



# Community Redevelopment Authority (CRA)

**Monday, July 31, 2017**  
**Regular Meeting**

## **Item B1**

**Minutes 7-12-17**

Staff Contact: Chad Nabity

## OFFICIAL PROCEEDINGS

### MINUTES OF COMMUNITY REDEVELOPMENT AUTHORITY MEETING OF June 12, 2017

Pursuant to due call and notice thereof, a Regular Meeting of the Community Redevelopment Authority of the City of Grand Island, Nebraska was conducted on July 12, 2017 at City Hall 100 E. First Street. Notice of the meeting was given in the July 5, 2017 Grand Island Independent.

1. CALL TO ORDER. Tom Gdowski called the meeting to order at 1:37 p.m. The following members were present: Gdowski, Glen Murray, Glenn Wilson and Sue Pirnie. Also present were: Director, Chad Nabity; Planning Administrative Assistant Tracy Overstreet; Billy Clingman from the Grand Island Finance Department; Grand Island City Council President Vaughn Minton; City Administrator Marlan Ferguson; Austin Koeller of the Grand Island Independent; Sonja Weinrich of Weinrich Development; and Mike Bacon of Bacon and Vinton Law Office.

Gdowski stated this was a public meeting subject to the open meeting laws of the State of Nebraska. He noted that the requirements for an open meeting were on the front table easily accessible to anyone who would like to read through them.

2. APPROVAL OF MINUTES. A motion for approval of minutes for the June 7, 2017 meeting was made by Wilson and seconded by Murray. Upon roll call vote, all present voted aye. Motion carried 4-0.
3. APPROVAL OF FINANCIAL REPORTS. Clingman reviewed the financial reports for the period of June 1, 2017 through June 30, 2017. A motion was made by Pirnie and seconded by Wilson to approve the financial reports. Upon roll call vote, all present voted aye. Motion carried 4-0.
4. APPROVAL OF BILLS. The bills were submitted for approval. A motion was made by Murray and seconded by Pirnie to approve the bills in the amount of \$92.01. Upon roll call vote, all present voted aye. Motion carried 4-0.
5. REVIEW OF COMMITTED PROJECTS & CRA PROPERTY. Nabity provided a review of the committed projects. He said a building permit has been pulled for the Auto America façade on South Locust Street. The Bosselman Corporate Office on South Locust is near completion. The Elk's Lodge façade is largely done with a new sign that is used to advertise events. The Federation Labor Temple is also nearing completion and will likely be paid out by the end of this fiscal year. Othy's façade is on hold until the Vitrolite contractor is back in Grand Island. He has heard no update on the upgrade of South Locust landscaping by the

Business Improvement District there. Wing Properties has submitted claims and cancelled checks for payment on the façade at 116 E. Third. That is awaiting final inspections from the Building Department. The remaining Wing Property facades will roll over to next year. The Hedde Building will not have payments this year as they are moving forward with the state historic tax credit application first. Peaceful Root is moving along with many new windows. Murray asked about a former project request from Wild Bill's Fun Center. Nabity said that project hasn't come back for finalization due to the developers still working on details.

6. WEINRICH DEVELOPMENT REDEVELOPMENT CONTRACT. Nabity said the Regional Planning Commission found the redevelopment plan in compliance with Grand Island's Comprehensive Plan and recommended approval of the redevelopment plan through its approval of Resolution 2017-12, which was forwarded to the CRA.

A motion was made by Murray and seconded by Wilson to forward the plan to the Grand Island City Council. Upon roll call vote, three present voted aye. Motion carried 3-0 with Chairman Gdowski abstaining.

7. APPROVE RESOLUTION TO PURCHASE/SELL REAL ESTATE (none)
8. BUDGET. Nabity presented a draft budget detailing \$3.6 million in spending. New revenue is forecast at \$760,000 with \$198,000 of that committed to the Lincoln Pool Project and \$560,000 for CRA projects. Minton suggested the \$100,000 in land sale revenue be reduced to \$0 to reduce questions from the city council during budget review. There was also discussion of increasing the façade improvement line item from \$200,000 to \$350,000 due to anticipated requests and offsetting that through a reduction in the \$300,000 for other projects. Minton suggested reducing the \$200,000 allocated for land purchases, however Nabity said he would like to keep a number there for unexpected events that occur such as in the past acquiring a downtown lot after a fire. The CRA may also need to budget for food and beverage receipts that may be allocated for a Husker Harvest Days show site upgrade, but that may not be needed until the next fiscal year.
9. LEGISLATIVE UPDATE. Mike Bacon with Bacon and Vinton Law Firm of Gothenburg presented an update on the 2017 Legislative session. He said there were three major bills this year, LB262 by Sen. Groene that would change the provisions for undeveloped vacant land under the Community Development Law; LB95 by Sen. Crawford to change provisions of the Community Development Law and tax increment financing; and LB496 by Sen. Stinner that defined and redefined terms in the Community Redevelopment Law. Bacon said the Groene bill would eliminate the ability to do projects such as Copper Creek, with single-family homes on previously vacant land. It didn't get out of committee. LB95 is still being worked on and will probably get out of committee next year. Much of LB95 is in response to the State Auditor's report on TIF projects in Nebraska. LB95 will likely seek to lengthen the

process and time for a TIF application by adding more public hearings and time between notices and hearings. Bacon said school boards have complained that the current 17 day notice is not enough on TIF projects. Other proposed changes include a formal blight study notification, requiring that redevelopment plans be posted on city web sites and annually do a cost-benefit analysis on old projects. The cost-benefit analysis request may be quite involved and costly (\$15,000 to \$20,000 per project) which Bacon said could be detrimental to smaller scale TIF projects. It may require a review on job creation, wage analysis over time, cost to schools and other governmental entities, and the impact on streets, sewer and water. Bacon helped draft LB496 to allow tax increment financing to be used to build workforce housing, instead of just the infrastructure to housing lots as is allowed now. It passed two rounds and was filibustered. Three of Grand Island's four senators voted against the bill. Bacon said more anti-TIF bills will be coming.

In response to questions, Bacon said Nebraska's TIF laws are the most restrictive compared to other states. Nebraska allows TIF for up to 15 years. Rhode Island allows 40 years and many states have no time line. There will be a study session on TIF this summer and Bacon encouraged Grand Island representatives to attend and tell the good stories of its use in Grand Island. He praised Grand Island for its housing work and downtown revitalization and positive, responsible use of TIF. Nabity said the use of TIF at the Grand Island Mall, which Ray O'Connor purchased for \$2 million, has led to an overall \$40 million investment in the community. Gdowski, who sits on the Grand Island Area Economic Development Corp. board, said TIF is a valuable tool for economic development, as competing for businesses is difficult.

The group discussed how some developers already do a cost-benefit analysis, including some of the projects for apartments and the second hospital project. Minton said it's important to have the analysis up front on big projects and to involve the community.

Bacon said it may be helpful to sit down and talk with stakeholders before projects come in to find out what the parameters are, ie. how many school-age children may live at a development that may then require transportation or additional staff at a nearby school. He also urged the CRA to remain true to its mission and not operate in a silo or become overly distracted by the concerns of a special interest group.

#### 10. DIRECTORS REPORT/INTRODUCTION TO RETREAT.

Nabity discussed what is the mission of the CRA. Nabity read the mission on the web site that "The CRA is charged with taking action in specified areas of the community to remove, prevent or inhibit physical deterioration (blighted and substandard conditions) that will result in lower property values and create disincentives to private investment."

That mission was altered slightly to read, “The CRA is charged with taking action in specified areas of the community to assist in the prevention and to inhibit physical deterioration (blighted and substandard conditions) thereby enhancing property values and creating incentives for private investment.”

Nabity reported that the department has started a residential project notification to Grand Island Public Schools to give the district as much notice as possible for residential projects. Bacon suggested asking residential developers to identify the target population and estimated age range of children and families in their projects so that information could be shared with the school district. Nabity said the developer of the Talon apartment project actually met with the school district before pursuing project financing. The 288-unit project has seen half a dozen kids in the 5 and under range in the first 36-unit building that is occupied, according to the developer.

The authority discussed community concerns about new apartments getting a subsidy through TIF and competing against the market. Bacon said that’s a universal concern, but the CRA’s job isn’t to influence the market, it’s to get rid of blight and substandard conditions. Invite the other developer to build in the blight area, he said. Gdowski said he still sees a need for affordable housing in Grand Island, which has a low vacancy rate for apartments. Nabity said it’s never been above a 3 percent vacancy rate. Bacon said a community really needs a vacancy rate of 5 or above to be healthy.

The authority talked about Grand Island’s aging housing. Grand Island was incorporated in 1875. Many of the homes may be uninhabitable based on Housing and Urban Development standards. Bacon said the CRA might want to consider a method of fixing up older neighborhoods. HGTV impacts it because there’s a growing population of Do-It-Yourselfers. LB496 would also help with that.

The group discussed the Problem Resolution Team. There are pockets of older homes that could be cleared, however the council may be more favorable to commercial uses of TIF versus residential uses.

Minton said there’s a group that doesn’t want TIF for any individual housing, only for commercial projects. He said some developers aren’t being honest with the “but for” clause. Some of the development could be done with private funds. There are objections to declaring some vacant land as blighted and substandard, he said.

Bacon said Omaha requires a rate of return report on projects with and without TIF. Having the return report can take pressure off the city council

and CRA. It's almost never cost effective to knock something down to develop versus building on open ground, Bacon said.

Gdowski said the fair rate of return is subjective. Bacon said ask Realtors and they will give you the current rate of returns. Bacon said some people have a misconception about TIF that it is a hand-out of free money. It's not. It's a cost share. Plus not all projects advance to the council level. Bacon suggested keeping a list of projects that are not advanced.

Break from 3:15 to 3:30 p.m.

Nabity held a map session to show the 23 areas have been declared blighted and substandard. There are two more pending - the Veterans Home Area 16 that had a study done two years ago. It can come forward at any time. Nabity recommended the city annex the land with the study and declare it blighted and substandard. The other area is the Cornhusker Army Ammunition Plant, which will be considered by the council on July 25. The CAAP land makes up 65 percent of the municipal limits, but is not counted into Grand Island's allowed 35 percent of city limits that can be declared blighted and substandard because CAAP is a former defense site. Council has declared two other blighted and substandard areas in the last month - Area 23 for Tim Plate on Memorial Drive for a four-plex and an area across from the hospital for a residential project. Other areas must remain in existence, as long as there is a TIF project that is active. The CAAP area, if declared blighted and substandard, may be able to accommodate a redevelopment plan for Husker Harvest Days, which would not be a TIF project - it will be a project with CRA dollars funded through food and beverage tax dollars. The CRA will have to borrow or bond to do that and pay off over 20 years with food and beverage tax. Nabity said it will be a little bit complex. Ferguson said the Husker Harvest Days owners will want to start this fall on what will probably be a two-year project with electrical improvements first and then streets and water. There's also a proposal for a TIF application from O'Neill Wood Resources that will come forward if its siting application is approved. Tax increment financing would be used for the recycling and scale house, Nabity said. Microblight projects have been a popular use of tax increment financing. Nabity asked if the CRA wanted to look at any new areas for redevelopment or wanted to change the boundaries of existing areas (existing areas can be narrowed as long as all active projects are still included in the redevelopment area.)

Murray said the Fifth Street area has lots of old houses that may benefit from redevelopment. Nabity said that could be done on a case-by-case basis through microblight projects as opposed to declaring an entire area that will use some of the allowed 35 percent of city limits that statutorily may be declared blighted and substandard.

Nabity said Grand Island is currently 19.99 percent blighted and substandard and would increase to 22.75 percent with the Veterans Home. Kearney is at 26.3 percent; Hastings at 25.84 percent, which will rise to 26.84 percent based on a pending proposal; Norfolk is at 22.91 percent; Lincoln is 11.35 percent.

Bacon said sometimes redevelopment areas are driven by hoping to get a project in an area.

Kearney, Hastings, and Grand Island all have tax levies to support the CRA. North Platte, Norfolk and Lincoln don't have a levy. GI and Hastings are at 2.6 cents. North Platte has a unique set up of a 25 percent capture on TIF projects that is then put into a small project fund and used for other improvement projects in the redevelopment area. Bacon doesn't recommend using that capture program, which has been questioned by the State Auditor.

Gdowski asked about adding or changing any redevelopment areas. The CRA members seemed satisfied with the existing areas and boundaries.

Gdowski said part of the challenge with economic development and redevelopment is how to provide information to developers. He talked about more extensive use of the website to share information on incentive options and redevelopment tools.

Suggestion was made by Gdowski for requiring an ROI report. Minton doesn't think it should be for all projects. Bacon said every TIF project has a "but for" test, which can be handled through a ROI report or a bank letter.

Types of projects – Minton said from council perspective it helps to tie into Grow Grand Island.

Gdowski asked about the façade program and if CRA members were satisfied with the results. Ferguson likes what the CRA is doing and how it's being done. The CRA has façade grants available in Area 1, 2, 6, and 4. Nabity said façade grants cannot be offered in other areas, such as at Grand Island Mall, unless the redevelopment plan is amended to those areas.

Criteria for choosing areas to fund – a developer that previously received a façade grant wondered if they could submit a second façade request. The CRA is open to that.

What about the same developer getting approved time after time? Murray wonders how the public perceives that. Wilson said when developers do a good job and are known for that, they are more likely to be approved again.

Timeline for submission – Nabity asked if the CRA should continue its first-come, first-served practice or if it wanted to do a due date (such as quarterly) and review the applications. Pirnie said to wait and accept applications quarterly would be difficult. Gdowski likes first-come, first-served because there's limited dollars. If you don't do it that way you may have five apps and not enough money.

Life Safety grant procedures – Gdowski said in three years, 27 apartments are being developed out of that program that sought to gain 50 downtown apartments within five years. The program appears to be on track.

Nabity reviewed the CRA owned property.

The CRA discussed TIF catalyst projects – like the second hospital or a distribution center or downtown hotels. Nabity asked if the CRA wanted to hold back and wait for those bigger projects, wanted to try to entice larger projects or wait for bigger projects to find the CRA. Grand Island Mall and Hendrix Hatchery are catalyst projects. The CRA said it doesn't want to wait, it wants to fund what it can as projects come forward.

The CRA discussed five year goals - to continue what it's doing. Murray wonders about our blight and substandard projects – do they create new jobs? Minton said Grand Island Mall does. And it brings in new residents. Clingman said it has increased property values.

12. ADJOURNMENT. Gdowski adjourned the meeting at 4:22 p.m.

The next regular meeting is scheduled for August 9, 2017. A special meeting is expected the last week of July or first week of August.

Respectfully submitted  
Chad Nabity  
Director