

PROPERTY TAX INCENTIVE APPLICATION FOR

J-STREET PROPERTIES, LLC

(Jim Gilmour)

SUGGESTED MOTION:

Move to participate in the request for a Tax Increment Finance (TIF) in the City of Fargo submitted by J-Street Properties, LLC to assist with the redevelopment and construction of an apartment building located at 1418 1st Avenue North for up to a twelve-year period.

OR

Move to **NOT** participate in the request for a Tax Increment Finance (TIF) in the City of Fargo submitted by J-Street Properties, LLC to assist with the redevelopment and construction of an apartment building located at 1418 1st Avenue North for up to a twelve-year period.

OR

Move to **NOT** participate in the request for a Tax Increment Finance (TIF) in the City of Fargo submitted by J-Street Properties, LLC to assist with the redevelopment and construction of an apartment building located at 1418 1st Avenue North for up to a twelve-year period and to negotiate the terms of the property tax incentive as described in N.D.C.C Chapter 40-05-24.



RECEIVED
CASS COUNTY COMMISSION

MAR 04 2022

ADMINISTRATION DEPARTMENT

March 2, 2022

Rick Steen, Chairman
Cass County Commission
211 9th St. S.
Fargo, ND 58103

Mr. Steen,

According to N.D.C.C. Chapter 40-05-24, if the City of Fargo anticipates granting a property tax incentive for more than five years, the Chairman of the County Commission must be notified by letter. Within 30 days of receipt of the letter, the County Commission shall notify the City of Fargo whether they intend to participate in the incentive. If the City does not receive a response, the County must be treated as participating.

The City of Fargo has received an application for up to \$1.3 million of Tax Increment Financing (TIF) funds to assist with the redevelopment of the a site at 1418 1st Avenue North. A warehouse on the property was destroyed by fire in 2020. The project will be a 90-unit apartment building with parking on the main floor level.

The incentive would be granted in the form of a TIF note that would repay the developer from TIF property taxes for approved TIF costs. The TIF request is for extraordinary costs to make the site suitable for development. These include:

- Demolition, Soil Correction and Remediation
- Land Acquisition/Write Down
- Legal and TIF Fees

TIF costs are estimated at \$1.3 million for the developer and \$275,000 for construction of City infrastructure. The period of the TIF district is anticipated to be 12 years after project completion. The property within the proposed district now has a value of \$319,000. The value of the completed project is estimated at over \$12 million.

Please respond at your earliest convenience with the determination made by the County regarding the participation.

Feel free to contact me with any questions or concerns.

Jim Gilmour
Director of Strategic Planning and Research

CC: Robert Wilson



MEMORANDUM

**TO: FARGO PUBLIC SCHOOL DISTRICT
FARGO PARK DISTRICT
CASS COUNTY**

FROM: JIM GILMOUR, STRATEGIC PLANNING DIRECTOR

DATE: MARCH 1, 2022

SUBJECT: RENEWAL PLAN AND TAX INCREMENT FINANCING DISTRICT

There will be a public hearing on a proposed renewal plan and development agreement at 5:15 p.m. Monday, March 7, 2022 in the City Commission Room at Fargo City Hall.

Below is a summary of the renewal plan and development agreement. In addition, the renewal plan is attached for your review.

J-Street Apartments – This agreement would provide up to \$1.3 million of Tax Increment Financing (TIF) funds to assist with the redevelopment of the a site at 1418 1st Avenue North. A warehouse on the property was destroyed by fire in 2020. The project will be a 90-unit apartment building with parking on the main floor level. TIF funds of up to \$1.3 million would be used for land acquisition, demolition and site cleanup, public works improvements and administration. The City may also use TIF funds for constructing NP Avenue between 14th and 14½ Street.

The property now pays about \$4,500 a year in property taxes. The increased value should increase the taxes to \$175,000 a year, creating a tax increment of \$170,500 a year. It is anticipated the development will be completed within two years, and that costs should be fully paid after another 12 years. The estimated annual tax increment by taxing jurisdiction is \$88,660 for the School District, \$29,000 for the County and \$19,500 for the Park District.

If you have any questions or concerns, please feel free to contact Jim Gilmour at 701-241-1476 or JGilmour@FargoND.gov.

RENEWAL PLAN
TAX INCREMENT FINANCING DISTRICT NO. 2021-04
CITY OF FARGO, NORTH DAKOTA
NOVEMBER 2021

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RENEWAL PLAN FOR TAX INCREMENT DISTRICT NO. 2021-04

Subsection 1.1. Definitions

For the purposes of the Renewal Plan, the following terms shall have the meanings specified below, unless the context otherwise requires:

“City” means the City of Fargo, a municipal corporation under the laws of the State of North Dakota.

“City Commission” or “Commission” means the Fargo City Commission.

“Comprehensive Plan” means the City's Go2030 Comprehensive Plan, including the objectives, policies, standards and programs to guide public and private land use, development, redevelopment and preservation for all lands and water within the City as and when such plan is adopted and finalized.

“County” means Cass County, North Dakota.

“Development” means the construction of new buildings, structures or improvements; the demolition, alteration, remodeling, repair or reconstruction of existing buildings, structures or improvements; the acquisition of equipment; and the clearing and grading of land on industrial or commercial property in the Renewal Area.

“Renewal Area” means the property described in Subsection 1.4 of this Plan.

“Renewal Plan” or “Plan” means this Plan adopted by the Commission for the Renewal Area.

“State” means the State of North Dakota.

“Tax Increment Financing Act” or “TIF Act” means North Dakota Century Code, Section 40-58-20, as amended.

“Tax Increment Bonds” means any general obligation or revenue tax increment bonds or notes issued by the City to finance the public costs associated with the TIF District as stated in this Plan, or any obligations issued to refund the Tax Increment Bonds.

“Tax Increment Financing District” or “TIF District” means Tax Increment Financing District No. 2021-04.

“Urban Renewal Law” means North Dakota Century Code, Chapter 40-58.

Subsection 1.2. Statutory Authority

The creation of the Renewal Area and the establishment of Tax Increment Financing District No. 2021-04 are authorized by the Urban Renewal Law. Specifically the creation of the Renewal Area is authorized under North Dakota Century Code, Sections 40-58-01.1(7) and (14), which provide that the local governing body may designate industrial or commercial property, a slum or

blighted area, or combination of these properties as appropriate for a development or renewal project.

The Urban Renewal Law provides that communities develop a “workable program” for the use of public and private resources to facilitate the development of industrial or commercial properties, eliminate and prevent the development or spread of slums and urban blight, encourage needed urban rehabilitation, provide for the redevelopment of slum and blighted areas, or undertake these activities or other feasible municipal activities as may be suitably employed to achieve the objectives of the workable program. North Dakota Century Code, Section 40-58-04.

Subsection 1.3. Statement of Public Purpose

In adopting the Renewal Plan for TIF District No. 2021-04, the City Commission intends to make the following findings:

- (a) The Renewal Area includes a blighted area.

Factual basis: This Renewal Area is blighted due to the presence of remnants of a warehouse that was destroyed by fire, which substantially impairs the sound growth of a municipality, retards the provision of housing accommodations or constitutes an economic or social liability and is a menace to the public health, safety, morals or welfare in its present condition and use.

- (b) The Renewal Area is the site of remains of a warehouse that was destroyed by fire. A portion of the building is still standing and foundations remain on the site.

Factual basis: The Renewal Area is considered blighted as described in (a) above. Blighted areas are eligible for renewal.

- (c) The Renewal Area is appropriate for a development or renewal project.

Factual basis: The Renewal Area was recently rezoned to allow for housing and other commercial land uses.

- (d) The site is vacant and existing housing will not be affected.

Factual basis: There was no housing on the site in the recent past. The redevelopment will include new housing units.

- (e) The Plan conforms to the Comprehensive Policy Plan for the City as a whole.

Factual basis: The proposed development is consistent with the goals that are embodied in the Go2030 Comprehensive Plan. Specifically, the Fargo Go2030 Comprehensive Plan supports infill and density within areas that are already developed, serviced with utilities and protected by a flood resiliency strategy. The promotion of infill development is the number two-ranked priority of Go2030. The proposed use of the property is consistent with zoning and may encourage additional redevelopment adjacent to the site. The proposed development will use existing infrastructure and other infrastructure can be added as needed.

Subsection 1.4. Description of Renewal Area

The Renewal Area is located two blocks west of the downtown. The site is approximately one and a half acres as legally described in Appendix A. A map of the Renewal Area is attached as Appendix B.

A zoning map of the Renewal Area is attached as Appendix C. Adjacent land uses are primarily commercial and industrial. There is some housing in the vicinity of the site.

The proposed project will be multi-family housing.

The redevelopment plan is attached as Appendix E.

Subsection 1.5. Land Acquisition, Development, Demolition and Removal of Structures, Redevelopment or Public Improvements

The Development of the Renewal Area includes the following activities:

Land Acquisition – The estimated cost is \$1,075,000.

Building Demolition and Hazardous Material Removal – This estimate is for environmental cleanup and demolition. The estimate is \$500,000.

Public Works Improvements – This is the cost for needed improvements for infrastructure to serve the site. This includes streets, streetlights, storm sewer and other public facilities. The estimate is \$950,000.

Administrative/TIF Fees – Other Tax Increment costs include the administrative costs. There are estimated to be \$50,000 in administrative costs for the City of Fargo.

These costs represent estimated costs for planning purposes, and may be different when this plan is implemented with a Development Agreement. The Development Agreement costs will be determined after a review by City financial advisers. The maximum allowed costs will be specified in the Development Agreement. Based on the proposed development, the present value of TIF revenue is ~\$1.3 million over 15 years.

Subsection 1.6. Land Use Attributes – TIF District

- (a) *Zoning or Planning Changes.*
The Renewal area was recently rezoned. No additional zoning changes are required to accommodate this project.
- (b) *Maximum Densities.*
The property within the TIF District will be developed in accordance with the applicable zoning district requirements.
- (c) *Building Requirements.*

All properties within this district are subject to the provisions of the City of Fargo Building Codes and the Land Development Code.

- (d) *Plan relationship to land use objectives (land uses, improved traffic, public transportation, public utilities, recreational and community facilities and other public improvements.)*

The physical improvements outlined in the plan meet critical needs required for the redevelopment of this property. The project complies with the Downtown Mixed Use zoning district and the redevelopment goals of the Go2030 Comprehensive Plan. The development clears a vacant site and brings needed housing close to downtown Fargo.

Subsection 1.7. Estimate of Development Costs

The City anticipates development of the Renewal Area will involve certain public costs. Under North Dakota Century Code, Sections 40-58-20 and 40-58-20.1 allow the use of funds received from tax increments to be applied to certain specified costs. The City will provide for certain costs as listed below in a Development Agreement, and can use other funds to pay for city infrastructure. The primary costs involved in the development are land costs, demolition and site cleanup, public works improvements and administration.

Land Costs	\$1,075,000
Demolition and Site Cleanup	\$500,000
Public Works Improvements	\$950,000
Administration	\$50,000
TOTAL	\$2,575,000

The City and Developer may also obtain reimbursement of interest between the time project costs are incurred and the date the Tax Increment Revenue Note is issued, such interest being capitalized and added to the foregoing costs.

Subsection 1.8. Estimate of Bonded Indebtedness

The City intends to finance certain costs of the Development through the issuance of a Tax Increment Financing Note to the Developer. In addition, the City may use general obligation bonds, special assessment warrants or refunding improvement bonds pursuant to North Dakota Century Code, Section 40-58-20 (9), and the City may specially assess all or a portion of the costs of development and apply funds received from tax increments to payment of the special assessments and other bonds.

Subsection 1.9. Tax Increment Financing

The County Auditor is requested to compute, certify and remit tax increments resulting from the Development within the Renewal Area.

The original assessed value of the property within the Renewal Area, as last assessed and equalized before the base year of this Plan, is outlined on Attachment A.

Each year, the County Auditor will compute the amount of tax increment generated within the Renewal Area in accordance with the TIF Act. Any year in which there is an "incremental value" as provided in the TIF Act, an increment will be payable to the City and deposited in the fund created by the County Auditor for that purpose. Any year in which there is "lost value" pursuant to the TIF Act, no increment will be payable to the City.

Subsection 1.10. Estimate of Tax Increment

It is anticipated the Development will result in an increase in true and full value of the Renewal Area redevelopment site to \$12.5 million. The value of the Development site within the TIF District is \$319,000. The increase in value will be approximately \$12.2 million. Under the mill rate in effect as of the date of this Plan, the Renewal Area will generate tax increment each year in the estimated amount of \$170,000.

Subsection 1.11. Duration of the TIF District

The City anticipates that the TIF District will continue until all development costs are reimbursed through the receipts of tax increment, or after a maximum of fifteen years after completion of the project. The first tax increment payment will be received in 2024.

APPENDIX A
LEGAL DESCRIPTION OF PROPERTY



Parcel Information Report

Parcel Number: 01-2340-03339-000

General Information

Segment Id: 1
 Owner 1: REINHART, GARY J
 Owner 2:
 Property Address: 1418 1 AVE N
 Mailing Address: 1420 1 AVE N FARGO, ND 58102-1609
 Addition Name: Reeves
 Block: 22
 Lot: 1 THRU 6 & 24 THRU 34 INCL, EXC THAT PT OF SD LT 24 LYING ELY OF A LN DRAWN CONCENTRIC WITH & DIST 9 FT WLY, AS MEAS RADIALLY FROM BNSF RAILWAY CO (FORMERLY NP RAILWAY CO) SPUR TRACK CENTERLINE, AS NOW LOC & CONST UPON, OVER & ACROSS SD BLK 22 & ALL VAC ALLEY LYING ADJ TO LTS 1-6 & 1/2 OF VAC ALLEY LYING ADJ TO LTS 24-28

Additional Description:

ANT PARCEL #1044 *11/18/99 SPL/FR 2340-33370 & 2340-33610 *03/14/01 LEGAL DESC CORR

Estimated Flood Stage Levels For River Flooding:

If your property is outside the city limits or your property and structure are not affected by a 25 to 44 foot flood stage data will be not available (N/A).

Property may be affected by an approximate flood stage of 40 or higher.
 Structure may be affected by an approximate flood stage of 40 or higher.

Please note that this approximation does not take into account any local issues such as ice and debris jams or localized flooding from intense rainfall events.

District Information

Cass School District: 1
 Elem. School District: Roosevelt

Property Valuation

	Land	Improvements	Total
Current Appraised Value:	\$285,000.00	\$0.00	\$285,000.00

Building Information

Year Built: 1939 No. of Apartment Units:
 Total Building SqFt: 19200 Residential Story Height: ()

Lot Size

Front Width: 265.00 Land Use: C (Commercial)
 Back Width: 132.50 Property Type: 89 (Warehouse & Office)
 Depth Side 1: 278.30

DISCLAIMER: The City of Fargo provides property information to the public "as is" without warranty of any kind, expressed or implied. Assessed values are subject to change by the City of Fargo. In no event will the City of Fargo be liable to anyone for damages arising from the use of the property data. You assume responsibility for the selection of data to achieve your intended results, and for the installation and use of the results obtained from the property data.

Assessment records are for the sole purpose of identifying the land being taxed. In some cases to attain efficiency, Assessment Department legal descriptions may be shortened yet will retain sufficient information to identify the land. Since tax statements and records are not deeds and may contain abbreviated descriptions, they should not be used as a basis for a survey or a legal document and should not be used by surveyors or others as the primary source of a property description.

APPENDIX B

MAP OF THE RENEWAL AREA/TIF DISTRICT



14 1/2 ST N

701 COLLECTIVE LLC
701 COLLECTIVE LLC

JAMES & CAROL BAUM LIVING TRUST
JAMES & CAROL BAUM LIVING TRUST

HUBER ELECTRIC INC

REINHART, GARY J

MEINECKE-JOHNSON CO

LOWRANCE, RICHARD MELVIN
LOWRANCE, RICHARD

KEARNS, KRAIG

NOWACKI, STEVEN R

REINHART, GARY J

MEINECKE-JOHNSON CO

MEINECKE-JOHNSON COMPANY

FOXVILLE INC

UNKNOWN

BURLINGTON NORTHERN RAILROAD

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.

J- Street

1:1,128

10/25/2021 11:36 AM

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



APPENDIX C

ZONING MAP

Zone Change (LI to DMU with a C-O)

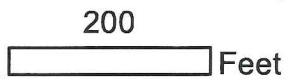
4 & 5 14th Street N; 9 & 19 14 1/2 Street N;
1418 1st Avenue N

Reeves Addition

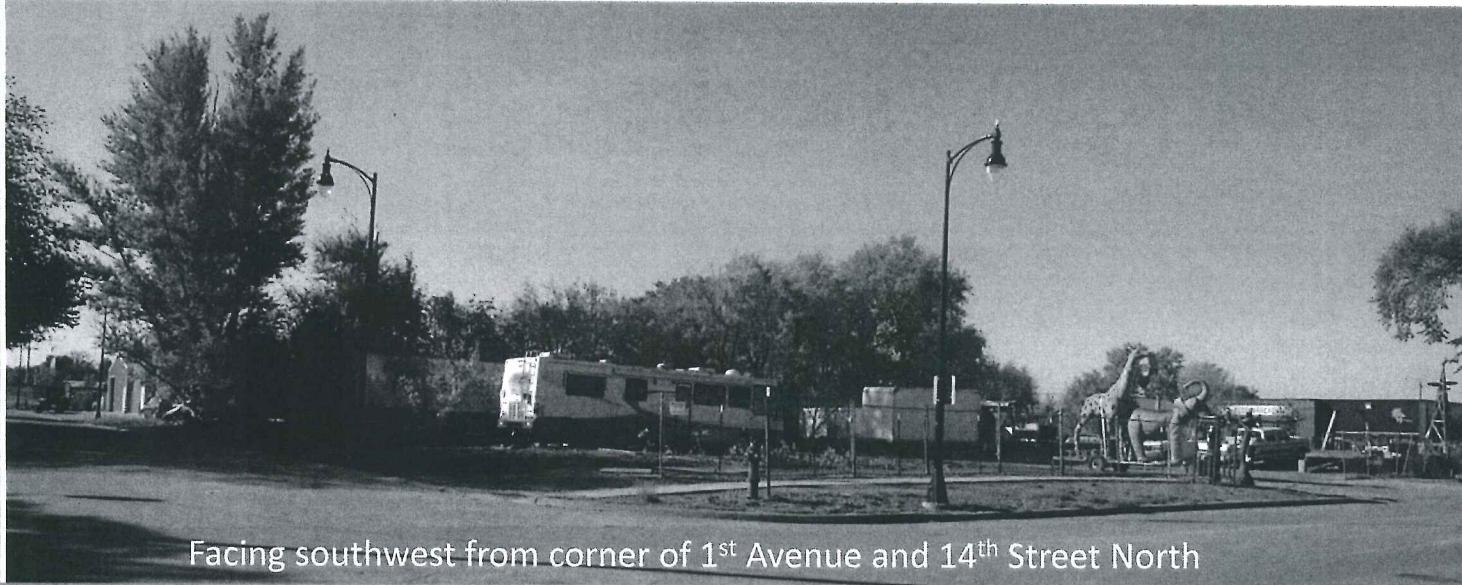


Legend

	AG		LC		MHP		SR-2
	DMU		LI		MNC		SR-3
	GC		MR-1		PA		SR-4
	GO		MR-2		UMU		SR-5
			MR-3				City Limits



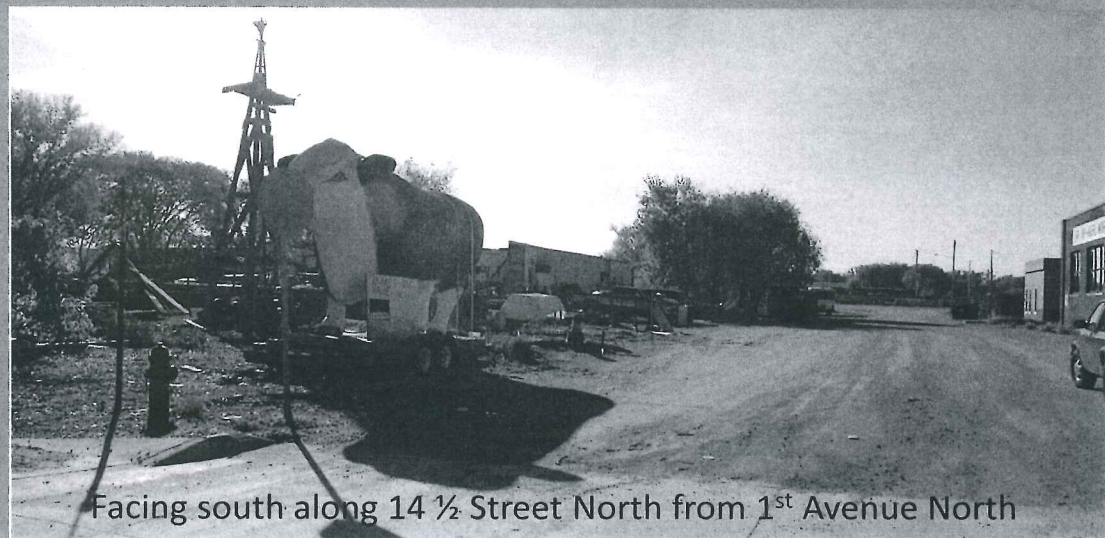
APPENDIX D
PHOTOS OF EXISTING CONDITIONS



Facing southwest from corner of 1st Avenue and 14th Street North

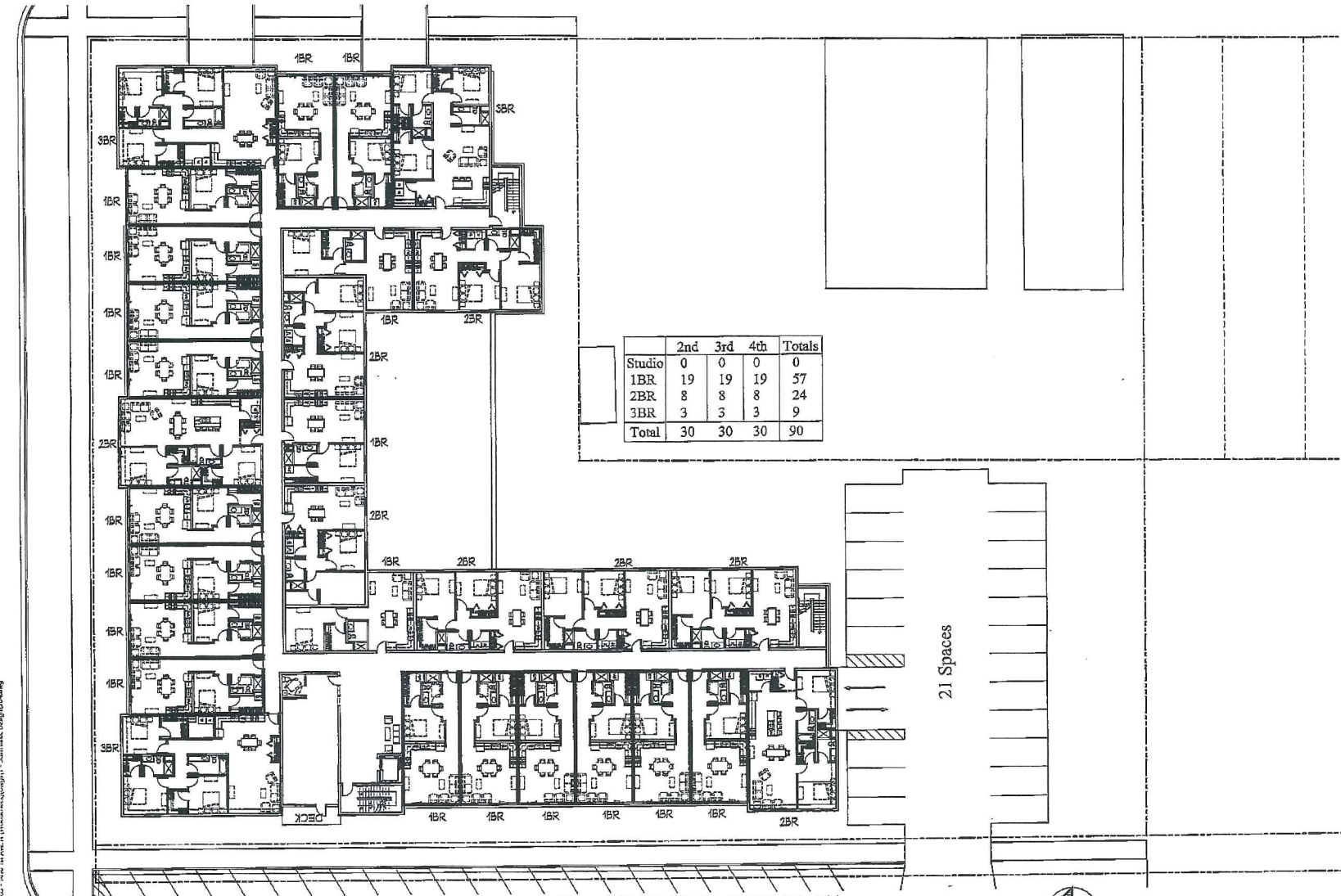


Facing east along 1st Avenue North



Facing south along 14 1/2 Street North from 1st Avenue North

APPENDIX E
PLAN FOR REDEVELOPMENT



	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

**J STREET
FLATTS**
1418 1ST AVE. N.

FARGO, NORTH DAKOTA



MUTCHLER BARTRAM ARCHITECTS, P.C.
505 N. Broadway, Suite 201, Fargo, North Dakota, 58102
Phone: 701-235-5560 | info@mba.com | Fax: 701-235-5435

SECOND FLOOR PLAN

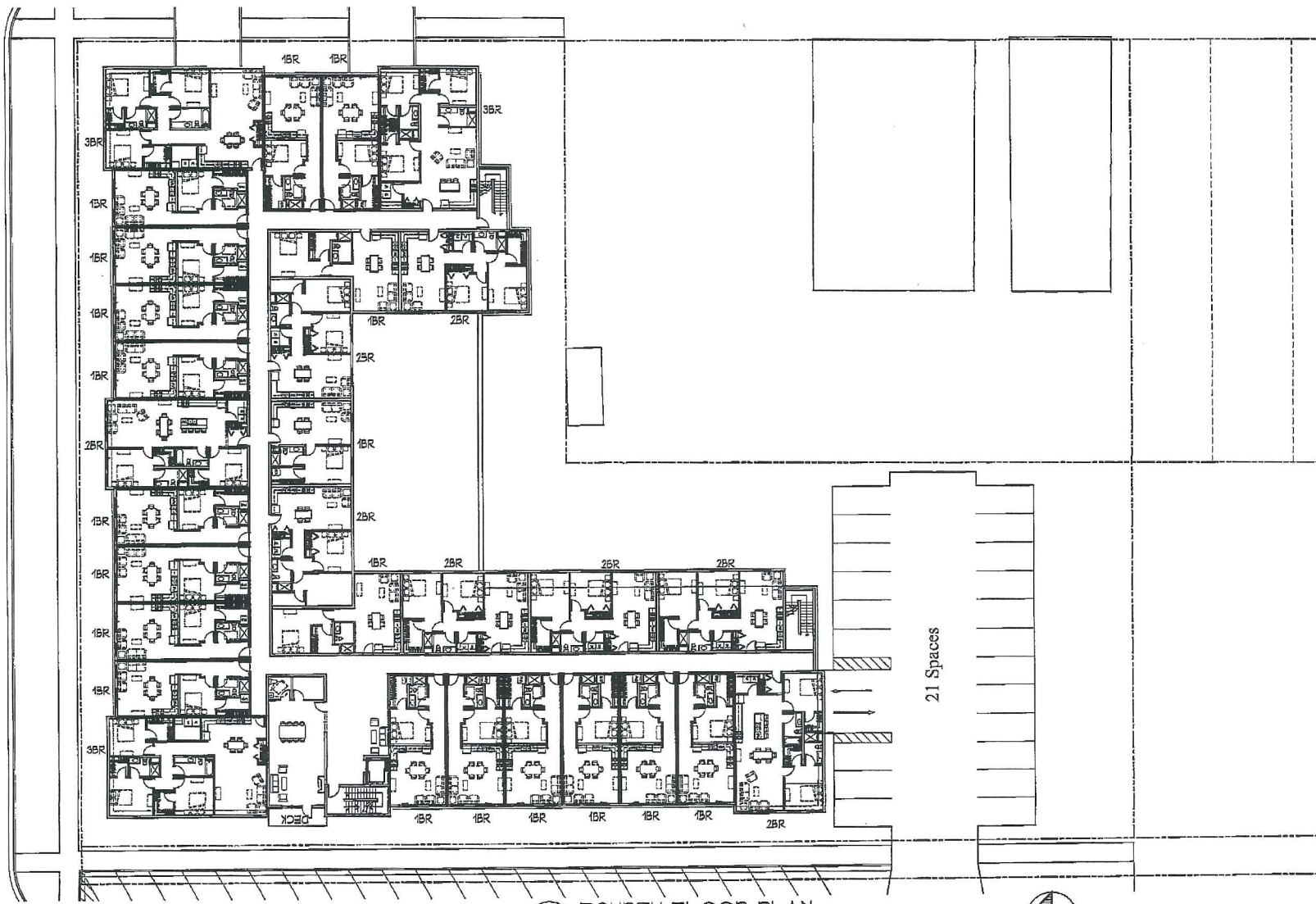
1 SECOND FLOOR PLAN
1" = 30'-0"

NORTH
32,804 SF

Date: 10/28/24 Project Number: 202406

A3.2

ARCHITECT: MUTCHLER BARTRAM ARCHITECTS, P.C. 505 N. BROADWAY, SUITE 201, FARGO, ND 58102
 PROJECT: J STREET FLATTS 1418 1ST AVE. N., FARGO, ND 58102
 DATE: 10/28/24



**J STREET
FLATTS**
1418 1ST AVE. N.

FARGO, NORTH DAKOTA



MUTCHLER BARTRAM ARCHITECTS, P.C.
503 N. Broadway, Suite 200, Fargo, North Dakota, 58102
Phone: 701-235-5168 | info@mba.com | Fax: 701-235-5433

FOURTH FLOOR PLAN

1 FOURTH FLOOR PLAN
↑ = 3/8" = 1'-0"

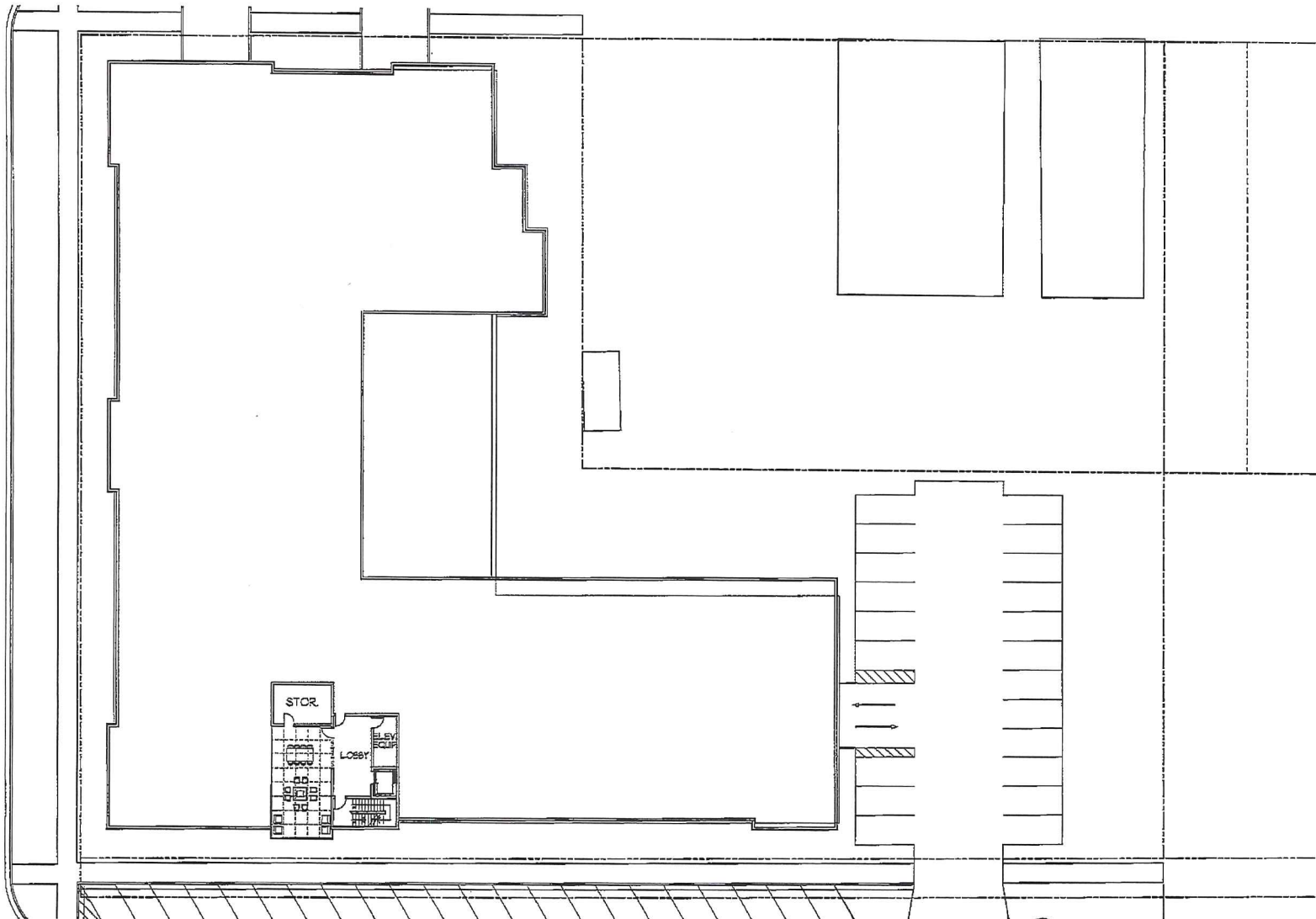
NORTH
32,304 SF

Date: 10-25-21 Project Number: 21026

A3.4

ALL WORK SHALL BE IN ACCORDANCE WITH THE 2018 INTERNATIONAL RESIDENTIAL CODE BOOK (IRC) AND THE 2018 INTERNATIONAL BUILDING CODE (IBC) AS APPLICABLE.

C:\projects\jstreetflatts\dwg\5th floor plan.dwg



1 FIFTH FLOOR PLAN
1/8" = 30'-0"



**J STREET
FLATTS**
1418 1ST AVE. N.

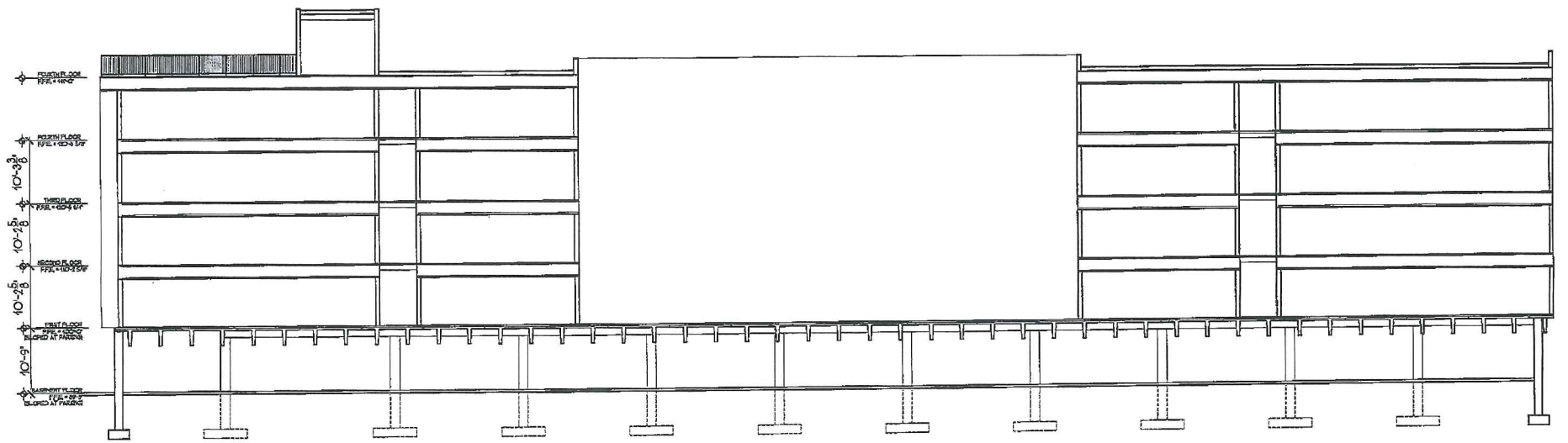
FARGO, NORTH DAKOTA

M | B | A
MUTCHLER BARTRAM ARCHITECTS, P.C.
505 N. Broadway, Suite 201, Fargo, North Dakota, 58102
Phone: 701-235-5351 | info@mba.com | Fax: 701-235-5452

FIFTH FLOOR PLAN

Date: 12-03-21 Project Number: 21020

A3.4



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

ALL RIGHTS RESERVED. NO PART OF THIS DRAWING MAY BE REPRODUCED OR TRANSMITTED IN ANY FORM OR BY ANY MEANS, ELECTRONIC OR MECHANICAL, WITHOUT PERMISSION IN WRITING FROM THE ARCHITECT.