

AMENDMENT TO THE LINCOLN CENTER REDEVELOPMENT PLAN

Sky Park Apartment Redevelopment Project

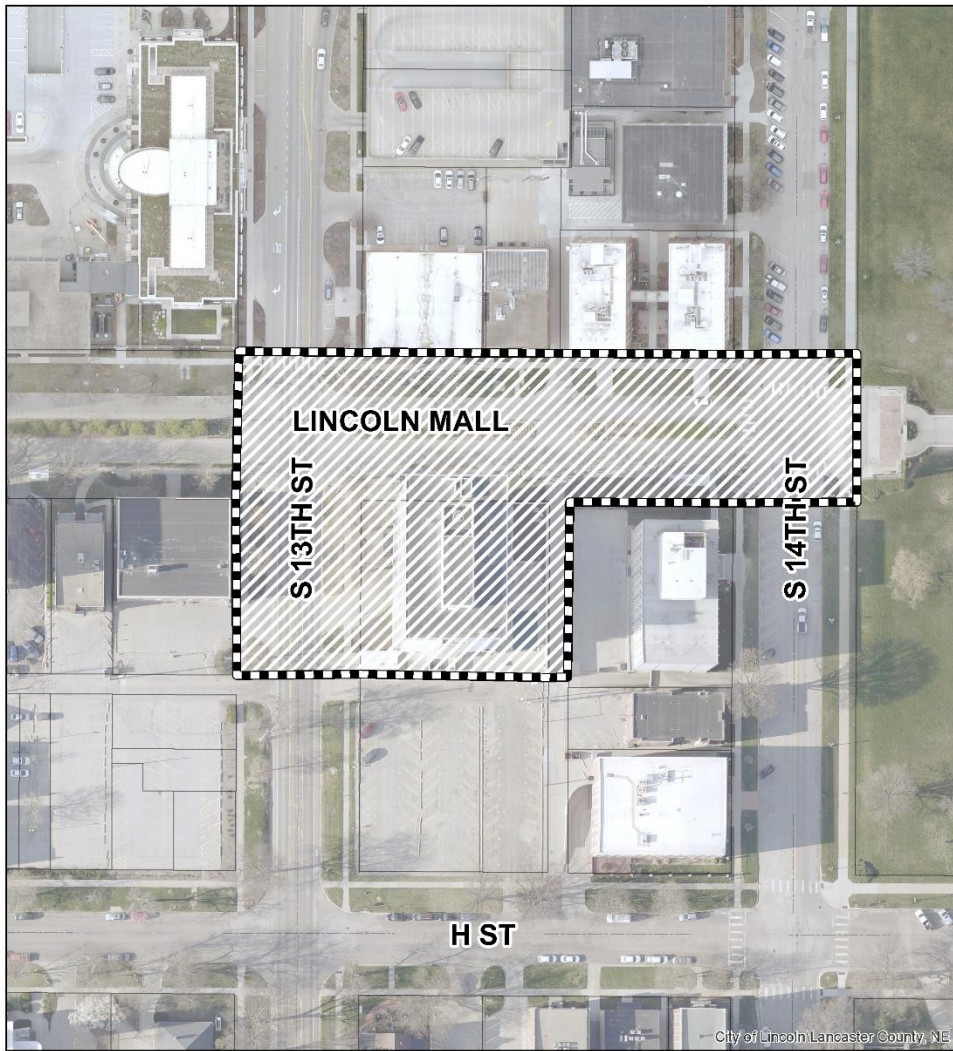
Project Description

The Sky Park Apartment Redevelopment Project (“Project”) is located on the block bounded by S. 13th Street, Lincoln Mall, S. 14th Street and “H” Street in the southern portion of Downtown Lincoln, as shown on the attached Exhibit “A” (“Project Site”), which is attached hereto and incorporated herein by this reference. The Project Site’s legal description is Lots 7-9, Block 125, Original Lincoln, Lancaster County, Nebraska, including the vacated east-west alley.



Sky Park Apartments, 1301 Lincoln Mall

The Project Area includes the Project Site and the north half of the adjacent north/south Block 126 and Lincoln Mall and S. 13th Street rights of way as shown on the Project Area map below.



Sky Park: Project Area



Sky Park



The Project Areas is located in an “extremely blighted” and substandard area as declared by the Lincoln City Council. The Project includes the rehabilitation and redevelopment of a historical twelve-story, residential building originally built in 1962. The unique residentially designed building is officially listed on the National Register of Historic Places.



Enter a world where living is relaxed, unhurried, serene...a calm, gracious atmosphere which is not without a thrilling tingle of excitement for those who share in its luxurious appointments. — , Sky Park Manor Brochure, circa. 1963

The 2016 National Register of Historic Places nomination document included the following building description: “Amid beautifully landscaped surroundings—including a sun-dappled patio and velvet putting green—the regal building proudly displays its distinctive exterior with marble and marble chip mosaic panels and handsome precast concrete grills.”

The nomination document continued: “The targeted tenant was one who desired a lifestyle devoid of home maintenance, and also wanted the convenience and enjoyment of living in a vibrant downtown. Lincoln professionals and businessmen and their families, retirees, and Nebraska lawmakers were among those who resided there....it was like nothing that had ever been built before in the city.”

Advertisements that ran in the Lincoln Journal Star when the building first opened in 1963 described it as “the prestige address in downtown Lincoln” and a “tower of gracious living.”



FALLOUT SHELTER

Sky Park Manor is the first modern apartment building in Nebraska to include a Fallout Shelter for its tenants. This roomy area is stocked with an abundant supply of food and water and other necessities, and is furnished in the most pleasant, inviting manner. Big, comfortable lounge chairs. Excellent lighting. Television. Radio, library, music, communications system.

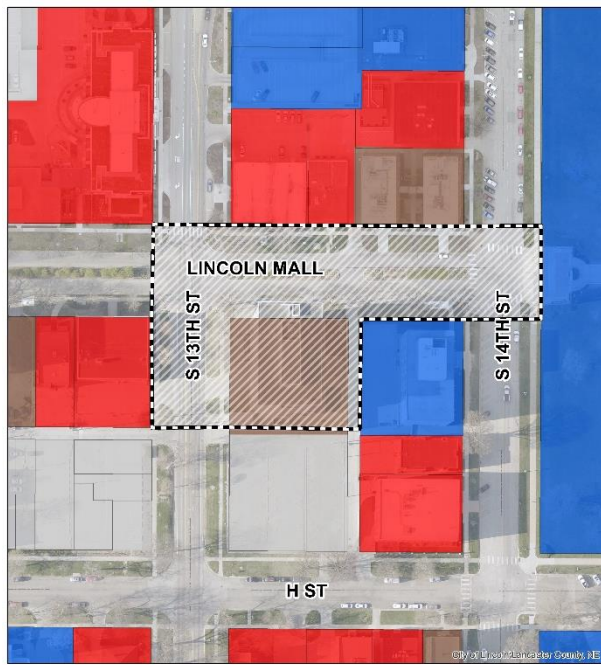


'We have a fallout shelter in case you need it,' Sky Park Manor Brochure, circa. 1963.

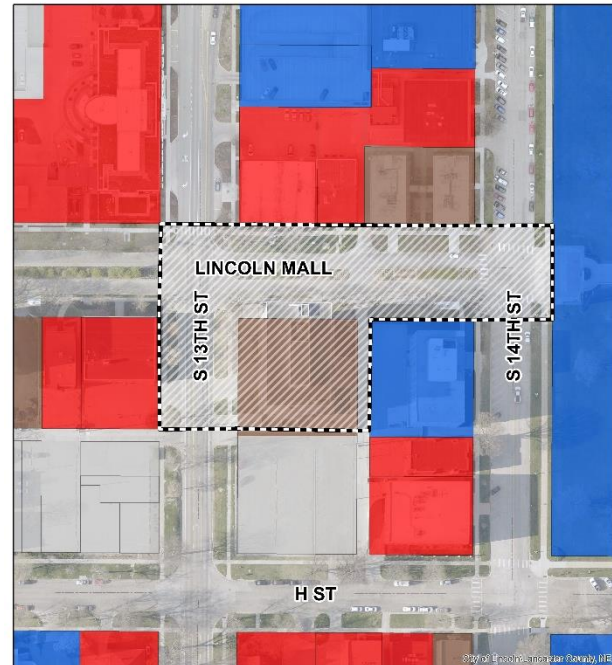
Overtime, Sky Park portions of the premises fell into major disrepair. Sky Park Lincoln, LLC ("Redeveloper") acquired the building with the intentions of carrying out extensive renovations under the National Park Service guidelines for Historic Places and tax credit regulations. The Redeveloper plans include improve safety for residents and the public by removal of hazardous materials, bringing the building up to modern building code standards, and addressing life safety concerns resulting from deterioration and age of the building. In addition, the Redeveloper will be adding modern security improvements; updating the unique common areas; and extensively remodeling the apartments, including opening up the floor plans and installing new kitchens. Six additional apartments will be added by splitting the upper six units to increase the total number of apartments in the building to 81. The Redeveloper is also planning to add a fitness center and to restore the building's dry sauna and second floor "Sun and Fun" deck, which has a pool and green space.

The overall goals of the Project are to strengthen the Downtown Lincoln business community, strengthen the South of Downtown Neighborhood, remove extremely blighted and substandard conditions, enhance the architectural character of the Capitol Environs District, and make a positive contribution to Lincoln Mall.

The proposed uses fit well with surrounding land uses, which include office and parking on the same block as the Project Site, as well as expanding urban residential units. See the Current Land Use Map and Future Land Use Map below.



Sky Park: Current Land Use



Sky Park: Future Land Use

 Sky Park
  Apartments
  Commercial
  Public
  Parking Lot

 Sky Park
  Apartments
  Commercial
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Section 18-2113 of the Community Development Law requires the City to review the Project and find that the proposed land use and building requirements for 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 the 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 *LPlan 2040, the Lincoln-Lancaster County 2040 Comprehensive Plan*. One of the overarching goals of *LPlan 2040* is to enhance Downtown's role as the heart of the City. The *Comprehensive Plan* encourages residential development in underdeveloped or redeveloping commercial areas in order to remove blighted conditions and to more efficiently utilize existing infrastructure.

Lincoln Center Redevelopment Plan

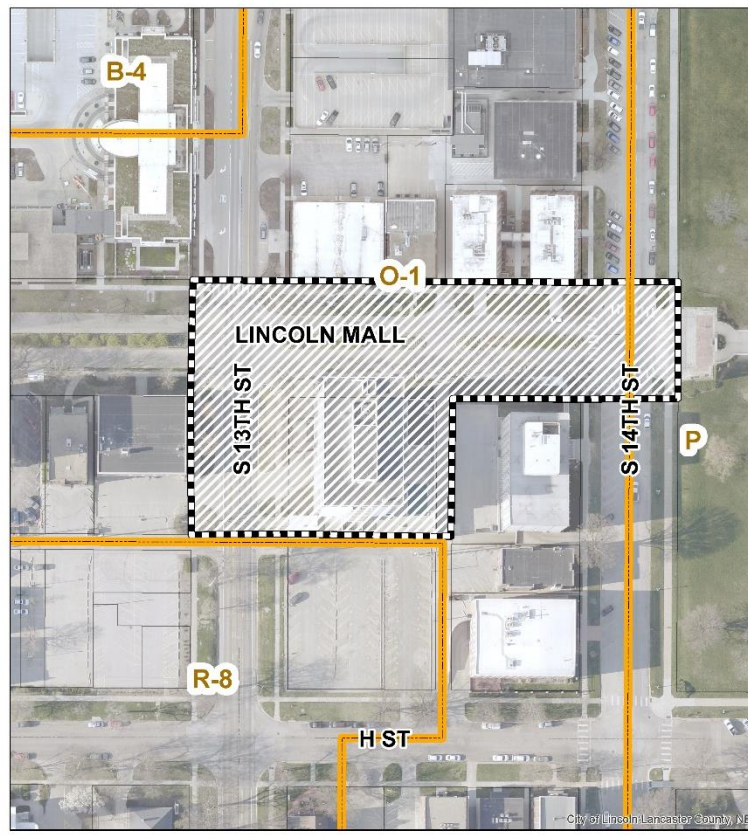
The Project is consistent with the Lincoln Center Redevelopment Plan. The primary goal of the *Lincoln Center Redevelopment Plan* is to enhance Downtown Lincoln as the dominant mixed-use/multi-use center of activity within the region. The Project meets the redevelopment standards set forth in the *Lincoln Center Redevelopment Plan*, including, but not limited to: intensifying and strengthening Lincoln's central business district as a residential/employment hub of the community; utilizing outdated buildings and removing blight; enhancing the aesthetics of Downtown to improve the pedestrian

environment, especially between Downtown and the South of Downtown Neighborhood; encouraging private development in the Project Area that supports and protects a National landmark and Capitol Environs view corridor; and, integrating landscape improvements in the Project Area with existing cultural landmarks (State Capitol and Lincoln statues).

The Project is also consistent with the *2018 Lincoln Downtown Master Plan*. The *Plan* encourages the reuse or redevelopment of existing buildings as opportunities arise. The *Downtown Master Plan* includes the goal of maintaining Downtown as the economic engine, urban residential choices and employment hub for the greater Lincoln region.

Existing Zoning

The Project Site is located within the “O-1” Office zoning district. The O-1 District includes the north half of Block 126 and provides for the proposed Project’s residential uses. Existing zoning is shown in the map below.



Sky Park: Current Zoning

As noted, the Project is located within the Lincoln Center Redevelopment Area and represents a significant private investment. Publicly funded redevelopment activities may include asbestos and environmental mitigation; internal space demolition; historical façade/building restoration and

enhancements; streetscape improvements; and other public improvements, enhancements, and expenses as permitted under Neb. Rev. Stat § 18-2117.03, and the Community Development Law.

Statutory Elements

Property Acquisition, Demolition, and Disposal: The City does not intend to acquire property, nor would it use eminent domain if it did acquire property for this Project. The Redeveloper currently owns the land and building in the Project Area that will be rehabilitated. Portions of the interior will be demolished and reconstructed and updated.

Population Density: The Project will provide six additional dwelling units which will increase the population density in the Lincoln Center Redevelopment Area .

Land Coverage: The historic structure on the land will remain and be renovated. 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 residential tenants and visitors of the additional residential dwellings traveling to and from the Project Site. The Project does not include vacating any streets or alleys.

Parking: Currently, there are 58 covered above grade parking stalls. The Project will comply with the applicable parking requirements of the City of Lincoln.

Zoning, Building Code, and Ordinances: The Project is a permitted use in the O-1 zoning district. No other subdivision or rezoning 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.

Proposed Costs and Financing

The estimated total cost to implement the Project is expected to exceed \$13 million, which includes approximately \$1.4 to \$1.8 million in public funding. The Project cost will be finalized as construction costs are determined. The source of public funds for these improvements will be the tax increment generated from the private developments on the Project Site. Funding sources and uses will be negotiated and identified in the redevelopment agreement, subject to approval by the Mayor and City Council.

Lincoln Public Schools

The residential units are anticipated to be rented primarily by empty-nesters and young professionals who have not yet started families. Before the Redevelopment Project, the Project Area had 75 residential dwelling units and, afterwards, will have 81 residential dwelling units. Thus, there could be a minor increase in the number of the student populations in Lincoln Public Schools.

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 2021 assessed value of the Project Site is \$4,987,400. The final assessed valuation of the Project Site is anticipated to be approximately \$10 to \$12 million. The Project is expected to generate over a 20 year period approximately \$1.4 to \$1.8 million in TIF revenue to assist with the cost of the construction of public improvements and enhancements related to the Project. The public investment will leverage over \$13 million in private sector resources. The TIF funds will be subject to further adjustment as Project costs are defined.

The City will forgo approximately 14 percent of these annual collections over 20 years to support the Project. The tax increment gained from this Project Area would not be available for use as City or other governmental general tax revenues over that time but be used toward 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 Need Impacts

Public infrastructure will be enhanced to support the continued redevelopment of Downtown Lincoln. City involvement may include demolition, site preparation, and remediation; utility improvements and/or relocation; the construction of street and streetscape amenities; other public right-of-way improvements; energy efficiency and sustainability improvements; façade improvements; and related amenities and public improvements.

These improvements are expected to enhance the Historic Landmark, Capitol Environs District, traffic flow, pedestrian travel and the aesthetic appeal of the area, benefiting both Downtown and the adjacent residential neighborhood. 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.

Employment within the Project Area

Employment will also be supported/generated by the rehabilitation of the Sky Park Apartment Redevelopment Project and its related public improvements. The preservation and enhancement of the existing Sky Park building will further enhance and support employment in the downtown and surrounding neighborhoods.

Employment in the City outside the Project Area

Approximately 143,596 people were employed in 8,659 private business establishments in Lancaster County in 2018, according to the Census, County Business Patterns, North American Industry Classification System. The 2018 median household income for the City of Lincoln was \$55,224, according to the 2014-2018 American Community Survey 5-year estimates. The Project is not expected to adversely affect employment in the City outside the Lincoln Center Redevelopment Area. Instead,

the removal of extremely blighted and substandard conditions from the Project Site and the Lincoln Center Redevelopment Area is anticipated to enhance the aesthetics of downtown Lincoln and Capitol Environs District. As a result, it is anticipated that the Project will support current retail, office and services in the area, which will support jobs in the Lincoln Center Redevelopment Area and the City of Lincoln as a whole.

Other Impacts

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 20 years, there will be additional revenue generated by the Project from, for example, sales taxes generated by the renovation of the Project, as well as income taxes paid by those living in the Project Area. Upon completion of the 20-year TIF period, the Project will benefit the community through higher property tax revenues.

Finding of Need for TIF

Section 18-2116 of the Community Development Law requires the City Council to make the following findings regarding the Project 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 a redevelopment agreement with the Redeveloper and submit it to City Council for approval.
- Following redevelopment agreement approval, the City may issue and sell Community Improvement Financing bonds or notes to fund the public improvements related to the Project.
- Exterior construction drawings of public and private improvements will be reviewed.
- TIF-funded public improvements will be identified and 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 the increment is received.

Project Site

