



# Hall County Regional Planning Commission

Wednesday, April 3, 2013

Regular Meeting

## Item F2

### Redevelopment Plan Area #8

Staff Contact: Chad Nabity

## Agenda Item #5

### PLANNING DIRECTOR RECOMMENDATION TO REGIONAL PLANNING COMMISSION:

April 3, 2013

#### SUBJECT:

*Redevelopment plan amendment for property located in Blight and Substandard Area #8, located north of Fonner Park Rd., and between Lincoln and Adams Street, in Grand Island Nebraska. (C-11-2013GI)*

#### PROPOSAL:

Chief Industries, Inc., has acquired the property, and has demolished the Aurora Coop buildings and grain elevator, extend services, prepared the site and are planning on building a 33,000+ sq. ft. building at 1119 S Adams Street. The developer is seeking Tax Increment Financing to offset the cost of acquisition of the property, service extension, and site preparation. The structure on this property is currently vacant. A memorandum of understanding between Chief Industries, the Grand Island CRA and the City of Grand Island in July of 2012 authorizing Chief to move forward with acquisition, demolition and utility improvements necessary to support this effort and remove blighting influences and make improvements to eliminate substandard conditions prior to submitting this redevelopment proposal.

#### OVERVIEW:

The purpose of the CRA and the designated blight and substandard areas is to provide incentives for development in underdeveloped areas of the community. This project will provide commercial development in a location that is intended for these uses. Development of this property should prevent further decay of this neighborhood. 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 evidenced by the fact that the property is zoned M2 – Heavy Manufacturing. No zoning changes are anticipated with this project.

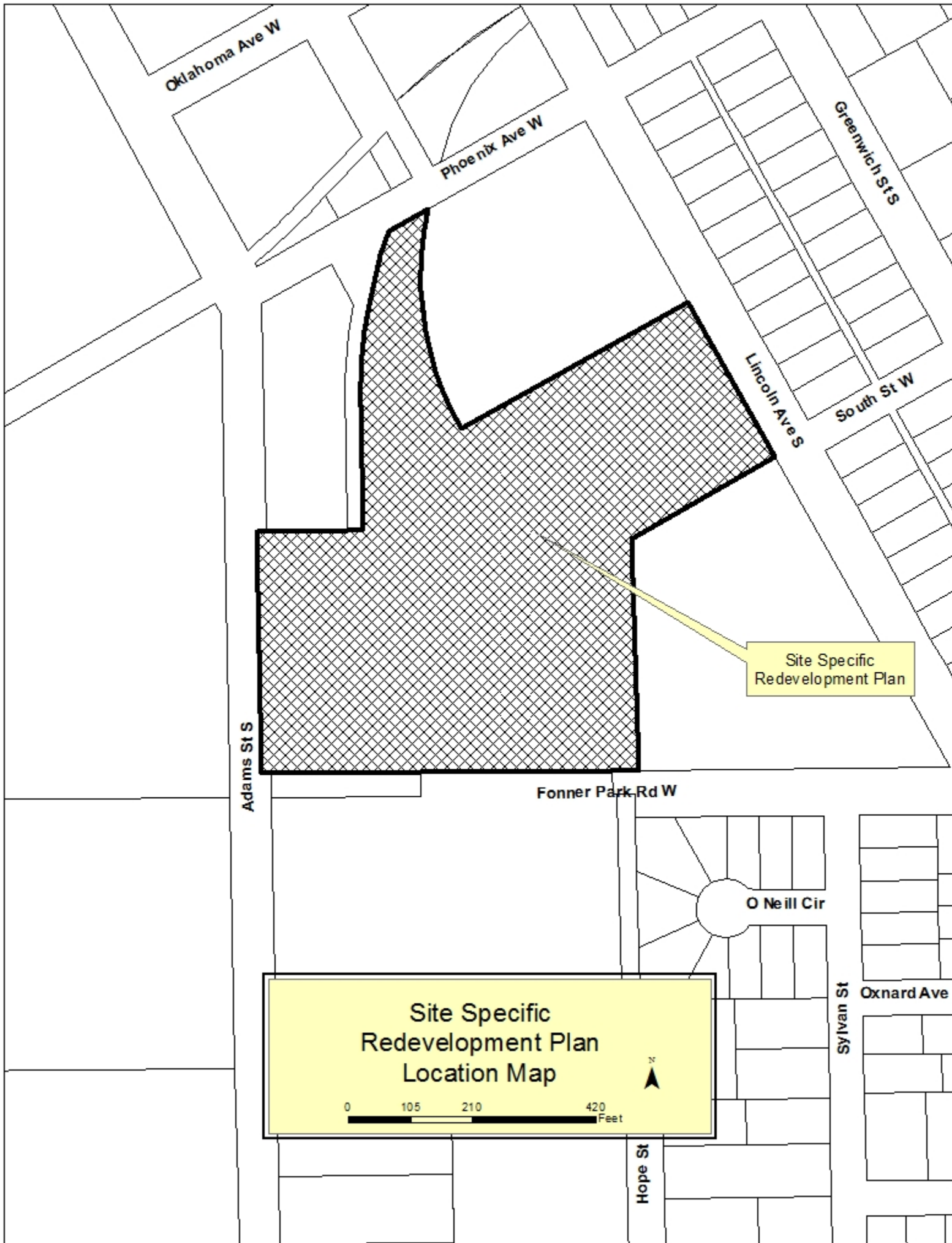
The Regional Planning Commission recommendation is limited to the appropriateness of the proposed use at this location.

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 industrial development at this location appears to be supported by the plan.

#### RECOMMENDATION:

That the Regional Planning Commission recommend that City Council **approve** of the redevelopment plan amendment as submitted. A resolution is attached for your consideration.

\_\_\_\_\_ Chad Naby AICP, Planning Director



## Site Specific Redevelopment Plan

Grand Island CRA Area #8

March 2013

**The Community Redevelopment Authority (CRA) of the City of Grand Island intends to amend the Redevelopment Plan for Area #8 with in the city, pursuant to the Nebraska Community Development Law (the “Act”) and provide for the financing of a specific infrastructure related project in Area #8.**

### **Executive Summary: Project Description**

THE CONSTRUCTION OF A NEW 33,456 SQUARE FOOT STRUCTURE AS PART OF THE CHIEF FABRICATION PLANT ALONG WITH THE INSTALLATION OF NEEDED UTILITIES, DEMOLITION OF STRUCTURES, PAVING AND OTHER SITE IMPROMENTS AS NECESSARY TO SUPPORT THIS REDEVELOPMENT ON THE NORTH SIDE OF FONNER PARK ROAD BETWEEN ADAMS STREET AND LINCOLN AVENUE ON LOT 1 OF CHIEF FAB SECOND SUBDIVISION 1119 S ADAMS STREET. DEMOLITION AND UTILITY EXTESION EXPENSES WERE PREVIOUSLY DECLARED ELIGIBLE FOR TIF BY THE A MEMORANDUM OF UNDERSTANDING APPROVED BY CHIEF INDUSTRIES, THE CITY OF GRAND ISLAN AND THE GRAND ISLAND COMMUNITY REDEEOPMENT AUTHORITY IN JULY OF 2012

The developer intends to use Tax Increment Financing to defray the costs of land acquisition, demolition costs related to clearing the property and preparing it for redevelopment and the installation of utilities necessary to redevelop this property. This project would not be possible in an affordable manner without the use of TIF.

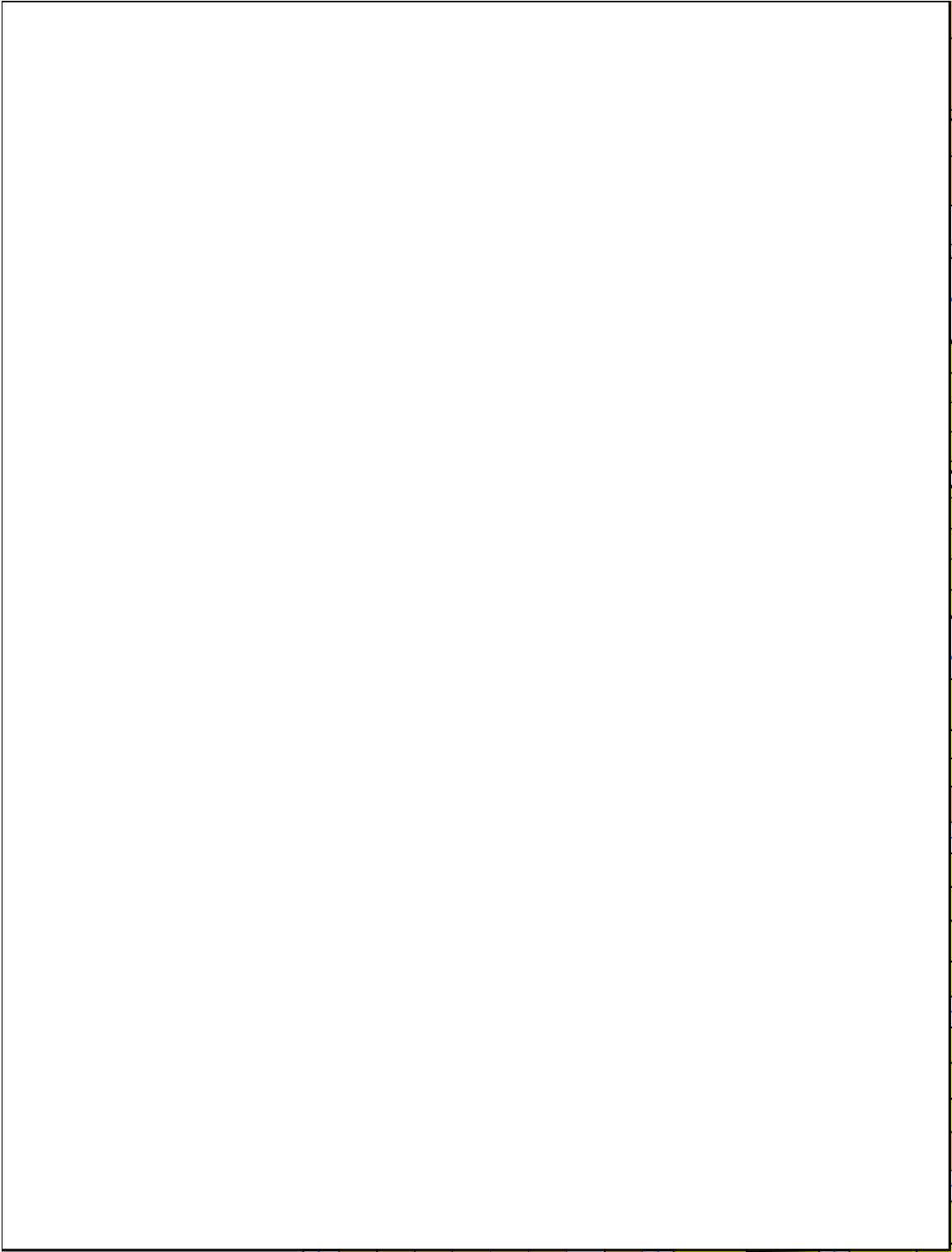
The site is owned by the developer. All site work, demolition and utilities have been paid for by the developer in accordance with the memorandum of understanding between the developer, the City and the CRA. The developer is responsible for and has provided evidence that they can secure adequate debt financing to cover the costs associated with the acquisition, demolition and utilities work. 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 remodeling and site work.

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

**Property Description (the “Redevelopment Project Area”)**

This property is located north of Fonner Park Road between Lincoln Avenue and Adams Street at 1119 S Adams in southeast Grand Island. The attached map identifies the subject property and the surrounding land uses:

- **Legal Descriptions** Lot 1 of Chief Fab Second 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 real property ad valorem taxes on the current valuation will continue to be paid to the normal taxing entities. The increase will come from construction of a 33,456 foot addition to the manufacturing facility.**

**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, 2014.

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 April 24, 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:***

The Generalized Redevelopment Plan for Area #8 provides for real property acquisition and this plan amendment does not prohibit such acquisition. There is no proposed acquisition by the authority. The developer has already acquired the property as acknowledge by the July 2012 MOU.

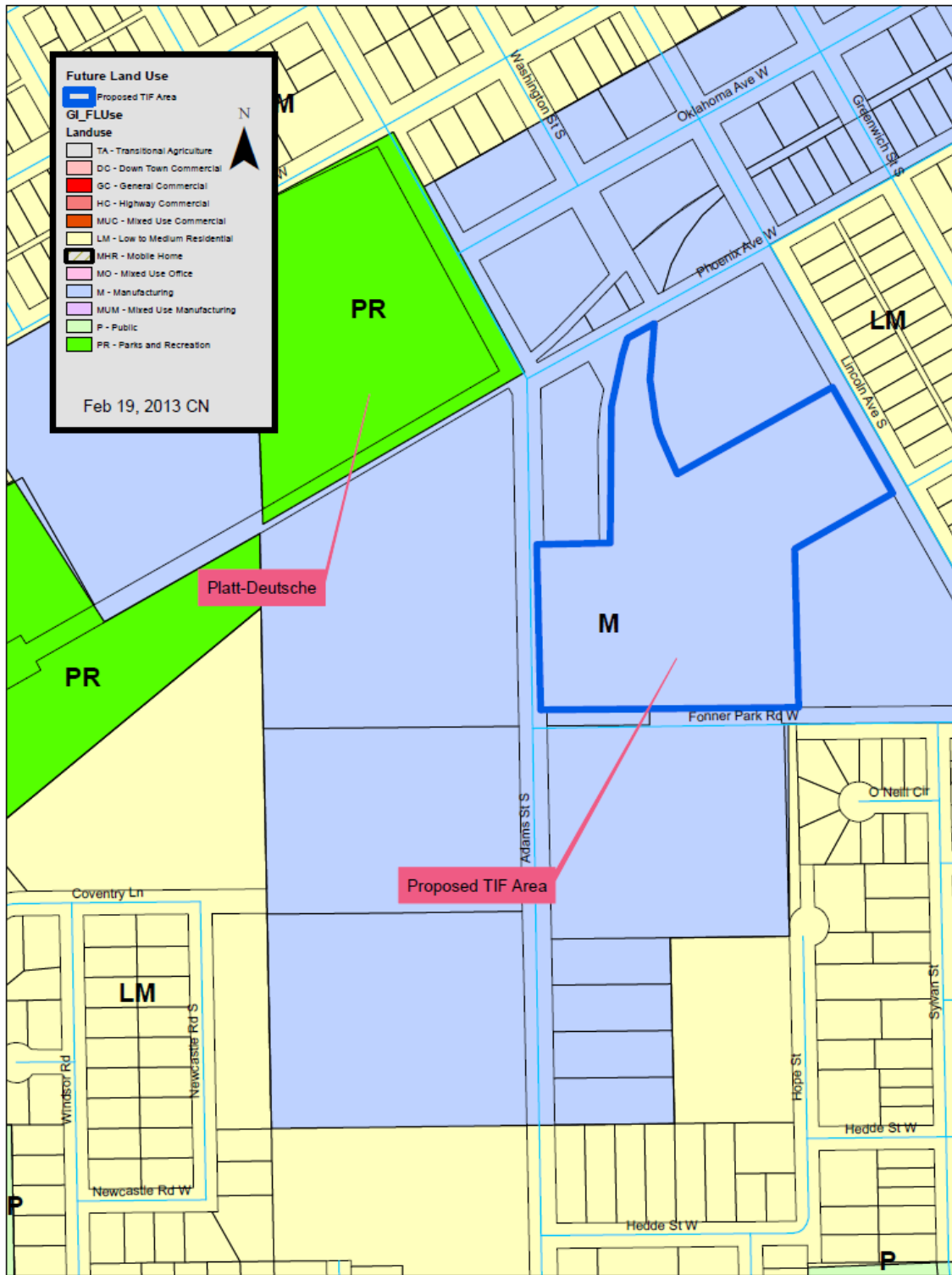
***b. Demolition and Removal of Structures:***

The July 2012 MOU authorized expenses related to demolition as eligible for Tax Increment Financing. The Aurora Coop structures were demolished and all of the expenses were paid prior to the end of September 2012. Copies of those expenses are recorded with the CRA grant for this project.

***c. Future Land Use Plan***

See the attached map from the 2004 Grand Island Comprehensive Plan. The site is planned for industrial 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

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

The area is zoned M2 Heavy Manufacturing 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. The proposed use for commercial manufacturing and is permitted in the M2 zoning district. [§18-2103(b) and §18-2111]

***e. Site Coverage and Intensity of Use***

The developer is proposing an addition to the existing manufacturing use consistent with the M2 zoning district. [§18-2103(b) and §18-2111]

***f. Additional Public Facilities or Utilities***

This site has full service to municipal utilities. A new water main has been constructed to serve the property and provide necessary fire protection to the site. The developer is responsible for installing the water line to City standards and specifications.

The developer will be responsible for replacing any sidewalks damaged during construction of the project.

The Grand Island Utilities Department has sufficient capacity to serve the electrical needs of the proposed addition.

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 maintained as a manufacturing facility. The proposed use of this property would continue as a manufacturing facility. No individuals or families will be relocated as a result of this 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 owned the property for since 2011. The cost of property acquisition is included as a TIF eligible expense. Costs for the land, demolition of the Aurora Coop buildings, site preparation, utilities extension and construction of the addition to the existing facility are estimated at \$3,859,145 including all fees. The direct cost for purchase of the property, demolition, site preparation and utilities extensions are estimated at \$859,500. Fees and reimbursement to the City and the CRA of \$6,500 are included as a TIF eligible expense.

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 \$679,870 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 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 the utilization of and redevelopment of manufacturing property. This will not significantly impact traffic on at the intersection along Fonner Park Road. New investment in this manufacturing area will raise property values and provide a

stimulus to keep surrounding properties properly maintained. 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 August 2013 and July of 2014. Excess valuation should be available for this project for 15 years beginning with the 2014 tax year.

## **9. Justification of Project**

The Aurora Coop site was no longer in daily use and because of its proximity to residential properties and the Barr Middle School it presented a dangerous and attractive nuisance in the neighborhood. The CRA and City Council agreed that it was in the best interest of the community to remove those structures as soon as possible and approved a memorandum of understanding (MOU) to allow Chief Industries to demolish those buildings and begin utility installation prior to the approval of a final redevelopment plan for the area. This final redevelopment plan provides for additional new manufacturing development in an area of the community that is and will continue to be manufacturing in nature. This new development will provide additional skilled full time jobs in the community and allow an existing Grand Island company to expand their operations within 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.

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

The redevelopment project area currently has an estimated valuation of \$2,123,068. The proposed renovation of this facility will result in an estimated additional \$1,746,077 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 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 facility will provide jobs for persons employed by the contractors that will be involved with the project. Chief is also proposing to create 43 new full time positions in Grand Island at their fabrication 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***

The additional jobs may be filled by people in other positions around Grand Island or in jobs where they are underemployed. These new jobs will create a more competitive market for the skilled workers involved in fabrication activities.

***(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 provide additional base employment within Grand Island. The project has already resulted in the demolition of unused buildings that could have created a nuisance and safety issue within the neighborhood. The use of tax increment financing was anticipated by the developer and approved by the CRA and City Council with a memorandum of understanding prior to the demolition of structures on this property and installation of utilities. The reinvestment in this neighborhood should lead to stabilized property values and further investment in the area.

### **Time Frame for Development**

Development of this project is anticipated to be completed during between August 2013 and July of 2014. The base tax year should be calculated on the value of the property as of January 1, 2011. The tax increment on excess valuation should be available for this project for 15 years beginning in 2014. 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 \$679,870 the projected amount of increment based upon the anticipated value of the project and current tax rate. Based on the estimates and actual costs of the expenses for the cost of acquisition, demolition, site preparation, engineering, legal fees and fees reimbursed to the City and CRA, and financing fees the developer will spend over \$859,500 on TIF eligible activities.

### **See Attached Building Plans**

**Resolution Number 2013-04**

**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 that certain Redevelopment Plan to the Hall County Regional Planning Commission, (the "**Commission**") a copy of which is attached hereto as Exhibit "A" 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:** \_\_\_\_\_ 2013.

**HALL COUNTY REGIONAL PLANNING COMMISSION**

ATTEST:

By: \_\_\_\_\_  
Chair

By: \_\_\_\_\_  
Secretary

**EXHIBIT A**

**FORM OF REDEVELOPMENT PLAN**