

EDIC MEETING
Tuesday, July 22 – 1:00 p.m.
City Commission Chambers, Fargo City Hall

AGENDA

- 1. Approve EDIC Meeting Minutes of 5/27/2025**
 - a. May 27, 2025 [Page 1-2]
- 2. Business Incentive Tracking - Report [Page 3-6]**
- 3. Deadline to Start Projects – Recommendation [Page 7]**
- 4. Core Neighborhood Housing Incentives – Amendment [Page 8-14]**
- 5. PILOT Applications for Affordable Housing – Information only [Page 15-18]**
- 6. Grove Enclave (Kmart site) Time Extension Request [Page 19-20]**

ECONOMIC AND DEVELOPMENT INCENTIVE COMMITTEE
Fargo, North Dakota

Regular Meeting

Tuesday, May 27, 2025

The May 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, May 27, 2025.

The committee members present or absent are:

Members Present: Dave Piepkorn, Mayor Mahoney, Lucas Paper, Matt Schlenvogt, John Cosgriff

Others Present: Jim Gilmour, Jackie Gapp, Michael Splonskowski

Others Absent: Levi Bachmeier, Erik Barner, Robert Wilson

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

Minutes Approved

A motion was made by John Cosgriff to approve the minutes from February, 25. Matt Schlenvogt seconded. Motion carries.

Bert's Trucking 5-year Tax Exemption

- Based in Moorhead. Would like to expand business to 2601 3rd Avenue N building.
- Requesting a 100% for 5-year exemption for \$242,427.
- They will be converting building to a manufacturing facility to build snowplow trucks.
- Improvements are to include: paint booth, overhead cranes, electrical upgrades, and exterior improvements.
- First year they will add 18 new jobs at \$75,000 per year; Year five, they will have 30 new jobs at \$75,000 per year.

A motion was made by Mayor Mahoney to approve an additional 5-year Property Tax Exemption. Matt Schlenvogt seconded. Motion carries.

Corvent Medical 5-year Tax Exemption

- 4837 Amber Valley Parkway South
- Richard Walsh spoke on behalf of Corvent.
- Requesting a 100% for 5-year exemption for \$57,223.
- Currently employs 52 people. Within 2 years will create 12 more jobs.

- Space will be used for general storage and handling for medical device mechanical ventilator components and finished goods.
- In the last 12 months, all mechanical ventilators moved out of the U.S. Corvent is the only one in the U.S.

A motion was made by Lucas Paper to approve the 5-year tax exemption. Matt Schlenvogt seconded. Motion carries.

Roers Tax Incentive for 45th Street Business Center

- Shannon Roers Jones spoke on behalf of Roers.
- Developer would like to request a property tax incentive for the project. Would need to amend the Pilot Policy.
- Project would be a major renovation and addition to commercial development on 45th Street. Live-work-play hub.
- \$80 million expansion. 200,000 square feet, with 155,00 square feet dedicated to leased commercial tenant space and 45,000 +/- square feet allocated to co-working areas.

Discussion to be continued.

Report on Status of PILOT and TIF Incentives

- Reports include information on both projects with expired incentives and current incentives.
- Reports were on the following:
 - PILOT incentive for low-income housing
 - PILOT incentive for market-rate housing near NDSU and in core neighborhoods
 - PILOT incentive for market-rate housing in the downtown area
 - TIF Districts that have expired
 - TIF Districts that are active and providing an incentive to a developer
 - TIF Districts that are Public-Private Partnerships which create parking facilities
 - The Riverfront TIF District, designed for several activities
- Do not have job creation numbers yet.
- 10-year tax exemption- 5 years at 50% and 5 years at 100%.
- At the federal level resources are limited. Legislature did increase more money. It went from \$13 million to 25 million.
- Low-income housing tax credits will continue to be available.

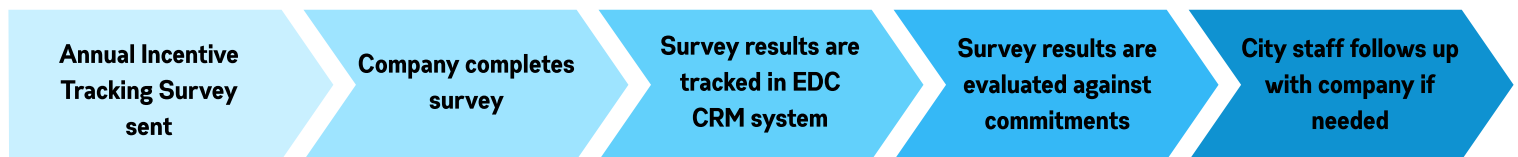
The meeting was adjourned at 2:04 pm.

Project Description and Objective:

This Incentive Tracking Report provides a comprehensive overview of the PILOT/Property Tax Exemptions provided to Primary Sector Companies from 2016 - 2024. The purpose of the incentive tracking program is to evaluate the effectiveness, participation, and outcomes of the incentives offered to primary sector companies in generating an economic impact and ROI to the city of Fargo. This system specifically measures the number of full-time employees and average salary (wage) benchmarked against the initial company commitment documented in the New Industry Application and Business Incentive Agreement.

How Does It Work?

GFMEDC sends an annual survey to companies asking about job growth and wages, comparing results to their incentive agreements. Staff also assist Fargo city officials in identifying companies that may need follow-up.



Individual Results

Utilizing a combination of direct company outreach and GFMEDC's CRM system, we were able to receive responses from 20 of 23 currently active PILOT recipients for 2025.

The Companies who have not responded include:

- Appareo
- DigiKey
- FedEx

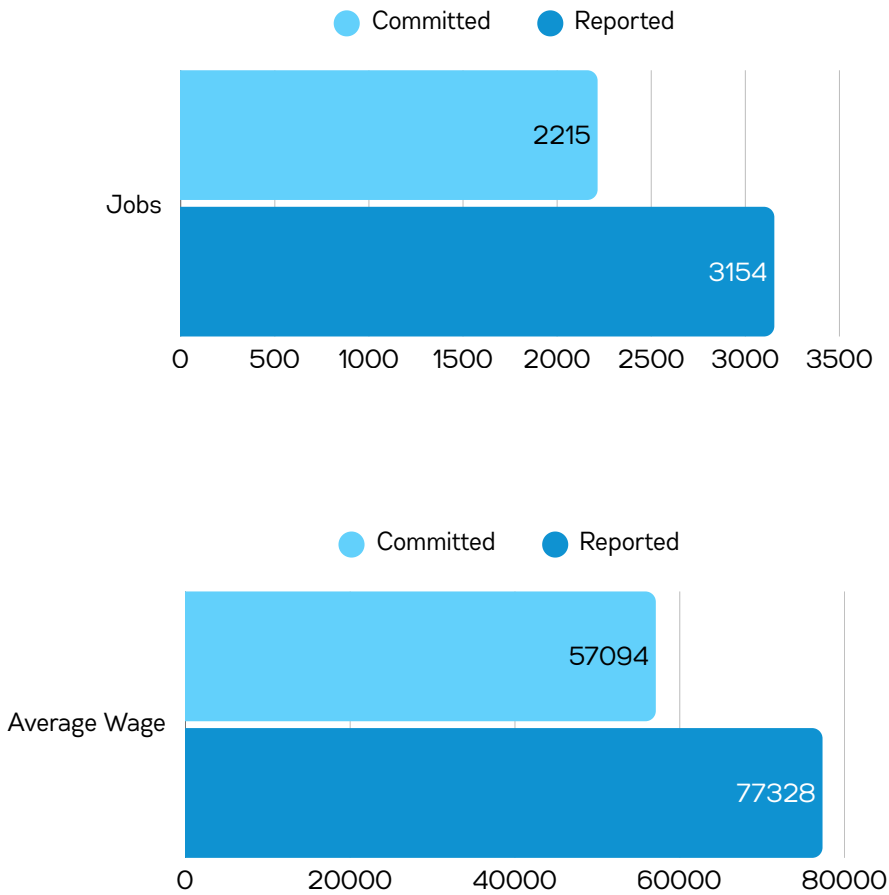
The individual results of each current PILOT incentive can be found in the "Business Incentive Tracking Results" spreadsheet.

Aggregate Results*

The aggregate results of PILOT recipients include the addition or retention of 3,154 employees (this number includes duplicate counts of companies, like Aldevron and Packet Digital, with multiple PILOT agreements), which exceeds the original aggregate commitment of 2,215 by a total of 939. The actual total number of FTE's is 1,925 if duplicates are removed.

The average aggregate wage reported of \$77,328 exceeds the average committed wage of \$57,094 by \$20,234 (35%).

The aggregate payroll from all PILOTs (number of employees multiplied by wages) results in \$240,589,242 which exceeds the committed payroll of \$157,225,153 by \$83,364,089. If we deduplicate these numbers, the actual aggregate payroll from all companies is \$145,243,269 which exceeds the actual commitment of \$123,311,631 by \$21,931,638.



The number of jobs reported is 939 higher than the committed jobs of 2,215.
An increase of 42%.

The average wage of \$77,328 reported is \$20,234 higher than the committed wage of \$57,094.
An increase of 35%.



For additional questions, contact:
Ryan Aasheim
Chief Business Development Officer
701-364-1919
raasheim@fmedc.com

	Incentive Details					Job & Wage Projections									
Company	Start Year	End Year	Years Incented	Current Incentive Year	Gross Incentive Benefit	Base FTE's	Year 1	Year 2	Year 3	Year 4	Year 5	Reported FTE's	Average Wage (BIA)	Average Wage Reported	
Responded															
Aldevron - 2016	2019	2028	10	6	\$ 837,720	51	60	63	67	70	73	473	\$ 52,000	\$ 78,500	
Aldevron - 2019	2022	2031	10	3	\$ 4,653,675	298	348	378	403	403	403	605	\$ 53,500	\$ 77,338	
Aldevron - University	2022	2031	10	3	\$ 684,981	416	427	437	447	457	467	605	\$ 61,968	\$ 77,338	
Anvil Design	2025	2029	5	1	\$ 40,229	4	9	12	13	16	20	11	\$ 52,000	\$ 58,454	
Border States Electric	2019	2028	10	5	\$ 1,726,650	320	345	370	410	450	490	325	\$ 80,000	\$ 75,941	
Border States Electric	2016	2025	9	9	\$ 733,005	70	90	90	90	90	90	81	\$ 58,650	\$ 67,018	
CI Apparel	2020	2024	5	5	\$ 284,516	83	98	107	116	125	134	118	\$ 30,400	\$ 50,460	
Corvent	2025	2029	5	1	\$ 96,271	5	27	38	56	73	90	42	\$ 97,510	\$ 140,595	
CoSchedule	2023	2027	5	3	\$ 127,654	48	50	53	56	60	65	9	\$ 89,211	\$ 83,537	
Dakota Specialty Milling	2017	2026	10	9	\$ 139,654	84	96	97	98	99	100	118	\$ 35,000	\$ 51,688	
Dakota Specialty Milling	2023	2027	5	3	\$ 284,790	0	14	14	14	14	14	18	\$ 49,900	\$ 51,688	
Financial Bus. Systems	2022	2026	5	4	\$ 277,818	124	128	131	136	141	146	129	\$ 82,665	\$ 116,130	
Packet Digital #1	2022	2026	5	4	\$ 62,113	18	31	34	43	52	61	52	\$ 67,254	\$ 97,446	
Packet Digital #2	2024	2028	5	2	\$ 185,114	31	36	44	55	66	70	52	\$ 83,539	\$ 97,446	
PRX	2022	2031	10	4	\$ 1,946,210	50	73	96	117	138	149	55	\$ 35,600	\$ 67,684	
Red E LLC	2021	2025	5	5	\$ 33,631	6	8	10	11	12	13	32	\$ 61,300	\$ 68,000	
Standard Industries	2023	2027	5	3	\$ 409,340	38	50	56	64	72	80	48	\$ 47,000	\$ 58,240	
Tecton (Marvin Composites)	2023	2032	10	3	\$ 1,732,566	239	255	274	289	303	320	286	\$ 41,600	\$ 60,745	
Voxtelesys	2020	2024	5	5	\$ 38,600	11	19	22	27	32	40	37	\$ 61,880	\$ 69,400	
Weather Modification	2025	2029	5	1	\$ 1,697,870	54	62	68	72	76	80	58	\$ 58,240	\$ 98,910	
No Response															
Appareo	2016	2025	10	10	\$ 777,041	171	191	209	225	234	241		\$ 31,200		
DigiKey	2016	2025	10	10	\$ 250,206	94	5	9	8	8	10		\$ 32,747		
FedEx	2017	2026	10	9	\$ 245,661	0	25	25	25	25	25		\$ 50,000		

TOTALS & Averages

\$17,265,315

2215

3154

\$57,094


\$77,328

\$20,234

Company	Date of Last Report	differrnce in jobs committed	Total Payroll committed	Actual Payroll	Payroll Differential	Pre-Incentive Value	Current Value	% Change	Annual Change
Responded									
Aldevron - 2016	7/17/2025	400	\$ 3,484,000	\$ 37,130,500	\$ 33,646,500	2,280,000	56,110,100	2361%	236%
Aldevron - 2019	7/17/2025	202	\$ 21,560,500	\$ 46,789,490	\$ 25,228,990	13,276,100	56,110,100	323%	32%
Aldevron - University	7/17/2025	158	\$ 27,699,696	\$ 46,789,490	\$ 19,089,794	3,925,200	6,882,600	75%	8%
Anvil Design	5/19/2025	2	\$ 468,000	\$ 642,994	\$ 174,994	1,171,400	1,324,000	13%	3%
Border States Electric	6/23/2025	(165)	\$ 39,200,000	\$ 24,680,760	\$ (14,519,240)	2,349,000	33,610,200	1331%	133%
Border States Electric	6/23/2025	(9)	\$ 5,278,500	\$ 5,428,426	\$ 149,926	1,492,000	11,591,300	677%	75%
CI Apparel	3/14/2024	(16)	\$ 4,073,600	\$ 5,954,280	\$ 1,880,680	3,943,000	6,210,000	57%	11%
Corvent	5/15/2025	15	\$ 2,632,770	\$ 5,904,990	\$ 3,272,220				0%
CoSchedule	6/18/2025	(47)	\$ 4,995,816	\$ 751,833	\$ (4,243,983)	1,768,000	1,598,000	-10%	-2%
Dakota Specialty Milling	5/19/2025	18	\$ 3,500,000	\$ 6,099,184	\$ 2,599,184	1,405,900	2,517,000	79%	8%
Dakota Specialty Milling	5/20/2025	4	\$ 698,600	\$ 930,384	\$ 231,784	4,059,500	5,304,100	31%	6%
Financial Bus. Systems	5/20/2025	(12)	\$ 11,655,765	\$ 14,980,770	\$ 3,325,005	1,601,000	3,905,000	144%	29%
Packet Digital #1	6/23/2025	0	\$ 2,891,922	\$ 5,067,174	\$ 2,175,252	1,080,700	1,370,400	27%	5%
Packet Digital #2	6/23/2025	8	\$ 3,007,404	\$ 5,067,174	\$ 2,059,770	1,162,800	2,790,100	140%	28%
PRX	5/20/2025	(62)	\$ 4,165,200	\$ 3,722,620	\$ (442,580)	1,917,000	20,339,700	961%	96%
Red E LLC	6/12/2025	19	\$ 796,900	\$ 2,176,000	\$ 1,379,100	1,101,000	1,620,200	47%	9%
Standard Industries	5/23/2025	(16)	\$ 3,008,000	\$ 2,795,520	\$ (212,480)	1,527,000	13,100,000	758%	152%
Tecton (Marvin Composites)	5/21/2025	(3)	\$ 12,022,400	\$ 17,373,070	\$ 5,350,670	10,612,000	19,471,000	83%	8%
Voxtelesys	5/19/2025	(3)	\$ 2,475,200	\$ 2,567,800	\$ 92,600	318,000	407,300	28%	6%
Weather Modification	7/16/2025	(4)	\$ 3,610,880	\$ 5,736,784	\$ 2,125,904	165,000	10,460,000	6239%	1248%
No Response									
Appareo						6,172,400	7,488,800	21%	2%
DigiKey						7,490,000	17,889,000	139%	14%
FedEx						147,000	2,012,000	1269%	127%
TOTALS & Averages		489	\$ 157,225,153	\$ 240,589,242	\$ 83,364,089	\$ 68,964,000	\$ 282,110,900	309%	

MEMORANDUM

TO: Economic Development Incentive Committee

FROM: Jim Gilmour, Director of Strategic Planning and Research 

DATE: July 14, 2025

SUBJECT: Deadline to start New Industry and PILOT Projects

The City of Fargo does not have an official deadline for businesses or developers to commence projects approved for property tax incentives. Occasionally, a project experiences a delay of a year or two, leading to questions about whether the applicant needs to re-apply. If the delay has been for just a year, the City has allowed the incentive upon project completion.

In all cases, the property tax exemption does not commence until either the business operation begins or a housing project is completed.


As a current practice, the Assessor's Office assumes a project is canceled if it has not started within five years of approval. To give clearer direction to businesses, developers and City staff, I'm recommending that the City adopt a policy that a New Industry or Payment in Lieu of Taxes (PILOT) project must start construction or begin operation within three years of approval by the City Commission.

Recommended Motion

Adopt a policy requiring that requires business operations to begin or construction to start within three years of the City Commission granting a property tax exemption.

MEMORANDUM

TO: Economic Development Incentive Committee

FROM: Jim Gilmour, Director of Strategic Planning and Research 

DATE: July 15, 2025

SUBJECT: Core Neighborhood Housing Incentives

The City of Fargo has a policy to provide property tax incentives for apartment redevelopment projects in Core Neighborhoods. The policy includes documenting extraordinary costs, a “but for” test, providing a 100% property tax for 5 years and a 50% property tax exemption in years 6-10. City staff have identified several administrative problems with this policy.

It is cumbersome for the Assessor’s Office to track the 5 year and 100% and 5 year at 50% property tax exemption. A 100% exemption for 7 years would provide the same present value to the developer and reduce the administration work for the Assessors Office.

Documenting extraordinary costs is time-consuming for what are small redevelopment projects. There is already a “but for” test to confirm a financial need, so documenting costs adds extra administrative costs for both the City and the developer. I’m recommending that the “but for” evaluation remain, but that agreements no longer require documentation of costs.

I have attached both the current and proposed policy. The new policy would be similar to the policy for downtown housing projects.

Recommended Motion

Recommend adoption of a new PILOT Policy for Core Neighborhoods, attached.

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~~ seven (57) 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.

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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.

3B. LOWER INCOME RENTAL 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 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 as 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 position 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.

MEMORANDUM

TO: Economic Development Incentive Committee

FROM: Jim Gilmour, Director of Strategic Planning and Research 

DATE: July 15, 2025

SUBJECT: PILOT Applications for Affordable Housing

The City of Fargo is expecting three applications for property tax exemptions for affordable housing projects. Typically, the applications are for a 17-year property tax exemption.

The Fargo Housing Authority is planning two projects. An existing building at 69 4th Street North would be renovated into 22 housing units. Another project is the replacement of duplexes with a new building, located at the corner of 18th Street South and 25th Avenue South.

The Annex Group is planning to apply for a property tax incentive for a downtown location at 11 12th Street North in downtown Fargo. The project would be an apartment building of about 260 housing units with ground-level parking.

I expect these PILOT applications to be on upcoming Economic Development Incentives Committee agendas.

In addition to these projects, Beyond Shelter is continuing to work on financing for a senior housing project in south Fargo. Fargo approved a PILOT property tax exemption for this project, but the project was not selected for Low Income Housing Tax Credits last year. Beyond Shelter is planning to apply again to the ND Housing Finance Agency.



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.

11 12th Street North

1:4,514

7/15/2025 10:34 AM

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



City of Fargo, ND

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.

Fargo Housing Authority



1:9 028

7/15/2025 10:23 AM

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



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69 4th Street


1:4,514

7/15/2025 10:38 AM

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

MEMORANDUM

TO: Economic Development Incentive Committee

FROM: Jim Gilmour, Director of Strategic Planning and Research 

DATE: July 14, 2025

SUBJECT: Grove Enclave LLC time extension

Grove Enclave LLC is redeveloping the former Kmart property on south University. This is a request to modify the improvements that were required in the development agreement. The detailed request is attached.

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, and one stand-alone commercial building. The location for the second stand-alone building is available for the second building.

The developer has kept me informed on the status of the project's progress. Securing tenants for the commercial spaces has proven more challenging than anticipated. Currently, 8,984 square feet of the commercial space has been leased, and a Starbucks is set open in a stand alone building this fall.

Overall, the total commercial space constructed significantly exceeds the amount required by the development agreement. Therefore, I recommend approving an amendment that eliminates the requirement for two stand-alone commercial buildings. Approving this amendment would all the City to formally close out the redevelopment project and begin the 15-year Tax Increment Financing (TIF) Note period.

The developer has a built-in incentive to complete the redevelopment of the site as soon as possible. The amount of the developer incentives increases and the site is built out and leased and the incentives end after 15 years.

Recommended Motion

Recommend approval of an amendment to the minimum improvements and require just one stand-alone commercial building.



July 10, 2025
300 23rd Ave E, Suite 300
West Fargo, ND 58078

Jim Gilmore
Director of Strategic Planning
City of Fargo
225 4th Street North
Fargo, ND 58102

RE: Request for Amendment, Certificate of Completion, and TIF Note Issuance | Developer Agreement between the City of Fargo and Grove Enclave, LLC
Dear Mr. Gilmore,

We are writing to formally request an amendment to the Developer Agreement between the City of Fargo and Grove Enclave, LLC, specifically with respect to Section 4.1.

As currently written, Section 4.1 requires a minimum of 20,000 square feet of commercial construction and the development of two (2) standalone commercial buildings. To date, we have constructed a 30,372-square-foot retail center, which includes an existing tenant occupying 1,724 square feet and two newly executed leases totaling 7,260 square feet—both of which are currently in the buildout phase. In addition, a standalone Starbucks has been completed on site and is scheduled to open for business this September.

In light of this progress, we respectfully request the following:

- 1) That the requirement for two (2) standalone commercial buildings be reduced to one (1), as reflected in the completed Starbucks (Article IV, Section 4.1, p. 13).
- 2) Upon execution of the amendment, that the City issue a Certificate of Completion in the form set forth in Exhibit F, confirming that we, the Developer, have fulfilled our obligations (Article IV, Section 4.3, pp. 13–14).
- 3) Following delivery of the Certificate of Completion, that the Tax Increment Note be issued immediately in accordance with Article IV, Section 3.3(d), p. 9.

We believe these requests fairly reflect the intent of the Agreement and the substantial commercial development already delivered.

Thank you for your time and consideration. We would welcome the opportunity to discuss this matter further at your convenience.

Sincerely,
Joe Schneider
Director of Development
Enclave