

The background of the entire page is a detailed, light-colored map of downtown Oklahoma City, showing a grid of streets and building footprints. The map is rendered in a light beige or tan color against a darker orange background. A dark blue line representing a river or canal runs along the bottom edge of the map.

**OKC**

**DOWNTOWN  
HOUSING  
STRATEGIES &  
IMPLEMENTATION  
PLAN**

**2011**



# **DOWNTOWN OKC**

## **Housing Strategies & Implementation Plan**

### **PREPARED FOR:**

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**THIS SECTION PROVIDES A BRIEF SUMMARY OF THIS STUDY, SECTIONS 2-5 PROVIDE ADDITIONAL DETAIL RELATIVE TO ANALYSIS, FINDINGS, AND RECOMMENDATIONS.**

## 1.1 SUMMARY

### PURPOSE OF THE PLAN

The *Downtown Housing Strategies and Implementation Plan* is a guide to leverage new housing development in Downtown Oklahoma City over the next 5 - 10 years. It provides data, analysis, and recommendations for creating policy and action towards a comprehensive, effective, and sustainable housing development program that builds off of the significant progress achieved in Downtown Oklahoma City over the past 20 years.

### WHY DOWNTOWN HOUSING?

Much has been written about the role that Downtown Districts play as the heart and soul of communities - how they serve not only as centers of commerce but as drivers of economic development through branding, tourism, culture and entertainment, and the establishment of a vibrant urban lifestyle that appeals to multiple generations. Over the past half century, urban revitalization efforts have arrested the decline of American CBDs. Our CBDs have been turned into true mixed-use environments that look past their historic roles as centers of business and government to

roles where they are centers of culture, arts, recreation, and entertainment. One of the key components to this successful urban revitalization has been the development of housing to capture the increased demand for opportunities to live in a pedestrian oriented environment with direct access to these new amenities.

Past studies examining revitalization strategies for Downtown Oklahoma City point to the construction of downtown housing as a primary component of creating successful urban environments that generate a high quality of life and economic development opportunities. The *Downtown Housing Strategies and Implementation Plan* proposes that the City of Oklahoma City take an active role in guiding a large scale, comprehensive, and impactful program of housing development over the next decade. For years, growth in Oklahoma City has been a quick march to the edge. Greenfield, suburban-style development has taken advantage of affordable development economics, cheap transportation, a favorable lending environment, and the willing extension of utilities and services to serve this development. In order to maintain a sustainable urban environment that balances quality of life with an improved tax base, the ability to pay for essential services and infrastructure, and opportunities to generate a competitive



economy, the City must keep focusing on the revitalization of its urban core, capturing the regional and national demand to live in unique urban neighborhoods.

## HOUSING IN DOWNTOWN OKLAHOMA CITY

Oklahoma City's Downtown has a relatively small number of housing units compared to other mid-tier U.S. cities. Despite high expectations for new units just half a decade ago, only a small share of anticipated construction was realized. A lot of this has to do with the national recession of 2007-09 and its unique impacts upon national and international real estate markets, but it is clear that there are other hurdles to developing downtown housing projects. Increasing land costs and difficult logistics of land assembly, the need to repair outdated infrastructure, and a mismatch between construction costs and what the market will bear all play a role in limiting the appeal of the Downtown market from a development/investment perspective. The new economic climate and the failure of some downtown housing projects have understandably left the initiative to develop downtown housing in a period of limbo as the public and private sectors ask themselves how they can make downtown work as it has been envisioned by residents and city planners.

Despite the hurdles, there are numerous signs that show that downtown housing is in demand. National trends show a renewed interest in urban, "infill" housing product adjacent to entertainment amenities and employment centers. Despite limited supply, downtown rental units collectively outperform any other local market, with occupancy and lease rates far above comparable city and suburban sub-markets, and surveys of metro area residents show an unusually high interest in living downtown when compared to other markets.

Altogether, this indicates a strong potential market to capture and focus into newly established downtown neighborhoods. What is needed is a comprehensive and strategic approach to pushing past and removing the market, physical and financing hurdles that exist and creating an environment that successfully accomplishes the goals and objectives of both the City as well as its private partners.

## PLANNING FRAMEWORK FOR DOWNTOWN HOUSING

Unlike residential development in other parts of metropolitan areas, downtown housing requires numerous synergies with other land uses to be truly successful on a large scale. While we all make housing decisions based on proximity to employment, retail and services, and entertainment, residents who choose the higher density, attached housing of a downtown or central city environment demand closer access to these amenities than is offered elsewhere.

In urban areas that are primarily shaped and accessible by the automobile, households choosing downtown housing are essentially making a "value" proposition. They are typically willing to trade larger, cheaper housing units only if it offers something in return, and that something is close proximity – typically walking distance – to employment and amenities.

Strategizing for a downtown housing initiative must take these factors into consideration when deciding where investment must take place. One of the largest hurdles to creating the vibrant, sustainable places that drive demand for downtown style housing is the large geographic size of Downtown Oklahoma City and the lack of connectivity between activity centers. One of Downtown's advantages is that its individual districts have emerged as unique destinations in their own right – the Central Business District for employment and sports, Bricktown for entertainment, the Arts District for culture and the arts, and Midtown and Automobile Alley as smaller-scale nodes of dining and entertainment. The disadvantage is that they are too far apart, and don't create enough synergies to communicate a more comprehensive picture to residents, renters and buyers. There is a need for Downtown to become more than a sum of its parts.

Targeting downtown housing in specific locations is therefore a crucial strategy. New housing development needs to take advantage of emerging activity centers in Midtown, Automobile Alley and the Arts District, building mass until each area is connected via physical walls of development, or at least easy pedestrian, automobile and streetcar access. Key areas to focus for investment are corridors that will support growth in retail, dining and other services and businesses that downtown residents seek. 10th Street,

Broadway and Walker all offer opportunities to merge existing traffic count with concentrations of residents, creating ideal environments for urban, independent retailers to succeed.

### INVESTMENT STRATEGIES

Downtown development can be a difficult proposition. The intrinsic costs of redeveloping previously used sites, addressing environmental and infrastructure issues, and the cost of land adjacent to major employment and activity centers can make it extremely difficult not to extend a project past what the market can bear – especially in a region like Oklahoma City, where the cost of housing is relatively inexpensive. An analysis of the economic viability of downtown housing projects showed that what would be considered “typical” projects carry significant financial gaps that prevent an ability to properly finance a project, let alone make it profitable.

Filling these “gaps” is often one of the roles of the public sector in the public-private partnership equation, but in many cases the need may be too high to justify public sector investment. As a result, the City and its private partners must strategize around the design and scale of development that generates sufficient density and impact while also being more financially feasible.

There are a number of ways to accomplish this goal, including more compact development types, smaller unit sizes, appropriate parking ratios, and site design that incorporates more affordable surface parking arrangements – tucked into the rear or side of buildings – instead of structured or garage parking.

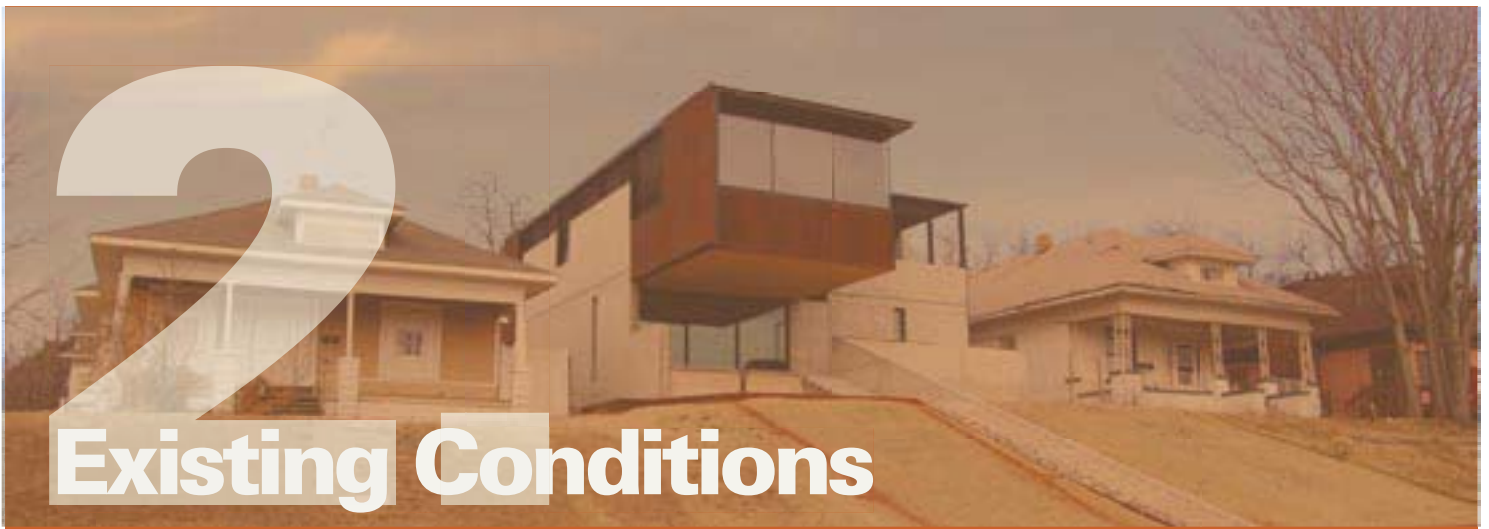
Even with the ability to improve a project’s design to be more cost-effective, a gap between cost and the market may still exist. Therefore, the City must be prepared to strategically assist and invest in housing projects in order to get them off of the ground. This requires an attentive approach to partnering with private developers that connects resources, knowledge, and strategic goals in a manner that generates positive outcomes for all involved.

### PUBLIC-PRIVATE PARTNERSHIP 2.0

The City of Oklahoma City has had great success in leveraging public-private partnerships to create compelling and impactful projects, from Bricktown to the new Skirvin Hotel. However, what the City needs to move its housing program forward is a public-private partnership version “2.0” – a new way of thinking and acting around public-private partnerships. Like the Web 2.0, this initiative is intended to facilitate participation, interaction, sharing and collaboration among the City and private development partners.

If the City wants to turn the corner in terms of revitalization and sustained investment in the Downtown area, then it needs to organize around a proactive approach that gets deals done. This will likely require some scale of investment or other assistance in order to make downtown development work in the short-term, but with the right types and locations of development, Downtown should be an ideal option for investment once a critical mass of activity is achieved, coupled with major planned amenities like the streetcar and Central Park.

However, this new public-private partnership version 2.0 is not for the public sector to blindly invest in projects simply to achieve housing units. There must be recognition that, while every new housing unit leads to an overall goal of downtown revitalization, there are certain “returns on investment” that the City needs to achieve with every downtown development project. The criteria of these returns are not necessarily financing, but are instead related to the functional, economic and aesthetic realms that the public sector is most typically responsible for. Good urban design, cost effective development techniques, and objectives for workforce and affordable housing are but a few of the criteria that the City should attach to its proposed investments.



# Existing Conditions

**THIS SECTION PRESENTS A REVIEW OF DOWNTOWN OKLAHOMA CITY HOUSING CONDITIONS IN EARLY 2011. AN UNDERSTANDING OF EXISTING CONDITIONS IS ESSENTIAL IN ESTABLISHING A STRATEGY FOR HOUSING DEVELOPMENT. MANY OF THE FINDINGS AND CONCLUSIONS IN THIS SECTION ARE REFERENCED THROUGHOUT THE DOCUMENT.**

## 2.1 HOUSING INVENTORY

As of 2011, it is estimated that there are just over 1,800 housing units located within the boundaries of Downtown Oklahoma City. This area includes the 6 core districts of the Central Business District, Bricktown, Deep Deuce, Automobile Alley, Midtown, and Arts District, though it does not include housing located in the designated “Core to Shore” redevelopment area, between I-40 and the Oklahoma River.

80% of the existing housing product is renter-occupied. There are 13 properties leasing for-rent units, and over 60% of the total rental inventory has been newly constructed or renovated within the past 10 years. The properties range in size from just 7 units to over 300 units all within a variety of building types and locations throughout Downtown.

### 2.1.1 HOUSING TRENDS

There were 1,110 housing units added to the Downtown area between 2000 and 2010. This represents a 55% increase from the number of units that previously existed – about 714. Some characteristics of Downtown residential units include:

- 796 or 80% of these newly built units were constructed between 2006 and 2010, after the completion of the 2005 Downtown Housing Demand Study.
- 951 or 85% of these units were new construction, as opposed to rehabilitation or conversions.
- 159 are building conversions, including the Park Harvey (office conversion), Harvey Lofts (industrial conversion), Sieber (hotel conversion), and Carnegie Center (library conversion).
- 303 units were remodeled between 2004-2010. These are not reflected in the units described above.
- Of the units built or converted since 2006, 492 were for rent, with 304 for-sale.
- Of all residential units located in Downtown, 1,472 (80%) are rental units, with 352 (20%) for-sale units.

EXHIBIT  
**2.1A**  
RENTAL INVENTORY

5TH AVENUE LOFTS

20 RENTAL UNITS  
RENOVATED: 2003



905-909 NW 12TH STREET

10 RENTAL UNITS  
RENOVATED: 2010



ABERDEEN

119 RENTAL UNITS  
RENOVATED: 1996



CLAREMONT APTS

17 RENTAL UNITS  
RENOVATED: 1998



DEEP DEUCE

294 RENTAL UNITS  
BUILT: 2001





GARAGE LOFTS

24 RENTAL UNITS  
RENOVATED: 1994



6

SYCAMORE SQUARE

60 RENTAL / 50 FOR-SALE UNITS  
BUILT: 1985



9

LEGACY AT ARTS QUARTER

303 RENTAL UNITS  
BUILT: 2008



7

REGENCY TOWER

274 RENTAL UNITS  
RENOVATED: 1997



10

PARK HARVEY

164 RENTAL UNITS  
RENOVATED: 2007



8

THE MONTGOMERY

56 RENTAL UNITS  
RENOVATED: 2004



11

THE LOFTS AT DEEP DEUCE

17 RENTAL UNITS  
BUILT: 2008



12

THE SIEBER

38 RENTAL UNITS  
RENOVATED: 2008



13

EXHIBIT  
2.1B  
FOR-SALE INVENTORY

BROWNSTONES/LOFTS AT  
MAYWOOD PARK

20 FOR-SALE UNITS  
BUILT: 2008



15

BLOCK 42

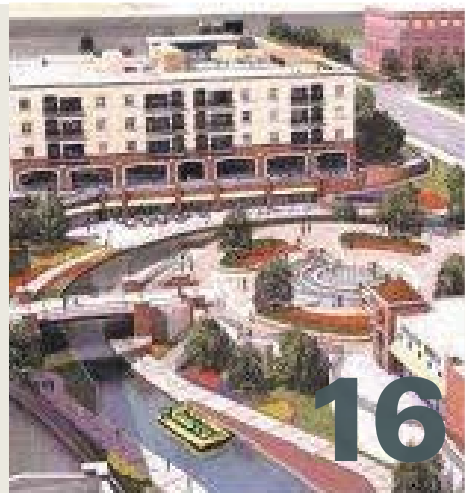
42 FOR-SALE UNITS  
BUILT: 2008



14

CENTENNIAL ON THE CANAL

30 FOR-SALE UNITS  
BUILT: 2008



16



CENTRAL AVE VILLAS

30 FOR-SALE UNITS  
BUILT: 2008



17

CLASSEN GLEN CONDOS

48 FOR-SALE UNITS  
BUILT: 1984



19

HARVEY LOFTS

13 FOR-SALE UNITS  
RENOVATED: 2008



18

THE HILL AT BRICKTOWN

32 FOR-SALE UNITS  
BUILT 2011



20

EXHIBIT  
2.1C  
SENIOR INVENTORY

CLASSEN CENTER

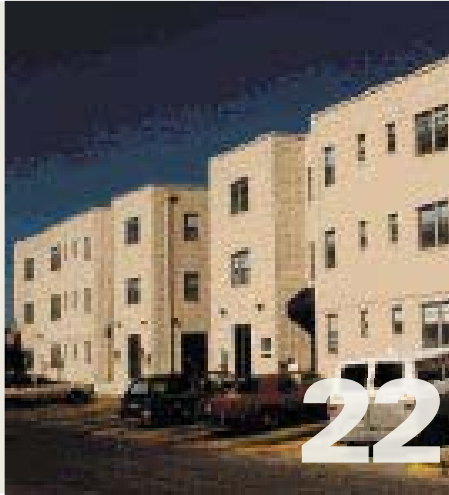
100 RENTAL UNITS RENTAL -  
ELDERLY SUBSIDIZED



21

THE TOWERS

148 RENTAL UNITS RENTAL - ELDERLY SUBSIDIZED



22

WESLEY VILLAGE

85 RENTAL UNITS RENTAL - ELDERLY SUBSIDIZED



23

EXHIBIT 2.1D PROPOSED INVENTORY

2.1.2 PLANNED INVENTORY

As of December of 2011, there are 7 planned residential projects in Downtown, totaling 690 units. It is unknown how many units will be located in the Film Exchange District, therefore, they are not reflected in this total. Other projects include 4th Street Apartments with 139 units, Deep Deuce with 28 units, Level with 228, Twelve Twelve with 24, The Edge with 252 units, and Carnegie Center with 198.

4TH STREET APARTMENTS

139 RENTAL UNITS  
EXPECTED COMPLETION: 2013



24

CARNEGIE CENTER

19 FOR-SALE UNITS  
EXPECTED COMPLETION: 2013



25



DEEP DEUCE

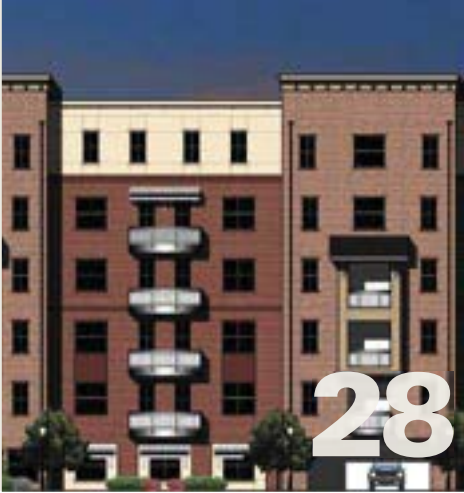
28 FOR-SALE UNITS  
EXPECTED COMPLETION: TBD



26

THE EDGE

252 RENTAL UNITS  
EXPECTED COMPLETION: TBD



28

LEVEL

228 RENTAL UNITS  
EXPECTED COMPLETION: 2011



27

TWELVE TWELVE

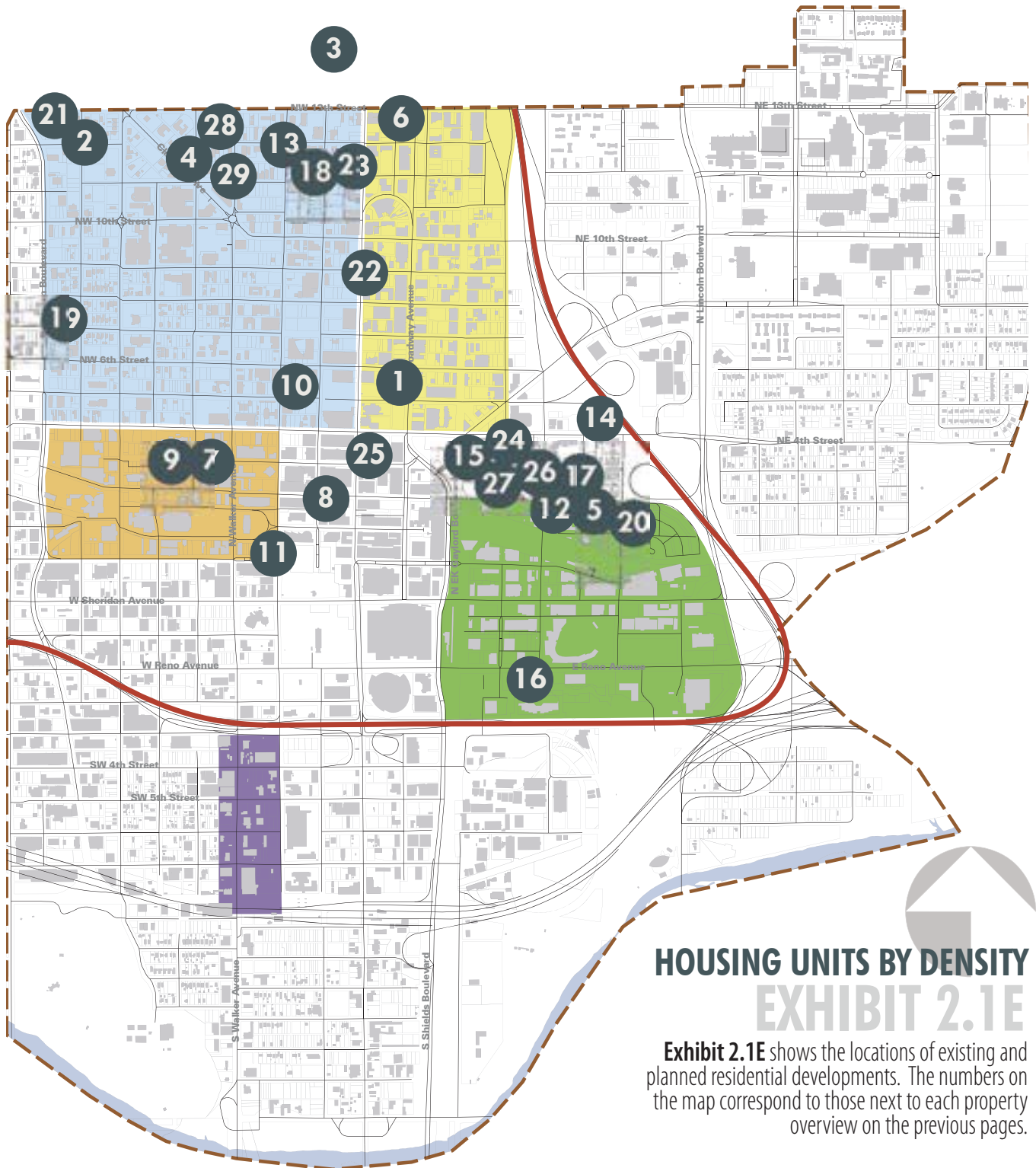
24 RENTAL UNITS  
EXPECTED COMPLETION: 2013



29

30

13



## HOUSING UNITS BY DENSITY EXHIBIT 2.1E

Exhibit 2.1E shows the locations of existing and planned residential developments. The numbers on the map correspond to those next to each property overview on the previous pages.

# DEEP DEUCE - DOWNTOWN'S CURRENT RESIDENTIAL DISTRICT

Located just north of Bricktown, Deep Deuce is an emerging residential area in Downtown Oklahoma City. The District is located within close walking distance to many areas, including: Downtown, Bricktown, and Automobile Alley. A wide variety of housing options are currently available, and many are under construction or in the planning stage. The mixed-use, density-focused District provides an urban neighborhood feel with many developments encompassing both rental and for-sale housing in a variety of product types. Townhomes, condos, for-rent apartments, and restaurants all coexist in this new urban neighborhood.



Block 42 is one of the District's newest multi-family housing developments. Modern buildings and an eclectic mixture of building materials provide a cohesive character throughout Deep Deuce.



Retail and restaurants are intermingled among housing creating an urban environment that provides amenities in addition to housing options.



Retail, dining, residential, and institutional uses provide a "24-hour" presence in the District.



The District's location adjacent to the Central Business District provides views of the Downtown skyline.



Housing types and styles are varied throughout the District, providing housing options for a variety of households.



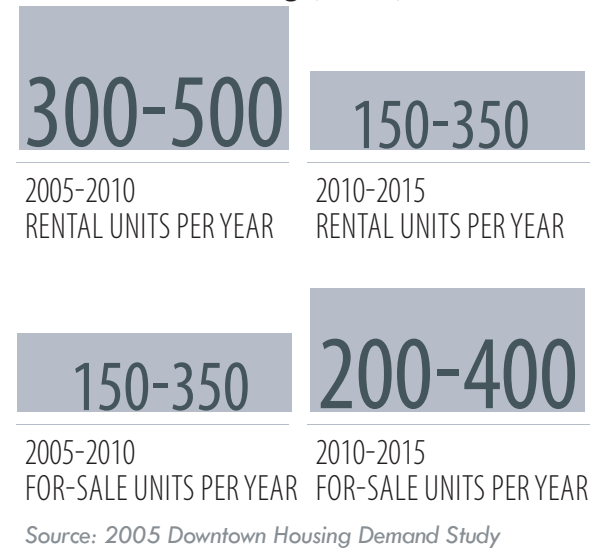
## 2.2 DEMAND DRIVERS FOR DOWNTOWN HOUSING

The country experienced a major economic upheaval between 2007 and 2009, a period referred to as the “Great Recession”. This recession was unique in its relationship and impact on real estate - particularly the housing market. Indeed, it was the collapse of the sub-prime mortgage market and the various investments related to those mortgages that more or less triggered the recession in the first place. As we emerge from this economic downturn, the dynamics of the real estate market are still in flux. Housing is largely oversupplied across the country, and the sluggish nature of the for-sale market has reduced demand for new units due to an inability to consistently sell product. A particular problem is the amount of foreclosures that have occurred across the country - almost 6 million housing units since 2007.

Previous housing analyses performed for Downtown Oklahoma City indicated significant demand for downtown housing, most of which never materialized. In 2005, analysts anticipated absorption of 300-500 units per year between 2005 and 2010. Instead, just under 800 units were actually built.

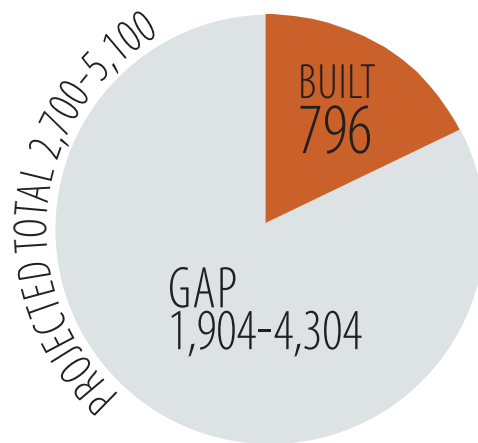
It is likely that the economic circumstances that were present prior to the great recession played a large part in expectations for housing growth in Downtown Oklahoma City. However, the fact that fewer units have been built than anticipated does not necessarily mean that demand for downtown housing was widely misconstrued. As of late 2011, the dynamics of the national economy and housing market are not stable enough to generate new projections for housing demand absorption, especially with a number of barriers to construction (see Section 2.4). However, there are several indicators that suggest that downtown housing is still in demand and is worthy of ongoing investment: (1) emerging trends within the industry; (2) economic trends within the region; (3) rental rates and occupancy; (4) lack of competitive centers; (5) planned infrastructure improvements; and (6) general interest in downtown living as evidenced by survey results of the metropolitan area.

**Figure 2A. Projected Absorption of Downtown Housing (2005)**



**Figure 2B. Projected vs. Built (2006-2010)**

	PROJECTED TOTAL	BUILT TOTAL	GAP
RENTAL UNITS	1,800-3,000	492	1,308-2,508
FOR-SALE UNITS	900-2,100	304	596-1,796



Source: 2005 Downtown Housing Demand Study



## 2.2.1 PAST PROJECTIONS

The 2005 *Housing Demand Study* projected a need for 300-500 units annually between 2005 and 2020, with an additional demand for 150-350 for-sale units over the same time period (see Figure 2A). The *Core to Shore Market Analysis* was less specific when it came to addressing the Downtown area, but its housing projections were of similar scale. Figure 2B shows the difference between what was projected and what was actually built.

It is, of course unfair to make an “apples to apples” comparison between projections and realized units, since during the years 2007-2009 the country underwent a major recession derived in large part from the bursting of the property “bubble” that developed over the previous 5+ years. The impacts of this recession were still reverberating throughout the economy and the real estate markets at the time this Report was written in early 2011. An important take-away from this analysis is that Downtown housing demand was particularly strong in 2005 and 2007. Without sufficient supply to meet demand, not only might this strong demand eventually return once the economy has improved, but there might be as many as 2,000 – 5,000 units that represent latent demand – households that wanted to move to Downtown during 2005-2010, but could not for various reasons, economic or otherwise. It is reasonable to assume that improved economic conditions could accelerate demand for Downtown housing based on the findings from Figure 2A.

## 2.2.2 EMERGING TRENDS

The Urban Land Institute’s *Emerging Trends in Real Estate* is a report produced annually through the contributions of real estate developers and professionals across the country. The 2011 and 2012 editions are replete with cautious optimism as the real estate industry sees “tempered improvement” and “halting advances in digging out” from the recent crisis. Concern is continually expressed about macro-economic conditions that would stall any potential growths in the markets.

Despite ongoing caution regarding real estate markets, there are also a number of trends identified that begin to suggest that preferences and opportunities for

## RECOMMENDED TRENDS IN REAL ESTATE

### from ULI Emerging Trends 2011

“An Era of Less”

- Function over Form – value oriented development may be important in the near-term.
- Favor Infill over Fringe – Move back-in trends gain force, twenty-something echo boomers wanting to experience more vibrant urban areas where they can build careers, and their aging baby boomer parents look for greater convenience in scaled down lifestyles. Driving costs and lost time make outer suburbs less economical, while the big-house wave dissipates in the Era of Less.

### from ULI Emerging Trends 2012

“Facing a Long Grind”

- Apartment Boom - Existing apartment stock in many markets cannot meet demand for units from surging numbers of gen-Yers, housing-bust refugees, and immigrants. If the economy picks up, renter interest could intensify further from people doubling up or young adults living at home but looking for their own space.
- Job Centers - Current front-runners for development rely on energy, high tech, and health care related industries, as well as universities and government offices.
- “Cool Towns” - Companies are paying careful attention to where new generations of brainpower like to settle. Echo boomers want plenty of stimulation from entertainment and nightlife attractions convenient to work and residences. More apartments, catering to this demographic, go up in and around infill neighborhoods.

## DOWNTOWN HOUSING STRATEGIES AND IMPLEMENTATION PLAN

development are moving away from growth patterns of the last few decades and towards an environment that supports downtown housing.

Perhaps the most important trends identified in the past two years are related to the favoring of infill housing, a strong apartment market, and the strength of markets that offer stable employment - particularly within energy and technology sectors.

### 2.2.3 REGIONAL ECONOMIC TRENDS

#### POPULATION GROWTH

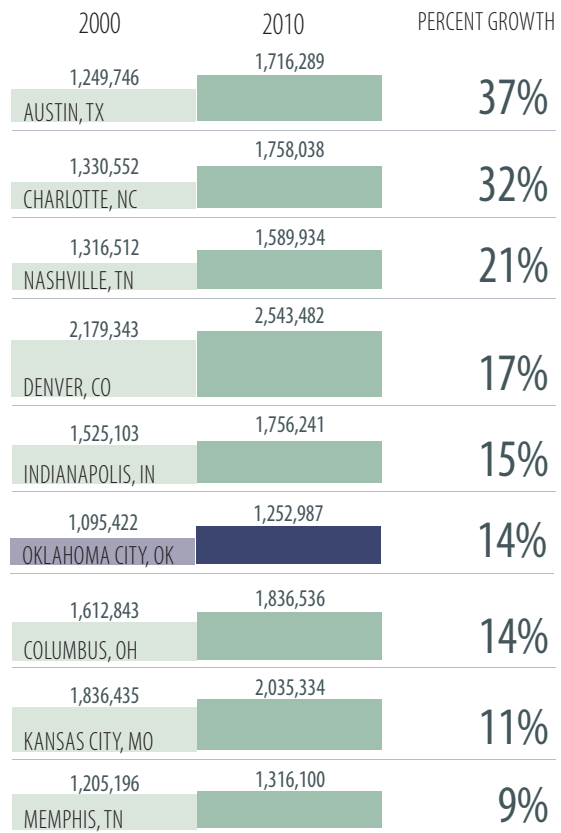
During the past decade, Oklahoma City has continued the rapid pace of growth it experienced in the 90s, adding approximately 74,000 people, or 14.6% between 2000 and 2010. This growth exceeded estimates, which placed growth at only 54,201 - or 11% - between 2000 and 2009 (prior to the release of decennial census numbers). The growth of the combined statistical area has been even more robust, adding over 225,000 people in the past decade, a rate of 21%.

Figure 2C compares the growth of Oklahoma City to a number of comparable cities. The Oklahoma City MSA grew at a slightly slower pace than comparable MSA's, but the City's growth was slightly ahead of comparable cities, other than fast growing Charlotte and Austin. We know that the City's population growth was in fact much faster than 11%, though precise growth rates for all other cities are as yet unknown.

One interesting trend is that the ratio of Oklahoma City population to the MSA is about 46%, and that ratio did not change between 2000-2009. This stands in contrast to the other cities on the list, which averaged about a 2% decline in the percentage of city population vs. MSA population – a quick indicator of residential sprawl.

According to this population data, there is no reason to believe that broad regional housing demand has decreased within the metropolitan area since 2000 or 2005, since growth has been fairly consistent throughout the last 20 years.

**Figure 2C. Comparable MSA Growth**



Source: U.S. Census

#### EMPLOYMENT GROWTH

Between 2001 and the end of 2007, the U.S. economy added 4,707,420 jobs, representing a growth rate of 4.3%.

The Oklahoma City metro area experienced a much more modest increase of 1.4% growth during that time span. This is partly explained by the fact that Oklahoma City lost a far lower percentage of jobs than the nation between 2007 and 2009 – 2.8% vs. 6.2% for the nation.

The Oklahoma City MSA generally followed the employment gains and losses of the nation between 2001 and 2009. Overall jobs were down, led by Manufacturing, Trade, Transportation and Utilities, and Information Sectors. Bright spots were the Professional and Business Services, Education and Health Services, and Leisure and Hospitality sectors gained a net 4.75 million jobs nationwide, 21,500

jobs in the Oklahoma City MSA, and 12,500 jobs in Oklahoma County. The only area where the Oklahoma City MSA varied from the nation was in construction – a sector that saw a 12% decline across the country, but a 10% increase in the Oklahoma City MSA.

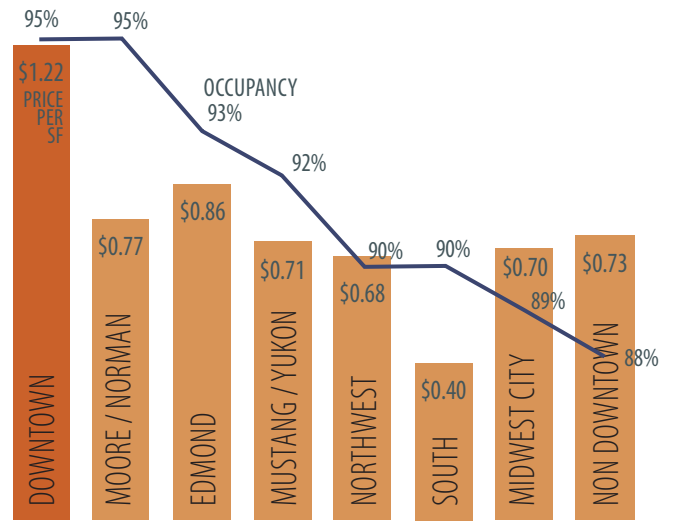
The Oklahoma City MSA’s economic specialties lie primarily in the Natural Resources and Mining sector – the MSA had a location quotient (LQ)\* of 2.03 in this sector vs. the nation in 2009. All other sectors are more or less in line with the typical percentages found within the state, as well as the nation, with the Information, Financial Activities and Professional & Business Services sectors being about 10% more specialized in the Oklahoma City MSA than the nation, and the Manufacturing sector being 30% less specialized. The one trend that could be identified over the past decade was a rising specialization in the Construction sector. In 2007, the Oklahoma City MSA had an LQ of 0.91, but in 2009 this had risen to 1.08.

### 2.2.4 RENTAL TRENDS

Data from Price Edwards & Company helps track the rental market trends of downtown product vs. the metropolitan area. The Downtown Oklahoma City Study Area is located within the “North-Central” sub-area of Price Edward’s analysis. An analysis of rents is illustrated in Figure 2D (note: Price Edwards data only tracks apartment buildings of 50 units or more, therefore many smaller apartment buildings in the downtown area will not be represented, as is true in other sub-areas).

The Price Edwards Study used data from six Downtown apartment buildings or complexes; Deep Deuce, Legacy, Park Harvey, Regency Tower, Sycamore Square and The

**Figure 2D. Year End 2010 Occupancy and 1-Bedroom Rent per Square Foot - OKC Submarkets**



Source: Price Edwards & Company

Montgomery. This is a fairly small sample size, though these six properties do account for 10% of all units within the North-Central sub area, and 2.1% of all units in the metropolitan area.

There are two immediate findings from this data. The first is that the downtown area is by far one of the most expensive apartment markets in the City. Simultaneously, judging by the results from the six properties discussed above, it is also one of the most popular. Despite cost per square foot rates being 42-50% higher than the next sub-area of Edmond, occupancy is as high or higher than any other sub-market, at 95%.

To corroborate these findings, data collected by the Oklahoma City Planning Department supported the data found in Figure 2E. This data includes the majority of rental units within the downtown area, though it is not broken out by unit like the Price Edwards data.

This data more or less matches the results from the Price Edwards Study. Downtown apartments carry a premium in the marketplace, but they are also clearly a desirable product within the marketplace.

## LOCATION QUOTIENT:

IS A RATIO THAT DESCRIBES A GEOGRAPHIC AREA’S DISTRIBUTION OF EMPLOYMENT COMPARED TO A BROADER, “BASE” GEOGRAPHY, FOR EXAMPLE THE US. THE HIGHER THE LOCATION QUOTIENT, THE MORE THAT GEOGRAPHY IS “SPECIALIZED” IN THAT SPECIFIC INDUSTRY.

**Figure 2E. Metropolitan Rental Market Trends**

	UNITS	OCCUPANCY	EFF	1BED	2BED	3BED
DOWNTOWN	1,148	95%	\$1.48	\$1.22	\$1.04	\$1.20
MOORE / NORMAN	7,379	95%	\$0.85	\$0.77	\$0.68	\$0.66
EDMOND	3,123	93%	\$1.00	\$0.86	\$0.74	\$0.77
MUSTANG / YUKON	2,140	92%	\$0.87	\$0.71	\$0.65	\$0.61
NORTHWEST	15,535	90%	\$0.82	\$0.68	\$0.64	\$0.60
SOUTH	7,700	90%	\$0.82	\$0.4	\$0.67	\$0.62
MIDWEST CITY / DEL CITY	5,709	89%	\$0.75	\$0.70	\$0.64	\$0.61
NON-DOWNTOWN	11,682	88%	\$0.83	\$0.73	\$0.67	\$0.66
TOTAL MARKET	53,972	88%	\$0.85	\$0.73	\$0.67	\$0.64

Source: Price Edwards & Company

**2.2.5 LACK OF COMPETITIVE CENTERS**

Downtown living is synonymous with “urban” living, or higher density neighborhoods, from high rises and other attached apartments and townhome building to tightly clustered single family homes, depending on the location and size of a city or town. In addition to higher density housing, urban living is synonymous with a proximity to certain amenities such as shops, dining, entertainment, parks – usually within walking distance.

Most communities have more neighborhoods or districts that offer these housing options others than downtown Districts. These districts can act as competing centers for households who make these lifestyle choices. When evaluating supply and demand for downtown housing, one must consider how these districts compete for renters or buyers and how downtown housing product and related amenities must be positioned to capture a fair share of like minded households. For example, Downtown Indianapolis offers numerous housing choices, but someone looking for similar housing product and access to dining and entertainment might also choose the Broad Ripple neighborhood. Downtown Columbus, Ohio competes with the Short North neighborhood, and Downtown / Third Ward housing in

Milwaukee would compete with Brady Street / Upper East Side neighborhoods.

As part of this Market Study, the Consultant Team evaluated the “competing centers” of the Districts found within Downtown Oklahoma City. With the assistance of City staff, we toured the Gatewood/Plaza District, Heritage Hills, Mesta Park, Paseo, Crown Heights, Western Avenue, and the Uptown 23rd neighborhoods. We found that these areas are generally excellent examples of early 20th century neighborhoods with compelling Craftsman / Tudor single family architecture and with access to some growing commercial districts like NW 16th Street, Plaza District, 23rd Street, and the Paseo. Still, none of these areas offered similar housing to the neighborhoods in Downtown Oklahoma City. Over time, some of these neighborhoods may grow and evolve to the point where they might offer more urban style housing product. However, it is unlikely that they will realistically offer an alternative to living Downtown. Overall, we have determined that there is no real competition within the Oklahoma City metropolitan market for housing that currently exists – or is likely to exist – within any of the downtown Districts. It is an entirely unique market within the region.



## MAPS 3 DOWNTOWN PROJECTS



*\$280 million was allocated to develop a new Convention Center. The 2008 Core to Shore Plan recommended that the facility be constructed on the eastern side of the proposed Central Park, but its ultimate location will be between teh Myriad Gardens and the new Central Park.*



*A Modern Transit System as envisioned by the Central Oklahoma Fixed Guideway Transit Study with funds from MAPS 3 will help construct a 5-6 mile transit system intended to connect most of the downtown districts. The final alignment for the Modern Transit System is undetermined.*



*One of the central elements of the Core to Shore Plan was a new 70 acre park where the community could gather to play, picnic, enjoy concerts, exercise and attend festivals. \$130 million was allocated for the park, which starts directly south of the proposed Boulevard, with housing development proposed on the edges.*

### 2.2.6 PLANNED INFRASTRUCTURE AND AMENITIES

There are a number of planned infrastructure projects that could play a major role in the demand for Downtown housing. One is the planned streetcar line, funded through MAPS 3 and potential federal funding which is intended to connect various downtown Districts via an at-grade rail system. Improving the ability of downtown residents to connect to employment and entertainment centers without the use of a car should be a significant amenity that may drive demand for downtown housing, let alone housing with proximity to the actual streetcar line. Although several years out, the streetcar could serve to generate a surge in housing demand and development similar to that seen in Portland, Oregon.

Another project funded through MAPS 3 is Central Park, intended to be a central feature of the Core to Shore initiative. Once complete, Central Park will also be a significant amenity that may increase demand for housing in the downtown area, particularly in the Core to Shore zone. With potential connectivity via the streetcar, downtown residents will have access to a major recreational destination, without the need for a car.

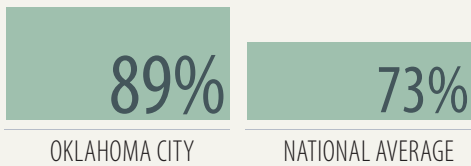
As part of the MAPS for Kids initiative, funding was allocated for the construction of a new downtown school. Those involved with urban revitalization know that school systems are one of the major hurdles to convincing families to move back into urban areas, let alone central city neighborhoods. With the exception of young professionals and empty-nesters, downtown will never serve the entire demographic spectrum without amenities aimed at attracting families. A downtown school of sufficient quality could help drive demand for for-sale housing in the downtown area. Linkages between employment centers and retail / recreational amenities will certainly add to the attractiveness of downtown for families, but it is the school system that is often the major driver behind location for that demographic.

## INTEREST IN DOWNTOWN

*A metro-area survey was conducted in 2011 and asked residents questions relative to their usage of Downtown Oklahoma City, and their potential interest in downtown housing.*

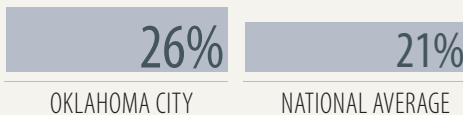
### Regular Usage of Downtown

*Regular usage is considered having visited within the last 6 months. The National Average is a benchmark derived from a 2010 online study conducted by Gentleman McCarty in the top 50 metro areas of the US.*



### Likely or Very Likely to Live Downtown

*The 26% of Residents “very likely” to move Downtown were selected from the randomly surveyed metro area residents. The National Average is a benchmark derived from a 2010 online study conducted by Gentleman McCarty in the top 50 metro areas of the US.*



## 2.2.7 SURVEY RESPONSES

A survey administered to metro-area residents in 2011 found that 26% of the respondents report they were “likely” or “very likely” to consider moving to Downtown Oklahoma City. This compared favorably when benchmarked against a nation-wide survey conducted by the firm Gentleman McCarty, which reported an average of 21% who responded similarly in other metropolitan areas.

Additionally, 89% of survey respondents said that they visit Downtown on a regular basis - within the last 6 months. This also compared favorably with the national average, which was 73%. Taken together, this begins to suggest that there may be noteworthy demand for downtown style housing that has not yet been met within the marketplace. At the very least, it indicates a high usage and knowledge of Downtown as a destination for recreation and entertainment, with a quarter of metro-area residents potentially interested in living within or near Downtown. Given the low density and sprawling nature of the City, this is an interesting finding that indicates a certain depth of interest in downtown housing.

## 2.3 HOUSING PREFERENCES

### 2.3.1 2011 METRO AREA SURVEY

As part of this Study, an updated survey of metropolitan area residents was conducted. Key findings from this survey are provided below:

Residents who participated in this survey reported very strong usage of Downtown Oklahoma City. A large percentage, 89% had been Downtown in the prior 6 months. This finding differs from the survey results of the 2005 Housing Demand Study, which indicated low usage of Downtown. The difference is likely in the timeline considered for usage – the 2005 Study used monthly usage as a benchmark, while the 2011 survey used 6 months as a benchmark. The 2011 results were benchmarked against a survey of the 50 top metropolitan areas in the US. Oklahoma residents showed stronger usage of their Downtown than the average of 73% from that benchmark survey.

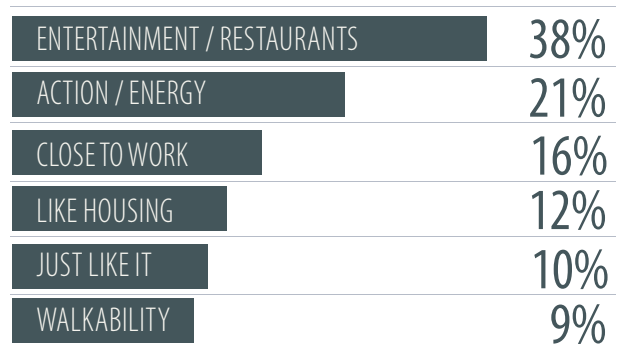
- Residents had a strong recognition of the downtown area, with 95% of respondents reporting that they were aware of at least one of the downtown districts - Arts District / Film Exchange, Bricktown, Midtown, Automobile Alley, Central Business District, and Core to Shore.
- 26% of survey residents reported that they were “very likely” or “somewhat likely” to move to Downtown Oklahoma City. This was much higher than the 2005 survey, which found that only 17% were “very” or “somewhat likely” to move Downtown. Given the activity that has occurred in Downtown and lack of existing housing supply, this could represent an increased awareness of Downtown Oklahoma City as a place to live. The 26% was also higher than the national benchmark of 21%.
- Among likely purchasers of Downtown housing, demand was evenly split between multi-family / condominiums at 47% and single-family residences at 53%.
- Respondents’ ideal downtown housing is a somewhat unrealistic combination of wishing to have very low to moderate prices - \$210,000 average purchase price or \$700 average monthly rent for a larger unit, averaging three bedrooms.
- Covered parking and a grocery store were the top ranked amenities required by residents to live Downtown.
- “Historic” properties were the most desired property type. This is a similar response to the 2005 survey, which found that historic or loft conversions were the most desired type of housing. However, this survey included loft or industrial as a separate category, which ranked 8th most popular at 51%. Respondents may have reacted less favorably to either a “loft” or “industrial” conversion type. The most accurate results from both surveys are that historic properties are the most in demand type of housing for people who want to live Downtown.
- High rises were the least popular housing choice among respondents.
- The top reason for those who are “neutral” or “very / somewhat unlikely” to live Downtown was “Too Expensive.”

**Figure 2F. Top Ranked Districts**

ARTS DISTRICT  
BRICKTOWN  
MIDTOWN

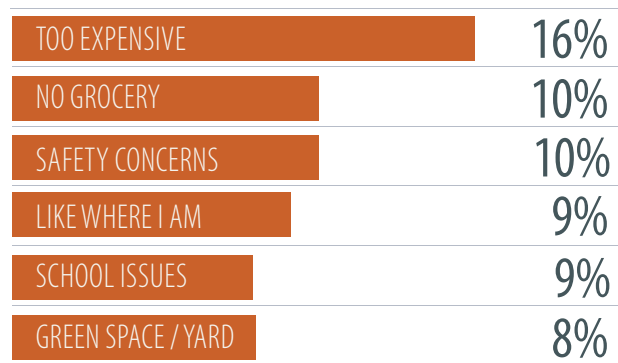
**Figure 2G. Incentives to Living Downtown**

Respondents who were “very” or “somewhat likely” to move Downtown indicated the following reasons for their interest.



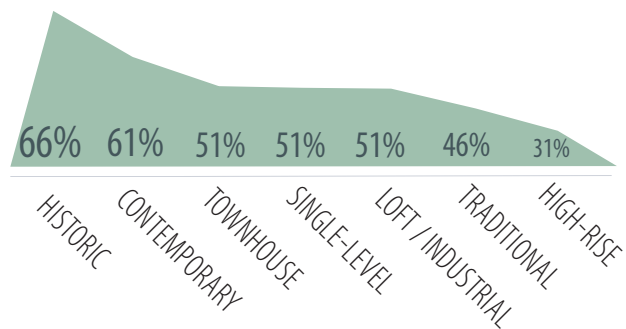
**Figure 2H. Barriers to Living Downtown**

Respondents who were “very” or “somewhat unlikely” to move Downtown indicated the following reasons that would prevent them from moving.



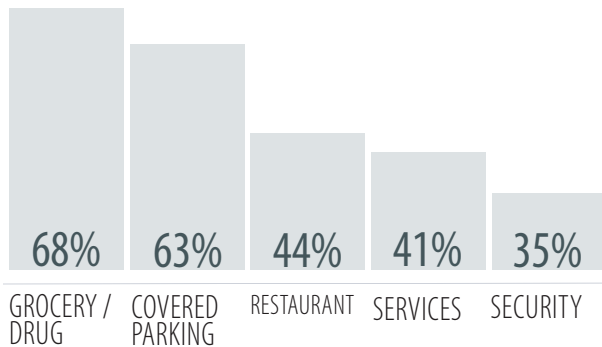
**Figure 2I. Downtown Housing Types**

Survey participants were asked to select all housing types that interested them.



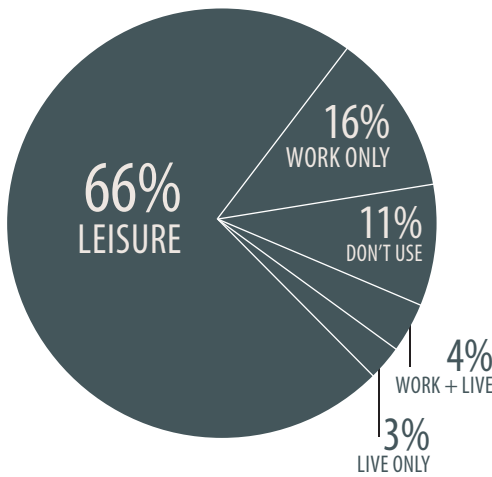
**Figure 2J. Important Downtown Amenities**

Respondents indicated downtown amenities which were very important to their decision to move.



**Figure 2K. Usage of Downtown**

Of the 89% of participants who reported visiting Downtown in the last 6 months, the chart below shows the breakdown of usage.



**Figure 2M. Preferred Rent Chart**

	ALL SURVEYED	18-34	35-54	55+	<50K	\$50K-100K	\$100K
<\$750	56%	56%	58%	54%	71%	36%	11%
\$750-1,000	32%	36%	29%	23%	29%	40%	33%
\$1,001-1,200	7%	8%	8%	0%	0%	20%	22%
\$1,201-1,500	3%	0%	0%	23%	0%	4%	22%
\$1,501+	1%	0%	4%	0%	0%	0%	11%
AVERAGE	\$704	\$684	\$709	\$783	\$609	\$804	\$1,081

Source: 2011 Housing Survey

## WHO WANTS TO MOVE DOWNTOWN

DOWNTOWN USERS  
DOWNTOWN WORKERS  
18-34 AGE GROUP  
HOUSEHOLD INCOME >\$100,000  
DOKC EMAIL LIST

---

WHO WANTS TO RENT

RENT
60%

18-34 AGE GROUP  
HOUSEHOLD INCOME <\$100,000

---

WHO WANTS TO BUY

BUY
40%

35-54 AGE GROUP  
HOUSEHOLD INCOME >\$100,000

**Figure 2L. Preferred Housing Type**

# \$700

PER MONTH

Desired Rent

# HISTORIC

Desired Housing Type

---

# \$210,000

Desired Price of For-sale Product

# 3

BEDROOMS

Desired Number of Bedrooms



An overview of the characteristics of different market segments taken from the 2011 Housing Survey follows. These results are fairly typical based on the known characteristics of downtown households (refer to appendix.)

THE MOST LIKELY MARKETS TO MOVE DOWNTOWN

- Those who work Downtown (54%);
- Those who regularly visit Downtown;
- Individuals aged between 18-24 and 25-34;
- Males;
- Residents or Households with incomes greater than \$100k; and
- People on DOKC's e-mail list (62%).

THE MARKETS LESS LIKELY TO MOVE DOWNTOWN

- Individuals who do not work Downtown;
- Households with incomes less than \$100k;
- Individuals with incomes less than \$50k; and
- Households with children.

THE MARKETS MOST LIKELY TO RENT DOWNTOWN

- Individuals aged 18-34 (68%) and
- Households with incomes less than \$100k.

THE MARKETS MOST LIKELY TO PURCHASE DOWNTOWN

- Individuals aged 35-54 and
- Households with incomes greater than \$100k.

2.3.2 2011 DOWNTOWN EMPLOYER SURVEY

In addition to the updated survey of metropolitan area residents, the Consultant Team and the City of Oklahoma City jointly administered an online survey targeted at Downtown employees. This survey was conducted from March 31 to April 18, 2011 and was a self-select survey distributed by 11 Downtown employers.

- Out of 2,540 respondents, 19.8% indicated they were "very" or "somewhat likely" to move Downtown in the future (6.4% very likely, 13.4%

DOWNTOWN AREA EMPLOYEES

To better understand the needs and desires of Downtown workers, the Downtown Area Employers Survey was issued to 11 downtown area employers. Over 2,500 responses were collected. What follows is a selection of results; for the entire survey and results please see the Downtown Oklahoma City Housing Strategies and Implementation Plan Appendix.

20%

"Very Likely" or "Likely" to Move Downtown

TOWNHOUSE

Preferred Housing Type

PARKING  
GROCERY / DRUG  
COVERED PARKING  
RESTAURANTS / ENTERTAINMENT  
SHOPPING / RETAIL

Property Attributes Considered "Very Important"

COST 83%

NEIGHBORHOOD 68%

Top Community Amenities

COST OF HOUSING - 67%

#1 Barrier to Moving Downtown

PARKING - 64%

#1 Desired Downtown Improvement

somewhat likely.) Between each employer, results were even, with 6.4% “very likely” and 18% “somewhat likely.” These results had standard deviations of 2.4% and 3% respectively.

- A majority of the respondents, 75-90%, currently live in single-family homes. The same percentage of respondents currently own their own home.
- When looking at barriers preventing people from moving Downtown, 67% indicated that the cost of housing was the main factor.
- Of those who indicated they were “likely” or “very likely” to move Downtown, 60% preferred purchasing units, and 40% preferred renting units.
- When asked what could be improved about Downtown, “Parking” at 64.2% and “Grocery Store” at 62.9% were by far the highest responses, corresponding with the metro-wide survey.
- Of those “likely” to move Downtown, 37.2% preferred townhomes, and 31.8% preferred single-family detached residences. Apartments were third at 22.8%.
- Cost of housing was listed as important for 83% of potential renters and 73% of buyers.
- When asked whether they would prefer living in the Downtown area vs. a Near Downtown neighborhood, 57% of the respondents preferred the Near Downtown neighborhoods, and 43% preferred Downtown.
- 49% of individuals who are “unlikely” to move Downtown said there was nothing that could persuade them to move to Downtown Oklahoma City.

## 2.4 BARRIERS TO DOWNTOWN HOUSING DEVELOPMENT

### 2.4.1 MARKET / ECONOMIC BARRIERS

#### POST-RECESSION REAL ESTATE MARKET

Few know when the nation will finally emerge from the lingering aftereffects of the 2007-09 recession. Fortunately, Oklahoma City has weathered the storm better than other areas of the country, with a significantly lower unemployment rate and a housing market that was not adversely impacted by the foreclosure crisis. However,

general housing movement and transactions have declined rapidly, and the credit market is still relatively tight. Even with lending institutions who are willing to lend, requirements for equity are high and the number of developers able to take on major development projects has dwindled significantly over the past several years.

#### LAND COSTS

The significant amount of development activity in Downtown – public and private – has led to a drastic increase in land prices throughout the downtown area. It is understood that they can run as high as \$12-\$15 per square foot, or roughly \$500,000 - \$600,000 an acre. Higher land costs generally mean that a developer will have to offer units at a higher cost to overcome the expense. This is fine if the units are marketed towards the upper end of the spectrum, but it can drastically reduce the supply of housing available to middle market households with \$40,000 - \$80,000 in income.

#### UNFAMILIARITY WITH “URBAN” HOUSING

Without any meaningful geographic constraints, and most of its growth occurring during the age of the automobile, Oklahoma City today, has one of the lowest densities of any major city in the country. Despite its sprawl, it is still very easy to navigate the metropolitan area, with most city and suburban neighborhoods located within a 20-30 minute drive. These dynamics have served to work against a tangible market for urban living. Low density neighborhoods cannot support large or medium districts of urban commercial storefronts, pushing most retail and services on commercial corridors. Easy commuting times mean that residents can live wherever they choose without significant adverse economic impact. Oklahoma City is also one of the most inexpensive housing markets in the country. Adding these factors together, there are few areas within the City to experience ‘urban’ type lifestyles, nor does it make sense for many residents to choose smaller, more costly housing options in the Downtown market when they can afford a myriad of housing options throughout the metropolitan area.

#### EXPECTATIONS OF HOUSING COSTS

As one of the country’s most inexpensive metropolitan areas, residents in Oklahoma City are accustomed to a low cost

of living. Therefore, it can be difficult to accept the need to pay premium prices for downtown product, especially when the amenities in Downtown are easily accessible to residents living throughout the City.

## LACK OF AMENITIES

Bricktown has a significant number of destinations and amenities that appeal to urban dwellers, and this has undoubtedly driven much of the housing development in Deep Deuce, where residents can easily access Bricktown without being in the “thick” of the nightlife, entertainment, and parking problems. Other areas, however, are not as fortunate in the amenities they provide to potential Downtown dwellers. Probably the best amenity offered throughout the Study Area is accessibility to employers – whether that includes the Central Business District, St. Anthony, the OU Health Sciences Center, or the State of Oklahoma Campus. However, people who move Downtown seek other types of amenities, such as proximity – particularly “walkability” to dining, entertainment, open space, shopping, and other businesses. While some of this is emerging in areas like Broadway and 10th & Walker, there is considerable room to grow.

## UNCERTAINTY OF THE MARKET

The recession and failure of several high profile housing projects has generated some uncertainty in the depth of the market for downtown housing, especially related to many of the obstacles listed above. With downtown housing still being very much an act of “pioneering,” there appears to be some hesitancy to commit a significant portion of funding without a clearly defined and established market. That being said, there are clearly developers who are confident in the market and have already, or are in the process of, investing in significant projects.

## 2.4.2 PHYSICAL BARRIERS

### TRANSPORTATION

Uses related to transportation in Downtown create the most recognizable physical barriers to housing development. Both I-40 and I-235 divide the core of the Downtown from the southern and eastern portions. Overall, the Downtown is very accessible, but it is visually disconnected due to elevated transportation lines and large under developed

or vacant land. The north / south rail corridor that runs parallel to SE K. Gaylord Avenue also creates a barrier, blocking views and access to Downtown from the east.

### LOCATION

Another barrier separating Downtown from the surrounding Districts is location. While all of the Study Areas are within walking distance, the furthest being under 1 mile from the center of the sub-area to the intersection of Main and Robinson Avenue, the topography and underutilized land between sub-areas creates a less than ideal atmosphere and experience for the pedestrian, especially between the Central Business District and neighborhoods to the west and north.

### PARKING EXPECTATIONS

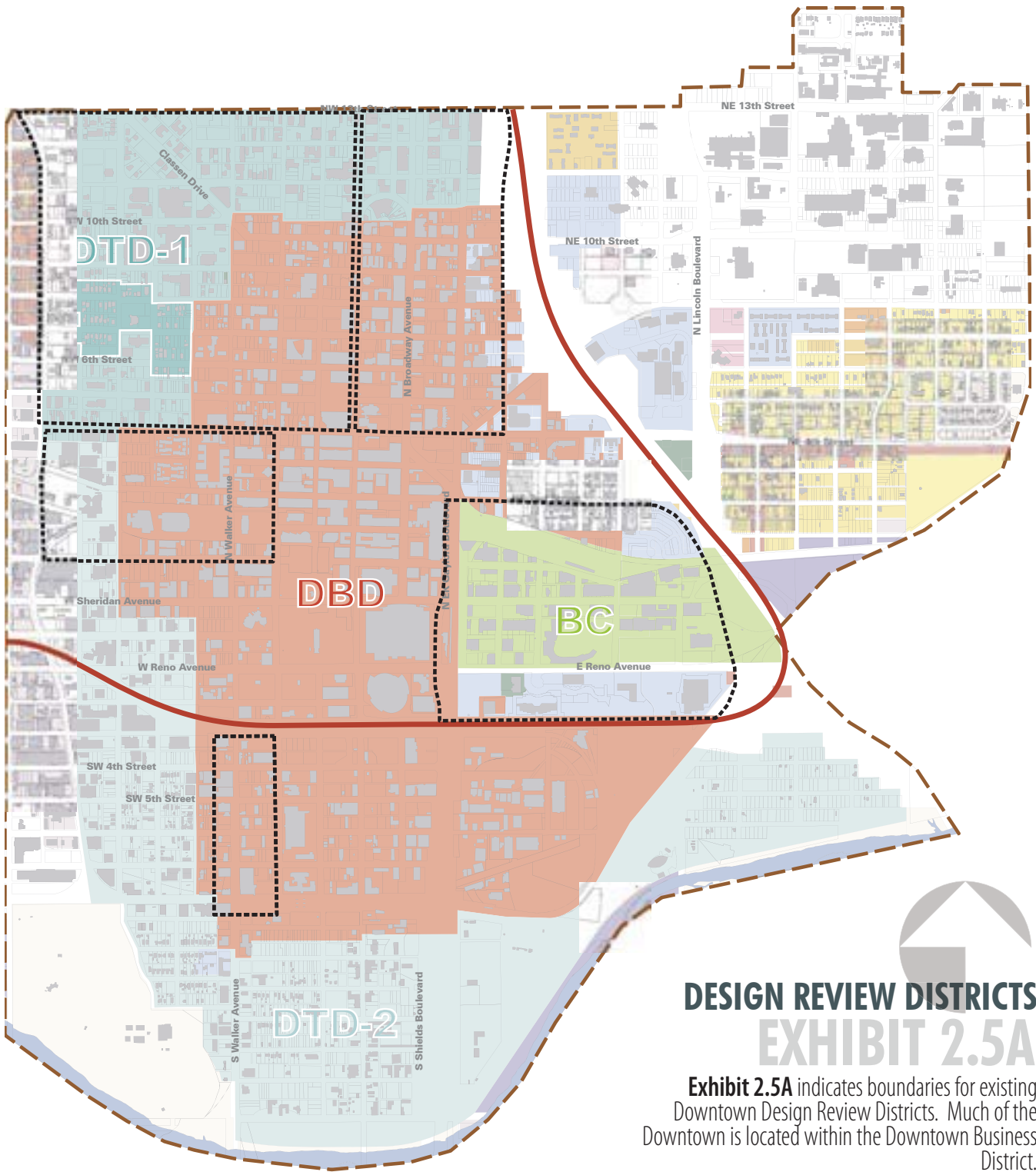
Consumer research in both the 2005 and 2011 surveys points to the need for parking as one of the key amenities for residents considering living Downtown. Parking ratios for apartment buildings in suburban areas are typically 2 spaces per unit or more. This is essentially responsive to a market that lives in an auto oriented geography with limited public transit. However, it is extremely difficult to adhere to these ratios in an urban area because parking takes up valuable developable land. How to balance the needs of the market and the need to maximize land is a crucial component of moving a housing program forward.

### INFRASTRUCTURE

Deteriorating infrastructure can be a problem in some areas of Downtown. Many of these problems are not clearly defined; they exist on a parcel by parcel or block by block basis. Elements include sidewalks, alleys, lighting, and utility connections. Deteriorated infrastructure is one of the well-known hurdles of urban development, and one of the factors driving real estate development to the urban fringe, where high land costs and infrastructure problems are nonexistent.

### CONCENTRATION OF RETAIL / ENTERTAINMENT

In Bricktown, the concentration may act as a barrier to development in other districts by the fact that they are distant from the area with the highest concentration of



## DESIGN REVIEW DISTRICTS EXHIBIT 2.5A

**Exhibit 2.5A** indicates boundaries for existing Downtown Design Review Districts. Much of the Downtown is located within the Downtown Business District.

- DOWNTOWN TRANSITIONAL, GENERAL
- DOWNTOWN TRANSITIONAL, LIMITED
- UDC URBAN DESIGN OVERLAY DISTRICT
- DOWNTOWN BUSINESS
- BRICKTOWN CORE DEVELOPMENT

source: City of Oklahoma City



activity and urban amenities. Developers and residents may perceive a lack of amenities in areas outside of Bricktown. However, Midtown has seen increased retail and entertainment services and has developed a retail node at the intersection of 10th and Walker Avenue. Broadway Avenue is also a burgeoning mixed-use corridor with both dining and retail options.

## 2.5 TOOLS FOR REDEVELOPMENT

### 2.5.1 DOWNTOWN ZONING

There are three major design and review classifications in Downtown: Downtown Business District (DBD); Bricktown Core Development (BC); and Downtown Transitional Limited / General (DTD-1 and DTD-2) respectively. Under these districts, all of the five Study Areas allow residential uses. The goals of each zoning classification are very similar. They all aim to promote a high quality mix of uses in a manner that incorporates diverse design elements and ensures compatibility with existing significant uses. Zoning for all of the Study Areas allows single-, multi-, four-, three-, and two-family residential units.

#### DBD DOWNTOWN BUSINESS

Single-, multi-, four-, three-, and two-family residential allowed.)

#### BC BRICKTOWN CORE DEVELOPMENT

Single-, multi-, four-, three-, and two-family residential allowed.

#### DTD-1 / DTD-2 DOWNTOWN TRANSITIONAL, LIMITED / GENERAL

Single-, multi-, four-, three-, and two-family residential allowed.

Based on existing zoning, there does not appear to be any major hurdles in developing higher density housing within the downtown Study Area.

### 2.5.2 DOWNTOWN ZONING AND DESIGN REVIEW

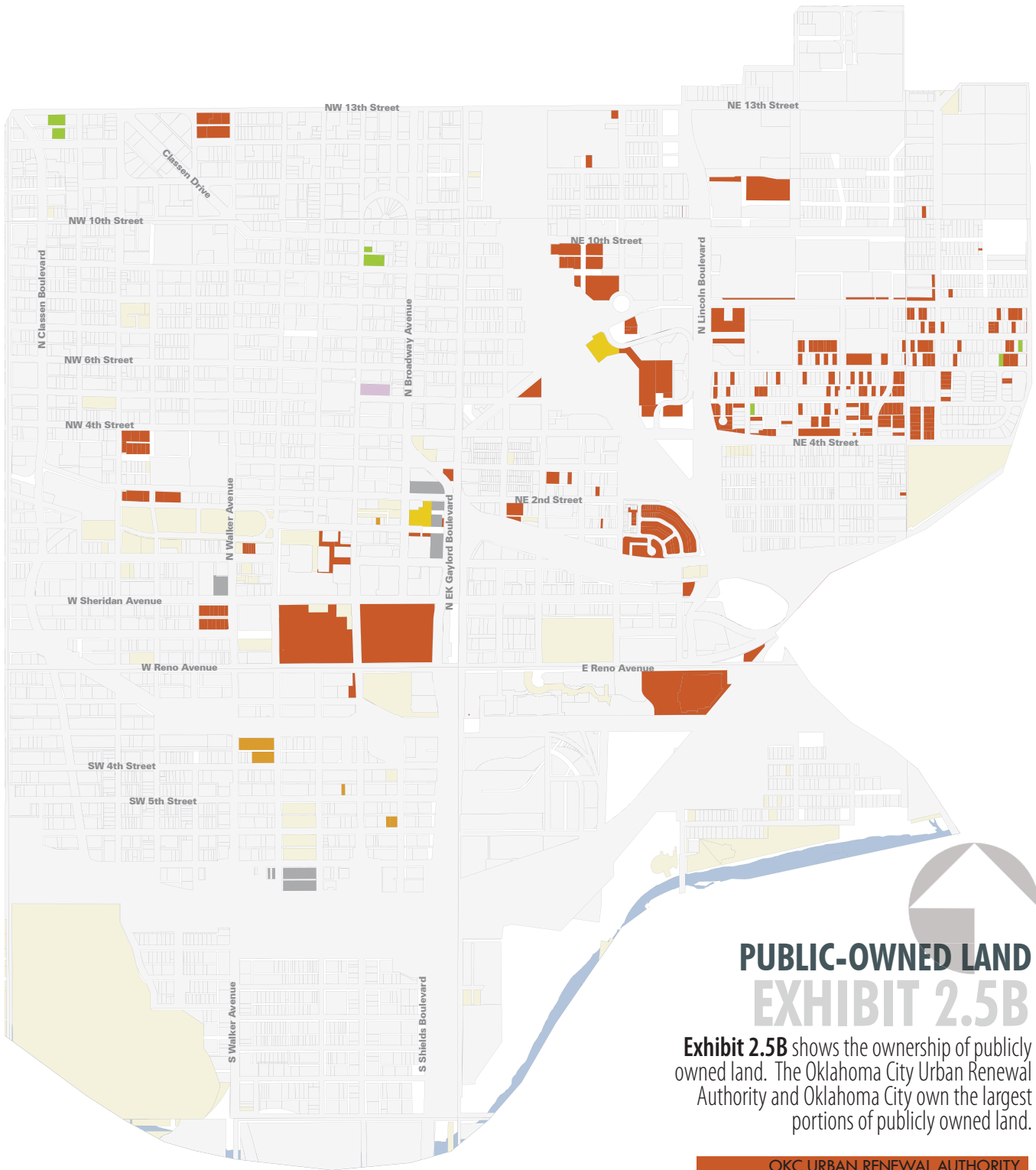
In regards to other urban design elements, recent residential development in Downtown Oklahoma City has followed the “urban” trend reflected in zero setbacks and a movement towards a higher percentage of new construction containing a mix of housing, retail, and services. In meetings and interviews with local developers and residents it was mentioned that the design of the Legacy at Arts Quarters was too suburban in style and that people should be encouraged to build more “urban” architecture in Downtown. This appears to be mostly an aesthetic criticism. From an urban design standpoint, the building’s integration of retail on the ground floor, height and density make it a solid mixed-use product.

### 2.5.3 LAND OWNERSHIP

Land control is an essential tool for public sector agencies to guide real estate development. The ownership of land by City agencies may accelerate the process of development through their strategic location and the ability to transfer ownership for a discounted value. A majority of public-owned land in the downtown area is owned by the Oklahoma City Urban Renewal Authority (OCURA) and Oklahoma City. The City primarily owns land occupied by civic uses, such as Bricktown Ball Park and the Ford Center. OCURA owns a large portion of vacant residential land east of I-235, lots in Deep Deuce, and Arts District / Film Exchange District.

The Urban Renewal Authority is the only public entity with the power to provide land to developers at a negotiated price. There are currently 8 OCURA supported housing projects in various phases of development within Downtown. These projects include Deep Deuce, The Hill, Block 42, Centennial, Sycamore Square, and Legacy at Arts Quarter. There are two upcoming projects, already in the preliminary construction phase and unnamed at this time.

Other public entities that own land in the Study Area are the Economic Development Authority, the Riverfront Redevelopment Authority, the Oklahoma Housing Authority, the Industrial & Cultural Facilities Trust, and the Central Oklahoma Transportation and Parking Authority. The Arts District / Film Exchange District contains the most publicly



# PUBLIC-OWNED LAND EXHIBIT 2.5B

Exhibit 2.5B shows the ownership of publicly owned land. The Oklahoma City Urban Renewal Authority and Oklahoma City own the largest portions of publicly owned land.

- OKC URBAN RENEWAL AUTHORITY
- ECONOMIC DEVELOPMENT TRUST
- REDEVELOPMENT AUTHORITY
- CITY OF OKLAHOMA CITY
- OKLAHOMA HOUSING AUTHORITY
- INDUSTRIAL & CULTURAL FACILITIES TRUST
- CENTRAL OK TRANSPORTATION & PARKING

source: City of Oklahoma City

owned land of all the Study Areas. Automobile Alley and Midtown have very little, if any public-owned land. The location of public-owned land is illustrated in Exhibit 2.5B.

### 2.5.4 ASSESSMENT DISTRICTS

#### TIF DISTRICTS

With the exception of the Core to Shore / West Park sub-area, all four sub-areas that make up this Reports' Study Area are located within the Downtown / MAPS Tax Increment District. Two other TIF Districts are located immediately to the east, including the Oklahoma Health Center District and the Oklahoma Biosciences District. The Downtown TIF was set up in 2000 and will last until 2025. When the District was established by the City, it put together a plan of the projects that it intended to assist, dispersing anticipated revenue to varying types of commercial, residential and other development.

#### BUSINESS IMPROVEMENT DISTRICT (BID)

The current Business Improvement District (BID) expired at the end of March 2011, and a new, expanded BID went into effect on April 1, 2011. Omitting the Core to Shore/West Park Area, all of the Study Areas have a portion located within the boundaries of the BID. The Arts / Westside

District, after April 1, will be entirely located in the BID, and a majority of Bricktown is within the boundaries.

## 2.6 CONCLUSIONS

Despite numerous hurdles to achieving a large scale and comprehensive downtown housing development program, there are numerous signs that show that downtown housing is in demand. National trends show a renewed interest in urban, "infill" housing product adjacent to entertainment amenities and employment centers. Despite limited supply, downtown rental units collectively outperform any other local market, with occupancy and lease rates far above comparable city and suburban sub-markets, and surveys of metro area residents show an unusually high interest in living downtown when compared to other markets.

Altogether, these facts indicate a strong potential market to capture and focus into newly established downtown neighborhoods. What is needed is a comprehensive and strategic approach to pushing past and removing the market, physical and financing hurdles that exist and creating an environment that successfully accomplishes the goals and objectives of both the City and their private partners.



**THE PURPOSE OF THIS SECTION IS TO ESTABLISH A “FRAMEWORK” FOR HOUSING INVESTMENT, OVERCOMING MARKET AND PHYSICAL HURDLES TO DEVELOPMENT, IDENTIFYING OPPORTUNITIES AND CONSTRAINTS, AND INTEGRATING ECONOMIC TRENDS, MARKET DEMANDS, AND DEVELOPMENT RELATED AMENITIES.**

### **3.1 STUDY AREAS**

The Development Framework Section focuses on five specific sub-areas of greater Downtown Oklahoma City. The Study Areas include significant parts of established Downtown Districts and were selected by the Steering Committee as having some of the best potential for short-term housing development. These Study Areas are illustrated in Exhibit 3.1A on the following page.

Of note is that the Deep Deuce district (discussed on page 15) was not analyzed separately in this Study. Based on past development and planned projects, it was felt that this district would soon be built out, and therefore there was a need to focus on how to encourage housing development in other districts.

#### **BRICKTOWN**

The area is east of the Central Business District is bordered by East Main Street to the north, North Stiles Avenue to the east, I-40 to the south, and the rail tracks to the west. The adjacent Deep Deuce has considerable residential development and is evaluated in the context of Bricktown.

#### **AUTOMOBILE ALLEY**

This area is bounded by 13th Street to the north and 4th Street to the south. For this Study, the eastern border is defined by N. Oklahoma Avenue and the western by Robinson Avenue.

#### **MIDTOWN**

Midtown, one of the oldest Districts, is bounded by 13th Street to the north and 5th Street to the south. N. Classen Boulevard acts as the western boundary with Robinson Avenue acting as its eastern boundary.

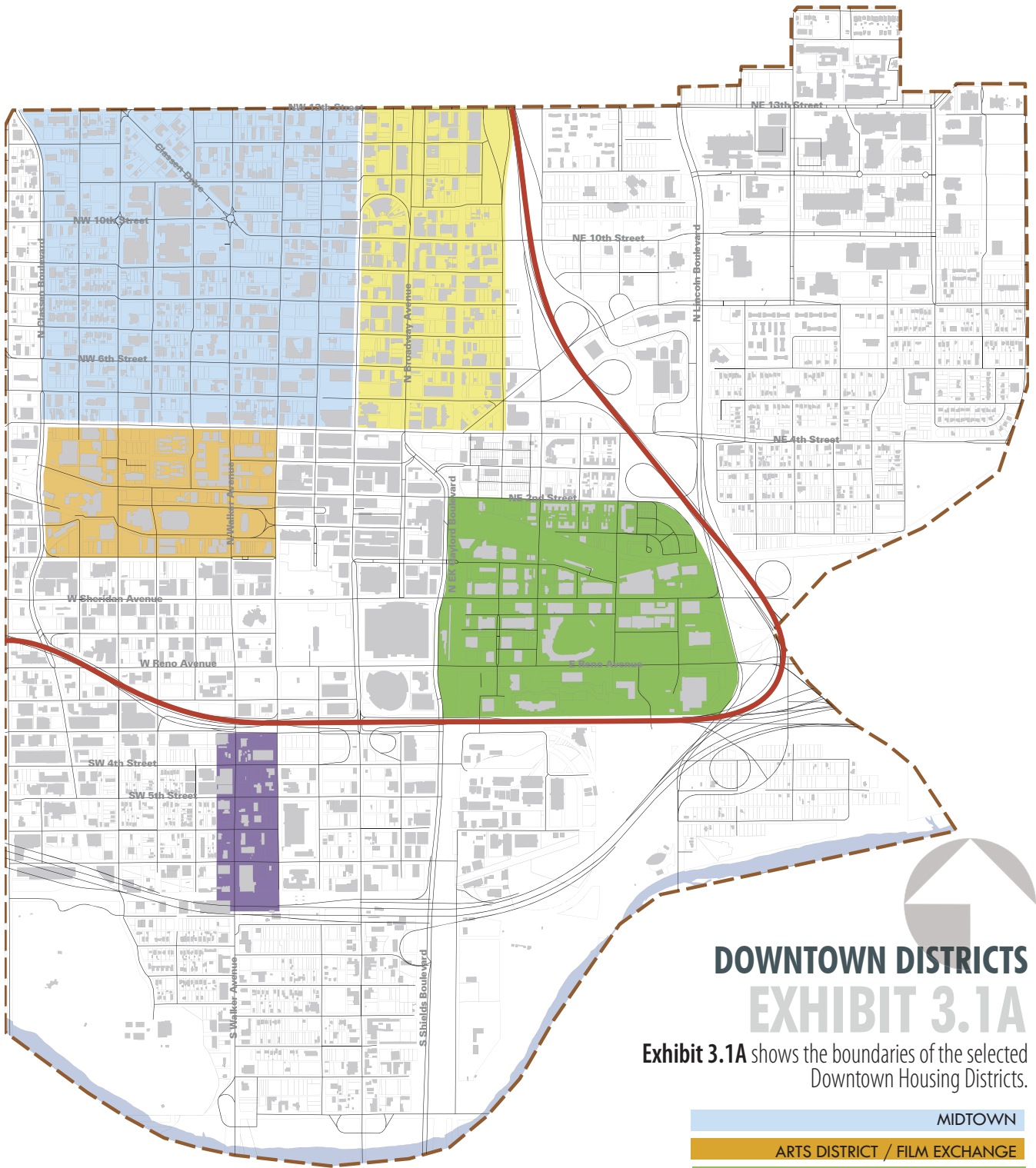
#### **ARTS DISTRICT / FILM EXCHANGE**

The boundaries for the Arts District / Film Exchange are defined as the area south of 4th Street to Sheridan Avenue and east of Shartel Avenue and west to Hudson Avenue.

#### **WEST PARK / CORE TO SHORE**

This District, for analysis purposes, is the area immediately west of the proposed Central Park. The existing I-40 provides the northern border and the southern border is the proposed I-40 relocation. The District extends from Walker Avenue on the west to Hudson Avenue on the east.





## DOWNTOWN DISTRICTS EXHIBIT 3.1A

Exhibit 3.1A shows the boundaries of the selected Downtown Housing Districts.

- MIDTOWN
- ARTS DISTRICT / FILM EXCHANGE
- BRICKTOWN
- AUTOMOBILE ALLEY
- CORE TO SHORE / WEST PARK

source: City of Oklahoma City

## 3.2 STRATEGIC PLAN FOR HOUSING DEVELOPMENT

The following is an overview of housing development goals which respond to the findings in Section 2 and provide guidance to the overall task of implementing a comprehensive downtown housing program.

### SEPARATE SHORT-TERM FROM LONG-TERM

Market dynamics and various physical characteristics determine short-term vs. long-term opportunities for housing development. Understanding which housing products and locations within Downtown offer the best short-term prospects will help jumpstart a housing program of relevant scale.

### FOCUS DEVELOPMENT IN KEY AREAS AND CREATE “PLACE”

Creating a sense of “place” is essential to drawing urban residents. Concentrating development in targeted areas will create active districts faster than dispersing housing throughout Downtown.

### UPDATE PHYSICAL INFRASTRUCTURE

Deteriorated physical infrastructure is a deterrent to wide-scale residential development. Infrastructure improvements should include sidewalks, alleys, lighting, utilities, streetscapes, and a railroad quiet zone.

### ENCOURAGE “URBAN” DEVELOPMENT

Good urban design is essential in developing energetic urban neighborhoods. Appropriate criteria should be encouraged including limited setbacks, appropriate massing and scale, a mixture of uses where appropriate, and parking behind or to the side of structures.

### INVEST IN AMENITIES THAT ATTRACT URBAN DWELLERS

A key benefit of urban living is the close proximity of amenities like dining, entertainment, events, arts and cultural attractions, shopping, and recreation. Along with housing, a complementary initiative focusing on enhancing, growing, and sustaining these amenities will be essential.

### TARGET SOLUTIONS FOR SMALL SITES

Downtown land ownership is divided into many small parcels. While there are opportunities to develop projects on large tracts of land, the majority of new residential development will likely take place on small one-tenth to half acre parcels. Appropriate development and financing methods are needed to accommodate these scenarios.

### STRENGTHEN CORRIDORS THAT LINK DISTRICTS

Strong districts need strong corridors connecting them. Identify key Downtown corridors and concentrate investments to connect critical nodes of development. The planned streetcar line will be a crucial linkage between districts - understanding its impacts on residential development will be important, especially related to development location and impacts on land cost.

### MIXED-INCOME HOUSING

To the extent possible, the City should encourage and perhaps incentivize the creation of mixed-income neighborhoods that integrate a wide range of incomes and household types which help provide for middle-market households and keep gentrification at bay.

### CREATE A PREDICTABLE ENVIRONMENT FOR DEVELOPMENT

The lack of a predictable development environment can be an even larger hurdle than financial challenges. The City and its partners should strive to create a predictable environment for developers, including regulatory and building approvals, types and uses for incentives, and criteria for public sector assistance.

### 3.3 DEVELOPMENT FRAMEWORK

The Development Framework discusses opportunities to leverage short- and long-term housing within a broad, district-wide planning and development context. Each district will be discussed in detail on the following pages. They relate to the five geographies chosen for this Study, as described on page 32.

#### 3.3.1 MIDTOWN

Midtown has an interesting mix of potentials as well as hurdles. It has a strong core surrounding St. Anthony Hospital, which includes a burgeoning retail/dining node at Classen Drive, 10th, and Walker. However, a large percentage of District land is vacant, giving the impression of a distressed, poor and potentially dangerous area. It is the most distant sub-area from major employers in terms of walkability, other than St. Anthony's, but has good automobile access to OU Health Sciences, the State, and the Region via 13th Street, 10th Street, and I-235.

Despite these challenges, Midtown provides one of the best opportunities for housing growth in the Downtown area. Its benefits far outweigh its negatives. It has strong partners, interested investors and stakeholders, an institutional anchor dedicated to making the District better, recent investment in health care and retail uses, and vacant or potentially development-ready land in key areas. The sheer size of Midtown dictates a careful strategy that targets investment in certain locations to maximize activity and best utilize available amenities. Such a strategy is intended to accelerate housing development within the District, as opposed to taking an incremental development approach, to ensure connectivity to adjacent Districts and leverage existing assets.

#### RECOMMENDATIONS

The existing cluster of uses surrounding St. Anthony should be the focal point for short-term investment in housing and other uses. This will create a powerful live-work-play node that should catalyze the redevelopment of adjacent blocks. Due to rising land costs, attempting to leverage as much affordable and middle market product in this first development phase should be a priority.



*Plaza Court is a prominent retail destination in Midtown, renovated recently and encouraging additional private investment in Midtown.*



*St. Anthony Hospital is an institutional anchor of Midtown. The hospital has plans to work with surrounding properties to add to the quickly developing District.*



*View looking northwest towards Midtown in Oklahoma City.*





  
**MIDTOWN EXISTING  
 CONDITIONS**  
**EXHIBIT 3.3A**

**Exhibit 3.3A** shows some of the key existing elements in Midtown.

- ST. ANTHONY HOSPITAL
- CITY OWNED SITE
- RETAIL FRONTAGE



One of the essential strategies for Midtown is to enhance and grow its retail and service offerings. Fortunately, a cluster of retail and restaurant offerings has already emerged. This will be essential to attracting new residents to the area, but it is also a feature that must be enhanced to continue to leverage housing development opportunities. The redevelopment of the Mercy Hospital Site is an important first step for this strategy. The site anchors the northern end of Walker Avenue. Another key corridor is 10th Street, which will help connect Midtown with Broadway and Automobile Alley as well as the Oklahoma Heath Center to the east.

10TH STREET

This is a key corridor where residential development, especially mixed-unit development, should be focused. The connection of St. Anthony and the Walker roundabout to Broadway and the Oklahoma Heath Center to the east will serve to drive other residential and commercial development throughout the northern part of Downtown. Along 10th Street there should be a mixture of commercial, retail, and residential uses, with housing located above commercial storefront space. Land adjacent to the corridor frontage is best used for residential development. The concentration of residential uses in this area has an advantage; the area has existing amenities which will attract residents in the short-term, while concentrations of housing units in this area will serve to generate additional commercial uses, resulting in a catalytic effect for revitalization on the northern end of Downtown. This commercial, employment, and entertainment corridor should serve to generate market demand for additional pieces of property throughout Midtown and Automobile Alley. The target investment area is highlighted in Exhibit 3.3B.

THE "COTTAGE" DISTRICT

Located in the southwestern quadrant of the Midtown District, the Cottage District represents an interesting opportunity for downtown housing. It is one of the only opportunities in Downtown to build upon a neighborhood made up predominantly of single family homes. Like the rest of Midtown, the Cottage District has several distinct advantages and disadvantages. On the positive side, it is located in an area that offers attractive views over the Central Business District, it has close proximity to St. Anthony,



The Midtown retail node is centered at the intersection of 10th Street, Walker Avenue, and Classen Drive and has a diverse mix of retail and dining opportunities.



Due to its high elevation, Midtown provides spectacular views of the Downtown and surrounding areas of Oklahoma City.

and it has seen recent investment in many single-family homes. On the other hand, there are many properties in significant disrepair, and recent speculation has driven up land costs to the point where rehabilitation projects are financially difficult.

Given the size of Midtown - and the Downtown area as a whole - it is better to focus a large portion of investment and support around the target investment area, which will drive future investment and redevelopment in the Cottage District. That said, this does not mean there are not short-term opportunities in this area. The commitment of St. Anthony to remain and invest in the area can be leveraged to help support redevelopment, especially for the creation of single-family housing opportunities for hospital employees. Midtown makes a logical location for the downtown elementary school, which could serve to drive interest in housing near the school. Red Andrew's Park, located at Lee Avenue and 8th Street, is relatively underutilized and



# MIDTOWN OPPORTUNITIES

## EXHIBIT 3.3B

Exhibit 3.3B shows the opportunities that exist in Midtown. A connection between Midtown and Automobile Alley.

- TARGET INVESTMENT AREA
- MEDICAL DISTRICT
- COTTAGE DISTRICT
- AUTOMOBILE ALLEY/BROADWAY
- ✱ ACTIVITY NODE
- 1 10TH & WALKER NODE
- 2 10TH & BROADWAY NODE



offers the opportunity to be re-programmed as a better amenity for the neighborhood. The financial difficulties in rehabilitating existing properties could be mitigated by allowing higher densities and accessory dwelling units. The ability to build and rent duplex or triplex properties or garage / carriage house units may greatly improve an investor’s ability to cash flow a project.

A short-term opportunity for the Midtown District is housing that is related specifically to St. Anthony. This could include senior type housing - subsidized or market rate, assisted living, or a combination of both. Although proximity to medical care was a relatively low ranking preference of survey respondents, it is extremely important to an older demographic that, in Downtown, would also be able to take advantage of the ability to walk or take transit to retail, dining, or cultural destinations.

APPROPRIATE HOUSING

For the Cottage District and the blocks surrounding the hospital to the south and west, lower scale housing including single-family, duplexes, and townhomes that reinforce cottage-like character are appropriate. It is difficult to build lower density housing in other areas due to land economics. This area has the possibility of appealing to a higher number of markets.

IMPLEMENTATION STEPS

- Focus investment on residential, medical, and commercial uses along the 10th Street Corridor and Plaza Court node;
- Explore opportunities for a Senior / Assisted Living facility near St. Anthony;
- Convert Red Andrew’s Park into a better neighborhood amenity;
- Amend zoning and urban design standards to allow for higher densities in single-family areas, as well as to protect viewsheds; and
- Work with St. Anthony on opportunities to create housing that serves the hospital’s needs, as well as district-wide objectives.



*There are opportunities within the Midtown District to integrate higher density residential projects with mixed-use buildings on key corridors, as well as smaller, neighborhood scale buildings.*

# COTTAGE DISTRICT

The “Cottage” District is a unique area of Downtown. Made up predominantly of single-family housing, the area sits above lower Downtown with attractive views of the Central Business District skyline and has seen some investment in the form of rehabilitation and new construction within the past 5+ years, most notably in the construction of a series of homes with unique designs. The District should benefit from general investment and development throughout the Midtown District and particularly in a pocket between potential investment along 10th Street, St. Anthony Hospital, and 4th Street. Although much of the Cottage District still contains dilapidated structures and underutilized property, over time the market should respond favorably to such a concentration of single-family homes near Downtown. A toolbox that assists property owners and developers in redevelopment should be combined with considerations on protecting the District’s most vital assets, including viewsheds into the Central Business District, the proximity to employment centers like the Hospital, and the clusters of single-family homes.





### 3.2.2 ARTS DISTRICT / FILM EXCHANGE

The Arts District / Film Exchange has some of the best potential of all Downtown areas but also some of the largest constraints. Proximity to both the Central Business District and major landmarks and destinations like the Art Museum and Civic Center are the area’s best features; at the same time deteriorating buildings and infrastructure, the location of the Jail, and a lack of a cohesive district are its largest hurdles.

In terms of eventual build-out, this area should be thought of as two sub-areas. The true “Arts District” is the area between Kerr Avenue and West Main Street, centered on Civic Center. This area is a natural extension of the Central Business District with opportunities for housing units located within short walking distance of employment centers such as Devon, the City and the County, as well as the Art Museum, Civic Center Music Hall, and the Library. This area has the best short-term potential, with enough urban fabric to provide infill opportunities, particularly to the north and south of the Civic Center. Main Street itself is still a work in progress, as it has a considerable amount of land and buildings vacant. While this vacancy represents an opportunity, it is unclear whether there will be enough market to revitalize Main Street in the short-term, especially as other districts experience housing growth.

Just one block to the south, the Film Exchange, focused on West Sheridan Avenue, is a long-term prospect for an urban neighborhood. Though recent streetscape has improved the core infrastructure, the District needs to create a well defined identity – both in mind and in reality – before it is a realistic place to invest a considerable amount of money in housing. A major short-term constraint is the lack of buildings with multiple stories for residential rehab or conversions; this means the bulk of housing units would have to be provided through new construction.

#### RECOMMENDATIONS

##### ARTS DISTRICT

The potential for housing in the Arts District is already well established by the Legacy and Sycamore Square projects. Focusing development between Kerr and Main/Colcord will not only help extend the activity of the Central Business



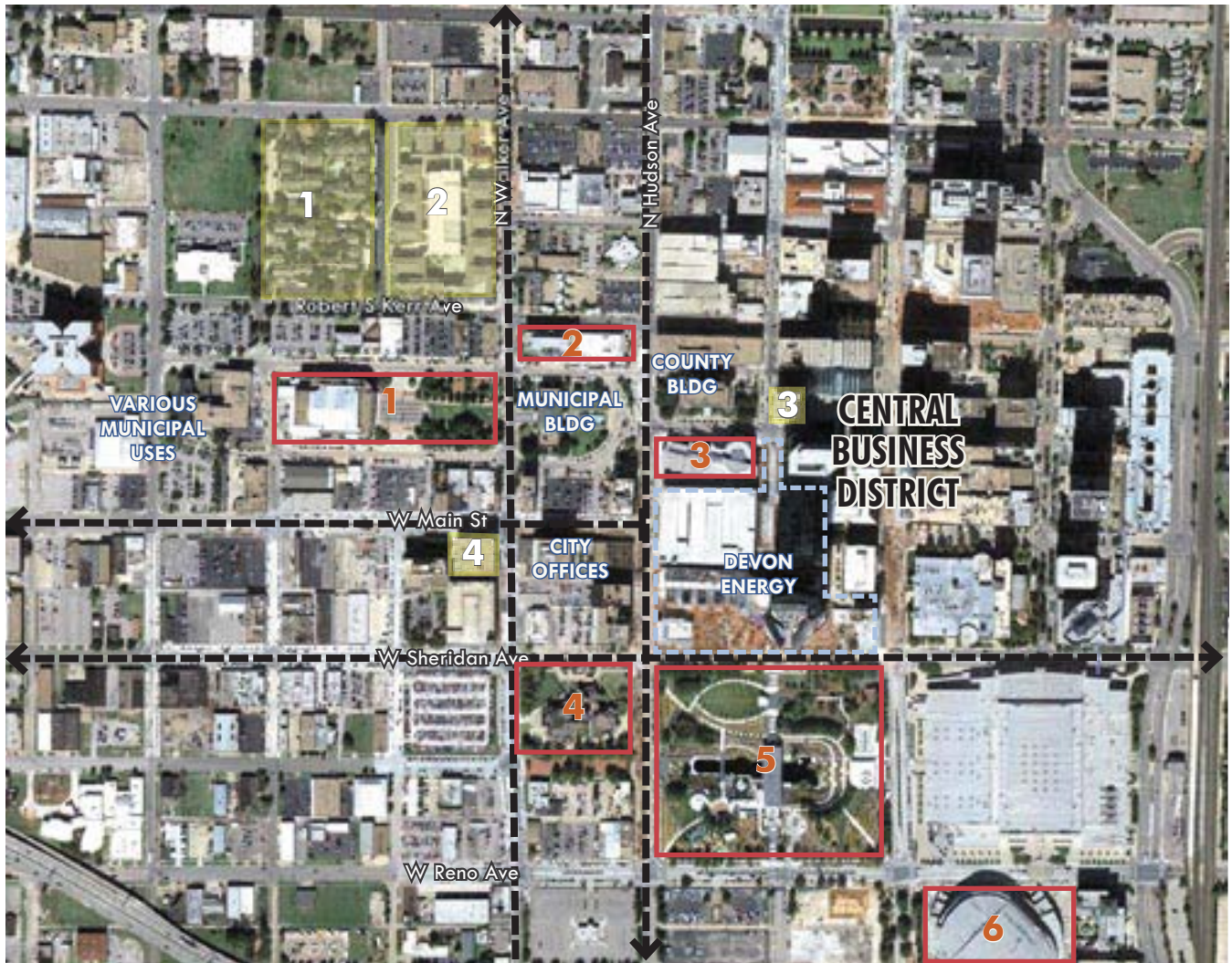
*The Civic Music Hall is one of the many civic /cultural attractions located in the Arts District.*



*The Oklahoma City Museum of Art is located in the northeast corner of the Focus Area. The Museum of Art is just one of the many cultural attractions in the district.*



*The 17 acre Myriad Gardens anchors the southern portion of the Arts District. The park is part gardens / open space and part nature conservancy.*



**Existing Residential**

- SYCAMORE SQUARE 1
- LEGACY AT ARTS QUARTER 2
- PARK HARVEY 3
- MONTGOMERY 4

**Civic / Cultural Destinations**

- CIVIC CENTER & BICENTENNIAL PARK 1
- CITY ART MUSEUM 2
- CITY LIBRARY 3
- STAGE CENTER 4
- MYRIAD GARDENS 5
- FORD CENTER 6

**ARTS DISTRICT/FILM EXCHANGE  
EXISTING CONDITIONS  
EXHIBIT 3.3C**

Exhibit 3.3C shows the existing conditions of the area surrounding the Arts District / Film Exchange.

- CIVIC/CULTURAL/ENTERTAINMENT
- EXISTING RESIDENTIAL
- EMPLOYMENT CENTERS



District to the west but will also serve to extend the activity around the Legacy to the south. Housing within this area stands to benefit from four major amenities: (1) Bicentennial Park, an attractive but underutilized open space; (2) Arts destinations, such as the Civic Center and Art Museum.; (3) Proximity to Downtown employers, roughly a 10-15 minute walk to all blocks within the Central Business District; and (4) existing retail areas serving residential units already in place at the Legacy, including restaurants and dry cleaners. If Walker Avenue were turned into a two-way street, it is feasible to see a retail corridor extend from 4th Street south to Sheridan, acting as a major amenity to the area. Additionally, retail slated to be placed in the Devon Tower, on Hudson, could connect to this corridor from the east, along Main Street.

The best opportunities lie in existing parking lots facing Colcord or Kerr. There are at least three sizable lots and one open area with 3-4 lots adjacent to each other. Considering that these lots make up parking for existing businesses, a plan to provide public parking for the District may be in order. Given the interest in developing the Mercy site on 13th Street, the acquisition and transfer of land to a private developer or development team may be the quickest and most efficient short-term method of kick starting a housing project in this area.

Another target area for consideration is 4th Street. While 4th Street does not carry the same synergies with mixed-use residential and commercial development that 10th Street does, it is nevertheless a key downtown corridor connecting Midtown with Deep Deuce and the neighborhoods near Washington Park east of I-235. Like the Arts District, 4th Street lends itself more towards the Central Business District as an immediate amenity. With the conversion of Walker Avenue to two-way, redevelopment between Walker and Harvey could help extend the Walker Avenue Corridor north towards the Walker Roundabout and establish another major commercial corridor linking Downtown Districts.

### FILM EXCHANGE DISTRICT

Over the span of the next five years, focus on the Film Exchange should be on revitalization and rehabilitation of buildings for the purpose of businesses and other uses that enhance events like the Arts Festival. The future of



*Aerial View of the Central Mall that connects the Arts District to Downtown Oklahoma City. Residential and civic uses occupy a majority of the land in the area.*



*An aerial photograph looking south shows the existing mix of residential and cultural / civic buildings. Areas within the District are still vacant or underdeveloped.*



  
**ARTS DISTRICT/FILM  
 EXCHANGE OPPORTUNITIES**  
**EXHIBIT 3.3D**

**Exhibit 3.3D** indicates opportunities that exist within the District, including converting Walker Ave. to two-way traffic.

- INFILL DEVELOPMENT SITES
- FOCUS AREA



the Film Exchange might not be dissimilar to that of the Deep Ellum neighborhood in Dallas, Texas. Deep Ellum is a similar area to the Film Exchange. Both are adjacent to the City's Financial District, characterized by one- and two-story former warehouses, and suffer from a perception of high crime. Deep Ellum has emerged as Dallas's independent, counter-culture arts and entertainment district but has a limited amount of housing. As recently as 2000, there were only 325 people living in 268 units within the neighborhood, though that number has increased to just over 1,000 people in 544 units. This comparison is made because the revitalization and success of the Film Exchange does not have to incorporate significant amounts of residential development. This is especially true in the next half-decade.

### APPROPRIATE HOUSING

High density mixed-use apartments and a small number of equity units targeted to downtown workers and empty-nesters seeking proximity to cultural events is appropriate for this area.

### IMPLEMENTATION STEPS

- Facilitate the development of at least two short-term catalyst projects in target area;
- Explore opportunities to convert park in front of the Civic Center into a more active space;
- Complete redevelopment plan for Main Street;
- Convert Walker Avenue to two-way traffic;
- Explore consolidation of jail / police department / court parking; and
- Work with owners of property on block immediately west of Devon (inclusive of City offices) to create mixed-use development that acts as an anchor for future investment in the District.



*Due to the proximity to the Central Business District, there are opportunities to integrate higher density, mixed-use apartment style housing in the District.*

## 3.3.3 BRICKTOWN

Bricktown is the entertainment center for Downtown Oklahoma City, and a major activity and entertainment center for the entire metropolitan area. As such, it offers the precise amenities that many urban dwellers choose to be near. A caveat, however, is how “deep” of a housing market exists for people who wish to be in the midst of the dining, nightlife, and sporting events, as opposed to merely being close and accessible. Deep Deuce (discussed on 15) is a neighborhood that is extremely well positioned to capture residents who wish to be immediately accessible to Bricktown, but who also can be removed from it if they wish. In many ways it has been the prime area from which to develop downtown housing.

There are a number of opportunities to create housing in Bricktown, but there has been only one residential project built or renovated. That is The Centennial, a part of the Lower Bricktown redevelopment. A brief walk through Bricktown reveals numerous buildings with active ground floors but with vacant upper floors, many of which are identified in Exhibit 3.3F.

Anecdotal evidence suggests that there is great uncertainty about the depth of the market for housing units in Bricktown, especially in the short-term. It is recognized that the most likely product and market for housing in Bricktown would be the conversion of historic properties as apartments marketed towards students or young professionals.

### RECOMMENDATIONS

Unlike other areas of Downtown, Bricktown does not require a residential population to make it a vibrant, attractive District. However, this does not mean that it does not play a role in an overall strategy for Downtown housing. Historic conversions have been the top chosen type of downtown housing in both housing surveys, in 2005 and 2011. They also align well with a key demographic for urban housing - younger singles or couples aged 18-25. The availability of housing units with a certain character, affordability, and proximity to entertainment should help the City and its’ partners grow overall interest in the opportunities for downtown housing.



The Bricktown Canal links Downtown to the developing Riverfront District. Stores and restaurants line the northern portion of the Canal. The area further south is anchored by larger corporate headquarters and national retailers.

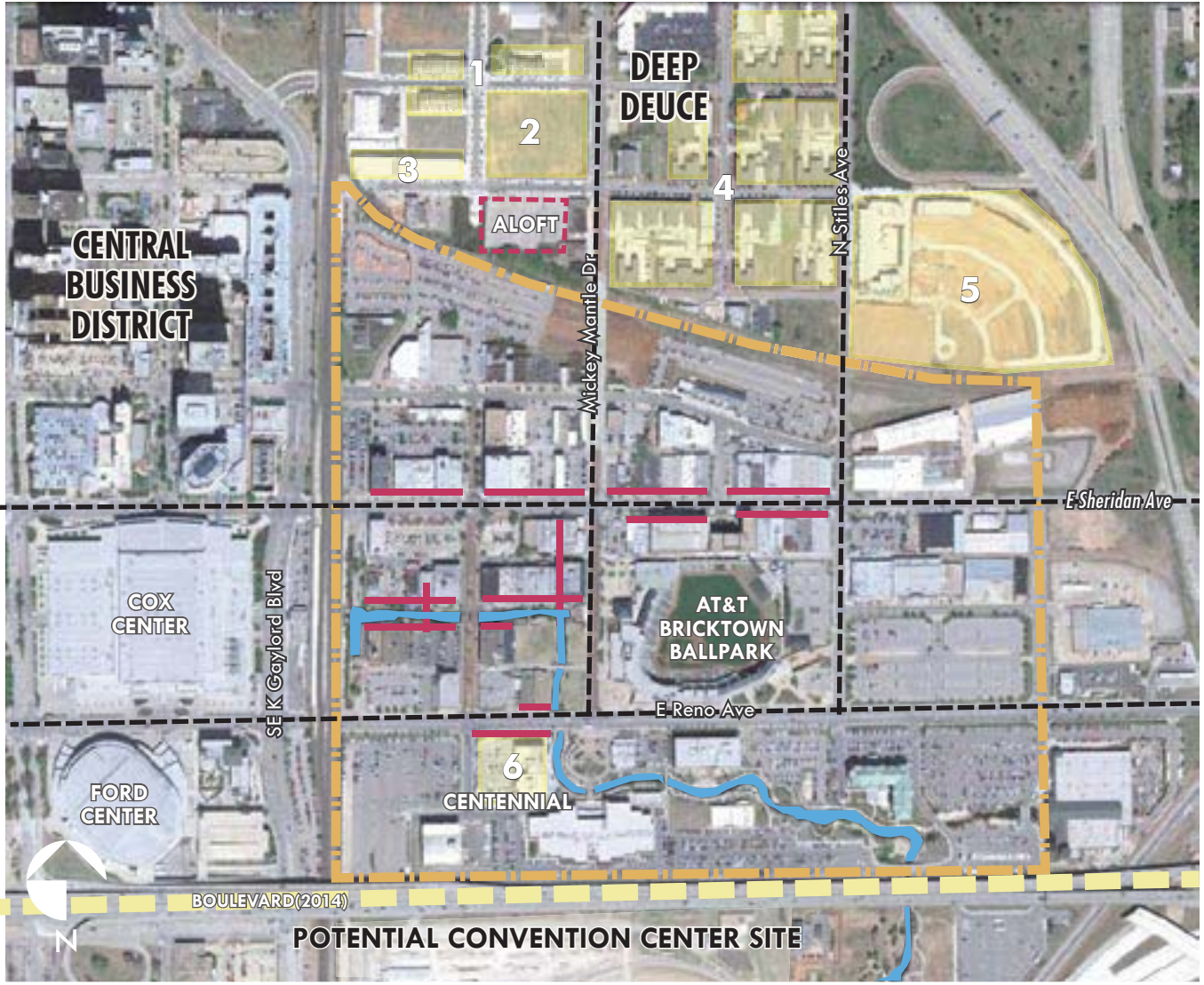


Within walking distance from Downtown Oklahoma City, Bricktown provides daytime services to employees. At night Bricktown serves as the City's Entertainment District.



An eastern-looking photo shows Bricktown's canal and ballpark. Both attractions draw many residents and visitors to the entertainment-fueled District.





- MAYWOOD PARK 1
- LEVEL 2
- MAYWOOD LOFTS 3
- DEEP DEUCE APARTMENTS 4
- THE HILL 5
- CENTENNIAL 6

# BRICKTOWN EXISTING CONDITIONS

## EXHIBIT 3.3E

Exhibit 3.3E shows the existing conditions within the Bricktown District. The District is bordered on the north by Deep Deuce, a residential district.

	STUDY AREA
	RESIDENTIAL
	PLANNED HOTEL
	RETAIL FRONTAGE

## DOWNTOWN HOUSING STRATEGIES AND IMPLEMENTATION PLAN



Bricktown Ballpark, home of the Oklahoma City Redhawks minor league baseball team, offers residents a chance to enjoy sporting events within the District.



Many new residential projects are currently under construction or planned for the north of Bricktown. Deep Deuce is quickly becoming one of Downtown Oklahoma City's most desired housing areas.



A former warehouse district, Bricktown now supplies Oklahoma City with a diverse range of entertainment, restaurants, office, and residential space in the heart of Downtown.

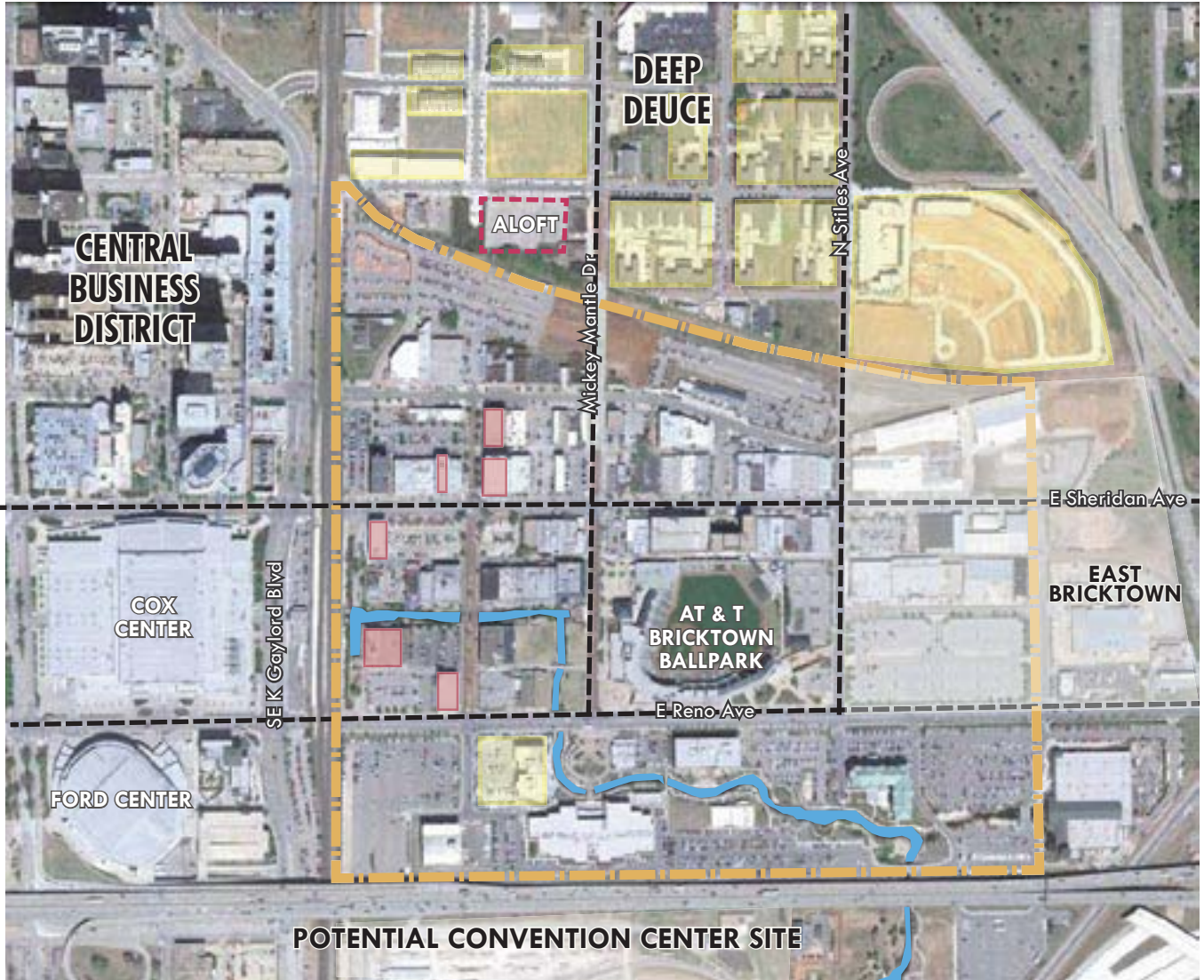
Given the uncertainty in the market and the growth of competing residential units in Deep Deuce, it may make sense to concentrate on a single project in order to prove out the market for Bricktown. There are a number of candidates, and the City has relationships with the owners of those buildings. Support could be provided in the form of financial assistance (see Section 4) or other technical assistance that makes sure that projects are implemented effectively and opportunities are not missed.

Another concern is parking. The high level of activity in Bricktown means that it can be difficult to find parking on busy nights, especially relative to what residents of Oklahoma City expect. Many existing rehabilitation projects do not have property or space within the building to provide dedicated parking. This may indeed constrain the market for housing within Bricktown, but other similarly dense and parking bereft Districts across the country have been able to solve these issues, often by negotiating the use of parking spaces in existing garages for a monthly fee. Indeed, this is how the residents of the Park Harvey in the Central Business District handle their parking needs. Tenants will often “self-select” these types of units, with the understanding that parking a car will be a challenge, but that negative is outweighed by the positive attributes of the unit, location and overall downtown experience.

The initial rehabilitation “test” project could be chosen on the merits of its ability to provide parking to its residents, but if the City’s long-term objective is to see additional housing opportunities in Bricktown, a district-wide strategy will be required.

“East” Bricktown consists of several blocks of underutilized property west of Stiles and north of Reno Streets. It is a relatively large redevelopment opportunity that could be developed in several different ways, including a Residential District. If the City wants this area to have a residential component, it should do so knowing that its simultaneous proximity and distance - close, but not too close to Bricktown means that it is an attractive location for residential and mixed-use development that could take away the momentum for housing in other Downtown Districts. The City should limit or phase residential development in this area to accommodate growth in other districts and to ensure adequate absorption of product in “East” Bricktown.





## BRICKTOWN OPPORTUNITIES EXHIBIT 3.3F

Exhibit 3.3F shows areas of opportunity for development in the Bricktown District. Many vacancies exist in the upper stories of converted buildings

- STUDY AREA
- EXISTING RESIDENTIAL
- UPPER STORY VACANCY
- EAST BRICKTOWN

### APPROPRIATE HOUSING

A clear focus of many is the conversion of upper floor spaces into loft and apartment space that appeal to young professionals or those of a similar demographic that don't mind the close proximity to an entertainment district and desire minimalist (i.e. cost effective) and design-focused product. However, there are other opportunities within the District. There are still development pads available for new multi-family development of scale with ground floor retail and structured parking (likely necessary due to land costs and constrained parking opportunities in the District), and the eastern end of Bricktown offers an opportunity for a large scale redevelopment initiative with multiple housing types and densities, albeit potentially at the expense of other districts.

### IMPLEMENTATION STEPS

- Organize around a pilot rehabilitation project to gauge market response to Bricktown housing;
- Integrate housing considerations into an overall Bricktown parking strategy; and
- Create a strategic plan for East Bricktown to guide development at a pace that does not oversupply local market.



*Open “loft” spaces created through the conversion and / or rehabilitation of historic structures is popular with students, younger singles and couples, and young professionals. Many Downtown housing markets have been sparked with an initial supply of similar space. Challenges arise when trying to match rehabilitation costs with the relatively lower price point preferred by the ideal customer base. Opportunities may include limiting cost so as to produce a “raw” space that acts as a blank canvas to the target marketplace.*



### 3.3.4 AUTOMOBILE ALLEY

Automobile Alley, centered on Broadway Avenue, is a strong urban corridor that should serve well as a mixed-use neighborhood. There are numerous existing buildings to hold retail and offices, a small but growing retail / dining scene, good local and regional connectivity, and a strong inventory of attractive, historic buildings. There is no reason why this area should not emerge as one of Downtown’s next major activity centers over the next five years. The addition of housing, which is scarce along Broadway, will greatly assist this continuing revitalization. Other than the hurdles discussed in Section 2, there are two major hurdles that are holding this District back from breaking through. The first is the rail line a block east of Broadway. This line not only severs the land in-between Broadway and I-235, currently dominated by warehousing, but it is close enough to serve as a major deterrent to housing. Residences on or just off of the eastern side of Broadway would be susceptible to noise from these tracks, which are heavily used.

The other hurdle is Broadway itself. As a four-lane arterial with a median and parking lanes, Broadway is too wide a corridor to be a truly successful pedestrian environment. The width – approximately 65 feet curb to curb, or 100’ building to building, can serve as a negative when attempting to generate a District that, while largely automobile oriented, should also be pedestrian friendly.

#### RECOMMENDATIONS

The intersection of 10th and Broadway is an important node that not only connects Midtown to the west to the Oklahoma Health Center to the east, but also the Central Business District and Near Downtown Neighborhoods to the south and north. As previously discussed, the connection of this intersection to the Walker Roundabout via a revitalized and redeveloped 10th Street will help activate the entire northern end of Downtown. Broadway serves as a key connection to both the Central Business District and Bricktown.

With many existing buildings already taken by commercial or other non-residential uses, most of the residential development opportunities in the District are based on small infill sites off of Broadway. This will likely translate into multiple small unit buildings like townhomes or 8-20 unit



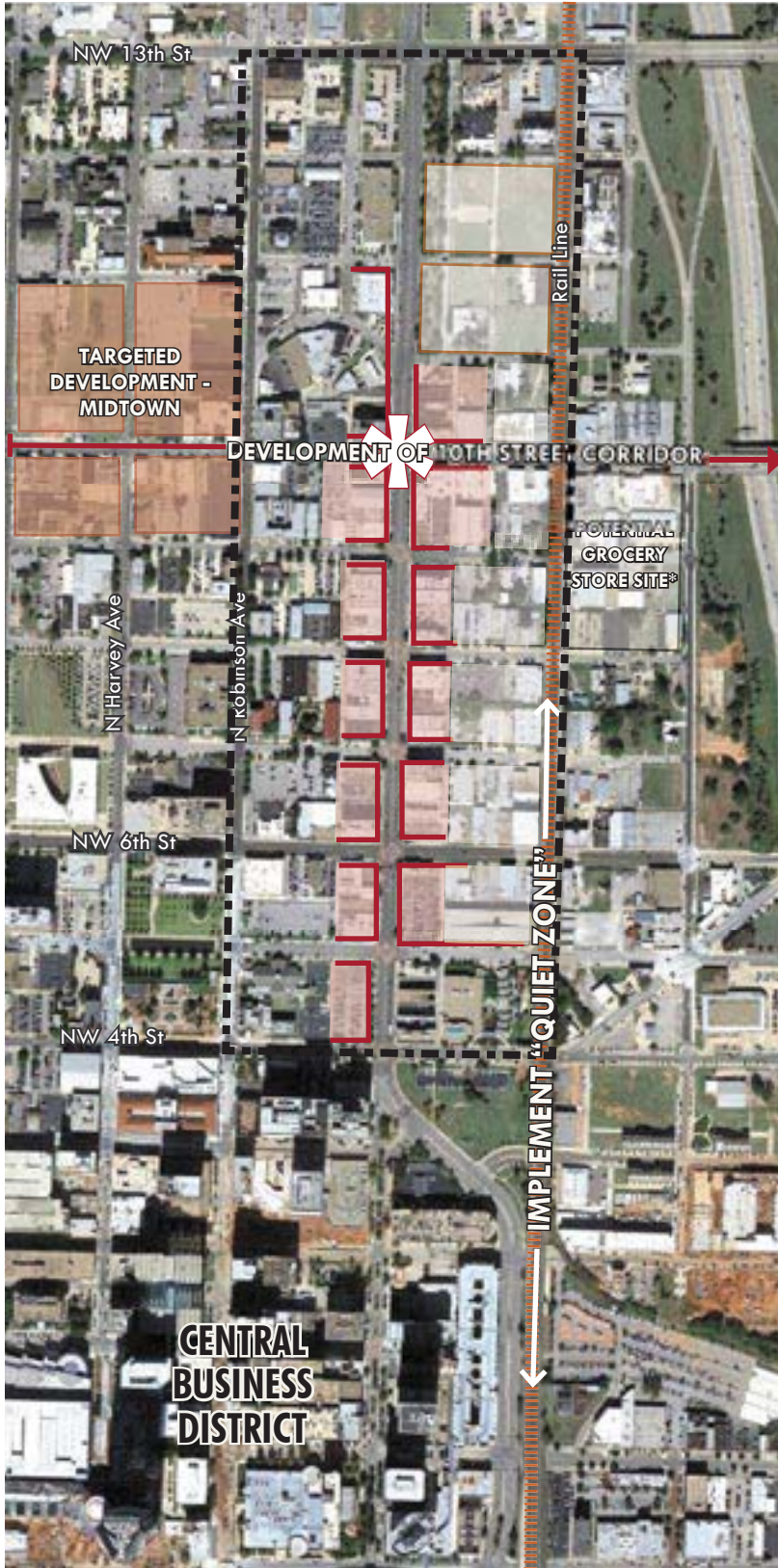
*Known for its warehouse / loft conversions, above is one example. Similar to others in the District, the first floor contains retail, with office space occupying the 2nd floor.*



*Cohesive signage and traditional streetscapes define Automobile Alley as a distinctive Downtown neighborhood.*



*A west-looking aerial shows the street wall that exist on a large portion of Broadway in Automobile Alley. Also visible in the photo is the large street right-of-way.*



# AUTOMOBILE ALLEY OPPORTUNITIES

## EXHIBIT 3.3G

Exhibit 3.3G indicates opportunities that exist within Automobile Alley. The main focus for this District is Broadway, which has potential to tie the Districts together.

- RETAIL FRONTAGE
- MIXED USE BUSINESS CORRIDOR
- POTENTIAL GROCERY STORE
- SMALL SCALE RESIDENTIAL INFILL
- MEDIUM-LARGE SCALE INFILL
- STUDY AREA



multi-family buildings. Without assistance it is unclear how economically viable these types of development areas are in the short-term. In the meanwhile, focus should be placed on addressing the negative impact of the rail tracks on the neighborhood, such as instating the proposed “quiet zone” that would result in reduced train noise through the District. Also, attention should be placed on helping Broadway Avenue grow as a retail and services center. The employers, shops and restaurants that will result will be an important driver for housing development.

If residential development occurs similarly to the scale and location that is described above, then parking may eventually become an issue. Presently, there is abundant on-street parking, combined with available off-street parking for various uses along Broadway. However, parking may get tighter as new commercial and residential uses are integrated into the District. This is an issue to stay aware of as the corridor grows.

As discussed above, Broadway is not an ideal pedestrian street. Any attempts to improve it could enhance the street’s role as a retail corridor. Improvements could include a road “diet” that reduces the street to two-lanes and adds sidewalk space and angled parking. The most likely solution is related to the streetcar. Though its final alignment has yet to be chosen, Broadway is a strong candidate to be part of the line. The addition of the streetcar should help with transitioning the corridor to one that is more pedestrian friendly.

### APPROPRIATE HOUSING

Dense, smaller scale attached housing like townhomes, 4/8 plex apartments, or small corridor buildings are appropriate. A few opportunities exist to create larger-scale development on vacant parcels. Some “loft” or other historic conversions could occur in buildings that have not yet been converted to commercial space.



*Smaller scale attached housing of townhome scale (rental and for-sale) may be an efficient infill building product within the Automobile Alley District.*

### IMPLEMENTATION STEPS

- Implement a quiet zone along rail tracks;
- Explore ways to reduce the width between sidewalks along Broadway and implement the recommendations of the Automobile Alley Traffic and Parking Analysis;
- Continue to explore opportunities for a grocery store; and
- Provide technical assistance and/or incentives to enhance commercial opportunities throughout the District.

## 3.3.5 CORE TO SHORE/WEST PARK

As described in the Core to Shore Plan, and subsequently by the ULI Advisory Panel report, the West Park sub district of Core to Shore is an appropriate area for high density residential of 30-50 dwelling units per acre fronting the park. Central Park will be a significant amenity creating a high density neighborhood that not only provides attractive and desirable urban style housing but also creates a density necessary to support urban type retail and services within vertically mixed-use buildings. Other advantages include proximity to the Central Business District, a 5-7 block walk to Devon Tower, and other office towers and entertainment venues like the Ford Center and Bricktown. Additionally, the District is likely to benefit from the mixed-use commercial development proposed directly north of the area on the new Boulevard.

The opportunities for what is intended as the first phase of significant private investment are clear. What is less clear is how quickly that investment will be able to manifest itself. West Park is currently located in a significantly distressed area that is unlikely to be appealing to investors or prospective residents until several key puzzle pieces fall into place. These include: (1) the completion of a relocated I-40, scheduled for completion in 2012; (2) the completion of the proposed Boulevard on top of the old I-40 right-of-way, scheduled for completion in 2014; (3) construction on Central Park, funded through MAPS 3 and scheduled for completion in 2014-15; (4) construction of the new convention center, funded through MAPS 3, schedule for completion unknown; and (5) construction of commercial or other development north of the Boulevard that will serve as a bridge between West Park and the Central Business District. While current plans and passed funding sources speak to the likelihood that at least all but the latter will move forward, there appear to be many “balls in the air” at the time this Study was completed. Most pressing is the accuracy of Boulevard and Park completion, followed by the placement of the Convention Center just south of the Central Business District.

The selected location of the Convention Center north of the Boulevard frees up the site east of the proposed Central Park for residential development. The eastern side of Central Park is a more ideal site for short-term housing



*Rendering of the planned Central Park, with high density housing on the western side, as envisioned by the 2009 Central Park Concept Plan.*



*Aerial View of existing property conditions within the West Park Study Area.*



*Aerial View of existing property between Myriad Gardens (on the right) and the future Boulevard / existing I-40 alignment (on the left)*





# CORE TO SHORE/WEST PARK EXISTING CONDITIONS EXHIBIT 3.3H

Exhibit 3.3H shows the existing conditions of the Core to Shore/West Park District. This district is expected to experience the most change related to the relocation of the interstate.

- STUDY AREA
- CONVENTION CENTER SITE



for several reasons: (1) the area will be better defined on its southern, western and northern edges, as opposed to the west side, which will still be adjacent to a significant amount of vacant property and blight for the near-term; and (2) it is closer to the entertainment-based amenities in Bricktown.

### RECOMMENDATIONS

The uncertainties surrounding key components of the Core to Shore Plan made it difficult to plan for the short-term emergence of a housing project of any scale, publicly or privately financed. While it appears likely that the first phase components of the Core to Shore Plan, such as the Boulevard, Central Park, and Convention Center will happen, the potential variance in construction, combined with a lack of assembled parcels means that the investment environment is still too risky. This is not to say that there will be no development interest within the time frame of this Study, but it is currently unpredictable. Assuming a completion date for Central Park and the Boulevard around 2015, it is feasible to assume that a developer may begin to organize around a development in 2013, given the availability of land. Therefore, the City and its partners should endeavor to acquire as much land in the West Park area as possible, potentially joining forces with a master developer who is willing to carry the cost of holding the land for a 1-4 year period.

The availability of Neighborhood Stabilization Program (NSP) 3 funds to be used within CTBG 1073001 carries interesting potential in West Park. Absent of available funds from Urban Renewal or other agencies for continued land assembly, NSP funds provide valuable gap financing to prepare developable land, through both acquisition and site preparation. This strategy would require the construction of affordable housing units, but since the funds can be used for households up to 120% of AMI, it could integrate well with other market-rate housing without precluding those opportunities. Ultimately, the timing of any development depends on the variables described above, thus any NSP funded project must take into account the risk of holding land for an extended period of time. There is another possibility for available NSP funding just north of the West Park area, on the northern side of the future Boulevard. This area includes a collection of blocks that are largely underutilized as parking lots, warehouse buildings and



*Higher density housing would be appropriate for Core to Shore/West Park, as proposed by the Core to Shore Plan: A Redevelopment Framework.*

other scattered uses. If timing appears to be a concern in using funds in the West Park area, using them to leverage a housing development in this area would greatly assist the eventual development of West Park – and the Core to Shore in general – by helping close the “gap” between the Central Business District and Core to Shore. Essentially, this means developing these underutilized parcels into higher density properties that extend the activity zone south of the Myriad Gardens. As discussed previously, the “gap” that will soon exist between Robinson and Walker Avenue, south the Myriad Gardens, will be a major hurdle.

### IMPLEMENTATION STEPS

- Better define future of no man’s land - if mixed-use retail development is not feasible as previously envisioned, create new development plan/program;
- Continue land acquisition;
- Find “catalyst” project for NSP funds - preferably north of planned Boulevard; and
- Consider a master developer or team of developers for Core to Shore development.

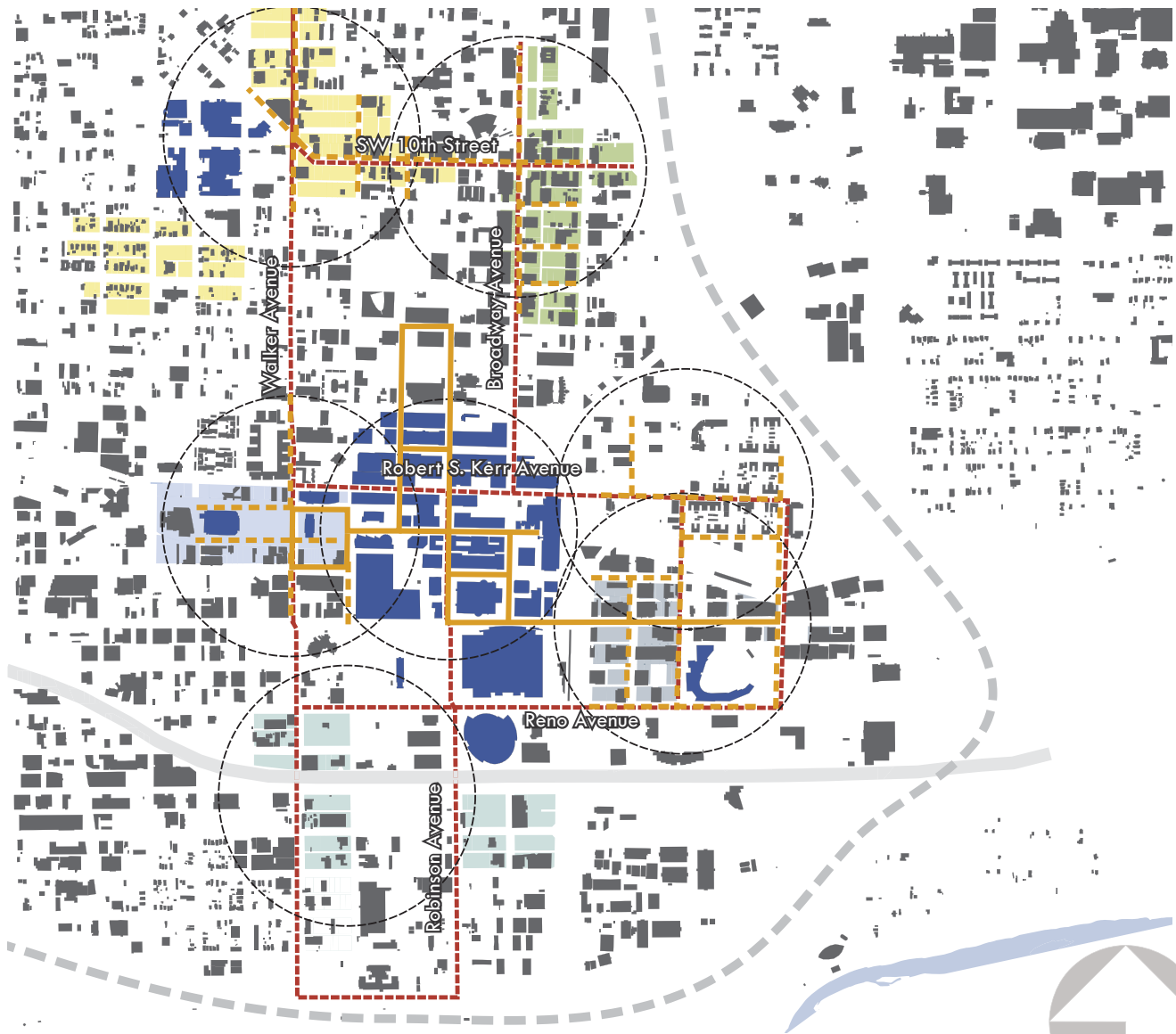
### APPROPRIATE HOUSING DEVELOPMENT

The Core to Shore Plan envisioned higher density housing to be built on the Park, for example “mid-rise” product of 4-6 stories. Density and scale would taper down to the west into a more neighborhood scale of attached and detached housing of 2-3 stories. Since the Park is planned to be a major Downtown - as well as regional - amenity, there does not appear to be a reason why the City should abandon this approach.

### 3.3.6 DISTRICT LINKAGES

Each step made within each of the Study Areas must be put into the context of the entire Downtown area. Downtown Oklahoma City will not be truly effective until its numerous Districts, streets and neighborhoods have sufficient linkages to act as a whole, rather than the sum of its parts.

Exhibit 3.3I illustrates how targeting particular investment zones, attention to key corridors and a focus on expanding the pedestrian core can yield connectivity between Districts to the greater good of Downtown Oklahoma City. Proper connectivity ensures that the amenities of the greater Downtown can be leveraged to attract potential residents.



## DISTRICT LINKAGES EXHIBIT 3.31

**Exhibit 3.31** shows the linkages that currently exist between the Districts. Most of the key intersections within the Districts are within a quarter mile of each other.



\* Walkability Study





# 4 Development Economics

**THIS SECTION SEEKS TO EVALUATE THE NEED FOR PUBLIC SECTOR ASSISTANCE FOR DOWNTOWN HOUSING DEVELOPMENT, AND EXPLORE WAYS TO REDUCE HURDLES TO FINANCING SUCCESSFUL RESIDENTIAL PROJECTS.**

Through numerous interviews and other qualitative evidence, it became clear to the Consultant Team that few City employees and developers believe that housing development is feasible in the downtown area without public sector assistance of some kind. This is because virtually every recently built downtown housing project in Oklahoma City has involved some sort of public sector subsidy. While the 2007-09 recession has had an adverse impact on the real estate world, there are a number of other physical and financial hurdles relative to housing construction that prevent economically sustainable projects. This Section, to the extent possible, seeks to evaluate the need for public sector assistance for housing development. This is done so both the public and private sector can understand what the most important obstacles are that create project financing gaps. Armed with this information, both parties can work together to mitigate the hurdles which impede a comprehensive residential development program.

## 4.1 INVESTMENT ANALYSIS

Many urban redevelopment projects have inherent “gaps” in financing that need to be filled for the project to be feasible. The primary reason for these gaps is the difference between the potential market value and the higher cost of development related to urban sites, for example higher land costs, construction or rehabilitation, and other “soft” costs necessary to create new or improved housing units.

This “gap” in project financing is not uncommon. It is especially evident in areas like Downtown Oklahoma City that do not yet have an established housing market, as well as metropolitan areas with relatively low housing cost. It is also common for urban redevelopment projects in general, as the cost of building on previously developed property is often more expensive than building on undeveloped land or even a parking lot.

This Section attempts to quantify the financial gap that currently exists for downtown housing projects. The intention of this exercise is to identify the specific hurdles to financing housing development projects so the City can

strategically target incentives and investment toward the areas in greatest need.

## 4.1.1 GAP ANALYSIS

It is important to note that every real estate development project is different, and that the combination of different sites, developers, construction types, financing, and other variables mean there can never be a “one size fits all” solution to understanding project cost. That said, an example project can be used to understand the “macro” factors that may be creating economic hurdles for housing construction in Downtown Oklahoma City.

To perform this analysis, a sample housing project was envisioned using a series of assumptions and data based on local market conditions. This example project is meant to illustrate a potential development outcome given “baseline” physical and market conditions. Based on the Strategic Plan, the intent of this analysis is to examine housing development on smaller scale sites. A number of potential sites were examined, including those that represented existing quarter and half block sites, and some that included only a few parcels. Another series of assumptions included a full build-out of the site to maximize the number of potential units, wood-frame or “stick-built” construction, limits on the height of a structure to 3-4 stories, and the accommodation of structured parking on-site at 2 cars per unit (see page 61 Figure 4A.)

The investment analysis for this Report is for a rental housing scenario only. This was done for several reasons. The first is that Downtown is predominantly a rental market (80%), which is typical of most downtown markets, despite the growth in for-sale product in downtown areas over the past 15 years. Given the fluctuations in the for-sale market, and the general oversupply of housing intended for purchase, it is likely that most of the housing built over the next 3-5 years will be rental product.

## 4.1.2 FINDINGS

The Figures on pages 61 and 62 illustrate the remaining assumptions and findings from the gap analysis. For efficiency, the development of only one site - a half block - was included. The scenarios for smaller sites did not differ significantly enough to use as comparisons. All scenarios represented a reduction in scale of both project income, the



The sample housing development used for the gap analysis included a 3 story, wood frame structure built on a half block site with structured parking. A site plan (1) and representative photos (2) (3) and (4) illustrate what such a development might look like.

**Figure 4A. Example Investment Pro Forma, Downtown Housing Development Project**

		ASSUMPTIONS*	
<b>DEVELOPMENT PROGRAM</b>			
RESIDENTIAL UNITS	96	UNITS	
1-BEDROOM	72	UNITS	725 SF
2-BEDROOM	24	UNITS	971 SF
GROSS FLOOR AREA	93,450	SF	
NET FLOOR AREA	70,000	SF	75% EFFICIENCY
PROJECT LAND AREA	57,000	SF	
STRUCTURED PARKING	250	SPACES	
SPACES PER UNIT	2		
<b>ESTIMATED PROJECT VALUE (STABILIZED YEAR)</b>			
TOTAL RESIDENTIAL NSF	70,000	SF	
TOTAL 1-BED NSF	46,800	SF	\$1.25 / SF
1-BEDROOM INCOME	\$702,000		
TOTAL 2-BEDROOM NSF	23,304	SF	\$1.20 / SF
2-BEDROOM INCOME	\$335,578		
TOTAL PARKING	250	SPACES	\$75 / SPACE (MONTHLY)
TOTAL PARKING INCOME	\$225,000		
GROSS INCOME	\$1,262,578		
OCCUPANCY	93%		
EFFECTIVE GROSS INCOME	\$1,174,197		
OPERATING COSTS	\$373,888		\$5/NSF
NET OPERATING INCOME	\$800,309		
PROJECT VALUE (7% CAPITALIZATION RATE)	\$11,432,988		
PROJECT VALUE (8% CAPITALIZATION RATE)	\$10,003,865		
<b>ESTIMATED DEVELOPMENT COSTS</b>			
PROPERTY ACQUISITION	\$855,000		\$15 / SF
SITE PREP AND DEVELOPMENT	\$213,750		25% OF ACQUISITION
PARKING	\$3,750,000		\$15,000 / SPACE
CONSTRUCTION	\$9,347,200		\$100 / SF
CONSTRUCTION CONTINGENCY	\$934,720		10% OF CONSTRUCTION
SOFT COSTS	\$934,720		10% OF HARD COSTS
DEVELOPER PROFIT	\$1,603,539		10% ALL COSTS
TOTAL PROJECT COST	\$17,638,929		\$183,700 / UNIT
<b>TOTAL PROJECT VALUE</b>	<b>\$10,003,865 - \$11,432,988</b>		
<b>PROJECT GAP</b>	<b>35 - 43%</b>		



**Figure 4B. Example Operating Pro Forma, Downtown Housing Development Project**

		ASSUMPTIONS*	
<b>INCOME</b>			
TOTAL RESIDENTIAL NSF	75,500	SF	
TOTAL 1 BEDROOM NSF	52,200	SF	\$1.25 / SF
1 BEDROOM INCOME	\$783,000		93% OCCUPANCY
TOTAL 2 BEDROOM NSF	23,304	SF	\$1.20 / SF
2 BEDROOM INCOME	\$321,595		
TOTAL PARKING	190	SPACES	\$75 / SPACE (MONTHLY)
TOTAL PARKING INCOME	\$209,250		
GROSS INCOME	\$1,329,595		
OCCUPANCY	93%		
EFFECTIVE GROSS INCOME	\$1,236,524		
<b>EXPENSES</b>			
OPERATING COSTS	\$369,268		\$5/NSF
OPERATING RESERVE	\$18,463		3%
TOTAL EXPENSES	\$387,731		
<b>NET OPERATING INCOME</b>		<b>\$861,796</b>	
<b>DEBT SERVICE</b>			
CONVENTIONAL FINANCING	\$1,015,241		80% LTV, 6%, 30 YEAR TERM
<b>CASH FLOW AFTER DEBT SERVICE (AND BEFORE TAXES)</b>			
CASH FLOW	(\$153,445)		
DEBT COVERAGE RATIO (DCR)	0.85		

number of units built, and the construction that corresponds to the sample project shown, a 3-story building with 96 units and 190 structured parking spaces.

Figure 4A shows an “investor” based pro forma analysis that compares the total estimated cost of the project to its estimated value.

Under the assumptions applied to this example, there is a financial gap between 35-43%. This means that the project value, which is determined through net revenue, is 36-43% lower than the estimated project cost.

The range applied to this gap is the difference between a 7% and 8% capitalization (cap) rate - determined to be an appropriate cap rate applied to such a project in the current market. This range would be similar if the same development scenario were applied to a smaller site.

Figure 4B shows an “operating” based pro forma, illustrating the cash flow of the sample project in a stabilized year. While Net Operating Income (NOI) is positive, the resulting annual cash flow after integrating debt service for conventional financing is approximately a negative \$153,500.

Clearly, neither of these results are favorable, and they serve to prove the perception and experience of many developers, that downtown housing currently is difficult-to-impossible to produce without significant public assistance.

The average cost per unit for this sample project is \$183,700. This is not an unusual amount for market-rate housing, but it proves far too costly to meet the market rate rents of \$1.20-\$1.25 per square foot, which according to data presented in Section 1, are already \$0.40-0.50 above the regional rental market.

## 4.2 SOLVING THE GAP

Despite the potentially daunting financial gap that the example pro forma analysis shows in a typical downtown housing project, there are a number of ways to reduce the gap so the project is more feasible. Obviously, no private developer (or bank) would be willing to move forward with a project with 30-40% gap unless there was significant subsidy involved. Nor should the City of Oklahoma City

expect to subsidize projects of that scale just to gain additional downtown units.

The following Section discusses a number of ways to reduce the gap on a downtown housing project, whether it represents the sample project or not.

### APPROPRIATE PARKING RATIOS

Survey research conducted for both metro-area residents and downtown employees points to the availability of parking as one of the chief considerations of those interested in living Downtown.

The standard parking ratio for a suburban apartment complex is 2+ spaces per unit. This is an effective ratio for apartment buildings built in low density environments where pedestrian connectivity and access to transit are low, making it essential to have automobile transportation to go anywhere. However, this is not necessarily true of more “urban” locations like Downtown Oklahoma City, where units will generally be denser, and residents will have better walking and transit access to employment and amenities.

The cost of providing large amounts of guaranteed parking for downtown housing projects is a significant hindrance. While Oklahoma City is not New York, Chicago, or Seattle - cities where housing can be built without providing any parking - neither should downtown housing projects need to overbuild parking, causing a burden on the developer. Examples in the Downtown already exist. The Park Harvey is 95-96% occupied and does not provide any guaranteed parking attached to the building.

Research shows that most comparable cities to Oklahoma City use downtown / urban parking ratios of 1.3 - 1.5 per unit. Even so, many projects that utilize this ratio still find that they overbuilt parking. This ratio should be considered as a standard for future residential units.

### SURFACE VS. STRUCTURED PARKING

Structured parking is expensive. Considering that Downtown Oklahoma City has relatively low intensities of land utilization, structured parking should only be built for a residential project, if sufficient density and return on investment exist.

## DOWNTOWN HOUSING STRATEGIES AND IMPLEMENTATION PLAN

Cost per structured space in a garage ranges from \$10,000 to \$15,000, and can go as high as \$20,000 per space for underground parking. This is in stark contrast to the \$1,500 to \$2,000 per space for surface parking. This can present enormous savings to a development project.

The criticism of surface parking is that it takes up valuable land that could be used for development and that it does not generate densities high enough to make a project viable or support urban neighborhoods. As the graphics on the following page illustrates, surface parking can be integrated into urban housing projects and still generate densities of 20-40 units an acre. Structured parking should be reserved only for large-scale projects or those located within the core Downtown where surface parking is not feasible. In most other downtown areas like Midtown, Core



Examples of multi-family developments built with surface parking. The apartments at Legacy Town Center in Plano, TX have a combination of surface and garage parking, while National Apartments in Indianapolis, IN utilizes surface parking and still yields a density of 35 dwelling units per acre.

to Shore, and Automobile Alley, housing projects should be able to incorporate at least some surface parking to offset the high cost of structured parking.

If the sample project illustrated in Figures 4A and 4B were to apply a parking ratio of 1.5 per units and used surface parking instead of structured, it is loosely estimated that the total construction cost for parking would be reduced from \$2 million to \$300,000, saving approximately 11% of the total project cost.

### SMALLER SCALE DEVELOPMENT

Due to high land cost, there is a tendency to “maximize” a development site to best utilize the land. However, the gap between market rents and construction means that no matter how dense one builds on an acre or smaller, the additional cost of providing on-site parking and construction (moving from wood-frame to steel) ensures that the project will be difficult to “pencil.” Instead, it may make sense to consider a number of smaller scale building typologies that simultaneously establish a reasonable density and reduce construction costs. Examples of these typologies, illustrated on page 67, include densities between 20-40 units per acre and can integrate both surface and structured parking as needed, and reduce construction costs to \$60-70 per square foot without sacrificing quality. They are also ideal for use on smaller parcels.

One difficulty with smaller scale apartment buildings is they can be inefficient to operate. It is far more cost effective to manage a large number of units than those in the 4-20 unit range. A solution to this problem is to connect developers with property management companies that manage large portfolios of apartments, thus mitigating the operating inefficiency of a small building. If such companies do not exist, the potential scale of a proposed downtown housing construction program may necessitate the creation of one to act as a subsidiary or partner with downtown developers.

### MATCHING CONSTRUCTION COSTS TO MARKET

While many downtown neighborhood districts consist of very high priced housing, the depth of an upper-scale market for Downtown Oklahoma City is limited.



Much of the likely short-term market for downtown housing will be young professionals or families who prefer to be close to employment and urban amenities such as shops and entertainment.

Many of these households may not necessarily require higher level finishes for their housing, as long as it is close to amenities and provides the desired character. This may create an opportunity to save on construction costs for new residential development. In many cases this may mean a relatively “unfinished” raw space that is extremely popular among urban dwellers in other cities, as opposed to a completely white-boxed apartment with mid to high end finishes.



The graphics illustrate alternative development patterns for the sample project discussed on pages 61-62. One utilizes smaller scale “corridor” buildings, while the other shows “mansion” buildings. Through the use of surface parking, smaller scale buildings, lower construction cost, and more typical parking ratios, costs are reduced to \$130,000 a unit for projects that yield 30-35 units per acre. While these alternative versions still have “gaps” of up to 20%, the total cost of these gaps is reduced to \$25,000-\$1 million, a more manageable amount.

Construction costs are, for the most part, a fixed variable that only offer flexibility as it relates to the quality of construction, including the exterior and interior finishes, as well as project scale. The sample project used a hard construction cost assumption of \$100 per square foot, representing a mid-range cost. If costs were reduced to \$80 per square foot, the lower end of the scale, for a 50+ unit multi-family structure, one could save approximately \$1.8 million, or 11% of the total project cost.

### SMALLER SCALE UNITS

The revenue per square foot increases as the unit size decreases. Thus, studios or efficiencies and 1-bedrooms are more profitable than 2 or 3-bedrooms. Given these smaller spaces typically appeal to those seeking urban housing, residential projects may be able to gain higher revenue through a larger percentage of studio and 1-bedroom units sized at 450 - 650 square feet. While the overall Oklahoma City marketplace expects more space than this, eventually the downtown area will reach a “tipping point” in terms of amenities and other factors that make sacrificing space worthwhile in order to live there. Such is the compromise of virtually every urban neighborhood across the country.

### FAVORABLE FINANCING

In addition to being creative with design and development programs, it is also possible – and sometimes necessary – to be creative with a project’s financing. One of the largest existing hurdles to getting real estate development projects off of the ground is both the willingness and the terms of banks to lend money. The sample project in this Report used relatively conservative terms for its assumptions on conventional financing – 70% loan-to-value, 6% interest rate, and a term of 20-25 years. These conservative lending terms are undoubtedly part of the “gap” that the sample projects – and many others – will experience. This is one of the reasons why the 221(d)4 program through HUD is so popular, as it offers very favorable lending terms and rates, not to mention a guarantee of financing (discussed in more detail on page 75.) The ability for the City to structure creative and favorable financing could help significantly to reduce a project gap and not result in the need for direct investment via TIF or other funds. This can be done a number of different ways, many of which are discussed in section 5.4.

# THINKING SMALLER - COST SAVINGS OF COMPACT DEVELOPMENT



## SAMPLE PROJECT (SEE PAGES 61-62)

Scale: 3 Stories  
 Units: 96  
 Density: 73 du / acre  
 Parking: 250 structured spaces (2 per unit)  
 Est. Project Cost: \$17.6 million  
 Project Gap: 35 - 43% (7-8% cap rate)  
 \$7.6 million



## “URBAN CLUSTER” STYLE\*

Scale: 2-3 Stories  
 Units: 44 Units  
 Density: 33 du / acre  
 Parking: 55 surface spaces  
 Est. Project Cost: \$5.4 million  
 Project Gap: 5% - 17% (7-8% cap rate)  
 Approximately \$250k - \$1 million



## “MANSION” STYLE\*

Scale: 2-3 Stories  
 Units: 36 Units  
 Density: 28 du / acre  
 Parking: 45 surface spaces  
 Est. Project Cost: \$4.7 million  
 Project Gap: 1-14% (7-8% cap rate)  
 Approximately \$100k-\$600k

The analysis above shows how different design can be applied to a housing project to make it more cost effective and reduce the need for public subsidy. Each variant of a multi-family development takes place on the same conceptual half-block in Downtown Oklahoma City. The “Sample Project” (1) illustrates the project analyzed on pages 61-62, which is a 3-story multi-family project with 96 units and structured parking.

The other two projects - (2) “Urban Cluster” and (3) “Mansion” apply a lower density approach to the same site to demonstrate an ability to save costs and reduce the total project gap. Each example utilizes surface parking instead of structured, reduces the total parking ratio, and utilizes a construction type that is more cost effective than a larger scale building. As a result, we have projects that still demonstrate a high level of density but have a smaller gap to fill (the percentage gap remains similar due to various market conditions.) If other cost efficiencies are applied, and rents higher than the average of \$1.25/1.20 /sf are achieved, then the gap begins to disappear altogether.

\* assumptions for costs and revenue are same as indicated on pages 61-62 unless otherwise noted



# SMALL SCALE HOUSING TYPOLOGIES



1



4



2



5



3

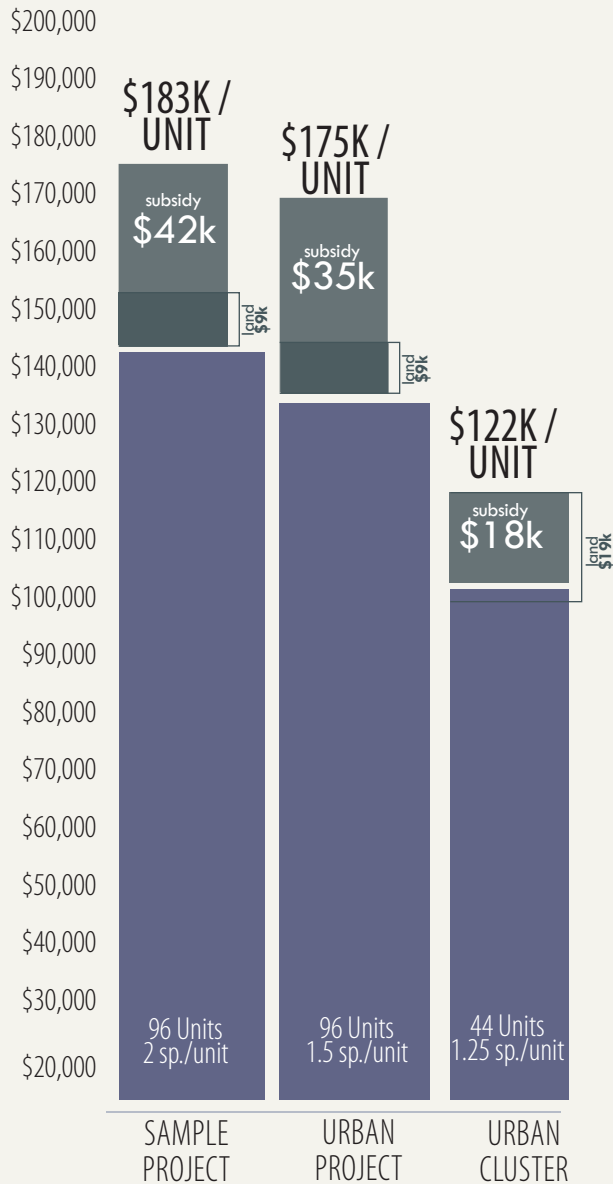


6

Examples of smaller scale housing developments include: (1) “Mansion” style buildings; (2)(5) “Urban Cluster” style (3) Townhomes; (4) Corridor style buildings with surface parking; and (6) “8-Plex” or “4-Plex” style walk-up apartments.



**Figure 4C: Comparison of Subsidy by Sample Project**



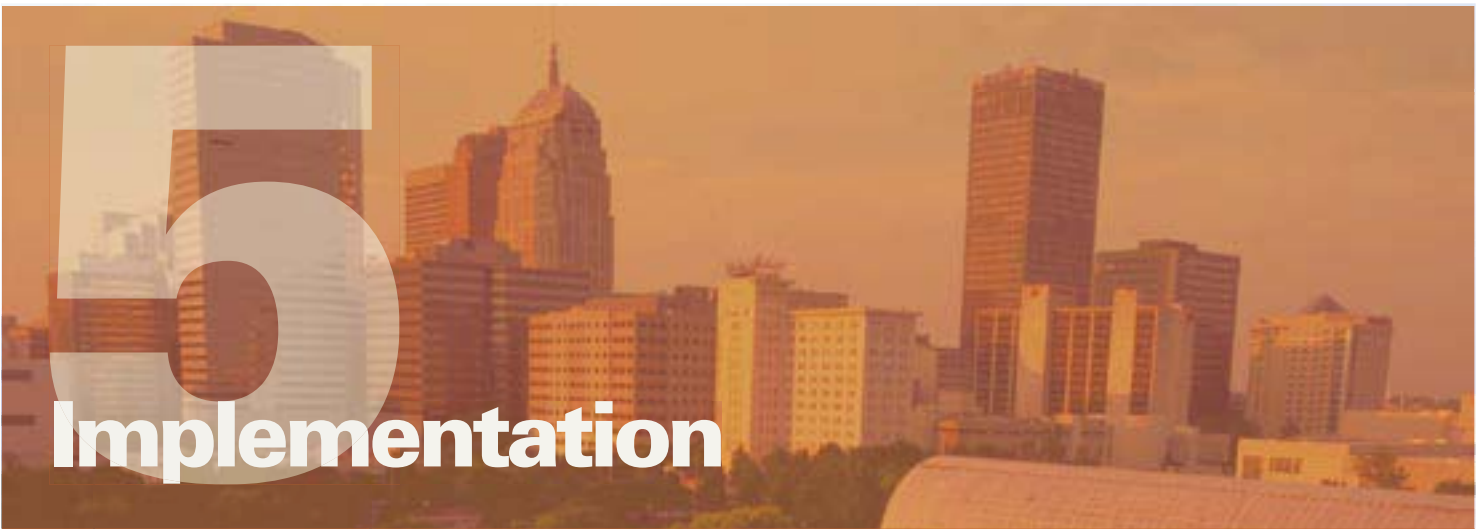
### 4.3 CONCLUSIONS

Given existing dynamics, it is difficult to make a development project work in Downtown Oklahoma City without a significant amount of hard work, design, market research, and public subsidy. Taking the example project outlined on pages 61-62, what might be considered a basic or typical multi-family project has trouble being financially feasible due to a number of factors, from land cost to parking expectations. The analysis within this Section shows that the collective savings in land cost, parking, and construction could amount for a significant portion of this gap.

Assistance in filling these gaps is often one of the roles of the public sector, and that role has been taken on by the City of Oklahoma City in the past. In many cases the need for financial assistance may be too high to justify public sector investment. As a result, the City and its private partners must strategize around the design and scale of development that generates sufficient density and impact while also being more financially feasible.

Even with the ability to improve a project’s design to be more cost-effective, a gap between cost and the market may still exist. Therefore, the City must be prepared to strategically assist and invest in housing projects in order to get them off of the ground. This requires an attentive approach to partnering with private developers that connects resources, knowledge, and strategic goals in a manner that generates positive outcomes for all involved.

Figure 4C shows three examples of potential subsidy required to make a rental based multi-family project financially feasible. The first example, which represents the sample project described on pages 66, shows a need for a subsidy/gap finance of \$42,000 per unit. This represents the amount necessary to bring conventional debt to a level where a bank would finance it (generally around a debt coverage ratio of 1.2). If the sample project’s parking were reduced to 1.5 per unit, as suggested in this section, then the amount of subsidy would be reduced to \$35,000. Finally, if the Urban Cluster model were employed on the site (described on pages 2, the subsidy would be reduced to \$18,000. Additionally, this graphic illustrates the impact if the cost of land acquisition were taken out of the equation. For the larger projects, land equates to about \$9000/unit, which impacts 1/4th to 1/3rd of the gap. However, for the urban cluster model, land equates to \$19,000 per unit, exceeding the estimated gap.



**THIS SECTION PRESENTS THE DETAILED STRATEGIES AND ACTIONS NECESSARY TO IMPLEMENT A LARGE-SCALE DOWNTOWN HOUSING PROGRAM IN THE NEXT 5 TO 10 YEARS. WHILE THE DEVELOPMENT FRAMEWORK EXAMINED BROAD SCALE PLANNING DECISIONS RELATIVE TO DOWNTOWN HOUSING, THIS SECTION FOCUSES ON FINANCIAL, ORGANIZATIONAL, AND INVESTMENT ANALYSIS CRITERIA.**

## 5.1 IMPLEMENTATION APPROACH

In order to achieve the goals and objectives discussed in this Report, the City of Oklahoma City is going to need a focused, organized, and effective implementation program to generate the type and scale of housing it desires for Downtown. This Section outlines key criteria and components for the recommended Implementation Plan.

The implementation program is based on the following assumptions regarding Downtown Oklahoma City housing, gained from research and analysis in previous Sections of this Report.

- Housing is vital to Downtown's ability to grow and prosper as a 24/7 urban community;
- Current workforce and market dynamics indicate unmet housing demand in the downtown marketplace;
- Financing affordable / mixed-income downtown housing development is challenging;
- Housing developers and institutional lenders are still uncomfortable with the depth of the downtown housing market, especially in light of the recent real estate environment;

- Downtown housing involves a development premium increasing perceived risk; and
- Downtown's housing market would benefit from development velocity for attracting developers / funding and strengthening market perceptions.

### 5.1.1 INVESTMENT TIMING AND THE REVITALIZATION CURVE

It is recommended that Oklahoma City organize around a large-scale, public-private partnership whose mission is to assist in the financing of a particular housing development over a short period of time. This scale should be sufficient in size to ensure private investment in housing and other types of development is sustainable over the long-term.

Based on existing conditions and the results of the investment analysis (see Section 4), it is assumed that the City will have to continue to incentivize housing development due to the inherent financial gaps that exist, primarily between the marketplace and the cost of development. However, this does not imply that the City should always be in the business of subsidizing housing development. As noted previously, a sufficient scale of downtown housing units is vital to the downtown area's future vitality. Downtown Oklahoma City

is currently in a market position where it is not profitable for private investment to develop the desired scale and type of housing the City and their partners desire. The City, therefore, must be willing to continue to act as a partner in the process of housing development.

The time will come when little to no public sector investment is required to support downtown housing development because there has been sufficient reaction from the marketplace to leave development in the hands of private investment - ultimately the most efficient and economically productive place for real estate development. The so-called “revitalization curve,” shown in Figure 5A, illustrates the relationship between public and private sector investment and how, in early stages of revitalization, larger amounts of public sector investment is needed to initiate private investment. Eventually the market responds sufficiently for a community to achieve “sustained” private investment reducing the need for significant - if any - public

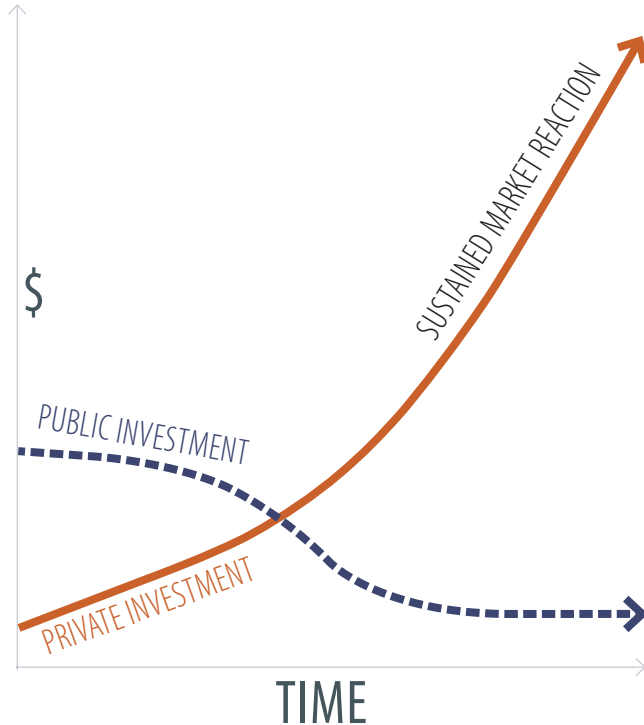
sector dollars. This is the ultimate goal of the proposed housing implementation program, to establish a partnership between the City and the private sector that cultivates the downtown housing market to a point where sustained and desired private investment is achieved.

### 5.1.2 CONSTRUCTION PROGRAM

This Report recommends that the City of Oklahoma City organize around a pro-active, 5-8 year housing construction program that uses a combination of strategic goals, partnerships, incentives, and program management to generate at least 1,000 new housing units over the next decade.

These units would be in addition to those currently planned for Downtown. The intention of this program is to establish an official policy based public-private partnership that creates the “ground rules” for the development community. The program’s objectives should establish a predictable development environment where the private sector knows precisely what types of housing projects the City will support, and what methods of investment or assistance it will provide. This program should make projects more easily financed and profitable for the private sector.

**Figure 5A. Revitalization Curve**



## RECOMMENDATIONS

OKLAHOMA CITY SHOULD ORGANIZE AROUND A 5-8 YEAR HOUSING CONSTRUCTION PROGRAM WITH A GOAL OF GENERATING AT LEAST 1,000 NEW HOUSING UNITS OVER THE NEXT 10 YEARS.



# PUBLIC-PRIVATE PARTNERSHIP FOR DOWNTOWN HOUSING DEVELOPMENT

## “P<sup>3</sup> VERSION 2.0”

### A NEW DIRECTION FOR PUBLIC-PRIVATE PARTNERSHIPS IN OKLAHOMA CITY

Oklahoma City is no stranger to public-private partnerships. Indeed, most of the progress seen in Downtown Oklahoma City today is a direct result of the ability of the City and their partners to work with the private sector to provide mutual benefits in the form of new development, investment, and destinations.

There are many hurdles present in the effort to revitalize Downtown Oklahoma City, especially to reach the critical mass of housing that is necessary to create and sustain a vibrant and impactful Downtown District. The lingering impacts of the national recession create an additional hurdle in the form of an economic climate few have previously experienced - especially relative to its impact on real estate markets. If downtown housing - and by extension downtown revitalization - remains a priority of the City, then it must be prepared to organize in a proactive manner that works with the private sector in a productive manner and removes the physical and financial hurdles identified for efficient and cost effective downtown housing.

Yet, part of the “Version 2.0” for a public-private partnership in Downtown OKC is a renewed eye on return on investment and tangible benefits brought to the City and its’ residents. If the City is to continue to contribute financial and other forms of assistance to ensure downtown housing projects can be built, then it must require that the development projects built adhere to requirements set in place by the City. These criteria, discussed in more detail in this Section, are not designed to make the downtown development environment more difficult, but instead are meant to recognize the fact that the City has its own goals and “investors” (i.e. taxpayers) whose needs must be met.

### Objectives for P<sup>3</sup> 2.0:

1. Establish a “point” organization that is a one-stop shop for partnerships and development implementation in Downtwon OKC;
2. Seek to generate a minimum of 1,000 units over the next 5-8 years (2012-2020) not inclusive of those already planned;
3. Coordinate City resources to target 1-2 areas for development with corresponding infrastructure improvements;
4. Identify available incentive programs and clearly define how they will be used to assist development projects so that there is no confusion as to the requirements placed on public investment;
5. Establish a mutual understanding with the development community outlining available financial incentives and what the City expects in return;
6. Adhere to established housing development criteria such as sustainable development, mixed-income, in-fill, and mixed-use. (More information on this is included in the next Section); and
7. Establish methods for the City to generate a return on investment beyond that of housing development and the minimum standards of TIF funded projects.

## 5.2 ORGANIZATIONAL CAPACITY

In order to successfully implement and manage the recommended programs in the Implementation Plan, the City is going to have to pay particular attention to how it is organized to administer the available and proposed funding tools and how it will deal with the development community.

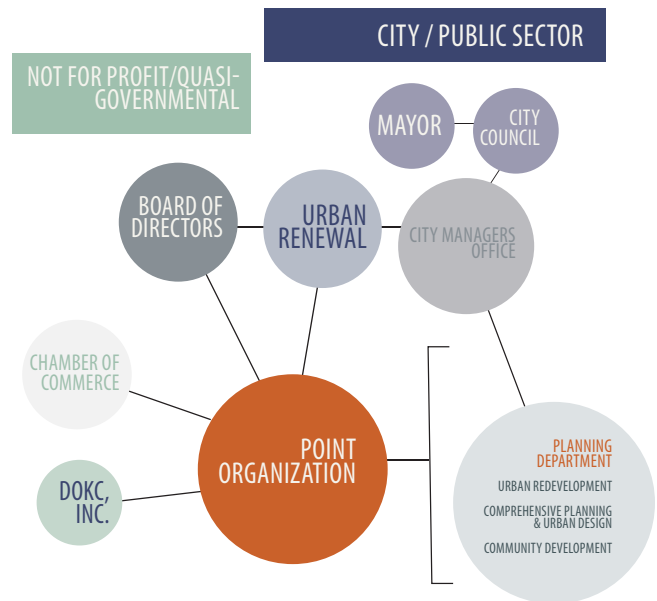
### 5.2.1 “POINT” ORGANIZATION

Ideally, it is preferable to have a single point of contact to receive, coordinate, and negotiate with private developers. This provides a considerable amount of predictability for the private sector to identify and engage a single person regarding their projects, whether they are in the conceptual or final stages. Most communities, unless they are small, are not organized in a manner that supports this arrangement.

The City is made up of many different departments and organizations that play a role in downtown revitalization. The past approach in dealing with the private sector has been effective, but also scattered. Entities like the Urban Renewal Authority own land used for public-private partnerships. Administration of TIF funds has been done out of the Assistant City Manager’s office. Zoning, urban design, and other regulatory matters are dealt within two separate sections of the Planning Department. Coordination with developers and other community members throughout the Downtown is conducted through the Urban Redevelopment Section, another component of the Planning Department.

It may benefit the City to consider establishing a “point” entity that deals in matters of downtown redevelopment and revitalization, similar to the way the Chamber of Commerce acts as the key contact for city-wide economic development initiatives. In some communities, it is beneficial to combine key tasks and responsibilities into a single organization in order to facilitate the development process. In Oklahoma City’s case, however, there are enough divergent entities with unique powers, skill sets, and missions that it might make sense to establish the “point” person or entity as a coordinator - someone who has enough power and responsibility to negotiate and coordinate on the City’s behalf, but who does not necessarily oversee the staff and resources of each individual organization. The likely roles

Figure 5B. Potential Organization Chart



of key agencies and organizations are described below. A proposed organizational chart illustrating the potential relationship of a point entity within an existing framework is included in Figure 5B.

### 5.2.2 OTHER KEY PLAYERS

#### URBAN RENEWAL AUTHORITY

The Urban Renewal Authority has the power of eminent domain, as well as the capacity to purchase and hold land for future development projects. The Authority should continue to utilize these roles in conjunction with the point entity, especially within the short-term.

#### PLANNING DEPARTMENT

The Planning Department oversees several key divisions that are crucial to the process of the comprehensive housing development initiatives. For example, efficiency in zoning and urban design approvals are crucial to the development process, and therefore Comprehensive Planning and Urban Design play an important role. The Urban Redevelopment Division works in part to establish and maintain important contacts throughout the Downtown, with residents, property owners, businesses, and developers. These contacts are essential to push forward the suggested partnership.

As part of the recommended public-private partnership, the Planning Department may want to consider the creation of an internal liaison or project manager that coordinates the activities of these various divisions specifically for the purpose of streamlining the development process for housing - or other development projects.

#### CHAMBER OF COMMERCE

Given the existence of a “point” organization for downtown development, the City’s economic development entity should be free to focus on broader scale initiatives, and be called upon to assist when a housing related project is of sufficient scale and importance to warrant additional scrutiny and incentives. The long-term redevelopment of Core to Shore may be a good example. The exception is in relation to retail recruitment. Chamber staff will likely take the lead in the recruitment and retention of retail Downtown - a key step in the process of establishing urban neighborhoods that attract residents.

#### CITY MANAGER’S OFFICE

The City Manager’s office has control over TIF Districts and several other key incentives, and therefore plays an important role. Whether the point organization is a City Division or not-for-profit entity, it should work under the authority of the City Manager, providing the power to work with developers, ability to promise and deliver incentives and funds, and coordinate with the organizations described in this Section.

#### DOWNTOWN OKLAHOMA CITY INC.

As the marketing organization for Downtown, DOKC’s role in a mix of the above organizations and their relationship with the point organization is essential. The heads of both DOKC and the point organization should have a close relationship that shares resources and strategy. DOKC provides valuable on the ground knowledge and communication from residents and business owners that will be extremely useful in gaining widespread support for development projects. Additionally, DOKC can play an important role in the recruitment and retention of retail and services on a smaller, independent level from that which the Chamber of Commerce works.

#### POINT ORGANIZATION

A point organization or entity whose role is primarily that of coordination and administration will likely have a leader who is experienced in negotiation, establishing relationships, project management, and finance. The provision of staff in addition to the head is contingent upon the scale of the eventual public-private partnership.

## 5.3 PROJECT EVALUATION CRITERIA

The creation of a critical mass of housing units in the downtown area is a clearly defined goal of the City of Oklahoma City. It is recommended that the City establish straightforward criteria for the use of public funds for private development. This will help to ensure that the partnership incentives are used to support housing that meets the City’s overall Downtown revitalization goals. Establishing a clear set of criteria will create a level of predictability for private developers as they work with the City. Any development project, requesting or being offered public funds, should meet one or more of these criteria.

A comprehensive list of recommended minimum project criteria is shown below. Oklahoma City can develop additional criteria according to local preference.

### 5.3.1 SUGGESTED EVALUATION CRITERIA

#### COMMUNITY DEVELOPMENT CRITERIA

- Includes, to the extent possible, units affordable to “workforce” households or “working families;” and
- Creates mixed-income projects and neighborhoods that can provide housing for a spectrum of ages and life stages.

#### URBAN DESIGN CRITERIA

- Limited setbacks or conforms with build-to-lines on adjacent buildings;
- Minimizes the visibility of project parking;
- In appropriate locations, preserve views of Central Business District;



- Incorporates quality streetscapes and landscape design;
- Preserves existing street patterns; and
- Avoids abrupt changes in massing and scale between neighboring developments.

**PLANNING / REDEVELOPMENT CRITERIA**

- Focus early development in one of the targeted investment zones to create activity zones;
- Encourage vertically mixed-use development on key commercial corridors, where appropriate; and
- Encourage on-street parking for mixed-use projects.

**FINANCIAL CRITERIA**

- Nets a positive contribution to tax base / TIF payback; and
- Returns partial investment to City via interest payment or other means.

**MEETING THE NEEDS OF WORKFORCE HOUSING**

Using a 30% rule of affordability (households who spend more than 30% of their gross income on housing are considered to be cost burdened), the lowest household income needed to afford a 1-bedroom rental in the sample residential project is \$40,700, with the minimum for a 2-bedroom rent is \$49,600. These price points are generally affordable to households with 80-120% of area median income (see Figure 5C.)

However, as demonstrated, such a project is not financially viable. It is estimated that in order to have no financial gap, rents would have to be increased from \$1.10 - \$1.20 per square foot to \$1.70 - \$1.75. Aside from these rents being considerably higher than the market, they would require income levels ranging from \$53,750 for a 1-bedroom to \$69,028 for 2-bedrooms. This begins to create affordability problems for 1- and 2-person households at 80-120% of the AMI, who will be almost completely

**Figure 5C. Income Range (80-120% AMI)**

1 PERSON HOUSEHOLD	\$33,250-\$49,875
2 PERSON HOUSEHOLD	\$38,000-\$57,000
3 PERSON HOUSEHOLD	\$42,750-\$64,125

Source: Department of Housing and Urban Development

priced out, with many of the 3-person households in the same position.

**5.3.2 RETURN ON INVESTMENT**

The City of Oklahoma City should explore as many options as possible to gain a return on investment from grants, loans, or other incentives used to spur development. This would go beyond the “ROI” achieved from the development itself, and instead include objectives for financial return back to the City for the use of their funds. The purpose of such a strategy is two-fold: (1) The more public sector investment opportunities that exist, the more development and supporting uses can assist in the revitalization of Downtown Oklahoma City. The City should no longer view development incentives and subsidies as “sunk” costs, but instead manage them so they can be used to assist development and economic development projects far into the future; (2) Accountability for taxpayer dollars is at an all time high, and in order to keep public support for redevelopment initiatives in the Downtown and other geographies throughout the City, it may benefit the City to demonstrate to citizens that their tax dollars are being put to good use. This may go beyond project financing, which can be inferred as only helping private developers. The MAPS initiatives, for instance, tied a tax increase to specific projects intended to improve the quality of life and economic development of the City.

Many of the sources and uses for a financial ROI from public sector investment have been discussed in previous Sections. Tax increment from TIF funded projects, interest on hard and soft second loans, and a percentage of developer fees or cash flow can be used for a number of purposes, including financing special redevelopment funds for future use. The City is unlikely to obtain a financial return on every project that it participates in - the circumstances of

each project will vary. However, this is part of a package of requirements like the Housing Objectives described in Section 3.1.1 that demonstrate to the private sector that there will be certain “costs” to using public money, just as there are costs for using private financing.

## 5.4 IMPLEMENTATION TOOLS

### 5.4.1 IMPLEMENTATION TOOLS / SOURCES

The 2008 Downtown Dwellers Program Financial Incentives Review discussed the opportunities and potential use of different public sector funding sources and redevelopment tools. Unfortunately, not all of these programs are available for use in the recommended public-private partnership. The limited use is due to a number of reasons ranging from changes in policy to impacts from the national recession. This Section discusses a number of these programs and their suggested priority for use.

#### PRIMARY TOOLS / SOURCES

##### TAX INCREMENT FINANCING (EXISTING)

The primary source of incentive funds is likely to be from the Downtown TIF District. According to the City, the TIF fund currently supports a \$68 million dollar project plan budget approved for the years 2000-2025. There is \$20 million set aside for residential; approximately 70-75% of that line item has already been allocated. The project plan and bonding capacity do limit the ability of the City to utilize TIF funding. Nevertheless, it remains one of the primary tools currently available to the City.

##### LAND ASSEMBLY / LAND BANKING (EXISTING)

City-owned land - specifically owned by the Urban Renewal Authority - has been a key driver in housing development over the past decade. Land transfer incentives have been used in projects like Maywood Park, The Hill, Legacy at the Arts Quarter, and the proposed redevelopment of the Mercy Hospital Site. However, the capacity and willingness of the Urban Renewal Authority to continue acquiring land for the purpose of incentivizing housing development is subject to debate. What is clear is that the Authority continues to own key parcels of land around Downtown,

and an approach of using these and other strategic parcels to leverage desired housing development should continue to be used by the City.

##### NEW: SPECIAL REDEVELOPMENT FUND (NON-EXISTING)

To augment the use of TIF funds to incentivize housing development, it is recommended that the City create and finance a special redevelopment fund. This fund would be capitalized by revenue from public sector investment. Sources may include interest from loans, revenue from development income, the sale of land, or land leases. Not only will the fund add resources for the City to utilize as part of the recommended housing development program; it also allows the City to provide support in ways that TIF funds cannot.

An additional objective for such a redevelopment fund is that it represents a long-term pool of funding for use specifically in the Downtown. The Downtown TIF District is currently the best option for this, but the City should at least anticipate that a new TIF District may not be approved when the current District expires in 2025. Additionally, the City should anticipate policy based shifts in redevelopment resources to other parts of the City, such as near-Downtown neighborhoods and other areas. Despite considerable investment since the original MAPS project, the Downtown area will likely still need a dedicated redevelopment funding source within 15-20 years. Being left without such a resource could negatively impact revitalization and economic developments in the Downtown area in the future.

##### NEW: INFRASTRUCTURE FUND (NON-EXISTING)

A major hurdle for redevelopment projects can be the repair and replacement of infrastructure that serves development, such as roads, alleys, sidewalks, lighting, and utilities. Indeed, the basic purpose of Tax Increment Financing is to provide such infrastructure so that the public sector can assist private development - and gain its' tax revenue. TIF has been especially useful in urban redevelopment, where other cost centers, such as land acquisition or construction costs, can be alleviated through the provision of infrastructure dollars.

Given that the construction and maintenance of infrastructure like roads and utilities is essentially a public sector activity (at least those in the public right-of-way), and assuming that there are a considerable number of blocks in the Downtown area with deteriorating streets, sidewalks, and utilities, it may be worth considering a specific infrastructure fund that allocates funding on a project by project basis solely for the purpose of addressing infrastructure improvements.

### NEW: PUBLIC / PRIVATE DEVELOPMENT FUND (NON-EXISTING)

One of the major hurdles at present for private development is the ability to secure favorable financing - or financing at all. The role of lending institutions in relationship to real estate development is often forgotten. In their emergence from a national recession, banks have proven to be extremely conservative with loans. Banks that are currently willing to lend often use extremely conservative underwriting criteria that does not lend itself for use in redevelopment scenarios.

Therefore, it may behoove the City to engage local lending institutions for the purposes of creating an affordable financing pool to support the recommended Downtown housing program. Such a pool would use City funds as a source of collateral for favorable financing that reduces up front cash outlay and encourages return on investment.

A conceptual program structure is discussed:

- Establish a program goal for housing units based on the previously mentioned 1,000 units over 8 years), assuming an average unit cost of \$160,000. This would establish an 8-year investment goal of \$160 million.
- A defined project “pipeline” uses the working capital of the pool, never exceeding 20-25% of total units under construction at any given time. This means that no more than \$40 million (250 units) in working capital is engaged at any given time.
- City deposits with banks should total 25% of anticipated maximum project costs or up to \$8.5-\$10 million to be used as collateral for construction loans. Money will earn a 2-3% interest rate while on deposit.

- City deposits will serve as guaranty against construction loans during the construction period and lease-up, but stand behind builder / developer guaranty.
- Funds used for guaranty should be designed not only to generate financing opportunities, but also to generate more favorable financing terms. For example, the program should strive to incentivize a private construction lending program that lends at favorable indicators, such as 80-85% loan-to-value ratio, 1.5-2 interest points below market, and a favorable debt coverage ratio (>1.2) for up to a 3-year period with take out at stabilized occupancy.
- The City should consider a market rate pre-development loan for deals on a 1:1 match with developer once initial underwriting is completed and demonstrates project viability. There are several advantages to this type of pool vs. other funding sources:
  - Funds should ease financing constraints and lower cost of financing to private developers;
  - The City would earn interest on its collateral and theoretically net out cash. Interest earnings can be used for program administrator, additional rent reserve on the back end of deal, or contribution to the special redevelopment fund; and
  - City could negotiate additional fee on back end of successful project to be paid out of net cash flow.

There are several examples of these types of funds currently in use. Oklahoma City’s may stand somewhere between the program in Austin, Texas, whose focus was on affordable housing, and the program in Louisville, Kentucky, which focuses on market-rate housing.

### SECONDARY TOOLS / SOURCES

#### 221 (D)

HUD’s 221(d) program offers loan guarantees and a 40-year amortization schedule that can reduce the cost of debt to a developer. While a useful and available program, it does have its limits, including the wait-time involved between applying and being approved for the program, and the growing competition for the program



due to restricted private capital. The program is likely to be useful for some key projects, but it is unlikely to be a comprehensive tool for downtown housing development.

### LIHTC

Low Income Housing Tax Credits (LIHTC), also known as Section 42 Credits, are one of the most widely used vehicles for the development of affordable housing across the country. Though often used to generate equity for an entire housing project, Section 42 credits can also be used to create affordable units within a larger housing project that includes market-rate housing. This could be a tool utilized by the City and the private sector to create housing units that are affordable to “workforce” households.

### HOUSING TRUST FUND

According to the 2008 Downtown Dwellers Incentive Study, the State has a good Housing Trust Fund model. Administered by the Oklahoma Housing Finance Agency, the HTF provides collateralized, short-term construction loans for new construction of rental or homeownership units, conversion of non-residential structures into rental or homeownership, acquisition, and rehabilitation. This fund, which is primarily oriented to provide affordable housing, may provide opportunities to assist in the financing of a mixed-income property - though probably not as a primary funding source. It may be particularly useful in smaller scale rehabilitation projects in areas like Midtown, Automobile Alley, or the Arts District.

### CDGB / NSP

Community Development Block Grant (CDBG) funds can provide gap financing for housing projects, particularly affordable housing projects or larger scale, mixed-use projects that provide tangible economic development outcomes. However, it is likely that CDBG funds are allocated to varying parts of the City, with limited funds specifically for downtown housing, so the availability of these funds may not provide sufficient scale for the recommended development program.

Related to CDBG are Neighborhood Stabilization Program (NSP) funds. A third round of NSP funds were recently allocated to Oklahoma City, which it targeted for use in

the Core to Shore area. A more detailed discussion of NSP funds can be found on page 56. It is unlikely that there will be additional funds available in the near future.

### TIERCIARY / UNLIKELY TOOLS / SOURCES

#### PROPERTY TAX RELIEF / ABATEMENT

In many cities, the ability to remove some of the property tax burden on a project, either through the “carrying” phase (i.e. pre-development phase) or operating phase can significantly improve cash flow, and thus the viability of a development project. However, it is the consensus of most in Oklahoma City that the county property tax rates are so low that the ability to provide development incentive through tax abatement, relief, or refunds is virtually non-existent.

#### MURRAH FUND

The Murrah Fund was set up in the wake of the Oklahoma City Federal Building bombing. It received an allocation of \$39 million from the Federal Government to be utilized as direct grants to bomb-damaged properties in the “Murrah District”. Funds were approved for almost 200 buildings in the past 15 years; \$10 million of the funds were put into a program to spur commercial activity in the form of “mezzanine” financing. The fund has paid out \$16 million of these loans. While these loans will be paid back, creating a redevelopment fund that can operate for long periods of time, few of these funds are apparently available for use to finance residential projects in the short-term. As such, they were not considered as primary or secondary redevelopment funds.

### USES OF FUNDS

The funding tools and programs described in this Section can be utilized for many different purposes. This Study recommends that the City of Oklahoma City organize available resources around five potential uses of funding. Like the housing based criteria discussed in Section 5.3, this provides a level of predictability for developers, and organizational efficiency for the City. This is not to say that the City should not participate in creative financing techniques to spur development, but the highest level of creativity and flexibility should be saved for the

development projects that balance the unique combination of promising very large benefits with overcoming very challenging hurdles.

### COLLATERAL FOR BANK FINANCING

City investment can be provided as large-scale collateral such as the program described on page 76, or on a more individual project scale. Since funds provided for collateral can be tied up for long periods of time, it is best to focus use on large-scale projects.

### “HARD” SECOND LOANS

Second loans are a common economic development financing tool, where the public sector makes a loan to the developer (or business) that complements a conventional bank loan. The primary purpose of such a loan is to make a project more financially viable by providing more favorable terms (length and interest) than a conventional loan, which reduces short-term debt service. Alternatively, given existing conservative lending practices, this loan could be used to close a gap between loan-to-value and equity.

The “hard” portion of this finance tool means that a City loan would not take a subordinate position as a creditor to a bank if the project fails. The City has expressed a preference in making “hard” second loans which are designed to protect public investments on the same scale as private lending institutions.

Interest on these loans can be used for various purposes, including the funding of a special redevelopment fund, as described on page 75.

### “SOFT” SECOND LOANS

Despite a potential preference for “hard” second loans, the vast majority of seconds are made as “soft” loans. Soft loans require the public sector entity making the loan to take a subordinate position on the loan. In the past, this has been one of the only ways to convince conventional lending institutions to remain part of the deal - the guarantee that they will be the top ranked creditor. Therefore, it is recommended that the City continue to consider the use of these loans.

### PROJECT GRANTS INCLUDING TIF AND OTHER

The most straightforward method of incentive or subsidy is the infusion of cash equity into a project. This is the basic use of TIF funds or bonds, which are used to offset the cost of parking, roads, utilities, or other infrastructure. Grants serve to close project gaps on the “front-end” (financing) as opposed to the “back-end” (operating) like loans. Because these funds are not necessarily paid back, grants should elicit the highest return on investment on the use of City funds. This may go beyond the previously stated goals and objectives for housing and may include more restrictive concessions on the project (such as meeting additional housing development criteria) or different methods of financial return to the City beyond the criteria used for TIF investment, such as the generation of increment and future property taxes.

## 5.4.2 TIF POLICY ADJUSTMENTS

As part of the recommendations of this Report, the existing Downtown TIF policy was examined to see if any adjustments were required. The following are recommendations for changes to the existing TIF policy.

### CONSIDER ALLOCATING APPROVED TIF DOLLARS FOR HOUSING DEVELOPMENT

Based on overall downtown revitalization goals, it may make sense to enhance the amount allocated for housing within the existing TIF plan, if additional funding is deemed necessary.

### ADD EVALUATION CRITERIA TO THE POLICY

Based on the discussion in Section 5.3, it is recommended that the City add its’ evaluation criteria for development projects to the TIF policy. At a minimum the criteria should include components for community development, workforce housing, urban design, and district financial contribution.

### MAKE EVALUATION CRITERIA VERY SPECIFIC

In order to create a predictable development environment, the evaluation criteria added to the TIF policy (as well as any policy relative to City assistance for development projects) needs to be as specific in scope and process as

possible to avoid confusion about what is required when TIF funds are allocated to a project.

#### APPLY “BONUS” CRITERIA FOR PROJECTS THAT MEET MAJOR GOALS

It is not anticipated that development projects will be able to integrate all stated City goals and objectives for housing development. Some are likely to be more important than others. As such, a TIF policy should reflect the capacity to receive additional funds or a reduction in the funding cap per unit if it is able to meet the most important (and potentially difficult) criteria established by the City. The return for the developer would be improved profit or cash flow from a project.

#### REMOVE THE PROVISION THAT FAVORS FOR-SALE HOUSING

While for-sale housing is a key long-term goal of the downtown housing initiative, the stated preference for this product is mis-aligned with the current market, as well as what the market is likely to be for the next 5 years. The City should be prepared to fully support and fund rental product.

## 5.5 PARALLEL INITIATIVES

### 5.5.1 REGULATORY ENVIRONMENT

The Existing Conditions Section of this Report examined existing zoning regulations within Downtown districts and did not discover any “red flags” that might pose a hurdle to the successful development of housing. That being said, it may be helpful to review the existing zoning code to ensure it remains a fluid and helpful tool to guide private development. One area in particular that the Consultant Team did not have the opportunity to address is the approvals process. A slow approvals process for zoning and permitting can add to the carrying costs of developers who usually need (and deserve) an efficient and predictable process. The City should seek out the opinions of private developers as to whether they perceive the approvals process to be effective, and cross-check those opinions with other City Planning Departments that have proven to deliver services and approvals effectively to judge whether improvements are necessary.

This Report discusses a lot of urban design criteria that could be applied to residential development incentivized by the City. These criteria should largely match-up with existing design overlays and not necessarily need to be integrated into zoning or other regulatory tools in order to be implemented. However, it may be helpful for City staff to lend technical assistance to the point organization so the suggested urban design criteria can be approved to pave the way for City funding.

### 5.5.2 MARKETING STRATEGIES

Marketing is an important activity when attempting to call attention to the availability of downtown housing. Developers can be responsible for the marketing of their individual projects, but this is not necessarily sufficient to reach the metropolitan area market, much of which may be generally unaware of the opportunities to live Downtown, or the details as to the types of housing and price points available.

Downtown Oklahoma City, Inc. has a marketing program connected to its website, including listings for rental and for-sale properties. It also hosts the Downtown Living Tour, which brings people from around the area to tour downtown housing.

This is a good starting point, but if the City is serious about organizing around a large-scale housing development program, then the marketing efforts need to be increased. DOKC is the most effective organization through which to implement a bolstered marketing campaign, but assistance from the City may be necessary.

A marketing plan for Downtown housing must include the following components:

- A partnership between private developers and property owners in conjunction with the City and DOKC to share information related to existing and planned residential units;
- A marketing manager that coordinates “real-time” information relative to available residential units, construction, and events;
- A targeted advertising campaign to key markets, especially downtown employers;
- Cooperation from local employers to market and advertise available housing to employees;



- Connectivity to the local real estate agent network, especially for-sale housing; and
- An up-to-date, interactive and easy to use website that provides sufficient information to prospective tenants.

In the Downtown Employee Survey, the majority (57%) of those most interested in living Downtown said they preferred to live in near-Downtown neighborhoods. The ultimate goal of a Downtown marketing plan is not necessarily the marketing and absorption of individual units and projects, but instead the dissemination of information about Downtown, the on-going activities, available housing options, growing amenities and quality of life that many may not be aware of simply because they do not interact with Downtown on a regular basis.

### 5.5.3 STREETCAR

This Report has not discussed the proposed Modern Transit System in great detail because planning for the system is currently underway, with an intended start date of 2015. The entire Streetcar discussion is a bit of a “wildcard” in regards to downtown housing. Without knowing its’ ultimate route and operational details, it is difficult to integrate into the overall thinking for downtown housing. However, the Streetcar has the potential to have an enormous impact on the ultimate location of housing development and investment in Downtown. Planning for downtown housing development needs to take this into consideration.

The Streetcar has the potential to be a catalyst for development throughout the downtown area. It will drastically improve access to employment and activity centers, especially for Midtown, Automobile Alley, and the Core to Shore area. Once the Streetcar route is decided, it may start a run on land acquisition and speculation. It is recommended that the City connect planning objectives of the Streetcar as closely with the planning and development framework of this Report, as well as other plans for the downtown area.

### 5.5.4 RETAIL STRATEGY

This Study has pointed to Focus Areas for residential development that take advantage of existing and growing retail and service centers that are important amenities to Downtown residents. As the City moves forward with its

housing initiative, it should simultaneously implement a strategy to recruit, retain, and enhance the local retail environment on key streets like 10th Street, Classen Drive, Walker Avenue, and Broadway Avenue.

This strategy should be a special, niche approach that works to integrate small and independent businesses in vertically mixed-use developments. Outside of Bricktown, the retail environment in Downtown Oklahoma City is largely unproven. There have been strong additions to the retail landscape, including a cluster of restaurants on Broadway Avenue and the Walker roundabout. As demonstrated by the process to develop the Mercy Hospital site, there may be a tendency by the private sector to be wary of providing retail space if it is not perceived to be immediately successful. In order to attract mixed-use development with ground floor storefronts, the City may need to consider an additional partnership to assist the private sector with filling and sustaining businesses in these spaces. These strategies should be fleshed out in another study.

## 5.6 WORK PLAN

The following Work Plan provides the “next steps” for implementation of the objectives outlined in this Report. A proposed timeline of activities is shown on page 82. This five year timeline delineates a series of projects and initiatives defined as the most crucial to the creation of a successful Downtown Housing Development Program.

### 5.6.1 KEY TASKS - 12 MONTHS

#### CREATE POINT ORGANIZATION

The “point” organization responsible for coordination of on-going downtown development should be identified and empowered.

#### FINALIZE AND DOCUMENT RESIDENTIAL DEVELOPMENT CRITERIA

Select the primary criteria that will be used to guide public sector investment in downtown housing. This needs to be established early on to assist in creating a predictable and efficient development and investment environment.

## ANNOUNCE PUBLIC-PRIVATE PARTNERSHIP

Officially announce the specifics of the revised public-private partnership, including key team members (i.e. point organization), policy measures, and other components to the development community.

## CREATE CORE “TOOLBOX”

Despite a number of financial and funding vehicles available, the housing partnership is likely to rely upon 2-3 core tools. TIF is one of these tools, but the other two need to be identified and communicated as policy measures.

## ADJUST TIF POLICY

Make changes to the TIF policy that reflect the criteria and focus on the public-private partnership.

## COORDINATE BETWEEN POINT ORGANIZATION AND ESSENTIAL REDEVELOPMENT TOOLS

The two most powerful redevelopment tools at the disposal of the City are the Urban Renewal Authority and the TIF district. The point organization must be able to coordinate and establish policy relative to the use of these tools for housing development. Whatever type of point organization is eventually created, policies must be enacted that allow close coordination with these tools.

## INVENTORY AND STRATEGIZE AROUND URBAN RENEWAL LAND

As evidenced by past public-private partnerships, land control is one of the key tools to both realize and control effective downtown housing. While there are fewer public land ownership opportunities than have existed in the past, the City and their partners should plan around how existing land can be leveraged into short-term development projects.

## HOLD MEETINGS WITH DEVELOPERS

Communication is an important tool of the proposed public-private partnership. Once the point organization is established and the partnership announced, it may benefit the City and their partners to meet individually with developers and investors to develop relationships and

mutual understanding of the goals and objectives of the program.

## DELINEATE TARGETED AREAS OF INVESTMENT

Public sector investment must be targeted to generate the maximum level of results, activity, and spin-off investment from housing development. While many of these areas are recommended in Section 3, the City and point organization will need to further refine these areas and communicate goals within the partnership.

## LAND ACQUISITION AND BANKING

The ownership of land and its use to leverage development deals will be one of the most important tools available to the City. Opportunities to acquire, sell, or “bank” land throughout the downtown area should be considered as an ongoing activity throughout the next decade.

## 5.6.2 PARALLEL WORK PLAN

The following tasks are not necessarily primary tasks for short-term implementation, but instead are parallel tasks to be performed by the City and their partners to assist with the planning and implementation of the recommended public-private partnership.

- Finalize and Plan for Streetcar Line;
- Prepare for the Implementation of a Quiet Zone;
- Create a Mixed-use Retail Strategy;
- Select or Construct a Downtown Elementary School;
- Convert Walker to Two-way Traffic;
- Begin NSP-funded Housing Project in Core to Shore Area;
- Develop Strategic Plan for East Bricktown; and
- Develop Implementation Plan for the Core to Shore Area and Allocate Resources Between this Initiative and Other Downtown Districts.





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**THE APPENDIX INCLUDES THE TECHNICAL DATA USED DURING DEVELOPMENT OF THE DOWNTOWN HOUSING STRATEGIES AND IMPLEMENTATION PLAN. AN OVERVIEW OF EACH COMPONENT CAN BE FOUND BELOW. THE EXPANDED INFORMATION REGARDING PREVIOUS STUDIES, RESIDENT SURVEYS, SWOT ANALYSIS, AND SUGGESTED BUILDING PATTERNS ARE INCLUDED ON THE FOLLOWING PAGES.**

## **A.1 PAST STUDIES AND PLANS**

A number of studies and plans have been prepared for the Downtown area over the past decade. This Section summarizes the purpose and findings of these documents and discusses their relevance to the Downtown housing market. They are presented in chronological order.

## **A.2 SWOT ANALYSIS**

During the initial phase of the project, Team members performed a SWOT (strengths, weaknesses, opportunities, and threats) analysis for each district included in the Report. The findings from that analysis are presented on a two-page spread.

## **A.3 METRO-WIDE SURVEY**

To gain an understanding of the existing conditions and preferences of Oklahoma City residents, *Gentleman McCarty* conducted a random survey of metro residents. The findings from that survey were used to understand the existing market and to make assumptions on future product desired by potential downtown residents.

## **A.4 DOWNTOWN EMPLOYEE SURVEY**

In addition to the metro-wide survey, the Team conducted a survey of downtown employees. This survey was used to gain insight into the existing downtown housing market and determine what products would be most desirable to downtown workers.

## **A.5 HOUSING TYPOLOGIES**

Based on conversations with local developers, information from the resident surveys, and knowledge of the market, *JHP* was able to present various housing typologies that would function well within the Oklahoma City market. The typologies present development types for small parcel, urban lots.

## A.1 PAST STUDIES AND PLANS

A NUMBER OF STUDIES AND PLANS HAVE BEEN PREPARED FOR THE DOWNTOWN AREA OVER THE PAST DECADE. THIS SECTION SUMMARIZES THE PURPOSE AND FINDINGS OF THESE DOCUMENTS AND DISCUSSES THEIR RELEVANCE TO THE DOWNTOWN HOUSING MARKET. THEY ARE PRESENTED IN CHRONOLOGICAL ORDER.

### DOWNTOWN OKLAHOMA CITY STRATEGIC ACTION PLAN 2010 (2003)

This Study summarized the key on-going, strategies and needs of Downtown Oklahoma since 1960. They include increasing residential development, increasing supportive and regional retail, increasing entertainment and cultural activities, concentrating on high quality development, and pursuing economic development.

The Downtown Oklahoma City Strategic Action Plan 2010 indicated a desire to add 2,000 new residential units with an emphasis on a mix of owner- and renter-occupied. Residential development in the Core to Shore Redevelopment Area should focus on the River in an attempt to show the residential potential of the area which is currently a broad mix of land uses. This Plan also suggested the creation of Neighborhood Plans for residential districts and suggested an increase in the mix of price points and housing styles.

### DOWNTOWN HOUSING DEMAND STUDY (2005)

The Study found that in 2005, 700 residential units were proposed for Downtown, two-thirds were for-sale product. The for-sale properties were located in the Deep Deuce and Bricktown and a majority of the units were priced above regional average sales prices. Downtown residents surveyed indicated that a majority of residents do not work Downtown, but live there to be close to activities and services. The most desired improvement to Downtown that was specified by survey respondents was an increase in shopping options, particularly those offering daily goods like a grocery store. Of the non-residents surveyed, 17% were somewhat likely to move Downtown and about 40% preferred historic housing.

The Study found that there is rental demand for 6,000 to 9,000 housing units and an owner-occupied demand of 4,500 units. It was noted that this number was much higher than the actual demand due to a lack of preferred housing products being developed in the area. The Study found that current planned projects did not match the desires indicated by the survey responders. Renters expressed a desire to live in historic lofts or townhomes, but no renter-occupied townhomes or lofts were proposed. Owners also stated their least desirable housing type was townhomes; despite that many for-sale townhomes were being planned for Downtown at the time.

The Study projected an absorption rate of 300 to 500 renter-occupied units from 2005 to 2010, the rate decreased to 150 -350 units from 2010 to 2015. The absorption rate for owner-occupied housing units was lower; the market could potentially absorb 150 - 350 units from 2005 to 2010, increasing during the next five years (2010 to 2015) to absorb 200 - 400 additional units. More findings from this Study are discussed in Section 1.4.

### GROCERY STORE ANALYSIS (2006)

A significant finding from the survey conducted as part of the Downtown Housing Demand Study was that Downtown lacked certain amenities such as a grocery store. This analysis was conducted partially in response to that finding. Based on an analysis of existing data, this study pinpointed two intersections that had the best possibility of attracting a specialty grocery store. The sites were selected based on 4 criteria: (1) access and visibility from I-235; (1) heavy local traffic; (3) high daytime population; (4) and proximity to residential neighborhoods. The first site was located at the intersection of 10th Street and Broadway in Automobile Alley. The second site was located in the Triangle District, where 4th Street and Walnut intersect.

After analyzing the trade area of both sites, the Study concluded that there was no market for a grocery store at either location; however, it recommended that Oklahoma City begin a recruitment process for a specialty grocery store.



### 10TH STREET MEDICAL BUSINESS DISTRICT DEVELOPMENT STRATEGY (2006)

This Plan detailed the steps required to link three existing health care centers through a series of redevelopment opportunities along 10th Street. The Plan proposed that vacant lots and underutilized buildings should house a mix of uses that support increased housing with a variety of price points necessary to separate the Corridor from the surrounding undefined urban fringe. Five areas were targeted for redevelopment, increasing in density and intensity of uses as they moved east along the Corridor. Two sites were the primary residential target areas supported in this plan. Site A was the former Mercy Hospital site (currently owned by the Urban Renewal Authority) which could potentially house 80 to 120 units and act as a transitional area between the residential neighborhoods surrounding the site. Site B was the Cottage District. At the time of the Plan 45 single family vacant lots were available. Additionally, the Plan noted the potential to add 264 multi-family units along Shartel Avenue.

### CORE TO SHORE PLAN: A REDEVELOPMENT FRAMEWORK (2008)

This Plan, prepared by a multi-disciplinary consulting group that included URS Corporation, TAPArchitecture, RDG, Economic & Planning Systems, and Smith Roberts Baldischwiler Engineering, outlined one of the largest potential redevelopment initiatives in the history of Oklahoma City. The “Core to Shore” is a Redevelopment Plan for the neighborhoods south of the Central Business District and Interstate 40 and north of the Oklahoma River. One of the driving factors of the initiative was the relocation of I-40 several hundred feet to the south, along an abandoned rail line. At the time this Report was written, the relocation of the interstate was underway, with completion planned for 2012.

The Core to Shore Plan called for a number of separate development and redevelopment projects, including a new Boulevard to replace I-40, a new Central Park, a new convention center, and several residential neighborhoods. The first potential neighborhood – West Park – is the area immediately adjacent to the proposed Central Park, and one of this Report’s Study Areas. Other proposed neighborhoods included Wheeler Park – on top of the

existing park of the same name; North Shore, immediately north of the River Bend, and Bridgewater. All three areas are south of the new I-40 alignment and likely represent long-term (10-20 year) development initiatives. The Plan envisioned the entire Core to Shore area could accommodate 3,000 housing units with an increased population of 6,000 – 7,500.

### CORE TO SHORE MARKET ANALYSIS (2007-2008)

This Analysis, prepared in conjunction with the 2008 Core to Shore Plan, proposed that the Core to Shore Redevelopment Strategy focus on creating a mixed-use neighborhood. The residential demand predicted that 20% of the development north of I-40 could be medium to high density residential. The build-out for the area was recommended to consist of 2,700 total units over the next 15 years, with an average of 170 units per year. For the area south of I-40, the Study suggested an even higher percent of the development be targeted towards residential. Residential uses were predicted to attract 50% of the development, with an emphasis on low density residential. The Study suggested that approximately 50 units per year would be absorbed into the market, with a total of 800 units over the next 15 years.

### BRICKTOWN COMPREHENSIVE PARKING STRATEGY (2008)

With adequate parking in Bricktown to support existing peak parking demands, this Study proposed enacting recommendations that would create a more effective, user-friendly, and convenient parking system. During peak hours (7 PM to 9 PM) the occupancy rate for parking was found to be 66%. Five- and ten-year future parking demands indicated that 500-1,500 additional spaces would be needed based on an aggressive future build out. The conclusion was much of this demand can be met by opening the Ballpark Parking Lot during weekends and evenings.

### DOWNTOWN DWELLERS PROGRAM FINANCIAL INCENTIVES REVIEW (2008)

Workforce housing is priced for individuals and families that earn 80% to 140% of the Area Median Income (AMI), which for Oklahoma City is an income of \$43,000

to \$75,000, the AMI for a four person household is \$53,600. Over 40% of the population's income is near this range - \$30,000 and \$70,000. The Report focused on the identification of funding sources for varying stages of workforce housing development, including Tax Increment Financing (TIF), Community Development Block Grants (CDBG), Murrah Funds, equity / mezzanine debt, down-payment assistance, and Employer-Assisted Housing (EAH).

### **DOWNTOWN WALKABILITY AND RECOMMENDATIONS (2009)**

In this Analysis of Walkability in Downtown Oklahoma City, Jeff Speck provided suggestions for increasing and encouraging walkability. Generally, the suggestions were in reference to street and streetscape design, parking, safety, and the creation of a continuous street wall via infill. Speck identified Bricktown as possessing the highest possibility of becoming a walkable District, and also noted that this is the most commonly identified area in regards to living in Downtown. The Analysis suggested that resources be concentrated in areas that have the potential to achieve a high level of walkability.

The Walkability Analysis also discussed the need to incentivize housing in the Downtown area. According to the analysis, in order for the City to increase downtown walking in a meaningful way, it must direct resources towards the provision of housing, so that the private market finds implementing the recommendations profitable.

### **CORE TO SHORE REDEVELOPMENT: IMPLEMENTING THE BOLD VISION (2010)**

A panel from the Urban Land Institute (ULI) was asked to review and expand upon the ideas presented in the Core to Shore Plan, and provide the necessary steps to move the project forward. The Panel discussed how the design and location of key projects would affect the outcome of the Plan, including the design of the relocated I-40, the size and design of the new Boulevard, the location of the Convention Center, and the location and interaction of retail nodes throughout Downtown Oklahoma City. Although much of the discussion was centered on open space, cultural and civic attractions, transportation, and retail the Plan did address housing. Out of the nine priority projects, two specifically addressed housing in the Study Area through

suggestions of residential development along both sides of Central Park.

### **STREETCAR ALTERNATIVES ANALYSIS (AA) (2011)**

A major recommendation of the Fixed Guideway Plan prepared for the Oklahoma City Region was to conduct a detailed public transportation Alternatives Analysis (AA), starting with the greater Downtown area. An Alternatives Analysis examines all transportation options and outlines the best overall transportation technology and route. An AA for the greater Downtown area was being conducted at the time this Housing Study was written. A major focus on the analysis will be the construction and integration of a Modern Transit System, for which \$130 million has been allocated from MAPS 3.

## **A.2 CURRENT PLANNING AND DEVELOPMENT INITIATIVES**

THIS SECTION DISCUSSES MAJOR PUBLIC SECTOR INITIATIVES CURRENTLY IN THE PLANNING OR IMPLEMENTATION STAGE IN DOWNTOWN OKLAHOMA CITY.

### **I-40 REALIGNMENT**

I-40 is being realigned to the south of its current location, onto a right of way occupied by an existing railroad (formerly the rail tracks serving Union Station). The new interstate will be partially below grade. In the ULI Advisory Panel discussion of the Core to Shore Plan, it was suggested that attention be given to creating above grade pedestrian connections over the new interstate. The realignment, as well as the abandonment of the old right of way, should be completed in 2012.

### **BOULEVARD PROJECT**

The Core to Shore Plan proposed the redevelopment of I-40 into a pedestrian oriented "complete street". The ULI Advisory Panel suggested that the street be redesigned and not exceed 110 feet with a focus on creating pedestrian connectivity. As of Spring 2011, planning for the Boulevard is underway, with an estimated completion date of 2014.

### MAPS 3

The third Metropolitan Area Projects (MAPS) initiative was passed in 2009. Through a seven year, nine month one-cent sales tax, the City of Oklahoma City will raise \$777 million for a number of major municipal projects, including several Downtown area projects discussed in greater detail in this Section.

**CONVENTION CENTER** - The 2008 Core to Shore Plan called for the construction of a new state of the art Convention Center to be located on the east side of the proposed Central Park. This Convention Center would replace the nearly 50 year old Cox Center, the City's current venue. The reasoning behind the construction of a new Convention Center is to bring the City up to the same standards as comparable cities, creating a key destination for visitors and businesses. Presently, Oklahoma City ranks 142nd in size among convention centers in the United States.

The recently passed MAPS 3 sales tax initiative included \$280 million for this project. The ULI Panel Report for the Core to Shore initiative recommended re-considering the proposed location of the Convention Center, preferring the area east of the proposed Central Park for residential uses. As this Report was prepared, the site for the new Convention Center had not been selected.

**MODERN TRANSIT SYSTEM** - \$130 million was allocated from MAPS 3 for a 5 to 6 mile Modern Transit System, intended to be the first leg of a streetcar network in Downtown. At the time this Report was completed, the alignment for the Modern Transit System was still under consideration, with completion of the system expected to be anywhere from 5-7 years.

**CENTRAL PARK** - One of the centerpieces of the first phase of Core to Shore, \$130 million in funding for this 70 acre park was allocated from MAPS 3. Completion is anticipated around 2014-15 in conjunction with the construction of the new Boulevard that is replacing I-40 (see below).

**RIVER DEVELOPMENT** - MAPS 3 will provide \$60 million dollars in funding for development along the Oklahoma River. Plans for a University of Oklahoma Boathouse and University of Central Oklahoma Boathouse are in the final stages of planning. As part of MAPS 3 a whitewater and kayaking activity center will be located along the River.

### DEVON ENERGY HEADQUARTERS

The Devon Energy Corporation is one of the largest U.S. based independent natural gas and oil producers and a Fortune 500 Company with more than 5,000 employees worldwide. The Company currently occupies space in five buildings throughout Downtown Oklahoma City, but they are constructing a 50-story world headquarters tower on a site immediately north of Sheridan Avenue and Myriad Gardens, between Hudson Avenue to the west, and Robinson Avenue to the east. The Tower will be the tallest in the City.

### PROJECT 180

This initiative is aimed at improving the pedestrian environment and creating a more "visitor friendly" Downtown. The three year project, which began in August 2010, is estimated to cost \$140 million. Project 180 is paid for through TIF funds from the construction of Devon Tower and GO Bonds and will redesign a majority of downtown streets, sidewalk, parks, and plazas, improving their appearance and functionality. In addition to infrastructure improvements like landscaping, public art, bike lanes, lighting, and increased on-street parking, the project will make several improvements to the Myriad Botanical Gardens.

The second phase, which will add improvements to East Main Street, Sheridan, Hudson, Park, Broadway, and EK Gaylord, is set to begin in 2011. This phase also includes the renovation of the grand lawn at City Hall. The final phase will begin in 2012 and will enhance 4th Street, Robert S Kerr, West Main, Broadway, Harvey, and North Walker. Included in this phase is the renovation of Bicentennial Park.



## DOWNTOWN ELEMENTARY SCHOOL

The \$700 million MAPS for Kids Program provides funds for hundreds of construction, transportation, and technology projects, all to benefit Oklahoma City's Public School System. Among the planned schools is a downtown elementary school. Currently there is only one school located Downtown - Emerson Alternative. The planned site for the elementary school is currently proposed for the southwest corner of Sheridan and N. Walker.

A.3 SWOT ANALYSIS

CORE TO SHORE / WEST PARK

ARTS DISTRICT / FILM EXCHANGE

STRENGTHS

- Connected to a major redevelopment initiative
- Proposed Central Park located adjacent to development area
- Proximity to interstate without direct adjacency
- Proximity to Central Business District, Bricktown and Entertainment Venues
- Strong history and identity, particularly related to the Film Exchange District
- Concentration of arts and cultural destinations, such as the Civic Center Music Hall, Art Museum, Library, and Stage Center.
- Proximity to Central Business District and key employers such as Devon Energy, City of Oklahoma City, and Oklahoma County, etc.
- Ongoing improvements, including Film Exchange district streetscape, and Project 180 streetscape improvements along Main Street.

WEAKNESSES

- Not yet a tangible development area
- “Entry” development to largely unknown and undeveloped area
- Reliant upon multiple major civic projects to be completed (park, convention center, boulevard, etc.)
- Numerous vacant lots and buildings fail to define a tangible “district”
- West end dominated by impersonal institutions like the County Jail, Municipal Courts, and Police Department.
- Presence of social services and homeless population
- Smaller scale of existing buildings, 1-2 stories, do not lend themselves to housing conversion
- “missing teeth” in the urban fabric near important landmarks, particularly the Civic Hall.
- Underutilized open / green space.

OPPORTUNITIES

- Compelling, market-rate housing adjacent to the park establishes unique urban setting
- Largely undefined, vacant areas present “blank slate” opportunity for comprehensive redevelopment
- Proximity to major arts / cultural destinations and employers likely to drive some housing interest.
- Success of Legacy and Montgomery north of the Civic Hall supports potential interest in housing in this portion of town.
- Potential relocation of jail, courts, or both could remove major detrimental factors.
- Completion of Devon Tower and related parking / retail on Hudson Avenue likely to spur redevelopment on adjacent blocks, particularly between Hudson and Walker.

THREATS

- Timing of major civic projects
- Uncertainty of the convention center location
- Public perception for the district – crime, location of the Jail, industrial presence / vibe etc.
- Blocks west of Walker may be slow to develop until Devon and other adjacent blocks are built-out and show vitality.

## AUTOMOBILE ALLEY

- Identifiable main corridor in Broadway Avenue
- Location relative to key employment districts – Central Business District, OU Health Sciences, etc.
- Burgeoning office and retail activity
- Regional accessibility

## BRICKTOWN

- Revitalized district featuring considerable options for dining and entertainment – key amenities for “urban” living
- Arguably the most active or vibrant district in the city
- Attractive, historic buildings – types not found anywhere else in the city
- Proximity to Central Business District

## MIDTOWN

- Strong institutional anchors (i.e. St. Anthony’s)
- Multiple rehab projects show interest in the market
- Proximity to established neighborhoods like Mesta Park and Heritage Hills
- Regional accessibility to/from I-235
- Emerging retail / dining node at Classen/Walker/10th
- Potential to lure multiple markets
- Large tracts of land owned by friendly interests

- Width of Broadway detracts from pedestrian scale and mobility
- Physical Barriers such as rail line and proximity to highway that could be detriments to housing development
- Concentration of industry limits developable sites

- Activity and noise on weekends and sporting events conflicts with lifestyles of family households
- Parking

- Large vacant tracts of land give negative impression
- Infrastructure that needs upgrading

- Vacant land available for new construction

- Vacant upper stories
- Units for younger market – 18-25+

- Vacant land available for new construction
- Partnerships with the hospital, which owns large portions of land
- Concentration of housing surrounding Walker retail node
- Evolution of the 10th Street corridor, connecting Midtown to Oklahoma Health Center via Automobile Alley
- Mercy Site as a catalyst project
- Senior housing located near the Hospital

- Inability to grow retail without sufficient housing investment
- Competition with Midtown, lack of recognition between districts

- Difficulty in attracting multiple markets
- Meeting the limited price point of target market

- Large geographic area, need for concentration of development / investment
- Need for new construction may dictate higher prices



# LOW DENSITY

## Cottage

Single-family Bungalow-type development  
Small lot or zero-setback lots

Ideally alley parked  
(Opportunity for Granny Flats over garages)

1 to 2 1/2 story massing  
Building addresses street  
Stoop or porch entry

4-5 units per acre  
Generally wood construction



## Townhouse

Attached housing either  
fee-simple single family or multi-family rental  
Brownstone or Row-House look  
High quality materials

Parking behind via alleys or private drives  
Garages integrated into townhome footprint

2 to 3 story massing  
Strong street edge form  
Stoop entries

10-16 units per acre  
Generally wood construction



## 4-Plex/8-Plex

Attached/Stacked multi-family residential  
High quality materials (brick/masonry)  
Row-House look with grouped stoop entries

Parking at interior/rear of blocks  
Surface and/or some limited tuck-under garages  
Balconies/Stoops/Porches break up massing

2 to 3 story massing  
Buildings address front streets

15-25 units per acre  
Generally wood construction



## Mansion

Multi-family residential with a larger manor or mansion  
format  
High quality materials with multiple grouped entries/stoops

Parking either interior of the block surface or rear tuck-under  
garages or rear separate garages (Granny Flat opportunity)  
Balconies/Porches/Stoops break up massing and provide  
visual interest from the street

2-3 1/2 story massing  
Building address front streets

20-30 units per acre  
Generally wood construction



# MEDIUM/HIGH DENSITY

## Urban Cluster

Urban Multi-family village configuration building  
 High quality materials with carriageway stoop entries (masonry, stucco and siding)  
 Parking within interior of block or with some tuck-under garages  
 Street edge/wall created with building articulation/interest through balconies/terraces/patios/stoops  
 Ground floor mixed-use possible  
 3-3 1/2 story massing  
 Building addresses the street  
 25-35 units per acre  
 Generally wood construction



## Mid/High Density with Garage

Urban edge/street configuration of multi-family High quality materials with carriageway entries via stoops (masonry, stucco, and siding)  
 Building wrapping multi-level parking structured parking garage (covered parking)  
 Street edge/wall created with building articulation/interest through balconies/terraces/patios/stoops  
 Possible ground floor mixed-use (retail-commercial)  
 3-4 1/2 levels massing  
 Building addresses the street with possible mezzanine levels  
 45-75 units per acre  
 Residential generally wood construction  
 Garage either concrete or steel



## Mid/High Density over Podium

Urban edge/Street configuration for stacked multi-family with housing over ground floor podium parking  
 Covered parking provided with possible below-grade additional levels  
 Direct access from parking up to housing  
 Street edge/wall created with building (possibly lining podium parking) articulation created via balconies, terraces, or stoops  
 4-5 stories (3-4 levels of housing atop concrete podium deck)  
 Possible mixed-use liner (or infill into garage) at ground/street level  
 55-90 units per acre  
 Combination of wood and concrete (podium) construction



## Mid-Rise High Density

High density urban approach with urban street/edge configuration with housing over ground/street level mixed-use  
 Parking either multi-level podium with housing above, below grade/subterranean garage, or free standing parking garage  
 Generally 6-8 stories total height (top floor level below 75' to avoid high-rise life-safety considerations)  
 Generally street level mixed uses are provided  
 75-100+ units per acre  
 Either concrete or protected steel (non-combustible construction)

