

URBAN DEVELOPMENT DEPARTMENT

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To: Lincoln City Council Members  
From: David Landis, Director  
Date: March 25, 2015  
Subject: South Haymarket Redevelopment Project Area and Phase I - Collegiate Housing Sub Project Area Amendment to the Lincoln Center Redevelopment Plan

Submitted for your review is an amendment to the Lincoln Center Redevelopment Plan to reflect the addition of the South Haymarket Redevelopment Project Area and the first phase of that Project Area, Collegiate Housing Sub Project Area.

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 March 4, 2015, the new Project Area and Sub Project, including proposed land uses 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, as well as the South Haymarket Neighborhood Study.

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. The project and sub project are not expected to include the public acquisition of private property. If the project necessitates that the City acquire property, the City does not intend to use eminent domain to acquire property. If tax increment financing is used to acquire property, the City would follow or require the developer to follow all appropriate regulations regarding acquisition.
- 2 & 3. The total estimated public cost of the first phase is approximately \$2.6 million. 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 on phase one, the City may issue and sell Community Improvement Financing bonds or notes to fund the public improvements related to these projects



through a City-financed debt instrument, use other public financing mechanisms, or use funds as they accrue.

5. There is expected to be no relocation 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 as proposed would not be economically feasible without the use of Tax Increment Financing; and,
- the redevelopment project as proposed 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. Parking and related improvements would not be achievable to the extent shown without TIF. The attached cost benefit analysis of the 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 parking and the rights-of-way will complement and encourage future redevelopment projects. The Urban Development Department recommends your approval of the Lincoln Center Redevelopment Plan Amendment adding the South Haymarket Redevelopment Project Area and the first phase of that Project Area, Collegiate Housing Sub Project Area

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.
- Review and approve designs of public improvements.
- Competitively select primary contractor to construct public improvements.
- Construct public improvements and enhancements.

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**Cost Benefit Analysis**  
**South Haymarket, Phase I – Collegiate Housing Redevelopment Subproject**

The South Haymarket, Phase I – Collegiate Housing Redevelopment Subproject (“Subproject”) will redevelop the public rights of way and public property in the South Haymarket Project Area, Lincoln, Nebraska, in the Lincoln Center Redevelopment Area as described in the attached Plan Amendment. The redevelopment of the land currently occupied by a one-story commercial building and parking lot will result in a seven-story, 172-unit, 624-bed apartment complex. In order to help meet the parking demands of tenants and reduce the impact of parking demands from the complex, TIF funds will be used to complete public improvements, including on-street and off-street parking and related improvements.

As required by Nebraska Community Development Law (Neb.Rev.Stat. §18-2113), the City has analyzed the costs and benefits of the proposed Subproject including:

**Tax Revenues**

The proposed redevelopment of the Collegiate Housing site is expected to generate TIF funding for the Subproject.

**Tax Increment Financing Analysis**

Description	Amount
Base Value = <i>Current Assessed Value</i>	\$728,500
Construction/Land Acquisition Costs = <i>Cost to Purchase Land/Construct Project</i>	\$20,000,000
New Assessed Value = <i>80% of Construction Cost + Base Value</i>	\$16,728,500
Increment Value = <i>New Assessed Value - Base Assessed Value</i>	\$16,000,000
Annual TIF Increment Generated = <i>Increment Value x 0.02016437</i>	\$322,630
Coverage Rate = <i>Annual TIF Increment Generated/1.2</i>	\$268,858
Bond Note Issue = <i>Coverage Rate x 15 years @ 4%</i>	\$2,989,270
Reserve Fund / Costs to Issue Bonds = <i>12% Issuance Costs</i>	\$358,712
<b>Estimated Funds Available - Bond</b>	<b>\$2,630,558</b>

Upon completion of the building renovation, the assessed value of the property within the Subproject Area will increase by an estimated \$16 million or more as a result of the private investment. This will result in an estimated annual property tax collections increase during the fifteen (15) year TIF period of approximately \$322,630, a portion of which will be available to finance the construction of public improvements related to the Subproject.

The City will forgo 15.85 percent of these collections or \$51,137 per year to support existing businesses and encourage future private investment in the South Haymarket District and Downtown, as a whole. An estimated \$2.6 million, after coverage rates, issuance costs, and bond interest, would be available for construction of public parking and related improvements. The tax increment gained from this redevelopment Subproject 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 Subproject to be realized.

**Tax District 1, Property Tax Allocations  
as a Percentage of All Allocations, 2014**

Description	Percentage
Lancaster County	13.95
Public Building Commission	.84
City of Lincoln	15.85
Lincoln Public Schools	61.69
Educational Service Unit 18	.74
Lower Platte South NRD	1.78
Railroad Trans. Safety District	.64
Southeast Community College	2.97
LC Agricultural Society	.08
LC Agricultural Society JPA	.17
Lanc Co Correctional Facility JPA-Co	.47
Lanc Co Correctional Facility JPA-Linc	.84

**Public Infrastructure and Community Public Service Needs Impacts**

The Subproject will have a positive impact on existing public infrastructure. TIF increment will be used to reconfigure rights-of-way and public property to allow for a more efficient use of land for public parking.

The Collegiate Housing Redevelopment Subproject is expected to use shuttles for additional off-site parking, requiring a shuttle stop on 8<sup>th</sup> Street at the developer’s expense. Additional public improvements may occur as the result of the project, including the paving of the alley, which is expected to be funded by the developer.

**Employment within the Subproject Area**

It is not anticipated that the Subproject will have a positive impact on employment within the Subproject area boundaries, except to the extent that the property is managed and maintained. However, the additional residential in the South Haymarket is expected to support existing employment in the adjacent Haymarket District and Downtown.

**Employment in the City outside the Subproject Area**

Approximately 136,275 persons were employed in 8,378 total establishments in the City of Lincoln, Metropolitan Statistical Area, according to the 2012 Census, County Business

Patterns, North American Industry Classification System. The 2012 median household income for Lancaster County was \$51,574, according to the American Community Survey 2009 - 2013 estimates.

While the impact of this Subproject on city-wide employment would be minimal, a Downtown residential presence is essential to the establishment and support of certain types of retail services, particularly grocery stores, and related employment.

**Other Impacts**

The Subproject supports the intent of the 2005 Downtown Lincoln Master Plan, which calls for the development of medium to high-density residential in South Haymarket.

The Subproject will enhance the South Haymarket District by providing additional and more efficient parking opportunities throughout the District, which will further encourage additional redevelopment throughout the redevelopment area.

While the use of tax increment financing will defer receipt of a majority of the incremental ad valorem real property taxes generated by the Subproject for up to 15 years, there will be additional revenue generated, including sales tax paid consumers living in the Subproject area. Upon completion of the 15-year collection, the Subproject will benefit the community through higher property tax payments.

## **AE. SOUTH HAYMARKET REDEVELOPMENT PROJECT**

### **Revitalization Project Description**

The South Haymarket Redevelopment Project Area is south of the Historic Haymarket and West Haymarket Districts, generally located between 7<sup>th</sup> and 9<sup>th</sup> Streets and N and J Streets, and also includes parcels between 7<sup>th</sup> and Arena Drive south of N Street, including adjacent alleys, city-owned property, and rights-of-way. Exhibit IV-200 identifies the boundaries for this area.

The goals of this project are to strengthen the long-term viability of the South Haymarket Area and Downtown Lincoln and support future land uses through the effective and efficient use of rights of way and public property. The Project will more specifically increase the availability of on- and off-street parking by improving the street configuration to allow for an increase in metered on-street parking, improving access to parking stalls through the construction of sidewalks and other right of way improvements, identify existing public spaces that could be improved for uses that include parking, and generate new public revenue sources to allow for the provision of off-street public parking.

The project is consistent with the goals of the Lincoln Center Redevelopment Plan and Downtown Master Plan and is intended to support private sector residential, commercial, light industrial, and mixed-use development in this redevelopment area. Future redevelopment projects and improvements are expected to address these goals by accomplishing the following:

- Encourage development that is consistent and complementary to existing land uses, architectural styles, and building materials found Downtown and in the Haymarket.
- Encourage expanded housing opportunities and types to foster 24-hour activity and lively streets.
- Encourage development of mixed-use projects that attract and maintain commercial activity and residential developments in the Downtown and Haymarket areas.
- Provide for an adequate supply of appropriately-located and easy-to-use public on-street and off-street parking spaces.
- Encourage beneficial uses of public street right-of-way in the area by possibly vacating portions of streets or by approving uses on the public right-of-way.
- Create additional diagonal on-street parking where possible.
- Provide additional off-street parking facilities as redevelopment takes place.
- Minimize the impact of parking needs from new development on supply of parking to other uses.
- Improve the attractiveness and convenience of the Downtown environment through development of conflict-free pedestrian connections between all major and secondary facilities, employment concentrations, and major parking areas.

Publicly funded redevelopment activities are expected to occur in phases as the result of redevelopment throughout the Project Area. The project area for each phase will include the identified private property, as well as all of the rights of way, public alleys, and public property identified in the plan area (see Exhibit IV-204).

Phase I, The Collegiate Housing Sub Project, is expected to be the first project undertaken in this area (see Exhibit IV-205). Other potential phases are identified in Exhibit IV-206, including the Midwest Steel Site and the K Street Power Complex. Additional improvements may occur adjacent to redevelopment projects previously identified within the Lincoln Center Redevelopment Plan, including Telesis Meadowgold and Block 85, identified in Exhibit IV-207.

### **Statutory Elements**

To provide additional parking and/or the more efficient and effective use of land in the South Haymarket, the City may acquire or dispose of additional property. Should the City vacate or dispose of real property, the standard City procedures for vacation and/or sale of surplus property will be followed. Should the City acquire, relocate, or demolish the real property, the City will follow standard City procedures outlined in the Plan. If acquisition is needed, the City intends to use voluntary negotiations to acquire necessary property rights.

Existing land uses in the South Haymarket Redevelopment Project Area include a mix of industrial, commercial (i.e., office, retail), residential, utilities, surface parking, and public (see Exhibit IV-201). As redevelopment occurs in and adjacent to the area, parking and right of way deficiencies, particularly as they relate to changing and more intensive land uses, are becoming more pronounced. The existing Downtown Master Plan and a new South Haymarket Neighborhood Study and draft Plan include residential redevelopment as a significant future land use in the area. Other future land uses are expected to include light industrial, commercial, and public uses, including parking. The area is zoned primarily Downtown Business District B-4, that allows for a wide range of uses including the residential, commercial, light industrial, and other mixed-use development. There are sections of Public, I-1, and O-1. No changes to zoning are planned at this time, but may change with future phases.

Land coverage and building density are expected to be altered as phases of this project are implemented. The existing street system within the project area is expected to be changed as a result of new parking configurations and changing curb lines.

There are currently 3,684 parking stalls in the five public parking garages, including three JPA-owned garages, and one surface lot in the Haymarket. With the expected redevelopment of West Haymarket over the next several years and redevelopment that has already occurred north of O Street, these garages are generally expected to fill, either with monthly parking and/or transient parking needed for events/retailers. Additionally, the Public Building Commission manages surface lots under Rosa Parks Way and south and east of the project area. There are other private parking garages and surface lots in the area. However, these blocks tend to be considered soft blocks for redevelopment. As demand for developable land increases with the success of the Haymarket Area and Downtown, loss of private parking could squeeze parking resources further.

### **Proposed Costs and Financing**

The source of funds for public improvements made in this area will be Community Improvement Financing (commonly referred to as Tax Increment Financing or TIF) generated from the private developments within the project area and other public and/or private sources as appropriate.

TIF is expected to be used to improve the street configuration to allow for an increase in metered on-street parking, improve access to parking stalls through the construction of sidewalks and other right of way improvements, identify existing public spaces that could be improved for uses that include parking, and generate new public revenue sources to allow for the provision of off-street public parking. The City does not currently have sufficient resources to solve the parking issues in South Haymarket. The uses of funds and budgets for phases or projects are expected to be reviewed and approved as each new phase arises.

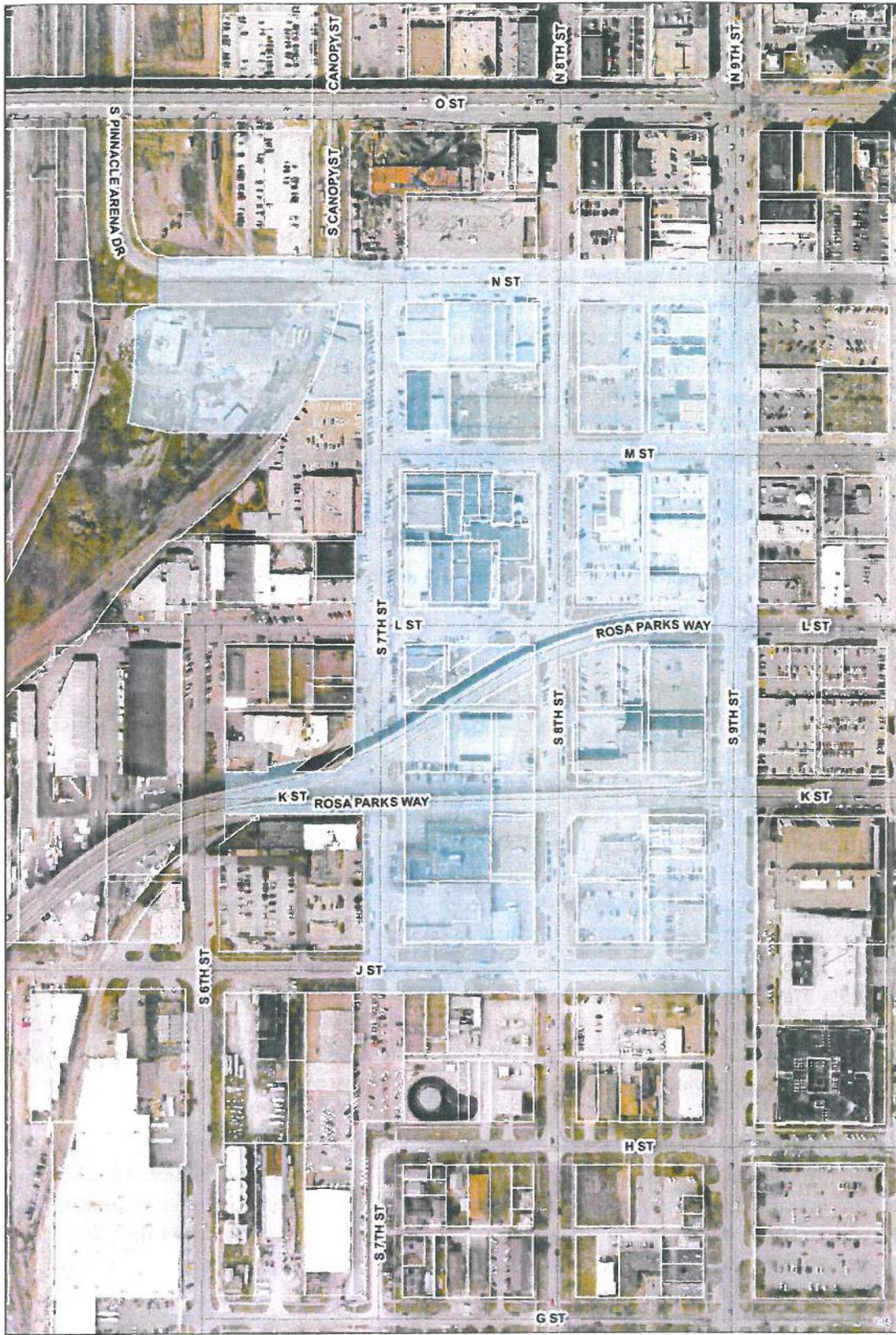


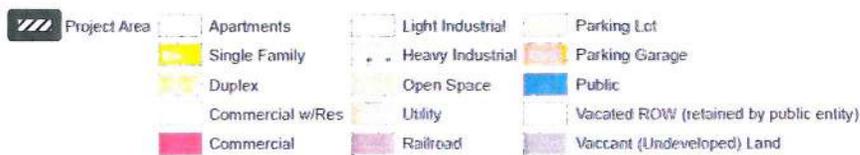
Exhibit IV-200 - South Haymarket Redevelopment Project: Project Area

Project Area





Exhibit IV-201 - South Haymarket Redevelopment Project: Current Landuse



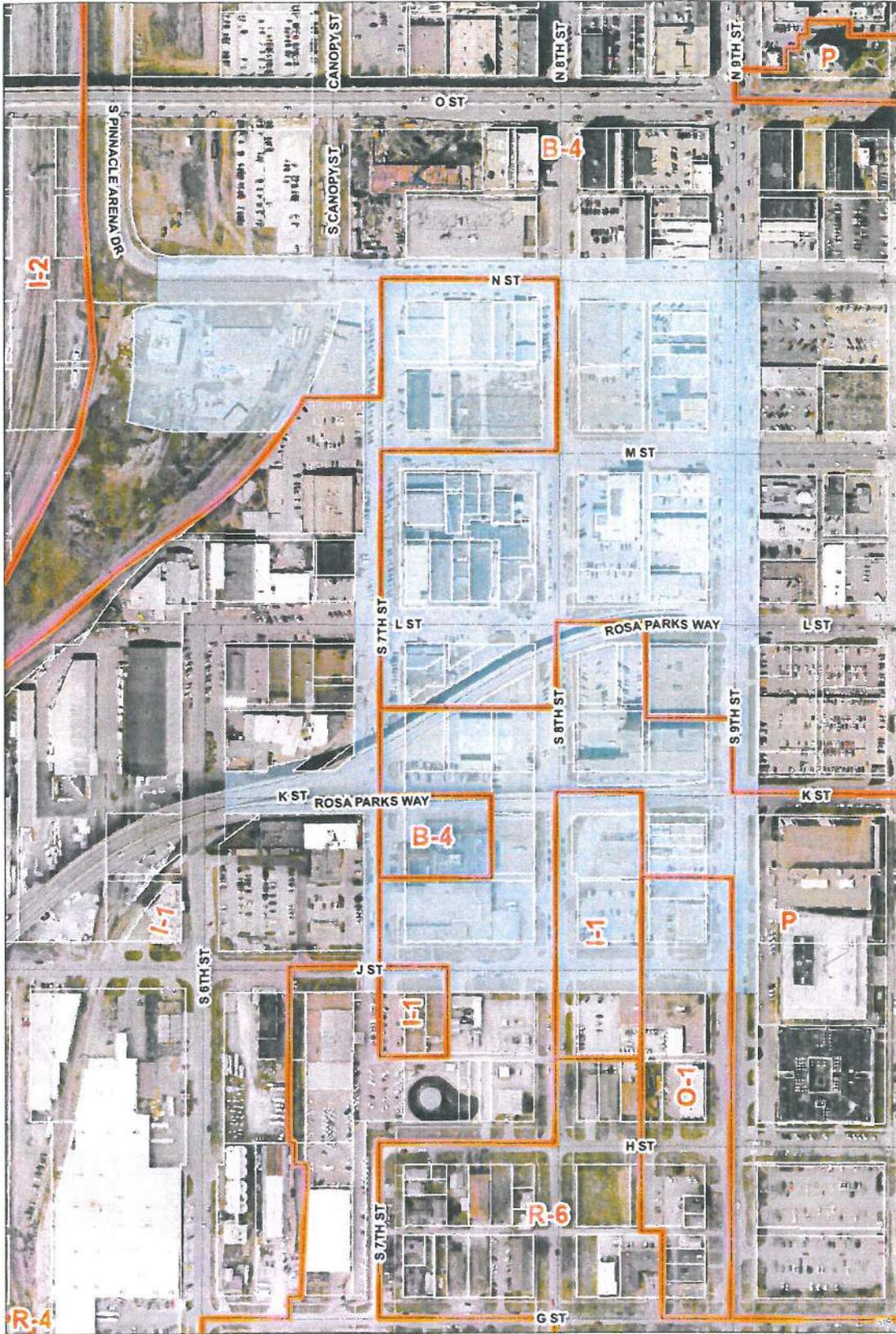


Exhibit IV-203 - South Haymarket Redevelopment Project: Zoning

 Zoning  Project Area



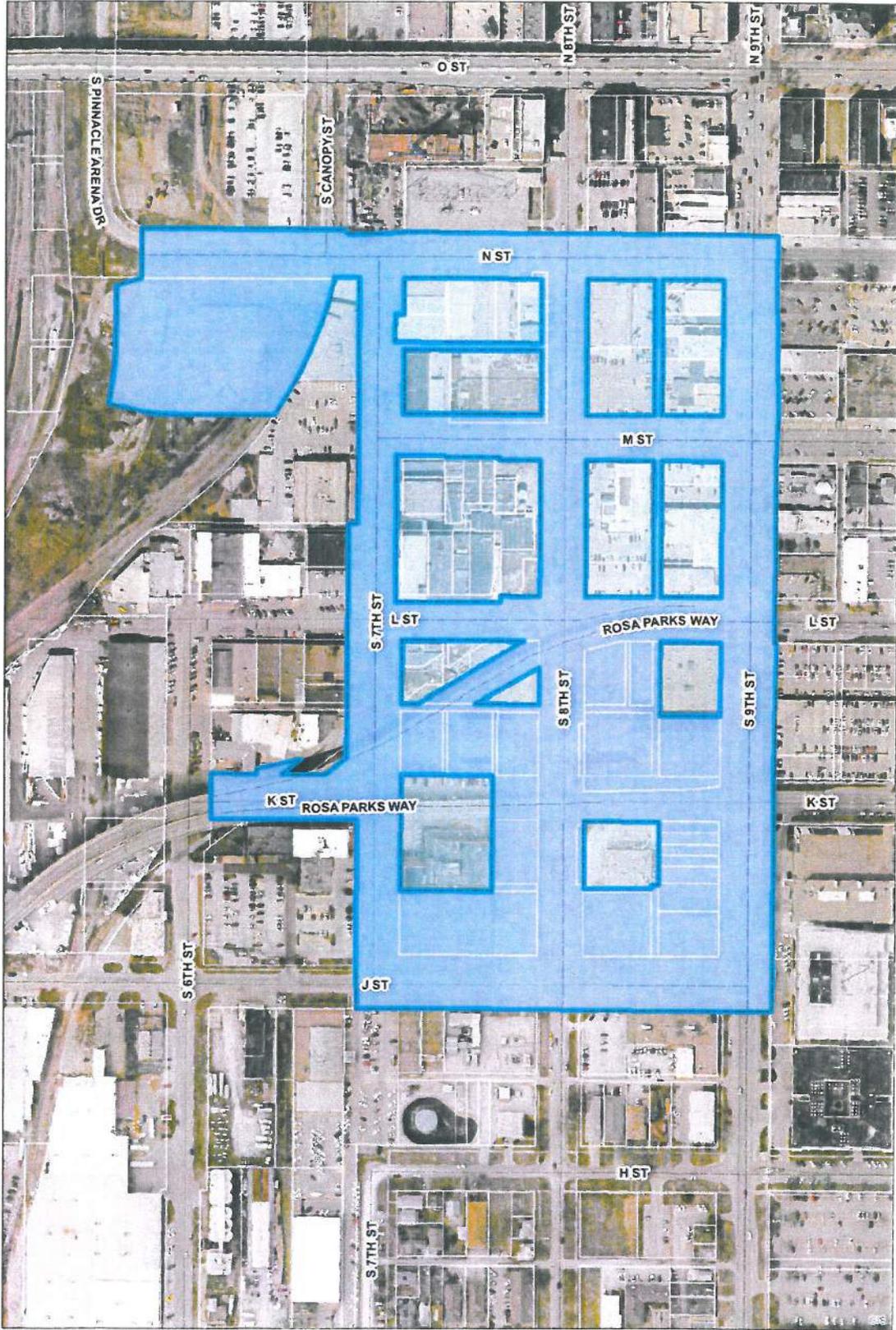
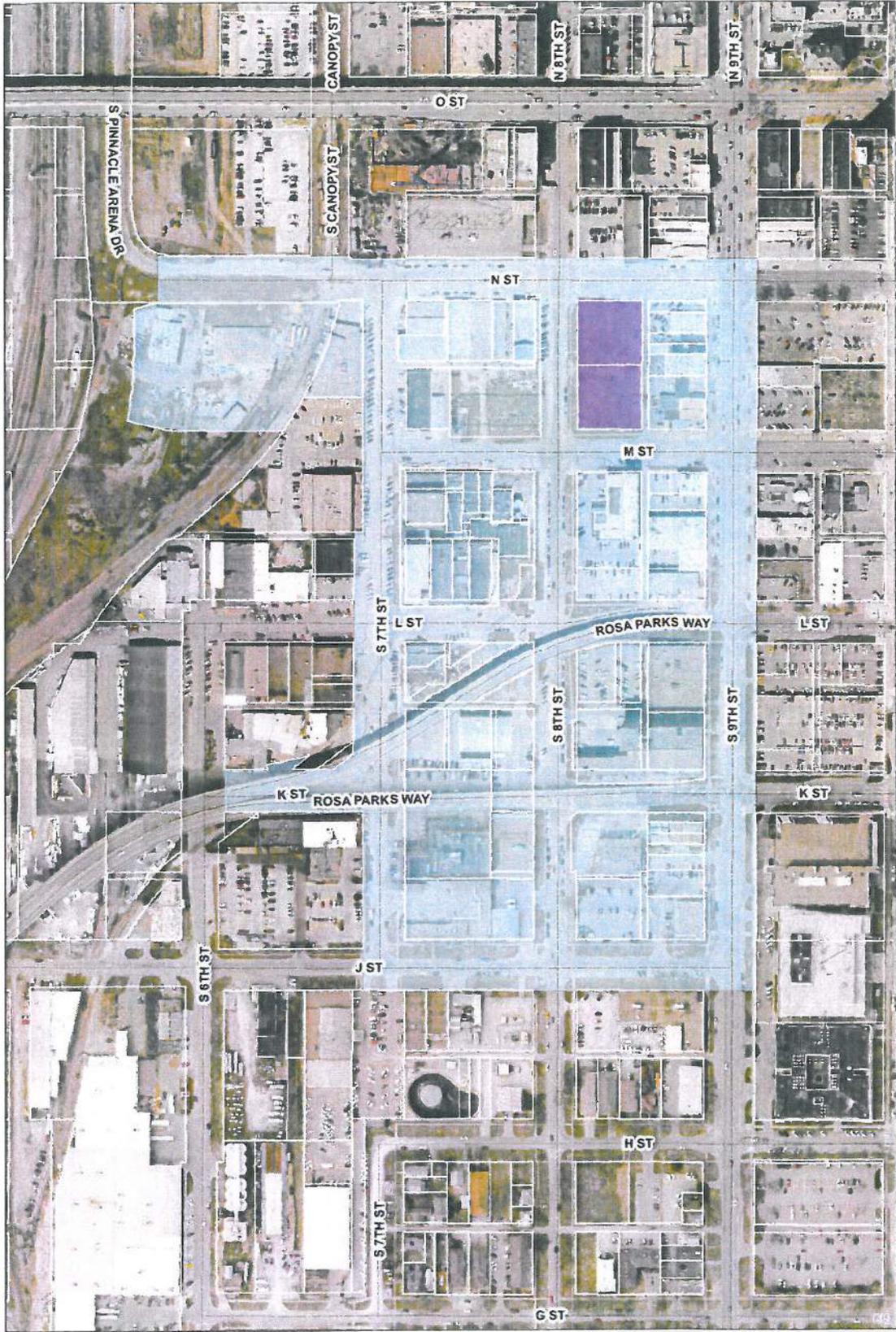


Exhibit IV-204 - South Haymarket Redevelopment Project: Rights of Way, Public Alleys and Public Property

 ROW, Public Alleys and Public Property  Project Area





ExhibitIV-205 - South Haymarket Redevelopment Project: Phase 1 - The Collegiate Housing Sub Project

Phase 1 - The Collegiate Housing Sub Project
  Project Area



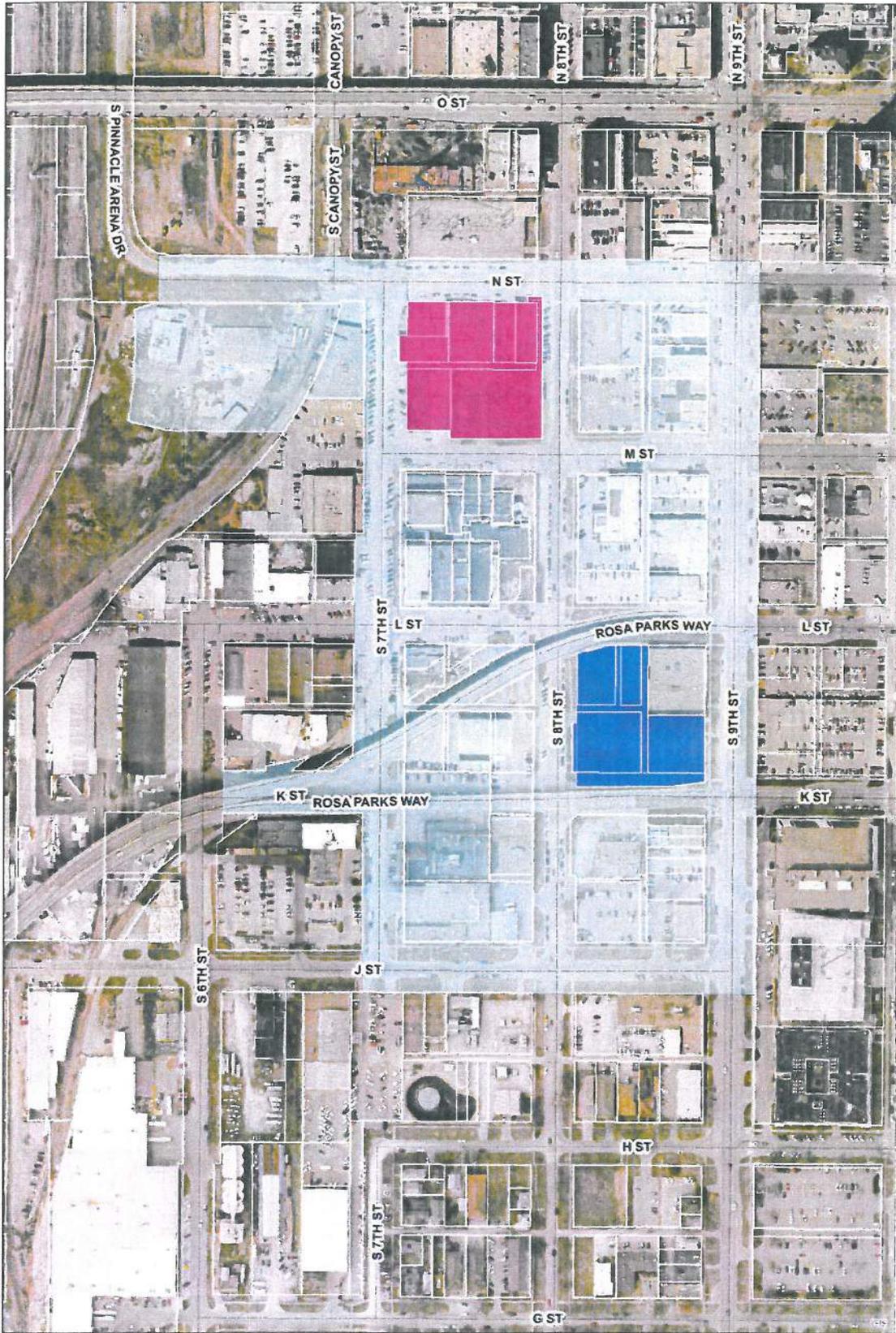


Exhibit IV-206 - South Haymarket Redevelopment Project: Potential Future Phases



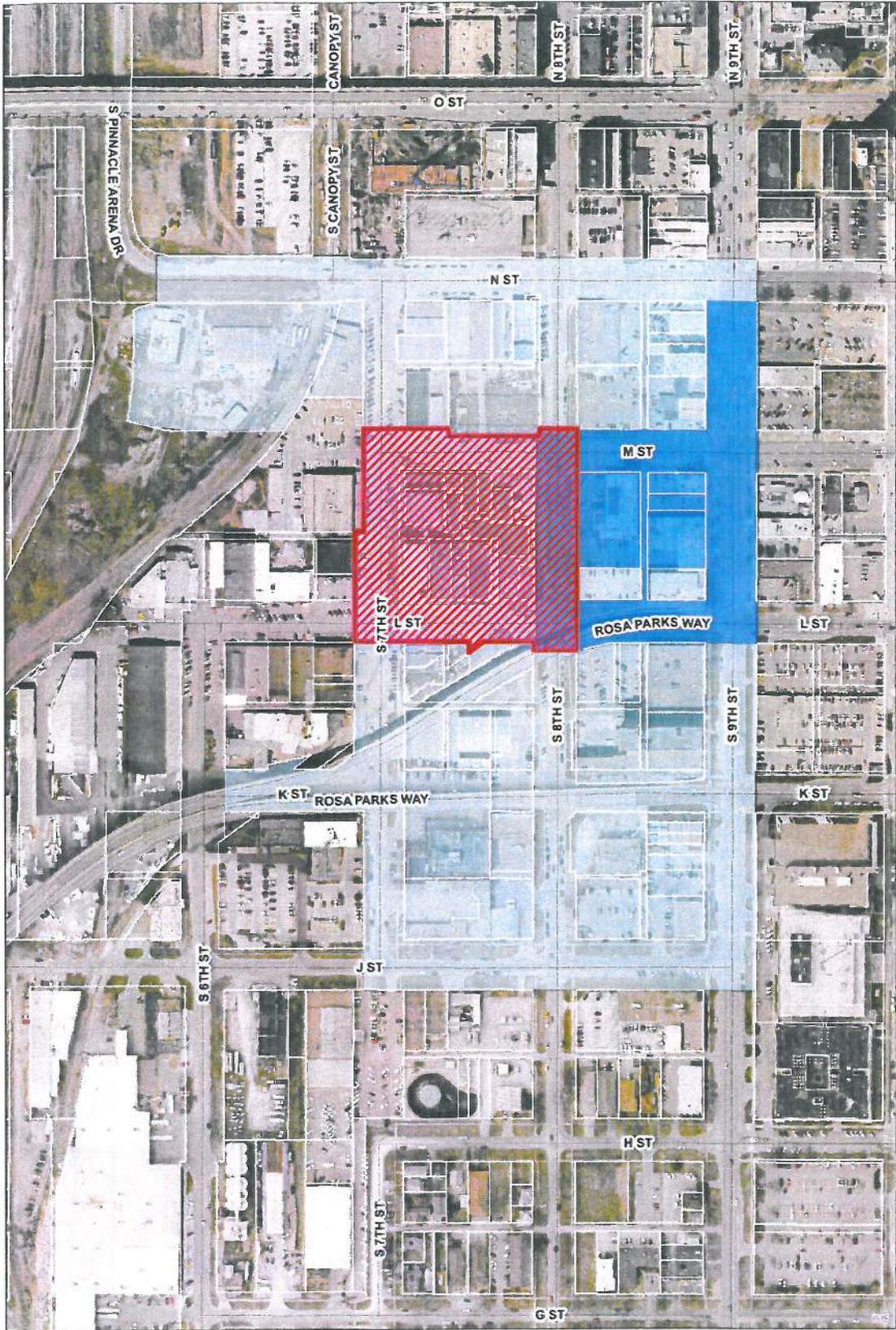


Exhibit IV-207 - South Haymarket Redevelopment Project: Existing Redevelopment

Telesis Meadowgold
  Block 85
  Project Area



### ***Phase I – The Collegiate Housing Sub Project***

The Collegiate Housing Sub Project Area is located between 8<sup>th</sup> and the north-south alley east of 8<sup>th</sup> Street, and N and M Streets (see Exhibit IV-205), and includes the alleys, city-owned property, and rights-of-way shown on Exhibit IV-204. Existing land uses in the Sub-Project Area include retail and surface parking.

The project is expected to include the private redevelopment of this property into a seven-story student-oriented apartment complex. No on-site parking is expected to be provided as a result of this project. The project will need to support multi-modal transportation through various means, including, but not limited to: acquiring land off-site for longer-term parking; providing a downtown, campus, and parking lot shuttle service for its tenants; and, utilizing planned multi-modal facilities. A developer will likely need additional parking within walking distance to the site, including short-term on-street parking and daily off-street parking to make this project viable.

The Sub Project will increase the availability of on- and off-street parking in the South Haymarket Project Area by improving the street configuration to allow for an increase in metered on-street parking, improving access to parking stalls through the construction of sidewalks and other right of way improvements, identify existing public spaces that could be improved for uses that include parking, and generate new public revenue sources to allow for the provision of off-street public parking. The Sub Project will make positive contributions to the continued revitalization of Downtown Lincoln, especially the Haymarket area, by helping the City to address the growing parking demand.

The proposed public and private improvements correspond to several of the Downtown Redevelopment Goals identified in Section III of the Lincoln Center Redevelopment Plan. The redevelopment project addresses these goals by accomplishing the following:

- Encourage expanded housing opportunities and types to foster 24-hour activity and lively streets.
- Provide increased transportation choices for Lincoln residents.
- Provide for an adequate supply of appropriately-located and easy-to-use public on-street and off-street parking spaces.
- Create additional diagonal on-street parking where possible.
- Provide additional off-street parking facilities as redevelopment takes place.
- Minimize the impact of parking needs from new development on supply of parking to other uses.
- Improve the attractiveness and convenience of the Downtown environment through development of conflict-free pedestrian connections between all major and secondary facilities, employment concentrations, and major parking areas.

Additionally, the privately-funded portions of the project will meet Lincoln Downtown Design Standards, and expected to provide additional public benefits by paving the adjacent alley and adjacent rights of way.

### ***Phase I Statutory Elements***

To provide additional parking and/or the more efficient and effective use of land in the South Haymarket, the City may acquire or dispose of additional property. Should the City vacate or dispose of real property, the standard City procedures for vacation and/or sale of surplus property will be followed. Should the City acquire, relocate, or demolish the real property, the City will follow standard City procedures outlined in the Plan. If acquisition is needed, the City intends to use voluntary negotiations to acquire necessary property rights.

Land coverage and building density is expected to be altered with the implementation of this project. The project is expected to be built to the property line and meet Downtown Design Standards. The area is located within the Downtown Business District B-4 business zone that allows for a wide range of uses including the residential development that is being proposed. No parking is required to be provided as part of the proposed use. Zoning will remain unchanged as a result of this project.

The existing street system within the project area is expected to be altered to accommodate additional parking. The existing number of lanes is expected to remain the same.

There are no housing units within the Phase I project boundaries. The existing land use in the project area is retail commercial. This redevelopment is expected to result in the creation of approximately 170 housing units in the project area. The resulting land use will be residential.

Currently, parking is provided on site for the existing retail use and other businesses on or around the block. This parking is expected to be eliminated with the start of construction. Public, daily and long-term parking within three blocks includes the Lumberworks public parking garage located one-half block from the project site, West Depot lot, the JPA-owned Blue 3 garage, and on-street, non-metered parking. Short-term parking includes transient parking in these garages, the Lincoln Station South Lot, and on-street metered parking north of the site.

#### ***Phase I Proposed Costs and Financing***

The estimated total cost to implement this redevelopment project is approximately \$30 million, including approximately \$2.6 million in public improvements. The source of funds for public improvements will be Community Improvement Financing (commonly referred to as Tax Increment Financing or TIF) generated from the private developments within the project area. Public improvements are expected to include the reconstruction and provision of on- and off-street parking and other eligible public improvements and enhancements under the Community Development Law.

Funding sources and uses will be negotiated as part of the redevelopment agreement, subject to approval by the Mayor and City Council.