

AH. 1222 P STREET MIXED-USE REDEVELOPMENT PROJECT

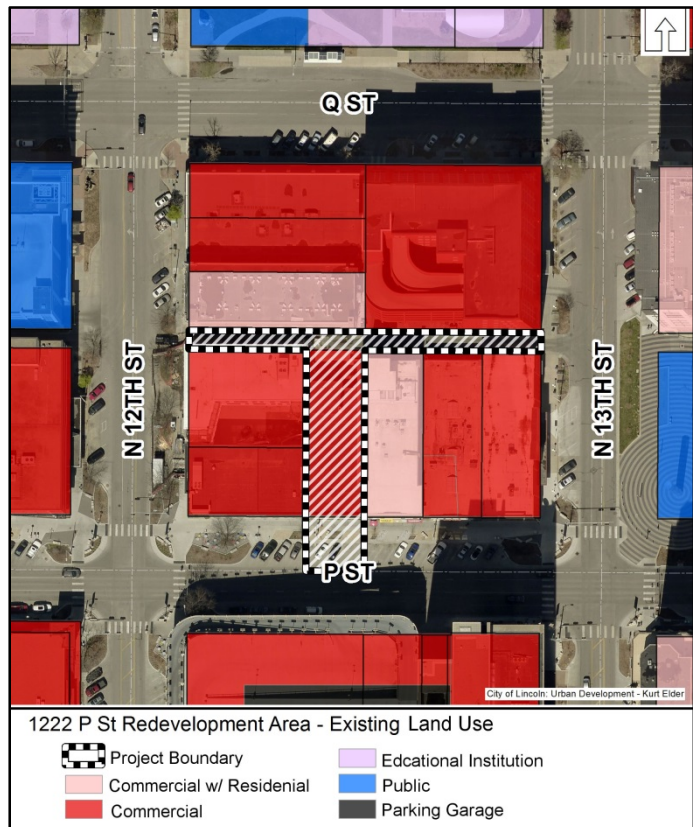
1. Project Description

The 1222 P Street Mixed -Use Redevelopment Project Area, generally located at 1222 P Street in Downtown Lincoln, includes Lot 9, Block 37, Lincoln Original, Lancaster County, Nebraska, together with a portion of the adjacent alley and right-of-way (the "Project Area").

The 1222 P Street Mixed-Use Redevelopment Project (the "Project") includes the construction of two additional stories over a portion of the existing three-story structure, along with the demolition, reconstruction and rehabilitation of the existing three stories. The completed five-story structure will contain market-rate residential units and first floor commercial uses.

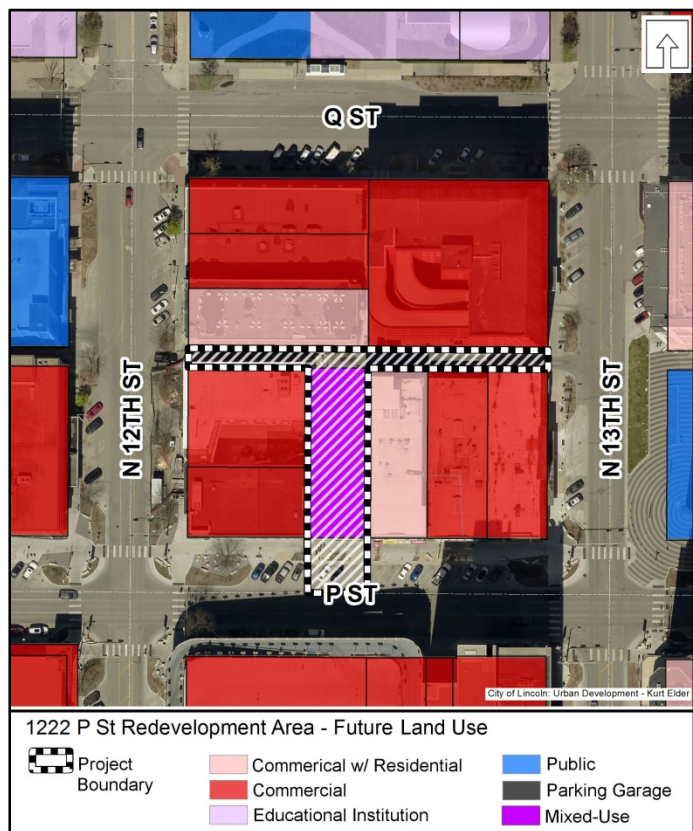
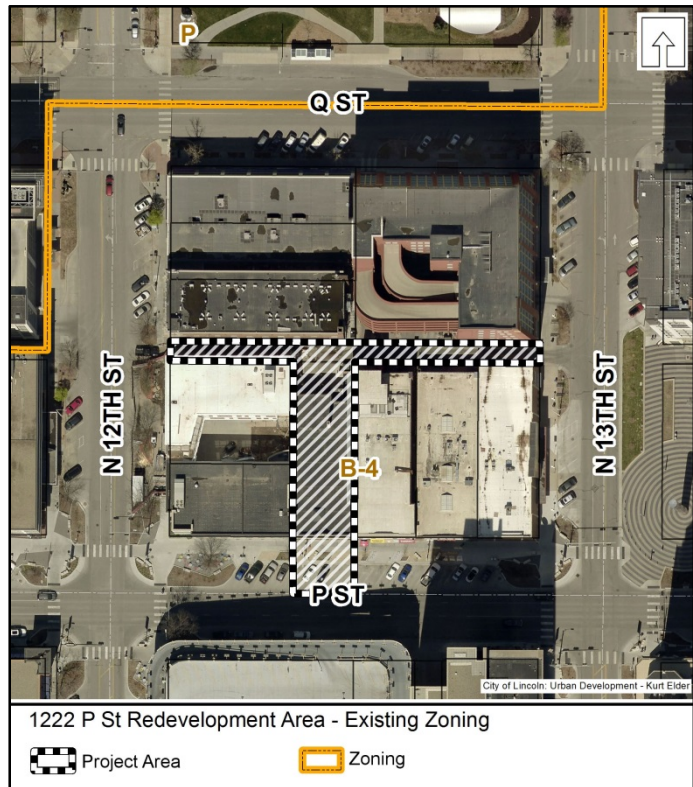
The goal of this Project is to strengthen the Downtown Lincoln community as a 24-hour livable community by providing in-fill residential dwelling units and commercial spaces through the redevelopment of existing underutilized and deteriorating real property. The Project will remove blighted and substandard conditions and will make positive contributions to the continued revitalization of Downtown Lincoln, specifically along the P Street corridor. The Project will increase the security and safety in the Redevelopment Area through the removal and redevelopment of certain blighted and substandard conditions.

The Project is consistent with the goals of the *Lincoln Center Redevelopment Plan* and *Downtown Master Plan* and is intended to support private sector residential and commercial development in this redevelopment area. Publicly funded redevelopment activities may



include demolition, site acquisition, site preparation, streetscape and other public area enhancements, energy efficiency improvements, facade enhancements, and other public improvements in the Project Area. These improvements correspond to several of the Downtown Redevelopment Goals identified in Section III of the Lincoln Center Redevelopment Plan. The redevelopment project addresses these goals by accomplishing the following:

- intensify and strengthen Lincoln's central business district as a focal point for regional development;
- provide for compact and interrelated development in order to increase the amount and variety of activity in the core while increasing pedestrian convenience and visual interest;
- encourage rehabilitation/renovation of existing structures through the Community Redevelopment Area;
- encourage the development of mixed use projects that attract and maintain commercial activity and residential developments in the Downtown and Haymarket areas;
- encourage development that is consistent and complementary to existing land uses, architectural styles, and building materials found Downtown and in the Haymarket; and
- encourage expanded housing opportunities and types to foster 24-hour activity and lively street; and encourage the development of a vibrant retail presence.



2. Statutory Elements

- **Property Acquisition, Demolition, and Disposal:** The proposed redeveloper currently controls the entire Project Area. Demolition will include clearing the internal floor plan of the existing structure, including any required environmental remediation and any necessary capping, removal or replacement of utilities and site preparation.
- **Population Density:** The Project will have a slight impact on and will slightly increase the Project Area's population density, as the Project will include approximately 29 market-rate residential units.
- **Land Coverage:** Land coverage and building density will not be altered with construction of the Project.
- **Traffic Flow, Street Layouts, and Street Grades:** The Project is not likely to result in a significant increase in traffic and does not include vacating any streets or alleys.
- **Parking:** The Project will meet the requirements for parking.
- **Zoning, Building Code, and Ordinances:** The area is located within the Downtown Business District B-4 business zone that allows for a wide range of uses, including the residential and commercial uses that are being proposed. Zoning will remain unchanged as a result of this project. All applicable building codes and ordinances will be met.

3. Proposed Cost and Financing

The estimated total cost to implement the Project is approximately \$4,000,000, which includes approximately \$470,000 in public financing. The source of the public funds for these improvements will be Community Improvement Financing (more commonly known as Tax Increment Financing) generated from the private developments within the Project Area.

Public investment may assist in site acquisition, demolition, and site preparation; design and construction of utility improvements; design and construction of streetscape and right-of-way improvements; facade enhancements; energy enhancements; and other public improvements and enhancements allowed under the Community Development Law.

Funding sources and uses will be negotiated as part of the redevelopment agreement, subject to approval by the Mayor and City Council.

- **Cost Benefit Analysis:** The 1222 P Street Mixed-Use Redevelopment Project, will redevelop real property generally located at 1222 P Street and more particularly described as Lot Nine (9), Block Thirty-Seven (37), Lincoln Original, Lancaster County, Nebraska. The Project will include the construction of urban infill multi-family residential dwelling units and first-floor commercial uses.

The total demolition and construction costs for the Project are estimated at approximately \$4,000,000. The project cost will be finalized as construction costs are firmed up.

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**

Upon completion of the Project, the assessed value of the property within the Project Area will increase by an estimated \$2,245,000 as a result of the private investment. This will result in an estimated annual property tax collections

increase during the fourteen (14) year TIF period of approximately \$45,500 that will be available for the construction of public improvements related to the Project. The public investment of a currently projected \$470,000 in TIF funds, which is less than the projected total available TIF Funds, will leverage approximately \$3,530,000 in private sector financing, resulting in a private investment of approximately \$7.50 for every TIF dollar spent.

The Urban Development Department believes that the public improvements and enhancements proposed in this plan amendment would not occur "but for" the Tax Increment Financing generated by private redevelopment within the Project Area. Project Improvements would not be achievable to the extent shown without TIF, as the site conditions constitute barriers which could not be remedied without the use of tax increment financing.

Public investment may assist in site acquisition, demolition and site preparation; design and construction of utility improvements; design and construction of streetscape and right-of-way improvements; facade improvements; energy enhancements; and other public improvements and enhancement; as allowed under the Community Development Law.

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

It is not anticipated that the Project will have an adverse impact on existing public infrastructure. The Project entails the capture of the incremental tax revenues for eligible public purposes including, but not limited to site acquisition, site preparation, facade enhancements, energy enhancements, streetscape and public area enhancements, and other eligible improvements. The Project will also encourage private investment in the Lincoln Center Redevelopment Area and will increase security and safety in the area by the removal of certain blighted and substandard conditions that are conducive to such problems.

It is not anticipated that the Project will have any adverse impact on City services, but will generate additional revenue providing support for those services.

► ***Employment within the Project Area***

It is not anticipated that the Project will have an adverse impact on employers and employees of firms locating or expanding within the boundaries of the area of the Project. The Project will add mixed uses to a site that previously held office uses. In addition to the commercial spaces, which provide a positive benefit for firms locating or expanding in the area, additional housing opportunities should positively affect employers and employees in the area.

► ***Employment in the City outside the Project Area***

Approximately 142,161 persons living in the City of Lincoln were employed, according to the 2010-2014 American Community Survey. The median household income for the City between 2010 and 2014 was \$49,794. While the impact of this Project on city-wide employment would be minimal, a strong residential presence and available commercial spaces are essential to the attraction, retainage, and expansion of retail and commercial services and employment. The Project should

increase the need for services and products from existing businesses in and around the Redevelopment Area.

► ***Other Impacts***

The Project will improve the Redevelopment Area through the development of blighted and substandard areas. The Project will increase available commercial spaces and housing opportunities within the Redevelopment Area and is consistent with the Comprehensive Plan call for mix-use developments. The Project will also increase the safety and security of the Redevelopment Area, which will be a substantial benefit to the area.

The Project should have a positive impact on private sector businesses in the Redevelopment Area and the City, and should encourage additional private development in and around the Redevelopment Area. The Project is not anticipated to impose a burden or have a negative impact on other local area employers, but should increase the need for services and products from existing businesses. The additional housing opportunities will provide a substantial benefit to the City.

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, including sales tax paid by the businesses and residents of the Project. Upon completion of the 15-year collection, the Project will benefit the community through higher property tax payments.