

AQ. Central Hotel/13th & O Redevelopment Project

1. Project Description

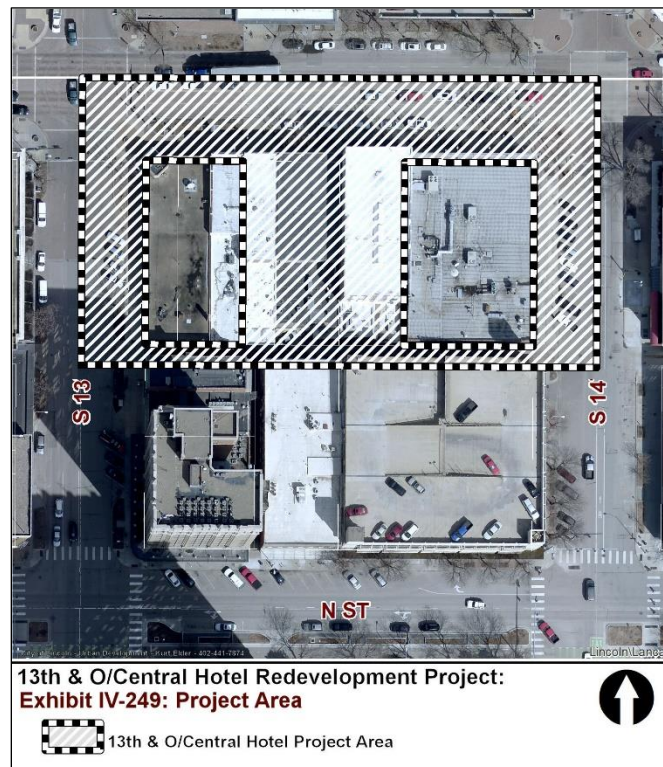
The Central Hotel/13th & O Streets Redevelopment Project (the “Project”) involves the redevelopment of three parcels in Downtown Lincoln, located at 1317 O Street, 1319 O Street, and 1325 O Street, and legally described as follows: Lots 5 through 9, Block 58, Lincoln Original, in the City of Lincoln, Lancaster County, Nebraska (the “Project Site”). The Project Site is depicted on the map right.

There are three buildings located on the Project Site: a 2-story building at 1317 O Street, a 2-story building at 1319 O Street, and a 3-story building at 1325 O Street.

Collectively, the buildings located on the Project Site contain approximately 16,600 square feet of first floor retail space, which is occupied by several restaurants and bars, including O’Rourke’s Tavern, Main Street Café, Cliff’s, Watering Hole, and Subway. The second floor and third floors of the buildings, which in the aggregate include approximately 17,200 square feet, are currently vacant and in need of redevelopment.

The Project involves renovation and rehabilitation of the existing buildings on the Project Site into mixed-use buildings offering retail space on the first floor and housing units on the second and third floors. The Project contemplates that the second and third floors of the buildings would be combined into a single housing project with approximately 22 units, including 10 studio apartments, 8 1-bedroom/1-bathroom apartments, 2 1-bedroom/1-bathroom apartments with a den, and 2 2-bedroom/2-bathroom apartments. While the Project does not include renovation and rehabilitation of the existing first floor retail space, it will include restoration of the façade of each building to substantially its original historical condition.

The goal of the Project is to create a vertical-mixed use Project that will create expanded housing opportunities and foster 24-hour activity in Downtown Lincoln. The Project will accomplish this goal by retaining the existing first floor retail presence in the buildings located on the Project Site, and renovating and rehabilitating the second and third floors of the building into 22 residential apartment units. The Project is also intended to enhance the architectural character of Downtown Lincoln by restoring the façade of the buildings to their historical condition. The Project will cause the removal of blight and substandard conditions on the Project Site and in the Lincoln Center Redevelopment Area, and will result in the renovation and rehabilitation of structures that are, in part, vacant, and underutilized, in furtherance of the purposes set forth in the *Lincoln Center Redevelopment Plan*.

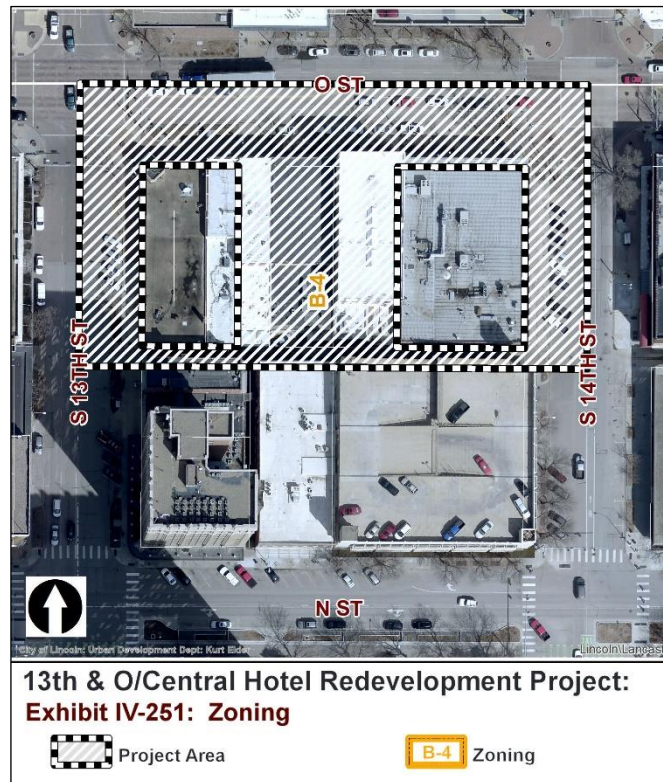
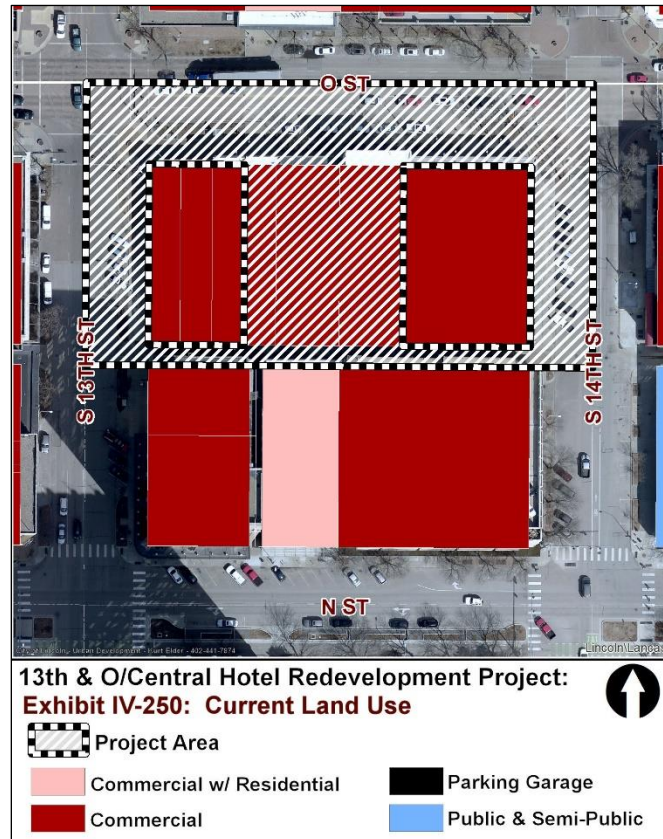


The first floor of the buildings located on the Project Site currently house Subway, Watering Hole, Cliff's, Main Street Café and O'Rourke's Tavern. The second and third floors of the buildings are vacant. Surrounding land uses are primarily commercial. The Project Site's location on O Street, the primary connection through Downtown Lincoln from east to west, makes the Project Site a prime location for a project that will enhance the attractiveness of Downtown through restoration of the exterior façades of the buildings. See the current land use map, right.

The Project Site is located in the B-4 - Lincoln Center Business zoning district. The B-4 Lincoln Center Business District provides for business, retail, and other uses, and is designed to encourage the Lincoln Center Business District to remain the dominant multi-use center and key focal point of business, social, and cultural activity in the City of Lincoln. The land surrounding the Project Site is zoned B-4 Lincoln Center Business District as well, with some land in the vicinity of the Project Site zoned P Public Use District. Existing zoning is shown below, right.

The Project is consistent with the *Lincoln Center Redevelopment Plan*, which encourages rehabilitation and renovation of vacant or underutilized structures in the Redevelopment Area, and development of expanded housing opportunities and types. The Project is also consistent with the *LPlan 2040*, the *Lincoln-Lancaster County 2040 Comprehensive Plan*. The Guiding Principles in Chapter 6 (Mixed Use Redevelopment) of *LPlan 2040* encourage increasing residential density by adding new dwelling units to existing commercial areas in the form of mixed use centers.

The Project is consistent with the *2018 Downtown Lincoln Master Plan* as well, which encourages façade rehabilitation along O Street in order to catalyze additional private investment in the area. The Greater

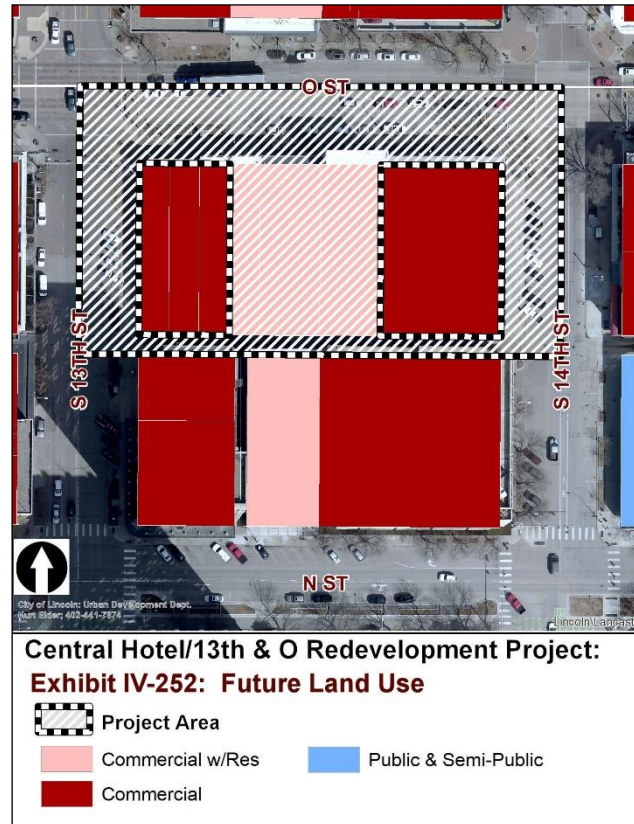


Downtown Principal Corridors Revitalization Project along O Street and 9th and 10th Streets will overlap with this project area. The Central Hotel Project is consistent with the goals of the Principal Corridors Project. Upon substantial completion of the Central Hotel Project, the Central Hotel project area will be removed from the Principal Corridors Project. The *2018 Downtown Lincoln Master Plan* also emphasizes increasing the availability of housing types and price points in Downtown Lincoln. Further, the Project will provide an opportunity to make improvements to the O Street right of way corridor which is a stated catalyst project of the *Downtown Master Plan*. Redevelopment of the Project Site into a mixed-use building incorporating residential and commercial uses is also consistent with the *2040 Lincoln Area Future Land Use Plan*. Future land use is shown on the map, right.

The Project represents a significant private investment in the Lincoln Center Redevelopment Area. Publicly funded redevelopment activities may include: site acquisition, demolition, streetscape and public area enhancements, energy efficiency improvements, façade enhancements and other public improvements in the Lincoln Center Redevelopment Area.

2. Statutory Elements

- **Property Acquisition, Demolition, and Disposal:** The proposed redeveloper currently controls the Project Site. The Project involves combining the second and third floors of the three buildings on the Project Site into a single housing project, so some demolition will be required. No relocation of individuals or businesses will be required for the Project. The Project does not require the relocation of the retail businesses located on the first floor of each building, and the second and third floors of each building are currently vacant.
- **Population Density:** The Project consists of the construction of approximately 22 one-bedroom, two-bedroom and studio residential apartment units. The increase in population density in the Lincoln Center Redevelopment Area that is expected to occur upon completion of the Project is consistent with the objectives set forth in the *Lincoln Center Redevelopment Plan* and the *2018 Downtown Lincoln Master Plan*.
- **Land Coverage:** The Project will not increase land coverage on the Project Site. The Project consists of renovation and rehabilitation of the existing buildings located on the Project Site. 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 involves the addition of 22 one-bedroom, two-bedroom and studio residential apartments to the Project Site. The Project is expected to result in a slight increase in traffic flow generated by tenants of the residential space



constructed as part of the Project travelling to and from the Project Site. The Project does not include vacating any streets or alleys.

- **Parking:** The Project does not include construction of any parking stalls. However, the Project satisfies the parking requirements of the B-4 Lincoln Center Business District which does not impose off street parking requirements for the permitted uses in the zoning district. The project will seek accommodation of the residential tenants to parking in the nearby city parking garages.
- **Zoning, Building Code, and Ordinances:** The Project Site is currently zoned B-4 Lincoln Center Business District, and the Project is a permitted use in such district. No other subdivision or rezoning of the Project Site will be required as part of the Project. All applicable building code requirements and ordinances will be satisfied.

3. Proposed Cost and Financing

The estimated total cost to implement the Project is approximately \$2,100,000, which includes approximately \$335,000 in tax increment 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. However, funding sources and uses will be negotiated and identified in the redevelopment agreement, subject to approval by the Mayor and City Council.

Tax Increment Financing Analysis

As required by the Nebraska Community Development Law (Neb. Rev. Stat. § 18-2113), the Cost-Benefit Analysis is included in this Amendment.

COST BENEFIT ANALYSIS

- **Public Tax Revenues:**

Central Hotel/13 th & O Street Redevelopment Project		Amount
(a) Base Value		\$1,140,300
(b) Estimated New Assessed Value		\$3,237,760
(c) Increment Value	$= (b) - (a)$	\$2,097,460
(d) Annual TIF Generated (Estimated)	$= (c) \times 2.015115\%$	\$42,266
Funds Available	$= (d) \times 15 \text{ years @ } 5.00\%$	\$385,000

Upon completion of the Project, the assessed value of the Project Site will increase by an estimated \$2,097,460 as a result of the private investment for the Project. This will result in an increase in estimated annual property tax collections during the 15 year TIF period of approximately \$42,266, which will be available to finance the costs of construction of the eligible redevelopment improvements related to the Project. The public investment of a sum of approximately \$385,000.00 in TIF funds will leverage approximately \$2,500,000 in private sector financing. The TIF funds shall be subject to adjustment as the project costs are further defined.

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 redevelop the Project 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.

Public investment may assist with the costs of site acquisition, demolition, streetscape and public area enhancements, energy efficiency enhancements, façade enhancements, and other public improvements and enhancements permitted under the Community Development Law in the Lincoln Center Redevelopment Area.

- ***Public Infrastructure and Community Public Service Needs Impacts:*** It is not anticipated that the Project will have an adverse impact on existing public infrastructure, nor that the Project will have an adverse impact on City services, but instead will generate additional revenue providing support for those services.
- ***Employment within the Redevelopment 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. It is anticipated that the construction of approximately 22 studio, one-bedroom, and two-bedroom apartment units as part of the Project will create additional housing options and types for employers and employees of firms locating or expanding within the Lincoln Center Redevelopment Area.
- ***Employment in the City outside the Redevelopment Project Area:*** The Project is not expected to adversely affect employment in the City outside the Lincoln Center Redevelopment Area. Instead, the removal of blight and substandard conditions through renovation and rehabilitation of the existing buildings on the Project Site is anticipated to attract further development in downtown Lincoln, which will both create and support additional jobs in the Lincoln Center Redevelopment Area and in the City of Lincoln as a whole. The Project should increase the need for services and products from existing businesses in and around the Lincoln Center Redevelopment Area.
- ***Impacts on the student populations of school districts within the City:*** The Project is not expected to have a material impact on student populations of school districts within the City of Lincoln. The Project includes construction of approximately 22 studio, one-bedroom and two-bedroom apartment units, which are smaller in size and which will likely be attractive to young professionals and others who are employed in downtown Lincoln. Thus, the Project is unlikely to result in a material increase in student populations of local schools.
- ***Other Impacts:*** The development of the Project Site will eliminate the existence of blight and substandard conditions in the Lincoln Center Redevelopment Area and the City of Lincoln. The Project is consistent with *LPlan 2040*, the *2018 Lincoln Downtown Master Plan*, and the *Lincoln Center Redevelopment Plan*.

The Project should have a positive impact on private sector businesses in the Lincoln Center Redevelopment Area and in the City, and will attract additional private investment in and around the Lincoln Center Redevelopment Area. In furtherance of the goals of the Lincoln Center Redevelopment Plan, the Project will cause the rehabilitation and renovation of a vacant and underutilized structure and will increase the availability of diverse housing opportunities in downtown Lincoln.

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 by the Project from, for example, sales taxes generated by the residents of the Project, who will purchase goods and services in downtown Lincoln. Upon completion of the 15 year TIF period, the Project will benefit the community through higher property tax revenue.