

# Amendment to the Lincoln Center Redevelopment Plan Pershing Block Redevelopment Project

## Introduction

The Pershing Block Redevelopment Project Area (“Pershing Site”) is an entire city block (Block 63) bounded by Centennial Mall and 16th Street, and M and N Street, in a prominent location in Downtown Lincoln. The block is approximately 333 feet by 349 feet, curb to curb. The parcel area is just over 300 feet by 300 feet, for a total of over 90,000 square feet of buildable area or approximately 2 acres.



The Pershing Site is located at the intersection of two significant public investments totaling over \$12 million: the recent substantial rehabilitation of the Centennial Mall and the construction of Nebraska’s first protected, on-street bike facility on N Street. The seven-block Mall, a park and thoroughfare through the heart of town, connects Nebraska’s iconic State Capitol building to the University of Nebraska-Lincoln Campus.



Pershing Center, currently located on the site, was the City’s main auditorium, hosting a variety of events for more than 50 years. The Pershing Center was constructed between 1955 and 1957. The floor plate of the existing building is 50,000 square feet. As the City’s auditorium, this building has provided the City with many wonderful memories; however, the useful life of the structure is limited. The facility is now considered by many, particularly those in the entertainment industry, to be significantly functionally challenged. In 2010, the residents of the City of Lincoln passed a bond issue in support of the construction of the West Haymarket Arena, a \$340 million dollar investment in infrastructure, parking, and a 16,000-seat arena in Downtown Lincoln. The groundbreaking for the Arena occurred in the summer of 2011 and the Arena was completed in September 2013. The development of the 16,000-seat arena allowed for the Pershing Site to be designated as a future site for private or public/private redevelopment.

## 2018 Downtown Lincoln Master Plan



### Option D

Half of the Pershing Block is shown for civic building programming and half is shown for private residential development. A small footprint of supporting retail is shown on the southern half of the block. The existing Federal parking garage is shown relocated with a mix of residential and active uses on the existing site.

1. Mixed Use Residential
  - Ground Floor Retail or Active Use (7,000 square feet)
  - Residential (5 levels with 200 dwelling units)
2. Civic Use
  - 4 lots
  - 40,000 square feet per lot
  - 160,000 square feet total
3. Mixed Use Residential
  - Ground Floor Retail or Active Use (7,000 square feet)
  - Residential (4 levels with 80 dwelling units)
4. Parking and service accessed from 16th Street
5. New Federal Parking Garage (maintain existing facade and uses along O Street)

In a recent survey, the redevelopment of the Pershing Block and other undeveloped sites in Lincoln were voted as the most important action the City could undertake in creating the vision for Downtown Lincoln as The Center of Opportunity. The site is designated in the 2018 Downtown Lincoln Master Plan as a part of the Community Commons Catalyst Project, one of five new catalyst projects in the 2018 Downtown Lincoln Master Plan. The Community Commons Catalyst Project is illustrated in five conceptual ideas that promote combined civic uses, such

as a Downtown Central Library and other civic uses, and private uses, including residential, first-floor retail and other active uses, and/or commercial office. The conceptual idea for the Pershing Block listed as Option D, includes a civic building (such as a central library) and mixed-use residential with an active ground floor, as well as underground parking.

The Lincoln City Libraries Board of Trustees (“Library Board”) has undertaken efforts to replace the existing library with a 21<sup>st</sup>-Century facility. A 2003 study explored the question of whether the library should invest in repairs of the existing building or consider a new building elsewhere. The conclusion was that a new building was a better investment. In 2012, a Main Library Vision and Concept Study was completed, which evaluated local sites and estimated space needed to accommodate a number of services appropriate for a Main Library. The list of potential sites for the new Central Library included the Pershing Site, and that site was designated most appropriate among those studied. In 2017 a Central Library Building Program was completed and indicated that a Central Library of approximately 97,000 square feet would serve the stated needs of the community.

The Downtown Lincoln Master Plan identifies the Pershing Site as a potential location for the New Central Library. As noted in the 2015 Library Board position paper, “First, the City of Lincoln already owns the land, and it has been public use land since 1867, when it was platted. Second, the Board has concluded it is by far the best location for the new library. It does not make sense for the City to spend millions in acquisition costs when the city already owns a great location”.

According to the updated 2015 Library Board position paper, “The reality is that libraries are no longer only a depository for paper books. One of the important principles of public libraries is they provide access to information to all, not just those who can afford their own computers and e-readers. But contemporary libraries now allocate spaces for people: children, teens, families, studying and tutoring, places for gathering.”

The Library Board position paper quotes the Aspen Institute: “As the public library shifts from a repository for material to a platform for learning and participation, its ability to provide access to vast amounts of content in all formats is vital. As trusted institutions, public libraries serve their communities by improving digital skills, helping people access information in new ways, providing a space for learning at every age, and connecting people to jobs, educational opportunities and critical community services. Public libraries are poised to play a leading role in helping individuals and communities to adapt to the changing world”.

In February 2021, the Library Board issued a Request for Proposals for Professional Architect Services for design of a new Central Library on the Pershing site. The selected architecture firm will be tasked with providing a proposed design, estimating costs, and providing information for Lincoln residents on the proposal ahead of a possible 2022 general obligation bond vote, and related private capital campaign. General obligation bonds backed by property taxes require voter approval. The request for proposals estimates the construction costs of the Central Library up to \$40 million. The Foundation for Lincoln City Libraries (FLCL), a non-profit 501(c) (3) corporation, will assist the Library Board in seeking charitable gifts to meet the needs of the Library project and the intent of the donors.

In addition to the Library Board studying the Pershing Site, the City has been actively working toward the redevelopment of the Site. The City has been attempting to find a reuse for the building and/or redevelopment of the Pershing Site since the first Invitation for Redevelopment Proposals (IFRP) was issued in July of 2012. While the first IFRP generated some interest, it was not until 2020 that proposals were submitted that substantially met the intent of the IFRP. The most recent IFRP was issued in the summer of 2018. A proposal was submitted in response to that IFRP in early 2020. The City established a deadline for the submittal of additional proposals in response to the 2018 IFRP for May of 2020, after which all proposals received would be reviewed. In total, five proposals were submitted. The White Lotus Group proposal was selected by the Pershing Site Selection Committee. White Lotus Group (“Redeveloper”) was selected in June and identified as the developer of record via Executive Order.



## Pershing Block Redevelopment Project Description

The Pershing Block Redevelopment Project (“Project”) proposed by White Lotus Group includes the redevelopment of the Pershing Site generally bounded by M and N Streets and Centennial Mall and 16<sup>th</sup> Streets in Lincoln’s central downtown business district. The Redevelopment Project Area includes that portion of the Pershing Site that will be owned by the Redeveloper (“Project Site”), that portion retained by the City for public Central Library building and the adjacent rights of way as shown on the Redevelopment Project Area map.



Pershing Redevelopment: Project Area

 Pershing Area



The total Project is expected to be approximately 300,000 square feet of private and public improvements. Implementation of the Central Library as part of the Project will entail public-private partnership coordination and arrangements between the City and Redeveloper. The Redeveloper’s Project real estate interests and improvements (collectively “Redeveloper Improvements”) may include interest and involvement with other non-profit and for-profit private sector parties.

The overall goal of this Project is to catalyze reinvestment in the center of Downtown by creating a center for people, families, and social and cultural connections. Once completed, the Project is expected to strengthen the long-term viability of Downtown Lincoln, support the 24/7 vibrancy of Downtown, remove blighted and substandard conditions, create additional housing opportunities, create

The Project may include the following:

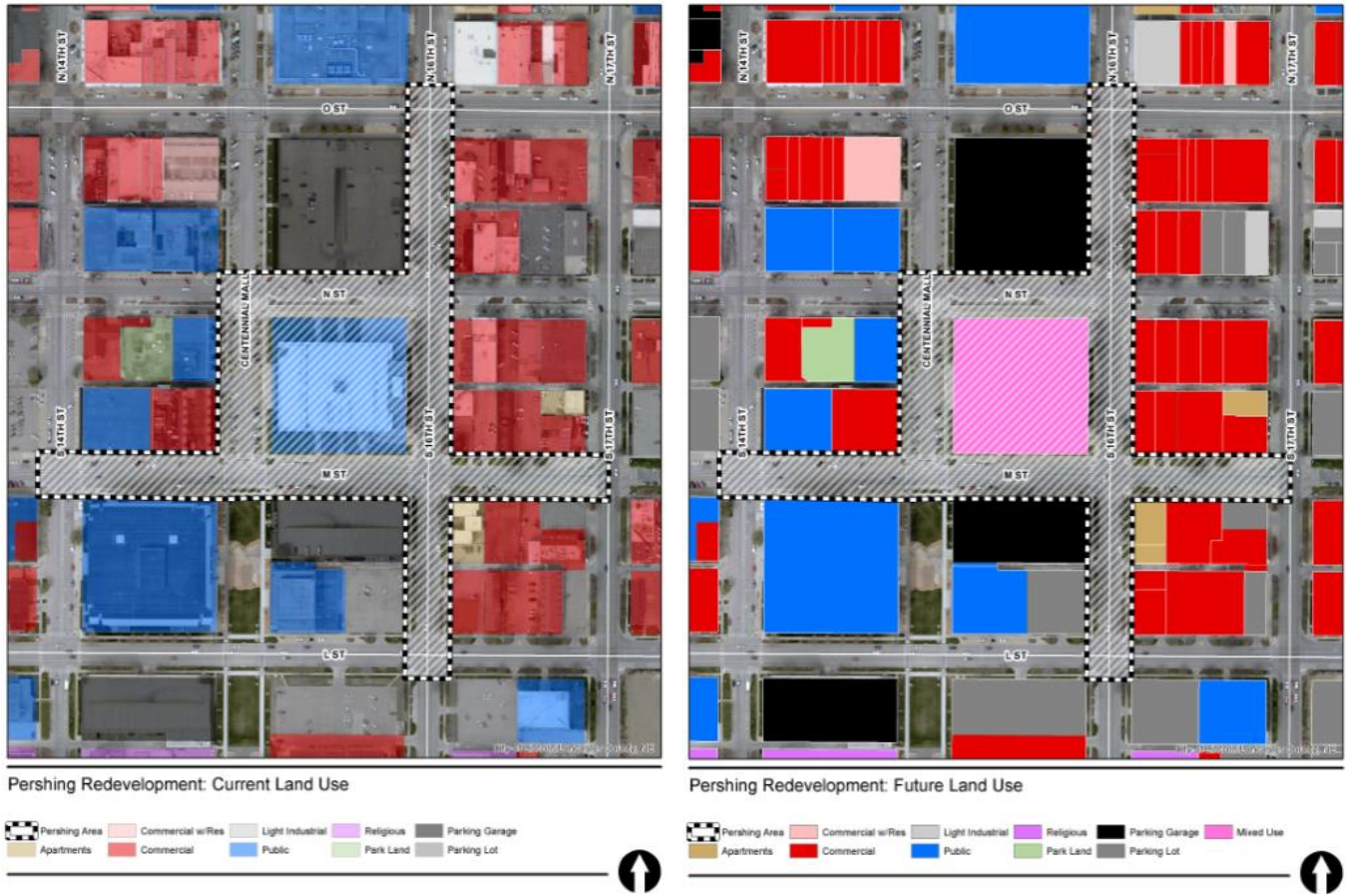
- Up to five levels and approximately 100,000 square feet or 100 units of affordable and workforce housing with the potential for additional units;
- a three-story, Downtown Central Library facility of approximately 90,000 square feet, if a bond issue is approved by public vote or other public-private partnership financing is identified and approved. If a Downtown Central Library is not built, then additional private improvements will be added to include commercial office, housing, and/or other civic uses;
- approximately 30,000 square feet of flexible programming;
- approximately 3,000 square feet of retail;
- active ground floor greenspace and shared outdoor/recreation spaces; and,
- a sublevel parking facility that may be shared by the residential dwellers and other Library visitors.

A conceptual Site Plan of the Project is attached below.



additional parking opportunities, and improve the pedestrian environment. The Project will accomplish these goals by removing a dilapidated building, constructing a new, mixed-use residential and commercial building complex, providing an opportunity footprint for an integrated public library, develop public/private subsurface parking, as well as completing interior pedestrian connections, streetscape, utility, and other right-of-way improvements around the block.

The mix of proposed uses would fit well with surrounding land uses, including government and commercial office. See the Current Land Use map and Future Land Use map below.



**Pershing Site Characteristics**

The Pershing Center block is within a “P” (Public Use) zoning area which runs parallel to Centennial Mall. This area is surrounded by a “B-4” zoning district (Center Business District) to the west and east and an “O-1” zoning district (Office District) to the south. The “B-4” Lincoln Center Business District zoned area, which covers much of Downtown, permits the proposed Project uses, and is designed to encourage Downtown to remain the dominant multi-use center and key focal point of business, social, and cultural activity. The future zoning of the block is proposed to be B-4.

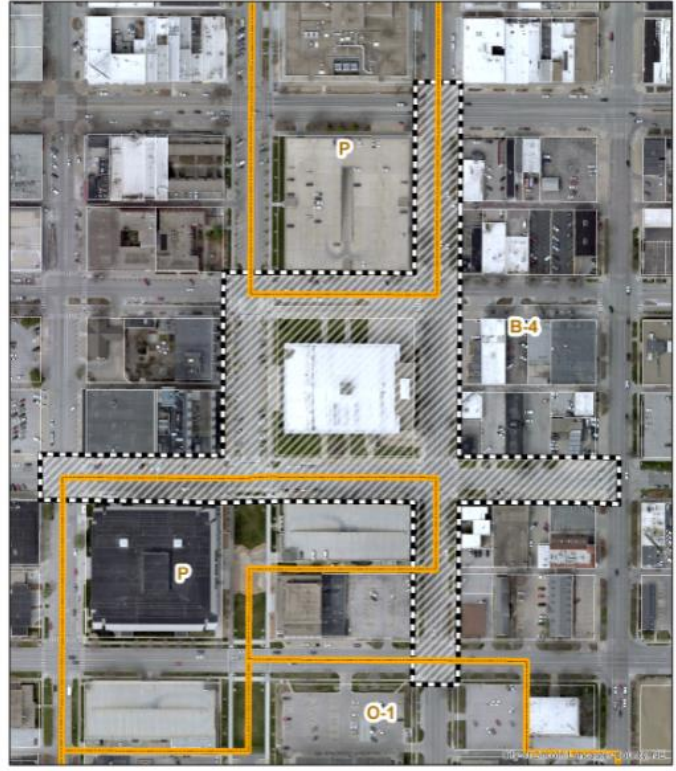
The Pershing Site is located within a declared extremely blighted area. This designation allows the Project to qualify for workforce housing incentives.

The Pershing Site is also within the Capitol Environs District, the district immediately surrounding the State Capitol and four axial corridors. The Capitol Environs District Design Standards will guide the design requirements of the buildings in the Redevelopment Project Area, including height requirements that the building stand between 30 and 57 feet and that the design and materials must be of superior quality.





Pershing Redevelopment: Current Zoning



Pershing Redevelopment: Future Zoning



The block is also located within proximity to other projects, like the Eagle Parking Garage Rehabilitation, Telegraph District Redevelopment Projects, Willys Knight Redevelopment, and future Block 65 Projects. The City also expects that the construction of the Central Library will provide a redevelopment opportunity on the existing Bennet Martin Library Site, along the “Music and Entertainment District” Downtown, and create opportunities for the redevelopment of the YWCA building.

### 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 Redevelopment 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, 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 *Plan* states that strong community facilities like the Downtown Central Library are essential to maintaining Downtown vitality, and the importance of maintaining the location of the main library in Downtown.

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; and, expanding housing opportunities to foster 24-hour activity.

The Project is consistent with the *2018 Lincoln Downtown Master Plan*. The *Master Plan* identifies the Pershing Block and adjacent blocks as the Community Commons Catalyst Project. The Project most closely resembles the uses identified for the Pershing Block in "Option D" of this Catalyst Project. Option D shows a mix of civic uses, mixed-use residential with ground floor retail, lower-level parking, and connective passageways and greenspace through the block. The Community Commons project specifically mentions the interest in constructing a 21<sup>st</sup>-Century, Downtown Central Library as part of the potential civic uses on the Pershing Block. The Central Library would not only serve the Downtown and surrounding neighborhoods, but the City as a whole. Other civic uses, like the proposed modern wellness center integrated with outdoor/recreation green space, would generate additional pedestrian traffic and help to catalyze additional redevelopment.

The *Master Plan* also identifies the M Street Greenway Catalyst Project running along the south side of the Project, as well as the completion of the two-way conversions of both M Street and 16<sup>th</sup> Street along the east boarder. The design for M Street is about creating a procession lined with shade trees that will connect to the new West Park, the Pershing Block redevelopment, the proposed parking garage at 14th & M, Centennial Mall, the Telegraph District, and Antelope Valley.

The *Master Plan* also encourages the redevelopment of vacant or underutilized spaces as opportunities arise. The *Master 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, demolition, site preparation and remediation, street and streetscape improvements, utility improvements, public access/space enhancements, façade enhancements, energy enhancements, public parking, and other public improvements, enhancements, and expenses as permitted under Neb. Rev. Stat § 18-2117.03 and the Community Development Law within the Redevelopment Project Area and Lincoln Center Redevelopment Area.

### **Statutory Elements**

***Property Acquisition, Demolition, and Disposal:*** The City owns the entire block, and intends to sell the applicable property at fair value as part of negotiated redevelopment agreement. The Redeveloper does not intend to acquire any additional property outside the block. If the Redeveloper required additional property for the Project, the City does not intend to acquire additional property on its behalf, nor would it use eminent domain for this Project. The Pershing Building is vacant. 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 building is expected to occur. The City is in discussion with the Redeveloper about demolition, environmental remediation, salvage of materials to the extent that is possible, and proper disposal.

***Population Density:*** The Project will increase population density in the Lincoln Center Redevelopment Area by 175 to 225 residents.

***Land Coverage:*** The Project is expected to change land coverage on the Pershing Site with the construction of buildings to the property lines. 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 and civic uses traveling to and from the Pershing Site. The Project does not include vacating any streets or alleys, at this time. TIF funding may be used

toward street and right of way improvements, with the intent of preserving the previously improved Centennial Mall and N Street cycle track. TIF is also expected to improve mobility within the Redevelopment Project Area as a result of streetscape improvements. Given its central Downtown location, public transportation services will also be available to provide public access to the Pershing Site.

**Parking:** While public/private parking is expected to be developed on the Pershing Site, the Redeveloper is likely to seek additional parking rights for tenants in the City garages or surface lots. Changes to on-street parking may occur within the Redevelopment Project Area and as a result of coordinated planning with both Parking Services and Lincoln Transportation and Utilities.

**Zoning, Building Code, and Ordinances:** The Pershing Site is currently zoned “P” for public uses, and will likely be rezoned B-4 Lincoln Center Business District. The Project would include permitted uses in the B-4 District. As this building is over an acre of redevelopment, the project will need to meet the City’s water quality requirements, including detention and structural water quality improvements to meet post construction best management practices. The Development Services Center will work with the development to ensure that applicable building code requirements and ordinances will be satisfied.

### **Proposed Cost and Financing**

The estimated total cost to implement the Project and Central Library is likely to exceed \$65 million given potential increases in future construction costs.

The Redeveloper Improvements estimated acquisition and development costs are in the range of \$25 million to \$30 million, which will generate an estimated \$3 to \$4 million or more in public financing. The Redeveloper Improvement cost will be finalized as site acquisition, design features, construction costs and final uses are determined. The source of the public funds for the Redeveloper Improvements will be land sale proceeds and the tax increment generated from the private investments on the Project Site. Funding sources and uses will be negotiated, subject to approval by the Mayor and City Council. The tax increment funds result from the division of taxes on the Project Site as described in the Lincoln Center Redevelopment Plan.

### **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 preliminary 2021 assessed value of Pershing is approximately \$3.3 million. Based upon preliminary discussions, the total Redeveloper Improvements on the block may range between \$25 million to \$30 million or higher. The potential leveraged TIF funds range from an estimated \$3 million to \$4 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 the Redeveloper Improvements costs are better defined.

The City will forgo approximately 15.89 percent of the annual collections over 20 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 the base valuation would be available to fund bond repayment. After 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 Pershing Site is located among and adjacent to several proposed improvement projects identified in the 2018 Downtown Lincoln Master Plan, including the M Street Greenway, the construction of two-way traffic improvements adjacent to the block, and additional improvements to mobility. 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. If the Central Library is implemented, it will greatly improve the community’s public library services.

**Employment within the Redevelopment Project Area:** the provision of new residential units is expected to further enhance and support employment in the Redevelopment Project Area. Vacancies in the existing could be reduced with a proposed mix of uses, as well as building enhancements to the residential 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 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, the retention and potential expansion of library jobs, creation of jobs in the retail and wellness facilities, and the expansion of new housing will be supportive of commercial services and related employment in the Downtown and City-wide.

**Impact on Student Populations of School Districts:** Residential uses are expected to be studio, one-, two-, and three-bedroom, mixed-income, affordable rental units, with a mix of single occupants to families. The Project is not anticipated to substantially impact the overall student population of Lincoln Public Schools, but may increase attendance at area neighborhood schools. The new Central Library would provide additional educational services to Lincoln school children.

**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 strategies set forth in the 2018 Downtown Lincoln Master Plan, which includes quality library services and increasing Downtown residential density at a mix to create a more vibrant Downtown. The addition of approximately 100 multifamily housing units, a wellness center, outdoor spaces, retail establishments and flexible building programming in the area will support the Downtown as a 24/7 community.

While the use of tax increment financing will defer receipt of the incremental ad valorem real property taxes generated by the Project Site for the period allowed under the law, there will be additional revenue generated, including sales taxes and income taxes paid by those living and working in the Redevelopment Project Area. Upon completion of the collections and repayment of the tax increment bond financing, 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 Redevelopment 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 final Project:

- The Library Board is in the process of hiring a design team to develop a schematic design for the proposed Central Library on the Pershing Site.
- Schematic drawings of public and private improvements will be reviewed by the Capitol Environs Commission and/or City departments, as needed.



- The City will negotiate a redevelopment agreement with the Redeveloper and its assigns and submit to City Council for approval.
- The Redeveloper will secure financing for Redeveloper Improvements.
- The City may issue and sell Community Improvement Financing bonds or notes to fund the public improvements related to the Project.
- TIF-funded public improvements will be competitively bid, as needed and required by the Purchasing Department.
- The Pershing Building will be demolished.
- The Library Bond Issue will be voted upon or another viable form of public-private partnership financing will be identified and approved by the City.
- 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.
- Measure the success of this Project and other Downtown projects by measuring the increase in the number of Downtown residents and affordable housing units, the mix of residential demographics, and the sidewalk pedestrian counts.

