CITY OF LINCOLN
NEBRASKA

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To: Lincoln City Council Members
From: David Landis, Director
Date: April 7, 2011
Subject: 17th and Q/Credit Union Amendment to the Lincoln Center and Antelope Valley Redevelopment Plans

Attached for your review is an amendment to the Lincoln Center and Antelope Valley Redevelopment Plans to reflect the 17th and Q/Credit Union Redevelopment Project (see Exhibit A). The amendment has had a change to the estimated TIF funds for the project since it was presented at Planning Commission.

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 23, 2011, the Project Area and project components, including proposed land uses and buildings 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 and Antelope Valley Redevelopment Plans, which outlines the redevelopment goals and activities planned for the prevention and elimination of blight, and the Downtown Master Plan, a subarea plan for the Comprehensive 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 up to $963,000. 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 public portion of the project through a privately-placed debt instrument.

5. There will be no relocation of families as a result of the project or project amendment.

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 included in this plan amendment would not occur "but for" the Tax Increment Financing generated by private redevelopment within the project area. Attached you will find the cost benefit analysis of the 17th and Q/Credit Union Redevelopment Project, which shows the TIF funds estimated to be generated by the project.

The revitalization of the Antelope Valley and Lincoln Center Redevelopment Areas is in the best interest of Greater Downtown Lincoln and the entire Lincoln community. The additional public investment will complement this project and future redevelopment projects, including the reinvestment in P and Q Streets and the Antelope Valley channel and roadway, creating an opportunity for the highest and best use of these sites. The Urban Development Department recommends your approval of the 17th and Q/Credit Union Redevelopment Project Amendment to the Lincoln Center and Antelope Valley Redevelopment Plans.

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 facilities and improvements.

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Exhibit A

Proposed Amendments to the Lincoln Center Redevelopment Plan and Antelope Valley Redevelopment Plan for the 17th and Q/Credit Union Redevelopment Project

(The project, if approved, will be listed as Project X in the Lincoln Center Redevelopment Plan and Project L in the Antelope Valley Redevelopment Plan.)

<u>17th and Q/Credit Union Redevelopment Project</u>

Revitalization Project and Site Description

The 17th and Q/Credit Union Project includes the relocation of the Credit Union currently located on the northwest corner of 17th and Q Street to a prominent location on the P Street Retail Corridor (the northeast corner of 17th and P Street). A fraternity will be constructed at the current location of the Credit Union parking lot and drive-through teller building. The 17th and Q/Credit Union Redevelopment Project area, located on two blocks bounded by 16th, 17th, Q, and R Streets and by 17th, 18th, P, and Q Streets in Downtown Lincoln, includes lots 11 and 12 of the Chisletts Subdivision (location of the existing Credit Union drive-through and parking lot) and lots 7 through 10 of block 11, Kinneys O Street Addition (location of the future Credit Union), and adjacent right-of-way including adjacent east-west alleys on both blocks, 17th Street to the north side of the east-west alley to the south side of P Street, Q Street adjacent to the existing credit union drive-through and parking lot south to the lot line, and P Street adjacent to the future credit union site south to the lot line as shown on the project area exhibit.

The goal of this project is to help revitalize Downtown and the East Downtown/Antelope Valley areas, and improve the connectivity between Traditional Downtown and East Downtown. The project will remove blighted and substandard conditions and will make positive contributions to the continued revitalization of Downtown Lincoln and the Antelope Valley Area.

The project is consistent with the goals of the Lincoln Center Redevelopment Plan, Downtown Master Plan, and Antelope Valley Redevelopment Plan and are intended to support private sector commercial and residential development in this redevelopment area. Publicly funded redevelopment activities may include the construction of project related public improvements and related streetscape amenities. These improvements correspond to several of the Downtown Redevelopment Goals/Principles identified in the plans. The redevelopment project addresses these goals by accomplishing the following:

- utilizing an underdeveloped lot in a key location;
- promoting a range of urban commercial building types;
- integrating streetscape and landscape improvements in the project area with existing public and private amenities; and,
- enhancing the area's walkable, street-level orientation.

Statutory Elements

Accomplishing the 17th and Q/Credit Union Redevelopment Project is expected to involve the assembly of property. The project may involve acquisition, sales, or reconveyances as provided by law and as consistent with the plans.

The current and future land use exhibits identify the changes in the proposed land uses in the project area. Land coverage and building density will be altered with the demolition and relocation of the existing credit union and construction of a fraternity at the credit union's current location. Any demolition or disposition of property will follow policy outlined in the plan. The project site of the existing credit union will be re-platted to create a future site for the fraternity.

The existing street system within the project area may change as a result of this project. Any changes to the existing right-of-way, including on-street parking, lanes, ingress and egress, etc. within the project area will be reviewed by the Public Works Department. Pedestrian streetscape elements will also be enhanced within the project area.

There are no residential units within the proposed project boundaries today. The existing land use in the project area is commercial. The relocation of the credit union will allow for the creation of approximately 60 beds of student housing within the project area. The resulting land uses will be a mix of commercial and residential.

Parking in the adjacent area includes the existing university parking garage with 1,700 parking stalls. Another University-owned garage will be completed in 2014 at 18th and Q Streets. The developer is laying out a plan for on-site parking for the credit union. Various on-street parking configurations surround the project area blocks.

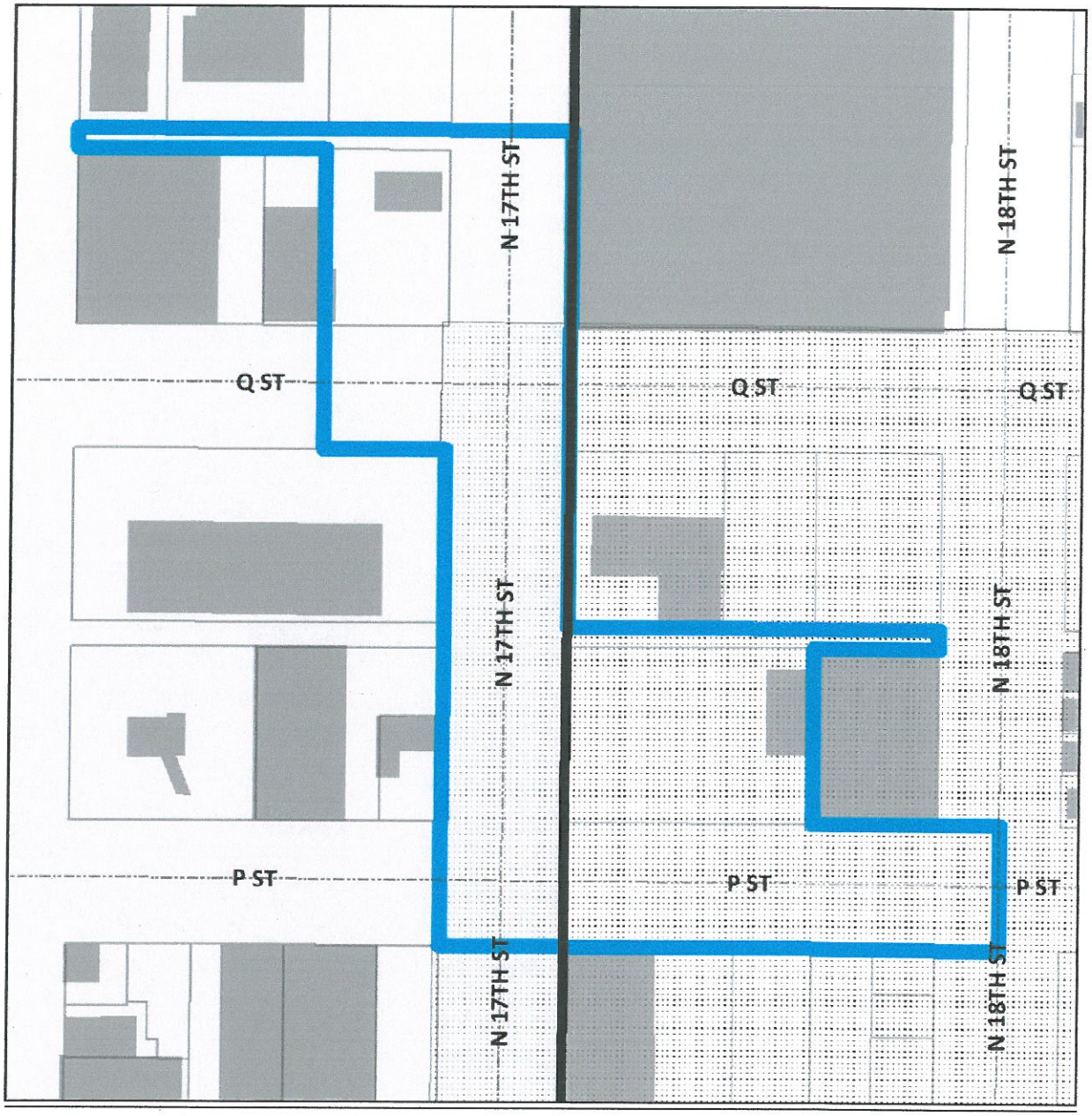
The area is located within the downtown B-4 business zone that allows for a wide range of uses including the developments that are being proposed. Zoning will remain unchanged as a result of this project.

Proposed Costs and Financing

The estimated total cost to implement this mixed-use redevelopment is approximately $6.7 million, including approximately $963,000 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, and Capital Improvement Program funding.

Public investment may assist in acquisition, demolition, and site preparation; design and construction of utility improvements; design and construction of streetscape and right-of-way improvements; and, other public improvements and enhancements allowed under the law.

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



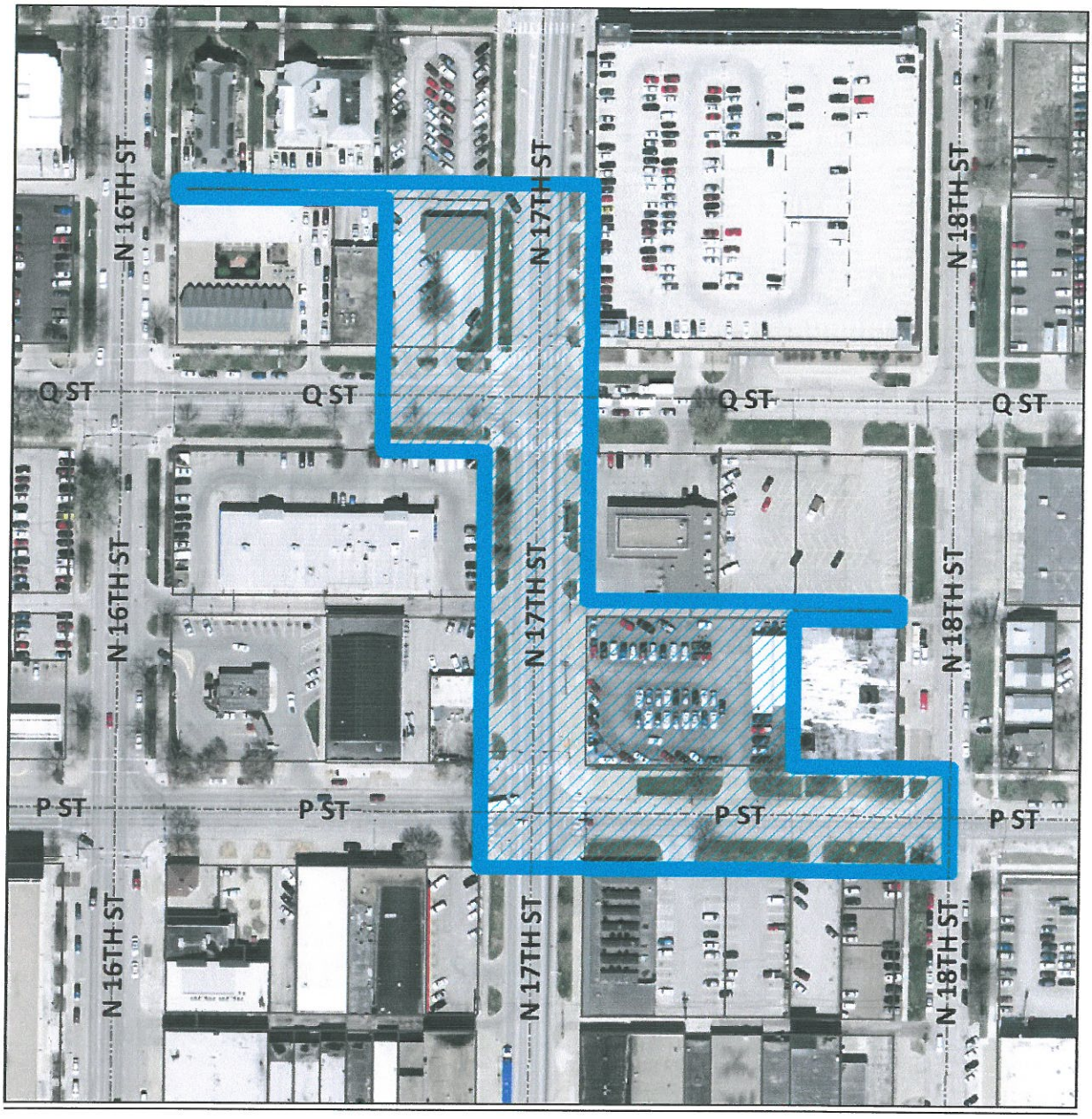
17th & Q St / Credit Union Project Area

Exhibit A

Streets | Parcel | Project Area | LCRA | Antelope Valley Redev Area | Building Footprints

Urban Development

Created by: UDD
Created on: 02/22/2011



17th & Q St / Credit Union: Aerial Map

Exhibit B

Streets Project Area Parcel

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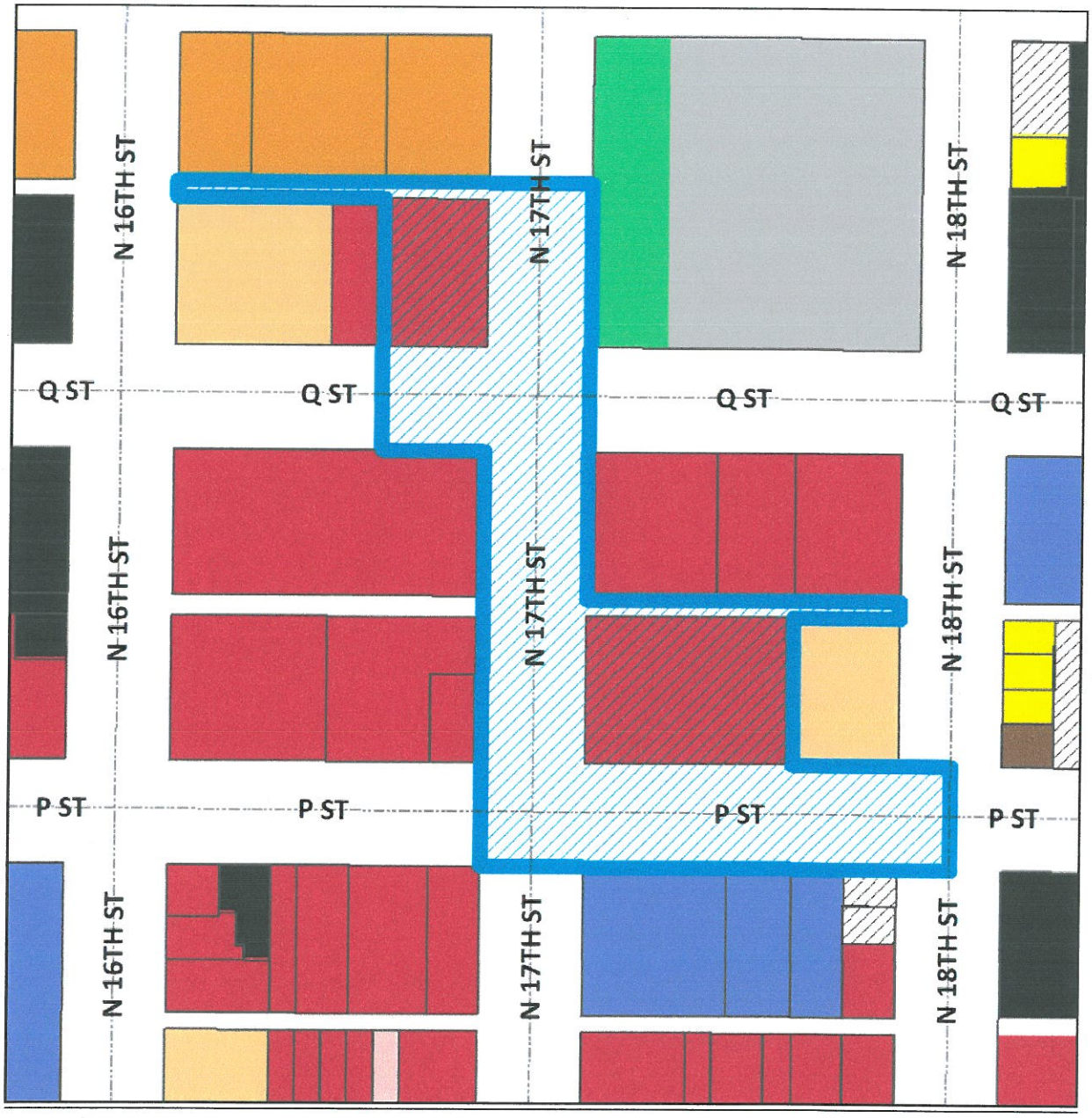

17th & Q St / Credit Union: Current Landuse

Exhibit C

Project Area

Current Land Use

Group Quarters

Churches, Synagogues and Temples

Commercial

Commercial with Residential Units Above

Duplex

Educational Institution

Group Quarters

Light Industrial

Parking Garage

Parking Lot

Public & Semi Public

Single Family (Detached)

Vacant Land

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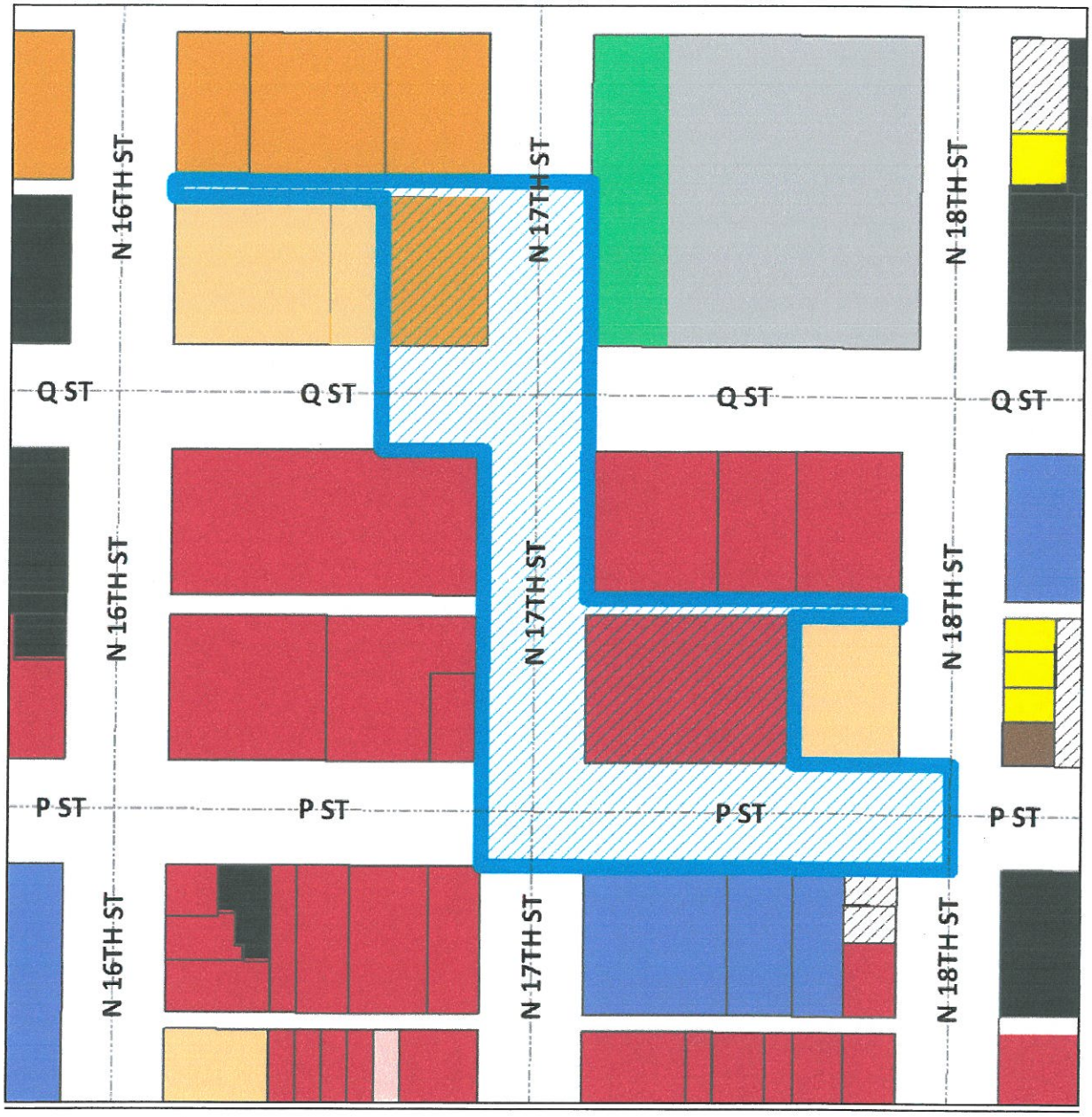

17th & Q St / Credit Union: Future Landuse

Exhibit D

Project Area

Current Land Use

Group Quarters

Churches, Synagogues and Temples

Commercial

Commercial with Residential Units Above

Duplex

Educational Institution

Group Quarters

Light Industrial

Parking Garage

Parking Lot

Public & Semi Public

Single Family (Detached)

Vacant Land

Urban Development

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Exhibit B

Cost Benefit Analysis
17th and Q/Credit Union Redevelopment Project

As required by Nebraska Community Development Law (Neb. Rev. Stat # 18-2147), the City has analyzed the costs and benefits of the proposed 17th and Q/Credit Union Redevelopment Project including:

A. Tax Revenues

The 17th and Q/Credit Union Redevelopment Project is located on two blocks bounded by 16th, 17th, Q, and R Streets and by 17th, 18th, P, and Q Streets in Downtown Lincoln. The area has an estimated property value of $941,600. One parcel is being replatted as part of the project and does not have an assessed value. The parcels are owned or optioned by University of Nebraska Federal Credit Union.

Tax Increment Finance Analysis - 17th and Q

Credit Union		Amount
Base Value	*Current Assessed Value*	$406,100
Construction/Land Acquisition Costs/(Demo)	*Cost to Purchase Land/Construct Project)*	$2,806,700
Estimated New Assessed Value	*New Assessed Value (100% of Construction/Land)*	$2,806,700
Increment Value	*= New Assessed Value - Base Assessed Value*	$2,400,600
Annual TIF Generated	*= Increment x 0.0199595 (2010 Tax Rate)*	$47,915
Funds Available - Dev Purchased	*= Annual TIF Generated x 14 years @ 3.5%*	**$505,560**

Fraternity		Amount
Base Value	*Current Assessed Value*	$535,500
Construction/Land Acquisition Costs/(Demo)	*Cost to Purchase Land/Construct Project)*	$2,919,500
Estimated New Assessed Value	*New Assessed Value (100% of Construction/Land)*	$2,919,500
Increment Value	*= New Assessed Value - Base Assessed Value*	$2,384,000
Annual TIF Generated	*= Increment x 0.0199595 (2010 Tax Rate)*	$47,583
Funds Available - Dev Purchased	*= Annual TIF Generated x 13 years @ 3.5%*	**$457,644**
Total Estimated TIF Funds Available		
Credit Union and Newman		**$963,204**

The assessed value of the property within the project area will increase by an estimated $5.3 million as a result of a projected $5.7 million private investment in the project area. This will result in an estimated increase of $1.3 million in property tax collections over the course of the project, approximately $963,204 of which will be available for the construction of public improvements related to these projects during the 15-year TIF period.

As shown in the table below, the City will forgo 14.42 percent of these collections (or approximately $13,771 of the $95,498 collected per year, after completion of the project). 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, 2010

Description	Percentage
Lancaster County	13.44
Public Building Commission	.85
City of Lincoln	14.42
Lincoln Public Schools	62.44
Educational Service Unit 18	.75
Lower Platte South NRD	2.03
Railroad Trans. Safety District	1.30
Southeast Community College	3.01
LC Agricultural Society	.08
LC Agricultural Society JPA	.19
Lanc Co Correctional Facility JPA-Co	.53
Lanc Co Correctional Facility JPA-Linc	.95

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 the relocation or extension of and improvements to public utilities on or around the site. Additional City involvement may include acquisition, demolition, and site preparation; street, streetscape, and other right-of-way 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 the redevelopment of this site would not be possible as proposed.

C. Employment within the Project Area

In 2008, there were approximately 17,915 persons employed by 862 non-governmental establishments (not including federal, state, local government or the University) within the Downtown (68508 zip code area) according to the Census, County Business Patterns, North American Industry Classification System.

In total the project is expected to create 2.5 to 3 additional FTEs, for the 30-bedroom fraternity. The credit union portion of the project is not expected to generate additional employment at this time. However, the credit union will expand in size from approximately 9,000 square feet to approximately 14,400 square feet. Employment will also be supported in the construction and renovation of the private property and 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 136,258 employees worked in 8,240 private business establishments in the City of Lincoln, Metropolitan Statistical Area, according to the 2008 Census, County Business Patterns. The 2008 median household income for Lancaster County was $52,228, according to the American Community Survey.

The additional employment, as well as, the additional residences in Downtown are expected to support, if not enhance, employment in related industries, including retail services.

E. Other Impacts

There are expected to be many district-wide benefits resulting from the 17th and Q/Credit Union Redevelopment Project. The redevelopment projects will strengthen Downtown, and encourage redevelopment of surrounding blocks along P and Q Streets.

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