

PROPERTY TAX INCENTIVE APPLICATION FOR  
ROOSEVELT FAMILY LOFTS, LLC  
(Mike Splonskowski)

**SUGGESTED MOTION:**

Move to participate in the request for a payment in lieu of taxes (PILOT) incentive for a new housing facility submitted by Roosevelt Family Lofts, LLC for a 10-year period.

**OR**

**SUGGESTED MOTION:**

Move to **NOT** participate in the request for a payment in lieu of taxes (PILOT) incentive for a new housing facility submitted by Roosevelt Family Lofts, LLC for a 10-year period.

**OR**

**SUGGESTED MOTION:**

Move to **NOT** participate in the request for a payment in lieu of taxes (PILOT) incentive for a new housing facility submitted by Roosevelt Family Lofts, LLC for a 10-year period, and to negotiate the terms of the property tax incentive with the city as described in N.D.C.C. Chapter 40-05-24.

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

July 21, 2022

Rick Steen, Chairman  
Cass County Commission  
211 9<sup>th</sup> 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 thirty days of receipt of the letter, the County Commission shall notify the City of Fargo whether they intend to participate in the incentive.

The City of Fargo has received an application from Roosevelt Family Lofts, LLC for a payment in lieu of tax (PILOT) incentive on a new housing facility located at 711 10<sup>th</sup> Ave N, with an estimated improvement value of \$3,015,000.

The request is for a 10 year PILOT exemption consisting of: 100% of the building value for five years and 50% of the building value for an additional 5 years.

The land would be fully taxable with an estimated value of \$250,000 and annual tax of approximately \$3,700.

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

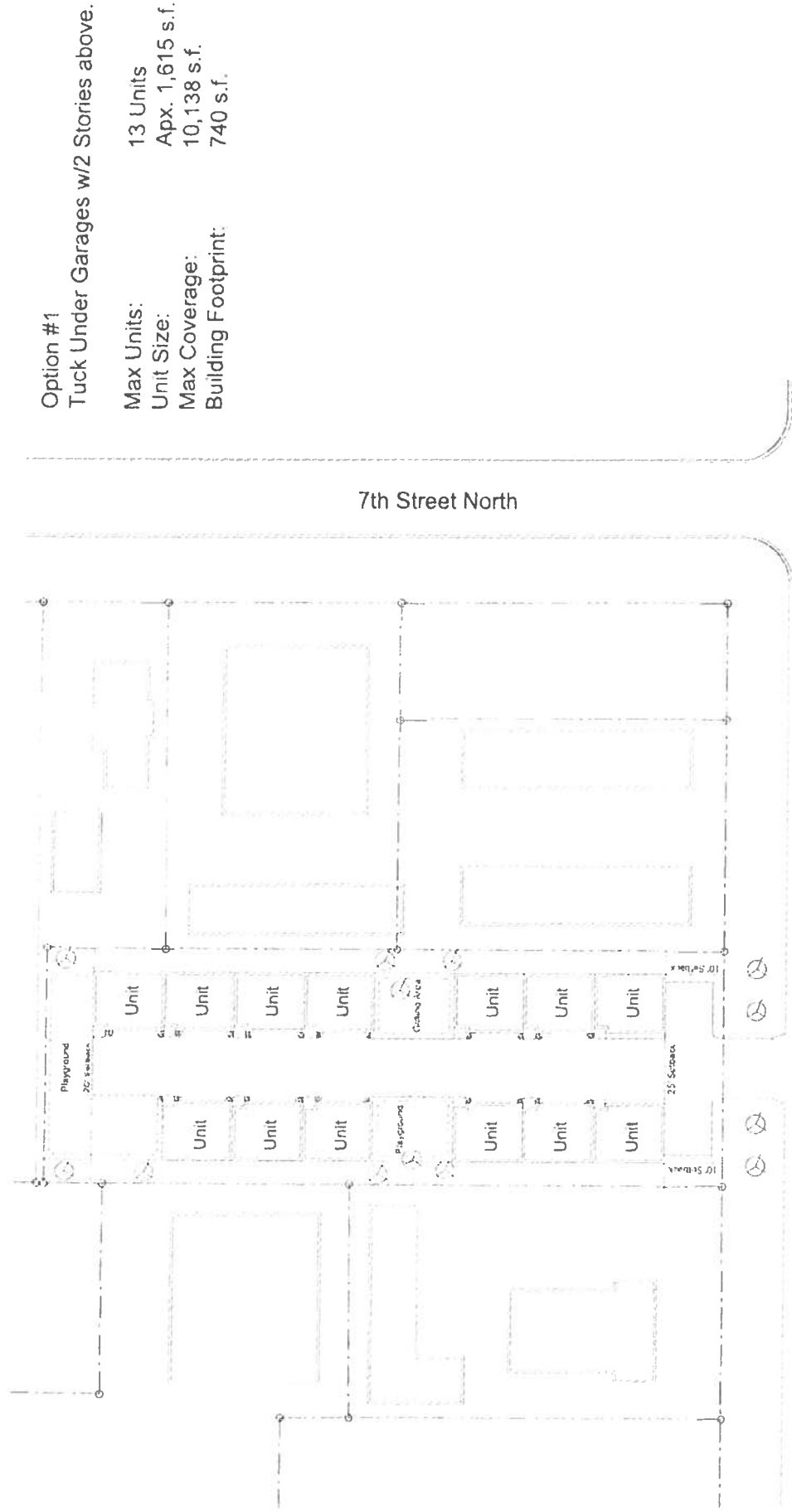
Thank you.

Mike Splonskowski



Fargo City Assessor

cc: Robert Wilson



**Option #1**  
 Tuck Under Garages w/2 Stories above.

**Max Units:** 13 Units  
**Unit Size:** Apx. 1,615 s.f.  
**Max Coverage:** 10,138 s.f.  
**Building Footprint:** 740 s.f.

**1** Conceptual Site Plan - Option #1

NTS



## Application For Property Tax Incentives For New or Expanding Businesses

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

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

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

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

**This application is a public record**

### Identification Of Project Operator

1.	Name of project operator of new or expanding business <u>Roosevelt Family Lofts, LLC</u>
2.	Address of project <u>711 10th Ave N</u> City <u>Fargo</u> County <u>Cass</u>
3.	Mailing address of project operator <u>509 Oak Ridge Way</u> City <u>West Fargo</u> State <u>ND</u> Zip <u>58078</u>
4.	Type of ownership of project <input type="checkbox"/> Partnership <input type="checkbox"/> Subchapter S corporation <input type="checkbox"/> Individual proprietorship <input type="checkbox"/> Corporation <input type="checkbox"/> Cooperative <input checked="" type="checkbox"/> Limited liability company
5.	Federal Identification No. or Social Security No. <span style="background-color: black; color: black;">XXXXXXXXXX</span>
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 <u>Ryan Downs</u> Mailing address <u>509 Oak Ridge Way</u> City, State, Zip <u>West Fargo, ND 58078</u> Phone No. <u>218-556-9759</u>

### Project Operator's Application For Tax Incentives

9.	Indicate the tax incentives applied for and terms. Be specific. <input type="checkbox"/> <b>Property Tax Exemption</b> _____ Number of years _____ Percent of exemption <input checked="" type="checkbox"/> <b>Payments In Lieu of Taxes</b> 2024 Beginning year   2034 Ending year 44,500 Amount of annual payments (attach schedule if payments will vary)
10.	Which of the following would better describe the project for which this application is being made: <input checked="" type="checkbox"/> New business project <input type="checkbox"/> Expansion of a existing business project

Description of Project Property

11. Legal description of project real property

Lot: A, Block:16 Chapins-Auditors Sub Lot A Blk 16

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 9/1/22

b. Description of project to be constructed including size, type and quality of construction  
 Thirteen townhomes, consisting of three bedrooms and two bathrooms per unit. High to mid-grade finishes. Common area outdoor space for playground equipment and entertainment.

c. Projected number of construction employees during the project construction 10-15

14. Approximate date of commencement of this project's operations 9/1/23

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

a. Land ..... \$ 250,000

b. Existing buildings and structures for which an exemption is claimed..... \$ 0

c. Newly constructed buildings and structures when completed ..... \$ 3,015,000

d. Total ..... \$ \_\_\_\_\_

e. Machinery and equipment ..... \$ 3,265,000

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

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

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

c. Newly constructed buildings and structures when completed..... \$ 150,750

d. Total taxable valuation of property eligible for exemption (Add lines b and c)..... \$ 150,750

e. Enter the consolidated mill rate for the appropriate taxing district ..... 296.01

f. Annual amount of the tax exemption (Line d multiplied by line e) ..... \$ 44,623

**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).

Market rate multifamily housing and property management services.

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.

Year (12 mo. periods)	New/Expansion Project only	New/Expansion Project only	New/Expansion Project only	New/Expansion Project only	New/Expansion Project only
	Year 1	Year 2	Year 3	Year 4	Year 5
Annual revenue	251,188	253,700	256,237	258,799	261,387
Annual expense	268,778	270,169	271,581	273,014	274,468
Net income	(17,590)	(16,469)	(15,344)	(14,215)	(13,081)

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

Year	(Before project)	Year 1	Year 2	Year 3	Year 4	Year 5
No. of Employees	(1) _____	_____	_____	_____	_____	_____
	(2) 0	1	1	1	1	1
Estimated payroll	(1) _____	_____	_____	_____	_____	_____
	(2) 0	6,000	6,100	6,200	6,300	6,400

(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).

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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

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

Property Tax Liability Disclosure Statement

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

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

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

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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, Ryan Downs, 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.

Ryan Downs Member/Manager 6/18/22  
 Signature Title Date

Uptown Lofts 2.0  
711 10th Ave N.  
Information for PILOT Application

INVESTOR ROSTER

Brandon Raboin	<a href="mailto:brandon@raboinrealty.com">brandon@raboinrealty.com</a>
Jacob Henderson	<a href="mailto:jacob@raboinrealty.com">jacob@raboinrealty.com</a>
Tyler Leverington	<a href="mailto:tleverington@ohnstadlaw.com">tleverington@ohnstadlaw.com</a>
Ryan Downs	<a href="mailto:ryandowns07@gmail.com">ryandowns07@gmail.com</a>

INVESTMENT SUMMARY

12 Market Rate Townhomes  
Unit Mix: 12 3BD/2BA  
2 stall garage included with rent

TOTAL PROJECT COST	\$ 2,582,948
HARD CAPITAL COSTS	\$ 2,582,948
CONTRIBUTED EQUITY	\$ 645,737
ANTICIPATED LOAN TERMS	10-Year Term; 25-Year Amortization; 4.125% APR
UNIT MIX	12 3 Bedroom/2 Bathroom Townhouse Style Units
PROPOSED RENT	\$1,625 per unit per month



PROJECT STATS

Project Value	2,582,948
Price Per Unit	215,246
YR 1 Total Operating Income	212,307
YR 1 Total Operating Exp.	85,806
YR 1 Net Operating Income	126,501
YR 1 Debt Service	127,303
YR 1 Annual Cash Flow	(802)
Stabilized Cap Rate	4.90%
First Mortgage (75% Non-recours	1,937,211
PMT (P&I)	127,303
DSCR	0.99
<u>Cash Flow</u>	
Equity Invested	645,737
Cash on Equity Return	
Est. Sale Value at Year 10	2,700,000
Development Cost Basis	2,582,948
Proceeds From Sale	117,052

CAPITAL STRUCTURE

Total Development Cost	2,582,948
1st Mortgage (75%)	1,937,211
2nd Mortgage (20%)	-
Equity	645,737

INVESTMENT STATS

EQUITY INVESTMENT	645,737
10-YEAR IRR	8.18%
10-YR AVG CASH-ON-CASH	-0.1%
10-YR ROI	8.26%
<u>EXIT SCENARIO</u>	
Sale at Year 10	2,700,000
1st Mortgage	1,372,354
2nd Mortgage	-
Partner Equity Return	645,737
	<u>681,909</u>
Year 5	
Cash Return	(1,047)
Principle Reduction	54,354
Taxable Loss (28%)	<u>53,307</u>
ROI	8.26%

Construction & Development Cost 711 10th Ave.					
Construction Costs					
	Original Budget	Changes	Revised Budget		
Hard Direct Costs	2,052,000			171,300	Per unit
Clubhouse					Per unit FFE included above
Contingency	71,870			3.59%	% of Hard Construction Cost
General Contractors Fee	105,191			5.00%	% of Hard Construction Cost + Cont.
Allocated O&M Fee				0.00%	" "
<b>Total Construction Cost</b>	<b>2,239,061</b>			<b>185,834</b>	<b>Per unit</b>
<b>Land Costs</b>					
Land Cost Per Acre	250,000			70,833	Per unit
Specials Buy Down				-	Per unit
<b>Total Land Cost</b>	<b>250,000</b>			<b>70,833</b>	<b>Per unit</b>
<b>City Costs</b>					
SAC					Per Unit
WAC					Per Unit
PAC - Res High					Per Unit
PAC - Res Med					Per Unit
PAC - Res Low					Per Unit
Trunk Sewer/Trunk Water/Storm					Per Acre
City Fee Contingency					Added SAC/WAC Units
J.C.					Per Unit
<b>Total City Fees</b>					<b>Per unit</b>
<b>Consultant Costs</b>					
Architecture	14,500			778	Per Unit
Civil	1,500			184	Per Unit
Structural	3,500			144	Per Unit
Geotechnical	1,000			56	Per Unit
Interiors	1,000			66	Per Unit
Landscape					Per Unit
Brand					Per Unit
Residing	500			28	Per Unit
Feasibility					Per Unit
Traffic Study					Per Unit
Pre-Dev Fee					Per Unit
Contingency	1,300			56	Per Unit
<b>Total Consultant Costs</b>	<b>24,500</b>			<b>2,842</b>	<b>Per Unit</b>
<b>Financing Costs</b>					
Interest Expense (1st)	70,337				1 Year of 50
Interest Expense (Net 2)					0.5% of Mortgage
Origination Mortgage	10,300				0.125% of Mortgage
Accounting/Finance Fee	2,500				
Legal					
Registration/Placement Fee	70,000				1% of Mortgage
Appraisal	1,200				
Settlement Fee	500				
Title Search	1,200				
Title Exam	500				
Doc Prep	500				
Title Insurance	2,300				0.1% of Mortgage
Other Closing Fees	200				
<b>Total Financing Costs</b>	<b>64,437</b>			<b>5,369.79</b>	<b>Per Unit</b>
<b>Other Soft Costs</b>					
Real estate taxes	5,000				50% (800) x 4 (20)
Priority insurance	5,000				Full Year
Marketing - Lease Up	3,000				
Management - Lease Up	1,000				
<b>Total Other Soft Costs</b>	<b>14,000</b>			<b>73.68</b>	<b>Per unit</b>
Developer's Fee				0.00%	% on all costs
<b>DISCOUNTED FEE</b>					<b>Fixed Cost Per Agreement</b>
<b>Total Development Cost</b>	<b>2,582,948</b>			<b>216,246.70</b>	<b>Per unit</b>