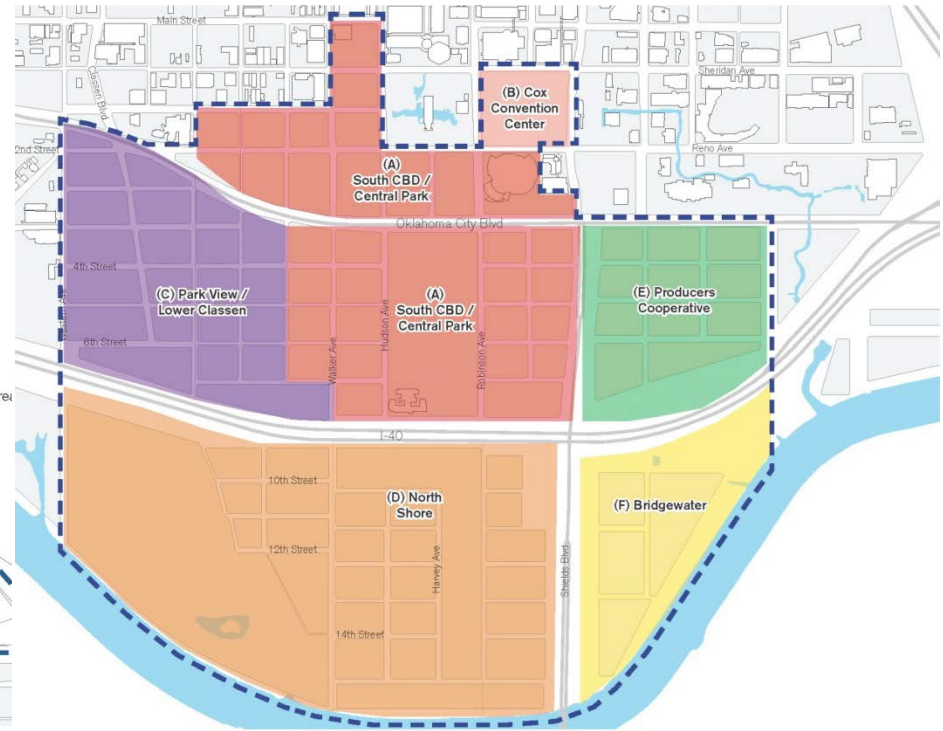
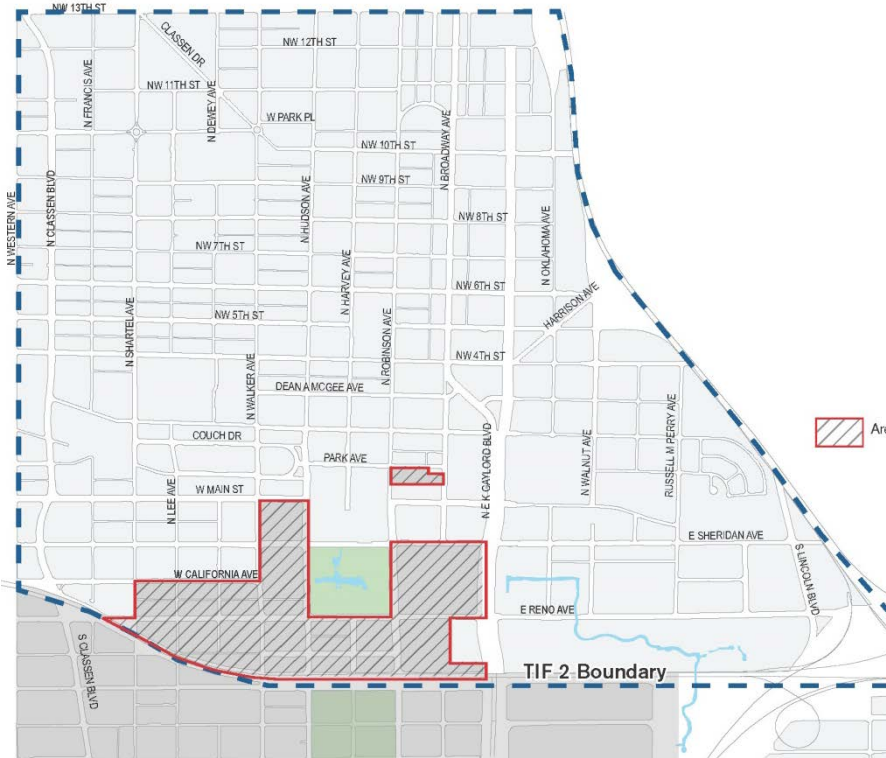


Tax Increment Financing

February 9, 2016



City Council Presentation
February 9, 2016



Purpose of TIF Districts

Tax Increment Financing is a tool to be used in areas where *investment, development and economic growth are difficult, but possible with TIF assistance.*

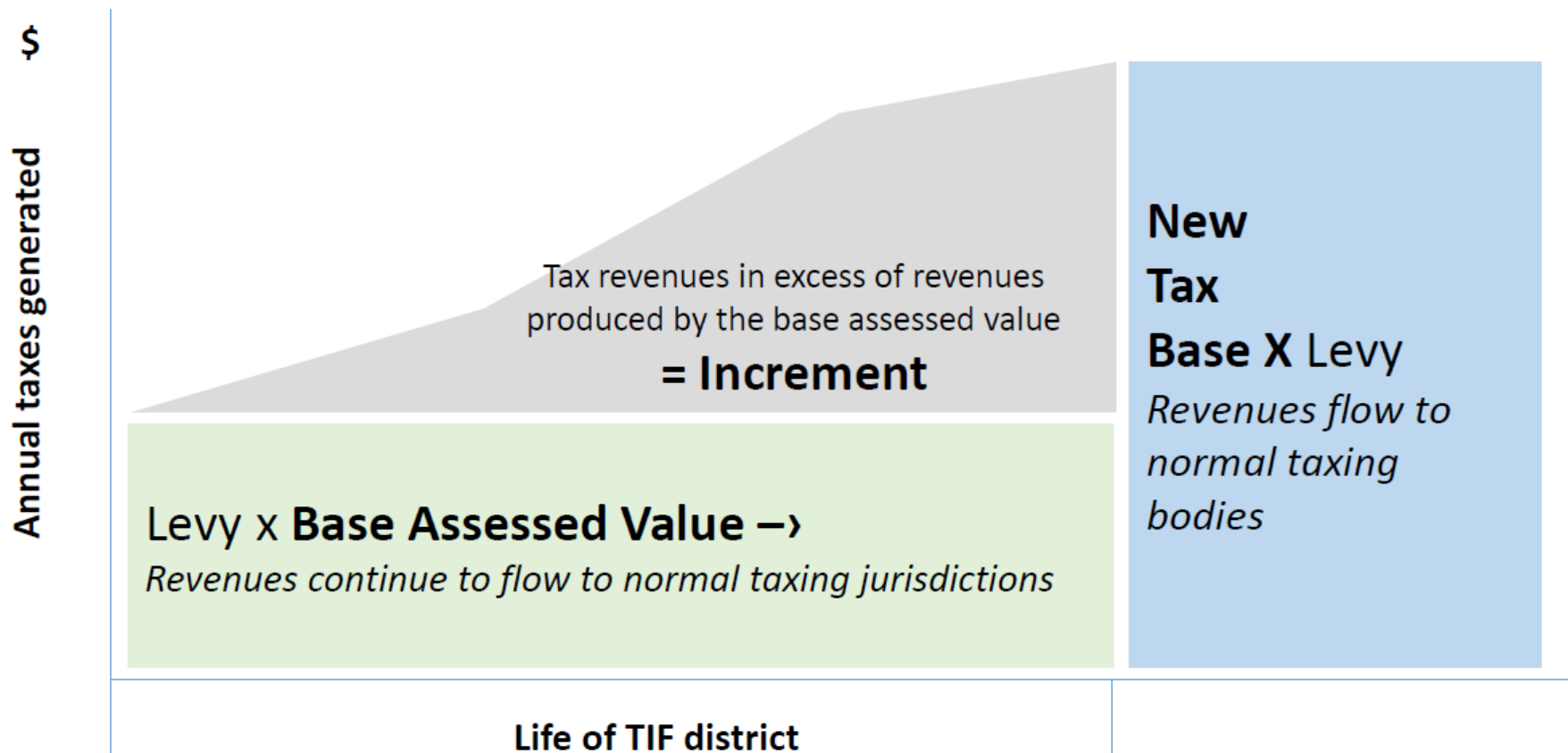
TIF is used to:

- Generate new employment opportunities through the creation of a new enterprises, new economic activity, and new investment;
- Attract investment to areas of need throughout the City, particularly in distressed areas;
- Generate new residential and commercial investment that enhances quality of life, education, and economic stability.

Oklahoma communities can capture **ad valorem** increment or **sales tax** increment or **both**.



How the District Works

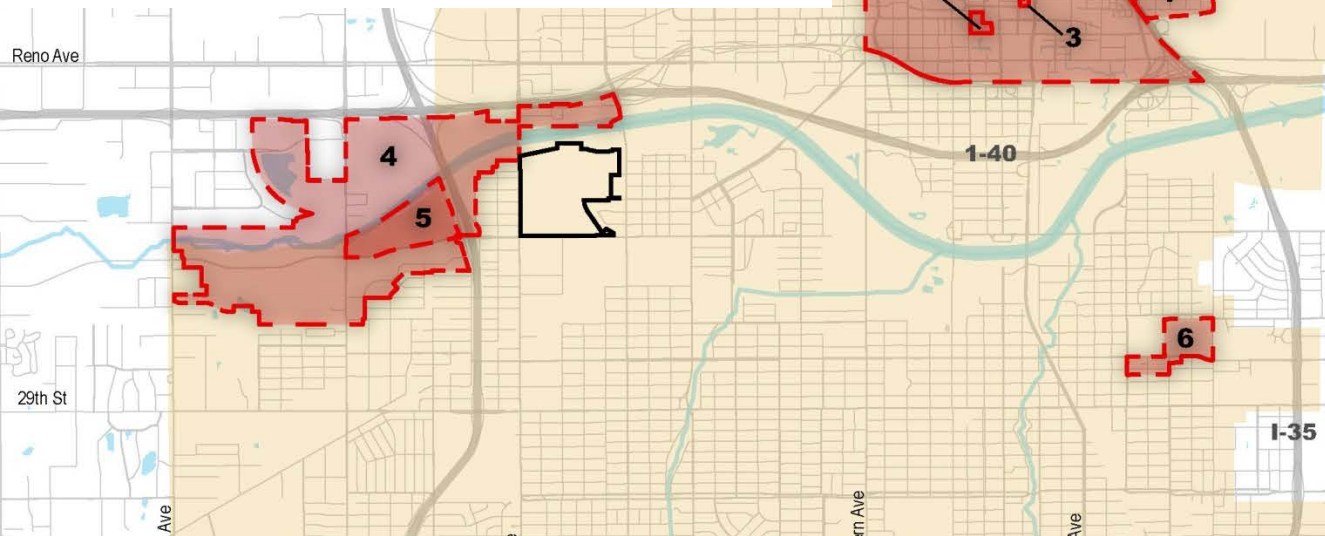
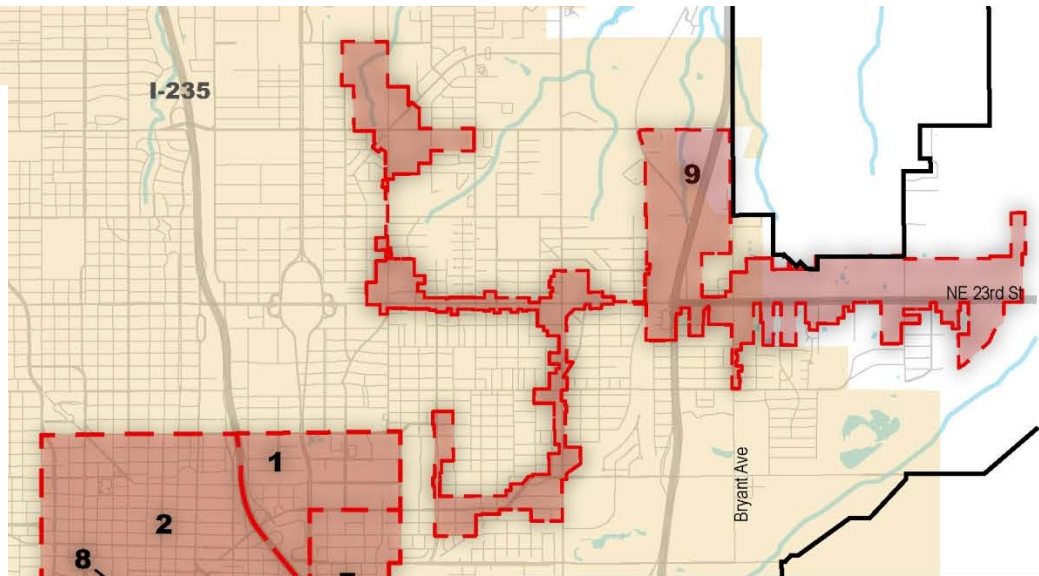


Oklahoma City TIF Districts

Oklahoma City has **9** TIF districts.
 Combined, the 9 districts have a total budget allocation of \$427.3 million

–Budget allocation = authorized budget items in the project plan.

The 9 districts cover 4,044 acres, which is 1.0% of the City of Oklahoma City, 0.9% of Oklahoma County, and 3.8% of I-89.



Existing TIF Districts	
— Oklahoma City Limits	397,440 acres
— I-89 District Boundary	85,872 acres
1. Oklahoma Health Center TIF District	322 acres
2. Downtown/MAPS TIF District	1,212 acres
3. Skirvin Hotel Sales TIF District	1.6 acres
4. Oklahoma Riverfront TIF District	979 acres
5. Oklahoma Riverfront Sales TIF District	94 acres
6. Las Rosas Residential TIF District	57 acres
7. Oklahoma Bioscience Development TIF District	173 acres
8. Devon World Headquarters TIF District	8 acres
9. Northeast Renaissance TIF District	1,197 acres



City Council Presentation
 February 9, 2016



TIF Development Process

Step 1 Pre-Planning

Reinvestment area

Historic
preservation

Enterprise area

Project specific or
area

Step 2 – Appointing TIF Review Committee

City Council
Resolution allows
for appointment
of TIF Review
Committee
members for
proposed district

Step 3 - Establish TIF Review Committee

Taxing
jurisdictions
representatives

City and Planning
Commission
representatives

3 at-large
members selected
by the Committee



TIF Development Process

Step 4 - Develop Project Plan

Identifies the district area

Basis for eligibility

Budget for TIF expenditures

Implementation designee

Step 5 – Approve Project Plan

TIF Review Committee
Typically discussed in 2 separate meetings

Planning Commission
2 Hearings

City Council
2 Hearings



TIF Allocation Process

Step 1 – Developer and Staff discuss Project

Location

Timeline

Current Values

Financing sources

Step 2- TIF Advisory Committee considers Project

Cathy O'Connor – The Alliance

Brent Bryant – City Manager's Office

Aubrey Hammontree – Planning Department

Jim Lewellyn – Public Works

Nicolle Goodman – The Alliance

Geri Kenfield – The Alliance

Wiley Williams – Municipal Counselor's Office

Amanda Carpenter – Municipal Counselor's Office

Step 3 – City TIF Advisory Committee

Focus on public improvements

Assistance in development financing

Balance project's upside and downside potential

Expected increment to be generated

Recommendation made to the City Manager



TIF Allocation Process

Step 4 – TIF Review Committee

Developer presents Project to TIF Review Committee for recommendation to City Council

Step 5 – City Council

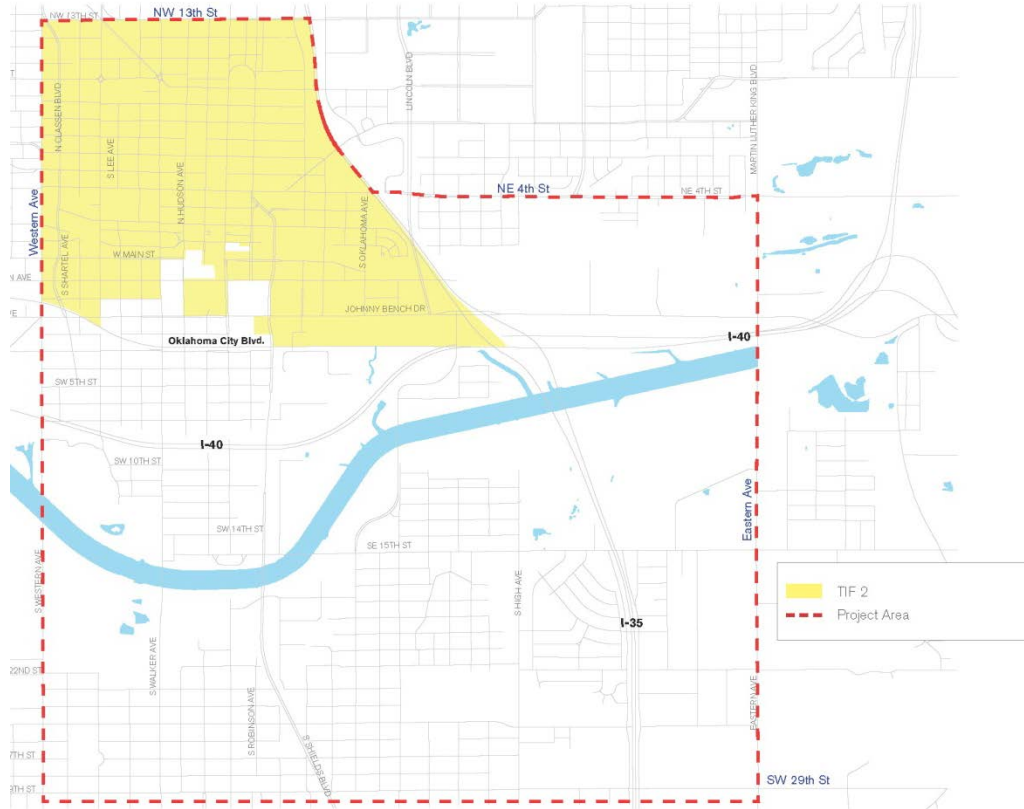
City Council considers budget allocation for Project

Step 6 – Economic Development Agreement

Oklahoma City Economic Development Trust and City enter into an Economic Development Agreement with the Developer for the Project



Downtown / MAPS (TIF #2)



Purpose: Catalyze investment in the core downtown area, focusing particularly on housing

Created: March 7, 2000

Expires: June 30, 2027

Implementing Body: Oklahoma City Economic Development Trust

Project Plan Budget: \$165 million

Increment Totals: \$113.5 million (NAV)

Market Value Growth: \$1.0 billion

Taxes Billed (2015): \$9.4 million*

*\$3.54 million to other taxing jurisdictions (in addition to \$9.4 million listed above)



City Council Presentation
February 9, 2016

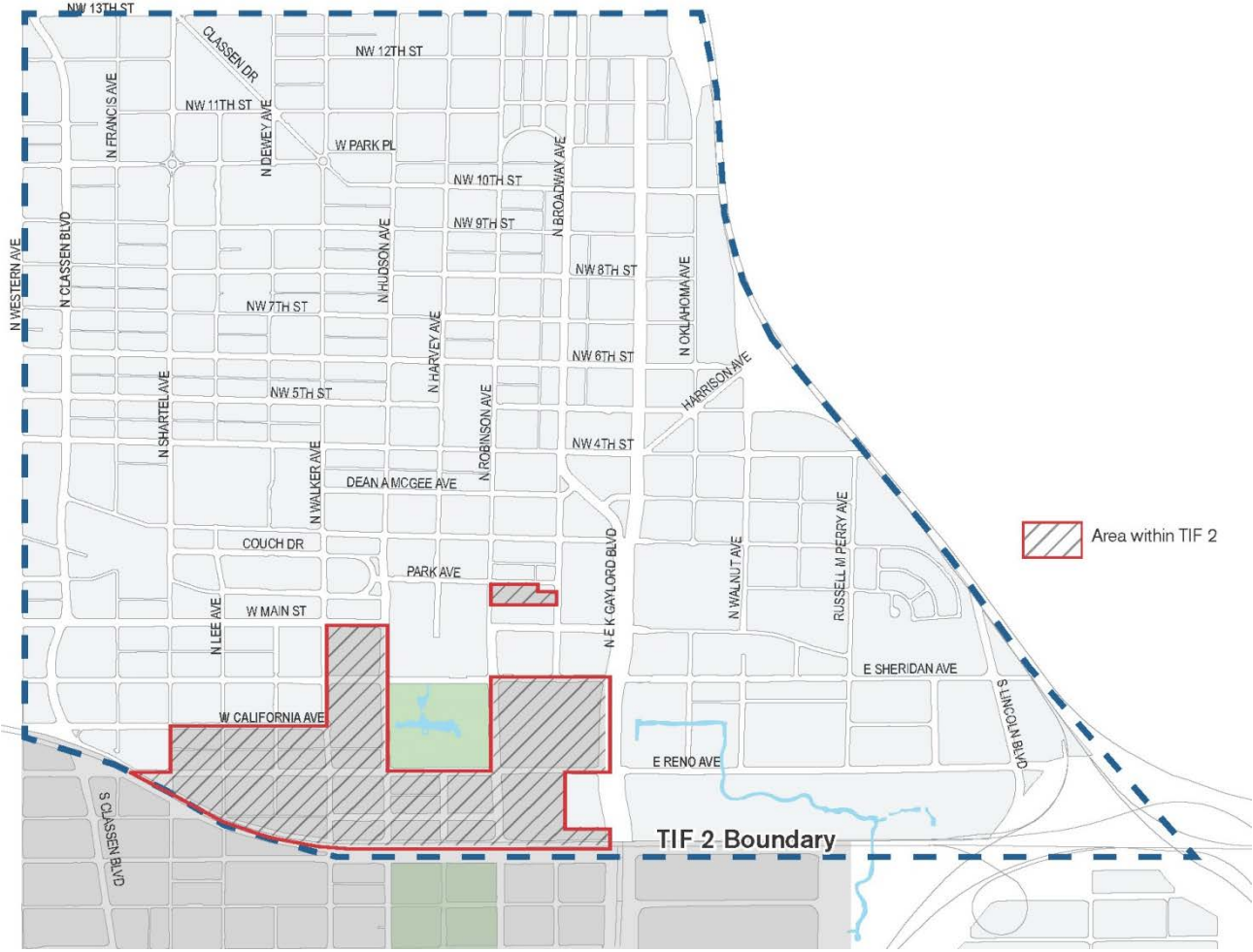


Overview of Amendments

- Increase the TIF # 2 Budget
 - Change budget categories
- Expand TIF # 2 Project Area to south of SW 30th Street
- Change allocation methodology for Indirect increment
 - Based on operating levy only with no offsets
 - County school levy allocated to I-89
 - Effective October 1, 2015
- Allow Other Taxing Jurisdictions (OTJ) to spend TIF funds outside the TIF Project Area
- Carve outs of TIF # 2
 - 1st National Center TIF
 - Core to Shore TIF



TIF #2 Area Carve Out



City Council Presentation
February 9, 2016



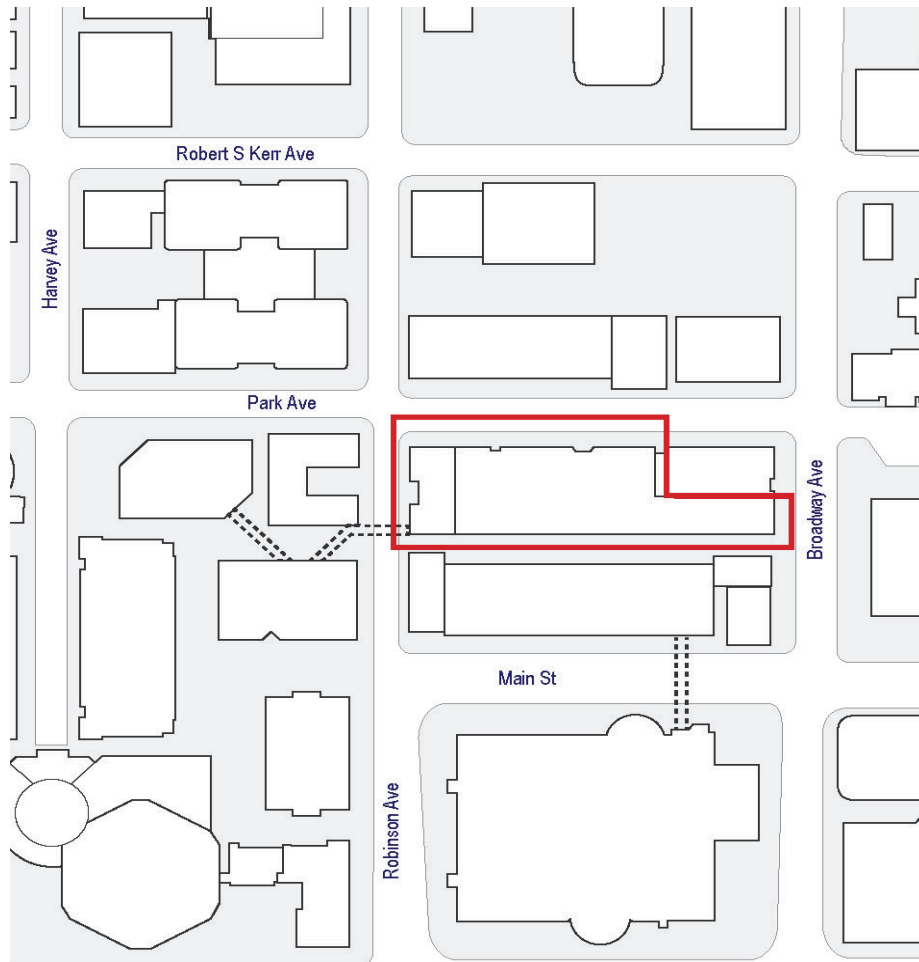
Proposed TIF District # 2 Amendment

TIF #2	Budget	Amendment	Budget
Residential	\$35,000,000	\$5,000,000	\$40,000,000
Commercial	\$45,000,000	\$15,000,000	\$60,000,000
Public Schools (1)	\$7,000,000	\$14,000,000	\$21,000,000
Public Parking	\$9,000,000	\$0	\$9,000,000
Other Public Development Costs (2)	\$25,000,000	\$0	\$25,000,000
Other Taxing Jurisdictions (3)	<u>\$0</u>	<u>\$10,000,000</u>	<u>\$10,000,000</u>
	\$121,000,000	\$44,000,000	\$165,000,000

- (1) The Public Schools category will be restricted to I-89 only
- (2) Other Public Development category will be limited to City projects.
- (3) Other Taxing Jurisdictions (OTJ) category will be for all OTJs except for I-89



1st National Center (TIF#10)



Purpose: Renovate the 1st National Center

Impact on TIF # 2: Current Taxable Increment Value is \$764,555. Equals \$9,574. $\frac{1}{2}$ to TIF # 2 and $\frac{1}{2}$ to OTJ

Expected Term: 25 years

Ad Valorem Tax & Sales Tax

Project Plan Budget: \$45 million

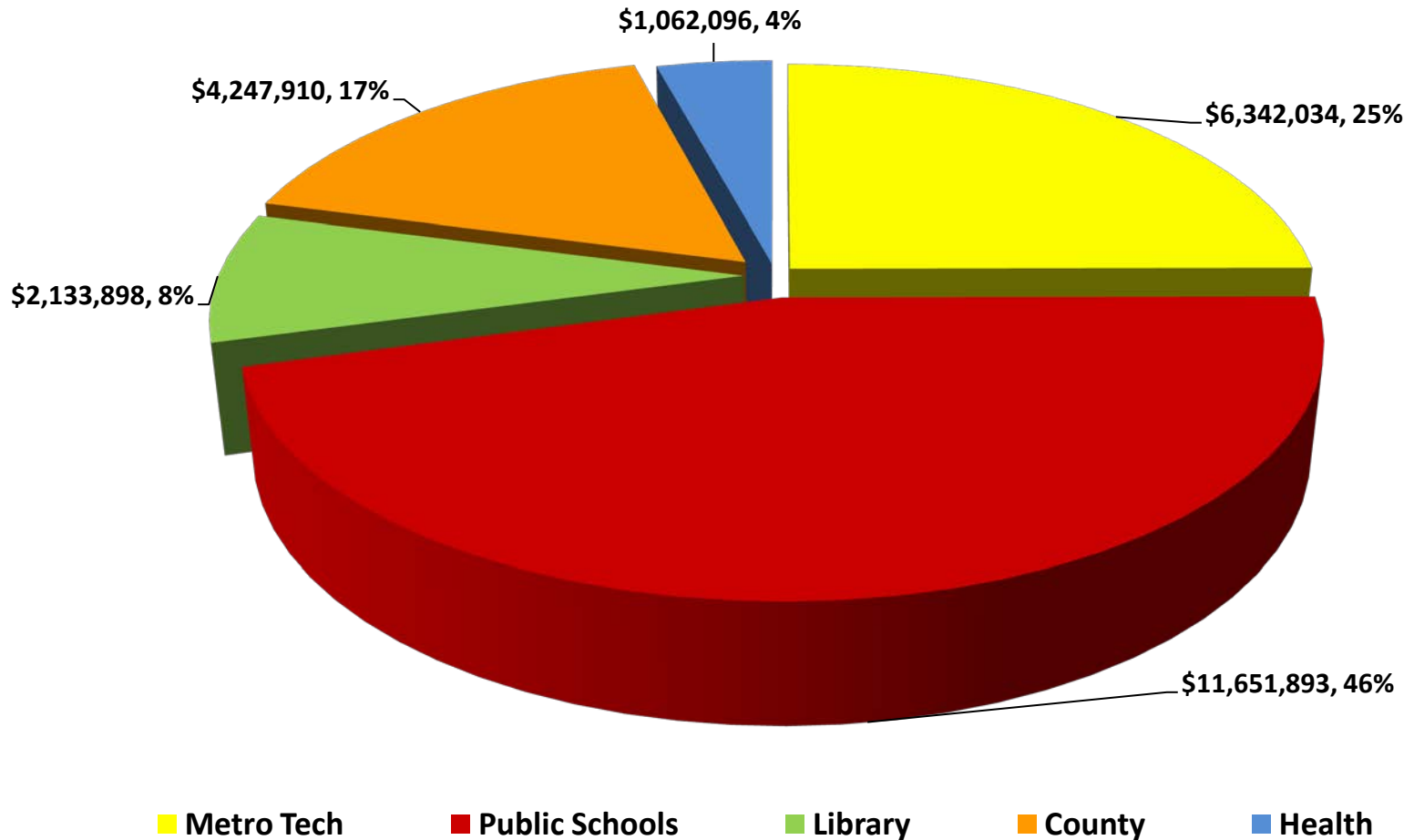
Based on 1st National Ad Valorem Tax Revenues

Anticipate providing annual payment to developer as an installment incentive.



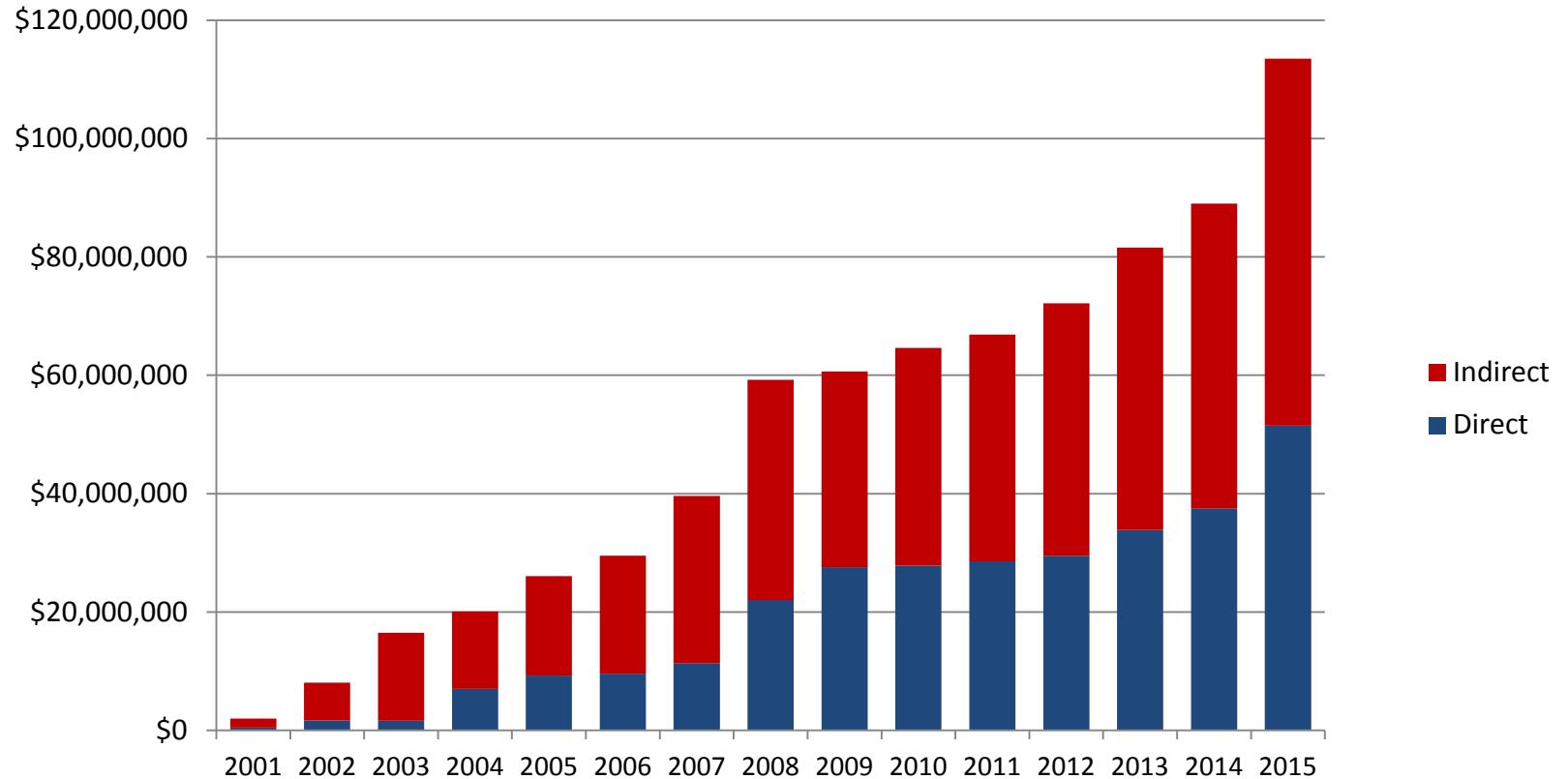
TIF #2 Indirect Revenue Sharing

In 2015, \$25.4 million in Indirect Revenues were distributed to Other Taxing Jurisdictions as follows:



TIF #2 Increment Growth

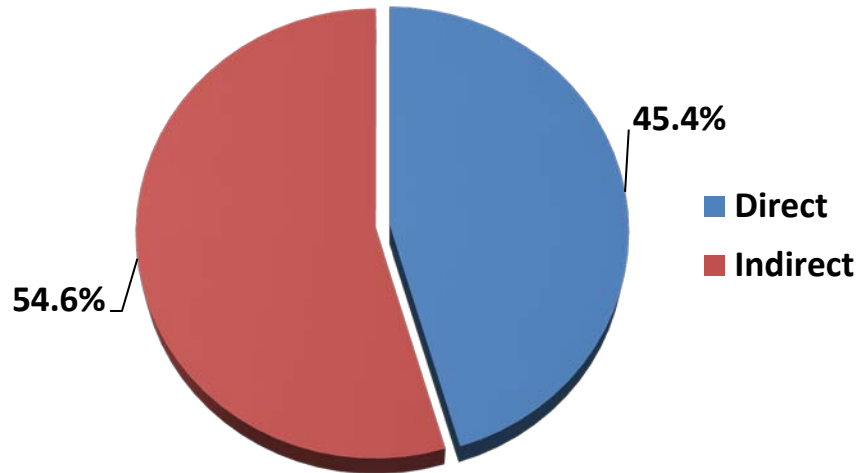
Total Assessed Value Increment 2001-2015
Indirect and Direct Properties



City Council Presentation
February 9, 2016



TIF #2 Market Value Growth



Of the total \$1.031 billion in market value growth in TIF District No. 2:

- \$563,587,927, or 54.6%, was growth in Indirect market value growth
- \$468,239,282, or 45.4% was growth in Direct market value

In TIF #2 - Ratio of Private Investment to \$ of TIF Allocated as of 6/30/15 was 7.4 to 1

\$ 42,570,000- total allocated to TIF #2 projects through 6/30/15

\$314,997,528 - total private development project costs through 6/30/15



Downtown/MAPS Amended Project Plan Economic Impacts - Background

- City's various economic development strategies have resulted in \$5 billion of new development
 - Strategies include: MAPS initiatives, job creation program, retail expansion program, and use of tax increment financing
- Existing Downtown/MAPS Project Plan alone responsible for over \$1.6 billion of new development
 - Assessed value growth rate pre-existing TIF was only 1.49%
 - Since 2000:
 - Indirect assessed values have increased an average of 18.56% annually
 - Growth outside the increment districts has increased 2.59 times *more* than inside the increment districts



Economic Impacts on Other Taxing Jurisdictions

- Amended Project Plan expected to increase investment by an additional \$1.0 billion
 - \$800 million in direct private investment
 - \$200 million in indirect private investment
- Continued indirect increment distributions result in increasing revenues to OTJs
 - Apportioned TIF dollars result in more revenues to OTJs as soon as stimulated growth is 40% greater than pre-existing growth
 - OCPS (I-89) in particular benefits significantly due to offsets in state school aid formula
 - Each apportioned TIF dollar is much more valuable to I-89 than a non-TIF dollar, since non-TIF dollars are subject to offsets under the state school aid formula

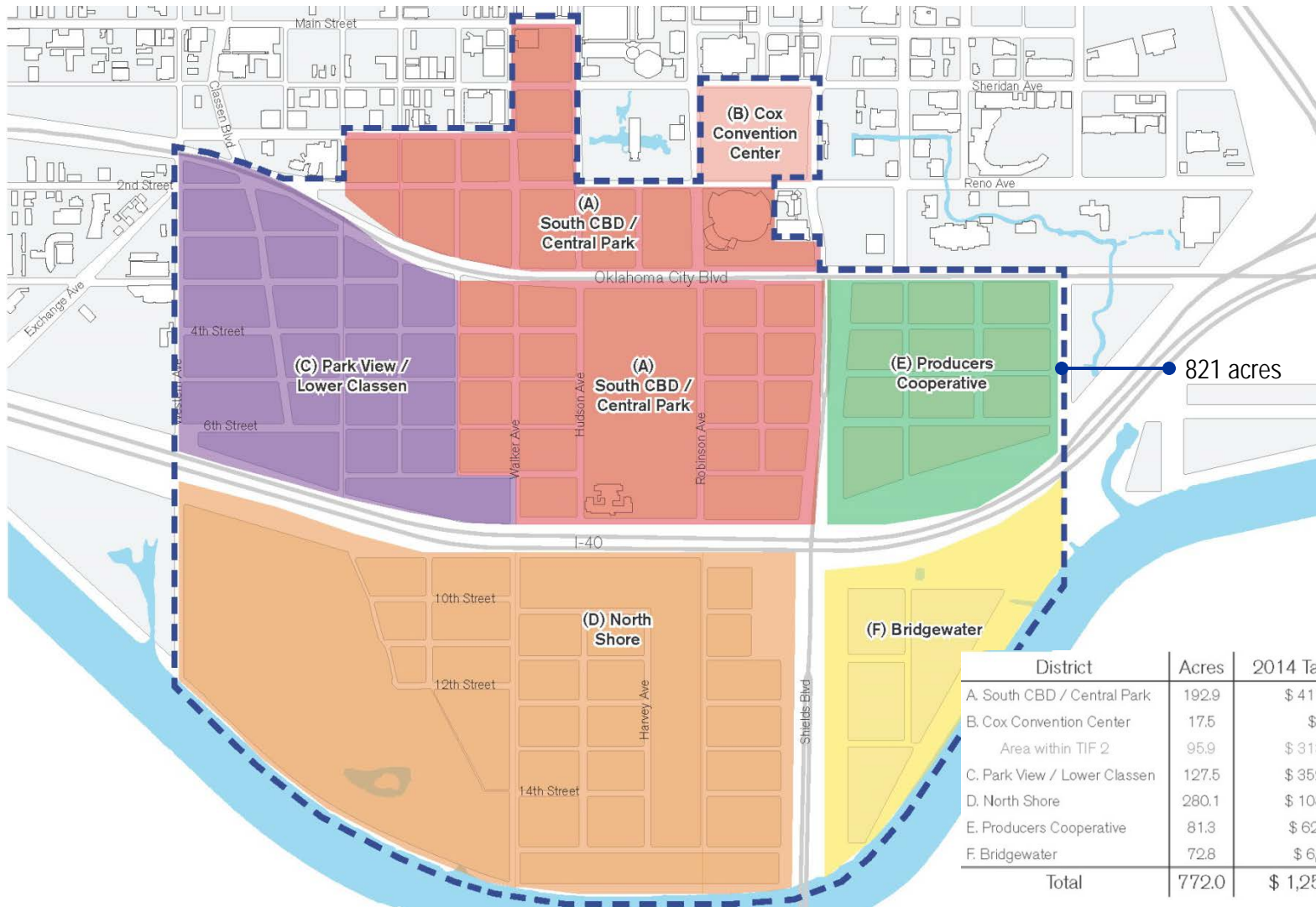


Downtown/MAPS Proposed Amendments - Economic Impacts on Business Activities

- Amended Project Plan anticipated investment increases are estimated to support:
 - \$200 million directly stimulated new residential development
 - \$600 million directly stimulated new hotel and commercial development
 - \$200 million in indirectly stimulated development
 - 12,000 temporary jobs with \$420 million aggregate payroll
 - Over 22,000 permanent jobs with over \$1 billion aggregate payroll
 - 3,500 new residents having an aggregate household income over \$175 million



Core to Shore Reinvestment Area - TIF Districts



City Council Presentation
February 9, 2016



Core to Shore TIF District Objectives

- Extend the Central Business District (CBD) to the south to envelop Myriad Gardens and help connect the Gardens south to the new MAPS 3 Park and the Oklahoma River;
- Create opportunities for significant amounts of office, hotel and retail space;
- Create a cohesive urban district that merges daytime, evening, and weekend users;
- Leverage the opportunities created by the new Convention Center and Hotel;
- Transition the site of the Cox Convention and Business Center into different functional uses after the completion of the new convention center;
- Develop attractive and impactful private development along the new Oklahoma City Boulevard;
- Upgrade aging and under-capacity water, sanitary sewer, and stormwater infrastructure.



Core to Shore Reinvestment Area

- Consists of 6 new TIF districts under 1 Project Plan
- Increment District A will include a sales tax component
 - For projects that are eligible for State Leverage Act match
- Each may begin at differing times
 - State law allows a city up to 10 years to trigger start date
- Currently generating \$1,254,256 in ad valorem taxes
 - Approximately \$313,346 is paid in TIF # 2



Core to Shore Reinvestment Area Eligibility for a TIF District

- Area is within a state designated Enterprise Zone
- Declared as blighted by the City Council
- Arrested economic development (2010-2015)
 - 71 demolition permits
 - Only 3 completed construction projects
 - Single Family Residence
 - Dormitory
 - Office

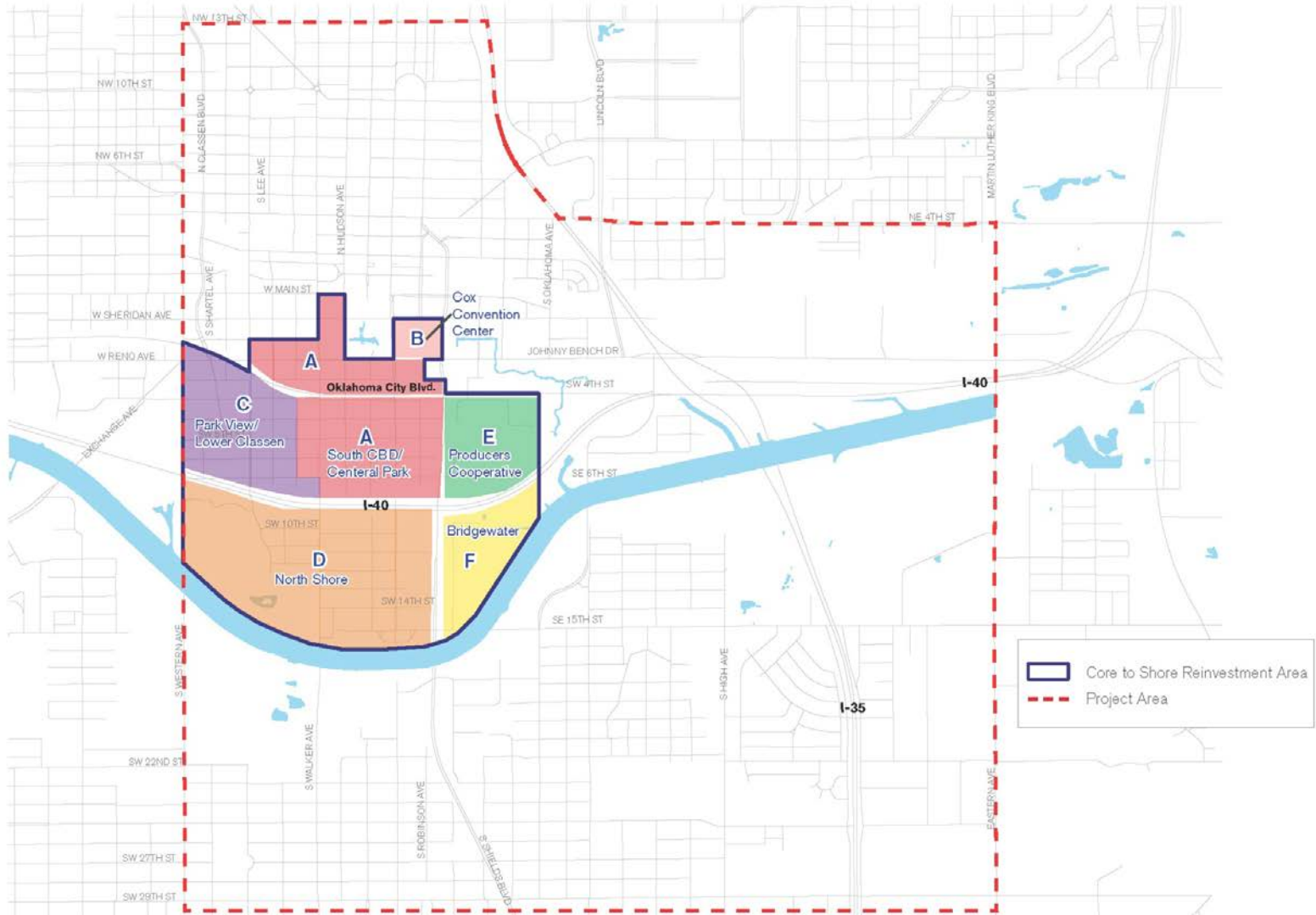


Core to Shore Reinvestment Area

- Revenue sharing
 - Direct and Indirect projects
 - Similar to TIF #2
 - Direct Projects – 100% to the TIF District
 - Indirect Projects – 25% to the TIF District & 75% to OTJs
 - OTJ allocation of funds based on pro rata of operating levies
 - I-89 \$45.24 (57.39%)
 - Metro Tech \$15.45 (19.60%)
 - Oklahoma County \$10.35 (13.13%)
 - Metro Library \$5.20 (6.60%)
 - City/County Health \$2.59 (3.29%)
 - Total \$78.73



Core to Shore Reinvestment Area Increment and Project Area

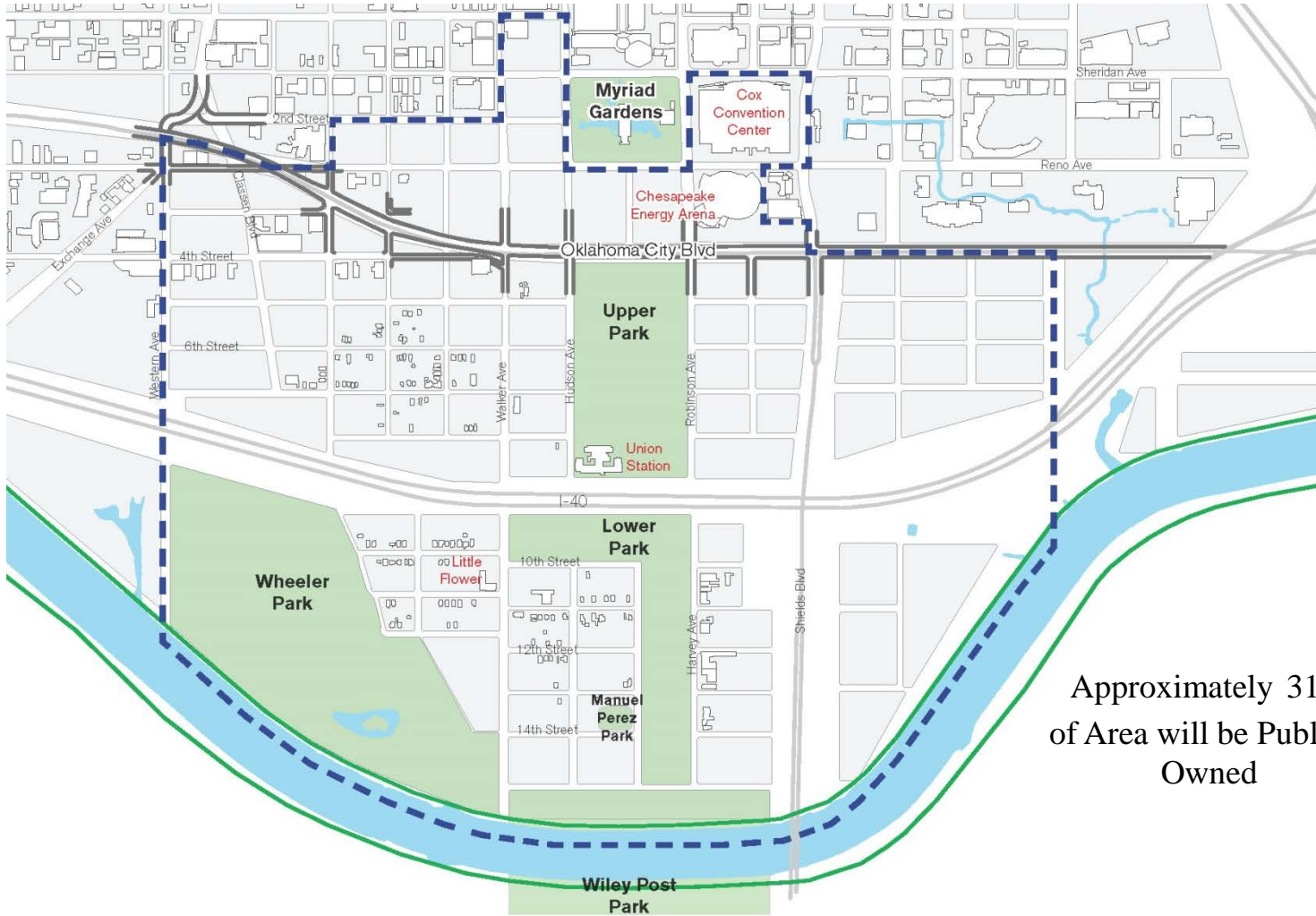


City Council Presentation
February 9, 2016





Core to Shore Reinvestment Area- Increment District Boundary



Approximately 31% of Area will be Publicly Owned



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February 9, 2016



Core to Shore Reinvestment Area - Building Typology Height Minimum & Target Range



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February 9, 2016



Building Typologies

High Density 1 (HD1)

General Characteristics	
SUMMARY	High Density 1 targets large-scale development. Mixed-use projects are encouraged but not required, though ground floor commercial retail space is required. Minimum requirements are less strict than high density commercial to allow for maximum flexibility within different markets. When and where appropriate, stand alone parking structures that serve district-wide demand may be appropriate. Lower intensity structures that are major cultural or entertainment destinations are compatible with the intent of the typology.
PRIMARY USE	There are no primary or secondary land use preferences or requirements in High Density. Projects must integrate ground floor commercial space.
SECONDARY USES	
Target Build-Out	
MINIMUM HEIGHT + TARGET RANGE	10 - 20+ stories
MINIMUM LOT COVERAGE	80-100%
FLOOR TO AREA RATIO (FAR)	6.0-8.0+

Building Typology Compatibility			
Building/Construction Type	Compatible?		
	YES	PARTIAL	NO
Tower	X		
Tower on Podium	X		
Mid-Rise		X	
Mid-Rise on Podium		X	
Woodframe on Podium			X
Mid-Rise Woodframe			X
Garage Liner		X	
Woodframe			X
8/quadplex			X
Tri/Duplex/Townhome			X
Single Family Home			X
Destination Retail		X	
Single Use Retail Building			X
Stand Alone Parking Garage	X		
Surface Parking Lot			X
Sports Stadium / Arena		X	
Museum / Theater	X		
Convention Center	X		
Heavy/Light Industrial			X
Primary / High School			X
University / Trade School	X		
Hospital		X	



Core to Shore Budget

(All 6 Districts)

• Assistance in Development Financing	\$300,000,000
• Public Improvements	\$65,000,000
• Public Schools (I-89)	\$16,600,000
• Metro Tech	\$6,200,000
• Oklahoma County	\$4,200,000
• Metropolitan Library	\$2,000,000
• City/County Health	<u>\$1,000,000</u>
Total Budget	\$395,000,000



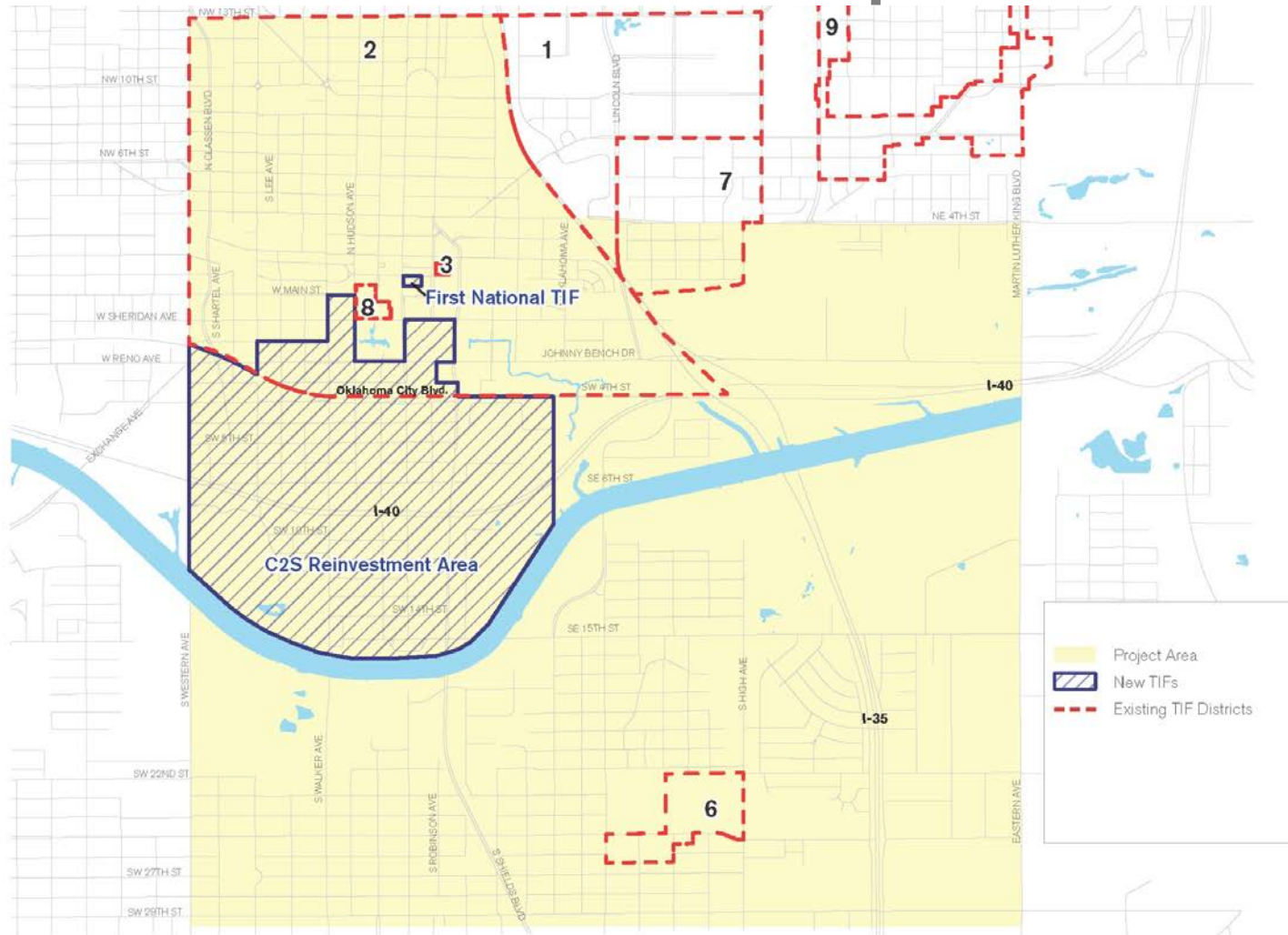
Core to Shore Revenue Generation

• Increment District A	\$167,000,000
• Increment District B	\$102,000,000
• Increment District C	\$34,000,000
• Increment District D	\$41,000,000
• Increment District E	\$45,000,000
• Increment District F	<u>\$6,000,000</u>
Total Revenue Generation	\$395,000,000

TIF District numbers will be assigned sequentially as the City Council initiates the start date of each District. Actual sequencing of the Districts may be different than shown above.



Core to Shore Reinvestment Area Incremental District Comparison



Core to Shore Project Plan Economic Impacts

- City's various economic development strategies have resulted in \$5 billion of new development
 - Strategies include: MAPS initiatives, job creation program, retail expansion program, and use of tax increment financing
- Core to Shore Project Plan
 - Expected \$2.25-\$4.8 billion in new development
 - \$1.7-\$3.6 billion in direct private investment
 - \$.5-\$1.2 billion in indirect private investment



Core to Shore Economic Impacts on Other Taxing Jurisdictions

- Indirect increment distributions result in increasing revenues to OTJs
 - Net impacts of *any* stimulated growth result in higher revenue stream to OTJs than would happen without TIF
 - (75% distribution to OTJs make up difference seen in Downtown/MAPS 50% indirect distribution)
 - OCPS (I-89) in particular benefits significantly due to offsets in state school aid formula
 - Each apportioned TIF dollar is much more valuable to I-89 than a non-TIF dollar, since non-TIF dollars are subject to offsets under the state school aid formula



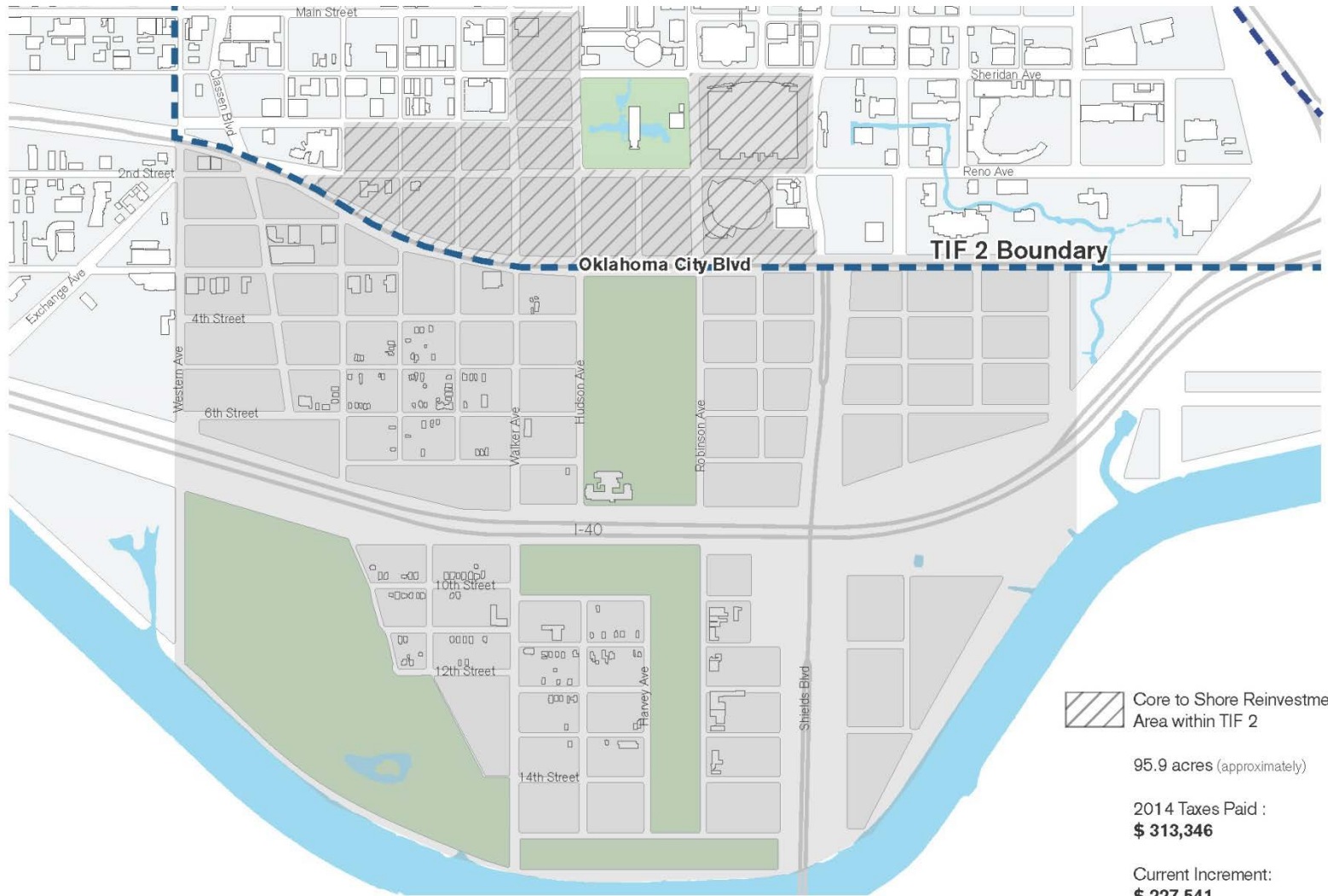
Core to Shore Economic Impacts on Business Activities

- Project Plan anticipated investment increases are estimated to support:
 - \$600 million in directly stimulated new residential development
 - \$1.8 billion in directly stimulated new commercial development
 - \$600 million in indirectly stimulated new development
 - 36,000 temporary jobs with over \$1.2 billion aggregate payroll
 - Over 66,000 permanent jobs with over \$3 billion aggregate payroll
 - 10,500 new residents having an aggregate household income of \$525 million



Questions

Core to Shore Reinvestment Area within TIF 2

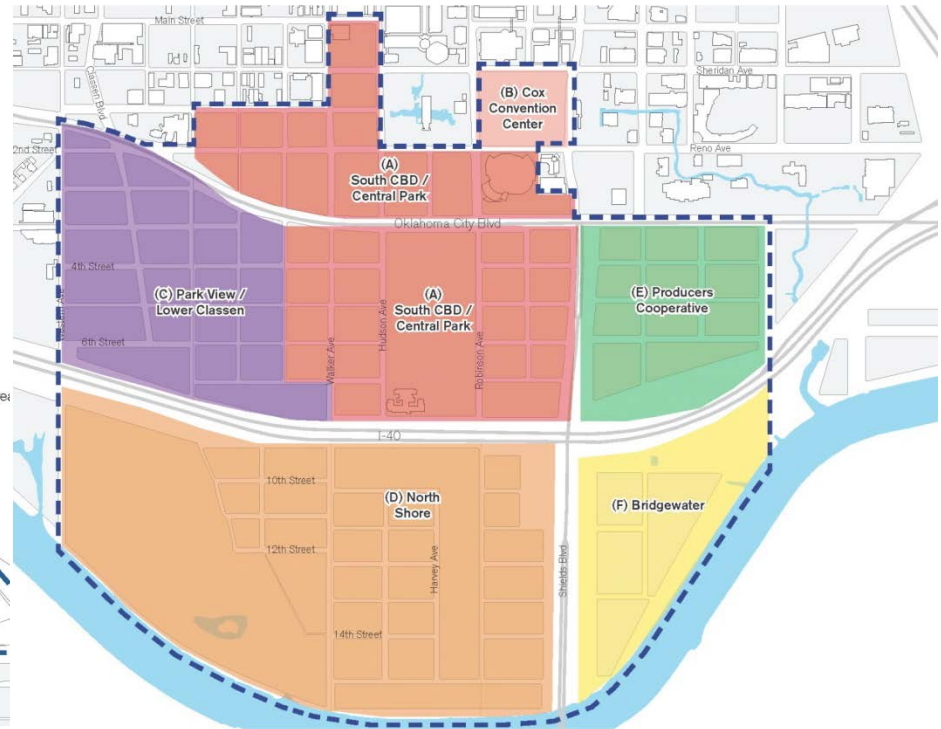
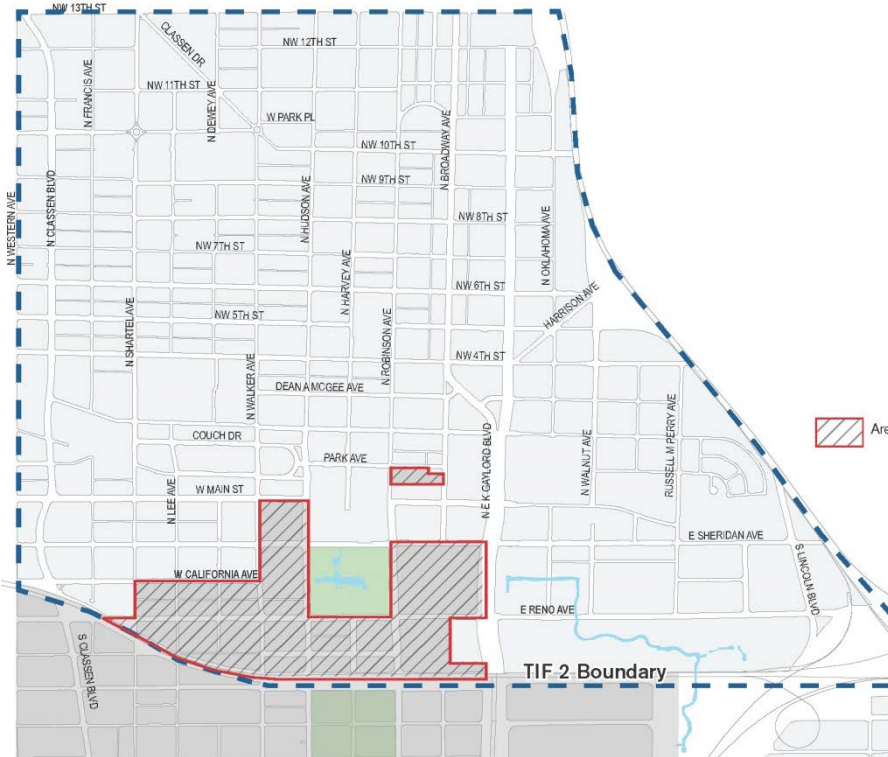


City Council Presentation
February 9, 2016



Tax Increment Financing

February 23, 2016



Tax Increment Finance
February 23, 2016



Requested Information

- TIF Review Provisions
 - Downtown/MAPS
 - Section XIV. Every five years with first review on July 1, 2020
 - 1st National is included
 - Core to Shore Project Plan
 - Section XIII. First review in ten Years - February 23, 2026
 - Northeast Renaissance Plan
 - No review provision



Requested Information

- Total ad valorem taxes in Oklahoma City
 - FY 2015 \$79.7 million
- Gap between taxable market value and current market value
 - Per OK County
 - Market Value \$35.83 billion
 - Taxable Market Value \$33.2 billion (92.7%)



Sales Tax TIFs

- TIF #3 – Skirvin
 - Budget of \$5,000,000
- TIF #5 – Dell
 - Estimated revenue of \$5,000,000
- TIF #8 – Devon
 - Estimated revenue of \$10,000,000
- TIF #9 – Northeast Renaissance
 - Estimated revenue of \$20,000,000
- Core to Shore (Area A)
 - Amount unknown, on a project basis



TIF Amendment & Development Process

- Council Presentation
 - January 27, 2015
 - September 15, 2015
- Meeting with I-89
 - (Minimum of 8)
- TIF Review Committee
 - November 9, 2015
 - December 3, 2015
 - December 21, 2015
- Planning Commission
 - January 14, 2016
 - January 28, 2016
- City Council
 - February 9, 2016
 - February 23, 2016



Overview of Amendments

- Increase the TIF # 2 Budget
 - Change budget categories
- Expand TIF # 2 Project Area to south of SW 30th Street
- Change allocation methodology for Indirect increment
 - Based on operating levy only with no offsets
 - County school levy allocated to I-89
 - Effective October 1, 2015
- Allow Other Taxing Jurisdictions (OTJ) to spend TIF funds outside the TIF Project Area
- Carve outs of TIF # 2
 - 1st National Center TIF
 - Core to Shore TIF



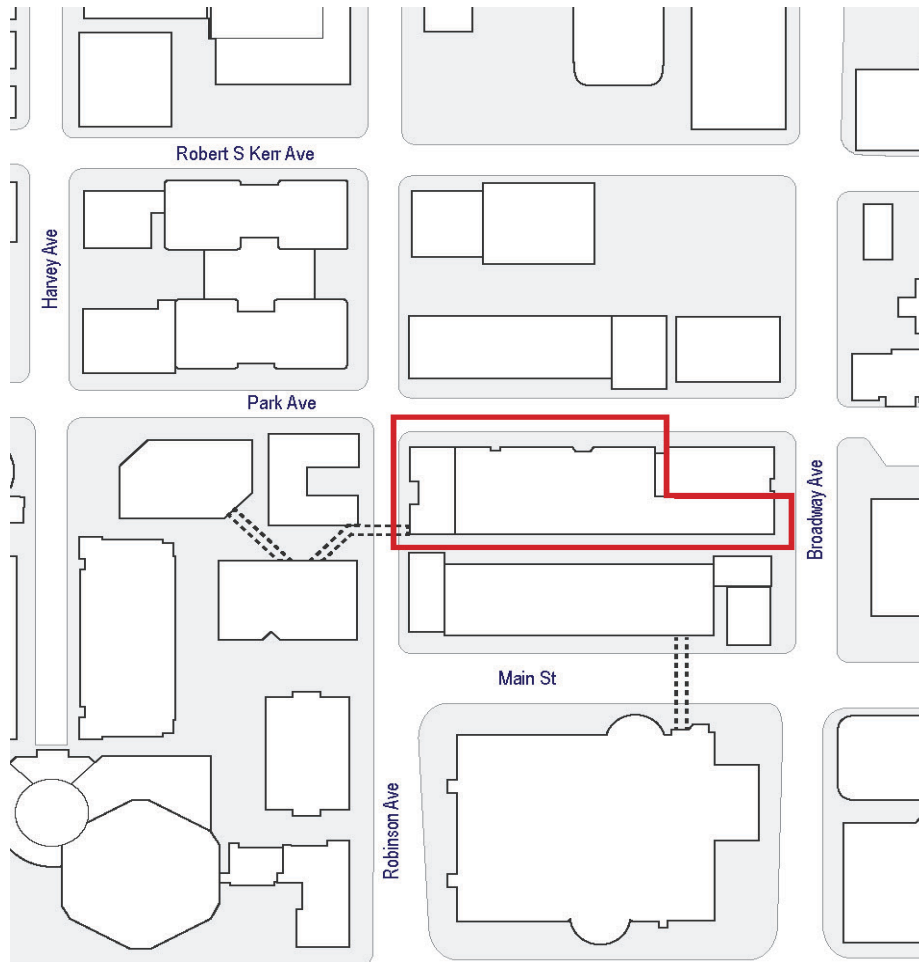
Proposed TIF District # 2 Amendment

TIF #2	Budget	Amendment	Budget
Residential	\$35,000,000	\$5,000,000	\$40,000,000
Commercial	\$45,000,000	\$15,000,000	\$60,000,000
Public Schools (1)	\$7,000,000	\$14,000,000	\$21,000,000
Public Parking	\$9,000,000	\$0	\$9,000,000
Other Public Development Costs (2)	\$25,000,000	\$0	\$25,000,000
Other Taxing Jurisdictions (3)	<u>\$0</u>	<u>\$10,000,000</u>	<u>\$10,000,000</u>
	\$121,000,000	\$44,000,000	\$165,000,000

- (1) The Public Schools category will be restricted to I-89 only
- (2) Other Public Development category will be limited to City projects.
- (3) Other Taxing Jurisdictions (OTJ) category will be for all OTJs except for I-89



1st National Center (TIF#10)



Purpose: Renovate the 1st National Center

Impact on TIF # 2: Current Taxable Increment Value is \$764,555. Equals \$9,574. $\frac{1}{2}$ to TIF # 2 and $\frac{1}{2}$ to OTJ

Expected Term: 25 years

Ad Valorem Tax & Sales Tax

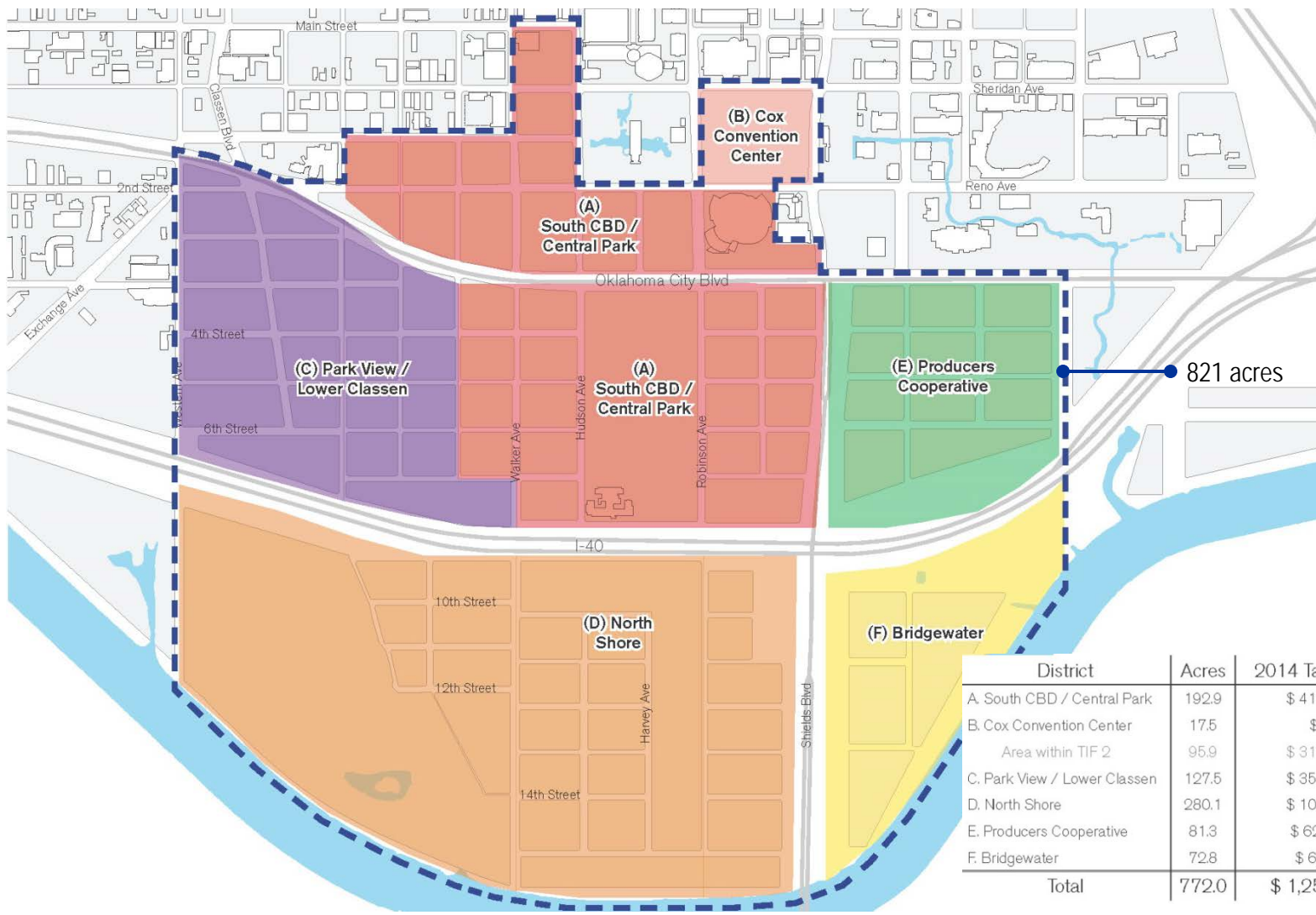
Project Plan Budget: \$45 million

Based on 1st National Ad Valorem Tax Revenues

Anticipate providing annual payment to developer as an installment incentive.



Core to Shore Reinvestment Area - TIF Districts



District	Acres	2014 Taxes paid
A. South CBD / Central Park	192.9	\$ 411,080
B. Cox Convention Center	17.5	\$ 0
Area within TIF 2	95.9	\$ 313,346
C. Park View / Lower Classen	127.5	\$ 352,347
D. North Shore	280.1	\$ 108,276
E. Producers Cooperative	81.3	\$ 62,772
F. Bridgewater	72.8	\$ 6,435
Total	772.0	\$ 1,254,256



Tax Increment Finance
February 23, 2016



Core to Shore Reinvestment Area

- Consists of 6 new TIF districts under 1 Project Plan
- Increment District A will include a sales tax component
 - For projects that are eligible for State Leverage Act match
- Each may begin at differing times
 - State law allows a city up to 10 years to trigger start date
- Currently generating \$1,254,256 in ad valorem taxes
 - Approximately \$313,346 is paid in TIF # 2
- No new Increment districts will be activated today
 - Up to 10 years to activate districts
 - Council resolution



Core to Shore Budget

(All 6 Districts)

• Assistance in Development Financing	\$300,000,000
• Public Improvements	\$65,000,000
• Public Schools (I-89)	\$16,600,000
• Metro Tech	\$6,200,000
• Oklahoma County	\$4,200,000
• Metropolitan Library	\$2,000,000
• City/County Health	<u>\$1,000,000</u>
Total Budget	\$395,000,000



Questions



Tax Increment Finance
February 23, 2016

