

RESOLUTION 2018-09-01

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY SUPPORTING THE EXECUTION OF A REDEVELOPMENT AND INCENTIVE AGREEMENT BETWEEN THE DOWNTOWN INVESTMENT AUTHORITY AND VESTCOR, INC; AUTHORIZE CEO OF THE DOWNTOWN INVESTMENT AUTHORITY TO NEGOTIATE THE LOAN AGREEMENT; AND AUTHORIZE CEO OF THE DOWNTOWN INVESTMENT AUTHORITY TO EXECUTE SUCH DOCUMENTS AND AGREEMENTS; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, Vestcor, Inc. (the “Developer”) proposes to construct the Lofts at Brooklyn, a project consisting of 133 new multi-family apartment units in the Brooklyn neighborhood. The Owner proposes to develop 80 affordable housing units utilizing funding from the Low Income Housing Tax Credit program (“LIHTC”) and an additional 53 units of workforce housing. The project proposes to construct 133 units of a variety of unit sizes. The project will result in the investment of approximately \$28,000,000 for the construction of the apartments and associated improvements; and

WHEREAS, the Developer is seeking an allocation of LIHTCs from the Florida Housing Finance Corporation, under the most recent Request for Applications (“RFA”) under the Large Counties program. 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 has issued a Notice of Funding Availability (the “NOFA”) issued as of August 15, 2018, which set forth local government support loans 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 qualifying loan from the DIA for 63% of the minimum level of local support (as detailed in the NOFA) under the terms of the NOFA and detailed in the attached Term Sheet; and

WHEREAS, the Downtown Investment Authority (“DIA”) is authorized per section 55.108 *Economic Development* of the City Ordinance Code, pending City Council and Mayoral approvals, to utilize the Tax Increment Finance District Trust Funds to foster the redevelopment of the Downtown Northbank Community Redevelopment Area; and

WHEREAS, to assist Developer in completing their application for LIHTCs and maximize their application score to construct the 80 new affordable apartments in Downtown Jacksonville requires approximately \$625,750.00 in financial assistance from the Downtown Investment Authority; and

WHEREAS, the proposed loan will be funded from the DIA Downtown Economic Development Fund account; and

WHEREAS, the Developer is also seeking a Multi-family REV Grant; and

WHEREAS, the Developer has agreed to provide workforce housing in 53 of the 133 units, and will restrict occupancy by providing that households occupying the units will be at or below 140% of the Jacksonville MSA Area Median Income (“AMI”) for the fifteen year life of the REV Grant; 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 \$28.6 million for fifteen (15) years not to exceed \$3,380,000, as detailed in Exhibit “A”, and the REV Grant is consistent with the DIA Multi-Family Housing REV Grant set forth in the Bid Plan; and

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

WHEREAS, the proposed City of Jacksonville REV Grant incentive is a material factor in assisting the Developer to expand the residential rental capacity, particularly for workforce housing, in Jacksonville within the Brooklyn Neighborhood; 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 (as detailed in the NOFA); and

WHEREAS, the proposed loan and Multifamily REV Grant satisfy the conditions in the BID Plan for funding of a project more specifically: Goal 1- Reinforce the Downtown as the City’s Unique Epicenter; Goal 2- Increase Rental and Owner-Occupied Housing Downtown; and Goal 7- Use Planning and Economic Development activities to Promote Healthy Living. **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. Authorizing the CEO of the Downtown Investment Authority to negotiate a Loan Agreements and a Redevelopment Agreement with the Developer, or a subsidiary of the Developer.

Section 3. Designates the Brooklyn Neighborhood as a Strategic Housing Area.

Section 4. Authorizing the CEO of the Downtown Investment Authority to execute such agreements.

Section 5. This Resolution, 2018-09-01, Shall become effective on the date it is signed by the Chair of the DIA Board.

WITNESS:

DOWNTOWN INVESTMENT AUTHORITY

Karen Anderson

James Balley, Chairman

9/19/18
Date

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

TERM SHEET

Project Name: Lofts at Brooklyn

Developer/ Applicant: Single Asset Entity to be formed, Vestcor (or an affiliate company) will be the General Partner.

Total Development Costs (estimate): \$28,625,750

Equity (proposed): (59.39% of TDC) \$17,000,000

City Funding: No more than **\$4,005,750** (through the City of Jacksonville Downtown Investment Authority)

Breakdown:

Infrastructure: No city of Jacksonville infrastructure improvements are contemplated.

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

REV Grant: The Developer is requesting a Multi Family REV Grant for 75% of the ad valorem tax increment generated by the project for a period of **15 years from the Northbank TID**. The total REV grant indebtedness will not exceed \$3,380,000. **(Performance Based Incentive)**

Grants: No Grants from the City of Jacksonville are contemplated for this project.

Loans: \$625,750 in Loans described as follows:

\$625,750 from the Downtown Economic Development Fund. The Note will have a 0.00% interest rate with a term of 20 years, as required by the Jacksonville Housing Finance Authority Notice of Funding Availability issued August 15, 2018 (the "NOFA"). The principal balance of the note will due at the end of the term or upon sale, transfer or refinance of the project. There will be no annual payments on the \$625,750. The Loan would be funded upon the issuance of a certificate of occupancy.

The loan is contingent upon the following:

1. An allocation of "9% Low income Housing Tax Credits" from the Florida Housing Finance Corporation.

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Conditions: This Term Sheet is limited by the following conditions:

All terms contained within this Term Sheet are contingent upon the successful commitment and closing of all Tax Credit Agreements. All terms contained within this Term Sheet are also contingent upon the Commitment of the Developer's Equity, and Debt Financing.

These proposed financial terms are subject to the approval of the Downtown Investment Authority and the City of Jacksonville.

There will be additional terms, conditions, rights, responsibilities, warranties and obligations for both parties shall be determined in a later negotiated mutually agreeable written contract (or multiple written contracts as is deemed necessary). Failure to agree upon and execute a written contract (or contracts) for these proposed financing terms, and any additional terms which have been agreed upon, by the expiration date of this Term Sheet will result in the nullification all obligations of both parties.

This Term Sheet expires and becomes void, unless executed by the parties prior to December 31, 2019.

Offered on behalf of the City of Jacksonville Downtown Investment authority by:

Aundra C. Wallace its CEO

Date _____

Accepted on behalf of _____ by

Print Name:

Its (print Officer Title): _____

Date _____