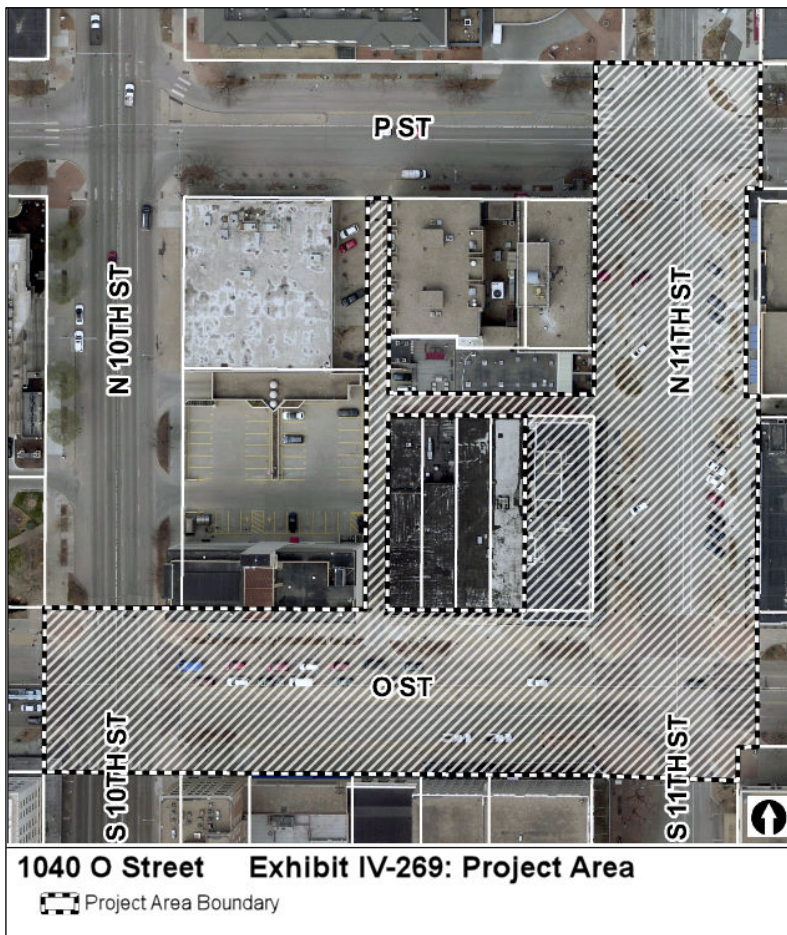


AU. 1040 O STREET REDEVELOPMENT PROJECT

1. Project Description

The 1040 O Street Redevelopment Project (the “Project”) includes the redevelopment of the Lincoln Liberty Life Insurance Building generally located at 1040 O Street, and more particularly described as Lincoln Original, Block 42, Lots 20 and 21, City of Lincoln, Lancaster County, Nebraska (the “Project Site”). The Project Area will include the project site and adjacent rights of way. The Project Area is depicted on the Project Area Exhibit below.



The Project involves the redevelopment and rehabilitation of the existing six-story 1040 O Street Building. The building originated in 1907-8 as the “Little Building,” a five-story commercial building designed by Fiske & Dieman. A 1936 remodel included the addition of decorative limestone at the first floor level and a windowless sixth floor, replacing the cornice. The lime-stone clad building is one of Lincoln’s best Art Deco-style

buildings. The building underwent a historic rehabilitation in 1987, after which it was designated as a National Register of Historic Places property in 1988.

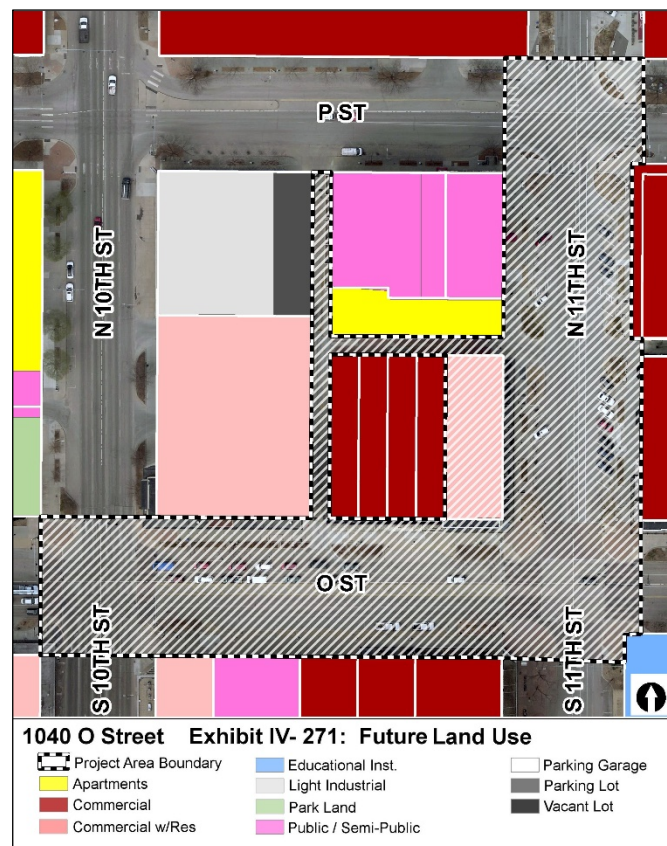
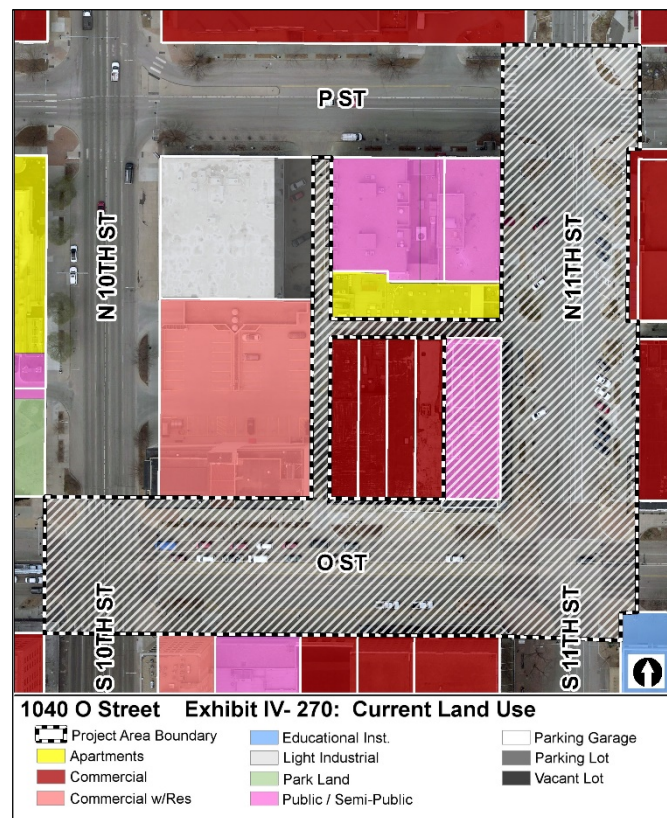
Upon completion of improvements, the building is expected to include approximately 7,100 square feet of commercial or commercial and residential uses on the first floor, and approximately 30,500 square feet of residential condominiums and residential commons area on the upper five floors. An estimated 21 to 23 one- and two-bedroom residential condominiums will be constructed.

The overall goals of this project are to strengthen the long-term viability of Downtown Lincoln, support the 24/7 vibrancy of Downtown, preserve historic buildings in the district, create additional housing opportunities, and improve the pedestrian environment. The Project will accomplish these goals by redeveloping an existing historically-significant building into a mixed-use residential and commercial building. The project proposes to restore or enhance many of the favorable historic façade features of the building. The Project will further improve O Street through the enhancement of streetscape features and strengthen O Street as one of the Principal Entryway Corridors into Downtown.

The mix of proposed uses would fit well with surrounding land uses, which are largely a mix of commercial, residential, and public uses. See the Current Land Use map and Future Land Use map, right.

The Project Site is located in the “B-4” Lincoln Center Business zoning district. 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. Existing zoning is shown below. Land zoned “P” or Public is adjacent to the project area.

The Project is consistent with *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 adaptive reuse. The *Comprehensive Plan* supports the preservation, protection, and



promotion of the character and unique features of urban neighborhoods, including the preservation of historical and architectural elements.

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; encouraging the development of mixed-use projects that attract and maintain commercial and residential activity; expand housing opportunities to foster 24-hour activity; and, encouraging rehabilitation/renovation of existing structures and the preservation of the architectural integrity and historic character of the area.



The Project is consistent with the *2018 Lincoln Downtown Master Plan*. The *Plan* encourages the reuse or redevelopment of vacant or underutilized spaces as opportunities arise. The *Downtown Master Plan* includes the rehabilitation and upgrades of “underutilized historic buildings” as a short-term goal. The *Plan* 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 *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: site acquisition, façade/historic building enhancements, energy efficiency enhancements, streetscape improvements, 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 controls the Project Site through a contract with the owner. The building will be vacated by the current owner in 2021; 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.

Population Density: The Project consists of the construction of up to 23 residential units, and up to 34 bedrooms. As a result, the Project is anticipated to increase population density in the Lincoln Center Redevelopment Area, consistent with objectives of the Lincoln Downtown 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 is likely to decrease traffic flow resulting from a change in use from commercial office to mostly residential. The developer may seek to make changes to the rights of way to accommodate access to the site. The Project does not include vacating any streets or alleys. The project can accommodate any future changes from one-way to two-way traffic.

Parking: The redeveloper desires to lease up to 52 parking stalls from nearby private or public parking facilities. The existing configuration of on-street parking around the site will support future uses.

Zoning, Building Code, and Ordinances: The Project is a permitted use in the B-4 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.

3. Proposed Cost and Financing

The estimated total cost to implement the Project is approximately \$7,100,000, which includes approximately \$900,000 to \$1 million 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 current estimates of a final assessed value of approximately \$8.2 million, the project is expected to generate an estimated \$900,000 to \$1 million 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 \$6 million 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 \$100,000 which will be available to finance the costs of construction of the public improvements related to the Project. The public investment will leverage approximately \$7.1 million in private sector financing. 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 \$15,780 per year up to 15 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.

Public Infrastructure and Community Public Service Needs Impacts

The Project will have a positive impact on existing public infrastructure. TIF increment will be used to make improvements to rights-of-way, including street and streetscape improvements, among other potential public infrastructure improvements in the Lincoln Center Redevelopment Area. 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

Following the relocation of the current owner, it is anticipated that the Project will generate additional employment within the Project Area boundaries, with employment on the first floor commercial level and management and maintenance of the housing unit common areas. Current estimates for new employment in the Project Area is up to 21 FTEs. Further, the Project will create expanded housing opportunities for employees working within or around Greater Downtown.

Employment in the City outside the Project Area

Approximately 143,596 persons were employed in 8,659 total 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.

While the impact of this Project on city-wide employment would be minimal, housing would support commercial employment, as well as the provision of employment-supportive services in the Downtown and City-wide.

The Project is not expected to adversely affect employment in the City outside the Lincoln Center Redevelopment Area. Instead, the reuse and preservation of the building within the Project Site and the Lincoln Center Redevelopment Area is anticipated to enhance the aesthetics of Downtown Lincoln. 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.

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 15 years, there will be additional 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. 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 a 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.