**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 City of York generally will limit the duration of TIF financing to 12 years, except in cases where the project proposed addresses an acute need for growth and development of the City that that has been identified through studies and in cases where there will be a substantial increase in the tax base and the economic impact for the City will be substantial.

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.

* 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,

**TIF PROCESS CHECKLIST**

* 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

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.

**TIF FINANCING PROJECT EXAMPLE**

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.

Valuation Taxes

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

Year TIF

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 $8,281

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.

**Tax Increment Financing Application**

**CITY OF YORK, NEBRASKA**

**COMMUNITY DEVELOPMENT AGENCY**

**100 EAST 4TH STREET - YORK, NE 68467**

**Telephone: (402) 363-2600**

***(mail or deliver to City Administrator)***

**PROJECT SCOPE (please type all information)**

1. **Applicant Information:**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Business Name

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Contact Person for Applicant

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Street Address

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Mailing Address

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Telephone

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Alternate Telephone

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Fax

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Email

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Business structure: (e.g. corporation, limited liability company, etc. and state of organization

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Owners

2. **Project Description:**

Attach written description of the project proposed as follows:

A. What type of business / activity does this project involve (i.e. industrial, commercial, residential or other)

1) If the project involves housing, give a description of the type of housing, intended tenants, type of household (families/elderly etc.) income levels, sale price or rental rates of proposed housing units, estimated impact on schools and the community.

2) If the project involves retail or other business, give a description of the business, how the community would benefit from such business and the probable impact on existing businesses.

3) If the project involves industry, give a description of the type of industry, potential environmental impacts and impacts on the community in general.

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B. What is the estimated number of new full and part-time jobs the project will create?

C. What is the pay scale and benefits package for these jobs and what is the estimated annual payroll?

3. **Proposed Project Site: (Attach the following)**

Provide the street address, legal description, current owner. If current owner is not the applicant, identify whether the site is under contract, option etc.

4. **Physical Description of the Proposed Project: (Attach)**

Provide building(s) square footage, size of the property, description of building materials and attach site plan.

5. **Land Use:**

A. If the real estate is to be subdivided, show division planned in sketch form or attach a copy of the plat.

B. Check current zoning of the site and determine if the proposed use is permitted.

6. **Estimated Project Costs:**

A. Land Acquisition (if applicable) $\_\_\_\_\_\_\_\_\_\_\_\_\_

Site Development (itemize)

1) Demolition $\_\_\_\_\_\_\_\_\_\_\_\_\_

2) Grading $\_\_\_\_\_\_\_\_\_\_\_\_\_

3) Site Preparation $\_\_\_\_\_\_\_\_\_\_\_\_\_

4) Other (explain) $\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

B. Building Construction Cost $\_\_\_\_\_\_\_\_\_\_\_\_\_

C. Other Site Improvement Cost $\_\_\_\_\_\_\_\_\_\_\_\_\_

1) Water / Sewer $\_\_\_\_\_\_\_\_\_\_\_\_\_

2) Street Paving / Sidewalks $\_\_\_\_\_\_\_\_\_\_\_\_\_

3) Landscaping $\_\_\_\_\_\_\_\_\_\_\_\_\_

4) Other \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ $\_\_\_\_\_\_\_\_\_\_\_\_\_

D. Equipment Cost $\_\_\_\_\_\_\_\_\_\_\_\_\_

E. Architectural and Engineering Fees $\_\_\_\_\_\_\_\_\_\_\_\_\_

F. Legal Fees (including TIF Fees) $\_\_\_\_\_\_\_\_\_\_\_\_\_

G. Financing Costs $\_\_\_\_\_\_\_\_\_\_\_\_\_

H. Broker Costs (if applicable) $\_\_\_\_\_\_\_\_\_\_\_\_\_

I. Contingencies $\_\_\_\_\_\_\_\_\_\_\_\_\_

J. Other Costs (explain) $\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**TOTAL** $\_\_\_\_\_\_\_\_\_\_\_\_\_

7. **Additional Information and Documentation (attach)**

A. Construction Pro Forma

B. Annual Income and Expense Pro Forma (with separate schedules) for duration of TIF

C. Applicant’s, Corporation / LLC / Partnership Business financial statements for the last 3 years.

D. Business Plan for the proposed project

8. **Estimated Tax Increment:**

Provide the following information:

A. The total estimated assessed valuation of real property (NOT personal property) at completion based upon discussions with the York County Assessor

B. The current assessed valuation before construction of the proposed project from last tax statement

C. Estimated increase in real property assessed valuation

D. Estimated new real estate tax to be generated annually, based upon current applicable total tax levy (excluding personal property)

E. Estimated cost of personal property to be acquired for use in this project

9. **Proposed Sources of Project Funding:**

A. Equity by Applicant

B. Bank or other entity loan (Provide written conditional approval or commitment letters, if applicable)

C. Tax Increment Financing (indicate whether TIF loan or grant is requested and entity to purchase TIF Bonds)

D. Other (describe)

E. Have you applied or intend to apply for benefits under the Nebraska Advantage Act?

10. **Name, Address and Telephone Numbers of Architect, Engineer and General Contractor**

11. **Project Construction Schedule:**

A. Estimated construction start date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_

B. Estimated construction completion date: \_\_\_\_\_\_\_\_\_

C. If project is phased:

Year\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_/\_\_\_\_\_\_\_\_\_\_% complete

Year\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_/\_\_\_\_\_\_\_\_\_\_% complete

12. M**unicipal Reference (if applicable)**

List any other municipality wherein the applicant or associated entity has completed development within the last 5 years.

13. **Amount of TIF Funding Requested**: $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

14. **Application Fee Paid:** $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**(NOTE:** If the application is approved, the applicant is not guaranteed to receive the amount of TIF requested. The actual amount of TIF assistance will vary depending on a number of factors, including but not limited to, lender interest rates, identification of eligible TIF expenditures, and additional information identified in the redevelopment project review process.)

15. **Identification of Eligible TIF Costs:**

Provide a detailed breakdown of proposed TIF eligible project components and costs of each component including any available bids or cost estimates. Consult with City Administrator or TIF legal counsel to verify that such components are eligible.

16. **Documentation of Necessity for Use of TIF:**

Provide written documentation that addresses the following:

A. Is the proposed project financially feasible without TIF? If “no” indicate specifically why TIF is necessary to make the project feasible including explanations of why applicant cannot provide more equity and explanation of why any borrowing cannot be increased.

B.If borrowing is part of the project, include a written statement from the lender that the lender is not willing to increase the loan amount and that TIF funding is a condition of the proposed loan in order to make the loan for the project.

C. If there is to be any lease-back of buildings or facilities in the proposed project to the applicant or entity of which applicant is a part, provide documentation that the capitalization rate of the lease is reasonable and comparable to other such leases in the area.

D. Would the applicant locate the project in the redevelopment area without TIF support? (Explain)

17. **List any Other Long-Term Benefits that the Proposed Project will Bring to the City of York.**

**SIGNATURE:**

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Printed Name:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Date:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_