

PROPERTY TAX INCENTIVE APPLICATION FOR  
BLOC PARTNERS, LLC  
(Jim Gilmour)

**SUGGESTED MOTION:**

Move to participate in the request for a Tax Increment Finance (TIF) District in the City of Fargo submitted by BLOC Partners, LLC to assist with the redevelopment of a property located on the 1600 block on the west side of University Drive South for up to a fifteen-year period.

OR

**SUGGESTED MOTION:**

Move to **NOT** participate in the request for a Tax Increment Finance (TIF) District in the City of Fargo submitted by BLOC Partners, LLC to assist with the redevelopment of a property located on the 1600 block on the west side of University Drive South for up to a fifteen-year period.

OR

**SUGGESTED MOTION:**

Move to **NOT** participate in the request for a Tax Increment Finance (TIF) District in the City of Fargo submitted by BLOC Partners, LLC to assist with the redevelopment of a property located on the 1600 block on the west side of University Drive South for up to a fifteen-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

FEB 10 2023

ADMINISTRATION DEPARTMENT

February 7, 2023

Chad Peterson, Chairman  
Cass County Commission  
211 9th St. S.  
Fargo, ND 58103

Mr. Peterson,

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 received an application for up to \$4.55 million of Tax Increment Financing (TIF) funds to assist with the redevelopment of the 1600 block on the west side of University Drive South. The project would remove eight single family houses and four commercial buildings. The new project will be ~127-unit apartment building, ~13,000 sf of main floor commercial space, interior parking on the first floor and below grade. TIF funds of \$4.55 million would be used for land acquisition, demolition and site cleanup, public works improvements and administration.

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
- Public Works Improvements
- Land Acquisition/Write Down
- Legal and TIF Fees

TIF costs are estimated at \$4.55 million for the developer. The period of the TIF district is anticipated to be 15 years after project completion. The property within the proposed district now has a value of \$2,864,000. The value of the completed project is estimated at \$30 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: FEBRUARY 6, 2023**

**SUBJECT: RENEWAL PLAN & TAX INCREMENT FINANCING DISTRICT**

There will be a public hearing on a proposed renewal plan and development agreement at 5:15 p.m. on Tuesday, February 21, 2022 in the City Commission Chambers 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.

**BLOC Redevelopment** – This agreement would provide about \$4.55 million of Tax Increment Financing (TIF) funds to assist with the redevelopment of the 1600 block on the west side of University Drive South. The project would remove 8 single family houses and 4 commercial buildings. The new project will be ~127-unit apartment building, ~13,000 sf of main floor commercial space, interior parking on the first floor and below grade. Tax Increment Financing funds of \$4.55 million would be used for land acquisition, demolition and site cleanup, public works improvements and administration.

The property now pays about \$37,688 a year in property taxes. The increased value should increase the taxes to \$452,250 a year, creating a tax increment of \$414,652 a year. It is anticipated the development will be completed within two years, and costs should be fully paid after 15 years. The estimated annual tax increment by taxing jurisdiction is \$201,659 for the School District, \$61,394 for the County and \$49,755 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](mailto:JGilmour@FargoND.gov).

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**RENEWAL PLAN**  
**TAX INCREMENT FINANCING DISTRICT NO. 2023-01**  
**CITY OF FARGO, NORTH DAKOTA**  
**FEBRUARY 2023**

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## RENEWAL PLAN FOR TAX INCREMENT DISTRICT NO. 2023-01

### 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 GO 2030 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. 2023-01.

"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. 2023-01 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. 2023-01, the City Commission intends to make the following findings:

- (a) The Renewal Area includes blighted properties.

**Factual basis:** This Renewal Area is blighted due to the presence of eight blighted and vacant single family homes, and a commercial building with some blighted conditions. This 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. Photos are include in Appendix D.

- (b) The Renewal Area has eight vacant houses on the west side of the block and four commercial buildings on the east side of the block. One commercial building is vacant and another has blighted conditions.

**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 houses on the block are vacant.

**Factual basis:** There is no occupied housing on the site because of the poor condition of the housing. 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 plan is consistent with Core Neighborhood Plan future land used plan. The land use plan identified this block as mixed use neighborhood commercial.

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 on the west side of University Drive south of the downtown, on the eastern edge of the Lewis and Clark residential neighborhood. The site is approximately two and a half acres, an entire city block between 16th and 17th Avenue South. The eastern edge of the block is University Drive and the western edge is 13 ½ Street South. It is legally described in Appendix A. A map of the Renewal Area is attached as Appendix B.

The proposed project will be commercial space, parking and multi-family housing.

The redevelopment plan is attached as Appendix C.

#### 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/Land Write Down - The cost of acquisition of the properties less the value of the land.

Building Demolition and Site Clearing – This estimate is for demolition of the buildings, parking lot and any environmental cleanup.

Public Infrastructure – The estimate is for the costs to disconnect utilities in the street and reconstruction sidewalks and vehicle approaches to the property.

Administrative/TIF Fees – Other Tax Increment costs include the administrative costs.

#### 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 imps.)*

The physical improvements outlined in the plan meet critical needs required for the redevelopment of this property. The project complies with the zoning district and the redevelopment goals of the Go2030 Comprehensive Plan and the Core Neighborhood Plan.

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, and public works improvements.

Land Costs	\$2,300,000
Demolition and Site Cleanup	\$1,500,000
Public Infrastructure	\$700,000
Administration	\$50,000
TOTAL	\$4,550,000

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 \$3.5 to \$4.5 million over 15 years.

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 ~\$2,864,800.

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 \$30 million. The value of the development site within the TIF district is \$2.8 million. The increase in value will be approximately \$27.2 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 \$380,000.

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 15 property tax years after completion of the project.

**APPENDIX A**

**LEGAL DESCRIPTION OF PROPERTY**

**Lots 1-16, Block 28, Morton and Dotys Addition, Fargo, ND**

**APPENDIX B**

**MAP OF THE RENEWAL AREA/TIF DISTRICT**



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.

## Renewal Plan 2023-01

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1/30/2023 2:02 PM

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 

**APPENDIX C**  
**PLAN FOR REDEVELOPMENT**



8 Seward St. St.  
 Peoria, IL 61614  
 Phone: 309.696.8428  
 Fax: 309.696.8429  
 www.strom.com

**PRELIMINARY  
 NOT FOR  
 CONSTRUCTION**

Project:

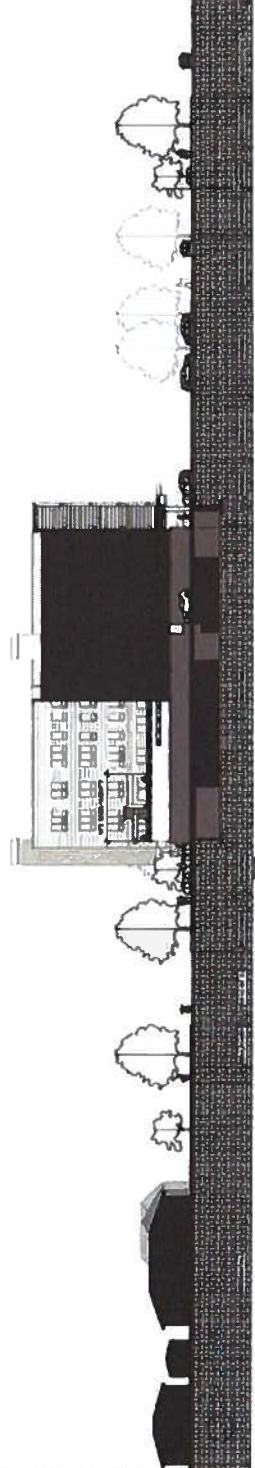
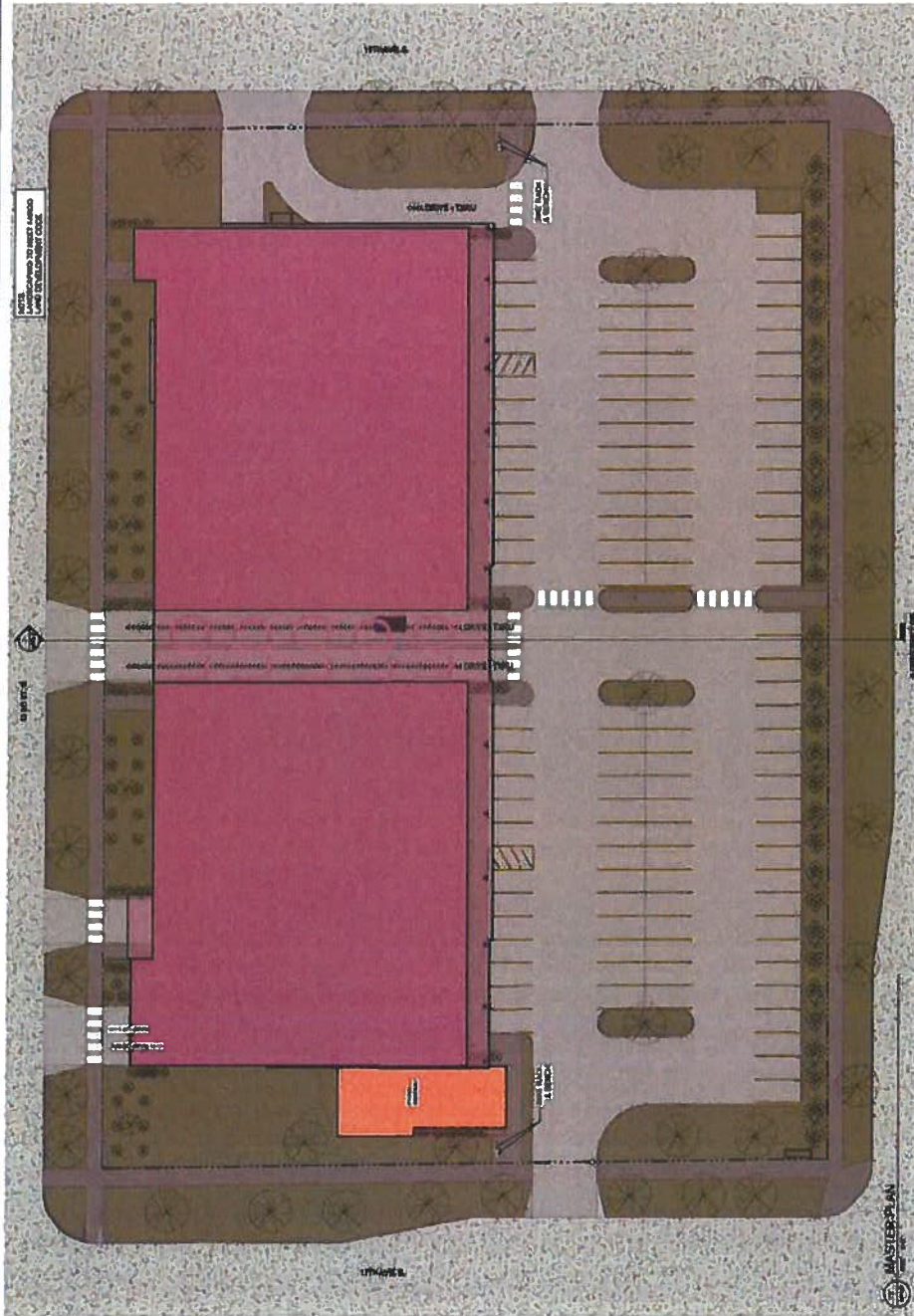
**UNIVERSITY MIXED-USE  
 PLAN REVIEW  
 UNIVERSITY DR.  
 DESIGN DEVELOPMENT**

Location:  
 Project No: 2012-12  
 Drawn By:  
 MSB

Client:  
 MSB  
 Designer: STROM  
 Reviewer: David

Sub Number:  
 2012-12  
 Sheet Name:  
 MASTER PLAN

Sheet Number:  
**MP1.0**





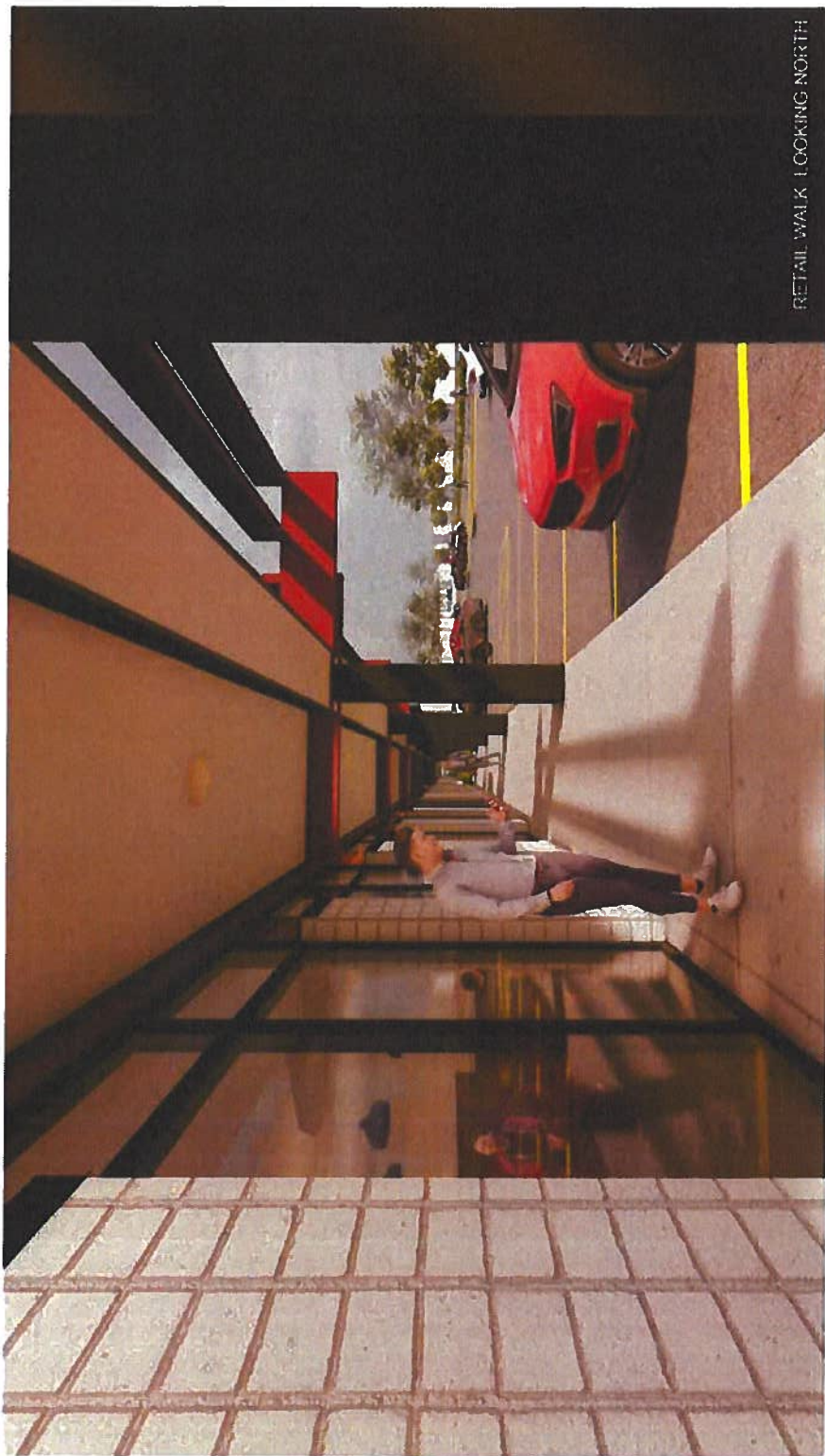




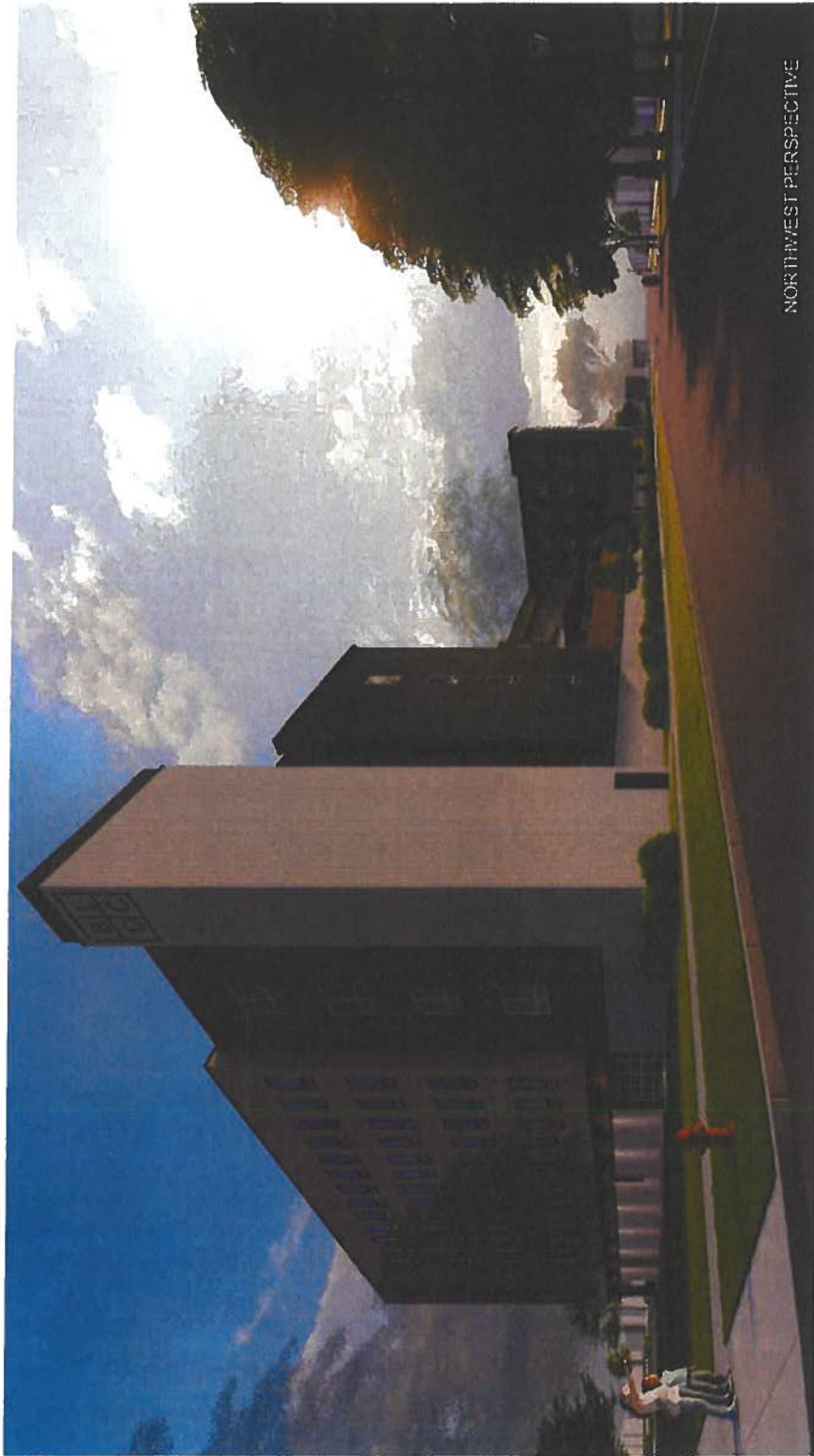
Rendering provided by developer



Rendering provided by developer



Rendering provided by developer



Rendering provided by developer



Rendering provided by developer



SOUTH WEST PERSPECTIVE

Rendering provided by developer



**APPENDIX D**  
**PHOTOS OF EXISTING CONDITIONS**





