



Thursday, May 14, 2015 2:00 p.m.

MEETING MINUTES

Board Members Present: Chairman O. Barakat, and Jack Meeks

DIA Staff Present: Guy Parola, Tom Daly and Jim Klement

Representing Office of City Council: Lori Boyer

Representing Office of General Counsel: Lawsikia Hodges

Vice Chairman Meeks called the 3rd workshop to order at approximately 2:00 p.m.

Mr. Prado provided an overview of each case of the properties with unsafe structure to committee. A hand out was provided.

- 521 & 525 West Forsyth Street - Roof area, has been condemned case is heading to special magistrate
- 525 West Forsyth Street – case originally started in 2004, property maintenance case to repair four (4) ceilings, broken glass and exterior. Upgraded case to an unsafe structure case in January 2015. The case is proceeding to the special magistrate with no set date. The Special Magistrate is appointed through the Office of General Counsel.

Board Member Barakat commented that at the second workshop they went through City remedies.

The purpose of the workshops is to make a recommendation to the Board in two (2) areas.

How does the DIA become as an open authority more aware of the properties that are non-compliance? Either the owners are not in compliance of the code, or are not paying taxes.

What can the DIA Board do about which buildings having issues?

- Carrots and sticks.

If the owner is non cooperative, what can be done and is it within the DIA's domain?

The current tools that exist are the Historic Trust Fund and Downtown Economic Development Trust Fund.

I. INCENTIVES FOR PRESERVATION

Lisa Sheppard was present to answer any questions. She stated that the Federal Tax Credits are the major incentives used around the country to get the buildings back to the state they need to be in.

Jacksonville is not utilizing the use of those credits. This is administered through the Historic Preservation Office. Their local incentives are set up to have the application and review mirroring the first incentive that was developed in 1976. Most other municipalities do not have a trust fund. A second big incentive is the Federal Historic tax credits are local property tax exemptions. At the state level, they were adopted locally and have been around since 1994 and was utilized downtown the Historic district. When The Trust fund for Downtown was established both of the earlier incentives were reviewed.

Board Member Barakat asked if it was true that in order to use the Historic Trust Fund, the building has to be landmarked. Lisa Sheppard replied yes.

Board Member Barakat addressed that some of the issues were deteriorated buildings and buildings that are not being landmarked. If some of the buildings are eligible for land marking, they shall be preserved as soon as possible. Ms. Sheppard stated that one of the other reasons why both of the local incentives are tied to local designation is to encourage people by protecting the investment in those buildings through the property tax exemption or the trust fund. There will be a state of review for anything that goes forward on that building. The Local Designation process protects in regards to losses.

The three programs that can be land marked: Historic Trust Fund, Local tax credits and Federal Tax Credit programs. Lisa Sheppard noted that the Federal Tax Credits are not linked to a designation for buildings that are individually listed on the National Register, contributing to a local district, or deemed eligible. All three of the programs utilize the secretary of interior standards for rehabilitation.

Board Member Barakat inquired Historic preservation value of deteriorated buildings. He asked if there was anyway the Board to intervene along that journey; before it gets into the position to assist with patch work to preserve the structure of the building. Is there any program? Lisa Sheppard replied there was not an existing program and something could be offered to an owner for a mid-way compliance. A program would have to be developed that funds the mothballing.

Community development block grants are used for Historic Preservation and anti-blight purposes. The City would have to direct those that are in charge of those funds and set up the annual planning use of how it will be distributed for mothballing purposes downtown.

Board Member Meeks discussed Historic Springfield and explained credits.

Council Member Boyer inquired if land banks or government entities were eligible for the Federal credits. Legislation will be introduced about creating a land bank capacity in Jacksonville to allow the City or the Land bank to acquire property. It is worth the research to

figure out if that vehicle provides an avenue to get somewhere. Board Member Meeks responded if an authority was eligible to obtain the credits and involved enough to paddle those, then that would be a funding source. If the land bank was set up as a not-for-profit, but was deemed to have unrelated taxable income, that generated taxes. Could the authority accumulate those credits and sell them to produce cash revenue that can be used for other things. Ms. Sheppard replied that for lessor values there are businesses that accumulate and bundle tax credits. The nonprofit entity that normally would be paying taxes can benefit from the tax credits by selling them to syndicators who bundle and package them.

Lisa Sheppard discussed the mothballing process and noted to be selective in the use of the program. She pointed out that there was a good track record with the Bostwick Building and Elena Flats; where the existing owner had no intentions or did not have the means to do the project, but others could. Board Member Barakat agreed. He asked if the DIA provide them some matching funds to mothball to prevent the building from being lost. Staff has to be very judicious when using these programs. Ms. Sheppard stated the mothballing process stabilizes building in addition for an opportunity to make it look better. There is an emphasis on blight factors.

Board Member Barakat asked Board Member Meeks and Council Member Boyer if they thought if makes sense to present it to the Board for recommendation to consider that the Downtown Economic Development Trust Fund be utilized at the discretion of the Board; to assist selective property owners with mothballing when staff and Board deemed appropriate. Board Member Meeks replied in some cases that might be the only way to save the building. Lisa Sheppard noted that mothballing lasts for three 3 years and there is an opportunity of getting a second mothball separate application. Going through a 2nd mothball cycle, the idea was not just stabilizing and making it look better, it is taking forward steps to the rehab of the building.

Board Member Meeks stated that saving the properties as opposed to losing them at least keeps the properties.

Council Member Boyer said that she thinks it can be done, but needed to be done in the context of how does this further economic development in Downtown. She asked Ms. Sheppard about the historic preservation matching grant that comes from the State of Florida. Would the DIA be a potential applicant to use for this kind of process? Ms. Sheppard responded that federal funding will be disbursed to the State level for historic preservation purposes. She discussed a small matching grant is capped \$20,000 and a special category grant provides assistance between \$50,000 and \$500,000. Those grants are available to non-profits and to Government agencies. Lisa Sheppard mentioned another potential source of the community block grant might be something more programs disbursed. Board Member Barakat emphasized that the DIA needs to be aware of all of the resources that are out there.

Council Member Boyer noted at a recent City Council meeting, there was a discussion about the need to be funneling CDBG dollars toward infrastructure. There are huge infrastructure needs in

parts of the City that qualify for grant funding which is appropriate to spend on water, sewer lines and drainage repair.

Mr. Prado stated the amount of money received in the few years has been reduced dramatically. He said that he will set up a meeting to explore what types of resources are available and what expectation might be for prioritizing things.

Public Comment...

Ms. Jeffery commented that when she was chairperson of the historic preservation committee, concerns were addressed regarding the mothballing legislation and using the trust fund to mothball, because there specific things to be done to a building to preserve it. She noted that she would rather see the money go toward renovations. Board Member Meeks agreed. Ms. Sheppard reported that they were lucky when it came to Bostwick because staff knew that there was someone interested in purchasing.

Board Member Barakat stated that something has to give, i.e. start using your sticks or create another incentive program which may be wasted overtime, but at the same time the status quo is not acceptable. Ms. Sheppard mentioned the last stick, i.e., if you're willing to do this, then you probably have good intentions.

Someone from the public comment agreed that the vacant property registry is a fund that could potentially be used for mothballing. The land bank situation is complicated by the fact of needing legislation to make that happen. The successful land banks in other states have been successful, because they are allowed to reduce or completely remove property taxes. Lastly she stated that the State of Florida does not allow that.

II. ORDINANCE CODE COMPLIANCE UPDATE

Board Member Barakat pointed out that his goal was not discuss property-by-property. Every six months to receive a list of which properties are on Mr. Prado's list. Staff can review what is going on with each of the owners and how DIA can help. Board Member Meeks stated that he'd be willing attend meetings, if the staff is willing to spend time by setting up meetings with each property owner to figure out their intentions they have about the property. Board Member Barakat commented that the purpose today is to make a recommendation to the Board to develop protocol regarding these properties and Board Member Meeks offer may be what the Board wants to do on a recurring basis.

Board Member Barakat noted if the Board decides to monitor it on a bi-annual basis, what the DIA will do with the properties on the list. These protocols need to be termed by the staff and the Board. He also noted that the idea of the Board knowing the list every six months and asking staff to collaborate with Mr. Prado's department to sit down with the owners to develop solutions.

Council Member Boyer commented that the list is about structural exterior violations. There will be buildings that are sited for violations that aren't at the stage from their prospective absent designation to be demolished. She advised the committee to catch anything before the demolition stage.

Mr. Prado commented the he was asked to come up with a list of properties that exterior has been cited for issues that create visual blight and/or structural violations.

Council Member Boyer stated that a discussion will be needed with Mr. Teal or Mr. Prado about a process by which Code compliance can do when something poses immediate danger. There is special language where they can make a decision that if the building needed to be demolished on an emergency basis. She asked if the Board met with them every six months, there could be something a week after the meeting they decided was an emanate danger and the Board would not be engaged in the process. Board Member Meeks proposed a motion to approve the staff to set up meetings with these property owners and he would participate in those meetings. Board Member Barakat suggested for staff to take the lead by setting up those meetings.

Board Member Meeks stated that he would like to know the property owners intention by that way the Board would have an idea of can do to be helpful. He pointed out that he felt comfortable talking to them because he has dealt with this for 12 years.

Board Member Barakat stated once the reaching out to the owners is complete, once all owners were contact, the Board could act on it or make a recommendation regarding certain policies and procedures. Does the Board try to create an incentive the project, pursue the city remedies that are available, ask City Council to pursue them or take no action on the properties by allowing the owner more time to do what is needed?

Mr. Prado commented that his division is in contact with all of the owners. Guy Parola went over some of them that were on the list and stated that he didn't think it will be challenging to reach out to them to identify those who cooperate and does who don't. Board Member Meeks commented that was a starting point.

Board Member Barakat stated that no motion is needed. He wanted to make sure that Guy Parola had clarity as far as coming up with a recommendation to the Board for initiating a protocol.

III. CITY REMEDIES

Board Member Barakat stated that when the recommendation is rolled up to the Board, it would be helpful to provide them an idea of what the remedies are.

He would like to have a conversation to discuss the cost benefit analysis.

Mr. Teal provided a handout of the City Of Jacksonville Enforcement alternatives.

The handout provided different types of issues that are seen for downtown properties. There is a downtown property maintenance code that specifically geared toward downtown properties and what a property owner must do in order to maintain that property.

Each one of the ordinances self specifies what can be done to enforce it. He went over the handout that was provided regarding remedies. Building code and Historic land mark violations can be reached out to the contractors that perform the work and will be sent to the constructions trades qualifying board to go after their contactors licenses.

Mr. Teal went over the COJ Enforcement alternatives. A copy of the handout is on file. These remedies fit better with different types of violations. Board Member Meeks commented about some of the alternatives that he was familiar with. A huge number fine, the properties is worth only a tiny fraction. Board Member Barakat inquired if losing the fines is not an actual cost to the City. Board Member Meeks replied and referenced an example of the Jewish Center. The City spent about \$80,000 or \$85,000 to finish demolishing the building that was mostly burned down.

Board Member Barakat inquired about lien holder barriers. Jason Teal referenced the handout and noted the pros and cons. The Cons will cause the City to be automatically n the bidding process up the amount of the lien. He discussed contract liens and foreclosure liens. He stated that Bostwick was a blessing because was so easy, and a curse because it was so easy. There are a lot of considerations that go into whether or not to foreclose on property. Jason Teal referenced a U. S. Supreme case called Kelo v. City of New London; which was in favor of the local government. It was a valid public purpose for which a local government can condemn and take title to a property for purposed of Economic redevelopment or to sell it to a private entity for profit. Since then all of the states, including Florida has worked oneself up and put limits on when local governments can take private property away.

Board Member Meeks stated that at some point the Board may want to discuss land banking. He asked Mr. Teal could the files be auctioned. Council Member Boyer was very interested to know if debt could be sold to the City. Mr. Teal stated that under the State statue the lien runs in favor of the City. If that is property then the City could sell to someone.

Mr. Prado stated that a debt collection service is used for the hard cost. Council Member Boyer wondered if the Board can look at other cities that have addressed the foreclosure issue in a substantial and meaningful way. She stated a beneficial step will be to look at what other Cities have done and how they resolved it. Mr. Teal commented that the question is when, under what circumstances and how much if the City was willing to pay to do that. The property owners have up to 2 years to correct all violations at the end of the 2 years the fines will go away.

Board Member Meeks commented if liens were sold, there could be contingencies built into the sale that would say that the purchaser of the liens has 6 months to resolve issues if not, the lien reverse back to the City. If the committee were able to figure out how to do that, and how to do land bank, some real progress can be made.

Someone from the public stated the court loan does an amazing job through the Court redevelopment commission. Their funding process is initiated by selling bonds, received money and loaned money to rehabilitate buildings; foreclosed on structures that owners were incorporative with and in exchange for bringing the building back to usable standards allowed a tax break for 10 years. Under the 10 years when the taxes came to current market value, the Portland Development Commission and the City shared that increase taxes, by feeding more money into the development process.

Board Member Barakat stated that he would like to get to a place where the Board encourages Council decision to determine whether or not foreclose. Mr. Teal stated no, Bostwick was at the request of the Mayor's office. City Council had a sponsored legislation to request OGC to final foreclosure lawsuits. The Department of Administration and Finance is the agency that is in charge of collecting liens and they would request that they City foreclose on particular properties.

Board Member Barakat recommended that he would like to get the Board more interested in recommending foreclosures and having done the necessary homework. If an owner knows that the DIA was interested in applying this stick, it would change the behavior. Board Member Meeks would like to see if the Board could figure how to sell them. Council Member Boyer said it is worth looking into, and to the extent if the DIA wanted to push the Land bank idea, Mr. Wallace has already met with CM Gulliford to discuss the idea and on point with working on legislation.

She recommended to push the legislation. Board Member Meeks met with CM Gulliford this week to request him to place him on the invitation list for those meeting.

Board Member opened the floor for public comments and thanked all for their comments.