



City of Grand Island

Tuesday, August 27, 2019

Council Session

Item C-3

Presentation Concerning Proposed Fiscal Year 2019-2020 Community Redevelopment Authority (CRA) Budget

Staff Contact: Chad Nabity

Council Agenda Memo

From: Chad Nabity, AICP, Director

Meeting: August 27, 2019

Subject: Community Redevelopment Authority 2019-2020
Annual Budget

Presenter(s): Chad Nabity, Director

It is my privilege to present to you the budget for the Community Redevelopment Authority (CRA) for 2019-2020. This plan and budget continues the high-quality services that have enabled the CRA to partner with the City of Grand Island, private developers and businesses and with property owners in the blighted and substandard areas to make Grand Island vibrant, clean, safe and attractive.

The CRA budget for 2019-2020 is offered to you with a review of the responsibilities of the CRA. Those responsibilities and abilities are outlined in State Statutes and are summarized, in part, as follows:

The creation of a Redevelopment Authority was authorized by the Nebraska Legislature in order to provide communities with the ability to address certain areas of a city in need of improvement and development. Powers granted to CRAs are outlined in Chapter 18 of the Statutes and include the ability to expend funds to acquire substandard or blighted areas, make public improvements, and assist with development and redevelopment projects in specified areas. The Authority has virtually the same powers as any political subdivision, including borrowing money, issuing bonds, undertaking surveys and appraisals and asking for a levy of taxes.

A five-member board, appointed by the Mayor with the approval of the City Council, governs the CRA. The CRA is administered by a Director and devotes the overwhelming share of its resources to highly visible and effective programs. The CRA funds its programs primarily through assessments on taxable properties within the Grand Island city limits.

BLIGHTED AND SUBSTANDARD AREAS

There are 29 designated Blighted and Substandard Areas within the Grand Island City Limits. The City of Grand Island has the authority to designate up to 35% of the community a blighted and substandard. At present 22.94% of the City has been designated blighted and substandard. Council has approved four blight study during the last year for area 16 (Veteran's Home), 28 (1 block between Cleburn and Elm and 6th and

7th), 29 (Lewis Greenscape Property), and 30 (1 block between Carey and Ruby and 4th and 5th). The proposed study for the Conestoga Mall Areas (28) was pulled for consideration by the applicant but could be sent to planning commission at any time. Information about all of the Grand Island CRA Areas and TIF Projects that have been approved are available at: <https://tinyurl.com/GI-CRA>.

CRA MISSION

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. They do this by encouraging new investment and improved infrastructure in older areas of the community through the use of tax increment financing. They also take an active role in purchasing and demolishing properties that need to be cleared. This property is then made available for redevelopment.

FISCAL RESOURCES

General Revenues for 2019-2020

The CRA is requesting property tax revenues of \$697,229 including \$194,229 for Lincoln Pool Construction and Bonds and \$503,000 for all other CRA programs. The CRA is requesting the same levy that was approved last year 0.0229. The CRA is allowed a levy of up to 0.026. This will allow the CRA to meet obligations, continue with their successful programs, the levies and tax asking have been:

2018-2019	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012
0.0229	0.0229	0.026	0.026	0.026	0.026	0.026	0.026
\$684,000	\$670,241	746,691	\$732,050	\$691,245	\$669,384	\$654,437	\$639,405

Program Funding

The CRA has the ability to assist private developers and governmental entities with the commercial, residential or mixed-use redevelopment projects throughout the City. Specific detail on projects is as follows:

- **Facade Development:** For the façade development program \$220,000 has been budgeted, including grants and interest buy down. Last year the CRA funded \$200,000 of façade projects and received application for more than \$1,000,000. No projects will be approved until after the budget is finalized. This program has been used extensively in the Downtown part of Redevelopment Area #1 but has also been used in Areas #2 and #6. It is only available in those areas that have a generalized redevelopment plan including commercial façade development

- **Husker Harvest Days Commitments:** Farm Progress, the City of Grand Island and the CRA entered into an agreement in November of 2017 to facilitate infrastructure improvements at the Husker Harvest Days site. The CRA has committed to transfer \$200,000 a year to Farm Progress for 10 years beginning in November of 2018. The City has agreed to transfer \$200,000 from the food and beverage tax collections to the CRA in October of each year to cover that payment. Farm Progress made more than \$7,500,000 worth of improvements to the site and will continue to hold at least a three day event on the site for the next 20 years or be subject to repayment penalties. This is the second of ten scheduled payments.
- **TIF Payments:** The largest portion of the CRA Budget is the payments on the TIF Bonds. These payments are funded by the tax increment created by each project. The funds are received from the County Treasurer in the month after the taxes have been paid and the CRA places those funds in a separate account for each project and send payment in the amount received from the treasurer to the bond holder of record. Accounts are set up by the finance department after the first payment is received from the treasurer. It is expected that the CRA will make TIF payments totaling around \$1,500,000 on all project. The TIF line item does budget \$2,500,000 to accommodate new projects and the possibility that a project may need to pay off prior to the end of the bond period. There are 59 TIF projects with signed contracts and one project with an approved and unsigned contract (Rawr Holding). The CRA will pay off the Old Walnut project this year and potentially the first of Todd Enck's projects at Blake and Darr.
- **Other Projects:** In the blighted and substandard areas \$220,000 has been reserved for other projects. This funding can be assigned to specific projects including but not limited to infrastructure improvements in the blighted and substandard areas that would support larger redevelopment plans. The CRA is planning to assist in the development of property in northeast Grand Island as part of the Starostka's Fifth Street project in a manner similar to the Poplar Street project for Habitat for Humanity. The CRA will be purchasing a portion of the bonds related to the sanitary sewer improvement district for a portion of the lots being developed by Starostka Contracting LLC. The CRA will be paid back with the TIF on the development of housing in that area. A second project under consideration is expansion of the historic lighting in the Railside District if a formula can be worked out with the Railside Board and Railside property owners. The CRA has used this funding item in the past to fund additional façade improvement projects and to make grants to fund specific projects for: the Business Improvement Districts, the Grand Island Parks Department, Fonner Park, The Central Nebraska Humane Society, St. Stephens, Habitat for Humanity and other community groups for specific projects that meet the mission of the CRA.

CONCLUSION

This budget provides for measured funding of redevelopment efforts during the 2019-2020 fiscal year. The investments this community has made in housing, redevelopment efforts, infrastructure and economic development bode well for the future of the

community. This budget is reflective of the commitments the CRA has made and will enable them to pay off existing commitments and maintain a cash balance to guarantee payment of future commitments.

The CRA will also continue to examine the community to identify areas that might benefit from a Blighted and Substandard declaration and to review and recommend approval of redevelopment plan amendments for tax increment financing projects on both large and small scale developments. **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.** All of the tools used by the CRA are necessary for them to accomplish this mission:

**COMMUNITY REDEVELOPMENT AUTHORITY
2020 BUDGET**

	<u>2019 BUDGET</u>	<u>2018-2019 YE Projected</u>	<u>2020 BUDGET</u>
CONSOLIDATED			
Beginning Cash	675,752	675,752	622,763
REVENUE:			
Property Taxes - CRA	489,000	489,000	503,000
Property Taxes - Lincoln Pool	197,000	197,000	194,229
Property Taxes -TIF's	2,400,000	2,400,000	2,500,000
Loan Income (Poplar Street Water Line)	14,000	13,000	13,000
Interest Income - CRA	300	10,000	10,000
Interest Income - TIF'S			
Land Sales	100,000	39,000	200,000
Other Revenue - CRA	430,000	400,000	300,000
Other Revenue - TIF's	749,000	749,000	
TOTAL REVENUE	4,379,300	4,297,000	3,720,229
TOTAL RESOURCES	5,055,052	4,972,752	4,342,992
EXPENSES			
Auditing & Accounting	3,000	3,000	3,000
Legal Services	3,000	1,500	3,000
Consulting Services	5,000	-	5,000
Contract Services	75,000	60,000	75,000
Printing & Binding	1,000	-	1,000
Other Professional Services	16,000	5,107	16,000
General Liability Insurance	250	-	250
Postage	200	100	200
Life Safety	200,000	80,000	
Legal Notices	500	200	500
Travel & Training	1,000	-	4,000
Other Expenditures	-	-	-
Office Supplies	1,000	200	1,000
Supplies	300	-	300
Land	-	140	100,000
Bond Principal - Lincoln Pool	180,000	180,000	180,000
Bond Interest	17,065	17,065	14,229
Husker Harvest Days Payment Year 2	200,000	200,000	200,000
Façade Improvement	200,000	150,000	220,000
Building Improvement	926,000	488,677	715,000
Other Projects	25,000	15,000	220,000
Bond Principal-TIF's	3,149,000	3,149,000	2,500,000
Bond Interest-TIF's			
Interest Expense			
TOTAL EXPENSES	5,003,315	4,349,989	4,258,479
INCREASE(DECREASE) IN CASH	(624,015)	(52,989)	(538,250)
ENDING CASH	51,737	622,763	84,513

City of Grand Island Report on the Usage of TIF as Required by N.R.S.S. §18-2117.02

Prepared by the Hall County Regional Planning Department

Presented April 30, 2019

- (1) The total number of redevelopment projects within the city that have been financed in whole or in part through the division of taxes as provided in section 18-2147;**

There have been 60 projects approved for TIF in Grand Island beginning with the Yancey Hotel Project in 1985 through December 31, 2018. The CRA and City have considered or will consider approval of 7 more projects by the beginning of May 2019.

- (2) The total estimated project costs for all such redevelopment projects;**

The total for all redevelopment projects approved by the City of Grand Island as of May 1, 2019 is \$416,676,067. The total for all projects approved through December 31, 2018 is \$372,342,538. There is no information available on the first TIF Project on the Yancey Hotel in downtown Grand Island.

- (3) A comparison between the initial projected valuation of property included in each such redevelopment project as described in the redevelopment contract and the assessed value of the property included in each such redevelopment project as of January 1 of the year of the report;**

See the attached Spreadsheet Total of All TIF Projects

- (4) The number of such redevelopment projects for which financing has been paid in full during the previous calendar year and for which taxes are no longer being divided pursuant to section 18-2147;**

Final payments were made on three projects between January 1, 2018 and December 31, 2018.

- (5) The number of such redevelopment projects approved by the governing body in the previous calendar year;**

A total of seven TIF contracts were approved and signed during the 2018 calendar year.

- (6) Information specific to each such redevelopment project approved by the governing body in the previous calendar year, including the project area, project type, amount of financing approved, and total estimated project costs; and**

See the attached Spreadsheet TIF Projects Approved January 1, 2018 to December 31, 2018

- (7) The percentage of the city that has been designated as blighted.**

As of May 1, 2019 20.11% of the Grand Island Municipal Limits had been declared blighted and substandard.

See the Attached Map or Check Out our online map that displays blighted and substandard areas and TIF Projects. <https://tinyurl.com/GI-TIF-Projects>

TIF Projects Approved by The City of Grand Island January 1, 2018 to December 31, 2018

CRA Area	Project	Projected Redev. Cost	TIF Amount	Project Description
1	Hedde Building LLC (Hedde Building)**	\$ 3,946,918	\$ 603,245	Redevelop Downtown Building for Commercial and Residential Uses
1	Urban Island LLC (320 N Pine)	\$ 1,136,636	\$164,181	Redevelop Downtown Building for Commercial and Residential Uses
1	Take Flight Development (209 W 3rd)	\$ 371,189	\$99,200	Redevelop Downtown Building for Commercial and Residential Uses
1	Weinrich Developments (408 E 2nd)	\$ 220,778	\$40,946	Acquire and clear property and build 3 Plex on a Vacant Lot
12	Copper Creek Phase 2 (The Guarantee Group)*	\$ 19,607,810	\$4,754,848	Develop 80 Single Family Homes over a period of up to 10 years
21	Cenrtal NE Truck Wash Inc	\$ 5,092,615	\$849,520	Aquire and clear property for a Truck Wash and Trailer Washout Facility
2	Grand Island Hotel LLC	\$ 8,060,252	\$1,824,179	Acquire propery install utilities and streets and build a 79 unit hotel
1	Paramount Development LLC (Sears 2nd Floor)	\$ 637,800	\$159,814	Acquire property and renovate the 2nd floor of the old Sears Building for 4 apartm
	Totals	\$ 39,073,998	\$ 8,495,933	
	Mixed Use			
	Residential			
	Commercial			

Total of All TIF Projects
2018 Property Values
CRA of Grand Island

Project	Base	TIF Excess	2018 Valuation	Projected Value vs. Actual Value
1 Yancey Hotel				
2 GILI**	\$ 9,561		\$ 1,770,879	
3 GI Cherry Park, LTD. Two**	\$ 9,942		\$ 1,423,813	
4 RSF LTD PARTNERSHIP (Gentle Dental)**	\$ 168,849	\$ 265,541	\$ 434,390	
5 PROCON (City Hall)	\$ 189,234	\$ 1,227,538	\$ 1,416,772	
6 Walnut Housing, Inc	\$ 107,150	\$ 2,200,860	\$ 2,308,010	\$ (1,191,990)
7 Bruns Pet Grooming	\$ 61,959	\$ 664,004	\$ 725,963	\$ 228,003
8 Girard Vet Clinic	\$ 78,431	\$ 491,853	\$ 570,284	\$ 29,121
9 Southeast Crossings	\$ 232,690	\$ 729,399	\$ 962,089	\$ 175,736
10 PROCON (Geddes St. Appts)	\$ 27,498	\$ 1,471,256	\$ 1,498,754	\$ 98,754
11 South Pointe Development LLC	\$ 234,722	\$ 3,889,696	\$ 4,124,418	\$ (1,205,582)
12 Todd Enck	\$ 20,467	\$ 290,472	\$ 310,939	\$ 10,939
13 Casey's Store (Five Points)	\$ 172,713	\$ 653,121	\$ 825,834	\$ (574,166)
14 John Schulte Contruction	\$ 63,684	\$ 361,019	\$ 424,703	\$ 131,121
15 Pharmacy Properties, LLC	\$ 39,495	\$ 549,595	\$ 589,090	\$ 202,090
16 Ken Ray, LLC	\$ 856,619	\$ 2,148,693	\$ 3,005,312	\$ 1,205,312
17 Poplar Street Water Project	\$ 1,155,016	\$ 626,310	\$ 1,781,326	\$ 366,255
18 Skagway**	\$ 2,252,800	\$ 908,937	\$ 3,161,737	\$ (1,702,929)
19 Arnold Wenn	\$ 19,523	\$ 211,168	\$ 230,691	\$ 50,498
20 Token Properties LLC	\$ 14,507	\$ 132,112	\$ 146,619	\$ (3,697)
21 Stratford Plaza LLC (Howard Johnsons)	\$ 2,095,733	\$ 1,532,860	\$ 3,628,593	\$ (62,190)
22 EIG Grand Island LLC	\$ 4,126,165	\$ 3,317,944	\$ 7,444,109	\$ 571,351
23 Baker Development	\$ 20,909	\$ 173,959	\$ 194,868	\$ 14,868
24 Token Properties LLC (Carey St)	\$ 38,645	\$ 363,626	\$ 402,271	\$ 42,271
25 Gordman Grand Island LLC	\$ 2,187,305	\$ 3,284,930	\$ 5,472,235	\$ (527,765)
26 Token Properties LLC (Kimball St)	\$ 17,475	\$ 127,642	\$ 145,117	\$ (14,883)
27 Auto One Inc.	\$ 90,194	\$ 646,954	\$ 737,148	\$ 257,148
28 Habitat (St Paul Road)	\$ 46,851	\$ 201,918	\$ 248,769	\$ 8,769
29 Chief	\$ 2,183,323	\$ 175,270	\$ 2,358,593	\$ (1,510,552)
30 Copper Creek (The Guarantee Group)	\$ 1,517,961	\$ 32,911,611	\$ 34,412,195	\$ 2,912,195
31 Habitat (8th and Superior)	\$ 14,125	\$ 506,102	\$ 520,227	\$ 65,227
32 Mainstay Suites	\$ 263,105	\$ 2,969,301	\$ 3,232,406	\$ 232,406
33 Tower 217	\$ 99,655	\$ 1,225,269	\$ 1,324,924	\$ 574,924
34 Pridon LLC	\$ 1	\$ 1,778,183	\$ 1,778,184	\$ (621,816)
35 SMD-AWG Five Points	\$ 915,957	\$ 5,662,281	\$ 6,578,238	\$ (1,279,762)
36 Grand Island Mall	\$ 2,044,858	\$ 8,936,921	\$ 10,981,779	\$ (10,588,221)
37 TC Enck Builders, Inc (1616 S Eddy)	\$ 9,460	\$ 157,891	\$ 167,351	\$ 7,351
38 T & S Development (312 W 3rd)	\$ 353,827	\$ 591,621	\$ 945,448	\$ (191,393)
39 Bosselman Real Estate (1616 S Locust)	\$ 2,652,701	\$ 4,184,187	\$ 6,836,888	\$ (15,942,100)
40 Hatchery Holdings, LLC	\$ 123,002	\$ 7,657,364	\$ 7,780,366	\$ (3,819,634)
41 Pump & Pantry, Inc.	\$ 393,355		\$ 393,355	
42 Wing Properties Inc.	\$ 71,384	\$ 128,938	\$ 200,322	\$ (181,944)
43 Talon Apartments	\$ 44,345	\$ 6,235,276	\$ 6,279,621	\$ (13,204,959)
44 Hoppe Homes East Park on Stuhr	\$ 166,178	\$ 5,045,957	\$ 5,212,135	\$ (2,287,865)
45 TW Ziller Labor Temple	\$ 64,628	\$ 46,515	\$ 111,143	\$ (610,604)
46 Middleton	\$ 886,524	\$ 659,287	\$ 1,545,811	\$ 609,144
47 Think Smart (204 N. Carey)	\$ 8,400	\$ 86,816	\$ 95,216	\$ (423,924)
48 Peaceful Root (Brown Hotel 112 W. 2nd)	\$ 140,447	\$ -	\$ 140,447	\$ (874,091)
49 Weinrich Developments (523 E. Division)	\$ 39,149	\$ 65,255	\$ 104,404	\$ (195,596)
50 Prataria Ventures (Hospital)	\$ 381,000	\$ -	\$ 381,000	\$ (62,619,000)
51 O'Neill Wood Resources	\$ 199,650	\$ -	\$ 199,650	\$ (941,343)
52 Hedde Building LLC (Hedde Building)**	\$ 101,218	\$ -	\$ 101,218	\$ (1,851,184)
53 Urban Island LLC (320 N Pine)	\$ 150,688	\$ -	\$ 150,688	\$ (503,673)
54 Take Flight Development (209 W 3rd)	\$ 110,564	\$ -	\$ 110,564	\$ (304,325)
55 Personal Automotive/Mendex Enterprises	\$ 459,288	\$ -	\$ 459,288	\$ (655,712)
56 Weinrich Developments (408 E 2nd)	\$ 8,712	\$ -	\$ 8,712	\$ (291,288)
57 Copper Creek Phase 2 (The Guarantee Group)	\$ 504,382	\$ -	\$ 504,382	\$ (18,400,000)
58 Cenrtral NE Truck Wash Inc	\$ 491,539	\$ -	\$ 491,539	\$ (2,615,615)
59 Grand Island Hotel LLC	\$ 184,087	\$ -	\$ 184,087	\$ (5,913,726)
60 Paramount Development LLC (Sears 2nd Floor)	\$ 77,000	\$ -	\$ 77,000	\$ (473,000)
61 Orchard LLC/Hoppe Homes LP	\$ 203,000	\$ -	\$ 203,000	\$ (39,797,000)
62 Paramount Development LLC (Sears 1st Floor)	\$ 52,000	\$ -	\$ 52,000	\$ (588,000)
63 Wing Properties Inc. 112 E 3rd St	\$ 50,521	\$ -	\$ 50,521	\$ (311,048)
64 Rawr Holding LLC. 110 w 2nd St	\$ 91,284	\$ -	\$ 91,284	\$ (222,071)
65 Amur Financial (Old Wells Fargo Buiding)	\$ 1,875,000	\$ -	\$ 1,875,000	\$ -
66 Wald 12 Properties LLC	\$ 100,943	\$ -	\$ 100,943	\$ (1,568,647)
67			2018	
	Base	TIF Excess	Valuation	
Totals	\$31,371,398	\$105,495,452	\$140,024,662	

* Amount Developer agreed not to protest in contract with CRA

** TIF Contract Completed

