

Agenda Packet

COMMUNITY DEVELOPMENT AGENCY

Monday, September 18, 2017
5:15 p.m.

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Notice of Meeting
Community Development Agency

The Community Development Agency will meet on Monday, September 18, 2017 at 5:15 p.m. at the City Council Chambers, 309 N. 5th St., Norfolk, Nebraska.

The Agency reserves the right to adjourn into closed session as per Section 84-1410 of the Nebraska Revised Statutes.

An agenda for such meeting, kept continuously current, is available at the office of the City Administrator, City of Norfolk, 309 N 5th St, Norfolk, Nebraska, during normal business hours.

Elizabeth A. Deck
Norfolk City Clerk &
CDA Secretary

Publish (September 15, 2017)
1 P.O.P.

COMMUNITY DEVELOPMENT AGENCY

AGENDA

September 18, 2017

Call to Order

1. Call meeting to order
2. Inform the public about the location of the Open Meeting Act posted in the City Council Chambers and accessible to members of the public.
3. Roll Call

Action Items/Discussion Items

- | | |
|--|---------------|
| 4. Approve Agenda | Motion |
| 5. Approve the minutes of the September 5, 2017 Agency meeting. | Motion |
| 6. Consideration of acceptance of the Ballantyne Buildings Redevelopment Plan and authorization to forward it to the Planning Commission for recommendation. | Motion |

STAFF MEMORANDUM
COMMUNITY DEVELOPMENT AGENCY

September 18, 2017

Call to Order

1. Call meeting to order
2. Inform the public about the location of the Open Meeting Act posted in the City Council Chambers and accessible to members of the public.
3. Roll Call

Action Items/Discussion Items

4. Approve Agenda **Motion**
5. Approve the minutes of the September 5, 2017 Agency meeting. **Motion**
See Enclosure 5.
6. Consideration of acceptance of the Ballantyne Buildings Redevelopment Plan and authorization to forward it to the Planning Commission for recommendation. **Motion**

City staff received a Redevelopment Plan for 405, 407, 409 and 411 West Norfolk Avenue, also referred to as the "Ballantyne Buildings". The redeveloper proposes to rehabilitate the structure for mixed uses, including residential, retail and office. The Community Development Agency is asked to accept the plan and forward to the Planning Commission for review and recommendation.

See Enclosure 6.

COMMUNITY DEVELOPMENT AGENCY

The Community Development Agency of the City of Norfolk, Nebraska, met in the City Council Chambers, 309 N 5th Street, Norfolk, Nebraska, on Tuesday, September 5, 2017, beginning at 5:16 p.m.

Chair Josh Moenning called the meeting to order.

Roll call found the following Agency members present: Shane Clausen, Dave Fauss, Corey Granquist, Gary L. Jackson, Jim Lange, Rob Merrill, Thad Murren, Josh Moenning and Dick Pfeil. Absent: None.

City staff members present were City Administrator Andy Colvin, City Attorney Clint Schukei, City Clerk Beth Deck and Finance Officer Randy Gates.

Notice of the meeting was given in advance by publication in the Norfolk Daily News, and the notice of the meeting was given to the Chair and all members of the Agency prior to the meeting.

The Chair presided and the Secretary recorded the proceedings.

The Chair informed the public about the location of the current copy of the Open Meetings Act posted in the meeting room and accessible to members of the public.

Agenda

Merrill moved, seconded by Lange to approve the agenda as printed. Roll call: Ayes: Clausen, Fauss, Granquist, Jackson, Lange, Merrill, Murren, Moenning and Pfeil. Nays: None. Absent: None. Motion carried.

Minutes

(August 23, 2017)

Lange moved, seconded by Clausen to approve the minutes of the August 23, 2017 Agency meeting as printed. Roll call: Ayes: Clausen, Fauss, Granquist, Jackson, Lange, Merrill, Murren, Moenning and Pfeil. Nays: None. Absent: None. Motion carried.

Resolution No. 2017-11

(Medelman Lake Redevelopment Agreement)

Merrill moved, seconded by Granquist to approve the Redevelopment Agreement for Medelmans Lake Development, Inc., a Nebraska corporation.

City Administrator Andy Colvin said this is the final step in the project and the agreement reflects what was outlined in the redevelopment plan.

Roll call: Ayes: Clausen, Fauss, Granquist, Jackson, Lange, Merrill, Murren, Moenning and Pfeil. Nays: None. Absent: None. Motion carried.

There being no further business, the Chair declared the meeting adjourned at 5:18 p.m.

Josh Moenning, Chair

ATTEST:

Elizabeth A. Deck, Secretary

(S E A L)

**CITY OF NORFOLK
REDEVELOPMENT PLAN FOR THE
BALLANTYNE BUILDINGS**

I. INTRODUCTION.

The City of Norfolk, Nebraska, (the “City”) recognizes that blight is a threat to the continued stability and vitality of the City as it relates to its downtown commercial sector. The Ballantyne buildings consist of four separate buildings under common ownership. The majority of these properties are vacant. The exterior façade is extremely outdated and the properties are an eyesore. There are structural safety issues such as roof, exterior and interior that include multiple current building code violations. The majority of these properties have been vacant for an extended period of time. One of the buildings is missing the structural façade behind the exterior. The current owner has investigated options for rehabilitating the buildings, including a multiuse structure providing commercial office space and residential units. However, the buildings present challenges due to their age, original design and construction materials. Estimates for full rehabilitation for the properties exceed \$1,100,000. A cap rate based on full occupancy projections falls far below even the most conservative rates for a real estate investor. An energy evaluation delineates some of the significant challenges for an investor: upgrades to HVAC systems requires 42+ years for payback on an investment of \$86,000 and roof insulation requires a 131-year payback on a \$204,000 investment.

Therefore, this redevelopment plan (the “Redevelopment Plan”) is intended to describe a program of building revitalization whose goal is to rehabilitate the exterior and interior of the structures, including life safety investments. An additional impact of the rehabilitation of the structures will be the elimination of a blighted and substandard buildings in the downtown area and the prevention of further site deterioration and spread of blighting conditions in the area.

The site consists of 405 West Norfolk Avenue, 407 West Norfolk Avenue, 409 West Norfolk Avenue and 411 West Norfolk Avenue; all located in Norfolk, NE. The structures are currently in a state of disrepair. Attached Exhibit “A” consists of photographs that show the current condition. The buildings have been subject to deterioration that naturally occurs over the years. Additionally, asbestos was used in the original construction and requires proper handling and or removal. Fire code adherence lacks in the facility. The buildings also require (1) HVAC demolition and replacement; (2) new electrical service; (3) roof insulation; (4) emergency lighting; (5) new facade; (6) new energy efficient windows and doors; and (7) updates to meet ADA and UFAS code.

CEB, LLC (a limited liability company organized in the State of Nebraska) (the "Redeveloper"), is the owner of the redevelopment project as described in Exhibit "C".

The planned rehabilitation is significant and would be implemented over approximately one year. 405 and 407 West Norfolk contain three floors. 409 and 411 West Norfolk contains two floors. The total square feet is 27,800 of which the ground floor square footage is approximately 10,900

square feet. The first floor of each building would be converted to commercial office space, with four commercial bays created for small commercial business and/or retail space. The second floor of 405/407 West Norfolk would be revamped for commercial space. The third floor of 405/407 West Norfolk would be converted to commercial space. The second floor of 409/411 West Norfolk Avenue would be converted to two residential apartments overlooking Norfolk Avenue. Construction will begin in the spring of 2018.

This Redevelopment Plan will impact the real estate in the City of Norfolk (“Community Redevelopment Area”) described in Exhibit "C".

The Community Redevelopment Area was declared blighted and substandard by the Norfolk City Council on October 4, 2010. The Community Redevelopment Area has been determined, through the blight and substandard resolution, to be in need of revitalization and strengthening to ensure that it will contribute to the economic and social wellbeing of the City. All available evidence suggests that the area has not had the private investment necessary to contribute to the wellbeing of the community, nor would the area be reasonably anticipated to be developed without public action.

To encourage private investment in the Community Redevelopment Area, this Redevelopment Plan has been prepared to set forth the Ballantyne Buildings Redevelopment Project (“Redevelopment Project”), which is considered to be of the highest priority in accomplishing the goal of revitalizing and strengthening the Community Redevelopment Area.

II. EXISTING SITUATION.

This section of the Redevelopment Plan examines the existing conditions within the designated Community Redevelopment Area. This section is divided into the following subsections: existing land use, existing zoning, existing public improvements, and existing building condition/blighting influences.

A. Existing Land Use. The Community Redevelopment Area consists of four buildings. The buildings are two to three stories in height.

B. Existing Zoning. The Community Redevelopment Area is zoned C-2.

C. Existing Public Improvements. There is no internal street network or system constructed within the Community Redevelopment Area.

D. Existing Building Conditions/Blighting Influences. The Northeast Nebraska Economic Development District conducted a study entitled “Blight and Substandard Determination Study for Area Referred to as the Downtown District Redevelopment Area” for the City dated August 31, 2010 (“Blight Study”). The evaluation and subsequent findings of the Blight Study were based upon the criteria outlined in the Nebraska Community Development Law (Neb. Rev. Stat. § 18-2101 et seq.). The Blight Study determined that the study area exhibited a number of deficiencies applicable to the consideration of a “substandard and blight” designation including the existence of conditions which endanger life or property by fire or other

causes and dilapidation/deterioration. The City Council declared the Community Redevelopment Area blighted and substandard and eligible for a redevelopment project on October 4, 2010, by Resolution No. 2010-31. The Blight Study is incorporated herein by this reference. A copy of the Blight Study is available at the City Clerk's Office.

III. FUTURE SITUATION.

This section of the Redevelopment Plan examines the future conditions within the Community Redevelopment Area. This section is divided into the following subsections:

- A. Proposed Land Use Plan
- B. Conformance with the Comprehensive Plan; Conformance with the Community Development Law Declarations
- C. Relationship to Local Objectives
- D. Building Requirements and Standards after Redevelopment
- E. Proposed Changes and Actions
- F. Cost-Benefit Analysis
- G. Proposed Cost and Financing
- H. Procedure for Changes in the Approved Redevelopment Plan
- I. Relocation Plan

A. Proposed Land Use Plan. The land use plan for the Community Redevelopment Area includes commercial and retail uses on the first floors of the buildings (four total) with two (2) apartments proposed on the second floors and additional commercial on the third floors of 405 and 407 West Norfolk Avenue.

The Community Development Agency of the City of Norfolk ("Agency") intends to negotiate a specific redevelopment agreement with the Redeveloper, outlining the proposed Redevelopment Project, and contributions from TIF which are necessary from the Agency. The written redevelopment agreement would include a site plan, Redevelopment Project description, specific funding arrangements, and specific covenants and responsibilities of the Agency and the Redeveloper to implement the Redevelopment Project. The Redeveloper is a Limited Liability Company (LLC).

B. Conformance with the Comprehensive Plan; Conformance with the Community Development Law Declarations. In accordance with Nebraska State Law, the Redevelopment Plan described in this document has been designed to conform to the City's adopted Comprehensive Plan as defined in Section 19-5 of the Official City Code. The City Council finds that this redevelopment plan is feasible and in conformity with the general plan for the development of the City as a whole and the plan is in conformity with the legislative declarations and determinations set forth in the Community Development Law.

C. Relationship to Local Objectives.

The Redevelopment Plan has been developed on the basis of the goals, policies and actions adopted by the City for the community as a whole and for the Ballantyne Buildings area. General

goals, policies and actions relating to the community as a whole and for the Redevelopment Area are contained in the Comprehensive Plan.

D. Building Requirements and Redevelopment Standards. The redevelopment of the Community Redevelopment Area should generally achieve the following requirements and standards:

1. Population Density. There are no apartment dwelling units currently located within the Community Redevelopment Area. After rehabilitation, there will be two (2) additional apartments with the resulting population increase.

2. Land Coverage and Building Density. There are four existing buildings located within the Community Redevelopment Area. There is no intention to remove or add to the existing buildings. The buildings contain approximately 10,900 square feet on the ground floor. Exhibit "B" is the current land use map.

3. General Environment. Provide for the redevelopment and rehabilitation of the 4 commercial buildings.

Provide for the rehabilitation of current unsightly buildings with new commercial and apartment units.

4. Building Heights and Massing. Building heights and massing currently comply with the C-2 zone.

5. Off-Street Loading, Service and Emergency Facilities. Provide for consolidated off-street loading and service facilities, with access to be provided (where feasible) from public service alleys and drives connected appropriately with the street system.

E. Proposed Changes and Actions. The Community Redevelopment Area is intended to continue to function as commercial buildings with the addition of four (4) commercial bays on the first floor along with two (2) apartments on the second floor of the buildings and additional commercial space on the third floors of 405 and 407 West Norfolk Avenue. This section describes the proposed changes needed, if any, to the zoning ordinances or maps, street layouts, street levels or grades, and building codes and ordinances, and actions to be taken to implement this Redevelopment Plan.

1. Zoning, Building Codes and Ordinances. The entire Community Redevelopment Area is zoned C-2 Commercial. No additional changes to the City's Zoning Ordinances, Building Codes, or other local ordinances are contemplated to implement this Redevelopment Plan.

2. Traffic Flow, Street Layout and Street Grades. The street adjacent to the Community Redevelopment Area is West Norfolk Avenue. No improvements to the streets are anticipated.

3. Public Redevelopments, Improvements, Facilities, Utilities and Rehabilitations. In order to support the land uses in the Community Redevelopment Area, no public right of way improvements, facilities, utilities or rehabilitation are contemplated.

4. Site Preparation and Demolition. Demolition of certain interior areas of the building is contemplated with substantial building rehabilitation and life safety improvements being provided, including, but not limited to, fire sprinklers in each apartment and commercial areas.

5. Private Redevelopment, Improvements, Facilities and Rehabilitation. The private improvements anticipated within the Community Redevelopment Area, include necessary interior and facade demolition and renovation and rehabilitation with life safety improvements to include fire sprinklers in all apartments and commercial areas.

F. Cost-Benefit Analysis. A City of Norfolk Redevelopment Project TIF Statutory Cost Benefit Analysis is incorporated herein by this reference (“Cost-Benefit Analysis”) and is shown on Exhibit “D”. The Cost-Benefit Analysis complies with the requirements of the Community Development Law in analyzing the costs and benefits of the Redevelopment Project, including costs and benefits to the economy of the community and the demand for public and private services.

G. Proposed Costs and Financing; Statements. The Agency will negotiate with the Redeveloper of the Redevelopment Project Area on a specific written redevelopment agreement. The written redevelopment agreement would include a site plan, project description, specific funding arrangements, and specific covenants and responsibilities of the Agency and the Redeveloper to implement the Redevelopment Project.

Estimated Redevelopment Project costs are limited to rehabilitation costs and are shown below:

POTENTIAL IMPROVEMENTS

	<u>Total</u>	<u>Residential</u>	<u>Commercial</u>
Commercial space	264,000	n/a	264,000
Residential 2 apartments	241,000	241,000	n/a
Energy efficient HVAC system	86,580	24,580	62,000
Firecode items	43,800	6,570	37,230
Interior demolition:			
Demo	29,290	10,590	18,700
Asbestos removal	18,763	2,814	15,949
Exterior building improvements façade	122,640	28,396	94,244
Energy efficient windows and doors	50,982	7,647	43,335
New electrical service	91,360	22,750	68,610
Roof	204,000	30,600	173,400
Data Fiber connectivity/security	10,500	1,575	8,925
Engineer fees/permits	15,000	2,250	12,750
Costs	\$1,177,915	\$378,772	\$799,143

The figures above are estimates. Final figures are subject to a specific site plan, design specifications, Agency approval and public regulations.

The Eligible Improvements will exceed the amount of funds available from the tax-increment financing indebtedness that the Agency may elect to issue generated by improvements to Redevelopment Area. A projected sources and uses of the entire project is attached hereto as Exhibit “E”.

Tax increment financing will fund as much of the above Potential Eligible Improvements as needed to the extent necessary to meet the public purpose and community goals, policies and standards to the extent the Community Development Law allows and the estimated incremental valuation will support in the judgement of the City Council. The Agency will not fund improvements that exceed the amount of funds available from tax-increment financing indebtedness on Redevelopment Project that the Agency may elect to issue pursuant to § 18-2147

to §18-2151 of the Community Development Law, unless the Redeveloper and/or Agency are able to secure and fund additional monies and such funds are identified in a written redevelopment agreement. The amount of the available proceeds for tax-increment financing from Redevelopment Project is estimated at \$143,290 assuming that rehabilitation will generate a property valuation of approximately \$600,000 over the estimated property valuation base of \$246,019. The base year for calculation of the incremental valuation is intended to be 2018. The division date for ad valorem taxes pursuant to *Neb. Rev. Stat.* §18-2147 is expected to be January 1, 2019.

Any ad valorem tax levied upon the real property in a Redevelopment Project for the benefit of any public body may be divided, for a period not to exceed fifteen (15) years after the effective date of such provision to be established in the bond resolution providing for the issuance of TIF indebtedness or the redevelopment contract related to the project. If divided said taxes shall be divided as follows:

a. That portion of the ad valorem tax which is produced by the levy at the rate fixed each year by or for each such public body upon the Redevelopment Project valuation shall be paid into the funds of each such public body in the same proportion as are all other taxes collected by or for the body; 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 Agency to be used solely to pay the principal of, the interest on, and any premiums due in connection with the bonds of, loans, notes, or advances of money to, or indebtedness incurred by, whether funded, refunded, assumed, or otherwise, such Agency 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 premiums due, have been paid, the Agency shall so notify the county assessor and county treasurer and all ad valorem taxes upon taxable real property in such a Redevelopment Project shall be paid into the funds of the respective public bodies.

The Redevelopment Project is within the corporate boundaries of the City.

Because the Redevelopment Plan proposes to use tax-increment financing funds as authorized in § 18-2147 of the Community Development Law, the Agency finds, based on representations made by the Redeveloper, as follows:

a. the Redevelopment Project in the plan would not be economically feasible without the use of tax-increment financing;

b. the Redevelopment Project would not occur in the community redevelopment area without the use of tax-increment financing; and

c. the costs and benefits of the Redevelopment Project, including costs and benefits to other affected political subdivisions, the economy of the community, and the demand for public and private services have been analyzed by the governing body and

been found to be in the long term best interest of the community impacted by the Redevelopment Project.

H. Procedure for Changes in the Approved Redevelopment Plan. If the City desires to substantially modify this Redevelopment Plan, it may do so after holding a public hearing on the proposed change in accordance with applicable state and local laws. A redevelopment plan which has not been approved by the governing body of the City when recommended by the Agency may again be recommended to it with any modifications deemed advisable. A redevelopment plan may be modified at any time by the Agency, provided, that if modified after the lease or sale of real property in the Redevelopment Project Area, the modification must be consented to by the Redeveloper of such property or his successor in interest affected by the proposed modification. Where the proposed modification will substantially change the redevelopment plan as previously approved by the governing body of the City the modification must similarly be approved by the governing body of the City.

Exhibit "A"
[Photos]

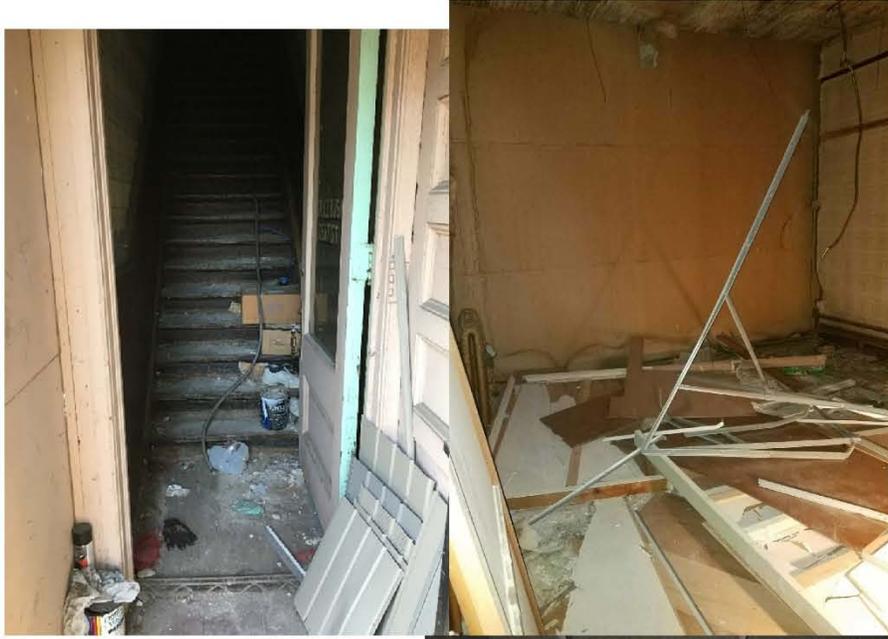










Exhibit "B"
[Current Land Use]



Exhibit "C"

Description of Community Redevelopment Area

East 21.5 feet of Lot 3, Burrows and Egberts Addition, City of Norfolk, Madison County, Nebraska, commonly known as 405 West Norfolk Avenue;

West 2 feet 10 inches of Lot 3, Burrows and Egberts Addition, City of Norfolk, Madison County, Nebraska, commonly known as 407 West Norfolk Avenue;

Lot 1, Pilgers Addition City of Norfolk, Madison County, Nebraska, commonly known as 407 West Norfolk Avenue;

Lot 2, Pilgers Addition City of Norfolk, Madison County, Nebraska, commonly known as 409 West Norfolk Avenue;

Lot 3, Pilgers Addition City of Norfolk, Madison County, Nebraska, commonly known as 411 West Norfolk Avenue.

EXHIBIT “D”
STATUTORY COST BENEFIT ANALYSIS
BALLANTYNE BUILDINGS REDEVELOPMENT PROJECT

As authorized in the Nebraska Community Development Law, §18-2101, et seq. *Neb. Rev. Stat.* (2012), the Agency has analyzed the costs and benefits of the proposed Ballantyne Buildings, Redevelopment Project, including:

Project Sources and Uses. Approximately \$143,290 in public funds from tax increment financing provided by the Agency will be required to complete the proposed rehabilitation. This investment by the Agency will leverage approximately \$1,038,625 in other investment and financing; an investment of \$7.25 for every Community Development Agency City dollar investment.

Use of Funds. A full schedule of proposed sources and uses of funds is attached as Exhibit “E” to the Redevelopment Plan.

Tax Revenue. The projected January 1, 2019 value will be \$846,019 (\$246,019 base + \$600,000 increase) It is anticipated that the taxable value will increase by approximately \$600,000 as a result of the renovation and rehabilitation of the Project. This renovation will result in a tax increase of over \$13,805 annually based on the projected 2019 levy. The tax increment from this Redevelopment Project area would not be available for use as general tax revenues, but would be used for eligible private improvements to enable this project to be realized.

Estimated 2018 assessed value:	\$ 246,019
Estimated 2019 assessed value after completion:	\$ 846,019
Increment value	\$ 600,000
Annual incremental taxes	\$ 13,805
TIF bonds proceeds available to project	\$ 143,290

Public Infrastructure and Community Public Service Needs. The Project is currently served by sanitary sewer and potable water by the City. No street improvements are required as a part of the Redevelopment Project.

Employment Within the Project Area. Employment within the Project Area is expected to increase from 0 to 20 persons after rehabilitation. There will be a temporary construction worker increase during the rehabilitation process.

Employment in the City Outside the Project Area. The latest available labor statistics show that the Madison County unemployment rate is approximately 2.8%. The Project is not expected to impact employment outside of the Redevelopment Area.

Other Impacts. This Project Area tax will require substantial purchases of materials during rehabilitation. Those purchases will result in local sales tax which will benefit the City of

Norfolk. Additionally, construction employment for the project will increase for the 12 month construction period. No other negative impacts have been identified.

Exhibit "E"
Sources and Uses of Funds

	<u>TIF Bond Proceeds</u>	<u>Redeveloper Funds</u>
Exterior Façade	\$122,640	\$ 0
Windows and doors	\$ 16,650	\$ 34,332
Balance of Rehabilitation	<u>\$ 0</u>	<u>\$1,000,293</u>
TOTAL IMPROVEMENTS	\$143,290	\$1,034,625
TIF related professional fees	<u>\$ 4,000</u>	<u>\$ 0</u>
GRAND TOTALS	<u>\$147,290</u>	<u>\$1,034,625</u>