

**RESOLUTION 2024-02-06**

**A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY (“DIA”) ACTING AS THE DOWNTOWN ECONOMIC DEVELOPMENT AGENCY (“GRANTOR”) APPROVING THE AWARD OF AN AFFORDABLE HOUSING SUPPORT LOAN TO LOFTS AT SOUTHBANK, LTD. (OR OTHER SUCH CLOSELY HELD ENTITY OF VESTCOR INC.); TO FACILITATE DEVELOPMENT OF 100 UNITS OF AFFORDABLE HOUSING IN THE SOUTHBANK NEIGHBORHOOD OF THE SOUTHSIDE COMMUNITY REDEVELOPMENT AREA OF DOWNTOWN JACKSONVILLE; AUTHORIZING THE CEO OF THE DIA TO NEGOTIATE A LOAN AGREEMENT WITH TERMS AS SET FORTH IN EXHIBIT A TO THIS RESOLUTION; AUTHORIZING THE DIA CEO TO EXECUTE SUCH AGREEMENTS; AND FINDING THAT THE PROVISION OF AFFORDABLE HOUSING IN THE SOUTHSIDE CRA IS CONSISTENT WITH THE DIA’S BUSINESS INVESTMENT AND DEVELOPMENT PLAN, INCLUDING THE SOUTHSIDE CRA PLAN (“BID PLAN”); AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, Vestcor, Inc. (the “Developer”) proposes to construct the Lofts at Southbank, a project consisting of approximately 100 new multi-family apartment units for families in the Southside neighborhood of the Southbank CRA.

**WHEREAS**, the project will result in the investment of approximately \$38,756,178 for the construction of the apartments and associated improvements; and

**WHEREAS**, the Developer is seeking an allocation of Low-Income Housing Tax Credits (“LIHTCs”) from the Florida Housing Finance Corporation, under Request for Applications (“RFA”) 2024-202 under the Large Counties program; wherein Duval County is a FHFC designated Large County; and

**WHEREAS**, the RFA permits the Jacksonville Housing Finance Authority (“JHFA”) to set the criteria and score the applications received for Duval County in order to receive an allocation of LIHTCs under the Large Counties program; and

**WHEREAS**, the JHFA plans to issue a Notice of Funding Availability (the “NOFA”) which will set forth local government support loan criteria for consideration of scoring; and

**WHEREAS**, the Developer is seeking to maximize the point total for its application for LIHTCs and is therefore requesting a Low-Income Housing Support Loan from the DIA that will meet the requirements of the NOFA and RFA; and

**WHEREAS**, the Downtown Investment Authority (“DIA”) is authorized per section 55.108 of the City Ordinance Code to serve as the Economic Development Agency to promote the general business interests in Downtown, and to utilize Downtown Economic Development Funds

to foster the economic development activity in accordance with the BID Plan within Downtown; and

**WHEREAS**, sufficient Downtown Economic Development Loan Funds are available for the Affordable Housing Support Loan and are available for use in accordance with the BID Plan; and

**WHEREAS**, to assist Developer in completing their application for LIHTCs and maximize their application score to construct the 100 affordable housing units, \$600,000.00 in financial assistance from the Downtown Investment Authority is a contributing factor; and

**WHEREAS**, the Developer will seek additional funding from the City through the City Council or other City agency as may be determined appropriate; and

**WHEREAS**, the financial assistance to the project will be in the form as detailed on the attached Term Sheet and in compliance with the requirements of the Local Government Support Loan; and

**WHEREAS**, the proposed financing is consistent with the BID Plan for funding of a project under Goal 2 - Increase rental and owner-occupied housing Downtown targeting diverse populations identified and the related Strategic Objective of *“Improve the breadth and diversity of housing options across Downtown to provide all types, and varied price ranges, of rental and owner-occupied opportunities, including mixed income and mixed-use structures”*; and

**WHEREAS**, facilitating development of affordable housing within a broader project that includes self storage units which were opposed by the DIA Board, does not imply endorsement of the larger development project of which the affordable housing is a part or bind DIA in any other review or determination it may be asked to make with regard to the overall project ; and

**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.

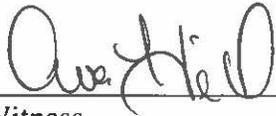
**Section 2.** The DIA hereby authorizes the CEO of the Downtown Investment Authority to negotiate a Loan Agreement with the Developer, or an affiliate of the Developer substantially in accordance with the term sheet attached hereto as Exhibit A.

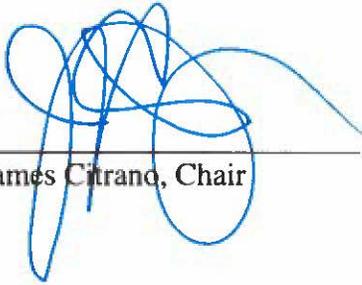
**Section 3.** The DIA hereby authorizes the CEO of the Downtown Investment Authority to execute such agreements.

**Section 4.** This Resolution, 2024-02-06, shall become effective on the date it is signed by the Chair of the DIA Board.

(SIGNATURES ON THE FOLLOWING PAGE)

**DOWNTOWN INVESTMENT AUTHORITY**

  
\_\_\_\_\_  
Witness

  
\_\_\_\_\_  
James Citrano, Chair

2/2/24  
Date

VOTE: In Favor: 8 Opposed: 0 Abstained: 0

**Ex A - TERM SHEET**

**Project Name:** Lofts at Southbank (A multifamily development utilizing Low Income Housing Tax Credits)

**Developer/ Applicant:** Lofts at Southbank, Ltd. (or other Single Asset Entity to be formed by Vestcor (or an affiliate company) to serve as General Partner in the subject development.)

**Total Development Costs (estimate):** \$38,756,178

**Equity (proposed):**

Limited Partner via Low Income Housing Tax Credit investment	\$21,880,712 (56.5% of TDC)
General Partner via Deferred Developer Fee	\$4,941,051 (11.0% of TDC)

**DIA Funding:** Affordable Housing Support Loan **\$600,000** (1.6% of TDC)

**Additional COJ Commitments:**

Infrastructure: No city of Jacksonville infrastructure improvements are contemplated.  
Land: No land or building owned by the City of Jacksonville land is requested by the project.  
City Funding: \$6,000,000 in construction and permanent financing is being sought through COJ City Council or the Mayor's Administration.

**Affordable Housing Support Loan Terms:**

Amount	\$600,000
Source:	Downtown Economic Development Fund
Maturity:	20 Years from date of funding
Interest Rate	1.00% interest rate (payable semi-annually)
Payments:	Interest only, semi-annually

The principal balance of the note will be due at the end of the term or upon sale, transfer, or refinance of the project. There will be no annual payments of principal required on the \$600,000 loan. The Loan would be funded concurrent with the development's receipt of Certificate of Occupancy.

Eligibility for the Affordable Housing Support Loan requires adherence with the following minimum requirements:

1. The Developer/Applicant shall meet the minimum eligibility criteria as set forth in the related Jacksonville Housing Finance Authority ("JHFA") Notice of Funding Availability ("NOFA") and the Florida Housing Finance Corporation ("FHFC") Request for Funding Applications ("RFA").
2. The Developer/Applicant must also make an application to the JHFA under its NOFA that will determine the Local Government Areas of Opportunity Designation as further defined by the FHFC in a given year. If the name of the Designation as defined by FHFC shall change in any year, this program shall then adopt the new name for such Designation that provides bonus points in the scoring rubric.

3. Only applications made for affordable housing, or mixed-income housing development to be constructed on non-riverfront or non-creek front properties within the Northbank or Southside CRA boundaries of the DIA will be considered.
4. Development applications that remove the subject property from the property tax rolls shall not be eligible for funding.
5. All development work and design features must comply with all applicable city codes, ordinances, the established Downtown Development Review Board Guidelines and the Downtown Zoning Overlay without waiver (subject to amendment).
6. Each recipient of a DIA Multifamily Housing REV Grant must agree to promote Downtown activities and events organized by the City to its residents using electronic or static bulletin boards, newsletters, emails, and/or other standardized methods of internal communication.

**Minimum Contribution:**

- Completion and delivery of not less than 100 multifamily affordable housing units meeting the minimum set-aside requirements to be set forth in RFA 2024-202.

**Performance Schedule:**

- Following the requisite approvals by JHFA and FHC, and upon entering into a Redevelopment Agreement to establish the "Effective Date," the Developer agrees to pull all required permits within twelve (12) months of that Effective Date, which then establishes the "Commencement Date." Note: FHFC guidelines provide up to 3 months for adjudication if protests are filed on awards as announced, followed by a formal underwriting period of up to 12 months. Further, FHFC Guidelines also contemplate an 18-24 month timeline for the completion and occupancy of developments. Final approval of FHFC shall be determined as the point where such protests or underwriting have passed or have otherwise been finalized.
- The Developer further agrees to a Construction Completion Date of twenty-four (24) months from Commencement Date.
- The Redevelopment Agreement shall allow the DIA CEO to extend the performance schedule for up to six (6) months in her sole discretion for good cause shown by Developer.

**Additional Limiting Conditions**

This Term Sheet is limited by the following conditions:

- Downtown Investment Authority review of all development and construction timelines; and
- The successful commitment and closing of construction/senior debt agreements and any private junior lien loan agreements and commitments.
- Evidence of marketable title by the Developer.

There may 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).



# Downtown Investment Authority

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## STAFF MEMO

### Affordable Housing Support Loan LOFTS AT SOUTHBANK

**Project Name:** Lofts at Southbank  
**Developer/ Applicant:** Lofts at Southbank, Ltd. (A Vestcor Entity)

**DIA Funding:** Affordable Housing Support Loan \$600,000 (1.6% of TDC)

#### Project Summary:

Vestcor, through its related entity, Lofts at Southbank, LTD., proposes to develop a 100-unit affordable housing project as a condominium component within a larger development in a single building that includes mini-storage and retail space. The site is located at 1004 Hendricks Avenue located in the Southbank Neighborhood of the Southside CRA of Downtown Jacksonville.

The overall development opportunity was introduced in City Council as Ordinance 2021-0821 to amend Downtown District regulations that would allow for self-storage facilities within all overlay districts in Downtown, which was ultimately withdrawn. That legislation was formally opposed by the DIA Board in resolution 2022-01-07, except for locations within 500 feet of the Downtown boundary, which followed the recommendations of the Downtown Development Review Board (DDRB).

Alternative legislation was proposed in Ordinance 2023-007, which received a tie vote of 9 for and 9 against and was determined to be a denial by City Council. However, the Applicants filed a Request for Relief pursuant to Section 70.51, Florida Statutes, seeking, inter alia, a resolution between the Parties to permit the uses proposed in the Rezoning Application (the "FLUEDRA Action"), which led to settlement agreement between the Self-Storage developer and the City which if implemented, would *"rezone the Property from CCBD to PUD to permit a ten (10) story mixed-use development with ground floor retail, leasing offices, and parking, vertically integrated with structured parking on the second floor, four (4) floors of personal property self-storage, and four (4) floors of multi-family affordable residential units (the "Revised Rezoning Application"). Applicants agree that there shall be a minimum of one hundred (100) multi-family residential units and the overall multi-family portion of the Revised Rezoning Application shall meet the requirements for the nine percent (9%) tax credit program with the Florida Housing and Finance Corporation ("FHFC")."*

Accordingly, Vestcor, as developer of the affordable housing component, seeks approval of an Affordable Housing Support Loan from the DIA to satisfy requirements of Florida Housing Finance Corporation ("FHFC") Request for Applications ("RFA") 2024-202. In that RFA, (which has not yet been released to the public), scoring requires that support from the local government be provided to the affordable housing

development which is consistent with RFAs in previous years for Florida’s large counties, of which Duval County is included.

DIA created the Affordable Housing Support Loan in 2022 to provide a non-competitive funding program for developers of affordable housing participating in competitive financing arrangements through FHFC. The DIA has a vested interest in facilitating housing development that meets the needs of workers in the Downtown area covering a wide range of income levels. The DIA includes *“Improving the breadth and diversity of housing options across Downtown to provide all types and varied price ranges of rental and owner-occupied opportunities, including mixed-income and mixed-use structures”* among its strategic objectives in BID Goal #2, related to increasing the housing opportunities within Downtown.

The project will result in the investment of approximately \$38,756,000 for the construction of the apartments and associated improvements, which will be capitalized principally via by third-party investment in Low Income Housing Tax Credits estimated at \$21,881,000 along with Deferred Developer Fee of approximately \$4,941,000 from the General Partner (Lofts at Southbank).

The Developer is also engaged in conversation with the City of Jacksonville through City Council members, other departments and agencies, and the administration to appeal for an additional \$6,000,000 loan to finance construction and provide permanent capital for the project. DIA is not the reviewing or governing body for the consideration or approval of that request and it is our understanding that any underwriting of this request will be handled by JHFA in their review of the tax credit application.

As captured in the subject Resolution 2024-02-06, facilitating development of affordable housing within a broader project that includes self-storage units which were opposed by the DIA Board, does not imply endorsement of the larger development project of which the affordable housing is a part or bind DIA in any other review or determination it may be asked to make with regard to the overall project.

**Affordable Housing Support Loan Terms:**

Amount	\$600,000
Source:	Downtown Economic Development Fund
Maturity:	20 Years from date of funding
Interest Rate	1.00% interest rate (payable semi-annually)
Payments:	Interest only, semi-annually

The principal balance of the note will be due at the end of the term or upon sale, transfer, or refinance of the project. There will be no annual payments of principal required on the \$600,000 loan. The Loan would be funded concurrent with the development’s receipt of Certificate of Occupancy.

Additional terms and conditions are found in the Ex. A Term Sheet to Resolution 2024-02-06.