Business Improvement Districts

AJ Kirkpatrick

ADG
BIDs Nationally

• International Downtown Association (IDA) 2011 BID census report states
  – All US states except Wyoming, including the District of Columbia, have at least one BID.
  – Over 1,000 BIDs in the United States.
  – Over half in cities less than 100,000. 35% in cities less than 50,000
  – Budgets – $11,000 to $17.9 million
  – Differing histories, functions, and names
BIDs Nationally

Names for BIDs

- Municipal Improvement District (MID)
- Local Improvement District
- Economic Improvement Districts
- Community Improvement Districts (CID) Special service Taxing District
- Special improvement district (SID)
- Local Improvement Taxing District
- Municipal Service Districts
- Special benefit assessment district
- Downtown Improvement District
- Special Business District
- Public Improvement District (PID)
- Economic Improvement Districts (EID)
- Property-based business improvement district (PBID)
- General Improvement District

- Enhanced municipal service districts
- Municipal Special Service Districts
- Municipal management district
- Community Improvement District (CID)
- Self-Supported Municipal Improvement District (SSMID)
- Principal Shopping District (PSD)
- Business Improvement Zone (BIZ)
- Special Service Area
- Maintenance Assessment District
- Community Benefit District (CBD)
- Special Assessment Districts (SAD)
- Special Community Benefit District
- Residential Improvement District (RID)
- Business Improvement Area (BIA)

Becker and Grossman, Rutgers University, 2011
Oklahoma BIDs

- Stillwater - Downtown
- Norman University North Park
- Tulsa - Downtown
- Oklahoma City
  - Downtown
  - Stockyards
  - Western Avenue
  - Capitol Hill
  - Adventure District
BID Origins

- Inner City Disinvestment
- Common Area Maintenance
- Homeowner’s Associations (HOAs)
- Rural Paving Districts
BID Activities

[Images of activities and people]
BID Activities
OK State Statutes

• Title 11. Cities and Towns
  – Chapter 1 – Oklahoma Municipal Code
    • Article XXXIX – Improvement District Act
Among other things:

- Acquisition of property or interest in property when necessary for any of the purposes authorized by the Improvement District Act;
- Street lights and street lighting systems
- Water mains and waterworks systems
- Parks, playgrounds and recreational facilities
- Any street, parking or other facility by landscaping, or planting of trees, shrubs and other plants
- Dikes, levees and other flood control works, gates, lift stations, bridges and streets appurtenant thereto
- Vehicle and pedestrian bridges, overpasses and tunnels
- Property for off-street parking facilities, including construction and equipment of buildings thereon
- Pedestrian malls
- Offsite facilities or infrastructure serving all or a portion of land within a district
OK State Statutes

39. Improvement District Act

102. Definitions

103. Creation of District

104. Number of properties

103.1 Additional Improvement Districts
Section 103.1

- Maintenance
- Cleaning
- Security
- Shuttle service
- Upkeep
- Marketing
- Management
- Or other services
2010 Amendments

1. Adding properties mid-term with 60% of support
   - Used in 2015
2. Amending the Engineer’s Report mid-term
3. Adding language on the capital improvement vs services issue
Small Capital Improvements

... capital improvements with an estimated useful life of five (5) years or more, including but not limited to:

1. Parking facilities;
2. Benches, booths, kiosks and pedestrian shelters;
3. Signs;
4. Trash receptacles;
5. Public restrooms;
6. Lighting, heating and air conditioning facilities;
7. Decorations;
8. Parks, fountains and planting areas; and
9. Ramps, sidewalks and plazas;

provided the total cost of such improvement is funded in one year's assessment.
2016 Amendment

- Language added to strengthen hotel/motel only districts
  - 50 or more rooms
  - Activities intended to increase occupancy and room rates
District Creation
OK State Statutes

• Lifespan

• Exceptions
  – Churches – “used primarily for religious purposes”
  – School district, city, county, and state property
  – Federal property
Roles of the City

- City as Creator
- City as Bill Collector
- City as Property Owner
Final Thoughts

• Accountability

• Flexibility
  • Stair-stepping

• Growth Potential and Capacity Building
Thank You!

AJ Kirkpatrick
Director of Urban Planning

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TIF DISTRICTS AND BIDS: THE NORMAN EXPERIENCE

SEPTEMBER 26, 2016
IT ALL STARTED WITH A GIANT HILL ….
Under the Local Development Act, the proposed project area/TIF district must be:

- A reinvestment area
- A historic preservation area
- An enterprise area; or
- Some combination

Norman's "mountain" was not a reinvestment area or a historic preservation area
**Business Incentive Areas**

**Enterprise Zones**

Effective July 1, 2016 - June 30, 2017

The **Investment/New Jobs Tax Credit Package** doubles in Enterprise Zones.

For additional information, please contact
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(405) 815-5120

*Disclaimer - This map was prepared by the Oklahoma Department of Commerce for reference & informational purposes only & does not constitute legal or tax advice. The information is subject to change based on judicial interpretation & legislative action. Application of the information is subject to your unique facts and circumstances. Do not act upon any information contained in this material without seeking your own professional legal & tax advice.*

**EZ Tracts**

**EZ Grandfathered Areas**

**Counties**
HOW DID WE DECIDE TO DO A TIF?

• Approached by the OU Foundation

• 585 acres along I-35 seemed like a good place for retail and other uses

• LOTS of citizen input
  • Citizens TIF Committee – 8 meetings in 2 months - Majority recommendation
  • Middle of the night Council meetings

• Ultimately, the University North Park Tax Increment Finance District was created after a 5-4 vote in May 2006
COMPONENTS

• Southern Portion of the Project Area
  • Sold to University Town Center/Sooner Investments
  • Major retail development (power centers)
  • A Lifestyle Center (higher end retail development and key entertainment components)

• Northern Portion of the Project Area
  • Retained by the OU Foundation
  • Major economic development, office and mixed-use development
HOW MUCH IS THIS GOING TO COST US?

- Initial Project Activity Costs $1.925 million
  Traffic and Roadway Imp. $11.55 million
  Rock Creek Bridge $7.75 million
- Legacy Park, landscaping, Legacy Trail $8.25 million
- Cultural Facilities $8.75 million
- Lifestyle Center $8.25 million
- Economic Development $8.25 million

TOTAL AUTHORIZED: $54.725 million
HOW ARE WE GOING TO PAY FOR IT?

- Ad Valorem Taxes Generated from the District
  50%

- Sales Tax Generated from the District
  50%  Public Improvements
  10%  Economic Development
  60%  Total
HOW DO WE PROTECT THE GENERAL FUND?

• When existing stores move to the TIF district?
  • Transfer Adjustments
    • Take the prior 12 months sales at the previous location, and deduct that from the apportionment and put it in the general fund

• When sales tax revenue suffers?
  • Compare the growth in the retail sales tax increment to the Average Annualized Sales Tax growth rate from 2004-2005 to ensure it at least exceeds the historic growth rate (4.5%)
  • If below 4.5%, then the amount of UNP sales tax revenue apportioned from the general fund to the TIF is reduced proportionately
HOW ARE WE DOING?
Legacy Park (opened Sept 2015)
The $6.5 Mil project features a large pond with lights, and fountains, an open air amphitheater, walking trails, landscaping, and benches. Future plans call for the addition of restaurants and public art alongside the pond.

University Town Center

Max Westheimer Airport
Public Use Reliever Airport
Owned by the University of Oklahoma

The University of Oklahoma
Norman Campus
25,000 Students / 11,900 Employed
3 Miles
• TERRA at UNP

• Project by Gary Brooks (Cornerstone Development)

• 303 contemporary upscale apartments
UNP TIF REVENUE UPDATE
ALLOCATION OF SALES TAX RECEIPTS GENERATED IN THE TIF DISTRICT

October 2006 – June 2016
$ 58,771,117  Sales tax generated in TIF
$ 10,263,454  Transfer Adjustment (to General Fund)
$ 48,508,663  Net TIF Generated Sales Tax

$ 19,855,196
General Fund

$ 28,656,467
Project Plan Components

TIF Revenues to General Fund since 2006:  $30,118,650
### UNP TIF UPDATE

**AD VALOREM REVENUES**

**Tax cycle example:** built 2012, assessed in 2013, taxes payable in 2014

<table>
<thead>
<tr>
<th>Amounts going to ad valorem taxing jurisdictions</th>
<th>Through 2015</th>
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<tbody>
<tr>
<td>Schools (NPS, Vo-tech)</td>
<td>$4,051,629</td>
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<tr>
<td>County</td>
<td>$578,804</td>
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<tr>
<td>Norman Public Library</td>
<td>$405,163</td>
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<td>Health Dept.</td>
<td>$173,641</td>
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<table>
<thead>
<tr>
<th>Year payable</th>
<th>Valuation</th>
<th>Total Tax</th>
<th>TIF Portion</th>
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<tbody>
<tr>
<td>2008</td>
<td>21,008,567</td>
<td>174,582</td>
<td>87,292</td>
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<td>2009</td>
<td>54,075,225</td>
<td>600,733</td>
<td>295,116</td>
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<td>2010</td>
<td>108,735,758</td>
<td>1,356,391</td>
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<td>2011</td>
<td>123,128,892</td>
<td>1,568,597</td>
<td>783,679</td>
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<td>2012</td>
<td>119,491,317</td>
<td>1,530,651</td>
<td>770,412</td>
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<td>2013</td>
<td>142,626,933</td>
<td>1,916,683</td>
<td>955,214</td>
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<td>2014</td>
<td>151,656,500</td>
<td>2,064,127</td>
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<td>2015</td>
<td>173,030,975</td>
<td>2,342,321</td>
<td>1,186,069</td>
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<td>2016 (Est)</td>
<td>187,720,517</td>
<td>2,525,588</td>
<td>1,262,794</td>
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<td><strong>Totals</strong></td>
<td><strong>$14,079,673</strong></td>
<td><strong>$7,050,836</strong></td>
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UNIVERSITY NORTH PARK
BUSINESS IMPROVEMENT DISTRICT
WHY DO A BID IN A TIF?

• Arose out of a dispute about who should be responsible for the maintenance of Legacy Park

• Developer championed a petition to create the district, signed by over 80% of the property owners.

• Optimize maintenance and operation of park, trails, and other district amenities

• Petition set a goal of $200,000 in BID Assessments per year

• BID Advisory Board made up of hotel, retail, and office interests and other citizens advise on how to spend the funds
TIF CONTRIBUTION TO BID

• Instead of $900,000 in Developer Assistance, TIF funds contribute annually to the $200,000 BID collection target.

• Property owners pay based on their taxable property value in relation to the taxable value of all developed properties and the target assessment.

• Example – 2017 Assessments
  • TIF Contribution - $125,000
  • Property Owner Contribution - $75,000
  • Total Taxable Value of Developed Property - $141,042,617
  • Super Target’s Taxable Value - $12,217,564
  • Super Target’s Assessment - $6,497
QUESTIONS