

RESOLUTION 2024-06-01

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY ACTING AS THE NORTHBANK COMBINED COMMUNITY REDEVELOPMENT AGENCY AUTHORIZING A MULTIFAMILY HOUSING RECAPTURE ENHANCED VALUE GRANT (“REV GRANT”) BETWEEN THE DOWNTOWN INVESTMENT AUTHORITY AND JACKSONVILLE PROPERTIES I, LLC (“DEVELOPER”); AND RECOMMENDING CITY COUNCIL APPROVAL OF A EMERGENCY RAPID RESPONSE GRANT, AND A WORKFORCE HOUSING COMPLETION GRANT, FOR THE DEVELOPMENT OF A MIXED-INCOME, MIXED-USE PROPERTY KNOWN AS RISE DORO IN THE DOWNTOWN NORTHBANK COMMUNITY REDEVELOPMENT AREA; AUTHORIZING THE CEO OF THE DIA TO TAKE ALL NECESSARY ACTION TO EFFECTUATE THE PURPOSES OF THIS RESOLUTION INCLUDING THE FILING OF LEGISLATION; PROVIDING AN EFFECTIVE DATE.

WHEREAS, Jacksonville Properties I, LLC, a single purpose entity created by RISE: a Real Estate Company (“RISE” or “Developer”) for the purposes of the subject development has ownership of real estate parcels located principally at 930 Adams St E at the intersection with A. Philip Randolph Blvd, within the Sports and Entertainment District of the Downtown Northbank Community Redevelopment Area through a ground-lease investor; and

WHEREAS, Developer was nearing completion on a mixed-use, residential apartment complex on the site located principally at 102 & 128 A. Philip Randolph Blvd before the development was largely destroyed by a tragic fire in January 2024, and

WHEREAS, Developer responded quickly to damage caused by the fire and initiated rapid demolition of the affected structure to minimize risk to the public and to minimize business disruption to the surrounding business community, stadiums, arena, and public parking structures, and incurred additional cost in taking the quick response measures; and

WHEREAS, Developer is eager to move forward with redevelopment of the mixed-use rental apartment facility proposed to include 247 residential rental units and more than 7,400 square feet of retail space, despite significantly higher construction and financing costs; and

WHEREAS, Developer intends to incorporate 85 units of workforce housing into the development plans to acknowledge the need for mixed-income housing across Jacksonville for the benefit of local workers; and

WHEREAS, collectively the project will result in an investment of approximately \$79.1 million for the construction of the mixed-use complex and associated improvements, an increase of more than 57.2% from the original construction budget; and

WHEREAS, the increased private capital investment totaling \$79.1 million in real property will increase the county ad valorem tax base over the useful life of the assets and meets the existing CRA Plan Multi-family REV Grant guidelines; and

WHEREAS, to assist RISE, or its related single purpose entity, to increase the amount of residential units in Jacksonville, including rent restricted workforce housing units, will require financial assistance from the Downtown Investment Authority and the City of Jacksonville; and

WHEREAS, the Downtown Investment Authority (“DIA”) is authorized per section 55.108 *Economic Development* of the City Ordinance Code, to utilize the Tax Increment Finance District Trust Funds to foster the redevelopment of the Downtown Northbank Community Redevelopment Area; and

WHEREAS, the Downtown Investment Authority (“DIA”) is authorized per section 55.108(8)-(9)(b) *Economic Development* of the City Ordinance Code, to implement the BID Plan, grant final approval of redevelopment agreements, without further action of Council, in furtherance of the BID Plan; and

WHEREAS, DIA proposes a REV Grant up to 75% of the incremental increase in the county portion of ad valorem taxes for twenty (20) years generated from their proposed private capital investment of up to \$79.1 million with maximum indebtedness not to exceed \$11,450,000, funded through the Northside Tax Increment Finance District Trust Fund consistent with the DIA Multifamily REV Grant guidelines set forth in the BID Plan; and

WHEREAS, the proposed REV Grant, City of Jacksonville Workforce Housing Completion Grant, and Emergency Rapid Response Grant are material factors in assisting Developer to redevelop the property from its blighted state and make a positive contribution to the market rate housing, workforce housing, and retail/food and beverage operations goals established for Downtown Jacksonville in accordance with the DIA BID Plan.

BE IT RESOLVED, by the Downtown Investment Authority:

Section 1. The DIA finds that the recitals set forth above are true and correct and are incorporated herein by this reference.

Section 2. The DIA hereby approves a Multifamily Housing REV Grant of 75% of the incremental increase in the county portion of ad valorem taxes for twenty (20) years generated from the proposed private capital investment of \$79.1 million with maximum indebtedness not to exceed \$11,450,000, subject to the terms and conditions as provided in the Term Sheet attached hereto as Exhibit A.

Section 3. The DIA recommends that City Council adopt an ordinance that authorizes a Redevelopment Agreement that includes a Workforce Housing Completion Grant totaling \$3,000,000, and an Emergency Rapid Response Grant totaling \$1,000,000 subject to the terms and conditions as provided in the Term Sheet attached hereto as Exhibit A.

Section 4. The DIA hereby authorizes its CEO to negotiate a Redevelopment Agreement authorizing the REV Grant as described above in accordance with the term sheet attached as Exhibit A.

Section 5. The DIA hereby authorizes its CEO to take all necessary actions to effectuate the purposes of this Resolution, including but not limited to the filing of legislation and execution of a

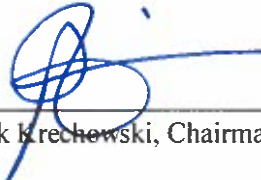
Redevelopment Agreement, or functional equivalents, providing that such actions incorporate, at a minimum, the terms and conditions contained in Exhibit A to this Resolution 2024-06-14.

Section 6. This Resolution, 2024-06-14, shall become effective on the date it is signed by the Chair of the DIA Board.

WITNESS:

DOWNTOWN INVESTMENT AUTHORITY




Patrick Krechowski, Chairman

7/1/24
Date

VOTE: In Favor: 6 Opposed: 0 Abstained: 0

**Exhibit A:
TERM SHEET
The RISE-Doro**

DIA Multifamily REV Grant	\$11,450,000
City of Jacksonville - Workforce Housing Completion Grant	\$3,000,000
City of Jacksonville - Emergency Rapid Response Grant	\$1,000,000

Project: The Doro, a 247-unit multifamily development located at 102 A. Philip Randolph Blvd. in the Sports and Entertainment District of the Downtown Northbank Community Redevelopment Area.

Developer/Applicant: Jacksonville Properties I, LLC, a single-asset entity created for this development by RISE: A Real Estate Company based in Jacksonville, Florida (“Developer”); however, the property is being developed under a ground lease with iStar, Inc. d/b/a 102 A Philip Randolph Blvd Ground Owner LLC who is the property owner for tax and capitalization purposes but is not a co-applicant.

Total Development Costs (estimate):	\$79,123,500
Underwritten Development Costs Used for Grant Calculation:	\$68,321,400
Equity (proposed):	\$29,531,683 (37.3% of TDC)

City of Jacksonville Funding: Not more than **\$15,450,000** (through the City of Jacksonville Downtown Investment Authority), as follows:

REV Grant: DIA Market Rate Multi-Family Housing REV Grant for 75% of the ad valorem tax increment generated by the project for a period of Twenty (20) years. The maximum REV grant indebtedness will not exceed \$11,450,000 and will be paid annually beginning the first year of taxation following completion based upon the incremental increase in the Duval County Operating Millage ad valorem taxes collected.

Workforce Housing Completion Grant: City of Jacksonville to provide a grant in the amount of \$3,000,000 for the commitment from the Developer to provide Workforce Housing to include not less than:

- 15 – 2-bedroom units at \$60,000 per unit
- 70 – 1-bedroom units at \$30,000 per unit

Rent maximums will follow limits set forth by the Florida Housing Finance Corporation (FHFC) for 120% Area Median Income (AMI) for Jacksonville, Duval County, Florida as may be adjusted annually. But in accordance with FHFC rules, such rents do not require

downward adjustment for existing tenants in any year where AMI levels fall, while rents for any new resident tenant will be established at the prevailing rate for any year.

A Land Use Restrictive Agreement (LURA) will be recorded to require adherence with maximum rents to remain in place for a period of not less than 30-years.

The Workforce Housing Completion Grant will be paid upon achieving Substantial Completion of the project and recording of the LURA.

Emergency Rapid Response Grant: City of Jacksonville to provide a grant in the amount of in the amount of \$1,000,000 in recognition and contribution towards costs incurred in the extraordinary efforts on part of the Developer to responded quickly to the fire and the rapid demolition of the affected structure to minimize risk to the public and to minimize business disruption to the surrounding business community, stadiums, arena, and public parking structures, and incurred additional cost in taking the quick response measures.

The Emergency Rapid Response Grant will be earned by the Developer and paid by the City of Jacksonville upon achieving the financial closing with all capital sources fully committed or funded.

Infrastructure: No City of Jacksonville infrastructure improvements are contemplated.

Land: No City of Jacksonville land is committed to the project.

Minimum Capital Contribution:

- The minimum capital contribution through completion to remain eligible for the maximum REV Grant funding amount is \$68,321,400, although this amount may be reduced by not more than 10% (\$61,489,260) to remain eligible with a pro rata reduction in the maximum indebtedness commensurate with any such decrease. For these purposes, the Minimal Capital Contribution shall exclude expenditures towards Clubhouse & Common Area FFE, Environmental Due Diligence and Reporting, Accounting, Legal, and Consulting fees, Market Study & Appraisal fees, Site Amenities, Retail TI and Brokerage Fee, Lease Up Budget, Title & Recording, Real Estate Taxes during construction, Developer Fee, Loan Fees, Construction Interest, Debt Consultation Fee, Operating Deficit Reserve, Ground Lease costs and similar soft costs as determined by the DIA in its sole discretion.

Additional Commitments:

- 1) The Developer commits to the development of:
 - A minimum of 240 dwelling units.
 - A seven-story garage with a minimum of 280 spaces.
 - Rooftop swimming pool, fitness center, and other amenities generally as outlined in plans submitted with the application.
 - Not less than 7,400 square feet of retail/restaurant/lounge space, including 4,700 square feet on the ground floor, which will be open and provide direct access to the public during normal business hours.

- 2) In association, the Developer commits to the incorporation of design elements, signage, and other measures that recognize the historical significance of the existing property and the area in which it is located.
- 3) Developer commits to pursue in good faith, with all best efforts including financial support, to finalize negotiations with the adjacent property owner to utilize the current Forsyth Street E roadway for activated public space for use during game days and other events within the Sports and Entertainment District.

Performance Schedule:

- Commencement of Construction: Within six (6) months following execution of the Redevelopment Agreement, applicant commits to re-commence construction, meaning receipt of all required approvals, permitting, and closing on all required financing to allow the start of construction activities and has actually broken ground to begin work.
- Substantial Completion: Within twenty-four (24) months following commencement of construction as defined above.
- The DIA CEO will have authority to extend this Performance Schedule, in the CEO's discretion, for up to six (6) months for good cause shown by the Developer / Applicant.

This Term Sheet proposal is limited by the following conditions:

- The proposed REV Grant requires adherence to all terms and conditions found in the DDRB approval letter dated May 21, 2020.
- There will be additional terms, conditions, rights, responsibilities, warranties, and obligations for both parties which shall be determined in a later negotiated mutually agreeable written contract (or multiple written contracts as is deemed necessary).