



## **Tax Increment Financing Program & Application Documents**

Tax Increment Financing, or TIF, is a tool to assist in financing redevelopment projects in designated blighted and substandard areas of the City. The property taxes generated from the increased valuation of the development are then captured for a period of up to fifteen (15) years to finance the eligible public improvements.

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. Any expenses incurred before the TIF application has been approved are not eligible.

### **Redevelopment Area**

All TIF projects must occur within a redevelopment area that has been declared blighted and substandard by the City. The City of Beatrice has established five (5) redevelopment areas. A map of the redevelopment areas is available at [www.beatrice.ne.gov](http://www.beatrice.ne.gov) or contact the Beatrice City Administrator or the NGage Executive Director with your proposed property location to determine redevelopment verification and eligibility.

### **Project Eligibility**

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

- Land Acquisition
- Site Development – Demolition, Grading, Site Preparation
- Professional Fees – Architect, Engineering, Legal
- Installation or Construction of Public Infrastructure – Water, Sanitary Sewer, Street, Electrical, Storm Water, Lighting, Public Spaces, Public Parking, Natural Gas, City Engineering
- Other Expenses Allowed by State Statute.

Additionally, in order 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.

Projects must include funding for any required public improvements.

For TIF, the Project owner/developer must secure funds for the project, including any public improvements, as required. The incremental tax allocations paid into Gage County are forwarded to the owner/developer, or their assignees as received, to service the TIF loan. Except for the tax allocations for the permitted term, the City assumes no responsibility for the repayment of any TIF loan.

The City assumes no responsibility for the financing of any TIF loan or bond.

### **Community Redevelopment Authority or Community Development Agency**

The Community Redevelopment Authority (CRA) is responsible for carrying out the redevelopment activities for the City. The CRA evaluates each TIF application and recommends redevelopment projects to the City.

## TIF Process Checklist:

- Meeting with the City and Developer to review TIF process and determine initial eligibility of proposed TIF project.
- Determine if prospective project is within the City's redevelopment area.
- Determine eligible TIF expenses.
- Developer submits completed TIF application to City Administrator's Office.
- Initial project analysis is completed by the City.
- CRA reviews application and selects projects.
- Redevelopment plan is amended to include the proposed and approved project.
- Certified notices of public hearings sent to taxing entities.
- Public hearing scheduled and published for future Planning and Zoning meeting.
- Public hearing conducted at the City council meeting to amend redevelopment plan and adopt project.
- Developer and CRA negotiate and sign redevelopment agreement setting forth the rights and obligations for the specific project.
- The redevelopment project is completed and the additional tax revenue created by TIF project is collected and used to pay off the TIF debt obligation and then property returns to normal re-tax distribution process.

## TIF Application Process

The applicant shall complete the TIF application and submit it to the City Administrator.

## 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 fifteen (15) years would be approximately \$4,933:

	Valuation	Taxes
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 six (6%) percent interest rate, the TIF revenue collected for fifteen (15) years could pay off a \$47,910 loan in this example:

### Present Value Calculation Case Example:

Year	TIF
1	\$4,933
2	\$4,933
3	\$4,933
4	\$4,933
5	\$4,933
6	\$4,933
7	\$4,933
8	\$4,933
9	\$4,933
10	\$4,933
11	\$4,933
12	\$4,933
13	\$4,933

14	\$4,933
15	\$4,933
Total	\$73,995

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

## TIF FAQ

### **1. *What is a substandard & blighted area?***

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.

### **2. *What can a substandard area contain?***

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.

### **3. *How does TIF work?***

TIF is the use of new real property tax dollars created as the result of a commercial 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 debt. The taxes are redirected for the benefit of the project for a period up to fifteen (15) years. Property taxes on the original value of the property continue to be paid to local taxing entities.

### **4. *What types of projects are eligible?***

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, 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.

### **5. *How do you qualify for TIF?***

Applicants/developers must fully complete a TIF application request and submit to the City. 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.