



CITY OF LINCOLN
NEBRASKA

MAYOR CHRIS BEUTLER

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To: Lincoln City Council Members
From: David Landis, Director 
Date: February 6, 2013
Subject: The Wrap Redevelopment Project Amendment to the Antelope Valley Redevelopment Plan

Submitted for your review is an amendment to the Antelope Valley Redevelopment Plan to reflect the 18th and Q Redevelopment Project, also known as The Wrap.

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 January 23, 2013, 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 Antelope Valley Redevelopment Plan, 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. No acquisition by the City has been anticipated as part of this project. If this project requires the City to acquire property, the City would not use eminent domain to acquire property and the City would follow all applicable laws related to acquisition.
- 2 & 3. The total estimated public cost for the project is up to \$4.7 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(s) and the appropriate expenditures by the developer, the City will issue Community Improvement Financing notes to allow TIF to repay the public improvements related to these projects financed by the developer either through their own resources or through a privately-placed debt or equity 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 The Wrap Redevelopment Project, which shows the TIF funds estimated to be generated by the project (see Exhibit A).

The revitalization of the Antelope Valley Redevelopment Area 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 Q Street and the Antelope Valley Parkway, creating an opportunity for the highest and best use of the site. The Urban Development Department recommends your approval of The Wrap Redevelopment Project Amendment to the Antelope Valley 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 developer and submit to City Council for approval.
- Negotiate purchase agreement with the University for city-owned land.
- Request approval from City Council for the issuance of Community Improvement Financing not
- Select architects/engineers pursuant to city standard practice to design public improvements.
- Approve the public improvement design.
- Follow proper Executive Order and/or bidding procedures in the construction of public improvements.
- Competitively select primary contractor(s) to construct public improvements.
- Construct public facilities and improvements.

Exhibit A

**Cost Benefit Analysis
The Wrap Redevelopment Project**

As required by Nebraska Community Development Law (Neb. Rev. Stat # 18-2147), the City has analyzed the costs and benefits of The Wrap Redevelopment Project, as proposed, including:

A. Tax Revenues

The Wrap Project includes the redevelopment of one underutilized block with an existing surface parking lot and dilapidated structures into a ten-story building with a parking facility on seven stories and two student-housing structures. The Wrap Redevelopment Project site, located on the block bounded by 18th, Antelope Valley Parkway, Q, and R Streets in Downtown Lincoln has an estimated property value of \$522,400. The three parcels are publicly owned by two different entities: the University of Nebraska Board of Regents and the City and pays no property taxes. The site will be replatted as part of a condominium regime, with the residential units and private portion of the garage to be taxable and the majority of the garage to be tax exempt.

The Wrap Project TIF Estimate		
		Amount
Base Value	<i>Current Assessed Value</i>	\$522,400
Not to Protest Value	<i>Not to Protest Value</i>	\$21,000,000
Increment Value	<i>= New Assessed Value - Base Assessed Value</i>	\$20,477,600
Annual TIF Generated	<i>= Increment x 0.0201954</i>	\$413,553
Bond Note Issue	<i>= Annual Increment x 15 years @4.5%</i>	\$4,441,375
Funds Available - Bond		\$4,441,375
		Amount
Base Value	<i>Current Assessed Value</i>	\$522,400
Not to Protest Value	<i>Not to Protest Value</i>	\$23,000,000
Increment Value	<i>= New Assessed Value - Base Assessed Value</i>	\$22,477,600
Annual TIF Generated	<i>= Increment x 0.0201954</i>	\$453,944
Bond Note Issue	<i>= Annual Increment x 15 years @5%</i>	\$4,711,785
Funds Available - Bond		\$4,711,785

The assessed value of the property within the project area will increase by an estimated \$21 to \$23 million as a result of the investment in the project area. This will result in an estimated increase of \$6.2 to \$6.8 million in property tax collections over the course of the project, approximately \$4.4 to \$4.7 of which will be available for the construction of public improvements and enhancements related to the project during the 15-year TIF period.

As shown in the table below, the City will forgo 15.64 percent of these collections (or approximately \$65,000 to \$71,000 of the \$414,000 to \$454,000 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. After the 15 years, the \$65,000 to \$71,000 (and any proceeds from valuation increases) would be then be part of the general property tax revenue received by the City. Without the private portions of this project, the property tax contribution to the general fund would be \$0.

**Tax District 1, Property Tax Allocations
as a Percentage of All Allocations, 2012**

Description	Percentage
Lancaster County	14.08
Public Building Commission	.82
City of Lincoln	15.64
Lincoln Public Schools	61.63
Educational Service Unit 18	.74
Lower Platte South NRD	1.87
Railroad Trans. Safety District	.50
Southeast Community College	3.10
LC Agricultural Society	.07
LC Agricultural Society JPA	.17
Lanc Co Correctional Facility JPA-Co	.49
Lanc Co Correctional Facility JPA-Linc	.88

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 site preparation; street, streetscape, and other right-of-way improvements; and, other related public improvements. Public enhancements may include those that impact efficiency of infrastructure and aesthetics, including energy efficiency enhancements and façade improvements, and other related enhancements. 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. While the

University-proposed parking garage would be constructed, the proposed privately-developed residential structures would not likely be part of this project.

C. Employment within the Project Area

In 2010, there were approximately 16,517 persons employed by 860 non-governmental establishments (not including federal, state, local government or the University) within the Greater Downtown (68508 zip code) Area according to the Census, County Business Patterns, North American Industry Classification System.

The expected impact on jobs is minimal, with two to three additional full-time equivalent (FTE) positions related to property management of the residential units and garage. However, construction employment will be supported/generated related to 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 commercial growth encouraged by this investment. Additional residents living in the Downtown Area are expected to increase the demand for soft goods and restaurant retail and, therefore, jobs in the retail sector.

D. Employment in City outside the Project Area

Approximately 130,287 were employed in 8,222 private business establishments in the City of Lincoln, Metropolitan Statistical Area, according to the 2010 Census, County Business Patterns, North American Industry Classification System. The 2010 median household income for Lancaster County was \$51,092 (in 2010 inflation-adjusted dollars), according to the American Community Survey 2006 – 2010 estimates. The impact of this project on city-wide employment would be minimal.