

## Developers of Distrit close on \$18.6 million land purchase from JEA

By **David Bauerlein**

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The District deal is done.

Almost four years after Elements of Jacksonville Inc. submitted the winning proposal to purchase the old Southside Generating Station land, the company finally closed the deal by paying \$18.6 million to JEA for the riverfront site that city leaders hope will change the downtown skyline by adding residential, office and hotel high-rises.

“The path from being awarded the RFP by JEA to today’s closing has been a planning, regulatory and detailed approval process that we are glad is behind us as we look forward with great anticipation to begin the real work of actual development,” said Peter Rummell, who heads Elements of Jacksonville along with Michael Munz. “The hardest thing to do is start, and we look forward to starting now and being part of the great upturn in Jacksonville’s future that is taking place — for both downtown and all of the City.”

Elements said Preston Hollow Capital LLC of Dallas provided the financing for the purchase, which faced a Monday deadline by JEA.

“We embrace this opportunity to be part of this important and transformational project for the city of Jacksonville,” said Ramiro Albarran, managing director of Preston Hollow Capital, in a statement released by Elements. “The city’s visionary support and the strong sponsorship of The District’s partners were essential elements for us.”

The path to the closing table took some sharp twists and turns when the Downtown Investment Authority board approved a financial incentive package in January that called for the city to step in and buy the land from JEA while

Elements developed the property.

City Councilman Matt Schellenberg led opposition to that proposal, questioning whether Elements had the financial capacity to carry out the ambitious development.

Elements subsequently dropped that approach, telling the JEA board it would come through with the cash by the July 16 deadline set by the board. In March, Elements announced that Kitson & Partners, based in Palm Beach Gardens, would carry out the development plan for The District.

City Council approved a more traditional financial incentives package in June for the project, which would include 950 residences, 147 hotel rooms, 134,000 square feet of retail space, 200,000 square feet of office space and a marina with 125 boat slips.

JEA worked for about a decade to sell the 30-acre site, finally picking Elements in October 2014 to negotiate the sale of the land. The utility had expected the deal would recoup a big chunk of the \$27 million cost to dismantle and clear away the Southside Generating Station but repeatedly extended the deadlines for Elements to close on the purchase.

JEA interim CEO Aaron Zahn suggested last month that JEA could donate most of the sales proceeds to the city to help pay for community projects like extending sewer lines so residents can phase out use of septic tanks. The JEA board deferred a decision until after the sale actually went through and the utility has the money in hand.

The sale clears the way for Elements and the city to move forward with their pieces of the development. The city will spend up to \$26.4 million at the site for construction public improvements such as extending the Southbank Riverwalk, building waterfront parks, constructing bulkhead along the shoreline and making a paved trail and boardwalk around the property.

The city also would create a community development district that would enable the developers to borrow \$30 million for construction of infrastructure serving the privately owned portion of The District. To repay that principal and interest on that loan, the community development district would be able to get as much

as \$56 million in property tax rebates from the city over a 22-year period through 2040.

The city would not have any responsibility for the community development district's debt. The property tax rebates would be based on new construction adding taxable property value on the site.

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