



**CITY OF LINCOLN
NEBRASKA**

MAYOR CHRIS BEUTLER

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Urban Development Department

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To: Lincoln City Council Members
From: David Landis, Director 
Date: December 30, 2009
Subject: 13th and L Redevelopment Project Amendment to the Lincoln Center Redevelopment Plan

Submitted for your review is an amendment to the Lincoln Center Redevelopment Plan to reflect the 13th and L Redevelopment Project.

Section 18-2113, of the Community Development Law requires the City to review the project and find that the proposed land uses and building requirements in the 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 general welfare, as well as efficiency and economy in the process of development. On November 18, the Project Area and project components, including proposed land use and building were found to be in conformance with the Comprehensive Plan, the City's guiding plan for the protection of public health and safety and sound planning. The Urban Development also finds that the project is in conformance with the existing Lincoln Center Redevelopment Plan, which outlines the redevelopment goals and activities planned for the prevention and elimination of blight in Downtown Lincoln, and Downtown Master Plan.

Section 18-2114 of the Community Development Law requires that proposed amendments to the plan be accompanied with a statement that addresses the following areas: 1) Proposed method and costs of acquisition, 2) proposed methods and costs of redevelopment of the project area; 3) estimated proceeds or revenue from disposal to developers; 4) methods proposed for financing projects; and 5) feasible method proposed for relocating families to be displaced by the project.

1. If this project requires the City to acquire property, the funding source for this acquisition would be tax increment financing generated within the project area. The City would not use eminent domain to acquire property.
- 2 & 3. The total estimated public cost for the project is approximately \$830,000. This may be a more conservative estimate than a financing entity may calculate on the developer's behalf. The total public cost will be funded through tax increment financing generated by the private development within the project area.
4. Following City Council approval of the redevelopment agreement negotiated between the City and developer(s), the City will either issue and sell Community Improvement Financing bonds or notes to fund the public improvements related to these projects, or permit the developer to finance the project through a Developer-Purchased debt instrument.

5. There is expected to be no relocation of families as a result of the project. Should relocation be required as a result of the project, TIF funds will be used to relocate residents and/or businesses.

In addition, Section 18-2116 of the Community Development Law requires the City Council to make the following findings before authorizing the use of Community Development Financing:

- the redevelopment project and plan would not be economically feasible without the use of Tax Increment Financing; and,
- the redevelopment project would not occur in the Community Development area without the use of Tax Increment Financing.

Per Section 18-2116, 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 and private services have been analyzed and found to be in the long-term best interest of the City. The Urban Development Department believes that the public improvements proposed in this plan amendment would not occur “but for” the Tax Increment Financing generated by private redevelopment within the project area. The attached cost benefit analysis of the 13th and L Redevelopment Project shows the TIF funds estimated to be generated by the project.

The revitalization of Downtown Lincoln is in the best interest of the entire Lincoln community. The public investments in infrastructure, amenities, and other public enhancements will complement and encourage future redevelopment projects. The Urban Development Department recommends your approval of the 13th and L Redevelopment Project Amendment to the Lincoln Center Redevelopment Plan.

Following the approval of the Plan Amendment, the following steps will occur in the implementation of the project:

- Negotiate redevelopment agreement with the developers and submit to City Council for approval.
- Request approval from City Council for the issuance of Community Improvement Financing bonds or notes, and issue and sell bonds or notes, if needed.
- Select architects/engineers pursuant to city standard practice to design public improvements.
- Approve the public improvement design.
- Competitively select primary contractor to construct public improvements.
- Construct public improvements and enhancements.

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**Cost Benefit Analysis
13th and L Redevelopment Project**

As required by Nebraska Community Development Law (Nebr. Res. Stat # 18-2147), the City has analyzed the costs and benefits of the proposed 13th and L Redevelopment Project including:

A. Tax Revenues

The 13th and L Redevelopment Project is located on the Northwest corner of Block 97 between 13th, 14th, K, and L Streets. The area has a 2009 assessed value of \$659,800. Both parcels are owned by Ann Sidles, who is a partner on the redevelopment project.

The assessed value of the property within the project area will increase by an estimated \$6.1 million as a result of a projected \$6.5 million private investment. This will result in an estimated increase of \$124,000 in property tax collections starting in year three that will be available for the construction of public improvements related to these projects during the 15-year TIF period.

Tax Increment Finance Analysis - 13th and L Street

| Comparison | | Amount |
|--|---|------------------|
| Base Value | <i>Current Assessed Value</i> | \$659,800 |
| Construction/Land Acquisition Costs | <i>Cost to Purchase Land/Construct Project</i> | \$6,771,320 |
| Estimated New Assessed Value | <i>New Assessed Value (100% of Construction/Land Acquisition Costs)</i> | \$6,771,320 |
| Increment Value | <i>= New Assessed Value - Base Assessed Value</i> | \$6,111,520 |
| Annual TIF Generated | <i>= Increment x 0.020295140 (2008 Tax Rate)</i> | \$124,034 |
| Funds Available - Dev Purchased | <i>= Annual TIF Generated x 13.5 years @ 7%</i> | \$829,713 |

As shown in the following table, the City will forgo 14.18 percent of these collections (or approximately \$17,600 per year). The tax increment gained from this redevelopment project area would not be available for use as City general tax revenues over that time, but would be used for eligible public improvements to enable the project to be realized.

**Tax District 1, Property Tax Allocations
as a Percentage of All Allocations, 2008**

| Description | Percentage |
|--|-------------------|
| Lancaster County | 13.22 |
| Public Building Commission | .84 |
| City of Lincoln | 14.18 |
| Lincoln Public Schools | 62.42 |
| Educational Service Unit 18 | .74 |
| Lower Platte South NRD | 2.02 |
| Railroad Trans. Safety District | 1.28 |
| Southeast Community College | 4.79 |
| LC Agricultural Society | .07 |
| LC Agricultural Society JPA | .19 |
| Lanc Co Correctional Facility JPA-Co | .52 |
| Lanc Co Correctional Facility JPA-Linc | .96 |

B. Public Infrastructure and Community Public Service Needs

Public infrastructure will be enhanced to support the continued redevelopment of Downtown Lincoln. City involvement may include acquisition, demolition, and site preparation; utility improvements; street, streetscape, alley, and other public right-of-way improvements; façade improvements; parking and related amenities; energy improvements; and, other related public improvements. The improvements will be financed with tax increment financing generated from the project area.

The use of TIF is being pursued, because the developer is choosing to redevelop in an area with existing blighted and substandard conditions. Without the use of TIF, the City feels that this project would not be completed.

C. Employment within the Project Area

In 2007, there were approximately 18,222 persons employed by 889 non-governmental establishments (not including federal, state, local government or the University) within the Downtown and Haymarket (68508 zip code area) according to the Census, County Business Patterns, North American Industry Classification System.

In total, the project is expected to generate a minimum of 60 full-time equivalent (FTE) positions, up to 20 percent (12 FTE's) of which will be new to Lincoln. Approximately

10 FTE's work in the existing commercial businesses found within the project area. Employment will also be related to the construction and renovation of the private property and related public improvements. Indirectly, future private sector employment as a result of other redevelopment or new business growth encouraged by this investment is also possible.

D. Employment in City outside the Project Area

Approximately 142,145 were employed in private business establishments in the City of Lincoln, Metropolitan Statistical Area, according to the 2007 Census, County Business Patterns, North American Industry Classification System. The 2006 median household income for the City was \$45,982, according to the American Community Survey.

The impact of an estimated 12 new employees in Lincoln directly related to the project equates to less than one-tenth of a percent increase in the total jobs in Lincoln. The construction of this project is expected to help support employment in Lincoln's construction industry.

E. Other Impacts

There are expected to be many district-wide benefits resulting from the 13th and L Redevelopment Project. The redevelopment projects will strengthen Downtown, and encourage redevelopment of surrounding blocks. The provision of additional office space in an area near the Capitol will also be complimentary to the location and/or relocation of businesses Downtown.

City-wide benefits include the generation of additional tax and other revenues to the City as a whole.