

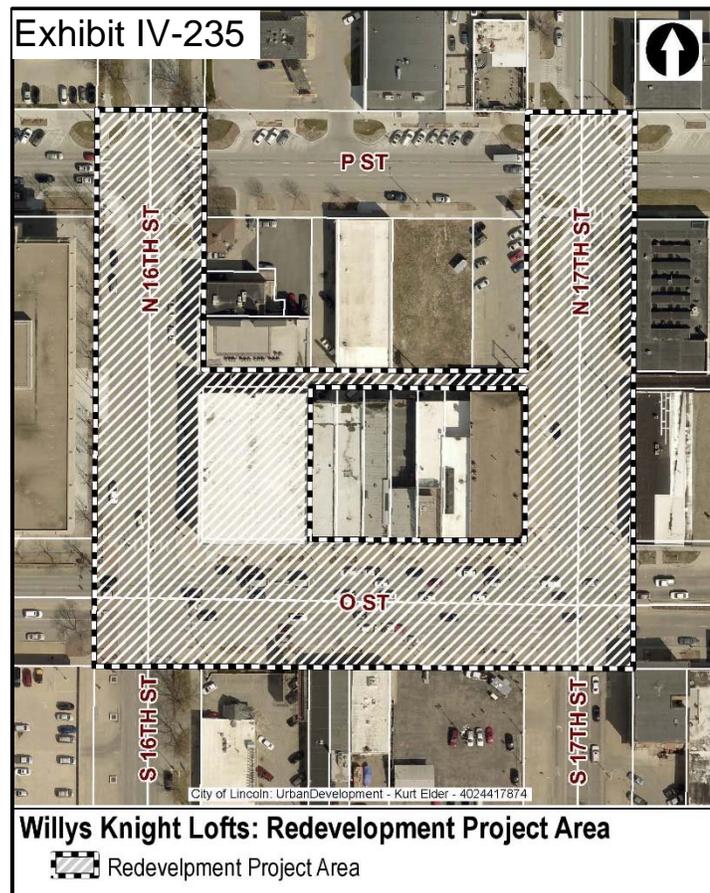
## AM. WILLYS KNIGHT LOFTS REDEVELOPMENT PROJECT

### 1. Revitalization Project Description



The Willys Knight Lofts Redevelopment Project (the “Project”) proposes the redevelopment of the Strode Building generally located at 1600 O Street, and more particularly described as follows: Lots 7, 8, 9 and 10, County Clerk’s Subdivision of Lot 65, Littles Subdivision in the Southwest Quarter of Section 24, Township 10, Range 6, in the City of Lincoln, Lancaster County, Nebraska (the “Project Site”). The Project Area (shown right) includes the Project Site and adjacent rights of way. The Project involves the renovation and rehabilitation of the historical Strode Building into a two-story mixed-use residential and commercial building. Upon completion of renovation and rehabilitation, the building will include approximately 13 residential units on the second floor, including a mix of one-bedrooms, two-bedrooms, and studio units. On the ground floor, the completed structure will include approximately 5,200 square feet of commercial space, with roughly 16 secured, indoor parking stalls for the use of the residential tenants on the second floor of the building.

The goal of the Project is to provide additional housing and commercial space to foster 24-hour activity in Downtown Lincoln, while preserving and protecting the historical character of the existing building and the architectural style of Downtown Lincoln. The Project will accomplish this goal through renovation and rehabilitation of the existing building into a vertical mix of land uses, including



first-floor commercial space and second-floor residential units, with on-site parking. The Project will cause the removal of blight and substandard conditions on the Project Site and in the Lincoln Center Redevelopment Area, and will result in the renovation and rehabilitation of a vacant, underutilized structure in furtherance of the purposes set forth in the Lincoln Center Redevelopment Plan.

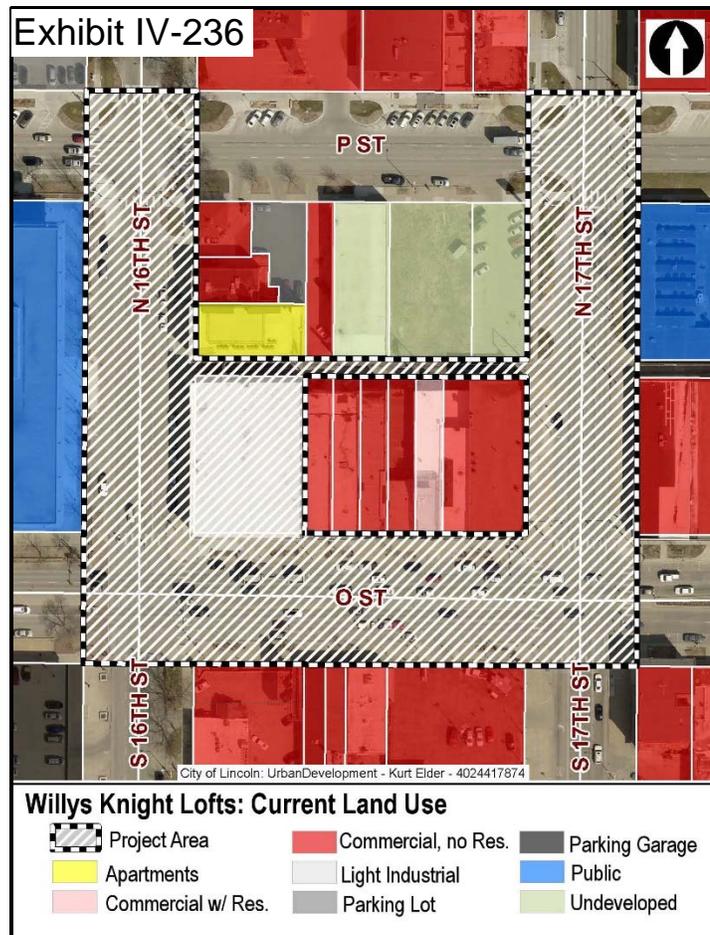
The building located on the Project Site housed Merchandise Mart for approximately 30 years. The building was subsequently used as an auto body repair shop, but is now vacant. Surrounding land uses are primarily commercial, with residential and public uses adjacent to the Project Site, as well. The Project Site's location on O Street makes the Project Site a prime location for street-level commercial space. See the current land use map, right.

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 is primarily zoned B-4 Lincoln Center Business District as well, but the land directly West of the Project Site is zoned P Public Use District.

The Project is consistent with the *Lincoln Center Redevelopment Plan*, which encourages rehabilitation and renovation of vacant or underutilized structures in the Redevelopment Area, and development of mixed-use projects that attract and maintain commercial and residential activity in Downtown Lincoln.

The Project is also consistent with the *LPlan 2040, 2016 Update*, the Lincoln-Lancaster County 2040 Comprehensive Plan. The project preserves and protects the historical and architectural features of the Downtown neighborhood, a key goal of Chapter 7. The project is also consistent with the Historic Preservation strategies of Chapter 4, including using landmark protections sought by the developer and rehabilitation of this building through existing public incentives. The Guiding Principles in Chapter 6 (Mixed Use Redevelopment) encourage increasing residential density by adding new dwelling units to an existing commercial area in a manner that is compatible and complementary to adjacent neighborhoods.

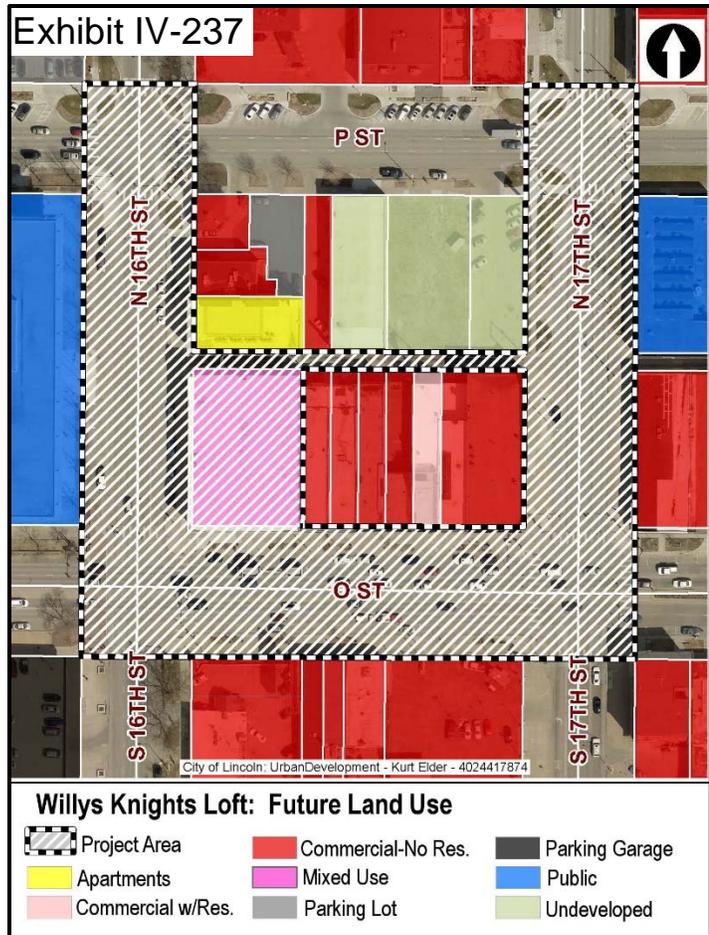
The Project is consistent with the *2018 Downtown Lincoln Master Plan*, which emphasizes increasing the availability of diverse housing opportunities in Downtown Lincoln. Additionally, the project is located along O Street, designated as a Primary Transportation Enhancement Corridor in *LPlan 2040* and the "Front Door to Downtown" in the 2018 Downtown Lincoln Master Plan. The Plan targets smaller



buildings for redevelopment into higher density uses to better activated the street and provide options for new residences and retail uses. This project will respect the existing character of the area with an active use to engage the public realm from the ground floor. This project is part of the second mid-term action item for the O Street Corridor, which states: “identify buildings that have redevelopment opportunity and work with private developments to encourage redevelopment, particularly for residential uses.”

Redevelopment of the Project Site into a mixed-use building incorporating residential and commercial uses is also consistent with the 2040 Lincoln Area Future Land Use Plan. Future land use is shown on the map, right.

The Project represents a significant private investment in the Lincoln Center Redevelopment Area. Publicly funded redevelopment activities may include: site acquisition, interior demolition and environmental remediation, streetscape and public area enhancements, public 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 proposed redeveloper currently controls the Project Site. (The City does not intend to acquire property, nor would the City use eminent domain for this project). The Project involves renovation and rehabilitation of the existing building located on the Project Site; demolition and remediation will only be interior to building. The building is currently vacant; no relocation of individuals or businesses will be required for the Project.
- Population Density:** The Project consists of the construction of approximately 13 one-bedroom, two-bedroom and studio residential apartment units and approximately 5,200 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 and the 2018 Downtown Lincoln Master Plan.
- Land Coverage:** The Project will not increase land coverage on the Project Site. The Project consists of renovation and rehabilitation of the existing Strode Building located on the Project Site. 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 involves converting the existing building on the Project Site from its former use as an auto body repair shop to commercial and residential uses. The Project is expected to result in a slight increase in traffic flow generated by tenants, employees, and customers of the commercial and residential space constructed as part of the Project traveling to and from the Project Site. The Project does not include vacating any streets or alleys.
- **Parking:** The Project includes construction of around 16 indoor, secured parking stalls for the use of the residential tenants of the building. There are no off-street parking requirements in the B-4 District. The City may examine potential locations for additional on-street parking in relation to the project or future street or streetscape improvement projects.
- **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 district. The redeveloper has requested a landmark overlay in order to apply for state and federal historic tax incentives to redevelop the Project Site. No other subdivision or rezoning of the Project Site will be required as part of the Project. All applicable building code requirements and ordinances will be satisfied.

### 3. Proposed Costs and Financing

The estimated total cost to implement the Project is approximately \$2,800,000, which includes approximately \$252,000 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. However, funding sources and uses will be negotiated and identified in the redevelopment agreement, subject to approval by the Mayor and City Council.

Publicly funded redevelopment activities may include: site acquisition, interior demolition and environmental remediation, streetscape and public area enhancements, public utility improvements, energy efficiency improvements, façade enhancements, and other public improvements permitted under the Community Development Law within the Lincoln Center Redevelopment Area.

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.

#### **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**

<b>Willys Knight Lofts Redevelopment Project</b>		<b>Amount</b>
<b>(a)</b> Base Value		\$606,100
<b>(b)</b> Estimated New Assessed Value		\$1,845,200
<b>(c)</b> Increment Value	= (b) – (a)	\$1,239,100
<b>(d)</b> Annual TIF Generated (Estimated)	= (c) x 2.005937%	\$24,856
<b>Funds Available</b>	= (d) x 15 years @ 5.50%	\$ 251,663

Upon completion of the Project, the assessed value of the Project Site will increase by an estimated \$1,239,100 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-year TIF period of approximately \$252,000,

which will be available to finance the costs of construction of the eligible redevelopment improvements related to the Project. The public investment of a sum not to exceed \$252,000 in TIF funds will leverage approximately \$2,500,000.00 in private sector financing, or approximately \$10 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 15.78 percent of these annual collections or approximately \$3,922 per year over 15 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, 2018**

<b>Description</b>	<b>Percentage</b>
Lancaster County	13.29
Public Building Commission	.85
City of Lincoln	15.78
Lincoln Public Schools	61.03
Educational Service Unit 18	.75
Lower Platte South Natural Resource District	1.56
Railroad Trans. Safety District	1.11
Southeast Community College	4.52
Lancaster County Agricultural Society	.07
Lancaster County Agricultural Society Joint Public Authority	.14
Lancaster County Correctional Facility Joint Public Authority-County	.37
Lancaster County Correctional Facility Joint Public Authority-Lincoln	.55

- ***Public Infrastructure and Community Public Service Needs Impacts***

The Project is not anticipated to have an adverse impact on existing public infrastructure, nor 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 Project Area. It is anticipated that the new street-level commercial space constructed as a part of the Project will bring full- and part-time employees to the Project Site. Further, the construction of approximately 13 studio, one bedroom, and two bedroom apartment units as part of the Project will create additional housing options and types for employers and employees of firms locating or expanding within the Lincoln Center Redevelopment Area.

- ***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 through renovation and rehabilitation of the historic Project Site is anticipated to support Downtown as the City’s Center of Opportunity and as a 24/7 neighborhood. As a result, the Project is expected to attract further development in downtown Lincoln, which will both create and support additional jobs in the Lincoln Center Redevelopment Area and in the City of Lincoln as a whole. The Project should increase the need for services and products 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. The Project includes construction of approximately 13 studio, one-bedroom and two-bedroom apartment units, which should not result in a material increase in student populations in local schools. The housing will be attractive to young professionals and other workers who are employed in downtown Lincoln.

- ***Other Impacts***

The Project is consistent with LPlan 2040 – 2016 Update, the 2018 Downtown Lincoln 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 project site and broader Lincoln Center Redevelopment Area. In furtherance of the goals of the Lincoln Center Redevelopment Plan, the Project will cause the rehabilitation and renovation of a vacant and underutilized structure into a mixed-use development that will attract and maintain commercial and residential activity in 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 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.

### **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.