



# **City of Grand Island**

**Tuesday, August 24, 2021**

**Council Session**

## **Item C-1**

### **Community Redevelopment Authority (CRA) Budget Presentation**

**Staff Contact: Chad Nabity**

# **Council Agenda Memo**

**From:** Chad Nabity, AICP, Director

**Meeting:** August 24, 2021

**Subject:** Community Redevelopment Authority 2021-2022  
Annual Budget

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

It is my privilege to present to you the budget for the Community Redevelopment Authority (CRA) for 2021-2022. This plan and budget continues the high-quality services that have enabled the CRA to partner with the City of Grand Island, private developers and businesses and with property owners in the blighted and substandard areas to make Grand Island vibrant, clean, safe and attractive.

The CRA budget for 2021-2022 is offered to you with a review of the responsibilities of the CRA. Those responsibilities and abilities are outlined in State Statutes and are summarized, in part, as follows:

The creation of a Redevelopment Authority was authorized by the Nebraska Legislature in order to provide communities with the ability to address certain areas of a city in need of improvement and development. Powers granted to CRAs are outlined in Chapter 18 of the Statutes and include the ability to expend funds to acquire substandard or blighted areas, make public improvements, and assist with development and redevelopment projects in specified areas. The Authority has virtually the same powers as any political subdivision, including borrowing money, issuing bonds, undertaking surveys and appraisals and asking for a levy of taxes.

A five-member board, appointed by the Mayor with the approval of the City Council, governs the CRA. The CRA is administered by a Director and devotes the overwhelming share of its resources to highly visible and effective programs. The CRA funds its programs primarily through assessments on taxable properties within the Grand Island city limits.

## **BLIGHTED AND SUBSTANDARD AREAS**

There are 31 designated Blighted and Substandard Areas within the Grand Island City Limits. The City of Grand Island has the authority to designate up to 35% of the community a blighted and substandard. At present 22.96% of the City has been designated blighted and substandard. Council has approved one blight study during the

last year for 32 (Old Potash and North Road). Two other studies areas 33 (Husker Highway and Prairieview Street) and 34 (Claude Road Corridor) are currently under consideration and could be approved before the end of September. The proposed study for the Conestoga Mall Area (28) was pulled for consideration by the applicant in December of 2018 and it does not appear there is any traction on that study. Information about all of the Grand Island CRA Areas and TIF Projects that have been approved are available at: <https://tinyurl.com/GI-CRA>.

## **CRA MISSION**

**The CRA is charged with taking action in specified areas of the community to assist in the prevention and to inhibit physical deterioration (blighted and substandard conditions) thereby enhancing property values and creating incentives for private investment.** They do this by encouraging new investment and improved infrastructure in older areas of the community through the use of tax increment financing. They also take an active role in purchasing and demolishing properties that need to be cleared. This property is then made available for redevelopment.

## **FISCAL RESOURCES**

### **General Revenues for 2021-2022**

The CRA is requesting property tax revenues of \$745,146 including \$196,818 for Lincoln Pool Construction and Bonds and \$548,328 for all other CRA programs. The CRA is requesting that the levy remain the same increasing the tax ask by \$45,138. It is anticipated that there will be more interest in the façade program for the upcoming year based on applications received at this time. Railside BID also submitted a project list detail upwards of \$335,000 of potential requests for funding from the CRA. At this point it is based on the certified valuation for 2021 the levy will be 0.020546 per \$100 valuation. The CRA is allowed a levy of up to 0.026. This will allow the CRA to meet obligations, continue with their successful programs, the levies and tax asking have been:

<b>2020-2021</b>	<b>2019-2020</b>	<b>2018-2019</b>	<b>2017-2018</b>	<b>2016-2017</b>	<b>2015-2016</b>	<b>2014-2015</b>	<b>2013-2014</b>
0.020548	0.021661	0.02224	0.0224	0.026	0.026	0.026	0.026
\$700,008	\$700,008	\$700,008	\$686,000	746,691	\$732,050	\$691,245	\$669,384

### **Program Funding**

The CRA has the ability to assist private developers and governmental entities with the commercial, residential or mixed-use redevelopment projects throughout the City. Specific detail on projects is as follows:

- **Facade Development:** For the façade development program \$250,000 has been budgeted, including grants and interest buy down. Last year the CRA funded

\$200,000 of façade projects and received applications and approved this expenditure for 3 projects. It is anticipated that all two of these three projects will be completed and the grants paid prior to the end of September 2021. We currently have 3 projects in line for the 2022 fiscal year and several people have made inquiries and are working with local contractors and architects on submissions. No projects will be approved until after the budget is finalized. This program has been used extensively in the Downtown part of Redevelopment Area #1 but has also been used in Areas #2 and #6. It is only available in those areas that have a generalized redevelopment plan including commercial façade development.

- **Husker Harvest Days Commitments:** Farm Progress, the City of Grand Island and the CRA entered into an agreement in November of 2017 to facilitate infrastructure improvements at the Husker Harvest Days site. The CRA has committed to transfer \$200,000 a year to Farm Progress for 10 years beginning in November of 2018. The City has agreed to transfer \$200,000 from the food and beverage tax collections to the CRA in October of each year to cover that payment. Farm Progress made more than \$7,500,000 worth of improvements to the site and will continue to hold at least a three day event on the site for the next 20 years or be subject to repayment penalties. This will be extended an additional year per the redevelopment contract due to the fact that Farm Progress did not hold a show during the 2020 year. This is the fourth of ten scheduled payments.
- **TIF Payments:** The largest portion of the CRA Budget is the payments on the TIF Bonds. These payments are funded by the tax increment created by each project. The funds are received from the County Treasurer in the month after the taxes have been paid and the CRA places those funds in a separate account for each project and send payment in the amount received from the treasurer to the bond holder of record. Accounts are set up by the finance department after the first payment is received from the treasurer. It is expected that the CRA will make TIF payments totaling around \$4,900,000 on all projects. The TIF line item does budget \$500,000 to accommodate new projects and the possibility that a project may need to pay off prior to the end of the bond period. There are 62 active TIF projects with signed contracts and a total of 13 projects that have been paid off or canceled. The CRA paid off the John Shulte Project at Lincoln and Anna and the Pharmacy Properties project on 4<sup>th</sup> Street. Additional projects will be paid off during the 21-22 tax year including the Girard Veterinary Clinic and Southeast Commons.
- **Other Projects:** In the blighted and substandard areas \$230,000 has been reserved for other projects. This funding can be assigned to specific projects including but not limited to infrastructure improvements in the blighted and substandard areas that would support larger redevelopment plans. The CRA assisted in the 1868 Foundation with a campus plan for the Fonner Park area, provided funding for the community match of the Veterans' Cemetery and helped with improvements in the Railside BID along with helping preserve the historic Carnegie Library on 2<sup>nd</sup> and Walnut. The CRA has used this funding item in the past to fund additional façade improvement projects and to make grants to fund specific projects for: the Business Improvement Districts, the Grand Island Parks Department, Fonner Park, The

Central Nebraska Humane Society, St. Stephens, Habitat for Humanity and other community groups for specific projects that meet the mission of the CRA.

## CONCLUSION

This budget provides for measured funding of redevelopment efforts during the 2021-2022 fiscal year. The investments this community has made in housing, redevelopment efforts, infrastructure and economic development bode well for the future of the community. This budget is reflective of the commitments the CRA has made and will enable them to pay off existing commitments and maintain a cash balance to guarantee payment of future commitments.

The CRA will also continue to examine the community to identify areas that might benefit from a Blighted and Substandard declaration and to review and recommend approval of redevelopment plan amendments for tax increment financing projects on both large and small scale developments. **The CRA is charged with taking action in specified areas of the community to assist in the prevention and to inhibit physical deterioration (blighted and substandard conditions) thereby enhancing property values and creating incentives for private investment.** All of the tools used by the CRA are necessary for them to accomplish this mission:

**COMMUNITY REDEVELOPMENT AUTHORITY  
2022 BUDGET**

	<b>2021 BUDGET</b>	<b>2020-2021 YE Projected</b>	<b>2022 BUDGET</b>
<b>CONSOLIDATED</b>			
Beginning Cash	677,632	677,632	548,785
<b>REVENUE:</b>			
Property Taxes - CRA	504,203	504,203	548,328
Property Taxes - Lincoln Pool	195,805	195,805	196,818
Property Taxes - TIF's	4,858,000	4,858,000	5,400,000
Loan Income (Poplar Street Water Line)	20,000	16,000	20,000
Interest Income - CRA	10,000	10,000	10,000
Land Sales			-
Other Revenue - CRA	200,000	200,000	200,000
Other Revenue - TIF's			
<b>TOTAL REVENUE</b>	<u>5,788,008</u>	<u>5,784,008</u>	<u>6,375,146</u>
<b>TOTAL RESOURCES</b>	<u>6,465,640</u>	<u>6,461,640</u>	<u>6,923,931</u>
<b>EXPENSES</b>			
Auditing & Accounting	3,000	3,000	3000
Legal Services	3,000	500	3000
Consulting Services	5,000	-	5000
Contract Services	75,000	65,000	75000
Printing & Binding	1,000	-	1000
Other Professional Services	16,000	200	16000
General Liability Insurance	250	-	250
Postage	200	100	250
Legal Notices	500	250	500
Travel & Training	4,000	-	4000
Other Expenditures	-	-	
Office Supplies	1,000		1000
Supplies	300	200	300
Land	30,000		30000
Bond Principal - Lincoln Pool	185,000	185,000	190000
Bond Interest- Lincoln Pool	10,805	10,805	6817.5
Husker Harvest Days Payment (Year 4 of 10 Nov 2021)	200,000	200,000	200000
Façade Improvement	200,000	160,000	250000
Building Improvement	670,000	268,000	500000
Other Projects	200,000	162,000	230000
TIF Payments	4,857,800	4,857,800	5400000
<b>TOTAL EXPENSES</b>	<u>6,462,855</u>	<u>5,912,855</u>	<u>6,916,118</u>
<b>INCREASE(DECREASE) IN CASH</b>	(674,847)	(128,847)	(540,972)
<b>ENDING CASH</b>	<u>2,785</u>	<u>548,785</u>	<u>7,813</u>

Program      Operating

Building Improvement includes all committed projects (Life/Safety, Façade and Other Projects) that have not been paid out