

Hall County Regional Planning Commission

Wednesday, January 8, 2020 Regular Meeting

Item F3

Public Hearing - Redevelopment Plan Amendment - Tabitha Grand Island Inc. Prairie Commons Phase 3

Staff Contact:

Agenda Item #7

PLANNING DIRECTOR RECOMMENDATION TO REGIONAL PLANNING COMMISSION: December 26, 2019

SUBJECT:

Redevelopment plan amendment for property located in Blight and Substandard Area 17 for a Site Specific Redevelopment Plan for property located south of Husker Highway and west of Ewoldt Street, Prairie Commons Phase 3 in Grand Island, in Hall County, Nebraska to support this development. (C-08-2020GI)

PROPOSAL:

Tabitha Grand Island Inc. is proposing to build 157 units of senior housing including 80 units of independent living, 20 units of assisted living, 20 units of memory care and 36 units of skilled nursing care on the western most lot of the Prairie Commons Subdivision west of the new hospital. The property is zoned R-O residential office and the proposed use is consistent with the current zoning and future land use of the property.

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 proposed plan encourages a commercial uses for the traveling public at the intersection of two major roads in the City. This area has already been declared blighted and substandard by the CRA, the Hall County Regional Planning Commission and 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 RO Residential Office. The RO zoning district allows a variety of residential uses including apartments and nursing homes.

The Regional Planning Commission recommendation is limited to the appropriateness of the proposed use at this location. The Grand Island Comprehensive Plan calls commercial development transitioning to residential to the west.

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 senior housing development at this location appears to be supported by the plan.

That the Regional Planning Commission recommends that City Council **approve** of the redevelopment plan amendment as submitted. A resolution is attached for your consideration. Chad Nabity AICP, Planning Director

RECOMMENDATION:

Redevelopment Plan Amendment Grand Island CRA Area 17 November 2019

The Community Redevelopment Authority (CRA) of the City of Grand Island intends to amend the Redevelopment Plan for Area 17 within the city, pursuant to the Nebraska Community Development Law (the "Act") and provide for the financing of a specific project in Area 17.

Executive Summary:

Project Description

PHASE 3 OF THE REDEVELOPMENT OF PROPERTY LOCATED SOUTH OF HUSKER HIGHWAY AND WEST OF U.S. HIGHWAY 281 THE PROJECT SITE CONSISTS OF 1 LOT WITHIN THE PRAIRIE COMMONS 4th SUBDIVISION IMMEDIATELY WEST OF EWOLDT STREET AS PLATTED. THE PROJECT WILL CONSIST OF ACQUISITION, SITE WORK AND GRADING TO PROMOTE AND ENHANCE DRAINAGE ACROSS THE SITE, INTALLATION OF PUBLIC AND PRIVATE ROADS, SEWER, WATER AND OTHER UTILITY INFRASTRUCTURE TO SUPPORT DEVELOPMENT OF THE SITE. THIS PHASE OF THIS DEVELOPMENT WILL CONSIST OF THE CONSTRUCTION A SENIOR HOUSING FACILITY WITH 157 APARTMENTS INCLUDING: 81 INDEPENDENT LIVING UNITS, 20 ASSISTED LIVING UNITS, 20 MEMORY CARE UNITS AND 36 SKILLED NURSING CARE UNITS.

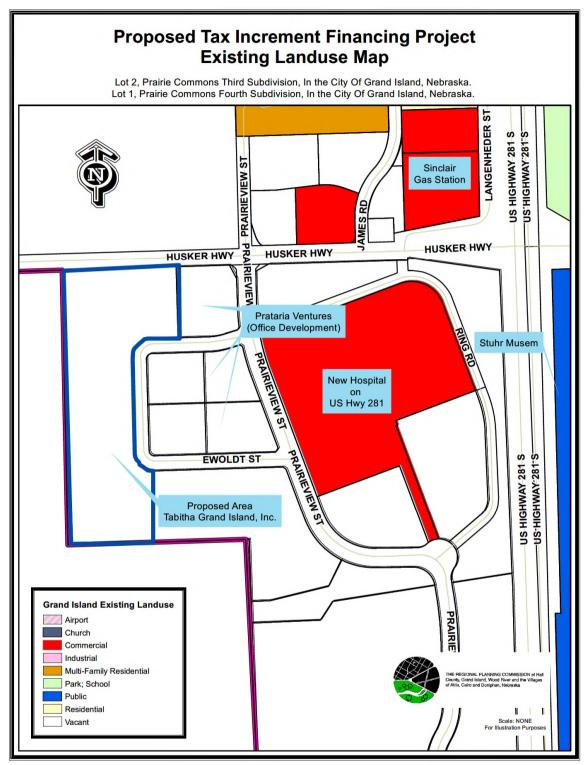
Tax Increment Financing will aid with installing the necessary infrastructure and grading improvements to redevelop property currently platted as part of lot 2 of Prairie Commons Third Subdivision and approved as Prairie Commons Fourth Subdivision in the City of Grand Island. The use of Tax Increment Financing is an integral part of the development plan and necessary to make this project economically feasible. The first phase of this development including the Hospital and Medical Office Building to the east of this site is currently in progress. The second phase consists of three office buildings to be constructed to the west of the Hospital. It was anticipated when that project was approved that subsequent phases of the remainder of the site would include housing, office space and retail development. This third phase will consist of senior housing ranging from independent living to skilled nursing and memory care. This development will be approximately 200,000 square foot of developed area designed to serve the needs of seniors. The developer has indicated that this development would not be considered nor financially feasible for at this location without the use of TIF.

Tabitha is a mission focused non-profit that offers a comprehensive line of Senior Care services. Tabitha provides senior care in 28 Nebraska Counties. Their main campus is in the heart of Lincoln, Nebraska with other community campuses in Lincoln, Williamsburg neighborhood and in Crete Nebraska. Tabitha has regional offices in Grand Island, York and Nebraska City. This project will be developed with some portions tax exempt and other portions subject to property taxes. The Grand Island Community Redevelopment

Authority (CRA) intends to pledge the ad valorem taxes generated over the 15 year period beginning January 1, 2021 towards the allowable costs.

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: Lot 1 of Prairie Commons Fourth Subdivision in the City of Grand Island, Hall County, Nebraska.



Existing Land Use and Subject Property

This plan amendment provides for the issuance TIF Notes, the proceeds of which will be granted to the Redeveloper. The tax increment will be captured for up to 15 tax years the payments for which become delinquent in years 2021 through 2034 inclusive or as otherwise dictated by the contract.

The real property ad valorem taxes on the current valuation will continue to be paid to the normal taxing entities. The incremental value for the first phase will be created by the construction a 200,000 square foot senior housing facility. This area is planned for commercial development with the Grand Island Comprehensive Plan and is currently zoned RO Residential Office, a variety of residential, office and medical uses are permitted in this district including nursing facilities and senior housing.

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. 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 June 9, 2015.[§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 January 8, 2020 and passed Resolution 2020-04 confirming that this project is consistent with the Comprehensive Plan for the City of Grand Island.

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

a. Land Acquisition:

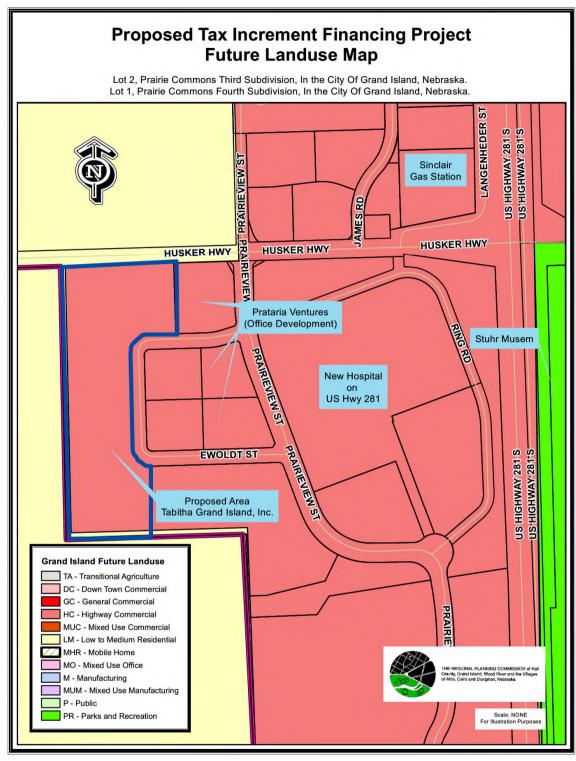
This Redevelopment Plan for Area 17 does anticipate real property acquisition by the developer. There is no proposed acquisition by the authority.

b. Demolition and Removal of Structures:

The project does not provide for the demolition or removal of any existing structures.

c. Future Land Use Plan

See the attached map from the 2004 Grand Island Comprehensive Plan. This property is in private ownership and is planned for commercial uses [§18-2103(b) and §18-2111]. A site plan of the area after the proposed redevelopment is also attached. [§18-2111(5)]



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 property is currently platted as Prairie Commons Third Subdivision and approved as Prairie Commons Fourth Subdivision. The property will be developed in substantial compliance with the existing plat. No changes in zoning are anticipated for the expected uses.

No other planning changes contemplated. [§18-2103(b) and §18-2111]

e. Site Coverage and Intensity of Use

The developer is proposing to build on the site within the constraints allowed by the current zoning districts. The RO zoning district would allow up to 75% coverage. [§18-2103(b) and §18-2111]

f. Additional Public Facilities or Utilities

Sewer and water are available to support this development. Sufficient capacity exists within these systems to support this development at completion. Sewer, water will be extended throughout the site. The developer will be responsible for engineering and installation of all required utilities. Said utilities are expected to become part of the city infrastructure and will be accepted into the city systems after construction and inspection. Electric infrastructure will be extended throughout the site according to typical commercial installation requirements. Natural gas and communications infrastructure will be installed according to the agreements formed with the private companies that provide those services. The City of Grand Island will secure all necessary easements for utility infrastructure with the platting and development processes. [§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. No individuals or businesses will be relocated due to this development. [§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 has any ownership interest in this property at this time.

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 showing a purchase price of this property of \$1,354,000. The cost of property acquisition is included as a TIF eligible expense. Costs for site preparation

including, grading and fill is estimated at \$356,861. Utility extensions, storm water, sewer electrical and water are estimated at \$638,260. Building plans and engineering and other planning expenditures are expected to cost \$1,436,827. The developer will be paying \$1,167,417 in additional costs to improve the façade of the buildings in a manner consistent with the rest of the Prairie Commons development. The cost of private streets and recreational trails is \$350,054. An additional \$20,000 of expenses for legal work, fees and financial tracking of this project are also included as eligible expenses for a total maximum TIF request of \$5,127,334 and potential eligible expenses of \$5,329,165. It is estimated based on the proposed increased valuation to \$15,383,121 will result in \$348,350 of increment generated annually. Based on a TIF Bond of \$5,127,334 this project should pay off prior to the end of the 15 year period.

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 \$5,127,334 from the proceeds of the TIF Indebtedness issued by the Authority. 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 2034 or such term as identified within the approved contract with no portion to exceed a term of 15 years. The developer will use the TIF Note to secure debt financing in an amount not to exceed \$5,127,334 to be paid to the note holder during the term of the financing.

c. Statement of feasible method of relocating displaced families.

The property is vacant and no families will be dislocated.

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 blighted and substandard conditions within the area.

8. Time Frame for Development

Development of this project is anticipated to be completed between April of 2020 and August of 2021. Excess valuation should be available for this project for 15 years beginning with the 2021 tax year. This is the third phase of development of this property and it is anticipated that additional projects will be brought forward for separate consideration on other lots within this and adjacent subdivisions.

9. Justification of Project

Extension of utilities, substantial site grading and installation of private streets are necessary to facilitate redevelopment of this site. The redevelopment of this property by Tabitha Grand Island Inc., will result in increased employment and housing opportunities. In addition to providing 157 units of housing this facility is anticipated to employ 100 individuals (66 FTE) with wages ranging between \$13 and \$50 per hour depending on the position and an average wage of \$20/hour. This is development is a continuation of efforts to extend development south along U.S. Highway 281 toward U.S. Interstate 80. The Grand Island City Council has made in the past made it clear through previous decisions that they support development toward the I-80/281 interchange.

<u>10. Cost Benefit Analysis</u> 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 project, including:

Project Sources and Uses. A maximum of \$5,127,334 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 \$40,059,001 in private sector financing and investment; a private investment of \$8.00 for every TIF dollar investment. It is estimated this will pay off in less than 15 years.

Use of Funds.	Source of Funds						
Description	TIF Funds	Total					
Site Acquisition	\$ 1,354,665		\$ 1,354,665				
Building Costs		\$ 26,360,974	\$ 26,360,974				
Sewer	\$ 27,500		\$ 27,500				
Storm Sewer	\$ 202,570		\$ 202,570				
Water	\$ 8,190		\$ 8,190				
Electric	\$ 400,000		\$ 400,000				
Private Streets	\$ 264,990		\$ 264,990				
Trails	\$ 85,145		\$ 85,145				
Site preparation/Dirt Work	\$ 356,861		\$ 356,861				
Façade Enhancement	\$ 1,167,417		\$ 1,167,417				
Architecture/Engineering	\$ 1,336,827		\$ 1,336,827				
Financing Fees		\$ 944,011	\$ 944,011				
Legal	\$ 20,000		\$ 20,000				
Developer Fees		\$ 1,485,774	\$ 1,485,774				
Audit Fees		\$ 20,000	\$ 20,000				
Contingency		\$ 1,373,274	\$ 1,373,274				
Working Capital		\$ 2,067,409	\$ 2,067,409				
Capitalized Interest		\$ 1,439,087	\$ 1,439,087				
Govt. Fees and Expenses		\$ 240,000	\$ 240,000				

Mkt Research, Feasibility & Planning	\$ 100,000		\$ 100,000
Marketing Expenses	100,000	\$	\$
Property Taxes during Const.		785,000 \$	785,000 \$
		\$	4,000 \$
Debt Service Reserve		2,606,641	2,606,641 \$
Pre-Open Salaries	\$	19,000	19,000
Tax Study	5,000		\$ 5,000
Personal Property		\$ 2,512,000	\$ 2,512,000
			\$ -
TOTALS	\$ 5,329,165	\$ 39,857,170	\$ 45,186,335

Use of Funds.	Source of Funds					
Description		TIF Funds	P	rivate Funds		Total
Site Acquisition	\$	1,354,665			\$	1,354,665
Building Costs			\$	26,360,974	\$	26,360,974
Sewer	\$	27,500			\$	27,500
Storm Sewer	\$	202,570			\$	202,570
Water	\$	8,190			\$	8,190
Electric	\$	400,000			\$	400,000
Private Streets	\$	264,990			\$	264,990
Trails	\$	85,145			\$	85,145
Site preparation/Dirt Work	\$	356,861			\$	356,861
Façade Enhancement	\$	1,167,417			\$	1,167,417
Architecture/Engineering	\$	1,336,827			\$	1,336,827
Financing Fees			\$	944,011	\$	944,011
Legal	\$	20,000			\$	20,000
Developer Fees			\$	1,485,774	\$	1,485,774
Audit Fees			\$	20,000	\$	20,000
Contingency			\$	1,373,274	\$	1,373,274
Working Capital			\$	2,067,409	\$	2,067,409
Capitalized Interest			\$	1,439,087	\$	1,439,087
Govt. Fees and Expenses			\$	240,000	\$	240,000
Mkt Research, Feasibility & Planning	\$	100,000			\$	100,000
Marketing Expenses			\$	785,000	\$	785,000
Property Taxes during Const.			\$	4,000	\$	4,000
Debt Service Reserve			\$	2,606,641	\$	2,606,641
Pre-Open Salaries			\$	19,000	\$	19,000
Tax Study	\$	5,000			\$	5,000
Personal Property			\$	2,512,000	\$	2,512,000
					\$	-
TOTALS	\$	5,329,165	\$	39,857,170	\$	45,186,335

Tax Revenue. The property to be redeveloped has a January 1, 2020 valuation of approximately \$80,599. Based on the 2019 levy this would result in a real property tax of approximately \$1,800. It is anticipated that the assessed value will increase by \$15,033,522 upon full completion, as a result of the site redevelopment. This development will result in an estimated tax increase of over \$341,823 annually resulting in approximately \$5,127,344 of increment over the 15 year period. 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 2020 assessed value:	\$ 80,599
Estimated value after completion	\$ 15,383,121
Increment value	\$ 15,302,522
Annual TIF generated (estimated)	\$ 348,350
TIF bond issue	\$ 5,127,334

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

The redevelopment project area currently has an estimated valuation of \$80,599. The proposed extension improvements at this location will result in at least an additional \$15,303,522 of taxable valuation based on the Hall County Assessor's office evaluation of the project. 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. The project will not add any tax burdens to taxing entities. Therefore no tax shifts will occur.

(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. Fire and police protection are available and should not be impacted by this development.

(c) Impacts on employers and employees of firms locating or expanding within the boundaries of the area of the redevelopment project;

The proposed uses at this site would provide for expansion of nursing home jobs within the area and compete with similar facilities located in and locating in the City.

(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 is may result in increased demand for nursing home employees and have impact on other similar employers and employees within the city.

(e) Impacts on the student population of school districts within the city or village; and

This project is unlikely to create any direct increase in cost for schools in the area. This development will be limited to serve seniors and those needing nursing/memory care.

(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 will continue growth along the 281 corridor in the direction of I-80.

Time Frame for Development

Development of this project is anticipated to be completed between April of 2020 and August of 2021. 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 or an amount not to exceed \$5,127,334 the projected amount of increment based upon the anticipated value of the project and current tax rate and the eligible activities.

COMMUNITY REDEVELOPMENT AUTHORITY OF THE CITY OF GRAND ISLAND, NEBRASKA

RESOLUTION NO. 326

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 18th day of December, 2019

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

Chairperson

ATTEST:

Secretary

Prairie Commons Phase 3 Tabitha

Resolution Number 2020-04

HALL COUNTY REGIONAL PLANNING COMMISSION

A RESOLUTION RECOMMENDING APPROVAL OF A SITE SPECIFIC REDEVELOPMENT PLAN OF 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 Phase 3 of Prairie Commons for Tabitha Grand Island Inc. 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 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.
- **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: January 8, 2020

	HALL COUNTY REGIONAL PLANNING COMMISSION
ATTEST:	By:Chair
By:Secretary	