

EDIC MEETING
Tuesday, April 23, 2024 – 1:00 p.m.
City Commission Chambers, Fargo City Hall

AGENDA

- 1. Approve EDIC Meeting Minutes of 3/26/2024**
 - a. March, 26 2024 [Page 1-2]
- 2. Continuation of the Commonwealth (NEX Senior Housing Project) PILOT**
[Page 3-26]
- 3. Request for one year extension for the Kmart TIF Project** [Page 27-28]
- 4. Request from JS2L for Redevelopment of the block NE of 4th Street and 6th Ave.**
[Page 29-30]
- 5. TIF Summary** [Page 31-32]

ECONOMIC AND DEVELOPMENT INCENTIVE COMMITTEE
Fargo, North Dakota

Regular Meeting

Tuesday, March 26, 2024

The September meeting of the Economic and Development Incentive Committee of the City of Fargo, North Dakota was held in the City Commission Room at City Hall at 1:00 p.m., Tuesday, March 26, 2024.

The committee members present or absent are:

Members Present: Dave Piepkorn, John Cosgriff, Mayor Mahoney, Lucas Paper, Jon Eisert

Members Absent: Erik Barner

Others Present: Jackie Gapp, Robert Wilson, Jim Gilmour, Michael Splonskowski

Commissioner Piepkorn called the meeting to order at 1:00 p.m.

Minutes Approved

A motion was made by Lucas Paper to approve the minutes from February 27, 2024. Mayor Mahoney seconded. Motion carries.

Commonwealth PILOT Application for Senior Housing

- 40 units of low income senior housing project
- 55 and older, one and two bedrooms units
- 4 story building with elevator
- Location is close to the mall
- Tyler from Commonwealth Development talked, received the funding award and will start construction this summer once plans are approved
- Projected to cost \$15.6 million
- Request for more insight into this project
 - more detailed presentation on budget
 - hard cost construction costs
 - size of lot
 - cost per door
 - baseline of where the cost is coming from
 - state project
- Table project until next meeting to gather data for more clarity

Proposed Change to TIF Policy

- Two policies now for encouragement to take down obsolete buildings
 - Current developments - you know what you are building
 - New developments/redevelopment – unknowns

- 5 year window to recover costs
 - Could be extended if needed
 - No reimbursement if no building
 - Relocation requirements: moving costs
 - Demolition cost
 - Incentives reimbursed if qualified
 - Knock down buildings for safety reasons/fire prevention

Bell Bank Remodeling Exemption

- 4 year exemption
- Purchased in June 2021, plan to move in June 2024
- Started in 1966 in Fargo, 50 year old building
- 300 employees to start with and 500 employees to end with around 2025
- \$52 million – could be higher or a little bit less. \$17 million for 4 years
- Demolition cost is high
- Great investment/benefits will be great in the next 5 years
- Exciting news
- Economic impact this will have on downtown Fargo

The meeting was adjourned at 1:35pm.

Application For Property Tax Incentives For New or Expanding Businesses

N.D.C.C. Chapter 40-57.1

Project Operator's Application To Fargo
City or County

File with the City Auditor for a project located within a city; County Auditor for locations outside of city limits.

A representative of each affected school district and township is included as a non-voting member in the negotiations and deliberation of this application.

This application is a public record

Identification Of Project Operator

1. Name of project operator of new or expanding business	<u>NEX Senior, LLC</u>		
2. Address of project	<u>1728 South 42nd Street</u>		
	City <u>Fargo</u>	County <u>Cass</u>	
3. Mailing address of project operator	<u>24 South Brooke Street</u>		
	City <u>Fond du Lac</u>	State <u>WI</u>	Zip <u>54935</u>
4. Type of ownership of project			
<input type="checkbox"/> Partnership	<input type="checkbox"/> Subchapter S corporation	<input type="checkbox"/> Individual proprietorship	
<input type="checkbox"/> Corporation	<input type="checkbox"/> Cooperative	<input checked="" type="checkbox"/> Limited liability company	
5. Federal Identification No. or Social Security No.	<u>[REDACTED]</u>		
6. North Dakota Sales and Use Tax Permit No.	_____		
7. If a corporation, specify the state and date of incorporation	_____		
8. Name and title of individual to contact	<u>Tyler Sheeran, VP of Development</u>		
Mailing address	<u>24 South Brookee Street</u>		
City, State, Zip	<u>Fond du Lac, Wisconsin, 54935</u>	Phone No.	<u>608-556-2939</u>

Project Operator's Application For Tax Incentives

9. Indicate the tax incentives applied for and terms. Be specific.			
<input type="checkbox"/> Property Tax Exemption	<input checked="" type="checkbox"/> Payments In Lieu of Taxes		
_____ Number of years	<u>2025</u> Beginning year	<u>2042</u> Ending year	
_____ Percent of exemption	_____ Amount of annual payments (attach schedule if payments will vary)		
10. Which of the following would better describe the project for which this application is being made:			
<input checked="" type="checkbox"/> New business project	<input type="checkbox"/> Expansion of a existing business project		

Description of Project Business

Note: "project" means a newly established business or the expansion portion of an existing business. Do not include any established part of an existing business.

17. Type of business to be engaged in: Ag processing Manufacturing Retailing
 Wholesaling Warehousing Services

18. Describe in detail the activities to be engaged in by the project operator, including a description of any products to be manufactured, produced, assembled or stored (attach additional sheets if necessary).

Providing cost-effective rental accommodations for low-income households, this development will meet a pressing demand for senior housing in the Fargo community, offering affordability as its cornerstone.

19. Indicate the type of machinery and equipment that will be installed

The building's design encompasses various features typically associated with four-story apartment buildings, such as communal spaces, parking facilities, and utility rooms. Among these amenities, an elevator will be installed to facilitate easy movement between floors, ensuring accessibility for residents and visitors alike.

20. For the project only, indicate the projected annual revenue, expense, and net income (before tax) from either the new business or the expansion itself for each year of the requested exemption.

Year (12 mo. periods)	New/Expansion Project only	New/Expansion Project only	New/Expansion Project only	New/Expansion Project only	New/Expansion Project only
	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Annual revenue	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Annual expense	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net income	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

21. Projected number and salary of persons to be employed by the project for the first five years:

Current positions & positions added the initial year of project

# Current Positions	New Positions Under \$13.00	New Positions \$13.01-\$15.00	New Positions \$15.01-\$20.00	New Positions \$20.01-\$28.00	New Positions \$28.01-\$35.00	New Positions Over \$35.00

Year	(Before project)	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
No. of Employees	(1) <u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	(2) <u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Estimated payroll	(1) <u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	(2) <u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

(1) - full time
(2) - part time

Previous Business Activity

22. Is the project operator succeeding someone else in this or a similar business? Yes No

23. Has the project operator conducted this business at this or any other location either in or outside of the state?
 Yes No

24. Has the project operator or any officers of the project received any prior property tax incentives? Yes No
 If the answer to 22, 23, or 24 is yes, give details including locations, dates, and name of former business (attach additional sheets if necessary).
~~Commonwealth Development Corp. of America, owner of NEX Senior LLC, has previously obtained a PILOT within Fargo for our Edge Artist Flats development located at 1321 5th Ave North, Fargo, ND.~~

Business Competition

25. Is any similar business being conducted by other operators in the municipality? Yes No
 If YES, give name and location of competing business or businesses
~~City of Fargo has multiple affordable housing complexes within the city limits.~~

Percentage of Gross Revenue Received Where Underlying Business Has ANY Local Competition %

Property Tax Liability Disclosure Statement

26. Does the project operator own real property in North Dakota which has delinquent property tax levied against it? Yes No

27. Does the project operator own a greater than 50% interest in a business that has delinquent property tax levied against any of its North Dakota real property? Yes No
 If the answer to 26 or 27 is Yes, list and explain

Use Only When Reapplying

28. The project operator is reapplying for property tax incentives for the following reason(s):

- To present additional facts or circumstances which were not presented at the time of the original application
- To request continuation of the present property tax incentives because the project has:
 - moved to a new location
 - had a change in project operation or additional capital investment of more than twenty percent
 - had a change in project operators
- To request an additional annual exemption for the year of _____ on structures owned by a governmental entity and leased to the project operator. (See N.D.C.C. § 40-57.1-04.1)

Notice to Competitors of Hearing

Prior to the hearing, the applicant must present to the governing body of the county or city a copy of the affidavit of publication giving notice to competitors unless the municipality has otherwise determined there are no competitors.

I, Kristi Morgan, do hereby certify that the answers to the above questions and all of the information contained in this application, including attachments hereto, are true and correct to the best of my knowledge and belief and that no relevant fact pertaining to the ownership or operation of the project has been omitted.

 Signature

 Authorized Member

 Title

 Date

4/17/2024



NEX SENIOR

1728 42ND STREET, FARGO, ND

PILOT APPLICATION SUPPLEMENTAL DUE DILLIGENCE

BY COMMONWEALTH DEVELOPMENT
CORPORATION OF AMERICA



COMMONWEALTH DEVELOPMENT CORPORATION OF AMERICA

2501 Parmenter St., Suite 300B

Middleton, WI 53562

www.commonwealthco.net

March 27, 2024

Economic Development Incentives Committee
225 4th Street North
Fargo, ND 58102

Subject: Response to Economic Development Incentives Committee (EDIC) Decision on NEX Senior Living Complex

Dear Members of the Economic Development Incentives Committee,

We are writing to address the recent decision made by the EDIC on May 26, 2024, regarding Commonwealth's PILOT approval request for the proposed NEX Senior Living Complex. We understand that the decision to table the request was due to a lack of supplementary detail regarding the project and its overall financing plan.

First and foremost, we extend our sincere apologies for the oversight in providing sufficient detail on the project. It was never our intention to withhold information from the EDIC. We are committed to transparency and being a reliable partner for the EDIC, the City of Fargo, Cass County, the Fargo School District, and all other stakeholders involved in this decision-making process. We believe that the additional materials we are supplying with this letter demonstrate our commitment to this objective.

The NEX Senior Living Complex is envisioned as a 40-unit, 100% affordable development, with financing secured through IRS Section 42 Low-Income Housing Tax Credits (LIHTC). We are proud to have received this financing award in late 2023 following a rigorous review by the North Dakota Housing Finance Agency (NDHFA). Our project was selected from a highly competitive field, which we attribute to two primary factors: addressing the pressing need for in-fill senior housing and strategically locating the complex near the West Acres Mall, offering convenient access to amenities and services within the city.

In order to secure financing from the NDHFA, Commonwealth was required to commission a comprehensive market study by a third-party analyst to assess the demand for the proposed housing type. The study revealed a notable statistic: a vacancy rate of only 1.8% within the primary market area among surveyed independent senior tax credit properties. This underscores the significant housing shortage faced by Fargo's senior population.

The approval of our project presents an opportunity for the EDIC to address this market pressure and ensure its feasibility, ultimately benefiting both the community and potential residents.



COMMONWEALTH DEVELOPMENT CORPORATION OF AMERICA

2501 Parmenter St., Suite 300B

Middleton, WI 53562

www.commonwealthco.net

Without affordable options like NEX Senior Living, seniors in Fargo are left with limited choices, often unable to afford the high rents charged by luxury senior living communities.

We appreciate your consideration for approval and look forward to the opportunity to move the NEX Senior Living project forward. We believe that your support is vital for the success of this endeavor, and we are confident that it will bring tangible benefits to the community.

Thank you for your time and attention to this matter.

Sincerely,

Tyler Sheeran

Tyler Sheeran

Vice President of Development

Commonwealth Development Corporation of America

C: 608.558.2939

t.sheeran@commonwealthco.net

VERIFICATION OF PROJECT COSTS

NORTH DAKOTA HOUSING FINANCE AGENCY



RE: NEX Senior - PILOT Approval

Fink, Joseph K. <jfink@nd.gov>

Wed 3/27/2024 11:58 AM

To: Tyler Sheeran <t.sheeran@commonwealthco.net>

Thanks for the update, not sure how much help I'll be...but you're spot on.

Affordable housing development IS NOT the same as developing Market Rate housing. Yes for both, you end up with an apartment building, but they are not run the same nor do they house the same populations. The overlays and requirements of receiving HUD and/or LIHTC funding require an Affordable Housing development to complete multiple levels of due diligence (not applicable to a Market Rate development); these include but are not limited to architectural design to comply with priorities of the funding sources (Universal Design), prioritization of completing outreach efforts for the hiring local low-income workers and contracting with local Section 3 Business Concerns (Section 3), outreach to Women-Owned and Minority-Owned businesses for contracting an employment (M/WBE), eligible costs documentation, verification & review for the investor and funding sources, initial tenant screening, income verification & HUD Beneficiary documentation...the list literally goes on & on.

Yes, affordable housing development has higher soft-costs than market-rate development. The public demands much of an affordable housing project and holds it accountable for a long period of time.

Joe Fink

Program Manager

PO Box 1535 | 2624 Vermont Ave | Bismarck, ND 58502-1535

p: 701-328-8066 | **f:** 701-328-8090 | **e:** jfink@nd.gov

From: Tyler Sheeran <t.sheeran@commonwealthco.net>

Sent: Wednesday, March 27, 2024 10:17 AM

To: Fink, Joseph K. <jfink@nd.gov>

Subject: NEX Senior - PILOT Approval

******* CAUTION:** This email originated from an outside source. Do not click links or open attachments unless you know they are safe. *********

Good morning Joe,

As you are aware, Commonwealth is currently seeking PILOT approval for our NEX Senior housing project to ensure the feasibility of the deal thus enabling us to proceed with construction in the upcoming months.

During the review by the Fargo Economic Development Incentives Committee, there were inquiries regarding the total development costs associated with the project. Regarding the hard costs, I explained that material expenses are escalating due to inflation, and the market has yet to reset since the COVID-19 pandemic, suggesting that these increased costs may be the new standard for development. Additionally, I provided information about JN Contracting's involvement in the project, highlighting their status as a local general contractor in the Fargo area. I mentioned their recent completion of construction projects for us in North Dakota, as well as projects for third-party clients. This comparative data, coupled with ongoing discussions with their subcontractor network, provides substantial reassurance regarding their cost estimates. The board seemed to understand this explanation.

The primary concern revolves around the project's soft costs. I clarified that Low Income Housing Tax Credit (LIHTC) projects often incur additional soft costs compared to market-rate developments. These may include project reserves, NDHFA agency fees, green building verification, market studies, cost certification, developer fees, and syndicator due diligence fees, among others. While some of these costs may vary from project to project, they are generally standardized expenses applicable to any LIHTC project or developer, whether in Fargo or elsewhere in North Dakota. Furthermore, I elaborated on NDHFA's rigorous underwriting criteria, explaining that all such costs undergo thorough analysis and comparison during the application review process.

Your input on these matters, along with any additional commentary you wish to provide, would be greatly appreciated.

We've moved! Please update our office address to 2501 Parmenter Street, Suite 300 B, Middleton, WI 53562

TYLER SHEERAN

Vice President of Development

Commonwealth Development Corporation

O: [608.688.0754](tel:608.688.0754)

C: [608.556.2939](tel:608.556.2939)

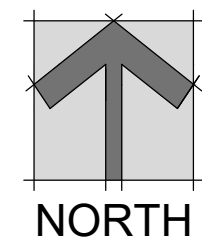
W: www.commonwealthco.net

[2501 Parmenter St., Ste. 300B, Middleton, WI 53562](https://www.commonwealthco.net/2501-Parmenter-St.,-Ste.-300B,-Middleton,-WI-53562)

Not associated with Common Wealth Development, Inc., a not-for-profit affordable housing development company located in Madison, Wisconsin.

**NEX SENIOR
PRELIMINARY
PLANS**





**PRELIMINARY
SITE PLAN**

SCALE: 1" = 20'-0"

OPEN SPACE:
33,012 SF COVERAGE /
61,134 SF (1.40 ACRES) LOT SIZE
= 54% TOTAL COVER OF SITE
= 46% OPEN SPACE

PRELIMINARY
SHEET DATES:

M+A
24 SOUTH BROOKE STREET
FOND DU LAC, WISCONSIN 54937
l.petrie@madeigninc.net (920) 922-8170

**COMMONWEALTH
COMPANIES**
24 SOUTH BROOKE STREET
FOND DU LAC, WISCONSIN 54935
(920) 922-8170 FAX: (920) 922-8171



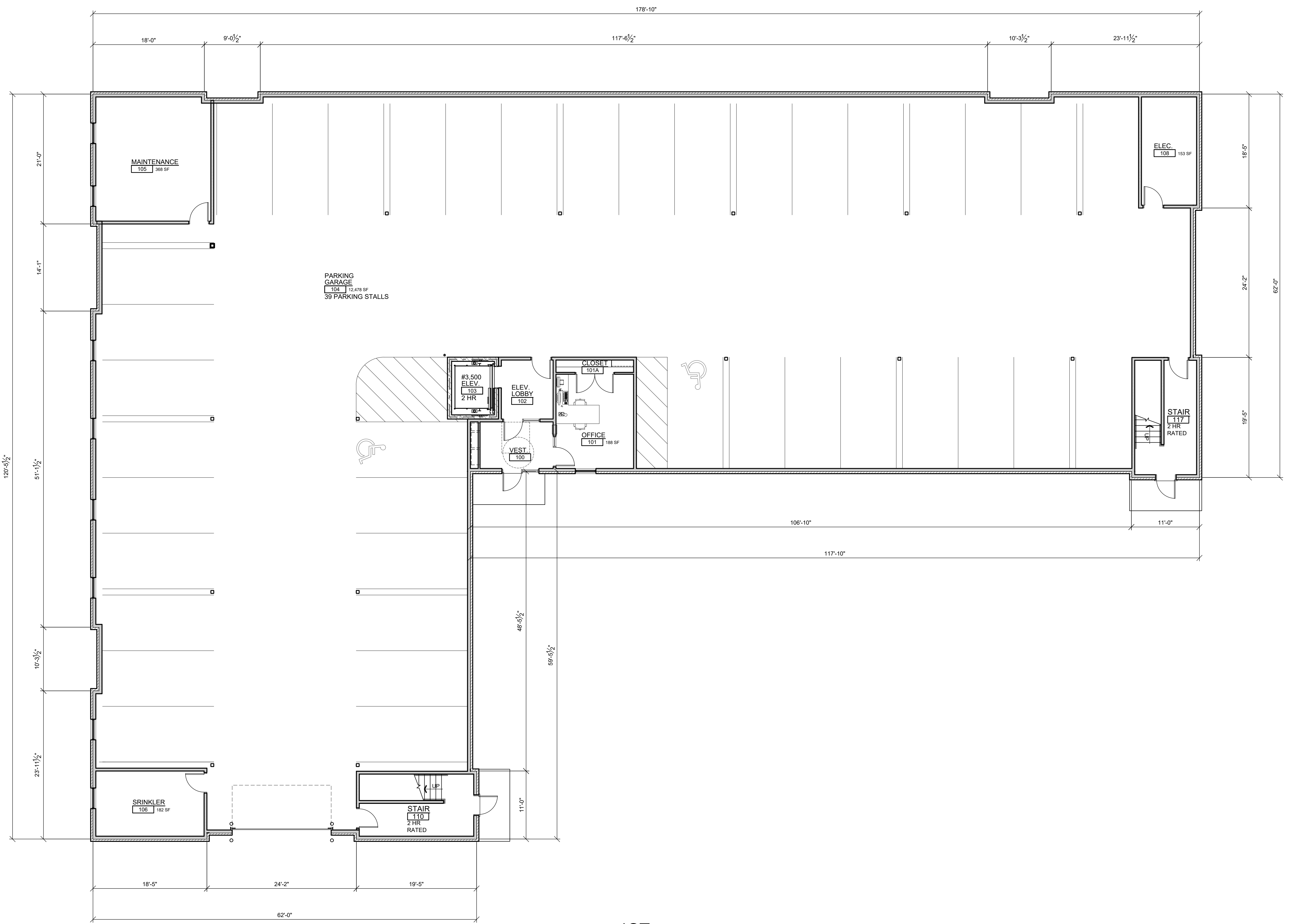
SENIOR APARTMENTS FOR:
NEX SENIOR APARTMENTS
42ND STREET
FARGO, NORTH DAKOTA 58102

JOB NUMBER:
2023.33

SHEET
C1.0

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PRELIMINARY DRAWING - NOT FOR CONSTRUCTION



1ST FLOOR PLAN
 SCALE: 1/8" = 1'-0"
 NORTH

BUILDING FOOTPRINT:	14,466 SF
BUILDING UNIT NET AREA:	30,356 SF
BUILDING GROSS AREA:	57,864 SF

UNIT MIX:

	1BR	2BR	TOTAL
FIRST FLOOR:	-	-	-
SECOND FLOOR:	7	5	12
THIRD FLOOR:	7	7	14
FOURTH FLOOR:	7	7	14
BUILDING UNIT TOTAL:	21	19	40

UNIT BREAKDOWN

TYPE 'A' (UNIVERSAL DESIGN):	5	4	9
TYPE 'B' UNITS:	16	15	31
AUDIO VISUAL:	1	1	2

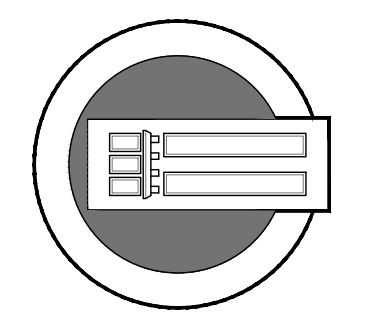
PRELIMINARY SHEET DATES:

09/26/2023

PRELIMINARY DRAWING - NOT FOR CONSTRUCTION

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 FOND DU LAC, WISCONSIN 54937
 l.petrie@madesigninc.net (920) 922-8170

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 24 SOUTH BROOKE STREET
 FOND DU LAC, WISCONSIN 54935
 (920) 922-8170 FAX: (920) 922-8171



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SHEET	A1.1



2ND FLOOR PLAN



SCALE: 1/8" = 1'-0"

BUILDING FOOTPRINT:	14,466 SF
BUILDING UNIT NET AREA:	30,356 SF
BUILDING GROSS AREA:	57,864 SF

UNIT MIX:

	1BR	2BR	TOTAL
FIRST FLOOR:	-	-	-
SECOND FLOOR:	7	5	12
THIRD FLOOR:	7	7	14
FOURTH FLOOR:	7	7	14
BUILDING UNIT TOTAL:	21	19	40

UNIT BREAKDOWN

TYPE 'A' (UNIVERSAL DESIGN):	5	4	9
TYPE 'B' UNITS:	16	15	31
AUDIO VISUAL:	1	1	2

PRELIMINARY SHEET DATES:

09/26/2023

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 24 SOUTH BROOKE STREET
 FOND DU LAC, WISCONSIN 54937
 l.petrie@madesigninc.net (920) 922-8170

COMMONWEALTH COMPANIES
 24 SOUTH BROOKE STREET
 FOND DU LAC, WISCONSIN 54935
 (920) 922-8170 FAX: (920) 922-8171

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JOB NUMBER:
2023.33
 SHEET
A1.2

PRELIMINARY DRAWING - NOT FOR CONSTRUCTION

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3RD FLOOR PLAN



BUILDING FOOTPRINT:	14,466 SF
BUILDING UNIT NET AREA:	30,356 SF
BUILDING GROSS AREA:	57,864 SF

UNIT MIX:

	1BR	2BR	TOTAL
FIRST FLOOR:	-	-	-
SECOND FLOOR:	7	5	12
THIRD FLOOR:	7	7	14
FOURTH FLOOR:	7	7	14
BUILDING UNIT TOTAL:	21	19	40

UNIT BREAKDOWN

TYPE 'A' (UNIVERSAL DESIGN):	5	4	9
TYPE 'B' UNITS:	16	15	31
AUDIO VISUAL:	1	1	2

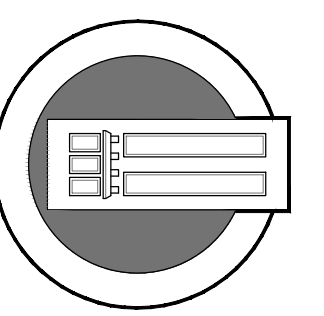
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 FOND DU LAC, WISCONSIN 54935
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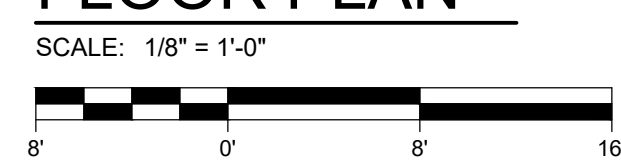
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JOB NUMBER:	2023.33
SHEET	A1.3

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4TH FLOOR PLAN



BUILDING FOOTPRINT:	14,466 SF
BUILDING UNIT NET AREA:	30,356 SF
BUILDING GROSS AREA:	57,864 SF

UNIT MIX:

	1BR	2BR	TOTAL
FIRST FLOOR:	-	-	-
SECOND FLOOR:	7	5	12
THIRD FLOOR:	7	7	14
FOURTH FLOOR:	7	7	14
BUILDING UNIT TOTAL:	21	19	40

UNIT BREAKDOWN

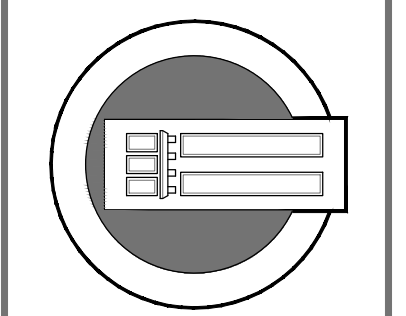
TYPE 'A' (UNIVERSAL DESIGN):	5	4	9
TYPE 'B' UNITS:	16	15	31
AUDIO VISUAL:	1	1	2

PRELIMINARY SHEET DATES:

09/26/2023

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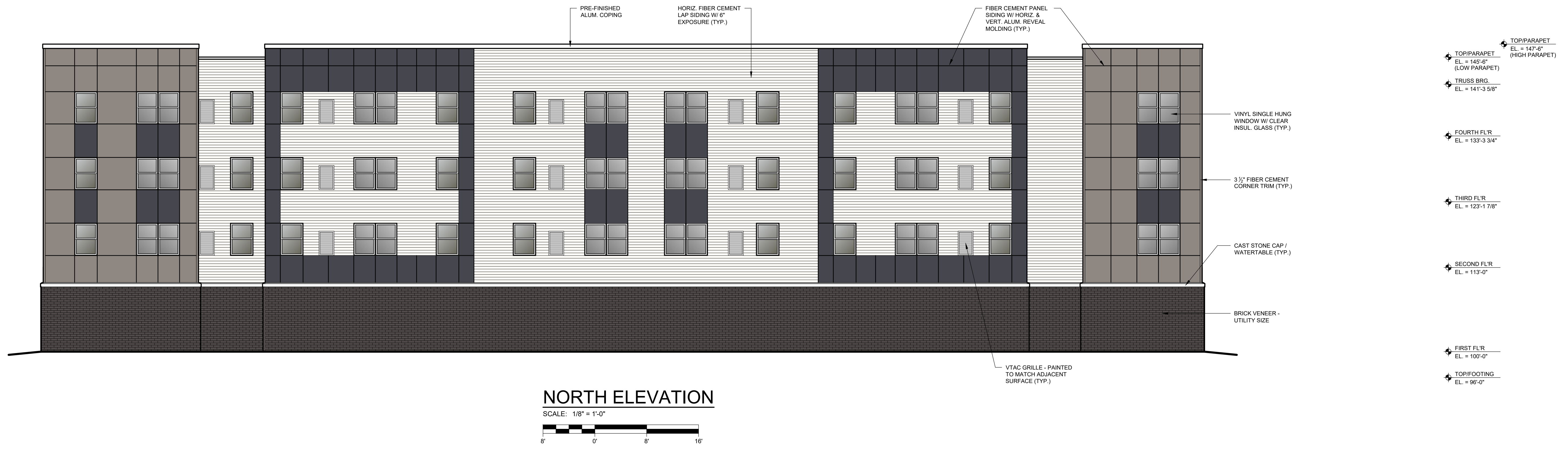
COMMONWEALTH COMPANIES
 24 SOUTH BROOKE STREET
 FOND DU LAC, WISCONSIN 54935
 (920) 922-8170 FAX: (920) 922-8171



SENIOR APARTMENTS FOR:
NEX SENIOR APARTMENTS
 42ND STREET
 FARGO, NORTH DAKOTA 58102

JOB NUMBER:	2023.33
SHEET	A1.4

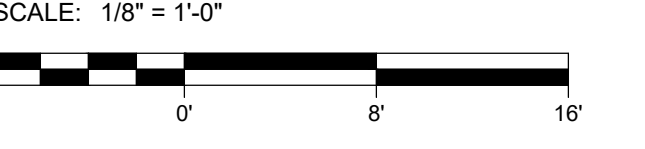
PRELIMINARY DRAWING - NOT FOR CONSTRUCTION



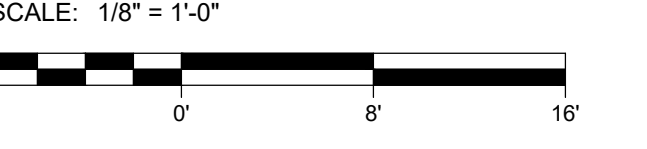
NORTH ELEVATION
SCALE: 1/8" = 1'-0"



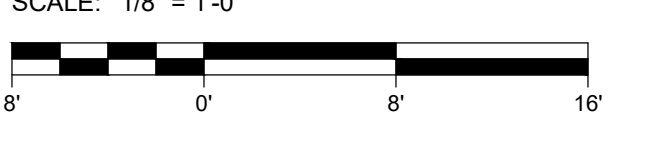
EAST ELEVATION
SCALE: 1/8" = 1'-0"



WEST ELEVATION
SCALE: 1/8" = 1'-0"



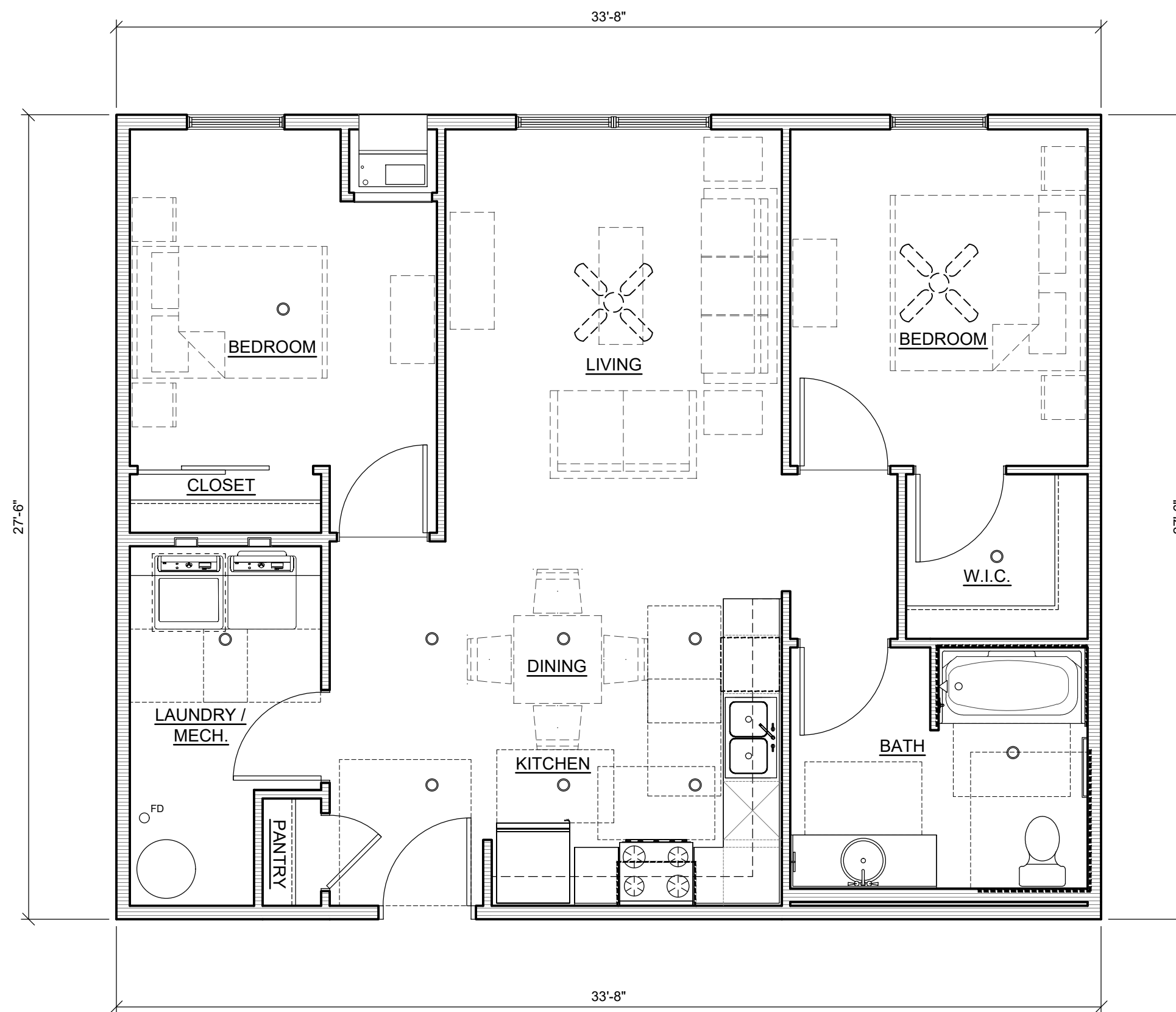
SOUTH ELEVATION
SCALE: 1/8" = 1'-0"





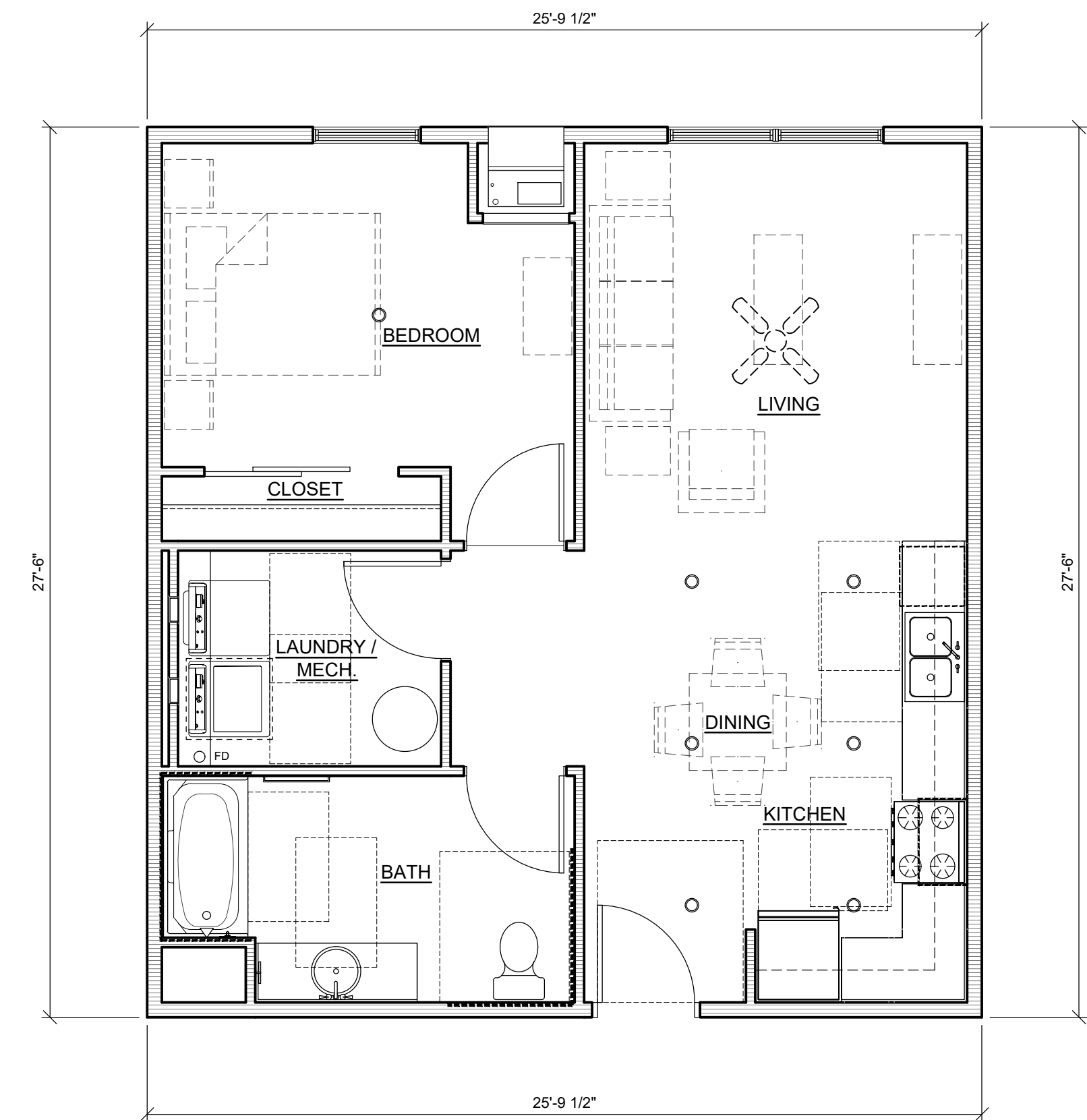
UNIT #3 FLOOR PLAN
2 BED, 1 BATH - TYPE 'B'
 SCALE: 1/4" = 1'-0"

UNIT AREA: 913 SF



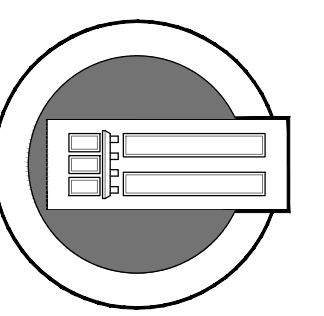
UNIT #2 FLOOR PLAN
2 BED, 1 BATH - TYPE 'B'
 SCALE: 1/4" = 1'-0"

UNIT AREA: 913 SF



UNIT #1 FLOOR PLAN
1 BED, 1 BATH - TYPE 'B'
 SCALE: 1/4" = 1'-0"

UNIT AREA: 697 SF



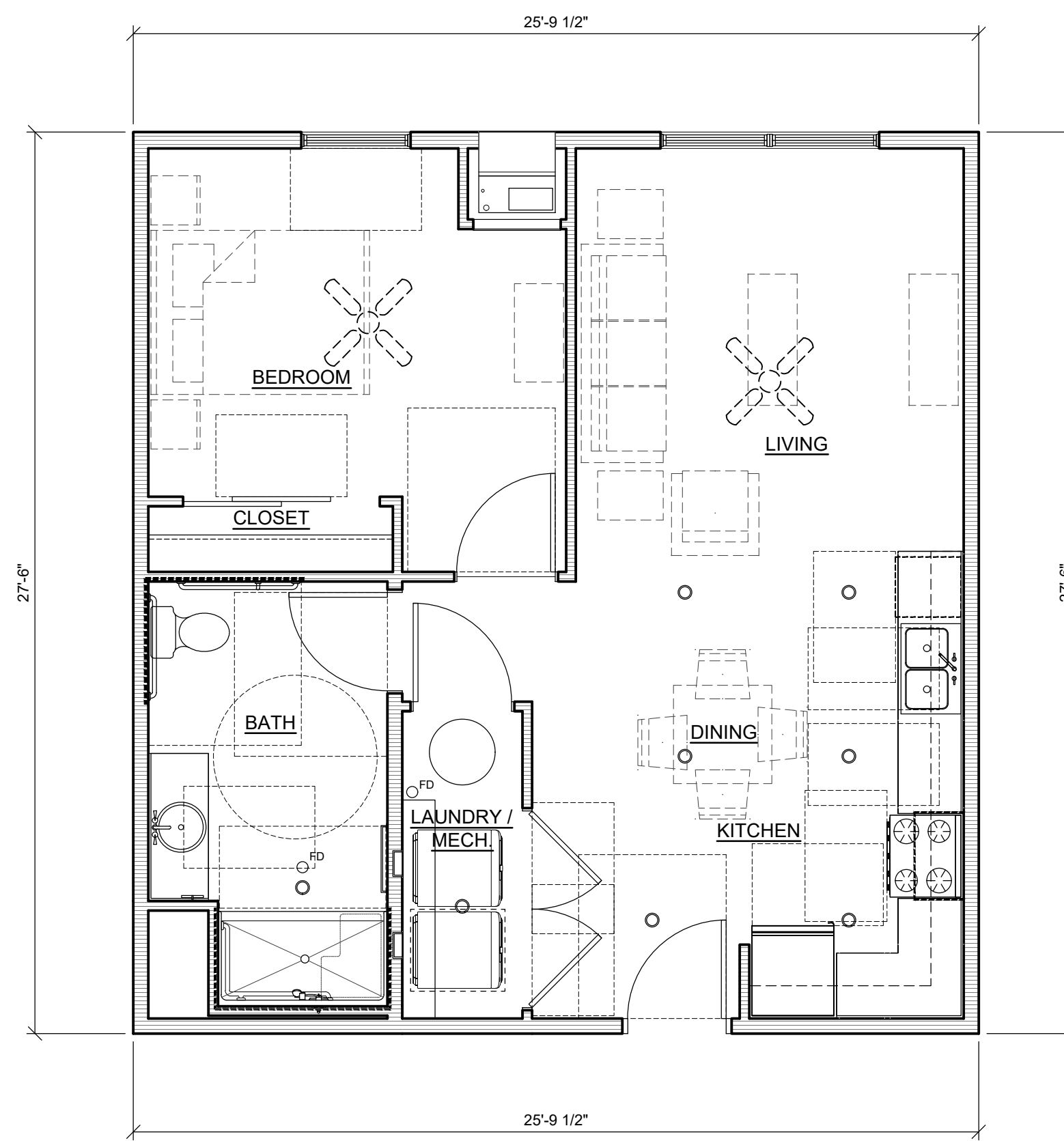
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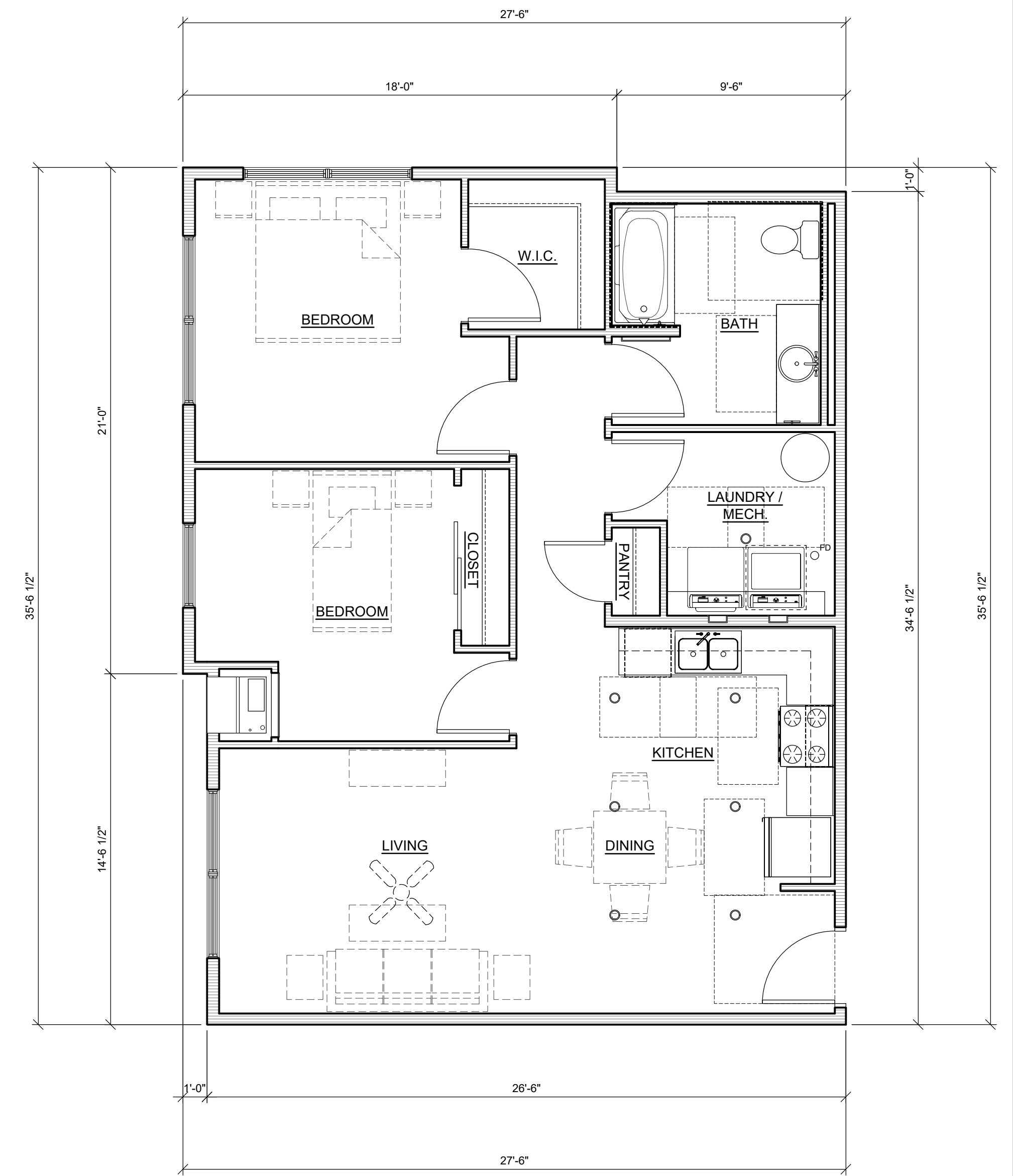
UNIT #6 FLOOR PLAN
2 BED, 2 BATH - TYPE 'A'
 SCALE: 1/4" = 1'-0"

UNIT AREA: 913 SF



UNIT #5 FLOOR PLAN
1 BED, 1 BATH - TYPE 'A'
 SCALE: 1/4" = 1'-0"

UNIT AREA: 697 SF



UNIT #4 FLOOR PLAN
2 BED, 1 BATH - TYPE 'B'
 SCALE: 1/4" = 1'-0"

UNIT AREA: 913 SF

PRELIMINARY SHEET DATES:

09/26/2023

M+A
 24 SOUTH BROOKE STREET
 FOND DU LAC, WISCONSIN 54937
 l.petrie@madesigninc.net (920) 922-8170

COMMONWEALTH COMPANIES
 24 SOUTH BROOKE STREET
 FOND DU LAC, WISCONSIN 54935
 (920) 922-8170 FAX: (920) 922-8171

SENIOR APARTMENTS FOR:
NEX SENIOR APARTMENTS
 42ND STREET
 FARGO, NORTH DAKOTA 58102

JOB NUMBER:	2023.33
SHEET	A5.1

2023 © M+A STUDIO, PC

PRELIMINARY DRAWING - NOT FOR CONSTRUCTION

DETAILED SOURCE AND USE BREAKDOWN



NEX Senior
1728 42nd Street
Poughkeepsie, NY

Sources and Uses of Funds	
SOURCES	Entity
Federal LIHTC Equity	Federal LIHTC Investor Entity
State LIHTC Equity	State LIHTC Investor Entity
State Historic Equity	Federal Historic Investor Entity
First Mortgage	TBD
Second Mortgage	MF
TIF	MF
Other: TIF	MF
Other: HOME	MF
Other:	MF
SP/SLP Equity	MF
Total Third Party Sources	MF
Deferred Fee	MF
TOTAL	MF

TOTAL USES	
SURPLUS/DEFICIT	

USES	Amount	Unit	Cost	LIHTC Basis	Acquisition Credit	State Credits	Federal Historic Credits	State Historic Credits
A. Land & Buildings								
Land			17,500					
Building Basis			700,000					
Title & Recording for Purchase (or for Equity Closing)								
Items paid for outside of GC Contract								
Sub Total			717,500					
B. Site Work								
Earthwork								
Site Work								
Demo, Abatement, Environmental Remediation								
Site Improvements								
Landscaping								
Sub Total								
C. Hard Costs								
Hard Construction	264,320		236,000	9,440,000		9,440,000	9,254,900	9,254,900
Special Allocation for Historic with New Construction								
General Requirements	1,000		11,800	472,000		472,000	462,700	462,700
Overhead	4,700		188,800	188,800		188,800	185,088	185,088
Contractor P & L	5,000		18,400	472,000		472,000	462,700	462,700
Other:								
Sub Total			290,020	10,172,800		10,172,800	10,364,300	10,364,300
Total Contract Amount			264,320	10,172,800		10,172,800	10,964,922	10,964,922
Construction Contingency	5.00%		13,216	528,640		528,640	528,640	528,640
Total Land + Site Work + Hard Costs + Contingency			277,536	11,801,440		11,801,440	12,093,562	12,093,562
D. Design & Engineering Fees								
Architect - Design	373,000		7,520	301,150	301,150	301,150	301,150	301,150
Architect - Supervision			396	15,850	15,850	15,850	15,850	15,850
Builder Risk Insurance			1,300	50,000	50,000	50,000	50,000	50,000
SAC/WAC/Park Dedication/Impact Fees								
Plan & Cost Review Fees			120	5,000	5,000	5,000	5,000	5,000
Inspector Fees			250	30,000	30,000	30,000	30,000	30,000
Engineering			2,200	90,000	90,000	90,000	90,000	90,000
Surveying			375	15,000	15,000	15,000	15,000	15,000
Geotechnical Soil Borings			200	10,000	10,000	10,000	10,000	10,000
FR&E			1,125	45,000	45,000	45,000	45,000	45,000
Other:								
Sub Total			14,275	567,000	567,000	567,000	522,600	522,600
E. Professional Fees								
Appraiser			150	6,000	6,000	6,000	6,000	6,000
Market Study			150	6,000	6,000	6,000	6,000	6,000
Environmental Assessment			375	15,000	15,000	15,000	15,000	15,000
Energy Consultant								
Energy Audit								
Green Build Certification			738	29,500	29,500	29,500	29,500	29,500
Legal Fees, Borrower - Partnership			750	30,000	30,000	30,000	30,000	30,000
Legal Fees, Borrower - Local			750	30,000	30,000	30,000	30,000	30,000
Historic Consultant			125	17,000	17,000	17,000	17,000	17,000
Cost Consultant								
Other:								
Sub Total			3,138	133,500	88,500	88,500	88,500	88,500
F. Construction and Permanent Financing Costs								
Pre-Dev Loan - Origination - Interest								
Construction/Build Loan/Draw/Term Bonds:								
Application Fee	1.00%		2,660	82,750	2,724	2,724	2,724	2,724
Lender Counsel			500	20,000	667	667	667	667
Other:								
Construction Interest at:	1.75%		12,084	480,762	288,401	288,401	288,401	288,401
Permanent Loan/Bonds:								
Application Fee								
Origination Fee/Cost of Issuance	1.00%		494	19,750	-	-	-	-
Lender/Bond & Issuer Council			200	10,000	-	-	-	-
Other:								
Construction period interest/Prior to Stabilization	0.00%							
Second Mortgages:								
Application Fee								
Origination Fee	0.00%							
Lender Counsel								
Other:								
Construction period interest/Prior to Stabilization	1.00%							
TIF & SLP Loans:								
Application Fee								
Origination Fee	5.00%							
Lender Counsel								
Other:								
Construction period interest/Prior to Stabilization	0.00%							
Other Building/Financing Costs:								
Performance & Payment Bonds (NOT in GC contract)								
Title Insurance - Filing - Recording (Equity/Construction)			1,000	40,000	40,000	40,000	40,000	40,000
Construction Draw Administration			650	27,750	9,750	9,750	9,750	9,750
Permanent Loan Title & Recording			200	10,000	-	-	-	-
Tax Credit Syndicator Due Diligence Fee			1,421	50,000	-	-	-	-
Other:								
Sub Total			18,400	736,377	341,541	341,541	341,541	341,541
G. Other Soft Costs								
Taxes During Construction			250	10,000	10,000	10,000	10,000	10,000
Warrant and Liability Insurance (First Year Expense)			800	30,000	-	-	-	-
Start-up Marketing	1.50%		1,500	50,000	-	-	-	-
Soft Cost Contingency			1,250	50,000	50,000	50,000	50,000	50,000
Other:								
Sub Total			8,800	136,400	60,000	60,000	60,000	60,000
H. Tax Credit Fees								
Application Fee			13	500	-	-	-	-
Renovation Fee			2,750	110,000	-	-	-	-
Carryover Fee								
8009 Fees								
Agency Compliance Fee								
Other: HF Application Fee			13	500	-	-	-	-
Other:								
Sub Total			2,775	111,000				
I. Developer Fee								
Developer Fee			48,160	1,926,777	1,926,777	1,926,777	1,926,777	1,926,777
Other Consultant								
Sub Total			48,160	1,926,777	1,926,777	1,926,777	1,926,777	1,926,777
J. Development Reserves								
Debt Service Reserves			0	1,493	19,805	-	-	-
Operating Reserves			0	5,000	120,550	-	-	-
Losses to Reserve								
Other:								
Sub Total			0	6,493	140,355	-	-	-
Soft Cost Total			4,534	181,362				
Total Development Cost			390,346	15,613,856	14,085,258	14,085,258	13,832,381	13,832,381

Credit Calculation	
Eligible Basis	Federal LIHTC Credits
Less Historic Tax Credit Residential	14,085,258
Less Other (Describe)	-
Net Eligible Basis	14,085,258
ROOSTY ALLOWED	14,085,258
QCT or SDA OR State Designated Basis Boost	1,000
Applicable Fraction	100.00%
TOTAL Qualified Basis	16,110,816
Tax Credit Percentage Rate	3.75%
Annual Credit Amount	604,156
# of Years of Credits	10
Equity Pricing/Credit	60.00%
Ownership %	99.99%
Equity Proceeds	9,619,098

Credit Calculation	
Eligible Basis	Federal LIHTC Credits
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Less Other (Describe)	-
Net Eligible Basis	14,085,258
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Credit Calculation	
Eligible Basis	Federal LIHTC Credits
Less Historic Tax Credit Residential	14,085,258
Less Other (Describe)	-
Net Eligible Basis	14,085,258
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QCT or SDA OR State Designated Basis Boost	1,000
Applicable Fraction	100.00%
TOTAL Qualified Basis	16,110,816

PROJECT PROFORMA



NEX Senior
1728 42nd Street
Fargo, ND

SOURCES	Entity	
Federal LIHTC Equity	Regions Bank	\$ 9,019,098
First Mortgage	Legacy Bank & Trust	1,975,000
Other: HTF		2,852,413.21
Other: HOME		1,558,248.01
GP/SLP Equity		100
Total Third Party Sources		\$ 15,404,859
Deferred Fee		208,997
TOTAL		\$ 15,613,856

USES	
Land	700,000.00
Hard Costs	11,101,440.00
Design & Engineering Fees	567,000.00
Professional Fees	133,500.00
Financing Costs	736,377.00
Soft Costs	2,083,177.00
Tax Credit Fees	111,000.00
Development Reserves	181,362.00
TOTAL	\$ 15,613,856

MEMORANDUM

TO: Economic Development Incentive Committee

FROM: Jim Gilmour, Director of Strategic Planning and Research



DATE: April 16, 2024

SUBJECT: Grove Enclave LLC time extension

Grove Enclave LLC requested a one-year time extension in the deadline to construct the minimum improvements for the redevelopment of the former Kmart property. The site is on south University. The deadline to complete the project is December 31, 2024.

The minimum improvements included 20,000 square feet of retail space and two new stand-alone commercial buildings. The developer has constructed 30,000 square feet of commercial space, but work has not started on the stand-alone commercial buildings.

The developer indicated that construction will start within two months on a stand-alone building. Construction may start this fall on the second stand-alone commercial building.

The developer has kept me informed on the status of the project. It has been more difficult than expected to find tenants for the commercial spaces.

Recommended Motion

Recommend a one-year extension in the deadline to complete the minimum improvements.

ARTICLE IV

Construction Of Minimum Improvements

Section 4.1 **Construction of Minimum Improvements.** The development by the Developer shall require the construction of 20,000 square feet minimum of commercial space and two (2) new stand-alone commercial buildings, upon Lot 2, Block 1, University South Second Addition. The Improvements constructed by the Developer may, and are hereby permitted to and encouraged to, exceed in scope, scale and nature the Minimum Improvements. The Minimum Improvements constitute the lowest (or minimum) extent of Improvements which meet the development required to be provided hereunder by the Developer. As contemplated by Section 8.2(f) of this Agreement, Beyond Shelter, Inc. shall construct multi-family housing with affordable housing units upon Lot 1, Block 1, University South Second Addition. Said affordable housing units must be awarded and use federal low-income housing tax credits in financing of the housing. The Developer shall not be responsible for the construction of the multi-family housing upon Lot 1, Block 1, University South Second Addition, and the failure of Beyond Shelter, Inc. to construct such multi-family housing shall not be deemed an Event of Default under this Agreement and shall not impact the issuance or payment of the Tax Increment Note as contemplated by this Agreement.

Section 4.2 **Commencement and Completion of Construction.** Subject to Unavoidable Delays, by December 31, 2024, the Developer shall have substantially completed the construction of the Minimum Improvements to be completed by Developer.

Time lost as a result of Unavoidable Delays shall be added to extend the completion date beyond such date, a number of days equal to the number of days lost as a result of Unavoidable Delays.


The Developer agrees for itself, and every successor in interest to the Development Property, or any part thereof, that the Developer, and such successors and assigns, shall cause to be promptly begun and diligently prosecuted to complete construction of the Minimum Improvements thereon, and that such construction shall in any event be commenced and completed within the period specified in this Section 4.2. Until construction of the Minimum Improvements has been completed, the Developer shall make reports to the City, in such detail and at such times as may reasonably be requested by the City, as to the actual progress of the Developer with respect to construction of the Minimum Improvements.

The Developer agrees that it shall permit designated representatives of the City to enter upon the Development Property during the construction of the Minimum Improvements to inspect such construction, after reasonable notice to Developer and at City's risk, to determine compliance with this agreement. This paragraph is not intended to apply to the customary building or code inspections by the City.

Section 4.3 **Certificate of Completion.** Promptly after completion of the Minimum Improvements to be completed by Developer in accordance with the provisions of this

MEMORANDUM

TO: Economic Development Incentive Committee

FROM: Jim Gilmour, Director of Strategic Planning and Research 

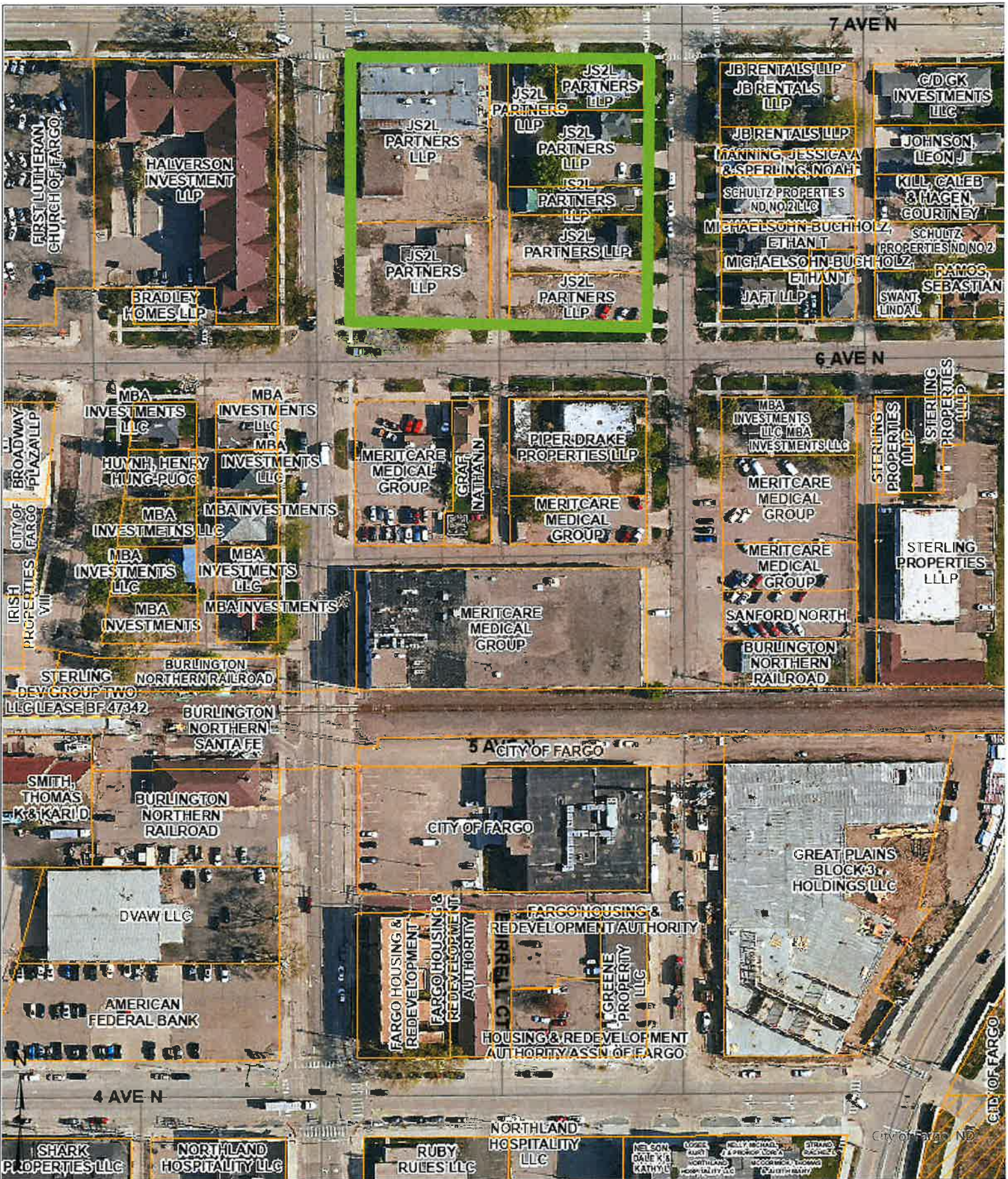
DATE: April 17, 2024

SUBJECT: JS2L Request for Renewal Plan and Developer Agreement

JS2L is very interested in entering into a developer agreement to use the new TIF policy and start demolition of structures they own on the northeast edge of the downtown. I have attached a map of the block.

Recommended Motion

Prepare a Renewal Plan and Developer Agreement for the block owned by JS2L.



These data are provided on an "AS-IS" basis, without warranty of any type, expressed or implied, including but not limited to any warranty as to their performance, merchantability, or fitness for any particular purpose.

JS2L

1:2,257

4/17/2024 10:17 AM

This map is not a substitute for accurate field surveys or for locating actual property lines and any adjacent features.



TiffID	1982 C-1 (Dakota Bank) Fund 302	1982 C-2 (Radisson Hotel) Fund 302	2001 (Summit Group) Fund 304	1995 (Great Northern Depot) Fund 303	2001-01 (MATRIX) FUND 305	2002-01 (Horse Park) Fund 306
TF Value at Expiry	\$35,353,900	\$10,008,800	\$24,045,500	\$1,424,200	\$310,588,800	\$26,446,800
Net (Taxable) Value at Expiry	\$22,806,600	\$8,930,100	\$23,686,400	\$1,424,200	\$226,441,600	\$24,317,800
Base TF Value at Beginning	\$2,846,200	\$821,200	\$1,928,900	\$284,700	\$347,263	\$86,024
Year Expired	2020	2008	2008	2021	2018	Active
Duration Value Change	1142%	1119%	1147%	400%	89339%	30644%
Years in Fund	37	25	6	25	17	21
Appreciation Per Year	31%	45%	191%	16%	5255%	1459%

TiffID	2002-02 (Service Oil) Fund 307	2003-01 (Scattered) Fund 308	2004-01 (Scattered) Fund 312	2005-01 (FAYLAND) FUND 309	2006-01 (Broadway Street & Bristol) Fund 311	2006-02 (JPR 19th Ave N) Fund 313
TF Value at Expiry	\$6,981,400	\$2,097,000	\$2,287,900	\$62,546,700	\$9,075,900	\$15,401,400
Net (Taxable) Value at Expiry	\$6,981,400	\$2,073,400	\$2,287,900	\$62,546,700	\$9,046,900	\$15,375,400
Base TF Value at Beginning	\$209,000	\$570,011	\$644,800	\$102,000	\$408,100	\$1,408,400
Year Expired	2010	2016	2016	2020	Active	2019
Duration Value Change	3240%	268%	255%	61220%	2124%	994%
Years in Fund	7	12	11	14	18	13
Appreciation Per Year	463%	22%	23%	4373%	118%	76%

TiffID	2007-01 (FM Development I) Fund 314	2007-02 (Feder) Fund 315	2007-03 (East Bridge) Fund 316	2009-01 (Meridian on Broadway) Fund 317	2008-01 (FM Development Phase II) Fund 318	2011-01 (Shotwell Commons)
TF Value at Expiry	\$2,748,000	\$2,385,600	\$4,582,000	\$99,000	\$4,254,000	\$6,664,000
Net (Taxable) Value at Expiry	\$2,748,000	\$2,385,600	\$4,582,000	\$99,000	\$4,254,000	\$6,664,000
Base TF Value at Beginning	\$208,080	\$316,980	\$488,800	\$280,900	\$334,140	\$462,400
Year Expired	2023	2023	2014	2012- Project cancelled	Active	2019
Duration Value Change	1221%	653%	837%	0%	1173%	1341%
Years in Fund	15	15	6	0	14	7
Appreciation Per Year	81%	44%	140%	#DIV/0!	84%	192%

TiffID	2013-01 (914 LLC, Weston)	2014-01 (Butler Business Park) Fund 302	2015-01 (710 Lofts) Fund 304	2015-03 (Roberts St. Ramp) Fund 307	2016-03 (Barrett St. Apartments) Fund 330	2016-01 (Block 9) Fund
TF Value at Expiry	\$2,639,000	\$19,773,700	\$1,861,000	\$50,067,600	\$3,103,500	\$97,994,500
Net (Taxable) Value at Expiry	\$2,639,000	\$19,773,700	\$1,861,000	\$13,357,600	\$3,103,500	\$19,535,100
Base TF Value at Beginning	\$195,900	\$2,117,700	\$163,400	\$236,000	\$1,011,000	\$4,367,089
Year Expired	2019	Active	Active	Active	Active	Active
Duration Value Change	1247%	834%	1039%	21115%	207%	2144%
Years in Fund	5	9	8	8	7	6
Appreciation Per Year	249%	93%	130%	2639%	30%	357%

TiffID	2015-02 (Mercantile) Fund 340	2019-02A (Roers/Newman) Fund	2019-02B (Roers/Newman) Fund	2019-02 (Roers) Fund	2021-01 (Riverfront)	2021-02 (Brewhalla) Fund
TF Value at Expiry	\$29,986,800	\$11,678,800	\$20,157,500	\$36,589,400	\$247,708,600	\$18,549,100
Net (Taxable) Value at Expiry	\$6,087,000	\$11,678,800	\$0	\$13,228,000	\$114,206,400	\$18,549,100
Base TF Value at Beginning	\$1,576,300	\$449,000	\$533,000	\$982,000	\$63,200,000	\$309,000
Year Expired	Active	Merged to 2019-02 (Roers) Fund	Merged to 2019-02 (Roers) Fund	Active	Active	Active
Duration Value Change	1802%	2501%	3682%	3626%	292%	5903%
Years in Fund	4	3	3	4	4	3
Appreciation Per Year	451%	834%	1227%	907%	73%	1968%

TiffID	2020-01 (Oak Grove Housing) Fund	2021-03 (Kmart) Fund	2021-04 (J Street Apts) Fund	2023-02 (NP Redevelopment)	2023-03 (HN 8 STREET)	
TF Value at Expiry	\$26,167,200	\$11,219,700	\$13,484,100	\$96,590,800	\$231,000	
Net (Taxable) Value at Expiry	\$3,928,200	\$11,219,700	\$13,484,100	\$77,584,100	\$231,000	
Base TF Value at Beginning	\$952,200	\$4,847,400	\$319,000	\$59,102,300	\$166,000	
Year Expired	Active	Active	Active	Active	Active	
Duration Value Change	2648%	131%	4127%	63%	39%	#DIV/0!
Years in Fund	2	2	2	0	0	21
Appreciation Per Year	1324%	66%	2063%	#DIV/0!	#DIV/0!	#DIV/0!