



# City of Grand Island

Tuesday, May 26, 2020

Council Session

## Item H-1

**Consideration of Forwarding Blighted and Substandard Area #31 to the Hall County Regional Planning Commission (John Baasch Augers)**

Staff Contact: Chad Nabity

# **Council Agenda Memo**

**From:** Chad Nabity, AICP

**Meeting:** May 26, 2020

**Subject:** Proposed Blighted and Substandard Area #31

**Presenter(s):** Chad Nabity, Director Grand Island CRA

## **Background**

Enclosed you will find a copy of a Substandard and Blight Study as prepared for John Baasch Augurs by Marvin Planning Consultants. This study is approximately 1.69 acres of property south of South Street between Henry Street and the bike trail in south central Grand Island. The study as prepared and submitted indicates that this property could be considered blighted and substandard. The full study is attached for your review and consideration.

John Baasch Augurs has submitted this study for the review and consideration of the Grand Island City Council as permitted by Nebraska law. The decision on whether to declare an area blighted and substandard is entirely within the jurisdiction of the City Council with a recommendation from the Planning Commission. If the study is approved it is anticipated that an application for Tax Increment Financing would follow.

The question before Council will be whether to send the study to the Planning Commission for its review and feedback. If the item is not sent to the Planning Commission, the Council cannot declare the area blighted and substandard. Planning Commission will meet July 1, and would have a recommendation ready following that meeting.

Once an area has been declared blighted and substandard, the CRA can accept redevelopment proposals for the area.

## **Discussion**

The action item tonight relates to the study for proposed CRA Area No. 31 in south central Grand Island as shown below. The study was prepared for 1.69 acres, all of which is in the Grand Island City Limits.

Note: Lines and Aerial may not match.

The statutes which provide for the creation of a redevelopment area or redevelopment project within a redevelopment area require the following procedure:

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restrictions, and conditions regarding the use of such property for residential, commercial, industrial, or recreational purposes or for public purposes in accordance with the redevelopment plan and such other covenants, restrictions, and conditions as the authority may deem necessary to prevent a recurrence of substandard and blighted areas or to effectuate the purposes of the Community Development Law, and to provide grants, loans, or other means of financing to public or private parties in order to accomplish the rehabilitation or redevelopment in accordance with a redevelopment plan. Within the area of operation of the Community Redevelopment Authority, the authority may exercise its statutory powers with respect to the redevelopment project.

Neb. Rev. Stat. §§ 18-2107; 18-2109.

As stated in Fitzke v. City of Hastings, 582 N.W.2d 301 (Neb. 1998):

A CRA is not authorized to prepare a redevelopment plan for a redevelopment project area unless the governing body of the city first enacts a resolution declaring such area to be “a substandard or blighted area in need of redevelopment.” § 18–2109. After such a declaration has been made and a redevelopment plan has been prepared and approved, a CRA is authorized to enter into contracts with redevelopers of property containing covenants, restrictions, and conditions regarding the use of such property for residential, commercial, industrial, or recreational purposes or for public purposes in accordance with the redevelopment plan and such other covenants, restrictions, and conditions as the [CRA] may deem necessary to prevent a recurrence of substandard or blighted areas ... and to provide grants, loans, or other means of financing to public or private parties in order to accomplish the rehabilitation or redevelopment in accordance with a redevelopment plan. § 18–2107(4). The CRA may utilize tax increment financing to pay for redevelopment projects undertaken pursuant to the CDL. § 18–2124.

“Under this statutory scheme, a private development project would be eligible for tax increment financing only if it is included within an area which has previously been declared blighted or substandard and is in furtherance of an existing redevelopment plan for that area. The declaration of property as blighted or substandard is not simply a formality which must be met in order to assist a private developer with tax increment financing; it is the recognition of a specific public purpose which justifies the expenditure of public funds for redevelopment.” Fitzke, id., citing Monarch Chemical Works, Inc. v. City of Omaha, 203 Neb. 33, 277 N.W.2d 423 (1979). The legislative intent underlying the Community Development Law is the elimination of blighted and substandard areas and to prevent the reoccurrence of blight through a cooperative effort of the public and private sectors, not to aid private developers. Fitzke, id.

At this point, Council is only making a decision about whether to forward the study to the Planning Commission for its recommendation or not. According to NRSS §18-2109, it is

clear that the Planning Commission must hold a public hearing and have the opportunity to review the Blight Study prior to Council declaring the property substandard and blighted. If Council wishes to consider a declaration of substandard and blight, State Statute requires that the question of whether an area is substandard and blighted is submitted to the Planning Commission for hearing, review and recommendation.

## **Blighted Area of the Community**

The city of Grand Island, as a City of the First Class, is permitted to designate an area of up to 35% of the municipal limits as blighted and substandard. As of May 15, 2020, 22.74% of the City has been declared blighted and substandard. Area 31 would add 1.69 acres to the total of blighted and substandard property and would, if approved, add 0.01% to the total area declared blighted and substandard bringing the total to 22.76%. One other blighted area is outstanding representing a total increase of 0.40% if this were also approved the total would be 23.15%.

It does not appear that the declaration of Area 31 would significantly impact the City's ability to declare other areas blighted and substandard.

## **Alternatives**

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to forward the Study to the Planning Commission for its recommendation.
2. Move to not forward the Study to the Planning Commission for its recommendation.
3. Refer the issue to a committee.
4. Postpone the issue to future date.
5. Take no action on the issue.

## **Recommendation**

City Administration recommends that the Council move to forward the study to the Planning Commission if Council wishes to consider the use of Tax Increment Financing as a redevelopment tool for this property.

## **Sample Motion**

Move to forward the Study to the Planning Commission for their review and recommendation.



**City of Grand Island, NE**  
**Blight and Substandard Study**  
**Area #31**  
**May 2020**





**PURPOSE OF THE BLIGHT AND SUBSTANDARD STUDY**

The purpose of completing this Blight and Substandard study is to examine existing conditions within a specific part of Grand Island. This study has been commissioned by John Baasch Augers in order to analyze the possibility of declaring the area as blighted and substandard.

The City of Grand Island, when considering conditions of Blight and Substandard, will be looking at those issues and definitions provided for in the Nebraska Community Redevelopment Law as found in Chapter 18, Section 2104 of the Revised Nebraska State Statutes, as follows:

*"The governing body of a city, to the greatest extent it deems to be feasible in carrying out the provisions of the Community Development Law, shall afford maximum opportunity, consistent with the sound needs of the city as a whole, to the rehabilitation or redevelopment of the community redevelopment area by private enterprises. The governing body of a city shall give consideration to this objective in exercising its powers under the Community Development Law, including the formulation of a workable program, the approval of community redevelopment plans consistent with the general plan for the development of the city, the exercise of its zoning powers, the enforcement of other laws, codes, and regulations, relating to the use of land and the use and occupancy of buildings and improvements, the disposition of any property acquired, and the providing of necessary public improvements."*

The Nebraska Revised Statutes §18-2105 continues by granting authority to the governing body for formulation of a workable program; disaster assistance; effect. The statute reads,

*"The governing body of a city or an authority at its direction for the purposes of the Community Development Law may formulate for the entire municipality a workable program for utilizing appropriate private and public resources to eliminate or prevent the development or spread of urban blight, to encourage needed urban rehabilitation, to provide for the redevelopment of substandard and blighted areas, or to undertake such of the aforesaid activities or other feasible municipal activities as may be suitably employed to achieve the objectives of such workable program. Such workable program may include, without limitation, provision for the prevention of the spread of blight into areas of the municipality which are free from blight through diligent enforcement of housing, zoning, and occupancy controls and standards; the rehabilitation or conservation of substandard and blighted areas or portions thereof by replanning, removing congestion, providing parks, playgrounds, and other public improvements by encouraging voluntary rehabilitation and by compelling the repair and rehabilitation of deteriorated or deteriorating structures; and the clearance and redevelopment of substandard and blighted areas or portions thereof."*

*"Notwithstanding any other provisions of the Community Development Law, where the local governing body certifies that an area is in need of redevelopment or rehabilitation as a result of flood, fire, hurricane, earthquake, storm, or other catastrophe respecting which the Governor of the state has certified the need for disaster assistance under federal law, the local governing body may approve a redevelopment plan and a redevelopment project with respect to such area without regard to the provisions of the Community Development Law requiring a general plan for the municipality and notice and public hearing or findings other than herein set forth."*

Based on the Nebraska Revised Statutes §18-2103 the following definitions shall apply:

**"Blighted area"** means an area (a) which, by reason of the presence of a substantial number of deteriorated or deteriorating structures, existence of defective or inadequate street layout, faulty lot layout in relation to size, adequacy, accessibility, or usefulness, insanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the fair value of the land, defective or unusual conditions of title, improper subdivision or obsolete platting, or the existence of conditions which endanger life or

property by fire and other causes, or any combination of such factors, substantially impairs or arrests the sound growth of the community, retards the provision of housing accommodations, or constitutes an economic or social liability and is detrimental to the public health, safety, morals, or welfare in its present condition and use and (b) in which there is at least one of the following conditions: (i) Unemployment in the designated area is at least one hundred twenty percent of the state or national average; (ii) the average age of the residential or commercial units in the area is at least forty years; (iii) more than half of the plotted and subdivided property in an area is unimproved land that has been within the city for forty years and has remained unimproved during that time; (iv) the per capita income of the area is lower than the average per capita income of the city or village in which the area is designated; or (v) the area has had either stable or decreasing population based on the last two decennial censuses. In no event shall a city of the metropolitan, primary, or first class designate more than thirty-five percent of the city as blighted, a city of the second class shall not designate an area larger than fifty percent of the city as blighted, and a village shall not designate an area larger than one hundred percent of the village as blighted. A redevelopment project involving a formerly used defense site as authorized under section 18-2123.01 shall not count towards the percentage limitations contained in this subdivision;"

**"Extremely blighted area** means a substandard and blighted area in which: (a) The average rate of unemployment in the area during the period covered by the most recent federal decennial census is at least two hundred percent of the average rate of unemployment in the state during the same period; and (b) the average poverty rate in the area exceeds twenty percent for the total federal census tract or tracts or federal census block group or block groups in the area;"

**"Substandard area** means an area in which there is a predominance of buildings or improvements, whether nonresidential or residential in character, which, by reason of dilapidation, deterioration, age or obsolescence, inadequate provision for ventilation, light, air, sanitation, or open spaces, high density of population and overcrowding, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, and crime, (which cannot be remedied through construction of prisons), and is detrimental to the public health, safety, morals, or welfare; and"

**"Workforce housing** means:

- (a) Housing that meets the needs of today's working families;
- (b) Housing that is attractive to new residents considering relocation to a rural community;
- (c) Owner-occupied housing units that cost not more than two hundred seventy-five thousand dollars to construct or rental housing units that cost not more than two hundred thousand dollars per unit to construct. For purposes of this subdivision (c), housing unit costs shall be updated annually by the Department of Economic Development based upon the most recent increase or decrease in the Producer Price Index for all commodities, published by the United States Department of Labor, Bureau of Labor Statistics;
- (d) Owner-occupied and rental housing units for which the cost to substantially rehabilitate exceeds fifty percent of a unit's assessed value; and
- (e) Upper-story housing."

This Blight and Substandard Study is being considered a "micro-blight" area under the definition established by the City of Grand Island. The Study is intended to give the Grand Island Community Redevelopment Authority, Hall County Regional Planning Commission and Grand Island City Council the basis for identifying and declaring Blighted and Substandard conditions existing within the City's jurisdiction and as allowed under Chapter 18. Through this process, the City and property owners will be attempting to address economic and/or social liabilities which are harmful to the well-being of the entire community.



The study area can be seen in Figure 1 of this report. A Redevelopment Plan to be submitted in the future containing, in accordance with the law, definite local objectives regarding appropriate land uses, improved traffic, public transportation, public utilities and other public improvements, and the proposed land uses and building requirements in the redevelopment area and shall include:

- The boundaries defining the blighted and substandard areas in question (including existing uses and conditions of the property within the area), and
- A list of the conditions present, which qualify the area as blighted and substandard.

### **BLIGHT AND SUBSTANDARD ELIGIBILITY STUDY**

This study targets a specific area within an established part of the community for evaluation. The area is indicated in Figure 1 of this report. The existing uses in this Micro-blight include residential uses including accessory uses within the corporate limits of Grand Island.

Through the redevelopment process the City of Grand Island can guide future development and redevelopment throughout the area. The use of the Community Redevelopment Act by the City of Grand Island is intended to redevelop and improve the area. Using the Community Redevelopment Act, the City of Grand Island can assist in the elimination of negative conditions and implement different programs/projects identified for the City.

The following is the description of the designated area within Grand Island.

Lots 1 and 2 Block 1, Dawn Subdivision and Lots 1 and 2, Block 2, Dawn Subdivision and the adjacent right-of-way of Ada Street.

### ***Study Area***

**Figure 1: Study Area Map**



Source: Hall County GIS and Marvin Planning Consultants 2020

Note: Lines and Aerial may not match.

### **EXISTING LAND USES**

The term "Land Use" refers to the developed uses in place within a building or on a specific parcel of land. The number and type of uses are constantly changing within a community and produce a number of impacts either benefitting or detracting from the community. Existing patterns of land use are often fixed in older communities and neighborhoods, while development in newer areas is often reflective of current development practices.

### ***Existing Land Use Analysis within Study Area***

As part of the planning process, a survey was conducted through both in-field observations, as well as data collection online using the Hall County Assessors website. This survey noted the use of each parcel of land within the study area. These data from the survey are analyzed in the following paragraphs.

**TABLE 1: EXISTING LAND USE, GRAND ISLAND - 2020**

Type of Use	Acres	Percent of Developed land within the Study Area	Percent of Study Area
Residential	0	0.0%	0.0%
Single-family	0	0.0%	0.0%
Multi-family	0	0.0%	0.0%
Manufactured Housing	0	0.0%	0.0%
Commercial	0	0.0%	0.0%
Industrial	1.49	88.2%	88.2%
Quasi-Public/Public	0	0.0%	0.0%
Parks/Recreation	0	0.0%	0.0%
Transportation	0.20	11.8%	11.8%
Total Developed Land	1.69	100.0%	100.0%
Vacant/Agriculture	0.00		0.00%
<b>Total Area</b>	<b>1.69</b>		<b>100.0%</b>

Source: Marvin Planning Consultants 2020

Table 1 includes the existing land uses for the entire study area. The table contains the total acres determined per land use from the survey; next is the percentage of those areas compared to the total developed land; and finally, the third set of data compare the all land uses to the total area within the Study Area. The Study Area is made up of manufacturing/industrial uses (88.2%), and Transportation oriented land (street and R.O.W)(11.8%). The entire area considered completely developed.

**Figure 2**  
**Existing Land Use Map**



Source: Hall County GIS and Marvin Planning Consultants 2020

Note: Lines and Aerial may not match.

### **FINDINGS OF BLIGHT AND SUBSTANDARD CONDITIONS ELIGIBILITY STUDY**

This section of the study examines the conditions found in the study area. The Findings Section will review the conditions based upon the statutory definitions.

### **CONTRIBUTING FACTORS**

There were a number of conditions examined and evaluated in the field and online. There are a number of conditions that will be reviewed in detail, on the following pages, while some of the statutory conditions are not present.

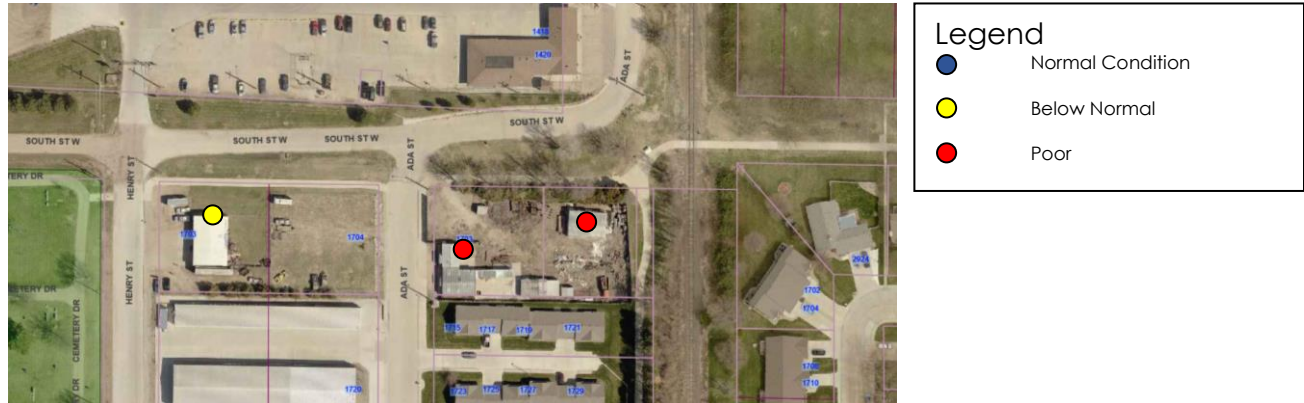
### **Structural Conditions**

Structural conditions were evaluated, structures were either rated as: Very Good, Good, Fair, Average, or badly worn. The data and rating system comes from the Hall County Assessor's database and is the same database used to value properties in the area.

Based upon the data provided to the planning team, the following is the breakdown for structures in the study area:

- 0 ( 0.0%) structures rated as very good
- 0 ( 0.0%) structures rated as good
- 0 ( 0.0%) structure rated as fair
- 8 (66.7%) structures rated as average
- 4 (33.3%) structure rated as badly worn

**Figure 3: Structural Conditions**



Source: Hall County Assessor and Marvin Planning Consultants 2020

Note: Lines and Aerial may not match.



Based upon these data, an assumption has been made that average condition and less would constitute less than desirable conditions due to age and conditions. It is common for older structures to get more maintenance and upkeep in order to maintain a good or higher condition. Even an average structure will show some signs of deteriorating which in turn can become a dilapidated structure in the future if it is not addressed over time. Overall, 100.0% of the structures in this study area are below normal condition or worse based upon the Hall County Assessor's data.

Due to the stated conditions found in the Hall County Assessor's data, the condition of the structure is a contributing factor.



**Figure 4: Deterioration of Site or Other Improvements**

Source: Hall County GIS, Google Earth and Marvin Planning Consultants 2020

Note: Lines and Aerial may not match.



## Deterioration of Site or Other Improvements

### *Site Improvements Conditions*

The only site improvements within the study area are between Block 1 and 2 along Ada Street.

Based upon review of images of the study area, Figure 4 was created. The Figure indicates:

- 100% of the road surfaces serving this study area are considered in an average to below average condition.
- 100.0% of the curb and gutter are in an average to deteriorating condition
- Approximately 50.0% of the sidewalk is in a deteriorating state

Based upon the field analysis, there are sufficient elements present to meet the definition of deterioration of site and other improvements in the Study Area.

### *Dangerous conditions to life or property due to fire or other causes*

The properties within this study have existing conditions which can be considered to be dangerous conditions to life or property due to fire or other causes.

- Along the Ada Street side of Block 2 there is considerable rubble lying in the right-of-way
- Both properties have considerable debris





**Stable or decreasing population based on the last two decennial censuses**

The Dawn Subdivision was originally platted in 1890. However, the buildings constructed within this study area were constructed around 1985. Therefore, the overall population of this study has been zero and has had no growth during the last two decennial censuses.

**Blighting Summary**

These conditions are contributing to the blighted conditions of the study area.

**Criteria under Part A of the Blight Definition**

- **Substantial number of deteriorating structures**
  - Within the study area 100.0% of the structures were deemed to be in either below normal or poor condition.
- **Deterioration of site or other improvements**
  - 100% of the road surfaces serving this study area are considered in an average to below average condition.
  - 100.0% of the curb and gutter are in an average to deteriorating condition
  - Approximately 50.0% of the sidewalk is in a deteriorating state
- **Dangerous conditions to life or property due to fire or other causes**
  - All of the lots within the study area contain rubble and/or materials throughout the properties that are dangerous to life or property.

**Criteria under Part B of the Blight Definition**

- **Stable or decreasing population based upon the last two decennial census**  
There has been zero population change during the past two decennial censuses.

**The other criteria for Blight were not present in the area, these included:**

- The average age of the residential or commercial units in the area is at least forty years
- Faulty Lot Layout
- Improper Subdivision or Obsolete Platting
- Combination of factors which are impairing and/or arresting sound growth
- Insanitary and Unsafe Conditions
- Defective/Inadequate street layouts
- Tax or special assessment delinquency exceeding fair value of the land.
- Defective or unusual condition of title,
- Unemployment in the designated area is at least 120% of the state or national average.
- The per capita income of the area is lower than the average per capita income of the city or village in which the area is designated.

These issues were either not present or were limited enough as to have little impact on the overall condition of the study area.

## Substandard Conditions

### **Existence of conditions which endanger life or property by fire and other causes**

The properties within this study have existing conditions which can be considered to be dangerous conditions to life or property due to fire or other causes.

- Along the Ada Street side of Block 2 there is considerable rubble lying in the right-of-way
- Both properties have considerable debris



## Substandard Summary

Nebraska State Statute requires that "...an area in which there is a predominance of buildings or improvements, whether nonresidential or residential in character, which, by reason of dilapidation, deterioration, age or obsolescence, inadequate provision for ventilation, light, air, sanitation, or open spaces, high density of population and overcrowding, or **the existence of conditions which endanger life or property by fire and other causes**, or any combination of such factors, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, and crime, (which cannot be remedied through construction of prisons), and is detrimental to the public health, safety, morals, or welfare;"

This Study Area in Grand Island meets the definition of Substandard as defined in the Revised Nebraska State Statutes.

### FINDINGS FOR GRAND ISLAND BLIGHT STUDY AREA #31

Blight Study Area #31 has several items contributing to the Blight and Substandard Conditions. These conditions include:

#### **Blighted Conditions under Part A**

Substantial number of deteriorating structures  
Deterioration of site or other improvements  
Dangerous conditions to life or property due to fire or other causes

#### **Criteria under Part B of the Blight Definition**

Stable or decreasing population based upon the last two decennial census

#### **Substandard Conditions**

Dangerous conditions to life or property due to fire or other causes