

EDIC MEETING
Tuesday, November 25, 2025 – 1:00 p.m. City
Commission Chambers, Fargo City Hall

AGENDA

- 1. Approve EDIC Meeting Minutes of 9/23/2025**
 - a) September 23, 2025, Page [1-3]
- 2. Central at the Horizon [Page 4-35]**
- 3. Cass County Tax Incentive Policy [Page 36-38]**
- 4. Incentives Reporting [Page 39-40]**
- 5. Commercial Redevelopment Policy Amendment [Page 41-42]**

ECONOMIC AND DEVELOPMENT INCENTIVE COMMITTEE
Fargo, North Dakota

Regular Meeting

Tuesday, September 23, 2025

The September 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, September 23, 2025.

The committee members present or absent are:

Members Present: Dave Piepkorn, Lucas Paper, John Cosgriff, Jon Eisert

Others Present: Jim Gilmour, Jackie Gapp, Robert Wilson

Others Absent: Levi Bachmeier, Erik Barner, Michael Splonskowski, Mayor Mahoney, Matt Schlenvogt

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 July 22, 2025. Jon Eisert seconded. Motion carries.

Commercial Redevelopment PILOT

- Updated draft- policy has been put in place so the City can address projects with unique characteristics and encourage commercial redevelopment in areas that are not technically blighted or underdeveloped.
- Fundamental purpose is to encourage developers to redevelop commercial or apartment buildings that are on previously developed sites.
- There are characteristics that need to be met:
 - Higher value and higher density buildings
 - Opportunities for economic development
 - Mixed use developments with shared parking
 - Desirable land uses
 - Consistent with City Plans
 - Improved design and public amenities
- The maximum incentive is a 100% PILOT property tax incentive for up to 10 years
- The committee would like the Planning Department to look at the policy. The draft of the policy was sent to Nicole Crutchfield in the Planning and Development Department.

The item was continued to the next meeting to allow for further review by the committee and input from the planning department.

Cass County Incentive Proposal Policy Update

- Robert Wilson provided an update on a draft policy from Cass County. This item was for informational purposes only.
 - Primary Sector Businesses: The draft indicates a positive move toward being more open to looking at incentives beyond five years for primary sector businesses.
 - Non-Primary Sector: The county is reluctant to go beyond five years for these projects, though clarification is needed on whether this means they would participate for the first five years or not at all.
 - Affordable Housing: The committee was pleased that the county recognized the need to support federal low-income housing projects, as they often will not be built otherwise.
 - Primary Sector Definition: A representative provided the definition used by the EDC: a business adding value/knowledge to a good or service and selling 70% or more outside of North Dakota, or 50% or more outside of the Cass and Clay County MSA.
 - TIF Language: Confusion was noted regarding the policy's wording on Tax Increment Financing (TIF) and a "50% of any time period" clause, which needs further clarification from the county.
- A draft has been proposed that changes will no longer approve any Tax Increment Financing (TIF) or Payment in Lieu of Taxes (PILOT) applications that request a 100% exemption.
- The reasoning for this is due to the North Dakota Legislature regarding property tax caps
- Cass County will continue to support incentives for primary sector new growth and federal low-income housing projects.

A motion was made to have further discussion about the Commercial Redevelopment PILOT. Matt Schlenvogt approved. Lucas Paper seconded.

Row House Project (NDSU Area)

- The project was recommended for approval contingent on receiving a building permit and is scheduled to be on the City Commission agenda on Monday, September 29, 2025. This will be on the agenda at the next City Commission meeting.

NP Avenue 11th Street

- The rent is closer to market rates. Not considered low income.
- This project, which utilizes 4% low-income housing tax credits, was sent to a financial advisor for review.
- The two-bedroom rents (\$1,300–\$1,400) are close to market rate, aiming for people below 80% of the median income (around \$40,000 annual income), not the very lowest income levels.

The committee decided to postpone further discussion until the November meeting.

The meeting was adjourned at 1:25pm.

MEMORANDUM

TO: Economic Development Incentive Committee

FROM: Jim Gilmour, Director of Strategic Planning and Research 

DATE: November 17, 2025

SUBJECT: Central at the Horizon

The Annex Group has applied for property tax incentives for a 262-unit apartment building at 11 12th Street North. The project would provide below market rate rents using Low Income Housing Tax Credits and ND Housing Incentives Funds. Application materials are attached.

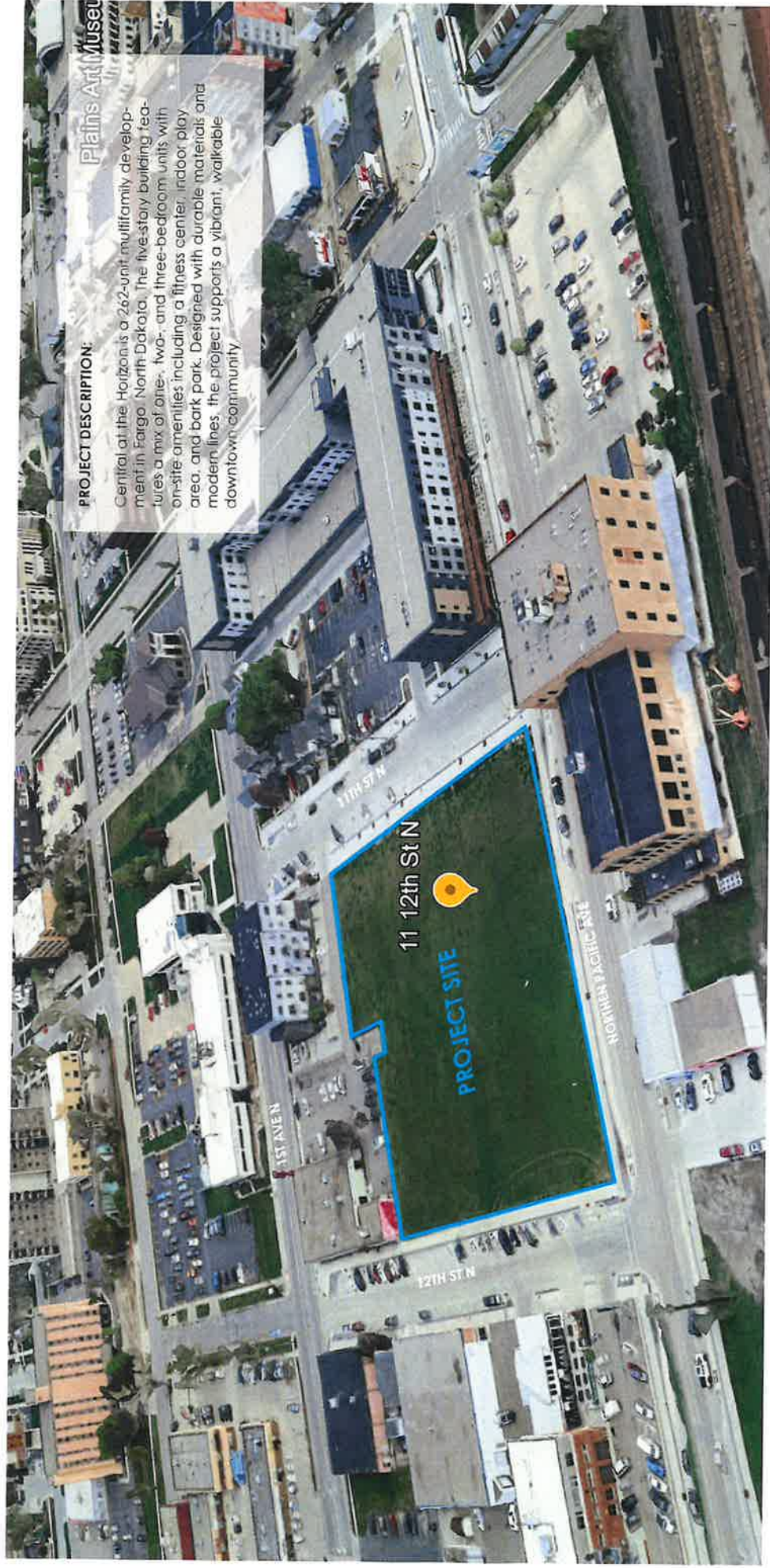
This developer has applied for a 5-year Renaissance Zone exemption followed by a 15-year 100% Payment in Lieu of Taxes (PILOT). The Renaissance Zone Authority has recommended approval of the project and a five-year property tax exemption.

A City financial advisor reviewed the need for the PILOT exemption. The report determined the project would not be feasible without the PILOT property tax exemption. The report is attached for your review.

Applications are pending with the ND Housing Finance Agency for Low Income Housing Tax Credits and \$3 million in ND Housing Incentive funds. Final decisions on the funding will be made before or meeting in November.

Recommended Motion

Approval a 15-year PILOT property tax exemption for a 262-unit apartment building at 11 12th Street North in downtown Fargo.



CENTRAL AT THE HORIZON

11 12TH ST N
FARGO, ND

PROJECT SUMMARY

ACCESSIBILITY REQUIREMENTS

DMU DISTRICT ARCHITECTURAL COMPLIANCE CHECKLIST

SITE ADDRESS

1112th St N, Fargo, ND

ZONING DATA

DMU - Downtown Mixed Use District

SITE AREA

Gross Site Area: 196 AC (85,378 SF)

UNIT COUNT

1 Bed	76
2 Bed	138
3 Bed	48
Total	262

IBC 1107.6.2

Section 504 of the Rehabilitation Act Implemented via 24 CFR §8.22 (HUD's regulation)

- + All units must follow FHA Type B equivalent: 248 units
- + 5% fully accessible Type A units: 14 units
2% sensory impaired units: 6 units

Fair Housing Act Accessibility Requirements

Universal Design Standards

- + See attachment for Architect's Letter of Compliance

ANSI A117.1 2017

APPLICABLE CODES

- 2021 International Building Code
- 2021 International Residential Code
- Fire Protection and Prevention Ordinance 5354
- 2021 International Energy Conservation Code
- 2021 International Property Maintenance Code
- 2021 International Fuel Gas Code
- 2021 International Mechanical Code
- 2021 International Building Code
- 2018 North Dakota State Plumbing Code Uniform Plumbing Code - 2018
- 2023 National Electrical Code
- 2023 Laws, Rules, and Wiring Standards of North Dakota
- Fargo Sign Code
- Portions of the Land Development Code
- Portions of the Fargo Municipal Code



MATERIALS

All walls fronting a public street are finished with approved architectural materials:

- Brick, glass, stone, ceramic, stucco, precast panels, EIFS (e.g., Dryvit), or curtain walls.
- For detached/attached single-family or small-scale multi-dwelling: residential grade vinyl siding, composite brick, or residential grade steel siding accepted.

Prohibited materials are not used on street-visible walls:

- Non-architectural metal panels or non-residential grade metal siding.
- Non-residential grade wood-based materials.
- Asphalt.
- Concrete blocks/cinder blocks except burnished, standing flute, or sculptured.
- Mirrored or one-way glass with >40% reflectance does not cover more than 40% of exterior walls.
- Residential grade metal siding and wood-based materials are prohibited except on single-family or small-scale multi-dwelling residential developments.

- + Architectural metal panels and metal panels for mechanical enclosures allowed.
- + Wood-based materials limited to architectural treatments only.

GROUND-FLOOR TRANSPARENCY

- + Minimum 35% of ground-floor facade along sidewalks is transparent (windows, doors, glass block).
- + Transparent elements are at least 4 feet in height.
- + Existing buildings undergoing interior renovations meet or exceed existing transparency percentage if below 35%.
- + If transparency is less than 35%, architectural features provide visual relief (texture, recessed patterns, etc.), approved by Zoning Administrator.
- + Residential first floors are exempt from transparency requirements.

PARKING

- + Surface parking lots visible from public rights-of-way (excluding alleys) are screened by fence, wall, or landscaping.
- + Screening materials and details are compatible with surrounding structures.
- + Screening height is between 2.5 feet (min) and 3 feet (max).
- + If screening exceeds 3 feet in height, at least 50% of it is transparent.

LIGHTING

- + Parking lots and vacant lots from demolition are illuminated to sidewalk level.

PARKING STRUCTURE SCREENING

- + Parked vehicles are screened from adjacent streets by walls at least 2.5 feet tall.

FIRST FLOOR PLAN



PARKING PROVIDED

- 258 PARKING (7 ADA STALL REQUIRED - 8 PROVIDED)
- 12 UNCOVERED
- 60 COMPACT
- 186 REGULAR

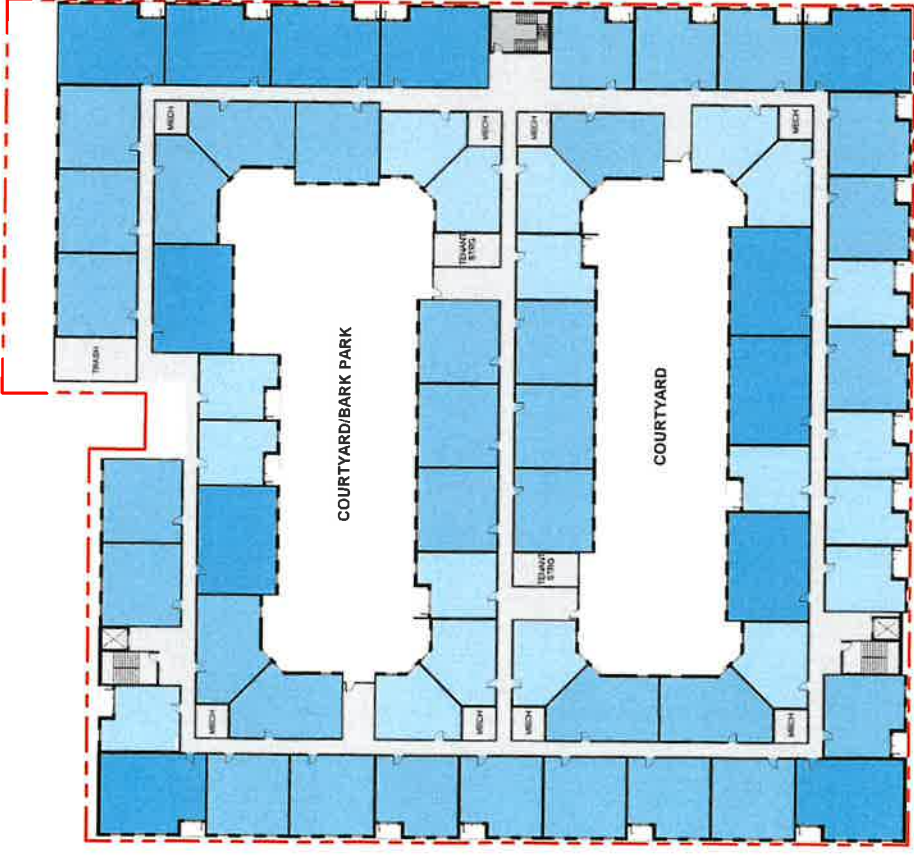
AMENITIES

- LEASING OFFICE
- MAIL
- TENANT STORAGE
- PET WASH
- INDOOR PLAY
- BIKE STORAGE
- FITNESS

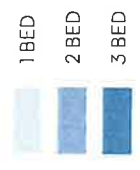
SUPPORT

- ELECTRICAL
- MECHANICAL
- TRANSFORMER
- PUMP ROOM
- MAINTENANCE ROOM
- TRASH

SECOND FLOOR PLAN



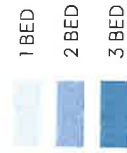
	1 BED	2 BED	3 BED	NO. UNITS	GROSS AREA
LEVEL 1					
LEVEL 2					
LEVEL 3					
LEVEL 4					
LEVEL 5					
	258 PARKING (12 UNCOVERED + 60 COMPACT + 186 REGULAR)				
	19	33	12	64	87,500 SF
	19	35	12	66	88,000 SF
	19	35	12	66	88,000 SF
	19	35	12	66	88,000 SF
	78	138	48	262	389,500 SF



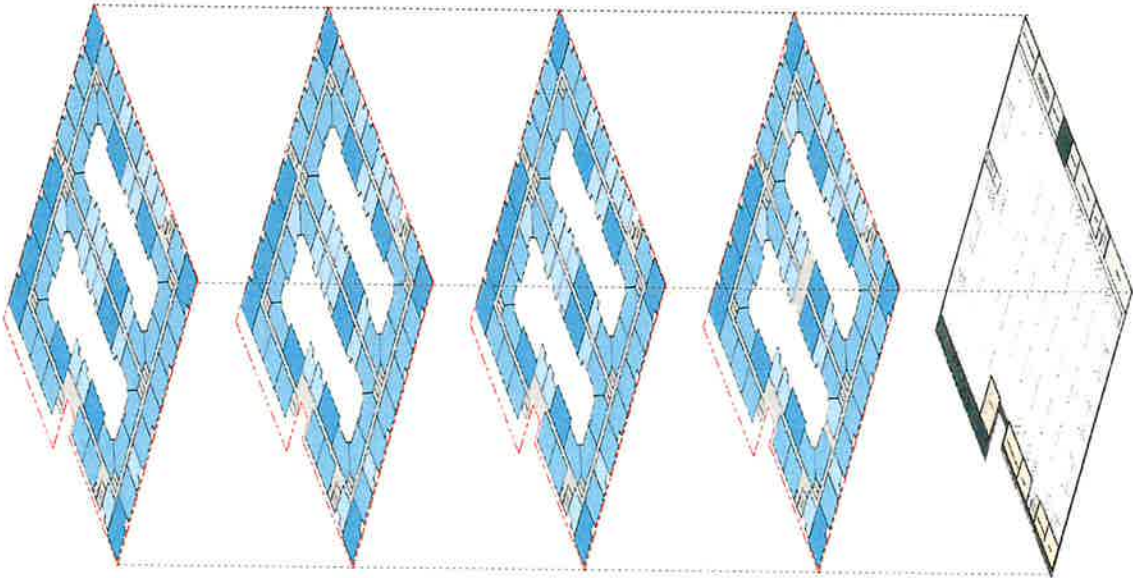
THIRD-FIFTH FLOOR PLAN



LEVEL	1 BED	2 BED	3 BED	NO. UNITS	GROSS AREA
LEVEL 1					
LEVEL 2	19	33	12	64	68,000 SF
LEVEL 3	18	35	12	66	68,000 SF
LEVEL 4	19	35	12	66	68,000 SF
LEVEL 5	19	35	12	66	68,000 SF
	76	138	48	262	259,500 SF



PROGRAM UNIT MATRIX



FIFTH FLOOR PLAN

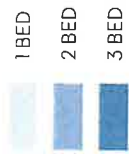
FOURTH FLOOR PLAN

THIRD FLOOR PLAN

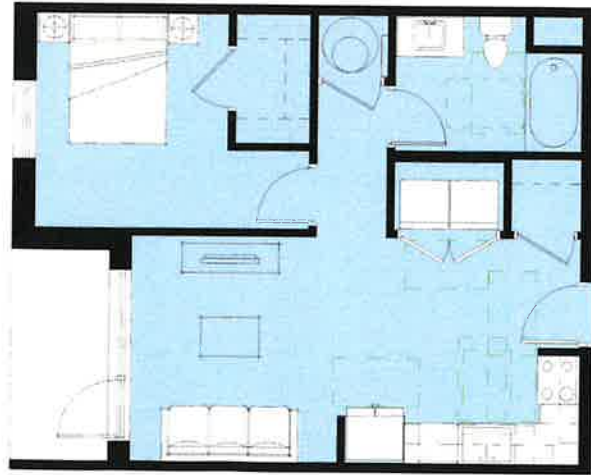
SECOND FLOOR PLAN

FIRST FLOOR PLAN

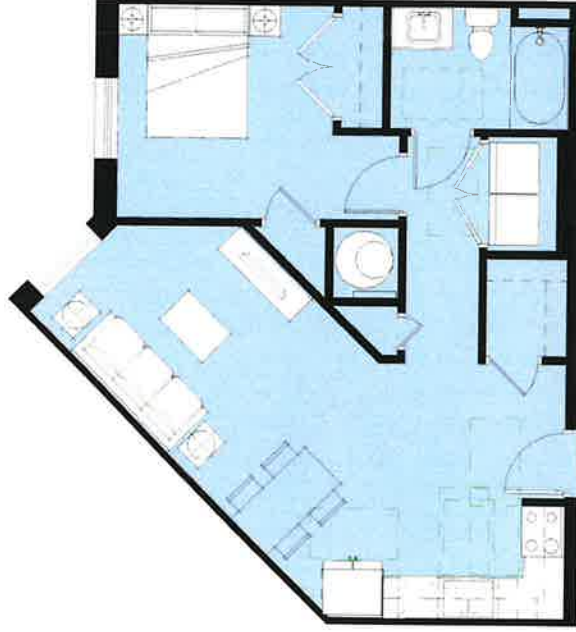
	1 BED 258 PARKING (12 UNCOVERED + 60 COMPACT + 186 REGULAR)	2 BED	3 BED	NO. UNITS	GROSS AREA
LEVEL 1					
LEVEL 2	19	33	12	64	87,500 SF
LEVEL 3	18	35	12	66	88,000 SF
LEVEL 4	19	35	12	66	88,000 SF
LEVEL 5	19	35	12	66	88,000 SF
	76	138	48	267	359,500 SF



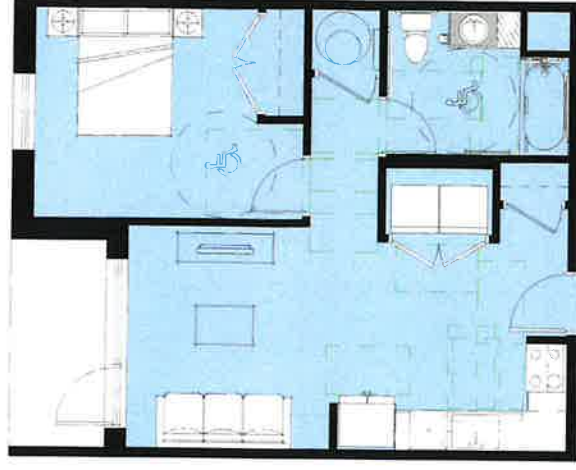
TYPICAL UNIT PLAN | ONE BEDROOM



ONE BEDROOM TYPE 1A | 655 SF



ONE BEDROOM TYPE 1B | 688 SF



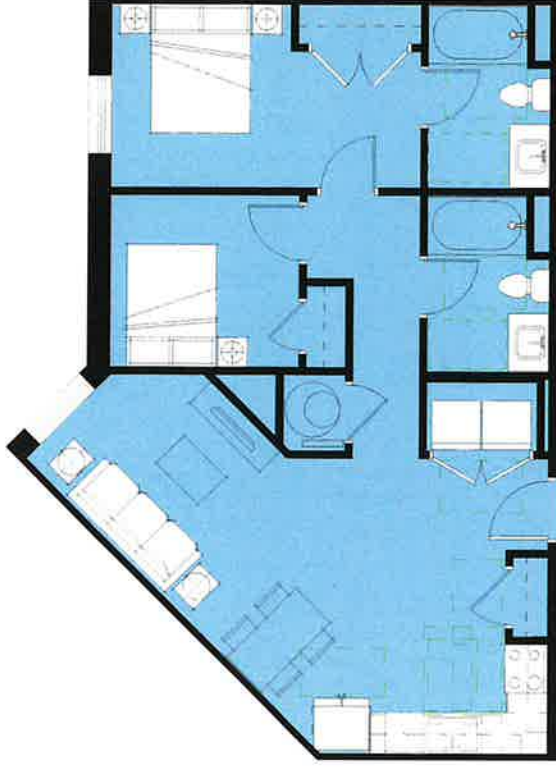
ONE BEDROOM TYPE 1A ADA | 655 SF

UNIT SF = MEASURED FROM CENTER LINE OF
DEMISING WALL TO CENTER LINE OF DEMISING
WALL BY OUTSIDE OF SHEATHING ON THE EXTERIOR
WALL TO CORRIDOR SIDE OF STUD ON THE
INTERIOR WALL. EXCLUDES PATIOS AND BALCONIES

TYPICAL UNIT PLAN | TWO BEDROOM



TWO BEDROOM TYPE 2A | 865 SF



TWO BEDROOM TYPE 2B | 881 SF

UNIT SF = MEASURED FROM CENTER LINE OF
DEMISING WALL TO CENTER LINE OF DEMISING
WALL BY OUTSIDE OF SHEATHING ON THE EXTERIOR
WALL TO CORRIDOR SIDE OF STUD ON THE
INTERIOR WALL. EXCLUDES PATIOS AND BALCONIES

TYPICAL UNIT PLAN | TWO BEDROOM



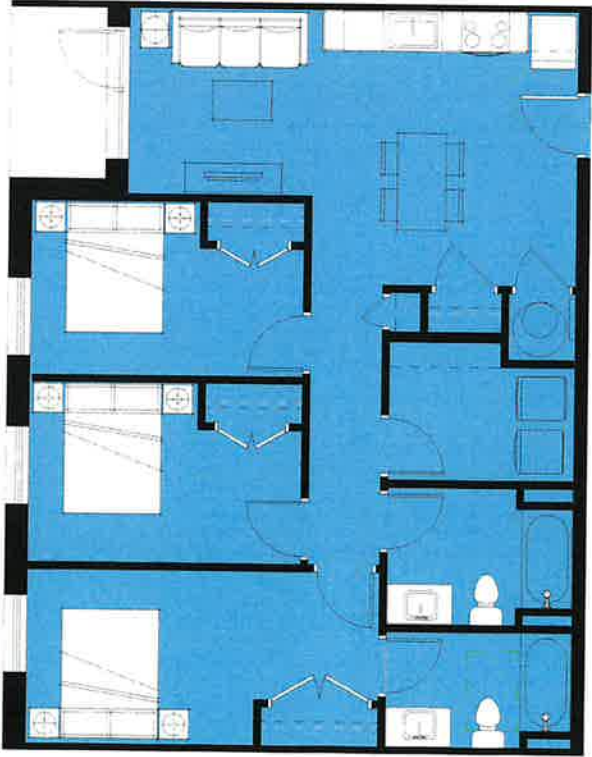
TWO BEDROOM TYPE 2C | 876 SF



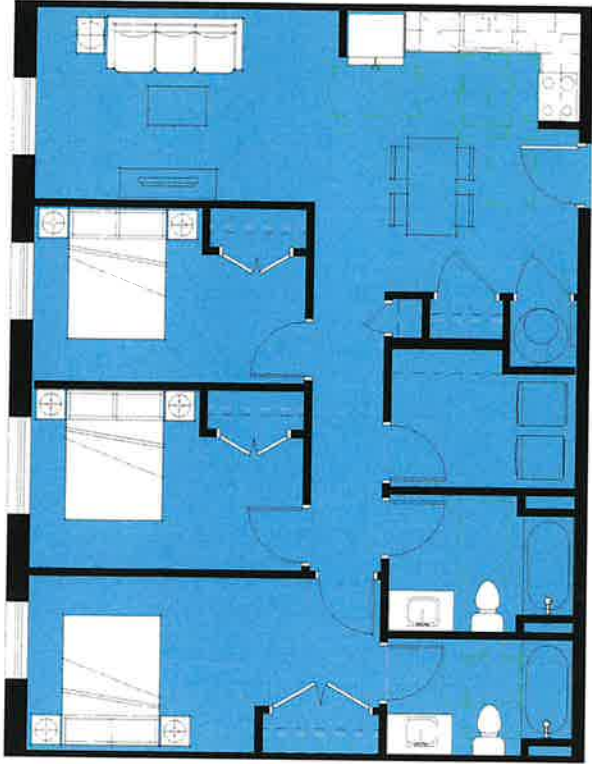
TWO BEDROOM TYPE 2C ADA | 876 SF

UNIT SF = MEASURED FROM CENTER LINE OF
DEMISING WALL TO CENTER LINE OF DEMISING
WALL BY OUTSIDE OF SHEATHING ON THE EXTERIOR
WALL TO CORRIDOR SIDE OF STUD ON THE
INTERIOR WALL. EXCLUDES PATIOS AND BALCONIES.

TYPICAL UNIT PLAN | THREE BEDROOM



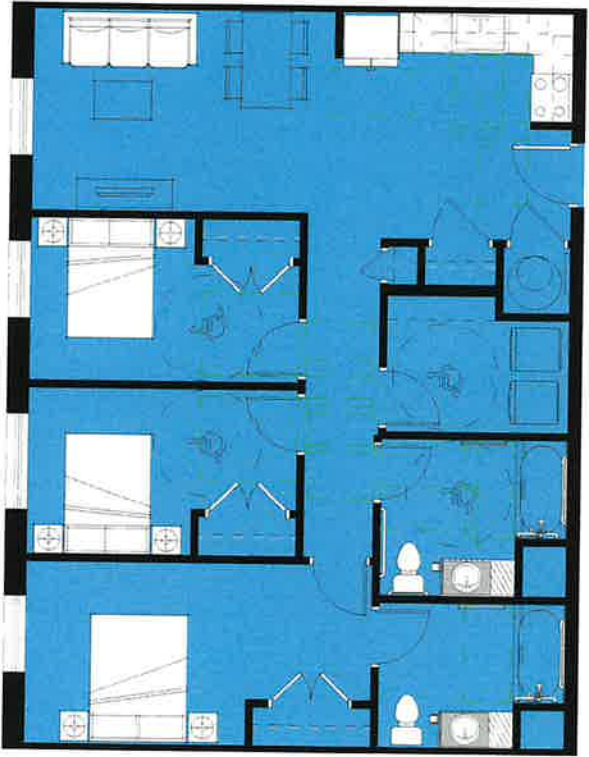
THREE BEDROOM TYPE 3A | 1155 SF



THREE BEDROOM TYPE 3B | 1138 SF

UNIT SF - MEASURED FROM CENTER LINE OF
DEMISING WALL TO CENTER LINE OF DEMISING
WALL BY OUTSIDE OF SHEATHING ON THE EXTERIOR
WALL TO CORRIDOR SIDE OF STUD ON THE
INTERIOR WALL. EXCLUDES PATIOS AND BALCONIES

TYPICAL UNIT PLAN | THREE BEDROOM



THREE BEDROOM TYPE 3B ADA | 1138 SF

UNIT SF = MEASURED FROM CENTER LINE OF
DEMISING WALL TO CENTER LINE OF DEMISING
WALL BY OUTSIDE OF SHEATHING ON THE EXTERIOR
WALL TO CORRIDOR SIDE OF STUD ON THE
INTERIOR WALL. EXCLUDES PATIOS AND BALCONIES.



SOUTH ELEVATION

MATERIALITY

The material palette for emphasizes durability and contextual sensitivity. A sleek grey Hardie board defines the primary facade, with white Hardie board accenting balcony infill areas to create subtle contrast and depth. At the ground level, a warm tan brick base anchors the building and echoes the historic Union Station across the street. The integrated parking garage features a carefully composed mix of brick and perforated metal panels, providing both visual continuity and natural cross ventilation.

Glazing, entry doors, and parking garage perforated metal panel screening collectively achieve a 50% opening on the first floor, contributing to an active and porous pedestrian experience.

- 1 - NICHHA WOOD PANEL
- 2 - TAN BRICK
- 3 - CHARCOAL FIBER CEMENT PANEL
- 4 - LIGHT GREY FIBER CEMENT PANEL
- 5 - PERFORATED METAL SCREENING



NORTH ELEVATION

- 1 NICHHA WOOD PANEL
- 2 TAN BRICK
- 3 CHARCOAL FIBER CEMENT PANEL
- 4 LIGHT GREY FIBER CEMENT PANEL
- 5 PERFORATED METAL SCREENING



WEST ELEVATION



By introducing quality low-income housing into the heart of the city, this project directly supports Fargo's vitality and inclusivity. It brings new residents within walking distance of transit, jobs, and local businesses, helping to sustain a lively, diverse urban core. Thoughtfully designed and contextually grounded, the building contributes to a more equitable and vibrant downtown for all.

EAST ELEVATION

City of Fargo
Application for PILOT or TIF

Contact Information

Primary Contact: David Wesner, David@theannexgrp.com, 317-603-4091, 8680 Edison Plaza Drive, Fishers, IN 46038

General Information

Name and description of Corporation/Partnership: Union Development Holdings III, LLC

Project Location: 304 10th St. N Fargo, ND 58102-4315

Project Description with conceptual plans: *Conceptual Plans Attached* The project involves the new construction of a 262-unit multifamily residential building located at 11 12th St N in Fargo, North Dakota. The five-story structure will feature a ground-floor parking garage with four floors of residential units above, offering a mix of one, two, and three-bedroom apartments.

Propose Schedule:

Notice of Funding 11.1.2025

Permit submission 2.1.2026

Permits Received 5.1.2026

Construction Start – 5.8.2026

Construction Completion/Market Entry – 3.8.28

Project Financials and Financing

Name of Developer: The Annex Group

Ultimate owner of development: Union at the Horizon, LP

Type of Exemption (PILOT – University Mixed-Use, Downtown, Low Income Housing, Mixed-Use Commercial; Tax Increment Financing - Commercial, Downtown, Mixed-Use): Low Income Housing

Dollar request of TIF assistance: N/A

Term of request of PILOT property tax payments: 15 year tax exemption following 5 year Renaissance Zone

Minimum of a 10-Year Proforma: *Attached

Total project cost: \$93,711,019

Hard Capital Costs as defined in the Policy & Guidelines: Total Hard Costs: \$55,954,515 - 15% of Hard Costs: \$8,393,177.25

Contributed equity: \$10,742,250

Loan amount(s) with terms (anticipated rate, first maturity, final maturity): \$38,835,240 - 6.10% interest rate

Number of housing units by type:

1 Bed - 76

2 Bed - 138

3 Bed - 48

Total - 262

Square footage of commercial space: 0 sq. ft

Proposed rents by housing unit types and for commercial space:

1 Bed - \$1,170

2 Bed - \$1,394

3 Bed - \$1,594

Detailed assumptions for any other revenues (e.g. \$100/month/garage space):

Other Income	\$/Unit/Yr
Initial Pet Fees	\$ 150
Monthly Pet Fees	\$ 420
Application Fees	\$ 35
Lease Termination Fees	\$ 150
Late Charge Fees	\$ 400
Damage & Cleaning Fees	\$ 500
Cable/Internet Fees	\$ 22
Other Misc Income	\$ 5
Total Other Income	\$ 328

Many of these fees only apply to a smaller percentage of units (eg 10%-20%) which is why the total is less than what the sum appears. For example, a late charge fee is \$400, but expectation is this only applies to 5% of units per year.

Expenditures broken out by category:

Uses

\$

<i>Total Acquisition Costs (Land/Buildings)</i>	\$	2,800,000
<i>Total Hard Costs</i>	\$	55,954,515
<i>Total Pre Development Due Diligence</i>	\$	170,800
<i>Total Architect & Engineering</i>	\$	1,474,000
<i>Total Legal & Accounting</i>	\$	175,000
<i>Total Third Party Costs</i>	\$	843,000
<i>Total Tax Credit Costs</i>	\$	498,629
<i>Total Bond/Loan Costs</i>	\$	3,575,733
<i>Total Interest & Reserve Costs</i>	\$	13,634,458
<i>Total Sponsor Costs</i>	\$	14,584,885
<i>Total Soft Costs</i>	\$	34,956,504
<i>Total Uses</i>	\$	93,711,019

Extraordinary Costs broken out by cost as defined in the Policy & Guidelines:

Land-related costs:

\$2,800,000.00

Site preparation:

- Phase I ESA
 - \$2,500
- Phase II ESA
 - \$5,000
- Geotechnical Analysis
 - \$9,800
- Survey
 - \$20,500

Infrastructure improvements:

- Sitework
 - \$392,000
- Landscape
 - \$91,700
- Erosion Control
 - \$48,000

- Site Concrete
 - \$151,545
- Stormwater
 - \$137,200
- Oil and Grease Separation Removal
 - \$18,500

Professional services:

- Civil Engineering
 - \$100,000
- Design Fee
 - \$524,000
- Interior Design Fee
 - \$50,000
- Architect
 - \$925,000

Total Amount: \$5,275,745

Important exclusions to note:

Application For Property Tax Incentives For New or Expanding Businesses

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

Project Operator's Application To 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 Central at the Horizon, GP, LLC
2. Address of project 11 12th Street North
City Fargo County Cass
3. Mailing address of project operator 8680 Edison Plaza Drive
City Fishers State IN Zip 46038
4. Type of ownership of project
☐ Partnership ☐ Subchapter S corporation ☐ Individual proprietorship
☐ Corporation ☐ Cooperative ☒ Limited liability company
5. Federal Identification No. or Social Security No. _____
6. North Dakota Sales and Use Tax Permit No. _____
7. If a corporation, specify the state and date of incorporation _____
8. Name and title of individual to contact David Wesner
Mailing address 8680 Edison Plaza Drive
City, State, Zip Fishers, IN, 46038 Phone No. (317)603-4091

Project Operator's Application For Tax Incentives

9. Indicate the tax incentives applied for and terms. Be specific.
☐ **Property Tax Exemption**
_____ Number of years
_____ Percent of exemption
☒ **Payments In Lieu of Taxes**
_____ Beginning year _____ Ending year
_____ 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:
☐ New business project ☐ Expansion of a existing business project

Description of Project Property

11. Legal description of project real property

~~All of Block Forty; all of Lots One, Two, Three, Nine, Ten, Eleven and Twelve, EXCEPT the North Twenty feet of Lot Nine, in Block Thirty-nine; the South One Hundred Thirty feet of the North and South alley (now vacated) in Block Thirty-nine; and the vacated alley between Blocks Thirty-nine and Forty; all in~~

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 Spring 2026

b. Description of project to be constructed including size, type and quality of construction
Central at the Horizon is a 262-unit multifamily development in Fargo, North Dakota. The five-story building features a mix of one-, two-, and three-bedroom units with on-site amenities including a fitness center, indoor play area, and bark park. Designed with durable materials and modern lines, the project

c. Projected number of construction employees during the project construction 1000

14. Approximate date of commencement of this project's operations Spring 2028

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

a. Land \$ 2,800,000.00

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

c. Newly constructed buildings and structures when completed \$ 50,000,000

d. Total \$ 52,800,000

e. Machinery and equipment \$ _____

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 \$ _____

c. Newly constructed buildings and structures when completed \$ 52,800,000

d. Total taxable valuation of property eligible for exemption (Add lines b and c) \$ 2,376,000

e. Enter the consolidated mill rate for the appropriate taxing district 298.01

f. Annual amount of the tax exemption (Line d multiplied by line e) \$ 708,071.00

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).

The project will be the development of 262 residential multifamily housing units.

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

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.

	New/Expansion Project only	New/Expansion Project only	New/Expansion Project only	New/Expansion Project only	New/Expansion Project only
Year (12 mo. periods)	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Annual revenue	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Annual expense	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net income	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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						

Year	(Before project)	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
No. of Employees	(1) <u>0</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	(2) <u>0</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Estimated payroll	(1) <u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	(2) <u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

(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).
The company has received tax incentives on dozens of projects across the country - each varying in scope and scale

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

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

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, David Wesner, 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.

David Wesner

Signature

Vice President of Development

Title

9/8/2020

Date

City of Fargo, North Dakota

Tax Increment Financing Program

“But-For” Report

Central at the Horizon, GP, LLC



November 7, 2025



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Purpose

The purpose of this report is to establish and determine the allowable value of the Renaissance Zone (RZ) property tax exemption and tax increment financing (TIF) (together "Public Assistance") for Central at the Horizon, a development by Central at the Horizon, GP, LLC (the "Developer").

PFM first reviewed the application to ensure that appropriate assumptions regarding property value, rent, vacancy, expenses, and debt were used by the Developer. Based on those assumptions, PFM projected a 10-year cash flow, calculating an internal rate of return ("IRR"). We also made sure the Developer followed the City of Fargo's (the "City") Economic Development Incentives Policies and Guidelines (the "Policy") including the allowable costs and the Developer's calculations for determining the amount of allowable subsidy financing. The following report details PFM's analysis and conclusions concerning the viability of the proposed project without the subsidy.



Project

The project being proposed by the Developer includes the development of a 262-unit low-income multifamily apartment building with enclosed parking located at 11 12th Street North.

The Developer estimates the construction will be completed in Spring 2028 with occupancy immediately following.



Project Financing

The Developer is investing 40.6% equity, or \$36,133,154 through low-income housing tax credits. The other sources of funds will be provided through bank loans and deferred developer fees. The private financings are estimated to be a \$38,774,322 40-year senior lien loan with an estimated interest rate of 6.10% resulting in an annual principal and interest payment of \$2,592,609 and a \$3,000,000 30-year subordinate loan with an estimated interest rate of 2.00% with an annual principal and interest payment of \$133,063. The deferred developer fee will be paid off within 15 years with any net revenues after operating expenses, debt service, and other fees are paid.



Return Analysis

In calculating the internal rate of return, PFM first analyzed the Developer's assumptions including expected monthly rent, vacancy rate, and operating expenses. The Developer is proposing rents of \$1,178 for a one-bedroom unit, \$1,403 for a two-bedroom/two-bath unit, and \$1,603 for a three-bedroom/two-bath unit, which are all equivalent to 60% Area Median Income (AMI) rents. Annual estimates of operating expenses for the 262-unit rental development were provided and are approximately 38% of gross operating income after stabilization.

The second step in determining the internal rate of return is to determine the earned incremental value of the property over a period of time. For this analysis, PFM used 20 years which is the total term of public assistance. That value, along with the net operating income cash flows, was used to calculate the internal rate of return. PFM determined that without Public Assistance the Developer would have about a 4.11% internal rate of return based on a 20-year internal rate of return. The Developer would have about a 5.18% internal rate for 20 years if it received the Public Assistance. Typically, low-income housing developments do not produce high rates of return.

Another measure of feasibility and project viability is the debt coverage ratio. PFM has projected a debt coverage ratio in Year 10 of 1.04x without assistance, with a Year 5 coverage of 0.94x. If the City provided assistance to the project the debt coverage is projected to be 1.28x in Year 10, with a Year 5 coverage of 1.22x. It should also be noted that the Developer is not able to make a payment for the developer fee for the first nine years and will be unable to pay the full amount back within the required 15 years without assistance.

Using PFM's "without assistance" cash flow as the base scenario, PFM ran sensitivity analyses in order to determine if the project would be likely to occur without Public Assistance. For the first sensitivity analysis, PFM analyzed how much project funds would have to decrease in order to produce a reasonable debt coverage ratio and to pay the same amount in developer fees. We also looked at how much the rental rates would have to fluctuate. Lastly, we looked at a combination of the two scenarios. For the sensitivity analyses, we assumed a reasonable debt coverage ratio of 1.20x by year 5.

Sensitivity Scenario 1 – Project Costs

The project would have to be reduced by \$19,095,735 or 25.5% in order for the project to become viable without assistance. This reduces the amount to be financed from \$36,133,154 to \$28,800,312 and reduces the annual payment from \$2,592,609 to \$2,066,455 for the loan. It is unlikely that a reduction in project costs of this magnitude would occur at this stage in the development. In addition, the Developer would still not be able to pay the developer fee back in the required 15 years. PFM estimates that about 60% would be able to be paid back in the 15-year timeframe.

Sensitivity Scenario 2 – Rental Rates

In order for the project to be viable without Public Assistance, the apartment rental rates would have to increase by 16.0%. PFM believes this is a high increase to the Developer's proposed rents. This increases annual rental revenue from \$4,098,391 to \$4,754,760. These rents are well above the 60% AMI the Developer must not exceed. PFM believes the current proposed rents are reasonable rental rates and does not believe an increase this large would occur.

Sensitivity Scenario 3 – Combination of Project Costs and Rental Rates

The final scenario looks at both a reduction of project costs and an increase in apartment rental rates. The analysis showed that project costs would have to be reduced by \$9,095,735 or 10.7% and rental rates would have to increase by 8.0%. Either of these events could occur but may be unlikely to occur together.



The above scenarios show the circumstances in which the project would become viable without Public Assistance. It should also be noted that the rents exceed the previously mentioned 60% AMI and the developers deferred fee would not be able to be paid back within the 15 years. PFM has determined that the project is unlikely to occur “but-for” the Public Assistance.



Project Costs

PFM also analyzed the reasonability of the project costs on a cost per unit basis. PFM first reviewed the cost per unit for recent projects in Fargo that have received public assistance. PFM reviewed four previously approved projects ranging from \$21.6 million to \$35.4 million and the average cost per unit was \$237,527 with a high of \$252,770 and a low of \$210,839. When including the total cost of \$91.1 million, the cost per unit is \$359,144. However, low-income housing projects can include higher costs due to certain costs and fees not associated with traditional multi-family housing projects. Because of this, PFM discounted the total project cost by removing the following costs from the total project cost.

Deferred Developer Fee	\$ 14,568,536
Construction Bond Interest	5,145,833
Construction Interest	6,360,627
Bond Fees	1,066,250
Federal Tax Credit Reservation Fee	435,382
Guarantee Fee	387,743

When removing the above costs and fees, the cost per unit is \$252,410.



Conclusion

The Developer will bear all the risk involved with the project. The Developer is dependent on a number of factors before and after the project is completed, including project costs, occupancy of the buildings, the rental market, and monthly expenses. The base scenario without assistance along with the sensitivity analyses demonstrates that the project would be unlikely to be feasible without assistance.

PFM has calculated that with Public Assistance, and based on the assumptions outlined in this report, a 20-year internal rate of return is estimated to be 5.18%. In addition, the coverage ratio in Year 10 is estimated to be 1.28x. The estimated internal rate of return is appropriate given the risk level for this type of project. Based on the information provided to PFM, the calculated internal rate of return and the coverage requirements, PFM concludes the project would not be feasible without Public Assistance.





Robert W. Wilson
County Administrator

Telephone: 701-241-5770
wilsonro@casscountynd.gov

November 5, 2025

Mr. Jim Gilmour
Strategic Planning Director
City of Fargo
225 4th Street North
Fargo, ND 58102

Re: Updated Cass County Tax Incentive Policy

Dear Jim,

On October 20, 2025, the Cass County Commission approved an update to the County's Tax Incentive Policy. I have attached a copy of the updated policy for your review.

Notable elements of the update include:

- General support as proposed for incentives related to primary sector businesses,
- Support for federally supported low and moderate-income housing incentives,
- Required Commission approval to transfer the remaining portion of the County's portion of an incentive in the case of an ownership change, and
- An encouragement for municipalities to limit 100% abatement/incentives to no more than five years (a term that does not provide an option for county participation.)

One other noteworthy update is the *Timing of County Review* section, as this will represent a change in what the County has previously requested of our municipal partners. Cass County is requesting that incentive applications that include an option of County participation be shared for County Board consideration prior to consideration by the municipality.

If you have questions about the new policy or how this may impact future incentive applications, please feel free to reach out.

Thank you,

Robert W. Wilson
Cass County Administrator

SUBJECT: TAX INCENTIVE POLICY

ADOPTED DATE: OCTOBER 20, 2025

PAGE 1 OF 2

This policy sets forth the criteria under which the Cass County Board of Commissioners may vote affirmatively to participate in tax incentives for new or expanding businesses or developments. This tax incentive policy shall apply to businesses and developments located both within and outside of incorporated municipalities in Cass County, whether the application is received directly by Cass County, or approved and forwarded by an incorporated municipality.

N.D.C.C Chapter 40-05-24 states that if a municipality anticipates granting a property tax incentive for more than five years the impacted county retains the option to participate - or not - in the incentive. This policy recognizes that tax incentives shift a portion of the tax burden between taxpayers in an effort to stimulate economic growth or otherwise promote a public good. For this reason and the limitations to increase tax revenue placed on county governments by the North Dakota State Legislature, the Cass County Commission will generally limit the utilization of tax incentives to the following circumstances:

Primary Sector Businesses:

Recognizing that development and expansion of primary sector businesses (businesses that produce goods or services locally and sell a majority of their products outside the Fargo, West Fargo, Moorhead metropolitan area) represent one of the most direct and impactful ways to grow local economies, the Cass County Commission will generally support applications that promote primary sector business development.

Non-Primary Sector Projects Approved and Forwarded by Municipalities:

The Cass County Commission will encourage municipalities to limit the length of 100% property tax abatements to not more than five (5) years, recognizing that incentives up to five years do not require Cass County Commission approval.

Support for Federally Supported Low and Moderate-Income Housing Programs:

Recognizing Cass County has a shortage of low- and moderate-income housing, the Cass County Commission will support incentive applications that utilize programs such as the Low-Income Housing Tax Credit (LIHTC) program to leverage additional investment in Cass County's housing stock.

Tax Increment Financing (TIF) and Payment in Lieu of Taxes (PILOT) Incentives Not Otherwise Recognized in this Policy:

Tax incentive proposals not aligning within the categories listed in this policy will not be granted for more than 50% of the request. Applications for non-Primary Sector existing facility expansions or remodels will not be considered.

Timing of County Review:

In the case of applications submitted by municipalities requesting County participation, applications should be submitted for County Commission consideration prior to consideration by the originating municipalities' policy board.

Transferability of Incentive:

So long as a county-approved incentive is active on a property, that incentive is not transferable to a new owner without action by the County Commission affirming the transferability of the remaining incentive.

SUBJECT: TAX INCENTIVE POLICY

ADOPTED DATE: OCTOBER 20, 2025

PAGE 2 OF 2

Renaissance Zone Incentives:

Cass County does not support Renaissance Zone incentives beyond five years.

With respect to applications made directly to the County (not originating within a municipality), the Cass County Commission's general goal will be consistency with the incentives described above.

HISTORICAL REFERENCE DATE: JUNE 5, 1995
AUGUST 3, 1998
FEBRUARY 21, 2006
JANUARY 2, 2018

MEMORANDUM

TO: Economic Development Incentive Committee

FROM: Jim Gilmour, Director of Strategic Planning and Research 

DATE: November 17, 2025

SUBJECT: Incentives Reporting

Commissioner Strand placed the attached item on the City Commission agenda. The City Commission referred the item to the Economic Development Incentives Committee.



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John Strand, City Commissioner

Fargo City Hall

225 4th Street North

Fargo, ND 58102-4817

Phone: 701.715.3269 | Fax: 701.476.4136

Email: JStrand@FargoND.gov

www.FargoND.gov

TO: BOARD OF CITY COMMISSIONERS
FROM: CITY COMMISSIONER JOHN STRAND
DATE: NOVEMBER 10, 2025
SUBJECT: TAX INCENTIVE POLICIES

We recently received a report on the Tax Incentive recipients and results of that program. In that report it became clear that there are at least three recipients of tax incentives who have not complied with our request for annual reports back on job creations and wage levels as projected in their applications to receive those tax incentives. There are also some participants who have not fulfilled the level of job creations that they projected to receive the incentives in the first place.

Going forward, in my opinion, it needs to be very clear that compliance in every regard is essential for continuation of the incentives being offered and awarded. Also, we should be requiring reports annually rather than simply requesting them.

Based on that discussion and information presented to the full City Commission I present the following motion:

RECOMMENDED MOTION: The Board of City Commissioners and the Economic Development Incentives Committee require compliance in all regards for companies receiving Tax Incentives, which means reports will be filed annually confirming actual fulfillment of projections of jobs to be created, etc., and timely filing of such reports with the City. If projections that were presented in applications are not fulfilled then those requirements must immediately be addressed and rectified otherwise the incentive should be revisited, retracted and or clawed back. In addition, the City must be diligent in enforcing compliance with companies that are not meeting the thresholds of job creations that they projected in their PILOT applications and those need to be addressed and corrected as per original agreements with the City.

MEMORANDUM

TO: Economic Development Incentives Committee

FROM: Jim Gilmour, Director of Strategic Planning and Research 

DATE: November 18, 2025

SUBJECT: Commercial Redevelopment PILOT

I have again updated the draft of Commercial Redevelopment PILOT Policy which we discussed at the previous last meetings. It is attached for your consideration.

The new Growth Plan encourages more infill development. Growth on the fringe of the city continues to be most common. This policy would be an affirmative step to encourage infill growth as recommended by the Fargo Growth Plan.

The proposed policy is like other City PILOT general policies. This is so the City can address projects with unique characteristics.

Recommended Motion

Recommend adoption of a new PILOT Policy for Commercial Redevelopment

3E. Commercial Redevelopment

The purpose of this policy is to establish the City's position relating to the use of the Payment in Lieu of Taxes (PILOT) for encouraging redevelopment of commercial areas with high vacancies and/or economically obsolete buildings. The fundamental purpose is to encourage developers to redevelop commercial or apartment buildings that are on previously developed sites. Projects should create new development that has some of the following characteristics.

- Higher value and higher density buildings – Evaluate the increase in value per square foot of the site and the increase in the floor area ratio of the site. The value of the per square foot of the city and the floor area ratio of the site should exceed the amounts in other commercial areas.
- Opportunities for economic development – Does the redeveloped site have the potential to attract primary sector businesses and startup businesses? Consider the availability of similar space and the provision of supportive services.
- Mixed use developments with shared parking – Does the site have multiple land uses that will allow for shared parking? Consider if the number of shared parking spaces to be provided allows the number of parking spaces to be below what is provided on other commercial sites.
- Desirable land uses – The proposed land use should be consistent with the Land Development Code and compatible with adjacent land uses.
- Consistent with City plans – The land use must be consistent with plans approved by the City.
- Improved design and public amenities – The design and form of the building should be of a higher standard than required and/or include public amenities.

Applications should not provide an unfair competition to existing development and are subject to a “but for” test to evaluate the need for incentives. The maximum incentive is a 100% PILOT property tax incentive for up to 10 years.

Highlighted text was added since the previous meeting.