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City of Jacksonville, Florida

Lenny Curry, Mayor

City Hall at St. James
117 W. Duval St.
Jacksonville, FL 32202
(904) 630-CITY
www.coj.net

PROJECT SUMMARY
PRITCHARD HOSPITALITY, LLC
4142 Perimeter Industrial Parkway, W
Jacksonville, FL 32219

Entity:

Pritchard Hospitality, LLC, a Florida Limited Liability Company, 76071 Sidney Place, Yulee, FL 32097. The registered agent and developer is Amit Patel.

Background:

Pritchard Hospitality purchased the 1.8-acre undeveloped site located at 4142 Perimeter Industrial Parkway, W on March 27, 2020, for the purpose of developing an 82-room mid-rise motel. The motel brand chosen was Tru by Hilton Worldwide. Shortly after purchasing the property the Covid-19 outbreak occurred delaying the construction of the motel. Due to the severity and length of time the Covid restrictions were in effect the cost of materials escalated significantly along with the scarcity of labor endangering development of the project. The site is located within the KingSoutel Crossing Community Redevelopment Area (CRA).

If completed the project will result in the creation of 10 full time equivalent jobs and add 82 new motel rooms at the intersection of I-295 and Pritchard Road within the CRA. The motel rooms will be available to the public at market rate. The development cost of the project is estimated to be \$13,330,000. Presently there are no hotel/motel units within this development area to serve the businesses within this expanding commercial corridor.

When acquired in March 2020 the estimated construction cost to develop the project was \$11,370,000. However, since the Covid-19 pandemic outbreak hard construction bids increased \$1,960,000 (17%) up to \$13,330,000. The project cost increases has affected the marketability of the project resulting in the need to increase the daily rates for the motel rooms when completed. That factor coupled with credit tightening and ever-changing lending requirements have negatively affected the financial viability of the project.

The developer has requested REV Grant assistance from the CRA lowering the ad valorem property taxes generated by the project within the first five years until the project reaches stabilization. The proposed motel will be the first new motel developed within the CRA. Typically, it takes three to five years for similar types of projects to reach breakeven and become profitable.

Project Rationale & Benefits:

The City of Jacksonville desires to promote growth and revitalization within the KingSoutel Crossing Community Redevelopment Area (CRA). The proposed Pritchard Road Tru by Hilton motel will introduce a new lodging option within the Pritchard Road commercial corridor and increase the commercial tax base.

| City of Jacksonville Funding | Theotokos Holdings, LLC | Project Goals |
|---|--|--|
| REV Grant 50% for 5 years, maximum grant \$290,000. | The Developer proposes to invest \$13,330,000 including mortgage financing totaling \$10,663,000 and up to \$2,667,000 cash equity. Project will create ten (10) new full-time equivalent hospitality industry jobs. | Introduce a new lodging development within the KingSoutel Crossing CRA generating 82 new motel rooms to support the Pritchard Road commercial corridor. The project will result in generating new ad valorem taxes to support the ever-changing infrastructure needs of this Community Redevelopment Area. |

Project will generate a positive return on investment for the City of Jacksonville.

A REV grant up to \$290,000 is recommended for consideration. The REV Grant will be calculated to be equal to fifty (50%) percent of the incremental increase in ad valorem taxes over base year taxes. The term will be for five (5) years. Payment of the REV Grant is subject to documentation of a minimum private capital investment of \$10 million and the target capital investment is \$12.5 million. In the event the overall private capital investment is less than \$12.5 million the REV Grant will be proportionally reduced by the percentage less than the targeted investment of \$12.5 million. If the overall investment falls below \$10 million, the grant will be terminated.

The proposed project is a branded hotel/motel to be developed within the KingSoutel Crossing Community Redevelopment Area (CRA) in accordance with the development goals outlined in the Community Redevelopment Plan along I-295 within Northwest Jacksonville.

A waiver of the City of Jacksonville Public Investment Policy is required as the project is not a target industry and the wages for the 10 jobs to be created do not average or exceed the State of Florida average wage.