

**AMENDMENT TO THE GENERAL  
REDEVELOPMENT PLAN FOR  
THE NORTHEAST REDEVELOPMENT AREA  
(THE HOVEY CONSTRUCTION REDEVELOPMENT PROJECT)  
SOUTH SIOUX CITY, NEBRASKA**

**PREPARED MAY, 2019  
FOR  
THE COMMUNITY DEVELOPMENT  
AGENCY OF  
SOUTH SIOUX CITY, NEBRASKA**

## **A. Introduction**

This Amendment to the General Redevelopment Plan for the Northeast Redevelopment Area ("Redevelopment Plan") is a guide for redevelopment activities to remove or eliminate blighted and substandard conditions within the City of South Sioux City, Nebraska ("City"). The Mayor and City Council of the City (the "Council"), recognizing that blighted and substandard conditions are a threat to the continued stability and vitality of the City, passed Resolution No. 2016-160 on September 12, 2016, designating certain areas of the City to be blighted and substandard and in need of redevelopment pursuant to the requirements of section 18-2103 of the Nebraska Community Development Law, sections 18-2101 et. seq., as amended (the "Act"). One of the areas designated by the Council as blighted and substandard and in need of redevelopment is the area referred to in Resolution No. 2016-160 as the "Northeast Redevelopment Area" (referred to herein as the "Redevelopment Area").

Thereafter, the City adopted a General Redevelopment Plan for the Redevelopment Area (the "General Plan"). A copy of the General Plan is attached hereto as Exhibit "H" and incorporated herein. The General Plan sets forth the goals and parameters for redevelopment projects within the Redevelopment Area. The General Plan contemplates that the Community Development Agency of the City (the "Agency") or private developers may set forth redevelopment projects under the Nebraska Community Development Law via amendments to the General Plan. If the terms of this Redevelopment Plan conflict with the General Plan, this Redevelopment Plan shall control.

In conformance with the General Plan, this Redevelopment Plan submits the phased implementation of a redevelopment project in the Redevelopment Area to optimize the tax increment financing ("TIF") resources available for site acquisition, construction of eligible public improvements, and to remove existing and avoid future blighted and substandard conditions. This Redevelopment Plan contemplates the phased construction of single-family homes within the Redevelopment Area (such public and private improvements required in relation thereto are collectively referred to herein as the "Redevelopment Project").

The Redevelopment Project encompasses only a portion of the real property within the Redevelopment Area. As such, the General Plan remains subject to further amendment upon the identification of additional redevelopment projects within the Redevelopment Area.

## **B. Redevelopment Area; Existing Conditions**

Exhibit "A", attached hereto and incorporated herein, sets forth the boundaries of the Redevelopment Area. The Redevelopment Area is identical to the "Northeast Redevelopment Area," which the Council declared blighted and substandard and in need of redevelopment via

Resolution No. 2016-160, based upon, among other things, a "Blight and Substandard Area Determination Study" dated April 2016. The Redevelopment Area is generally located between "G" Street and River View Drive, from East 8th Street on the north to the Burlington Northern Santa Fe Railroad Corridor on the south.

**C. Project Site**

Exhibit "B", attached hereto and incorporated herein, sets forth the boundaries and existing conditions of the area on which Redeveloper intends to construct the Redevelopment Project (the "Project Site"). The Project Site is completely engrossed within the blighted and substandard Redevelopment Area and is in need of redevelopment.

**D. Conformance with the General Plan for the Redevelopment Area and Comprehensive Plan of the City**

The General Plan sets forth the following objectives within the Redevelopment Area: (1) utilize TIF and private investment for the expansion of all types of residential housing in conformance with the City's future land use map and zoning regulations; (2) promote the development of a variety of new single and multifamily residential uses throughout the Redevelopment Area; and (3) reuse vacant lots and land areas throughout the Redevelopment Area. The Redevelopment Project meets the above objectives, and therefore conforms to the General Plan.

Pursuant to the Act, the Redevelopment Project must also conform to and further the objectives of the City's comprehensive plan. It is essential to the City's comprehensive plan that dilapidated, inadequate, or deteriorating portions of the City conform to the current and future needs of the City as it continues to grow and expand. With respect to housing, the comprehensive plan states that a lack of housing and housing incentives is a weakness of the community and barrier to economic development in the City. The comprehensive plan further provides that the greatest housing need in the City is for mid-to-high end housing (\$200,000 and above). Additionally, the comprehensive plan emphasizes that the growth desired by the City is "entirely dependent on the ability of the community to provide adequate housing options to meet demand." The comprehensive plan quantifies the City's housing demand as 170 new single family homes by 2020 and 824 new single family homes by 2040.

Redeveloper intends to develop the Project Site for the purpose of constructing single-family residences. The Project would provide between 10 and 35 of the 170 new single family homes needed by 2020. Additionally, at a price point of approximately \$205,000, the single-family homes address the City's need for mid-to-high end housing. Accordingly, the

Redevelopment Project conforms with and furthers the objectives of the City's comprehensive plan.

Exhibit "C", attached hereto and incorporated herein, shows the City's future use map for the Redevelopment Area included within the City's comprehensive plan. The map sets forth a R2b (single-family residential) designation for future use of the Project Site. Single family residences are a permitted use within R2b zoning districts. Accordingly, the intended land use for the Redevelopment Project complies with the R2b designation for future use under the City's comprehensive plan.

#### **D. Redevelopment Project Overview**

The Project Site is located east of Missouri View Lane between East 17th Street on the north and the Burlington Northern Santa Fe Railroad Corridor on the south. Redeveloper intends to construct single-family houses in multiple phases and sub-phases. Redeveloper intends for the Redevelopment Project to create additional housing options for the City and its citizens.

Redeveloper does not yet own the real property within the Project Site but has entered into a purchase option agreement with the current owner. Redeveloper intends to execute its option on the land comprising Phase One (as shown on the site plan in Exhibit "D") subsequent to approval of this Redevelopment Plan and receipt of all necessary governmental approvals for the Redevelopment Project. Redeveloper intends to execute its option of the land comprising Phase Two and Phase Three in a similar manner in succession to Phase One. Redeveloper and the Agency do not anticipate public acquisition of the Project Site. Additionally, the Redevelopment Project will not displace any families or businesses.

The Redevelopment Project requires significant infrastructure improvements and other public improvements which are not financially feasible to undertake at one time. Completing the Redevelopment Project in phases will allow the Redeveloper to maximize the TIF resources available for public improvements, which is necessary for the Redevelopment Project to succeed. Further, implementation of the Redevelopment Project in multiple phases will allow Redeveloper to construct the private improvements at a rate that the market can support, and to adapt subsequent phases of the Redevelopment Project to the changing needs of the City. The Agency and Redeveloper anticipate that Redeveloper will construct the Redevelopment Project in three phases consisting of the following private improvements:

**"Phase One"**: Construction of approximately 10 single-family homes.

**"Phase Two"**: Construction of approximately 12 single-family homes.

**"Phase Three":** Construction of approximately 13 single-family homes.

Each phase may be further divided into sub-phases based upon the rate of construction, such that the "effective date" (as provided under section 18-2147 of the Act) for purposes of TIF will be determined on a lot by lot basis in order to maximize the TIF proceeds available to help finance the public improvements. While the market will determine the actual completion schedule for each phase, Redeveloper anticipates that the buildout of Phase One will take two years, requiring two sub-phases. However, the Redevelopment Project requires flexibility and may have more or less sub-phases. If, due to market conditions or other extraneous factors, Redeveloper, in its reasonable discretion, determines that it is not economically viable to construct Phase Two and Phase Three, Redeveloper may limit the Redevelopment Project to the construction of Phase One only.

Exhibit "D", attached hereto and incorporated herein, sets forth the proposed site plan for each of the three phases. Subsequent to the approval of this Redevelopment Plan, Redeveloper intends to subdivide the area of the Project Site encompassing Phase One in the manner shown thereon. This Redevelopment Plan sets forth the financing, construction schedule, cost-benefit analysis, and project costs for Phase One only. Redeveloper and Agency anticipate that Redeveloper will provide such details for Phase Two and Phase Three, if applicable, via additional amendments to this Redevelopment Plan or the "redevelopment contract" (as defined in the Act).

## **E. Existing Conditions**

### **1. Existing Land Use**

The Project Site consists of undeveloped agricultural land.

### **2. Existing Zoning**

The Project Site is currently zoned as R2b (single-family residential). R2b zoning allows for single-family residences. The intended land use for the Redevelopment Project complies with the existing R2b zoning designation.

### **3. Existing Public Improvements**

Public access to the Project Site is currently non-existent. Other than the utilities serving the existing single-family homes surrounding the Project Site, there are no existing streets, water or sanitary sewer improvements serving the Project Site.

**F. Proposed Redevelopment**

**1. Public Improvements**

The Redevelopment Project requires significant infrastructure improvements and other public improvements. These improvements will include, but are not limited to:

a. Public Access; Traffic Flow, Street Layouts and Street Grades

The Project Site will require additional public roadways, as there is currently not access to serve the Project Site. As shown on the Exhibit "D" site plan, the City will construct roadways to provide access from Missouri View Lane with respect to Phase One and East 17<sup>th</sup> Street with respect to Phase Two and Phase Three. The City will finance the improvements to the public roadways detailed herein; partially via improvement districts. The public improvements for the Redevelopment Project will address any traffic and street infrastructure concerns that would otherwise be created by the Redevelopment Project. All streets and other public infrastructure constructed by City will be subject to review and approval by the City's engineer or other designee of the City.

b. Construction of Water and Sewer Improvements.

The City will construct or extend water and sewer systems to provide appropriate service to the Project Site. The City will partially pay for such improvements via special assessment districts. The City and Redeveloper anticipate that the City will specially assess \$5,000 against each lot in Phase One. Redeveloper will pay the City \$5,000 (per lot within the area encompassing Phase One) toward the special assessments at or before the sale of such lot(s) to a third party. Such payment(s) shall constitute a TIF-eligible expense. The City will finance the balance of the water and sewer improvements detailed herein. Redeveloper will fill and grade the Project Site to provide for effective surface water runoff.

c. Other incidental improvements

The Project Site is currently undeveloped and will require platting of lots and grading to provide effective drainage throughout the area. The Project Site requires filling and grading to properly drain the ground water runoff and provide appropriate grading levels to erect housing units. Redeveloper also anticipates the construction of electric and natural gas utilities extending to the residences within the Project Site. The anticipated public improvements (and costs related to the public improvements) for Phase One are listed in Exhibit "F", attached hereto and incorporated herein.

d. Additional public facilities or utilities

Other than the construction or extension of the utilities and infrastructure detailed above, Redeveloper and the City anticipate that the existing public facilities and utilities can adequately meet the demands of the Redevelopment Project.

e. Property Acquisition, Demolition and Disposal

No public acquisition of private property or relocation of families or businesses is necessary to accomplish the Redevelopment Project. Redeveloper intends to purchase the land comprising Phase One of the Redevelopment Project from the current owner subsequent to approval of this Redevelopment Plan. Redeveloper intends to purchase the land comprising Phase Two and Phase Three of the Redevelopment Project from the current owner subsequent to the approval of an amendment to the Redevelopment plan or redevelopment contract setting forth additional details for such phases, if applicable.

f. Population Density

The Project Site currently sits undeveloped. The Redevelopment Project will increase population density in the area. Redeveloper anticipates that such increases will be consistent with the average persons per household of 2.93 according to the most recent census data. However, the City desires an increase in population density in the area to provide additional housing in the City. Redeveloper will properly plat the Redevelopment Project to accommodate the increase in population density and adequate public infrastructure improvements to accommodate any increase in population density anticipated as part of the Redevelopment Project.

g. Land Coverage

Land coverage for the Project Site includes approximately 23.49 acres of undeveloped land. Phase One of the Redevelopment Project consists of the construction of approximately 10 single-family residences on approximately 4 acres, with the footprint shown on the site plan set forth in Exhibit "D". Phase Two and Phase Three, if applicable, may consist of the construction of approximately 25 additional single-family homes. The Redevelopment Project will comply with all applicable land coverage ratios required by the City.

h. Parking

The construction of single-family homes does not require the provision of public parking facilities.

g. Zoning, Building Code and Ordinance

The Project Site is currently zoned as R2b (single-family residential). Single family residences are a permitted use within R2b zoning districts. Accordingly, the intended land use for the Redevelopment Project complies with the existing R2b zoning designation and does not necessitate a zoning change. If applicable, Redeveloper will be responsible for all zoning, building code, or ordinance changes that are necessary for the Redevelopment Project.

**3. Private Improvements**

Private improvements for the Redevelopment Project Area consist of the construction of approximately 10 single-family residences as part of Phase One, approximately 12 single-family residences as part of Phase Two, and approximately 13 single-family residences as part of Phase Three. Redeveloper or other builders taking reconveyance from Redeveloper will construct the private improvements. Paragraph D of this Redevelopment Plan details the anticipated phasing of the private improvements.

**G. Project Costs**

The total estimated costs of Phase One of the Redevelopment Project are **\$2,840,935**. The estimated costs of the Phase One are attached and incorporated herein as Exhibit "E".

**H. Implementation**

Redeveloper is unable to undertake the construction in Phase One of the Redevelopment Project without some assurance that Redeveloper can undertake Phase Two and Phase Three. Redeveloper would not complete the initial public improvements for Phase One but-for the approval of the entire Redevelopment Project and, likewise, the subsequent phases of the Redevelopment Project would not occur but-for these initial public improvements. Accordingly, this Redevelopment Plan contemplates that the costs and expenses of all the public improvements for the Redevelopment Project are eligible TIF uses for each phase of the Redevelopment Project. As such, City and Redeveloper may apply the payments toward the TIF Indebtedness (defined below) generated from each phase of the Redevelopment Project toward the payment of the eligible expenses of the entire Redevelopment Project, if necessary, provided there is no duplication of expenses.



The Redevelopment Project's construction schedule will depend on the rate that the residential dwelling units are sold, but based upon the current housing market and the need for housing in the City, Redeveloper anticipates that it will complete Phase One in approximately two years. If applicable, Redeveloper will provide the construction schedules for Phase Two and Phase Three in an amendment to this Redevelopment Plan or the redevelopment contract. Redeveloper anticipates the following construction schedule for the Redevelopment Project:

Phase One:

Construction start date 9/1/2019

Construction completion 12/31/2020

Phase Two:

TBD

Phase Three:

TBD

The anticipated start dates and completion dates are preliminary and subject to change based upon market conditions, availability of materials, workforce availability and other extraneous factors.

Upon the completion of each phase or sub-phase thereof, Redeveloper will submit to the Agency an amendment to the redevelopment contract on a form prescribed by the Agency. Each amendment to the redevelopment contract shall set forth the "effective date" (as defined in the Act) for the pertinent phase or sub-phase and must be submitted to the Agency on or before June 30 of the year in which taxes are to be divided for such phase or sub-phase.

**I. Financing**

The City and the Agency contemplate the use of TIF for the Redevelopment Project. Section 18-2147 of the Act authorizes the use of TIF. It provides that any ad valorem tax levied upon real property, or any portion thereof, in a redevelopment project shall be divided, for a period not to exceed fifteen years after the effective date as identified in the redevelopment contract, or amendment thereof, or in the resolution(s) of the authority authorizing the issuance of TIF indebtedness pursuant to the Act, as follows:

- (a) That portion of the ad valorem tax the levy produces at the rate fixed each year by or for each public body upon the redevelopment project valuation shall be paid into the funds of each such public body in the same proportion as are all other taxes collected by or for the body ("Base Tax Amount"); and

- (b) That portion of the ad valorem tax on real property, as provided in the redevelopment contract or bond resolution, in the redevelopment project in excess of the Base Tax Amount, if any, (referred to herein as “TIF Revenues”) shall be allocated to and, when collected, paid into a special fund of the authority to be used solely to pay the principal of, the interest on, and any premiums due in connection with the bonds of, loans, notes, or advances of money to, or indebtedness incurred by, whether funded, refunded, assumed, or otherwise, such authority for financing or refinancing, in whole or in part, the redevelopment project.

With respect to the Redevelopment Project, the actual base tax year and Base Tax Amount for each phase or sub-phase thereof will be conclusively set forth in the redevelopment contract, or amendment thereof, and/or the resolution authorizing the TIF indebtedness for each phase or sub-phase. The Agency and Redeveloper anticipate that the effective dates will be different for each of the phases, or sub-phases thereof; and therefore the increment period for each phase and sub-phase thereof will be different. It is further anticipated that the Agency will issue one TIF bond or note per phase.

Notwithstanding any provision herein to the contrary, all tax revenues resulting from improvements constructed/installed after the commencement of the first portion of each phase or sub-phase thereof shall only be divided and allocated over the applicable 15-year increment period.

## **1. Necessity of TIF**

Redeveloper represented and warranted to the City that it would not be economically feasible to develop the Redevelopment Project without TIF. In light of Redeveloper's market research, Redeveloper believes that the market will respond best to homes priced at approximately \$205,000. As such, the cost of the public and private improvements for the Redevelopment Project will far exceed the marketable price points for the residences therein. Without TIF, the price point of the homes would increase significantly to provide acceptable cash-flow. Thus, Redeveloper would not construct the Redevelopment Project as designed without TIF.

Additionally, due to significant public improvement costs, Redeveloper cannot construct the Redevelopment Project without the use of TIF for all phases of the Redevelopment Project. Construction of Phase One is not feasible without the intent to complete all the phases, and Phases Two and Phase Three are not feasible without the use of TIF. Thus, the approval of TIF for all three phases is critical to Redeveloper's undertaking of the Redevelopment Project.

## **2. Sources and Uses of Financing**

Based upon the projections provided in Exhibit "F", attached hereto and incorporated herein, the Agency and Redeveloper contemplate issuance of a series of TIF bonds or notes (the "TIF Indebtedness") as follows:

### Phase One:

TIF Indebtedness not to exceed \$622,980, including both principal and interest.

### Phase Two:

TBD

### Phase Three:

TBD

As shown on Exhibit "F", the anticipated TIF Indebtedness amount for Phase One does not exceed the anticipated TIF-eligible costs for Phase One.

The total estimated cost of Phase One is \$2,840,935. Redeveloper anticipates that Redeveloper will finance the balance of the private costs via a mix of owner's equity and traditional bank financing. The City, Agency and Redeveloper anticipate that the City will construct the public improvements in the amount of approximately \$412,608.75, financed at an interest rate of 3.25 percent, amortized over eleven (11) years (the "City's Costs"). Redeveloper, the City and the Agency anticipate that the City will have first priority on the TIF Revenues and a first lien on the area of the Project Site comprising Phase One until the City's Costs are paid in full, at which point the TIF Revenues shall be paid to Redeveloper as reimbursement for other TIF-eligible costs. Redeveloper and the Agency will provide a more detailed breakdown of the Redevelopment Project's financing and the TIF sources and uses in the redevelopment contract, or amendments thereof, for each phase of the Redevelopment Project, or in the resolution of the Agency authorizing issuance of the TIF Indebtedness. The above figures are only projections and are subject to change as a result of market conditions and other extraneous factors.

## **J. Cost-Benefit Analysis**

A cost-benefit analysis for the Redevelopment Project is attached as Exhibit "G" and incorporated herein.

Exhibits:

Exhibit A:	Redevelopment Project Area and Depiction of Existing Land Use
Exhibit B:	Project Site
Exhibit C:	Future Land Use
Exhibit D:	Site Plan
Exhibit E:	Estimated Construction Cost of the Redevelopment Project
Exhibit F:	Sources and Uses of TIF
Exhibit G:	Cost-Benefit Analysis
Exhibit H:	General Plan

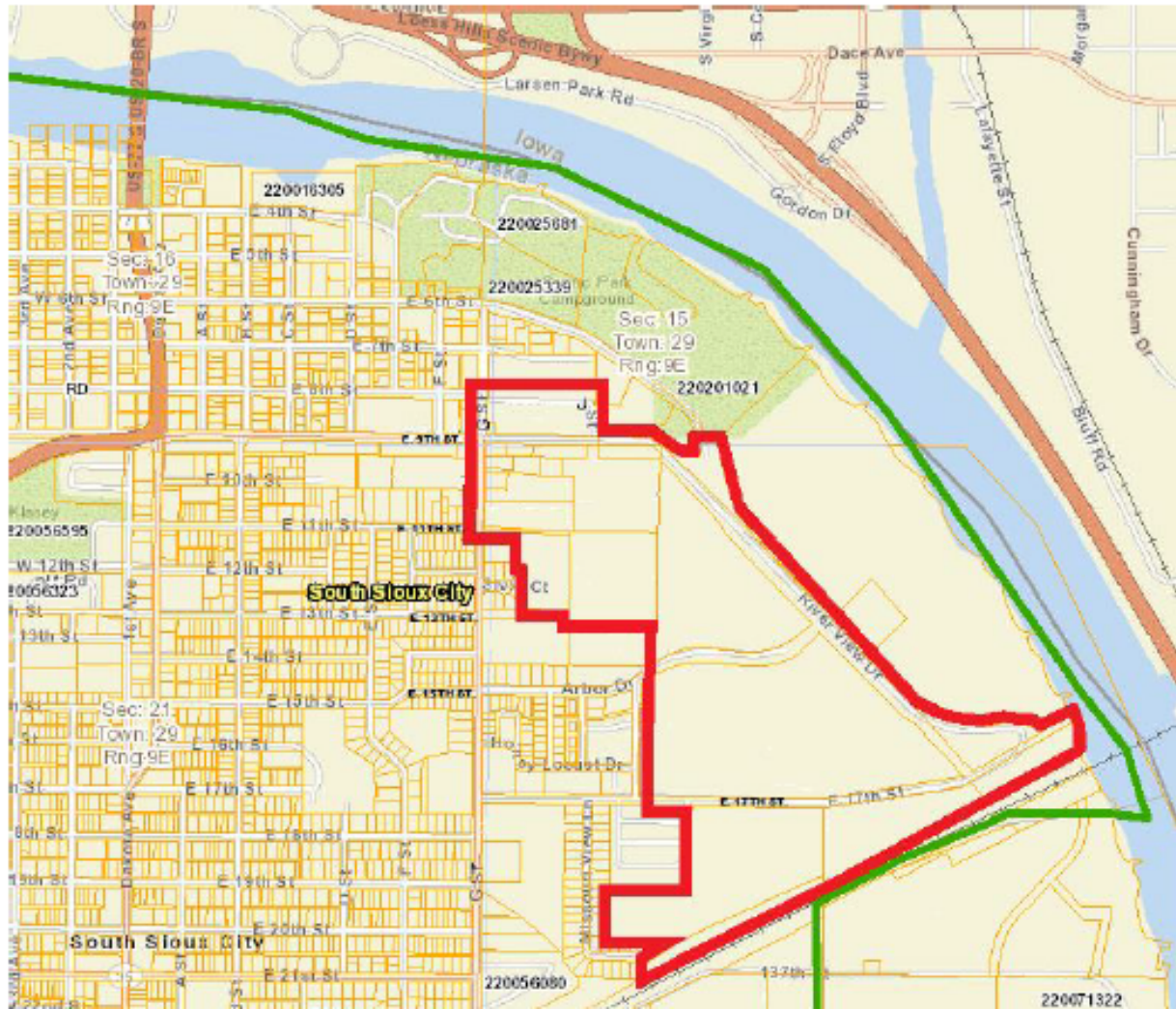
## EXHIBIT "A"

### Redevelopment Area and Existing Land Use

Redevelopment Area (outlined in red):

## CONTEXT MAP

THE NORTHEAST REDEVELOPMENT AREA  
SOUTH SIOUX CITY, NEBRASKA



## LEGEND

- Redevelopment Area Boundary
- Corporate Limit Line

HANNA:KEELAN ASSOCIATES, P.C.  
COMMUNITY PLANNING & RESEARCH

\* Lincoln, Nebraska \* 402.464.5383 \*



Existing Land Use of Redevelopment Area and Surrounding Areas:

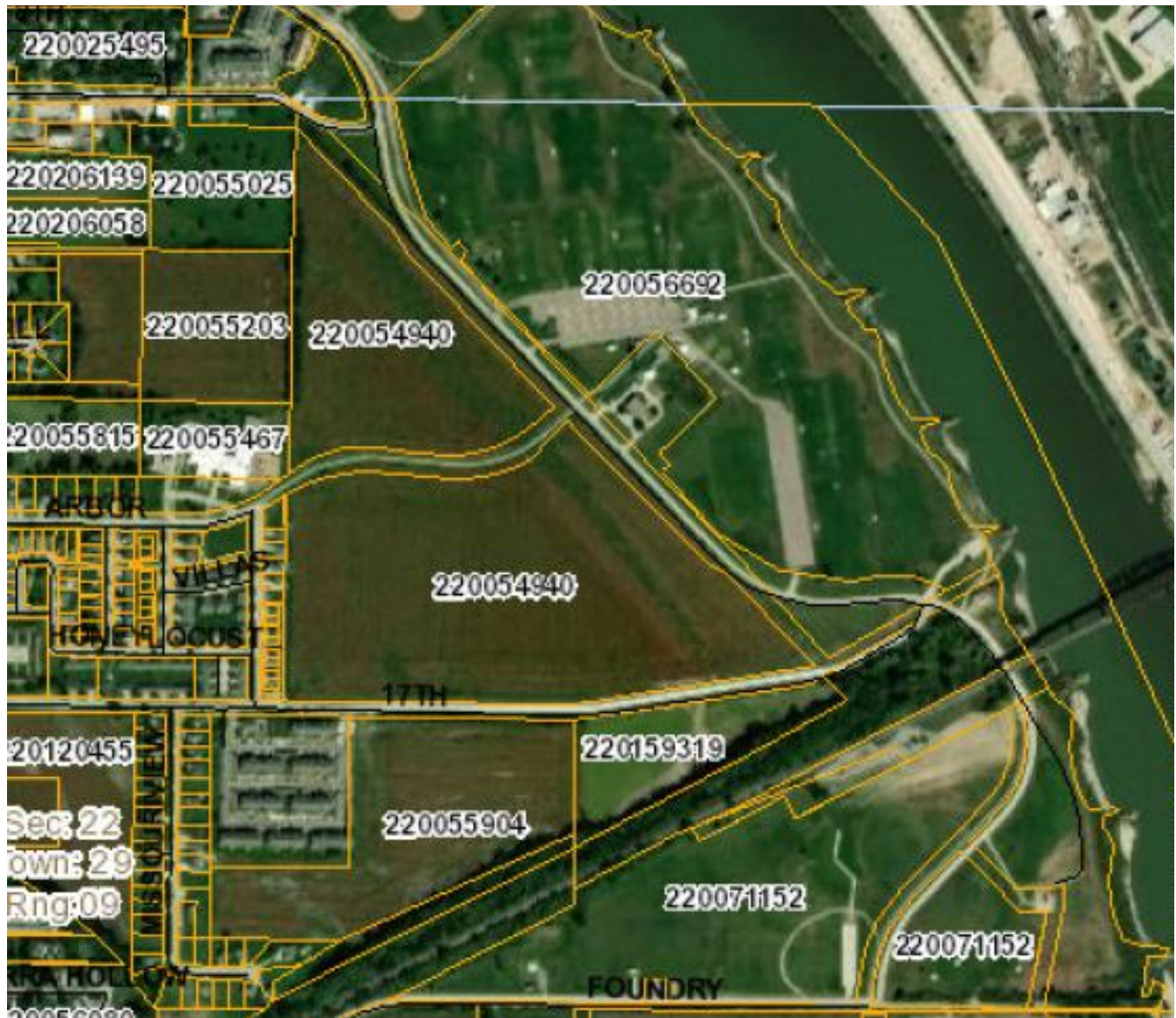


Exhibit "A"

## **EXHIBIT "B"**

### **Project Site**

#### **Legal Description:**

The following described real property situated in Section 22, Township 29, Range 9, in Dakota County, Nebraska:

The Southeast Quarter of the Northwest Quarter of the Southwest Quarter (SE1/4 NW1/4 SW1/4);

and

The West Half of the Northeast Quarter of the Southwest Quarter (W1/2 NE1/4 SW1/4), LYING NORTH OF RR R.O.W.;

and

The West Half of the East Half of the Northeast Quarter of the Southwest Quarter (W1/2 E1/2 NE1/4 SW1/4).

\* Subsequent to the approval of this Redevelopment Plan, the Redeveloper intends to subdivide or replat the Project Site, or a portion thereof, as shown on Exhibit "D". Subsequent to said subdivision or replat, the above legal description shall be replaced with the legal description provided in the subdivision or replat of the Project Site approved by the City.

Depiction (outlined in red):



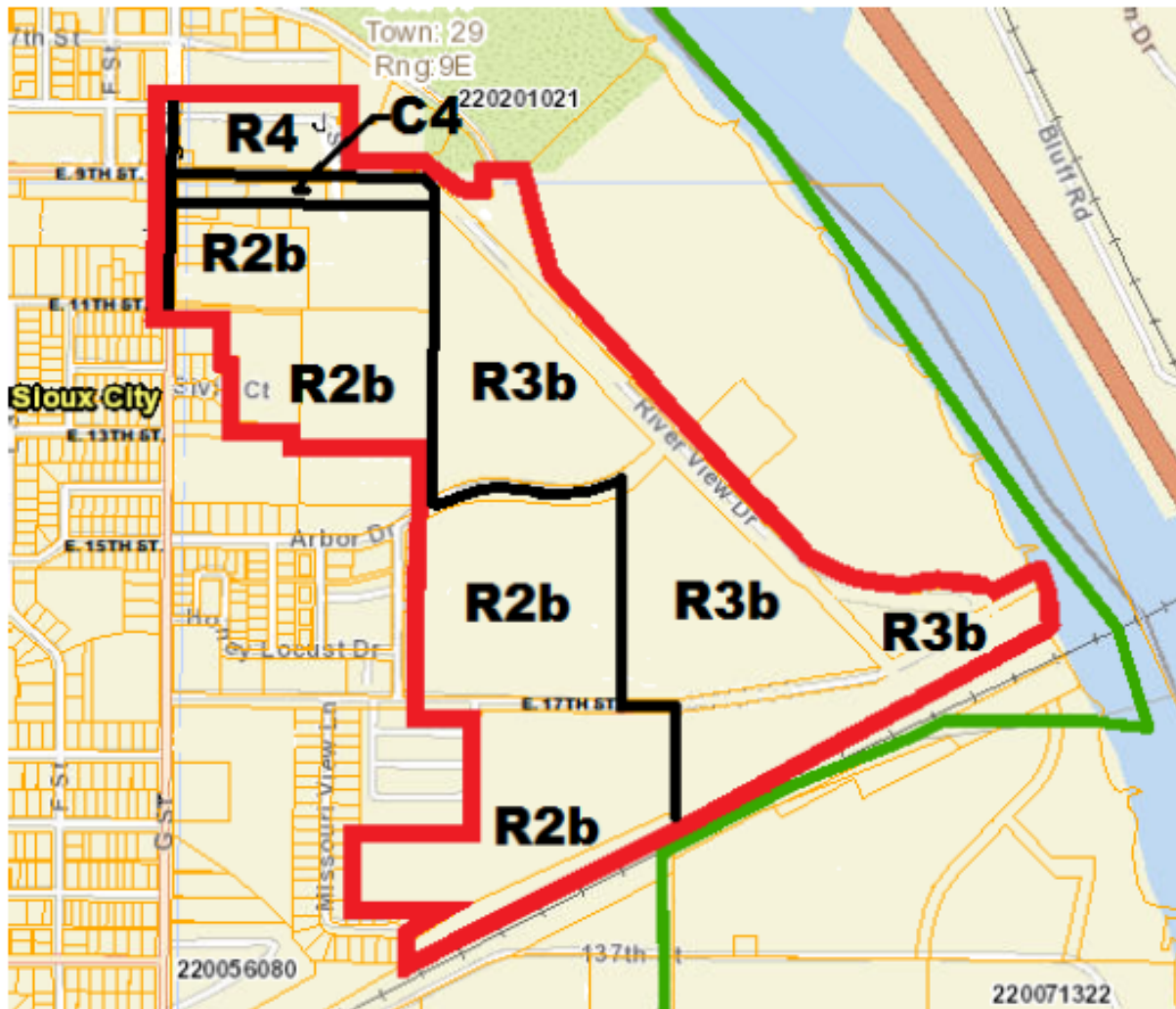
Exhibit "B"



## EXHIBIT "C"

### Future Land Use Map of Redevelopment Area and Project Site

#### **FUTURE ZONING MAP** NORTHEAST REDEVELOPMENT AREA SOUTH SIOUX CITY, NEBRASKA



#### LEGEND

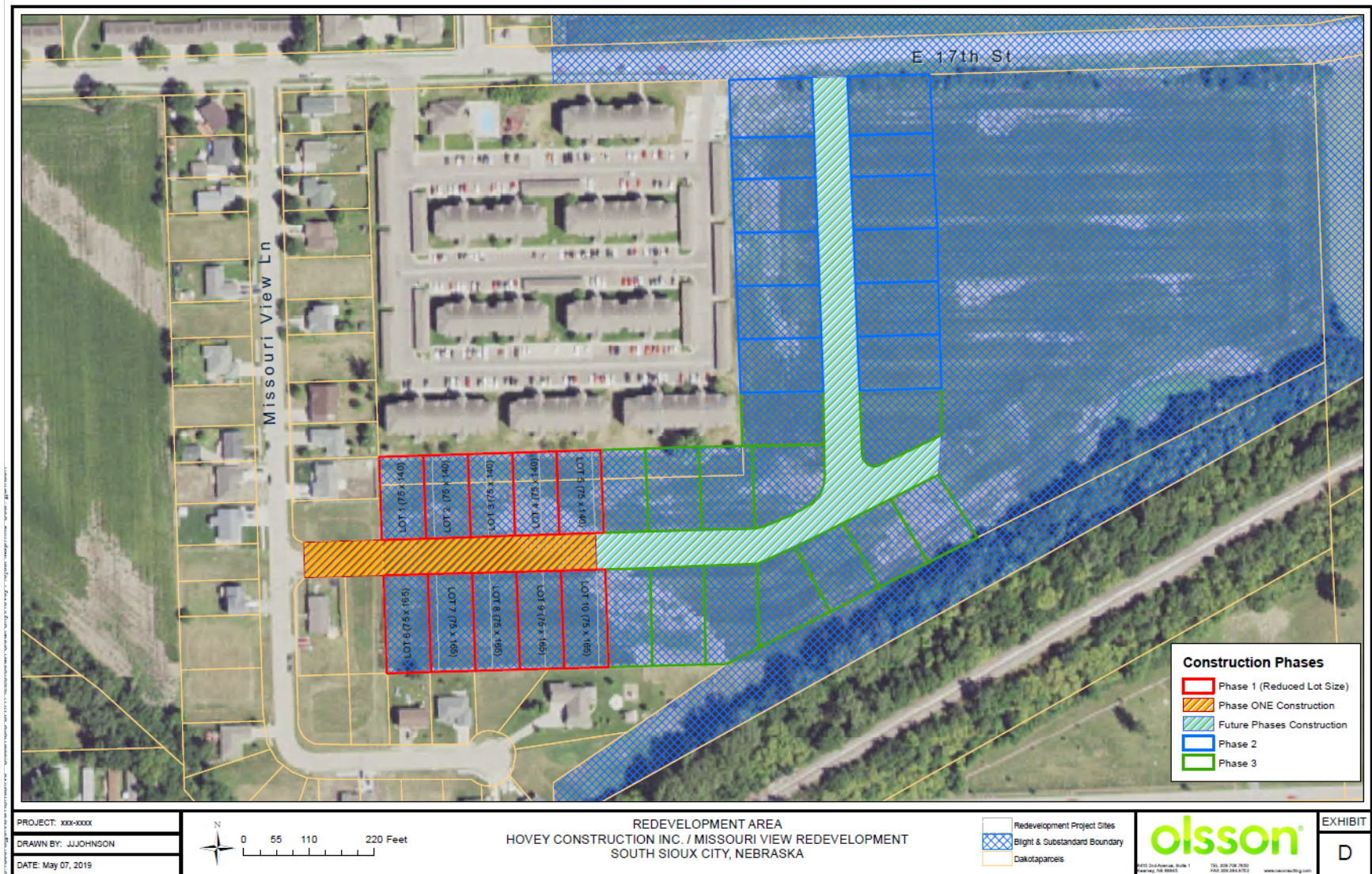
R2b	SINGLE FAMILY RESIDENTIAL
R3b	MULTIFAMILY RESIDENTIAL
R4	MOBILE HOME PARK
C4	COMMERCIAL

**HANNA:KEELAN ASSOCIATES, P.C.**  
**COMMUNITY PLANNING & RESEARCH**

\* Lincoln, Nebraska \* 402.464.5383 \*

# EXHIBIT "D"

## Site Plan



\* The above is a preliminary site plan and is subject to change.

Exhibit "D"



## **EXHIBIT "E"**

### **Estimate of Construction Costs**

#### **Phase One:**

Land Acquisition (entire Project Site):	\$281,880
Site Development & Utilities:	\$289,550
Building Costs:	\$2,050,000
Architectural & Engineering Fees:	\$28,955
Legal Fees:	\$15,000
Financing Costs & Capitalized Interest on Public Improvements:	\$81,447
Contingencies:	\$72,387
Construction Observation:	\$21,716

**TOTAL:** **\$2,840,935**

Phase Two: TBD

**Phase Three:** TBD

\* The above construction cost estimates are preliminary in nature and subject to change.

\*\* Exhibit "F" provides a detailed breakdown of the TIF-eligible site development and utility costs.

## **EXHIBIT "F"**

### **Sources and Uses of TIF**

#### **USES**

##### **Phase One:**

Land acquisition (entire Project Site)	\$281,880
Site Development & Utilities	
Mobilization	\$40,000
6" PCC Pavement (480'X31')	\$92,950
Flyash	\$14,400
Earthwork	\$23,625
8" Water Main	\$17,675
8" Valves	\$4,000
8" Tees	\$500
Fire Hydrants	\$4,500
Water Services	\$15,000
18" Storm Sewer Pipe	\$40,400
Storm Inlets	\$6,500
Sanitary Services	\$30,000
Legal Fees	\$15,000
Contingency (25%)	\$72,387.50
Design (10%)	\$28,955
Construction Observation (7.5%)	\$21,716.25
<u>Financing Costs &amp; Capitalized Interest</u>	<u>\$81,447</u>

**PHASE ONE TOTAL: \$790,935.75**

**Phase Two:** TBD

**Phase Three:** TBD

## **SOURCES**

### **Phase One:**

#### **Assumptions:**

##### **Single-family unit valuation:**

Base Value/Unit	\$4,000
Number of Units	10
Final Value/Unit	\$205,000
Total Final Value	\$2,050,000

Tax Levy (2018):	2.108142
Interest Rate:	TBD

Subphase	1	2
Effective Date	2020	2021
# of Units	5	5
TIF Period	15	15
Base Value (subphase)	\$30,000	\$30,000
Base Taxes (subphase)	\$632	\$632
Completed Value	\$1,025,000	\$1,025,000
Total Taxes	\$21,608	\$21,608
Tax Increment	\$20,976	\$20,976
less 1% fee	\$20,766	\$20,766
Phase Years	1 to 15	2 to 16

Year	Subphase 1	Subphase 2	Aggregate
1	\$20,766	\$0	\$20,766
2	\$20,766	\$20,766	\$41,532
3	\$20,766	\$20,766	\$41,532
4	\$20,766	\$20,766	\$41,532
5	\$20,766	\$20,766	\$41,532
6	\$20,766	\$20,766	\$41,532
7	\$20,766	\$20,766	\$41,532
8	\$20,766	\$20,766	\$41,532
9	\$20,766	\$20,766	\$41,532
10	\$20,766	\$20,766	\$41,532
11	\$20,766	\$20,766	\$41,532
12	\$20,766	\$20,766	\$41,532
13	\$20,766	\$20,766	\$41,532
14	\$20,766	\$20,766	\$41,532
15	\$20,766	\$20,766	\$41,532
16	\$0	\$20,766	\$20,766
TOTAL			\$622,980

**TIF Indebtedness**

**\$622,980**

Phase Two: TBD

Phase Three: TBD

\* The above "sources" for the Redevelopment Project are estimates based upon the assumptions listed herein and are subject to change.

\* The "TIF Indebtedness" contemplates a 0% interest rate and may vary in relation to establishment of an interest rate above 0%, provided that the aggregate principal and interest paid on the TIF Indebtedness shall not exceed \$622,980.

## **EXHIBIT "G"**

### **Cost-Benefit Analysis (Pursuant to Neb. Rev. Stat. § 18-2113)**

The cost-benefit analysis for the Redevelopment Project, as described in the attached Redevelopment Plan, which will utilize funds authorized by section 18-2147 of the Act, is provided below:

#### **1. Tax shifts resulting from the approval of the use of funds pursuant to Section 18-2147:**

Dakota County and the City will continue to allocate the taxes generated by the base value of the Project Site between the relevant taxing jurisdictions pursuant to the Act. Only the incremental taxes created by the Redevelopment Project will be captured to pay for the Redevelopment Project's eligible public expenditures. Since the incremental taxes would not exist without the use of TIF to support the Redevelopment Project, the true tax shift of the Redevelopment Project is a positive shift in taxes after 15 years. However, for the purposes of illustrating the incremental taxes used for TIF, the estimated 15 year tax shift for Phase One of the Redevelopment Project is set forth in Exhibit "F" of the Redevelopment Plan.

#### *Notes:*

- 1. The assessed value of the Project Site as of January 1, 2018 was \$352,200. The Phase One area equates to approximately 17 percent of the Project Site. Based upon such percentage, Redeveloper estimates the assessed value of the Phase One area to be \$60,000.*
- 2. The projections assume that the base value for each subphase will be valued prior to the increased assessment based upon the replat of the property.*
- 3. The Projected Tax Increment is based on assumed values and levy rates; actual amounts and rates will vary from those assumptions, and it is understood that the actual tax shift may vary materially from the projected amount. The levy rate is assumed to be the 2018 levy rate. There has been no accounting for incremental growth over the 15 year TIF period.*

**2. Public infrastructure and community public service needs impacts and local tax impacts arising from the approval of the Redevelopment Project:**

a. Public infrastructure improvements and impacts:

The Redevelopment Project requires extensive public infrastructure installation. The Project Site will require additional roadways, as there is currently not access to serve the Project Site. With respect to Phase One, Redeveloper will construct roadways to provide access from Missouri View Road. Redeveloper and/or the City will construct or extend water and sewer systems to provide appropriate service to the Project Site; and Redeveloper will fill and grade the Project Site to provide for effective surface water runoff. Redeveloper also anticipates the construction of electric utilities extending to the residences within the Project Site. It is the intent of this Redevelopment Plan that Redeveloper pay all infrastructure and site preparation costs (either directly or via special assessments), with such cost to be reimbursed by TIF.

b. Local Tax impacts (in addition to impacts of Tax Shifts described above):

The Redevelopment Project should create material tax and other public revenue for the City and local taxing jurisdictions. While the use of TIF will defer receipt of a majority of new ad valorem real property taxes generated by the Redevelopment Project, the Redevelopment Project should generate immediate tax growth for the City. The Redevelopment Project and new residences therein will require and pay for City services. Additionally, the City will recoup sales tax on materials used for construction of the Redevelopment Project. Redeveloper and the Agency do not anticipate that the Redevelopment Project will have any material adverse impact on such City services, but will generate revenue providing support for those services.

**3. Impacts on employers and employees of firms locating or expanding within the boundaries of the Project Site:**

The Redevelopment Project does not contemplate the location of any businesses within the Project Site. Redeveloper and the Agency anticipate that the Redevelopment Project will have a material positive impact on employees within the Project Site. The Redevelopment Project will provide needed additional housing for current and new employees of businesses in the surrounding area. The use of TIF helps allows Redeveloper to reasonably price the residences for workforce housing, which facilitates this positive impact.

Accordingly, the Redevelopment Project should not have an adverse impact on employers and employees of firms locating or expanding within the boundaries of the area of the Project Site. Further, construction of the Redevelopment Project in phases based upon absorption rates and market demand should protect against any negative effects of construction.



**4. Impacts on other employers and employees within the City and the immediate area that is located outside of the boundaries of the area of the Project Site:**

The Redevelopment Project should have a material positive impact on private sector businesses in the City and vicinity of the Project Site. The Redevelopment Project will require installation of public utilities, and the use of TIF should defray the costs of these and other public improvements that would otherwise be paid through tax revenue or special assessments that would burden adjacent property owners. The Redevelopment Project will provide much needed housing in the community, which will benefit employers, employees, and the City in general. Further, the housing constructed as part of the Redevelopment Project should increase the need for services and products from existing businesses, such as household products and general consumer services.

The Redevelopment Project should not have a negative impact on local employers. As indicated previously, construction of new homes should create a pool of additional employees in the City.

**5. Impacts on student populations of school districts within the City:**

The addition of school age children as a result of the Redevelopment Project will have an impact on the City's school district. Assuming 2.93 persons occupy each home and a traditional family resides therein, a student population increase of .93 children per home is possible for a total of 9 to 33 new students. Single parents with multiple school age children will skew this number higher. Current residents within the school district that move to the Project Site will skew this number lower. The school district will not receive taxes from the homes built during the time the increased taxes are utilized to pay the TIF Indebtedness. The school district has received state aid to education in the past. Part of the school aid formula involves assessed valuation in the school district. The valuation that generates the TIF Revenues is not included in the formula and does not count against the state aid that the school district would receive. Taxes on any increase in the base value of the land will benefit the school district. After the TIF Indebtedness is paid, or at the end of the statutory period for the division of taxes, whichever is sooner, the increased valuation from the homes will be available to and benefit the school district.

**6. Other impacts determined by the Agency to be relevant to the consideration of costs and benefits arising from the redevelopment project:**

The Project Site is blighted and contains substandard conditions that are a detriment to the City as a whole. The Redevelopment Project will revitalize and occupy an undeveloped

space without negatively impacting the surrounding businesses or straining the public infrastructure. There are no other material impacts determined by the Agency relevant to the consideration of the cost or benefits arising from the Redevelopment Project. As such, the costs of the Redevelopment Project are outweighed by its benefits.

**EXHIBIT "H"**

**General Plan**

(See attached)