WHAT IS TIF?

Tax increment financing (TIF) is the use of new real property tax dollars created by a project to support the development costs. For example, assume a commercial property is developed and the predevelopment property value is $100,000. After redevelopment, the project is valued at $600,000. Property taxes on the original value of the project ($100,000) continue to be paid to the local taxing entities. The TIF provision allows the property taxes on the increased value (the $500,000 increment) to be paid to the CRA and invested back into public improvements for the project. TIF provisions allows this incremental property tax to be redirected for the project for a period of up to 15 years. At the end of the TIF, the entire tax on the redevelopment project would become part of the general tax base.

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COMMUNITY REDEVELOPMENT AUTHORITY

ABOUT

Community Redevelopment Authority (CRA)

The Auburn City Council established the Auburn Community Redevelopment Authority in 2002. The purpose of the CRA is to study and designate certain areas of the city in need of improvement and development for the maximum benefit to the city's taxpayers.

The CRA promotes redevelopment in two ways: Tax Increment Financing (TIF) and grant funding. Private property owners may approach the CRA to request financing through either mechanism via the TIF application. Eligible projects must be located in areas that have been declared "Blighted and Substandard" by the CRA in accordance with Nebraska's Community Development Law.

What is Blighted and Substandard ?

An area that has been declared blighted and substandard, in accordance with Nebraska state statutes, is defined as one where conditions are present which may have a detrimental effect on public health, safety, morals, or welfare of the neighborhood.

The statutes point to conditions such as inadequate infrastructure, conditions that endanger life and property by fire or other causes, dilapidated buildings, inadequate parking, congestion, and economically or socially unacceptable land uses.

Projects must be in an area that has been declared blighted to be eligible for TIF financing.

Application Process

A redeveloper desiring the use of TIF must submit a completed application form to City Hall. Interested redevelopers can obtain an application form at City Hall or online at www.auburn.ne.gov/cra.

The application and supplemental materials must be sufficient for the CRA to determine that:

1) The redevelopment project would not be economically feasible without the use of TIF;

2) The redevelopment project would not occur in the City of Auburn without the use of TIF; and

3) The costs and benefits of the redevelopment project, including costs and benefits to other affected political subdivisions, the economy of the community, and the demand for public services, are found to be in the long-term best interests of the City.