

## RESOLUTION NO. 2021-3

### RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF GOTHENBURG, NEBRASKA, APPROVING A REDEVELOPMENT PLAN; APPROVING A REDEVELOPMENT PROJECT; AND APPROVING OF RELATED ACTIONS

#### 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;

c. The City has previously declared an area, which includes an area legally described in **Exhibit A** (the "Redevelopment Area"), to be blighted and substandard and in need of redevelopment pursuant to the Act;

d. The Community Redevelopment Authority of the City of Gothenburg, Nebraska (the "Authority") has prepared the Redevelopment Plan for the 2021 Housing Project (the "Redevelopment Plan"), in the form attached as **Exhibit B**, for the redevelopment of the Redevelopment Area;

e. The Planning Commission of the City (the "Planning Commission") published and mailed notices of a public hearing regarding the consideration of the approval of the Redevelopment Plan pursuant to the Act, held a public hearing on such consideration, and recommended its approval by the Mayor and Council of the City;

f. The City published and mailed notices of a public hearing regarding the consideration of the approval of the Redevelopment Plan pursuant to the Act, and has on the date of this Resolution held a public hearing on the proposal to approve the Redevelopment Plan; and

g. The City has reviewed the Redevelopment Plan and determined that the proposed land uses and building requirements described in it are designed with the general purpose of accomplishing 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 in 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 provisions 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 unsanitary or unsafe dwelling accommodations, or conditions of blight.

**Resolved that:**

1. The Redevelopment Plan is determined to be feasible and in conformity with the general plan for the development of the City as a whole, and the Redevelopment Plan is in conformity with the legislative declarations and determinations set forth in the Act. The City hereby documents that the Redevelopment Project is consistent with the general plan for the City as it is in an area that allows for the issuance of a special use permit for the type of construction proposed in the redevelopment plan. It is found and determined, based on the analysis conducted by the Authority, that (a) the redevelopment project described in the Redevelopment Plan would not be economically feasible without the use of funds tax-increment financing, (b) the Redevelopment Project would not occur 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 City and have been found to be in the long-term best interest of the community impacted by the redevelopment project. The City acknowledges receipt of the recommendations of the Authority and the Planning Commission with respect to the Redevelopment Plan.

2. The Redevelopment Project is determined to be a qualifying project under the terms of the Redevelopment Plan, will 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.

3. The Redevelopment Plan is approved in substantially the form attached as **Exhibit B**.

4. The Mayor and Clerk are authorized and directed to execute such documents and take such further actions as are necessary to carry out the purposes and intent of this Resolution and the Redevelopment Plan.

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

PASSED and APPROVED on January 19, 2021.

Mayor James E. Hudson

ATTEST:

Misty Bussey  
City Clerk (Seal)



## **EXHIBIT A**

### **LEGAL DESCRIPTION OF REDEVELOPMENT PROJECT AREA**

**Tract 1:**

Lot 1 of the Crossing, an Administrative subdivision of part of Lot 3 in Block 1, Hilltop Estates Subdivision to the City of Gothenburg, Dawson County, Nebraska.

**Tract 2:**

Lots 10, 11, 12, and S1/2 Lot 18, Goshen Subdivision to the City of Gothenburg, Dawson County, Nebraska, and Washington Street between Avenue J and Avenue L.

**EXHIBIT B**  
**REDEVELOPMENT PLAN**

**CITY OF GOTHENBURG  
REDEVELOPMENT PLAN FOR THE  
2021 HOUSING PROJECT**

**I. INTRODUCTION.**

The City of Gothenburg, Nebraska ("City"), recognizes that blight is a threat to the continued stability and vitality of the City as a focal point of business, financial, social, cultural and civic activity and a focus of community pride and achievement. Therefore, the City has initiated a program of revitalization with the goal of enhancing the City as the center of industry for the region.

In 2018, 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."

Gothenburg Improvement Company, a Nebraska nonprofit corporation (the "Redeveloper"), proposes to serve as the Redeveloper under the Redevelopment Plan in order to bring essential infrastructure to the real estate more particularly described on Exhibit "A" attached hereto and incorporated herein by this reference ("Redevelopment Project Area"). The Redevelopment Project Area has been declared blighted and substandard by the City. The Redevelopment Project 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 Redevelopment Project 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 given the cost of infrastructure development and construction as well as low return on capital for such construction of owner-occupied housing units in rural Nebraska.

The Redevelopment Project Area is currently vacant and underdeveloped. The location of the Redevelopment Project Area makes it a prime location for residential development. However, in order to support this development, the Redevelopment Project Area requires land developers to incur significant upfront costs pertaining to site acquisition, site preparation and infrastructure. This upfront cost is a barrier to redevelopment. Tax increment financing will offset the cost of site acquisition and infrastructure that would otherwise have to be absorbed by higher cost of housing in order for the Project to cash flow. The City has determined that the Project would not be economically feasible as an increase in such rates would price housing units beyond the reach of the rural workforce of the City and surrounding areas. Thus, the Project as designed will not occur without tax increment financing.

To encourage private investment in the Redevelopment Project Area, this Redevelopment Plan (referred to herein as the "Redevelopment Plan" or "Plan") has been prepared to set forth the **2021 HOUSING PROJECT** ("Redevelopment Project"), which is considered to be of the highest priority in accomplishing the goal of providing workforce housing in the Redevelopment

Project Area. Therefore, this Redevelopment Plan has been designed to undertake a private/public partnership that will begin to remedy the severe housing shortage in the City.

## II. EXISTING SITUATION.

This section of the Redevelopment Plan examines the existing conditions within the designated 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 Redevelopment Area contains two tracts of undeveloped land. This use is shown on Exhibit "B-1" and Exhibit "B-2" attached hereto and incorporated herein by this reference.

B. Existing Zoning. The Redevelopment Project Area is zoned R-2, Residential District.

C. Existing Public Improvements. Tract 1 of the Redevelopment Project Area is abutted on to the east by Avenue M, which currently includes water, sanitary sewer, and storm sewer mains. Tract 2 of the Redevelopment Project Area is abutted to the south by Washington Street, which currently includes water and sanitary sewer mains. The portion of Washington Street that abuts the Redevelopment Project Area is not paved.

D. Existing Building Conditions. The Redevelopment Project Area is vacant land that was declared blighted and substandard as part of a larger area pursuant to the Act.

## III. FUTURE SITUATION.

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

- A. Proposed Land Use and Site 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. Kind and Number of Additional Public Facilities
- G. Cost-Benefit Analysis
- H. Proposed Cost and Financing
- I. Procedure for Changes in the Approved Redevelopment Plan
- J. Relocation Expenditures

A. Proposed Land Use and Site Plan. The proposed land use and site plan for the Redevelopment Project Area is conceptually shown on Exhibit "C-1" and Exhibit "C-2". Final platting and lot layout will need to be approved by the Planning Commission and City.

The Redevelopment Authority intends to negotiate a specific redevelopment agreement with the Redeveloper outlining the proposed Redevelopment Project. The written redevelopment agreement will include a Redevelopment Project description, specific funding arrangements, and specific covenants and responsibilities of the Community Redevelopment Authority and the Redeveloper to implement the Redevelopment Project.

B. Conformance with the Comprehensive Plan; Conformance with the Community Development Law Declarations. In accordance with the Act, the Plan described in this document has been designed to conform to the May 2007 Comprehensive Development Plan for the City of Gothenburg ("Comp Plan"). By approval of this Plan, the City Council finds that this 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. This finding is documented by a determination that the Comp Plan specifically designates the future land use for the Redevelopment Project Area as "Residential" and such use is consistent with the zoning for that area.

C. Relationship to Local Objectives. The proposed Redevelopment Project Area lies within the boundary described on attached Exhibit "A". The 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 residential development in the City. General goals, policies and actions relating to the community as a whole and for the Redevelopment Project Area are contained in the Comp Plan.

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

1. Population Density. There are no dwelling units currently located within the Redevelopment Project Area. This Plan contemplates the development of 19 residential lots, which upon sale and construction of single-family units, would result in a commensurate increase in the number of households. Currently, Gothenburg has a population density of 999.5 inhabitants per one square mile and an average household size of 2.34, both of which would see a slight increase, but such increases will not exceed densities as are currently permitted under the zoning and subdivision regulations of the City.

2. Land Coverage and Building Density. This Plan contemplates development of 19 residential lots for single-family housing units.

3. General Environment. Provide for the development of the site with residential lots.

4. Building Heights and Massing. Building heights and massing will comply with the R-2 zone along with covenants, conditions, and restrictions to be filed on the property located within the Redevelopment Project Area.

5. Circulation, Access and Parking. Provide for vehicular circulation through and access to the Redevelopment Project Area in a manner consistent with the needs of the development and the community.

Provide for an adequate supply of appropriately located parking in accordance with applicable zoning district regulations

6. Off-Street Loading, Service and Emergency Facilities. Provide for consolidated off-street loading and service facilities, with access to be provided (where feasible) from public service alleys, drives or courts and connected appropriately with the street system.

Provide for emergency vehicle access in a manner compatible with established design and environmental objectives.

Provide a maximum floor area ratio in accordance with applicable zoning district regulations in the Redevelopment Project Area.

E. Proposed Changes and Actions. The Redevelopment Project Area is currently zoned as R-2 allowing for single-family residential lots. Change in zoning is not required. All construction will be subject to applicable building codes and ordinances. The street layout and street levels will depend upon the finalized construction development plans. Streets interior to the project are intended to be public streets. The Project Area will require vacation of the current subdivision and re-platting.

1. Zoning, Building Codes and Ordinances. The entire Project Site is zoned R-2, Residential District. 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. Traffic flow will increase as a result of an increase in the number of housing units located within the Redevelopment Project Area. Replatting, including addition of internal streets, is contemplated.

3. Public Redevelopments, Improvements, Facilities, Utilities and Rehabilitations. Water, storm and sanitary sewer connections to the city mains and electrical lines will be required. The Redeveloper intends to use the grant from the sale of the Tax Increment Revenue Bond to pay for such infrastructure.

F. Statement as to Kind and Number of Additional Public Facilities. Paving, water, sanitary and storm sewer main extensions throughout the Redevelopment Project Area will be provided in accordance with specifications and requirements of the City. The Redeveloper will be responsible for all on site utility infrastructure installation, with the exception of natural gas and electrical lines.

G. Cost-Benefit Analysis. A Redevelopment Project TIF Statutory Cost Benefit Analysis (“Cost-Benefit Analysis”) is required to be prepared by the Redevelopment Authority prior to submission of this Plan to the City. The Cost-Benefit Analysis must comply with the requirements of the Act 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. The Cost-Benefit Analysis is set forth on Exhibit “D”.

G. Proposed Costs and Financing; Statements. The Authority will negotiate with the Redeveloper on a specific written redevelopment agreement. The written redevelopment agreement would include a site plan, project description, and specific Tax Increment Financing arrangements. The City seeks the issuance of a tax increment revenue bond in the amount of \$1,400,000 the proceeds of which will be granted to the City. The agreement will further provide specific covenants and responsibilities of the Authority and the City to implement the Redevelopment Project.

Estimated Eligible Redevelopment Project costs for Phase #1 are shown below:

**POTENTIAL ELIGIBLE PUBLIC AND PRIVATE IMPROVEMENTS**

Site Acquisition	\$220,000
Tract 1 Earthwork, Paving, Storm Sewer	383,834
Tract 1 Sanitary Sewer	96,000
Tract 1 Water	80,440
Tract 2 Paving, Storm Sewer	314,078
Tract 2 Sanitary Sewer	34,606
Tract 2 Water	93,907
Engineering	169,421
<hr/> Total	<hr/> \$1,392,286

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

The public will fund as much of the above Eligible Improvements as needed to the extent necessary to meet the public purpose and community goals, policies and standards. The Redeveloper will not fund improvements that exceed the amount of funds available from tax-increment financing indebtedness. The amount of the available proceeds for tax-increment financing is estimated at approximately \$1,400. This assumes an increased valuation as a result of the Project of approximately \$4,500,000.

Any ad valorem tax levied upon the real property in a Redevelopment Project for the benefit of any public body shall be divided, for a period not to exceed fifteen (15) years after the effective date established in the redevelopment contract. *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 located within the Redevelopment Project Area. 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 Authority 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.

The Redevelopment Project is within the corporate boundaries of the City.

Because the Plan proposes to use tax-increment financing funds as authorized in § 18-2147 of the Act, the Authority and City Council, in approving this Plan find as follows:

a. the Redevelopment Project in the Plan would not be economically feasible without the use of tax-increment financing;  
i. This finding is documented by the fact that overall cost of site acquisition and infrastructure amount to over \$73,000 per developed lot.

b. the Redevelopment Project would not occur in the Redevelopment Project 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 Redeveloper desires to significantly modify this Plan, it may do so after holding a public hearing on the proposed change in accordance with applicable state and local laws. A redevelopment plan which has not been approved by the governing body when recommended by the Authority may again be recommended to it with any modifications deemed advisable. A redevelopment plan may be modified at any time by the Authority, provided, that if modified after the lease or sale of real property in the Redevelopment Project Area, the modification must be consented to by the

redeveloper or redevelopers of such property or his successor, or their successors, in interest affected by the proposed modification. Where the proposed modification will substantially change the redevelopment plan as previously approved by the governing body, the modification must similarly be approved by the governing body.

I. Relocation Expenditures. In the event the Authority is required to relocate current residents or tenants of the existing structures, the Authority will adopt rules and regulations pursuant to the Act. This Plan does not contemplate the relocation of current residents or tenants, because the Redevelopment Project Area consists of vacant, undeveloped land. This Plan will not be implemented unless the Authority is reimbursed, by the redeveloper, in advance, for all estimated and actual costs incurred by the Authority, including professional fees required as a result of such relocation undertaking.

EXHIBIT "A"

**Legal Description of Redevelopment Project Area**

**Tract 1:**

Lot 1 of the Crossing, an Administrative subdivision of part of Lot 3 in Block 1, Hilltop Estates Subdivision to the City of Gothenburg, Dawson County, Nebraska.

**Tract 2:**

Lots 10, 11, 12, and S1/2 Lot 18, Goshen Subdivision to the City of Gothenburg, Dawson County, Nebraska, and Washington Street between Avenue J and Avenue L.

EXHIBIT "B-1"

[attach copy of map showing current land use for Tract 1]



EXHIBIT "B-2"

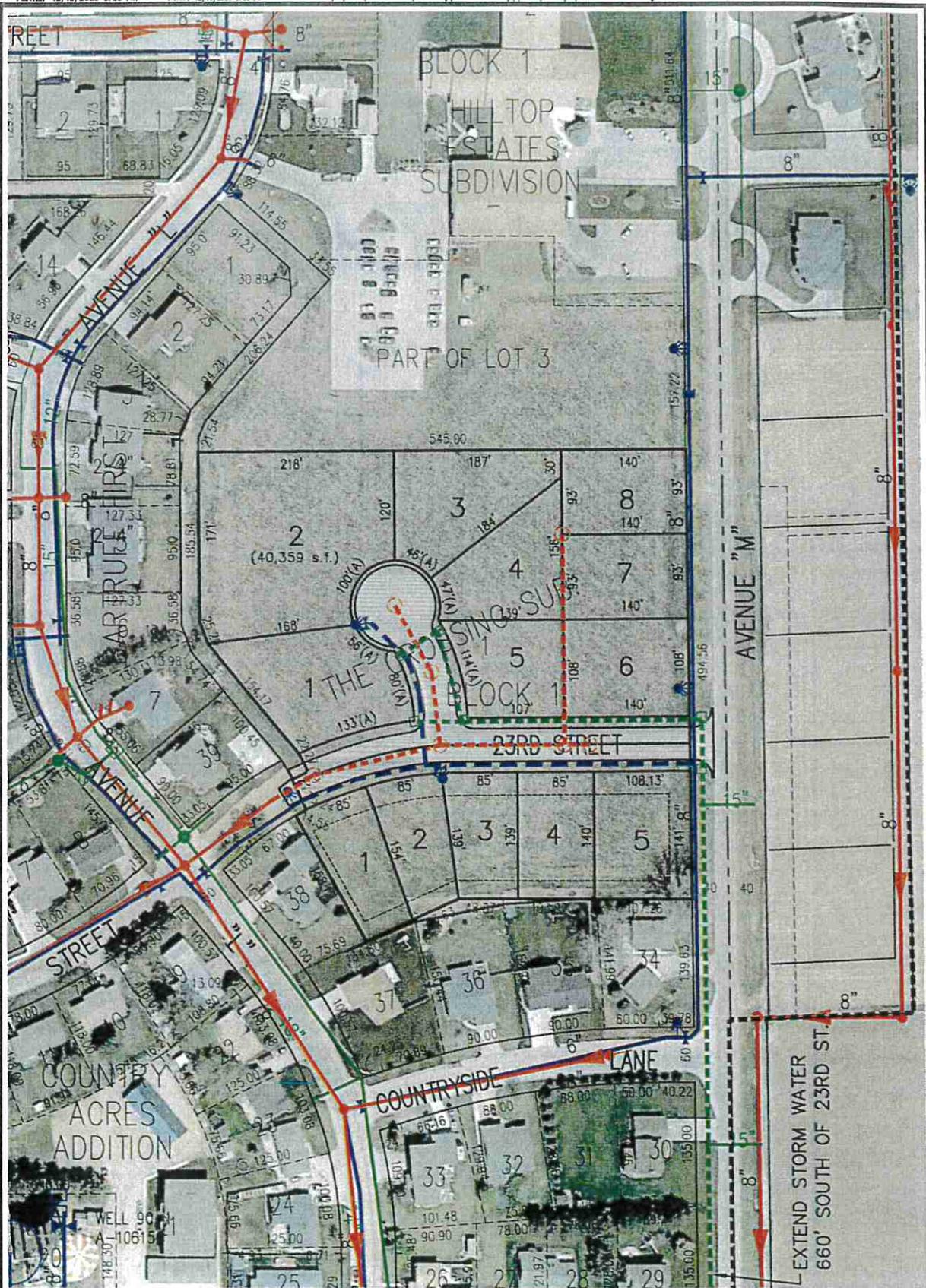
[attach copy of map showing current land use for Tract 2]



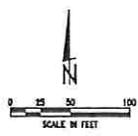
EXHIBIT "C-1"

[attach copy of future land use plan for Tract 1]

Exhibit "C-1"



PREPARED BY:  
**MA**  
 MILLER & ASSOCIATES  
 CONSULTING ENGINEERS, P.C.  
 1111 CENTRAL AVENUE  
 KEARNEY, NE 68847

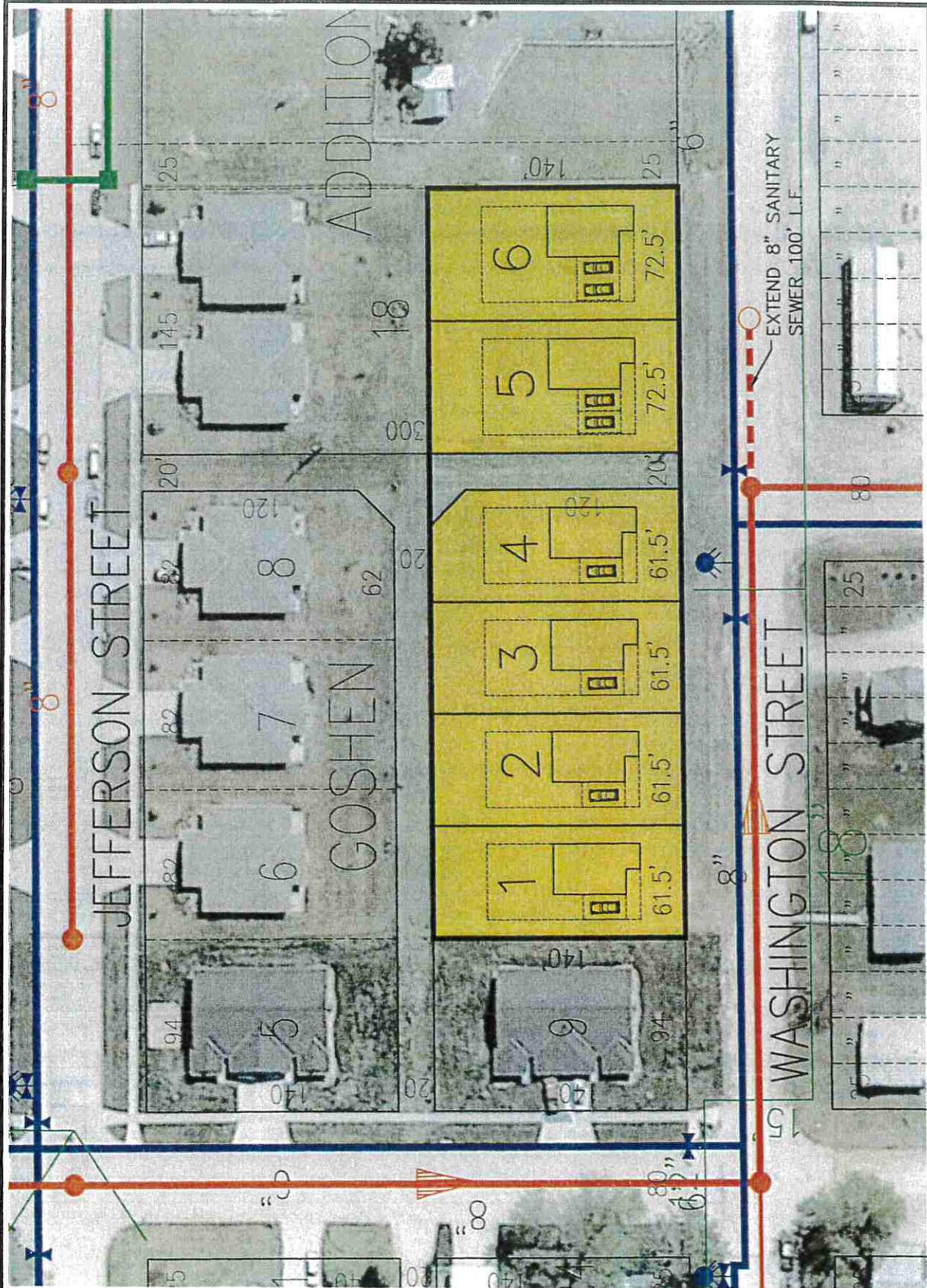


**Option 4**  
 Replat of Lot 1,  
 The Crossing Subdivision  
 Gothenburg, Nebraska

EXHIBIT "C-2"

[attach copy of future land use plan for Tract 2]

Exhibit "C-2"



PREPARED BY:  
**MA**  
 MILLER & ASSOCIATES  
 CONSULTING ENGINEERS, P.C.  
 1111 CENTRAL AVENUE  
 KEARNEY, NE 68847



Option 2 - (Wakefield-A)  
 Replat of Lot 1,  
 The Crossing Subdivision  
 Gothenburg, Nebraska

EXHIBIT "D"  
STATUTORY COST BENEFIT ANALYSIS  
2021 HOUSING PROJECT

As authorized in the Nebraska Community Development Law, §18-2147, *Neb. Rev. Stat.* (2012), the City of Gothenburg has analyzed the costs and benefits of the proposed **CITY OF GOTHENBURG REDEVELOPMENT PLAN FOR THE 2021 HOUSING PROJECT**, including:

**Project Sources and Uses.** Approximately \$1,400,000.00 in public funds from tax increment financing provided by the City of Gothenburg will be required to acquire the project and prepare the site for redevelopment. It is estimated that the site improvement and building construction will provide an increase of \$4,500,000.00 in assessed valuation. This would result in increased valuation of \$3.21 for every dollar of tax increment finance investment.

**Tax Shifts.** The property to be redeveloped is anticipated to have a January 1, 2021, valuation of \$0.00, resulting in a 2020 real property tax of \$0.00. It is anticipated that the assessed value on full build out will increase by \$4,500,000.00 as a result of developing the lots and selling said lots for the construction of single-family residential units. This construction could result in a tax increase of over \$86,303 annually. The tax increment gained from this Redevelopment Project Area would not be available for use as city or other taxing entities general tax revenues but would be used for eligible public and private improvements to enable this project to be realized.

Estimated 2021 Assessed Value	\$0.00
Estimated Value after Completion	\$4,500,000.00
Increment Value	\$4,500,000.00
Estimated Annual Tax Increment	\$86,303.00

**Impact on public infrastructure and community service needs impact:** A project financed in part by tax increment financing should be analyzed to determine if any taxing entity would have to raise its tax levy as a direct result of the redevelopment project. The development of the residential lots and ultimate construction of 19 housing units will result in an increase in the number of households of the community. The public infrastructure necessary to provide utility service to the new lots will be constructed as a part of the Redevelopment Project. Fire and police services are deemed adequate and additional equipment or manpower will not be required.

**Impact on the student population:** A review has been made of the impact on the school district by the proposed Plan and Project. Construction of the housing units and the expected increase in local jobs are expected to result in a slight influx of new students. In any event, the Gothenburg school district has excess capacity to handle a modest increase in students resulting from new families brought to the community without necessity of adding staff or increasing building requirements.

**Employment Within the Project Area.** There are no employees in the Redevelopment Project Area. Employment within the Redevelopment Project Area is expected to increase due to site preparation and construction. Construction employment will be temporary.

**Employment in the City Outside the Project Area.** The latest available labor statistics show an estimated 2.1% unemployment rate in Dawson County, Nebraska, as of November 2020. The Redevelopment Project may result in specialized laborers commuting from outside the city of Gothenburg.

**Other Impacts.**

**Increased valuation:** This Project will increase the assessed valuation of the school district and the City of Gothenburg after the applicable period of the tax increment financing is completed. It is not unreasonable to project an increase in assessed value of \$4,500,000.00.

**Sales tax:** Materials incorporated into the 19 new residential units are subject to state and city sales tax. Assuming a \$275,000.00 construction cost per unit and assuming 40% of that cost is for materials subject to city sales tax at the rate of 1.5%, \$31,350.00 in city sales tax could be subject to capture.