

## AS. Block 65 Redevelopment Project

### 1. Project Description

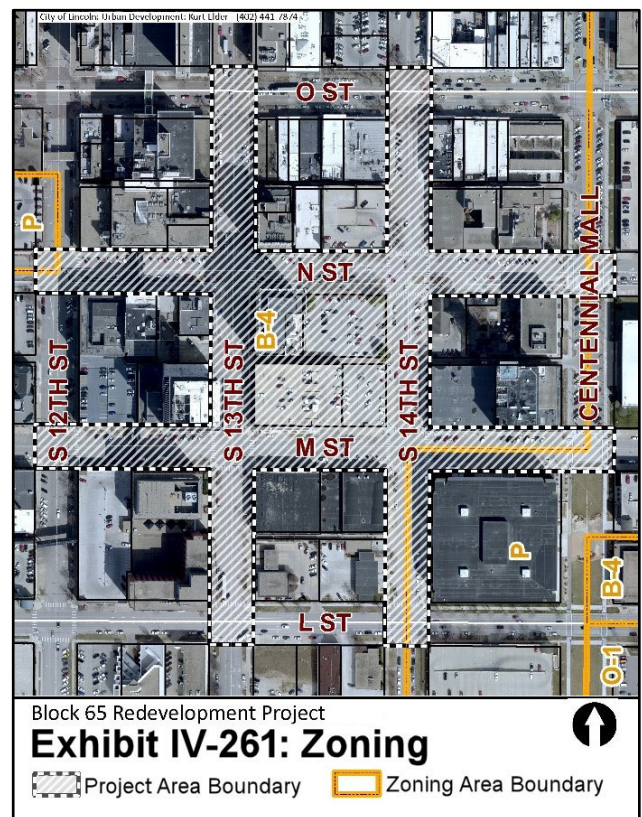
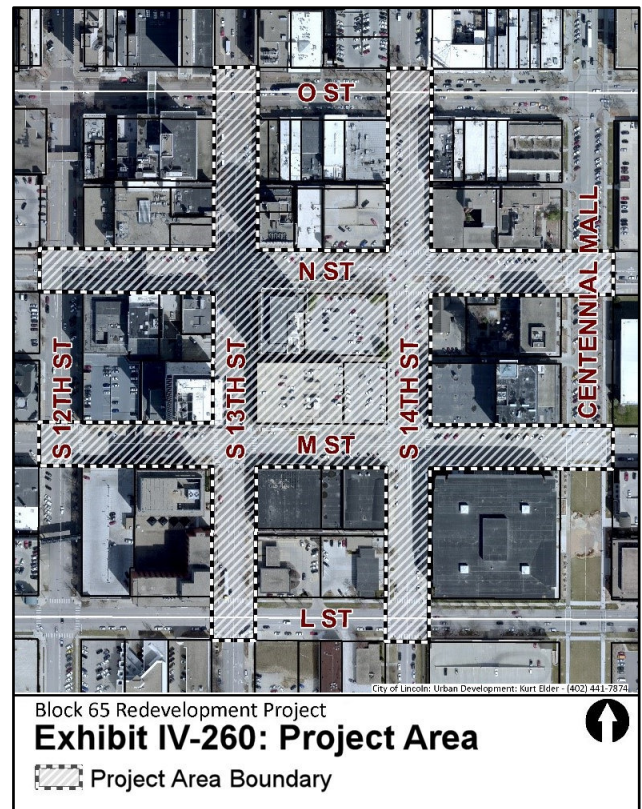
The Block 65 Redevelopment Project (“the Project”) includes the redevelopment of Block 65 generally bounded by M and N Streets and 13th and 14th Streets in Lincoln's central downtown business district. The Project Area includes the Project Site and the adjacent rights of way as shown on the project area map below.

The privately-owned Sharp building is located on the northwest corner of Block 65 on a parcel that is approximately 110 feet by 142 feet. The City purchased the remainder of Block 65 in 2019 as the site for a new public parking garage. The block is approximately 300 feet by 300 feet. The publicly-owned portions of the block include a surface lot on the north half of the block that is approximately 190 feet by 142 feet; a parking garage with first-floor commercial and surface lot on parcels on the south half of the block, which when combined is approximately 300 feet by 142 feet; as well as, an east west alley that is approximately 300 feet by 16 feet.

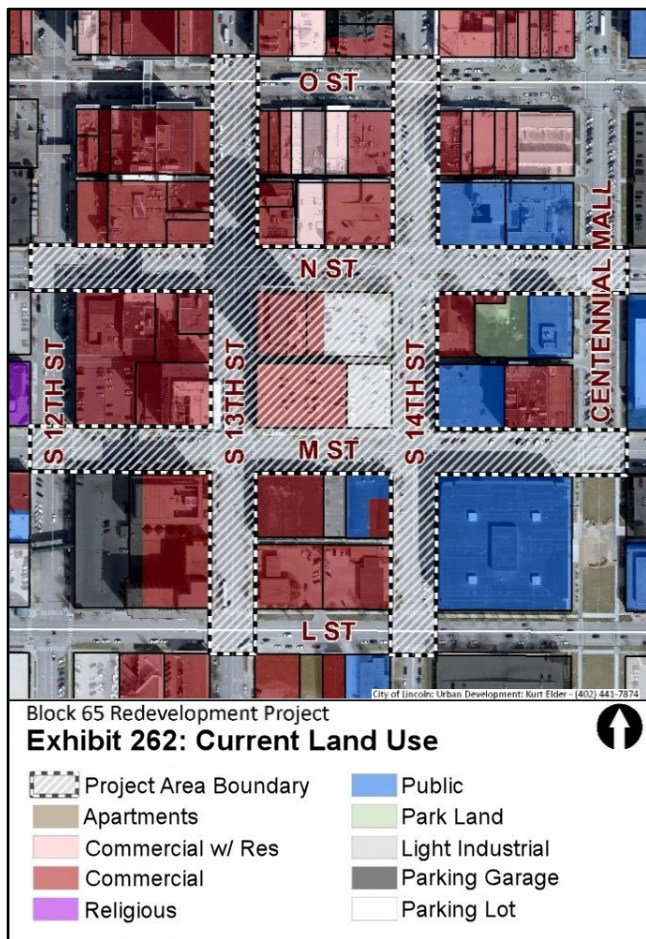
The City of Lincoln received a redevelopment proposal for the City-owned surface lot on the north half of the block. The proposal was in response to the Lincoln Center Invitation for Redevelopment Proposals (IFRP) issued in 2009 for all City-owned property in the downtown area. Under the open IFRP, the City received two additional responses with interest in the Sharp Building and in a public-private partnership with the public parking garage. All three proposed projects could co-exist. The Block 65 Redevelopment Project Area will include several phases that may happen concurrently or on separate schedules.

The Project Site is located in the “B-4” Lincoln Center Business District zoned area, which covers much of Downtown. The B-4 District permits the proposed uses, and is designed to encourage Downtown to remain the dominant multi-use center and key focal point of business, social, and cultural activity in the City of Lincoln. Buildings constructed on this block would have a maximum height of 275 feet.

The overall goals of this project are to strengthen the long-term viability of Downtown Lincoln, support the 24/7 vibrancy of Downtown, remove blighted and substandard conditions, preserve historic buildings in the district, create additional housing opportunities, create additional parking







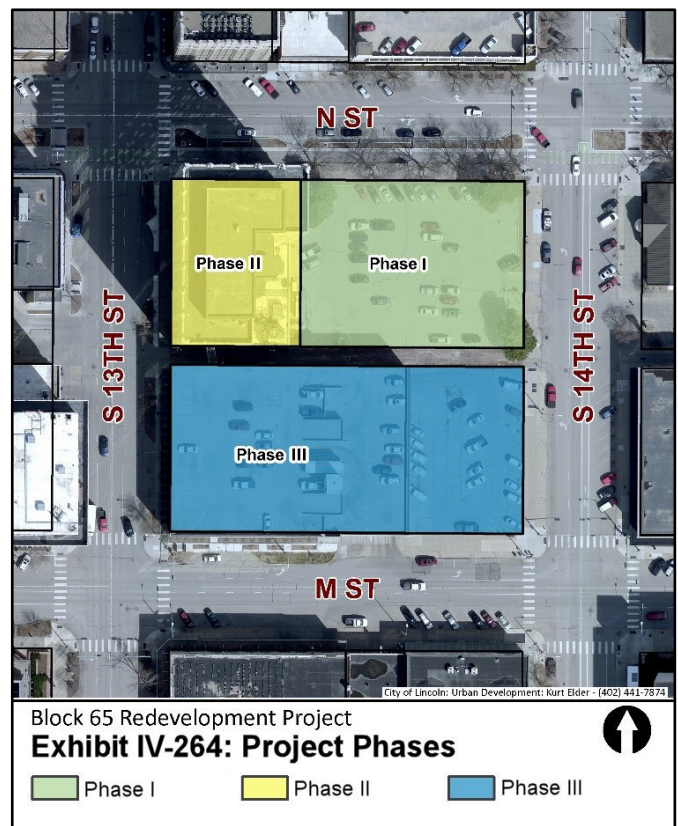
opportunities, and improve the pedestrian environment. The Project will accomplish these goals by redeveloping an existing historically-significant building and constructing new, mixed-use buildings on currently underdeveloped lots, as well as completing streetscape, utility, and other right-of-way improvements around the block.

The mix of proposed uses would fit well with surrounding land uses, which are primarily commercial uses. See the Current Land Use map and Future Land Use map above.

The block is also located within close proximity to other projects, like the Eagle Parking Garage Rehabilitation and future Pershing Catalyst Project.

### ***Phase I - Private Mixed-Use Residential Redevelopment***

Phase I includes the redevelopment of the northeast, City-owned surface lot into an approximately 15-story, mixed-use residential building. The building is proposed to have approximately three stories of parking





with first-floor residential amenities and twelve stories of approximately 200 residential rental units. The total gross square feet in the building is estimated at over 300,000, approximately 180,000 of which is residential.

### ***Phase II – Sharp Building***

Phase II includes the redevelopment and rehabilitation of the existing Sharp Building (shown right) at 206 South 13th Street. The 1927 building is historically significant to Lincoln and likely eligible for National Register of Historic Places. The 16-story building is over 154,000 square feet and in need of substantial improvements to maintain the current use as commercial office, with the possibility of the redevelopment of upper floors for residential.

### ***Phase III – Mixed-Use Public Garage and Private Redevelopment***

The City intends to construct a public parking garage on the south half of the block with a minimum height of six stories and at least 700 parking stalls. The garage will have an opportunity to be combined with private uses. The garage is expected to accommodate ground-floor commercial or active space, as well as opportunities for redevelopment above the top floor of the garage. The City would likely issue an Invitation for Redevelopment Proposals related to the private redevelopment with the public garage. The Block 38 Redevelopment Project (Larson Building) is an example of a private redevelopment/public garage partnership.

All three phases will go through separate vetting processes, including the negotiation of redevelopment agreements and public hearings at City Council.

### ***Relationship to Plans***

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.

The Project is consistent with the *LPlan 2040*, the *Lincoln-Lancaster County 2040 Comprehensive Plan*. One of the overarching goals of *LPlan 2040* is to promote downtown Lincoln as a vibrant mixed-use neighborhood. The *Comprehensive Plan's* chapter on Mixed-Use Redevelopment lays out the guiding principles for mixed-use redevelopment, including targeting underdeveloped commercial areas, enhancing adjacent entryway corridors, and improving connectivity. The *Plan* encourages mixed-use redevelopment, adaptive reuse and well-designed and appropriately-placed infill development, including residential, commercial, and retail uses. The *Plan* also encourages higher-density development with related parking incorporated. The *Comprehensive Plan* supports the preservation, protection, and promotion of the character and unique features of urban neighborhoods, including the preservation of historical and architectural elements.



The Project is also consistent with the *Lincoln Center Redevelopment Plan*. The primary goal of the *Redevelopment Plan* is to enhance Downtown Lincoln as the dominant mixed-use/multi-use center of activity within the region. The Project meets the redevelopment standards set forth in the *Lincoln Center Redevelopment Plan*, including but not limited to: intensifying and strengthening Lincoln's central business district as a focal point for regional development and the employment, entertainment, and educational hub of the community; providing for compact and interrelated development; encouraging the development of mixed-use projects that attract and maintain commercial and residential activity; expand housing opportunities to foster 24-hour activity; and, encouraging rehabilitation/renovation of existing structures and the preservation of the architectural integrity and historic character of the area.

The Project is consistent with the *2018 Lincoln Downtown Master Plan*. The *Plan* encourages the reuse or redevelopment of vacant or underutilized spaces as opportunities arise. The *Downtown Master Plan* includes the rehabilitation and upgrades of “Class C office buildings and underutilized historic buildings” as a short-term goal. The *Plan* supports adaptive reuse of buildings as a more sustainable approach than new construction, and as a way to restore historic buildings, sustain their useful life, and support the significance of the past. The *Plan* also supports the creation of housing at higher densities at diverse price points and encourages increasing Downtown residential density to drive improvements to retail, restaurants, and to create a more vibrant Downtown.

The Project represents a significant private investment in the Lincoln Center Redevelopment Area. Publicly funded redevelopment activities may include the following for any and all phases of the project: site acquisition, site preparation, demolition, utility and right of way improvements, façade/historic building enhancements, energy efficiency enhancements, streetscape improvements, parking enhancements, and other public improvements, enhancements, and expenses as permitted under Neb. Rev. Stat § 18-2117.03, and the Community Development Law in the Lincoln Center Redevelopment Area.

## 2. Statutory Elements

***Property Acquisition, Demolition, and Disposal:*** The City owns the northeast parcel and south half of the block, and does not intend to acquire any additional property, nor would the City use eminent domain if the City did acquire property for this project. The Sharp Building is privately owned and is expected to be improved as a phase of this project. Vacancies within the Sharp building may allow tenants needing to be relocated to relocate within the building. There are currently no residential tenants, therefore, there are no residential tenants on site needing relocation. Should relocation assistance be required, all relocation requirements will be followed, as outlined in the Lincoln Center Redevelopment Plan. Demolition of the existing parking garage is expected to occur.

***Population Density:*** Phase I of the Project is anticipated to increase population density in the Lincoln Center Redevelopment Area by 250 to 300 residents. Phases II and III may include residential use components, but such residential use shall be consistent with the Comprehensive Development Plan and approved in the Phase II and III redevelopment agreements prior to implementation.

***Land Coverage:*** The Project is expected to change land coverage on the Project Site for Phases I and III; Phase II will preserve the existing building. 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 likely to increase traffic flow resulting from an increase in residential users, tenants, and customers of the commercial space traveling to and from the Project Site. The Project does not include vacating any streets or alleys, at this time. The east west alley is expected to be maintained with the east west orientation of the parking garage. TIF funding may be used toward street improvements with changes to ingress and egress as a result of the construction of both private and public parking facilities. TIF is also expected to improve mobility within the project area as a result of streetscape improvements.

**Parking:** The redevelopers are likely to seek parking rights for tenants in the adjacent City garages or surface lots, pre- and post-Phase III improvements. Changes to on-street parking may occur within the project area and as a result of coordinated planning with both Parking Services and Lincoln Transportation and Utilities.

**Zoning, Building Code, and Ordinances:** The Project Site is currently zoned B-4 Lincoln Center Business District. The Project is a permitted use in the B-4 District. No other subdivision or re-zoning of the Project Site is expected to be required as part of the Project. The Development Services Center will work with the development to ensure that applicable building code requirements and ordinances will be satisfied with each phase.

### **3. Proposed Cost and Financing**

The estimated total cost to implement the Project is estimated at \$60 million to \$100 million, over approximately three phases, which will generate an estimated \$10 million to \$18 million or more in public financing. The project cost will be finalized as construction costs and final uses 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 for each phase of the project in their related redevelopment agreement, subject to approval by the Mayor and City Council. Additional public funding for the construction of public parking has already been appropriated for use on this site.

### **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:

**Tax Revenues:** The 2020 assessed value of Block 65 is approximately \$8.6 million. Based upon preliminary discussions with the private property owner, as well as interested developers, the total private investment in the block may range between a low of \$60 million and \$100 million or higher. The potential leveraged TIF funds range from an estimated \$10 million to \$18 million or more. TIF will be used to assist with the cost of construction of public improvements and enhancements related to the project. The TIF funds shall be subject to further adjustment as project costs are defined.

The City will forgo approximately 15.78 percent of the annual collections over 15 years for Phases I and III and up to 20 years for Phase II (Sharp) 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- to 20-year collection periods or the debt has been retired, the increase in annual taxes paid will be split among the taxing jurisdictions according to the tax levy.

**Public Infrastructure and Community Public Service Needs Impacts:** The Project will have a positive impact on existing public spaces. The Project will facilitate the preservation of the historic building on the Project Site, maintaining the history and character of the downtown area and the City of Lincoln. The site is located among and adjacent to several proposed improvement projects identified in the 2018 Downtown Lincoln Master Plan, including the addition of a public parking facility, the construction of two-way traffic improvements surrounding the block, as well as additional bike facilities on 13th, the construction of a greenway on M Street, and additional improvements to mobility on 14th and N Streets. It is not anticipated that the Project will have an adverse impact on City services, but instead will generate additional revenue providing support for those services.

**Employment within the Project Area:** The preservation and enhancement of existing office space, as well as the provision of new residential units is expected to further enhance and support employment in the project area. Vacancies in the existing Sharp building could be reduced with a proposed mix of uses, as well as building enhancements to the office space. The addition of a new residential building may also be able to support active uses on the first floor.

***Employment in the City outside the Project Area:*** Approximately 136,325 persons were employed in 8,427 total establishments in Lancaster County, according to the 2016 Census, County Business Patterns, North American Industry Classification System. Though the impact of this Project on city-wide employment would be minimal, the preservation of office space and creation of new housing will be supportive of entertainment-related commercial services and related employment in the Downtown and City-wide.

***Impact on Student Populations of School Districts:*** This project is not anticipated to materially impact the student population of Lincoln Public Schools. Residential use included in Phase I are expected to be studio, one-, and two-bedroom, market-rate rental units primarily targeted to empty-nesters and young professionals, which should not result in a material increase to student population to local schools.

***Other Impacts:*** While the use of tax increment financing will defer receipt of the incremental ad valorem real property taxes generated by the Project for up to 15 years for Phases I and III and up to 20 years for Phase II (Sharp), there will be additional revenue generated, including sales taxes, as well as income taxes paid by those working in the project area. Upon completion of the 15- to 20-year collection periods, the Project will benefit the community through higher property tax payments.

***Finding of Need for TIF:*** 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.

The Urban Development Department believes that the private and public improvements proposed in this plan amendment and desired in this project area 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 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 a redevelopment agreement for Phase I with the developers and submit to City Council for approval.
- The City will negotiate a redevelopment agreement for Phase II with the developers and submit to City Council for approval.
- The City may issue an Invitation for Redevelopment Proposals for redevelopment in tandem with the public parking garage, depending upon findings of suitability for such improvements.
- Following agreement approval for any phase, 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 by the appropriate design review entities and/or City departments, as needed.
- 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.