

Agenda Packet

COMMUNITY DEVELOPMENT AGENCY

Monday, February 6, 2017
5:15 p.m.

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Notice of Meeting
Community Development Agency

The Community Development Agency will meet on Monday, February 6, 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 (February 02, 2017)
1 P.O.P.

COMMUNITY DEVELOPMENT AGENCY

AGENDA

February 06, 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 January 30, 2017 Agency meeting. | Motion |
| 6. Consideration of acceptance of the Delay Bank Building Redevelopment Plan and authorization to forward to the Planning Commission for recommendation. | Motion |

STAFF MEMORANDUM
COMMUNITY DEVELOPMENT AGENCY
February 06, 2017

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| 4. Approve Agenda | Motion |
| 5. Approve the minutes of the January 30, 2017 Agency meeting. | Motion |

See Enclosure 5.

- | | |
|--|---------------|
| 6. Consideration of acceptance of the Delay Bank Building Redevelopment Plan and authorization to forward to the Planning Commission for recommendation. | Motion |
|--|---------------|

City staff received a Redevelopment Plan for the Delay Bank Building. 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 Monday, January 30, 2017, beginning at 5:15 p.m.

Chair Josh Moenning called the meeting to order.

Roll call found the following Agency members present: Josh Moenning, Shane Clausen, Corey Granquist, Jim Lange, Rob Merrill, Gary L. Jackson, Thad Murren and Dick Pfeil. Absent: Dave Fauss.

City staff members present were City Administrator Shane Weidner, City Clerk Beth Deck, Public Works Director Dennis Smith, Finance Officer Randy Gates, Police Chief Bill Mizner, Housing Director Gary Hilkemann and Economic Development Director Andy Colvin.

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

Minutes

Granquist moved, seconded by Lange to approve the minutes of the January 3, 2017 Agency meeting as printed. Roll call: Ayes: Moenning, Clausen, Granquist, Lange, Merrill, Murren, Jackson and Pfeil. Nays: None. Absent: Fauss. Motion carried.

Resolution No. 2017-2 (Odd Fellow Housing Associates LP Redevelopment Agreement)

Merrill moved, seconded by Clausen to adopt Resolution No. 2017-2 approving the Odd Fellow Housing Associates LP Redevelopment Agreement.

Andy Colvin provided information to Agency members. The Redevelopment Agreement provides for using Tax Increment Financing (TIF) for building improvements to serve the redevelopment project area generally located at 1204 West Norfolk Avenue. The Redeveloper intends to rehabilitate the Skyline Apartments Building, which will include building improvements and life safety upgrades. The Redevelopment Agreement provides for a maximum of \$415,000 of taxable TIF bonds. The redeveloper will be responsible for placement of the bonds.

Roll call on Resolution No. 2017-2: Ayes: Moenning, Clausen, Granquist, Lange, Merrill, Murren, Jackson and Pfeil. Nays: None. Absent: Fauss. Motion carried.

There being no further business, the Chair declared the meeting adjourned at 5:19 p.m.

Josh Moenning, Chair

ATTEST:

Elizabeth A. Deck, Secretary

(S E A L)

**CITY OF NORFOLK
REDEVELOPMENT PLAN FOR THE
DELAY BANK BUILDING**

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 Delay Bank building consists of two separate buildings under separate ownership. These properties are vacant. The exterior façade has been removed and the properties are an eyesore. The properties have been vacant for an extended period of time. The current owners have investigated options for rehabilitating the buildings, including a multiuse structure providing commercial office space and residential units. However, the aging facilities present challenges due to their age, original design and construction materials. Estimates for full rehabilitation for both properties exceed \$2,100,000. 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 \$260,000; roof insulation requires a 131 year payback on a \$134,000 investment; and east wall insulation requires a 56+ year payback on a \$65,000 investment. Finally, assessed valuation estimates show that completed valuation, at best, will not exceed \$1,350,015.

Therefore, this redevelopment plan is initiated to provide an incentive to the current owners to undertake 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 the former Delay Bank Building. The structure is currently vacant and in a state of disrepair. Attached Exhibit "A" consists of five photographs that show the current condition. The building has 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. No fire sprinkler system exists in the facility. The building also requires (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.

AEC/CEB Joint Venture, (the "Redeveloper") is a joint venture of AEC, LLC and CEB, LLC, being the owners of the redevelopment project as described in Exhibit "F". CEB, LLC is the owner of Lot One and AEC, LLC is the owner of Lot 2 all in Burrows and Egberts Addition to Norfolk, Madison County, Nebraska.

The planned rehabilitation is significant and would be implemented over approximately one and one-half years. Each building contains two floors with ground floor square footage of approximately 8,500 square feet. The first floor of each building would be converted to commercial office and/or retail space and the second floor of each building would be converted to a total of eight (8) apartments between both properties. Construction will begin in the spring of 2017.

This Redevelopment Plan will impact the following real estate in the City of Norfolk.

Lots One and Two, Burrows and Egberts Addition to the City of Norfolk, Madison County, Nebraska. ("Community Redevelopment Area") as described in Exhibit "F".

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 Delay Bank Building 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 two buildings configured as one commercial unit. The buildings are each two 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 with eight (8) apartments proposed on the second floors. Exhibit "C" shows the proposed facades of the buildings and interior layout, which is attached hereto and incorporated herein by this reference. The Redevelopment Project land use and site plan shown on Exhibit "C" is for illustrative purposes only.

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 joint venture between two LLCs.

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 proposed Community Redevelopment Area is described as:

Lots One and Two, Burrows and Egberts Addition to the City of Norfolk, Madison County, Nebraska.

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 Delay Bank Building area. General goals, policies and actions relating to the community as a whole and for the Redevelopment Area are contained in the Comp 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 eight (8) apartments with the resulting population increase.

2. Land Coverage and Building Density. There are two existing buildings located within the Community Redevelopment Area. There is no intention to remove or add to the existing buildings. The buildings contain approximately 8,500 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 2 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 8 apartments on the second floor of the buildings after significant rehabilitation. 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 streets adjacent to the Community Redevelopment Area are West Norfolk Avenue and South 4th Street. 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 Community Redevelopment 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 ELIGIBLE IMPROVEMENTS

PHASE 1 Complete summer 2017	Total	Residential	Commercial
2135 sq feet commercial space	\$ 164,395.00		\$ 164,395.00
Interior demolition:			
Demo HVAC (remove RTUs)	\$ 38,785.00	\$ 19,393.00	\$ 19,393.00
Asbestos removal and interior demolition	\$ 108,696.00	\$ 54,348.00	\$ 54,348.00
Exterior building improvements façade	\$ 265,505.00	\$ 132,753.00	\$ 132,753.00
Energy efficient windows and doors	\$ 60,935.00	\$ 30,467.00	\$ 30,467.00
New electrical service	\$ 28,670.00	\$ 14,335.00	\$ 14,335.00
Roof--insulate & electrical rooftop	\$ 148,030.00	\$ 74,015.00	\$ 74,015.00
Data Fiber connectivity	\$ 15,000.00	\$ 7,500.00	\$ 7,500.00
Engineer fees/permits	\$ 30,000.00	\$ 15,000.00	\$ 15,000.00
Subtotal	\$ 695,621.00	\$ 347,811.00	\$ 347,811.00
Phase 2 begin mid 2017 complete 2018			
Residential units (8)	\$ 896,214.00	\$ 896,214.00	
Finish commercial build out main floor	\$ 73,819.00		\$ 73,819.00
Fir-out/insulate exterior walls	\$ 65,612.00	\$ 32,806.00	\$ 32,806.00
Energy efficient HVAC system	\$ 260,603.00		\$ 260,603.00
Convert to LED lighting	\$ 63,703.00		\$ 63,703.00
Fire Sprinkler system	\$ 83,815.00	\$ 41,908.00	\$ 41,908.00
Water main	\$ 25,000.00	\$ 12,500.00	\$ 12,500.00
Subtotal	\$ 1,468,766.00	\$ 54,408.00	\$ 485,339.00
TOTAL REHABILITATION COSTS	\$ 2,164,387.00	\$ 402,219.00	\$ 833,150.00

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".

The public 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. 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 approximately \$240,000 assuming that

rehabilitation will generate a property valuation of approximately \$1,200,000 over the estimated property valuation base of \$150,015. The base year for calculation of the incremental valuation is intended to be 2017. The division date for ad valorem taxes pursuant to *Neb. Rev. Stat. §18-2147* is expected to be January 1, 2018.

Any ad valorem tax levied upon the real property in a Redevelopment Project for the benefit of any public body shall 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. 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"
[Architects rendering]

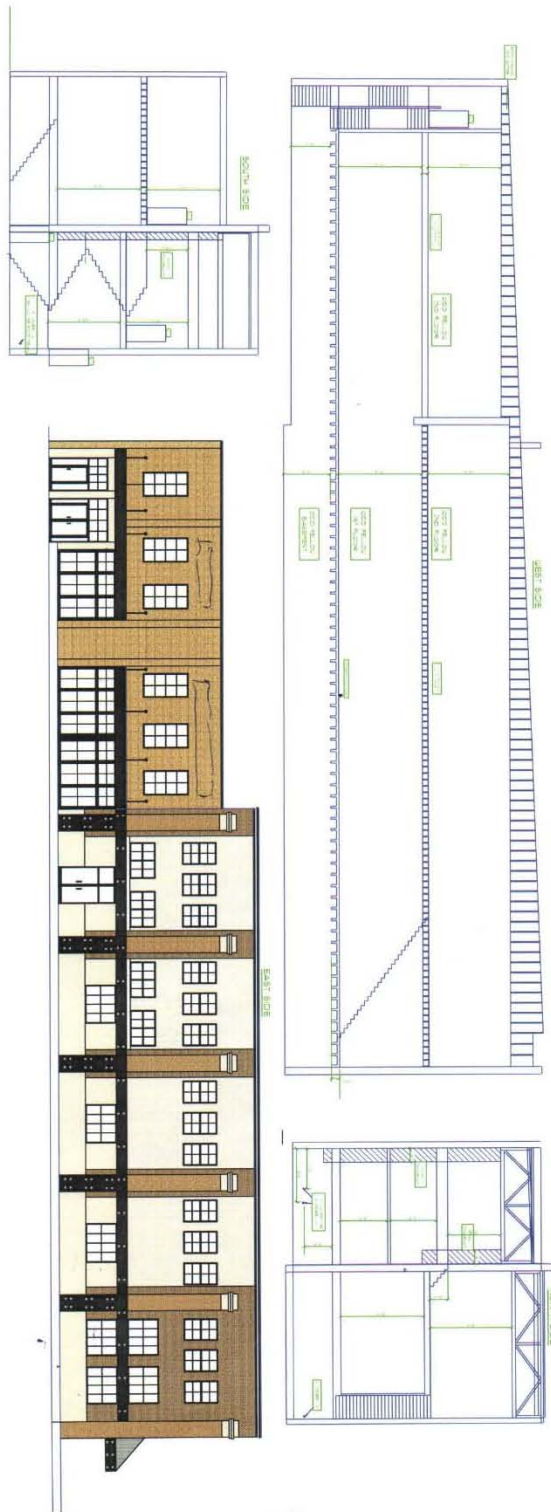




EXHIBIT “D”
STATUTORY COST BENEFIT ANALYSIS
DELAY BANK BUILDING REDEVELOPMENT PROJECT

As authorized in the Nebraska Community Development Law, §18-2147, *Neb. Rev. Stat.* (2012), the Agency has analyzed the costs and benefits of the proposed Delay Bank Building, Redevelopment Project, including:

Project Sources and Uses. Approximately \$240,000 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 \$1,924,387 in other investment and financing; an investment of \$8.02 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 2018 value of the property to be redeveloped will be \$912,015 (\$150,015 base + \$762,000 increase). The projected January 1, 2019 value will be \$1,350,015 (\$150,015 base + \$1,200,000 increase). It is anticipated that the taxable value will increase by approximately \$1,200,000 as a result of the renovation and rehabilitation of the Project. This renovation will result in a tax increase of over \$27,000 annually based on the projected 2018 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 2017 assessed value:	\$ 150,015
Estimated 2018 assessed value:	\$ 912,015
Estimated value after completion	\$1,350,015
Increment value	\$1,200,000
Annual incremental taxes	\$ 27,600
TIF bonds proceeds available to project	\$ 240,000

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 2.6%. 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 18 month construction period. No other negative impacts have been identified.

Exhibit "E"
Sources and Uses of Funds

Exterior Façade	TIF Bond Proceeds	Redeveloper Funds
Balance of Rehabilitation	\$240,000	\$ 25,505
TOTALS	\$240,000	<u>\$1,898,882</u>
		\$1,924,387

Exhibit "F"
Description of Community Redevelopment Area

Lot 1, Burrows and Egberts Addition to Norfolk, Madison County, Nebraska, less that part of Lot 1 described as follows: Commencing at the Northwest corner of Lot 1 of Burrows and Egberts Addition to the City of Norfolk, Madison County, Nebraska; thence East on lot line 26.12 feet to the point of beginning; thence continuing East, on lot line, 21.99 feet to a point on the East line of the NW1/4 of the NE1/4 of Section 27, Township 24 North, Range 1 West of the 6th P.M., Madison county, Nebraska; thence South on the East line of said NW1/4 of the NE1/4 176.0 feet to a point on the South line of said Lot 1; thence West on the South line of said Lot 1 a distance of 22.09 feet to a point 24.68 feet East of the Southwest corner of said Lot 1; thence North 176.0 feet to the point of beginning

and;

Lot 2 Burrows and Egberts Addition to the City of Norfolk, Madison County, Nebraska.