

**City of York, Nebraska, Community Development Agency  
Collaboration Real Estate Redevelopment Plan**

**The Community Development Agency (CDA) of York, Nebraska, intends to adopt a site specific Redevelopment Plan for CDA Area #10 within the city, pursuant to the Nebraska Community Development Law (the “Act”) and provide for financing to assist in site acquisition, preparation, and infrastructure extension for a new limited service hotel with a minimum of 109 rooms adjacent to the Holthus Convention Center.**

**Executive Summary:**

**Project Description:**

THE SITE ACQUISITION, PREPARATION AND INFRASTRUCTURE EXTENSION OF AN UNDEVELOPED PLATTED LOT IN CDA AREA #10 AND CONSTRUCTION OF A HOTEL WITH A MINIMUM OF 109 ROOMS WITH PUBLIC PARKING AND OTHER AMENITIES

The use of Tax Increment Financing to aid in rehabilitation expenses associated with redevelopment of Lot 2, Block 1, Holthus Subdivision to the city of York, York County, Nebraska, will incent a significant development near the Holthus Convention Center (the “Center”). The total project is estimated to cost \$18,353,821. The hotel will be adjacent to the Center generating additional opportunities to attract conventions to the community. Construction of this new hotel will attract additional travelers to stay in the city, provide new jobs and generate an increase in tax revenue to support the community. Without the grant of funds from tax increment financing the Redeveloper cannot generate sufficient return to justify this level of investment. This project would not be feasible without the use of TIF and will not be financed without a grant funded by tax increment financing. The CDA has documentation from the Redeveloper showing that the level of project investment yields a rate of return less than is standard for this development. (See attached Exhibit “C”).

Collaboration Real Estate, LLC, the Redeveloper, is responsible for and has provided evidence that it can secure adequate debt financing to cover the costs associated with the rehabilitation of this property, subject to receipt of tax increment financing. The CDA is requested to pledge the ad valorem taxes generated over the 15 year period, beginning with an effective date determined by a redevelopment contract or contract amendment, towards the allowable costs and associated financing for rehabilitation.

TAX INCREMENT FINANCING TO PAY FOR THE REHABILITATION OF THE PROPERTY WILL COME FROM THE FOLLOWING REAL PROPERTY:  
Property Description (the “Redevelopment Project Area”)

**Legal Description:** Lot 2, Block 1, Holthus Subdivision to the City of York, York County, Nebraska. Tax ID No. 930199096

Existing Land Use is shown on Exhibit “A”.

The current assessed valuation of the real estate is \$197,000 (“base value”) and is taxed at \$3,270. During a 15 year period of division of taxes for tax increment financing taxes on the base value will continue to be paid to the normal taxing entities. The assessed property valuation above the base value is estimated to be \$8,600,000 as a result of the rehabilitation. Historically similar facilities have experienced significant increases in assessed valuation over time.

### **Statutory Pledge of Taxes.**

In accordance with Section 18-2147 of the Act and the terms of the Resolution providing for the issuance of the TIF Note, the CDA hereby provides that any ad valorem tax on the Redevelopment Project Area for the benefit of any public body be divided for a period of fifteen years after the effective date of this provision as set forth in the Redevelopment Contract and Redevelopment Contract Amendment, consistent with this Redevelopment Plan. Said taxes shall be divided as follows:

a. That portion of the ad valorem tax which is produced by levy 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 all other taxes collected by or for the bodies; and

b. That portion of the ad valorem tax on real property, as provided in the redevelopment contract, bond resolution, or redevelopment plan, as applicable, 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 CDA 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, of the CDA for financing or refinancing, in whole or in part, the redevelopment project. When such bonds, loans, notes, advances of money, or indebtedness, including interest and premiums due, have been paid, the CDA 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.

Pursuant to Section 18-2150 of the Act, the ad valorem tax so divided is hereby pledged to the repayment of loans or advances of money, or the incurring of any indebtedness, whether funded, refunded, assumed, or otherwise, by the CDA to finance or refinance, in whole or in part, the redevelopment project, including the payment of the principal of, premium, if any, and interest on such bonds, loans, notes, advances, or indebtedness.

### **Redevelopment Plan Complies with the Act:**

The Community Development Law requires that a Redevelopment Plan and Project consider and comply with a number of requirements. This Plan meets the statutory qualifications as set forth below.

**The Redevelopment Project Area has been declared blighted and substandard by action of the York City Council.**

The York City Council received a substandard and blight analysis for the Redevelopment Project Area and declared it substandard and blighted and in need of redevelopment after compliance with the requirements of the Act.

**2. Conformation to the General Plan for the Municipality as a whole.**

York adopted a Comprehensive Plan in 2019. This redevelopment plan and project are consistent with the Comprehensive Plan, in that the proposed project is implement a consistent use as designated in the Comprehensive Plan. This plan merely provides funding for the Redeveloper to acquire and prepare the Redevelopment Project Area for permitted uses on this property as defined by the current zoning regulations.

**3. The Redevelopment Plan must be sufficiently complete to address the following items:**

***a. Land Acquisition:***

The Redevelopment Plan requires site acquisition by the Redeveloper. There is no proposed acquisition by the CDA.

***b. Demolition and Removal of Structures:***

The project to be implemented with this plan does not require demolition but does require extensive earth work, site development and infrastructure installation.

***c. Future Land Use Plan***

Exhibit “B”, attached hereto is a map showing the Future Land Use Plan for the Redevelopment Area after rehabilitation.

***d. Changes to zoning, street layouts and grades or building codes or ordinances or other Planning changes.***

The area is zoned C-3 Highway Commercial. No planning changes contemplated.

***e. Site Coverage and Intensity of Use***

Exhibit “B” shows the site as fully developed. The York County Assessor’s office shows that the site contains 1.97 acres. The Redeveloper’s TIF application indicates the site contains 2.5 acres. The structure will contain 4 stories covering approximately 120,000 square feet. The development will provide paved parking and comply with zoning regulations. It is currently intended that the parking will be public as provided in a redevelopment contract between the CDA and the Redeveloper.

*f. Additional Public Facilities or Utilities*

Sewer and water are available to support this development. Electric utilities are sufficient for the proposed use of this building. No other utilities would be impacted by the development.

**4. The Act requires a Redevelopment Plan provide for relocation of individuals and families displaced as a result of plan implementation.**

The Redeveloper will not be required to relocate individuals or families as part of the site redevelopment.

**5. Conflict with members of the CDA.**

No members of the CDA have any interest in this property.

**6. The Act requires that the CDA consider:**

*a. Method and cost of acquisition and preparation for redevelopment and estimated proceeds from disposal to Redevelopers.*

The Redeveloper intends to purchase the property for the sum of \$471,972. Site preparation is estimated at \$792,879. The CDA will not receive any proceeds from a site sale.

*b. Statement of proposed method of financing the redevelopment project.*

Project financing includes \$4,588,455 in equity, a commercial loan of \$13,765,366 and a TIF grant of \$1,350,000. The TIF grant from the CDA is anticipated to be repaid from the Tax Increment Revenues generated from the project over a period of fifteen years.

*c. Statement of feasible method of relocating displaced families.*

No families will be displaced as a result of this plan.

**7. The Act requires:**

Prior to recommending a redevelopment plan to the governing body for approval, the CDA shall consider whether the proposed land uses and building requirements in the redevelopment project area are designed with the general purpose of accomplishing, in conformance with the general plan, 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 and 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 provision 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 insanitary or unsafe dwelling accommodations or conditions of blight.

The CDA has considered these elements in proposing this Plan. This Plan, in and of itself will promote consistency with the Comprehensive Plan. This will have the intended result of preventing recurring blighting conditions due to the Site's lack of utilities and other necessary improvements.

### **8. Time Frame for Development**

Development of this project is anticipated to begin in the spring of 2025 and be substantially completed by year's end.

### **9. Cost Benefit Analysis**

Section 18-2113 of the Act further requires the CDA conduct a cost benefit analysis of the Plan in the event that Tax Increment Financing will be used. This analysis must address specific statutory issues.

As authorized in the Act, §18-2147, *Neb. Rev. Stat. (2022)*, the CDA has analyzed the costs and benefits of the proposed Redevelopment Project, including:

**Project Sources and Uses.** Based on Redeveloper's estimate of annual TIF revenues, \$2,427,000 (total of principal and interest) in public funds from tax increment financing over 15 years, provided by the York Community Development Agency, will be required to complete the project. This investment by the CDA will leverage an estimated \$13,048,495 in private sector financing; a private investment of \$7.56 for every tax dollar invested.

The grant from TIF funds of \$1,351,000 will reimburse the Redeveloper for a portion of the TIF eligible costs of the project expenditures below:

Site Acquisition	\$ 471,972
Site Prep, Utilities and Public Parking	\$ 792,880
Vertical construction	\$ 14,030,000
Soft Costs	\$ 3,058,970
<b>TOTAL PROJECT COSTS</b>	<b>\$ 18,353,821</b>

**Tax Revenue.** The property to be redeveloped is anticipated to have a January 1, 2025, valuation of approximately \$197,000. Based on the 2024 levy this would result in a gross real property tax of approximately \$3,270. It is anticipated that the assessed value will increase by \$8,800,000 upon full completion, as a result of the site redevelopment. This development will result in an estimated tax increase of over \$146,000 annually. Based on available data from the York County, Nebraska, Assessor, it is reasonable to assume that the valuation will increase significantly over the initial assumed valuation. The tax

increment gained from this Redevelopment Project Area would not be available for use as general tax revenues, for a period of 15 years, or such shorter time as may be required to amortize the TIF note, but would be used for eligible private redevelopment costs to enable this project to be realized.

Estimated 2024 assessed value:	\$ 197,000
Estimated value after completion (subject to inflation)	\$8,997,000
Increment value	\$8,800,000
Annual TIF generated (Initial estimated tax subject to division)	\$ 146,000
TIF bond issue	\$1,350,000

***(a) Tax shifts resulting from the approval of the use of Tax Increment Financing;***

Tax shifts will be anticipated to be equal to \$2,427,000 total of principal and interest, over 15 years, on the TIF Note.

***(b) Public infrastructure and community public service needs impacts and local tax impacts arising from the approval of the redevelopment project;***

No additional public service needs have been identified. Existing water and waste water facilities will not be impacted by this development. The electric utility has sufficient capacity to support the development. Fire and police protection are available and should not be negatively impacted by this development.

***(c) Impacts on employers and employees of firms locating or expanding within the boundaries of the area of the redevelopment project;***

This project is expected to incur approximately \$800,000 in annual payroll cost at full operation, with 22 employees.

***(d) Impacts on other employers and employees within the city or village and the immediate area that are located outside of the boundaries of the area of the redevelopment project; and***

This project should have no negative impact on other employers in any manner different from any other expanding business within the York area.

***(e) Impacts on student populations of school districts within the City or Village:***

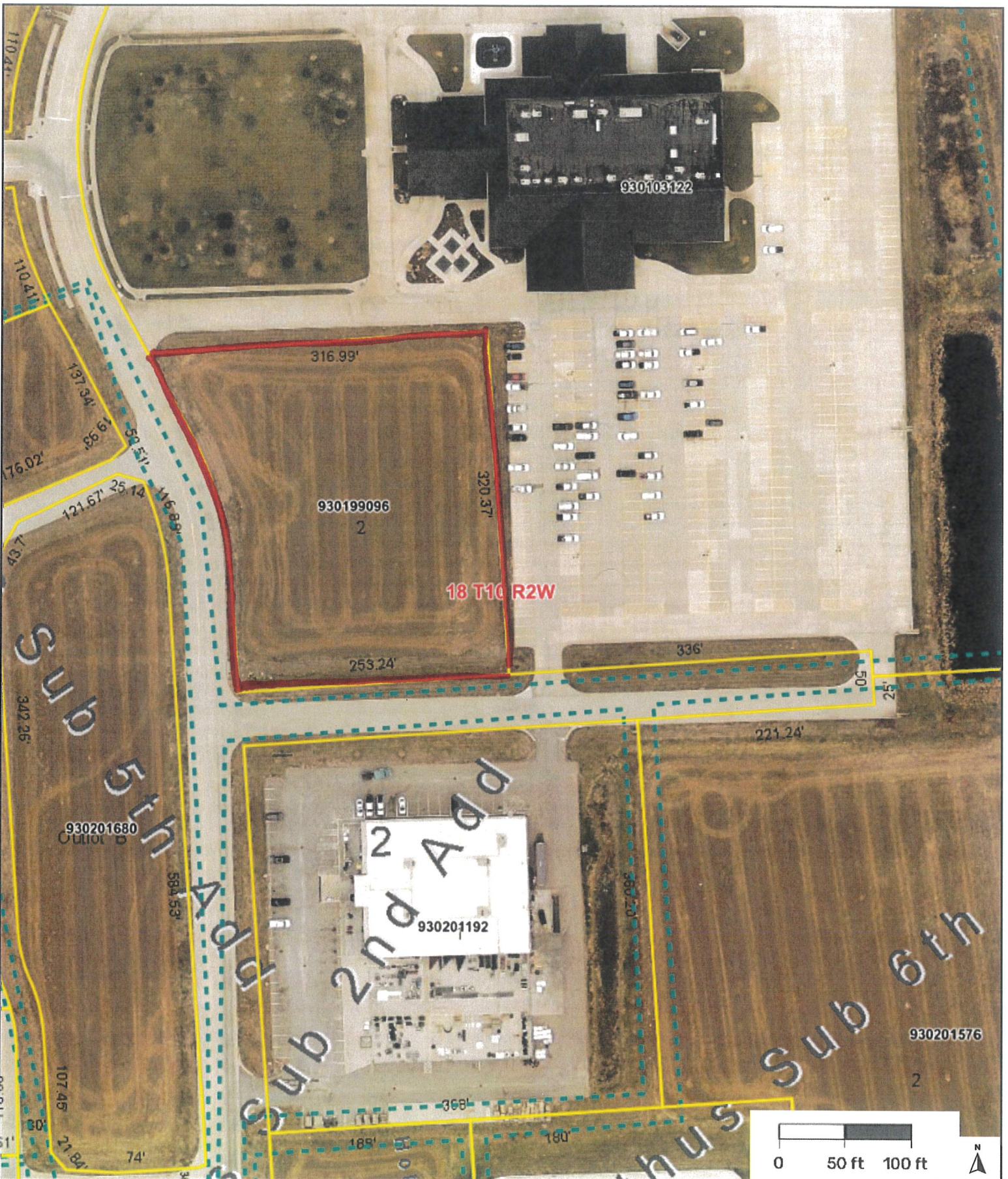
This development will have little to no impact on the York School system as it will likely not result in significant increased attendance.

***(f) Any other impacts determined by the CDA to be relevant to the consideration of costs and benefits arising from the redevelopment project.***

The Project impact on annual city sales tax collection is estimated to be in excess of \$75,000 with Lodging Tax estimated to be in excess of \$150,000.

EXHIBIT "A"

CURRENT LAND USE



York County, NE

This Cadastral Map is for informational purposes only. It does not purport to represent a property boundary survey of the parcels shown and shall not be used for conveyances or the establishment of property boundaries.

NOTES

2/13/2025

THIS MAP IS NOT TO BE USED FOR NAVIGATION



**EXHIBIT "B"**

**Future Land Use After Rehabilitation**

Future Land Use Map



EXHIBIT "C"

PROJECT SOURCES AND USES

HOSPITALITY				
GAP Analysis		W/O TIF		W/ TIF
<b>PROJECT COSTS</b>				
Land Costs		471,972		471,972
Horizontal Costs		792,880		792,880
Hard Costs		14,030,000		14,030,000
Soft Costs		3,058,970		3,058,970
<b>Total Costs</b>		<b>18,353,821</b>		<b>18,353,821</b>
<b>PROJECT SOURCES</b>				
Construction Loan	75%	13,765,366	\$	13,765,366
Equity	25%	4,588,455	\$	3,236,532
TIF		\$ -	\$	1,351,923
<b>Total Sources</b>		<b>18,353,821</b>		<b>18,353,821</b>
<b>OPERATING PERFORMANCE</b>				
ADR	\$ 133.00	3,737,965		3,737,965
Other Revenue	1.0%	37,380		37,380
<b>Total Projected Revenue</b>		<b>3,775,345</b>		<b>3,775,345</b>
<b>OPERATING EXPENSES</b>				
Operating Expenses		(1,698,905)		(1,698,905)
Real Estate Tax		(146,474)		(146,474)
Mangement Fee		(113,260)		(113,260)
Required Capital Reserves		(132,137)		(132,137)
<b>TOTAL OPEX</b>		<b>(2,090,776)</b>		<b>(2,090,776)</b>
<b>Net Operating Income</b>		<b>1,684,568</b>		<b>1,684,568</b>
<b>SENIOR DEBT</b>				
Debt Service (8%/25yr AMT)		(1,289,523)		(1,289,523)
<b>Net Income</b>		<b>395,046</b>		<b>395,046</b>
<b>ROI ANALYSIS</b>				
Equity		\$ 4,588,455	\$	3,236,532
Net Cash Flow		\$ 395,046	\$	395,046
<b>Return on Investment</b>		<b>8.61%</b>		<b>12.21%</b>
<b>DELTA</b>				<b>3.60%</b>

Tax Increment Financing (TIF) is essential to the viability of this project, both in terms of economic feasibility and in providing assurance to senior lenders and investors. With TIF, the projected Return on Investment (ROI) is approximately 12.21%, which is a commercially reasonable rate for a development project of this magnitude, given the significant upfront capital requirements and inherent risks. This level of ROI instills confidence in senior lenders and investors, ensuring the project has the financial stability required to secure necessary funding. Without TIF, the ROI would drop to approximately 8.61%, which is below the 10% benchmark typically needed to justify the time, effort, and risk. Such a reduced ROI would diminish investor confidence and limit financing opportunities, ultimately making the project untenable at this location.