

# EXECUTIVE SUMMARY

## I. INTRODUCTION

Over time, the City of Oklahoma City (“The City”) has undertaken a series of economic development strategies, both for the community as a whole and for the central city in particular. These strategies include the three MAPS initiatives, a program of economic development incentives by the Oklahoma City Economic Development Trust, the approval and implementation of the related urban renewal plans, and the adoption of project plans with supporting tax increment districts as authorized by Oklahoma’s Local Development Act (“Act”).

Taken in combination, these complementary economic development strategies have generated more than \$5 billion of new development and created thousands of jobs. It is the objective of The City to further its economic development successes in other areas that face strong barriers to reinvestment. One such area is the area immediately south of the city’s Central Business District and north of the Oklahoma River. This area—known as “Core to Shore”—has been blighted and subject to urban renewal efforts since the adoption of the Core to Shore Urban Renewal Plan in 2011. A wide array of future initiatives has been planned for the area, which require The City’s provision of public infrastructure and other improvements (as well as other support) to create the conditions necessary for quality development in Core to Shore and for The City to expand upon its prior economic development successes (“Project”).

## II. THE PROPOSED PROJECT

The Project embraces an area bounded roughly by Oklahoma City’s Central Business District to the north, the Producer’s Cooperative eastern property line to the east, the Oklahoma River to the south, and Western Avenue to the west. Within that area, the Core to Shore Reinvestment Area Project Plan (“Project Plan”) seeks to create six separate tax increment districts to generate multiple active, high-density and high-quality mixed-use urban districts as envisioned by the Core to Shore Redevelopment Framework adopted by the Oklahoma City Council in 2008. Much of the development will be leveraged through development or redevelopment agreements with developers and the authorization of development financing assistance, implementation of public infrastructure improvement projects, and budgeting funds for public educational and service providers to enhance programs and services.

The Project seeks to increase investment and development in the area by \$2.25–\$4.8 billion. \$1.7–\$3.6 billion of that is anticipated to be directly stimulated private investment, using experience to assume a leverage factor of at least 10, while between \$550 million – \$1.2 billion is projected to be indirectly stimulated private development. This indirectly stimulated increment will continue to be shared with affected taxing jurisdictions with 75% allocated in proportion to existing ad valorem revenues, excluding sinking funds.

### III. IMPACTS AND EFFECTS ON TAXING JURISDICTIONS

Projected impacts on taxing jurisdictions have been based on an analysis of a projected \$3 billion in directly stimulated private taxable investment. Growth patterns in the jurisdictions—especially the school districts—since surrounding economic development initiatives were adopted have shown:

- Indirectly generated increments from the surrounding initiatives indicate a 15.58% average annual stimulated growth.
- The allocation of indirect increments from surrounding initiatives creates a net benefit to the taxing jurisdictions.
- The increased assessed values for affected taxing jurisdictions outside all of The City’s increment districts has been a full **2.59 times** the increases within the increment districts.
- Net new revenues to Oklahoma City Public Schools (“I-89”) amount to more than \$6.8 million annually.
- Net new revenues to Metro Technology Centers (“Metro Tech”) amount to more than \$10 million annually.

These patterns present strong support that the beneficial impacts have been outstanding within the increment districts, and even greater outside the increment districts than within.

As to specific impacts on taxing jurisdictions from the new development, little to no increased demand on services is anticipated for either I-89 or Metro Tech. What increases in demand may become present are offset by public development financing assistance authorized for allocation to public school development in the Project Area and by the net benefit (assuming continued economic trends) within the school districts. Benefits to the other taxing jurisdictions—the Metropolitan Library System, Oklahoma City-County Health Department, and Oklahoma County—will far exceed the increased demand on the entities’ services, due to the increasing indirect and non-TIF assessed values and the positive economic impacts discussed below.

### IV. ECONOMIC IMPACTS ON BUSINESS ACTIVITIES

The economic impact analysis focuses only on the projected \$3 billion in leveraged private taxable development. Assuming a minimum leverage factor of 8 to determine total estimated investment, and also assuming (based on recent market studies) that:

- 1,000 full-time-equivalent temporary construction positions are supported for every \$100 million in construction;
- An impact multiplier of 1.5 of the calculated FTE estimate will account for temporary non-construction positions; and
- The average temporary employee will earn an estimated \$35,000 salary,

then the economic impacts estimated to result from the construction of the new leveraged development are:

	<u>Projected Development</u>	<u>Temporary Jobs Supported</u>	<u>Temporary Payroll Supported</u>
<i>Residential</i>	\$600,000,000	9,000	\$315,000,000
<i>Hotel/Commercial</i>	\$1,800,000,000	27,000	\$945,000,000
<b>TOTALS</b>	<b>\$2,400,000,000</b>	<b>36,000</b>	<b>\$1,260,000,000</b>

Indirectly stimulated new development is estimated at \$600 million, which will proportionately increase the beneficial impacts and increase the leverage factor.

Permanent impacts will prove even greater. Assuming that:

- 50% of the demand for new residential development in the downtown area will be the result of primary new job creation;
- The downtown area continues to absorb 12% of the annual new job growth in Oklahoma City;
- Residential occupancy downtown will average 1.75 persons per unit;
- The average permanent job in the downtown area will have a salary of \$50,000; and
- An impact multiplier of 2.0 should account for growth in jobs outside of the downtown area,

then the cumulative economic impacts of leveraged development are estimated to be as follows:

	<u>Projected Development</u>	<u>New Population</u>	<u>Annual Household Income</u>	<u>Annual Ad Valorem Revenue</u>
<i>Residential</i>	\$600,000,000	10,500	\$525,000,000	\$6,600,000

	<u>Projected Development</u>	<u>Permanent Jobs Supported</u>	<u>Permanent Payroll Supported</u>	<u>Annual Ad Valorem Revenue</u>
<i>Commercial</i>	\$1,800,000,000	22,311	\$1,115,550,000	\$19,800,000
• <i>Induced</i>	n/a	44,622	\$2,231,100,000	n/a
<b>TOTAL JOBS &amp; PAYROLL =</b>		<b>66,933</b>	<b>\$3,346,650,000</b>	

The Project therefore will have a very positive long-term benefit for the whole community and for the State of Oklahoma. Correspondingly, no appreciable adverse impact is likely to result from the Project for the taxing jurisdictions within which the increment districts are located.