



**KING/SOUTEL CROSSING COMMUNITY REDEVELOPMENT AREA  
ADVISORY BOARD  
ZOOM VIRTUAL MEETING (NO PHYSICAL LOCATION)  
THURSDAY, SEPTEMBER 24, 2020 - 3:30 P.M.**

**MEETING MINUTES**

**Location:** Due to COVID-19, the KSC/CRA Advisory Board meeting was held via Zoom.

**Advisory Board Members Present:** Advisory Board Chair Vanessa Cullins Hopkins, Vice-Chair Kemal Gasper, Russell Jackson and Leola Williams

**Advisory Board Members Absent:** Dr. Mary Jackson

**Staff Present:** Kirk Wendland, Executive Director; Karen Nasrallah, Redevelopment Manager; Michelle Stephens, Recording Secretary

**Representing the Office of General Counsel:** Susan Grandin

**Representing City Council:** None in Attendance

**I. CALL TO ORDER**

A quorum was not present. Chairwoman Cullins Hopkins called the King/Soutel Crossing Community Redevelopment Area (KSC/CRA) Advisory Board meeting to order at approximately 3:37 p.m.

**II. ACTION ITEMS**

**APPROVAL OF THE AUGUST 27, 2020 KING SOUTEL CROSSING AREA ADVISORY BOARD MEETING MINUTES**

The August 27, 2020 KSC/CRA Advisory Board meeting minutes were not approved due to a quorum not being present.

**III. GENERAL INFORMATION**

**OPPORTUNITY ZONE OVERVIEW - LISC**

Chairwoman Cullins Hopkins introduced Mr. Chuck Shealy with the Jacksonville Local Initiative Support Corporation (LISC) adding that LISC is a nationwide corporation with an office in Jacksonville. She asked Mr. Shealy to provide a brief introduction of the Northwest Jacksonville Community Development Corporation (CDC).

Mr. Shealy shared that LISC has been in Jacksonville for 20 years. They work in the urban core neighborhoods of Jacksonville primarily in the Northwest Jacksonville area up to Soutel. He mentioned a shopping center within the KSC/CRA on Soutel where a Dollar Store is located. He commented that LISC made a loan a few years ago with the owner of the shopping center that was made with additional capital available in hopes that the borrower could bring in a grocery store, which has not happened yet.

Mr. Shealy commented that Paul Tutwiler, Executive Director of the Northwest Jacksonville CDC has been a long time partner of LISC. They work together to provide financing to develop single family affordable housing. Mr. Tutwiler has been working for years trying to get a grocery store operation at North Point II where his offices are located. It is traditionally difficult to get additional grocers to come into this type of neighborhood due to demographics. He commented that they are exploring a lot of different opportunities now with Urban Farms and different types of ways to get fresh vegetables in the neighborhood.

Mr. Shealy provided an overview of Opportunity Zones. Presentation available upon request.

The following were comments and/or questions from staff and the Advisory Board.

Mr. Wendland commented that the City does not have a pot of Opportunity Zone funding to invest in projects. Projects have to be invested in and they have to be projects that can substantially make it on their own in order to qualify for the deferral or reduction of taxes. If someone wants to do a \$5 million project and they only have access to \$3 million they cannot come to the City or anyone else for the additional \$2 million of Opportunity Zone Equity injection. They can go to an Opportunity Zone Fund and it has to be a viable project.

Mr. Wendland commented that when the Opportunity Zones first came out there were large, sophisticated investors that were looking for minimum \$50 million type projects. The chance of a big Opportunity Zone fund from Boston wanting to come to Jacksonville for a \$100 million project is fairly unlikely. It would be more realistic if there were local investors looking at \$2 million to \$5 million projects.

Mr. Shealy's presentation included a map of Northwest Jacksonville. The shaded areas of the map are the specific boundaries of the Opportunity Zone.

Advisory Board Member R. Jackson asked Mr. Shealy if the Opportunity Zones were mainly for larger corporations. Mr. Shealy responded that a lot of the money does go to larger projects, but if there were a few lots in an Opportunity Zone and you wanted to build single family homes as affordable housing that equity can benefit from being in the Opportunity Zone. To really benefit, an investor would take the capital from something they sold and instead of reinvesting in more stock, etc. they would use the Capital Gain on a development in the Opportunity Zone.

Advisory Board Member R. Jackson asked Mr. Shealy if he has seen anything in particular throughout Jacksonville that seems like it is more conducive to the Opportunity Zones.

Mr. Shealy responded that there is a market rate apartment complex named "East San Marco" that is being developed on Philips Hwy. That was a project that was going forward before the Opportunity Tax laws came into effect, but it is in an Opportunity Zone so it will benefit. LISC did a \$4.5 million pre-development loan on the Union Terminal building in east Jacksonville on Union Street. The building was bought by an affordable housing developer out of Atlanta. The property is going to be redeveloped into 150 affordable/workforce housing units and mixed-use property with approximately 50,000 square feet of commercial space for artists and makers that are already occupying the building. It will be a \$50 million to \$60 million project. Opportunity Zone equity went into the project in the form of the developer creating their own Opportunity Zone Fund by selling property in other locations and with the return on their investment(s) they invested in the acquisition of the building. The redevelopment of the building will start early next year.

Mr. Shealy commented that almost all of east Jacksonville is an Opportunity Zone. He commented that there are a lot of available lots on the east side and thinks there is an opportunity that may spur additional single family housing development. There is another project in the railyard district off on I-95 where an older warehouse building was purchased and is being redeveloped into a multi-tenant property. Their marketing effort is to encourage businesses to move and lease from them to take advantage of the Opportunity Zone versus locating a mile down the road that is not in an Opportunity Zone.

Chairwoman Cullins Hopkins asked focusing on the King/Soutel Crossing Community Redevelopment area if there was a way to use one of the mapping tools to super impose the Opportunity Zone areas onto the KSC/CRA area map. She commented that it would be helpful to learn more about the local initiatives because there may be people in the community interested in making a local investment into either an existing Opportunity Zone Fund or for the KSC/CRA to create its own Opportunity Zone Fund. She added that in order for the Advisory Board to sell the idea, they need the super imposed mapping in order for them to show people exactly what land they are looking at. That may be possible in terms of redevelopment whether single family residential or multi-family housing, or even mixed use.

Mr. Shealy replied that LISC could help the Advisory Board, if they have people in their neighborhood interested in creating an Opportunity Zone Fund specifically for the KSC/CRA.

Mr. Wendland directed that staff provide Mr. Shealy's contact information and a map of the KSC/CRA Overlay that shows what part of the CRA is within an Opportunity

### **PUBLIC INVESTMENT POLICY (PIP) DISCUSSION**

Mr. Wendland provided a high level overview of the PIP. He commented that he would categorize the PIP as it relates to the KSC/CRA into two main sections. Countywide Programs, which can be anywhere and Economically Distressed Area (EDA) Programs where you must be located in an EDA to qualify noting that just because you are in a CRA does not mean that all of the CRA is in an Economically Distressed Area (EDA). He added that EDAs are determined by census tract because that is the only way of getting the economic data and that only certain things can be done in an EDA.

Chairwoman Cullins Hopkins asked for the boundary of the streets to be included on the overlay map as well as the EDA 1 and 2 properties and the Opportunity Zone Fund areas. Mr. Wendland replied they will try to get it all on one map, but may be two maps to avoid confusion.

Mr. Wendland highlighted programs that fall under the Countywide Programs.

#### **Recaptured Enhanced Value (REV) Grant:**

The REV Grant essentially works like a mini CRA just on the project. You establish a base year and then you look at the incremental taxes that are generated by that project. Florida Law prohibits you from abating real estate taxes for a project. However, the REV Grant sort of in effect works that way. Example a project is raw land today and is valued at \$100,000 of assessed value. Someone comes in and does a project and it is now valued at \$2.1 million. The \$2 million is the taxable value that we can work with for the REV Grant. Keep in mind, your tax on any piece of real property is about 18.4 mills. We can only work with the 11.44 mills that is the city/county portion. We cannot touch the School Board or the Florida Inland Navigation District or any other taxing authorities. Usually we do not do a 100%, we do a portion of it. They would take the \$2 million that someone would now be paying \$20,000 in taxes on an annual basis to the city. The most common formula we use is 50% for 10 years. They would pay their actual tax amount to the City that year, we collect it and there may be some performance measures related to jobs, etc. in the contract and if they meet all of those, we would make a \$10,000 payment back to them about a month or two after they pay their taxes. The money does not come in the form of upfront checks, they are performance based and paid out over time after the project performs. The only difference is there are minimum requirements. If you are any place else in the county not in an EDA, you have to do at least \$3 million of Capital Private Investment (CPI), the project has to create 10 jobs and meet the average wage in the county, which is now just north of \$50,000. If you are in an EDA, you only have to do \$1 million in CPI and you only have to meet 60% of the average wage, so it has to be at least a little over \$30,000. We can also go higher percentages in the EDA. The formula works the same; however, it is just a little enhanced criterion.

Advisory Board Member R. Jackson asked if the Lot J project included a REV Grant. Mr. Wendland replied that there is not an agreement on Lot J and it is a DIA deal and not OED.

**Industrial Development Revenue Bonds (IRB):**

OED processes two or three IRBs a year. IRBs allows a borrower access to tax exempt debt. It is an IRS Regulated Federal Program. He shared that Baptist Health has used it, Brooks Rehab and we currently have a project with Kipp Schools.

The interested party hires Bond Counsel, who would provide the City with an opinion letter that says they qualify through the Federal IRS guidelines. The issuance requires City Council approval. He noted that the bonds are issued in the City's name, but they are classified as conduit debt meaning it is not the debt of the City. The City has no obligation to pay it. IRBs essentially give the borrower a much lower interest rate because they are tax exempt bonds instead of taxable bonds. He noted that it does not work for very small projects. There is a fairly significance issuance cost related to doing bonds versus going to a local bank. The amount has to be big enough to make paying the issuance costs worth the interest rate savings.

Chairwoman Cullins Hopkins asked Mr. Wendland from his experience what the smallest project is that has been able to qualify for an IRB. Mr. Wendland responded that he hears people say that if the project is not at least \$3 to \$4 million it is probably not going to be worthwhile if you are not a tax exempt entity.

**Disabled Veterans Hiring Bonus:**

Similar to a REV Grant, but includes the hiring of disabled veterans. He noted that you would not do a deal based on the Disabled Veteran's Hiring Bonus. Rather, it could be added to a negotiation (if deemed eligible) to encourage someone we may be working with to hire disabled Veterans.

**Local Training Grant:**

A company has to be participating in a Targeted Industry and participating in the State of Florida's Florida Flex Grant Program. You have to be part of the Florida Flex Training Grant, which means that you have to be a Targeted Industry and you have to meet certain wage levels. A Local Training Grant allows us the ability to add additional dollars into a deal that includes training. He emphasized that it has to be used for training because the company will be required verify and document that the training dollars were above and beyond what you can get from the Florida Flex Training. The Program is only helpful if you have a technical type of work that will require a considerable amount of training needed.

Chairwoman Cullins Hopkins asked Mr. Wendland if trade training would qualify. Mr. Wendland responded, yes, adding there is still additional criteria to qualify. They have to be part of a Targeted Industry and have to create at least 50 jobs and the wages would have to be fairly significant. In order to qualify for the Florida Flex Training Grant, wages are taken into consideration.

**Frequently Used State of Florida Programs:**

The Qualified Targeted Industry (QTI) Tax Refund incentive is available for companies that create high wage jobs in targeted high value-added industries. The state contributes 80% of the total tax refund and the City only pays 20%. He commented that it is a great program that we use quite often. However, the state legislature allowed the program to sunset on June 30, 2019. There are a lot of people in the economic development field that are lobbying the legislature to reconsider or create a similar program in the next legislative session.

**Recapture Enhanced Value (REV) Grant within an Economically Distressed Area (EDA):**

The REV Grant is designed to bring private capital investment and redevelopment into a nonresidential project site. The Grant offers higher percentages in Economically Distressed Areas and lower requirements on the wages and the Private Capital Investment.

**Commercial Development Area Program (Economically Distressed Area only):**

Project has to be located in an Economically Distressed Area and has to be what is defined as a Commercial Corridor. Requires input from the Planning Dept. regarding the Commercial Corridor. This program this could not be used for a one off retail project in the middle of nowhere. It allows up to 20 percent of the total project costs up to \$100,000. OED has used the program a few times in Springfield. The Program was lined up to be a low interest loan program. If you have a retail establishment that needs help with machinery and equipment something along those lines, that is when this may be a good program.

Advisory Board Member R. Jackson asked if a property owner located on Soutel was interested in upgrading or doing something to make his business more attractive in a particular area would he qualify. Mr. Wendland responded that he did not think it would qualify for façade improvements, but if commercial business wanted to come in there, the new business would qualify.

**Façade Renovation Grant Program (Economically Distressed Area only):**

\$5,000 of City funding if you are in a Level 1 Area and \$10,000 if you are in a Level 2 area. Program is handled administratively and does not require City Council approval. Matching grant 2:1. If you were in a Level 2 distressed area and you did a \$15,000 improvement to your façade, you would pay \$5,000 and the City would pay \$10,000. Good program. Projects have to be approved in advance.

Chairwoman Cullins Hopkins commented that this would be a helpful program to businesses located in the KSC/CRA area and needs to be marketed to existing businesses in the area. Mr. Wendland commented that there is a flyer and we periodically mail the flyers to businesses. We could do a specific type of reach out to people within the KSC/CRA area.

Chairwoman Cullins Hopkins commented that is something they would definitely like to do.

Advisory Board Member R. Jackson asked if there was a way with the flyer, we can do it via a Zoom meeting. People may see the flyer, but maybe do a 30 minute Zoom meeting explaining the grant and the funding. To at least inform the community and how they may be able to qualify.

Chairwoman Cullins Hopkins commented that having a community meeting is a great idea. She needs guidance from OED as to who should put that meeting on. Should it be CW Brenda Priestly Jackson that hosts the meeting because she is the one who is the representative for the community and we are the Advisory Board. I definitely agree we need to do something to ensure that the local businesses know about this Façade Renovation Grant Program. Mr. Wendland commented that this is not a CRA specific program, so if we were going to do it, we would probably do it for everyone. We would start with a map of the EDAs and while that would include people in the KSC/CRA it would include other people as well. Chairwoman Cullins Hopkins commented that it sounds good, but waters things down as it relates to us trying to develop a stronger relationship specifically with KSC. Mr. Wendland responded that if they were doing something for the CRA as a whole, this could certainly be part of that.

Advisory Board Member L. Williams asked if projects such as a Busy Bee or a Wawa would qualify for any incentives.

Mr. Wendland responded that we have not really talked about gas stations, but my gut reaction is that a \$100,000 low interest loan to Wawa is not going to interest them. Having said that, I do not see anything that would prohibit us from doing that.

#### **Economically Distressed Area Targeted Industry Program**

Mr. Wendland commented that while QTI is gone, this is a local program that still exists. We patterned this program after the QTI program. We just recognize that in the EDAs sometimes it is hard to meet the wages. QTI you have to be north of \$50,000 on your average wage. This does have to be a Targeted Industry, has to create at least 10 new jobs, but it lowered the threshold to just 60% of the average wage (\$31,000 to \$32,000 avg wage). The incentive is not as much since we do not have the states funding. It is \$1,000 per job in the Level 1 areas and \$2,000 in the Level 2 areas and is paid out over a period of four years.

#### **Tax Increment District (TID) Infrastructure Development**

This program uses CRA dollars. It is fairly broad in that it does say you have to create at least 20 new jobs. It has to be a project in accordance with the KSC/CRA Plan, has to be within the boundaries, etc. It does call out that it should be used for infrastructure improvements in the area for businesses that would create jobs and increase the tax base. It does give us some parameters or limitations that the maximum amount of the public investment is 25% of the total project. If it were to entice a business rather than just a broad public project, this is how we would use those CRA dollars.

Chairwoman Cullins Hopkins asked if it would be possible for a couple of small business to join together into a new entity they form and LLC and they decide to do some infrastructure. One business could not do alone, but four businesses together may be able to meet the criteria of the infrastructure development. Would that joint entity be eligible or does it have to be each single entity.

Mr. Wendland replied that he thinks we would have to work with OGC and we would have to get creative and work with the owner of the shopping center. Count the jobs within the shopping center. He cautioned to keep in mind on all of those and that may or may not require sometime of waiver if we get a little outside the boundaries. We would have to look at the specifics of that deal. Just keep in mind that all of these things are going to come with sometime of performance requirement.

Mr. Wendland commented that there are three Northwest Programs. The Business Infrastructure Grant (BIG), Large Scale Economic Development Fund and the Small Business Development Initiative (SBDI). He added that anywhere within the KSC/CRA boundaries qualifies for the Northwest programs. If we could use NW rather than using the CRA funding, we probably would and take advantage of these programs.

Chairwoman Cullins Hopkins asked who they should go to in the City to learn who owns what parcels of property within the CRA that are potentially vacant or for sale. The Property Appraisers web site you can pull up any address.

Chairwoman Cullins Hopkins added that we really do need a map that shows us the boundary streets so we can look and see exactly where there may be empty parcels that can be developed. We as Advisory Board Members are going to have to individually look at certain areas of the KSC/CRA and the question is, is that land even available. The blighted areas -who owns those blighted areas because we would like to contact the property owners and if there is a business sitting there than that business needs to know about the Façade Renovation Grant Program and the other grants that are available through the City.

Chairwoman Cullins Hopkins asked if it was to include street boundaries added to the KSC/CRA map. Ms. Nasrallah confirmed that they could.

#### **IV. NEW BUSINESS**

No new business was discussed.

#### **V. OLD BUSINESS**



**FRA CONFERENCE UPDATE**

Ms. Nasrallah advised that the Florida Redevelopment Association (FRA) 2020 Conference is being held virtually. Details and registration etc. coming soon. They still have not figured out the cost for a virtual conference. There is currently only one keynote speaker scheduled.

**CITY OF JACKSONVILLE TREE MITIGATION PROJECT -**

Chair Cullins Hopkins asked follow-up to the August 27, 2020 KSC/CRA meeting when Ms. Kathleen McGovern, the City Arborist, was planning to meet with the Advisory Board Members on site to discuss what trees/plants she would recommend and what the Advisory Board Members would like to see.

Ms. Nasrallah replied that she needs a consensus from the Advisory Board that they want to spend money on trees and move forward with a tree project. The area of discussion is the Norfolk Soutel intersection where they are removing the sign and replace it with trees.

Ms. Grandin discouraged the Advisory Board from meeting on site in a group due to the Sunshine Law. She commented that she thought Ms. McGovern would be happy to meet with Advisory Board Members individually. She added that it is part of the Tree Commission's mission to repopulate areas with trees that do not have very many trees to help with heat and shade, etc.

Chair Cullins Hopkins added that they would like to have a meeting for the entire community to learn about the Tree Mitigation Project and the various trees that can be planted in various areas.

Ms. Nasrallah suggested the meeting be held via Zoom or in person where Ms. McGovern could come in with aerials and pictures of the intersection, etc. and review trees that would be appropriate for the location in discussion. Karen will look into the options available for such a meeting.

Advisory Board Member L. Williams asked about the scheduling of a meeting with CW Priestly Jackson. Chair Cullins Hopkins suggested discussing a meeting with CW Priestly Jackson at the October meeting.

**VI. PUBLIC COMMENTS**

There were no comments from the public.

**VII. ADJOURNMENT**

The next meeting will be held on Thursday, October 29, 2020 at 3:30 p.m.

There being no further business, Chairwoman Cullins Hopkins adjourned the King/Soutel Crossing CRA Advisory Board meeting at 5:07 pm.

The written minutes for this meeting are only an overview of what was discussed. For verbatim comments of this meeting, an audio file of the meeting is available in its entirety and is available upon request. Please contact Karen Nasrallah at (904) 255-5449, or by email at [karenn@coj.net](mailto:karenn@coj.net).