



City of Grand Island

Tuesday, November 27, 2012

Council Session

Item E2

**Public Hearing on Amendment to the Redevelopment Plan Area 10
Located at 809-811 South Kimball Street**

Staff Contact: Chad Nabity

Council Agenda Memo

From: Chad Nabity, AICP

Meeting: November 27, 2012

Subject: Amendment to Redevelopment Plan for CRA Area #10

Item #'s: E-2 & I-2

Presenter(s): Chad Nabity, AICP CRA Director

Background

In 2012, the Grand Island City Council declared property referred to as CRA Area #10 as blighted and substandard and approved a generalized redevelopment plan for the property. The generalized redevelopment plan authorized the use of Tax Increment Financing (TIF) for the acquisition of property, redevelopment of property, site preparation including demolition, landscaping and parking. TIF can also be used for improvements to and expansion of existing infrastructure including but not limited to: streets, water, sewer, drainage.

Token Properties LLC, as the developer, has submitted a proposed a site specific redevelopment plan that would provide for site acquisition, clearance and extension of utilities and subsequent construction of a duplex at 809 and 811 Kimball Avenue in Grand Island, Nebraska.

The CRA reviewed the proposed development plan on October 10, 2012 and forwarded it to the Hall County Regional Planning Commission for recommendation at their meeting on November 7, 2012. The CRA also sent notification to the City Clerk of their intent to enter into a redevelopment contract for this project pending Council approval of the plan amendment.

The Hall County Regional Planning Commission held a public hearing on the plan amendment at a meeting on November 7, 2012. The Planning Commission approved Resolution 2013-03 in support of the proposed amendment, declaring the proposed amendment to be consistent with the Comprehensive Development Plan for the City of Grand Island.

Discussion

Tonight, Council will hold a public hearing to take testimony on the proposed plan amendment (including the cost benefit analysis that was performed regarding this proposed project) and to enter into the record a copy of the plan amendment and the draft TIF contract under consideration by the CRA.

Council is being asked to approve a resolution approving the cost benefit analysis as presented in the redevelopment plan along with the amended redevelopment plan for CRA Area #10 and authorizes the CRA to execute a contract for TIF based on the plan amendment. The redevelopment plan amendment permits site acquisition, demolition, clearance and extension of utilities and subsequent construction of a duplex at 809 and 811 S Kimball Avenue in Grand Island, Nebraska. The cost benefit analysis included in the plan finds that this project meets the statutory requirements for an eligible TIF project and that it will not negatively impact existing services within the community or shift additional costs onto the current residents of Grand Island and the impacted school districts. The total tax increment financing allowed for this project may not exceed \$38,372 during this 15 year period.

This is the culmination of the first Microblight designation in the City of Grand Island. Redevelopment Area #10 was approved specifically to allow TIF to be used to remove and redevelop this particular property.

Alternatives

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve the resolution
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

Recommendation

The CRA and Hall County Regional Planning Commission recommend that the Council approve the Resolution necessary for the adoption and implementation of this plan.

Sample Motion

Move to approve the resolution as submitted.

**Site Specific Redevelopment Plan
Grand Island CRA Area #10
October 2012**

The Community Redevelopment Authority (CRA) of the City of Grand Island intends to amend the Redevelopment Plan for Area #10 within the city, pursuant to the Nebraska Community Development Law (the “Act”) and provide for the financing of a specific infrastructure related project in Area #10.

**Executive Summary:
Project Description**

THE DEMOLITION OF THE EXISTING SINGLE FAMILY HOUSE AT 809 AND 811 S KIMBALL AND THE SUBSEQUENT ACQUISITION, SITE WORK, UTILITY IMPROVEMENTS, ENGINEERING, LANDSCAPING AND PARKING IMPROVEMENTS NECESSARY FOR REBUILDING A DUPLEX AT THIS LOCATION.

The use of Tax Increment Financing to aid in demolition of existing structures along with costs associated with redevelopment of this site with two new duplexes. The use of Tax Increment Finance makes it affordable to provide additional housing in Grand Island at this location at a contract rent that is consistent with the neighborhood. This project would not be possible in an affordable manner without the use of TIF.

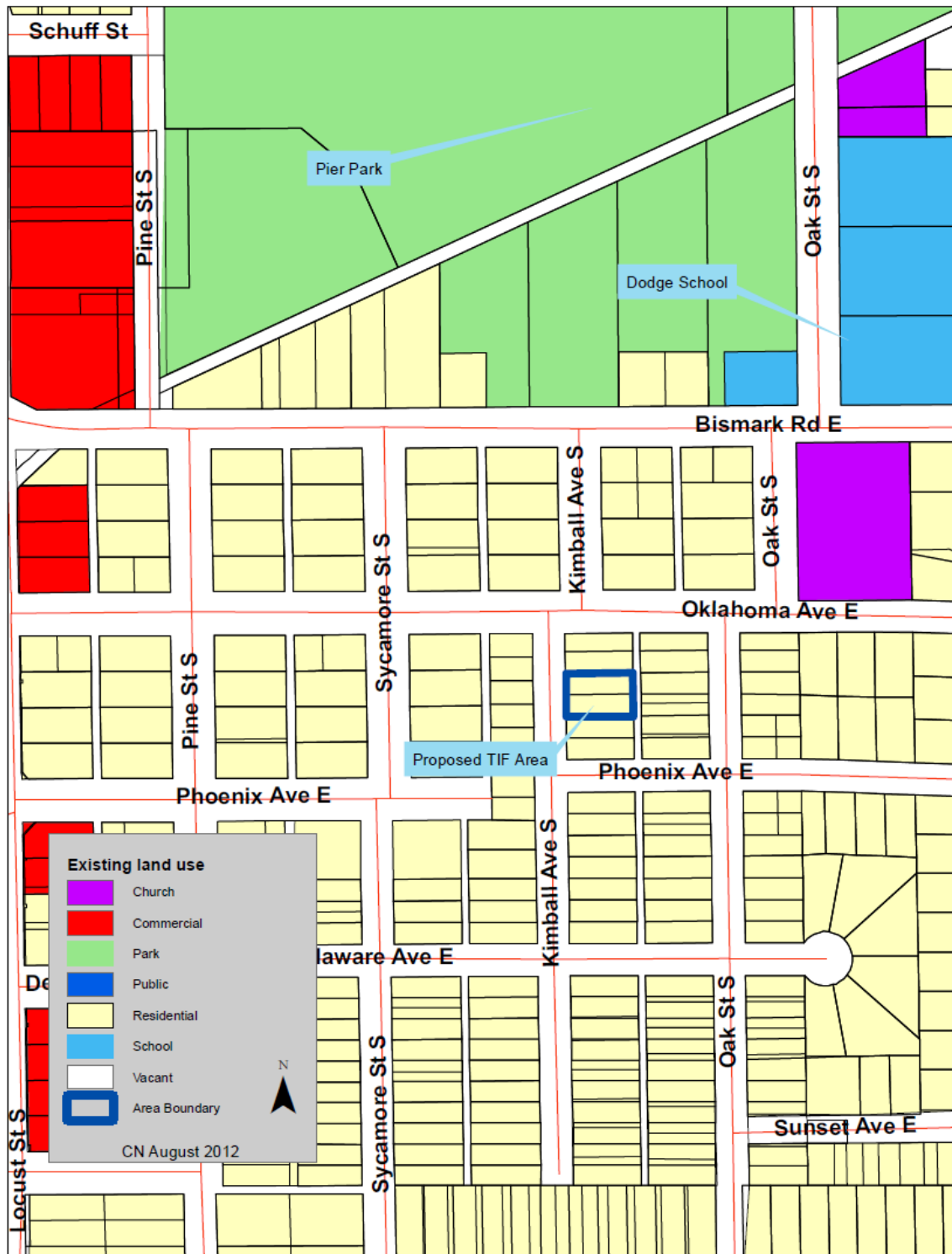
The site is owned by the developer and will be acquired for actual purchase price by a Limited Liability Corporation owned and controlled by the developer. All site work, demolition and utilities will be paid for by the developer. The developer is responsible for and has provided evidence that they can secure adequate debt financing to cover the costs associated with the acquisition, site work and remodeling. The Grand Island Community Redevelopment Authority (CRA) intends to pledge the ad valorem taxes generated over the 15 year period beginning January 1, 2014 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 at 809 and 811 S Kimball Avenue in south central Grand Island. The attached map identifies the subject property and the surrounding land uses:

- **Legal Descriptions** Lots 65 and 66 of Hawthorne Place in the City of Grand Island, Hall County, Nebraska.



The tax increment will be captured for the tax years the payments for which become delinquent in years 2015 through 2029 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 development of a duplex housing unit at this location.

Statutory Pledge of Taxes.

Pursuant to Section 18-2147 of the Act, any ad valorem tax levied upon real property in the Redevelopment Project Area shall be divided, for the period not to exceed 15 years after the effective date of the provision, which effective date shall be January 1, 2014.

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 August 14, 2012.[§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:

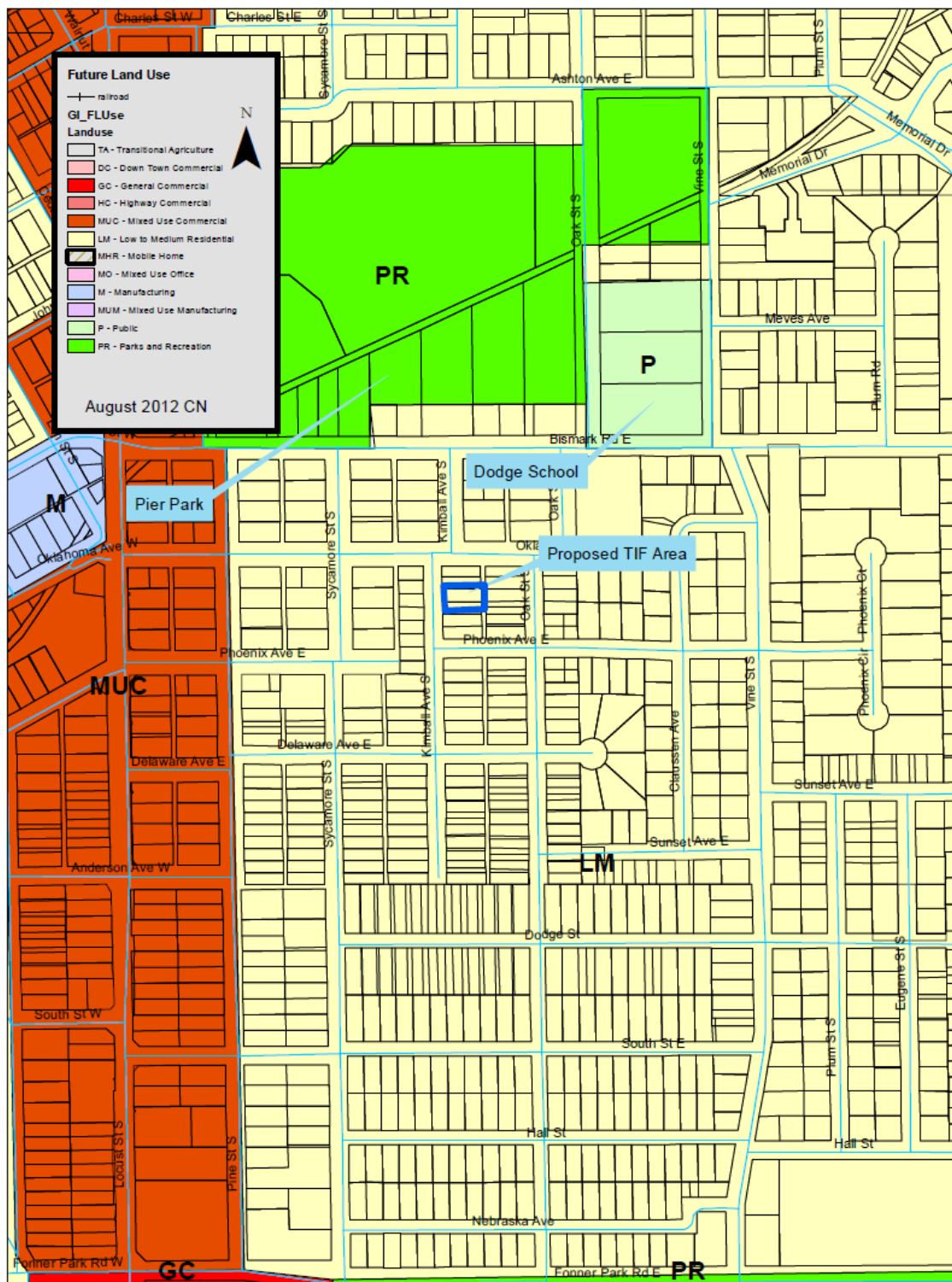
This Site Specific Redevelopment Plan for Area #10 provides for real property acquisition. There is no proposed acquisition by the authority. It is expected that the developer will or has recently acquired the property.

b. Demolition and Removal of Structures:

The project to be implemented with this plan does for the demolition and removal of an existing substandard housing unit at this location. The structure to be demolished is a vacant substandard residential structure owned by the applicant.

c. Future Land Use Plan

See the attached map from the 2004 Grand Island Comprehensive Plan. All of the area around the site is planned for low to medium density residential uses. [§18-2103(b) and §18-2111] The attached map also is an accurate site plan of the area after redevelopment. [§18-2111(5)]



d. Changes to zoning, street layouts and grades or building codes or ordinances or other Planning changes.

The area is zoned R2-Low Density Residential Use. 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 remove the existing structures from the property. There are two lots of record at this site and a residential dwelling can be built on each lot. The proposed units including the attached garages will cover about 2,400 square feet, well within the allowable coverage. [§18-2103(b) and §18-2111]

f. Additional Public Facilities or Utilities

Sewer and water are available to support this development. New water and sewer services may be required for this building.

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 property, owned by the developer is currently vacant, no relocation is contemplated or necessary. [§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 has purchased the property after making an application for tax increment financing. The cost of property acquisition \$16,500 is included as a TIF eligible expense. Costs for demolition, site preparation, landscaping, concrete and contingencies of \$17,422 are included as a TIF eligible expense. Engineering and design fees are estimated at \$700 and are included as a TIF eligible expense. Fees and reimbursement to the City and the CRA of \$2750 are included as a TIF eligible expense. Finance, interest and closing costs of \$1000 are included as a TIF eligible expense. The total of eligible expenses for this project is \$38,372.

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 \$38,372 from the proceeds of the TIF Indebtedness issued by the Authority. This indebtedness will be repaid from the Tax Increment Revenues generated from the project. TIF revenues shall be made available to repay the original debt and associated interest after January 1, 2015 through December 2029.

c. Statement of feasible method of relocating displaced families.

No families will be displaced as a result of this plan.

7. Section 18-2113 of the Act requires:

Prior to recommending a redevelopment plan to the governing body for approval, an authority shall consider whether the proposed land uses and building requirements in the redevelopment project area are designed with the general purpose of accomplishing, in conformance with the general plan, a coordinated, adjusted, and harmonious development of the city and its environs which will, in accordance with present and future needs,

promote health, safety, morals, order, convenience, prosperity, and the general welfare, as well as efficiency and economy in the process of development, including, among other things, adequate provision for traffic, vehicular parking, the promotion of safety from fire, panic, and other dangers, adequate provision for light and air, the promotion of the healthful and convenient distribution of population, the provision of adequate transportation, water, sewerage, and other public utilities, schools, parks, recreational and community facilities, and other public requirements, the promotion of sound design and arrangement, the wise and efficient expenditure of public funds, and the prevention of the recurrence of insanitary or unsafe dwelling accommodations or conditions of blight.

The Authority has considered these elements in proposing this Plan Amendment. This amendment, in and of itself will promote consistency with the Comprehensive Plan, in that it will allow for the utilization of and redevelopment of commercial lots. This will not significantly impact traffic on at the Five Points intersection. Renovated commercial development will raise property values and provide a stimulus to keep surrounding properties properly maintained. This will have the intended result of preventing recurring elements of unsafe buildings and blighting conditions.

8. Time Frame for Development

Development of this project (including demolition, site preparation and new construction) is anticipated to be completed between October 2012 and December of 2013. Excess valuation should be available for this project for 15 years beginning with the 2015 tax year.

9. Justification of Project

This is a residential neighborhood characterized by single family dwellings on smaller lots. The existing structure is considered badly worn by the Hall County Assessor and has a number of safety issues that cannot be fixed without the cost of the repairs exceeding the value of the building. The City of Grand Island is in need of additional housing units and this development will remove one very poor housing unit and replace it with 4 brand new units. 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.

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

The redevelopment project area currently has an estimated valuation of \$18,574. The proposed demolition and subsequent construction of duplexes at this location will result in an additional \$141,426 of taxable valuation based on the valuation of similar structures building by Token Properties, LLC. No tax shifts are anticipated from the project. The

project creates additional valuation that will support taxing entities long after the project is paid off.

(b) Public infrastructure and community public service needs impacts and local tax impacts arising from the approval of the redevelopment project;

No additional public service needs have been identified. Existing water and waste water facilities will not be impacted by this development. The electric utility has sufficient capacity to support the development. It is not anticipated that this will impact schools. Fire and police protection are available and should not be impacted by this development.

(c) Impacts on employers and employees of firms locating or expanding within the boundaries of the area of the redevelopment project;

The proposed facility will provide jobs for persons employed with T.C. Enck Construction. It will have no impact on other firms locating or expanding in the area.

(d) Impacts on other employers and employees within the city or village and the immediate area that are located outside of the boundaries of the area of the redevelopment project; and

This project will not have a negative impact on other employers and will result in additional housing choices for employees within the city.

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

This project will increase the available quality housing in Grand Island by a net of two (2) units. The existing structure is worn out and not acceptable as a housing unit. These types of smaller projects spread throughout the city will have a less drastic impact on neighborhoods and schools than a centralized larger housing project.

This neighborhood has not had a great deal of new development in many years and some newer buildings, especially ones that replace worn out buildings are likely to raise all of the property values.

Time Frame for Development

Development of this project is anticipated to be completed during between October 1, 2012 and September 1, of 2013. The base tax year should be calculated on the value of the property as of January 1, 2013. Excess valuation should be available for this project for 15 years beginning in 2015 with taxes due in 2014. 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 \$38,372 the projected amount of increment based upon the anticipated value of the project and current

tax rate. Based on the estimates of the expenses of the cost of demolition, site preparation, engineering, expenses and fees reimbursed to the City and CRA, and financing fees the developer will spend at least \$38,372 on TIF eligible activities.

See Attached Building Plans



BACKGROUND INFORMATION RELATIVE TO TAX INCREMENT FINANCING REQUEST

Project Redeveloper Information

Business Name: TOKEN Properties, LLC
Address: 511 Fleetwood Circle Grand Island, NE 68803
Telephone No.: 308-380-1041
Fax No.: 308-382-7054
Contact: Todd Enck

Brief Description of Applicant's Business:

TOKEN Properties, LLC is a real estate holding company formed by Todd Enck
Todd Enck is a rental property manager, General Contractor and owner of T.C.
Enck Builders, Inc.

Present Ownership Proposed Project Site: 125 N Carey St, Grand Island, NE 68803

Proposed Project: Building square footage, size of property, description of buildings – materials, etc. Please attach site plan, if available.

(2) Energy Efficient duplexes with attached garages. 980 sq ft each. (4 units total) with landscaped yards and sprinklers installed.

If Property is to be Subdivided, Show Division Planned:

VI. Estimated Project Costs:

Acquisition Costs:

A. Land \$42,000.00

B. Building \$10,818.00

Demo, Tree Removal, Asbestos

Construction Costs:

A. Renovation or Building Costs: \$310,955.08

B. On-Site Improvements: \$ 15,344.00

Sidewalk, landscaping, sprinklers, sewer taps/water, survey

Soft Costs:

A. Architectural & Engineering Fees: \$ 1,400.00

B. Financing Fees: \$ 2,000.00

Appraisal, closing costs (no interest)

C. Legal/Developer/Audit Fees: \$

D. Contingency Reserves:	\$ 2,500.00
<hr/>	
E. Other (Please Specify)	\$ 2,750.00
<u>TIF financing fees</u>	
TOTAL	\$ 387,767.08

Total Estimated Market Value at Completion:	\$ 150,316.00(ea)
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Source of Financing:

A. Developer Equity:	\$
<hr/>	
B. Commercial Bank Loan:	\$289,000.00
Tax Credits:	
1. N.I.F.A.	\$
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2. Historic Tax Credits	\$
1 <hr/>	
D. Industrial Revenue Bonds:	\$
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E. Tax Increment Assistance:	\$ 76,812.00
F. Other	\$
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Name, Address, Phone & Fax Numbers of Architect, Engineer and General Contractor:

T.C. Enck Builders, Inc. – General Contractor

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

$(\$300,632 \times .90) \times (.0211) - (\$873.14) = \$4,835.86$ 90% of estimated value x
Expected Annual Mil Levy less Current taxes being paid on real estate

Project Construction Schedule:

Construction Start Date: September 2012

Construction Completion Date: September 2013

If Phased Project:

_____	Year	_____ %
Complete		
_____	Year	_____ %
Complete		

XII. Please Attach Construction Pro Forma

XIII. Please Attach Annual Income & Expense Pro Forma
(With Appropriate Schedules)

TAX INCREMENT FINANCING REQUEST INFORMATION

Describe Amount and Purpose for Which Tax Increment Financing is Requested:

Amount of Incremental Prospective Annual Real Estate Taxes over 2011 Real
Estate Taxes on the subject property for 15 years will be used to redevelop the
property.

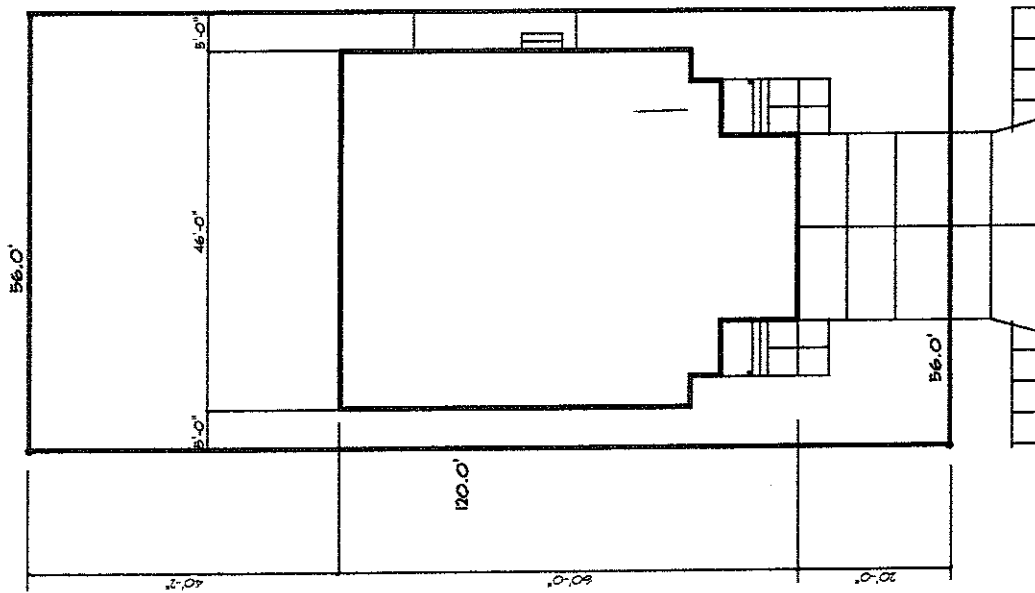
Statement Identifying Financial Gap and Necessity for use of Tax Increment Financing
for Proposed Project: TIF is an important component in order for this project
to bridge the deficit between the actual cost of the project and the income
producing capability of the real estate. We feel that this project will add value to
a defined blighted area in the community as well as provide much needed quality
affordable rental housing.

Municipal and Corporate References (if applicable). Please identify all other
Municipalities, and other Corporations the Applicant has been involved with, or
has completed developments in, within the last five (5) years, providing contact
person, telephone and fax numbers for each:

- IV. Please Attach Applicant's Corporate/Business Annual Financial Statements for
the Last Three Years.

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

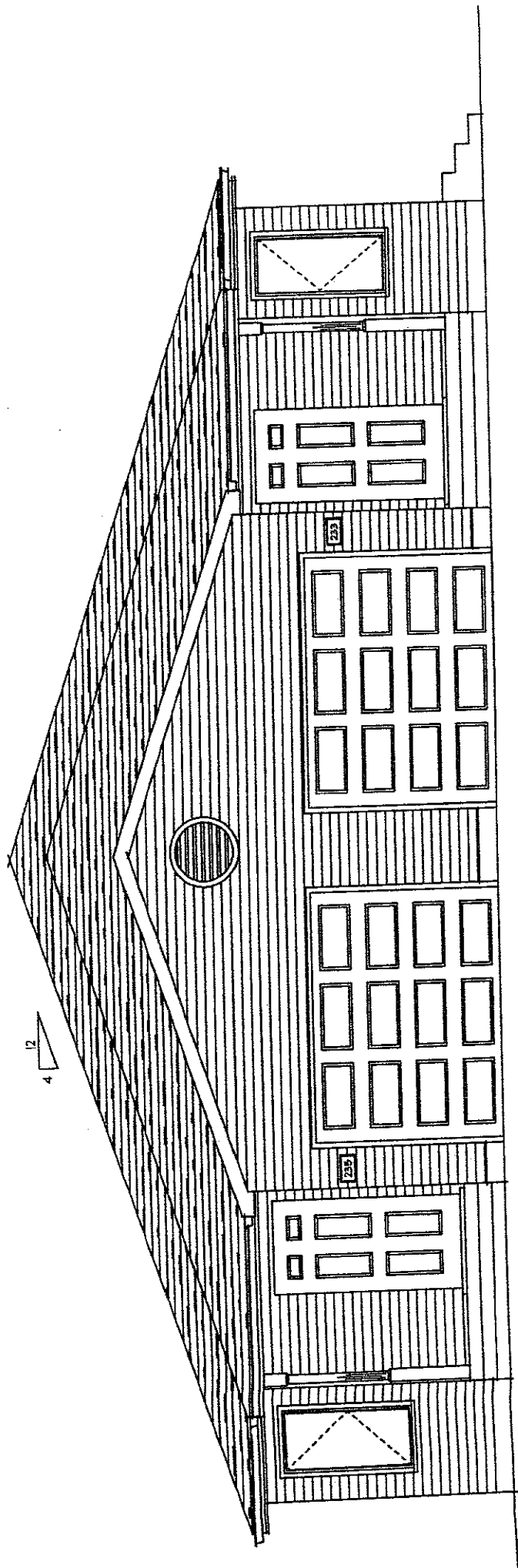
ALLEY



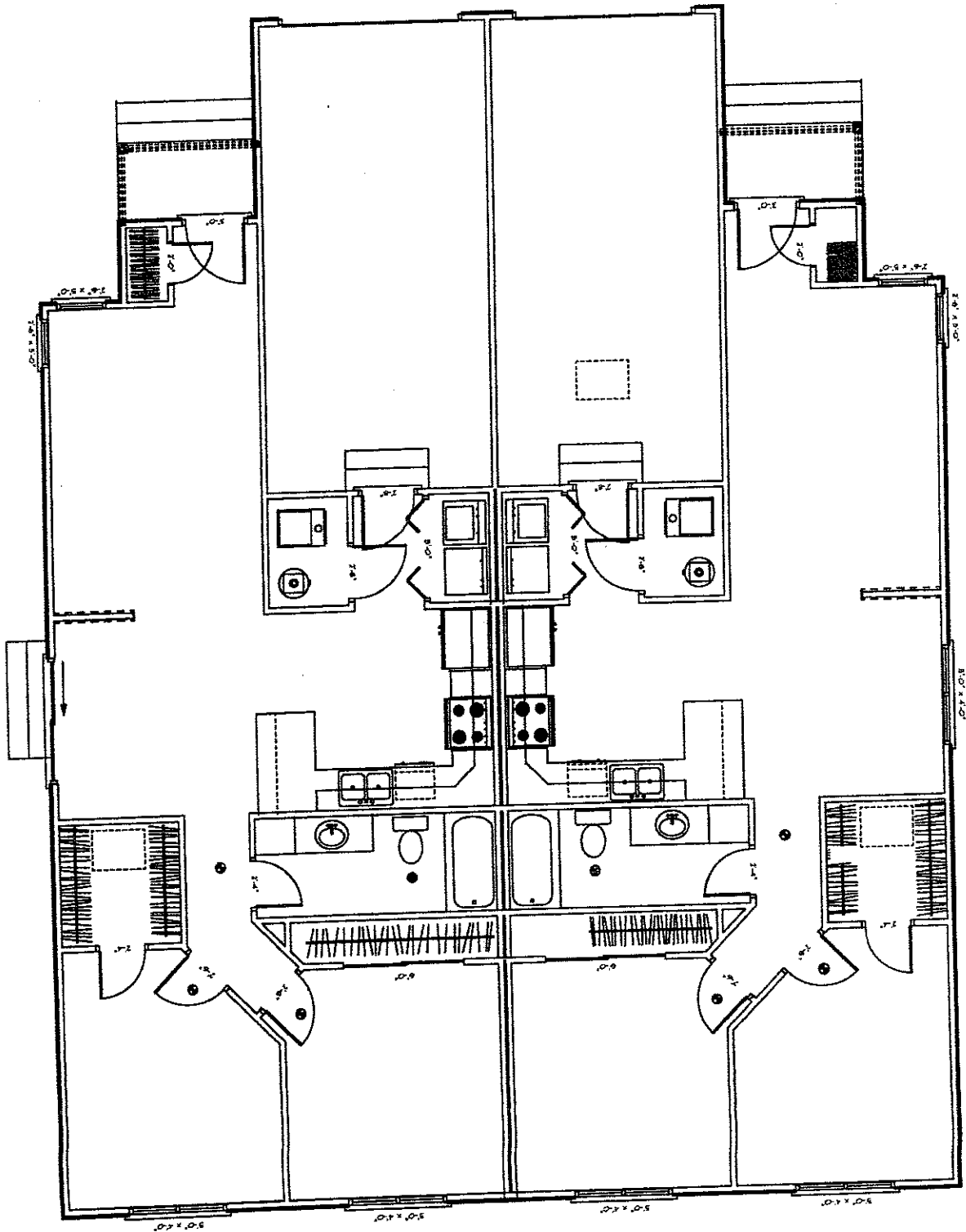
SITE PLAN

1" = 10.0'





FRONT ELEVATION



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

RESOLUTION NO. 151

**RESOLUTION OF THE COMMUNITY REDEVELOPMENT AUTHORITY OF THE CITY
OF GRAND ISLAND, NEBRASKA, SUBMITTING A PROPOSED
REDEVELOPMENT PLAN TO THE HALL COUNTY REGIONAL PLANNING
COMMISSION FOR ITS RECOMMENDATION**

WHEREAS, this Community Redevelopment Authority of the City of Grand Island, Nebraska ("Authority"), pursuant to the Nebraska Community Development Law (the "Act"), prepared a proposed redevelopment plan (the "Plan") a copy of which is attached hereto as Exhibit 1, for redevelopment of an area within the city limits of the City of Grand Island, Hall County, Nebraska; and

WHEREAS, the Authority is required by Section 18-2112 of the Act to submit said to the planning board having jurisdiction of the area proposed for redevelopment for review and recommendation as to its conformity with the general plan for the development of the City of Grand Island, Hall County, Nebraska;

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

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

Passed and approved this 10th day of October, 2012.

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

By Barry J. Schiller
Chairperson

ATTEST:

Chad A. [Signature]
Secretary

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

RESOLUTION NO. 152

RESOLUTION OF THE COMMUNITY REDEVELOPMENT AUTHORITY OF THE CITY OF GRAND ISLAND, NEBRASKA, PROVIDING NOTICE OF INTENT TO ENTER INTO A REDEVELOPMENT AFTER THE PASSAGE OF 30 DAYS AND OTHER MATTERS

WHEREAS, this Community Redevelopment Authority of the City of Grand Island, Nebraska ("Authority"), has received an Application for Tax Increment Financing under the Nebraska Community Development Law (the "Act") on a project within redevelopment area #10, from Token Properties, LLC, (The "Developer") for redevelopment of an area within the city limits of the City of Grand Island as set forth in Exhibit 1 attached hereto area; and

WHEREAS, this Community Redevelopment Authority of the City of Grand Island, Nebraska ("Authority"), is proposing to use Tax Increment Financing on a project within redevelopment area #10;

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

Section 1. In compliance with section 18-2114 of the Act, the Authority hereby gives the governing body of the City notice that it intends to enter into the Redevelopment Contract, attached as Exhibit 1, with such changes as are deemed appropriate by the Authority, after approval of the redevelopment plan amendment related to the redevelopment project described in the Redevelopment Contract, and after the passage of 30 days from the date hereof.

Section 2. The Secretary of the Authority is directed to file a copy of this resolution with the City Clerk of the City of Grand Island, forthwith.

Passed and approved this 10th day of October, 2012.

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

By 
Chairperson

ATTEST:


Secretary

Resolution Number 2013-03

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: Nov. 7 2012.

HALL COUNTY REGIONAL PLANNING
COMMISSION

ATTEST:

By: 
Chair

By: 
Secretary