

**AMENDMENT TO THE REDEVELOPMENT PLAN
OF THE CITY OF LEXINGTON, NEBRASKA**

(VINTAGE ROWS REDEVELOPMENT PROJECT)

The City of Lexington, Nebraska (“City”) has undertaken a plan of redevelopment within the community pursuant to the adoption of the General Redevelopment Plan for Redevelopment Area #6 (the “Redevelopment Plan”). The Redevelopment Plan serves as a guide for the implementation of redevelopment activities within the redevelopment area defined in the Redevelopment Plan (the “Redevelopment Area”). The Redevelopment Plan was approved by the City Council of Lexington, Nebraska on November 8, 2022, pursuant to Resolution No. 2022-25.

The purpose of this Amendment to the Redevelopment Plan is to identify specific property within the Redevelopment Area that is in need of redevelopment to cause the removal of blight and substandard conditions, which property is identified and legally described on the attached and incorporated Exhibit “A” (the “Project Site”), and to identify a proposed redevelopment project on the Project Site.

Pursuant to the Nebraska Community Development Law codified at Neb. Rev. Stat. §§ 18-2101 through 18-2155 (the “Act”), the City created the Community Development Agency of Lexington, Nebraska (“CDA”), which has administered the Redevelopment Plan for the City.

Project Site

The Project Site is located in the Redevelopment Area and is in need of redevelopment. The CDA has considered whether redevelopment of the Project Site will conform to the general plan and the coordinated, adjusted, and harmonious development of the City and its environs. In this consideration, the CDA finds that such a redevelopment of the Site will promote the health, safety, morals, order, convenience, prosperity, and the general welfare of the community including, among other things, the promotion of safety from fire, the promotion of the healthful and convenient distribution of population, the promotion of sound design and arrangement, the wise and efficient expenditure of public funds, and the prevention of the recurrence of unsanitary and unsafe dwelling accommodations or conditions of blight.

The Project Site is currently vacant and requires substantial public infrastructure improvements to be developable. The Project Site is currently zoned R-3 High Density Residential District and is designated as Medium/High Density Residential on the Future Land Use Map of the Comprehensive Plan.

The Redevelopment Project

Hoppe & Son, LLC, a Nebraska limited liability company (“Redeveloper”), has submitted a proposal for the redevelopment of the Project Site. The project under consideration will consist of the construction of approximately thirty-five (35) residential dwelling units, a clubhouse and other amenities, and associated improvements on the Project Site (the “Project”). The Project Site will require site preparation, grading, and the extension of water, sewer, and electrical utility improvements.

The Project will be an affordable rental housing development for seniors, designed to allow residents to age-in-place. Approximately twenty-eight (28) of the units will be LIHTC-restricted to senior households (55+) with income levels at or below the 60 percent Area Median Income (AMI) level. Approximately seven (7) of the units will be market rate.

A preliminary site plan is attached as Exhibit “B” and incorporated by this reference. The CDA acknowledges that the site plan is preliminary in nature and subject to change. Concept drawings of the unit types are set forth below:

Row House: Approximately 20 Units



Single Family Attached: Approximately 15 Units



Pursuant to this Project, Redeveloper will pay the costs of the private improvements and the public improvements. As part of the Project, the CDA shall utilize tax increment financing (“TIF”) on the Project Site to assist in payment of the public improvements, but Redeveloper shall pay all the costs of the public improvements not covered by TIF.

Construction on the Project is anticipated to commence in the spring of 2023, and construction is anticipated to be completed in the spring of 2024. The base year for the Project is anticipated to be 2023, and the effective date for the division of taxes would be January 1, 2024.

The base value of the Project Site is anticipated to be \$19,047 after subdivision. The final value of the Project Site is anticipated to be \$1,750,000. Therefore, the anticipated increase in valuation from this Project will be approximately \$1,730,953 and the projected annual tax increment will be approximately \$33,076. Based upon the anticipated final valuation of \$1,750,000 and a 7.0% interest rate for the TIF Note, the Project will yield TIF Indebtedness in the amount of approximately \$304,000.¹

Redeveloper estimates that the total Project costs shall be approximately \$8,620,298. The TIF-eligible expenditures included in these costs are anticipated to exceed \$515,000, and at least \$304,000 will be identified in more detail pursuant to the terms of the Redevelopment Agreement for the Project.

In addition to the TIF Indebtedness, Redeveloper has also stated that the Project would be financed in part through a conventional loan, a deferred developer fee, Nebraska Affordable Housing Tax Credits, National Housing Trust Funds, and other economic development funding.

The use of TIF to assist with the costs of the public improvements will make the Project as designed feasible. The private improvements cannot be constructed without the site work and public infrastructure improvements, and the public improvements require the use of TIF to assist with the costs. The redevelopment of the Project Site pursuant to the Project identified in this Amendment to the Redevelopment Plan will eliminate the current blight and substandard conditions of the Project Site and will further the purposes of the Act in conformity with the Redevelopment Plan. As described above, the Project envisions the capture of the incremental taxes created by the Project on the Site to assist with payment for those eligible expenditures as set forth in the Act. The additional costs of the public improvements and all the costs of the private improvements shall be paid by Redeveloper; the City and/or CDA shall not be required to incur any costs or expenses with respect to this Project other than the issuance of the TIF

¹ For the purpose of the TIF Projections for this Project, the CDA: (1) has assumed the project will capture the full 15 years of tax increment and there will not be a partial valuation in the first year; (2) has not accounted for any increase in the assessed value of the Project Site during the 15 year tax increment financing period; and (3) has not utilized any assumed state property tax credit. All of these assumptions will change the actual amount of the tax increment generated by the Project.

Indebtedness. Redeveloper shall arrange all financing necessary for the Project, including any financing relating to the TIF Indebtedness.

Statutory Elements

The Project envisions the capture of the incremental taxes created by the Project on the Site to pay for those eligible expenditures as set forth in the Act. This section includes a consideration of the specific statutory elements identified under the Nebraska Community Development Law.

A. Property Acquisition, Demolition and Disposal

No public acquisition of private property, relocation of families or businesses, or the sale of property is necessary to accomplish the Project. The Project Site is currently owned by the City and is under contract for purchase by Redeveloper. The City shall follow all statutory procedures for the disposal of the Project Site.

B. Population Density

The proposed development at the Project Site is the construction of 35, 2-bedroom rental units. Accordingly, an increase in population density is anticipated within the Project Site. However, the Project conforms to the Comprehensive Plan, which promotes population growth and housing development, and the overall growth from the Project shall be appropriate for the zoning district and location.

C. Land Coverage

The Project Site consist of approximately 4.5 acres of undeveloped land. The Project will consist of the construction of multiple buildings and structures, with a land coverage footprint shown on the preliminary site plan set forth in Exhibit "B". The Project is subject to and must comply with all applicable land-coverage ratios and zoning requirements as required by the City of Lexington.

D. Traffic Flow, Street Layouts, and Street Grades

It is anticipated that the Project will increase traffic flow in and to the Project Site and the Redevelopment Area. The Project is located along Buffalo Bend, but is without direct access to the same. Redeveloper will construct paving for ingress and egress therefrom, along with internal streets and walkways. No further street improvement should be required based on the Project.

E. Parking

There will be a surface parking lot for the row house units with approximately 55 parking stalls. The single-family attached units will have attached garages and surface driveway parking. The Project will be required to meet or exceed the parking requirements set forth in the applicable zoning district.

F. Zoning, Building Code, and Ordinances

The Project Site is currently zoned R-3 High Density Residential District, and the Project is a permitted use in the applicable zoning district. The Project Site is currently part of a larger parcel which will be subdivided by the City prior to the sale of the Project Site to Redeveloper. Except for the City's subdivision described in the previous sentence, Redeveloper shall be responsible for compliance with the City of Lexington Subdivision Ordinance, Zoning Ordinance and all other applicable laws and codes.

Cost-Benefit Analysis

Pursuant to section 18-2113 of the Act, the CDA must conduct a cost-benefit analysis for any redevelopment project that will utilize TIF. The Cost-Benefit Analysis for the Project is attached hereto as Exhibit "C" and incorporated by this reference.

Comprehensive Plan

Several goals, objectives and policies of "The Lex-Plan 2013" (the "Comprehensive Plan") will be furthered by this Project, including but not limited to:

COMMUNITY IMAGE

Goal 1 Establish Community Initiatives supportive of population growth and improved economic conditions for the Lexington citizenry

Objective 1.1 Increase the population in Lexington by 1.2 percent annually.

Policy 1.1.1 Create housing, facilities and services to maintain the older adult population of Lexington. Attempt to attract seniors living in rural Dawson County to retire in Lexington.

Policy 1.1.2 Plan and implement programs to higher density infill redevelopment.

HOUSING

Goal 1 Provide all Lexington residents with access to a variety of safe, affordable and sanitary housing types.

Objective 1.1 Establish a plan of action for the development of residential options for residents of all ages and income levels.

Policy 1.1.1 Develop up to 821 units of housing in Lexington during the next 20 years. Plan for both rental and owner housing units for all income levels, age sectors, and family types / sizes in the Community.

Policy 1.1.5 Plan for a continuum of residential options for retirees and other older adults in Lexington and Dawson County.

Note: This section is not a comprehensive analysis of the Project's conformance with the Comprehensive Plan, but is meant to highlight and summarize the key points on this topic.

Additional Project Information from the Redeveloper

Redeveloper has represented that: (i) without the use of TIF, this Project would not be feasible and the Redeveloper could not develop this Project on the Project Site; (ii) no families will be displaced or relocated from the Project Site based upon this Project, and (iii) Redeveloper does not intend to file an application with the Department of Revenue to receive tax incentives under the Imagine Nebraska Act.

EXHIBIT "A"
Legal Description of the Project Site

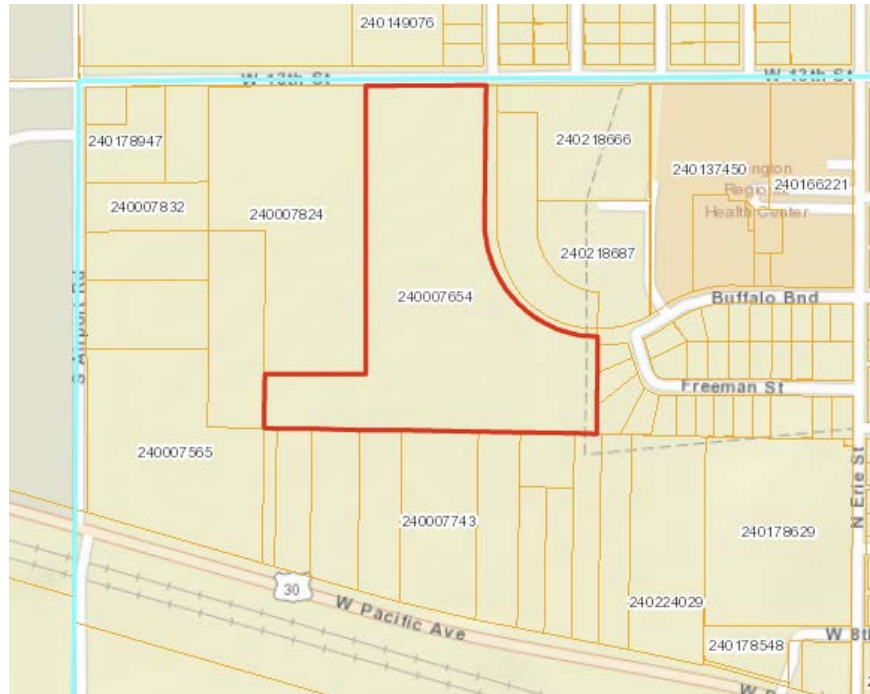
The Project Site is an approximately 4.5 acre portion of the parcel identified as Parcel ID 240007654 in the City of Lexington, Nebraska and legally described as follows:

A tract of land being part of Government Lot 3, and Government Lot 4 in the Northwest Quarter (NW1/4) of Section Six (6), Township Nine (9) North, Range Twenty-one (21) West of the 6th Principal Meridian, Dawson County, Nebraska, and more particularly described as follows:

Commencing at a 1" brass cap at the Northwest corner of the Northwest Quarter of Section 6; thence N 89°48'48" E on the North line of said Northwest Quarter, and all bearings contained herein are relative thereto, a distance of 1064.10 feet to the Northeast corner of a tract of land described in a Warranty Deed recorded as Deed Record No. 108, Page 669 in the Register of Deeds Office, Dawson County and the POINT OF BEGINNING; thence continuing N 89°48'48" E on said North line a distance of 433.57 feet to the Northerly Extension of the West line of Liberty Drive, as dedicated in LRHC 1st Addition to the City of Lexington, Dawson County, Nebraska; thence S 00°39'56" W on said Northerly extension and on said West line of Liberty Drive a distance of 550.33 feet to a 5/8" rebar w/cap; thence Southeasterly on said West line of Liberty Drive and on a tangent curve to the Left having a central angle of 90°22'03", a radius of 431.79 feet, an arc length of 681.02 feet, and a chord bearing of S 44°31'05" E a distance of 612.60 feet to a 1/2" rebar at the Northwest corner of Lot 10, Block 2, Grand Prairie Second Addition to the City of Lexington, Dawson County, Nebraska; thence S 00°32'33" W on the West line of said Grand Prairie Second Addition a distance of 325.90 feet to a 1/2" rebar at the Southwest corner of said Grand Prairie Second Addition and on the North line of Stockmans Acres Second Subdivision to the City of Lexington, Dawson County, Nebraska; thence N 88°59'21" W on the North line of said Stockmans Acres Second Subdivision, and on the North line of Delap's Subdivision to the City of Lexington, Dawson County, Nebraska, and on the North line of Stockmans Acres Subdivision to the City of Lexington, Dawson County, Nebraska a distance of 438.62 feet to a 1/2" rebar at the Northwest corner of said Stockmans Acres Subdivision; thence N 88°59'45" W a distance of 790.83 feet to a 2" iron pipe; thence N 00°12'35" E a distance of 198.77 feet to a 5/8" rebar w/cap at the Southwest corner of said tract recorded in Deed Record No. 108, Page 669; thence N 89°48'48" E on the South line of said tract a distance of 373.49 feet to the Southeast corner of said tract; thence N 00°04'31" E on the East line of said tract a distance of 1090.00 feet to the Point of Beginning. Containing 18.65 acres, more or less, of which 0.33 acres, more or less are presently being used for road purposes on the North side.

* Parcel ID 240007654 will be subdivided following the approval of this Amendment to the Redevelopment Plan. Upon subdivision approval, the legal description of the Project Site created thereby shall replace and supersede the above legal description.

Parcel ID 240007654 is depicted on the following map:



The general location of the Project Site is depicted below:



EXHIBIT "B"
Preliminary Site Plan

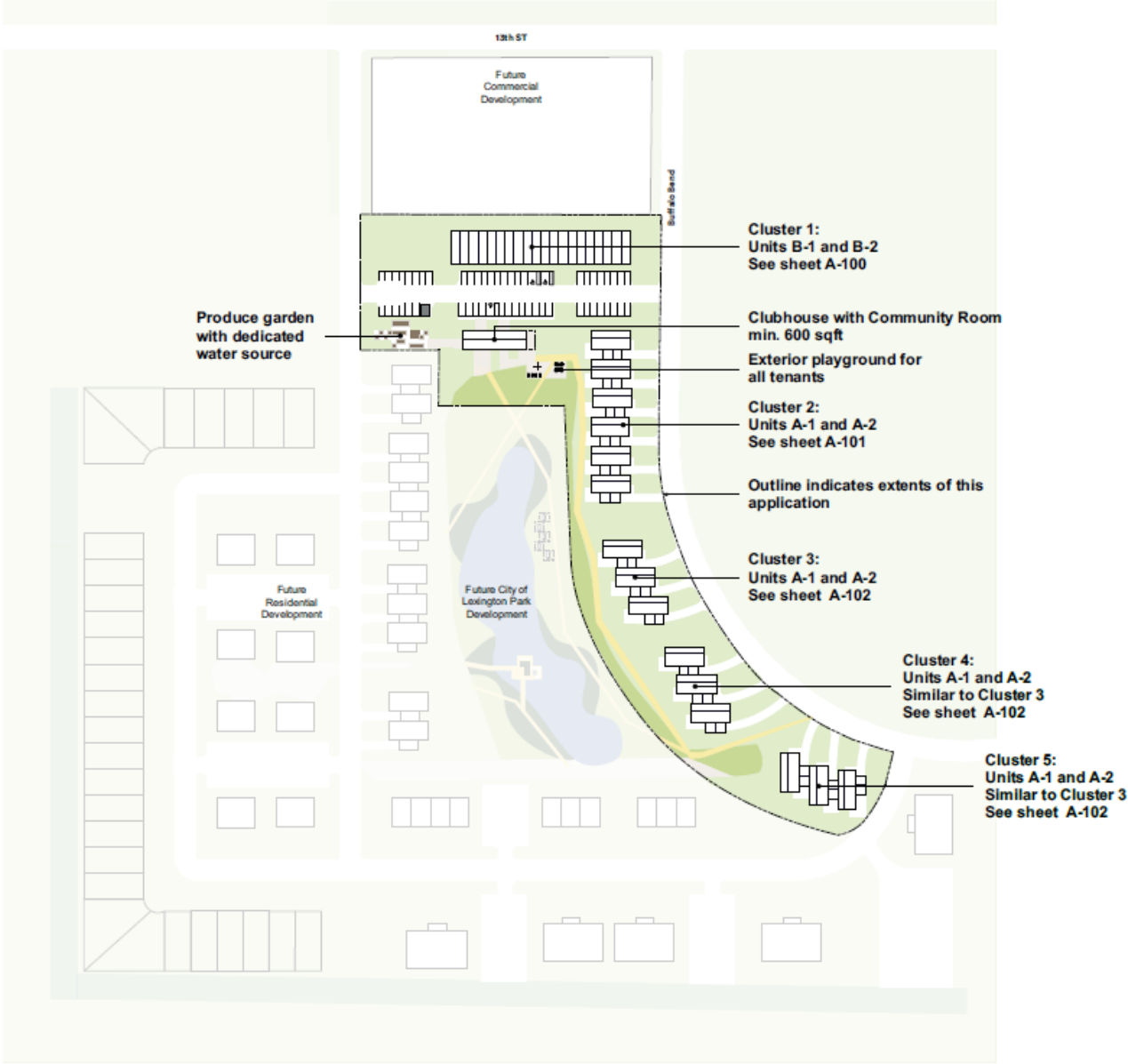


Exhibit "B"

EXHIBIT “C”
Cost Benefit Analysis
(Pursuant to Neb. Rev. Stat. § 18-2113)

The cost-benefit analysis for the Vintage Rows Redevelopment Project, as described in the Amendment to the Redevelopment Plan to which this cost-benefit analysis is attached, is presented below. The above-referenced project will utilize Tax Increment Financing funds authorized by Neb. Rev. Stat. § 18-2147.

1. Tax shifts resulting from the approval of the use of funds pursuant to Section 18-2147:

The taxes generated by the current value of the property shall continue to be allocated between taxing jurisdictions pursuant to standard statutory requirements. Only the incremental taxes created by the Project will be captured to pay eligible public expenditures. Since the incremental taxes would not exist without the use of TIF to support the Project, the true tax shift of this Project is a positive shift in taxes after 15 years. However, for the purposes of illustrating the incremental taxes used for TIF, the 15 year tax shift is as follows:

a.	Redevelopment Project Valuation:	\$19,047
b.	Projected Completed Project Assessed Valuation:	\$1,750,000
c.	Projected Incremental Valuation:	\$1,730,953
d.	Estimated Tax Levy:	1.91086
e.	Annual Projected Tax Shift:	\$33,076

Note: The Projected Tax Increment is based on assumed values and levy rates; actual amounts and rates will vary from those assumptions, and it is understood that the actual tax shift may vary materially from the projected amount. The levy rate is assumed to be the 2021 levy rate. There has been no accounting for incremental growth or change in the tax levy over the 15 year TIF period. There has been no accounting for any annual state property tax credit.

2. Public infrastructure and community public service needs impacts and local tax impacts arising from the approval of the redevelopment project:

a. Public infrastructure improvements and impacts:

The Project requires public infrastructure improvements. The Project Site will require the construction of vehicular access from Buffalo Bend, along with the construction and/or extension of utilities to serve the improvements constructed thereon. The public improvements for the Project will address any traffic and street infrastructure concerns that would otherwise be created by the Project. The Project Site will be filled and graded to provide for effective surface water runoff. The CDA and Redeveloper do not anticipate that the Project will have a negative impact on now-existing City infrastructure.

b. Local Tax impacts (in addition to impacts of Tax Shifts described above):

The Project will create material tax and other public revenue for the City and other local taxing jurisdictions. While the use of tax increment financing will defer receipt of a majority of new ad valorem real property taxes generated by the Project, the Project should generate immediate tax growth for the City. It is anticipated that the residents of the new dwelling units will pay sales tax on goods bought in the City and will require and pay for City services. It is not anticipated that the Project will have any material adverse impact on such City services, but will generate revenue providing support for those services.

3. Impacts on employers and employees of firms locating or expanding within the boundaries of the area of the redevelopment project:

It is not anticipated that the Project will have a material adverse impact on employers and employees of firms locating or expanding within the boundaries of the area of the redevelopment project. Rather, the construction of thirty-five (35) rental units will create additional housing options for the City's workforce. Additional housing is needed to meet the demand in the City.

4. Impacts on other employers and employees within the City and the immediate area that is located outside of the boundaries of the area of the redevelopment project:

The Project should have a material positive impact on private sector businesses in and around the area outside the boundaries of the redevelopment project. The Project will provide housing for the City's workforce, which will benefit employees that work in the vicinity of the Project Site. An increase in the population density in the area will also benefit nearby businesses via the increased need for good and services.

5. Impacts on the student populations of school districts within the City:

It is not anticipated that the Project will have a material impact on the student populations of the school district within the City. The housing development is targeted to seniors. Therefore, the CDA and Redeveloper do not anticipate that the Project will result in a material increase in the number of school-aged children within the school district.

The school district will not receive taxes from the residences built during the time the increased taxes are utilized to pay the TIF Indebtedness. The school district has received state aid to education in the past. Part of the school aid formula involves assessed valuation in the school district. The valuation that generates the TIF payments is not included in the formula and does not count against the state aid that the school district would receive. Taxes on any increase in the base value of the land will benefit the school district. After the TIF indebtedness is paid, or at the end of the respective 15 years of division of taxes, whichever is sooner, the increased valuation from the residential construction will be available to the school district. Because the Project would not occur but-for the use of TIF, there is no loss in prospective tax revenues to the school district.

6. Other impacts determined by the agency to be relevant to the consideration of costs and benefits arising from the redevelopment project:

There is a need to create housing, specifically affordable housing, to maintain seniors in Lexington and attempt to attract seniors living in rural Dawson County to retire in Lexington, and this Project will fill that need. There are no other material impacts determined by the CDA relevant to the consideration of the cost of benefits arising from the Project.

7. Summary of Findings:

The Project will increase the City's tax base, without material adverse effect on either public or private entities. The Project will increase property tax revenue in the long-term. The Project will facilitate the development of a blighted and substandard area of the City without the incurrence of significant public cost. The benefits outweigh the costs of the proposed Project.