



City of Omaha
Jean Stothert, Mayor

Planning Department

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David K. Fanslau
Director

June 27, 2023

Honorable President

and Members of the City Council,

The attached Resolution approves the designation of a Community Redevelopment Area (CRA) within the City of Omaha, and approves designation of the same area as an Extremely Blighted Area (EBA), for a limited portion of an overall study area with general boundaries as follows:

NORTH	Sorenson Parkway, between North 60 th and North 72 nd Streets;
EAST	North 60 th Street between Park Lane Drive and Sorensen Parkway;
SOUTH	Ogden Street and Grand Avenue (generally) between North 60 th and North 72 nd Streets;
WEST	North 72 nd Street, between Ogden Street and Sorensen Parkway.

The boundaries of the overall study area, the North Omaha 60th & Sorensen Pkwy CRA and EBA, are shown on Map A, which is part of the analysis and study report labelled Exhibit I. The study area is comprised of Block Group 2 of Census Tract 65.06. The area recommended for the CRA and EBA designations is a smaller portion of Block Group 2, as shown on Map B, in Exhibit I.

A CRA must be blighted and substandard and be an area in need of redevelopment, as set forth in Nebraska's Community Development Law. A study of the proposed CRA was conducted by the City of Omaha Planning Department. This study area displays the following conditions, which qualify the area to be designated a CRA under the Nebraska Community Development Law:

- Older infrastructure in poor condition
- Having an unemployment rate of 6.83%, which exceeds 120% of the States' unemployment rate of 3.39%.
- Obsolescence of structures-buildings having a median age of more than 46 years, exceeding the threshold of a 40-year average age, and having overall building conditions that are generally below city wide average conditions.
- Having an overall average per capita income of approximately \$18,252 which is lower than the overall City per capita income of \$34,449.

It is the Planning Department's assessment that conditions in the area comply with the requirements of State Law and warrant the CRA Designation. The designation of a CRA is necessary to use Tax Increment Financing (TIF) for future redevelopment.

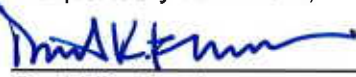

An EBA, as defined in Nebraska's Community Development Law, must exceed the threshold requirements related to the area's poverty rate and unemployment rate. A study of the area to be designated a CRA was conducted by the City of Omaha Planning Department. This study area displays the following conditions which qualify the area to be designated an EBA under the Nebraska Community Development Law:

- Having an unemployment rate of 6.83%, which exceeds 200% of the States' unemployment rate of 3.39%.
- Having a poverty rate of 30.53%, which exceeds the threshold of 20%.


The Planning Board approved the designations of the proposed area as a Community Redevelopment Area and as an Extremely Blighted Area at the May 3, 2023 public hearing.

Your favorable consideration of this Resolution will be appreciated.

Respectfully submitted,

 6-9-2023
David K. Fanslau
Planning Director  Date

Referred to City Council for Consideration:

 6-13-23
Robert G. Stubbe, P.E.
Public Works Director Date

Approved:

 6/13/23
Stephen B. Curtiss
Finance Director  Date

 6/14/23
Mayor's Office Date

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Notice of Publication and Public Hearing: June 29, 2023 and July 6, 2023

Public Hearing: July 18, 2023

RESOLUTION NO. _____

City Clerk Office Use Only:

Publication Date (if applicable): _____

Agenda Date: _____

Department: _____

Submitter: _____

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 the conditions which are detrimental to the public health, safety and welfare by developing vacant, underutilized property within these neighborhoods; and,

WHEREAS, Nebraska State Statute Section 18-2109 requires that before any redevelopment plan be prepared, the City Council must declare that the proposed redevelopment area, hereinafter called a community redevelopment area (CRA), meets the standards established by Nebraska's Community Development Law as being a substandard and blighted area in need of redevelopment; and,

WHEREAS, Nebraska's Community Development Law was amended as a result of Nebraska's 106th legislative session which added the definition of Extremely Blighted Area (EBA), State Statute Section 18-2103 (13), and which was primarily intended to promote home-ownership and to facilitate affordable housing development throughout the State of Nebraska; and,

WHEREAS, a non-refundable state income tax credit of five thousand dollars (\$5,000.00) could be available to qualifying individuals who purchase qualifying residences as a primary residence in "designated extremely blighted areas"; and,

WHEREAS, a broad area was studied to establish qualifying Community Redevelopment Areas and Extremely Blighted Areas that also contained the potential redevelopment projects pursuant to the analysis as shown in "Map B" located within "Exhibit I", attached hereto and made a part hereof; and,

WHEREAS, the study of the North Omaha 60th & Sorensen Parkway CRA and EBA located within Census Block Group 2 located within Census Tract 65.06, consisting of approximately 3.74 acres, and generally located south and west of North 60th Street and the Sorensen Parkway, as shown in "Map B" located within "Exhibit I", attached hereto and made a part hereof, is hereby declared to qualify as a substandard and blighted area in need of redevelopment and meets the standards of an Extremely Blighted Area in compliance with the requirements of Nebraska Community Development Law and is hereby designated as a both a Community Redevelopment Area and an Extremely Blighted Area as shown on Exhibit "I"; and,

WHEREAS, the proposed CRA and is within the corporate limits of the City of Omaha, and the proposed Extremely Blighted Area is within an area concurrently being

RESOLUTION NO. _____

designated as a CRA, and will be designated as both "Community Redevelopment Area" and as "Extremely Blighted Area"; and,

WHEREAS, this analysis and designation shall supplement and not supplant the areas already declared blighted and substandard within the study area and shall recertify the areas within the study area already declared blighted and substandard; and,

WHEREAS, at its public hearing on May 3, 2023, the City of Omaha Planning Board approved the request that the North Omaha 60th & Sorensen Pkwy CRA designation be designated a Community Redevelopment Area and as an Extremely Blighted Area; and,

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

THAT, the North Omaha 60th & Sorensen Pkwy CRA and EBA located within Census Block Group 2 of Census Tract 65.06, consisting of approximately 3.74 acres, and generally located south and west of North 60th Street and the Sorensen Parkway, as shown in "Map B" located within "Exhibit I", is hereby declared to meet the standards of a substandard and blighted area in need of redevelopment and to meet the standards of an Extremely Blighted Area in compliance with the requirements of Nebraska Community Development Law and is hereby designated as a both a Community Redevelopment Area and an Extremely Blighted Area.

3399 nsp

APPROVED AS TO FORM:


ASST. CITY ATTORNEY

6/9/2023
DATE

Adopted: _____

Attest: _____
City Clerk

Approved: _____
Mayor

North Omaha 60th & Sorensen Pkwy CRA and EBA

Community Redevelopment Area (CRA) Designation

Southwest of Sorensen Parkway and 60th Street

This analysis first defines a study area based on US Census geography, then examines the demographic data specified in the State of Nebraska's Community Development Law as the criteria for determining an area's eligibility for designation as a Community Redevelopment Area (CRA). The overall condition of the built environment within the study area is then also examined for determining eligibility for a CRA designation. The built environment is comprised of buildings, structures and public infrastructure. The purpose of this analysis is to determine whether the study area qualifies for formal designation as a CRA and to establish boundaries that are consistent with the law.

When it is determined that the entirety of a study area meets the criteria for CRA designation, additional factors are evaluated to determine whether designation should encompass the entire area or if a more limited portion of it should be designated. Existing land uses, zoning designations, and the City's future land use plan are factors that help determine which portions of the study area warrant designation, as these reflect the potential for future redevelopment projects.

The analysis in this report relies on U.S. Census Bureau data at both the Census Tract level and the Block Group level. The study area examined in this report is Block Group 2 of Census Tract 65.06. Data for the larger Census Tract level area is also examined, which serves as a cross reference for the Block Group level findings.

The data and analysis that follows in the remainder of this report establish that the study area comprised of Block Group 2 Census Tract 65.06 meets the criteria for CRA designation of the Nebraska Community Development Law. Further analysis also shows that the entire Census Tract also meets the criteria for designation. A review of the zoning and future land use plan indicate that areas likely to experience investments in moderate to large scale economic redevelopment projects are limited in the area. Therefore the study ultimately recommends CRA designation for only a relatively small portion of Census Block Group 2.

The study area boundaries follow Census geography. They are irregular and the written description, below, is generalized. However, the boundaries of the Census Tract of the study area, which contains Block Group 2 is specifically illustrated on Map A:

NORTH	Sorensen Parkway, between North 60 th and North 72 nd Streets;
EAST	North 60 th Street between Park Lane Drive and Sorensen Parkway;
SOUTH	Ogden Street and Grand Avenue (generally) between North 60 th and North 72 nd Streets;
WEST	North 72 nd Street, between Ogden Street and Sorensen Parkway.

The overall study area is largely comprised of single family residential properties, with four well defined residential subdivisions. The homes in these four areas generally were constructed in the early and mid-1960s. Census Tract 65.06 contains Roncalli Catholic High School, the City's Orchard Park and its picnic area, ball fields and playground, Hartman Elementary School, Springwell Cemetery, the Ville De Sante senior living complex, the Life Care Center of Omaha, the Quality Living Rehabilitation Campus, and a few contemporary apartment complexes. The Kingdom Hall of Jehovah's Witnesses church is also located in the eastern part of the study area. A number of relatively newer commercial developments are located along north 72nd Street. On the whole, vacant properties available for new commercial and/or multifamily developments are scarce. The infrastructure is relatively old compared to the City overall. Street paving is in poor condition in some locations and many of the sidewalks are of substandard width.

Nebraska Community Development Law

Section 18-2103 of Nebraska Community Development Law establishes specific criteria for local governments to examine when considering an area for formal designation as a CRA. The purpose of this evaluation is to identify and compare the characteristics of the study area to the established criteria and thereby determine whether such designation is appropriate. If the area is deemed qualified and eligible for the designation, the governing body – in this case the City of Omaha – may declare the area to be a CRA, enabling the City to seek the remedies established by law. A formal declaration of the substandard and blighted conditions allows the creation of an area redevelopment plan for the designated area. The area redevelopment plan describes the existing conditions of the area and identifies the redevelopment activities that will be undertaken to reduce or eliminate the deteriorating conditions within the area. The following written analysis establishes that there are conditions within a portion of the study area that meet the state law requirements. The boundaries of that area are defined in this study, and the area recommended for CRA designation can properly and legitimately be established as a CRA by the Omaha City Council.

Land Use

Block Group 2 of the Census Tract is the focal point of the study area. It is about 215.9 acres in size, including the street rights of way, and has 332 parcels. Residential is the largest category of land use in the area, occupying about 31.8 percent of the land area. Exempt properties, including government and religious uses, occupy about 10.5 percent of the area. Commercial uses comprise about 24.4 percent of the land uses, and there are no Industrial uses.

Land Use		
<u>Land Use</u>	<u>Acres</u>	<u>Percent</u>
Civic, Religious, Exempt	22.75	10.54%
Commercial	52.65	24.39%
Industrial	0.00	0.00%
Residential	68.64	31.79%
Vacant	15.47	7.17%
Street ROW	<u>56.39</u>	<u>26.12%</u>
Total	215.9	100.00%

Criteria for Community Redevelopment Area (CRA) Designation

The State of Nebraska's Community Development Law sets forth several specific requirements that must be met for a City to designate a Community Redevelopment Area. The terms "Sub-standard" and "Blighted" are each defined separately in the law, and each has its own specific set of requirements. A geographic area under consideration for CRA designation must meet the requirements of both definitions. Additionally, the term "blighted" is further broken down into two components; Part A and Part B. The study area must also meet the requirements of both parts A and B of the "blighted" definition to be eligible for designation as a CRA.

The following includes a description of each criterion, an explanation of why the subject area does or does not meet the criterion and a determination: a "Yes" or "No" response indicating whether the criterion is met.

Blighted; Part A

The Nebraska Community Development Law definition of Blighted:

...which by reason of the presence of a substantial number of deteriorated or deteriorating structures, existence of defective or inadequate street layout, faulty lot layout in relation to size, adequacy, accessibility, or usefulness, insanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the fair value of the land, defective or unusual conditions of title, improper subdivision or obsolete platting, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, substantially impairs or arrests the sound growth of the community, retards the provision of housing accommodations, or constitutes an economic or social liability and is detrimental to the public health, safety, morals or welfare in its present condition...

The physical characteristics observed in the study area demonstrate that the Part A definition of "blighted" described in Nebraska Community Development Law is applicable. The area is an older part of Omaha that was developed about 55 years ago. The buildings, overall, are in fair to average condition and do not demonstrate pervasive blight in the area, but street and sidewalk pavement conditions show some deterioration, the street layout is not ideal, and the general infrastructure systems need improvement.

The Douglas County Assessor utilizes a hierarchy of building condition ratings to establish the assessed value of properties with improvements. The hierarchy of building condition categories, as listed from the best condition to the worst in descending order, are: "very good," "good," "average," "fair," "poor," and "worn out." Within Block Group 2, there are only 26 residential properties designated as "Good" or "Very Good." Those designated as Average number 245, and the remaining 24 residential properties are considered below average (e.g. "Fair" or "Poor"). There are four commercial parcels within the area recommended for CRA designation. None are above the "Average" category. One property is designated as "Fair" and three are considered "Average."

Criterion met? Yes.

Blighted; Part B

Several components are set forth in Part B of the Community Development Law to determine if an area meets the definition of the term “blighted.” These are quantifiable criteria. In the Blighted, Part B criteria, only one component needs to be considered affirmatively to meet the definition of “blighted.”

For four of five components, U. S. Census data provides the necessary information for determining whether the blight criteria is met. The geographic area analyzed in this study involves Census Tract 65.06, and Census Block Group 2 located within that Census Tract. The City examines the data at both the Census Tract level and the Block Group level as a way to cross reference data to help ensure accuracy, and as a means to ensure that data validity at the Census Block Group level is verified and not skewed by some localized anomaly.

The 2010 and 2020 Census data is used for the population counts, as required by Community Development Law. Data from the U.S. Census Bureau’s five year American Community Survey (ACS) data is used for the other criteria as it provides the most current and relevant data for the economic criteria. In this case, the 2021 5-year ACS data is the most current, and has been used for the evaluation.

Each component of the Part B definition of blight is listed below along with an explanation of results and whether the three Block Groups involved in the study area meet the criterion.

1) Unemployment in the designated area is at least one hundred twenty percent of the state or national average.

According to the 2021 American Community Survey (ACS) published by the U.S. Census Bureau, the unemployment rate for the State of Nebraska is 3.39 percent. One hundred-twenty percent of the state rate therefore sets the threshold for this TIF criterion at 4.07 percent. The unemployment rate for the entirety of Census Tract 65.06 is 9.88 percent. The unemployment rate for Block Group 2 of Census Tract 25 is 6.83 percent. It should be noted the margin of error at the Census Tract level is +/- 3.8 percent, and with smaller areas such as Block Groups the margin of error is even larger and therefore more significant.

Criterion met? Yes.

2) The average age of the residential or commercial units in the area is at least forty years.

According to the U.S. Census Bureau, the median age of residential structures in both Census Tract 65.06 and in Block Group 2 of that Census Tract exceeds the threshold requirement of 40 years. Census data establishes the median year built of the Census Tract to be 1971 (e.g. a median age of 51 years), and the median year built in that Tract’s Block Group 2 to be 1976 (e.g. a median age of 46 years). The median age in both geographical areas exceeds the required threshold of 40 years.

Criterion met? Yes.

- 3) **More than half of the plotted and subdivided property in an area is unimproved land that has been within the city for forty years and has remained unimproved during that time.**

The majority of the lots in the study area have been developed with improvements.

Criterion met? No.

- 4) **The Per Capita Income (PCI) of the area is lower than the average per capita income of the city or village in which the area is designated.**

According to the 2021 U.S. Census American Community Survey, the PCI for Omaha is \$34,449. The PCI for the entirety of Census Tract 65.06 is \$19,874, which is considerably less than the City overall. The PCI for Block Group w2 within that Census Tract is even less, at \$18,252. Thus both of the geographical areas examined have a PCI less than the overall Citywide PCI.

Criterion met? Yes.

- 5) **The area has had either stable or decreasing population based on the last two decennial census counts.**

State Community Development Law considers an area's population to be stable or decreasing when the population has a growth rate less than five (5) percent. The rationale is that areas with a rapidly growing population are developing quickly, and therefore can not be considered to be "blighted." According to the 2020 and the 2010 U.S. Census counts, the population of the entirety of Census Tract 65.06 grew by 19.9 percent, which does not meet the criteria for CRA designation eligibility. The population of Block Group 2 of Census Tract 65.06 grew by 20.8 percent. The population change in both areas is greater than the 5.0 percent threshold set forth in state law. The population of these areas grew too much to be eligible for designation under this criteria.

Criterion met? No.

Three of five of the components of Part B of the definition of blight are affirmative. These include the median year built, the low per capita income, and the relatively high unemployment.

Criterion Met? Yes.

Substandard

The following is the definition of the term "substandard," as adopted into Nebraska Community Development Law:

An area in which there is a predominance of buildings or improvements, whether nonresidential or residential in character, which, by reason of dilapidation, deterioration, age or obsolescence, inadequate provision for ventilation, light, air, sanitation, or open spaces, high density of population and overcrowding, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, is conducive to ill health, transmission of disease, infant mortality, juvenile

delinquency, and crime, (which cannot be remedied through construction of prisons), and is detrimental to the public health, safety, morals, or welfare.

The criteria described in the definition of the term “substandard” is very similar to the criteria in the Part A definition of “blighted.” Both definitions put an emphasis on the age and condition of buildings and the public infrastructure. Thus the observations in the following paragraph are somewhat repetitious of the descriptions under the “Blighted, Part A” section of this study.

The characteristics observed in the overall study area exhibit sufficient age, wear and tear such that the definition of “substandard” set forth in Nebraska Community Development Law is applicable. The buildings in the study area are older than the 40 year threshold, and the windshield survey reveals that deferred maintenance and deterioration are clearly present, although not to an extreme extent. Overall, the building conditions are average and the area is not considered badly deteriorated based solely upon the conditions of the homes. But the infrastructure is also old and aging, and generally is in poorer condition than the privately owned buildings. The street and sidewalk pavement conditions show some deterioration, the street layout is not ideal, and the general infrastructure systems need improvement.

Criterion met? Yes.

Extremely Blighted Area (EBA) Analysis

The Community Redevelopment Area (CRA) designation is the foundation for establishing the use of the Tax Increment Financing (TIF) tool. The Extremely Blighted Area (EBA) designation builds upon the City’s efforts to support redevelopment opportunities in more challenging areas; areas where specific redevelopment goals are emphasized. TIF is a mechanism to assist financing redevelopment whether it is located in a CRA or an EBA. Since a project located within a CRA already qualifies for TIF, the City of Omaha endeavors to continue enhancing redevelopment efforts through the designation of EBAs which may involve the use of TIF.

Request for Study to Designate a New Extremely Blighted Area (EBA)

The City of Omaha Planning Department received a request to examine the area previously describe in this study to determine its eligibility for the additional designation as an EBA. Within an EBA, the potential TIF project owner may be eligible for a 20 year TIF term rather than the 15 year term typically used in a CRA.

Designation of the study area as an EBA will provides other new benefits that assist revitalization of the areas. EB designation allows qualified homebuyers purchasing homes as their primary place of residence to be eligible for a state income tax credit. The Nebraska Department of Revenue can provide details about this credit. The potential TIF project owner would also be eligible for special funding through a state affordable housing development program.

Process, and EBA Eligibility Criteria

Nebraska Community Development Law establishes the standards for an area to be eligible for an EBA designation. The two criteria are based on US Census Data, using the most current five year ACS data available (American Community Survey data). The standard of measurements or threshold criteria for qualifying as an EBA are summarized as follows:

- Average rate of poverty for the selected Census geographies of the study area must be greater than 20 percent, and
- Average rate of unemployment for the selected Census geographies of the study area must be at least 200 percent of the average unemployment rate in the state during the same time period. Nebraska's average unemployment rate at the Census Block Group level according to the 2019 ACS Five (5)-Year Estimates was 3.3 percent, while 200 percent of this rate was 6.68 percent.

Omaha City Planning staff use the most current Census data available for conducting the EBA analysis. The data used in this report is the U.S. Census Bureau's 2021 ACS Five (5)-Year Estimates.

EBA Findings

The average rate of poverty for the study area, Block Group 2 of Census Tract 65.06, was 30.5 percent, which exceeds the eligibility threshold. The average rate of unemployment for the study area was 6.83 percent, which exceeds the 6.68 percent threshold that represents 200 percent of the statewide 3.3 percent unemployment rate.

Recommendation

The Planning Department recommends approval of both the requested CRA and EBA designations for the four parcel area recommended for CRA designation within this report.

ATTACHMENT:

Map A; Study Area

Map B: Proposed CRA boundaries.

MAP A - Study Area; Block Group 2 of Census Tract 65.06

