

**AMENDMENT TO THE REDEVELOPMENT PLAN  
OF THE VILLAGE OF KENESAW, NEBRASKA**

**(KCDC RESIDENTIAL REDEVELOPMENT PROJECT)**

**Introduction**

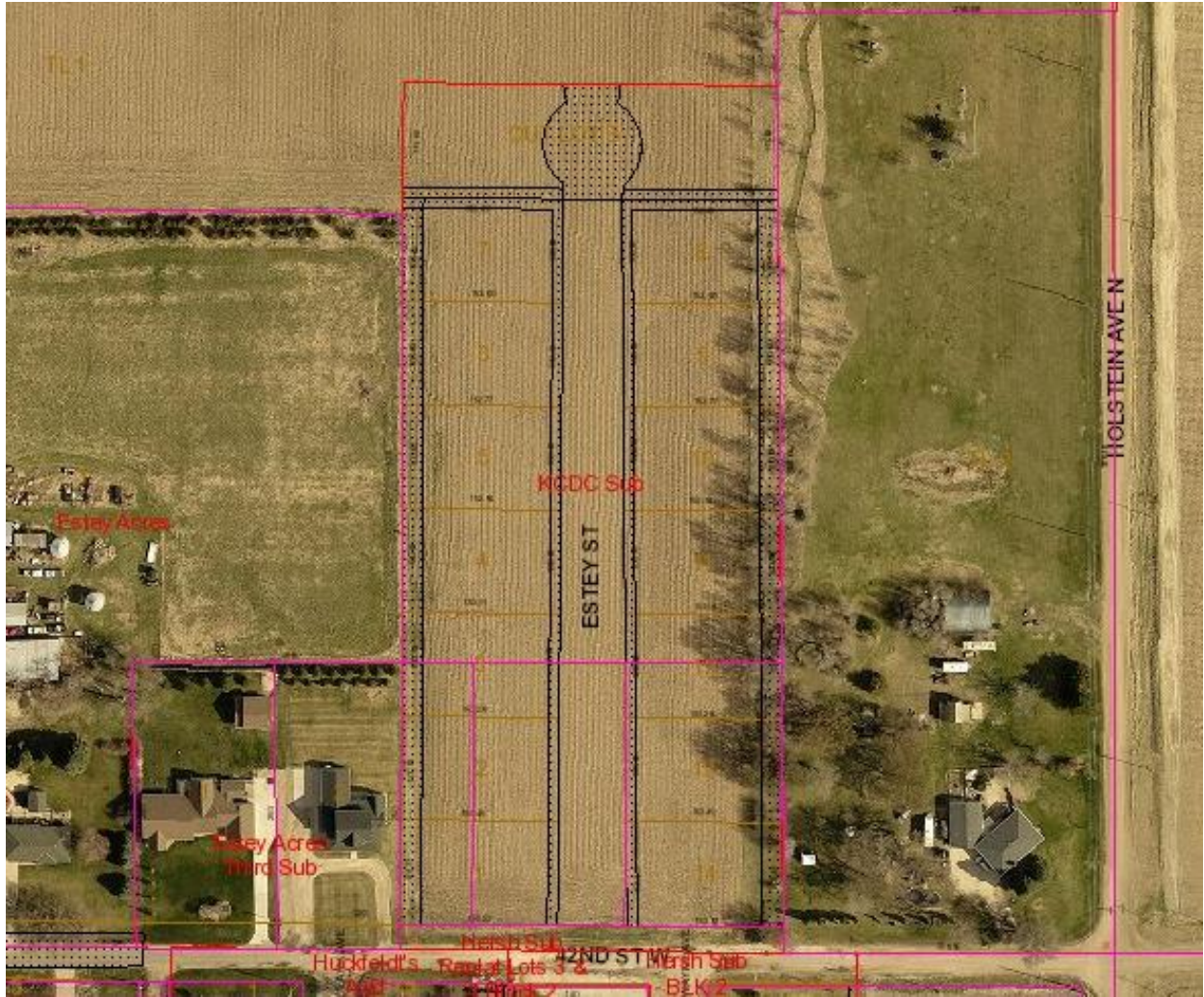
The Village of Kenesaw, Nebraska (“Village”) has undertaken a plan of redevelopment within the community pursuant to the adoption of the General Redevelopment Plan for the Village of Kenesaw prepared by Five Rule Rural Planning, LLC dated January, 2020 (the “Redevelopment Plan”). The Redevelopment Plan was approved by the Village Board of Kenesaw, Nebraska on February 11, 2020. The Redevelopment Plan serves as a guide for the implementation of redevelopment activities within Redevelopment Area #2 as defined in the Redevelopment Plan (the “Redevelopment Area”). Pursuant to the Nebraska Community Development Law codified at Neb. Rev. Stat. §§ 18-2101 through 18-2154 (the “Act”), the Village created the Community Redevelopment Authority of the Village of Kenesaw, Nebraska (“CRA”), which has administered the Redevelopment Plan for the Village.

The purpose of this Amendment to the Redevelopment Plan is to identify specific property within the Redevelopment Area that is in need of redevelopment to cause the removal of blight and substandard conditions, which property is identified and legally described on the attached and incorporated Exhibit “A” (the “Project Site”), and to identify a proposed redevelopment project on the Project Site.

**Project Site**

The Project Site is located in the Redevelopment Area and is in need of redevelopment. The Project Site currently consists of 14 platted lots and an outlet. However, the Project Site is underdeveloped and does not have the utilities and infrastructure necessary to develop the lots. In order to support private development, the Project Site is in need of site preparation and utility infrastructure improvements, among other necessary improvements. The CRA has considered whether redevelopment of the Project Site will conform to the general plan and the coordinated, adjusted, and harmonious development of the Village and its environs. In this consideration, the CRA finds that such a redevelopment of the Site will promote the health, safety, morals, order, convenience, prosperity, and the general welfare of the community including, among other things, the promotion of safety from fire, the promotion of the healthful and convenient distribution of population, the promotion of sound design and arrangement, the wise and efficient expenditure of public funds, and the prevention of the recurrence of unsanitary and unsafe dwelling accommodations or conditions of blight. Without public infrastructure improvements, the Project Site cannot be fully developed into the proposed residential subdivision, and the necessary public infrastructure improvements are cost-prohibitive based on the price that for which each lot could be sold.

The Project Site is depicted below:



The Project Site is vacant land that was previously used for agricultural use. The Project Site was recently annexed into the Village and does not currently have the necessary infrastructure and utilities to be developed for any use. The Project Site is currently zoned for residential use and the proposed future land use for the Project Site identified in the Redevelopment Plan is designated for medium density residential use. The Comprehensive Plan for the Village was last updated in 1998, prior to the annexation of the Project Site, but based upon the annexation and rezoning actions on the Project Site and the future land use set forth in the Redevelopment Plan, this Project conforms to the general plan for future land use and development in the Village.

**Description of the Project**

The Project Site is anticipated to be developed into 14 residential dwelling units, which shall include construction of the necessary public infrastructure to

support the residential development (the “Project”). The dwelling units are anticipated to be primarily single family detached dwelling units, but any permitted structure under the current zoning ordinance shall be permissible as part of the development of the Project Site.

Kenesaw Community Development Corporation (“Redeveloper”), shall construct and install all the public improvements for the Project. When the public infrastructure is installed and the lots in the Project Site are in a buildable condition, Redeveloper intends to sell the lots for construction of the private improvements. The Project Site currently includes 14 platted lots and the outlot. It is Redeveloper’s intent to develop the entire Project Site over multiple phases, based upon the rate of lot sales that will be dictated by the local market. Outlot B in the Project Site will require some temporary public improvements, including a temporary turnaround for Estey Street, as part of this Project. Redeveloper’s intent is to redevelop Outlot B and additional property as a subsequent, but related redevelopment project at a later time, but the temporary public improvements on Outlot B are required for this Project.

The cost of the public improvements necessary to support the private improvements for the Project will be approximately \$637,400, or approximately \$45,529 per lot. The list of proposed public improvement and cost estimates are set forth below:

Site Acquisition:	\$94,000
Water:	\$124,000
Sewer:	\$85,000
Paving:	\$180,000
Storm sewer:	\$35,000
Contingencies:	\$42,450
SPD–Underground:	\$28,000
Survey:	\$950
Platting and Civil Design:	\$22,500
Construction Management:	\$25,000
<b>Total:</b>	<b>\$637,500</b>
<b>Per lot cost (14 lots):</b>	<b>\$45,529</b>

The CRA acknowledges that all amounts provided above are estimates, and the actual cost will be determined upon receipt of construction bids.

Construction of the Project is anticipated to commence in Spring 2020, following approval of the Project. It is anticipated that the public improvements will be completed in 2020. The private improvements will be completed in phases, so it is unclear how long it will take to complete the private improvements, but the phasing schedule shall be set forth in the redevelopment agreement for the Project. The CRA may set a different effective date and base year for each lot within the Project Site, depending on the construction schedule.

The CRA acknowledges that there are additional eligible public improvements within the Redevelopment Area that would benefit the Project and the Redevelopment Area including, but not limited to, additional street, infrastructure, and, utility improvements needed for additional development in the underdeveloped areas of the Redevelopment Area. Redeveloper has indicated a potential desire to develop additional housing as a second phase of this Project if this first phase of redevelopment is successful. The parties reserve the right to amend the redevelopment plan for this Project to expand the scope of the public and/or private improvements if the initial TIF Indebtedness issued pursuant to the redevelopment agreement for this Project is fully repaid prior to the end of the fifteen (15) year tax increment capture period. If the Project is amended pursuant to this paragraph, the CRA shall have the right to incur or issue additional TIF Indebtedness in an amount reasonably determined by the CRA to be used for the construction and completion of the additional eligible public improvements that will be added as part of the project. This flexibility is reasonable and necessary based on the speculative nature of a residential redevelopment project of this size in the Village and the prudent approach of not initially undertaking a larger scope than the Redeveloper can finance and the TIF can support.

### **Tax Increment Financing**

As part of the Project, the CRA shall capture available tax increment from the Project Site to assist in payment for the public improvements listed as eligible expenditures under the Act in the Redevelopment Area. Section 18-2147 of the Act authorizes the use of TIF. It provides that any ad valorem tax levied upon real property, or any portion thereof, in a redevelopment project shall be divided, for a period not to exceed fifteen years after the effective date as identified in the redevelopment contract, or amendment thereof, or in the resolution(s) of the authority authorizing the issuance of TIF Indebtedness pursuant to the Act, as follows:

- (a) That portion of the ad valorem tax the levy produces at the rate fixed each year by or for each 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 (“Base Tax Amount”); and
- (b) That portion of the ad valorem tax on real property, as provided in the redevelopment contract or bond resolution, in the redevelopment project in excess of the Base Tax 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, the redevelopment project.

With respect to the Project, the actual base tax year and Base Tax Amount for Project Site will be set forth in the redevelopment agreement. It is anticipated that the CRA will issue one or more TIF notes for the entire Project. Notwithstanding any provision herein to the contrary, all incremental tax revenues resulting from the Project

shall only be divided and allocated for no more than the applicable 15-year increment period provided by the Act. As stated above, each lot in the Project may be treated as a different phase of the Project and may have a separate effective date and 15-year increment period.

It is projected that tax increment financing could support the financing of approximately \$386,000 in eligible public improvements, based on an estimated base value of \$10,000 per lot and a projected completed value of \$200,000 for each lot. The TIF Sources and Uses are set forth in more detail on the attached and incorporated Exhibit C. The phasing and amounts per phase are estimates, and more detail shall be set forth in the redevelopment agreement for the Project. If the completed value of the lots are actually higher than the projection and/or the development of the lots occurs quicker than anticipated and it appears that the Project will generate more TIF than additionally projection in this redevelopment plan, the CRA reserves the right to amend this Plan Amendment prior to the end of the 15 year tax increment period to adjust the plan for redevelopment, including but not limited to, the scope of the public and/or private improvements. Any amendment described in this paragraph shall comply with Neb. Rev. Stat. § 18-2115.

### **Statutory Elements**

The use of TIF to assist with the costs of the eligible public improvements will make the Project as designed feasible. Each lot may be a separate phase of the Project and have its own effective date for the purposes of tax increment financing. This section addresses the consideration of the statutory elements under the Nebraska Community Development Law for a project utilizing TIF.

#### **A. Property Acquisition, Demolition and Disposal**

No public acquisition of private property, relocation of families or businesses, or the sale of property is necessary to accomplish the Project. The Redeveloper owns or has contracted to purchase the Project Site from an affiliated third party.

#### **B. Population Density**

The proposed development at the project site is the construction of a residential subdivision and the infrastructure necessary to support residential development. The Project will increase the population density in the project area. However, this growth is desired by the Village and conforms to the Comprehensive Plan. The construction of residential dwelling units addressing a need for additional housing in the Village.

#### **C. Land Coverage**

The Project will meet the applicable land-coverage ratios and zoning requirements as required by the Village of Kenesaw. The 14 lots of the Project Site have been platted for residential development. Redeveloper or its successors and assigns shall be required to obtain a building permit in compliance with local zoning regulations prior to the construction of any private improvements.

D. Traffic Flow, Street Layouts, and Street Grades

The Project will positively impact traffic flow, street layouts, and street grades. It is not anticipated that the additional housing development will have a material negative effect on the existing streets. The public improvements for the Project will include the necessary street improvements for the Project Site. These public improvements shall provide a material benefit to the Redevelopment Area that would not occur without this Project. Redeveloper will construct a temporary turnaround for Estey Street on Outlot B of the Project Site that is necessary for adequate traffic flow until there is additional development to the north of the Project Site.

E. Parking

The Project will be required to meet or exceed the parking requirements set forth in the applicable zoning district.

F. Zoning, Building Code, and Ordinances

The Project Site is currently zoned for residential development and the Project is a permitted use in the applicable zoning district. No subdivision is necessary for the Project.

### **Comprehensive Plan**

The comprehensive development plan for the Village is the Comprehensive Plan of Adams County, Nebraska and the Villages of Ayr, Holstein, Juniata, Kensaw, Prosser, and Roseland, Nebraska prepared by Stahr and Associates and adopted in November, 1998 (“Comprehensive Plan”). The Project confirms to the Comprehensive Plan. Of particular note is housing objective #3 for the Village of Kenesaw:

“Establish a Community Redevelopment Authority and conduct the necessary studies to utilize tax increment financing in the development of the infrastructure and financing needed for new housing. Lots with infrastructure already in place are very limited so development of adjoining farmland and the development of additional infrastructure will be necessary to provide desirable lots for additional housing development.”

This section is not a comprehensive analysis of the Project’s conformance with the Comprehensive Plan, but is meant to highlight and summarize the key points on this topic. The Project directly meets and fulfils Housing Objective #3 for the Village as set forth in the Comprehensive Plan, and is thus in conformance with the Comprehensive Plan.

### **Cost Benefit Analysis**

Pursuant to section 18-2113 of the Act, the CRA must conduct a cost-benefit analysis for any redevelopment project that will utilize TIF. The Cost-Benefit

Analysis for the Project is attached hereto as Exhibit “B” and incorporated by this reference.

**Additional Project Information from the Redeveloper**

Redeveloper has represented that: (i) without the use of TIF, this Project would not be feasible and the Redeveloper could not develop this Project on the Project Site; (ii) no families will be displaced or relocated from the Project Site based upon this Project, and (iii) Redeveloper does not intend to file an application with the Department of Revenue to receive tax incentives under the Nebraska Advantage Act.



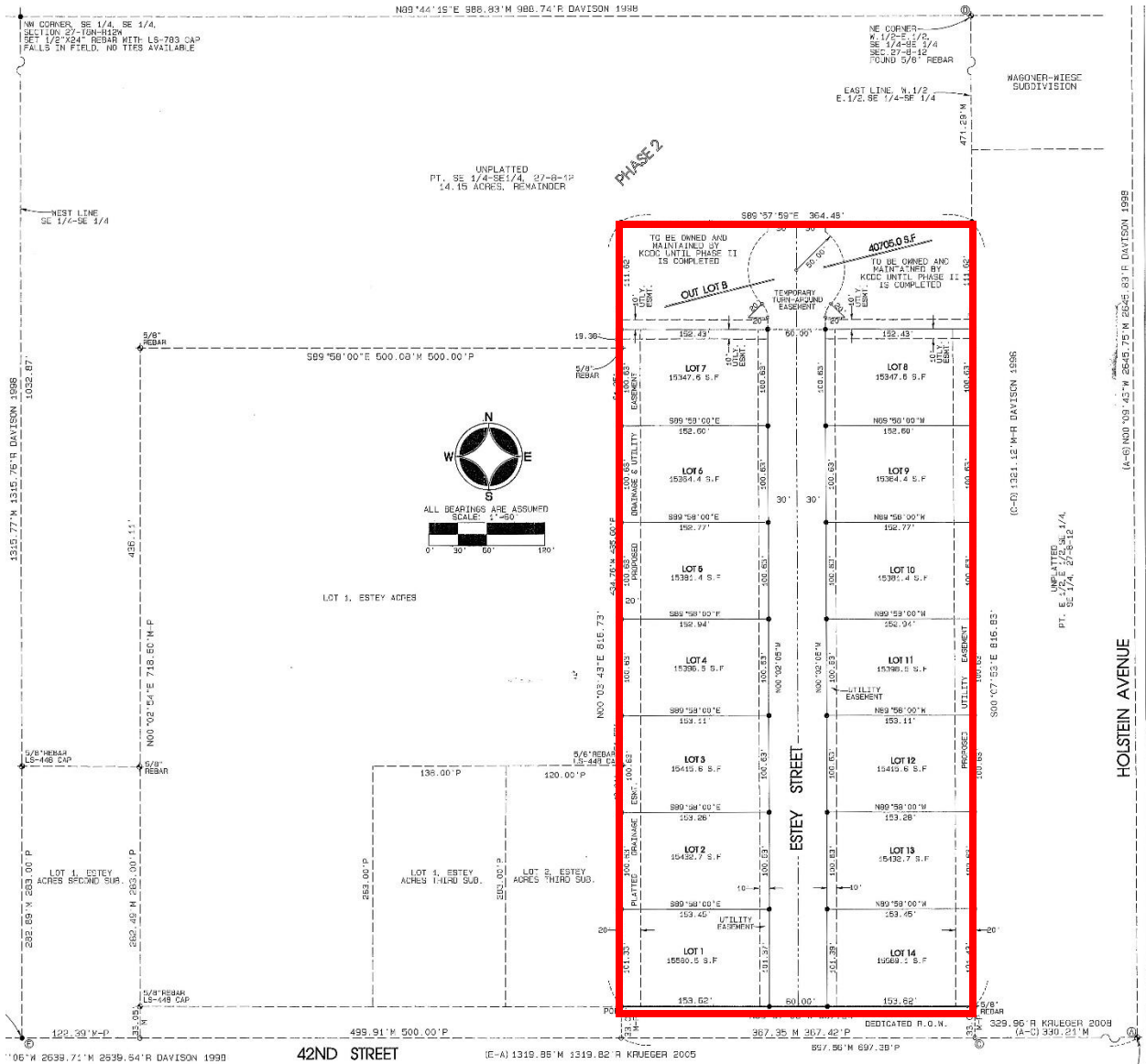
# EXHIBIT "A"

## Legal Description of the Project Site

The Project Site for the Project is legally described as follows:

Lots 1 through 14 and Outlot B, KCDC Subdivision, Village of Kenesaw, Adams County, Nebraska

A general map of the Project Site is set forth below:



     Project Site



**EXHIBIT “B”**  
**Cost Benefit Analysis**  
**(Pursuant to Neb. Rev. Stat. § 18-2113)**

The cost-benefit analysis for the KCDC Residential Redevelopment Project, as described in the Amendment to the Redevelopment Plan to which this cost-benefit analysis is attached, is presented below. The Project will utilize Tax Increment Financing funds authorized by Neb. Rev. Stat. §18-2147.

**1. Tax shifts resulting from the approval of the use of funds pursuant to Section 18-2147:**

There are no negative tax shifts resulting from this Project. The taxes generated by the current value of the property shall continue to be allocated between taxing jurisdictions pursuant to standard statutory requirements. Additionally, the base value of the Project, which will continue to be allocated between taxing jurisdictions, will increase based on the platting and initial increase in value of each lot prior to the division of taxes. This will result in an additional amount ad valorem taxes collected by each taxing jurisdiction during the 15 year TIF period. Only the incremental taxes created by the Project will be captured to pay eligible public expenditures. It is anticipated that the Project will create up to approximately \$2,660,000.00 of incremental valuation. Because the Project Site does not have the necessary infrastructure for any development, it is clear that there will not be any increase in valuation on the Project Site without the Project. Since the incremental taxes would not exist without the use of TIF to support the Project, the true tax shift of this Project is a positive shift in taxes after 15 years of each phase. For the purposes of illustrating the incremental taxes used for TIF, all of the phases are first assumed to occur simultaneously, yielding the following 15 year tax shift:

a.	Redevelopment Project Valuation (14 lots at \$10,000/lot):	\$140,000
b.	Projected Completed Assessed Valuation (\$200,000/lot):	\$2,800,000
c.	Projected Tax Increment Base:	\$2,660,000
d.	Estimated Tax Levy:	1.7379
e.	Annual Projected Tax Shift:	\$46,228

Because of the phased nature of the Project, the annual tax shift of the Project as set forth above will be expanded over a number of effective dates for the division of taxes. An example of the tax shifts for the Project with twelve phases is set forth in Exhibit C.

*Notes: The Projected Tax Increment is based on assumed values and levy rates; actual amounts and rates will vary from those assumptions, and it is understood that the actual tax shift may vary materially from the projected amount. The levy rate is assumed to be the 2019 levy rate. There has been no accounting for incremental growth or change in the tax levy over the 15 year TIF period. The Redevelopment Project Valuation per lot is an estimated value because the Project Site was subdivided into separate lots in 2019 and no lot values have been established at this time.*

**2. Public infrastructure and community public service needs impacts and local tax impacts arising from the approval of the redevelopment project:**

a. Public infrastructure improvements and impacts:

No substantial adverse effects are anticipated on the public infrastructure and community public service needs. Infrastructure improvements are included in the TIF uses for this Project, and said improvements shall positively impact the Village. The Redeveloper anticipates expenditures of approximately \$637,500 for construction and installation of the public improvements for the Project. The public improvements will benefit not only the Project Site, but additional adjacent property in the Village as well. All of these public improvement costs are TIF-eligible uses under the Community Development Law. TIF will be utilized to assist with the payment of a portion of these TIF-eligible costs, but Redeveloper shall be responsible for any portion of the costs of the public improvements not covered by TIF. Therefore, the use of TIF is leveraging additional public infrastructure in the Village.

The Project is not anticipated to have a material adverse effect on any community public services. Electric, water and sewer capacities are generally sufficient to support the Project when the public improvements of the Project are considered.

b. Local Tax impacts (in addition to impacts of Tax Shifts described above):

The Project will create material tax and other public revenue for the Village and other local taxing jurisdictions. While the use of tax increment financing will defer receipt of a majority of new ad valorem real property taxes generated by the Project, the Project should generate immediate tax growth for the Village. The subdivision and platting of the Project Site into buildable lots will increase the base value of the Project Site prior to the division of taxes. This increase would not occur without the implementation of the Project. The Village should realize revenue from sales taxes paid by the occupants of the residences on the Project Site. The residences constructed on the Project Site will also require and pay for Village services. It is not anticipated that the Project will have any material adverse impact on such Village services, and the Village will generate revenue providing support for those services.

**3. Impacts on employers and employees of firms locating or expanding within the boundaries of the area of the redevelopment project:**

It is not anticipated that the Project will have a material adverse impact on employers and employees of firms locating or expanding within the boundaries of the area of the redevelopment project. The Project will create additional housing units in the Village. This is viewed as a positive impact for employers, as additional housing is needed in the Village for employees. Without an adequate housing stock, businesses are unlikely to expand or relocate to the area.

**4. Impacts on other employers and employees within the Village and the immediate area that is located outside of the boundaries of the area of the redevelopment project:**

The Project should have a material positive impact on private sector businesses in and around the area outside the boundaries of the redevelopment project. The Project is not anticipated to impose a burden or have a negative impact on other local area employers. In addition to the general benefits of the Project enhancements already

mentioned, the Project should also generally increase the need for services and products from existing businesses as the new residents will require typical goods and services from local businesses.

**5. Impacts on the student populations of school districts within the Village:**

It is not anticipated that the Project will have a material adverse impact on the student populations of the school district within the Village. The Project is intended to increase the population of the Village, and therefore likely increase the population in the schools, but this growth is a desired result. The overall anticipated population increase from 14 homes is not anticipated to be a substantial impact on the School District.

**6. Other impacts determined by the authority to be relevant to the consideration of costs and benefits arising from the redevelopment project:**

The Project will create additional infrastructure that will not only benefit the Project, but the future development in adjacent areas of the Redevelopment Area. Therefore, the Project also has a positive multiplying effect of being necessary to potentially create even more additional housing in the Village.

The use of TIF for the Project will decrease the lot costs by more than \$45,000 per lot. It is estimated that a buildable lot in the Village could be sold for approximately \$20,000, so without TIF to reduce the per lot costs, no lots could be sold and the Redeveloper would not proceed with this development.

**7. Summary of Findings:**

The Project will increase the Village's tax base, without material adverse effect on either public or private entities. The Project will increase property tax revenue in the long-term. The Project will facilitate the development of a blighted and substandard area of the Village. The Project will increase the Village's available housing stock and help address the local housing needs. The benefits outweigh the costs of the proposed Project.

**Exhibit C**  
**Projected TIF Sources and Uses**

TIF Sources	
<b>Assumptions:</b>	
No. Lots	14
Base Value/lot	\$10,000
Final Value/lot	\$200,000
Tax Levy:	1.7379
Interest Rate:	5.00%

TIF - Phased Project Schedule		
<b>Assumptions:</b>		
2 lots sold per year in years 1 and 2		
1 lot sold per year in years 3 through 12		
First Lots sold in 2020		
First homes completed in 2021		
Project Year	Year	Tax Payments
1	2022	2023
2	2023	2024
3	2024	2025
4	2025	2026
5	2026	2027
6	2027	2028
7	2028	2029
8	2029	2030
9	2030	2031
10	2031	2032
11	2032	2033
12	2033	2034
13	2034	2035
14	2035	2036
15	2036	2037
16	2037	2038
17	2038	2039
18	2039	2040
19	2040	2041
20	2041	2042
21	2042	2043
22	2043	2044
23	2044	2045
24	2045	2046
25	2046	2047
26	2047	2048

Projected tax increment for Project over 12 phases:

Subphase	1	2	3	4	5	6	7	8	9	10	11	12
No. Lots	2	2	1	1	1	1	1	1	1	1	1	1
TIF Period	15	15	15	15	15	15	15	15	15	15	15	15
Base Value	\$20,000	\$20,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Base Taxes	\$348	\$348	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174
Completed	\$400,000	\$400,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Total Taxes	\$6,952	\$6,952	\$3,476	\$3,476	\$3,476	\$3,476	\$3,476	\$3,476	\$3,476	\$3,476	\$3,476	\$3,476
Tax Increment	\$6,604	\$6,604	\$3,302	\$3,302	\$3,302	\$3,302	\$3,302	\$3,302	\$3,302	\$3,302	\$3,302	\$3,302
Phase Years	1 to 15	2 to 16	3 to 17	4 to 18	5 to 19	6 to 20	7 to 21	8 to 22	9 to 23	10 to 24	11 to 25	12 to 26

**Total TIF**                    **\$693,422**  
**Present Value**            **\$385,881**

TIF Uses	
Land Acq.	\$94,000
Water	\$124,500
Sewer	\$85,000
Paving	\$180,000
Storm Sewer	\$35,000
Contingencies	\$42,450
SPD - Underground	\$28,000
Survey	\$950
Platting/Civil Design	\$22,500
Construciton Mgmt	\$25,000
Legal Fees	\$10,000
<b>Total Eligible Uses</b>	<b>\$647,400</b>
cost/lot	\$46,242.86

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