

CITY COUNCIL RESEARCH DIVISION LEGISLATIVE SUMMARY

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Bill Type and Number: Ordinance 2023-876

Introducer/Sponsor(s): Council Members M. Carlucci, Boylan, Arias, J. Carlucci and Amaro

Date of Introduction: December 12, 2023

Committee(s) of Reference: Committee of the Whole

Date of Analysis: December 14, 2023

Type of Action: Appropriation; authorization to execute redevelopment agreement, replenishment guaranty and loan documents; Ordinance Code waiver; waiver of DIA Business Development and Investment Plan; authorization of REV grant; authorization of City participation loan and forgivable loan; designation of oversight agency; waiver of Public Investment policy; waiver of DPRP guidelines; request for emergency passage on one committee cycle

Bill Summary: The bill appropriates \$22 million from General Fund-GSD Fund Balance to fund a Participation Loan for the Laura Street Trio project subject to the terms of a redevelopment agreement. It authorizes the CEO of the Downtown Investment Authority to execute a Redevelopment Agreement, Replenishment Agreement and related loan documents for a Participation Loan and Forgivable Loan for the Trio project with Laura Trio, LLC, the project developer, and its affiliate organizations, Laura Trio Hospitality, LLC and The Residences at Laura Trio, LLC.

The bill waives provisions of Ordinance Code Chapter 500 - Community Redevelopment Policies and Procedures – and Chapter 55 - Downtown Investment Authority - to permit the City Council to exercise powers previously delegated to the DIA and approve the redevelopment agreement for a downtown project. It waives provisions of Ordinance Code Chapter 106 – Budget and Accounting Code – to authorize contingent liabilities under the Replenishment Guaranty without a current appropriation for that purpose, and waives the requirement that all contracts incurring any liability must specify a total maximum monetary indebtedness. It waives provisions of the DIA Business Investment and Development Plan for the following reasons: the project having an ROI of less than 1-1 on a REV Grant supported project; failure to satisfy the tiers analysis required to offer any incentive above a REV Grant and the DPRP loans; insufficient minimum developer total contribution to Total Development Cost; and exceeding the 40% cap on maximum City/DIA combined funding as to the historic Hospitality Component.

The bill waives the Public Investment Policy to authorize an \$8,500,000 Forgivable Loan and a \$13,500,000 Completion Grant not currently contemplated by the policy. It waives the DPRP guidelines to allow a developer equity threshold below 10%, to subordinate the position of the DPRP loan, to provide private capital to the project at less than the required percentage, and to authorize public investment in greater than authorized amounts. It waives provisions of Ordinance Code Chapter 91 – Municipal Code Enforcement Board - regarding the City's policy of settlement of fines and liens imposed by the Municipal Code Enforcement Board or Special Magistrate to authorize a \$10,000 upfront payment, if not previously paid, and to authorize a sixty (60) month term (rather than twenty-four months) to bring the project parcel into compliance.

The bill authorizes Hotel Component DPRP Loans in an aggregate amount not to exceed \$16,010,300, which will be comprised of: 1) a Historic Preservation Restoration and Rehabilitation Forgivable Loan ("HPRR") in the not-to-exceed amount of \$7,461,900; 2) a Code Compliance Renovations Forgivable Loan ("CCR") in the not-to-

exceed amount of \$5,346,300, with the HPRR and CCR Loans forgiven at a rate of 20% per year (with claw back provisions provided in the Agreement); and 3) a DPRP Deferred Principal Loan in the not-to-exceed amount of \$3,202,100 which requires interest payments annually with principal to be repaid at maturity (10 years from the date of funding).

The bill authorizes Multi-family Component DPRP Loans in an aggregate amount not to exceed \$6,024,300, which will be comprised of: 1) a Historic Preservation Restoration and Rehabilitation Forgivable Loan (“HPRR”) in the not-to-exceed amount of \$2,840,000; 2) a Code Compliance Renovations Forgivable Loan (“CCR”) in the not-to-exceed amount of \$1,979,000, with said HPRR and CCR Loans forgiven at a rate of 20% per year (with claw back provisions provided in the Agreement; and 3) a DPRP Deferred Principal Loan in the not-to-exceed amount of \$1,204,900 which requires interest payments annually with principal to be repaid at maturity (10 years from the date of funding).

The bill authorizes a Targeted Hotel Recapture Enhanced Value (REV) grant in an amount not to exceed \$5,670,400 and a Multi-Family Housing REV grant in an amount not to exceed \$8,853,600. It authorizes a City Participation Loan in an initial principal amount of \$22 million for a maximum term of 25 years and authorizes a \$2 million forgivable loan to the developer as previously authorized and appropriated by Ordinance 2021-453-E.

The DIA is designated as the City’s oversight agency and contract monitor for the project. Emergency approval on second reading is requested.

Background Information: Efforts have been underway by various parties for more than two decades to preserve and restore the Florida Life Insurance, Bisbee and Florida National Bank buildings that comprise the Trio at the northeast corner of Laura and Forsyth streets, which present a unique grouping of early 20th century buildings that illustrate downtown Jacksonville’s recovery during the reconstruction boom period following the Great Fire of 1901. The City Council has passed a number of ordinances over the years authorizing incentives to developers seeking to revitalize the buildings, none of which have come to fruition. In June the DIA board passed a resolution finding that the rehabilitation of the Trio buildings furthers the redevelopment goals and strategic objectives of the Northbank Downtown Community Redevelopment Area, but that the incentive package proposed by the developer did not meet the criteria of the DIA’s available funding programs. Therefore, it referred consideration of the incentive proposal to the City Council for its consideration and appropriation of sufficient funding, should that be the Council’s decision.

The DIA’s project term sheet at the time of its meeting in June 2023 showed a total estimated project cost of \$175,097,700, which would encompass the renovation of the three existing buildings and the construction of two new 11-story buildings which would include a Marriott Autograph hotel with restaurant and bar and a new 149-unit apartment building.

The proposed incentive package includes the \$36.5 million of incentives considered by the DIA at its meeting in June including: 3 hotel-related DPRP loans in an amount not to exceed \$16,010,300; 3 multifamily housing DPRP loans in an amount not to exceed \$6,024,300, a targeted hotel REV grant in an amount not to exceed \$5,670,400 (75% of county taxes for 20 years), a multifamily REV grant in an amount not to exceed \$8,853,600. It also includes a \$2,000,000 forgivable loan previously authorized by Ordinance 2021-453-E.

The incentive package also includes a new City Participation Loan of \$22,000,000 which would serve as a replenishment guarantee for the project lender (Capital One Public Funding LLC) to ensure payment of Laura Street Trio, LLC’s bond debt obligations. The City’s \$22 million (an amount equal to one year of principal and interest payments on the bonds) would be placed into an interest-bearing account to be drawn upon by the lender in the event the developer fails to make required bond payments over a term of 25 years. Should the lender draw upon the guarantee funds, the City would be obligated to replenish the funds on an annual basis to restore a balance of one year’s principal and interest payments. Should the amounts drawn under the Replenishment Guaranty exceed \$22,000,000, the City may elect to take title to portions of the Project Parcel subject to the mortgage of the City Participation Loan. The City Participation Loan shall provide that upon substantial completion of the Project the City will receive twelve percent (12%) of Net Cash Flows (as defined in the Redevelopment Agreement) from the Project for the term of the Participation Loan, and 5% of net proceeds from the sale or refinancing of the Project

Policy Impact Area: Downtown redevelopment; historic building preservation and re-use

Fiscal Impact: The bill commits the City to making six DPRP loans in the total amount of \$22,034,600, two REV grants in the total amount of \$14,524,000, a \$2,000,000 forgivable loan previously authorized, and a \$22,000,000 loan replenishment guarantee.

Analyst: Clements