

AN. 9TH & O REDEVELOPMENT PROJECT

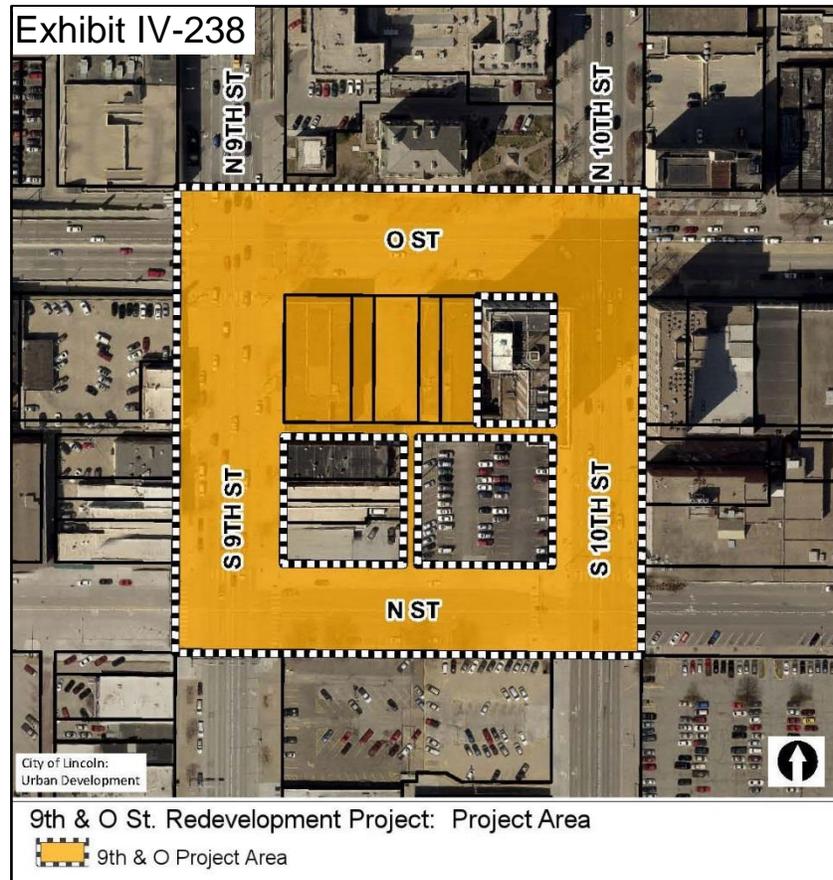
1. Project Description

The 9th and O Redevelopment Project (the “Project”) proposes the construction of a six-story hotel at the entryway intersection of 9th and O Streets in Downtown Lincoln. The Project is east of the Historic Haymarket and in the Central Business District, generally located on the north half of the block between 9th and 10th Streets and O and N Streets and more particularly described as follows: Lots 7 through 12, Block 54, Original Plat, in the City of Lincoln, Lancaster County, Nebraska, and Lots D, E, and F, County Clerk’s Subdivision of Lots 1-6, Block 54, Original Plat in the City of Lincoln, Lancaster County, Nebraska (the “Project Site”). The Project Area shown on Exhibit IV-238 identifies the boundaries of this project site and adjacent rights-of-way.

The project includes the construction of a hotel building adjacent to the Terminal Building on the south side of O Street. The project is expected to be approximately six stories consisting of a hotel with a first-floor lobby and possible bar and/or restaurant, as well as sub-level parking.

The overall goals of this project are to strengthen the long-term viability of Downtown Lincoln and support the 24/7 vibrancy of Downtown. The project will remove blighted and substandard conditions and will make positive contributions to the continued revitalization of Downtown Lincoln. The project is consistent with the goals of the *Lincoln Center Redevelopment Plan* and *2018 Downtown Master Plan*. The proposed improvements correspond to several of the Downtown Redevelopment Goals identified in the Plans. The redevelopment project addresses these goals by accomplishing the following:

- Enhancing the Front Door to Downtown, which includes a façade improvement program, streetscape enhancements, and general support of reuse and rehab of underutilized or vacant spaces;
- Encouraging development that is consistent and complementary to existing land uses, architectural styles, and building materials found Downtown and in the Haymarket;
- Redeveloping vacant or underutilized spaces as opportunities arise;
- Providing additional off-street parking facilities;



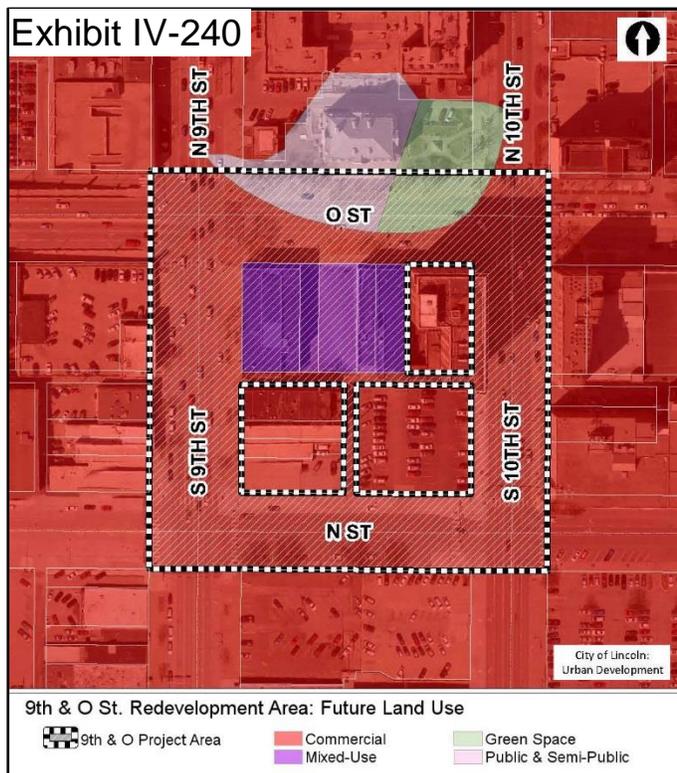
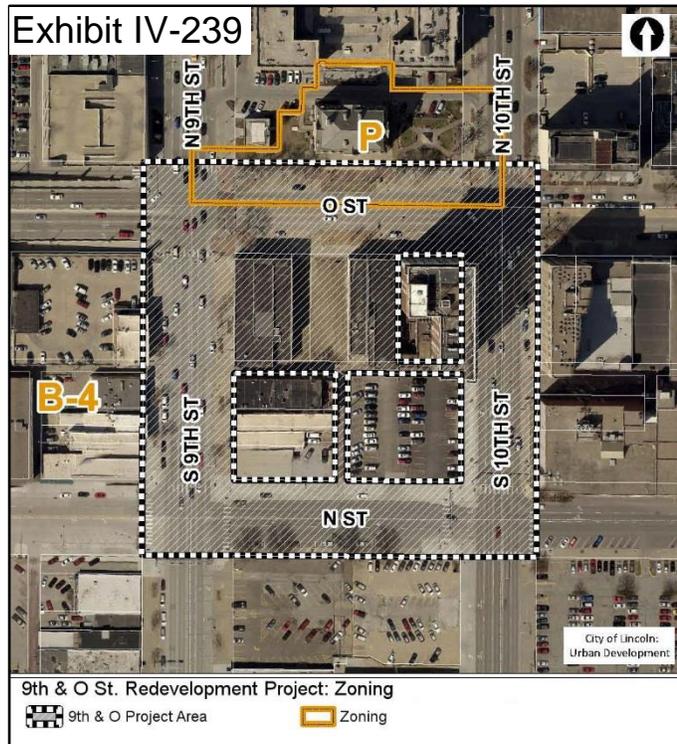
- Minimizing the impact of parking needs from new development on supply of parking to other uses; and,
- Enhancing the corridor’s pedestrian-friendly, street-level orientation.

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 land is currently vacant; no relocation of individuals or businesses will be required for the Project. If the project includes the relocation of tenants, such relocation assistance shall comply with the Nebraska Community Development Law, including Neb. Rev. Stat. §18-2154, and will follow the policy outlined in the *Lincoln Center Redevelopment Plan*.
- **Land Coverage:** Land coverage and building density will be altered with the construction of a new building on five parcels. Two two-story buildings on three of these parcels were demolished in 2017 and two of the parcels are vacant due to damage caused by a fire in 2010.
- **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 area to the north is zoned P (Public), as shown on Exhibit IV-239, above. No rezoning of the Project Site will be required as part of the Project. All applicable building code requirements and ordinances will be satisfied. Currently the land involved in the 9th & O Redevelopment Project Area is vacant.

Future land uses will include commercial hotel and parking as shown on Exhibit IV-240.

- **Traffic Flow, Street Layouts, and Street Grades:** The existing street system within the project area is expected to be changed as a result of new parking and loading configurations and



changing curb lines. There are approximately ten on-street parking stalls that are expected to change as the result of this project. The use of the east-west alley is also expected to change, but remain open and publically-owned. Changes to the street configuration and on-street parking will be reviewed and negotiated as part of the redevelopment process.

- **Parking:** Three on-street parking stalls are expected to be removed with the construction of a loading zone on the south side of O Street. An additional five stalls may be removed on the east side of 9th Street for bus parking. There are currently 1,921 parking stalls in the three public garages within two blocks of the development. There are other private parking garages and surface lots in the area. There are no off-street parking requirements in the B-4 District. The project is currently expected to include the construction of approximately 91 privately-owned parking stalls.

3. Proposed Cost and Financing

The estimated total cost to implement the Project is approximately \$31 to \$32 million. The new private investment expected to implement this project is estimated at approximately \$28 million, which will generate an estimated \$3 to \$4 million in funding for public improvements and enhancements. The source of funds for public improvements made in this area will be Community Improvement Financing (commonly referred to as Tax Increment Financing or TIF) generated from the private development within the project area. Funding sources and uses will be negotiated as part of the redevelopment agreement, which will be subject to approval by the Mayor and City Council.

Publicly funded redevelopment activities may include acquisition, environmental studies and surveying, site preparation and remediation, utility improvements, energy efficiency improvements, façade enhancements, street and streetscape improvements, and other public improvements and related activities permitted under the Community Development Law within the Project 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:** The proposed redevelopment of the site is expected to generate \$3 million in available TIF funding.

Upon completion of construction, the assessed value of the property within the Project Area will increase by an estimated \$15 million as a result of the private investment. This will result in an

Tax Increment Financing Analysis		
	Description	Amount
Base Value	Current Assessed Value	\$1,238,200
Not to Protest Value	Not to Protest Value	\$16,500,000
Increment Value	= New Assessed Value - Base Assessed Value	\$15,261,800
Annual TIF Increment Generated	= Increment x 0.02028	\$309,509
Adjusted Increment	= Annual TIF Generated/1.1 Coverage Rate	\$281,372
Bond Note Issue	= Adjusted Increment x 15 years @ 4.75%	\$3,080,419
Estimated Funds Available - Bond		\$3,080,419

estimated annual property tax collections increase during the fifteen (15) year TIF period of approximately \$310,000, which will be available to pay off the bonds. An estimated \$3 million, after coverage rates, and bond interest, would be available for construction of the aforementioned improvements.

The City will forgo 15.78 percent of these collections or approximately \$48,841 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. 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.

Tax District 1, Property Tax Allocations as a Percentage of All Allocations, 2018	
Description	Percentage
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 NRD	1.56
Railroad Trans. Safety District	1.11
Southeast Community College	4.52
Lancaster Co Agricultural Society	.07
Lancaster Co Agricultural Society Joint Public Authority	.14
Lancaster Co Correctional Facility Joint Public Authority -County	.37
Lancaster Co Correctional Facility Joint Public Authority -Lincoln	.55

- Public Infrastructure and Community Public Service Needs Impacts:** The Project will have a positive impact on existing public infrastructure. Improvements to the rights-of-way will be completed as part of this project. The Project is not anticipated to have an adverse impact on existing City services, but instead will generate additional revenue providing support for those services.
- Employment within the Redevelopment Project Area:** The Project is anticipated to create or support 125 construction jobs generating an estimated \$7 million in wages. After opening, the Project will provide approximately 25 to 30 FTE jobs within the Project area boundaries generating an estimated \$600,000 per year in wages.
- Employment in the City outside the Redevelopment 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, hotel uses are supportive of entertainment-related commercial services and related employment in the Downtown and City-wide.
- Impacts on the student populations of school districts within the City:** This project is not anticipated to impact the student population of Lincoln Public Schools.

- **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 supports the intent of the 2018 Downtown Lincoln Master Plan, which calls for uses that strengthen and extend the retail, dining, and entertainment segments. The additional activity in the area will support the Downtown as a 24/7 community and add “eyes on the street.”

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, there will be additional revenue generated, including sales taxes, City Hotel Occupation Taxes, State and County Lodging Taxes, as well as income taxes paid by those working in the project area. Upon completion of the 15-year collection, the Project will benefit the community through higher property tax payments.

Project Schedule and Implementation

Following 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.