

# Tax Increment Financing TIF

**WHAT IS TIF?** TIF or Tax Increment Financing is an economic tool used by cities to stimulate development or improvement in targeted areas called TIF Districts. Cities incentivize Developers who invest in a TIF District by utilizing the increase in property tax revenue generated from the Developer’s improvements to help finance projects that align with the city’s stated goals for the area and further encourage economic development in the area.

**WHAT’S THE HISTORY OF EDMOND TIF?**

In October 2020, following other cities\* who proved the value of TIF, the Edmond City Council unanimously declared Downtown Edmond a TIF District. The Downtown TIF District is projected to create up to \$530 million in new investment.

**HOW DOES TIF WORK?**

Oklahoma County tax assessors determine property tax rates annually by assessment of the value of individual properties. The property tax is collected by Oklahoma County who then distributes the property tax revenue to cities and towns. An empty lot in Downtown Edmond would generate significantly less property tax revenue than a strategically developed lot. Development increases property values and the elevated values increases exponentially over time. The property value in the year a TIF project begins is called the “base” property tax value. Any increase in property tax revenue above this base value is referred to as the “tax increment”.

The tax increments received by the city are placed in a fund to be used for the reimbursement of approved project costs such as public improvements or infrastructure necessary for each development project which are dedicated to the city upon completion. These needed infrastructure improvements, most notably utilities, stormwater, sidewalk, streetscape, and parking improvements bring the area into a state where additional new growth is possible and on par with other areas outside of the TIF District. **Sales tax and existing taxpayer dollars are not used to reimburse Developers for these public improvements and if it was not for the TIF, the city would not receive ad valorem dollars to facilitate these improvements.**

\*Other Cities in Oklahoma utilizing TIF:  
Altus, Bartlesville, Bethany, Bixby, Blackwell, Broken Arrow, Carlton Landing, Chickasha, Choctaw, Claremore, Cushing, Del City, Durant, Elgin, El Reno Enid, Grove, Harrah, Jenks, McAlester, Muskogee, Norman, Oklahoma City, Okmulgee, Sapulpa, Seminole Shawnee, Stillwater, Tecumseh, The Village, Tulsa, Warr Acres

**TIF IN ACTION**

7

Projects approved or in progress

\$200 million+

New development in Downtown Edmond

\$1 million+

Projected contribution to EPS over next decade

+ Job Creation

+ Millions generated in sales tax revenue

+ No cost burden for citizens

+ Public Parking and Sidewalks

+ New Utility Infrastructure

## WHO FUNDS THE TIF?

Developers must follow the Downtown Edmond TIF Policy Guide and apply for consideration. Then the city and the Developer enter a Development Agreement that defines the terms, timeline and costs of the project. **Once the Development Agreement is finalized and the approval process is complete, the Developer finances the construction project and assumes 100% of the financial risk of the project. If the Developer does not execute or fails to complete the project within the agreed timeline, the Developer is not eligible for the TIF funds.**

## WHEN ARE THE TIF INCENTIVES REIMBURSED?

The TIF incentive is currently capped at 12% of hard construction costs of the project. As an example, if a project approved for TIF incentives has an overall project budget of approximately \$12,000,000, the hard costs of the project, which exclude real costs to the Developer such as engineering, financing interest, permitting and marketing costs, may be close to \$10,000,000. The 12% cap limits the Developers' TIF incentives to \$1,200,000.

If the Developer in our example above begins construction of its TIF project mid-2024 as agreed in the Development Agreement and completes the project by the end of 2025, the new assessment of the parcel will be completed by the County in 2026 and possibly collected by March of 2027. In this example, the Developer will only receive the TIF incentive funds after the project is successfully completed per the terms of the Development Agreement, the new assessment is completed by the County, and the increased property tax revenue is collected by the County and received by the City. In the example, the Developer who obtains financing and begins construction in Mid-2024 will not see any reimbursement until September of 2027 or 36 to 40 months after beginning the project. Why is this important? By following this schedule of reimbursement, the city is insured not to suffer the risk of a failed development and the Developers who engage in this process are generally not completely reliant on the TIF incentive for development of the project. In many cases, the TIF incentive directs the location of the improvements to the area preferred by the city and allows the Developer to spend an additional 12% on upgrades to the project that they might not have made otherwise.

## PRIORITIES FOR TIF:

Priorities are determined by the Downtown Master Plan document, best practices, and consideration of public benefit in return for the public investment. The City's stated goal is to create a vibrant, enjoyable environment that becomes a significant economic center to the community. These include: Residential Living Units, Retail, Office, Connectivity with UCO Campus, Promote New and Existing Public Spaces.

**WHO BENEFITS FROM TIF?**

City Of Edmond:

TIF helps generate funds for the essential city infrastructure improvements that allow new development within the TIF District. Additionally, sales tax on materials for the construction of projects and sales tax collected from the development's tenants will fund the City of Edmond's general fund, public art program, public safety, and capital improvement projects in perpetuity. **The Downtown TIF has already generated millions in sales tax revenue for the City of Edmond that would not have been realized without TIF.**

Edmond Public Schools:

A special provision to the Downtown Edmond TIF provides a 10% priority increment revenue allocation to Edmond Public Schools. Over the life of the TIF, Edmond Public Schools could receive over \$1.8 million more than it would if no TIF was approved. **The developments in progress are projected to contribute more than \$1 million dollars to EPS over the next decade that would not have been realized without the TIF.**

Edmond Residents:

The public enjoys real estate developments, new housing options, retail shops, office space and improved public parking spaces that would otherwise not occur if not for the TIF. **Remember, TIF does not cost the public a single penny out of pocket.**

Real Estate Developers and Local Building Contractors:

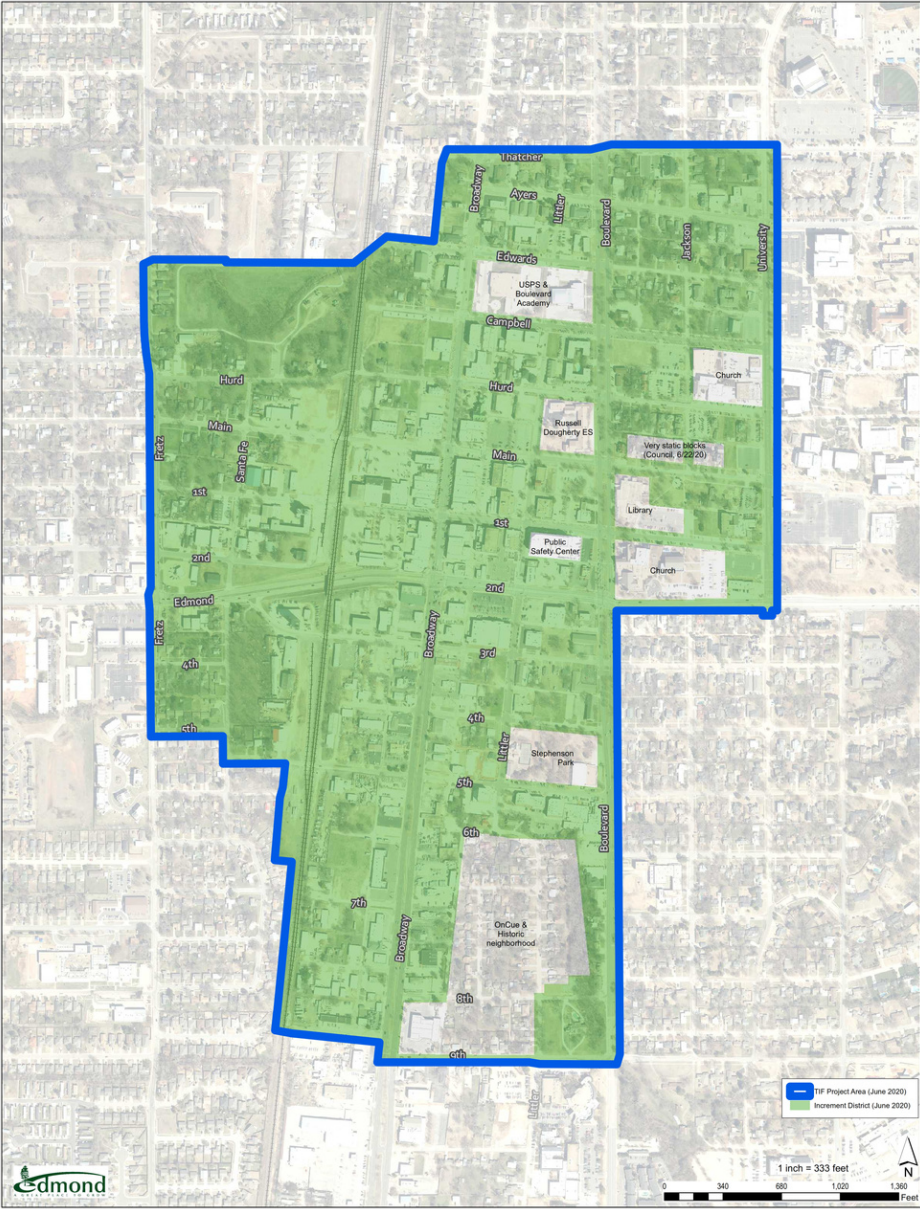
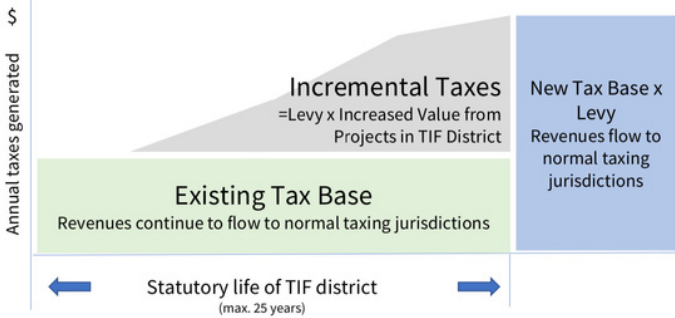
Developers are encouraged to locate projects in areas that align with the city's master plan and upgrade the quality of infrastructure improvements benefiting development that would not be possible if not for TIF assistance. **The TIF District creates jobs in several different industries within the City of Edmond that would not have been realized without TIF.**

**PROOF OF SUCCESS:**

Approved and in Process Projects:

- 103 Broadway - mixed use, residential, office and retail
  - The Oxley - 270 unit multi family project including a parking garage
  - The Lark - 41 luxury modern cottages at Fretz and 1st
  - The Ember - 23 home pocket neighborhood at Blvd and 9th
  - The Campbell - two buildings, mix of 75 apartment units and commercial space
  - The Townsend - 23 residential units, office and retail on Stephenson Park
  - Broadway Lofts - up to 200 residential units on Broadway and Campbell
- Representing almost \$200 Million in new development for downtown Edmond with more development in sight.

# TIF Model



Edmond Alliance 2050 is a 501(c)(4) organization committed to working together to support good policy and good policy makers for the future of Edmond.