



Hall County Regional Planning Commission

Wednesday, May 5, 2021

Regular Meeting

Item F2

**Public Hearing - Redevelopment Plan Amendment - Grand Island
- Miller Tire**

Staff Contact:

Agenda Item #5

PLANNING DIRECTOR RECOMMENDATION TO REGIONAL PLANNING COMMISSION:

April 26, 2021

SUBJECT:

Redevelopment plan amendment for property located in Blight and Substandard Area 6 for a Site Specific Redevelopment Plan for property located south of 8th Street and east of Eddy Street, 722 N. Eddy Street in Grand Island, in Hall County, Nebraska to support this development. (C-14-2021GI)

PROPOSAL:

Ebc Obermiller LLC, the real estate holding company for Miller Tire has purchased Hal Maggiore's Photo Studio at 722 N. Eddy Street proposing to redevelop this commercial property as an expansion to Miller Tire. The property is zoned B-2 General Business 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. It is anticipated that this property would continue to be used for commercial uses. 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 B-2 General Business. The B-2 zone allows a variety of commercial uses automobile repair.

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 here.

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 commercial 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 6
October 2020**

The Community Redevelopment Authority (CRA) of the City of Grand Island intends to amend the Redevelopment Plan for Area 6 within the city, pursuant to the Nebraska Community Development Law (the “Act”) and provide for the financing of a specific housing related project in Area 6.

**Executive Summary:
Project Description**

THE ACQUISITION OF PROPERTY AT 722 N EDDY STREET AND THE SUBSEQUENT SITE WORK, UTILITY IMPROVEMENTS, ENGINEERING, LANDSCAPING, FAÇADE ENHANCMENTS, RECONSTRUCTION AND PARKING IMPROVEMENTS NECESSARY FOR REDEVELOPMENT OF THIS PROPERTY.

The use of Tax Increment Financing (TIF) to aid in the acquisition of property, necessary site work and rehabilitation necessary to develop this site. The use of TIF makes it feasible to complete the proposed project within the timeline presented. This project would not be considered at this time and location without the use of TIF. Financing for the project is contingent on TIF

The acquisition, site work and construction of all improvements will be paid for by the developer. The developer is responsible for and has provided evidence that they can secure adequate debt financing to cover the costs associated with the acquisition, site work and remodeling. The Grand Island Community Redevelopment Authority (CRA) intends to pledge the ad valorem taxes generated over the 15 year period beginning January 1, 2022 towards the allowable costs and associated financing for the acquisition and site work.

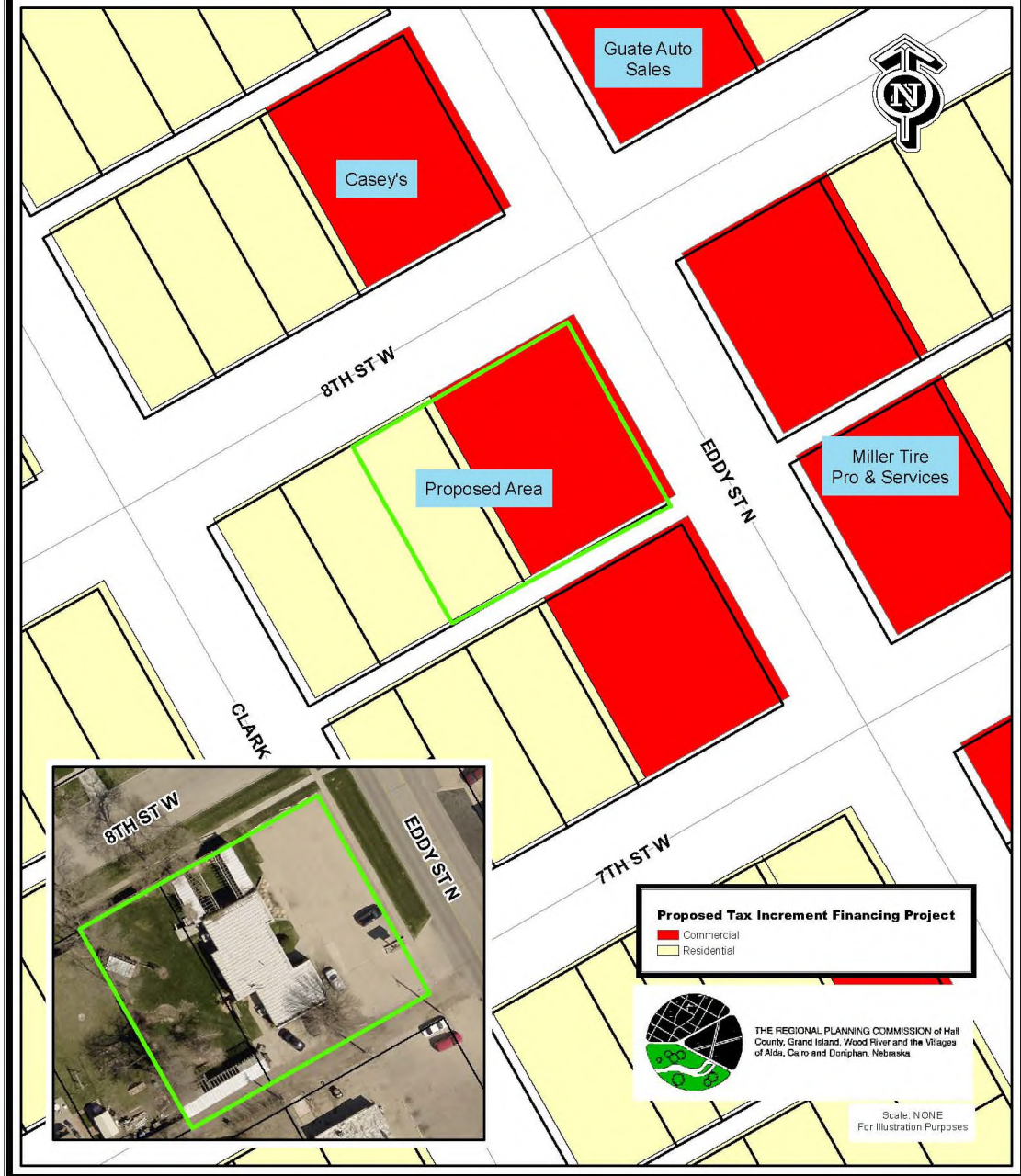
TAX INCREMENT FINANCING TO PAY FOR THE ACQUISITION OF THE PROPERTY AND RELATED SITE WORK WILL COME FROM THE FOLLOWING REAL PROPERTY:

Property Description (the “Redevelopment Project Area”)

This property is located south of 8th Street and west of Eddy Street in south central Grand Island, the attached map identifies the subject property and the surrounding land uses:

- **Legal Description: Lots One (1), Two (2) and Three (3) Block 14 H. G. Clarks Addition, in the City of Grand Island, Hall County, Nebraska,**

Tracts of land located at 722 N Eddy Street & 811 W 8th Street, Grand Island, NE



Existing Land Use

Ebc Obermiller LLC: 722 N Eddy Street

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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 2022 through 2036 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 increase will come from the construction of new commercial space on this property.

Statutory Pledge of Taxes.

In accordance with Section 18-2147 of the Act and the terms of the Resolution, the Authority hereby provides that any ad valorem tax on any Lot or Lots located in the Redevelopment Project Area identified from time to time by the Redeveloper (such Lot or Lots being referred to herein as a "Phase") as identified in a written notice from the Redeveloper to the Authority (each, a "Redevelopment Contract Amendment Notice") 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 Amendment Notice and reflected in a Redevelopment Contract Amendment, 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 October 9, 2007.[§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 (26) (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 acquire the necessary property and provide the necessary site work, utilities and street improvements needed for the construction of a permitted use on this property. **The Hall County Regional Planning Commission held a public hearing at their meeting on May 5, 2021 and passed Resolution 2021-05 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(26) (b)]

a. Land Acquisition:

The Redevelopment Plan for Area 6 provides for real property acquisition and this plan amendment does not prohibit such acquisition. There is no proposed acquisition by the authority. The applicant will be acquiring the property from the current owner for \$245,000.

b. Demolition and Removal of Structures:

The project to be implemented with this plan will require complete demolition of any existing structures.

c. Future Land Use Plan

See the attached map from the 2004 Grand Island Comprehensive Plan. The site is planned for mixed use commercial development. [§18-2103(b) and §18-2111] The attached map also is an accurate site plan of the area after redevelopment. [§18-2111(5)]



City of Grand Island Future Land Use Map

Ebc Obermiller LLC: 722 N Eddy Street

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

The area is zoned B2 General Business zone & R4 High Density Residential Zone. A zoning change is necessary for Three (3) Block 14 H. G. Clarks Addition and in process. 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]

e. Site Coverage and Intensity of Use

The developer is proposing to demolish the current structure and construct a car repair shop with nine service bays.

f. Additional Public Facilities or Utilities

Sewer and water are available to support this development.

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]

4. The Act requires a Redevelopment Plan provide for relocation of individuals and families displaced as a result of plan implementation. This amendment does not provide for acquisition of any residences and therefore, no relocation is contemplated. [§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]

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 proposing to purchase this property for \$245,000. The cost of property acquisition is being included as a TIF eligible expense. Total costs for construction is estimated at \$1,209,500 and is not TIF eligible. The cost of grading, dirt work and fill is \$20,000. An additional \$40,000 of expenses for demolition, along with on-site improvements of \$11,000. Including a \$5,700 of expenses for legal work, fees and financial tracking of this project are also included as eligible expenses. The total estimated eligible expenses are \$321,700. The request for TIF assistance is \$318,825. It is estimated based on the proposed increased valuation to \$1,218,278 that available TIF

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would be \$333,307 over the 15 year period. This project should pay off prior to the end of the 15 year bond 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 not less than \$318,285 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 according to the approved contract.

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, in that it will allow for the reconstruction and enhanced utilization of commercial space this location. This will have the intended result of preventing recurring elements of unsafe buildings and blighting conditions.

8. Time Frame for Development

Development of this project is anticipated to be completed October of 2021. Excess valuation should be available for this project for 15 years beginning with the 2022 tax year.

9. Justification of Project

This is infill development in an area with all city sewer and water available. The developer owns other properties in the area and has almost 50 full time employees working at those locations and is ready to expand in this area of the community.

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 project, including:

Project Sources and Uses. A minimum of \$318,285 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 \$896,915 in private sector financing and investment; a private investment of \$2.82 for every TIF dollar investment. It is estimated this will pay off in 15 years.

Use of Funds.	Source of Funds		
Description	Eligible for TIF Funds	Private Funds	Total
Site Acquisition	\$245,000		\$245,000
Grading/Dirtwork/Fill	\$20,000		\$20,000
Demolition	\$40,000		\$40,000
On-Site Improvements	\$11,000		\$11,000
Soft Costs		\$10,000	\$10,000
Legal CRA Cost	\$2,285	\$3,415	\$5,700
Building Construction Costs		\$883,500	\$883,500
TOTALS	\$318,285	\$896,915	\$1,215,200

Tax Revenue. The property to be redeveloped is expected to have has a January 1, 2022, valuation of approximately \$1,218,278. Based on the 2021 levy this would result in a real property tax of approximately \$26,517. It is anticipated that the assessed value will increase by \$1,011,158 upon full completion, as a result of the site redevelopment. This development will result in an estimated tax increase of over \$22,220 annually resulting in approximately \$333,307 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 2021 assessed value:	\$ 207,120
Estimated value after completion	\$ 1,218,278
Increment value	\$ 1,011,158
Annual TIF generated (estimated)	\$ 22,220
TIF bond issue	\$ 318,285

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

The redevelopment project area has an estimated valuation of \$207,120. The proposed improvements at this location will result in at least an additional \$1,011,158 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 compete for skilled mechanics positions. The developer already employs almost 50 people and most of those workers would work at this facility.

(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 unlikely to have an impact on other 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 project does not involve housing and will demolish and reconstruct a facility for commercial use at this site.

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

The future land use of this area recommends mixed use commercial development in this area of the community. Eddy Street is commercial corridor and in 2020 the city rezoned the Eddy Street corridor between 9th Street and 17th to B2 General Business Zone. The whole corridor from 4th Street to Five Points is zoned B2. North on Eddy at the Five Points area, the city has developed a plan to construct a major round about to alleviate traffic congestion allowing for a better flow of traffic through the area. Investment in this property will continue to promote the Eddy Street corridor as a sustainable area for commercial development as the city grows.

Time Frame for Development

Development of this project is anticipated to be completed October 2021. The base tax year should be calculated on the value of the property as of January 1, 2021. Excess valuation should be available for this project for 15 years beginning in the 2022 tax year. 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. The full amount of TIF generated over a 15 year period would be \$333,307 and the developer has requested \$318,285 to cover just over \$321,000 of eligible expenses.

Resolution Number 2021-04

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 722 N. Eddy Street Miller Tire.** 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: May 5, 2021.

**HALL COUNTY REGIONAL PLANNING
COMMISSION**

ATTEST:

By: _____
Chair

By: _____
Secretary