AL. LIED PLACE RESIDENCES REDEVELOPMENT PROJECT

1. Project Description

The Lied Place Residences Redevelopment Project (the “Project”) proposes the redevelopment of the former Applebee’s restaurant site generally located at 1133 Q Street in Downtown Lincoln and more particularly described as follows: Lot 1, Que Place Addition, together with the South 5’ 6” of vacated Q Street adjacent thereto, in the City of Lincoln, Lancaster County, Nebraska (the “Project Site”). The Project Site is depicted on the map, below.

The Project involves the demolition of the former Applebee’s restaurant building, and the construction of a twenty-story mixed-use building on the Project Site. The building has been vacant for almost five years. During the planning and construction of the garage, the City contemplated a use for the site: a multi-story liner building to include housing along the north façade of the existing Que Place Garage. While ultimately a restaurant was selected for the ease of site development and the lack of a request for City assistance, the current structure does not meet the original intent of the site.

The new, twenty-story structure will meet the desire for density, a mix of uses including housing, and an activation of the first floor. The building will include an approximately 3,000 square foot restaurant on the ground floor and approximately 4,500 square feet of Class “A” commercial office space located on each of the second, third and fourth floors. Floors five through twenty (16 floors) will consist of approximately 40 one-, two-, and three-bedroom condominium units.
The Project is intended to enhance Downtown Lincoln as a dynamic, regional mixed-use center and to complement and support the Lied Performing Arts Center and adjacent University of Nebraska-Lincoln campus. The Project will accomplish these goals through development of a building incorporating a vertical mix of land uses, including a first-floor restaurant that will complement the adjacent Lied Performing Arts Center and residential condominium units that will be supportive of the housing needs of University of Nebraska faculty, staff, and alumni. The Project will better tie the University of Nebraska campus with Downtown Lincoln, in furtherance of the purposes set forth in the Lincoln Center Redevelopment Plan.

The Project Site is flanked on the south, east, and west by the City of Lincoln’s Que Place Parking Garage. A subdivision of the air rights located above the garage stair tower is required for building code requirements to permit windows on the east, west, and south facades. Surrounding land uses are primarily commercial, with some residential nearby and with educational uses, including the Lied Performing Arts Center and the University of Nebraska campus, located directly north of the Project Site. See the current land use map, above.

The Project Site is located in the “B-4” - Lincoln Center Business zoning district. The B-4 Lincoln Center Business District provides for business, retail, and other uses, and is designed to encourage the Lincoln Center Business District to remain the dominant multi-use center and key focal point of business, social, and cultural activity in the City of Lincoln. The land surrounding the Project Site to the South is almost exclusively zoned B-4 Lincoln Center Business District as well, while the land located north of the Project Site is zoned P Public Use District.

The Project is consistent with the Lincoln Center Redevelopment Plan, which encourages development of mixed-use projects that attract and maintain commercial activity and residential developments in the Lincoln Center Redevelopment Area. Further, the Project is expected to be consistent with the Lincoln Center Redevelopment Plan.

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Center Redevelopment Plan’s goal of encouraging development that is consistent and complementary to existing land uses, architectural styles, and building materials found in Downtown Lincoln. The façade of the building will be complementary of the building materials used in other structures in the vicinity. The Project is also consistent with the LPlan 2040, the Lincoln-Lancaster County 2040 Comprehensive Plan. The Guiding Principles in Chapter 6 (Mixed-Use Redevelopment) of LPlan 2040 encourage targeting underdeveloped and redeveloping commercial areas to more efficiently utilize existing infrastructure.

The Project is consistent with the 2005 Lincoln Downtown Master Plan as well, which envisions a vertical mix of housing in the Downtown area, including housing over retail and other uses, and encourages high-density construction on vacant or underutilized parcels. This Project is also consistent with the Plan in the redevelopment of Q Street as a secondary retail corridor. Redevelopment of the Project Site into a mixed-use building incorporating residential, commercial, and restaurant uses is also consistent with the 2040 Lincoln Area Future Land Use Plan. Future land use is shown on the map below.

The Project represents a significant private investment in the Lincoln Center Redevelopment Area. Publicly funded redevelopment activities may include: site acquisition, site preparation and grading, demolition, environmental remediation, streetscape and public area enhancements, utility improvements, energy efficiency improvements, façade enhancements, and other public improvements in the Lincoln Center Redevelopment Area.

2. Statutory Elements

- **Property Acquisition, Demolition, and Disposal:** The City does not intend to acquire property, nor would the City use eminent domain if the City did acquire property for this project. The proposed redeveloper currently controls the Project Site. The Project will require demolition of
the existing former Applebee’s restaurant building. The building is currently vacant, so no relocation of individuals or businesses will be required for the Project. Should relocation assistance be required, all relocation requirements will be followed, as outlined in the Lincoln Center Redevelopment Plan, and TIF funds will be used to relocate businesses.

- **Population Density**: The Project consists of the construction of approximately 40 one-, two-, and three-bedroom residential condominium units and 13,500 square feet of commercial office space. The moderate increase in population density in the Lincoln Center Redevelopment Area that is expected to occur upon completion of the Project is consistent with the objectives set forth in the Lincoln Center Redevelopment Plan.

- **Land Coverage**: The Project will only slightly increase land coverage on the Project Site as it will be built to the existing property line. The Project consists of demolition of the existing Applebee’s restaurant building located on the Project Site and construction of a new mixed-use building in its place. The footprint of the new building will nearly mirror that of the existing building except that it will be built to the property line. Improvements will be made to the streetscape that will include amenities, as well as the possible use of the right of way for outdoor dining. The Project will comply with the applicable land-coverage ratios and zoning requirements of the City of Lincoln.

- **Traffic Flow, Street Layouts, and Street Grades**: The Project is expected to increase traffic flow generated by residents, tenants, employees, and visitors to the restaurant, commercial, and residential space travelling to and from the Project Site. The Project does not include vacating any streets or alleys. Changes to the right of way will result from this project: the parking tray is expected to be reused for a loading zone, as there is not an alley immediately adjacent to the project. Additionally, because the building will be built to the property line that includes an area of previously vacated right of way, the curb will be shifted north to match the number of lanes on blocks to the east. The developer will work with City staff to minimize traffic impacts.

- **Parking**: There are not parking requirements in the B-4 District. The redeveloper intends to enter into an agreement with the City of Lincoln permitting the residents, tenants, employees, and customers of the Project to use roughly 100 parking stalls in the City’s adjacent Que Place Parking Garage. Changes to the right of way may reduce the number of on-street parking stalls along Q Street. The City will examine potential locations for additional on-street parking to offset any losses proposed as part of the loading zone.

- **Zoning, Building Code, and Ordinances**: The Project Site is currently zoned B-4 Lincoln Central Business District, and the Project is a permitted use in such district. No rezoning of the Project Site will be required as part of the Project. A subdivision of the air rights located above the garage stair tower is required for building code requirements to permit windows on the east, west, and south facades. All applicable building code requirements and ordinances will be satisfied.

### 3. Proposed Cost and Financing

The estimated total cost to implement the Project is approximately $30,000,000, which includes an estimated $5,000,000 in public financing. The project cost will be finalized as construction costs are determined. The source of the public funds for these improvements will be the tax increment generated from the private developments on the Project Site. Funding sources and uses will be negotiated and identified in the redevelopment agreement, subject to approval by the Mayor and City Council.
Public investment may assist with the costs of site acquisition, streetscape and public area enhancements, façade enhancements, and other public improvements and enhancements permitted under the Community Development Law in the Lincoln Center Redevelopment Area.

**Cost Benefit Analysis**

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:

- **Public Tax Revenues**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>(a) Base Value</td>
<td>$1,131,500</td>
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<tr>
<td>(b) Estimated New Assessed Value</td>
<td>$26,279,640</td>
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<tr>
<td>(c) Increment Value</td>
<td>$25,148,140</td>
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<tr>
<td>(d) Annual TIF Generated (Estimated)</td>
<td>$509,276</td>
</tr>
<tr>
<td>Funds Available</td>
<td>$5,000,000</td>
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Upon completion of the Project, the assessed value of the Project Site is expected increase by an estimated $25,148,140 as a result of the private investment for the Project. This will result in an increase in estimated annual property tax collections during the 15-0year TIF period of approximately $509,276, which will be available to finance the costs of construction of the public improvements related to the Project. The public investment of an estimated $5,000,000 in TIF funds will leverage approximately $25,000,000 in private sector financing, or approximately $5 dollars for every TIF dollar spent. The TIF funds shall be subject to adjustment as the project costs are further defined.

The City will forgo approximately 15.63 percent of these annual collections or approximately $79,600 per year over 14 or more years to support 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 be used toward bond repayment. After the 15-year period or the debt has been retired, the increase in annual taxes paid will be split among the taxing jurisdictions according to the tax levy shown below.

**Tax District 1, Property Tax Allocations as a Percentage of All Allocations, 2017**

<table>
<thead>
<tr>
<th>Description</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Lancaster County</td>
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<tr>
<td>Public Building Commission</td>
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<tr>
<td>City of Lincoln</td>
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<td>Lincoln Public Schools</td>
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<td>Educational Service Unit 18</td>
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<tr>
<td>Lower Platte South Natural Resource District</td>
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<tr>
<td>Railroad Transportation Safety District</td>
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<tr>
<td>Southeast Community College</td>
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<tr>
<td>Lancaster County Agricultural Society</td>
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<td>Lancaster County Agricultural Society Joint Public Authority</td>
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<tr>
<td>Lancaster County Correctional Facility Joint Public Authority-County</td>
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<tr>
<td>Lancaster County Correctional Facility Joint Public Authority-Lincoln</td>
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</tbody>
</table>
• Public Infrastructure and Community Public Service Needs Impacts

It is not anticipated that the Project will have an adverse impact on existing public infrastructure. In fact, the Project involves the capture of the incremental tax revenues for streetscape and public area enhancements, among other public infrastructure improvements in the Lincoln Center Redevelopment Area. The Project is not expected to have an adverse impact on City services, but instead will generate additional revenue providing support for those services.

• Employment within the Redevelopment Project Area

The Project is not expected to have an adverse impact on employers and employees of firms locating or expanding within the boundaries of the area of the Project. It is anticipated that the new restaurant operated on the ground floor of the building constructed as a part of the Project will result in the creation of an estimated 20 full- and part-time jobs. In addition, the three floors of office space will bring approximately 60 new employees to the Project Site. Further, the construction of approximately 40 residential condominium units as part of the Project will create expanded housing opportunities for employers and employees of firms locating or expanding within the Lincoln Center Redevelopment Area. Due the proximity of the Project Site to the University of Nebraska campus, the Project is expected to create new housing opportunities for University of Nebraska faculty and staff in particular.

• Employment in the City outside the Redevelopment Project Area

The Project is not expected to adversely affect employment in the City outside the Lincoln Center Redevelopment Area. Instead, the removal of blight and substandard conditions from the Project Site and the Lincoln Center Redevelopment Area is anticipated to enhance downtown Lincoln as a dynamic, regional, mixed-use center. As a result, it is anticipated that the Project will attract further commercial, retail, and residential development, which will both create and support additional jobs in the Lincoln Center Redevelopment Area, on the University of Nebraska campus, and in the City of Lincoln as a whole. The Project should increase the need for services and products and related employment from existing businesses in and around the Lincoln Center Redevelopment Area.

• Impacts on the student populations of school districts within the City

The Project is not expected to have a material impact on student populations of school districts within the City of Lincoln. Although the Project includes construction of approximately 40 residential condominium units, the condominium units will be primarily targeted for empty-nesters and young professionals, which should not result in a material increase in student populations in local schools.

• Other Impacts

The Project is consistent with LPlan 2040, the 2018 Lincoln Downtown Master Plan, and the Lincoln Center Redevelopment Plan.

The Project should have a positive impact on private sector businesses in the Lincoln Center Redevelopment Area and in the City, and will attract additional private investment in and around the Lincoln Center Redevelopment Area. In furtherance of the goals of the Lincoln Center Redevelopment Plan, the Project will complement and support the Lied.

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 by the Project from, for example, sales taxes generated by the residents of the Project, who will purchase goods and services in downtown Lincoln. Upon completion of the 15-year TIF period, the Project will benefit the community through higher property tax revenue.
The Urban Development Department believes that the private and public improvements proposed in this plan amendment would not occur “but for” the utilization of tax increment financing in the Lincoln Center Redevelopment Area. It would not be economically feasible for the redeveloper to construct the Project improvements as proposed without tax increment financing because the existing site conditions constitute a barrier to development that cannot be adequately remedied without the use of tax increment financing.

Project Schedule and Implementation

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

- The City will negotiate redevelopment agreement with the developers and submit to City Council for approval.
- Following agreement approval, the City may issue and sell Community Improvement Financing bonds or notes to fund the public improvements related to the project.
- Construction drawings of public and private improvements will be reviewed.
- TIF-funded public improvements will be competitively bid, as needed and required by the Purchasing Department.
- The private and public improvements and enhancements will be constructed.
- Reimbursement for eligible public improvements and enhancements will occur when invoices have been approved and increment is received.