The purpose of this report is to share how the City of Omaha has used TIF to promote community redevelopment and economic development with an overview of the past 17 years. An annual TIF report will be produced by the Planning Department, Economic Development staff in subsequent years.
Executive Summary

Tax Increment Financing ("TIF") is a redevelopment and economic development tool used by the City of Omaha to help finance the costs of certain projects in areas needing redevelopment and revitalization.

When one explores Omaha today, the presence and impacts of TIF are evident. Helping to establish destination places to live, work and play, and revitalizing our community have been strategic goals of TIF through public-private partnerships. TIF has been a catalyst for other investments by non-TIF projects that help supplement with additional goods and services in the same areas. Thriving commercial, entertainment, and housing options have replaced vacant or underutilized land. Public infrastructure improvements have been constructed that may otherwise have been delayed. Vacant, historic structures, such as a former train station and an old postal annex, have been given new life. The addition of ground-floor retail in some projects has created better pedestrian environments and stimulated economic activity. The Omaha we experience today would be very different without the use of such an important community redevelopment tool.

This report provides a summary of the TIF Program in Omaha from 2000 – 2016. The report focuses only on approved TIF projects during this timeframe, not projects still within the approval process.

Omaha follows nationwide best practices in utilizing TIF to eliminate blighted and substandard conditions as defined by Nebraska’s Community Development Law (CDL). Two major factors differentiate TIF in Omaha from other major jurisdictions:

1. Omaha has one of the shortest pay-back periods for TIF loans in the nation at 15 years. Many municipalities in neighboring states have 20 years or more.
2. The City primarily utilizes developer-financed TIF, which means that the City does not incur financial risk when issuing a TIF loan.

This report attempts to summarize the data that has been collected by Planning Department staff and illustrate the high level impacts TIF has had on Omaha and its neighborhood communities. A separate study(s) will be conducted in the future to provide a more detailed analysis of the impact of the Omaha TIF program.

Some highlights from the analysis in this report are as follows:

- Omaha has approved about 273 TIF projects between the years 2000 - 2016.
- Since 2000, $445 million, plus accrued interest, in TIF loans were issued to leverage $3.7 billion in redevelopment dollars; this $445 million accounts for amendments and cancellations/rescissions of TIF projects.
- 32% (or 88 TIF projects) of approved TIF projects were in the Downtown area, the highest of any area in the city
- 41% of TIF loan dollars invested were in the Downtown area, the highest of any area in the city
- 44% (or 121 TIF projects) of approved TIF projects were residential projects, the highest of any use category.
- 33% of TIF loan dollars invested were for mixed-use projects, the highest of any use category
- Between the years 2000 – 2016, approximately 112 TIF projects paid off their loans, and/or reached the 15 year term.

Omaha has one of the shortest pay-back periods for TIF loans in the nation at 15 years. Many municipalities in neighboring states have 20 years or more.
What Is TIF?

Tax Increment Financing (TIF) in Nebraska was initially designed to finance the public costs associated with private development.

TIF is a tool for capturing future tax benefits of real estate improvements for the purpose of paying the present cost of improvements. It directs funding toward improvements in distressed or underdeveloped areas where development typically would not otherwise occur. Essentially, as shown in Figure 1 below, the new, incremental tax revenue increases resulting from a redevelopment are targeted to repay the investments made by a project.

In 1980, the voters of the State of Nebraska approved the use of TIF to help finance redevelopment projects. In 1984, State voters approved an amendment extending the use of TIF to help finance rehabilitation projects as well.

Figure 1 - Basic TIF Model

TIF has emerged as one of the City of Omaha’s most effective community redevelopment and economic development tools. Tax Increment Financing must be used in accordance with criteria established by the Nebraska Community Development Law (CDL). These criteria assure that projects fulfill the City of Omaha’s redevelopment objectives.
What Is TIF’s Purpose?

Best practices indicate that the ideal uses of TIF are as follows:

- To remove blight
- To direct public finance resources in accordance with a community plan or policy
- To finance public infrastructure
- To address remediation of environmental issues
- To encourage adaptive reuse of older structures

The uses of TIF in the City of Omaha follow the best practices referenced above in accordance with criteria set forth in the Nebraska Community Development Law. In addition, the City’s TIF Guidelines establish goals, criteria, and procedures for evaluating proposals requesting TIF within the City. The three goals are:

1. Support and Encourage Economic Development
2. Support and Encourage Community Development and Neighborhood Revitalization
3. Support and Encourage Sustainable Development

These goals and the more specific evaluation criteria contained in the City’s TIF guidelines ensure that its use aligns with the community’s vision and mission and encourages high quality redevelopment that would not otherwise occur without TIF.

A. TIF Eligible Development Uses

The CDL establishes the uses for redevelopment projects. The law was written to give each redevelopment authority the ability to utilize the statute in a manner that fits the redevelopment authority’s vision and goals for accomplishing redevelopment. The City of Omaha is a redevelopment authority.

Encouraging redevelopment in areas where it otherwise may not occur is a common practice of redevelopment authorities. The continuance of blighted and substandard conditions hinders revitalization in a community. It can also prevent the re-introduction of land and property back on the tax rolls to enhance the tax base for taxing jurisdictions. New investment in these areas usually results in increased property values over time. Without re-investment, the result is often deterioration and decay of the physical structures, the under-utilization of land, and a decline in the quality of life.

TIF plays an important role in financing public improvements, including streets, water and sewer systems, sidewalks within the right-of-way, and utility connections within a development project. In this manner, TIF becomes a public-private partnership tool to enhance property values with attractive streets and streetscapes, public open spaces, better image and community marketing, upgraded development, and improved traffic safety.

In summary, TIF is used as tool to leverage opportunities to encourage redevelopment that aligns with the City’s vision and mission identified in the City’s Master Plan. The City of Omaha has determined the following uses of TIF:

- Public improvements associated with the TIF Redevelopment Project Plan;
- Acquisition costs of a redevelopment project;
- Site preparation to include: demolition, grading, surcharging, special foundations, and other pre-development work prior to construction of the project such as architectural and engineering services related to the project as well as environmental services and studies;
- Utility extensions and hookups to the property line;
- Rehabilitation, major renovations, and retrofitting of structures (TIF will not cover normal maintenance and repair costs related to a property);
- Public parking structures;
- Traffic studies, market studies and appraisals associated with the TIF redevelopment project site;
- TIF fees.
The following are examples of public infrastructure improvements constructed with the help of TIF.

- Street improvements along Leavenworth Street east of 7th Street constructed as part of The Breakers redevelopment.

- Streetscape and benches in Aksarben Village.

- Streetscape along Douglas Street constructed as part of the Highline 2.0 apartments development.

- Streetscape along Douglas Street between 20th and 24th constructed in conjunction with the Highline 2.0 apartments development.
How Does TIF Work in Omaha?

The City of Omaha is the redevelopment authority which accepts TIF applications and approves the use of TIF.

The Planning Department – Housing and Community Development Division, Economic Development Staff receives the TIF applications and guide the applicant through the TIF approval process. Staff produces a Redevelopment Project Plan, based on the TIF application. The Redevelopment Project Plans are evaluated on zoning regulations, land utilization, compliance with the City’s Master Plan, and criteria set forth in the City’s TIF Guidelines and the CDL.

A. Community Redevelopment Areas (CRAs)

Community Redevelopment Areas as defined by the CDL “means a substandard and blighted area which the community redevelopment authority designates as appropriate for a renewal project.” Before a property can be considered for TIF, the property must be located in an area that has been declared a CRA.

Figure 2: City of Omaha Community Redevelopment Areas (CRAs)
How Does TIF Work In Omaha?

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B. TIF Approval Process

The TIF approval process begins with Planning Dept. economic development staff evaluation of the TIF applications. The TIF applications are evaluated based on the City’s overall vision and mission – the City Master Plan and all of its Elements and supportive studies - and compliance with Nebraska’s Community Development Law. Those applications are then presented to the TIF Committee for approval. The TIF Committee reviews and either approves or denies the TIF applications. Next, the staff prepares the TIF Redevelopment Project Plan(s) for the approved TIF application(s). The plan(s) is then presented to the Planning Board, which gives its recommendation of approval or denial of the TIF Redevelopment Project Plan. The City Council ultimately approves or denies the Redevelopment Project Plan. If the Redevelopment Project Plan is approved by the City Council, a Redevelopment Agreement will also have a public hearing before the City Council for approval or denial. Once the Mayor executes the Redevelopment Agreement, the TIF is authorized.
C. TIF Financing

Referring to best practices across the country, there are typically three sources of TIF revenues: property taxes, sales taxes and special assessments. In most cases, property taxes are the revenue source of choice. Many state statutes typically permit the capture of the newly generated property tax revenues (the TIF) as a way to help finance the project costs. The amount of the new incremental tax revenue is determined by setting a base assessed valuation of the project site on a specific date prior to the redevelopment occurring; new incremental tax revenues are the taxes above the those tax revenues generated by the base assessed valuation.

Until the new tax revenues (the TIF) are generated by the new project, bonds are a common method for financing those TIF eligible project costs that TIF would fund. The bonds issued by the redevelopment authority often pose repayment risk, which could jeopardize the operating funding source for that redevelopment authority. Nevertheless, as the TIF is generated - typically after the construction is complete, the project is occupied and the property has been fully assessed - the TIF is captured and forwarded to the funder of those eligible project costs. Each state’s statute dictates the period of time that the TIF is captured and remitted to the financier of those eligible project costs before ending the capture process and forwarding all taxes generated to the appropriate taxing jurisdictions.

In Omaha, property tax revenues are used as the source for TIF. All property taxes owed on the TIF redevelopment project site are paid to the Douglas County Treasurer’s Office. The incremental property tax revenue generated as a result of the new redevelopment is “captured” to repay eligible project costs. A base assessed valuation of the TIF redevelopment project site is established on a set date prior to the redevelopment occurring. The property tax revenue generated by the base assessed valuation are collected and forwarded by the Douglas County Treasurer’s Office to the various taxing jurisdictions.

Often, many redevelopment authorities issue bonds as a method for funding TIF eligible project costs until they are repaid by the incremental tax revenue generated. In Omaha, TIF is mostly developer-financed. In the developer-finance method, the developer presents a TIF redevelopment project to the City that aligns with the City’s overall vision and mission, and that has a financing gap in the project budget. That gap is targeted to be funded by TIF. The incremental property tax revenue generated becomes the repayment source for debt used to finance eligible project costs.

In order to move the TIF redevelopment project forward, the developer will typically secure financing for the TIF eligible project costs from a lending institution of its choice, usually a bank loan. The City will capture the increase in property tax revenues generated by the TIF redevelopment project site, on behalf of the developer, to repay the bank debt. This is all accomplished within a term of 15 years. After 15 years (or a shorter time period if the TIF redevelopment project pays off its loan early), all of the property tax revenues generated by the TIF redevelopment project are forwarded to the appropriate taxing jurisdictions.
How Has TIF Enhanced Omaha?

As members of the community venture around the city, they will encounter and experience the outcomes of Omaha’s TIF redevelopment projects.

A total of 273 TIF redevelopment projects have been approved in the City of Omaha between the years 2000 - 2016. The total property tax revenue diverted since 2000 is $435 million, plus accrued interest on those TIF loans, which has helped to facilitate $3.7 billion in total redevelopment within the City of Omaha. Certified copies of the final council documents, which include the Redevelopment Plan, Redevelopment Agreement and related Amendments, can be found on the TIF website under Archived TIF Documents and Reports. The web address for the TIF Program is https://planninghcd.cityofomaha.org/economicdevelopment/tif.

Major TIF redevelopments include the Airport Business Park, Omaha’s Riverfront, the Stockyards Business Park, the North Omaha Business Park, Midtown Crossing at Turner Park, Sorensen Park Plaza, and Aksarben Village. There are many other smaller TIF redevelopment projects throughout the eastern half of Omaha and within the business districts of some of Omaha’s older neighborhood communities. These redevelopments have helped to revitalize communities, create a variety of jobs, provide quality housing and entertainment options, and provide goods and services that did not previously exist in these areas.

The map below is an illustration of where the TIF projects are located in Omaha.

Figure 3: TIF Projects In Omaha (2000-2016)
A. Visual Story of TIF in Omaha Since 2000

TIF redevelopment projects have improved quality of life by transforming vacant or underutilized land into community assets for Omaha’s neighborhoods. Many of the areas had buildings or improvements which were dilapidated, deteriorated, and obsolete or had conditions which endangered life or property by fire and other causes. Also, many of the areas had unimproved or under-utilized land which displayed deterioration of the site, and improper subdivision or obsolete platting, to name a few conditions. These areas also had demographics related to population decline, high unemployment and/or low per capita incomes. Sometimes, entire properties required environmental remediation. These were all conditions which made the use of TIF for redevelopment allowable under the state statute.¹

The City’s TIF Guidelines address various goals to achieve with TIF. Supporting and encouraging economic development with the assistance of TIF has taken place through job creation and retention and business investment and expansions¹. A couple examples of these TIF redevelopment projects are Airlite Plastics Company and Mi Mama’s Tortillas. Airlite Plastics Company has been a long-time Omaha employer for more than 50 years. The company located in the Airport Business Park at 6110 Abbott Drive has provided and retained many jobs over the years as it has expanded locally. The company had an opportunity to expand and grow operations in a different state. The City’s ability to approve TIF for Airlite Plastics has allowed it to remain in Omaha and continue providing jobs locally. Mi Mama’s Tortillas located at 828 South 17th Street is another example of a prominent small business that seized an opportunity in its market allowing it to expand its operations and provide more jobs. This company also chose to keep its operations in Omaha as a result of TIF.

1. Visual Story of TIF in Omaha Since 2000

As a result of TIF, Mi Mama’s Tortillas was able to keep its operations in Omaha with a major expansion.

TIF allowed Airlite Plastics to expand in 2004, and it has continued to grow since then, adding jobs near areas with the highest unemployment rates in the city.
A few other examples of TIF projects that involved the creation or retention of jobs and/or business expansion or retention follow.

**Before**  
**After**

A new, 10-story office tower for the HDR Global Headquarters with ground floor commercial retail and parking garage in Aksarben Village gives HDR a new site for future growth.

**Before**  
**After**

Roman Marble Products, Inc. located in the Airport Business Park, was one of the oldest, largest and only nationally certified cultured marble manufacturer in Nebraska when the TIF was approved in 2000. The TIF allowed for expansion of business in order to increase production capacity and improve efficiency and effectiveness.

**Before**  
**After**

United States Cold Storage, Inc. located in one of South Omaha’s heavy industrial areas used TIF to completely redevelop the site to construct a new larger facility to improve operational efficiencies of its refrigerated storage services.
TIF redevelopment projects have improved quality of life by transforming vacant or underutilized land into community assets for Omaha’s neighborhoods. Many of the areas had buildings or improvements which were dilapidated, deteriorated, and obsolete or had conditions which endangered life or property by fire and other causes. Also, many of the areas had unimproved or under-utilized land which displayed deterioration of the site, and improper subdivision or obsolete platting, to name a few conditions. These areas also had demographics related to population decline, high unemployment and/or low per capita incomes. Sometimes, entire properties required environmental remediation. These were all conditions which made the use of TIF for redevelopment allowable under the state statute¹.

There are numerous examples of projects utilizing TIF to preserve and/or repurpose older and architecturally significant buildings, and to facilitate infill development. Some of the building preservation, rehabilitation, and adaptive reuse projects involved structures of historic significance. Many of those structures sat vacant for several years or for decades. A sample of these types of projects follow.

The Fairbanks Building at 1215 Harney Street was converted into apartments with a local tavern on the ground floor.

The former Burlington Railroad Station sat vacant for about 40 years. KETV breathed life into the structure and made the building its new headquarters.

The former Fisher Fixture building located at 1915 Jackson Street was transformed into the relocated site for the Catering Creations business. The relocation allowed the building to remain a productive asset and the business to tap into a downtown market and expand at a larger site.
In 2011, the North Omaha Revitalization Plan was adopted and approved to transform the general area around 24th & Lake Streets into a cultural and entertainment district. This called for reuse of the vacant Blue Lion building, which is now the home of the Union for Contemporary Art.

The historic Barker Building, an under-utilized former office building, was rehabilitated and converted into modern apartment-style living.

The Flats on Howard, near 22nd and Howard, are a group of several architecturally significant buildings listed on the National Register of Historic Places. The buildings had code violations and were once thought to be dangerous places to live, but they have now been transformed into modern, apartment-style living.
Duke of Omaha - Removal and conversion of an old, urban industrial site just north of 46th & Dodge – former Lyman-Richey site – into 283 market-rate residential units; TIF of approximately $7M and total estimated project costs of $44M.

The Breakers - Conversion of an old OPPD Power Plant along the Riverfront just east and south of the Old Market into 217 market-rate apartments; TIF of approximately $6M and total estimated project costs of $38M.

Aksarben Beef - Conversion, adaptive reuse and rehabilitation of a historic property into apartment-style housing for low-income households. The building was originally built by the H. Thiessen Pickle Company in 1933, and later purchased by Aksarben Beef Company in the 1960s.
How Has TIF Enhanced Omaha?

**Park Avenue Redevelopment** - Successful preservation and rehabilitation of eight apartments and multi-family buildings within the Leavenworth Neighborhood Association. The apartment structures had sat vacant for a decade or more. TIF was necessary to completely rehabilitate the structures and convert the area into a desirable place to live again.

**Victory Apartments** - conversion, adaptive reuse and rehabilitation of the vacant Our Lady of Victory Wing of the St. Joseph Hospital located near the Grace University Campus. The project transformed that wing into housing targeted for at-risk US Military Veterans on the top floors, VA clinical supportive services on the second floor and Grace University’s Psychology Department on the first floor.

**Sycamore Apartments** - converted a site which consisted of numerous decrepit structures and an abandoned lot for several years into two structures for apartment style living in the Leavenworth Neighborhood in Midtown Omaha.
North Downtown Hotels & CenturyLink Center Omaha - There were four hotels constructed in the mid-2000s in North Downtown – Holiday Inn, Homewood Suites, Hampton Inn and Suites, and Fairfield Inn and Suites. The redevelopment site consisted of vacant, under-utilized parcels of land. The redevelopment was part of an effort to support the demand for visitors and guests to Omaha who would partake in the activities related to the CenturyLink Center Omaha Convention Center and Arena and the TD Ameritrade Park Omaha ballpark. TIF was also used to help offset costs of the CenturyLink Center.

Rows at SoMa - one of the first new downtown redevelopment sites to provide for-sale urban-style living options in the early to mid-2000s. The site was part of the Omaha Rail and Commerce Historic District. Three phases of additional similar housing styles were constructed in subsequent years.
How Has TIF Enhanced Omaha?

Aksarben Village - The Aksarben Village Redevelopment Plan and the many TIF projects that followed was the master plan to redevelop the former site of the Aksarben Race Track and Coliseum. Since its inception in the early to mid-2000s, the redevelopment site has become the headquarters of the Blue Cross and Blue Shield, Noddle Companies, DLR Group, Pacific Life, Magnum Development Corp., hotels, market-rate apartments, a fitness center, the new Aksarben Cinema movie theater, Stinson Park and many other businesses. This redevelopment has made Aksarben Village a popular destination.

The following TIF projects involved the redevelopment of sizeable acres of land into a mixed-use development with multiple structures for housing and commercial – office and/or retail. These redevelopments are a few of the growing destinations areas in Omaha where people can live, work and play.

Travers Row - This TIF project involved the complete rehabilitation of 10 historic duplex apartment buildings and one commercial space that were condemned and rapidly deteriorating.
Blackstone Business District - This area received new life through the redevelopment of several structures between 36th and 41st Street and Harney and Farnam Street. More than 16 structures and sites within the business district were preserved, rehabilitated and/or transformed into new housing or mixed-use projects. The redevelopment of this business district has made it another of Omaha's popular destinations.

The Capitol District - The 2030 Downtown Omaha Master Plan identifies 10 guiding principles for potential development opportunities. At least three key guiding principles apply here: Downtown Omaha “as the dominant, economic engine for the metro region was the first guiding principle”; Downtown Omaha as “a great place to live, work, visit, play and learn”; and Downtown Omaha “should be urban” implying a mixed-use environment. The Capitol District is an example of the transformation of an under-utilized public parking lot and former soup plant into a mixed-use redevelopment site where people can live, work, visit and be entertained.
Midtown Crossing at Turner Park - one of Omaha's first redeveloped sites in Midtown Omaha, which created a unique new destination for urban-style living, dining and entertainment outside of Downtown Omaha and the Old Market. The enhancements to Turner Park as a larger open space for various gatherings including Jazz on the Green in the summer have created a great public gathering space.

East Campus Reality, LLC, owner/developer of Midtown Crossing at Turner Park, commissioned Goss & Associates to conduct an economic impact analysis of Midtown Crossing on the local economy. The 2012 study evaluated the project during the timeframe of 2006 through 2011. Some of the report findings from a summary of the analysis were as follows:

- Increased valuations in properties within one, two and three blocks of Midtown Crossing were 12%, 28%, and 25% respectively. (These distances are considerably less than a half-mile from the redevelopment site.)
- Generated just over $729 million in overall economic impacts (sales and output) from 2006-2011
- Supported nearly 807 jobs per year from 2006-2011
- Generated nearly $27 million in state and local taxes from 2006-2011

Although much of this time period occurred during the pre-development and construction stage of the project, it demonstrates the TIF project's ability to perform and carry-out the goals in the Redevelopment Plan and Agreement, and ultimately comply with goals of the City's Master Plan.
How Has TIF Enhanced Omaha?

Millard Lumber - redevelopment of the entire Millard Lumberyard site, formerly utilized for the operations of Millard Lumber, Inc. in Old Town Millard. The redevelopment project transformed the site into market-rate apartments with some office and retail.

The following are a few TIF projects which are transforming their community environment and providing for re-investment into areas that have experienced disinvestment over the years or decades:

Little Bohemia - conversion and repurposing of old commercial buildings for a former auto store and theater near 13th & Williams Streets; all had been vacant for some time; these projects are a catalyst to the revitalization along the 13th Street corridor and the public enhancement of the corridor; TIF of approximately $275K and total estimated project costs of $1.8M.

Fair Deal Village Marketplace - unique redevelopment of a vacant site through the use of storage containers, the “reconstruction” of the Fair Deal Cafe and the introduction of a neighborhood grocery market to a food desert in North Omaha; TIF of approximately $195K and total estimated project costs of $2.4M.
Lastly, supporting and encouraging sustainable development with the assistance of TIF has occurred primarily through higher standards of building design and materials, utilization of urban design guidelines, and transportation and mobility solutions. The Environment Element of the Master Plan addresses building construction, specifically design, construction and operation of buildings to promote “efficient use of energy, resources, and water; site-planning for sustainability; and ensuring indoor environmental quality.” Green building techniques, which refers to sustainable building practices that “create and use healthier and more resource-efficient models of construction, renovation, operation, maintenance and demolition, are often applied within the approved TIF projects.” Some TIF projects have been LEED Certified. “LEED, or Leadership in Energy and Environmental Design, is the most widely used green building rating system in the world. LEED provides a framework to create healthy, highly efficient and cost-saving green buildings. LEED certification is a globally recognized symbol of sustainability achievement.”

Generally, all TIF projects implement some aspect of sustainable or green building practices. The development community and city staff work closely together to produce projects that provide quality places to live, work and/or play. As a result, Omaha has a growing number of destinations that enhance quality of life and allow employers to attract and retain talent.
Signs and Shapes International, Inc. - This business manufactures and sells air-inflated WalkAround mascots and is located in the North Omaha Business Park. The company relocated its headquarters to North Omaha. The project utilized a geo-thermal heating/cooling system for the facility to save on energy costs.

Gallup University Riverfront Campus - This redevelopment supported the City’s vision to enhance the riverfront with new, major developments. Gallup relocated and expanded its headquarters and management education facilities to the riverfront site. This project is LEED Gold certified.

DLR Group Nebraska - Office building is part of the Noddle Development Company TIF project in the Aksarben Village Redevelopment Plan Area. This project is LEED Gold certified.
B. Facts and Figures of TIF in Omaha Since 2000

This time period covers two separate recessions that hit our nation: 1) 2001/2002 after 9/11, and 2) 2008/2009 dubbed the “Great Recession” after the housing crisis and economic downturn. These time periods had some downward pressure on Omaha’s economy. Thus, fewer projects were processed in certain years. The “Great Recession” had the greatest affect in the two years after 2009 reducing the number of TIF projects processed and approved.

Since the 1980s, Omaha has created approximately 395 project specific TIF Districts, thus approving 395 TIF projects. Many of the TIF projects that paid off during this time period increased the tax base flowing to taxing jurisdictions, which means more tax revenues to accomplish the provision of public services than would have been available without the TIF projects.

This section of the report will highlight some TIF data from the years 2000 – 2016. Included within this report are tables, charts and graphs that display the number of TIF projects approved, in addition to the general types and locations of TIF projects. There wasn’t a consistent count of projects that involved historic tax credits, low-income housing tax credits (LIHTC) or code violations. Thus, projects are not identified as such within this report. However, TIF was and is a major factor in the ability to rehabilitate or construct projects that involve either of the tax credits and/or have code violations.

The source of the TIF estimated project costs, which represents the total investment made by the project, and TIF loan amounts are from the TIF files and database managed by the Planning Department Economic Development Staff and certified City Council documents. The source of the property data for valuations is the Douglas County Assessor’s Office and Douglas County GIS.

1. TIFs Approved Since 2000

Figure 4 displays the aggregate number of TIF projects approved, by year, since the year 2000 through December 2016. The total number of TIFs approved within this time period was 273; the average number of TIFs approved per year was 16. During this time period, the use of TIF allowed the City of Omaha to leverage just over $3.7 billion in development and redevelopment dollars to invest in areas in need of redevelopment, i.e. CRAs. This figure accounts for amendments to projects that may have increased or reduced the TIF amount originally approved, as well as any cancelled/rescinded projects. The amount of TIF loans used to leverage these dollars was $445 million, a leverage factor of 8; this does not account for accrued interest on these TIF loans. Thus, over the past 17 years, the City partnered in projects that invested, on average, nearly $8 for every $1 in TIF. The aggregate total amount of TIF leveraged during the 17-year time period represented, on average, about 12% of the aggregate total estimated project costs.

Figure 4: Number of TIF Projects Approved 2000-2016 with Trend Line
After the housing market and financial crisis of 2008/2009, construction was nearly at a standstill. The development community took time to reassess its ability to obtain financing and to put development teams back together, and to test the waters of development and construction once more. As a result, there were very few TIF projects (6) approved in 2010; the least of any year from 2000 – 2016. Confidence and a slightly friendlier banking industry provided for a resurgence in building in Omaha. In 2012 and 2013, there were 22 TIF loans approved in each year.

The year with the largest number of approved TIF loans was in 2016, with 30 TIF loans approved. While 30 TIF projects were approved in 2016, 13 TIF projects began the TIF application process in 2015 and one began the TIF application process in 2014.

The years with the greatest amounts of TIF loans approved were 2016 ($70M), 2008 ($69M), and 2014 ($62M). As mentioned, 2016 also had the highest number of TIF projects approved. The approval of the Midtown Crossing at Turner Park TIF project helped push the total amount of TIF loans approved in 2008 to approximately $69M; the TIF loan was for approximately $37M. In 2010, the City of Omaha approved the least in TIF loans ($3M) as it was the year following the economic recession. The TIF loan amounts do not include accrued interest.

The years which had the most re-investment dollars in the Omaha community through TIF projects were in 2008 ($610M), in 2016 ($550M), and in 2004 ($435M). (These re-investment dollars were the estimated project costs at the time of the TIF application.) In 2008, the approval of the Midtown Crossing at Turner Park TIF project was the primary reason for the significant amount of re-investment dollars. 2016 also saw the largest number of TIF projects approved. The approval of the HDR Aksarben Zone 6 TIF project in 2016 was a significant re-investment ($114M). In 2004, the approval of the Convention Center Arena Redevelopment ($285M) helps explain the significant re-investment dollars in that year.
2. TIFs Approved By Area and Project Types

Below are charts and graphs that display TIF projects categorized by the area in which they were approved and by the type of project. The area categories are Downtown, North, South, Midtown, Aksarben, Crossroads Area, and West. The West area was further broken into three separate areas: West-TD Ameritrade, West-Elkhorn and West-Millard. The project type categories are Industrial, Mixed-Use, Commercial, Housing, and Commercial Hotel. (Commercial Hotel was an older classification for hotels. TIF hotel projects were later merged into the Commercial category.)

a. Projects by Area

During the period of 2000 - 2016, there were nine areas within Omaha in which TIF projects were approved. The areas were Downtown, North, South, Midtown, Aksarben, Crossroads Area, West, West-Elkhorn, and West-Millard. Some of the boundaries were predetermined based on redevelopment plan areas and/or CRAs like Aksarben, Downtown, Midtown, Crossroads, West-Millard and West-Elkhorn. North was essentially assigned the area north of Cuming Street, in most cases, and east of 72nd Street. South was essentially assigned the area south of Leavenworth Street and east of 72nd Street, but excludes the Midtown and Aksarben Village areas.

Figure 6: Approved TIF Projects and Loan Amounts by Area (2000-2016)

As shown in Figure 7, 41% of approved TIF projects were approved in Downtown Omaha. Aksarben followed at 18% with Midtown at 17%. North represented 14% of approved TIF projects while South represented 6% of approved TIF projects. The remaining areas represented 2% or less of TIF projects approved 2000 – 2016. (The low percentages are due to a low TIF loan amount compared to the other areas.)
**b. Projects by Type**

Between 2000 - 2016, the types of TIF projects approved were representative of the five categories referenced in Figure 8 below. A basic trend analysis illustrates a decline in TIF projects classified by economic development staff as commercial, and a very slight decline in TIF projects classified as industrial and commercial-hotel. In contrast, there were substantial increases in TIF projects classified as housing and mixed-use. The trend toward more housing and mixed-use project types has been steady since about 2004. This is reflective of a focus on infill neighborhood redevelopment, an increase in the demand for market-rate housing in the urban core of the city, and a general, nationwide trend toward place-based, walkable urban developments. The demographics of the housing demand has been mostly one to two person households, young professionals and empty-nesters according to some of the development community.

*Based on actual total approved TIF loan amounts of $485M, before amendments, cancellations and rescissions; excluding accrued interest*
As shown in Figure 9, Most of the projects approved between 2000 – 2016 were mixed-use TIF projects (33%) with housing TIF projects as a close second (30%). The mixed-use TIF projects often consisted of a combination of commercial (retail and/or office) and housing development. The housing TIF projects most often represented multi-family rental housing for market-rate and low-income households. These projects also included some single-family rental housing developments, condominium developments and for-sale row house developments. Commercial TIF projects - which typically include retail, office or a type of flex space - represented 25% of approved TIF loans. Commercial-hotels and industrial TIF projects represented 8% and 4% of approved TIF loans, respectively.

**Figure 9: TIF Loans Approved by Project Type (2000-2016)**

*Based on actual total approved TIF loan amounts of $485M, before amendments, cancellations and rescissions; excluding accrued interest*

3. Paid-Off and End of Term TIFs

Approximately 112 TIF projects have paid off or reached their 15-year term between 2000 and 2016; approximately 130 TIF projects have paid off or reached their 15-year term since the inception of TIF in Omaha. Refer back to Figure 3 for a map of active TIF projects and the projects that have paid off or reached their 15-year term.

**Figure 10: Number of Paid TIFs (2000-2016) with Trend Line**
TIF projects can pay off early for a few different reasons. The primary reason is that the current assessed valuation of the TIF redevelopment project resulted in a higher assessed valuation than originally projected when the TIF project was approved. Higher assessed valuations mean higher taxes, additional new incremental tax revenue to pay the bank debt service, and ultimately a quicker pay-off of the TIF loan. Also, a higher tax levy rate can produce the same results as a higher valuation.

The term of TIF projects is 15 years in Nebraska. In general, there is only up to approximately 13-14 years of the 15-year TIF term that a TIF project has to generate incremental tax revenues above the base tax revenues. After the 15th year (or sooner if the project pays off its loan early), all property tax revenue generated by the TIF project goes to the appropriate taxing jurisdictions. A cursory look at some of the TIF projects that have paid off since 2000 indicates that most TIF projects use the full 15 years, with a few paying off before the 15th year. Keep in mind that fluctuations in property valuations and levy rates, to name a few project influences, impact the TIF projects ability to generate tax revenues. (Refer back to Figure 1 – the Basic TIF Model.)

The TIF program’s payback and rate of return to the City and other governmental entities can be examined in a future report that analyzes the impact of TIF in Omaha. However, the table below illustrates the growth in property tax valuations and revenues for four different TIF projects. Courtland Place I and 1000 Dodge paid off one to two years before the end of the 15-year TIF term. The other two TIF projects ended at the 15th year of the term. The property tax valuation and revenue growth demonstrates a success of redeveloping areas in Omaha that are in need of redevelopment. This kind of community redevelopment allows for the improvement in quality of life, and for the enhancement of the city’s business community, property tax base, and property tax revenues for years to come.

<table>
<thead>
<tr>
<th>Year of Payoff or End of 15-Year Term</th>
<th>Project Name</th>
<th>Property Value Before TIF</th>
<th>Property Value Today</th>
<th>Annual Property Taxes Before TIF</th>
<th>Annual Property Taxes Today (back on tax rolls)</th>
<th>Property Tax Valuation Growth over 15-Year TIF Term</th>
<th>Property Tax Revenue Growth over 15-Year TIF Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016 Courtland Place I</td>
<td>$679,900</td>
<td>$23,006,300</td>
<td>$14,264</td>
<td>$493,671</td>
<td>3284%</td>
<td>3361%</td>
<td></td>
</tr>
<tr>
<td>2016 1000 Dodge</td>
<td>$525,000</td>
<td>$8,579,700</td>
<td>$11,343</td>
<td>$176,325</td>
<td>1534%</td>
<td>1451%</td>
<td></td>
</tr>
<tr>
<td>2011 Drake Williams</td>
<td>$446,000</td>
<td>$2,391300</td>
<td>$11,539</td>
<td>$51,313</td>
<td>436%</td>
<td>345%</td>
<td></td>
</tr>
<tr>
<td>2012 Bull Durham</td>
<td>$145,000</td>
<td>$2,617,600</td>
<td>$3,148</td>
<td>$56,168</td>
<td>1705%</td>
<td>1684%</td>
<td></td>
</tr>
</tbody>
</table>
Conclusion

TIF projects do not just happen. Incentives like TIF are made available to encourage the private sector to make choices that benefit goals of the City as well as the private sector. The TIF projects that have paid off or reached their 15-year term represent properties that were developed many years ago and have generated greater property tax revenue to contribute to the tax base of governmental entities. They were the result of City efforts, in cooperation with other local government agencies, to fulfill the vision and mission of the Master Plan, and to promote community and economic development, one project at a time.

The City is not able to achieve its redevelopment goals alone. It partners with other governmental agencies and the private sector to accomplish redevelopment. TIF projects are examples of public/private partnerships whereby the private sector partners with the City to redevelop the built environment where many now live, work and/or play because it made economic sense while enhancing the Omaha community. The private sector makes business decisions regarding where to invest financial capital for development projects. While TIF may be a cost incurred by governmental entities for the purpose of encouraging private investment, TIF helps to mitigate some of the inherent development risks the private sector assumes. It is important to remember that the diverted property tax revenue — the newly generated, incremental property tax revenue — would not have been generated without the assistance of TIF to make the proposed project happen.

In addition to the new generated incremental property tax revenues, which flow to the taxing jurisdictions once the projects pays off or complete the 15-year term, there are other positive benefits of the TIF projects which are not analyzed in this report. For example, infill housing, commercial or mixed-use TIF developments which take blighted and substandard property, and brings new residents, businesses, and jobs to those areas, as well as the expansion of business operations. The influx (density of people and commerce) often results in additional or new disposable income in neighborhood communities, additional or new businesses that will generate sales tax revenue, and additional or new jobs that would generate income tax revenue which is eventually paid to governmental entities. More and better utilized real estate — not vacant, but fully developed with structures occupied with residents, commercial or industrial tenants or owners — leads to an enhanced tax base and revenues for many governmental entities to assist with the provision of the public services.
References

TIF Data Sources:
- City of Omaha Planning Department, Housing and Community Development Division — Economic Development
- City of Omaha Finance Department
- Douglas County Assessor’s Office of Nebraska
- Nebraska Department of Revenue, Property Assessment Division

Citations:

1 Nebraska Community Development Law, Statutes 18-201 to 18-2144


3 Tax Increment Financing (TIF) Guidelines and Application, City of Omaha Planning Department, revised 2016

4 Green Streets for Omaha, by RDG Planning & Design for the City of Omaha, 2007

5 Omaha Master Plan — Environment Element

