



Hall County Regional Planning Commission

**Wednesday, June 1, 2016
Regular Meeting**

Item F3

Redevelopment Plan

Staff Contact: Chad Nabity

**Redevelopment Plan Amendment
Grand Island CRA Area 19
May 2016**

The Community Redevelopment Authority (CRA) of the City of Grand Island intends to adopt a Redevelopment Plan for Area 19 within the city, pursuant to the Nebraska Community Development Law (the “Act”) and provide for the financing of a specific project in Area 19.

Executive Summary:

Project Description

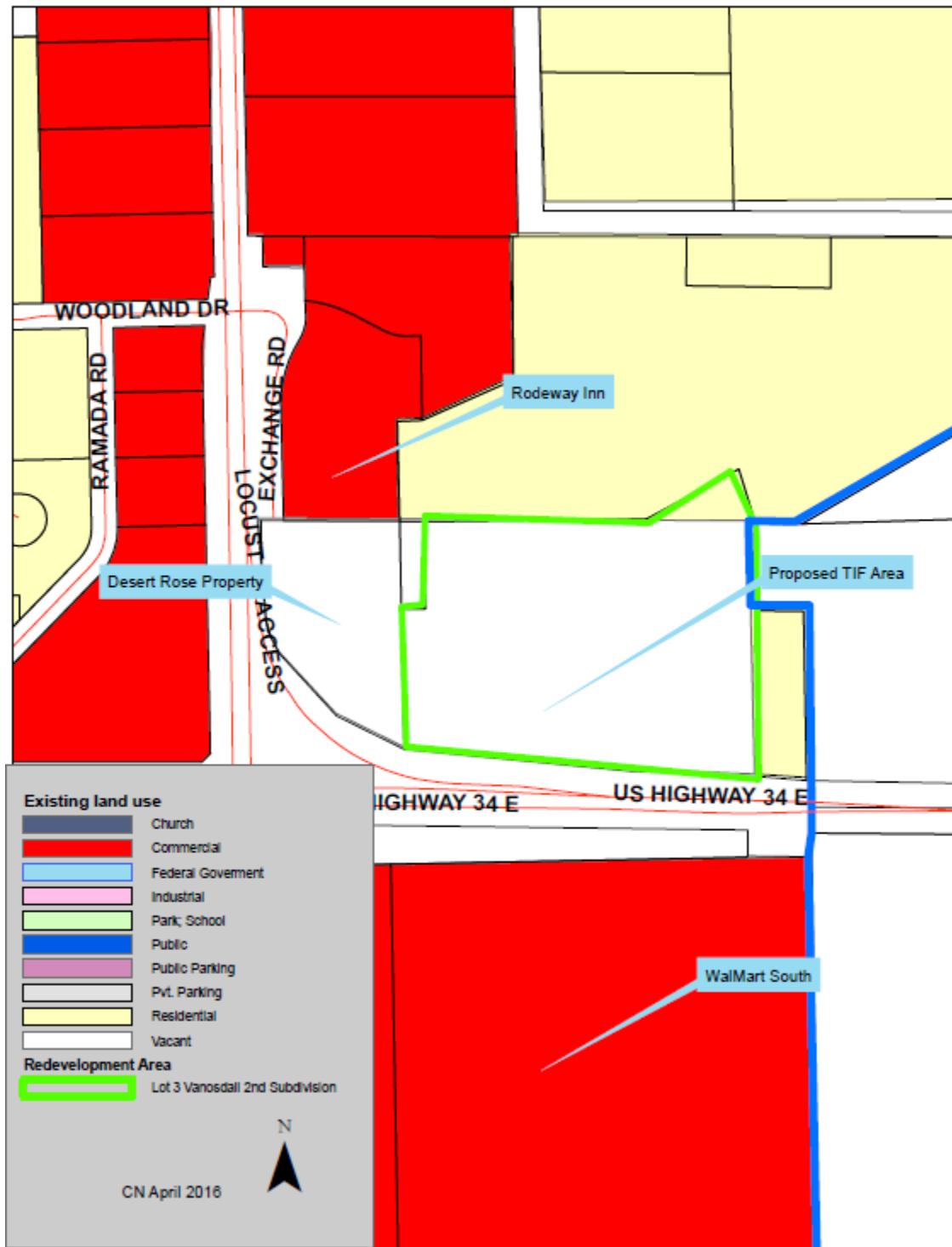
THE REDEVELOPMENT OF PROPERTY LOCATED NORTH OF U.S. HIGHWAY 34 (HUSKER HIGHWAY) AND EAST OF SOUTH LOCUST STREET (LOT 3 OF VANOSDALL SECOND SUBDIVISION) FOR USE THE CONSTRUCTION AND DEVELOPEMNT OF UP TO 288 APARTMENTS (8 BUILDINGS WITH 36 UNITS IN EACH BUILDING) INCLUDING ACQUISTION OF PROPERERTY AND NECESSARY INFRASTRUCTURE AND GRADING IMPROVEMENTS.

The use of Tax Increment Financing to aid in rehabilitation expenses associated with acquisition of property and necessary infrastructure and grading improvements to redevelop Lot 3 of Vanosdall Second Subdivision in the City of Grand Island. The use of Tax Increment Financing is an integral part of the development plan and necessary to make this project affordable. The project will result in the construction of a 288 apartments in southeast Grand Island, constituting the largest residential development south of Stolley Park Road and east of Blaine Street in more than 40 years. The cost of extending and connecting water, sanitary sewer and storm sewer makes developing this property at the southeast entrance to the City of Grand Island prohibitively expensive.

Talon Apartments has offered \$300,000 for the property and the offer has been accepted contingent upon the approval of Tax Increment Financing (TIF) available to offset the cost of the property and the necessary grading and infrastructure improvements to develop the property. Acquisition of property is an eligible TIF activity. The property is currently vacant with the exception of the concession stand and bathroom building that was there to support the ballfields that used to occupy this space. The developer is responsible for and has provided evidence that they can secure adequate debt financing to cover the costs associated with the site work and remodeling. The Grand Island Community Redevelopment Authority (CRA) intends to pledge the ad valorem taxes generated over the 15 year period towards the allowable costs and associated financing for the acquisition and site work.

**TAX INCREMENT FINANCING TO PAY FOR THE REHABILITATION OF THE PROPERTY WILL COME FROM THE FOLLOWING REAL PROPERTY:
Property Description (the “Redevelopment Project Area”)**

Legal Descriptions: Lot 3 Vanosdall Second Subdivision in Grand Island, Hall County, Nebraska.



Existing Land Use and Subject Property

This plan amendment provides for the issuance of two TIF Notes, the proceeds of which will be granted to the Redeveloper. The tax increment to be captured will be captured in up to 4 phases, depending on the speed of the construction of apartments.

The tax increment will be captured for up to 15 tax years the payments for which become delinquent in years 2018 through 2032 inclusive or as otherwise dictated by the contract.

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 construction of apartment buildings at this location. Apartments are permitted in the current B2-AC General Business with an Arterial Commercial overlay. The developers have submitted a request for a change of zoning and approval of a development plan for an RD Residential Development zone.

Statutory Pledge of Taxes.

In accordance with Section 18-2147 of the Act and the terms of the Resolution, the Authority hereby provides that any ad valorem tax on any Lot or Lots located in the Redevelopment Project Area identified from time to time by the Redeveloper (such Lot or Lots being referred to herein as a "Phase") as identified in a written notice from the Redeveloper to the Authority (each, a "Redevelopment Contract Amendment Notice") for the benefit of any public body be divided for a period of fifteen years after the effective date of this provision as set forth in the Redevelopment Contract Amendment Notice and reflected in a Redevelopment Contract Amendment, consistent with this Redevelopment Plan. Said taxes shall be divided as follows:

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 February 23, 2016.[§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 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 extend utilities and infrastructure for uses permitted on this property as defined by the current and effective zoning regulations.

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

a. Land Acquisition:

This Redevelopment Plan for Area #19 provides and anticipates real property acquisition by the developer. There is no proposed acquisition by the authority.

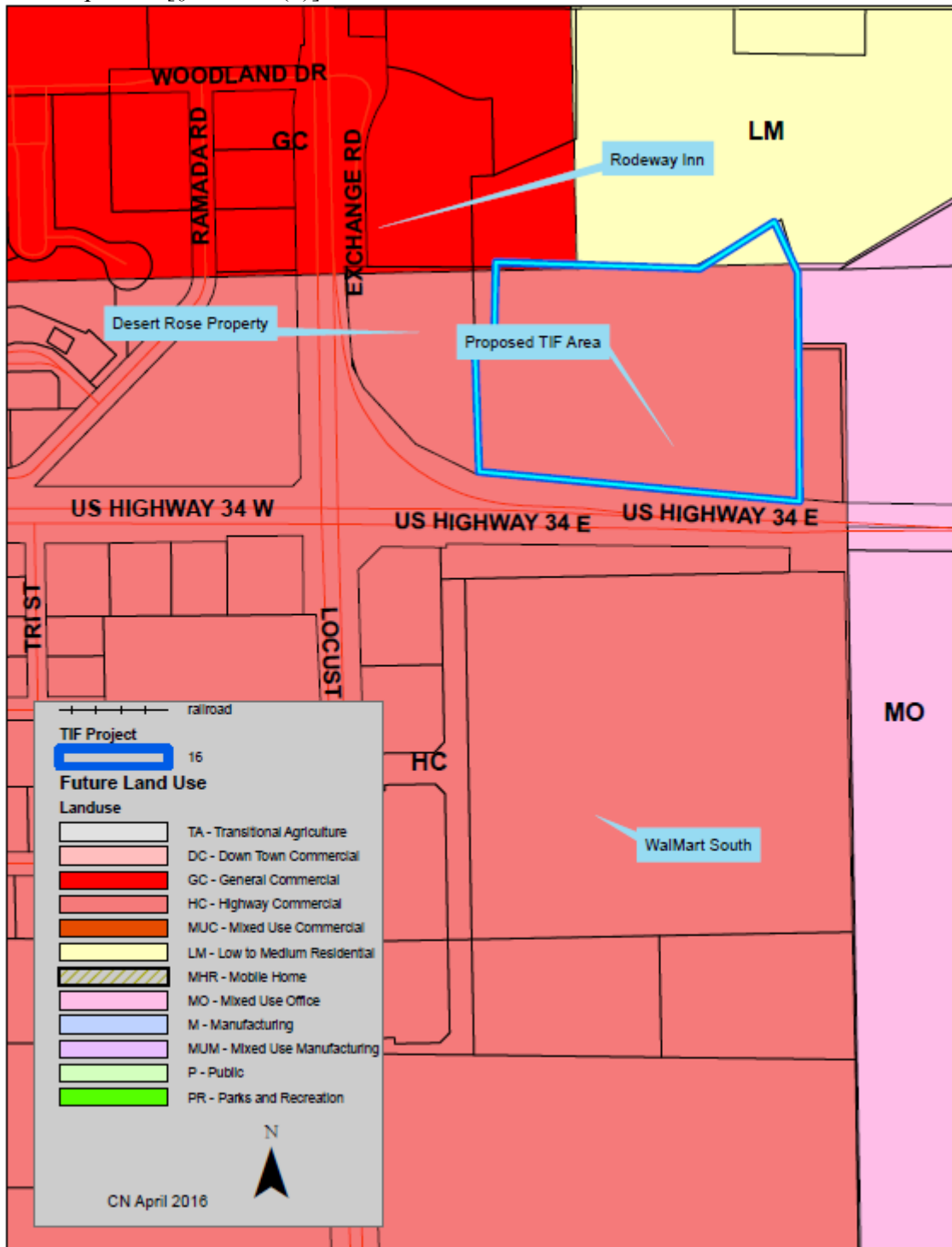
b. Demolition and Removal of Structures:

The project to be implemented with this plan does require and provide for the demolition and removal existing structures on this property. The existing structure is a concession stand and bathroom facility that was built to support ball fields that have not been used in more than 15 years.

c. Future Land Use Plan

See the attached map from the 2004 Grand Island Comprehensive Plan. The area immediately to the north this property is planned for low to medium density residential, generally a density of 14 dwelling units per acre or less. The subject property is separated from the property to the north by a lake. The property to the south is planned and zoned for commercial development, Walmart is located there. The property to the west is vacant and available for commercial development. This property to the contains a

single family residence and a farm residence it is planned for medium density residential to office uses and would allow a density of 42+ dwelling units per acre.. [§18-2103(b) and §18-2111] The attached map also is an accurate site plan of the area after redevelopment. [§18-2111(5)]



City of Grand Island Future Land Use Map

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

The area is zoned B2-AC General Business with an Arterial Commercial Overlay. Apartment development at up to 42 dwelling units per acre is permitted within this zoning district. The developers are seeking to rezone the property to RD Residential Development zone a planned development that is commonly used for apartment complexes within the Grand Island Zoning jurisdiction. As part of the RD zone change and approval drainage from the proposed development will be considered, the primary drainage pattern is toward and into the lake to the north and that will be maintained. Internal streets and drives will be constructed to support the development of this property. Changes are likely, offsite, to the south and west along U.S. Highway 34 that include removal of the free right turn lane from U.S. Highway 34 west onto Locust Street north and the construction of a drive access across the former Desert Rose property to the west along the south side of Rodeway Inn. 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 build on the site within the constraints allowed by both the current and the proposed zoning districts. [§18-2103(b) and §18-2111]

f. Additional Public Facilities or Utilities

Water and sanitary are available to support this development. The developer will be responsible for extension of water and sanitary sewer necessary to serve this site. Development and extension of this infrastructure is one of the primary challenges for this site. Water is proposed to be extended from both the south (under U.S. Highway 34) and the west along the south edge of the Desert Rose property to complete a looped system capable of supporting the development and being extended to the east as additional development occurs along U.S. Highway 34. Sanitary sewer is proposed to be extended from the northwest corner of the lake along Midaro Drive along the east edge of the lake and onto the property. This sewer extension will increase the possibility of serving properties east of Midaro Drive toward Stuhr Road.

Electric utilities will be extended throughout the site to support the proposed development.

No other city 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 property has been unused for several years, no relocation is contemplated or necessary. [§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] No members of the authority or staff of the CRA have any interest in this property.

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 has a contract to purchase this property contingent on approval of the Tax Increment Financing. The cost this property is \$306,000 and would be a TIF eligible expense. Grading, demolition, storm water management, utility connections and extensions, landscaping and similar site improvements are estimated at \$3,144,526. Planning related expenses for Architecture, Engineering, Planning services and permitting of \$2,169,808 and are included as a TIF eligible expense. Legal, Developer and Audit Fees including a reimbursement to the City and the CRA of \$50,000 are included as TIF eligible expense. The total of eligible expenses for this project is \$5,620,334.

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 \$4,473,120 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 according to the approved contract.

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. This will have the intended result of preventing recurring elements of blighted conditions including vacant and underutilized building sites.

8. Time Frame for Development

Development of this project is anticipated to be completed between July 2016 and December of 2020. The developers anticipate building two building (72 units) in each phase of this development. All four phases could be completed within 2 years or depending on market absorption could take as long as 1 or 2 years per phase. Excess valuation should be available for this project for 15 years on each phase of this project beginning with the 2018 tax year.

9. Justification of Project

This space has been vacant and underutilized for a number of years and has not sold or redeveloped even with aggressive marketing by the owner. When Walmart opened in 2004 there was a hope that development along this corridor would increase, that has not happened. The costs to extend sewer and water to this property are extremely high due to the highway on the south side of the property and the lake on the north side of the property and the location of those utilities. The extension of sewer and water to this property will allow for increased service territory for those utilities to the east of this property. A 2004 plan for South Locust by RDG Planning and Design of Omaha suggested apartment development at this location.

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.

As authorized in the Nebraska Community Development Law, §18-2147, *Neb. Rev. Stat.* (2012), the City of Grand Island has analyzed the costs and benefits of the proposed Redevelopment Project, including:

Project Sources and Uses. Approximately \$4,473,120 in public funds from tax increment financing provided by the Grand Island Community Redevelopment Authority

will be required to complete the project. This investment by the Authority will leverage \$22,553,966 in private sector financing; a private investment of \$5.04 for every TIF and grant dollar investment.¹ See the Attached Source and Uses of Funds Chart

Tax Revenue. The property to be redeveloped is anticipated to have a January 1, 2016, valuation of approximately \$300,000. Based on the 2015 levy this would result in a real property tax of approximately \$6,629. It is anticipated that the assessed value will increase by \$13,635,485 upon full completion, as a result of the site redevelopment. This development will result in an estimated tax increase of over \$298,208 annually. The tax increment gained from this Redevelopment Project Area would not be available for use as city general tax revenues, for the period of the TIF contract or the time as may be required to amortize the TIF bond, but would be used for eligible private redevelopment costs to enable this project to be realized.

Estimated 2016 assessed value:	\$ 300,000
Estimated value after completion	\$ 13,935,485
Increment value	\$ 13,635,485
Annual TIF generated (estimated)	\$ 298,208
TIF bond issue (Not to exceed)	\$ 4,473,120

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

The redevelopment project area currently has an estimated valuation of \$300,000. The proposed redevelopment will create additional valuation of \$13,635,485. 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 negatively impacted by this development. The electric utility has sufficient capacity to support the development. This development since it is housing may have an impact on Grand Island Public Schools. This property is in the Star Elementary School area and the new Star is under construction and will be completed before this project is completed. Fire and police protection are available and should not be negatively 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;

This will have minimal impact on employers or employees within the redevelopment project area. Although it will increase housing choices in southeast Grand Island and

¹ This does not include any investment in personal property at this time.

may positively impact recruitment of employees for businesses located in this part of the community.

(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

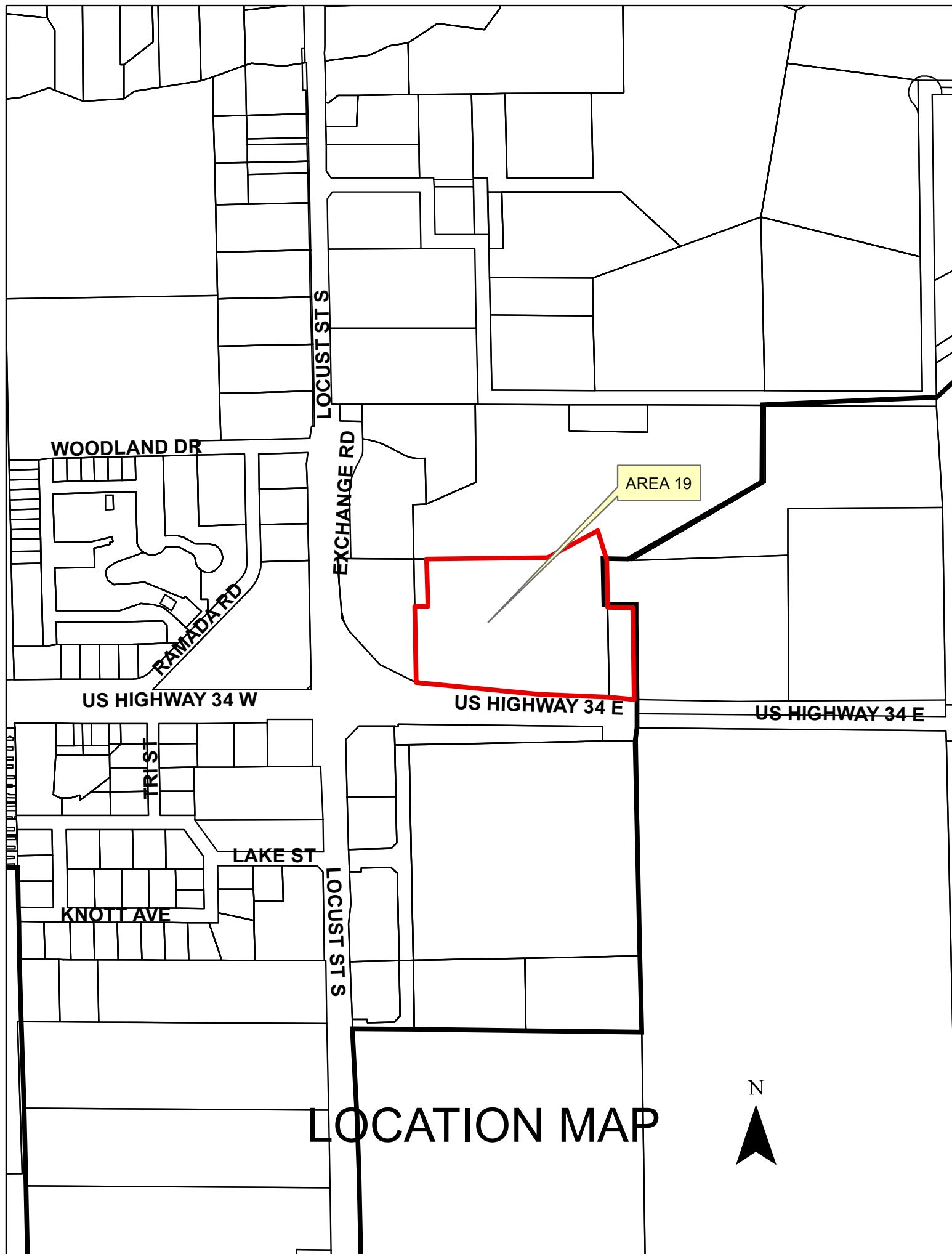
This project will not have a negative impact on other within the Grand Island area.

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

This project will be the first large scale housing project in southeast Grand Island in more than 20 years. It should encourage the development of additional retail in close proximity to the apartments.

Time Frame for Development

Development of this project is anticipated to be completed during between July of 2016 and December of 2020. The base tax year should be calculated on the value of the property as of January 1, in the year prior to the year of the division of taxes for each Phase. Excess valuation should be available for this project for 15 years beginning in 2017 with taxes due in 2018 actual dates will be set within the contract as to Phase #1. 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 on each phase of the development or an amount not to exceed \$4,473,120 the projected amount of increment based upon the anticipated value of the project and current tax rate. Based on the estimates of the expenses of the rehabilitation the developer will spend up to \$5,620,334 on TIF eligible expenses as part of this development.



Resolution Number 2016-04

HALL COUNTY REGIONAL PLANNING COMMISSION

**A RESOLUTION RECOMMENDING APPROVAL OF A SITE SPECIFIC
REDEVELOPMENT PLAN OF THE CITY OF GRAND ISLAND, NEBRASKA;
AND APPROVAL OF RELATED ACTIONS**

WHEREAS, the Chairman and Board of the Community Redevelopment Authority of the City of Grand Island, Nebraska (the “**Authority**”), referred that certain Redevelopment Plan to the Hall County Regional Planning Commission, (the “**Commission**”) a copy of which is attached hereto as Exhibit “A” for review and recommendation as to its conformity with the general plan for the development of the City of Grand Island, Hall County, Nebraska, pursuant to Section 18-2112 of the Community Development Law, Chapter 18, Article 21, Reissue Revised Statutes of Nebraska, as amended (the “**Act**”); and

WHEREAS, the Commission has reviewed said Redevelopment Plan as to its conformity with the general plan for the development of the City of Grand Island, Hall County;

NOW, THEREFORE, BE IT RESOLVED BY THE HALL COUNTY REGIONAL PLANNING COMMISSION AS FOLLOWS:

Section 1. The Commission hereby recommends approval of the Redevelopment Plan.

Section 2. All prior resolutions of the Commission in conflict with the terms and provisions of this resolution are hereby expressly repealed to the extent of such conflicts.

Section 3. This resolution shall be in full force and effect from and after its passage as provided by law.

DATED: _____ 2016.

**HALL COUNTY REGIONAL PLANNING
COMMISSION**

ATTEST:

By: _____
Chair

By: _____
Secretary

Talon Apartments

EXHIBIT A

FORM OF REDEVELOPMENT PLAN

Talon Apartments