The Economic Development Incentives Committee

THE CITY OF Fargo FAR MORE

225 4th St. N. | Fargo, ND 58102

UPDATED 2021

ECONOMIC DEVELOPMENT INCENTIVES

POLICIES & GUIDELINES

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Mission Statement

The City of Fargo supports the mission of economic development and community development through the use of available tax incentive programs. The goal of this mission is to:

1. Create high quality jobs by attracting new (and expanding existing) primary sector businesses;
2. Promote historic preservation and development of the downtown district;
3. Support market and affordable housing opportunities;
4. Support the redevelopment of brownfield sites;
5. Support the redevelopment of blighted properties in core neighborhoods; and;
6. Grow the City's tax base which, collectively, enhances the community's livability, vibrancy and quality of life.

Effective Date and Term

This policy is effective as of the date of adoption (December 13, 2021) and shall remain in effect until the next review, whichwill follow the June 2022 City election.

General Review Criteria

The City will use the general review criteria below in evaluating the applications for assistance. These are broad areas of consideration, which serve as part of the underlying City economic development policy.

ECONOMIC IMPACT TO THE CITY

The economic impact to the City to be considered will be determined by increased construction activity and the purchase of local equipment, goods and services. Also, consideration will be given in terms of the size of the payroll and the value of the real property which ultimately serves to increase the tax base of the City.

DIVERSIFICATION AND GROWTH OF THE ECONOMIC BASE

The City is concerned about attracting and retaining companies that provide diversification from the existing industrial base in order to bring about a more stable economic environment in the City.

NUMBER AND TYPE OF JOBS TO BE CREATED

The City is interested in knowing the projection for job creation over the term of the assistance. Consideration will be given to the salary, benefits and type of jobs to be created or anticipated jobs to be added in the future.

LOCAL COMPETITION

The City should not give an unfair advantage over other local existing companies through the use of these incentives.

QUALITY AND GROWTH POTENTIAL OF THE APPLICANT

Consideration will be given to the company's reputation in other areas of the country in terms of the applicant’s performance history, safety record, credit history, stability and overall industry standing. The City will also be interested in the company's past history of growth, potential for future growth and the general outlook for growth of the industry.

Applicants for assistance must be in good standing with the City, meaning current in property taxes, special assessments, utility fees, City accounts receivable and no significant history of unresolved code violations.

Available Incentive Options Reviewed by Economic Development Incentives Committee

1. **RESIDENTIAL NEW HOUSING EXEMPTION (N.D.C.C. 57-02-08):**
    - This exemption allows for a two-year exemption of up to $150,000 in value on newly constructed residential dwellings, duplexes, townhomes and condominiums;
    - Exemptions are available to builders, as well as the initial owners after the builder.

2. **REMODELING EXEMPTION (N.D.C.C. 57-02.2):**
    - The five-year remodeling exemption is available to all commercial properties and residential buildings that are at least 25 years old;
    - This provides for an exemption of buildings' increased values improved by means of renovation, remodeling, alteration or additions;
    - It does not apply to the replacement of one building with another.

3. **NEW OR EXPANDING BUSINESS EXEMPTION / PILOT (N.D.C.C. 40-57.1):**
    - This allows for a five-year exemption for buildings of certain new or expanding business projects;
    - A ten-year exemption may be granted to projects producing or manufacturing a product from agricultural commodities;
    - In addition to (or instead of a property tax exemption) projects may be granted up to 20 years of payments in lieu of taxes (PILOT) to help offset a portion of the costs of expansion or new business project expenses.

4. **TAX INCREMENT FINANCING (N.D.C.C. 40-58):**
    - Tax Increment Financing (TIF) assists applicants in rehabilitating or redeveloping by means of tax increments;
        - This may be provided in one of three ways:
            - Via a tax exemption;
            - Via the issuance of a promissory note to the project applicant;
            - Via the issuance of bonds to be paid by the City from tax increment proceeds.

Available Resources Via Planning and Development Department

5. **RENAISSANCE ZONE INCENTIVES (N.D.C.C. 40-63):**
    - The Renaissance Zone Program encourages private investment to rehabilitate or redevelop Downtown Fargo through the use of property tax, state income tax and historic preservation & renovation tax credit incentives;
    - The Fargo Renaissance Zone Authority administers these incentives, but all are subject to Fargo City Commission approval.

6. **COMMUNITY DEVELOPMENT FUNDING:**
    - Community development funding from the Department of Housing and Urban Development (CDBG, HOME Etc.) encourages development of a high quality downtown and neighborhoods by providing quality housing and a suitable living environment;
    - The Community Development Committee makes recommendations on these incentives, but all are subject to Fargo City Commission approval.

Residential New Housing Exemption Policy (N.D.C.C. 57-02-08)

This exemption promotes the construction of dwelling units thereby encouraging the volume of employment, enhancing living conditions and increasing the tax base.

NEW SINGLE FAMILY RESIDENCE OWNED BY FIRST OWNER AFTER THE BUILDER:

- The first owner after the builder may receive an exemption on up to $150,000 of building value for new single-family, condominium and townhouse residences;
- The maximum term of the exemption is for the two taxable years after the taxable year construction is completed and the residence is occupied for the first time by the owner.

NEW SINGLE FAMILY RESIDENCE OWNED BY BUILDER AND UNOCCUPIED:

- Per City policy, up to five properties per builder per year may be exempt up to $150,000 of building value if the homes are unoccupied and owned by the builder;
    - N.D.C.C allows up to 10 properties per builder per year to be exempt up to $150,000 of building value if the homes are unoccupied and owned by the builder.
- The maximum term of exemption is for the taxable year construction began and one following taxable year.

Remodeling Exemption Policy (N.D.C.C. 57-02.2)

This exemption provides an incentive to property owners to invest private capital in order to remodel and rehabilitate buildings and structures to prevent the properties from decay. It is at the discretion of the City Commission to grant this exemption to properties. The exemption encourages Investment of private capital to accomplish the following:

- Improving properties to encourage the production of wealth;
- Improving the volume of employment;
- Enhancing living conditions and preserving and increasing the property tax base.

RESIDENTIAL AND APARTMENT PROPERTY:

- A five (5) year exemption for value added due to remodeling and additions to buildings 25 years old and older.

COMMERCIAL PROPERTY:

- A five (5) year exemption for value added due to remodeling and additions to buildings 25 years old and older. Additions that exceed the existing value of the building must be reviewed by the Economic Development Incentives Committee, but all are subject to Fargo City Commission approval.

No exemption under this policy will be granted for assessment value replaced after a reduction in appraised value has been made by the City Assessor for value lost due to fire, flood, tornado or other natural disaster.

New or Expanding Business Exemption / PILOT Policy (N.D.C.C. 40-57.1)*

Allows for exemptions of up to 20 years

3A. GENERAL EVALUATION CRITERIA FOR JOB CREATION PROJECTS

The purpose of this policy is to establish the City's position relating to the use of business property tax exemptions and Payment in Lieu of Taxes (PILOT) in support of creating new primary sector jobs. The fundamental purpose is to create primary sector jobs that will expand the economy and diversify the existing economic base.

TYPES OF BUSINESSES CONSIDERED FOR POSSIBLE FINANCIAL ASSISTANCE:

- The City will only assist primary sector businesses;
- Primary sector businesses are those in which at least 70% of the revenues generated by the end product or service they provide come from outside the Fargo trade area (150-mile radius). The end product may be completed by another firm (i.e. Cardinal IG provides glass to Integrity Windows). This information will be provided by the business as part of the application process;
- The business must request "Primary Sector" designation from the ND Department of Commerce and submit that information along with the incentive application.

TARGETED PRIMARY SECTOR BUSINESSES ARE:

- Those engaged in manufacturing, remanufacturing or processing of a raw material or base product;
- Those providing packaging and distribution of end products;
- Service industries that are involved in data processing, data communications, telecommunications services, computer software development, technology support, research facilities, research and development of new technologies or any form of information processing;
- Corporate headquarters and back office service providers. The City is sensitive to concerns of providing assistance if jobs are simply being relocated within the Fargo trade area.

TYPES OF BUSINESSES NOT ELIGIBLE FOR ECONOMIC DEVELOPMENT INCENTIVES:

- Retail or any business selling directly to the consumer;
- Health care industry;
- Education industry;
- Hospitality services (hotels, restaurants, taverns, etc.);
- Professionals (architects, attorneys, physicians, dentists, accountants, real estate developers, investment advisers, advertising/public relations advisers);
- General local office facilities;
- General local warehousing facilities.

For an expansion of an existing business, the eligible exemption will apply to the increased value of the improvements added for the expansion.

STANDARD EXEMPTION FOR PRIMARY SECTOR BUSINESSES:

The standard exemption for primary sector projects meeting the general objective of targeted businesses for assistance that meet the criteria in the *evaluation point system* for jobs created and project size;

- Years One (1) through Five (5) - 100% exemption on the improvement value.

ENHANCED EXEMPTION FOR PRIMARY SECTOR BUSINESSES:

Businesses creating large numbers of high paying jobs or are making very large capital investments may be offered a property tax exemption greater than the standard 5 years. The enhanced exemption is typically limited to 10 years, with the business starting to pay some property taxes in year 6 and increasing to full property taxes in year 11.

Factors to consider for a longer property tax exemption (beyond 5 years for partial exemption):

- Business has high potential for growth;
- High paying jobs;
- High capital investment;
- Growth industry;
- Corporate headquarters;
- Processing a product from an agricultural commodity.

EVALUATION POINT SYSTEM

A point system will be used as a guide in evaluating primary sector projects for possible incentive programs. Although the point system will not be the final determining factor regarding eligibility, it will be used as a tool to quantify certain criteria. A total of 120 points is required for recommended approval under the point system. Following is a breakdown of the criteria evaluated by the point system:

PROJECT TYPE	POINTS
Manufacturing	**+ 38**
Support Services	**+ 25**
Primary Sector Distribution	**+ 25**
Primary Sector Service Industry	**+ 38**
Technology Research	**+ 38**

JOBS CREATED (INITIAL YEAR)	POINTS
1 – 10	**+ 10**
11 – 50	**+ 25**
51 – 100	**+ 40**
101 – 250	**+ 50**
250+	**+ 75**

JOBS CREATED (YEAR 3)	POINTS
1 – 10	**+ 10**
11 – 50	**+ 25**
51 – 100	**+ 40**
101 – 250	**+ 50**
250+	**+ 75**

HOURLY SALARIES*	POINTS
Under $13.00/ Hour	**- 50**
$13.01 – $15.00/ Hour	**- 25**
$15.01 – $20.00/ Hour	**+ 25**
$20.01 – $28.00/ Hour	**+ 30**
$28.01 – $35.00/ Hour	**+ 35**
Over $35.00/ Hour	**+ 75**

(*Must also provide health care benefits, retirement or substantially higher wages.)
(A weighted average of points will be used according to the number of jobs created in each range.)

LOCAL COMPETITION *(Percentage of Gross Income with any Local Competition)*	POINTS
0-10%	**+ 25**
11-30%	**+ 15**
31-50%	**+ 0**
Over 50%	**- 25**

COMPANY SAFETY EXPERIENCE RATING	POINTS
Below City Determined Standard	**- 25**
Average	**+ 10**
Better than Average	**+ 25**

VALUE OF PROPOSED BUILDING	POINTS
Up to $80,000	**+ 0**
$80,001 – $100,000	**+ 5**
$100,001 – $500,000	**+ 10**
$500,001 – $1,000,000	**+ 15**
$1,000,001 – $5,000,000	**+ 20**
$5,000,001 – $10,000,000	**+ 25**
$10,000,001 – $15,000,000	**+ 40**
Over $15,000,000	**+ 50**

STARTUP FIRMS	POINTS
New "startup" business *or* New to the Fargo Metro	**+ 15**

APPLICATION WILL NOT BE ELIGIBLE FOR CONSIDERATION IF:

- Filed after start of construction on a new building.
- Filed after lease of an existing building, unless lease is contingent on property tax incentive.

3B. LOWER INCOME RENTAL HOUSING PILOT GUIDELINES

The purpose of this policy is to establish the City's positon relating to the use of Payment in Lieu of Taxes (PILOT) for low income housing developments throughout the city. The fundamental purpose is to encourage housing developers to build housing to meet the needs of very low-income households. Property tax exemptions are essential to obtaining federal government and state government resources, and reducing costs to offer more affordable rents to tenants. "Lower Income Housing" is defined a housing for "low income households" as defined by the Department of Housing and Urban Development, with rents not to exceed 30% of household income.

LOWER INCOME APARTMENTS:

- Years 1-20 – 100% of the improvement value for the period of time the housing will serve as lower income housing;
- Incentives may be for new buildings and substantial rehabilitation necessary to maintain existing lower income apartments units;
- Lower income apartments are those where the developer is required to rent to lower income households at below market rent as required by the Department of Housing and Urban Development, the Low Income Housing Tax Credit Program, the ND Housing Finance Agency or a recorded land use restrictive covenant agreement;
- Projects that will use Low Income Housing Tax Credits or other incentives from the ND Housing Finance Agency will have a financial review by the State of ND and will not have a "but for" review by the City.

3C. CORE NEIGHBORHOOD HOUSING PILOT GUIDELINES

The purpose of this policy is to establish the City's position relating to the use of Payment in Lieu of Taxes (PILOT) for private market rate housing development in core neighborhoods. The fundamental purpose is to encourage desirable development or redevelopment that would not otherwise occur but for the assistance.

It is the intent of the City to provide the minimum amount of tax exemptions, at the shortest term required, for the project to proceed.

As a matter of policy, the City will consider using PILOT to assist private housing development projects to achieve one or more of the following objectives:

- To create opportunities for affordable housing;
- To encourage additional unsubsidized private development in the area, either directly or indirectly through "spin off" development;
- To assist developers enough to achieve development on sites which would not be developed without PILOT assistance;
- To remove blight and/or encourage the development of new housing that provides housing in areas of core neighborhoods consistent with the Core Neighborhood Plan.
- To offset increased costs of redevelopment (i.e. contaminated site cleanup, infrastructure needs and higher land costs) over and above the costs normally incurred in development;
- To contribute to the implementation of other public policies, as adopted by the City, such as the promotion of quality urban or architectural design, energy conservation and decreasing capital and/or operating costs of local government;
- The maximum term of the exemption is for the two taxable years after the taxable year construction is completed and the residence is occupied for the first time by the owner.

MAXIMUM TERM:

- For projects without affordable housing, the maximum PILOT incentive will be a 100% exemption for the first five (5) years and a 50% exemption for an additional five (5) years;
- For projects with affordable housing, the maximum PILOT incentive will be a 100% exemption for a maximum of 20 years.

EXTRAORDINARY COSTS:

The amount or value of the PILOT tax exemption will be limited to the extraordinary costs of development and are limited to:

- The costs of land acquisition, subject to the limits outlined in the next policy.
- Relocation of existing tenants;
- The costs of demolition, including the removal of building foundations, parking lots and the removal and replacement of unsuitable soil;
- Public improvements in the public right-of-way such as sidewalks, driveway approaches, lighting and connections to the water, sanitary sewer and storm water systems;
- Onsite storm water retention including the cost of excavation, underground storm water lines or underground storage facilities. It does not include water collection systems such as parking lots, sidewalks or curb/gutters;
- Architectural and engineering costs are limited to those necessary services to implement other activities allowed by this policy. Developer fees and legal costs are not permitted.

LAND ACQUISITION COSTS:

The eligible costs recouped to the developer shall be evaluated on a case-by-case basis; however, the maximum should be the lesser of:

- The total acquisition cost for the property, provided the acquisition cost is no more than 150% of the Assessor's market value for the property. This 150% limit applies to the total of all properties acquired, not a property-by-property limit;
- The difference between what was paid by the developer for the property less the Assessor's market value for the land (as opposed to land and buildings).

OTHER CONDITIONS AND LIMITS:

- The value of the PILOT assistance should be limited to a percentage up to 15% of hard capital costs of development including the costs of acquisition. Developer must provide at least 10% of total capital costs as developer's equity in the project;
- Financial plans of the project will be reviewed by the City financial consultant to determine the feasibility and level of public assistance that is appropriate;
- The project must be consistent with the City's Comprehensive Plan, the Core Neighborhood Land Use Plan and the Land Development Code. The developer's agreement should include design standards to ensure the development will be compatible with the long-term plans for the area;
- To the extent required by state, federal, local law or regulations, a relocation plan should be provided by the developer. Relocation payments to tenants of businesses or residential uses must be made. These relocation payments should follow state/federal guidelines.

3D. DOWNTOWN HOUSING PILOT GUIDELINES

The purpose of this policy is to establish the City's positon relating to the use of Payment in Lieu of Taxes (PILOT) for creating new housing in the downtown. The fundamental purpose is to encourage housing developers to build new housing downtown to create new opportunities to live downtown, bring new customers for downtown businesses, create a safer downtown with increased numbers of people downtown, and use existing infrastructure as alternative to continued apartment development on the edge of the city. Property tax exemptions are essential to obtaining federal government and state government resources, and reducing costs to offer more affordable rents to tenants.

NEW MARKET RATE APARTMENTS:

- **Years 1-5** - 100% exempt on the increased value of the improvements.
- **Years 6-15** - The percentage exempt will be based on a financial review and "but for" test. The amount exempt will be no more than 90% of the improved value.
- If market rate apartments include at least 10% of the housing to be what the City considers "affordable," the City may approve up to a 100% exemption based on a financial review and "but for" test for up to 20 years. "Affordable housing" needs to be defined after the completion of a housing study that should identify gaps in housing needs in the city.

For the purpose of this policy, the Downtown area is shown in Exhibit A at the end of this document.

Tax Increment Financing (TIF) Policy (N.D.C.C. 40-58)

The purpose of this policy is to establish the City's position relating to the use of TIF for encouraging redevelopment of brownfield sites, slum areas or a blighted areas. The intent is to encourage desirable development or redevelopment that would not otherwise occur but for the assistance provided through TIF.

TIF POLICY DEFINITIONS:

Brownfield: The Environmental Protection Agency defines a brownfield as "a property in which the expansion, redevelopment or reuse may be complicated by the presence or potential presence of a hazardous substance, pollutant or contaminant."

Slum: ND Urban Renewal Law defines a slum as "an area in which there is a predominance of buildings or improvements, whether residential or nonresidential, which by reason of dilapidation, deterioration, age or obsolescence, inadequate provision for ventilation, light, air, sanitation or open spaces, high density of population and overcrowding, or the existence of conditions which endanger life or property by fire and other causes, or any combination of these factors is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency or crime, and is detrimental to the public health, safety, morals or welfare."

Blight: ND Urban Renewal Law defines a blighted area as "an area other than a slum area which by reason of the presence of a substantial number of slums, deteriorated or deteriorating structures, predominance of defective or inadequate street layout, faulty lot layout in relation to size, adequacy, accessibility or usefulness, unsanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the fair value of the land, defective or unusual conditions of title, improper subdivision or obsolete platting, or the existence of conditions which endanger life or property by fire and other causes, or any combination of these factors, substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations or constitutes an economic or social liability and is a menace to the public health, safety, morals or welfare in its present condition and use. 'Blighted area' does not include any land that has been assessed as agricultural property within the last 10 years unless it was located within the interior boundaries of a city for at least 10 years."

Industrial and Commercial: The City may use the tax increment financing assist a project developer in the development of industrial or commercial property. The City may enter into the agreement only if it determines that the agreement will not result in unfair competition and that the agreement is in the best interests of the municipality as a whole. For the purpose of determining costs of development of industrial or commercial property to be reimbursed by tax increments, only the following public costs necessarily incurred, by either the municipality or the project developer, for the purpose of preparing the property for private development by the project developer may be included in the agreement as reimbursable public costs of development:

- The cost of acquiring, or the market value, of all or a part of the industrial or commercial property;
- Costs of demolition, removal, or alteration of buildings and improvements on the industrial or commercial property, including the cost of clearing and grading land;

- Costs of installation, construction, or reconstruction of streets, utilities, parks, and other public works or improvements necessary for carrying out the development or renewal plan;
- All interest and redemption premiums paid on bonds, notes, or other obligations issued by the municipality to provide funds for the payment of eligible public costs of development.

This policy shall be used as a guide in the processing and review of applications requesting tax increment assistance. The fundamental purpose of TIF in Fargo is to encourage desirable development or redevelopment that would not otherwise occur but for the assistance provided through TIF. These policies provide information for developers considering making a request for TIF Brownfield funding.

TERM:
When undertaking a redevelopment or development project using a TIF exemption or TIF revenue note, the length of the term of this note is limited to 15 years. It is the intent of the City to provide the minimum amount of TIF at the shortest term required for the project to proceed.

However; the length of a TIF may extend beyond 15 years when used for City infrastructure, public parking or community development efforts such as affordable housing, replacement housing, public space and public art.

RELOCATION REQUIREMENTS:
To the extent required by state, federal or local law or regulations, a relocation plan should be provided in the development or renewal plan. Relocation payments to tenants of businesses or residential uses must be given. These relocation payments must follow state and federal guidelines.

PROPERTY ACQUISITION (OR WRITE-DOWN) REQUIREMENTS:
- The eligible costs paid to the developer shall be evaluated on a case-by-case basis, but the maximum should be the lesser of:
  - The total acquisition cost for the property, provided the acquisition cost is no more than 150% of the assessor's market value for the property;
    - This 150% limit applies to the collective sum of all properties acquired.
  - The difference between what was paid by the developer for the property less the assessor's market value for the land (as opposed to land and buildings).

LIMIT ON PROJECT COST
TIF assistance to the developer should be limited to a percentage of up to 15% of hard capital costs of development (including the costs of property acquisition) and public infrastructure.

The limit of 15% may be exceeded if the project will include a community development purpose, for example:
- Direct investment in community gathering spaces;
- Direct and ongoing investment in public art;
- Development of affordable or replacement housing.

TIF REVIEW DUE DILIGENCE PROCESS:
The Fargo City Commission will establish fees for City staff time, legal counsel and City financial advisors. City staff and financial advisors will utilize due diligence procedures to determine the feasibility and the appropriate level of TIF assistance.

On large scale projects, the City may require a review of the financial performance of the project in the future and if the project has a significantly higher than expected return on investment, the amount of the TIF assistance may be reduced.

Renewal plans may include terms that allow the City to use a portion of the TIF revenue for preservation or replacement of lower density housing in neighborhoods adjacent to higher density housing projects. The housing plan would be outlined in the TIF District renewal plan.

TIF EVALUATION CRITERIA:
The City has established multiple objectives that should be met to qualify for TIF. Since there are different types of developments, the objectives for each of the development types are different. The four types of anticipated projects include:

- Housing;
- Commercial or industrial;
- Downtown;
- Mixed use (commercial + housing in same development).

HOUSING PROJECTS SHOULD MEET AT LEAST FIVE (5) OF THE FOLLOWING EIGHT (8) OBJECTIVES:

1. Served by existing infrastructure of the development or will upgrade the infrastructure to meet the needs of the development;
2. Compatible with the adjacent area or the future land use in the area;
3. Sidewalks, bike trails or a transit stop within 4 blocks;
4. High quality design, exceeding the requirements of the Land Development Code;
5. Includes affordable housing, workforce housing or includes a plan to replace some of the housing eliminated by the development;
6. Eliminates blighted conditions or substandard buildings;
7. Remediates brownfield conditions;
8. Creates significant growth in the tax base on the site.

COMMERCIAL OR INDUSTRIAL PROJECTS SHOULD MEET AT LEAST FIVE (5) OF THE FOLLOWING EIGHT (8) OBJECTIVES:

1. Served by existing infrastructure of the development or will upgrade the infrastructure to meet the needs of the development;
2. Sidewalks, bike trails or a transit stop within 4 blocks;
3. Contain primary sector business or jobs;
4. Include public spaces or public art;
5. Cleans up brownfield conditions, eliminates blighted conditions or substandard buildings
6. Create significant growth in the tax base on the site;
7. Encourages additional development on adjacent sites;
8. High quality design.

DOWNTOWN PROJECTS SHOULD MEET AT LEAST 6 OF THE FOLLOWING 10 OBJECTIVES:

1. Served by existing infrastructure of the development or will upgrade the infrastructure to meet the needs of the development;
2. Compatible with the adjacent area or the future land use in the area;
3. Sidewalks, bike trails or a transit stop within 4 blocks;
4. Adequate parking and access plan, preferably with shared parking by the different land uses;
5. Contain primary sector business or jobs;
6. Include public spaces or public art;
7. Cleans up brownfield conditions, eliminates blighted conditions or substandard buildings, or replaces surface parking;
8. Create significant growth in the tax base on the site;
9. Encourages additional development on adjacent sites;
10. Contains businesses that will provide needed services or goods used by adjacent land uses.

MIXED-USE PROJECTS SHOULD MEET AT LEAST 6 OF THE FOLLOWING 10 OBJECTIVES:

1. Served by existing infrastructure of the development or will upgrade the infrastructure to meet the needs of the development;
2. Compatible with the adjacent area or the future land use in the area;
3. Sidewalks, bike trails or a transit stop within 4 blocks;
4. Adequate parking and access plan, preferably with shared parking by the different land uses;
5. Contain primary sector business or jobs;
6. Include public spaces or public art;
7. Cleans up brownfield conditions, eliminates blighted conditions or substandard buildings, or replaces surface parking;
8. Create significant growth in the tax base on the site;
9. Encourages additional development on adjacent sites;
10. Contains businesses that will provide needed services or goods used by adjacent land uses.

Public Private Partnerships (P3) Policy

Public Private Partnerships (P3) may include the creation of a Tax Increment Financing District. The P3 developments incentivize private development by funding public infrastructure and/or financially assisting a developer. Absent this public infrastructure and/or developer assistance, the private development would not otherwise occur.

There is no "standard" type of public private partnership. Each P3 will be unique. There will be unique area and site conditions, unique needs for public infrastructure, and unique private developments.

PROCESS:
The process for public private partnerships will begin with discussions between city officials, private landowners, and development groups. Typically, there will be a difficult to develop site, and a need for public infrastructure and/or developer assistance to make development financially feasible and physically possible.

The Economic Development Incentives Committee will do the first review of the P3 concept. The Committee will make a recommendation to the City Commission either to proceed with the development of a Renewal Plan, or to recommend that the City not participate in the P3 concept. The P3 concept review will examine whether the development is consistent with city plans, if it provides a community benefit and if the public assistance is essential to *any* private development.

RENEWAL PLAN DEVELOPMENT
City staff will develop the Renewal Plan. The Planning, Administration, Engineering and Finance Departments will all participate in the preparation process. Legal counsel will review the plan and write development agreements. Financial advisors will review financial assumptions and recommend the reasonability of assistance to private developers and the financing plan for public facilities.

RENEWAL PLAN IMPLEMENTATION:
The City will implement activities included in the Renewal Plan. This will include:

- Overseeing the installation of public infrastructure;
- Monitor developer compliance with terms of agreements;
- Collection and distribution of tax increment funds and/or other public funds;
- Monitoring and reporting on the results of the plan implementation.

Monitoring Procedures and Clawback Provisions

1. **RESIDENTIAL NEW HOUSING EXEMPTION (N.D.C.C. 57-02-08):**
   City Assessor confirms that the new house was constructed. The first $150,000 of value of the building is exempt for two years.

2. **REMODELING EXEMPTION (N.D.C.C. 57-02.2):**
   City Assessor determines the value of the improvement and exempts that amount from property taxes. City Assessor may still increase or decrease the value of the property as it existed prior to the building improvements and/addition

3. **NEW OR EXPANDING BUSINESS EXEMPTION / PILOT (N.D.C.C. 40-57.1):**

   3A. **JOB CREATION PROJECTS**
   - A business incentive agreement must be signed prior to the City Assessor reporting the tax exemption to the Cass County Auditor's Office;
   - The agreement will describe the type and value of the assistance as well as required capital investment and job creation requirements;
   - Reporting will be required to monitor the stated requirements for the period of the exemption.
   - If the requirements are not met, a report will be provided to the City Commission.
     - The City Commission may extend the requirement for up to two years if it is determined circumstances made achievement impossible.
     - If, after extending two years it is determined a decrease in requirements are justified, the requirements may be decreased after a public hearing.
     - Clawback Provisions - If requirements are not extended or reduced and the requirements have not been met, the recipient must pay back the amount of assistance granted, prorated to reflect partial fulfillment.

   3B. **LOWER INCOME RENTAL HOUSING PILOT**
   - City Assessor confirms that the project was completed, and confirms the project operator has not changed each year. ND Housing Finance Agency monitors for conformance to rent and tenant requirements.

   3C. **CORE NEIGHBORHOOD HOUSING PILOT**
   - City Assessor confirms the building is completed, and reports any change in ownership. Ownership changes require city approval. The Department of Planning & Development reviews for compliance with development agreement.

   3D. **DOWNTOWN HOUSING PILOT**
   - City Assessor confirms the building is completed, and reports any change in ownership. Ownership changes require City approval.

4. **TAX INCREMENT FINANCING (TIF)**
    - **TIF Property Tax Exemption** - City Assessor confirms that the project was completed, and confirms the project operator has not changed each year.
    - **TIF Note -** The Department of Planning & Development will document eligible costs. The City will approve a promissory note and provide it to the developer. The City Assessor will report the creation of the TIF District to the County. The County will provide the TIF funds to the City each year. If TIF funds are received, the TIF funds will be paid to the holder of the note by the Finance Department. If TIF funds are not received, the holder of the note will not be paid.

PUBLIC PRIVATE PARTNERSHIPS (P3)

- **P3 -** Public Private Partnerships will be monitored by The City of Fargo as plans are implemented.

Annual Report

The Economic Development Incentive Committee and the City Commission will be provided with an annual report on property tax incentives. The information will include a summary of incentives approved in the previous year and a summary of property exempt from previous year.

Economic Development Incentives Committee Members

VOTING MEMBERS

The City of Fargo	Deputy Mayor Dave Piepkorn *(Chairman)*	701.241.1310	DPiepkorn@FargoND.gov
The City of Fargo	Mayor Dr. Tim Mahoney	701.241.1310	TMahoney@FargoND.gov
Gate City Bank	Jessica Ebeling	701.551.5670	JessicaEbeling@gatecity.bank
JBC Commercial	Jim Buus		jim.buus@jbccommercial.com
NDSU Research Park	John Cosgriff	701.793.7402	john@ndsuresearchpark.com
Non-Staff Designee (Open)			
Non-Staff Designee (Open)			

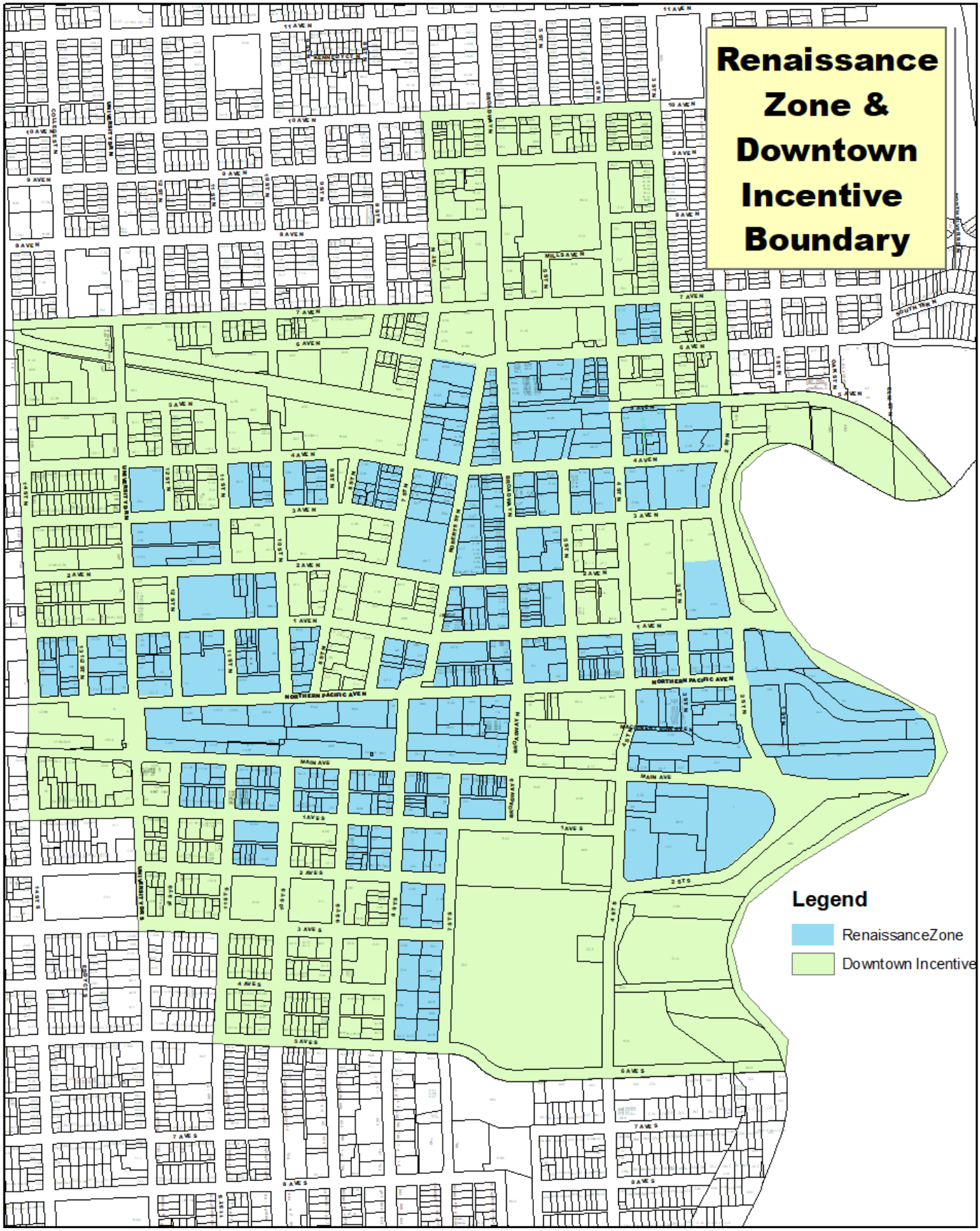
NON-VOTING EX-OFFICIO MEMBERS

Fargo Public Schools	Jackie Gapp	701.446.1032	gappj@fargo.k12.nd.us
West Fargo Public Schools	Levi Bachmeier		lbachmeier@west-fargo.k12.nd.us
Cass County	Robert Wilson	701.241.5770	wilsonro@casscountynd.gov

NON-VOTING ADVISORY MEMBERS

GFMEDC	Joe Raso, *President*	701.364.1900	jraso@fmedc.com
The City of Fargo	Kent Costin, *Finance Director*	701.241.1305	KCostin@FargoND.gov
The City of Fargo	Jim Gilmour, *Director of Strategic Planning*	701.241.1476	JGilmour@FargoND.gov
The City of Fargo	Bruce Grubb, *City Administrator*	701.241.1546	BGrubb@FargoND.gov
City Attorney	Erik Johnson, *City Attorney*	701.280.1901	ejohnson@fargolaw.com
The City of Fargo	Mike Splonskowski, *City Assessor*	701.241.1340	MSplonskowski@FargoND.gov

Exhibit A


Renaissance Zone & Downtown Incentive Boundary
Legend
RenaissanceZone
Downtown Incentive