



# **Hall County Regional Planning Commission**

**Wednesday, May 1, 2019**

**Regular Meeting**

## **Item F3**

**Public Hearing - Redevelopment Plan - Starostka -**

**Staff Contact:**

## Agenda Item #6

### PLANNING DIRECTOR RECOMMENDATION TO REGIONAL PLANNING COMMISSION:

April 23, 2019

#### SUBJECT:

*Redevelopment plan amendment for property located in Blight and Substandard Area 1 for property located north of 4<sup>th</sup> Street between Congdon Ave. and Willow Street in Grand Island, in Hall County, Nebraska to support this development. (C-19--2019GI)*

#### PROPOSAL:

The Starostka Contracting LLC is proposing to purchase and develop 20 lots for residential use. The property is currently zoned M-2 Heavy Manufacturing but a rezoning request if approved would change the zoning to R3-SL Medium Density Small Lot Residential. The proposed uses are permitted in the requested 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 **proposed zoning** and the **future land use plan** as amended for this area within the City of Grand Island. If the future land use map is amended and the zoning approved this project will be consistent with the plan. The area immediately to the north and west of this property is already planned and used for residential purposes and part of this property is planned and used for residential purposes.

The Regional Planning Commission recommendation is limited to the appropriateness of the proposed use at this location. The Grand Island Comprehensive Plan if amended will call for the development low to medium density residential uses at this location. The proposed lots will be able to connect to city utilities including sewer and water at this location.

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 a residential development at this location is supported by the plan with the proposed amendments.

**RECOMMENDATION:**

That the Regional Planning Commission recommends find that the redevelopment plan is consistent with the Comprehensive Plan as amended (general plan for development) of the city of Grand Island. A resolution is attached for your consideration.

\_\_\_\_\_ Chad Nabity AICP, Planning Director

## **Redevelopment Plan Amendment Grand Island CRA Area 1 April 2019**

**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 1.**

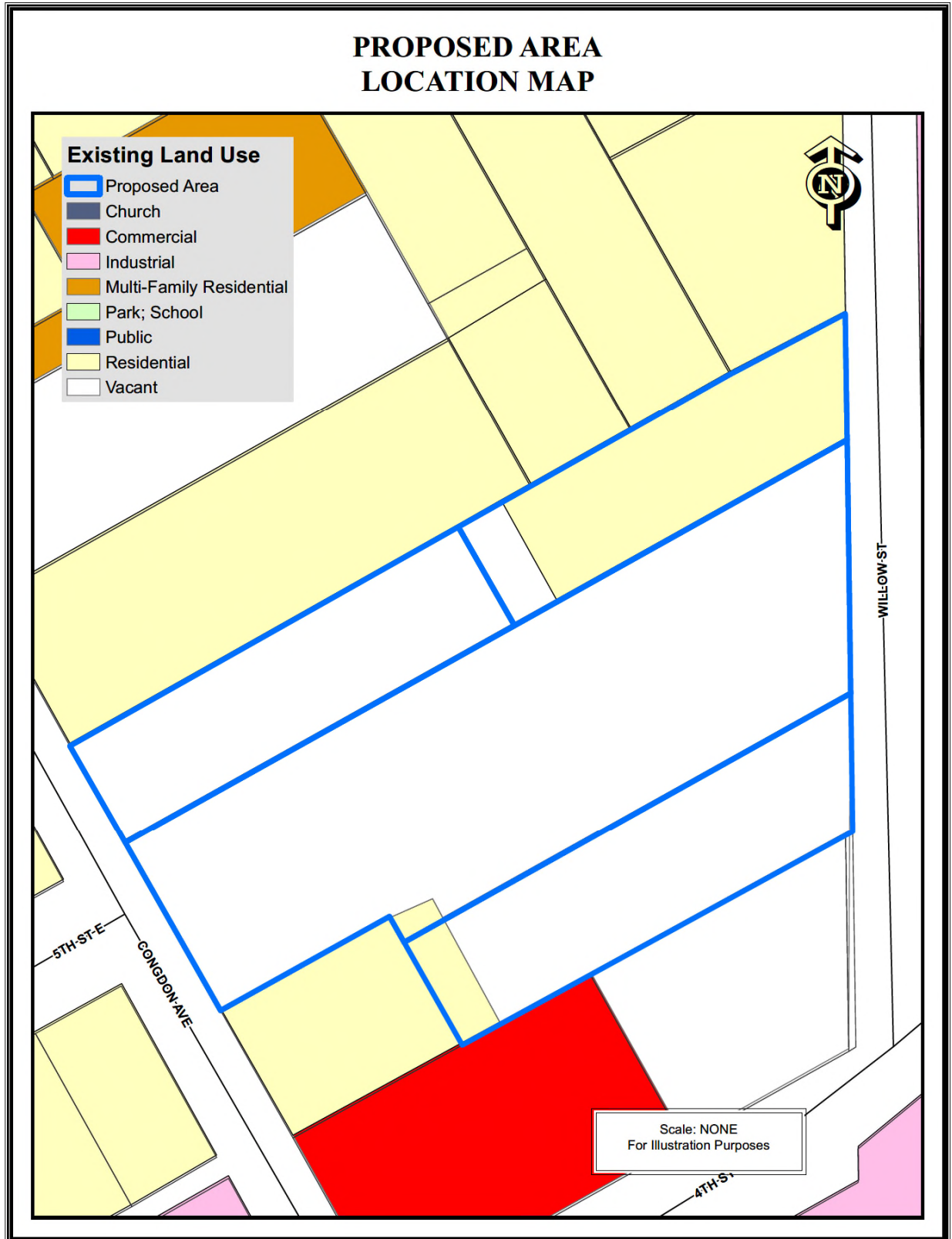
### **Executive Summary:**

#### **Project Description**

THE REDEVELOPMENT PROPERTY LOCATED NORTH OF FOURTH STREET BETWEEN CONGDON AVENUE AND WILLOW STREETS FOR RESIDENTIAL USES, INCLUDING ACQUISITION OF PROPERTY, SITE WORK, SEWER, SEWER WATER, STORM SEWER AND STREETS AND DEMOLITION OF AN EXISTING STRUCTURE AND CONSTRUCTION OF UP TO 20 NEW SINGLE FAMILY RESIDENCES.

**The use of Tax Increment Financing to aid in expenses associated with redevelopment of the property located at between Willow Street and Congdon Avenue along 5<sup>th</sup> Street extended from a vacant storage lot and single residence to a 20 lot residential subdivision. 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 developing a piece of property that the City staff including the planning department and Community Development staff have been interested in seeing developed since the early 2000’s. This property did not have access to City sewer and could not be developed without the extension of the sewer. The property has been used for a single house and as an industrial storage yard. The developers will ask the city to amend the comprehensive plan to show all of the property as planned for low to medium density residential and to rezone the property for residential uses. This project as proposed would not be possible without the use of TIF.**

Starostka Contracting LLC will be acquiring this property and is proposing to subdivide the property after rezoning into 20 residential lots for the development of two and three bedroom single family homes. The existing residential unit is currently vacant and the remaining property has been used for outdoor storage of construction materials. The developer is responsible for and has provided evidence that they can secure adequate debt-financing to cover the costs associated with this project. The Grand Island Community Redevelopment Authority (CRA) intends to pledge the ad valorem taxes generated for up to 15 years for a period beginning January 1, 2021 towards the allowable costs and associated financing project.



**Existing Land Use and Subject Property**

**TAX INCREMENT FINANCING TO PAY FOR THE REHABILITATION OF THE PROPERTY WILL COME FROM THE FOLLOWING REAL PROPERTY:**

Property Description (the “Redevelopment Project Area”)

Hall County Assessor Parcels 400059800, 400059819, 400059835 and 400059827

**Legal Descriptions:** All of Lots 11 and 12 and part of Lot 13 and Lot 14 of Lambert’s Subdivision in the City of Grand Island, Hall County, Nebraska. This property will be replatted prior to contract approval

**The tax increment will be captured for the tax years for which the payments become delinquent in years 2021 through 2038 inclusive with no property extending beyond the 15 maximum.**

**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 development of the 20 lots and construction of the houses over an anticipated period of five years. The property will need to be rezoned prior to construction and development.**

**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 up to 15 years after the effective date of this provision as set forth in the Redevelopment Contract, 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 December 19, 2000.[§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 substantially consistent with the Comprehensive Plan. Prior to approval of a contract for redevelopment the developer will request a modification to the Grand Island Comprehensive plan Future Land Use Map to show that this entire property is planned for residential development and for a change in zoning to a residential zoning district. **The Hall County Regional Planning Commission held a public hearing at their meeting on \_\_\_\_\_ and passed Resolution 2018-?? confirming that this project will be consistent with the Comprehensive Plan for the City of Grand Island as amended.**

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

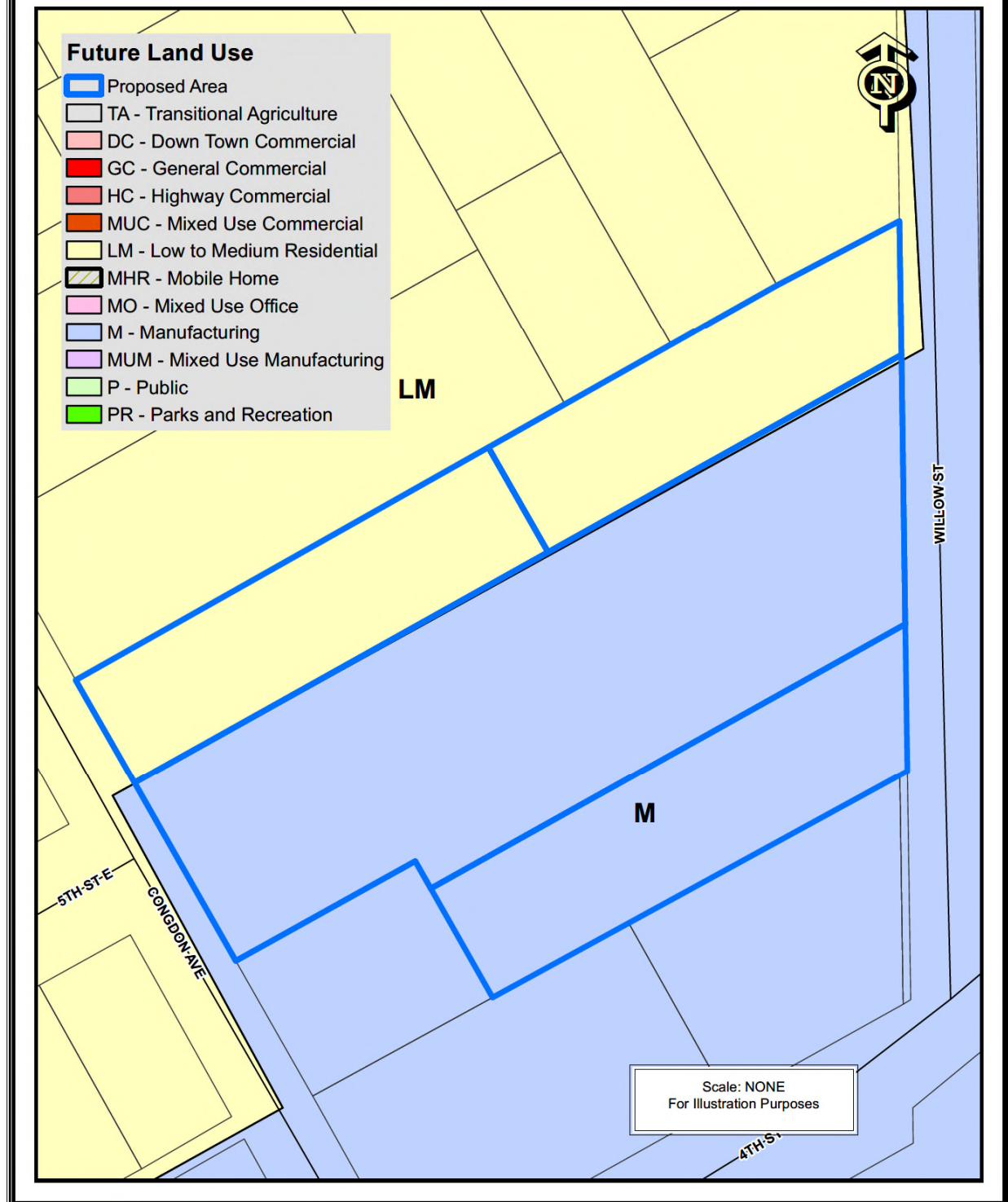
***a. Land Acquisition:***

The Redevelopment Plan for Area 1 provides for real property acquisition and this plan amendment does not prohibit such acquisition. The developer is proposing to acquire the property on a per lot basis from the current owners.. There is no proposed acquisition by the authority.

***b. Demolition and Removal of Structures:***

The project to be implemented does involve demolition of one residential structure and a garage. Based on the records from the Hall County Assessor's office the house was constructed in 1926 and the condition is badly worn..

## PROPOSED AREA LOCATION MAP



**City of Grand Island Future Land Use Map**



***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 and manufacturing development. It is anticipated that the future land use map will be modified to reflect residential development across the entire site prior to approval of this plan or any redevelopment contract. This property is in private ownership. [§18-2103(b) and §18-2111]

***d. Changes to zoning, street layouts and grades or building codes or ordinances or other Planning changes.***

The area is zoned M-2 Heavy Manufacturing zone. It is anticipated that this property will be rezoned to R-3SL medium density small lot residential zone prior to or along with the approval of this plan. No changes are anticipated in street layouts or grades. 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 increase the number of dwelling units on the property from one to twenty and convert open storage space to residential lots. The size of the building and lot coverage will increase, but remain in conformance with the applicable regulations regarding site coverage and intensity of use for the proposed zoning district. [§18-2103(b) and §18-2111]

***f. Additional Public Facilities or Utilities***

Sewer and water are available to support this development. Sewer is currently being extended to this property through an assessment district. This project will result in an increased in the number of services provided in the district and lower the overall cost of each service. This will result in lower assessment for the other properties participating in the district. Water is available to the subdivision and will be extended to all of the lots.

Electric utilities are sufficient for the proposed use of this building.

No other utilities would be impacted by the development.

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. The existing house on this**

**property was vacant prior to consideration of this plan. 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 estimated costs for this project including acquisition are \$2,367,000. Site acquisition is expected to cost \$401,500 on a per lot basis. Site improvements including: tree removal, utility improvements, sidewalks and other flat concrete of \$587,565. Architectural and Engineering planning services of \$61,250 and are included as a TIF eligible expense. Legal, Developer and Audit Fees including a reimbursement to the City and the CRA of \$114,775 are included as TIF eligible expense. The total of eligible expenses for this project is \$1,165,090.

**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 \$1,165,090 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 2039.

***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. This will have the intended result of preventing recurring elements of unsafe buildings and blighting conditions. This will develop a vacant and underutilize property with 10 brand new single family dwelling units in a manner consistent with the goals of the 2014 Housing Study for the City of Grand Island.

## **8. Time Frame for Development**

Development of this project is anticipated to be completed between July 2019 and December of 2024. Excess valuation should be available for this project for up to 15 years on each house beginning with the 2020 tax year.

## **9. Justification of Project**

This property has been in the Grand Island municipal limits and largely undeveloped for more than 100 years. The proposed construction will provide new quality housing in an existing neighborhood and remove a structure contributing to blight within the neighborhood.

**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 Redevelopment Project, including:

**Project Sources and Uses.** Public funds from tax increment financing in the amount of \$1,165,090 provided by the Grand Island Community Redevelopment Authority will be required to complete the project. This investment by the Authority will leverage \$3,805,125 in private sector financing and equity investment; a private investment of \$3.27 for every TIF dollar invested.

Use of Funds	Source of Funds.		
Description	TIF Funds	Private Funds	Total
Site Acquisition	\$401,500		\$401,500
Legal and Plan*	\$114,775		\$114,775
Engineering/Arch	\$61,250		\$61,250
Financing		\$364,125	\$364,125
Demolition/Cleanup	\$49,644		\$49,644
Sanitary Sewer	\$129,680		\$129,680
Water	\$80,163		\$80,163
Storm Sewer	\$27,295		\$27,295
Grading/Paving	\$300,783		\$300,783
New Construction		\$3,400,000	\$3,400,000
Contingency		\$41,000	\$41,000
<b>TOTALS</b>	<b>\$1,165,090</b>	<b>\$3,805,125</b>	<b>\$4,970,215</b>

**Tax Revenue.** The property to be redeveloped has January 1, 2019, valuation of approximately \$60,373. Based on the 2018 levy this would result in a real property tax of approximately \$1,360. It is anticipated that the assessed value will increase by \$4,038,000 upon full completion, as a result of the site redevelopment. This development will result in an estimated tax increase of over \$84,075 annually. 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 2019 assessed value:	\$ 60,373
Estimated taxable value after completion	\$ 4,098,000
Increment value	\$ 4,038,000
Annual TIF generated (estimated)	\$ 84,075
TIF bond issue	\$ 1,165,090

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

The redevelopment project area currently has an estimated valuation of \$60,373. The proposed redevelopment will create additional valuation of \$4,038,000. 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.

***(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. The Grand Island Public School system was notified of this application prior to consideration of this plan by the Grand Island CRA, Regional Planning Commission or City Council. Fire and police protection are available and should not be negatively impacted by this development though any additional development and population may impact time of service.

***(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 4 houses per year would represent an additional 8 FTE's within the city for the next five 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 except potentially to provide housing options for employees.

***(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. Twenty additional households would house 53 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 11 school age children generated by this development. If this develops at a rate of 4 houses per year for 5 years approximately 3 children would be added to the school age population every year with this development. These 3 children will likely be spread over the full school age population from elementary to secondary school. According to the National Center for Educational Statistics<sup>1</sup> 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 April 3, 2019 that the CRA would be considering this application at their April 10, 2019 meeting.

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<sup>1</sup> [https://nces.ed.gov/ccd/districtsearch/district\\_detail.asp?ID2=3100016](https://nces.ed.gov/ccd/districtsearch/district_detail.asp?ID2=3100016)

***(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 July of 2019 beginning with property clearance and utility installation and December of 2024. The base tax year should be calculated on the value of the property as of January 1, 2020. Excess valuation should be available for this project for 15 years beginning in 2021 with taxes due in 2022. 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 house or an amount not to exceed \$1,165,090 or about 92% of the projected amount of increment based upon the anticipated value of the project and current tax rate. The developer will spend at least \$1,165,090 on eligible activities based on the estimates presented.

**Resolution Number 2019-09**

**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 1 requested by Starostka Contracting 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 May 1, 2019, 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 12<sup>th</sup> and Friday April 19<sup>th</sup>, 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 as amended.

**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:** May 1, 2019

**HALL COUNTY REGIONAL PLANNING COMMISSION**

ATTEST:

By: \_\_\_\_\_  
Chair

By: \_\_\_\_\_  
Secretary