

RESOLUTION 2020-08-01

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 Cathedral, a project consisting of approximately 120 new or rehabilitated multi-family apartment units for families in the Cathedral District neighborhood. Utilizing funding from the Low Income Housing Tax Credit program (“LIHTC”), the Developer proposes to develop 57 affordable housing units, 27 units of workforce housing, and an additional 36 units at market rate rents. The project proposes to construct 120 units of a variety of unit sizes. The project will result in the investment of approximately \$28,700,000 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 Request for Applications (“RFA”) 2020-202 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 has issued a Notice of Funding Availability (the “NOFA”) issued as of June 17, 2020 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 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, subject to City Council appropriation of funds, to utilize the Tax Increment Finance District Trust Funds to foster the redevelopment of the Downtown Northbank Community Redevelopment Area; and

WHEREAS, sufficient funds have been previously appropriated by City Council for Loans within the Northbank CRA and remain 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 57 affordable housing units, and 27 units of workforce housing apartments in Downtown Jacksonville requires \$625,000.00 in financial assistance from the Downtown Investment Authority; and

WHEREAS, the proposed loan will be funded from the DIA Northbank CRA Loan program Plan Authorized Expenditures account; and

WHEREAS, the Developer will further seek funding through the applicable Historic preservation and revitalization program as may be available; and

WHEREAS, the Developer has agreed to provide market rate housing for families in 36 of the 120 units; 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 financing satisfies 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. The DIA hereby authorizes the CEO of the Downtown Investment Authority to negotiate a Loan Agreement and a Redevelopment Agreement with the Developer, or a subsidiary 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.

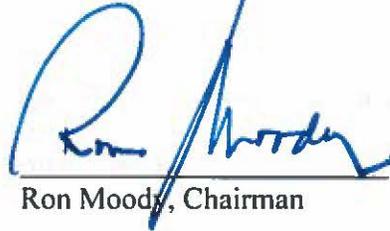
Section 4. This Resolution, 2020-08-01, Shall become effective on the date it is signed by the Chair of the DIA Board.

(SIGNATURES ON FOLLOWING PAGE)

WITNESS:

DOWNTOWN INVESTMENT AUTHORITY




Ron Moody, Chairman

8/24/2020
Date

VOTE: In Favor: 9 Opposed: 0 Abstained: 0

Exhibit A to Resolution 2020-08-01
Term Sheet

Loan:

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

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

Total Development Costs (estimate): \$28,785,258; not less than \$28,700,000 to remain eligible

Equity (proposed): \$17,744,225 (61.6% of TDC)

City Funding: Not more than \$1,025,000 (3.6% of TDC) through the City of Jacksonville, Downtown Investment Authority in the aggregate; this loan authorization not to exceed \$625,000 as follows:

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 pursuant to this Resolution:

Loan:

- \$625,000 Loan from the Northbank CRA Loan Program
- The Note will have a 1.00% interest rate (payable semi-annually)
- Term will be 20 years, as required by the FHFC RFA 2020-202, with an option for prepayment without penalty at any time.
- 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 of principal required on the \$625,000 loan.
- The Loan would be funded concurrent with development meeting the definitions of Completion within its senior loan documents.

The loan approval is contingent upon the following:

1. An allocation of "9% Low income Housing Tax Credits" from the Florida Housing Finance Corporation under RFA 2020-202.
2. Downtown Investment Authority review of all development and construction timelines; and
3. A completed application to the Jacksonville Planning and Development Department, Historic Preservation Commission for funding through the appropriate Historic preservation and revitalization program;

4. The successful commitment and closing of construction/senior debt agreements and any private junior lien loan agreements and commitments.
5. Evidence of marketable title by the Developer.
6. 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).

Minimum Capital Contribution:

- The minimum total capital contribution through completion to remain eligible for the City Funding as proposed will be \$28,700,000.
- Percent of total COJ investment to overall project cost: $\$1,025,000/\$28,785,258 = 3.6\%$

Performance Schedule:

- Following the requisite approvals of this Loan and upon entering into a Redevelopment Agreement, 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.
- The Developer further agrees to a Construction Completion Date of twenty four (24) months from the 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.

HPTF/DPRP Historic Program Funding (to be considered under separate Resolution – not part of this approval)

HPTF/DPRP Historic Program Funding: The Developer has committed to apply for funding in an amount not to exceed \$1,025,000 which will serve as permanent capital in the funding sources for the workforce, multifamily development. Funding under this program is conditional on the approval of the 9% Low Income Housing Tax Credit (LIHTC) award from the Florida Housing Finance Corporation (FHFC), which may be further conditioned on the approval for funding preference by the Jacksonville Housing Finance Authority (JHFA) under the Notice of Funding Allocation (NOFA) 2020-202.

A formal application for funding for this component will follow the approval process of the DPRP program, currently under consideration by the COJ City Council and its committees. If not approved, the request will follow the existing HPTF structure following the requisite guidelines for that program as are currently in place.

Under no circumstances will total funded or committed exposure to this development exceed \$1,025,000.