



# City of Norman, OK

Municipal Building  
Council Chambers  
201 West Gray  
Norman, OK 73069

## Master

**File Number: R-1617-122**

**File ID:** R-1617-122      **Type:** Resolution      **Status:** Non-Consent Items

**Version:** 1      **Reference:** Item 25      **In Control:** City Council

**Department:** Legal Department      **Cost:**      **File Created:** 05/19/2017

**File Name:** Resolution to Approve Center City Project Plan & Tax Increment      **Final Action:**

**Title:** RESOLUTION R-1617-122: A RESOLUTION OF THE COUNCIL OF THE CITY OF NORMAN, OKLAHOMA, DECLARING THE INTENT TO CONSIDER APPROVAL OF A PROJECT PLAN FOR CENTER CITY REDEVELOPMENT AND CREATION OF A TAX INCREMENT DISTRICT UNDER THE LOCAL DEVELOPMENT ACT; DIRECTING PREPARATION OF A PROJECT PLAN; APPOINTING A REVIEW COMMITTEE; DIRECTING THE REVIEW COMMITTEE TO MAKE FINDINGS AS TO ELIGIBILITY AND FINANCIAL IMPACT, IF ANY, ON TAXING JURISDICTIONS AND BUSINESS ACTIVITIES WITHIN THE DISTRICT; AND DIRECTING THE REVIEW COMMITTEE TO MAKE A RECOMMENDATION WITH RESPECT TO THE PROPOSED PROJECT.

**Notes:** ACTION NEEDED: Motion to approve or reject Resolution R-1617-122.

ACTION TAKEN: \_\_\_\_\_

**Agenda Date:** 05/23/2017

**Agenda Number:** 25

**Attachments:** R-1617-122

**Project Manager:** Leah Messner, Assistant City Attorney

**Entered by:** sencinias@normanok.gov

**Effective Date:**

### History of Legislative File

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:

### Text of Legislative File R-1617-122

Body

**BACKGROUND:** On the same City Council Agenda as this item is the consideration of a proposed Center City Form-Based Code (CCFBC), Ordinance O-1617-35. If adopted, the Center City District will rezone all properties located within the District to a zoning category that requires compliance with "Form-Based Code" regulations. The cost to develop properties in accordance with the form-based code is anticipated to require public infrastructure improvements and additional investment by developers beyond what would be anticipated if the same property were developed without using a form based code.

In conjunction with the development of the CCFBC, Council has been studying options to encourage private investment into the CCFBC District through incentivizing redevelopment. The Center for Economic Development Law (CEDL) has been retained by the City to explore the feasibility of an ad valorem-based Tax Increment Finance District (TIF) to pay for public improvements within the defined Center City area. Over several Council study sessions and conferences on this topic, representatives of the CEDL presented their

findings, with the most recent session being held on Tuesday, May 16, 2017.

**DISCUSSION:** Johnson & Associates (J&A), contracted by CEDL, completed an infrastructure analysis to identify the location and condition of all existing public infrastructure improvements in the CCFBC area. The J&A report also recommends infrastructure improvements necessary to fully support the development requirements of the CCFBC. The final J&A report provides cost estimates for all infrastructure improvements in the CCFBC area. Costs for all improvements are estimated to be approximately \$32,000,000. With estimated “soft costs” (interest on debt financings, legal and design fees, etc.) and contingency, the estimated costs for all improvements are approximately \$44,000,000.

These public improvements could be accomplished over time through allocation of General Fund revenues, Capital Fund revenues, Utility Fund revenues, General Obligation Bond issuances, or a combination of these sources of funds. An additional tool available to assist in the funding of infrastructure improvements in the CCFBC area is the creation of an ad valorem tax increment finance district, pursuant to the Oklahoma Local Development Act, 62 O.S. §850, *et seq.* CEDL performed a parcel-by-parcel analysis to examine development potential under the CCFBC, which calls for specific types and density of development throughout the CCFBC area.

It is difficult to precisely project what future development will take place in the area, but the proposed CCFBC, if adopted, provides a clear guide for the desired development direction and potential of the area. The analysis also shows there are properties, including vacant lots, consolidated properties, and publicly-owned properties, that have strong development potential. Because of the uncertainty of how development in the CCFBC area will proceed, investment potential in each sector is discounted from the full development potential considered by the CEDL analysis based upon multiple factors. Some of these “discounting factors” include, for example, likelihood of development or re-development; timing of development; conditions of existing structures; infrastructure concerns; and current property ownership.

Potential new investment, through this conservative lens, is estimated by CEDL to be approximately \$82,000,000. If \$82,000,000 in potential new investment is realized, approximately \$34,000,000 in ad valorem increment (increased property tax base) over a 25-year period could be generated. Projected annual ad valorem increment ranges from approximately \$120,000 in the first couple of years to over \$2,500,000 in later years. Using the statutorily-defined economic development tool of tax increment finance, this additional property tax funding could be re-apportioned to potentially accelerate the rate and time of redevelopment through investment in public infrastructure improvements within the defined area, should a TIF District for this area be created.

City Council, at the May 16th Study Session, directed Staff to take the next step toward creation of such an ad valorem TIF District. The first step in that process is Council adoption of a Resolution declaring the City’s intent to consider approval of a Project Plan for the redevelopment of Center City and the creation of a TIF District. The proposed Resolution, R-1617-122, authorizes the formation of a statutory Review Committee, as required by the Local Development Act, 62 O.S. §850, *et seq.* That Committee will be tasked with reviewing and making a recommendation concerning the proposed district; establishing the eligibility of the district; and considering whether the proposed project will have a financial impact on any affected taxing jurisdiction and business activities within the proposed district.

The Local Development Act, 62 O.S. §850, *et seq.*, requires the membership of the Review Committee to consist of: a representative of the governing body who shall serve as chairperson (typically the Mayor); a representative of the Planning Commission having jurisdiction over the proposed increment district; a representative designated by each taxing jurisdiction within the proposed district whose taxes might be impacted by the plan; and three members representing the public at large, as selected by the other committee members from a list of seven names submitted by the chairperson of the Review Committee. The taxing jurisdictions within the proposed district whose taxes might be impacted by the establishment of an increment district within the Center City area are (1) Cleveland County; (2) Norman Public Schools; (3) Cleveland County Health Department; (4) Moore Norman Technology Center; and (5) Pioneer Multi-County Library System. The Resolution also specifies that at least one of the Review Committee members representing the public at large shall be a representative of the business community.

If the Resolution is adopted by Council, staff will begin scheduling meetings with each taxing jurisdiction to discuss the proposed TIF and requesting the appointment of a representative from each jurisdiction to the Review Committee.

**RECOMMENDATION:** If Council wishes to move forward with the creation of an ad valorem-based tax increment finance district for the Center City area, staff recommends adoption of Resolution R-1617-122. City Staff and a representative of the CEDL will be available at the meeting to answer any additional questions.