

**CITY COUNCIL RESEARCH DIVISION
LEGISLATIVE SUMMARY**



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Bill Type and Number: Ordinance 2024-884

Introducer/Sponsor(s): NCSPHS Committee

Date of Introduction: November 12, 2024

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

Date of Analysis: November 14, 2024

Type of Action: Grant of landmark property tax exemption; Ordinance Code waivers

Bill Summary: The ordinance authorizes a partial ad valorem property tax exemption on the value of improvements made to the designated local landmark located at 700 East Union Street for a period of 10 years. Provisions of Code Sections 780.303 and 780.305 are being waived to permit the exemption to go into effect for the 2025 tax year for a project is not entirely completed as required by the City ordinance, although it is “substantially complete” as required by the state law authorizing the tax exemption. A provision of Ordinance Code Section 780.335 is waived to permit the award of the tax exemption for a project that is exceeding the two-year completion deadline provided in the ordinance to qualify for the exemption.

Background Information: The designated local landmark is the Union Terminal Warehouse building located between East Union Street and the Mathews Bridge Expressway east of downtown, which is being renovated into a mixed-use development including apartments, artist studios, food and beverage establishments, office space and maker spaces. The 1913 building was designated as a local landmark by the Council in 2021. The developer has made “qualifying improvements” to the 330,000 square foot structure so as to preserve its architectural and historical integrity which will qualify it for the property tax exemption on the value of a portion of the improvements when completed.

The waivers are requested because tax exemption must be approved and sent to the Property Appraiser by the end of 2024 to go into effect for the 2025 tax year. If it doesn’t get approved by Council at the last meeting in December, it would have to wait a year; the developer would then begin receiving the exemption starting in 2026. The exemption will still be limited to 10 years, so would not involve any additional exemption years (it’s the difference between the exemption running from tax years 2025-2034 or tax years 2026-2035). The owner requested the tax exemption now (for 2025) due to how close they are to project completion and how they have structured their project financing. It is a massive project with large financial implications for the developer if the exemption is delayed a year.

Policy Impact Area: Historic preservation property tax exemption

Fiscal Impact: Undetermined until the project is completed and the Property Appraiser assigns a new assessed value. The exemption will be for 100% of the increase in assessed value resulting from the Qualifying Improvements for a period of 10 years.

Analyst: Clements