



# Community Redevelopment Authority (CRA)

**Wednesday, December 3, 2014**  
**Regular Meeting**

## **Item I1**

### **Review Downtown Redevelopment Plan for Life Safety Grants**

Staff Contact: Chad Nabity

**Redevelopment Plan Amendment  
Grand Island CRA Area 1  
October 2014**

**The Community Redevelopment Authority (CRA) of the City of Grand Island intends to amend the Redevelopment Plan for Area 1 within the city, pursuant to the Nebraska Community Development Law (the “Act”) and provide for the creation of a grant program to further the development of upper story housing in buildings within the identified boundaries of this plan in Area 1.**

**Executive Summary:  
Project Description**

THE CREATION OF GRANT PROGRAM TO FOSTER THE DEVELOPMENT OF UPPER STORY RESIDENTIAL UNITS IN AND NEAR THE DOWNTOWN CORE IT IS THE GOAL OF THE DOWNTOWN BUSINESS IMPROVEMENT DISTRICT, DOWNTOWN PROPERTY OWNERS, THE GRAND ISLAND CITY COUNCIL AND THE CRA TO DEVELOP 50 UPPER STORY RESIDENTIAL UNITS WITHIN THIS AREA BY THE END OF 2019.

Primary funding for this program will be provided through an appropriation from the City of Grand Island General Fund to be approved each year during the budget process and a set aside for grant purposes from the CRA General Budget. During the 2014-15 fiscal year each entity has agreed to contribute \$100,000. It is anticipated that this level of funding can continue through the 2018-19 fiscal year.

The plan does not specifically authorize the use of Tax Increment Financing (“TIF”). It is anticipated that TIF will be part of some of these projects. A separate application and redevelopment plan will be required for all projects utilizing TIF.

Or

This plan also authorizes the use of TIF within the defined area on any project involving the creation of upper story residential units. The CRA may at its discretion and upon a determination that the project cannot be completed as planned without the use of TIF enter into a contract to provide tax increment financing to aid in the acquisition of property, installation of public utilities, construction and rehabilitation of public parking, and rehabilitation of existing buildings as permitted by the Nebraska Community Development Law. The CRA will provide the Grand Island City Council with a notice of intent to enter into a contract for Tax Increment Financing by passing a resolution of intent and sending said resolution to the City Clerk at least 30 days prior to entering into the contract.

The acquisition, site work and construction of all improvements will be paid for by the developer. The developer is responsible for and will provide evidence that they can secure adequate debt financing to cover the costs associated with the acquisition, site

work and remodeling. The CRA may grant funds as provided for in the CRA Annual Budget to developers of up to \$20,000 per two plus bedroom unit and \$15,000 per single bedroom unit developed on the an upper floor of a building. These funds may only be granted for new residential units within the project area. Grants made under this program are to be paid to the developer upon completion of the project and upon the developer showing evidence of such completion including certificates of occupancy, building inspection reports, approval of the fire marshal, paid invoices and evidence of actual costs. **The CRA further intends to pledge the ad valorem taxes generated over a period of up to 15 years as set by the project contract date towards the allowable costs as defined above and within the Community Development Law.**

**UPPER STORY RESIDENTIAL LIFE SAFETY IMPROVEMENTS GRANTS  
AND TAX INCREMENT FINANCING SHALL BE LIMITED TO THE  
FOLLOWING GEOGRAPHIC AREA:**

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

This property is bounded at the east side by Sycamore Street, the north side by South Front Street, the west side by Eddy Street and on the south side by Division Street, Locust Street and Court Street as shown on the attached maps identifying the area and the surrounding land uses.

- **Legal Descriptions** Beginning at the center of the intersection of Court Street and Sycamore street proceeding along the centerline of Sycamore Street in a northerly direction to the center of the intersection of Division Street and Sycamore Street and continuing along the centerline of Sycamore Street in a northwesterly direction to the center of the intersection of Sycamore Street and South Front Street; thence following the centerline of South Front Street in a southwesterly direction to the center of the intersection of Eddy Street and South Front Street; thence following the centerline of Eddy Street in a southeasterly direction to the center of the intersection of Eddy Street and Division Street; thence following the centerline of Division Street in a northeasterly direction to the center of the intersection of Division Street and Locust Street; thence in following the centerline of Locust Street in a northerly direction to the center of the intersection of Locust Street and Court Street; thence following the centerline of Court Street in an easterly direction to the point of beginning.



**The tax increment will be captured for the tax years the payments for which become delinquent as determined by the contract for each project.**

**The real property ad valorem taxes on the base year valuation as determined by the contract date will continue to be paid to the normal taxing entities.**

**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 shall be determined by the approve contract.

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 December 19, 2000.[§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 acquire the necessary property and provide the necessary site work for the construction of a permitted 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 1 provides for real property acquisition and this plan amendment does not prohibit such acquisition. There is no proposed acquisition by the authority.

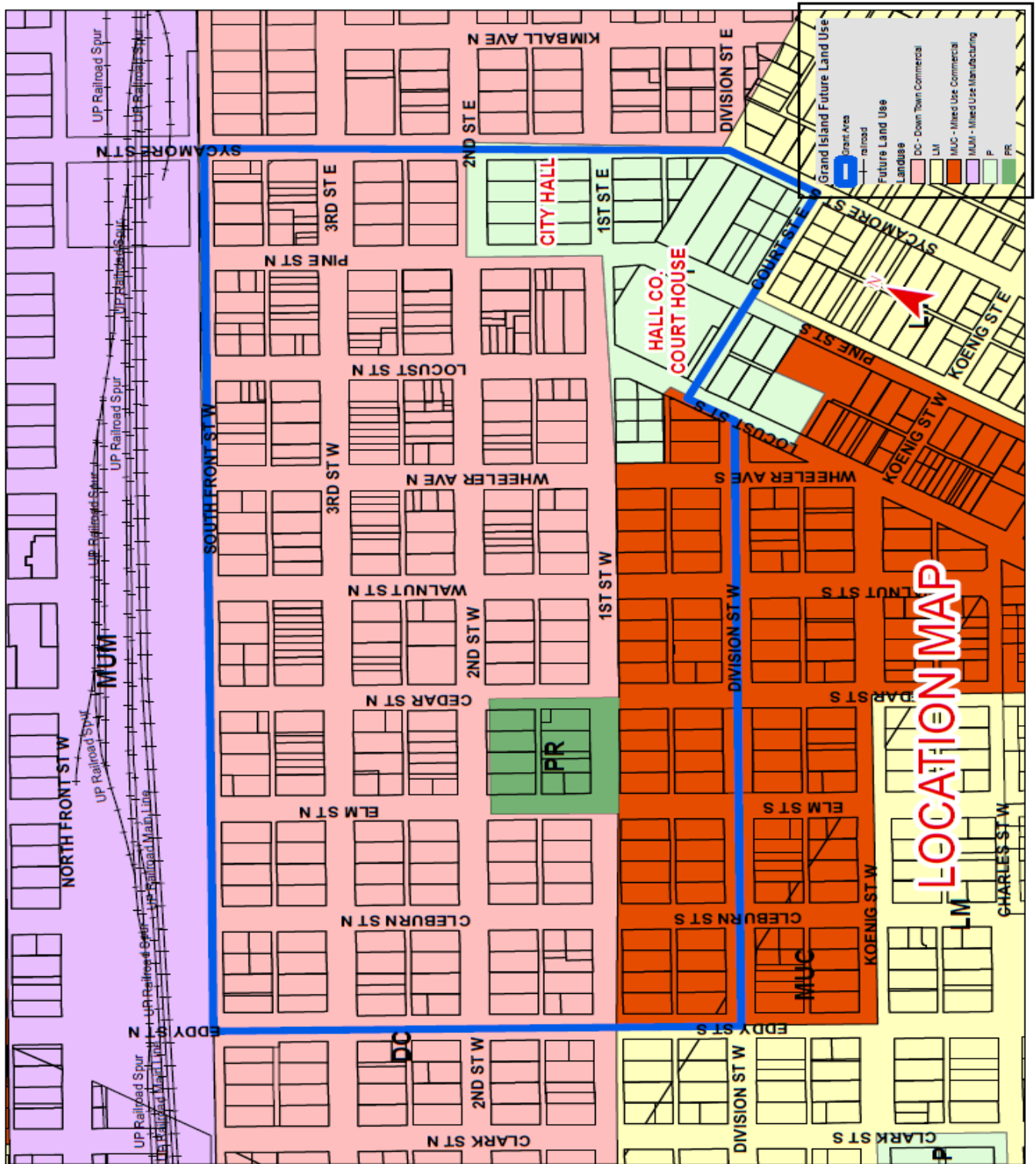
***b. Demolition and Removal of Structures:***

The projects to be implemented with this plan do not provide directly for the demolition of structures. Some internal demolition may be necessary for redevelopment but the primary purpose of this plan is to encourage redevelopment and reuse of existing buildings in downtown Grand Island.

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

See the attached map from the 2004 Grand Island Comprehensive Plan. The site is planned for downtown commercial development and public uses. [§18-2103(b) and §18-2111] The attached map also is an accurate site plan of the area after redevelopment. [§18-2111(5)]





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 B3- Heavy Business zone. No zoning changes are anticipated with this project. The B3 Zoning District allows for residential uses with no restrictions on density. 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. [§18-2103(b) and §18-2111]

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

The property is zoned B3 and could accommodate a building of up to 100% of the property [§18-2103(b) and §18-2111]

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

Sewer and water are available to support this development. Water mains and fire service lines may need to be improved or added to support the proposed upper story development.

No other 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. [§18-2103.02]**

Contracts for redevelopment that involve the use of Tax Increment Finance will have to address the need for relocation and appropriate compensation. It is not anticipated that relocation will be an issue in most cases as this plan is designed to focus on new upper story residential uses.

**5. No member of the Authority, nor any employee thereof holds any interest in any property in this Redevelopment Project Area. [§18-2106]**

CRA Board Members including Sue Pirnie, and Tom Gdowski either own or work for entities that own property within this area. Prior to applying for any funds either through a grant or TIF on those properties proper disclosure and review will be made. It is anticipated that new CRA members approved during the five year scope of this plan may also have an interest in Downtown properties that could benefit from this program and would need to make property disclosures along with their application for funding.



**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 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 not to exceed the total expected costs of the rehabilitation less any grants made under this life safety program and also not to exceed the projected maximum value of the TIF over the 15 year period based on the project increase in valuation and current tax rate. 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 the date identify in the redevelopment contract.

***c. Statement of feasible method of relocating displaced families.***

No families will be displaced as a result of this plan since it focuses on new residential development.

**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 downtown properties in a way that encourages the mixed use development common to downtowns around the country. New residential development will raise property values and provide a stimulus to keep surrounding properties properly maintained and support additional commercial

development within the Downtown. This will have the intended result of preventing recurring elements of unsafe buildings and blighting conditions.

## **8. Time Frame for Development**

This redevelopment plan is to be approved for a 5 year period beginning with the 2014-15 fiscal year and ending in the 2018-19 fiscal year. The effectiveness of this program including grants made, units created, vacancy rate, rental rates and increase in property valuation will be evaluated in April of each year beginning in April of 2016. It is anticipated that this plan and the money appropriated to support the plan will result in the development of 50 new upper story residential units within the project area by 2019.

## **9. Justification of Project**

One of the keys to redeveloping any downtown area is to encourage enough 24 hour population in the area to support a wide variety of retail and personal services. Downtown Grand Island has struggled with encouraging appropriate development that fully utilizes the existing buildings since major retailers moved to the suburban malls. The addition of new residential units will provide beneficial uses for the upper stories of downtown buildings while at the same time increasing the number of people and population density of the neighborhood round the clock. This should lead to an increase in development and investment to support this core population and the entire community with specialized retail, dining and entertainment options. This is infill development in an area with all city services available. This project does not propose to tear down any buildings with historic value.

**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. The sample format below or similar shall be used and attached to each TIF contract as an exhibit for approval by the Authority with a request for TIF under this redevelopment plan.

As authorized in the Nebraska Community Development Law, §18-2147, *Neb. Rev. Stat.* (2012), the City of Grand Island will analyze the costs and benefits of the proposed TIF Project using the following format:

## Project Sources and Uses.

Use of Funds.			
Description	TIF Funds	Private Funds	Total
Site Acquisition			
Site preparation			
Legal and Plan			
Building Costs			
Personal Property			
Soft Costs			
<b>TOTALS</b>			

**Tax Revenue.** The property to be redeveloped is anticipated to have a January 1, 20??, valuation of approximately \$?????. Based on the 201? levy this would result in a real property tax of approximately \$???. It is anticipated that the assessed value will increase by \$???,???, upon full completion, as a result of the site redevelopment. This development will result in an estimated tax increase of over \$????.00 annually resulting in \$???,000 of increment over the 15 year period. The tax increment gained from this Redevelopment Project Area would not be available for use as city general tax revenues, for a period of 15 years, or such shorter time as may be required to amortize the TIF bond, but would be used for eligible private redevelopment costs to enable this project to be realized.

Estimated 201? assessed value:	\$ ?,???.00
Estimated value after completion	\$ ?,????.00
Increment value	\$ ?,???.00
Annual TIF generated (estimated)	\$ ????.00
TIF bond issue	\$ ?,???.00

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

The redevelopment project area currently has an estimated valuation of \$?,????. The proposed demolition, new parking lot and renovations at this location will result in an additional \$????? 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 2014 Housing Study conducted by Hanna:Keelan Associates for the Grand Island Area Economic Development Corporation and The Grand Island Community Redevelopment Authority has identified a need for xxxx additional housing units in Downtown Grand Island over the next 5 years. These units will specifically support the growing office and professional sector in Downtown by providing the kind of living units young professionals moving from other cities to Grand Island desire and expect.

***(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***

***(e) Any other impacts determined by the authority to be relevant to the consideration of costs and benefits arising from the redevelopment project.***

Additional Downtown housing will increase the ability of all companies in the Grand Island area to recruit young people to their company by providing for an urban lifestyle that is currently lacking in Grand Island. This activity will increase Grand Island's ability to compete for talented individuals.

**Time Frame for Development**

It is anticipated that all projects within this plan will make application for grant funds and TIF during the 2014-2019 fiscal years. All projects should begin within 6 months of approval unless otherwise identified within the redevelopment contract.