



Hall County Regional Planning Commission

**Wednesday, July 5, 2017
Regular Meeting**

Item F2

**Redevelopment Plan 523 E Division/206 South Plum Weinrich
Development Inc Grand Island**

Staff Contact:

Agenda Item #5

PLANNING DIRECTOR RECOMMENDATION TO REGIONAL PLANNING COMMISSION: June 27, 2017

SUBJECT:

Redevelopment plan amendment for property located in Blight and Substandard Area 1 for a Site Specific Redevelopment Plan for property located at the 523 E Division Street/206 S. Plum Street in Grand Island, in Hall County, Nebraska to support this development. (C-27-2017GI)

PROPOSAL:

The Weinrich Development Inc. is proposing to demolish the existing vacant house at this location and build a four unit apartment building at this location. The property is zoned R-4 High Density Residential as such this is a permitted principal use.

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 R-4 High Density Residential. The R-4 zone allows for a residential uses with a maximum density of 1 unit per 1000 square foot of property. The lot in question is 8,712 square feet so would support up to an 8 unit apartment building if parking could be provided it would support a 4 unit building.

The Regional Planning Commission recommendation is limited to the appropriateness of the proposed use at this location. The Grand Island Comprehensive Plan calls for 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 a mixed use development 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 1 June 2017

The Community Redevelopment Authority (CRA) of the City of Grand Island intends to amend the Redevelopment Plan for Area 1 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 1.

Executive Summary:

Project Description

THE REDEVELOPMENT PROPERTY LOCATED AT 523 E. DIVISION STREET (206 S. PLUM STREET) FOR RESIDENTIAL USES, INCLUDING DEMOLITION OF THE EXISTING STRUCTURE, SITE WORK AND CONSTRUCTION OF A NEW TWO-STORY, FOUR-UNIT APARTMENT BUILDING AND ALL REQUIRED OFFSTREET PARKING.

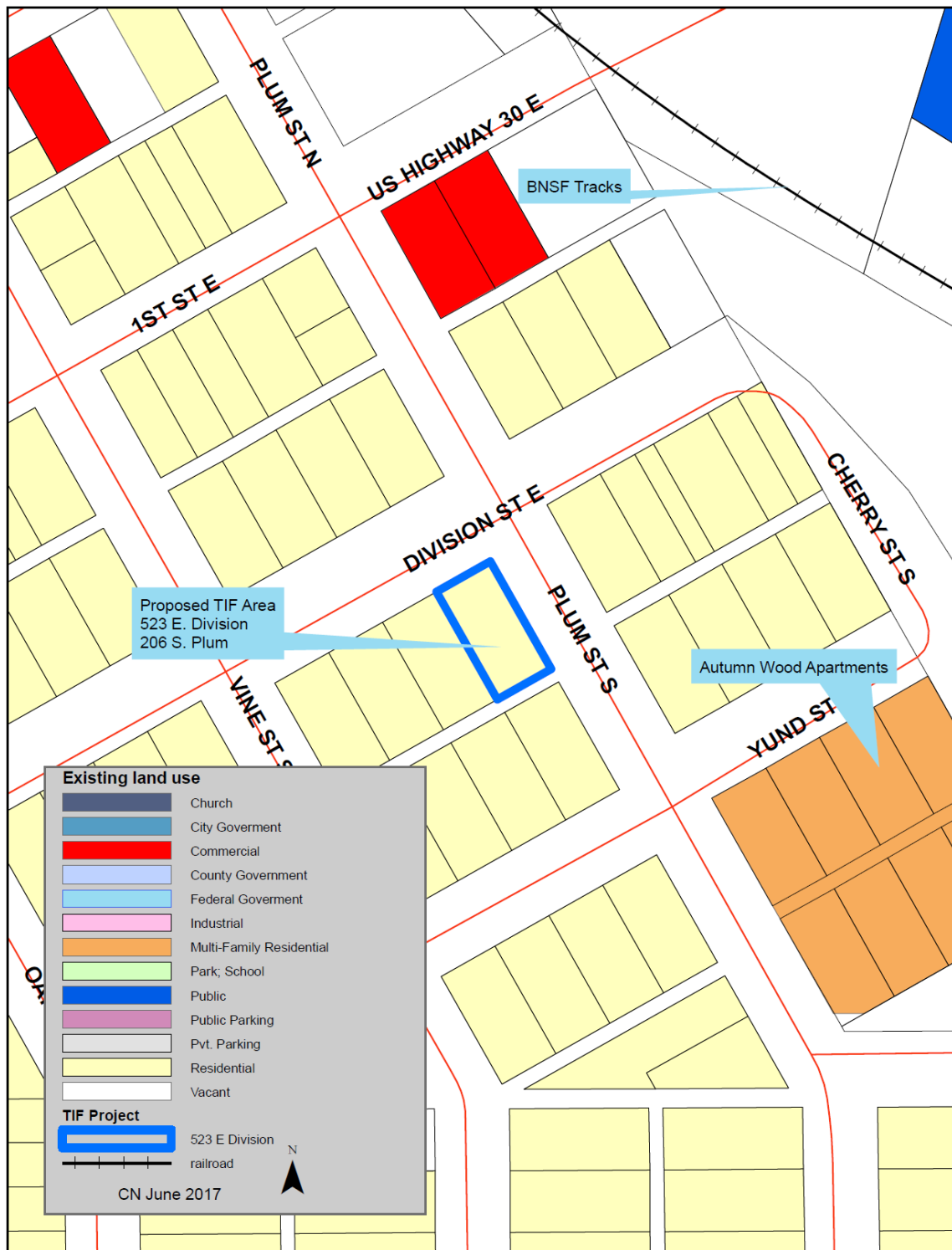
The use of Tax Increment Financing to aid in expenses associated with redevelopment of the property located at 523 E. Division Street from a vacant single-family home into a four-unit apartment building. The use of Tax Increment Financing is an integral part of the development plan and necessary to make this project affordable. The project will result in removing a vacant substandard unit and replacing it with four new three-bedroom units. The addition of the residential units is consistent with R-4 High Density Zoning District and additional units are needed to meet the goals of the 2014 Housing Study. This project as proposed would not be possible without the use of TIF.

Weinrich Developments Inc. is the owner of the property. They purchased this property in 2013. The purchase price is not included as an eligible TIF activity. The building 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 this project. The Grand Island Community Redevelopment Authority (CRA) intends to pledge the ad valorem taxes generated for up to 15 years for a period beginning January 1, 2019 towards the allowable costs and associated financing for the renovation of this building.

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

523 E. Division Street in Grand Island Nebraska (Address will be changed to 206 S. Plum Street with issuance of a new building permit for the project.)

Legal Descriptions: Lot One (1) in Block One Hundred Forty Six (146) Union Pacific Railway Company’s Second Addition to the City Grand Island, Hall County, Nebraska



Existing Land Use and Subject Property

The tax increment will be captured for the tax years for which the payments become delinquent in years 2018 through 2032 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 construction of the proposed apartment building as permitted in the R-4 High Density Residential 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 up to 15 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 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 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. The Hall County Regional Planning Commission held a public hearing at their meeting on July 5, 2017 and passed Resolution 2017-?? confirming that this project is consistent with the Comprehensive Plan for the City of Grand Island.

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

a. Land Acquisition:

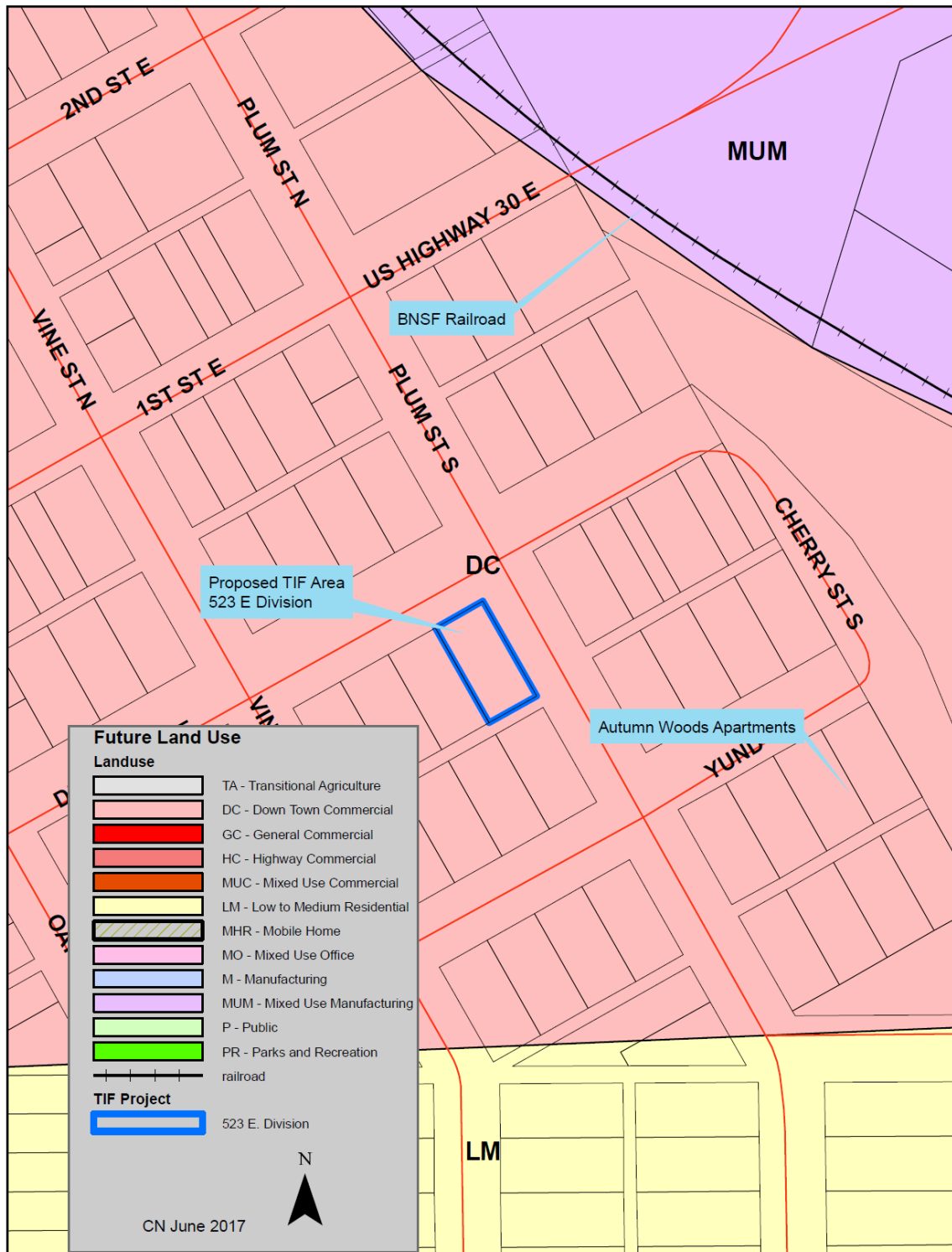
The Redevelopment Plan for Area 1 provides for real property acquisition and this plan amendment does not prohibit such acquisition. There is no proposed acquisition by the authority.

b. Demolition and Removal of Structures:

The project to be implemented with this plan provides for the demolition and removal of a vacant single-family home on this property. This property has been vacant for more than 90 days.

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 Downtown Commercial use which includes higher density housing. This property is in private ownership. [§18-2103(b) and §18-2111]



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 R-4 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 developer is proposing to increase the number of dwelling units on the property from one to four. The size of the building and lot coverage will increase, but remain in conformance with the applicable regulations regarding site coverage and intensity of use. [§18-2103(b) and §18-2111]

f. Additional Public Facilities or Utilities

Sewer and water are available to support this development. The developer will be required meet the minimum sewer and water line sizing requirements to serve the number of dwelling units and fixtures.

Electric utilities are sufficient for the proposed use of 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 vacant and has been vacant for more than 1 year; 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 owns this property and acquisition is not part of the request for tax increment financing. The estimated costs for this project are \$300,512. Demolition expenses are estimated at \$11,500. Site improvements including: tree removal, utility improvements, sidewalks and other flat concrete of \$33,668, Architectural and Engineering planning services of \$2,000 and are included as a TIF eligible expense. Legal, Developer and Audit Fees including a reimbursement to the City and the CRA of \$5,600 are included as TIF eligible expense. The total of eligible expenses for this project is \$52,768.

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 \$52,768 from the proceeds of the TIF. 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.

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 unsafe buildings and blighting conditions. This will remove a vacant residential structure and replace it with

four brand new dwelling units in a manner consistent with the goals of the 2014 Housing Study for the City of Grand Island.

8. Time Frame for Development

Development of this project is anticipated to be completed between August 2017 and December of 2018. Excess valuation should be available for this project for up to 15 years beginning with the 2018 tax year.

9. Justification of Project

This is a single-family dwelling that has been vacant for several years. It was originally built in 1907. The costs to renovate this structure would exceed the value of the structure and not result in quality housing. The proposed replacement with a four-unit apartment building will provide new quality housing in an existing neighborhood and remove a structure contributing to blight within the neighborhood.

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. Public funds from tax increment financing in the amount of \$52,768 provided by the Grand Island Community Redevelopment Authority will be required to complete the project. This investment by the Authority will leverage \$247,744 in private sector financing; a private investment of \$4.69 for every TIF dollar invested.

Use of Funds.			
Description	TIF Funds	Private Funds	Total
Site Acquisition		\$25,000	\$25,000
Site Improvements/Utilities	\$33,668		\$33,668
New Construction Costs		\$207,644	\$207,644
Legal and Plan	\$3,500		\$3,500
Engineering/Arch	\$2,000		\$2,000
Demolition	\$11,500		\$11,500
City Fees/Reimbursements	\$2,100		\$2,100
Financing Fees		\$5,100	\$5,100
Contingency		\$10,000	\$10,000
TOTALS	\$52,768	\$247,744	\$300,512

Tax Revenue. The property to be redeveloped has January 1, 2017, valuation of approximately \$39,149. Based on the 2016 levy this would result in a real property tax of approximately \$816. It is anticipated that the assessed value will increase by \$260,851 upon full completion, as a result of the site redevelopment. This development will result in an estimated tax increase of over \$5,600 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 2018 assessed value:	\$ 39,149
Estimated taxable value after completion	\$ 300,000
Increment value	\$ 260,851
Annual TIF generated (estimated)	\$ 5,669
TIF bond issue	\$ \$52,768

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

The redevelopment project area currently has an estimated valuation of \$39,149. The proposed redevelopment will create additional valuation of \$260,851. 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. The Grand Island Public School system was notified of this application prior to

consideration of this plan by the Grand Island CRA, Regional Planning Commission or City Council. 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 provide additional housing options consistent with the 2014 Housing Study for the City Grand Island.

(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.

(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 is consistent with the goals of Grow Grand Island and the 2014 Housing Study.

Time Frame for Development

Development of this project is anticipated to be completed during between August of 2017 and December 31 of 2018. 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 15 years or an amount not to exceed \$52,768 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 at least \$52,678 on TIF eligible activities in excess of other grants given. Based on the projected increment the bonds on this project will be paid off in year 9 or 10 depending on final valuation.

Resolution Number 2017-12

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 **the Redevelopment Plan for 523 E Division St./206 S Plum Street by Weinrich Development Inc.** to the Hall County Regional Planning Commission, (the “**Commission**”) 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 finding;

The proposed use as described in this plan is in compliance with the Comprehensive Plan for the City of Grand Island.

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: July 5, 2017

**HALL COUNTY REGIONAL PLANNING
COMMISSION**

ATTEST:

By: _____
Chair

By: _____
Secretary