

RESOLUTION NO. 2020-3

RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF
GOTHENBURG, NEBRASKA, APPROVING A WORKFORCE HOUSING INCENTIVE
PLAN

BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF
GOTHENBURG, NEBRASKA:

Recitals:

a. The City of Gothenburg, Nebraska, a municipal corporation (the "City"), has determined it to be desirable to undertake and carry out urban redevelopment projects in certain areas of the City that are determined to be blighted and substandard and in need of redevelopment;

b. The Community Development Law, Chapter 18, Article 21, Reissue Revised Statutes of Nebraska, as amended (the "Act"), prescribes the requirements and procedures for the planning and implementation of redevelopment projects including redevelopment projects involving construction of workforce housing;

c. The City has prepared an incentive plan for construction of housing in the municipality targeted to house existing or new workers in the City of Gothenburg, Nebraska, a copy of which is attached hereto as Exhibit A.

d. The City published and mailed notices of a public hearing on such Incentive Plan pursuant to the Section 2115.01 of the Act, and has on the date of this Resolution held a public hearing on the proposal to approve the Incentive Plan; and

e. The City has reviewed the Incentive Plan and determined that such incentive plan is necessary to prevent the spread of blight and substandard conditions within the municipality, will promote additional safe and suitable housing for individuals and families employed in the municipality, and will not result in the unjust enrichment of any individual or company.

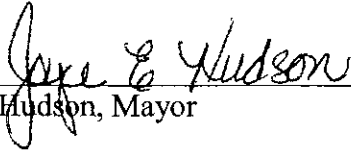
Resolved that:

1. The Incentive Plan is necessary to prevent the spread of blight and substandard conditions within the municipality, will promote additional safe and suitable housing for individuals and families employed in the municipality, and will not result in the unjust enrichment of any individual or company.

2. The Incentive Plan is approved in the form attached as Exhibit A.

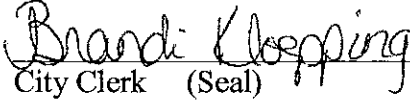
3. This Resolution shall become effective immediately upon its adoption.

PASSED and APPROVED on April 7, 2020.

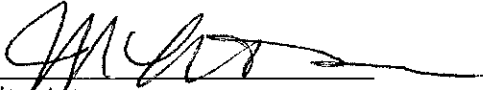


Joyce E. Hudson, Mayor

ATTEST:



City Clerk (Seal)



City Attorney

EXHIBIT A

WORKFORCE HOUSING INCENTIVE PLAN FOR THE MUNICIPALITY OF GOTHENBURG, NEBRASKA, PURSUANT TO THE NEBRASKA COMMUNITY DEVELOPMENT LAW

Introduction:

The 2018 Nebraska Legislature passed Legislative Bill 496 (the "Bill"), which amended the Nebraska Community Development Law (the "Act"). The Bill was signed by the Governor in May of 2019. Before the Bill was passed, TIF was generally limited to pay costs of site purchase, utility extension, public infrastructure, sidewalks, planning and certain rehabilitation expenditures. The Bill, among other items, provided that tax increment financing ("TIF") may be used for the actual construction of new workforce housing and rehabilitation costs exceeding % of assessed valuation on residential workforce housing units.

Prior to utilizing TIF for workforce housing, the City must (a) receive a housing study within the last 24 months and (b) hold a hearing on an incentive plan for the use of TIF for workforce housing.

Workforce housing means:

(a) Housing that meets the needs of today's working families; (b) Housing that is attractive to new residents considering relocation to a rural community; (c) Owner-occupied housing units that cost not more than two hundred seventy-five thousand dollars to construct or rental housing units that cost not more than two hundred thousand dollars per unit to construct. For purposes of this subdivision (c), housing unit costs shall be updated annually by the Department of Economic Development based upon the most recent increase or decrease in the Producer Price Index for all commodities, published by the United States Department of Labor, Bureau of Labor Statistics; (d) Owner-occupied and rental housing units for which the cost to substantially rehabilitate exceeds fifty percent of a unit's assessed value; and (e) Upper-story housing. §18-2103 (32) R.R.S.

Rural community means any municipality in a county with a population of fewer than one hundred thousand inhabitants as determined by the most recent federal decennial census. The Dawson County 2010 Census indicates a population of 3,574. §18-2103 (30) R.R.S.

In April 2018 the City of Gothenburg (the "City") received a housing study entitled "Dawson County Area, Nebraska Housing Study with Strategies for Affordable Housing 'Workforce Housing Specific Analysis'" (the "Study"). The Study noted that the City and surrounding communities had an "owner and rental housing vacancy deficiency."

The law requires that a workforce housing incentive plan be necessary to prevent the spread of blight and substandard conditions within the municipality, promote additional safe and suitable

housing for individuals and families employed in the municipality, and will not result in the unjust enrichment of any individual or company.

This Workforce Housing Incentive Plan shall be effective for the City until modified pursuant to the Act.

TIF for workforce housing for each project is to be implemented pursuant to a redevelopment plan recommended by the City Community Redevelopment Authority ("CRA"), and approved after hearing by the City Commissioners pursuant to the Act. This Workforce Housing Incentive Plan is intended to incent development of workforce housing that supports current and prospective employees of local and area businesses and public service corporations. THIS PLAN IS NOT INTENDED AND WILL NOT BE USED TO CONSTRUCT HIGHER END HOMES OR CUSTOM BUILT HOMES.

All redevelopment contracts between the CRA and a redeveloper providing TIF benefits for workforce housing will be negotiated on a case by case basis with TIF incentives to be determined by the CRA in amounts required to accomplish the goal of incenting the development of safe and decent workforce housing in the City. The CRA shall document that each project utilizing TIF for Workforce Housing shall not unduly enrich the redeveloper. This shall be accomplished by examining proposed profit on each owner occupied residence and the return on investment of each apartment project. Each redevelopment plan is unique and the capacity of each redeveloper is different.

In each redevelopment contract for workforce housing, the CRA shall set standards appropriate for each workforce housing development project related to residence or apartment size, construction standards, costs and rental rates. Workforce housing TIF incentives will be provided subject to the following requirements.

Owner occupied housing:

Spec housing development:

TIF may be used for actual construction costs to offset or reduce risks of (a) holding costs prior to sale; (b) reduction in sales price from realistic projected sale price; and for a reduction in sales price for the benefit of the a purchaser. The CRA shall insure that projections for construction and sales costs are reasonable in the market.

The redeveloper must disclose a detailed project budget including a line item construction budget and sale price that is reasonable and consistent with current construction costs in the City. The redeveloper shall provide the CRA with actual costs for the completed project.

Rental housing:

TIF may be used for actual construction costs to offset or reduce risk to profitability to incent investment in workforce housing apartments.

The redeveloper must disclose a detailed project budget including a construction budget and 5 year profit and loss calculation that is reasonable and consistent with construction costs with an appropriate return on investment in the City. The redeveloper shall provide the CRA with actual costs for the completed project.

Owner-occupied and rental housing units for which the cost to substantially rehabilitate exceeds fifty percent of a unit's assessed value:

1. For existing residences requiring rehabilitation in excess of 50% of assessed valuation, TIF may be used for actual rehabilitation costs to offset or reduce risks of holding costs prior to sale or reduction in sales price from realistic projected sale price, as well as for a reduction in sales price for the benefit of the purchaser. The CRA shall insure that projections for construction and sales costs are reasonable in the market.

The redeveloper must disclose a detailed project budget including a construction budget and sale price that is reasonable and consistent with construction costs in the City. The redeveloper shall provide the CRA with actual costs for the completed project. **(Note, residential rehabilitation costs are an allowable TIF expenditure under the Act without necessity of qualifying for workforce housing approval.)**

2. For existing apartments requiring rehabilitation in excess of 50% of assessed valuation TIF may be used for actual rehabilitation construction costs to offset or reduce risk to profitability to incent investment in rehabilitation of workforce housing apartments.

The redeveloper must disclose a detailed project budget including a construction budget and 5 year profit and loss calculation that is reasonable and consistent with construction costs with an return on investment in the City. The redeveloper shall provide the CRA with actual costs for the completed project. **(Note, residential rehabilitation costs are an allowable TIF expenditure under the Act without necessity of qualifying for workforce housing approval.)**

Upper-story housing.

1. For upper-story housing for apartments, TIF may be used for actual rehabilitation construction costs to offset or reduce risks to profitability.

The redeveloper must disclose a detailed project budget including a construction budget and 5 year profit and loss calculation that is reasonable and consistent with construction costs with an return on investment in the City. The redeveloper shall provide the CRA with actual costs for the completed project.

2. For upper-story condominium/townhomes requiring rehabilitation, TIF may be used for actual rehabilitation costs to offset or reduce risks of holding costs prior to sale or reduction in sales price from realistic projected sale price, as well as for a reduction in sales price for the benefit of the purchaser. The CRA shall insure that projections for construction and sales costs are reasonable in the market.

The redeveloper must disclose a detailed project budget including a construction budget and sale price that is reasonable and consistent with construction costs in the City. The redeveloper shall provide the CRA with actual costs for the completed project. **(Note, residential rehabilitation costs are an allowable TIF expenditure under the Act without necessity of qualifying for workforce housing approval.)**

On all redevelopment projects requesting workforce housing TIF the CRA shall consider acceptable returns on investment for the type of housing proposed including cap rates.

Dated this _____ day of _____, 2020.

_____(do not sign)_____
Joyce Hudson, Mayor

Subscribed and sworn to before me this 17th day of March, 2020.

_____(do not sign)_____
Notary Public