



Community Redevelopment Authority (CRA)

**Wednesday, December 14, 2016
Regular Meeting**

Item I1

Redevelopment Plan 204 N. Carey

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**Redevelopment Plan Amendment
Grand Island CRA Area #6
December 2016**

The Community Redevelopment Authority (CRA) of the City of Grand Island intends to amend the Redevelopment Plan for Area #6 with in the city, pursuant to the Nebraska Community Development Law (the “Act”) and provide for the financing of a specific infrastructure related project in Area #6.

**Executive Summary:
Project Description**

THE ACQUISITION PROPERTY AT 204 N CAREY AND THE SUBSEQUENT SITE WORK, UTILITY IMPROVEMENTS, ENGINEERING, LANDSCAPING AND PARKING IMPROVEMENTS NECESSARY FOR BUILDING A FOUR UNIT APARTMENT BUILDING AT THIS LOCATION.

The use of Tax Increment Financing (TIF) to aid in acquisition of this site and costs associated with redevelopment of this site for a four unit apartment building. The use of TIF makes it affordable to provide additional housing in Grand Island at this location at a contract rent that is consistent with the neighborhood. This project would not be possible in an affordable manner without the use of TIF.

The site is will be acquired for by the developer if TIF is approved. All site work, fee, engineering cost and utility extensions or services 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, 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 and associated financing for the acquisition and site work.

TAX INCREMENT FINANCING TO PAY FOR THE ACQUISTION 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 northeast corner of 204 N Carey in north central Grand Island. The attached map identifies the subject property and the surrounding land uses:

- **Legal Descriptions** Lot 1 Block 29 of Packer and Barr’s Second Addition to the City of Grand Island.



The tax increment will be captured for the tax years with payments due beginning in 2018 and ending no later than 2032.

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 development of a four-plex apartment at this location.

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, 2018.

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 October 9, 2007.[§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:

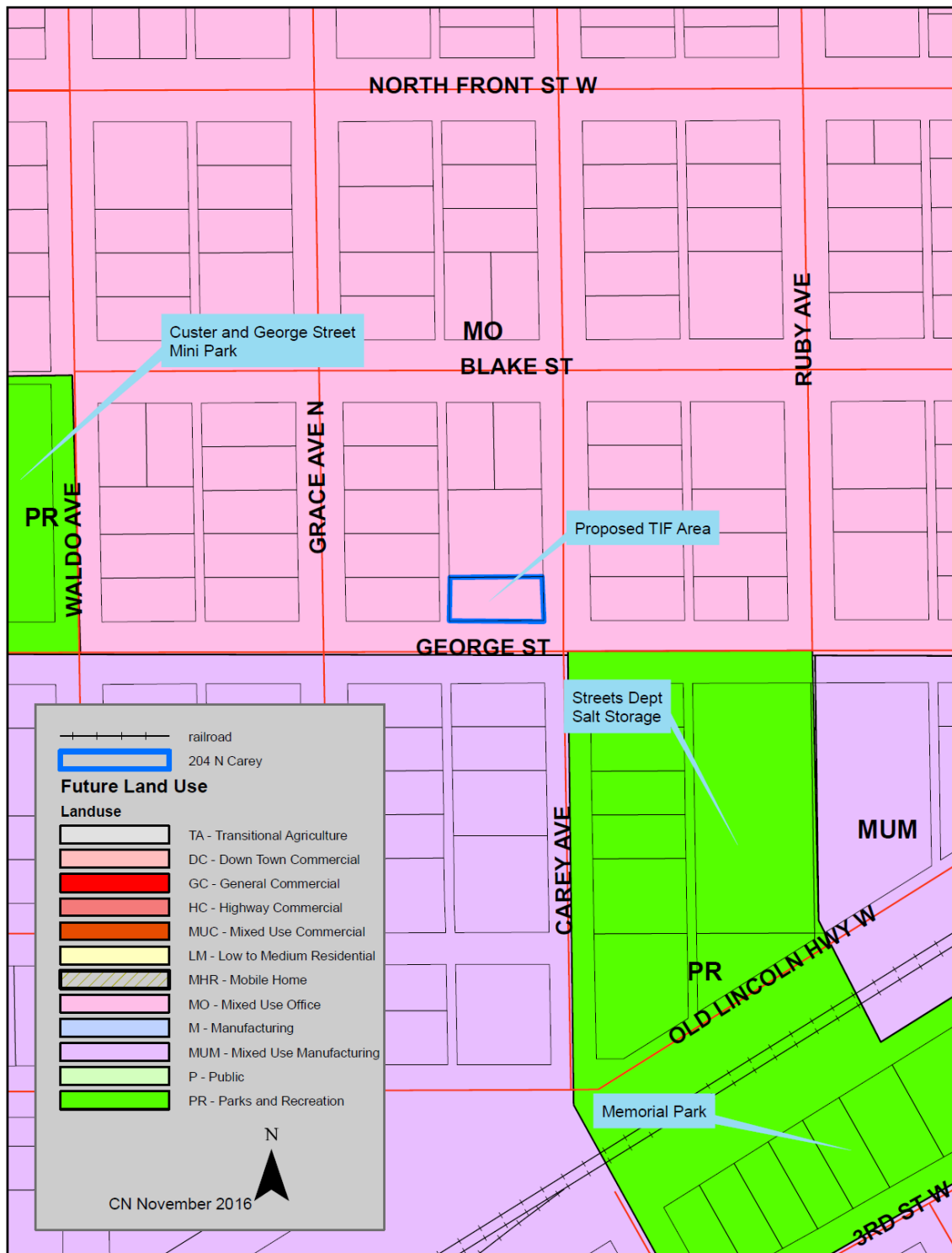
The Redevelopment Plan for Area #6 provides for real property acquisition and this plan amendment does not prohibit such acquisition. There is no proposed acquisition by the authority.

b. Demolition and Removal of Structures:

The project to be implemented with this plan does not require the demolition and removal of an existing structure.

c. Future Land Use Plan

See the attached map from the 2004 Grand Island Comprehensive Plan. All of the area around the site in private ownership is planned for medium density residential to office use development, this includes housing at densities substantially higher than presented in this application. This property is in private ownership. [§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 R4-High Density Residential 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 R4 zoning district allows 1 dwelling unit per 1,000 square feet of property. The lots contains 6,720 square feet of property; enough to legally accommodate up to six housing units. The property is zoned R4 and could accommodate a building of up to 60% of the property area; allowable coverage would be about 4,032 square feet. The proposed units including the attached garages will cover about 3,600 square feet, well within the allowable coverage. [§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 services may 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 property, owned by the developer is currently vacant, 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]

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 the property contingent on TIF availability. The \$28,000 cost of property acquisition is included as a TIF eligible expense. Costs for site preparation and flat concrete of \$9,650 are included as a TIF eligible expense.

Engineering and design fees are estimated at \$1,000 and are included as a TIF eligible expense. Fees and reimbursement to the City and the CRA of \$5,700 are included as a TIF eligible expense. Developer planning costs including legal and design fees of \$4,800 are included as a TIF eligible expense. The total of eligible expenses for this project is \$48,150.

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 \$48,150 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, 2018 through December 2032.

c. Statement of feasible method of relocating displaced families.

No families will be displaced as a result of this plan. There is no structure on the property and the property is unoccupied.

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 and redevelopment residential lots. New residential 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 this project (including demolition, site preparation and new construction) is anticipated to be completed between February and December of 2017. Excess valuation should be available for this project for 15 years beginning with the 2018 tax year.

9. Justification of Project

This is a residential neighborhood characterized by a combination of small apartment buildings and single family dwellings on smaller lots. The lot has been vacant and undeveloped for at least 26 years. The residential property to the north is a metal building that is essentially a large garage with a dwelling unit inside. That building is more industrial in nature than residential. The properties to the west are multi-family buildings similar in nature to the proposed building. The City of Grand Island is in need of additional housing units and this development will provide 4 brand new units. 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.

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 \$48,150 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 \$451,850 in private sector financing; a private investment of \$9.38 for every TIF dollar invested.

Use of Funds.			
Description	TIF Funds	Private Funds	Total
Site Acquisition	\$28,000		\$28,000
Site preparation	\$3,000		\$3,000
Legal and Plan	\$10,500		\$10,500
Building Costs		\$447,883	\$447,883
Flat Concrete	\$6,650	\$3,967	\$10,617
TOTALS	\$48,150	\$451,850	\$500,000

Tax Revenue. The property to be redeveloped is anticipated to have a January 1, 2018, valuation of approximately \$519,140. Based on the 2015 levy, this would result in a real property tax of approximately \$11,007. It is anticipated that the assessed value will increase by \$510,740 upon full completion, as a result of the site redevelopment. This development will result in an estimated tax increase of over \$10,800 annually. The tax increment gained from this Redevelopment Project Area would not be available for use as city or other taxing entity general tax revenues, for a period of 8 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 2017 assessed value:	\$ 8,400
Estimated value after completion	\$ 519,140
Increment value	\$ 510,740
Annual TIF generated (estimated)	\$ 10,800
TIF bond issue	\$ 48,150

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

The redevelopment project area currently has an estimated valuation of \$8,400. The proposed redevelopment and subsequent construction of a four-unit apartment building at this location will result in an additional \$510,740 of taxable valuation based on an analysis by the Hall County Assessor's office. 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 with the construction company that will be building this structure. It will have no impact on other firms locating or expanding in the 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 and will result in additional housing choices for employees 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 project will increase the available quality housing in Grand Island by a net of four (4) units. These types of smaller projects spread throughout the city will have a less drastic impact on neighborhoods and schools than a centralized larger housing project.

The Grand Island Public School District has submitted a formal request to the Grand Island CRA to notify the District any time a TIF project involving more than xx units is proposed within District. Projects involving less than xx units, such as this one do not present an issue for the District.



This neighborhood has not had a great deal of new development in many years. Projects like this are starting to create a positive impact in the neighborhood. The location of this lot with commercial uses to the south and residential uses that look like commercial uses to the north make it a difficult property to redevelop without assistance.

Time Frame for Development

Development of this project is anticipated to be completed between February 2017 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. 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 8 years or an amount not to exceed \$48,150 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 cost of acquisition, site preparation, engineering,

expenses and fees reimbursed to the City and CRA, and financing fees the developer will spend at least \$48,150 on TIF eligible activities.

See Attached Building Plans