

FARGO PROPERTY TAX INCENTIVE
APPLICATION FOR
LASHKOWITZ 9 AND LASHKOWITZ 4
(Jim Gilmour)

SUGGESTED MOTION:

Move to participate in the request for a payment in lieu of tax (PILOT) in the City of Fargo submitted by Lashkowitz 9 and Lashkowitz 4 for a new low-income housing facility located at 101 2nd Street South in Fargo for up to a seventeen-year period.

OR

SUGGESTED MOTION:

Move to NOT participate in the request for a payment in lieu of tax (PILOT) in the City of Fargo submitted by Lashkowitz 9 and Lashkowitz 4 for a new low-income housing facility located at 101 2nd Street South in Fargo for up to a seventeen-year period.

OR

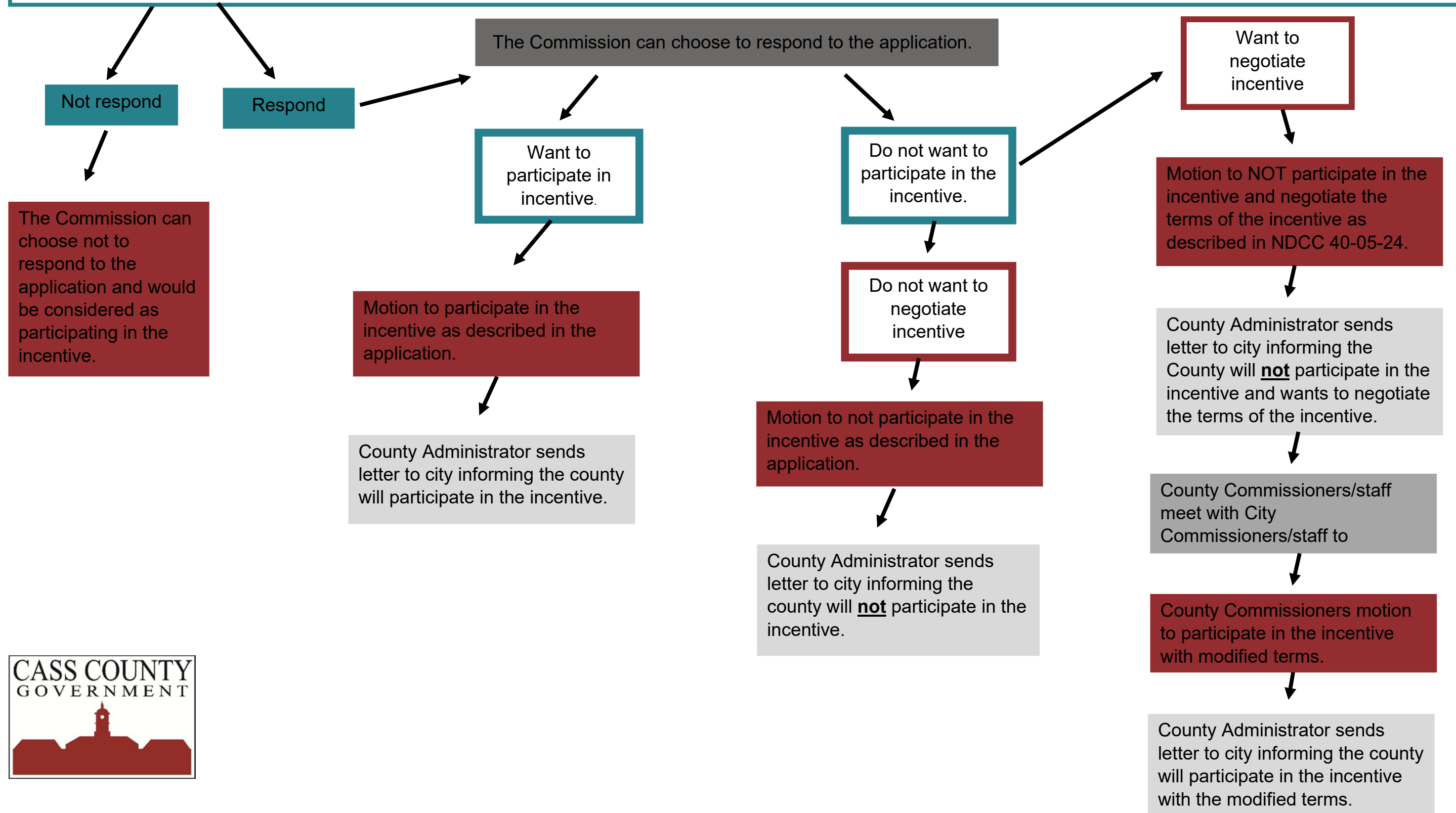
SUGGESTED MOTION:

Move to NOT participate in the request for a payment in lieu of tax (PILOT) in the City of Fargo submitted by Lashkowitz 9 and Lashkowitz 4 for a new low-income housing facility located at 101 2nd Street South in Fargo 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.

CITY SENDS INCENTIVE APPLICATION TO COMMISSION

*Before a city grants a property tax incentive on a parcel that is anticipated to receive a property tax incentive for more than five years, the governing body of the city is required to send a letter, by certified mail, to the chairman of each county commission and the president of each school district affected by the tax incentive. The letter must provide terms of the proposed property tax incentive. (NDCC 40-05-24)

* Within 30 days of receipt of the notice, each affected county and school district must notify the city, in writing, whether it elects to participate in granting the tax incentive on the county or school district portion of the property tax. If no letter is received, the city must treat each county or school district as participating in the property tax incentive. (NDCC 40-05-24)





NORTH DAKOTA OFFICE OF STATE TAX COMMISSIONER GUIDELINE - PROPERTY TAX: INCENTIVES FOR NEW OR EXPANDING BUSINESSES

DECEMBER 2017

North Dakota Century Code ch. 40-57.1 provides incentives in the form of property tax exemptions, payments in lieu of taxes, or a combination of both to a qualifying business. The incentives are granted at the discretion of the city or county in which the property is located.

Before a municipality may grant a property tax exemption under N.D.C.C. § 40-57.1-03, the project must be certified as a primary sector business by the Commerce Department.

A city or county with fewer than 40,000 population may grant an exemption to a project operating in the retail sector if the governing body has obtained approval from a majority of the qualified electors voting on the question at a city or county election held in conjunction with a statewide general election and if that governing body has established by resolution or ordinance the criteria that will be applied by the governing body to determine whether it is appropriate to grant an exemption for a project operating in the retail sector. Minimum criteria are specified in N.D.C.C. § 40-57.1-03(1). A city or county may not supersede or expand the provisions of this section under home rule authority.

- * Before a city grants a property tax incentive on a parcel that is anticipated to receive a property tax incentive for more than five years, the governing body of the city is required to send a letter, by certified mail, to the chairman of each county commission and the president of each school district affected by the tax incentive. The letter must provide terms of the proposed property tax incentive.
- * Within 30 days of receipt of the notice, each affected county and school district must notify the city, in writing, whether it elects to participate in granting the tax incentive on the county or school district portion of the property tax. If no letter is received, the city must treat each county or school district as participating in the property tax incentive.

DEFINITIONS

1. Commencement of construction means the building or erecting of any improvements other than site preparation or excavation.
2. Commencement of project operation means “the date the plant actually goes into its planned operations. To use the example..., if a manufacturing plant actually begins manufacturing of its products in December, 1970, that would be the date of commencement of project operations. The Act does not purport to authorize granting of tax exemptions for the time of construction of plants.” 1969 N.D. Op. Att’y Gen. 415.
3. Local Development Corporation means a profit or nonprofit corporation incorporated in this state for the purpose of furthering the economic development of a specified community or area.

4. Municipality means a city or a county.
5. Primary sector means a business that adds value to a product, process, or service that results in the creation of new wealth. New wealth means revenues to a North Dakota business generated by sales of products or services to customers outside North Dakota, or revenues to a North Dakota business from sales in North Dakota, if the product or service was previously unavailable or of limited availability.
6. Project means any new revenue-producing business or an expansion to an existing business.
7. Project operator means the individual, partnership, limited liability company (LLC), corporation, or association that owns or operates the project.
8. Statewide general election, as provided in N.D.C.C. § 16.1-13-01, means the general election held on the first Tuesday after the first Monday in November of each even-numbered year.
9. Structure means any property where a business is conducted. The structure might be an entire building, if occupied by one business, or individual quarters within a larger building.

WHAT QUALIFIES

10. New and existing buildings, structures, and improvements owned or leased by a qualifying project may receive property tax incentives.
11. New buildings, structures, and improvements constructed and owned by a local development corporation may receive a partial or complete exemption from ad valorem taxation while unoccupied. Once occupied, the exemption continues until the next assessment date following the first occupancy. A qualifying project that locates in a building owned by a local development corporation qualifies for the property tax incentives, provided application is made and granted prior to occupancy.

ALLOWABLE INCENTIVES

12. A qualifying project may receive a complete or partial exemption from ad valorem taxation on structures used in or necessary to the operation of a project for up to five years following the commencement of project operations.
13. The exemption period begins with the assessment date immediately following the date of commencement of project operations.
14. Projects that produce or manufacture a product from agricultural commodities may receive a complete or partial property tax exemption on structures for up to ten years.
15. A project located in a structure leased from a governmental entity and which received a five-year property tax exemption qualifies for additional exemptions for up to five years. For the additional exemptions, the municipality grants the exemption one year at a time upon annual application.
16. Payments in lieu of taxes may be used in place of, or in combination with, property tax exemptions for qualifying projects. The municipality and project operator negotiate the amount of annual payments, when the payments begin, and the ending date, which may be no later than twenty years from the date project operations began.

17. Payments in lieu of taxes are apportioned in the same manner as the general real estate taxes unless a taxing district enters into a written agreement for an alternate method. Any agreement entered into between the municipality and other taxing districts for an alternate method of apportioning the payments in lieu of taxes may not affect the apportionment to any taxing district that is not a party to the agreement.
18. The tax incentives are valid as long as the property is used for the purposes stated in the application. If there is a change in use or project operator, a new application for the incentives must be filed with and approved by the municipality to receive the remainder of the incentives.

LIMITATIONS

19. A project is not eligible for the property tax incentives if the project received a tax exemption under tax increment financing.
20. The tax exemption and the payments in lieu of taxes are limited to the new or existing buildings or structures used in the qualifying project.
21. Tax incentives may not be granted for land.
22. Payments in lieu of taxes are not eligible for the 5% discount for early payment.

PROCEDURES

23. The project operator applies to the governing body of the municipality where the potential project is to be located. If the project will be within city limits, the project operator applies to the city governing body. If the project is outside city limits, application is made to the county commission.
24. The municipality forwards the application to the Department of Commerce, Division of Economic Development and Finance, P.O. Box 2057, Bismarck, ND 58502-2057, for its review and recommendation as to the eligibility of the project as a primary sector business.
25. Application for the property tax exemption must be made *and* granted prior to the commencement of construction if the project locates in a new structure. If the project locates in an existing structure, application must be made *and* granted before the structure is occupied.

For qualifying projects, applications for payments in lieu of property taxes may be made after construction or occupancy of the structure.

A representative appointed by the board of each affected school district and of each affected township is included as a non-voting member during the negotiation and deliberation of granting tax incentives.

26. The project operator publishes two notices to competitors of hearing on the application. The notices are published in the official newspaper of the city or county at least one week apart. The last notice must be published at least 15 days, but not more than 30 days, before the city or county considers the application. For example, notices published one week apart on May 1 and May 8 would be appropriate for a hearing scheduled any time between May 23 and June 7. An affidavit of publication is presented to the governing body prior to the hearing as proof of publication. Publication of notices is not required if the municipality determines that project competitors do not exist in the municipality.
27. The city or county holds a public hearing on the application and takes testimony both in favor of and in opposition to the granting of the tax incentives.

28. After the public hearing, the governing body determines the best interests of the municipality and approves or denies, in whole or in part, the application for tax incentives.
29. The municipality certifies the tax incentives granted by submitting a copy of the project operator's application with the attachments to the State Tax Commissioner and county director of tax equalization. The county director of tax equalization advises the local assessor when the property is taxable or exempt.
30. Political subdivision grantors shall maintain records of business incentives provided to recipients. They shall prepare an annual political subdivision grantor report to the Department of Commerce before April 1 each year that includes:
 - The name of the business receiving business incentives during that year;
 - The number of jobs expected to be created or retained by each business as a result of the business incentives;
 - The average compensation expected to be provided by the employer for the jobs expected to be created or retained as a result of the business incentives, including identification of the average benefits and average earnings to be provided by the employer for these jobs; and
 - The total dollar value of all business incentives provided by the political subdivision during that year.

ADDITIONAL CONDITIONS

North Dakota Century Code § 40-57.1-03 provides that the governing body of a municipality, before the beginning of a taxable year for which a property tax exemption or the option to make payments in lieu of taxes has previously been approved by the governing body, may revoke or reduce an exemption, or revoke or increase payments in lieu of taxes for that taxable year for reasons specified in a negotiated agreement or if the governing body finds that:

- a. Information provided by the project operator has proven to be inaccurate or untrue;
- b. Use of the property by the project operator does not comply with the reasonable expectations of the governing body at the time the property tax exemption or the option to make payments in lieu of taxes was approved;
- c. The property has been improved to a substantially greater extent than the governing body reasonably anticipated at the time the property tax exemption or the option to make payments in lieu of taxes was approved; or
- d. There has been a change of ownership of the property since the property tax exemption or the option to make payments in lieu of taxes was approved.

* Indicates significant change since last revised.

THE CITY OF
Fargo
FAR MORE 
ASSESSMENT DEPARTMENT

RECEIVED
CASS COUNTY COMMISSION

FEB 22 2024

January 25, 2024

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 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 Lashkowitz 9 and Lashkowitz 4, under the Fargo Housing and Redevelopment Authority, for a payment in lieu of tax (PILOT) incentive on a new, low-income housing facility located at 101 2nd St S, with an estimated improvement value of \$24,900,000.

The request is for a 17 year PILOT exemption consisting of a 100% exemption of the building value from property taxes for the duration.

The land would be fully taxable with an estimated value of \$634,200 and annual tax of approximately \$9,400.

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

THE CITY OF
Fargo
 FAR MORE 
ASSESSMENT DEPARTMENT

Proposed Incentive Schedule. Calculations are based off construction cost and do not account for annual fluctuations in market value or mill levies.

	Incentive %	Payments	Full Taxes Due	Benefit
IncntYr 1	100	\$0	\$369,267	\$369,267
IncntYr 2	100	\$0	\$369,267	\$369,267
IncntYr 3	100	\$0	\$369,267	\$369,267
IncntYr 4	100	\$0	\$369,267	\$369,267
IncntYr 5	100	\$0	\$369,267	\$369,267
IncntYr 6	100	\$0	\$369,267	\$369,267
IncntYr 7	100	\$0	\$369,267	\$369,267
IncntYr 8	100	\$0	\$369,267	\$369,267
IncntYr 9	100	\$0	\$369,267	\$369,267
IncntYr 10	100	\$0	\$369,267	\$369,267
IncntYr 11	100	\$0	\$369,267	\$369,267
IncntYr 12	100	\$0	\$369,267	\$369,267
IncntYr 13	100	\$0	\$369,267	\$369,267
IncntYr 14	100	\$0	\$369,267	\$369,267
IncntYr 15	100	\$0	\$369,267	\$369,267
IncntYr 16	100	\$0	\$369,267	\$369,267
IncntYr 17	100	\$0	\$369,267	\$369,267

TOTALS

\$0

\$6,277,539

Application For Property Tax Incentives For New or Expanding Businesses

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

Project Operator's Application To 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>Lashkowitz 9</u>	
2.	Address of project	<u>101 South Second Street</u>	
	City	<u>Fargo</u> County <u>Cass</u>	
3.	Mailing address of project operator	<u>325 Broadway</u>	
	City	<u>Fargo</u> State <u>ND</u> Zip <u>58102</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.	_____	
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>Chris Brungardt, CEO Fargo Housing and Redevelopment Authority</u>	
	Mailing address	<u>325 Broadway</u>	
	City, State, Zip	<u>Fargo ND 58102</u> Phone No. <u>701.715.4171</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
	_____ Number of years	<u>2024</u> Beginning year <u>2041</u> Ending year
	_____ Percent of exemption	_____ 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 3, Block 4, North Dakota Urban Renewal

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 April 2024

b. Description of project to be constructed including size, type and quality of construction
 The Lashkowitz Riverfront will consist of 110 units of affordable housing separated into two projects;
~~Lashkowitz Riverfront 4 and Lashkowitz Riverfront 9. LR-9 will consist of 27 units of 1, 2, and 3 bedroom~~
~~apartments providing deep subsistiy to all income levels ranging between 0 and 50% AMI~~

c. Projected number of construction employees during the project construction 150-200

14. Approximate date of commencement of this project's operations May 2025

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

a. Land..... \$ 634,200


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

c. Newly constructed buildings and structures when completed \$ 5,976,000

d. Total..... \$ 6,610,200

e. Machinery and equipment \$ _____

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..... \$ _____

c. Newly constructed buildings and structures when completed..... \$ 298,800

d. Total taxable valuation of property eligible for exemption (Add lines b and c)..... \$ 298,800

e. Enter the consolidated mill rate for the appropriate taxing district 296.00

f. Annual amount of the tax exemption (Line d multiplied by line e) \$ 88,445.00

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).
FHRA has recieved PILOTs for other current affordable housing projects such as the 96 unit New Horizons and the 84 unit Elliott Place.

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
YWCA, Beyond Shelter, Jerimah Program

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, Chris Brungardt, 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.

 Signature _____
Title _____
Date

Application For Property Tax Incentives For New or Expanding Businesses

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

Project Operator's Application To 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>Lashkowitz 4</u>	
2.	Address of project	<u>101 South Second Street</u>	
	City	<u>Fargo</u> County <u>Cass</u>	
3.	Mailing address of project operator	<u>325 Broadway</u>	
	City	<u>Fargo</u> State <u>ND</u> Zip <u>58102</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
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6.	North Dakota Sales and Use Tax Permit No.	_____	
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	City, State, Zip	<u>Fargo ND 58102</u> Phone No. <u>701.715.4171</u>	

Project Operator's Application For Tax Incentives

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	_____ Number of years	<u>2024</u> Beginning year <u>2041</u> Ending year
	_____ Percent of exemption	_____ 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:	
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Description of Project Property

11. Legal description of project real property

Lot 3, Block 4, North Dakota Urban Renewal

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 April 2024

b. Description of project to be constructed including size, type and quality of construction
 The Lashkowitz Riverfront will consist of 110 units of affordable housing separated into two projects;

~~Lashkowitz Riverfront 4 and Lashkowitz Riverfront 9. LR-9 will consist of 27 units of 1, 2, and 3 bedroom apartments providing deep subsistiy to all income levels ranging between 0 and 50% AMI~~

c. Projected number of construction employees during the project construction 150-200

14. Approximate date of commencement of this project's operations May 2025

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

a. Land..... \$ 634,200

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

c. Newly constructed buildings and structures when completed \$ 18,924,000

d. Total..... \$ 19,558,200

e. Machinery and equipment \$ _____

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..... \$ _____

c. Newly constructed buildings and structures when completed..... \$ 946,200

d. Total taxable valuation of property eligible for exemption (Add lines b and c)..... \$ 946,200

e. Enter the consolidated mill rate for the appropriate taxing district 296.00

f. Annual amount of the tax exemption (Line d multiplied by line e) \$ 280,075.00

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).

Affordable rental property serving low income households. The building will have FHRA's Project Based Vouchers attached which will allow for deep housing subsidies for incomes as low as \$0.

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

The bulding will have typical apurtances associated with a 5 story apartment building. Including two elevators.

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	_____	_____	_____	_____	_____
Annual expense	_____	_____	_____	_____	_____
Net income	_____	_____	_____	_____	_____

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>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
	(2) _____	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Estimated payroll	(1) _____	<u>120,637</u>	<u>124,256</u>	<u>127,984</u>	<u>131,823</u>	<u>135,778</u>
	(2) _____	<u>26400</u>	<u>27,192</u>	<u>28,008</u>	<u>28,848</u>	<u>29,713</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).
FHRA has recieved PILOTs for other current affordable housing projects such as the 96 unit New Horizons and the 84 unit Elliott Place.

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
YWCA, Beyond Shelter, Jerimah Program

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
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- 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, Chris Brungardt, 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.

 Signature Title Date

20 Year Cash Flow Projection - 4%

Annual Increases:	2%	Rental Increase
	3%	Expense Increase
	3%	Replacement Reserve Increase

	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	Year 16	Year 17	Year 18	Year 19	Year 20
Potential Residential Gross Income	1,069,968	1,091,367	1,113,194	1,135,458	1,158,167	1,181,330	1,204,957	1,229,056	1,253,637	1,278,710	1,304,284	1,330,370	1,356,977	1,384,117	1,411,799	1,440,035	1,468,836	1,498,213	1,528,177	1,558,741
5% Less Vacancy and Collection Loss	(53,498)	(54,568)	(55,860)	(56,773)	(57,908)	(59,067)	(60,248)	(61,453)	(62,682)	(63,936)	(65,214)	(66,519)	(67,849)	(69,206)	(70,590)	(72,002)	(73,442)	(74,911)	(76,409)	(77,937)
Plus Other Income	21,816	22,252	22,697	23,151	23,614	24,086	24,568	25,059	25,560	26,071	26,592	27,124	27,666	28,219	28,783	29,359	29,946	30,545	31,156	31,779
Less Vacancy and Collection Loss	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Effective Gross Income	1,038,286	1,059,051	1,080,231	1,101,836	1,123,873	1,146,349	1,169,277	1,192,662	1,216,515	1,240,845	1,265,662	1,290,975	1,316,794	1,343,130	1,369,992	1,397,392	1,425,340	1,453,847	1,482,924	1,512,583
Less Annual Operating Expenses	(367,194)	(378,210)	(389,566)	(401,243)	(413,280)	(425,678)	(438,449)	(451,601)	(465,149)	(479,103)	(493,476)	(508,280)	(523,526)	(539,234)	(555,411)	(572,073)	(589,235)	(606,912)	(625,119)	(643,873)
Less Reserve Payments (HOME OWNERSHIP)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Replacement Reserves	(33,200)	(34,196)	(35,222)	(36,279)	(37,367)	(38,488)	(39,643)	(40,832)	(42,057)	(43,319)	(44,619)	(45,958)	(47,337)	(48,757)	(50,220)	(51,727)	(53,279)	(54,877)	(56,523)	(58,219)
Net Operating Income	637,892	646,645	655,453	664,314	673,226	682,183	691,186	700,229	709,309	718,423	727,567	736,737	745,929	755,139	764,361	773,592	782,826	792,058	801,282	810,491
2,115,000 Less Annual Debt Service 1ST Loan	(553,882)	(553,882)	(553,882)	(553,882)	(553,882)	(553,882)	(553,882)	(553,882)	(553,882)	(553,882)	(553,882)	(553,882)	(553,882)	(553,882)	(553,882)	(553,882)	(553,882)	(553,882)	(553,882)	(553,882)
0 HTF/HF	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
755,007 Deferred Developer Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2,870,007 Total Debt Service	(553,882)	(553,882)	(553,882)	(553,882)	(553,882)	(553,882)	(553,882)	(553,882)	(553,882)	(553,882)	(553,882)	(553,882)	(553,882)	(553,882)	(553,882)	(553,882)	(553,882)	(553,882)	(553,882)	(553,882)
Annual Cash Flow	84,010	92,763	101,571	110,432	119,344	128,301	137,304	146,347	155,427	164,541	173,685	182,855	192,047	201,257	210,479	219,710	228,944	238,176	247,400	256,609

15 Year Cash Flow Projection - 9%

Annual Increases:	2%	Rental Increase
	3%	Expense Increase
	3%	Replacement Reserve Increase

	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
Potential Residential Gross Income	350,724	357,738	364,893	372,191	379,635	387,228	394,973	402,872	410,929	419,148	427,531	436,082	444,804	453,700	462,774
5% Less Vacancy and Collection Loss	(17,536)	(17,887)	(18,245)	(18,610)	(18,982)	(19,361)	(19,749)	(20,144)	(20,546)	(20,957)	(21,377)	(21,804)	(22,240)	(22,685)	(23,139)
Plus Other Income	6,984	7,124	7,266	7,411	7,559	7,710	7,864	8,021	8,181	8,345	8,512	8,682	8,856	9,033	9,214
Less Vacancy and Collection Loss	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Effective Gross Income	340,172	346,975	353,914	360,992	368,212	375,577	383,088	390,749	398,564	406,536	414,666	422,960	431,420	440,048	448,849
Less Annual Operating Expenses	(119,049)	(122,620)	(126,299)	(130,088)	(133,991)	(138,011)	(142,151)	(146,416)	(150,808)	(155,332)	(159,992)	(164,792)	(169,736)	(174,828)	(180,073)
Less Reserve Payments (HOME OWNERSH)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Replacement Reserves	(10,800)	(11,124)	(11,458)	(11,802)	(12,156)	(12,521)	(12,897)	(13,284)	(13,683)	(14,093)	(14,516)	(14,951)	(15,400)	(15,862)	(16,338)
Net Operating Income	210,323	213,231	216,157	219,102	222,065	225,045	228,040	231,049	234,073	237,111	240,158	243,217	246,284	249,358	252,438
2,115,000 Less Annual Debt Service 1ST Loan	(182,416)	(182,416)	(182,416)	(182,416)	(182,416)	(182,416)	(182,416)	(182,416)	(182,416)	(182,416)	(182,416)	(182,416)	(182,416)	(182,416)	(182,416)
0 HTF/HIF	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
755,007 Deferred Developer Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2,870,007 Total Debt Service	(182,416)	(182,416)	(182,416)	(182,416)	(182,416)	(182,416)	(182,416)	(182,416)	(182,416)	(182,416)	(182,416)	(182,416)	(182,416)	(182,416)	(182,416)
Annual Cash Flow	27,907	30,815	33,741	36,686	39,649	42,629	45,624	48,633	51,657	54,695	57,742	60,801	63,868	66,942	70,022

Exemption & Voluntary In Lieu Payments of a Housing Authority

23-11-29. Tax exemptions and payments in lieu of taxes.

The property of an authority, including an authority created under Indian laws recognized by the federal government, is declared to be public property used for essential public and governmental purposes and is exempt from all taxes and special assessments of the city, the county, the state, or any political subdivision thereof. In lieu of such taxes or special assessments, an authority may agree to make payments to the city, county, state, or any such political subdivision for improvements, services, and facilities furnished thereby for the benefits of a housing project, but in no event may such payments exceed the estimated cost to such city, county, or political subdivision of the improvements, services, or facilities to be so furnished.

Source: S.L. 1937, ch. 102, § 22; R.C. 1943, § 23-1129; S.L. 1971, ch. 260, § 2.

Duty to Make Payments.

Under this section it is clearly the duty of the county housing authority to make separate payments to the respective taxing bodies. *Fradet v. City of S.W. Fargo*, 79 N.D. 799, 59 N.W.2d 871 (1953).

Exemption; Collection and Distribution.

Any property held by a housing authority is exempt from taxation; municipality had no authority to assume the burden of collection and distribution of funds belonging to a housing authority. *Ferch v. Housing Auth.*, 79 N.D. 764, 59 N.W.2d 849 (1953).

Power of Taxation.

Since the purposes of Housing Act are public, the statute which provides for payments in lieu of taxes does not violate statute which prohibits surrender or suspension of power of taxation. *Ferch v. Housing Auth.*, 79 N.D. 764, 59 N.W.2d 849 (1953).

Tax Exempt Review Committee

Special Meeting

Tuesday, April 22, 2003, 1:30pm

City Commission Room

Main Floor, City Hall

Agenda:

- 1. Discussion of Fargo Housing Authority Voluntary In Lieu Payments (Lynn Fundingsland).**
- 2. Continue Discussion of PILOT Application For Fargo Housing Authority (Graver Inn project).**
- 3. Continue Discussion of PILOT Application For Fargo Housing Authority (Share House/Sisters Path project).**
- 4. Discussion of IRS Ruling on Impact Fees in LIHTC Projects (Lynn Fundingsland).**
- 5. TIF Proposal to Fund Downtown Storefront Rehabilitation (Jim Gilmour).**