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August 2024

APPENDIX



FARGO GROWTH PLAN 2024

THE CITY OF
Fargo
FAR MORE

Planning
Consultants



DRAFT Summary

The content in this Appendix supplements findings and recommendations of the Fargo Growth Plan 2024. It is divided into two parts that represent the most important policy tools for shaping future growth in accordance with Fargo’s intentions: the zoning and subdivision regulations in the Land Development Code (LDC), and the financial tools used to encourage or incentivize development and redevelopment.



In partnership with:
Strategic Economics
MRB Group
Code Studio

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PART A

Land Development Code (LDC) Audit and Recommendations

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PART A

Land Development Code (LDC) Audit and Recommendations

A draft audit of the zoning and subdivision regulations in Fargo’s Land Development Code (LDC) was initially conducted in 2020 by Lisa Wise Consulting, which also prepared a preferred approach and work plan for revising the LDC in 2021. Those materials served as a foundation for an updated audit conducted by Code Studio in 2024, which also seeks to implement the concepts of the Fargo Growth Plan 2024.

The following recommendations, based on the updated audit, supplement the LDC observations and recommendations summarized in Part 4 of the Growth Plan.

1

Use Preferred Growth Scenario’s outcomes as a general guide to aligning zoning and subdivision regulations with the Growth Plan

The Fargo Growth Plan 2024 calls out a variety of differences between the city’s preferred growth intentions and current trends. If the Plan is to be implemented, changes in the current tools for managing growth (zoning and subdivision) are required.

The table below summarizes an approach to changing the current trend to better match the preferred growth scenario.

Differences Between Trend Growth and Preferred Growth Scenario	Zoning and Subdivision Tools for Change
Greater mixing of land uses	<ul style="list-style-type: none">• Zoning districts should allow for a variety of compatible uses• Focus on expanding allowed uses• Use form controls and performance standards to control externalities that may adversely impact neighboring uses• Where necessary, control compatibility of uses through the special permit process
Greater integration of housing types	<ul style="list-style-type: none">• Zoning districts should allow for a variety of compatible forms of development• Use allowances should be expanded to allow varying residential densities with similar forms• Focus on the form of development to control intensity of use and allow greater integration of multiple housing types

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Differences Between Trend Growth and Preferred Growth Scenario	Zoning and Subdivision Tools for Change
<i>Slightly higher densities, but in more integrated and traditional urban forms</i>	<ul style="list-style-type: none">• Allow for more intensity of urban form through greater lot coverage, increased height, and by allowing multiple principal structures on a lot• Consider applying metrics for urban forms based on existing successful places in the city (historic or recent)
<i>Denser, more gridded neighborhood structure, with more direct connections between adjacent neighborhoods</i>	<ul style="list-style-type: none">• Subdivision regulations must be modified to ensure street and block patterns reduce the reliance on “pods” of development and cul-de-sac streets• Street standards (in subdivision or its related engineering manuals) must be modified to require direct connections between developments
<i>Substantially better form and design in newly developed or redeveloped residential areas</i>	<ul style="list-style-type: none">• Improved form in new residential development should focus on enhancing walkability and reducing the visual dominance of vehicle parking• Pedestrian-friendly elements such as doors and windows facing the street; porches, stoops and other entry features that activate the residence; and street or front-yard tree planting• Reduce the prevalence of cul-de-sac pods, and garage doors that dominate street facades• Focus on connections other than streets – paths, trails, sidewalks
<i>Substantially better form and design in newly developed or redeveloped commercial areas and long major corridors</i>	<ul style="list-style-type: none">• Improved form in new commercial development should focus on enhancing walkability and reducing the visual dominance of vehicle parking• Buildings should be brought toward the street edge, and parking should be placed to the side and rear• Curb cuts along major corridors should be consolidated to improve the arterial traffic flow
<i>Maintenance of current standards for public space design</i>	<ul style="list-style-type: none">• Current standards for public space design should continue to be applied• Where possible, additional flexibility for changing open space use trends should be accommodated

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2

Recognize the role of zoning and subdivision regulations in activating the four models of the Framework for Practical Growth Management

Policy changes to the LDC should be directly related to the implementation of Fargo’s plans for the future. This includes a focus on solidifying the various growth models in the city through well thought out greenfield and infill development that enhances the entire community. The four models below, summarized in Part 3 of the Growth Plan, express Fargo’s intention to grow in a context-sensitive way that allows for new development activity, provided it is consistent with the Growth Plan. The Growth Plan provides all the information the development community needs to understand where to invest and what types of projects will be most readily supported and approved by the City.

Fargo’s Transect

Fargo’s transect categorizes development into 6 general areas from rural to urban. Both a current and future transect map have been included in the comprehensive plan to illustrate where density and intensity occurs today, and where it should be held the same or intensified in the future. The key is providing a series of growth centers that provide additional employment, amenities and services, and controlling both the pace and intensity of growth in the extra-territorial fringe (especially to the south).

Key to this overarching model is to return the patterns of outlying development to the models that exist in the core of the city. This means intensifying outlying development in the ETJ and growing those areas at a planned pace. Within the city, the focus should be on improving access to jobs and services near existing residential development that is currently underserved.

The zoning for these types of areas largely exists within the current regulations but has not typically been applied in areas that were built after 1960. The encouragement and proactive application of these zoning districts should occur as part of the revision of the City’s regulations.

Place Types

Place types define in greater detail the character, intensity and uses desired in each transect zone. Ranging from Agricultural/Farming through Suburban Edge and Suburban Neighborhood zones to the near-downtown Urban Neighborhoods and the Downtown Core, the general patterns of places to live have been mapped in the Growth Plan. Additionally, place types for commercial activity, campuses and institutions, and industrial areas have been mapped.

The place types represent both desired growth patterns that exist today (and should be protected and enhanced), as well as those that should be evolved and encouraged in the future. It is these evolving places that likely require the most significant changes through the application of new zoning. Building walkable places in suburban areas, in order to enhance and grow existing suburban areas in a way that improves the quality of life for residents is a challenge many communities are undertaking today.

Zoning for these types of transitioning areas often requires the greatest level of creativity and vision. Walkable places in suburban areas seldom occur all at once, and patience will be required as these places begin to evolve.

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Growth Grid (ETJ)

The growth grid for development in the ETJ is focused on the need to grow the availability of services such as roads, sewer and water in a sound fiscal manner. By controlling the areas proposed for new services, and developing them serially, one at a time, Fargo will not only save money, but it will help increase the desirability of in-city sites for future development. Orderly growth on the fringe - in the right place, and at the right time - is sound fiscal policy. Out-of-sequence development proposals should continue to be allowed, but no City assistance or incentives should be used to encourage it.

The growth grid policies are primarily about the subdivision process, and not necessarily zoning (although the City should ensure minimum densities that support public services on the fringe). This will mean implementing policies in the Growth Plan surrounding City support for infrastructure development and financing.

Three prototype examples are provided in the Growth Plan to illustrate policies for the development of these areas, including approaches for integrating multiple housing types, supporting each “super grid” with future neighborhood and community centers, and providing adequate parks and trail systems to enhance the quality of life in these locations.

Growth Centers

The final Growth Plan growth model is the creation and enhancement of various types of centers across Fargo. These range from neighborhood centers serving areas within a 5- to 10-minute walk, to larger community centers, and finally regional centers that serve the needs of the entire city.

Some of the designated growth centers exist today and must simply be allowed to continue their growth and enhancement. However, some growth centers are only emerging places today. These centers should be planned so that there is a strong vision of where they are headed that the development community can respond to, and existing property owners can help implement. Not all centers should emerge at once – the City will need to plan for target years 2030, 2035, and 2040, and determine how to support this growth with infrastructure and new zoning.

While City infrastructure will be key to increasing the viability of many centers, new zoning that allows new development types appropriate to the scale of center in the Growth Plan should be applied in synch with the proposed phasing of future centers. This new zoning must create walkable places (although it will be common to need to retrofit existing auto-oriented places into future centers). Zoning that allows for incremental growth of centers will be critical. Starting with any initial improvements, the focus should be on transforming these settings into a long-term community asset. This will include ensuring building placement and infrastructure investment in streets, drive lanes, and pad sites are all focused on incremental growth of the future center.

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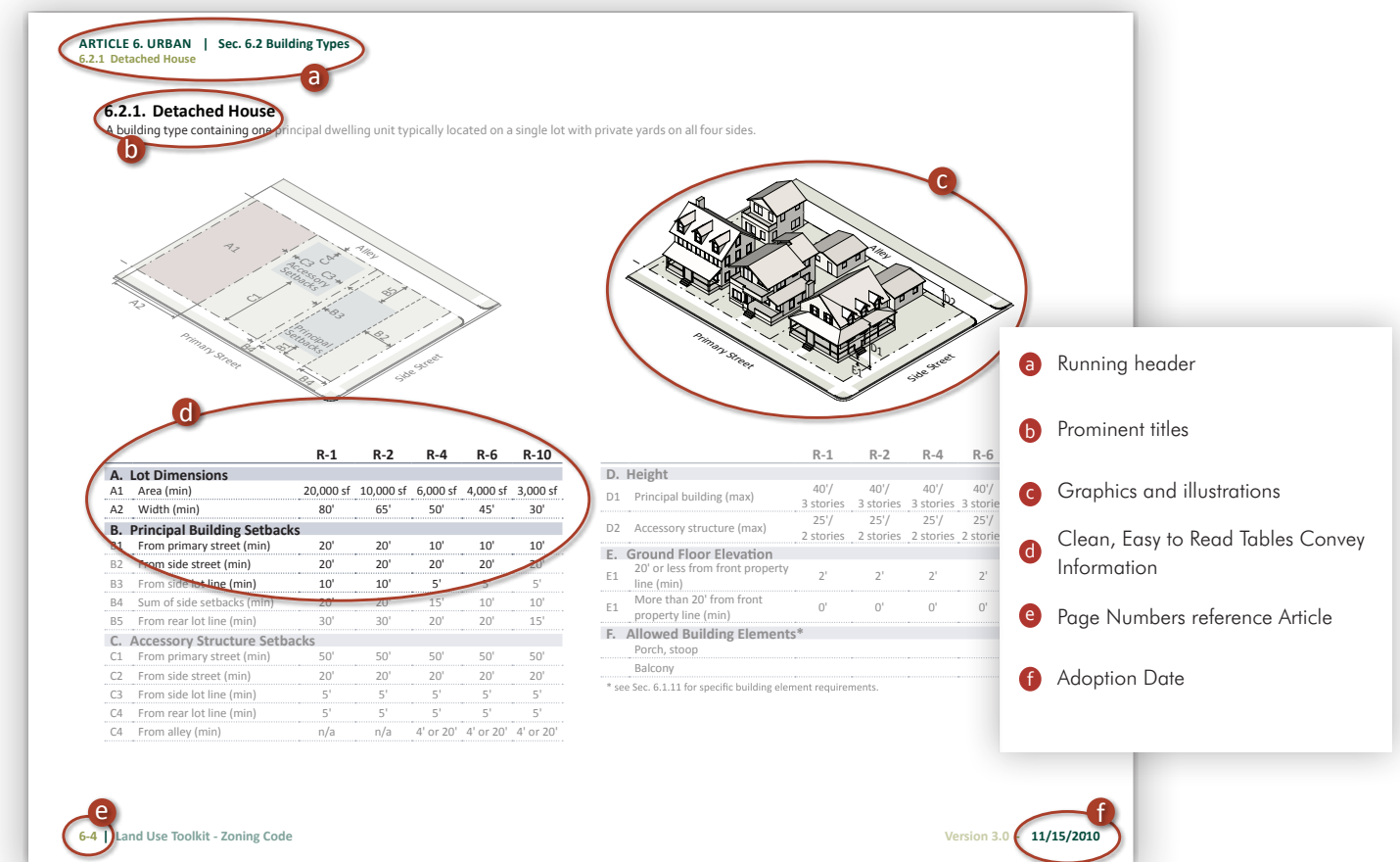
Address specific style and content issues during an LDC update

In general, Fargo's LDC is a contemporary code with few overarching issues. But there are specific issues regarding both style and content that should be considered as the City moves forward with an update. Several of these issues are summarized in Part 4 of the Growth Plan. Below are additional issues and/or elaborations of issues cited in Part 4.

i. Modernize the LDC's "look and feel" to make it more accessible

The format should be updated to appear more contemporary and to improve usability for those not familiar with zoning. Best practices for page layout, shown in Exhibit 1 (General Layout) and Exhibit 2 (District Layout) should be followed.

EXHIBIT 1 - General Layout



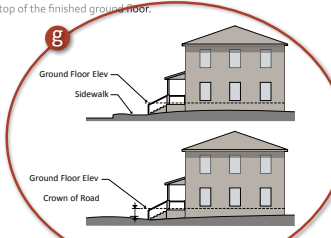
Source: Code Studio for Decatur, GA

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EXHIBIT 1 - General Layout, cont'd

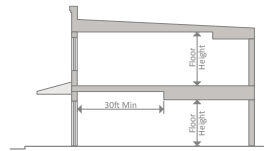
B. Ground Floor Elevation

Ground floor elevation is measured from the average curb level of the adjoining street, or if no curb exists, the average level of the center crown of the street to the top of the finished ground floor.



C. Floor Height

- Floor height is measured from the top of the finished floor to the ceiling above.
- Minimum ground story height applies to the first 30 feet of the building measured inward from the street facing facade. At least 50% of the ground floor must meet the minimum height provisions.
- At least 80% of each upper story must meet the minimum upper story height provisions.



D. Height Encroachments

Any height encroachment not specifically listed is expressly prohibited except where the Planning Director determines that the encroachment is similar to a permitted encroachment listed below.

- The maximum height limits of the district do not apply to spires, belfries, cupolas, domes not intended for human occupancy, monuments, water tanks/towers or other similar structures which, by design or function, must exceed the established height limits.
- The following accessory structures may exceed the established height limits, except when located within an Airport Overlay District, provided they do not exceed the maximum building height by more than 12 feet:
 - Chimney, flue or vent stack;
 - Deck, patio, shade structure;
 - Flagpole;
 - Garden, landscaping;
 - Parapet wall, limited to a height of four feet;
 - Rainwater collection or harvesting systems; and
 - Sustainable energy systems.
- The following accessory structures may exceed the established height limits, except when located within an Airport Overlay District, provided they do not exceed the maximum building height by more than 12 feet, do not occupy more than 25% of the roof area, and are set back at least ten feet from the edge of the roof:
 - Amateur communications tower;
 - Cooling tower;
 - Elevator penthouse or bulkhead;
 - Greenhouse;
 - Mechanical equipment;
 - Skylights;
 - Stairway access to roof; and
 - Tank designed to hold liquids.

g Graphics reinforce how to measure standards

h Consistent numbering, indented paragraphs

i Generous use of white space


j Running footer

Land Use Toolkit - Zoning Code 9-3

Source: Code Studio for Decatur, GA

EXHIBIT 2 - District Layout

Section 3002.3. **House-Scale**



2.3.1. Intent

A walkable neighborhood environment intended to accommodate a variety of low-intensity housing options including single-family homes, duplexes, triplexes and fourplexes, supporting and within walking distance of neighborhood-serving retail, food and service uses.

H3	H4
3 dwellings units per site	4 dwellings units per site
20' site width	20' site width
2.5 stories/32' in height	2.5 stories/32' in height
35' building width	35' building width

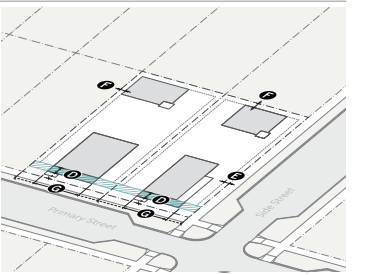
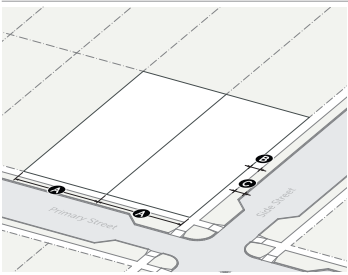
Source: Code Studio for Cleveland, OH

EXHIBIT 2 - District Layout, cont'd

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2.3.2. H3 HOUSE 3

A. SITE



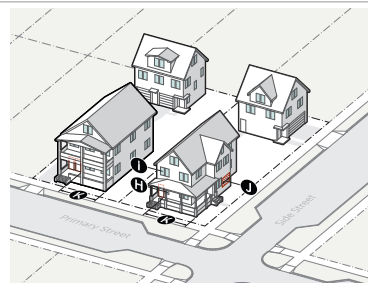
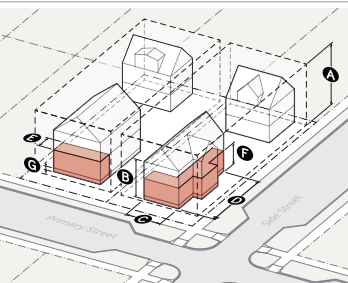
1. Size	2.2.2
A. Width (min)	
Front access	35'
Side/rear access	20'
2. Dwelling Units	2.2.3
Max per site	3
3. Amenity	2.2.4
Outdoor amenity space (min)	n/a
4. Walls & Fences	2.2.5
Front yard height (max)	Type C2 4'
Side street yard height (max)	
Within 3' of boundary line	Type C2 4'
More than 3' from boundary line	Type C3 6'
Side/rear yard height (max)	Type C5 6'
5. Streetscape	2.2.6
B. Pedestrian zone (min)	6'
C. Furniture zone (min)	6'
Planting strip type	Tree lawn
Trees in planting strip	30' avg. on center

6. Setbacks	2.2.7
D. Primary street boundary line (min/max)	Established setback range or 10'/20'
E. Side street boundary line (min)	3'
F. Rear/side boundary line (min)	
Up to 15' in height	1.5'
15' or more in height	3'
Alley boundary line	3' or 20' min
7. Transitions	2.2.8
Setback from transition boundary line	n/a
8. Street Build-Out	2.2.9
G. Primary street (min)	50%
H. Side street (min)	n/a
9. Parking Location	2.2.10
Front yard	Not allowed
Side street yard	Allowed
Side yard	Allowed
Rear yard	Allowed

2-60 Neighborhood Form-Based Code | Cleveland, Ohio

DRAFT November 22, 2023

B. BUILDING



1. Massing	2.2.11
Height (max)	
A. Stories/feet	2.5/32'
B. Top plate	25'
Width (max)	
C. Primary street	35'
D. Side street	70'
E. Active depth (min)	9'
Dwelling units per building (max)	3
2. Story Height	2.2.12
F. Ground story height (min)	9'
G. Ground floor elevation (min/max)	2'/5.5'

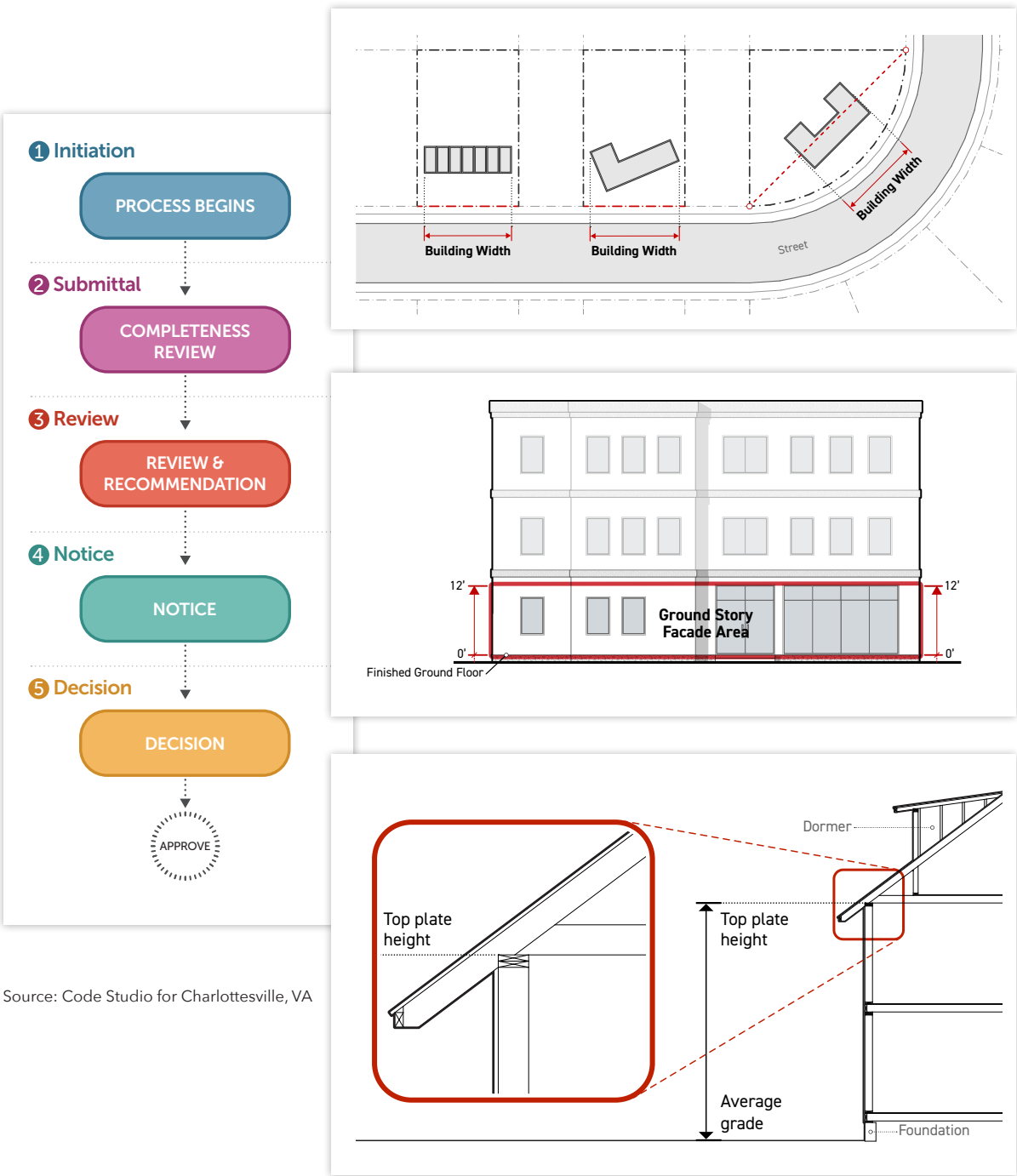
3. Windows	2.2.13	
H. Ground story (min)	35%	30%
I. Upper story (min)	15%	15%
J. Blank wall width (max)	10'	20'
4. Doors	2.2.14	
K. Street-facing entry spacing (max)	30'	50'

Source: Code Studio for Cleveland, OH

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Supplemental or explanatory graphics, as shown in Exhibit 3 (Sample Graphics), should also be included to enhance both the staff’s ability to enforce the code and the public’s ability to understand it.

EXHIBIT 3 - Sample Graphics



Source: Code Studio for Charlottesville, VA

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ii. Integrate the alternative residential options into the base zoning

The current LDC contains additional standards for alternative types of residential development that are not found in the base zoning districts (§20-0506). The revised LDC should endeavor to integrate all of the options with the existing standards, to the extent possible, so that applicants are aware of the range of possibilities for their land when reviewing the residential district standards in §20-0501.

The following example demonstrates the presentation of alternative configuration options.

EXHIBIT 4 - Presentation of Configuration Options

(4) Two-Unit

A. Description

A lot that allows up to two detached or attached dwelling units. Except for home occupations, no commercial activity is allowed.

B. Character Examples

C. Configuration Options

D. Zones Allowed

1. Downtown Core: None
2. Riverfront: None
3. Urban: U-RA, U-RM
4. Urban Edge: E-RA, E-RM

Source: Code Studio for Chattanooga, TN

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EXHIBIT 4 -
Presentation
of
Configuration
Options,
cont’d

(6) Multi-Unit (Up to 4 units)

A. Description

A lot that allows up to four detached or attached dwelling units. No commercial activity is allowed, except live/work is allowed in certain zones subject to standards that limit the scale and extent of the commercial activity.

B. Character Examples



C. Configuration Options



D. Zones Allowed

1. Downtown Core: D-RA, D-RM

2. Riverfront: None

3. Urban: U-RA, U-RM

4. Urban Edge: E-RA, E-RM


Source: Code Studio for
Chattanooga, TN

(8) Hybrid

A. Description

A lot that allows a variety of permitted residential and commercial uses.

B. Character Examples



C. Configuration Option



D. Zones Allowed

1. Downtown Core: D-CX, D-SH

2. Riverfront: R-RF, R-RV

3. Urban: U-CX, U-SH, U-IX

4. Urban Edge: E-CX, E-SH, E-IX

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iii. Consolidate the office and commercial districts to create new mixed-use districts

Recent expansion of work-from-home opportunities means many offices are no longer a critical daily visit for employees. In order to ensure the continued vitality of office districts, they should be combined with similar commercial districts (Neighborhood Office plus Neighborhood Commercial = Neighborhood Mixed Use). A review of transitions, use standards, and other techniques to manage any potential externalities should be conducted as part of the LDC revision process.

iv. Eliminate the conditional overlay district and process

The Conditional Overlay process encourages micromanagement of individual uses. The variety of previously established overlays should be reviewed for common approaches to resolving transitions between uses and ensuring commercial areas remain good neighbors to adjacent residential development. The use of a consistent approach to this challenge will ensure more successful mixed use through reducing the time and financial burdens created by the C-O process.

v. If the community considers managing the number and quality of short-term rentals, recognize the limits of the LDC as a regulatory tool

Communities across the country have had their supply of affordable and workforce housing negatively affected by a focus on travel and short-term stays and are implementing policies to regulate both the number and quality of short-term rentals. In many cases, regulation of short-term rentals occurs through licensing (and not simply zoning), which is an issue separate from an LDC update.

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Proposed LDC outline for consideration

The following is a proposed outline of major changes anticipated in the organization of the LDC. Overall, no truly significant changes in organization are proposed. However, some relocation of materials will enhance the usability of the LDC document.

ARTICLE 20-01 GENERAL PROVISIONS

- §20-0101 Title
- §20-0102 Authority
- §20-0103 Applicability and Jurisdiction
- §20-0104 Purpose and Intent
- §20-0105 Minimum Requirements
- §20-0106 Conflicting Provisions
- §20-0107 Zoning Map
- §20-0108 Zoning of Extra-Territorial Areas
- §20-0109 Transitional Provisions [update as needed]
- §20-0110 Severability

ARTICLE 20-02 BASE ZONING DISTRICTS

- ~~§20-0201 Base Districts Established~~
- §20-0202 AG, Agricultural District
- ~~§20-0203 SR, Single-Dwelling Districts~~ R-A Residential House Scale Districts
- ~~§20-0204 MR-1, Multi-Dwelling District~~ R-16 Residential Districts
- ~~§20-0205 MR-2, Multi-Dwelling District~~ R-20 Residential Districts
- ~~§20-0206 MR-3, Multi-Dwelling District~~ R-24 Residential Districts
- INSERT: §20-XX Residential District Standards
- §20-0207 MHP, ~~Mobile Manufactured~~ Home Park District and Standards
- ~~§20-0208 NO, Neighborhood Office District [combine with NX below]~~
- ~~§20-0209 NXC, Neighborhood Commercial Mixed Use District~~
- ~~§20-0210 GO, General Office District [combine with CX below]~~
- ~~§20-0211 LCCX, Limited Commercial Community Mixed Use District~~
- §20-0212 DMU, Downtown Mixed-Use District
- §20-0213 ~~GXC, General Commercial Mixed Use District~~
- INSERT §20-xx UMU, University Mixed-Use District
- INSERT: §20-xx Nonresidential Mixed Use District Standards
- §20-0214 LI, Limited Industrial District
- §20-0215 GI, General Industrial District
- INSERT: §20-xx Nonresidential Industrial District Standards

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- INSERT §20-xx Measurements and Exemptions
- INSERT §20-xx Bonus Density
- INSERT §20-xx Watercourse Setbacks - Restrictions and Exceptions.

ARTICLE 20-03 ~~OVERLAY AND~~ SPECIAL PURPOSE DISTRICTS

- §20-0301 ~~Special~~ Districts Established
- §20-0302 PUD, Planned Unit Development
- ~~§20-0303 C-O, Conditional Overlay [Delete]~~
- §20-0304 P/I, Public and Institutional District
- §20-0305 H-O, Historic Overlay District
- §20-0306 HIA-O, Hector International Airport Overlay
- INSERT §20-XX Overlay/Special Purpose Zoning District Standards

ARTICLE 20-04 USE REGULATIONS

- §20-0401 Use Table
- §20-0402 Use Standards
- §20-0403 Accessory Uses
- §20-0404 Temporary Uses

~~ARTICLE 20-05 DIMENSIONAL STANDARDS [Combine with Articles 20-02 and 20-03]~~

- ~~§20-0501 Residential District Standards~~
- ~~§20-0502 Nonresidential District Standards~~
- ~~§20-0503 Overlay/Special Purpose Zoning District Standards~~
- ~~§20-0504 Measurements and Exemptions~~
- ~~§20-0505 Bonus Density~~
- ~~§20-0506 Alternative Residential Development Options [combine with district standards]~~
- ~~§20-0507 Attached Development.~~
- ~~§20-0508 Watercourse Setbacks - Restrictions and Exceptions.~~

ARTICLE 20-06 SUBDIVISION DESIGN AND IMPROVEMENTS

- §20-0601 General
- §20-0602 Land Unsuitable for Development
- §20-0603 Subdivision Names
- §20-0604 Street Names and Numbering
- §20-0605 Monuments
- §20-0606 Lots
- §20-0607 Blocks
- §20-0608 Utilities

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- §20-0609 Sidewalks
- §20-0610 River Easements and Watercourse Setbacks
- §20-0611 Streets
- §20-0612 Waivers

ARTICLE 20-07 GENERAL DEVELOPMENT STANDARDS

- §20-0701 Parking and Loading
- §20-0702 Roadway Access and Driveways
- §20-0703 Number of Principal Buildings and Uses Per Lot
- §20-0704 Residential Protection Standards
- §20-0705 Trees and Landscaping
- §20-0706. Corner Visibility

ARTICLE 20-xx FARGO SIGN CODE

- §20-xx General Provisions
- §20-xx Transitional Provision
- §20-xx General Standards
- §20-xx Sign Dimensional Calculation Standards
- §20-xx Prohibited Types of Signs
- §20-xx Exemptions
- §20-xx On-Premise Signs
- §20-xx Off-premise Signs and Digital Billboards
- §20-xx Temporary Signs
- §20-xx Non-Conforming Sign
- §20-xx Definitions and Abbreviations

ARTICLE 20-08 REVIEW AND DECISION-MAKING BODIES

- §20-0801 Board of City Commissioners
- §20-0802. Planning Commission
- §20-0803. Board of Adjustment
- §20-0804. Historic Preservation Commission
- §20-0805 Arts and Culture Commission

ARTICLE 20-10 NONCONFORMITIES

- §20-1001. General
- §20-1002. Nonconforming Uses
- §20-1003. Nonconforming Lots
- §20-1004. Nonconforming Structures
- §20-1005. Nonconformities Created by Public Action

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ARTICLE 20-11 VIOLATIONS AND ENFORCEMENT

- §20-1101. Responsibility for Enforcement
- §20-1102. Types of Violations
- §20-1103. Remedies and Enforcement Powers
- §20-1104. Enforcement Procedures
- §20-1105. Other Enforcement Matters

ARTICLE 20-12 DEFINITIONS

- §20-1201. Construction of Land Development Code
- §20-1202 Words Defined
- §20-1203 Use Categories

ARTICLE 20-13 FARGO SIGN CODE — 143

- ~~§20-1301 General Provisions — 143~~
- ~~§20-1302 Transitional Provision 146~~
- ~~§20-1303 General Standards — 146~~
- ~~§20-1304 Sign Dimensional Calculation Standards — 149~~
- ~~§20-1305 Prohibited Types of Signs — 151~~
- ~~§20-1306 Exemptions — 152~~
- ~~§20-1307 On-Premise Signs — 154~~
- ~~§20-1308 Off-premise Signs and Digital Billboards — 163~~
- ~~§20-1309 Temporary Signs — 165~~
- ~~§20-1310 Non-Conforming Sign — 169~~
- ~~§20-1311 Definitions and Abbreviations — 169~~

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PART B

Incentives
Recommendations
and Glossary

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Growth Center Incentives

As described in Parts 1 and 4 of the Growth Plan, the “stacking” of incentives has been a key to downtown Fargo’s successful reemergence as a Growth Center and will be an important part of the emergence of new or expanded centers. The following recommendations focus on the applicability of different categories of incentive within the Growth Center model’s three types (regional, community, and neighborhood).

Renaissance Zone (RZ) Incentives	The City of Fargo has a designated renaissance zone under the North Dakota Renaissance Zone Program. Property and income tax incentives are available for taxpayers making qualified investments in a renaissance zone. Income tax incentives are administered at the state level and property tax incentives are administered at the city level. A renaissance zone designation typically lasts fifteen years with renewals for ten years at a time. Most individual incentives under a renaissance zone are for the first five years of the project.
Uses Covered	Renaissance zone incentives are targeted towards residential and commercial properties. High priority land uses in Fargo’s renaissance zone include redevelopment and rehabilitation projects that include primary businesses, industry and talent-dependent enterprises; active commercial, specialty retail and/or destination commercial; and mixed use development (combination of housing, commercial and/or retail uses in a horizontal or vertical manner) and historical preservation.
Applicable Locations	Renaissance zone incentives are applicable for projects located wholly within the boundaries of a renaissance zone. The state statue caps the number of blocks a City can designate for inclusion in a renaissance zone to 49 blocks. Cities can have multiple renaissance zones as long as the total number of blocks across all zones does not exceed 49. Fargo currently has one zone (downtown) that includes 47 blocks.
Individual Incentives	<div>Income tax incentives are offered by the State of North Dakota and include:</div> <div>Single-family residence individual income tax credit</div> <div>Business or investment income tax exemption</div> <div>Business purchase or expansion individual income tax credit</div> <div>Historic property preservation or renovation income tax credit</div> <div>Nonparticipating property owner income tax credit</div> <div>Renaissance fund organization investment income tax credit</div> <div>Property tax incentives, which go hand-in-hand with the income tax incentives, are offered by the City of Fargo and include:</div> <div>New construction and rehabilitation tax credit for property taxes</div> <div>Residential purchase tax credit for property taxes</div> <div>Partial or complete exemption from property tax for purchase or rehabilitation of single-family residence</div> <div>Partial or complete exemption from property tax for purchase or rehabilitation of property for business use or investment purposes</div>

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Recommended Use and Applicability for:		
Regional Centers	Community Centers	Neighborhood Centers
<p>The only way Fargo could capture renaissance zone benefits for regional centers beyond downtown would be to remove blocks from the downtown RZ. This would require the City to apply to the Department of Commerce Division of Community Services, which has to approve withdrawing blocks from the renaissance zone and replacement of those blocks with other blocks that otherwise meet the requirements.</p> <p>The proposed renaissance zone can have up to two exceptions to the continuous boundary and contiguous block requirements if the areas of the excepted noncontiguous blocks do not exceed three square blocks each. This can allow Fargo to place a few renaissance zone blocks outside the boundaries of the existing downtown renaissance zone into another regional center like NDSU, Sanford Medical Center, Microsoft-Woodhaven and West Acres to spur development at these locations. However, three blocks is likely too small an area to have a major impact.</p>	<p>Once regional growth centers have reached maximum growth potential either through the use of renaissance zone incentives or stacking of other incentives, new renaissance zone boundaries might be extended to community growth centers.</p>	<p>Renaissance zone incentives are not recommended for use in neighborhood centers.</p>

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Property Tax Exemptions Builders, single-family homeowners and property owners of commercial buildings are allowed property tax exemptions for a certain fixed period of time, either on the assessed value of a new property or improvements on an existing one.

Uses Covered	These incentives apply to a wide range of uses, including single-family residential, apartments, and commercial properties.
Applicable Locations	These incentives are not targeted to specific places or locations within the city.
Individual Incentives	Residential new housing exemption (offered by City of Fargo) Remodeling exemption (offered by City of Fargo)

Recommended Use and Applicability for:		
Regional Centers	Community Centers	Neighborhood Centers
<p>Because this is a state incentive and is targeted to property types, rather than districts meeting certain criteria, this incentive cannot be targeted to a specific type of growth center.</p>	<p>Because this is a state incentive and is targeted to property types, rather than districts meeting certain criteria, this incentive cannot be targeted to a specific type of growth center.</p>	<p>Because this is a state incentive and is targeted to property types, rather than districts meeting certain criteria, this incentive cannot be targeted to a specific type of growth center.</p>

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Payment in Lieu of Taxes (PILOT)

Fargo can establish an amount due as payments in lieu of ad valorem taxes (PILOT) on buildings, structures, fixtures, and improvements used in the operation of a project. In Fargo, a PILOT does not usually extend beyond twenty years. The City may use total or a fraction of estimated property tax assessments on a project to establish fixed yearly PILOT amounts. The City can also designate different amounts of payments in lieu of taxes in different years to recognize future project expansions or other considerations. PILOTs can thus apply differently over different points in time.

In Fargo, PILOTS and TIF are sometimes stacked together by only allowing certain uses to be eligible for PILOTS while other uses retain their full assess property value. Projects that have been incentivized using PILOTs can potentially increase the assessed valuation of surrounding properties such that the incremental value can be captured in a TIF Fund. To effectively apply PILOT and TIF incentives, the TIF district boundary must include enough properties that are not elgible for a PILOT so that the TIF district can create enough incremental value to generate TIF funds.

Uses Covered	<p>The State of North Dakota offers two PILOT programs which are targeted to specific uses. One PILOT program is available in commercial districts for businesses who own their own building and meet certain criteria for the type of business involved. The other kind of PILOT is available for lower income rental housing.</p> <p>Apart from PILOTs for specific businesses and lower income rental housing, the City of Fargo has PILOTs for market rate housing targeted to specific neighborhoods including downtown, core neighborhoods, and NDSU area. These target the creation of affordable and market rate housing by incentivizing housing developers in specific locations.</p>
Applicable Locations	<p>North Dakota’s two types of PILOTs, which are targeted to specific land uses (low-income rental) or specific types of businesses (primary sector businesses), are not targeted to places or locations and are not designed to incentivize district-based (or growth-center based) development.</p> <p>However, Fargo has used PILOTs to incentivize desirable land uses in different districts by creating their own district-specific PILOTs in addition to the state’s PILOT programs for businesses and lower income rental housing. The City of Fargo created the downtown, core neighborhoods, and NDSU area PILOT programs to target housing development in specific districts.</p>
Individual Incentives	<p>New or expanding business exemption/PILOT (offered by North Dakota)</p>

Recommended Use and Applicability for:		
Regional Centers	Community Centers	Neighborhood Centers
Fargo could create district-based PILOTs for all regional growth centers, not just downtown and NDSU. The City can adopt an approach similar to the downtown housing PILOT, where property taxes are exempt for the first five years and then fixed property tax payments are made for years six through fifteen.	PILOTs are not recommended for use in community centers	PILOTs are not recommended for use in neighborhood centers

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Tax Increment Financing (TIF)

Tax Increment Financing can be established in slum or blighted areas, or industrial or commercial properties which require development, rehabilitation, or conservation. The City can utilize special funds collected from the incremental value of properties that were frozen for property tax purposes (incremental value capture TIF). Conversely, the City may grant a total or partial property tax exemption for the project on the incremental value of the property for no more than 15 years, and require the developer to pay for all eligible public costs and an interest rate of no more than 10 percent (property tax exemption TIF).

The term for a TIF district is limited to 15 years and can only assist up to 15 percent of hard capital costs of a project, unless the project makes an investment in public amenities (community gathering spaces, public art and affordable or replacement housing). TIF can only be implemented after the approval of a TIF District Renewal Plan.

In a district where both TIF and PILOT are being used, PILOT can be targeted towards specific uses (either commercial or housing) and TIF can be used to incentivize other uses (either of housing or commercial development not incentivized by PILOT, and infrastructure) in the district.

Uses Covered	<p>TIF districts can be created to incentivize four types of anticipated projects: housing, commercial or industrial, downtown, and mixed use (commercial + housing in the same development) within a TIF district only.</p>
Applicable Locations	<p>A TIF is applied to properties within a TIF District only and is a versatile tool for district-based development across all growth centers. At present, Fargo has 19 TIF districts spread across the city.</p>
Individual Incentives	<p>TIF districts, which are established by the City of Fargo</p>

Recommended Use and Applicability for:		
Regional Centers	Community Centers	Neighborhood Centers
TIF districts can be created in regional centers to target all other uses that are not incentivized by PILOTs. Depending on which uses are being incentivized by PILOTs, TIFs can incentivize all or several uses ranging from housing, commercial or industrial, downtown, mixed use (commercial + housing in the same development) or district-wide improvements.	TIF districts can be created in community centers to target all other uses that are not incentivized by PILOTs. Depending on which uses are being incentivized by PILOTs, TIFs can incentivize all or several uses ranging from housing, commercial or industrial, downtown, mixed use (commercial + housing in the same development) or district-wide improvements.	TIF Districts can be created in neighborhood centers for district-wide improvements only.

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Incentives Glossary

The following glossary provides details on individuals incentives underneath the broad categories covered in the recommendations for Growth Center incentives and constitute the bulk of traditional development or redevelopment incentives offered within the City of Fargo.

Renaissance Zone (RZ) Incentives

Single-family residence individual income tax credit

Incentive or Exemption Type	Income tax credit (administered by State of North Dakota)
Description	An income tax credit is available to an individual for purchasing or making a qualified rehabilitation to a single-family residence that is owned and used as the primary place of residence by the individual. To qualify, the purchase or rehabilitation must be approved as a zone project.
Amount	The tax credit is equal to \$10,000 per year.
Term	The credit is allowed in each year of a five-year credit period.

Business or investment income tax exemption

Incentive or Exemption Type	Income tax credit (administered by State of North Dakota)
Description	A business or investment income tax exemption is available to a taxpayer for income tax purposes for purchase, purchase with major improvements, lease, leasehold improvements, qualified rehabilitation and public utility infrastructure rehabilitation of a property. Income exemptions may be claimed by an individual, estate or trust or corporation
Amount	Only the portion of the taxpayer’s North Dakota business or investment income that is attributable to the zone project property is eligible for exemption. The amount exempted is dependent on whether the zone project property is used for business or investment purposes and is subject to certain limitations.
Term	The taxpayer is typically eligible for the exemption in each year of a five or upto eight year exemption period.

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Renaissance Zone (RZ) Incentives

Business purchase or expansion individual income tax credit

Incentive or Exemption Type	Income tax credit (administered by State of North Dakota)
Description	An individual who qualifies for the business income exemption may elect to take an income tax credit in lieu of the income exemption if the following conditions are met - the zone project consists of a purchase, lease, or improvement of real property used in a business owned and operated as a sole proprietorship by the individual; the underlying purpose of the zone project is to purchase, expand, or make leasehold improvements to the business; the zone project’s cost is over \$75,000; the individual elects to claim the business purchase or expansion credit in lieu of the business income exemption.
Amount	The tax credit is equal to \$2,000 per year.
Term	Tax credit is given over an eight-year credit period.

Historic property preservation or renovation income tax credit

Incentive or Exemption Type	Income tax credit (administered by State of North Dakota)
Description	An income tax credit is allowed for making an investment in the preservation or renovation of zone project property consisting of historic property.
Amount	The credit equals 25 percent of the amount invested in the project, up to a maximum credit of \$250,000 per project.
Term	The first tax year for which the credit is allowed is the tax year in which the preservation or renovation work is completed, as determined by the local zone authority. If the credit exceeds the taxpayer’s tax liability for the tax year in which the credit is first allowed, the unused credit may be carried forward for up to five tax years.

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Renaissance Zone (RZ) Incentives

New construction and rehabilitation tax credit for property taxes

Incentive or Exemption Type	Property tax exemption
Description	The tax credit is equal to 100 percent property tax exemption on the value of the building (excludes land) is exempt from taxation for the first five taxable years after the taxable year in which construction is completed and the residence is owned and occupied for the first time.
Amount	100 percent property tax exemption
Term	First five taxable years after the taxable year in which construction is completed and the residence is owned and occupied for the first time

Partial or complete exemption from property tax for purchase or rehabilitation of single-family residence

Incentive or Exemption Type	Property tax exemption
Description	A municipality may grant a partial or complete exemption from property tax for up to eight years to an individual who purchases or rehabilitates a single-family residence in a zone that is the individual's legal residence
Amount	Partial or complete exemption
Term	Up to five years

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Renaissance Zone (RZ) Incentives

Partial or complete exemption from property tax for purchase or rehabilitation of property for business use or investment purposes

Incentive or Exemption Type	Property tax exemption
Description	A municipality may grant a partial or complete exemption from property tax for up to eight years to a taxpayer who purchases or rehabilitates real property in a zone that is used for business or investment purposes.
Amount	Partial or complete exemption
Term	Up to eight years

Partial or complete exemption from property taxes for rehabilitation of public utility infrastructure property

Incentive or Exemption Type	Property tax exemption
Description	The North Dakota State Board of Equalization may grant a partial or complete exemption from property tax for up to eight years for the rehabilitation of public utility infrastructure property.
Amount	Partial or complete exemption
Term	Up to eight years

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Payment in Lieu of Taxes (PILOT)

New or expanding business exemption/PILOT

Incentive or Exemption Type	Property tax exemption followed by fixed payments
Description	<p>Businesses with primary sector designation from the ND Department of Commerce can either obtain complete or partial exemption of property taxes for buildings of new or expanding business projects. Typically, the property tax exemption is for five years, although a ten-year exemption may be granted to projects producing or manufacturing a product from agricultural commodities.</p> <p>Alternatively, projects may be granted up to 5 years of payments in lieu of taxes to help offset a portion of the costs of expansion or new business project expenses.</p>
Amount	Standard property tax exemption for primary sector projects meeting evaluation criteria are at 100 percent of the improvement value. The PILOT following a full property tax exemption is requires payment of fixed amounts based on either the actual or estimated levels of assessment and taxation or other factors.
Term	Up to twenty years, following a property tax exemption

Lower income rental housing PILOT

Incentive or Exemption Type	Property tax exemption followed by fixed payments
Description	Qualifying projects under the federal Low Income Housing Tax Credit (LIHTC) program will be considered for a PILOT of up to 20 years, though the typical duration is 17 years.
Amount	The typical PILOT schedule is a \$0 payment for 17 years on the value of improvements (not land).
Term	17 years

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Payment in Lieu of Taxes (PILOT)

Core neighborhoods and NDSU housing PILOT

Incentive or Exemption Type	Property tax exemption followed by fixed payments
Description	For private market-rate housing development in the core neighborhoods and NDSU area without affordable housing, the maximum PILOT incentive will be a 100 percent exemption for the first five years and a 50 percent exemption for an additional five years. For projects with affordable housing, the maximum PILOT incentive will be a 100 percent exemption for a maximum of 20 years.
Amount	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.
Term	Between ten to twenty years

Downtown housing PILOT

Incentive or Exemption Type	Property tax exemption followed by fixed payments
Description	Property taxes are exempt for new market rate apartments for the first five years followed by fixed payments for the next ten years, totalling fifteen years of incentives for private, market rate apartments in Fargo's Downtown
Amount and Term	<p>Years 1-5 - 100% exempt on the increased value of the improvements.</p> <p>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.</p> <p>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.</p>

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Other Property Tax Exemptions

Residential new housing exemption

Incentive or Exemption Type	Property tax exemption
Description	<p>There are property tax exemptions for new single-family residence owned by first owners and new single-family residences that are owned by builders and are unoccupied.</p> <p>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.</p> <p>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.</p>

Remodeling exemption

Incentive or Exemption Type	Property tax exemption
Description	<p>Property tax exemptions are offered for both residential and apartment properties and commercial properties. A five year exemption is given for residential and apartment properties for value added due to remodeling and additions to buildings 25 years old and older. A five year exemption for value added due to remodeling and additions to buildings 25 years old and older is given to commercial property. 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.</p>

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August 2024



APPENDIX



Planning
Consultants

