RESOLUTION 2024-12-03

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY ("DIA") RECOMMENDING THAT CITY COUNCIL APPROVE A DOWNTOWN PRESERVATION AND REVITALIZATION PROGRAM FORGIVABLE LOAN PACKAGE FOR REHABILITATION OF THE BUILDING LOCATED AT 225 N LAURA STREET (THE "PROPERTY" A/K/A "JULIETTE BALCONY") PURSUANT TO A REDEVELOPMENT AGREEMENT WITH JULIETTE BALCONY, LLC OR ASSIGNS ("OWNER" OR "DEVELOPER"); FINDING THAT THE PLAN OF DEVELOPMENT IS CONSISTENT WITH THE DIA'S BUSINESS INVESTMENT AND DEVELOPMENT PLAN ("BID PLAN") AND THE DOWNTOWN NORTHBANK COMMUNITY REDEVELOPMENT AREA PLAN ("CRA PLAN"); AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO EXECUTE THE CONTRACTS AND DOCUMENTS AND OTHERWISE TAKE ALL NECESSARY ACTION IN CONNECTION THEREWITH TO EFFECTUATE THE PURPOSES OF THIS RESOLUTION; PROVIDING AN EFFECTIVE DATE.

WHEREAS, Juliette Balcony, LLC, is the owner of the Property which has been awarded designation as a local historic landmark status by the City of Jacksonville through ordinance 2022-0903-E, and is a contributing structure located within the National Historic District of Downtown Jacksonville within the boundaries of the Downtown Northbank CRA; and

WHEREAS, Allan Cottrill, Owner of Avant Construction, LLC, ("Developer") proposes to take an ownership stake in Juliette Balcony, LLC to serve as Managing Member, and in conjunction with current owners Raef and Carmen Godwin, propose to rehabilitate the Property to provide a minimum of 5,600 square feet of leasable space as a mixed-use property within City Center, Downtown Jacksonville; and

WHEREAS, the private capital investment totaling not less than $5,868,300 in real property and improvements will increase the county ad valorem tax base over the useful life of the assets, will add to the retail tenancy and residential dwelling options in Downtown Jacksonville; and

WHEREAS, the Strategic Implementation Committee of the Downtown Investment Authority ("DIA") met on December 13, 2024, to consider the recommendation of DPRP Program Forgivable Loans in accordance with the program guidelines established by City Council in accordance with the terms contained in the term sheet attached hereto as Exhibit A and recommended that the DIA Board adopt Resolution 2024-12-03.

NOW THEREFORE, 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 instructs the Chief Executive Officer of the Downtown Investment Authority to take all necessary actions, including the filing of legislation before the City Council, to seek funding up to $2,560,000 pursuant to the Downtown Preservation and Revitalization Program guidelines in accordance with the terms set forth on the term sheet attached hereto as Exhibit A.

Section 3. The Chief Executive Officer is hereby authorized to execute the contracts and documents and otherwise take all necessary action in connection therewith to effectuate the purposes of this Resolution.

Section 4. The Effective Date of this Resolution is the date upon execution of this Resolution by the Chair of the DIA Board.

WITNESS: **DOWNTOWN INVESTMENT AUTHORITY**

Patrick Krechowski, Esq., Chairman 12/18/24
Date

VOTE: In Favor: 8 Opposed: 0 Abstained: 0

Exhibit A:
DOWNTOWN PRESERVATION AND REVITALIZATION PROGRAM
TERM SHEET

Juliette Balcony
225 N. Laura Street, Jacksonville FL 32202

Project: The project comprises the redevelopment of the historic building located at 225 N. Laura Street in City Center, Downtown Jacksonville utilizing funding through the Downtown Preservation and Revitalization Program ("DPRP").

The building located at 225 N. Laura Street with RE# 073697 0000 was originally built in 1904 but underwent significant improvement in 1923 making that year of reconstruction the period judged for landmarking as a historic property in Downtown Jacksonville. The three-story building basement providing approximately 6,492 gross square feet. Upon completion of the proposed rehabilitation, the building will provide approximately 1,900 square feet of leasable commercial retail/restaurant space on the first floor and two floors to accommodate four studio apartments on each floor. Rehabilitation efforts proposed include, but are not limited to, restoring interiors to their historic condition, HVAC and ventilation replacement, plumbing and electrical code compliance work, fire sprinkler modification to meet code requirements, window waterproofing, roof repairs, restoration of storefronts to historic standards, providing for ADA accessibility as required, exterior repairs, and paint.

Developer/ Applicant / Borrower: **Juliette Balcony, LLC**
Alan Cottrill, Managing Member
Raef and Carmen Godwin, Members

Total Development Costs (estimate): $5,868,300
Equity (proposed): $ 900,000 (15.3% of Underwritten TDC)

City Funding: No more than **$2,560,000** (through the City of Jacksonville Downtown Investment Authority), as follows:

	Historic Preservation, Restoration, and Rehabilitation Forgivable Loan (HPRR)	Code Compliance Forgivable Loan (CCR)	DPRP Deferred Principal Loan	TOTAL
TOTAL	$1,283,000	$765,000	$512,000	$2,560,000

At this proposed funding level, the incentive structure and funding under the DPRP will be subject to further approvals by the Jacksonville City Council.

Work proposed must be reviewed and approved by the Planning and Development Department, Historic Preservation Section for consistency with the United States Secretary of Interior Standards and applicable design guidelines during application processing. Upon completion, work will be inspected and verified against plans as previously approved in conjunction with the request for funding under terms defined further in the Redevelopment Agreement.

As the project nears completion, legislation will be required to seek appropriation from City Council from the General Fund to fulfill the funding commitment previously approved.

Budget. The construction budget reviewed and approved by the DIA totals $3,775,800 (the "Total Budget Amount"), which includes Construction Costs to be incurred in each of the funding categories (each, a "Funding Category") and in the minimum amounts (each a "Funding Category Minimum") set forth in the table below:

Funding Category	Funding Category Minimum
Interior Rehabilitation	$ 902,700
Interior Restoration	$ 297,500
Exterior	$ 692,800
Code Compliance	$ 1,013,600
General Requirements/Other	$ 794,500
N/A[1]	$ 74,700
Total Budget Amount:	**$ 3,775,800**

1 The category "N A" is not required to be met as a Funding Category Minimum for reimbursement of other categories under the DPRP. For further clarity, there will be no reimbursement for expenditures categorized as "N A" in the construction budget.

Minimum Expenditures: In order to be eligible for the maximum amount of the DPRP Loans, the Developer must provide evidence and documentation prior to the applicable DPRP Loan closing, sufficient to demonstrate to the DIA in its sole but reasonable discretion, the following:

(i) a total equity capital contribution of at least NINE HUNDRED THOUSAND DOLLARS AND NO/100 ($900,000.00) (the "Required Equity");

(ii) Total Development Costs incurred of at least FIVE MILLION EIGHT HUNDRED SIXTY-EIGHT THOUSAND THREE HUNDRED DOLLARS AND NO 100 $5,868,300.00) which shall exclude holding costs, tangible personal property (IT, FF&E), tenant improvements beyond vanilla shell, marketing, third party costs for risk management, developer fees, and loan fees (the "Minimum Total Development Costs");

(iii) Minimum Eligible Construction Costs incurred of THREE MILLION SEVEN HUNDRED ONE THOUSAND ONE HUNDRED DOLLARS AND 00 100 ($3,700,100.00), calculated as the Total Budget Amount less costs classified as "N A" (the "Minimum Eligible Construction Costs"), and

(iv) Construction Costs incurred of at least the Funding Category Minimum with respect to each respective Funding Category.

Notwithstanding the foregoing,

1) the required Minimum Total Development Costs of $5,868,300 may be reduced by a maximum of ten percent (10%) overall, to $5,281,470, as determined by the DIA in its sole and absolute discretion, without affecting the Borrower's eligibility for funding under the DPRP.
2) the required Minimum Eligible Construction Costs of $3,700,100 may be reduced by a maximum of ten percent (10%) overall, to $3,330,090, as determined by the DIA in its sole and absolute discretion, without affecting the Borrower's eligibility for funding under the DPRP.
3) any Funding Category Minimum may be reduced by a maximum of ten percent (10%) on a stand-alone basis, as determined by the DIA in its sole and absolute discretion; provided that, in such event, there shall be a pro rata reduction in any or each of the related DPRP Loans, as required. Eligibility for funding under any Funding Category shall be eliminated if the corresponding Funding Category Minimum is reduced by more than ten percent (10%).
4) Developer may not reallocate more than 25% of the proposed funding amount for any line item in the Budget to a different line item without prior approval from the DIA and such reallocation shall not modify the related Funding Category Minimum. In addition, the elimination of a line item from the Budget shall eliminate any funding associated with that line item and such funds may not be reallocated to any other line item without the prior approval from the DIA which approval may be given or withheld in DIA's sole and absolute discretion.
5) As the Developer may incorporate the use of Historic Tax Credits in capitalization for the Project, DIA acknowledges that a tax credit investor may enter the ownership structure in an amount up to 99.99% ownership for structural purposes without a reduction in equity contributed by the Developer. In such arrangements, an entity controlled by the Developer must remain the General Partner with a minority ownership interest if utilizing a traditional HTC structure. Otherwise, in a master lease structure, an entity controlled by the Developer must have majority ownership and controlling interest in the landlord entity. Under either structure, the Developer, or its related entity, must be the surviving entity and majority owner following exercise of the put option of the tax credit investor at the end of the five-year HTC compliance period or other exit of the tax credit investor from the ownership structure.

The DIA shall have the authority, without further action by City Council, to approve reduced DPRP Loan amounts provided the Total Development Costs incurred are not less than $5,281,470, including Minimum Eligible Construction Costs incurred of not less than $3,700,100

Infrastructure: No City of Jacksonville infrastructure improvements are contemplated.

Land: No City of Jacksonville land is committed to the project.
Loans/Other Funding: Future tenants are expected to present application for funding under the FAB-REP program, although information has not yet been provided for that request.

No costs may be submitted for duplicative funding under more than one DIA incentive program. However, costs incurred by the DPRP Applicant may count towards their required contribution under the Retail Enhancement Program to the extent such costs are directly attributable to space that would be occupied by the REP Grant Applicant.

Performance Schedule:

A) Redevelopment Agreement to be approved for filing with City Council within thirty (30) days following presentation and negotiation (As captured in the Resolution approved by the DIA Board for this DPRP funding).
B) Redevelopment Agreement to be executed within thirty (30) days of the Bill Effective Date which shall establish the Redevelopment Agreement Effective Date (To be captured in the legislation filed with City Council for approval of this DPRP funding).
C) Commencement of Construction: Within six (6) months following the Redevelopment Agreement Effective Date, Applicant commits to commencement of 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.
D) Substantial Completion: Within eighteen (18) months following Commencement of Construction as defined above.
E) 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. Any extensions to the Commencement Date shall have the same effect of extending the Completion Date simultaneously.

Additional Commitments:

A) The Developer commits to the development of not less than 1,750 leasable square feet in a retail/restaurant space, or other permissible uses which create taxable value for the property as may be further approved by the DIA.
B) Applicant to provide an appraisal in support of the $1,175,000 stated acquisition cost for review and acceptance by the DIA prior to submission to the Mayor's Budget Review Committee. The minimum supportable value "As Is" to maintain adherence with Program Guidelines is $450,000.
C) Recommendation as to the eligibility of the approved scope of work on the Properties by the Planning and Development Department shall be required prior to DIA Board approval of any program funding. Such recommendation by the Planning and Development Department may be conditional on further review and approvals by the State Historic Preservation Office ("SHPO") and or the National Park Service ("NPS") as may be required.

D) Upon completion and request for funding, all work on the Properties must be inspected by the Planning and Development Department or designee for compliance with the approved application prior to funding under any DPRP loan component.

E) Funding under the DPRP will be secured by a stand-alone, subordinate lien position on the Property behind any senior secured, third-party lender providing construction, mini-perm, or permanent financing, as long as such subordination does not alter the DIA approved maturity date of any DPRP Loan.

F) Each DPRP Loan will be cross defaulted with one another.

G) Payment defaults, or other defaults that trigger legal actions against the Applicant that endanger the lien position of the City, shall also be a default on the subject facilities.

H) As the Borrower will be utilizing a combination of HPRR Forgivable Loans, and CCR Forgivable Loans, the maturity of each Forgivable Loan will be five (5) years. Principal outstanding under each note will be forgiven at the rate of 20% annually, on the anniversary date of each such funding, so long as each Forgivable Loan is not in default per DPRP Guidelines.

I) Standard claw back provisions will apply such that:

   a) In the event the Borrower sells, including without limitation a capital lease transaction, or otherwise transfers the Historic Building or allows permanent alteration of improvements considered material to the historic nature of the property during the first five (5) years after the disbursement of the Forgivable Loans, the following shall be due and payable at closing of the Sale:

      i. 100% if the Sale occurs within 12 months after disbursement of the Forgivable Loan;
      ii. 80% if the Sale occurs after 12 months but within 24 months of disbursement of the Forgivable Loan;
      iii. 60% if the Sale occurs after 24 months but within 36 months of disbursement of the Forgivable Loan;
      iv. 40% if the Sale occurs after 36 months but within 48 months of disbursement of the Forgivable Loan; or
      v. 20% if the Sale occurs after 48 months but within 60 months of disbursement of the Forgivable Loan.

   b) Changes in the proposed intended use of the property must continue to contribute towards the relevant Redevelopment Goals and Performance Measures of the DIA and shall be presented to the DIA for further approval not less than 90 days in advance of such changes, and such approval shall not be unreasonably withheld. In the event Borrower or any lessee or assignee of the Borrower uses the Project or the Historic Property or Properties for any use not contemplated by this Agreement at any time within five years following the disbursement of the Forgivable Loan or Loan without such approval, the full amount of the amounts awarded, together with all accrued but unpaid interest thereon, may be declared by the DIA to become due and payable by the Borrower.

J) Funding in the amount of the DPRP Deferred Principal Loan component will have a stated maturity date of ten years from the Funding Date. The loan balance is due in full upon maturity, sale, or refinancing of the property prior to maturity subject to terms of the disposition and value of the property at the time of such event.

K) The DPRP Deferred Principal Loan component requires fixed annual interest payments equal to the total principal outstanding multiplied by the prevailing yield on the Ten-Year Treasury Note at the time of closing.

L) Partial Principal reductions on the DPRP Deferred Principal Loan may be made after the fifth anniversary with no prepayment penalty; however, a minimum of 50% of the initial loan balance must remain outstanding through the loan maturity date unless the Property or Properties are sold or refinanced during that period, subject to DIA approval.

M) DIA reserves the right to approve any sale, disposition of all or any portion of collateral property, or the refinance of senior debt prior to the forgiveness or repayment of any DPRP Loan.

N) All Property, business, and income taxes must be current at the time of application and maintained in current status throughout the approval process, the term of the Redevelopment Agreement, and through the DPRP loan period.

O) Payment defaults, bankruptcy filings, or other material defaults during the DPRP loan period will trigger the right for the City of Jacksonville to accelerate all amounts funded and outstanding under any or all programs at such time, plus a 20% penalty of any amounts amortized or prepaid prior to that date.

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).

225 N LAURA STREET
JULIETTE BALCONY
MIXED-USE HISTORIC REHABILITATION

Downtown Preservation and Revitalization Program
Staff Report for DIA SIC
December 13, 2024

Applicant:	**Juliette Balcony, LLC** **Alan Cottrill, Managing Member** **Raef and Carmen Godwin, Members**
Project:	**Juliette Balcony, 225 N Laura Street**
Program Request:	**DPRP**
Total Development Cost:	**$5,868,300**

DPRP Recommended:

1) Historic Preservation Restoration and Rehabilitation Forgivable Loan (HPRR)	**$ 1,283,000**
2) Code Compliance Renovations Forgivable Loan (CCR)	**$ 765,000**
3) DPRP Deferred Principal Loan	**$ 512,000**
	$ 2,560,000

Property Description:

Located at 225 N. Laura Street, near the northeast corner of the intersection of Laura Street and Monroe Street, the three-story building was originally constructed in 1904 by prolific builder O. P. Woodcock following Jacksonville's Great Fire of 1901. The property was significantly redeveloped by architects Marsh & Saxelbye in 1923 including the addition of its brick façade and the raising of the original two and a half story building to allow the addition of a new ground floor story as seen in the image attached. According to the landmark report prepared by the COJ Planning and Development Department, Historic Preservation Section ("HPS") the "property has significance as one of the few remaining examples of the smaller scale mixed-use buildings constructed in Downtown Jacksonville during the second period of significant new construction following the Great Fire of May 3, 1901."

From the July 26, 2023, approval for local landmark status by the COJ Planning and Development

Department, Historic Preservation Commission, "the application was found to meet four of seven criteria including:

1. Its value as a significant reminder of the cultural, historical, architectural, or archaeological heritage of the city, state, or nation.
2. It is identified as the work of a master builder, designer, or architect whose individual work has influenced the development of the city, state, or nation.
3. Its value as a building is recognized for the quality of its architecture, and it retains sufficient elements showing its architectural significance.
4. Its suitability for preservation or restoration."

The property, which received full local landmark status in ordinance 2022-903 approved by the Jacksonville City Council February 2023, has been vacant for many years and has experienced several redevelopment plans and partial interior demolition to prepare for those redevelopment ideas. While none of those plans were fulfilled, the alterations made have left the building in a state of significant disrepair and much of the effort currently proposed will be spent towards bringing the property back to functional use.

Project Summary:
As proposed, the ground floor facing Laura Street in the FAB-REP district is slated to be designed for a 1,900 square foot restaurant space. While a tenant has not yet been identified for the ground floor space, the developer reports strong interest from established restaurateurs which would be a welcome addition to the designated food and beverage district along Laura Street.

The upper two floors are designed to be divided into two studio units and two one-bedroom, one-bath units on each floor ranging in size from 392 square feet to 585 square feet. Each of these units is proposed to be used for short term rental using Airbnb or similar platform for rentals. The inclusion of the Tourist Development Tax from these short-term rentals is integral to the business plan and analysis of the City return for this project as covered more fully below.

Renovations proposed include, but are not limited to (as summarized by the COJ Historic Preservation Section):
Interior scopes:
The interior of the structure has been largely gutted except for some of the perimeter walls where plaster and historic trim remains. Large sections of the 1st floor's concrete flooring are missing or damaged. Many of the interior finishes have been removed. The upstairs original wood floors have been pieced-in with plywood in many places, thereby limiting where they could be restored. The historic layout of the upper units has been removed or reworked and the partition walls are just open framing with a temporary support system. The rear wall of the building is missing on multiple floors. The lack of historic integrity of the interior provides more flexibility for the interior buildout.

1. Plumbing improvements
2. HVAC improvements
3. Fire Code Upgrade
4. Walls and Ceiling treatments
5. Structural improvements:
6. Electrical improvements
7. ADA improvements
8. Floorplan changes
9. Flooring
10. Interior misc.

Exterior scopes
Although blocked from view and access today, the original plans show the north elevation included a display window with a multi-light transom and a side entrance for access to the upper floor apartments. The original wood

frame construction of the previous boarding house with remnants of asbestos shingle siding is still visible above the adjacent shorter building at the corner. The windows have been replaced and the storefronts altered, but physical evidence of the cast stone block of the first floor is still present. When an original storefront has been altered and it is determined that the changes have not obtained significance under Secretary of the Interior Standards for Rehabilitation number 4, any of the following three treatments usually meet the Standards: the existing, non-historic storefront may be retained; a new storefront may be designed that is compatible with the historic character of the building; or the missing storefront may be accurately recreated based on historic photographic documentation or physical evidence. Under any of these approaches, the remaining historic elements and materials of the design should be preserved.

1. Windows
2. Masonry repairs
3. Roof
4. Site improvements
5. Storefront improvements
6. Siding repairs
7. Streetscape improvements

The Ownership and Development Team:
Avant Construction, General Contractor - Alan Cottrill, CEO; Barry Underwood, VP of Project Management; Derek Cece, Director of Construction; and Gauddy Santos, Senior Project Analyst & Government Liaison. Avant has been very active in the redevelopment activities throughout Downtown Jacksonville with JWB Capital and other developers and investors including redevelopment of Hardwick's Bar which was the recipient of the Urban Land Institute 2024 Award for Excellence in the Reuse/Repurpose category.

Raef and Carmen Godwin – In addition to his role as Vice-President, Advertising Strategy and Operations of the PGA Tour, Mr. Godwin has also been an active investor and hands-on manager in real estate properties over the last 20+ years. His experiences include restoring and expanding historic buildings and investing in a variety of properties and vacant land in Jacksonville, Texas, and North Carolina. Ms. Godwin is a realtor focused on historic properties in the Riverside Avondale area and served as the Executive Director of Riverside Avondale Preservation (RAP) for eight years, where she played a leadership role in the creation of the Riverside Arts Market, the John Gorrie Dog Park at Riverside Park, and the Riverside Community Garden. She restored and expanded the Historic Nassau County Jail (Amelia Island), the Historic Buckland House (Riverside), as well as various single family and multifamily residential buildings in Riverside, Avondale, Fairfax, and Murray Hill. She has also managed investment opportunities in these areas, as well as Mixontown and Springfield.

HPS RECOMMENDATION (From the COJ Planning and Development Department, Historic Preservation Section):
As a local landmark and DPRP project, all work must be reviewed under a Certificate of Appropriateness (COA) for consistency with the Secretary of the Interior Standards for Rehabilitation (Standards). At the time of this memorandum, a COA has not been submitted for review, so conditions and recommendations in Exhibit A. are provided as a conceptual approval with conditions.

DPRP Request and Structure:
To facilitate redevelopment of the property, the applicant requests approval of funding under the DPRP due to a funding gap in meeting cost of construction and development. The funding gap is confirmed by analysis of pro forma cash flow, supportable debt, and return on equity investment by the developers and related investors.

Pro Forma Operations

- With gross square footage of more than 6,500 square feet, and leasable space as shown in the pro forma rent roll of approximately 5,380 square feet, the buildings efficiency ratio of 82.7% is maximized for the mixed-use, retail/restaurant/residential building.
- As reflected in the Developer's pro forma, the property provides Potential Gross Income (PGI) from the residential component of approximately $321,200, increasing to $383,864 by year ten using growth rate of 2% as compared to the Developer's expected growth modeled at 2.5%. This equates to approximately $7.69 per square foot and reflects the short-term rental strategy proposed by the developer with rents proposed at $110 nightly.
- With vacancy modeled at 30% throughout the ten-year period, Effective Gross Income from the residential component is modeled at $224,840 in the first full year of operations, increasing to $268,705 in year ten, again using growth of 2%.
- The pro forma retail square footage provides an estimated PGI of $76,000 ($40.00 psf) escalating to $90,827 by year ten, reflecting 2% growth annually.
- Total operating expenses, also modeled at 2% growth, are estimated at approximately 39.2% of EGI throughout the ten-year pro forma provided.
- Management fee is modeled at 8.5% of Effective Gross Income.
- Net Operating Income under the assumptions outlined above is estimated to be $136,851 in the first year of operations and increases to $199,798 by year ten. The DIA pro forma NOI is sufficient to support debt totaling $1,049,093 providing debt service coverage of 1.35X and Yield on Cost of 2.3%. Over ten years, NOI improves to $989,900 providing debt service coverage of 2.0X and Yield on Cost of 5.86%.
- In total, the capital as shown including the debt as modeled and equity as proposed, including the subject DPRP funding proposed leaves a funding shortfall of approximately $1,359,200. That shortfall may be met through any combination of additional debt, equity, or funding from Historic Tax Credits investors.

Capital Considerations

- Total development costs as presented equals $5,868,300, or $902.82 psf for the acquisition costs and rehabilitation of the 6,500 square foot building.
- The tax assessed value of the property in 2024 is $330,143. According to the Duval County Tax Collector website, all property taxes are current on the property.
- Total equity proposed to be injected is $900,000 (15.3% of TDC), as underwritten and does not include funding provided through the Historic Tax Credit program. This amount is established as the minimum required in the term sheet as proposed.
- The property acquisition price of $1,175,000 ($180.77 psf) has not been supported by a third-party appraisal, which receipt and review is a requirement of closing. Notably, if the valuation comes in as low as $450,000, and equity remains unchanged at $900,000, the remainder of the DPRP funding parameters remain unchanged.
- Senior debt on the development is projected to be $1,049,100, or 17.9% of TDC. Modeled over 25 years at 8.5%, annual debt service is projected to equal an estimated $101,371, providing DSC of 1.35X.

- Historic Tax Credits are not shown as a source of funding in the Sources and Uses provided by the Developer, but the project may be eligible for funding through this source to fill all or a portion of the funding shortfall estimated at $1,359,200.

DPRP Proposed

Based upon the analysis of projected cash flows and development costs, the recommended DPRP is as follows:

	Historic Preservation, Restoration, and Rehabilitation Forgivable Loan (HPRR)	Code Compliance Forgivable Loan (CCR)	DPRP Deferred Principal Loan	TOTAL
TOTAL	$1,283,000	$765,000	$512,000	$2,560,000

The incentive structure and funding under the DPRP will be subject to further approvals by the Jacksonville City Council.

Underwriting this application established the need for financial support from the City based on the extensive redevelopment costs for the buildings, deemed important to the preservation of Jacksonville's historic building stock and consistent with the goals of the BID and CRA plan as well as the stated purpose of the Downtown Preservation and Revitalization Program.

DPRP funding limits are partially based on equity contribution in relationship to Total Development Cost ("TDC"), with Equity greater than 15% allowing for a maximum DPRP funding equal to 50% of TDC. Total equity proposed totaling $900,000 (15.0% of TDC) meets the minimum requirement of 10% and allows DPRP funding up to 50% of TDC but is below the 25% equity level required to eliminate the requirement for a Deferred Principal Loan. As such the DPRP Deferred Principal Loan is established at a 20% of total DPRP funding, $512,000 and is a must-pay obligation with interest payments established at the yield on the Ten-Year Treasury Note at the time of funding (modeled at 4.0%), and principal due at the ten-year maturity.

As shown below, developer equity in the Juliette Balcony Building equals 15.3% of TDC, the DPRP funding is below the maximum 50% of TDC allowed by program guidelines, at 43.6%. Redevelopment of the property is proposed to be supported by a HPRR Forgivable Loan of $1,283,000, a CCR Forgivable Loan of $765,000, and a DPRP Deferred Principal Loan of $512,000. Program guidelines allow for the HPRR and CCR Forgivable Loans to amortize concurrently with principal forgiven at the rate of 20% annually over a five-year period in the absence of default.

The DPRP Deferred Principal Loan is an interest only loan with the rate established at the level of the Ten-Year Treasury Note at the time of funding. For modeling purposes, a rate of 4.00% is used providing interest payments of $20,480 to the City annually.

DPRP Modeling Parameters – 225 N Laura Street (Juliette Balcony)

Sources		
Federal Historic Tax Credit	$ -	0.0%
HPRR Forgivable Loan	$ 1,283,000	21.9%
CCR Forgivable Loan	$ 765,000	13.0%
DPRP Deferred Principal Loan	$ 512,000	8.7%
Other COJ Funding		0.0%
1st Position Debt	$ 1,049,100	17.9%
Owner Equity	$ 900,000	15.3%
Additional Capital Needed	$ 1,359,200	23.2%
TOTAL SOURCES	$ 5,868,300	100.0%

Uses		
Purchase Price	$ 1,175,000	20.0%
Construction Costs	$ 3,775,800	64.3%
A&E Costs	$ 200,000	3.4%
Soft Costs	$ 225,000	3.8%
Developer Fee	$ -	0.0%
Real Estate Financing Costs	$ 252,500	4.3%
Development Overhead	$ 240,000	4.1%
TOTAL USES	$ 5,868,300	100.0%

	DPRP Guidelines			
Measurement	% of TDC		Net of Developer Fee	Project
Developer Equity	10%	Min	of TDC	15.3%
3rd Party Loan			No min or max	17.9%
Subsidy or Tax Credit			No min or max	23.2%
Developer Combined	50%	Min	of TDC	56.4%
DPRP				
Exterior	75%	Max	of eligible costs	
Restoration Int	75%	Max	of eligible costs	
Rehabilitation Int	30%	Max	of eligible costs	
Code Compliance	75%	Max	of eligible costs	
Other	20%	Max	of eligible costs	
HPRR Forgivable Loan	30%	Max	of TDC	21.9%
CCR Forgivable Loan	30%	Max	of TDC	13.0%
DPRP Def Prin Loan	20%	Max	of TDC	8.7%
DPRP Def Prin Loan		Min	Must be ≥ 20% of Gap	20.0%
Other COJ Funding				0.0%
COJ Combined	50%	Max	of TDC	43.6%

Project ROI:

As shown by the model below, the project ROI on the City investment is 0.53X, which exceeds program requirements of 0.50X. The calculations are based on City benefits totaling $1,368,110, based on estimated incremental ad valorem over 20 years, $425,634 (including 10 years of tax abatement for the estimated increase in property value resulting from the improvements), Local Option Sales Tax drawn from projected restaurant revenue and lease payments of $147,285 (restaurant sales modeled at $400 psf), Tourist Development Tax of $274,330 modeled conservatively over ten years, and payroll related sales tax considerations estimated at $4,680 (LOST and payroll considerations are both then reduced to 50% for the speculative nature per DPRP Guidelines), and the interest income (10 years) and Present Value of the repayment on the Deferred Principal Loan, $1,077,415.

$5.8 Million in Capital Expenditures					
Ad Valorem Taxes Generated					
County Operating Millage	(1)	$	425,634		
Local Option Sales Tax	(2)	$	421,615		
Payroll	(3)	$	4,680		
Add'l Benefits Provided	(4)	$	516,181		
Total City Expected Benefits				$	1,368,110
Total City Investment	(5)			$	2,560,000
Return on Investment Ratio					0.534

(1) - The investment from the Company is estimated to be $5.8 million in Capital Contribution for development and $0 in taxable Tangible Personal Property

(2) - Local Option Sales Tax is based on the revenue generated through retail sales, food and beverage, and commercial leases.

(3) - Job estimates are calculated at # of jobs * avg. wage. Assumes 20% spent locally and a 1 percent sales tax over 20 years.

(4) - Value of any additional contribution being made for the benefit of the city in consideration of the incentive

Interest on the DPRP Deferred Principal Loan	$	204,800
PV of the Repayment of the Deferred Principal Loan	$	311,381
Total Add'l Benefits Provided	$	516,181

(5) - City Incentives as follows:

DPRP	$	2,560,000
Land	$	-
Other	$	-
Total Direct Incentives	$	2,560,000

All requirements outlined within the HPS conditional approval or as may be established by the NPS in its conditional approval (as may be applicable) must be incorporated into the redevelopment project and inspected for adherence upon completion and prior to funding.

Final review by the DDRB and adherence to findings within its conceptual approval and others as may be set into place are concurrent requirements of this recommendation for approval.

Minimum funding requirements and other terms and conditions approval and administration of the subject facilities are captured in the Exhibit A Term Sheet.

Exhibit A: Historic Preservation Section Review

Planning and Development Department

Ed Ball Building
214 North Hogan Street, Suite 300
Jacksonville, FL 32202

MEMORANDUM

TO: Steve Kelley, Director of Downtown Real Estate and Development
Downtown Investment Authority

FROM: Lisa Sheppard, City Planner III
Community Planning Division / Historic Preservation Section

RE: 225 North Laura Street
Downtown Preservation and Revitalization Program Review

DATE: November 8, 2024

The Historic Preservation Section (HPS) forwards a conditioned **conceptual** approval of the Downtown Preservation and Revitalization Program (DPRP) scope of work for 225 North Laura Street.

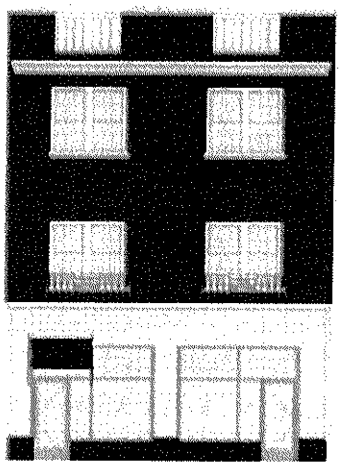
HISTORIC STATUS

This property was designated a local historic landmark under Ordinance 2022-903. The structure met four of the seven historic designation criteria. The structure is significant as one of only a few remaining smaller-scale mixed-use buildings in downtown, as an example of the shift in the built environment from residential structures and uses to more commercial construction during the 1920s Florida Land Boom, as a design by the prominent architectural firm of Marsh & Saxelbye, and for its suitability for preservation/restoration.

In addition to being a local landmark, the structure is identified as contributing structure to the Downtown Jacksonville National Register Historic District, which makes it eligible for Historic Tax Credits.

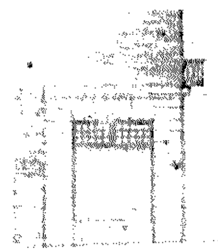
EXISTING CONDITIONS AND WORK SCOPE ANALYSIS

According to the landmark report, this 3-story building consists of a 1923 brick veneer alteration and addition to a wood frame boarding house that dates back to 1904. According to the Marsh and Saxelbye plans on file, the 1923 design included the masonry façade that wraps around both sides of the building at the front corners. Architectural details on the front elevation include the roof parapet wall with inset cast concrete balustrade above a cast concrete cornice, four 6/6 light sash-style window pairs (two with metal balconettes), and two storefront bays at the first floor. Although blocked from view and access today, the plans show the north elevation included a display window with a multi-light transom and a side entrance for access to the upper floor apartments. The original wood frame construction of the previous boarding house with remnants of asbestos shingle siding is still visible above the adjacent shorter building at the corner. The windows have been replaced and the storefronts altered, but physical evidence of the cast stone block of the first floor is still present. When an original storefront has been altered and it is determined that the changes have not obtained significance under *Secretary of the Interior Standards for Rehabilitation* number 4, any of the following three treatments usually meet the Standards: the existing, non-historic storefront may be retained; a new storefront may be designed that is compatible with the historic character of the building; or the missing storefront may be accurately recreated based on historic photographic documentation or physical evidence. Under any of these approaches, the remaining historic elements and materials of the design should be preserved.



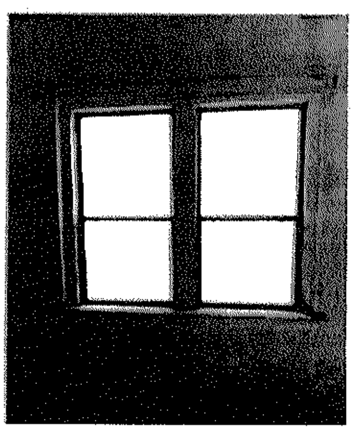
DDRB Concept Approval Package 12/8/22

Florida Master Site File (FMSF DU7589)

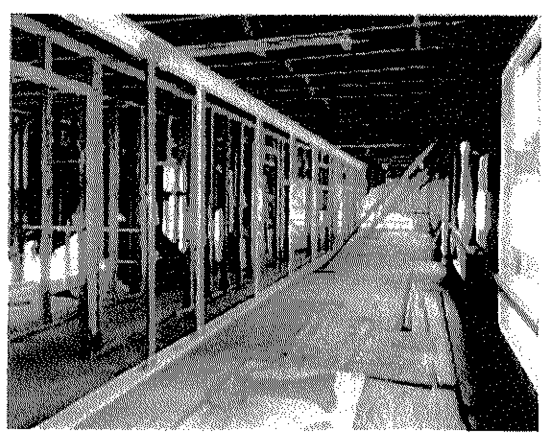


1923 plans - display window

The interior of the structure has been largely gutted except for some of the perimeter walls where plaster and historic trim remains. Large sections of the 1st floor's concrete flooring are missing or damaged. Many of the interior finishes have been removed. The upstair's original wood floors have been pieced-in with plywood in many places, thereby limiting where they could be restored. The historic layout of the upper units has been removed or reworked and the partition walls are just open framing with a temporary support system. The rear wall of the building is missing on multiple floors. The lack of historic integrity of the interior provides more flexibility for the interior buildout, but the remaining historic materials and details should be preserved and used to guide interior restoration efforts under Standards 2 and 6.



Front wall window with trim and plaster



Gutted interior with pieced wood flooring and missing rear wall

At the time of this memorandum, a detailed preservation work description with existing condition analysis, keyed photographs and proposed plan references normally associated with a related Historic Tax Credit (HTC) application or Historic Property Tax Exemption was not available. The following work scope is based on the work outlined in the Reuse Model Project Budget received on November 1, 2024, elevations from the December 8, 2022 DDRB Concept Approval Package, floorplans dated December 20, 2022, photographs received November 7, 2024 and conversations with the contractor representative, Barry Underwood.

Work scope

1. Plumbing improvements:
   a. Conduct camera analysis, replace failed connects and old clay, cast iron or lead pipes
   b. Upgrade systems for a reliable water and sanitary service
   c. Adding fixtures - tankless water heaters, faucets, sinks, toilets, etc.
   d. Per Florida Plumbing Code Sec 1003.3, adding a grease trap for first floor commercial kitchen
2. Electrical Improvements
   a. Upgrading electrical service and improper wiring
   b. New compatible lighting
3. HVAC Improvements
   a. Adding new HVAC system for whole building to meet Building code, to provide energy efficiency and humidity control for mold and mildew prevention
4. ADA improvements
   a. ADA improvements to make new commercial space compliant
5. Fire Code Upgrade
   a. Bringing structure into compliance with current fire safety codes (service/ wiring/ alarm)
6. Floorplan changes:
   a. Removal of non-historic elements to make way for new layout and meet ADA requirements for the first floor
   b. Interior redesigned to support eight upstairs apartments and one first floor commercial space for a restaurant tenant.
7. Walls and Ceiling treatments:
   a. Patch with historical plaster where missing sections are under 30sqft, otherwise replace with sheetrock and maintain matching thickness
   b. Install insulation of R-13 for exterior walls and spray foam on the bottom side of roof for R-20+
   c. Install new trim and molding
   d. Painting of walls, ceilings and trim with historical colors in a similar fashion to what is accurate for the period and style
   e. Tile walls in wet areas
8. Flooring
   a. Repouring flooring to address 50% of existing slab missing and other portions damaged beyond repair
   b. New structural framing and decking to ensure stability and prevent structural failure
   c. New tile in a similar fashion to what is accurate for the period and style
   d. Install LVT to match the historic aesthetic
9. Structural improvements:
   a. Provide new footings to support structural columns, ensuring stability and preventing structural failure
   b. Floor leveling of 2nd and 3rd floor due to building settling and deflections
   c. Install structural shoring to support and stabilize areas with failing or modified elements and while interior framing is being completed
   d. Rebuild rear wall
10. Interior misc.
    a. Installing tenant specific items for receiving mail/deliveries

   b. Provide stove, oven, microwave, refrigerator, range hood, washer and dryer
   c. Code required signage: exit signs, occupant load signs, fire safety signage, ADA signage
   d. Security/Access Systems
   e. Install new millwork/cabinetry and countertops for adaptive reuse in multi-family residences (upper floors only)
11. Windows
   a. Replacing previously replaced windows with new historically accurate vinyl windows - Double-hung sash, 6/6 lights fixed per FMSF DU7589
   b. Caulking, weatherstripping and adding foam sealant
12. Storefront improvements:
   a. Removal of non-historic entrance systems
   b. Install new storefront and entry system in a similar fashion to what is shown in the FMSF DU7589, historic plans or DDRB Concept Approval.
   c. Install new awning(s)
13. Masonry repairs
   a. Repair or replace deteriorated lintels
   b. Repair / replace brick where damaged or missing
   c. Repointing
14. Siding repairs
   a. Complete replacement of siding using historically appropriate, non-asbestos materials
   b. Painting trim, soffits, etc (no brick) with historical colors in a similar fashion to what is accurate for the period and style
15. Roof
   a. Replace the roofing material for water integrity
   b. Replace damaged and missing gutters/downspouts to protect the side of this building and adjacent building
   c. Provide interior roof hatch access to the exterior, eliminating the need for an exterior ladder on the building
   d. Provide new curbs and RTU supports
16. Streetscape improvements
   a. Improvements to meet Municipal Code Ch 518 and DIA Streetscape Guidelines.
   b. Repair sidewall after cutting to install/connect utilities
17. Site improvements
   a. Install a new decorative gate internal to site

RECOMMENDATION

As a local landmark and DPRP project, all work must be reviewed under a Certificate of Appropriateness (COA) for consistency with the *Secretary of the Interior Standards for Rehabilitation (Standards)*. **At the time of this memorandum, a COA has not been submitted for review, so the following conditions and recommendation are provided as a conceptual approval with conditions.**

Conditions:

1. .HVAC ductwork shall be recessed at least 4 feet from the exterior walls with windows and finished in materials to match the ceiling or wall (not left exposed).
2. No interior walls shall be left as exposed brick or in an aged/unfinished state. Plaster shall be restored were present allowing for replacement with drywall where missing.
3. New walls and ceilings shall have a compatible drywall finish.
4. Historic interior trim and moldings shall be preserved where present and replicated where needed.
5. Ceilings heights shall be maintained at the historic height above windows.

6. All new flooring shall be reviewed and approved for compatibility.
7. Exterior cleaning, repairs and repointing shall follow the guidance in the NPS Preservation Briefs 1 and 2, utilizing the gentlest means for cleaning (testing first) and matching the color texture, strength, and joint profile of the existing historic masonry for repointing with use of water-repellant coating being discouraged unless documented as necessary due to historic brick condition.
8. Any new street visible brick work shall match the size, color and texture of the historic brick.
9. No painting unpainted masonry.
10. Any new roof equipment shall be sized and placed to limit visibility.
11. The new storefront designs shall preserve the remaining historic elements and materials.
12. The awning(s) shall be either cloth or canvas (not metal or vinyl).
13. The width of the awning(s) shall not exceed the width of the storefront opening.
14. The awning(s) shall be installed in a manner to minimize damage to the wall surface.
15. All new windows shall fit the original openings both horizontally and vertically and be recessed within the opening (not flush with the exterior wall).
16. The proposed 6/6 light pattern and any multilight transoms shall have exterior raised profiled muntins (true or simulated divided lights).
17. Windows upstairs shall at least have the appearance of double hung sash-style units with offset upper and lower sashes.
18. Window groupings shall have traditional 4-6 inch flat mullions between window units to match historic documentation.
19. Vinyl replacement windows shall have a matte, non-glossy finish.
20. Any remaining exterior trim work, including traditional sill, sideboards, and header with crown molding, shall be retained or replicated in wood or cementitious materials.
21. Streetscape improvements shall avoid placing tall vegetation that would inhibit the visibility of the landmark structure.
22. Project shall be done as conditioned above or as otherwise approved, amended or conditioned by the NPS under a HTC review, or the Historic Preservation Section (HPS).
23. All final plans shall be approved under a COA and reviewed for compliance prior to permitting.
24. Copies of any future HTC submittal packages, amendments and approvals by the NPS must be provided to the Historic Preservation Section (HPS) as completed so that the HPS can verify that the work has been approved, permit plans are revised as needed, COA amended and any conditions are addressed.

Further recommendations:

1. Expand awning(s) to follow the lines and width of each of the storefront openings.
2. Preserve and restore historic wood flooring in main corridors or certain rooms if possible.

Cc: Barry Underwood, Avant Construction
Alan Cottrill, Avant Construction
Alex Sifakis, JWB Real Estate Capital