

**CITY OF ASHLAND
REDEVELOPMENT PLAN FOR THE
ASHLAND INVESTMENT CO., LLC
HOUSING DEVELOPMENT**

I. INTRODUCTION.

The City of Ashland, Nebraska, recognizes that blight is a threat to the continued stability and vitality of the City as it relates to safe and affordable housing. This redevelopment plan is initiated to provide a program of vital infrastructure expansion to support new single family housing development. Development of the infrastructure as part of this project will allow additional development of the substandard and blighted area not currently served by potable water and sanitary sewer.

The project site consists of approximately 31.66 acres owned by Ashland Investment Co., LLC. In addition, public right of way is included in the project site, as significant offsite paving, water and sewer main expansion is required. Exhibit 1 attached hereto shows the area to be developed into lots and the location of sanitary sewer and potable water mains. Substantial site grading will also be required for public right of way.

The Redeveloper has owned the proposed development for 12 years. Although some land has been marketed as acreages, the Redeveloper has been unsuccessful in developing the remainder of the property. The site is currently zoned as R2 medium density residential. In order to develop the site under this zoning scheme, significant extension of sewer and water mains is required as well as installation of paved turn lanes from the highway and on site infrastructure. If all the public infrastructure costs for the Whitetail Estates First Addition are built into the cost of the lots, the purchase price for the lots would be significantly higher than the price of comparable lots in the market. The Redeveloper has determined that it is not financially feasible to pay for and install all required infrastructure and lot development costs without the assistance of tax increment financing.

The Redeveloper seeks to develop 50 single family residential lots in the Whitetail Estates First Addition. The construction of the houses will occur in up to 5 phases (each a “redevelopment phase”). Construction of the needed infrastructure is anticipated to begin in the summer of 2017.

In order to offer single family housing lots at a marketable price point the Redeveloper seeks a tax increment financing (TIF) grant from the City of Ashland pursuant to the Nebraska Community Development Law (the “Act”). Total estimated public infrastructure related costs are \$3,041,248. Of that amount, costs outside of the Whitetail Estates First Addition (offsite work), but within the Community Redevelopment Area, are estimated at \$1,360,125. The cost of site preparation for highway turn lanes, Ninth Avenue/Dennis Dean Road access and public right-of-way within the subdivision is estimated at \$429,874. The cost of public infrastructure

within the subdivision is estimated at \$1,251,248. The Redeveloper seeks a TIF grant in the amount of up to \$1,790,000 for site preparation and for the offsite public infrastructure.

The Redeveloper will be required to purchase a Tax Increment Revenue Bond (TIF bond) from the City’s Community Development Agency (the “Agency”) in the amount of up to \$1,790,000. The Redeveloper will be required to obtain a bank loan in order to purchase the TIF bond. The TIF bond proceeds will be used to pay for the design and installation of offsite sewer and water mains, highway turn lanes and Ninth Avenue/Dennis Dean Road paving and to pay for site preparation.

The TIF bond will only be repaid from the incremental (increased) ad valorem real property taxes from the 50 residential lots developed as part of the overall project. The capture of the incremental ad valorem real estate taxes will occur on each development phase over the build out period. The Redeveloper expects the build out to occur over a three to five year period. The division of taxes on all lots, for purposes of paying the TIF bond, will begin within 5 years of the first effective date for such division as provided in the Redevelopment Contract. No lot will have the incremental taxes paid towards the TIF bond for more than 15 years. The bonds will not be backed by or paid by the City or its taxpayers. In the event that the incremental taxes are not sufficient to pay off the bank loan for the TIF bond, the Redeveloper will be liable and not the City. This plan does not provide for the capture of incremental ad valorem real property taxes on any real estate other than the 50 lots in Whitetail Estates First Addition.

In addition to the Redeveloper paying for the offsite infrastructure from the TIF grant, they will also have to pay for the approximately \$1,251,248 of onsite infrastructure without a TIF grant.

Real estate taxes that result from the assessments on the real property, prior to the division of taxes to pay the TIF bond, will continue to be paid to the normal taxing entities during the TIF bond repayment period. After the TIF bond repayment period all increased taxes will be paid to the normal taxing entities.

This Redevelopment Plan will impact the real estate highlighted in yellow on Exhibit 1 (“Community Redevelopment Area”). The real estate subject to a division of ad valorem taxes is smaller than the Community Redevelopment Area and consists of Lots One through Twenty-Seven (1-27), inclusive, Block One (1), Lots One through Eleven (1-11) Block Two (2) and Lots One through Twelve (1-12) Block Three (3) of Whitetail Estates First Addition (hereafter “Whitetail Estates subdivision”) pursuant to the proposed plat as shown on Exhibit 2.

The Community Redevelopment Area was declared blighted and substandard by the Ashland City Council on April 12, 2017. The Community Redevelopment Area has been determined, through the blight and substandard resolution, to be in need of revitalization and strengthening to ensure that it will contribute to the economic and social wellbeing of the City. All available evidence suggests that the area has not had the private investment necessary to contribute to the wellbeing of the community, nor would the area be reasonably anticipated to be developed without public action.

To encourage private investment in the Community Redevelopment Area, this Redevelopment Plan has been prepared to set forth the Whitetail Estates Redevelopment Project

(“Redevelopment Project”), which is considered to be of the highest priority in accomplishing the goal of revitalizing and strengthening the Community Redevelopment Area.

II. EXISTING SITUATION.

This section of the Redevelopment Plan examines the existing conditions within the designated Community Redevelopment Area. This section is divided into the following subsections: existing land use, existing zoning, existing public improvements, and existing building condition/blighting influences.

A. Existing Land Use. The existing land use is shown on Exhibit 1. The land within the Whitetail Estates subdivision is currently agricultural in nature.

B. Existing Zoning. The Community Redevelopment Area is zoned R-2 Medium Residential which is consistent with this proposed Plan.

C. Existing Public Improvements. State Highway 66 and Ninth Avenue/Dennis Dean Road are the existing thoroughfares in the Community Redevelopment Area. No municipal water or sanitary sewer mains are located in the Area.

D. Existing Building Conditions/Blighting Influences. JEO consulting Group, Inc., conducted a study entitled “Blight and Substandard Study, City of Ashland, Nebraska” for the City of Ashland (“Blight Study”). The evaluation and subsequent findings of the Blight Study were based upon the criteria outlined in the Nebraska Community Development Law (Neb. Rev. Stat. § 18-2101 et seq.). The Blight Study determined that the study area exhibited a number of deficiencies applicable to the consideration of a “substandard and blight” designation including the existence of conditions which endanger life or property by fire or other causes and dilapidation/deterioration. The City Council declared the Community Redevelopment Area blighted and substandard and eligible for a redevelopment project on April 12, 2017, by a Resolution of the City Council. The Blight Study is incorporated herein by this reference. A copy of the Blight Study is available at the City of Ashland Clerk’s Office.

III. FUTURE SITUATION.

This section of the Redevelopment Plan examines the future conditions within the Community Redevelopment Area. This section is divided into the following subsections:

- A. Proposed Land Use Plan
- B. Conformance with the Comprehensive Plan; Conformance with the Community Development Law Declarations
- C. Relationship to Local Objectives
- D. Building Requirements and Standards after Redevelopment
- E. Proposed Changes and Actions
- F. Cost-Benefit Analysis
- G. Proposed Cost and Financing
- H. Procedure for Changes in the Approved Redevelopment Plan
- I. Relocation Plan

A. Proposed Land Use Plan. The land use plan for the Community Redevelopment Area will transition, in part to single family residential and is conceptually shown on Exhibit 2. The Agency intends to negotiate a specific redevelopment contract with the Ashland Investment Co., LLC, designated herein as the Redeveloper, outlining the proposed Redevelopment Project, and contributions from TIF which are necessary for the project to be financially feasible. The written redevelopment contract will include a site plan, Redevelopment Project description, specific funding arrangements, and specific covenants and responsibilities of the Agency and the Redeveloper to implement the Redevelopment Project.

B. Conformance with the Comprehensive Plan; Conformance with the Community Development Law Declarations. In accordance with Nebraska State Law, the Redevelopment Plan described in this document has been designed to conform to “The Comprehensive Development Plan for Ashland, Nebraska” as prepared by JEO Consulting Group, Inc., hereinafter designated the “Comp Plan”. The City Council finds that this redevelopment plan is feasible and in conformity with the general plan for the development of the City as a whole and the plan is in conformity with the legislative declarations and determinations set forth in the Community Development Law.

C. Relationship to Local Objectives. The proposed Community Redevelopment Area is described on Exhibit 1. The Redevelopment Plan has been developed on the basis of the goals, policies and actions adopted by the City for the community as a whole and for the Community Redevelopment Area. General goals, policies and actions relating to the community as a whole and for the Redevelopment Area are contained in the Comp Plan.

D. Building Requirements and Redevelopment Standards. The redevelopment of the Community Redevelopment Area should generally achieve the following requirements and standards:

1. Population Density. There are currently no residential buildings located within the Community Redevelopment Area. After implementation of this Plan population density within the Community Redevelopment Area will increase with 50 single family homes being constructed. Current housing occupancy in the City is 2.4 persons per household.

2. Land Coverage and Building Density. Land coverage in the Whitetail Estates development is approximately 31.66 acres. There are no buildings within the development. No buildings are contemplated to be added within that portion of the Community Redevelopment Area outside of the Whitetail Estates development. It is contemplated that each lot in the Whitetail Estates development will have a minimum building coverage of at least 1500 square feet on the ground floor. Maximum lot coverage for a single family residence is limited to 40% of the lot pursuant to current zoning regulations.

3. General Environment. The redevelopment will provide for the installation of significant public infrastructure in the extension of water and sewer mains and improvement of public streets and highways and the development of a 50-lot

residential subdivision which will contribute to future commercial and residential development in the area.

4. Building Heights and Massing. Building heights and massing will comply with the current R-2 zone.

E. Proposed Changes and Actions. This section describes the proposed changes needed, if any, to the zoning ordinances or maps, street layouts, street levels or grades, and building codes and ordinances, and actions to be taken to implement this Redevelopment Plan.

1. Zoning, Building Codes and Ordinances. The Whitetail Estates development within the Community Redevelopment Area is zoned R-2 Medium density single family residential. No additional changes to the City's Zoning Ordinances, Building Codes, or other local ordinances are contemplated to implement this Redevelopment Plan.

2. Traffic Flow, Street Layout and Street Grades. This Plan will require installation of a turn lane providing access to and from Highway 66 onto Ninth Avenue/Dennis Dean Road to provide access to Whitetail Estates subdivision. Final platting of the Whitetail Estates development will provide for the dedication and paving of Whitetail Run Circle, and 7th, 8th and 9th Streets as shown on Exhibit 2. Final design of street grades and paving installation will be subject to approval by the City's engineers.

3. Public Redevelopments, Improvements, Facilities, Utilities and Rehabilitations. In order to support the new land uses in the Community Redevelopment Area the following improvements are planned: (1) Extension of water mains from the city water main at the southern end of the Community Redevelopment Area along Highway 66 and throughout the Whitetail Estates subdivision; (2) extension of a sanitary sewer main along Highway 6 and Highway 66 to the Whitetail Estates development and throughout the subdivision; (3) paving of a turn lane at Ninth Avenue on Highway 66, paving of a portion of Ninth Avenue/Dennis Dean Road, 7th Street, 8th Street and Whitetail Run Circle; and (4) installation of storm and sanitary sewer and water mains and electrical lines throughout the Whitetail Estates subdivision. The Redeveloper will install all the improvements listed in this section 3 at the Redeveloper's expense, provided, however that the Redeveloper will require a TIF grant in the amount of up to \$1,790,000 from the Agency pursuant to a redevelopment contract with the Agency.

4. Site Preparation and Demolition. Site preparation for offsite turn lanes and Ninth Avenue/Dennis Dean Road and for onsite infrastructure will be significant and require an estimated \$ 429,874.

5. Private Redevelopment, Improvements, Facilities and Rehabilitation. The private improvements anticipated within the Community Redevelopment Area include the construction of 50 single family residences. The Redeveloper shall plat and install a public park within Whitetail Estates First Addition. Maintenance of all outlots,

drainage structures and the public park will be provided by a homeowner’s association. Said association will install and maintain playground equipment in the park area which will be available to the general public.

F. Cost-Benefit Analysis. A City of Ashland Redevelopment Project TIF Statutory Cost Benefit Analysis is incorporated herein by this reference (“Cost-Benefit Analysis”) and is shown on Exhibit 3. The Cost-Benefit Analysis complies with the requirements of the Community Development Law in analyzing the costs and benefits of the Redevelopment Project, including costs and benefits to the economy of the community and the demand for public and private services.

G. Proposed Costs and Financing; Statements. The Agency will negotiate with the Redeveloper a specific written redevelopment contract. The written redevelopment contract will include a site plan, project description, specific funding arrangements, and specific covenants and responsibilities of the Agency and the Redeveloper to implement the Redevelopment Project.

Estimated Redevelopment Project costs are shown below:

POTENTIAL ELIGIBLE IMPROVEMENTS

Off Site Infrastructure	
Turn Lane (highway)	\$145,805.00
Ninth Street Roadway	\$312,620.00
Ninth Street Water Main	\$50,506.50
Ninth Street Sanitary Sewer	\$96,448.00
Major Water Main Extension	\$238,247.95
Major Sanitary Sewer Extension	\$395,498.40
Engineering	\$121,000.00
Site Grading and Tree Removal	<u>\$429,874.15</u>
Total	\$1,790,000.00

The figures above are estimates. Final figures are subject to a specific site plan, design specifications, City approval and public regulations.

Additional onsite infrastructure is estimated at \$1,251,248 to be paid from private resources of the Redeveloper and its lender. Those costs are shown on Exhibit 4. Construction of the 50 residences in phases over three to five years will provide an estimated minimum private investment of \$12,500,000. Total infrastructure costs will exceed the amount of funds available from the tax-increment financing indebtedness that the City Council may elect to issue generated by improvements to Redevelopment Area. A projected statement of the sources and uses of the entire project is attached hereto as Exhibit 4.

The Agency will fund as much of the above Potential Eligible Private Improvements as needed to the extent necessary to meet the public purpose and community goals, policies and

standards. The Agency will not fund improvements that exceed the amount of funds available from tax-increment financing indebtedness on the Redevelopment Project that the City Council may elect to issue pursuant to § 18-2147 to §18-2151 of the Act, unless the Redeveloper, the Agency and/or City are able to secure and fund additional monies and such funds are identified in a written redevelopment contract. The amount of the available proceeds for tax-increment financing from the Redevelopment Project is estimated at approximately \$1,790,000 assuming redevelopment will generate a property valuation of \$12,500,000 over the present property valuation.

The Whitetail Estates First Addition will be subdivided into 50 separate lots as shown on Exhibit 2. Each development phase will occur on one or more lots, the incremental tax revenues from which will be dedicated to payment of a Tax Increment Revenue Bond. The tax increment revenues are to be allocated under the terms of Section 18-2147(1)(b) of the Act for those tax years for which the payments become delinquent within fifteen (15) years from the effective date as set forth in the Redevelopment Contract and annual amendments thereto. The effective date shall be, as to each phase, the January 1 of the year following the issuance of a building permit as to an individual lot and, if taxes are received by the Saunders County Treasurer on or before December 31, of the 14th year after such effective date, those taxes as falling due on said December 31, shall also be allocated to the Agency and applied to payment of principal and interest on the Tax Increment Revenue Bond. The effective date for such allocations for each phase shall be set forth in or determined pursuant to the project redevelopment contract and annual amendments thereto and/or the bond resolution authorizing the issuance of the Tax Increment Revenue Bond and noticed to the County Assessor of Saunders County in accordance with the terms of Section 18-2147 of the Act as amended. Each phase may include non-contiguous lots. Provided, however, for any lots on which no construction has commenced, or for which no building permit has been issued as on January 1, 2023, the effective date for such lots shall be January 1, 2023.

The real property ad valorem taxes on the taxable valuation of the lot or lots associated with each phase of the Project for the year prior to redevelopment of such phase in accordance with this Plan and the Act will continue to be paid to the applicable taxing bodies in accordance with the terms of Section 18-2147 of the Act.

Pursuant to Section 18-2147 of the Act, any ad valorem tax levied upon real property on the lots within the Whitetail Estates First Addition for each phase shall be divided, for a period not to exceed 15 years after the effective date of the provision for each such phase as determined pursuant to a redevelopment contract between the Redeveloper and the Community Development Agency. Such effective date under this Plan shall be the January 1 of the year following the issuance of a building permit on a lot or lots designated for such phase. Such effective date may be confirmed and restated in the resolution authorizing the Tax Increment Revenue Bond and/or in the project redevelopment contract amendment to be entered into between the Agency and the Redeveloper.

Said taxes shall be divided as follows:

- a. That portion of the ad valorem tax which is produced by the levy at the rate fixed each year by or for each such 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; 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 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, a Redevelopment Project. When such bonds, loans, notes, advances of money, or indebtedness, including interest and premiums due, have been paid, the authority shall so notify the county assessor and county treasurer and all ad valorem taxes upon taxable real property in such a Redevelopment Project shall be paid into the funds of the respective public bodies.

Because the redevelopment plan proposes to use tax-increment financing funds as authorized in § 18-2147 of the Community Development Law, the City Council sitting as the Community Development Agency of the City of Ashland finds as follows:

a. the Redevelopment Project in the plan would not be economically feasible without the use of tax-increment financing;

b. the Redevelopment Project would not occur in the Community Redevelopment Area without the use of tax-increment financing; and

c. the costs and benefits of the Redevelopment Project, including costs and benefits to other affected political subdivisions, the economy of the community, and the demand for public and private services have been analyzed by the governing body and been found to be in the long term best interest of the community impacted by the Redevelopment Project.

H. Procedure for Changes in the Approved Redevelopment Plan. If the Agency desires to substantially modify this Redevelopment Plan, other than by redevelopment contract amendment as described above, it may do so after holding a public hearing on the proposed change in accordance with applicable state and local laws.

I. Relocation Plan. No persons or businesses will require relocation as a result of this Plan.

Exhibit 1

[Map showing blighted area and water and sewer mains]

Exhibit 2
[Final Plat]

Exhibit 3

STATUTORY COST BENEFIT ANALYSIS
ASHLAND INVESTMENT CO., LLC REDEVELOPMENT PROJECT

As authorized in the Nebraska Community Development Law, §18-2147, *Neb. Rev. Stat.* (2012), the City of Ashland has analyzed the costs and benefits of the proposed Ashland Investment Co., LLC, Redevelopment Project, including:

Project Sources and Uses. A grant in the amount of \$1,790,000 to be repaid from tax increment financing provided by the Community Development Agency of the City of Ashland (the “Agency”) is required to complete the proposed redevelopment. Such a TIF grant by the Agency will leverage an estimated \$13,751,248 (\$12,500,000 + \$1,251,248) in other investment and financing; an investment of \$7.68 for every dollar of tax increment financing.

Use of Funds. A full schedule of proposed sources and uses of funds is attached as Exhibit 4 to the Redevelopment Plan.

Tax Shifts. The property to be redeveloped is anticipated to have a January 1, 2017, valuation of approximately \$260,000. Based on the 2016 levy of 2.203068%, this would result in a real property tax of approximately \$5,728. It is anticipated that the assessed value will increase by a minimum of \$12,500,000 when the Project is completed. This will result in an overall tax of approximately \$280,720 annually based on the 2016 levy. Of this increased annual amount, approximately \$274,992 represents the estimated tax increment that could be used to pay the TIF bond issue. The tax increment gained from this Redevelopment Project area would not be available for use by the taxing entities as general tax revenues, but would be used to pay the TIF bond issued to pay for eligible improvements to enable this project to be realized. To the extent a Project development phase has not reached full value at the time taxes are divided, the amount of the annual tax increment will be less.

Estimated 2017 assessed value:	\$ 260,000
Estimated value after completion	\$12,760,000
Increment value	\$12,500,000
TIF bond issue	\$ 1,790,000

Public Infrastructure and Community Public Service Impacts. The Project requires extensive public infrastructure installation. Total infrastructure for onsite and offsite totals an estimated \$ 2,611,374 in addition to required site preparation. It is the intent of this Plan that such infrastructure and site preparation be paid for by the Redeveloper with such cost to be reimbursed by the grant discussed above. Other public service needs will be limited to snow removal in the winter. Fire and police protection are considered adequate and no additional personnel or equipment is contemplated. Costs associated with outlot maintenance and drainage structure and park maintenance will be borne by a homeowner’s association and not the public.

Employment Within the Project Area. Employment within the Project Area is expected to increase during infrastructure installation and home construction. These jobs will be temporary.

Employment in the City Outside the Project Area. The construction of 50 new homes over the build out period will provide incremental local sales to support construction workers during that time. This will result in modest upward pressure for jobs in the service and retail sector. The latest census data shows that Ashland population per household is 2.4 persons. At this rate, the population would expand by 117 persons as a result of the full implementation of the project. A higher per house occupancy would, of course, increase this total. Many of the current residents travel outside of the community for employment. However, the added population will increase demand for local retail and service jobs.

Other Impacts. This Project will require substantial purchases of materials during home construction. Assuming each home construction price is \$215,000, approximately 40% of the cost is estimated to be materials. Construction material delivered to the construction site in the city is subject to local sales tax of 1.5%. Materials purchases will result in local sales tax which will benefit the City of Ashland.

The addition of school age children as a result of this redevelopment project will have an impact on the Ashland-Greenwood School District. The district is nearing full enrollment capacity. The district will not receive taxes from the homes built during the time the increased taxes are utilized to pay the TIF bond. The district has received state aid to education in the past. Part of the school aid formula involves assessed valuation in the district. The valuation that generates the TIF bond payments is not included in the formula and does not count against the state aid that the district would receive. Taxes on any increase in the base value of the land will benefit the school district. After the TIF bond is paid, or at the end of the respective 15 years of division of taxes, whichever is sooner, the increased valuation from the residential construction will be available to all taxing entities.

Exhibit 4

Sources and Uses of Funds

Off Site Infrastructure & Site Preparation	
Turn Lane (highway)	\$145,805.00
Ninth Street Roadway	\$312,620.00
Ninth Street Water Main	\$50,506.50
Ninth Street Sanitary Sewer	\$96,448.00
Major Water Main Extension	\$238,247.95
Major Sanitary Sewer Extension	\$395,498.40
Engineering	\$121,000.00
Site Grading and Tree Removal	<u>\$429,874.15</u>
Total	\$1,790,000.00
On Site Infrastructure	
	-
On Site Sanitary Sewer Improvements (Public)	
Total	<u>\$235,846.00</u>
On Site Water Main Improvements (Public)	
Total	<u>\$96,463.00</u>
On Site Storm Sewer Improvements (Public)	
Total	<u>\$140,760.00</u>
On Site Paving Improvements (Public)	
Total	<u>\$395,830.00</u>
Street Lighting/Dry Utilities	
Total	<u>\$98,600.00</u>
Sub Total	\$967,499.00
Contingency (10%)	<u>\$96,749.90</u>
Sub Total w/contingency	\$1,064,248.90
Preliminary Plat	\$30,000.00
On Site Utilities and Paving Design	\$40,500.00
Final Plat	\$13,500.00

Construction Staking	\$34,000.00
Construction Administration, Observation and Testing	<u>\$69,000.00</u>
Total Soft Costs	\$187,000.00
On Site Construction and Soft Costs Total	\$1,251,248.90

Total infrastructure	\$3,041,248.00
TIF bond proceeds	\$1,790,000.00
Capital and loan	\$1,251,248.00