

**CITY OF LINCOLN
NEBRASKA**

MAYOR CHRIS BEUTLER
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Urban Development Department
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To: Lincoln City Council Members
From: David Landis, Director
Date: July 23, 2014
Subject: P Street East 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 P Street East Redevelopment Project. This Project proposes a redevelopment of the secondary retail corridor of P Street between Centennial Mall and 17th.

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 July 9, 2014, the Project Area and project components were found by the Lincoln City-Lancaster County Planning Commission 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 Department 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, and Downtown Master Plan and subsequent update.

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 property is planned to be acquired with this project. If this project requires the City to acquire property, the City would not use eminent domain. If tax increment financing is used to acquire property, the City would follow all appropriate regulations regarding acquisition.
- 2 & 3. The total estimated public cost for this portion of the P Street project is \$170,000. The total public cost will be funded through tax increment financing.
4. The City may issue and sell Community Improvement Financing bonds or notes to fund the public improvements related to these projects, or complete the project as funding becomes available.
5. There will be no relocation of families as a result of the project.

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;
- the redevelopment project would not occur in the community redevelopment area without the use of tax increment financing; and
- the cost and benefits of the redevelopment project, including cost and benefits to other affected political subdivisions, the economy of the community, and the demand for public and private services have been found to be in the long-term best interest of the community impacted by the redevelopment project.

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 were analyzed and were 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 be economically feasible and would not occur “but for” the Tax Increment Financing generated by private redevelopment within the proposed project area. The attached cost benefit analysis shows the TIF funds estimated to be generated by this project.

The revitalization of Downtown Lincoln is in the best interest of the City. The public investments in infrastructure, amenities, and other public enhancements will complement and encourage future redevelopment. The Urban Development Department recommends your approval of the Amendment to the Lincoln Center Redevelopment Plan adding the P Street East Project.

Following the approval of the Plan Amendment, the following steps will occur in the implementation of the project:

- Select architects/engineers pursuant to city standard practice to design public improvements.
- Conduct a public process to approve the public improvement design.
- Competitively select primary contractor to construct public improvements.
- Construct public facilities and improvements.
- If the cost of intended improvements exceeds TIF dedicated in the CIP to the right of way in this area, Urban Development will return to City Council for an amendment to the CIP, should additional funds become available.

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Cost Benefit Analysis P Street East Redevelopment Project

The P Street East Redevelopment Project (“Project”) will redevelop the public rights of way adjacent to and within the vicinity of 1620 “P” Street, Lincoln, Nebraska, in the Lincoln Center Redevelopment Area as described in the attached Plan Amendment. The adjacent redevelopment of the building will result in a vacant commercial building being used as a brewery and restaurant.

The total construction costs for the Project are estimated at approximately \$170,000.

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

The total cost of the construction of the adjacent building redevelopment is estimated at \$1.3 million, which will generate TIF funding for the Project.

Tax Increment Financing Analysis

Description	Amount
Base Value <i>= Current Assessed Value</i>	\$382,300
Construction/Land Acquisition Costs <i>= Cost to Purchase Land/Construct Project</i>	\$1,682,300
New Assessed Value <i>= 80% of Construction Cost + Base Value</i>	\$1,422,300
Increment Value <i>= New Assessed Value - Base Assessed Value</i>	\$1,040,000
Annual TIF Generated <i>= Increment x 0.02020638 (2013 Tax Rate)</i>	\$21,015
Coverage Rate <i>= Annual TIF Generated/1.2</i>	\$17,512
Bond Note Issue <i>= Coverage Rate x 15 years @ 4%</i>	\$194,707
Reserve Fund / Costs to Issue Bonds <i>= 12% Issuance Costs</i>	\$23,365
Estimated Funds Available - Bond	\$171,342

Upon completion of the building renovation, the assessed value of the property within the Project Area will increase by an estimated \$1,040,000 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 \$21,015, a portion of which will be available to finance the construction of public improvements related to the project.

The City will forgo 15.63 percent of these collections or \$49,270 (approximately \$3,285 per year) to support existing businesses and encourage future 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

The Project will have a positive impact on existing public infrastructure. The Project entails the capture of the incremental tax revenues for eligible public purposes including, but not limited to street and streetscape improvements and other eligible improvements. The Project will also increase perceived and/or actual security and safety in Downtown Lincoln by the removal of certain blighted and substandard conditions, and through the improvement of pedestrian lighting.

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 over the long run.

Employment within the Project Area

It is anticipated that the Project will have a positive impact on employment within the project area boundaries. Improvements to the P Street right of way will enable the adjacent restaurant and brewery to expand operations into a sidewalk café, which the current sidewalk configuration will not allow them to accomplish.

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 retail core is essential to the establishment and support of retail and other commercial services and employment.

Other Impacts

The Project will enhance the secondary retail streetscape shown in the Downtown Master Plan, and link the secondary retail areas with the primary retail areas of Downtown Lincoln. Pavement and landscaping improvements will enhance the pedestrian environment and encourage people to walk through the retail district to multiple destinations.

An enhanced retail area will be supportive of existing and future housing. Supporting additional retail of this type will also enhance Downtown as the entertainment district of the City.

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 consumers in the Project area. 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 residential and retail development in and around the Redevelopment Area.

AA. P STREET EAST REDEVELOPMENT PROJECT

Revitalization Project Description

The P Street East Redevelopment Project area, located between Centennial Mall and 17th Street along P Street in Downtown Lincoln, and includes the West 100 feet and North 55 feet of the East 50 feet of Lot 53 in S.W. Little's Subdivision of the West half of the Southwest Quarter of Section 24, Township 10 North, Range 6 East, of the 6th P.M, Lancaster County, Nebraska, and adjacent east west alley and rights-of-way of P, 16th and 17th Streets, as shown on Exhibit IV-184 attached and incorporated by this reference.

The goals of this project are to improve the connection between Downtown Lincoln and Antelope Valley along the P Street corridor and to strengthen Downtown as the entertainment center of the City by enhancing the outdoor space adjacent to the commercial redevelopment of an existing underutilized and deteriorating commercial building into a brewery with restaurant and viewing room. The project will remove blighted and substandard conditions and will make positive contributions to the continued revitalization of Downtown Lincoln, especially along the "P" Street corridor. The Project will assist in the mitigation of blighted and substandard conditions in the Redevelopment Area and Downtown Lincoln.

The project is consistent with the goals of the Lincoln Center Redevelopment Plan and Downtown Master Plan and is intended to support private sector commercial development in this redevelopment area. Publicly funded redevelopment may include street and streetscape enhancements, and public improvements consistent with the Community Development Law in the Project Area. These improvements correspond to several of the Downtown Redevelopment Goals identified in Section III. The redevelopment project addresses these goals by accomplishing the following:

- improving and enhancing the "P" Street corridor;
- integrating streetscape and landscape improvements in the project area with existing public and private amenities;
- enhancing the corridor's pedestrian-friendly, street-level orientation.

Statutory Elements

Currently, there are no plans for the City to acquire, relocate or demolish the real property. Should any of these occur, the City will follow policy outlined in the Plan. Neither land coverage nor building density will be altered with the implementation of this project. The existing street system within the project area will not be changed as a result of this project.

There are no residential units in the proposed project boundaries. The existing land use in the project area is commercial Exhibit IV-186. The resulting land use will remain commercial (see Exhibit IV-187). The improvements to the streetscape south of the building will support the higher and better commercial use of the building, allowing for an extension of the building's use for outdoor dining and improve the walkability of the district.

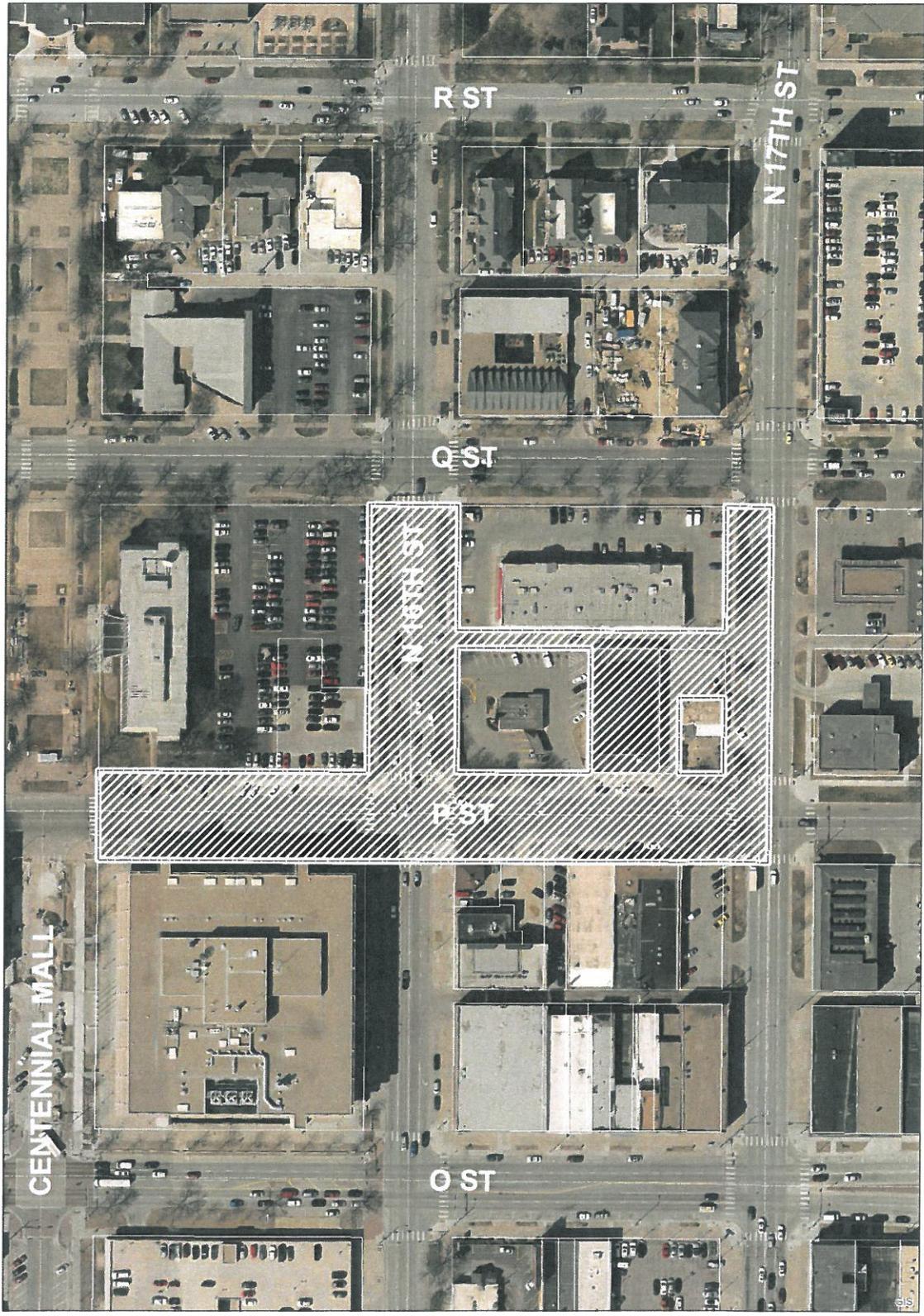
Parking in the adjacent area includes mostly private, University, and on-street parking. The building has an adjacent parking lot.

The area is located within the Downtown Business District B-4 business zone that allows for a wide range of uses including the commercial development that is being proposed. A portion of right-of-way in the area is adjacent to Public zoning. Zoning will remain unchanged as a result of this project.

Proposed Costs and Financing

The estimated total cost to implement this redevelopment project is approximately \$1.3 million, including approximately \$170,000.00 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.

Public investment may assist in the design and construction of street and streetscape enhancements, and other eligible public improvements and enhancements under the Community Development Law.

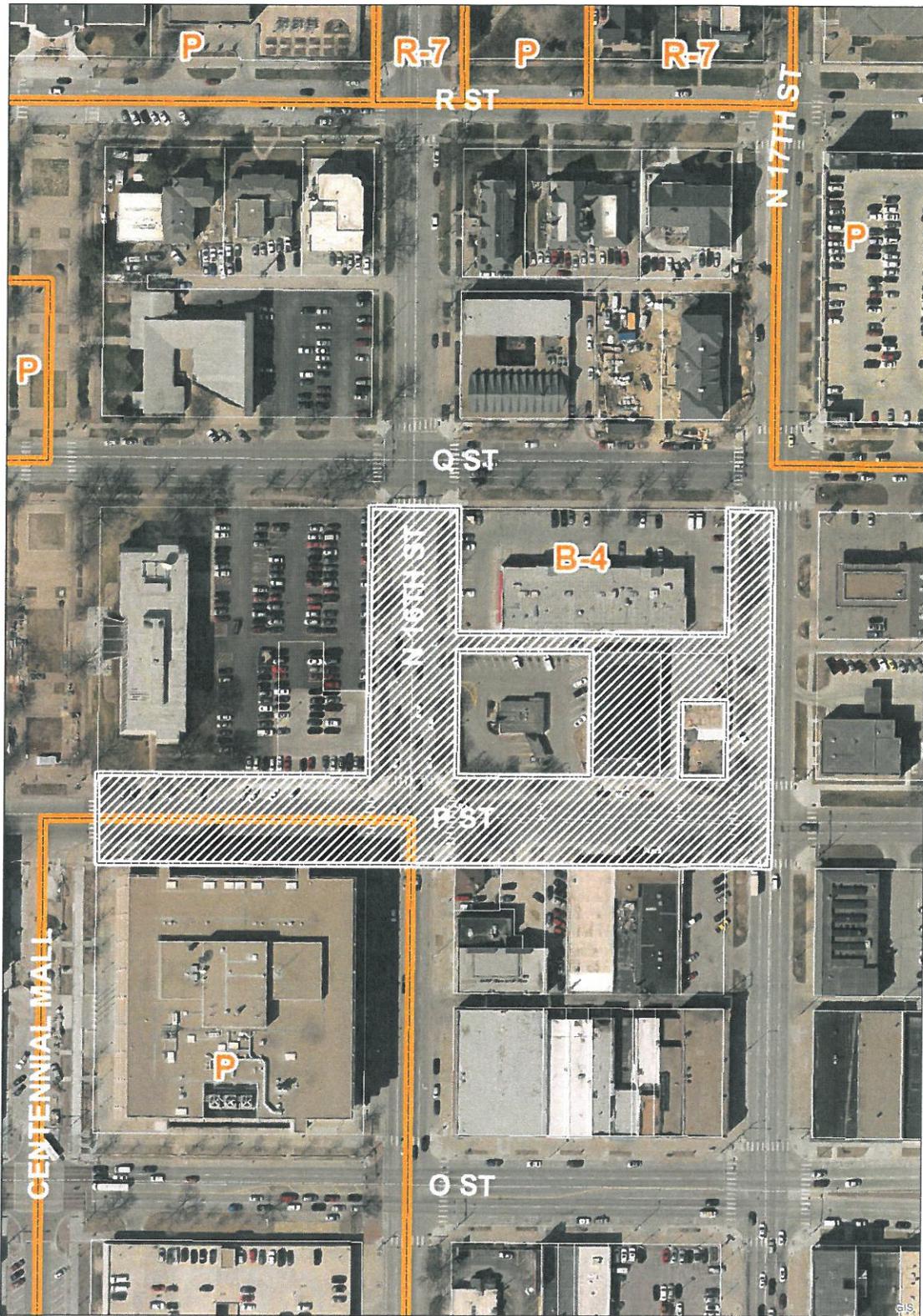


P Street East: Project Area Overview

Exhibit IV-184

 P Street East



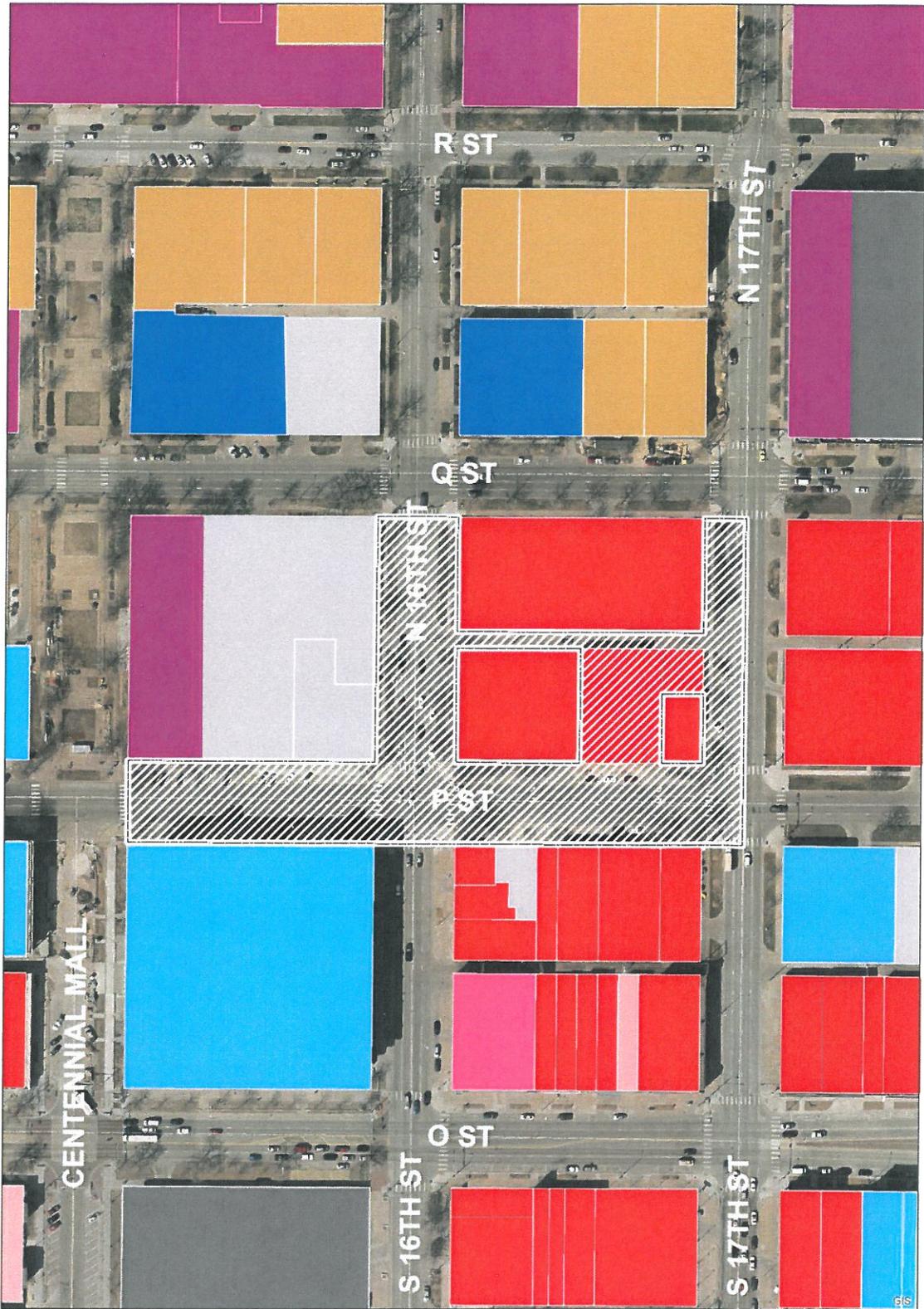


P Street East: Zoning

Exhibit IV-185

P Street East
 Zoning

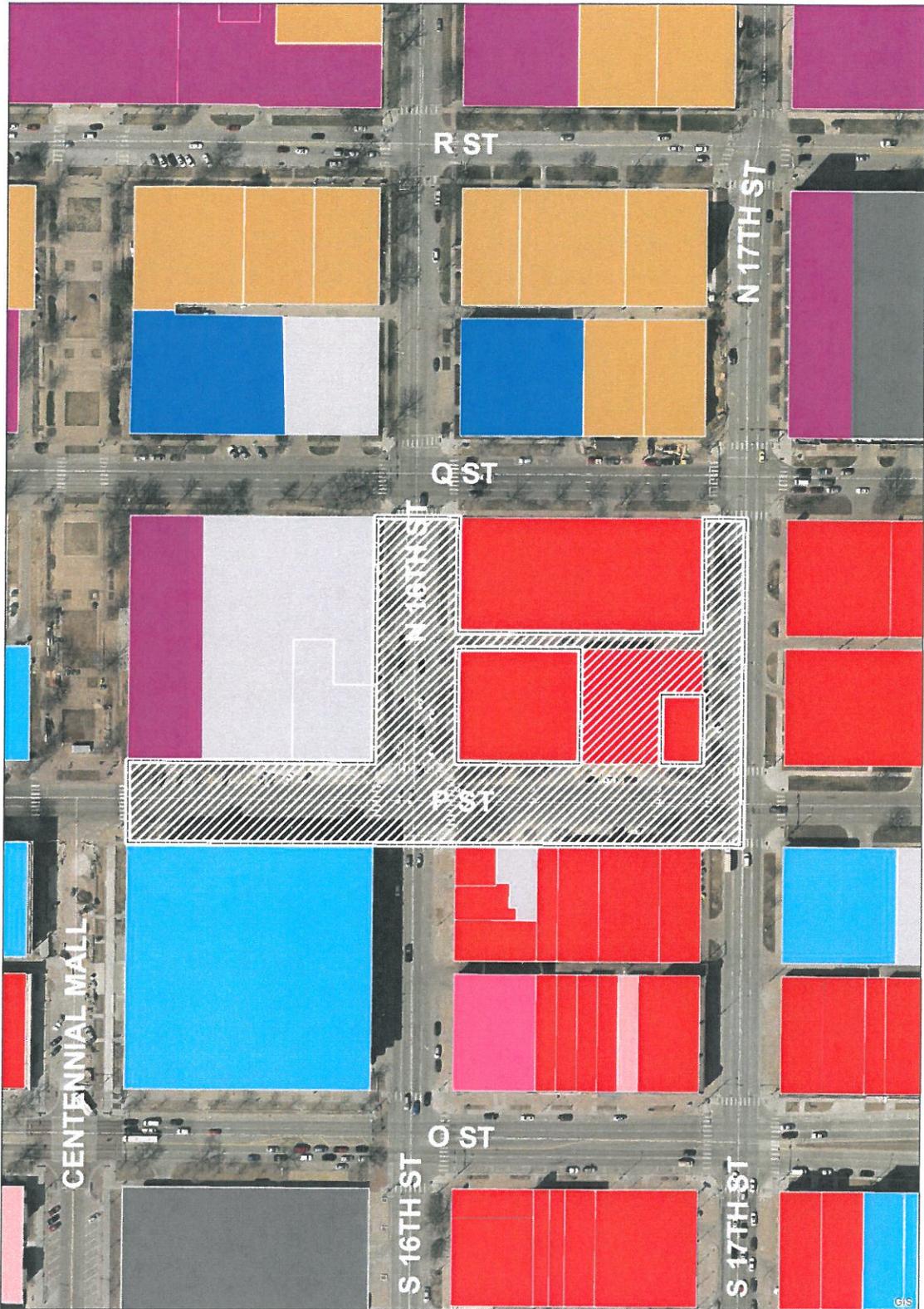




P Street East: Current Land Use Exhibit IV-186

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|---|--------------------------------------|---|--------------------------|---|--------------------------|---|----------------|
|  | P Street East |  | Commercial NEC |  | Public & Semi-Public NEC |  | Parking Garage |
|  | Group Quarters |  | Light Industrial |  | Religious Institutions | | |
|  | Commercial w/Residential Units Above |  | Educational Institutions |  | Parking Lot | | |





P Street East: Future Land Use Exhibit IV-187

- | | | | |
|--------------------------------------|--------------------------|--------------------------|----------------|
| P Street East | Commercial NEC | Public & Semi-Public NEC | Parking Garage |
| Group Quarters | Light Industrial | Religious Institutions | |
| Commercial w/Residential Units Above | Educational Institutions | Parking Lot | |

