

RESOLUTION 2022-12-03

A MODIFICATION AND RESTATEMENT OF 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 various unit sizes for families in the Cathedral District neighborhood. Utilizing funding from the Low Income Housing Tax Credit program (“LIHTC”), the Developer proposes to deliver approximately 120 multifamily mixed-income units, including 84 with rent limits providing affordable housing for tenants with income of 80% or less of the Area Median income, in the Cathedral Hill District within the boundaries of the Downtown Northbank CRA of Downtown Jacksonville. The project will result in an investment of approximately \$39,000,000 for the construction of the apartments, and associated improvements, representing an increase of more than \$10,000,000 from the total development cost originally underwritten.

WHEREAS, the Developer was awarded Low Income Housing Tax Credits of \$1,868,000 per year for a period of ten years under RFA 2021-202 by the Florida Housing Finance Corporation to facilitate the development of affordable housing within the overall development activity; and

WHEREAS, RFA 2021-202 required a Local Government Support Loan of \$625,000, which was approved by the DIA in Resolution 2021-07-04 to facilitate the development of affordable housing within the overall development activity; and

WHEREAS, the increased private capital investment totaling not less than \$39,000,000 in real property will increase the county ad valorem tax base over the useful life of the assets related to the overall development activity, and will add to the residential tenancy options in Downtown Jacksonville; and

WHEREAS, the Strategic Implementation Committee of the Downtown Investment Authority (“DIA”) met on November 16, 2022, and approved to forward Resolution 2022-11-06 to the DIA Board recommending approval of DPRP Program Forgivable Loans for the historic building component of the overall development following the program guidelines established by City Council in an amount not to exceed \$2,398,400, which exceeds the maximum additional funding of \$1,025,000 as originally authorized by Resolution 2021-07-04; and

WHEREAS, the Strategic Implementation Committee of the Downtown Investment Authority (“DIA”) met on December 14, 2022 to consider approval of this Resolution 2022-12-03, which modifies the loan approval as originally authorized by Resolution 2021-07-04;

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 previously appropriated by City Council for Loans within the Northbank CRA and remain available for use in accordance with the BID Plan; and

WHEREAS, the proposed loan will be funded from the DIA Northbank CRA Loan Program Plan Authorized Expenditures account; 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 complies with program guidelines for the DIA Affordable Housing Support Loan Program as authorized by the update to the DIA BID Plan by ordinance 2022-0372E as approved by City Council on June 28, 2022; and

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, 2022-12-03, Shall become effective on the date it is signed by the Chair of the DIA Board.

(SIGNATURES ON FOLLOWING PAGE)

WITNESS:

DOWNTOWN INVESTMENT AUTHORITY

Ina Meyer

Carol Worsham
Carol Worsham, Chairman

12/21/22
Date

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

**Exhibit A to Resolution 2022-12-03
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): \$39,000,000; not less than \$37,050,000 to remain eligible

LIHTC Equity (proposed): \$22,789,721 (58.3% of TDC)

New City Funding: Not more than \$3,023,400 through the City of Jacksonville, Downtown Investment Authority in the aggregate; this loan authorization is not to exceed \$625,000 as follows:

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:

CRA 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 concurrently with the 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 has been met.
2. An allocation of "9% Low Income Housing Tax Credits" from the Florida Housing Finance Corporation under RFA 2021-202 has been met.
3. Downtown Investment Authority staff 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).

Additional COJ/DIA Funding:

DPRP Loans:

No more than **\$2,398,400** (through the City of Jacksonville Downtown Investment Authority), as follows with terms and conditions as outlined in Resolution 2022-11-06:

	Historic Preservation, Restoration, and Rehabilitation Forgivable Loan (HPRR)	Code Compliance Forgivable Loan (CCR)	DPRP Deferred Principal Loan	TOTAL
TOTAL	\$1,029,100	\$889,600	\$479,700	\$ 2,398,400

Additional City Obligations:

Further, Developer has assumed two forgivable obligations to the City secured by the historic YWCA property at the time of its acquisition, including 1) COJ HOME funds, \$235,200, and 2) COJ SHIP funds, \$134,280.

Minimum Capital Contribution:

- The minimum total capital contribution through completion to remain eligible for the City Funding as proposed will be \$37,050,000.
- Percent of total COJ/DIA investment to minimum total capital contribution:
 $\$1,025,000 / \$28,785,258 = 3.6\%$.

Performance Schedule:

- Commencement of Construction within six (6) months following the Redevelopment Agreement Effective 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 CRA 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 (*as approved by Resolution 2022-11-06*)

DPRP Historic Program Funding: The Developer has applied for funding in an amount not to exceed \$2,398,400 , 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, which has been achieved.

Under no circumstances will total COJ/DIA funded or committed exposure to this development exceed \$3,023,400, exclusive of the COJ Home funds and COJ SHIP funds assumed by the Developer.