CASE: C3-18-266
APPLICANT: Planning Department on behalf of the City of Omaha
REQUEST: Approval of the RIVER CROSSING PHASE 1A TIF REDEVELOPMENT PROJECT PLAN
LOCATION: Southeast of 10th and Farnam Streets

SUBJECT AREA IS SHADED - DECEMBER 2018
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LOCATION: Southeast of 10th and Farnam Streets
To: Chairman and Members of the Planning Board

From: David K. Fanslau
Planning Director

Date: November 28, 2018

Subject: RIVER CROSSING PHASE 1A TIF REDEVELOPMENT PROJECT PLAN
Generally located at the southeast corner of 10th and Farnam Streets
Case #C3-18-266

Project Description

Background:
In late 2015 Conagra Brands, Inc. ("Conagra") announced cost cutting measures that lead to Conagra relocating its headquarters to Chicago. Conagra left behind a mostly vacant corporate, suburban-styled campus in the downtown area. The relocation meant job losses and vacant property. It also meant an opportunity to redevelop the former Conagra campus, opening it up to give the public access to the river's edge.

Conagra began a search for a real estate developer to redevelop the approximately 23 acres of the former corporate campus. Conagra selected Hines, which is a privately owned global real estate investment, development and management firm founded in 1957. Hines proposed a conceptual master plan that incorporates the character of the Old Market, while also transforming the property into a dynamic mixed-use, phased development to include apartments, office, hotel, retail, public plaza and parking facilities.

Proposal:
New Construction: Yes
Conagra Campus 23 acres total
Phase 1a 3.95 acres
# of Buildings 1
Building Height(s) 5 Stories

Existing Land Use and Conditions of the Redevelopment Site:
The larger site is the Conagra Campus, which is mostly vacant. Phase 1a consists of just over 3.95 acres of vacant land and a vacant structure.

Proposed Use and Project Details:
The applicant proposes to redevelop a portion of the Conagra Riverfront Campus, southeast of 10th and Farnam Streets. This portion is called Phase 1a. Phase 1a will be a mixed-use project that will include significant streetscaping along Harney Street to create a pedestrian plaza that opens on the former Conagra Campus to public and gives access to the riverfront. The building will be five-stories consisting of 375 market-rate apartment units and approximately 42,000 square feet of ground floor retail and offices which will wrap around a parking structure.
This redevelopment project proposes to create 60-80 full-time jobs associated with the multi-family units, retail and office components of this project. Another 1,900 to 2,100 construction jobs are anticipated during the redevelopment of the Conagra Riverfront Campus. Future phases will produce many more jobs in the area. These jobs will lead to additional goods and services being provided in the immediate area which will further enhance a growing downtown economy.

The applicant may apply for an EEA (enhanced employment area) designation for Phase 1a in the future.

Parking Plan for Proposed Project:
The project proposes a 720 stall parking structure. The City of Omaha intends to finance the parking structure with a separate funding source(s) – TIF funds will not be used.

The applicant anticipates construction completion by the end of 2021.

Analysis
The project site is located within a Community Redevelopment Area, meets the requirements of Nebraska Community Development Law and qualifies for the submission of an application for the utilization of Tax Increment Financing to cover costs associated with project development as submitted for approval through the Tax Increment Financing process. The project is or will be in compliance with the Master Plan, appropriate Ordinances and development regulations of the City.

The project is in compliance with the City’s Master Plan, supporting several of its goals. The Concept Element of the Master Plan recommends that the Downtown/Old Market/Riverfront area, the City’s “image center”, be strengthened by providing high quality public amenities, encouraging walkable mixed-use infill development, improving public access to the riverfront area. It also calls for that are to be strengthened by “emphasizing people in the design of streetscapes”. The River Crossing redevelopment project plan would help to achieve those objectives by developing a mixed use neighborhood with signature public spaces and streetscapes that enhance the connection between the Old Market and Riverfront. Furthermore, the project is consistent with the vision and general intent of the Downtown Master Plan, which supports the redevelopment of a portion of the ConAgra campus with mid-rise mixed-use buildings along 10th St as well as a new public open space at the terminus of Harney Street serving as a focal point. River Crossing would refine and improve upon that general concept.

No Building Permit will be issued based on a site plan that does not comply with the provisions of the Zoning Ordinance.

RECOMMENDATION: Approval

ATTACHMENTS:
General Vicinity Map
Project Plan
Sources and Uses for Phase 1a – Multi-family, Retail, Offices

<table>
<thead>
<tr>
<th>Sources of Funds</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Owner Equity</td>
<td>$24,664,324</td>
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<tr>
<td>Construction Loan</td>
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<tr>
<td>Tax Increment Financing Loan</td>
<td>$11,000,000</td>
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<tr>
<td><strong>Total Sources of Funds</strong></td>
<td><strong>$81,469,498</strong></td>
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<table>
<thead>
<tr>
<th>Uses of Funds</th>
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<tbody>
<tr>
<td>Land Price (Acquisition)</td>
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<tr>
<td>Construction Hard Costs (includes some public improvement costs)</td>
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<td>Construction Soft Costs</td>
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<td>Site-work Costs</td>
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<tr>
<td>Financing Costs</td>
<td>$3,438,878</td>
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<tr>
<td><strong>Total Uses of Funds</strong></td>
<td><strong>$81,469,498</strong></td>
</tr>
</tbody>
</table>

The total estimated total project costs for Phase 1a are $105,097,456. The difference between the estimated total project costs for Phase 1a and the total estimated project costs listed in the table above, nearly $24 million, relate to the separate funding for public improvements and the parking structure.

**Final Valuation Discussion**

Valuation Approach: Market/Comparable/Sales

The applicant anticipates that the final valuation will be $61,000,000. The applicant had a consultant conduct a market analysis and determined that the project price per square foot costs are reasonable and comparable with the Omaha market. Planning staff who work with contractors in the Omaha area were consulted about apartment project construction costs. It was determined that the price per square foot costs discussed in the application were reasonable for the multi-family units.

**Zoning**

The site is appropriately zoned CBD & CBD-ACI-1 (PL).

**Utilities and Public Improvements**

Standard utilities (electrical, water, sewer) exist at the site. Additional sewer work will be done to accommodate the pedestrian plaza and adjacent streets.

The project proposes the following public improvements:

- Improvements to Harney Street and adjacent sidewalks, including establishment of a pedestrian plaza corridor along Harney Street from 10th Street to 8th Street (CIP Funds to be utilized for a portion of the pedestrian plaza costs). An activated, programmed, 38' wide plaza will be created along Harney Street between 10th and 9th (Conagra Drive) Streets
- Sidewalks improvements on the South side of Farnam Street (between 10th and 8th Streets)
- Sidewalks improvements on the east side of 10th Street (between Farnam and Harney Streets)
- Improvements to and extension of 8th Street between Farnam and Harney Streets
The City of Omaha will finance approximately $15 million in additional, adjacent public improvements as a result of this redevelopment.

**Transportation**

No transportation issues noted.

**Evaluation Criteria: Mandatory Criteria – from the TIF application**

1. **The project must be located within a blighted area or an area eligible for a designation of blight as required and set forth by State Statute.**
   The Project is located in a blighted area, and is located in the Riverfront Redevelopment Area, which lies within the boundaries of the TIF Community Redevelopment Area.

2. **The project must further the objectives of the City's Comprehensive Plan.**
   The Project is a large scale urban infill project, which will convert otherwise currently vacant lots, former corporate campus common grounds, an underutilized parking garage, and a former office building into an approximate 680,650, square feet building, sized to accommodate up to 375 residential apartments, 720 space parking garage (not part of the TIF), and 42,000 square feet of retail and office space, which will complement both the Project itself, and the adjacent Riverfront Park that is also being proposed by others. The Project will include various installation and upgrades to the utility services for the areas surrounding the Project, and will overhaul the streetscapes on all four sides of the Project. The Project will benefit the general public through the creation of most notably the reinstallation of Harney Street to 8th Street.

3. **The use of TIF for the project will not result in a loss of pre-existing tax revenues to the City and other taxing jurisdictions.**
   The Tax Increment Financing request proposes to utilize only the increases in the property taxes resulting from the improvements proposed by the applicant. Existing tax revenues will continue to accrue to the benefit of the City of Omaha and other taxing jurisdictions.

4. **The developer is able to demonstrate that the project would not be economically feasible without the use of TIF. In addition, when the project has site alternatives, the proposal must demonstrate that it would not occur in the area without TIF. Return on investment assists in determining the economic feasibility of the project.**
   The Project site was chosen due to its central location in downtown Omaha, and its location within the TIF Community Redevelopment Area. The site is referenced in the 2030 Omaha Downtown Master Plan, wherein various development concepts are called out (Note: the Master Plan did not anticipate the relocation of Conagra's corporate headquarter operations). In reference to the Conagra Corporate Offices Campus, the 2030 Master Plan referenced potential development of downtown multifamily buildings, re-establishing a connection between the Old Market and some of the undeveloped lots on the western portion of the Conagra Corporate Offices Campus, and inclusion of mixed uses of residential, office and retail – each of the concepts noted in the Master Plan will be promulgated with the proposed redevelopment.

If TIF proceeds were not available for the Project, the Project would not be feasible due to the large costs associated with the demolition expenses, required street-
scaping, incorporation of urban design requirements, infrastructure costs, acquisition expenses, special foundation requirements, and utility installation and upgrades. Because of the size and scope the buildings, and the number of residents and patrons that will live within and visit the Project, numerous infrastructure costs will be incurred. The Project Site is currently not being utilized for its highest and best use in 2018, and for the foreseeable years to come, which will require the applicant to bring on, update, relocate, and in some instances remove, existing utilities, water and sewer lines which will serve the proposed buildings and improvements, in addition to the extension of and improvement of the Harney, Farnam 10th and 8th Street rights-of-way.

With the utilization of TIF, the City of Omaha and its citizens will enjoy a residential and retail “bridge” connecting the existing Old Market and the to be revitalized Riverfront Park – which “bridge” will continue to be expanded with each phase of the Conagra Corporate Offices Campus redevelopment.

Cost-Benefit Analysis – from the TIF application

1. Tax Shifts resulting from the approval of the use of funds pursuant to section 18-2147 (of the Community Development Law): Currently, the collective properties are taxed at a value of $7,989,312, for tax income of $179,657.25 annually. After development, the collective properties will be valued at approximately $61,000,000. Subtracting the current value, the approximate assessed value will be $53,010,688, with estimated annual taxes of approximately $1,192,061.94.

2. Public infrastructure and community public service needs impacts and local tax impacts arising from projects receiving incentives: The project will include improvements to the pedestrian walkways, lighting, and landscaping that abuts 10th Street, Harney Street, Farnam Street, Conagra Drive, and the to be constructed 8th Street; improvements to the actual rights-of-way will also be incorporated. The street-scaping on Harney Street (east of 10th Street to 8th Street) will be redesigned into a pedestrian plaza that will be open to the public and will provide an engaging pedestrian experience along the street. These public improvements will allow for the creation of a combined vehicular and pedestrian corridor extending from the Old Market District to the to be redeveloped Riverfront Park.

3. Impacts on employers and employees of firms locating or expanding within the boundaries of the area of redevelopment project: Through the utilization of the TIF incentives the development of the Project will address one of City’s Master Plan goals, increasing the density of the City’s downtown core through infill housing, retail and office use opportunities. It is anticipated that approximately 80 employees will work within the Phase 1a development. Additionally, approximately 1900-2100 construction jobs will be generated via the development of the Project. Additionally, it can be anticipated that many employees will choose to move downtown once the apartment building is complete. The synergy created by the employees and new downtown residents generated by this project, in conjunction with those of the adjacent Old Market and Riverfront Park, will create an extremely dense and active district, helping link the Old Market with the riverfront. New retail uses, new restaurants, and new residential options will emerge as a result. This
project is another key step in the rapid transformation of Downtown Omaha, helping it reach critical mass and maintain its spot as the focal point of the region.

4. Impacts on employers and employees within the city and the immediate area that is located outside of the boundaries of the area of the redevelopment project:
   It can be expected that residents of the apartments, Conagra employees, as well as many other residents visiting the Old Market and Riverfront will utilize the various City public amenities that neighbor and surround the site, and will also take advantage of the various commercial and retail establishments located in the Project area, and the downtown core as a whole, again another tax revenue source that is directly correlated to the project.

5. Impacts on the student populations of school districts within the city or village:
   There will be no negative financial impacts on the existing school districts within the City of Omaha. The base valuation currently existing will ensure that existing property tax dollars allocated to Omaha Public Schools will remain unchanged. Further, while the apartments could be rented by anyone, it is expected that the apartments will be inhabited by individuals, small families or empty nesters. Thus, the impact on the neighborhood schools, as far as an increase in student density, will be minimal.

6. Any other impacts determined by the authority to be relevant to the consideration of costs and benefits arising from the development project:
   The current site use is not the best and highest use economically, further the site is vastly underutilized given its location and importance to the City. In 2018, it may serve as a challenge to find users for urban corporate campuses, and with this opportunity to redevelop the Project site, the downtown core of Omaha will benefit by the addition of mixed uses, which will only add to the vitality of downtown Omaha.

   Furthering the recommendations contained in the City’s Master Plan, the proposed site design incorporates certain retail uses on the street level of the project, which will again will add to the overall retail expansion, growth, and revitalization occurring in the Riverfront Redevelopment Area. The project can be deemed a prototype of what urban in-fill projects should be, one that justifies the use of TIF due to the natural increase in tax revenue that will be generated by the project, and a project that will undoubtedly forever change the landscape of downtown Omaha.

TIF Justification
This infill redevelopment project serves to re-envision the former Conagra Corporate Headquarters generally located southeast of 10th and Farnam Streets. The campus was developed in a suburban-styled corporate headquarters. However, Omaha’s Downtown Master Plan recommends a denser downtown area all the way to the riverfront in order to create a more pedestrian-friendly, economically vibrant destination for businesses and their employees, as well as for visitors to the downtown area.
TIF Request:
The TIF request is for up to $11,000,000, plus accrued interest. The TIF is 14% of the estimated total project costs. TIF will be used to offset TIF eligible costs such as acquisition, site prep, architectural and engineering fees, and public improvements as required. The estimated total project costs for Phase 1a are $105,097,456. The difference between the estimated total project costs for Phase 1a and the total estimated project costs for the TIF related project costs are nearly $24 million, and those costs relate to the separate funding for public improvements and the parking structure. The total estimated project costs are $81,469,498 for the TIF related project costs. This project is required to comply with all Planning Department and Planning Board recommendations.
*Note: no portion of the TIF Funds will be used to offset the extension and improvements of the Harney Street and 8th Street public rights-of-way. The Harney Street and 8th Street public rights-of-way are a part of the Phase 1a development.