

WORKFORCE HOUSING INCENTIVE PLAN FOR THE
MUNICIPALITY OF YORK, NEBRASKA
PURSUANT TO THE NEBRASKA COMMUNITY DEVELOPMENT LAW

Introduction:

The 2018 Nebraska Legislature passed Legislative Bill 496 (the "Bill") which amended the Nebraska Community Development Law (the "Act"). The Bill was signed by the Governor in May of 2019. Before the Bill was passed, TIF was generally limited to pay costs of site purchase, utility extension, public infrastructure, sidewalks, planning and certain rehabilitation expenditures. The Bill, among other items, provided that tax increment financing (TIF) may be used for the actual construction of new workforce housing and rehabilitation costs exceeding 50% of assessed valuation on residential workforce housing units.

Prior to utilizing TIF for workforce housing, the city must (a) receive a housing study within the last 24 months and (b) hold a hearing on an incentive plan for the use of TIF for workforce housing.

Workforce housing means:

- (a) Housing that meets the needs of today's working families;
- (b) Housing that is attractive to new residents considering relocation to a rural community;
- (c) Owner-occupied housing units that cost not more than two hundred seventy- five thousand dollars to construct or rental housing units that cost not more than Three hundred and twenty-five thousand dollars (\$325,000) per unit for single family owner occupied units and Two hundred and fifty thousand dollars (\$250,000) per unit for newly constructed rental units to construct. For purposes of this subdivision (c), housing unit costs shall be updated annually by the Department of Economic Development based upon the most recent increase or decrease in the Producer Price Index for all commodities, published by the United States Department of Labor, Bureau of Labor Statistics;
- (d) Owner-occupied and rental housing units for which the cost to substantially rehabilitate exceeds fifty percent of a unit's assessed value; and
- (e) Upper-story housing.

§18-2103 (32) R.R.S.

Rural community means any municipality in a county with a population of fewer than one hundred thousand inhabitants as determined by the most recent federal decennial census. The York County 2020 Census indicates a population of approximately 13,700. §18-2103 (30) R.R.S.

In 2018 the City of York (the "City") received a housing study entitled "York County Housing Study" (the "Study"). The Study noted that York has an affordable housing gap of over 100 housing units in all housing price ranges but 1 and noted a need for over 100 owner units and over 100 rental units by 2025. The study concludes that York needs large numbers of housing of all types for current and future residents and that is a challenge to attract new businesses to locate here.

The law requires that a workforce housing incentive plan be necessary to prevent the spread of blight and substandard conditions within the municipality, promote additional safe and suitable housing for individuals and families employed in the municipality, and will not result in the unjust enrichment of any individual or company.

This Workforce Housing Incentive Plan shall be effective for the City of York, Nebraska, until modified pursuant to the Act.

TIF for workforce housing for each project is to be implemented pursuant to a redevelopment plan recommended by the York Community Development Agency (CDA), and approved after hearing by the York City Council pursuant to the Act. This Workforce Housing Incentive Plan is intended to incent development of workforce housing that supports current and prospective employees of local and area businesses and public service corporations. IT IS NOT INTENDED AND WILL NOT BE USED TO CONSTRUCT HIGHER END HOMES OR CUSTOM-BUILT HOMES.

All redevelopment contracts between the CDA and a redeveloper providing TIF benefits for workforce housing will be negotiated on a case-by-case basis with TIF incentives to be determined by the CDA in amounts required to accomplish the goal of incenting the development of safe and decent workforce housing in the City of York. The CDA shall document that each project utilizing TIF for Workforce Housing shall not unduly enrich the redeveloper. This shall be accomplished by examining proposed profit on each owner-occupied residence and the return on investment of each apartment project. Each redevelopment plan is unique and the capacity of each redeveloper is different.

In each redevelopment contract for workforce housing the CDA shall set standards appropriate for each workforce housing development project related to residence or apartment size, construction standards, costs and rental rates. Workforce housing TIF incentives will be provided subject to the following requirements.

Owner occupied housing:

TIF may be used for actual construction costs to offset or reduce risks of (a) holding costs prior to sale; (b) reduction in sales price from realistic projected sale price; and for a reduction in sales price for the benefit of a purchaser. The CDA shall insure that projections for construction and sales costs are reasonable in the market.

The redeveloper must disclose a detailed project budget including a line-item construction budget and sale price that is reasonable and consistent with current construction costs in the city of York and compliant with Workforce housing standards established by the Nebraska Department of Economic Development and the State Legislature. The redeveloper shall provide the CDA with actual costs for the completed project.

Rental housing:

TIF may be used for actual construction costs to offset or reduce risk to profitability to incent investment in workforce housing apartments.

The redeveloper must disclose a detailed project budget including a construction budget and 5-year profit and loss calculation that is reasonable and consistent with construction costs with an appropriate return on investment in the city of York and compliant with Workforce housing standards established by the Nebraska Department of Economic Development and the State Legislature. The redeveloper shall provide the CDA with actual costs for the completed project.

Owner-occupied and rental housing units for which the cost to substantially rehabilitate exceeds fifty percent of a unit's assessed value:

1. For existing residences requiring rehabilitation in excess of 50% of assessed valuation, TIF may be used for actual rehabilitation costs to offset or reduce risks of (a) holding costs prior to sale; (b) reduction in sales price from realistic projected sale price; and for a reduction in sales price for the benefit of the purchaser. The CDA shall insure that projections for construction and sales costs are reasonable in the market.

The redeveloper must disclose a detailed project budget including a construction budget and sale price that is reasonable and consistent with construction costs in the city of York and compliant with Workforce housing standards established by the Nebraska Department of Economic Development and the State Legislature. The redeveloper shall provide the CDA with actual costs for the completed project.

2. For existing apartments requiring rehabilitation in excess of 50% of assessed valuation TIF may be used for actual rehabilitation construction costs to offset or reduce risk to profitability to incent investment in rehabilitation of workforce housing apartments.

The redeveloper must disclose a detailed project budget including a construction budget and 5-year profit and loss calculation that is reasonable and consistent with construction costs with an return on investment in the city of York and compliant with Workforce housing standards established by the Nebraska Department of Economic Development and the State Legislature. The redeveloper shall provide the CDA with actual costs for the completed project.

Upper-story housing.

1. For upper-story housing for apartments, TIF may be used for actual rehabilitation construction costs to offset or reduce risks to profitability.

The redeveloper must disclose a detailed project budget including a construction budget and 5-year profit and loss calculation that is reasonable and consistent with construction costs with an return on investment in the city of York. The redeveloper shall provide the CDA with actual costs for the completed project.

2. For upper-story condominium/townhomes requiring rehabilitation, TIF may be used for actual construction or rehabilitation costs to offset or reduce risks of (a) holding costs prior to sale; (b) reduction in sales price from realistic projected sale price; and for a reduction in sales price for the benefit of the purchaser. The CDA shall insure that projections for construction and sales costs are reasonable in the market.

The redeveloper must disclose a detailed project budget including a construction budget and sale price that is reasonable and consistent with construction costs in the city of York and compliant with Workforce housing standards established by the Nebraska Department of Economic Development and the State Legislature. The redeveloper shall provide the CDA with actual costs for the completed project.

On all redevelopment projects requesting workforce housing TIF the CDA shall consider acceptable returns on investment for the type of housing proposed including cap rates.