



Gateway Senior Living Center Redevelopment Plan

An Amendment to the
48th and "O" Street Redevelopment Plan

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Introduction

The *Gateway Senior Living Center Redevelopment Plan* is an amendment to the *48th and "O" Street Redevelopment Plan*, approved January 24, 2005. It expands the 48th and "O" redevelopment area to include the Gateway Senior Living Center retirement campus located north of "O" Street between 52nd and 56th Streets. Exhibit 1 illustrates the location of the area within the broader context of the City of Lincoln. The legal requirements and statutory elements required for a redevelopment plan are included in the original *48th and "O" Street Redevelopment Plan* and deemed to apply to this amendment. Only new information relevant and unique to the Gateway Senior Living Center Redevelopment Area is included in this amendment. All further references to the "Redevelopment Area" refer to the Gateway Senior Living Center area.

The property has sustained several different eras of construction and expansion that enabled the facility to incrementally sustain its growth needs and remain a viable business. The area contains an estimated 11 acres and is comprised of four buildings. The largest is a six-story building originally constructed in 1963 as a 90-unit elderly retirement facility. Cosmetic improvements were made in 2006 but significant structural issues still exist and unit layouts do not meet the needs of a modern assisted living or retirement community facility. The other structures are affiliated with the retirement facility and, together with landscaped open green space, create the retirement campus.

The advanced age and configuration of the buildings has also rendered the 23-stall garage functionally obsolete. The current configuration of

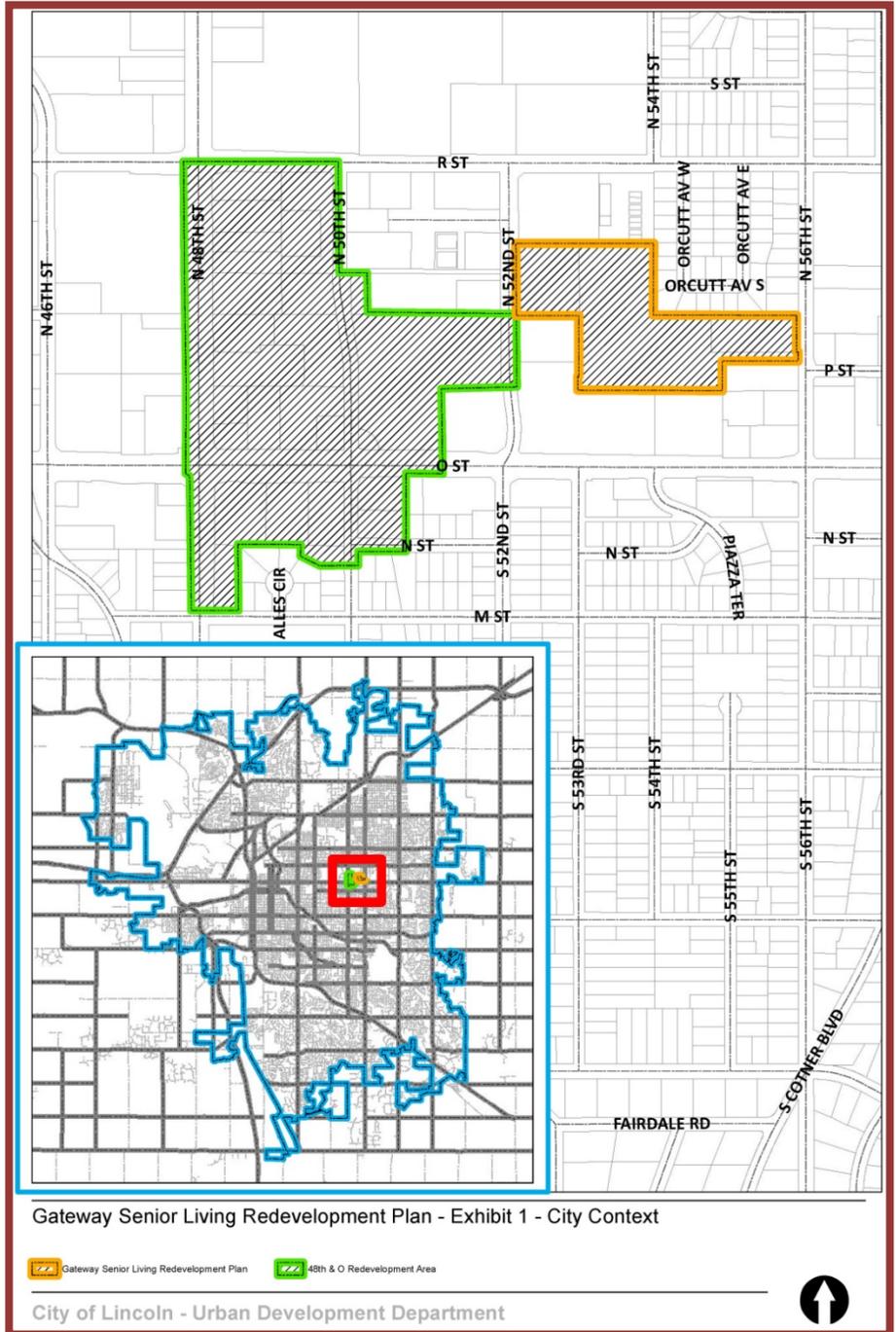


Exhibit 1: City Context

buildings, access roads and utility service systems restricts growth and redevelopment opportunities of the retirement campus.

As a result of these conditions, a *Blight and Substandard Determination Study* was completed in June of 2012, which confirmed the number, degree, and distribution of blighting factors and warrants designating the area blighted and substandard. The City recognizes continuing blight and deterioration as a threat to the stability and vitality of the area. Revitalization efforts cannot reasonably occur without public action. The *Gateway Senior Living Center Redevelopment Plan* provides a guide for public and private partners to redevelop the area.

The Gateway Redevelopment Area boundary is generally described as an area within the City of Lincoln, Lancaster County, Nebraska, that includes the following:

- Parcel ID# 17-20-415-005-000 (Millers Subdivision J G S2 20-10-7; Lot 18, E320' S1/2 & E320' N327.85' Lot 31 & N327.85' Lot 32 EX. N160' E331.57' & EX. S128.59' E331.36').
- Parcel ID# 17-20-416-001-000 (Millers Subdivision J G S2 20-10-7, Lot 32, N160' e380' N1/2.)
- Parcel ID# 17-20-424-004-000 (Villager Gardens, Lot 4).

Existing Conditions

Land Use

The Gateway Senior Living Center Redevelopment Area includes approximately 11 acres and five parcels of land. The primary land use is multifamily residential followed by open space comprised of landscaped grounds (see Exhibit 2). Approximately 81% of the area has been developed.

TABLE 1 - EXISTING LAND USE

Gateway Senior Living Center Redevelopment Area

<u>Land Use</u>	<u>Acres</u>	<u>Percent</u>
Multifamily	7.3	68.9
Open space/streets	1.3	12.3
<i>Total land developed</i>	<i>8.6</i>	<i>81.2</i>
Vacant/Available for Development	2.0	18.8
Total Area	10.6	100.0

Source: Hanna:Keelan Associates, P.C. 2012

The Redevelopment Area is comprised of four buildings. In addition to the six story residential unit, there is a single story 24-stall garage building that was constructed at approximately the same time as the retirement facility in 1963. A duplex style independent living townhome was completed in 1996 and a 6-stall garage was built in 2006. A two acre parcel of land fronting on North 52nd Street was purchased in 2010 for the construction of an additional future entrance to the facility.

The topography of the campus gradually slopes from east to west. Land at the southwest and west portions of the property steeply decline toward 52nd and O Streets. This is highlighted by the basement of the residential facility being at grade level on the west side of the building.

The property south of the Redevelopment Area is currently vacant with recent redevelopment including a stand-alone restaurant. A large portion of the area had been occupied by the Villager Hotel. Other commercial properties were located to the east. These buildings had deteriorated and were eventually sold and demolished creating frontage on O Street that is currently available for redevelopment.

Single family residential is located north of the area with some commercial development. West of the Redevelopment Area, across 52nd Street, is additional commercial development including a book store and a 78,000 square foot full service Hy Vee grocery store. The grocery store was a component of the original 48th and O Redevelopment Plan.

Structural Conditions

The residential facility was remodeled in 2006, including a fire-sprinkler system and cosmetic changes. Despite these improvements, significant structural issues still exist including outdated windows, an outdated heating and cooling system, and unit layouts that do not meet the needs of a modern assisted living or retirement community facility. Also, a significant amount of asbestos in the building will require abatement, with the cost estimated in the range of \$40,000 to \$50,000.

Results of a field survey conducted for the Blight and Substandard Determination Study indicated that all of the buildings contain combustible elements and fixtures, and one is deteriorating with major defects and in need of structural repair. Another structure was classified as deteriorating with minor defects. One of the parcels east of 52nd Street has foundations and cement slabs of former buildings remaining on the site.

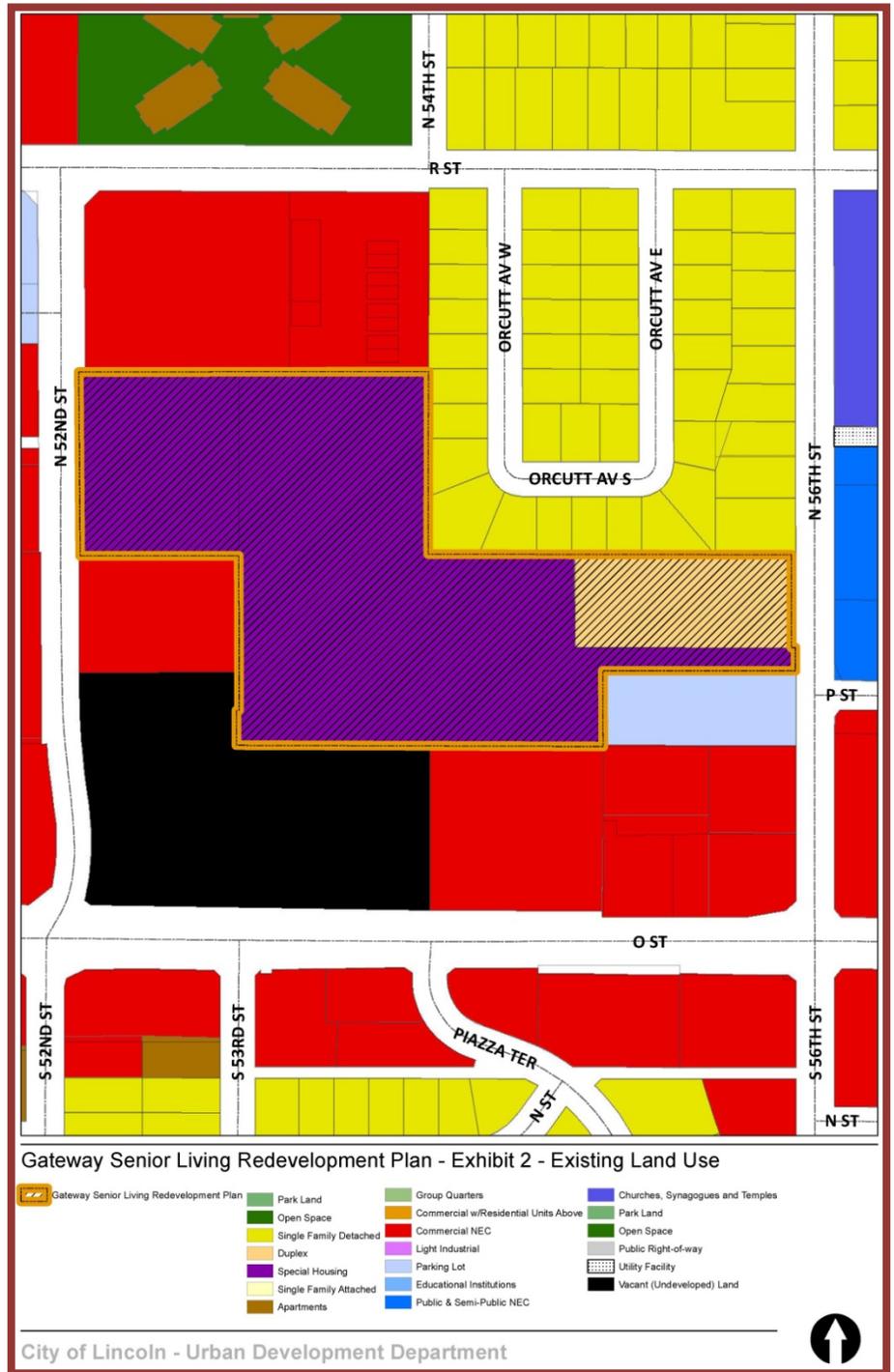
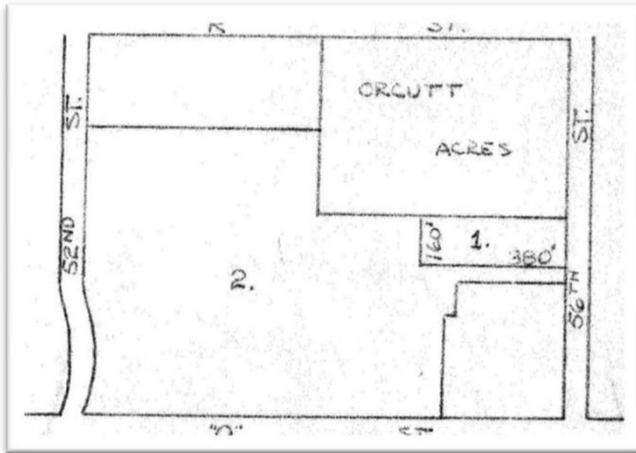


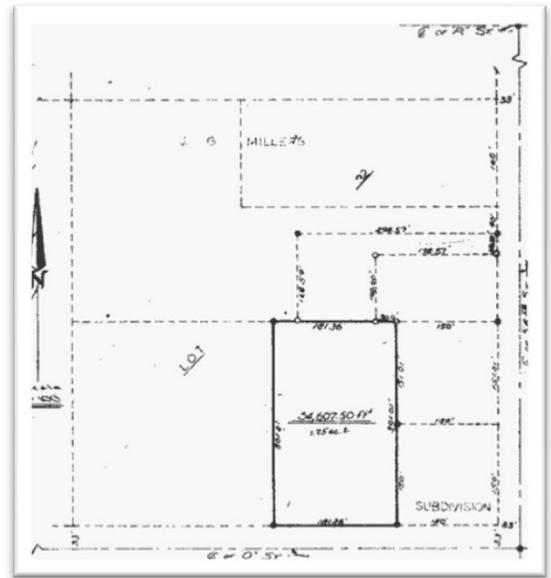
Exhibit 2: Existing Land Use

Subdivision Conditions

An in-depth analysis of the subdivision conditions was also completed as an element of the blight study. The analysis concluded that improper subdivision and obsolete platting is prevalent throughout the area. The two original parcels of the retirement campus were platted in 1963 as Lots 1 and 2 of the J.G. Millers Subdivision (see Exhibit 3). This plat established the south border of Lot 2 as O Street and the west border as 52nd Street. According to Lancaster County Register of Deeds staff, the lots



1963 map included with application for a Subdivision Permit.



1968 map showing lot split by metes and bounds description

Exhibit 3: Examples of Obsolete Platting

supporting commercial development along the east side of 52nd Street and the north side of O Street were split off from the retirement campus individually in the early 1960s by metes and bounds descriptions, rather than by an official subdivision of the entire area. In October 2010, the City of Lincoln required the commercial properties along 52nd and O Streets to be officially platted as a subdivision: Villager Gardens Subdivision. As a result, the retirement campus has only one entrance at 56th Street.

Lots 1 and 2 of the J.G. Millers Subdivision were intended to sustain and support the development of the retirement campus. The shape of the parcels in combination with the placement of structures and interior access roads limit the ability of the campus to sustain future growth and expansion needs. An additional parcel along the east side of 52nd Street was recently acquired for the purpose of connecting the west side of the campus to the street.

Exhibit 4 identifies existing zoning districts within the Gateway Senior Living Redevelopment Area. The area is predominantly zoned residential zone with commercial zoning abutting North 52nd Street. Rezoning the commercial area from H-2 to R-2 is in process and will be complete in July 2012. There is also a Special Use Permit on a portion of the site that allows for 316 elderly housing units. The zoning districts within the area are:

R-2 Residential District

This district is intended to provide a generally stable residential use in areas of the city that are largely developed. With a gross density of generally three to five dwelling units per acre, this district permits single- and two-family dwellings and supportive community services, such as parks, playgrounds, schools, libraries, and churches. It is intended that this district be limited to previously platted portions of the city already undergoing substantial development, thereby preserving existing low-density residential development.

H-2 Highway Business District

This is a district for a redeveloping area intended to provide business and services oriented to major arterial streets. It provides for those uses usually found in neighborhood business areas, plus a limited number of additional uses, such as auto repair garages, mini-warehouses, and auto sales.

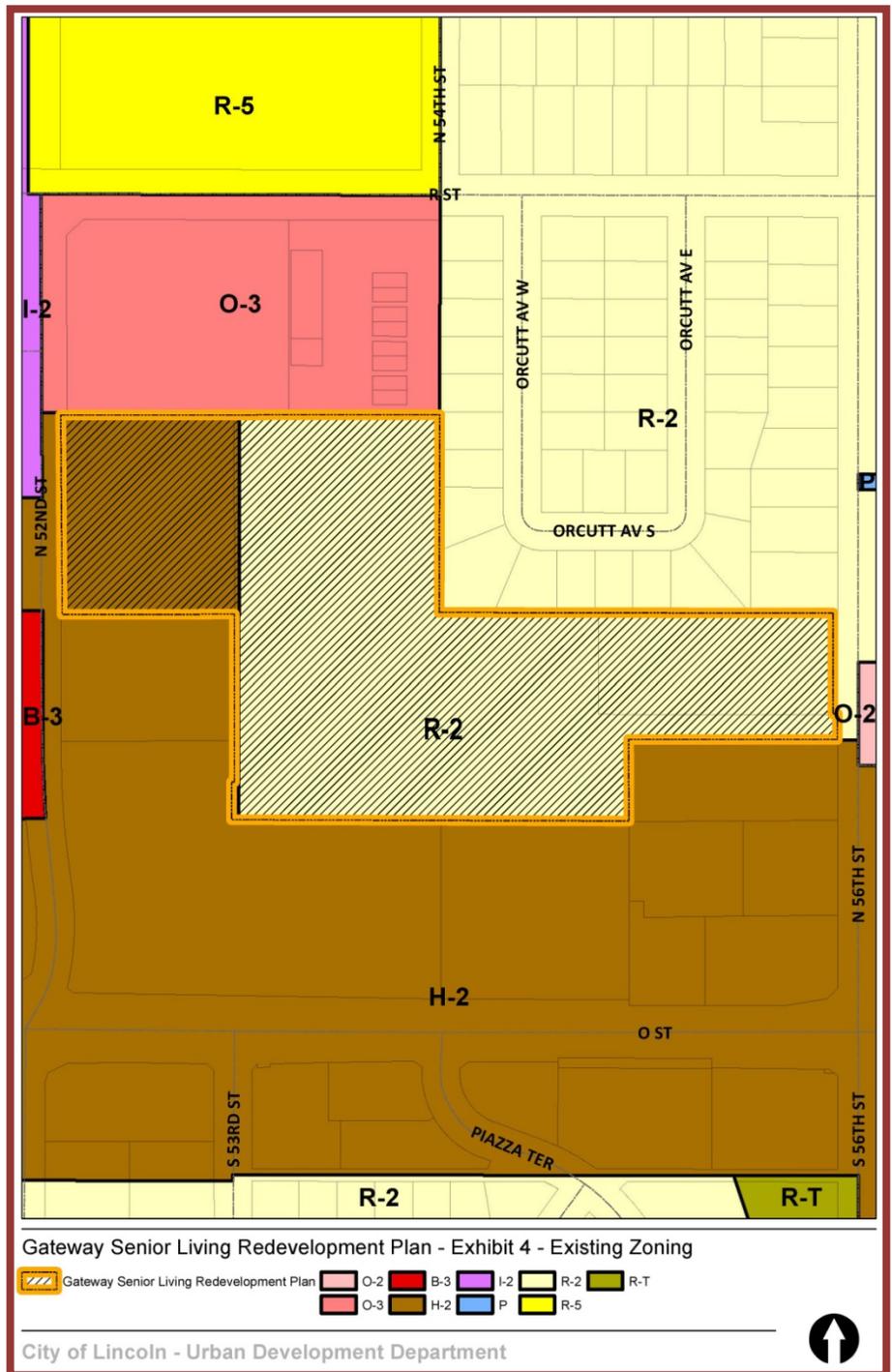


Exhibit 4: Existing Zoning

Parks & Recreation Facilities and Trails

Parks

There are no parks within the Redevelopment Area. However, the site is nicely landscaped with approximately one acre of green space. Parks nearby include Stuhr Park at 51st and M Street and Midtown Commons at 50th and N Street (see Exhibit 5). Stuhr Park is a 2.23 acre neighborhood park with a basketball court, picnic tables and playground equipment. Midtown Commons is a pocket park meaning no facilities are located there. It is approximately .31 of an acre with open green space.

Trails

As illustrated on Exhibit 5, although there are no dedicated bike trails directly in the redevelopment area, 52nd Street is an on-street bike route connecting to R Street on the north and J Street on the south.

Transportation

Traffic and Access

The Redevelopment Area abuts North 52nd and North 56th Streets. North 56th Street is a minor arterial and 52nd is a collector street. Traffic counts conducted in 2005 revealed just under 12,000 vehicles per day (VPD) on 56th Street and 4,100 VPD on 52nd. However, the new grocery store opened after counts were taken so actual VPD may now be slightly higher on 52nd Street. O Street is a major arterial

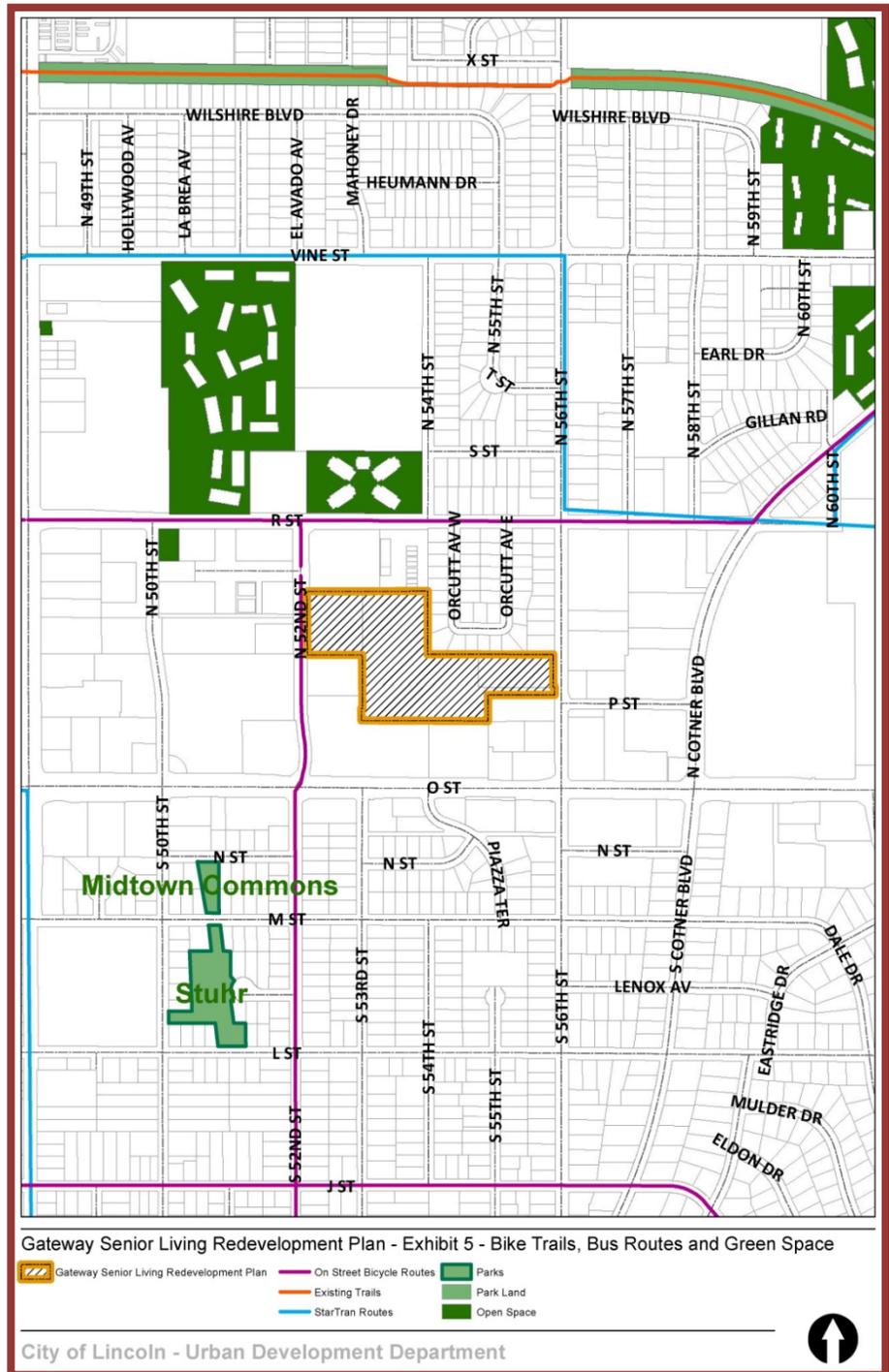


Exhibit 5: Bike Trails, Bus Routes, and Green Space

located south of the area but is not immediately adjacent. Average daily traffic on O Street between north 52nd and 56th was 41,050 VPD in 2009. Traffic through the campus is limited to residents, staff, visitors and deliveries; there is no through traffic.

Due to improper subdivision and obsolete platting, traffic circulation within the campus is deficient and there is poor accessibility to the area. Access is currently available only off North 56th Street but another access off 52nd Street is planned for the future. Having just one entrance is problematic: if it should become blocked for any reason, inclement weather, a vehicle accident along 56th Street, or a street repaving project, emergency vehicles access to the area would be compromised. It is also the only access point for semis and other delivery trucks.

Street rights-of-way have been reconfigured near the 56th Street entrance making P Street a west bound one-way street with two lanes of traffic turning south within 30 feet of the entrance to the retirement campus. These changes at 56th and P Street have made entering and exiting the retirement campus more difficult for residents. It is also a public safety issue for vehicles on 56th Street where traffic often backs up, particularly during rush hour.

Public Transportation

Although public transportation is not available directly to the Gateway Senior Living Center Redevelopment Area, two StarTran routes serve the area as shown in Exhibit 5. The primary public transit service for the Area is provided by the #44 O Street/Southeast Community College route. The closest stop is about two blocks away at the corner of 56th and R Streets. The route has stops at Westfield Mall, Southeast Community College, Culler Middle School, UNL City Campus, State Farm Insurance, Meadowland Shopping Center and Eastmont Towers. Service is available week days from 6:10 a.m. to 7:05 p.m. running every half hour during peak hours and hourly at non-peak. Saturday service is available hourly from 6:30 a.m. to 6:25 p.m.

The #54 Veteran's Hospital route is available approximately four blocks away at 48th and O. Major destinations include Saint Elizabeth Regional Medical Center, VA Hospital, Westfield Mall, Tabitha Village, Pius X High School, and Eastmont Towers. Week day service is on the half-hour during peak hours and hourly during non-peak, from 6:35 a.m. to 6:45 p.m. Saturday service is hourly from 7:30 a.m. to 5:30 p.m.

Future redevelopment should consider the needs of public transit that include sidewalk connections to transit stops, bus turnouts, and bus shelters.

Although not public, transportation is provided by Gateway Senior Living Center for its residents. Some transportation is provided at no cost while other trips may include a fee.

Street Conditions

The Blight and Substandard Determination Study of the area indicates that the privately owned and maintained streets within the Redevelopment Area are deteriorating. Asphalt and concrete surfaced access streets have extensive cracking to the degree where entire segments of the streets have become compromised. Water infiltration through the cracked segments has started to erode the underlying road base.

Sidewalk & Pedestrian Activity

Sidewalks currently exist in front of the main building and to the north parking lot. A new circular walking path was recently constructed in the median of the entrance to the residential facility. However, the majority of the area lacks sidewalks. Residents that desire to walk to the surrounding commercial retail outlets beyond the campus are forced to walk in the access street to 56th Street where public sidewalks are available along both sides of the street.

Public Utilities

The Gateway Senior Living Redevelopment Area is served by the following utilities: sanitary sewer, storm sewer, water lines, gas lines, electrical conduits (overhead & underground), telephone conduits (overhead & underground), and cable conduits (overhead & underground).

Sewer and Water

According to the City's Public Works and Utilities Department, City-owned water and sewer mains are located within the rights-of-way of 52nd, 56th, and O Streets. Service lines within the Redevelopment Area that connect to City main lines are approximately 49 years of age or older and undersized to accommodate any expansion of the retirement campus. Sewer lines must also be relocated to accommodate redevelopment of commercial properties along the north side of O Street. A sewer main crosses adjacent property to the south, but an easement was never registered. This service will need to be relocated.

Watershed Management

The Gateway Senior Living Redevelopment Area is not within a floodplain area and there are no known wetlands. The general drainage from the site drains predominantly north or west. There are no public systems within the private property of the Redevelopment Area. There are public storm drain systems along 52nd Street (drains west than north) and 56th Street (drains north) that are just within, adjacent or near the Redevelopment Area. There appears to be an open drainage at the north middle end of the site that drains to a public system in 54th Street at R Street. This open conveyance area needs to left open if there is a defined bed and bank (i.e. a minimum corridor).

The east portion of the site drains to the 54th and 56th Street drainage systems and the west portion of the site typically drains to the 52nd Street drainage system.

There also appears to be a structurally deficient retaining wall on 52nd Street on the east side (southeast corner of Redevelopment Area) due to excessive flooding of R Street. A drainage project was completed a few years ago to relieve this flooding (open conveyance channel north of HyVee) so the street flooding should be less in this area.

The storm drain system in 52nd Street has been studied, is mostly deficient and does not meet current drainage design standards. The 54th and 56th Street drain systems have not yet been studied. The entire area eventually drains to Deadman's Run.

Electric Service

Lincoln Electric System (LES) is considering replacing the underground conductor feeding the existing building. LES is planning on a total underground re-conductor of this area. The proposed facilities will be sized for the future expansion of the Gateway Senior Living area along with the redevelopment and new businesses along O Street east of north 52nd Street.

LES will be upgrading the existing transformer installation for the existing building and installing a new transformer for the proposed new building addition.

Historic Significance

There are no historic properties involved in this study area.

Blight & Substandard Determination Study

For a project in Lincoln to be eligible for redevelopment, the proposed area must qualify as both "Blighted" and "Substandard" based on Nebraska Community Development Law.

The *Gateway Senior Living Redevelopment Area Blight and Substandard Determination Study* was undertaken to determine whether conditions exist to warrant designation of the redevelopment area as a "Blighted and Substandard Area" in accordance with provisions of law. The study includes a formal investigation of the existence and extent of blighting and substandard factors outlined in Nebraska legislation.

Process

The Consultant's evaluation included a detailed exterior structural survey of four structures, a parcel-by-parcel field inventory of five parcels, conversations with City of Lincoln staff and a review of available reports and documents containing information which could substantiate the existence of blight and substandard conditions.

Findings

Of the twelve blight factors set forth in the Nebraska Community Development Law, five are present to a strong extent, and four represent "a reasonable presence."

The blighting factors with a "strong presence" and reasonably distributed throughout the Redevelopment Area are:

- Existence of defective or inadequate street layout. A significant portion of the privately owned and maintained access and circulation streets are in "fair" to "poor" condition.
- Faulty lot layout in relation to size, adequacy, accessibility or usefulness. There is limited accessibility to the area including only one ingress/egress entrance.
- Deterioration of site or other improvements. The entire campus has several areas where streets and storm water drainage systems are deteriorating or have "fair" overall site conditions. Privately owned access streets and associated storm water drainage systems in "fair" to "poor" condition also contribute to the strong presence of this factor.
- Improper subdivision or obsolete platting. The area is located in the center of an area with just one entrance at 56th Street. If the entrance at 56th Street were blocked for any reason, emergency access to the facility would be compromised.
- One of the other five conditions: average age of residential and commercial properties is at least 40 years old. .

The blighted factors with a "reasonable presence" are:

- A substantial number of dilapidated or deteriorating structures. One of the four structures was found to be deteriorating to a major extent. Three additional structures were determined to be in good condition.
- Insanitary or unsafe conditions. The area has "fair" overall site conditions relating to deteriorating streets and storm water drainage systems. In addition, underground utility service lines are approximately 49+ years of age.
- The existence of conditions which endanger life or property by fire or other causes. The primary contributing factors included buildings with combustible

components, deteriorating buildings and parcels fronting on streets that are in "fair" to "poor" condition.

- Other environmental and blighting factors. The presence of economically and functionally obsolescent structures.

Of the four substandard factors identified by Nebraska Community Development Law, two factors in the Redevelopment Area were found to be present to a strong extent, and two were "reasonably present." The substandard factors present in the area are reasonably distributed. The factors determined to have a strong presence are:

- Age or obsolescence of structures. Two of the structures are 40+ years of age, built prior to 1972.
- Inadequate provision for ventilation, light, air, sanitation or open spaces. The water, sewer and natural gas service lines are approximately 49 years of age or older. Privately owned sewer and natural gas service lines run from the residential facility to the southwest, underneath the parcels along the north side of O Street, which connect to city utility mains. These service lines will have to be relocated to accommodate new commercial construction south of the area.

Substandard factors reasonably present are:

- Dilapidated/Deterioration. One of the structures, a 24-stall garage, is deteriorating with major defects.
- Existence of conditions which endanger life or property by fire and other causes. Two of the four structures were built prior to 1972 and are 40+ years of age. There are three contributing factors:
 1. Building Conditions: All buildings contain combustible elements and fixtures and one is deteriorating with major defects and in need of structural repair. Significant structural issues still exist in the residential facility including outdated windows, an antiquated heating and cooling system and unit layout that do not meet the needs of a modern assisted living or retirement community facility.
 2. Lack of adequate utilities.
 3. Overall site conditions: Two of the five parcels were in "fair" condition. Landscaping and storm water drainage systems along the southern and western portions of the main property are deteriorating and adjacent circulation and access streets are in "fair" to "poor" condition. The parcel east of 52nd Street has foundations and cement slabs of former buildings remaining on the site.

It was the conclusion of the Consultant that the number, degree, and distribution of blighting and substandard factors, as documented in the Study, are beyond remedy and control solely by regulatory processes in the exercise of the police power and cannot be dealt with effectively by the ordinary operations of private enterprise without the aids provided in the Nebraska Community Development Law. The Lincoln City Council concurred and declared the area blighted and substandard on August 6, 2012.

Identified Issues and Summary of Existing Conditions

Based on the review of existing conditions, the following issues and concerns were identified and should be considered in conjunction with the Guiding Principles (listed in the following section) to provide a framework for determining projects in the *Gateway Senior Living Redevelopment Plan*.

- The primary residential structure has significant structural issues including outdated windows, an outdated heating and cooling system, and unit layouts that do not meet the needs of a modern assisted living or retirement community facility. Also, a significant amount of asbestos in the building will require abatement.
- The 24-stall garage is deteriorating with major defects and in need of structural repair.
- A parcel east of 52nd Street has foundations and cement slabs of former buildings remaining on the site.
- The shape of parcels combined with the placement of structures and interior access roads limits future growth and expansion needs.
- The area's principle zoning is R-2 Residential District.
- No parks are located within the Redevelopment Area but the site is nicely landscaped with approximately one acre of green space.
- An on-street bike route is located on 52nd Street.
- Traffic circulation within the campus is deficient and there is poor accessibility to the area. Access is available only off North 56th Street. Should the entrance become blocked for any reason, emergency vehicular access to the area would be compromised, along with access by residents and delivery trucks.
- Street rights-of-way have been reconfigured near the 56th Street entrance. P Street is a one-way west bound street with two lanes of traffic turning south within 30 feet of the entrance. This has made access difficult for residents and created a public safety issue on 56th Street, where traffic often backs up.
- No public transportation is available directly to the site but one StarTran route is available approximately two blocks away.
- Privately owned and maintained streets and driveways are deteriorating.
- The majority of the Redevelopment area lacks sidewalks.
- City-owned water and sewer mains are located within the 52nd, 56th, and O Streets rights-of-way. Service lines within the area that connect to City main lines are approximately 49 years of age or older and undersized to accommodate any expansion. Service lines within the area that connect to City main lines are approximately 49 years of age or older and undersized to accommodate any expansion. In addition, a service line crossing an adjacent property needs to be relocated.
- The area is not within a floodplain area and there are no known wetlands. There are no public systems within the private property of the Redevelopment Area.
- There appears to be an open drainage at the north middle end of the site that drains to a public system in 54th Street at R Street. This open conveyance area needs to left open if there is a defined bed and bank (i.e. a minimum corridor).

- There also appears to be a structurally deficient retaining wall on 52nd Street on the east side (southeast corner of Redevelopment Area
- The storm drain system in 52nd Street has been studied, is mostly deficient and does not meet current drainage design standards. The 54th and 56th Street drain systems have not yet been studied. The entire area eventually drains to Deadman's Run.
- There are no historic properties in the Redevelopment Area.
- Of the 12 blight factors in the Nebraska Community Development Law, five are present to a strong extent and four have a reasonable presence.
- Of the four substandard factors, two were found to be present to a strong extent and 2 were reasonably present.

Redevelopment Plan

Guiding Principles

LPlan 2040 is the Lincoln-Lancaster County 2040 Comprehensive Plan. The Plan embodies Lincoln and Lancaster County's shared vision for the future, to the year 2040. It outlines where, how and when the community intends to grow, how to preserve and enhance the things that make it special, and strategies for implementing the vision for how we will live, work, play and get around in the future.

The relevant principles listed below are taken directly from *LPlan 2040*. These precepts will be used as a guide for redevelopment activities in combination with the concerns identified in previous sections of the *Gateway Senior Living Redevelopment Plan*.

Neighborhoods & Housing Guiding Principles (p. 7.2)

- Promote sustainability and resource conservation by preserving and improving housing in existing neighborhoods.
- Distribute and preserve affordable housing throughout the community to be near job opportunities and to provide housing choices within existing and developing neighborhoods.
- Make available a safe residential dwelling for all citizens.
- Provide a wide variety of housing types and choices for an increasingly diverse and aging population.
- Provide flexibility to the marketplace in siting future residential development locations.
- Strive for predictability for neighborhoods and developers for residential development and redevelopment.
- Preserve areas designated for multi-family and special needs housing in approved plans to support a distributed choice in affordable housing.
- Provide safe and decent affordable and special needs housing for low- and moderate-income households.

Strategies for Neighborhoods and Housing (p. 7.4)

- Encourage substantial connectivity and convenient access to neighborhood services (stores, schools, parks) from residential areas.
- Create housing opportunities for residents with special needs throughout the city that are integrated into and compatible with residential neighborhoods.
- Incorporate interconnected networks of streets, transit, trails, and sidewalks with multiple connections within and between neighborhoods and commercial centers to maximize access and mobility to provide alternatives and reduce dependence upon the automobile.
- Provide sidewalks on both sides of all streets, or in alternative locations as allowed through design standards or review process.
- Design and locate special needs housing to enhance the surrounding neighborhood.

Strategies for Redevelopment in Existing Neighborhoods (p. 7.9)

- Promote the preservation, maintenance and renovation of existing housing and neighborhoods throughout the city, with special emphasis on low and moderate income neighborhoods.
- Maintain and enhance infrastructure and services in existing neighborhoods.
- Encourage increased density of existing apartment complexes and special needs housing where there is land available for additional buildings or expansions.
- Recognize that broad economic diversity within existing neighborhoods encourages reinvestment and improves quality of life for all residents while acknowledging the need for affordable housing.
- Building code requirements for the rehabilitation of existing buildings should protect the safety of building occupants, while recognizing the need for flexibility that comes with rehabilitating existing buildings.
- Implement the housing and neighborhood strategies as embodied in the City of Lincoln Consolidated and Annual Action Plans and subsequent housing and neighborhood plans. These plans provide the core for affordable housing and neighborhood preservation actions for public and private agencies.

Gateway Senior Living Redevelopment Activities: Residential

Gateway Senior Living Center Redevelopment Project

The Gateway Senior Living Center Redevelopment Project (the "Project") is being planned for the Gateway Senior Living Center located generally one half-block north of "O" Street between 52nd and 56th Streets. The existing development consists primarily of a six-story structure which contains 54 assisted/independent living dwelling units and 18 skilled nursing care beds for senior living. The expansion of this development is being planned in three phases. The phasing plan is reflected on Exhibit 6, the Site Plan.

The phasing plan can be summarized as follows:

Phase One: Renovation of the existing six-story structure will begin, and will include a new energy-efficient HVAC system and new energy-rated windows. These renovations will be completed in Phase Two. A new multi-story building will be constructed east of the existing building. Upon completion of construction of the Project, this development will contain 80 skilled nursing facility beds, 46 assisted living dwelling units, and 20 assisted living memory care dwelling units. Phase One is intended to proceed in the 2012/2013 construction season.

Phase Two: As soon as occupancy stabilizes in the expanded project due to the construction of the Phase One improvements, the plans will be implemented for proceeding with the Phase Two of the expansion plan. As shown on Exhibit 6, a new multi-story Phase Two building will be built north of the existing building. This new structure will contain 85 independent living units.

Phase Three: Lastly, once occupancy is stabilized for the Phase Two improvements, the Phase Three improvements can be implemented. The Phase Three improvements will consist of 75 additional independent living units located in a structure to be built west of the Phase Two improvements, and two or three additional townhome units constructed as patio homes located primarily towards 56th Street on the east end of the development.

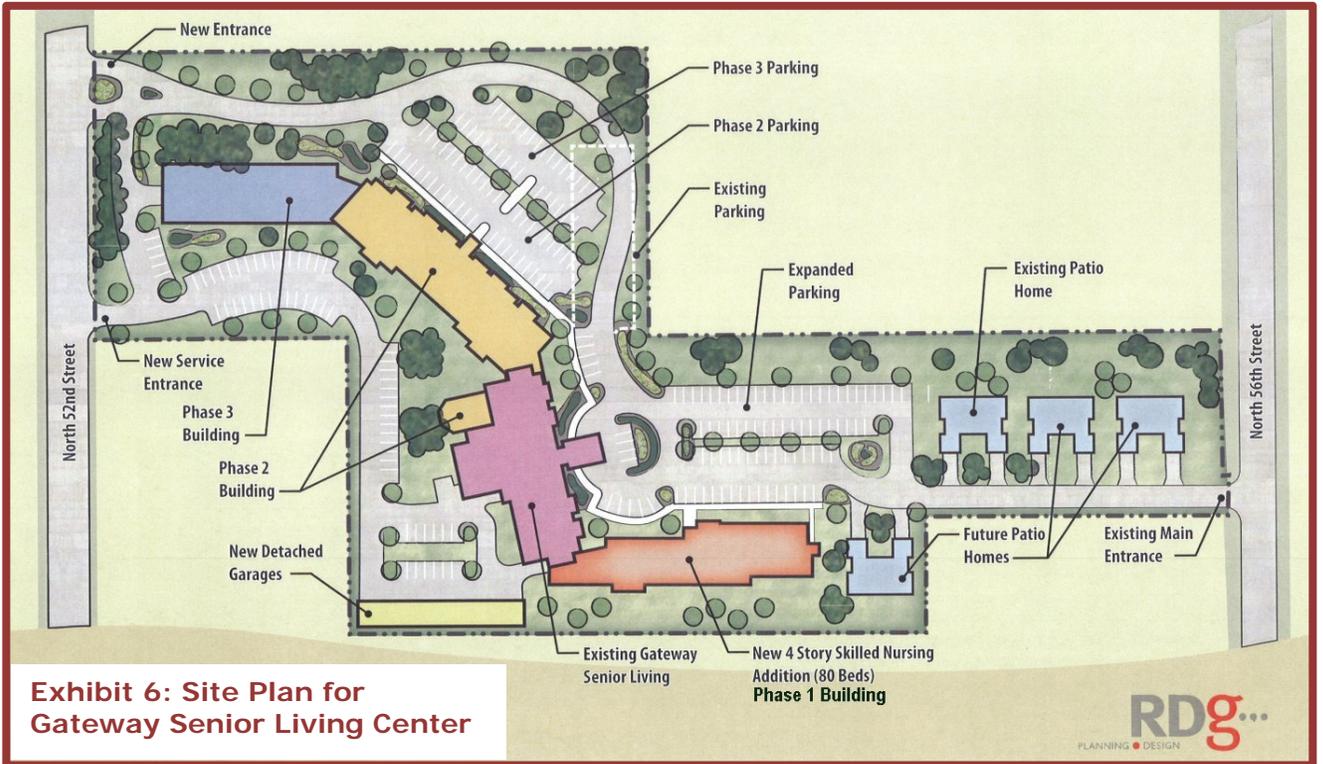


Exhibit 6: Site Plan for Gateway Senior Living Center

Once fully implemented, the three phases will expand the development from its current capacity of 54 independent living units and 18 skilled nursing beds to a combination of independent, assisted and skilled nursing facilities to provide housing opportunities for approximately 312 households or individuals. It is anticipated that the phases will be implemented over approximately an eight to ten year period, depending upon construction schedule, absorption rates of the expanded facilities and financing opportunities.

Future Land Use

Exhibit 7 is a Proposed Future Land Use map that reflects the additional residential development. The overall density of the redevelopment area will increase slightly with additional structures and multi-family units.

Estimated Expenditures

The preliminary estimate for private investment is approximately \$12.5 million dollars. More detailed costs will be estimated when design is completed. Public improvements will be constructed using Tax Increment Financing (TIF) funds generated from private development. Estimated private investment at full build-out is \$35.7 million.

See Appendix A for a preliminary cost benefit analysis.

Conformance with Comprehensive Plan

LPlan 2040, the Lincoln-Lancaster County Comprehensive Plan, adopted October, 2011, as amended, represents the local goals, objectives, and policies of the City of Lincoln. The *Gateway Senior Living Redevelopment Plan* was developed to be consistent with the Comprehensive Plan.

Financing

The primary burden for revitalization of the redevelopment area must be on the private sector. The City must provide public services and public improvements and participate where necessary in the redevelopment process, but the needs of the area are beyond the City's capacity to do alone. Financing of proposed improvements

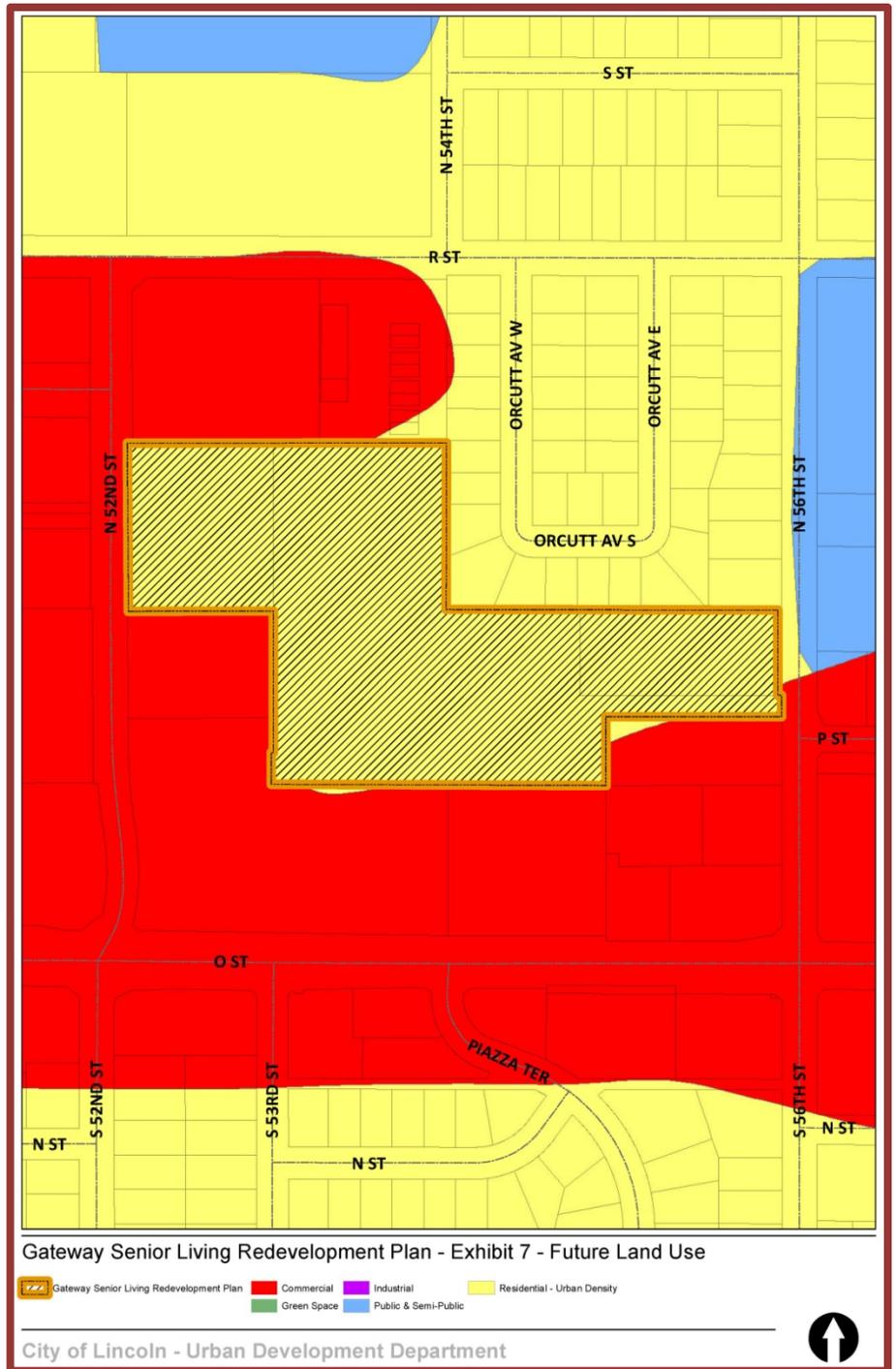


Exhibit 7: Future Land Use

will require participation by both the private and public sectors. Where appropriate, the City may participate by providing financial assistance for the rehabilitation of structures.

Project activities will be undertaken subject to the limit and source of funding authorized and approved by the Mayor and City Council.

According to the *Community Development Law*, any ad valorem tax levied upon real property in the redevelopment project for the benefit of any public body shall be divided, for a period not exceed 15 years after the effective date of such provision, by the governing body as follows:

That portion of the ad valorem tax which is produced by the levy at the rate fixed each year by or for each such public body upon the redevelopment project valuation shall be paid into the funds of each such public body in the same proportion as are all other taxes collected by or for the body; and

That portion of the ad valorem tax on real property in the redevelopment project in excess of such amount, if any, shall be allocated to and, when collected, paid into a special fund of the authority to be used solely to pay the principal of, the interest on, and any premiums due in connection with the bonds of loan, notes, or advances of money to, or indebtedness incurred by, whether funded, refunded, assumed, or otherwise, such authority for financing or refinancing, in whole or in part, the redevelopment project. When such bonds, loans, notes, advances of money, or indebtedness, including interest and premiums due, have been paid, the authority shall so notify the county assessor and county treasurer and all ad valorem taxes upon taxable real property in such a redevelopment project shall be paid into the funds of the respective public bodies.

The effective date for the Community Improvement Financing for each Redevelopment Project shall be identified in the project redevelopment contract or in the resolution of the authority authorizing the issuance of bonds pursuant to Neb. Rev. Stat. Section 18-2124.

Appendix A: Cost Benefit Analysis

Nebraska Community Development Law (NE Res. Stat #18-2147) requires the completion of a cost benefit analysis for redevelopment projects. The City's Law Department has interpreted the requirement to mean that the analysis must be completed in conjunction with the Redevelopment Plan. Since projects are not fully developed, the analysis will be cursory; however, more detailed analyses will be completed as projects develop and will be brought before the City Council in conjunction with redevelopment agreements.

Gateway Senior Living Project: Phase One

The Gateway Senior Living Project will redevelop the approximately eleven (11) acre campus located generally at 225 N. 56th Street, Lincoln, Nebraska, in the 48th & O Street Redevelopment Area. The Gateway campus currently consists of a single six-story building that has 54 assisted living apartments, 18 skilled nursing facility beds, and two patio homes. Phase One of the Gateway Senior Living Project (Phase One referred to herein as the "Project") will include: (1) renovation of the current building on the property; (2) construction of a new 80-bed skilled nursing facility; and (3) construction of new detached garages and additional surface parking areas. The total construction cost for the Project is estimated at approximately \$12,500,000.

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

Tax Revenues: Tax Increment Financing Analysis

	Description	\$ Value
Base Value	Current Value	\$ 2,916,300
Est. New Assessed Value	Phase One	\$ 10,000,000
Increment Value	New Assessed Value minus Base Assessed Value	\$ 7,083,700
Annual TIF Generated	Increment Value x 2.0252120 Tax Rate	\$ 143,460
Funds Available	Present Value of TIF generated over a 15 year period	\$ 1,606,500

Upon completion of the Project, the assessed value of the property within the project area will increase by an estimated \$7,083,700 as a result of the private investment. This will result in an estimated annual increase of approximately \$143,460 in property tax collections that will be available for the construction of public improvements related to the project during the 15 year TIF period. The public investment of a projected \$1,600,000 in TIF funds will leverage \$12,500,000 in private sector financing, resulting in a private investment of more than \$7.80 for every City TIF dollar spent.

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 current single access to the property is on 56th Street, at a transition point from two-way to one-way traffic. The Project would reorient traffic flow to 52nd Street, which will create a safer traffic pattern, but the Project will not otherwise affect traffic or roads. The Project entails the capture of the incremental tax revenues for the purposes of relocating some utility service lines, installing site utilities, energy conservation improvements, façade improvements and other eligible improvements.

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 will create approximately 80 new FTE jobs in Lincoln. 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 136,102 persons living in the City of Lincoln were employed, according to the 2009 American Community Survey. The median household income for the City in 2009 was \$44,702. The Project would have a minimal impact on the overall employment in the City.

Other Impacts

The Project increase business and tax base without an adverse effect on either public or private entities. There will be a material tax shift because of the use of tax increment financing, but there will also be personal property tax and other municipal revenue generated for the immediate benefit of the community. The Project will facilitate the development of vacant or underdeveloped areas in the City, without the incurrence of significant public cost.

The Project will create tax and other public revenue for the City and other local taxing jurisdictions. While the use of tax increment financing will defer receipt of a majority of new ad valorem real property taxes generated by the Project, the Project will increase elderly housing opportunities within the Redevelopment Area. In fact, the Gateway Senior Living development is one of the few assisted living facilities which accept Medicaid eligible residents. This facility provides a housing opportunity to lower income elderly residents.

In addition to new personal property tax revenues, the Project will also contribute to municipal revenues through excise taxes, fees, licenses, sales taxes, and other taxes that occur and are paid by homeowners in the Redevelopment Area.

The Project should have a positive impact on private sector businesses in and around the area outside the boundaries of the redevelopment project. The Project is not anticipated to impose a burden or have a negative impact on other local area employers, but should increase the need for services and products from existing businesses. Most notably, the additional assisted living facilities will provide a needed service in the City.