



CITY OF NORMAN, OK CITY COUNCIL STUDY SESSION

Municipal Building, Executive Conference Room, 201 West Gray, Norman,
OK 73069

Tuesday, November 01, 2022 at 5:30 PM

MINUTES

It is the policy of the City of Norman that no person or groups of persons shall on the grounds of race, color, religion, ancestry, national origin, age, place of birth, sex, sexual orientation, gender identity or expression, familial status, marital status, including marriage to a person of the same sex, disability, retaliation, or genetic information, be excluded from participation in, be denied the benefits of, or otherwise subjected to discrimination in employment activities or in all programs, services, or activities administered by the City, its recipients, sub-recipients, and contractors. In the event of any comments, complaints, modifications, accommodations, alternative formats, and auxiliary aids and services regarding accessibility or inclusion, please contact the ADA Technician at 405-366-5424, Relay Service: 711. To better serve you, five (5) business days' advance notice is preferred.

CALL TO ORDER

Mayor Larry Heikkila
Councilmember Ward 1 Brandi Studley
Councilmember Ward 2 Lauren Schueler
Councilmember Ward 4 Helen Grant
Councilmember Ward 6 Elizabeth Foreman
Councilmember Ward 7 Stephen Holman

ABSENT

Councilmember Ward 3 Kelly Lynn
Councilmember Ward 5 Rarchar Tortorello
Councilmember Ward 8 Matthew Peacock

AGENDA ITEMS

1. DISCUSSION REGARDING LOCAL DEVELOPMENT AND REDEVELOPMENT TOOLS.

Ms. Kathryn Walker, City Attorney, said during the Council Retreat in July, Council identified a number of priorities related to development and redevelopment tools that cities can use to spur different types of development in areas of town where growth may be stagnant or where higher quality development or improvements are desired. She said State law provides a number of tools that local governments can use to spur development and redevelopment that include Tax Increment Financing (TIF) Districts, Business Improvement Districts, and Urban Renewal.

TAX INCREMENT FINANCE (TIF) DISTRICTS

Ms. Walker said TIF Districts are a financing tool to encourage private investment, development, and economic growth in areas that qualify. She said TIF Districts are used to attract investment to areas of need (reinvestment areas, historic preservation areas, enterprise areas); generate new residential and commercial investment that enhances quality of life, education, and economic stability; and generate new employment opportunities through the creation of new enterprises, new economic activity, and new investment. She said TIF Projects specify public infrastructure or other project plan components that are funded through taxes generated by private investment encouraged or made possible through public investment into project activities. The taxes generated are referred to as the “increment”, which can be an Ad Valorem increment, sales tax increment, or both. The availability of the financing tool is dependent on the likelihood that making the public investment in project plan components “up front” will encourage sufficient private investment to generate the project incremental increases in taxes to service debt incurred to construct project plan components.

Ms. Walker said TIF Districts take tax revenues in excess of revenues produced by the base assessed value, which equals the “increment” plus the levy times the Base Assessed Value (revenues continue to flow to normal taxing jurisdictions) equal to the new tax base times the levy (revenues flow to normal taxing bodies) for the life of the TIF District.

TIF Districts are created through a Project Plan that designates boundaries; describes proposed public improvements, anticipated private investments, and estimated public revenues; list of estimated project costs; and may extend up to 25 years. A Statutory Review Committee is recommended comprised of representatives of local taxing jurisdictions; the Project Plan must be reviewed by the Planning Commission for a recommendation to Council; and Council must approve a TIF District ordinance adopting the Project Plan.

Norman TIF District No. One in Campus Corner for public improvements included utilities, lighting, security systems, landscaping, signage, traffic controls, streets, and sidewalks. The District was created in December 2001 with estimated project costs of \$1.25 million using ad valorem and sales tax. Revenue bonds or notes were used for financing and sufficient increments were generated to complete planned improvements by 2008.

Norman TIF District No. Two in University North Park (UNPTIF) included a project plan to build a conference center/cultural facility (some of those funds were transferred to the Rock Creek Road Overpass), quality jobs, retail development, and Legacy Park. The UNPTIF was created in 2006 with projects costs of \$54.725 million using ad valorem (50%) and sales tax (60%) increments to fund projects. The project plan was accomplished using both PAYGO (pay as you go) and debt financing and implemented through six development agreements. The expiration date was originally May 2031; however, Council opted to end collection of the increment in 2019 through extended negotiations with the other parties to the Development Agreements.

Tax Increment Finance (TIF) Districts, continued:

Norman TIF District No. Three in Center City is the only current increment collecting TIF District with a project plan to install new water lines, sewer lines, streetscapes, alleys, and parking within Center City Form Based Code (CCFBC) area to support higher densities. The Center City TIF District was created in December 2017, with project costs of \$47.4 million using only growth in ad valorem increment (90%) designated to fund projects. Ms. Walker said there are no eligible projects at this time and approximately \$1.1 million in increments has been collected.

BUSINESS IMPROVEMENT DISTRICTS

Business Improvement Districts (BID) are a financial tool whereby property owners are assessed a fee to make or cause to be made any improvements or combination of improvements that confer special benefit upon property within the district. Eligible improvements include, but are not limited to, public works and utilities projects; park projects; off-street parking facilities; pedestrian malls; maintenance, cleaning, security, shuttle service, upkeep, marketing and management services; and marketing services for public and private events that will increase occupancy and room rates for hotels.

BID Districts are created by filing a petition with the City Clerk with information on the general nature of the improvements; estimated or probable costs; area to be assessed; proposed method of assessment; and proposed apportionment of cost, if any, between the District and the City. The petition must be signed by a majority of resident owners of record of property liable for the assessment under the proposal OR the owners of record of more than one-half of the area liable for assessment under the proposal OR the owners of record of more than one-half of the area to be assessed under the proposal. BID assessments are prepared annually when the district funds ongoing services (vs. capital improvements). A resolution is prepared annually containing the assessment roll and setting a public hearing. The assessment roll adopted by ordinance after the public hearing authorizes liens when property owners fail to pay. The life of the BID continues until any bond issues are paid off and if no bonds are issued, the maximum life of the Bid is 30 years; however, the length of the BID is typically specified in the petition.

The UNP BID District was created in September 2014 and expires in September 2024. The City contributed UNPTIF increment funds of \$900,000 over the first eight years to front load the BID, allow additional development to occur and contribute to the BID with property owners to contribute \$1.1 million over ten years. BID assessment funds are used to maintain Legacy Park and Legacy Trail in the District as well as maintenance on the constructed entrances at Robinson Street and Tecumseh Road. An Advisory Board was created consisting of City appointees and representatives of property owners in the District. Ms. Walker said, as an example of the assessment cost to businesses, the annual assessment for Target is \$200,000, which is determined by using the developed property's taxable value in proportion to the taxable value of all developed property in the District. She said Council adopts the assessment roll annually.

URBAN RENEWAL

Ms. Walker said blighted areas in municipalities may constitute a serious and growing menace, injurious and inimical to the public health, safety, morals and welfare of the residents. Such areas contribute an economic and social liability imposing onerous burdens, which decrease the tax base, reduce tax revenue, substantially impairs or arrests sound urban growth, retards sound economic development, aggravates traffic problems, and substantially impairs or arrests the elimination of traffic hazards and improvement of traffic facilities. Cities should not have to be endangered by areas, which are focal centers of disease, promote juvenile delinquency, and consume an excessive proportion of its revenue because of extra services required for police, fire, accidents, hospitalization and other forms of protection, services, and facilities. Prevention and elimination of blight is a matter of state policy and state concern.

A blighted area is an area with properties, buildings, or improvements, whether occupied or vacant, or residential or nonresidential, which by reason of dilapidation, deterioration, age or obsolescence, inadequate provision for ventilation, light, air, sanitation, or open spaces. Blighted areas can also include improper subdivision or obsolete platting of land; deterioration or demolition of structures without repair, replacement or reinvestment; improper street layout in terms of existing or projected traffic needs or traffic congestion or lack of parking or terminal facilities needed for existing or proposed land uses in the area; predominance of defective or inadequate street layouts; faulty lot layout in relation to size, adequacy, accessibility or usefulness; unsanitary or unsafe conditions; deterioration of site or other improvements; diversity of ownership, tax, or special assessment delinquency exceeding the fair value of the land; defective or unusual conditions of title including, but not limited to, highly fragmented interests; and any one or combination of such conditions which the municipal governing body determines substantially impairs or arrests the sound growth of the municipality and constitutes a substantial liability or which endangers life or property by fire or other causes or is conducive to ill health, transmission of disease, mortality, juvenile delinquency, or crime and by reason thereof, is detrimental to the public health, safety, morals, or welfare.

The role of the City in Urban Renewal is to formulate appropriate private and public resources to eliminate and prevent the development of blight, encourage needed rehabilitation, provide for redevelopment of blighted areas, or to undertake activities to achieve the objectives of the workable program. The City will receive renewal plans, hold public meetings, and approve or reject plans. The City will afford maximum authority, consistent with the needs of the municipality as a whole, to rehabilitate or redevelop urban renewal areas by private enterprise, appropriate funds for urban renewal purposes, issue and sell General Obligation (GO) Bonds, or designate a tax increment allocation district to capture the ad valorem tax increment above the base assessed value.

An Urban Renewal Authority is created by operation of law, is not a public trust, and serves as a freestanding public body corporate and is a freestanding public body similar to the Norman Housing Authority. The Authority consists of five Commissioners who must have lived in Norman for at least five years appointed by the Mayor with approval of Council. To be activated, City Council must adopt a resolution declaring that such action is in the public interest, find that one or more blighted area exists in Norman, and allow empowerment to the Urban Renewal Authority to exercise its powers under State

Urban Renewal, continued:

law. The rehabilitation, conservation, redevelopment, or a combination thereof, of the area or areas must be necessary in the interest of public health, safety, morals, and welfare of the residents of the area.

Ms. Walker said Oklahoma City (OKC) has an Urban Renewal Authority created in 1962 under the Oklahoma Urban Redevelopment Law managed by the Alliance for Economic Development, which was formed in 2011 to coordinate land, incentives, and economic tools. She said considerable land has been acquired over the years on which to complete projects and highlighted some of the projects.

In OKC, the Civic Redevelopment Project consists of the construction of 34 apartment units for sale in downtown OKC near the Civic Center with a project budget of \$7.3 million. Ms. Walker said \$350,000 in TIF funding was used toward the project.

A Senior Housing Project in OKC with a budget of \$10.9 million using \$200,000 in TIF Funds, \$1.1 million in General Obligation Limited Tax Funds, HOME Funds, and low-income housing tax credits, and Federal/State historic tax credits to provide redevelopment of a 100-year old school building site offering 40 units of affordable senior housing.

The Farzaneh Downtown Development Project in OKC is a three-phase development for retail, residential, and place of worship uses with no public funding being used.

Ms. Walker said the City of Norman has a variety of tools to facilitate and encourage economic development and it is important to identify areas where tools are needed and where they will be most effective. She said clear expectations and well-defined goals are important for implementation of a plan, which is just as important as development of the plan.

Councilmember Foreman said she supports all options, but wants to be mindful not to price people out of their homes. Mr. Darrel Pyle, City Manager, said the City can compose an affordability component into the tools used.

Councilmember Schueler asked how these tools interface with the Comprehensive Land Use Plan and potential Strong Towns and Ms. Jane Hudson, Director of Planning and Community Development, said through the Land Use survey, Staff can identify ideal locations for projects.

Mr. Pyle said the consultant for the Comprehensive Land Use Plan update can be provided all the scenarios facing Norman, such as the proposed turnpike, so they can provide the best options to Council.

Councilmember Holman said Urban Renewal could be a good tool for the vacant buildings at Griffin Hospital as well as vacant strip malls. He said these locations would not have the potential to displace people.

Councilmember Grant said quality infill would be great with pattern zoning being helpful in that regard.

Urban Renewal, continued:

Councilmember Studley suggested holding Town Hall meetings on redevelopment opportunities because Council needs to know what the public wants and hear their ideas. She said transparency and public education is important as well.

Mr. Pyle said Staff will add a link to this presentation in the City's weekly online newsletter.

Items submitted for the record

1. Staff report dated October 28, 2022, from Kathryn Walker, City Attorney, to Honorable Mayor and Councilmembers
2. PowerPoint presentation entitled, "Local Development and Redevelopment Tools," dated November 1, 2022

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ADJOURNMENT

The meeting was adjourned at 6:20 p.m.

ATTEST:

City Clerk

Mayor