



City of Grand Island

Tuesday, May 23, 2017

Council Session

Item H-1

**Consideration of Forwarding Blighted and Substandard Area #24
(TAM, LLC) to the Hall County Regional Planning Commission**

Staff Contact: Chad Nabity

Council Agenda Memo

From: Chad Nabity, AICP
Meeting: May 23, 2017
Subject: Proposed Blighted and Substandard Area #24
Item #'s:
Presenter(s): Chad Nabity, Director Grand Island CRA

Background

Enclosed you will find a copy of a Substandard and Blight Study as prepared for TAM LLC by Marvin Planning Consultants. This study is for approximately 0.74 acres of property in north central Grand Island located north of Faidley Avenue and east of Howard Avenue across from St. Francis Medical Center. The study as prepared and submitted indicates that this property could be considered blighted and substandard. The full study is attached for your review and consideration.

TAM LLC has submitted this study for the review and consideration of the Grand Island City Council as permitted by Nebraska law. If the blight and substandard designation is approved, a TIF application will likely be submitted for residential development on the property. The decision on whether to declare an area blighted and substandard is entirely within the jurisdiction of the City Council with a recommendation from the Planning Commission.

The question before Council will be whether to send the study to the Planning Commission for its review and feedback. If the item is not sent to the Planning Commission, the Council cannot declare the area blighted and substandard. Planning Commission will meet June 7, and would have a recommendation ready following that meeting.

Once an area has been declared blighted and substandard, the CRA can accept redevelopment proposals for the area that might, or might not, include an application for Tax Increment Financing. Should this be approved, you can anticipate that TAM LLC will submit an application for TIF to assist with the costs associated with fully developing this property.

Discussion

The action item tonight relates to the study for proposed CRA Area No. 24 in south central Grand Island as shown below. The study was prepared for 0.74 acres, all of which are in the Grand Island City Limits.

Figure 1: Study Area Map



Source: Hall County GIS and Marvin Planning Consultants 2017

Note: Lines and Aerial may not match.

Grand Island City Attorney Jerry Janulewicz has reviewed the Nebraska Statutes and case law pertaining to the declaration of property as blighted and substandard. His comments on this application are as follows:

The statutes which provide for the creation of a redevelopment area or redevelopment project within a redevelopment area require the following procedure:

- A request is made to the city council to declare an area to be substandard and blighted and in need of development for purposes of enabling the creation of a redevelopment area or a redevelopment project within a redevelopment area.
- The city council submits the question of whether an area is substandard and blighted to the planning commission for its review and recommendation prior to making its declaration that an area is substandard and blighted.
- The planning commission must submit its written recommendations within 30 days after receipt of the request.
- Upon receipt of the recommendations from the planning commission, or after 30 days if no recommendation is received, the city council may make its findings and declaration with respect to the property within an area.
- Unless the city council of the city in which such area is located has, by resolution adopted after a public hearing with notice, declared such area to be a substandard and blighted area in need of redevelopment, the Community Redevelopment Agency cannot prepare a redevelopment plan for a redevelopment project area.
- Following a declaration that an area is substandard and blighted, the Community Redevelopment Agency is authorized to prepare or cause to be prepared and recommend redevelopment plans to the governing body of the city and to undertake and carry out redevelopment projects within its area of operation and may enter into contracts with redevelopers of property containing covenants, restrictions, and conditions regarding the use of such property for residential, commercial, industrial, or recreational purposes or for public purposes in accordance with the redevelopment plan and such other covenants, restrictions, and conditions as the authority may deem necessary to prevent a recurrence of substandard and blighted areas or to effectuate the purposes of the Community Development Law, and to provide grants, loans, or other means of financing to public or private parties in order to accomplish the rehabilitation or redevelopment in accordance with a redevelopment plan. Within the area of operation of the Community Redevelopment Authority, the authority may exercise its statutory powers with respect to the redevelopment project.

Neb. Rev. Stat. §§ 18-2107; 18-2109.

As stated in Fitzke v. City of Hastings, 582 N.W.2d 301 (Neb. 1998):

A CRA is not authorized to prepare a redevelopment plan for a redevelopment project area unless the governing body of the city first enacts a resolution declaring such area to be “a substandard or blighted area in need of redevelopment.” § 18–2109. After such a declaration has been made and a redevelopment plan has been prepared and approved, a CRA is authorized to enter into contracts with redevelopers of property containing covenants, restrictions, and conditions regarding the use of such property for residential, commercial, industrial, or recreational purposes or for public purposes in accordance with the redevelopment plan and such other covenants, restrictions, and conditions as the [CRA] may deem necessary to prevent a recurrence of substandard or blighted areas ... and to provide grants, loans, or other means of financing to public or private parties in order to accomplish the rehabilitation or redevelopment in accordance with a redevelopment plan. § 18–2107(4). The CRA

may utilize tax increment financing to pay for redevelopment projects undertaken pursuant to the CDL. § 18-2124.

“Under this statutory scheme, a private development project would be eligible for tax increment financing only if it is included within an area which has previously been declared blighted or substandard and is in furtherance of an existing redevelopment plan for that area. The declaration of property as blighted or substandard is not simply a formality which must be met in order to assist a private developer with tax increment financing; it is the recognition of a specific public purpose which justifies the expenditure of public funds for redevelopment.” *Fitzke, id.*, citing *Monarch Chemical Works, Inc. v. City of Omaha*, 203 Neb. 33, 277 N.W.2d 423 (1979). The legislative intent underlying the Community Development Law is the elimination of blighted and substandard areas and to prevent the reoccurrence of blight through a cooperative effort of the public and private sectors, not to aid private developers. *Fitzke, id.*

At this point, Council is only making a decision about whether to forward the study to the Planning Commission for its recommendation or not. According to NRSS §18-2109, it is clear that the Planning Commission must have the opportunity to review the Blight Study prior to Council declaring the property substandard and blighted. If Council wishes to consider a declaration of substandard and blight, State Statute requires that the question of whether an area is substandard and blighted is submitted to the Planning Commission for its review and recommendation.

The Planning Commission recommendation should be done at the first available opportunity, as the Planning Commission has 30 days to respond to Council’s request for a recommendation.

Blighted Area of the Community

The city of Grand Island, as a City of the First Class, is permitted to designate an area of up to 35% of the municipal limits as blighted and substandard. As of May 1, 2017, 19.98% of the City has been declared blighted and substandard. Area 23 (pending) and Area 24 (this study) would add another 0.01% bringing the total area declared to 19.99%. The CRA commissioned a study of the Veteran’s Home property (Proposed Area 16) that covered 530 acres and would, if approved, add 2.76% to the total area declared blighted and substandard. If both areas were to be approved and there are no changes in the city limits or areas declared blighted and substandard, 22.75% of the city would be declared blighted and substandard.

It does not appear that the declaration of Area 24 would significantly impact the City’s ability to declare other areas blighted and substandard.

Alternatives

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

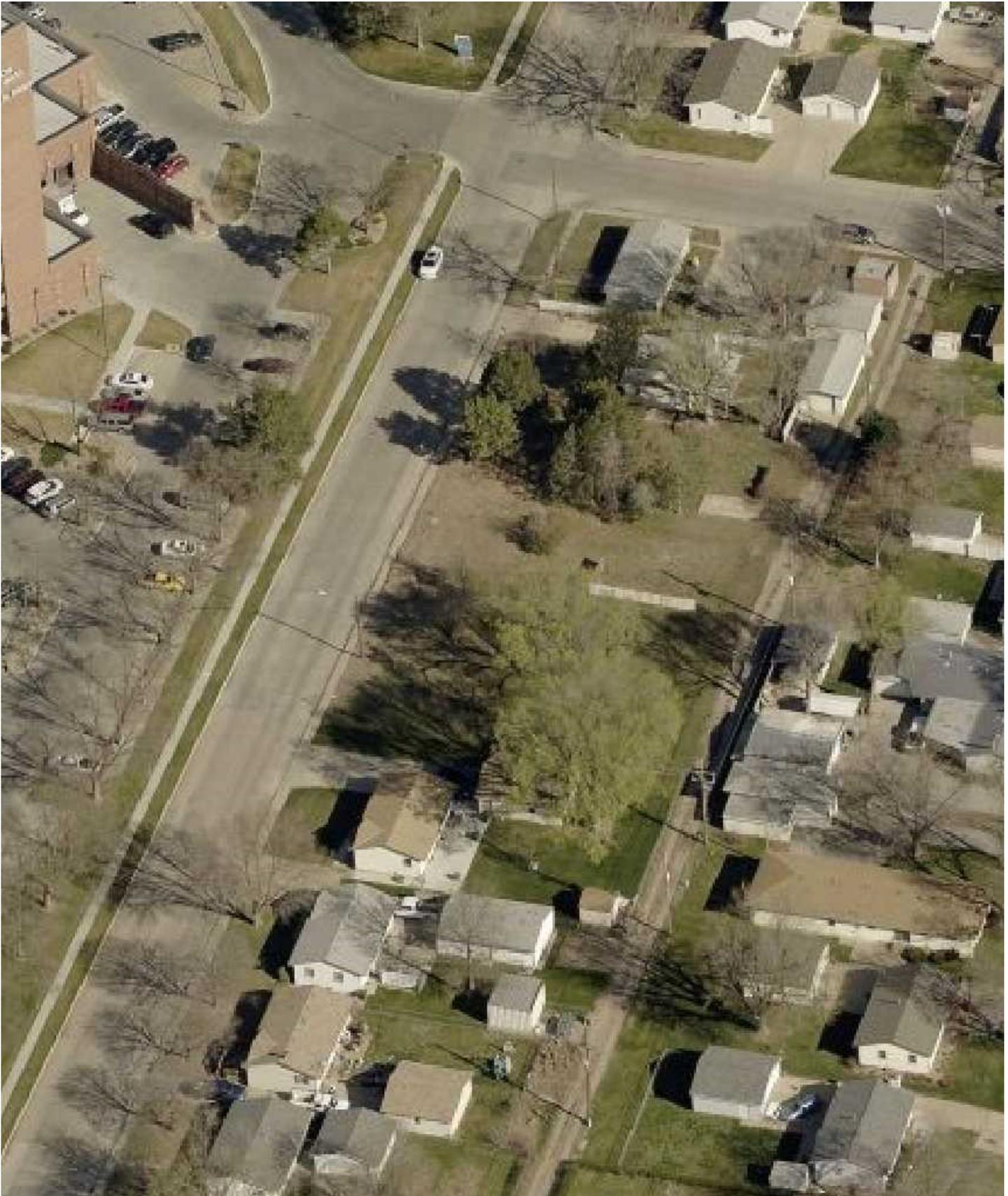
1. Move to forward the Study to the Planning Commission for its recommendation.
2. Move to not forward the Study to the Planning Commission for its recommendation.
3. Refer the issue to a committee.
4. Postpone the issue to future date.
5. Take no action on the issue.

Recommendation

City Administration recommends that the Council move to forward the study to the Planning Commission if Council wishes to consider the use of Tax Increment Financing as a redevelopment tool for this property.

Sample Motion

Motion to adopt resolution to forward the Study to the Planning Commission for their review and recommendation.



Grand Island, Nebraska
Blight and Substandard Study - Area 24
Completed on behalf of: TAM LLC



PURPOSE OF THE BLIGHT AND SUBSTANDARD STUDY

The purpose of completing this Blight and Substandard study is to examine existing conditions within a specific part of Grand Island. This study has been commissioned by TAM LLC in order to analyze the possibility of declaring the area as blighted and substandard.

The City of Grand Island, when considering conditions of Blight and Substandard, will be looking at those issues and definitions provided for in the Nebraska Community Redevelopment Law as found in Chapter 18, Section 2104 of the Revised Nebraska State Statutes, as follows:

"The governing body of a city, to the greatest extent it deems to be feasible in carrying out the provisions of Sections 18-2101 to 18-2144, shall afford maximum opportunity, consistent with sound needs of the city as a whole, to the rehabilitation or redevelopment of the community redevelopment area by private enterprises. The governing body of a city shall give consideration to this objective in exercising its powers under sections 18-2101 to 18-2144, including the formulation of a workable program, the approval of community redevelopment plans consistent with the general plan for the development of the city, the exercise of its zoning powers, the enforcement of other laws, codes, and regulations relating to the use and occupancy of buildings and improvements, the disposition of any property acquired, and providing of necessary public improvements".

The Nebraska Revised Statutes §18-2105 continues by granting authority to the governing body for formulation of a workable program. The statute reads,

"The governing body of a city or an authority at its direction for the purposes of the Community Development Law may formulate for the entire municipality a workable program for utilizing appropriate private and public resources to eliminate or prevent the development or spread of urban blight, to encourage needed urban rehabilitation, to provide for the redevelopment of substandard and blighted areas, or to undertake such of the aforesaid activities or other feasible municipal activities as may be suitably employed to achieve the objectives of such workable program. Such workable program may include, without limitation, provision for the prevention of the spread of blight into areas of the municipality which are free from blight through diligent enforcement of housing, zoning, and occupancy controls and standards; the rehabilitation or conservation of substandard and blighted areas or portions thereof by replanning, removing congestion, providing parks, playgrounds, and other public improvements by encouraging voluntary rehabilitation and by compelling the repair and rehabilitation of deteriorated or deteriorating structures; and the clearance and redevelopment of substandard and blighted areas or portions thereof."

Blight and Substandard are defined as the following:

"Substandard areas means an area in which there is a predominance of buildings or improvements, whether nonresidential or residential in character, which, by reason of dilapidation, deterioration, age or obsolescence, inadequate provision for ventilation, light, air, sanitation, or open spaces, high density of population and overcrowding, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, and crime, (which cannot be remedied through construction of prisons), and is detrimental to the public health, safety, morals, or welfare;"

"Blighted area means an area, which (a) by reason of the presence of a substantial number of deteriorated or deteriorating structures, existence of defective or inadequate street layout, faulty lot layout in relation to size, adequacy, accessibility, or usefulness, insanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the fair value of the land, defective or unusual conditions of title, improper subdivision or obsolete platting, or the existence of conditions which

endanger life or property by fire and other causes, or any combination of such factors, substantially impairs or arrests the sound growth of the community, retards the provision of housing accommodations, or constitutes an economic or social liability and is detrimental to the public health, safety, morals, or welfare in its present condition and use and (b) in which there is at least one of the following conditions: (i) Unemployment in the designated area is at least one hundred twenty percent of the state or national average; (ii) the average age of the residential or commercial units in the area is at least forty years; (iii) more than half of the plotted and subdivided property in an area is unimproved land that has been within the city for forty years and has remained unimproved during that time; (iv) the per capita income of the area is lower than the average per capita income of the city or village in which the area is designated; or (v) the area has had either stable or decreasing population based on the last two decennial censuses. In no event shall a city of the metropolitan, primary, or first class designate more than thirty-five percent of the city as blighted, a city of the second class shall not designate an area larger than fifty percent of the city as blighted, and a shall not designate an area larger than one hundred percent of the as blighted;"

This Blight and Substandard Study is being considered a "micro-blight" area under the definition established by the City of Grand Island. The Study is intended to give the Grand Island Community Redevelopment Authority, Hall County Regional Planning Commission and Grand Island City Council the basis for identifying and declaring Blighted and Substandard conditions existing within the City's jurisdiction and as allowed under Chapter 18, Section 2123.01. Through this process, the City and property owners will be attempting to address economic and/or social liabilities which are harmful to the well-being of the entire community.

The study area can be seen in Figure 1 of this report. A Redevelopment Plan to be submitted in the future containing, in accordance with the law, definite local objectives regarding appropriate land uses, improved traffic, public transportation, public utilities and other public improvements, and the proposed land uses and building requirements in the redevelopment area and shall include:

- The boundaries defining the blighted and substandard areas in question (including existing uses and conditions of the property within the area), and
- A list of the conditions present which qualify the area as blighted and substandard.

BLIGHT AND SUBSTANDARD ELIGIBILITY STUDY

This study targets a specific area within an established part of the community for evaluation. The area is indicated in Figure 1 of this report. The existing uses in this Micro-blight include residential uses including accessory uses within the corporate limits of Grand Island.

Through the redevelopment process the City of Grand Island can guide future development and redevelopment throughout the area. The use of the Community Redevelopment Act by the City of Grand Island is intended to redevelop and improve the area. Using the Community Redevelopment Act, the City of Grand Island can assist in the elimination of negative conditions and implement different programs/projects identified for the City.

The following is the description of the designated area within Grand Island.

Lot 1, 2 and 3 of West View Subdivision, plus the ½ of the Howard Avenue right-of-way (to the centerline of Howard Avenue), and ½ of the alley right-of-way.

Study Area

Figure 1: Study Area Map



Source: Hall County GIS and Marvin Planning Consultants 2017
 Note: Lines and Aerial may not match.

EXISTING LAND USES

The term “Land Use” refers to the developed uses in place within a building or on a specific parcel of land. The number and type of uses are constantly changing within a community, and produce a number of impacts either benefitting or detracting from the community. Existing patterns of land use are often fixed in older communities and neighborhoods, while development in newer areas is often reflective of current development practices.

Existing Land Use Analysis within Study Area

As part of the planning process, a survey was conducted through both in-field observations, as well as data collection online using the Hall County Assessors website. This survey noted the use of each parcel of land within the study area. These data from the survey are analyzed in the following paragraphs.

TABLE 1: EXISTING LAND USE, GRAND ISLAND - 2017

Type of Use	Acres	Percent of Developed land within the Study Area	Percent of Study Area
Residential	0.16	100.0%	21.6%
Single-family	0.16	0.0%	21.6%
Multi-family	0	100.0%	0.0%
Manufactured Housing	0	0.0%	0.0%
Commercial	0	0.0%	0.0%
Industrial	0	0.0%	0.0%
Quasi-Public/Public	0	0.0%	0.0%
Parks/Recreation	0	0.0%	0.0%
Transportation	0	0.0%	0.0%
Total Developed Land	0.16	100.0%	
Vacant/Agriculture	0.58		78.4%
Total Area	0.74		100.0%

Source: Marvin Planning Consultants 2017

Table 1 includes the existing land uses for the entire study area. The table contains the total acres determined per land use from the survey; next is the percentage of those areas compared to the total developed land; and finally, the third set of data compare the all land uses to the total area within the Study Area. The Study Area is made up of single-family (21.6%) and land considered vacant accounts for only 78.4% of the total area.

Figure 2
Existing Land Use Map



Source: Marvin Planning Consultants, 2017
Note: Lines and Aerial may not match.

FINDINGS OF BLIGHT AND SUBSTANDARD CONDITIONS ELIGIBILITY STUDY

This section of the study examines the conditions found in the study area. The Findings Section will review the conditions based upon the statutory definitions.

CONTRIBUTING FACTORS

There were a number of conditions examined and evaluated in the field and online. There are a number of conditions that will be reviewed in detail, on the following pages, while some of the statutory conditions are not present.

Structural Conditions

Structural conditions were evaluated, structures were either rated as: Very Good, Good, Fair, Average, or badly worn. The data and rating system comes from the Hall County Assessor's database and is the same database used to value properties in the area.

Based upon the data provided to the planning team, the following is the breakdown for structures in the study area:

- 0 (0.0%) structures rated as very good
- 0 (0.0%) structures rated as good
- 0 (0.0%) structure rated as fair
- 2 (50.0%) structures rated as average
- 3 (50.0%) structure rated as badly worn

Figure 3: Structural Conditions

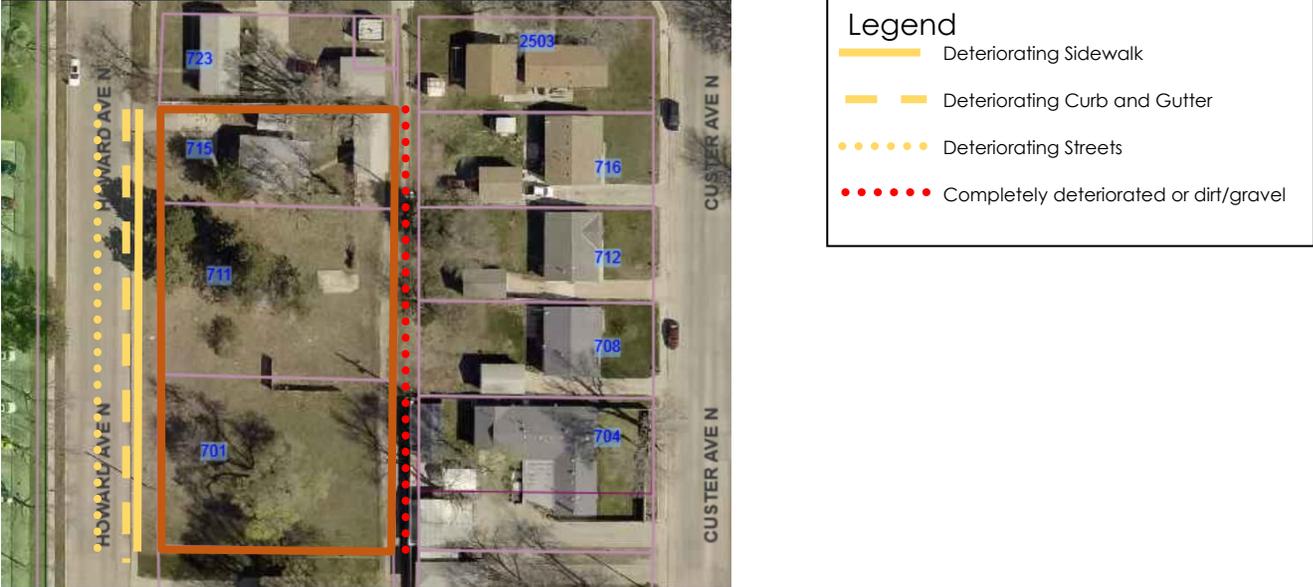


Source: Hall County Assessor and Marvin Planning Consultants 2017
Note: Lines and Aerial may not match.

Based upon these data, an assumption has been made that average condition and less would constitute less than desirable conditions due to age and conditions. It is common for older structures to get more maintenance and upkeep in order to maintain a good or higher condition. Even an average structure will show some signs of deteriorating which in turn can become a dilapidated structure in the future if it is not addressed over time. Overall, 100.0% of the structures in this study area are average condition or worse.

Due to the stated conditions found in the Hall County Assessor's data, the condition of the structure is a contributing factor.

Figure 4: Deterioration of Site or Other Improvements



Source: Hall County GIS, Google Earth and Marvin Planning Consultants 2017
Note: Lines and Aerial may not match.

Deterioration of Site or Other Improvements

Site Improvements Conditions

The properties within the study area are accessed via Howard Avenue and an alley in the rear. In addition, the study area is served by a sidewalk located immediately behind the curb along Howard Avenue.



Based upon review of images of the study area, Figure 4 was created. The Figure indicates:

- 100% of the road surfaces serving this study area are deteriorating
- 100% of alley way is dirt/gravel
- 100% of the curb and gutter are in a deteriorating state
- 100% of the sidewalk is in a deteriorating state

Based upon the field analysis, there are sufficient elements present to meet the definition of deterioration of site and other improvements in the Study Area.

Age of Structure

Age of structures can be a contributing factor to the blighted and substandard conditions in an area. Statutes allow for a predominance of structures 40 years of age or older to be a contributing factor regardless of their condition. The following paragraphs document the structural age of the structures within the Study Area. Note the age of structure was determined from the Appraisal data within the Hall County Assessor's website data.

TABLE 2: AVERAGE STRUCTURAL AGE, BY METHOD - 2017

	Number of Structures	Construction date	Age	Cumulative Age
	1	1931	86	86
	1	1984	33	33
	0			
Total Cummulative	2			119
Average Age				59.5

Source: Hall County Assessor's and Marvin Planning Consultants 2017

Within the study area there are two primary structures. After researching the structural age on the Hall County Assessor's and Treasurer's websites, the following breakdown was determined:

- 1 (50.0%) unit was determined to be 40 years of age or older
- 1 (50.0%) unit was determined to be less than 40 years of age

However, when examining the age based upon a cumulative approach, as in Table 2, the average age of the primary structures is equal to 59.5 years; thus, meeting the requirements of the statutes.

The age of the structures would be a direct contributing factor.

Figure 5: Unit Age Map



Source: Hall County GIS, Hall County Assessor and Marvin Planning Consultants 2017

Note: Lines and Aerial may not match.

Blighting Summary

These conditions are contributing to the blighted conditions of the study area.

Criteria under Part A of the Blight Definition

- **Substantial number of deteriorating structures**
 - Within the study are 100.0% of the structures were deemed to be in either average or badly worn condition.
- **Deterioration of site or other improvements**
 - 100% of sidewalks are in a deteriorating condition
 - 100% of the curb and gutter along Howard Avenue is in a deteriorating condition
 - 100% of Howard Avenue is in a deteriorating condition
 - 100% of the alley is unpaved and is dirt/gravel
- **One-half of unimproved property is over 40 years old.**
 - The southern portion of the study has been within the corporate limits for over 40 years and is undeveloped.

Criteria under Part B of the Blight Definition

- **The average age of the residential or commercial units in the area is at least forty years**
 - 1 (50.0%) buildings or improvements were determined to be 40 years of age or older
 - 1 (50.0%) buildings or improvements were determined to be less than 40 years of age
 - The average age based upon a cumulative age calculation is 59.5 years.

The other criteria for Blight were not present in the area, these included:

- Combination of factors which are impairing and/or arresting sound growth
- Stable or decreasing population based upon the last two decennial census
- Insanitary and Unsafe Conditions
- Dangerous conditions to life or property due to fire or other causes

- Faulty Lot Layout
- Improper Subdivision or Obsolete Platting
- Defective/Inadequate street layouts
- Diversity of Ownership
- Tax or special assessment delinquency exceeding fair value of the land.
- Defective or unusual condition of title,
- Unemployment in the designated area is at least 120% of the state or national average.
-
- The per capita income of the area is lower than the average per capita income of the city or village in which the area is designated.

These issues were either not present or were limited enough as to have little impact on the overall condition of the study area.

Substandard Conditions

Average age of the residential/commercial units in the area is at least 40 years

Age of structures can be a contributing factor to the blighted and substandard conditions in an area. Statutes allow for a predominance of structures 40 years of age or older to be a contributing factor regardless of their condition. The following paragraphs document the structural age of the structures within the Study Area. Note the age of structure was determined from the Appraisal data within the Hall County Assessor's website data.

TABLE 3: AVERAGE STRUCTURAL AGE, BY CUMMULATIVE METHOD - 2017

	Number of Structures	Construction date	Age	Cumulative Age
	1	1931	86	86
	1	1984	33	33
	0			
Total Cumulative	2			119
Average Age				59.5

Source: Hall County Assessor's and Marvin Planning Consultants 2017

Within the study area there is a total of two primary structures. After researching the structural age on the Hall County Assessor's and Treasurer's websites, the following breakdown was determined:

- 1 (50.0%) unit was determined to be 40 years of age or older
- 1 (50.0%) unit was determined to be less than 40 years of age

However, when examining the age based upon a cumulative approach, as in Table 2, the average age of the primary structures is equal to 59.5 years; thus, meeting the requirements of the statutes.

The age of the structures would be a direct contributing factor.

Figure 6: Unit Age Map



Source: Hall County GIS, Hall County Assessor and Marvin Planning Consultants 2017

Note: Lines and Aerial may not match.

Substandard Summary

Nebraska State Statute requires that "...an area in which there is a predominance of buildings or improvements, whether nonresidential or residential in character, which, by reason of dilapidation, deterioration, **age** or obsolescence, inadequate provision for ventilation, light, air, sanitation, or open spaces, high density of population and overcrowding, or **the existence of conditions which endanger life or property by fire and other causes**, or any combination of such factors, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, and crime, (which cannot be remedied through construction of prisons), and is detrimental to the public health, safety, morals, or welfare;"

This Study Area in Grand Island meets the definition of Substandard as defined in the Revised Nebraska State Statutes.

FINDINGS FOR GRAND ISLAND BLIGHT STUDY AREA #24

Blight Study Area #24 has several items contributing to the Blight and Substandard Conditions. These conditions include:

Blighted Conditions

- **Average age of structures is over 40 years of age**
- **Substantial number of deteriorated or deteriorating structures**
- **Deterioration of site or other improvements**
- **One-half of unimproved property is over 40 years old.**

Substandard Conditions

- **Average age of the structures in the area is at least forty years**