



Hall County Regional Planning Commission

**Wednesday, August 10, 2016
Regular Meeting**

Item F2

Redevelopment Plan Area 18

Staff Contact: Chad Nabity

Agenda Item 5

PLANNING DIRECTOR RECOMMENDATION TO REGIONAL PLANNING COMMISSION:

July 22, 2016

SUBJECT:

Redevelopment plan amendment for property located in Blight and Substandard Area 18 for a Site Specific Redevelopment Plan for property located on property currently platted as Lots 2 and 3 of Industrial Commercial Park Sixth Subdivision, in Grand Island, Hall County, Nebraska. This property is located north of Old Highway 30 and east of Industrial Lane. (2716 and 2802 W. Old Highway 30). (C-29-2016GI)

PROPOSAL:

Middleton Properties LLC is proposing to demolish an existing warehouse and replace it and rehabilitate their existing offices. The property is zoned M2 Heavy Manufacturing.

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 M2 Heavy Manufacturing Zone a zoning district that permits warehousing, offices and contractor's yards. The future land use plan would allow mixed use manufacturing development on this property.

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 warehousing and office use at 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

**Redevelopment Plan Amendment
Grand Island CRA Area 18
July
2016**

The Community Redevelopment Authority (CRA) of the City of Grand Island intends to amend the Redevelopment Plan for Area 18 within the city, pursuant to the Nebraska Community Development Law (the “Act”) and provide for the financing of a specific project in Area 18.

Executive Summary:

Project Description

THE REDEVELOPMENT OF PROPERTY LOCATED NORTH OF OLD U.S. HIGHWAY 30 AND EAST OF INDUSTRIAL LANE (LOTS 2 AND 3 OF COMMERCIAL INDUSTRIAL PARK SIXTH SUBDIVISION). A NEW WAREHOUSE AND RENOVATED OFFICE SPACE FOR MIDDLETON ELECTRIC,(A LOCAL BUSINESS) INCLUDING DEMOLITION OF AN EXISTING OBSOLETE STRUCTURE, RENOVATION OF THE EXISTING OFFICE BUILDING AND NECESSARY INFRASTRUCTURE AND GRADING IMPROVEMENTS.

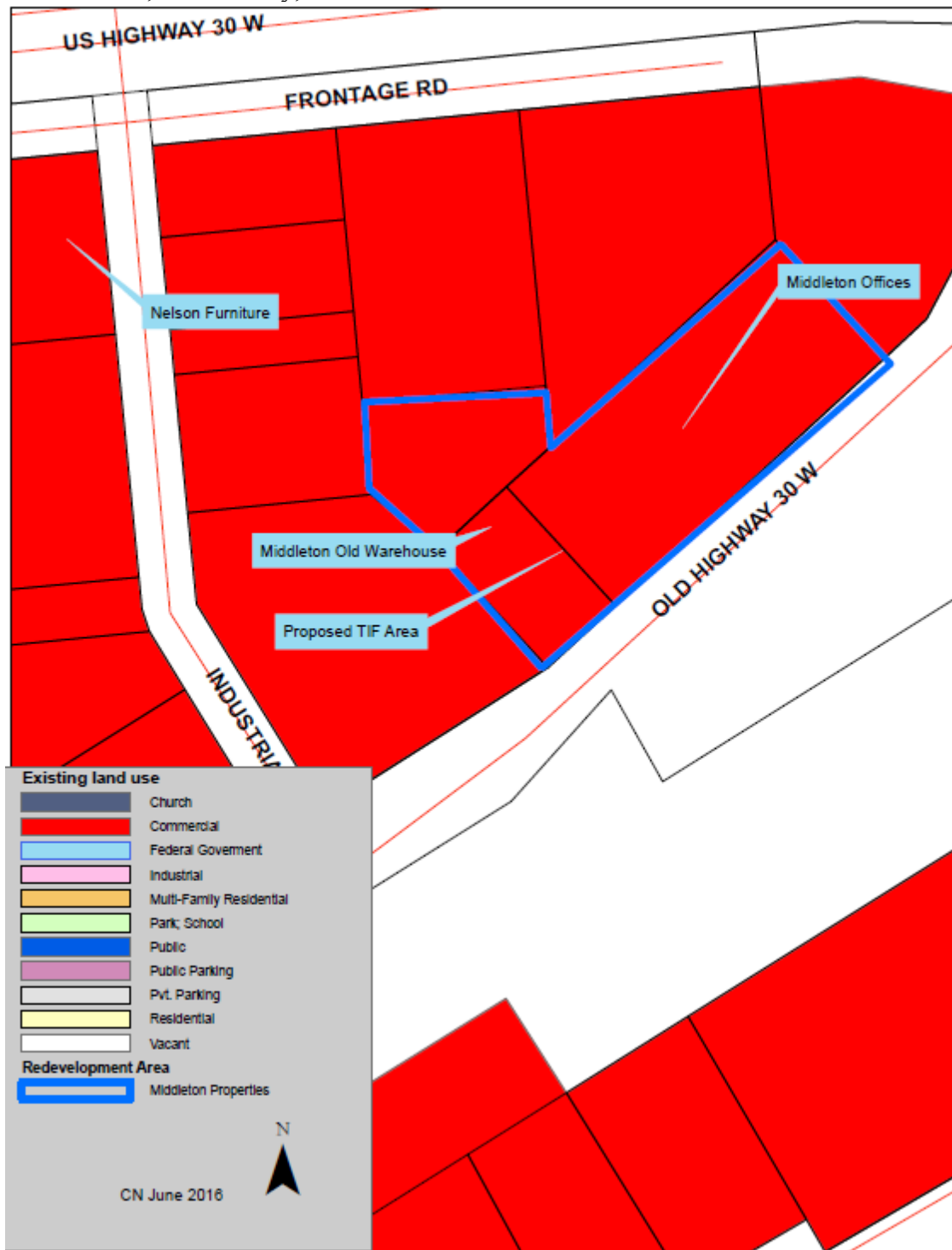
The use of Tax Increment Financing to aid in demolition, site clearance, rehabilitation and necessary infrastructure and grading improvements to redevelop 2716 and 2802 W. Old Highway 30 (Lots 2 and 3 of Commercial Industrial Park Sixth Subdivision in the City of Grand Island). The use of Tax Increment 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 new central warehouse and renovated office space for Middleton Electric. The developer has indicated that this development would not be considered for at this location without the use of TIF.

Middleton Properties L.L.C. owns the subject property and currently operates the Grand Island offices of Middleton Electric from this location. Middleton Electric also has offices and operations in Lincoln and Kearney. There is an old warehouse and off ice building on this property. The developer is proposing to replace the existing warehouse with one capable of serving as centralized storage for all three Middleton Electric locations and renovating the office space at the Grand Island offices. 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 beginning January 1, 2018 towards the allowable costs.

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

2716 and 2802 W. Old Highway 30 in Grand Island Nebraska

Legal Descriptions: Lots 2 and 3 of Commercial Industrial Park Sixth Subdivision in Grand Island, Hall County, Nebraska.



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 a new ware housing space and remodeling of an existing office at this location as permitted in the M2 Heavy Manufacturing Zoning District.

Statutory Pledge of Taxes.

In accordance with Section 18-2147 of the Act and the terms of the Resolution providing for the issuance of the TIF Note, the Authority hereby provides that any ad valorem tax on the Redevelopment Project Area 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, 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 August 25, 2015.[§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 rehabilitate the building for permitted uses 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:

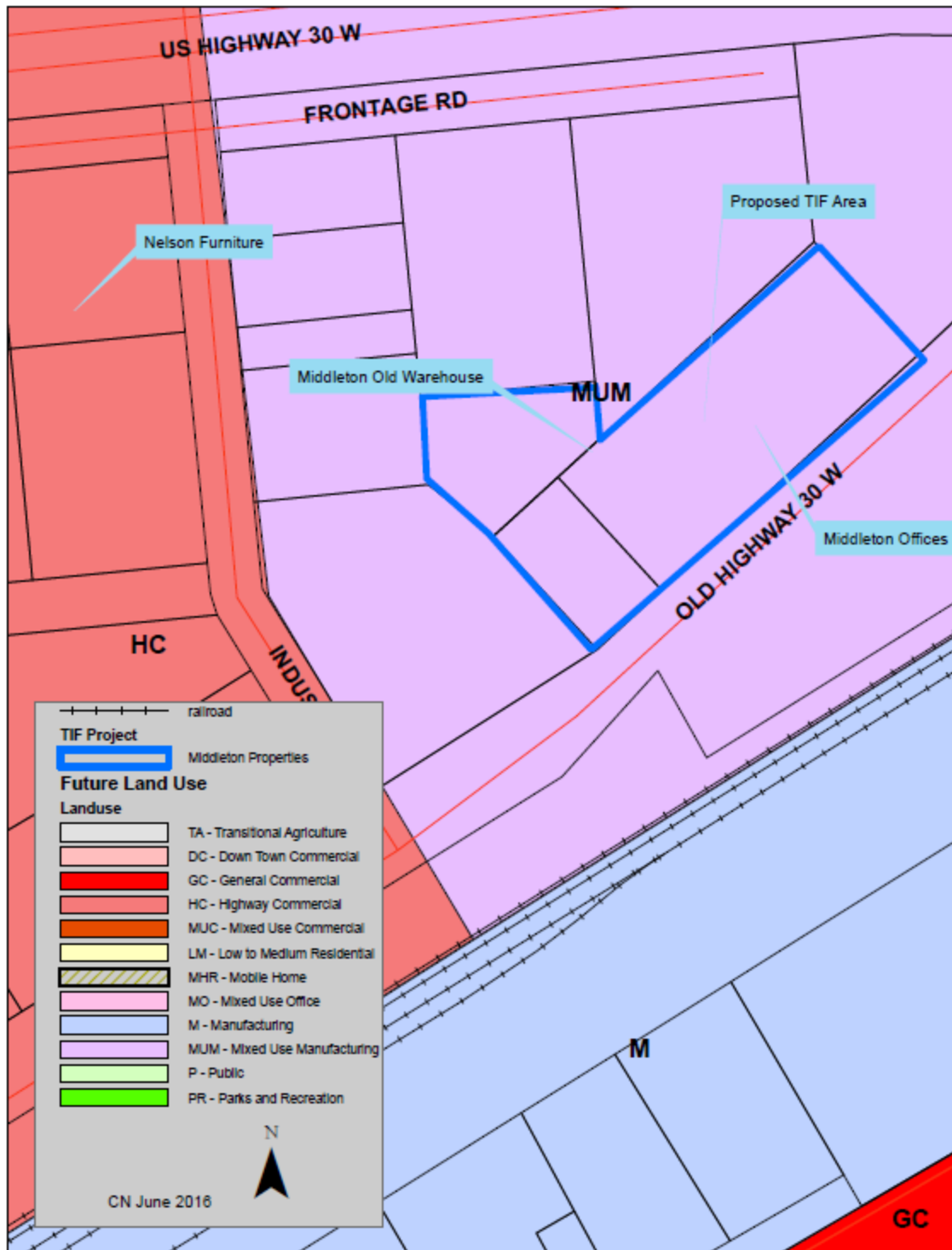
This Redevelopment Plan for Area 18 does not anticipate real property acquisition by the developer. There is no proposed acquisition by the authority.

b. Demolition and Removal of Structures:

The project to be implemented with this plan provides for the demolition and removal of the existing warehouse on the property.

c. Future Land Use Plan

See the attached map from the 2004 Grand Island Comprehensive Plan. This property is in private ownership and surrounding properties are planned for mixed use manufacturing. The property south of Old Highway 30 is owned by the Union Pacific Rail Road. [§18-2103(b) and §18-2111] A site plan of the area after redevelopment is also attached as Exhibit A. [§18-2111(5)]



City of Grand Island Future Land Use Map

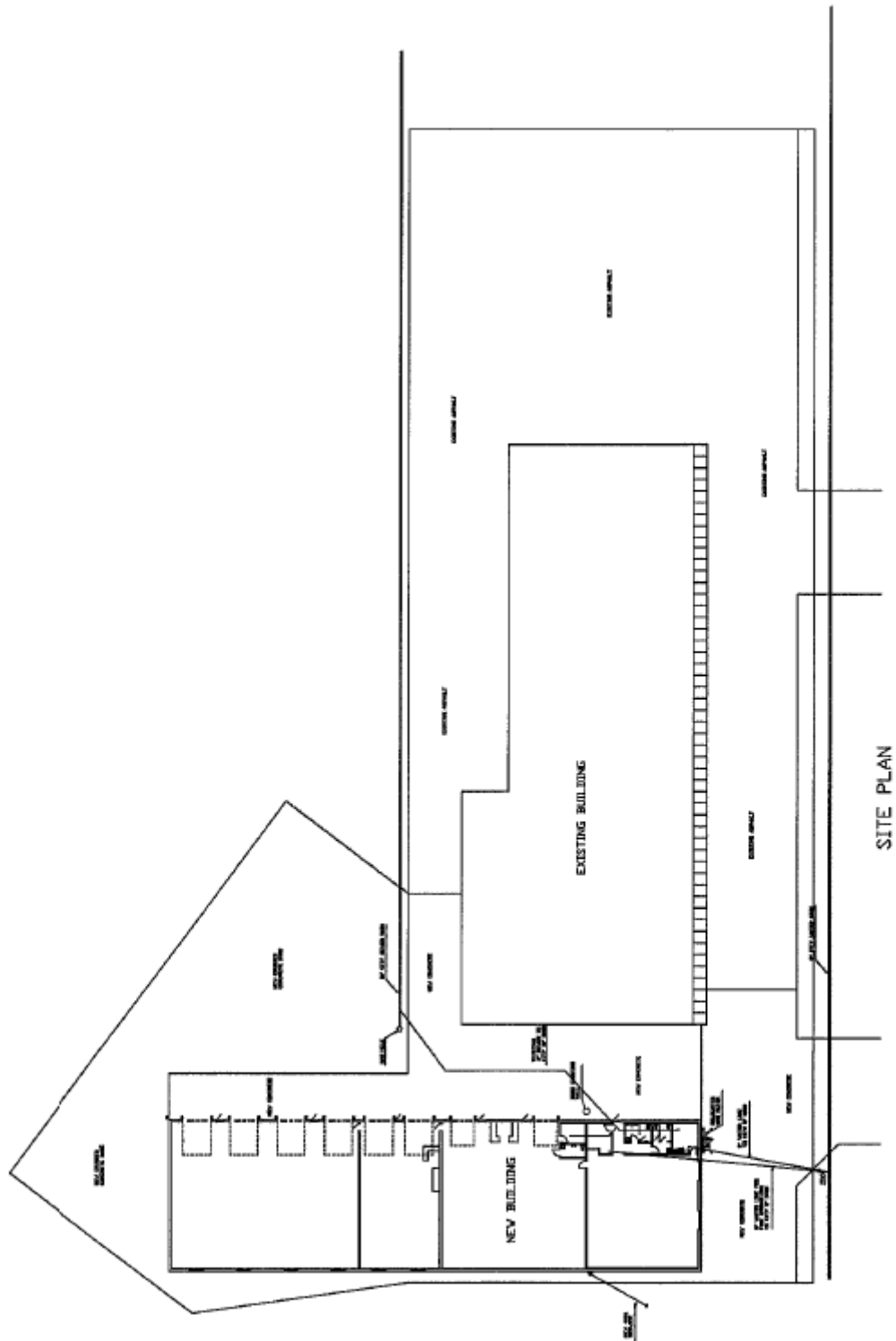


Exhibit A

Proposed Site Plan as developed.

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

The area is zoned M2 Heavy Manufacturing zone. No zoning changes are anticipated with 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 build on the site within the constraints allowed by the current zoning district. The M2 zoning district allows for up to 65% of each lot to be covered with buildings. The proposed warehouse on lot 2 will cover approximately 48% of the lot. The office building on lot 3 will not be increased in size and is a conforming building. [§18-2103(b) and §18-2111]

f. Additional Public Facilities or Utilities

Sewer and water are available to support this development. No new services are anticipated with this development. However, the Redeveloper will install new gas, sewer, water and electrical lines to the new warehouse. Those improvements will be on site and not impact the city's main lines. Additionally, the Redeveloper will install a new manhole on the city sewer line.

. [§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. No individuals or businesses will be relocated due to this development. [§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 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.

The developer owns this property. Demolition of the existing warehouse including asbestos removal is estimated at \$69,000 and is a TIF eligible expense. Site preparation including grading, dirt work, and well abandonment is expected to cost about \$90,000 and is a TIF eligible expense. Architecture, engineering and survey cost for the project are estimated at \$63,400. Utility connections and extensions and drive access for the new warehouse are estimated to cost \$60,000 and are a TIF eligible expense. Renovation of the existing office building is expected to cost about \$46,000 and is an eligible expense.

The blight study for this area along with attorney's fees for the applicant, are \$8,000. Costs for legal services fees advertising and accounting for the CRA and City of Grand Island are an additional \$ 5,600 of eligible expenses. The total of eligible expenses for this project is \$ 342,000.

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 \$247,561 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, 2017 through December 2031. The developer will use the TIF Note to secure debt financing in the amount of \$173,919 with \$ 247,561 to be paid to the note holder during the term of the financing.

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 renovating and rebuilding older buildings within the area.

8. Time Frame for Development

Development of this project is anticipated to be completed between September of 2016 and December of 2017. Excess valuation should be available for this project for 15 years beginning with the 2017 tax year.

9. Justification of Project

Demolition, extension of utilities and substantial site grading are necessary to facilitate rebuilding at this site. The redevelopment of this property by Middleton Electric will result in greater investment by the company in their Grand Island location and will keep their employee base within the Grand Island area.

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 \$247,561 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 \$662,715 in private sector financing; a private investment of \$2.74 for every TIF dollar invested.

Use of Funds.			
Description	TIF Funds	Private Funds	Total
Demolition	\$68,488		\$68,488
Site Preparation	\$90,295		\$90,295
Utilities and Drive Access	\$16,148	\$53,515	\$59,663
Arch/Engineering/Planning	\$18,586	\$44,874	\$63,460
Building Costs		\$467,356	\$467,356
Renovation	\$46,044		\$46,044
Landscaping/Lighting/Parking		\$123,970	\$123,970
Fees Legal Study	\$18,000		\$18,000
TOTALS	\$247,561	\$689,715	\$937,276

Tax Revenue. The property to be redeveloped is anticipated to have a January 1, 2016, valuation of approximately \$116,960. Based on the 2015 levy this would result in a real property tax of approximately \$2,365. It is anticipated that the assessed value will increase by \$820,000 upon full completion, as a result of the site redevelopment. This development will result in an estimated tax increase of over \$16,500 annually. The tax increment gained from this Redevelopment Project Area would not be available for use as city general tax revenues, for a period of 15 years, or such shorter 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:	\$ 116,960
Estimated value after completion	\$ 936,667
Increment value	\$ 819,707
Annual TIF generated (estimated)	\$ 16,504
TIF bond issue	\$ 247,561

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

The redevelopment project area currently has an estimated valuation of \$116,960. The proposed redevelopment will create additional valuation of \$819,707. 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;

This plan provides for the placement of a new manhole in the city's sewer line. 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 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. It will create the opportunity for additional employees within Middleton Electric in the Grand Island area.

(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 employers in any manner different from any other expanding business within the Grand Island area. The Grand Island labor market is tight but this will create additional full time jobs in the regions. This will allow a local company to expand in our community.

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

Time Frame for Development

Development of this project is anticipated to be completed between September of 2016 and August of 2017. The base tax year should be calculated on the value of the property as of January 1, 2016. Excess valuation should be available for this project for 15 years beginning in 2017 with taxes due in 2018. 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 \$247,561 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 more than \$340,000 on TIF eligible activities.

Resolution Number 2016-09

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

Middleton Properties II, LLC

EXHIBIT A

FORM OF REDEVELOPMENT PLAN

Middleton Properties II, LLC