

Report on Oklahoma City Delegation Visit to Anchorage

(December 6-8, 2016)

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I. Introduction

Anchorage is the largest city in a state that depends on resource extraction for a majority of its revenue. The precipitous drop in oil prices over the past 18 months is presenting an economic headwind unlike anything we have experienced in our state since the oil price crash of the mid-1980s.

At the micro level, the economic expansion that followed the construction of the Trans-Alaska Pipeline in the 1970s resulted in rapid housing and commercial growth in Anchorage that was typically built quickly, poorly, and changed the nature of established neighborhoods. Land use and planning efforts for the past 15 years have focused on fixing the mistake of the past, reintroducing good planning to Anchorage, and revitalizing the neighborhoods built during this boom.

Also, the housing supply has not kept pace with even our modest population growth. In 2012, the McDowell Group published its “Anchorage Housing Market Analysis,” highlighting the significant shortage of housing supply, especially in the area of multi-family and compact housing. Since 2009, actual housing development has lagged, producing approximately a third of the needed units. As a result, Anchorage is one of the top 15 most expensive housing markets in the nation, and a larger percent of the housing stock is outdated, nearing obsolescence, and ill-suited to meet the needs of our changing demographics.

Many factors are affecting the housing supply, including the fact that costs in Anchorage create a significant feasibility gap for medium and high density housing. The McDowell Group identified regulatory processes as one factor that local government could directly and quickly correct: “Seek ways to further streamline development regulations and the permit process.”

Housing development is slowed by disjointed regulatory processes, observed McDowell, and made overly complicated through its rigid land use and development codes.

In August of 2015, the Rasmuson Foundation organized an Anchorage delegation of public and private sector housing advocates to visit Wichita, Kansas and Oklahoma City, Oklahoma. The trip was an opportunity for the participants to learn about the tools, partnerships, and strategies that these two communities were utilizing to jump-start housing and redevelopment in their downtown districts and targeted infill neighborhoods.

In December of 2016, many of the key contacts from Oklahoma City travelled to Anchorage for a follow-up visit. While Anchorage and Oklahoma City are different communities, both share an economic foundation of resource extraction, both are weathering the headwinds of depressed resource prices, and both are striving to implement comprehensive strategies to make their communities great places to live, work, and play. Oklahoma City began a process of concerted investment in its future during the 1990s, and its representatives offered a wealth of information about how to approach the process.

This delegation from Oklahoma City was made up of both public and private-sector professionals, all of whom work hand-in-hand to facilitate good development projects for their city. As was evidenced during the visit to Oklahoma City (and Wichita), developers, businesses, nonprofits, and city government all work together with an enviable degree of trust and willingness to “work together.”

We asked them: “What would OKC do if you were in ANC’s shoes today?”

II. General Themes from OKC Delegation:

Throughout three days of meetings and presentations with stakeholders in Anchorage, the same themes continued to reappear:

Focus on Downtown

Great cities have great downtowns. Focus on downtown first and make it a great place to be. Downtown is the part of town that belongs to all of us. Anchorage needs to develop a downtown where people want to live—do this by bringing things people want to downtown, activities and events that draw people in.

Start by building great housing to make Anchorage a desirable place to live

Housing must come first: If we want our downtown to be a vibrant place to live, work and play Anchorage must focus first on building excellent housing, then on bringing other services and amenities to the area.

Lead by Example

Anchorage residents must lead the way when it comes to investing in our city. To thrive and grow, we will need to convince outside businesses and developers to partner with us and invest in Anchorage. New investors will not come to the table without seeing the Muni and Anchorage residents making an investment of our own in the future of our city.

Embrace Anchorage's Fiscally Conservative Nature

Anchorage is a fundamentally conservative place. Residents are wary of changes that might hit their pocketbooks harder than they expect. To make badly needed investments in our future, we will need to embrace our conservative roots and build trust by showing examples of good financial management over the long run.

At every turn, ask women what they want

Women drive decisions in the home and the workplace. Women research their options and choose places to live and work based on what appeals most to them. They are thought leaders within their families and cities that do not anticipate their needs will not succeed.

III. Action Items for Anchorage:

In addition to the broad themes and recommendations discussed above from the Oklahoma City delegation, the group identified several action items in their meetings with various Anchorage groups and stakeholders. These actions are grouped into three categories: actions that are *citywide* in their approach, actions that are focused on the *municipal government*, and actions that focused on the broad coalition of *development/redevelopment partners*:

CITYWIDE:

Think big for the future.

Anchorage needs to act in a big way to create and maintain a place where the next generation wants to raise families. Big projects catalyze layers of improvement in an area: street improvements spur water improvements and project elements tend to pile on to get maximum value from an initial investment. Large projects also require more local amenities and more workers, who will want to live downtown close to work if quality housing is affordable nearby.

Anchorage should first look to places where our infrastructure and public-use facilities are due for renewal and replacement. Also consider showcasing a successful project in an area of town where local community members might be favorably disposed to something new and different—find a part of town in which opposition to change is less vehement.

In Oklahoma City, major projects funded by the Metropolitan Area Projects (MAPS) tax satisfy the conservative city's residents in a number of ways. The city earns the dollars used to pay for projects in advance; only beginning work on the projects after dollars hit the city coffers. It takes a concerted effort to manage resident expectations about the timeline of progress under this system because the funding takes time to build up before it can be spent, but most people understand the concept of "saving up."

To begin, Anchorage needs an influential public figure or coalition to be the standard-bearer for the first projects. This person or group must accept some public risk to get incentive programs and development going. This person or group should use survey and polling data from residents to find out what they want, then drill down into who votes and appeal directly to active subgroups of voters for approval.

After carrying out initial obligations on time and within budget, coalition leaders need to be aggressive in promoting this success to build public support for additional investments.

MUNICIPAL GOVERNMENT:

Take another look at Anchorage's regulatory environment.

The Municipality must treat residents and developers as customers during the permitting and development process. Residents and developers should be able to work with permitting staff in a collaborative way and maintain a conversation back and forth that assumes the end goal will be a solution that works for both parties.

This requires a trust relationship that must be built over time, but there are a few steps Anchorage can take to move in the right direction.

Consider adjusting planning and zoning guidelines based on geography. In OKC, the regulatory environment is built around specific design guidelines. Development guidelines for the downtown and revitalization areas are more form-based than use-based. The rest of the city is use-based, but areas targeted for redevelopment follow a light form-based system with incentives.

It is important to build predictability into the planning and permitting process and requirements. Developers and planning staff both need to know why the parts of the process are important. City leadership must encourage municipal development staff to learn, make mistakes and keep going without creating a culture of fear of failure.

MUNICIPAL GOVERNMENT:

Create a permitting Accountability Center.

When they needed to streamline their permitting process, OKC created an “Accountability Center.” The Center is made up of team members from each of the city divisions / departments who are responsible for development and they all report to the Accountability Center director. All development applications are routed through this Accountability Center and the Director has final approval / denial powers. Accountability Center staff members each coordinate with their respective larger divisions / departments within the city government, but this centralized system makes the process quicker and more reliable. This not only helps cut down on public frustration and confusion, it gives permit staff more consistent answers over a period of time.

MUNICIPAL GOVERNMENT:

Make the public process more accessible, predictable.

The OKC delegation recommended holding some or all Assembly and Planning & Zoning Commission meetings during business hours in order to cut down on municipal overtime costs and encourage participation by the residents who are unlikely to attend evening meetings due to family obligations.

The OKC delegation also suggested addressing delays in permitting by reassessing whether some public meetings that are required for project approval could be held more frequently during our brief but frenetic summer construction months. Anchorage faces a unique summer time challenge in that the city clears out on sunny evenings and weekends. Most Community Councils do not hold meetings in June, July or August. It is challenging to muster meaningful participation in community decision-making processes during the months in which most of Anchorage’s construction occurs. This draws out project development timelines by months and sometimes years, adding cost to projects that already have trouble penciling out economically.

MUNICIPAL GOVERNMENT:

Build trust between residents, city planning staff and developers.

The OKC delegation was struck by a consistent message they heard from the many different people they met. Everyone wanted to find a stronger common ground to work from in the future when it comes to development in Anchorage. Building trust between residents, city planning staff and developers was a clear priority for Anchorage. Some suggestions OKC made, based on their own experience, were:

- Consider appointing a liaison or ombudsman for developers and residents to help track the progress of progress going through the planning and zoning process and keep projects on track.
- Identify and call on knowledgeable and respected people in the community who have the personality to be good facilitators/bridge builders to host informal and indirect conversations between different cross-sections of the community.
- Host an annual “Mayor’s Round Table” event with the theme of development. This might fit in well with the mayor’s annual “state of the city” address. At the round table, the mayor could bring in noted speakers to draw a crowd, showcase local projects that are happening downtown and or that are fueling downtown, and present awards to those who have furthered responsible, community-oriented development.
- Consider starting a local Urban Land Institute (ULI) chapter.
 - Members might include city staff, elected officials, volunteers, developers, brokers, hotel and tourism stakeholders, business owners, bankers, and students.
 - Support young leaders by providing discount memberships and sponsoring their events and initiatives.
 - Plan lunch and learns on industry topics.
 - Coordinate informal conversations for younger members with older developer, brokers, business owners, bankers, etc. who can tell about the hard times of the past and how the city worked its way out of the slump.
 - Coordinate field trips for local delegations to cities like Anchorage through ULI.

MUNICIPAL GOVERNMENT:

Commit to improving downtown in the near term.

The group made specific observations about our downtown and suggested that Anchorage begin with these steps:

- Strengthen the Anchorage Community Development Authority and use it to assemble blocks of land that are useful for furthering the vision of a great downtown.
- Create amenity-rich downtown housing. Over time, as downtown housing fills, redevelop older and less efficient housing around town.

- Offer public subsidies or incentives to developers to incorporate appropriate parking into projects. For residential parking downtown, consider whether downtown dwellers need as much dedicated on-site parking as those living outside the downtown core. Maintain publically owned parking and encourage its use.
- Explore development of “Texas Doughnut” style buildings, also know as “wrap” buildings, for their efficiency.
- Identify ways to bring currently untaxed entities in downtown onto tax rolls to support downtown development.
- Tax surface parking lots downtown and create “free” parking in certain areas downtown—if residents park and then visit certain venues or events they can get parking validated.
- Bring back the City of Lights and Flowers. Large scale winter lighting, especially downtown, transforms buildings and spaces.
- Improve downtown park(s).

MUNICIPAL GOVERNMENT:

Pass a minimal, time-limited sales tax and use it to make downtown improvements.

This would mirror the approach taken in OKC with the MAPS projects. Some projects suggested by the OKC delegation included:

- Rebuild and improve access to and across the greenbelt
- Build indoor Junior Hockey facilities all along the greenbelt
- Build an indoor municipal swimming pool downtown
- Build an ice skating trail along the greenbelt
- Build an indoor amateur rugby/soccer/field hockey/lacrosse facility
- Build indoor basketball facilities
- Create snow tubing runs
- Create sledding runs
- Continue improving Town square park

MUNICIPAL GOVERNMENT:

Improve transportation network in and into downtown.

The OKC delegation recognized the inherent challenges of downtown Anchorage’s one-way street network because of their past experience with similar corridors in OKC. Based on their experience with massive conversions of their downtown streets from one-way to two-way, the OKC delegation recommended a similar exercise for Anchorage. This may mean taking control of AK DOT&PF roadways to bring the Muni the ability to bond for improvements to these roadways.

They also recommend strengthening the transportation connections and corridors between downtown and midtown (the “barbell” analogy) to anticipate further redevelopment and growth into midtown in the future.

MUNICIPAL GOVERNMENT:

Acquire, utilize public land.

City-owned land up for development has been crucial for the OKC process of revitalization. OKC was able to use federal Urban Renewal program to acquire a lot of property and make it available for redevelopment.

MUNICIPAL GOVERNMENT:

Explore using HUD 221D4 financing to help bridge housing costs gap.

Utilize HUD 221D4 financing. Work with an experienced 221D4 developer from the Lower 48 for success, and combine projects in order to achieve the scale required in order to access the program financing. HUD prefers to work with an experienced developer on these projects.

DEVELOPMENT/REDEVELOPMENT PARTNERS:

Continue working toward the creation of a TIF (Tax Increment Finance) program.

Create a Tax Increment Finance (TIF) program and districts in Anchorage. Authority for this exists in State statute, but it has been argued that it conflicts with AK Constitutional provisions re: allocating income for specific purposes.

The bottom line about financing incentives like this is that they must be “performance based” in order for them to make sense Anchorage’s fiscally conservative taxpayers.

Anchorage’s TIF program would need to work for Anchorage. The city should compare different TIF structures established in OKC, San Antonio and other places to draw components that work here, making sure the Muni policy leaves flexibility and options. If it is too strict, it won’t work with the housing and development markets and will never be used. The model of staffing for a TIF office within the Muni will be different depending on which structure is selected. The method San Antonio uses is not staff-intensive because it essentially assigns a “flat-rate” incentive for development based on few factors. OKC’s model requires skilled staff to review projects in detail and determine incentives on a case-by-case basis.

DEVELOPMENT/REDEVELOPMENT PARTNERS:

Look outside of Alaska.

Examine other urban centers we resemble and make comparisons. Don’t copy other places, but look for ideas and what works well and what doesn’t in these other, similar places.

IV. OKC Delegation Action Plan: A Housing Concept for Anchorage

WHAT?

A **housing stimulus** for Downtown Anchorage: 1,000 units over 5 years.

WHY?

- Downtown is the heart of a community, the one neighborhood everyone shares in common. Its health guides the health of the rest of the community.
- Downtown is a tourism driver for the community (and the state)
- Anchorage is able to attract a young workforce due to beauty and activity, but lacks a live-work-play housing supply to reliably retain that cohort.
- Downtown offers one of the best potential mixed-use, walkable environments in the city.
- Few people live downtown at present, thus (potentially) reducing protests to large amounts of high-density housing.
- TIF is a potential tool for new housing, but legal issues sideline the tool for the moment, the stimulus represents an action while the issues with TIF are worked out.
- New, Class A multi-family in a centralized location should stabilize rents in B and C spaces in peripheral locations, where residents want lower density but are fighting it because land opportunity for new construction is in existing neighborhoods.

How?

- Currently, a massive gap exists between cost to construct vs. income from rent/sale
 - Typical gap for projects = 30%
 - Typical cost: \$250,000 - \$300,000 per unit (w/structured parking) = \$60-75k gap.
- CITY: issue a GO-backed Housing Bond, designed for gap funding.
 - 20% to Gap Financing = 1,000 units = \$40-50 million bond issue.
 - Property Taxes @ 1.5% equal a 15-20 year pay back (depending on parking revenue) on bond issue via property tax generation.
- ACDA: bond financing, for single or mixed-tenant garages adjacent to new housing.
 - 10% to parking = \$20-25 million for 1,000 spaces, new or existing capacity.
- ACDA: use of existing garages (or new mixed-use) garages to supply proximate parking.
- Another option: STIF (Sales Tax Increment Financing) – not sure if this is enabled in the existing law or could be a newly created law.

WHO?

Bond proceeds to be allocated to quasi-governmental agency for implementation (e.g. Anchorage Community Development Authority.) This keeps the gap funding in the hands of a long-term implementation agency and away from political cycles (as much as possible.)

V. Appendix A: OKC in ANC Trip Agenda “At-A-Glance” Dec. 6–9, 2016

TUESDAY, DECEMBER 6:

(Times below in Central Standard Time)

- 2:30pm: Arrive at Atlantic Aviation**
- 3:00pm: Depart OKC**

(Times below in Alaska Standard Time)

- 6:10pm: Arrive ANC**
- 6:30pm: Check in to Voyager Hotel
- 7:00pm: Economic & Development Overview of Anchorage** (*Simon & Seafort’s*)

WEDNESDAY, DECEMBER 7:

- 7:00am: Meet in lobby for walk over to breakfast
- 7:05am: Breakfast at Snow City Café**
- 8:10am: Wrap up breakfast & walk to Hotel Captain Cook
- 8:15am: AEDC Annual Board Meeting** (*Hotel Captain Cook*)
- 9:15am: Meet in 4th Avenue (north) lobby for CIHA tour
- 9:30am: Cook Inlet Housing Authority Project Tour**
- 12:30pm: “Does It Pencil?” working lunch**
- 2:00pm: Local Developer Roundtable** (*CIHA Offices*)
- 4:15pm: Depart for downtown
- 4:30pm: Holiday Party at Petersen Tower**
- 6:30pm: Dinner at Ristorante Orso**

THURSDAY, DECEMBER 8:

- 7:00am: Meet in lobby for walk over to breakfast
- 7:05am: Breakfast at the Pantry**
- 8:10am: Depart for Live.Work.Play. Housing Meeting
- 8:30am: Live.Work.Play. Housing Meeting** (*3000 C Street*)
- 10:15am: Shuttle ride back to City Hall
- 10:30am: The Ted Stevens Anchorage International Airport / AEDC** (*City Hall*)
- 11:45am: Walk to lunch at Pangea
- 12:00pm: Alaska Housing Finance Corporation working lunch** (*Pangea*)
- 1:45pm: Walk back to City Hall
- 2:00pm: Closed Meeting with Muni Staff** (*City Hall*)
- 3:45pm: Walk to Pfeffer Development
- 4:00pm: Pfeffer Development meeting** (*425 G Street*)
- 7:00pm: Wrap Up Dinner at Crow’s Nest**

FRIDAY, DECEMBER 9:

- 7:20am: Meet in lobby for departure**
- 7:30am: Depart downtown for airport
- 8:00am: Depart ANC**

V. Appendix B: OKC Delegation Bios

JANE JENKINS, PRESIDENT AND CEO

Downtown OKC

Jane Jenkins has been the President and CEO of Downtown Oklahoma City, Incorporated since 2009. With 30 years of experience in downtown revitalization and management, Jane is an internationally recognized speaker and expert on urban issues. She is a former Chairman for the International Downtown Association Board of Directors and is also active in the International Economic Development Council, Urban Land Institute, and the American Institute of Architects. In 2014, Jane earned accreditation from the Congress for New Urbanism and she was recently named a Senior Fellow at the Institute for Place Management in Manchester, England. She has been honored three times by the Oklahoma Journal-Record as one of “50 Women Making a Difference” in Oklahoma, and has twice been listed by Friday Magazine as one of the most powerful women in Oklahoma. Jane is a graduate of Leadership Oklahoma City and Leadership Oklahoma. She serves on the Board of Trustees for the Oklahoma City National Memorial and is a board member for Rotary Club 29, Good Shepherd Ministries and the Heritage Hills neighborhood. A former high school educator, Jane was named 1982 Teacher of the Year at Union High School in Tulsa, Oklahoma. She holds a Master of Public Administration from the University of North Texas in Denton.

CATHY O'CONNOR, PRESIDENT

The Alliance for Economic Development

Ms. O'Connor is the President and CEO of The Alliance for Economic Development of Oklahoma City, a non-profit corporation designed to coordinate public participation in economic development projects. Prior to becoming President of the Alliance, Ms. O'Connor served as an Assistant City Manager with the City of Oklahoma City. Ms. O'Connor enjoyed an almost 30 year career with the City and served in positions that included the City's Capital Improvement Budget Officer, Budget Director and Finance Director. Catherine was appointed Assistant City Manager in May 2001 and was instrumental in developing the incentives to bring Bass Pro Shops, Quad Graphics and Dell Computers to the Oklahoma City area. She led the City's team to structure the terms for the redevelopment of the historic Skirvin Hotel. In her new role with the Alliance she continues to have responsibility for the City's Tax Increment Financing program, a \$75 million local economic development incentive fund, and management of the City's Urban Renewal Authority and Economic Development Trust. Ms. O'Connor is active in a variety of community organizations and Currently serves on the board of directors of the YMCA of Greater Oklahoma City, the Arts Council, and the United Way of Central Oklahoma. Ms. O'Connor is a graduate of Leadership Oklahoma City and Leadership Oklahoma. Cathy was named the Journal Record's Oklahoma Woman of the Year in 2009 and has also received the Stanley Draper Award for Community Excellence from Downtown Oklahoma City, Inc. and a Byliner Award for Economic Development from the Association of Women in Communications. She is a member of the Economic Club, the Downtown Rotary Club, the International Economic Development Council, the Urban Land Institute, and the Government Finance Officers Association. Cathy has one daughter, Rachel, who attends the University of Central Oklahoma. Cathy and Rachel own

several Arabian horses and Rachel Competes nationally in equestrian events.

BRENT BRYANT, ECONOMIC DEVELOPMENT PROGRAM MANAGER

City of Oklahoma City.

Brent works out of the City Manager's Office as the Economic Development Program Manager. He has been in the City Manager's Office since July 2007. He started his professional career with the City in 1991 as an Internal Auditor. His tenure includes stints in the Auditor's Office, Fire Dept., Office of Management and Budget and Finance Administration. He is currently responsible the City's nine TIF districts with budgets totaling over \$400 million and management of the City's \$75 million Strategic Investment Program. During Brent's tenure in Finance Administration, he was responsible for the oversight of bond issues totaling over \$500 million. Brent was also a key member of the City's team that developed a complex funding plan and negotiated a redevelopment agreement for the renovation of the historic Skirvin Hotel. In addition, Brent was a key member of the City team that successfully negotiated multiple agreements with the NBA's Oklahoma City Thunder. Brent has a BS in Accounting from Oklahoma State University and a Master's in Public Administration from the University of Oklahoma and is designated as an Economic Development Finance Professional through the National Development Council. In 2006 Brent was recognized as one of 40 individuals under 40 who have made Oklahoma City a better place. Brent is also a graduate of Leadership OKC Class 25.

LAN COLGAN, ASSISTANT EXECUTIVE DIRECTOR

Oklahoma City Housing Authority

Ian Colgan serves as the Assistant Executive Director of the Oklahoma City Housing Authority (OCHA), whose mission is to provide affordable, decent, safe, and sanitary housing or housing assistance, with quality environments and opportunities to low income people of Oklahoma City. Established in September, 1965, the OCHA currently owns Public Housing consisting of 3,150 units. In addition, the OCHA administers approximately 4,219 units of Section 8 Housing in the Oklahoma City area. Previously, Ian served as the Assistant Director for the Oklahoma City Planning Department focused on downtown, commercial district and neighborhood revitalization, community and economic development, and long-range planning. Formerly, he was Principal of Development Concepts, Inc. an urban redevelopment consulting and real estate firm. He holds a master's degree in Urban Planning from the University of Washington, a Master's in Business Administration from Anderson University, and is certified by the American Institute of Certified Planners (AICP) and the Congress for New Urbanism (CNU).

MICHAEL OGAN, DIRECTOR OF BUSINESS DEVELOPMENT

Greater Oklahoma City Chamber

Mike has more than 35 years of experience in economic and business development, public policy, land use/transportation and strategic planning. He joined the Chamber in early 2005 and his current responsibilities include directing, managing and participating in all phases of the business recruitment process – marketing and promoting the Oklahoma City metropolitan area as a business location to local, national and international firms. Mike is also works with the Chamber's Business Retention and Expansion staff to support the growth of existing firms. He

also assists Chamber leadership in providing policy analysis and recommendations on decisions or initiatives being considered by the City Council and other organizations that impact the local economy or business climate. In his 10 years with the Chamber, the Recruitment team under Mike's direction was directly responsible for the location of more than 16,500 jobs by new-to-market firms, including such companies as AAA, Baker Hughes, Boeing, Cameron International, GE, Procure and Walgreens. Prior to his work at the Chamber, Mike served 18 years in the Economic Development Department of the Portland Development Commission (PDC), where he was responsible for the location or expansion of over 80 companies, which directly added more than 12,000 new jobs to the region's economy, including such companies as CNF Transportation, Freightliner, Fujitsu Microelectronics, Japan Aviation Electronics, KinderCare, LSI Logic, Oki Semiconductor, Oracle, Renaissance BankCard, Sumitomo Electric, Tokyo Electron, Underwriter's Laboratories and Wieden & Kennedy.

CHRIS FLEMING, EXECUTIVE VICE PRESIDENT

Midtown Renaissance

Chris Fleming is the Executive Vice President for Midtown Renaissance. Chris is partners in Midtown Renaissance with founders Mickey Clagg and Bob Howard. Midtown Renaissance started buying Midtown properties in 2006. Midtown Renaissance has purchased 35 + properties and currently owns 25 buildings in Midtown. Eleven of these buildings are eligible for historic tax credits. In addition to his position as EVP of Midtown Renaissance, Chris served as the Executive Vice President of REHCO, LLC; as a Trustee for St. Luke's United Methodist Church; and as a Treasury Analyst for the Chesapeake Energy Corporation. Chris attended the University of Oklahoma - Price College of Business, earning his BBA, International Business, with Minors in MIS and Spanish, in 2002 and his MBA in Finance in 2005.

RICHARD MCKOWN

Community Developer & Designer at Green Earth Land Design & City Center Development
Richard McKown began life as an artist. While at Kansas City Art Institute, Yale offered the Norman native a fellowship between his junior and senior years. McKown finished his art education with an undergraduate degree in painting and an MFA in Sculpture from Boston University. McKown would eventually combine his artistic skills and training with property development, his father's profession for 45 years in central Oklahoma. Highlights of his development career include the historic Rock Island Plow Building, a renovated 107-year-old brick structure in the "Bricktown" neighborhood that was nearly condemned before McKown renovated and modernize the office space; a 227-unit apartment development at NE Second Street and Walnut Avenue with roughly 2,300 square feet of space on the ground floor for a gourmet-style urban grocery store; "Level," a 228-unit multi-family development in the Deep Deuce neighborhood, and a second four-story, 97-unit development project called "Mosaic" located just west of "Level"; OKSea, a mixed-use project made of commercial shipping containers and designed by architect Allford Hall Monaghan Morris LLC; and many more.

V. Appendix C: Trip Memorandum from 2015 Visit to WF and OKC

To: Members of Rasmuson Foundation trip to Wichita/Oklahoma City
From: Schawna Thoma, Northern Compass Group
Date: August 24, 2015
Re: Trip summary and key points

Background and Goals

In early August of 2015, a delegation of 13 civic and business leaders from Alaska lead by the Rasmuson Foundation, traveled to Wichita, Kansas and Oklahoma City, Oklahoma. Leaders involved in business and housing redevelopment initiatives were consulted with in each city. There are two parts to this summary. First, five key themes that emerged during various presentations are described. Second is a brief description of additional ideas and funding models that may be applicable to Alaska in some way.

Goals for the trip included finding ways to:

- Attract and retain residents and businesses in core areas of a community
- Streamline permitting and processing to encourage good development projects
- Keep Anchorage relevant in the modern workforce
- Encourage sustainable housing projects in an area where developable land is at a premium
- Better understand public/private financing possibilities for such projects
- Better understand what kinds of economic development structures support good development.

While many topics were presents over the course of two days, five over-arching themes emerged and are described below (note: this is a non-exhaustive list and others may be added to this summary if desired).

Part I.

Key Themes – Lessons Learned from Wichita and Oklahoma City:

- 1. Community support is key to making change**
- 2. Private and public sector must work together from beginning**
- 3. A master plan and business plan for area is needed**
- 4. Regional aspects need consideration when redeveloping an area**
- 5. Successful development requires “8th Floor” level point of contact**

1. Community support and communication are keys to making change

Leaders, residents, students, and business owners must feel from the beginning that they are partners in the movement. *The will of the citizens is important.* The taxpayers must agree they are willing to invest in infrastructure and projects.

If the community is not supportive, the process will not work. Routine communication, updates and education are important.

Key Points:

- Development organization leading the effort should create and execute an external communication strategy each week.
- Mayor and city manager should also meet weekly to review projects.
- Development leaders must develop messages regularly and inform stakeholders and community on progress and challenges.
- Know your audience. Leaders of change must know who they are talking to and how best to reach them and message to them.
- Use every method to communicate: television, newspaper opinion pieces, speeches, blogs, social media.
- Communicate routinely: A healthy community is tied to a viable, successful downtown. Residents must internalize this message.

2. Private and public sector must work together from beginning

From formulating development goals to establishing a process to work through government bureaucracy, both Wichita and Oklahoma City leaders stressed the importance of close collaboration between private individuals and groups and the public sector.

Key Points:

- City and business leaders must give good direction to staff and encourage a culture of working through bureaucracy and red tape, getting to “yes” and getting things done.
- Mayor and manager must send clear direction to muni/city employees at the city level: good development comes from **good housing and business policies**.
- Private sector partners must use their connections to enlist new and different allies. In Wichita and Oklahoma City, leaders looked back and stressed the importance of the private sector-led team to work **across the political spectrum** to break down real and perceived barriers.
- Leaders must be prepared to present a unified message in the face of anti-tax/anti-government sentiment if a tax or higher mil rate is established as a way to fund projects.

3. A Master plan and business plan is needed as well as a way to determine what ideas stay and which ones go

Economic analysis should be done and incorporated into a master plan and business plan for the region to be redeveloped. Many speakers suggested projects should be graded on design by a group designed to evaluate projects. Did the developer’s plans match the goals? The master plan? The business plan? Did the correct public policy exist to allow for the development?

Key Points:

- Tailor master plan and business plan to assure cautious developers of the value and security of their potential investment.
- Create a framework that makes sense to all parties.
- Hire good, proven consultants to craft the plan and troubleshoot throughout the process.
- The city should appoint a lead planner to cut through impediments and red tape—this person is problem-solver-in-chief. Move this person to the “8th floor” (city hall executive floor) so they have access to mayor/manager.
- The plan must enhance all aspects of the economy: retail, housing and quality of life.

4. Regional aspects need consideration when redeveloping an area

The core of the city/area being developed *needs to relate to the region*. New development should complement and enhance the initiatives of neighboring towns, educational institutions, investments, and regional business development. Before finalizing a master plan, city leaders must know what groups in surrounding areas are doing and determine how the city’s plan supports plans made by neighboring communities and entities.

Key Points:

- Recognize economic drivers for the area and incorporate them.
- Take a broad view of area. Include neighborhoods outside downtown, as well as suburbs and outlying neighborhoods as well as nearby boroughs and cities.
- The core of the city must relate contextually to the region.
- Ask whether the plan will succeed economically in a statewide context.
- Celebrate the wins in other nearby areas and collaborate when it makes sense.
- Use “solution-based collaboration” to find common ground and help all parties achieve success.

5. Successful development requires “8th Floor” level point of contact

Both cities we visited appointed a person or stakeholder team to review plans, identify challenges and resolve problems. A person must be designated to work outside planning department with full access to city hall/8th Floor.” Plans should be flexible since things rarely go exactly according to plan. A good plan provides a process for reassessment and forward progress after changes and a point of contact lead by the mayor or others is key to making it work.

Key Points:

- The stakeholder team should ask: What is the public benefit? How does this development unlock other projects?
- Successful communities established one point of contact for developers and business owners—consider doing this.
- Consider establishing an independent review group of some kind to analyze each project early in the process and look for potential difficulties, as well as to determine the quality of each project and advise how to proceed.

Part II Additional Good Ideas and Possible Models:

In addition to the five themes identified above, participants also recognized the following as categories for further exploration:

- 1. Funding**
- 2. Public/City Responsibilities**
- 3. Model Communities**
- 4. Partnerships**
- 5. Creative Thinking**
- 6. Create a space for collaboration and planning**

1. Funding

Development and redevelopment in the areas visited happened with various funding mechanisms including: tax incentives, bonds, sales taxes, special assessment districts, private investment, dedicated sales taxes and others. Redevelopment groups and community leaders need to work with lenders and appraisers to help them look ahead at business potential and not just what is before them.

“Loosening regulation can be as much as an incentive as monetary incentives when the system is slow and cumbersome” – elected leader in Oklahoma City)

Tax and other incentive programs used in other communities discussed:

a.) *Tax increment financing*, or TIF, is a public financing method that is used as a subsidy for redevelopment, infrastructure, and other community-improvement projects in many countries, including the United States. Similar or related value capture strategies are used around the world.

b.) *STAR (Sales Tax Revenue) bonds* are a financing mechanism that allows a city's portion of state sales tax from a designated district to be used to pay off the bonds. They provide Kansas municipalities the opportunity to issue bonds to finance the development of major commercial, entertainment and tourism areas and use the sales tax revenue generated by the development to pay off the bonds.

<http://www.kansascommerce.com/index.aspx?NID=145>

c.) *Façade program*: special assessment in areas to improve/upgrade building to fit theme.

d.) Metropolitan Area Capital Projects (MAPS)

After the Oklahoma City bombings as well as lean years for the economy of Oklahoma, community leaders and residents knew they had to take matters into their collective own hands to try to rebuild their community and economy. Mayor Mick Cornett¹ explained this during a lunch-time speech held at the brand new “Vast” restaurant at the Devon Energy Center. The message from Mayor Cornett was communities need to invest in themselves. Federal and state

¹ Huffington Post *The Wrath Of Grapes: Oklahoma City MAPS Its Future*, by Mick Cornett, August 29, 2012.

dollars are becoming more and more scarce for American cities. Political and civic leaders in local communities need to make a compelling case for this investment. He said the goals should be to create an urban core that attracts this young, mobile, creative and highly educated talent pool with jobs to follow. The climate of the city should encourage the entrepreneurial spirit and offer a great place to invest and do business.

To accomplish this, leaders had community support to begin a dedicated sales tax. The tax had a start date and an end date and the projects were paid for in cash, without incurring debt. In addition, the projects were specific, so the tax payers could see the results. The initial success helped convince the tax payers the money was a worthwhile investment and helped garner more support for projects up to now. The effort is called the Metropolitan Area Capital Projects “MAPS” for short.

Voters approved the first sales tax on December 14, 1993 with the first projects completed on August 17, 2004. The first MAPS paid for the construction of a 20,000-seat, indoor sports arena; construction of a 15,000-seat downtown ballpark; construction of a new downtown library; construction of the Bricktown Canal; development of a trolley transit system; development along the North Canadian River; and renovations to the Civic Center Music Hall, Cox Convention Center and Oklahoma State Fairgrounds. The river -- formerly a ditch that we had to mow from time to time -- is now filled with water and hosts a world-class, U.S. Olympic rowing training center. The ballpark is home to the Houston Astros' AAA team and the indoor sports arena is home to the Oklahoma City Thunder, one of the most successful franchises in the NBA and certainly the hottest ticket in town.

The Mayor appointed a 21-member citizen oversight board shortly after voters approved the projects. The board reviewed project components including financing and site location and made recommendations to the city council. The MAPS board led the public review process for the MAPS Master Plan which the Council approved on February 14, 1995. The board was dissolved on June 22, 2004.²

MAPS 2 went before voters in 2001. Dubbed "MAPS for Kids," the \$700-million initiative includes more than 100 Oklahoma City-area school projects, from extensive renovations to new school construction, as well as technology upgrades, new school busses and other improvements. With the addition of a \$180-million bond issue and an eye on addressing childhood obesity issues, new gymnasiums were added to all of the Oklahoma City elementary schools.

In 2009, the people of Oklahoma City chose, once again, to invest in their city through MAPS 3, an ambitious \$777-million plan that is dramatically changing the face of downtown Oklahoma City.

² <http://www.okc.gov/maps/>

The third MAPS program features a 70-acre central park linking the core of downtown with the Oklahoma River; a modern streetcar system; a new convention center; miles of new sidewalks and hike-and-bike trails; river improvements, including a public whitewater kayaking facility; senior health and wellness centers throughout the city; and improvements to the State Fair Park public buildings, meeting halls and exhibit spaces. All of these projects are moving forward. Several are in design phase. Funding is in place and all will be completed.

At the same time, Oklahoma City is wrapping up Project 180, a three-year, \$140-million redesign of 180 acres of downtown streets, sidewalks, parks and plazas to improve appearances and make the central core more pedestrian-friendly.

2. Public/City Responsibilities

Key Points:

- Create predictability for developers and a clear system to follow
- Develop a Downtown Improvement Policy (or other areas as they apply)
- BE CREATIVE! Like beer garden and food truck area on blocks in the midst of development or temporary parks (pop-up parks) in downtown areas (great examples in Oklahoma city)

3. Model Cities/communities:

Leaders in Wichita emphasized the importance of visiting cities they wanted to model, choosing consultants who were trusted and had proven records for redevelopment and for staying in touch with the cities that had plans that worked. Wichita officials visited the model cities and seemed to talk with them consistently. Those included:

Key Points/Cities:

- Pittsburgh, PA <http://www.ura.org/>
- Des Moines, IA <http://www.downtowndesmoines.com/projects>
- Chattanooga, TN <http://www.rivercitycompany.com/new/rcc>

4. Partnerships

Key Points:

- Wichita development officials put great emphasis on joining together the efforts of 5 separate organizations that dealt with aspects of economic development, business, education, development/redevelopment. Directors began to work together for the same mission. They shared resources at times.
- **Anchorage has similar groups: Anchorage Economic Development Corporation, Municipality of Anchorage Office of Economic and Community Development, Anchorage Community Development Authority, Anchorage Downtown Partnership, Anchorage Community Land Trust and others. *Perhaps a similar partnership could be formed?***
-

- In Oklahoma City (OKC) these were called “Legacy Organizations” – and were eventually brought under one management system so projects/ideas/plans could be deployed more quickly
- The Chamber of Commerce was a key partner – chamber would alert the business alliance there was a business needing help.
- Business alliance in OKC is a 501(c)(3) independence group.
- Not territorial – focused on getting things done

5. Creative Thinking

Key Points:

- Sharing CEO services - thinking creatively about how to leverage existing asset like a position.
- Need to continually change and innovate
- Young professionals and millennials want a place to live with good public transportation - *the trend is no car ownership.*
- Don't try to manufacture something – use what is in your community.
- Wichita has a three-person team of police officers that use a *supportive approach instead of enforcement* when working with homeless people, veterans or other vulnerable populations.
- Program parks – activate problem areas.
- Be focused and proactive with eco

6. Create a space for collaboration and planning: Design and Innovation Center

The delegation from Alaska visited the Wichita Downtown Development Corporation Design & Innovation Center. The center exists due to a partnership between the Wichita Downtown Development Corporation, the John S. and James L Knight Foundation, the Wichita Community Foundation and a number of private sector partners.³ The center opened in August, 2011. Initial funding was awarded to Wichita Downtown Development Corp (WDDC) the by the Wichita Community Foundation and the John S. and James L. Knight Foundation have in the amount of \$64,000 with the goal of raising an exact match from the community.

The Design and Innovation Center was modeled after "Create Here" and the River City downtown development company in Chattanooga, Tenn. And was designed to be the multi-purpose multimedia think tank next door to the WDDC.

³ http://www.downtownwichita.org/development-master_city_plan-eight.php

Key Points:

An initiative of Project Downtown, the facility offers resources to further the development of Downtown including:

- Creative space in which to connect and engage individuals, organizations and the community to discuss initiatives to implement Project Downtown development strategies.
- It serves as a resource of data when pursuing investment in Downtown.
- Videoconferencing provides the capacity to access resources from across the country to assist in the design and economic feasibility of proposed projects.
- The Center's technology provides a state-of-the-art presentation space to market the development of Downtown. Such presentations may be videos or power points outlining projects recently completed, under construction or in planning.
- The Center offers the opportunity for collaboration with universities in the areas of design, economics, real estate and urban development.

Some of the goals of the Center were/are:

- Downtown redevelopment
- For individual arts, education and social groups to meet and discuss downtown redevelopment.
- To utilize the video and computer technology to allow the WDDC to utilize design experts and interns from across the region
- To enable faculty and students will take an active role in Wichita's downtown through the Innovation Center.

While the Center provides physical, practical meeting space, it also represents the close partnership created by forming the Greater Wichita Partnership, as referenced above. It provides a space where people can work together, post maps and plans and photos and have productive meetings in a place that invites creativity, ingenuity and positive communication. While it has a separate entrance, it is adjoined to the WDDC offices.

V. Appendix D: Glossary of Terms

MAPS, or the Metropolitan Area Projects Plan: A multi-year, municipal capital improvement program consisting of a number of projects designed to appeal to a variety of demographics in a city and funded by a temporary sales tax (eliminating project debt) The developments are supervised by a volunteer citizens oversight committee, while only indirectly managed by the city's elected governance body.

TIF (Tax Increment Financing): TIF is a public financing method that is used as a subsidy for redevelopment, infrastructure, and other community-improvement projects in many countries, including the United States. Through TIF, municipalities can divert future property tax revenue increases from a certain area or district towards an economic development project or public improvement project in the community.

Detail about OKC's TIF districts: there are 19, and all but two are located in the "downtown" of OKC. The main downtown district is 2 miles by 2 miles. Six districts cover 900 acres. Newer districts tend to be smaller and more focused in geographic scope than early districts were. For example, some newer districts are small because they were established with a particular developer or development in mind.

Payout mechanisms have varied in OKC over the years. Some methods that didn't work so well included cash payments in advance of project completion and payments in the form of city-funded infrastructure improvements at project sites. Neither of these worked well because they meant that the city had to borrow money up front. A more reasonable and taxpayer-friendly method the Muni might use is to award tax rebates incrementally over time after project completion to standards defined in advance.

HUD 221 D4 program: Section 221D4 insures mortgage loans to facilitate the new construction or substantial rehabilitation of multifamily rental or cooperative housing for moderate-income families, elderly, and the handicapped. The section insures lenders against loss on mortgage defaults and assists private industry in the construction or rehabilitation of rental and cooperative housing for moderate-income and displaced families by making capital more readily available.