



Community Redevelopment Authority (CRA)

Wednesday, September 19, 2012
Regular Meeting

Item H2

Habitat for Humanity TIF App

Staff Contact: Chad Nabity



BACKGROUND INFORMATION RELATIVE TO TAX INCREMENT FINANCING REQUEST

Project Redeveloper Information

Business Name: Grand Island Area Habitat for
Humanity

Address: 410 W. 2nd St. #6, P.O. Box 1001, Grand Island, NE 68802

Telephone No.: 308-385-5510

Fax No.: 308-385-5511

Contact: Dana Jelinek

Brief Description of Applicant's Business:

Grand Island Area Habitat for Humanity (GIAHFH) is a non-profit housing organization working to help low-income households into safe, decent affordable homes they will own. Through community assistance, homes are built in partnership with qualifying households, then sold at the cost to build and with no interest loans.

Present Ownership Proposed Project Site: 1103 St. Paul Rd. (legal: Pleasant Hill Add., Lots 8, 9, 10, 11 and 12

Proposed Project: Building square footage, size of property, description of buildings – materials, etc. Please attach site plan, if available.

The land available is 165' x 138.75'. Once re-platted, it would accommodate three Habitat homes. Typical Habitat homes are energy efficient, 1070 sq. ft., three bedroom homes on a crawlspace. More bedrooms are added when necessary. Homes have hardi-plank siding, covered entries, architectural shingles, and a sodded yard.

If Property is to be Subdivided, Show Division Planned:

VI. Estimated Project Costs:

Acquisition Costs:

A. Land	\$ 22,895
B. Building	\$ 24,868

Construction Costs:

A. Renovation or Building Costs:	\$183,000
B. On-Site Improvements:	\$ 13,800
re-platting, demo, asbestos removal, tree removal, etc.	

Soft Costs:

A. Architectural & Engineering Fees:	\$
B. Financing Fees:	\$ 500
Closing costs, filing fees	
C. Legal/Developer/Audit Fees:	\$
D. Contingency Reserves:	\$ 2,500
E. Other (Please Specify)	\$ <u>2,750</u>
TIF fees	
TOTAL	\$ 202,550

Total Estimated Market Value at Completion: \$ 240,000

Source of Financing:

A. Developer Equity: from GIAHFH reserves	\$ 47,763
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B. Commercial Bank Loan:	\$
Tax Credits:	
1. N.I.F.A.	\$
2. Historic Tax Credits	\$
D. Industrial Revenue Bonds:	\$
E. Tax Increment Assistance:	\$ 62,876
F. Other	\$

Name, Address, Phone & Fax Numbers of Architect, Engineer and General Contractor:

Dana Jelinek, Executive Director
Grand Island Area Habitat for Humanity
410 W. 2nd St. #6, PO Box 1001
Grand Island, NE 68802
Phone: 308-385-5510/Fax: 308-385-5511

Estimated Real Estate Taxes on Project Site Upon Completion of Project:
(Please Show Calculations)
The estimated value on the homes upon completion will be \$240,000,
putting the estimated yearly taxes at \$4,192. $\$240,000 \times 2.18$ (levy).
Currently the site is under Homestead Exemption.

Project Construction Schedule:

Construction Start Date:

Construction Completion Date:

If Phased Project:

<u>2013</u>	<u>Year</u>	<u>66% Complete</u>
<u>2014</u>	<u>Year</u>	<u>100% Complete</u>

XII. Please Attach Construction Pro Forma

XIII. Please Attach Annual Income & Expense Pro Forma

(With Appropriate Schedules)

TAX INCREMENT FINANCING REQUEST INFORMATION

Describe Amount and Purpose for Which Tax Increment Financing is

Requested:

Amount of Incremental Prospective Annual real Estate Taxes over 2011 Real Estate Taxes on the subject property for 15 years will be used to redevelop the property.

Statement Identifying Financial Gap and Necessity for use of Tax Increment

Financing for Proposed Project: Grants for lot acquisition through Habitat for Humanity and HUD are no longer structured for Habitat affiliates of our size. With grants for land acquisition gone and difficulty in finding affordable land on which to build, GIAHFH is seeking other partnerships. Land costs, plus demo on the proposed properties is far beyond what we can afford on our own. TIF funding for the purchase of the property allows us to acquire not just land on which to build, but also allows us to tear down a property that has been falling into disrepair for years. The purchase of this property is contingent upon TIF approval. The added value of three proposed new homes benefits the community and the neighborhood, not to mention the low-income families who will partner on the projects. With fewer private entities building small houses (limited/no profit margin), Habitat fills that gap.

Municipal and Corporate References (if applicable). Please identify all other Municipalities, and other Corporations the Applicant has been involved with, or has completed developments in, within the last five (5) years, providing contact person, telephone and fax numbers for each: Since 1992, GIAHFH has completed 69 homes, 59 of which have been in Grand Island. Another Grand Island home is currently under construction,

with two more yet to begin this year. Over \$80,000 in property taxes are paid each year on GIAHFH homes. Most of those homes stand on once vacant lots, while a handful replaced deteriorated structures.

In 20 years, GIAHFH has partnered with various volunteer groups, sub-contractors and suppliers, plus donors, to make safe, affordable housing a reality for qualifying low-income households. Families selected must meet income requirements (30-50% of median income), have the ability to pay a no-interest home loan based on the cost to build, and contribute 500 hours of sweat equity (including 20 hours of home-ownership education). A thorough selection process looks at applications, tax returns, pay stubs, debt to income, credit reports, and background reports, plus families participate in meetings, interviews and home visits. In the last five years, both the CRA and City of Grand Island (NSP) provided funds for demolition of deteriorated properties or land where those properties once stood. Both partnerships made way for Habitat home construction. The CRA also provided water lines to an area where we completed four homes.

IV. Please Attach Applicant's Corporate/Business Annual Financial Statements for the Last Three Years.

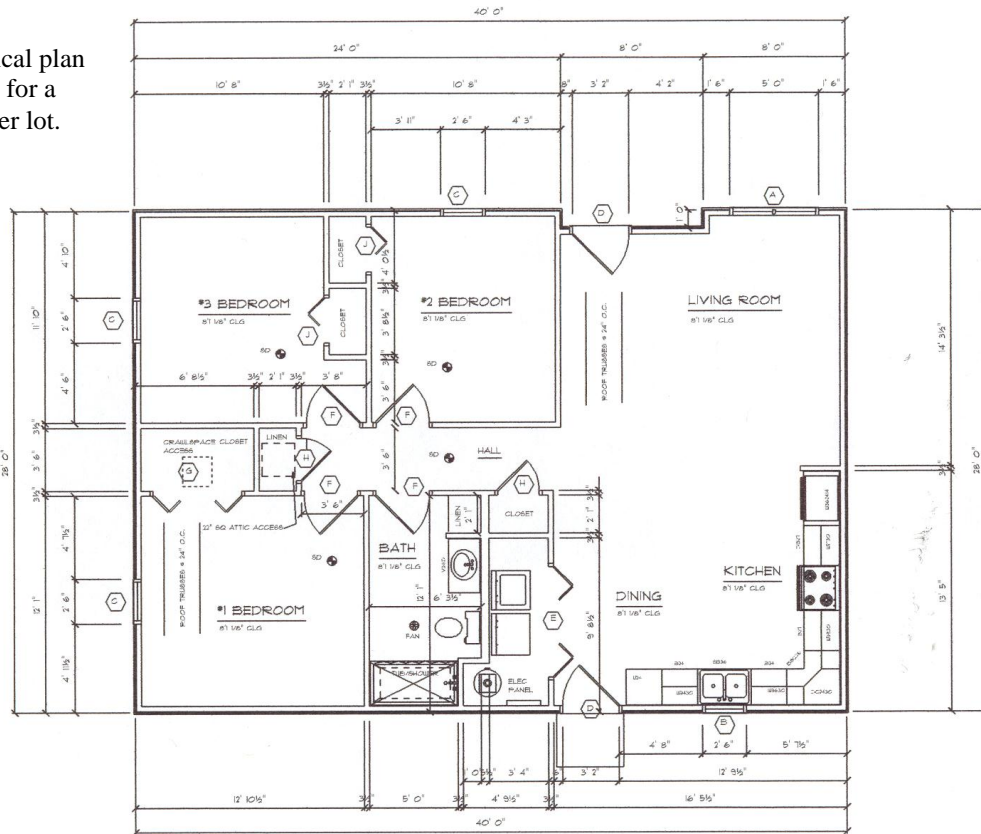
Audited financial statements are available upon request.

Post Office Box 1968
Grand Island, Nebraska 68802-1968
Phone: 308 385-5240
Fax: 308 385-5423
Email: cnabity@grand-island.com

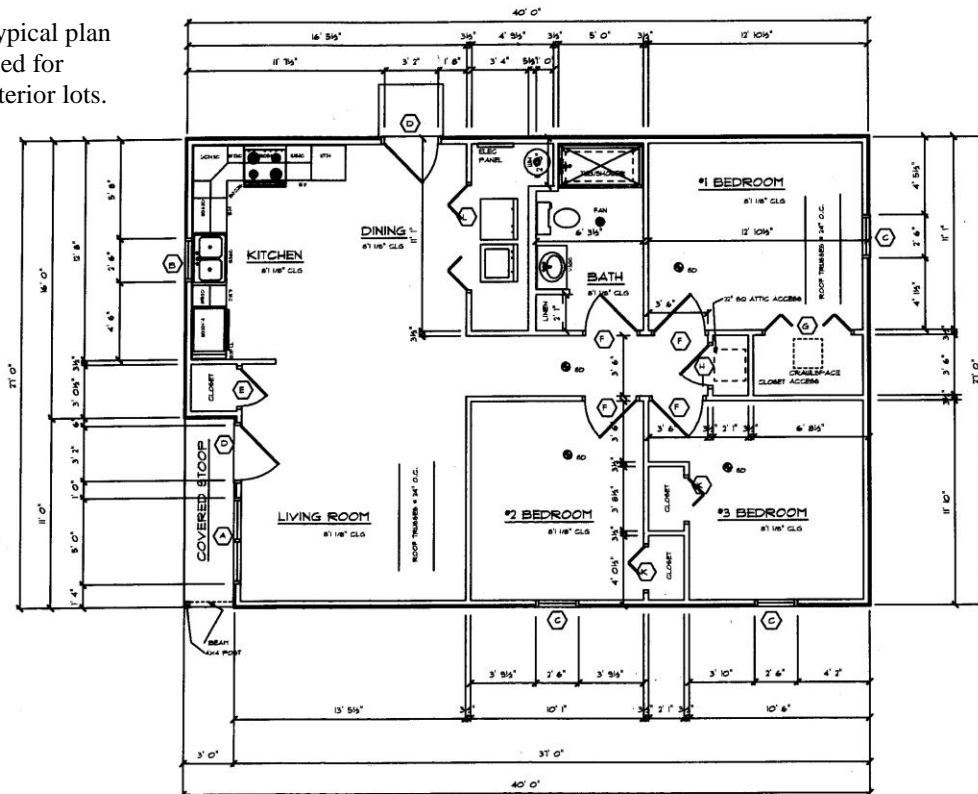
The budget below represents a standard three bedroom home. The number of bedrooms is based on the number of people in the household. Since not all the families have been selected for the proposed homes (application period opens in December), there is the chance that one or more of the homes may need to be larger. Costs to build would increase, as would property values on a larger home.

Construction Budget	
Three-Bedroom Habitat for Humanity Home	Cost
Permits/Curb Cut/Site Prep	950
Pre-construction Total	950
Contract Labor	
Drywall Finishing	1200
Gutters	700
Floor Covering	2000
Heating/Venting	4200
Plumbing	6000
Termite Control	325
Construction Supervisor/Manager Stipends	3100
Electrical	1250
Landscaping	2400
Contract Labor (other)	375
Contract Labor Total	21550
Materials/Supplies	
Lumber & Building Materials	15000
Insulation	1200
Electrical Supplies/Lights	4000
Masonry/Concrete	4200
Paint	400
Doors, Trim & Cabinets	5850
Windows	1500
Appliances	1500
Materials/Supply Total	33650
Indirect Construction Costs	
Administration	4000
Public Works	200
Sanitation/Garbage	500
Utilities during construction	150
Indirect Costs Total	4850
Total Costs	61000

Typical plan
used for a
corner lot.



Typical plan
used for
interior lots.





Above: Typical three bedroom home on a corner lot.

Right: Typical three bedroom home on an interior lot. Note – NSP funds were used to tear down the garage in the background to make way for the home next door.



Bottom: A four bedroom home on a corner lot where CRA provided water lines.



**Redevelopment Plan Amendment
Grand Island CRA Area #1
August 2012**

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 DEMOLITION OF THE EXISTING SINGLE FAMILY HOUSE AT 1103 ST. PAUL ROAD AND THE SUBSEQUENT ACQUISITION, SITE WORK, UTILITY IMPROVEMENTS, ENGINEERING, LANDSCAPING AND PARKING IMPROVEMENTS NECESSARY FOR REBUILDING THREE HOUSES AT THIS LOCATION.

The use of Tax Increment Financing to aid in demolition of existing structures along with costs associated with redevelopment of this site with three new single family homes. The use of Tax Increment Finance makes it affordable to provide additional housing in Grand Island at this location for families that qualify to purchase a Habitat Home. This project would not be possible in an affordable manner without the use of TIF.

Habitat for Humanity has a contract to purchase the house and adjacent vacant lots for the assessed value of the property. All site work, demolition and utilities will be paid for by the Habitat for Humanity, though they are requesting the CRA consider buying that portion of the TIF debt associated with the demolition costs and fees for TIF. 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, 2014 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 at 1103 St Paul Road in northeast Grand Island. The attached map identifies the subject property and the surrounding land uses:

- **Legal Descriptions** Lots 8, 9, 10, 11 and 12 Pleasant Hill Addition to the City of Grand Island.

The tax increment will be captured for the tax years the payments for which become delinquent in years 2014 through 2028 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 development of a duplex housing unit at this location.

Statutory Pledge of Taxes.

Pursuant to Section 18-2147 of the Act, any ad valorem tax levied upon real property in the Redevelopment Project Area shall be divided, for the period not to exceed 15 years after the effective date of the provision, which effective date shall be January 1, 2013.

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 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 for the construction of a permitted use on this property.

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

a. Land Acquisition:

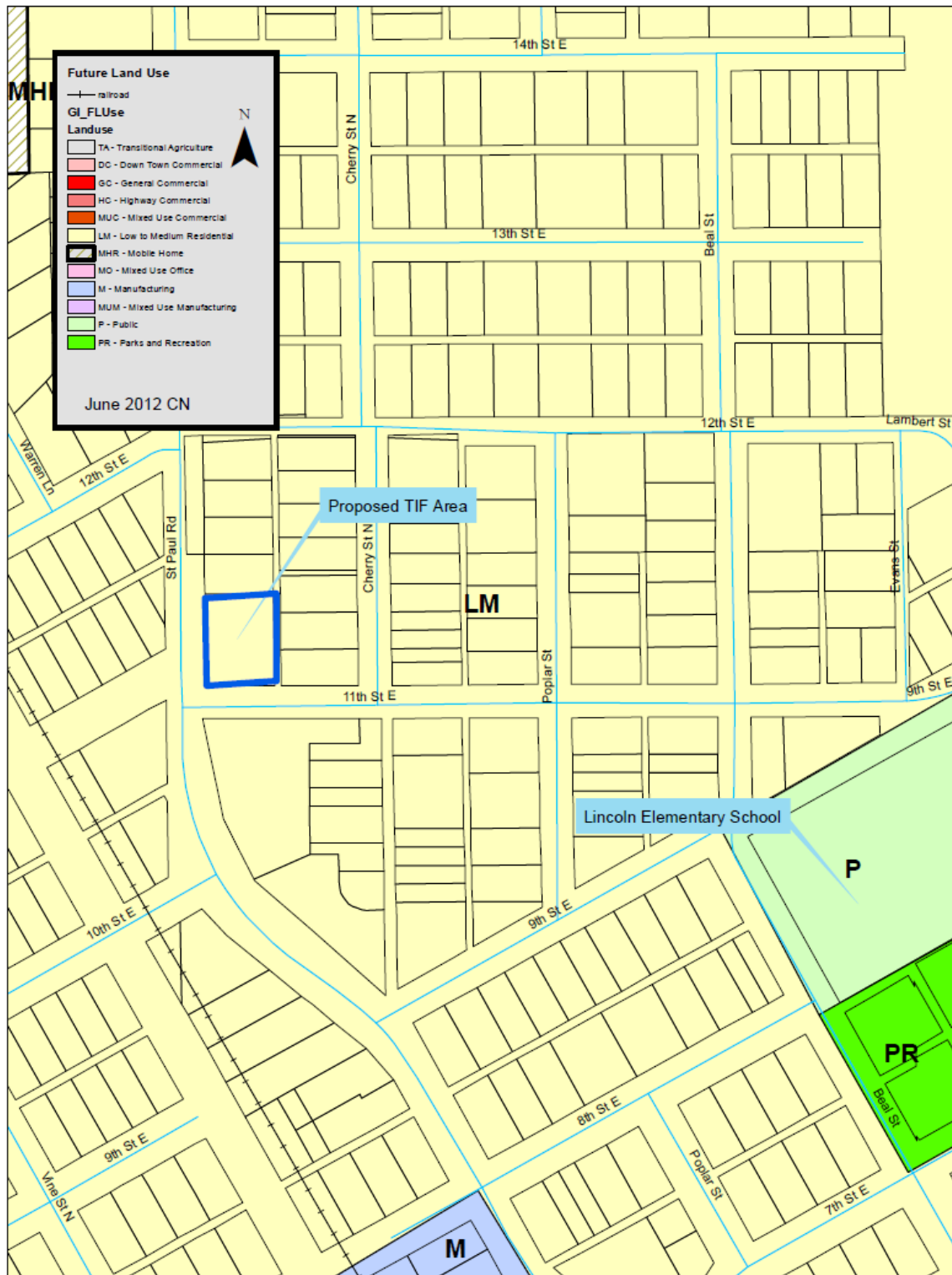
The Redevelopment Plan for Area #1 provides for real property acquisition and this plan amendment does not prohibit such acquisition. There is no proposed acquisition by the authority.

b. Demolition and Removal of Structures:

The project to be implemented with this plan does for the demolition and removal of an existing substandard housing unit at this location. The structure to be demolished is a vacant substandard residential structure to be purchased by the applicant.

c. Future Land Use Plan

See the attached map from the 2004 Grand Island Comprehensive Plan. All of the area around the site in private ownership is planned for low to medium density residential development; this includes housing of densities up to 14 units per acre. This property is in private ownership. [§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

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

The area is zoned R4-High Density Residential zone. No zoning changes are anticipated with this project. 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 remove the existing structures from the property. The R4 zoning district allows 1 dwelling unit per 1000 square feet of property the size of each lot is approximately 7600 square feet; enough to legally accommodate a single family housing unit on each lot. The property is zoned R4 and could accommodate a building of up to 65% of the property area; allowable coverage would be about 4,950 square feet. The proposed units including detached sheds will cover less than 1,200 square feet, well within the allowable coverage. [§18-2103(b) and §18-2111]

f. Additional Public Facilities or Utilities

Sewer and water are available to support this development. New water and sewer services may be required for this building.

No other utilities would be impacted by the 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 property, owned by the developer is currently vacant, 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]

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 has a contract to purchase the property for \$47,763. The \$47,763 is included as a TIF eligible expense. Costs for demolition, site preparation, utilities and contingencies of \$19,000 are included as a TIF eligible expense. Surveying and Engineering fees of \$1,500 are included as a TIF eligible expense. Fees and reimbursement to the City and the CRA of \$2750 are included as a TIF eligible expense. Finance, interest and closing costs of \$500 are included as a TIF eligible expense. The total of eligible expenses for this project is \$71,513.

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 \$66,000 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, 2014 through December 2028.

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.

8. Time Frame for Development

Development of this project (including demolition, site preparation and new construction) is anticipated to be completed between November 2012 and December of 2014. Excess valuation should be available for this project for 15 years beginning with the 2014 tax year. It is anticipated that 2 of the houses will be built by December 31 of 2013 and that the 3rd house will be built in 2013.

9. Justification of Project

This is a residential neighborhood characterized by single family dwellings on smaller lots. The existing structure is considered worn out by the Hall County Assessor's Office. The City of Grand Island is in need of additional housing units and this development will remove one very poor housing unit and replace it with 3 brand new units. This is infill development in an area with all city services available. This project does not propose to tear down any buildings with historic value.

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.

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

The redevelopment project area currently has an estimated valuation of \$47,763. The proposed demolition and subsequent construction of single family homes at this location will result in approximately \$190,000 of additional taxable valuation based on the current valuation of other Habitat houses in the area. 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. 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 project will have no impact on other firms locating or expanding in the area.

(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 and will result in additional housing choices for employees within the city.

(e) 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 increase the available quality housing in Grand Island by a net of three single family homes. The existing structure is worn out and not acceptable as a housing unit. These types of smaller projects spread throughout the city will have a less drastic impact on neighborhoods and schools than a centralized larger housing project.

This is a neighborhood that has benefited extensively from development by the Grand Island Habitat for Humanity Affiliate. This project will continue that investment and commitment.

Time Frame for Development

Development of this project is anticipated to be completed during between November 15, 2012 and December 31 of 2014. The base tax year should be calculated on the value of the property as of January 1, 2013. Excess valuation should be available for this project for 15 years beginning in 2014 with taxes due in 2015. 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 \$66,000 the projected amount of increment based upon the anticipated value of the project and current tax rate. Based on the estimates of the expenses of the cost of demolition, site preparation, engineering, expenses and fees reimbursed to the City and CRA, and financing fees the developer will spend at least \$71,513 on TIF eligible activities.

See Attached Building Plans and Photos included with application

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

RESOLUTION NO. 146

RESOLUTION OF THE COMMUNITY REDEVELOPMENT AUTHORITY OF THE CITY
OF GRAND ISLAND, NEBRASKA, SUBMITTING A PROPOSED
REDEVELOPMENT PLAN 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 ____ day of _____, 2012.

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

By _____
Chairperson

ATTEST:

Secretary

EXHIBIT 1

REDEVELOPMENT PLAN AMENDMENT

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

RESOLUTION NO. 147

RESOLUTION OF THE COMMUNITY REDEVELOPMENT AUTHORITY OF THE CITY OF GRAND ISLAND, NEBRASKA, PROVIDING NOTICE OF INTENT TO ENTER INTO A REDEVELOPMENT AFTER THE PASSAGE OF 30 DAYS AND OTHER MATTERS

WHEREAS, this Community Redevelopment Authority of the City of Grand Island, Nebraska ("Authority"), has received an Application for Tax Increment Financing under the Nebraska Community Development Law (the "Act") on a project within redevelopment area #1, from Grand Island Area Habitat for Humanity, (The "Developer") for redevelopment of an area within the city limits of the City of Grand Island as set forth in Exhibit 1 attached hereto area; and

WHEREAS, this Community Redevelopment Authority of the City of Grand Island, Nebraska ("Authority"), is proposing to use Tax Increment Financing on a project within redevelopment area #1;

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

Section 1. In compliance with section 18-2114 of the Act, the Authority hereby gives the governing body of the City notice that it intends to enter into the Redevelopment Contract, attached as Exhibit 1, with such changes as are deemed appropriate by the Authority, after approval of the redevelopment plan amendment related to the redevelopment project described in the Redevelopment Contract, and after the passage of 30 days from the date hereof.

Section 2. The Secretary of the Authority is directed to file a copy of this resolution with the City Clerk of the City of Grand Island, forthwith.

Passed and approved this ____ day of _____, 2012.

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

By _____
Chairperson

ATTEST:

Secretary

Exhibit 1

Attach a copy of the Redevelopment Contract