



Hall County Regional Planning Commission

Wednesday, October 3, 2018
Regular Meeting

Item F2

Public Hearing - Redevelopment Plan - Grand Island Hotel LLC

Staff Contact:

Agenda Item #4

PLANNING DIRECTOR RECOMMENDATION TO REGIONAL PLANNING COMMISSION:

September 17, 2018

SUBJECT:

Redevelopment plan amendment for property located in Blight and Substandard Area 2 for a Site Specific Redevelopment Plan concerning an amendment to the redevelopment plan for CRA Area No. 2 to allow for redevelopment of a portion of the vacant property southwest of Locust and U.S. Highway 34 for a 79 room hotel in Grand Island, Hall County, Nebraska. (C-02-2019GI)

PROPOSAL:

The Grand Island Hotels LLC. is proposing to build 79 unit Comfort Suites Hotel at this location. The property is zoned B-2 General Business in the GWC Gateway Corridor Overlay zone the proposed use is permitted in this zoning district..

OVERVIEW:

The purpose of the CRA and the designated blight and substandard area is to provide incentives for development in underdeveloped areas of the community. This area has already been declared blighted and substandard 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 B-2 General Business within the Gateway Corridor. The B-2 zone allows uses such as hotels as permitted principal use and requires a minimum lot size of 3000 square feet. Hotels are also the type of uses that were anticipated for the gateway corridor.

The Regional Planning Commission recommendation is limited to the appropriateness of the proposed use at this location. The Grand Island Comprehensive Plan call for the development of commercial uses at this location. This proposed facility will be able to connect to city utilities including sewer and water at this location. The location is also in close is on a property that is at the entrance to the City and that has been vacant for more than 10 years.

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 commercial travel oriented 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 as submitted. A resolution is attached for your consideration.

_____ Chad Naby AICP, Planning Director

**Redevelopment Plan Amendment
Grand Island CRA Area 2
August 2018**

The Community Redevelopment Authority (CRA) of the City of Grand Island intends to amend the Redevelopment Plan for Area 2 within the city, pursuant to the Nebraska Community Development Law (the “Act”) and provide for the financing of a specific housing related project in Area 2.

**Executive Summary:
Project Description**

THE ACQUISITION OF PROPERTY AT 3400 S LOCUST STREET AND THE SUBSEQUENT SITE WORK, UTILITY IMPROVEMENTS, STREET IMPROVEMENTS, ENGINEERING, LANDSCAPING AND PARKING IMPROVEMENTS NECESSARY FOR DEVELOPMENT OF THIS PROPERTY INTO FOUR COMMERCIAL LOTS INTENDED FOR A 79 ROOM COMFORT INN SUITES AND THREE COMMERCIAL LOTS.

The use of Tax Increment Financing (TIF) to aid in the acquisition of property, necessary site work and installation of public utilities and utility connections and street and drainage improvements necessary to develop this site. The use of TIF makes it feasible to complete the proposed project within the timeline presented. This project would not be considered at this time and location without the use of TIF. Financing for the project is contingent on TIF

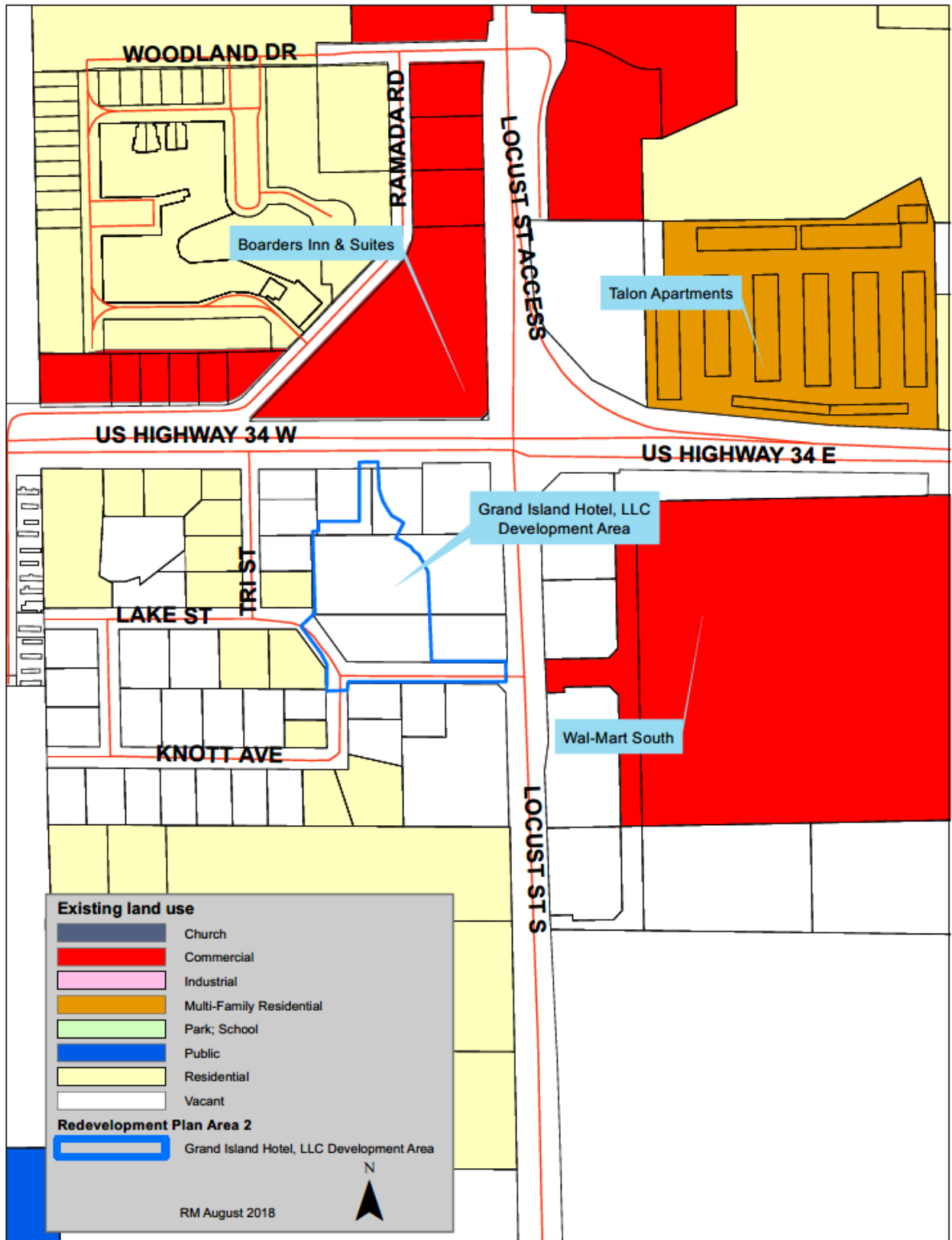
The acquisition, site work and construction of all improvements will be paid for by the developer. The developer is responsible for and has provided evidence that they can secure adequate debt financing to cover the costs associated with the acquisition, site work and remodeling. The Grand Island Community Redevelopment Authority (CRA) intends to pledge the ad valorem taxes generated over the 15 year period beginning January 1, 2020 towards the allowable costs and associated financing for the acquisition and site work.

TAX INCREMENT FINANCING TO PAY FOR THE ACQUISITION OF THE PROPERTY AND RELATED SITE WORK WILL COME FROM THE FOLLOWING REAL PROPERTY:

Property Description (the “Redevelopment Project Area”)

This property is located between Locust Street on the east and Tri Street on the west and between Lake Street on the south and U.S. Highway 34 (Husker Highway) on the north in southern Grand Island, the attached map identifies the subject property and the surrounding land uses:

- **Legal Description To Be Added**



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 2020 through 2034 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 new commercial space on this property.

Statutory Pledge of Taxes.

In accordance with Section 18-2147 of the Act and the terms of the Resolution, the Authority hereby provides that any ad valorem tax on any Lot or Lots located in the Redevelopment Project Area identified from time to time by the Redeveloper (such Lot or Lots being referred to herein as a "Phase") as identified in a written notice from the Redeveloper to the Authority (each, a "Redevelopment Contract Amendment Notice") 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 Amendment Notice and reflected in a Redevelopment Contract Amendment, 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 September 13, 1999.[§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 (26) (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, utilities and street improvements needed for the construction of a permitted use on this property. *The Hall County Regional Planning Commission held a public hearing at their meeting on _____ and passed Resolution 2018-?? 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(26) (b)]

a. Land Acquisition:

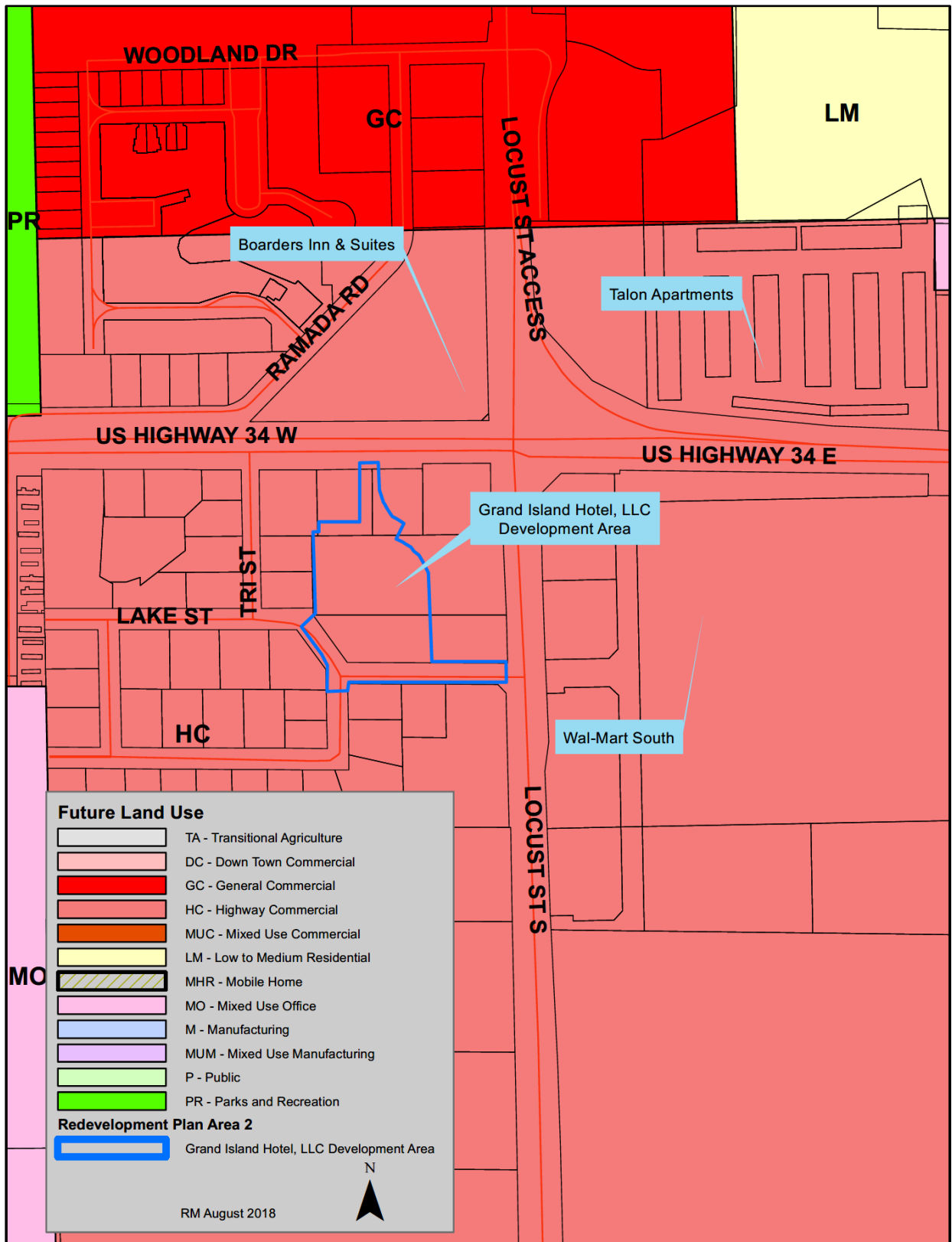
The Redevelopment Plan for Area 2 provides for real property acquisition and this plan amendment does not prohibit such acquisition. There is no proposed acquisition by the authority. The applicant will be acquiring the property from the current owner. It is further anticipated that the owner will sell a portions of this property to other entities for further development..

b. Demolition and Removal of Structures:

The project to be implemented with this plan will not require demolition of any existing structures. Structures on this site were demolished more than 10 years ago and the property has been sitting undeveloped since that time.

c. Future Land Use Plan

See the attached map from the 2004 Grand Island Comprehensive Plan. The site is planned for commercial development. [§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 B2 General Business zone. No zoning changes are necessary though the owners may wish to rezone this to a commercial development zone to facilitate the development of the property. No changes are anticipated in street layouts or grades. Lake Street will be paved at least as far as the intersection with Knott Avenue. 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 a 79 room hotel one lot at the southwest corner of the property. A three other lots with frontage onto U.S. Highway 34 and Locust Street will also be created and made available for sale. The proposed development will be limited to either the 50% building coverage allowed in the CD zone or 65% coverage allowed in the B2 zoning district. [§18-2103(b) and §18-2111]

f. Additional Public Facilities or Utilities

Sewer and water are available to support this development. Connections for water and sewer will have to be extended to serve these lots.

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 amendment does not provide for acquisition of any residences and therefore, no relocation is contemplated. [§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 is proposing to purchase this property for redevelopment for \$656,000 provided that TIF is available for the project as defined. The cost of property acquisition

is being included as a TIF eligible expense. Costs for site preparation including, grading and fill is estimated at \$171,000. Utility extensions, storm water, sewer electrical and water are estimated at \$315,700, Building plans and engineering are expected to cost \$153,090. The cost to pave Lake Street and the private drive from U.S. Highway 34 is \$432,119. An additional \$59,022 of expenses for legal work, fees and financial tracking of this project are also included as eligible expenses for a total maximum TIF request of \$1,824,179. It is estimated based on the proposed increased valuation to \$6,097,813 will result in \$1,920,000 of increment generated over a 15 year period. This project should pay off prior to the end of the 15 year bond period..

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 not less than \$1,824,179 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. 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 according to the approved contract. Based on current estimates this \$1,824,179 of TIF will generate \$1,281,538 to be invested in the project.

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, in that it will allow for the utilization of vacant property at this location. This lot is surrounded located at a major intersection is south east Grand Island. The property has been within a blighted area for more than 20 years and has been vacant for more than 10 years without development. 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 is anticipated to be completed between October of 2018 and December of 2019. Excess valuation should be available for this project for 15 years beginning with the 2020 tax year.

9. Justification of Project

This is infill development in an area with all city services available. It was anticipated by many that this area of the community would flourish after the Locust Street interchange from I-80 opened and Wal-Mart built at one corner of this intersection in 2004. Since that that time there has been very little change in the area. Proposed projects like this one and the housing project to the north and east area likely to spur the development that was expected 12 years ago.

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 Wild Bills Fun Center Project, including:

Project Sources and Uses. A minimum of \$1,824,179 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 \$6,236,000 in private sector financing and investment; a private investment of \$3.41 for every TIF dollar investment. It is estimated this will pay off in slightly less than 15 years.

Use of Funds. Description	Source of Funds		
	TIF Funds	Private Funds	Total
Site Acquisition	\$656,000		\$656,000
Site preparation/Dirt Work	\$171,000		\$171,000
Paving Lake Street and Private Drive	\$432,119		\$432,119
Utilities, Storm, Sewer, Water, Parking Lot Drive Lanes	\$315,700		\$315,700
Permitting	\$37,248		\$37,248
Financing Fees and Closing Cost SBA Loan	\$50,922	\$174,079	\$225,000
Legal and Plan	\$8,100		\$8,100
Architecture/Engineering/Permitting	\$153,090		\$153,090
Building Costs		\$5,011,995	\$5,011,995
Franchise Fees		\$45,000	\$45,000
Insurance During Development		\$35,000	\$35,000
Personal Property		\$970,000	\$970,000
TOTALS	\$1,824,179	\$6,236,074	\$8,060,252

Tax Revenue. The property to be redeveloped is has a January 1, 2018, valuation of approximately \$184,087. Based on the 2017 levy this would result in a real property tax of approximately \$3,985. It is anticipated that the assessed value will increase by \$5,913,726 upon full completion, as a result of the site redevelopment. This development will result in an estimated tax increase of over \$128,006 annually resulting in approximately \$1,920,000 of increment over the 15 year period. 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 2015 assessed value:	\$ 184,087
Estimated value after completion	\$ 6,097,813
Increment value	\$ 5,913,726
Annual TIF generated (estimated)	\$ 128,006
TIF bond issue	\$ 1,824,179

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

The redevelopment project area currently has an estimated valuation of \$184,087. The proposed extension improvements at this location will result in at least an additional \$5,913,726 of taxable valuation based on the Hall County Assessor's office evaluation of the project. 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. The project will not add any tax burdens to taxing entities. Therefore no tax shifts will occur.

(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 uses at this site would compete for entry level and part time positions along with similar travel and entertainment type businesses located in and locating in the City.

(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 is a new hotel along the entrance to Grand Island and the Nebraska State Fair Grounds. This additional hotel will increase the number of rooms available in Grand Island and may result in lower occupancy rates for older hotels in the region. The Grand Island City Council and CRA have approved several TIF project that include building or renovating hotels in the area including some hotels neighboring this property, Mainstay Suites, Best Western and Borders Hotel to the north all received TIF to facilitate their projects.. Two of the hotel projects that have been approved, one on Locust Street and State Fair Boulevard and one at U.S. Highway 34 and U.S. Highway 281 have not been built yet.

(e) Impacts on the student population of school districts within the city or village; and

This project including a hotel for transient population and visitors to the region and 3 commercial lots for sale is unlikely to create any direct increase in cost for schools in the the area.

(f) 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 utilize a piece of property in the Grand Island City Limits that has been vacant for at least more than 10 years. This corner was included in one of the original blight studies for the City of Grand Island because of the development that was located here and because it is a highly visible entrance corner. These facilities will complement Fonner Park, the State Fair Grounds, Heartland Event Center, Island Oasis, and similar civic tourist draws.

Time Frame for Development

Development of this project is anticipated to be completed during between March 2019 and February of 2020. The base tax year should be calculated on the value of the property as of January 1, 2019. Partial excess valuation should be available for this project for 15 years beginning with the 2020 tax year with the full valuation available for the 2021 tax year. 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. Based on the purchase price of the property and estimates of the expenses of utilities, streets and site preparation activities and associated engineering/design fees, the developer will spend upwards of \$1,824,179 on TIF eligible activities. The full amount of TIF generated over a 15 year period would be \$1,920,000 so this request will pay off slightly before the end of the 15 year period with no additional increases in valuation or tax levies.

Resolution Number 2019-01

HALL COUNTY REGIONAL PLANNING COMMISSION

A RESOLUTION RECOMMENDING APPROVAL OF AN AMENDMENT TO A REDEVELOPMENT PLAN IN 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 amendment of the Redevelopment Plan for CRA Area 2 requested by Grand Island Hotels LLC.** 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 held a public hearing on the proposed plan on October 3, 2018, and

WHEREAS, the chair or president of Hall County Board, Grand Island School Board, Central Platte Natural Resources District, Educational Service Unit #10 and Central Community College were notified by certified mail of said hearing, and

WHEREAS, the Commission advertised the time, date and location public hearing in the Grand Island Independent on Friday September 14th and Friday September 21st, and

WHEREAS, there are no Neighborhood Associations registered with the City of Grand Island, 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 finding that it is in conformance with the comprehensive development plan (general plan for development) for the City of Grand Island.

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: October 3, 2018.

**HALL COUNTY REGIONAL PLANNING
COMMISSION**

ATTEST:

By: _____
Chair

By: _____
Secretary