



City of Norman, OK

Municipal Building
Council Chambers
201 West Gray
Norman, OK 73069

Master

File Number: O-1718-27

File ID: O-1718-27

Type: Ordinance

Status: Consent Item

Version: 1

Reference: Item 8

In Control: City Council

Department: Legal Department

Cost:

File Created: 11/14/2017

File Name: Ordinance Center City TIF

Final Action:

Title: ORDINANCE O-1718-27 UPON FIRST READING BY TITLE: AN ORDINANCE APPROVING AND ADOPTING THE NORMAN CENTER CITY PROJECT PLAN; DESIGNATING AND ADOPTING PROJECT AREA AND INCREMENT DISTRICT BOUNDARIES; ESTABLISHING A DATE FOR THE CREATION OF INCREMENT DISTRICT NO. THREE, CITY OF NORMAN; ADOPTING CERTAIN FINDINGS; AUTHORIZING THE CITY OF NORMAN TO CARRY OUT AND ADMINISTER THE PROJECT PLAN; ESTABLISHING A TAX APPORTIONMENT FUND; DECLARING APPORTIONED FUNDS TO BE SPECIAL FUNDS OF THE CITY OF NORMAN OR THE NORMAN TAX INCREMENT FINANCE AUTHORITY; AUTHORIZING THE USE OF AD VALOREM INCREMENT REVENUES FOR THE PAYMENT OR FINANCING OF CERTAIN PROJECT COSTS; AUTHORIZING THE USE OF OTHER RESOURCES TO PAY FOR OR FINANCE PROJECT COSTS; AUTHORIZING THE NORMAN TAX INCREMENT FINANCE AUTHORITY, OR ALTERNATIVE AUTHORIZED ENTITY, TO ISSUE BONDS AND CARRY OUT CERTAIN PROVISIONS OF THE PROJECT PLAN; RATIFYING AND CONFIRMING THE ACTIONS, RECOMMENDATIONS AND FINDINGS OF THE REVIEW COMMITTEE AND THE PLANNING COMMISSION; DIRECTING CONTINUING APPORTIONMENT; PROVIDING FOR SEVERABILITY; DECLARING AN EMERGENCY.

Notes: ACTION NEEDED: Motion to Introduce and adopt Ordinance O-1718-27 upon First Reading by Title.

ACTION TAKEN: _____

Agenda Date: 12/05/2017

Agenda Number: 8

Attachments: Ordinance O-1718-27, Center City Project Plan
Approved by RevComm 11-21-17, Eligibility Report,
Financial Impacts Report 11-16-17, Findings and
Recommendation 11-21-17

Project Manager: Jeff Bryant, City Attorney

Entered by: jeff.bryant@normanok.gov

Effective Date:

History of Legislative File

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
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Text of Legislative File O-1718-27

Body

BACKGROUND: The Center City Form Based Code (“CCFBC”) was adopted by the City Council at its meeting on May 23, 2017. Prior to the adoption of the CCFBC, Council received several presentations on Tax Increment Financing (TIF), as well as analysis on infrastructure needs and development potential in Center City. Also on May 23, 2017, the City Council approved a resolution appointing a Review Committee to consider and make its findings with respect to conditions establishing eligibility of a TIF district in the Center City area and financial impacts of a TIF district on the affected taxing jurisdictions and business activities, and to make its recommendation to City Council regarding the creation of a TIF district and approval of a project plan under the Oklahoma Local Development Act (“Act”). At its August 29, 2017 Study Session, City Council was presented with a draft of the Norman Center City Project Plan (“Project Plan”), including the creation of Increment District No. 3, and information regarding financial impacts on the affected taxing jurisdictions and business activities, as well as projected increment generation for the payment of authorized Project Costs. At the Study Session, City staff was directed to move forward with the review and consideration of the Project Plan, as presented. Consistent with the Act, at the request of the Mayor, each ad valorem taxing jurisdiction affected by the creation of a TIF district designated a representative to serve on the Norman Center City Project Review Committee (“Review Committee”). The Mayor served as Chair of the Review Committee. The Planning Commission also designated a representative. Three representatives of the public at-large were selected by the other Review Committee members.

The Review Committee met on September 14, October 9, November 6, November 13 (Subcommittee meeting), and November 21. On November 21, 2017, the Review Committee unanimously approved the Findings and Recommendation, which recommends that the City Council approve the Project Plan, including the creation of Increment District No. 3, with the amendments proposed by the Review Committee.

The proposed Project Plan recommended by the Review Committee was presented to Council at its Conference on November 28, 2017. Continued consideration of the Project Plan consistent with the Act includes review by the Planning Commission for conformance of the Project Plan with the City’s Comprehensive Plan and two public hearings by City Council. This item is for the purpose of holding the first public hearing where the Project Plan will be presented and then the members of Council and the public will be invited to ask questions regarding the proposed Project Plan.

DISCUSSION: The CCFBC recognizes that the area identified as Center City is a unique area of Norman. It promotes mixed uses and increased density in certain locations, a broader range of housing options, and an improved connection between Downtown Norman and the University of Oklahoma that will increase walkability, promote biking, and result in a “park once” environment. The CCFBC focuses on form of the built environment, rather than use, to achieve these goals.

The CCFBC discussions have acknowledged that some level of incentive or financial investment by the City may be required to spur interest in redevelopment of this area in such a way that implements the vision of the CCFBC. Council has discussed and studied the use of TIF as a strategic and financing economic development tool and its potential application in Center City on March 20, March 28, May 16, and August 29. Council has reviewed and analyzed the Johnson & Associates Infrastructure Analysis as a guide for implementation of public improvements required with redevelopment of property subject to the CCFBC and as an information source for estimated authorized Project Costs in the Project Plan. Council was presented with information regarding the opportunities for private investment in Center City and the importance of such

private investment for the generation of increment to fund the infrastructure improvements contemplated in the Project Plan's authorized Project Costs. These discussions culminated in the draft Project Plan being sent to the Review Committee for its review and recommendation.

The Review Committee, following its meetings and consideration, finds that the Project Area is eligible because it is within an Enterprise Zone designated by the Oklahoma Department of Commerce, and a Reinvestment Area as defined under the Act. A Reinvestment Area is one that requires public improvement to reverse economic stagnation or decline, to serve as a catalyst for retaining or expanding employment, to attract major investment to the area, to preserve or enhance the tax base, or an area in which 50% or more of the structures are 35 or more years old.

The proposed Project Plan authorizes up to \$47.4 million in Project Costs, based upon the estimate of public infrastructure costs required to accommodate implementation of the CCFBC, which is anticipated to result in increased density in the Center City area. That amount of authorized Project Costs also includes contingency and implementation costs. The Project Plan provides that increment may be apportioned and used to pay authorized Project Costs for a period not to exceed 25 years, the maximum time period allowed by the Act. The Project Plan creates Increment District No. 3, an ad valorem increment district allowing for a revenue stream from increases in property taxes resulting from projected new private investment of \$82 million. Such investment is estimated to generate annual ad valorem increment of \$120,000 in the near term and \$3.7 million in the long term.

The Review Committee raised a number of concerns regarding the proposed Project Plan which were addressed with several proposed amendments. It was recognized that the City has invested or plans to invest over \$21 million in or immediately adjacent to the Center City area since the year 2000, including over \$9 million in improvements to Main Street and the James Garner extension. Nevertheless, the Review Committee felt an additional investment by the City in the project was appropriate. The Review Committee discussed the inclusion of a sales tax increment district, but rejected this idea after examination of the factors indicating that the greatest potential for increment generation with this type of project is increases in taxable value of property rather than increases in retail sales. In light of this, the Review Committee recommended an initial investment by the City of no less than \$3 million towards authorized Project Costs. This front end investment is particularly significant given that the success of the project will be enhanced if a large-scale development is realized within the first few years following adoption of Increment District No. 3. The recommendation for a City commitment to make available an initial "start-up" fund of up to \$3 million allows for early investment contributing to the success of the project.

Another concern raised was whether any incremental revenue may be shared with the ad valorem taxing jurisdictions. After much discussion and analysis, including working sessions with the County Assessor to discuss what level of ad valorem growth could be anticipated in this area without an increment district to encourage additional private investment, the Review Committee recommended that 90% of the ad valorem increment generated from new private investment be available for the payment of authorized Project Costs and 10% of the ad valorem incremental revenue be distributed to the ad valorem taxing jurisdictions in proportion to the allocation they would ordinarily receive.

Other amendments recommended by the Review Committee include: clarifying that authorized Project Costs

do not include routine maintenance of City sewer lines; clarifying that incremental revenues can only be spent on authorized Project Costs; clarifying that incremental revenues not used toward the payment of authorized Project Costs at the expiration of Increment District No. 3 would be returned to the ad valorem taxing jurisdictions; recognizing that improvements along James Garner Avenue are key to encouraging private investment in the Project Area; and specifically noting the annual reporting requirement under the Act.

The Financial Impacts Report reviewed by the Review Committee includes the following highlights as positively affecting the ad valorem taxing jurisdictions:

- Growth in and outside of Increment District No. 3
 - Area impacted is very small in proportion to entire jurisdictional boundaries
 - 10% allocation projected to be approximately \$5,000,000 over life of Increment District No. 3
 - Benefit from nearby development, catalyzed by existence of the CCFBC and development within Increment District No. 3
 - Significant benefit following the termination of Increment District No. 3

- Financial gain based on development activity and associated property value growth:

Taxing Jurisdiction	Currently collecting and will continue to collect	Will
collect upon termination of Increment District No. 3		
Norman Public Schools	~\$ 91,300 annually	~\$419,400 annually
Cleveland County	~\$141,000 annually	~\$648,000 annually
County Health Department	~\$ 35,000 annually	~\$162,000 annually
Pioneer Library System	~\$ 84,000 annually	~\$385,000 annually
Moore Norman Tech Center	~\$211,000 annually	~\$970,000 annually

Note: Norman Public Schools collections reflect state school aid adjustment.

Additional benefits include: infrastructure improvements that will benefit existing and planned facilities; and enhanced accessibility, marketability, development potential, and impact of undeveloped County owned property in Project Area.

The Financial Impacts Report reviewed by the Review Committee includes the following highlights as positively affecting business activities in the area:

- Development creates growth in business activities
- Temporary construction jobs
- Minimal permanent jobs at commercial and mixed-use developments
- Increase in residential units results in increased household incomes in the area which results in increased spending in community
- More people living and working in the area leads to more demand for a walkable, enhanced public realm which leads to more demand for development which leads to more business opportunities attracting more customers all resulting in a better overall mixed-use district.

The Project Plan, including Increment District No. 3, is an effort to put in place an economic and financing strategy to entice private development in the CCFBC area, which is difficult and expensive, but will add greater long-term value and quality to the area. The Review Committee was sensitive to the dynamics of this

particular proposal and recognized that more development on the front end means the greater likelihood that Project Costs are paid and Increment District No. 3 terminates more quickly. The goal of the Project Plan is to provide a financing mechanism that can assist in the public infrastructure envisioned by the CCFBC through the stimulation of private development. Improvements are to be made in connection with developments that will generate increment to pay for such public improvements and high potential areas as private investment proposals come forward.

Included with this item are the following documents, reviewed and recommended by the Review Committee:

1. Project Plan dated 11-21-2017
2. Eligibility Report
3. Financial Impacts Report
4. Findings and Recommendation of the Review Committee

Council was presented with these documents at its November 28, 2017 Council Conference.

The proposed Project Plan will be considered by the Planning Commission at its December 14, 2017 meeting. The Act states that the Planning Commission is to determine whether the proposed Project Plan is consistent with the City's Comprehensive Plan and to make a recommendation to the City Council whether the Project Plan is desirable and should be adopted by the City.

RECOMMENDATION: The Item for City Council consideration on December 5 will be the holding of the first of two public hearings required under the Act prior to Council considering adoption of an Ordinance to approve the Project Plan and create Increment District No 3. The first public hearing will publicly present the recommended Project Plan, including the potential impacts of the project, and then allow the members of Council and the public to ask questions regarding the proposal. A second public hearing is scheduled to be held on December 19 at 6:30, at the Council's scheduled meeting, before consideration of Ordinance O-1718-27. This second public hearing is to give the public the opportunity to be heard for and against the project prior to the Council's vote on the Ordinance and approval of the Project Plan and creation of Increment District No. 3 at that same meeting.

Emily Pomeroy and Cameron Brewer, with the Center for Economic Development Law, have been assisting the City with developing the Project Plan, as well as through the Review Committee meetings, and will be presenting the information and be available for questions.