

## **Redevelopment Plan for Lexington Self Storage**

**The Community Development Agency (CDA) of Lexington, Nebraska, intends to adopt a Redevelopment Plan for an area within the city, pursuant to the Nebraska Community Development Law (the “Act”) and provide for the financing to assist in site redevelopment for a self storage facility.**

### **Executive Summary: Project Description:**

**THE REDEVELOPMENT OF THE PROJECT AREA FOR THE CONSTRUCTION OF A SELF STORAGE FACILITY.**

The use of Tax Increment Financing to aid in expenses associated with redevelopment of the Redevelopment Project Area as defined here will incent investment in a total of 73,000 square feet in self storage facilities through Phases 1-3 with additional facilities to be constructed on 4.5 acres through Phase 4. This industrial site is located southwest of the intersection of E Commerce Rd. and Taft St. and is just north of the I-80 exit ramp at Lexington. Phase 1, which will begin in June of 2022, will include the construction of 3 separate self storage buildings consisting of 27,000 square feet. Phase 2, which is anticipated to begin in 2023, will consist of 4 separate storage buildings consisting of 36,000 square feet. Phase 3, which is anticipated to begin in 2025, will consist of one 10,000 square foot storage building containing larger 20 x 50 feet self storage units. The total cost for Phases 1-3 of the project is estimated to be \$2,815,000. Additional investment in Tract B of the Redevelopment Project Area is anticipated to occur via Phase 4 by 2028; therefore, an option for the Redeveloper to purchase said Tract is contemplated herein, and additional tax increment financing will be contemplated through a Modification to this Redevelopment Plan at that time.

With significant investment being made by the City of Lexington and its private partners in housing to meet high demand, this self storage facility will assist the community in reducing unsightly compilation of excess personal property that can instead be housed within this facility. After construction, the site will include concrete circulation drives, exterior lighting, and perimeter fencing for security purposes. Given supply chain issues and the current inflationary period impacting cost of materials and interest rates, the owner cannot generate a 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.

Hamilton Builders, LLC, or its affiliated entity, will be the owner and redeveloper of the site. The redeveloper is responsible for and has provided evidence that it can secure adequate debt financing to cover the costs associated with the redevelopment 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 January 1, 2023, 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”):**

Tract B of the Administrative Replat of Lot 16, Greater Lexington Addition to the City of Lexington, Dawson County, Nebraska, and Lot 17, Greater Lexington Addition to the City of Lexington, Dawson County, Nebraska.

**Existing Land Use:**



The tax increment will be captured for the tax years the payments for which become delinquent in years 2024 through 2038 inclusive.

The real property ad valorem taxes on the current valuation will continue to be paid to the normal taxing entities. The increase will come from rehabilitation of this property as permitted in the M-2 Heavy Industrial Zoning District.

**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, 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 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 pay the principal of; the interest on, and any premiums due in connection with the bonds, loans, notes, or advances on money to, or indebtedness incurred by, whether funded, refunded, assumed, or otherwise, such CDA for financing or refinancing, in whole or in part, a redevelopment project.

When such bonds, loans, notes, advances of money, or indebtedness including interest and premium due have been paid, the CDA shall so notify the County Assessor and County Treasurer and all ad valorem taxes upon real property in such 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.

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

The Lexington City Council received a substandard and blight analysis for the Redevelopment Area and declared the Area 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. [§18-2103 (13) (a) and §18-2110]**

Lexington adopted a Comprehensive Plan in 2013. This redevelopment plan and project are consistent with the Comprehensive Plan, in that no changes in the Comprehensive Plan elements are intended. This plan merely provides funding for the redeveloper to rehabilitate Area for permitted uses on this property as defined by the current and effective zoning regulations.

**3. The Redevelopment Plan must be sufficiently complete to address the following items: [§18-2103(13) (b)]**

***a. Land Acquisition:***

The Redevelopment Plan requires site acquisition from the CDA by the Redeveloper. The CDA has previously published the statutory notice to invite proposals for this property pursuant to the Act. Redeveloper will exercise its existing option to purchase Lot 17 of the Redevelopment Project Area for \$37,500, and as part of this Redevelopment Plan, CDA will grant Redeveloper an option to purchase Tract B of the Administrative Replat of Lot 16 of the Redevelopment Project Area for \$30,000.

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

The project to be implemented with this plan does not provide for the demolition or removal of any structures.

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

Exhibit A-1, attached hereto is a map showing the Future Land Use Plan for the Redevelopment Area after redevelopment of Phase 1. Exhibit A-2, attached hereto, is a map showing the Future Land Use Plan for the Redevelopment Project Area upon completion of Phases 1-3.

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

The area is zoned M-2 Heavy Industrial. No zoning changes are anticipated with this project. No changes are anticipated in street layouts or grades. No changes are anticipated in building codes or ordinances. No other planning changes contemplated.

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

The redeveloper is developing the current vacant site to include 27,000 square feet of building coverage with concrete drives in Phase 1. Phases 2 and 3 contemplate additional building coverage of 46,000 square feet. Use of the site will increase pursuant to this redevelopment. Access to the site will be provided via a new approach installed along the south side of East Commerce Road.

***f. Additional Public Facilities or Utilities***

No sewer or water services are required to service this redevelopment. Electric utilities will need to be extended from existing line to the site in order to sufficiently accommodate lighting requirements. No other utilities will be impacted by the redevelopment.

**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. No member of the CDA, nor any employee thereof holds any interest in any property in this Redevelopment Project Area. [§18-2106]**

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

**6. Section 18-2114 of 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 CDA is the current owner of the property. The Redeveloper has entered into an Option Agreement with the CDA for the purchase of this property as part of the Redevelopment Project for \$67,500, and this Redevelopment Plant provides for Redeveloper to purchase Lot 17 of the Redevelopment Project Area for \$37,500 for the completion of Phases 1-3 and for Redeveloper to receive an option to purchase the remaining property located within the Redevelopment Project Area for \$30,000. The estimated costs for preparation for redevelopment includes an estimated \$595,000 for site preparation. The total project is estimated to cost \$2,815,000.

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

The Redeveloper will provide all necessary financing for the project. The CDA will assist the project by granting the sum of \$240,000 from the proceeds of the TIF through a Phase 1 TIF Note, \$330,000 of the proceeds of TIF through a Phase 2 TIF Note, and \$80,000 of the proceeds of TIF through a Phase 3 TIF Note. This indebtedness will be repaid from the Tax Increment Revenues generated from the project. TIF revenues shall be made available to repay the original debt and associated interest after January 1, 2023, through December 2038.

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

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

**7. Section 18-2113 of 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 amendment, in and of itself will promote consistency with the Comprehensive Plan. This will have the intended result of preventing recurring blighting conditions due to site obsolescence.

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

Development of this project is anticipated to begin in June of 2022. Excess valuation should be available for this project for 15 years beginning with the 2023 tax year.

### **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 Nebraska Community Development Law, §18-2147, *Neb. Rev. Stat.* (2012), the City of Lexington has analyzed the costs and benefits of the proposed Redevelopment Project, including:

**Project Sources and Uses.** Approximately \$650,000 in public funds from tax increment financing provided by the Lexington Community Development Agency will be required to complete the project. This investment by the CDA will leverage \$2,165,000 in private sector financing; a private investment of \$3.30 for every TIF or grant dollar invested.

Phase	Description	TIF Eligible	Private	Total
<b>Phase 1</b>	<b>Site Acquisition</b>	\$ 37,500.00		\$ 37,500.00
	<b>Site Preparation/Drainage</b>	\$ 70,000.00		\$ 70,000.00
	<b>Concrete</b>	\$ 272,980.00	\$ 142,020.00	\$ 415,000.00
	<b>Units</b>		\$ 335,000.00	\$ 335,000.00
	<b>Electrical/Lighting</b>	\$ 35,000.00		\$ 35,000.00
	<b>Security</b>		\$ 32,500.00	\$ 32,500.00
	<b>Fence</b>		\$ 80,000.00	\$ 80,000.00
	<b>Professional Fees</b>	\$ 20,000.00		\$ 20,000.00
	<b>Additional Soft Costs</b>		\$ 15,000.00	\$ 15,000.00
	<b>Phase 1 Total</b>	<b>\$ 435,480.00</b>	<b>\$ 604,520.00</b>	<b>\$ 1,040,000.00</b>
<b>Phase 2</b>	<b>Site Preparation</b>	\$ 15,000.00		\$ 15,000.00
	<b>Concrete</b>	\$ 310,640.00	\$ 189,360.00	\$ 500,000.00
	<b>Units</b>		\$ 500,000.00	\$ 500,000.00
	<b>Electrical/Lighting</b>	\$ 20,000.00		\$ 20,000.00
	<b>Security</b>		\$ 30,000.00	\$ 30,000.00
		<b>Phase 2 Total</b>	<b>\$ 345,640.00</b>	<b>\$ 719,360.00</b>
<b>Phase 3</b>	<b>Site Preparation</b>	\$ 10,000.00		\$ 10,000.00
	<b>Concrete</b>	\$ 197,400.00	\$ 52,600.00	\$ 250,000.00
	<b>Units</b>		\$ 450,000.00	\$ 450,000.00
		<b>Phase 3 Total</b>	<b>\$ 207,400.00</b>	<b>\$ 502,600.00</b>
<b>Phases 1-3 Totals</b>		<b>\$ 988,520.00</b>	<b>\$ 1,826,480.00</b>	<b>\$ 2,815,000.00</b>

**Tax Revenue.** The property to be redeveloped is anticipated to have a January 1, 2022, valuation of approximately \$67,500. Based on the 2021 levy this would result in a real property tax of approximately \$1,289. It is anticipated that the assessed value will increase by over \$2,000,000 upon full completion of Phases 1-3, as a result of the site redevelopment. This development will result in an estimated tax increase of over \$48,000 annually. The tax increment gained from this Redevelopment Project Area would not be available for use as city general tax revenues, for a period of 15 years, or such shorter time as may be required to amortize the TIF bond, but would be used for eligible private redevelopment costs to enable this project to be realized.

**Phase 1**

**\*values for future dates are estimates only**

<b>Division Year</b>	2023
<b>2021 Levy</b>	1.91086
<b>2022 Valuation</b>	\$ 67,500.00
<b>2022 Taxes</b>	\$ 1,289.83
<b>2023 Valuation</b>	\$ 869,685.00
<b>Increment Value</b>	\$ 802,185.00
<b>Additional Taxes (Annual)</b>	\$ 15,175.35
<b>Phase 1 TIF Note</b>	\$ 240,000.00

**Phase 2**

<b>Division Year</b>	2024
<b>Increment Value</b>	\$ 1,159,580.00
<b>Additional Taxes (Annual)</b>	\$ 21,936.37
<b>Phase 2 TIF Note</b>	\$ 330,000.00

**Phase 3**

<b>Division Year</b>	2026
<b>Increment Value</b>	\$ 322,106
<b>Additional Taxes (Annual)</b>	\$ 6,093.44
<b>Phase 3 TIF Note</b>	\$ 80,000.00

**Total TIF Indebtedness \$ 650,000.00**

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

Tax shifts will be equal to the combined principal and interest on the TIF Note of \$650,000.

***(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. No water or waste water facilities will be required to be built out as part of the redevelopment. The electric utility will need to be extended



from existing lines to the site, but sufficient capacity exists 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 may add 1 part time job related to site maintenance and supervision for Phase 1. An additional position of 1 FTE is anticipated as a result of the total completion of Phases 1-3.

***(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***

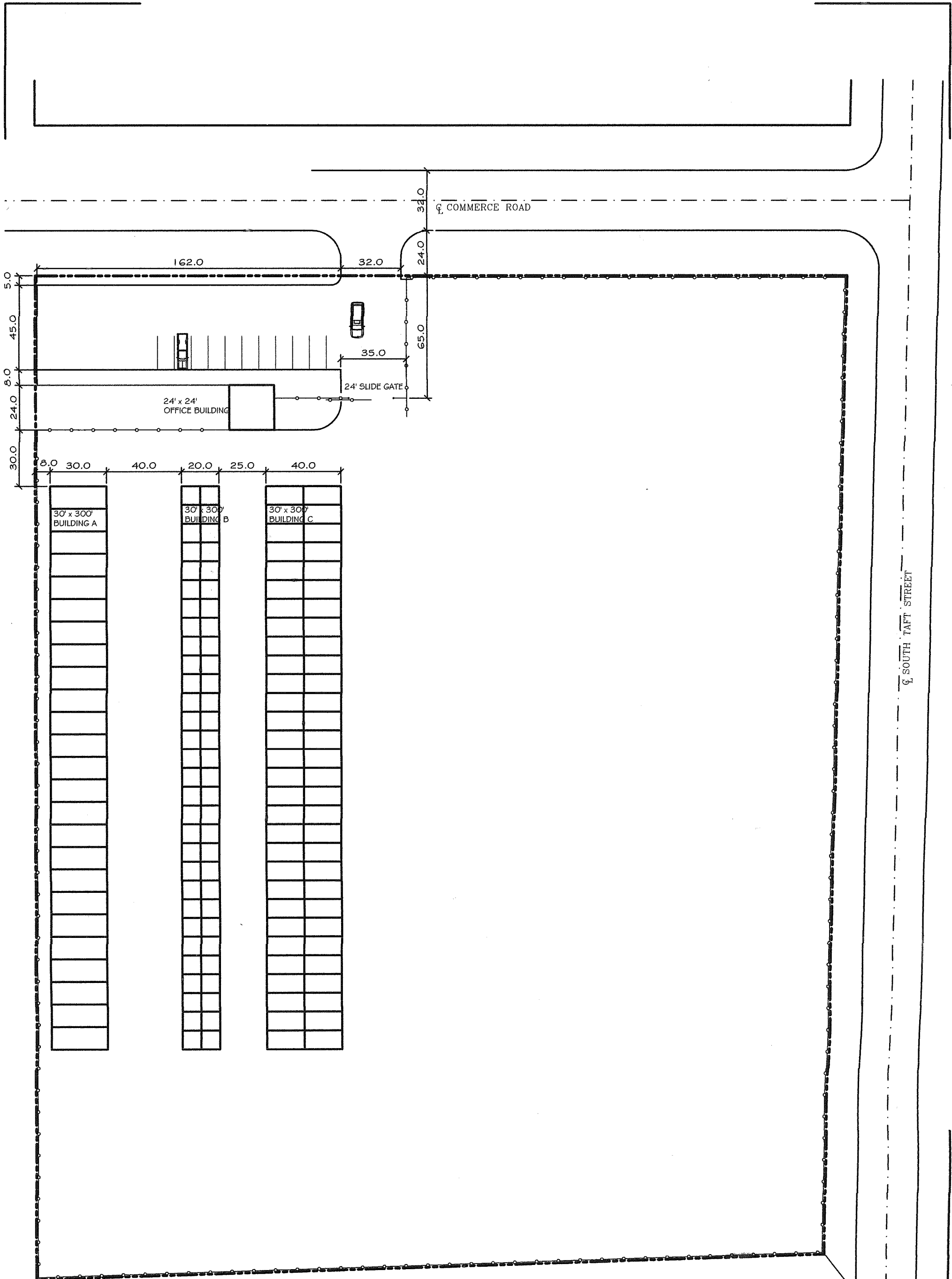
This project will not have a negative impact on other employers in any manner different from any other expanding business within the Lexington area.

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

This development will have a minimal impact on the Lexington School system as it will likely not result in any 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.***

This project should generate more sales tax revenue for the city based on increased sales.



**Proposed Site Plan Option E**

SCALE: NO SCALE

*Lex Storage, LLC*

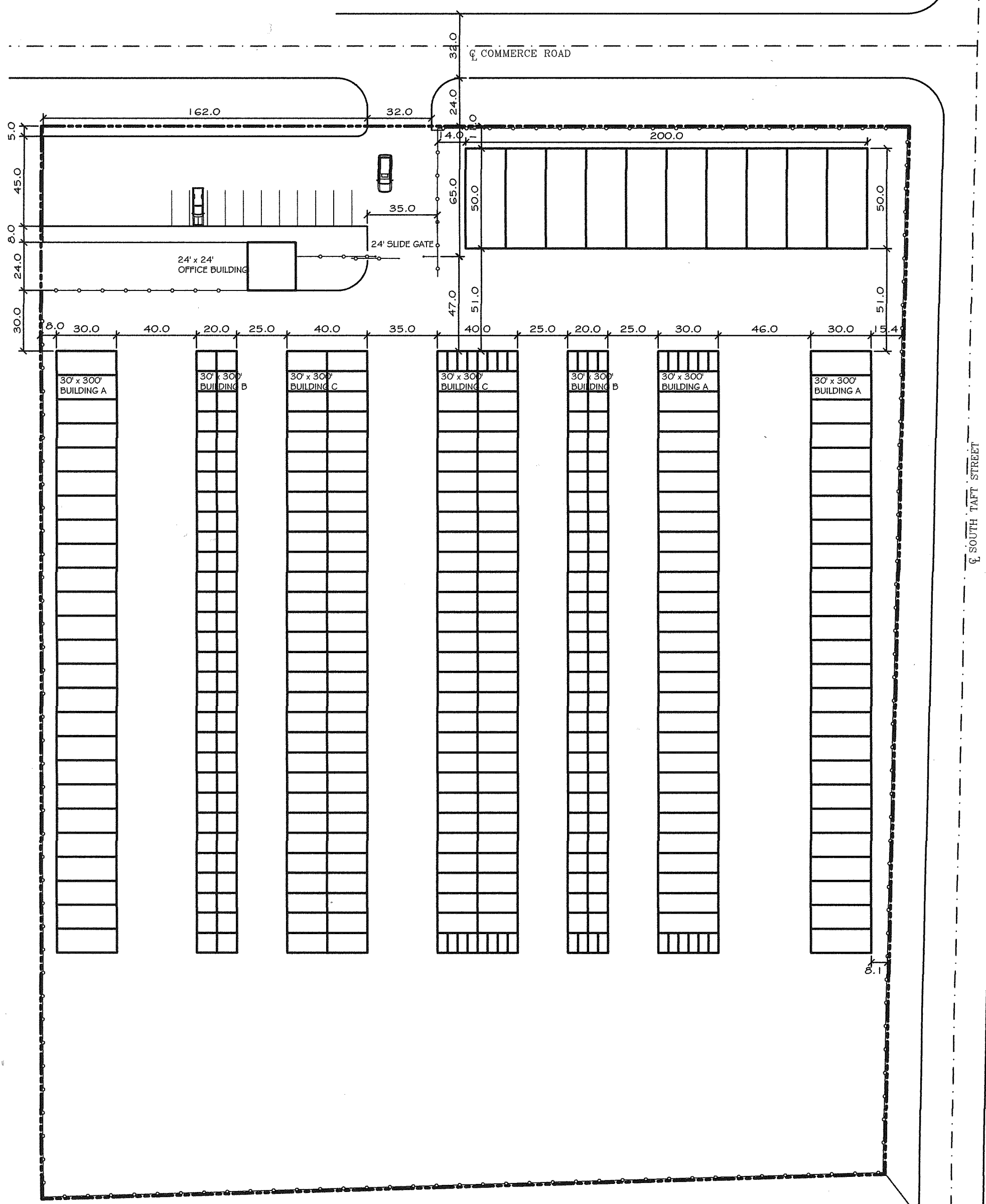


2120 BIRCHWOOD ROAD  
NORTH PLATTE - NEBRASKA - 69101  
PHONE: 308.530.9138

Title  
Site Plan

PROJECT  
Storage Units  
Commerce Road & South Taft Street  
Lexington Nebraska

DATE: May 2, 2022  
DRAWING:



**Proposed Site Plan Option E**

SCALE: NO SCALE



2120 BIRCHWOOD ROAD  
NORTH PLATTE - NEBRASKA - 69101  
PHONE: 308.530.9138

**Title**  
Site Plan

**Project**  
Storage Units  
Commerce Road & South Taft Street  
Lexington Nebraska

**DATE:** May 16, 2022  
**DRAWING:**