

RESOLUTION 2021-07-04

A RESOLUTION OF THE DOWNTOWN INVESTMENT AUTHORITY SUPPORTING THE EXECUTION OF A REDEVELOPMENT AND INCENTIVE AGREEMENT BETWEEN THE DOWNTOWN INVESTMENT AUTHORITY AND VESTCOR, INC; AUTHORIZING THE CEO OF THE DOWNTOWN INVESTMENT AUTHORITY TO NEGOTIATE THE LOAN AGREEMENT; AND AUTHORIZING THE CEO OF THE DOWNTOWN INVESTMENT AUTHORITY TO EXECUTE SUCH DOCUMENTS AND AGREEMENTS; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, Vestcor, Inc. (the “Developer”) proposes to construct the Lofts at Cathedral, a project consisting of approximately 120 new or rehabilitated multi-family apartment units of a variety of unit sizes for families in the Cathedral District neighborhood. Utilizing funding from the Low Income Housing Tax Credit program (“LIHTC”), the Developer proposes to develop approximately 57 affordable housing units, 27 units of workforce housing, and an additional 36 units at market rate rents. The project will result in the investment of approximately \$28,700,000 for the construction of the apartments and associated improvements.

WHEREAS, the Developer is seeking an allocation of LIHTCs from the Florida Housing Finance Corporation, under Request for Applications (“RFA”) 2021-202 under the Large Counties program; wherein Duval County is a FHFC designated Large County; and

WHEREAS, the RFA permits the Jacksonville Housing Finance Authority (“JHFA”) to set the criteria and score the applications received for Duval County in order to receive an allocation of LIHTCs under the Large Counties program; and

WHEREAS, the JHFA has issued a Notice of Funding Availability 2021-01 (the “NOFA”) which set forth local government support loans criteria for consideration of scoring; and

WHEREAS, the Developer is seeking to maximize the point total for its application for LIHTCs and is therefore requesting a qualifying loan from the DIA under the terms of the NOFA and detailed in the attached Term Sheet; and

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

WHEREAS, sufficient funds have been been previously appropriated by City Council for Loans within the Northbank CRA and remain available for use in accordance with the BID Plan; and

WHEREAS, to assist Developer in completing their application for LIHTCs and maximize their application score to construct the 57 affordable housing units, and 27 units of workforce housing apartments in Downtown Jacksonville requires \$625,000.00 in financial assistance from the Downtown Investment Authority; and

WHEREAS, the proposed loan will be funded from the DIA Northbank CRA Loan program Plan Authorized Expenditures account; and

WHEREAS, the Developer will further seek funding through the Downtown Preservation and Restoration Program (“DPRP”); and

WHEREAS, the Developer has agreed to provide market rate housing for families in 36 of the 120 units; and

WHEREAS, the financial assistance to the project will be in the form as detailed on the attached Term Sheet and in compliance with the requirements of the Local Government Support Loan (as detailed in the NOFA); and

WHEREAS, the proposed financing satisfies the conditions in the BID Plan for funding of a project more specifically: Goal 1- Reinforce the Downtown as the City’s Unique Epicenter; Goal 2- Increase Rental and Owner-Occupied Housing Downtown; and Goal 7- Use Planning and Economic Development activities to Promote Healthy Living.

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 hereby authorizes the CEO of the Downtown Investment Authority to negotiate a Loan Agreement and a Redevelopment Agreement with the Developer, or a subsidiary of the Developer substantially in accordance with the term sheet attached hereto as Exhibit A.

Section 3. The DIA hereby authorizes the CEO of the Downtown Investment Authority to execute such agreements.

Section 4. This Resolution, 2021-07-04, Shall become effective on the date it is signed by the Chair of the DIA Board.

(SIGNATURES ON FOLLOWING PAGE)

WITNESS:

DOWNTOWN INVESTMENT AUTHORITY





Braxton Gillam, Chairman

7/29/2021
Date

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

Exhibit A to Resolution 2021-07-04

Term Sheet

Loan:

Project Name: Lofts at Cathedral (A multifamily development utilizing Low Income Housing Tax Credits)

Developer/ Applicant: Single Asset Entity to be formed, Vestcor (or an affiliate company) will be the General Partner.

Total Development Costs (estimate): \$28,785,258; not less than \$27,000,000 to remain eligible

LIHTC Equity (proposed): \$17,744,225 (61.6% of TDC)

City Funding: This loan authorization not to exceed \$625,000 as outlined further below, total City funding for this Development not to exceed \$1,025,000 (3.6% of TDC) through the City of Jacksonville, Downtown Investment Authority in the aggregate:

Infrastructure: No city of Jacksonville infrastructure improvements are contemplated.

Land: No land or building owned by the City of Jacksonville land is requested by the project.

City Funding pursuant to this Resolution:

Loan:

- \$625,000 Loan from the Northbank CRA Loan Program
- The Note will have a 1.00% interest rate (payable semi-annually)
- Term will be 20 years, as required by the FHFC RFA 2021-202, with an option for prepayment without penalty at any time.
- The principal balance of the note will be due at the end of the term or upon sale, transfer or refinance of the project.
- There will be no annual payments of principal required on the \$625,000 loan.
- The Loan would be funded concurrent with development meeting the definitions of Completion within its senior loan documents.

The loan approval and funding is contingent upon the following:

1. Selection by the JHFA for the Local Government Area Of Opportunity Funding Loan Request NOFA 2021-1 in conjunction with FHFC RFA 2021-202
2. An allocation of "9% Low Income Housing Tax Credits" from the Florida Housing Finance Corporation under RFA 2021-202.
3. Downtown Investment Authority review and approval of all development and construction timelines.
4. Evidence of commitment for construction/senior debt agreements and any private junior lien loan agreements and commitments sufficient to complete the project.
5. Evidence of marketable title by the Developer.

6. There may 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).

Minimum Capital Contribution:

- The minimum total capital contribution through completion to remain eligible for the City Funding as proposed will be \$27,000,000.
- Percent of total COJ investment to overall project cost: $\$1,025,000/\$28,785,258= 3.6\%$

Performance Schedule:

- FHFC guidelines provide up to three (3) months for adjudication if protests are filed on awards as announced, followed by a formal underwriting period of up to twelve (12) months. Further, FHFC Guidelines also contemplate an 18-24 month timeline for the completion and occupancy of developments.
- Redevelopment Agreement to be entered into within three (3) months following the end of the FHFA protest period.
- Closing on all financing to occur within twelve (12) months following the end of the FHFA protest period.
- Commencement of Construction within ninety (90) days following Financial Closing Date. Commencement of Construction means:
 - a) As reasonably can be considered necessary so that physical construction of the eligible Project (or any applicable phase thereof) may begin and proceed to completion without foreseeable interruption:
 - i. Completion of all pre-construction engineering and design,
 - ii. All necessary licenses, permits, and governmental approvals required to initiate horizontal and vertical construction,
 - iii. Engagement of the General Contractor and others necessary to commence construction.
 - b) Evidence of having "broken ground" and begun physical, material renovation and construction of such improvements on an ongoing basis without any Impermissible Delays.
- Date of Substantial Completion not more than twenty-four (24) months from the Commencement Date.
- The Redevelopment Agreement shall allow the DIA CEO to extend the performance schedule for up to six (6) months in her sole discretion for good cause shown by Developer. Such extensions made to the Commencement Date shall apply also to the Date of Substantial Completion.

Economic Development Loan Funding

Funding for the Economic Development Loan, per the terms as described herein, shall occur following the Date of Substantial Completion and inspection by the DIA that determines completion has been made substantially in accordance with plans and specifications as approved during underwriting.

DPRP Historic Program Funding (*to be considered under separate Resolution – not part of this approval*)

DPRP Historic Program Funding: The Developer has committed to apply for funding in an amount not to exceed \$1,025,000 which will serve as permanent capital in the funding sources for the workforce, multifamily development. Funding under this program is conditional on the approval of the 9% Low Income Housing Tax Credit (LIHTC) award from the Florida Housing Finance Corporation (FHFC), which may be further conditioned on the approval for funding preference by the Jacksonville Housing Finance Authority (JHFA) under the Notice of Funding Allocation (NOFA) 2021-202.

Under no circumstances will total COJ funded or committed exposure to this development exceed \$1,025,000.