

City of Scottsbluff, Nebraska

Monday, October 24, 2016

Regular Meeting

Item 1

CRA to review the Draft Tax Increment Financing (TIF) Guideline document, discuss and consider recommendation to City Council.

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I. INTRODUCTION

The purpose of this guide is to describe the criteria for the use of Tax Increment Financing (TIF) and the procedures which will be used by the City of Scottsbluff City Council, Planning Commission, and Community Redevelopment Authority for evaluating proposals requesting TIF for projects within the City of Scottsbluff, Nebraska. The implementation of TIF is governed by Nebraska's Community Development Law, Sections 18-2101 – 18-2144. The following are guidelines only and TIF applications and plans are always subject to final approval by the City.

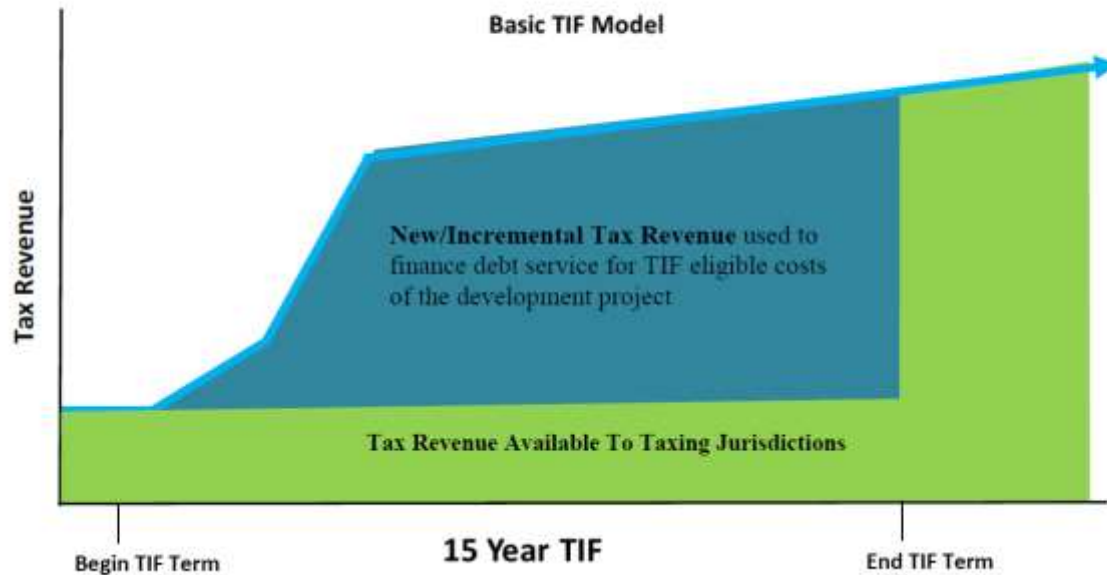
What is TIF?

One of the best tools the City has to incentivize the redevelopment of blighted and substandard properties is Tax Increment Financing. Properties located in blighted and substandard areas, as compared to other areas, can be extremely expensive to demolish, rehabilitate and develop. Tax Increment Financing can make development or redevelopment of these sites financially feasible by providing funding for the acquisition of these sites, demolition of existing structures, and other eligible site improvements.

In 1980, the voters of the State of Nebraska approved a constitutional amendment permitting the use of TIF to help finance redevelopment projects. TIF funds generally allow for acquisition of property, site preparation, and construction of public improvements associated with projects. In 1984, State voters approved an additional constitutional amendment extending the use of TIF to help finance rehabilitation projects as well.

TIF in Nebraska is primarily designed to finance certain eligible costs (further explained below) associated with a private development project. Essentially, the property tax increases resulting from a development are targeted to repay the eligible costs required by a project. TIF provides a means of encouraging private investment in areas in need of redevelopment, especially in deteriorating areas by allowing city governments to devote, for up to 15 years, increases in specific property tax revenue as a result of the redevelopment to repay the eligible costs. The chart below demonstrates the public and private benefits of TIF.

A True Public/Private Tool



NOTE: Typically there is a sharp increase in assessed valuation within the first few years, then a plateau or gradual increase in valuation.

TIF has emerged as one of the City of Scottsbluff's most effective redevelopment and economic development tools, but it is important to remember that there several restrictions to tax increment financing. It can only be utilized in areas that the City has designated as "blighted and substandard." State statute also requires that any project utilizing TIF must pass the "but-for" test, meaning that the project would not be economically feasible without the use of tax increment financing. TIF is an extremely important tool for redevelopment, and when used correctly, is of great benefit to the City.

II. Program Goals

The City's Comprehensive Plan, adopted in 2016, developed a community vision based on the input of a large representation of the City's residents. The following four development principles were identified to guide the implementation of this Community Vision. TIF projects that adhere to these principles will be of highest priority to the City. Please note that the principles listed below are an abbreviated version of the principles listed in the Comprehensive Plan. The Comprehensive Plan can be found on the City's website (scottsbluff.org) or can be obtained at City Hall and should be referred to for a more complete description of these principles.

Community Vision

Scottsbluff will be a place where current and future generations want to pursue their aspirations- a place of opportunity.

Interconnection of Neighborhoods and amenities

The interconnection of neighborhoods and amenities means where residents live will be connected to the places and things they utilize. It also promotes safe and efficient movement of goods and people to and from other communities and around the city.

Sustainable development

Development should be responsive to the market and social needs of the region and City infrastructure and policies should accommodate development's swift responsiveness. City investments should be fiscally conservative and equitable throughout the city. Growth will not saddle future generations with long term environmental or economic burdens. Development and redevelopment will best respond to the needs of the community if the community is involved in shaping those plans. Included in this strategy are:

- Prioritization of infill development through incentives, residential home rehabilitation, and Brownfields redevelopment.
- Redevelopment in blighted areas that holistically address the economic, social, business, and physical health needs of the community.
- Build a strong community core through place making, mixes of uses, integration of motorized and non-motorized transportation options, and strategic investments for social and economic stability.

Access to culture and recreation

Recreational and entertainment amenities should be woven into the fabric of the community. These amenities include parks and outdoor spaces, playgrounds, sidewalks and walking trails, pools, concert venues, restaurants, and plazas. Integrating these amenities into the shared spaces in the community works to promote a community where people want to be and improve the wellness of the community.

Strong neighborhoods and places rooted in our unique character

Communities that make investments to improve quality of life and sense of place are the communities where people and businesses are moving. Scottsbluff will continue the work that has been started to bring energy, stability, and business to the community through place-based development. Enhancing the lived experiences and cultural experiences in the community strengthens the bond residents feel to remain in or return to the community. Scottsbluff also knows strong neighborhoods and housing options help build a strong workforce and healthy families. Together, strong neighborhoods and memorable places help residents grow roots in the community and attract others to live and invest here.

III. PROGRAM CRITERIA

Mandatory Criteria of the TIF Program

Applications for TIF assistance **must meet** the mandatory criteria in order for the project to be considered. The application must demonstrate how the project meets the required criteria.

A project **must meet each of the following** criteria:

1. The project must be located within an area that has been designated as blighted and substandard or within an area eligible for a designation as blighted and substandard as required and set forth by State Statute. See Appendix A for a map of areas currently designated as blighted and substandard by the City of Scottsbluff. **(Community Development Law §18-2109)**
2. The use of TIF for the project will not result in a loss of pre-existing tax revenues to the City and other taxing jurisdictions and the costs and benefits of the project are in the long-term best interest of the community. **(Community Development Law §18-2113 and §18-2116)**
3. The developer is able to demonstrate that the project would not be **economically feasible** without the use of TIF. In addition, when the project has site alternatives, the proposal must demonstrate that it would not occur in the area without TIF. Return on investment assists in determining the economic feasibility of the project. **(Community Development Law §18-2113 and §18-2116)**
4. The project must further the objectives of the City's Comprehensive Plan. See Section II, Program Goals, for the main principles set forth by the City of Scottsbluff Comprehensive Plan. **(Community Development Law §18-2112 and §18-2116)**

Other Criteria and Considerations of the TIF Program

1. The Project owner/developer must secure financing or be able to show a financial ability to complete the project, including any public improvements, as required. The financial ability can be contingent on TIF being granted. However the owner/developer must understand that TIF typically only pays for a small portion of a project. The incremental tax allocations paid into Scotts Bluff County are forwarded to the owner/developer, or their assignees as received, to amortize the TIF loan. Except for the tax allocations for the permitted term, the City assumes no responsibility for the repayment of any TIF loan.
2. The City assumes no responsibility for the financing of any TIF loan or bond.
3. All TIF projects must comply with city codes and zoning ordinances, and will be approved subject to compliance with these codes and zoning ordinances, to include urban design review, when applicable.
 - a) **A TIF pre-application meeting must be scheduled for all proposed TIF projects and will include City staff.**
 - b) A Site Plan Review is highly encouraged to determine if the site complies with the current ordinance and addresses appropriate public improvements. To request a Site Plan Review, contact Development Services at (308) 630-6254.

c) No Building Permit will be issued based on a site plan that does not comply with the provisions of the Zoning Ordinance.

Uses of TIF

TIF is primarily designed to finance public improvements associated with a project.

The following are considered TIF eligible costs:

- Total amount of public improvements associated with the TIF redevelopment project plan. Public improvements can be located on a redevelopment project site, directly adjacent to the redevelopment project site, or within the general vicinity of the redevelopment project site if those improvements are necessary for the project
- Acquisition costs of redevelopment project sites
- Site preparation, demolition, grading, surcharging, special foundations, and other pre-development work prior to construction of the project such as architectural and engineering services related to the project as well as environmental services and studies
- Utility extensions and hookups
- Rehabilitation, major renovations, and retrofitting of structures within the redevelopment project area. TIF **will not cover** normal maintenance and repair costs.
- Public parking
- Traffic studies, market studies, and appraisals associated with the redevelopment project site
- TIF fees

IV. PROJECT SELECTION

Application Process (See separate TIF Application Form attached to these Guidelines)

The City Manager or designee – should be the applicant’s primary point of contact for the project. This will help ensure that the TIF application, Redevelopment Plan and Redevelopment Agreement approval process with the timelines for other project site requirement(s) and approvals.

All applications for TIF must be submitted to the City of Scottsbluff, for review before presenting to the Planning Commission and Community Redevelopment Authority (CRA). Submittal of the application generally establishes when the Redevelopment Project Plan will be presented to the CRA. CRA meetings are generally scheduled for the 4th Monday of each month at 5:00pm. This scheduled date may change due to holidays or other circumstances. The owner/developer applicant will be contacted to give a brief presentation to the Planning Commission, CRA, or City Council regarding the TIF project. The TIF Application Submittal Deadline is fourteen (14) days prior to the CRA meeting at which the application will be presented.

On the TIF Submittal Deadline Date by noon:

- **Submit one (1) hard copy of the entire, completed TIF Application,**

- **Email an electronic copy of the TIF Application,**
- **Submit the \$250.00 TIF Application Fee.**

The TIF application will be evaluated by City Staff. After final evaluation of the TIF application that is determined to be ready to move forward, the applicant will be notified to:

- **Submit three (3) hard copies of the *revised (if applicable)*, completed TIF Application,**
- **Email the *revised (if applicable)*, completed TIF Application**

Also, the applicant will be notified of the appropriate meetings to attend to present the TIF project. Once the CRA has provided its recommendation and approval of the initial application, a Redevelopment Project Plan will be prepared by City Staff, **OR** the applicant can hire a qualified person to prepare the plan. If the City Staff prepares the Redevelopment Project Plan, it will be ready within 30 days after application approval.

The processing fee is due and payable upon the CRA's approval of the application and prior to consideration of the Planning Commission hearing. The administrative fee of \$5,000.00, if applicable, will be due and payable upon approval of the TIF redevelopment agreement.

V. APPROVAL PROCESS

After approval of the application by the Community Redevelopment Authority, the project goes through the following process:

- 1. Preparation of a Redevelopment Project Plan:** The Redevelopment Plan has certain statutory requirements and will include a definition of the Tax Increment Project Area. It will also contain information about the use of TIF funds. City Staff can prepare the Plan with the assistance of the Developer. **Alternately**, the applicant can hire a qualified person to prepare the redevelopment plan and submit that plan to the City for consideration.
- 2. Approval of the Redevelopment Plan:** The Plan is first submitted to the Planning Commission for its recommendation as to whether or not the plan is consistent with the goals set out in the Comprehensive Plan. The Planning Commission will also hold a public hearing to allow for public input on the project. Following the Planning Commission recommendation, the Plan is then submitted to the Community Redevelopment Authority for a recommendation to Council. The Plan is then forwarded to City Council for a public hearing. Following the public hearing, Council can approve a resolution adopting the Redevelopment Plan.
- 3. Approval of the Redevelopment Agreement:** Following approval of the Redevelopment Plan, the City and the owner/developer negotiate a Redevelopment Agreement. The Agreement sets forth the mutual responsibilities of both parties and may include the financial terms of the project. As part of the agreement process, the owner/developer will either demonstrate that they can finance the TIF loan or negotiate loan terms with a private lender. The Redevelopment Agreement will then be submitted to the CRA for approval. The CRA may simultaneously authorize the TIF bond. However, a TIF bond will

not be issued by the CRA until eligible project costs are incurred. Interest rates on bonds will be determined by the market at the time the bond is issued.

VI. TIF FEE STRUCTURE

The fee structure for TIF projects are as follows:

1. An initial application fee of \$250.00 – due upon submission of the TIF application
2. Upon conceptual approval of TIF application, a processing fee based on the schedule below shall be remitted if the applicant wishes the application to be further considered. This must be paid before the Planning Commission will review the Plan. If the processing fee has not been paid for a period of six (6) months after notification of conceptual approval, the application shall be deemed abandoned and the application fee forfeited. The processing fee schedule is as follows:
 - 1% processing fee on the estimated TIF proceeds available for the Project (subject to the minimum and maximum below)
 - Minimum processing fee of \$5,000 on all projects
 - Maximum processing fee of \$25,000
3. Upon approval of the Redevelopment Plan and Redevelopment Agreement, the person or organization receiving the TIF funds shall pay an administrative fee of \$5,000.

VII. Policy

This policy shall be reviewed and updated as necessary. Any changes shall be approved by the City Manager and submitted to the Mayor and City Council for their approval.

APPLICATION FOR TAX INCREMENT FINANCING

Please note that the following application must be typed prior to submission to the Development Services office. You should attach additional pages when necessary. The applicant(s) or a designated representative must be present at the Community Redevelopment Authority (CRA), Planning Commission, and City Council meetings to answer any questions related to the project. Proper notice of both meetings will be given to applicants by City Staff. **Failure to complete any of these application requirements may result in ineligibility for or delay of approval of Tax Increment Financing.**

1. Please state, the name, address, telephone number and email address of the Redeveloper(s) (the applicant). If the Redeveloper is a business entity, please include the name of the designated representative of the business and the position title.

2. Please describe the property to be redeveloped (the "Project Site") by address, legal description, or, if necessary, general location. Please include all parcel numbers included in the Project Site. These can be obtained from the Scotts Bluff County Assessor website: <http://www.scottsbluffcounty.org/assessor/assessor-disclaimer-do.html>. Please attach a map of the Project Site if available.

3. Please describe the existing uses and condition of the Project Site.

4. If you do not currently own the Project Site, please explain your plan for acquiring the Project Site, including whether you have a current agreement to acquire the Project Site.

5. Please describe the Redevelopment Plan on the Project Site. In your description, please address (please include your answers in an attached document):

- A. Proposed land uses after redevelopment (please attach a land use plan if available).
- B. The necessity of and plan to demolish or remove structures.
- C. Land coverage and building intensities in the Project Site after redevelopment (please attach a site plan if available).
- D. Standards of population densities in the Project Site expected after redevelopment.
- E. A statement of any proposed changes to zoning, street layouts, building codes, or ordinances.
- F. A statement of any planned subdivision to the Project Site.
- G. A statement of additional public facilities and utilities required to support the Project Site after redevelopment.
- H. Employment within the Project Site before and after redevelopment.
- I. Any other information you deem relevant.

6. Please itemize your estimated project costs (please attach copies of bids or estimates to support estimated project costs):

A. Land Acquisition (if applicable):	\$
B. Site Development (itemize):	\$
C. Building Cost:	\$
D. Architectural & Engineering Fees:	\$
E. Legal Fees:	\$
F. Financing Costs:	\$
G. Broker Costs:	\$
H. Contingencies:	\$
I. Other (itemize):	\$

TOTAL \$

7. Please list the names and addresses of all known architects, engineers, and contractors who will be involved with the Project.

8. Please itemize the following regarding the valuation of the Project Site:

- A. Total estimated assessed valuation of Real Property at completion:
- B. Latest property valuation (from R.E. Tax Statement):

9. Please itemize your projected sources of financing for the Project (please include a construction pro forma if available):

A. Equity:	\$
B. Bank Loan:	\$
C. Tax Increment Financing:	\$
D. Other (itemize):	\$
TOTAL	\$

10. Please set forth your Project schedule.

- A. Expected acquisition date (if applicable):
- B. Demolition start date (if applicable):
- C. Construction start date:
- D. Construction completion date:
- E. If project is phased:

Year _____ % Complete

Year _____ % Complete

11. Please name any other municipality wherein you, or other entities the applicant has been involved with, has completed developments within the last five years.

12. Tax Increment Financing Request:

A. Describe amount and purpose for which tax increment financing is required:

B. Statement of necessity for use of tax increment financing:

C. Have you filed or do you intend to file an application with the Nebraska Department of Revenue to receive tax incentives under the Nebraska Advantage Act for a project located or to be located within the Project Site?

_____ Yes _____ No

D. If your answer to the previous question 12.C is “Yes,” does such application include, or will such application include, as one of the tax incentives, a refund of the City’s local option sales tax revenue?

_____ Yes _____ No

E. If your answer to question 12.C is “Yes,” has the application been approved under the Nebraska Advantage Act?

_____ Yes _____ No

I certify that the facts and estimates set forth in this application for Tax Increment Financing (TIF) are true and accurate to the best of my knowledge. I understand that false statements on this application shall be considered sufficient cause for ineligibility.

I understand that the City may request additional information it deems relevant and that submitting this application does not guarantee a grant of TIF. All TIF grants are conditional upon (1) approval by the appropriate City authorities and (2) the execution of a contract between you and the CRA.

I agree to maintain all project related receipts for a period of five (5) years beginning at final payment of Tax Increment Financing for audit purposes.

Applicant Name	Signature	Date
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Applicant Name	Signature	Date
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