

CITY OF YORK, NEBRASKA

TAX INCREMENT FINANCING PROGRAM OVERVIEW

Tax Increment Financing, or TIF, is a tool to assist in financing redevelopment projects in designated areas of the City that have been evaluated and determined to be blighted and substandard utilizing the criteria for such determination as set forth in the Nebraska Community Development Law. The City of York facilitates the issuance of bonds or a promissory note to assist in financing any acquisitions or Improvements allowable under the Law within a redevelopment project. The additional property taxes on real property generated from the increased valuation of the new development are then captured for a period of up to 15 years to repay the public investment.

The overall purpose of TIF is to help municipalities undertake redevelopment activities for urban renewal and economic growth. TIF allows a municipality to pay for various acquisitions and improvements allowable under the Law that are part of a private sector redevelopment project. TIF is not a grant of public money and it is not the primary funding source for a redevelopment project, but TIF does provide a financial incentive for private sector development that will result in increases in the property tax base and increased employment opportunities which, in turn, benefit all citizens of the municipality.

REDEVELOPMENT AREA DEFINED

All TIF projects must occur within a redevelopment area that has been officially declared blighted and substandard by the governing body. The City of York, has evaluated and established 8 redevelopment areas based on a blighted and substandard area determination analysis completed in March of 2018. Please contact the York City Administrator or the York County Development Corporation with your proposed property location to determine redevelopment area verification and project eligibility.

PROJECT ELIGIBILITY

TIF can be used to pay for various eligible public improvements which may include:

- Acquisition of redevelopment sites and demolition of buildings or other improvements
- Site preparation, grading, site drainage, special foundation work and other site preparation activities
- Installation of public improvements for economic development incentives for commercial, industrial and manufacturing entities

- Acquire real property in a community redevelopment area and sell, lease or otherwise make available land for residential, commercial, industrial and other use
- Construct, install or reconstruct streets, utilities, parks, sidewalks, lighting, drainage facilities and other public related improvements
- Improvements for other uses in accordance with an approved Redevelopment Plan

Additionally, in order to authorize the use of TIF, a cost-benefit analysis of any proposed project must be conducted to determine that the costs and benefits are in the long-term best interest of the City and that the proposed project would not cause undue negative or cost impacts on the City.

COMMUNITY DEVELOPMENT AGENCY

The Community Development Agency (CDA) of the City of York is responsible for carrying out the redevelopment activities for the City. The CDA is instrumental in the TIF process as it evaluates each TIF application and recommends redevelopment projects to the Mayor and City Council. It also enters into approved redevelopment contracts with a redeveloper to establish the rights and obligations of the parties and the details of the TIF bond.

CITY OF YORK, NEBRASKA TIF POLICIES AND APPLICATION AND ADMINISTRATIVE FEES

The CDA encourages and evaluates all proposed TIF projects based upon their positive impacts in addressing affordable housing needs, growth in employment opportunities and overall benefit to the City in general.

APPLICATION FEE: A nonrefundable application fee equal to the lesser of 1% of the requested TIF or one thousand dollars shall be submitted with any TIF application to the City of York.

ADMINISTRATIVE FEE: A fee to cover the City's cost in administering and preparing annual reports during the duration of the TIF project shall be \$100 per year which shall be paid in full by applicant at signing of the contract.

TIF LEGAL COUNSEL FEE: The legal fees charged for services in reviewing application and preparing the necessary plans and contracts shall be paid by the applicant upon signing of the redevelopment contract.

TIF PROCESS CHECKLIST

- ✓ Meeting with the City Administrator and redeveloper to review the TIF process and determine initial eligibility of proposed project. Discuss what components of the project may be eligible for TIF, what entity will purchase any TIF bonds generated, TIF review time line and probable legal fees to be paid by applicant through the TIF process,
- ✓ Applicant completes TIF application form and files completed form to the City Clerk and pays application fee
- ✓ City Administrator and legal counsel review application for completeness. If complete Administrator sets TIF Review Committee meeting. If application is incomplete, Administrator requests additional information from redeveloper
- ✓ TIF Review Committee reviews application. If tentatively approved, the Committee directs legal counsel to prepare a redevelopment plan for the proposed project. If application is not approved, application is forwarded to CDA for further action or denial
- ✓ If tentatively approved, legal counsel prepares appropriate redevelopment plan and forwards same to the CDA
- ✓ At publicly noticed meeting, the CDA, by resolution, forwards proposed redevelopment plan to the Planning Commission for review and recommendation
- ✓ City Clerk publishes notice of public hearing before the Planning Commission 2 times, with map of redevelopment area and mails specific letters to other statutory taxing entities. Public hearing held at least 10 days after publication of last notice.
- ✓ Planning Commission conducts public hearing and reviews proposed Redevelopment Plan for conformity with the Comprehensive Plan of the City and, if in conformity, passes resolution regarding its recommendation to be forwarded to City Council
- ✓ City Clerk publishes notice of public hearing before the City Council 2 times with map of redevelopment area and mails specific letters to other statutory taxing entities. Public hearing held at least 10 days after publication of last notice
- ✓ CDA conducts meeting prior to City Council public hearing and passes resolution recommending the redevelopment plan to the City Council
- ✓ City Council conducts public hearing and passes resolution approving the Redevelopment Plan
- ✓ Legal counsel prepares Redevelopment Contract (This step may be simultaneous to the Redevelopment Plan preparation
- ✓ CDA meets to pass a resolution authorizing signature on the Redevelopment Contract and provide for bond issuance
- ✓ Bond Closing
- ✓ City Clerk files notice to divide taxes

TIF FINANCING PROJECT EXAMPLE

The example below demonstrates how TIF works with a hypothetical project. In this example, the developer owns a lot with an assessed value of \$10,000 located in a redevelopment area.

The developer proposes to construct and utilize a building on the property and the assessed value of the property after completion of the project is estimated to be \$500,000.

Although annual TIF is available for 15 years, assume the project qualifies for 12 years under the aforementioned City TIF policies and assume a total tax levy applicable to the project is the current levy of \$1.69 per \$100 in valuation.

	<u>Valuation</u>	<u>Taxes</u>
Pre-development.....	\$ 10,000.....	\$ 169
Completed Project.....	\$500,000.....	\$8,450
Difference (increment).....	\$490,000.....	\$8,281

Assuming a developer can borrow funds at a 6% annual interest, the TIF revenue collected for 12 years could pay off a loan of \$70,121 in this example.

Present Value Calculation Case Example

<u>Year</u>	<u>TIF</u>
1	\$8,281
2	\$8,281
3	\$8,281
4	\$8,281
5	\$8,281
6	\$8,281
7	\$8,281
8	\$8,281
9	\$8,281
10	\$8,281
11	\$8,281
12	<u>\$8,281</u>
TOTAL	\$99,372

Present Value of \$99,372 @ 6% = \$70,121

Present Value of TIF if project qualifies for 15 years:
TOTAL \$124,215 @ 6% = \$81,156

After the 12 or 15 year period expires, the full amount of real property taxes are paid out to all taxing entities each year thereafter.