

**CITY OF WARR ACRES
ECONOMIC
DEVELOPMENT
PROJECT PLAN
REVIEW
COMMITTEE**

Special Meeting
December 12, 2018



Tax Incremental
Financing
("TIF")—
The Basics

PART ONE

LEGAL BASIS FOR TIF IN OKLAHOMA

Oklahoma Constitution, Article X, Section 6C

- Authorizes TIF legislation

Oklahoma Local Development Act, 62 O.S. § 850, *et seq.*

- Allows cities, towns, and counties to implement TIF districts in areas that are unproductive, undeveloped, underdeveloped, or blighted
- TIF is tool for use when investment, development, or economic growth are difficult, but possible, when TIF is used

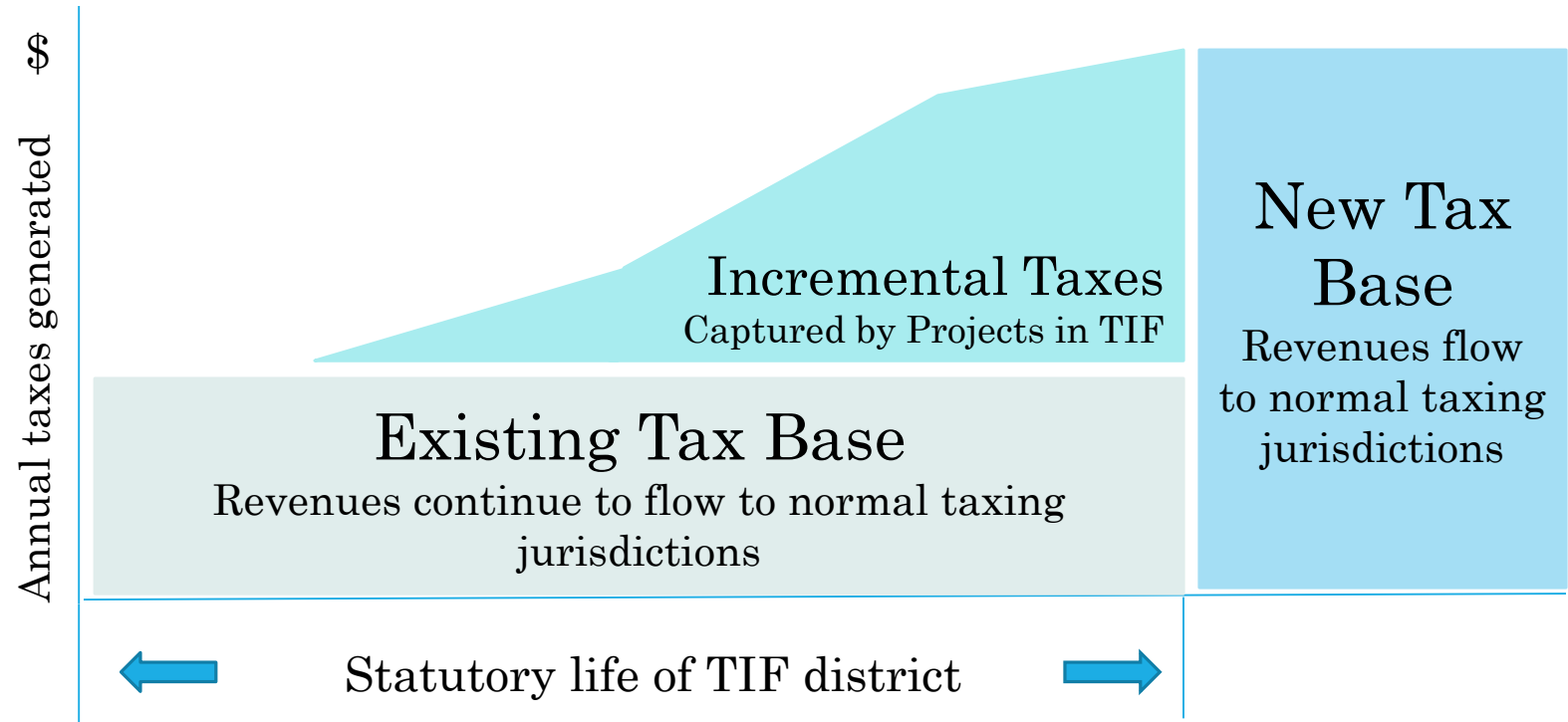
WHAT IS A TIF?

A TIF allows a city to direct the apportionment of an increment of certain local taxes and fees to finance public project costs in order to stimulate development in the area

The increment is:

- the portion of the ad valorem taxes produced by the increased value of the property in the TIF district as measured from the date the TIF is passed, and/or
- the portion of sales taxes collected each year that are generated by the project(s) in a TIF district

VALUE GENERATION AND CAPTURE— BASIC TIF MODEL



ELIGIBILITY— WHERE CAN TIF BE USED?

“Enterprise area” – any area within a designated state or federal enterprise zone

“Historic preservation area” – an area listed in the National Register and subject to historic preservation zoning

“Reinvestment area” – an area requiring public improvements to reverse economic stagnation or decline, serve as a catalyst for retaining or expanding employment, attract major investment to the area, preserve or enhance the tax base, or in which 50% or more of the structures are 35 or more years old

- Reinvestment areas are statutorily determined to be detrimental to public health or safety, and include (but are not limited to) blighted areas under Oklahoma’s Urban Redevelopment Act (11 O.S. § 38-101, *et seq.*)

INCREMENT DISTRICTS VS. PROJECT AREAS

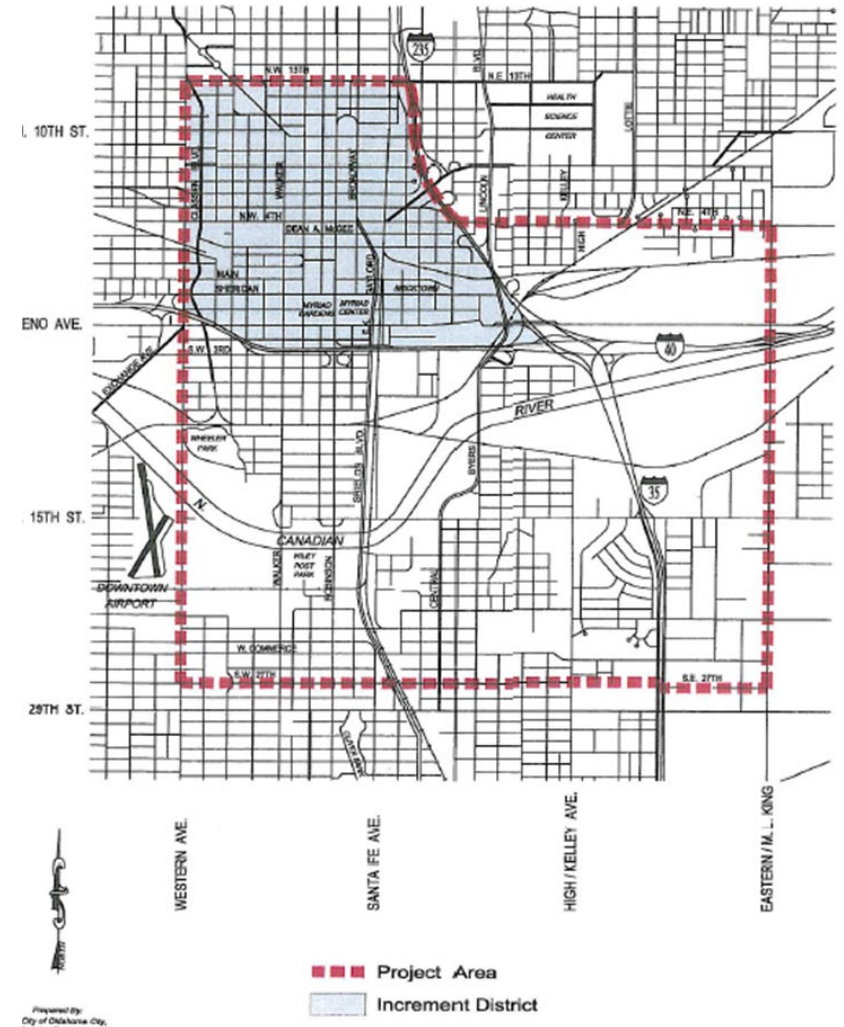
Increment Districts:

- Area where the increment is generated

Project Area:

- Area where the increment may be spent on project costs

EXHIBIT A
DOWNTOWN/MAPS ECONOMIC DEVELOPMENT
PROJECT PLAN AREA AND INCREMENT DISTRICT BOUNDARIES



REQUIRED ELEMENTS OF PROJECT PLAN

- Boundaries of increment district and project area and sketch
- General description of public improvements, private investment, and estimated public revenues to accrue
- List of project costs
- General description of method of financing, sources, and timeframe
- Maps showing existing uses and conditions and proposed improvements
- Proposed changes in zoning
- Proposed changes in master plan and city ordinances if required
- Name of person in charge of implementation
- Authorization of any public entity to carry out any part of the project plan

STATUTORY GUIDELINES & GOOD POLICY

- Use TIF where investment, development, and economic growth are difficult but possible where the tools of the Local Development Act are used
- Don't use TIF to supplant normal functions and services
- Use TIF in conjunction with existing programs and locally implemented economic development efforts
- Develop and apply clear standards, criteria, and limits that are applicable to all similar property and areas

STATUTORY APPROVAL PROCESS

- City initiates process through passage of a resolution establishing review committee and appointing its representative
- Review Committee meets and discusses project
- Review Committee makes findings as to project eligibility and financial impacts, and provides recommendation

STATUTORY APPROVAL PROCESS (CONT.)

- Planning Commission determines whether the proposed project plan conforms with the comprehensive plan of the City and makes a recommendation regarding approval of the proposed project plan
- City holds two public hearings before adoption
 - First public hearing – provide information and answer questions
 - Second public hearing – provide opportunity for those interested to express views
- City adopts ordinance approving the proposed project plan and establishing the increment district(s)

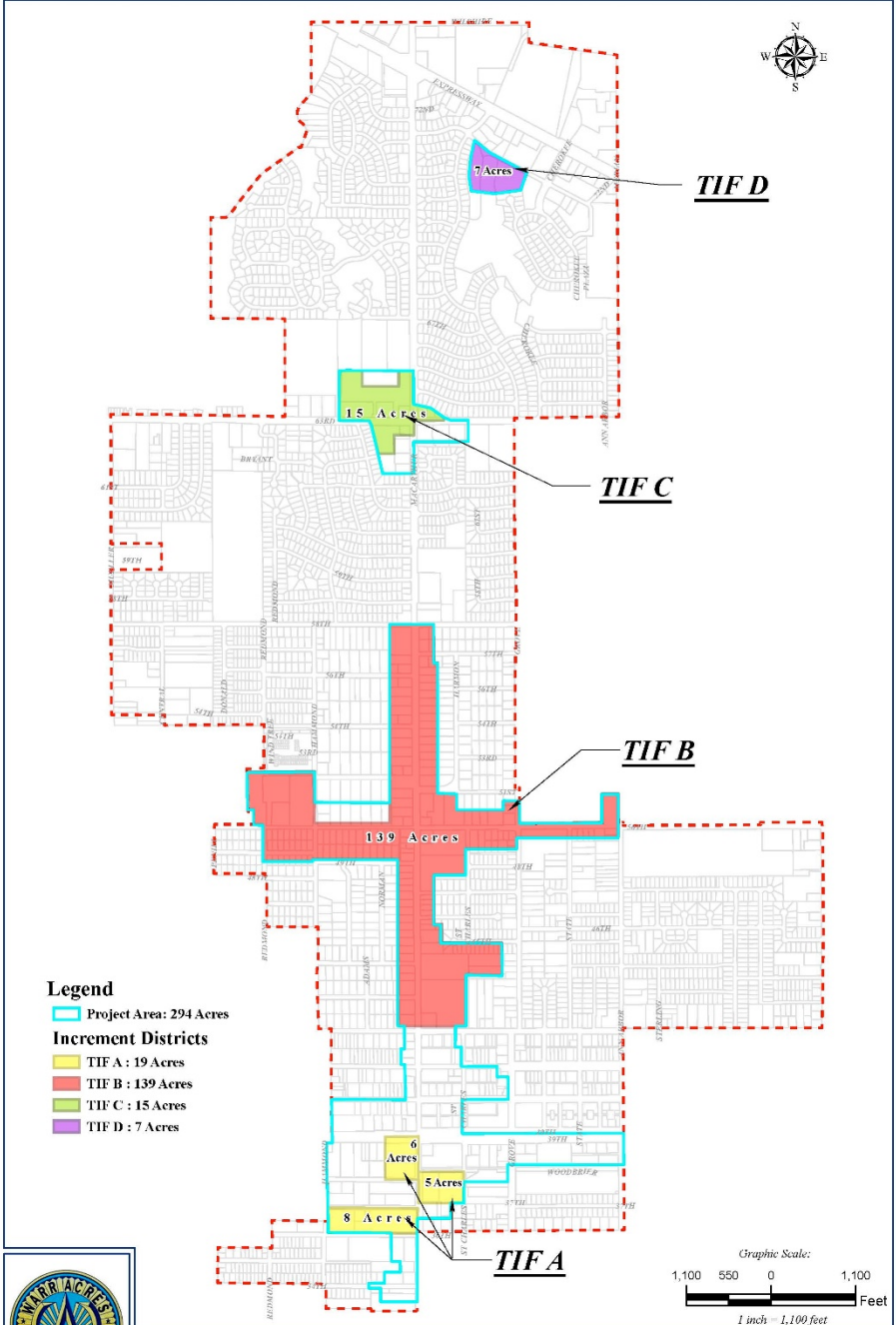
City of Warr Acres
Economic
Development
Project Plan

PART TWO

RECAP— ROLE OF REVIEW COMMITTEE

Review Committee charged with making:

- finding as to eligibility of proposed project area and increment district
- finding as to financial impacts of proposed increment district on taxing jurisdictions and business activities
- recommendation to the City regarding approval of the proposed project plan



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City of
Warr Acres
Project Area and Legal Description Boundaries Map

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PROJECT PLAN ELEMENTS

- Creates 4 TIF districts covering focused primarily on areas around MacArthur corridor, each to last 25 fiscal years (deferred start dates)
- Project Costs = \$8,000,000
 - Public improvements = \$2,000,000
 - Development financing assistance = \$5,000,000
 - Implementation/contingency = \$1,000,000

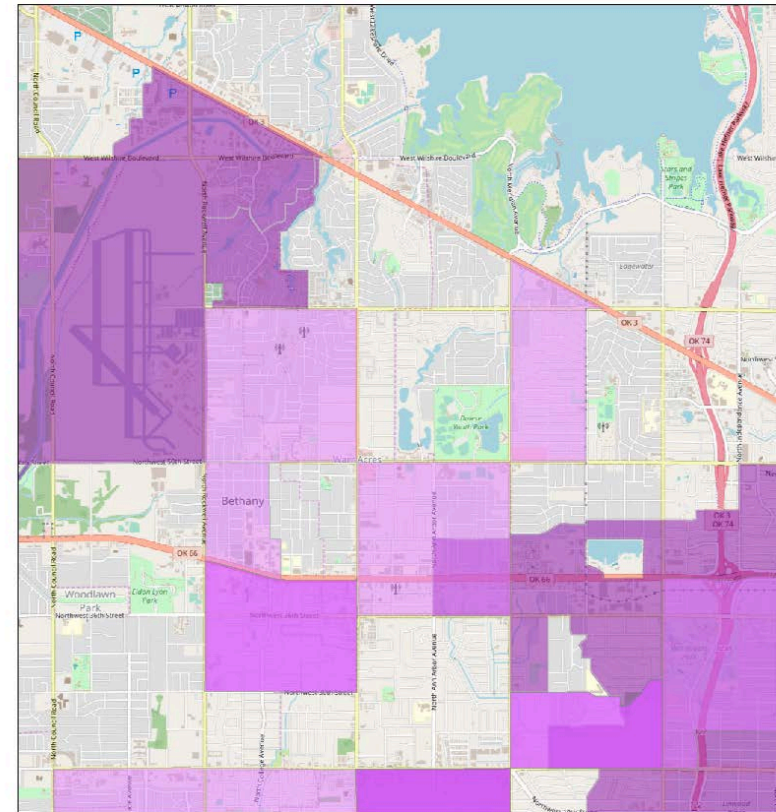
PROJECTIONS

- **Increment**
 - Ad valorem revenue on valuation increases over base assessed value
 - Base assessed values will be set as of date each TIF district is enacted (Council has up to 10 years)
- **Development projected to exceed \$37 million**
 - Residential, commercial, mixed-use, and industrial development and redevelopment
 - Incremental ramp of development through 2025, then multiplier for future projects
- **Projected increment**
 - \$12,000/year in near-term, up to \$5000,000/year in long-term
 - Over \$8 million cumulative over life of project

ELIGIBILITY

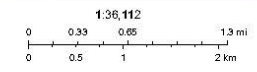
Enterprise Area

Enterprise Zones: Warr Acres



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- EZ Grandfathered
- EZ Tracts - PCI
- EZ Tracts - Poverty



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ELIGIBILITY

Reinvestment Area

- Inadequate utility capacity to handle future growth
- Water and sewer lines in rough condition
- Street condition behind maintenance lives
- Inadequate public parking (esp. in revitalization area)
- Several high-profile store closings over last several years
- Aging building stock
- Long history of building code violations
- Physical maintenance of private improvements lacking

FINANCIAL IMPACTS

Growth in and outside of the Increment Districts

- Immediate benefit from any spin off development outside the Increment Districts
- Significant benefit after the termination of each Increment District

Putnam City Public Schools, Oklahoma County, Metro Library to experience financial gain based on development activity and associated property value growth

City-County Health Department, Francis Tuttle benefits

- Improvements to the area
- Increased exposure to existing facilities
- Job training opportunities

ECONOMIC IMPACTS— BUSINESS ACTIVITY

- Development creates growth in business activities
- 180 temporary construction jobs, over \$6 million payroll
- Permanent jobs at commercial, mixed-use, and industrial developments
- More people living and working in the area = more demand for development = more business opportunities = more customers

NEXT STEPS

Review Committee Findings and
Recommendation

Planning Commission *(scheduled Jan. 8)*

- Conformance with comprehensive plan

City holds two public hearings before adoption

- First public hearing – provide information and answer questions *(scheduled Jan. 15)*
- Second public hearing – provide opportunity for those interested to express views *(scheduled Jan. 23)*

City adopts ordinance approving the Project
Plan, deferring date for TIF start

City has up to ten (10) years to start all 4 TIFs
(will require separate future action)

QUESTIONS?

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