



Hall County Regional Planning Commission

**Wednesday, March 5, 2014
Regular Meeting**

Item F2

Redevelopment Plan Area 2 - Mainstays Suites

Staff Contact: Chad Nabity

Agenda Item #5

PLANNING DIRECTOR RECOMMENDATION TO REGIONAL PLANNING COMMISSION:

February 24, 2014

SUBJECT:

Redevelopment plan amendment for the property located in Blight and Substandard Area #2 this for the acquisition of property and construction of a 59 room Mainstay Suites Extended Stay Hotel at 3051 South Locust Street in Grand Island, NE to and the subsequent site work, utility, engineering, landscaping and parking improvements necessary for the construction of a hotel at this location. (C-05-2014GI)

PROPOSAL:

The Developer is proposing to acquire the property and build a 59 unit Mainstay Suites Extended Stay Hotel. The developer is seeking Tax Increment Financing to offset the cost of acquisition of the property, necessary site work, and planning activities.

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 B2 General Commercial. The proposed development is within the allowed parameters for the existing zoning districts.

The Regional Planning Commission recommendation is limited to the appropriateness of the proposed use at this location. The Grand Island Comprehensive Plan calls for commercial development 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 a hotel 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 Nabity AICP, Planning Director



Project Redeveloper Information

Business name: Legacy Hospitality doing business as Mainstay Suites

Address: 3051 S. Locust Street, Grand Island, NE 68801

Telephone: 308-384-1333 Fax No: 308-384-3109

Brief Description of Applicants Business: Grand Island's Mainstay Suites will be an upscale, 59 room extended stay hotel. Mainstay Suites pride themselves in being welcoming, spacious, and equipped and offer full functioning kitchenette's which give our guests the opportunity to enjoy a home away from home atmosphere.

Present Ownership Proposed Project Site: 3051 S. Locust Street, Grand Island, NE 68801.

Proposed Project: Building square footage, size of property, description of building's-materials, etc. Please attach site plan if available. Our facility will consist of a total building area of 32, 712 square feet sitting on 3.005 acres. The building itself will be a three story facility with eifs siding in attractive amber,beige, and mulberry colors with ice cube trim and slate shingles. Please see attached site plan for additional building and material information.

If Property is to be Subdivided, Show Division Planned: N/A

Estimated Project Costs:

Acquisition Costs:

| | |
|-----------------------------|---------------------|
| A. Land: <u>(purchased)</u> | <u>\$208,000.00</u> |
| B. Building: <u>(N/A)</u> | \$ |

Construction Costs:

| | |
|----------------------------------|-----------------------|
| A. Renovation or Building Costs: | <u>\$2,500,000.00</u> |
| B. On-Site Improvements: | \$ |

Soft Costs:

| | |
|--------------------------------------|---------------------|
| A. Architectural & Engineering Fees: | <u>\$60,725.00</u> |
| B. Financing Fees: | <u>\$75,500.00</u> |
| C. Legal/Developer/Audit Fees: | <u>\$7,901.86</u> |
| D. Contingency Reserves: | <u>\$125,000.00</u> |
| E. Other (Please Specify)- | |
| a. General Conditions (See Attached) | <u>\$235,443.94</u> |
| b. Site Work | <u>\$169,195.00</u> |
| c. Franchise Fee | <u>\$20,000.00</u> |

| | |
|-----------------------------|-------------------|
| d. Market Study/Performance | <u>\$6,550.50</u> |
| e. Appraisal | <u>\$6,000.00</u> |

| | |
|-------|---------------------|
| Total | <u>\$706,316.30</u> |
|-------|---------------------|

| | |
|---|-----------------------|
| Total Estimated Market Value at Completion: | <u>\$4,373,613.00</u> |
|---|-----------------------|

Source of Financing:

| | |
|--------------------------------|-----------------------|
| A. Developer Equity: | <u>\$656,042.003</u> |
| B. Commercial Bank Loan: | <u>\$3,600,000.00</u> |
| C. Tax Credits: | |
| 1. N.I.F.A. | \$ |
| 2. Historic Tax Credits | \$ |
| D. Industrial Revenue Bonds: | \$ |
| E. Tax Incremental Assistance: | \$ |
| F. Other: | \$ |

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

Architect- Leon K. Lauver & Associates: 2802 Westview Drives, PO. Box 1207, Norfolk, NE 68702-1207 (p) (402)-371-3333.

General Contractor- Mehring Construction, 3421 State Street, Ste 4, Grand Island, NE 68803 (p) (308)380-0444.

Engineer- Tim Hamilton with Concrete Design: 3858 S. State Highway, Republic, MO 65738 (p) (417)-732-2845.

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

Project Construction Schedule:

Construction Start Date: Approximately April 1, 2014.

Construction Completion Date: Approximately April 1, 2015.

If Phased Project:

| | |
|------------------|----------------------|
| <u>2014</u> Year | <u>75</u> % Complete |
|------------------|----------------------|

| | |
|------------------|----------------------|
| <u>2015</u> Year | <u>25</u> % Complete |
|------------------|----------------------|

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:

Legacy Hospitality is requesting \$769,316.30 to be utilized for general conditions work, site work, franchise fees, Market Study Performa, the appraisal, NEDCO fee's, Lawyer fee's, and accounting fee's related to the startup of this project. See attached for more information.

Statement Identifying Financial Gap and Necessity for use of Tax Increment Financing for Proposed Project:

Tax Increment Financing is necessary for our business to complete the project of bringing the Mainstay Suites into Grand Island at our South Locust Street Location. Our business will contribute to the City of Grand Island's goal of revitalizing the South Locust Street Corridor and will not be feasible without this financing.

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:

Milton Motels,LLC, Sandy Milton, 109 E. Ashton Ave, Grand Island,NE, 68801, (p) 308-383-7595, (f) 308-384-3109.

IV. Please Attach Applicants 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: cnabilty@grand-island.com

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

RESOLUTION NO. 169

**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:

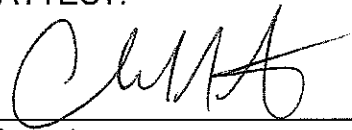
The Authority submits to the Hall County Regional Planning Commission the proposed Plan attached to this Resolution, for review and recommendation as to its conformity with the general plan for the development of the City of Grand Island, Hall County, Nebraska.

Passed and approved this 12 day of February, 2014.

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

By Alan A. Murray
Chairperson

ATTEST:


Secretary

Resolution Number 2014-04

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: _____ 2014.

**HALL COUNTY REGIONAL PLANNING
COMMISSION**

ATTEST:

By: _____
Chair

By: _____
Secretary

EXHIBIT A

FORM OF REDEVELOPMENT PLAN

**Redevelopment Plan Amendment
Grand Island CRA Area #2
February 2014**

The Community Redevelopment Authority (CRA) of the City of Grand Island intends to amend the Redevelopment Plan for Area #2 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 #2.

**Executive Summary:
Project Description**

THE ACQUISITION OF PROPERTY AND CONSTRUCTION OF A 59 ROOM MAINSTAY SUITES EXTENDED STAY HOTEL AT 3051 SOUTH LOCUST STREET AND THE SUBSEQUENT SITE WORK, UTILITY, ENGINEERING, LANDSCAPING AND PARKING IMPROVEMENTS NECESSARY FOR THE CONSTRUCTION OF A HOTEL AT THIS LOCATION.

The developer intends to use Tax Increment Financing to aid in acquisition of property and necessary site and public infrastructure improvements to construct a hotel on this site.

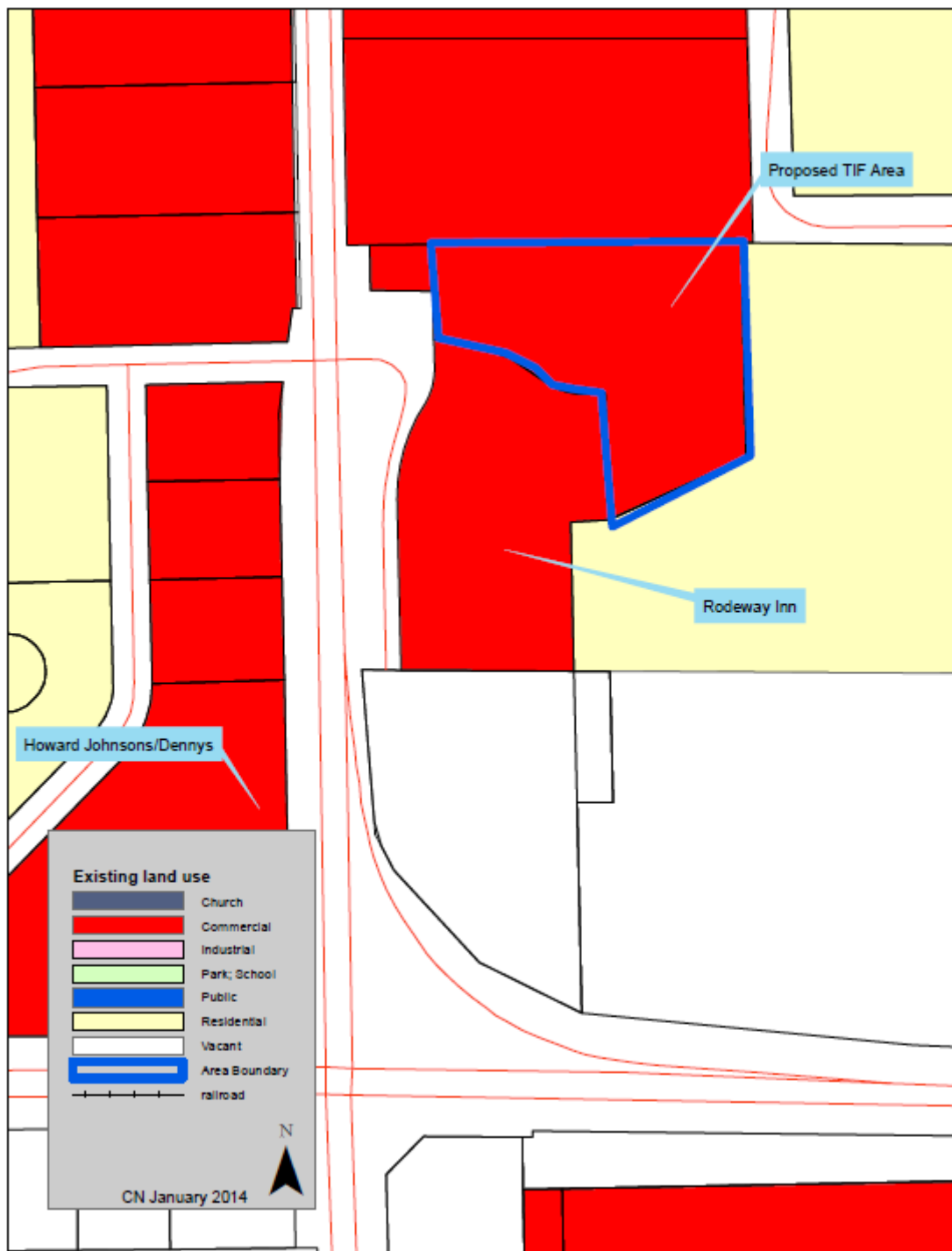
The site has been acquired by the developer. All site work, demolition and utilities will be paid for by the developer. The developer is responsible for and has provided evidence that they can secure adequate debt financing to cover the costs associated with the acquisition, site work and necessary infrastructure. 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 north and east of the intersection of South Locust Avenue and U.S. Highway 34 (Husker Highway) in southern Grand Island. The attached map identifies the subject property and the surrounding land uses:

- **Legal Description:** Lot 1 of Vanosdall Subdivision in Grand Island, Hall County Nebraska.



Existing Land Use Map

The tax increment will be captured for the tax years the payments for which become delinquent in years 2016 through 2030 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 the construction of a new hotel 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, 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 September 13, 1999. [§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:

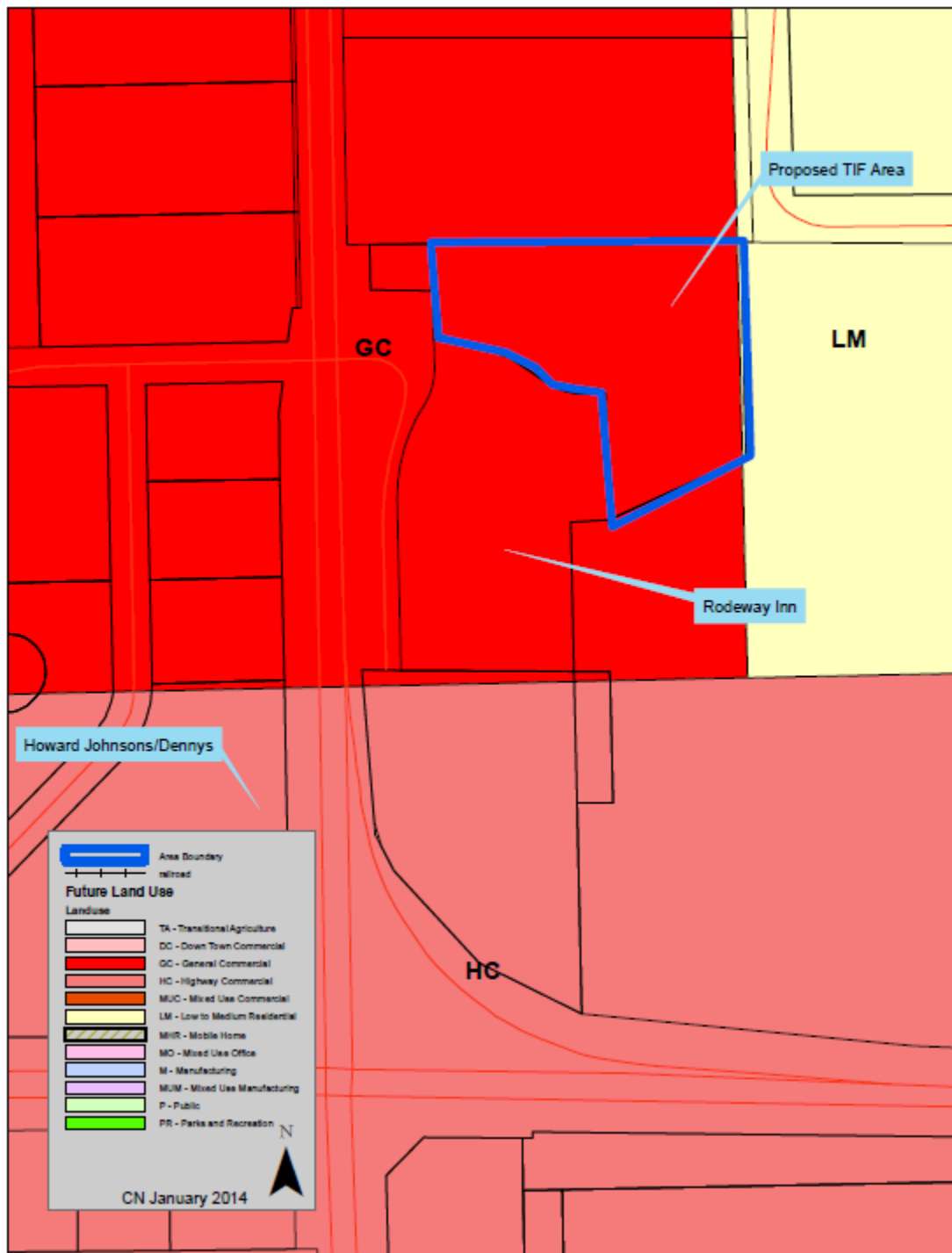
The Redevelopment Plan for Area #2 provides for real property acquisition and this plan amendment does not prohibit such acquisition. There is no proposed acquisition by the authority. The Applicant for the Tax Increment Financing will be acquiring the property for \$208,000

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 highway commercial 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 B2-AC General Business zone with an Arterial Commercial Overlay. 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 as a hotel is permitted in the B2-AC zoning district. [§18-2103(b) and §18-2111]

e. Site Coverage and Intensity of Use

The developer is proposing construct a new hotel as a conforming structure and use in the B2-AC zoning district. [§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.

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 currently vacant with no structures. 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]

Tom Gdowski a member of the Grand Island Community Redevelopment Authority is President of Equitable Bank of Grand Island. Equitable Bank is providing the financing for this project and Mr. Gdowski could benefit from this transaction. Barry Sandstrom a member of the Grand Island Community Redevelopment Authority is President of Home Federal Bank of Grand Island. Home Federal will likely enter into a participation agreement with Equitable bank for this 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 property will be purchased for \$208,000. Costs for site work and preparation is estimated at \$169,195. Planning activities related to this development are estimated at \$94,588. Legal fees and City fees are estimated at \$7,902. The total estimated costs of eligible activities are \$479,685.

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 \$479,685 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, 2030.

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 commercial lots. This will not significantly impact traffic on at the intersection of South Locust and U.S. Highway 34. New commercial development 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 May 2014 and May of 2015. Excess valuation should be available for this project for 15 years beginning with the 2015 tax year. It is anticipated that the TIF indebtedness for this project will be repaid in a period of less than 10 years.

9. Justification of Project

The South Locust Corridor is a major entrance for the City of Grand Island from Interstate 80. The Heartland Events Center, the State Fair Park and associated buildings and other attractions are all located along South Locust. The South Locust Business Improvement District and City of Grand Island have spent a considerable amount of money on landscaping and aesthetic treatments along this corridor. The City has codified those improvements as development occurs south of the U.S. 34 and Locust. The Grand Island CRA has invested more than \$500,000 in the property located on the east side of South Locust south of this project. This is a gateway to the community and for many people from outside the area is what they will use to judge our City. The opportunity to partner with owners of properties along this corridor as they develop and invest in their projects is important to making those favorable first impressions.

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 \$351,390. The proposed final value of this facility will result in an estimated additional \$3,602,329 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. It will result in a new national chain hotel along the South Locust corridor.

(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 may create additional demand for service employees in the Grand Island area and could impact other hotels.

(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 improve the southern entrance into the City of Grand Island. The additional rooms will provide rental space for people staying here for the State Fair and similar activities. Grand Island does not currently have a modern extended stay hotel so this should meet an existing need within the market place without negatively impacting other hotels that cater to more transitory clientele

Time Frame for Development

Development of this project is anticipated to be completed during between May 1, 2014 and May 1 of 2015. 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 2016 with the taxes due for the 2015 tax year. 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 \$479,685 and the interest accrued on the bonds as issued. 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 over \$479,685 on TIF eligible activities.

Building Plans are available in the CRA file