

## **REHAB Trust Fund Guidelines**

### **REHAB Trust Fund Purpose**

The purpose of the Restore Endangered Historic Adaptable Buildings (“REHAB”) Trust Fund Guidelines is to establish the parameters for use of the REHAB Trust Fund and to facilitate rehabilitation of historic buildings within Jacksonville (exclusive of Downtown), specifically buildings designated as landmarks or contributing structures in locally designated historic districts. The REHAB Trust Fund was created to foster the repair, rehabilitation and restoration of income-producing or mixed-use historic buildings or historic buildings owned by not-for-profit corporations, located throughout Jacksonville, excluding the Downtown Area as defined in Sec. 55.105, Ordinance Code. The Chief Administrative Officer (“CAO”) or their designee shall, in coordination with the Planning and Development Department (“PDD”), process applications for REHAB Trust Fund grants and the CAO or their designee shall administer grants awarded from the REHAB Trust Fund.

### **REHAB Trust Fund Limitations**

1. Only projects that apply for \$100,000 or less in the aggregate are eligible for funding from the REHAB Trust Fund.
2. All CAO approvals of REHAB Trust Fund allocations are subject to the available unencumbered balance in the Trust Fund at time of award, and all grants awarded by the CAO shall encumber the related balance in the REHAB Trust Fund upon execution of a Rehabilitation Agreement.

### **REHAB Trust Fund Eligibility**

All proposed buildings that apply for the REHAB Trust Fund must meet the following criteria:

- a. The building must be at least 50 years old; and
- b. The building must be income-producing, mixed-use or owned by a not-for-profit corporation; and
- c. The building must be located throughout Jacksonville, excluding the Downtown Area as defined in Sec. 55.105, Ordinance Code; and
- d. The building must be architecturally or historically significant; and
- e. The building must be:
  - i. a local landmark, designated by the City pursuant to Chapter 307, Ordinance Code; or
  - ii. a contributing structure to a local historic district, designated by the City pursuant to Chapter 307, Ordinance Code; or
  - iii. declared a potential local landmark, as defined in Chapter 307, Ordinance Code, however, final local landmark designation must be obtained from City Council prior to final approval of the grant by the CAO or their designee. Any grant award will expire after 12 months if landmark designation is not obtained by the property owner.
- f. The building must be declared critically endangered by the Jacksonville Historic Preservation Commission (“JHPC”).

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### REHAB Trust Fund Expenditures

- a. Eligible expenses include up to:
  - i. 75% of eligible costs for the Restoration or Rehabilitation of the building Exterior
  - ii. 75% of eligible costs for the Restoration of Historic features on the building Interior
  - iii. 30% of eligible costs for the Rehabilitation of the building Interior, and
  - iv. 75% of eligible costs for bringing the property up to levels as required for Code Compliance or related fire and safety requirements. Environmental remediation or abatement within the building such as asbestos removal is included as well as new code requirements.
  - v. 20% of the above eligible costs for General Requirements and Overhead of the GC
- g. REHAB Trust Fund grants will be awarded for work that commences within 12 months from the date of issuance and is completed within five years. Grants are subject to forfeiture, cancellation, or re-evaluation in the event of sale, transfer within five years, or default.
- h. The REHAB Trust Fund grant will be interest free.
- i. All funds will be disbursed upon completion of improvements subject to cost verification and other approvals as specified below.
- j. Project must be located within Jacksonville but be outside the boundaries of the Downtown Overlay Zone, as defined in Sec. 656.361.2, *Ordinance Code*.
- k. Applicant and/or their General Contractor must demonstrate significant, relevant experience and performance on projects of similar type and scale.
- b. REHAB Trust Fund grants, in the aggregate may not exceed 40% of Total Development Costs.
- c. Total Development Costs ("TDC") are defined as:
  - i. costs for the acquisition of eligible buildings and associated land, and;
  - ii. the negotiated construction costs with a qualified General Contractor; a
  - iii. additional soft costs typically eligible for capitalization in development activity of this type.
  - iv. Developer Fee is to be excluded from both Sources and Uses.
  - v. The market value of property owned, and any related debt, may be included in TDC for purposes of these calculations.
- d. Developer Equity (less Developer Fee) shall be not less than 10% of TDC.
- e. Total Development Costs must be determined reasonable for the scope of the project utilizing third party verification where available.
- f. All property, business, and income taxes must be current at the time of application and maintained in a current status during the approval process, the term of the Rehabilitation Agreement and through the REHAB Trust Fund grant period.
- g. REHAB Trust Fund grants are subject to standard claw back language related to disposition of the property within five years of disbursement, or similar circumstances of conversion.

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### REHAB Trust Fund Application Process

#### 1. Pre-Application

- a. A pre-application meeting will be held for all proposed developments planning to utilize the REHAB Trust Fund program. Attendees shall include the Applicant and related members of the proposed development team, members of the COJ PDD Historic Preservation Section staff, and the CAO or their designee, as appropriate. From this meeting, a strategy that incorporates the following steps and requirements will be formulated to include task assignments and a timeline for target dates to accomplish the application processing goals.

#### 2. Application and Processing

- a. Application and processing of historic designation, Certificate of Appropriateness approval and REHAB Trust Fund grant approval through the PDD and the CAO or their designee may occur simultaneously, except as provided below.
- b. Landmark Designation
  - i. Application shall be made to the PDD for Local Landmark designation unless the building is already a local landmark or a contributing structure within a local historic district.
  - ii. PDD shall verify whether the building is already a local Landmark, a local contributing structure or is eligible for designation. PDD shall assist the applicant in Local Landmark Designation Procedures as needed and process any landmark designation application through the Historic Preservation Commission and City Council approval process.
  - iii. A staff report recommending designation and legislation approving the same must be filed prior to any grant approval by the CAO or their designee.

#### 3. Scope of Work

- a. Application shall also be made to PDD for a Certificate of Appropriateness or other approval for the scope of work to be performed.
  - i. Such application shall categorize the work to be performed among exterior restoration and renovation work; interior restoration; interior renovation; or code compliance work.
- b. The PDD shall review applications for work to be performed on any local landmark or or contributing structure within a locally designated historic district for compliance with the United States Secretary of the Interior Standards for Restoration or Rehabilitation, and any applicable historic preservation design guidelines, and shall issue an approval, denial, or approval with conditions and comments.

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- c. The application for a COA or approval of the scope of work can be submitted and reviewed simultaneously with landmark designation; however, no staff report regarding scope of work will be issued to the CAO or their designee prior to the approval of legislation for landmark status.
- d. Any work not approved through the COA review process by the Jacksonville Historic Preservation Commission, PDD Staff, or determined to not meet the Secretary of the Interior Standards or other design guidelines will be removed from the list of qualified eligible expenses for consideration.

#### 4. REHAB Trust Fund Grant Approval

Simultaneously, application shall be made to the CAO or their designee for funding pursuant to the REHAB Trust Fund Guidelines. The CAO or their designee shall receive and analyze project information as outlined below:

- a. Rehabilitation plan to include:
  - i. Proposed usage of the property following completion and contribution towards the relevant United States Secretary of Interior Standards and applicable design guidelines.
  - ii. Demonstrated compliance with the purpose of the Trust Fund.
  - iii. Proposed timeline of anticipated improvements and completion of work.
- b. Applications to include detailed Total Development Cost estimate for proposed acquisition and/or improvements along with sources and uses of funds, evidence of ownership or control of the subject property, and unless waived by the CAO or their designee, a thorough and detailed three-year pro forma financial statements (including time to stabilization).
- c. A detailed construction budget must be provided that reconciles to the contract with the General Contractor, and that clearly allocates costs between Restoration or Rehabilitation of the building Exterior, Restoration of Historic features on the building Interior, Rehabilitation of the building Interior, General Requirements and Overhead of the GC, and Code Compliance Renovations, as may be appropriate per the REHAB Trust Fund Grant request being made.
- d. Corporate applicants shall submit two most recent years' tax returns (if available).
- e. Applications must be accompanied with a personal financial statement and the two most recent years' tax returns of principals with ownership of more than 20% of the project, the project's general partner, and/or the project's controlling member.
- f. Provide evidence that all property, business, and income taxes are current.
- g. Evidence of local Landmark or local contributing structure status for the subject property as outlined above or application for the same, to be submitted as appropriate for the request made.
- h. PDD staff recommendation as to eligibility of the approved scope of work on any local landmark or local contributing structure shall be required prior to CAO or their designee

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or City Council approval of any program funding, however a contingent staff report will be accepted. The level of certainty required before presentation to the CAO or their designee or City Council will depend on the extent to which eligible costs exceed the request.

### 5. Following Final Funding Approval

- a. Upon approval by the CAO or their designee or City Council of REHAB Trust Fund funding, the CAO or their designee staff will negotiate a proposed Rehabilitation Agreement and associated grant documents.
- b. The Rehabilitation Agreement will be routed for execution.
- c. The CAO or their designee to be provided copies of periodic inspections and/or progress reports as applicable.

### 6. Distribution of Funding

- a. The REHAB Trust Fund Grant will be funded following review and approval of the Request for Disbursement by the Applicant following issuance of the last needed Certificate of Occupancy for the project.
- b. All work on approved buildings must be inspected by the Planning and Development Department or designee for compliance with the approved application prior to funding.
- c. COJ PDD, and CAO or their designee jointly, or other appropriate COJ Department, will verify that paid invoices submitted for reimbursement align with the construction budget as approved, and confirm Developer's compliance with previously approved building permits, COA, and all P DD, as applicable.
- d. All existing liens and code violations must be cleared prior to disbursement of funds and recordation of Loan security documents.
- e. Funds will be authorized for distribution in accordance with the approved Rehabilitation Agreement including evidence of all permanent funding commitments, satisfaction of all liens and waiver of claims from General Contractor and subcontractors, verification that there are no delinquent property taxes or other tax obligations outstanding beyond their respective due dates, and other requirements as may be found in that agreement.