



Community Redevelopment Authority (CRA)

Wednesday, May 29, 2013
Regular Meeting

Item H1

Pridon

Staff Contact: Chad Nabity



BACKGROUND INFORMATION RELATIVE TO TAX INCREMENT FINANCING REQUEST

Project Redeveloper Information

Business Name: Pridon LLC

Address: 102 Third Avenue NE _____

Hickory, NC 28601 _____

Telephone No.: 828-322-1296 _____ Fax No.: 828-315-9964

Contact: Dane Whitworth

Brief Description of Applicant's Business: Developer of Federal

Properties _____

Present Ownership Proposed Project Site: _Department of Vererans Affairs

Proposed Project: Building square footage, size of property, description of buildings – materials, etc. Please attach site plan, if available. One two story residential building (includes 20 one bedroom, 6 two bedroom units) built on crawl space foundation; wood framed; brick, stone, vinyl veneer exterior. The residential building has 29,862 total square feet of space, which includes 10,700 SF of office and meeting/activity rooms. Property size is 4.6 acres.

A second and third phase of apartments is also planned within the next 5 years. This would create an additional 56 units of housing.

If Property is to be Subdivided, Show Division Planned:

VI. Estimated Project Costs:

Acquisition Costs:

A. Land \$

B. Building

Construction Costs:

A. Renovation or **Building Costs:** \$2,492,200

B. On-Site Improvements: \$125,800

Streets, Parking, Landscaping 62,360

Soft Costs:

A. Architectural & Engineering Fees:	\$154,900

B. Financing Fees:	\$255,000

C. Legal/Developer/Audit Fees:	\$530,910

D. Contingency Reserves:	\$488,240

E. Other (Please Specify)	\$43,500
Insurance, Market Study, Real estate services and taxes _____	
	TOTAL \$4,152,910

Total Estimated Market Value at Completion:	\$1,597,086
Tax Assessor's Estimate _____	

Source of Financing:

A. Developer Equity:	\$

B. Commercial Bank Loan:	\$

Tax Credits:

1. N.I.F.A.	\$3,506,200
2. Historic Tax Credits	\$

D. Industrial Revenue Bonds:	\$

E. Tax Increment Assistance:

\$495,000 based on the first phase with a total of \$658,866 available based on additional construction.

F. Other \$

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

Architect: Rosemann and Associates – Dave Hendrikse

1526 Grand Boulevard

Kansas City, MO 64108

816-472-1448 (O) 816-472-4702 (Fax)

Engineer: Atriax PLLC – George Auten Jr.

PO Box 1629

Hickory NC 28603

828-315-9962 (O) 828-315-9964 (Fax)

General Contractor: Key Construction – Josh Kippenberger

741 West Second

Wichita KS 67203

316-263-9515 (O) 316-263-1161 (Fax)

Estimated Real Estate Taxes on Project Site Upon Completion of Project:
(Please Show Calculations)

\$33,000 for the first phase based on estimates from the Hall County Assessor.
The additional phases will add more valuation creating additional Tax Increment
and allowing this to project to be completed prior to the estimated 15 years.

Project Construction Schedule:

Construction Start Date: September 2013

Construction Completion Date: September 2014

If Phased Project:

2014 Year 40 % Complete
2016 Year 70 % Complete
2018 Year 100% Complete

Phases 2 and 3 are subject to availability of funding.

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:

\$495,000 based on the first phase and up to \$658,866 for the overall project

Site Preparation \$46,546
Utility Extensions \$79,254
Streets, Sidewalks, Parking, Landscaping \$62,360
Engineering: \$39,900
Architecture: \$115,000

Environmental: \$24,000
Legal: \$6000
City Notice Fee: \$1,000
Blighted Study: \$2,500
Interest: \$283,206

Statement Identifying Financial Gap and Necessity for use of Tax Increment Financing
for Proposed Project: **See Sources and Uses Schedule**

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: NONE

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

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

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

RESOLUTION NO. 159

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, the 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 _____, 2013.

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

By _____
Chairperson

ATTEST:

Secretary

EXHIBIT 1

REDEVELOPMENT PLAN AMENDMENT

**Redevelopment Plan Amendment
Grand Island CRA Area #11
April 2013**

The Community Redevelopment Authority (CRA) of the City of Grand Island intends to approve a Redevelopment Plan for Area #11 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 #11.

**Executive Summary:
Project Description**

THE INITIAL CONSTRUCTION OF 26 UNITS OF APARTMENTS (ALONG WITH THE SUBSEQUENT CONSTRUCTION OF 52 MORE UNITS IN AT LEAST 2 PHASES) TARGETED TOWARDS VETERANS AND THEIR FAMILIES ON THE CAMPUS OF THE VETERANS MEDICAL CENTER IN GRAND ISLAND, NEBRASKA, SOUTH OF CAPITAL AVENUE BETWEEN BROADWELL AVENUE AND WHEELER AVENUE AND THE SUBSEQUENT SITE WORK, UTILITY, ENGINEERING, LANDSCAPING AND PARKING IMPROVEMENTS NECESSARY AT THIS LOCATION. ADDITIONAL APARTMENT UNITS MAY BE CONSTRUCTED IN FUTURE PHASES DEPENDING ON FUNDING AND MARKET DEMAND.

The developer intends to use Tax Increment Financing to aid in site development, for apartments to be located on property to the north of the Veterans Medical Center. The developer will be building 26 units of apartments in the initial phase of the project. The developer plans to build and is contracted with the US Department of Veterans Affairs to build a total of 78 units. While the property is owned by the United States Government, and not subject to property taxes, this project will be leased by the developer and they will be responsible for all local taxes. The increment from the new construction will be used to make necessary site improvements and utility extensions to support this development. This project would not be possible in an affordable manner without the use of TIF. TIF is just one part of the financing package planned for this project. It will also likely include the use of LIHTC funding if approved.

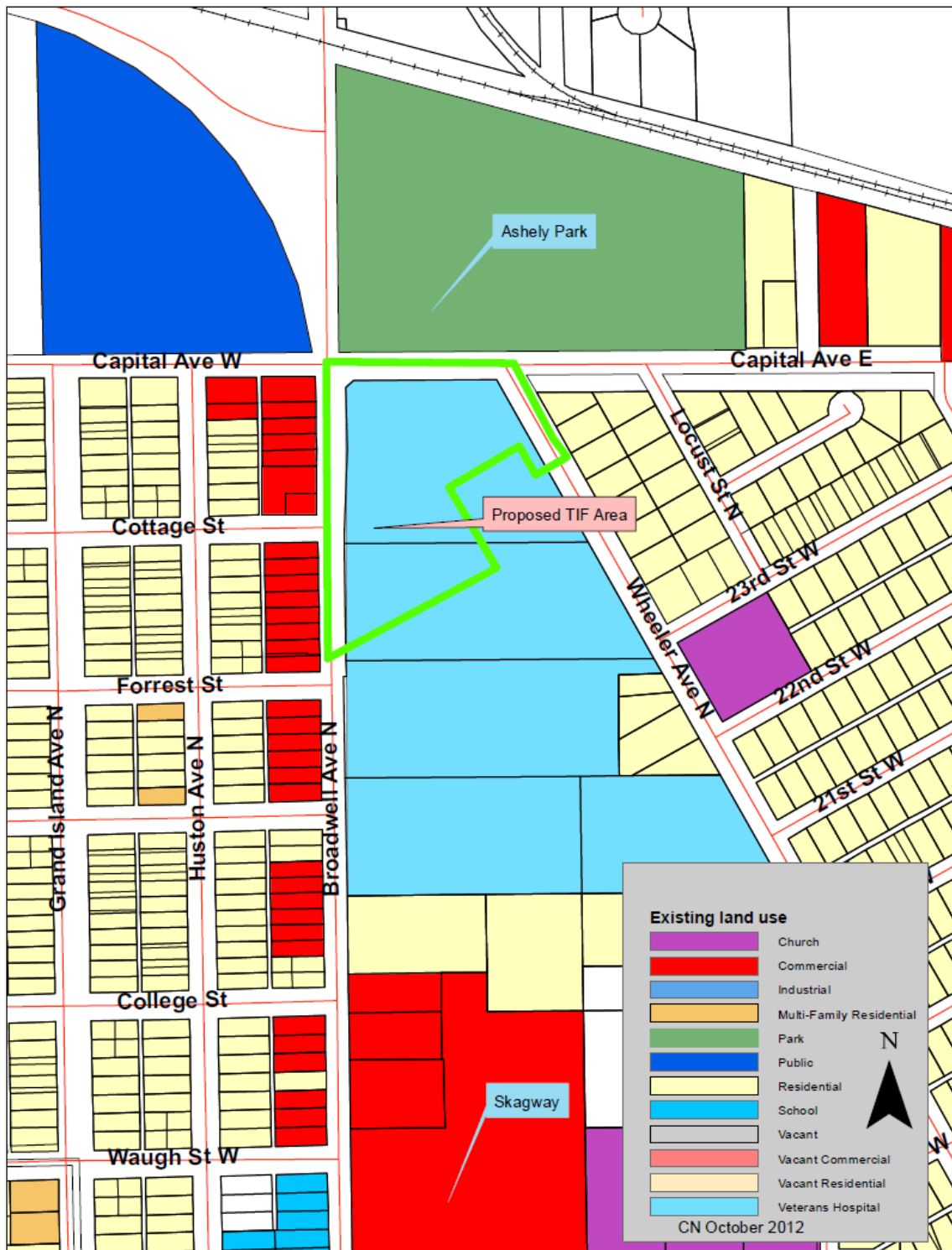
The site is owned by the U.S. Department of Veterans Affairs. All site work, demolition and utilities will be paid for by the developer. The developer is responsible for and will provide evidence that they can secure adequate debt financing to cover the costs associated with the acquisition, site work 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, 2015 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 just north of the Veteran’s Medical Center between Broadwell Avenue and Wheeler Street and south of Capital Avenue in northern Grand Island. The attached map identifies the subject property and the surrounding land uses:

Legal Descriptions Lot 1 and Lot 2 of Home Subdivision, in the City of Grand Island, Hall County Nebraska.



The tax increment will be captured for the tax years the payments for which become delinquent in years 2015 through 2029 inclusive.

The increase will come from the development apartments on this property. Increases are anticipated from at least 3 phases of this development. The anticipated taxable valuation of this project at completion of the first phase is \$1,597,086. At final completion of this project, with 78 units of apartments the valuation should be at least \$4,500,000

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, 2015.

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 August 14, 2012. [§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 rehabilitate an existing conforming use on this property.

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

a. Land Acquisition:

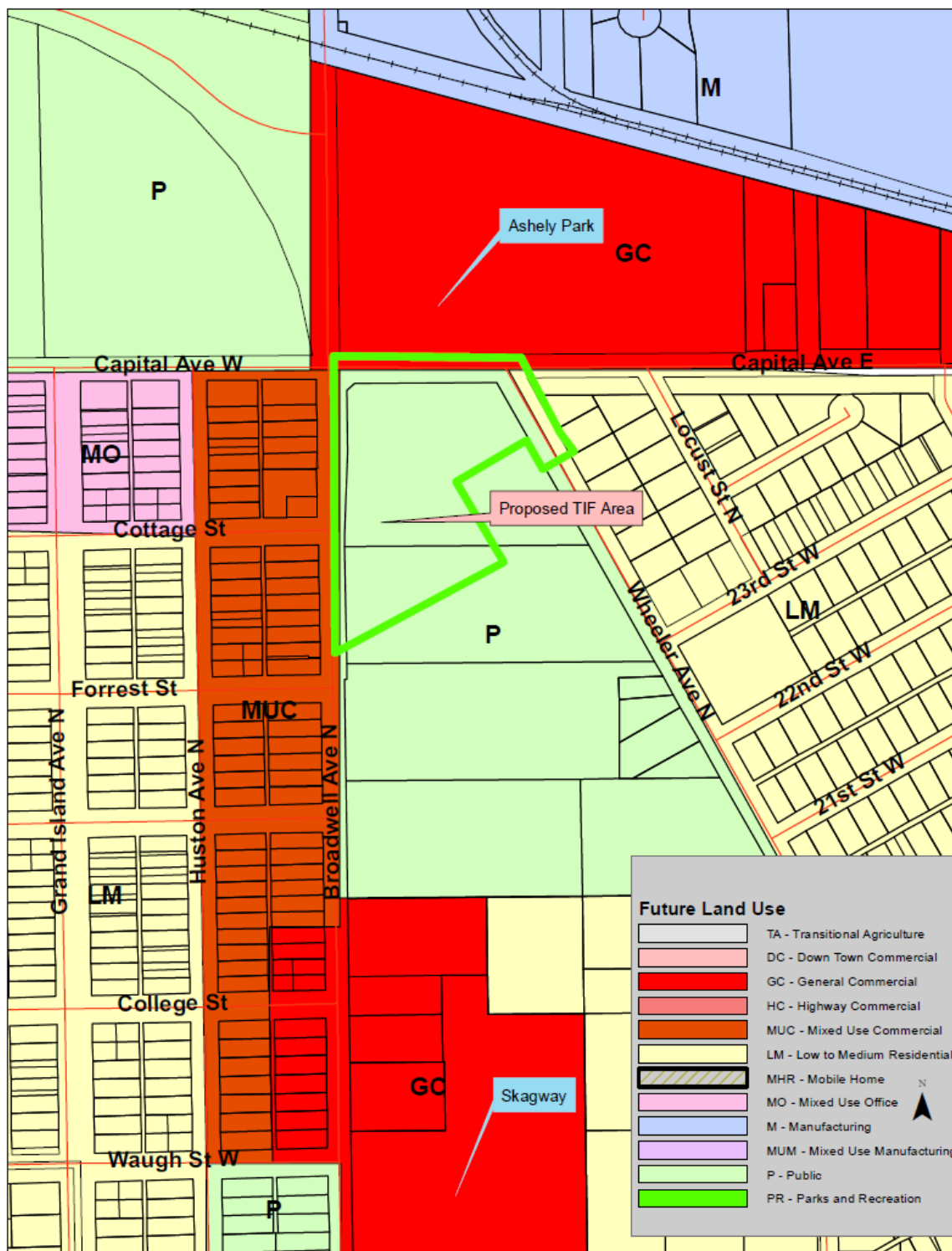
This Redevelopment Plan Area #11 provides for real property acquisition. There is no proposed acquisition by the authority. The developer is proposing to lease property for improvements.

b. Demolition and Removal of Structures:

The project to be implemented with this plan amendment does not call for the demolition and removal 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 public use consistent with veteran's services and the surrounding property with Broadwell Avenue frontage is planned for mixed use commercial and general commercial which would include multifamily residential uses. [§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 RO Residential Office. 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. The proposed uses for residential apartment units are consistent with the Veterans Medical Center Campus and the development along Broadwell Avenue. The multi-family residential is permitted in the current zoning district. [§18-2103(b) and §18-2111]

e. Site Coverage and Intensity of Use

The RO zoning district allows for the development of as many dwelling units as will fit on the property with a minimum of 2 parking spaces per dwelling unit. [§18-2103(b) and §18-2111]

f. Additional Public Facilities or Utilities

This site has full service to municipal utilities. No utilities would be impacted by the development. Water and sewer will need to be extended throughout the site to serve the new buildings.

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 is owned by the U.S. Department of Veterans Affairs. It is used as open space on the hospital campus. No individuals or families will be relocated as a result of this project. Additional housing will be created by the project. [§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 secured a lease from the U.S. Department of Veterans Affairs and won the contract to build veteran's housing at this site. The developer is estimating the costs TIF eligible activities as shown below:

Cost for Tax Increment Financing Eligible Activities: Victory Apartments	
Site Preparation	\$46,546
Utility Extensions	\$79,254
Streets, Sidewalks, Parking and Landscaping	\$62,360
Engineering	\$39,000
Architecture	\$115,000
Environment Review	\$24,000
Legal	\$6,000
City Notice Fees (Blight Study and TIF)	\$1000
Blight Study	\$2500
Interest on Associated Eligible Activities	\$283,206
Total Eligible Expenses	\$658,866

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 \$658,866 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, 2015 through December 31, 2029.

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 in fill development consistent with the existing and historic use of this and surrounding properties. This will not significantly impact traffic near the site. The development of multi-family residential on this property is consistent with the property development along Broadwell Avenue and will provide a buffer between the commercial space and the single family residential east to the east. 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 site preparation and new construction) is anticipated to be completed between September 2013 and November of 2014. Excess valuation should be available for this project for 15 years beginning with the 2015 tax year.

9. Justification of Project

The Broadwell Corridor is a major entrance for the City of Grand Island from northern Nebraska. Significant development has occurred along this corridor at the 5-Points area. The State of Nebraska is currently considering redevelopment of the Nebraska Veteran's Home (Soldiers and Sailors Home) west of this site on the north side of Capital Avenue. The development of additional Veteran's services at this location may encourage the redevelopment of that site as well. This is a gateway to the community and for many people from outside the area is what they will use to judge our City.

Grand Island is always in need of additional quality housing units. The development of 26 rental units, and possibly more in the future, will provide a buffer between the commercial space and the existing single family residential. This is infill development with all necessary utilities and public improvements needed to support the development.

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 is not currently valued for property tax assessment as it is owned by the U.S. Government and not subject to property taxes. The

proposed development of these apartments will result in an estimated additional \$1,597,086 of taxable valuation based on an analysis by the Hall County Assessor's office. No tax shifts are anticipated from the project. The project creates additional valuation that will support taxing entities for up to 60 years after the end of the TIF contract. After 75 years the project may be owned by the U.S. Department of Veterans Affairs and no longer be subject to property taxes.

(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 need to be extended through the site but have sufficient capacity to support the 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. The Veterans Medical Center/US Department of Veteran's Affairs maintains their own federal police force and they will continue to be primary responders at these apartments. City police will provide support and back up as necessary.

(c) Impacts on employers and employees of firms locating or expanding within the boundaries of the area of the redevelopment project;

The proposed facility will provide jobs for persons employed by the contractors that will be involved with the project along with long term support services jobs to benefit the residents of the apartments. The project will also provide housing for homeless or near homeless veterans that will be able to and expected to enter the employment market.

(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 should not have any measurable negative impacts on other employers or employees in 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 will provide housing for Veterans of the U.S. armed services and their families as they transition from active duty to civilian life. Services will be provided at this location to make that transition as smooth as possible.

Time Frame for Development

Development of this project is anticipated to be completed between September of 2013 and November of 2014. The base tax year should be calculated on the value of the property as of January 1, 2014. Excess valuation should be available for this project for

15 years beginning 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 \$658,866 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 renovation, site preparation, engineering, expenses and fees reimbursed to the City and CRA, and financing fees the developer will spend at least \$658,866 on TIF eligible activities.

See Attached Building Plans (with TIF application)

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

RESOLUTION NO. 160

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

WHEREAS, the 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 # 11, from Pridon, LLC, (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, the Community Redevelopment Authority of the City of Grand Island, Nebraska ("Authority"), is proposing to use Tax Increment Financing on a project within redevelopment area # 11;

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 _____, 2013.

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

By _____
Chairperson

ATTEST:

Secretary

Exhibit 1

Attach a copy of the Redevelopment Contract