

M E M O R A N D U M

TO: Renaissance Zone Authority
FROM: Kylie Bagley, Planner
DATE: July 26, 2021
RE: Renaissance Zone Authority Meeting

The next meeting of the Renaissance Zone Authority will be held on Wednesday, July 28 at 8:00 a.m. in the Commission Chambers at Fargo City Hall. If you are not able to attend, please contact staff at 701.241.1474 or Planning@FargoND.gov. Thank you.

RENAISSANCE ZONE AUTHORITY
Wednesday, July 28, 2021, 8:00 a.m.
Commission Chambers
AGENDA

1. Approve Order of Agenda
2. Approve Minutes: Regular Meeting of May 26, 2021 (Attachment 1)
3. Review application from DFI BD LLC (Rehabilitation) located at 122 Broadway (Attachment 2)
4. Other Business and Public Comments
5. Next Meeting – August 25, 2021

Renaissance Zone Authority meetings are broadcast live on cable channel TV Fargo 56 and can be seen live by video stream on www.FargoND.gov/streaming. They are rebroadcast each Friday at 2:30 p.m. for one month following the meeting.

People with disabilities who plan to attend the meeting and need special accommodations should contact the Planning Office at 701.241.1474 or TDD at 701.241.8258. Please contact us at least 48 hours before the meeting to give our staff adequate time to make arrangements.

Minutes are available on the City of Fargo Web site at www.FargoND.gov/RenaissanceZoneAuthority.

RENAISSANCE ZONE AUTHORITY MINUTES

Regular Meeting:

Wednesday, May 26, 2021

The Regular Meeting of the Renaissance Zone Authority of the City of Fargo, North Dakota, was held in the Commission Chambers at City Hall at 8:00 a.m., Wednesday, May 26, 2021.

The Renaissance Zone Authority members present or absent were as follows:

Present: Commissioner Dave Piepkorn, Commissioner Arlette Preston, Chad Peterson, Prakash Mathew (via conference call), Dr. Dean Bresciani (via conference call)

Absent: Deb Mathern, Steve Swiontek

Acting Chair Commissioner Piepkorn called the meeting to order.

Item 1: Approve Order of Agenda

Member Preston moved the Order of Agenda be approved as presented. Second by Member Peterson. All Members present voted aye and the motion was declared carried.

Item 2: Minutes: Regular Meeting of March 24, 2021

Member Preston moved the minutes of the March 24, 2021 Renaissance Zone Authority meeting be approved. Second by Member Peterson. All Members present voted aye and the motion was declared carried.

Item 3: Review application from Epic Gateway East Real Estate Holdings, LLC (New Construction) located at 300 Main Avenue: APPROVED

Planner Kylie Bagley presented the staff report for a proposal to construct a mixed-use residential and commercial building, and removal of the existing building. She noted that construction would begin this summer, and staff is recommending approval as the proposal meets the guidelines and all required approval criteria.

Discussion was held regarding parking requirements and availability, and possible impacts for area residents. Ms. Bagley noted applicant Brian Kounovsky was not in attendance, and staff will provide this information when the proposal is heard before the City Commission for final approval.

Member Peterson moved to recommend to the City Commission approval of the application submitted by Epic Gateway East Real Estate Holdings, LLC and to grant the property tax exemptions and the State income tax exemptions as allowed by the North Dakota Renaissance Zone law, contingent upon completion of the project and

verification of costs. Second by Member Mathew. All Members present voted aye and the motion was declared carried.

Item 4: Other Business and Public Comments

No other business or public comments were discussed.

Item 5: Next Meeting – June 23, 2021

The time at adjournment was 8:08 a.m.



**Staff Report
Renaissance Zone Application for
DFI BD LLC (328-F)
122 Broadway North**

Project Evaluation:

The City of Fargo received a Renaissance Zone application from DFI BD LLC to construct a commercial rehabilitation project at 122 Broadway North. Pursuant to the application, the intent of the project is to rehabilitate the existing building to improve the basement and west portion of the first floor for future retail tents, the east first floor will be completely remodeled to accommodate a financial institution and the second floor will be improved for future office tenants.

The building will remain 2 stories in height and approximately 13,250 square feet. The applicant is also proposing to create new storefronts, restoration of windows and masonry and updates made to the electrical services, gas services and rooftop units.

The Planning Department has reviewed the application and has provided a project ranking based on the analysis below.

1. **Renaissance Zone Plan Goals:** Use consistent with the RZ Plan (as per Visions and Goals): As noted in the 2019 Renaissance Zone Development Plan. (*responses are from applicant for item 1*)
 - a. *Grow as a Neighborhood:* Invest in housing to increase the population living Downtown and maintain Downtown's diversity.
This building was originally built for commercial use and will continue to be used for commercial use with no residential. The new commercial tenants will serve as an amenity for downtown residents and visitors.
 - b. *Prosper as a Business Center:* Increase the number and types of jobs Downtown.
The businesses locating in this space will add additional new downtown jobs.
 - c. *Thrive as a Destination:* Create a unique Downtown experience with an activated riverfront and vibrant sidewalks and public spaces that serve as the backdrop of the community's social life.
The addition of a large storefront along Broadway and new entrance along 2nd Avenue will enhance the public realm and improve the walkability. The new west retail area will contribute to the expanding retail along 2nd Avenue and Roberts Alley.
 - d. *Be a model for Inclusive Growth and Development:* Protect Downtown's diversity and evolve as a model for equitable growth and development.
The renovation of the building into smaller commercial spaces provides greater access for businesses interested in leasing a smaller area.
 - e. *Complete our Streets:* Make complete streets common place and encourage trips by foot, bicycle, and bus, as well as car.
The subdivided spaces, ground floor use and enhanced storefronts all contribute to downtowns walkability.
 - f. *Park Smart:* Manage parking resources to meet the needs of drivers, while also making room for new development and activity.
The project does not have any offsite parking and will instead use on-street parking and utilize existing publicly owned parking garages for workers and visitors.

- g. *Play with purpose:* Develop a system of connected all-season green spaces designed for people (of a range of ages and interests) and purpose (as infrastructure that absorbs stormwater).
The original building has zero lot line construction and does not afford the opportunity for any new greenspace.

(14/20 points)

2. **Investment Thresholds:** Does the investment comply with minimum investment thresholds (locally determined) for residential and commercial projects as set forth in this RZ Plan?

According to the application, the structure accommodates 13,250 square feet, as follows:

- *Proposed Building Total:* approximately 13,250 SF
- *Commercial:* approximately 13,250 SF

Overall, the application estimates a total capital investment of \$1,731,100. This equates to roughly a \$130.65 investment per square foot on the commercial space.

(10/10 points)

3. **High Priority Land Use:** The new construction or proposed improvements are representative of “High Priority Land Uses” as defined by this RZ Plan (page 9).

- a. Primary Sector Business:
N/A
- b. Active Commercial, Specialty Retail or Destination Commercial:
Tenants will include a financial institution, retail spaces and offices.
- c. Mixed Use Development:
N/A

(15/20 points)

4. **Targeted Areas:** Is the investment located in a “Targeted Area” as defined by this RZ Plan? Consideration shall be given to whether this property has been vacant or underutilized for a period of time and/or whether the property is specifically targeted for clearance.

- a. Parcels that have been vacant or underutilized for an extended period of time:
The subject property had a restaurant that occupied the main floor but has sat vacant recently. The second story being underutilized
- b. Parcels specifically targeted for clearance:
The RZ Plan identifies Block 10 for: Preservation and Rehabilitation; and redevelopment of surface parking lots

(10/10 points)

5. **Urban Design:** Is the project representative of strong urban design principles?

The building will keep its original storefront design as well as restore windows, masonry and sill repairs. The project is located within the DMU, Downtown-Mixed Use zoning district and will have to meet the architectural intent of that zoning district requirements as well.

(10/10 points)

6. **Investment Analysis:** Consideration and analysis as to the total actual investment.

As proposed, the redevelopment project and improvement costs significantly exceed both the 50% (true and full value of the building) and \$40 per square foot requirement for commercial rehabilitation. As previously noted, the

application represents a total estimated investment of investment of \$1,731,100. This equates to roughly a \$130.65 investment per square foot on the commercial space.

(10/10 points)

7. **Business Relocation:** Consideration as to whether the project will include or accommodate the relocation of a business from another North Dakota community?

The project does not involve the movement or relocation of a business from another North Dakota community.

(10/10 points)

8. **Street Activation:** Will the project fit contextually and will the project contribute or enhance the area from an architectural perspective?

Renaissance Zone projects are anticipated to be conscience of four-sided design, which has been seen with other projects within the downtown, this project will be a rehabilitation of an existing building. The storefront will be updated as to fit in with the historical feel of downtown Fargo.

(7/10 points)

Summary:

This application received a score of 88 on a 100-point scale. The applicant met criteria and the use is consistent with the RZ Plan. In addition, the proposed new construction project surpasses the local capital improvement requirement of \$40 per square foot requirement for commercial rehabilitation. The amount invested in the project exceeds state and local guidelines. The project does not involve the relocation of commercial businesses from another North Dakota city. The applicant will not be seeking any historic preservation tax credits. This project will make use of a lot that is currently underutilized.

Staff believes that this project will be a benefit to the downtown community and will positively contribute to the health of surrounding neighborhood and nearby businesses and is recommending approval.

Suggested motion:

Recommend approval to the Fargo City Commission to approve the application submitted by DFI BD LLC and to grant the property tax exemption and the State income tax exemptions as allowed by the ND Renaissance Zone law contingent upon completion of the project and verification of costs.

Minimum Criteria (New Construction Proposals)			
Criteria:		Staff Rating	Possible Points
1	Use consistent with the plan (as per Vision and Goals)	14	20
2	Does the investment comply with minimum investment thresholds (locally determined) for residential and commercial projects as set forth in the RZ Plan?	10	10
3	<p>The new construction or proposed improvements are representative of “High Priority Land Uses” as defined in the RZ Plan:</p> <ul style="list-style-type: none"> • Primary sector business, industry and talent-dependent Enterprises • Active Commercial, Specialty Retail and/or Destination Commercial • Mixed use development (combination of housing, commercial, and/or retail uses in a horizontal or vertical fashion) 	17	20
4	<p>The investment is located in a ‘Target Area’ as defined by the RZ Plan:</p> <ul style="list-style-type: none"> • Parcels that have been vacant or underutilized for an extended period of time • Parcels specifically targeted for clearance 	10	10
5	<ul style="list-style-type: none"> • Is the project representative of strong urban design principles? • 	10	10
6	<ul style="list-style-type: none"> • Consideration and analysis as to the total actual investment in the project: <p>Consideration can be given for the level of capital investment in a project. (i.e., additional consideration can be given for higher levels of investment)</p> <ul style="list-style-type: none"> • 	10	10
7	<ul style="list-style-type: none"> • Consideration as to whether the project will include or accommodate the relocation of a business from another North Dakota community: • Commercial tenants that are re-locating within the Downtown Area (as defined by the 1996 Downtown Area Plan) are not eligible for tax incentives without special approval from the Zone Authority • Commercial tenants that are relocating from a North Dakota community (other than Fargo) to the Fargo Renaissance Zone are not eligible for tax incentives without special approval from the Zone Authority. 	10	10
8	<ul style="list-style-type: none"> • Will the project fit contextually and will the project contribute or enhance the area from an architectural perspective? 	7	10
<ul style="list-style-type: none"> • Total Rating (100 possible points) 		88	100



ROBERTS ST N

2 AVE N

Subject Property

5 ST N

ALYN

BROADWAY N

ALYN

ROBERTS ALYN

1 AVE N

ALYN

APPLICATION FOR RENAISSANCE ZONE PROJECT

Property owners, business owners, developers or investors interested in pursuing a Renaissance Zone project should review the 2019 RZ Plan. The RZ Plan delineates the current geographical boundaries of the program (only certain blocks within the downtown core are included) and provides additional detail on minimum investment requirements and applicable program goals and objectives that must be met.

Application submitted for (check all that apply):

- | | |
|---|---|
| <input type="checkbox"/> New Construction | <input type="checkbox"/> Commercial Lease |
| <input type="checkbox"/> Purchase with Major Improvements | <input checked="" type="checkbox"/> Rehabilitation: <input checked="" type="checkbox"/> Commercial <input type="checkbox"/> Residential |
| <input type="checkbox"/> Primary Residential Purchase | <input type="checkbox"/> Block Addition |

Property Owner Information
Name (printed): DFI BD LLC
Name (printed):
Address: 210 Broadway Suite 300, Fargo ND 58102

Contact Person Information (if different than owner)
Name (printed): Mike Zimney
Address:

Parcel Information
Address: 122 Broadway N
Unit Number:
Renaissance Zone Block Number: 10
Legal Description (attach separate sheet if more space is needed): Lot 6, Block 2, Roberts Addition
Parcel Number: 01-2381-00320-000

Is this property listed on or a contributing structure to the National Register of Historic Places?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Do you intend to apply for a Historic Preservation Tax Credit in conjunction with this project?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Project Information	
Total Project Cost: (Qualified Capital Improvements) \$2.1MM	
Current Use of Property: Commercial Office	
Anticipated Use Upon Completion: Commercial Office and retail	
Expected Date of Purchase: n/a	Expected Date of Occupancy: September
Estimated Property Tax Benefit: (Over five year exemption period) \$215,000	Estimated State Income Tax Benefit: (Over five year exemption period) n/a
Current Employees: (Full-time equivalent) 20	Anticipated Employees: (Full-time equivalent) 45

Scope of Work

New roof and rooftop units. New electrical service. Upgraded gas service. New sanitary connection. New storefront. Masonry and sill repairs. Painting and restoration of windows and replacement of some windows. New air handler in basement. New entrance for west space on 2nd Ave (ADA accessible). New electrical and dmarc room for telecommunications in basement.

Tenant Improvements

East 1st Floor Broadway - Financial Institution Tenant Improvement (Complete remodel)

West 1st Floor + Basement - Future retail tenant improvement

2nd Floor - Future office tenant improvements

Additional Project Information

New Construction/Rehabilitation/Purchase with Improvements Only

Current Building Value: (Taxable Improvement Value) \$1,168,900	Estimated Building Value Upon Completion: (Taxable Improvement Value) \$2.9MM
Building Area Upon Completion (SF): 13,250	Number of Stories Upon Completion: 2


Commercial Lease Only

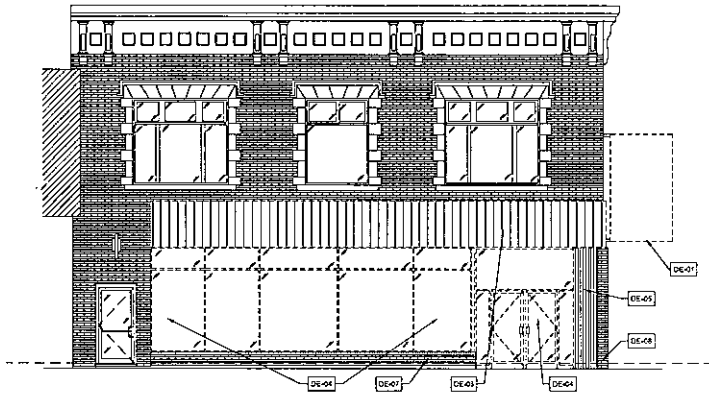
Lease Area Upon Completion (SF):			
Type of Business:			
<input type="checkbox"/> New business moving to the Renaissance Zone	<input type="checkbox"/> Expanding Business moving to the Renaissance Zone	<input type="checkbox"/> Existing Business Expanding within the Renaissance Zone	<input type="checkbox"/> Continuation of a lease moving from one Renaissance Zone Project to another Renaissance Zone Project

Residential Purchase Only

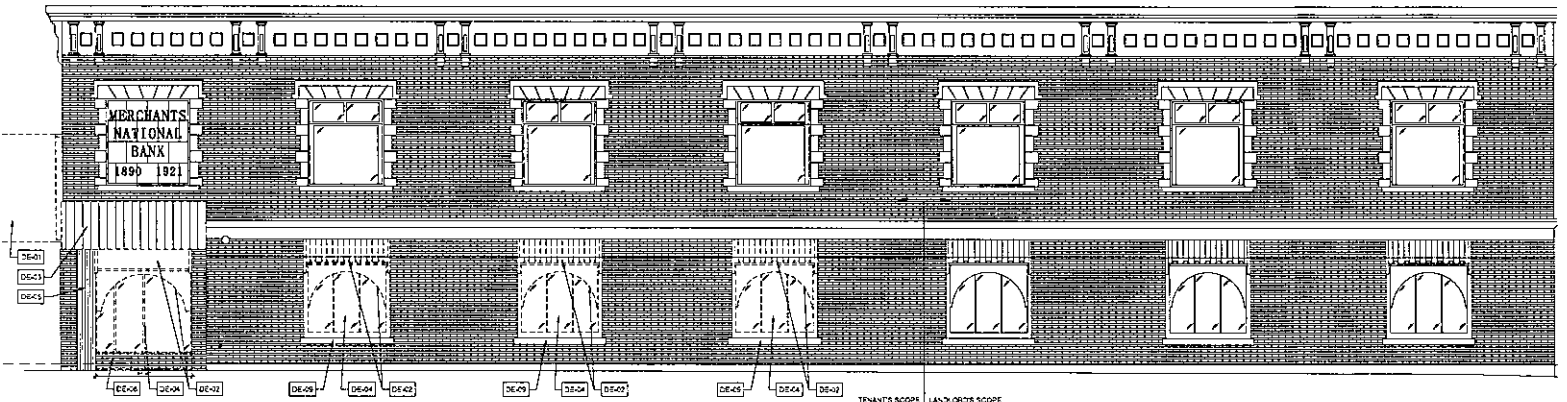
Will this be your primary place of Residency?:

Acknowledgement – We hereby acknowledge that we have familiarized ourselves with the rules and regulations to the preparation of this submittal and that the forgoing information is true and complete to the best of our knowledge.

Owner (Signature): <u></u>	Date: <u>6/15/2021</u>
Joint Owner (Signature): _____	Date: _____
Representative (Signature): _____	Date: _____

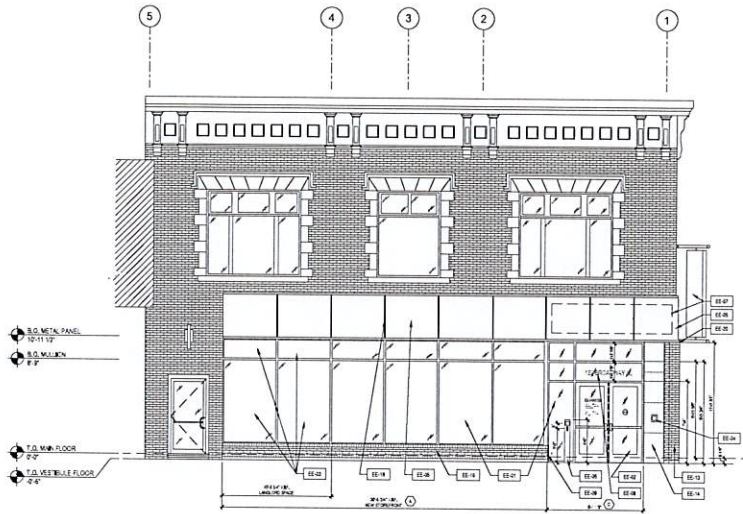


1 EAST ELEVATION
14'-11 1/2"

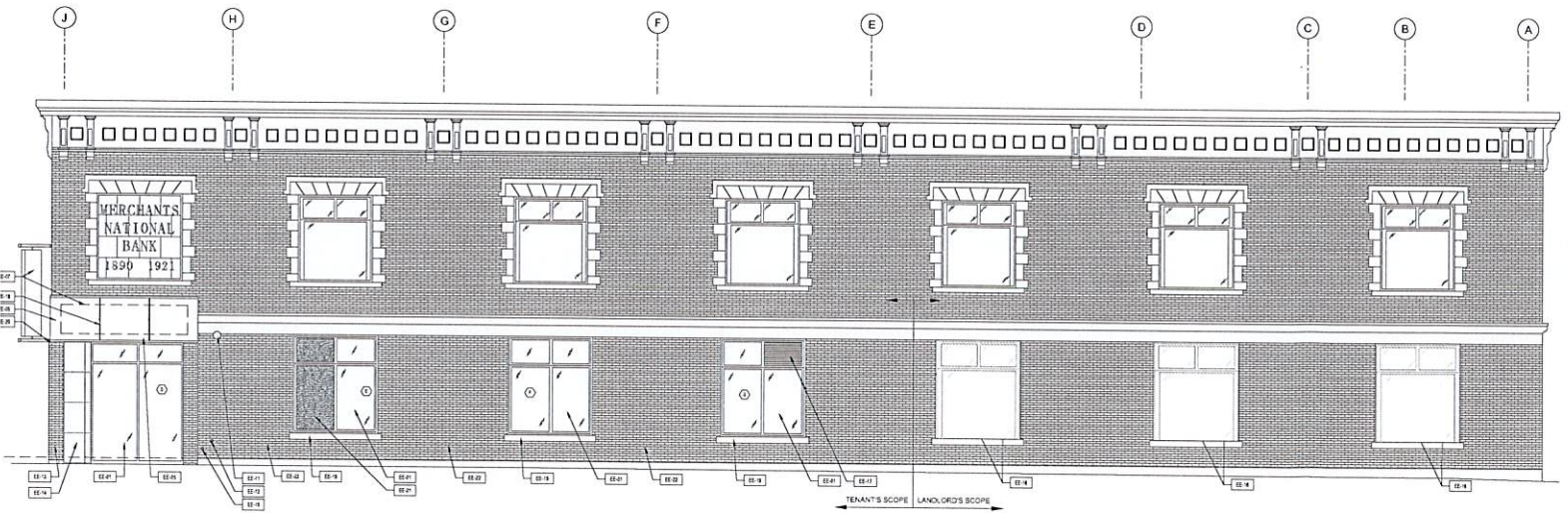


2 NORTH ELEVATION
14'-11 1/2"

Existing



1 EAST ELEVATION
1/4" = 1'-0"



2 NORTH ELEVATION
1/4" = 1'-0"

