



Hall County Regional Planning Commission

**Wednesday, December 5, 2018
Regular Meeting**

Item F1

Redevelopment Plan CRA Area 26 Orchard LLC

Staff Contact:

Agenda Item #4

PLANNING DIRECTOR RECOMMENDATION TO REGIONAL PLANNING COMMISSION:

November 26, 2018

SUBJECT:

Redevelopment plan amendment for property located in Blight and Substandard Area 26 for a Site Specific Redevelopment Plan for CRA Area No. 26 to allow for redevelopment of a portion of the vacant approximately 23 acres south of Capital Avenue and west of the Central Nebraska Railroad line for 181 single family attached and detached housing units in Grand Island, Hall County, Nebraska. (C-06-2019GI)

PROPOSAL:

Orchard LLC. is proposing to build 181 units of housing and a community room at this location at a rate of 20 units per year. The property is zoned R-3SL Medium Density Small Lot Residential 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 R-3SL. The R-3SL zone allows for housing of the type proposed.

The Regional Planning Commission recommendation is limited to the appropriateness of the proposed use at this location. The Grand Island Comprehensive Plan calls for the development of residential uses at this location. This proposed subdivision will be able to connect to city utilities including sewer and water at this location. Access is planned to Capital Avenue and with streets stubbed out west toward Saint Paul road that would facilitate redevelopment of property that has traditionally been used for acreage development with small farming or horse operations.

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 residential 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 Nabity AICP, Planning Director

**Redevelopment Plan Amendment
Grand Island CRA Area 26
November 2018**

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 26.

Executive Summary:

Project Description

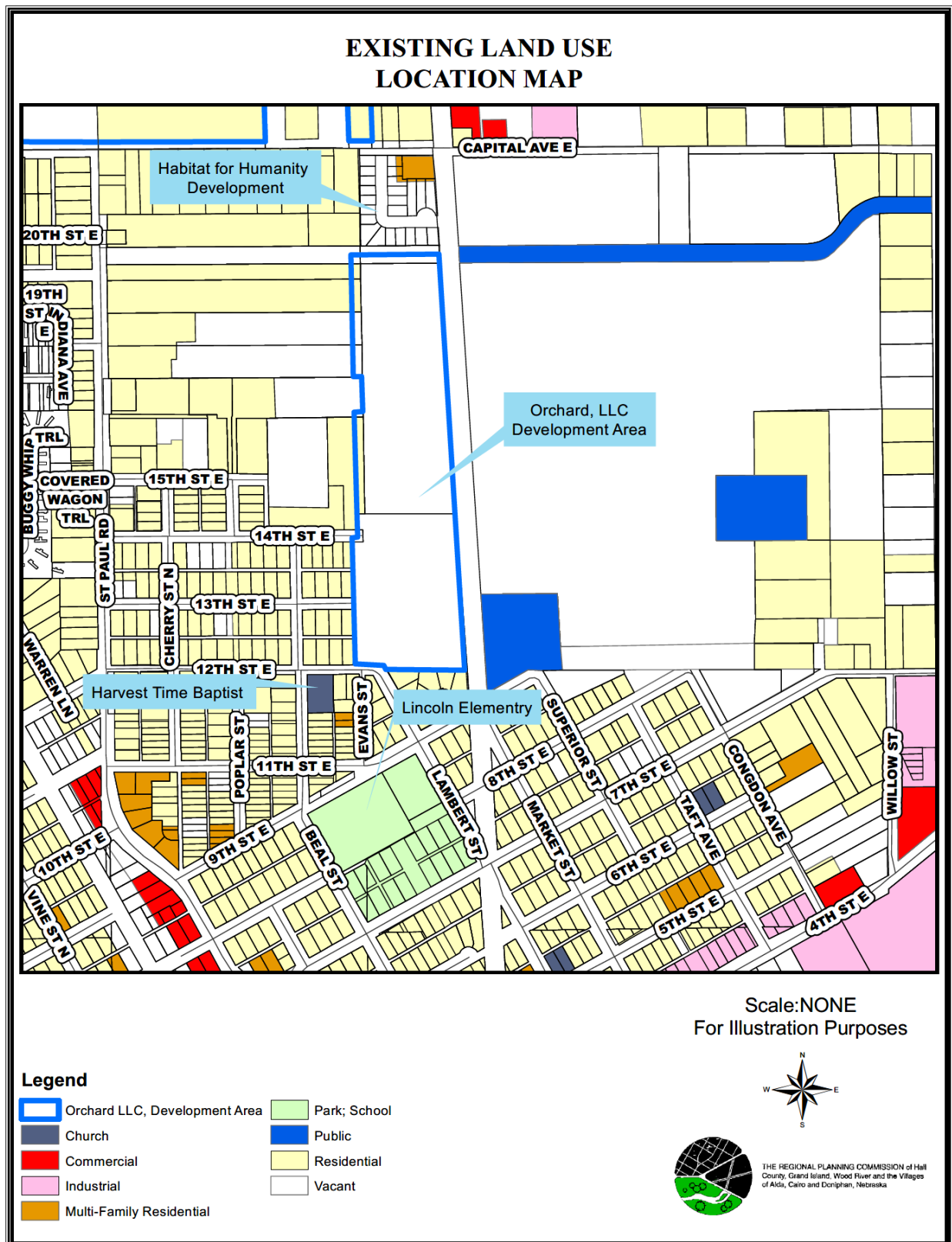
THE REDEVELOPMENT APPROXIMATELY 23 ACRES OF PROPERTY LOCATED BETWEEN CAPITAL AVENUE AND 12TH STREET WEST OF THE CENTRAL NEBRASKA RAIL ROAD TRACKS IN NORTHEAST GRAND ISLAND FOR THE DEVELOPMENT OF 180 LOTS FOR SINGLE FAMILY DETACHED AND ATTACHED HOUSING UNITS.

The use of Tax Increment Financing to aid in redevelopment expenses associated with platting and installing the necessary infrastructure (streets, sanitary sewer, water, and storm sewer) for the development of 180 residential lots being platted as The Orchard Subdivision in northeast Grand Island. 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 180 housing units with an average 2019 sale price \$170,000. The 2014 Housing Study for the City of Grand Island identified a need of 1735 new housing units within the City by 2019. Between January 2014 and August 2018 a total of 1034 new units were permitted, leaving a deficit of over 700 units. This project and selling the houses for the cost of construction would not be feasible without the use of TIF.

Orchard LLC – Hoppe Homes, LP owns the property being platted as The Orchard Subdivision. This is vacant property that has been surrounded by developed and developing property for more than 100 years. The developer is responsible for and has provided evidence that they can secure adequate debt financing to cover the costs associated with the remodeling and rehabilitation of this building. The Grand Island Community Redevelopment Authority (CRA) intends to pledge the ad valorem taxes generated over multiple 15 year periods beginning January 1, 2020 towards the allowable costs and associated financing for rehabilitation.

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

Legal Descriptions: Property being platted as The Orchard Subdivision in the City of Grand Island, Hall County, Nebraska.



Existing Land Use and Subject Property

The tax increment will be captured for the tax years the payments for which become delinquent in years 2020 through 2043 inclusive. The TIF contract will be structured so it can be amended each year for up to nine years to add the housing units to be completed during that year. No single property will be eligible for TIF for a period of more than 15 years.

The real property ad valorem taxes on the current valuation will continue to be paid to the normal taxing entities. The increase will come from development of the property for residential uses and the construction of houses in the project area as permitted in the R-3SL Medium Density Residential Small Lot 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 fifteen years after the effective date of this provision as set forth in the Redevelopment Contract, consistent with this Redevelopment Plan. The plan anticipates that each phase of the development will constitute new effective date for the purposes of determining the period of fifteen years. 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 May 22, 2018.[§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 October 3, 2018 and passed Resolution 2019-011 confirming that this project is consistent with the Comprehensive Plan for the City of Grand Island.](#) The Grand Island Public School District has submitted a formal request to the Grand Island CRA to notify the District any time a TIF project involving a housing subdivision and/or apartment complex is proposed within the District. The school district was notified of this plan amendment prior to it being submitted to the CRA for initial consideration.

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

a. Land Acquisition:

This Redevelopment Plan for Area 26 provides for real property acquisition and this plan amendment does not prohibit such acquisition. There is no proposed acquisition by the authority.

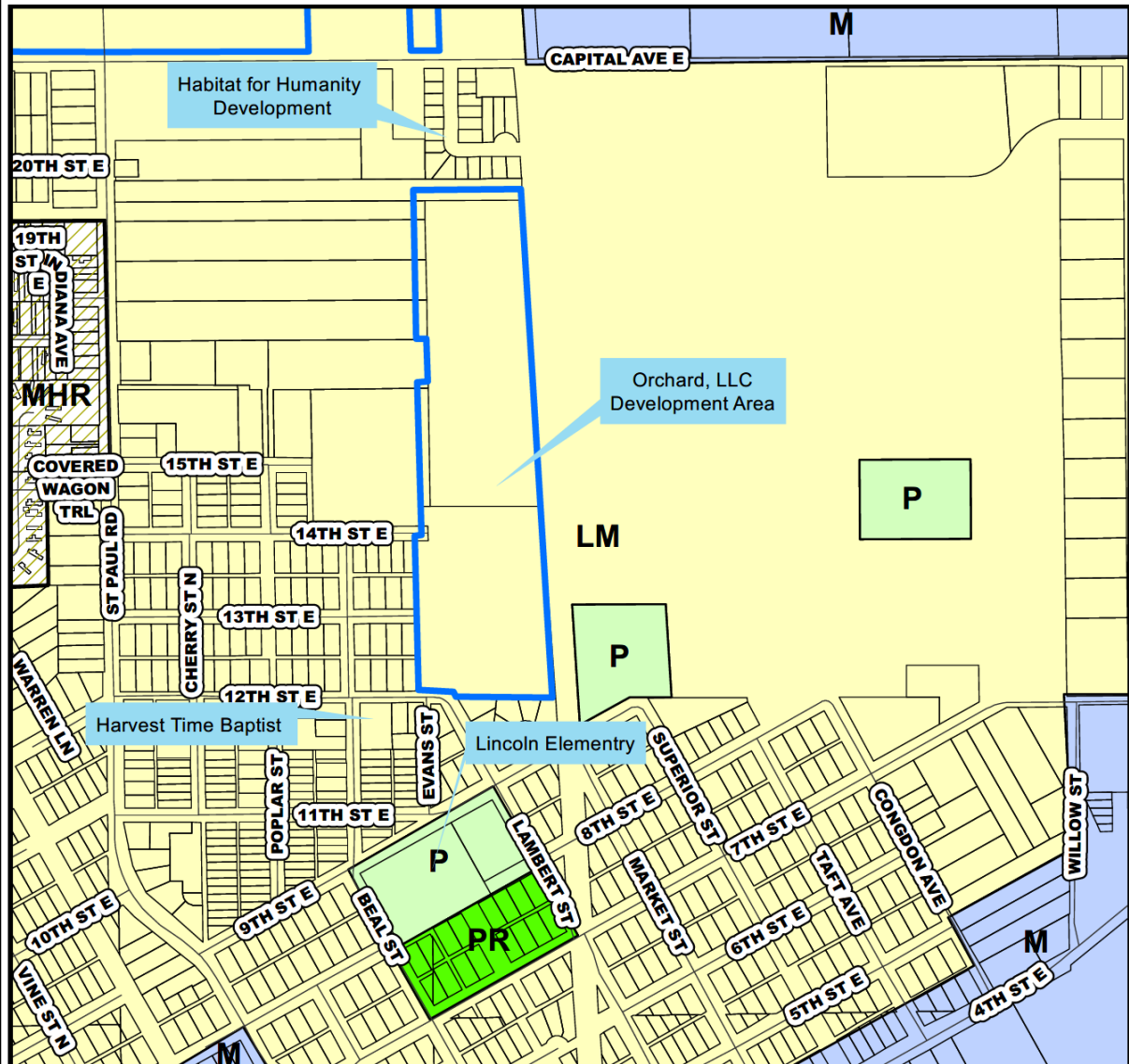
b. Demolition and Removal of Structures:

The project to be implemented with this plan does not provide for the demolition and removal any structures on this property.

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 low to medium density residential development. This property is in private ownership. [§18-2103(b) and §18-2111] The attached map also is an accurate site plan of the area after redevelopment. [§18-2111(5)]

FUTURE LAND USE LOCATION MAP



Scale: NONE
For Illustration Purposes

Legend

Orchard LLC, Development Area	MHR - Mobile Home
TA - Transitional Agriculture	MO - Mixed Use Office
DC - Down Town Commercial	M - Manufacturing
GC - General Commercial	MUM - Mixed Use Manufacturing
HC - Highway Commercial	P - Public
MUC - Mixed Use Commercial	PR - Parks and Recreation
LM - Low to Medium Residential	



THE REGIONAL PLANNING COMMISSION of Hall
County, Grand Island, Wood River and the Villages
of Alda, Cairo and Doniphan, Nebraska

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-3SL Medium Density Small Lot Residential zone. No zoning changes are anticipated with this project. New streets are anticipated and needed to support this project and it is anticipated that TIF revenues will offset the costs of those improvements. No changes are anticipated in building codes or ordinances. No other planning changes contemplated. [§18-2103(b) and §18-2111]

e. Site Coverage and Intensity of Use

The property is zoned R-3SL This zoning district allows for up to 50% of the property to be covered with buildings and lot sizes ranging from 2100 square feet for Row houses to a minimum of 3000 square feet for single family detached homes. The proposed development meets those coverage and intensity of use requirements. [§18-2103(b) and §18-2111]

f. Additional Public Facilities or Utilities

Sanitary sewer and water are available to support this development. Both sanitary sewer and water will need to be extended throughout the site. TIF revenues will be used to offset the cost of these public utility improvements.

Electric utilities are sufficient for the proposed use of this property. Electric line will need to be extended throughout the property.

No other publicly owned 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 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 is estimated a purchase value of \$2,000,000 as an eligible expense. The estimated costs of grading, streets, sanitary sewer, water and storm sewer is \$4,000,000

The total of the eligible expenses for this project is estimated by the developer at \$6,000,000.

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 \$6,000,000 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, 2021 through December 2043.

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. 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 accomplish the goal of increasing the number of residential units within the City of Grand Island and encouraging infill development.

8. Time Frame for Development

Development of this project is anticipated to begin in the 2019 year. The subdivision will likely be built in three phases with approximately 60 lots per phase. The developer is anticipating construction of 20 units per year though this may be adjusted for market

demand. It is anticipated that the final homes in this development will be built in 2027 with the tax increment on those homes extending to 2042. Excess valuation should be available for the first homes built with this project for 15 years beginning with the 2021 tax year.

9. Justification of Project

The 2014 housing study for the City of Grand Island projected that by 2019 we would need an additional 1734 new housing units. Between January 1 of 2014 and August of 2018 permits for 1028 new housing units had been issued. The current housing market, a combination of the cost of producing housing and the prevailing wages, has not created a situation that gives the markets sufficient incentive to build the number housing units required to meet community needs. This lack of housing options impacts a variety of other areas within the community including work force development, overcrowding, maintenance of residential units and rents. This project will create new housing options in one of the oldest areas of the City. These new housing options include row houses along with townhomes and single family houses on smaller lots. All of this should lower the cost of construction and the overall sales price of the homes, making them more affordable.

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.* (2019), the City of Grand Island has analyzed the costs and benefits of the proposed Redevelopment Project, including:

Project Sources and Uses. Approximately \$6,000,000 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 \$6,000,000 in private sector financing; a private investment of \$5.25 for every TIF and grant dollar investment.

Use of Funds	Source of Funds.		
Description	TIF Funds	Private Funds	Total
Site Acquisition	\$2,000,000	\$	\$2,000,000
Legal and Plan*		\$80,000	\$80,000
Financing Fees		\$20,000	\$20,000
Engineering/Arch		\$50,000	\$50,000
New Construction		\$31,000,000	\$31,000,000
On Site Improvements	\$4,000,000		\$4,000,000
Contingency	\$6,000,000	\$350,000	\$350,000
TOTALS	\$6,000,000	\$31,500,000	\$37,500,000

Tax Revenue. The property to be redeveloped is anticipated to have a January 1, 2019, valuation of approximately \$203,000. Based on the 2017 levy this would result in a real property tax of approximately \$4,573. It is anticipated that the assessed value will increase by \$39,800,000 upon full completion, as a result of the site redevelopment. This development will result in an estimated tax increase of over \$890,000 annually. The tax increment gained from this Redevelopment Project Area would not be available for use as city general tax revenues, for the period of the bonds, but would be used for eligible private redevelopment costs to enable this project to be realized.

Estimated 2019 assessed value:	\$ 203,000
Estimated value after completion	\$ 40,000,000
Increment value	\$ 39,797,000
Annual TIF generated (estimated)	\$ 890,000
TIF bond issue	\$ 6,000,000

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

The redevelopment project area currently has an estimated valuation of \$203,000. The proposed redevelopment will create additional valuation of \$39,800,000 over the course of the next nine years. The project creates additional valuation that will support taxing entities long after the project is paid off along with providing 181 additional housing units that can be built and sold for less than \$200,000.

(b) Public infrastructure and community public service needs impacts and local tax impacts arising from the approval of the redevelopment project;

Existing water and waste water facilities will not be negatively impacted by this development. The electric utility has sufficient capacity to support the development. This is infill development with services connecting to existing line with capacity. This development is likely to result in a larger number of students in the Lincoln Elementary School service area. Fire and police protection are available and should not be negatively impacted by this development though there will be some increased need for officers and fire fighters as the City continues to grow whether from this project or others.

Housing of the type proposed is likely to attract families to the neighborhood. Lincoln Elementary school is currently near or at capacity and this will likely cause some issues. The project is proposed for development at about 20 units per year so the impact will not be immediate.

(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 for the residents of Grand Island. The National Homebuilders Association estimates that each new single family home is the

equivalent of 2.5 full time equivalent jobs so this development at 20 houses per year would represent an additional 50 FTE's within the city for the next nine years.

(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 different from any other expanding business within the Grand Island area. Grand Island does have tight labor market and part of that is due to the availability and cost of housing. This development may help alleviate some of those pressures.

(e) Impacts on student populations of school districts within the City or Village:

This development will have an impact on the Grand Island School system and will likely result in additional students at both the elementary and secondary school levels.

The average number of persons per household in Grand Island for 2012 to 2016 according the American Community Survey is 2.65. 181 additional households would house 480 people. According to the 2010 census 19.2% of the population of Grand Island was between the ages of 5 and 18. If the averages hold it would be expected that there would be an additional 92 school age children generated by this development. If this develops at a rate of 20 houses per year for 9 years approximately 10 children would be added to the school age population every year with this development. These 10 children will likely be spread over the full school age population from elementary to secondary school. According to the National Center for Educational Statistics¹ the 2015-16 enrollment for GIPS was 9,698 students and the cost per student in 2013-14 was \$12,343 of that \$5,546 is generated locally. The Grand Island Public School System was notified on October 16, 2018 that the CRA would be considering this application at their November 14, 2018 meeting.

(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 is consistent the goals of the 2014 Housing Study for the City of Grand Island to create more than 1700 new dwelling units by 2019. It appears that the City of Grand Island will have added more than 1000 units by 2019 but that still leaves a deficit of the projected need of 700 units. The local housing market is not capable of producing the number of units needed at market rate given the costs of building and development.

Time Frame for Development

Development of this project is anticipated to be completed during between Spring of 2019 and the end of 2028. The base tax year should be calculated on the value of the

¹ https://nces.ed.gov/ccd/districtsearch/district_detail.asp?ID2=3100016

property as of January 1, 2019 for the first phase with each phase based on the preceeding year's valuation of the property included in the amendment for that year. Excess valuation should be available for this project beginning in 2020 with taxes due in 2021. 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 on each property or an amount not to exceed \$6,000,000 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 \$6,000,000 on TIF eligible activities.

**COMMUNITY REDEVELOPMENT AUTHORITY
OF THE CITY OF GRAND ISLAND, NEBRASKA**

RESOLUTION NO. 286

**RESOLUTION OF THE COMMUNITY REDEVELOPMENT AUTHORITY OF THE CITY
OF GRAND ISLAND, NEBRASKA, SUBMITTING A PROPOSED
REDEVELOPMENT CONTRACT TO THE HALL COUNTY REGIONAL PLANNING
COMMISSION FOR ITS RECOMMENDATION**

WHEREAS, this Community Redevelopment Authority of the City of Grand Island, Nebraska ("Authority"), pursuant to the Nebraska Community Development Law (the "Act"), prepared a proposed redevelopment plan (the "Plan") a copy of which is attached hereto as Exhibit 1, for redevelopment of an area within the city limits of the City of Grand Island, Hall County, Nebraska; and

WHEREAS, the Authority is required by Section 18-2112 of the Act to submit said to the planning board having jurisdiction of the area proposed for redevelopment for review and recommendation as to its conformity with the general plan for the development of the City of Grand Island, Hall County, Nebraska;

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

The Authority submits to the Hall County Regional Planning Commission the proposed Plan attached to this Resolution, for review and recommendation as to its conformity with the general plan for the development of the City of Grand Island, Hall County, Nebraska.

Passed and approved this 14th day of November, 2018

COMMUNITY REDEVELOPMENT
AUTHORITY OF THE CITY OF
GRAND ISLAND, NEBRASKA.

By 
Chairperson

ATTEST:


Secretary

Orchard LLC

Resolution Number 2019-03

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 Redevelopment Plan for CRA Area 26 requested by Orchard 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 December 5, 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 November 16th and Friday November 23rd, 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: December 5, 2018.

HALL COUNTY REGIONAL PLANNING COMMISSION

ATTEST:

By: _____
Chair

By: _____
Secretary