




MEMORANDUM

**TO:** Cass County Commission  
**FROM:** Nicole Crutchfield, Planning Director   
**DATE:** January 8, 2024  
**RE:** Renaissance Zone Development Plan Update

The City of Fargo is working on an update to the Renaissance Zone (RZ) Development Plan. This update focuses on integrating recent legislative changes to Section 40-63 Renaissance Zones of the North Dakota Century Code (Senate Bill 2391), which would allow eligible projects up to an 8-year tax benefit.

In order to implement this benefit for property owners, a change to the Renaissance Zone Development Plan must occur. The proposed change allows for an 8-year benefit for eligible projects, including New Construction, Residential Purchase, Commercial Lease and Rehabilitation. Per State requirements, in order to be eligible for an 8-year benefit, an investment of no less than 75% of the current and true value is required. For a 5-year benefit, the requirement remains for an investment of no less than 50% of the current and true value. There are no other changes to the plan proposed at this time.

Below are the changes proposed within the Renaissance Zone Development plan (pages 10-11 of the plan and excerpt below in italics), with references to the specific affected sections. Changes are indicated by red, underlined font.

***Program Specifics***

***Projects are eligible for an 8-year benefit, including New Construction, Residential Purchase, Commercial Lease, and Rehabilitation, so long as all other requirements are met. Rehabilitation projects are eligible for a 5-year benefit, so long as all other requirements are met.***

***Review Criteria***

- ***Rehabilitation Projects (inclusive of residential, commercial or mixed-use)***
  - ***Does the investment comply with the minimum State standard that requires an investment of no less than 50% of the current and true valuation of the building for a 5-year benefit, or an investment of no less than 75% of the current and true valuation of the building for an 8-year benefit?***

### *Minimum Investment Thresholds*

- *Rehabilitation Projects (inclusive of residential, commercial or mixed-use)*
  - *Commercial: The application must provide verification through cost estimates that the rehabilitation project will facilitate an investment that totals no less than 50 percent of the true and full valuation of the building **for a 5-year benefit, or an investment of no less than 75% of the current and true valuation of the building for an 8-year benefit**. Additionally, the application must provide verification that the investment will total at least \$40.00 in capital improvements per square foot (with differentiation between uses in a mixed-use scenario).*

Below is the anticipated timeline for the update:

- January 12, 2024 – Present plan update to Fargo Public School Board Planning Committee
- January 16, 2024 – Present plan update to Cass County Commission
- January 23, 2024 – Plan update review by Fargo Public School Board
- February 3, 2024 – Action on Plan by City Commission
- February 2024 – Plan change submitted to State

On December 21, 2023, the Renaissance Zone Authority recommended approval of the plan update.

Additionally, in Spring 2024, the City of Fargo will begin updating the RZ Development Plan as a whole, as required by the North Dakota Century Code, and we will be before the Commission again with the updated plan sometime later in the year.

The City of Fargo respectfully requests action on the plan update by the Cass County Commission.

### Suggested Motion:

To approve the Fargo Renaissance Zone Development Plan update, which incorporates a change in the benefit term of up to 8 years.

**FARGO RENAISSANCE ZONE  
DEVELOPMENT PLAN UPDATE**

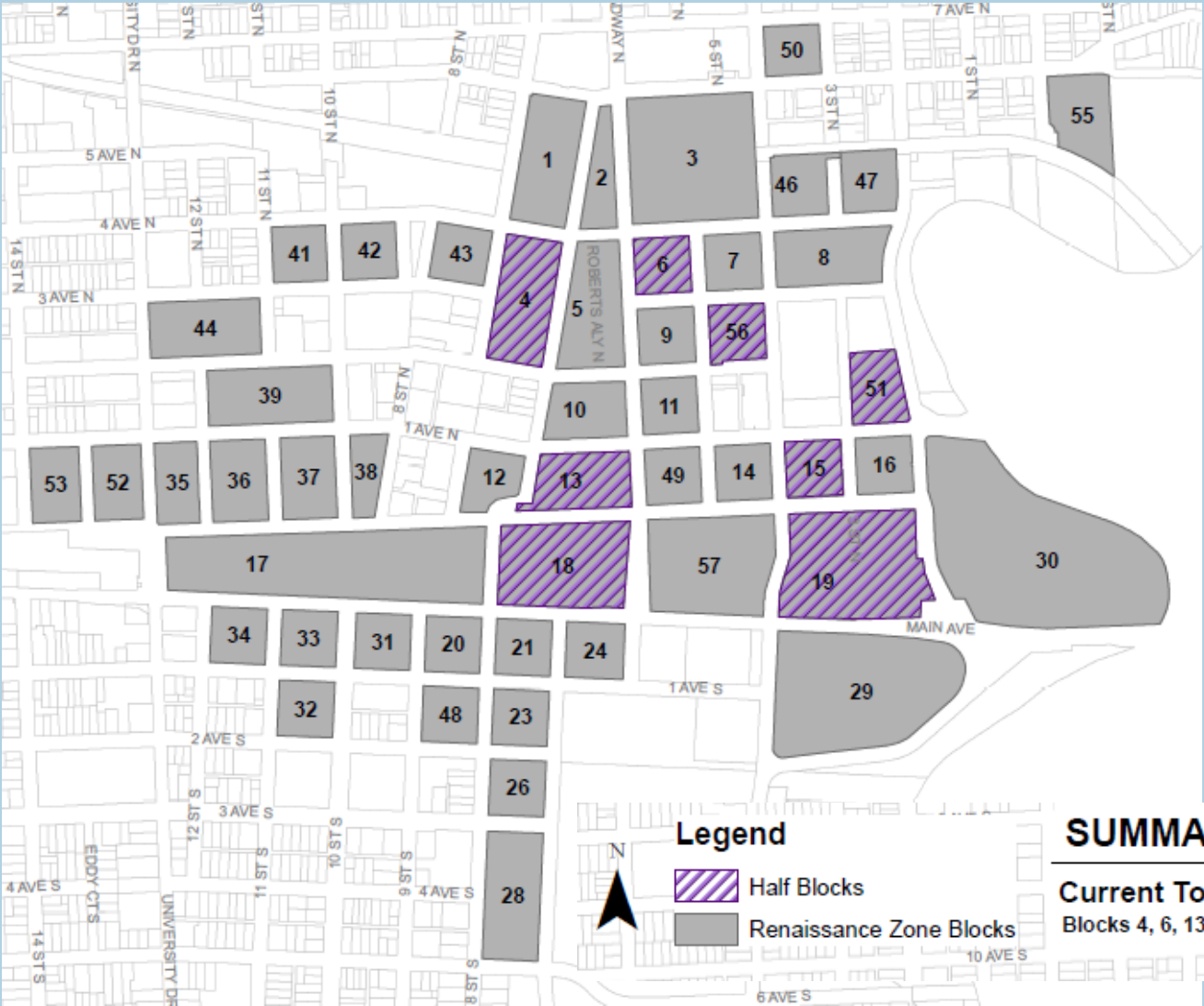
## RENAISSANCE ZONE – PROGRAM INFORMATION

- Program enacted through the North Dakota Century Code in the late 1999
- The purpose of the Renaissance Zone is to encourage reinvestment in downtown properties, which in turn strengthens the core of our community and community as a whole
- The Renaissance Zone provides both property tax and income tax incentives to property and business owners who invest in qualified projects
- The Renaissance Zone boundary is based on population – Fargo can have up to **49** blocks



# RENAISSANCE ZONE – PROGRAM INFORMATION

- There are about 350 projects in Fargo's Renaissance Zone since 1999
- Value Information
  - In 1999, the assessed value was approximately **\$197,375,000**
  - In 2019, the assessed value was approximately **\$546,331,600**
  - In 20 years, the value increased about two and a half times
- Project types include
  - New Construction
  - Rehabilitation
  - Commercial Lease
  - Residential Purchase

# RENAISSANCE ZONE – BOUNDARY



**Legend**

-  Half Blocks
-  Renaissance Zone Blocks

**SUMMARY:**

**Current Total - 47 Blocks (State cap of 49 blocks)**  
 Blocks 4, 6, 13, 15, 18, 19, 51 & 56 counted as 1/2 blocks)

# RENAISSANCE ZONE – RECENT LEGISLATIVE CHANGES

- • Eligible projects may receive 8 taxable years of RZ benefits
  - Previously only up to 5
- • Benefits exceeding 5 years, a rehab project must exceed 75% of the current true and full value
  - Rehab previously 50% of the current true and full value
- RZ extensions may be granted in increments of up to 10 years
  - Previously 5 years
- Communities may now have 2 “islands”
  - Previously 1
- Properties eligible for additional benefits after 30 years have lapsed from completion of initial project
- Renaissance Fund Organization will sunset after remaining credits are claimed, which are currently reserved

# DEVELOPMENT PLAN CHANGES – 8 YEAR BENEFIT

- NDCC 40-63 Renaissance Zones changes to allow for up to an 8-year benefit for approved projects
  - New Construction
  - Rehab (with 75% current and true value investment)
  - Residential Purchase
  - Commercial Lease
- For Rehab, the plan retains 5-year benefit for investments of 50-74% current and true value

## Program Specifics

Projects are eligible for an 8-year benefit, including New Construction, Residential Purchase, Commercial Lease, and Rehabilitation, so long as all other requirements are met. Rehabilitation projects are eligible for a 5-year benefit, so long as all other requirements are met.

## Review Criteria

- Rehabilitation Projects (inclusive of residential, commercial or mixed-use)
  - Does the investment comply with the minimum State standard that requires an investment of no less than 50% of the current and true valuation of the building for a 5-year benefit, or an investment of no less than 75% of the current and true valuation of the building for an 8-year benefit?

## Minimum Investment Thresholds

- Rehabilitation Projects (inclusive of residential, commercial or mixed-use)
  - Commercial: The application must provide verification through cost estimates that the rehabilitation project will facilitate an investment that totals no less than 50 percent of the true and full valuation of the building for a 5-year benefit, or an investment of no less than 75% of the current and true valuation of the building for an 8-year benefit. Additionally, the application must provide verification that the investment will total at least \$40.00 in capital improvements per square foot (with differentiation between uses in a mixed-use scenario).



## NEXT STEPS

- January 16, 2024 – Present plan update to Cass County Commission, seeking letter of support
- January 23, 2024 – Plan update to Fargo School Board, seeking letter of support
- February 3, 2024 – Action on Plan by City Commission
- February 2024 – Plan change submitted to State

# RENAISSANCE ZONE 2024 COMPREHENSIVE PLAN UPDATE

- As a requirement of the Zone, extensions from the initial 15 year Renaissance Zone approval are required
- The City of Fargo created the Renaissance Zone in 1999 and has requested extensions in 2014 and 2019
- Beginning in the Spring of 2024, the City will begin a comprehensive update to the Renaissance Zone Development Plan as part of the extension
- The updated plan will be before School District and Cass County for review later in the year in 2024

## Suggested Motion:

- To approve the Fargo Renaissance Zone Development Plan update, which incorporates a change in the benefit term of up to 8 years