

RESOLUTION NO. 2025-1

**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 City has previously approved a Workforce Housing Incentive Plan (the "Incentive Plan"), in accordance with the Act, in order to prevent the spread of blight and substandard conditions within the municipality and to promote additional safe and suitable housing for individuals and families employed in the municipality; and

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

f. 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;

g. 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

h. 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 terms of the Redevelopment Plan comply with the Incentive Plan.

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

5. 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.

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

PASSED and APPROVED on January 21, 2024.



Verlin Janssen

Mayor

ATTEST:

Melissa Bussey

City Clerk (Seal)

EXHIBIT A

LEGAL DESCRIPTION OF REDEVELOPMENT PROJECT AREA

Lot 1, Block 25, First Addition to the City of Gothenburg, Dawson County,
Nebraska

EXHIBIT B
REDEVELOPMENT PLAN

**CITY OF GOTHENBURG
REDEVELOPMENT PLAN FOR THE
METZGER 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 2020, the City approved a Workforce Housing Incentive Plan (the “Incentive Plan”) in accordance with the Community Development Law, Chapter 18, Article 21, Reissue Revised Statutes of Nebraska, as amended (the “Act”). The Incentive Plan was approved upon receipt by the City of a housing study completed by Hanna:Keelan Associates, P.C., dated April 2018, and entitled “Dawson County Area, Nebraska Housing Study with Strategies for Affordable Housing ‘Workforce Housing Specific Analysis’”, and since that time a housing study completed by Hanna:Keelan Associates, P.C., dated February 2022, and entitled “Dawson County Area, Nebraska Housing Study” has been prepared (collectively, the “Studies”). The Studies noted that the City and surrounding communities had an “owner and rental housing vacancy deficiency.”

Metzger Renovations, L.L.C., a Nebraska limited liability company (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 as Lot 1, Block 25, First Addition to the City of Gothenburg, Dawson County, Nebraska (“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.

Until recent work began, the Redevelopment Project Area was vacant and underdeveloped, and prior to that, the Redevelopment Project Area consisted of a dilapidated single-family residence that was not suitable for living. The location of the Redevelopment Project Area makes it a prime location for residential development, but costs associated with delivering workforce housing for a decent return on investment to developers necessitate the use of tax increment financing. Increased costs and interest rates in recent years have created a significant barrier to redevelopment. In accordance with the Incentive Plan, tax increment financing will offset or reduce the risks of holding costs prior to sale and will reduce sales price from realistic projected sales price based on cost. The Redeveloper has provided the City with a detailed project budget and sales price that is reasonable and consistent with current construction costs in the City. The City has determined that the Project would not be economically feasible as

a sale of the residential unit to be constructed at such costs 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 **METZGER 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 a single lot of residential land that has been undeveloped land until recent work on this project began. This use is shown below.



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

C. Existing Public Improvements. The Redevelopment Project Area is abutted to the east by Avenue I and on the north by Washington Street, as includes extensions from water and sewer mains to the property due to the previous residence located thereon.

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; however, the Redeveloper has begun work on the project by completing demolition and site prep, pouring foundation, and beginning work on construction of the framing of the residential property. The condition of the building prior to demolition by the Redeveloper is shown below.



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 "A".

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 legally described above. 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, including the Incentive Plan. 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 construction of single-family unit, would result in a commensurate increase in the number of households. Currently, Gothenburg has a population density of 957.60 inhabitants per one square mile and an average household size of 2.45, both of which would see a negligible 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 construction of one (1) single-family housing unit.

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

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

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. There will be no need to include off-street loading or service facilities given the existing alley located to the south of the Redevelopment Project Area.

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, which allow for the construction of a single-family residential unit. Change in zoning is not required. All construction will be subject to applicable building codes and ordinances.

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 negligibly as a result of an increase in the number of housing units located within the Redevelopment Project Area.

3. Public Redevelopments, Improvements, Facilities, Utilities and Rehabilitations. Water, storm and sanitary sewer connections to the city mains and electrical lines already exists.

F. Statement as to Kind and Number of Additional Public Facilities. Paving, water, sanitary and storm sewer main extensions exist to the Redevelopment Project Area. 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 "B".

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 Redeveloper seeks the issuance of a tax increment revenue bond in the amount of \$45,000, the proceeds of which will be granted to the Redeveloper. The agreement will further provide specific covenants and responsibilities of the Authority and the City to implement the Redevelopment Project.

Estimated costs of the project are shown below, and in accordance with Nebraska Department of Economic Development Policy Memo 23-02 "Community Development Law: TIF Workforce Housing Limits Policy Guidance," total cost to construct, not including acquisition of property and demolition, does not exceed \$300,000.

DETAILED PROJECT BUDGET AND PROPOSED TIMELINE

Stage	Description	Est Cost Tot	Timing
Soft Costs	Plans, permit, insurance, utilities, professional	\$ 15,000	N/A
Foundation	Demo, excavation, footings/foundation (utilities already hooked up to site)	\$ 20,000	September/November
Framing	Framing/sheeting	\$ 65,000	November/December
Framing	Windows, doors, garage door	\$ 25,000	December/January
Framing	Siding, soffit, fascia	\$ 20,000	January/February
Rough-In/Finish	Plumbing	\$ 20,000	January/February
Rough-In/Finish	Electrical	\$ 20,000	January/February
Rough-In/Finish	HVAC	\$ 20,000	January/February
Pre-Finish	Drywall, paint	\$ 25,000	March/April
Finish	Cabinetry, finish carpentry	\$ 20,000	March/April
Finish	Flooring	\$ 15,000	April
Finish	Sidewalks, driveway	\$ 15,000	April
Finish	Misc. interior/exterior finish	\$ 20,000	May
Total		\$ 300,000	

The figures above are estimates. The proposed sales price will be \$295,000, which is consistent with a pre-construction appraisal. Final figures are subject to a specific site plan, design specifications, City approval and public regulations. In accordance with the Incentive Plan, the Redeveloper shall provide the Authority with actual costs for the completed Redevelopment Project.

The public will fund as much of the above estimated costs incurred after approval of the Redevelopment Project 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 \$45,000. This assumes an increased valuation as a result of the Project of approximately \$290,450.

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 construction of the single-family residence in the Redevelopment Project Area is estimated to be \$300,000, not including Redeveloper's cost of acquisition and demolition, while the proposed sales price will be \$295,000.
- 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"

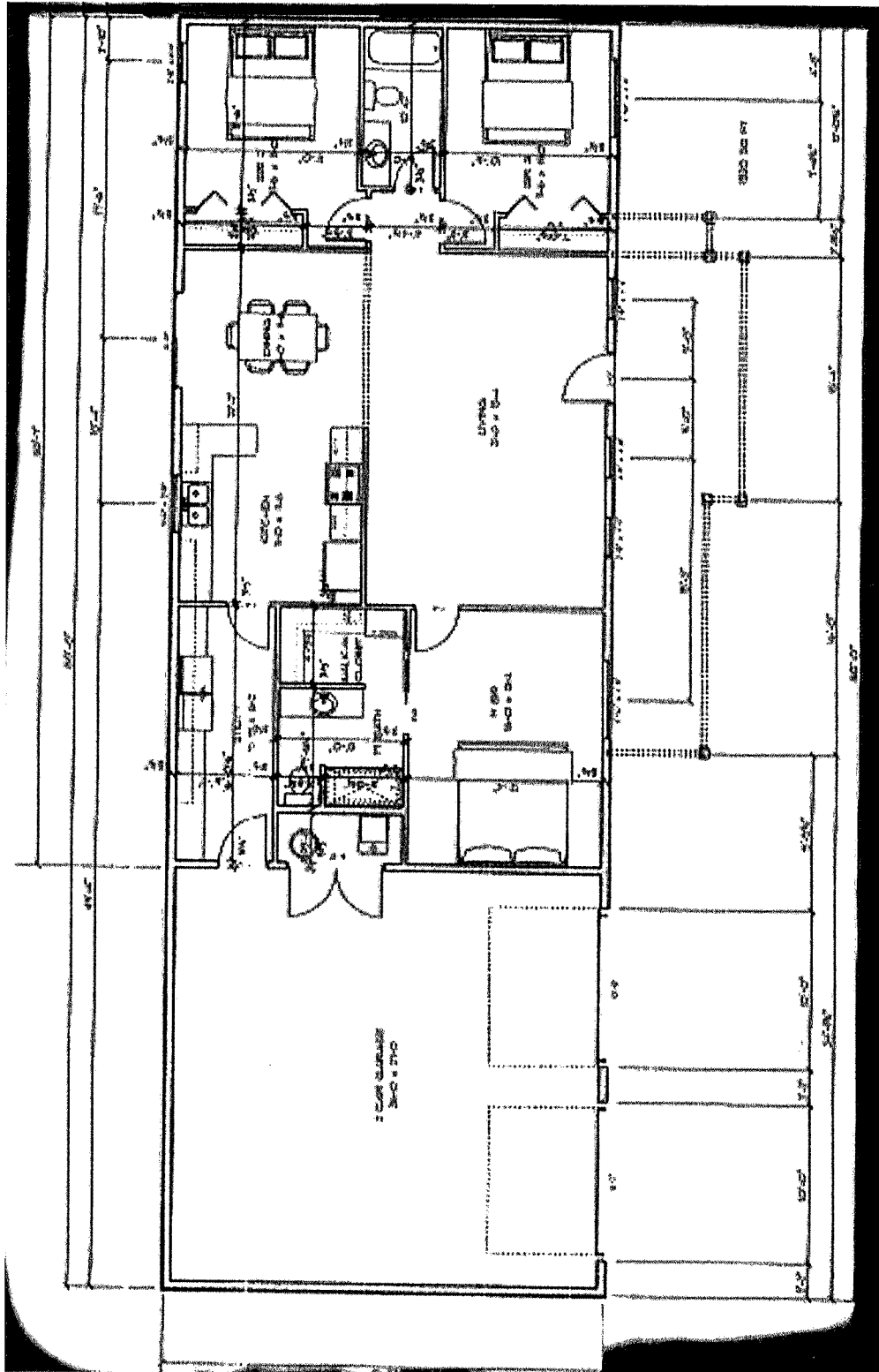


EXHIBIT "B"

STATUTORY COST BENEFIT ANALYSIS
METZGER 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 METZGER HOUSING PROJECT**, including:

Project Sources and Uses. Approximately \$45,000.00 in public funds from tax increment financing provided by the City of Gothenburg will be required to offset the cost of construction of workforce housing under the Redevelopment project. It is estimated that the site improvement and building construction will provide an increase of \$290,450.00 in assessed valuation. This would result in increased valuation of \$6.55 for every dollar of tax increment finance investment.

Tax Shifts. The property to be redeveloped has a January 1, 2024, valuation of \$4,550.00, resulting in a 2024 real property tax of \$60.84. It is anticipated that the assessed value on full build out will increase by \$290,450.00 as a result of the construction of the single-family residence. This construction could result in a tax increase of over \$5,600 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.

2024 Assessed Value	\$4,550.00
Estimated Value after Completion	\$295,000.00
Increment Value	\$290,450.00
Estimated Annual Tax Increment	\$5,638.00

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 construction of a single-family housing unit will result in an increase in the number of households of the community. The public infrastructure necessary to provide utility service is already in place. 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 a single-family housing unit and the expected increase in local jobs are expected to result in a negligible influx of new students. In any event, the Gothenburg school district has excess capacity to handle such an 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 2.7% unemployment rate in Dawson County, Nebraska, as of August 2024. 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 \$290,450.00.

Sales tax: Materials incorporated into the one (1) new residential unit are subject to state and city sales tax. Assuming a \$300,000.00 construction cost and assuming 40% of that cost is for materials subject to city sales tax at the rate of 1.5%, \$1,800.00 in city sales tax could be subject to capture.