

COMMUNITY REDEVELOPMENT AUTHORITY MINUTES
March 10, 2021

The Community Redevelopment Authority meeting was called to order at 5:00 p.m. by Chairman Tim Moll. Committee members present were: Scott Sloup, Jonathon Wilken, Ryne Seaman. Absent: None (one vacant seat). Other officials present: TIF Attorney Andrew Willis (Cline Williams), SCCDP President & CEO Jonathan Jank, City Administrator Greg Butcher, and City Clerk/HR Director/CRA Secretary Bonnie Otte (recording the proceedings). Others present: Troy Bridgford and Thomas Kayton.

Chairman Moll announced that a copy of the Agenda for this meeting is posted on the north wall of the Municipal Building and copies are available on the north wall where a copy of the Open Meetings Act is also posted for public inspection.

1. IHC PROPERTIES, LLC (IRONHIDE), 1A. PRESENTATION & REVIEW OF TIF APPLICATION

TIF Attorney Andrew Willis stated this project was presented to the CRA on February 10, 2021 at which time the CRA chose to table the project until it could go through the public hearings before the Planning Commission and City Council. The hearings were held February 8 and February 16, 2021 respectively.

Troy Bridgford, 1862 Harwood St., Lincoln addressed the CRA stating they have obtained letters of intent from prospective tenants to show they are moving forward and to indicate the type of business they will have in the building. He stated they are nearly full, provided they can finalize lease agreements. They also believe they have met the design criteria. They are waiting on the City Engineer for a list of appropriate trees for landscaping and then will be able to submit a design and obtain the final building permit. Mr. Bridgford spoke to the aesthetics of the building indicating they will have a very attractive building with stone wainscoting around the perimeter. Fasteners will be concealed, and the number and type of tenants will determine the number of doors, entrances, and windows.

Moved by Seaman, seconded by Wilken, that Resolution 2021-03 authorizing an amendment to the Redevelopment Plan and adopting a Cost Benefit Analysis for the Redevelopment Project in the Redevelopment Plan for the IHC Properties, LLC, 1814 Pine St., Seward Redevelopment Project be approved.

Aye: Sloup, Wilken, Seaman, Moll
Nay: None
Absent: None. Motion carried.

Moved by Wilken, seconded by Seaman, that Resolution 2021-04, authorizing and approving a Redevelopment Agreement, including the issuance of Tax Increment Indebtedness for a Redevelopment Project and other such actions under the Community Development Law for the IHC Properties, LLC, 1814 Pine St., Seward Redevelopment Project be approved.

Aye: Sloup, Wilken, Seaman, Moll
Nay: None
Absent: None. Motion carried.

2. ARROWHEAD ESTATES, LLC, 2A. UPDATE - PRESENTATION & REVIEW OF TIF APPLICATION

TIF Attorney Andrew Willis stated this project was presented to the CRA on November 10, 2020. The CRA forwarded the Application and Plan Amendment to the Planning Commission and Seward City Council for the purpose of conducting public hearings prior to acting or recommendation by the CRA.

The greatest concern presented at the CRA meetings seemed to be with the financial impact on the School District for 15 years, assuming an increased residential population and additional school district expenses, without the tax support.

On November 16, 2020, the Planning Commission conducted a public hearing on the Project and adopted a resolution recommending approval of the Redevelopment Plan.

On November 17, 2020, the Seward City Council conducted a public hearing on the Project. A recommendation, without formal vote, was that all representatives of the CRA, Council, School Board, Arrowhead Estates, LLC and any other interested parties meet to further discuss the development and future residential developments prior to the next CRA meeting.

On February 10, 2021, the CRA tabled the item to the next meeting.

Mr. Willis stated the redeveloper's application was to build 29 residential lots with \$950,000 TIF asking.

Following subsequent individual conversations between Thomas Kayton (Arrowhead Estates, LLC), School Board members and Council members, the redeveloper is prepared to reduce the TIF loan to 10 years, designate 75% of the 29 residential units to workforce housing limits (\$275,000), with the remaining units to be built at market rate.

Mr. Willis stated that for calculation purposes, he used 22 residential units at \$275,000 and 7 at \$350,000 (no limit, but used this number for a calculation).

The loan would be for 29 homes @ 4.5% interest rate for 10 years with one effective date for all 29 (originally, they were to be built on a tiered level over several years). This would support \$790,000 in TIF. If there was a restriction of only funding the workforce housing units (22) at the limit of \$275,000 over a 10-year period, the total would be \$597,000 TIF.

Thomas Kayton, 1119 Augusta Dr., Seward responded to Mr. Seaman's inquiry about prior indication that the development may include some duplex or townhome units as opposed to all single-family units and how that plan would work since the lot or unit would be of higher value. Mr. Kayton stated that they would likely develop some of the single units into duplex units. He stated a \$400,000 duplex unit would pay down the TIF quicker. He added that some of the units may be lower than \$275,000, but others would be higher, which will provide a more diversified neighborhood.

Mr. Seaman stated that he believes the Seward School Board would be more comfortable with a 10-Year TIF and believes the 75% built to the State's workforce housing limits (\$275,000) meets the City's housing needs. The question is, if the City is going to use TIF for residential units, how much

burden should be born by the taxpayers.

Mr. Wilken stated he still has concern for location of the development in general and the impact on traffic and children traversing to school, and potential for added cost to the City for realigning roadways or additional streets. He said he realizes there is a shortage of housing, but not a fan of a residential development in this area.

Mr. Moll stated he would defer the placement for future development of residential areas to the City Council and traffic concerns as they are better equipped, than this Board, to handle those types of issues.

Mr. Sloup stated he is not comfortable with opening up the use of TIF for residential development. He said it sets a precedent for future development.

Mr. Butcher stated that the CRA is the gatekeeper of what is determined to be designated as Blighted and Substandard, which is required for the use of TIF. He stated for the location in question, this was designated as Blighted and Substandard and then the Comprehensive Plan was laid over the top designating the area for future residential housing development. It seemed to be a softer transition to the current housing development to the north rather than industrial development.

Mr. Willis stated the CRA and City Council still have control over TIF projects. The actual agreements for each redevelopment could have terms that are unique to each project. This residential development could have different parameters than the next one.

Mr. Seaman asked if the development could occur if it were funded at \$597,000 for 21 residential lots.

Mr. Kayton stated that at \$760,000 at a 10-year TIF note, the investors are already taking on more risk for the project. At this point, they would not entertain a TIF note of \$597,000 for this project.

Mr. Willis interjected that the calculation for 21 units at \$275,000 for 10 years would support \$657,000 in TIF funding.

Given the uncertainty of the use of TIF for residential development, Mr. Kayton stated that this application is one phase of the entire development and there is an assumption by the investors that they would have a chance to apply for TIF for additional phases, given positive results for this first phase.

There was brief discussion about the CRA setting a policy or parameters on what they would consider for TIF-supported residential projects.

Chairman Moll called for a motion. None was offered. No action taken. Application fails due to lack of motion.

3. PLEX HOMES REDEVELOPMENT PROJECT - PHASES 3 AND 4

3A, 3B, 3C, 3D, 3E, 3F. PLEX HOMES REDEVELOPMENT PROJECT - PHASE 2

TIF Attorney Andrew Willis presented a Supplemental Amendment and Minor Modification to the Plex Homes Redevelopment Plan Amendment for Phases 3 and

4 and also a Redevelopment Plan Agreement for Phases 3 and 4. He stated Phases 3 and 4 are a duplicate of Phases 1 and 2, with the construction of a 6-12 unit apartment building and related improvements. The buildings are each approximately 10,800 square feet, 3-story buildings. Construction is anticipated to commence in spring 2021.

Public improvements for each phase, listed as eligible expenditures under the Act are:

Site Acquisition	\$140,000
Demolition and Grading	\$ 40,000
Energy Efficiency Enhancements	\$ 10,000
Façade Enhancements	\$ 30,000
Landscaping	\$ 15,000
CRA Fees and Cost of Issuance	\$ 15,000
Total estimated TIF eligible costs:	\$250,000

The base value of the Phase 3 lot is \$39,871. The base value of Phase 4 lot is \$30,217. Pursuant to the Seward County Assessor's preliminary appraisal of the proposed project, the projected completed assessed valuation for each project is \$1,094,860. The Redeveloper estimates total project costs for each Phase 3 and Phase 4 project to be \$1,050,000.

The effective date for the division of taxes is January 1, 2022, with a fifteen (15) year TIF maturity. He stated the Redeveloper will self-fund the project at 0% interest. All other portions of the project duplicate Phase 1.

The Plan Agreement includes a clause that the Redeveloper or any successor cannot convey the Project Site to a party that would be exempt from paying real estate taxes on the Project Site for a period of fifteen years following the initial fifteen-year TIF period.

Mr. Willis stated he amended the "Exhibit C" Cost Benefit Analysis, combining the tax result, illustrating the incremental taxes used for the TIF, and asked that, if approved, would approve the corrected plan amendment.

Moved by Sloup, seconded by Wilken, that the Supplemental Amendment and Minor Modification to the Plex Homes Redevelopment Plan Amendment be approved as corrected and amended.

Aye: Wilken, Sloup, Moll, Seaman
Nay: None
Absent: None. Motion carried.

Moved by Seaman, seconded by Wilken, that Resolution 2021-05, approving a Supplemental Amendment and Minor Modification to the Plex Homes Redevelopment Plan Amendment for Phases 3 of the Plex Homes Redevelopment Project be adopted.

Aye: Wilken, Sloup, Moll, Seaman
Nay: None
Absent: None. Motion carried.

Moved by Wilken, seconded by Seaman, that Resolution 2021-06, authorizing and approving the Redevelopment Plan Agreement for Phase 3 of the Plex Homes Redevelopment Project including the issuance of TIF indebtedness for the Redevelopment Project and other such actions under the Community

Development Law be adopted.

Aye: Wilken, Sloup, Moll, Seaman

Nay: None

Absent: None. Motion carried.

Moved by Sloup, seconded by Wilken, that Resolution 2021-07, authorizing and approving the Redevelopment Plan Agreement for Phase 4 of the Plex Homes Redevelopment Project including the issuance of TIF indebtedness for the Redevelopment Project and other such actions under the Community Development Law be adopted.

Aye: Wilken, Sloup, Moll, Seaman

Nay: None

Absent: None. Motion carried.

5. ADJOURNMENT

Moved by Seaman, seconded by Wilken, that the meeting be adjourned.

Aye: Wilken, Sloup, Moll, Seaman

Nay: None

Absent: None. Motion carried.

Bonnie Otte
CRA Secretary