



CITY OF LINCOLN
NEBRASKA

MAYOR CHRIS BEUTLER

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Urban Development Department

David Landis, Director

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MEMO

To: Lincoln City Council Members 

From: Hallie Salem, Community Development Program Specialist

Date: August 8, 2007

Subject: 07R-147 - North Haymarket Arts and Humanities Center
Redevelopment Project Area Amendment to the Lincoln Center
Redevelopment Plan

The following memo and Attachments B and C were left off of your copy of the attachments for 07R-147, with public hearing being held on August 13, 2007.

Please feel free to contact me at 441-7866, if you have any questions about these changes or other questions about the amendment.

LINCOLN

The Community of Opportunity



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MEMO

To: Lincoln City Council Members

From: David Landis, Director 

Date: August 3, 2007

Subject: Sawmill Redevelopment Project Area of the North Haymarket Arts and Humanities Center Block Amendment to the Lincoln Center Redevelopment Plan

Attached for your review is an amendment to the Lincoln Center Redevelopment Plan to reflect the Sawmill Redevelopment Project Area of the North Haymarket Arts and Humanities Center Block (see Attachment A). Section 18-2104 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 \$254,000. The total public cost will be funded through tax increment financing generated by the private developments within the project area.
4. Following City Council approval of the redevelopment agreement negotiated between the City and developer(s), the City will issue and sell Community Improvement Financing bonds or notes to fund the public improvements related to these projects.
5. There will be no relocation of families as a result of the Sawmill Redevelopment Project Area of the North Haymarket Arts and Humanities Center Block Amendment to the Lincoln Center Redevelopment Plan.

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.

The Urban Development Department believes that the public improvements included in this plan amendment would not occur without the Tax Increment Financing generated by private redevelopment within the project area. Attachment B shows the TIF funds estimated to be generated by the project. Attachment C consists of a cost benefit analysis of the North Haymarket Arts and Humanities Center Redevelopment Project.

The revitalization of the Haymarket is in the best interest of Downtown Lincoln and the entire Lincoln community. As both our community's signature historic district and one of our community's premier dining and entertainment districts, the Haymarket is a highly visible symbol of our City's heritage and our commitment to supporting entertainment options that will enhance the quality of life for all our residents in the future. The public and private improvements together will enhance the attractiveness of an entryway to downtown Lincoln. Importantly, these improvements will also enhance pedestrian flow in the Haymarket. The public investments in infrastructure will, therefore, solidify Haymarket's attractiveness as a destination for many years to come and will complement future redevelopment projects.

The Urban Development Department recommends your approval of the Sawmill Redevelopment Project Area of the North Haymarket Arts and Humanities Center Block Amendment to the Lincoln Center Redevelopment Plan.

A handwritten signature in cursive script, reading "David L. Lundy". The signature is written in black ink and is positioned in the lower-left quadrant of the page.

Attachment B

**Tax Increment Financing Analysis
Sawmill Redevelopment Project**

Description		Amount
Base Value	<i>Current Assessed Value</i>	\$410,050
Construction/Land Acquisition Costs	<i>Cost to Purchase Land/Construct Project)</i>	\$2,700,000
Estimated New Assessed Value	<i>New Assessed Value (80% of Construction/Land Acquisition Costs)</i>	\$2,160,000
Increment Value	<i>= New Assessed Value - Base Assessed Value</i>	\$1,749,950
Annual TIF Generated	<i>= Increment x 0.01996788 (2006 Tax Rate)</i>	\$34,943
Coverage Rate (Required by Bond Council)	<i>= Annual TIF Generated/1.2</i>	\$29,119
Bond Note Issue	<i>= Coverage Rate x 14 years @ 5%</i>	\$288,238
Reserve Fund / Costs to Issue Bonds	<i>= 12% Issuance Costs</i>	\$34,589
Funds Available for Construction		\$253,650

Attachment C Cost Benefit Analysis of the Sawmill 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 Redevelopment Project including:

A. Tax Revenues

The Sawmill Redevelopment Project is located on the three parcels in the northwest quadrant of Block 21. This area currently has an assessed value of approximately \$410,050 and generates annual property tax revenues (at the 2006 mill levy rate of 1.997) of approximately \$8,188. Currently, property tax revenues in the redevelopment project area are divided among the following taxing jurisdictions:

*Table A: Tax District 1, Property Tax Allocations
as a Percentage of All Allocations*

<i>Description</i>	<i>Percentage</i>
Lancaster County	13.30
Public Building Commission	.85
City of Lincoln	14.19
Lincoln Public Schools	63.92
Educational Service Unit 18	.71
Lower Platte South NRD	2.08
Railroad Trans. Safety District	1.23
Southeast Community College	3.45
LC Agricultural Society	.08
LC Agricultural Society JPA	.19

The assessed value of the property within the project area will increase by an estimated \$1.75 million as a result of a projected \$2.7 million investment by private sources, including \$800,000 in land acquisition and \$1.9 million in improvements. This will result in an estimated increase of \$254,000 in property tax collections that will be available for the construction of public improvements related to these projects during the 15-year TIF period. The tax increment gained from this redevelopment project area would not be available for use as City general tax revenues, but would be used for eligible public improvements to enable these projects to be realized.

B. Public Infrastructure and Community Public Service Needs

Public infrastructure will be enhanced to support the continued development of the Haymarket Historic District. City involvement could include utility improvements, parking improvements, and the construction of project related public amenities. The improvements will be financed with tax increment financing generated from the project area.

C. Employment Within the Project Area

In 2004, there were approximately 19,823 persons employed by 890 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.

The project is expected to house 7 establishments with 85 potential employees. Additional employment will be related to construction of the related public improvements. Indirectly, we expect to see an increase in future private sector employment as a result of other redevelopment or new business growth encouraged by this investment.

D. Employment in City Outside the Project Area

Approximately 125,936 persons living in the City of Lincoln were employed, according to the 2005 American Community Survey. The median household income for the City in 2005 was \$45,790.

E. Other Impacts

While not readily quantifiable, there are expected to be many district-wide benefits resulting from the project. The planned redevelopment project will strengthen Haymarket's position as one of the region's premier mixed-use districts. This project, along with other development on the block and in the district, will support the long-term goal of revitalizing the distinctive character of the Haymarket Historic district. The public improvements will integrate these projects with existing areas of the district and will provide additional amenities for those who live and work in the district as well as the many visitors the district attracts annually. The project will serve as a vibrant connection between Haymarket Park and the Historic Haymarket District.