



CITY OF LINCOLN
NEBRASKA

MAYOR CHRIS BEUTLER

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To: Lincoln City Council Members
From: David Landis, Director 
Date: January 29, 2014
Subject: Case, Case, and Case Project 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 Case, Case, and Case Redevelopment Project.

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 8, 2014, the new Project Area and project components, including proposed land use, 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.

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 is not expected to include the public acquisition of private property. If this project requires the City to acquire property, the City would not 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 project is approximately \$162,555. This may be a more conservative estimate than a financing entity may calculate on the developer's behalf. 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 issue a Community Improvement Financing bond(s) or note(s) to fund the public improvements related to these projects and/or permit the developer to finance the project through a privately-financed debt instrument.
5. There is expected to be no relocation of families as a result of the project, as the building is already vacant. 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 and enhancements proposed in this plan amendment would not occur “but for” the Tax Increment Financing generated by private redevelopment within the project area. The attached cost benefit analysis of the Case, Case, and Case 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 infrastructure, amenities, and other public enhancements will complement and encourage future redevelopment projects. The Urban Development Department recommends your approval of the Lincoln Center Redevelopment Plan Amendment adding the Project.

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, if needed.
- Select architects/engineers pursuant to city standard practice to design public improvements.
- Approve the design of public improvements and/or enhancements.
- Competitively select primary contractor to construct public improvements, if necessary.
- Construct public improvements and enhancements.

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**Cost Benefit Analysis
Case, Case, and Case Redevelopment Project**

The Case, Case, and Case Redevelopment Project ("Project") will redevelop the property located generally at 1421 "P" Street, Lincoln, Nebraska, in the Lincoln Center Redevelopment Area as more particularly described in the attached Plan Amendment. The Project will include the redevelopment of an existing multi-family housing building. The redeveloped building will have approximately twenty nine (29) residential dwelling units.

The total demolition and construction costs for the Project are estimated at approximately \$1,200,000.00, in addition to the cost of acquisition.

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

Tax Revenues

Tax Increment Financing Analysis

		Amount
Base Value		\$365,000
Estimated New Assessed Value	<i>(\$40,000 per dwelling unit)</i>	\$1,160,000
Increment Value	<i>= New Assessed Value - Base Assessed Value</i>	\$795,000
Annual TIF Generated (Estimated)	<i>= Increment x 0.02019540 (2012 Tax Rate)</i>	\$16,055
Funds Available	<i>= Annual TIF Generated x 15 years @ 5.5%</i>	\$162,555

Upon completion of the Project, the assessed value of the property within the Project Area will increase by an estimated \$795,000 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 \$16,055 that will be available for the construction of public improvements related to the project. The public investment of a projected \$162,555 in TIF funds will leverage approximately \$1,040,000 in private sector financing, resulting in a private investment of more than \$6.50 for every TIF dollar spent.

The City will forgo 15.63 percent of these collections or \$25,407 (approximately \$2,509 per year) to support the private investment. 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, 2013**

Description	Percentage
Lancaster County	13.92
Public Building Commission	.84
City of Lincoln	15.63
Lincoln Public Schools	61.57
Educational Service Unit 18	.74
Lower Platte South NRD	1.79
Railroad Trans. Safety District	.64
Southeast Community College	3.30
LC Agricultural Society	.07
LC Agricultural Society JPA	.17
Lanc Co Correctional Facility JPA-Co	.47
Lanc Co Correctional Facility JPA-Linc	.85

Public Infrastructure and Community Public Service Needs Impacts

It is not anticipated that the Project will have an adverse impact on existing public infrastructure. The Project entails the capture of the incremental tax revenues for eligible public purposes including, but not limited to, energy efficiency improvements, façade enhancements, streetscape and public area enhancements, and other eligible improvements. The Project will also facilitate and encourage additional downtown living options that are part of the Project, and will increase security and safety in downtown Lincoln by the removal of certain blighted and substandard areas that are conducive to such problems. The blighted condition of the subject property is incompatible with the emphasis on downtown reinvestment and the City efforts to revitalize “P” Street.

It is not anticipated that the Project will have any adverse impact on City services, but will generate additional revenue providing support for those services.

Employment within the Project Area

The Project is the redevelopment of a multifamily residential building that is not anticipated to create any permanent jobs. It is not anticipated that the Project will have an adverse impact on employers and employees of firms locating or expanding within the boundaries of the area of the redevelopment project.

Employment in the City outside the Project Area

Approximately 130,701 were employed in 8,208 private business establishments in the City of Lincoln, Metropolitan Statistical Area, according to the 2011 Census, County Business Patterns, North American Industry Classification System. The 2012 median household income for Lancaster County was \$51,810, according to the American Community Survey 2008 - 2012 estimates.

While the impact of this project on city-wide employment would be minimal, a strong residential presence is essential to the attraction, retainage, and expansion of Downtown retail and commercial services and employment. The Project should increase the need for services and products from existing businesses in the Downtown area.

Other Impacts

The Project will facilitate the development of blighted and substandard areas in the City. The Project will increase available housing opportunities within the Redevelopment Area and will further the goal of developing a vibrant 24-hour community in Downtown Lincoln. The Project will also increase the safety and security of the Redevelopment Area and Downtown Lincoln, which will be a substantial benefit to Downtown Lincoln.

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

The 2005 Downtown Lincoln Master Plan calls for the attraction of mutually supportive high-density residential and retail services. The Project should have a positive impact on private sector businesses in the Redevelopment Area and the City, and should encourage additional private development in and around the Redevelopment Area. The additional high-density housing opportunities that meet the expectations of those wanting to live Downtown will provide a substantial benefit to the City.