

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 APPLICABLE 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



 11/29/24
Patrick Krechowski, Esq., Chair Date

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

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 not 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 $(\$20,000 \times 40) = \$800,000$ plus $(\$25,000 \times 10) = \$250,000$ 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 Existing:
 - 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.
 - The applicable percentage of street 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.
- To be considered eligible in meeting these requirements, ground floor space contributing to the active street frontage requirement must be finished to a vanilla shell stage of completion.
- 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). Anything above this height limitation (10 stories or more) may be considered for eligibility under this program or may alternatively consider application following 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

