

A decorative graphic on the right side of the page consists of three circles of varying sizes and a diagonal line. The top circle is the largest, the middle one is the smallest, and the bottom one is the largest. The diagonal line starts near the top right and extends towards the bottom right, passing behind the circles.

CITY OF MILFORD NEBRASKA

*Tax Increment Financing
Package
&
Application Documents*

milfordne.gov

March 2014

**CITY OF MILFORD
TAX INCREMENT FINANCING
PROGRAM OVERVIEW**

Tax Increment Financing, or TIF, is a Tool to Assist in Financing Redevelopment Projects in Designated Blighted and Substandard Areas of the City. The City of Milford Issues Bonds or a Promissory Note to Finance any Approved Public Improvements Associated with a Redevelopment Project. The Property Taxes Generated from the Increased Valuation of the Development are then Captured for a Period of up to 15years to Repay the Public Investment.

The Purpose of TIF is to Help Communities Undertake Redevelopment Activities for Urban Renewal and Municipal Growth. TIF allows a City to Pay for the Public Improvements that are Part of a Private Redevelopment Project. TIF is not a Grant and it is not a Primary Funding Source for a Redevelopment Project, but does Provide an Incentive for Private Development that will Increase the Tax Base of the Milford Community and Create Additional Jobs.

v REDEVELOPMENT AREA

All TIF Projects must occur within a Redevelopment Area that has been Declared Blighted and Substandard by the City of Milford. The City of Milford has Established a Redevelopment Area based upon a Blight Study that was completed in August of 2013. Please contact the Milford City Administrator or Milford County Economic Development Executive Director with your Proposed Property Location to Determine Redevelopment Verification & Eligibility.

v PROJECT ELIGIBILITY

To Be Eligible For TIF, a Proposed Redevelopment Project Must Be Located in a Designate Redevelopment Area In The City of Milford. TIF Can Be Used to Pay for Eligible Public Improvements, Which May Include:

- Site Acquisition & Demolition
- Site Preparation -Landscaping
- HVAC Efficiency Systems
- Facade Improvement Upgrades
- Installation or Construction of Public Improvements Consisting of:
 - Streets & Utilities Extensions
 - Public Spaces-GreenSpace-Art Work
 - Public Facilities
 - Uses Listed In Q&A Section of Package
 - Or Other For Uses In Accordance With An Approved Redevelopment Plan

Additionally, in Order to Use TIF, the City Must Perform a Cost-Benefit Analysis of the Project and Determine that the Costs and Benefits of the Project are in the Long-Term Best Interest of the City and the Project Would Not Be Economically Feasible Without the Use of TIF.

**v COMMUNITY REDEVELOPMENT AUTHORITY
OR COMMUNITY DEVELOPMENT AGENCY**

The Community Redevelopment Authority of the City of Milford ("CRA") or the Community Development Agency-Governing Body ("CDA") is Responsible for Carrying Out the Redevelopment Activities for the City. The CRA or CDA are Instrumental in the TIF Process. The CRA or CDA Will Evaluate Each TIF Application and Recommend Redevelopment Projects to the City. It will also Enter into Approved Redevelopment Contracts with the Redeveloper to Establish the Rights and Obligations of the Parties and the Details of the TIF Bond.

./ TIF PROCESS CHECKLIST:

- 0 Meeting with City of Milford and Developer's To Review TIF Process & Determine Initial Eligibility of Proposed TIF Project
- 0 Determine if Prospective Project Is Within the City's Redevelopment Area
- 0 Determination of Eligible Publically Owned Improvements?
- 0 Developer Submits Completed TIF Application to Milford City Clerk's Office
- 0 Initial Project Analysis Is Completed by City of Milford TIF Legal Counsel
- 0 Initial Redevelopment Project Data For Plan Completed by City of Milford's TIF Counsel
- 0 Community Redevelopment Authority (CRA) Board or Community Development Authority (CDA) Reviews Applications & Selects Projects
- 0 CRA Board Gives City Council 30 Day Notice Before Entering Into Redevelopment Contract
- 0 Redevelopment Plan Is Amended To Include the Proposed & Approved Project by TIF Counsel
- 0 Certified Notices of Public Hearings Sent to Milford County Taxing Entities
- 0 Public Hearing Scheduled & Published for Future City Planning Commission Meeting
- 0 Public Hearing Conducted at the City Planning Commission Meeting to Amend Redevelopment Plan & Adopt Project
- 0 City of Milford's TIF Legal Counsel Prepares Final Redevelopment Plan Amendments, Required Resolutions & Ordinances
- 0 Public Hearing Scheduled & Published for Future Milford City Council Meeting
- 0 Public Hearing Conducted at the Milford City Council Meeting to Amend Redevelopment Plan & Adopt Project
- 0 Developer and CRA negotiate and Sign Redevelopment Agreement Setting forth the Rights & Obligations For the Specific Project
- 0 TIF Bond/Note is Rate Circulated & Issued
- 0 The Redevelopment Project is Completed & the Additional Tax Revenue Created by TIF Project is Collected and Used to Pay off the TIF Bond/Note Debt Obligation & Then Property Returns To Normal RE Tax Distribution Process

TIF APPLICATION PROCESS

The Applicant shall complete a fully Legible City Application Request for TIF that is attached to this Application Package. The Completed Application Document will be Signed, Dated and Submitted to the Milford City Administrator or Milford County TIF

FINANCING PROJECT EXAMPLE

This Demonstrates how TIF works with a Hypothetical project. In this example, the Developer owns a lot valued at \$10,000 located in the Redevelopment Area.

The Developer is going to Construct a Building on the Property such that the Valuation of the Property after the Project will be \$250,000.

The Annual TIF available for 15 years would be approximately \$4,933:

	<u>Valuation</u>	<u>Taxes</u>
Pre-Project	\$10,000	\$205
Completed Project	\$250,000	\$5,138
Difference(Increment):	\$240,000	\$4,933

Assuming that a developer can borrow at a 6% Interest Rate, the TIF Revenue, Collected for 15 years could pay off a \$47,910 loan in this example:

Present Value Calculated Case Example

<u>Year</u>	<u>TIF</u>
1	\$4,933
2	\$4,933
3	\$4,933
4	\$4,933
5	\$4,933
6	\$4,933
7	\$4,933
8	\$4,933
9	\$4,933
10	\$4,933
11	\$4,933
12	\$4,933
13	\$4,933
14	\$4,933
15	\$4,933
Total	\$73,995

Present Value of \$73,995
@ 6% = \$47,910

TIF QUESTIONS & ANSWERS:

Q) What is a Substandard & Blighted Area?

- A) An area that has been declared Substandard and Blighted in accordance with the Nebraska State Statues. It is defined as one where Conditions are present that may have a detrimental effect on Public Health, Safety, Morals, or Welfare of the Neighborhood.

Q) What Can A Substandard Area Contain?

- A) The Area may have Inadequate Infrastructure, Conditions which Endanger Life & Property by fire or other Causes, Dilapidated Buildings, Inadequate Parking, Congestion, and Economically or Socially Unacceptable Land Uses.

Q) How was the Redevelopment Area Created?

- A) The Redevelopment Area was Created in a Study Completed for the City of Milford by an Independent Nebraska Planning, Architecture & Urban Design Firm in August 2013.

Q) What is the Geography of the Redevelopment Area?

- A) The Study Considers the Presence of Substandard Conditions or Blight in the City of Milford pursuant to the Requirements of the Nebraska Revised Statutes. A Total of approx. 125 Acres are included in the TIF Redevelopment Area as of August 2013. Included in this Application Packet is a Current Redevelopment Area Map and TIF Application Projects must be in the Shaded/Designated Areas.

Q) How Does Tax Increment Financing (TIF) Work?

- A) TIF is the use of New Real Property Tax Dollars Created as the Result of a Commercial Project to Help Support the Financing of the Project. TIF Allows the Use of the New Property Taxes Generated by the Increased Value of the Property to be Paid on the TIF Bond Retirement. The Taxes are Redirected for the Benefit of the Project for a Period of 15 Years. Property Taxes on the Original Value of the Property Continue to be Paid to Local Taxing Entities.

Q) What Types of Projects Are Eligible?

- A) In other Nebraska TIF Projects, it has been used to Provide Public Improvements for Economic Development Incentives for Industrial Manufacturing Entities, Rental Housing Projects, Upgrades of Buildings & Public Facilities in Downtown Areas, Purchase of Land for Redevelopment Activities, Update of Business and Recreational Facilities, and Other Development Enhancing Activities. The City of Milford's CRA Community Redevelopment Authority or CDA (Community Development Agency/City Governing Body) Encourages & Evaluates TIF Projects Based Upon Their Positive Impacts on Neighborhoods & the Community in General.

Q) How Do You Qualify For TIF?

- A) Applicants/Developers must fully complete a TIF application request (Attached) and submit to the City of Milford's City Clerk's Office. Please refer to the **TIF PROCESS CHECKLIST** on the previous page for full TIF process descriptions & requirements. The application must receive a recommendation for approval from the CRA or CDA.

Q) Who Do We Contact For More Information?

- A) Please contact the Milford City Office, Jeanne Hoggins at 402-761-3247 - milfordne.gov

CITY OF MILFORD, NEBRASKA
Community Redevelopment Authority (CRA)
Community Development Agency (CDA)
505 First St – PO Box 13 – Milford, NE 68405

TAX-INCREMENT FINANCING APPLICATION
(Return To Milford City Clerk's Office)

PROJECT SCOPE: (Please Print or Type All Information)

- 1) Business Name: _____
Street Address: _____
Mailing Address: _____
Telephone: _____ Alt. _____
Cell Number: _____ Fax: _____
Email: _____
Business Structure:
Owners/Princ _____ / _____

- 2) Description of the Business:

Estimated # of Employees: _____

- 3) Name of Present Ownership of Project Site & Full Legal Address:

Legal Description: _____

- 4) Description of Physical Project Items:
Building Square Footage _____
Size of Property Site _____
Description of Building Material/Construction _____

4a) Site Plan – Attach to Completed TIF Application

- 5) If Property is to be Subdivided, Include Division Drawing

6) Estimated Project Costs:
Include Construction Pro Forma Statement

Land Acquisition Costs:	\$ _____
Site Development _____	\$ _____
Site Development _____	\$ _____
Site Development _____	\$ _____
Site Development _____	\$ _____
Building Cost	\$ _____
Equipment Acquisition Cost	\$ _____
Architectural & Engineering Fees	\$ _____
Legal Fees	\$ _____
Financing Costs	\$ _____
Broker Costs	\$ _____
Contingencies	\$ _____
Estimated Total Project Costs:	\$ _____

- 7) Est. Assessed Valuation at Completion \$ _____
8) Current Property Valuation \$ _____
9) Est. R.E. Property Valuation Increase \$ _____
10) Estimated New R.E. Tax Generated \$ _____
11) Itemize Source of Financing:
a. Equity \$ _____
b. Bank Loan 1 \$ _____
Bank Loan 2 \$ _____
c. Tax Increment Financing \$ _____
d. Industrial Revenue Bonds \$ _____
e. Other Sources \$ _____

- 12) Name(s) and Addresses of:
Architect: _____
Engineer: _____
General Contractor: _____
Consultants: _____

- 13) Project Construction Schedule:
a) Construction Date: _____
b) Completion Date: _____
c) If Phased Construction:
Year _____ / _____ % Complete
Year _____ / _____ % Complete

14) Municipal References: Please name any other City(s) Where the Applicant, or Other Corporations, that the Applicant(s) has Been Involved With, and Has Completed Developments Within Last Five Years:

1. _____
2. _____
3. _____
4. _____
5. _____

TAX INCREMENT FINANCING REQUEST:

15) Describe Eligible Costs For Which Tax Increment Financing Will Be Used (include attachment(s) if necessary):

AMOUNT OF TIF REQUEST: \$ _____

(Note: *If* the application is approved, the applicant is not entitled to receive the requested TIF amount. The actual amount of the TIF loan/bond will vary depending on multiple factors including lender interest rate, identification of eligible expenditures, and additional information identified during the TIF process. However, as a general estimate for this application, request no more than ten times the amount identified in item 10 of this application.)

16) Attach to Completed Application:

Statement of Necessity for the desired Use of Tax Increment Financing

X _____ Date _____

Signature of Authorized Applicant

City Use: _____

Received/Initials

Printed Name of Applicant _____

Printed Name of Business _____

By signing application: Document and its attachments are subject to State Open Records Disclosure Law