



Community Redevelopment Authority (CRA)

Wednesday, January 15, 2014
Regular Meeting Packet

Board Members:

Michelle Fitzke

Tom Gdowski

Barry Sandstrom

Sue Pirnie

Glen Murray

4:00 PM

Call to Order

Roll Call

A - SUBMITTAL OF REQUESTS FOR FUTURE ITEMS

Individuals who have appropriate items for City Council consideration should complete the Request for Future Agenda Items form located at the Information Booth. If the issue can be handled administratively without Council action, notification will be provided. If the item is scheduled for a meeting or study session, notification of the date will be given.

B - RESERVE TIME TO SPEAK ON AGENDA ITEMS

This is an opportunity for individuals wishing to provide input on any of tonight's agenda items to reserve time to speak. Please come forward, state your name and address, and the Agenda topic on which you will be speaking.

DIRECTOR COMMUNICATION

This is an opportunity for the Director to comment on current events, activities, and issues of interest to the commission.



Community Redevelopment Authority (CRA)

**Wednesday, January 15, 2014
Regular Meeting**

Item A1

Agenda

Staff Contact: Chad Nabity

AGENDA
Wednesday January 15, 2014
4:00 p.m.
Grand Island City Hall

Open Meetings Notifications

1. Call to Order.
This is a public meeting subject to the open meetings laws of the State of Nebraska. The requirements for an open meeting are posted on the wall in this room and anyone that wants to find out what those are is welcome to read through them.
2. Approval of Minutes of December 18, 2013 Meeting.
3. Approval of Financial Reports.
4. Approval of Bills.
5. Review of Committed Projects and CRA Properties.
6. Audit Review.
7. Mayor Request Blight & Substandard Study.
8. Grant Request – Downtown Grand Island.
9. Grant Request – Tower 217.
10. Discussion - Window Façade.
11. Election of Officers.
12. Discussion concerning Purchase/Sale of Real Estate of property.
13. Approve Resolution or Resolutions to Purchase/Sell Real Estate.
14. Directors Report
15. Adjournment

Next Meeting February 12, 2014

The CRA may go into closed session for any agenda item as allowed by state law.



Community Redevelopment Authority (CRA)

Wednesday, January 15, 2014
Regular Meeting

Item B1

Meeting Minutes

Staff Contact: Chad Nabity

OFFICIAL PROCEEDINGS

MINUTES OF COMMUNITY REDEVELOPMENT AUTHORITY MEETING OF December 18, 2013

Pursuant to due call and notice thereof, a Regular Meeting of the Community Redevelopment Authority of the City of Grand Island, Nebraska was conducted on December 18, 2013 at City Hall 100 E First Street. Notice of the meeting was given in the December 11, 2013 Grand Island Independent.

1. CALL TO ORDER. Chairman Sandstrom called the meeting to order at 4:00 p.m. The following members were present: Tom Gdowski, and Sue Pirnie. Also present were; Director, Chad Nabity; Secretary, Rose Rhoads; and Finance Director, Jaye Monter and Senior Accountant, William Clingman.

Sandstrom stated this was a public meeting subject to the open meeting laws of the State of Nebraska. He noted that the requirements for an open meeting were posted on the wall easily accessible to anyone who would like to read through them.

2. APPROVAL OF MINUTES. A motion for approval of Minutes for the November 13, 2013 meeting was made by Gdowski and seconded by Pirnie. Upon roll call vote all present voted aye. Motion carried unanimously.
3. APPROVAL OF FINANCIAL REPORTS. Monter reviewed the financial reports for the period of October 1, 2013 through November 30, 2013. Motion was made by Gdowski and seconded by Pirnie to approve the financial reports. Upon roll call vote all present voted aye. Motion carried unanimously.
4. APPROVAL OF BILLS. The bills were reviewed by Sandstrom. Motion made by Gdowski and seconded by Pirnie to approve the bills in the amount of \$59,414.34. Upon roll call vote all present voted aye. Motion carried unanimously to approve the payment of bills totaling \$59,414.34.
5. REVIEW OF COMMITTED PROJECTS & CRA PROPERTY. Nabity reviewed the Committed Projects.
6. Election of Officers. The election of officers was postponed until next month in order to have more members present.

7. DIRECTORS REPORT. Nability noted the Downtown Development would be submitting a request to the CRA and also Amos Anson with his request for the Masonic Temple.

8. ADJOURNMENT.

Sandstrom adjourned the meeting at 4:25 p.m.

The next meeting is scheduled for January 15, 2014 at 4:00 p.m.

Respectfully submitted
Chad Nability
Director



Community Redevelopment Authority (CRA)

Wednesday, January 15, 2014
Regular Meeting

Item D1

Bills

Staff Contact: Chad Nabity

15-Jan-14

TO: Community Redevelopment Authority Board Members
FROM: Chad Nability, Planning Department Director
RE: Bills Submitted for Payment

The following bills have been submitted to the Community Redevelopment Authority Treasurer for preparation of payment.

City of Grand Island
Administration Fees
Accounting
Officenet Inc.
Postage

Lawnscape	408 E 2nd Snow removal
Jack's Tire Service, Inc	tire disposal - 408 E 2nd St
Grand Island Independent	Legal Notice

Almquist Maltzahn Galloway & Luth CRA Audit

Mayer, Burns, Koenig & Janulewicz Legal Services

Total:

\$ 14.29

\$ 42.00

\$ 16.01

\$ 72.30



Community Redevelopment Authority (CRA)

Wednesday, January 15, 2014
Regular Meeting

Item E1

Committed Projects

Staff Contact: Chad Nabity

COMMITTED PROJECTS	TOTAL AMOUNT	2014 FISCAL YR	2015 FISCAL YR	2016 FISCAL YR	ESTIMATED COMP
Downtown BID					
Historic Lighting Projects	\$ 30,000.00	\$ 30,000.00			2014
2222 W 2nd St - Ryan Waind	\$92,608.00	\$ 46,304.00	\$ 46,304.00		2014
Housing Study (EDC)	\$ 10,000.00	\$10,000			Fall 2013
2014 Wayside Horns (Custer/Blaine)	\$ 100,000.00			\$ 100,000.00	Winter 2016
	\$ -				
Total Committed	\$ 232,608.00	\$ 86,304.00	\$ 46,304.00	\$ 100,000.00	

Façade Budget \$ Remaining	\$ 200,000.00
Other Projects	\$ 265,000.00
Land - Budget \$ Remaining	\$ 80,000.00
Land Sales	(\$100,000.00)
 subtotal	\$ 445,000.00
Less committed	(\$86,304.00)
Balance remaining	\$ 358,696.00

CRA PROPERTIES			Demo Cost	Status
Address	Purchase Price	Purchase Date		
408 E 2 nd St	\$4,869	11/11/2005	\$7,500	Surplus
3235 S Locust	\$450,000	4/2/2010	\$39,764	Surplus

December 31, 2013



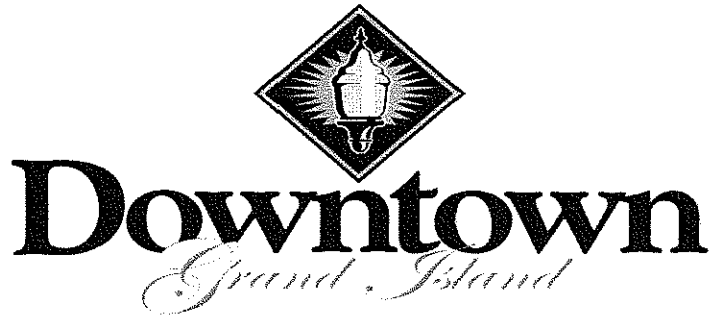
Community Redevelopment Authority (CRA)

Wednesday, January 15, 2014
Regular Meeting

Item G1

Downtown Grand Island

Staff Contact: Chad Nabity



December 19, 2013

Community Redevelopment Authority Board

Dear CRA Board,

It is with great enthusiasm the Downtown Improvement Board submits on behalf of Downtown Grand Island a request herein to the Community Redevelopment Authority for consideration and for its support.

Our organization is working with much fervor to cultivate an invaluable economic and cultural hub in the historic origin of our community. Of note, for every dollar spent to operate a local Main Street program a statewide average of \$23.40 is re-invested in the community. That is a 23 to 1 return on the investment, often unmatched in economic development and in particular in the current economic conditions.

With the economic impact in mind, the Downtown Business Improvement Board is asking the Community Redevelopment Authority to provide \$50,000 in grant funds to the Kaufmann-Cummings Park renovation and enhancements. Should the CRA approve this funding request, disbursement of the grant may be made upon completion of the project, which is expected in late summer/fall of 2014.

We strongly feel the K-C Park (to become Plaza) project will not only enhance our Downtown, but will also complement The Grand Theater and provide a catalyst for economic revitalization in the Downtown District. And it is with this vision; our request is respectfully submitted for CRA funding consideration and your support.

Sincerely,

Tami Brunk
Director
Downtown Business Improvement District

404 West Third Street, Grand Island, NE 68801
(308)398-7022 www.downtowngi.com

Kaufmann Cummings Park Renovation

The BID is in the midst of redeveloping the Downtown area. KC Park is an integral part to Grand Island's Downtown Redevelopment and implements the vision for downtown established in the Downtown Revitalization Study that was completed in 2013.

The vision for the downtown park is informed by the concept of "place-making" through which many urban neighborhoods and downtowns around the world are being transformed. Place-making relies on economic development generated by proximity to an attractive public open space. Once a lively public plaza is created, the existing buildings near KC Park could be "reborn," with new, expanded uses and more customers will be drawn to the area.

KC Park is located on Third and Wheeler Streets in downtown Grand Island, it has been identified in need of improvement in the Downtown Redevelopment Study to: provide a better connection between the park and downtown; improve infrastructure to support special events/festivals; a possible stage area; create seating areas; create visibility of the proposed sculpture on the south end of the park; design elements that provide shade, either organic or non-organic; and structures and/or other features to promote use of the park during times other than just special events. KC Park is centrally located in the downtown business community and is host to many events and activities throughout the year that attract people to the downtown area. Such events include: Race for Grace, Summer Concerts, Zombie Walk, Grand Theatre Car Show, Harvest of Harmony Parade, and Downtown Christmas.

Given the usage of KC Park in the downtown area, efforts are to make improvements to attract visitors and residents to the area. The intended outcome of this project is to have a plaza that is a destination in downtown, with a look and feel with shared amenities that will transform downtown.

Estimated completion date: Fall 2014

\$200,000 Estimated Project Cost	
Economic Development Grant	\$142,500
BID	\$ 7,500
CRA	\$ 50,000
3 rd street & Wheeler intersection along with street drainage issues are city infrastructure	



Community Redevelopment Authority (CRA)

**Wednesday, January 15, 2014
Regular Meeting**

Item G2

Tower 217

Staff Contact: Chad Nabity



TOWER 217 AND THE RISE OF DOWNTOWN

A REQUEST FOR GRANT ASSISTANCE
PRESENTED TO THE GRAND ISLAND CRA

ANSON
INVESTMENT & DEVELOPMENT



TOWER 217

A REQUEST FOR GRANT ASSISTANCE
PRESENTED TO THE GRAND ISLAND CRA

—

APPLICATION PREPARED BY
EMPIRE DEVELOPMENT

—

ON BEHALF OF
**ANSON INVESTMENT
& DEVELOPMENT**

Visit aidgrandisland.com

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Dear members of the CRA, I have put together some updated information regarding the Tower 217 development project. I've copied some quotes and referenced some page numbers from the Grand Island Downtown Redevelopment Study done by Alley-Poyner Macchietto that I think you might find interesting regarding my request and have pasted them on the following pages for you to review. In addition to the information provided I would like to explain why I believe my company and team of sub contractors can move this project forward within the budget that has been laid out.

In the past 15+ years many people from many professions have shown interest in purchasing this unique building to redevelop. It is an impressive building with some very, very unique characteristics and challenges. The main challenge is the fact that it is a "high rise" building and therefore falls under a whole different category than almost every other building in this town. As you know, in Grand Island there are not very many high rises, let alone many over 100' feet tall. In the construction business whenever words like "unique", "challenging" and "high rise" are involved, dollar signs start to come into the thoughts of builders and subs alike and rightfully so. With "challenging" projects more money is charged because of the extra time, frustration, learning curve, etc. My company has had the opportunity to be involved with this building for many years; from being one of those interested parties, to doing some work for the previous owner, to being involved with the unsuccessful Nebraskan Hotel and now having the opportunity to be a part of the current project. Having been involved with the building for so long I have had the ability to talk with quite a few contractors, sprinkler companies, architects, engineers, elevator companies, inspectors, fire officials, steel companies, electricians, HVAC companies etc. With the knowledge that has been gained through those conversations it has become quite evident that some out-of-the-box thinking would need to be done in order for any redevelopment to occur.

My company is not new to the challenges downtown's can pose. Some of our completed projects to date have been; The Tattered Book : \$750,000 commercial and residential redevelopment, The Erives Façade Project: Third St & Locust St, The Chocolate Bar:116 W Third St, Family Eye Care: Howard Ave in St Paul, and consulting expertise on buildings such as the former Rexall Building and current Azteca Market. All of these experiences have given me and my team the ability to think outside of the box and therefore take away the fear (and ultimately the dollar signs) of the challenges that arise with projects like Tower 217.

I feel these experiences are what have given Empire Development/FAmos Construction the ability to make this project viable. There are still many challenges to overcome, but with the continued assistance of the Building Department, Fire Marshall, City Administrator, the Downtown BID, Regional Planning, the CRA and many others, Tower 217 can and will move forward.

Thank you for your time.



Amos C Anson President
Empire Development
FAmos Construction Inc.



Life/Safety Improvement Program Application

Project Redeveloper Information

I. Applicant Name: **Anson Investment & Development (AID)**
Address: **217 North Locust / 703 West 17th Street**
Telephone No.: **308.850.2399**
Contact: **Charles Anson**

II. Legal Street Address of Project Site: **217 North Locust**

III. Zoning of Project Site: **Commercial**

IV. Current and Contemplated Use of Project: **Commercial & Residential**

V. Present Ownership of Project Site: **Anson Investment & Development (AID)**

VI. Proposed Project: Describe in detail; attach plans and specifications:

See page 08.

VII. Estimated Project Costs

Acquisition Costs:

A. Land \$ _____

B. Building \$ _____

Construction Costs:

A. Renovation or Building Costs Attributable to Façade Improvements (attach detail): \$ **291,581** _____

B. Other Construction Costs: \$ **1,089,386** _____

VIII. Source of Financing:

A. Developer Equity: \$ **60,000** _____

B. Commercial Bank Loan: \$ _____

C. Historic Tax Credits: \$ _____

D. Tax Increment Assistance: \$ _____

E. Other (Describe **Private Investor** _____) \$ **1,089,386** _____

IX. Name & Address of Architect, Engineer and General Contractor:

See page 08.

X. Project Construction Schedule:

A. Construction Start Date: **As soon as possible.** _____

B. Construction Completion Date: **Phase 01: Nine months from start of construction.**

Financing Request Information

I. Describe Amount and Purpose for Which Façade Improvement Program Funds are Requested:

See page 09.

II. Statement Identifying Financial Gap and Necessity for use of Facade Improvement Program
Funds or proposed Project: **See page 09.**

III. Application of Grant Funds:
291,581 _____ Grant to Redeveloper; or
_____ Interest Rate Buy-Down

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

VI. Proposed Project:

Install a second staircase and fire sprinklers from the basement to the fourth floor. A sprinkler company will be hired to design and install the fire sprinkler system, making provisions for development at a later date on the remaining floors. The staircase will be designed to fit into the inside of the structure and will meet all of the City Of Grand Island's current codes. There will be 14' x 9' openings cut through the floors of one, two, three and four. The structural loads will be picked up by 8" block and non structural walls will be constructed of steel studs and two layers of drywall on each side along with 2 hour rated fire doors. The stairs will be constructed of non combustible building materials. A continuous steel handrail will be fabricated and installed by a local welding company. The project includes hiring an engineer to check the structural implications of cutting the 14' x 9' openings in the floor as well as an architect to make sure there is code compliance. Because of the unique issues associated with this project there have been several conversations with Craig Lewis and Fred Hotz. They have both agreed to allow the building to be brought into code compliance one phase at a time. As such this project will be broken into the following three phases.

Phase 01	Phase 02	Phase 03
The building out of the first two floors, commercial occupancy on the main floor and residential occupancy on the second floor.	The build out of floor three with residential occupancy.	Floor four which will also require an elevator. Grant funds for the elevator will be sought from an entity other than the CRA.

IX. Name and Address of Engineer and General Contractor:

General Contractor: Amos Anson, Empire Development, P.O. Box 1665

Structural Engineer: Scott Burney, Olsson Associates, 201 East Second Street

Architect: Marvin Webb, AIA with Webb and Company Architects, 387 North Walnut Street

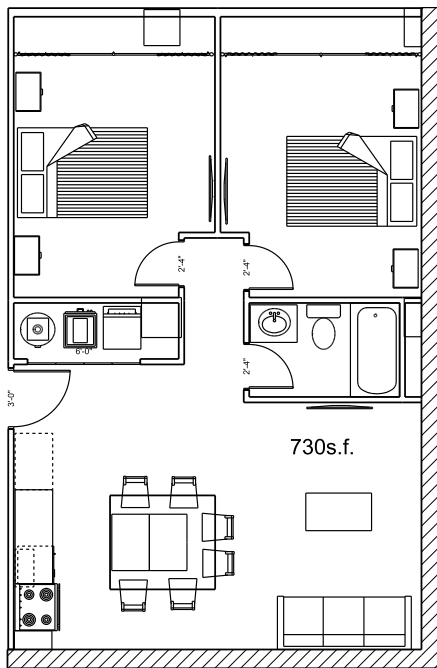
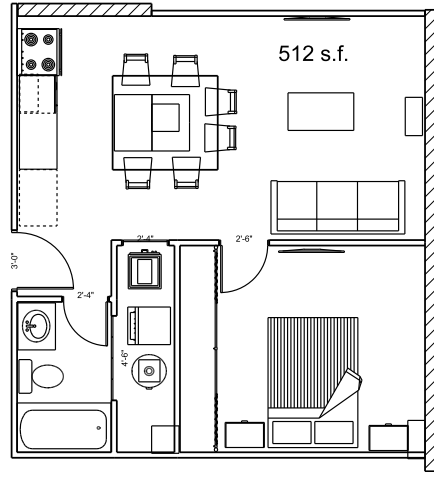
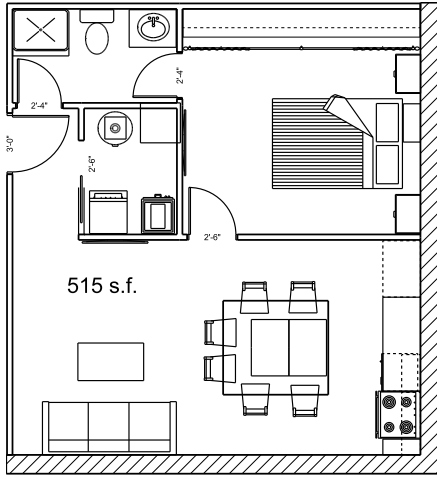
I. Amount And Purpose For Which Life Safety Program Funds Are Requested:

The amount being asked for the life safety issues is \$291,581. The project has been designed around a life safety study done on the building by the previous tenant. The CRA paid for said study and retained the rights. Based on that study, it has been determined that a second staircase and fire sprinklers are required to bring the building up to code and therefore facilitate development of mixed use residential and commercial tenant spaces.

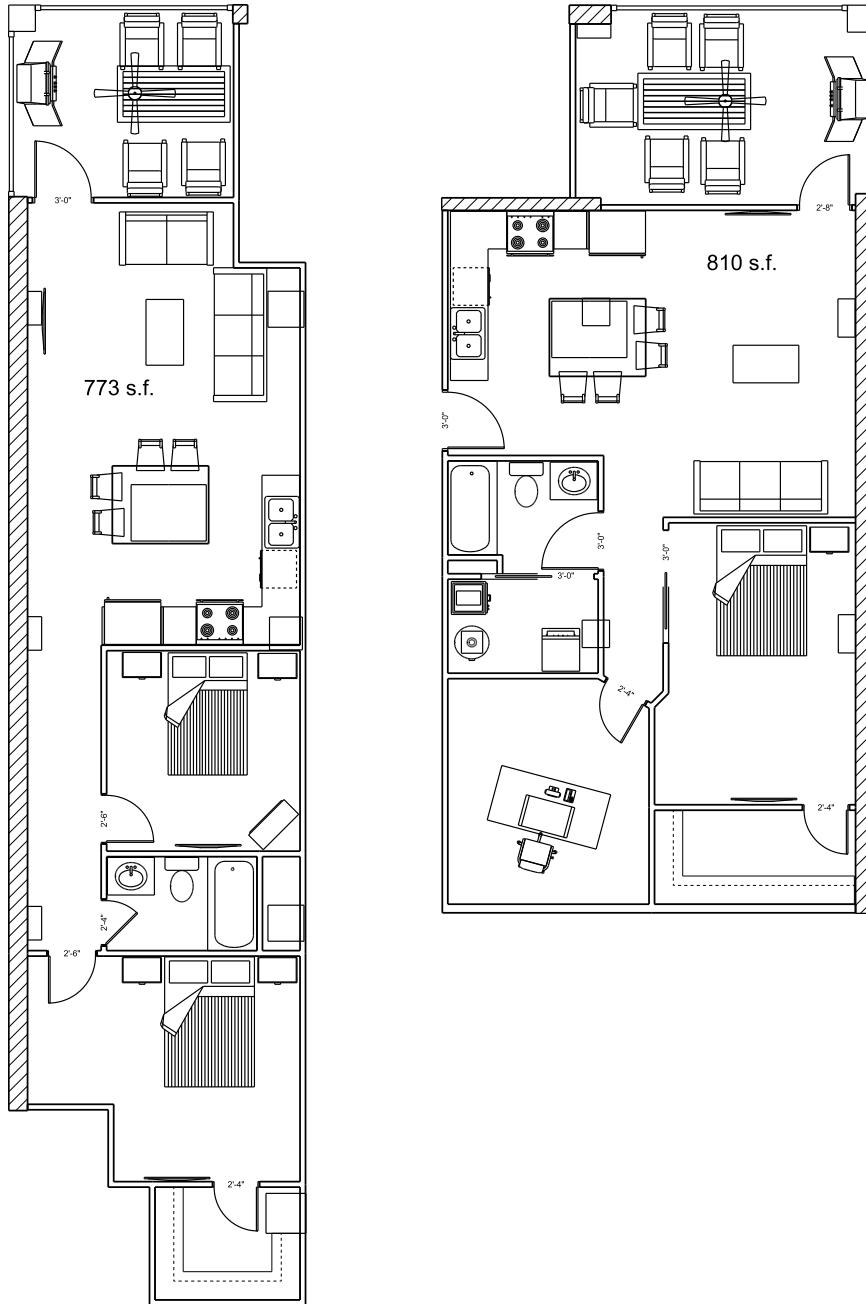
II. Statement Identifying Financial Gap and Necessity for use of Facade Improvement Program Funds

Item	Phase 01	Phase 02	Phase 03	Totals
Insurance&Interest	4,800.00	0.00	0.00	4,800.00
Permits	1,200.00	0.00	0.00	1,200.00
Demo	5,112.00	1,586.00	2,117.00	8,815.00
Carpentry Labor	26,691.00	8,336.00	10,992.00	46,019.00
Materials	28,603.00	8,876.00	11,837.00	49,316.00
Roofing labor	0.00	0.00	0.00	0.00
Plumbing	0.00	0.00	0.00	0.00
HVAC	0.00	0.00	0.00	0.00
Electric	8,000.00	2,000.00	1,249.00	11,249.00
Insulation	0.00	0.00	0.00	0.00
Drywall Hang	0.00	0.00	0.00	0.00
Drywall Finish	0.00	0.00	0.00	0.00
Paint	0.00	0.00	0.00	0.00
Trim Labor	0.00	0.00	0.00	0.00
Cabinets	0.00	0.00	0.00	0.00
Countertops	0.00	0.00	0.00	0.00
Flooring Allowance	0.00	0.00	0.00	0.00
Lighting Allowance	0.00	0.00	0.00	0.00
Electronics	12,000.00	3,000.00	3,000.00	18,000.00
Fire Sprinklers	34,000.00	7,000.00	32,000.00	73,000.00
Masonry	12,426.00	3,924.00	5,250.00	21,600.00
Custom Cabinets	0.00	0.00	0.00	0.00
Appliances	0.00	0.00	0.00	0.00
Architect	15,550.00	2,000.00	2,000.00	19,550.00
Elevator	0.00	0.00	0.00	0.00
Sub Total	148,382.00	36,722.00	68,445.00	253,549.00
O&P	22,058.00	6,845.00	9,129.00	38,032.00
Total	170,440.00	43,567.00	77,574.00	291,581.00
Income				
w/Grant	878.77	114.16		992.93
w/o Grant	(1,013.46)	(369.52)		(1,382.98)

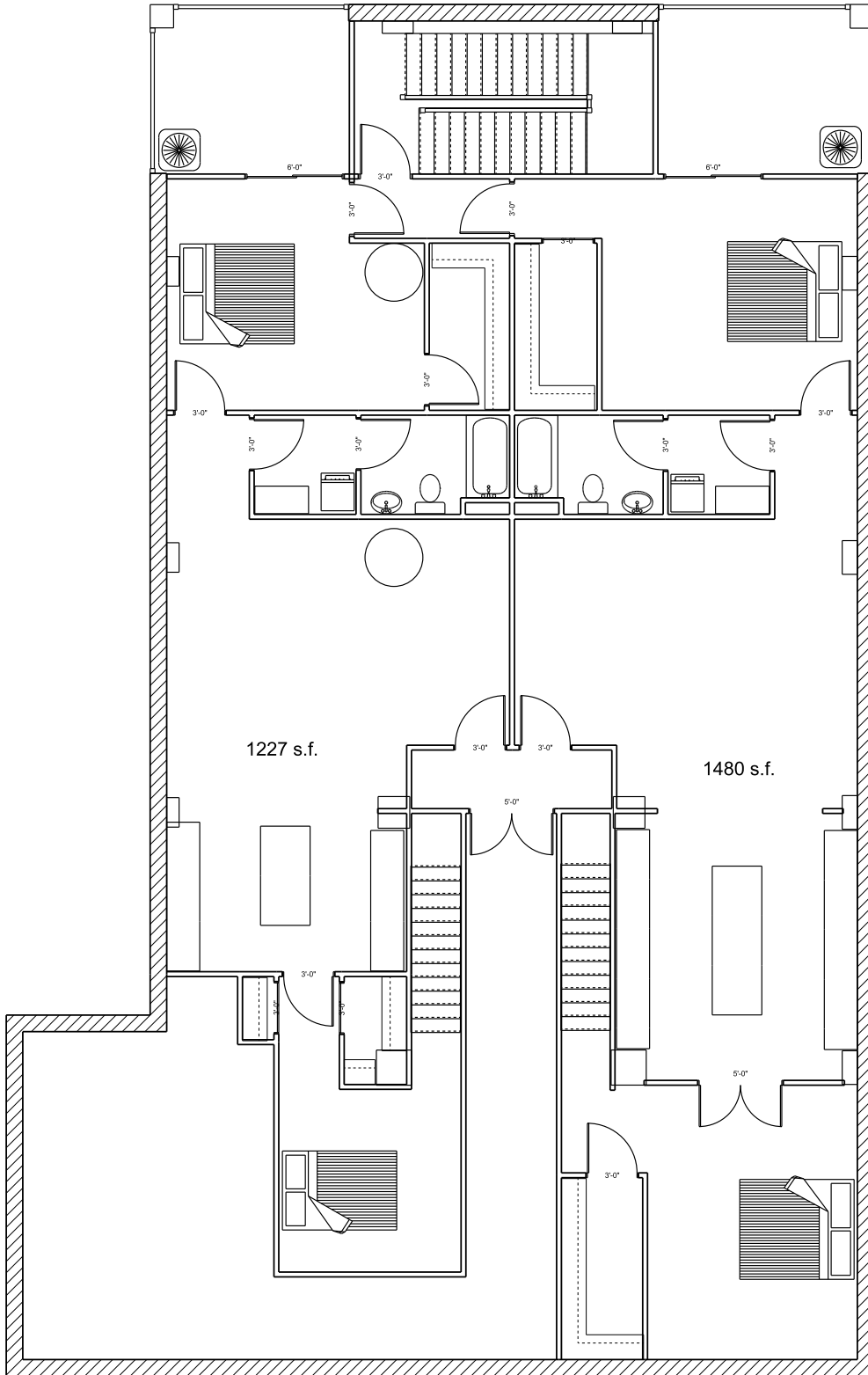
Tower 217 Floor Plans - One & Two Bed



Tower 217 Floor Plans - Two Bed

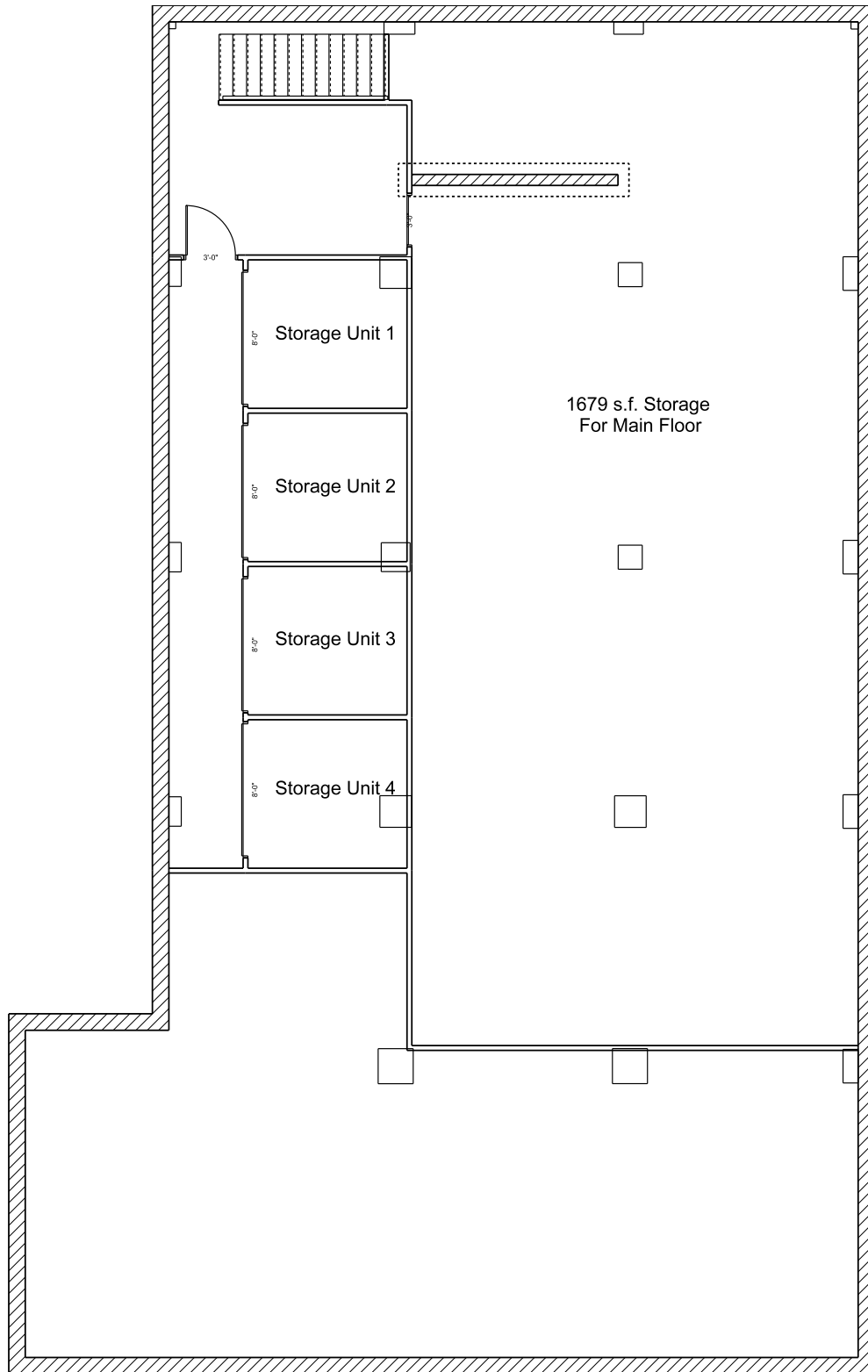


Tower 217 Floor Plans - Two Bed



For more information visit aidgrandisland.com

Tower 217 Floor Plans - Basement



For more information visit aidgrandisland.com

The Need for Downtown

“Economically, the redevelopment of downtown makes sense the streets are already there, the buildings are already there, the utilities are already there. The City of Grand Island has invested a large amount in the creation of the district components; ensuring their continued use and relevance is a financial necessity. As noted, the expense of redeveloping a downtown property will be discouraging to most potential investors and developers, particularly in this early stage of revitalization. These buildings have sat vacant for long periods of time and most will need significant improvements for accessibility and life safety. This is why supplemental funding sources during this phase are critical as more and more properties are renovated, rented and occupied, the need to fill the “cash gap,” will lessen. But first a critical mass of development needs to occur to demonstrate to financial institutions and investment organizations that there is a profitable market in Downtown Grand Island”

But first a critical mass of development needs to occur to demonstrate to financial institutions and investment organizations that there is a profitable market in Downtown Grand Island”

Investing in downtown can:

- › Protect and increase the existing property tax base
- › Maximize existing building stock, decreasing life safety concerns and future life safety issues
- › Retain and attract entrepreneurs and businesses
- › Provide for new businesses without green field development and the additional infrastructure it requires
- › Regenerate surrounding neighborhoods
- › Help retain young professionals
- › Create a regional attraction
- › Improved community pride and self-image
- › Preserve the historic assets of the community

Short and Long-Term Goals

Through information gathered at the public visioning session and the key stakeholder meetings, the following goals were developed:

- › Create a vibrant urban environment through economic development, increased population, and public improvements
- › Encourage the development of more downtown residential units. Increase the entertainment options downtown, for all age groups and at all times of the day
- › Attract specialty retail and businesses. Identify realistic opportunities for investment and develop key catalyst projects to spur further development
- › Identify potential partnerships with key community partners. Identify funding sources for redevelopment projects
- › Create policy recommendations that support economic development and further the vision for downtown
- › Create a prioritized list of potential enhancements and redevelopment projects
- › Identify tools and assistance opportunities to help potential developers

Catalyst Projects

There are two general types of projects that can spur revitalization in downtown areas: the physical and the strategic. Physical projects are actual construction-related improvements which are either specific to individual buildings or to the public realm, whereas strategic projects include developing key partnerships with community groups and creating specific tools which aid in fostering development as well as influence the types of development that are to occur.

Input from the community, via public meetings and conversations with key stake holders, created the matrix of projects below.

Physical

Building Specific

- › Destination Hotel
- › Multi-Family Residential Conversion

Public Realm

- › Re-Thinking Kauffman Park
- › Streetscaping, Wayfinding and Identification Signage
- › Public Parking

Strategic

Partnerships

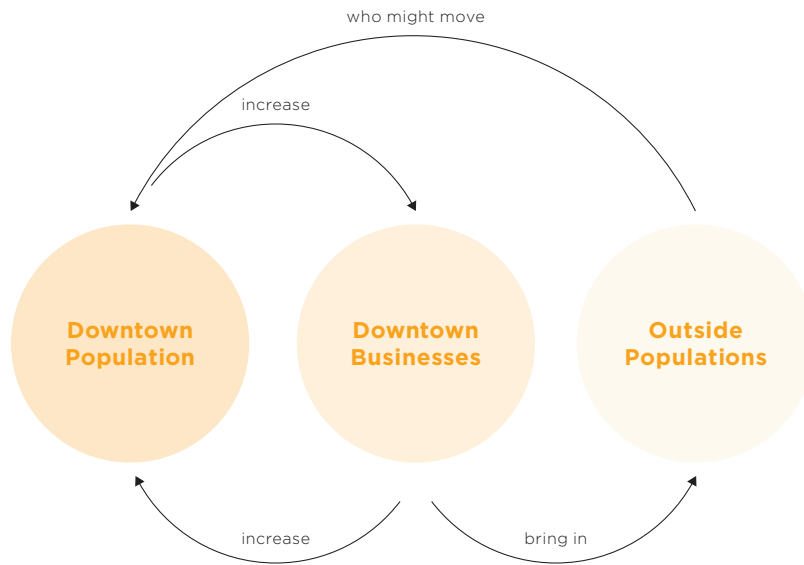
- › Commercial Incubator
- › Regional Tourism
- › Education - Central Community College

Tools

- › Branding
- › Developer's "How-to"
- › Additional Funding
- › Codes and Ordinances
- › Building Inventory

More Residents, More Vitality

Increasing the number and quality of residential units in Downtown Grand Island is one of the keys to revitalizing the district. There are multiple components to a successful downtown, three of which are shown in the diagram below: a healthy residential population, thriving downtown businesses, and the patronage of the local and regional communities. Currently there are over 100 residential units in Downtown Grand Island, a number of which are condominiums in the The Yancey. The existing building stock of the downtown district lends itself to a variety of housing developments, ranging from large-scale, mixed-use projects, to smaller more strategic developments of a limited number of units over existing commercial uses, such as those being planned above The Chocolate Bar.



Case Study: The Labor Temple Building

The Labor Temple Building, located at 210 N. Walnut Street, is an example of a small-scale building that lends itself to a purely residential redevelopment. The revitalization of a downtown area often relies on the sweat equity and devotion of those with a vision for the district; larger developers tend to follow after some renovation and development has occurred. Smaller-scale projects like the Labor Temple, with unique characteristics (in this case, the building being potentially available for a very small sum) can often be redeveloped by smaller investors and provide stepping stones toward the development of larger, more complicated projects.

As noted, the Labor Temple building has a number of specific components that make it a prime candidate for redevelopment. First, there is its price, as the current owners have indicated they are potentially willing to gift the building to an interested party, assuming they are willing to redevelop. Second, the building lends itself to a single-use, multi-family residential occupancy. This removes some of the complications that mixed-use can cause for the renovation of the building, simplifies the financial planning of the potential redeveloper, and removes the difficulties and uncertainties that can accompany managing commercial space. On the following pages, the study team has developed a financial summary and operating pro forma for the Labor Temple building, if redeveloped into residential units. All financing numbers, including public grants, have been assumed for the purpose of this case study and are for illustration purposes only.



From the Grand Island Downtown Redevelopment Study
Prepared by Alley Poyner Macchietto Architecture
Found on Pages 63-67

Labor Temple Residential Case Study: Financial Summary

Use of Funds	Totals
Purchase of Building	-
Construction	871,200
Contingency	87,120
Financing/Soft Costs	135,196
	1,093,516
Source of Funds	
Bank	411,044
Tax Increment Financing Loan	110,000
Federal Historic Tax Credits	184,859
CDBG Facade Improvement Funds	25,000
CRA Grant	200,000
GAP	162,613
	1,093,516

Prepared by Field Day Development

Labor Temple Residential Case Study: Operating Pro Forma

Annual Rental Income	2nd Yr. Rents
8 - 1 Beds \$714/M	68,544
1 - 2 Bed \$867/M	10,404
Gross Income	78,948
Vacancy	5,526
Expenses	24,096
NET Operating Income	49,326
Bank Loan	Debt Service 30,544
Terms: 20 YRS	68,544
IR: 4.25%	10,404
Cash Flow	18,782

Prepared by Field Day Development

From the Grand Island Downtown Redevelopment Study
Prepared by Alley Poyner Macchietto Architecture
Found on Pages 63-67

19

Developer's How-To

Every real estate project is different--new construction versus old building restoration, tax credits or no tax credits, professional developer or weekend warrior. All these factors will determine how a project gets developed. The following is a brief overview of the development process, with tips on what can be expected, who needs to be involved, and what information is needed to get started. The most important element of a good project is a qualified team. The team will assist with the due diligence list and provide much needed support and expertise throughout the project. The following guide can be applied to any project, however some steps may come before others, happen at the same time or might not happen at all.

Concept – The first step is ideation and a concept. Is it going to be housing, commercial or both? In other words, take an idea and cultivate it into a preliminary project scope.

Feasibility - Do the numbers work? Is there a demand for that use? Is it zoned correctly? There are several questions in this phase that should be answered to see if acquiring a building or moving forward on a project is worthwhile. This is the time to begin your due diligence. The following are activities that should occur:

- › Develop preliminary development budget, sources of funds and operating pro forma
- › Research different funding options
- › Check zoning
- › Research building ownership and if it is for sale
- › Building Analysis (structural issues, etc)
- › Identify legal issues
- › Develop preliminary layout and floorplans
- › Market Analysis
- › Identify public participation opportunities

Developer's **How-To** – Continued

Site Control & Due Diligence – If the feasibility of the project is favorable, then buying the property or obtaining an option is the next step. During this step, due diligence continues. Below is a list of activities that are important for acquisition.

Appraisal – Typically ordered by the bank that you are working with for financing. Acquisition financing is usually financed at 75-80% of appraised value or agreed upon purchase price whichever is lessor. The percentage of financing is determined by the purchaser's financial strength.

Environmental Phase 1 – A Phase 1 is the first step in the environmental due diligence process. At a minimum a Phase 1 should be completed prior to closing on a property. A Phase 1 looks at the history and prior uses of the building. If recommended, a Phase 2 may be required.

Financing – Work with a bank(s) to obtain initial financing for acquisition and start the conversation about financing for the construction of the project.

Pro forma – Continue refining the operating pro forma, development budget and sources of funds.

Ownership Entity – Choose ownership form. Establish a separate entity to acquire and hold the real estate to reduce personal liability.

City Officials – Meet with City officials early and often to ensure your general plan is acceptable with the various departments. Potentials problems can be rectified early in the project.

Create a Development Team – This step will start at the beginning of the project, but here is a list of team members that should be included. Depending on the project size and type and financing used, not all of the professions below will be utilized:

- › Architectural & Engineering
- › Contractor(s)
- › Legal
- › Accounting
- › Environmental
- › Marketing
- › Bank
- › Appraiser
- › Developer
- › Tax Credit Investor
- › Property Management Company

Developer's **How-To** – Continued

Financing – While architectural plans and specifications are being developed, financing should be top priority. This step includes:

- › Finalize development budget (work with the architects & contractor on construction costs)
- › Finalize sources of funds
- › Finalize operating pro forma
- › Obtain letter of commitment for bank financing on construction and permanent loan
- › Tax credits: Obtain approval and letter of commitment from investor
- › Finalize owner equity requirements

Marketing & Property Management – Create a marketing plan and find a property management company to manage the project once construction is complete.

- › Create a “Brand” for the project so that it stands out from the competition
- › Based on your Brand, create marketing materials, website, Facebook page, etc.
- › Hire a property management company that is qualified to manage your specific type of project.
- › Work with the property management company to pre-lease the building while it's under construction.

Developer's **How-To** – Continued

Construction Phase – Once plans and specs are complete and financing is finalized, the project should be put out to bid and a General Contractor hired. The following are steps that should be taken during construction and some tips for easier flow:

- › Schedule a pre-construction meeting to discuss responsibilities of key players, changer orders, etc.
- › Discuss schedule of work and inspection schedule
- › Discuss payment and draw schedule
- › Set a standing meeting, weekly until construction is complete

Operation - Once construction is complete, the project starts its operations phase. Once the project achieves substantial completion, a punch-list should be created so that all construction related issues are taken care of.

- › Throughout the project, branding, marketing, and pre-leasing should occur. You want your project to stand out from the others, so devoting money to this is vital to set your project apart.
- › Now is the time to finalize leases, move tenants in and start operating the building.
- › Convert the construction loan to permanent loan. Banks typically provide a grace period from the time of substantial completion/Certificate of Occupancy to when the project is partially leased.

Funding the Cash Gap

The first step of revitalization is the same no matter whether the project is in the public realm or the private sector—investment. However, as noted in the “Need for Downtown” section of this study, early developers in the revitalization process may have trouble filling the “cash gap” between the costs of renovation and the funding available from traditional financial institutions. As there are not many housing units available in the downtown district—nor much variety—and the commercial market is lagging, finding comparables and providing a convincing pro forma to a bank may be difficult. This is why supplemental funding sources are critical to jumpstarting the redevelopment process.

Many may think supplemental funding creates a false market—one that is unable to sustain itself on its own. However, the opposite is true. The purpose of early supplemental funds is to aid in creating a market that is self-sustaining and a benefit to the entire community. As noted earlier in this report, there is a large amount of vested financial potential in downtown; the city has already devoted significant resources into the infrastructure and upkeep of the district. Creating a thriving market that can increase property values and sales tax revenue while spending less on infrastructure costs is an intelligent way to maintain and grow that investment.

As the market grows, supplemental funding will become less and less necessary. There are a number of supplemental funding sources currently available at local, state and federal levels—for which additional information can be found in this report’s appendix—however there is still an additional need for expanded funding sources. One concept presented during the public and strategic meetings held for this study is to expand the façade program currently administered by the Community Redevelopment Authority, however other avenues can be considered. Currently, the façade program focuses on improvements to the exterior of the building, and while this can be a benefit to overall redevelopment efforts when used as a portion of projects that are redeveloping a building in its entirety, it does not specifically emphasize economic development.

Funding the Cash Gap – Continued

As a case study for comparison, the writers of this study have reviewed the Downtown Revitalization Fund administered by the city of Council Bluffs, Iowa. This program, which also includes a focus on the aesthetic improvements of the building projects it funds, has an overall goal of increasing the downtown's role as a "retail and service center in the community" while "increasing the market value and demand for commercial properties." It does this by preferring projects that are performing a comprehensive renovation of the entire building, including the façade, and are providing housing in any upper-levels. The maximum amount provided is the lesser of either 50% of the total construction costs or a maximum amount established by project size—determined by the number of storefront bays and building stories.

This initial funding also allows projects to acquire additional funds from other sources—projects funded through the Council Bluffs program typically leveraged every dollar from the Downtown Revitalization Fund to raise an additional five dollars from other investors, partners or organizations. Most importantly, projects renovated through the fund saw an average increase in assessed property values of 351%.

Prioritized Enhancements

Recognizing that, due to financial and time constraints, not all of the components of the plan will be completed at one time, a phased approach, including a combination of strategic and physical projects, is recommended. For Grand Island, as downtown is in the early stages of revitalization, the study team is emphasizing strategic groundwork (building inventory, funding sources, partnerships) that can help spur larger private development along with public realm improvements that can help to improve public perceptions.

Recommended Actions

The following recommendations have been provided as guidelines to implement the highest priority, most effective improvements for Downtown Grand Island. This study is intended as a holistic overview for the redevelopment of the downtown district; for a list of project types that are specifically eligible for Phase II CDBG funds, please refer to the appendix.

Produce and maintain a building inventory and actively recruit businesses

to downtown. Designate a key individual within a downtown organization--whether the Downtown Business Improvement District, the Chamber of Commerce, or another--to be the primary contact and representative for businesses, property owners, and community members. This individual will need to stay informed of properties as they become available and the renovations that will be required prior to leasing, and be immersed in the business community to help attract tenants to downtown.

Support the renovation and redevelopment of existing buildings into housing and commercial uses through supplemental funding sources.

The "cash gap" mentioned previously in this study is a hurdle for small developers and investors in Downtown Grand Island. Providing mechanisms for overcoming this inhibitor while fostering the type of development envisioned by the city and the community will be key to the success of the downtown.

Implement a downtown zoning overlay district and associated design guidelines.

The application of design guidelines will help to insure any future investments within the district and enhance the downtown's aesthetics by promoting consistent redevelopment guidelines.

Invest in public improvements which enhance the users' spatial, visual and physical experiences within the downtown district.

Creating an attractive, well-defined district with a strong physical identity will be key to increasing the appeal of Downtown Grand Island and improving users' perceptions of the area.

Recommended **Actions** – Continued

Create a strong brand and market Downtown Grand Island as a destination.

Downtown can benefit from Grand Island's status as a regional city, becoming a destination for niche retail, specialty restaurants and entertainment. A consistent brand and marketing strategy will help to establish an identity for the district.

Promote and program downtown as a venue for city-wide events. Downtown should be the cultural heart of the city, and as such the go-to location for events. Alterations that can help maximize downtown's public areas and turn them into flex-spaces that double as event venues will be key improvements throughout the district.

Support the development of a speculative building. Attracting commercial tenants can be difficult if there are no move-in ready commercial bays. Often a mixed-use project with upper-level housing and retail on the main floor can cash flow from the housing alone--at least for a period long enough to secure a tenant for the commercial spaces. This creates an inventory of ready-to-occupy ground-floor real estate that can be marketed to potential tenants.

Establish partnerships with key community organizations. Buyin from critical organizations, such as those outlined in this study, will be essential to the development of downtown.

It is important to emphasize that the realization of Downtown Grand Island's goals will lie in a combination of these recommendations. A successful revitalization needs to be approached from all angles--an increased residential population via building renovation, public realm improvements through streetscaping, additional retail tenants through advocacy, etc. Every downtown in every city will have a different formula that works for their specific situation. The only factor that remains constant is the need for an "all-in" attitude from all of those involved: community members, downtown organizations, property owners, the city. The redevelopment of Downtown Grand Island is a large endeavor that will take time and require a large amount of effort by everyone involved--but the end result will be a vibrant, exciting district that will have the potential to redefine not just the district itself, but Grand Island as a whole.



Community Redevelopment Authority (CRA)

Wednesday, January 15, 2014
Regular Meeting

Item X1

Mayor Request

Staff Contact: Chad Nabity

December 19, 2013

Mr. Barry Sandstrom
Chairman, Community Redevelopment Authority
PO Box 1009
Grand Island, NE 68802-1009

Dear Barry,

It is imperative our community continues to explore growth opportunities and redevelopment throughout our entire community.

One area of tremendous importance to our community is the property owned by the State of Nebraska and the Grand Island Veterans Home.

In support of the retention of the Veterans Home and its revitalization, I would like to ask the Community Redevelopment Authority to explore every and all redevelopment means within your authority, beginning with a blight and substandard study of the area currently occupied by the Veterans Home.

Status of Federal funding of the State's \$130 million relocation proposal is still unknown, although we are expecting a decision in the next several weeks. An \$80 million plan to rebuild new facilities here in Grand Island has been developed. We need time to explore its relevance and redevelopment opportunities may play a part in the State's consideration of the proposal. We need to be ready to support the members of the home and our community's best interests once decisions are made affecting the Veterans Home.

Private investment opportunities, housing for homeless veterans, short term lodging for veteran family members and more affordable housing for senior citizens or newcomers in our community, in addition to new veteran facilities, may be potential ideas. It will take time to share these ideas with the State of Nebraska.

I appreciate the CRA's consideration of beginning the process of a blight and substandard area and trust the merits of redevelopment may uniquely prove to be beneficial to our community's future.

Thank you for your leadership and as always, I look forward to working with you.

Respectfully,

Jay Vavricek
Mayor, City of Grand Island

cc: Governor Dave Heineman
State Senator Mike Gloor
State Senator Annette Dubas
Hall County Board of Supervisors Chair Pam Lancaster