

MEMORANDUM

To: Lincoln City Council Members
From: Wynn Hjermsstad, Urban Development
Date: January 28, 2009
Re: Cost Benefit Analysis for the *North 27th Street Corridor and Environs Redevelopment Plan*, Little Saigon Project.

Attached is a cost benefit analysis for your consideration with the amendment to the *North 27th Street Corridor and Environs Redevelopment Plan*. The amendment adds the Little Saigon Project to the Plan.

The Plan amendment is scheduled for public hearing on February 9th. In the meantime, please contact me if you have any questions: 441-8211 or whjermsstad@ci.lincoln.gov.

Thank you.

**Cost Benefit Analysis
Little Saigon Project
26 & W Streets
January, 2009**

As required by Nebraska Community Development Law (Nebr. Res.Stat §18-2147), the City has analyzed the costs and benefits of the proposed Little Saigon Project.

Tax Revenues. The Little Saigon project is located at northeast corner 26th & W Streets. The current assessed value is \$72,500.

Tax Increment Finance Analysis		
Base Value	Current Assessed Value	\$72,500
Estimated New Assessed Value	70% of Project Cost + Base	\$422,500.00
Increment Value	New Value minus Base Assessed Value	\$350,000.00
TIF Tax Generated	= increment x 2.029514 rate	\$7,103.00
Funds Available	Annual TIF Generated x 14 years at 8.25%	\$71,865.00

The assessed value of the property within the project area will increase by an estimated \$350,000.00 as a result of the project private investment of \$500,000. This will result in an estimated annual increase of \$7,103.00 in property tax collections that will be available for the construction of the public improvements related to the project during the 15 year TIF period.

The TIF to be generated will be approximately \$71,865. This amount in public funds will leverage about \$500,000 in private sector financing, an investment of \$6.96 for every City dollar spent.

Public Infrastructure and Community Public Service Needs. It is not anticipated that the Project will have an adverse impact on existing public infrastructure. TIF financing will be used for public infrastructure costs such as sidewalks on the south and west side of the project area, a driveway approach on W Street, grading and site preparation, re-feed of existing Lincoln Electric System service and landscaping the right-of-way.

It is not anticipated that the Project will have any adverse impact on Community Public Service needs.

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 redevelopment project. The developer is planning on adding up to 10 new jobs within the first year of operation.

Employment in the City outside the Project Area. Approximately 125,936 persons living in Lincoln are employed, according to the 2005 American Community Survey. The median household income for the City in 2005 was \$45,790.

The impact of an additional 10 jobs will have minimal impact on the overall employment in Lincoln.

Other Impacts. The project site is currently vacant. This redevelopment project should continue to spur further development along the N 27th Street corridor. The project completes redevelopment on three of the four corners of the intersection adjacent to the new MoPac Trail bridge. The other two redevelopment projects are the People's Health Center to the north and Heartland Optical across the street.

The project also returns a city owned lot to the property tax rolls.

The owners are planning an exterior and interior renovation of the existing building to compliment the new building.

The new development offers entrepreneurial opportunity with five retail/commercial bays that the owner plans on leasing. The owner has two of the five bays leased.