



DATE: October 28, 2022  
TO: Honorable Mayor and Councilmembers  
FROM: Kathryn Walker, City Attorney  
RE: Local Development and Redevelopment Tools

**Background**

During its retreat in July, Council identified a number of priorities related to development and redevelopment tools 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. The purpose of this memorandum is to provide a general overview of a number of tools the City can use to achieve Council's goals.

**Tax Increment Financing**

Tax increment financing ("TIF") is a financing tool authorized by the Local Development Act (62 O.S. §850 et seq.) that the City has used in three prior instances to spur development or finance improvements in an area. A TIF allows a city to direct the apportionment of an increment of certain specified local taxes and fees to finance public project costs in order to stimulate development in the area. The existing tax base is preserved, but the increment captures growth in sales and/or ad valorem taxes over time to fund the project costs. TIF's do not impose new taxes. A proposed TIF must be located in an enterprise zone, a historic preservation area or a reinvestment area. Enterprise zones are areas designated by the Oklahoma Department of Commerce after meeting certain criteria or by the federal government. A historic preservation area includes geographic areas listed in or nominated by the State Historic Preservation Officer to the National Register of Historic Places, historic structure(s) listed individual in or nominated by the State Historic Preservation Officer to the National Register of Historic Places, with such area or structure being subject to historic preservation zoning. A reinvestment area includes areas in the city that require public improvements to reverse economic stagnation or decline, to serve as a catalyst for retaining or expanding employment, to attract major investment in the area to preserve or enhance the tax base, or in which 50% or more of the structures in the area have an age of 35 years or more. These areas are typically considered blighted.

As a policy matter, TIF's are best used in qualifying areas where investment, development, and economic growth are difficult but possible when the tools provided for the Local Development Act are used. TIF's should not be used to supplant normal functions and services; rather, they

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should be used to complement existing programs and locally implemented economic development efforts.

Creating a TIF takes some time because the Local Development Act sets forth a process for adoption. The City initiates the process by establishing the Statutory Review Committee by resolution. The Review Committee is required to include a representative of the City to serve as chairperson. In Norman, this has historically been the Mayor. It also requires a representative of the Planning Commission, a representative of each taxing jurisdiction within the proposed district whose ad valorem taxes might be impacted (NPS, Moore-Norman, County, Health Department and the Pioneer Library System), and three representatives of the public at-large selected by other Review Committee members, including a representative of the business community and a retailer or representative of a retail organization.

The Statutory Review Committee is charged with specific tasks. These include a finding as to the eligibility of a proposed project area and increment district. They also must examine financial data to examine the financial impacts of the proposed increment district on taxing jurisdictions and business activities. Finally, the Committee must make a recommendation to Council regarding approval of a proposed project plan. In some instances, the Committee develops the Project Plan. Oftentimes, it is more efficient for Staff to prepare a Project Plan based on Council's goals for the area, and then work with the Committee to alter the plan as the Committee desires.

Once the Project Plan is finalized and the Statutory Review Committee has provided a recommendation, the Planning Commission is required to review the Project Plan to determine whether it is in conformance with the City's Comprehensive Master Plan. The Planning Commission then makes a recommendation to Council regarding approval of the proposed Project Plan.

Once the Planning Commission and the Review Committee have made their respective recommendations, the City is required to provide notice and hold two hearings before consideration of adoption of the plan. The purpose of the first hearing is to provide information and answer questions. The purpose of the second public hearing is to provide an opportunity for those interested to express their views prior to adoption. The City Council will consider an ordinance that approves the Project Plan and establishes the Increment District.

### **Business Improvement Districts**

Business Improvement Districts ("BID") are allowed under the Improvement District Act (11 O.S. §39-101 et. seq.) as a means of providing funding from assessments paid by impacted property owners for a variety of purposes, including landscaping, improvement of pedestrian malls, parking facilities, signs, benches, kiosks, pedestrian shelters, signs, trash receptacles, etc. Oklahoma law

states that improvement districts may be created after a petition for such improvements containing signatures from either a majority of the resident owners of record of property liable for assessment under the proposal, the resident owners of record of more than one-half the area liable for assessment under the proposal, or the owners of record of more than one-half of the area liable to be assessed under the proposal is filed with the City Clerk.

There are several steps involved in establishing a business improvement district. First, the City must adopt a resolution acknowledging receipt of the Assessment Plat, determining the creation of the district is necessary, and instructing the City Clerk to give notice of a hearing on the district. Such notice must be mailed to each property owner at the address on file in the property records at Cleveland County. Upon conclusion of the public hearing, the City Council considers the adoption of another resolution, formally creating the BID. If Council adopts the resolution creating the BID, Council will then consider adoption of an Ordinance containing the Assessment Roll on Second and Final Reading. The Assessment Roll Ordinance empowers the City to assess the properties according to the formula set forth in the BID petition. Property owners will have thirty (30) days to object to the formulation of the district and/or the assessment to their particular property. If the district is created, public hearings related to each year's assessment roll are generally held annually. The district may be terminated at any time after its creation, if no bonds or other financial obligations are outstanding, by a majority vote of City Council, or upon receipt of a petition to terminate the district signed by the owners of a majority in area of the tracts or parcels of the land within the district and a majority of the owners of record of property within the district.

### **Urban Renewal**

Tools to address blighted areas through urban renewal are found in 11 O.S. 38-101 et. seq. The Oklahoma City Urban Renewal Authority has used these statutory provisions extensively and to great effect. Urban renewal can be used in cities that have adopted a resolution finding that one or more blighted areas exist in its area of operation and that rehabilitation, conservation, or redevelopment, or some combination thereof is necessary in the interest of the public health, safety, morals and welfare of the residents of the area. The City must also designate and delineate urban renewal areas in its general long-range development plan. Cities must also formalize the creation of an Urban Renewal Authority, a public body provided for in 11 O.S. §38-107 controlled by a five member Board of Commissioners.

The Authority develops an urban renewal plan. Such plan is reviewed first by the Planning Commission to determine conformance with the general plan for the area. The Planning Commission must submit its written recommendations to the City within 60 days after receipt of the plan. The City may adopt such plan after two public hearings.

## Local Development and Redevelopment Tools

The Authority has broad powers to achieve urban renewal within the city. It can undertake and carry out urban renewal projects, make public improvements, enter into agreements to acquire or sale property, exercise eminent domain, etc. using its own funds. Funding can be provided through tax increment allocations.

We will discuss these tools further on Tuesday, with specific examples of how each tool has been used. Staff will be available at that time for any questions.