

Antelope Valley Redevelopment Plan

Eighteen N Building Redevelopment Project

March 2023

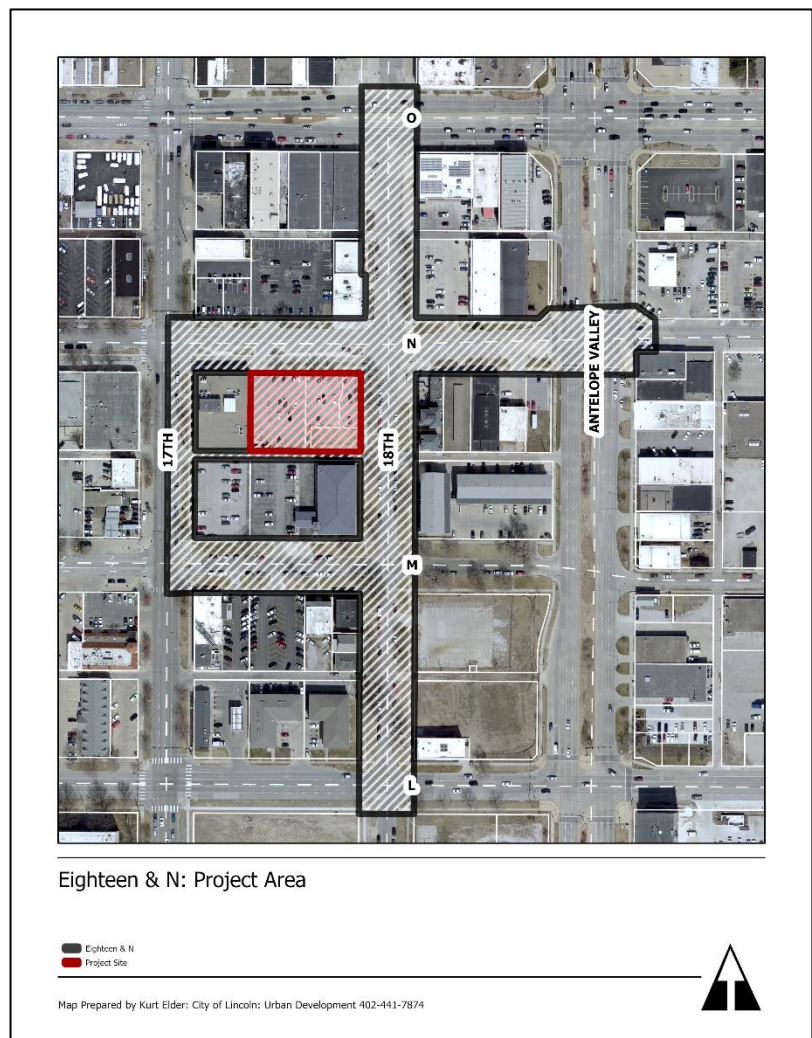
Project Description

The Eighteen N Building Redevelopment Project (the “Project”) Amendment to the Antelope Valley Redevelopment Plan, as amended (“Plan Amendment”) contemplates the construction of a five-story multi-unit dwelling with onsite parking. The Project is generally located at the corner of 18th Street and N Street in Lincoln, Nebraska (the “City”), consisting of four parcels (PID 1025109015000, 1025109016000, 1025109001000, and 1025109017000) (the “Project Site”) generally described as:

Lavenders Addition, Block 20, Lot 3-4, Lavenders Addition, Block 20, Lot 2, N99’ & W10’ S43’ & 1,354 SF of N99’ Lot 1, Lavenders Addition, Block 20, Lot 1, 3,595 SF of N99’, and Lavenders Addition, Block 20, Lot 1, S43’ & Lot 2 S43’

The Project Site approximately .65 acres in size. Currently one parcel is owned by B & J Partnership, Ltd., a Nebraska limited partnership. The other three parcels that make up the Project Site are owned by Brick Development, a Nebraska general partnership. As part of the redevelopment process, it is anticipated that the ownership of the Project Site will be transferred to New Generation Properties, LLC d/b/a Speedway Properties (“Redeveloper”). The project area (“Project Area”) includes the Project Site and is approximately 6.8 acres, including public rights-of-way. See *Project Area Map*.

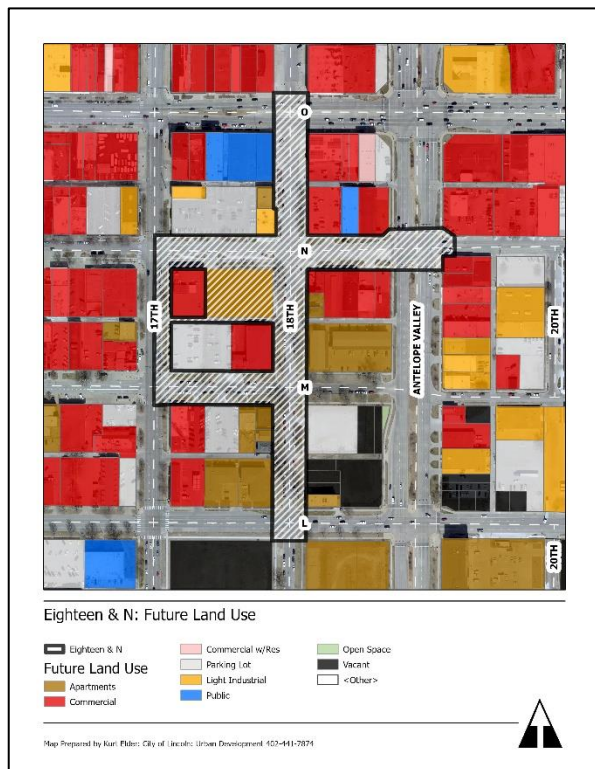
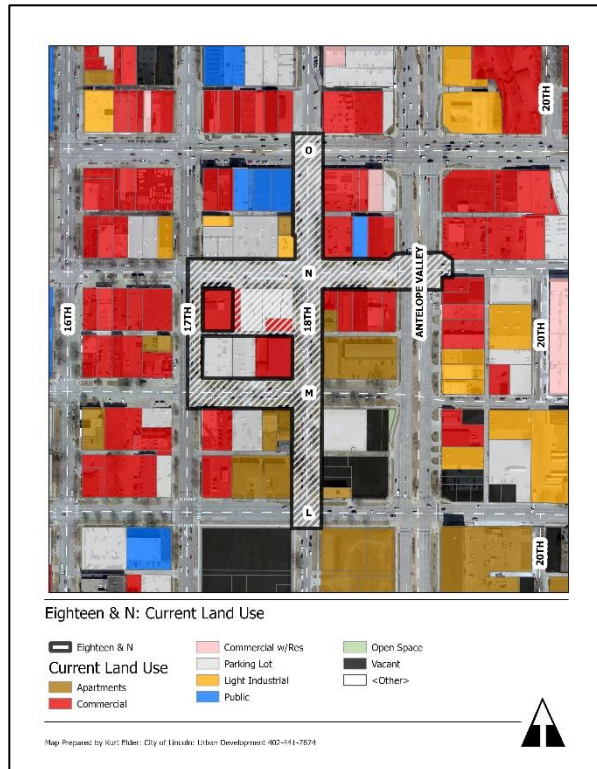
The first floor may include tenant amenities that will activate the first floor facing the corner of 18th Street and N Street. There may also be onsite parking stalls. The Project’s upper four floors



consist of residential units. The fifth story will include outdoor tenant amenity space as well as residential units. The Project will maintain the affordability of housing in the area by keeping 20 percent of the units affordable to persons making 60 percent or less of area median income (“AMI”).

The Project will also include an updated streetscape design along the abutting 18th Street as well as N Street and the cycle lane. All streetscape designs will be reviewed by the City’s Urban Design Committee and are expected to meet Downtown Design Standards to the highest degree possible.

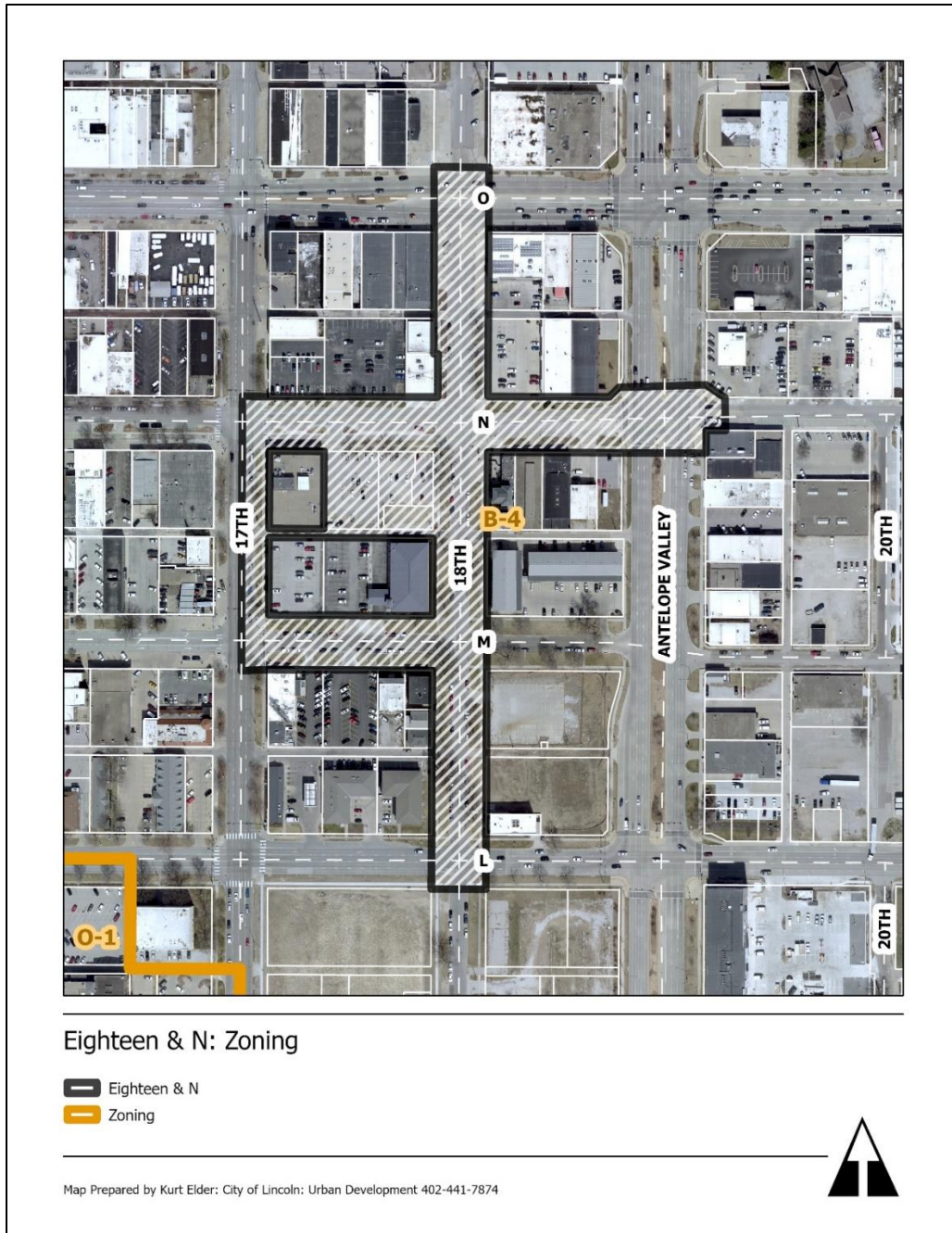
The Project is part of the City’s Downtown (“Downtown”) and the Antelope Valley Project Area and is proximate to the Telegraph District and near to the O Street Entryway Corridor and the University of Nebraska – Lincoln’s city campus. The Project is in an area that is experiencing pockets of revitalization through previous redevelopment activities. The Project fits well with surrounding land uses which include retail, commercial, and dining and entertainment. See the *Current Land Use and Future Land Use* maps.



Specifically, the Project is in the Antelope Valley Redevelopment Area (the “Redevelopment Area”). The overall goal of the Project is to increase residential density in the Redevelopment Area, as well as strengthening the long-term viability of Downtown and the Telegraph District, support the 24-hour vibrancy of Downtown and the Telegraph District, and improve the pedestrian environment within the Redevelopment Area. The Project represents significant private investment in the Redevelopment Area and further enhances the connectivity to adjacent redevelopment areas including the Lincoln Center Redevelopment Area and South of Downtown

Redevelopment Area. The Project supports the need to maintain housing affordability. The Project also supports the connection between Central Downtown and the Telegraph District.

The Project is in the B-4 Lincoln Center Business zoning district (the “B-4 District”). The B-4 District allows for multiple-family dwellings. The B-4 District seeks to ensure Downtown remains the dominant multi-use center and key focal point of business, social, and cultural activity in the City. As illustrated in the *Existing Zoning Map*, land adjacent to the Project is also in the B-4 District.



The Project is consistent with *PlanForward, Lincoln-Lancaster County 2050 Comprehensive Plan* (the “Comprehensive Plan”). One of the Comprehensive Plan’s overarching goals is to promote Downtown as a vibrant mixed-use neighborhood. The Comprehensive Plan envisions adding 5,000 dwelling units Downtown by 2050.

The Project also is consistent with the *2018 Lincoln Downtown Master Plan* (the “Master Plan”). The Master Plan encourages the development of vacant or underutilized space as opportunities arise. The Master Plan supports the creation of housing at higher densities with diverse price points and encourages increasing Downtown residential density to drive improvements to retail, office, entertainment, and restaurants and to create a more vibrant Downtown. The Project is also located along N Street and will conform with all requirements regarding the cycle track.

The Project is consistent with the City’s *Affordable Housing Coordinated Action Plan*, which states that the City will need an estimated 17,000 housing units to support population growth over the next decade. The Project contributes to the development of needed housing units by adding approximately 84 to 88 units to the market. Twenty percent of those units will be affordable to persons making 60 percent or less AMI.

The Project is consistent with the City’s *Climate Action Plan* as well. The Climate Action Plan prioritizes the adoption of transit-oriented development (“TOD”) policies with Lincoln’s growth and redevelopment. It also emphasizes the alignment of economic development goals with climate realities, through the growth of climate smart businesses and the development of a climate ready workforce. The Project is in line with the Climate Action Plan’s ideal redevelopment project as the Project provides for a walkable housing option that furthers the goals of climate-smart innovation and economic development. Further, the Project is located next to the cycle track on N Street, providing multiple multi-modal commuting options.

Publicly funded redevelopment activities may include the following: site acquisition, demolition and site preparation, grading, environmental remediation, affordable housing assistance, stormwater enhancements, streetscape improvements, street improvements, public utilities, façade enhancements, energy enhancements, and other expenses as permitted under the Community Development Law (the “Act”) (Nebraska Revised Statutes section 18-2101 to 18-2155, as amended) and in the Redevelopment Plan.

Statutory Elements

Property Acquisition, Demolition, and Disposal: The City does not intend to acquire property, nor would the City use eminent domain if the City did acquire property for the Project. The Redeveloper (“Redeveloper”) will own and control the Project Site.

Population Density: The Project consists of constructing a multi-family residential unit. This will inherently increase the population density. However, this increase in population density is consistent with the Comprehensive Plan and the Master Plan.

Land Coverage: Land coverage will increase as the Project Area is currently surface parking. The Project will comply with the applicable land-coverage ratios and zoning requirements of the City.

Traffic Flow, Street Layouts, and Street Grades: By creating additional housing, the Project will likely increase traffic flow to and from the Project Area and the Redevelopment Area. However, N Street is a collector street that can manage the influx of traffic.

The Project is also located in an area that is highly multi-modal. A cycle lane runs parallel to N Street and the area is walkable. These factors may lessen the impact to traffic flow. The Project may seek a deviation request for the public alley that connects 17th Street and 18th Street to allow for parking stalls to abut the alley.

Parking: The B-4 District does not have parking requirements. However, the Project is expected to include on-site parking spaces.

Zoning, Building Code, and Ordinances: The Project is a permitted use in the B-4 District. The Project should not require rezoning of the Project Area. The Redeveloper may seek City approval of a consolidated subdivision plat of the Project Site. Redeveloper will work with the City to ensure that applicable building code requirements and ordinances are satisfied, and Downtown Design Standards are followed.

Public Facilities and Utilities: Public infrastructure improvements may be required to implement the Project including improvements to Lincoln Electric System transformers or other equipment. Additional improvements may be required to implement this Project, including but not limited to improvements to the water, sanitary sewer, storm sewer, and rights-of-way including alleys and streets and public driveway access easements. As the Project is further developed, the Lincoln Transportation and Utilities Department will work with the Redeveloper to ensure that the systems can support the additional capacity requirements of the Project.

Proposed Cost and Financing

The estimated total cost to implement the Project is approximately \$21 million. To support these expenses, the Project seeks up to \$3,482,380 in tax increment financing (“TIF”) generated from the proposed private development in the Project Site. The TIF source will be used to fund public improvements and enhancements. In addition, the Redeveloper has been awarded a 2022 Qualified Census Tract Affordable Housing Program (Primary Class) Impact Fund Grant of \$2,145,349 for affordable rental housing assistance. The Redeveloper will finalize the Project public improvement costs as construction and design expenses are determined.

The City designated the Redevelopment Area, including the Project Area, extremely blighted and substandard. This designation allows the division of taxes for up to 20 years for TIF purposes. The City intends to use 20-year TIF to the extent feasible to facilitate the Project, and this Plan Amendment authorizes the City to do so in accordance with the Act.

The Project seeks to satisfy the goals established by the City for the use of TIF in extremely blighted areas by meeting housing affordability requirements as well as shows exceptional potential to attract additional reinvestment and connectivity in adjacent blighted or substandard areas. The Project will increase the residential density on an underutilized parcel in the Downtown.

Cost Benefit Analysis

As required by the Act, the Redeveloper has analyzed the costs and benefits of the proposed Project including:

Tax Revenues

The Project Site has an assessed property value of \$469,500 for 2023. Upon completion of the Project, Redeveloper anticipates the assessed value of the Project Site will increase by approximately \$12,594,598 with an estimated assessed property value of \$13,064,098. This would generate approximately \$3,482,380 in available TIF funds over 20 years.

The City will forgo approximately fourteen percent of the annual \$250,452 in property tax collections, or approximately \$35,000 per year, for up to 20 years to support the Project. The tax increment gained from the Project Site would not be available for use as City general tax revenues over that time because Redeveloper will use those funds for bond or loan repayment. After the 20-year period or when the Redeveloper retires the debt, the increase in annual taxes paid will be split among the taxing jurisdictions according to the tax levy.

Tax Increment Finance Analysis		
Description		Amount
Base Value	= <i>Current Assessed Value</i>	\$469,500
New Assessed Value	= <i>Incremental Value</i>	\$13,064,098
Increment Value	= <i>New Assessed Value – Base</i>	\$12,594,598
Annual TIF Generated	= <i>Increment x 0.023</i>	\$250,452
Bond Note Issued	= <i>Annual TIF x 20 years @ 5% capturing a 4% growth every 2 years</i>	\$3,482,380

Public Infrastructure and Community Public Service Needs Impacts

The Redeveloper does not anticipate that the Project will adversely impact City infrastructure or services, but instead will generate additional revenue providing

support for those services in the future. There are adequate recreational and community facilities to service the residents in the Redevelopment Area.

Employment Within the Project Area

The Project will generate minimal additional employment within the Project Area boundaries with the need for management and maintenance of common areas within the building. Further, the Project will create expanded housing opportunities for employees working within or around Downtown.

Employment in the City Outside the Project Area

There are approximately 146,580 persons employed in 8,721 total establishments in Lancaster County according to the United States Census Bureau's County Business Patterns 2020 data. The median household income for the City was \$62,294 according to the 2017-2021 American Community Survey 5-Year estimates. While the impact of the Project on city-wide employment would be minimal, housing would support construction and permanent commercial employment as well as provide potential employees outside the Project Area.

Impact on Student Populations of School Districts

It is anticipated that the Project will increase the student population of Lincoln Public Schools. However, the Project will meet the demand for additional housing in the City. The Project will create approximately 84 to 88 multi-family dwelling units. Certain assumptions can be made about the resulting increase in student population from this Project:

- According to statistics from the National Association of Home Builders, in Nebraska, the average number of public-school children in renter-occupied units for multi-family buildings with 20 or more units is 0.096 per unit.
- According to the most recent 2018 American Community Survey ("ACS") data of national averages, the average number of public-school children in multi-family buildings with 20 or more units is 0.14 per unit.

Based on the forgoing data, approximately eight to twelve public school children can be anticipated living in an apartment complex like the Project. It is not anticipated that the Project will have an adverse impact on the student population.

Additionally, Lincoln Public Schools will have the benefit of property taxes paid after the TIF period.

Other Impacts

Though utilizing TIF will defer the majority of the incremental ad valorem real property taxes generated by the Project for up to 20 years, there will be potential additional revenue generated by the Project from sales taxes generated by the construction of the Project and from sales taxes and occupation taxes paid by the residential tenants of the Project, as well as income taxes paid by those tenants that might work in the City. Upon completion of the 20-year TIF period, the Project will benefit the community through higher property tax revenue.

Finding of Need for TIF

Section 18-2116 of the Act requires the City Council to make the following findings before authorizing the use of TIF:

- the Project and plan as proposed would not be economically feasible without the use of TIF; and
- the Project as proposed would not occur in the Redevelopment Area without the use of TIF.

The City's Urban Development Department believes that the private and public improvements proposed in this Plan Amendment would not occur "but for" the utilization of TIF in the Redevelopment Area. The cost to provide affordable units in a newly constructed multi-family residential unit are prohibitive and it would not be economically feasible for Redeveloper to construct the Project improvements without TIF.

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 with Redeveloper and submit said redevelopment agreement 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.
- The City will review construction drawings of public and private improvements for conformance with the Redevelopment Agreement.
- Redeveloper will competitively bid TIF-funded public improvements according to City standards, as needed and with assistance from the City's Purchasing Department.
- Redeveloper will construct the private and public improvements and enhancements, starting in 2023 and complete construction by December 31, 2024.
- City will reimburse Redeveloper for eligible public improvements and enhancements, as described in the Redevelopment Agreement, after it receives required documentation from Redeveloper and the City receives the increment.

All illustrations and images shown above in the Plan Amendment are illustrative and may be subject to change.