City Council Introduction: **Monday**, February 13, 2012
Public Hearing: **Monday**, February 27, 2012, at **5:30** p.m. Bill No. 12R-25

FACTSHEET

TITLE: A Resolution requested by the Director of the Urban Development Department declaring the **Theresa Street Redevelopment Area** as blighted and substandard, as determined by the *Theresa Street Redevelopment Area Blight & Substandard Determination Study.*

STAFF RECOMMENDATION: A finding of reasonable presence of substandard and blighted conditions (**Miscellaneous No. 11008)**.

SPONSOR: Planning Department

BOARD/COMMITTEE: Planning Commission
Public Hearing: 01/25/12
Administrative Action: 01/25/12

RECOMMENDATION: A finding of reasonable presence of substandard and blighted conditions (7-0: Esseks, Hove, Butcher, Gaylor Baird, Cornelius, Lust and Sunderman voting 'yes'; Francis and Weber).

FINDINGS OF FACT:

1. This is a request to declare the **Theresa Street Redevelopment Area** as blighted and substandard pursuant to Neb.Rev.Stat. § 18-2103. After an area is declared blighted and substandard, the City may proceed with the preparation and approval of a Redevelopment Plan. Redevelopment Plan activities may include utilizing Tax Increment Financing (TIF) from private development to pay for public infrastructure and improvements.

2. This study area consists of an estimated 114 acres, more or less, comprised of public/quasi-public, residential, commercial and industrial land uses, located generally between Cornhusker Highway and Salt Creek Roadway from approximately North 20th Street at the west boundary, to North 27th Street at the east boundary and including adjacent rights-of-way, including Cleveland Avenue, Theresa Street, Kimco Circle, Kimco Drive, Kimarra Place, Cornhusker Highway and North 27th Street. The *Theresa Street Redevelopment Area Blight and Substandard Determination Study* was conducted by Hanna:Keelan Associates, P.C., which has determined that there is a reasonable presence of substandard and blighted conditions in the study area.

3. The staff recommendation to find the area to be blighted and substandard is based upon the "Analysis" as set forth on p.3-6, concluding that the **Theresa Street Redevelopment Area** qualifies as substandard and blighted within the definition of the Nebraska Community Development Law, as determined by the *Theresa Street Redevelopment Area Blight and Substandard Determination Study.* The Study is consistent with the redevelopment and revitalization activities identified in the 2040 Comprehensive Plan. The staff presentation and discussion with the Planning Commission is found on p.8-10.

4. There was no testimony in opposition.

5. On January 25, 2012, the Planning Commission agreed with the staff recommendation and voted 7-0 to find that there is a reasonable presence of substandard and blighted conditions in the **Theresa Street Redevelopment Area** and that the area should be declared blighted and substandard (**Miscellaneous No. 11008**). See Minutes, p.10.

6. The errors on the map and the legal description discussed on p.8-9 have been corrected on the Blight & Substandard Determination Study, which is being submitted under separate cover by the Urban Development Department.

FACTSHEET PREPARED BY: Jean L. Preister **DATE**: February 1, 2012

REVIEWED BY:_____ **DATE**: February 1, 2012

REFERENCE NUMBER: FS\CC\2012\MISC11008 Blight

LINCOLN/LANCASTER COUNTY PLANNING STAFF REPORT

for January 25, 2012 PLANNING COMMISSION MEETING

PROJECT #: Miscellaneous No. 11008
Theresa Street Redevelopment Area Blight and Substandard Determination Study

PROPOSAL: The Urban Development Department has forwarded a request to review the Theresa Street Redevelopment Area Blight and Substandard Determination Study and to recommend the Area to be declared substandard and blighted.

LOCATION: An area generally located between Cornhusker Highway on the north, Salt Creek Roadway on the south, N. 27th Street on the east and roughly N. 20th Street on the west.

LAND AREA: 114 acres, more or less

CONCLUSION: The Theresa Street Redevelopment Area qualifies as substandard and blighted within the definition set forth in the Nebraska Community Development Law, NEB REV STAT §18-2103. The Substandard and Blight Determination Study is consistent with the redevelopment and revitalization activities identified in Lincoln-Lancaster County 2040 Comprehensive Plan.

RECOMMENDATION:
Finding that there is a reasonable presence of substandard and blighted conditions in the Theresa Street Redevelopment Area as per §18-2103 (11) Nebraska Revised Statutes.

GENERAL INFORMATION:

EXISTING ZONING: P, Public, I-1, Industrial and H-3, Highway Commercial

EXISTING LAND USE: Theresa Street Wastewater Treatment Plant, bike trail, Salt Creek, mobile home park, industrial, and commercial

COMPREHENSIVE PLAN SPECIFICATIONS:

The 2040 Lincoln and Lancaster County Comprehensive Plan identifies this area as Commercial, Industrial, Public & Semi Public, Green Space, and Environmental Resources in the Future Land Use Plan. (p.1.9)

Designate areas for future urban development outside of the floodplain and floodway. (p. 3.9)

Seek to efficiently utilize investments in existing and future public infrastructure to advance economic development opportunities. (p. 5.2)

Continue to support UNL's efforts to obtain grants for research and support the expansion of the mixed use concept of Innovation Campus. The success of the University's research and development is important to the future of the city. (p. 5.3)

Mixed Use Redevelopment should: Target existing underdeveloped or redeveloping commercial and industrial areas in order to remove blighted conditions and more efficiently utilize existing infrastructure. (p. 6.2)

Mixed Use Redevelopment Nodes and Corridors should strive to locate: In areas that minimize floodplain and other environmental impacts. Areas within the floodplain that already have buildings and fill are appropriate for redevelopment; projects that receive public assistance should meet a higher standard to preserve flood storage. This criterion encourages redevelopment while protecting sensitive environmental areas. (p. 6.6)

Retain City or County property in the floodplain in public ownership, and consider the purchase of easements or land when other publicly-owned property in the floodplain is proposed for surplus. Retain conservation easements to protect floodplain functions where unusual circumstances merit the consideration of surplus floodplain property. (p. 11.14)

ANALYSIS:

1. Comprehensive Plan Analysis:
   - This area is part of the Salt Valley Greenway. (pp. 3.12-3.14) In general, the Salt Valley Greenway is an enhanced green corridor along Salt Creek and Stevens Creek that is primarily in the floodplain and connects recreation opportunities and destinations with a network of bike trails. There is an existing trail in the blight study area along Salt Creek. (p. 10.8)

   - Capitol View Corridors extend through this area. (p. 4.3) These corridors are identified in the Comprehensive Plan to protect viewsheds of the State Capitol in multiple directions. Buildings that would obstruct long distance views of the State Capitol are discouraged in these corridors.

   - N. 27th Street is identified as a Secondary Transportation Enhancement Corridor and this area is adjacent to Nebraska Innovation Campus which is identified as a location for future dwelling units on the Mixed Use Redevelopment Nodes and Corridors Map. (p. 6.5) Currently, the area is served by only one existing bus route on N. 27th Street. (p. 10.9) The adjacent streets to the study area are important for moving vehicular traffic and freight. Cornhusker Highway is identified as an Urban Principal Arterial and Salt Creek Roadway and N. 27th Street are identified as Urban Minor Arterials on the Existing Functional Classification map (p. 10.15) and Cornhusker Highway and N. 27th Street are both identified as Secondary Truck Routes (p. 10.17).

2. This is a request to determine whether the Theresa Street Redevelopment Area should or should not be declared substandard and blighted per §18-2103 (11) Nebraska Revised Statutes. After an area is declared substandard and blighted, the City may proceed with the preparation and approval of a Redevelopment Plan. Redevelopment activities may include utilizing Tax Increment Financing (TIF) from private development to pay for public infrastructure and improvements.

3. The approval of this application is required prior to the approval of a land swap agreement between the City of Lincoln and the developer of Nebraska Innovation Campus (see Exhibit 1 attached). The land swap would trade the southern portion of Lot 105 Irregular Tract which is City-owned land south of the Theresa Street treatment plant for a portion of Lot 104

Irregular Tract owned by Nebraska Innovation Campus. The land swap would help to square up the boundary between the Theresa Street plant and Nebraska Innovation Campus and should result in a more useful arrangement of buildings and facilities for both parties.

4. Following the land swap, the existing redevelopment plan for Nebraska Innovation Campus (approved November 8, 2010) will be amended to show a revised site plan and boundary. This action will require a finding of conformance with the Comprehensive Plan by the City Council.

5. The purpose for the study is to address concerns in the area about deteriorating public and private infrastructure. To address these concerns, to encourage and accommodate the development of primary employers at Nebraska Innovation Campus, and to improve the business climate in the area, a Tax Increment Financing (TIF) district is being proposed. To qualify for TIF, a Blight and Substandard Determination Study must be completed first, with a Redevelopment Plan to follow.

6. The Urban Development Department hired a consultant who conducted the study to determine whether or not there was a presence of substandard or blighting conditions in the study area per §18-2103 (11) Nebraska Revised Statutes.

7. The area comprises 114 acres. According to the land use categories identified in the Blight Study, approximately 27.3% of the land is in Public/Quasi Pubic land use, 7.6% in Parks and Recreation use, 10.1% in Mobile Home parks, 8.5% in commercial use, 9.6% is in industrial use, 9.3% is developed as street or highway right-of-way, 18.3% is vacant developable land, and 9.3% in vacant undevelopable land (Salt Creek).

8. The Urban Development Department requests the determination study be reviewed by the Planning Commission for conformance with the Comprehensive Plan.

9. A **substandard** area is defined in the Nebraska Revised Statutes as containing a predominance of buildings or improvements with at least one of four conditions present:
   1) Dilapidation/deterioration
   2) Age or obsolescence
   3) Inadequate provision for ventilation, light, air, sanitation or open spaces
   4) a) High density of population and overcrowding; or
      b) The existence of conditions which endanger life or property by fire and other causes; or
      c) Any combination of such factors, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, and crime, and is detrimental to the public health, safety, morals or welfare.

10. According to the Blight Study, the area qualifies as **substandard** because all four factors were found to have a strong presence.
    1) Dilapidation or deterioration of structures is evident in 84 (66.7%) of the structures. (p. 21)
    2) Based on field evaluation 54 (43%) of structures are over 40 years of age. (p. 23)

3) Inadequate provision for ventilation, light, air, sanitation, or open space is evidenced by the presence of wood frame buildings and masonry buildings with wooden structural elements or combustible materials, above ground storm water drainage, and aging water and sewer mains. (p. 22).
4) Based on field evaluation conducted by the consultant, 70.7% of parcels had overall site conditions rated as being in “fair” of “poor” condition. (p. 24)

11. A **blighted** area is defined in the Nebraska Revised Statutes as having the presence of one or more of the twelve following conditions:
    1) A substantial number of deteriorated or deteriorating structures;
    2) Existence of defective or inadequate street layout;
    3) Faulty lot layout in relation to size, adequacy, accessibility or usefulness;
    4) Insanitary or unsafe conditions;
    5) Deterioration of site or other improvements;
    6) Diversity of ownership;
    7) Tax or special assessment delinquency exceeding the fair value of the land;
    8) Defective or unusual conditions of title;
    9) Improper subdivision or obsolete platting;
    10) The existence of conditions which endanger life or property by fire or other causes;
    11) Other environmental and blighting factors
    12) One of the following five conditions:
        a) Unemployment in the designated blighted area is at least one hundred twenty percent of the state or national average;
        b) The average age of the residential or commercial units in the area is at least 40 years;
        c) More than half of the plotted and subdivided property in the area is unimproved land that has been within the City for 40 years and has remained unimproved during that time;
        d) The per capita income of the designated blighted area is lower than the average per capita income of the city or City in which the area is designated; or
        e) The area has had either stable or decreasing population based on the last two decennial censuses.

12. The study found the following 10 **blighting** factors to be present to a strong extent in the study area:
    1) 84 (66.7%) dilapidated, deteriorated, or deteriorating structures. (p. 29)
    2) Defective or inadequate street layout, poor condition of private streets, and lack of sidewalks. (p. 30)
    3) Faulty lot layout in relation to size, adequacy, accessibility to N. 27th Street and Cornhusker Highway, or general usefulness. (p.31)
    4) Insanitary or unsafe conditions due to age and quality of structures and lack of adequate utilities in good condition. (p. 32)
    5) Deterioration of site improvements such as lack of sidewalks, excessive debris, and inadequate parking arrangements. (p. 33)
    6) Diversity of ownership is a factor due to 25 land owners and 73 mobile home owners. (p. 34)
    7) Tax or special assessment delinquency was present but NOT a contributing blight factor for this area. (p. 36)

8) Defective or unusual conditions of title was not reviewed by the consultant. (p. 37)
9) Improper subdivision or obsolete platting was present due to the large number of Irregular Tracts, substandard private streets, and poor traffic circulation. (p. 38)
10) Conditions which endanger life or property by fire and other causes is present due to the presence of 66.7% of the buildings determined to be deteriorating or dilapidated, lack of adequate utilities, aging structures, wood framed buildings, and "fair" to "poor" overall site conditions. (pp. 39-40)
11) Other environmental and blighting factors include functional and economic obsolescence, primarily in the mobile home parks. (p. 41)
12) Additional blighting conditions: The area had a decrease in population from 370 to 307 based on the 2000 and 2010 Censuses. (p. 42)

13. The study finds a strong presence of all four factors that constitute an area as substandard within the study area, and out of 12 possible factors that constitute an area blighted, 10 are strongly present in the area. Therefore it is the conclusion of the study that sufficient conditions and factors meet the criteria of substandard and blight as evidenced in the Blight Study. These factors present a serious barrier to the planned and coordinated development of the area, have created an environment that negatively impacts private sector investment in the area, and serve as a detriment to the overall healthy economic growth and physical development of the community.

14. A few minor corrections should be made to the blight study document:
    a) Revise the blight study to correct references to "State Fair Park Drive" to "Salt Creek Roadway" to reflect the official city street name. State Fair Park Drive only exists east of N. 27th Street and is not adjacent to the blight study area.

    b) Clarify the legal description to include street rights-of-way. Urban Development has indicated the intention was to include all internal and adjacent rights-of-way. The legal description on Page 1 only describes the subdivided land and irregular tracts, while Illustration 3 on Page 15 indicates the study area boundary encompasses all rights-of-way including all of Cornhusker Highway and N. 27th Street adjacent to the blight study area.

    c) The "Redevelopment Area" boundary on Illustration 1 on Page 2 is inconsistent with the boundary shown on Illustration 3 on Page 15. Correct the boundaries to be consistent throughout the blight study document.

15. The Blight Study is on file with the Urban Development Department and the Planning Department.

Prepared by:

Brandon M. Garrett, AICP
Planner

DATE: January 12, 2012

APPLICANT: Wynn Hjermstad
Urban Development Department
555 S. 10th Street, Suite 205
Lincoln, NE 68508
402-441-8211

CONTACT: same as applicant

MISCELLANEOUS NO. 11008

PUBLIC HEARING BEFORE PLANNING COMMISSION: January 25, 2012

Members present: Esseks, Sunderman, Lust, Hove, Gaylor Baird, Butcher and Cornelius; Francis and Weber absent.

Staff recommendation: A finding that there is a reasonable presence of blighted and substandard conditions in the redevelopment area.

There were no ex parte communications disclosed.

Staff presentation: **Wynn Hjermstad of the Urban Development Department,** explained the area for the Blight Study, i.e., North 27th Street, Cornhusker Highway, Teresa Street coming out to 27th Street into the treatment plant, and outside of the area is Innovation Campus to the south. Based on state law, there are four factors that lead to the substandard designation and 12 different factors for blight. The study found that the Theresa Street Redevelopment Area meets the conditions, i.e. all four of the substandard and 10 of the 12 for blight.

The next step is the redevelopment plan; however, this case will not be a stand alone redevelopment plan but will be incorporated into the Innovation Campus Redevelopment Plan. Hjermstad explained that the City is having conversations about potentially doing a land swap with Innovation Campus, benefitting both the City and Innovation Campus. The Theresa Street plant would then have opportunity to do some expansion and some additional utility work as part of the Innovation Campus. The purpose is to eventually get to a redevelopment agreement to access tax increment financing (TIF). The benefit would be that some of the utility work could be done with TIF.

Hjermstad went on to explain that for ease of boundary lines, it was determined that all of the Theresa Street property owned by the City would be included. As they looked at it from a planning perspective, it then made sense to square the area off and go to the logical arterials creating a natural boundary for the area. Part of that decision was based on the good success story on North 27th Street south of this area. This provides potential for future public/private partnerships if there would be any desire to do some redevelopment. The City has done streetscape work on N. 27th Street south of this area so there could be potential to expand that by increasing the boundaries of this area. If the mobile home parks were in partnership with the city, including TIF, then there would have to be relocation costs. But at this point there has been no discussion outside of what's related to Innovation Campus.

Hjermstad stated that the next step is to be back in the next month or two with an amendment to the Innovation Campus Redevelopment Plan to incorporate this area and further expand on projects in Innovation Campus.

After discussing the handwritten notes on the blight study and the map, the Planning Commission was assured that those changes in the legal description had to do with inclusion of the street right-of-way and that indeed the blight study did cover the proper area – they just needed to clean up a couple of the maps in the study. Analysis #14 of the staff report addresses this issue. Brandon

Garrett of Planning staff suggested that approval of the staff recommendation is based on the condition that the Blight Study be corrected accordingly. Hjermstad further explained that they intended to include the right-of-way on both sides of 27th Street in case there would be a streetscape project with lighting, etc. Those corrections will be made in the version that goes to the City Council and Hanna:Keelan, who did the Blight Study, has agreed that the additional right-of-way was included in the study.

Esseks expressed concern about the mobile home parks. The consultant found that 84, or 66.7%, of the structures were dilapidated, deteriorated, etc. What are we going to do about this area where 84 houses exist? It seems that if we just develop around it, we are ignoring an important or possible public benefit. Can this area be improved? Hjermstad acknowledged that mobile home parks are tough. The mobile home itself is considered personal property, not real estate. The whole park has a single owner, so the street conditions, etc., are all private. It is not city-owned. It is privately owned. Urban Development does offer an emergency repair program for which mobile home owners can qualify for emergency repair. If an owner of a park comes in and wants to do a redevelopment project, that is something that can be considered by Urban Development. Urban Development or the City will not try to do any acquisition unless approached by the owner.

Esseks sought confirmation that these bad conditions are on private property and the City cannot regulate them. Hjermstad suggested that they still have to meet housing code and violations could be reported and they would have to be repaired. But that is on a complaint basis and a code compliance issue.

Butcher inquired whether there is any residential in this area that is not mobile homes. Hjermstad stated, “no.” Butcher inquired whether it is standard in this kind of study to use the parcels for making the designation rather than looking at the actual area. Hjermstad stated that, “it varies.” Each plan is different. All of the factors are set forth in the state statutes. That is just one of the conditions that has to be met. It’s just one of the many factors that is looked at. Some of it is the density. Even though it is a small geographic area, it’s pretty dense.

For the new members on the Commission, Hjermstad explained that the factors are all set by the state statute, but it is not real clear as to how many conditions have to be met and how bad it has to be. Ultimately, the City Council declares the area as blighted. Technically, the Blight Study is not required, but Urban Development has traditionally had the study done in order to be confident that the factors are met and that the law has been followed.

Hove inquired as to what can be done now that couldn’t be done in the past without the blight designation. Hjermstad stated that technically, it is a legal designation. The next step is the redevelopment plan. That gives the City the authority to actually negotiate with private developers to do a redevelopment agreement. No one is committed to anything until there is a redevelopment agreement. The fact that something is in a redevelopment plan doesn’t mean that it has to happen, but nothing can happen unless it is in the plan. The blight study itself is just a requirement that we do in order to do the next step – the redevelopment plan and then a redevelopment agreement. At that point, if an owner of any of the parcels would come to Urban Development, they could talk about doing a project and then amend the redevelopment plan.

Hove believes the area at 27th & Cornhusker and then south is a very high traffic area. Does it make sense that it should be blighted just because it is in the vicinity? Hjermstad suggested that it made an obvious boundary and there may be desire to do some work in the right-of-way at some point.

There was no testimony in opposition.

ACTION BY PLANNING COMMISSION: January 25, 2012

Gaylor Baird moved to find that there is a reasonable presence of blighted and substandard conditions in the redevelopment area, seconded by Esseks.

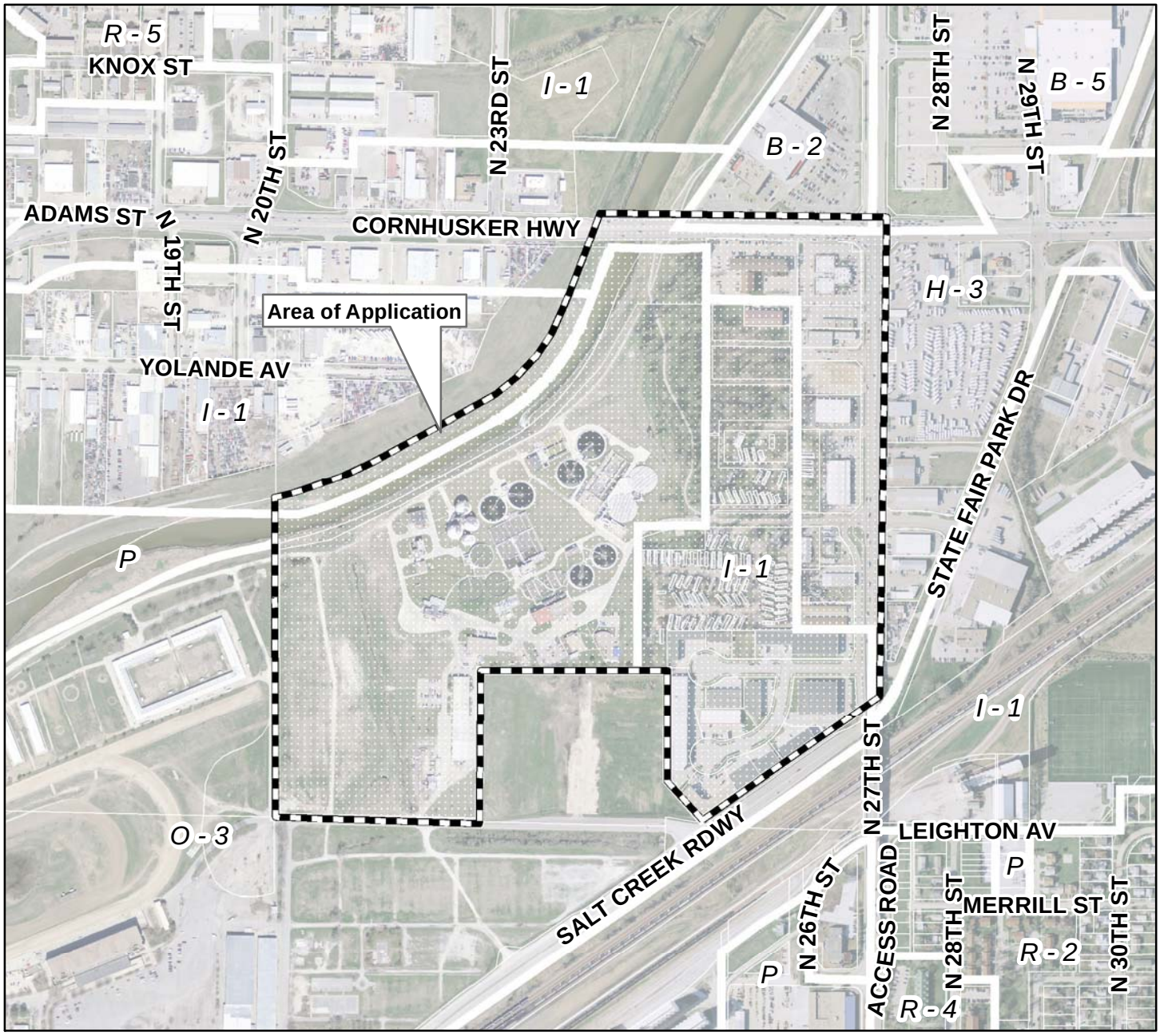
Cornelius commented that this is an application that asks the Planning Commission to agree with the designation of a substandard and blighted area. Those designations are contingent on four factors in the case of a substandard area and 12 factors in the case of a blighted area. Then we are given a report that calls out for us the ways in which these areas meet those definitions or display those factors. This is a relatively technical process. This does not put a red stamp on a map that says this is a horrible area. The Planning Commission is looking at the study to see if we agree with its findings. He believes the study is valid for this area.

Where substandard residential areas have been identified, Esseks is hopeful that the city will have the resources to work with the owners of the mobile home parks to come up with some improvement of the land, and that if they have to be relocated, there would be resources for it. It would be unfortunate to have a redevelopment project and the continued deteriorating mobile home parks. What a terrible moral conflict that would be.

Gaylor Baird commented that this is an important first step in removing barriers to redevelopment.

Lust urged that people that live in a blighted area should not feel slighted. It is not necessarily a bad thing for the neighborhood but allows good things to happen – more redevelopment, more opportunity and more attractive for redevelopment.

Motion carried 7-0: Esseks, Sunderman, Lust, Hove, Gaylor Baird, Butcher and Cornelius voting yes; Francis and Weber absent. This is a recommendation to the City Council.



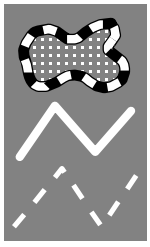
2010 aerial

Miscellaneous #11008
Theresa Street Redevelopment
N 27th St & Cornhusker Hwy

Zoning:

R-1 to R-8	Residential District
AG	Agricultural District
AGR	Agricultural Residential District
O-1	Office District
O-2	Suburban Office District
O-3	Office Park District
R-T	Residential Transition District
B-1	Local Business District
B-2	Planned Neighborhood Business District
B-3	Commercial District
B-4	Lincoln Center Business District
B-5	Planned Regional Business District
H-1	Interstate Commercial District
H-2	Highway Business District
H-3	Highway Commercial District
H-4	General Commercial District
I-1	Industrial District
I-2	Industrial Park District
I-3	Employment Center District
P	Public Use District

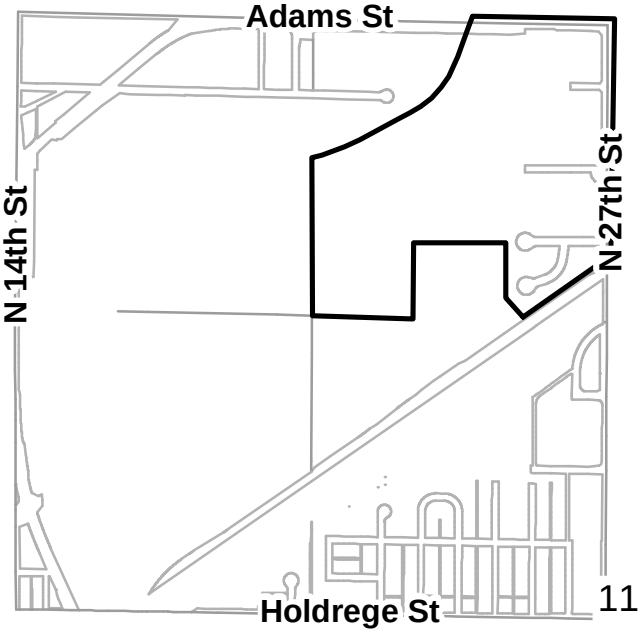
One Square Mile
Sec. 13 T10N R06E



Area of Application

Zoning Jurisdiction Lines

City Limit Jurisdiction



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CITY OF LINCOLN
NEBRASKA
MAYOR CHRIS BEUTLER
lincoln.ne.gov

Urban Development Department
David Landis, Director
555 S. 10th Street
Suite 205
Lincoln, Nebraska 68508
402-441-7606
fax: 402-441-8711

December 28, 2011

Marvin Krout, Director
City of Lincoln-Lancaster County Planning Department
555 S. 10th
Lincoln, NE 68508

Dear Marvin:

Enclosed is the *Theresa Street Redevelopment Area Blight and Substandard Determination Study*. Twelve hard copies are included and a PDF will also be forwarded to your office today. The Study was completed by Hanna:Keelan Associates, P.C. at the request of Nebraska Nova, the developer for Nebraska Innovation Campus.

Please forward the Study to the Planning Commission for their earliest consideration and review for conformity with the Comprehensive Plan. My understanding is that it should be on the January 25, 2012 Planning Commission agenda.

If you have questions or need additional information, please contact me at 441-8211 or by e-mail at whjermstad@lincoln.ne.gov. Thank you.

Sincerely,

Wynn S. Hjermstad

Wynn S. Hjermstad, AICP
Community Development Manager

cc: Dave Landis, Director, Urban Development
Zach Wiegert, Nebraska Nova

enc.

LINCOLN
The Community of Opportunity

Innovation Campus Concept Plan 2011

Exhibit 1: Generalized area of the potential land transfer between City of Lincoln and Innovation Campus. The area to the south and northeast of the "2" in the exhibit below shows the general area where land may be exchanged between the Theresa Street Treatment Plant and Innovation Campus.

NEBRASKA INNOVATION CAMPUS
UNIVERSITY OF NEBRASKA-LINCOLN • INNOVATE.UNL.EDU

Nebraska Lincoln