

GRAND ISLAND DOWNTOWN REDEVELOPMENT STUDY

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Project Overview

This study is a part one of a two-phase process funded by a Community Development Block Grant (CDBG). Phase I, planning, establishes short and long-term goals and objectives for future downtown development, along with prioritizing these goals with regard to impact and cost. The Downtown Revitalization Plan can then be used to guide development and provide recommendations for the use of Phase II CDBG Funds.

Phase II, implementation, will provide Downtown Grand Island with funding to pursue the goals and recommendations of this study. These funds, which are to be matched by the community, can be used in a number of applications. Additional information on the Phase II funding can be found in the appendix of this study.

Study Objectives

- Analyze the existing downtown area with regard to population, function, infrastructure, capacity, and barriers to development.
- Review previous studies and planning documents.
- Identify opportunities for increased commercial and retail development, occupancy and investment.
- Determine strategies for increasing downtown housing.
- Identify tourism, marketing, cultural and entertainment opportunities.
- Identify additional funding strategies for renovation of existing buildings along with incentives for occupancy.

- Create realistic recommendations that will facilitate future development.

Project Team

The City of Grand Island retained the services of Alley Poyner Macchietto Architecture (APMA) to facilitate the creation of a Downtown Revitalization Plan. In addition to APMA, the consultant team included Marvin Planning Consultants and Field Day Development.

Process

This study was developed as a collaborative effort between Alley Poyner Macchietto Architecture, our consulting team, and Grand Island stakeholders, including the City of Grand Island, the Downtown Business Improvement District, the Community Redevelopment Authority, downtown business owners, downtown residents, and the citizens of Grand Island.

Numerous steering committee meetings, walking tours of downtown and individual conversations with stakeholders led to the development to this study. Key input was received during a public outreach/visioning workshop, along with meetings specific to the concerns of local developers, city officials, the chamber of commerce and local educational institutions. This study is the culmination of all the information gathered and the concerns expressed during these meetings, and the study team is grateful and encouraged by the community's vested interest in the continued redevelopment of Downtown Grand Island.



STUDY AREA

This study focuses on the downtown district as defined by the Downtown Business Improvement District, as shown above. These extents span approximately from South Front Street on the northwest, 1st Street on the southeast, Eddy Street on the southwest and Kimball Avenue on the northeast, with an extension to the southeast between Walnut and Pine.

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The Need for Downtown

Grand Island's downtown has followed the historic arc of most American cities'—a decline from economic core to struggling vestige of the past. Financial investment and public interest shifted from the city core to the suburban periphery, leaving an inventory of buildings and infrastructure under utilized and deteriorating. However, as Grand Island and other cities across the country are discovering, downtowns are not just a nostalgic relic of the past, but a neglected asset with a vested potential to return on financial, civic and cultural investments many times over.

While the expense required to renovate an existing downtown building can be daunting—and can turn many developers to less-expensive greenfields on the edges of town—the benefits of the redevelopment can exceed initial investments and benefit the building owner, the city, and the community as a whole. First, for the owner, the buildings are a sound investment. Whereas a large proportion of new construction is built to only last a lifetime and then be demolished and replaced, the quality and material of the bulk of the buildings in Downtown Grand Island have kept them standing for a century—and with upkeep they will remain and stay relevant for many more lifetimes, while their location in the city center leaves them less vulnerable to the swings in investment and capital that can accompany suburban development. Second, for the city, downtown buildings are already tied into existing infrastructural systems and the district's density predicates those systems' efficiency in terms of cost. So not only is the city not installing new infrastructure to reach a greenfield development on the edge of town—it's serving a larger population off of an existing portion of the grid. Investment in and maintenance of the buildings also prevents the them from becoming a safety liability for the

city while creating a significant boon to the tax base. Lastly, downtown has always been the symbolic core of the city—a role that society has overlooked in recent decades as suburban-style development has dominated our culture. However, as we start to realize the results of our apathy toward our physical environment—obesity, social isolation, economic segregation—we also start to see the intrinsic value of our downtowns and the surrounding neighborhoods.

Economically, the redevelopment of downtown makes sense—the streets are already there, the buildings are already there, the utilities are already there. The City of Grand Island has invested a large amount in the creation of the district's components; ensuring their continued use and relevance is a financial necessity. As noted, the expense of redeveloping a downtown property will be discouraging to most potential investors and developers, particularly in this early stage of revitalization. These buildings have sat vacant for long periods of time and most will need significant improvements for accessibility and life safety. This is why supplemental funding sources during this phase are critical—as more and more properties are renovated, rented and occupied, the need to fill the “cash gap,” will lessen. But first a critical mass of development needs to occur to demonstrate to financial institutions and investment organizations that there is a profitable market in Downtown Grand Island.

Investing in downtown can:

- Protect and increase the existing property tax base
- Maximize existing building stock, decreasing life safety concerns and future life safety issues
- Retain and attract entrepreneurs and businesses
- Provide for new businesses without green field development and the additional infrastructure it requires
- Regenerate surrounding neighborhoods
- Help retain young professionals
- Create a regional attraction
- Improved community pride and self-image
- Preserve the historic assets of the community

Investment within downtown can have economic returns outside of those directly related to individual properties or the tax base. As Grand Island continues to grow and seeks to diversify its economy, the creation of a vibrant downtown can help to retain and attract more creative small businesses and entrepreneurs. Small rural cities have often suffered from the loss of young professionals who seek the job opportunities and the urban lifestyles available in larger cities. At best, these individuals come back only once they are ready to raise a family. As discussed in the building stock section, Grand Island, relatively uniquely, has a downtown of a scale and area large enough to create a truly vibrant urban core—the buildings are larger, the district is multiple blocks in each direction. This is an asset to be exploited, not ignored. A district of this size can support a range of businesses and housing types that can help attract college graduates back to the city.

The scale of the downtown goes hand in hand with Grand Island's status as a regional shopping and service hub. While it should be acknowledged that downtown is not likely to return to its previous status as the central shopping district, with department stores lining the streets, it does have the potential to be a regional draw for specialty retail, restaurants, entertainment and culture. Successful downtowns are more than just the sum of their parts—they are visited as much for the atmosphere on the street as for the shops that line them. Think of the Haymarket in Lincoln, Nebraska—while people come to the area to eat dinner, it's not just the restaurant that brought them. It's the window shopping, the people watching, and the streetscaping. The restaurant, the surrounding businesses and the public improvements help create the atmosphere so that the district itself becomes an event, and everyone benefits.

While the initial costs of redeveloping a downtown district of the size and scale of Grand Island's can be intimidating, the financial, social and cultural paybacks are too important to be ignored. The importance of downtown grows proportionally with the growth of the city itself, and its redevelopment is critical for long-term economic competitiveness.

History and Setting

As with most cities and towns throughout the region, Grand Island developed along with the railroads. Laid out in 1862, Grand Island's current town site was laid out by the Union Pacific Railroad which continued to drive most of its growth. A few years after incorporation in 1872, the city and the railroad were intertwined to the point that the city contracted with the railroad to provide downtown services. The city boomed in the 1880s, survived the recession of the 1890s, and with the development of the Lincoln Highway in 1916, Downtown Grand Island continued to grow and thrive. The downtown district hosted large, grand buildings and covered a large number of square blocks.

However, also in line with most American cities, the end of the 20th century saw the decline of downtown. Commercial developments along US Route 281, including the Grand Island and Conestoga Malls--and later big box stores, pulled customers and businesses alike from the traditional core of the city.

Grand Island as a whole, however, has kept growing, passing the 50,000 population mark in 2012. As the city's population and land use continue to swell, the importance of downtown has the chance to re-emerge.

Land Use and Occupancy

Currently the majority of the downtown district's first levels are occupied, as shown on the Land Use Map on the following page. However, occupancy rates alone are not indicators of a successful, vital downtown. Key to the redevelopment of Downtown Grand Island will be achieving an effective mix of retail, hospitality and service occupancies on the main floors--tenants and businesses that have high foot traffic and increase the number of pedestrians on the street.

The existing first-floor tenants are a mix of retail, restaurants, offices and churches. While office tenants and their employees are critical stakeholders in the district and its success, as redevelopment occurs these uses should move to second and third stories to provide storefronts for more publicly-active businesses. Similarly, churches--not traditional downtown storefront tenants--typically have operating hours that are counter to the overall goals of a vibrant city core. Like offices, churches would be more ideally located within upper stories or on the periphery of the district.

It is also key that businesses within the district be appropriate--a successful combination of retailers, merchants and vendors with complementary hours, services and locations can create a critical mass to start drawing larger numbers of customers and visitors. However, a



LAND USE MAP
Downtown Commercial District

number of the businesses within Downtown Grand Island appear to have limited hours, which can leave sections of the district feeling lifeless during key time periods.

A majority of upper floors throughout downtown appear to be vacant. As noted in the following section, many of these buildings have not been occupied for a number of years and have seen the deterioration that accompanies vacancy, although a number of larger buildings downtown, including Old City Hall and the Downtown Center, have been renovated for commercial uses. Overall, there is a small amount of housing compared to the capacity of the district and other cities of similar size.

Building Stock Condition

The buildings of Downtown Grand Island are unique to the region both in their number and their scale. The regional importance of the city, both presently and in the past, led to the development of an expansive commercial core with substantially-sized buildings. Comparatively, no other cities in Nebraska outside of Omaha and Lincoln can compare.

These buildings and their numbers are both an incredible asset and a considerable hurdle. While neighboring cities such as Hastings have seen their downtowns develop, revitalization has been slower to occur in Grand Island, at least partly because the buildings' sizes require much more investment and the scale of the downtown itself makes reaching a critical mass more difficult. Whereas Hastings is developing primarily small, two-story buildings within a smaller area, Downtown Grand Island's buildings

vary in size, including a number of prominent, large footprint buildings with three stories or more, and the buildings that have developed are separated by larger distances.

However, this building stock also embodies an immense amount of potential. Whereas smaller communities lack existing buildings that can host large commercial, office, hospitality, and housing occupancies, Grand Island's downtown offers a building inventory that covers the spectrum.

The quality of the existing building stock varies; the 2012 Downtown Housing and Development Study evaluated a sample of eight downtown properties, with special attention to the upper stories. This study showed that while most buildings are structurally sound, the upper stories have been neglected throughout the past couple of decades. This is a generally consistent condition within downtowns that have suffered suburban flight; even prior to the commercial shift to suburban development, upper level housing occupancies decreased. These vacant upper stories, with their windows often covered by exterior sheathing, have deteriorated.

Overall the quality of the building stock is good--the buildings are sound and utility services have remained connected. However, a large percentage of buildings will require significant renovation and restoration to both the exteriors and interiors.

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Community Vision

Downtown Grand Island has great potential, and through community meetings and discussions it is clear that the community has a vested interest in its redevelopment. The downtown area is the historical and civic core of the community, and it has the capacity to be reinstated as the cultural and social core of Grand Island as well.

Grand Island recently surpassed 50,000 residents, and as it continues to grow, downtown can play a key role in the city's next incarnation. Vibrant downtowns help retain young residents, attract specialty businesses and entrepreneurial individuals, provide a walkable neighborhood for active seniors, and create an identifiable community destination for both local and regional residents. The size of Grand Island's downtown area and the scale of its buildings provides a unique opportunity for the city--the only other Nebraska cities with large urban cores are Omaha and Lincoln, both of which have seen the successful reinvention of their historic downtowns.

Now is the time for Grand Island to capitalize on the potential of downtown.

Short and Long-Term Goals

Through information gathered at the public visioning session and the key stakeholder meetings, the following goals were developed:

- Create a vibrant urban environment through economic development, increased population, and public improvements.

- Encourage the development of more downtown residential units.
- Increase the entertainment options downtown, for all age groups and at all times of the day.
- Attract specialty retail and businesses.
- Identify realistic opportunities for investment and develop key catalyst projects to spur further development.
- Identify potential partnerships with key community partners.
- Identify funding sources for redevelopment projects.
- Create policy recommendations that support economic development and further the vision for downtown.
- Create a prioritized list of potential enhancements and redevelopment projects.
- Identify tools and assistance opportunities to help potential developers.

Priority Matrix

$ \text{Vision} \times \text{Impact} = \text{Priority} $		
Short Term	High Impact	High Priority
Long Term	Low Impact	Low Priority

We recommend an approach to redevelopment that focuses on a range of goals, both short and long-term, with an analysis of their impact and priority. Short-term, medium-impact improvements like signage and landscaping can go a long way to improve public perceptions of the downtown area and generate interest, and hence may be of high-priority. Projects of this nature should then be paired with long-term, high-impact projects like building renovations and policy implementation that increase the residential population, provide additional commercial space and encourage further redevelopment.

Previous Downtown Studies:

Downtown Housing and Development Study (2012)

Parking Lot Pavement Analysis for Downtown Parking Lots (2012)

Toward a Grand Center, Update: Concepts for the Future of Downtown Grand Island (2004)

Toward a Grand Center: Concepts for the Future of Downtown Grand Island (1999)

Downtown Grand Island: Planning and Design Study (1993)

Recommendations from previous studies

During the information-gathering stage, the study team reviewed all of the concepts and recommendations from previous studies for the downtown district. The key components of these studies, listed on the left, are summarized below. The Parking Lot Pavement Analysis Study is reviewed in the Parking section, later in this study.

- 1) **Identify and Develop around Key Market Niches**
 - a) Link Housing and commercial developments
 - b) Redevelop and market buildings in distinctive ways
 - c) Designate a downtown historic district
 - d) Encourage further development of a downtown entertainment district
 - e) Continue to market the downtown to arts organizations and the local art community
- 2) **Create a positive image for the downtown**
 - a) Develop imagery to identify the district
 - b) Create a wayfinding system to be used consistently throughout the district
 - c) Identify and develop the principal entry points into Downtown
 - d) Actively promote the completion of the “quiet zone” through the downtown district
- 3) **Public Environment**
 - a) Create a festive district that also provides great opportunities for investment and business

- b) Expand or modify the existing façade improvement program
- 4) **Parking**
 - a) Provide adequate and convenient parking for users without becoming overrun by parking lots
- 5) **Management and Leadership**
 - a) City needs to have a clear comprehensive policy for the maintenance or redevelopment of Downtown.
 - b) Community boards should be created (if not already in existence), assume roles and take action: Downtown Improvement Board, Community Redevelopment Authority, Architectural Design Review Commission
 - c) Establish a district marketing plan and point of contact for developers
 - d) Continue the partnership with Heritage Nebraska/ Main Street Program
 - e) Promote and educate downtown businesses and potential developers on funding opportunities, including revolving loan fund, grants, tax credits and incentives, etc.

Community Needs and Capacity: Grand Island Downtown Housing Evaluation

The Grand Island Downtown Housing analysis is part of a larger project being undertaken by the Grand Island Downtown Business Improvement District (BID). The intent is to examine the potential demand and to evaluate the existing housing conditions in Downtown and within other areas within the Midwest.

Table 1 compares the Median Household Incomes for each community. The only communities with a higher Median Household Income than Grand Island were Omaha and Lincoln. In addition Grand Island, as a community, has the highest Occupancy Rates of the five communities, as well as the highest number of persons per household (rental occupancy).

TABLE 1: COMMUNITY COMPARISONS

	Grand Island	Hastings	Lincoln	Omaha	Davenport
Average Square feet (Downtown)	916	778	843	1,045	810
Average Rent (Downtown)	\$558	\$794	\$877	\$1,154	\$831
Rent/Square foot (Downtown)	\$0.61	\$1.02	\$1.04	\$1.10	\$1.03
Median Contract Rent (Community-wide)*	\$612	\$603	\$689	\$735	\$644
Difference in Downtown Rent vs. Median Contract Rent	-\$54	+\$175	+\$188	+\$419	+\$187.25
Percentage difference over Community	91.2%	131.7%	127.3%	157%	129%
Rental Occupancy Rates (community-wide)*	98.5%	93.1%	93.2%	91.3%	92.9%
Average Population size – Rental Occupied (community-wide)*	2.29	2.05	2.12	2.19	2.08
Mean travel time to work* (min.)	14.2	13.6	17.4	17.8	16.9
Median Household Income 2011*	\$44,638	\$42,342	\$48,203	\$45,115	\$42,475

Source: *US Census American Community Survey 2007-2011

The comparisons in Table 1 also compare the average rent in each downtown area with the corresponding Median Contract Rent for the community. The results show in every one of the comparable downtowns, the average rent in downtown was at a premium compared to the community at large, except for Grand Island. In addition, the community-wide Median Contract Rent in Grand Island is one of the lowest of the five compared communities. Based upon photos seen during this process, the quality of the units in Grand Island does not appear to be in a deteriorated or dilapidated state and they are comparable to the units seen in other communities. The Table indicates Grand Island's downtown rentals averaged \$558 per unit and had an average of \$0.61 per square foot.

Rental Rates Conclusion

The comparisons found in the five communities indicates Grand Island's average rent per square foot is still considerably low compared to all of the four communities in evaluation. Based upon these findings, the recommendations for rental properties in downtown Grand Island are:

- Continue to push the average square foot rental rates closer to the \$1.00 level.
- Rent needs to continually be evaluated and increased to meet the increased cost of maintenance and upkeep

Downtown Population and Household Characteristics

The success of residential property in downtown areas is dependent upon the existing and future population base of the area. The following section will evaluate the existing population base of the downtown area,

the immediate area adjacent, community at large and areas outside of the community.

Housing and retail markets are dependent upon different population characteristics and income in order to plan for the future. The data in Table 2 examines population, housing, and household income within ¼ mile, ½ mile, ¾ mile, 1 mile and 30 miles of the intersection of 3rd and Pine Street.

The population base for the 30-mile radius has a much higher population base since it reaches midway into the corporate limits of Hastings to the south, Aurora to the east, St. Paul to the north and approaches the outer areas of Kearney. It is not likely that downtown Grand Island receives a lot of benefit from within the 30-mile radius since Hastings and Kearney are their own regional retail and housing market.

TABLE 2: GRAND ISLAND CENSUS DATA IN PROXIMITY TO DOWNTOWN

	2011	2016	Total Change 2011 to 2016
Population			
Within ¼ mile	436	475	39
Within ½ mile	3,990	4,201	211
Within ¾ mile	8,655	9,164	509
Within 1 mile	15,607	16,553	946
With 30 miles	118,286	121,057	2,771
Median Age			
Within ¼ mile	29.7	30.3	0.6
Within ½ mile	29.4	29.7	0.3
Within ¾ mile	29.9	30.2	0.3
Within 1 mile	37.2	38.1	0.9
With 30 miles	36.8	37.4	0.6

Source: US Census Bureau, American Community Survey
Data compiled by Olsson Associates using ESRI Business Analyst

Table 2 indicates there were 436 people living within a ¼ mile of the intersection of 3rd and Pine Street in downtown Grand Island. In addition there were a total of 3,990 people living within ½ mile of the same intersection. The population within each of these radii are anticipated and projected to increase between now and 2016. By 2016, the total population in these same radii is projected to reach 475 people and 4,201 people respectively.

Based upon the data in Table 2, the Median Age is less than 30 years of age. This indicates the typical person living within the ¼ mile radius is a younger person perhaps a young profession. This fits closely with the model for those looking to live within downtown areas.

TABLE 3: GRAND ISLAND CENSUS DATA IN PROXIMITY TO DOWNTOWN

	2011	2016	Total Change 2011 to 2016
Households			
Owner Occupied			
Within ¼ mile	83	94	11
Within ½ mile	542	582	40
Within ¾ mile	1,334	1,423	89
Within 1 mile	6,748	6,778	30
With 30 miles	24,218	25,127	909
Renter Occupied			
Within ¼ mile	131	137	6
Within ½ mile	824	847	23
Within ¾ mile	1,486	1,529	43
Within 1 mile	3,721	3,785	64
With 30 miles	12,376	12,796	420
Median Household Income			
Within ¼ mile	\$36,047	\$39,774	\$3,727
Within ½ mile	\$34,003	\$38,575	\$4,572
Within ¾ mile	\$35,374	\$39,786	\$4,412
Within 1 mile	\$41,371	\$48,803	\$7,432
With 30 miles	\$43,051	\$50,722	\$7,671

Source: US Census Bureau, American Community Survey
Data compiled by Olsson Associates using ESRI Business Analyst

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Table 2 also shows the 39 additional people will translate into 17 new households in this $\frac{1}{4}$ mile radius. As of 2011, the Median Household Income within the $\frac{1}{4}$ mile radius was \$36,047 and is projected to increase to \$39,774 by 2016 or 10.3%.

Table 3 indicates there were a total of 213 housing units within $\frac{1}{4}$ mile of 3rd and Pine Streets in 2011. Of the total units 131 or 61.5% were renter occupied, while 82 units or 38.5% are owner occupied.

Moving the radius to $\frac{1}{2}$ mile increases the total number of units to 1,366. Rental units accounted for 824 units or 60.3%; while the owner occupied units accounted for 542 units or 39.7%. Please note the units within $\frac{1}{2}$ mile also include the units in the $\frac{1}{4}$ mile radius.

Table 4 shows the Household Income of the area in more detail. The table looks at the individual income groups within the same radii. The dominating statistic in Table 4 for 2010 is 51.7% of the households located within $\frac{1}{4}$ miles had incomes between \$35,000 and \$74,999. Within a $\frac{1}{2}$ mile radius this decreased slightly to 44.5%.

This income range is projected to increase to 56.9% of all of the households within $\frac{1}{4}$ mile by 2015. In addition, those households earning less than \$35,000 will decrease to 35.5%. Finally, those earning between \$35,000 and \$74,999 and living within $\frac{1}{2}$ mile will make up 48.9% of the households by 2015.

According to Table 4, this income range will see an increase to 56.9% of all of the households within $\frac{1}{4}$ mile by 2015. In addition, those households earning less than \$35,000 will decrease to 35.5%. Finally, those earning

TABLE 4: HOUSEHOLD INCOME BY DISTANCE FROM DOWNTOWN

Household Income - 2010	1/4 mile	% in 1/4 mile	1/2 mile	% in 1/2 mile	3/4 mile	% in 3/4 mile	1 mile	% in 5 miles
< \$15,000	24	11.4%	180	13.7%	371	13.3%	665	12.8%
\$15,000 - \$24,999	24	11.4%	179	13.7%	330	11.8%	574	11.1%
\$25,000 - \$34,999	38	18.0%	235	17.9%	474	16.9%	812	15.7%
\$35,000 - \$49,999	55	26.1%	269	20.5%	572	20.5%	1,058	20.4%
\$50,000 - \$74,999	54	25.6%	315	24.0%	677	24.2%	1,303	25.2%
\$75,000 - 99,999	10	4.7%	90	6.9%	266	9.5%	547	10.6%
\$100,000 - \$149,999	4	1.9%	30	2.3%	81	2.9%	169	3.3%
\$150,000 - 199,999	1	0.5%	8	0.6%	17	0.6%	31	0.6%
\$200,000 +	1	0.5%	5	0.4%	9	0.3%	17	0.3%
	211		1,311		2,797		5,176	
Household Income - 2015	1/4 mile	% in 1/4 mile	1/2 mile	% in 1/2 mile	3/4 mile	% in 3/4 mile	1 mile	% in 5 miles
< \$15,000	23	10.9%	177	13.5%	364	13.0%	650	12.6%
\$15,000 - \$24,999	19	9.0%	142	10.8%	260	9.3%	456	8.8%
\$25,000 - \$34,999	33	15.6%	199	15.2%	397	14.2%	676	13.1%
\$35,000 - \$49,999	40	19.0%	195	14.9%	412	14.7%	761	14.7%
\$50,000 - \$74,999	80	37.9%	446	34.0%	934	33.4%	1,762	34.0%
\$75,000 - 99,999	12	5.7%	107	8.2%	315	11.3%	640	12.4%
\$100,000 - \$149,999	6	2.8%	46	3.5%	127	4.5%	261	5.0%
\$150,000 - 199,999	1	0.5%	13	1.0%	27	1.0%	47	0.9%
\$200,000 +	1	0.5%	7	0.5%	13	0.5%	23	0.4%
	215		1,332		2,849		5,276	

Source: US Census Bureau, American Community Survey
Data compiled by Olsson Associates using ESRI Business Analyst

between \$35,000 and \$74,999 and living within ½ mile will make up 48.9% of the households by 2015.

Table 5 contains population projections through 2020 and examines the potential impact on the rental market in Grand Island. The table assumes

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items like Persons per Rental Unit and Occupancy Rates will remain constant for this period. The table projects Grand Island will have 6,828 new people by 2020; considering the current rental property make-up of 36.2%, there will be 2,472 new renters in the community by 2020. Based upon an occupancy level of 2.34 persons per household, city-wide, there will be the potential for 1,056 new units to be constructed between 2010 and 2020 community-wide.

Currently the population downtown accounts for 1.10% of the total population of Grand Island. As the population in the community increases and downtown maintains a proportionate share, the downtown area needs to be able to absorb a minimum of 75 new people by 2020. Attracting this new population to downtown will require a minimum of 32 new units by 2020.

Downtown Grand Island must attract more than the projected number of people into the area. According to “Downtown Planning for Smaller and Midsize Communities” Donovan Rypkema in 2005 stated that downtown

TABLE 5: CITY-WIDE NEED FOR RENTAL UNITS

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Population and Projections	49,520	50,164	50,816	51,476	52,146	52,824	53,510	54,206	54,911	55,624	56,348	6,828
Rental Population (est) 36.2% Renter Occupied	17,926	18,159	18,395	18,634	18,877	19,122	19,371	19,623	19,878	20,136	20,398	2,472
New Renters		233	236	239	242	245	249	252	255	258	262	2,472
Average Household Size	2.34	2.34	2.34	2.34	2.34	2.34	2.34	2.34	2.34	2.34	2.34	2.34
Average Annual Need		100	101	102	104	105	106	108	109	110	112	1,056
Total Renter Occupied Units	7,140	7,240	7,340	7,443	7,546	7,651	7,757	7,865	7,974	8,084	8,196	8,196
Rental Occupancy Rates	94.80%	94.80%	94.80%	94.80%	94.80%	94.80%	94.80%	94.80%	94.80%	94.80%	94.80%	94.80%
Vacant Units	493	500	506	514	521	528	535	543	550	558	566	566

Source: MPC

residents spend three to four times more in a downtown area than do those who just work in the downtown (2009 APA Press). Therefore, increasing the active population in downtown Grand Island is critical to expanding the retail and service base of the area.

Since the existing occupancy rates tend to be higher in the downtown area versus the remaining community, there will be less opportunity for this new population to move into existing units. This scenario opens up the possibility for additional units to be developed beyond the 34 discussed above. The style of housing typically found in downtowns including Grand Island will attract more people than what the actual demand indicates, especially as more services and activities locate in downtown.

New units in downtown should have an average square feet per unit of approximately 950 to 1,100 square feet. The minimum square footage needed in downtown by 2020 will range between 30,400 s.f. and 35,200 s.f. However, if downtown Grand Island is able to capture more of the new rental population, the number of square feet needed would increase significantly. At a cost of \$120 per square foot for rehabilitating an upper level space to a rental units, the resulting investment in downtown housing (rental only) would range from \$3,600,000 to \$4,200,000 by 2020.

New rental units should also be rented at rates similar to those in the sampling, approximately \$1.02 per square foot. Monthly rents for these units would be approximately \$970 to \$1,125 per month, when finished completely.

Rent

Based upon the data in Table 1, downtown units carry a premium with regard to the amount of rent able to be charged. The units in downtown Grand Island, as a whole, appear to be severely under-valued, especially when the data from Table 4 is included in the analysis. Based upon the research shown in Table 1, downtown Grand Island properties are approximately 42% less per square foot than the average of \$1.05 per square foot average for the other four communities.

Other factors to consider

There are a number of factors beyond the direct demand that could increase the calculated demand for rental units in downtown Grand Island. Things items include:

- Walkability needs to be improved in the downtown.
- Open space in the downtown area
- Some of the additional rental demand within the community could be absorbed into downtown or on the perimeter on vacant lots or redeveloped properties.
- New construction of first floor retail and upper level housing.

Summary

The following section addresses the future needs of downtown Grand Island in the short-term. These recommendations are based upon the research in this report as well as the information obtained in discussions with key individuals.

Demand/Impact

- The current demand for rental units is very high.
- Market rate units within the downtown area are too low averaging \$0.61 per square foot.
- Research indicates occupancy rates will continue to be high if rental rates were increased to the \$1.00 level.
- The population projections generated in Table 5 indicate there will be an increase in population throughout Grand Island through 2020.
- The square footage demand for the new units will continue to be similar to the existing units. Larger units may be appropriate in a condominium setting.
- The immediate demand for new units in downtown is a minimum of 32 new units.
 - These units will add up to 32,000 square feet of new residential units on the upper level of existing buildings.
 - These will add between \$3,400,000 and \$3,800, 000 of investment into downtown.
- Based on the high occupancy rates for the city of Grand Island and the even higher occupancy rates in downtown Grand Island, there is a market for more units to accommodate the projected population base in 2020 for the city as a whole.

Housing Demand – type/amenities

The data collected from downtown Grand Island property owners and the properties surveyed in the other four communities indicates:

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continued

- A need for a mix, if possible, of market rate units and condominiums. Both of these housing types are extremely popular in all of the downtowns researched.
- Another type of unit gaining popularity is a “corporate style” unit.
 - The “corporate style” unit is capable of being rented out as an apartment or on an extended stay “hotel style” unit.
 - The corporate style unit is fully furnished including a full kitchen, dishes, flatware, cooking utensils, towels, etc.
 - Additional conversations with companies such as Chief, Case IH and Bosselman’s need to occur to determine the need and demand for these units.
- The units researched within the other four cities seemed to have a common theme:
 - The theme seemed to focus on modern construction that respected the historic qualities of the building.
 - This typically means drywall finishes with exposed brick on exterior and/or interior walls.
 - In addition, modern kitchen and bathroom fixtures and appliances were consistent to the units.
- Additional housing constructed on redeveloped properties or on the perimeter of downtown should be a mixed use building to accommodate retail/office on the first floor and residential units above.

TABLE 6: RETAIL MARKETPLACE SUMMARY

Industry Summary	Retail Sales*	Retail Potential*	Retail Surplus/ Gap*	Number of Establishments*
Total Retail Trade and Food & Drink	\$ 27,721,131.00	\$ 3,689,148.00	\$ 24,031,983.00	52
Total Retail Trade	\$ 20,248,895.00	\$ 3,160,439.00	\$ 17,088,456.00	40
Total Food & Drink	\$ 7,472,236.00	\$ 528,709.00	\$ 6,943,527.00	12

Source: OA/MPC and ESRI Business Analyst

TABLE 7: RETAIL MARKETPLACE BY INDUSTRY

Industry Summary	Retail Sales*	Retail Potential*	Retail Surplus/ Gap*	Number of Establishments*
Total Retail Trade and Food & Drink	\$ 27,721,131.00	\$ 3,689,148.00	\$ 24,031,983.00	52
Motor Vehicle & Parts Dealers	\$ 2,297,060.00	\$ 681,898.00	\$ 1,615,162.00	3
Furniture & Home Furnishings Stores	\$ 2,865,566.00	\$ 85,719.00	\$ 2,779,847.00	4
Electronics & Appliance Stores	\$ 437,952.00	\$ 67,239.00	\$ 370,713.00	3
Bldg Materials, Garden Equip. & Supply Stores	\$ 305,841.00	\$ 136,128.00	\$ 169,713.00	2
Food & Beverage Stores	\$ 8,625,077.00	\$ 480,745.00	\$ 8,144,332.00	3
Grocery Stores	\$ 8,507,898.00	\$ 480,745.00	\$ 8,027,153.00	3
Specialty Food Stores	\$ 117,179.00	\$ 4,857.00	\$ 112,322.00	2
Beer, Wine and Liquor Stores	\$ -	\$ 8,683.00	\$ (8,683.00)	0
Health & Personal Care Stores	\$ 1,097,344.00	\$ 66,807.00	\$ 1,030,537.00	0
Gasoline Stations	\$ 2,025,241.00	\$ 613,639.00	\$ 1,411,602.00	0
Clothing & Clothing Accessories Stores	\$ 1,158,480.00	\$ 86,402.00	\$ 1,072,078.00	7
Sporting Goods, Hobby, Book & Music Stores	\$ 179,962.00	\$ 27,319.00	\$ 152,643.00	3
General Merchandise Stores	\$ -	\$ 822,733.00	\$ (822,733.00)	0
Miscellaneous Store Retailers	\$ 1,256,373.00	\$ 35,486.00	\$ 1,220,887.00	13
Florists	\$ -	\$ 1,495.00	\$ (1,495.00)	0
Office supplies, Stationary, and Gift Stores	\$ 536,550.00	\$ 17,155.00	\$ 519,395.00	3
Used Merchandise Stores	\$ 116,366.00	\$ 2,146.00	\$ 114,220.00	6
Other Miscellaneous Store Retailers	\$ 603,457.00	\$ 14,690.00	\$ 588,767.00	4
Nonstore Retailers	\$ -	\$ 56,325.00	\$ (56,325.00)	0
Food Service & Drinking Places	\$ 7,472,236.00	\$ 528,709.00	\$ 6,943,527.00	12

Source: OA/MPC and ESRI Business Analyst

Rent

Based upon the data in Tables 1 and 5, the future rental rates of the existing units should:

- Be increased annually to match up with the cost of living and to bring rents within range of other communities.
- As new units come on-line in other properties, the rent per square foot needs to be appropriate to the quality of the final design and materials, especially if they are completed as market rate units. The rates need to continue to be near the \$1.00 per square foot in order to be competitive with other downtowns examined.

Increasing rents is key to the overall redevelopment of Downtown Grand Island as the income from housing will provide the primary return on investment for most building renovations, and hence the provide the most leverage for acquiring financing. Without appropriate rent levels, projects won't cash flow, stifling development. However, throughout downtown an appropriate spectrum of housing units--of varying sizes, finishes, amenities, and rents--should be provided, ensuring the housing market is open to all demographics.

Community Needs and Capacity: Grand Island Downtown Retail Evaluation

A retail marketplace evaluation is critical to understanding the different complexities of a retail area and its market. Table 6 is a summary of the Retail Marketplace for downtown Grand Island. The data in the table are taken from an analysis generated by ESRI's Business Analyst software and is limited to study area correlating with the Downtown Business Improvement District's boundaries.

Retail sales represented the known or estimated sales occurring in the Study Area. The Retail Potential is equal to the possible sales to be spent by consumers at retail establishments. Therefore, the Retail Gap is the difference between the two; a positive number indicates the retail establishments are serving their immediate area and are acting as a retail trade area by attracting other consumers into the area. A negative number in the Retail Gap would indicate a leakage of those retail industries into another market area.

Table 6 indicates the Grand Island Downtown area is serving a consumer base plus an additional area beyond. Overall, the downtown area has a sales surplus of \$24,031,983. Retail trade is the predominate share of the surplus with \$17,088,456 surplus or 71.1% of the total surplus. Food and drink sales accounted for the remaining portion of the sales.

Table 7 breaks out the retail trades into more detail. The top five industries have been highlighted in the table.

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These five industries make up 84% of the Retail Sales in Downtown Grand Island. Therefore, approximately 4 out of 5 dollars spent in downtown is with a business falling into these five industries. The downtown merchants need to develop strategies to help capture some of the consumers coming to downtown for the five industries listed above. However, a couple of the industries in Table 7 will have difficulty increasing their share based upon the different businesses established in the US 281 Retail Trade Area (Wal-Mart, Conestoga Mall, Menards, etc.).

There are number of subgroups within the industry groups not getting their project share of revenue. These include with the additional retail potential:

• Other Motor Vehicle Dealers	\$ 41,824
• Auto Parts, Accessories and Tire Stores	\$ 47,144
• Beer, Wine and Liquor Stores	\$ 8,683
• Shoe stores	\$ 13,944
• Book, periodical and Music Stores	\$ 17,898
• Department Stores excluding leased departments	\$400,778
• Other General Merchandise Stores	\$421,955
• Electronic Shopping and Mail order houses	\$ 11,807
• Vending Machine Operators	\$ 42,155
• Direct Selling Establishments	\$ 2,362
• Special Food Services	\$ 9,839

Overall these areas are lacking a positive share of the market and provide an opportunity; however, very slim when examined as a stand-alone business. Where a number of these areas could be added to similar businesses which in turn would add to the existing businesses bottom line. In all there is a

potential for an additional \$1,018,389 in sales within the downtown area just from the leakage areas.

Table 8 compares the retail sales within the downtown area and the area included in a 5-mile radius from 3rd and Pine Street, which includes all of Grand Island plus some additional area. The table determines the percent of sales in downtown versus the retail sales within the radius. Those industrial classifications that met or exceeded 20% (except for Furniture and Home Furnishings Stores) of the retail sales of the 5-mile radius are highlighted and are considered to be key to the retail success of downtown Grand Island.

TABLE 9: RETAIL MARKETPLACE/RETAIL TRADE AREA

Industry Summary	Retail Sales*	Retail Surplus/ Gap *	Primary Trade Area Population*	Per Capita Spending*	Secondary Trade Area Population (1 mile)	Per Capita Spending*	Tertiary Trade Area Population (30 miles)	Per Capita Spending*
Total Retail Trade and Food & Drink	\$ 27,721,131.00	\$ 24,031,983.00	436	\$ 63,580.58	15,607	\$ 1,776.20	118,286	\$ 234.36
Total Retail Trade	\$ 20,248,895.00	\$ 17,088,456.00	436	\$ 46,442.42	15,607	\$ 1,297.42	118,286	\$ 171.19
Total Food & Drink	\$ 7,472,236.00	\$ 6,943,527.00	436	\$ 17,138.16	15,607	\$ 478.77	118,286	\$ 63.17

Source: OA/MPC and ESRI Business Analyst

TABLE 8: RETAIL MARKETPLACE- DOWNTOWN VS. 5-MILE RADIUS

Industry Summary	Retail Sales- Downtown*	Retail Sales - 5 mile radius	% Downtown/5- mile
Total Retail Trade and Food & Drink	\$ 27,721,131.00	\$ 593,757,173.00	4.7%
Motor Vehicle & Parts Dealers	\$ 2,297,060.00	\$ 153,296,256.00	1.5%
Furniture & Home Furnishings Stores	\$ 2,865,566.00	\$ 14,949,211.00	19.2%
Electronics & Appliance Stores	\$ 437,952.00	\$ 8,584,652.00	5.1%
Bldg Materials, Garden Equip. & Supply Stores	\$ 305,841.00	\$ 28,650,354.00	1.1%
Food & Beverage Stores	\$ 8,625,077.00	\$ 72,370,813.00	11.9%
Grocery Stores	\$ 8,507,898.00	\$ 70,281,295.00	12.1%
Specialty Food Stores	\$ 117,179.00	\$ 1,194,497.00	9.8%
Beer, Wine and Liquor Stores	\$ -	\$ 895,020.00	0.0%
Health & Personal Care Stores	\$ 1,097,344.00	\$ 11,812,570.00	9.3%
Gasoline Stations	\$ 2,025,241.00	\$ 49,485,098.00	4.1%
Clothing & Clothing Accessories Stores	\$ 1,158,480.00	\$ 13,236,859.00	8.8%
Sporting Goods, Hobby, Book & Music Stores	\$ 179,962.00	\$ 2,730,929.00	6.6%
General Merchandise Stores	\$ -	\$ 125,756,548.00	0.0%
Miscellaneous Store Retailers	\$ 1,256,373.00	\$ 4,907,055.00	25.6%
Florists	\$ -	\$ 672,143.00	0.0%
Office supplies, Stationary, and Gift Stores	\$ 536,550.00	\$ 1,874,213.00	28.6%
Used Merchandise Stores	\$ 116,366.00	\$ 339,217.00	34.3%
Other Miscellaneous Store Retailers	\$ 603,457.00	\$ 2,021,482.00	29.9%
Nonstore Retailers	\$ -	\$ 9,074,329.00	0.0%
Food Service & Drinking Places	\$ 7,472,236.00	\$ 98,902,500.00	7.6%

Source: OA and ESRI Business Analyst

Red text indicates a leakage in actual sales versus sales potential for the 5-mile radius

The retail businesses having a 20% or more share of the entire Grand Island area are businesses that need to be built upon and used to attract more customers thus sales to the downtown area. However, these businesses are not ones that serve those living and working in the downtown area. Those businesses serving the needs of residents will be teetering on the edge until such time as the downtown can get the necessary critical mass of residents. Therefore, a combination of enhancing the existing businesses as well as recruiting retailers can build upon and capture a similar customer base should be undertaken.

However, these same businesses may never reach the 20% plus level due to the size of the shopping environment and regional attract seen along the US 281 corridor. The biggest concern needs to be focused on serving the primary needs of those living downtown.

Table 9 uses the same data from Table 6 but examines the population base within the Primary Trade Area, the Secondary Trade Area, and the Tertiary Trade Area. The population and sales are converted into a per capita figure.

The Per Capita spending found in the Primary Trade Area provides solid evidence that the downtown is attracting consumers from the other areas. However, the Tertiary Trade Area examined is considerably less than would be expected. Therefore, the process of elimination would seem to indicate the Secondary Trade Area is likely the area supporting the downtown on average.

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Within the Secondary Trade Area there is 15,607 people living in the area. These people spend nearly \$1,780 per person, using the retail sales for the study area. This is a healthy average for downtown Grand Island.

Table 10 compares the Retail Sales determined through Business Analyst with the Net Taxable Sales reported to the Nebraska Department of Revenue for Grand Island as a whole. However, the amount of sales under grocery stores was eliminated from the downtown figures since groceries are exempt from sales tax in Nebraska. Comparing the downtown sales with the community as a whole, downtown is getting 2.1% of the total sales in the community; this equals approximately \$390 per capita spent in downtown compared to \$18,710 community-wide.

TABLE 10: RETAIL SALES IN DOWNTOWN VS. NET TAXABLE SALES CITY-WIDE

Retail Sales Downtown*	Net Taxable Sales - Grand Island 2011	Downtown portion of Community- wide	Population Grand Island 2011	Average spent per resident of Grand Island "\$" Downtown	Average spent per resident of Grand Island "\$" Community-wide
\$ 19,213,233.00	\$ 921,348,659.00	2.1%	49,239	\$ 390.20	\$ 18,711.77

Source: OA/MPC and ESRI Business Analyst and Nebraska Department of Revenue

* Downtown Retail Sales were modified by removing Grocery sales from the total since groceries are not subject to sales tax.

Based upon the information in Table 10, there are five approaches to increasing sales in the downtown district; these are:

1. Develop strategies to get a bigger share of the community's total sales.
2. Develop businesses to tie into the areas that are currently strong in the downtown district.
3. Develop strategies to capture more dollars from people already shopping downtown.
4. Develop more housing downtown thus increasing the number of people to take advantage of the businesses downtown.
5. A combination of all of the above.

Any one of the strategies can have a dramatic positive impact on the retail sales in downtown Grand Island.

Example:

Assuming 75 new people in the downtown area by 2020 and an average spending level of \$1,800 per person (from Table 9) times Rypkema's spending factor of 4 times, downtown could add an \$540,000 to the overall spending in downtown Grand Island or about 1.9% overall. However, with the addition of other retail goods and services, these numbers could increase even more significantly.

Overall a combination of increasing housing downtown, capturing more of the communities total sales, especially those already shopping downtown will be critical.

Existing Land Uses In Downtown Grand Island

The existing makeup of the land uses in downtown Grand Island can also have a major bearing on retail and retail sales. Certain uses typically need to have ground floor access and others can be accommodated in the upper levels of the buildings. Typically, retail and services (barbers, hair salons, etc.) should be located on the ground level; while offices and residences should be located in upper floors.

Examining existing land uses in downtowns requires a more detailed approach than a community-wide analysis. For purposes of the land use analysis in downtown Grand Island, the following categories were used:

- Retail, Office, and Services (ROS)
- Churches
- Restaurant/Bar
- Parking
- Public (City and County government)
- Quasi-public (Fraternal organizations, VFW, American Legion, etc.)
- Single-family residential
- Multi-family residential
- Industrial (manufacturing, warehousing, etc.)
- Parks/Open Space
- Vacant

Downtowns also have another dimension regarding land use, multiple stories. For purposes of this study the ground level and the upper levels were surveyed from the street. None of the upper levels were entered to determine the existing use. As in several cities in Nebraska and the U.S., there is considerable potential for the upper levels in downtown Grand Island.

Retail/Office/Service

The existing land uses in downtown Grand Island are dominated by the Retail, Office and Services (ROS). The vast majority of the square footage is retail space, especially with larger space users such as Williamson's Furniture and a number of antique stores.

According to *"Downtown Planning for Smaller and Midsize Communities"*:

"Here are two important principles to consider when planning for retail and service uses:

- 1. Unless enough population density and market strength exist to make upper-floor retail and services uses viable, these uses need to occur on ground floors to help activate the street.*
- 2. Retail and service uses should be located on discernible shopping streets in order to receive sufficient visibility and traffic to succeed."*

Therefore, the retail and service uses in downtown Grand Island need to be on the ground level of the buildings in the area. Based upon observations of downtown Grand Island the retail and service uses need

OPPORTUNITIES

continued

to remain along 2nd and 3rd Streets and the connecting side streets from Sycamore Street to Cedar Street.

Within the “ROS” mix there is a considerable amount of spaces being used as office space. In the long term, a plan/strategy for relocating these offices from ground level, primary retail space, to vacant upper levels needs to be undertaken. This will be especially important since there is more vacant upper level space than new residential development will need. Furthermore, where there are more than two floors in a structure the ideal makeup is retail (ground floor), office (second floor) and residential on subsequent floors.

According to “*Downtown Planning for Smaller and Midsize Communities*”:

“For purposes of downtown planning, most office uses should be located in the upper floors of buildings because, relative to retail and service uses that can stimulate considerable foot traffic, offices tend to dampen street-level vitality. In fact, some communities preclude ground-floor office uses within their downtown core through special zoning measures. Banks which function as tremendous activity generators for downtown streets, are at least one glaring exception to the principle of restricting office space to upper levels.”

Restaurant/Bar

Downtown Grand Island is seeing a growth in specialty restaurants and bars. Currently these uses are mixed in well amongst the downtown retailers and services and there are several choices within a short distance. The key to their long-term success will be the continued growth

between the housing downtown and continued availability of ROS uses in the area.

The restaurants and bars in downtown are attracting people not just from the downtown area but from across Grand Island. Downtown has a variety of bars ranging from specialty bars (The Martini Bar) to restaurant/bar combinations (The Chicken Coop). This mixture will be critical in the future to continue attracting people and supplying the live-in population base.

Summary

The following section is a summary of the findings as well as addressing the future needs of downtown Grand Island regarding retail markets.

Retail Trade

Currently downtown Grand Island is not seeing a tremendous level of leakage in the primary industrial categories but there are some smaller leakages in some industrial sub-categories.

- Currently downtown Grand Island is not seeing a tremendous level of leakage in the primary industrial categories but there are some smaller leakages in sub-categories.
- There are considerable vacancies on the ground floors of the buildings along 2nd and 3rd Streets.
- There are a substantial number of vacancies in the upper floors of the structures downtown, especially along 2nd and 3rd Streets.

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- The downtown area must tie future retail, including restaurant and bar development, to an increased population base in the downtown area.
- The downtown area has several significant business anchors, between the banks, city offices, county offices and consulting firms.
- The downtown area is capturing between 20% and 35% of certain markets compared to the retail sales within a 5-mile radius of the intersection of 3rd and Pine Street.
- As new retail establishments increase in the downtown area, existing office space will need to be relocated to the upper level of the buildings.
- As the ground floor spaces become fully occupied, the City should look into the idea of modifying the zoning code to protect the ground floor spaces from development of pure office uses.
- The City of Grand Island and the BID need to work with the storefront churches to relocate into more appropriate spaces along the perimeter of the downtown district.
- Table 6 indicates, overall, the Grand Island Downtown area is serving a consumer base greater than the immediate area. The key is to determine how far away consumers are traveling to shop in Downtown Grand Island. Using the numbers contained in the different tables only gives an estimated number; a true understanding would require one of two survey tools to be undertaken, including:
 - A license plate survey, or
 - A point of sale zip code survey to be undertaken by the businesses in the area.

Catalyst Projects

There are two general types of projects that can spur revitalization in downtown areas: the physical and the strategic. Physical projects are actual construction-related improvements which are either specific to individual buildings or to the public realm, whereas strategic projects include developing key partnerships with community groups and creating specific tools which aid in fostering development as well as influence the types of development that are to occur.

Input from the community, via public meetings and conversations with key stake holders, created the matrix of projects on the right. A combination of case studies, precedents and recommendations, the projects are presented in further detail in the following section.

CATALYST PROJECTS

Physical

Building Specific

- Destination Hotel
- Multi-Family Residential Conversion

Public Realm

- Re-Thinking Kauffman Park
- Streetscaping, Wayfinding and Identification Signage
- Public Parking

Strategic

Partnerships

- Commercial Incubator
- Education - Central Community College
- Regional Tourism

Tools

- Branding
- Developer's "How-to"
- Additional Funding
- Codes and Ordinances
- Building Inventory

CONTEXT
OPPORTUNITIES
**CATALYST
PROJECTS**
IMPLEMENTATION
APPENDIX



Hedde Building, existing, left. Rendering of potential facade renovation below. The renovation of prominent, larger buildings such as the Hedde Building, particularly when paired with unique programs such as the proposed hotel, can have significant impact on redevelopment efforts.



PHYSICAL CATALYST: *Boutique Hotel*



A Downtown Hotel Destination

Diversifying the uses and occupancies downtown can serve to increase the vitality of the neighborhood. At the public and strategic meetings that began this study process, a number of participants noted the need to increase the number of users of downtown in general, and specifically during the time periods outside of business hours. These discussions often turned to creating an entertainment core for the City of Grand Island, building on existing establishments and restaurants to create a more unified and connected downtown district.

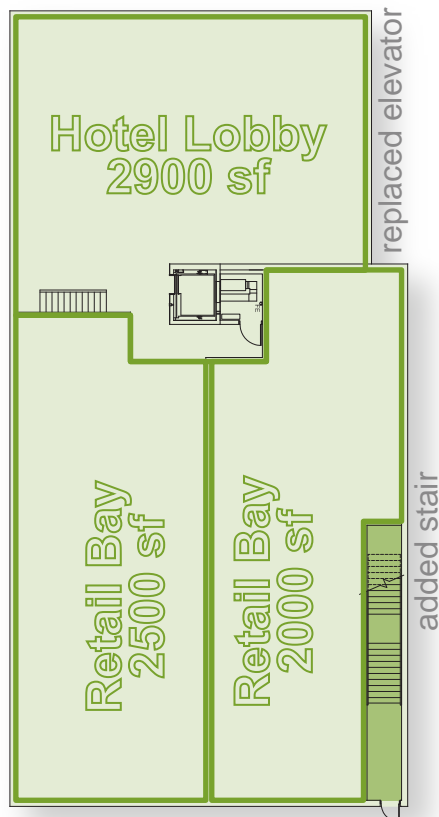


As discussions evolved, it became clear that the goals for downtown included bringing outside populations into downtown as well as increasing the number of hours that the downtown district is “open,” via establishments that operate in the evenings. Also, within Grand Island as a whole, there is a gap within the hospitality market for boutique hotels. Throughout the city there are chain and larger-scale hotels and motels, however there are few, if any, establishments providing a unique, boutique hotel experience.

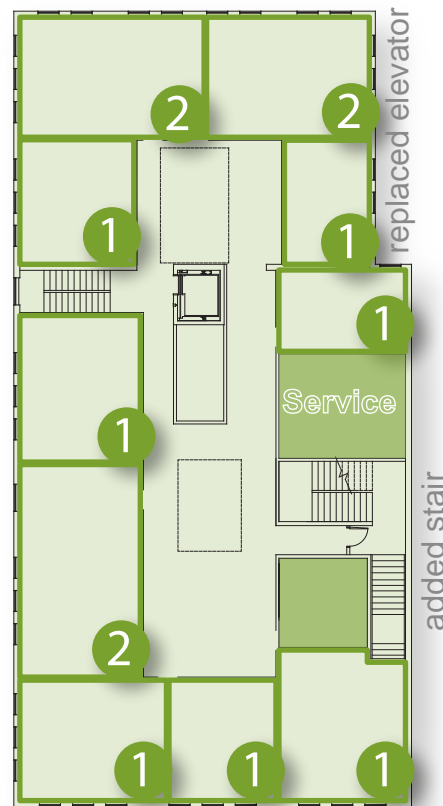
Pairing such an establishment with downtown makes great sense for both the district and the potential boutique hotel business.

Case Study: The Hedde Building

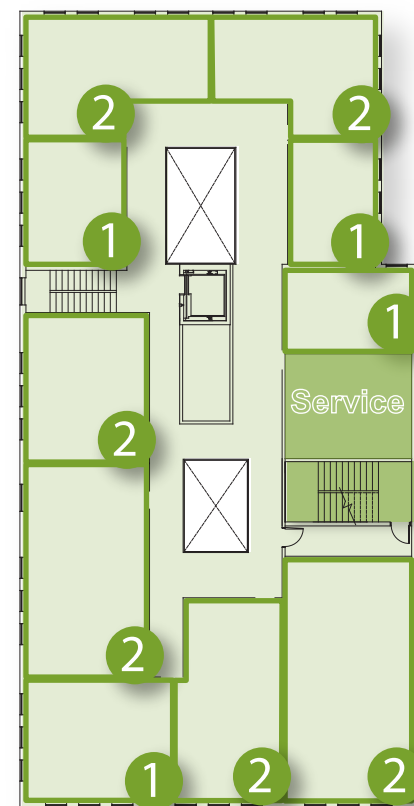
The Hedde building is a 20,550 square foot building with a scale and historic character that give it significant potential. It is in relatively good condition for its age and could be a great candidate for redevelopment.



First Floor - Commercial
(Basement not shown)



Second Floor - Hotel



Third Floor - Hotel

Hedde Building Floorplans

Sketches show proposed floorplans for converting the Hedde Building into a mixed-use occupancy of commercial on the main floor and a boutique hotel on the second and third floor, with a mix of single and double rooms. The combination of room types and amenities, and hence the square footage required, are dependent upon the hotel type and are subject to change.

PHYSICAL CATALYST: *Boutique Hotel* *continued*

Because of its size, it has potential take make a considerable impact in the revitalization of Downtown Grand Island. This kind of project is what is needed to gain momentum and help move downtown forward.

Construction costs for this type of project will vary depending upon the finish level and types of amenities offered by the hotel. Square foot costs could range from \$140 per square foot on the low end to \$200 and above. Total project costs would also include acquisition costs, financing fees, architectural fees, engineering fees, legal costs, accounting costs, a contingency and any other soft costs.

Potential sources of funds available for this type of project include:

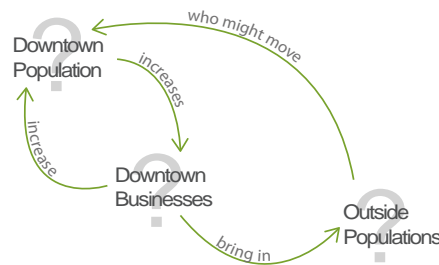
- Conventional Bank Financing
- TIF (Tax Increment Financing)
- Federal Historic Tax Credits
- CDBG (Community Development Block Grant)
- CRA Grant
- Owner Equity

The viability of applying New Market Tax Credits (NMTC) to a project of this type is dependent upon the total construction costs--if the project were pursued and sought to use NMTC, it would need a high per-square-foot construction cost in order to attract a tax credit investor. NMTC projects can be difficult due to the additional legal and paper work, so to be cost-effective, NMTC-eligible projects should have construction budgets that exceed \$5 million. For additional development information, see the "Developer's How-To" section of this study. Additional information on New Market Tax Credits and the other funding sources listed above can be found in the appendix of this report.



PHYSICAL CATALYST: *Small-Scale Residential*

More Residents, More Vitality



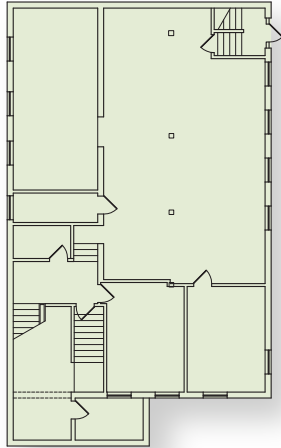
Increasing the number and quality of residential units in Downtown Grand Island is one of the keys to the revitalizing the district. There are multiple components to a successful downtown, three of which are shown in the diagram to the left: a healthy residential population, thriving downtown businesses, and the patronage of the local and regional communities.

Currently there are over 100 residential units in Downtown Grand Island, a number of which are condominiums in the The Yancey. The existing building stock of the downtown district lends itself to a variety of housing developments, ranging from large-scale, mixed-use projects, to smaller more strategic developments of a limited number of units over existing commercial uses, such as those being planned above The Chocolate Bar.

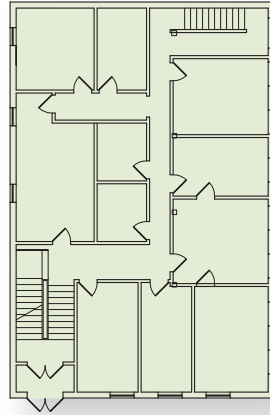
Case Study: The Labor Temple Building

The Labor Temple Building, located at 210 N. Walnut Street, is an example of a small-scale building that lends itself to a purely residential redevelopment. The revitalization of a downtown area often relies on the sweat equity and devotion of those with a vision for the district; larger developers tend to follow after some renovation and development has occurred. Smaller-scale projects like the Labor Temple, with unique characteristics (in this case, the building being potentially available for a very small sum) can often be redeveloped by smaller investors and provide stepping stones toward the development of larger, more complicated projects.

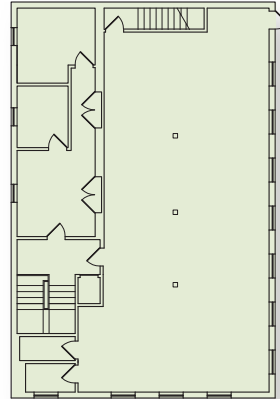
EXISTING: *Floorplans*



Basement



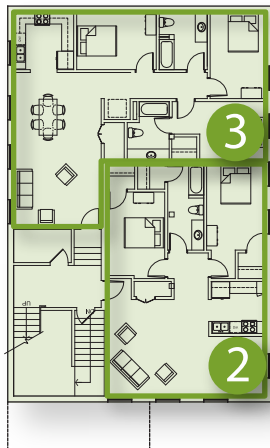
First Floor



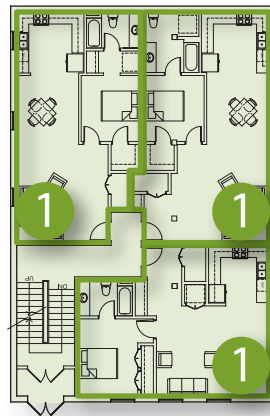
Second Floor



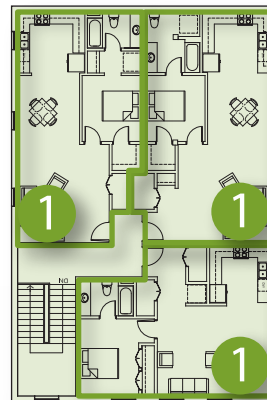
PROPOSED: *Floorplans*



Basement



First Floor



Second Floor



Labor Temple Floorplans

Drawings taken from the 2012 Downtown Housing and Development Study show the existing Labor Temple Building and proposed floorplans for its redevelopment into multi-family residential. Note that these floorplans do not save the existing corridors, which increases the layout's efficiency but could compromise the use of historic tax credits.



PHYSICAL CATALYST: *Small-Scale Residential* continued

As noted, the Labor Temple building has a number of specific components that make it a prime candidate for redevelopment. First, there is its price, as the current owners have indicated they are potentially willing to gift the building to an interested party, assuming they are willing to redevelop. Second, the building lends itself to a single-use, multi-family residential occupancy. This removes some of the complications that mixed-use can cause for the renovation of the building, simplifies the financial planning of the potential redeveloper, and removes the difficulties and uncertainties that can accompany managing commercial space.

On the following pages, the study team has developed a financial summary and operating pro forma for the Labor Temple building, if redeveloped into residential units. All financing numbers, including public grants, have been assumed for the purpose of this case study and are for illustration purposes only.

***Labor Temple Residential Case Study
Financial Summary***

USE OF FUNDS	TOTAL
PURCHASE OF BUILDING	-
CONSTRUCTION	871,200
CONTINGENCY	87,120
FINANCING/SOFT COSTS	<u>135,196</u>
	1,093,516

SOURCE OF FUNDS	
BANK	411,044
TAX INCREMENT FINANCING LOAN	110,000
FEDERAL HISTORIC TAX CREDITS	184,859
CDBG FAÇADE IMPROVEMENT FUNDS	25,000
CRA GRANT	200,000
GAP	<u>162,613</u>
	1,093,516

Prepared by Field Day Development

PHYSICAL CATALYST: *Small-Scale Residential*

continued

Labor Temple Residential Case Study *Operating Pro Forma*

ANNUAL RENTAL INCOME

		2nd Yr. Rents
8 - 1 BEDS	\$714/M	68,544
1 - 2 BED	\$867/M	<u>10,404</u>
	GROSS INCOME	78,948

VACANCY	5,526
EXPENSES	<u>24,096</u>
	29,622

NET OPERATING INCOME 49,326

BANK LOAN TERMS: 20 YRS IR: 4.25%	DEBT SERVICE	30,544
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CASH FLOW 18,782

Prepared by Field Day Development



PHYSICAL CATALYST: *Kauffman Park*



A Place to Gather

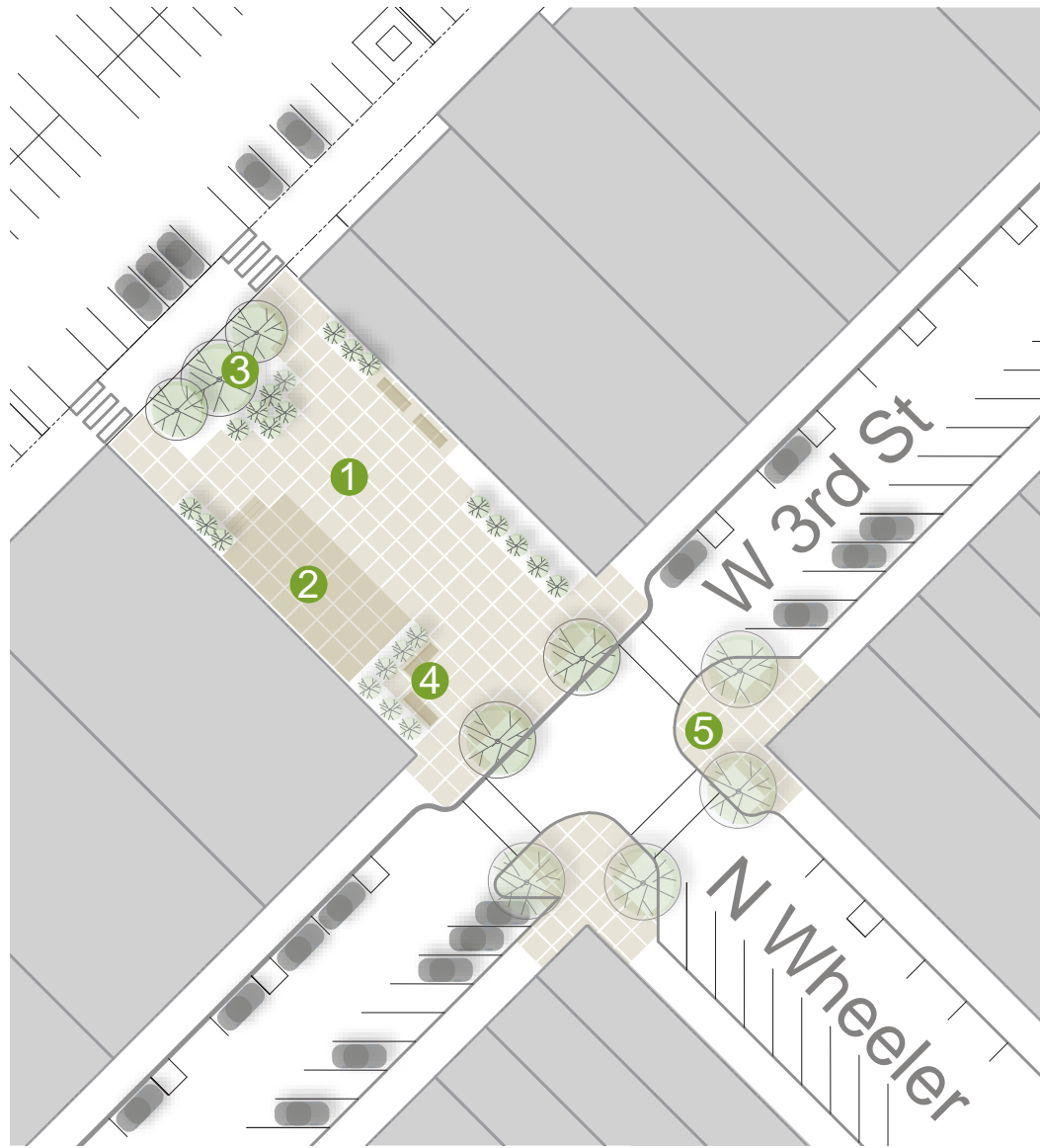
Every downtown can benefit from having an identifiable center--a place that immediately comes to people's minds when they think of the district. It's the place where people plan to meet, the place where people go for events and the place that people use to orient themselves when they're downtown.

A public space that creates a strong physical presence can help to create an identity for the downtown district while also providing a flexible, programmable space to host a variety of events. Bringing events like festivals, outdoor markets and concerts to downtown can help reintroduce the downtown area to local residents as well as first-time regional visitors. A public space that is designed with this in mind can help make the planning and logistics for such events much easier, and hence, their occurrence more common.

Kauffman Park

Kauffman Park is already in a prominent location within downtown, however its current design and configuration does little to maximize its potential. Its central location provides the park with the possibility to be the downtown district's "anchor"--the feature of the district that everything is oriented around. However, rather than acting as a downtown anchor it is currently acting as a simple pocket park.

The existing geometries of the park inhibit its use for events--open spaces that can be configured in a number of ways would enable the park to host a variety of events in addition to functioning as a city park. Large gatherings such as concerts, dinners, beer gardens, start points and sign-



Kauffman Park Goals:

- Create a flexible, inviting space that can be used for a range of event types.
- Provide necessary infrastructure, such as electrical connections, for performance events.
- Provide curb projections and extend the park design into the intersection of 3rd and Wheeler to create a visual presence along the 3rd Street corridor.

- ① Open hardscaped space
- ② Built-in infrastructure for events, such as a raised stage
- ③ Landscaping around the periphery
- ④ A variety of seating areas and types
- ⑤ Curb projections with landscaping at the 3rd and Wheeler intersection

PHYSICAL CATALYST: *Kauffman Park* *continued*

in locations for races, and dances could be hosted within the space if it were designed with these uses in mind.

Recommended features include:

- Landscaping at the periphery, with attention to plant types that will be attractive throughout the seasons.
- A hardscaped surface that can host dances, performances, tables and chairs for sit-down events, and the like. The surface should feature textures and color patterns to make it visually interesting, ensuring the space is as inviting when occupied by four people as by fifty.
- Various places to sit, integrated into the overall design. These can include the walls of planters and other hardscaping features, as well as literal benches.
- Built-in infrastructure for events, including power for audio/visual presentations and performances.
- Design of the park should take fencing requirements for a beer garden into consideration, either through the design of the landscaping beds or through the integration of sleeves for temporary fencing.
- Lighting that creates a unique environment during the evenings.

Additionally, it is recommended that curb extensions be integrated into the intersection of 3rd and Wheeler. This will extend the park's visual presence into the 3rd Street corridor, giving it more prominence in downtown as well as creating a "center" for downtown as a whole. Redesigning these curbs will also address the currently problematic drain inlets along 3rd Street curb of the park.



PHYSICAL CATALYST: *Public Realm*

Streetscaping and Wayfinding

A combination of streetscaping and wayfinding can help to orient visitors and improve their stay within the Downtown Grand Island. Streetscaping consists of components which help to improve the spatial, visual and surface characteristics of the public spaces within the downtown district, particularly pedestrian circulation spaces like sidewalks and the perimeters of parking lots. Wayfinding components provide direction to specific locations and attractions, or help orient visitors within the downtown.

Currently the downtown suffers as its attractions, retailers, and restaurants are perceived to be “spread too thin,” and are separated by empty-feeling blocks and streets. While this may not always be true, perception is reality and overcoming this belief is critical to getting more pedestrians onto the streets of Grand Island and creating the vibrancy of an active downtown. Because of this, it is important for Grand Island to create a visual and spatial brand for the district—a coherent theme that binds the blocks and streets within downtown together into an identifiable neighborhood and encourages walking. This can be done with a combination of architectural features such as lighting and hardscaping, and landscaping and signage.

Additionally it is important to create orientation points within the district. Like the main square in small historic towns, a spatial and visual “center” can help not only with wayfinding but also with spatial comfort, particularly for those unfamiliar with Grand Island’s downtown. Within this study, modifications to Kauffman Park are recommended for this purpose.

It should be noted that streetscaping and wayfinding mediums can overlap—the use of consistent lighting and sidewalk patterns can be as

effective a means of wayfinding as signage with a large arrow saying “you are here.” As such, investments in wayfinding should be weighed against initial cost, maintenance costs, and replacement needs. Signage can be expensive and will often look dated much sooner than anticipated, while information kiosks require maintenance and updating. Hence, signage that is consistent with the district’s brand can be located at strategic locations throughout the district along with more easily-updated components like light standard banners. However, the majority of investment should go toward streetscaping investments that not only help to brand the district but also actively improve the pedestrian’s experience as they are walking down the street.

Parking

Parking is a critical component to a successful downtown revitalization; in a city of Grand Island’s size it will always be a necessity. Parking within a city’s core should offer a number of options with relation to proximity and time—street parking for short visits, lot parking for longer stays. This ensures parking is available for those who need it, when they need it. The parking in Downtown Grand Island suffers from lack of enforcement and physical neglect, which compounds some commonly-held negative perceptions the community holds about downtown.



PHYSICAL CATALYST: *Public Realm* *continued*

In a number of the community meetings held for this study, participants expressed frustration at a lack of parking in the district, even though there is abundant street parking as well as approximately 849 parking stalls in public lots distributed throughout downtown. Hence, there is a perception problem rather than an actual deficiency in parking. There are a number of ways to address this:

- Improve streetscaping and district identification
- Repair parking lots and implement a maintenance schedule to improve upkeep
- Implement landscaping standards within the parking lots
- Enforce street-parking regulations

Key to decreasing the perceived lack of parking is to increase users' willingness to walk along downtown streets. As noted in the "Need for Downtown" and "Streetscaping" sections of this study, creating a district-wide identity and theme can help to make the downtown itself an event, and hence walking through it part of the experience. Ideally people will want to visit downtown for the overall environment, and hence won't mind walking the block from a public parking lot to the storefront they are visiting. Comparatively, this distance often isn't any greater than a typical walk through a big box parking lot—and has the potential to be much more enjoyable.

In addition to improving the aesthetics and activity of the overall district, maintenance of the parking lots themselves is critical as the lots' current state of disrepair contributes to negative perceptions of downtown. In 2012 the City of Grand Island commissioned a study to evaluate the eight

downtown parking lots and make recommendations for their repair and maintenance. AGA Consulting recommended a maintenance and repair schedule that should be integrated into city budgets as further neglect will only compound the lots' poor condition and increase the expense of repair or replacement.

Also noted in the AGA study was the implementation of landscaping islands and perimeters within the parking lots. These can aid in the absorption of storm water runoff as well as improve the aesthetics of the surrounding sidewalks and streets. In parking lots that have already incorporated landscaping beds, evaluation of the plantings should be performed to ensure they provide an aesthetically-pleasing visual buffer between the street and sidewalk during the majority of the seasons.

Lastly, street parking is also a critical component of a downtown parking scheme. As noted, there should be a variety of parking types available within the downtown district—public parking lots can provide for residents or business employees, while street parking provides for retail and service customers. Creating and enforcing this tiered system improves user satisfaction as customers can park in proximity to their destination while residents and employees park in longer-term lots. However, critical to this is enforcement—if time limits are not enforced for street parking, the system will not work, and current negative perceptions will persist.

PHYSICAL CATALYST: *Public Realm* *continued*



STRATEGIC CATALYSTS: *Partnerships*

Commercial Incubator

Downtown areas are natural starting points for entrepreneurs and Grand Island is no exception. Creative individuals looking for stimulating environments will more often than not gravitate toward the urban core of the city they live in. Existing buildings and less expensive rents, combined with an engaged population make downtown the place to be.

Commercial Incubators build and expand on the existing benefits of downtown and make it easier for a start-up to get started. Often, for someone looking to start a business, the costs of rent and setting up an office can be prohibitive, and the challenges of learning to run a business can seem daunting. Incubators can help solve both problems. They can range in the level of service available, but in general they provide:

- Shared services and spaces; meeting rooms, reception, kitchen, etc.
- Business support; often provided via economic development organizations or local educational institutions.
- Peer support; sharing a space with other start-ups allows for networking, collaboration and learning.
- Short-term, minimal commitment leases, typically on a month-by-month basis.
- 24 hour access to the facility.

An incubator creates a dynamic environment where new businesses can benefit from their proximity to other start-ups and have the freedom to develop without the high overhead costs of renting their own space. They can help stimulate the downtown economy and entice new businesses, that, once graduated from the incubator, can become active fixtures in downtown.

Taking the incubator concept one step further, a Business Accelerator acts as a type of “boot camp” for new businesses. Where an incubator provides new businesses with space and infrastructure, and some advice along the way, an accelerator is a much more structured program that challenges businesses to develop their plan and get started in a shortened time period. Because of this, an accelerator requires more rigorous administration, and often works well paired with an educational institution, like Central Community College. A good example of an accelerator is the Halo Institute, association with Creighton University in Omaha.

Central Community College has prepared a proposal for a business incubator for Downtown Grand Island titled *The Hatchery*. Set up as a non-profit 501 (c) 3 organization, the proposed incubator would operate out of a storefront within the downtown district with purposes of creating “new job opportunities, new tax revenues, and improving the economic vitality of Downtown Grand Island.” The proposed incubator aligns with the goals of downtown and is seeking funding.

Whether an incubator or accelerator is developed, pairing with Central Community College is a great opportunity for both entities. Educational partners can provide knowledge to the incubator businesses, while pairing students with start-ups can be a great educational opportunity.

STRATEGIC CATALYSTS: *Partnerships* *continued*

Regional Tourism

Grand Island is a regional commercial center that attracts a large number of visitors yearly—all of who are potential downtown patrons. The character, businesses and events of Downtown Grand Island have the potential to create a unique environment that can supplement all of the other activities that occur throughout the city. Downtown can provide entertainment, culture, retail and hospitality alternatives for the city's visitors.

To take advantage of this, downtown organizations need to collaborate closely and communicate frequently with the Grand Island and Hall County Convention and Visitors Bureau along with other organizations throughout Grand Island and the region. Promoting a consistent image of downtown in all marketing materials is key so that the downtown district becomes a distinguishable and recognizable brand among its neighboring communities. The administration and promotion of events that draw first-time visitors is also important--antique walks, festivals, etc. Once again, all promoted within the spirit of the downtown brand.

Critically, Downtown Grand Island should also focus on drawing visitors that are in town for other events, such as the state fair and the arrival of the cranes. Coordination between event organizers and downtown promoters can help integrate downtown businesses into these events and their promotional materials.

Educational Partnerships

Central Community College is a great asset for Grand Island and can be very beneficial as a partner for downtown. As indicated, educational institutions can play key roles in downtown incubators but the potential benefit for downtown extends past any specific programs. Engaging the college, and its students, in downtown programs can help introduce students to the community and convince some to stay after graduation. And there is no better indicator of a vital and growing community than the retention of its young professionals.

Main Street Program

The Nebraska Main Street Program can be a beneficial partner for downtown redevelopment efforts. Grand Island is one of 18 communities currently active in the Nebraska Main Street program and is one in a network of nearly 2,000 programs in 47 states, regions or cities that are designated as a Main Street community. The Nebraska Main Street program provides Grand Island with the direct technical assistance, support and guidance needed to keep Grand Island's Downtown BID/Main Street program functioning at the optimum level and helps coordinate downtown revitalization efforts. Their four-point approach, taken from the Nebraska Main Street website, supplements and aligns with the recommendations of this report:

1. **Organization** provides a structure for local efforts through community-based, volunteer driven, non-profit entities that empower public and private entities to collaborate for a comprehensive and sustainable commercial district.

STRATEGIC CATALYSTS: *Partnerships* *continued*

2. **Economic Restructuring** redefines the district's niche in the marketplace and sharpens the competitiveness of existing businesses, while nurturing new enterprises that respond to today's consumer needs.
3. **Design** targets infrastructure and building improvements that lay the groundwork for a physical transformation that is functional and attractive.
4. **Promotion** focuses on authentic community assets, with high quality image development campaigns and events that attract shoppers, visitors, and residents.

With these common goals and methods, the Main Street organization can be a key asset in the redevelopment of Downtown Grand Island and should be embraced as a partner in the process.



STRATEGIC CATALYSTS: *Tools*



Developing a clear identity for Downtown Grand Island can help to draw more businesses and visitors to the district. Brands such as Lincoln's "Haymarket" (above), Omaha's "Old Market," and Kearney's "On the Bricks," have been key in the redevelopment of the districts they represent.

Branding

An essential part of any successful downtown district is a positive image of the area by residents, visitors, and business owners. Creating a brand for Grand Island's Downtown District will define that image and provide the area with an identity visitors and residents can connect with and local businesses will be proud to be a part of.

There are a number of positive impacts branding can have on an area, including giving the revitalization effort credibility which could in turn increase community support of the endeavor in both volunteers and financial contributions. Additionally, good community branding will allow the area to utilize consistent messaging and imagery in its marketing endeavors; can increase exposure for existing businesses while enticing new businesses to the area; increase retail traffic; and attract residents to downtown.

Because a brand is a long-term concept of what a place should be, a great deal of planning and collaboration between all stakeholders is essential to creating a cohesive brand that embodies the goals of a community. Typically, there are four steps necessary for a successful branding effort: research, design, education, and maintenance. Research must be conducted to identify what it is about that area that makes people want to be there. Once the brand concept is identified, design of the graphics, often including a logo and tagline, can be created. These items will be used on all marketing materials for the area. Educating the businesses and organizations of the area on how to utilize these design materials is essential to maintain a consistent brand concept. Finally, though an area's branding may prove a success early on, it must be maintained and

assessed regularly to assure its continued success as the community evolves over time.

Developer's "How-To"

Every real estate project is different--new construction versus old building restoration, tax credits or no tax credits, professional developer or weekend warrior. All these factors will determine how a project gets developed. The following is a brief overview of the development process, with tips on what can be expected, who needs to be involved, and what information is needed to get started.

The most important element of a good project is a qualified team. The team will assist with the due diligence list and provide much needed support and expertise throughout the project. The following guide can be applied to any project, however some steps may come before others, happen at the same time or might not happen at all.

Concept— The first step is ideation and a concept. Is it going to be housing, commercial or both? In other words, take an idea and cultivate it into a preliminary project scope.

Feasibility - Do the numbers work? Is there a demand for that use? Is it zoned correctly? There are several questions in this phase that should be answered to see if acquiring a building or moving forward on a project is

STRATEGIC CATALYSTS: *Tools* *continued*

worthwhile. This is the time to begin your due diligence. The following are activities that should occur:

- Develop preliminary development budget, sources of funds and operating pro forma
- Research different funding options
- Check zoning
- Research building ownership and if it is for sale
- Building Analysis (structural issues, etc)
- Identify legal issues
- Develop preliminary layout and floorplans
- Market Analysis
- Identify public participation opportunities

Site Control & Due Diligence – If the feasibility of the project is favorable, then buying the property or obtaining an option is the next step. During this step, due diligence continues. Below is a list of activities that are important for acquisition.

- **Appraisal** – Typically ordered by the bank that you are working with for financing. Acquisition financing is usually financed at 75-80% of appraised value or agreed upon purchase price whichever is lessor. The percentage of financing is determined by the purchaser's financial strength.
- **Environmental Phase 1** – A Phase 1 is the first step in the environmental due diligence process. At a minimum a Phase 1 should be completed prior to closing on a property. A Phase 1 looks at the history and prior uses of the building. If recommended, a Phase 2 may be required.

- **Financing** – Work with a bank(s) to obtain initial financing for acquisition and start the conversation about financing for the construction of the project.
- **Pro forma** – Continue refining the operating pro forma, development budget and sources of funds
- **Ownership Entity** – Choose ownership form. Establish a separate entity to acquire and hold the real estate to reduce personal liability
- **City Officials** – Meet with City officials early and often to ensure your general plan is acceptable with the various departments. Potentials problems can be rectified early in the project.

Create a development team – This step will start at the beginning of the project, but here is a list of team members that should be included. Depending on the project size and type and financing used, not all of the professions below will be utilized:

- Architectural & Engineering
- Contractor(s)
- Legal
- Accounting
- Environmental
- Marketing
- Bank
- Appraiser
- Developer
- Tax Credit Investor
- Property Management Company

STRATEGIC CATALYSTS: *Tools* *continued*

Financing – While architectural plans and specifications are being developed, financing should be top priority. This step includes:

- Finalize development budget (work with the architects & contractor on construction costs)
- Finalize sources of funds
- Finalize operating pro forma
- Obtain letter of commitment for bank financing on construction and permanent loan
- Tax credits: Obtain approval and letter of commitment from investor
- Finalize owner equity requirements

Marketing & Property Management – Create a marketing plan and find a property management company to manage the project once construction is complete.

- Create a “Brand” for the project so that it stands out from the competition
- Based on your Brand, create marketing materials, website, Facebook page, etc.
- Hire a property management company that is qualified to manage your specific type of project.
- Work with the property management company to pre-lease the building while it’s under construction.

Construction Phase – Once plans and specs are complete and financing is finalized, the project should be put out to bid and a General Contractor hired. The following are steps that should be taken during construction and some tips for easier flow:

- Schedule a pre-construction meeting to discuss responsibilities of key players, changer orders, etc.
- Discuss schedule of work and inspection schedule
- Discuss payment and draw schedule
- Set a standing meeting, weekly until construction is complete

Operation - Once construction is complete, the project starts its operations phase.

Once the project achieves substantial completion, a punch-list should be created so that all construction related issues are taken care of.

- Throughout the project, branding, marketing, and pre-leasing should occur. You want your project to stand out from the others, so devoting money to this is vital to set your project apart.
- Now is the time to finalize leases, move tenants in and start operating the building.
- Convert the construction loan to permanent loan. Banks typically provide a grace period from the time of substantial completion/ Certificate of Occupancy to when the project is partially leased.

STRATEGIC CATALYSTS: *Tools* *continued*

Funding the “Cash Gap”

The first step of revitalization is the same no matter whether the project is in the public realm or the private sector—investment. However, as noted in the “Need for Downtown” section of this study, early developers in the revitalization process may have trouble filling the “cash gap” between the costs of renovation and the funding available from traditional financial institutions. As there are not many housing units available in the downtown district—nor much variety—and the commercial market is lagging, finding comparables and providing a convincing pro forma to a bank may be difficult. This is why supplemental funding sources are critical to jumpstarting the redevelopment process.

Many may think supplemental funding creates a false market—one that is unable to sustain itself on its own. However, the opposite is true. The purpose of early supplemental funds is to aid in creating a market that is self-sustaining and a benefit to the entire community. As noted earlier in this report, there is a large amount of vested financial potential in downtown; the city has already devoted significant resources into the infrastructure and upkeep of the district. Creating a thriving market that can increase property values and sales tax revenue while spending less on infrastructure costs is an intelligent way to maintain and grow that investment.

As the market grows, supplemental funding will become less and less necessary.

There are a number of supplemental funding sources currently available at local, state and federal levels—for which additional information can be

found in this report's appendix—however there is still an additional need for expanded funding sources. One concept presented during the public and strategic meetings held for this study is to expand the façade program currently administered by the Community Redevelopment Authority, however other avenues can be considered. Currently, the façade program focuses on improvements to the exterior of the building, and while this can be a benefit to overall redevelopment efforts when used as a portion of projects that are redeveloping a building in its entirety, it does not specifically emphasize economic development.

As a case study for comparison, the writers of this study have reviewed the Downtown Revitalization Fund administered by the city of Council Bluffs, Iowa. This program, which also includes a focus on the aesthetic improvements of the building projects it funds, has an overall goal of increasing the downtown's role as a "retail and service center in the community" while "increasing the market value and demand for commercial properties." It does this by preferring projects that are performing a comprehensive renovation of the entire building, including the façade, and are providing housing in any upper-levels. The maximum amount provided is the lesser of either 50% of the total construction costs or a maximum amount established by project size—determined by the number of storefront bays and building stories.

This initial funding also allows projects to acquire additional funds from other sources—projects funded through the Council Bluffs program typically leveraged every dollar from the Downtown Revitalization Fund to raise an additional five dollars from other investors, partners or organizations. Most importantly, projects renovated through the fund saw an average increase in assessed property values of 351%.

STRATEGIC CATALYSTS: *Tools* *continued*

The Council Bluffs case study emphasizes that investment in the overall renovation of buildings within the downtown district is as important as focusing on the facades alone. While aesthetic improvements beautify the district, comprehensive renovations and redevelopments of entire buildings are what will help to bring it to life. A supplementary funding program is ultimately successful when it becomes unnecessary—which will only happen once a critical mass of buildings have been redeveloped and a small, but growing, market for housing and commerce has been created.

Information on specific funding sources can be found in the appendix.

Codes and Ordinances

This plan is intended to create a development environment that invites revitalization. Design Guidelines and Zoning Overlay Districts, along with Form-Based Codes and Pattern Books, are local government tools that affect development demand, densities and patterns, and which can ensure that the downtown environment develops in a form consistent with the goals of this study, downtown residents and businesses, and the community as a whole. These policies work in conjunction with economic development tools and can help to encourage and protect investments in the district.

Zoning Overlay District

Zoning Overlay Districts allow property owners and community leaders to agree upon features to be protected. Through a process of meeting with area property owners and the public, presenting information on an area's unique importance, and determining areas of agreement on features to protect, Zoning Overlay Districts allow for a level of protection for areas lacking a historic district designation.

Today Grand Island's downtown district is unified under the B-3 Heavy Business District zoning designation. The creation of an Overlay District would be an appropriate way to address the special needs of the historic downtown core. It would need to be determined whether the entirety of the B-3 district should fall into this overlay district. An overlay district supplements existing land use regulations; it does not replace them. This approach avoids the need to rezone and allows a city to maintain or update current codes while addressing the special needs of particularly sensitive areas that either exhibit unique characteristics or require additional protection. This could work hand in hand with a Historic Resources Commission or a Historic District.

An Overlay District would provide guidance, encouraging new development to protect and enhance desired density. It would define maximum front yard depth, building height, setbacks, maintenance of public views, streetscape, signage, lighting, pedestrian access, parking lots, and screening regulations.

The addition of more restrictive demolition and removal regulations for downtown historic properties could also offer further protection of the building stock which is important to downtown Grand Island's identity.

STRATEGIC CATALYSTS: *Tools* *continued*

This could include requirement of a formal independent consultant's report on the physical condition and economic viability of retaining a building proposed for demolition. Any such recommendation understands that demolition or removal of such properties is permitted when there is an immediate hazard to public safety.

Zoning overlay district development:

- Meet with area property owners and the public.
- Present information to help inform them of the area's unique character and importance.
- Determine areas of agreement on features to protect.
- Create neighborhood conservation zoning overlay district.

Design Guidelines

Ensuring a community is attractive as well as pedestrian-friendly can be aided by implementing consistent guidelines for development, redevelopment and improvement projects. Although the city of Grand Island has some guidelines in place at this time, to ensure they are embraced and adhered to, they need to work with zoning ordinances and/or a local (not federal) historic district designation. They should address both historic and modern construction along with site development. Site guidelines address building placement, circulation and parking, landscaping, signage, pedestrian access and lighting at a finer-grain level than Overlay Districts can. Architectural guidelines relate to the appearance, material and form of the structures on the site. Below are examples of Design Guidelines that could benefit Downtown Grand Island:

Site and Building Massing

- Structures should be built to the street lot lines with little or no stepping-back of the façade from the street wall.
- Any infill development should abut adjacent existing structures to maintain the street wall
- Main building entrances should be located on the primary street façade
- Building massing should maximize street corners by creating focal points or entries.
- Buildings should be of a scale consistent with surrounding structures
- Building facades should have forms that are contextual with the existing buildings—flat roofs, vertical facades with articulated parapets, etc.
- Buildings should use vertical massing to divide larger buildings into a pedestrian scale appropriate to the historic context
- Horizontal massing and articulation should be used to create a pedestrian scale along the street façade.
- Encourage parking access from alleys to reduce the number of curb cuts along the block's perimeter
- Parking, either building-specific or shared, should be located off secondary streets or in the center of blocks
- Any drive-through facilities should be prohibited within the historic core and only be accessed from secondary streets along the periphery of the downtown core.

Building Design

- Building design should reflect the existing context with vertical orientation and traditional elements

STRATEGIC CATALYSTS: *Tools* *continued*

- Facades should be “zoned” similarly to existing historic structures with a base, a body and a cornice. Typically the base consists of a band of masonry with commercial storefront topped with a location for signage.
- Commercial bays on larger buildings should be subdivided architecturally along the façade to mimic the historic size of the downtown storefronts.
- Durable materials such as brick should be used when possible. Less durable materials such as EIFS should be avoided, particularly along the base of buildings where damage will be inevitable.
- Architectural articulation consistent with the surrounding buildings should be required. Specific details do not need to be mimicked, but horizontal and vertical massing and rhythms along with materials should be reflected.
- Any large surfaces should be broken up by material changes, recessed surfaces, or something similar.
- A location for appropriate signage should be provided on the building façade.
- Mechanical systems should be hidden by parapets or other architectural components.
- A palette of approved primary and secondary materials should be developed and coordinated with the above recommendations.

Signage

- Signs should be located on the buildings themselves or awnings, within a designated “signage zone” that is consistent throughout the district.
- Rooftop signs are not allowed.

- Signage featuring flashing lights or moving components are not allowed.
- Signage with a historic character is preferred.
- Back-lit signage is preferred.
- Signage coloring should be consistent and complimentary to the building on which it is attached.

This list is not all-inclusive but gives an idea of the scope that Design Guidelines can cover. Design Guidelines are helpful as they insure that a property owner's investment in their community is protected by protecting the character of the district itself.

Additional Zoning Tools

Form-based Codes

Form-based codes and guidelines are used as an alternative to land-use oriented zoning codes and provide design parameters for new development in already existing neighborhoods, particularly those that include historic properties.

These codes are a new response to the modern challenges of urban sprawl and the deterioration of cities' historic cores, as well as a way to address the needs of pedestrians in new development. Form-based codes were developed as an alternative to the single-use zoning regulations that, over the last half-century, have been adopted by cities across the country. Single-use zoning codes discouraged the development of compact, mixed-use, and walkable neighborhoods; form-based codes are a tool to address these deficiencies in traditional zoning codes and give local governments the regulatory means to promote mixed-use development.

STRATEGIC CATALYSTS: *Tools* *continued*

The Form-Based Codes Institute lists the following as key components commonly included in form-based codes:

- *Regulating Plan* A plan or map of the regulated area designating the locations where different building form standards apply, based on clear community intentions regarding the physical character of the area being coded.
- *Public Space Standards* Specifications for the elements within the public realm (e.g., sidewalks, travel lanes, on-street parking, street trees, street furniture, etc.).
- *Building Form Standards* Regulations controlling the configuration, features, and functions of buildings that define and shape the public realm.
- *Administration* A clearly defined application and project review process.
- *Architectural Standards* Regulations controlling external architectural materials and quality.
- *Landscaping Standards* Regulations controlling landscape design and plant materials on private property as they impact public spaces (e.g. regulations about parking lot screening and shading, maintaining sight lines, ensuring unobstructed pedestrian movement, etc.).
- *Signage Standards* Regulations controlling allowable signage sizes, materials, illumination, and placement.
- *Environmental Resource Standards* Regulations controlling issues such as storm water drainage and

infiltration, development on slopes, tree protection, solar access, etc.¹

Pattern Book

In conjunction with form-based codes, a pattern book could be developed as a tool to document the physical characteristics of historic sites and buildings and provide clear guidance for their preservation. Pattern books focus on the scale, design and materials of surrounding buildings to help guide the design of new buildings and the renovation of existing structures within the context of the neighborhood.

Pattern Book Components:

- Documentation of the key components of the historic area including site plans, drawings, photos, and written descriptions.
- Guidelines to maintain, preserve, and restore the physical character of the district.

Pattern Book Development:

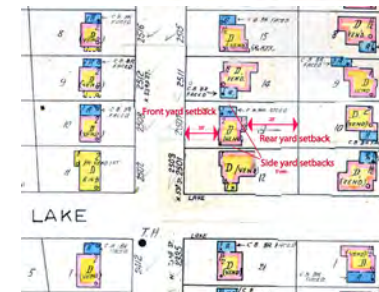
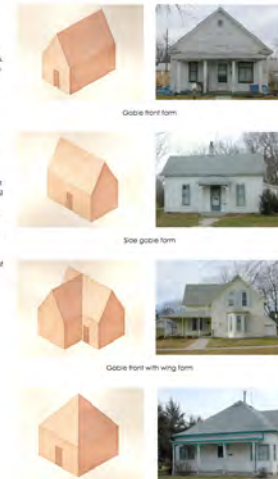
- Public Record Search to document the physical characteristics of the neighborhood and buildings, public infrastructure/spaces, architectural styles, building floor plans, and elevations.

¹ Form-Based Codes Institute, What are Form-Based Codes, <http://www.formbasedcodes.org/what-are-form-based-codes> (accessed January 18, 2013).

Shapes and Styles Folk forms

The houses in the Red Cloud historic residential district range from simple folk (also known as vernacular) forms to high style architecture. Most houses fall somewhere in between – basic folk dwellings with a few applied details inspired by the high style. The drawings on this page show four common folk forms. Two are simple gable-roofed versions, one with the front entry in the gable end and one with the entry at the side. A third gabled type is the front gable and wing form. Most gable-roofed dwellings are rectangular in plan. Houses more nearly square in plan are often built with hip roofs that take a pyramidal shape. When undertaking any major work such as an addition on houses of these types, the basic form of the original house should remain evident.

The photos to the right are examples of folk forms from the Red Cloud district.



Pattern Book Examples

STRATEGIC CATALYSTS: *Tools* *continued*

- Photo Survey documenting the existing characteristics of the area and its buildings
- Physical Measurements of the area and buildings

Entertainment districts

Adopted by the Nebraska legislature in March of 2012, LB 1130 allows for the designation of entertainment districts by local municipalities. The provisions of this bill allow for the sale and consumption of alcoholic beverages in limited-access, open-air common spaces. The adoption of a local entertainment district ordinance and designation could be beneficial to a number of locations throughout downtown.

The hours and time-periods during which a designated area can function as an entertainment district can be limited, and the designated spaces need to have limited pedestrian access. Also, entities selling or distributing alcoholic beverages within the district will have to obtain an additional license. That said, the implementation of entertainment districts within Downtown Grand Island can aid in the programming of more events, maximize the use of public spaces, benefit existing and potential businesses, and create a unique entertainment environment--all of which are key goals for the continued revitalization of downtown.

Zoning Recommendations

Implementing a zoning overlay district with associated design guidelines will be critical to ensure any further development within the downtown

district enhances rather than detracts from its overall character. It is recommended that the City of Grand Island, downtown organizations and community members:

- Develop a set of Design Guidelines specific to downtown
- Determine the extents of a Downtown Overlay District
- Adopt the Guidelines and Overlay District
- Determine a mode of enforcement for Design Standards

It is important to emphasize that the district's limits and requirements need to address both the long-range goals of the downtown district as well as the current concerns of existing building owners, users, businesses and the public. The intent of any zoning regulations is to enhance the district and aid in appropriate development by conserving its character--not to stifle creativity and interest in its properties.

As with all public ordinances, enforcement is key. Acknowledging that any additional zoning requirements within the district will increase the workload of city officials and departments, the development of additional enforcement mechanisms, whether through volunteers or other city organizations, may be necessary. In the end all legal enforcement lies with the City of Grand Island, but as in other cities, outside organizations and volunteer groups can help to conduct preliminary reviews, or, in some cases, even supplement the city's staff.

STRATEGIC CATALYSTS: *Tools* *continued*

Building Inventory & Business Recruitment

The development and maintenance of an accurate building inventory--including available spaces, sizes, types and amenities--paired with the active recruitment of businesses and tenants, will be key to the further development of Downtown Grand Island. The potentially high turnover of specialty retail businesses, particularly during the early phases of revitalization, make it critical that downtown business organizations help to play “match-maker” between appropriate tenants and properties. Key downtown and city-wide organizations, including the Chamber of Commerce, the Downtown Business Improvement District and the Community Redevelopment Authority, should work together to introduce businesses to downtown. The Downtown BID may be the best candidate for spearheading such an effort, with other organizations playing a supportive role. Whatever the organizational structure, establishing businesses downtown is critical to the district’s development and downtown organizations must play an active role in the recruitment and retention of commercial tenants.

CATALYSTS: *Additional Concepts*

New Construction

As development progresses, even before the existing building stock is maximized, the inclusion of new construction projects within the downtown will be a critical component to continued revitalization. The goal of any successful downtown is to provide the necessary housing, commercial and retail options to all spectrums of the city's population.

If an individual prefers living downtown, the neighborhood should be able to provide housing options for that individual throughout all phases of their life. To make this possible, new development types like single-family, attached townhouses with garages and dedicated open spaces may need to be developed to host these individuals during their years raising a family. Additionally, higher-end condominiums can provide housing for retirees who want to take advantage of the proximity to downtown businesses and reduce their housing maintenance.

Commercially, the designation of larger-tract properties for redevelopment can help to attract businesses and retailers to downtown. While the current redevelopment efforts should focus on specialty and niche retail within the existing building stock and character of downtown, future steps to continue progress should include new construction to house retailers and businesses of a larger scale.

Ideally, any new housing or commercial properties can be combined into a development that builds upon and enhances the mixed-use nature that is intrinsic to a downtown's success.

Anchor Tenants

While the backbone of a successful downtown retail and entertainment economy is the critical mass created by a variety of small businesses, the recruitment and development of anchor businesses within the district is key to the success of the neighborhood. An anchor restaurant or store, which draws a large number of customers from throughout the city and region, will aid in the success of surrounding businesses by increasing the number of visitors to downtown. The pedestrian nature of downtown assures that if someone comes for one restaurant or one store, they will naturally pass by a number of others during their stay, providing visibility for all downtown businesses.

The most successful anchor tenants are those with name recognition throughout the region. These can be chain restaurants or stores, or home-grown businesses either developed over years within downtown or recruited from other parts of the city.

Move-In Ready Spaces

Central to both new development and the recruitment of anchor tenants, move-in ready spaces can open downtown development to an ever larger number of potential businesses. The need to renovate an existing building can often be a roadblock for businesses looking to relocate; logistically a white-box space in the Highway 281 corridor will be much less challenging. Hence, in the early stages of revitalization, downtowns tend to depend upon businesses and individuals with a vested interest

CATALYSTS: *Additional Concepts*

continued

in the development and success of the district to take on the burden of renovation.

The development of move-in ready spaces, whether through the renovation of larger existing buildings or new construction, can help to attract more businesses and increase the variety of properties within the downtown building inventory.

Employer Recruitment

Entertainment, housing and retail occupancies have been discussed throughout this report, however the recruitment of large, local employers to downtown is also key. Already the civic core of Grand Island, the downtown should also function as the commercial center. Large employers bring employees who patronize downtown businesses and live in downtown housing units. A larger number of downtown employees also increases daily sidewalk foot traffic, which creates the active, appealing environment that can draw additional visitors to the district. Ideally a downtown is a place for its city's citizens to live, work and play--with working being an essential component of that equation.

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Prioritized Enhancements

Recognizing that, due to financial and time constraints, not all of the components of the plan will be completed at one time, a phased approach, including a combination of strategic and physical projects, is recommended. For Grand Island, as downtown is in the early stages of revitalization, the study team is emphasizing strategic groundwork (building inventory, funding sources, partnerships) that can help spur larger private development along with public realm improvements that can help to improve public perceptions.

Recommended Actions

The following recommendations have been provided as guidelines to implement the highest priority, most effective improvements for Downtown Grand Island. This study is intended as a holistic overview for the redevelopment of the downtown district; for a list of project types that are specifically eligible for Phase II CDBG funds, please refer to the appendix.

- **Produce and maintain a building inventory and actively recruit businesses to downtown.** Designate a key individual within a downtown organization--whether the Downtown Business Improvement District, the Chamber of Commerce, or another--to be the primary contact and representative for businesses, property owners, and community members. This individual will need to stay informed of properties as they become available and the renovations that will be required prior to leasing, and be immersed in the business community to help attract tenants to downtown.

- **Support the renovation and redevelopment of existing buildings into housing and commercial uses through supplemental funding sources.** The “cash gap” mentioned previously in this study is a hurdle for small developers and investors in Downtown Grand Island. Providing mechanisms for overcoming this inhibitor while fostering the type of development envisioned by the city and the community will be key to the success of the downtown.
- **Implement a downtown zoning overlay district and associated design guidelines.** The application of design guidelines will help to insure any future investments within the district and enhance the downtown’s aesthetics by promoting consistent redevelopment guidelines.
- **Invest in public improvements which enhance the users’ spatial, visual and physical experiences within the downtown district.** Creating an attractive, well-defined district with a strong physical identity will be key to increasing the appeal of Downtown Grand Island and improving users’ perceptions of the area.
- **Create a strong brand and market Downtown Grand Island as a destination.** Downtown can benefit from Grand Island’s status as a regional city, becoming a destination for niche retail, specialty restaurants and entertainment. A consistent brand and marketing strategy will help to establish an identity for the district.
- **Promote and program downtown as a venue for city-wide events.** Downtown should be the cultural heart of the city, and as such the go-to location for events. Alterations that can help maximize downtown’s public areas and turn them into flex-spaces

that double as event venues will be key improvements throughout the district.

- **Support the development of a speculative building.** Attracting commercial tenants can be difficult if there are no move-in ready commercial bays. Often a mixed-use project with upper-level housing and retail on the main floor can cash flow from the housing alone--at least for a period long enough to secure a tenant for the commercial spaces. This creates an inventory of ready-to-occupy ground-floor real estate that can be marketed to potential tenants.
- **Establish partnerships with key community organizations.** Buy-in from critical organizations, such as those outlined in this study, will be essential to the development of downtown.

It is important to emphasize that the realization of Downtown Grand Island's goals will lie in a combination of these recommendations. A successful revitalization needs to be approached from all angles--an increased residential population via building renovation, public realm improvements through streetscaping, additional retail tenants through advocacy, etc. Every downtown in every city will have a different formula that works for their specific situation. The only factor that remains constant is the need for an "all-in" attitude from all of those involved: community members, downtown organizations, property owners, the city. The redevelopment of Downtown Grand Island is a large endeavor that will take time and require a large amount of effort by everyone involved--but the end result will be a vibrant, exciting district that will have the potential to redefine not just the district itself, but Grand Island as a whole.

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APPENDIX - FUNDING SOURCES

Funding Sources

The following are specialized funding sources that can assist with redevelopment of downtown buildings. These funding sources do not include specific funding sources for housing. For specific funding sources for housing please refer to the “2009 City of Grand Island – Affordable Housing Market Study” .

Local Funding

Tax Increment Financing (TIF)

As of January 1, 2009, the City of Grand Island Community Redevelopment Authority (CRA) declared seven areas as blighted and in need of redevelopment. These seven areas, covering 16.6% of the community, were selected based on the existence of blight and substandard conditions. The Grand Island CRA uses Tax Increment Financing (TIF) to fund commercial, industrial, and residential improvements. Tax Increment Financing uses the additional tax revenue created by development within the aforementioned areas to finance additional improvements in the blighted area. Up to 100% of this additional tax revenue can be used for up to 15 years for public improvements within the redevelopment area.

Local Option Municipal Economic Development Act (LB 840)

This local option tax allows communities to collect tax dollars for economic development. LB 840 was approved by the voters of the community in 2003. It is a bond fund that is paid off by the taxes is created to aid in new construction or rehabilitation. For Grand Island, it allows for approximately \$750,000 to be invested in economic development annually.

Façade Improvement Program

The following process establishes the guidelines in order to be considered for funding assistance through the Façade Improvement Program. An asterisk (*) indicates a mandatory process, others are designed to be a benefit to the individual or entity doing the project and are optional.

An architectural Design Consulting Team, consisting of two professional architects, a representative of the Authority, the director of the Authority and a representative of the business community will review all facade improvement applications and make funding recommendations to the Community Redevelopment Authority.

Program Purpose and Project Concept

Individual requesting project funding and an architect member of Design Consulting Team meet to discuss purpose of program, funding levels, and overview of proposed project.

APPENDIX - FUNDING SOURCES

continued

Historical Appearance of Property

Architect team member photographs current facade of the proposed project and researches historical appearance of the building facade.

Development of Facade Design Sketch & Review of Facade Suggestion

Architect team member creates a project facade design initial sketch and meets with the project developer to review the sketch. The project developer is under no obligation to use the design or professional services of the architect team member. This process is offered solely as a benefit to the project developer. If the project developer utilizes the services of the architect team member, the Authority will match the project developers architectural services fee up to \$1,000.

Communication of Service Limitations of Design Consulting Team

Architect team member communicates that, with the above services, the initial role of the design consulting team is complete. The project developer is free to select and employ design and construction professionals of their choice, develop alternate facade designs, etc.

Project Design Review and Approval

Prior to beginning of construction, the entire Facade Improvement Design Consulting Team reviews proposed design. Approval of the Team is required to be eligible for funding assistance. Changes may be suggested to ensure approval.

Final Approval of Completed Facade Project and Award of Funds for Project

Design team signs as to compliance with approved design and makes recommendation to the Authority relative to award of funds. Authority approves and allows funding through either a grant to the project owner or as a loan interest buy down on the project.

State Funding

Valuation Incentive Program (VIP)

VIP assists in the preservation of Nebraska's historic places. The program allows a property tax "preference" for a historic property that has been rehabilitated. The preference can be described as a temporary "hold" on increases in property tax assessment that result from improvements made to preserve a historic property.

What requirements must a property meet to be eligible for VIP?

- Eligible properties are those individually listed in the National Register of Historic Places or historic properties that contribute to a district listed in the National Register of Historic Places.
- Under certain provisions, historic properties can be designated under a local government preservation ordinance.
- The property must be designated as a "historically significant real property" before work on a project begins. A historically significant real property is one that is listed on the National Register of Historic places and is taxable.

APPENDIX - FUNDING SOURCES

continued

- The historic property must be taxable.¹

Project Requirements:

- The cost of the rehabilitation must be 25 percent or greater of the “base-year” assessed value of the property. The base-year is the last assessed value of the property at the time an application is submitted to the Nebraska State Historical Society.
- All work done to rehabilitate or improve the property must meet the Secretary of Interior’s Standards for Rehabilitation.
- All work must be done during a two-year period. In certain circumstances this period may be extended with the approval of the Nebraska State Historical Society, such as when the size of the project is such that a good faith attempt to complete the rehabilitation in two years would not succeed or when it is economically unfeasible.
- Certain types of work are not eligible. These include landscaping, new construction, driveways and sidewalks. For owner-occupied single-family residences, no more than thirty percent of the dwelling space can be new construction outside the existing building.

¹ State of Nebraska, State Historical Society, Valuation Incentive Program (VIP), <http://www.nebraskahistory.org/histpres/vip/index.htm> (Accessed January 18, 2013)

Federal Funding

Preservation Tax Incentives

The Federal government encourages the preservation of historic buildings through various means. One of these is the program of Federal tax incentives to support the rehabilitation of historic and older buildings. The Federal Historic Preservation Tax Incentives program is one of the Federal governments most successful and cost-effective community revitalization programs. The National Park Service administers the program with the Internal Revenue Service in partnership with State Historic Preservation Offices. The tax incentives promote the rehabilitation of historic structures of every period, size, style and type. They are instrumental in preserving the historic places that give cities, towns and rural areas their special character. The tax incentives for preservation attract private investment to the historic cores of cities and towns. They also generate jobs, enhance property values, and augment revenues for State and local governments through increased property, business and income taxes. The Preservation Tax Incentives also help create moderate and low-income housing in historic buildings. Through this program, abandoned or under used schools, warehouses, factories, churches, retail stores, apartments, hotels, houses, and offices throughout the country have been restored to life in a manner that maintains their historic character.

Current tax incentives for preservation, established by the Tax Reform Act of 1986 (PL 99-514; Internal Revenue Code Section 47 [formerly Section 48(g)]) include:

- a 20% tax credit for the certified rehabilitation of certified historic structures.

APPENDIX - FUNDING SOURCES

continued

- a 10% tax credit for the rehabilitation of non-historic, non-residential buildings built before 1936.

From time to time, Congress has increased these credits for limited periods for the rehabilitation of buildings located in areas affected by natural disasters. For more information, see the instructions on IRS Form 3468, Investment Credit, or contact your State Historic Preservation Office.

In all cases the rehabilitation must be a substantial one and must involve a depreciable building. (These terms will be explained later.)

What is a Tax Credit?

A tax credit differs from an income tax deduction. An income tax deduction lowers the amount of income subject to taxation. A tax credit, however, lowers the amount of tax owed. In general, a dollar of tax credit reduces the amount of income tax owed by one dollar.

- The 20% rehabilitation tax credit equals 20% of the amount spent in a certified rehabilitation of a certified historic structure.
- The 10% rehabilitation tax credit equals 10% of the amount spent to rehabilitate a non-historic building built before 1936.

20% Rehabilitation Tax Credit

The Federal historic preservation tax incentives program (the 20% credit) is jointly administered by the U.S. Department of the Interior and the Department of the Treasury. The National Park Service

(NPS) acts on behalf of the Secretary of the Interior, in partnership with the State Historic Preservation Officer (SHPO) in each State. The Internal Revenue Service (IRS) acts on behalf of the Secretary of the Treasury. Certification requests (requests for approval for a taxpayer to receive these benefits) are made to the NPS through the appropriate SHPO. Comments by the SHPO on certification requests are fully considered by the NPS. However, approval of projects undertaken for the 20% tax credit is conveyed only in writing by duly authorized officials of the National Park Service.

The 20% rehabilitation tax credit applies to any project that the Secretary of the Interior designates a certified rehabilitation of a certified historic structure. The 20% credit is available for properties rehabilitated for commercial, industrial, agricultural, or rental residential purposes, but it is not available for properties used exclusively as the owner's private residence.

What is a "certified historic structure?"

A certified historic structure is a building that is listed individually in the National Register of Historic Places

OR

a building that is located in a registered historic district and certified by the National Park Service as contributing to the historic significance of that district. The "structure" must be a building—not a bridge, ship, railroad car, or dam. (A registered historic district is any district listed in the National Register of Historic Places.

APPENDIX - FUNDING SOURCES

continued

A State or local historic district may also qualify as a registered historic district if the district and the enabling statute are certified by the Secretary of the Interior.)

Obtaining Certified Historic Structure Status

Owners of buildings within historic districts must complete Part 1 of the Historic Preservation Certification Application—Evaluation of Significance. The owner submits this application to the SHPO. The SHPO reviews the application and forwards it to the NPS with a recommendation for approving or denying the request. The NPS then determines whether the building contributes to the historic district. If so, the building then becomes a certified historic structure. The NPS bases its decision on the Secretary of the Interior's "Standards for Evaluating Significance within Registered Historic Districts" (see page 23).

Buildings individually listed in the National Register of Historic Places are already certified historic structures. Owners of these buildings need not complete the Part 1 application (unless the listed property has more than one building). Property owners unsure if their building is listed in the National Register or if it is located in a National Register or certified State or local historic district should contact their SHPO.

What if my building is not yet listed in the National Register?

Owners of buildings that are not yet listed individually in the National Register of Historic Places or located in districts that are not yet registered historic districts may use the Historic

Preservation Certification Application, Part 1, to request a preliminary determination of significance from the National Park Service. Such a determination may also be obtained for a building located in a registered historic district but that is outside the period or area of significance of the district. A preliminary determination of significance allows NPS to review Part 2 of the application describing the proposed rehabilitation. Preliminary determinations, however, are not binding. They become final only when the building or the historic district is listed in the National Register or when the district documentation is amended to include additional periods or areas of significance. It is the owner's responsibility to obtain such listing through the State Historic Preservation Office in a timely manner.

What is a "certified rehabilitation?"

The National Park Service must approve, or "certify," all rehabilitation projects seeking the 20% rehabilitation tax credit. A certified rehabilitation is a rehabilitation of a certified historic structure that is approved by the NPS as being consistent with the historic character of the property and, where applicable, the district in which it is located. The NPS assumes that some alteration of the historic building will occur to provide for an efficient use. However, the project must not damage, destroy, or cover materials or features, whether interior or exterior, that help define the building's historic character.

APPENDIX - FUNDING SOURCES

continued

10% Rehabilitation Tax Credit

A 10% rehabilitation tax credit is available for the rehabilitation of buildings placed in service before 1936. The 10% credit applies only to buildings rehabilitated for non-residential uses. Such projects must retain a percentage of the buildings external walls and internal structural framework to qualify.

Community Development Block Grants

The Community Development Block Grant (CDBG) program provides Nebraskans with safe, affordable, accessible housing, infrastructure, quality jobs and investment through financing new and expanding businesses. Since Grand Island is currently utilizing the CDBG Downtown Revitalization Program, it is not discussed at length in the course of this document. Although the Department of Economic Development does have threshold expenditure requirements within each category before you can apply for another project within that category, it doesn't prevent you from applying for other categories. Therefore Grand Island is eligible for the other applicable grant categories listed below:

- Economic Development offers loans to for-profit businesses for a variety of business purposes. Public facilities (infrastructure) projects where a benefiting business agrees to locate or expand premised on the infrastructure are also eligible.
- Water or Wastewater Systems and Other Public Works/ Facilities. The following Public Works activities would be eligible: community centers, senior centers, nonprofit

centers for day care, parks, water distribution and/or sewer collection, street, curb, gutter, sidewalk, or storm sewer, flood control and drainage. Maximum grant size is \$350,000 with a required minimum of 25% match.

- **Tourism Development.** Funds are awarded for certain types of tourism attraction activities: historic restorations; interpretive sites, museums, cultural heritage recreational sites and facilities. Maximum grant size is \$200,000 with a match equivalent equal to at least 50% of the total project cost.

Transportation Enhancement Activities

Administered by the Nebraska Department of Roads, the Transportation Enhancement Program provides funding to local, state, and regional governmental entities to build and restore transportation infrastructure. Examples of transportation infrastructure projects that are eligible under this program include non-motorized facilities for pedestrians and bicycles, development of scenic byways, restoration of historic transportation facilities, and other projects directly related to the historic, current, or future transportation infrastructure.

Low-Income Housing Tax Credit Programs

This program offered through the Department of Housing and Urban Development provides developer tax credit incentives. At least 20% of residential units constructed or renovated must be reserved for persons with incomes at/or below 50% of area median

APPENDIX - FUNDING SOURCES

continued

income (50% AMI for 1 and 2 person is \$38,500) adjusted for family size; or at least 40% of units must be made affordable for persons with incomes at/or below 60% of AMI adjusted for family size. Project must be retained as low-income housing for at least 30 years with loan terms of up to 40 years.

New Market Tax Credits

The New Markets Tax Credit (NMTC) Program administered by the Community Development Financial Institutions Fund permits taxpayers to receive a credit against Federal income taxes for making qualified equity investments in designated Community Development Entities (CDEs). Substantially all of the qualified equity investment must in turn be used by the CDE to provide investments in low-income communities. The credit provided to the investor totals 39 percent of the cost of the investment and is claimed over a seven-year credit allowance period. In each of the first three years, the investor receives a credit equal to five percent of the total amount paid for the stock or capital interest at the time of purchase. For the final four years, the value of the credit is six percent annually. Investors may not redeem their investments in CDEs prior to the conclusion of the seven-year period.

Challenge Grant Program

Offered through the Kresge Foundation, the Challenge Grant Program provides capital grants that range from \$50,000 to \$2.5 million. There are 50% matching funds for health, the environment,

arts and culture, education, human services, and community development.

Housing Preservation Grants

The HPG program offered through the U.S. Department of Agriculture is a grant program which provides qualified public agencies, private non-profit organizations, and other eligible entities grant funds to assist rental property owners and cooperative housing complexes in repairing and rehabilitating their units if they agree to make such units available to low- and very low-income persons. The term of the grant can vary from 1 to 2 years, depending on available funds and demand. No maximum or minimum grant levels have been established at the National level.

Rural Economic Development Loan and Grants

The primary objective of the U.S. Department of Agriculture program is to promote rural economic development and job creation projects. Assistance provided to rural areas may include business startup costs, business expansion, business incubators, technical assistance feasibility studies, advanced telecommunications services and computer networks for medical, educational, and job training services and community facilities projects for economic development. The maximum loan award is anticipated to be \$740,000 and the maximum grant award is \$300,000. At least 20 percent of the loan or grant must be matched.

APPENDIX - FUNDING SOURCES

continued

HOPE VI Main Street Program

The purpose of the HOPE VI Main Street program offered through the Department of Housing and Urban Development is to provide grants to small communities to assist in the rejuvenation of an historic or traditional central business district or “Main Street” area by replacing unused commercial space in buildings with affordable housing units. The objectives of the program are to (a) Redevelop Main Street areas; (b) Preserve historic or traditional architecture or design features in Main Street areas; (c) Enhance economic development efforts in Main Street areas; and (d) Provide affordable housing in Main Street areas. A match of cash or in-kind services of five percent of the requested grant amount is required in order to be considered for grant award. There are four \$1,000,000 grants of up to \$1,000,000 awarded.

HOME Investment Partnerships Program

HOME is the largest federal block grant to state and local governments designed exclusively to create affordable housing for low-income households. The funds are awarded annually as formula grants to participating jurisdictions. Eligible activities include building or rehabilitating housing for rent. A 25% match is required.

Green Approaches to Revitalization

Grand Island has an opportunity to embrace techniques for revitalization that will reduce the use of fossil fuels, improve public health, and provide sustainable improvements for the community. Recommended techniques for achieving these “green” goals are

outlined in the Leadership in Energy and Environmental Design, (LEED) Green Building Rating System as published by the U.S. Green Building Council. There are many potential LEED “Points” for Innovative, Sustainable Design that could be applicable such as: Sustainable Sites: Sedimentation Control, Alternative Transportation, Bicycle Storage; Alternative Transportation Parking, Storm water Management (rain gardens etc), Landscape to Reduce Heat Islands, Minimizing Light Pollution, Water-Efficient Landscaping, Water Efficiency: Water-Use Reduction Energy and Atmosphere: Optimum Energy Performance, Renewable Energy sources Materials and Resources: Storage and Collection of Recyclables, Building Reuse, Resource Reuse (building materials), use of Local/Regional Materials, Renewable Building Materials.

There are a number of funding mechanisms and grants available to facilitate Green Design and implementation. They are as follows:

Rural Energy for America Program Grants

This program offered through the U.S. Department of Agriculture is designed to assist farmers, ranchers and rural small businesses. Most rural projects that reduce energy use and result in savings such as retrofitting lighting or insulation, or purchasing or replacing equipment with more efficiency units. Eligible renewable energy projects include projects that produce energy from wind, solar, biomass, geothermal, hydro power and hydrogen-based sources. Grants are awarded on a competitive basis and can be up to 25% of total eligible project costs. Grants are limited to \$500,000 for renewable energy systems and \$250,000 for energy efficiency improvements. Requests as low as \$2,500 for renewable energy

APPENDIX - FUNDING SOURCES

continued

systems and \$1,500 for energy efficiency improvements will be considered. At least 20% of the funds awarded must be for \$20,000 or less.

Dollar and Energy Saving Loans

The program offered by the Nebraska Energy Office is a revolving fund that reduces the interest payments for energy-related projects that meet minimum efficiency standards. The energy office purchases half the loan at zero interest and a commercial lender provides the other half at market rates. The loan program, which was originally funded with oil overcharge dollars, is replenished with loan repayments. The loan amounts vary and include projects such as adding insulation to walls, floors, ceilings, attics and other building envelope surfaces, installing high efficiency heating and cooling equipment, lighting and controls, renewable wind, solar and fuel cell projects, and windows and exterior door replacement.

Low Income Weatherization Assistance Program

Offered through the Nebraska Energy Office, the weatherization program enables low-income families in Nebraska to reduce their energy bills by making their homes more energy efficient. Downtown Grand Island properties could apply if the upper stories are renovated to provide housing for low-income families. If the property qualifies, it will be evaluated to identify the most effective energy and dollar saving improvements which can be made. Pending those recommendations this program could be used to

provide financial assistance to add insulation, improve the efficiency of current heating and cooling systems, window replacement, etc.

Enterprise Green Communities

This program offers grants to help cover the costs of planning and implementing green components of affordable housing developments as well as tracking their costs and benefits. Planning and Construction grants up to \$75,000 can be used for design work, efficient HVAC systems, green materials and energy efficient appliances. The program is open to 501 (c)(3) nonprofits, public housing authorities and for-profit entities.

APPENDIX - FUNDING SOURCES

continued

APPENDIX - CDBG Eligible Activities

Activities eligible for assistance under the state's CDBG program are only those authorized in Section 105(a) of the amended 1974 HCD Act. The general rule is that any activity listed in Section 105(a) may be funded in whole or in part with CDBG funds. Below is a partial list of activities from Section 105(a). Communities should be aware that although an activity may be legally eligible under Federal statute and HUD regulations, it may not be competitive under the guidelines and ranking system in the Nebraska CDBG Program.

- The acquisition of real property (including air rights, water rights, and other interests therein) which is a) blighted, deteriorated, deteriorating, underdeveloped, or inappropriately developed from the standpoint of sound community development and growth; b) appropriate for rehabilitation or conservation activities ; c) appropriate for the preservation or restoration of historic sites, the beatification of urban land, the conservation of open spaces, natural resources, and scenic areas, the provision of recreational opportunities, or the guidance of urban development; d) to be used for the provision of public works, facilities, and improvements eligible for assistance under this program; or e) to be used for other public purposes
- The acquisition, construction, reconstruction, or installation (including design features and improvement with respect to such construction, reconstruction or installation that promote energy efficiency) of public works, facilities (except for buildings for the general conduct of government), and site or other improvements.

- Code enforcement in deteriorated or deteriorating areas in which such enforcement, together with public improvements and services to be provided, may be expected to arrest the decline of the area.
- Clearance, demolition, removal, and rehabilitation (including rehabilitation which promotes energy efficiency) of buildings and improvements (including interim assistance, and financing public or private acquisition for rehabilitation, and rehabilitation, or privately owned properties and including the renovation of closed school buildings).
- Special projects directed to the removal of material and architectural barriers which restrict the mobility and accessibility of elderly and handicapped persons.
- Payments to housing owners for losses of rental income incurred in holding for temporary periods housing units to be utilized for relocation of individuals and families displaced by CDBG activities.
- Disposition (through sale, lease, donation, or otherwise) of any real property acquired with CDBG funds or its retention for public purposes.
- Payment of the nonfederal share required in connection with a federal grant-in-aid program undertaken as part of activities assisted under this program
- Relocation payments and assistance for displaced individuals, families, businesses, organizations, and farm operations, when determined by the grantee to be appropriate activities.
- Payment of reasonable administrative costs and carrying charges related to the planning and execution of community development and housing activities, including the provision of information and resources to residents of the areas in which community

APPENDIX - CDBG Eligible Activities

continued

development and housing activities are to be concentrated with respect to the planning and execution of such activities, and including the carrying out activities as described in Section 701(e) of the Housing Act 1954 on the date prior to the enactment of Housing and Community Development Amendments of 1981.

- Activities which are carried out by public or private nonprofits entities, including (a) acquisition of real property; (b) acquisition, construction, reconstruction, rehabilitation, or installation of public facilities (except for buildings for the general conduct of government), site improvements, and utilities.

CITY OF GRAND ISLAND DOWNTOWN REDEVELOPMENT STUDY

ALLEY-POYNER
MACCHIETTO
ARCHITECTURE

