

**REDEVELOPMENT PLAN XIV
PLAN MODIFICATION NO. 6.19.18.C
(Mesner North Redevelopment Project)**

The Community Redevelopment Authority (CRA) of the City of Hastings intends to amend the Redevelopment Plan for Area #14 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 #14.

Executive Summary:

Project Description

THE PROJECT CONSISTS OF REDEVELOPMENT OF THE PROPERTY LOCATED NORTH OF 26TH STREET AND EAST OF OSBORNE DRIVE EAST ON UP TO TEN (10) ACRES IN LOT 1, BLOCK 4, NORTH PARK COMMONS ADDITION TO THE CITY OF HASTINGS, ADAMS COUNTY, NEBRASKA. THE PROPERTY WILL BE ACQUIRED, INFRASTRUCTURE INSTALLED AND THE DEVELOPER WILL CONSTRUCT 30 INCOME RESTRICTED TOWNHOMES AND 28 MARKET RATE TOWNHOMES.

Mesner Development will utilize Tax Increment Financing to aid in acquisition, infrastructure expenses and related construction costs associated with the purchase and development of workforce housing on approximately 10 acres in the North Park Commons subdivision.

Phase One will include the sale of fifteen lots to Osborne View Estates, LLC for a low income housing tax credit rental project on the west side of the subdivision. Thirty townhomes in a duplex design will be constructed beginning in the fall of 2018. Mesner Development is the LIHTC Developer and Applicant and will be the managing member of Osborne View Estates, LLC. The project rents are targeted at three units at or below 50% of AMI and twenty seven units targeted to those earning at 60% AMI or below. These units will be approximately 1,300 square feet, have three bedrooms, attached garage, storm shelters and will include appliances. Lawn care, snow removal and trash service will be provided.

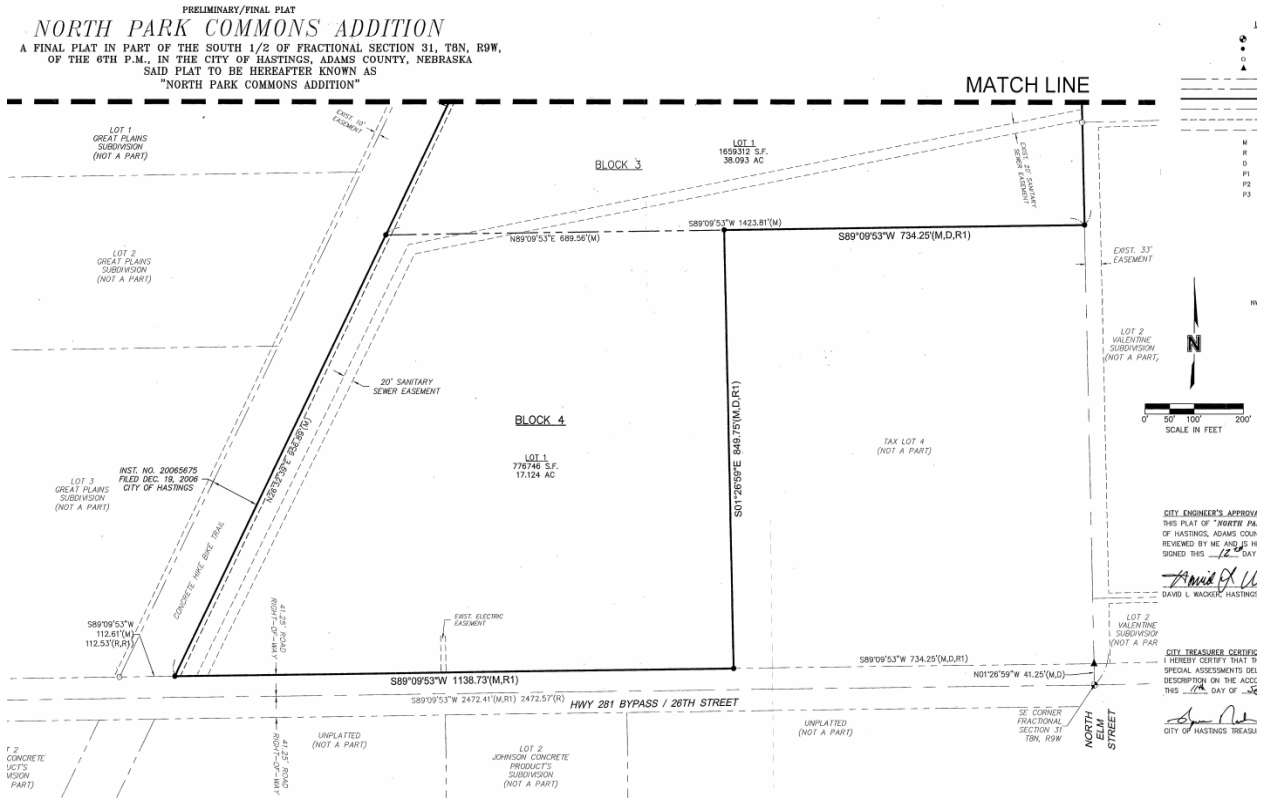
Phase Two of the project will include the development of 28 market rate townhomes on the east side of the subdivision to help meet the needs of workforce housing in the community. These homes will be built by Mesner Development Co. and Progressive Builders of Wayne, Nebraska. Lots may also be made available to local builders who agree to build according to the covenants within an 18 month window. Townhomes will be for sale or lease and will be governed by a homeowners association that will manage lawn care and snow removal. HEDC and the City of Hastings applied for and received funding from the Rural Workforce Housing Fund. A \$950,000 low interest loan from this fund will buy down the cost of workforce housing by reducing interest costs. This project would not be possible without the use of TIF and the purchase of the property and construction of both phases is subject to approval of TIF funding.

TAX INCREMENT FINANCING TO PAY FOR THE ACQUISITION OF THE PROPERTY AND INSTALLATION OF SEWER, WATER AND PAVING WILL COME FROM THE FOLLOWING REAL PROPERTY:

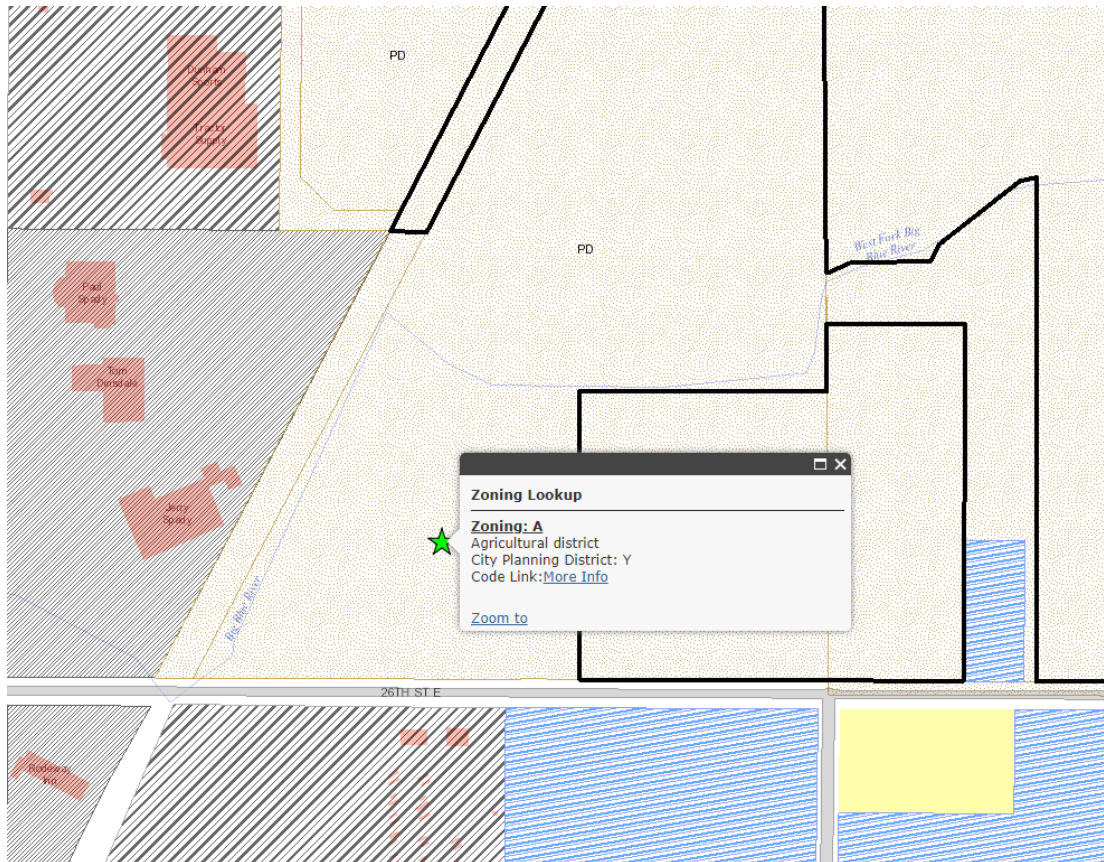
Property Description (the "Redevelopment Project Area")

North of 26th Street and east of Osborne Drive East on up to Ten (10) acres in Lot 1, Block 4, North Park Commons Addition to the City of Hastings, Adams County, Nebraska.

Legal Descriptions: Up to Ten (10) acres in Lot 1, Block 4, North Park Commons Addition to the City of Hastings, Adams County, Nebraska. (See attached preliminary plat)



Map of Existing Land Use and Proposed Redevelopment Site



The tax increment will be captured for the tax years 2020 through 2034 inclusive. Provided, however, if there is no increase in valuation for the 2020 tax year, the increment will be captured beginning in the year when an increase in value is available for capture and ending fifteen years later.

The real property ad valorem taxes on the current valuation will continue to be paid to the normal taxing entities. The increase in value will come from the new construction of up to 30 duplex style LIHTC townhomes and 28 workforce housing townhomes as permitted in the R-3 Residential Zoning District. The tax increment will be captured for the tax years 2020 through 2034 inclusive. Provided, however, if there is no increase in valuation for the 2020 tax year, the increment will be captured beginning in the year when an increase in value is available for capture and ending fifteen years later.

Total project costs for both the LIHTC project and the market rate townhomes are estimated to be \$8,783,512. The anticipated LIHTC project valuation when completed is approximately \$2,040,000 and the market rate townhomes are anticipated to be valued at \$2,340,000. Mesner Development Co. projects an incremental valuation increase of approximately \$4,380,000.

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, 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 September 11, 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 construct workforce housing for residential 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.C to Redevelopment Plan XIV 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 XIV provides for real property acquisition and this plan amendment does not prohibit such acquisition. Hastings Economic Development Corporation is the current owner of the ground on which the Project will be constructed. The parcel on which the Mesner North Redevelopment Projects will be constructed will be purchased by the developer.

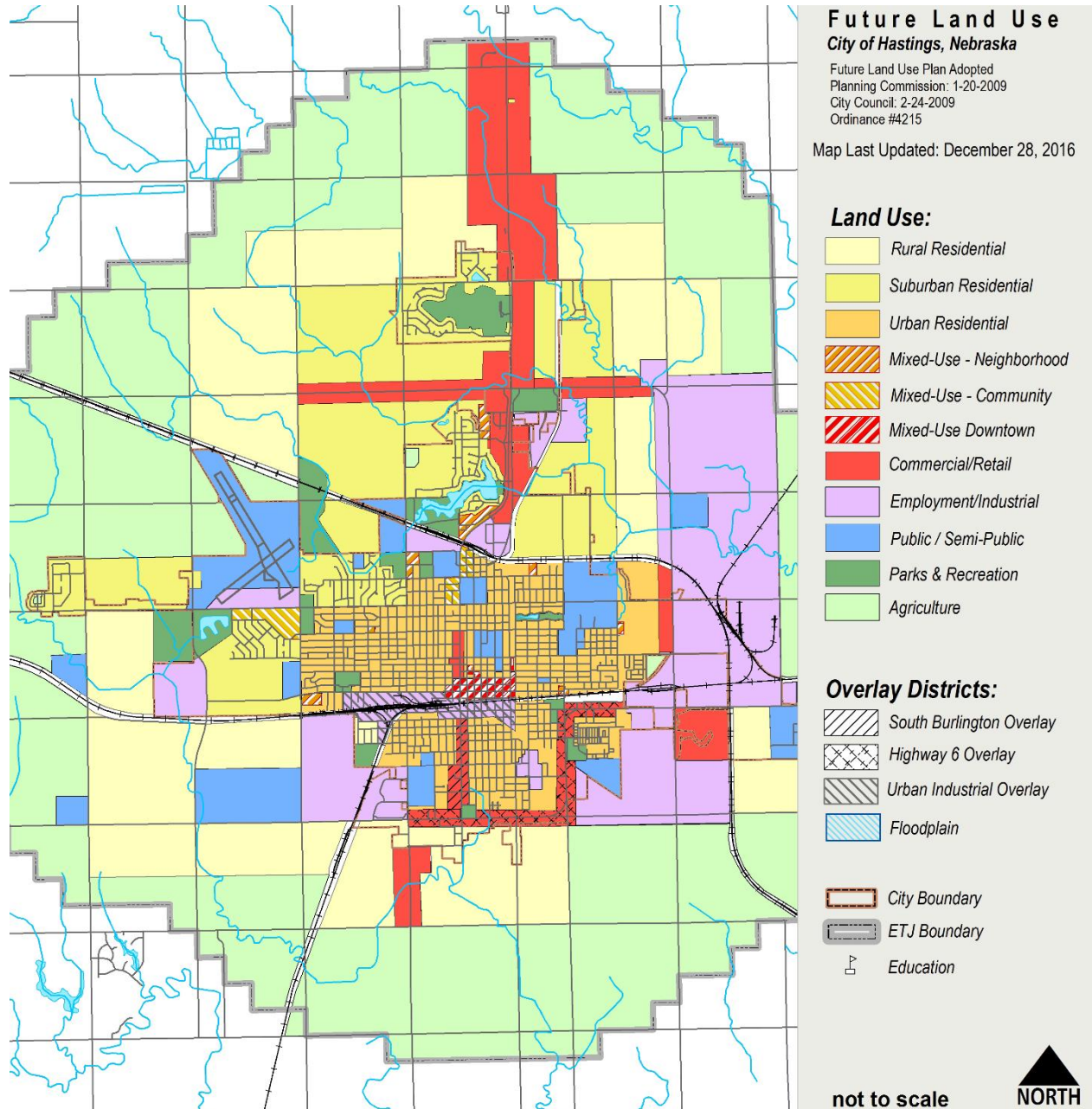
b. Demolition and Removal of Structures:

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 residential development and ancillary uses. This property is currently owned by Hastings Economic Development Corporation 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 currently zoned Agriculture and a zoning change to R-3 Residential is anticipated with this project. The property will be graded and new streets will be constructed in conjunction with the plat to be filed with the City of Hastings. 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 proposing to construct up to 58 homes or townhomes and plans to meet the applicable regulations regarding site coverage and intensity of use. [§18-2103(b) and §18-2111]

f. Additional Public Facilities or Utilities

Sewer, water and paving will be installed by the developer to support this development. Sufficient electric utilities and gas lines will also be installed by the developer for the proposed construction of these homes. The developer will be responsible for installing any sidewalks required for 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 farm ground and agriculture related uses 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]

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

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

Land acquisition is \$150,000 and the development costs for infrastructure are estimated to be \$935,256. Total development costs of \$1,085,256 for land and infrastructure will be paid for by TIF funds. Mesner Development Co. plans to purchase the TIF bond in the amount of \$1,085,256 to fund the land purchase and infrastructure costs.

Funding for the Phase Two LIHTC townhomes will be come from a combination of Federal and State Housing Tax Credits, HOME funds, a deferred developer fee and First Mortgage Financing.

Financing for the Phase Two market rate townhomes will be secured by the Developer and is anticipated to be in the form of a conventional construction loan and a soft second mortgage loan provided by the HEDC Rural Workforce Housing Loan Program. Based on current projections, the Developer is seeking \$1,085,256 in TIF to make the Project economically viable and the Developer believes the project is not feasible without the assistance of TIF.

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

The developer will provide all necessary financing for the project. Funding for the 30 LIHTC townhomes will be come from a combination of Federal and State Housing Tax Credits, HOME funds, a deferred developer fee and First Mortgage Financing. Financing for the Phase Two market rate townhomes will be secured by the Developer and is anticipated to be in the form of a conventional construction loan from Cornerstone Bank in the amount of \$1,390,000 and a soft second mortgage loan provided by the HEDC Rural Workforce Housing Loan Program in the amount of \$950,000. The Authority will assist the project by providing \$1,085,256 from the proceeds of tax increment financing which after TIF loan interest is paid will result in approximately \$1,648,441 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 after January 2021 provided, however, if there is no increase in valuation for the 2020 tax year, TIF Revenues will be available beginning twelve months after the year in which an increase in value is available for capture.

3. 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 by providing the following benefits;

- Quality housing for low to moderate income individuals.
- Quality housing that will help meet the needs of the Hastings workforce.

8. Time Frame for Development

Development of this project is anticipated to be completed between October of 2018 and October 2020. Excess valuation should be available for this project for 15 years beginning with the 2020 tax year, provided, however, if there is no increase in valuation for the 2020 tax year, the excess valuation will be available beginning in the year when an increase in value is available for capture.

9. Justification of Project

Extension of utilities, substantial site grading and installation of streets are necessary to facilitate redevelopment of this site. The redevelopment of this property will result in increased workforce housing opportunities and increased sales tax and is the first step in the creation of affordable housing opportunities for the Hastings community. The Hastings Economic Development Corporation and the

Hastings City Council have made it clear with previous decisions that they support development that will increase residential workforce opportunities.

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 \$1,648,441 in public funds from tax increment financing provided by the Hastings Community Redevelopment Authority will be required to complete the project. This investment by the Authority will leverage \$7,698,256 in private sector or other non-local financing; a private investment of \$4.67 for every TIF dollar investment.

Description	TIF Funds	Other Grants	Equity, Bank, Other Funds	Totals
Site Acquisition	\$150,000	\$ -	\$ -	\$150,000
Infrastructure costs	\$935,256	\$ -	\$ -	\$935,256
Construction costs		\$ -	\$7,698,255	\$7,698,255
TOTALS	\$1,085,256	\$ -	\$7,698,255	\$8,783,511

Tax Revenue. The property to be redeveloped is anticipated to have a January 1, 2018, valuation of approximately \$98,905. Based on the 2017 levy of .01662862 this would result in real property taxes of approximately \$1,644.65 which will be paid out to all the existing taxing entities. It is anticipated that the assessed value will increase by \$4,380,000 upon full completion, as a result of the site redevelopment. This development will result in an additional estimated tax increase of over \$72,833 annually. This tax increment gained from the 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 2018 assessed value:	\$98,905
Estimated value after completion	\$4,478,905
Increment value	\$4,380,000
Annual TIF generated (estimated)	\$72,833
TIF bond issue	\$1,085,256

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

The proposed redevelopment will create additional valuation of \$4,380,000. No tax shifts are anticipated from the project. The project creates new valuation from the construction of new homes 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. While Osborne View Estates is designed for families, Mesner Development currently has a waiting list of elderly clients from previous projects and it is anticipated that the majority of these rental units will be filled with seniors. It is anticipated that this project will not impact schools in any significant way. The Phase Two townhome project will provide workforce housing for

families but the addition of 28 units into the market is not anticipated to impact either school district in a significant manner. 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; and

This project will not have a negative impact on employers and employees of firms locating within the boundaries of the redevelopment and should provide for additional housing opportunities for employees and employers.

(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 and should provide for additional housing opportunities for employees.

(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's Comprehensive Plan, the Hastings Housing Study of 2016 and HEDC's goal to increase workforce housing in the community.

Time Frame for Development

Development of the Phase One, Osborne View Estates and the Phase Two workforce townhouse project is anticipated to be completed between October 2018 and December 2020.