

002608

West University Lofts

**605-613 West University Avenue
Gainesville, Florida**

**Presentation to the City of Gainesville
Community Redevelopment Agency**



**A proposed Development Project of West University Avenue Lofts, L.L.C.
A wholly owned subsidiary of LB Jax Development, L.L.C.**

Financial Projections
May 10, 2002

Executive Summary

Introduction and Background of the Project

LB Jax Development (LB Jax) through its newly formed wholly owned subsidiary, **West University Avenue Lofts, LLC** proposes to construct a 35,000 square feet, mixed-use, set of buildings in the heart of historic downtown Gainesville, Florida. The three-story buildings will contain retail, office and residential uses and the principal building fronts on the most important street in Gainesville, West University Avenue. The specific location is the southwest corner of West University Avenue and SW 6th Street. The project will contain approximately 25 residential units for rent and 11 commercial spaces for rent. The commercial spaces may be either office or retail depending upon the location.

Location

The principal building fronts on West University Avenue and the second building will front on SW 6th Street. The project is within the College Park University Heights Community Redevelopment Area, an agency created by the City of Gainesville for the purpose of promoting redevelopment. West University Avenue is the major commercial east-west corridor in the City and notable buildings face University Avenue including Gainesville City Hall, University of Florida campus and the Ben Hill Griffin Stadium. The University Heights site is within walking distance to both the University and Shands/AGH, a part of the Shands Hospital System. It is six blocks to Main Street (US 441), the most important north-south corridor in the City.

Request for Proposal and Subsidy Request

LB Jax responded to a "request for proposal" issued by the College Park University Heights CRA in 2001 for the sale of the University Heights land, representing approximately 27,000 square feet of land area, and was designated as the winning proposer. LB Jax proposed to develop the site as a mixed-use project containing commercial and residential spaces. LB Jax has prepared preliminary architectural drawings, including a perspective, and submitted these to the CRA for their review. In the meeting of April 15, 2002, the CRA Board of Commissioners warmly encouraged the developer to continue its work and to return to their meeting of May 20, 2002, for approval of the subsidy request by the developer. The subsidy request by LB Jax amounts to approximately \$581,000. This includes the CRA paying \$121,000 of the land purchase (total purchase is \$221,000), \$93,000 in street landscaping improvements, approximately \$87,000 in fees (includes: \$65,000 in fees and \$22,000 for stormwater), and \$265,000 in construction costs (for the façade) and \$15,000 for the demolition of the existing building. The CRA will borrow the funds from the City and repay the loan from the taxes collected from the project over a twenty-year period.

Program and Market

The project will contain approximately 25 residential units and 11 commercial spaces. The residential units contain both one and two bedroom units. Unit sizes range from approximately 700 to 1,500 square feet and rent ranges from approximately \$625 to \$1,500 per month. The residential spaces have been designed for high ceilings (10 feet) and wood floors in the living areas. The style has been called "loft" apartments. The apartments expect to attract young and middle aged professionals as well as graduate students. The apartments are within walking distance to three major employers: the University, Shands/AGH, a part of the Shands Hospital System and City Government.

The 11 commercial spaces range in size from 400 to 772 square feet and rent ranges from approximately \$500 to \$1,000 per month. The ground floor retail space on West University Avenue is expected to attract small retailers including a small restaurant or café or coffee shop. There are four retail bays on West University Avenue. The seven commercial spaces on SW 6th Street are on the ground floor and are expected to attract either specialty retail such as a gift shop or small professional offices such as insurance.

Construction

LB Jax contemplates constructing the project utilizing their current preferred contractor, QC Management of Jacksonville, or may consider utilizing their own in-house capabilities. One of the partners, Mr. Christopher J. Brown, is a licensed general contractor. The current estimates for construction were derived from QC Management and based upon a preliminary set of architectural drawings. A more detailed estimate will be required. Every effort possible will be made to hire local sub-contractors and with a special emphasis on seeking proposals from qualified MBE/WBE.

Property Management

LB Jax will retain management of the complex and has established in its own office personnel to provide administrative and accounting management. The developer contemplates hiring an on-site manager who would live on the premises and provide the day-to-day management.

Construction Lender

LB Jax has selected as its construction lender First Union National Bank of Florida. Mr. Percy Williamson, Vice President, located in Jacksonville, will manage the loan once approved.

TABLE ONE-PROJECT PROGRAM

Land Use	Size (sf)	Remarks	Bed/Bath
A. West University Avenue Building			
1 First Floor Retail			
a. Store 101	754	corner store	
b. Store 102	754	arcade store	
c. Store 103	754	arcade store	
d. Store 104	754	end store	
e. Arcade	502	ground	
Subtotal	3,518		
2 Second Floor Residential/Office			
a. Loft 201	772	corner	1/1
b. Loft 202	772	middle	2/1
c. Loft 203	772	middle	2/1
d. Loft 204	772	end	1/1
e. Outside Staircase	800	second	
Subtotal	3,888		
3 Third Floor Residential/Office			
a. Loft 301	772	corner	1/1
b. Loft 302	772	middle	2/1
c. Loft 303	772	middle	2/1
d. Loft 304	772	end	1/1
e. Outside Staircase	800	third	
Subtotal	3,888		
Total for W. Univ. Ave..Building	11,294		
B. 6th Street Buildings			
1 First Floor Retail			
a. Bridge Office	400	ground	
b. Commercial 1	636	ground	
c. Commercial 2	636	ground	
d. Commercial 3	636	ground	
e. Commercial 4	636	ground	
f. Commercial 5	636	ground	
g. Commercial 6	636	ground	
h. 6th Street Arcade	180	ground	
Subtotal	4,396		
2 First Floor Residential			
a. Apartment 101	636	ground	1/1
b. Apartment 102	636	ground	1/1
Subtotal	1,272		
3 Second Floor Residential			
a. Bridge Apartment	868		1/1
b. Apartment 201	912	2nd floor	1/1
c. Apartment 202	912	2nd floor	1/1
d. Apartment 203	912	2nd floor	1/1
e. Apartment 204	912	2nd floor	1/1
f. Apartment 205	912	2nd floor	1/1
g. Apartment 206	912	2nd floor	1/1
h. Townhouse 207	1,548	2nd/3rd floor	2/1.5
i. Townhouse 208	1,548	2nd/3rd floor	2/1.5
j. Second Floor Exterior Staircase	1,800	second	
Subtotal	11,236		

TABLE ONE-PROJECT PROGRAM (cont'd)

Land Use	Size (sf)	Remarks	Bed/Bath
4 Third Floor Residential			
a. Apartment 301	912	3rd floor	1/1
b. Apartment 302	912	3rd floor	1/1
c. Apartment 303	912	3rd floor	2/1
d. Apartment 304	912	3rd floor	2/1
e. Apartment 305	912	3rd floor	1/1
f. Apartment 306	912	3rd floor	1/1
g. Third Floor Exterior Staircase	1,800	second	
Subtotal	<u>7,272</u>		
Total for 6th Street Buildings	24,176		
Total for All Buildings	35,470		
Commercial	7,232	11 Units	
Residential	22,356	25 Units	
Common Area	5,882		
Total	<u>35,470</u>		
Residential Mix:		17 Units	1/1
		6 Units	2/1
		2 Units	2/1.5

TABLE TWO-RENT SCHEDULE

Land Use	No.	Rent/Y	Rent/M	Size	Rent PSF/Y
1 Retail University Ave.					
a. Store 101	1	\$11,400	\$950	754	\$15.12
b. Store 102	1	10,800	900	754	14.32
c. Store 103	1	10,800	900	754	14.32
d. Store 104	1	10,500	875	754	13.93
Subtotal	4	\$43,500	\$3,625	3,016	14.42
2 Retail 6th Street					
a. Bridge Office	1	\$6,000	\$500	400	\$15.00
b. Commercial 1	1	7,800	650	636	12.26
c. Commercial 2	1	7,500	625	636	11.79
d. Commercial 3	1	7,200	600	636	11.32
e. Commercial 4	1	6,900	575	636	10.85
f. Commercial 5	1	6,900	575	636	10.85
g. Commercial 6	1	6,900	575	636	10.85
Subtotal	7	\$49,200	\$4,100	4,216	\$11.67
3 Second Floor Apartments University Ave.					
a. Loft 201	1	\$10,200	\$850	772	\$13.21
b. Loft 202	1	9,600	800	772	12.44
c. Loft 203	1	9,600	800	772	12.44
d. Loft 204	1	9,900	825	772	12.82
Subtotal	4	\$39,300	\$3,275	3,088	\$12.73
3 Third Floor Apartments University Ave.					
a. Loft 301	1	\$10,500	\$875	772	\$13.60
b. Loft 302	1	9,900	825	772	12.82
c. Loft 303	1	9,900	825	772	12.82
d. Loft 304	1	10,200	850	772	13.21
Subtotal	4	\$40,500	\$3,375	3,088	\$13.12
4 First Floor Apartments 6th Street					
a. Apartment 101	1	\$7,500	\$625	636	\$11.79
b. Apartment 102	1	\$7,500	\$625	636	\$11.79
Subtotal	2	\$15,000	\$1,250	1,272	\$11.79
5 Second Floor Apartments 6th Street					
a. Bridge Apartment	1	\$10,200	\$850	868	\$11.75
a. Apartment 201	1	10,800	900	912	11.84
b. Apartment 202	1	10,800	900	912	11.84
c. Apartment 203	1	10,800	900	912	11.84
d. Apartment 204	1	10,800	900	912	11.84
e. Apartment 205	1	10,800	900	912	11.84
f. Apartment 206	1	10,800	900	912	11.84
g. Townhouse 207	1	18,600	1,550	1,548	12.02
h. Townhouse 208	1	18,900	1,575	1,548	12.21
Subtotal	9	\$112,500	\$9,375	9,436	\$11.92
6 Third Floor Apartments 6th Street					
a. Apartment 301	1	\$11,400	\$950	912	\$12.50
b. Apartment 302	1	11,400	950	912	12.50
c. Apartment 303	1	11,400	950	912	12.50
d. Apartment 304	1	11,400	950	912	12.50

TABLE TWO-RENT SCHEDULE

Land Use	No.	Rent/Y	Rent/M	Size	Rent PSF/Y
e. Apartment 305	1	11,400	950	912	12.50
f. Apartment 306	1	11,400	950	912	12.50
Subtotal	6	\$68,400	\$5,700	5,472	\$12.50
Grand Total	36	\$368,400	\$30,700	29,588	\$12.45

TABLE THREE

PROJECT COST SCHEDULE-UNIVERSITY DRIVE AND SW 6TH STREET

No.	Descript.	Amount	Remarks
1	Acquisition and Closing Costs		
	a. Land Acquisition	\$221,000	27,000 sf land @ \$8.18 psf
	b. Closing Costs	11,050	1/2% of land acquisition
	c. Investigation Fees	25,000	
	d. Legal Fees	10,000	
	e. Demolition	15,000	estimated
	f. Other	0	
	Subtotal Acquisition Costs	<u>\$282,050</u>	
2	Construction Costs		
	a. Soft Costs	\$105,523	4.25% of building costs
	b. Streetscaping	93,000	3,000 sf @ \$30.00 psf
	c. Construction Costs	2,482,900	35,470 sf @ \$70.00 psf
	d. Fees		
	(1) Building Permit	8,225	estimated
	(2) Water and Wastewater Fees	56,556	36 @ \$1,571 per res./retail unit
	(3) Land Dev. Fees	3,000	standard fee
	Subtotal Impact Fees	<u>67,781</u>	\$65,000 paid by CRA; \$2,781 by Dev.
	e. Storm Water Fees	22,000	estimated
	Subtotal Soft and Hard Construction Costs	<u>\$2,771,204</u>	35,470 sf @ \$78.13 psf
3	Financing & Operating During Construction		
	a. Loan and Service Fees	\$75,000	Loan Fee, Legal, Other Fees
	b. Construction Interest (interest only)	79,500	1st Mtg @ \$2,650,000; 6.00%
	c. Marketing	75,000	brochures, adv., events
	d. Operating Costs	50,000	taxes, ins., fees, etc.
	e. Rent Contribution during Stabilization	110,520	30% of PRI, Year 1
	Subtotal Financing and Operating	<u>\$390,020</u>	
4	Developer's Fee & Working Capital	<u>\$124,145</u>	5.0% of construction costs
	Total Project Costs	\$3,567,419	
5	First Mortgage	\$2,651,423	
6	CRA Incentives		
	(1) Land Contribution inc. Closing Costs	\$121,000	
	(2) Demolition Contribution	15,000	
	(3) Streetscaping	93,000	
	(4) Storm Water Fees	22,000	
	(5) Fee Waivers	65,000	
	(6) Univ. Ave./6th St. Facade Enhance.	265,000	
	Subtotal	<u>\$581,000</u>	
7	Owner's Equity	\$334,996	
8	Total Costs Per Sq. Ft.	\$100.55	
9	Loan to Cost Ratio	74.32%	

TABLE FOUR

SOURCES AND USES OF FUNDS-UNIVERSITY DRIVE AND SW 6TH STREET

Sources	Amount	Uses	Ref. No.
1	First Mortgage-First Union		
	\$2,217,900	Construction Costs	2c
	\$105,523	Soft Costs	2a
	75,000	Loan and Service Fees	3a
	79,500	Const. Interest	3b
	75,000	Marketing	3c
	50,000	Operating Construction	3d
	48,500	Stablization	3e
	<u>Subtotal</u>		
	\$2,651,423		
2	CRA Incentives		
	\$121,000	Land Acquisition	1a
	15,000	Demolition	1e
	93,000	Streetscaping	2b
	22,000	Storm Water	2e
	65,000	Fee Waivers	2d
	265,000	Univ. Ave. Façade Enhance	2c
	<u>Subtotal</u>		
	\$581,000		
3	Owner's Equity		
	\$100,000	Land Acquisition	1a
	\$11,050	Closing Costs	1b
	25,000	Investigation Fees	1c
	10,000	Legal Fees	1d
	2,781	Fees	2d
	62,020	Stablization	3e
	124,145	Developer's Fee	4
	<u>Subtotal</u>		
	\$334,996		
	Total		
	\$3,567,419		

TABLE FIVE

STABILIZED CASH FLOW OPERATING STATEMENT-UNIVERSITY DRIVE & SW 6TH STREET
2004

No.	Descript.	Amount	Per SF	% of PRI	Per Unit
1	Potential Rental Income ("PRI")				
	a. Retail Univ. (4)	\$43,500	\$14.42	11.81%	
	b. Retail 6th St. (7)	49,200	11.67	13.36%	
	c. 2nd Floor Lofts Univ. (4)	39,300	12.73	10.67%	
	d. 3rd Floor Lofts Univ. (4)	40,500	13.12	10.99%	
	e. 1st Floor Lofts 6th St. (2)	15,000	11.79	4.07%	
	f. 2nd Floor Lofts 6th St. (9)	112,500	11.92	30.54%	
	g. 3rd Floor Lofts 6th St. (6)	68,400	12.50	18.57%	
	Subtotal	\$368,400	\$12.45	100.00%	
2	Other Income				
	a. Application Fees	\$1,100	\$0.04	0.30%	
	b. Security Deposits	1,375	0.05	0.37%	
	c. Tenant Charges	2,210	0.07	0.60%	
	d. Vending Comm.	1,200	0.04	0.00%	
	Subtotal	\$5,885	\$0.20	1.27%	
3	Potential Gross Income ("PGI")	\$374,285	\$12.65	101.27%	
4	Vacancy (5.0 % of PGI)	18,714	\$0.63	5.08%	
5	Effect. Gross Income ("EGI")	\$349,686	\$19.40	94.92%	
6	Operating Expenses				
	a. Property Tax	\$75,718	\$2.56	20.55%	
	b. Insurance	13,378	0.45	3.63%	
	c. Water and Sewer	5,280	0.18	1.43%	
	d. Storm Water Fee	2,808	0.09	0.76%	
	e. Common Electric	2,400	0.08	0.65%	
	f. Contract Services	8,876	0.30	2.41%	
	g. R & M-Interior	3,551	0.12	0.96%	
	h. R & M-Exterior	5,326	0.18	1.45%	
	i. Advertising/Mktg.	7,397	0.25	2.01%	
	j. G & A	2,959	0.10	0.80%	
	k. Replacement Res.	11,052	0.37	3.00%	
	l. Management Fee	9,210	0.31	2.50%	
	Subtotal Operating	\$147,955	\$5.00	40.16%	
7	Contribution to Operating Expenses by Tenants				
	a. Retail Univ. Drive	\$14,327	\$0.48	3.89%	
	b. Retail 6th Street	\$18,128	0.61	4.92%	
		\$32,455	\$1.10	8.81%	
8	Net Operating Income ("NOI")	\$234,186	12.99	63.57%	
9	Debt Service	\$217,368	\$2,651,423, 6.50 % int., 25 yr.		
10	Net Cash Flow	\$16,819			

TABLE FIVE

**STABILIZED CASH FLOW OPERATING STATEMENT-UNIVERSITY DRIVE & SW 6TH STREET
2004**

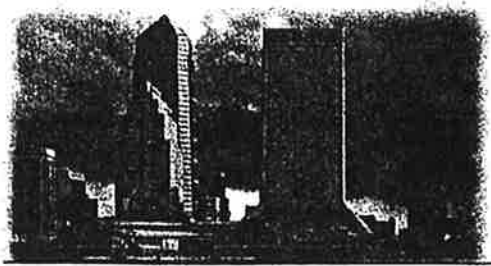
No.	Descript.	Amount	Per SF	% of PRI	Per Unit
11	Equity	\$334,996			
12	Return on Equity	5.0%			
13	Debt Service Coverage	1.08			
14	Ratio of NOI over Cost	6.56%			

TABLE SIX

FIVE YEAR CASH FLOW OPERATING STATEMENT-UNIVERSITY DRIVE

Description	2004	2005	2006	2007	2008	2009
1. Potential Rental Income						
a. Retail Univ. Ave.	\$43,500	\$44,805	\$46,149	\$47,534	\$48,960	\$50,428
b. Retail 6th Street	49,200	50,676	52,196	53,762	55,375	57,036
c. Apartments Univ. Ave.	79,800	82,194	84,660	87,200	89,816	92,510
d. Apartments 6th Street	195,900	201,777	207,830	214,065	220,487	227,102
Subtotal	\$368,400	\$379,452	\$390,836	\$402,561	\$414,637	\$427,077
2. Other Income	5,885	6,062	6,244	6,431	6,624	6,823
3. Potential Gross Income	\$374,285	\$385,514	\$397,079	\$408,992	\$421,262	\$433,899
4. Vacancy	18,714	19,276	19,854	20,450	21,063	21,695
5. Effective Gross Income	\$349,686	\$360,176	\$370,982	\$382,111	\$393,574	\$405,382
6. Operating Expenses	147,955	151,654	155,445	159,331	163,314	167,397
7. Contribution to Expenses	32,455	33,429	34,432	35,465	36,529	37,625
9. Net Operating Income	\$234,186	\$241,952	\$249,968	\$258,245	\$266,789	\$275,609
10. Debt Service-1st Mortgage	217,368	217,368	217,368	217,368	217,368	217,368
11. Net Cash Flow	\$16,819	\$24,584	\$32,601	\$40,877	\$49,421	\$58,241
12. Equity	\$334,996	\$334,996	\$334,996	\$334,996	\$334,996	\$334,996
13. Return on Equity	5.02%	7.34%	9.73%	12.20%	14.75%	17.39%
14. Debt Service Coverage	1.08	1.11	1.15	1.19	1.23	1.27
15. Capitalization of Value						
Cap Rate						
9.00%	\$2,602,069	\$2,688,351	\$2,777,427	\$2,869,385	\$2,964,319	\$3,062,321
8.50%	\$2,755,132	\$2,846,489	\$2,940,805	\$3,038,173	\$3,138,690	\$3,242,458
8.00%	\$2,927,328	\$3,024,395	\$3,124,605	\$3,228,059	\$3,334,859	\$3,445,112
7.50%	\$3,122,483	\$3,226,021	\$3,332,912	\$3,443,263	\$3,557,183	\$3,674,786
16. Est. CRA Increment (2.5 % annual increase)	\$0	\$37,785	\$38,730	\$39,698	\$40,690	\$41,708





FIRST BUSINESS

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MONDAY, MAY 13, 2002

The Florida Times-Union

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Carter sets foot in Cuba

Ex-president seeks dialogue to better relations

By Kevin Sullivan
The Washington Post



Historic encounter

Jimmy Carter is the first U.S. president to visit Cuba since the 1959 revolution that put Fidel Castro in power.

HAVANA — Former President Carter arrived on this sunny but troubled island yesterday for a five-day visit, looking for "areas of cooperation" in relations between the United States and Cuba that are at their lowest point in years.

"We come here as friends of the Cuban people," Carter said as he was greeted at the Havana airport by Fidel Castro, becoming the first current or

former U.S. president to visit Cuba since President Coolidge traveled there 74 years ago.

Although Carter's visit is private, it is the highest-level U.S. encounter with Castro in Cuba since the bearded, cigar-chomping rebel took power in 1959. The visit is being watched closely by all sides of the intensely emotional debate about Cuba, which has colored U.S. politics and policy since the Eisenhower administration.

Carter will give a live, nationally televised speech to the

Cuban people tomorrow evening, and, as if to make sure ordinary Cubans don't miss it, Carter mentioned the time and place of the address at yesterday's arrival ceremony, which was also televised live.

Castro, wearing a gray pin-striped suit instead of his usual military fatigues, promised Carter that he would have "free and total access to anywhere you want to go." Addressing Carter as "your excellency," Castro said Carter was



Cuban President Fidel Castro gestures as he greets Jimmy Carter as he arrives in Havana yesterday. The visit is expected to lead to better cooperation between the two nations.

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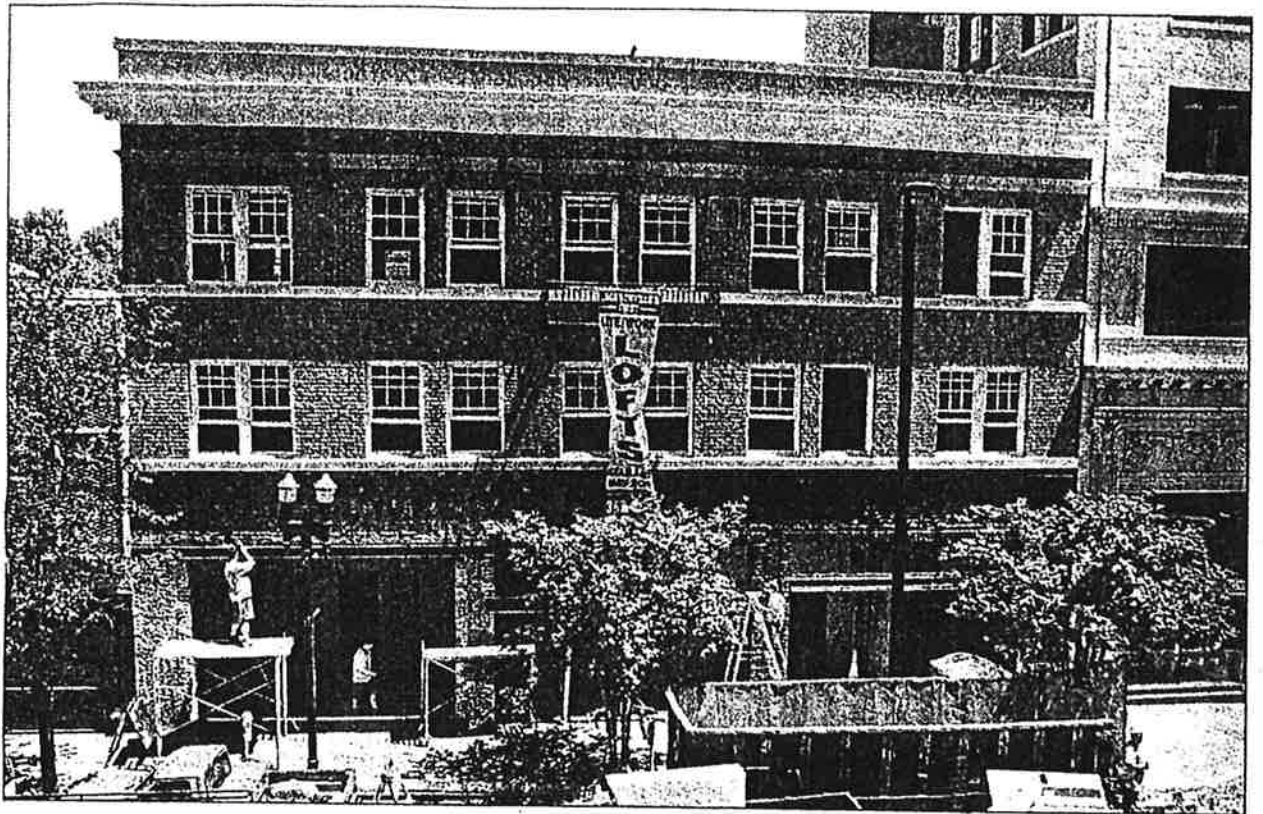
CRISIS

Likely Palestine statehood

Sharon's political
defeat in act

By Lee H.
The Wash

JERUSALEM



The W.A. Knight Building in downtown Jacksonville is being renovated into loft apartments. The City Council wants other historic buildings downtown to be refurbished and given new life. — Will Dickey/staff

Downtown on renewal's cusp

City wants after-hours life

By Matt Galnor
Times-Union staff writer

Anyone emotionally attached to downtown Jacksonville's historic buildings ought to be happy Matt Carlucci had to brew his own cup of coffee at City Hall one steamy Saturday morning last summer.

His unsuccessful hunt for a cup of joe magnified the rolling-tumbleweed emptiness of downtown outside of the 9-to-5, Monday-through-Friday crowd. That realization, along with a longtime interest in preservation and growth management, helped lead the City Council president to create a task force to look for ways to save old buildings and promote economic development in those historic structures.

"We have a beautiful downtown core, but there's not a whole lot going on down there," Carlucci said.

Now, nearly a year later, a handful of changes are on the way to reduce obstacles and

HITTING HOME

The Task Force on Historic Downtown Preservation and Revitalization will present its final report to the City Council at 6 p.m. tomorrow at City Hall, 117 W. Duval St.

the cost of turning vacant buildings into apartments, offices and, yes, coffee shops.

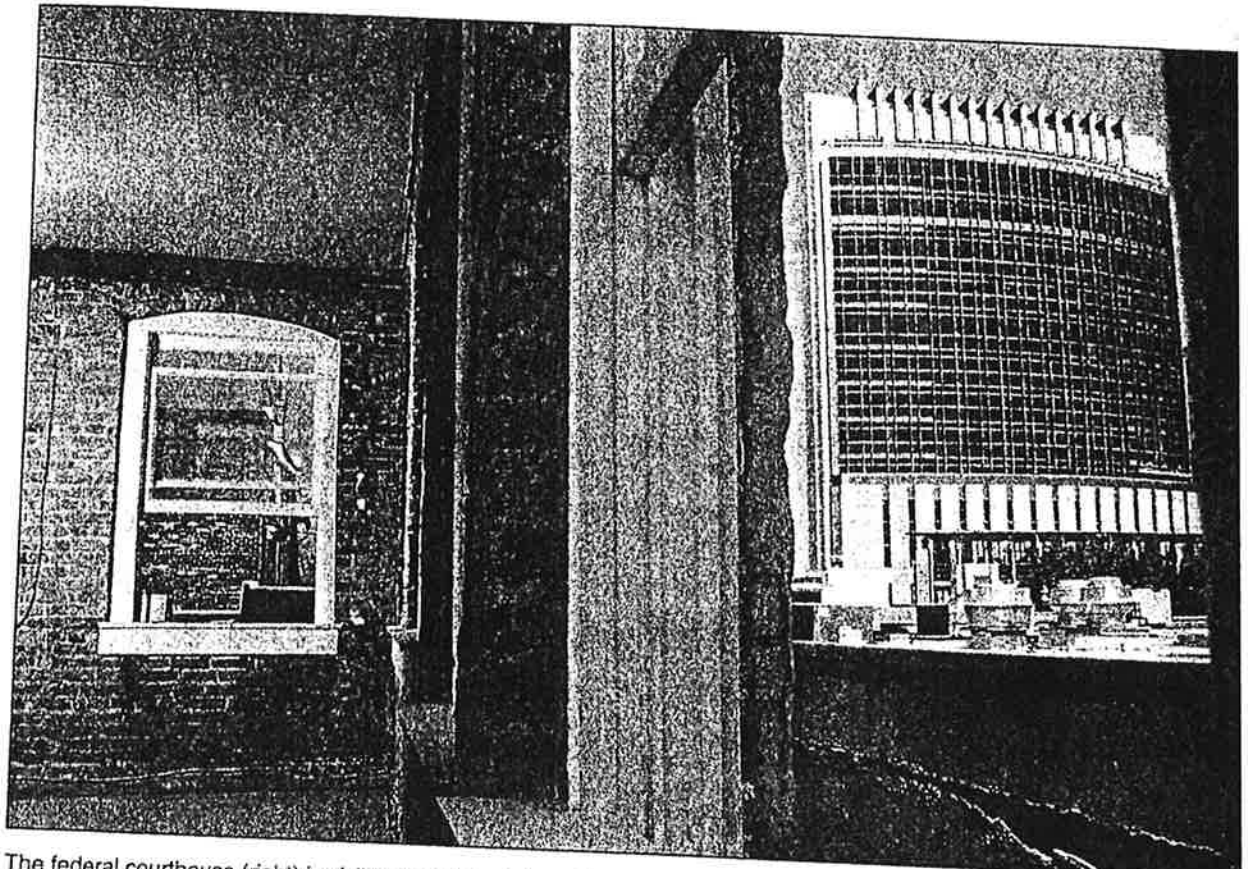
The changes, which include revamping the downtown building code to allow developers to keep historic aspects of buildings and creating a \$7 million fund for grants and low-interest loans to jump-start projects, are in varying stages of getting City Council approval.

The latitude of the new code, which the council approved last month, and the trust fund likely will provide most of the catalytic force said to be missing from downtown. Yet changing people's attitudes of downtown is another goal of the task force.

Even a resolution heading through council acknowledges that "downtown Jacksonville's



Gonzalo Hernandez (left) and Pedro Mendez work to renovate the W.A. Knight Building on West Adams Street. The project received city incentives. — Will Dickey/staff



The federal courthouse (right) is visible from the window of a space being renovated as a loft apartment in the W.A. Knight Building downtown. — Will Dickey

Renewal: City weighs incentives

From Page A-1

current appearance has created a negative perception of the urban core as being dirty, unsafe and unfriendly."

To that end, regulations have been recommended forcing owners, many of whom live outside Jacksonville, to remove plywood from their first-floor windows and encouraging roving downtown maintenance crews to keep an eye on trash and graffiti in the central business district.

"We've kind of reached a point where we have enough arrows in our quiver to make this happen," said Councilman Jim Overton, chairman of the task force.

The \$7 million arrow is part of a \$50 million bond proposal Mayor John Delaney and his staff are ironing out. The city is refinancing a 1991 bond issue used to build criminal justice facilities, said Sharon Ashton,

Delaney's press secretary. The money, most of which Delaney plans to use to build and renovate fire stations across the county, would be paid back by the city's general fund. Other major projects include a new building for the Children's Commission and a new permitting facility for the building inspection division.

Guidelines for the downtown fund — including possible limits for individual projects and how developers could qualify — should be ironed out in the next two weeks, said Kirk Wendland, executive director of the Jacksonville Economic Development Commission. The commission would oversee the fund, which could be used only for improvements that would retain a historic feature or help bring the building up to code.

To get projects in the downtown pipeline, incentives are

needed at first, Overton said. A pair of housing projects now under construction downtown — 126 units in the former Lynch Building on East Forsyth and 12 units in the W.A. Knight Building on West Adams Street — received city incentives.

"You reward pioneer investors, and those who come later just get the market value," Overton said.

Parts of the trust fund also may be used to buy buildings, and the city then would request proposals from developers. In February, the city spent about \$3 million to buy the Florida Life, Florida National Bank and Bisbee buildings and will begin seeking potential suitors.

Former state Rep. Mike Langton, a managing partner with LB Jax Development, the firm doing the Knight Building renovation, said the city should be more aggressive in buying buildings it knows will be

needed. Many of the people who own buildings downtown don't live in Jacksonville; they have been sitting on the land waiting for it to increase in value, Langton said.

He says the city can either pay for the buildings now or pay more in incentives later. Langton reasons that downtown projects still would be cost-prohibitive, especially if owners start thinking that buildings are worth more because other downtown projects are taking off.

Wendland says there are few exceptions where it makes sense for the city to buy buildings, but it shouldn't be the norm.

"There are enough buildings and enough projects," Wendland said. "We're not desperate enough to say we've got to have that building."

Staff writer Matt Galnor can be reached at (904) 359-4550 or via e-mail at mgalnor@jacksonville.com.

REAL ESTATE

SECTION **F**

An Advertising Special Section of the Times-Union

Downtown lofts



— Mark E. Grisham/Special Sections staff

One of the most important features of the new apartments being renovated in the former American Heritage Life Insurance building is the spectacular view of the city and the location right in the heart of downtown Jacksonville.

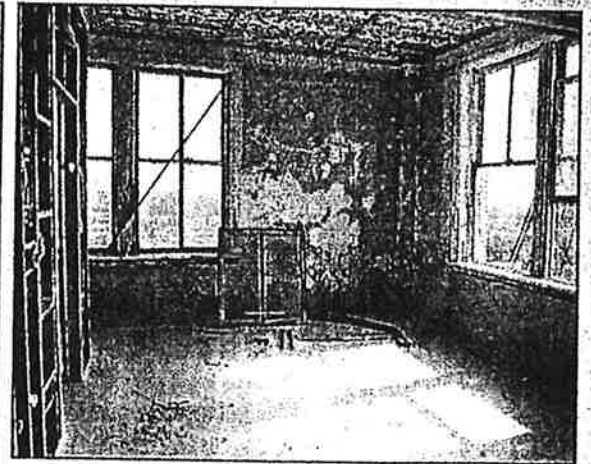
Apartments carved out of old buildings

By *Bill Wesselhoff*
Special Sections staff

A historic piece of Jacksonville is on the rebound. Downtown buildings, built in the wake of the fire that destroyed much of the city in 1901, are being renovated into apartment buildings.

Subject of a recent hard hat loft tour, presented by the Downtown Council of the Jacksonville Chamber of Commerce, structures like the former American Heritage Life Insurance headquarters at 11 E. Forsyth St., the W.A. Knight Building at 113 W. Adams St., The Carlington at 33 W. Adams St. and the Central Fire Station at 39 E. Adams St. are gaining a new lease on life. The tour revealed public interest in these buildings, with between 1,000 and 1,200 people taking part.

Buildings that have been vacated soon will be bustling centers of activity again. It's a costly venture, but one made worthwhile by having these old structures listed on the National Register of



— Mark E. Grisham/Special Sections staff

LEFT: Formerly the American Heritage Life Insurance building, this building at 11 E. Forsyth St.

Forsyth St., a 17-story office building built in 1926 for \$1 million, is costing The Vestcor Companies Inc. \$22 million to turn into a 126-unit apartment building. Still, the rent schedule is in line with other parts of town with one-bedroom units expected to be about \$700 a month and two-bedroom units about \$950.

It's a new type of venture for Vestcor, said Mark Farrell, president of Vestcor Equities Inc.

"We build apartments in the suburbs. This is new for us in this regard, taking an existing building, a high rise, and renovating it. But we're thoroughly enjoying it," he said.

The city provided financing for the buildings. That primed the pump for such a venture, Farrell said. Investors and banks were skeptical about the willingness of people to move downtown because of a lack of services. But with the coming of the 2005 Super Bowl, and the building of the new sports complex and county and federal courthouses, the need for downtown apartments will increase and should spur the return of services to the area.

Lisa King, vice president of Langton Associates, the parent company of LBJAX which is renovating the three-story W.A. Knight Building at a cost of \$1.5 million, said old-building renovations, along with new developments like Berkman Plaza and One Shipyard Place, will give people options in their living style, as well as help draw amenities to the downtown area.

Renovating older buildings presents special challenges but also offers unique rewards. For example, the historic stairwell in the Knight building didn't meet modern fire code. But to receive the historic tax credits, the stairwell had to stay, King said.

"That's one of the challenges of a project like this," she said. "We solved it by putting in a new elevator, plus a new fire stair out the back of the building."

The Knight building, designed by Marsh and Saxelby, was constructed in 1920 as a commercial office building. Eighty years later, only half of the first floor was being used, King said. Plans call for



building by Vestcor. ABOVE, EXAMPLE OF THE unfinished interior of one of the 126 units that will be available for rent once the renovations are complete.

restoration of the building to its 1920's appearance, with the first floor remaining as business space and 12 apartments occupying the two upper floors.

As work began, the original flooring, tile on the main floor and pine upstairs, was found and will be restored, as will marble wainscoting that was covered by paneling. Some apartment bathrooms will have original windows and tiles.

Portions of the original hallways also will remain. The top half of the hallway walls were glass, with the names of businesses painted on the doorways. Some will remain, with walls put behind the glass.

The apartments will have between 700 and 1,100 square feet, each with one bedroom and one bath. Some will have balconies. The ceilings will be 10-feet to 12-feet high, except for one apartment, on the third floor, that will have a 14-foot ceiling. That room was once used as an X-ray room. Another unit will have nine windows with a spectacular view overlooking the courthouse and plaza.

Each unit will have its own washer and dryer. Apartments will be wired for Internet and cable with modern sprinkler and security systems. The building also will have its own parking unit.

At \$1.15 per square foot, the rental fees will be in line with the market rate of what's being paid in the suburbs, King said. One unit already has been pre-leased. Interest in the remaining units has been expressed by 130 others. Work is expected to be finished and people moving in by late July.

Like the Knight building, the 11 E. Forsyth site is being gutted, again with great care being paid to retaining and restoring detail work. Tammy Dockins, a Vestcor development associate, said the building was constructed for S.A. Lynch by Pringle and Smith.

Built in an L-shape to promote cross ventilation in the days before air-conditioning, Farrell said

old photos were obtained from the state historical society in Tallahassee to help restore the building's outside to its original look. Polychromatic terra-cotta panels under the windows are in good shape. While removing marble facing above the first floor, steel-cast panels with crests were discovered and will need restoration.

Inside the main entranceway, a drop-ceiling was removed, and an intricately designed original ceiling was unveiled. Project manager Pat Power said the ceiling, with Greek-key and wrapped-leaf designs, will be restored with molds made to cast missing pieces. This part of the project was unexpected and could take up to five months.

The 153,000-square-foot building will have 126 apartments, with a leasing office, business office, conference room and club room suitable for everything from wedding receptions to Super Bowl parties, plus 4,500 square feet of retail space on the first floor. An exercise room will be located on the second floor. Units will run eight per floor with seven on the 17th floor where 16-foot ceilings will allow for loft bedrooms that overlook living areas.

The one- and two-bedroom units will have upscale appliances, including washers and dryers plus computer desks with high-speed access hookups. With all the units on the exterior walls, every room will have one over-sized window that will display breathtaking views of either the sports complex, the Cathedral District, downtown or the river. One window in each unit will be able to be opened 6 inches.

About 180 people signed up for more information during the hard hat tour. An additional 150 people were already on an information list, Farrell said. A five-level, 155-space parking garage is expected to be built by December with the building opening next April.

When the 11 E. Forsyth St. building is completed, Vestcor will begin work on The Carlington.

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RE/MAX
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May 3, 2002

Mr. Wayne Bowers
Executive Director
City of Gainesville CRA
306 NE 6th Avenue, Building B
Gainesville, FL. 32602-0490



Re: West University Avenue Lofts at College Park

Dear Mr. Bowers:

We are very excited about reaching a compromise position on the terms and structure of our incentive package and redevelopment agreement which all parties can now enthusiastically embrace on the above mentioned project. We look forward to the CRA Members consideration of our project on May 20th and we remain hopeful that they will endorse our proposed public-private partnership.

We wanted to share with you a few noteworthy developments which have recently occurred :

- On May 1 the College Park University Heights Redevelopment Advisory Board voted in support of our project and incentive package by a vote of 7 to 1.
- Our lender First Union National Bank of Jacksonville is reviewing our Loan Request Package and has indicated that an approved Terms Sheet or perhaps even a Preliminary Loan Commitment will be issued prior to May 20th and if so an Officer of the Bank will join us at the CRA meeting as evidence of their financial commitment to our project.
- We began negotiations for the purchase of the neighboring property on University Avenue with the owner Mr. Fred Henderson. Mr. Henderson has agreed to sell us the property and we are preparing to make him an offer. The purpose of this additional land acquisition is to accommodate a potential Second Phase of our project. We would enter into a contract with Mr. Henderson to purchase his property within 24 months. This would provide adequate time for the current project to be constructed, leased up and stabilized financially. At that time a decision to proceed or not on a Second Phase would be determined.
- We have had very preliminary discussions with representatives of Shands Hospital and the University of Florida Foundation pertaining to their land ownership of parts of the

subject block. While no commitments have been made by either party, it is interesting to note that the parties "may be open" to discussions of a land swap or perhaps joint redevelopment of their property which lies behind the Henderson parcel. Use of this additional land would facilitate the construction of a mirror image building to our current proposal with the City as a possible Second Phase. We will pursue these discussions over the coming months.

- We have taken the necessary steps to officially start the regulatory process to achieve a smooth and efficient approval of a local PD and a PUD Small Scale Amendment. We intend to aggressively pursue this process which will facilitate our bringing this project on line and onto the tax rolls by January 2004.
- LB Jax Development, LLC is the newest member of the Gainesville Area Chamber of Commerce having joined on May 1.

Again, Mr. Bowers thank you for the opportunity to work in concert with your fine City to achieve a quality redevelopment project in the College Park/University Heights Redevelopment Area.

Sincerely,



Michael Langton
Managing Partner

Stringallow - Calculations on borrowing \$466,000 at 6% interest with 20 payments & 3% growth

	Payments begin in 2005			Payments begin in 2006		
	Tax increment amount	Payment amount due	Deficit (Surplus)	Tax increment amount	Payment amount due	Deficit (Surplus)
4/30/2005	36,034.29	46,419.96	10,385.67			
4/30/2006	37,115.32	46,419.96	9,304.64	36,034.29	49,283.04	13,248.75
4/30/2007	38,228.78	46,419.96	8,191.18	37,115.32	49,283.04	12,167.72
4/30/2008	39,375.64	46,419.96	7,044.32	38,228.78	49,283.04	11,054.26
4/30/2009	40,556.91	46,419.96	5,863.05	39,375.64	49,283.04	9,907.40
4/30/2010	41,773.62	46,419.96	4,646.34	40,556.91	49,283.04	8,726.13
4/30/2011	43,026.83	46,419.96	3,393.13	41,773.62	49,283.04	7,509.42
4/30/2012	44,317.63	46,419.96	2,102.33	43,026.83	49,283.04	6,256.21
4/30/2013	45,647.16	46,419.96	772.80	44,317.63	49,283.04	4,965.41
4/30/2014	47,016.58	46,419.96	(596.62)	45,647.16	49,283.04	3,635.88
4/30/2015	48,427.07	46,419.96	(2,007.11)	47,016.58	49,283.04	2,266.46
4/30/2016	49,879.88	46,419.96	(3,459.92)	48,427.07	49,283.04	855.97
4/30/2017	51,376.28	46,419.96	(4,956.32)	49,879.88	49,283.04	(596.84)
4/30/2018	52,917.57	46,419.96	(6,497.61)	51,376.28	49,283.04	(2,093.24)
4/30/2019	54,505.10	46,419.96	(8,085.14)	52,917.57	49,283.04	(3,634.53)
4/30/2020	56,140.25	46,419.96	(9,720.29)	54,505.10	49,283.04	(5,222.06)
4/30/2021	57,824.46	46,419.96	(11,404.50)	56,140.25	49,283.04	(6,857.21)
4/30/2022	59,559.19	46,419.96	(13,139.23)	57,824.46	49,283.04	(8,541.42)
4/30/2023	61,345.97	46,419.96	(14,926.01)	59,559.19	49,283.04	(10,276.15)
4/30/2024	63,186.35	46,419.96	(16,766.39)	61,345.97	49,283.04	(12,062.93)
4/30/2025				63,186.35	49,283.04	(13,903.31)
Totals	968,254.87	928,399.20	(39,855.67)	968,254.87	985,660.80	17,405.93