



City of Grand Island

Tuesday, March 5, 2019

Study Session

Item -2

Tax Increment Financing (TIF) Group Discussion

Staff Contact: Brent Clark

Council Agenda Memo

From: Chad Nabity, AICP, CRA Director

Meeting: March 5, 2019

Subject: Ad Hoc Committee to Review TIF Usage and Methods in Grand Island

Presenter(s): Chad Nabity, AICP, CRA Director

Background

On January 15, 2019 the Grand Island City Council held a study session at on the topic of Tax Increment Financing and how it is used in and by the City of Grand Island. The Community Redevelopment Authority Director, Chad Nabity, presented a TIF basics presentation and provided examples of how TIF has been used in Grand Island along with the process for applying for TIF. At the end of this discussion, Council Member Haase suggested that it would be helpful for a smaller subcommittee of the Council including himself, Council Members Paulick and Minton along with the CRA Chair Tom Gdowski and staff members Patrick Brown and Chad Nabity to take a deeper look at how TIF is used in Grand Island and how applications are approved and report back to the full Council at the Council retreat in February.

Discussion

Over four weeks between the Study Session and the Retreat this committee met on four occasions to review the processes and procedures that lead to a completed TIF application and potential approval of that application. Information from these meetings was included in the Council Retreat Packet and that same information is included with this study session packet. This information includes a memo from Council Member Haase, along with a map of the blighted and substandard areas, a list of questions that can be provided to developers to help them identify how their project benefits the community and a list of all of the approved TIF projects with projected payoff timelines and additional tax base for the City.

The committee reviewed past project and considered if there were specific uses that should not be eligible for TIF. It was decided by the committee that hard and fast rules would not be in the best interest of the community and that Council had a responsibility to consider every application and weigh the merits of each application. The committee reviewed the fees that the city collects for TIF projects and most likely the finance and planning departments will suggest a new fee structure along with the new fee schedule adopted with the 2019-20 budget.

TIF Group Discussion

Summary Statement – The intent of this discussion group was to review the TIF process and see if there are opportunities to enhance the public accountability, with a Council recommendation and policy. Over the years, there have been significant questions and concerns from the public and Council, regarding the use and application of the TIF process in Grand Island. The result of the discussion is support and approval of the TIF process historically and the following comments, guidelines and application materials presented to Council to help promote openness in our continued support of using TIF to remove and remediate blighted and substandard conditions and promote economic development opportunities within the City of Grand Island and the jurisdiction of the Grand Island City Council and Community Development Authority.

I want to especially thank the 7 group members, Councilmember's Paulick, Minton and myself, CRA Chairman Tom Gdowski, and Staff members, Brent Clark, Chad Nabity and Patrick Brown. Each member contributed significantly in the discussion on the complexity and community benefit of the TIF program.

Guidelines –

- The use of TIF financing is intended to spur economic development that supports the Council's objectives.
 - Commercial
 - Job Creation
 - Enhance City Revenue Stream – sales & use tax, occupation tax
 - Special Needs in the Highway 281 and South Locust Corridors, the Downtown and the Veterans Home Property.
 - Residential
 - Address recognized housing shortages
- Reverse Blighting – we support a policy where the CRA is directed to review all TIF blighted areas and submit their recommendation to Council every 5 years, beginning in 2020.
- Transparency –

- On line mapping (available April 1, 2019)
- Annual report to Council
 - Calendar year additions to assessed valuation of TIF projects
 - Calendar year removals from TIF assessed valuation
 - Provide a Y2Y (year to year) of assessed valuations, along with the changes listed above provided by TIF, separating out residential revaluation (non growth increases), with the balance in changes would, by default, be considered the annual growth not using TIF or revaluation.
- TIF Project information presented to Council
 - We support Chad's inclusion of the questionnaire as in the Council packet.
 - Including a disclosure of the TIF percentage of the Total project, along with a list of all other known government economic development subsidies such as, façade improvement or Life Safety grants.
 - Include an executive summary, including a statement as to the City/Neighborhood benefits if the project is approved.
- But For Clause – While this is a statutory requirement to fulfill, there are too many variables to each project for us to suggest anything particular at this time.
- 15 Year TIF Project -
 - While we had varying discussion about the number of years, again, too many variables for us to suggest anything particular at this time.
 - While 49 states have a TIF program, Nebraska is the only one with 15 years, while the other 48 have longer deferred project lengths.

Attachments:

- Pat's worksheet
- Chad's questionnaire
- Chad's map

DESCRIPTION	SUB NAME	TIF TOTAL	TIF BASE	TIF EXCESS	YEAR		TIF Excess Available	Category	Year (delay 1 yr)	TIF Excess Available	2018 City Mill Levy	City Tax	Cumulative City Tax
					BEGAN	TIF Years							
WALNUT CONDOMINIUM PROJECT	WALNUT CONDO PROJECT	\$2,308,030	\$107,150	\$2,200,880	2004	15	2019	RES	2020	\$ 2,200,880	0.375504	\$8,264	\$8,264
CENTURA HILLS EAST PROJECT	CENTURA HILLS EAST PROJ	\$3,825,785	\$103,448	\$3,722,337	2007	15	2022	COM	2021	\$ -	0.375504	\$0	\$8,264
GIRARD VET CLINIC	GIRARD VET CLINIC PROJ	\$570,284	\$78,431	\$491,853	2007	15	2022	COM	2022	\$ -	0.375504	\$0	\$8,264
SOUTHEAST CROSSINGS PROJECT	SOUTHEAST CROSSINGS PROJ	\$962,089	\$232,690	\$729,399	2007	15	2022	COM	2023	\$ 1,221,252	0.375504	\$4,586	\$12,850
GEDDES STREET APARTMENTS	GEDDES ST APTS PROJECT	\$1,498,754	\$27,498	\$1,471,256	2008	15	2023	RES	2024	\$ 1,471,256	0.375504	\$5,525	\$18,375
SOUTH POINTE HOTEL PROJECT	SOUTH POINTE HOTEL PROJ	\$4,124,418	\$234,722	\$3,889,696	2009	15	2024	COM	2025	\$ 4,180,168	0.375504	\$15,697	\$34,072
TODD ENCK PROJECT	TODD ENCK PROJECT	\$310,939	\$20,467	\$290,472	2009	15	2024	RES	2026	\$ 653,121	0.375504	\$2,452	\$36,524
CASEY'S AT FIVE POINTS PROJECT	CASEY'S AT FIVE POINTS	\$825,834	\$172,713	\$653,121	2010	15	2025	COM	2027	\$ 3,685,617	0.375504	\$13,840	\$50,364
U-SAVE 4TH ST PHARMACY PROJECT	U-SAVE 4TH ST PHARMACY	\$589,090	\$39,495	\$549,595	2011	15	2026	COM	2028	\$ 346,280	0.375504	\$1,300	\$51,664
JOHN SCHULTE PROJECT	JOHN SCHULTE PROJECT	\$424,703	\$63,684	\$361,019	2011	15	2026	RES	2029	\$ 8,875,237	0.375504	\$33,327	\$84,991
POPLAR ST WATER LINE PROJECT	POPLAR ST WATER LINE	\$1,781,326	\$1,155,016	\$626,310	2011	15	2026	RES	2030	\$ 5,975,803	0.375504	\$22,439	\$107,430
WOOD RIVER ETHANOL PROJECT	WOOD RIVER ETHANOL PROJ	\$29,247,418	\$238,679	\$29,008,739	2007	15	2022	COM	2031	\$ 17,363,329	0.375504	\$65,200	\$172,630
WENN HOUSING PROJECT	WENN HOUSING PROJECT	\$230,691	\$19,523	\$211,168	2012	15	2027	RES	2032	\$ 29,996,713	0.375504	\$112,639	\$285,269
TOKEN PROPERTIES LLC	TOKEN PROPERTIES LLC	\$149,619	\$14,507	\$135,112	2012	15	2027	RES	2033	\$ 20,363,135	0.375504	\$76,464	\$361,733
KEN-RAY LLC PROJECT	KEN-RAY LLC PROJECT	\$3,005,312	\$856,619	\$2,148,693	2011	15	2026	COM	2034	\$ 7,962,684	0.375504	\$29,900	\$391,634
STRATFORD PLAZA LLC	STRATFORD PLAZA LLC	\$3,628,593	\$2,095,733	\$1,532,860	2013	15	2028	COM					
GORDMAN GRAND ISLAND	GORDMAN GRAND ISLAND	\$5,472,235	\$2,187,305	\$3,284,930	2013	15	2028	COM					
TOKEN PROPERTIES CAREY ST	TOKEN PROPERTIES CAREY	\$402,271	\$38,645	\$363,626	2013	15	2028	RES					
EIG GRAND ISLAND	EIG GRAND ISLAND	\$7,444,084	\$4,126,140	\$3,317,944	2013	15	2028	COM					
AUTO ONE INC PROJECT	AUTO ONE INC	\$737,148	\$90,194	\$646,954	2014	15	2029	MIX					
GI AREA HABITAT	GI AREA HABITAT	\$248,769	\$46,851	\$201,918	2013	15	2028	RES					
TOKEN LLC KIMBALL ST PROJECT	TOKEN LLC KIMBALL ST	\$145,117	\$17,475	\$127,642	2014	15	2029	RES					
BAKER DEVELOPMENT 18TH ST	BAKER DEVELOPMENT 18TH S	\$194,868	\$20,909	\$173,959	2013	15	2028	RES					
COPPER CREEK	COPPER CREEK	\$3,585,131	\$134,194	\$3,450,937	2014	15	2029	RES					
CHIEF INDUSTRIES AURORA COOP	CHIEF INDUSTRIES AURORA	\$3,933,593	\$2,183,323	\$1,750,270	2014	15	2029	COM					
MAINSTAY SUITES PROJECT	MAINSTAY SUITES PROJECT	\$3,232,406	\$263,105	\$2,969,301	2015	15	2030	COM					
TOWER 217 PROJECT	TOWER 217 PROJECT	\$1,324,924	\$99,655	\$1,225,269	2015	15	2030	MIX	2018	\$3,126,408,875	4.56%	4.14%	
COPPER CREEK II	COPPER CREEK II	\$13,974,138	\$805,379	\$13,168,759	2015	15	2030	RES	2017	\$2,990,112,619	2.10%		
HABITAT 8TH & SUPERIOR	HABITAT 8TH & SUPERIOR	\$520,227	\$14,125	\$506,102	2016	15	2031	RES	2016	\$2,928,500,044	3.80%		
TC BUILDERS - EDDY STREET	T C BUILDERS - EDDY ST	\$167,351	\$9,460	\$157,891	2016	15	2031	RES	2015	\$2,821,224,691	6.11%		
SUPER MARKET DEVELOPERS	SUPER MARKET DEVELOPERS	\$6,578,238	\$915,957	\$5,662,281	2016	15	2031	COM	2014	\$2,658,704,370			
NORTHWEST COMMONS	NORTHWEST COMMONS	\$10,981,778	\$2,044,857	\$8,936,921	2016	15	2031	COM					
COPPER CREEK III	COPPER CREEK III	\$12,754,331	\$390,617	\$12,363,714	2016	15	2031	RES					
KAUFMAN BUILDING	KAUFMAN BUILDING	\$945,448	\$353,827	\$591,621	2016	15	2031	COM					
PRIDON VICTORY VILLAGE	PRIDON VICTORY VILLAGE	\$1,778,184	\$1	\$1,778,183	2016	15	2031	RES					
BOSSELMAN REAL ESTATE PROJECT	BOSSELMAN	\$6,836,888	\$2,652,701	\$4,184,187	2017	15	2032	MIX					
TALON APT PROJECT	TALON APARTMENT PROJECT	\$3,504,162	\$33,545	\$3,470,617	2017	15	2032	RES					
COPPER CREEK IV	COPPER CREEK IV PROJECT	\$4,098,495	\$170,294	\$3,928,201	2017	15	2032	RES					
MIDDLETON PROPERTIES	MIDDLETON PROPERTIES II	\$1,545,811	\$886,524	\$659,287	2017	15	2032	COM					
FEDERATION LABOR TEMPLE	FEDERATION LABOR TEMPLE	\$399,169	\$64,628	\$334,541	2017	15	2032	RES					
HATCHERY HOLDINGS LLC	HATCHERY HOLDINGS LLC	\$7,780,366	\$123,002	\$7,657,364	2017	15	2032	COM					
WING PROPERTIES INC (WILLIAMSON'S BLD)	WILLIAMSON'S BLD	\$200,322	\$71,384	\$128,938	2017	15	2032	MIX					
WEINRICH DEVELOPMENT	WEINRICH DEVELOPMENT	\$104,404	\$39,149	\$65,255	2018	15	2033	RES					
PEACEFULL ROOT LLC	PEACEFULL ROOT LLC	\$140,447	\$140,447	\$0	2018	15	2033	MIX					
THINK SMART	THINK SMART	\$95,213	\$8,400	\$86,813	2018	15	2033	RES					
URBAN ISLAND LLC	URBAN ISLAND LLC	\$150,688	\$150,688	\$0	2018	15	2033	MIX					
CAIRO BUSINESS PARK PROJECT	CAIRO BUSINESS PARK PROJ	\$408,822	\$220,073	\$188,749	2018	15	2033	COM					
TALON APT PROJECT	TALON APT PROJ PHASE 2	\$2,775,459	\$10,800	\$2,764,659	2018	15	2033	RES					
EAST PARK ON STUHR	EAST PARK ON STUHR	\$5,212,135	\$166,178	\$5,045,957	2018	15	2033	RES					
O'NEILL WOOD RESOURCES	O'NEILL WOOD - CAAP PROJ	\$203,570	\$203,570	\$0	2018	15	2033	COM					
TAKE FLIGHT INVESTMENTS	TAKE FLIGHT INVESTMENTS	\$110,564	\$110,564	\$0	2018	15	2033	MIX					
MENDEZ ENTERPRISES LLC (PHASE 1)	MENDEZ ENT - PHASE 1	\$717,090	\$717,090	\$0	2018	15	2033	COM					
COPPER CREEK - 2017 LOOK BACK	COPPER CREEK '17 LOOK BK	\$17,737	\$17,737	\$0	2018	15	2033	RES					
COPPER CREEK PHASE 2 - 2017 LOOK BACK	COPPER CREEK-2 '17 LOOK	\$20,417	\$20,417	\$0	2018	15	2033	RES					
		\$162,224,885	\$25,009,585	\$137,215,300									

Questions that would aid in evaluating TIF Projects:

These could be questions asked of the developer before and during the TIF Process.

Some questions like #7 may have to be answered in conjunction with City Staff. Other questions could be addressed directly by the applicant.

1. Is it a new use to the community/neighborhood?
2. Does it add to the community/neighborhood?
3. Does it provide base employment?
4. Will it create more than x(10?) housing units and what type?
 - a. Does the elementary school in that area have additional capacity and what is the projected enrollment over the build out period of the project?
5. Will it rehabilitate an existing building?
6. Will it remove/replace a building that is ready to be removed?
7. Does it promote other goals of the City? (e.g. adding residential units downtown, extending the city limits toward I-80, converting gravel streets to paved streets, extending sewer and/or water to unserved areas of the community, providing workforce housing, promote area plans as approved by Council)
8. Will the project generate sales/use taxes? If so what are the projected amounts?
9. Is this a catalyst project in an area?
10. What percent of the TIF Dollars will be spent on public improvements as opposed to other eligible activities such as acquisition, demolition and rehabilitation.