

# FINANCIAL IMPACT ANALYSIS OF THE CLASSEN CORRIDOR REVITALIZATION PROJECT PLAN

## Description of Impact

### Financial Impact on Affected Taxing Jurisdictions within the Proposed Project Area

Specific measurable increases in demand for service from the affected taxing jurisdictions are not immediately quantifiable. In general, it is expected that the economic benefits of the Project Plan for the affected taxing jurisdictions and the community as a whole will ultimately offset any adverse financial impacts resulting from the Project Plan.

Additionally, as part of the approval process for projects receiving funding, the Review Committee will have an opportunity to consider a recommendation of each project to City Council, in light of priorities, objectives and feasibility. This will allow affected taxing jurisdictions to consider impacts of projects prior to approval by OCEDT and City Council.

Individual statements regarding the impact to affected taxing jurisdictions are included below.

### Financial Impact on Business Activities within the Proposed Project Area

Increased development and redevelopment of stagnated properties in the area will likely result in increased activity for new and existing businesses alike. Existing property owners will benefit, either directly or indirectly, from increased development activity and improved property values expected to result from activities of the Project Plan.

Within the Increment Districts, 20% of the property area is publicly owned and generating no tax revenue. A large majority of this property is located along 10<sup>th</sup> Street west of Classen and is owned by The City of Oklahoma City. The City intends to work with a private developer to redevelop and repurpose this property into a taxable use.

The remaining 80% of the property is predominantly commercial. On average from 2020 to 2023 these property values grew by 3.8%, compared to an average growth citywide of 5.5%. It is expected that activities and projects supported by this Project Plan will increase property values within the Increment Districts and Project Area.

### Estimated Return on Public Investment

Over the lifespan of the four Increment Districts, between \$46.9 million and \$74.7 million is anticipated to be generated in total incremental ad valorem taxes. These estimates were derived from an analysis of the area and determining the types of development likely to occur, single-story or multi-story, structured parking or surface parking, etc. Then using estimated cost of development per square foot, total potential development costs were determined to be around \$450M.

### Estimated Project Costs

Total Project Costs authorized to be financed by the apportionment of tax increments in the four Increment Districts is \$68,000,000, plus financing costs, administrative costs, and interest incurred for the repayment of Project Costs. It is anticipated that increment from any of the four Increment Districts may be used for Project Costs anywhere in the Project Area regardless of the Increment District in which the revenue was generated.

#### Project Costs funded with Ad Valorem Tax

|  |               |
|--|---------------|
| Assistance in Development Financing                      | \$ 40,000,000 |
| Assistance in Development Financing – Affordable Housing | \$ 10,000,000 |
| Public Improvements and Development                      | \$ 10,000,000 |
| Other Taxing Jurisdictions                               | \$ 8,000,000  |
| Total Ad Valorem Tax Budget                              | \$ 68,000,000 |

**Oklahoma City Public Schools Impact:** A substantial portion of the Increment Districts include retail and office uses. There is an expectation that new housing would be developed in certain areas, which could result in increased demand for services from local schools. OKCPS has a number of schools within the boundaries of the Increment Districts, with a school population for standard enrollment schools exceeding 2,300 students. There are alternative schools in the area as well, that may absorb some of the increase in students resulting from activities of the Project Plan.

The Project Plan provides for the ability of affected taxing jurisdictions to receive funding from the incremental taxes generated by the Project Plan, which may be used for projects within the Project Area.

It is important to note for Oklahoma City Public Schools that while increased student counts would result in an increase to the calculation of state school aid, increment revenues provided to Oklahoma City Public Schools will not cause a reduction to the calculation. The Oklahoma State School Aid formula specifically excludes any incremental valuation within active increment districts in calculating chargeable income in both Foundation Aid and Salary Incentive Aid. Therefore, those payments are more valuable than revenues subject to school aid efforts.

**Oklahoma County Impact:** Increased service needs from Oklahoma County are not immediately quantifiable, however impacts are expected to be incremental. The Project Plan provides for the ability of affected taxing jurisdictions to receive funding from the incremental taxes generated by the Project Plan, which may be used for projects within the Project Area.

**Oklahoma City/County Health Impact:** Increased service needs from Oklahoma City-County Health Department are not immediately quantifiable, however impacts are expected to be incremental. The Project Plan provides for the ability of affected taxing jurisdictions to receive funding from the incremental taxes generated by the Project Plan, which may be used for projects within the Project Area.

**Metro Tech Impact:** Increased service needs from Metro Technology Centers are not immediately quantifiable, however impacts are expected to be incremental. The Project Plan provides for the ability of affected taxing jurisdictions to receive funding from the incremental taxes generated by the Project Plan, which may be used for projects within the Project Area.

**Metropolitan Library Impact:** Increased service needs from Metropolitan Library System are expected to be minimal. The Project Plan provides for the ability of affected taxing jurisdictions to receive funding from the incremental taxes generated by the Project Plan, which may be used for projects within the Project Area.

**Cost to City Organization (include indirect costs):** The anticipated public and private development will generate tax increments sufficient to pay the authorized Project Costs of the Project Plan. It is expected that any increased demand for services will be offset by increased tax revenue, both inside and adjacent to the Project Area.

**Cost to Citizens:** There are no additional costs above current property tax and sales tax rates.

**Cost to Business:** There are no additional costs above current property tax and sales tax rates.

Department Head Signature:



Date: 4/30/2024

OMB Review Completed by:



Date: 4/30/2024