



Hall County Regional Planning Commission

Wednesday, June 5, 2013

Regular Meeting

Item F2

Redevelopment Plan Area 12

Staff Contact: Chad Nabity

**Redevelopment Plan Amendment
Grand Island CRA Area #12
May 2013**

The Community Redevelopment Authority (CRA) of the City of Grand Island intends to approve a Redevelopment Plan for Area #12 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 #12.

**Executive Summary:
Project Description**

THE INITIAL CONSTRUCTION OF 25 UNITS OF SINGLE FAMILY HOMES (ALONG WITH THE SUBSEQUENT CONSTRUCTION OF A TOTAL OF APPROXIMATELY 620 UNITS AT A RATE OF BETWEEN 15 AND 30 UNITS PER YEAR UNTIL THE PROJECT IS COMPLETE). THE HOMES TO BE CONSTRUCTED WILL HAVE AN INTIAL SALE PRICE FROM \$140,000 - \$145,000, IN 2013 AND 2014 AND MEET THESE MINIMUM SPECIFICATIONS:

1150 SQUARE FEET FINISHED FIRST FLOOR, FULL UNFINISHED BASEMENT, 2 CAR ATTACHED GARAGE, KITCHEN APPLIANCES, CENTRAL HEATING AND AIR CONDITIONING, LANDSCAPING AND SPRINKLED LAWN.

THE HOUSES WILL BE CONSTRUCTED WITHIN THE COPPER CREEK SUBDIVISION LOCATED SOUTH OF OLD POTASH HIGHWAY AND EAST OF ENGLEMAN ROAD. THE PROJECT WILL INCLUDE THE PUBLIC IMPROVEMENTS NECESSARY TO SUPPORT THIS DEVELOPMENT INCLUDING BUT NOT LIMITED TO INSTALLATION OF STREET, STORMWATER FACILITIES, WATER AND SANITARY SEWER UTILITIES, ENGINEERING, SURVENYING, LANDSCAPING AND OTHER IMPROVEMENTS AS NECESSARY. THE CONSTRUCTION OF ADDITIONAL UNITS AND ANY AD VALORUM REVENUE GENERATED BY THOSE ADDITIONAL UNITS SHALL BE SUBJECT TO SUBSEQUENT CONTRACTS BETWEEN THE CRA AND THE DEVELOPER.

The developer intends to use Tax Increment Financing to aid in site development including the purchase of the property, necessary site work, installation of streets, storm sewer, sanitary sewer, water, other utilities and engineering, surveying and other consultant costs associated with and necessary for the redevelopment of this property. The developer intends to build single family homes ranging from 1150 to 1350 square feet with an attached garage on each lot. The 2013 sale price of these homes will be limited to between \$140,000 and \$145,000. The developer has presented 20 floor plans each with 3 alternate exterior elevations. The developer will be building 25 units with initial phase of the project and completing the infrastructure for the Copper Creek First and Second Subdivisions. The property has been approved with a preliminary plat for

620 units. The developer intends to install the infrastructure for this subdivision in at least 2 phases with the first phase completing the infrastructure for the northern section of the development, serving approximately 250 lots. The tax increment from the new home construction will be used to purchase the property and 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.

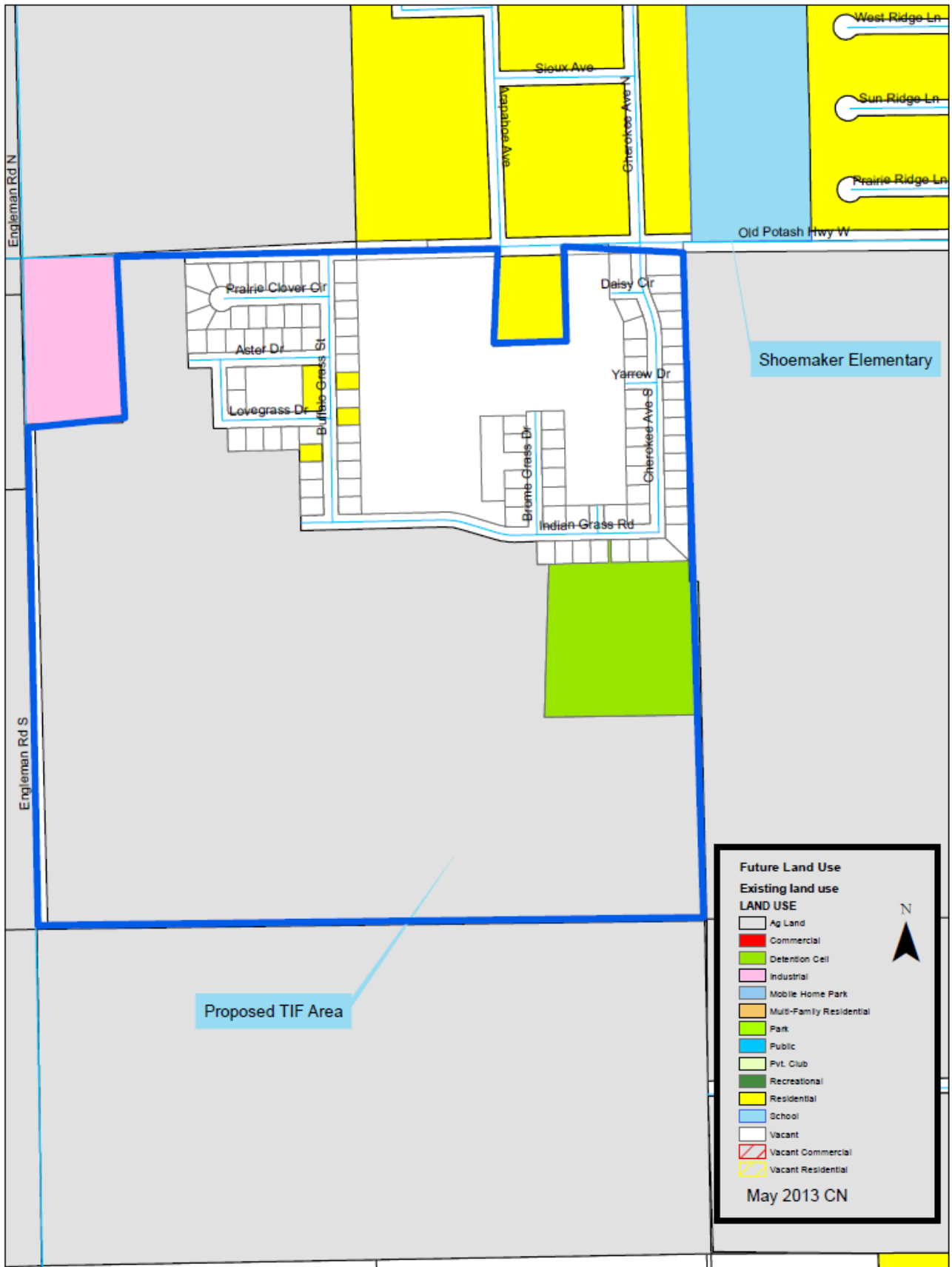
The site has been optioned by Guarantee Group, LLC, subject to the approval of the use of TIF for this development. All site work, demolition, streets and utilities will be paid for by the developer. The developer is responsible for and will provide evidence that they can secure adequate debt financing to cover the costs associated with the acquisition, site work, engineering, surveying and utility and street infrastructure. The Grand Island Community Redevelopment Authority (CRA) intends to pledge the ad valorem taxes generated beginning January 1, 2015 towards the allowable costs and associated financing for the acquisition, site work, streets and utility infrastructure. The CRA also intends to continue pledging ad valorem taxes generated by future phases of this development in future contracts for Tax Increment Financing during the life of this project.

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 Old Potash Highway and east of Engleman Road in northwest Grand Island. The attached map identifies the subject property and the surrounding land uses:

Legal Descriptions *ALL OF THE NW1/4, SECTION 23, TOWNSHIP 11, NORTH, RANGE 10 WEST OF THE 6TH P.M., HALL COUNTY, NEBRASKA, LESS AND EXCEPT MEYER'S SUBDIVISION, M AND M SUBDIVISION AND THE EAST 35 FEET OF THE NW 1/4.*



The tax increment will be captured for the tax years the payments for which become delinquent beginning in years 2015 and ending upon expiration of the final contract for construction of affordable housing.

The increase will come from the development single family homes on this property. Increases are anticipated from at least 10 phases of this development and potentially from as many as 40 phases depending on the number of housing units included in each contract. The anticipated taxable valuation of this project at completion of the first phase of 25 units is \$3,500,000. The final valuation of this project with 620 housing units at \$140,000 per unit would be \$86,800,000. The actual final valuation will be subject to appreciation and inflationary forces over the course of the development timeframe.

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 and the effective date of each subsequent contract associated with this redevelopment plan.

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 May 14, 2013. [§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 purchase the property and install the required public infrastructure needed to develop the property in a manner consistent with the comprehensive plan and previously approved development plans.

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

a. Land Acquisition:

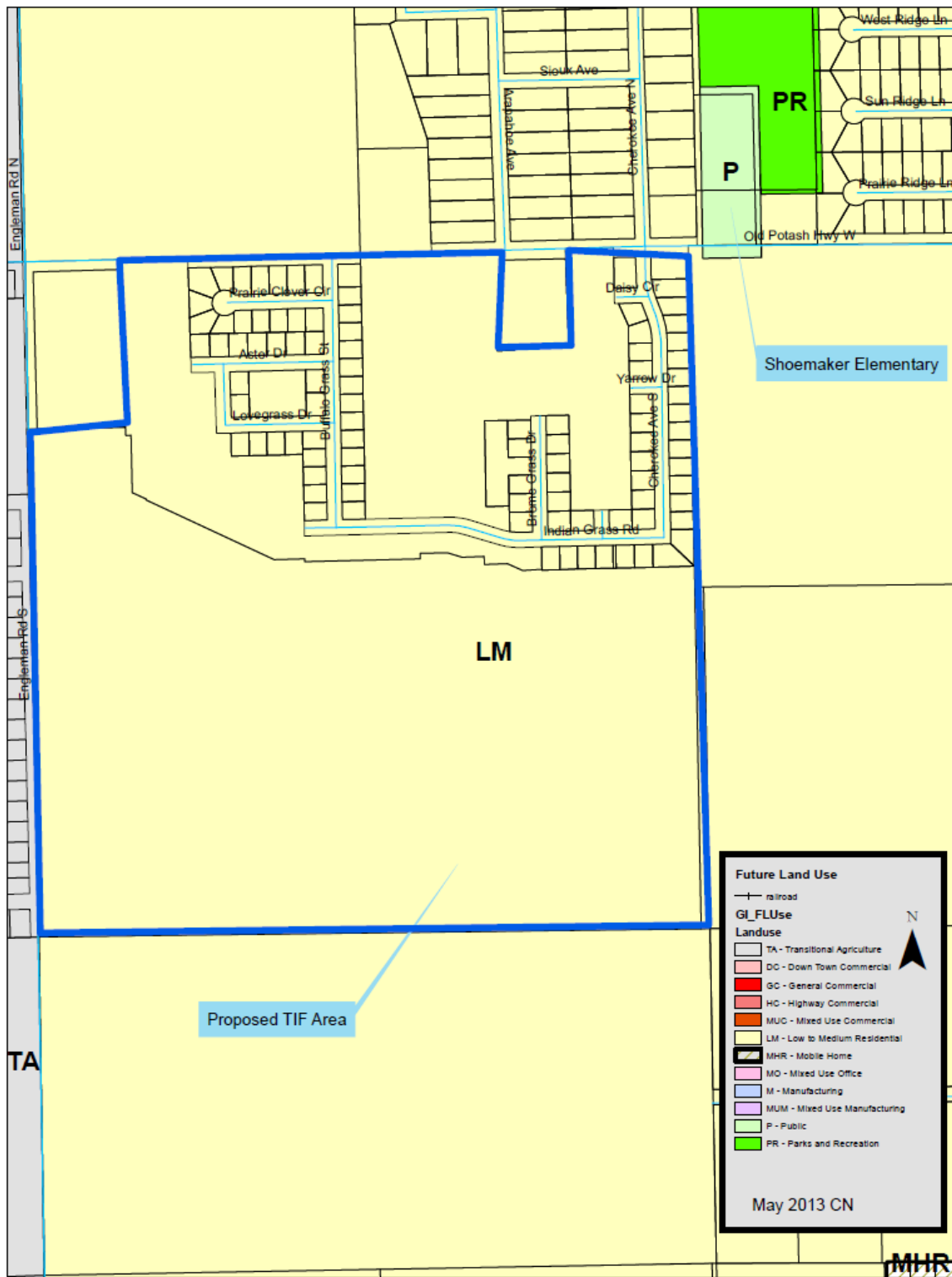
This Redevelopment Plan Area #12 provides for real property acquisition. There is no proposed acquisition by the authority. The developer is proposing acquire the property subject to the approval of this redevelopment plan and the approval of the first TIF contract.

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 residential use consistent with R2 zoning district and the approved preliminary and final plats for this site. [§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 R2 Low Density Residential. No zoning changes are anticipated with this project. Additional streets will be constructed in a manner consistent with the approved preliminary and final plats for the property. 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 single family residential is permitted in the current zoning district. [§18-2103(b) and §18-2111]

e. Site Coverage and Intensity of Use

The R2 zoning district allows for the development of 1 dwelling unit per 6000 square foot of lot area. The platted and proposed lots are more than 6000 square feet in size but less than the 12,000 square feet that would be required for a 2 family dwelling. [§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. Extension of utilities is one of the planned uses for Tax Increment Financing.

Electric, gas, phone and cable utilities will be extended through the site as necessary to serve the development through agreements between those providers and the developer.

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 in private ownership. Most of it is vacant property used for farming or with vacant residential lots in place. 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]

Barry Sandstrom and Tom Gdowski, members of the CRA Board do not hold any interest in this property but work for Home Federal Bank and Equitable Bank in Grand Island and may be involved in the financing of this project or houses sold within the project.

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 options on the entire site with the exception of the 5 lots that are currently occupied with houses from the first developer. The developer is estimating the costs TIF eligible activities as shown below:

Cost for Tax Increment Financing Eligible Activities		
Architecture and Engineering		225,000
Financing		2,645,377
land		2,650,000
Legal		125,000
Contingency		185,176
Finish Existing Paving & Storm		46,487
Move Electric Service Line		10,000
Private Park		
Paved and Fenced Parking/Storage		325,000
Infrastructure Phase 1		
Sanitary Sewer	515,700	
Watermain	415,558	
Paving and Storm	1,999,877	
Storm Sewer to North Road	363,693	
Subtotal		3,294,827
Total Eligible Expenses		9,506,867

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 an estimated sum of \$9,495,000 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, 2015 for a period that may extend through 15 years from the date of the final contract for this project. This project will be phased with multiple contracts. It is anticipated that 1 or 2 contracts for continued work will be approve annually by the CRA.

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 development consistent with the future land use plan for the City of Grand Island and the previously approved development of this site. The development of single family residential on this property is consistent with the property development along the north side of Old Potash Highway. This will have the intended result of preventing recurring elements of unsafe buildings and blighting conditions such as incomplete infrastructure.

8. Time Frame for Development

Development of this project is anticipated to begin in September 2013. Infrastructure for phase 1 of the development, including finishing the original platted subdivision and completing streets and utilities for the first 239 lots is expected to be complete by January 1, 2015. The developer expects to complete between 15 and 30 affordable single family dwelling units each year until completion of the subdivision. Expected completion of this project will occur sometime between 2034 and 2054. Excess valuation should be available for this project beginning with the 2015 tax year.

9. Justification of Project

The housing vacancy rate in Grand Island has been hovering between 2% and 3% since at least 2000. Since the late 1980's, every housing study done in Grand Island has indicated a lack of housing and housing options in Grand Island. The market is providing for houses in the \$200,000 plus price range and 210 market rate apartments are currently

under construction with plans for upwards of 450 new market rate apartments. Providers of elderly housing supported by Low Income Housing Tax Credits all have waiting lists and applications for new projects are submitted to NIFA every year.

As of today (May 20, 2013), there are less than 135 housing units (single family and condominium) on the market based on the Multiple Listing Service, at all price ranges. Grand Island has almost 13,000 single family housing units, so approximately 1% of the total units are currently available.

The projected price range of the houses to be built with this project puts them within the reach of people earning a family income of \$16 an hour and above. This price puts these houses within reach of people working at JBS Swift, many of the retail stores in the community, incoming teacher and many others that have trouble finding housing in Grand Island. A family at or even below the 2011 household income in Grand Island could afford to buy one of these houses while they could not afford the new construction that is happening at market rate. The cost to develop lots in Grand Island, even the smaller lots that are proposed in this subdivision makes the development and sale of houses in this price range prohibitive without some kind of public private partnership.

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 houses will result in an estimated additional \$86,800,000 of taxable valuation based on an initial 2013 sale price of homes at \$140,000. No tax shifts are anticipated from the project. The project creates additional valuation that will support taxing entities for life of those homes after the completion of the TIF contract.

(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. This development will have an impact on the Grand Island School system as it will likely result in increased attendance at all grade levels. The Grand Island Public School system has indicated that they can absorb the anticipated increase in student population if the development occurs at a rate that does not exceed 25 to 30 dwelling units per year. 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. In 2008 the National Association of Home Builders estimated the impacts of each single family home built in a community at 3.05 FTE's. (Emrath, 2008). Using that number and an estimated construction schedule of between 15 and 30 units per year, this project is the equivalent of a manufacturing facility planned to be in operation for between 20 and 40 years with an employee base of between 45.75 FTE's to 96.5 FTE's. This project will also supply housing at a price point that is affordable to those at or below the median income in Grand Island. The median income in Grand Island for 2011 according to the U.S. Census is \$50,695.

(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 residents of Grand Island in a much needed price range that is not being provided by the housing market. The average price of new homes constructed in Grand Island in 2011 was \$209,970, in 2012 it was \$222,593 and so far in 2013 the average selling price of a new home is \$232,900. In order to purchase a home for \$232,900 a household income of \$63,502 is required based on a 4% loan with a 5% down payment and 30% housing to income ratio. The proposed project will positively impact persons at or below the median income level within the City of Grand Island.

Time Frame for Development

Development of this project is anticipated to begin in September 2013. Infrastructure for phase 1 of the development, including finishing the original platted subdivision and completing streets and utilities for the first 239 lots is expected to be complete by January 1, 2015. The base tax year should be calculated beginning in 2014 and each subsequent contract should be set in the year during which it is anticipated construction on the houses will begin. The developer expects to complete between 15 and 30 affordable single family dwelling units each year until completion of the subdivision. Expected completion of this project will occur sometime between 2034 and 2054. Excess valuation should be available for this project beginning with the 2015 tax year. Excess valuation will be used to pay the TIF Indebtedness issued by the CRA per each contract between the CRA. Contract periods shall not exceed 15 years. The amount of TIF excess distributed shall not exceed the actual cost of the TIF eligible expenses incurred for this project including acquisition, streets, storm sewer, sanitary sewer, water, other necessary

utilities, engineering, architecture and surveying, legal fees and interest on money borrowed for those expenses.

See Attached Building Plans (with TIF application)

Resolution Number 2013-06

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