



# **Hall County Regional Planning Commission**

**Wednesday, September 2, 2015  
Regular Meeting**

## **Item F2**

### **Redevelopment Plan Amendment**

**Staff Contact: Chad Nabity**

## Agenda Item 5

### PLANNING DIRECTOR RECOMMENDATION TO REGIONAL PLANNING COMMISSION:

August 21, 2015

### SUBJECT:

*Redevelopment plan amendment for property located in Blight and Substandard Area 2 at 1607 S Locust Street in Grand Island Nebraska to support this development. (C-25-2015GI)*

### PROPOSAL:

Bosselman Real Estate LLC is proposing to acquire property, redevelop the existing building for a combination of corporate office space, retail space, storage and residential space, extend services, and prepare the site for the addition of lots to be used for a hotel and additional professional office space on property located at 1607 S. Locust Street. The developer is seeking Tax Increment Financing to offset the cost of acquisition of the property, and renovation of the existing building. This is the former location of Skagway South.

### 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 evident by the fact that the property is zoned B2 General Business with an AC Arterial Commercial Overlay. The B2-AC zone allows for a variety of commercial, office and residential uses including all of those proposed with this plan as permitted principal uses.

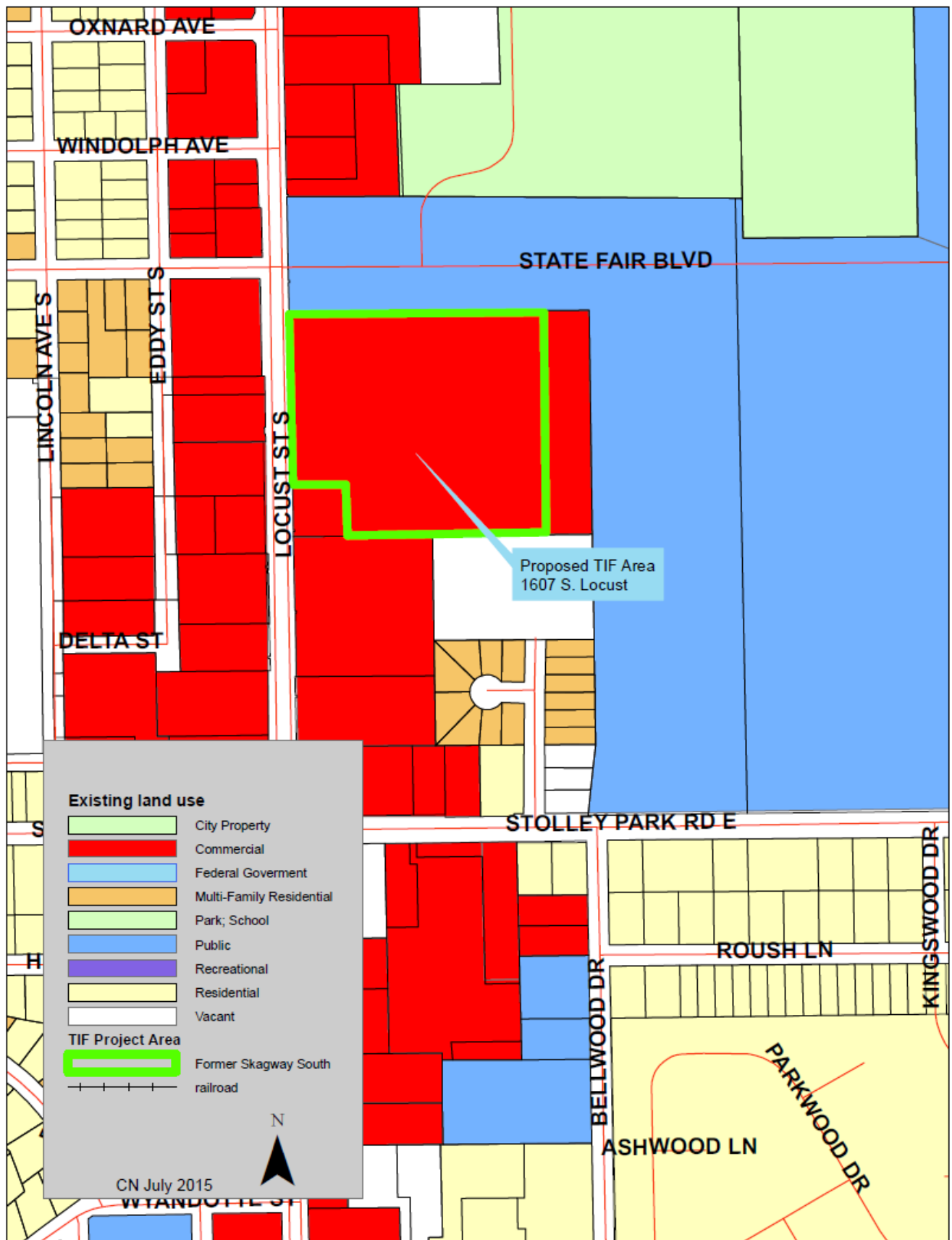
The Regional Planning Commission recommendation is limited to the appropriateness of the proposed use at this location. The Grand Island Comprehensive Plan calls for general commercial uses here.

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 residential units 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



**Resolution Number 2015-06**

**HALL COUNTY REGIONAL PLANNING COMMISSION**

**A RESOLUTION RECOMMENDING APPROVAL OF A SITE SPECIFIC  
REDEVELOPMENT PLAN OF THE CITY OF GRAND ISLAND, NEBRASKA;  
AND APPROVAL OF RELATED ACTIONS**

**WHEREAS**, the Chairman and Board of the Community Redevelopment Authority of the City of Grand Island, Nebraska (the “**Authority**”), referred that certain Redevelopment Plan to the Hall County Regional Planning Commission, (the “**Commission**”) a copy of which is attached hereto as Exhibit “A” for review and recommendation as to its conformity with the general plan for the development of the City of Grand Island, Hall County, Nebraska, pursuant to Section 18-2112 of the Community Development Law, Chapter 18, Article 21, Reissue Revised Statutes of Nebraska, as amended (the “**Act**”); and

**WHEREAS**, the Commission has reviewed said Redevelopment Plan as to its conformity with the general plan for the development of the City of Grand Island, Hall County;

**NOW, THEREFORE, BE IT RESOLVED BY THE HALL COUNTY REGIONAL PLANNING COMMISSION AS FOLLOWS:**

**Section 1.** The Commission hereby recommends approval of the Redevelopment Plan.

**Section 2.** All prior resolutions of the Commission in conflict with the terms and provisions of this resolution are hereby expressly repealed to the extent of such conflicts.

**Section 3.** This resolution shall be in full force and effect from and after its passage as provided by law.

**DATED:** \_\_\_\_\_ 2015.

**HALL COUNTY REGIONAL PLANNING  
COMMISSION**

ATTEST:

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

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

1607 S Locust St - Bosselman

**EXHIBIT A**

**FORM OF REDEVELOPMENT PLAN**

1607 S Locust St - Bosselman

## **Redevelopment Plan Amendment Grand Island CRA Area 2 July 2015**

**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 commercial project in Area 2.**

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

THE ACQUISITION OF PROPERTY AT 1607 SOUTH LOCUST STREET AND THE SUBSEQUENT SITE WORK, RENOVATIONS, UTILITY IMPROVEMENTS, ENGINEERING, LANDSCAPING AND PARKING IMPROVEMENTS NECESSARY FOR REBUILDING CORPORATE OFFICE FOR BOSSELMAN COMPANIES ALONG WITH A MOTEL AND SEPARATE PROFESSIONAL OFFICE SPACE AT THIS LOCATION.

The use of Tax Increment Financing (TIF) to aid in the acquisition of property, rehabilitation of the existing building, necessary site work and installation of public utilities and utility connections necessary to develop this site. The use of TIF makes it feasible to complete the proposed project within the timeline presented. This project developer has stated that the project will not be completed at this location without the use of TIF.

The acquisition, rehabilitation, site work and construction of all improvements 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 remodeling. The Grand Island Community Redevelopment Authority (CRA) intends to pledge the ad valorem taxes generated over the 15 year period beginning January 1, 2017 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 east of Locust Street south of State Fair Boulevard and west of Fonner Park in south central Grand Island, the attached map identifies the subject property and the surrounding land uses:

- **Legal Description** Lot 1 of Fonner Fourth Subdivision (It is anticipated this property will be re-subdivided to accommodate phases 2 and 3 of this proposal.





**The tax increment will be captured for the tax years the payments for which become delinquent in years 2018 through 2031 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 new commercial space on this property.**

**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, 2017. Said taxes shall be divided as follows:

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 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:***

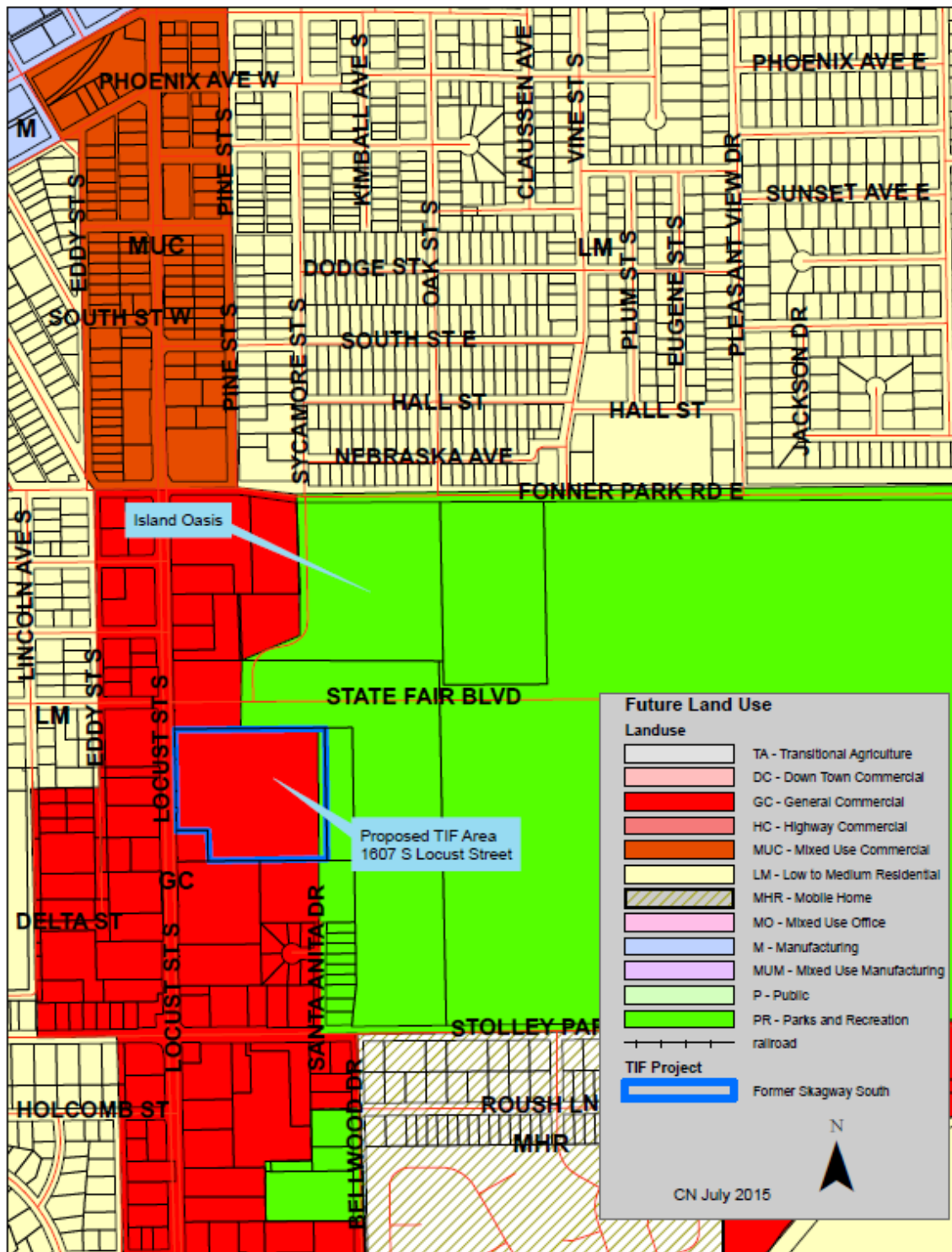
The Redevelopment Plan for Area 2 provides for real property acquisition and this plan amendment does not prohibit such acquisition. There is no proposed acquisition by the authority. The applicant will be acquiring the property from the current owner.

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

The project to be implemented with this plan will not require demolition 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 commercial development within this arterial corridor allowing for maximum exposure. Residential and hotel uses are also permitted in this area [§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 District. 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. [§18-2103(b) and §18-2111]

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

The developer is proposing to remodel the existing retail building for a combination of retail uses, office uses and residential dormitories. In addition there are future phases that anticipate the development of a 100 room motel at the northwest corner of the site and additional in-line professional office space along the southern property line. [§18-2103(b) and §18-2111]

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

Sewer and water are available to support this development. Connections for water and sewer will have to be extended to serve the proposed future 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. This amendment does not provide for acquisition of any residences and therefore, no relocation is contemplated. [§18-2103.02]**

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

**6. Section 18-2114 of the Act requires that the Authority consider:**

***a. Method and cost of acquisition and preparation for redevelopment and estimated proceeds from disposal to redevelopers.***

The developer is proposing to purchase this property for redevelopment for \$1,700,000 provided that TIF is available for the project as defined. The cost of property acquisition is being included as a TIF eligible expense. Costs for site preparation, utility extensions, building plans, and renovation of the existing building \$6,591,600 and are included as TIF eligible expenses for phase 1. Phase 2 eligible expenses include sitework/utility extensions, architecture and legal fees of \$315,000. Phase 3 eligible expenses include architecture and legal fees of \$120,000. The total amount of the TIF eligible expenses in this request is over \$8,700,000. It is estimated based on the proposed increased valuation for Phase 1 of the project of \$11,617,706 will result in \$3,836,200 of increment generated over a 15 year period. Phase 2 would generate an increase in value of \$8,083,00 with \$1,491,229 generated over a 14 year period. Phase 3 would generate an increase of \$787,000 with \$225,230 generated over a 13 year period. A total of \$6,552,000 of TIF would be available to cover \$8,726,600 worth of TIF eligible expenses. It is anticipated that the developer will spend almost \$2,175,000 more on eligible expenses than will be generated by the tax increment.

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 \$6,552,000 for the project 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 after January 1, 2018 through December 2032.

***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 the existing building and development of additional commercial facilities at this location. This lot is surrounded by similar commercial uses. This will not increase traffic in the area. 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 Phase 1 of this project is anticipated to be completed between January of 2016 and December of 2016. Excess valuation should be available for this project for 15 years beginning with the 2017 tax year. It is anticipated that Phases 2 and 3 will be completed within 5 years of the beginning of the project depending on market conditions.

## **9. Justification of Project**

The property is located at the entrance to the Fonner Park and the Nebraska State Fair Grounds. These facilities are enjoyed and visited by hundreds of thousands of people each year. This commercial property was vacated in May of 2015 and this is an excellent chance to redevelop the property as the corporate headquarters for a Grand Island based company that does business all over the United States. The proposed project will be highly visible and complement the image of both the Community and the Bosselman Companies. The potential addition of a hotel at this location increases the synergy between Fonner Park and the Bosselman Conference center and South Locust. This will provide hotel rooms within close walking distance to these facilities. This project does not propose to tear down or substantially alter 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.

As authorized in the Nebraska Community Development Law, §18-2147, *Neb. Rev. Stat.* (2012), the City of Grand Island has analyzed the costs and benefits of the proposed AWG-Skagway North Redevelopment Project, including:

**Project Sources and Uses.** Approximately \$6,552,000 in public funds from tax increment financing provided by the Grand Island Community Redevelopment Authority will be required to complete the project. This project has \$8,726,600 worth of TIF eligible expenses. The developer will be responsible for funding the additional \$2,174,600 as private investment. The total private investment on this project is the total of the costs not eligible for TIF \$11,215,000 plus the \$2,174,600 of TIF eligible costs that will not be covered by the Tax Increment for a total private investment of \$13,389,600. This \$6,552,000 investment by the Authority and the people of Grand Island will leverage \$13,389,600 in private sector financing; a private investment of \$2.04 for every TIF dollar investment.

| Use of Funds. Phase 1          |                        |                  |                    |
|--------------------------------|------------------------|------------------|--------------------|
| Description                    | Eligible for TIF Funds | Private Funds    | Total              |
| Site Acquisition               | \$1,700,000            |                  | \$1,700,000        |
| Utilities/On Site Improvements | \$500,000              |                  | \$500,000          |
| Legal Private                  | \$5,000                |                  | \$5,000            |
| Legal CRA Cost <sup>1</sup>    | \$35,000               |                  | \$35,000           |
| Fees <sup>1</sup>              | \$1,600                |                  | \$1,600            |
| Architecture                   | \$60,000               |                  | \$60,000           |
| Building Rehabilitation Costs  | \$6,000,000            |                  | \$6,000,000        |
| Soft Costs                     |                        | \$215,000        | \$215,000          |
| Personal Property              |                        | \$750,000        | \$750,000          |
| <b>TOTALS</b>                  | <b>\$8,301,600</b>     | <b>\$965,000</b> | <b>\$9,266,600</b> |

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<sup>1</sup> Not included on application but shown as an eligible expense to be paid by the developer.

| <b>Use of Funds. Phase 2</b>   |                               |                      |                    |
|--------------------------------|-------------------------------|----------------------|--------------------|
| <b>Description</b>             | <b>Eligible for TIF Funds</b> | <b>Private Funds</b> | <b>Total</b>       |
| Site Acquisition               | \$0                           |                      | \$0                |
| Utilities/On Site Improvements | \$0                           |                      | \$0                |
| Legal Private                  | \$5,000                       | \$                   | \$5,000            |
| Fees                           | \$                            |                      | \$                 |
| Architecture                   | \$60,000                      | \$                   | \$60,000           |
| Building Costs                 |                               | \$9,000,000          | \$9,000,000        |
| Soft Costs                     |                               | \$205,000            | \$205,000          |
| Personal Property              |                               | \$                   | \$                 |
| <b>TOTALS</b>                  | <b>\$315,000</b>              | <b>\$9,215,000</b>   | <b>\$9,530,000</b> |

| <b>Use of Funds. Phase 3</b>   |                               |                      |                    |
|--------------------------------|-------------------------------|----------------------|--------------------|
| <b>Description</b>             | <b>Eligible for TIF Funds</b> | <b>Private Funds</b> | <b>Total</b>       |
| Site Acquisition               | 0                             |                      | 0                  |
| Utilities/On Site Improvements | \$100,000                     |                      | \$100,000          |
| Legal Private                  | \$5,000                       |                      | \$5,000            |
| Fees                           | \$0                           |                      | \$0                |
| Architecture                   | \$15,000                      |                      | \$15,000           |
| Building Costs                 | \$                            | 1,000,000            | \$1,000,000        |
| Soft Costs                     |                               | \$30,000             | \$30,000           |
| Personal Property              |                               | \$                   | \$                 |
| <b>TOTALS</b>                  | <b>\$120,000</b>              | <b>\$1,030,000</b>   | <b>\$1,150,000</b> |

**Tax Revenue.** The property to be redeveloped has a January 1, 2015, valuation of approximately \$2,290,814. Based on the 2014 levy this would result in a real property tax of approximately \$50,292. It is anticipated that the assessed value will increase by almost \$20,500,000 upon full completion, as a result of the site redevelopment. This development will result in an estimated tax increase of over \$451,000 annually resulting in \$6,552,000 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 2014 assessed value:   | \$ 2,290,814  |
| Estimated value after completion | \$ 22,778,988 |
| Increment value                  | \$ 20,488,175 |
| Annual TIF generated (estimated) | \$ 451,017    |
| TIF bond issue                   | \$ 6,552,000  |



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

The redevelopment project area currently has an estimated valuation of \$2,290,814. The proposed redevelopment and commercial construction at this location will result in an additional \$20,488,175 of taxable valuation based on valuations of similar properties. 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. The project will not add any tax burdens to taxing entities. Therefore no tax shifts will occur.

***(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;***

This project will not negatively impact employers or employees in the area directly. Bosselman Companies will be able to continue employing people within the City of Grand Island.

***(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***

No impacts are anticipated outside of the city or immediate area to total employment from this project other than the incremental increase due to the construction.

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

This project will utilize a piece of property in the Grand Island City Limits that is at the entrance to the Fonner Park and the Nebraska State Fair grounds. This property has been the home of Skagway South for more than 20 years. Skagway closed this past May leaving the building mostly vacant. This project will change this entrance in to the fairgrounds in a positive way, rehabilitate and reutilize the existing building and provide hotel rooms within walking distance of the fairgrounds.

**Time Frame for Development**

Development of this project is anticipated to be completed during between October 2015 and December of 2018, depending on the market demand for the buildings in phases 2

and 3. The date of TIF will be established with the approved contract but it is anticipated that the base tax year should be calculated on the value of the property as of January 1, 2016. Excess valuation should be available for this project for 15 years beginning with the 2017 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 \$6,552,000 the projected amount of the eligible expenses for this project. Based on the purchase price of the property and estimates of the expenses of renovation activities and associated engineering fees, the developer will spend more than \$8,700,000 on TIF eligible activities.

**See Attached Site Plan**

