

CITY COUNCIL RESEARCH DIVISION LEGISLATIVE SUMMARY



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Bill Type and Number: Ordinance 2022-841

Introducer/Sponsor(s): Council President at the request of the Downtown Investment Authority

Date of Introduction: November 9, 2022

Committee(s) of Reference: NCSPHS, R, F

Date of Analysis: November 10, 2022

Type of Action: Authorization to execute redevelopment agreement; authorizing execution of restrictive covenants and parking rights agreement; authorizing Downtown Preservation and Revitalization loans; authorizing REV grant; authorizing parking garage grant; authorizing pro rata maintenance cost share agreement; designation of oversight agency; Public Investment Policy waiver

Bill Summary: The bill authorizes execution of a redevelopment agreement between the Downtown Investment Authority and Axis 404 Julia, LLC to support the renovation and rehabilitation of a building at 404 N. Julia Street to provide multifamily housing and leasable commercial space, and to support the adjacent construction of a new multifamily housing building and a parking garage to serve both buildings. It also authorizes execution of a parking rights agreement. The bill authorizes three Downtown Preservation and Revitalization Program loans in a total amount not to exceed \$5,814,697 to be appropriated by future legislation and authorizes a Recapture Enhanced Value (REV) grant in a maximum amount of \$2.67 million. The bill authorizes a Parking Garage Grant of \$1.8 million upon completion of the new garage and authorizes execution of a parking agreement with the developer for City use of some of the spaces. The DIA is designated as the oversight agency for the project.

The bill waives the Public Investment Policy to the extent needed to grant a Parking Garage Grant that is not currently authorized by the PIP.

Background Information: Axis 404 Julia, LLC (the Developer) owns a vacant building at the corner of North Julia and West Duval Streets in downtown and owns the remainder of that block, including the Ambassador Hotel, through several affiliated corporate entities. The Developer plans to convert the existing building into 32 units of multifamily housing with a minimum of 3,200 square feet of leasable commercial space and other administrative space. It also plans to build 103 residential units in a new building and to construct a 450-space parking garage to serve all of the uses on that block. The Developer has negotiated an agreement with the DIA to reserve 90 of the parking garage spaces for use by the Fire and Rescue Department to serve the parking needs of its employees in the JFRD headquarters/Emergency Operations Center located across Julia Street in return for a one-time contribution to the construction cost and an annual maintenance cost payment per space.

The bill provides for several incentives to the project:

- a Historic Preservation Restoration and Rehabilitation Forgivable (“HPRR”) Loan in the not-to-exceed amount of \$2,261,349 (forgiven at a rate of 20% per year, with clawbacks);
 - a Code Compliance Forgivable (“CCR”) Loan in the not-to-exceed amount of \$2,303,348 (forgiven at a rate of 20% per year, with clawbacks);
 - a Deferred Principal Loan in the not-to-exceed amount of \$1,250,000 (requires interest payments annually with principal to be repaid at maturity - 10 years from the date of funding);
 - a Parking Garage Grant in an amount not to exceed \$1,800,000 (payable following construction completion);
- and

- A REV Grant not to exceed \$2,670,000 (50% of the new ad valorem taxes generated by the project for 15 years).

The City will pay a pro rata share of the parking garage maintenance costs, to be capped at \$600 per space per year (\$54,000 for 90 spaces). Funding for the Parking Garage Grant will be appropriated from the General Fund via separate legislation when construction is completed and the annual maintenance cost fee for the parking spaces will be budgeted through the JFRD budget. The Public Investment Policy waiver is required because the PIP does not currently authorize a parking garage grant.

Construction of the entire project is expected to be completed by the end of 2024

Policy Impact Area: Downtown redevelopment; public employee parking

Fiscal Impact: The bill authorizes several forgivable loans in a total amount not to exceed \$5,814,697, authorizes a REV grant not to exceed \$2,670,000, and commits to a future annual payment of up to \$54,000 for parking spaces.

Analyst: Clements