

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

**AGENDA**

- 1. Approve EDIC Meeting Minutes of 6/25/2024**
  - a. June 25, 2024 [Page 1-2]
- 2. Minneapolis Federal Reserve – Housing Presentation [Page 3-61]**
- 3. Inclusionary Housing Report [Page 62-72]**
- 4. Bison Block Report [Page 73-77]**
- 5. Growth Plan and PILOT Program change [Page 78-91]**
- 6. PILOT Application for an Affordable Housing project [Page 92-105]**

**ECONOMIC AND DEVELOPMENT INCENTIVE COMMITTEE**  
**Fargo, North Dakota**

**Regular Meeting**

**Tuesday, June 25, 2024**

The February 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, June 25, 2024.

The committee members present or absent are:

Members Present: Dave Piepkorn, Mayor Mahoney, Jon Eisert, Erik Barner, Lucas Paper, Matt Schlenvogt, and John Cosgriff.

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

Others Absent: Levi Bachmeier

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 May 28, 2024. Matt Schlenvogt seconded. Motion carries.

- Commissioner Piepkorn presented Jessica Ebeling a plaque for her 11 years of service.  
**Presentation to Jessica Ebeling for 11 years of service.**

**Fargo Growth Plan**

- Nicole Crutchfield, Kim Citrowske, Mark Williams
- Discussion about changes that need to be made to economic incentives based on growth plan
- Fargo Growth Plan began in February 2023
- Three Phases
  - Fargo's Growth History
    - Growth by Decade
    - Drivers of Growth

- Regional Impact
- Factors Impacting Growth
- Utility Systems Analysis
- Growth Outcomes (Reinvestment vs Disinvestment)
- Intentions for Future Growth
  - Where to Grow
  - Preferred Growth Scenario- a more urban direction with a greater focus on redevelopment and infill.
- Framework for Practical Growth Management and Implementation
  - How the decision making is going to go as to where growth occurs.
  - Framework:
    - Fargo's Transect
    - Place Types
    - Growth Grid
    - Growth Center
- Next Steps:
  - Receive Comments until middle of July
  - Integration of feedback into a finalized document
  - Present finalized document during the week of July 15<sup>th</sup>

### **Discussion**

The planning department and EDIC will work together on future incentives. Any questions contact planning.

The meeting was adjourned at 1:41pm.

# HOUSING AFFORDABILITY: DATA, PRINCIPLES, AND RESEARCH

June 5, 2024

**Ben Horowitz and Libby Starling**

Senior Policy Analyst and Senior Community Development Advisor



FEDERAL RESERVE BANK  
OF MINNEAPOLIS



## DISCLAIMER

*The views expressed here are the presenters' and not necessarily those of the Federal Reserve Bank of Minneapolis or the Federal Reserve System.*





## OVERVIEW

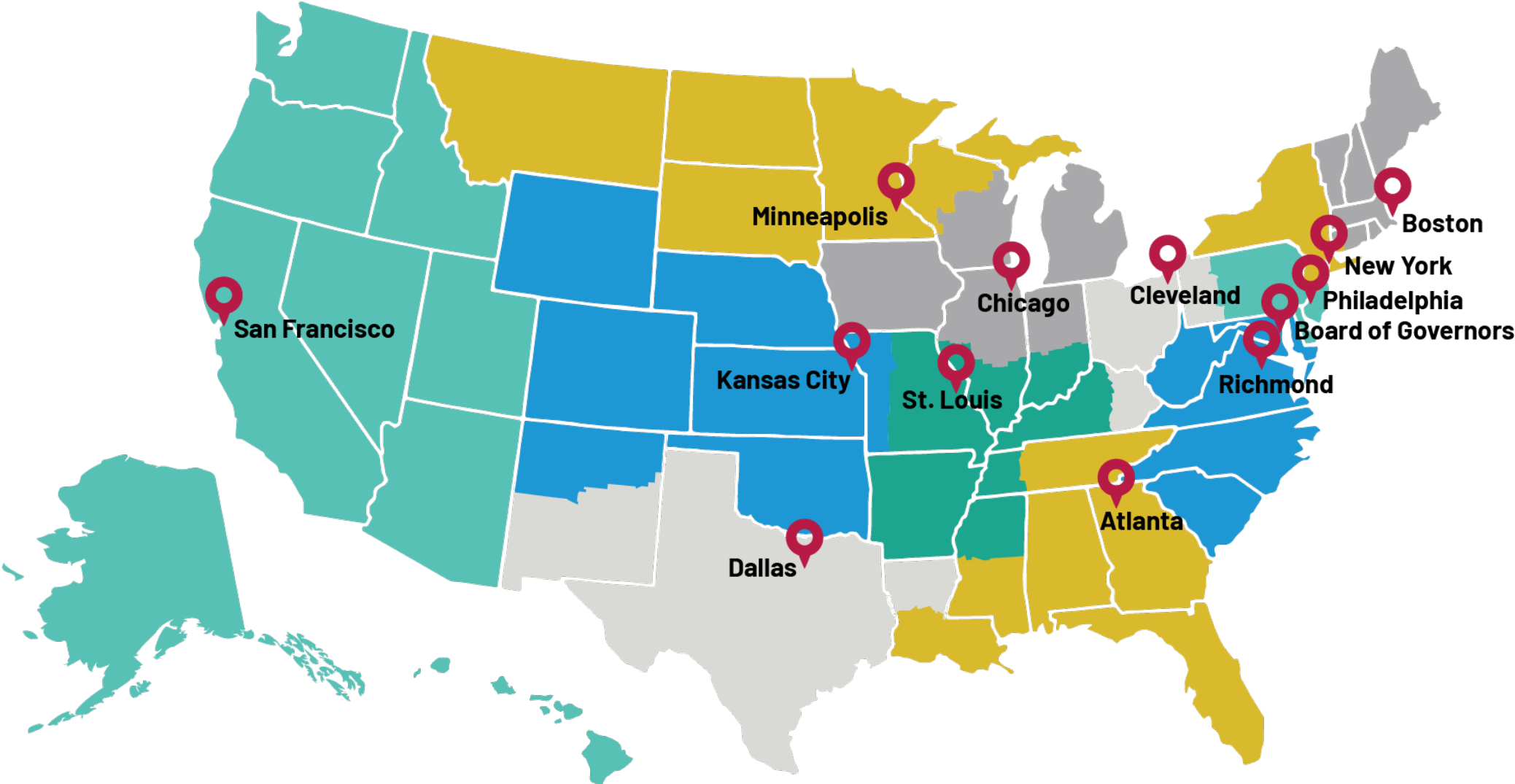
- About the Federal Reserve Bank of Minneapolis
- What's going on in the North Dakota housing market?
- Why addressing housing challenges matters
- Approaches to maintaining a healthy housing sector
- Overview of the rest of the Minneapolis Fed housing portfolio
- Questions & Answers





**ABOUT THE FEDERAL  
RESERVE BANK OF  
MINNEAPOLIS (AND WHY  
WE'RE HERE TODAY)**

# ORGANIZATION OF THE FED





# COMMUNITY DEVELOPMENT AT THE MINNEAPOLIS FED

**Our mission:** The Community Development and Engagement Division advances **the economic well-being and prosperity of low- to moderate-income individuals, households, and communities and Indian Country.**

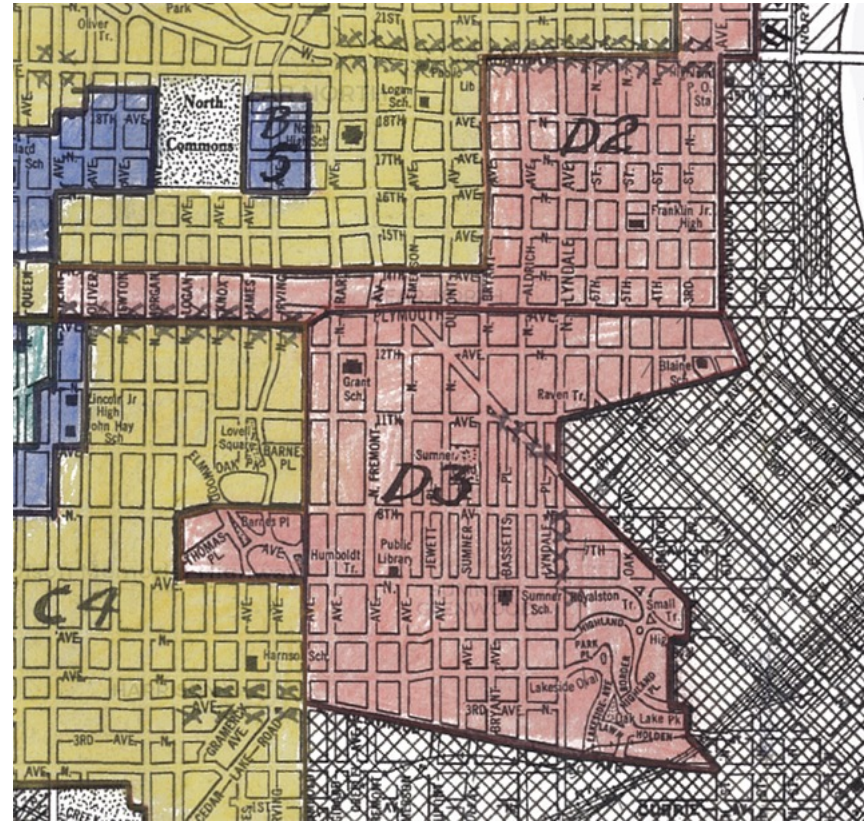
Through applied research, data analysis, and policy development, the Division intends to make a substantial contribution to public policy.



# COMMUNITY DEVELOPMENT AT THE MINNEAPOLIS FED

In 1977, Congress passed the Community Reinvestment Act, intended to:

- Address the practice of redlining.
- Help ensure equitable access to credit for all individuals and neighborhoods by reaffirming that banks must serve the communities where they do business.



# HOUSING AFFORDABILITY: A CONCERN EVERYWHERE



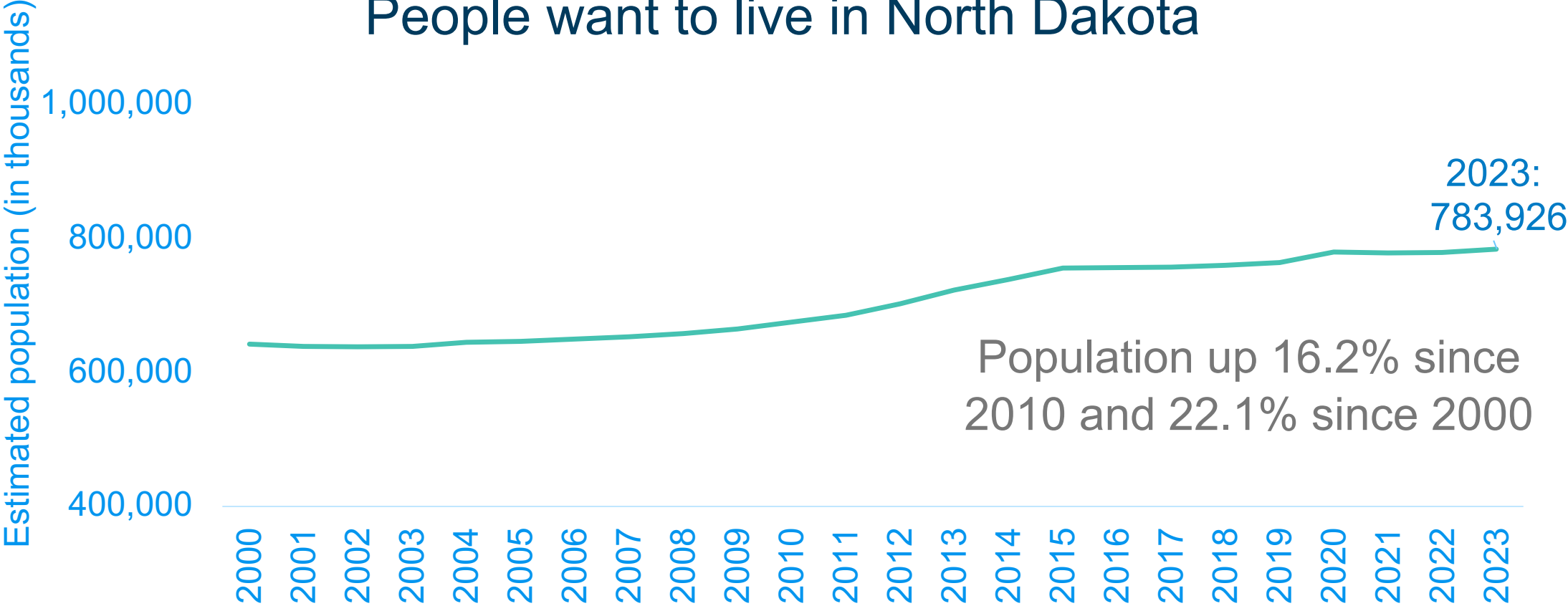




# WHAT'S GOING ON IN THE NORTH DAKOTA HOUSING MARKET?

# NORTH DAKOTA'S POPULATION CONTINUES TO GROW

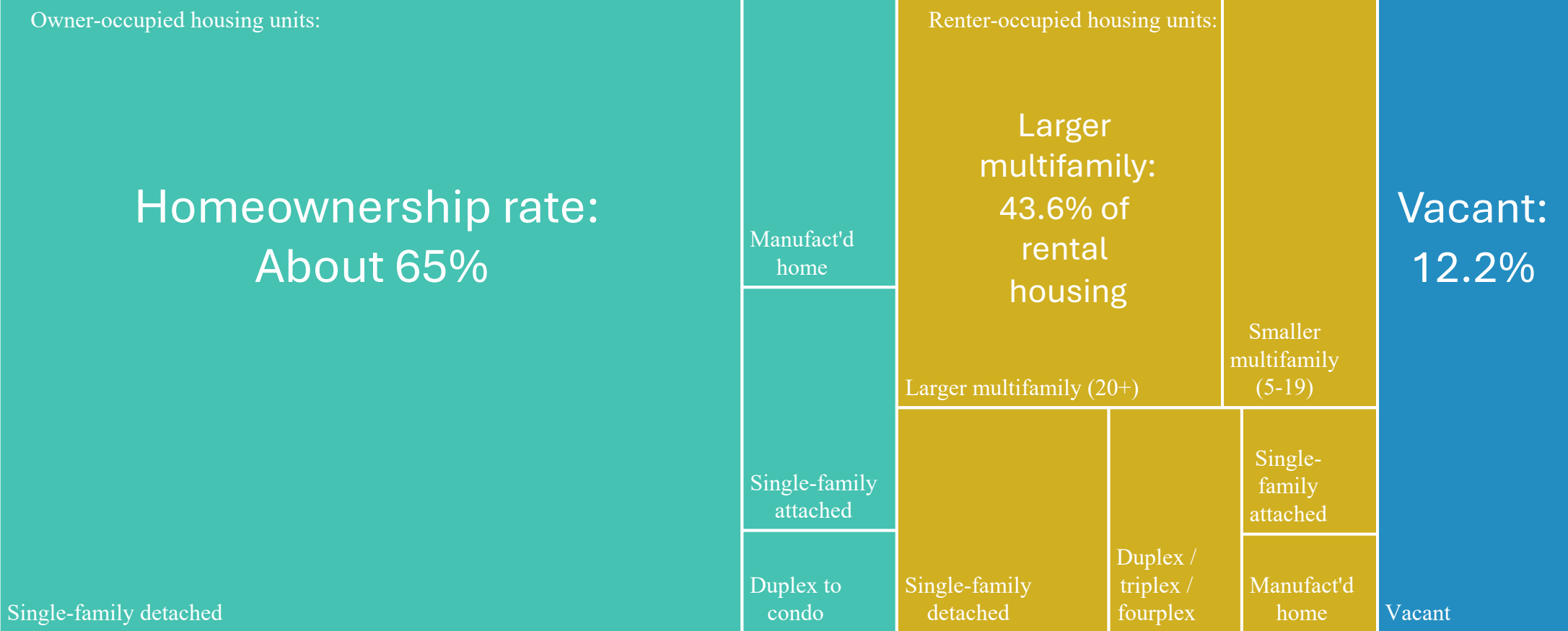
**The good news:**  
People want to live in North Dakota





# WHAT'S THE MIX OF HOUSING IN NORTH DAKOTA?

■ Owner-occupied housing units: ■ Renter-occupied housing units: ■ Vacant

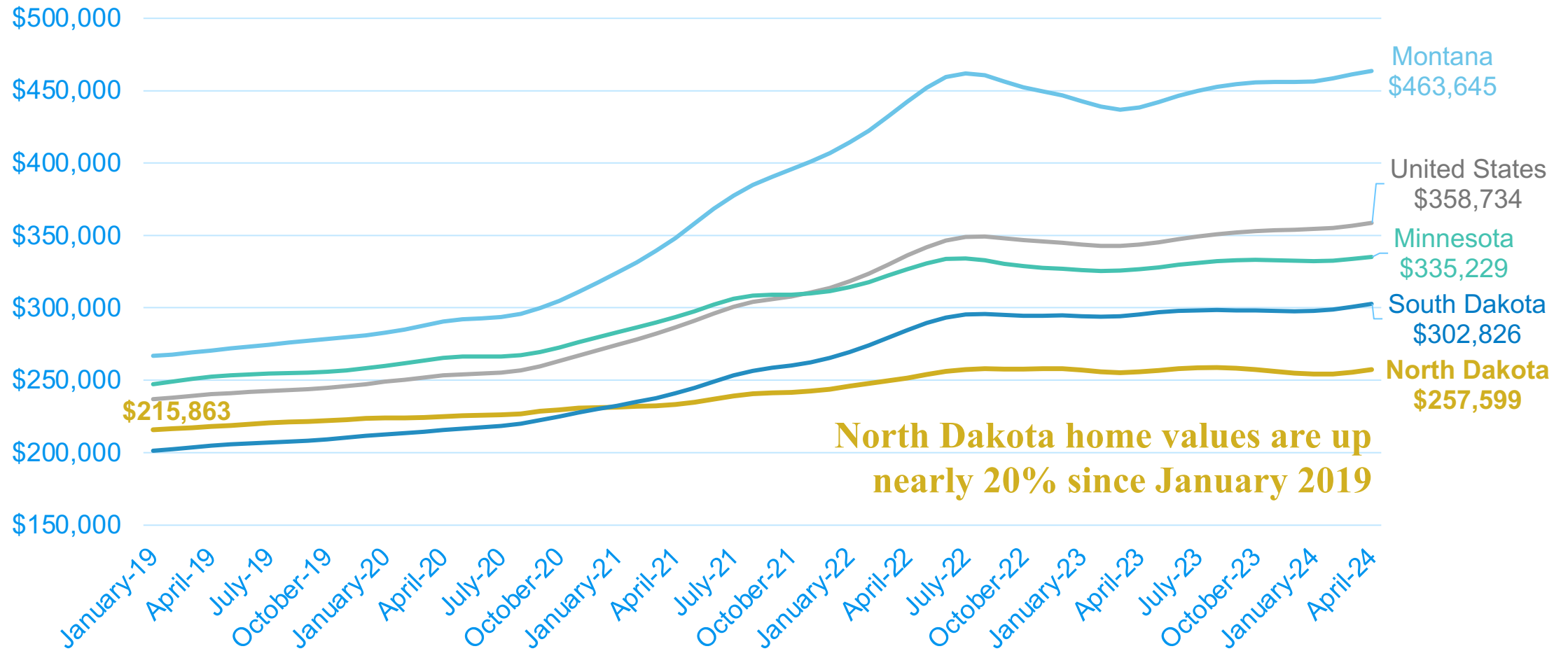


← 59% single-family detached →

Source: U.S. Census Bureau, American Community Survey, 2022.



# HOME PRICES ARE RISING ...BUT SLOWER THAN ELSEWHERE

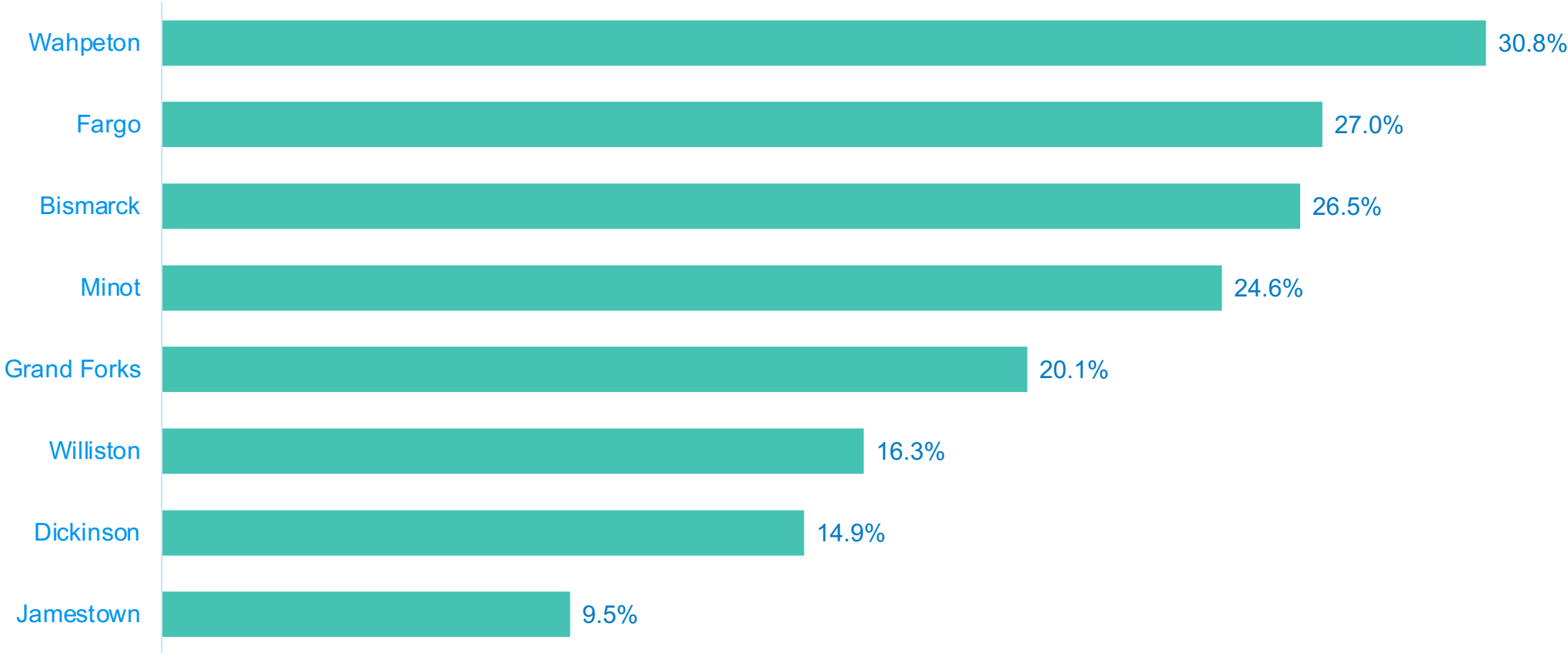


Source: Zillow Home Value Index



# RISING HOUSING COSTS ACROSS NORTH DAKOTA

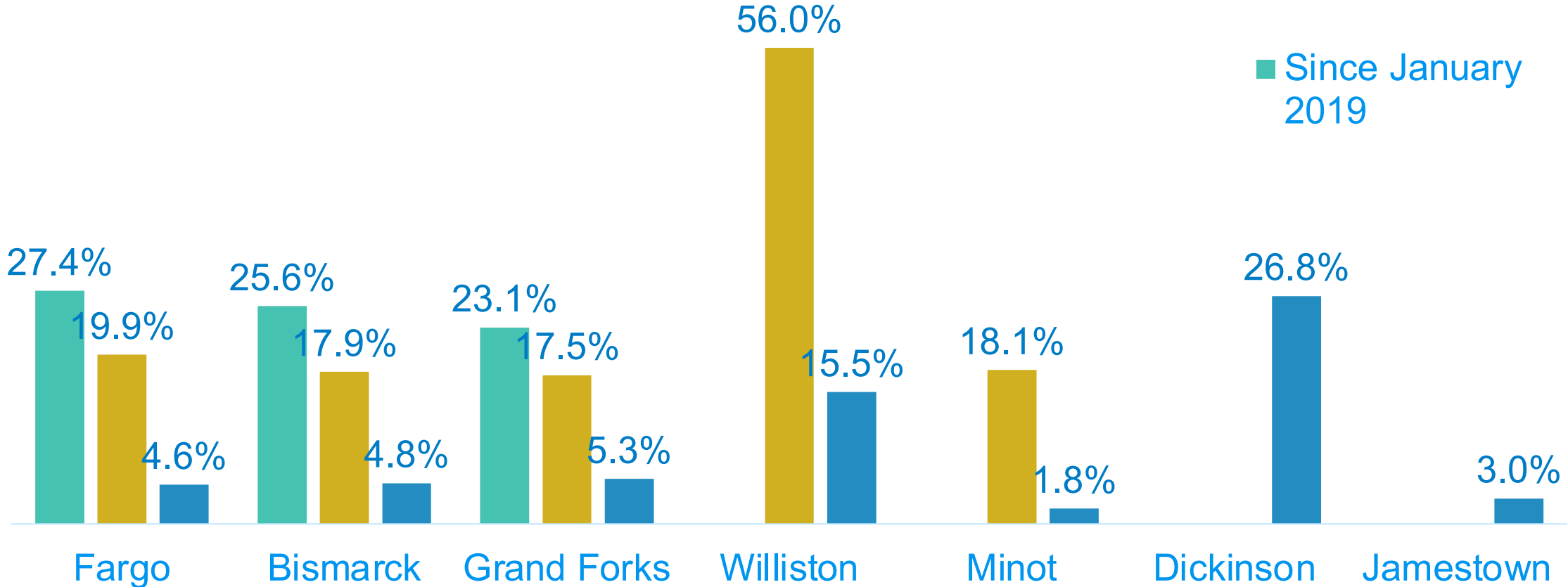
Increase in Home Values from January 2019 to April 2024



Source: Zillow Home Value Index

# RISING HOUSING COSTS ACROSS NORTH DAKOTA: RENTS

## Increase in Market Rents

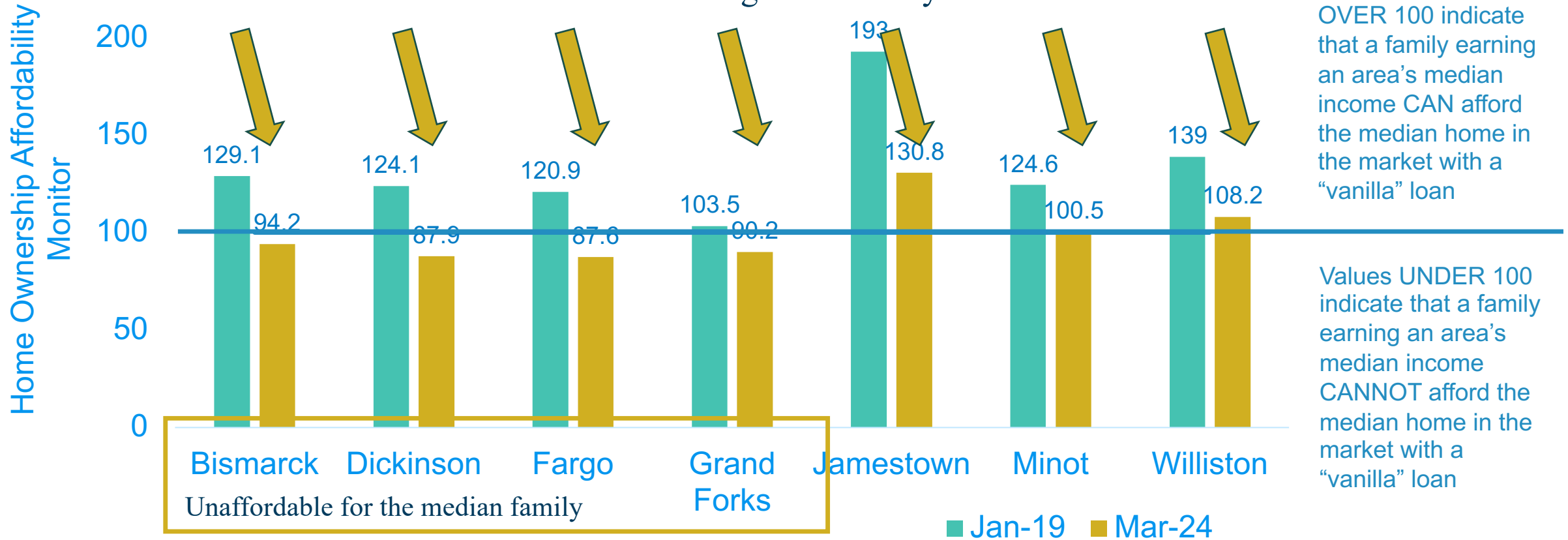


Source: Zillow Observed Rent Index (ZORI)

# FALLING AFFORDABILITY FOR HOMEOWNERSHIP

All North Dakota markets had affordable homeownership in 2019

All North Dakota markets saw falling affordability from 2019 to 2024

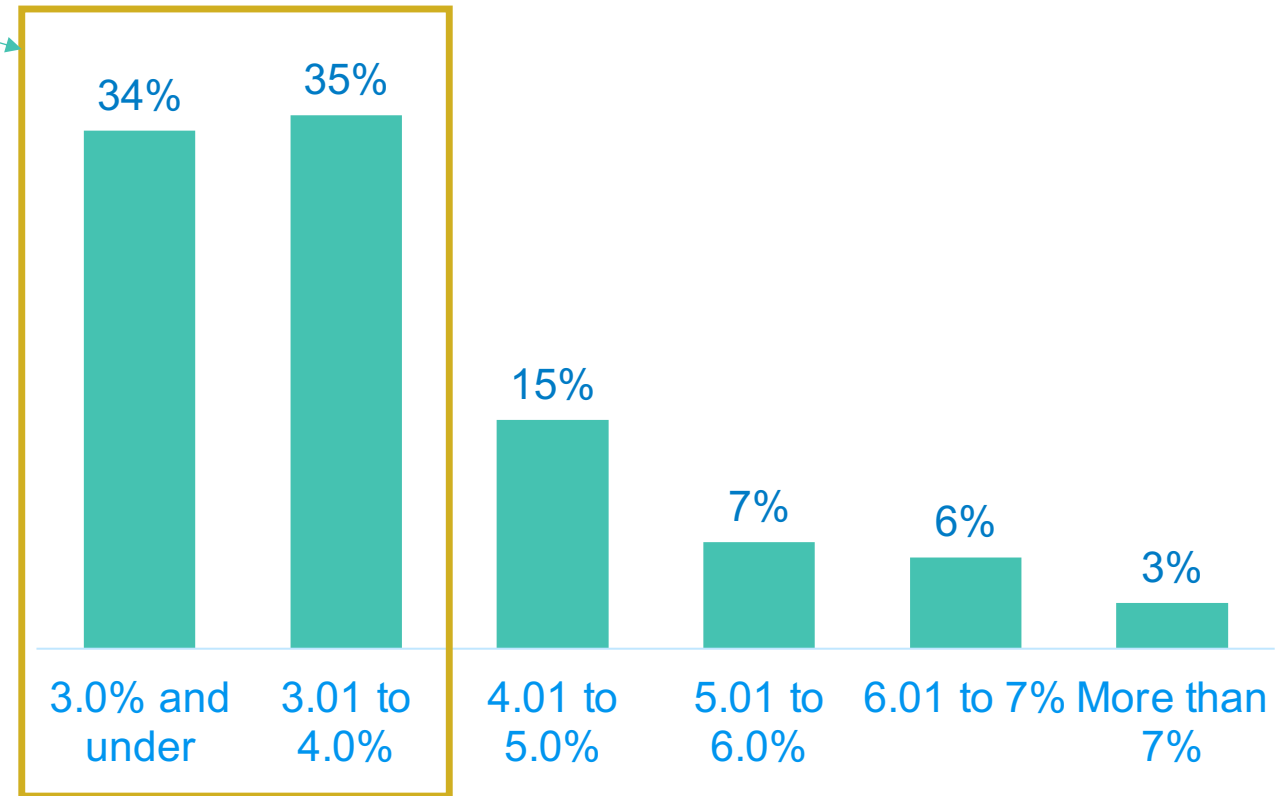


# HIGH MORTGAGE RATES ARE CONSTRAINING INVENTORY

Nearly seven out of ten mortgages in North Dakota have rates of 4% and below (the comparable national number is six in ten)

Homeowners are reluctant to put their homes on the market because moving would require a new mortgage at a higher interest rate

Current interest rate of active mortgages in North Dakota

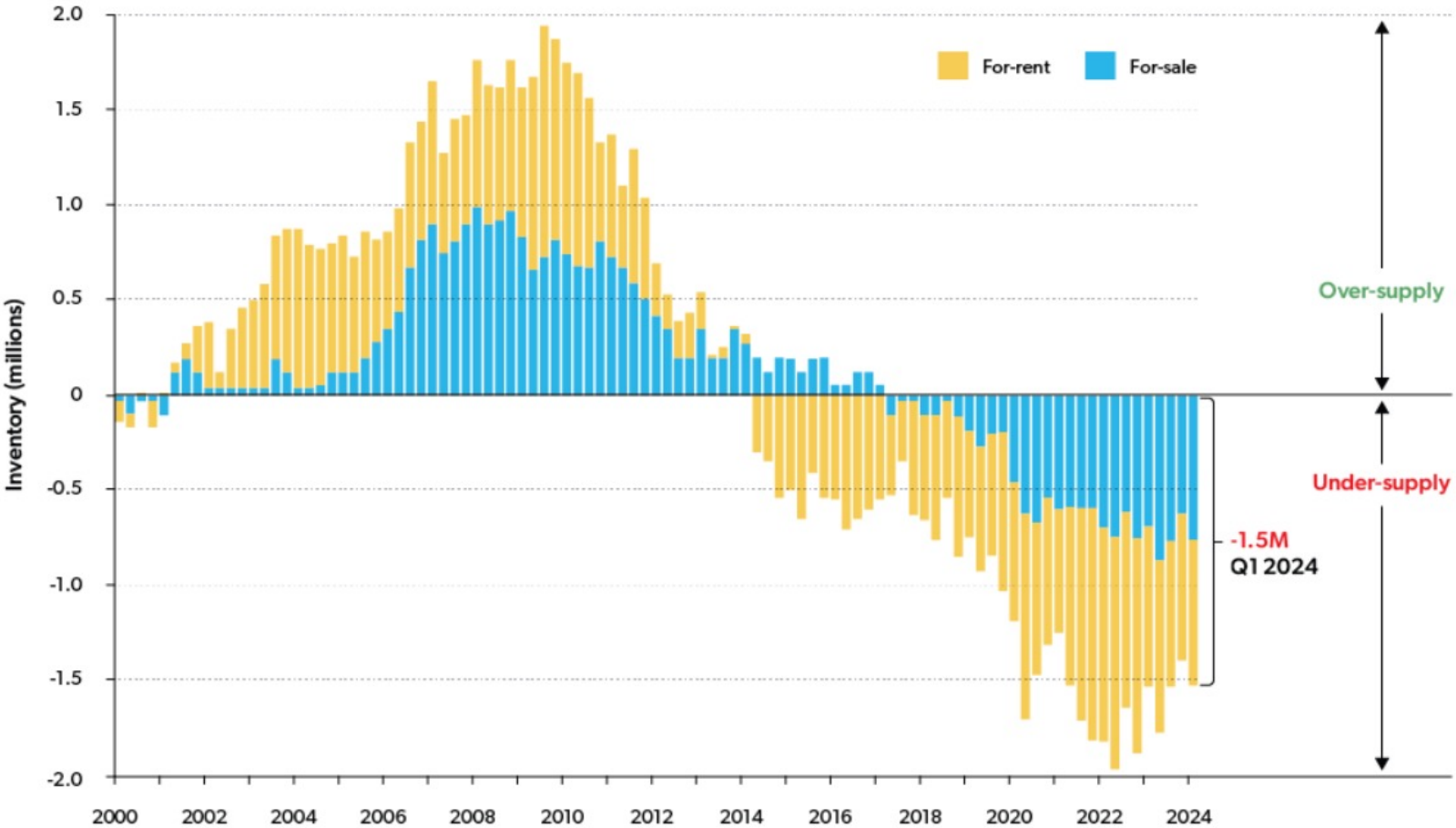


Source: Federal Reserve Bank of Minneapolis calculations using McDash Residential Mortgage Servicing Data



# THE U.S. CONTINUES TO SEE AN UNDERSUPPLY OF HOUSING

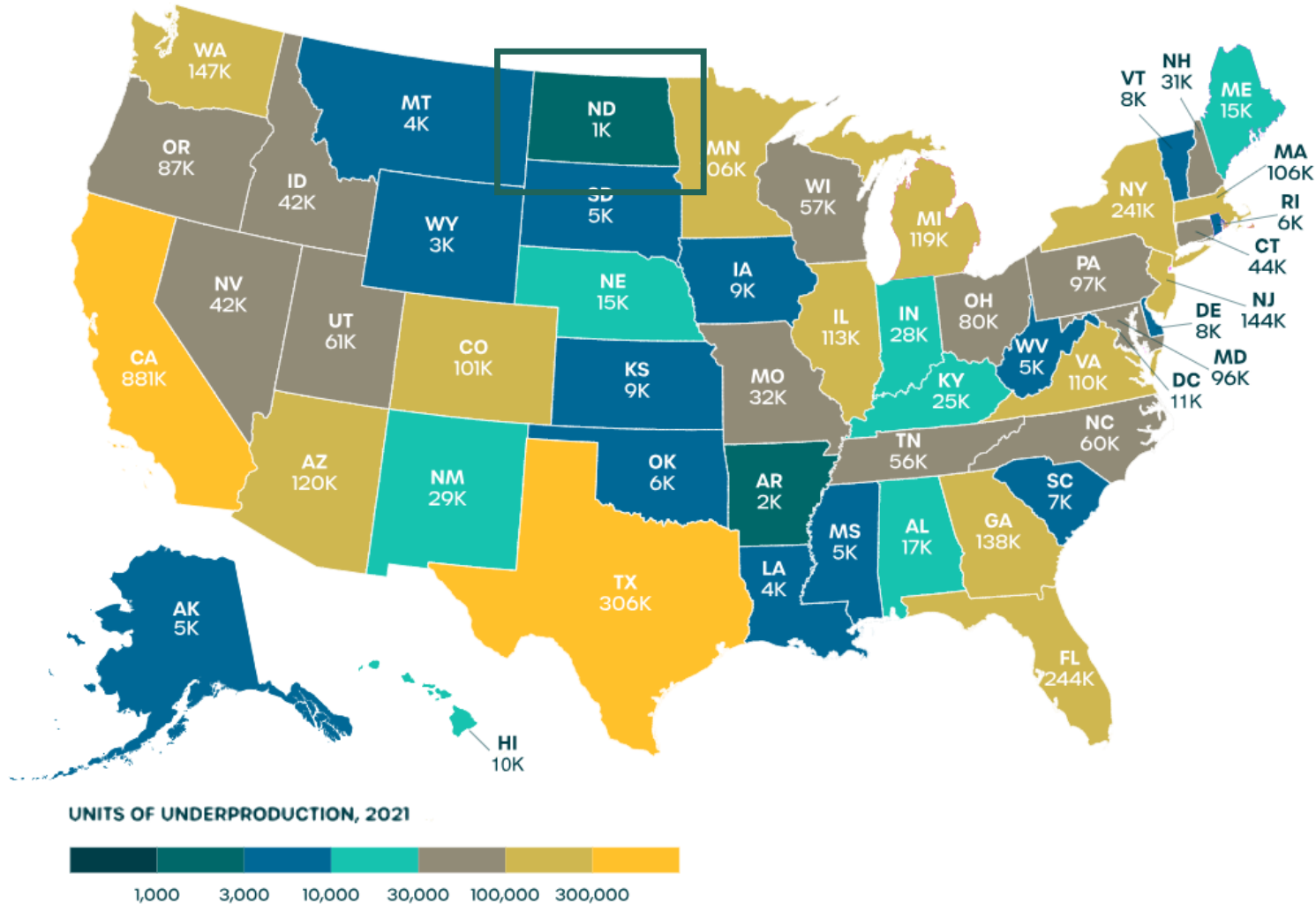
Total for-sale and for-rent vacant housing is 1.5 million units below a balanced market



Housing production nationally has lagged population growth...

Source: Freddie Mac calculations using U.S. Census Bureau data

# NORTH DAKOTA HAS AMONG THE LEAST UNDERPRODUCTION



Housing production nationally has lagged population growth...

...but one national organization estimates that North Dakota has **the least underproduction** – roughly 1,000 units – of any state

Source: Up for Growth



# NORTH DAKOTA HOUSING MARKET IN SUMMARY

- Housing growth is keeping up with population growth – North Dakota has largely avoided underproduction of housing
- Home values and rents are rising, but less than nationally and in neighboring states
- Housing affordability is falling in North Dakota and homes are becoming unaffordable in some metros
- Mortgage interest rates may be constraining supply of for-sale homes in the state
- The scale of the housing challenges in North Dakota is still manageable





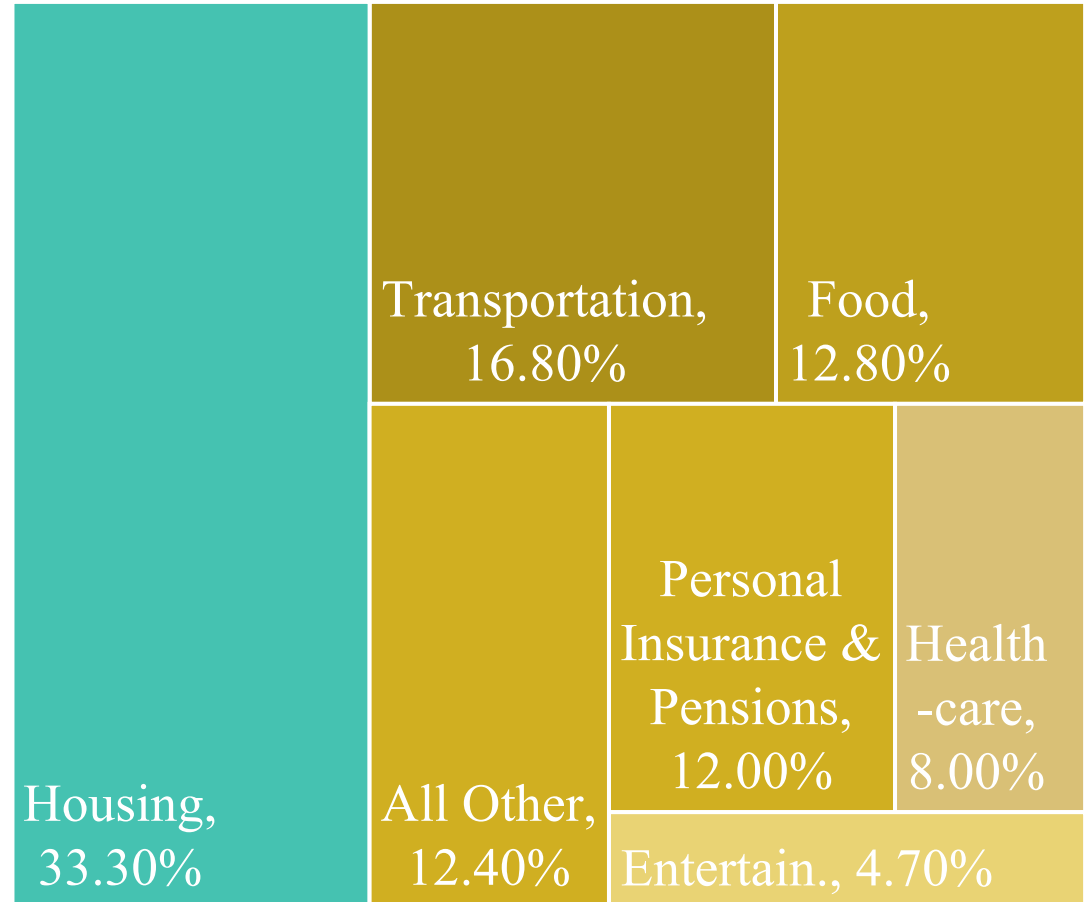


# WHY ADDRESSING HOUSING CHALLENGES MATTERS

# RESEARCH ON HOUSING'S ECONOMIC IMPORTANCE

According to the Fed's [Survey of Household Economics and Decisionmaking \(SHED\)](#), housing is the largest expense for most households.

- Other national data on [consumer expenditures](#), like that of the Bureau of Labor Statistics (at right), affirms this reality
- This remains true with different income levels and household sizes

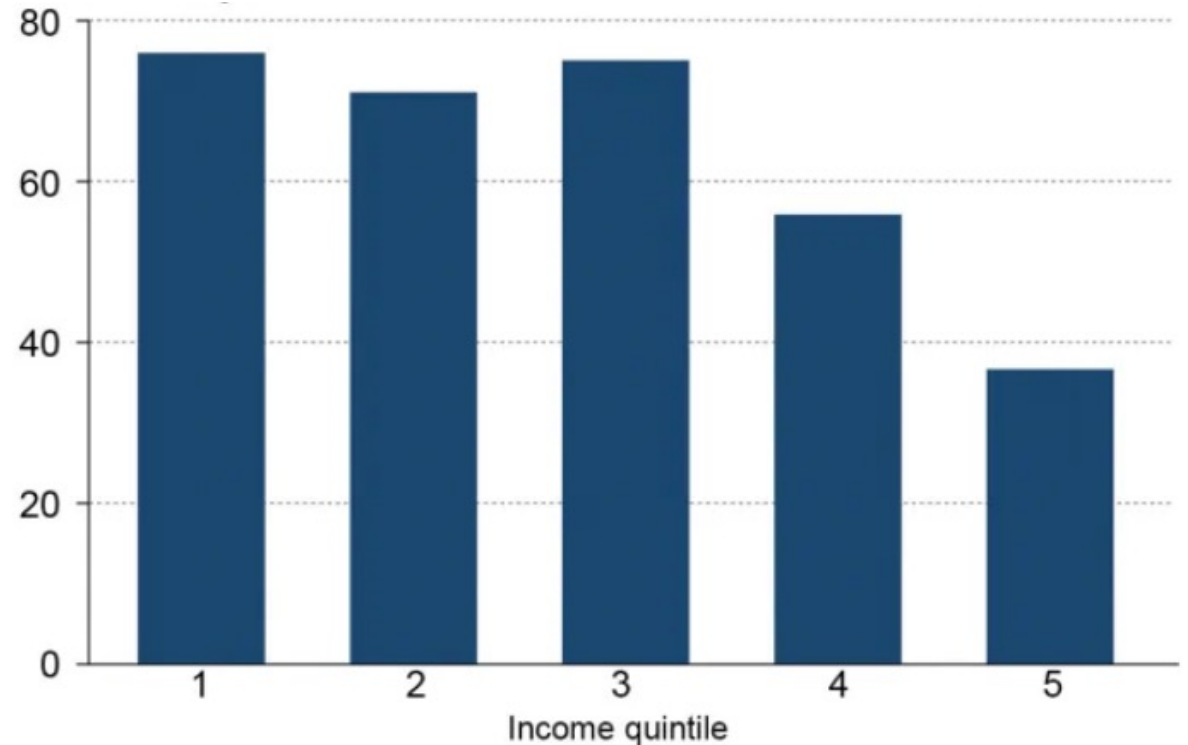


# HOMEOWNERSHIP AND WEALTH

Data on homeownership and wealth show that “for most homeowners with positive net worth, home equity comprises the lion’s share of their wealth.”

- Significant differences by race, income, and generation
- Home values are more volatile than many might expect

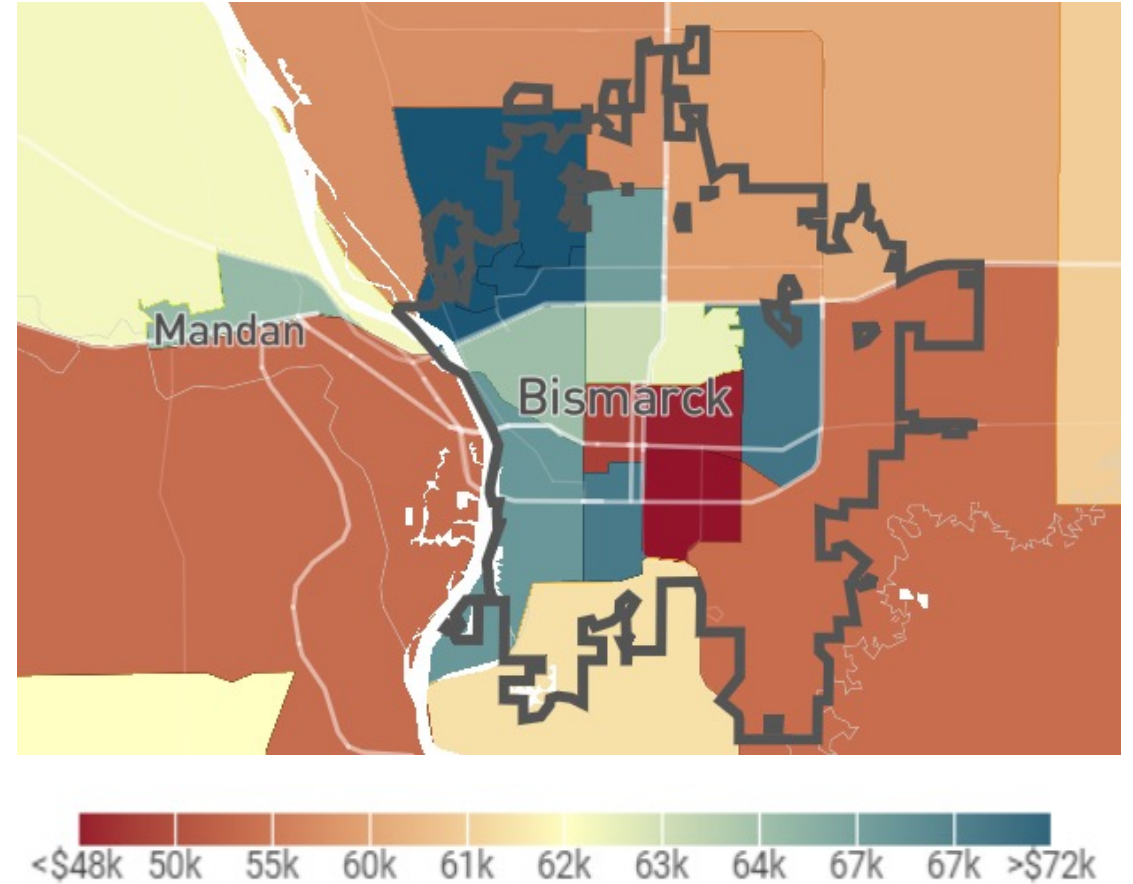
Home Equity as a Share of Homeowners’ Wealth by Income Quintile



# WHERE WE LIVE INFLUENCES OUR OPPORTUNITIES

The [Opportunity Atlas](#) uses millions of anonymized tax records to find relationships between where people grew up and their outcomes later in life.

- Data are available at a county and Census tract level.
- Research also shows ties between geography and life expectancy, incarceration, and patents, among other things



Household Income at Age 35,  
Children Born 1978-1983

# SUPPLY IS CONNECTED TO AFFORDABILITY

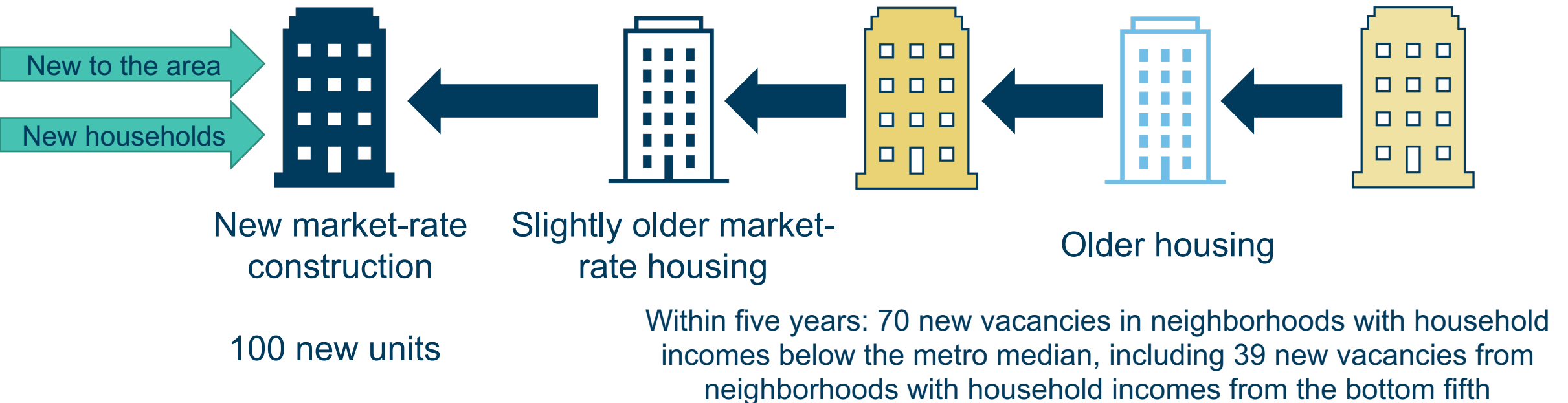
Research supports what basic economic theory predicts: a larger housing supply means less pressure on housing prices.

- Housing markets are complicated, but examples from the US and abroad generally show that efforts to increase housing supply can be tied to slowed rent growth
- See: [Supply Skepticism](#), [Supply Skepticism Revisited](#)



# HOW NEW HOMES OPEN UP OPPORTUNITY

New housing, even luxury and market-rate units, frees up existing units for lower-income households to move into, thus expanding housing choices.

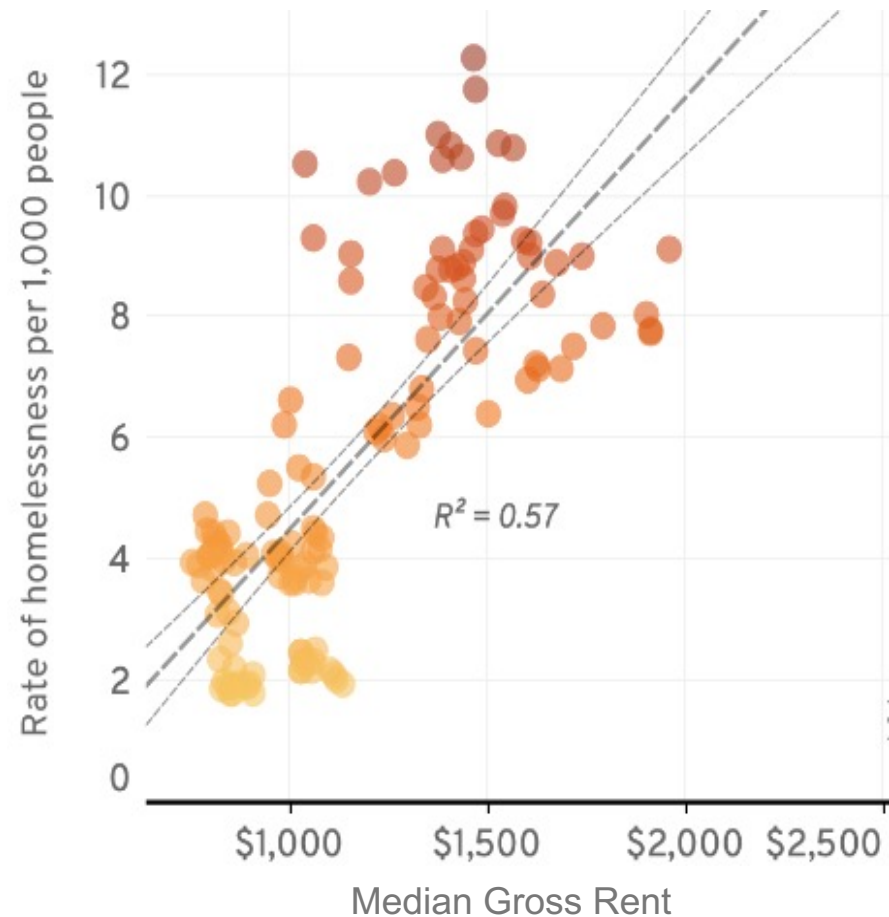


# AFFORDABILITY MATTERS

**Homelessness is a Housing Problem** analyzes data cross cities and counties and dispels many common narratives about variation in homeless rates.

- Price of rent is more predictive of homelessness rates than poverty levels, weather, and the rate of drug addiction or other mental health issues.

Point-in-time counts find fewer homeless people in cities with lower rents



# AFFORDABILITY IS CONDITIONAL

***Affordability* relies on two things: the price of housing and the income of a household.**

- The default in housing affordability conversations: no more than 30% of a household's income should be spent on housing costs.
- Most “affordable housing” is “naturally occurring” – that is, provided by the market and not specifically subsidized

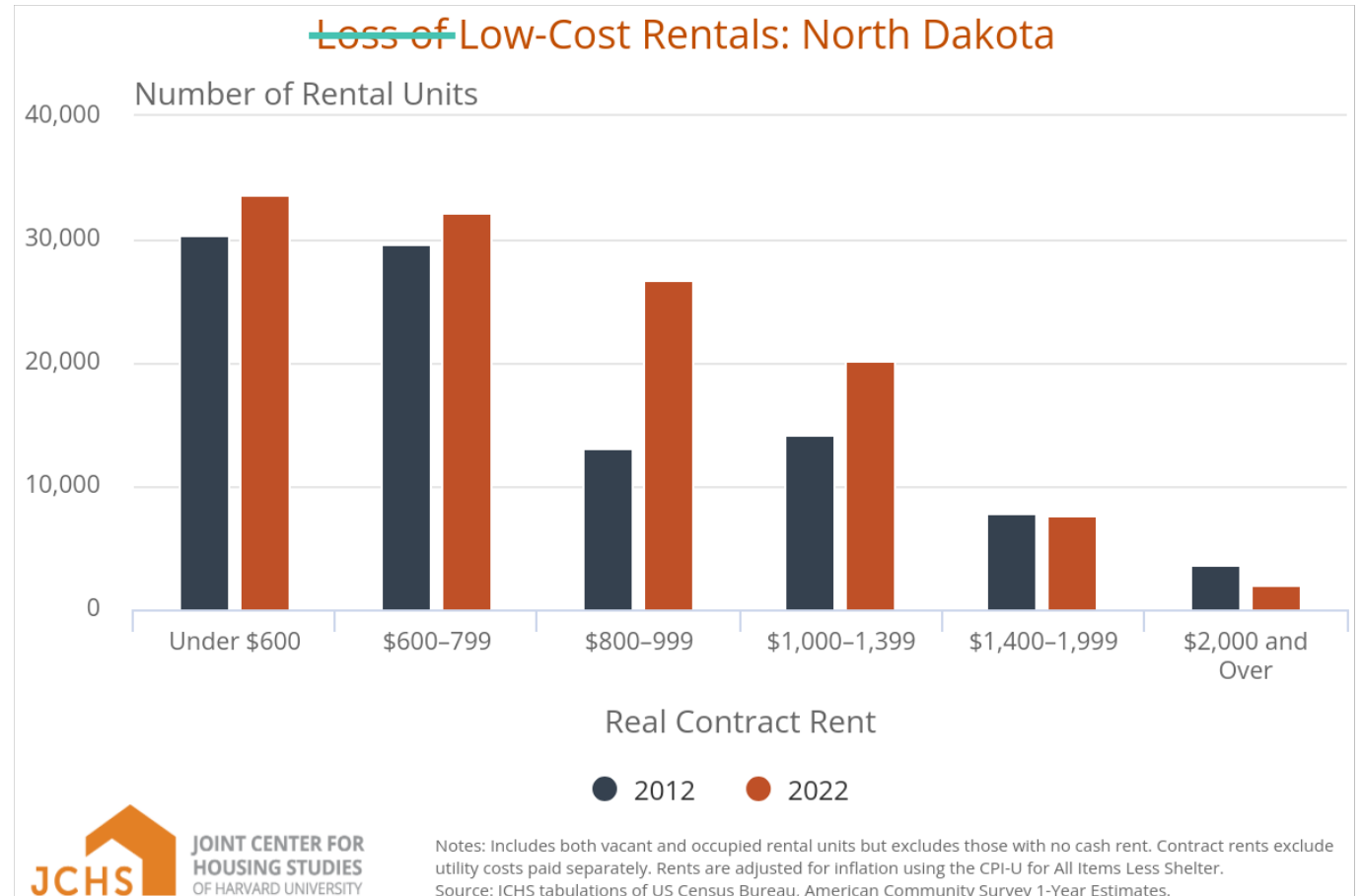




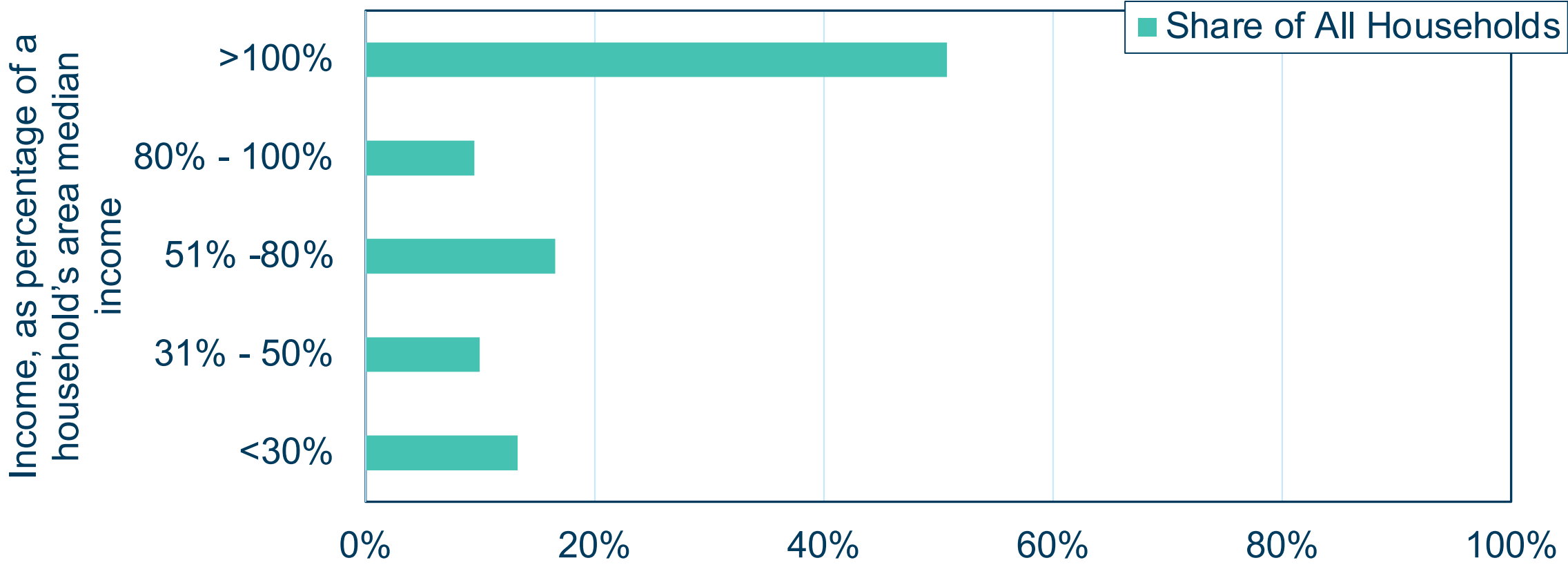
# SUPPLY OF HOUSING @ VARIOUS AFFORDABILITY POINTS

From 2012-2022, North Dakota's stock of lower-priced rentals increased, unlike the nation's.

- These prices are adjusted for inflation. A \$600 apartment in 2022 would've cost \$470 in 2012.

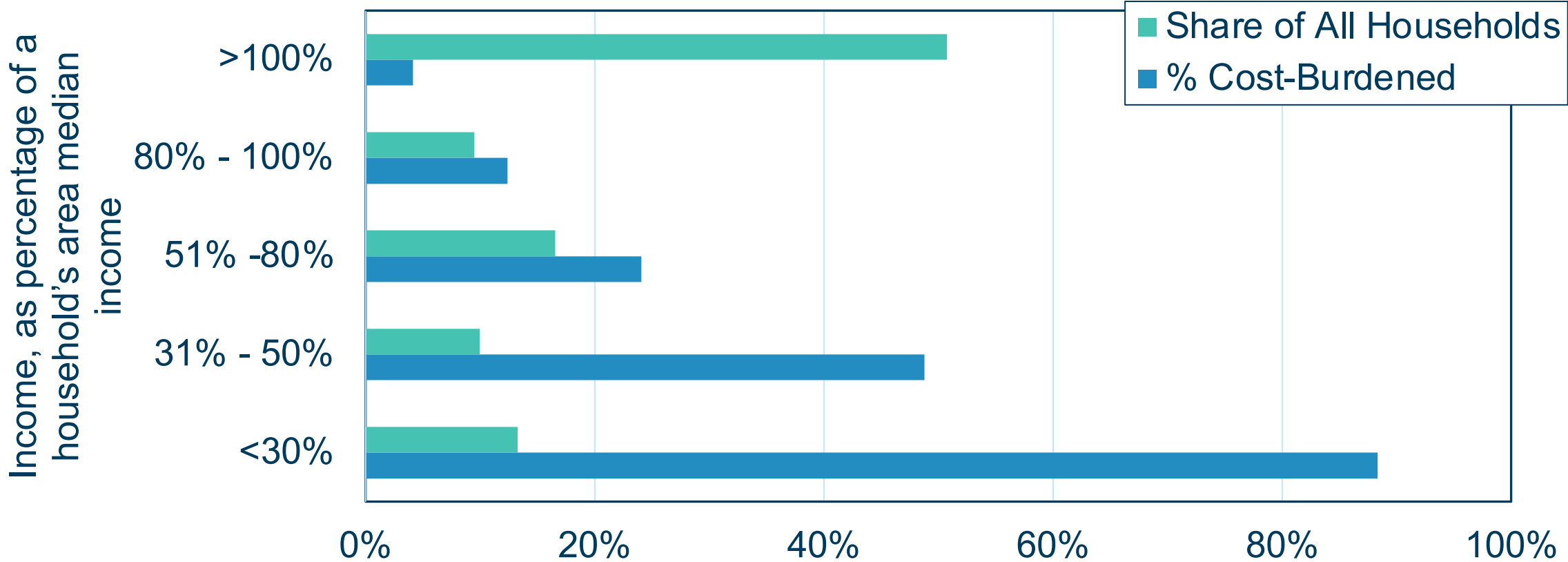


# HOUSING COST-BURDEN IN NORTH DAKOTA: 2022



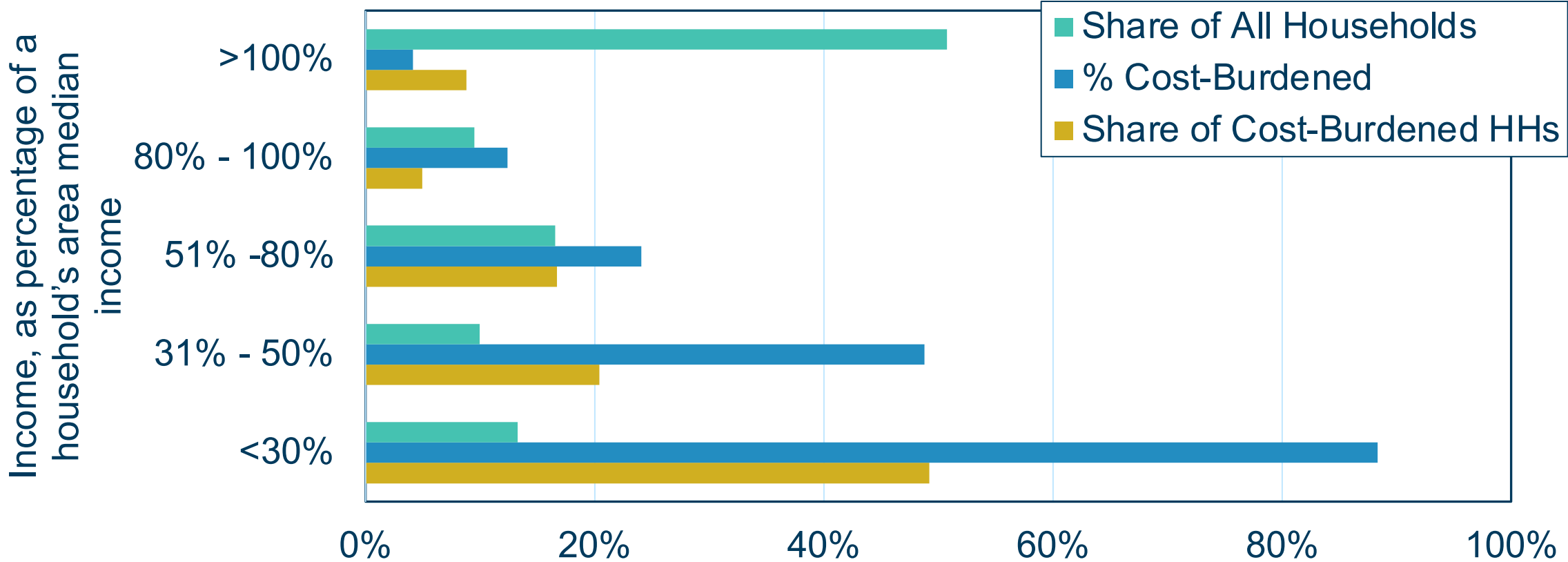
Source: Minneapolis Fed analysis of 2022 American Community Survey data

# HOUSING COST-BURDEN IN NORTH DAKOTA: 2022



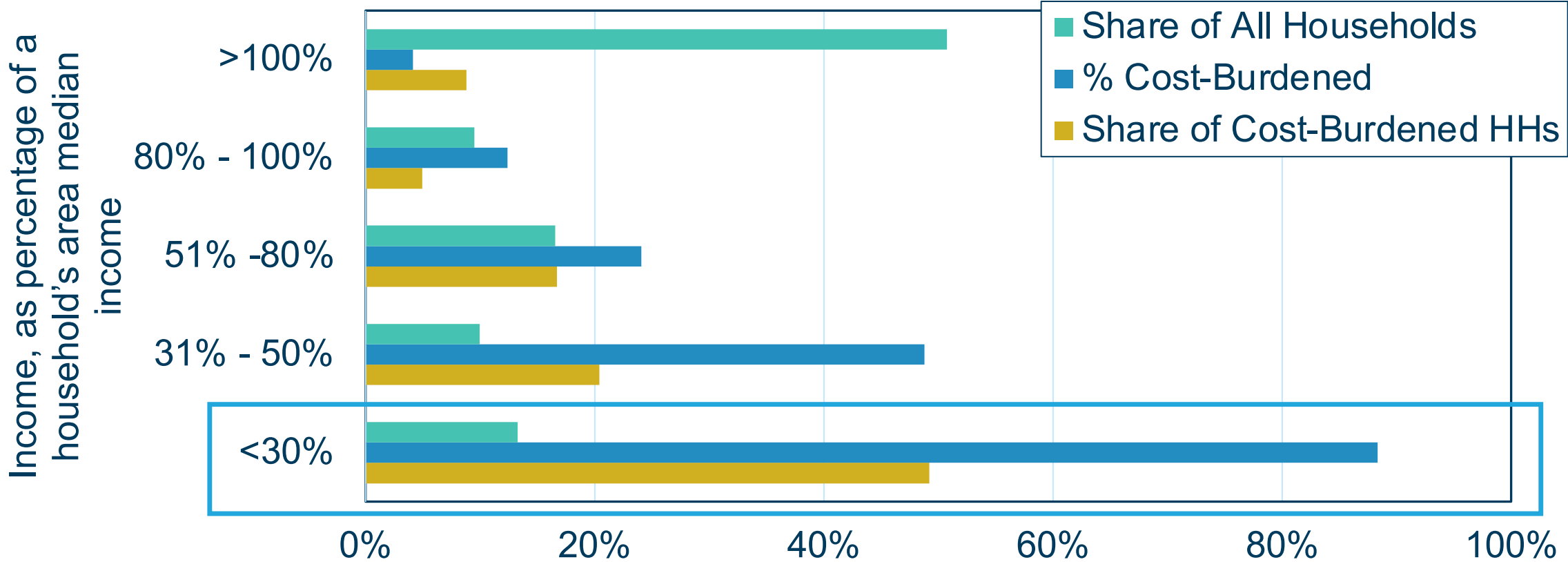
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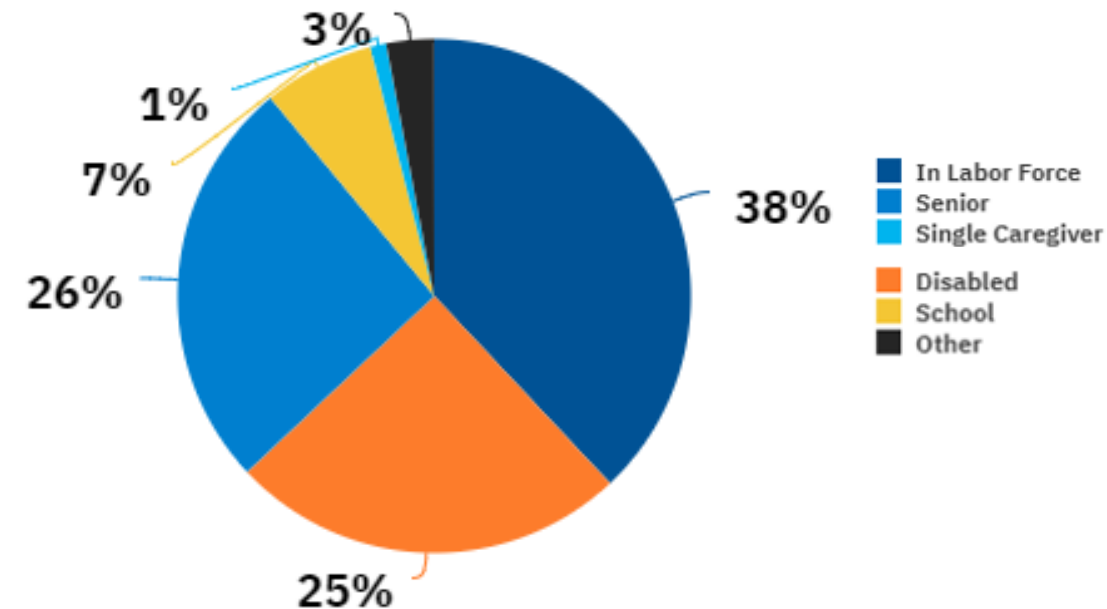
Source: Minneapolis Fed analysis of 2022 American Community Survey data

# “DEEPLY AFFORDABLE HOUSING”

Housing intended to serve the lowest income households is often referred to as “deeply affordable housing.”

- The cutoff for tenants/homeowners is typically 30% or less of an area’s median income.
- For the state of North Dakota, this would mean about \$22,000 per year or less, with rents capped at \$555 per year.
- There are diverse needs within this income group.

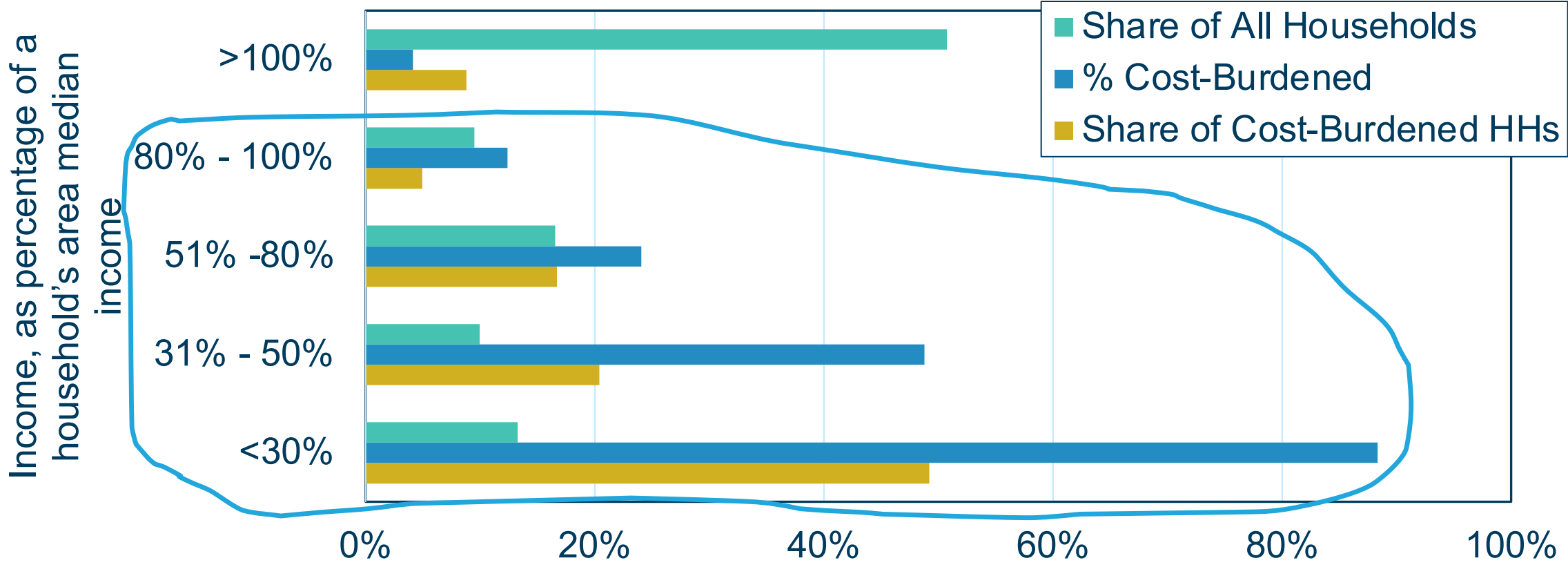
### Characteristics of Extremely Low-Income Renters in North Dakota



**Note:** Mutually exclusive categories applied in the following order: senior, disabled, in labor force, enrolled in school, single adult caregiver of a child under 7 or a person with a disability, and other. Thirteen percent of extremely low-income renter households include a single adult caregiver, 53% of whom usually work at least 20 hours per week. Eleven percent of extremely low-income renter households are enrolled in school, 48% of whom usually work at least 20 hours per week.

Source: [NLIHC analysis of 2022 ACS PUMS](#)

# HOUSING COST-BURDEN IN NORTH DAKOTA: 2022



Source: Minneapolis Fed analysis of 2022 American Community Survey data

# AFFORDABILITY AND THE WORKFORCE

Sample Job Types	Average Wage Range	Affordable Rent / Mortgage
<b>Home Health Care and Personal Care Aides</b> <b>Service</b> (retail, restaurants, cleaners) <b>Education</b> (child care staff, K-12 teaching assistants)	\$37,000 or less (“Affordable” or “Deeply Affordable”)	\$1,100 or less
<b>Transportation</b> (truck drivers) <b>Education</b> (teachers) <b>Trades</b> (laborers, maintenance, carpenters, plumbers, roofers) <b>Administrative</b> (office workers, clerks)	\$37,001 - \$59,000 (“Affordable” or “Workforce”)	\$1,100 - \$1,500
<b>Health Care</b> (nurses, dental hygienists) <b>Professional</b> (accountants, tech, analysts) <b>Trades</b> (electricians, supervisors, heavy equipment) <b>Energy</b> (oil and gas)	\$59,201 - \$89,000 (“Workforce”)	\$1,500 - \$2,220

Sources: American Community Survey, North Dakota Job Service Labor Market Information





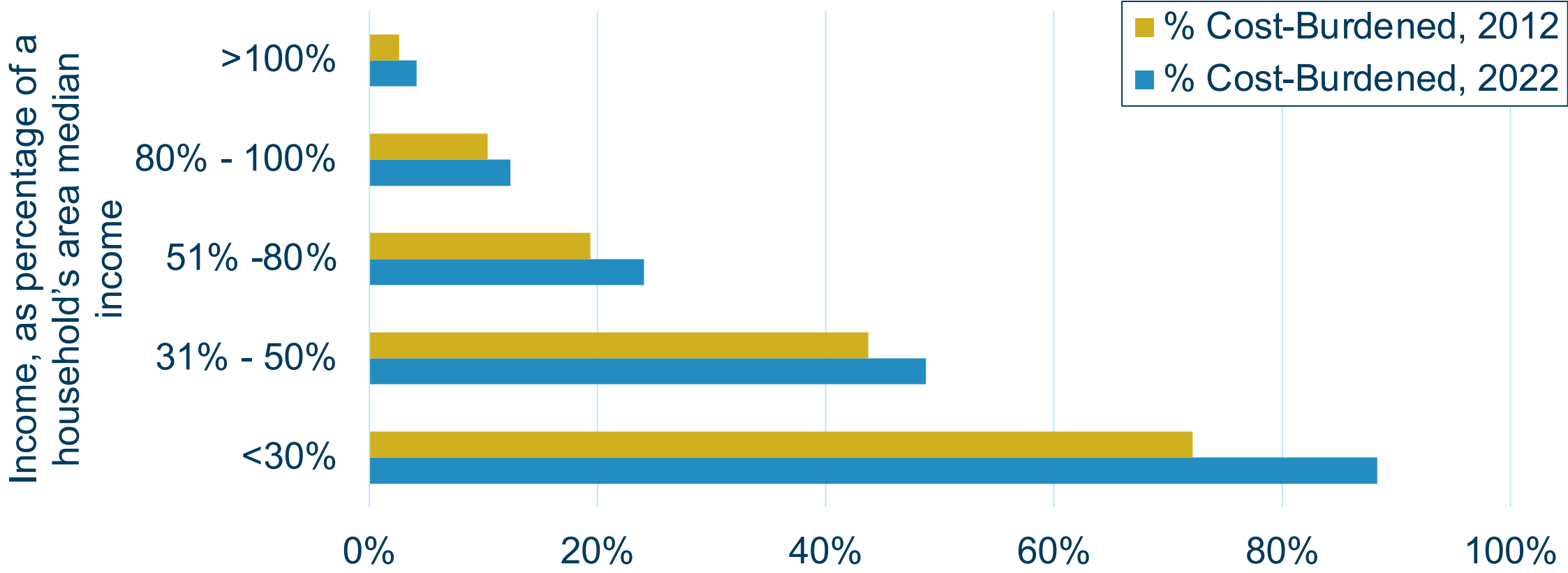
# AFFORDABILITY AND THE WORKFORCE

Sample Job Types	Average Wage Range	Current Employment
<b>Home Health Care and Personal Care Aides</b> <b>Service</b> (retail, restaurants, cleaners) <b>Education</b> (child care staff, K-12 teaching assistants)	\$37,000 or less (“Affordable” or “Deeply Affordable”)	110,000
<b>Transportation</b> (truck drivers) <b>Education</b> (teachers) <b>Trades</b> (laborers, maintenance, carpenters, plumbers, roofers) <b>Administrative</b> (office workers, clerks)	\$37,001 - \$59,000 (“Affordable” or “Workforce”)	180,000
<b>Health Care</b> (nurses, dental hygienists) <b>Professional</b> (accountants, tech, analysts) <b>Trades</b> (electricians, supervisors, heavy equipment) <b>Energy</b> (oil and gas)	\$59,201 - \$89,000 (“Workforce”)	108,000

Sources: American Community Survey, North Dakota Job Service Labor Market Information



# HOUSING COST-BURDEN IN NORTH DAKOTA: 2012 VS. 2022



Source: Minneapolis Fed and HUD analysis of American Community Survey data

# SUMMARY

- Housing matters for households' economic stability and opportunities.
- Relative to other states, North Dakota's supply of low-cost housing options is high.
- Specificity about affordability levels and subpopulations is important.
- A majority of households earning less than 50 percent of their area's median income are housing cost-burdened, as are 1 in 4 households earning 50-80 percent of their area's median income.
- There was an increase in the housing-burdened rate across all income categories over roughly the past decade (and that does not include data in the wake of more recent price increases).





# **APPROACHES TO MAINTAINING A HEALTHY HOUSING SECTOR**

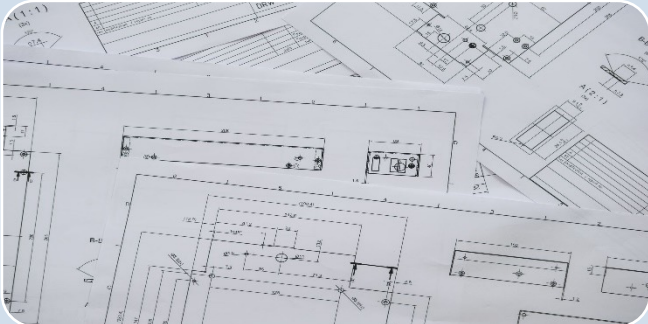
# THREE APPROACHES THAT WORK TOGETHER



Support  
Affordability



Increase Supply



Streamline  
Processes and  
Rules

*No single strategy can address all challenges  
Different places need a different mix of approaches*



# SUPPORT AFFORDABILITY FOR FAMILIES

## For renters:

- Rental assistance (e.g., Housing Choice Vouchers, emergency rental assistance, tax credits for renters)
- Financial incentives to property owners to limit rents

## For homeowners:

- Tax credits for homesteaded property
- Downpayment assistance and reduced cost mortgages
- Financial assistance for housing rehabilitation
- Financial counseling to reduce mortgage costs
- Shared equity models (e.g., cooperatives, community land trusts)
- Foreclosure prevention

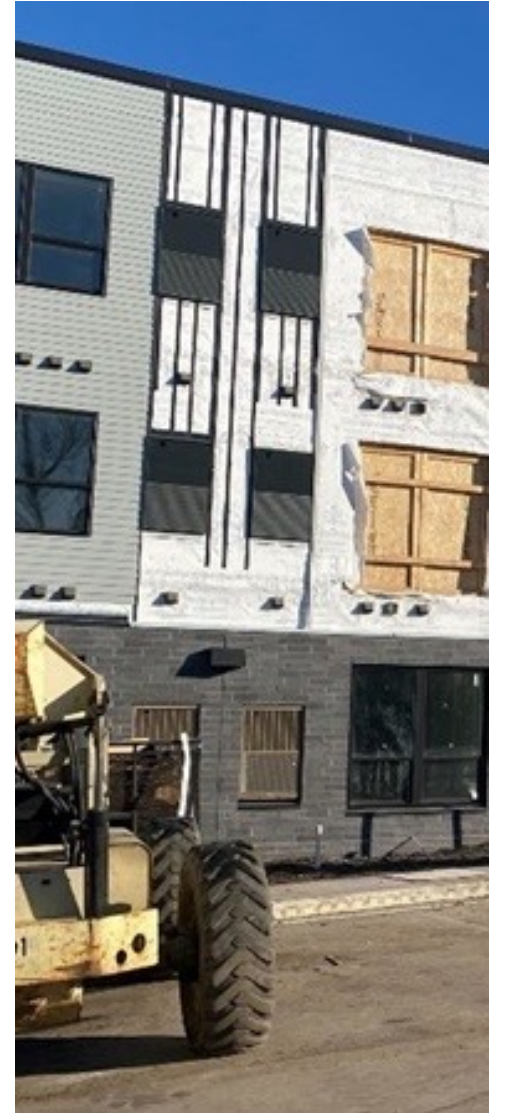
*And strategies that grow household income – education, workforce development, and economic development.*



# INCREASE SUPPLY OF HOUSING (AT ALL PRICE POINTS)

## More housing and more types of housing in more places:

- Provide financial assistance to support housing construction
  - Low Income Housing Tax Credit
  - North Dakota Housing Finance Agency funding
- Limitations on short-term rentals
- Reduce the costs of new housing construction
- Preserving the viability and livability of existing housing
  - Acquisition / rehabilitation of vacant or underperforming housing



# PROTECTING THE VIABILITY OF EXISTING HOUSING SUPPLY



ARTICLE

## Talking “toilets, taxes, and tenants”: Challenges mount for apartment owners in Twin Cities area

Ben Horowitz | Senior Policy Analyst, Community Development and Engagement

Grace Ryan | Project Manager, Community Development and Engagement

Libby Starling | Senior Community Development Advisor, Community Development and Engagement

March 29, 2024

**We conducted interviews of multifamily owners, market-rate and affordable, for-profit and non-profit, and heard about challenges facing their business models:**

- Rising staffing costs amidst labor shortages, particularly among maintenance workers
- Inflation driving up subcontracting expenses (e.g., snowplowing, janitorial contracts) and raw material costs (e.g., appliances)
- Fewer banks willing to lend to multifamily real estate; those that do have higher underwriting standards



# RISING PROPERTY INSURANCE COSTS ENDANGER SUPPLY

## Multifamily housing is seeing significant property insurance increases:

- More than half reported year-over-year premium increases of at least 20 percent (one-third at least 33 percent)
- Premium hikes and larger deductibles (some as much as five-fold over the year)
- Fewer commercial insurers are taking on new policies for multifamily housing
- Owners are paying more for less coverage

*“Drastic deductible increases make me the most anxious. The premium increases are really large and hard to pay for, but at least you know what they are. These deductible exposures, you have no way of knowing what you are actually gonna see.”*



# REDUCING THE COSTS OF NEW DEVELOPMENT: THREE L'S



## Land

- Acquisition costs: How many housing units support the cost of land?
- Land preparation costs: Planning the right level of infrastructure
- Entitlements process with local governments (permitting, approvals, and fees)



## Labor

- Wages paid to construction workers
- Also includes other soft labor costs in development (architects, attorneys, engineers, consultants, etc.)



## Lumber

- Proxy for all physical inputs
- Includes lumber itself, steel (for multifamily), garage doors, appliances, hardware, et al.



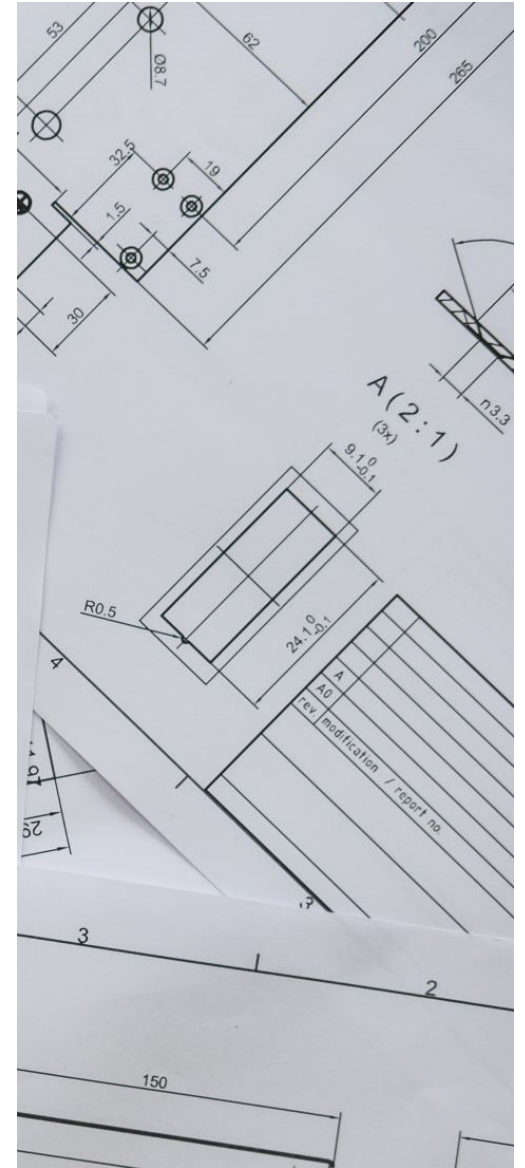
# STREAMLINE PROCESSES AND RULES

## Interplay between local government and developers:

- What types of housing are allowed by right vs. what projects require political approvals?
  - Allowable density, minimum lot sizes, minimum setbacks, parking requirements, infrastructure needs
  - What's the premium for land with special zoning?
- Increasing the predictability of the development process to minimize the risk to developers of projects not moving forward

## Mortgage application processes

## Property owner / renter relationships



# OPPORTUNITIES TO STREAMLINE DEVELOPMENT APPROVALS

## We asked ten suburban cities in the Twin Cities area about their land use approval processes:

- Range from 20 to 360 days to approval; some require votes by electeds, some approve administratively >> risk and time increase costs
- Range of local requirements that *could* increase construction costs (e.g., parking mandates, inclusionary zoning, aesthetic requirements)

## Developers and city staff shared common pain points:

- Conversation identified areas for future research – for example, the alignment of development policies and practices across different units of local government
- Discussion emphasized the potential for collaborative, rather than adversarial, relationships between local governments and developers



### City planners and private developers find common ground on improving land use policies and processes

Ben Horowitz | Senior Policy Analyst, Community Development and Engagement

Hue Nguyen | Assistant Vice President, Community Development and Engagement

Libby Starling | Senior Community Development Advisor, Community Development and Engagement

Alene Tchourumoff | Senior Vice President, Community Development and Engagement

March 22, 2024



# WHAT OTHER STATES ARE DOING



ARTICLE

## States reform regulations to support more housing production

Ben Horowitz | Senior Policy Analyst, Community Development and Engagement

Zakary Yudhishthu | Intern, Community Development and Engagement

November 15, 2023

## Changing land use from the state level:

- Providing financial incentives for more housing development or to cities that allow more housing
- Enabling more types of housing – e.g., multifamily housing, “missing middle” housing, manufactured housing, or accessory dwelling units – to be built “by right” in more places, especially in commercial districts or areas formerly limited to single-family detached housing
- Limiting or banning local mandates that add cost to housing development – e.g., parking minimums, aesthetic requirements, height limits, and floor area ratios

## Simplifying the approval processes:

- More administrative review of housing development
- Creating state-level appeal processes when local governments withhold approval of housing development

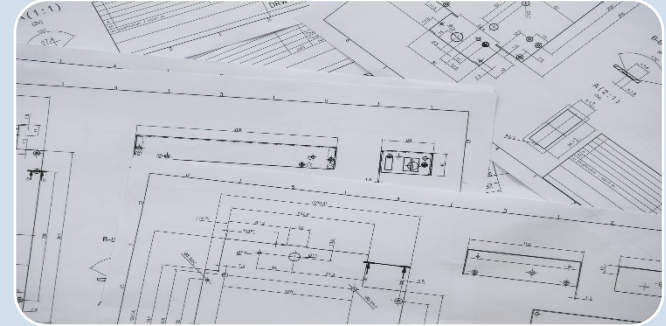
# THREE APPROACHES THAT WORK TOGETHER



Support  
Affordability



Increase Supply



Streamline  
Processes and  
Rules

*No single strategy can address all challenges  
Different places need a different mix of approaches*



# OVERVIEW OF THE REST OF THE MINNEAPOLIS FED HOUSING PORTFOLIO



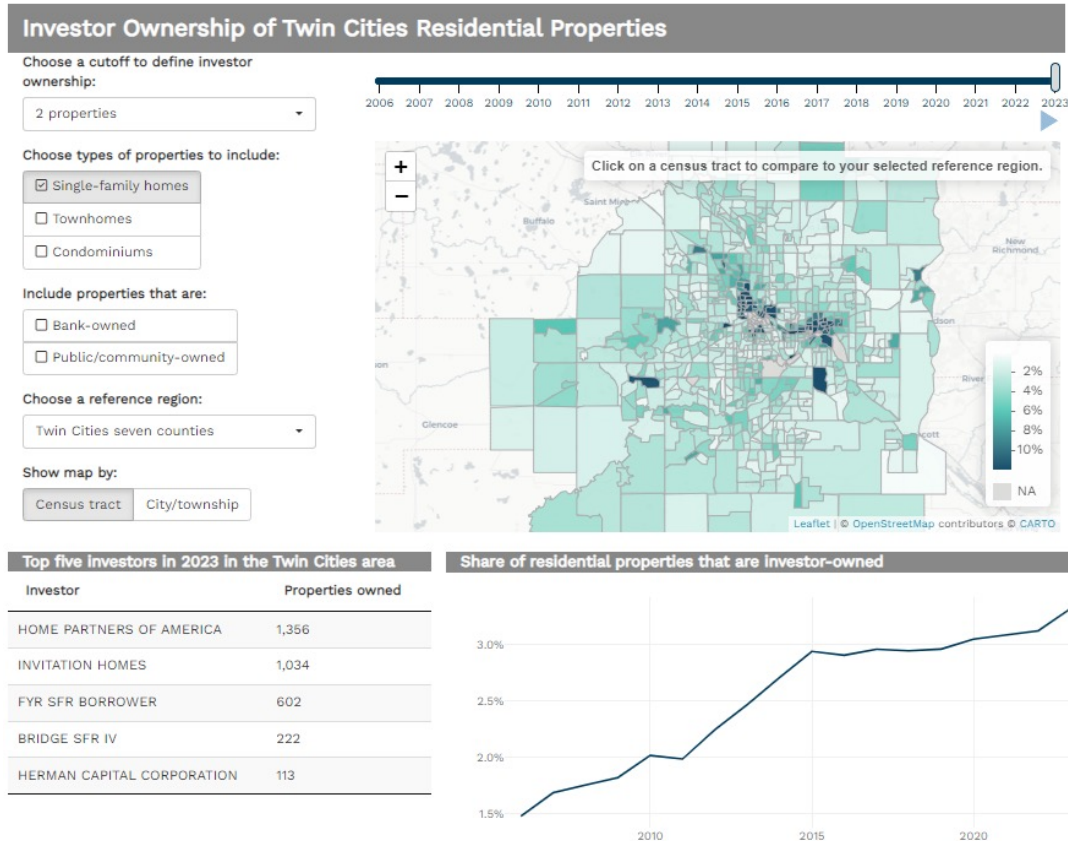
# CASE STUDIES



## Successful housing development efforts feature:

- Multi-sector collaboration
- Layered funds and other financial resources
- Clear goals
- Partners that understand the community context
- Time

# DIGGING DEEPER THROUGH ADDITIONAL ANALYSIS

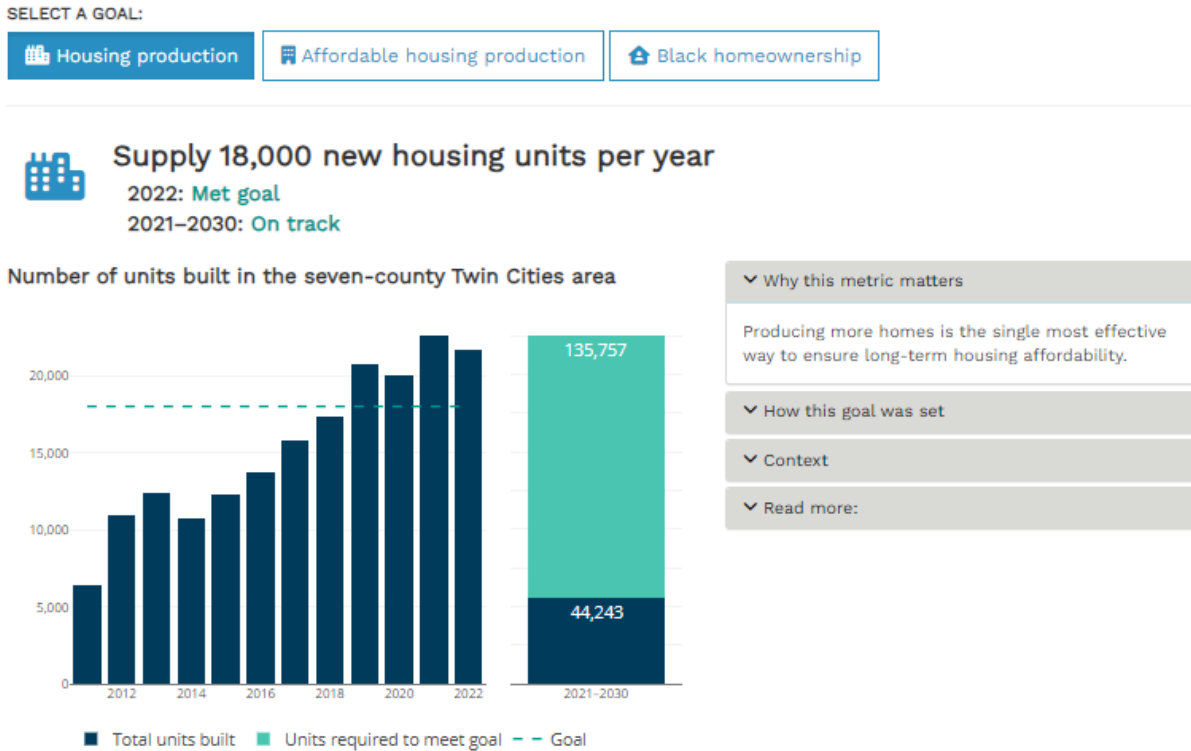


Source: MetroGIS Regional Parcel Dataset and authors' calculations.  
 Note: Census tracts, cities and townships that have fewer than 50 observations are excluded. Data were last updated on September 15, 2023. See here for more detail about the dashboard and the underlying data.

**Our Approach:** Examine public property assessors' records to provide local context on a national trend.

**Result:** An interactive tool that allows users to explore the issue in their own community, and analysis to help them understand the outputs of that tool.

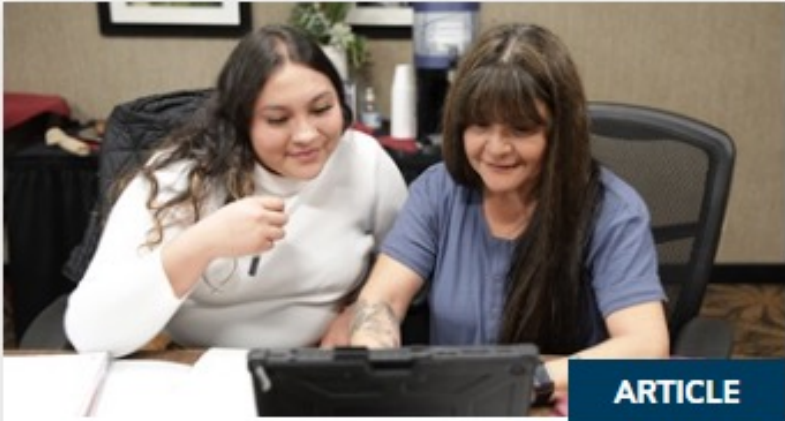
# PUTTING DATA INTO CONTEXT



**Our Approach:** Work with regional stakeholders to develop a shared understanding of housing opportunities and goals, then track data that can measure progress towards those goals.

**Result:** A dashboard that provides users with progress on big-picture goals while also providing data on underlying conditions that influence progress towards those goals.

# CENTER FOR INDIAN COUNTRY DEVELOPMENT



## Native CDFIs connect Indian Country to credit and capital

Michou Kokodoko | Project Director, Community Development and Engagement

May 10, 2024



## Tribal Leaders Handbook on Homeownership



## Native Americans pay more to finance home purchases than White borrowers

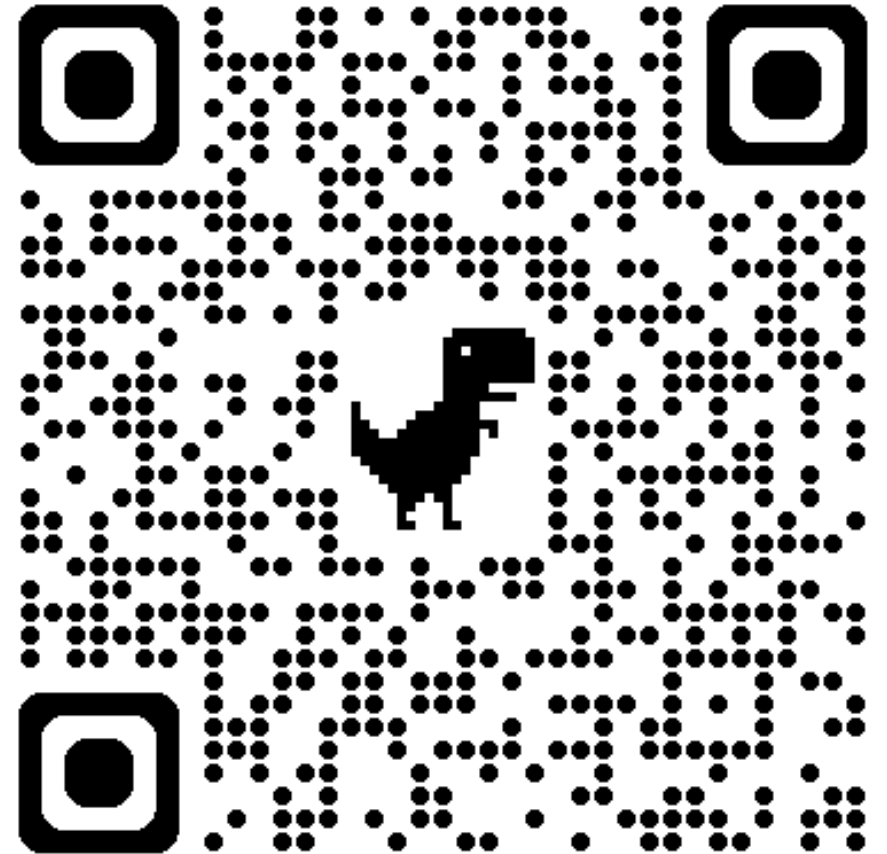
Matthew Gregg | Senior Economist, Center for Indian Country Development

Caryn Mohr | Senior Writer, Center for Indian Country Development

March 8, 2024

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**THANK YOU!**

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MEMORANDUM

**TO: Economic Development Incentive Committee**

**FROM: Jim Gilmour, Director of Strategic Planning and Research** 

**DATE: July 16, 2024**

**SUBJECT: Inclusionary Housing**

---

I researched some inclusionary housing policies as well as the availability of affordable rental housing in Fargo.

These inclusionary housing policies are typically used in very “hot” or expensive rental markets. Recent housing studies and Census data indicate that there is an extensive amount of what is considered affordable rental housing in Fargo.

I do not have a recommendation. This is only for your information.

### **Inclusionary Housing**

An inclusionary housing policy may include a requirement that developers build a percentage of housing within market-rate developments that are affordable to low- and middle-income households. Incentives may include property tax exemptions, waiver of building permit fees, public financing or other public assistance. Inclusionary housing programs are typically in “hot” housing markets where market rents are not affordable for middle income households.

### **Policies in Minnesota**

A Federal Reserve Bank of Minneapolis publication provides information on four cities with inclusionary housing policies. The type of incentives varied by city. The typical policy targeted providing reduced rents to households with incomes below 60% of the median household income of the community.

### **Fargo Incomes**

\$64,462 was the median household income in 2022 according to the US Census and 60% of that amount is \$38,677. An affordable rent for this household income (30%) is \$967 a month.

### **Maxfield Housing Study**

A 2022 Maxfield Housing Study looked at rents in the downtown and adjacent Core Neighborhoods to determine the percentage of apartments that had a naturally occurring affordable rent. The report indicated that 94.7% of the apartments were affordable to households with an income at 60% of the median household income.

### **Regional Housing Study**

A metro wide housing study also found an ample supply of naturally occurring affordable housing in apartments. The study defined affordable housing as apartments that cost less than \$1,000 per month. Of apartments built between 1960 and 2000, more than 80% are affordable. Of apartments built between 2000 and 2019, more than 48% are affordable.

### **US Census American Community Survey**

The American Community Survey is data for the 2018-2022 time period. Some of the survey information in the table below shows the availability of affordable rent in Fargo and the downtown.

	<b><u>Fargo</u></b>	<b><u>Downtown Core - Tract 7</u></b>
Median Rent	\$ 900	\$ 697
Rent below \$1,000	64.7%	81.6%
Rent below \$500	4.7%	18.8%



## Inclusionary Housing Policy in the Twin Cities

Inclusionary housing, also known as inclusionary zoning, or IZ, is a policy that requires developers to build a percentage of housing units within market-rate developments that are affordable to low- and middle-income households. In recent years, mandatory inclusionary housing policies have been adopted by some metro area cities as one tool for increasing the supply of affordable housing units in their communities. This document offers a comparison of known existing policies for planners, policymakers, developers, and advocates who want to understand how different IZ policies have been structured to date.



For more information on inclusionary housing, visit our Expert Insights on Inclusionary Zoning workshop page at [www.minneapolisfed.org/community/community-development-events/expert-insights/on-inclusionary-zoning](http://www.minneapolisfed.org/community/community-development-events/expert-insights/on-inclusionary-zoning).

POLICY FEATURE	CITY				
	BLOOMINGTON	EDINA	MINNEAPOLIS	RICHFIELD	ST. LOUIS PARK
Effective date (MOST RECENT)	September 2019	March 2019	January 2019—interim policy in effect, permanent policy expected to be up for review and passage by the end of 2019	October 2018	May 2019
Revisions since first passage	No	Yes	Yes	Yes	Yes
Where applied	City-wide with emphasis on designated transit areas	City-wide	City-wide	City-wide	City-wide
Mandatory requirement	YES if public financing is involved OR YES if new construction	YES if public financing is involved or the site is rezoned to a PUD (planned unit development)	YES if public financing is involved OR YES if developed on land purchased from city OR YES if project requires a zoning amendment to a district that allows high-density residential and/or a combination of a floor area ratio, variance, or density bonus that increases the floor area by 60% or more compared to what is already permitted as right	YES if public financing is involved	YES if public financing is involved or request for land use changes through a PUD or request for a comprehensive plan amendment
Development size	20 units or more	20 units or more	10 units or more for projects receiving financial assistance or on city-owned land (Ownership exempt from interim ordinance)	5 units or more	10 units or more

**OF NOTE**

- Inclusionary housing programs are intended for a "hot" housing market, and are just one tool in the affordable housing tool box.
- Education programs for developers and property owners can help to reach those who have not traditionally provided affordable units.

**EDINA** employs a dedicated affordable housing administrator who also is affiliated with the Edina Housing Foundation. Cities might want to consider whether there exists an opportunity to partner with a community foundation to help meet their inclusionary housing program needs.

POLICY FEATURE	CITY			
	BLOOMINGTON	EDIMA	MINNEAPOLIS	RICHFIELD
Housing type	Rental—new construction and rehab and single family	Rental—new construction Ownership—new construction NOAH (naturally occurring affordable housing)—rehab	Rental—new construction and rehab Ownership—new construction for projects 10 units or more receiving financial assistance or on city-owned land	Rental—new construction Ownership—new construction
Rental affordability term	20 years	At least 20 years	30 years if city financing or city land is involved 20 years otherwise	25 years
Ownership affordability term	Deed restriction for single-family affordable units in perpetuity	At least 20 years	30 years if city financing or city land is involved (Ownership exempt from interim ordinance)	Time of sale
Number of units/affordability target	Rental: 9% of total project size at 60% AMI (area median income) Ownership: 9% of total project size at 110% AMI	Rental: 20% of total project units at 60% AMI OR 10% of total project units at 50% AMI Ownership: 10% of total project units at affordable sale price NOAH rehab: 40% of total project units at 60% AMI	<b>For City Financing and Land Sales:</b> Rental: 20% of total project units at 60% AMI or below Ownership: 10% of total project units at 80% AMI or below <b>For Interim IZ Ordinance:</b> 10% of total project units at 60% AMI—NOT eligible for city financing OR 20% of total project units at 50% AMI—THEN eligible for city financing	Rental: 20% of total project units at 60% AMI OR 10% of total project units at 50% AMI OR 5% of total project units at 30% AMI OR One for one replacement. The number of NOAH dwelling units that are being demolished or converted to a use other than lower-income dwelling units in connection with construction of the development, whichever is greater Ownership: Payment in-lieu required
				<p><b>BLOOMINGTON</b> offers IZ unit occupants gap assistance for up to 3 years if their income decreases. Recognizing that the earnings of lower-income households often fluctuate, cities might want to consider options for providing temporary subsidy if the goal is to address housing stability.</p> <p><b>RICHFIELD</b> offers developers the option to do a combination of unit development and in-lieu payments. If the goal is to maximize flexibility for developers, cities might want to consider a policy that offers unit development, in-lieu payment, or unit development plus in-lieu payment.</p> <p><b>ST. LOUIS PARK</b> recently adopted a revision that reduces the requirement to just 5% of total units for developers who make the units affordable at 30% AMI. If the goal is to target very low-income households, cities might want to consider a policy that reduces the number of units required for developers who provide deep affordability.</p>

POLICY FEATURE	CITY		
	BLOOMINGTON	EDINA	MINNEAPOLIS
Income ceiling	Once occupied, renter income can increase up to 140% AMI	60% AMI for rental and 120% AMI for ownership. Once occupied, renter income can increase up to 140% AMI	Not addressed
In-lieu fee	\$9.60 per leasable square foot	TBI (total buy in) fee equal to \$100,000 per affordable unit	Equal to 15% of total city financing provided May seek approval for combination of units and in-lieu fees
Compliance alternatives	<ul style="list-style-type: none"> <li>Set aside units built off-site</li> <li>Dedication of land for affordable housing</li> <li>Rehabilitation and deed restriction of NOAH units</li> </ul>	<ul style="list-style-type: none"> <li>Set aside units built off-site</li> <li>Dedication of land for affordable housing</li> <li>Rehabilitation and deed restriction of NOAH units</li> <li>Absorption of financial risk or construction of affordable units by another project developer</li> </ul>	<p>City approval required</p> <p>May include: large multi-phase projects with total affordability requirement spread across multiple buildings, projects receiving city financing for environmental remediation, projects in neighborhoods involving city land where no new market rate development has occurred in more than 3 years, projects participating in city programs with deeper affordability requirements</p> <ul style="list-style-type: none"> <li>Set aside units built off-site</li> <li>Rehabilitation and deed restriction of NOAH units</li> </ul>
Exemptions	None—applies to all housing types of 20 or more units	Projects by owner occupant	None—applies to all housing types of 10 or more units
Cost offsets offered to developers (granted on a case-by-case basis)	Density bonus, FAR bonus, height bonus, parking reduction, enclosed parking space conversion allowance, unit size reduction, alternative exterior materials allowance, storage space reduction, development fee waivers or deferral, landscape fee in-lieu reduction, expedited plan review, land write down on city-owned land, housing TIF, project-based vouchers	Density bonus, reduced development requirements, housing TIF, property tax abatement, deferred low interest loans from Edina HRA or Edina Housing Foundation	Density bonus, reduced development requirements, other requests approved by city

POLICY FEATURE	CITY			
	BLOOMINGTON	EDINA	MINNEAPOLIS	RICHFIELD
Program staffing	Assigned to 2 existing staff members, presently seeking housing redevelopment analysts for this purpose	Assigned to 1 existing staff member who also works for Edina Housing Foundation	Assigned to 5-7 existing staff members	Assigned to 4 existing staff members
Program metrics	To be determined—expected in Q3 2019	Number and location of projects with IZ units; number and location of IZ units; size and square footage of IZ units; proportion of projects subject to IZ requirement that opted for in-lieu fee option; school district in which IZ units are located; whether or not the IZ units are age-restricted, e.g., senior housing	To be determined—expected in Q4 2019	Number of projects with IZ requirements, location of projects with IZ requirements, number of affordable units produced by IZ policy, location of affordable units produced by IZ policy, bedroom size and/or square footage of affordable units produced by IZ policy, amount of in-lieu fees collected, proportion of projects subject to requirement that opted for in-lieu fees instead of affordable units
Policy contact	Eric Anthony Johnson, Community Development Director, <a href="mailto:ejohnson@bloomingtonmn.gov">ejohnson@bloomingtonmn.gov</a>	Cary Teague, Community Development Director, <a href="mailto:cteague@edinamn.gov">cteague@edinamn.gov</a>	Angie Skildum, Manager, Residential Finance, Community Planning and Economic Development, <a href="mailto:angie.skildum@minneapolismn.gov">angie.skildum@minneapolismn.gov</a>	Julie Urban, Housing Manager, <a href="mailto:JulieUrban@richfieldmn.gov">JulieUrban@richfieldmn.gov</a>
				Michele Schmitker, Community Development Deputy Director, <a href="mailto:mschmitker@stlouispark.org">mschmitker@stlouispark.org</a>

# NOAH Housing Summary

NOAH units in Downtown and Core Neighborhoods  
 Properties are market rate only; no subsidies  
 Identify the number of units available at different income levels

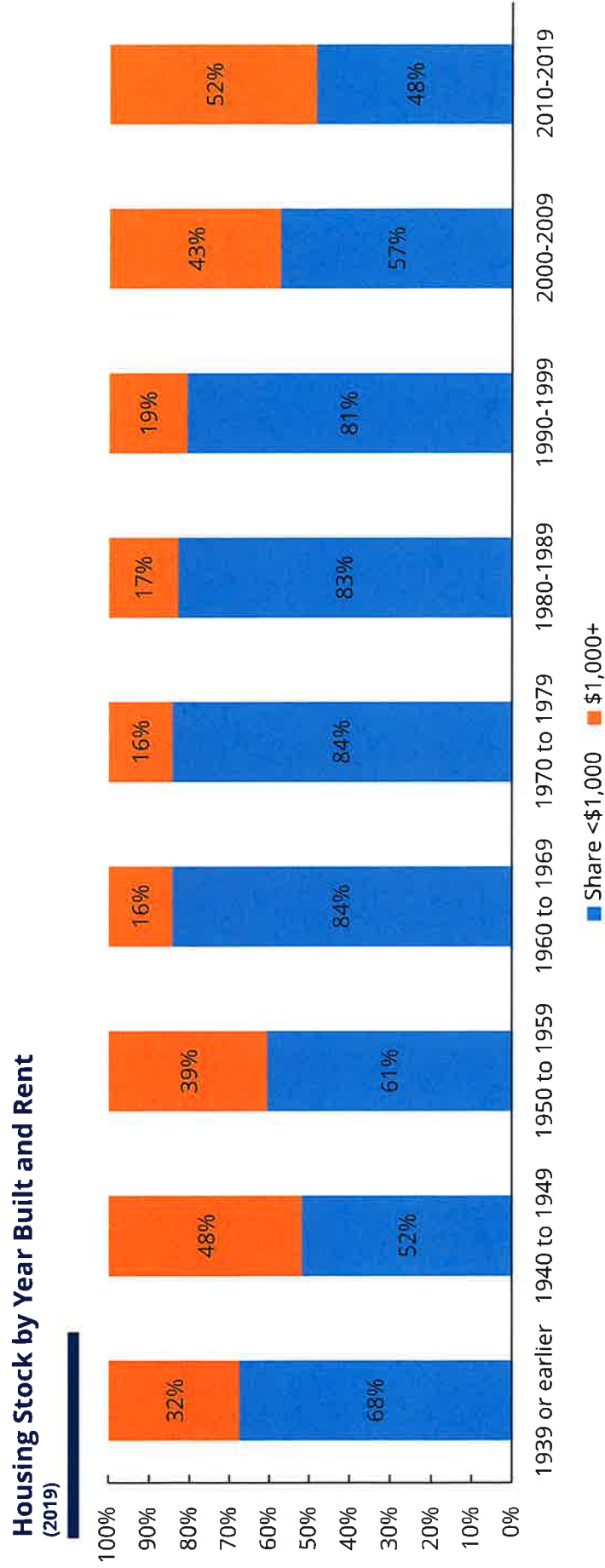
TABLE RM-7 MULTIFAMILY MARKET RATE RENTAL DEVELOPMENTS NATURALLY OCCURRING SUMMARY FARGO DOWNTOWN AREA & CORE NEIGHBORHOODS September 2021									
Unit Type	Market Rate Affordability by AMI					Total Units	Total <60%	Pct. <60%	
	30%	50%	60%	80%	100%				120%
STUDIO/EFF.	62	299	92	1	--	454	453	99.8%	
1 BR	131	697	516	54	--	1,398	1,344	96.1%	
2 BR	575	806	243	75	3	1,702	1,624	95.4%	
3 BR	62	357	83	53	1	556	502	90.3%	
4BR	--	--	33	33	--	66	33	50.0%	
<b>Subtotal</b>	<b>830</b>	<b>2,159</b>	<b>967</b>	<b>216</b>	<b>4</b>	<b>4,176</b>	<b>3,956</b>	<b>94.7%</b>	
<b>Pct. Of Total</b>	<b>19.9%</b>	<b>51.7%</b>	<b>23.2%</b>	<b>5.2%</b>	<b>0.1%</b>				
Pct. Of Affordability Category									
STUDIO/EFF.	7.5%	13.8%	9.5%	0.5%	--			11.5%	
1 BR	15.8%	32.3%	53.4%	25.0%	--			34.0%	
2 BR	69.3%	37.3%	25.1%	34.7%	75.0%			41.1%	
3 BR	7.5%	16.5%	8.6%	24.5%	25.0%			12.7%	
4BR	--	--	3.4%	15.3%	--			0.8%	

Source: Maxfield Research & Consulting, LLC



### Housing Needs Assessment | Housing Supply

Since the 1990's, the share of units under \$1,000, classified here as naturally occurring affordable housing (NOAH), in the region has declined.

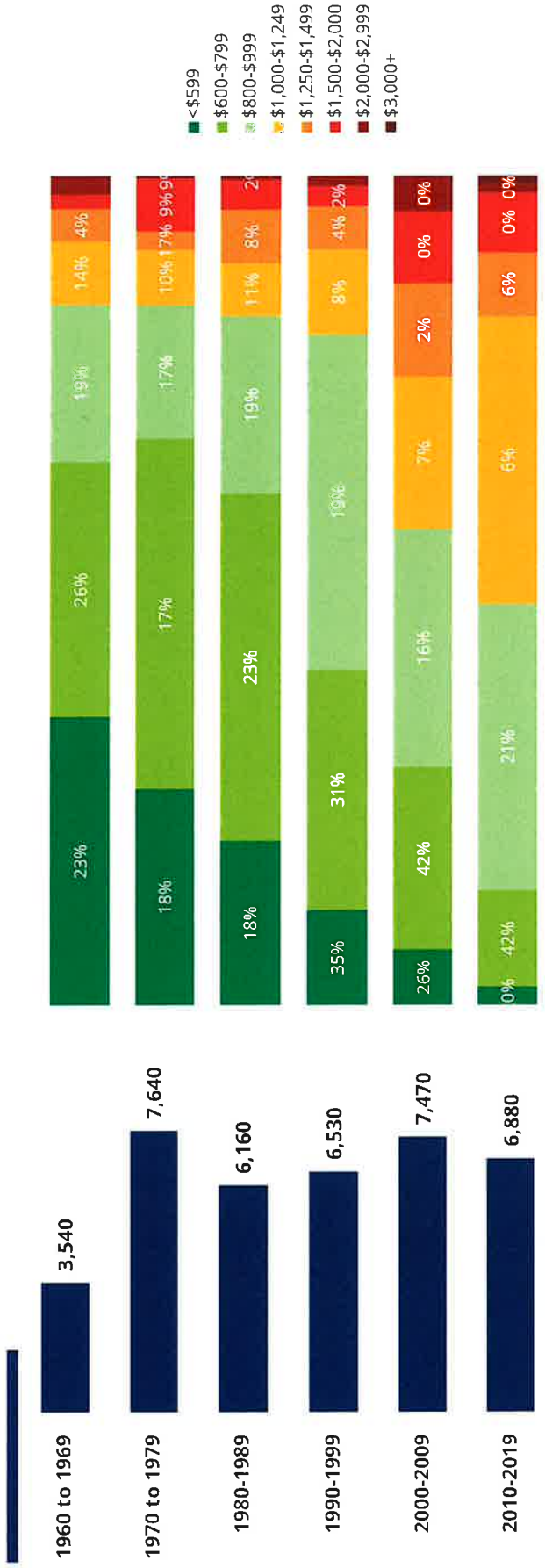


Source(s): NHPD, ACS 1939-2019 5-year estimates (Existing rents all from 2019, varied by building year).

### Housing Needs Assessment | Housing Supply

While new rental units have consistently been built since the 1960s, unit rent costs have continued to rise.

**Decade by Units Built**  
(1939 -2019)



Source(s): US Census, 1939-2020

## Rental Housing in Fargo & Downtown

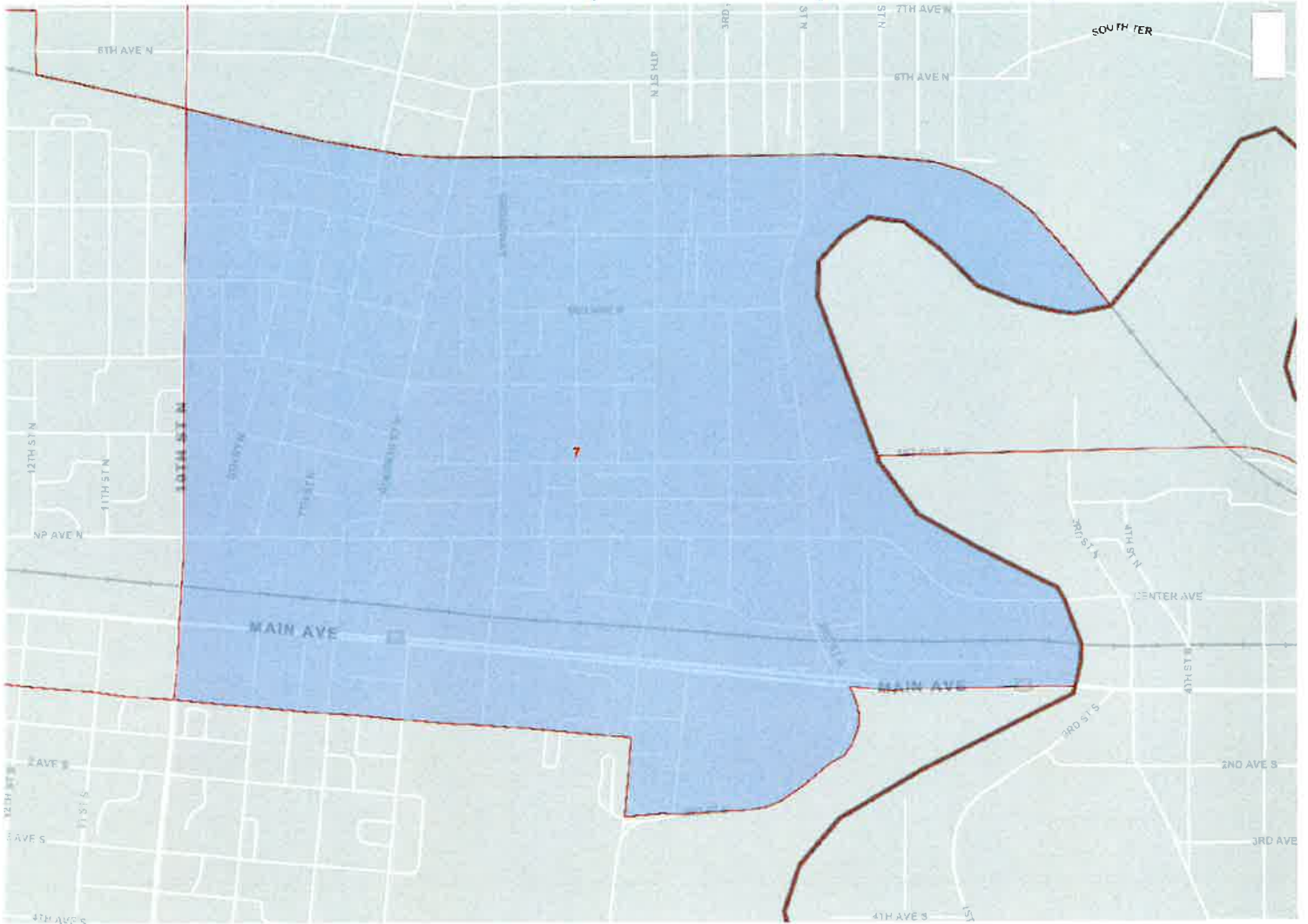
2018 - 2022 Census American Community Survey 5 Year Average

<u>Housing Info</u>	<u>Fargo</u>	<u>Downtown (Tract 7)</u>
Percent Rental	55.8%	95.4%
Median Rent	\$900	\$697
Rent below \$1,000	64.7%	81.6%
Rent below \$500	4.7%	18.8%



Census Tract

Select Clear Geos Layer Year Basemap Boundaries Identify Notes Share



Census Tract

Year: 2020

Geographies: 1

Styles

- State
- County
- Census Tract

500 ft

MEMORANDUM

**TO: Economic Development Incentive Committee**

**FROM: Jim Gilmour, Director of Strategic Planning and Research** 

**DATE: July 16, 2024**

**SUBJECT: Bison Block Report**

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Bison Block is a redevelopment project that started in 2007. The City of Fargo provided Tax Increment Financing (TIF) to assist the project. The TIF District is ending in 2024 so this is a report on the impact of the project.

# Bison Block

Bison Block is a mixed-use building in the 1400 block of 12th Avenue North, just south of the core of the NDSU campus. A large NDSU parking lot is southwest of the building, which has commercial space on the main floor and 34 apartments on the upper two floors.

Bison Block is one building, but it was constructed in three segments as the developer was able to acquire property. The east portion of the building was constructed in 2007. The west portion in 2008. Finally, after the developer was able to acquire a property in the center of site, the first two buildings were linked together with a center section.

## **Background**

In 2007, the Bison Block was seven lots, with residential structures on six of those lots. The houses had been constructed as one- or two-unit housing units and had been converted to rental apartments. The buildings were in poor condition and some had failed rental inspections. It was not the type of buildings NDSU wanted people to see as they arrived on campus.

## **Redevelopment Plan**

The City of Fargo approved Redevelopment Plans to remove the houses and build Bison Block. There were two Renewal Plans in the Tax Increment District to accommodate the staggered construction.

Bison Block had many benefits:

1. Blighted buildings across the street from the campus were removed.
2. New businesses opened to serve the campus community.
3. Additional quality housing was made available for students.
4. The brick building was compatible with brick buildings on campus.
5. A lighted pedestrian sidewalk on the east side of the building, providing access between T-Lot and the campus.
6. The streetscape and outdoor space on the front of the building was attractive.

## **Development Incentives**

The City of Fargo provided Tax Increment Financing (TIF) incentives to the developer to make the project feasible. The incentives were for land write down, demolition and utility hookups.

A financial review indicated that without incentives, the rate of return would be less than 3% and the project would not be feasible. With incentives, the rate of return was estimated at 11%. The length of time of the incentives was limited to 15 years and the incentives will be ending at the end of 2024.

## **Financial Benefit**

The value of the site was \$542,220 in 2007. Bison Block now has a value of \$7,002,000, an increase of \$6,459,780. This increase will provide an additional \$90,000 of property taxes in future years.

**Comparison to Adjacent Property**

AMP properties has a similar size property with 7 lots and 6 houses adjacent to T-Lot. While those properties have also increased in value since 2007, the increase was a much lower percentage than Bison Block. See the table below.

	<b>Bison Block</b>	<b>AMP Properties</b>
2007 Value	\$ 542,220	\$ 721,800
2024 Value	\$ 7,002,000	\$ 1,292,600
Change	\$ 6,459,780	\$ 570,800
Percent Change	1191%	79%
Percent/ Year	70%	5%

**AMP Properties**

AMP properties requested a rezoning and Renewal Plan/TIF to allow for redevelopment of those properties in 2015. There was opposition to redevelopment from neighbors and the neighborhood association. In 2015, the City Commission did not approve the development of a Renewal Plan.

The Core Neighborhood Plan that was approved in 2021 identifies the future land use for the AMP properties as multi-family housing.



City of Fargo, ND

# Bison Block

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.



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.

## Bison Block 2024

1:2,257

6/13/2024 3:39 PM

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 16, 2024**

**SUBJECT: Economic Development Policy Changes – Growth Plan**

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The City of Fargo has been working on a new growth plan. This draft plan will set a goal for 33% of new growth to be in the downtown, core neighborhoods and other existing neighborhoods. An Executive Summary is attached.

Implementation tools for the plan will include a new Land Development Code and updated economic development incentive policies.

While the plan is not yet adopted, I have drafted some changes to PILOT policies that would assist in implementation of the plan. I'd like to begin a discussion of these changes at our July meeting and continue discussion at our August meeting.

The most significant changes are:

1. Simplify and expand the incentive to redevelop housing in Core Neighborhoods.
2. Provide an incentive to redevelop housing/commercial areas in areas beyond the Downtown and Core Neighborhoods.

# EXECUTIVE SUMMARY

For the first time in nearly two decades, the City of Fargo has used the development of a new growth plan to consider and clarify the type of community it wants to become and how to achieve its goals through new or modified growth patterns.

Through a 16-month process that both validated the general direction provided by recent planning efforts and identified key opportunities to change course, the resulting growth plan articulates Fargo's aspirations and pinpoints the policy updates and investments that will convert those aspirations into reality.



## FARGO GROWTH PLAN 2024

Fargo Growth Plan 2024 provides a roadmap for where and how Fargo will develop and redevelop in the coming decades—a roadmap that was developed by carefully considering three fundamental questions.




**How has Fargo been growing?**

**What are Fargo's intentions for future growth?**

**What will it take to achieve Fargo's goals?**





## How has Fargo been growing?

### It has grown **rapidly**

The City of Fargo added more residents between 2010 and 2020—over 20,000—than it did during any previous decade. And between 2000 and 2020, the city's population expanded by nearly 40%.

This rapid population growth is directly tied to the equally fast pace of job growth that Fargo has enjoyed in recent decades—growth largely attributable to Fargo's role as a hub for health care, education, trade, and finance for a vast region.

### Its growth patterns have **improved**

Before the Great Recession (2007-2009), Fargo's population growth was accommodated mostly by low-density expansion of residential and commercial uses on virgin soil—especially to the south and southwest of the city's core. While growth since 2010 has remained concentrated on Fargo's edges, those greenfield growth patterns have been characterized by greater densities, limited leapfrogging, and more durable public infrastructure.

Combined with a rise in redevelopment and infill in already developed parts of Fargo—especially downtown—Fargo's recent growth patterns have been more fiscally sustainable and a more efficient use of infrastructure and land.

### It has endured growing **pains**

Improvements to Fargo's growth patterns have been guided by good planning—including the 2007 Growth Plan and Go2030 Comprehensive Plan, which called for more infill development, more walkable development patterns, and more thoughtful consumption of greenfield land.

But tools to achieve Fargo's growth intentions have not always kept pace. Outdated or out-of-sync facets of the 1998 Land Development Code, for example, have made it challenging to consistently achieve high-quality urban development beyond downtown.

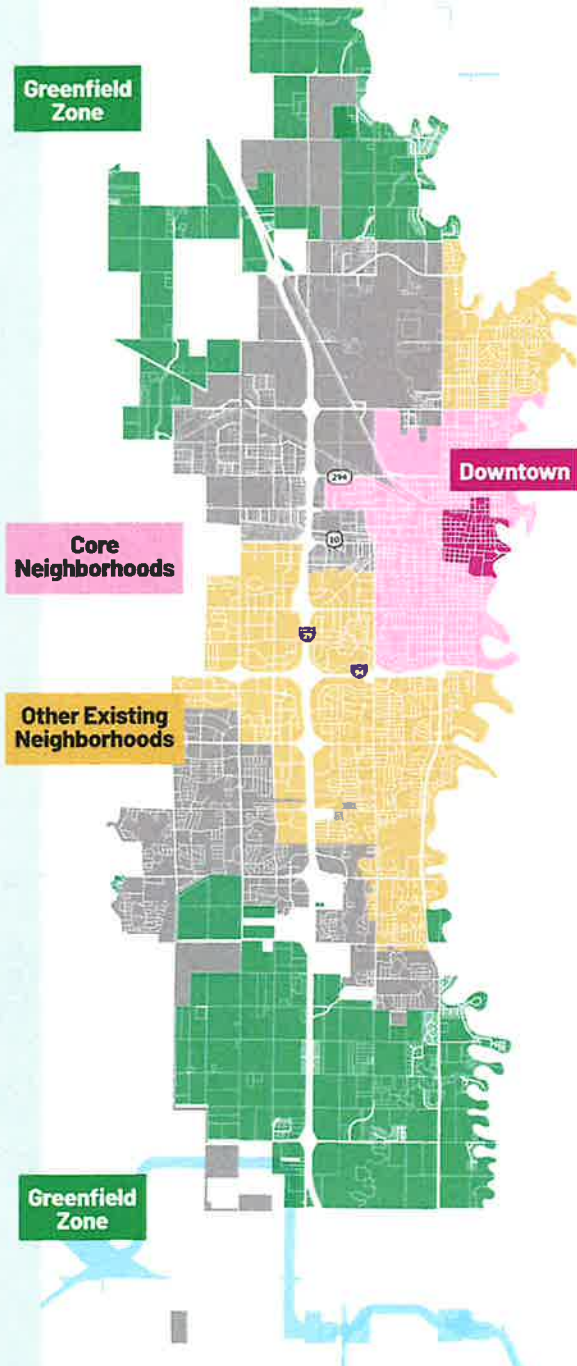
### It faces the future—and critical choices—from a **position of strength**

Fargo is in an enviable position. Over a decade of strong growth in real property value, a revitalized downtown, a solution to chronic flooding, plenty of utility and infrastructure capacity—all of these put Fargo in the driver's seat to shape its future.

Capitalizing on these strengths to fully achieve the community's growth intentions, however, is not guaranteed. Overcoming the growing pains of recent years and putting systems in place that reflect Fargo's goals and emerging stature will require important pivots to where and how growth happens.

# What are Fargo's intentions for future growth?

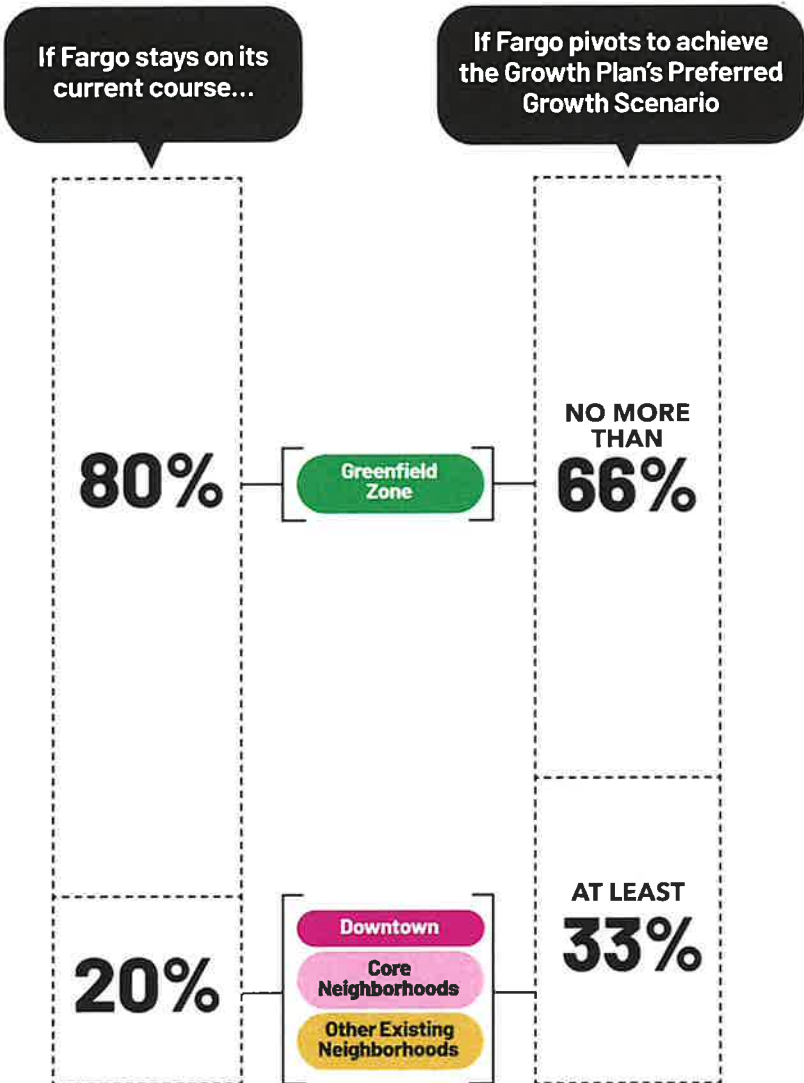
## WHERE GROWTH HAPPENS



*\*Note: the gray areas on this map include non-residential land, recently developed residential land that is too new to be redeveloped before 2050, and areas where residential development is imminent and assumed to happen*

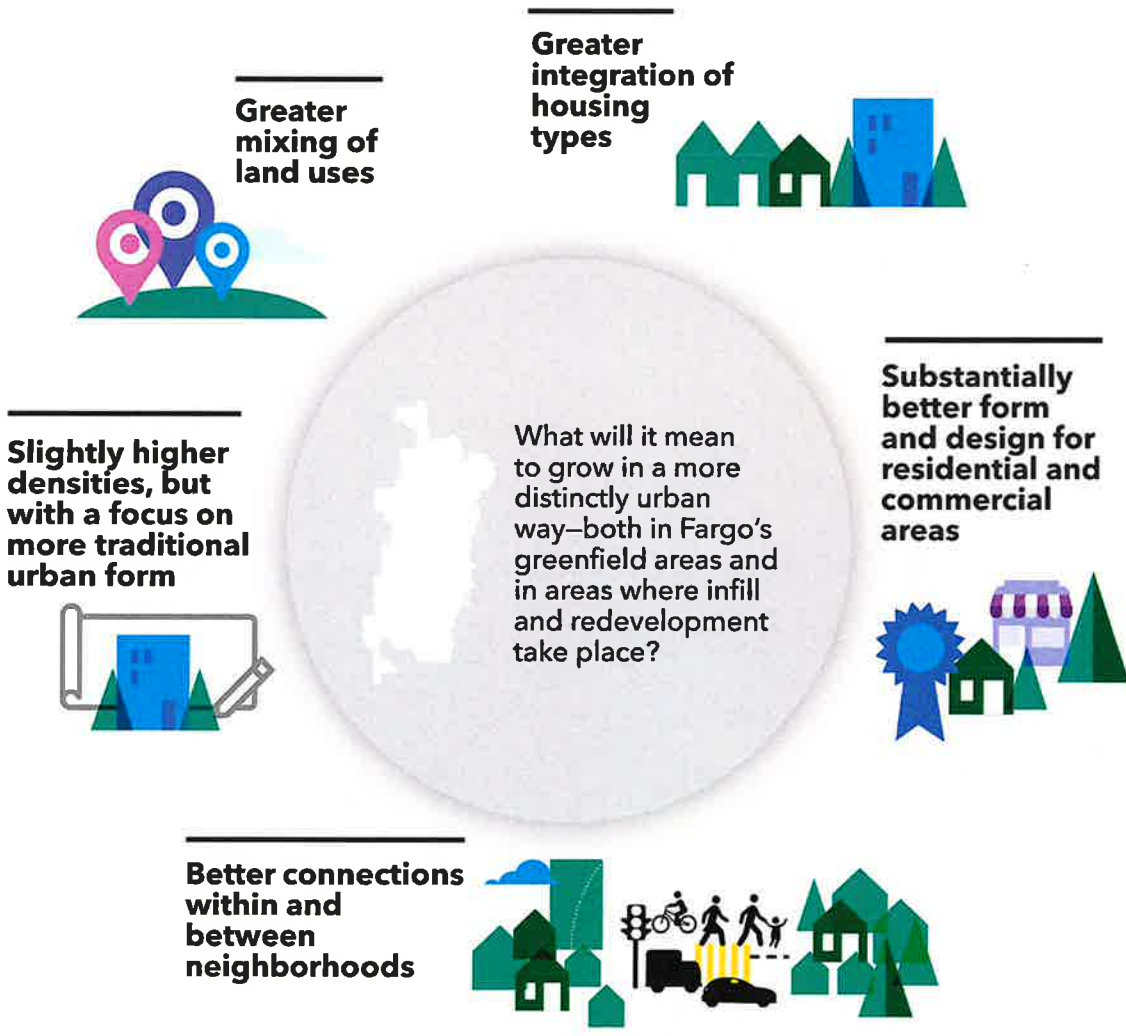
Population projections by the Fargo-Moorhead Metro COG suggest that the City of Fargo will grow by another 30,000 residents, or 15,000 households, by 2045. If Fargo continues to grow in a way that reflects growth trends since 2010, 80% of these new households would be added to greenfield areas in and near Fargo's current extraterritorial jurisdiction (ETJ) and 20% would be added to already developed areas such as downtown, the core neighborhoods, and other existing neighborhoods.

Fargo Growth Plan 2024 calls for a seemingly modest but significant pivot toward Practical Growth. Echoing the growth intentions outlined by the Go2030 Comprehensive Plan and more recent plans, it calls for a greater focus on infill development and redevelopment, so that at least 33% of future growth is absorbed by downtown, core neighborhoods, and other developed areas.



# HOW GROWTH HAPPENS

A greater focus on infill development and redevelopment necessitates not just a pivot in where growth happens but how growth happens. Fargo Growth Plan 2024 calls for more distinctly urban growth patterns—mirroring those that shaped Fargo’s first 80 years and those that are prioritized by Go2030, Downtown InFocus, the Core Neighborhoods Master Plan, the Fargo Transportation Plan, and other recent signals of Fargo’s growth intentions.

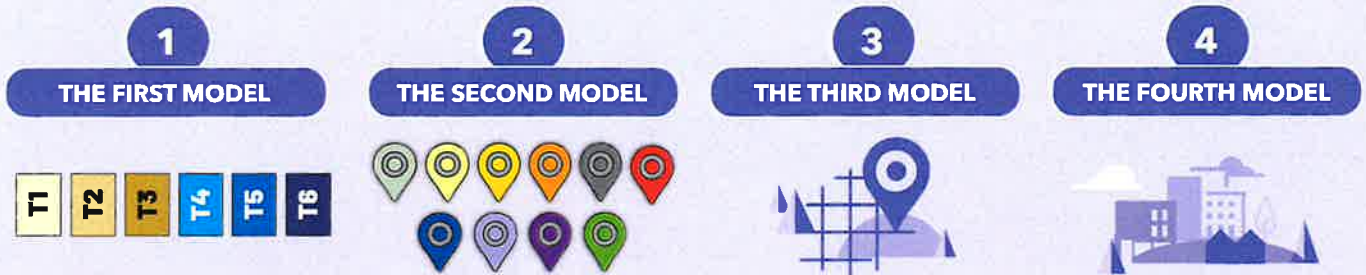


# What will it take to achieve Fargo's goals?

Fargo's growth intentions cannot be fully realized without the policy and financial tools that will make them both possible and a priority. While Fargo's growth patterns have improved since 2010—with higher densities and greater levels of redevelopment resulting in growth that is more urban (in some places) and fiscally responsible—the community's policies have not kept up with its aspirations.

Fully aligning Fargo's policy systems with its growth intentions will require that new growth models be used to clearly communicate Fargo's expectations, and that a predictable path to approval and assistance is provided to projects that meet Fargo's expectations and advance the types of places that Fargo wants to cultivate.

## Four Models to Communicate Fargo's Context-Sensitive Expectation



### Fargo's Transect

The first model is based on the urban-to-rural transect—a method that categorizes development patterns into six general zones of rising intensity from the rural edge to the urban core (downtown).

This model has been adapted to demonstrate existing patterns of development intensity in Fargo and Cass County, and to show how those patterns would change if Fargo's growth intentions are realized in the coming decades.

### Place Types

Fargo's transect provides the scaffolding for the second model—a system of place types that describe the general character of places that currently exist in Fargo and, more importantly, of places that Fargo intends to nurture and develop as it grows.

Each of Fargo's identified place types fits into one or more of the six transect zones and can be described by a combination land uses, densities, and infrastructure requirements—providing more flexibility and a greater focus on form than a traditional land use plan.

### Growth Grid

A Growth Grid model is proposed to organize and sequence future greenfield development in Fargo's ETJ, where up to 66% of future growth is intended to occur. The model includes prototypes that describe place type compositions and corridor treatments for new areas that will help to achieve good urban form on Fargo's edges.

### Growth Centers

A Growth Centers model is proposed to direct infill and redevelopment in existing parts of Fargo into a network of distinct nodes with higher density and mixed-use development patterns.

The model includes a hierarchy of growth centers - regional, community, and neighborhood - to provide jobs, services, and recreational opportunities to all parts of the city.

## A Commitment to By-Right Approval and the Promotion of Optimal Growth



### By-Right Approval

Clear expectations tied to a predictable system of approvals are key parts of Fargo's approach to Practical Growth Management. Under this approach, development that conforms to the place type Fargo is cultivating at a given location—according to transparent rules laid out in a new land development code—will be eligible for By-Right Approval through administrative processes.



### Optimal Growth

The place type conformance test needs to be passed for a development to be eligible for By-Right Approval, but that will not be sufficient for a project to receive assistance or incentives. The City of Fargo will actively promote projects only if they represent "optimal growth" - a threshold that refers to strategic locations and the provision of well-defined public benefits.

## Updates to Tools and Processes

Fargo will need to update and upgrade specific tools, policies, and processes to put this Growth Plan's Framework for Practical Growth Management into practice. Until changes are made, implementation can only be expected to occur partially and inconsistently, with gaps remaining between what the community says it wants and what its systems are capable of delivering.

Three areas for proposed changes are outlined in detail at the conclusion of the Growth Plan.

### The three areas are:



#### A New Land Development Code



#### Changes to Financial and Economic Development Practices



#### Enhanced Coordination of Public Infrastructure and Facilities

### **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 development 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.

#### **Apartment Buildings for Lower Income Households**

- Years 1 through ~~20~~17 –100% of the improvement value for the period of time that the housing will serve low 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 of Fargo.

### 3C. Core Neighborhood Housing PILOT Guidelines

The purpose of this policy is to establish the City of Fargo'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.~~

~~The goals of this policy are: 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-middle income~~ 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.

#### **POLICIES FOR THE USE OF PILOT**

##### Maximum Term of PILOT

- ~~For projects without affordable housing, t~~Years 1-5 The maximum PILOT incentive will be a 100% exemption for the first 5 years
- Years 6 through 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.
  - ~~and a 50% exemption for an additional 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 the extraordinary costs are limited to following costs.~~

- ~~1. The costs of land acquisition, subject to the limits outlined in the next policy~~
- ~~2. Relocation of existing tenants.~~
- ~~3. The costs of demolition, including the removal of building foundations, parking lots, and the removal and replacement of unsuitable soil.~~
- ~~4. Public improvements that are in the public right-of-way such as sidewalks, driveway approaches, lighting, and connections to the water, sanitary sewer, and storm water systems.~~
- ~~5. On site 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.~~
- ~~6. 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 in 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 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 that 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 Guidelines – PILOT**

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 in the 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 through 5 - 100% exempt on the increased value of the improvements.
- Years 6 through 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 housing includes 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.~~

#### **Other Conditions and Limits**

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

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.

### 3E. Redevelopment of Infill Site Guidelines – PILOT

The purpose of this policy is to establish the City's position relating to the use of Payment in Lieu of Taxes (PILOT) for encouraging the redevelopment of infill site. The fundamental purpose is to encourage developers to build new commercial and housing in areas with low value or partially obsolete land uses, create new opportunities to live in mixed use areas, and use existing infrastructure as alternative to continued development on the edge of the city.

#### New Redevelopment Infill

- Years 1 through 5 - 100% exempt on the increased value of the improvements.
- Years 6 through 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.

#### Other Conditions and Limits

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.

# Application For Property Tax Incentives For New or Expanding Businesses

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

Project Operator's Application To City of Fargo  
City or County

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

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

**This application is a public record**

## Identification Of Project Operator

1.	Name of project operator of new or expanding business	<u>Beyond Shelter, Inc. (BSI) - a North Dakota nonprofit corp.</u>	
2.	Address of project	<u>2131 and 2185 65th Avenue South</u>	
	City	<u>Fargo</u> County <u>Cass</u>	
3.	Mailing address of project operator	<u>PO Box 310</u>	
	City	<u>Fargo</u> State <u>ND</u> Zip <u>58107-0310</u>	
4.	Type of ownership of project		
	<input type="checkbox"/> Partnership	<input type="checkbox"/> Subchapter S corporation	<input type="checkbox"/> Individual proprietorship
	<input checked="" type="checkbox"/> Corporation	<input type="checkbox"/> Cooperative	<input type="checkbox"/> Limited liability company
5.	Federal Identification No. or Social Security No.	<u>[REDACTED]</u>	
6.	North Dakota Sales and Use Tax Permit No.	<u>NA</u>	
7.	If a corporation, specify the state and date of incorporation	<u>North Dakota, May 1999</u>	
8.	Name and title of individual to contact	<u>Dan Madler, CEO</u>	
	Mailing address	<u>PO Box 310</u>	
	City, State, Zip	<u>Fargo, ND 58107-0310</u> Phone No. <u>701-551-0488</u>	

## Project Operator's Application For Tax Incentives

9.	Indicate the tax incentives applied for and terms. Be specific.	
	<input type="checkbox"/> <b>Property Tax Exemption</b>	<input checked="" type="checkbox"/> <b>Payments In Lieu of Taxes</b>
	<u>          </u> Number of years	<u>2027</u> Beginning year <u>2043</u> Ending year
	<u>          </u> Percent of exemption	<u>attached</u> Amount of annual payments (attach schedule if payments will vary)
10.	Which of the following would better describe the project for which this application is being made:	
	<input checked="" type="checkbox"/> New business project	<input type="checkbox"/> Expansion of a existing business project

**Description of Project Property**

11. Legal description of project real property

~~Lots One and Two, Block Three, South Ridge First Addition to the City of Fargo, situate in the County of Cass and the State of North Dakota.~~

12. Will the project property be owned or leased by the project operator?  Owned  Leased

If the answer to 12 is leased, will the benefit of any incentive granted accrue to the project operator?

Yes  No

If the property will be leased, attach a copy of the lease or other agreement establishing the project operator's benefits.

13. Will the project be located in a new structure or an existing facility?  New construction  Existing facility

If existing facility, when was it constructed? \_\_\_\_\_

If new construction, complete the following:

a. Estimated date of commencement of construction of the project covered by this application Ph I 08/2025

b. Description of project to be constructed including size, type and quality of construction  
78-units of senior-designated affordable rental housing with detached garages constructed in Two (2) phases. Each phase will have 39-units.

c. Projected number of construction employees during the project construction 59 per phase, 118 total.

14. Approximate date of commencement of this project's operations Phase I 08/2026 and Phase II 08/2027.

15. Estimated market value of the property used for this project:

a. Land..... \$ 1,110,000


b. Existing buildings and structures for which an exemption is claimed..... \$ NA

c. Newly constructed buildings and structures when completed ..... \$ 16,500,000

d. Total ..... \$ 17,610,000

e. Machinery and equipment ..... \$ NA

16. Estimate taxable valuation of the property eligible for exemption by multiplying the market values by 5 percent:

a. Land (not eligible) ..... 

b. Eligible existing buildings and structures ..... \$ 0

c. Newly constructed buildings and structures when completed..... \$ 825,000

d. Total taxable valuation of property eligible for exemption (Add lines b and c)..... \$ 825,000

e. Enter the consolidated mill rate for the appropriate taxing district ..... 296.60

f. Annual amount of the tax exemption (Line d multiplied by line e) ..... \$ 244,695.00

**Description of Project Business**

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

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

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

BSI will develop 78-units of senior-designated affordable rental housing to be constructed in Two (2) phases. Each phase will have 39-units and a separate Limited Liability Limited Partnership (LLLP) owner. Through an affiliate, BSI will be the General Partner of the Two (2) LLLP ownership entities.

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

NA

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

Year (12 mo. periods)	New/Expansion Project only	New/Expansion Project only	New/Expansion Project only	New/Expansion Project only	New/Expansion Project only
	Year 1	Year 2	Year 3	Year 4	Year 5
Annual revenue	\$622,163	\$634,607	\$647,299	\$660,245	\$673,450
Annual expense	\$549,531	\$564,607	\$580,135	\$596,130	\$612,604
Net income	\$72,632	\$70,000	\$67,164	\$64,115	\$60,846

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

Current positions & positions added the initial year of project

# Current Positions	New Positions Under \$13.00	New Positions \$13.01-\$15.00	New Positions \$15.01-\$20.00	New Positions \$20.01-\$28.00	New Positions \$28.01-\$35.00	New Positions Over \$35.00
0						2

Year	(Before project)	Year 1	Year 2	Year 3	Year 4	Year 5
No. of Employees	(1) 0					
	(2) 0	2	2	2	2	2
Estimated payroll	(1) 0					
	(2) 0	72,800	74,984	77,233	79,550	81,937

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

**Previous Business Activity**

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

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

24. Has the project operator or any officers of the project received any prior property tax incentives?  Yes  No  
 If the answer to 22, 23, or 24 is yes, give details including locations, dates, and name of former business (attach additional sheets if necessary).  
~~BSI or an affiliate of BSI, acting as a General Partner, has received PILOT's for the following affordable housing developments: The Plaza Apartments, The Milton Earl, HomeField Apartments, North Sky Apartments,~~ +

**Business Competition**

25. Is any similar business being conducted by other operators in the municipality?  Yes  No

If YES, give name and location of competing business or businesses  
~~There are several other LIHTC projects that are senior designated affordable rental properties in Fargo.~~

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

**Property Tax Liability Disclosure Statement**

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

27. Does the project operator own a greater than 50% interest in a business that has delinquent property tax levied against any of its North Dakota real property?  Yes  No

If the answer to 26 or 27 is Yes, list and explain  
NA

**Use Only When Reapplying**

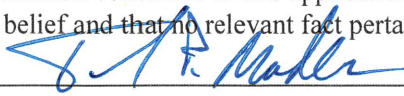
28. The project operator is reapplying for property tax incentives for the following reason(s):

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

**Notice to Competitors of Hearing**

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

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

 Chief Executive Officer 07/16/2024

Signature Title Date

**PRIVACY ACT NOTIFICATION**

In compliance with the Privacy Act of 1974, disclosure of a social security number or Federal Employer Identification Number (FEIN) on this form is required under N.D.C.C. §§ 40-57.1-03, 40-57.1-07, and 57-01-15, and will be used for tax reporting, identification, and administration of North Dakota tax laws. Disclosure is mandatory. Failure to provide the social security number or FEIN may delay or prevent the processing of this form.

**Certification of Governing Body (To be completed by the Auditor of the City or County)**

The municipality shall, after granting any property tax incentives, certify the findings to the State Tax Commissioner and Director of Tax Equalization by submitting a copy of the project operator's application with the attachments. The governing body, on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, granted the following:

**Property Tax Exemption**

**Payments in lieu of taxes**

\_\_\_\_ Number of years

\_\_\_\_ Beginning year

\_\_\_\_ Ending year

\_\_\_\_ Percent of exemption

\_\_\_\_ Amount of annual payments (Attach schedule if payments will vary)

\_\_\_\_\_  
Auditor



Cal Year	Year	Phase I PILOT	Phase II PILOT	Total PILOT	Land Tax est. Pmt.	Total Payment
2027	1	\$ -	\$ -	\$ -	\$ 16,461	\$ 16,461
2028	2	\$ -	\$ -	\$ -	\$ 16,791	\$ 16,791
2029	3	\$ -	\$ -	\$ -	\$ 17,126	\$ 17,126
2030	4	\$ -	\$ -	\$ -	\$ 17,469	\$ 17,469
2031	5	\$ -	\$ -	\$ -	\$ 17,818	\$ 17,818
2032	6	\$ -	\$ -	\$ -	\$ 18,175	\$ 18,175
2033	7	\$ -	\$ -	\$ -	\$ 18,538	\$ 18,538
2034	8	\$ -	\$ -	\$ -	\$ 18,909	\$ 18,909
2035	9	\$ -	\$ -	\$ -	\$ 19,287	\$ 19,287
2036	10	\$ -	\$ -	\$ -	\$ 19,673	\$ 19,673
2037	11	\$ -	\$ -	\$ -	\$ 20,066	\$ 20,066
2038	12	\$ -	\$ -	\$ -	\$ 20,468	\$ 20,468
2039	13	\$ -	\$ -	\$ -	\$ 20,877	\$ 20,877
2040	14	\$ -	\$ -	\$ -	\$ 21,294	\$ 21,294
2041	15	\$ -	\$ -	\$ -	\$ 21,720	\$ 21,720
2042	16	\$ -	\$ -	\$ -	\$ 22,155	\$ 22,155
2043	17	\$ -	\$ -	\$ -	\$ 22,598	\$ 22,598
<b>Totals:</b>				\$ -	\$ 329,425	\$ 329,425

**Assumptions:**

- 1) First full year of operations for Ph I = 2027
- 2) estimated first full year of operations for Ph II = 2028
- 3) PILOT pmt = \$0
- 4) Land Tax est. Pmt. Increases by 2% per year

**65th Avenue Senior Apartments**  
**2131 and 2185 65th Avenue South**  
**Fargo, ND 58104**

<b>DEVELOPMENT COSTS</b>	
ACQUISITION	1,110,000
SITE WORK	35,950
OFF SITE WORK (Specials)	392,473
NEW CONSTRUCTION	16,500,000
FIXTURES, FURNITURE AND EQUIPMENT	280,000
PROFESSIONAL FEES	721,269
CONSTRUCTION INTERIM COSTS	1,040,517
PERMANENT FINANCING	18,255
SOFT COSTS	453,236
SYNDICATION COSTS	42,000
DEVELOPER FEES	2,400,000
PROJECT RESERVES	256,300
<b>TOTAL</b>	<b>23,250,000</b>

<b>SOURCES OF FUNDS</b>	
Investor Equity from LIHTC's	17,952,000
Bank Loan	530,000
City of Fargo - CDBG	486,000
City of Fargo - HOME	690,000
NDHFA - HOME	900,000
NDHFA - HTF	2,000,000
Deferred Developer Fee	692,000
<b>TOTAL</b>	<b>23,250,000</b>

**20-year Cash Flow Projection**

Project Name: 65th Avenue Senior Apartments	As of Date: July 16,2024	Income Adjuster: 2.00%	Expense Adjuster: 3.00%
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Income:	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Effective Gross Income</b>	\$ 622,163	\$ 634,607	\$ 647,299	\$ 660,245	\$ 673,450	\$ 686,919	\$ 700,657	\$ 714,670	\$ 728,963	\$ 743,542

Expenses:	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Administrative Expenses	\$ 206,575	\$ 212,772	\$ 219,155	\$ 225,730	\$ 232,502	\$ 239,477	\$ 246,661	\$ 254,061	\$ 261,683	\$ 269,533
Utility Expenses	\$ 82,404	\$ 84,876	\$ 87,422	\$ 90,045	\$ 92,746	\$ 95,528	\$ 98,394	\$ 101,346	\$ 104,386	\$ 107,518
Maintenance Expenses	\$ 86,110	\$ 88,693	\$ 91,354	\$ 94,095	\$ 96,918	\$ 99,826	\$ 102,821	\$ 105,906	\$ 109,083	\$ 112,355
Fixed Expenses	\$ 97,686	\$ 100,616	\$ 103,634	\$ 106,743	\$ 109,945	\$ 113,243	\$ 116,640	\$ 120,139	\$ 123,743	\$ 127,455
Property Tax Abatement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve Account Contributions	\$ 29,757	\$ 30,650	\$ 31,570	\$ 32,517	\$ 33,493	\$ 34,498	\$ 35,533	\$ 36,599	\$ 37,697	\$ 38,828
<b>Total Expense:</b>	\$ 502,531	\$ 517,607	\$ 533,135	\$ 549,130	\$ 565,604	\$ 582,572	\$ 600,049	\$ 618,051	\$ 636,592	\$ 655,689

<b>NOI</b>	\$ 119,632	\$ 117,000	\$ 114,164	\$ 111,115	\$ 107,846	\$ 104,347	\$ 100,608	\$ 96,619	\$ 92,371	\$ 87,853
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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bank - Perm Loan	\$ 47,000	\$ 47,000	\$ 47,000	\$ 47,000	\$ 47,000	\$ 47,000	\$ 47,000	\$ 47,000	\$ 47,000	\$ 47,000
Debt Source 2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
BSI Cashflow Loan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Source 4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Source 5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Source 6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Source 7	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Source 8	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
LP Asset Mgmt Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GP Asset Mgmt Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Developer Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
BND FlexPACE Interest Buydown	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Debt Service:	\$ 47,000	\$ 47,000	\$ 47,000	\$ 47,000	\$ 47,000	\$ 47,000	\$ 47,000	\$ 47,000	\$ 47,000	\$ 47,000

<b>Debt-Coverage Ratio (DCR)</b>	<b>2.55</b>	<b>2.49</b>	<b>2.43</b>	<b>2.36</b>	<b>2.29</b>	<b>2.22</b>	<b>2.14</b>	<b>2.06</b>	<b>1.97</b>	<b>1.87</b>
<b>Cashflow After Debt Service:</b>	\$ 72,632	\$ 70,000	\$ 67,164	\$ 64,115	\$ 60,846	\$ 57,347	\$ 53,608	\$ 49,619	\$ 45,371	\$ 40,853
<b>Operating Expense Cushion:</b>	14.45%	13.52%	12.60%	11.68%	10.76%	9.84%	8.93%	8.03%	7.13%	6.23%

**20-year Cash Flow Projection**

Project Name: 65th Avenue Senior Apartments	As of Date: July 16,2024	Income Adjuster: 2.00%	Expense Adjuster: 3.00%
---------------------------------------------	--------------------------	------------------------	-------------------------

Income:	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
<b>Effective Gross Income</b>	\$ 758,413	\$ 773,581	\$ 789,053	\$ 804,834	\$ 820,931	\$ 837,350	\$ 854,097	\$ 871,179	\$ 888,603	\$ 906,375
<b>Expenses:</b>										
Administrative Expenses	\$ 277,619	\$ 285,948	\$ 294,526	\$ 303,362	\$ 312,463	\$ 321,837	\$ 331,492	\$ 341,437	\$ 351,680	\$ 362,230
Utility Expenses	\$ 110,744	\$ 114,066	\$ 117,488	\$ 121,013	\$ 124,643	\$ 128,382	\$ 132,233	\$ 136,200	\$ 140,286	\$ 144,495
Maintenance Expenses	\$ 115,726	\$ 119,197	\$ 122,773	\$ 126,456	\$ 130,250	\$ 134,158	\$ 138,183	\$ 142,328	\$ 146,598	\$ 150,996
Fixed Expenses	\$ 131,279	\$ 135,217	\$ 139,274	\$ 143,452	\$ 147,756	\$ 152,189	\$ 156,755	\$ 161,458	\$ 166,302	\$ 171,291
Property Tax Abatement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve Account Contributions	\$ 39,993	\$ 41,193	\$ 42,429	\$ 43,702	\$ 45,013	\$ 46,363	\$ 47,754	\$ 49,187	\$ 50,663	\$ 52,183
<b>Total Expense:</b>	\$ 675,360	\$ 695,621	\$ 716,490	\$ 737,985	\$ 760,125	\$ 782,929	\$ 806,417	\$ 830,610	\$ 855,529	\$ 881,195
<b>NOI</b>	\$ 83,053	\$ 77,960	\$ 72,563	\$ 66,849	\$ 60,806	\$ 54,421	\$ 47,680	\$ 40,569	\$ 33,074	\$ 25,180
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bank - Perm Loan	\$ 47,000	\$ 47,000	\$ 47,000	\$ 47,000	\$ 47,000	\$ 47,000	\$ 47,000	\$ 47,000	\$ 47,000	\$ 47,000
Debt Source 2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
BSI Cashflow Loan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Source 4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Source 5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Source 6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Source 7	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Source 8	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
LP Asset Mgmt Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GP Asset Mgmt Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Developer Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
BND FlexPACE Interest Buydown	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Debt Service:	\$ 47,000	\$ 47,000	\$ 47,000	\$ 47,000	\$ 47,000	\$ 47,000	\$ 47,000	\$ 47,000	\$ 47,000	\$ 47,000
<b>Debt-Coverage Ratio (DCR)</b>	<b>1.77</b>	<b>1.66</b>	<b>1.54</b>	<b>1.42</b>	<b>1.29</b>	<b>1.16</b>	<b>1.01</b>	<b>0.86</b>	<b>0.70</b>	<b>0.54</b>
<b>Cashflow After Debt Service:</b>	\$ 36,053	\$ 30,960	\$ 25,563	\$ 19,849	\$ 13,806	\$ 7,421	\$ 680	\$ (6,431)	\$ (13,926)	\$ (21,820)
<b>Operating Expense Cushion:</b>	5.34%	4.45%	3.57%	2.69%	1.82%	0.95%	0.08%	-0.77%	-1.63%	-2.48%

CLIENT  
BEYOND SHELTER INC.

PROJECT DESCRIPTION  
2131/2185 39 UNIT APARTMENT

CITY \_\_\_\_\_  
STATE \_\_\_\_\_

ISSUE DATES \_\_\_\_\_

PRELIMINARY -  
NOT FOR  
CONSTRUCTION

Mark	Description	Date
MARK	DESCRIPTION	DATE

PROJECT NO: \_\_\_\_\_ Project Number \_\_\_\_\_  
DRAWN BY: \_\_\_\_\_ Author \_\_\_\_\_  
CHECKED BY: \_\_\_\_\_ Checker \_\_\_\_\_

CONTRACT:  
All items, specifications, computer files, field data, notes and other documents and instruments prepared by EAPC or instruments of service shall remain the property of EAPC. EAPC shall retain all common law, statutory and other reserved rights, including the copyright therein.

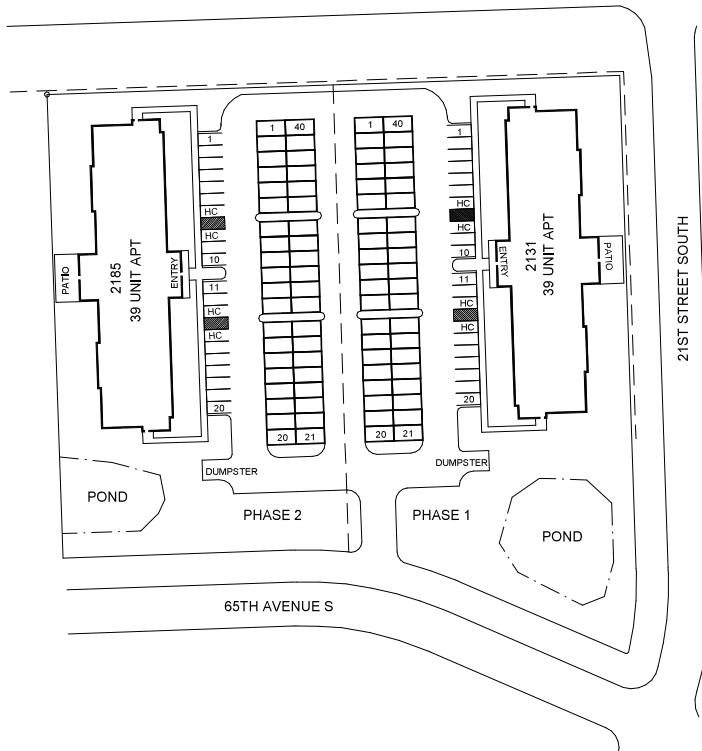
STAMP \_\_\_\_\_

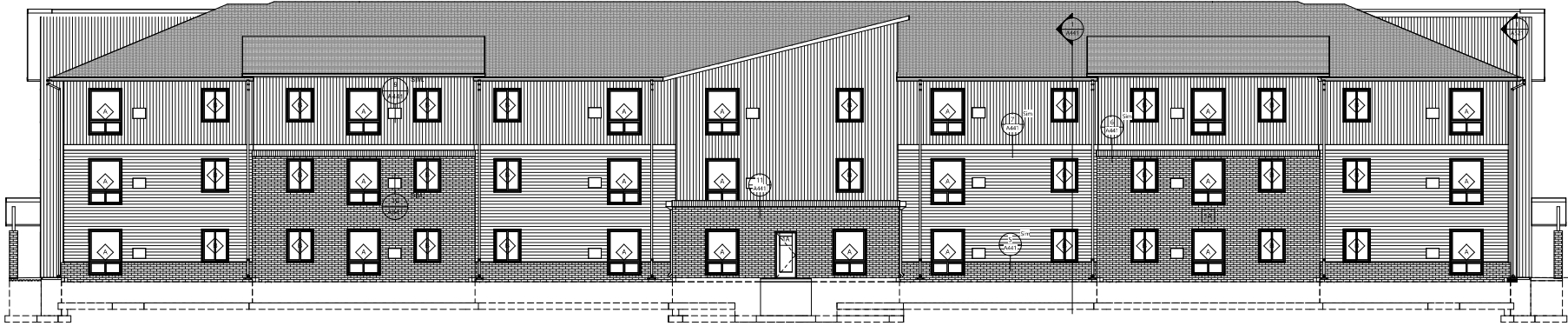
DRAWING TITLE  
SITE PLAN

64TH AVENUE S

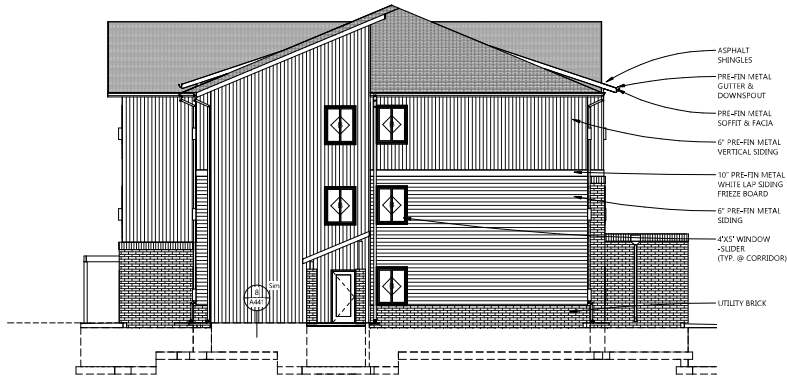
65TH AVENUE S

21ST STREET SOUTH

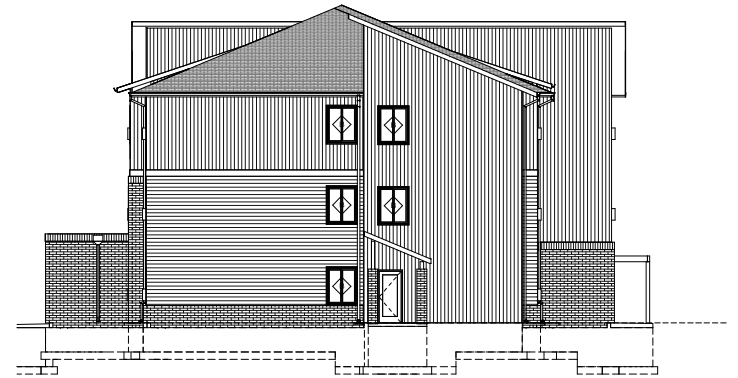




4 EAST ELEVATION  
A401  
1/8" = 1'-0"



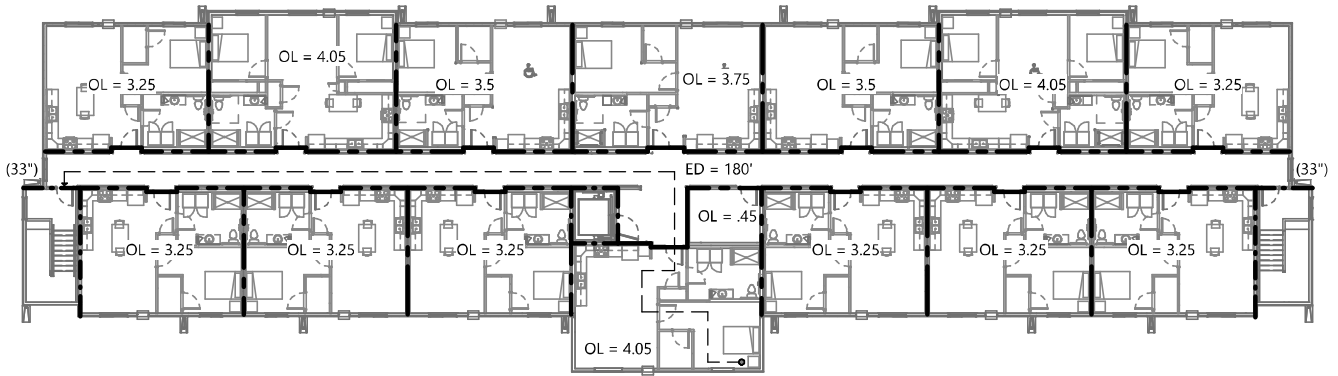
3 SOUTH ELEVATION  
A401  
1/8" = 1'-0"



2 NORTH ELEVATION  
A401  
1/8" = 1'-0"

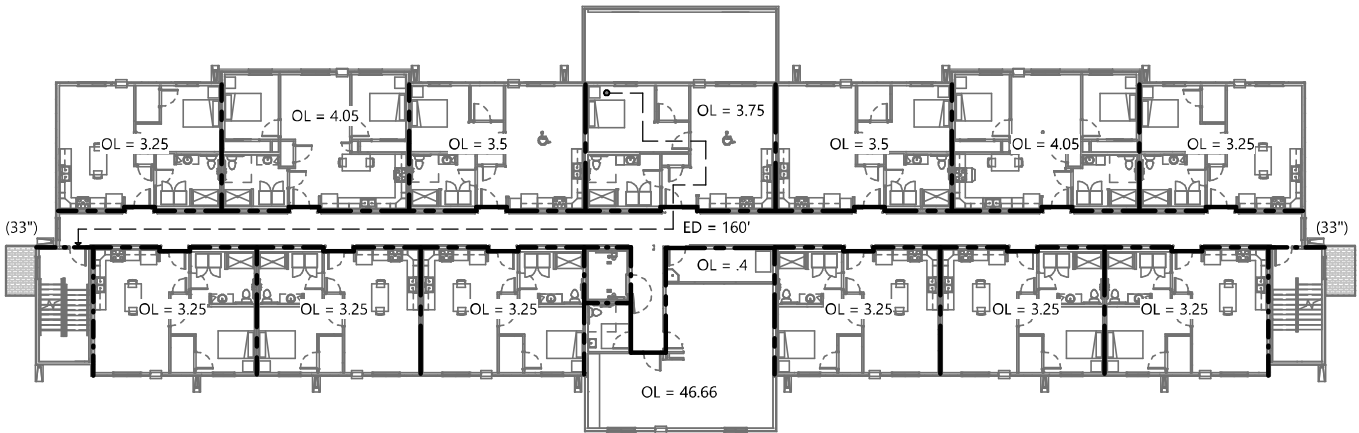


1 WEST ELEVATION  
A401  
1/8" = 1'-0"



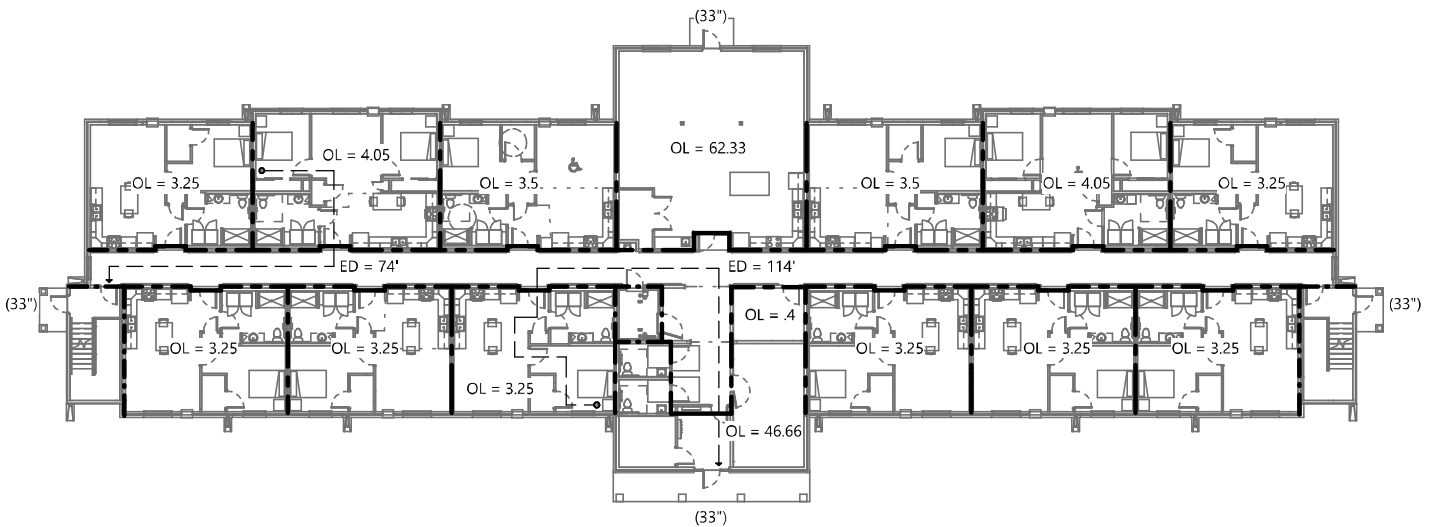
3 THIRD FLOOR LIFE SAFETY PLAN  
G902 1/16" = 1'-0"

14 UNITS



2 SECOND FLOOR LIFE SAFETY PLAN  
G902 1/16" = 1'-0"

13 UNITS



1 FIRST FLOOR LIFE SAFETY PLAN  
G902 1/16" = 1'-0"

12 UNITS

**THE CITY OF**  
**Fargo**  
 FAR MORE   
**ASSESSMENT DEPARTMENT**

**PHASE I:** Proposed Incentive Schedule. Calculations are based off construction cost and do not account for annual fluctuations in market value or mill levies.

		Incentive %	Payments	Full Taxes Due	Benefit	Total Est Tax
IncntYr 1	2027	100	\$0	\$122,348	\$122,348	\$9,046
IncntYr 2	2028	100	\$0	\$124,794	\$124,794	\$9,046
IncntYr 3	2029	100	\$0	\$127,290	\$127,290	\$9,046
IncntYr 4	2030	100	\$0	\$129,836	\$129,836	\$9,046
IncntYr 5	2031	100	\$0	\$132,433	\$132,433	\$9,046
IncntYr 6	2032	100	\$0	\$135,082	\$135,082	\$9,046
IncntYr 7	2033	100	\$0	\$137,783	\$137,783	\$9,046
IncntYr 8	2034	100	\$0	\$140,539	\$140,539	\$9,046
IncntYr 9	2035	100	\$0	\$143,350	\$143,350	\$9,046
IncntYr 10	2036	100	\$0	\$146,217	\$146,217	\$9,046
IncntYr 11	2037	100	\$0	\$149,141	\$149,141	\$9,046
IncntYr 12	2038	100	\$0	\$152,124	\$152,124	\$9,046
IncntYr 13	2039	100	\$0	\$155,166	\$155,166	\$9,046
IncntYr 14	2040	100	\$0	\$158,270	\$158,270	\$9,046
IncntYr 15	2041	100	\$0	\$161,435	\$161,435	\$9,046
IncntYr 16	2042	100	\$0	\$164,664	\$164,664	\$9,046
IncntYr 17	2043	100	\$0	\$167,957	\$167,957	\$9,046

TOTALS

\$0

\$2,448,427





ASSESSMENT DEPARTMENT

**PHASE II:** Proposed Incentive Schedule. Calculations are based off construction cost and do not account for annual fluctuations in market value or mill levies.

		Incentive %	Payments	Full Taxes Due	Benefit	Total Est Tax
IncntYr 1	2028	100	\$0	\$122,348	\$122,348	\$7,415
IncntYr 2	2029	100	\$0	\$124,794	\$124,794	\$7,415
IncntYr 3	2030	100	\$0	\$127,290	\$127,290	\$7,415
IncntYr 4	2031	100	\$0	\$129,836	\$129,836	\$7,415
IncntYr 5	2032	100	\$0	\$132,433	\$132,433	\$7,415
IncntYr 6	2033	100	\$0	\$135,082	\$135,082	\$7,415
IncntYr 7	2034	100	\$0	\$137,783	\$137,783	\$7,415
IncntYr 8	2035	100	\$0	\$140,539	\$140,539	\$7,415
IncntYr 9	2036	100	\$0	\$143,350	\$143,350	\$7,415
IncntYr 10	2037	100	\$0	\$146,217	\$146,217	\$7,415
IncntYr 11	2038	100	\$0	\$149,141	\$149,141	\$7,415
IncntYr 12	2039	100	\$0	\$152,124	\$152,124	\$7,415
IncntYr 13	2040	100	\$0	\$155,166	\$155,166	\$7,415
IncntYr 14	2041	100	\$0	\$158,270	\$158,270	\$7,415
IncntYr 15	2042	100	\$0	\$161,435	\$161,435	\$7,415
IncntYr 16	2043	100	\$0	\$164,664	\$164,664	\$7,415

TOTALS

\$0

\$2,280,470