



Hall County Regional Planning Commission

Wednesday, May 05, 2010

Regular Meeting

Item F3

Redevelopment Plan

Insert a narrative here

Staff Contact:

Agenda Item #4

PLANNING DIRECTOR RECOMMENDATION TO REGIONAL PLANNING COMMISSION:

April 22, 2010

SUBJECT:

Redevelopment plan amendment for property located in Blight and Substandard Area #2 at the southeast corner of South Locust Street and Stolley Park Road in Grand Island Nebraska and other properties as necessary to support this development. (C-15-2010GI)

PROPOSAL:

Ken-Ray LLC is proposing to build 17,500 square feet of retail/office space at the corner of South Locust and Stolley Park Road. The developer is seeking Tax Increment Financing to offset the cost of acquisition of the property and site preparation.

OVERVIEW:

The purpose of the CRA and the designated blight and substandard areas is to provide incentives for development in underdeveloped areas of the community. This project will provide commercial development in a location that is intended for these uses. Development of this property should prevent further decay of this neighborhood. This area has already been declared blighted and substandard by the CRA, the Hall County Regional Planning Commission and the Grand Island City Council.

This project is **consistent** with the **existing zoning** and the **future land use plan** for the City of Grand Island. This is evidenced by the fact that the property is zoned B2 General Business Zone with an AC Arterial Commercial Overlay. General retail and offices are allowed in this district.

The Regional Planning Commission recommendation is limited to the appropriateness of the proposed use at this location. The Grand Island Comprehensive Plan and Zoning Map both call for commercial uses at this location.

The Planning Commission is required to comment on these applications to confirm that expenditure of public funds through TIF is not supporting uses that would be inconsistent with the Comprehensive Plan. The proposed use for commercial units at this location **is** supported by the plan.

RECOMMENDATION:

That the Regional Planning Commission recommend that City Council **approve** of the redevelopment plan amendment as submitted. A resolution is attached for your consideration.

_____ Chad Nabity AICP, Planning Director

Existing Land Use

- +— railroad
- centerline
- Area Boundary

Existing Land Use

- Commercial
- County Government
- Industrial
- Large Lot Residential
- Public
- Residential
- Street ROW
- Vacant

N



Proposed TIF Project

USave Pharmacy

Sonic

Racquet Center

Stolley Park Rd W

Stolley Park Rd E

Holcomb St

Charldear St

Wyandotte St

Wedgewood Dr

Brookline Dr

Saratoga Cir

Santa Ana Dr

Bellwood Dr

Rough Ln

Lincoln Ave S

Locust St S

Brahma St

Brahma St

Brahma St

Brahma St

Brahma St

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**Redevelopment Plan Amendment
Grand Island CRA Area #2
April 2010**

The Community Redevelopment Authority (CRA) of the City of Grand Island intends to amend the Redevelopment Plan for Area #2 within the city, pursuant to the Nebraska Community Development Law (the “Act”) and provide for the financing of a specific infrastructure related project in Area #2.

**Executive Summary:
Project Description**

THE ACQUISITION OF PROPERTY AT STOLLEY PARK ROAD AND SOUTH LOCUST STREET BY THE DEVELOPER AND SUBSEQUENT UTILITY IMPROVEMENTS, LANDSCAPING AND PARKING IMPROVEMENTS NECESSARY FOR THE CONSTRUCTION AND OPERATION OF A COMMERCIAL/OFFICE CENTER THIS LOCATION.

The use of Tax Increment Financing to aid in the acquisition and utility improvements of the property makes it feasible for the proposed development.

The acquisition and site work will be paid for by the developer. The developer is responsible for and has provided evidence that they can secure adequate debt financing to cover the costs associated with the acquisition and site work. The Grand Island Community Redevelopment Authority (CRA) intends to pledge the ad valorem taxes generated over the 15 year period beginning January 1, 2011 towards the allowable costs and associated financing for the acquisition and site work.

TAX INCREMENT FINANCING TO PAY FOR THE ACQUISITION OF THE PROPERTY AND RELATED SITE WORK WILL COME FROM THE FOLLOWING REAL PROPERTY:

Property Description (the “Redevelopment Project Area”)

This property is located at the southeast corner of Stolley Park Road and South Locust Street in southeast Grand Island including:

- Lots 4 and 5 of Equestrian Meadows Subdivision.

The tax increment will be captured for the tax years the payments for which become delinquent in years 2012 through 2025, inclusive.

The real property ad valorem taxes on the current valuation will continue to be paid to the normal taxing entities. The increase will come from the Commercial/Office center to be constructed on the property to be acquired.

Statutory Pledge of Taxes.

Pursuant to Section 18-2147 of the Act, any ad valorem tax levied upon real property in the Redevelopment Project Area shall be divided, for the period not to exceed 15 years after the effective date of the provision, which effective date shall be January 1, 2011.

a. That portion of the ad valorem tax which is produced by levy at the rate fixed each year by or for each public body upon the redevelopment project valuation shall be paid into the funds, of each such public body in the same proportion as all other taxes collected by or for the bodies; and

b. That portion of the ad valorem tax on real property in the redevelopment project in excess of such amount, if any, shall be allocated to and, when collected, paid into a special fund of the Authority to pay the principal of; the interest on, and any premiums due in connection with the bonds, loans, notes, or advances on money to, or indebtedness incurred by, whether funded, refunded, assumed, or otherwise, such Authority for financing or refinancing, in whole or in part, a redevelopment project. When such bonds, loans, notes, advances of money, or indebtedness including interest and premium due have been paid, the Authority shall so notify the County Assessor and County Treasurer and all ad valorem taxes upon real property in such redevelopment project shall be paid into the funds of the respective public bodies.

Pursuant to Section 18-2150 of the Act, the ad valorem tax so divided is hereby pledged to the repayment of loans or advances of money, or the incurring of any indebtedness, whether funded, refunded, assumed, or otherwise, by the CRA to finance or refinance, in whole or in part, the redevelopment project, including the payment of the principal of, premium, if any, and interest on such bonds, loans, notes, advances, or indebtedness.

Redevelopment Plan Amendment Complies with the Act:

The Community Development Law requires that a Redevelopment Plan and Project consider and comply with a number of requirements. This Plan Amendment meets the statutory qualifications as set forth below.

1. The Redevelopment Project Area has been declared blighted and substandard by action of the Grand Island City Council on September 19, 1999.[§18-2109] Such declaration was made after a public hearing with full compliance with the public notice requirements of §18-2115 of the Act.

2. Conformation to the General Plan for the Municipality as a whole. [§18-2103 (13) (a) and §18-2110]

Grand Island adopted a Comprehensive Plan on July 13, 2004. This redevelopment plan amendment and project are consistent with the Comprehensive Plan, in that no changes in the Comprehensive Plan elements are intended. This plan merely provides funding for the developer to acquire the necessary property and provide the necessary site work for the construction of a permitted use on this property.

3. The Redevelopment Plan must be sufficiently complete to address the following items: [§18-2103(13) (b)]

a. Land Acquisition:

The Redevelopment Plan for Area #2 provides for real property acquisition and this plan amendment does not prohibit such acquisition.

b. Demolition and Removal of Structures:

The project to be implemented with this plan does not intend that any structures be removed or demolished. This amendment does not prohibit demolition elsewhere in the Redevelopment Project Area.

c. Future Land Use Plan

See the attached map from the 2004 Grand Island Comprehensive Plan. The site is planned for commercial development. [§18-2103(b) and §18-2111] The attached map also is an accurate site plan of the area after redevelopment. [§18-2111(5)]

d. Changes to zoning, street layouts and grades or building codes or ordinances or other Planning changes.

The area is zoned B2- General Business zone with an AC-Arterial Commercial Overlay. Commercial development is anticipated based on this project. No changes are anticipated

in street layouts or grades. No changes are anticipated in building codes or ordinances. Nor are any other planning changes contemplated. [§18-2103(b) and §18-2111]

e. Site Coverage and Intensity of Use

The developer is proposing to a commercial/office building at this site. The total square footage of the building will be 17,500 square feet during the initial phase. A second phase of construction involving up to 12,500 additional square feet of is possible at some point in the future. The property is zoned B2-AC and could accommodate a building of up to 100% of the property [§18-2103(b) and §18-2111]

f. Additional Public Facilities or Utilities

Sewer and water are available to support this development. New water and sewer mains and services will be required for this building.

No other utilities would be impacted by the development.

The developer will be responsible for replacing any sidewalks damaged during construction of the project.

No other utilities would be impacted by the development. [§18-2103(b) and §18-2111]

4. The Act requires a Redevelopment Plan provide for relocation of individuals and families displaced as a result of plan implementation. This amendment does not provide for acquisition of any residences and therefore, no relocation is contemplated. [§18-2103.02]

5. No member of the Authority, nor any employee thereof holds any interest in any property in this Redevelopment Project Area. [§18-2106]

6. Section 18-2114 of the Act requires that the Authority consider:

a. Method and cost of acquisition and preparation for redevelopment and estimated proceeds from disposal to redevelopers.

The developer purchased the property for \$222,238. Costs for preparation for development are estimated at \$145,937

No property will be transferred to redevelopers by the Authority. The developer will provide and secure all necessary financing.

b. Statement of proposed method of financing the redevelopment project.

The developer will provide all necessary financing for the project. The Authority will assist the project by granting the sum of \$324,263 from the proceeds of the TIF Indebtedness issued by the Authority. This indebtedness will be repaid from the Tax Increment Revenues generated from the project. TIF revenues shall be made available to repay the original debt and associated interest after January 1, 2011 through December 2025.

c. Statement of feasible method of relocating displaced families.

No families will be displaced as a result of this plan.

7. Section 18-2113 of the Act requires:

Prior to recommending a redevelopment plan to the governing body for approval, an authority shall consider whether the proposed land uses and building requirements in the redevelopment project area are designed with the general purpose of accomplishing, in conformance with the general plan, a coordinated, adjusted, and harmonious development of the city and its environs which will, in accordance with present and future needs, promote health, safety, morals, order, convenience, prosperity, and the general welfare, as well as efficiency and economy in the process of development, including, among other things, adequate provision for traffic, vehicular parking, the promotion of safety from fire, panic, and other dangers, adequate provision for light and air, the promotion of the healthful and convenient distribution of population, the provision of adequate transportation, water, sewerage, and other public utilities, schools, parks, recreational and

community facilities, and other public requirements, the promotion of sound design and arrangement, the wise and efficient expenditure of public funds, and the prevention of the recurrence of insanitary or unsafe dwelling accommodations or conditions of blight.

The Authority has considered these elements in proposing this Plan Amendment. This amendment, in and of itself will promote consistency with the Comprehensive Plan, in that it will allow for the utilization of undeveloped commercial lots. The only conceivable impact as a result of the proposed project is the creation of additional retail space in a commercial district. This will not significantly impact traffic on Stolley Park Road or South Locust Street. New commercial development will raise property values and provide a stimulus to keep surrounding properties properly maintained. This will have the intended result of preventing recurring elements of unsafe buildings and blighting conditions.

8. Time Frame for Development

Development of the first phase of this project (17,500 square feet of commercial space) is anticipated to be completed during the 2010 and 2011 calendar years. A second phase of this project would include the development of up to 12,500 square feet of additional space. This second phase is not anticipated to occur until at least 5 years after the initial construction. The base tax year should be calculated on the value of the property as of January 1, 2010. Excess valuation should be available for this project for 15 years beginning with the 2011 tax year.

9. Justification of Project

This property has been vacant for more many years. This is infill development in an area with all city services available. This project does not propose to tear down any buildings with historic value but rather seeks to use vacant property for new construction.

10. Cost Benefit Analysis Section 18-2113 of the Act, further requires the Authority conduct a cost benefit analysis of the plan amendment in the event that Tax Increment Financing will be used. This analysis must address specific statutory issues.

(a) Tax shifts resulting from the approval of the use of Tax Increment Financing;

The redevelopment project area currently has an estimated valuation of \$222,238. After acquisition of the property and subsequent improvements a commercial/office structure will be built at this location. This will result in a \$1,017,275 commercial building being placed on the tax rolls. The proposed investment is substantially higher than the taxable value of the building. No tax shifts are anticipated from the project. The project creates additional valuation that will support taxing entities long after the project is paid off.

(b) Public infrastructure and community public service needs impacts and local tax impacts arising from the approval of the redevelopment project;

No additional public service needs have been identified. Existing water and waste water facilities will not be impacted by this development. The electric utility has sufficient capacity to support the development. It is not anticipated that this will impact schools. Fire and police protection are available and should not be impacted by this development.

(c) Impacts on employers and employees of firms locating or expanding within the boundaries of the area of the redevelopment project;

The proposed facility will provide jobs for persons employed at these establishments and for those building the new building.

(d) Impacts on other employers and employees within the city or village and the immediate area that are located outside of the boundaries of the area of the redevelopment project; and

This facility could draw employees from other similar facilities within the City.

(e) Any other impacts determined by the authority to be relevant to the consideration of costs and benefits arising from the redevelopment project.

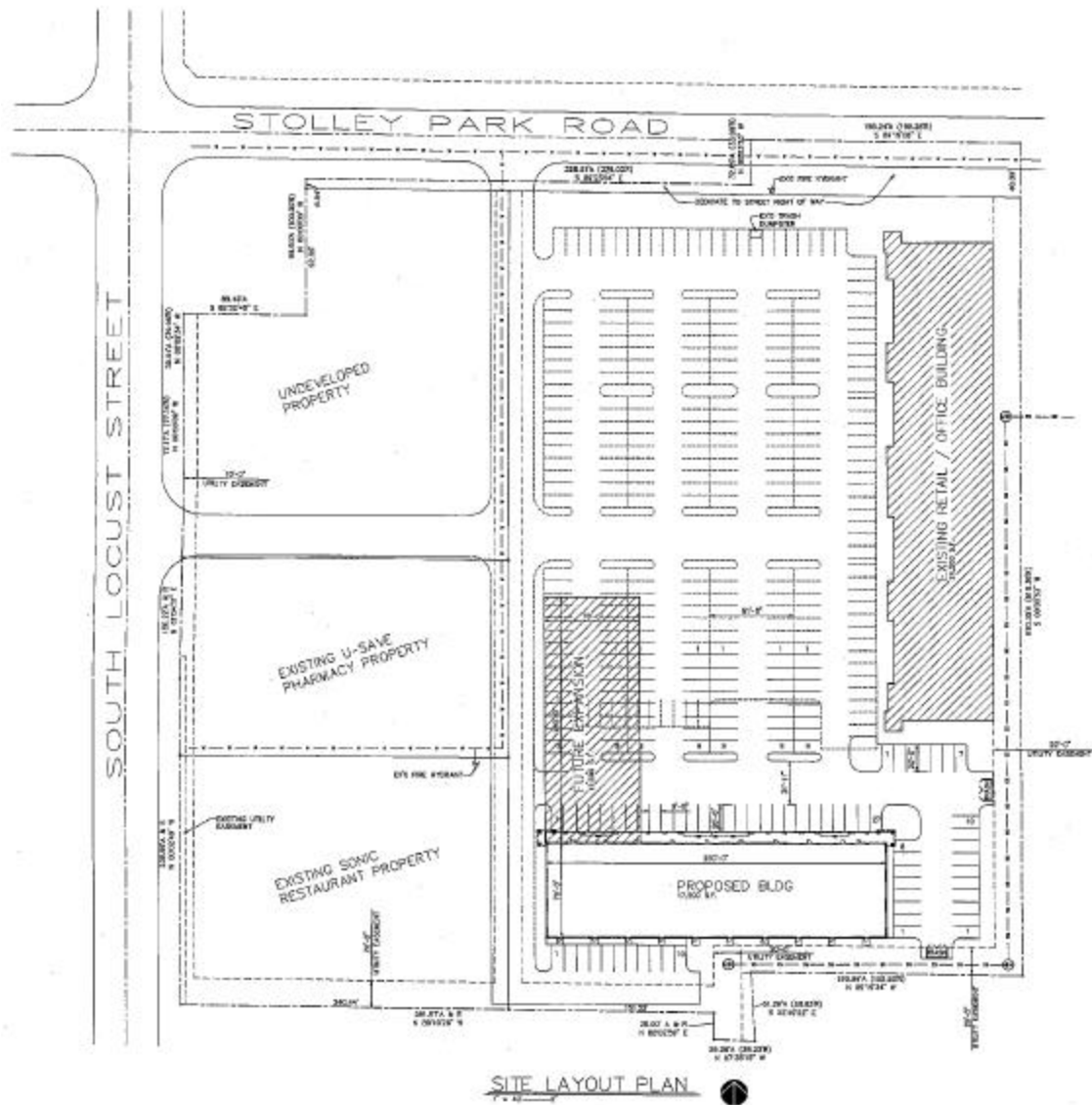
This will provide appropriate development at a key entrance location to Fonner Park and the Nebraska State Fair.

Time Frame for Development

Development of this project is anticipated to be mostly complete during the 2010 calendar year. The base tax year should be calculated on the value of the property as of January 1, 2010. Excess valuation should be available for this project for 15 years beginning in 2012. Excess valuation will be used to pay the TIF Indebtedness issued by the CRA per the contract between the CRA and the developer for a period not to exceed 15 years or an amount not to exceed \$324,263 the projected amount of increment based upon the anticipated value of the project and current tax rate. Based on the purchase price of the property and estimates of the expenses of eligible activities the developer will spend \$368,275 on TIF eligible activities. The developer will also carry the costs for allowable soft costs (estimated at \$20,000) and interest on the money borrowed for these activities (estimated at \$204,000). A total of \$324,263 of tax increment financing is proposed for \$592,275 worth of eligible expenditures in the initial phase

The developer has plans as shown for a possible expansion of the building space to 30,000 square feet on these lots at some point in the future. This could happen within 5 years depending on the market conditions. This expansion would create an additional \$726,625 of anticipated valuation. The additional increment would be applied \$324,263 TIF requested resulting in a quicker payment of the TIF and a shorter term on the TIF

contract. The additional 12,500 square feet will not be built if the original building is not constructed.



Proposed Site Plan for Development at 107 and 203 E Stolley Park Road in Grand Island, NE