CITY OF LINCOLN NEBRASKA

URBAN DEVELOPMENT DEPARTMENT
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To: Lincoln City Council Members
From: David Landis, Director
Date: October 30, 2014
Subject: 18th and P Multifamily (Aspen) Redevelopment Project Amendment to the Lincoln Center Redevelopment Plan

Submitted for your review is an amendment to the Antelope Valley Redevelopment Plan to reflect the addition of the 18th and P Multifamily Redevelopment Project area, also known as Aspen.

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 March 19, 2014, the new 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 in East Downtown Lincoln, and Downtown Master Plan.

The project was put on hold by the developer for the summer, and regular meetings restarted in September.

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 $7 million. 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.

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4. Following City Council approval of the redevelopment agreement negotiated between the City and developer, the City will issue and sell Community Improvement Financing bonds or notes to fund the public improvements related to these projects and/or permit the developer to finance the project through a Developer-Purchased debt instrument.

5. There is expected to be no relocation of families as a result of the project. 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. Site assembly, utility relocation, street improvements, and other improvements would not be achievable to the extent shown without TIF. The attached cost benefit analysis of the 18th and P Multifamily Redevelopment 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 Antelope Valley Redevelopment Plan Amendment adding 18th and P Multifamily Redevelopment Project Area.

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, and issue and sell bonds or notes, if needed.
- Select architects/engineers pursuant to city standard practice to design public improvements.
- Review and approve designs of public improvements.
- Competitively select primary contractor to construct public improvements.
- Construct public improvements and enhancements.

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Cost Benefit Analysis
Aspen Heights Redevelopment Project

The Aspen Heights Redevelopment Project ("Project") will redevelop the property located generally at 18th Street and "Q" Street, south to 18th Street and "P" Street and then east to Antelope Valley Parkway, Lincoln, Nebraska, in the Antelope Valley Redevelopment Area as more particularly described in the attached Plan Amendment. The Project will include the assembly and redevelopment of multiple existing commercial areas into higher density urban infill multifamily apartments containing 182 dwelling units.

The total demolition and construction costs for the Project are estimated at approximately $49,000,000, including the cost of acquisition and assembly of the multiple parcels.

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		$1,240,400
Estimated New Assessed Value		$35,465,000
Increment Value	*= New Assessed Value - Base Assessed Value*	$34,224,600
Annual TIF Generated (Estimated)	*= Increment x 0.02019540 (2012 Tax Rate)*	$691,557
Funds Available	*= Annual TIF Generated x 15 years @ 5.5%*	**$7,000,000**

Upon completion of the Project, the assessed value of the property within the Project Area will increase by an estimated $34,000,000 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 $691,557 that will be available for the construction of public improvements related to the project. The public investment of a projected $7,000,000 in TIF funds will leverage approximately $42,000,000 in private sector financing, resulting in a private investment of more than $6.00 for every TIF dollar spent.

The City will forgo 15.63 percent of these collections of $108,090 per year for the capture period 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, site acquisition, façade enhancements, utility relocation, street and streetscape improvements, and other eligible improvements. The Project will also facilitate and encourage additional downtown living options that are part of the Project, will encourage private investment in the Antelope Valley Redevelopment Area, and will increase security and safety in downtown Lincoln by the removal of certain blighted and substandard areas that are conducive to such problems.

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 after the 15-year increment period.

Employment within the Project Area

The Project is the redevelopment of a multifamily residential building that is not anticipated to create significant employment.

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 Antelope Valley 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 Antelope Valley 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 Antelope Valley Redevelopment Area and the City, and should encourage additional private development in and around the Antelope Valley Redevelopment Area and Downtown. The additional high-density housing opportunities that meet the expectations of those wanting to live Downtown will provide a substantial benefit to the City.

Proposed Amendment to the Antelope Valley Redevelopment Plan for the 18th & P Multifamily Redevelopment Project

18th & P Multifamily Redevelopment Project

Revitalization Project and Site Description

The 18th & P Multifamily Redevelopment Project (the "Project") includes the redevelopment of a portion of three (3) underutilized blocks with existing surface parking lots and deteriorating structures into three residential buildings and a multi-story parking garage facility. The Project area, located on the blocks bounded by 17th, Antelope Valley Parkway, O, and Q Streets in Downtown Lincoln. The Project area includes the following real property: Lot 1, Hancock Addition; Lots A-D, Mickey's Sub; Lots 1-2, and Lots 11-12 Block 11; Lots 8-11, Block 12; and Lots 2-16, Block 29, Kinney's O St Add, and adjacent rights-of-way to the blocks, including the proposed vacated rights-of-way, as shown on the project area exhibit.

The goal of this Project is to help revitalize Downtown and the East Downtown/Antelope Valley areas with the addition of approximately 631 bedrooms contained in approximately 182 residential units, and the addition of a multi-story parking garage for use by the residents living on or near the block, adjacent commercial tenants, and other downtown parking. The Project will remove blighted and substandard conditions and improve the connectivity between traditional Downtown Lincoln and East Downtown by providing residential, retail, and parking improvements.

The Project is consistent with the goals of the Downtown Master Plan and Antelope Valley Redevelopment Plan and is intended to support private sector residential development in this redevelopment area and help foster a livable downtown environment. The Project represents significant investment in the Antelope Valley Redevelopment Area.

Publicly funded redevelopment activities may include the construction of project related public improvements and enhancements and related streetscape amenities. These improvements correspond to several of the Downtown Redevelopment Goals/Principles identified in the plans. The redevelopment project addresses these goals by accomplishing the following:

- utilizing an underdeveloped lot in a key location;
- promoting an additional choice for housing within walking distance of places to work, learn, worship, and recreate;
- diminishing the prominence of the parking structure through thoughtful urban design;
- improving accessibility through multiple modes of transportation;
- providing compact development, using land resources wisely;
- integrating environmental sustainability into the project; and,
- enhancing the area's walkable, street-level orientation.

Statutory Elements

Accomplishing the 18th & P Multifamily Redevelopment Project is expected to involve the assembly of private property by the Redeveloper. The Project may involve acquisition, sales, or reconveyances as provided by law and as consistent with the plan.

The current and future land use exhibits identify the changes in the proposed land uses in the project area. Land coverage and building density will be altered with the demolition of the existing buildings and parking lots. Any demolition or disposition of property will follow policy outlined in the plan.

The existing street system within the Project is not anticipated change as a result of this Project. The Project may request the vacation of a portion of the east-west alley located in one block southwest of 18th & "Q" streets. Any changes to the existing right-of-way, including on-street parking, lanes, ingress and egress, etc. within the project area will be reviewed by the Public Works Department. When necessary, utility and public access easements will be retained. Pedestrian streetscape elements will also be enhanced within the project area.

There are several vacant, dilapidated residential units within the proposed project boundaries today. There are also several commercial buildings within the proposed project boundaries today. The resulting land use of the redevelopment will be primarily residential and parking.

In addition to the parking garage that will be constructed as part of the Project, various on- and off-street street parking configurations and off-street are located in the adjacent area.

The Project area is within the Downtown B-4 business zoning district that allows for a wide range of uses including the developments that are being proposed. No rezoning would be required. The project will need to meet or exceed Downtown Design Standards.

Proposed Costs and Financing

The estimated total cost to implement this mixed-use redevelopment project is approximately $45 million, including approximately $7 million in public improvements and enhancements. The source of funds for a portion of the public improvements and enhancements will be Community Improvement Financing (commonly referred to as Tax Increment Financing or TIF) generated from the private development within the project area.

Public investment may assist in acquisition, demolition, and site preparation; design and construction of utility improvements; design and construction of streetscape and right-of-way improvements; façade enhancements; energy efficiency enhancements; and, other public improvements and enhancements allowed under the law.

Funding sources and uses will be negotiated as part of the redevelopment agreement, subject to approval by the Mayor and City Council.

Exhibit 74P: 18th & P Multifamily Housing: Redevelopment Project Area

18th & P Multifamily Housing Area

City of Lincoln - Urban Development Department

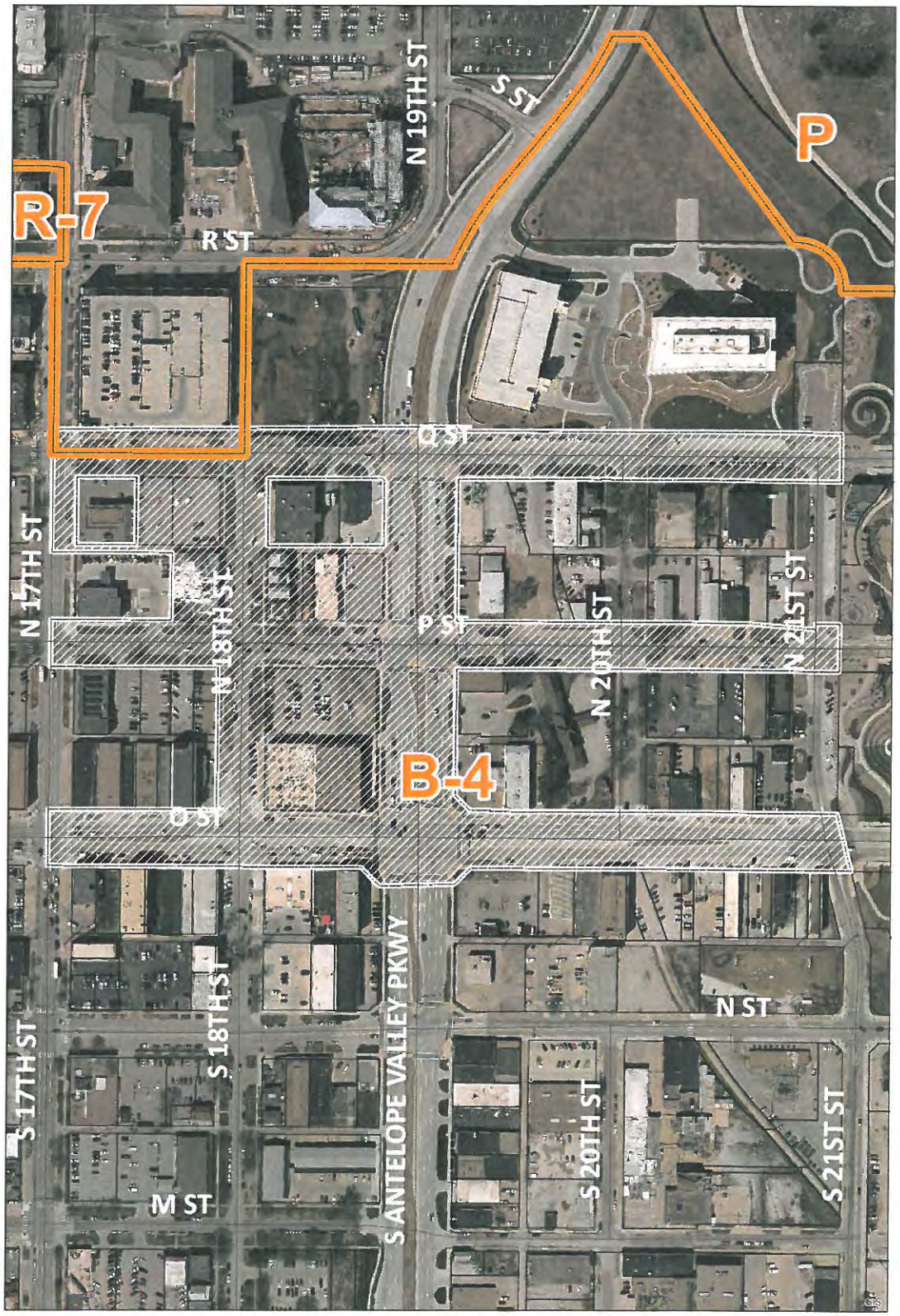

Exhibit 74P: 18th & P Multifamily Housing: Zoning

Zoning | 18th & P Multifamily Housing Area

City of Lincoln - Urban Development Department

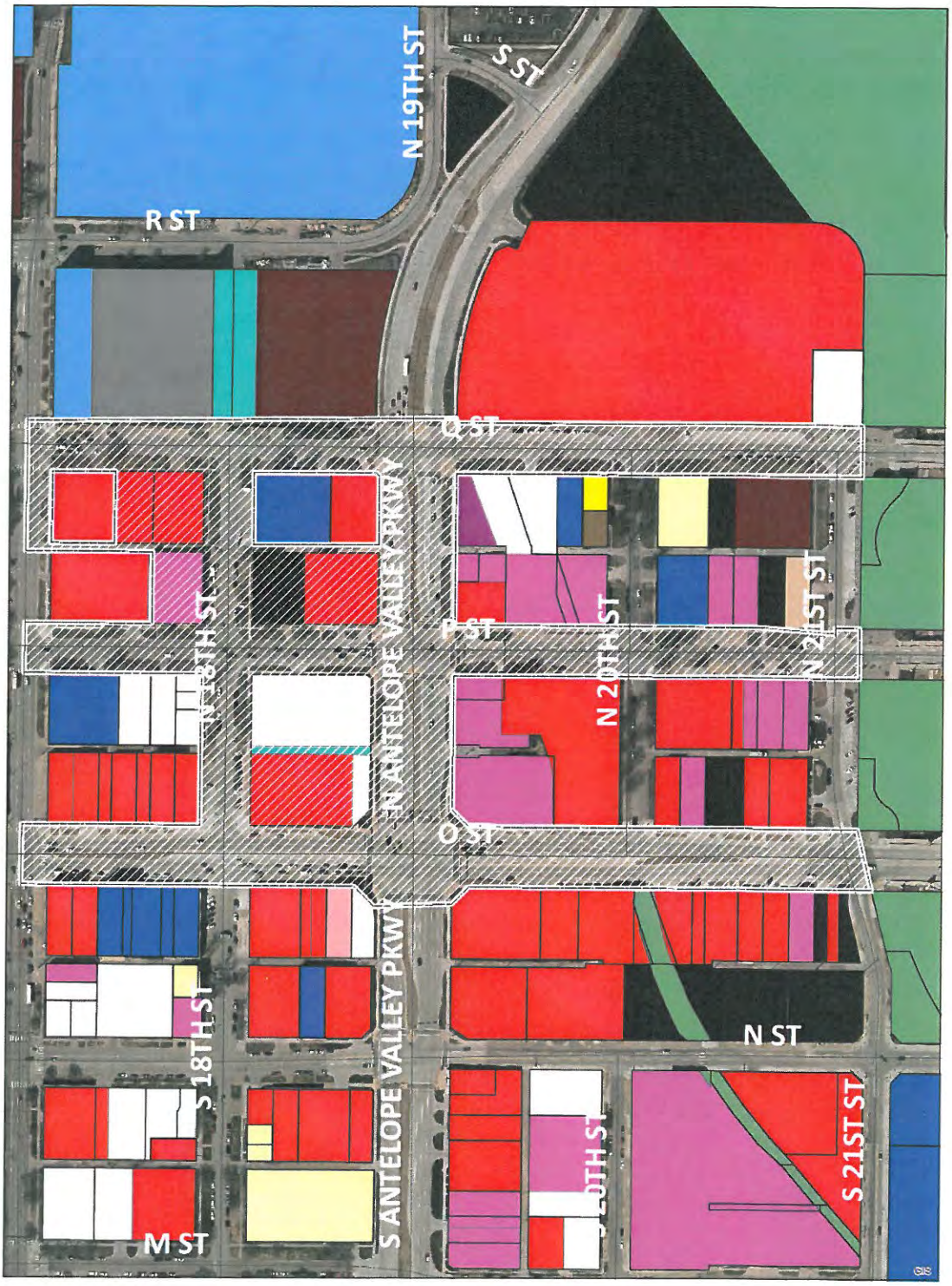

Exhibit 74P: 18th & P Multifamily Housing: Current Land Use

18th & P Multifamily Housing Area	Single Family (Detached)	Commercial	Educational Institution	Parking Garage
	Apartment (Multi Family Dwelling)	Commercial with Residential Units Above	Public & Semi Public	Vacated ROW
	Special Housing	Light Industrial	Park Land	Vacant Land
	Duplex	Utility Facility	Open Space	
	Group Quarters	Churches, Synagogues and Temples	Parking Lot	

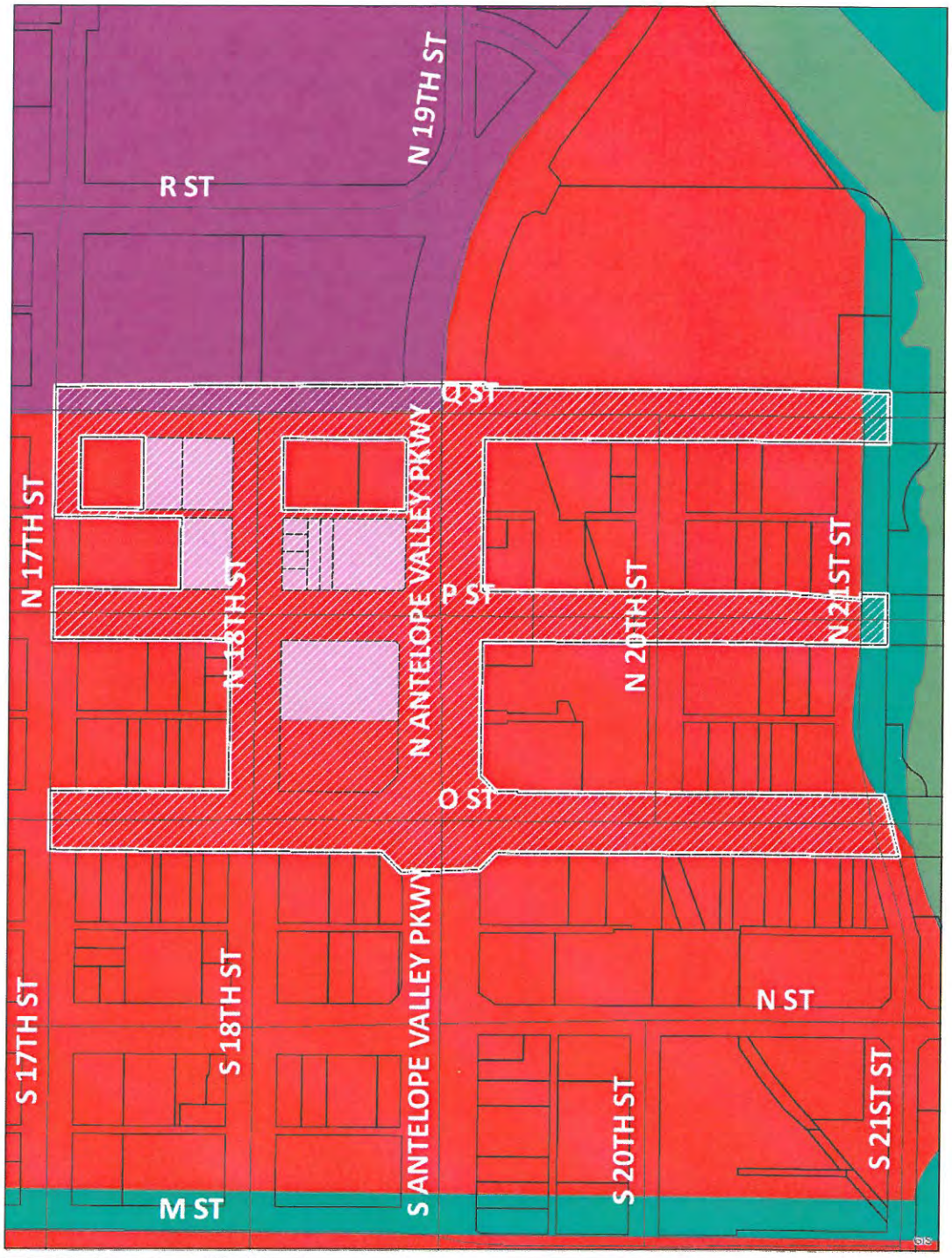

Exhibit 74P: 18th & P Multifamily Housing: Future Land Use

18th & P Multifamily Housing Area
Mixed Use
Commercial
Environmental Resources
Green Space
Public & Semi-Public

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