



Hall County Regional Planning Commission

**Wednesday, July 6, 2016
Regular Meeting**

Item F1

Redevelopment Plan - East Park on Stuhr

Staff Contact: Chad Nabity

Agenda Item 4

PLANNING DIRECTOR RECOMMENDATION TO REGIONAL PLANNING COMMISSION:

June 17, 2016

SUBJECT:

Redevelopment plan amendment for property located in Blight and Substandard Area 1 for a Site Specific Redevelopment Plan for property located in part of the SE ¼ of Section 15 Township 11 North Range 9 West of the 6th PM to be platted as East Park on Stuhr, in Grand Island, Hall County, Nebraska. This property is located between Stuhr Road and the existing Cherry Park Apartments (415 S. Cherry Street). (C-21-2016GI)

PROPOSAL:

Hoppe Homes LP is proposing to complete the third phase of the Cherry Park Apartments development as East Park on Stuhr with 88 apartments in 7 buildings. The property is zoned RD Residential Development Zone and the developer has submitted a revised development plan for approval in conjunction with the application for tax increment financing. This property has been planned for apartments for more than 20 years.

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 proposed plan encourages a mix of commercial and residential uses that has been identified as a priority for development in the downtown area. 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 this area within the City of Grand Island. This is evident by the fact that the property is zoned RD Residential Development Zone a zoning district used primarily for apartment complexes. The RD zone allows for residential uses at a density of up to 42 units per acres as approved by Council with the development plan. The future land use plan would allow commercial development on this property, high density residential is considered compatible with the commercial uses.

The Regional Planning Commission recommendation is limited to the appropriateness of the proposed use at this location. The Grand Island Comprehensive Plan calls commercial and residential uses here.

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 apartments this location appears to be supported by the plan.

RECOMMENDATION:

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

_____ Chad Nabity AICP, Planning Director

Resolution Number 2016-05

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

East Park on Stuhr

EXHIBIT A

FORM OF REDEVELOPMENT PLAN

East Park on Stuhr

**Redevelopment Plan Amendment
Grand Island CRA Area 1
June 2016**

The Community Redevelopment Authority (CRA) of the City of Grand Island intends to adopt a Redevelopment Plan Amendment for Area 1 within the city, pursuant to the Nebraska Community Development Law (the “Act”) and provide for the financing of a specific project in Area 1.

Executive Summary:

Project Description

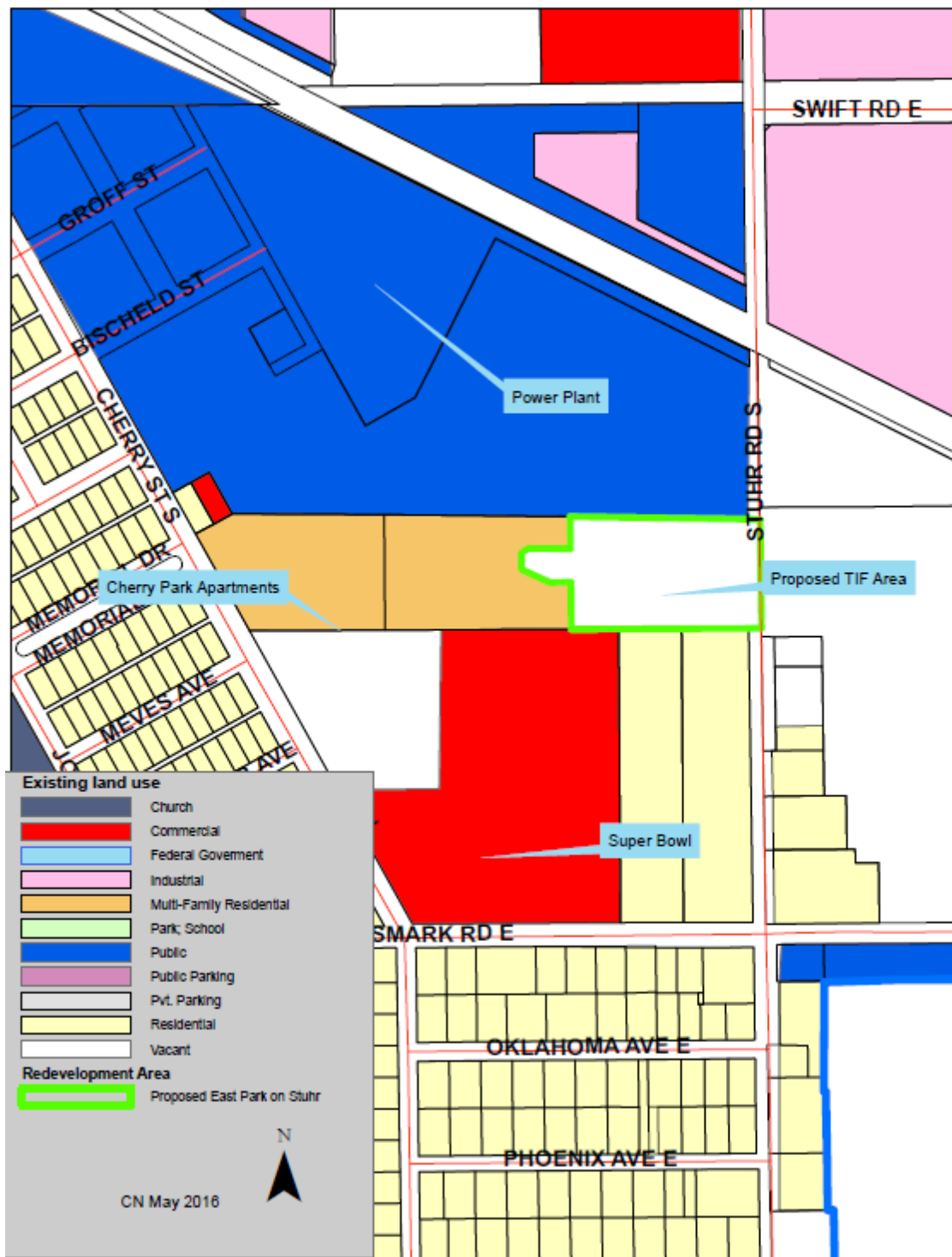
THE REDEVELOPMENT OF PROPERTY LOCATED NORTH OF BISMARCK ROAD BETWEEN CHERRY STREET AND STUHR ROAD (IMMEDIATELY EAST OF THE EXISTING CHERRY PARK APARTMENTS) FOR USE THE CONSTRUCTION AND DEVELOPEMNT OF UP TO 88 APARTMENTS IN 7 BUILDINGS INCLUDING NECESSARY INFRASTRUCTURE AND GRADING IMPROVEMENTS.

The use of Tax Increment Financing to aid in redevelopment expenses associated with necessary and required infrastructure (sewer, water, storm drainage, paving, landscaping, etc.), grading improvements and site preparation, and planning and legal costs to redevelop the proposed East Park on Stuhr 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 88 apartments in southeast Grand Island. Phases 1 and 2 of this project were completed using TIF; the first two phases are more than 15 years old and fully on the tax rolls.

Hoppe Homes has owned the property for more than 20 years and has had plans to build apartments at this location since that original purchase. This project was originally planned with the expectation that Tax Increment Financing (TIF) would be available to offset the cost of necessary grading and infrastructure improvements to develop the property. The property is currently vacant. 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 development if TIF is available to assist with project financing. 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:



Existing Land Use and Subject Property

This plan amendment provides for the issuance TIF Notes, the proceeds of which will be granted to the Redeveloper. 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 were permitted and anticipated with the rezoning of this property to RD-Residential Development Zone in the mid 1990's. The developers have submitted a request for approval of a revised development plan for the existing 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 as 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 related to the Redevelopment Project Area, or the resolution providing for the issuance of the TIF Note, consistent with this Redevelopment Plan Amendment. 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 December 19, 2000.[§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 extend utilities and infrastructure and appropriately grade the property 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:

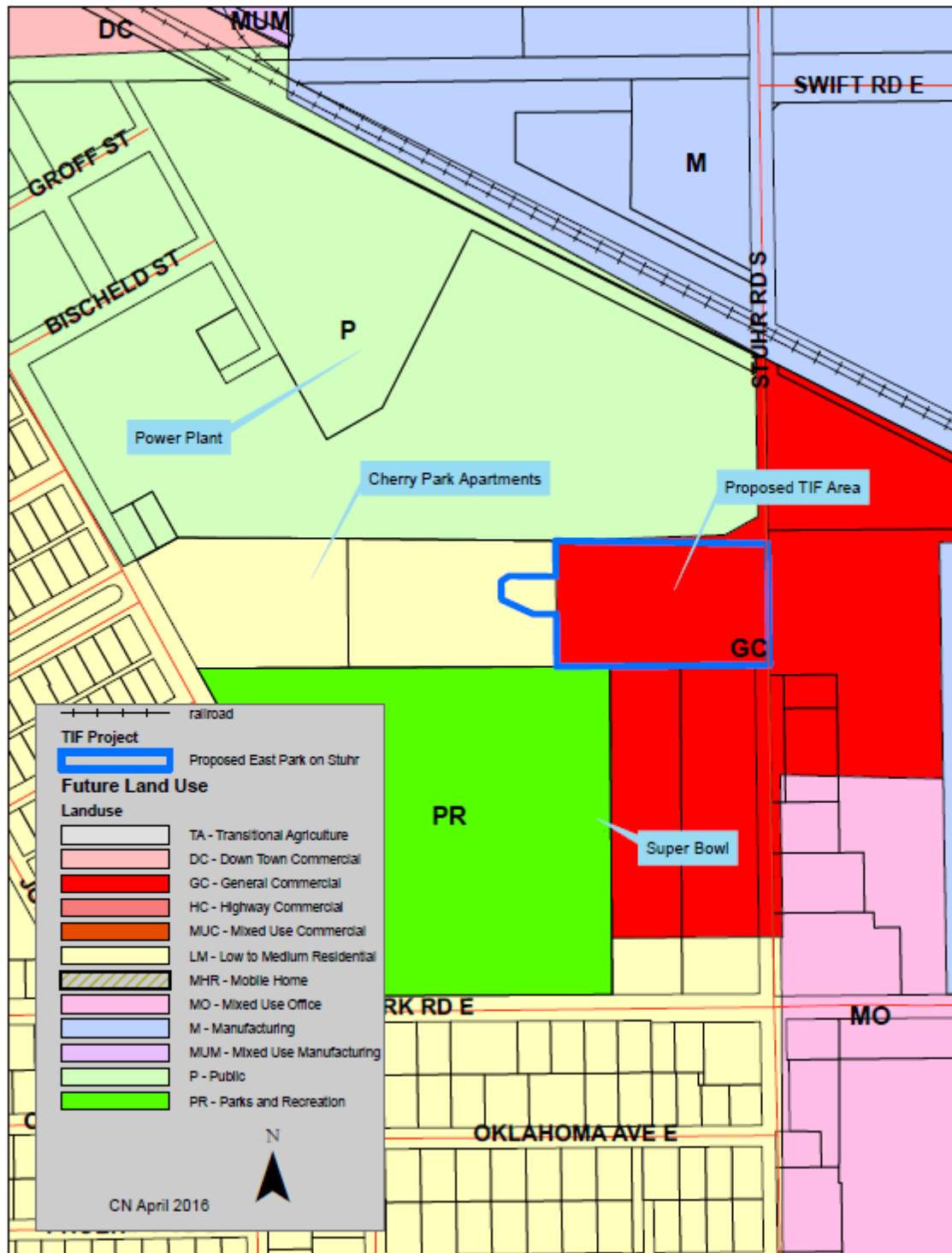
This property is currently owned by the proposed developer. There is no proposed acquisition by the authority.

b. Demolition and Removal of Structures:

There are no structures on this property that need to be demolished or removed.

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 public uses and is owned by the Grand Island Utilities Department. The property to the south is planned and zoned for residential development, commercial development, and recreational development, The Super Bowl fun center is located there along with a couple of single family homes on large lots. The property to the west is the first two phases of this residential development and was developed in the mid to late 1990's. This property is vacant and planned for commercial development that 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 RD-Residential Development Zone. Apartment development at up to 42 dwelling units per acre is permitted within this zoning district. The developers are seeking to change the configuration of the development from what was proposed almost 20 years ago. An application to amend the development plan for this property has been filed. The RD Residential Development zone is a planned development that is commonly used for apartment complexes within the Grand Island Zoning jurisdiction. Internal streets and drives will be constructed to support the development of this property, they will provide a connection between the first phases of this development and Stuhr Road. 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. Estimated building coverage of the 4.92acre site is 42,500square feet well within the 30% coverage allowed in an RD zoning district. [§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. There is currently a dead end main at the east side of the Cherry Park apartments. This proposal would extend that main to Stuhr Road and complete a looped system. Sanitary sewer is proposed to be extended from the existing development. A lift station will be needed to support this development.

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] Tom Gdowski, Chair of the CRA, is also President\CEO of Equitable Bank in Grand Island. Equitable Bank has

provided a letter indicating that they are willing to provide financing for this project subject to the availability of Tax Increment Financing. Mr. Gdowski will abstain from any action on this project. No other members of the authority or staff of the CRA has 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.

Grading, storm water management, utility connections and extensions, publicly required landscaping and similar site improvements are estimated at \$855,860. Planning related expenses for Architecture, Engineering, Planning services of \$142,600 and are included as a TIF eligible expense. Utility upgrades for onsite geothermal systems \$519,200 are included as a TIF eligible utility expense. Public amenities for residents and neighbors including a park, dog runs, basketball court and soccer field \$106,000. Legal, Developer and Audit Fees including a reimbursement to the City and the CRA of \$15,000 are included as TIF eligible expense. The total of eligible expenses for this project is \$1,638,660. Acquisition cost of \$88,000 could also be, but is not, for purposes of this plan amendment, considered an eligible expense bringing the total of eligible expenses to \$1,726,660.

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 except the financing provided by the issuance of the TIF Indebtedness. The Authority will assist the project by granting the sum of \$1,495,000 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. The property is vacant.

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 September 2016 and December of 2017. The developers anticipate building all seven buildings (88 units) in a within 15 months of approval. 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. The original 3rd phase of Cherry Park was approved with the initial development in 1995. The 2014 housing market study for the City of Grand Island shows a need of an additional 1700 housing units between 2014 and 2019. These 88 units at this location would help meet that goal and spread the housing developed around the city.

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 \$1,495,000 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 \$7,897,340 in private sector financing; a private investment of \$5.28 for every TIF and grant dollar investment.¹ See the Attached Source and Uses of Funds Chart

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

Use of Funds.			
Description	TIF Funds	Private Funds	Total
Site Acquisition		\$88,000	\$88,000
Site Preparation /Utilities/Streets/Drainage	\$712,200	\$143,660	\$855,860
On Site Utilities	\$519,200		\$519,200
Public Amenities	\$106,000		\$106,000
Legal, Finance and Audit	\$15,000	\$85,000	\$100,000
Building Costs		\$6,718,909	\$6,718,909
Arch/Eng (Planning)	\$142,600		\$142,600
Contingencies		\$380,000	\$380,000
TOTALS	\$1,495,000	\$7,415,569	\$8,910,569

Tax Revenue. The property to be redeveloped is anticipated to have a January 1, 2016, valuation of approximately \$12,540. Based on the 2015 levy this would result in a real property tax of approximately \$265. It is anticipated that the assessed value will increase by \$7,500,000 upon full completion, as a result of the site redevelopment. This development will result in an estimated tax increase of over \$165,454 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:	\$ 12,540
Estimated value after completion	\$ 7,512,540
Increment value	\$ 7,500,000
Annual TIF generated (estimated)	\$ 165,454
TIF bond issue (Not to exceed)	\$ 1,495,000

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

The redevelopment project area currently has an estimated valuation of \$12,540. The proposed redevelopment will create additional valuation of \$7,500,000. 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 proposed waste water lift station would be installed as part of private system owned and maintained by

the apartment complex. 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. At this point, the Grand Island public school system has taken a neutral stance on development not advocating for or against housing projects proposing to use TIF. This property is in the Dodge Elementary School area. Fire and police protection are available and should not be negatively impacted by this development. The connection between Stuhr Road and Cherry Street may positively impact response by police and fire.

(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 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 will complete a project that began more than 20 years ago. The connection will be made between Cherry Street and Stuhr Road. This project will provide needed housing in the Grand Island market and spread the housing to parts of the community other than northwest Grand Island.

Time Frame for Development

Development of this project is anticipated to be completed during between July of 2016 and December of 2017. The base tax year should be calculated on the value of the property as of January 1, 2017. Excess valuation should be available for this project for 15 years beginning in 2018 with taxes due in 2019 actual dates will be set within the contract. 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 \$1,495,000. The bonds for this project will be paid off in 10 years or less based on the projected amount of increment the anticipated value of the project and the current tax rate. Based on the estimates of the expenses of the rehabilitation the developer will spend up to \$1,726,660 on TIF eligible expenses as part of this development.