



# **Hall County Regional Planning Commission**

**Wednesday, April 1, 2020  
Regular Meeting**

## **Item F1**

**Public Hearing - Redevelopment Plan Amendment - CRA Area 1 -  
824 E. 9th Street - Paramount Development LLC**

**Staff Contact:**

## Agenda Item #4

### PLANNING DIRECTOR RECOMMENDATION TO REGIONAL PLANNING COMMISSION:

March 23, 2020

#### SUBJECT:

*Redevelopment plan amendment for a Site Specific Redevelopment Plan for property located in Blight and Substandard Area 1 at 824 E. 9<sup>th</sup> Street in Grand Island, in Hall County, Nebraska to support this development. (C-14-2020GI)*

#### PROPOSAL:

Paramount Development LLC. Is proposing to demolish an existing fire damaged single family home located at 824 E 9<sup>th</sup> Street and replace it with a 2 story 5 unit townhome apartment building. The property is zoned **R4** High Density Residential 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 more housing units in an older part of town. The proposed site and surrounding 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 **R4** High Density Residential and the proposed development is allowed in that district. The **R4** zoning district allows a variety of single and multifamily residential uses based on the size of the property.

The Regional Planning Commission recommendation is limited to the appropriateness of the proposed use at this location. Based upon the Grand Island Comprehensive Plan, low to medium density residential development has been designated for this location.

The Planning Commission is required to comment on these applications to confirm that expenditure of public funds through Tax Increment Financing (TIF) is not supporting uses that are inconsistent with the comprehensive plan. The proposed use for a 5 units of residential development at this location appears to be supported by the plan.

**RECOMMENDATION:**

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

**Redevelopment Plan Amendment  
Grand Island CRA Area 1  
March 2020**

**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 AT THE NORTHWEST CORNER OF THE INTERSECTION OF NINTH STREET AND BEAL STREET FOR THE CONSTRUCTION OF A FIVE UNIT TOWN HOMES STYLE APARTMENT BUILDING, INCLUDING ACQUISITION OF PROPERTY, SITE WORK, SEWER, SEWER WATER, STORM SEWER AND STREETS AND DEMOLITION OF AN EXISTING STRUCTURE.

**The use of Tax Increment Financing to aid in expenses associated with redevelopment of the property located at 824 E. 9<sup>th</sup> Street into a five unit apartment building. The property currently is occupied by a fire damaged single family home. The use of Tax Increment Financing is an integral part of the development plan and necessary to make this project affordable. This property is planned for low to medium density residential. This project as proposed would not be possible without the use of TIF.**

Paramount Development LLC acquire this property on January 20, 2020 for \$43,980. They are proposing to build a five unit townhouse style 2 story apartment building on this site. The existing residential unit is currently vacant and was damaged in a fire and in need of demolition. 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, 2022 towards the allowable costs and associated financing project.

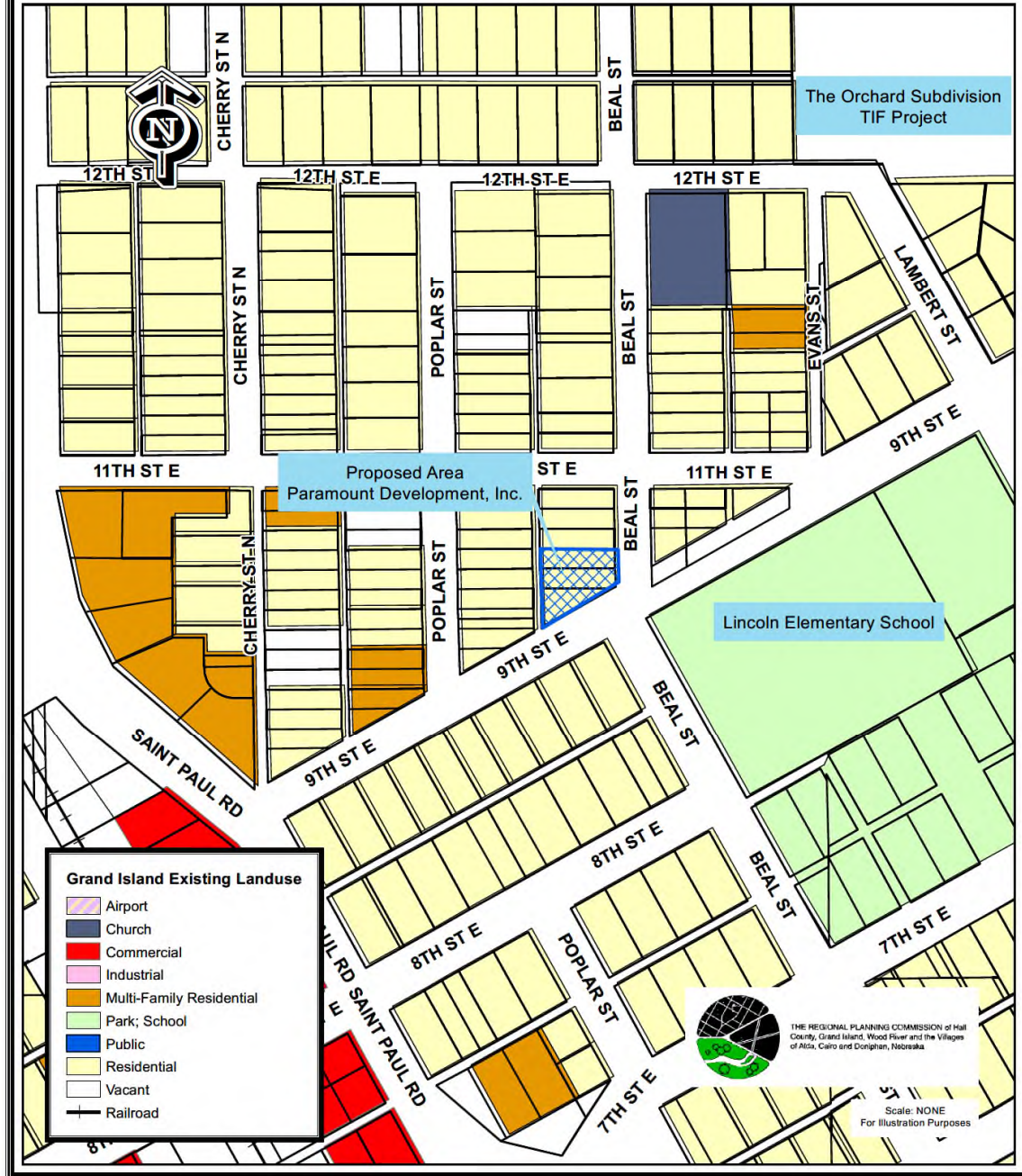
**TAX INCREMENT FINANCING TO PAY FOR THE REHABILITATION OF THE PROPERTY WILL COME FROM THE FOLLOWING REAL PROPERTY:**

Property Description (the “Redevelopment Project Area”)  
Hall County Assessor Parcels 400077965.

**Legal Descriptions:** All of Lots 4, 5 and 6 of Block 6 of Pleasant Hill Addition to the City of Grand Island, Hall County, Nebraska.

# Proposed Tax Increment Financing Project Existing Landuse Map

824 E 9TH  
Pleasant Hill Addition Block 6, Lots 4 ,5 & 6



Existing Land Use and Subject Property

**The tax increment will be captured for the tax years for which the payments become delinquent in years 2022 through 2036 inclusive.**

**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 and construction of the apartment building on this property.**

**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. The future land use plan from the Grand Island Comprehensive Development Plan indicates that this property is intended for low to medium density residential. **The Hall County Regional Planning Commission held a public hearing at their meeting on April 1, 2020 and passed Resolution 2020-06 confirming that this project will be consistent with the Comprehensive Plan for the City of Grand Island as amended.**

***Future Land Use Plan***

See the attached map from the 2004 Grand Island Comprehensive Plan. This property is planned for low to medium density residential. This property is in private ownership. [§18-2103(b) and §18-2111]

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

The area is zoned R-4 High Density Residential and the proposed use would be permitted in this district. 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]

***Site Coverage and Intensity of Use***

The developer is proposing to increase the number of dwelling units on the property from one to five. 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]

***Additional Public Facilities or Utilities***

Sewer and water are available to support this development.

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

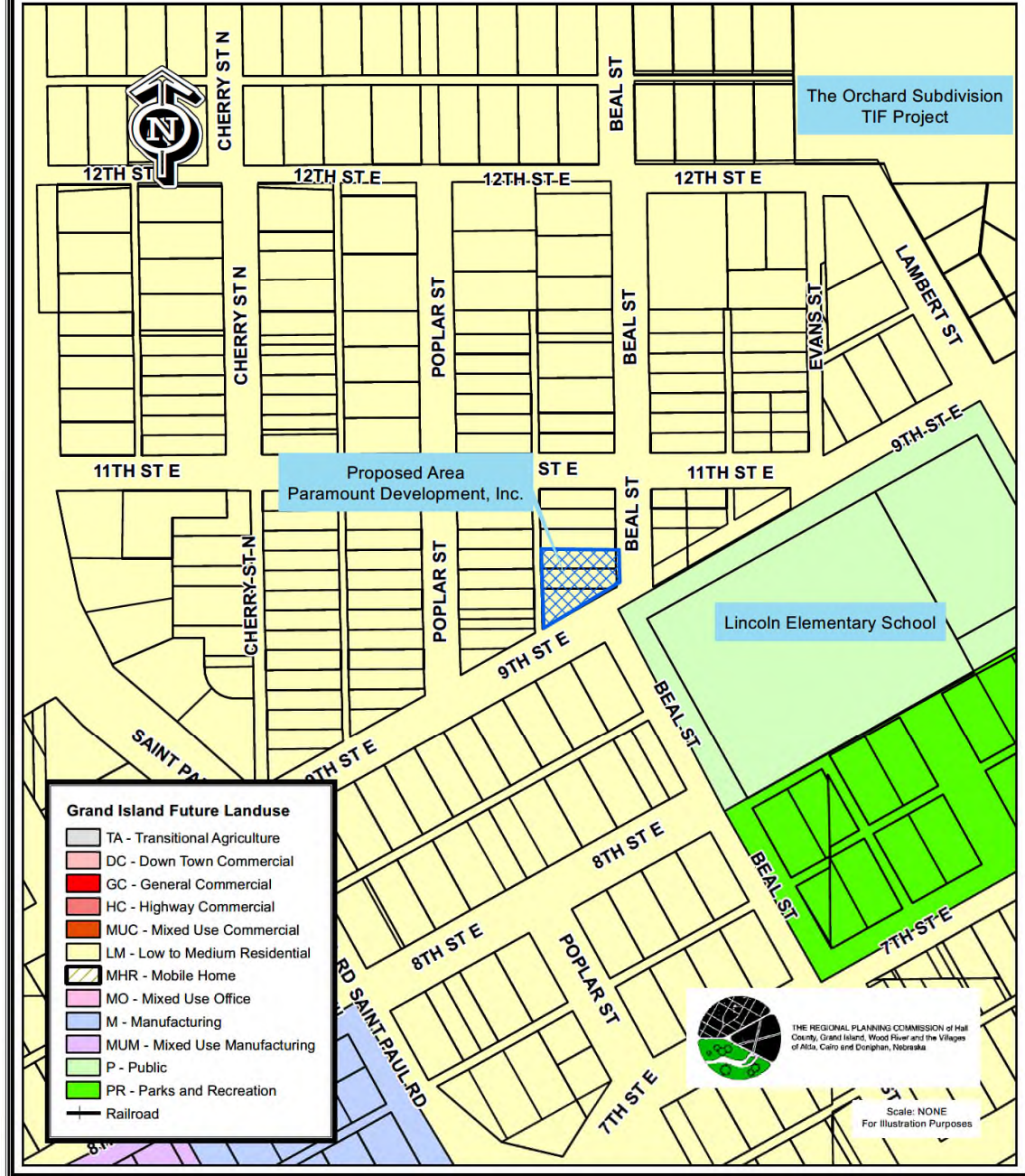
The developer will be responsible for replacing any sidewalks damaged during construction of the project.

No other utilities would be impacted by the development. [§18-2103(b) and §18-2111]



## Proposed Tax Increment Financing Project Future Landuse Map

824 E 9TH  
Pleasant Hill Addition Block 6, Lots 4 ,5 & 6



City of Grand Island Future Land Use Map



**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 \$506,849. Site acquisition cost \$43,980. Site improvements including: tree removal, utility improvements, sidewalks and other flat concrete of \$60,800. Architectural and Engineering planning services of \$2,000 and are included as a TIF eligible expense. Legal, Developer and Audit Fees including a reimbursement to the City and the CRA of \$5,600 are included as TIF eligible expense. The total of eligible expenses for this project is \$112,380.

**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 \$112,380 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, 2022 through December 2036.

***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 housing units in a manner consistent with the goals of the 2019 Housing Study for the City of Grand Island.

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

Development of this project is anticipated to be completed between June 2020 and January of 2021. Excess valuation should be available for this project for up to 15 years beginning with the 2021 tax year.

## **9. Justification of Project**

The proposed construction will provide new quality housing in an existing neighborhood and remove a structure contributing to blight within the neighborhood. This will also add housing units to the total supply in the city consistent with the recommendation of the 2019 Housing Study.

**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 \$112,380 provided by the Grand Island Community Redevelopment Authority will be required to complete the project. This investment by the Authority will leverage \$424,469 in private sector financing and equity investment; a private investment of \$3.90 for every TIF dollar invested.

Use of Funds. Description	Source of Funds		
	TIF Funds	Private Funds	Total
Site Acquisition	\$ 43,980		\$ 43,980
Building Costs		\$ 424,469	\$ 424,469
Sewer	\$ 3,000		\$ 3,000
Water	\$ 3,000		\$ 3,000
Electric	\$ 6,300		\$ 6,300
Trails/Sidewalks	\$ 21,150		\$ 21,150
Site preparation/Dirt Work	\$ 12,350		\$ 12,350
Demolition	\$ 15,000		\$ 15,000
Architecture/Engineering	\$ 2,000		\$ 2,000
Financing Fees		\$ 5,000	\$ 5,000
Legal/TIF Contract	\$ 3,500		\$ 3,500
other (Landscaping)		\$ 9,000	\$ 9,000
Govt. Fees and Expenses	\$ 2,100		\$ 2,100
<b>TOTALS</b>	<b>\$ 112,380</b>	<b>\$ 438,469</b>	<b>\$ 550,849</b>

**Tax Revenue.** The property to be redeveloped has January 1, 2020, valuation of approximately \$57,511. Based on the 2019 levy this would result in a real property tax of approximately \$1,285. It is anticipated that the assessed value will increase by \$552,629 upon full completion, as a result of the site redevelopment. This development will result in an estimated tax increase of over \$12,344 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 2020 assessed value:	\$ 57,511
Estimated taxable value after completion	\$ 610,140
Increment value	\$ 552,629
Annual TIF generated (estimated)	\$ 12,344
TIF bond issue	\$ 112,380

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

The redevelopment project area currently has an estimated valuation of \$57,511. The proposed redevelopment will create additional valuation of \$552,629. 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 including those looking for employees. Housing that is affordable for employees is on the major issues facing employers in Grand Island.

***(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. Four additional households would house 11 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 2 school age children generated by this development. These 2 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 March 10, 2020 that the CRA would be considering this application at their March 18, 2020 meeting.

***(f) Any other impacts determined by the authority to be relevant to the consideration of costs and benefits arising from the redevelopment project.***

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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)

This project is consistent the goals of the 2019 Housing Study for the City of Grand Island to create more than 1400 new dwelling units by 2024. 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 June of 2020 beginning with property clearance and utility installation and January of 2021. The base tax 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 \$112,380. The developer will spend at least \$112,380 on eligible activities based on the estimates presented.

**Resolution Number 2020-06**

**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 824. E. 9<sup>th</sup> Street-Paramount Development 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 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:** April 1, 2020

**HALL COUNTY REGIONAL PLANNING  
COMMISSION**

ATTEST:

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

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