



# City of Grand Island

Tuesday, August 16, 2022

Study Session

## Item -3

### CRA Budget Presentation

Staff Contact: Chad Nabity

# Council Agenda Memo

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

**Meeting:** August 16, 2022

**Subject:** Community Redevelopment Authority 2022-2023  
Annual Budget

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

I am privileged to present to you the budget for the Community Redevelopment Authority (CRA) for 2022-2023 on behalf of the CRA Board, Tom Gdowski, Sue Pirnie, Jim Truell, Chris Schwieger, and Brian Mustion. 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. Since October of last year the City Council and the CRA have focused not only on redevelopment but partnering with local developers to approve public participation in 638 housing units ranging from senior housing at Jaxson Subdivision on Old Potash Highway to upper story residential in Railside to townhouses near Five Points, single family in northwest and southeast Grand Island and apartments near the new hospital. It is expected that these units will be developed over the next 5 to 9 years. In addition to the approved units, another 277 units will be under consideration in the next eight weeks.

The CRA budget for 2022-2023 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 35 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 four blight studies during the last year for 33 (Husker Highway/Legacy 34), 34 (Claude Road Corridor), 35 (Old Engleman School) and 36 (Highland North). The proposed study for the Conestoga Mall Area (28) was pulled for consideration by the applicant in December of 2018 and an updated study may be in the works. 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.

Since 2019 the State of Nebraska has approved new tools for using TIF including the concept of Micro-TIF that would provide for streamlined permitting of TIF project on a small scale or for historic structures. Staff has made suggestions to the League of Municipalities and the legislature on changes to that law that would make this work fit better into the workflow and staffing capabilities of the city. In addition to seeking those changes we have been examining our processes to see how we could incorporate this under the current law and plan to bring forward these suggestions in the next fiscal year for Council consideration.

## **FISCAL RESOURCES**

### **General Revenues for 2022-2023**

The CRA is requesting property tax revenues of \$745,146 including \$197,340 for Lincoln Pool Construction and Bonds and \$548,263 for all other CRA programs. The CRA is requesting that the same amount of funding as last year so the levy will be reduced to account for valuation additions and increases across the City. There is more interest in the façade program for the upcoming year we currently have \$270,000 of applications and are expecting at least on additional of \$100,000 before the end of the month so we are expecting to review façade applications of \$370,000 after budget approval. Two projects are in Railside and two on South Locust. The CRA did fund \$200,000 of other projects grants in 2022 including participation in the Railside Sculpture walk for \$10,000 for the stone statue bases that will be reused year after year that was paid out during this fiscal year. The 2021 the levy was 0.020548 per \$100 valuation. The levy will drop based on

our expected budget. 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:

2021-2022	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015
0.020548	0.020548	0.021661	0.02224	0.0224	0.026	0.026	0.026
\$745,146	\$700,008	\$700,008	\$700,008	\$686,000	746,691	\$732,050	\$691,245

### 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 \$370,000 has been budgeted, including grants and interest buy down. Last year the CRA funded \$254,000 of façade projects (they moved some money from other projects to fund the all of the requests) and received applications and approved this expenditure for projects. It is anticipated that three of these five projects will be completed and the grants paid prior to the end of September 2021. We currently have 4 projects in line for the 2023 fiscal year. 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 fifth 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 \$6,300,000 on all projects. The TIF line item does budget \$800,000 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 67 active TIF projects with signed contracts and a total of 15 projects that have been paid off or canceled. The CRA paid off the Girard Veterinary Clinic and Southeast Commons. Additional projects will be paid off during the 22-23 tax year including the Procon Apartments on Capital Avenue.

- **Other Projects:** In the blighted and substandard areas \$250,000 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. In 2022 the CRA assisted in participated in the Railside sculpture walk, and reserved funding for Hope Harbor to purchases and demolish 4 houses adjacent to their existing facilities, and reserved funding for an exterior remodel project for the Grand Island Chamber of Commerce. 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, the Veterans Cemetery and the Nebraska State Fairground/Fonner Park master plan 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 2022-2023 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  
2023 BUDGET**

	<b>2022 BUDGET</b>	<b>2021-2022 YE Projected</b>	<b>2023 BUDGET</b>
<b>CONSOLIDATED</b>			
Beginning Cash	548,785	755,002	946,468
<b>REVENUE:</b>			
Property Taxes - CRA	548,328	571,153	548,263
Property Taxes - Lincoln Pool	196,818	196,818	197,340
Property Taxes -TIF's	5,400,000	5,400,000	7,100,000
Loan Income (Poplar Street Water Line)	20,000	20,000	20,000
Interest Income - CRA	10,000	2,000	10,000
Land Sales	-	-	-
Other Revenue - CRA	200,000	200,000	200,000
Other Revenue - TIF's			
<b>TOTAL REVENUE</b>	<b>6,375,146</b>	<b>6,389,971</b>	<b>8,075,603</b>
<b>TOTAL RESOURCES</b>	<b>6,923,931</b>	<b>7,144,973</b>	<b>9,022,070</b>
<b>EXPENSES</b>			
Auditing & Accounting	3,000	3,000	3000
Legal Services	3,000	200	3000
Consulting Services	5,000	-	5000
Contract Services	75,000	75,000	80000
Printing & Binding	1,000	-	1000
Other Professional Services	16,000	16,000	16000
General Liability Insurance	250	-	250
Postage	200	-	250
Legal Notices	500	300	500
Travel & Training	4,000	800	4000
Other Expenditures	-	-	-
Office Supplies	1,000	300	1000
Supplies	300	100	300
Land	30,000	-	50000
Bond Principal - Lincoln Pool	185,000	185,000	190000
Bond Interest- Lincoln Pool	10,805	10,805	7340
Husker Harvest Days Payment (Year 4 of 10 Nov 2021)	200,000	200,000	200000
Façade Improvement	200,000	162,000	370000
Building Improvement (Committed Projects)	500,000	135,000	722,000
Other Projects	200,000	10,000	250000
TIF Payments	5,400,000	5,400,000	7100000
<b>TOTAL EXPENSES</b>	<b>6,835,055</b>	<b>6,198,505</b>	<b>9,003,640</b>
<b>INCREASE(DECREASE) IN CASH</b>	<b>(459,909)</b>	<b>191,466</b>	<b>(928,038)</b>
<b>ENDING CASH</b>	<b>88,876</b>	<b>946,468</b>	<b>18,430</b>

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