

REDEVELOPMENT PLAN I
PLAN MODIFICATION NO. 6.19.18.B
(Faris Redevelopment Project)

The Community Redevelopment Authority (CRA) of the City of Hastings intends to amend the Redevelopment Plan for Area #1 within the city, pursuant to the Nebraska Community Development Law (the "Act") and provide for the financing of a specific redevelopment related project in Area #1.

Executive Summary:

Project Description

THE REDEVELOPMENT OF THE BUILDING LOCATED AT 601-609 W. 1ST STREET FOR COMMERCIAL AND RESIDENTIAL USES, INCLUDING FIRE/LIFE SAFETY IMPROVEMENTS AND BUILDING REHABILITATION AND REMODELING.

The use of Tax Increment Financing to aid in rehabilitation expenses associated with redevelopment of both the 2nd floor, main floor and the basement area of the property at 601-609 W. 1st Street into a mixed use building containing one owner occupied residential unit and one or more commercial tenant spaces. The use of Tax Increment Financing is an integral part of the development plan and necessary to make this project affordable. The project will result in renovating this historic building into a combination of commercial space and owner occupied residential space. The addition of the residential unit is consistent with the 2013 Downtown Revitalization Plan and the 2016 Hastings Housing Study priorities to add 38 owner-occupied residential units to the downtown area by 2021. This project would not be possible without the use of TIF.

Tim and Shellie Faris plan to purchase the property from the Community Redevelopment Authority and all levels of the building are currently vacant. The developer is in the process of putting together a financial plan and will provide evidence that they can secure adequate debt financing to cover the costs associated with the remodeling and rehabilitation of this building prior to the execution of a Redevelopment Contract. The Hastings Community Redevelopment Authority (CRA) intends to pledge the ad valorem taxes generated over the 15 year period beginning January 1, 2019 towards the allowable costs and associated financing for rehabilitation. If there is no increase in valuation for the 2019 tax year the 15 year period would begin January 1, 2020.

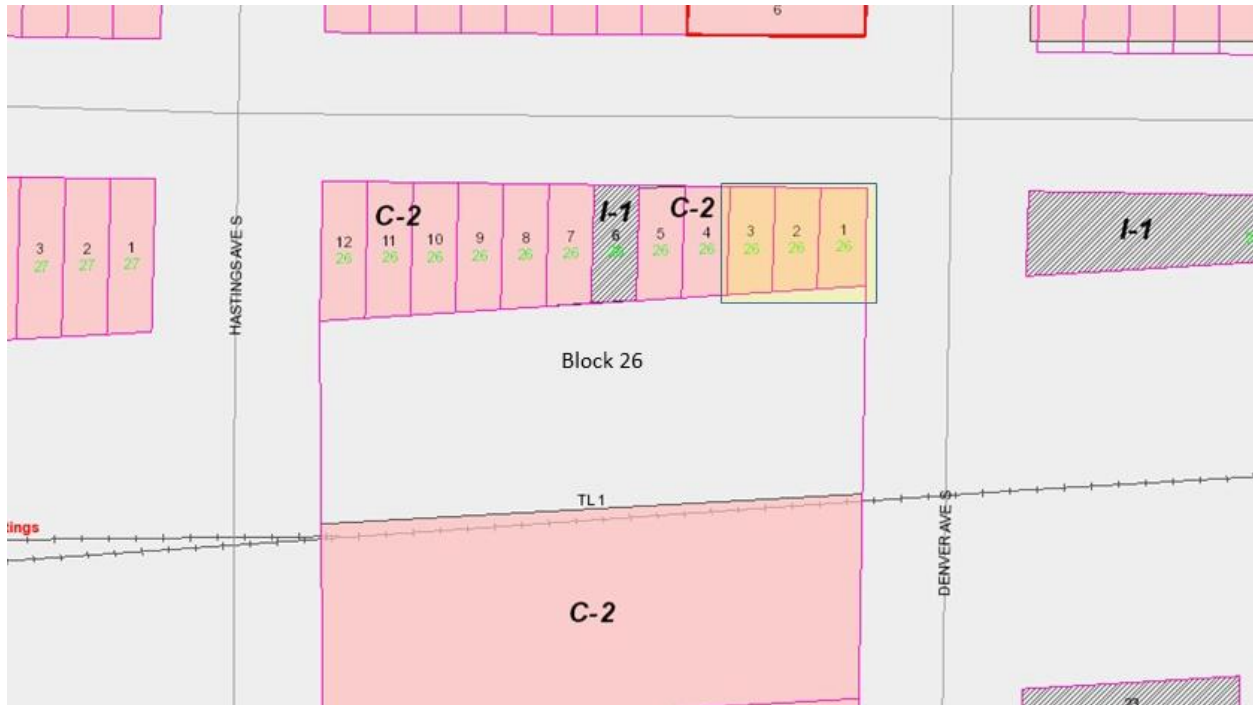
TAX INCREMENT FINANCING TO PAY FOR THE REHABILITATION OF THE PROPERTY WILL COME FROM THE FOLLOWING REAL PROPERTY:

Property Description (the "Redevelopment Project Area")

601-609 W. 1st Street in Hastings Nebraska

Legal Descriptions: Lots One (1), Lots Two (2), and Three (3), Block Twenty-Six (26), in the Original Town, now the City of Hastings, Adams County Nebraska, according to the recorded plat thereof.

Map of Existing Land Use and Proposed Redevelopment Site



The tax increment will be captured for the tax years the payments for which become delinquent in years 2019 through 2033 inclusive unless there is no increase in valuation for the 2019 tax year in which case the tax increment would be captured for the tax years 2020 through 2034 inclusive.

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 rehabilitation of this building for commercial and residential uses as permitted in the C-2 Commercial Zoning District.

Statutory Pledge of Taxes.

In accordance with Section 18-2147 of the Act and the terms of the Resolution providing for the issuance of the TIF Note(s), the Authority hereby provides that any ad valorem tax on the Redevelopment Project Area for the benefit of any public body be divided for a period of fifteen years after the effective date of this provision as set forth in the Redevelopment Contract, consistent with this Redevelopment Plan, Said taxes shall be divided as follows:

- a) That portion of the ad valorem tax which is produced by levy 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 all other taxes collected by or for the bodies; and
- b) That portion of the ad valorem tax on real property in the redevelopment project in excess of such amount, if any, shall be allocated to and, when collected, paid into a special fund of the Authority to pay the principal of; the interest on, and any premiums due in connection with the bonds, loans, notes, or advances on money to, or indebtedness incurred by, whether funded, refunded, assumed, or otherwise, such Authority for financing or refinancing, in whole or in part, a redevelopment project. When such bonds, loans, notes, advances of money, or 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 redevelopment project 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 Amendment 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 Amendment meets the statutory qualifications as set forth below.

- 1. The Redevelopment Project Area was first declared blighted and substandard by action of the Hastings City Council on March 23, 1987 (Resolution No. 1069). In September of 2017 a blight and substandard study was completed and the area was once again declared blighted and substandard by action of the Hastings City Council on November 13, 2017. (§18-2109) Such declaration was made after a public hearing with full compliance with the public notice requirements of §18-2115 of the Act,**
- 2. Conformation to the General Plan for the Municipality as a whole. (§18-2103 /13) (a) and §18-2110)**

Hastings adopted a Comprehensive Plan on February 24, 2009. This redevelopment plan amendment and project are consistent with the Comprehensive Development Plan, in that no changes in the Comprehensive Development Plan elements are intended. This plan merely provides funding for the developer to rehabilitate the building for permitted uses on this property as defined by the current and effective zoning regulations. The Hastings Planning Commission held a public hearing at their meeting on July 16, 2018 and approved Plan Modification 6.19.18.B to Redevelopment Plan I confirming that this project is consistent with the Comprehensive Development Plan for the City of Hastings.

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

a. Land Acquisition:

The Redevelopment Plan for Area I provides for real property acquisition and this plan amendment does not prohibit such acquisition. The Authority currently owns the property and intends to sell the property to the developer.

b. Demolition and Removal of Structures:

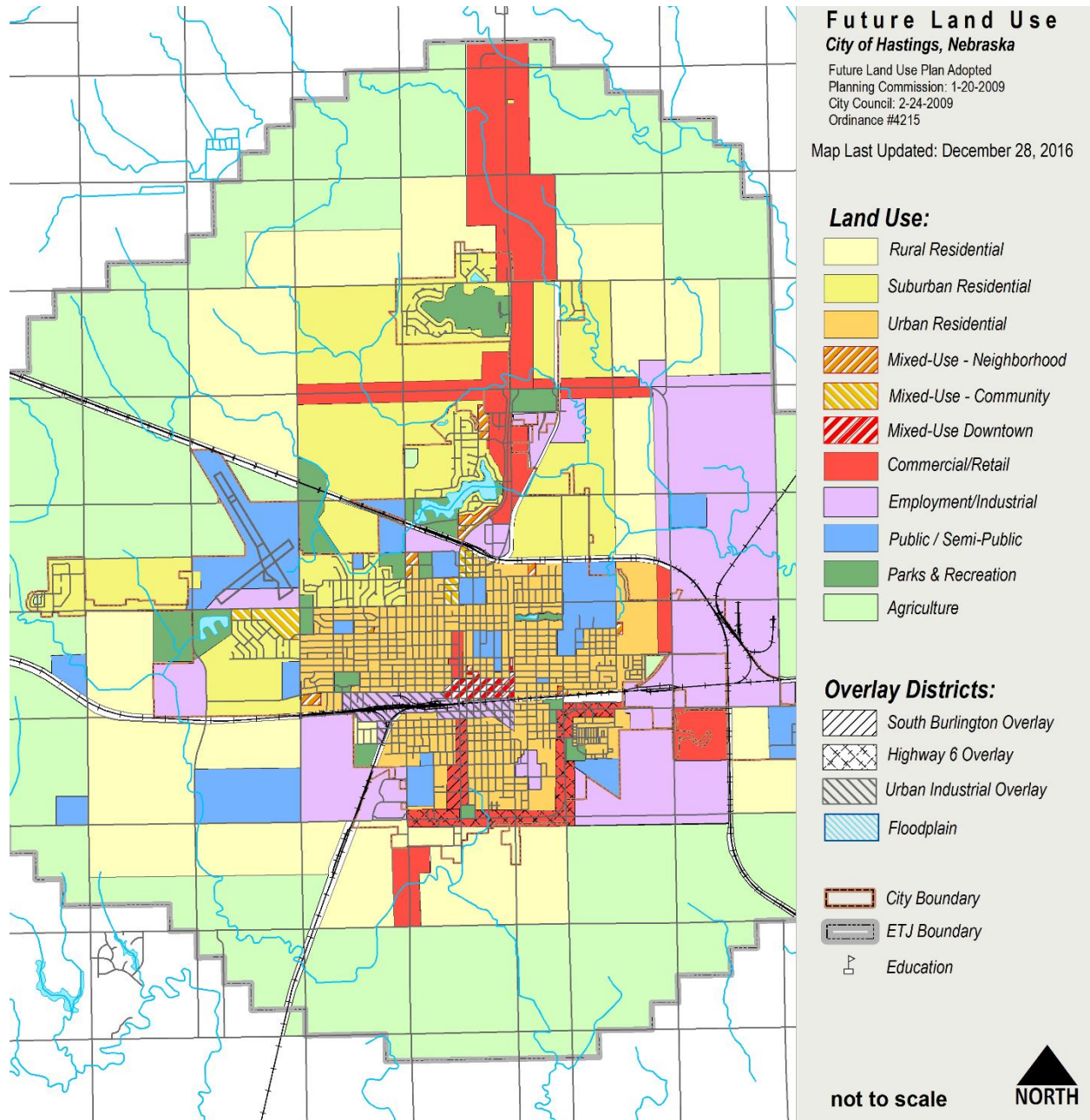
The project to be implemented with this plan does not provide for the demolition and removal any structures on this property.

c. Future Land Use Plan

See the attached map from the 2009 Hastings Comprehensive Development Plan. All of the area around the site in private ownership is planned for Downtown Commercial development; this includes housing and commercial uses within the same structure. This property is currently owned by the Authority and a

sale is contemplated to the developer. [§18-2103(b) and §18-2111) The attached map also is an accurate site plan of the area after redevelopment. [§18-2111(5))

Future Land Use Map



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

The area is zoned C-2 Commercial and no zoning changes are anticipated with this project. No changes are anticipated in street layouts or grades. 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

The developer is rehabilitating the existing building and the current building meets the applicable regulations regarding site coverage and intensity of use. [§18-2103(b) and §18-2111]

f. Additional Public Facilities or Utilities

Sewer and water are available to support this development. The developer may be required to extend a water line capable of providing sufficient water for a sprinkler system if required.

Electric utilities are sufficient for the proposed use of this building. No other utilities would be impacted by the development.

The developer will be responsible for replacing any sidewalks damaged during construction of the 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 has previously been utilized for commercial and residential, however the property is currently vacant and 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 has 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 Authority purchased this property in January of 2016 for \$51,000 and intends to sell the property to the developer for \$51,000.00. The estimated costs of rehabilitation of this property are \$447,000 and planning related expenses for Architectural and Engineering services of \$20,000 are included as a TIF eligible expense. The total of eligible expenses for this project exceeds \$498,000. The CRA has been asked to grant \$50,000 in TIF funds to this project to offset the cost of TIF eligible expenses and the developer has been approved for a \$45,000 façade grant to assist with an estimated \$90,000 in facade improvement costs. The total eligible expenses for this project less other grant funds by the CRA is \$403,000.

The subject property will be transferred to redevelopers by the Authority. The developer will provide and secure all other necessary financing.

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

The developer will provide all necessary financing for the project. The Authority will assist the project by granting the sum \$45,000 in façade improvement funds. The Authority will also provide \$50,000 from the proceeds of tax increment financing which after TIF loan interest is paid will result in approximately \$72,350 of direct aid to the project. This indebtedness will be repaid from the Tax Increment Revenues generated from the project. TIF revenues shall be made available to repay the original debt and associated interest over the 15 year period beginning January 1, 2019. If there is no increase in valuation for the 2019 tax year the 15 year period would begin January 1, 2020.

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 Amendment. This amendment, in and of itself will promote consistency with the Hastings Comprehensive Development Plan. This will have the intended result of preventing recurring elements of unsafe buildings and blighting conditions. This will accomplish the goal of both the Downtown Business Improvement District and the Hastings City Council of increasing the number of residential units available in the Downtown area.

8. Time Frame for Development

Development of this project is anticipated to be completed between August 2018 and June 2019. Excess valuation should be available for this project for 15 years beginning with the 2019 or 2020 tax year.

9. Justification of Project

This is a historic building in downtown Hastings that will be preserved with this project. The addition of a new 2nd story upper level residential unit is consistent with goals of the May of 2016 Hastings Housing Study to build 36 new owner occupied residential units in downtown Hastings by 2021. The basement and main floor will be used for commercial tenant space.

10. Cost Benefit Analysis

Section 18-2113 of the Act, further requires the Authority conduct a cost benefit analysis of the plan amendment 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 Hastings has analyzed the costs and benefits of the proposed Redevelopment Project, including:

Project Sources and Uses.

Approximately \$72,350 in public funds from tax increment financing provided by the Hastings Community Redevelopment Authority will be required to complete the project. This property has requested and been approved for a facade improvement grant in an amount not to exceed \$45,000. This investment by the Authority will leverage \$403,000 in private sector financing; a private investment of \$4.24 for every TIF and façade grant dollar investment.

USE OF FUNDS	SOURCE OF FUNDS			
Description	TIF Funds	Other Grants	Equity or Bank Funds	Totals
Site Acquisition		\$ -	\$51,000	\$51,000
Engineering & Architecture	\$ -	\$ -	\$20,000	\$20,000
Renovation	\$5,000	\$ -	\$332,000	\$337,000
Façade	\$45,000	\$45,000	\$ -	\$90,000
TOTALS	\$50,000	\$45,000	\$403,000	\$498,000

Tax Revenue. The property to be redeveloped is anticipated to have a January 1, 2018, valuation of approximately \$63,995. Based on the 2017 levy of .02230715 this would result in a real property tax of approximately \$1,427.55. It is anticipated that the assessed value will increase by \$236,005 upon full completion, as a result of the site redevelopment. This development will result in an estimated tax increase of over \$5,264.00 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 2017 assessed value	\$63,995
Estimated value after completion	\$300,000
Increment value	\$236,005
Annual TIF generated (estimated)	\$5,264
TIF bond issue	\$50,000

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

The redevelopment project area currently has an estimated valuation of \$63,995. The proposed redevelopment will create additional valuation of \$236,005. No tax shifts 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;

No additional public service needs have been identified. Existing water and waste water facilities will not be impacted by this development. The electric utility has sufficient capacity to support the development. It is not anticipated that this will

impact schools in any significant way. Fire and police protection are available and should not be negatively impacted by this development. The addition of life safety elements to this building and proper exits actually reduces the chances of negative impacts to the fire department.

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

This project will not have a negative impact on employers and employees of firms locating within the boundaries of the redevelopment. This will provide one additional residence in the downtown area consistent with the planned development in Downtown Hastings.

(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 will not have a negative impact on other employers in any manner different from any other expanding business within the Hastings area.

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

This project is consistent with the goals of the City Council, the Business Improvement District and the Community Redevelopment Authority to create additional housing units in downtown Hastings.

Time Frame for Development

Development of this project is anticipated to be completed between August 2018 and June 2019. Excess valuation should be available for this project for 15 years beginning January 1, 2019. If there is no increase in valuation for the 2019 tax year the 15 year period would begin January 1, 2020. Excess valuation will be used to pay the TIF Indebtedness issued by the CRA per the contract between the CRA and the developer for a period not to exceed 15 years on an amount not to exceed \$50,000. Based on the estimates of the expenses of the rehabilitation the developer will spend at least \$403,000 on TIF eligible activities in excess of other grants given. The CRA will reserve the right to issue additional debt for this project upon notification by the developer of sufficient expenses and valuation to support such debt in the form of a second or third bond issuance. This issuance of additional debt is subject to CRA approval.