**MICRO-TIF in WAHOO**

In 2023 the Nebraska Legislature made changes to allow an expedited review process for a redevelopment project in all communities except Lincoln and Omaha (aka Micro TIF), that allows developers of smaller projects to take advantage of tax increment financing for their project. In September the City Council adopted a resolution that made the expedited review process available in Wahoo. This resolution can be revoked by the Council at any time.

Key points:

* Quick review process, limited $50 application fee
* Limited project size (final valuation)
* Limited project type (residential and small commercial)
* Can be limited annually by the Council (currently is not, but can be)
* Qualified expenses must meet the “benefit of the public” requirement
* Limited to 15 years unless extremely blighted designation – not in Wahoo

**ELIGIBILITY**

A redevelopment plan for a project is eligible if:

* Includes ONE project
* Property must be in a designated blight and substandard area and must involve either
  + Repair, rehabilitation, or replacement of an existing structure that has been within the corporate limits of the city for at least 60 years, or
  + Redevelopment of a vacant lot that has been within the corporate limits for at least 60 years
* Assessed value when complete is estimated to be no more than:
  + $350,000 for a single-family residential structure
  + $1,500,000 for a multi-family residential structure or commercial structure, or

**APPLICATION AND REVIEW PROCESS**

A universal form has been developed which is available on the Nebraska Department of Economic Development website. This must be completed and submitted with a $50 fee at City Hall. Must include:

* Existing uses and condition of the property
* Proposed uses of the property
* Number of years the structure has been within corporate limits or number of years lot has been vacant
* Current assessed value
* Increase in the assessed value that is estimated to occur as a result of the redevelopment project
* Description of how the project will be financed and by who will hold the note
* Agreed-upon costs of the redevelopment project

Application is reviewed by the City Administrator. The primary area of review will be the stated “agreed-upon costs” as they still must meet the test of benefiting the public. Within 30 days of receiving the application, the Council must act to approve or deny the project. Denial is required if application does not meet the requirements of the law, if it exceeds an annual limit established by the Council, or if it is inconsistent with the city’s comp plan.

**NOTE ISSUANCE**

At the same time of approval, the Council issues a note that is the lesser of:

* The agreed-upon costs of the redevelopment project OR
* The amount estimated to be generated over a fifteen-year period from the ad-valorum taxes.

Note: The issuance of this debt does not create any financial obligation for the City. It is simply a legal conduit for the redeveloper to receive funding.

**PROJECT COMPLETION**

Redeveloper has two years from date of approval to complete the project. When completed, the redeveloper must notify the county assessor of the completion. The county assessor does the following:

* Determines whether project has been completed,
* Determines the assessed value of the property that has been redeveloped,
* Sends certification to the city of their findings

Once the certification is complete, the City can begin paying the ad-valorum taxes to the holder of the note. Funds must go to the holder of the note.

**WHAT THE EXPEDITED REVIEW PROCESS ELIMINATES**

It’s important to remember this statute addresses the REVIEW process only. This process eliminates the need for:

* An officially adopted redevelopment plan
* Requirement of recommendation by the Planning Commission
* Completion of a cost-benefit analysis
* Statement of the proposed method and estimated cost of acquisition, statement of finances, displacement of residents, etc.
* Public hearings at the Planning Commission and City Council
* Finding that “without TIF this project would fail”.

**EXAMPLE**

An existing downtown two-story commercial building valued at $55,000. A redeveloper wants to purchase this building for $60,000 and upgrade the second story to an apartment or two. The building needs new windows, an ADA entrance for the main level, and a few sidewalk panels in front of the building need work to eliminate tripping hazards. There also needs to be some site work in back and a concrete panel poured behind the building for the parking for the apartment, but structurally the building is sound and has adequate utility services. It is expected that when the remodel is complete the taxable value will be $140,000.

Definitive eligible expense: Site acquisition, sidewalk panel replacements

Grey area eligible expenses: New windows, ADA entrance, concrete panel for parking

TIF Value = $85,000 X $1.90/$100 of value = $1,615 per year X 15 years = $24,225

Definitive eligible expense = property acquisition = $55,000

Maximum value of TIF (TIF Note) = $24,225