

THE PEARL DISTRICT NEIGHORHOOD ECONOMIC DEVELOPMENT PROJECT PLAN

PREPARED BY:



THE CITY OF TULSA, OKLAHOMA

AND

THE TULSA AUTHORITY FOR ECONOMIC OPPORTUNITY

THE PEARL DISTRICT NEIGHBORHOOD ECONOMIC DEVELOPMENT PROJECT PLAN

I. DESCRIPTION OF THE PROJECT

The Pearl District Neighborhood Economic Development Project Plan is a project plan as defined under the Oklahoma Local Development Act, 62 O.S. § 850, *et seq.* (“Act”), and is referred to here as the “Project Plan.” The Project is being undertaken by the City of Tulsa, Oklahoma (“City”) to revitalize the Pearl District Neighborhood and surrounding areas. The Pearl District serves as a primary gateway between Downtown Tulsa and two of the city’s vibrant areas: Kendall Whittier and the Market District. Its redevelopment presents an opportunity to increase density in the Pearl District and deliver hundreds of multifamily units near Tulsa’s urban core. Developments within the Project area are contemplated to include multifamily housing, structured parking, hotel, hospitality, and retail components valued at approximately \$200,000,000. Additionally, the sites present a unique opportunity to provide parking adequate to support further private development among the corridors.

The City adopted the Pearl District Neighborhood Sector Plan in 2019 and the Tulsa Metropolitan Area Planning Commission adopted the Pearl District Small Area Plan (“Pearl District Small Area Plan”) in 2019. The Pearl District Small Area Plan listed four priorities:

Priority 1: Stabilize and revitalize existing residential areas, promote homeownership and housing affordability, and increase housing choice.

Priority 2: Promote development that retains existing businesses and increases employment, mixed-use, commercial and retail opportunities.

Priority 3: Increase safety and security throughout the Pearl District.

Priority 4: Improve targeted infrastructure to support health and wellness and catalyze development.

The Project Plan seeks to provide an economic structure and funding mechanism authorized by the Act for a substantial portion of the public investment necessary to implement the priorities and goals identified in the Pearl District Small Area Plan (“Small Area Plan”) and to generate additional private investment throughout the Project Area. Public investments are planned to include approved public infrastructure, development financing assistance and support for public education. The Project Plan, in Section IX(C) authorizes a revenue sharing formula to support the Tulsa Public Schools (Independent School District NO. I-1). Funding for these public investments will be generated primarily by the implementation of the Increment District.

II. BOUNDARIES OF PROJECT AREA AND INCREMENT DISTRICT

The Project Area is the area in which project activities will take place and project expenditures may be made. The Project area is generally located east of US Highway 75 and Inner Dispersal Loop, South of the I-244 Expressway, North of 11th Street South, and West of South Utica Avenue. The Project Area boundaries are described on Exhibit A.

The Increment District is the area from which the increment is generated. The Project Plan establishes boundaries for one Increment District. The boundaries of the Increment District are described on Exhibit B. The Increment District is labeled A on Exhibit B and will be assigned a number (e.g., Increment District No 24) in the order they become effective by action of the Tulsa City Council as described in Section VIII below and as required by §856(B)(3). The Project Area and Increment District are depicted on Exhibit C.

III. ELIGIBILITY OF PROJECT AREA

The Project Area is an enterprise area. It lies within an enterprise zone, designated by the Oklahoma Department of Commerce to be in a disadvantaged portion of the City of Tulsa. Further, the Project Area is a reinvestment area, as defined by the Act. Public improvements are required to serve as a catalyst to reverse economic stagnation or decline and to preserve and enhance the tax base.

Investment, development, and economic growth in the area are difficult, but possible if the provisions of the Act are used. The Project Area is unproductive, undeveloped, underdeveloped, or blighted within the meaning of Article 10, §6C of the Oklahoma Constitution, and suffers from conditions which make development difficult without intervention.

IV. OBJECTIVES

The purpose of the Project Plan and the supporting Increment Districts is to support the redevelopment of the Pearl District neighborhood through multiple types of private investment, including but not limited to residential structures, commercial developments, and high-quality mixed-use developments, as described in Section I above. Additionally, the Increment District is intended to support the creation of new housing units within the Project Area, at various levels of affordability. Increment tax revenues apportioned from the Increment District will be used to pay for private and public costs of projects that support the following objectives:

- A. To provide a funding mechanism for a substantial portion of the local public investment required to fund identified public infrastructure for the Project Area.
- B. To support the development of housing in a variety of types and with a range of prices, including housing that meets the goals of the Neighborhood Infill Overlay District (2021) and is affordable to residents with incomes at or below the area median.

- C. To fund implementation of adopted plans and policies related to development including the Small Area Plan, the Tulsa Affordable Housing Strategy (2019), the Downtown and Surrounding Neighborhoods Housing Study and Strategy (2020), the Tulsa Citywide Housing Assessment (2023), and the 2024 Citywide Housing Strategy (2024).
- D. To repurpose and activate vacant and underutilized property and support revitalization of existing historic resources and structures.

V. STATEMENT OF PRINCIPAL ACTIONS

Implementation actions for the project, including all necessary, appropriate and supportive steps, will consist principally of the following:

- A. Project planning, design, and approval.
- B. Leveraging private development, including single-family residential, multifamily, mixed-use, and commercial, pursuant to development or redevelopment agreements with the Tulsa Authority for Economic Opportunity, a public trust ("Authority") or other public trust designated by the City.
- C. Assisting the financing of other public development costs and facilities, including without limitation planning, financing, acquisition, construction, and long-term leasing or disposition of property and public facilities pursuant to development or redevelopment agreements with private developers or designated public entities, and providing for development of public or private facilities to be financed in whole or in part by apportioned tax increments from the Increment District created pursuant to this Project Plan.
- D. Financing authorized project costs in support of economic development and neighborhood revitalization within the Project Area.
- E. Distribution of a portion of the ad valorem increment to Tulsa Public Schools (Independent School District I-1).

VI. ESTABLISHMENT OF INCREMENT DISTRICT

This Project Plan establishes an ad valorem increment district. The Increment District has been temporarily identified as "Increment District A" for purposes of this Project Plan, and will be assigned a number (e.g., Increment District No.) when it becomes effective by subsequent action of the Tulsa City Council in accordance with Section 856(B)(2)-(3) of the Act.

The ad valorem increment shall be those ad valorem taxes from Increment District A in excess of the taxes produced by the base assessed value of Increment District A, as determined by the Tulsa County Assessor in accordance with Section 862 of the Act.

VII. OVERSIGHT AND APPROVAL OF INCREMENT REVENUES FOR PROJECT COSTS

A. OVERSIGHT PROCEDURES

Prior to expenditure of funds from any Increment District established under this Project Plan, the proposed budgetary allocation of increment shall be considered and approved in accordance with the procedures contained in this Section VII.

B. INITIATION OF THE CONSIDERATION AND APPROVAL PROCESS

Initiation of the consideration and approval of expenditures from the TIF shall be undertaken by staff of the city and the authority, acting under such procedures as each may prescribe from time to time.

C. STAFF ADVISORY EVALUATION

After initiation of the consideration and approval process as provided in Section VII (B), the proposed budgetary allocation for providing assistance in development financing or other expenditures authorized by this plan shall be submitted to a staff advisory committee, chaired by the Director of Economic Development of the City, a representative from the City's Finance Department, the Department of Planning and Neighborhoods, the Legal Department, as well as a representative of the Authority. the Staff Advisory Committee shall review and evaluate budgetary allocations in light of:

- project objectives, and
- cost reasonableness, and
- Funding availability.

The staff advisory committee will determine which budgetary allocations shall be forwarded to the Tulsa Authority for Economic Opportunity.

D. TULSA AUTHORITY FOR ECONOMIC OPPORTUNITY ACTION AND APPROVAL OF DEVELOPMENT AGREEMENT

Upon receipt of the recommendation of the Staff Advisory Committee, or if no recommendation is received within a 60-day period, the Authority for Economic Opportunity may consider the budget allocation, and approve, deny, or modify such proposal.

VIII. PROJECT AND INCREMENT DISTRICT AUTHORIZATIONS

- A. The City is designated and authorized as the principal public entity to carry out and administer the provisions of this Project plan and to exercise all powers necessary or appropriate thereto as provided in Section 854 of the Act.
- B. The Authority, or another public entity designated by the City, is authorized and designated to carry out those provisions of the project related to issuance of bonds or notes as provided in Sections 854(3) and 863 of the Act, subject to approval of the governing body of the City and any specific notes or bonds. The Authority is authorized to assist in carrying out this Project Plan and to exercise all powers necessary or appropriate thereto pursuant to Section 854 of the Act, except for approval of this Project Plan and those powers enumerated in paragraphs

1, 2, 3, 4, 7, 13 and 16 of Section 854. As a public entity designated by the City, the Authority, or another public entity designated by the City, is authorized to: (1) issue tax apportionment bonds or notes, or both; (2) pledge revenues from current and future fiscal years to repayment; (3) incur Project Costs pursuant to Section IX of this Project Plan; (4) provide funds to or reimburse the City for the payment of Project Costs and other costs incurred in support of the implementation of the project; and (5) incur the cost of issuance of bonds for payment of such costs and to accumulate appropriate reserves, if any, in connection with them. As authorized in Section VI(C) above, during each respective period of apportionment, the apportionment fund shall constitute funds of the Authority, or an alternative entity authorized by the City for that Increment District and shall not constitute part of the general fund to be apportioned annually by the City Council.

- C. The Executive Director of the Authority or another designee of the Authority shall be their person in charge of implementation of the Project Plan in accordance with the provisions, authorizations, and respective delegations of responsibilities contained in this Project Plan.

IX. BUDGET OF ESTIMATED PROJECT COSTS TO BE FINANCED BY TAXES APPORTIONED FROM THE INCREMENT DISTRICT

- A. The Project Costs will be financed by the apportionment of ad valorem increments from the Increment Districts. The Project Costs categories are:

| | |
|---|------------------------|
| Public Improvements and Infrastructure | \$28,000,000.00 |
| Development Financing Assistance ¹ | \$55,000,000.00 |
| TOTAL PROJECT COSTS: | \$83,000,000.00 |

- B. The tax increment revenues expected to be generated from the Increment Districts authorized for payment of Projects Costs within the Project Area are as follows:

| | |
|----------------------|------------------------|
| Increment District A | \$96,000,000.00 |
| TOTAL: | \$96,000,000.00 |

Projects Costs do not include the specific revenues source for Tulsa Public Schools described in Section IX(C) below, but do include administrative and implementation costs equal to four percent (4) of the annual ad valorem tax increments up to the amount described in paragraph "A".

^{1 1} It is not the intention of this Project Plan to authorize the use of incremental revenues collected in an Increment District to be used to fund development assistance for a project in another Increment District.

- C. Ten percent (10%) of the ad valorem increment from Increment A shall be apportioned to Tulsa Public Schools (Independent School District Number One) on an ongoing basis as a specific revenue source for a public entity in the area in accordance with Section 853(9) to be utilized to enhance its programs, mission, and services. The educational objectives to be funded from such apportioned revenues constitute the Public Schools Enhancement Program. The Public Schools Enhancement Program includes the development of public-school facilities and assistance for public school programs. During the effective lives of the Increment Districts, the 10% specific revenue stream should provide Tulsa Public Schools with revenues averaging \$130,333.00 annually in the near term and up to \$543,000.00 annually over the long term.
- D. Public Improvements consist of specifically but not limited to environmental remediation, demolition and clearance of acquired property for uses consistent with this Plan, transportation improvements (e.g., road construction and widening, etc.); infrastructure improvements (e.g., water system, sanitary sewer, storm drainage, sidewalks, utility relocation, etc.); and public amenities (e.g., streetscapes, landscaping, lighting, water features, parks and other public spaces, etc.).
- E. Assistance in Development Financing consists of public support provided to a private developer pursuant to a legally enforceable Development Agreement to ensure the delivery of the project, or specific portions thereof. Assistance in development financing will be provided only for projects that are determined, in the City's discretion: (1) to meet the City's approved development goals and objectives for the Project Area, as expressed from time to time in the City's plans and policies, and (2) to provide adequate consideration and public benefit in return for the public investment.
- F. Additional costs necessary or appropriate to implement this Project Plan that are to be financed by other than apportioned tax increments may be approved by the City at any time. The provisions of this Section IX are not a limitation on project related costs to be financed by sources other than apportioned tax increments.

X. FINANCING PLAN AND REVENUE SOURCES

A. FINANCING PLAN

Some Project Costs, in anticipation of private investment, may be financed and funded by the City from apportioned tax increments or from sources other than apportioned tax increments, which may be reimbursed once increment is generated by the development within an Increment District. Private developers within the Project Area may be required to construct the necessary improvements for specific projects at their initial expense, and the financing of such private developments will be provided by private equity and private financing. Most Project Costs incurred in connection with the implementation of this Project Plan will be financed on a pay-as-you-go basis.

B. FINANCING AUTHORIZATIONS

The implementation of the Project Plan shall be financed in accordance with financial authorizations, including both fund and asset transfers, authorized from time to time by the City and/or the Authority, as appropriate.

C. FINANCING REVENUE SOURCES

The revenue sources expected to finance Project Costs authorized by Section IX are the portion of the increments attributable to investment and development within the Increment Districts. Project Costs will be paid by the City and/or the Authority. Increment generated from within the Increment Districts will provide the funding of Project Costs to be paid by the City and/or Authority.

D. FINANCIAL REPORTS AND AUDITS.

The development activities undertaken by the City, pursuant to this Project Plan, shall be accounted for and reported by the appropriate and necessary annual fiscal year audits and reports.

E. OTHER NECESSARY AND SUPPORTING COSTS.

The Authority, or another public entity designated by the City, is authorized to issue bonds and notes and to apply for and obtain grants from other sources for costs incurred or to be incurred in connection with the project and the construction of improvements therein in addition to Project Costs to be financed pursuant to Section IX.

XI. ESTIMATED PRIVATE AND PUBLIC INVESTMENTS STIMULATED BY THE PROJECT, AND ASSOCIATED FINANCIAL IMPACTS

A. ESTIMATED PRIVATE AND PUBLIC INVESTMENTS EXPECTED FROM THE PROJECT AND INCREMENT DISTRICT

Given the scope of the project objectives, the density of the desired development, and the timeframe for implementation of the project, the total private investment is anticipated to approach two hundred million dollars over the life of the Project Plan. These private investments are in addition to an estimated twenty-eight million dollars in aggregate public investment.

B. PUBLIC REVENUES ESTIMATED TO ACCRUE FROM THE PROJECT AND INCREMENT DISTRICTS

The estimated incremental increases in ad valorem tax revenue, which will serve as the revenue source for financing the Project Costs authorized by Section IX, is the public revenue directly attributable to the project defined by establishment of the Increment District. Both the City and the State will experience increases in tax revenues that are not a part of the Increment Districts. Ad valorem taxing entities will experience additional revenues from increasing values of the Project Area and other property near the project.

This increased development is estimated to increase market and assessed values for property within the Increment District which, in turn, will result in increases in annual ad valorem tax revenues ("ad valorem increments") of approximately \$1,330,300.00 to \$5,421,000.00 over the term of the Project Plan.

The total incremental revenues estimated to be generated over the 25-year lifespan of the Increment Districts approach \$96,000,000.00.

The private development is anticipated to result in slight increases in demand for services by or in costs to several of the affected taxing entities. The impacts on business activities within the Increment Districts are positive. The economic benefits of the project are positive for the City, for business activities, and for the community as a whole, including the affected taxing jurisdictions. The aggregate impacts on the City from implementation of the Project Plan are positive and include the achievement of the objectives set forth in Section IV.

C. ECONOMIC IMPACT ON BUSINESS ACTIVITIES

The economic benefits of the project for the City and the affected taxing jurisdictions indicate positive financial impacts for the community as a whole. The aggregate impacts on the City from implementation of the Project Plan are positive and include the achievement of the objectives set forth in Section IV. With the addition of a sizable number of multifamily housing units, structured parking, and hotel and hospitality and retail components, business activities in the downtown, 11th Street corridor, and existing Pearl District entities will experience increased traffic and sales revenue.

D. FINANCIAL IMPACTS ON TAXING JURISDICTIONS

The development anticipated by the project will not result in a measurable increase in demand for services by or in costs to the affected taxing entities, whose public sector costs will be substantially defrayed from apportioned tax increments derived from development within the increment district.

i. Tulsa Public Schools

The type of development anticipated may slightly increase demand upon services for Tulsa Public Schools (“TPS”). There are multifamily residential properties that may draw families in addition to single people and couples without children. However, if the anticipated residential developments do eventually increase the demand for services upon the public schools, the 10% specific revenue stream outlined in Section IX above will more than account for the financial impact of such an increase because those revenues are not offset in TPS’s state school aid calculations.

To illustrate fully the positive net impacts of the 10% specific revenue source that will be allocated to TPS, consider that, without an increment district and without taking into account offsets in the state school aid formula, TPS currently receives approximately \$0.53 out of every ad valorem tax dollar collected within its jurisdiction². However, sinking fund levies are not available for operating purposes (and levies are always calculated to be sufficient to amortize debt), so only \$0.35 of every ad valorem tax dollar collected is available for TPS operating purposes.³ When

²69.14 = total TPS mill levy, including sinking fund and allocated county wide 4-mill; 129.51= total mill levy; 69.14/129.51 = 53.38% = TPS’s overall percentage share of tax dollars for all purposes.

³41.20 = TPS operating levies (does not include sinking fund but includes countywide 4-mill); 129.51 = total mill levy; 41.20/129.51 = 31.81% = TPS’s percentage share of tax dollars for operating purposes.

taking into account offsets in state school funding, the net benefit TPS receives from every ad valorem tax dollar collected decreases further to \$0.05.⁴ With the proposed Project and Increment District A, TPS will continue to receive \$0.35 (\$0.05 net of school aid offsets) out of every tax dollar for operating purposes from values up to the each Increment District's base assessed value, and, in addition, TPS will receive an apportioned revenue stream from taxes generated above the based assessed value in the amount of \$0.10 of every tax increment dollar from the proposed increment district. Each tax increment dollar apportioned to TPS, specifically, is worth two times the value of a non-increment dollar derived through ordinary ad valorem processes when accounting for state school aid offsets. Specific revenue sources under a Project Plan consist of project funds to be used for purposes of the Project Plan and are appropriately classified as non-ad valorem revenue (such as gifts, grants, or donations), and are not subject to offset in the state school aid formula.

| | Amount Collected | TPS Operational Share | |
|---------------------|------------------|--|--|
| | | <i>TPS Operational + Building Shares</i> | <i>TPS Operational + Building Shares Net of School Aid Offsets</i> |
| Ad Valorem | \$100 | \$32 | \$5 |
| Incremental Revenue | \$100 | \$10 | \$10 |

ii. Tulsa County

No specific measurable demand for increased services upon Tulsa County is anticipated to result from this Project.

iii. Tulsa Health Department

No specific measurable demand for increased services upon Tulsa County is anticipated to result from this project.

iv. Tulsa City-County Library

The Central Library facility serves the entire metropolitan area. Additionally, the Kendall-Whittier and Rudisill Regional branches are in close proximity to the Project Area. The residential portion of the Project may contribute to the immediate, day-to-day clientele of the library system, but the proposed commercial portion of the Project will likely not contribute directly.

⁴ By offsetting TPS's 15.45-mill certification of need levy and 75% of the countywide 4-mill levy in its Foundation Aid calculation, and a theoretical 20-mill levy in its Salary Incentive Aid calculation, the state school aid formula effectively offsets 85% of TPS's non-sinking fund ad valorem revenue, with the end result that TPS's net effective operating mill levy is only 6.75 mills, which is only 5.2% of the total 2024 mill levy of 129.51 mills.

v. *Tulsa Technology Center*

The nature of the project makes it likely to create some increased demand for educational services and training by Tulsa Technology Center. Any increased demand for services and job training occasioned by the project is likely to be complementary in its impact.

vi. *Tulsa Community College*

The residential portion of the Project may generate increased demand for educational services from Tulsa Community College, but the commercial portion will be unlikely to generate any increased demand upon services for Tulsa Community College.

E. LAND USE

Existing uses and conditions of real property in the Project Area are shown on the attached Exhibit D. A map showing the proposed improvements to and proposed uses of the real property in the Project Area are shown on the attached Exhibit E. No changes in the Comprehensive Plan are necessary to accommodate the project.

EXHIBIT A: PROJECT AREA LEGAL DESCRIPTION

Beginning at the intersection of the eastern right of way of S Utica Ave and the southern right of way line of I-244; thence continuing south along the eastern right of way line of S Utica to the southern right of way of E 11th St S; thence west along the southern right of way of E 11th St S approximately 2580 feet to the western right of way of S Peoria Ave; thence north along the western right of way line of S Peoria Ave to the intersection of S Peoria Ave and southern right of way of E 6th St S; thence west along the southern right of way line of E 6th St S for approximately 1047 feet to the intersection of E 6th St S and eastern US 75 right of way; thence north along the eastern US-75 right of way line to the southern right of way line of I-244; thence east along the southern right of way line of I-244 to the point of beginning.

EXHIBIT B: PROJECT AREA LEGAL DESCRIPTION

TIF "A"

Beginning at the intersection of the eastern right of way of S Utica Ave and the southern right of way line of I-244; thence continuing south along the eastern right of way line of S Utica to the southern right of way of E 11th St S; thence west along the southern right of way of E 11th St S approximately 2580 feet to the western right of way of S Peoria Ave; thence north along the western right of way line of S Peoria Ave to the intersection of S Peoria Ave and southern right of way of E 6th St S; thence west along the southern right of way line of E 6th St S for approximately 1047 feet to the intersection of E 6th St S and eastern US 75 right of way; thence north along the eastern US-75 right of way line to the southern right of way line of I-244; thence east along the southern right of way line of I-244 to the point of beginning.

EXHIBIT C: PROJECT AREA AND INCREMENT DISTRICT MAP



EXHIBIT D: EXISTING USES AND CONDITIONS

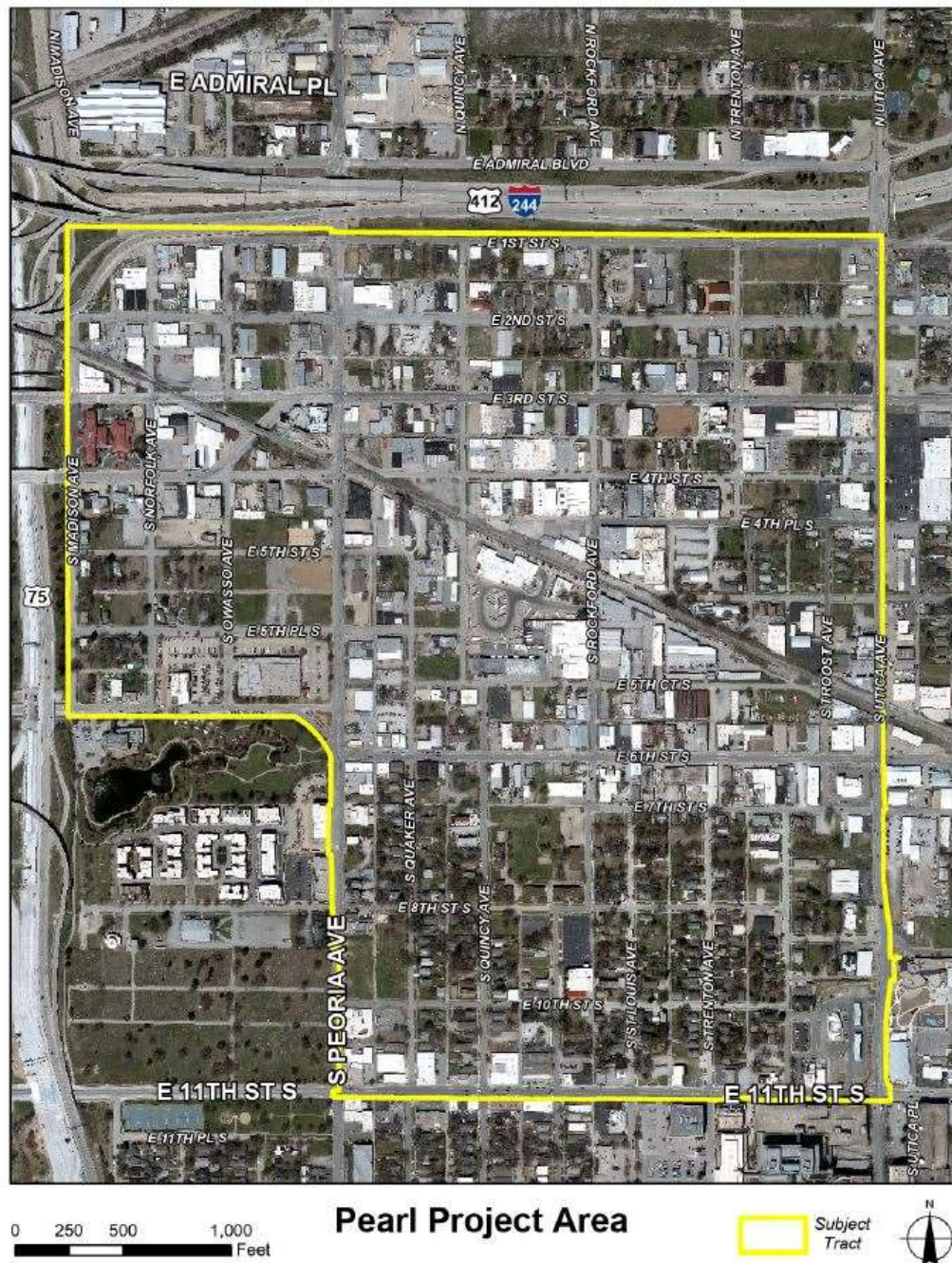


EXHIBIT E: PROPOSED USES AND IMPROVEMENTS

