

# **TAX INCREMENT FINANCING (TIF) OVERVIEW & APPLICATION**



P.O. Box 38, 537 Main Street, Seward, Nebraska 68434. Phone: 402-643-2928. Fax: 402-643-6491. [www.CityofSewardNE.gov](http://www.CityofSewardNE.gov)

## **CITY OF SEWARD COMMUNITY REDEVELOPMENT AUTHORITY**

Submit Completed Applications to:

City of Seward  
Attn: City Administrator  
PO BOX 38  
Seward, NE 68434

**UPDATED SEPTEMBER 13, 2024**

# CITY OF SEWARD

## TAX INCREMENT FINANCING PROGRAM OVERVIEW

Tax Increment Financing (TIF) is a tool to assist in financing redevelopment projects in designated blighted and substandard areas of the city. The City of Seward issues bonds or a promissory note to finance any approved public improvements associated with a redevelopment project. The property taxes generated from the increased valuation of the development are then captured for a period of up to 15 years to repay the public investment.

The purpose of TIF is to help communities undertake redevelopment activities for urban renewal and municipal growth. TIF allows a city to pay for the public improvements that are part of a private redevelopment project. TIF is not a grant and it is not a primary funding source for a redevelopment project, but does provide an incentive for private development that will increase the tax base of the Seward community and create additional jobs.

### ✓ REDEVELOPMENT AREA

All TIF projects must occur within a redevelopment area that has been declared blighted and substandard by the City of Seward. The City of Seward has established a redevelopment area based upon a blight study. Please contact the Seward City Administrator or Seward County Chamber & Development Partnership (SCCDP) Executive Director with your proposed property location to determine redevelopment verification & eligibility.

### ✓ PROJECT ELIGIBILITY

To be eligible for TIF, a proposed redevelopment project must be located in a designated redevelopment area in the City of Seward. TIF can be used to pay for eligible public improvements, which may include:

- Site Acquisition & Demolition
- Site Preparation – Landscaping
- HVAC Efficiency Systems
- Facade Improvement Upgrades
- Installation or Construction of Public Improvements  
Consisting of:
  - Streets & Utilities Extensions
  - Public Spaces- Green Space- Art Work
  - Public Facilities
  - Uses Listed In Q&A Section of Package
  - Or For Other Uses In Accordance With An Approved Redevelopment Plan

Additionally, to use TIF, the City must perform a cost-benefit analysis of the project and determine that the costs and benefits of the project are in the long-term best interest of the City and the project would not be economically feasible without the use of TIF.

### ✓ COMMUNITY REDEVELOPMENT AUTHORITY

The Community Redevelopment Authority of the City of Seward ("CRA") is responsible for carrying out the redevelopment activities for the City. The CRA is instrumental in the TIF process. The CRA evaluates each TIF application and recommends redevelopment projects to the City. It also enters into approved redevelopment contracts with the redeveloper to establish the rights and obligations of the parties and the details of the TIF bond.

### ✓ TIF PROCESS CHECKLIST:

- Meeting with the City of Seward and developers to review TIF process & determine initial eligibility of proposed TIF project
- Determine if prospective project is within the City's redevelopment area
- Determination of eligible public improvements
- Developer submits completed TIF application to City Administrator's office with application fee
- Initial project analysis is completed by City of Seward TIF legal counsel
- Initial redevelopment project data for plan completed by City of Seward's TIF counsel
- CRA reviews applications & selects projects
- Proposed Redevelopment Plan amendment to include the proposed project is prepared by TIF counsel
- Planning Commission public hearing scheduled & notices are published and sent to Seward County taxing entities
- Public hearing conducted at the City Planning Commission meeting to make a recommendation on the redevelopment plan amendment
- CRA approves the redevelopment plan amendment and makes a recommendation to the City Council
- City Council Public hearing scheduled & notices are published and sent to Seward County taxing entities
- Public hearing conducted at the City Council meeting to adopt the redevelopment plan amendment
- Developer and CRA negotiate redevelopment agreement implementing the redevelopment plan amendment and setting forth the rights & obligations for the specific project
- CRA approves the redevelopment agreement
- City Council approves the redevelopment agreement
- TIF note is issued
- The redevelopment project is completed & the additional tax revenue created by TIF project is collected and used to pay off the TIF note debt obligation & then property returns to normal re-tax distribution process.

✓ **TIF APPLICATION PROCESS**

The applicant shall complete a fully legible City application request for TIF that is attached to this application package. The completed application document will be signed, dated and submitted to the Seward City Administrator or SCCDP Director for procession and future eligibility analysis.

- Application Fee: a nonrefundable application fee equal to the lesser of: (a) one percent of the requested TIF indebtedness; or (2) One Thousand Dollars and No/100 shall be submitted with the application. The fee will be applied toward the 3% administrative fee collected at closing.

✓ **TIF FINANCING PROJECT EXAMPLE**

This demonstrates how TIF works with a hypothetical project. In this example, the developer owns a lot valued at \$10,000 located in the redevelopment area.

The developer is going to construct a building on the property such that the valuation of the property after the project will be \$250,000.

The annual TIF available for 15 years would be approximately \$4,933:

	<u>Valuation</u>	<u>Taxes</u>
Pre-project:	\$ 10,000	\$ 205
Completed Project:	\$250,000	\$5,138
Difference (Increment):	\$240,000	\$4,933

Assuming that a developer can borrow at a 6% interest rate, the TIF revenue, collected for 15 years could pay off a \$47,910 loan in this example:

Present Value Calculation Case Example

<u>Year</u>	<u>TIF</u>	<u>Year</u>	<u>TIF</u>
<b>1</b>	\$ 4,933	<b>9</b>	\$ 4,933
<b>2</b>	\$ 4,933	<b>10</b>	\$ 4,933
<b>3</b>	\$ 4,933	<b>11</b>	\$ 4,933
<b>4</b>	\$ 4,933	<b>12</b>	\$ 4,933
<b>5</b>	\$ 4,933	<b>13</b>	\$ 4,933
<b>6</b>	\$ 4,933	<b>14</b>	\$ 4,933
<b>7</b>	\$ 4,933	<b>15</b>	\$ <u>4,933</u>
<b>8</b>	\$ 4,933		
		<b>Total</b>	<b>\$73,995</b>

Present Value of \$73,995 @ 6% = \$47,910

✓ **TIF QUESTIONS AND ANSWERS**

**Q) What is a substandard & blighted area?**

**A)** An area that has been declared substandard and blighted in accordance with the Nebraska State Statutes. It is defined as one where conditions are present that may have a detrimental effect on public health, safety, morals, or welfare of the neighborhood.

**Q) What can a substandard area contain?**

**A)** The area may have inadequate infrastructure, conditions which endanger life and property by fire or other causes, dilapidated buildings, inadequate parking, congestion, and economically or socially unacceptable land uses.

**Q) How was the redevelopment area created?**

**A)** The redevelopment area was created in a study completed for the City of Seward by an independent Nebraska planning, architecture, and urban design firm.

**Q) What is the Geography of the Redevelopment Area?**

**A)** The study considers the presence of substandard conditions or blight in the City of Seward pursuant to the requirements of the Nebraska Revised Statutes. A total of approximately 468.8 acres are included in the TIF Redevelopment Area. Included in this application packet is a current redevelopment area map and TIF application projects must be in the shaded/designated areas.

**Q) How does TIF work?**

**A)** TIF is the use of new real property tax dollars created as the result of a project to help support the financing of the project. TIF allows the use of the new property taxes generated by the increased value of the property to be paid on the TIF bond retirement. The taxes are redirected for the benefit of the project for a period up to 15 years. Property taxes on the original value of the property continue to be paid to local taxing entities.

**Q) What types of projects are eligible?**

**A)** In other Nebraska TIF projects, it has been used to provide public improvements for economic development incentives for industrial and manufacturing entities, rental housing projects, upgrades of buildings and public facilities in downtown areas, purchase of land for redevelopment activities, update of business and recreational facilities, and other development enhancing activities. The City of Seward’s CRA encourages and evaluates TIF projects based upon their positive impacts on neighborhoods and the community in general.

**Q) How do you qualify for TIF?**

**A)** Applicants/developers must fully complete a TIF application request and submit to the Seward City Administrator’s office with the application fee. Refer to the TIF Process Checklist on the previous page for full TIF process descriptions and requirements. The application must receive a recommendation for approval from the CRA, Planning Commission, and City Council.

# Tax-Increment Financing Application

**CITY OF SEWARD, NEBRASKA**  
**COMMUNITY REDEVELOPMENT AUTHORITY (CRA)**  
537 MAIN STREET – P.O. BOX 38 – SEWARD, NE 68434-0038

## 1. Applicant Information

Business Name \_\_\_\_\_ Federal Id # \_\_\_\_\_

Contact Person for Applicant \_\_\_\_\_ Cell Phone \_\_\_\_\_

Street Address \_\_\_\_\_ City, State, Zip \_\_\_\_\_

Mailing Address (if different) \_\_\_\_\_ City, State, Zip \_\_\_\_\_

Bus. Phone \_\_\_\_\_ Bus. Fax \_\_\_\_\_

Email \_\_\_\_\_

**Business Organization:** \_\_\_ Proprietorship \_\_\_ Corporation \_\_\_ Partnership \_\_\_ LLC  
\_\_\_ Other, please explain: \_\_\_\_\_

**Ownership:** List all Officers, Directors, Partners, Owner(s), Co-Owners and/or Stockholders.

Name	Title	Ownership Percent
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

## 2. ImagiNE Nebraska Act

- a. Have you filed or do you intend to file an application to receive tax incentives under the ImagiNE Nebraska Act for this project? \_\_\_ Yes \_\_\_ No
- b. If an application has been filed, has it been approved? \_\_\_ Yes \_\_\_ No
- c. Does your application include, or will it include, as one of the tax incentives, a refund of the city's local option sales tax revenue? \_\_\_ Yes \_\_\_ No

## 3. Project Description

- a. What type of business does this project involve (i.e. industrial, commercial, residential, etc.): \_\_\_\_\_  
  
i. If the project involves housing, please give a description of intended tenants, type of household (families/elderly/etc.), income levels, impact on the schools and/or community, etc.:  
  
\_\_\_\_\_  
\_\_\_\_\_  
  
ii. If the project involves retail business, please give a description of the retail business, how the community would benefit from this retail business, the impact on similar existing retail businesses, etc.:  
  
\_\_\_\_\_  
\_\_\_\_\_  
  
iii. If the project involves industry, please give a description of the type of industry, impact on the environment, impact on the community, similar existing industries in town, etc.:  
  
\_\_\_\_\_  
\_\_\_\_\_  
  
b. What is the estimated number of new jobs this project will create? \_\_\_\_\_
- c. What is the pay scale and benefits package for these positions?  
  
\_\_\_\_\_

**4. Proposed Project Site**

Site Address \_\_\_\_\_

Current Owner \_\_\_\_\_

Legal Description: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

If current site owner is not the applicant, please list the arrangement to build:  
\_\_\_\_\_

**5. Physical Description of the Proposed Project**

Please include square footage, size of property, description of building materials:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Site Plan Attached?  Yes  No

**6. Land Use:**

a. Is the property located in a blighted or substandard area?  Yes  No

b. If property is to be subdivided, please include copy of planned division:  
Copy Attached?  Yes  No

c. Current Zoning of the property: \_\_\_\_\_

d. Is the proposed project a permitted use on the property?  Yes  No

What permits would be required? \_\_\_\_\_

e. Please describe any other relevant information relating to zoning, permitting, or similar land use issues:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**7. Relocation**

a. Will any residences or businesses need to relocate because of this project?  
 Yes  No If yes, please explain. \_\_\_\_\_  
\_\_\_\_\_

b. Will any housing units be eliminated by this project?  Yes  No  
If yes, what is your plan to create equivalent replacement housing units?  
\_\_\_\_\_  
\_\_\_\_\_

**8. Estimated Project Costs**

a. Land Acquisition, if applicable: \$ \_\_\_\_\_

b. Site Development (itemize below): \$ \_\_\_\_\_ (Totaled)

i. Demolition: \$ \_\_\_\_\_

ii. Grading: \$ \_\_\_\_\_

iii. Site Preparation: \$ \_\_\_\_\_

iv. Other (explain): \$ \_\_\_\_\_

c. Building Construction Cost: \$ \_\_\_\_\_

d. Other Site Improvements (explain) \$ \_\_\_\_\_

e. Equipment: \$ \_\_\_\_\_

f. Architectural and Engineering Fees: \$ \_\_\_\_\_

g. Legal Fees: \$ \_\_\_\_\_

h. Financing Costs: \$ \_\_\_\_\_

i. Broker Costs, if any: \$ \_\_\_\_\_

j. Contingencies: \$ \_\_\_\_\_

k. Other (explain): \$ \_\_\_\_\_

**Total:** \$ \_\_\_\_\_

**9. Please attach the following documentation**

- a. Construction Pro Forma. Attached?  Yes  No
- b. Annual Income and Expense Pro Forma (with appropriate schedules). Attached?  Yes  No
- c. Applicant’s Corporate/Business Annual Financial Statements for the last three years. Attached?  Yes  No
- d. Business Plan for the proposed project. Attached?  Yes  No

**10. Estimated Tax Increment**

- a. Total estimated assessed valuation of Real Property at completion: \$ \_\_\_\_\_

Please also describe how you arrived at this value (e.g., discussions with County Assessor, previous construction projects, etc.):

\_\_\_\_\_  
\_\_\_\_\_

- b. Latest property valuation before construction (from Property Tax Statement): \$ \_\_\_\_\_
- c. Estimated increase in real estate valuation: \$ \_\_\_\_\_
- d. Estimated new real estate tax generated annually: \$ \_\_\_\_\_

**11. Proposed Source of Financing**

- a. Equity: \$ \_\_\_\_\_
- b. Bank loan: \$ \_\_\_\_\_  
(please provide conditional approval or commitment letters, if applicable)
- c. Tax Increment Financing: \$ \_\_\_\_\_
- d. Other (please describe): \$ \_\_\_\_\_
- e. **TOTAL FINANCING:** \$ \_\_\_\_\_

**12. Name and address of architect, engineer, and general contractor:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**13. Project construction schedule:**

- a. Construction start date: \_\_\_\_\_
- b. Construction completion date: \_\_\_\_\_
- c. If project is phased:  
Year \_\_\_\_\_ / \_\_\_\_\_ % Complete  
Year \_\_\_\_\_ / \_\_\_\_\_ % Complete

**14. Municipal reference (if applicable).**

Please name any other municipality wherein the applicant, or other corporations the applicant has been involved with, has completed development within the last five years:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**15. Amount of TIF request:** \$ \_\_\_\_\_

**16. Application Fee Paid:** \$ \_\_\_\_\_

**A nonrefundable application fee equal to the lesser of: (a) one percent of the requested TIF indebtedness; or (2) One Thousand Dollars and No/100 shall be submitted with the application.**

*Note: If the Application is approved, the applicant is not entitled to receive the requested TIF amount. The actual amount of the TIF Indebtedness will vary depending on multiple factors including without limitation lender interest rates, identification of eligible expenditures, and additional information identified in the redevelopment project approval process.*

**17. Describe eligible costs for which tax increment financing will be used.**

Please provide a detailed breakdown of proposed eligible uses and costs of each use, including any available bids or cost estimates for such work (include attachment if necessary):

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**18. Statement of necessity for use of tax increment financing (include attachment if necessary):**

a. Is your project economically feasible as designed without tax increment financing? If no, please indicate how tax increment financing is necessary for the economic feasibility of your project.

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b. Would you locate your project in the redevelopment area without Tax Increment Financing? Explain.

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**19. List any other long-term public benefits your project will bring to the City, or any other information relevant to this application.**

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The above information is accurate to the best of my knowledge and belief. The above information is provided to help the City to evaluate the feasibility of the use of tax increment financing. I/we further authorize the release of all personal and business credit information to the City of Seward and acknowledge this information upon submission will be considered a Public Record.

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_ Date: \_\_\_\_\_