City of Fernley Redevelopment Working Group Discussion Meeting

Friday, August 18, 2017

City Hall
City of Fernley
595 Silver Lace Boulevard
Fernley, NV  89408

University Center for Economic Development
http://www.unr.edu/business/research-and-outreach/uced

University Center for Economic Development – Nevada Leadership Program
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The Redevelopment Process and Review of NRS Chapter 279

City of Fernley Redevelopment Study – Workshop No. 1
Friday, August 18, 2017

What is Redevelopment?

“Redevelopment and reuse are processes for taking previously developed property or areas to a higher, more productive use.

Specifically, redevelopment refers to new construction (with demolition if necessary) or the process to improve an area through both new construction and property reuse. Property reuse refers specifically to the renovation or rehabilitation of an existing building (or structure).

This type of development encourages infill rather than sprawl, makes use of existing infrastructure, and helps to remove blight.”

What is Blight?

As defined by Nevada Revised Statute Chapter 279.388:

- The existence of buildings and structures, used or intended to be used for residential, commercial, industrial or other purposes, or any combination thereof which are unfit or unsafe for those purposes and are conducive to ill health, transmission of disease, infant mortality, juvenile delinquency or crime because of one or more of the following factors: defective design and character of physical construction; faulty arrangement of the interior and spacing of buildings; inadequate provision for ventilation, light, sanitation, open spaces and recreational facilities; age; obsolescence; deterioration; dilapidation; mixed character or shifting of uses.

- An economic dislocation, deterioration or disuse.

- The subdividing and sale of lots of irregular form and shape and inadequate size for proper usefulness and development.
What is Blight?

As defined by Nevada Revised Statute Chapter 279.388:

- The laying out of lots in disregard of the contours and other physical characteristics of the ground and surrounding conditions.
- The existence of inadequate streets, open spaces and utilities.
- The existence of lots or other areas that may be submerged.
- Prevalence of depreciated values, impaired investments and social and economic maladjustments to such an extent that the capacity to pay taxes is substantially reduced and tax receipts are inadequate for the cost of public services rendered.

What is Blight?

As defined by Nevada Revised Statute Chapter 279.388:

- A growing or total lack of proper utilization of some parts of the area, resulting in a stagnant and unproductive condition of land that is potentially useful and valuable for contributing to the public health, safety and welfare.
- A loss of population and a reduction of proper use of some parts of the area resulting in its further deterioration and added costs to the taxpayer for the creation of new public facilities and services elsewhere.
- The environmental contamination of buildings or property.
- The existence of an abandoned mine.

What is Blight?

As defined by Nevada Revised Statute Chapter 279.388:

- The existence of railroad facilities, used or intended to be used for commercial, industrial or other purposes, or any combination thereof, which are unfit or unsafe for those purposes because of age, obsolescence, deterioration or dilapidation.
- A growing or total lack of proper utilization of the railroad facilities resulting in a stagnant and unproductive condition of land that is potentially useful and valuable for contributing to the public health, safety and welfare.
- The lack of adequate rail facilities that has resulted or will result in an economic hardship to the community.
### Redevelopment and Tax Increment Financing

**Three Areas for Discussion:**
- Process, Benefits, and Additional Requirements
- Tax Increment Financing
- What does Redevelopment mean for Fernley?

### Process and Benefits

- **Process** – Governed under Nevada Revised Statutes, Chapter 279, “Redevelopment of Communities” Law.
- **Benefits** – County-wide benefits for citizens, local taxing entities and the community at large.

### Benefits

- Increased living, working, shopping and entertainment opportunities.
- Decreased costs for support services in “blighted” areas.
- A Larger Tax Base.
- Increased support for local area School District and other agencies over the life of the Redevelopment Plan.
Benefits of a Larger Tax Base

Increased Revenue Streams from increased levels of Economic Activity.
- Sales Tax Revenue
- Business License Revenue
- Hotel Room Tax Revenue
- Gaming Revenue

Benefits

- Provides for Implementation of Redevelopment strategies beyond just the redevelopment district – “spin off” development.
- Represents a Long-Term Financing Strategy to address long-term economic and social trends.
- Allows for New and Transformative projects and initiatives to be pursued.

Benefits of Financial Leveraging through Redevelopment

Redevelopment funds can be leveraged in numerous ways:
- Matching Funds for grant sources – EPA grants, HUD grants, DOT grants, etc.
- Pursuit of Special Assessment District (SAD) Bonds.
- Pursuit of Redevelopment Property Tax Increment Financing (TIF) Bonds.

The Findings of the Redevelopment Plan can serve as the foundation for pursuing these other funding sources.
## Redevelopment - Programs

- Acquisition, Assembly, and Demolition of Property
- Partnerships with other Economic Development Organizations – Leveraging of Existing Resources
- Brownfield Clean-up Revolving Loan Fund
- Commercial Façade Program
- Revolving Loan Programs for Small Business within the Project Area

## Process Outlined in NRS 279
Redevelopment of Communities

Specifically, get to know:
- NRS 279.388 “Blight Area” Defined
- NRS 279.408 “Redevelopment” Defined
- NRS 279.410 “Redevelopment Area” Defined
- NRS 279.412 “Redevelopment Project” Defined
- NRS 279.426 through NRS 279.468 “Creation Process”
- NRS 279.516 through NRS 279.609 “Plans”
### Process

Areas of “Process” include:

- Formation of a Redevelopment District.
- Governance.
- Duration of Existence.
- Areas Eligible for Inclusion.

### Process

“General” Steps in the Process:

**Step 1:** City Council establishes a study area.

**Step 2:** Hiring of a Consultant to prepare the required documents and conduct a Physical Property Survey of the Study Area.

### Process

**Step 3:** Development and Submission of a Preliminary Plan. Submitted to the Planning Commission and the City Council.

**Step 4:** Development and Submission of a Draft Redevelopment Plan. Submitted to the Planning Commission and the City Council.
Process

Step 5: Two Public Hearings, 30 days apart with notifications mailed to impacted property owners 30 days prior to both Public Hearings.

Step 6: The Enabling Redevelopment Plan is adopted via City ordinance, mandatory “Challenge Period”.

Process

- The Redevelopment Plan is not an action plan – it is a legally required document part of a mandatory process outlined in NRS 279.

- Strategic Plans for the District cannot be developed until after the District is established. Remember that these “strategic plans” will ultimately be property of the Agency.

Further Requirements

At least 75% of the area included within a redevelopment area must be improved land.

The Percent of area determined to be improved is part of the Physical Property Survey.
Post-Process

After the Redevelopment District is established, then:

- Develop the Physical Structure of the Agency based on findings in the Redevelopment Plan.
- Begin to develop strategic action plans for the District.
- Begin to pursue projects in the District.
- Begin to issue debt, collect revenue, incur expenses, hire staff, etc.

Tax Increment Financing (TIF)

[Diagram showing Tax Increment Financing (TIF) with Property Tax Revenue, Increment to Agency, Base AV, Agency Established, and Years]
TIF Bond Financing Criteria

- The Bigger the project area/district, the Bigger the Bonding Potential.
- Benefits of a Larger District for purposes of bonding include:
  - Geographic and Taxpayer Diversity.
  - Broader mix of Property Types.
  - Diversity in Economic Conditions.
  - More Development Potential.
  - Larger pool of Potential Revenues.
  - Ability to bond sooner.
  - Economies of Scale.

TIF Bond Financing Criteria

"Average Financial Industry Criteria" include:

- Taxpayer Diversity
  Residential, Commercial, etc.
  Concentration of Revenue
  Stability of Tax Base
- Local Economy
  Employment Base
- Legal Structure
  Debt Service Coverage
  Flow of Funds
  Additional Bonds Test

What Does Redevelopment Mean for the City of Fernley?
A Community in Transition

New Growth Pressures:

– Tesla, Switch, Continued build-out of the Tahoe-Reno Industrial Center
– Major Infrastructure Projects (USA Parkway)
– Regional Pressures: Growth throughout Lyon County, continued growth of the Reno-Sparks area.

Future Workshops

A Community Process:

– Workshop No. 2, Development of Section 1 and 2 of the Redevelopment Plan; Saturday, October 7, 2017, 10:00am to 4:00pm
– Workshop No. 3, Development of Section 4 of the Redevelopment Plan; Monday, October 16, 2017, 6:00pm to 9:00pm
– Workshop No. 4, Development of Section 6 of the Redevelopment Plan; Saturday, November 4, 2017, 10:00am to 4:00pm
– Workshop No. 5, Development of Section 7 of the Redevelopment Plan; Monday, November 13, 2017, 6:00pm to 9:00pm
– Workshop No. 6, Development of Section 8 of the Redevelopment Plan; Wednesday, November 29, 2017, 6:00pm to 9:00pm
– Workshop No. 7, Development of the Owner Participation Agreement/Rules, Saturday, December 2, 2017, 10:00am to 4:00pm