed-use, residential apartment complex and structured parking garage on these parcels in two components; a new construction component and a historic redevelopment component. The new construction component is proposed to include 103 multifamily residential rental units and a structured parking garage with 487 parking spaces as proposed. Collectively the new construction component will result in an investment of approximately \$39.2 million for the construction of the multifamily apartment building and structured parking garage; and

**WHEREAS**, the Jacksonville Fire and Rescue Department seeks to acquire 120 spaces in the structured parking garage for \$20,000 per space; and

**WHEREAS**, redevelopment of the Property will result in a minimum private capital investment of approximately \$34,370,000, which excludes the \$2.4 million contribution from JFRD for 120 parking spaces within the structured parking facility; and

**WHEREAS**, to assist Augustine, or its related single purpose entity, to increase the amount of residential units in Jacksonville will require financial assistance from the Downtown Investment Authority; and

**WHEREAS**, the Downtown Investment Authority (“DIA”) is authorized per section 55.108 *Economic Development* of the City Ordinance Code, to utilize the Tax Increment Finance

District Trust Funds to foster the redevelopment of the Downtown Northbank Community Redevelopment Area; and

**WHEREAS**, the Downtown Investment Authority (“DIA”) is authorized per section 55.108(8)-(9)(b) *Economic Development* of the City Ordinance Code, to implement the BID Plan, grant final approval of redevelopment agreements, without further action of Council, in furtherance of the BID Plan; and

**WHEREAS**, DIA is proposing a REV Grant up to 75% of the incremental increase in the county portion of ad valorem taxes generated from their proposed private capital investment of up to \$39.2 million for fifteen (15) years not to exceed \$4,050,000, and the REV Grant is consistent with the DIA Market Rate Multi-Family Housing REV Grant guidelines set forth in the Bid Plan; and

**WHEREAS**, the REV Grant annual payments will be funded through the Northside Tax Increment Finance District Trust Fund; and

**WHEREAS**, the proposed City of Jacksonville REV Grant incentive is a material factor in assisting Augustine, or its single purpose entity, to expand its residential rental capacity in Jacksonville within the Northbank of downtown.

**NOW THEREFORE BE IT RESOLVED**, by the Downtown Investment Authority:

**Section 1.** The DIA finds that the recitals set forth above are true and correct and are incorporated herein by this reference.

**Section 2.** The DIA hereby approves a REV Grant of up to 75% of the incremental increase in the county portion of ad valorem taxes generated from the proposed private capital investment of up to \$39.2 million for fifteen (15) years not to exceed \$4,050,000 subject to the terms and conditions as provided in the Term Sheet attached hereto as Exhibit A.

**Section 3.** The DIA finds that this resolution and the allocation of development rights furthers the following Redevelopment Goals and Strategic Objectives within the Northbank Downtown Community Redevelopment Area Plan:

**Redevelopment Goal 2:** Increase rental and owner-occupied housing downtown, targeting key demographic groups seeking a more urban lifestyle.

**Strategic Objective:** Actively pursue a minimum of 3,850 built and occupied multi-family dwelling units by 2025; and strive to induce construction of 350 multi-family dwelling units per year.

**Redevelopment Goal No. 4:** Improve walkability/bikeability and connectivity to adjacent neighborhoods and the St. Johns River while creating highly walkable nodes.

**Strategic Objective:** Create a mixture of uses so that housing, activities, retail, and other businesses are within useful walking distance.

**Section 4.** The DIA hereby authorizes its CEO to negotiate a Redevelopment Agreement authorizing the REV Grant and Parking Garage Completion Grant as described above subject to the minimum terms and conditions contained in the term sheet attached as Exhibit A.

**Section 5.** The DIA recommends that City Council adopt an ordinance that authorizes a Redevelopment Agreement pursuant to Exhibit A, terms and conditions.

**Section 6.** The DIA hereby authorizes its CEO to take all necessary actions to effectuate the purposes of this Resolution, including but not limited to the filing of legislation and execution of a Redevelopment Agreement, or functional equivalents, providing that such actions incorporate, at a minimum, the terms and conditions contained in Exhibit A to this Resolution 2021-10-03.

**Section 7.** This Resolution, 2021-10-03, shall become effective on the date it is signed by the Chair of the DIA Board.

**WITNESS:**

**DOWNTOWN INVESTMENT AUTHORITY**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

W. Braxton Gillam IV, Esq, Chairman

Date

**VOTE:** In Favor: \_\_\_\_\_ Opposed: \_\_\_\_\_ Abstained: \_\_\_\_\_

**Exhibit A:**

**DIA Market-Rate Multifamily REV Grant  
TERM SHEET  
CNB Multifamily and Parking Garage New Construction**

**Project:** The Central National Bank (“CNB”) Multifamily and Parking Garage New Construction, a 103-unit multifamily development with a structured parking facility providing an estimated 487 spaces located on N. Pearl St. between W. Duval Street and W. Church St. in the Central Core District of the Downtown Northbank Community Redevelopment Area on portions of parcels with RE#s 073803 0000, 073802 1000, 073802 0000, and 073805 0000. This “new construction” element is a component of a broader development plan that includes another 36 residential units, and approximately 5,769 square feet of commercial/retail space, within the historic renovation component of the Central national Bank building, all of which function as one integral development project. This term sheet shall only apply to the new construction component.

**Developer/ Applicant:** Axis 404 Julia, LLC (Axis 404), a single purpose entity created by Augustine Development Group, (George Bochis, CEO; Bryan Greiner, President).

**Total Development Costs (estimate):** \$39,227,136

**City Funding:** No more than **\$6,450,000** (through the City of Jacksonville Downtown Investment Authority and the City of Jacksonville), as follows:

REV Grant: The Developer is requesting a Market Rate Multi-Family Housing REV Grant for 75% of the ad valorem tax increment generated by the project for a period of 15 years. The total REV grant indebtedness will not exceed \$4,050,000 and will be paid annually beginning the first year of taxation following completion based upon the incremental increase in the Duval County Operating Millage ad valorem taxes collected (“Annual Project Revenues”), subject to other terms and conditions as found herein.

Parking Garage Completion Grant: **The City of Jacksonville will pay a Completion grant in the amount of \$2,400,000 upon substantial completion of the Structured Parking Garage** as further described herein, and providing a 1<sup>st</sup> priority parking restrictive covenant, superior to all liens on the property, for exclusive use of 120 dedicated parking spaces of which not less than 30 spaces to be provided in a segregated area at the ground floor level with dedicated, controlled, ingress and egress. The remainder of the spaces to be in reserved and marked spots in a common area elsewhere within the garage.

Loans: No City loans are contemplated by this Term Sheet.

Infrastructure: No City of Jacksonville infrastructure improvements are contemplated.

Land: No City of Jacksonville land is committed to the project. diligence

**Minimum Capital Contribution:**

- 1) The Minimum Private Capital contribution through completion to remain eligible for the REV Grant is \$34,370,000, which shall not include the \$2.4 million contribution from the City for 120 parking spaces within the structured parking facility. Any Minimum Private Capital contribution below this amount will require a pro rata reduction in the REV Grant, and a reduction of the Minimum Private Capital of greater than 10% will result in a forfeiture of the REV Grant in its entirety.
- 2) Percent of COJ investment to overall project cost:  $\$6,450,000/\$39,227,136 = 16.4\%$
- 3) Percent of COJ investment to Minimum Private Capital:  $\$6,450,000/\$34,370,000 = 18.8\%$

**Additional Commitments:**

- 1) The Developer commits to the development of:
  - A minimum of 100 dwelling units.
  - A seven-story garage with a minimum of 475 spaces.
- 2) Eligibility for payment of the REV Grant under the New Construction Component is conditional upon the completion of the Historic Component of the Central National Bank Redevelopment project, not contemplated otherwise in this Term Sheet. No funding will be earned or paid until first full year following the substantial completion of the both the New Construction and the Historic components of the development project.
- 3) Adherence with all conditions of approval as provided by the DDRB board.

**Performance Schedule:**

- 1) Execution of the Redevelopment Agreement and filing for construction permits necessary to commence construction to occur within 90 days of final DIA and DDRB approvals.
- 2) Commencement of Construction to occur within 30 days following receipt of all required approvals, permitting, and closing on all required financing to allow the start of construction activities and has actually broken ground to begin work, but not later than 6 months following the Effective Date of the Redevelopment Agreement.
- 3) Substantial Completion to be achieved within twenty-four (24) months following Commencement of Construction as defined above.
- 4) The DIA CEO will have authority to extend this Performance Schedule, in the CEO's discretion, for up to six (6) months for good cause shown by the Developer / Applicant. Any such extension to the Commencement Date will have the same effect on the Substantial Completion Date.

**This Term Sheet proposal is limited by the following conditions:**

There will be additional terms, conditions, rights, responsibilities, warranties, and obligations for both parties which shall be determined in a later negotiated mutually agreeable written contract (or multiple written contracts as is deemed necessary).