

**Redevelopment Plan
Holdrege Workforce Housing
March 2019**

The Community Redevelopment Authority (CRA) of the City of Holdrege intends to adopt this Redevelopment Plan for an area within the City, pursuant to the Nebraska Community Development Law (the “Act”) and provide for the financing of a specific infrastructure related project area in order to facilitate the development of a residential subdivision and provide affordable workforce housing in the City.

Executive Summary:

Project Description

SITE ACQUISITION AND INFRASTRUCTURE INSTALLATION FOR A RESIDENTIAL SUBDIVISION TO PROVIDE AFFORDABLE WORKFORCE HOUSING IN A PHASED DEVELOPMENT.

The use of Tax Increment Financing will aid in the site acquisition, site preparation and infrastructure installation for an 18 lot subdivision and construction of a 20 single family attached low income tax credit town home in duplex configuration, 14 single family attached townhomes with two car garages and one patio home with a two car garage. The use of Tax Increment Financing is an integral part of the development plan and necessary to make this project affordable. The project will require that the Phelps County Development Corporation and or other entities purchase a Tax Increment Development Revenue Bond in the amount of \$815,000 at zero percent interest. The low income tax credit townhomes will be rented at significantly reduced rents. In order to provide affordable workforce housing the market rate townhomes and the patio home will be offered for sale without a charge for the lot and without any special assessments for infrastructure. This project would not be feasible without the use of TIF. The Project will be developed in annual phases. The first phase is site acquisition and infrastructure installation and the construction of the low income tax credit townhomes and six single family townhomes in 2019. Thereafter, additional townhomes and the patio home will be constructed

The Developer is responsible for and has provided evidence that they can secure adequate debt financing to cover the costs associated with the site purchase, preparation and infrastructure installation and project development subject to receiving the proceeds of \$815,000 from a tax increment revenue bond. The Holdrege Community Redevelopment Authority (CRA) intends to pledge the ad valorem taxes generated over the 15 year period beginning January 1, 2020 to amortize the bond.

TAX INCREMENT FINANCING TO PAY FOR THE REHABILITATION OF THE PROPERTY WILL COME FROM THE FOLLOWING REAL PROPERTY:

Property Description (the “Redevelopment Project Area”)

Legal Descriptions: All of Lot 1, Block 1 Becker's Addition to the City of Holdrege, Phelps County, Nebraska. (to be further subdivided upon redevelopment plan approval)

Existing Land Use and Subject Property: Attached as Exhibit #1 is a photo showing existing land use. The Project Area is currently farmed.

The tax increment will be captured for the tax years the payments for which become delinquent in years 2020 through 2045, if necessary, in up to 10 annual phases. No single property will be subject to TIF tax division for more than 15 years.

The real property ad valorem taxes on the current valuation will continue to be paid to the normal taxing entities. The increase will come from construction of the new homes.

Statutory Pledge of Taxes.

Any ad valorem tax on any Lot or Lots located in the Redevelopment Project Area identified from time to time by the Redeveloper (such Lot or Lots being referred to herein as a "Phase") as identified in a Redevelopment Contract and Redevelopment Contract Amendment executed on behalf of the Redeveloper and delivered to the Authority (each, a "Redevelopment Contract Amendment") for the benefit of any public body be divided for a period of fifteen years after the effective date (the "Effective Date"), as described in Section 18-2147 (1) of the Act (which Effective date shall be the January 1 of the year in which the division of taxes occurs which shall be the Division Date as described in the Redevelopment Contract Amendment for each Annual Phase as set forth in a Redevelopment Contract Amendment, consistent with this Redevelopment Plan. Said taxes shall be divided as follows:

(a) That portion of the ad valorem tax on real property in each Phase which is produced by levy at the rate fixed each year by or for each public body upon the "redevelopment project valuation" (as defined in the Act) of the Lots within such Phase shall be paid into the funds of each such public body in the same proportion as all other taxes collected by or for the bodies; and

(b) That portion of the ad valorem tax on real property in each Phase in excess of such amount (the "Incremental Ad Valorem Tax"), if any, shall be allocated to, is pledged to, and, when collected, paid into a special fund of the Authority (designated in the Resolution as the "Bond Fund") to pay the principal of, the interest on, and any premium due in connection with the Indebtedness. When such Indebtedness, including interest and premium due have been paid, the Authority shall so notify the County Assessor and County Treasurer and all ad valorem taxes upon real property in such Phase shall be paid into the funds of the respective public bodies.

Pursuant to Section 18-2150 of the Act, the ad valorem tax so divided is hereby pledged to the repayment of loans or advances of money, or the incurring of any indebtedness, whether funded, refunded, assumed, or otherwise, by the CRA to finance or refinance, in whole or in part, the redevelopment project, including the payment of the principal of, premium, if any, and interest on such bonds, loans, notes, advances, or indebtedness.

Redevelopment Plan Complies with the Act:

The Community Development Law requires that a Redevelopment Plan and Project consider and comply with a number of requirements. This Plan meets the statutory qualifications as set forth below.

1. The Redevelopment Project Area has been declared blighted and substandard by action of the Holdrege City Council.[§18-2109] Such declaration was made after a public hearing with full compliance with the public notice requirements of the Act.

2. Conformation to the General Plan for the Municipality as a whole. [§18-2103 (13) (a) and §18-2110]

Holdrege adopted a Comprehensive Plan. This Redevelopment Plan and project are consistent with the R-2 zone allowing duplex construction. Therefore, no changes in the Comprehensive Plan elements are intended or required. This Plan merely provides funding for the Developer to develop this residential subdivision for permitted uses on this property as defined by the current and effective zoning regulations. The Holdrege Planning Commission will be required to hold a public hearing, make recommendations and confirm that this project is consistent with the Comprehensive Plan for the City of Holdrege.

The Phelps County Development Corporation commissioned a housing study which was delivered in October of 2017. That study showed a demand for an additional 86 homes needed by 2022 and a demand for 72 new rental units in the same time period. This Redevelopment Plan will provide 22% of that needed demand.

3. The Redevelopment Plan must be sufficiently complete to address the following items: [§18-2103(13) (b)]

a. Land Acquisition:

This Redevelopment Plan provides for real property acquisition by private purchase by the Developer. There is no proposed acquisition by the Authority.

b. Demolition and Removal of Structures:

The project to be implemented with this plan does not provide for the demolition and removal any structures on this property.

c. Future Land Use Plan

Exhibit #2 is a proposed subdivision of the Redevelopment Project Area. [§18-2103(b) and §18-2111] Exhibit #2 is also is an accurate site plan of the area after redevelopment. [§18-2111(5)] The proposed subdivision is subject to change and reconfiguration based on final platting requirements of the City. Such changes shall not be deemed a substantial modification requiring additional hearings before the City Council or Planning Commission.

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

The area is zoned R-2. No zoning changes are anticipated with this project. Street layouts or grades are proposed to conform to Holdrege City engineering requirements and the layout of the streets and utilities are shown on attached Exhibit #3. Exhibit #2 shows the extent of the proposed paving which is shown in green on Exhibit #2. No changes are anticipated in building codes or ordinances. Nor are any other planning changes contemplated. [§18-2103(b) and §18-2111]

e. Site Coverage and Intensity of Use

Combined lot coverage in the Project equal 177,767 square feet not including public right-of-way. The market rate townhomes will each cover 1,599 square feet with an additional 466 square feet of garage. The patio home will cover 1,300 square feet with an additional 400 square foot garage. The 20 tax credit townhomes will each cover 1,684 square feet including a garage. [§18-2103(b) and §18-2111]

f. Additional Public Facilities or Utilities

Exhibit #3 shows the utility extensions that the Developer will install as part of this Redevelopment Project.

No other utilities would be impacted by the development. [§18-2103(b) and §18-2111]

4. The Act requires a Redevelopment Plan provide for relocation of individuals and families displaced as a result of plan implementation. This property is vacant and has been vacant for more than 1 year; no relocation is contemplated or necessary. [§18-2103.02]

5. No member of the Authority, nor any employee thereof holds any interest in any property in this Redevelopment Project Area. [§18-2106] No members of the authority or staff of the CRA have any interest in this property.

6. Section 18-2114 of the Act requires that the Authority consider:

a. Method and cost of acquisition and preparation for redevelopment and estimated proceeds from disposal to redevelopers.

The Developer is purchasing the entire tract for \$100,000. The land subject to this Redevelopment Project constitutes \$65,000 of that purchase price. Engineer estimates for infrastructure installation and engineering for the Project is \$750,000. The total of eligible expenses for this project exceeds \$640,000.

No property will be transferred to redevelopers by the Authority.

b. Statement of proposed method of financing the redevelopment project.

The Developer will provide all necessary private financing for the project. The Phelps County Economic Development Corporation or other party will be required to utilize Workforce Housing funds and other funds to purchase a \$815,000 Tax Increment Development Revenue Bond at zero percent interest. The Bond proceeds will be used for land purchase, site preparation and infrastructure installation. The intent of this Plan is that the construction of duplex residential units will generate sufficient the Tax Increment Revenues to repay the Bond. The Project will be phased and duplex residences constructed based on market demand.

Tax credit funds and commercial loans will the low income tax credit rental property construction. Private funds will be provided by the Developer to construct the remainder of the Project.

c. Statement of feasible method of relocating displaced families.

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

7. Section 18-2113 of the Act requires:

Prior to recommending a redevelopment plan to the governing body for approval, an authority shall consider whether the proposed land uses and building requirements in the redevelopment project area are designed with the general purpose of accomplishing, in conformance with the general plan, a coordinated, adjusted, and harmonious development of the city and its environs which will, in accordance with present and future needs, promote health, safety, morals, order, convenience, prosperity, and the general welfare, as well as efficiency and economy in the process of development, including, among other things, adequate provision for traffic, vehicular parking, the promotion of safety from fire, panic, and other dangers, adequate provision for light and air, the promotion of the

healthful and convenient distribution of population, the provision of adequate transportation, water, sewerage, and other public utilities, schools, parks, recreational and community facilities, and other public requirements, the promotion of sound design and arrangement, the wise and efficient expenditure of public funds, and the prevention of the recurrence of insanitary or unsafe dwelling accommodations or conditions of blight.

The Authority has considered these elements in proposing this Plan. This Plan, in and of itself will promote consistency with the Comprehensive Plan. This will have the intended result of extending infrastructure in an underutilized area of the City. This will accomplish the goal of providing workforce housing.

8. Time Frame for Development

The tax credit townhomes will be completed by the end of 2019 with six single family townhomes completed in the same timeframe. Thereafter, for up to 10 years, additional townhomes will be constructed based on market demand.

9. Cost Benefit Analysis Section 18-2113 of the Act, further requires the Authority conduct a cost benefit analysis of this Plan in the event that Tax Increment Financing will be used. This analysis must address specific statutory issues.

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

Project Sources and Uses. Approximately \$815,000 in public funds from tax increment financing provided by the Holdrege Community Redevelopment Authority will be required to complete the project. This investment by the Authority will leverage \$ 7,395,435 in private sector financing; a private investment of \$9.07 for every TIF and grant dollar investment.

Site purchase	\$ 65,000
Grading	\$ 134,000
Sanitary Sewer	\$ 115,000
Water Main	\$ 113,000
Paving & Storm Sewer	\$ 300,000
Engineering	\$ 88,000
Legal	\$ 20,000
Tax Credit Project	\$3,745,435
Market rate homes	<u>\$3,630,000</u>
Total	\$8,210,435

Tax Revenue. The property to be redeveloped is anticipated to have a January 1, 2019, valuation of approximately \$26,400. Based on the 2018 levy this would result in a real property tax of approximately \$478. It is anticipated that the assessed value will increase

by \$685,000 for the tax credit portion of the project and will increase for the rest of the Project by \$2,700,000 (estimated assessed value) upon full completion, as a result of the site redevelopment. This development will result in an estimated tax increase of over \$67,000 annually. The tax increment gained from this Redevelopment Project Area would not be available for use as city general tax revenues, for a period of 15 years, or such shorter time as may be required to amortize the TIF bond, but would be used for eligible private redevelopment costs to enable this project to be realized.

Estimated 2019 assessed value:	\$ 26,400
Estimated value after completion	\$ 3,411,400
Increment value	\$ 3,385,000
Annual TIF generated (estimated)	\$ 67,000
TIF bond issue	\$ 815,000

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

The redevelopment project area currently has an estimated valuation of \$26,400. The proposed redevelopment will create additional valuation of \$3,385,000. Tax shifts of \$815,000 are anticipated from the project. The project creates additional valuation that will support taxing entities long after the project is paid off.

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

Additional streets, sewer and water will be installed as part of the Project from the proceeds of the TIF Bond. Fire and police protection are available and should not be negatively impacted by this development.

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

This will provide additional housing options for workforce in the City This Project is intended to ultimately create additional housing resulting in more available workers..

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

This project should not have a negative impact on other employers in any manner.

(e) Impacts on student populations of school districts within the City;

This development will have an minimal impact on the Holdrege School system as it will likely not result in any increased attendance. The current occupancy in Holdrege is 2.2 persons per household. The tax credit project will likely be inhabited by older persons

without student age children. Assuming a traditional family the remaining 15 households would generate only 3 additional students for the school system. The real impact would likely be slightly higher.

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

No other negative impacts have been identified. The Project will generate additional local sales tax on all construction materials incorporated in the residences.

Exhibit #1



Proposed Housing Project Site - Holdrege, NE

Exhibit # 2



Exhibit #3

