

RESOLUTION 2022-02-04

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY RECOMMENDING CITY COUNCIL APPROVAL OF A MARKET RATE MULTI-FAMILY HOUSING RECAPTURE ENHANCED VALUE GRANT (“REV 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 CLL ARTEÁ, LLC (OR SIMILAR SINGLE PURPOSE ENTITY TO BE FORMED); AUTHORIZING THE CEO OF THE DOWNTOWN INVESTMENT TO EXECUTE SUCH AGREEMENT; PROVIDING AN EFFECTIVE DATE.

WHEREAS, Cornerstone Development, LLC (“Cornerstone”) has negotiated a lease agreement with the Jacksonville Transportation Authority for property located within the Southside Community Redevelopment Area with RE#s 080098 0010, 080099 0000, 080100 0000, 080101 0000, 080102 0000, 080103 0000, and 080104 0000 on which Cornerstone plans to construct a multifamily development with structured parking garage and related amenities; and

WHEREAS, Cornerstone intends to create CLL ARTEÁ, LLC, (“Developer”) or similar single purpose entity for the purpose of fulfilling the subject development activity; and

WHEREAS, the DIA is the Community Redevelopment Agency for the Southside Community Redevelopment Area; and

WHEREAS, the Developer proposes to build a residential apartment complex and structured parking garage on these parcels to include 340 multifamily residential rental units and a structured parking garage with 425 parking spaces, as proposed. Collectively the development will result in an investment of approximately \$77.9 million for the construction of the multifamily apartment building and structured parking garage; and

WHEREAS, redevelopment of the Property will result in a minimum private capital investment of approximately \$70,728,600; and

WHEREAS, to assist Cornerstone, 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 Southside 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 55% of the incremental increase in the county portion of ad valorem taxes generated from their proposed private capital investment of up to \$77.9 million for fifteen (15) years not to exceed \$6,310,500, 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 Southside Redevelopment Trust Fund; and

WHEREAS, the proposed City of Jacksonville REV Grant incentive is a material factor in assisting Cornerstone, or its single purpose entity, to expand its residential rental capacity in Jacksonville within the Southside Community Redevelopment Area 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 55% of the incremental increase in the county portion of ad valorem taxes generated from the proposed private capital investment of up to \$77.9 million for fifteen (15) years not to exceed \$6,310,500 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 Southside 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 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 2022-02-04.

Section 7. This Resolution, 2022-02-04, shall become effective on the date it is signed by the Chair of the DIA Board.

WITNESS:

DOWNTOWN INVESTMENT AUTHORITY



 2/23/22
W. Braxton Gillam IV, Esq., Chairman Date

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

Exhibit A:

**DIA Market-Rate Multifamily REV Grant
TERM SHEET
Artea Multifamily**

Project: Artea Multifamily Development is a four story, 340-unit, multifamily development with a structured parking facility providing an estimated 425 spaces to be developed in the Southside Community Redevelopment Area along Broadcast Place. The development is to be built on approximately 3.6 acres of property owned by the Jacksonville Transit Authority under a ground lease arrangement including parcels with RE#s 080098 0010, 080099 0000, 080100 0000, 080101 0000, 080102 0000, 080103 0000, and 080104 0000.

Developer/ Applicant: CLL ARTEÁ, LLC (or similar entity to be formed)
Corner Lot Development Group
(Mr. Andy Allen, CEO, and Mr. George Leone, COO)

Total Development Costs (estimate): \$77,909,313

City Funding: Not more than \$6,310,500 (through the City of Jacksonville Downtown Investment Authority, Southbank CRA Redevelopment Trust Fund), as follows:

REV Grant: The Developer is requesting a Market Rate Multi-Family Housing REV Grant for 55% of the ad valorem tax increment generated by the project for a period of 15 years, dropping to 50% REV if certain defined conditions for public events are met each year. The total REV grant indebtedness will not exceed \$6,310,500 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.

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.

Minimum Capital Contribution:

- The Minimum Private Capital contribution through completion to remain eligible for the REV Grant is \$70,728,600, which shall not include Inspection and Consultant Fees, Financing Fees and Insurance, Development Fees, Interest Reserve, and Operating Reserve. 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.
- Percent of COJ investment to overall project cost: $\$6,310,500 / \$77,909,313 = 8.1\%$
- Percent of COJ investment to Minimum Private Capital: $\$6,310,500 / \$70,728,600 = 8.9\%$

Additional Commitments:

- 1) The Developer commits to the development of:

- A minimum of 330 dwelling units.
 - A parking garage with a minimum of 415 spaces.
 - Project to provide the following activated spaces and used in accordance with information provided at the time of application:
 - *Indoor Amenity Space @ Level 01: Approximately 7,100 sf*
 - This area will be used to host pop up restaurants, smaller farmers markets, social events for residents and guests and will be the primary space that this facility offers for public events. It is required that this space is used for programming that benefits the general public not less than eight days per month, and for a minimum of six hours per day of use. If this condition is not met in a given year (as evidenced by documentation of events and attendance each year) the REV calculation will drop to 50% for such year.
 - *RoofTop Amenity Space: Approximately 1,522 sf*
 - This area will be primarily for residents only however it will be available for corporate events, birthday parties, charity events, fundraisers and holiday events. This area will have restricted scheduling that will allow limited events and provide availability for a minimum of one non-resident events per month.
 - *Courtyard 1 Tranquility Space: Approximately 5,158 sf*
 - This will host yoga classes, meditation, and group education activities. This area will be available for programming that can include residents and members of the public and will have the ability to offer weekly activities throughout the year. This will be a combination of both fee based daily activities, monthly or annual memberships and free activities open to the public.
 - *Courtyard 2 Pool: Approximately 7,561 sf*
 - This area will be used to host pop up restaurants, smaller farmers markets, social events for residents and guests and will be the primary space that this facility offers for public events.
 - *Courtyard 3 Active Space: Approximately 5,158 sf*
 - This area can host group exercises activities similar to spin classes, fitness training or other high intensity workouts, This will be programmed by the onsite staff management staff however it will be open to residents of the facility and also of the surrounding Southbank area. This will be a combination of both fee based daily activities, monthly or annual memberships and free activities open to the public.
- 2) Adherence with all conditions of approval as provided by the DDRB board.

Performance Schedule:

- 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.
- Commencement of Construction to occur within 90 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.

- Substantial Completion to be achieved within twenty-four (24) months following Commencement of Construction as defined above.
- 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).