

FARGO TAX EXEMPT REVIEW COMMITTEE
Tuesday, October 26, 2021 – 1:00 p.m.
City Commission Chambers, Fargo City Hall

AGENDA

- 1. Approve Tax Exempt Review Committee Meeting Minutes of 10/05/21**
 - a. October 5, 2021 [Page 1-3]
- 2. Report on Tax Increment Financing Districts [Page 4-5]**
- 3. J-Street Properties TIF Request [Page 6-15]**
- 4. Consideration of a Renewal Plan for the NP Avenue Parking Lot [Page 16-18]**

TAX EXEMPT REVIEW COMMITTEE
Fargo, North Dakota

Regular Meeting

Tuesday, October 5, 2021

The September meeting of the Tax Exempt Review Committee of the City of Fargo, North Dakota was held in the City Commission Room at City Hall at 1:00 p.m., Tuesday, October 5, 2021.

The committee members present or absent are:

Present: Dave Piepkorn, Mayor Tim Mahoney, Bruce Grubb, John Cosgriff, Kent Costin, Mike Splonskowski, Erik Johnson, Jim Gilmour, Jackie Gapp

Absent: Levi Bachmeier, Jim Buus, Jessica Ebeling, Joe Raso

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

A motion was made by Mayor Tim Mahoney to approve the minutes from August 24, 2021. John Cosgriff seconded, motion carried.

2021 TRC Draft

Jim Gilmour stated that it was suggested to change the name of the Tax-Exempt Review Committee to the Economic Development Incentives Committee

Dave Piepkorn stated that he supports a name change. He feels it should be positive and not cause confusion.

Ryan Aasheim of the Fargo Moorhead EDC stated that West Fargo has EDAC (Economic Development Advisory Committee) and Moorhead has the EDA (Economic Development Advisory). He is not sure how many people pay attention to the names, and stated he wouldn't be concerned about any confusion.

A motion was made by John Cosgriff to change the name as suggested, Kent Costin seconded, motion carried.

Committee Voting Membership change

- Two (2) staff members moved from voting roles to advisory roles
- Two (2) non-staff voting members to be designated
- Consistency with other City-appointed committees

Kent Costin stated that he and Bruce Grubb would still be involved behind the scenes.

Mayor Tim Mahoney moved to approve staff as suggested, John Cosgriff seconded, motion carried.

New Housing

- Property exempt in 2021 ~ \$79 million

- Two-year exemption on \$150,000
- Builder and home owner eligible

Proposed Changes:

None

Remodeling And Additions

- Property exempt in 2021 ~ \$22 million
- Five-year exemption
- Building must be 25 years old

Proposed Changes:

- Expand exemption from three (3) to five (5) years in buildings 25 – 40 years old
- Building additions outside of downtown would qualify
- Building additions larger than existing building require Committee review

Job Creation PILOT

- 22 projects in the past five (5) years
- Five-year exemption is standard
- 10-year enhanced exemption is available for extraordinary projects

Proposed Changes:

- Exclusive to primary sector businesses
- New scoring system
- Review of safety record
- Additional monitoring requirements
- Reporting requirements

Low Income Housing PILOT

- Six (6) projects in the past five (5) years
 - Low-income housing tax credits

Proposed Changes:

- Financial review by North Dakota Housing Finance Agency replaces review by The City of Fargo

Core Neighborhood PILOT

- One (1) project in the past five (5) years

Proposed Changes:

- Replaces policy that was exclusive to University Mixed Use Zoning
- Longer exemptions will be considered for affordable housing
 - A housing study to identify community needs is pending

Downtown Housing PILOT

- Seven (7) projects in the past five (5) years

Proposed Changes:

- Longer exemptions will be considered for affordable housing
 - A housing study to identify community needs is pending

Brownfield TIF

- Four (4) projects in the past five (5) years

Proposed Changes:

- Now exclusive to “brownfield”, “slum” and “blighted” sites
 - Greenfield applications are no longer considered

Public Private Partnerships (P3)

- Four (4) P3s in the past five (5) years

Proposed Changes:

- This is a new section consistent with past P3 developments
- Plan development must be approved by the Fargo City Commission following a recommendation from the Economic Development Incentives Committee
- Plans must include public facilities, public activities and/or incentives that are essential for the implementation of the plan
- Plans must be consistent with City plans, provide a community benefit and public assistance is essential in order for any development to occur on the site

John Cosgriff moved to approve all changes as proposed, Mayor Tim Mahoney seconded, motion carried.

The meeting was adjourned at 1:47 pm.

MEMORANDUM

TO: Tax Exempt Review Committee

FROM: Jim Gilmour, Director of Strategic Planning and Research

DATE: October 19, 2021

SUBJECT: Report on Tax Increment Financing Districts

The attachment provides information on Tax Increment Financing (TIF) Districts in the City of Fargo. The information includes districts that have closed and current and pending districts.

The first table shows districts that have closed. Property tax revenue is now distributed to all taxing jurisdictions just like all other property tax revenue.

The second table shows TIF districts with completed projects, and TIF revenue is being used to pay for TIF activities. In most instances, the annual TIF revenue is being paid to the developer to reimburse the developer for TIF expenses.

The third table shows three public-private partnership TIF districts. This TIF money is making bond payments for the construction of parking garages. The increments will increase as private development is completed and property tax exemptions expire.

The fourth table shows TIF districts where construction on buildings has not been completed. One project is close to completion, several have not started and one is pending final City Commission approval. The amount of the increment will increase as construction on the buildings is completed.

<u>TIF DISTRICTS - Closed</u>	<u>Base Value</u>	<u>Value of Increment</u>	<u>Total Value</u>
C - 1 Dakota Bank	\$ 2,846,200	\$ 19,960,400	\$ 22,806,600
C - 2 Radisson	\$ 821,200	\$ 15,151,800	\$ 15,973,000
Summit Group	\$ 964,572	\$ 25,114,228	\$ 26,078,800
Section 22 TIF	\$ 347,289	\$ 226,094,311	\$ 226,441,600
Service Oil	\$ 209,000	\$ 13,287,200	\$ 13,496,200
Scatter Site Housing - 2003	\$ 570,133	\$ 1,503,267	\$ 2,073,400
Scatter Site Housing - 2004	\$ 645,222	\$ 1,685,278	\$ 2,330,500
Roers - Stop n Go	\$ 1,408,400	\$ 13,967,000	\$ 15,375,400
Fayland	\$ 102,000	\$ 62,444,700	\$ 62,546,700
East Bridge Apartments	\$ 488,800	\$ 4,651,900	\$ 5,140,700
Shotwell Commons	\$ 462,444	\$ 6,201,556	\$ 6,664,000
914 LLC, Weston	\$ 195,000	\$ 2,443,100	\$ 2,638,100
	<u>\$ 9,060,260</u>	<u>\$ 383,860,084</u>	<u>\$ 392,262,900</u>

<u>TIF DISTRICTS - Current</u>	<u>Base Value</u>	<u>Value of Increment</u>	<u>Total Value</u>
Great Northern Depot	\$ 284,700	\$ 1,139,500	\$ 1,424,200
Horse Park	\$ 86,040	\$ 14,201,960	\$ 14,288,000
Bdwy & Bristol	\$ 408,100	\$ 6,809,100	\$ 7,217,200
Bison Block I	\$ 208,080	\$ 2,424,920	\$ 2,633,000
Bison Crossing	\$ 316,980	\$ 2,068,620	\$ 2,385,600
Bison Block II	\$ 334,140	\$ 3,919,860	\$ 4,254,000
Butler Business Park	\$ 2,117,700	\$ 14,242,500	\$ 16,360,200
710 Lofts	\$ 163,400	\$ 1,672,400	\$ 1,835,800
Junction 9 Apartments	\$ 1,011,000	\$ 1,625,800	\$ 2,636,800
TOTAL	<u>\$ 4,930,140</u>	<u>\$ 48,104,660</u>	<u>\$ 53,034,800</u>

<u>RZ & P3 TIF DISTRICTS</u>	<u>Base Value</u>	<u>Value of Increment</u>	<u>Total Value</u>
Roberts Street Parking	\$ 236,000	\$ 1,076,000	\$ 1,312,000
Block 9	\$ 4,367,089	\$ 26,530,011	\$ 30,897,100
Mercantile Parking	\$ 1,576,300	\$ 10,795,600	\$ 12,371,900
	<u>\$ 6,179,389</u>	<u>\$ 38,401,611</u>	<u>\$ 44,581,000</u>

<u>TIF DISTRICTS - In Progress</u>	<u>Base Value</u>	<u>Value of Increment</u>	<u>Total Value</u>
Newman - Roers	\$ 449,000	\$ 2,114,000	\$ 2,563,000
Newman - Neighborhood	\$ 533,000	\$ 4,399,000	\$ 4,932,000
Riverfront	\$ 63,200,000	\$ (2,392,900)	\$ 60,807,100
Oak Grove Housing	\$ 1,054,500	\$ -	\$ 1,054,500
Brewhalla	\$ 309,000	\$ -	\$ 309,000
K-Mart Site (pending)	\$ 5,215,600	\$ -	\$ 5,215,600
	<u>\$ 70,761,100</u>	<u>\$ 4,120,100</u>	<u>\$ 74,881,200</u>

October 20, 2021

Jim Gilmour, Dir. of Strategic Planning & Research
City of Fargo
225 4th St. N.
Fargo, ND 58102

RE: TIF Application
J-Street Flats
Fargo, ND

Mr. Gilmour:

On behalf of J-Street Properties, LLC, we offer this Application for Tax Increment Financing Assistance for our proposed J-Street Flats Multi-Family project to be located at 1418 1st Ave. N., the former Woodchuck building which was damaged beyond repair by a recent fire.

Contact Information

Kevin Bartram
505 N. Broadway
Fargo, ND 58102
(701) 235-5563
kbartram@mbapc.com

Mark Bjornstad
1666 1st Ave. N.
Fargo, ND 58102
(701) 540-6608
mark@drekkerbrewing.com

General Information

- Owner
J-Street Properties, LLC
- Project Location
1418 1st Ave N & 19 14 ½ St N
Fargo, North Dakota
- Project Description & Conceptual Plans
90 unit, 4-story multi-family project with enclosed parking for 92 vehicles plus additional surface parking for 21 vehicles. Project will also include a request to pave 14-½ Street and part of NP Avenue, both of which are currently gravel surfaces.

Conceptual plans are attached.

- Proposed Schedule
Begin construction in Spring, 2022 with completion scheduled for Summer 2023. Demolition of the existing on-site structure will begin in late Winter depending on the status of this TIF Application.

Project Financials & Financing

- Developer & Ultimate Owner of Property
J-Street Properties, LLC
- Type of Project
Multi-Family site re-zoned to DMU with conditional overlay
- Dollar request of TIF assistance
Approximately \$1.25M
- 10 year Proforma
Proforma is currently being finalized
- Total Project Cost
Approximately \$14.75M
- Hard Capital Costs
Approximately \$12.5M
- Contributed Equity
Approximately \$3.0M
- Loan Amounts with Terms
Final loan package still being finalized.
Anticipated terms are 3.50 – 3.75% fixed for 5 years with a 20 year term.
- Number of Housing Units
(57) 1-BR Units-various plans
(24) 2-BR Units-various plans
(9) 3-BR Units-various plans
(90) units Total.
- SF of Commercial Space
None; project includes enclosed parking for 92 vehicles on 1st floor and amenity spaces (fitness, community room, lounge spaces)
2nd – 4th floors and a 5th floor roof terrace.
- Proposed Rents
1-BR units - \$ 950 - \$1,075/mo.
2-BR units - \$1,250 - \$1,350/mo.
3-BR units - \$1,500 - \$1,700/mo.

Rents include all utilities, parking costs & in unit laundry.
- Additional Revenues
Commissions from TV / Internet provider of \$2 – 4/ unit/mo.

- Expenditures
 - Land Cost \$ 1,075,000
 - Construction Cost 11,850,000
 - Architecture/Engineering 800,000
 - Financing 200,000
 - Developer Fee 500,000
 - Contingency 325,000
 - \$ 14,750,000

 - Extraordinary Costs
 - Land \$ 1,075,000
 - Building Demolition \$ 333,500
 - Environmental Unknown (Phase 1 underway)
 - Public Works \$ 125,000
- * All of these costs are subject to revision depending on details from the Phase 1 & possible Phase 2 environmental reports.

Please let us know if there are any questions or if additional information is required.

Sincerely,



Kevin J. Bartram

KJB/tjs

**J STREET
FLATS**
1418 1st Ave. N.

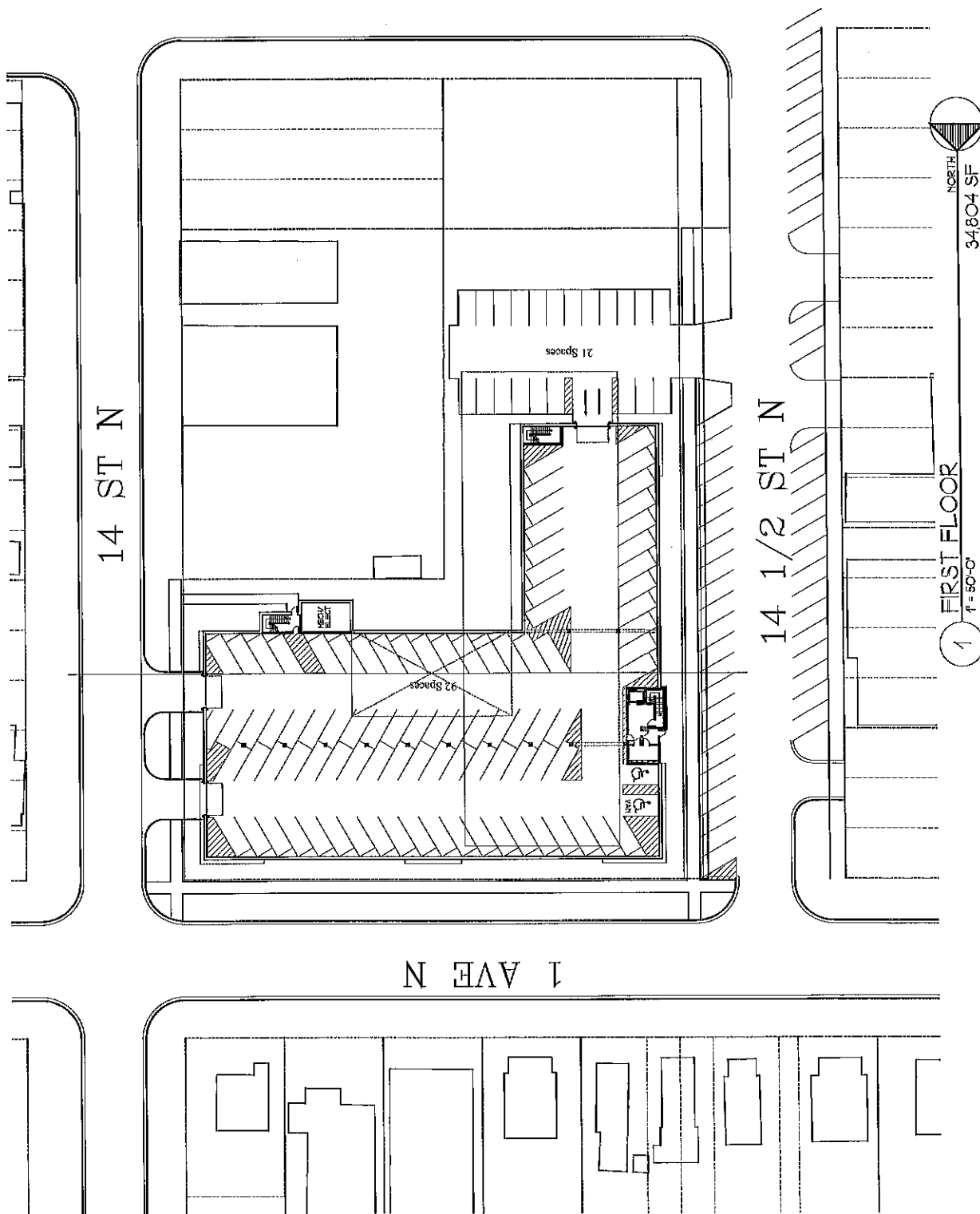
Fargo, North Dakota

MBA

MUTCHLER BARTRAM ARCHITECTS, P.C.
505 N. Broadway, Suite 201, Fargo, North Dakota 58102
Phone: 701-225-5563 | info@mbapc.com | Fax: 701-225-5435

SITE PLAN

Case No.	Case Name	Case Number	Case Date
1	10-10-10	10-10-10	10-10-10
2	10-10-10	10-10-10	10-10-10
3	10-10-10	10-10-10	10-10-10
4	10-10-10	10-10-10	10-10-10
5	10-10-10	10-10-10	10-10-10
6	10-10-10	10-10-10	10-10-10
7	10-10-10	10-10-10	10-10-10
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69	10-10-10	10-10-10	10-10-10
70	10-10-10	10-10-10	10-10-10
71	10-10-10	10-10-10	10-10-10



J STREET
FLATTS
1418 1st Ave. N.

Fargo, North Dakota

M|B|A

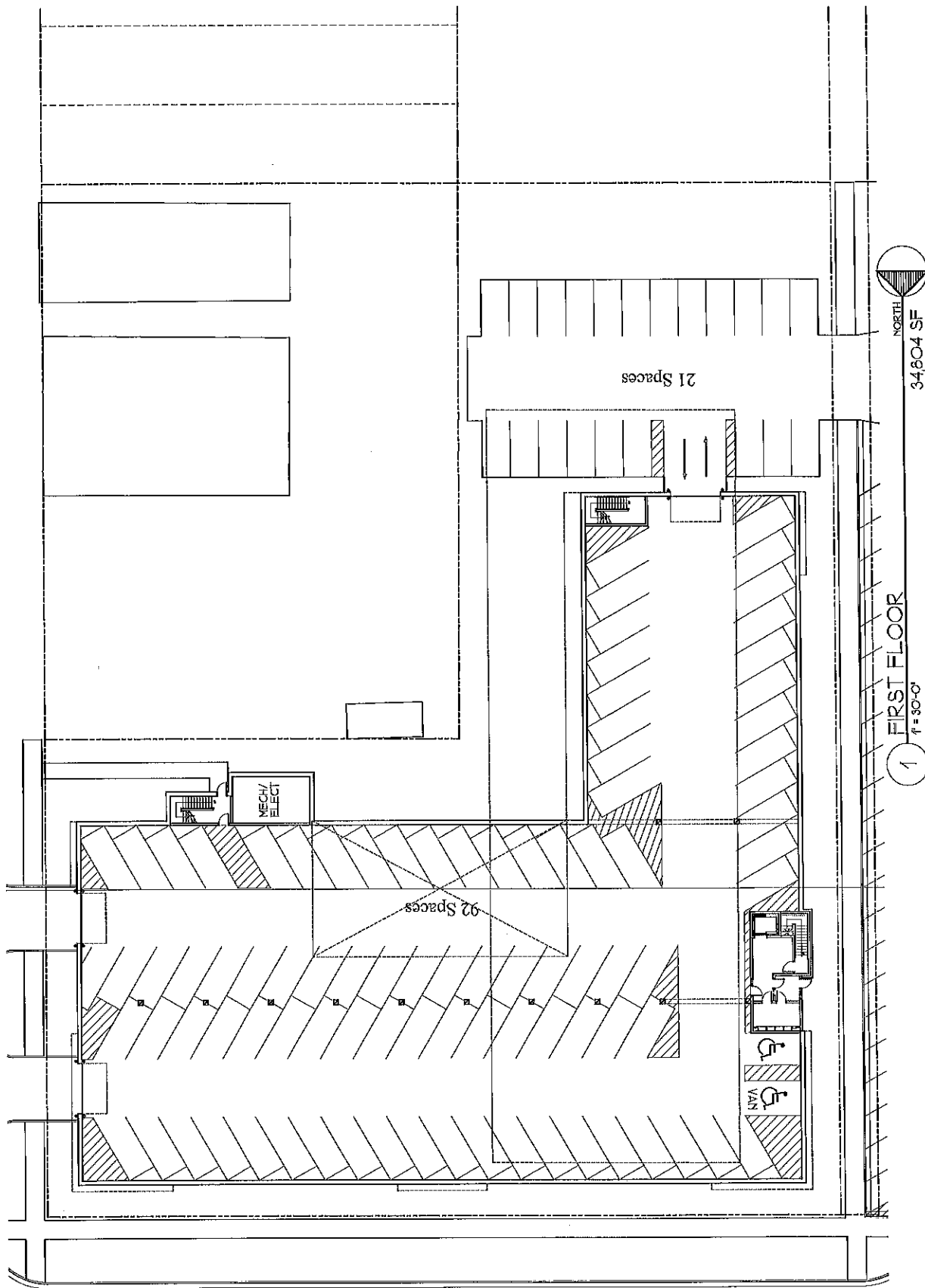
MUTCHLER BARTRAM ARCHITECTS P.C.
205 N. Broadway, Suite 201, Fargo, North Dakota 58102
Phone: 701-255-8851 | info@mba.com | Fax: 701-255-9435

FIRST FLOOR PLAN

She: 525001

Project Number: 2008

A3.1



34804 SF

1 FIRST FLOOR
1' = 30'-0"

J STREET
FLATS
1418 1ST AVE. N.

FARGO, NORTH DAKOTA

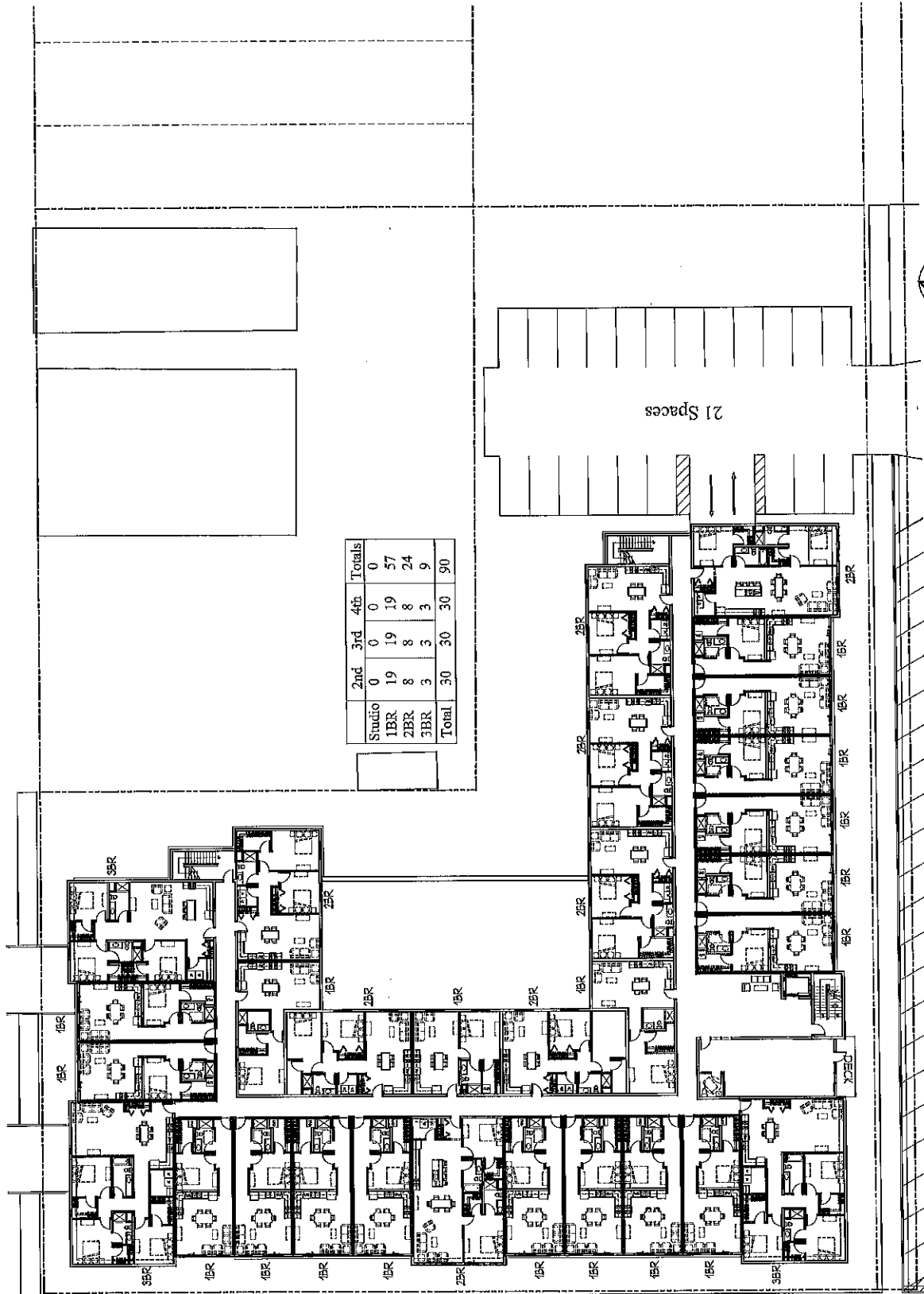


MITCHIE RATHBAM ARCHITECTS, P.C.
200 N. Broadway, Suite 201, Fargo, North Dakota, 58102
Phone: 701.233.5565 | info@mitchie.com | Fax: 701.233.5485

SECOND FLOOR PLAN

Doc: 20-03-24 Project Number: 20016

A3.2

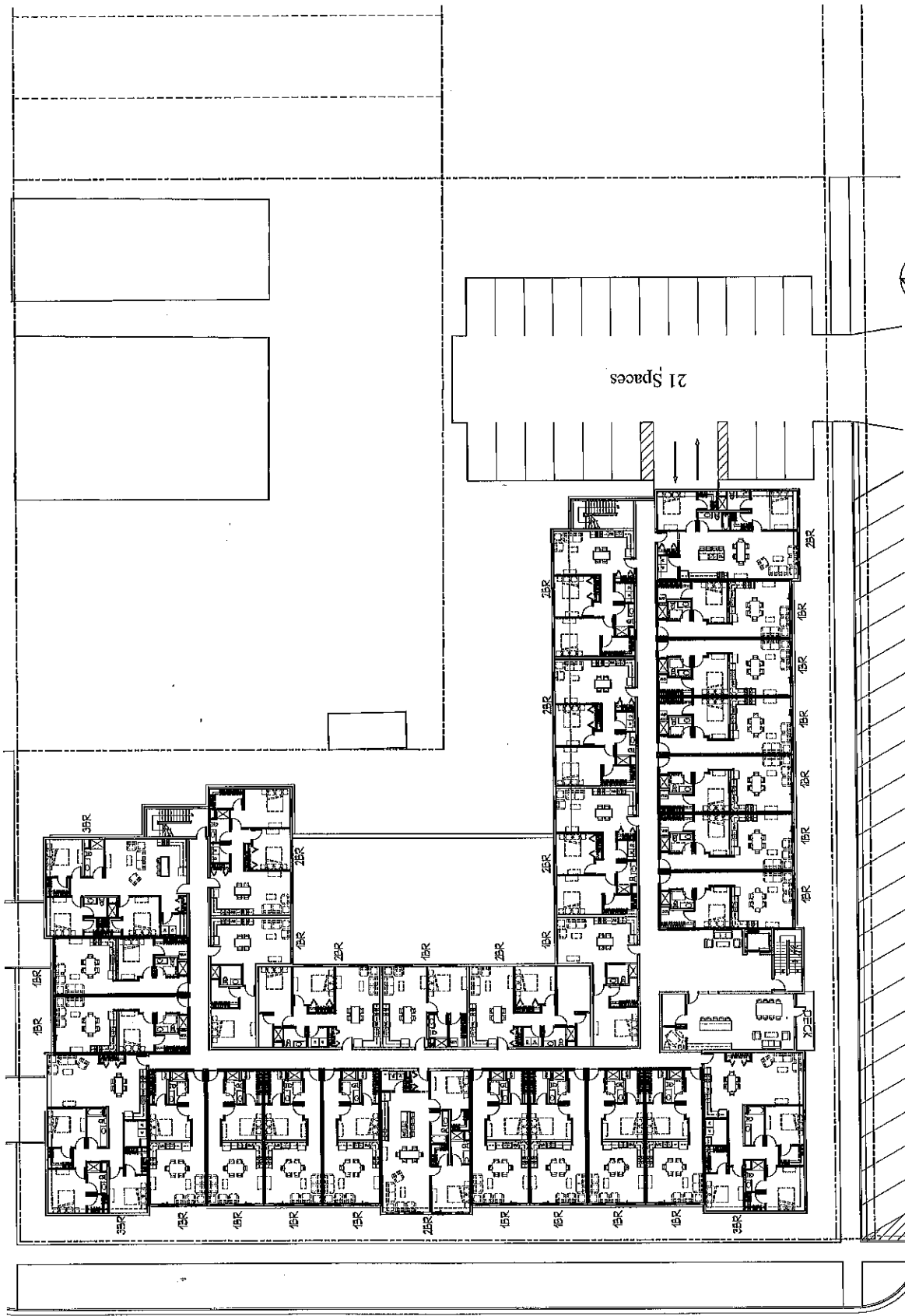


	2nd	3rd	4th	Totals
Studio	0	0	0	0
1BR	19	19	19	57
2BR	8	8	8	24
3BR	3	3	3	9
Total	30	30	30	90



32,304 SF

1 SECOND FLOOR PLAN
1" = 30'-0"



J STREET
FLATS
1418 1ST AVE. N.

FARGO, NORTH DAKOTA

M|B|A

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THIRD FLOOR PLAN

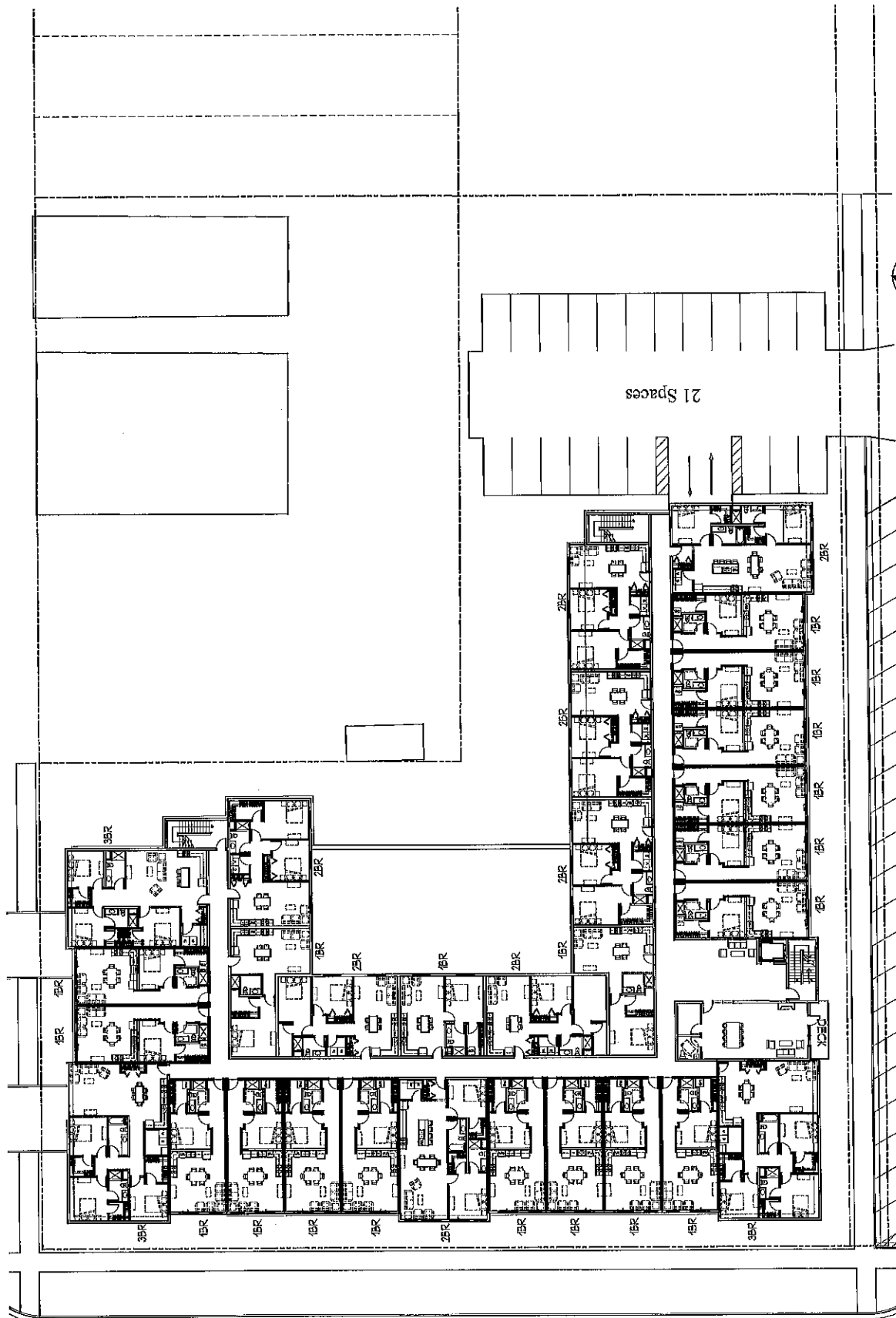
Rev: 05-20-21 Project Number: 20038

A3.3



32,304 SF

1 THIRD FLOOR PLAN
1" = 30'-0"



J STREET
FLATTS
1418 1ST AVE. N.

FARGO, NORTH DAKOTA

M | B | A

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523 N. Broadway, Suite 201, Fargo, North Dakota, 58102
Phone: 701-235-5565 | info@mba.com | Fax: 701-235-5485

FOURTH FLOOR PLAN

Proj. #2024- Project Name - 2025

A3.4



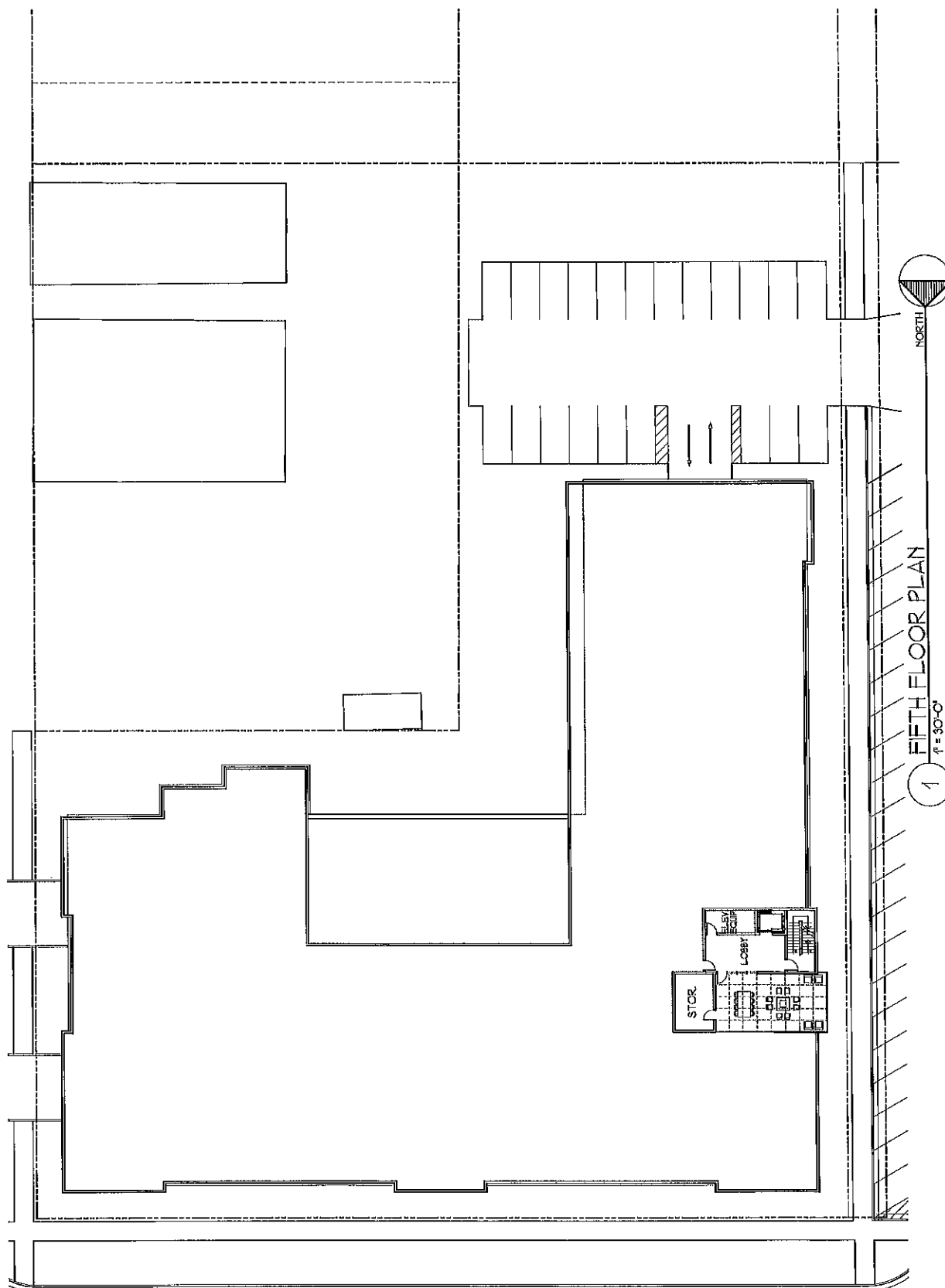
32,304 SF

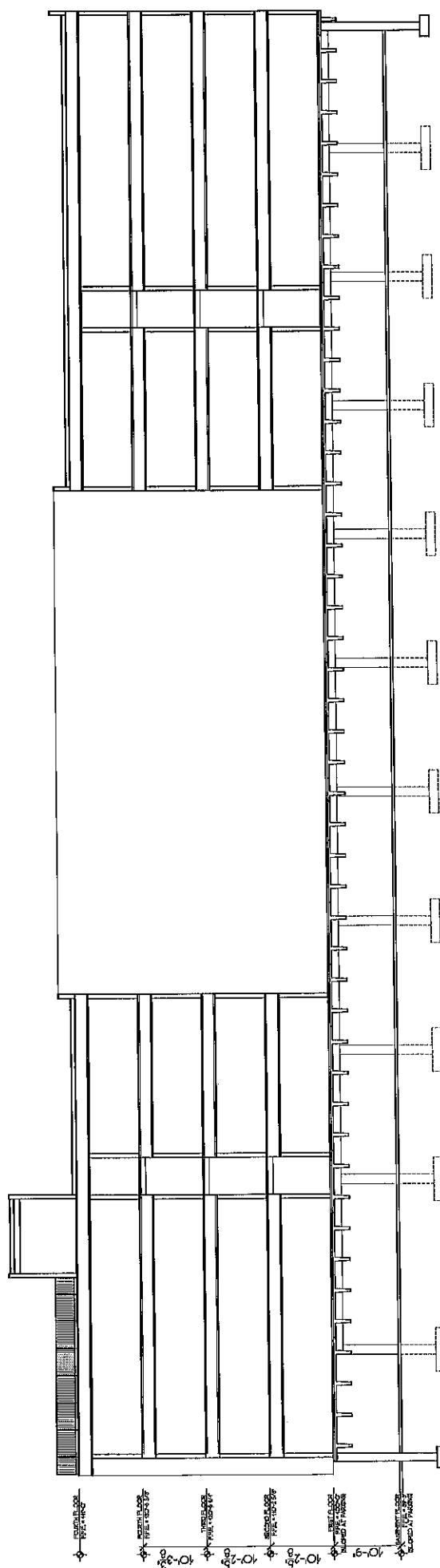
FOURTH FLOOR PLAN

4' = 30'-0"

1

FIFTH FLOOR PLAN





1 BUILDING SECTION
1/16" = 1'-0"

MEMORANDUM

TO: Tax Exempt Review Committee

FROM: Jim Gilmour, Director of Strategic Planning and Research

DATE: October 19, 2021

SUBJECT: Downtown Redevelopment – NP Avenue Public Private Partnership

I have had discussions with Randy Thorson at Global Development about a public private partnership to develop the surface parking lots along NP Avenue into a mixed-use development similar to Roberts Commons and Mercantile.

The site is now a surface parking lot operated by the City of Fargo. Global Development owns the eastern portion of the parking lot and the City of Fargo owns the western portion. There are about 250 parking spaces in the lot.

Global Development is in the process of remodeling the Old Broadway building and making plans to redevelop the building to the south into an events center and/or hotel. Parking for this redevelopment could be provided in an adjacent mixed-use development, instead of using existing surface parking.

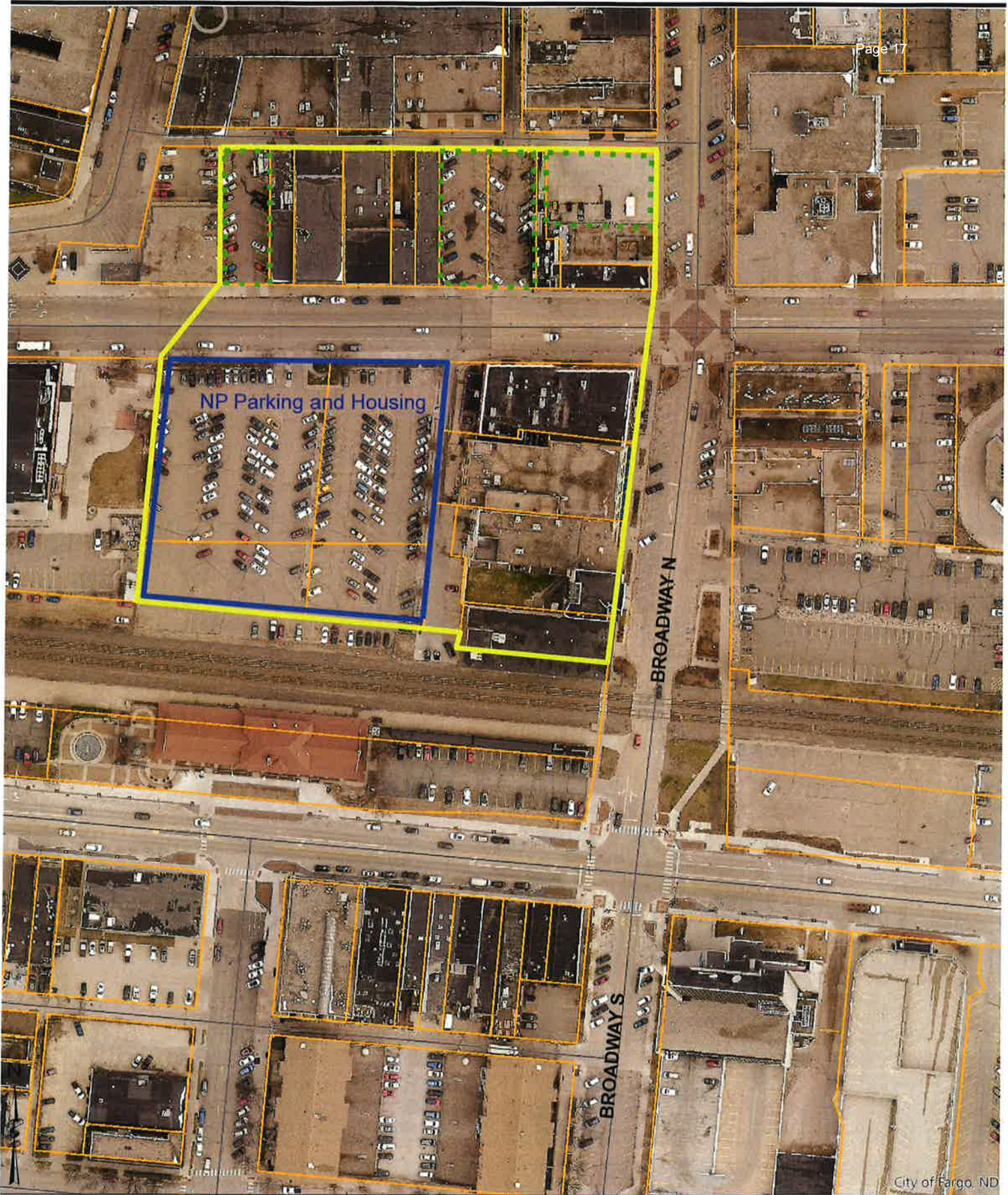
The concept for redevelopment of the surface parking includes the following uses:

- Main floor commercial space along NP Avenue
- 150 to 200 housing units
- Parking garage with 500-600 parking spaces

The mixed-use developments have allowed for better utilization of structured parking. Parking is used evenings and overnight by hotel guests, event attendees and apartment residents. During the day, downtown workers and shoppers use the parking.

There is also the potential for development on the north side of NP Avenue that could utilize this parking. A development group has acquired surface parking at 54-56 Broadway. Barnick family members own and operate surface parking on three parcels on the north side of NP Avenue that could become development sites in the future.

This public-private redevelopment is in the early stages of feasibility analysis. At this point, the recommendation is to have staff work with private developers to draft a renewal plan for the redevelopment of surface parking in the 600 block of NP Avenue.



City of Fargo, ND

These data are provided on an "AS-IS" basis, without warranty of any type, expressed or implied, including but not limited to any warranty as to their performance, merchantability, or fitness for any particular purpose.

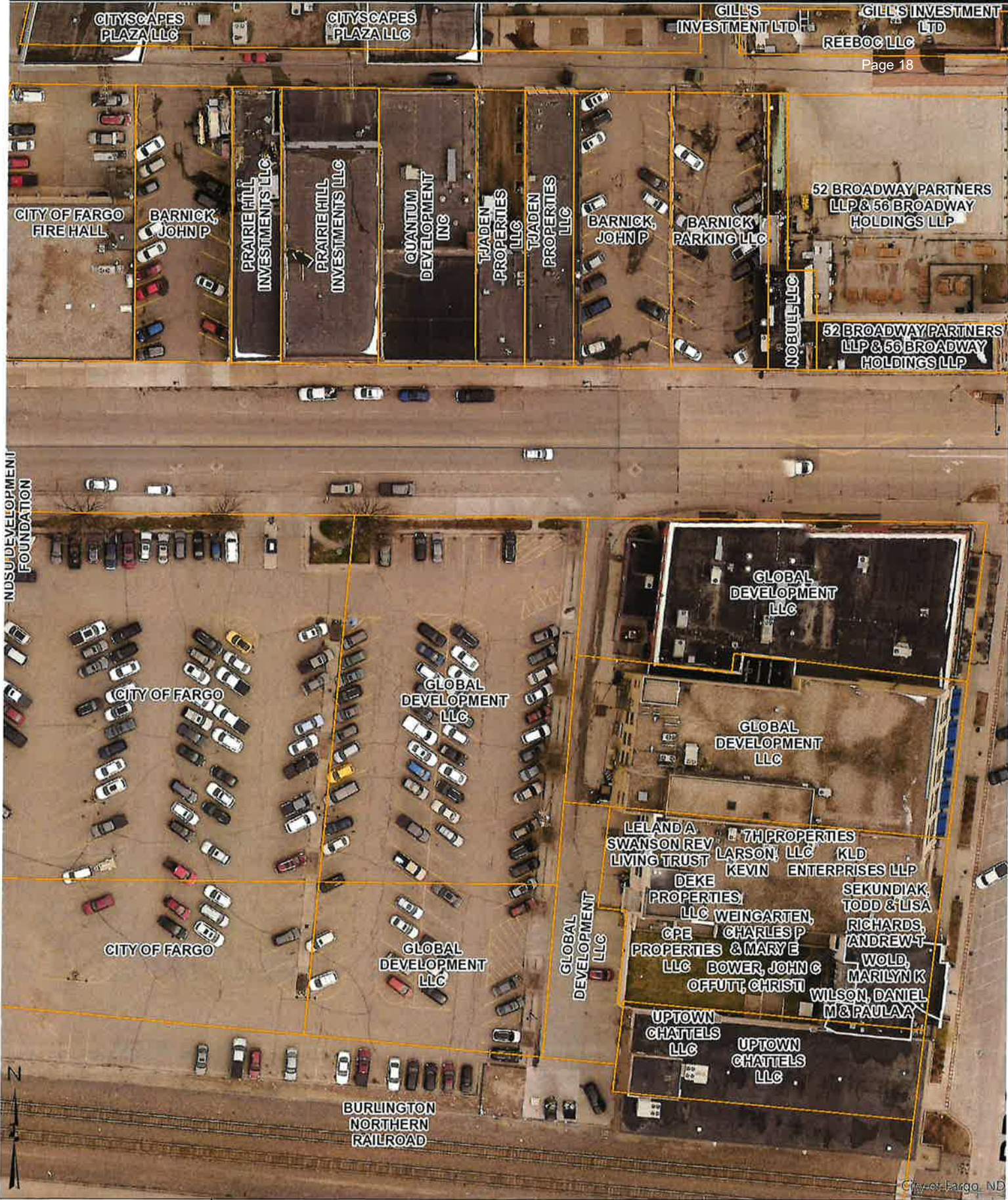
NP Redevelopment

1:2,257

10/15/2021 11:05 AM

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

THE CITY OF
Fargo
FAR MORE



These data are provided on an "AS-IS" basis, without warranty of any type, expressed or implied, including but not limited to any warranty as to their performance, merchantability, or fitness for any particular purpose.

NP Avenue	
1:1,128	10/18/2021 10:50 AM
This map is not a substitute for accurate field surveys or for locating actual property lines and any adjacent features.	