

By Tim Linscott

Managing Editor

The first step of many to address the needs of the community was taken Tuesday, Jan. 28 by the Grant City Council.

In addressing housing and other growth needs in Grant, city officials approved the pursuit of organizing a Community Redevelopment Authority (CRA) board.

The discussion started on Jan. 14 and continued on Jan. 28 at the regular city council meetings.

A CRA board would use Tax Increment Financing (TIF), to help 'jump start' a development in a community.

TIF uses future gains in property taxes to subsidize current improvements. The completion of a public or private project often results in an increase in the value of surrounding real estate, which generates additional tax revenue.

Karl Elmshaeuser, executive director of West Central Nebraska Development District, presented information to the council on establishing a CRA and used the example of a piece of land that has \$100 in property taxes due each year before a development project is completed.

After the project is completed the taxes increase to \$1,100. The \$1,000 difference would be paid to the CRA for a specified timeframe, such as 15 years.

Elmshaeuser explained that Ogallala has an active CRA that has done several projects, including purchasing the Plaza Inn at a courthouse sale and then having it demolished. The site is now being developed for a Dollar General store.

"We're trying to come up with a way to finance some housing here in town," Grant City Administrator Dana Harris said, clarifying that the city would not be erecting the housing, however, the city would help fund infrastructure for a development. "There are a lot of things we can do with this."

The CRA could also help with infrastructure for industrial sites in addition to residential housing. A CRA is a separate entity from the city and can consist of city council members.

Grant Mayor Mike Wyatt feels forming a CRA could be a 'resourceful asset for people within the community' to that board.

"I'm not selling anyone here short, but I think we need some other forward-thinking people with an interest in promoting the city of Grant," Wyatt said.

An attorney that specializes in CRA work will be needed to help organize and fulfill the obligations of setting up the entity.

Pierce was still researching the matter of whether economic development funds can be used for deferring costs of setting up a CRA.

"This is a tool for money to come back to the CRA board, not the city, not the council, but to the CRA board, which is independent," said Phil Pierce, Grant City Attorney. "The board can use the funds for future developments from the TIF financing."

A risk the city could be taking is if payments are not made because lots in a development do not sell or an industrial project goes bankrupt.

"A lack of development can cost a city," Elmshaeuser said.

He told city leaders that the CRA board can turn down projects and if it is never used, the only thing the city is out are legal fees to establish the board.

Pierce said the CRA board can be useful but can also be expensive to start. Because of the

specialized nature of a CRA, there are only four to six CRA attorneys qualified in the state, according to Pierce.

“I’d expect at least \$40,000 in legal fees,” Harris said, based on conversations with Elmshaeuser, on the fees council members can expect in setting up a CRA. “The attorney, in this situation, is very important. The contracts drafted will determine how much the city can recoup, how they can use it, what qualifies, all of that.”

Harris has been in contact with two lawyers who specialize in CRA work and will report back to the council on exact costs in the coming months.

Once established, the CRA board would take the next step in negotiating with contractors or property owners on terms for funds to come back to the CRA board.

“If you don’t have a CRA board, you have no tools in the toolbox,” Elmshaeuser said.

The average course to establish a CRA board could take up to 24 months. Elmshaeuser suggested to city officials that there is no rush and to take their time in getting ‘things up and running.’

“Everyone here sees a need for housing,” Wyatt told the council. “Nothing is 100 percent but I’m willing to explore and go at small steps and develop something.”

The intent of the council is to have the city council be on the initial CRA board and eventually phase out to other members.

Wyatt explained that economic development in Grant in the past has been focused on business and industry, however, he acknowledged housing is an issue that is very important as well.

“Our past intent was to promote business, but there is a significant portion of the public that is interested in housing,” Wyatt said.