

Exhibit "3"
Cost-Benefit Analysis for Phase IV

Section 18-2113 of the Act requires the CDA conduct a cost-benefit analysis for each redevelopment project for which TIF will be used. This analysis addresses the following statutory issues pertaining to Phase IV of the Project:

Phase IV Sources and Uses. Approximately \$1,330,156 in public funds from tax increment financing provided by the CDA will be required to complete Phase IV. This investment by the CDA will leverage \$9,765,880 in private sector financing; a private investment of approximately \$7.34 for every TIF dollar.

Use of Funds			
Description	TIF Funds	Private Funds	Total
Site Acquisition	\$0	\$100,000	\$100,000
Site Preparation	\$385,156	\$844	\$386,000
Water & Sewer	\$401,000	\$0	\$401,000
Street and Sidewalk	\$334,000	\$0	\$334,000
Traffic Controls	\$150,000	\$0	\$150,000
Electrical Infrastructure	\$50,000	\$0	\$50,000
Landscaping for Public Areas	\$0	\$100,000	\$100,000
Building Costs of Private Improvements	\$0	\$9,150,536	\$9,150,536
Architecture, Engineering, and Oversight	\$0	\$414,500	\$414,500
City Legal Fees	\$10,000	\$0	\$10,000
TOTALS	\$1,330,156	\$9,765,880	\$11,096,036

Tax Revenue. The Phase IV Project Site is anticipated to have a January 1, 2023, valuation of approximately \$27,796. Based on the 2021 levy this would result in collectible real property tax of approximately \$544. It is anticipated that the assessed value will increase by \$6,471,204 upon full completion of Phase IV. This redevelopment will result in an estimated increase in collectible property taxes of approximately \$125,416 annually. The tax increment

gained from Phase IV would not be available for use as City general tax revenues for the lesser of 15 years from the effective date (as defined in the Act) for each sub-phase, or the time as may be required to amortize the TIF bond, but would be used for eligible redevelopment costs to enable Phase IV to be realized.

Estimated 2023 assessed value:	\$27,796
Estimated value after completion:	\$6,499,000
Increment value:	\$6,471,204
Annual TIF generated (estimated):	\$125,416
TIF bond issue:	Not to exceed \$1,330,156 at 4.5%

** 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 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 over the 15 year TIF period.*

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

The Phase IV Project Site currently has an estimated valuation of \$27,796. The proposed redevelopment will create additional valuation of \$6,471,204. As such, redevelopment of the Phase IV Project Site will create additional valuation that will support taxing entities long after the taxes are divided. No tax shifts are anticipated from the project.

Additionally, Phase IV will require considerable purchases of construction materials, resulting in sales taxes collected by the City, and the occupants of the new residential dwellings will require and pay for city services.

(b) Public infrastructure and community public service needs impacts and local tax impacts arising from the approval of Phase IV;

No additional public service needs have been identified other than the public infrastructure constructed to serve the Phase IV Project Site. Existing water and waste water facilities will not be negatively impacted by this development. The electric utility has sufficient capacity 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 Phase IV;

Phase IV will have minimal impact on employers or employees within the Phase IV Project Site. However, the development will increase housing availability in the northeast portion of the City and may positively impact recruitment of employees for businesses in the area.

(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 Phase IV:

Phase IV should have a positive impact on employees and employers outside the boundaries of the Phase IV Project Site by helping alleviate the existing housing shortage to provide housing for current and future employees of employers within the City and the immediate area.

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

The addition of school age children as a result of this redevelopment project will have an impact on the Norfolk School District. Assuming each dwelling will result in 2.35 persons and there is a traditional family in each dwelling, a student population increase of .35 children per dwelling is possible. Single parents with multiple school age children will skew this number higher. The district will not receive taxes from the apartments and townhomes built during the time the increased taxes are utilized to pay the TIF bond. The district has received state aid to education in the past. Part of the school aid formula involves assessed valuation in the district. The valuation that generates the TIF bond payments is not included in the formula and does not count against the state aid that the district would receive. After the TIF bond 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 all taxing entities.

(f) Any other impacts determined by the CDA to be relevant to the consideration of costs and benefits arising from Phase IV.

Phase IV consists of a housing project in the northeast portion of the City. It should encourage the development of additional retail in close proximity to the development and will be the catalyst for future phases.

(g) Assessment districts and Infrastructure.

Not applicable.

(h) But-For Determination

With a total estimated build cost of \$11,096,036, Phase IV would not be feasible except for the availability of TIF in the amount not to exceed \$1,330,156, at a 4.5% rate of interest , which is necessary to offset the base cost of infrastructure and other costs that occur early in the Project but cannot be recovered for many years. Additionally, soaring construction costs and inflation make Phase IV economically inviable without the assistance of TIF.

Exhibit "4"
Phase IV Statutory Elements

Property Acquisition, Demolition and Disposal

No public acquisition of private property or relocation of families or businesses is necessary to accomplish Phase IV.

Population Density

Phase IV will increase population density in the area. However, the City desires an increase in population density in the area to provide additional housing in the City. Phase IV will be properly platted to accommodate the increase in population density and adequate public infrastructure improvements to accommodate any increase in population density anticipated as part of Phase IV.

Land Coverage

The Phase IV Project Site is currently vacant and undeveloped. Post redevelopment, the Phase IV Project Site will consist of approximately 68 multifamily and townhome dwelling units. Phase IV will comply with all applicable land coverage ratios required by the City.

Traffic Flow, Street Layouts and Street Grades

The CDA and Redeveloper anticipate that Phase IV will increase traffic to and from the Phase IV Project Site as a result of additional traffic from residents traveling to and from the apartments and residences.

As part of Phase IV, Redeveloper will construct internal roadways to address the increase in traffic and the accessibility of the private improvements. The CDA and Redeveloper do not anticipate that Phase IV requires modification of existing public rights-of-way. The improvements for Phase IV will address any traffic and street infrastructure concerns that would otherwise be created by Phase IV. All streets and other public infrastructure constructed will be subject to review and approval by the City's engineer.

Parking

Phase IV will include parking facilities that will meet or exceed the parking requirements set forth in the applicable zoning district for the multi-family units. The design and development of Phase IV should increase the efficiencies and beneficial traffic flow of the parking for all the uses located within the Phase IV Project Site.

Zoning, Building Code and Ordinances

The Phase IV Project Site is currently zoned for multi-family residential use. As part of Phase IV, Redeveloper will overlay a Planned Development on the Phase IV Project Site in accordance with the same “planned development” zoning designation used for the prior phases of the Project. In addition thereto, Redeveloper shall comply with all applicable zoning, building code, and ordinance requirements, and shall be responsible for any changes thereto required for the construction of Phase IV.