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.
- o 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:
 - o Receive Comments until middle of July
 - Integration of feedback into a finalized document
 - \circ $\;$ Present finalized document during the week of July 15 th

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

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DISCLAIMER

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



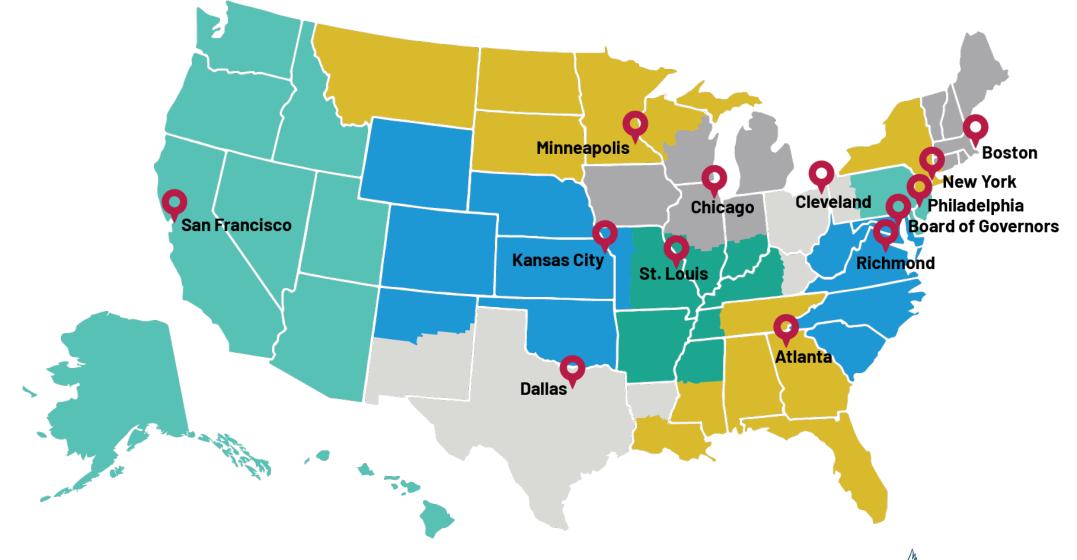
OVERVIEW

- 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 moderateincome 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.

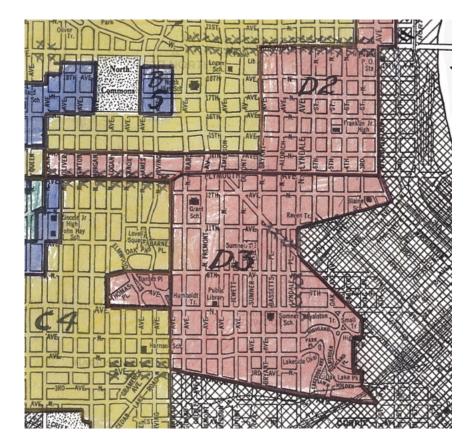




COMMUNITY DEVELOPMENT AT THE MINNEAPOLIS FED

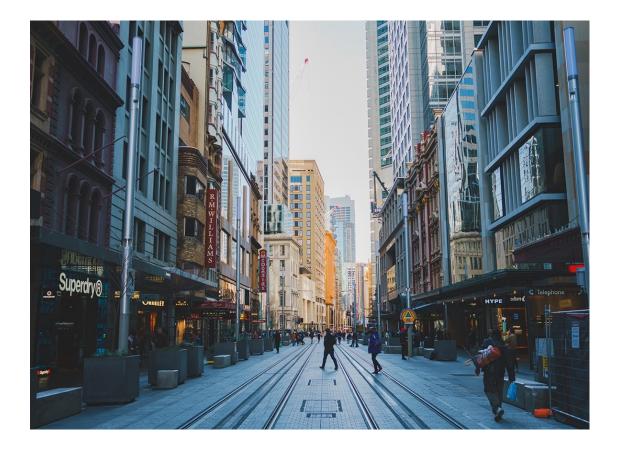
In 1977, Congress passed the Community Reinvestment Act, intended to:

- 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







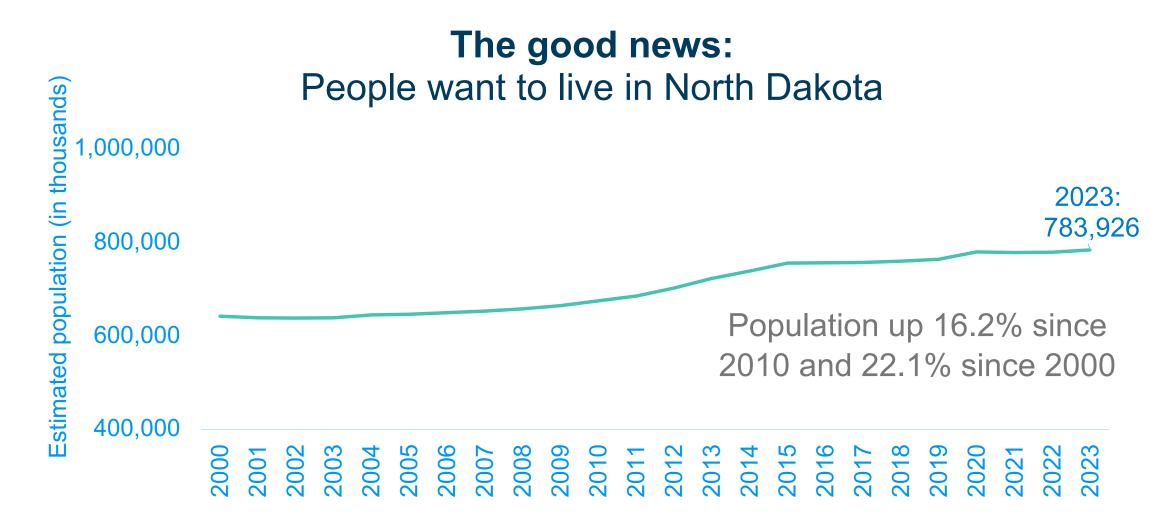
OUR ROLE IN HOUSING CONVERSATIONS





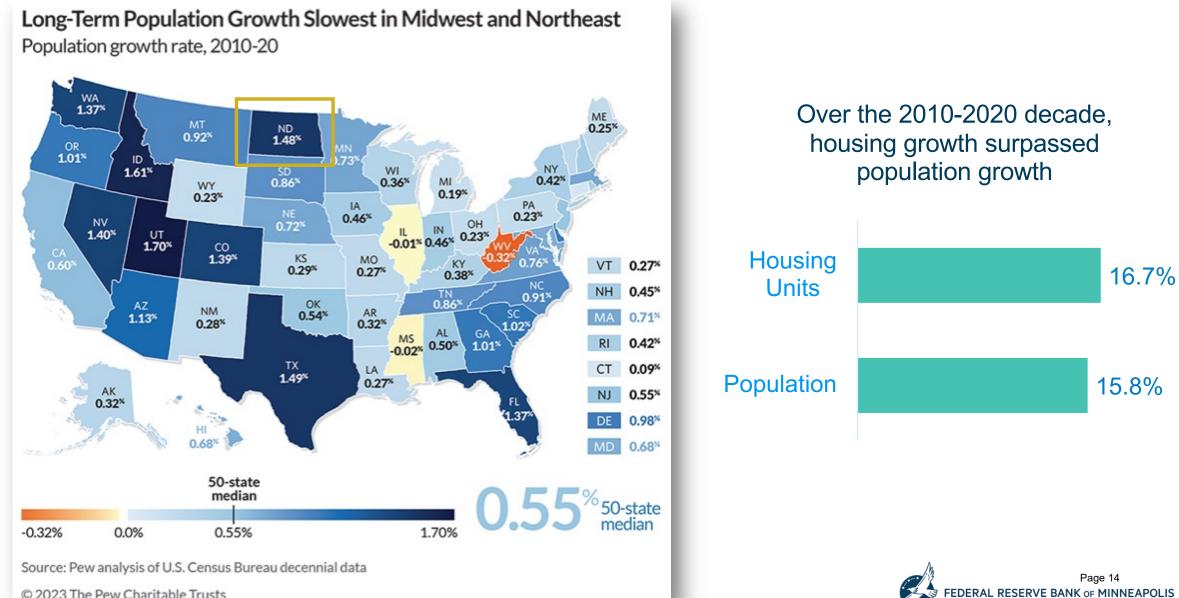
WHAT'S GOING ON IN THE NORTH DAKOTA HOUSING MARKET?

NORTH DAKOTA'S POPULATION CONTINUES TO GROW





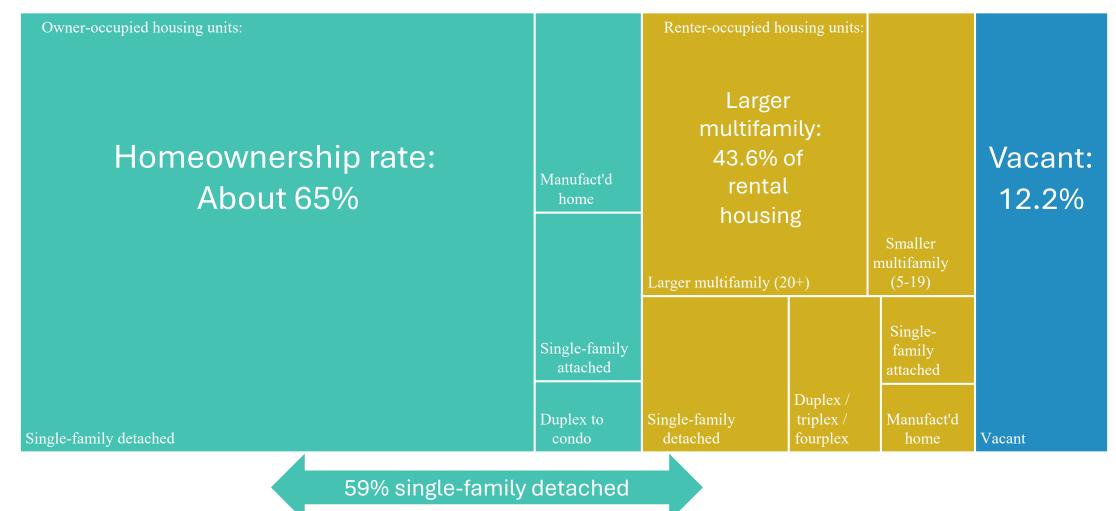
FOURTH FASTEST POPULATION GROWTH, 2010-2020



WHAT'S THE MIX OF HOUSING IN NORTH DAKOTA?

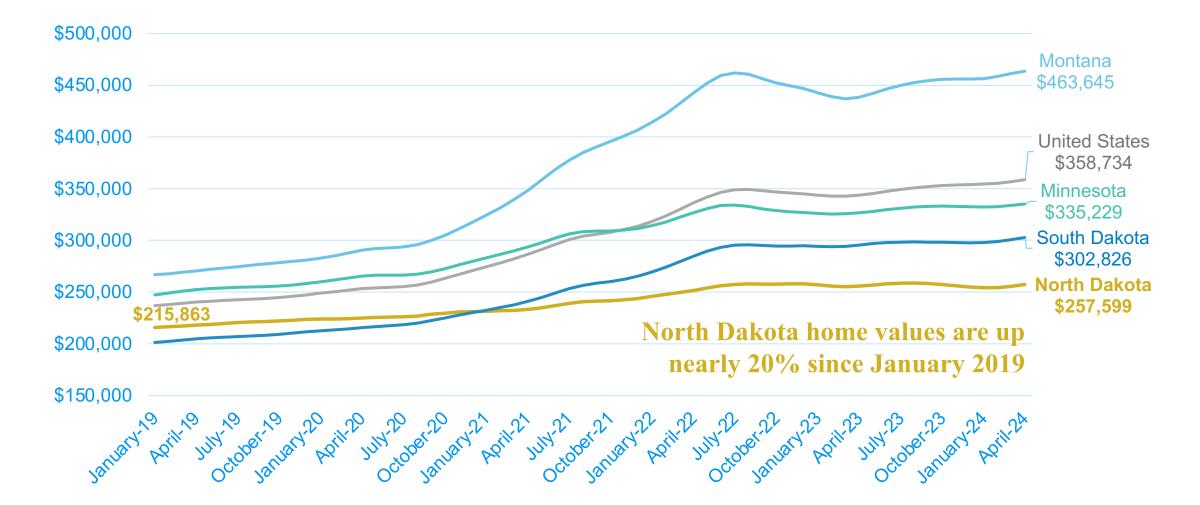
Owner-occupied housing units:

Renter-occupied housing units: Vacant



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

HOME PRICES ARE RISING ... BUT SLOWER THAN ELSEWHERE

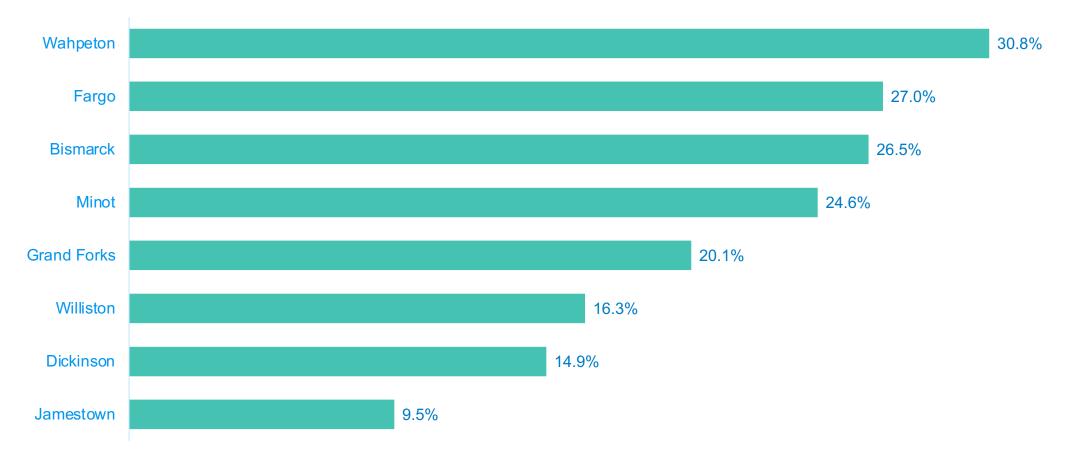




Source: Zillow Home Value Index

RISING HOUSING COSTS ACROSS NORTH DAKOTA

Increase in Home Values from January 2019 to April 2024

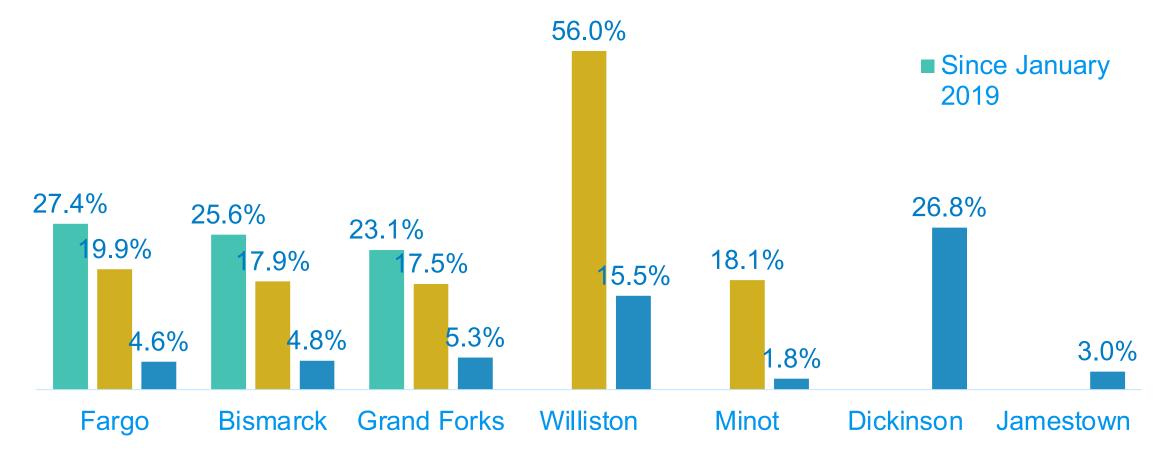




Source: Zillow Home Value Index

RISING HOUSING COSTS ACROSS NORTH DAKOTA: RENTS

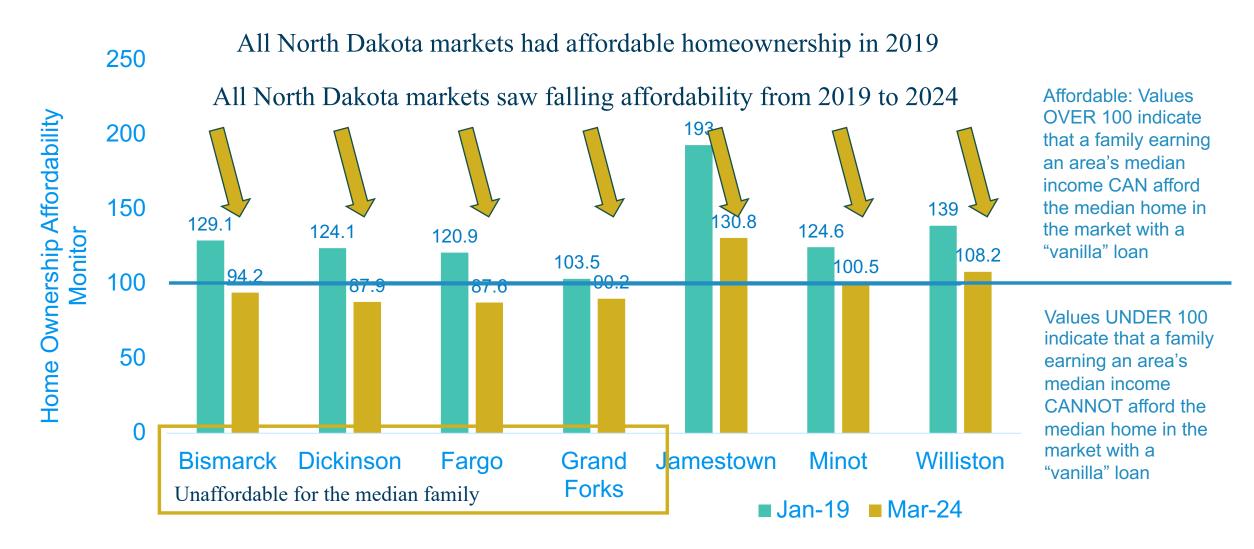








FALLING AFFORDABILITY FOR HOMEOWNERSHIP



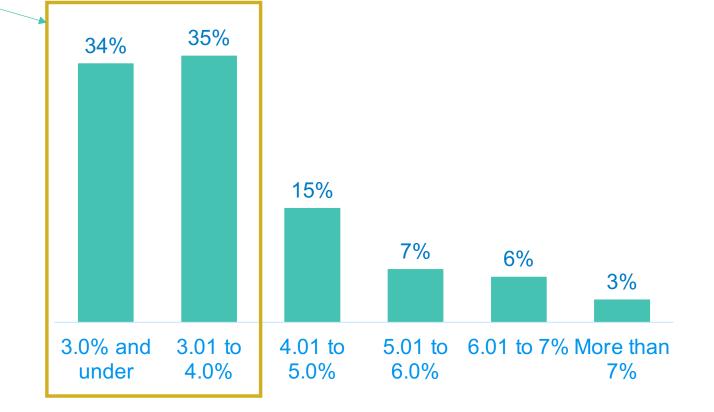


HIGH MORTGAGE RATES ARE CONSTRAINING INVENTORY

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

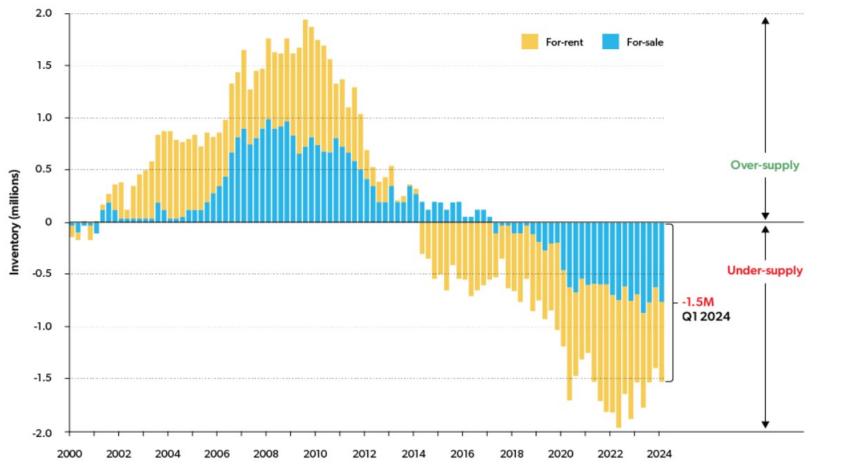
Homeowners are reluctant to put their homes on the market because moving would require a new mortgage at a higher interest rate

Current interest rate of active mortgages in North Dakota





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



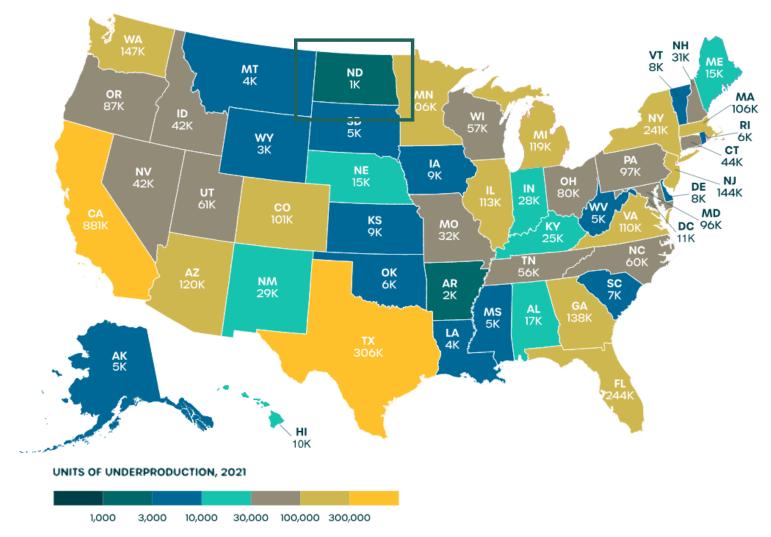
Total for-sale and for-rent vacant housing is 1.5 million units below a balanced market

Housing production nationally has lagged population growth...



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

NORTH DAKOTA HAS AMONG THE LEAST UNDERPRODUCTION



Source: Up for Growth

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



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



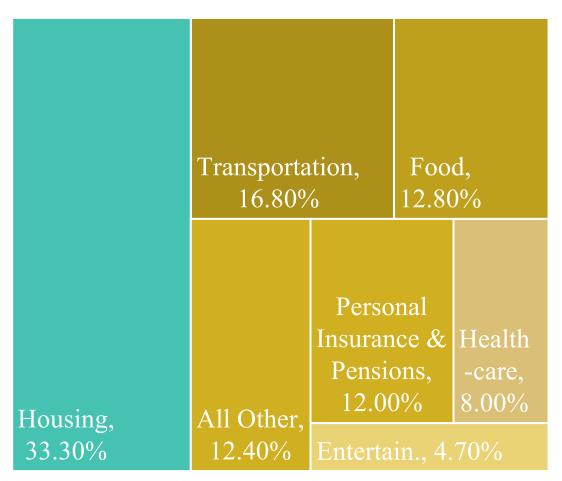


WHY ADDRESSING HOUSING CHALLENGES MATTERS

RESEARCH ON HOUSING'S ECONOMIC IMPORTANCE

According to the Fed's <u>Survey of</u> <u>Household Economics and</u> <u>Decisionmaking</u> (SHED), housing is the largest expense for most households.

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



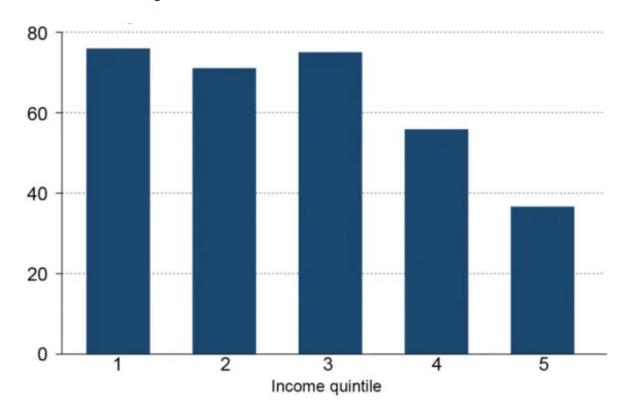


HOMEOWNERSHIP AND WEALTH

Data on homeownership and wealth show that "<u>for most</u> <u>homeowners with positive net</u> 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

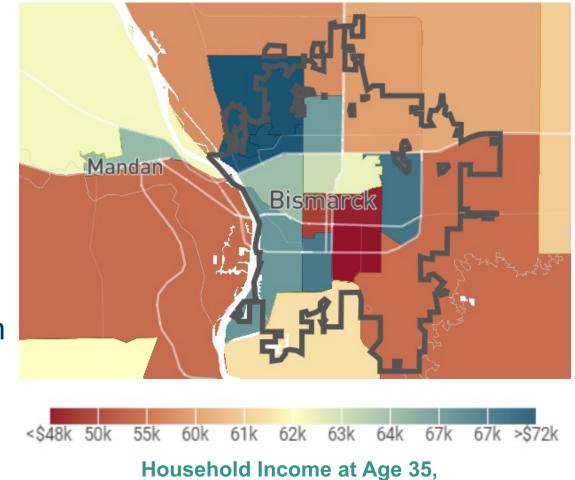




WHERE WE LIVE INFLUENCES OUR OPPORTUNITIES

The <u>Opportunity Atlas</u> 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



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: <u>Supply Skepticism</u>, <u>Supply</u> <u>Skepticism Revisited</u>





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.

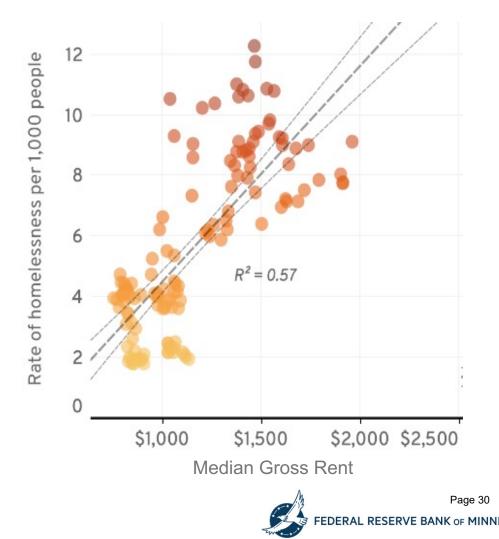




AFFORDABILITY MATTERS

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

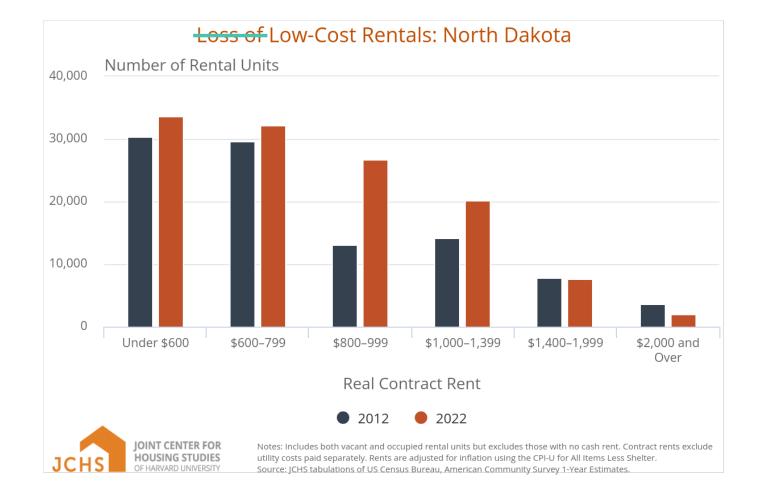




SUPPLY OF HOUSING @ VARIOUS AFFORDABILITY POINTS

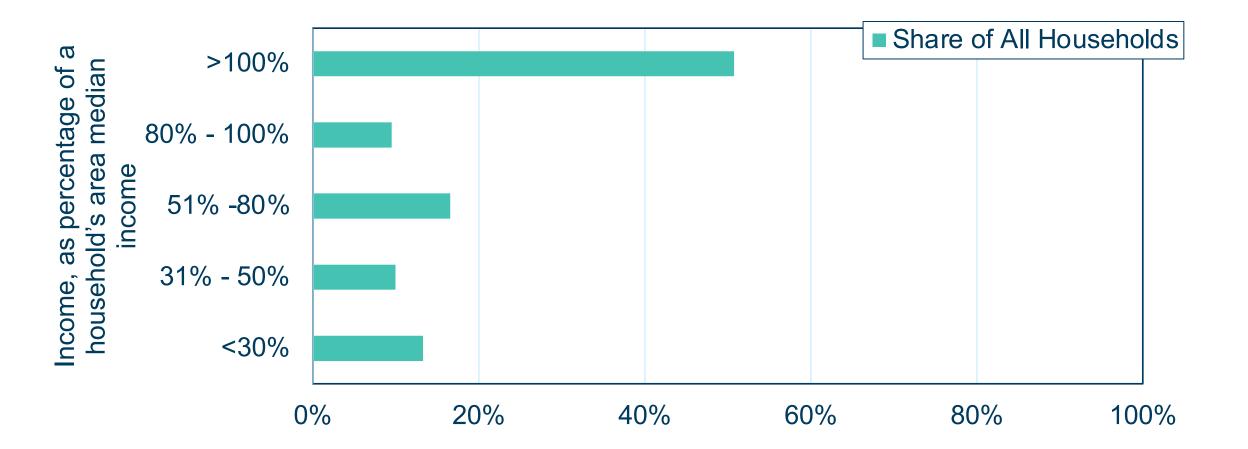
From 2012-2022, North Dakota's stock of lowerpriced rentals increased, unlike the nation's.

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





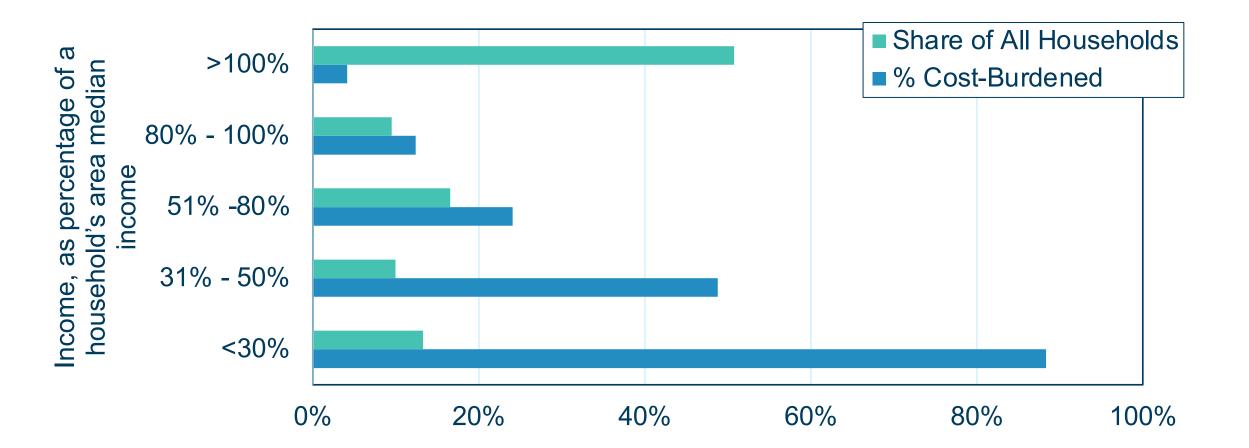
HOUSING COST-BURDEN IN NORTH DAKOTA: 2022



Source: Minneapolis Fed analysis of 2022 American Community Survey data



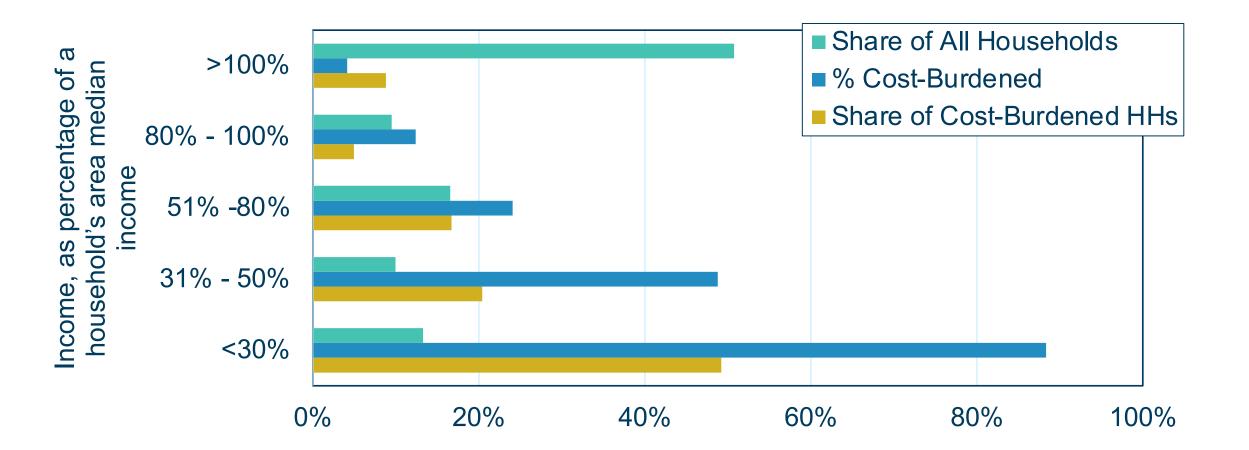
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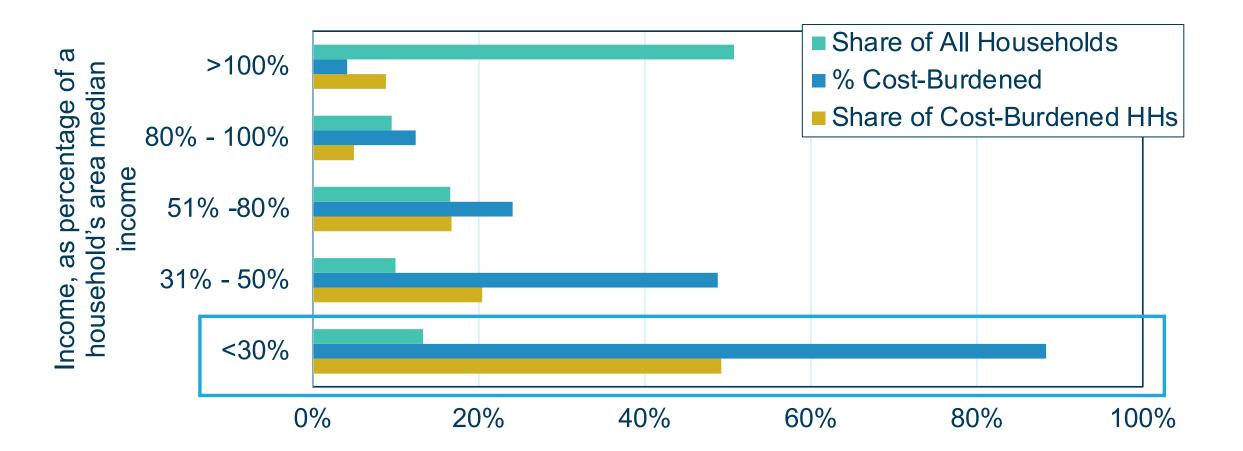
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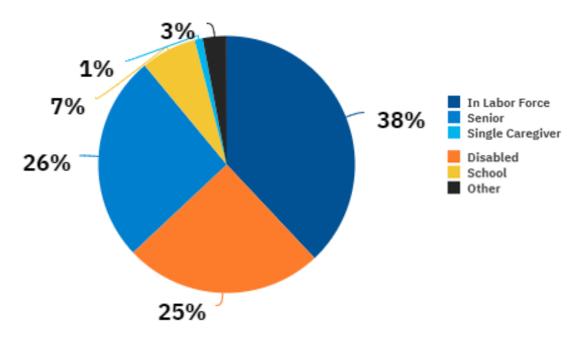


"DEEPLY AFFORDABLE HOUSING"

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

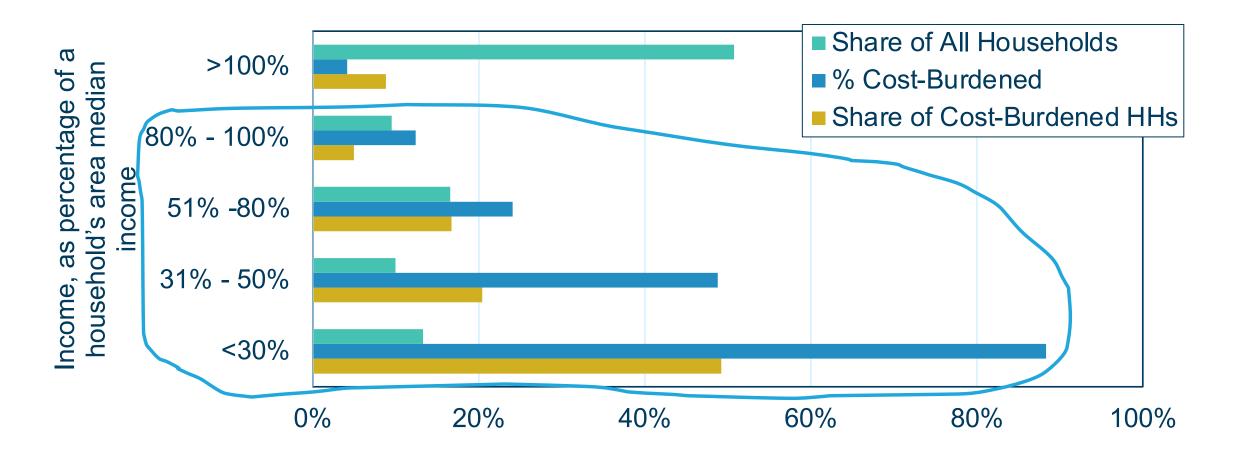


Note: Mutually exclusive categories applied in the following order: senior, disabled, in labor force, enrolled in school, single adult caregiver of a child under 7 or a person with a disability, and other. Thirteen percent of extremely low-income renter households include a single adult caregiver, 53% 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
 Home Health Care and Personal Care Aides Service (retail, restaurants, cleaners) Education (child care staff, K-12 teaching assistants) 	\$37,000 or less ("Affordable" or "Deeply Affordable")	\$1,100 or less
 Transportation (truck drivers) Education (teachers) Trades (laborers, maintenance, carpenters, plumbers, roofers) Administrative (office workers, clerks) 	\$37,001 - \$59,000 ("Affordable" or "Workforce")	\$1,100 - \$1,500
 Health Care (nurses, dental hygenists) Professional (accountants, tech, analysts) Trades (electricians, supervisors, heavy equipment) Energy (oil and gas) 	\$59,201 - \$89,000 ("Workforce")	\$1,500 - \$2,220

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



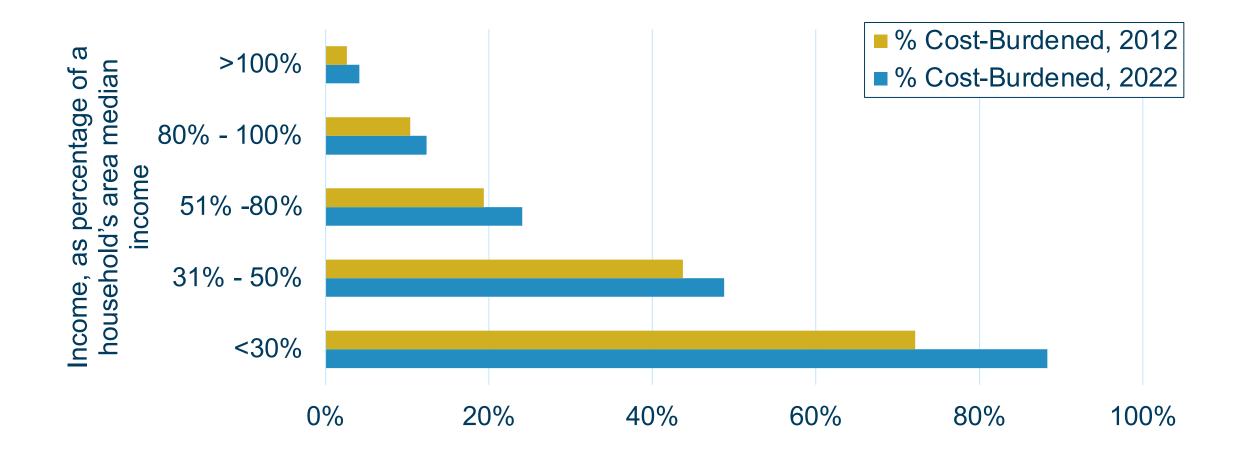
AFFORDABILITY AND THE WORKFORCE

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



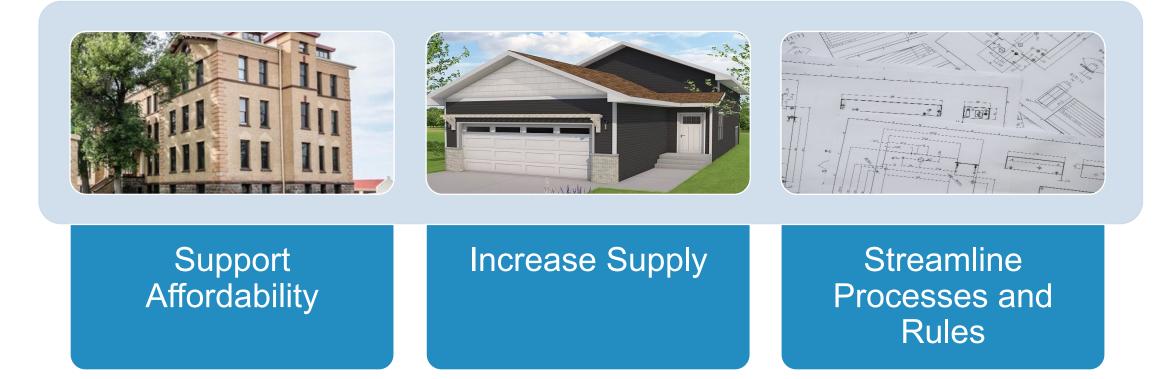
SUMMARY

- 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



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.

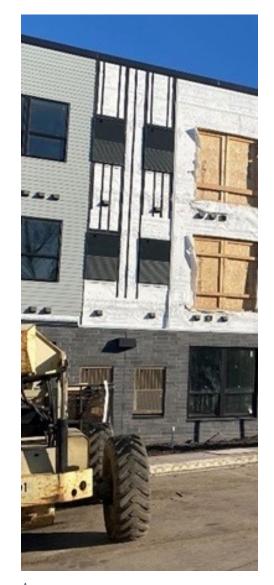




INCREASE SUPPLY OF HOUSING (AT ALL PRICE POINTS)

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



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, marketrate 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.)

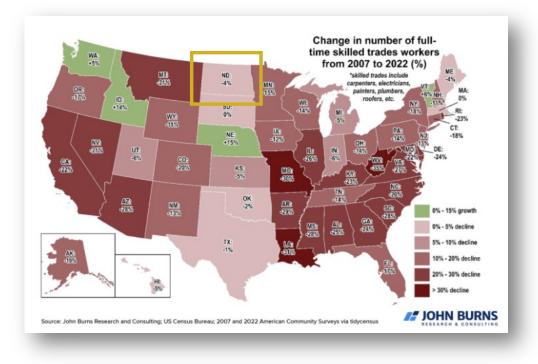


Lumber

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



LIMITED SUPPLY OF CONSTRUCTION WORKERS



Challenges:

Fewer skilled trades workers across the country, including North Dakota. When building new housing in an area with a housing shortage, where do workers live?



A worker cuts lumber at Dynamic Homes, a modular-construction firm in Detroit Lakes, Minn. Image courtesy of Ho-Chunk Inc.

Approaches:

Alternative construction techniques, such as modular (e.g., factory-built) homes, 3-D printing, etc.



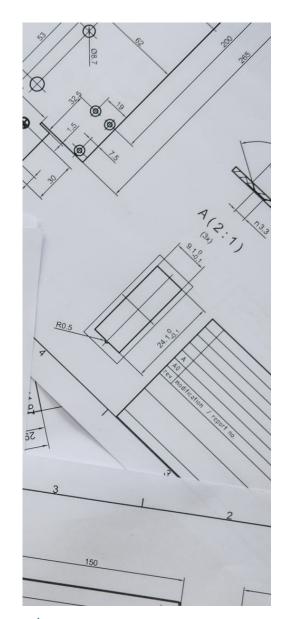
STREAMLINE PROCESSES AND RULES

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



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:

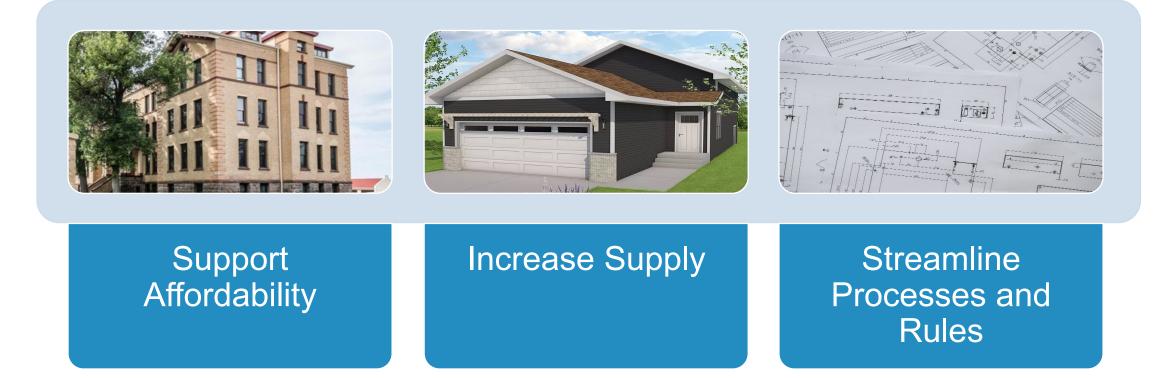
- Providing financial incentives for more housing development or to cities that allow more housing
- Enabling more types of housing e.g., multifamily housing, "missing middle" housing, manufactured housing, or accessory dwelling units to be built "by right" in more places, especially in commercial districts 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



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



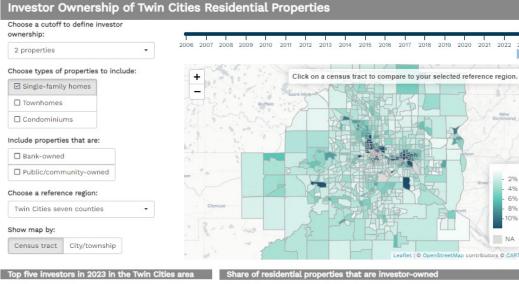
Successful housing development efforts feature:

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



DIGGING DEEPER THROUGH ADDITIONAL ANALYSIS

2020



Investor	Properties owned	
HOME PARTNERS OF AMERICA	1,356	3.0%
INVITATION HOMES	1,034	3.0 /8
FYR SFR BORROWER	602	2.5%
BRIDGE SFR IV	222	
HERMAN CAPITAL CORPORATION	113	2.0%
		1.5%

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 <u>interactive tool</u> that allows users to explore the issue in their own community, and <u>analysis</u> 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 Nomeownership



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



LEARN MORE

- How new apartments create opportunities for all
- <u>Talking "toilets, taxes, and tenants": Challenges mount for apartment owners</u> in Twin Cities area
- <u>City planners and private developers find common ground on improving land</u>
 <u>use policies and processes</u>
- Rise in investor-owned single-family rentals prompts policy responses
- Native CDFIs connect Indian Country to credit and capital
- Native Americans pay more to finance home purchases than White borrowers
- <u>Twin Cities region meets ambitious housing goals for second year but has</u> <u>much work left to do</u>
- New Fed tool will measure zoning reforms' impacts on housing affordability in <u>Minneapolis</u>
- What works in housing affordability: Moving from "those people" to "our neighbors"
- States reform regulations to support more housing production
- What works in housing affordability: Creating middle-income housing with the Bridger View neighborhood



www.minneapolisfed.org/topic/housing



THANK YOU! For more information: benjamin.horowitz@mpls.frb.org libby.starling@mpls.frb.org Subscribe to updates from the Minneapolis Fed at: minneapolisfed.org/subscribe Visit our website: minneapolisfed.org Follow us at: @MinneapolisFed



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 availably 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 polices. 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.

	Fargo		Dow	ntown Core - Tract 7
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

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

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programs are intended for a

Inclusionary housing

OF NOTE

'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

traditionally provided

affordable units.

those who have not

	MINGTON EDINA MI	September 2019 March 2019 January policy in policy evic for revie the end	Yes	City-wide with emphasis City-wide on designated transit areas	YES if public financing is YES if public financing is ves involved OR involved OR involved OR ves involved OR ves involved OR ves involved OR ves involved unit purchased findered unit (planned unit purchased findered development) ves if projection area ratio, ves in a combination area ratio, ves increases the 60% or more what is alreated to a stight as right.	more 20 units or more 10 units or r projects rec assistance c owned land (Ownership interim ordi
CITY	MINNEAPOLIS	January 2019—interim policy in effect, permanent policy expected to be up for review and passage by the end of 2019		le	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 a combination of a floor a combination that density bonus that increases the floor area by 60% or more compared to what is already permitted as right	10 units or more for projects receiving financial assistance or on city- owned land (Ownership exempt from interim ordinance)
	RICHFIELD	October 2018	Yes	City-wide	YES if public financing is involved	5 units or more
	ST. LOUIS PARK	May 2019	Yes	City-wide	YES if public financing is involved or request for land use changes through a PUD or request for a comprehensive plan amendment	10 units or more

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.

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	BLOOMINGTON offers 12	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 in the goat is to address housing stability.	RICHFIELD 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. ST. LOUIS PARK 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.
	ST. LOUIS PARK	Rental—new construction and rehab Ownership—new construction	25 years	Time of sale	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
	RICHFIELD	Rental—new construction Ownership—new construction	26 years if housing TIF dollars are involved 10 years otherwise	Time of sale	Rental: 20% of total project units at 60% AMI Ownership: 20% of total project units at 115% AMI
CITY	MINNEAPOLIS	Rental—new construction and rehab Ownership—new construction for projects 10 units or more receiving financial assistance or on city-owned land	30 years if city financing or city land is involved 20 years otherwise	30 years if city financing or city land is involved (Ownership exempt from interim ordinance)	For City Financing and Land Sales: Rental: 20% of total project units at 60% AMI or below Ownership: 10% of total project units at 80% AMI or below For Interim IZ Ordinance: 10% of total project units at 60% AMI—NOT eligible for city financing OR OR 20% of total project units at 50% AMI—THEN eligible for city financing
	EDINA	Rental—new construction Ownership—new construction NOAH (naturally occurring affordable housing)—rehab	At least 20 years	At least 20 years	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
	BLOOMINGTON	Rental—new construction and rehab and single family	20 years	Deed restriction for single-family affordable units in perpetuity	Rental: 9% of total project size at 60% AMI (area median income) Ownership: 9% of total project size at 110% AMI
		Housing type	Rental affordability term	Ownership affordability term	Number of units/affordability target

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POLICY FEATURE	BLOOMINGTON	EDINA	MINNEAPOLIS	RICHFIELD	ST. LOUIS PARK
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	Not addressed	Once occupied, renter income can increase up to 140% AMI
In-lieu fee	\$9.60 per leasable square foot	TBI (total buy in) fee equal to \$100,000 per affordable unit	Not offered	Equal to 15% of total city financing provided May seek approval for combination of units and in-lieu fees	Ownership: Equal to DIFFERENCE between market-rate sale price and affordability at 80% AMI MULTIPLIED BY 15% of total project units Rental: Not offered
Compliance alternatives	 Set aside units built off-site Dedication of land for affordable housing Rehabilitation and deed restriction of NOAH units 	 Set aside units built off-site Dedication of land for affordable housing Rehabilitation and deed restriction of NOAH units Absorption of financial risk or construction of affordable units by another project developer 	City approval required 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	 Set aside units built off-site Rehabilitation and deed restriction of NOAH units 	 Set aside units built off-site Rehabilitation and deed restriction of NOAH units
Exemptions	None—applies to all housing types of 20 or more units	Projects by owner occupant	Student housing, ownership projects (interim ordinance)	None—applies to all housing types of 5 or more units	None—applies to all housing types of 10 or more units
Cost offsets offered to developers (granted on a case- by-case basis) base 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 deferment, 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	TIF subsidy or other city subsidies (depending on size of project)	Density bonus, reduced development requirements, property tax abatement, partial waiver of building permit fee at a rate of 5% for new construction and 10% for rehab	Density bonus, reduced development requirements, other requests approved by city

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	BLOOMINGTON	EDINA	MINNEAPOLIS	RICHFIELD	ST. LOUIS PARK
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	Assigned to 4 existing staff members
Program metrics	To be determinedexpected 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	Number of projects with IZ requirements, location of projects with IZ requirements, number of affordable units produced by IZ policy, bedroom size of affordable units produced by IZ policy, mix of bedrooms (must be comparable to the bedroom mix of the overall development), amount of in-lieu fees collected, number of projects that received cost off- sets as a result of IZ, proportion of projects subject to requirement that opted for in- lieu fees instead of affordable units (not an option for rental)
Policy contact	Eric Anthony Johnson, Community Development Director, ejohnson@bloomingtonmn.gov	Cary Teague, Community Development Director, cteague@edinamn.gov	Angie Skildum, Manager, Residential Finance, Community Planning and Economic Development, angie skildum@minneapolismn.gov	Julie Urban, Housing Manager, JUrban@richfieldmn.gov	Michele Schnitker, Community Development Deputy Director, mschnitker@stlouispark.org

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NOAH units in Downtown and Core Neighborhoods Properties are market rate only; no subsidies

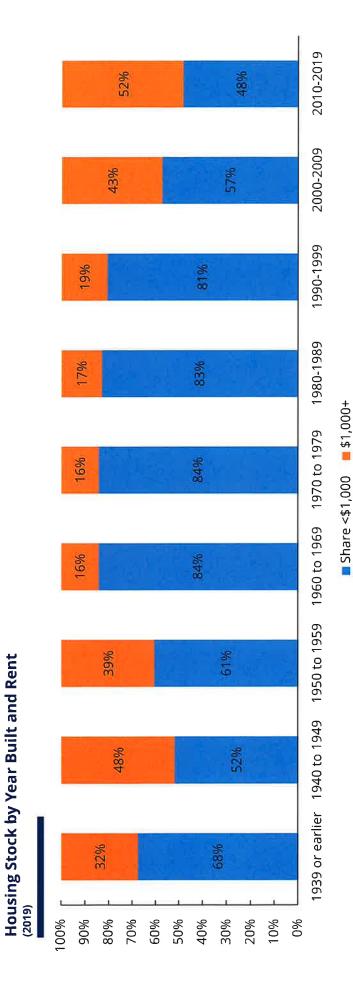
Identify the number of units available at different income levels

		TABLE RM-7 MULTIFAMILY MARKET RATE RENTAL DEVELOPMENTS NATURALLY OCCURRING SUMMARY FARGO DOWNTOWN AREA & CORE NEIGHBORHOODS	IILY MARK ATURALLY WNTOWN	TABLE RM-7 ET RATE REN OCCURRING	TABLE RM-7 MILY MARKET RATE RENTAL DEVELO NATURALLY OCCURRING SUMMARY OWNTOWN AREA & CORE NEIGHBC	/ELOPMEN ARY -IBORHOO	ST 20		
			ň						
		Market	Market Rate Affordability by AMI	rdability b	y AMI		Total	Total	Pct.
Unit Type	30%	50%	60%	80%	100%	120%	Units	<60%	<60%
STUDIO/EFF.	62	299	92	1	đ	1	454	453	%8.66
1 BR	131	697	516	54	1	ī	1,398	1,344	96.1%
2 BR	575	806	243	75	ŝ	1	1,702	1,624	95.4%
3 BR	62	357	83	53	1	ł	556	502	90.3%
4BR	J	I	33	33	ł	I	99	33	50.0%
Subtotal	830	2,159	967	216	4	1	4,176	3,956	94.7%
Pct. Of Total	19.9%	51.7%	23.2%	5.2%	0.1%	Ŧ			
Pct. Of Affordability Category	ility Catego	h							
STUDIO/EFF.	7.5%	13.8%	9.5%	0.5%	1	1		11.5%	
1 BR	15.8%	32.3%	53.4%	25.0%	1	ł		34.0%	
2 BR	69.3%	37.3%	25.1%	34.7%	75.0%	ł		41.1%	
3 BR	7.5%	16.5%	8.6%	24.5%	25.0%	ł		12.7%	
4BR	ı	ł	3.4%	15.3%	ŀ	I		0.8%	
Source: Maxfield Research & Consulting, LLC	d Research	& Consulti	ng, 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.





Housing Needs Assessment | Housing Supply

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

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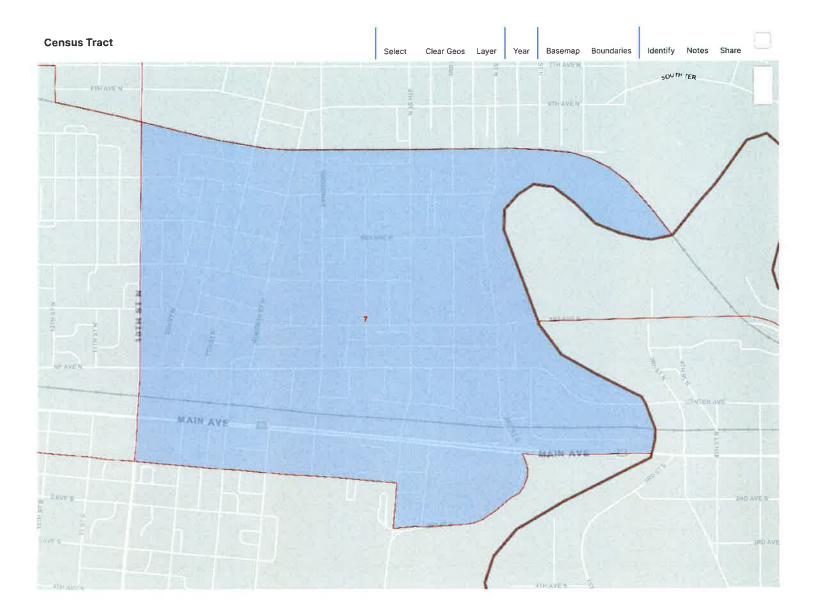
Source(s): US Census, 1939-2020

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Rental Housing in Fargo & Downtown

2018 - 2022 Census American Community Survey 5 Year Average

Housing Info	Fargo	Downtown (Tract 7)
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

Geographies: 1

Year: 2020

Styles

State
County
Census Tract



MEMORANDUM

- TO: Economic Development Incentive Committee
- FROM: Jim Gilmour, Director of Strategic Planning and Research
- DATE: July 16, 2024
- SUBJECT: Bison Block Report

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

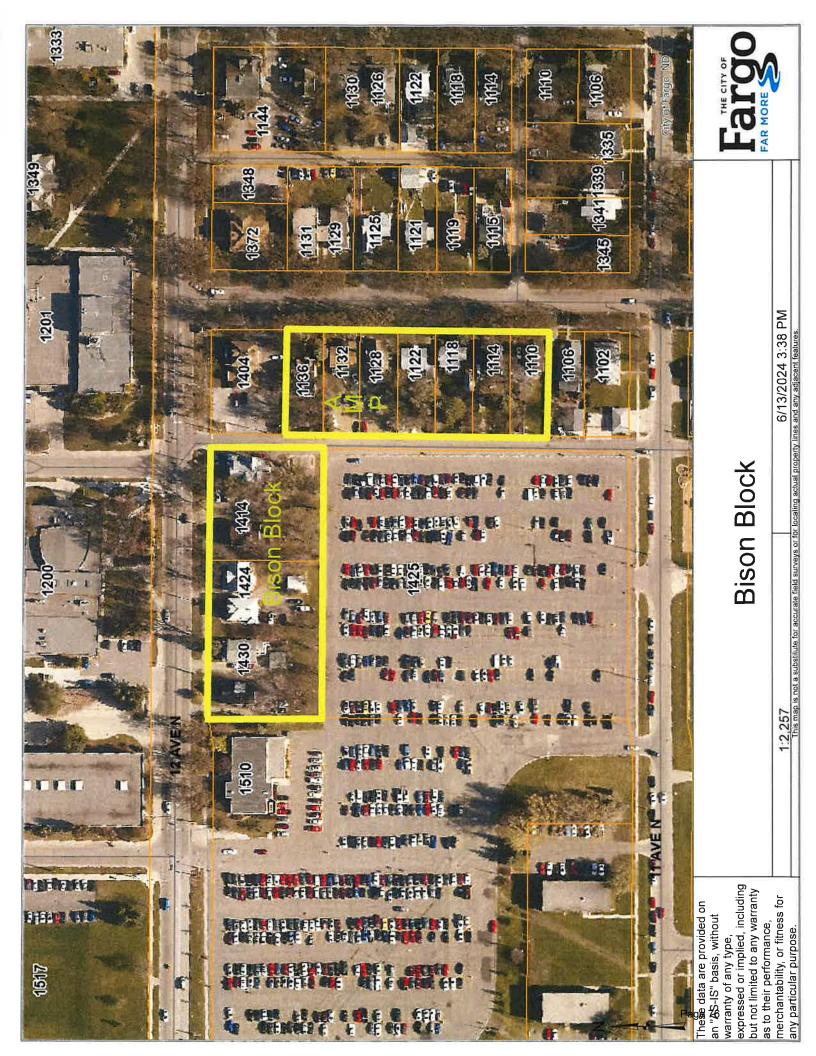
AMP properties has a similar size property with 7 lots and 6 houses adjacent to T-Lot. While those properties have also increased in value since 2007, the increase was a much lower percentage than Bison Block. See the table below.

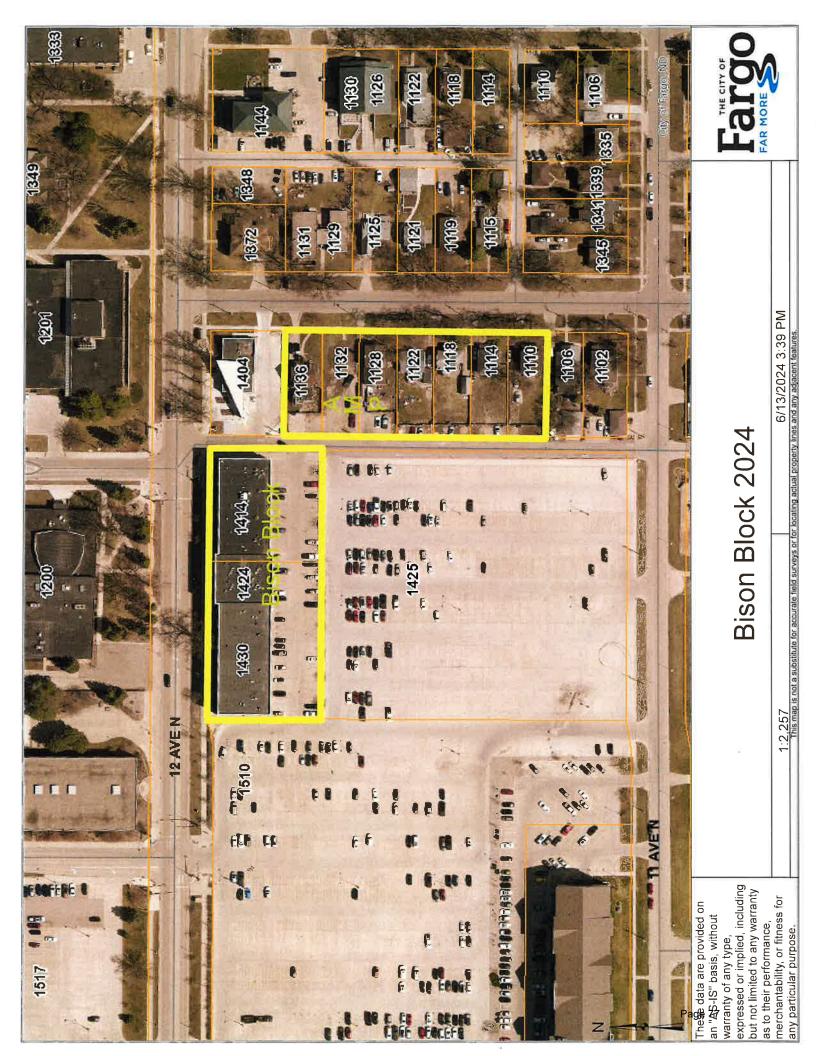
	B	ison Block	AMP Properties		
2007 Value	\$	542,220	\$	721,800	
2024 Value	\$	7,002,000	\$	1,292,600	
Change	\$	6,459,780	\$ 570,800		
Percent Change		1191%	79%		
Percent/ Year		70%		5%	

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.







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

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 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 20,000than 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 lowdensity 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 planningincluding 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

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 Greenfield since 2010, 80% of these new households would be added to greenfield Zone 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. If Fargo pivots to achieve If Fargo stays on its the Growth Plan's Preferred Downtown current course... **Growth Scenario** Core Neighborhoods -Ĥ **Other Existing** Neighborhoods **NO MORE** THAN 80% Greenfield Zone 6% 5 Greenfield Zone AT LEAST Downtown 33% 20% Core Neighborhoods *Note: the gray areas on this map include non-residential land, recently developed residential land that is too **Other Existing** Neighborhoods new to be redeveloped before 2050, and areas where residential development is

Population projections by the Fargo-Moorhead Metro COG suggest that the

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imminent and assumed to happen

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 Transportations Plan, and other recent signals of Fargo's growth intentions.



Greater integration of housing Greater types mixing of land uses Substantially better form and design for What will it mean Slightly higher densities, but to grow in a more residential and distinctly urban commercial with a focus on way-both in Fargo's areas more traditional greenfield areas and urban form in areas where infill and redevelopment take place? Better connections within and between neighborhoods

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 purposed is to encourage housing developers to build housing to meet the needs of very low-income households. Property tax exemptions are essential to obtaining federal government and state government resources, and reducing costs to offer more affordable rents to tenants. "Lower Income Housing" is defined a housing for "low income households" as defined by the Department of Housing and Urban Development, with rents not to exceed 30% of household income.

Apartment Buildings for Lower Income Households

- Years 1 through <u>20-17</u>-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.

<u>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:</u>

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<u>Years 1-5</u> The maximum <u>PILOT</u> 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 that 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.

<u>Financial Plans of the project will be reviewed by the City financial</u> <u>consultant to determine the feasibility and level of public assistance that is</u> <u>appropriate</u>. 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 Beyond Shelter, Inc. (BSI) - a North Dakota nonprofit corp.								
2.	Address of project 2131 and 2185 65th Avenue South								
	City Fargo	County Cass							
3.	3. Mailing address of project operator PO Box 310								
	City_Fargo	State <u>ND</u> Zip <u>58107-0310</u>							
4.		apter S corporation Individual proprietorship crative Limited liability company							
5.	Federal Identification No. or Social Security N	o							
6.	North Dakota Sales and Use Tax Permit No.	JA							
7.	If a corporation, specify the state and date of i	corporation North Dakota, May 1999							
8.	Name and title of individual to contact Dan Madler, CEO								
	Mailing address PO Box 310								
	City, State, Zip Fargo, ND 58107-0310	Phone No. 701-551-0488							

Project Operator's Application For Tax Incentives

9.	9. Indicate the tax incentives applied for and terms. Be specific.								
	Property Tax Exemption	☑ Payments In Lieu of Taxes							
	Number of years	<u>2027</u> Beginning year <u>2043</u> Ending year							
	Percent of exemption <u>attached</u> Amount of annual payments (attach if payments will vary)								
10.	 10. Which of the following would better describe the project for which this application is being made: ✓ New business project □ 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 of North Dakota.	to the City of Fargo, situate in the County of Cass and the State						
12.	benefits.	e or other agreement establishing the project operator's sting facility?						
14.	 a. Estimated date of commencement of construction of the project covered by this application <u>Ph I 08/2025</u> 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 <u>59 per phase, 118 total.</u> 14. Approximate date of commencement of this project's operations <u>Phase I 08/2026 and Phase II 08/2027.</u> 							
15.	Estimated market value of the property used <u>for</u> <u>this project</u> : a. Land	16. Estimate taxable valuation of the property eligible for exemption by multiplying the market values by 5 percent:a. Land (not eligible)						
	 b. Existing buildings and structures for which an exemp- tion is claimed\$ NA c. Newly constructed buildings and structures when completed\$ 16,500,000 	 b. Eligible existing buildings and structures\$ 0 c. Newly constructed buildings and structures when completed\$ 825,000 d. Total taxable valuation of 						
	 d. Total\$ 17,610,000 e. Machinery and equipment\$ NA 	 property eligible for exemption (Add lines b and c)\$ 825,000 e. Enter the consolidated mill rate for the appropriate taxing district						
		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	s to be engaged in	E □ Ag pro	e] Manufa] Wareho		Retailing Services			
	il the activities to l, produced, assem						of any products to			
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 seperate Limited Liablity Limited Partnership (LLLP) owner. Through an affiliate, BSI will be the General Partner of the Two (2) LLLP ownership entities.										
19. Indicate the type	e of machinery and	l equipment t	hat will be ins	talled						
1 0	only, indicate the p the expansion itse	U U		· ·		ome (before tax)	from either the			
Year (12 mo. per	New/ExpansionNew/ExpansionNew/ExpansionNew/ExpansionProject onlyProject onlyProject onlyProject onlyYear (12 mo. periods)Year 1Year 2Year 3Year 4									
Annual revenue	\$622,163	\$63	34,607	\$647,2	99	\$660,245	\$673,450			
Annual expense	\$549,531	\$50	54,607	\$580,13	35	\$596,130	\$612,604			
Net income	\$72,632	\$70	0,000	\$67,164	4	\$64,115	\$60,846			
21. Projected number	r and salary of per	sons to be em	ployed by the	project f	or the firs	t five years:				
Current positions &	1	•	1 0							
		ew Positions 13.01-\$15.00	New Position \$15.01-\$20.0		Positions 1-\$28.00	New Positions \$28.01-\$35.00	New Positions Over \$35.00			
0							2			
Year	(Before pro	ject) <u>Ye</u>	ear 1 Y	Year 2	Year	<u>3 Year</u>	<u>4 Year 5</u>			
No. of Employe	es (1) <u>0</u>									
	(2) 0	2	2		2	2	2			
Estimated payro	11 ⁽¹⁾ <u>0</u>									
(1) - full time	(2) 0	72,	800 74	,984	77,233	3 79,550	81,937			
(2) - part time										

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Previous Business Activity

22.	Is the project operator succeeding someone else in this or a similar business? \Box Yes \Box 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							
	developoments: The Plaza Apartments, The Milton Earl, HomeField Apartments, North Sky Apartments,							
Busine	Business Competition							
25.	Is any similar business being conducted by other operators in the municipality? \square Yes \square 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.							
	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?	
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?	
	If the answer to 26 or 27 is Yes, list and explain NA	-

Use Only When Reapplying

28. The project operator is reapplying for propert	y tax incentives for the following reason(s):	
To present additional facts or circumstand	ces which were not presented at the time of th	e original application
☐ To request continuation of the present pro	operty tax incentives because the project has:	
\Box moved to a new location		5
☐ had a change in project opera	ation or additional capital investment of more	than twenty percent
☐ had a change in project opera	ators	
☐ To request an additional annual exemption entity and leased to the project operator.	on for the year of on structures owned (See N.D.C.C. § 40-57.1-04.1)	by a governmental
Notice to Competitors of Hearing		
Prior to the hearing, the applicant must present to the lication giving notice to competitors unless the muni		
I, Daniel P. Madler	do hereby certify that the answers to the above	e questions and all of the
information contained in this application, including		
and belief and that no relevant fact pertaining to the	ownership or operation of the project has bee	n omitted.
- T. Mahler	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.

07.15	.24
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		Р	hase I	Р	hase II	Total		Land		Total
Cal Year	Year	I	PILOT	l	PILOT	PILOT	Тах	cest. Pmt.	P	ayment
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 <i>,</i> 598
					Totals	\$ -	\$	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

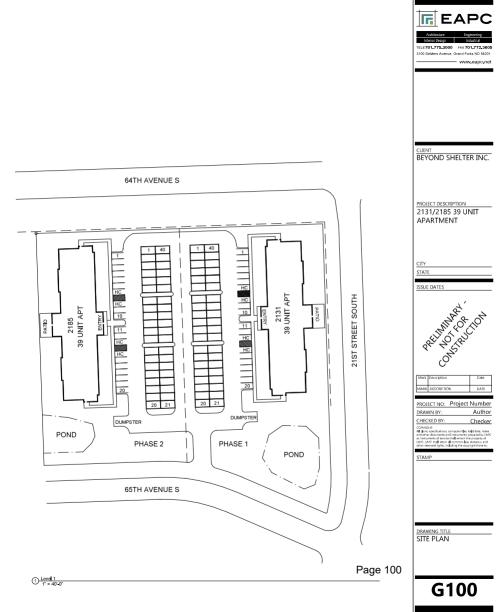
2131 and 2185 65th Avenue South Fargo, ND 58104

DEVELOPMENT COSTS	
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
TOTAL	23,250,000

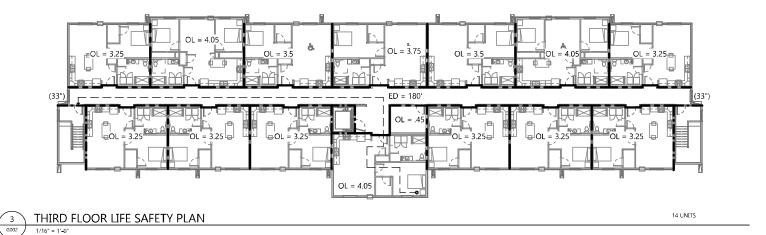
SOURCES OF FUNDS	
Investor Equity from LIHTC's	17,952,000
Bank Loan	530,000
City of Fargo - CDBG	486,000
City of Fargo - HOME	690,000
NDHFA - HOME	900,000
NDHFA - HTF	2,000,000
Deferred Developer Fee	692,000
TOTAL	23,250,000

					20	-year Cash Fl	ow	Projection									
Project Name: 65th Avenue Senior Apa	artme	nts			As of Date: July 16,2024				Income Adjuster: 2.00%			2.00%	Expense Adjuster:			3.00%	
Income:		Year 1	Year 2	Year 3		Year 4		Year 5	Year 6		Year 7		Year 8		Year 9		Year 10
Effective Gross Income	\$	622,163	\$ 634,607	\$ 647,299	\$	660,245	\$	673,450	\$ 686,919	\$	700,657	\$	714,670	\$	728,963	\$	743,542
Expenses:																	
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	\$		\$	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
Total Expense:	\$	502,531	\$ 517,607	\$ 533,135	\$	549,130	\$	565,604	\$ 582,572	\$	600,049	\$	618,051	\$	636,592	\$	655,689
NOI	\$	119,632	\$ 117,000	\$ 114,164	\$	111,115	\$	107,846	\$ 104,347	\$	100,608	\$	96,619	\$	92,371	\$	87,853
	\$	-	\$ -	\$ -	\$	-	\$	-	\$ -	\$	-	\$	-	\$	-	\$	-
	\$	-	\$ -	\$ -	\$	-	\$	-	\$ -	\$	-	\$	-	\$	-	\$	-
	\$	-	\$ -	\$ -	\$	-	\$	-	\$ -	\$	-	\$	-	\$	-	\$	-
	\$	-	\$ -	\$ -	\$	-	\$	-	\$ -	\$	-	\$	-	\$	-	\$	-
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 Mgmr 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
Debt-Coverage Ratio (DCR)		2.55	2.49	2.43		2.36		2.29	2.22		2.14		2.06		1.97		1.87
Cashflow After Debt Service:	\$	72,632	\$ 70,000	\$ 67,164	\$	64,115	\$	60,846	\$ 57,347	\$	53,608	\$	49,619	\$	45,371	\$	40,853
Operating Expense Cushion:		14.45%	13.52%	12.60%		11.68%		10.76%	9.84%		8.93%		8.03%		7.13%		6.23%

					20-	-year Cash Fl	ow	v Projection								
Project Name: 65th Avenue Senior Apa	artme	nts				As of Date:		July 16	,202	4	In	come Adjuster:	2.00%	Ex	pense Adjuster:	3.00%
Income:		Year 11	Year 12	Year 13		Year 14		Year 15		Year 16		Year 17	Year 18		Year 19	Year 20
Effective Gross Income	\$	758,413	\$ 773,581	\$ 789,053	\$	804,834	\$	820,931	\$	837,350	\$	854,097	\$ 871,179	\$	888,603	\$ 906,375
Expenses:																
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
Total Expense:	\$	675,360	\$ 695,621	\$ 716,490	\$	737,985	\$	760,125	\$	782,929	\$	806,417	\$ 830,610	\$	855,529	\$ 881,195
NOI	\$	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 Mgmr 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
Debt-Coverage Ratio (DCR)		1.77	1.66	1.54		1.42		1.29		1.16		1.01	0.86		0.70	0.54
Cashflow After Debt Service:	\$	36,053	\$ 30,960	\$ 25,563	\$	19,849	\$	13,806	\$	7,421	\$	680	\$ (6,431)	\$	(13,926)	\$ (21,820)
Operating Expense Cushion:		5.34%	4.45%	3.57%		2.69%		1.82%		0.95%		0.08%	-0.77%		-1.63%	-2.48%



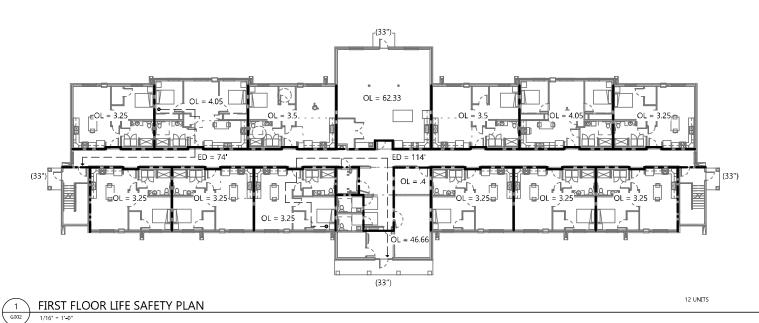




OL = 3.75 71 OI = 4.05OL = 3.25 È OL = 3.5 ð. 6 OL = 3.5 OL = 4.05 =OL 3.25 NO (v) Not ф F 1 ī þ 7 AIF H-C-L-(33") ED = 160 (33") 加日日 C C C C C C alti i IЩЫ 国田に ЗЩГ OL = .4 IЦБ = 3.25 æ L, æ æ r æ OL 3.25 OL = 3.25 3.25 1 * OL 3.25 ł LOL La'OL 3.25 ١٥ Π OL = 46.66 13 UNITS SECOND FLOOR LIFE SAFETY PLAN

2 6002

1/16" = 1'-0



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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

\$O

\$2,448,427



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	_	Full Taxes		Total Est
		%	Payments	Due	Benefit	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