



City of Omaha
Jean Stothert, Mayor

RECEIVED

14 MAY -1 PM 12:51

CITY CLERK
OMAHA, NEBRASKA

Planning Department

Omaha/Douglas Civic Center
1819 Farnam Street, Suite 1100
Omaha, Nebraska 68183
(402) 444-5150
Telefax (402) 444-6140

James R. Thele
Director

May 13, 2014

Honorable President

and Members of the City Council,

The attached Resolution transmits the Cass St. Apts. Tax Increment Financing (TIF) Redevelopment Project Plan located at 7023 Cass Street. The project plan area is the site of Temple Israel, which is comprised of approximately 7.6 acres. The site is just east of the Crossroads Mall and lies within the Crossroads Area Redevelopment Plan. The area redevelopment plan envisions restoring commercial vitality, in addition to promoting healthy living environments, alternative transportation, diverse housing types, and economic development within the area. Additional residential options such as this project plan are a crucial component of the area redevelopment plan. This project plan begins to realize objectives of the area redevelopment plan and other elements of the City's Master Plan through the development of greater densities and through the creation of a healthy, active urban space which promotes a diverse neighborhood community at this redevelopment site. This redevelopment site is in close proximity to 72nd and Dodge Streets, a major intersection and important transportation corridors of Omaha, and, thus also helps to support the development of future alternate transit options.

The project plan contemplates the demolition and clearing of the former Temple Israel site for purposes of constructing a new multi-family residential project, which will comprise two 4-story, U-shaped apartment buildings with underground parking garages surrounding a 1.6 acre green space with many amenities such as a swimming pool, a walking trail and fitness stations. The project proposes 434 apartment units, some (1) and (2) bedrooms, but mostly studio style units. There will be 248 garage parking stalls and 274 on-site parking stalls. This project plan will allow for the transfer of this redevelopment site from a tax exempt status to taxable status. As a result of the successful transfer, the site will immediately have a taxable base valuation based on the fair market value, which will generate tax revenues for taxing jurisdictions versus zero tax revenues for the redevelopment site in its current state.

The Redevelopment Project Plan recommends the City's participation in the redevelopment of this project site through the allocation of TIF in an amount up to \$6,206,000.00. TIF will be used to offset TIF eligible costs such as acquisition, demolition, any environmental costs, site work, utilities connections, architectural and engineering fees, and any public improvements as may be necessary, which includes up to \$75,000.00 of the TIF proceeds/loan toward the Crossroads Area Public Improvement Fund. The total estimated project costs are \$54,206,000.00, but are subject to change as final costs come in.

Your favorable consideration of this Resolution will be appreciated.

Respectfully submitted,

Referred to City Council for Consideration:

James R. Thele 4/18/14
James R. Thele
Planning Director *BAT* Date

Jan Stothel 4/23/14
Mayor's Office Date

Approved:

Stephen B. Curtiss 4/22/14
Stephen B. Curtiss
Finance Director *vgl* Date

Robert G. Stubbe 4-23-14
Robert G. Stubbe, P.E.
Public Works Director Date

2005 dlh

Notice of Publication: May 15, 2014 and May 22, 2014

Public Hearing: June 3, 2014 .

CITY OF OMAHA

LEGISLATIVE CHAMBER

Omaha, Nebraska

RESOLVED BY THE CITY COUNCIL OF THE CITY OF OMAHA:

WHEREAS, the primary objectives of the City of Omaha’s Master Plan and Community Development Program are to encourage additional private investment and infill development within inner-city neighborhoods; and to eliminate conditions which are detrimental to public health, safety and welfare, by developing vacant, underutilized property within these neighborhoods; and,

WHEREAS, the redevelopment project site located at 7023 Cass Street is within a community redevelopment area, as the area meets the definition of blighted and substandard per the Community Development law and is in need of redevelopment; and,

WHEREAS, the Cass St. Apts. Tax Increment Financing (TIF) Redevelopment Project Plan was approved by the TIF Committee and subsequently by the City of Omaha Planning Board at their April 2, 2014 meeting; and,

WHEREAS, the project site for the Cass St. Apts. Tax Increment Financing (TIF) Redevelopment Project Plan is located at 7023 Cass Street and is legally described in Exhibit “A” which is attached hereto and herein incorporated by reference; and,

WHEREAS, the Cass St. Apts. Tax Increment Financing (TIF) Redevelopment Project Plan contemplates the demolition and clearing of the former Temple Israel site for purposes of constructing a new multi-family residential project, which will comprise two 4-story, U-shaped apartment buildings with 248 underground parking garages and 274 on-site parking stalls surrounding a 1.6 acre green space as described in Exhibit “B” attached hereto and herein incorporated by reference, and;

WHEREAS, the Cass St. Apts. Tax Increment Financing (TIF) Redevelopment Project Plan recommends City’s participation in the redevelopment of this project site through the allocation of TIF in an amount up to \$6,206,000.00 to offset TIF eligible costs such as acquisition, demolition, any environmental costs, site work, utilities connections, architectural and engineering fees, and any public improvements as may be necessary, which includes up to \$75,000.00 of the TIF proceeds/loan toward the Crossroads Area Public Improvement Fund, for a project with estimated total costs of \$54,206,000.00; and,

By.....
Councilmember

Adopted.....
.....
City Clerk

Approved.....
Mayor

CITY OF OMAHA

LEGISLATIVE CHAMBER

Omaha, Nebraska

Page 2

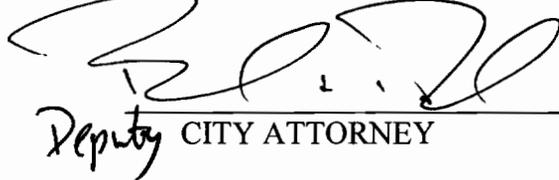
WHEREAS, the Plan presents a project based on estimated figures and projections that are subject to change as project costs are finalized, and is required to comply with all Planning Department requirements and Planning Board recommendations; and,

WHEREAS, Section 18-2108 of the Nebraska Revised Statutes requires the City of Omaha to adopt a redevelopment plan before taking an active part in a redevelopment project; including the division of ad valorem taxes for a period not to exceed fifteen years under Sections 18-2147 through 18-2150, Revised Statutes of Nebraska; and,

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF OMAHA:

THAT, the attached Cass St. Apts. Tax Increment Financing (TIF) Redevelopment Project Plan located at 7023 Cass Street contemplates the demolition and clearing of the former Temple Israel site for purposes of constructing a new multi-family residential project, which will comprise two 4-story, U-shaped apartment buildings with 248 underground parking garages and 274 on-site parking stalls surrounding a 1.6 acre green space, recommending the City's participation through the allocation of TIF in an amount up to \$6,206,000.00 to offset TIF eligible costs such as acquisition, demolition, any environmental costs, site work, utilities connections, architectural and engineering fees, and any public improvements as may be necessary, which includes up to \$75,000.00 of the TIF proceeds/loan toward the Crossroads Area Public Improvement Fund, but is subject to change as final costs come in, containing a provision for the division of ad valorem taxes under Section 18-2147 through 18-2150, Revised Statutes of Nebraska, as recommended by the City Planning Department, be and hereby is approved.

APPROVED AS TO FORM:


Deputy CITY ATTORNEY 4/21/14
DATE

2005 dlh

By.....
Councilmember

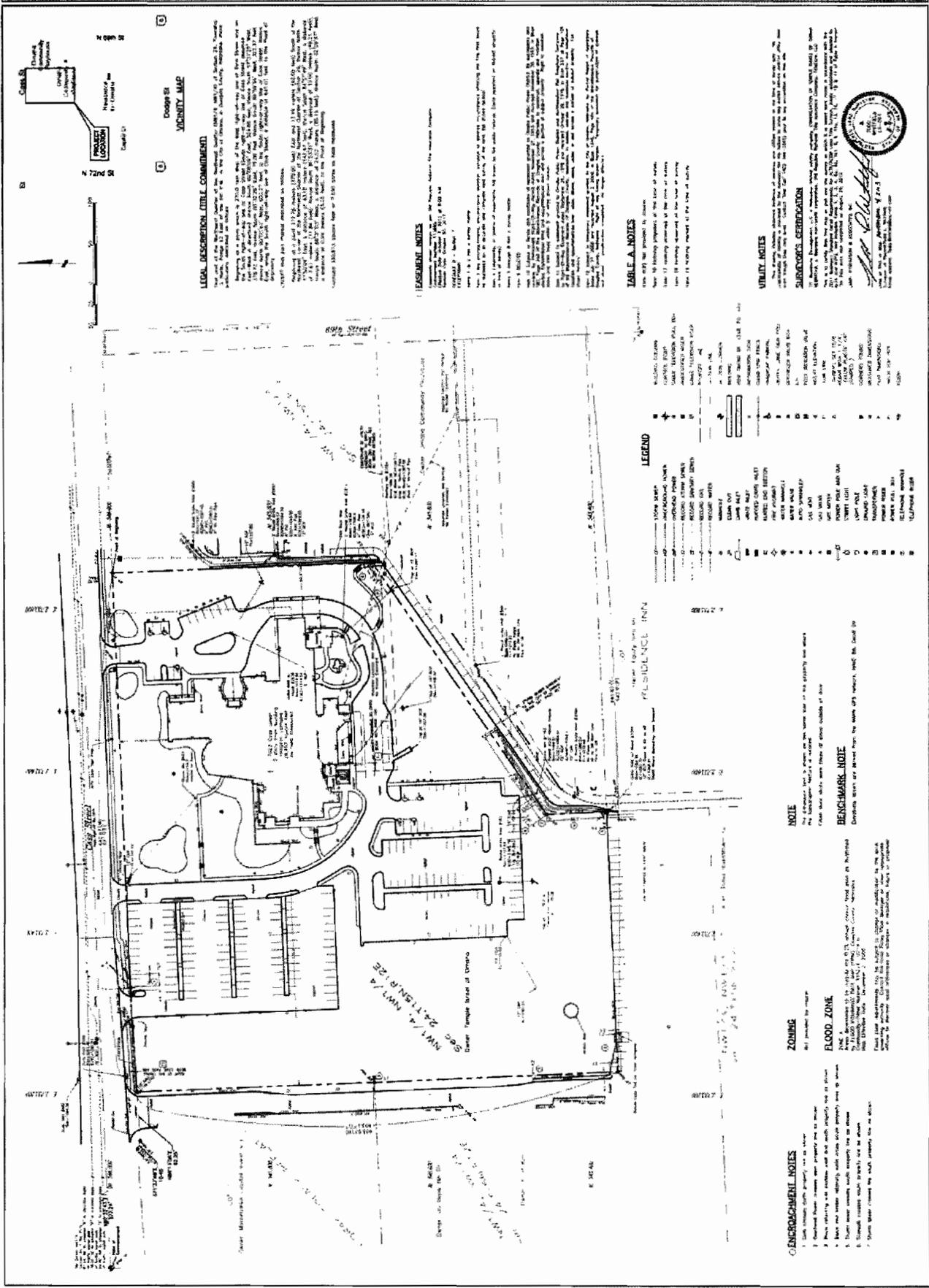
Adopted.....

.....
City Clerk

Approved.....
Mayor

ALTA Survey

See attached.



LEGAL DESCRIPTION TITLE COMMITMENT
 The following is a true and correct copy of the legal description of the land shown on this plan, as recorded in the public records of the State of Nebraska, and as the same appears in the original record of the same in the office of the County Clerk of the County of Douglas, Nebraska, to-wit:

ENCROACHMENT NOTES
 1. Some encroachments are shown on this plan. 2. Encroachments are shown on this plan. 3. Encroachments are shown on this plan. 4. Encroachments are shown on this plan. 5. Encroachments are shown on this plan. 6. Encroachments are shown on this plan. 7. Encroachments are shown on this plan.

ZONING
 The zoning district shown on this plan is SAC 24.15N, R.12E.

FLOOD ZONE
 The flood zone shown on this plan is SAC 24.15N, R.12E.

BENCHMARK NOTE
 The benchmark shown on this plan is SAC 24.15N, R.12E.

NOTE
 The survey was made in accordance with the laws of the State of Nebraska.

LEGEND
 1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 12. 13. 14. 15. 16. 17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67. 68. 69. 70. 71. 72. 73. 74. 75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100.

UTILITY NOTES
 The utility lines shown on this plan are for water, sewer, gas, and electric.

SURVEYOR'S CERTIFICATION
 I, the undersigned, being a duly qualified and licensed Surveyor in the State of Nebraska, do hereby certify that the foregoing is a true and correct copy of the original record of the same in the office of the County Clerk of the County of Douglas, Nebraska, to-wit:

TABLE A. NOTES
 The notes in this table are for the purpose of providing information regarding the survey.

ENCROACHMENT NOTES
 The notes in this table are for the purpose of providing information regarding the survey.

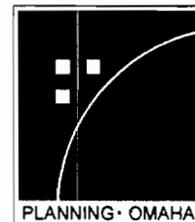
CASS ST. APTS. TIF REDEVELOPMENT PROJECT PLAN

7023 CASS STREET

MAY 2014



Jean Stothert, Mayor City of Omaha



James Thele, Director
Planning Department
Omaha/Douglas Civic Center
1819 Farnam Street, Ste. 1111
Omaha, Nebraska 68183

INTER-OFFICE COMMUNICATION
City of Omaha, Nebraska
Planning Department

TO: Chairman and Members of the Planning Board

FROM: James Thele, Planning Director

DATE: March 26, 2014

SUBJECT: CASS ST APTS TIF REDEVELOPMENT PROJECT PLAN
7023 Cass Street
Case #C3-14-023

Project Summary

The project plan area is the site of Temple Israel, which is comprised of approximately 7.6 acres. The site is just east of the Crossroads Mall and lies within the Crossroads Area Redevelopment Plan. The area redevelopment plan recognizes the general Crossroads area as a former, vibrant commercial destination that has seen decline and deterioration of property and site improvements over a decade or more. The primary purpose of the plan is to facilitate strategic redevelopment within the area in order to achieve the highest and best use, thereby benefitting property owners and the larger community. The area redevelopment plan envisions restoring commercial vitality, in addition to promoting healthy living environments, alternative transportation, and economic development within the area. Additional residential options are a crucial component of the area redevelopment plan. Bluestone Development, LLC is initiating a multi-family residential project that will spark the beginning of the revitalization of the Crossroads area.

Project Description

The project site will be razed to allow for the new construction of a multi-family residential project, which will comprise two 4-story, U-shaped apartment buildings with underground parking garages surrounding a 1.6 acre green space. The project contemplates 434 apartment units, some (1) and (2) bedrooms, but mostly studios and "convertibles" which are like studios with a partial wall separating the living area from the bedroom area. The average apartment size is 670 sf. There will be 248 garage parking stalls and 274 on-site parking stalls. Within the garage area, there will be a dog spa and a space for repairing/working on bikes, called a "bike kitchen".

Due to the size of the project, the developer thought it important to offer sufficient green space for the tenants, which can also be enjoyed by the public. For example, there will be a public plaza with benches along Cass Street in front of the buildings for the public to enjoy. In addition, the 1.6 acre green space which is accessible to the public will include:

- a walking trail,
- urban gardens and sculpture art,
- fitness stations,
- a swimming pool (not accessible to the public),
- picnic area, and
- a pet area.

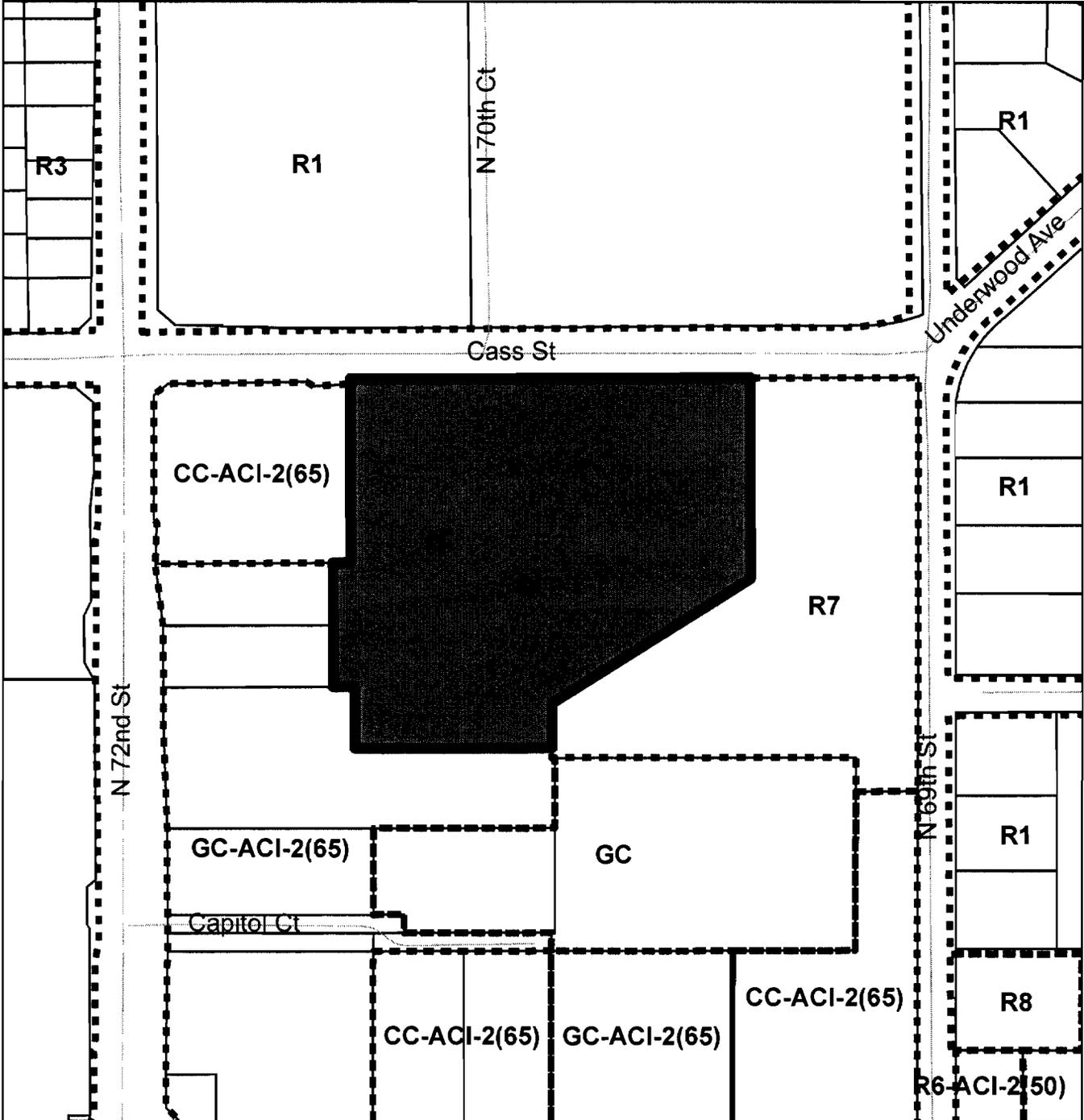
Site work on the first building is slated to begin this fall with construction beginning in the spring of 2015. Site work and construction on the second building is slated to begin in the summer of 2016. The entire project is anticipated to be completed by November 2017.

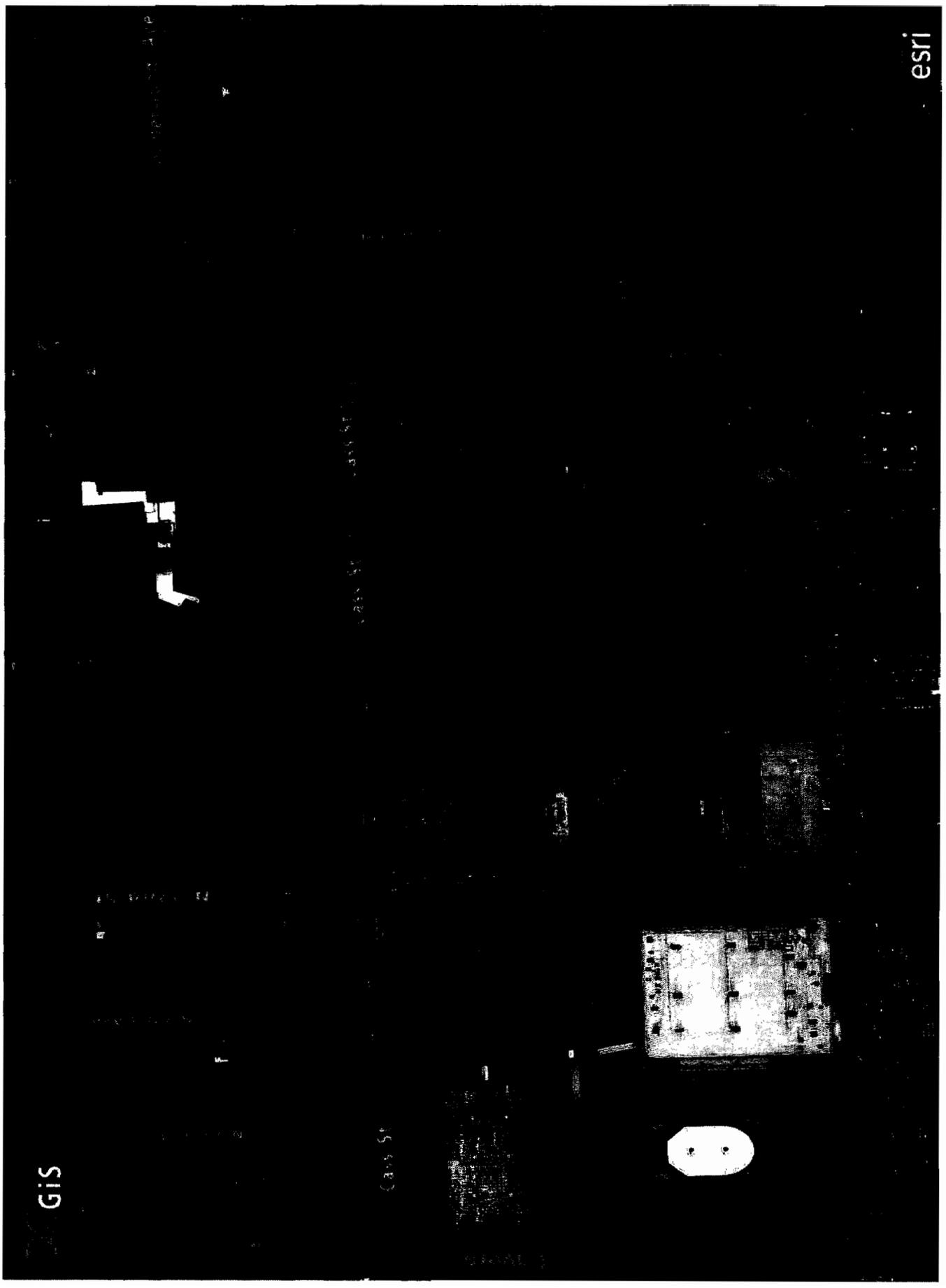
No Building Permit will be issued based on a site plan that does not comply with the provisions of the Zoning Ordinance.

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

CASE: C3-14-023
APPLICANT: Planning Department on behalf of the City of Omaha
REQUEST: Approval of the CASS ST. APTS TIF REDEVELOPMENT PROJECT PLAN
LOCATION: 7023 Cass Street

SUBJECT AREA IS SHADED - MARCH 2014





INTER-OFFICE COMMUNICATION

Date: February 21, 2014

To: TIF Committee:
James Thele, Cassie Seagren, Stephen Curtiss, AL Herink, Paul Kratz,
Robert Stubbe, Todd Pfitzer, Gail Braun

From: Bridget A. Hadley - City Planning

Applicant: City of Omaha Planning Department

Project Name: Cass St. Apts TIF Redevelopment Project Plan

Location: 70th & Cass Streets

Project Summary

The project plan area is the site of Temple Israel, which is comprised of approximately 7.6 acres. The site is just east of the Crossroads Mall and lies within the Crossroads Area Redevelopment Plan. The area redevelopment plan recognizes the general Crossroads area as a former, vibrant commercial destination that has seen decline and deterioration of property and site improvements over a decade or more. The primary purpose of the plan is to facilitate strategic redevelopment within the area in order to achieve the highest and best use, thereby benefitting property owners and the larger community. The area redevelopment plan envisions restoring commercial vitality, in addition to promoting healthy living environments, alternative transportation, and economic development within the area. Additional residential options are a crucial component of the area redevelopment plan. Bluestone Development, LLC is initiating a major multi-family residential project that will spark the beginning of the revitalization of the Crossroads area.

Project Description

The project site will be razed to allow for the new construction of a multi-family residential project, which will comprise two 4-story, U-shaped apartment buildings with underground parking garages surrounding a 1.6 acre green space. The project contemplates 434 apartment units, some (1) and (2) bedrooms, but mostly studios and “convertibles” which are like studios with a partial wall separating the living area from the bedroom area. The average apartment size is 670 sf. There will be 248 garage parking stalls and 274 on-site parking stalls. Within the garage area, there will be a dog spa and a space for repairing/working on bikes, called a “bike kitchen”.

Due to the size of the project, the developer thought it important to offer sufficient green space for the tenants, which can also be enjoyed by the public. For example, there will be a public plaza with benches along Cass Street in front of the buildings for the public to enjoy. In addition, the 1.6 acre green space which is accessible to the public will include:

- a walking trail,
- urban gardens and sculpture art,

- fitness stations,
- a swimming pool,
- picnic area, and
- a pet area.

Site work on the first building is slated to begin this fall with construction beginning in the spring of 2015. Site work and construction on the second building is slated to begin in the summer of 2016. The entire project is anticipated to be completed by November 2017.

Project Finance Summary - Sources & Uses

| Sources of Funds | |
|---|-------------------------|
| Owner Equity | \$ 8,100,000.00 |
| Construction Financing – US Bank | \$39,900,000.00 |
| Tax Increment Financing – US Bank, 6% - 6.25% | \$6,206,000.00 |
| | |
| Total Sources of Funds | \$ 54,206,000.00 |
| | |
| Uses of Funds | |
| Land Acquisition | \$3,060,000.00 |
| Hard Construction Costs | \$36,548,000.00 |
| Soft Costs | \$11,233,000.00 |
| Infrastructure Costs | \$3,365,000.00 |
| | |
| Total Uses of Funds | \$54,206,000.00 |
| | |

Land Use and Zoning

Currently the land has a single-purpose use for a religious entity, Temple Israel. The existing structure was built in the early 1950s, but will be demolished to make way for the new use – multi-family housing.

The property is currently zoned R-2 and is occupied by an exempt religious building. The proposed project will request a change to R-8 zoning with a Planned Unit Development (“PUD”) and ACI-2 Overlay District.

Utilities and Public Improvements

Utilities (water, sewer) exist at the site; some removal, relocation and installation. Hook ups and extensions being brought to the site.

The area along Cass Street will be the main focus for public improvements. The developer will create a new public plaza the length of the new development from property line to property line to include:

- New 6’ wide sidewalk

- New curb & gutter
- New sod
- New 3" oak trees
- Concrete benches
- Bike racks
- Stamped concrete entry into courtyard

Transportation

No transportation issues. A traffic study was updated in January 2014 and looked at four intersections: 72nd & Dodge and Cass Streets, and 69th & Dodge and Cass Streets. The study indicated that no additional improvements are required as it relates to traffic issues due to this TIF project. Also, the study projected levels of services out to about 2015 and 2035. The result was generally that the level of service was acceptable during the "AM" and the "PM" peak times for both projected years.

Cost Benefit Analysis – from the application

1. "Tax shifts resulting from the approval of the use of funds"

The use of Tax Increment Financing will not result in a loss of pre-existing tax revenues to the City and other taxing jurisdictions. All of the revenue which will be utilized to pay the redevelopment note will come from additional valuation on the site resulting from the improvements to be constructed on the site. None of the existing tax base will be utilized to fund the redevelopment note.

2. "Public infrastructure and community public service needs impacts and local tax impacts arising from projects receiving incentives"

No community public service needs will be generated as a result of this project.

3. "Impacts on employers and employees of firms locating or expanding within the boundaries of the area of the redevelopment project"

The development of this site will provide employment by increasing the demand for personal services and employees to provide these services for 500 new young professionals with disposable income who will be new, permanent residents of the area. The creation of additional, affordable housing will increase employment opportunities and other economic opportunities by increasing the demand for goods and services.

The project will include a public plaza space along the Cass Street side of the property. The public plaza space will provide for a well-designed streetscape,

including landscaping, benches, planters and patterned concrete (See Section (D) in the Narrative, above).

The development will not significantly impact other businesses within the redevelopment area.

4. “Impacts on employers and employees within the city or village and the immediate area that are located outside of the boundaries of the area of the redevelopment project”

This project provides diversified housing for the workforce in the area of the project and the City of Omaha.

The development will not significantly impact other businesses in the immediate area outside of the boundaries of the redevelopment area.

5. “Any other impacts determined by the authority to be relevant to the consideration of costs and benefits arising from the redevelopment project”

None.

TIF Justification

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.

This project supports the City’s Master Plan by revitalizing neighborhoods and re-purposing sites for longer, sustainable uses. More specifically, this project plan begins to implement goals of the Crossroads area redevelopment plan through providing housing options that will be a strong foundation for supporting the future re-purposed Crossroads Mall. As the project leases up with new residents, this will result in the need for a strong, vibrant commercial destination within the Crossroads area which means economic activities and ultimately, an enhancement to the tax base for various taxing jurisdictions.

TIF will be used to offset costs such as acquisition, demolition, any environmental costs, site work, prep and utilities, architectural and engineering fees and any public improvements as may be necessary. We will negotiate an amount toward public improvements within the adjacent area, primarily along Cass Streets between 72nd & 69th Streets per guidance of the Planning and Public Works Departments; the developer has budgeted about \$25,000.00 for these types of improvements. The total estimated project costs are \$54,206,000.00. TIF Eligible costs are as follows:

| | |
|--|----------------------|
| Acquisition Costs | \$ 3,060,000.00 |
| Special Foundations | \$ 538,440.00 |
| Infrastructure Costs* | \$ 1,924,492.00 |
| Demolition& Asbestos | \$ 500,331.00 |
| Utilities* | \$ 83,573.00 |
| Other Misc.* | \$ 22,000.00 |
| <u>Architectural & Engineering</u> | <u>\$ 508,860.00</u> |
| Total | \$ 6,637,697.00 |
| TIF Fees | \$ 46,000.00 |
| Total TIF Eligible | \$ 6,683,697.00 |

*Note: See attached TIF Eligible Cost break-out spreadsheet for details

The TIF is 11.4% of the total project costs.

Request: The TIF request is for up to \$6,206,000.00; at an interest rate range of 6% - 6.25%. Using the current levy rate of 2.19974% and other assumptions of the TIF calculation spreadsheet supports the TIF request, inclusive of capitalized interest. See attached TIF calculation spreadsheet(s).

TIF Fee Schedule: \$500.00 application fee and the processing fee of \$3,000.00 were paid; \$42,500.00 in administrative fees will be invoiced. Total fees will be \$46,000.00.

Recommendation: Approval

ATTACHMENTS

TIF Application

TIF Calculation Spreadsheet

Applicant: Cass St. Apts LLC

PRO FORMA

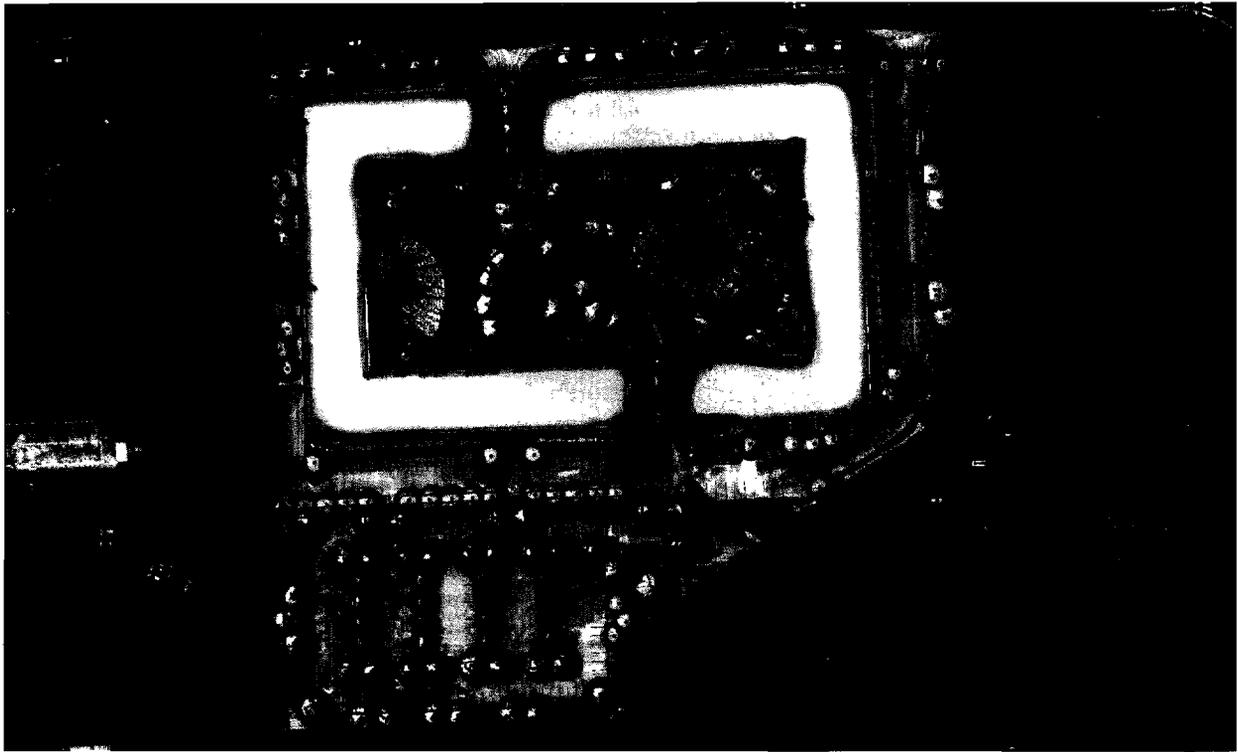
| DATE | Total Taxable Valuation | Less Pre-Development Base | TIF Taxable Valuation | Tax Levy | Tax Revenues | Treasurer's 1% Collection Fee | Revenues Available For TIF Loan | Principal | Interest at 6.25% | Total | Loan Balance | Capitalized Interest | Interest at 6.25% |
|------|-------------------------|---------------------------|-----------------------|----------|--------------|-------------------------------|---------------------------------|-------------|-------------------|--------------|--------------|----------------------|-------------------|
| 0 | \$ 0 | \$ 0 | \$ 0 | 2.19974 | \$ - | \$ - | \$ - | \$ 0 | \$ 0 | \$ 0 | \$6,400,000 | 200000 | 200000 |
| 0.5 | \$ 34,349,266 | \$ 0 | \$ 34,349,266 | 2.19974 | \$ 377,797 | \$ - | \$ 374,019 | \$ 0 | \$ 0 | \$ 0 | \$6,806,250 | 206250 | 206250 |
| 1 | \$ 34,349,266 | \$ 0 | \$ 34,349,266 | 2.19974 | \$ 377,797 | \$ 3,778 | \$ 374,019 | \$161,324 | \$212,695 | \$374,019 | \$6,644,926 | 0 | 212695 |
| 1.5 | \$ 34,349,266 | \$ 0 | \$ 34,349,266 | 2.19974 | \$ 377,797 | \$ 3,778 | \$ 374,019 | \$166,365 | \$207,654 | \$374,019 | \$6,478,561 | 0 | 207654 |
| 2 | \$ 34,349,266 | \$ 0 | \$ 34,349,266 | 2.19974 | \$ 377,797 | \$ 3,778 | \$ 374,019 | \$171,564 | \$202,455 | \$374,019 | \$6,306,997 | 0 | 202455 |
| 2.5 | \$ 34,349,266 | \$ 0 | \$ 34,349,266 | 2.19974 | \$ 377,797 | \$ 3,778 | \$ 374,019 | \$176,925 | \$197,094 | \$374,019 | \$6,130,072 | 0 | 197094 |
| 3 | \$ 34,349,266 | \$ 0 | \$ 34,349,266 | 2.19974 | \$ 377,797 | \$ 3,778 | \$ 374,019 | \$182,454 | \$191,565 | \$374,019 | \$5,947,618 | 0 | 191565 |
| 3.5 | \$ 34,349,266 | \$ 0 | \$ 34,349,266 | 2.19974 | \$ 377,797 | \$ 3,778 | \$ 374,019 | \$188,156 | \$185,863 | \$374,019 | \$5,759,462 | 0 | 185863 |
| 4 | \$ 34,349,266 | \$ 0 | \$ 34,349,266 | 2.19974 | \$ 377,797 | \$ 3,778 | \$ 374,019 | \$194,036 | \$179,983 | \$374,019 | \$5,565,426 | 0 | 179983 |
| 4.5 | \$ 34,349,266 | \$ 0 | \$ 34,349,266 | 2.19974 | \$ 377,797 | \$ 3,778 | \$ 374,019 | \$200,099 | \$173,920 | \$374,019 | \$5,365,327 | 0 | 173920 |
| 5 | \$ 34,349,266 | \$ 0 | \$ 34,349,266 | 2.19974 | \$ 377,797 | \$ 3,778 | \$ 374,019 | \$206,353 | \$167,666 | \$374,019 | \$5,158,974 | 0 | 167666 |
| 5.5 | \$ 34,349,266 | \$ 0 | \$ 34,349,266 | 2.19974 | \$ 377,797 | \$ 3,778 | \$ 374,019 | \$212,801 | \$161,218 | \$374,019 | \$4,946,173 | 0 | 161218 |
| 6 | \$ 34,349,266 | \$ 0 | \$ 34,349,266 | 2.19974 | \$ 377,797 | \$ 3,778 | \$ 374,019 | \$219,451 | \$154,568 | \$374,019 | \$4,726,722 | 0 | 154568 |
| 6.5 | \$ 34,349,266 | \$ 0 | \$ 34,349,266 | 2.19974 | \$ 377,797 | \$ 3,778 | \$ 374,019 | \$226,309 | \$147,710 | \$374,019 | \$4,500,413 | 0 | 147710 |
| 7 | \$ 34,349,266 | \$ 0 | \$ 34,349,266 | 2.19974 | \$ 377,797 | \$ 3,778 | \$ 374,019 | \$233,381 | \$140,638 | \$374,019 | \$4,267,032 | 0 | 140638 |
| 7.5 | \$ 34,349,266 | \$ 0 | \$ 34,349,266 | 2.19974 | \$ 377,797 | \$ 3,778 | \$ 374,019 | \$240,674 | \$133,345 | \$374,019 | \$4,026,358 | 0 | 133345 |
| 8 | \$ 34,349,266 | \$ 0 | \$ 34,349,266 | 2.19974 | \$ 377,797 | \$ 3,778 | \$ 374,019 | \$248,195 | \$125,824 | \$374,019 | \$3,778,163 | 0 | 125824 |
| 8.5 | \$ 34,349,266 | \$ 0 | \$ 34,349,266 | 2.19974 | \$ 377,797 | \$ 3,778 | \$ 374,019 | \$255,951 | \$118,068 | \$374,019 | \$3,522,212 | 0 | 118068 |
| 9 | \$ 34,349,266 | \$ 0 | \$ 34,349,266 | 2.19974 | \$ 377,797 | \$ 3,778 | \$ 374,019 | \$263,950 | \$110,069 | \$374,019 | \$3,258,262 | 0 | 110069 |
| 9.5 | \$ 34,349,266 | \$ 0 | \$ 34,349,266 | 2.19974 | \$ 377,797 | \$ 3,778 | \$ 374,019 | \$272,198 | \$101,821 | \$374,019 | \$2,986,064 | 0 | 101821 |
| 10 | \$ 34,349,266 | \$ 0 | \$ 34,349,266 | 2.19974 | \$ 377,797 | \$ 3,778 | \$ 374,019 | \$280,704 | \$93,315 | \$374,019 | \$2,705,360 | 0 | 93315 |
| 10.5 | \$ 34,349,266 | \$ 0 | \$ 34,349,266 | 2.19974 | \$ 377,797 | \$ 3,778 | \$ 374,019 | \$289,476 | \$84,543 | \$374,019 | \$2,415,884 | 0 | 84543 |
| 11 | \$ 34,349,266 | \$ 0 | \$ 34,349,266 | 2.19974 | \$ 377,797 | \$ 3,778 | \$ 374,019 | \$298,523 | \$75,496 | \$374,019 | \$2,117,361 | 0 | 75496 |
| 11.5 | \$ 34,349,266 | \$ 0 | \$ 34,349,266 | 2.19974 | \$ 377,797 | \$ 3,778 | \$ 374,019 | \$307,851 | \$66,168 | \$374,019 | \$1,809,510 | 0 | 66168 |
| 12 | \$ 34,349,266 | \$ 0 | \$ 34,349,266 | 2.19974 | \$ 377,797 | \$ 3,778 | \$ 374,019 | \$317,472 | \$56,547 | \$374,019 | \$1,492,038 | 0 | 56547 |
| 12.5 | \$ 34,349,266 | \$ 0 | \$ 34,349,266 | 2.19974 | \$ 377,797 | \$ 3,778 | \$ 374,019 | \$327,393 | \$46,626 | \$374,019 | \$1,164,645 | 0 | 46626 |
| 13 | \$ 34,349,266 | \$ 0 | \$ 34,349,266 | 2.19974 | \$ 377,797 | \$ 3,778 | \$ 374,019 | \$337,624 | \$36,395 | \$374,019 | \$827,021 | 0 | 36395 |
| 13.5 | \$ 34,349,266 | \$ 0 | \$ 34,349,266 | 2.19974 | \$ 377,797 | \$ 3,778 | \$ 374,019 | \$348,175 | \$25,844 | \$374,019 | \$478,846 | 0 | 25844 |
| 14 | \$ 34,349,266 | \$ 0 | \$ 34,349,266 | 2.19974 | \$ 377,797 | \$ 3,778 | \$ 374,019 | \$359,055 | \$14,964 | \$374,019 | \$119,791 | 0 | 14964 |
| 14.5 | \$ 34,349,266 | \$ 0 | \$ 34,349,266 | 2.19974 | \$ 377,797 | \$ 3,778 | \$ 374,019 | \$370,276 | \$3,743 | \$374,019 | \$0 | 0 | 3743 |
| 15 | \$ 34,349,266 | \$ 0 | \$ 34,349,266 | 2.19974 | \$ 377,797 | \$ 3,778 | \$ 374,019 | \$370,276 | \$3,743 | \$374,019 | \$0 | 0 | 3743 |
| | | | | | \$10,578,316 | \$105,784 | \$10,472,532 | \$7,056,735 | \$3,415,797 | \$10,472,532 | \$406,250 | | |

NOTE: This information is provided to assist in analyzing the specific request to the TIF committee. This information is subject to change based on actual tax assessments. This schedule assumes a 80% real estate valuation and a 1.0 debt coverage ratio. The actual TIF amount available to fund site specific project cost will change based on the cost of public improvements.

ASSUMPTIONS: (F9 = calculate)

1. Assume No Pre-Development Base
2. Loan Amount: \$6,400,000
3. Interest Rate: 6.25%
4. Project Hard Cos \$42,936,582
5. Increment Base: \$34,349,266

Est. Annual Incremental Tax Payment \$ 755,594



A

0 20' 40' 80' North

Cass Place Illustrative Site Plan

BLUESTONE
DEVELOPMENT

LAND BY HEARSON

**TAX INCREMENT
FINANCING REQUEST**

**Cass St. Apartments, LLC
450 Unit Multi-Family Residential Project
At 70th and Cass Streets
Omaha, Nebraska**

**Prepared By:
Bluestone Development, LLC
January 2014**

Cass St. Apartments, LLC Tax Increment Financing Request

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Cass St. Apartments, LLC
TIF Application Information

Project Legal Description (after replat)
 Lots 1 and 2 Cass Place, a
 Subdivision, as Surveyed, Platted and
 Recorded in Douglas County, Nebraska,
 in the Northwest Quarter of the
 Northwest Quarter (NW1/4. NW1/4) of
 Section 24, Township 15 North, Range
 12 East of the 6th P.M.

Project Address
 7023 Cass Street, Omaha, NE

Project Owner/Applicant Name
 Cass St. Apartments, LLC

Owner Address
 c/o Bluestone Development
 720 North 13th Street
 Omaha, NE 68102

Estiamted Total Project Cost
 \$54,206,000

TIF Request
 \$6,206,000

| | | <u>Proposed Project Size</u> | |
|------------------------------------|---|------------------------------|---------|
| <u>New Construction</u> | Y | building gross SF | 374,888 |
| <u>Rehabilitation</u> | N | building rentable SF | 317,756 |
| <u>LIHTC Project</u> | N | lot size (SF) | 329,804 |
| <u>Market-Rate Project</u> | Y | lot size (acres) | 7.6 |
| <u>Historic Tax Credit Project</u> | N | residential units | 450 |

Current Use
 exempt religious

Proposed Use
 multi-family residential

Current Zoning
 R-2

Proposed Zoning
 R-8 with a PUD and
 ACI-2 Overlay District

Current Annual Real Estate Taxes exempt
Current Assessed Tax Valuation exempt

Narrative

(A) Detailed Project Description

Built in 1950, the temple building at 70th and Cass Streets has been home to the Congregation Temple Israel. In 2013, the Congregation constructed a new temple in west Omaha, leaving the building at 70th and Cass vacant and for-sale.

Being a prime site for residential development and in furtherance of the objectives of the City's Master Plan, the property was placed under contract by Omaha residential developer Bluestone Development. Once complete, the development will be home to approximately 500 young professionals.

The building on the site will be razed to allow for the new construction multi-family residential project, planned as two 4-story, U-shaped apartment buildings with underground parking garages, surrounding a 1.6 acre public park.

Program

- Site size – 7.6 acres
- Residential units – 450
- Average apartment size – 677 SF
- Average apartment rent – \$992 = \$1.41/SF
- Parking
 - 259 parking garage stalls
 - 257 on-site stalls
- Amenities:
 - Inside
 - Fitness room and yoga studio
 - Bike kitchen
 - Dog spa
 - Outside
 - Cass Street public plaza
 - Public access urban park
 - Walking trail
 - Urban gardens and sculpture art
 - Fitness stations
 - Bocce ball court
 - Fire pits

Continued on next page...

- Picnic area
- Pet area
- Swimming pool

Project Team

Developer: Bluestone Development, LLC
Christian Christensen
720 North 13th Street
Omaha, NE 68102
402-345-2408

General Contractor: Brester Construction
1200 Infinity Court
Lincoln, NE 68512

Architect: Studio 951
720 O Street
Lincoln, NE 68508

Civil Engineer: Lamp, Rynearson & Associates
14710 West Dodge Road
Omaha, NE 68154

Legal: Fullenkamp, Doyle & Jobeun
Larry Jobeun
1140 West Center Road, Suite C
Omaha, NE 68144

Fraser Stryker Meusey
Olson Boyer & Bloch, PC
Bob Rieke
500 Energy Plaza
409 South 17th Street
Omaha, NE 68102

(B) Land Use Plan

The project plan as described in (A) above is consistent with the comprehensive development plan of the City of Omaha.

Narrative – continued

(C) Zoning – Current and Proposed

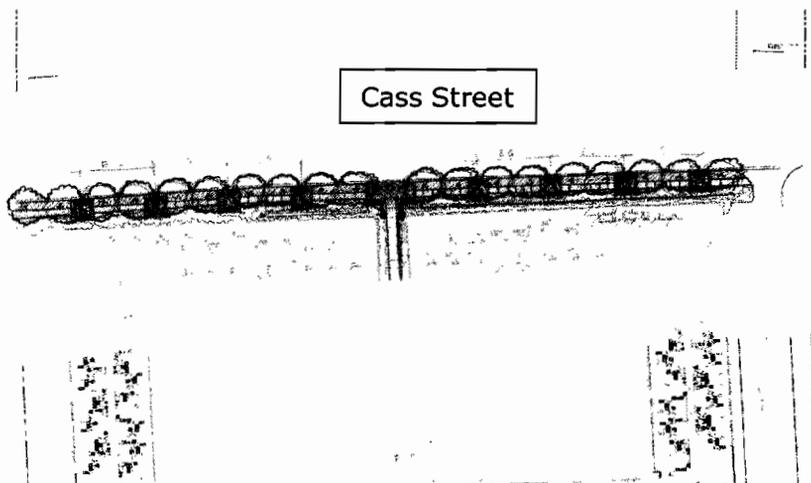
The property is currently zoned R-2 and is occupied by an exempt religious building.

The proposed project will request a change to R-8 zoning with a Planned Unit Development (“PUD”) and ACI-2 Overlay District.

(D) Public Improvements

The area along Cass Street will be the main focus of public improvement. We will create a new public plaza the length of the new development from property line to property line:

- 1) New 6’ wide sidewalk
- 2) New curb & gutter
- 3) New sod
- 4) New 3” oak trees
- 5) Concrete benches
- 6) Bike racks
- 7) Stamped concrete entry into courtyard



(E) Historical Status, if applicable

None.

Sources & Uses / Total Project Costs

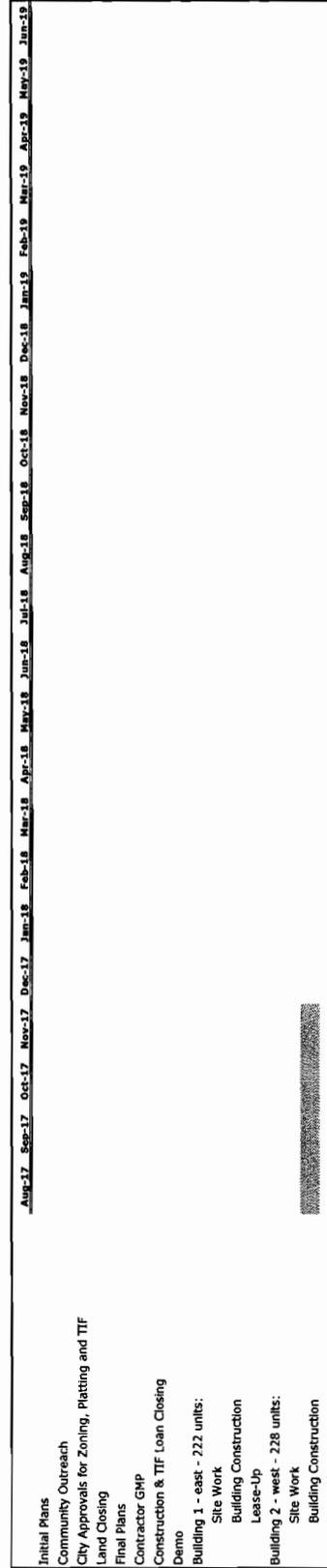
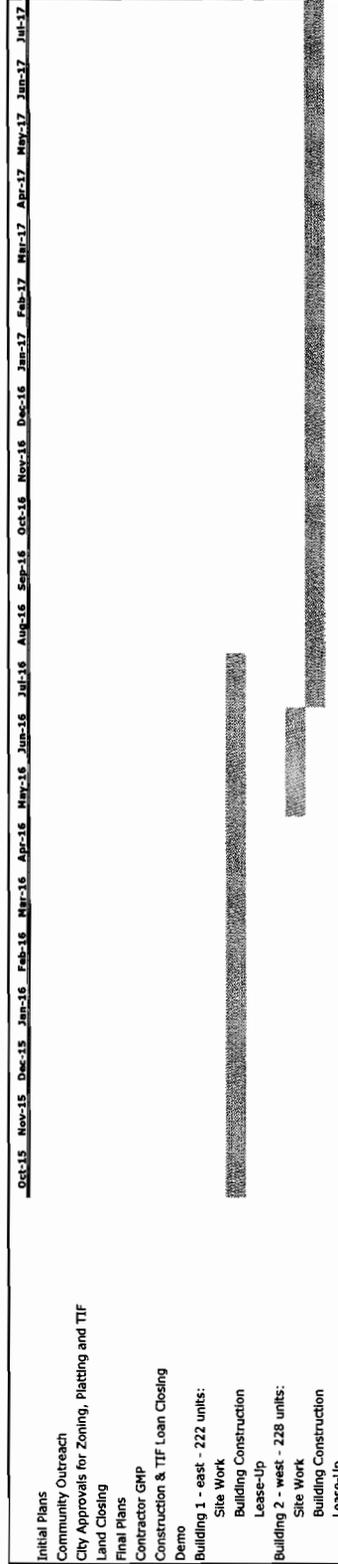
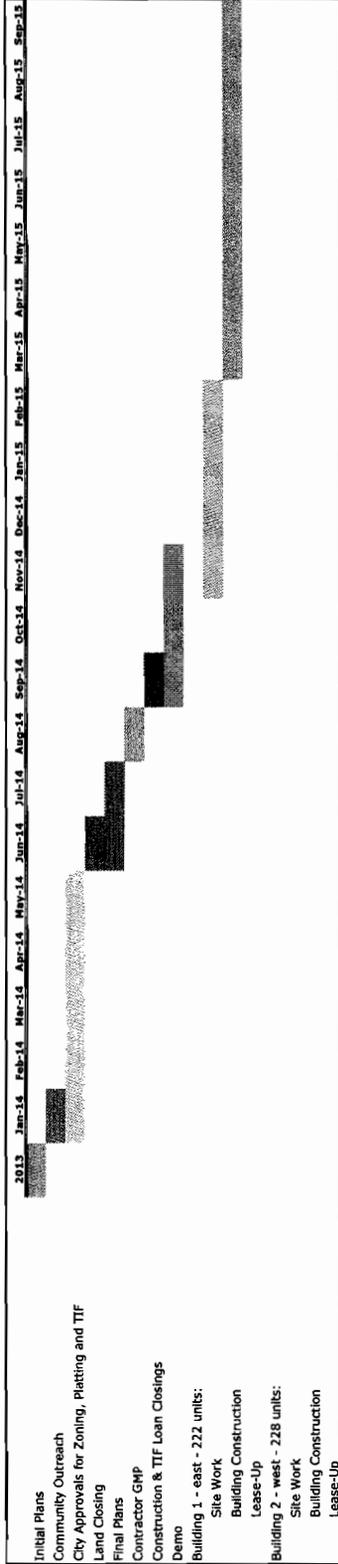
| Sources of Funds | |
|----------------------------------|-------------------|
| Bank Construction Loan Financing | 39,900,000 |
| Tax Increment Financing | 6,206,000 |
| Owner Equity | 8,100,000 |
| Total Sources | 54,206,000 |
| Uses of Funds | |
| Land Acquisition | 3,060,000 |
| Construction Hard Costs | 36,548,000 |
| Infrastructure Costs | 3,365,000 |
| Soft Costs | 11,233,000 |
| Total Uses | 54,206,000 |

See Attachment D for preliminary financing commitment letter from US Bank.

Construction Budget and Project Timeline

| Development Budget | |
|------------------------------------|-------------------|
| Land Acquisition | 3,060,000 |
| Building Construction Costs: | |
| General Requirements | 1,399,148 |
| Concrete | 4,306,913 |
| Masonry | 1,261,700 |
| Steel | 730,143 |
| Woods & Plastics | 7,473,587 |
| Thermal & Moisture | 1,716,523 |
| Doors & Windows | 854,415 |
| Finishes | 3,782,504 |
| Misc Specialties | 430,884 |
| Appliances | 1,199,185 |
| Furnishings | 406,605 |
| Pool | 220,000 |
| Elevators | 296,846 |
| Mechanical | 5,875,838 |
| Electrical | 3,842,035 |
| Material Sales Tax | 549,272 |
| Contractor Profit & Overhead | 1,545,552 |
| Infrastructure Costs: | |
| Site Excavation, Grading, Backfill | 694,008 |
| Site Utilities | 528,874 |
| Landscaping | 471,061 |
| Concrete Work | 546,342 |
| Retaining Walls | 72,195 |
| Site Fence & Railings | 62,295 |
| Other Infrastructure | 109,688 |
| Material Sales Tax | 36,749 |
| Contractor Profit & Overhead | 113,455 |
| Demolition & Asbestos Abatement | 500,331 |
| Utilities | 230,231 |
| FF&E | 545,093 |
| Other Misc Hard Costs | 111,342 |
| Architect & Engineers | 508,860 |
| Construction Financing Interest | 6,415,175 |
| Construction Financing Costs | 246,951 |
| TIF City and Financing Costs | 143,307 |
| Other Soft Costs | 3,918,969 |
| Total Development Costs | 54,206,077 |

**Cass St. Apartments, LLC
Development Schedule**



3-Year Pro-Formas

| | Stab Year 1 | Stab Year 2 | Stab Year 3 |
|----------------------------------|--------------------|--------------------|--------------------|
| Income | | | |
| Residential | \$5,578,000 | \$5,690,000 | \$5,804,000 |
| Garage | 264,000 | 269,000 | 274,000 |
| Miscellaneous Income | 119,000 | 121,000 | 123,000 |
| Less: Vacancy (5%) | (298,000) | (304,000) | (310,000) |
| Total Gross Income | \$5,663,000 | \$5,776,000 | \$5,891,000 |
| Operating Expenses | | | |
| Operating & Maintenance | \$1,103,000 | \$1,136,000 | \$1,170,000 |
| Insurance | 172,000 | 177,000 | 182,000 |
| Real Estate Taxes | 806,000 | 830,000 | 855,000 |
| Capital Reserve | 112,000 | 115,000 | 118,000 |
| Total Operating Expenses | \$2,193,000 | \$2,258,000 | \$2,325,000 |
| Net Operating Income | \$3,470,000 | \$3,518,000 | \$3,566,000 |
| Less: Senior Debt Service | \$2,871,000 | \$2,871,000 | \$2,871,000 |
| Operating Cash Flow | \$599,000 | \$647,000 | \$695,000 |

ROI Analysis – “But For”

Without the successful incorporation of Tax Increment Financing, it would not be economically feasible to proceed with this project. TIF blended with equity forms the critical basis for the remaining first mortgage construction loan to be economically viable.

| | With
TIF | Without
TIF |
|--------------------------------------|---------------------|------------------------|
| Gross Potential Annual Rental Income | \$5,961,000 | \$5,961,000 |
| Less: Vacancy | (298,000) | (298,000) |
| Less: Expenses (including RE taxes) | (2,193,000) | (2,193,000) |
| Less: Primary Debt Service | (2,871,000) | (2,871,000) |
| Less: Secondary Debt Service | | (633,000) |
| Annual Cashflow | \$599,000 | (\$34,000) |
| Return On Investment | 7.4% | negative |

Cost-Benefit Analysis

1. "Tax shifts resulting from the approval of the use of funds"

The use of Tax Increment Financing will not result in a loss of pre-existing tax revenues to the City and other taxing jurisdictions. All of the revenue which will be utilized to pay the redevelopment note will come from additional valuation on the site resulting from the improvements to be constructed on the site. None of the existing tax base will be utilized to fund the redevelopment note.

2. "Public infrastructure and community public service needs impacts and local tax impacts arising from projects receiving incentives"

No community public service needs will be generated as a result of this project.

3. "Impacts on employers and employees of firms locating or expanding within the boundaries of the area of the redevelopment project"

The development of this site will provide employment by increasing the demand for personal services and employees to provide these services for 500 new young professionals with disposable income who will be new, permanent residents of the area. The creation of additional, affordable housing will increase employment opportunities and other economic opportunities by increasing the demand for goods and services.

The project will include a public plaza space along the Cass Street side of the property. The public plaza space will provide for a well-designed streetscape, including landscaping, benches, planters and patterned concrete (See Section (D) in the Narrative, above).

The development will not significantly impact other businesses within the redevelopment area.

Cost-Benefit Analysis – continued

4. “Impacts on employers and employees within the city or village and the immediate area that are located outside of the boundaries of the area of the redevelopment project”

This project provides diversified housing for the workforce in the area of the project and the City of Omaha.

The development will not significantly impact other businesses in the immediate area outside of the boundaries of the redevelopment area.

5. “Any other impacts determined by the authority to be relevant to the consideration of costs and benefits arising from the redevelopment project”

None.

Mandatory Criteria of the TIF Program

1. The project is located within a blighted area as defined in the State Statutes.
2. The use of Tax Increment Financing will not result in a loss of pre-existing tax revenues to the City and other taxing jurisdictions. All of the revenue which will be utilized to pay the redevelopment note will come from additional valuation on the site resulting from the improvements to be constructed on the site. None of the existing tax base will be utilized to fund the redevelopment note.
3. As set forth in this Application, the project is not economically feasible without the use of Tax Increment Financing. Further, based upon the financial pro-forma set forth above, this Project will not occur without the use and availability of TIF.
4. The Project furthers the objectives of the City's Comprehensive Plan by providing diversity of housing, job creation through construction as well as management positions within the complex. It's anticipated that there will be nine permanent employees hired as a result of this project.

Employment Information

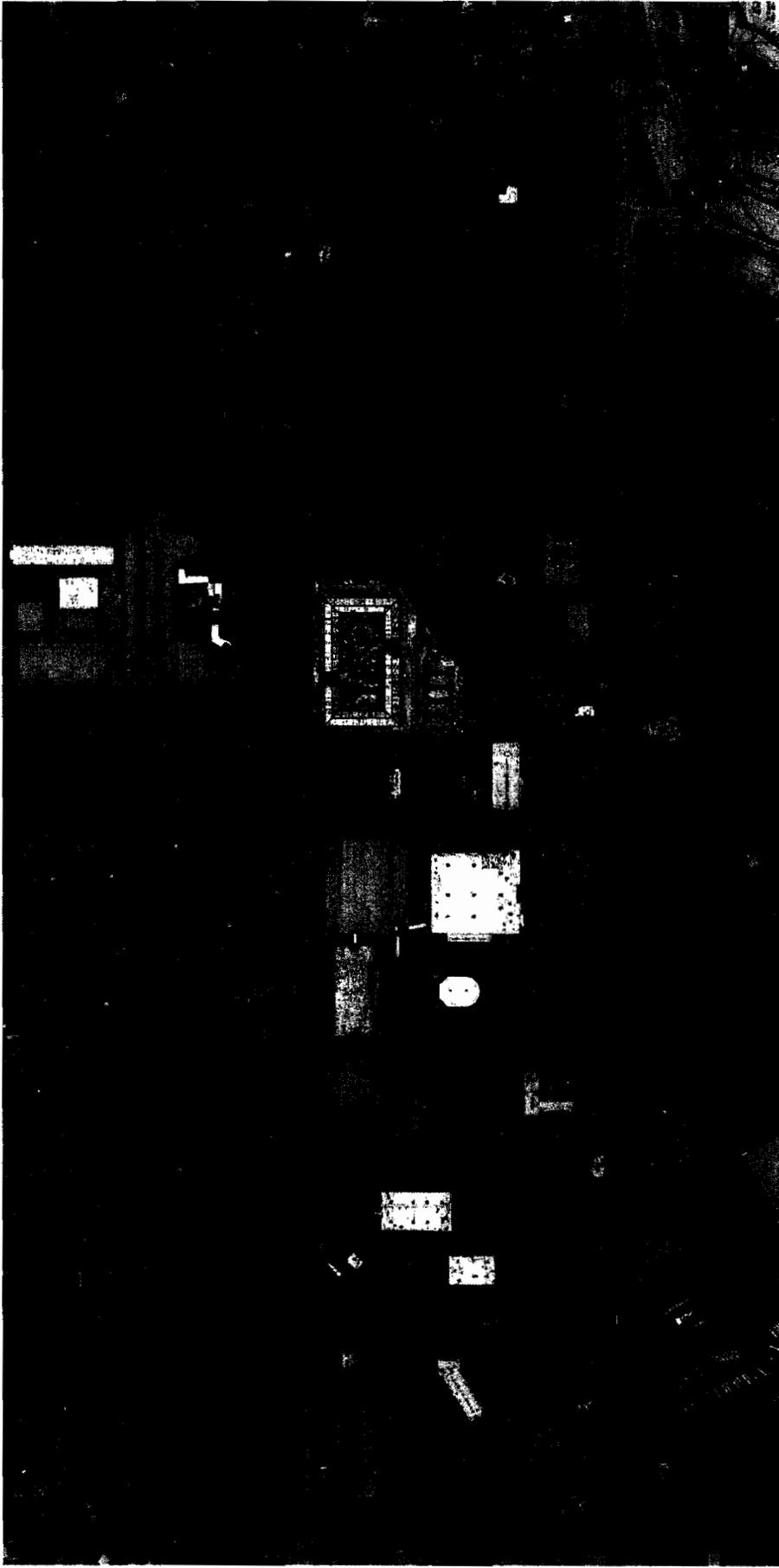
| PERMANENT JOBS | | Job Creation/Retention Types | |
|---|-----------|-------------------------------------|----------|
| Job Creation/Retention Figures | | | |
| Total Jobs Created | 9 | Management | 2 |
| Total Jobs Retained | 0 | Leasing | 3 |
| | | Maintenance | 4 |
| Total | 9 | Totals | 9 |
| Anticipated Annual Payroll | \$293,360 | | |
| CONSTRUCTION JOBS | | | |
| Estimated number of construction jobs created | 468 | | |

Residential Unit Information

| Multi-Family Rental | |
|----------------------------|------------|
| Studio | 150 |
| Convertible | 168 |
| 1 Bedroom | 85 |
| 2 Bedroom | 47 |
| Total Units | 450 |

Attachment (A)
Site Plans & Elevations

See attached.



0 100' 200' 400'

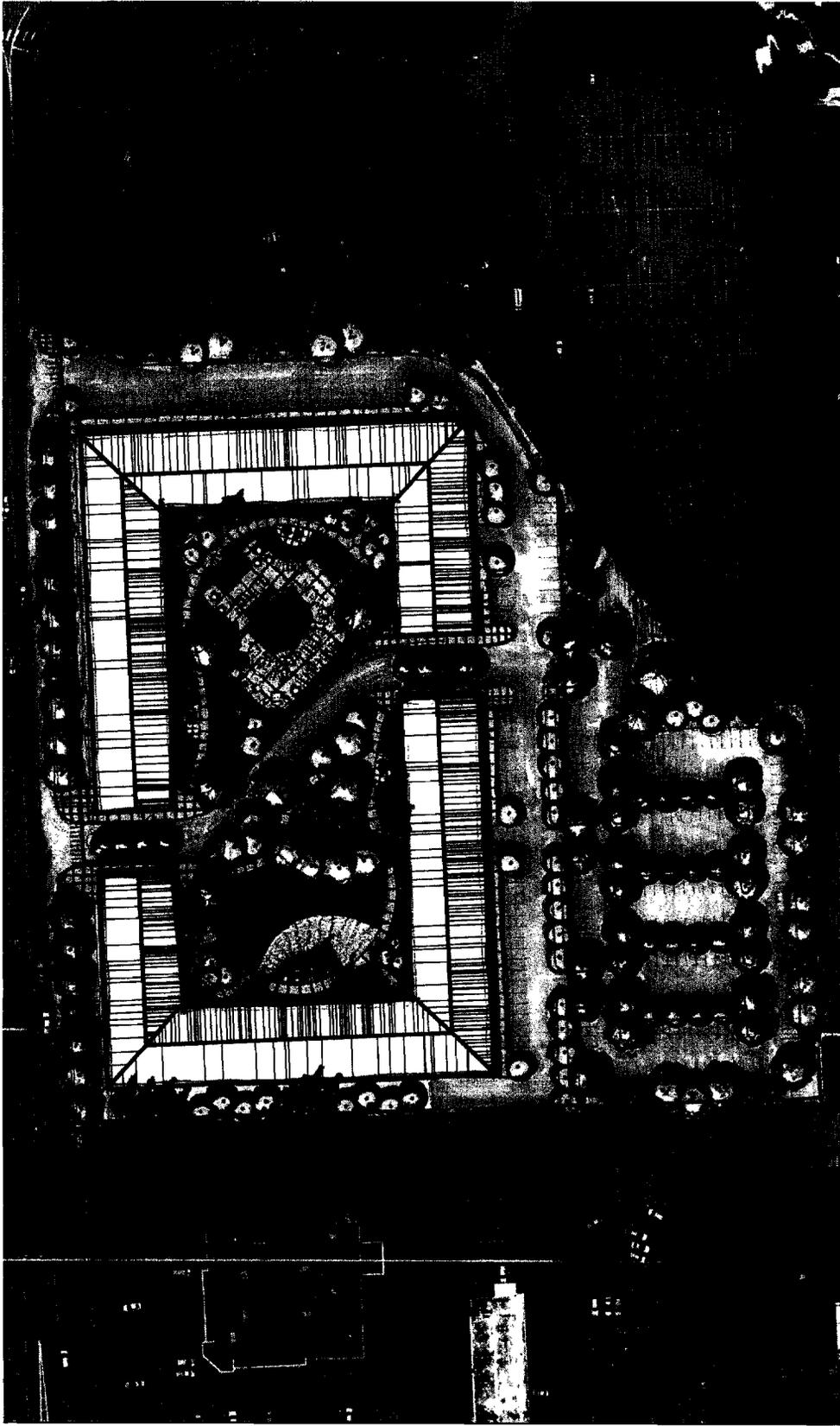
North

A

BLUESTONE
BY DESIGN



Cass Place Illustrative Site Plan



A

BLUESTONE

LAMP STEARSON
ASSOCIATES

Cass Place Illustrative Site Plan



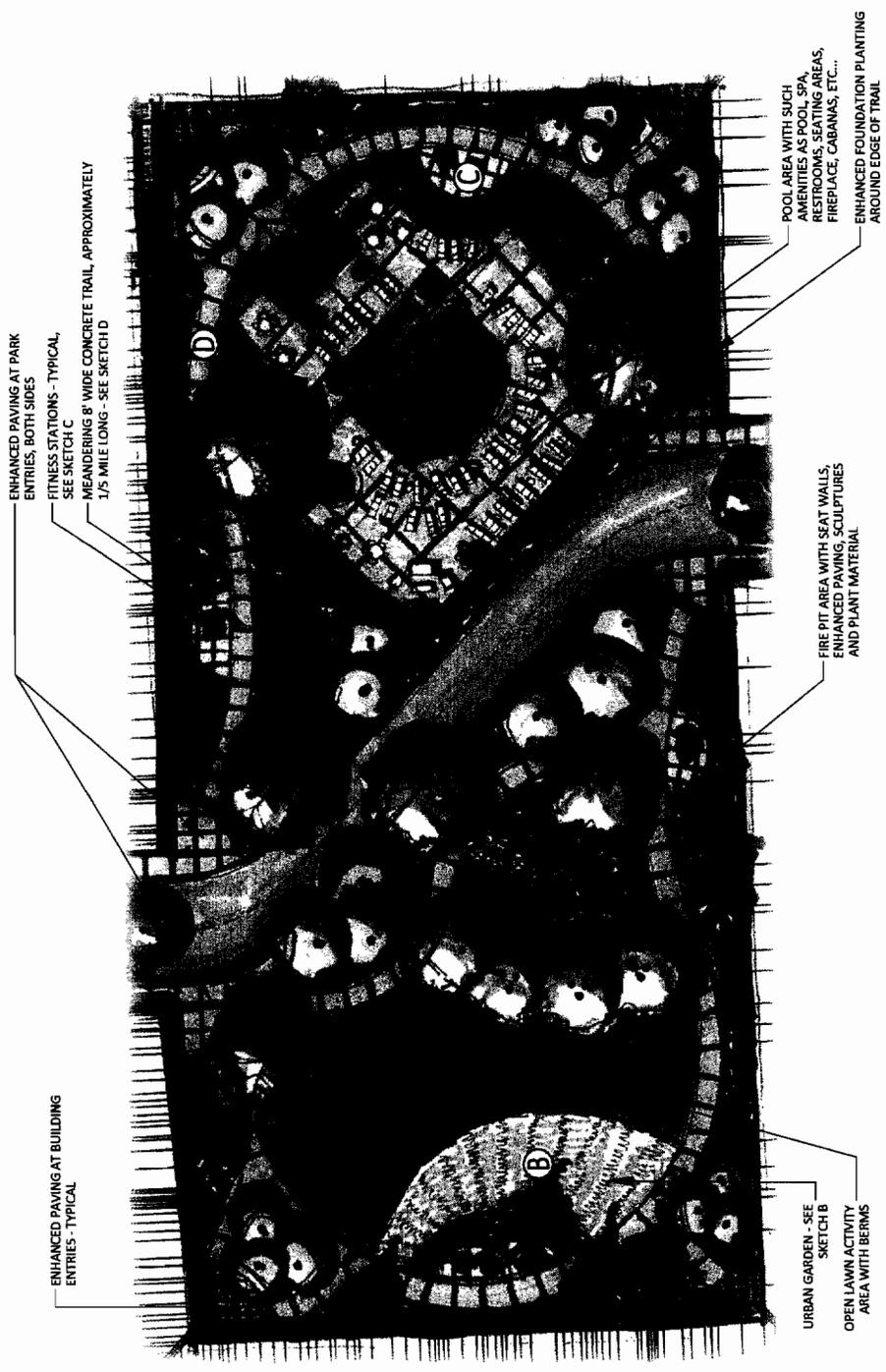
B Urban Garden



C Fitness Station



D Concrete Trail



A Park Layout

BLUESTONE



Cass Place Illustrative Park Plan



70TH AND CASS

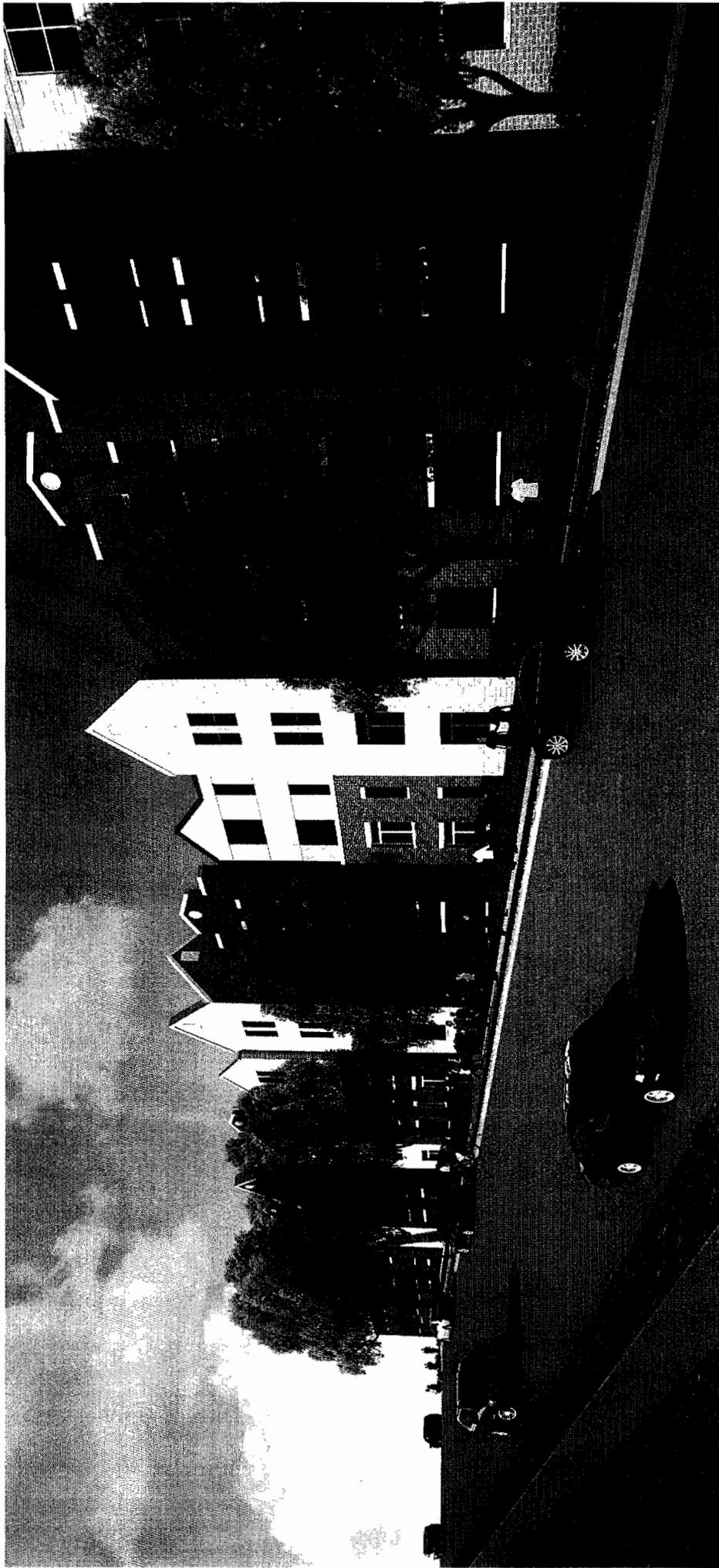


**GEEKY
COOL**

BLUESTONE
DEVELOPMENT

70TH AND CASS

95



70TH AND CASS

951

BLUESTONE
DEVELOPMENT

**GEEKY
COOL**

Attachment (C)
Documentation of Ownership or Site Control

The Applicant is the contract purchaser under a Purchase Agreement dated September 27, 2013, by and between Congregation Temple Israel of Omaha, Nebraska ("Seller") and Bluestone Development, LLC ("Buyer"). The terms and conditions of the Purchase Agreement grant the Buyer the power and authority to apply for the rezoning, subdivision and TIF.

Attachment (D)
Preliminary Commitment Letter for Financing

See attached.



All of **us** serving you

January 27, 2014

Debra Christensen
Bluestone Development
720 North 13th Street
Omaha, NE 68102

Re: Financing for Cass St. Apartments, LLC. A proposed 450 unit project located at approximately 70th & Cass Street, Omaha, Nebraska

Dear Debra:

Thank you for looking to U. S. Bank for your proposed project and I look forward to working with you and Christian. With your success on past projects and our current banking relationship; U. S. Bank will strongly consider financing for the proposed apartments. It appears there will be a need for approximately \$46,500,000 to include construction funds of approximately \$40,000,000 and \$6,500,000 to fund a tax increment note. The amounts may vary as you move forward with the final cost and budgeting process; but making a \$54,000,000 investment in the old Temple Israel site is exciting, and I am sure the project will provide great stimulus to the area.

From an interest rate standpoint, there are indications rates may increase in the next year to 18 months; but our construction rate would be similar to those on our past projects. At this time I anticipate a rate on the TIF portion of 6.0% to 6.25%.

Thanks, and call with any questions.

Sincerely,

Stephen G. Bodner
Senior Vice President

Attachment (E)
Organization Documentation

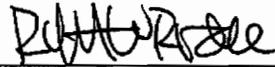
See attached.

**CERTIFICATE OF ORGANIZATION OF
CASS ST. APARTMENTS, LLC**

The undersigned, desiring to form a limited liability company (the "Company") under the Nebraska Uniform Limited Liability Company Act, does hereby state as follows:

1. Name. The name of the Company is Cass St. Apartments, LLC.
2. Designated Office. The designated office of the Company is 720 North 13th Street, Omaha, Nebraska 68102.
3. Registered Agent and Office. The name and address of the registered agent of the Company is Robert W. Rieke, 500 Energy Plaza, 409 South 17th Street, Omaha, Nebraska 68102.

Executed by the undersigned organizer on this 9th day of January, 2014.



Robert W. Rieke, Organizer

Attachment (F)
Reports and Studies

See attached Market Study letter from Tracy Cross and Associates.



TRACY CROSS & ASSOCIATES, INC.

January 17, 2014

Mr. Christian Christensen
Bluestone Development
720 North 13th Street
Omaha, NE 68102

Dear Mr. Christensen:

At your request, Tracy Cross & Associates provided market positioning recommendations for rental apartment development within the former Temple Israel property aligning Cass Street at 70th Street in the Midtown district of the city of Omaha, Nebraska. This letter highlights salient market dynamics in support of our December 2013 market positioning report.

***The Proposed
Development***

As conceptualized by Bluestone Development, the Cass Street Apartments would consist of 463 apartment units *to be developed in phases* and distributed within two four-story residential buildings developed over structured parking. The "U-shaped" buildings will surround extensive private landscaped lawns and recreational amenities. As the property features an elevated terrain canopied by numerous mature trees, redevelopment plans have been carefully designed to *preserve as many of the century-old trees* as possible in order to maintain the aesthetic integrity of the site and its environs. Phase One, *which was the subject of our analysis*, consists of 228 rental apartments within the planned northeast building.

Architectural concepts envision a variety of studio, convertible, one and two bedroom plans ranging in unit size from 552 to 1,168 square feet *exclusive of balcony*. Overall, Phase One of Cass Street Apartments will provide 152,645 net leasable square feet, with the average apartment residence offering 669 square feet of living area. Posted base lease rates, which are presented in current dollars, are expected to extend from \$820 to \$1,490 monthly, with an average 669 square foot apartment home carrying a posted base monthly rent of \$946 or \$1.41 per square foot.

All apartments will feature an enhanced level of interior appointments commensurate with higher-quality new construction apartment development found throughout metropolitan Omaha, including stainless steel kitchen appliances, granite kitchen countertops/islands, in-unit washer and dryer, walk-in closets in all master bedrooms, internet and cable television access, and some modest level of in-unit storage. It is expected that the tenant will be responsible for all utilities.

Extensive community amenities are planned, including a club room, cyber café and resident business center, 24-hour fitness center with separate yoga studio, a mini-recording studio for social networking, and a lushly landscaped interior great lawn with defined courtyard terraces for socializing, a designated grilling area, a fireside lounge and urban garden, along with a heated outdoor swimming pool

and sun deck, as well as a private walking/jogging path with fitness stations and strategically-placed benches and gazebos for private reflection. A dog washing station and bicycle storage lockers will be provided in the parking garage.

Finally, at completion, the 463-unit Cass Street Apartments will provide a total of 545 parking spaces to accommodate resident and guest parking translating to an overall parking ratio of 1.2 to 1.0. Parking will be distributed among 136 enclosed assigned spaces *per building* which will require an incremental fee of \$85 monthly, along with 273 general off-street parking spaces.

**General
Conclusion**

As stated in our December 2013 report, the 228-unit initial phase of Cass Street Apartments represents a viable development opportunity, with this conclusion based upon a synthesis of market factors summarized as follows:

- First and foremost, the Cass Street property is well situated relative to regional employment as well as major transportation systems, affording future residents ease of access to employment concentrations downtown and in satellite corridors aligning the I-80/680-480/29 highway system. Also, from a marketing standpoint, the property is highly visible and accessible, proximate to established consumer services and a variety of dining and entertainment venues.
- In tandem with the nation as a whole, the greater Omaha region is climbing out of the most recent recession which will have a positive influence upon absorption potentials at Cass Street Apartments. For example, nonfarm payrolls in the MSA advanced by an average of 6,100 workers in 2012, representing a year-over-year increase of 1.3 percent. Although nonfarm employment growth moderated slightly through the first eleven months of 2013, the 5,300 workers added year-over-year nonetheless reflect an employment growth rate of 1.1 percent. Going forward, employment gains in greater Omaha should continue with this conclusion supported by the region's very diversified economy and strength seen among its major employers. ConAgra, Union Pacific, Berkshire Hathaway, Gallup and PayPal, for instance, are headquartered in Omaha, while the healthy presence of other companies in transportation, communications, technology, agriculture, and financial and insurance services provide a very strong foundation for future growth as well as protection against periods of slower economic activity like those recently witnessed.
- The Omaha region's rental apartment sector remains strong, particularly in the Midtown and Downtown districts of Central Omaha. Specifically, since 1999 and through the 3rd Quarter 2013, among all asset classifications annual net absorption region-wide has averaged 579 units. During the 13.75-year timeframe, Central Omaha represented roughly 22 percent of net absorption or 125 units annually. However, while rental apartment absorption has been concentrated in suburban areas (which accounted for 96 percent of net absorption through the 1999-2009 period), Omaha's urban core has reversed trends during the more recent 2010-3rd Quarter 2013 timeframe, accounting for some 40.6

percent of region-wide net absorption (or an annualized 402 units). The strength of the urban core's rental market is reflected in adaptive reuse of commercial properties along with a modicum of new construction alternatives. Examples include 8 Street, 9ines, 22 Floors, The Bank, Bloc 12, L14 Flats, Capitol Rows, The Highline, The Slate, and The Barker downtown, along with the Broadmoor and Pinhook Flats programs at Aksarben Village and, Spaces which is currently under construction in Midtown.

- Focusing upon Central Omaha, vacancies among *all asset classifications* stood at 3.6 percent in September 2013, representing the lowest vacancy levels seen in the Midtown/Downtown area since December 2001 when overall vacancies stood at 3.1 percent. For perspective, a market is considered balanced when vacancies hover in the 5.0 to 6.0 percent range which allows for movement within the marketplace. More to the point, only 24.3 percent or 3,042 rental units in Central Omaha represent *new construction alternatives built since 2000*. Isolating upon these newer units, which are distributed among 30 separate developments, vacancies are *tight* with 28 stabilized developments reflecting a vacancy factor of 4.1 percent or a mere 115 units available.
- In Central Omaha, new rental construction has been concentrated in the Midtown district, host to twelve new communities providing a collective 1,734 new units or 57.0 percent of new rental construction in Central Omaha. Vacancies among stabilized newer Midtown developments currently stand at 4.6 percent.
- Throughout Central Omaha, nine separate new developments achieved stabilized occupancies during the 2010-3rd Quarter 2013 timeframe. These include *Capital Rows, The Bank, Oaks at Longview, Broadmoor at Aksarben Village-Villas, L14 Flats, Urban Village-The Art Deco's, 8 Street, Pinhook Flats at Aksarben Village II* and, most recently, *The Slate*. Overall these nine new communities generated an average absorption rate of 10.2 units per month, an absorption pace consistent with the 9.6 unit per month absorption forecasted at Cass Street Apartments-Phase One. Similarly, Central Omaha's two newest downtown developments, The Highline and The Barker are undergoing initial lease-up and are currently generating an overall absorption rate of 13.5 units monthly, a level modestly higher than absorption rates forecasted for Cass Street Apartments, with this differential primarily reflecting variances in location and project scale.
- In September 2013, posted base asking rents among the 57 newer (post-1985) apartment developments in Central Omaha averaged \$920 monthly for a typical 901 square foot apartment home. This translates to a value ratio of \$1.02 per square foot, a level 3.0 percent higher than the \$0.99 per square foot value noted in August 2012, and stands a substantial 18.6 percent higher than the \$0.86 per square foot value noted among all asset classifications in Central Omaha. By sub-area, posted rents averaged \$0.97 per square foot in Midtown, up 3.2 percent year-over-year, while rents Downtown average \$1.12 per square foot or a 2.7 percent increase over August 2012.

Mr. Christian Christensen
Bluestone Development
January 17, 2014
Page 4

- Benchmark rent rates established for Cass Street Apartments appropriately position the development relative to the newest and/or most directly competitive developments in Central Omaha. For example, benchmark base rents place Cass Street Apartments (on average) roughly \$113 monthly higher than posted lease rates at the two Pinhook Flats programs in Midtown when their respective rents are adjusted to exclude parking. Similarly, the benchmark base rents position the proposed development \$71 monthly above comparably-sized units at Midtown Crossing and an appropriate \$221 monthly above *scattered site* rental buildings marketed under the Urban Village-Flats banner. Also, while base rents do reflect a nominal \$34 monthly below average variance relative to Urban Village-Art Deco's and Broadmoor at Aksarben Village-Villas, this positioning is viewed as appropriate given the scale of the proposed Phase One program at 228 units. These variances, coupled with the *extensive* community amenities to be provided, is reflected in the higher forecasted absorption rate of 9.6 units monthly, compared to the 6.0 unit per month absorption noted in the Art Deco's program and the 7.2 unit per month pace achieved at Broadmoor-Villas during their respective stabilization periods.

- Finally, and perhaps most importantly, the conceptualized Cass Street Apartments are consistent with comprehensive planning initiatives established by the City of Omaha which specifically identify the need for new transit and pedestrian-oriented urban housing as part of the overall re-gentrification of the Midtown district.

Respectfully submitted,

TRACY CROSS & ASSOCIATES, INC.


HollyAnn Eageny
Vice President Client Services

HE/

Attachment (I)
Audited Financial Statement of Entity

Cass St. Apartments, LLC is a privately held company. Financial statements are available upon request by the City. These financial statements are not to be part of the public record.