

AO. Huber Building Redevelopment Project

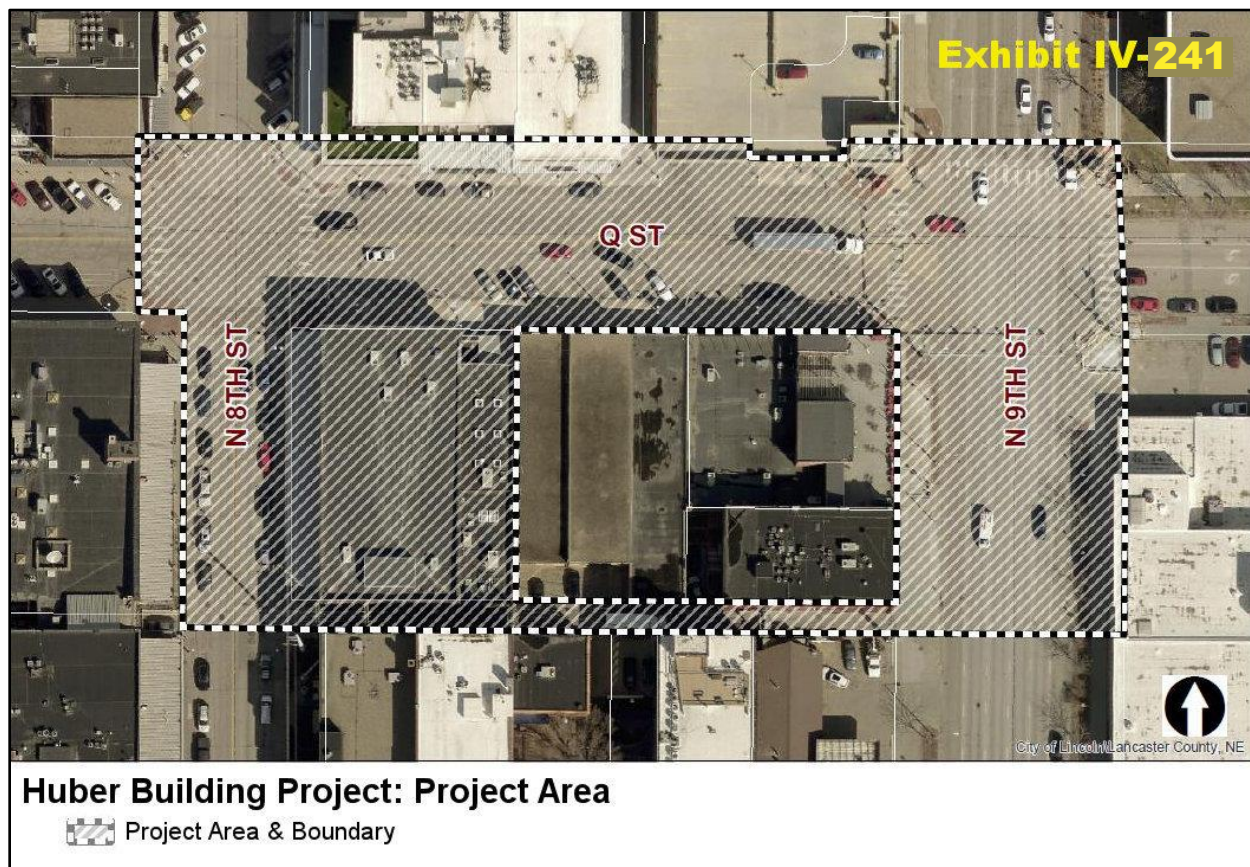
1. Project Description

The Huber Building Redevelopment Project (“the Project”) includes the redevelopment of the Huber Building located generally at 803 Q Street and more particularly described as Lots 5 and 6, together with the east 18.45 feet of the North 8th Street right-of-way adjacent to Lot 6, as vacated by Ordinance No. 17335, passed by the City Council on May 4, 1998 all in Block 33, Original Plat of Lincoln, Lancaster County, Nebraska (the “Project Site”).

The Project Area will include the Project Site and the adjacent rights of way, including the alley south of the Project Site.



Huber Manufacturing, 801 Q Street, ca. 1905



Huber Building, 2019

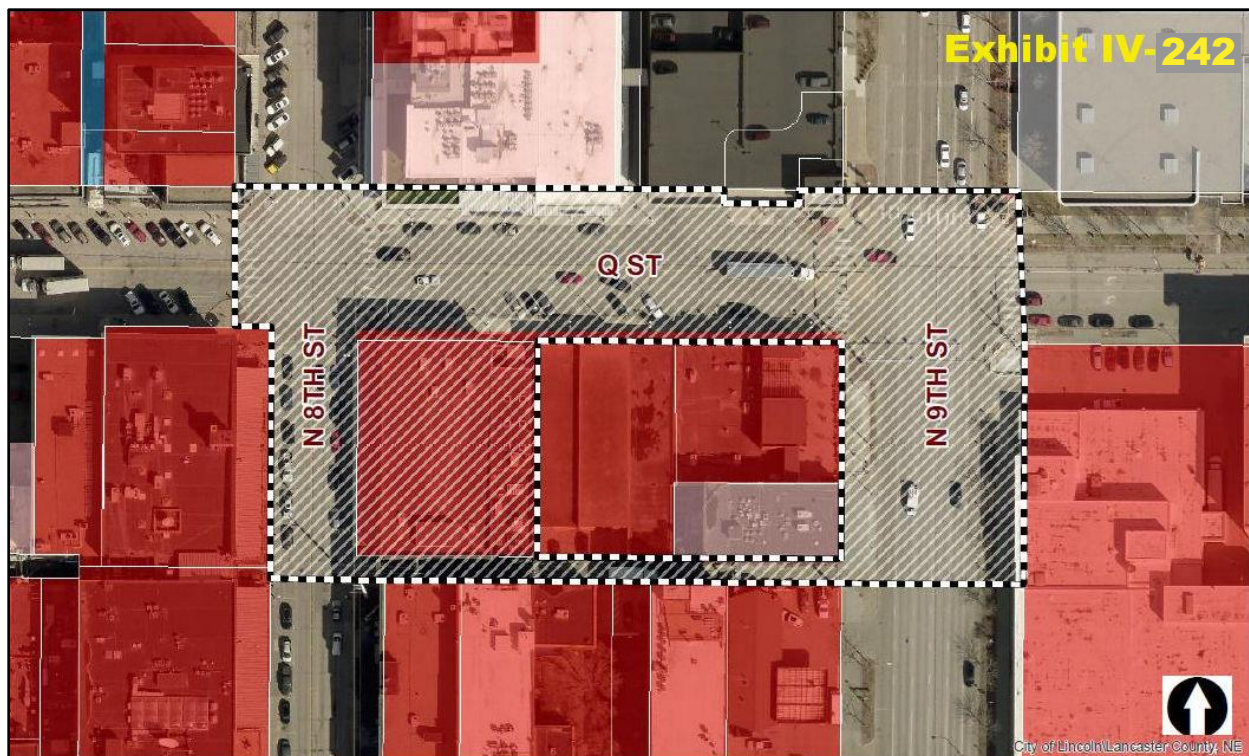


The Project involves the redevelopment and rehabilitation of the existing two-story Huber Building, a contributing building to the Historic Haymarket District. The building was constructed in 1901 for Huber Manufacturing Co. and is Haymarket's most substantial reminder of the farm implement industry. This building has gone through several renovations, including the addition of a more substantial dock on the west side with a ramp and roof and a one-story addition on the east, currently occupied by a restaurant. The project proposes to restore or enhance many of the historic façade features of the building, including tuck pointing of the brick façade and reinstalling windows where openings are currently infilled with glass blocks.

Upon completion of improvements the building is expected to include approximately 24,599 square feet of commercial use on the first floor and basement, approximately 7,645 square feet of residential use on the second floor, and a roof deck. The residential units are intended to be condominium units, bringing additional owner-occupied housing to Lincoln's Haymarket.

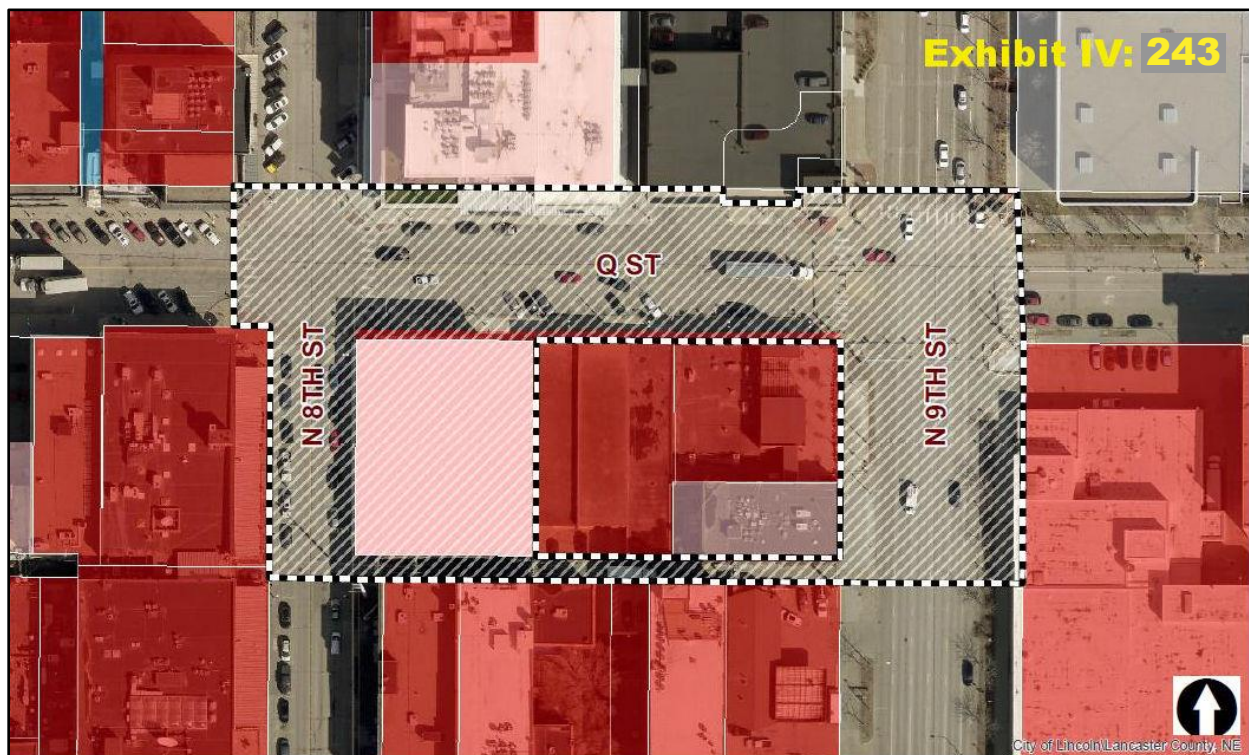
The goals of the Project are to enhance the Lincoln's Downtown and Haymarket area as the mixed-use center of the City, while preserving the valuable character of the existing historic buildings and district. The Project will accomplish these goals through redevelopment of an existing historic building, bringing additional owner-occupied housing to the Haymarket, and incorporating a mix of commercial and housing that will foster 24/7 activity, including a unique roof space which will enhance the activity generated by this development and the overall Haymarket experience.

The mix of proposed uses would fit well with surrounding land uses, which are a mix of commercial and residential with first-floor commercial, as well as public and private parking. See the Current Land Use map and Future Land Use map below.



Huber Building Project: Current Land Use

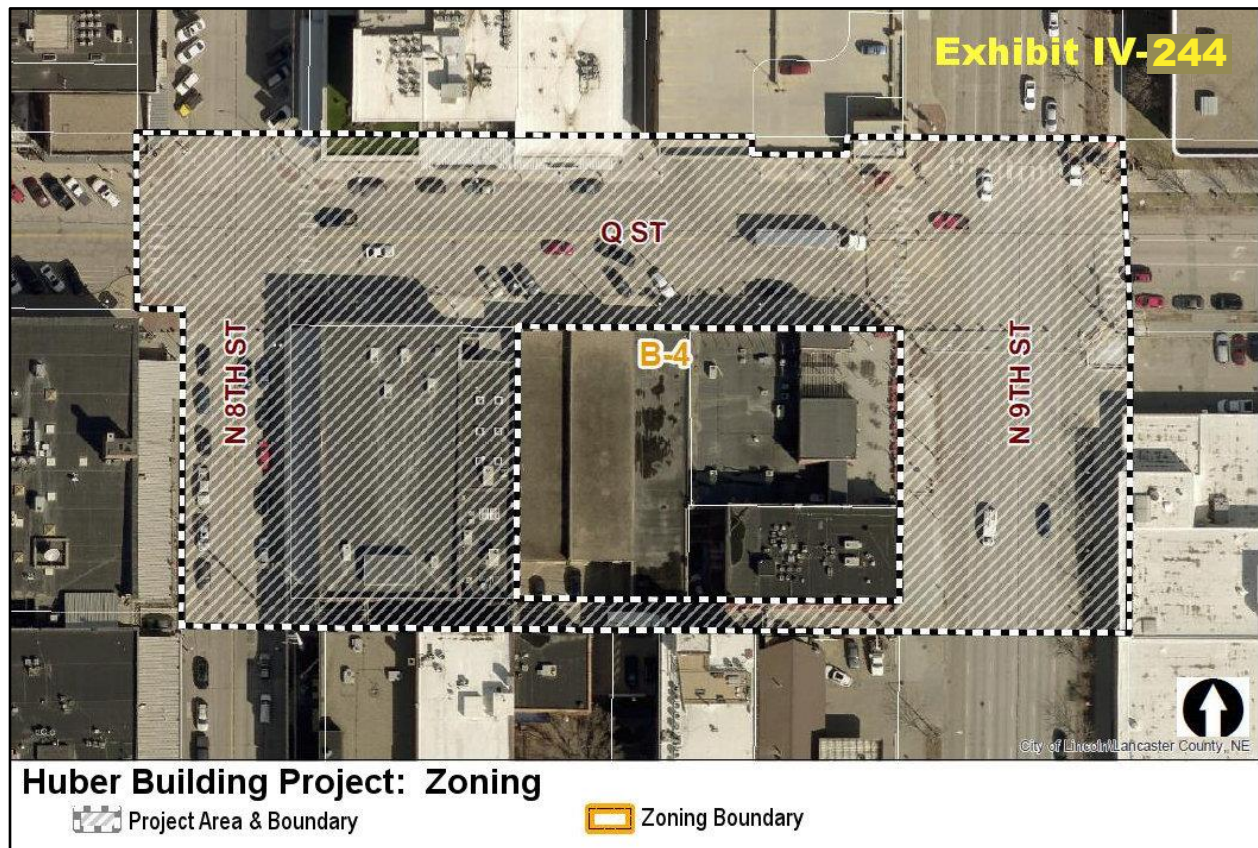
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|---------------------------|------------------|-------------|
| Project Area & Boundary | Commercial | Parking |
| Commercial w/ Residential | Light Industrial | Vacated ROW |



Huber Building Project: Future Land Use

- | | | |
|---------------------------|------------------|-------------|
| Project Area & Boundary | Commercial | Parking |
| Commercial w/ Residential | Light Industrial | Vacated ROW |

The Project Site is located in the “B-4” Lincoln Center Business District zoned area, which covers much of Downtown. The B-4 District provides for the proposed uses, and is designed to encourage Downtown to remain the dominant multi-use center and key focal point of business, social, and cultural activity in the City of Lincoln.



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 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, offering choices for residential lifestyles and daily needs commerce in a walkable environment.

The Project is also consistent with the Lincoln Center Redevelopment Plan by providing a vertical mix of land uses including additional housing to foster 24/7 activity and lively, vibrant streets in the Lincoln Center Redevelopment Area.

The Project is consistent with the 2018 Lincoln Downtown Master Plan, as well, which supports housing as a means to enhance the region’s competitive edge by helping to retain and recruit both young and highly-skilled labor, as well as making Downtown more vital. One of the community’s top priorities in the Downtown Master Plan is increasing residential density to drive and further support retail and other opportunities, creating a more vibrant core. The Plan also supports adaptive reuse of buildings as a more

sustainable approach than new construction, and as a way to restore historic buildings, sustain their useful life, and support the significance of the past.

The Project represents a significant private investment in the Lincoln Center Redevelopment Area. Publicly funded redevelopment activities may include: site acquisition, utility and right of way improvements, façade/historic building enhancements, and other public improvements, enhancements, and expenses as permitted under Neb. Rev. Stat § 18-2117.03, and the Community Development Law in the Lincoln Center Redevelopment Area.

2. 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 this project. The proposed redeveloper currently owns the Project Site. One commercial tenant will be moving at the expiration of their lease and the other will expand their space in accordance with this plan. There are currently no residential tenants, therefore, there are no tenants on site needing relocation. Should relocation assistance be required, all relocation requirements will be followed, as outlined in the Lincoln Center Redevelopment Plan, and TIF funds will be used to relocate businesses.

Population Density: The Project consists of the construction of up to six residential units. As a result, the Project is anticipated to increase population density in the Lincoln Center Redevelopment Area, consistent with objectives of the 2018 Downtown Lincoln Master Plan.

Land Coverage: The Project is not expected to change land coverage on the Project Site, as it will make use of the existing building. 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 may marginally increase traffic flow resulting from an increase in residents, and customers of the commercial and residential space traveling to and from the Project Site. The Project does not include vacating any streets or alleys.

Parking: The redeveloper desires to use approximately twelve parking stalls from nearby private or public parking facilities.

Zoning, Building Code, and Ordinances: The Project is a permitted use in the B-4 District. No other subdivision or re-zoning of the Project Site is expected to be required as part of the Project. The Development Services Center will work with the development to ensure that applicable building code requirements and ordinances will be satisfied.

3. Proposed Cost and Financing

The estimated total cost to implement the Project is approximately \$2,200,000, which includes approximately \$576,000 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.

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***

At a current assessed value of \$1,582,300 and estimates of a final assessed value of approximately \$4.2 million, the project is expected to generate approximately \$576,000 in TIF revenue for the construction of public improvements and enhancements related to the project.

Upon completion of the Project, the assessed value of the Project Site will increase by an estimated \$2.63 million as a result of the private investment in the Project. This will result in an increase in estimated annual property tax collections during the 15-year TIF period of approximately \$52,808 of which will be available to finance the costs of construction of the public improvements related to the Project. The public investment will leverage approximately \$1.62 million in private sector resources. The TIF funds shall be subject to further adjustment as project costs are defined.

The City will forgo approximately 15.78 percent of these annual collections or approximately \$8,333 per year over 14 or more 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; the current tax levy is shown below.

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 County Agricultural Society	.07
Lancaster County Agricultural Society JPA	.14
Lancaster Co Correctional Facility JPA-County	.37
Lancaster Co Correctional Facility JPA-Lincoln.	.55

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

The Project will have a positive impact on existing public spaces. TIF increment will be used to preserve and maintain the historic façade of the building on the Project Site, maintaining the history of the City of Lincoln and building the character of Lincoln's Haymarket as a unique area attractive for employers and residents. 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 after the 15-year period.

- ***Employment within the Project Area***

With the change in use from second-floor commercial to residential, the Project is not expected to have a net increase in employment. The Project will generate employment within the Project Area boundaries, with management and maintenance of the housing units. Current estimates for new employment in the Project Area is 1.5 Full Time Employees. The Project will create expanded housing opportunities for area employers and employees.

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

Approximately 139,267 persons were employed in 8,759 total establishments in the City of Lincoln, Metropolitan Statistical Area, according to the 2015 Census, County Business Patterns,

North American Industry Classification System. The 2017 median household income for Lancaster County was \$55,747, according to the 2013 – 2017 American Community Survey 5-Year estimates.

The Project is not expected to adversely affect employment in the City outside the Lincoln Center Redevelopment Area. The current tenant has relocated outside the project area, but within the City limits. The impact is an estimated net increase of 1.5 FTEs to the City.

Instead, the improvements to the Project Site and preservation of the building is anticipated to enhance the aesthetics of downtown Lincoln and Historic Haymarket and increase residential density. As a result, it is anticipated that the Project will support current retail and services in the area, which will support jobs in the Lincoln Center Redevelopment Area and the City of Lincoln as a whole.

- ***Impact on Student Populations of School Districts***

This project is not anticipated to impact the student population of Lincoln Public Schools.

- ***Other Impacts***

The Project supports the intent of the 2018 Downtown Lincoln Master Plan, which calls for an increase in high-density, mixed-use and residential development and active first-floor uses.

While the use of tax increment financing will defer the majority of the incremental ad valorem real property taxes generated by the Project for up to 15 years, there will be revenue generated by the Project from, for example, sales taxes generated by the commercial and residential tenants of the Project, as well as income taxes paid by those working in the project area during the construction period. Upon completion of the 15-year TIF period, the Project will benefit the community through higher property tax revenue.

- ***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 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 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.