

WEST FARGO PROPERTY TAX INCENTIVE
APPLICATION FOR
HOUSING AUTHORITY OF CASS COUNTY
(Dan Madler)

SUGGESTED MOTION:

Move to participate in the request for a PILOT in the City of West Fargo submitted by the Housing Authority of Cass County to assist with constructing 71 low income housing units at a property located at 2500 6th Street East for up to a seventeen year period.

OR

SUGGESTED MOTION:

Move to NOT participate in the request for a PILOT in the City of West Fargo submitted by the Housing Authority of Cass County to assist with constructing 71 low income housing units at a property located at 2500 6th Street East for up to a seventeen year period.

OR

SUGGESTED MOTION:

Move to NOT participate in the request for a PILOT in the City of West Fargo submitted by the Housing Authority of Cass County to assist with constructing 71 low income housing units at a property located at 2500 6th Street East for up to a seventeen year period and negotiate the terms of the property tax incentive as described in N.D.C.C 40-05-24.



July 24, 2023

To: Cass County
C/O Robert Wilson
211 9th St S,
Fargo, ND 58103

From: Casey Sanders, City of West Fargo Economic Development Manager

RE: Potential Property Tax Incentive Project

Dear Cass County Commissioners,

This letter is intended to comply with N.D.C.C. § 40-05-24 law that states:

1. Notwithstanding any other provision of law, before granting a property tax incentive on any parcel of property that is anticipated to receive a property tax incentive for more than five years, the governing body of a city shall send the chairman of each county commission and the president of each school district affected by the property tax incentive a letter, by certified mail, which provides notice of the terms of the proposed property tax incentive.
2. Within thirty days from receipt of the letter, each affected county and school district shall notify the city, in writing, whether the county or school district elects to participate in granting the tax incentive on the county or school district portion of tax levied on the property. The notification from a county or school district electing not to participate must include a letter explaining any reason for which the entity elected not to participate and whether the county or school district is willing to negotiate the terms of the property tax incentive with the city.
3. If the city does not receive a response from an affected county or school district within thirty days of delivery of the letter, the county and school district must be treated as participating in the property tax incentive.

The Housing Authority of Cass County has applied for a PILOT with the City of West Fargo in order to bring additional senior housing to the city.

The new construction projects, Elson Shores I and Elson Shores II will consist of 35 units (3 two-bedroom and 32 one-bedroom units) and 36 units (3 two-bedroom and 33 one-bedroom units) in West Fargo, North Dakota. Of the 71 units, 15 will be fully accessible. 46 units will serve those at or below 50% AML, and the remaining at or below 60% AML. All units will serve the elderly (62+).

Without this incentive, the applicants have stated that they would be unable to complete the project in West Fargo. A public hearing has been scheduled for the August 21, 2023 West Fargo City Commission meeting for any public comment.

Along with this letter, we are sending the corresponding applications for the requested 17-year PILOT along with a presentation provided by the applicant. We respectfully request the City's Economic Development department to be notified of any hearing or discussions regarding this project to ensure we can provide all necessary information to your boards. If this request falls within your guidelines for immediate approval, please send written notification affirming said approval.

If you have any additional questions, please do not hesitate to contact me.

Sincerely,

Casey Sanders-Berglund
Economic Development Manager
Email: Casey.Sanders@westfargond.gov
Phone: 701-373-5666

CITY OF WEST FARGO ECONOMIC DEVELOPMENT

STAFF REPORT

Housing Authority of Cass County	
2500 6 th Street E West Fargo ND 58078	
Lot 2 BLK 1 North Pond At the Preserve 16 th Addition, City of West Fargo, North Dakota	
Applicant: Cass County Housing Authority	Staff Contact: Economic Development Casey Sanders- Berglund
Economic Development Advisory Committee:	August 11, 2023 -Recommended for Approval
West Fargo Public School District:	Scheduling
Cass County Board of Commissioners:	Scheduling
Public Hearing:	August 21, 2023
City Commission:	August 21, 2023

PURPOSE:

The applicant is proposing a Low-Income Senior Housing project. The goal of the project is to provide the community with an additional seventy-one new units for low-income seniors. The applicant group has a waitlist of over 300 seniors for current spaces that are in the community so the recognition that this is an area of need is significant. Additionally, the community is positioned as ideal with the wide number of services it can provide as well as access to medical professionals.

STATEMENTS OF FACT:

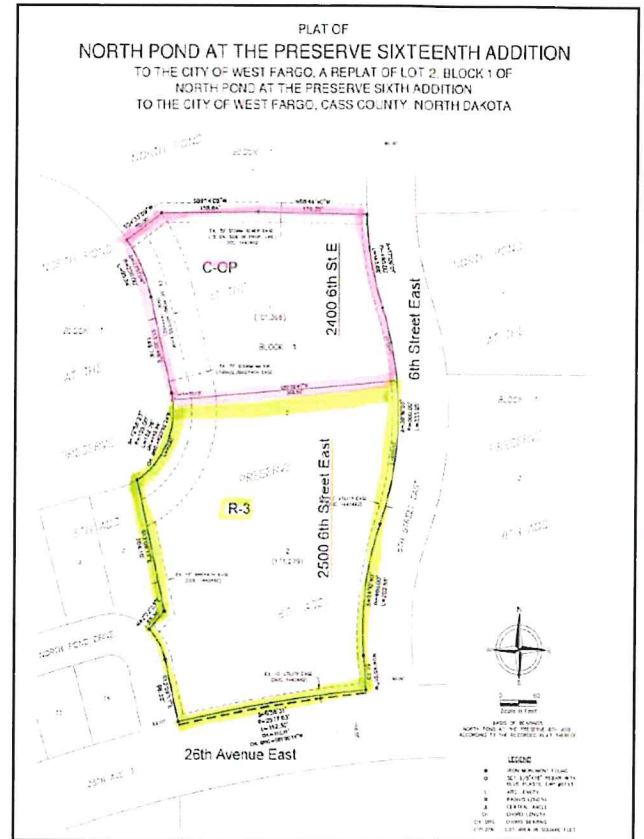
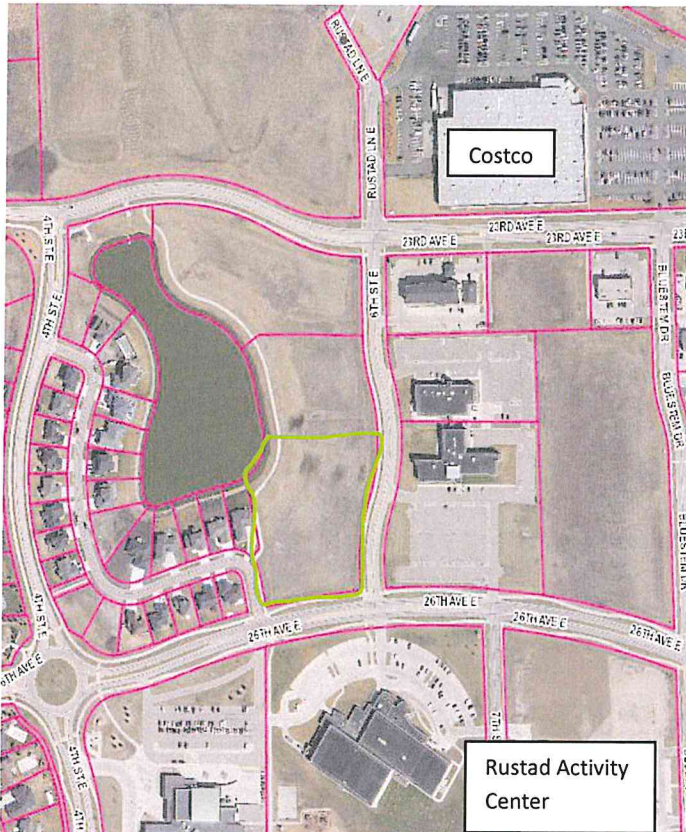
Existing Land Use:	None
Existing Improvements:	None
Identified Blight or Slum:	No
Relocation Requirements:	None
Current Zoning District(s):	Rezoned as R3
Total area size:	171,279 Sq Ft 3.932 Acres
Adjacent Zoning Districts:	Commercial Office Park
Adjacent street(s):	North Pond Drive / 26 th Ave E / 6 th St E
Adjacent Bike/Pedestrian Facilities:	Park pathway
Available Parks/Trail Facilities:	Block away from Rustad Activity Center

PROPERTY OWNERSHIP, VALUES, & LOT SIZES:

Total number of properties	1
Property ID:	02-4605-00020-000
Legal Description:	Lot 2 BLK 1 North Pond at the Preserve 16 th Addition
Address:	2500 6 St E West Fargo, ND 58078
Lot Size:	171,279 Sq Ft 3.932 Acres
Owner:	BSI HACC, LLC to be sold to Elson Shořes Land LLC
True & Full Value:	\$1,712,790

CITY OF WEST FARGO ECONOMIC DEVELOPMENT

STAFF REPORT



PROJECT ELIGIBILITY FOR DEVELOPMENT:

The project is located in a parcel that was rezoned to R3 from light commercial office park. The project would advance the City's economic development goals by providing senior housing in an area where there are over 300 seniors on the waiting list. Many of the objectives as described in the West Fargo 2.0 plan that this project supports include:

- Diversification of housing choices
- To support the growing senior population.
- To assure development of high standards in site planning, use compatibility, buildings, and creation of an environment that will promote new development in areas.

DISCUSSION AND OBSERVATIONS:

- This project is to be completed in two phases. Thirty-five units and the community space in phase one and 36 units to be completed in phase two.
- Senior Housing continues to grow in need in our region. Currently the Housing Authority has 300+ individuals on their waiting list.
- The land north of the highlighted property for this planned development is also owned by the same party. They plan to sell this property as it remains zoned commercial office space. (2.3 acres)
- A parking reduction was approved for this project with one underground parking spot per unit and an additional 35 surface stalls. It is noted that 70% of residents own a vehicle.

CITY OF WEST FARGO ECONOMIC DEVELOPMENT

STAFF REPORT

- It is estimated that during construction this project will create 107 local jobs. It is estimated that 27 annual local jobs will be supported after construction.
- Neighborhood meetings were held to offer a time for public input and comments. A required 150 sq. ft radius to send letters for response and invitation and the project leaders moved forward with a 300 sq. ft radius for good measure.
 - Goals from meeting to continue to be visually sensitive to single family homes
 - Minimal line of sight impact
 - The fact that it is a three-story building seemed to not be a concern.
 - Design, upkeep, and complimentary building materials were discussed briefly and remain to be a top priority as the project moves forward.

PUBLIC PARTICIPATION:

Public assistance for this project will be proposed to consist of a PILOT (Payment In Lieu of Taxes). During the purchase and build out of the project the ownership investment requests the PILOT to support the state funding application to show support for the need and want for this project to happen in West Fargo. However, after the PILOT ends at 17 years there is a transfer of ownership to the Housing Authority of Cass County which is a political subdivision and there would be no property tax placed on this property at that time. The Housing Authority in its current properties pays a voluntary Payment each year based on a HUD in order for them to cover the public uses such as public infrastructure, police, fire, etc. For this project the break, down is \$100 per unit at 71 units.

HACC Phase I and II - Payment In Lieu of Property Tax Payment Schedule

06.19.2023

Cal Year	Year	Phase I PILOT	Phase II PILOT	Total PILOT	Land Tax est.	Total est. pmt
2026	1	\$ -	\$ -	\$ -	\$ 26,472.88	\$ 26,472.88
2027	2	\$ -	\$ -	\$ -	\$ 27,002.34	\$ 27,002.34
2028	3	\$ -	\$ -	\$ -	\$ 27,542.38	\$ 27,542.38
2029	4	\$ 3,500.00	\$ -	\$ 3,500.00	\$ 28,093.23	\$ 31,593.23
2030	5	\$ 3,570.00	\$ 3,600.00	\$ 7,170.00	\$ 28,655.10	\$ 35,825.10
2031	6	\$ 3,641.40	\$ 3,672.00	\$ 7,313.40	\$ 29,228.20	\$ 36,541.60
2032	7	\$ 3,714.23	\$ 3,745.44	\$ 7,459.67	\$ 29,812.76	\$ 37,272.43
2033	8	\$ 3,788.51	\$ 3,820.35	\$ 7,608.86	\$ 30,409.02	\$ 38,017.88
2034	9	\$ 3,864.28	\$ 3,896.76	\$ 7,761.04	\$ 31,017.20	\$ 38,778.24
2035	10	\$ 3,941.57	\$ 3,974.69	\$ 7,916.26	\$ 31,637.54	\$ 39,553.80
2036	11	\$ 4,020.40	\$ 4,054.18	\$ 8,074.58	\$ 32,270.29	\$ 40,344.88
2037	12	\$ 4,100.81	\$ 4,135.27	\$ 8,236.08	\$ 32,915.70	\$ 41,151.78
2038	13	\$ 4,182.82	\$ 4,217.97	\$ 8,400.80	\$ 33,574.01	\$ 41,974.81
2039	14	\$ 4,266.48	\$ 4,302.33	\$ 8,568.81	\$ 34,245.49	\$ 42,814.31
2040	15	\$ 4,351.81	\$ 4,388.38	\$ 8,740.19	\$ 34,930.40	\$ 43,670.59
2041	16	\$ 4,438.85	\$ 4,476.15	\$ 8,914.99	\$ 35,629.01	\$ 44,544.00
2042	17	\$ 4,527.62	\$ 4,565.67	\$ 9,093.29	\$ 36,341.59	\$ 45,434.88
Totals:		\$ 55,908.78	\$52,849.19	\$108,757.98	\$ 529,777.15	\$ 638,535.13

Assumptions:

- 1) First full year of operations for Ph I = 2026
- 2) Estimated first full year of operations for Ph II = 2027
- 3) PILOT pmt starts with a base of \$100 per unit and increases by 2% per year
- 4) Estimated Land taxes increase by 2% per year

Land
\$ 1,712,790.00 2022 full certified value at \$10 psf

LAND USE, ZONING, STREET PLANS, DISPLACEMENT OF RESIDENCE OR BUSINESSES:

This parcel is currently vacant. There is no displacement of residences or businesses that would take place due to the renovation or expansion of this property.

RECOMMENDATIONS:

The proposed development plan is located in the Sub-Urban Growth Sector. An area that has residential, mixed use, as well as commercial properties. This project is unique in the way it is structured in order to leverage federal grant dollars through a grant and the transition of ownership after the PILOT would close. In analyzing this property financially as well as with a community lens I recommend this property for consideration.

Financially, the project requests a PILOT to show the City, County, and School's support for this project through the grant making process as they look to score as high as possible to receive a grant in order to make this project move forward. Additionally, once the ownership transfer happens after the PILOT the entity will move forward as a public body (Housing Authority) that would not have property tax owed. However, this property and the Housing Authority in the past have paid a voluntary payment based on the number of units and a set dollar amount per year with the understanding that they want to cover their debt payment to the municipality that they receive community, safety, and public support from.

As our communities continues to age, we will continue to increase the need as well as more modern and accessible senior living opportunities. This supports a variety of housing options within our community while also supporting residents from other smaller communities moving into the city because of amenities like this property.

ECONOMIC DEVELOPMENT ADVISORY COMMITTEE RECOMMENDATION:

Economic Development Advisory Committee reviewed this project August 11th 2023. The project was discussed with many points given as takeaways (highlights listed below) with a vote of recommendation at 17 years approval to the City Commission.

- Housing needs within the city and the waitlist of seniors in need of housing
- Balance of the potential opportunity loss of property tax on this specific parcel of land compared to the opportunity to support providing a public good in low-income senior housing
- The voluntary PILOT paid yearly after the incentive ends was well received
- Understanding that the State will only award three projects this year and having this will increase the chances that this project in West Fargo is selected as one of them and the approval of this incentive will increase the odds.
- Discussed the neighborhood meeting responses to gain understanding of community feedback.
- Comments shared about how this would offer a good transition from housing to commercial.

ELSON SHORES APARTMENTS PILOT TABLE

HACC Phase I and II - Payment In Lieu of Property Tax Payment Schedule

06.19.2023

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ELSON SHORES APARTMENTS SOURCES AND USES

Sources and Uses Phase I

DEVELOPMENT COSTS	
ACQUISITION	984,854
SITE WORK	312,350
REHABILITATION & NEW CONSTRUCTION	11,381,827
PROFESSIONAL FEES	723,656
CONSTRUCTION INTERIM COSTS	395,000
PERMANENT FINANCING	30,000
SOFT COSTS	241,290
DEVELOPER FEES	1,900,000
PROJECT RESERVES	162,903
TOTAL	16,131,880

SOURCES OF FUNDS	
Investor Equity from LIHTC's	8,878,892
Bank Loan	1,800,000
Soft Loan 1 - HOME	2,000,000
Soft Loan 2 - HTF	740,135
Soft Loan 3 - HIF	300,000
Soft Loan 4 - CDBG	600,000
Soft Loan 5 - AHP	1,000,000
Soft Loan 6 - HACC Loan	450,000
Deferred Developer Fee	362,853
TOTAL	16,131,880

Sources and Uses Phase II

DEVELOPMENT COSTS	
ACQUISITION	984,854
SITE WORK	312,350
REHABILITATION & NEW CONSTRUCTION	9,201,027
PROFESSIONAL FEES	645,620
CONSTRUCTION INTERIM COSTS	395,000
PERMANENT FINANCING	30,000
SOFT COSTS	241,290
DEVELOPER FEES	1,635,000
PROJECT RESERVES	159,053
TOTAL	13,604,194

SOURCES OF FUNDS	
Investor Equity from LIHTC's	8,878,892
Bank Loan	1,800,000
Soft Loan 1 - HOME	682,000
Soft Loan 3 - HIF	300,000
Soft Loan 4 - CDBG	400,000
Soft Loan 5 - AHP	1,000,000
Soft Loan 6 - HACC Loan	300,000
Deferred Developer Fee	243,302
TOTAL	13,604,194

Elison Shores I
20 YEAR PROFORMA

FOR THE PERIOD THROUGH

																Rental Assumptions	
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2%	3%
REVENUES	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15		
+ Gross Potential Rent	350,844	357,861	365,018	372,318	379,765	387,360	395,107	403,009	411,070	419,291	427,677	436,230	444,955	453,854	462,931		
+ Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
+ Interest Income	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163		
- Residential Vacancies	(24,559)	(25,050)	(25,551)	(26,062)	(26,584)	(27,115)	(27,658)	(28,211)	(28,775)	(29,350)	(29,937)	(30,536)	(31,147)	(31,770)	(32,405)		
Effective Gross Income	326,285	332,974	339,630	346,419	353,344	360,408	367,613	374,962	382,458	390,104	397,902	405,857	413,971	422,247	430,689		
+ Operating Reserve Contribution																	
Revenue Available for Expenses	\$ 326,284.92	\$ 332,973.52	\$ 339,629.73	\$ 346,419.07	\$ 353,344.19	\$ 360,407.82	\$ 367,612.72	\$ 374,961.71	\$ 382,457.69	\$ 390,103.59	\$ 397,902.40	\$ 405,857.19	\$ 413,971.08	\$ 422,247.24	\$ 430,688.93		
EXPENSES																	
Administration	39,157	40,332	41,542	42,788	44,072	45,394	46,756	48,158	49,603	51,091	52,624	54,203	55,829	57,504	59,229		
Utilities	35,907	36,894	38,094	39,237	40,414	41,626	42,875	44,161	45,486	46,850	48,256	49,704	51,195	52,731	54,313		
Maintenance	39,750	40,943	42,171	43,436	44,739	46,081	47,464	48,887	50,354	51,865	53,421	55,023	56,674	58,374	60,125		
Fixed Expenses	37,903	39,040	40,211	41,418	42,660	43,940	45,258	46,616	48,014	49,455	50,938	52,467	54,041	55,662	57,332		
Reserves	14,000	14,420	14,853	15,298	15,757	16,230	16,717	17,218	17,735	18,267	18,815	19,379	19,961	20,559	21,176		
Total Annual Operating Expenses	166,717	171,719	176,870	182,176	187,642	193,271	199,069	205,041	211,192	217,528	224,054	230,775	237,699	244,830	252,175		
Net Annual Operating Income	159,568	161,255	162,760	164,243	165,703	167,137	168,544	169,921	171,265	172,576	173,849	175,082	176,272	177,418	178,514		
- 1st Mort P&I	138,377	138,377	138,377	138,377	138,377	138,377	138,377	138,377	138,377	138,377	138,377	138,377	138,377	138,377	138,377		
Debt Coverage Ratio	1.15	1.17	1.18	1.19	1.20	1.21	1.22	1.23	1.24	1.25	1.26	1.27	1.27	1.28	1.29		
hand key shortfall up to line 16 above																	
Cash Flow Available for Distribution	21,191	22,878	24,383	25,866	27,326	28,760	30,167	31,544	32,888	34,199	35,472	36,705	37,895	39,041	40,137		
- LP Asset Manager	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
- Deferred Dev Fee	21,191	22,878	24,383	25,866	27,326	28,760	30,167	31,544	32,888	34,199	35,472	36,705	37,895	39,041	40,137		
- Replenish Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
- GP Asset Manager	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Soft Loan 1 - HOME	1.10	0.5	0	0	0	0	0	0	0	0	0	0	0	0	0		
Soft Loan 2 - HTF	1.20	0.5	0	0	0	0	0	0	0	0	0	0	0	0	0		
Soft Loan 3 - HIF	1.20	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Soft Loan 4 - CDBG	1.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Soft Loan 5 - AHP	1.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Soft Loan 6 - HACC Loan	1.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Deferred Loan	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Annual Cash Flow	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00		
DCR after cash flow distributions	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00		
Operating Reserve Balance	162,903	162,903	162,903	162,903	162,903	162,903	162,903	162,903	162,903	162,903	162,903	162,903	162,903	162,903	162,903		

0.10%



Vacaney Rate Management Fee		7%	6%
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2037	2038	2039	2040	2041
Year 16	Year 17	Year 18	Year 19	Year 20
472,190	481,634	491,266	501,092	511,113
0	0	0	0	0
163	163	163	163	163
(33,053)	(33,714)	(34,389)	(35,076)	(35,778)
439,299	448,082	457,041	466,178	475,498
0				
\$ 439,299.45 \$ 448,082.18 \$ 457,040.56 \$ 466,178.12 \$ 475,498.42				

61,005	62,836	64,721	66,662	68,662
55,942	57,620	59,349	61,129	62,963
61,929	63,787	65,701	67,672	69,702
59,052	60,823	62,648	64,527	66,463
21,812	22,466	23,140	23,834	24,549
259,740	267,532	275,558	283,825	292,339

179,560	180,550	181,483	182,353	183,159
138,377	138,377	138,377	138,377	138,377
1.30	1.30	1.31	1.32	1.32

41,183	42,173	43,106	43,976	44,782
0	0	0	0	0
0	0	0	0	0

18,720	19,170	19,594	19,989	20,355
17,160	17,572	17,961	18,323	18,659
4,419	4,526	4,626	4,720	4,807
884	905	925	944	961
0	0	0	0	0
0	0	0	0	0

0	0	0	0	0
1.00	1.00	1.00	1.00	1.00
Year 16	Year 17	Year 18	Year 19	Year 20

162,903	162,903	162,903	162,903	162,903
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Total	Original
Paid	Loan Amt
0	0
425,432	362,853
0	0
117,382	2,000,000
107,600	740,135
27,716	300,000
5,542	600,000
0	1,000,000
0	450,000
0	0
0	0

**Elson Shores I
RENT SCHEDULE / INCOME**

Unit Type	SF	Income Target %	Number of Units	Gross Rent	Utility Allowance	Tenant Pd. Rent	Monthly Income	Annual Income	Total Units Per Size
Efficiency						\$ -	\$ -	\$ -	
Efficiency						\$ -	\$ -	\$ -	
Efficiency						\$ -	\$ -	\$ -	
Efficiency						\$ -	\$ -	\$ -	
Efficiency						\$ -	\$ -	\$ -	0
1 Bedroom	1	30	6	749	30	\$ 719	\$ 4,314	\$ 51,768	
1 Bedroom	1	40	3	749	30	\$ 719	\$ 2,157	\$ 25,884	
1 Bedroom	1	40	4	754	30	\$ 719	\$ 2,876	\$ 34,512	
1 Bedroom	1	50	6	854	30	\$ 824	\$ 4,944	\$ 59,328	
1 Bedroom	1	60	13	954	30	\$ 924	\$ 12,012	\$ 144,144	32
2 Bedroom	2	30	1	911	33	\$ 878	\$ 878	\$ 10,536	
2 Bedroom	2	40	0	0	0	\$ -	\$ -	\$ -	
2 Bedroom	2	50	1	1011	33	\$ 978	\$ 978	\$ 11,736	
2 Bedroom	2	60	1	1111	33	\$ 1,078	\$ 1,078	\$ 12,936	
2 Bedroom						\$ -	\$ -	\$ -	3
3 Bedroom						\$ -	\$ -	\$ -	
3 Bedroom						\$ -	\$ -	\$ -	
3 Bedroom						\$ -	\$ -	\$ -	
3 Bedroom						\$ -	\$ -	\$ -	
3 Bedroom						\$ -	\$ -	\$ -	0
4 Bedroom						\$ -	\$ -	\$ -	
4 Bedroom						\$ -	\$ -	\$ -	
4 Bedroom						\$ -	\$ -	\$ -	
4 Bedroom						\$ -	\$ -	\$ -	
4 Bedroom						\$ -	\$ -	\$ -	0
GROSS RENTAL INCOME			35			\$ 6,839	\$ 29,237	\$ 350,844	35

Eison Shores II
20 YEAR PROFORMA

FOR THE PERIOD THROUGH

																Rental Assumptions	
																Rent Increase / Yr	2%
																Op Cost Increase /Yr	3%
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036		
REVENUES	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15		
+ Gross Potential Rent	353,352	360,419	367,627	374,980	382,480	390,129	397,932	405,890	414,008	422,288	430,734	439,349	448,136	457,098	466,240		
+ Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
+ Interest Income	159	159	159	159	159	159	159	159	159	159	159	159	159	159	159		
- Residential Vacancies	(24,735)	(25,228)	(25,734)	(26,249)	(26,774)	(27,309)	(27,855)	(28,412)	(28,981)	(29,560)	(30,151)	(30,754)	(31,370)	(31,997)	(32,637)		
Effective Gross Income	328,617	335,349	342,053	348,880	355,865	362,979	370,236	377,637	385,187	392,887	400,742	408,753	416,925	425,261	433,763		
+ Operating Reserve Contribution																	
Revenue Available for Expenses	\$ 328,617.36	\$ 335,348.76	\$ 342,052.55	\$ 348,890.42	\$ 355,865.05	\$ 362,979.17	\$ 370,235.57	\$ 377,637.10	\$ 385,186.67	\$ 392,887.22	\$ 400,741.78	\$ 408,753.44	\$ 416,925.32	\$ 425,260.65	\$ 433,762.68		
EXPENSES																	
Administration	39,297	40,476	41,690	42,941	44,229	45,556	46,923	48,330	49,780	51,274	52,812	54,396	56,028	57,709	59,440		
Utilities	35,907	36,984	38,094	39,237	40,414	41,628	42,875	44,161	45,486	46,850	48,256	49,704	51,195	52,731	54,313		
Maintenance	39,750	40,843	42,171	43,436	44,739	46,081	47,464	48,887	50,354	51,865	53,421	55,023	56,674	58,374	60,125		
Fixed Expenses	37,903	39,040	40,211	41,418	42,660	43,940	45,258	46,616	48,014	49,455	50,938	52,467	54,041	55,662	57,332		
Reserves	14,400	14,832	15,277	15,735	16,207	16,694	17,194	17,710	18,241	18,789	19,352	19,933	20,531	21,147	21,781		
Total Annual Operating Expenses	167,257	172,275	177,443	182,766	188,249	193,897	199,714	205,705	211,876	218,233	224,779	231,523	238,469	245,623	252,991		
Net Annual Operating Income	161,360	163,074	164,610	166,124	167,616	169,082	170,522	171,932	173,310	174,655	175,962	177,231	178,457	179,638	180,771		
- 1st Mort P&I	144,437	144,437	144,437	144,437	144,437	144,437	144,437	144,437	144,437	144,437	144,437	144,437	144,437	144,437	144,437		
Debt Coverage Ratio	1.12	1.13	1.14	1.15	1.16	1.17	1.18	1.19	1.20	1.21	1.22	1.23	1.24	1.24	1.25		
hand key shortfall up to line 16 above																	
Cash Flow Available for Distribution	16,924	18,637	20,173	21,687	23,179	24,646	26,085	27,495	28,874	30,218	31,526	32,794	34,020	35,201	36,335		
- LP Asset Manager	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
- Deferred Dev Fee	16,924	18,637	20,173	21,687	23,179	24,646	26,085	27,495	28,874	30,218	31,526	32,794	34,020	35,201	36,335		
- Replenish Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
- GP Asset Manager	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Soft Loan 1 - HOME	1.20	1	0	0	0	0	0	0	0	0	0	0	0	0	0		
Soft Loan 2 - HTF	1.20	0.5	0	0	0	0	0	0	0	0	0	0	0	0	0		
Soft Loan 3 - HIF	1.20	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Soft Loan 4 - CDBG	1.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Soft Loan 5 - AHP	1.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Soft Loan 6 - HACCC Loan	1.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Deferred Loan	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Annual Cash Flow	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00		
DCR after cash flow distributions	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00		
Operating Reserve Balance	159,053	159,053	159,053	159,053	159,053	159,053	159,053	159,053	159,053	159,053	159,053	159,053	159,053	159,053	159,053		

0.10%



Vacaney Rate Management Fee		7%	6%
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2037	2038	2039	2040	2041
Year 16	Year 17	Year 18	Year 19	Year 20
475,565	485,077	494,778	504,674	514,767
0	0	0	0	0
159	159	159	159	159
(33,290)	(33,955)	(34,634)	(35,327)	(36,034)

0

\$ 442,434.75 \$ 451,280.27 \$ 460,302.69 \$ 469,505.56 \$ 478,892.49

61,224	63,060	64,852	66,901	68,908
55,942	57,620	59,349	61,129	62,963
61,929	63,787	65,701	67,672	69,702
59,052	60,823	62,648	64,527	66,463
22,435	23,108	23,801	24,515	25,250
260,581	268,398	276,450	284,744	293,286

151,854	182,882	183,852	184,762	185,606
144,437	144,437	144,437	144,437	144,437
1.26	1.27	1.27	1.28	1.29

37,417	38,445	39,416	40,325	41,170
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
31,181	32,038	32,847	33,604	34,308
0	0	0	0	0
5,197	5,339	5,474	5,601	5,718
1,039	1,068	1,095	1,120	1,144
0	0	0	0	0
0	0	0	0	0

0	0	0	0	0
1.00	1.00	1.00	1.00	1.00
Year 16	Year 17	Year 18	Year 19	Year 20

159,053 159,053 159,053 159,053 159,053

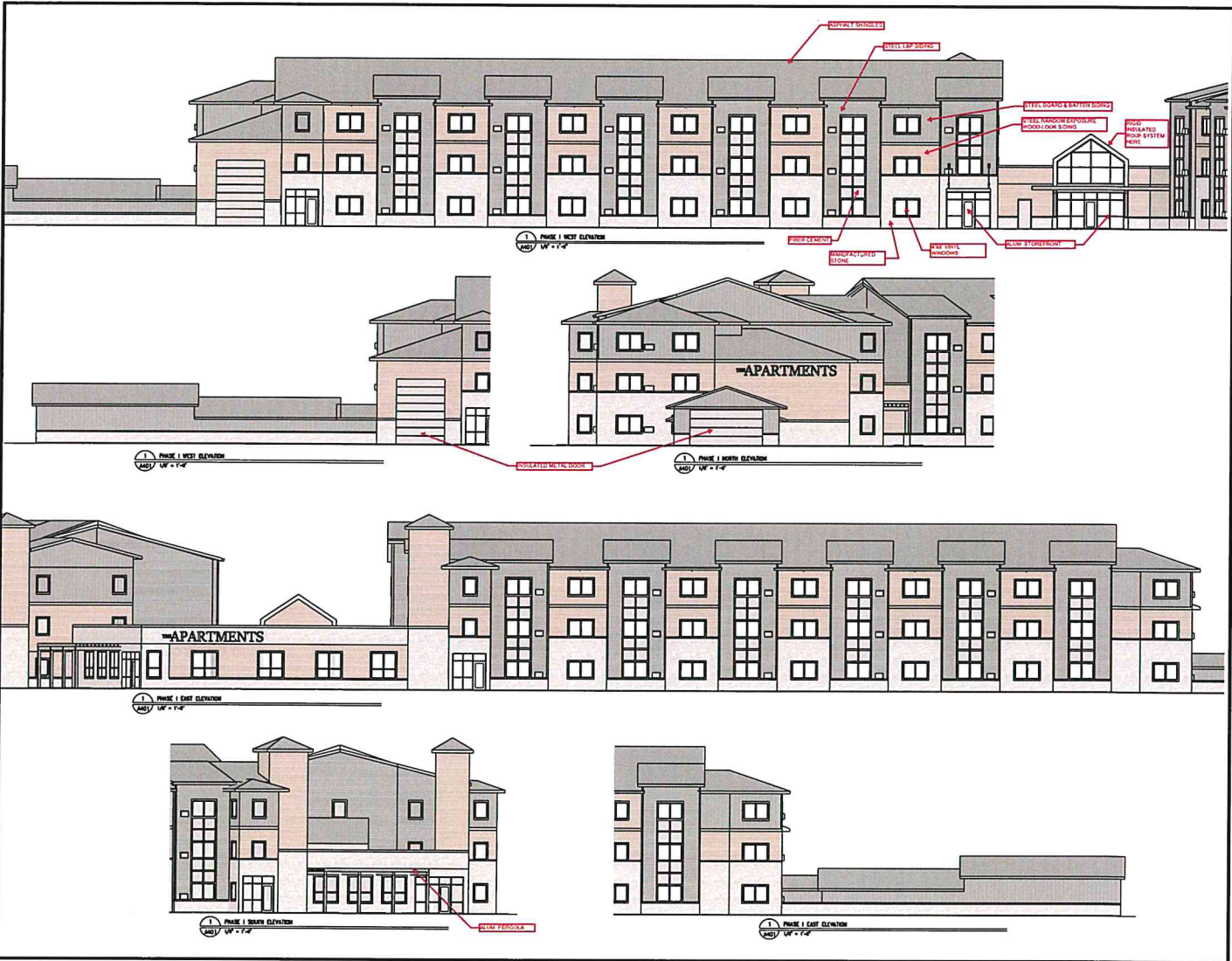
Total	Original
Paid	Loan Amt
0	0
277,551	243,302
0	0
272,514	682,000
45,418	0
9,084	300,000
0	400,000
0	1,000,000
0	300,000
0	0
0	0

Elson Shores II
RENT SCHEDULE / INCOME

Unit Type	SF	Income			Gross Rent	Utility Allowance	Tenant Pd. Rent	Monthly Income	Annual Income	Total Units Per Size
		Target %	Number of Units	Number of Units						
Efficiency						\$ -	\$ -	\$ -		
Efficiency						\$ -	\$ -	\$ -		
Efficiency						\$ -	\$ -	\$ -		
Efficiency						\$ -	\$ -	\$ -		
Efficiency						\$ -	\$ -	\$ -	0	
1 Bedroom	1	30	8	749	30	\$ 719	\$ 5,752	\$ 69,024		
1 Bedroom	1	40	1	749	30	\$ 719	\$ 719	\$ 8,628		
1 Bedroom	1	40	7	754	30	\$ 719	\$ 5,033	\$ 60,396		
1 Bedroom	1	50	7	854	30	\$ 824	\$ 5,768	\$ 69,216		
1 Bedroom	1	60	10	954	30	\$ 924	\$ 9,240	\$ 110,880	33	
2 Bedroom	2	30	1	911	33	\$ 878	\$ 878	\$ 10,536		
2 Bedroom	2	40	0	0	0	\$ -	\$ -	\$ -		
2 Bedroom	2	50	1	1011	33	\$ 978	\$ 978	\$ 11,736		
2 Bedroom	2	60	1	1111	33	\$ 1,078	\$ 1,078	\$ 12,936		
2 Bedroom						\$ -	\$ -	\$ -	3	
3 Bedroom						\$ -	\$ -	\$ -		
3 Bedroom						\$ -	\$ -	\$ -		
3 Bedroom						\$ -	\$ -	\$ -		
3 Bedroom						\$ -	\$ -	\$ -		
3 Bedroom						\$ -	\$ -	\$ -	0	
4 Bedroom						\$ -	\$ -	\$ -		
4 Bedroom						\$ -	\$ -	\$ -		
4 Bedroom						\$ -	\$ -	\$ -		
4 Bedroom						\$ -	\$ -	\$ -		
4 Bedroom						\$ -	\$ -	\$ -	0	
GROSS RENTAL INCOME										
			36			\$ 6,839	\$ 29,446	\$ 353,352	36	

HACC
WEST FARGO
PRESERVE
SENIOR
HOUSING

Foss
ARCHITECTURE
+ INTERIORS



NOT FOR CONSTRUCTION MAY 17, 2023
DRAWINGS ARE PRELIMINARY AND SUBJECT TO CHANGE

REVISION	DATE

DATE: 05/17/23
PROJECT: HACC WEST FARGO PRESERVE SENIOR HOUSING
DRAWN BY: JACOB
CHECKED BY: JACOB
SCALE: AS SHOWN
SHEET: 401 OF 401

PHASE I EXTERIOR ELEVATIONS

401



Foss
ARCHITECTURE
+ INTERIORS



FOSS
ARCHITECTURE
+ INTERIORS



FOSS
ARCHITECTURE
INTERIORS

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 West 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>Housing Authority of Cass County, North Dakota (HACC)</u>	
2.	Address of project	<u>2500 6th Street East (Phase I and Phase II)</u>	
	City	<u>West Fargo</u> County <u>Cass</u>	
3.	Mailing address of project operator	<u>805 Sheyenne St.</u>	
	City	<u>West Fargo</u> State <u>ND</u> Zip <u>58078</u>	
4.	Type of ownership of project		
	<input checked="" type="checkbox"/> Partnership	<input type="checkbox"/> Subchapter S corporation	<input type="checkbox"/> Individual proprietorship
	<input type="checkbox"/> Corporation	<input type="checkbox"/> Cooperative	<input type="checkbox"/> Limited liability company
5.	Federal Identification No. or Social Security No.	<u>HACC: 45-0277847</u>	
6.	North Dakota Sales and Use Tax Permit No.	<u>N/A</u>	
7.	If a corporation, specify the state and date of incorporation	<u></u>	
8.	Name and title of individual to contact	<u>Derek C. Johnson, Executive Director</u>	
	Mailing address	<u>805 Sheyenne St</u>	
	City, State, Zip	<u>West Fargo, ND 58078</u> Phone No. <u>701-282-3443</u>	

Project Operator's Application For Tax Incentives

9.	Indicate the tax incentives applied for and terms. Be specific.	
	<input type="checkbox"/> Property Tax Exemption	<input checked="" type="checkbox"/> Payments In Lieu of Taxes
	<u></u> Number of years	<u>2026</u> Beginning year <u>2042</u> Ending year
	<u></u> Percent of exemption	<u>attached</u> 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 2 Block 1 of North Pond at the Preserves Sixth Addition

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 07/2024

b. Description of project to be constructed including size, type and quality of construction

The project will include New Construction of 71 units for low income residents 62 and older, and will be developed in two phases. Phase I will have 35 units, and Phase II will have 36 units for a total of 71 units. Fifteen (15) of the 71 units will be fully accessible.

c. Projected number of construction employees during the project construction 107

14. Approximate date of commencement of this project's operations Phase I: 07/2025, Phase II: 07/2026

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

a. Land..... \$ 1,712,790

b. Existing buildings and structures for which an exemption is claimed..... \$ N/A

c. Newly constructed buildings and structures when completed \$ 16,800,000

d. Total..... \$ 18,512,790

e. Machinery and equipment \$ N/A

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..... \$ 840,000

d. Total taxable valuation of property eligible for exemption (Add lines b and c)..... \$ 840,000

e. Enter the consolidated mill rate for the appropriate taxing district 0.28

f. Annual amount of the tax exemption (Line d multiplied by line e) \$ 237,905.00

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).

HACC will develop 71-units of senior-designated affordable rental housing to be constructed in two (2) phases. Phase I will have 35-units and Phase II will have 36-units. Phase I and Phase II may have a separate Limited Liability Limited Partnership (LLLP) owner. HACC and/or an affiliate of the HACC will be the General Partner of the owner(s).

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

N/A

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
	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Annual revenue	<u>326,508</u>	<u>661,655</u>	<u>674,889</u>	<u>688,387</u>	<u>702,155</u>
Annual expense	<u>299,332</u>	<u>618,097</u>	<u>628,237</u>	<u>638,742</u>	<u>649,531</u>
Net income	<u>27,176</u>	<u>43,558</u>	<u>46,652</u>	<u>49,645</u>	<u>52,624</u>

21. Projected annual average number of persons to be employed by the project itself at the project location for each year for the first five years and the estimated annual payroll.

Year	Company-wide (before project)	New/Expansion Project only	New/Expansion Project only	New/Expansion Project only	New/Expansion Project only	New/Expansion Project only
		<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> </u>	<u> </u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
	(2) <u> </u>	<u>1</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Estimated payroll	(1) <u> </u>	<u> </u>	<u>99,145</u>	<u>102,120</u>	<u>105,183</u>	<u>108,339</u>
	(2) <u> </u>	<u>48,840</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).
~~HACC or an affiliate of HACC, acting as the General Partner, has received a PILOT for four projects located in West Fargo, ND and the HACC pays PILOTs for all Public Housing Projects located in Cass County.~~

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
~~Owners, operators, managers of Low Income Housing Tax Credit projects in the community of West Fargo.~~

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

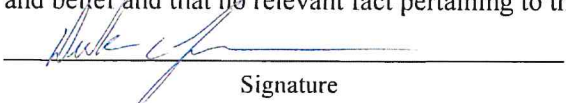
28. The project operator is reapplying for property tax incentives for the following reason(s):

- 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, Derek C. Johnson, 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.

 Executive Director 7/12/2023
 Signature Title Date

PRIVACY ACT NOTIFICATION

In compliance with the Privacy Act of 1974, disclosure of a social security number or Federal Employer Identification Number (FEIN) on this form is required under N.D.C.C. §§ 40-57.1-03, 40-57.1-07, and 57-01-15, and will be used for tax reporting, identification, and administration of North Dakota tax laws. Disclosure is mandatory. Failure to provide the social security number or FEIN may delay or prevent the processing of this form.

Certification of Governing Body (To be completed by the Auditor of the City or County)

The municipality shall, after granting any property tax incentives, certify the findings to the State Tax Commissioner and Director of Tax Equalization by submitting a copy of the project operator's application with the attachments. The governing body, on the _____ day of _____, 20____, granted the following:

- | | |
|--|---|
| <input type="checkbox"/> Property Tax Exemption | <input type="checkbox"/> Payments in lieu of taxes |
| _____ Number of years | _____ Beginning year _____ Ending year |
| _____ Percent of exemption | _____ Amount of annual payments (Attach schedule if payments will vary) |

Auditor