Downtown Investment Authority
Strategic Implementation Committee
Hybrid In-person/Virtual Meeting
Friday, November 15TH, 2024 at 2:00 PM

Agenda packet amended to provide an updated version of Resolution 2024-10-03 Core Residential Program.

AMENDED SIC AGENDA

MEMBERS:
Micah Heavener, Committee Chair
Scott Wohlers, Committee Member
Melinda Powers, Esq., Committee Member
Jim Citrano, Committee Member
John Hirabayashi, Committee Member

I. CALL TO ORDER

II. PUBLIC COMMENTS

III. FORM 8B: VOTING CONFLICT DISCLOSURES

IV. OCTOBER 15TH, 2024 STRATEGIC IMPLEMENTATION COMMITTEE MEETING MINUTES APPROVAL

V. RESOLUTION 2024-10-03 CORE RESIDENTIALPROGRAM

VI. RESOLUTION 2024-11-04 JULIETTE BALCONY

VII. OTHER MATTERS TO BE ADDED AT THE DISCRETION OF THE CHAIR

VIII. ADJOURN

PHYSICAL LOCATION
Jacksonville Public Library-Main Library/Downtown
303 North Laura Street
Multipurpose Room (located in the Conference Center)
Jacksonville, Florida 32202

Virtual Location
Interested persons desiring to attend this meeting virtually can do so via Zoom (including by computer or telephone) using the following meeting access information:

Join Zoom Webinar
https://us02web.zoom.us/j/87042584718?pwd=hqXWWsU5wWdOKsgxyuOZEb9033hMje.1

Downtown Investment Authority
Strategic Implementation Committee
Hybrid In-person/Virtual Meeting
Friday, November 15TH, 2024 at 2:00 PM

Webinar ID: 870 4258 4718
Passcode: 866809

One tap mobile
+1 301 715 8592 US (Washington DC)
+1 312 626 6799 US (Chicago)

International numbers available: https://us02web.zoom.us/u/kci6eq5TFM

TAB IV.

OCTOBER 15TH, 2024 STRATEGIC IMPLEMENTATION COMMITTEE MEETING MINUTES APPROVAL

Strategic Implementation Committee Meeting
DRAFT MEETING MINUTES

Strategic Implementation Committee Members (CM) in Attendance:
Patrick Krechowski, Esq. (Ex Officio) | Scott Wohlers
Melinda Powers, Esq. | John Hirabayashi

Board Members (BM) in Attendance:
Sondra Fetner, Esq.

DIA Staff Present: Lori Boyer, Chief Executive Officer; Steve Kelley, Director of Downtown Real Estate and Development; Guy Parola, Director of Operations; Allan DeVault, Project Manager; and Ava Hill, Administrative Assistant

Office of General Counsel: Joelle Dillard, Esq.

Council Members Present: Council Member Joe Carlucci, Council District 5

I. CALL TO ORDER

The Strategic Implementation Committee Meeting was called to order at 2:00 p.m. by Patrick Krechowski, Board Chair, who was sitting in for Committee Chair Micah Heavener. This was followed by introductions.

II. PUBLIC COMMENTS

The following people made in-person public comments, made public comments virtually through Zoom, or provided comments that were read into the record by DIA Staff. Note: the subject matter of the comment(s) indicated to the right of each person:

Rick Pariani	1534 Avondale Avenue	Hogan and Laura Activation Program
Deborah Early	4790 Ortega Boulevard	Hogan and Laura Activation Program

III. FORM 8B: VOTING CONFLICT DISCLOSURES

There were no voting conflict disclosures.

IV. AUGUST 16TH, 2024, STRATEGIC IMPLEMENTATION COMMITTEE MEETING MINUTES APPROVAL

Board Chair Krechowski called for a motion on the meeting minutes.

Motion: Committee Member Wohlers moved to approve the meeting minutes.
Second: Committee Member Powers seconded the motion.

Board Chair Krechowski called for a vote.

Vote: Aye: 5 Nay: 0 Abstain: 0

THE MOTION PASSED UNANIMOUSLY 5-0-0

V. <u>RESOLUTION 2024-10-06 PROJECT BLUE SKY</u>

A RESOLUTION APPROVING, AND AUTHORIZING THE CHIEF EXECUTIVE OFFICER ("CEO") OF THE DOWNTOWN INVESTMENT AUTHORITY ("DIA') TO ENTER INTO AN ECONOMIC DEVELOPMENT AGREEMENT AMONG THE CITY OF JACKSONVILLE, DIA, AND PROJECT BLUE SKY (THE "COMPANY"), TO SUPPORT THE RELOCATION OF THE BUSINESS HEADQUARTERS TO A DOWNTOWN JACKSONVILLE LOCATION IN THE SOUTHSIDE CRA, PROVIDING A PRIVATE CAPITAL INVESTMENT OF NOT LESS THAN $20,000,000 AND COMMITMENT TO THE CREATION OF 150 NEW JOBS IN DOING SO, (COLLECTIVELY, THE "PROJECT"); AUTHORIZING A RECAPTURE ENHANCED VALUE ("REV") GRANT NOT TO EXCEED $2,300,000 IN CONNECTION WITH THE PROJECT; RECOMMENDING JACKSONVILLE CITY COUNCIL APPROVAL OF A TARGET INDUSTRY EMPLOYMENT GRANT OF $750,000 AND A CITY TRAINING GRANT IN THE AMOUNT OF $1,300,000; AUTHORIZING THE CEO OF THE DIA TO NEGOTIATE THE TERMS OF THE ECONOMIC DEVELOPMENT AGREEMENT AS NECESSARY FOR THE PROJECT; AUTHORIZING THE CEO TO INITIATE FILING LEGISLATION WITH THE CITY COUNCIL REGARDING THE SAME; AUTHORIZING THE CEO OF THE DIA TO EXECUTE SUCH AGREEMENTS; PROVIDING AN EFFECTIVE DATE.

Mr. Steven Kelley introduced the resolution stating that the resolution that's presented under confidentiality under Florida statutes and is only referred to as Project Blue Sky. He continued that it is a relocation of a company to the Southbank. Mr. Kelley continued that it's a REV Grant based on 75% of incremental ad valorem proportionate to the space occupied by Blue Sky over a period of 15 years. He then reviewed the details of the resolution.

Committee member Hirabayashi asked if there would be any impact on the budget from businesses relocating from an area and if that would affect the revenue and the whole CRA. Mr. Kelley responded that the addition of twenty million dollars and building the new space on the Southbank is all accretive and nothing else would not have been affected. Other than you know what the business would have been doing anyway.

Board Chair Krechowski asked if this was part of a pitch the city's making and that this company is not committed to coming yet. CEO Boyer responded that the package is an inducement to lease or location selection on the Southbank. The company is being recruited by several locations, both in and outside of Jacksonville.

Board Chair Krechowski called for a motion on the resolution as presented.

Motion: Committee Member Citrano moved to approve the resolution.
Seconded: Committee Member Wohlers seconded the motion.

Committee Member Citrano asked if the Job GTI grant was tested. CEO Biyer responded yes and explained that it's monitored over a period, and they must be retained for 5 years.

Seeing no further discussion, Board Chair Krechowski called for a vote on the resolution.

Vote: Aye: 5 Nay: 0 Abstain: 0

THE MOTION PASSED UNANIMOUSLY 5-0-0

VI. <u>RESOLUTION 2024-10-04 HOGAN – LAURA ACTIVATION PROGRAM</u>

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY, ACTING AS THE COMMUNITY REDEVELOPMENT AGENCY ("CRA") OF THE COMBINED NORTHBANK COMMUNITY REDEVELOPMENT AREA; ADOPTING THE TARGETED LAURA HOGAN FOCUS AREA INITIATIVE; DIRECTING THE STAFF OF DIA TO ASSIGN PRIORITY STATUS TO BOTH PUBLIC AND PRIVATE PROJECTS WITHIN THE HOGAN LAURA FOCUS AREA; INSTRUCTING ITS CEO TO TAKE ALL NECESSARY ACTIONS TO EFFECTUATE THE PURPOSES OF THIS RESOLUTION; PROVIDING AN EFFECTIVE DATE.

CEO Boyer explained that the idea was to take the prioritized geographic area and do a deep dive into what every property already was that existed in the area, and what opportunities there were in the area. She reviewed the details of the resolution siting the area boundaries, opportunities for historic buildings, street retail, and vacant buildings. She mentioned that the intent was to develop a list of capital projects in the area.

Committee Member Wohlers mentioned that he had conversations with CEO Boyer and that they did determine the Board would not have to request additional, but that the funds were available within the CRA budget.

Committee Member Hirabayashi asked where the demand for the prioritized items came from. CEO Boyer responded that there are people who have interest in the city-owned storefront buildings and that there are private owners on Adams or Forsyth or Laura, who are actively pricing projects and have an interest.

Committee Member Wohlers asked why did DIA focus land on Hogan and Laura. CEO Boyer responded that the reason DIA landed on Hogan and Laura for that activation area is because it is already a designated food and beverage district.

Committee Member Wohlers mentioned doing a lot on Bay Street and why the Board wouldn't take advantage of that momentum instead. CEO Boyer responded because DIA has the Ford on Bay site, the annex site, and several sites that are vacant along that street with some activity, and that there is less opportunity and walkable appeal on that street.

Board Member Fetner asked CEO Boyer to share what the operational standpoint looks like. CEO Boyer used a current DIA staff situation to describe what the operational standpoint would look like.

Committee Member Citrano asked what the actual incentive or incremental incentive is being proposed. CEO Boyer responded that at that point DIA was not proposing any additional new incentive program.

Board Chair Krechowski called for a motion and second to on the resolution.

Motion: Committee Member Powers moved to approve the resolution as presented.
Seconded: Committee Member Citrano seconded the motion.

Board Chair Krechowski called for a vote on the resolution.

Vote: Aye: 5 Nay: 0 Abstain: 0

THE MOTION PASSED UNANIMOUSLY 5-0-0

VII. <u>RESOLUTION 2024-10-03 CORE RESIDENTIAL PROGRAMS</u>

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY ACTING AS THE COMMUNITY REDEVELOPMENT AGENCY ("CRA") OF THE COMBINED NORTHBANK COMMUNITY REDEVELOPMENT AREA ADOPTING A NEW CORE RESIDENTIAL INCENTIVE PROGRAM APPICABLE TO A LIMITED GEOGRAPHIC AREA ON THE NOTHBANK AS DEFINED IN THE PROGRAM GUIDLEINES; INSTRUCTING ITS CEO TO TAKE ALL NECESSARY ACTIONS TO EFFECTUATE THE PURPOSES OF THIS RESOLUTION; PROVIDING AN EFFECTIVE DATE.

The following people made in-person public comments, made public comments virtually through Zoom, or provided comments that were read into the record by DIA Staff. Note: the subject matter of the comment(s) indicated to the right of each person:

Bryan Moll	100 N Laura Street	Core Residential Programs
Billy Zeits	1000 Riverside Boulevard	Core Residential Programs
Steve Diebenow	1 Independent Drive	Core Residential Programs
Cindy Trimmer	1 Independent Drive	Core Residential Programs
Council Member Joe Carlucci (Council District 5)		Core Residential Programs

Board Chair Krechowski asked CEO Boyer if she was looking for the Board to continue to develop the resolution because it didn't seem like it was ready to move forward.

CEO Boyer responded that after many comments from various sources it was determined that there were refinements needed to the resolution. She concluded that the appropriate action was to defer but wanted to have a discussion on the resolution to gain the Board thoughts. She also discussed the regulatory requirements of the incentive program, the necessary steps to unlock the incentives, and DIA's sensitivity to not providing an incentive program that would conflict with or disincentivized things that we were incentivizing in other ways.

Mr. Steve Kelley provided a high-level and detailed recollection of how the resolution and supporting documents were developed. He added that the version provided was the latest version that highlighted the changes made. Mr. Kelley mentioned the stacked tiered concept and behavior that pushed for more density per acre. He advised that he reviewed workbooks and models provided by the development community. He also touched on type 1 and 2 construction and retail requirements and goals.

Mr. Allan DeVault pointed out the map included in the packet as well as a map provided by Gateway, expressing that it is a good starting point but adjustments are still needed.

[For a detailed account of this discussion, including questions and answers, please request the zoom recording to review the meeting in its entirety.]

IX. ADJOURNMENT

After deciding to move to defer the resolution during the Board Meeting, Board Chair Krechowski adjourned the meeting at 4:04 pm.

The written minutes for this meeting are only an overview of what was discussed. For verbatim comments of this meeting, a recording is available upon request. Please contact Ava Hill at avah@coj.net to acquire a recording of the meeting.

TAB V.

RESOLUTION 2024-10-03 CORE RESIDENTIAL PROGRAMS

RESOLUTION 2024-10-03

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY ACTING AS THE COMMUNITY REDEVELOPMENT AGENCY ("CRA") OF THE COMBINED NORTHBANK COMMUNITY REDEVELOPMENT AREA ADOPTING A NEW CORE RESIDENTIAL INCENTIVE PROGRAM APPICABLE TO A LIMITED GEOGRAPHIC AREA ON THE NORTHBANK AS DEFINED IN THE PROGRAM GUIDELINES; INSTRUCTING ITS CEO TO TAKE ALL NECESSARY ACTIONS TO EFFECTUATE THE PURPOSES OF THIS RESOLUTION; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Downtown Investment Authority ("DIA") has been designated by the City of Jacksonville as the Community Redevelopment Agency ("CRA") for community redevelopment areas within the boundaries of Downtown; and,

WHEREAS, via Ordinance 2014-0560, the City Council adopted a *Community Redevelopment Plan* and *Business Investment and Development Strategy* for Downtown Jacksonville (the "BID Plan"), as updated and amended by Ordinance 2022-0372; and,

WHEREAS, Redevelopment Goal No. 2 as found in the BID Plan charges the DIA to "*Increase rental and owner-occupied housing Downtown* ….."; and,

WHEREAS, among the Strategic Objectives that support Redevelopment Goal No. 2 and provide further action-oriented tasks by which the goal may be carried out include:

- Actively pursue a minimum of 8,140 built and occupied multi-family dwelling units by 2030; and strive to induce construction of 425 multifamily dwelling units per year, on average.
- 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.
- Contribute to resiliency in design and construction of new residential buildings, and flexibility in response to changing residential demand for unit sizes, home workspaces, amenities, and future conversion of parking; and

WHEREAS, the City of Jacksonville Public Investment Policy dated June 28, 2016, as administratively updated most recently in March 2024 (the "PIP"), states that, *"Projects will be evaluated on whether they provide a return on investment (ROI) to the City. Projects will also be evaluated against standard underwriting criteria and an assessment of the public investment risk associated with the project.*"; and,

WHEREAS, the PIP further provides that "*The success of Downtown Jacksonville is an important element of the City's overall vitality. In an effort to continue to attract new investment and businesses, a project could be given additional positive consideration if choosing a Downtown location.*"; and

WHEREAS, A Special Committee on the Future of Downtown was convened by City Council earlier this year and among the topics of discussion was the City Council's desire to focus on redevelopment within a core area of the Northbank; and

WHEREAS, Councilman Joe Carlucci outlined in broad terms a residential incentive program that he had developed in consultation with numerous stakeholders exclusively for a defined core of the Northbank; and

WHEREAS, DIA staff mapped the suggested area and has researched the residential potential, as well as likelihood, within the boundary of this defined "core"; and

WHEREAS, DIA staff worked to develop a financial model and program guidelines to implement the suggested program and has vetted the same with several developers and their representatives as well as several Board members, consulted with Build Up Downtown, and presented this potential program to the Administration and Councilman Carlucci for review; and

WHEREAS, the program guidelines are designed to achieve the goal of building greater residential density in the Downtown core without undermining street level activation also necessary to attract tenants, residents, and visitors into this area; and

WHEREAS, the Core Residential Program consisting of the Core Residential Model and Core Residential Guidelines would provide, in addition to CRA funded REV grants, completion grants funded by the General Fund; and

WHEREAS, DIA staff recommends that the DIA Board review and forward to City Council this Resolution adopting the Core Residential Program Model and Program Guidelines attached hereto as an additional incentive program available in the Combined Northbank CRA.

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 recommends adoption of the Core Residential Program consisting of the Core Residential Model and Program Guidelines attached hereto as an additional residential incentive program in the Northbank CRA, subject to such revisions as may be made by City Council thereto.

Section 3. The DIA recommends that City Council consider adoption of the Core Residential Program and funding of the completion grants contemplated by the Core Residential Program model and guidelines, either in lump sum annual amounts or as applications are received and processed.

Section 4. The DIA hereby authorizes its CEO to take all actions necessary to effectuate the intent of this Resolution.

Section 5. This Resolution 2024-10-03 shall become effective on the date it is signed by the Chair of the DIA Board.

WITNESS: **DOWNTOWN INVESTMENT AUTHORITY**

______________________ ________________________ ___________
Patrick Krechowski, Esq., Chair Date

VOTE: In Favor: ____ Opposed: ____ Abstained: _____

14. Northbank Downtown Core Residential Program Guidelines

The program is designed to generate rapid residential development within the core area of the Downtown Northbank Community Redevelopment Area defined as Broad Street to the west, State Street to the north, Liberty Street to the east, and the St. John's River to the south. The program guidelines that follow apply to properties on either side of Broad Street along the western boundary, and either side of Liberty Street along the eastern boundary to the extent that any property in question has frontage that may be accessed directly from either of those streets. The State Street boundary is limited only to the southern side of that street and the St. John's River boundary means only the northern side of the river within the western and eastern boundaries established above.

In the case of this program, the financial gap has been established on a comprehensive basis in context of development costs, capital requirements, and current and projected rent-growth in combination with fulfilling other economic development goals established in conjunction with the Jacksonville City Council, thereby eliminating the need for a financial gap analysis of projects that comply with the criteria below.

This program is being made available for a limited time with funding as approved by Jacksonville City Council, for the purpose of achieving greater residential density in the Downtown Core without undermining street level activation also necessary to attract tenants, residents, and visitors into this area.

To achieve these goals, the following parameters apply:

- Only available within the specifically identified portion of the Downtown Northbank Community Redevelopment Area.
- Created to accelerate residential growth through new property development and redevelopment of underutilized properties.
- Available for a limited time to pursue the stated goal of initiating the development of 1,500 additional housing units over a 3-year period.
- Designed to reduce upfront development costs and offset operating costs to attract qualified investors and developers.
- In recognition of the overall synergistic benefits to the City of Jacksonville and the remainder of businesses and residential dwellings in Downtown Jacksonville, the ROI requirement established in the Public Investment Policy shall not be tested in consideration of individual project awards. Rather, this program has been developed consistent with the "Additional Considerations" identified in the PIP that Downtown Development and Redevelopment may warrant a different ROI analysis, and, in this case, it is foregone in favor of accelerated residential development activity
- This Program combines a Completion Grant (paid out only at the issuance of a TCO allowing the property to be used for its intended purpose) along with a REV grant component paid over a maximum term of twenty years.
- The program may not be used in conjunction with the Downtown Preservation and Revitalization Program (DPRP) for the same building and owners of historic properties may use either program for rehabilitation purposes, so long as the historic nature of the property is not compromised as determined by the COJ Planning and Development Department. Façade Grants similarly may t be combined with this program for existing qualified buildings.

- Tenants in properties that have received a Completion Grant under the Downtown Core Residential Program are eligible to apply for the funding under the Retail Enhancement Program or the Commercial Revitalization Program as applicable for the location of the property. Applications and guidelines for those programs as found at https://dia.coj.net shall apply.

PROGRAM GUIDELINES:

- The table below indicates the maximum Completion Grant available to each new construction, rehabilitation, or repurposed residential development activity undertaken in the identified portion of the Northbank Downtown Jacksonville area.

# of Residential Units Per Acre	Per Unit
16 to 40	$ 20,000
41 to 75	$ 25,000
76 to 175	$ 30,000
176 to 400 (frame over podium)	$ 30,000
176-400 (Type 1 or Type 2)	$ 50,000

- To determine the number of residential units per acre, divide the minimum number of units to be developed by the parcel size converted to acres (total square feet of the development site as identified on the Property Appraisers website, net of the footprint of existing buildings not included in the subject proposal, divided by 43,560).
- The incentive amount per unit increases in a tiered, progressive approach meaning each tier is additive to the previous tier(s). So, a 50-unit development would be eligible for ($20,000 X 40) = $800,000 plus ($25,000 X 10) = $250,000 equals $1,050,000 or $21,000 per unit.
- An exception to the aggregation approach is for the tier that is 176 units or greater per acre. That tier anticipates Type 1 or Type 2 construction techniques and is awarded a base rate of $50,000 per unit when that condition is true and remains eligible for bonuses for 2- or 3-bedroom units as shown below. If not using Type 1 or Type 2 construction, the projects would be eligible for funding at a base rate of $30,000 per unit.
- Project of ten stories or more using Type 1 or Type 2 construction techniques may alternatively consider application using the 30-year high-rise underwriting methodology approved by the DIA Board in resolution 2024-05-04.
- **GARAGE PARKING BONUS** – This additional incentive supports the construction of structured parking meeting requirements of the Downtown Overlay Zone and as approved by DDRB. An additional bonus will be paid for shared spaces, which are defined as being available to the public for up to 2 hours between the hours of 8am and 10pm. Spaces available to the public must be on lower levels, reserved and conspicuously advertised with signage on the exterior of the garage and at each such space. Funding for Private Spaces is limited to one parking space per bedroom in the subject property and funding for Shared Use Spaces may not exceed the total number of Private Spaces.

Garages	Per Space
Private Use	$ 10,000
Shared Use	$ 15,000

- **SIZE BONUS 1** - This calculation establishes a base level payout for studio and one-bedroom units. Two-bedroom units receive a multiple of 1.5X the base amount and three or more bedrooms receive 2X the base amount.
- **AFFORDABLE/WORKFORCE HOUSING BONUS** - An affordable/workforce boost not to exceed more than 20% of total units is provided to encourage production of those units produced with rents capped at the Florida Housing Finance Corporation limits for tenants of Duval County making not more than 80% or 120% of Area Median Income ("AMI"). These are a proportion of the total and not additional units and require the recording of a Land Use Restriction Agreement ("LURA") for a period of not less than 30 years.

Affordable/Workforce Boost

	AMI	
# of Bedrooms	**80%**	**120%**
1	$ 15,000	$ 12,500
2	$ 22,500	$ 17,500
Max %	20.0%	20.0%

- Riverfront, creekfront, (and those developments where the Emerald Trail is the only intervening use between the waterfront and the development) are not eligible for Affordable/Workforce Housing Bonus. Once a total of 400 affordable/workforce units have been awarded this boost during the initial three year period of the program, it will no longer be eligible on other development projects unless the cap is further approved by the Jacksonville City Council.
- **REV CRITERIA –** Applicants qualifying for this program, will be eligible for a REV grant as determined by the criteria found in the Multifamily REV Grant Program Guidelines.
- **SIZE BONUS 2** - Projects providing 20% or more units with 2 or more-bedrooms, including not less than 5% of total units comprised of 3 bedrooms or more, are eligible for accelerated Recapture Enhanced Value ("REV") payments as outlined below. The percentage shown is applied against the REV percentage that the project would otherwise qualify for under the Multifamily REV Grant Guidelines.

REV Payout Percentage (Accelerated)

YEARS	1-2	3-4	5-6	7-15	16-20
REV %	125%	115%	110%	100%	.85%

- **STREET LEVEL ACTIVATION REQUIREMENTS -** To be eligible for funding under the Downtown Core Residential Program, all developments must adhere to the Street Level Activation Minimum Requirements as outlined below.

New or Existing Properties:

- The City's Zoning Code, Subpart H- Downtown Overlay Zone and Downtown District use and form regulations serve as the minimum requirements and are not waived or amended by these program requirements. However, these program requirements pertain to applicants who seek funding under the Downtown Core Residential Program within the defined boundary as shown on the Exhibit A map attached for the development of new properties, or the rehabilitation or repurpose of an existing property, where feasible,

Development or redevelopment of such properties must adhere to the following to be eligible for funding.

- Existing Properties:
  - Cannot decrease transparency, or square footage of first floor space designed for visible active use behind transparent frontage, of any existing property proposed for renovation or rehabilitation.
- New or Exiting:
  - The map attached identifies blocks designated Primary (red) or Secondary (yellow) activation focus areas. Blocks not designated primary or secondary must nevertheless comply with the transparency requirement of the Downtown Zoning Overlay without deviation.
  - The applicable percentage of streel level frontage that must be constructed for activated use to be eligible for this program shall be calculated after deduction of vehicular ingress and egress to parking garages or lots serving the subject parcel.
  - In the event a development includes both new construction and renovation or rehabilitation of an existing or historic building, the frontages of the parcels shall be aggregated for purposes of calculating the following percentages.
  - Primary frontage blocks:
    - The maximum percent of the total frontage devoted to parking garage or lot, including the ingress and egress thereto, shall not exceed 25% of the total parcel linear frontage except that at a minimum one ingress and one egress lane shall be allowed on such frontage.
    - Developments on primary frontage blocks must construct street level habitable space capable of retail, office, or residential use for a minimum of 70% of the remaining linear frontage of Developer's parcel after deduction of parking access above, and meeting the overlay requirement of transparency for such space. If such space is residential, it must be directly accessible from the sidewalk frontage.
  - Secondary frontage blocks:
    - The maximum percent of the total frontage devoted to parking garage or lot, including the ingress and egress thereto, shall not exceed 50% of the total parcel linear frontage except that at a minimum one ingress and one egress lane shall be allowed on such frontage.

        - Developments on secondary frontage blocks must construct street level habitable space capable of retail, office, or residential use for a minimum of 50% of the remaining linear frontage of Developer's parcel after deduction of parking access above and meeting the overlay requirement of transparency for such space. If such space is residential, it must be directly accessible from the sidewalk.~~,~~
    - All other street frontages have no minimum active street frontage requirement except as may otherwise be required by Chapter 656, Part 3, Subpart H, Jacksonville Code of Ordinances and to the greatest extent possible should be used for service entrances, utilities, and loading and unloading.
        - When a development has three or more street frontages
        - When a development has three frontages and no alley or rear access
    - All habitable active use frontages shall have a depth of not less than 40 feet, unless a shallower bay is expressly allowed by the DIA for a portion of the frontage due to extenuating circumstances.
    - Building Entries providing ingress/egress to interior spaces or floors above such as lobby space shall constitute habitable active space.
    - Vented MEP rooms, utility installations, loading docks and zones, and the like shall be located within the permitted parking access and use frontage, or the non-active use percentage of the remainder of Developer's parcel.
    - Habitable active space, or space able to be occupied for active use shall not be devoted to parking areas, truck loading areas, vehicular access ways, or storage.
    - Frontages on historic properties protected by a façade easement or limitations provided to maintain historic features supersede these requirements.
    - Existing agreements or approvals (beyond compliance with minimum Downtown Overlay Zone requirements) supersede these requirements.
    - New parking garages (public or private) with frontages on the Emerald Trail or in the FAB REP boundary must provide 100% non-parking active use or Urban Open Space along such street frontages, less garage entrances.
    - Within the Cathedral Hill neighborhood, the above minimum requirements on Secondary streets may be satisfied by institutional uses (e.g. church, school).

ADDITIONAL UNDERWRITING CRITERIA:

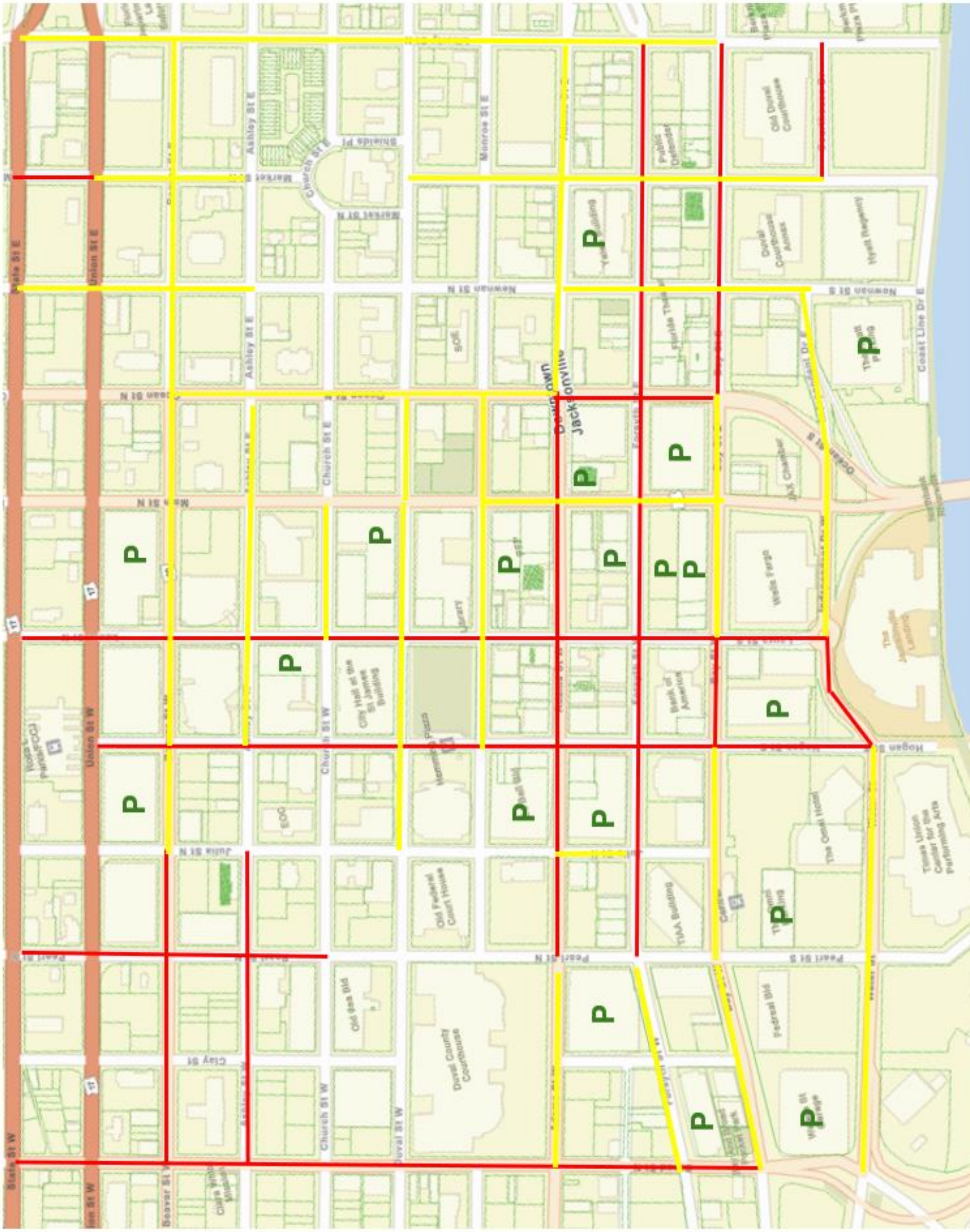
- Any completion grant may not exceed 25% of hard costs plus costs for architecture and engineering but shall not include acquisition costs and may not exceed 65% of Developer's Equity. The total of all city Incentives may not exceed 100% of Developer's Equity. (Equity definition as found in R2024-05-04 applies here also).
- The 176 to 400 tier contemplates Type 1 or Type 2 construction between eight and nine floors in height (including garage) but may also include any building above that height but not satisfying criteria for the High-Rise model. Anything above this height limitation (10 stories or more) would revert to the program structure of the High-Rise model approved in R2024-05-04.

- To be eligible for this funding, properties immediately adjacent to the river must provide a minimum 3,000 square feet of restaurant or retail space directly accessible to the public from the Riverwalk, at the street level, or on the rooftop or similar height advantaged location as approved by the RE&PD Committee and DIA Board.
- Applicants, including the development team, must demonstrate requisite experience and proven success in the development and operation of properties similar to those being proposed including construction, leasing and management activities, access to capital and other qualifications that provide a high level of confidence that, following necessary financing approvals, the project will move forward quickly with final design, engineering, and other steps necessary to commence construction.

GRANT PROCESS:

1. Applicant to complete the project profile assessment , any associated application, and provide additional project information as required at the bottom of that form or as may be requested.
2. The DIA staff will review and analyze the application from the prospective grantee, and make a recommendation based upon the Downtown Core Residential Program criteria above.
3. The DIA Board will evaluate the staff analysis and reject or adopt a resolution approving a grant amount and time frame to be documented by a Redevelopment Agreement agreed to by the Applicant and executed by the Applicant and DIA.
4. City Council approval is not required for Downtown Core Residential Program grants which comply with this program and DIA action is final.
5. No Downtown Core Residential Program grants shall be authorized by the Board that exceed the term, amount determined pursuant to the criteria above, or otherwise fail to meet the program criteria described above.
6. Each recipient of a Downtown Core Residential Program 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.

EXHIBIT A – BOUNDARY AND STREET DESIGNATION MAP



BASE MODEL

24,000	Parcel Size in Square Feet
200	Number of Dwelling Units Proposed
363	Number of Equivalent Units Per Acre
Yes	Type 1 or Type 2 Construction?

			Residential Density Model			
# of Units Per Acre				Max		Per Unit Blended
			Per Unit	Per Tier	Aggregate	
16	to	40	$ 20,000	$ 800,000	$ 800,000	$ 20,000
41	to	75	$ 25,000	$ 875,000	$ 1,675,000	$ 22,333
76	to	175	$ 50,000	$ 5,000,000	$ 6,675,000	$ 38,143
176	to	400	$ 50,000	$ 20,000,000	$ 20,000,000	$ 50,000

Garages	Max	Actual	Per Space	Total
Private Use	260	260	$ 10,000	$ 2,600,000
Shared Use	260	40	$ 15,000	$ 600,000

	Affordable/Workforce Boost	
	AMI	
# of Bedrooms	80	120
1	$ 15,000	$ 12,500
2	$ 22,500	$ 17,500
Max %	20.0%	20.0%

** Overall Limit of 20% Affordable/Workforce Units Per Building*

Maximum Payout		Per Unit			
Number of Units Per Acre		363	$ 50,000	$ 18,150,000	
Actual Units		200	$ 50,000	**$ 10,000,000**	**Completion Grant units only**
Two BR Units	20.0%	40	$ 25,000	**$ 1,000,000**	
Three BR Units	10.0%	20	$ 50,000	**$ 1,000,000**	
80% AMI Boost	0.0%	0	$ -	**$ -**	**Assumes a 50/50 blend of 1- and 2-BR A/WF units.**
120% AMI Boost	0.0%	0	$ -	**$ -**	
Garage Boost			$ 12,308	**$ 3,200,000**	**Garage Boost**
TOTAL			**$ 76,000**	**$ 15,200,000**	

Use actual values when available

Per Unit Cost Assumption		$ 450,000
Total Development Cost		$ 90,000,000
Hard Costs plus A&E (excluding acquisition)	75.00%	$ 67,500,000
Proposed Equity	35.00%	$ 31,500,000
Total Completion Grant		**$ 15,200,000**
Percentage of Developer Equity	Max = 65%	48.3%
Percentage of Hard Costs + A/E	Max = 25%	22.5%
Percentage of TDC		16.9%
REV Grant		**$ 11,362,000**
Total Incentives		**$ 26,562,000**
Percentage of Total Incentives/Developer Equity	Max = 100%	84.3%
Incentives Per Unit		
Completion Grant		$ 76,000
REV		$ 56,810
TOTAL		$ 132,810

REV TYPE
Traditional 20

BASE MODEL

24,000	Parcel Size in Square Feet
200	Number of Dwelling Units Proposed
363	Number of Equivalent Units Per Acre
No	Type 1 or Type 2 Construction?

# of Units Per Acre			Residential Density Model: Per Unit	Max: Per Tier	Max: Aggregate	Per Unit Blended
16	to	40	$ 20,000	$ 800,000	$ 800,000	$ 20,000
41	to	75	$ 25,000	$ 875,000	$ 1,675,000	$ 22,333
76	to	175	$ 30,000	$ 3,000,000	$ 4,675,000	$ 26,714
176	to	400	$ 30,000	$ 12,000,000	$ 12,000,000	$ 30,000

Garages	Max	Actual	Per Space	Total
Private Use	260	260	$ 10,000	$ 2,600,000
Shared Use	260	40	$ 15,000	$ 600,000

	Affordable/Workforce Boost	
	AMI	
# of Bedrooms	80	120
1	$ 15,000	$ 12,500
2	$ 22,500	$ 17,500
Max %	20.0%	20.0%

** Overall Limit of 20% Affordable/Workforce Units Per Building*

Maximum Payout		Per Unit			
Number of Units Per Acre		363	$ 30,000	$ 10,890,000	
Actual Units		200	$ 30,000	**$ 6,000,000**	**Completion Grant units only**
Two BR Units	20.0%	40	$ 15,000	**$ 600,000**	
Three BR Units	10.0%	20	$ 30,000	**$ 600,000**	
80% AMI Boost	0.0%	0	$ -	**$ -**	**Assumes a 50/50 blend of 1- and 2-BR A/WF units.**
120% AMI Boost	0.0%	0	$ -	**$ -**	
Garage Boost			$ 12,308	**$ 3,200,000**	**Garage Boost**
TOTAL			**$ 52,000**	**$ 10,400,000**	

Use actual values when available

Per Unit Cost Assumption		$ 350,000
Total Development Cost		$ 70,000,000
Hard Costs plus A&E (excluding acquisition)	75.00%	$ 52,500,000
Proposed Equity	35.00%	$ 24,500,000
Total Completion Grant		**$ 10,400,000**
Percentage of Developer Equity	Max = 65%	42.4%
Percentage of Hard Costs + A/E	Max = 25%	19.8%
Percentage of TDC		14.9%
REV Grant		**$ 8,838,000**
Total Incentives		**$ 19,238,000**
Percentage of Total Incentives/Developer Equity	Max = 100%	78.5%
Incentives Per Unit		
Completion Grant		$ 52,000
REV		$ 44,190
TOTAL		$ 96,190

REV TYPE

Traditional 20

TAB VI.

RESOLUTION 2024-11-04 JULIETTE BALCONY

RESOLUTION 2024-11-06

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY ("DIA") RECOMMENDING THAT CITY COUNCIL APPROVE A DOWNTOWN PRESERVATION AND REVITALIZATION PROGRAM FORGIVABLE LOAN PACKAGE FOR REHABILITATION OF THE BUILDING LOCATED AT 225 N LAURA STREET (THE "PROPERTY" A/K/A JULIETTE BALCONY) PURSUANT TO A REDEVELOPMENT AGREEMENT WITH JWB CAPITAL, LLC OR ASSIGNS ("OWNER" OR "DEVELOPER"); FINDING THAT THE PLAN OF DEVELOPMENT IS CONSISTENT WITH THE DIA'S BUSINESS INVESTMENT AND DEVELOPMENT PLAN ("BID PLAN") AND THE DOWNTOWN NORTHBANK COMMUNITY REDEVELOPMENT AREA PLAN ("CRA PLAN"); AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO EXECUTE THE CONTRACTS AND DOCUMENTS AND OTHERWISE TAKE ALL NECESSARY ACTION IN CONNECTION THEREWITH TO EFFECTUATE THE PURPOSES OF THIS RESOLUTION; PROVIDING AN EFFECTIVE DATE.

WHEREAS, JWB Real Estate Capital, LLC, is the owner of the Property which has been awarded designation as a local historic landmark status by the City of Jacksonville through ordinance 2022-0903-E, and is a contributing structure located within the National Historic District of Downtown Jacksonville within the boundaries of the Downtown Northbank CRA; and

WHEREAS, the Developer proposes to rehabilitate the Property to provide a minimum of 5,600 square feet of leasable space as a mixed-use property within City Center, Downtown Jacksonville; and

WHEREAS, the private capital investment totaling not less than $5,868,300 in real property and improvements will increase the county ad valorem tax base over the useful life of the assets, will add to the retail tenancy and residential dwelling options in Downtown Jacksonville; and

WHEREAS, the Strategic Implementation Committee of the Downtown Investment Authority ("DIA") met on November 15, 2024, to consider the recommendation of DPRP Program Forgivable Loans in accordance with the program guidelines established by City Council in accordance with the terms contained in the term sheet attached hereto as Exhibit A and recommended that the DIA Board adopt Resolution 2024-11-06,

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 instructs the Chief Executive Officer of the Downtown Investment Authority to take all necessary actions, including the filing of legislation before the City Council, to seek funding up to $2,560,000 pursuant to the Downtown Preservation and Revitalization Program guidelines in accordance with the terms set forth on the term sheet attached hereto as Exhibit A.

Section 3. The Chief Executive Officer is hereby authorized to execute the contracts and documents and otherwise take all necessary action in connection therewith to effectuate the purposes of this Resolution.

Section 4. The Effective Date of this Resolution is the date upon execution of this Resolution by the Chair of the DIA Board.

WITNESS: **DOWNTOWN INVESTMENT AUTHORITY**

______________________ ______________________________ ____________
Patrick Krechowski, Esq., Chairman Date

VOTE: In Favor: ________ Opposed: _________ Abstained: _______

Exhibit A:
DOWNTOWN PRESERVATION AND REVITALIZATION PROGRAM
TERM SHEET

Juliette Balcony
225 N. Laura Street, Jacksonville FL 32202

Project: The project comprises the redevelopment of the historic building located at 225 N. Laura Street in City Center, Downtown Jacksonville utilizing funding through the Downtown Preservation and Revitalization Program ("DPRP").

The building located at 225 N. Laura Street with RE# 073697 0000 was originally built in 1904 but underwent significant improvement in 1923 making that year of reconstruction the period judged for landmarking as a historic property in Downtown Jacksonville. The three-story building basement providing approximately 6,492 gross square feet. Upon completion of the proposed rehabilitation, the building will provide approximately 1,900 square feet of leasable commercial retail/restaurant space on the first floor and two floors to accommodate four studio apartments on each floor. Rehabilitation efforts proposed include, but are not limited to, restoring interiors to their historic condition, HVAC and ventilation replacement, plumbing and electrical code compliance work, fire sprinkler modification to meet code requirements, window waterproofing, roof repairs, restoration of storefronts to historic standards, providing for ADA accessibility as required, exterior repairs, and paint.

Developer/ Applicant / Borrower: JWB Real Estate Capital, LLC or Assigns ("Owner")
Alex Sifakis, Manager, Principal Contact
Adam Rigel, Manager, Principal Contact

Total Development Costs (estimate): $5,868,300
Equity (proposed): $ 900,000 (15.3% of Underwritten TDC)

City Funding: No more than **$2,560,000** (through the City of Jacksonville Downtown Investment Authority), as follows:

	Historic Preservation, Restoration, and Rehabilitation Forgivable Loan (HPRR)	Code Compliance Forgivable Loan (CCR)	DPRP Deferred Principal Loan	TOTAL
TOTAL	$1,283,000	$765,000	$512,000	$2,560,000

At this proposed funding level, the incentive structure and funding under the DPRP will be subject to further approvals by the Jacksonville City Council.

Work proposed must be reviewed and approved by the Planning and Development Department, Historic Preservation Section for consistency with the United States Secretary of Interior Standards and applicable design guidelines during application processing. Upon completion, work will be inspected and verified against plans as previously approved in conjunction with the request for funding under terms defined further in the Redevelopment Agreement.

As the project nears completion, legislation will be required to seek appropriation from City Council from the General Fund to fulfill the funding commitment previously approved.

Budget. The construction budget reviewed and approved by the DIA totals $3,775,000 (the "Total Budget Amount"), which includes Construction Costs to be incurred in each of the funding categories (each, a "Funding Category") and in the minimum amounts (each a "Funding Category Minimum") set forth in the table below:

Funding Category	Funding Category Minimum
Interior Rehabilitation	$ 902,700
Interior Restoration	$ 297,500
Exterior	$ 692,800
Code Compliance	$ 1,013,600
General Requirements/Other	$ 794,500
N/A[1]	$ 74,700
Total Budget Amount:	**$ 3,775,800**

1 The category "N/A" is not required to be met as a Funding Category Minimum for reimbursement of other categories under the DPRP. For further clarity, there will be no reimbursement for expenditures categorized as "N/A" in the construction budget.

Minimum Expenditures: In order to be eligible for the maximum amount of the DPRP Loans, the Developer must provide evidence and documentation prior to the applicable DPRP Loan closing, sufficient to demonstrate to the DIA in its sole but reasonable discretion, the following:

(i) a total equity capital contribution of at least NINE HUNDRED THOUSAND DOLLARS AND NO/100 ($900,000.00) (the "Required Equity");

(ii) Total Development Costs incurred of at least FIVE MILLION EIGHT HUNDRED SIXTY-EIGHT THOUSAND THREE HUNDRED DOLLARS AND NO/100 $5,868,300.00) which shall exclude holding costs, tangible personal property (IT, FF&E), tenant improvements beyond vanilla shell, marketing, third party costs for risk management, developer fees, and loan fees (the "Minimum Total Development Costs");

(iii) Minimum Eligible Construction Costs incurred of THREE MILLION SEVEN HUNDRED ONE THOUSAND ONE HUNDRED DOLLARS AND 00/100 ($3,700,100.00), calculated as the Total Budget Amount less costs classified as "N/A" (the "Minimum Eligible Construction Costs"), and

(iv) Construction Costs incurred of at least the Funding Category Minimum with respect to each respective Funding Category.

Notwithstanding the foregoing,

1) the required Minimum Total Development Costs of $5,868,300 may be reduced by a maximum of ten percent (10%) overall, to $5,281,470, as determined by the DIA in its sole and absolute discretion, without affecting the Borrower's eligibility for funding under the DPRP.
2) the required Minimum Eligible Construction Costs of $3,700,100 may be reduced by a maximum of ten percent (10%) overall, to $3,330,090, as determined by the DIA in its sole and absolute discretion, without affecting the Borrower's eligibility for funding under the DPRP.
3) any Funding Category Minimum may be reduced by a maximum of ten percent (10%) on a stand-alone basis, as determined by the DIA in its sole and absolute discretion; provided that, in such event, there shall be a pro rata reduction in any or each of the related DPRP Loans, as required. Eligibility for funding under any Funding Category shall be eliminated if the corresponding Funding Category Minimum is reduced by more than ten percent (10%).
4) Developer may not reallocate more than 25% of the proposed funding amount for any line item in the Budget to a different line item without prior approval from the DIA and such reallocation shall not modify the related Funding Category Minimum. In addition, the elimination of a line item from the Budget shall eliminate any funding associated with that line item and such funds may not be reallocated to any other line item without the prior approval from the DIA which approval may be given or withheld in DIA's sole and absolute discretion.
5) As the Developer may incorporate the use of Historic Tax Credits in capitalization for the Project, DIA acknowledges that a tax credit investor may enter the ownership structure in an amount up to 99.99% ownership for structural purposes without a reduction in equity contributed by the Developer. In such arrangements, an entity controlled by the Developer must remain the General Partner with a minority ownership interest if utilizing a traditional HTC structure. Otherwise, in a master lease structure, an entity controlled by the Developer must have majority ownership and controlling interest in the landlord entity. Under either structure, the Developer, or its related entity, must be the surviving entity and majority owner following exercise of the put option of the tax credit investor at the end of the five-year HTC compliance period or other exit of the tax credit investor from the ownership structure.

The DIA shall have the authority, without further action by City Council, to approve reduced DPRP Loan amounts provided the Total Development Costs incurred are not less than $5,281,470, including Minimum Eligible Construction Costs incurred of not less than $3,700,100.

Infrastructure: No City of Jacksonville infrastructure improvements are contemplated.

Land: No City of Jacksonville land is committed to the project.
Loans/Other Funding: Future tenants are expected to present application for funding under the FAB-REP program, although information has not yet been provided for that request.

No costs may be submitted for duplicative funding under more than one DIA incentive program. However, costs incurred by the DPRP Applicant may count towards their required contribution under the Retail Enhancement Program to the extent such costs are directly attributable to space that would be occupied by the REP Grant Applicant.

Performance Schedule:

A) Redevelopment Agreement to be approved for filing with City Council within thirty (30) days following presentation and negotiation (As captured in the Resolution approved by the DIA Board for this DPRP funding).
B) Redevelopment Agreement to be executed within thirty (30) days of the Bill Effective Date which shall establish the Redevelopment Agreement Effective Date (To be captured in the legislation filed with City Council for approval of this DPRP funding).
C) Commencement of Construction: Within six (6) months following the Redevelopment Agreement Effective Date, Applicant commits to commencement of construction, meaning 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.
D) Substantial Completion: Within eighteen (18) months following Commencement of Construction as defined above.
E) 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 extensions to the Commencement Date shall have the same effect of extending the Completion Date simultaneously.

Additional Commitments:

A) The Developer commits to the development of not less than 1,750 leasable square feet in a retail/restaurant space, or other permissible uses which create taxable value for the property as may be further approved by the DIA.
B) Applicant to provide an appraisal in support of the $1,175,000 stated acquisition cost for review and acceptance by the DIA prior to submission to the Mayor's Budget Review Committee. The minimum supportable value "As Is" to maintain adherence with Program Guidelines is $450,000.
C) Recommendation as to the eligibility of the approved scope of work on the Properties by the Planning and Development Department shall be required prior to DIA Board approval of any program funding. Such recommendation by the Planning and Development Department may be conditional on further review and approvals by the State Historic Preservation Office ("SHPO") and/or the National Park Service ("NPS") as may be required.

D) Upon completion and request for funding, all work on the Properties must be inspected by the Planning and Development Department or designee for compliance with the approved application prior to funding under any DPRP loan component.

E) Funding under the DPRP will be secured by a stand-alone, subordinate lien position on the Property behind any senior secured, third-party lender providing construction, mini-perm, or permanent financing, as long as such subordination does not alter the DIA approved maturity date of any DPRP Loan.

F) Each DPRP Loan will be cross defaulted with one another.

G) Payment defaults, or other defaults that trigger legal actions against the Applicant that endanger the lien position of the City, shall also be a default on the subject facilities.

H) As the Borrower will be utilizing a combination of HPRR Forgivable Loans, and CCR Forgivable Loans, the maturity of each Forgivable Loan will be five (5) years. Principal outstanding under each note will be forgiven at the rate of 20% annually, on the anniversary date of each such funding, so long as each Forgivable Loan is not in default per DPRP Guidelines.

I) Standard claw back provisions will apply such that:

   a) In the event the Borrower sells, including without limitation a capital lease transaction, or otherwise transfers the Historic Building or allows permanent alteration of improvements considered material to the historic nature of the property during the first five (5) years after the disbursement of the Forgivable Loans, the following shall be due and payable at closing of the Sale:

      i. 100% if the Sale occurs within 12 months after disbursement of the Forgivable Loan;
      ii. 80% if the Sale occurs after 12 months but within 24 months of disbursement of the Forgivable Loan;
      iii. 60% if the Sale occurs after 24 months but within 36 months of disbursement of the Forgivable Loan;
      iv. 40% if the Sale occurs after 36 months but within 48 months of disbursement of the Forgivable Loan; or
      v. 20% if the Sale occurs after 48 months but within 60 months of disbursement of the Forgivable Loan.

   b) Changes in the proposed intended use of the property must continue to contribute towards the relevant Redevelopment Goals and Performance Measures of the DIA and shall be presented to the DIA for further approval not less than 90 days in advance of such changes, and such approval shall not be unreasonably withheld. In the event Borrower or any lessee or assignee of the Borrower uses the Project or the Historic Property or Properties for any use not contemplated by this Agreement at any time within five years following the disbursement of the Forgivable Loan or Loan without such approval, the full amount of the amounts awarded, together with all accrued but unpaid interest thereon, may be declared by the DIA to become due and payable by the Borrower.

J) Funding in the amount of the DPRP Deferred Principal Loan component will have a stated maturity date of ten years from the Funding Date. The loan balance is due in full upon maturity, sale, or refinancing of the property prior to maturity subject to terms of the disposition and value of the property at the time of such event.
K) The DPRP Deferred Principal Loan component requires fixed annual interest payments equal to the total principal outstanding multiplied by the prevailing yield on the Ten-Year Treasury Note at the time of closing.
L) Partial Principal reductions on the DPRP Deferred Principal Loan may be made after the fifth anniversary with no prepayment penalty; however, a minimum of 50% of the initial loan balance must remain outstanding through the loan maturity date unless the Property or Properties are sold or refinanced during that period, subject to DIA approval.
M) DIA reserves the right to approve any sale, disposition of all or any portion of collateral property, or the refinance of senior debt prior to the forgiveness or repayment of any DPRP Loan.
N) All Property, business, and income taxes must be current at the time of application and maintained in current status throughout the approval process, the term of the Redevelopment Agreement, and through the DPRP loan period.
O) Payment defaults, bankruptcy filings, or other material defaults during the DPRP loan period will trigger the right for the City of Jacksonville to accelerate all amounts funded and outstanding under any or all programs at such time, plus a 20% penalty of any amounts amortized or prepaid prior to that date.

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).

SUPPLEMENTAL INFORMATION

RESOLUTION 2024-11-04 JULIETTE’S BALCONY STAFF REPORT

225 N LAURA STREET
JULIETTE BALCONY
MIXED-USE HISTORIC REHABILITATION

Downtown Preservation and Revitalization Program
Staff Report for DIA SIC
November 15, 2024

Applicant:	**JWB Real Estate Capital**
Project:	**Greenleaf and Crosby Building**
Program Request:	**DPRP**
Total Development Cost:	**$5,868,300**

DPRP Recommended:

1) Historic Preservation Restoration and Rehabilitation Forgivable Loan (HPRR)	**$ 1,283,000**
2) Code Compliance Renovations Forgivable Loan (CCR)	**$ 765,000**
3) DPRP Deferred Principal Loan	**$ 512,000**
	$ 2,560,000

Property Description:

Located at 225 N. Laura Street, near the northeast corner of the intersection of Laura Street and Monroe Street, the three-story building was originally constructed in 1904 by prolific builder O. P. Woodcock following Jacksonville's Great Fire of 1901. The property was significantly redeveloped by architects Marsh & Saxelbye in 1923 including the addition of its brick façade and the raising of the original two and a half story building to allow the addition of a new ground floor story as seen in the image attached. According to the landmark report prepared by the COJ Planning and Development Department, Historic Preservation Section ("HPS") the "property has significance as one of the few remaining examples of the smaller scale mixed-use buildings constructed in Downtown Jacksonville during the second period of significant new construction following the Great Fire of May 3, 1901."

From the July 26, 2023, approval for local landmark status by the COJ Planning and Development Department, Historic Preservation Commission, “the application was found to meet four of seven criteria including:

1. Its value as a significant reminder of the cultural, historical, architectural, or archaeological heritage of the city, state, or nation.
2. It is identified as the work of a master builder, designer, or architect whose individual work has influenced the development of the city, state, or nation.
3. Its value as a building is recognized for the quality of its architecture, and it retains sufficient elements showing its architectural significance.
4. Its suitability for preservation or restoration.”

The property, which received full local landmark status in ordinance 2022-903 approved by the Jacksonville City Council February 2023, has sat vacant for many years and has experienced several redevelopment plans and partial interior demolition to prepare for those redevelopment ideas. While none of those plans were fulfilled, the alterations made have left the building in a state of significant disrepair and much of the effort currently proposed will be spent towards bringing the property back to functional use.

Project Summary:
As proposed, the ground floor facing Laura Street in the FAB-REP district is slated to be designed for a 1,900 square foot restaurant space. While a tenant has not yet been identified for the ground floor space, the developer reports strong interest from established restaurateurs which would be a welcome addition to the designated food and beverage district along Laura Street.

The upper two floors are designed to be divided into two studio units and two one-bedroom, one-bath units on each floor ranging in size from 392 square feet to 585 square feet. Each of these units is proposed to be used for short term rental using Airbnb or similar platform for rentals. The inclusion of the Tourist Development Tax from these short-term rentals is integral to the business plan and analysis of the City return for this project as covered more fully below.

Renovations proposed include, but are not limited to (as summarized by the COJ Historic Preservation Section):

<u>Interior scopes (To be added prior to the meeting of the SIC)</u>

<u>Exterior scopes (To be added prior to the meeting of the SIC)</u>

The Development Team:
JWB Real Estate Capital, LLC (Developer)
JWB has been active in the acquisition and redevelopment of numerous properties in Downtown Jacksonville in recent years including the historic Porter House Mansion, the Florida Baptist Convention building, the Federal Reserve building, and the Greenleaf building which is currently under construction. They also are a partner in the development of Johnson Commons a/k/a the LaVilla townhome project and have proposed development of an innovative project in the Cathedral District that will provide cottage style rental housing in keeping with the neighborhood architecture and feel. JWB Real Estate Capital is also one of the principal investors in the Gateway projects which recently broke ground on the redevelopment of several City blocks along Pearl Street to the west of City hall known as Pearl Square.

Led by Alex Sifakis, Andy Eisman, Adam Rigel, and Gregg Cohen, the firm has demonstrated experience in both the development and redevelopment of projects, but also arranging capital and the resources necessary to start and finish projects on time.

Avant Construction, General Contractor - Alan Cottrill, CEO; Barry Underwood, VP of Project Management; Derek Cece, Director of Construction; and Gauddy Santo, Senior Project Analyst & Government Liaison. Avant has been very active in the redevelopment activities throughout Downtown Jacksonville with JWB Capital and other developers and investors including redevelopment of Hardwick's Bar which was the recipient of the Urban Land Institute 2024 Award for Excellence in the Reuse/Repurpose category.

Historic Preservations Section Considerations:
From the COJ Planning and Development Department, Historic Preservation Section:

HPS RECOMMENDATION (To be added prior to the meeting of the SIC)

DPRP Request and Structure:
To facilitate redevelopment of the property, JWB requests approval of funding under the DPRP due to a funding gap in meeting cost of construction and development. The funding gap is confirmed by analysis of pro forma cash flow, supportable debt, and return on equity investment by the developers and related investors.

Pro Forma Operations

- With gross square footage of more than 6,500 square feet, and leasable space as shown in the pro forma rent roll of approximately 5,380 square feet, the buildings efficiency ratio of 82.7% is maximized for the mixed-use, retail/restaurant/residential building.
- As reflected in the Developer's pro forma, the property provides Potential Gross Income (PGI) from the residential component of approximately $321,200, increasing to $383,864 by year ten using growth rate of 2% as compared to the Developer's expected growth modeled at 2.5%. This equates to approximately $7.69 per square foot and reflects the short-term rental strategy proposed by the developer with rents proposed at $110 nightly.
- With vacancy modeled at 30% throughout the ten-year period, Effective Gross Income from the residential component is modeled at $224,840 in the first full year of operations, increasing to $268,705 in year ten, again using growth of 2%.
- The pro forma retail square footage provides an estimated PGI of $76,000 ($40.00 psf) escalating to $90,827 by year ten, reflecting 2% growth annually.
- Total operating expenses, also modeled at 2% growth, are estimated at approximately 39.2% of EGI throughout the ten-year pro forma provided.
- Management fee is modeled at 8.5% of Effective Gross Income.
- Net Operating Income under the assumptions outlined above is estimated to be $136,851 in the first year of operations and increases to $199,798 by year ten. The DIA pro forma NOI is sufficient to support debt totaling $1,049,093 providing debt service coverage of 1.35X and Yield on Cost of 2.3%. Over ten years, NOI improves to $989,900 providing debt service coverage of 2.0X and Yield on Cost of 5.86%.

- In total, the capital as shown including the debt as modeled and equity as proposed, including the subject DPRP funding proposed leaves a funding shortfall of approximately $1,359,200. That shortfall may be met through any combination of additional debt, equity, or funding from Historic Tax Credits investors.

Capital Considerations

- Total development costs as presented equals $5,868,300, or $902.82 psf for the acquisition costs and rehabilitation of the 6,500 square foot building.
- The tax assessed value of the property in 2024 is $330,143. According to the Duval County Tax Collector website, all property taxes are current on the property.
- Total equity proposed to be injected is $900,000 (15.3% of TDC), as underwritten and does not include funding provided through the Historic Tax Credit program. This amount is established as the minimum required in the term sheet as proposed.
- The property acquisition price of $1,175,000 ($180.77 psf) has not been supported by a third-party appraisal, which receipt and review is a requirement of closing. Notably, if the valuation comes in as low as $450,000, and equity remains unchanged at $900,000, the remainder of the DPRP funding parameters remain unchanged.
- Senior debt on the development is projected to be $1,049,100, or 17.9% of TDC. Modeled over 25 years at 8.5%, annual debt service is projected to equal an estimated $101,371, providing DSC of 1.35X.
- Historic Tax Credits are not shown as a source of funding in the Sources and Uses provided by the Developer, but the project may be eligible for funding through this source to fill all or a portion of the funding shortfall estimated at $1,359,200.

DPRP Recommended

Based upon the analysis of projected cash flows and development costs, the recommended DPRP is as follows:

	Historic Preservation, Restoration, and Rehabilitation Forgivable Loan (HPRR)	Code Compliance Forgivable Loan (CCR)	DPRP Deferred Principal Loan	TOTAL
TOTAL	$1,283,000	$765,000	$512,000	$2,560,000

The incentive structure and funding under the DPRP will be subject to further approvals by the Jacksonville City Council.

Underwriting this application established the need for financial support from the City based on the extensive redevelopment costs for the buildings, deemed important to the preservation of Jacksonville's historic building stock and consistent with the goals of the BID and CRA plan as well as the stated purpose of the Downtown Preservation and Revitalization Program.

DPRP funding limits are partially based on equity contribution in relationship to Total Development Cost ("TDC"), with Equity greater than 15% allowing for a maximum DPRP funding equal to 50% of TDC. Total equity proposed totaling $900,000 (15.0% of TDC) meets the minimum requirement of 10% and allows DPRP funding up to 50% of TDC but is below the 25% equity level required to eliminate the requirement for a Deferred Principal Loan. As such the DPRP Deferred Principal Loan is established at a 20% of total DPRP funding, $512,000 and is a must-pay obligation with interest payments established at the yield on the Ten-Year Treasury Note at the time of funding (modeled at 4.0%), and principal due at the ten-year maturity.

DPRP Modeling Parameters – 225 N Laura Street (Juliette Balcony)

Sources		
Federal Historic Tax Credit	$ -	0.0%
HPRR Forgivable Loan	**$ 1,283,000**	21.9%
CCR Forgivable Loan	**$ 765,000**	13.0%
DPRP Deferred Principal Loan	**$ 512,000**	8.7%
Other COJ Funding		0.0%
1st Position Debt	$ 1,049,100	17.9%
Owner Equity	$ 900,000	15.3%
Additional Capital Needed	$ 1,359,200	23.2%
TOTAL SOURCES	$ 5,868,300	100.0%

Uses		
Purchase Price	$ 1,175,000	20.0%
Construction Costs	$ 3,775,800	64.3%
A&E Costs	$ 200,000	3.4%
Soft Costs	$ 225,000	3.8%
Developer Fee	$ -	0.0%
Real Estate Financing Costs	$ 252,500	4.3%
Development Overhead	$ 240,000	4.1%
TOTAL USES	$ 5,868,300	100.0%

	DPRP Guidelines			
Measurement	**% of TDC**		***Net of Developer Fee***	**Project**
Developer Equity	10%	Min	of TDC	15.3%
3rd Party Loan			No min or max	17.9%
Subsidy or Tax Credit			No min or max	23.2%
Developer Combined	50%	Min	of TDC	56.4%
DPRP				
Exterior	*75%*	*Max*	*of eliglible costs*	
Restoration Int	*75%*	*Max*	*of eliglible costs*	
Rehabilitation Int	*30%*	*Max*	*of eliglible costs*	
Code Compliance	*75%*	*Max*	*of eliglible costs*	
Other	*20%*	*Max*	*of eliglible costs*	
HPRR Forgivable Loan	30%	Max	of TDC	21.9%
CCR Forgivable Loan	30%	Max	of TDC	13.0%
DPRP Def Prin Loan	20%	Max	of TDC	8.7%
DPRP Def Prin Loan		Min	Must be ≥ 20% of Gap	20.0%
Other COJ Funding				0.0%
COJ Combined	50%	Max	of TDC	43.6%

As shown above, developer equity in the Juliette Balcony Building equals 15.3% of TDC, the DPRP funding is below the maximum 50% of TDC allowed by program guidelines, at 43.6%. Redevelopment of the property is proposed to be supported by a HPRR Forgivable Loan of $1,283,000, a CCR Forgivable Loan of $765,000, and a DPRP Deferred Principal Loan of $512,000. Program guidelines allow for the HPRR and CCR Forgivable Loans to amortize concurrently with principal forgiven at the rate of 20% annually over a five-year period in the absence of default.

The DPRP Deferred Principal Loan is an interest only loan with the rate established at the level of the Ten-Year Treasury Note at the time of funding. For modeling purposes, a rate of 4.00% is used providing interest payments of $20,480 to the City annually.

<u>Project ROI</u>:
As shown by the model below, the project ROI on the City investment is 0.53X, which exceeds program requirements of 0.50X. The calculations are based on City benefits totaling $1,368,110, based on estimated incremental ad valorem over 20 years, $425,634 (including 10 years of tax abatement for the estimated increase in property value resulting from the improvements), Local Option Sales Tax drawn from projected restaurant revenue and lease payments of $147,285 (restaurant sales modeled at $400 psf), Tourist Development Tax of $274,330 modeled conservatively over ten years, and payroll related sales tax considerations estimated at $4,680 (LOST and payroll considerations are both then reduced to 50% for the speculative nature per DPRP Guidelines), and the interest income (10 years) and Present Value of the repayment on the Deferred Principal Loan, $1,077,415.

$5.8 Million in Capital Expenditures				
Ad Valorem Taxes Generated				
County Operating Millage	(1)	$ 425,634		
Local Option Sales Tax	(2)	$ 421,615		
Payroll	(3)	$ 4,680		
Add'l Benefits Provided	(4)	$ 516,181		
Total City Expected Benefits			$ 1,368,110	
Total City Investment	(5)		$ 2,560,000	
Return on Investment Ratio				**0.534**

(1) - The investment from the Company is estimated to be $5.8 million in Capital Contribution for development and $0 in taxable Tangible Personal Property

(2) - Local Option Sales Tax is based on the revenue generated through retail sales, food and beverage, and commercial leases.

(3) - Job estimates are calculated at # of jobs * avg. wage. Assumes 20% spent locally and a 1 percent sales tax over 20 years.

(4) - Value of any additional contribution being made for the benefit of the city in consideration of the incentive

Interest on the DPRP Deferred Principal Loan	$ 204,800
PV of the Repayment of the Deferred Principal Loan	$ 311,381
Total Add'l Benefits Provided	$ 516,181

(5) - City Incentives as follows:

DPRP	$ 2,560,000
Land	$ -
Other	$ -
Total Direct Incentives	$ 2,560,000

<u>Recommendation</u>:

All requirements outlined within the HPS conditional approval or as may be established by the NPS in its conditional approval (as may be applicable) must be incorporated into the redevelopment project and inspected for adherence upon completion and prior to funding.

Final review by the DDRB and adherence to findings within its conceptual approval and others as may be set into place are concurrent requirements of this recommendation for approval.

Minimum funding requirements and other terms and conditions approval and administration of the subject facilities are captured in the Exhibit A Term Sheet.