



PLANNING AND DEVELOPMENT

200 3rd Street North
Fargo, North Dakota
Phone: (701)241-1474
Fax: (701) 241-1526

E-Mail: planning@cityoffargo.com
www.cityoffargo.com

MEMORANDUM

TO: Renaissance Zone Authority
FROM: Derrick LaPoint, Planner
DATE: February 16, 2017
RE: Renaissance Zone Authority Meeting Agenda

RENAISSANCE ZONE AUTHORITY
Wednesday, February 22, 2017 at 8 a.m. (City Commission Room)
Agenda

1. Approve Order of Agenda
2. Approve Minutes: Regular Meeting of January 25, 2017 (Attachment 1)
3. Review application from DFI BE LLC (Rehabilitation) at 123 Broadway North (Attachment 2)
4. Review application from Harvest Capital LLC (Rehabilitation) at 19½ & 23½ 8th Street South (Attachment 3)
5. Review request to add two (2) additional RZ Blocks (Attachment 4)
6. Legislative Update
7. Other Business

Renaissance Zone Authority meetings are broadcast live on cable channel TV Fargo 56 and can be seen live by video stream on www.cityoffargo.com/streaming. They are rebroadcast each Friday at 2:30 p.m. for one month following the meeting.

People with disabilities who plan to attend the meeting and need special accommodations should contact the Planning Office at 241-1474 or TDD at 241-8258. Please contact us at least 48 hours before the meeting to give our staff adequate time to make arrangements.

Minutes are available on the City of Fargo Web site at www.cityoffargo.com/RenaissanceZoneAuthority.

**RENAISSANCE ZONE AUTHORITY
MINUTES**

Regular Meeting:

Tuesday:

January 25, 2017:

The Regular Meeting of the Renaissance Zone Authority of the City of Fargo, North Dakota, was held in the City Commission Room at City Hall at 8:00 o'clock a.m., Wednesday, January 25, 2017.

The Renaissance Zone Authority Members present or absent were as follows:

Present: Chair Deb Mathern, Dr. Dean Bresciani, Bruce Furness, Cari Luchau, Commissioner Dave Piepkorn

Absent: Commissioner Tony Grindberg, Chad Peterson, Steve Swiontek

Chair Mathern called the meeting to order.

Item 1: Approve Order of Agenda

Commissioner Piepkorn moved the Order of Agenda be approved as presented. Second by Member Luchau. All Members present voted aye and the motion was declared carried.

Item 2: Minutes: Regular Meeting of December 19, 2016

Member Furness moved the minutes of the December 19, 2016 Renaissance Zone Authority meeting be approved. Second by Member Bresciani. All Members present voted aye and the motion was declared carried.

Item 3: Review Application from DFI 1213 NP LLC (Rehabilitation), at 6 12th Street North: APPROVED

Planner Derrick LaPoint presented this item for a proposal to rehabilitate the existing two-story building at this site, for future commercial use by a single tenant. He added construction would begin this spring, with the goal of completion by the fall of 2017. Mr. LaPoint stated staff is recommending approval as the proposal does meet the guidelines and all required approval criteria.

Project Manager Mike Zimney, Kilbourne Group, spoke on behalf of the application.

Member Bresciani moved to approve the application submitted by DFI 1213 NP LLC, and to grant the property tax exemption and the State income tax exemptions as allowed by the North Dakota Renaissance Zone law, contingent upon completion of the project and verification of costs. Second by Member Luchau. On call of the roll Members Luchau, Furness, Bresciani, Mathern and Commissioner Piepkorn voted aye. Absent and not voting: Members Swiontek and Commissioner Grindberg. The motion was declared carried.

Item 4: Legislative Update

Planning Director Jim Gilmour reviewed the following bills under consideration by the North Dakota State Legislature that directly affect the City's existing Renaissance Zone program.

House Bill 1182 would eliminate the existing Renaissance Zone Program.

House Bill 1326 would require cities considering property tax exemptions to obtain approval from the County, School District, and in some cases other taxing districts prior to considering incentives.

House Bill 1388 would end the Renaissance Zone Program, the Tax Increment Financing, and the New Housing Property Tax exemption.

Senate Bill 2166 would prohibit property receiving benefits from both a renaissance zone and a tax increment financing district.

Senate Bill 2055 – would require that cities applying for designation of a renaissance zone submit letters of support from affected political subdivisions.

Item 5: Other Business

Derrick LaPoint noted staff is expecting Renaissance Zone applications for the February meeting.

The time at adjournment was 8:32 a.m.



**Staff Report
Renaissance Zone Application for
123 Broadway (256-F)
DFI BE LLC**

Project Evaluation:

The City of Fargo received a Renaissance Zone application from DFI BE LLC to rehabilitate the existing structure at 123 Broadway. Pursuant to the application, the intent of the project is to complete extensive exterior and interior renovations. The building is 2-story and includes approximately 19,268 square feet of vacant commercial space. The rehabilitation would renovate the existing commercial space into smaller usable commercial units with increased amenities. Overall, the building improvements would include significant capital costs relating to new stairs, windows, ground floor entrances, bathrooms, updated systems and tenant fit-up.

The applicant expects that the space would be occupied by multiple commercial tenants. The construction would begin in the spring or summer of 2017 with the goal of opening in the 2018.

The Planning Department has reviewed the application and has provided a project ranking based on the analysis below.

Lines 1: Use consistent with the RZ Plan (as per Visions and Goals): As noted in the 2015 Renaissance Zone Development Plan the desired land use on Block 11 is identified as *preservation and rehabilitation; redevelopment of surface parking land specifically the SE corner at 1st Ave N & 5th Street N intersection..* As proposed, the project will contribute to a number of goals and objectives as outlined in the RZ Plan as follows:

1. *Activity Generator [goal]:* Develop activity generating enterprises along Renaissance Zone's major commercial corridors: Broadway/Roberts and NP/1st Avenue.

Past and current City Plans have identified the intersection of Broadway and 2nd Avenue North as the heart of downtown Fargo. Adding additional storefronts for multiple tenants will increase the amount of activity in this area.

2. *Walkable Districts [goal]:* Create "walkable districts" that integrate a wide range of activities and land uses; thus encouraging on-street activity...

Broadway has been identified as one of the most walkable streets in Fargo. The project will enhance the overall walkability of downtown Fargo by increasing the number of commercial spaces along Broadway. More people will be attracted to this area with the redevelopment of City Hall, Block 9 and the Roberts Commons.

3. *Ground Floor Uses [goal]:* Reserve ground floor land uses to those that will encourage streets to come to life – shops, offices, cafes, restaurants and other "public" facilities.

The applicant intends to convert the formerly single-occupied ground floor commercial unit into multiple smaller units. Former entryways along 2nd Avenue North have been sealed and bricked. The project would open those entryways and encourage more activity off Broadway.

4. *Neighborhood Center [goal]:* Make "Broadway" Fargo's "Main Street" – a pedestrian-friendly, mixed-use magnet that anchors downtown neighborhoods.

This project will continue the ongoing efforts of the Renaissance Zone program goals and objectives. The redesign of the building will increase the amount of mixed uses and make it more pedestrian friendly and inviting.

5. *Urban Design [goal]:* Projects will embody strong urban design principles inclusive of building massing and form, building materials, pedestrian orientated design, streetscape, building orientation and recognition of the importance of defined block corners, architectural style, high building coverage percentages, limited setbacks or downtown district appropriate setbacks, design longevity and street level transparency.
6. *Transportation [goal]:* Manage downtown transportation, accessibility and parking issues in a manner that will allow for further commercial developments and will make the entire area more user-friendly.

As stated earlier, this project is located in the heart of downtown Fargo and adjacent to Broadway, one of the most walkable streets in Fargo. Metro COG provided pedestrian counts at the Broadway and 2nd Avenue North intersection and determined that on average 600-1000+ pedestrians pass through the intersection. The location has a Walk Score of 96 and is also close to MatBus stops, LinkFM, parking ramps and a Great Rides Bike Share station.

7. *Safe Streets – Safe Neighborhoods [goal]:* Encourage safe streets and safe neighborhoods by relying on and utilizing the “natural surveillance” of lively and active streets.

Increased activity and more entryways/windows along 2nd Avenue North will add to more eyes on the street and a safer environment.

8. *High Quality Housing [goal]:* Continue to encourage the production of unique high quality housing that is developed in areas targeted for residential development or as a component of a mixed-use project.
9. *Infill [goal]:* Encourage and actively pursue projects that increase the productivity of underutilized property such as surface parking lots, vacant land and parcels with low building to land value ratios. Infill projects shall conform and be consistent with urban design principles as set forth in Goal 5, above..
10. *Housing Amenities [goal]:* Integrate quality housing with public open space and neighborhood amenities, requiring the enhancement of existing amenities in conjunction with the creation of new ones.
11. *Downtown Entryways [goal]:* Enhance auto entry experiences with landscaping improvements to all major corridors (Broadway, Roberts St, 1st/NP Avenue, Main Avenue) and gateway statements at Broadway/Main Avenue, Broadway/6th Ave N, 1st Avenue/Red River, Main Avenue/Red River and Main Ave/10th Street N.

The project is located on Broadway and 2nd Avenue North, which has been identified as a key corridor for downtown Fargo.

12. *The Place to Be [goal]:* Make downtown the entertainment/cultural/recreational center of the city... Make downtown a key destination for visitors/conventioners and a key destination for residents.
13. *A Place Like No Other [goal]:* Highlight the unique historic character of the Renaissance Zone by placing a high value on historic preservation and overall awareness of the history of the area.
14. *24 Hours a day – 7 Days per Week – 365 Days a Year [goal]:* Design spaces, facilities and features that will attract people to the area both day and night, on weekdays and weekends, and during all seasons of the year.

Increased commercial space include retail and food/beverage opportunities will be explored as possible tenants. Evening and weekend hours will add to the vibrancy of downtown and encourage business throughout the entire day.

15. *Connections and Coordination [goal]:* ... Strong connections between people, places and things to do are vital to creating a strong sense of community.

Line 2: Will exterior rehabilitation or the proposed improvements be sufficient to eliminate any and all deteriorated conditions that are visible on the exterior of the building? Does the project scope address the interior and exterior of the building in a comprehensive manner?:

Proposed improvements will include: new stairs, windows, ground floor entrances, bathrooms, updated systems and tenant fit-up. The rehabilitation project is sufficient to eliminate any deteriorated conditions that are visible on the exterior of the building.

(10/ 10 points)

Line 3: Does the investment comply with the minimum State standard that requires an investment of no less than 50% of the current true and full valuation of the building?:

The property is currently assessed at \$523,600. The applicant has proposed a total rehabilitation investment of \$1,788,580 which exceeds the required 50% investment guideline. These improvements will result in \$100 per SF (RZ minimum is \$40 per SF) being invested into the existing space.

(10 / 10 points)

Line 4: Does the investment comply with minimum investment thresholds (locally determined) for residential and commercial projects as set forth in the RZ Plan?:

Pursuant to City of Fargo Renaissance Zone standards, in order to qualify for consideration, a project must meet a minimum \$40 per square foot capital improvement threshold for commercial rehabilitation and \$100 per square foot for any new construction.

According to the application the structure accommodates 4,000 square feet, as follows:

123 Broadway

Lot Size: 6,942 SF

Basement: 7,070 SF

Ground Floor: 6,902 SF

2nd Floor: 5,296 SF (3,885 SF without skyway)

Total: 19,268 SF

Overall, the application estimates a total capital investment of \$1,788,580, which calculates to approximately \$100 per square foot.

(10 / 10 points)

Line 5: Sub-Total: The sub-total of lines 1–4 equals 40 points.

~~**Line 6: Use consistent with the RZ Plan (as per Visions and Goals)?:**~~

~~**Line 7: Does the investment comply with minimum investment thresholds (locally determined) for residential and commercial projects as set forth in the RZ Plan?**~~

~~**Line 8: Tenant must be leasing space in a building that has been approved as a Zone project: NA**~~

Line 9: The new construction or proposed improvements are representative of “High Priority Land Uses” as defined in the RZ Plan: These criteria are defined by four sub-categories, as follows:

Primary Sector Business: N/A

Active Commercial, Specialty Retail or Destination Commercial: The proposed project will re-purpose existing underutilized structure into a multiple-tenant commercial space in one of the busiest intersections in Fargo.

Mixed Use Development: The project will consist of multiple-tenants and will be a mix of retail and office.

Large, upscale residential units: N/A

(5 / 10 points)

Line 10: The investment is located in a 'Target Area' as defined by the RZ Plan:

- 1) Parcels that have been vacant or underutilized for an extended period of time:

The Dakota Block was built in 1893 upon the foundation of the Pinkham building destroyed in the great fire of 1893. Metro Drug was the most recent ground floor tenant from 1982 to 2015 when it closed. The ground floor has remained vacant since. The upper floors contain three offices, two are currently vacant, and the third is the office for Brokers Commercial. The 2nd floor connects to the skway.

(5/5 points)

- 2) Parcels specifically targeted for clearance:

The RZ Plan designates Block 11 as preservation and rehabilitation; redevelopment of surface parking land specifically the SE corner at 1st Ave N & 5th Street N intersection. The desired project shall incorporate ground floor commercial or retail with an emphasis on interaction with Broadway and 2nd Avenue North.

(5/5 points)

(10 / 10 points)

Line 11: The project will create civic space or public space and/or will enhance pedestrian connectivity, streetscape amenities or will contribute to street level activation:

This project will enhance the Broadway and 2nd Avenue North corridor by renovating an existing structure into a commercial space. The renovation will improve the appearance of this corner space in downtown's core. The project will improve the overall appearance and contribute to the overall level of activity in the downtown core.

(10/ 10 points)

Line 12: Consideration and analysis as to the total actual investment in the project:

As proposed, the rehabilitation project and improvement costs exceed both the 50% (true and full value of the building) and \$40 per square foot requirement. As previously noted, the application represents a total estimated investment of \$1,788,580.

(10 / 10 points)

Line 13: Consideration as to whether the project will include or accommodate the relocation of a business from another North Dakota community:

The project does not involve the movement or relocation of a business from another North Dakota community.

(10 / 10 points)

Line 14: Is the project located within a historic district? Will the project fit contextually and will the project contribute or enhance the area from an architectural perspective?

This property is located outside the boundary of the Downtown Historic District. The Dakota Block was built in 1893 upon the foundation of the Pinkham building destroyed in the great fire of 1893. Metro Drug was the most recent ground floor tenant from 1982 to 2015 when it closed. The ground floor has remained vacant since. The upper floors contain three offices, two are currently vacant, and the third is the office for Brokers Commercial. The 2nd floor connects to the skway. The proposed rehabilitation project will preserve the integrity of the building and create a destination for Fargo residents work, shop and play.

(10 / 10 points)

Summary:

This application received a score of 95 on a 100-point scale. The applicant met all required criteria and the use is consistent with the RZ Plan. In addition, the proposed rehabilitation project surpasses the local capital improvement requirement of \$40 per square foot for a commercial rehab and \$100 per square foot for new construction.

This project is consistent with the RZ Plan as activity generators and walkable districts are important initiatives highlighted in the plan. The proposal will increase activity at the Broadway and 2nd Avenue intersection.

The amount invested in the project exceeds state and local guidelines. The project does not involve the relocation of commercial businesses from another North Dakota city. The applicant is not seeking historic preservation tax credits. The applicant will pursue a Storefront Grant to aid in the rehabilitation effort.

This project will make use of a structure that is currently underutilized. Staff believes that this project will be a benefit to the downtown community and will positively contribute to the health of surrounding businesses.

Suggested motion:

Approve the application submitted by DFI BE LLC and to grant the property tax exemption and the State income tax exemptions as allowed by the ND Renaissance Zone law contingent upon completion of the project and verification of costs.

Renaissance Zone Scorecard
Minimum Criteria (Rehabilitation Project)

		Possible Rating	Staff Rating
1	Use consistent with the plan (as per Vision and Goals)	10	10
2	Exterior rehabilitation sufficient to eliminate any and all deteriorated conditions that are visible on the exterior of the building	10	10
3	Re-investment that totals no less than 50 percent of the current true and full valuation of the building	10	10
4	The investment totals at least \$40 in capital improvements per square foot for commercial properties or \$25 in capital improvements per square foot for residential properties (The authority may waive the square foot investment requirement for certain projects)	10	10
Minimum Criteria (Proposals involving new construction or additions)			
6	Use consistent with the plan (as per Vision and Goals)	N/A	NA
7	Does the investment comply with minimum investment thresholds (locally determined) for residential and commercial projects as set forth in the RZ Plan?	N/A	NA
8	Tenant must be leasing space in a building that has been approved as a Zone project	NA	NA
Project Review Guidelines			
9	The new construction or proposed improvements are representative of “High Priority Land Uses” as defined in the RZ Plan: <ul style="list-style-type: none"> • Primary sector business • Active Commercial, Specialty Retail and/or Destination Commercial • Mixed use development (combination of housing, commercial, and/or retail uses in a horizontal or vertical fashion) • Large, upscale residential units 	10	5
10	The investment is located in a ‘Target Area’ as defined by the RZ Plan: <ul style="list-style-type: none"> • Parcels that have been vacant or underutilized for an extended period of time • Parcels specifically targeted for clearance 	10	10
11	The project will create civic space or public space and/or will enhance pedestrian connectivity, streetscape amenities or will contribute to street level activation: <ul style="list-style-type: none"> • Incorporation of "civic" or "public" space within a redevelopment proposal will receive additional consideration • Demonstrated commitment to strengthening pedestrian corridors and issues of "connection" • Attention to streetscape amenities • Contribution to street activity 	10	10
12	Consideration and analysis as to the total actual investment in the project: <ul style="list-style-type: none"> • Consideration can be given for the level of capital investment in a project. (i.e., additional consideration can be given for higher levels of investment) 	10	10
13	Consideration as to whether the project will include or accommodate the relocation of a business from another North Dakota community: <ul style="list-style-type: none"> • Commercial tenants that are re-locating within the Downtown Area (as defined by the 1996 Downtown Area Plan) are not eligible for tax incentives without special approval from the Zone Authority • Commercial tenants that are relocating from a North Dakota community (other than Fargo) to the Fargo Renaissance Zone are not eligible for tax incentives without special approval from the Zone Authority. 	10	10
14	Is the project located within a historic district? Will the project fit contextually and will the project contribute or enhance the area from an architectural perspective? <ul style="list-style-type: none"> • Although not included in the Project Review Guidelines, historic preservation is considered an important component of downtown projects even when Historic Preservation and Renovation Tax Credits are not being requested. 	10	10
Total Rating (100 possible points)		100	95



4 AVE N

ROBERTS ST N

BROADWAY N

3 AVE N

Subject Location

2 AVE N

1 AVE N

NORTHERN PACIFIC AVE N

CITY OF FARGO

RENAISSANCE ZONE PROJECT APPLICATION

REHABILITATION OR PURCHASE (NEW CONSTRUCTION)

Attn: This application must be approved by all local and state review entities prior to beginning rehabilitation work.

1. Street address, legal description, and Renaissance Zone Block number of proposed project. If the proposed project involves more than one parcel, please provide relevant information for each parcel.

123 Broadway, Fargo ND
Lots 15, EXC S 5 IN & ALL OF 14, LESS SKYWAY AREA, Block 8, Kenney & Devitts 1st
Renaissance Zone Block 11
Parcel # 01-1520-00740-000

2. Current property owner(s).

DFI BE LLC

3. Name of applicant(s), mailing address, Federal ID number or SSAN, and type of entity (partnership, LLC, S-corporation, etc.).

DFI BE LLC
210 Broadway, Suite 300
Fargo, ND 58102
Tax ID Number:

4. Current use of property

Metro Drug was a long-time tenant in the ground floor from 1982 to June of 2015 when it closed. The ground floor has remained vacant since. The upper floors contain three office spaces, two currently vacant, and the third housing Brokers Commercial. The southern half of the 2nd floor also includes an interior corridor connecting the skyway system.

5. Square footage of the lot and of the building (list each floor separately)

Lot Size: 6,942 sf

Basement: 7,070 sf
First Floor: 6,902 sf
Second Floor: 5,296 (3,885 without skyway)

6. Describe the impact this project has on any historical properties

The Dakota Block, was built in 1893 upon the foundation of the Pinkham building destroyed in the great fire of 1893. The building was designed by Hancock Brothers architects and constructed for Benton and Angell, merchants, for \$12,000. The building was subsequently refaced by Milton Earle Beebe in 1899 after an overheated stove fire partially destroyed the building. Benton and Angell rebuilt Dakota Block for \$4,500 and it was reconstructed in a similar design with the same number of bays and north façade as the 1893 original.

The ground floor is currently vacant and will be completely renovated. The Broadway storefront will be reconstructed to closer replicate a historically correct design. In addition, the 2nd Ave façade will be renovated to add three new storefronts. These changes will be made to convert the current ground floor from having one storefront to a total of four storefronts – one facing Broadway and three new storefronts facing 2nd Ave. The renovation of the Dakota Block to add storefronts facing 2nd Ave are being made because of the planned redesign of the Block 9 plaza. The increased activity at the plaza will make these very attractive for retailers who will benefit from the increased foot traffic and exposure. In addition to creating the 2nd Ave storefronts, the interior of the space will be reconfigured to allow the space to be subdivided, two sets of new stairs constructed in the front and rear of the building, bathrooms to serve all the spaces, updated systems, and complete renovation as part of tenant fit-up.

Type of project (purchase, rehabilitation, lease, purchase with major improvements, historic preservation and renovation, or a combination).

Renovation

7. **Project Description.**

The renovation will include a new storefront along Broadway consisting of black painted aluminum framing system with inset door for the ground floor space and entrance for the upper floor. The upper floor windows will be replaced with black painted aluminum clad triple hung windows. Brick will be repointed where necessary and completely cleaned.

The north façade will be renovated to create new entrances and windows facing 2nd Ave. The in-filled brick will be removed and three new entries and 10 new windows will be cut. The new lower windows will be clad single hung with metal lintels and stone sills. The upper windows will also be replaced with clad windows. Color matched brick and mortar will replace the stucco panel and the façade will be repointed where necessary and completely cleaned.

The north façade will be renovated to create new storefronts facing 2nd Ave. A total of five storefronts – with three entries – consisting of black painted aluminum framing system with a 16” cast stone base. Color matched brick and mortar will replace the stucco panel and the façade will be repointed where necessary and completely cleaned. The existing upper windows will be replaced with aluminum clad double hung windows painted black.

In addition to creating the 2nd Ave storefronts, the interior of the space will be reconfigured to allow the space to be subdivided, two sets of new stairs constructed in the front and rear of the building, bathrooms to serve all the spaces, updated systems, and complete renovation as part of tenant fit-up.

The renovation of the Dakota Block to add storefronts facing 2nd Ave are being made because of the planned redesign of the Block 9 plaza. The increased activity at the plaza will make these very attractive for retailers who will benefit from the increased foot traffic and exposure. Kilbourne Group has identified several prospective tenants for these spaces with the goal of having retail and food and beverage concepts that will complement the long-term plans for the Block 9 plaza.

8. **Please provide a break out of “capital improvements”, as defined in Attachment B, and justification that the project will meet the City’s investment guidelines.**

Also describe anticipated tenant mix and the expected date of occupancy, completion, lease, or rehabilitation.

Some initial construction on second floor tenant improvements will begin this spring and the rest of the work will start this summer. The project is expected to be completed and opened in summer of 2018. We are targeting retailers and food & beverage concepts that will generate new activity and complete the long-term vision for the redesign plaza.

9. **Describe how the project enhances the stated Renaissance Zone goals and objectives, being as specific as possible (see Attachment C)**

Activity Generators.

This project sits on one of the most prominent locations in downtown and along Broadway. A location that will become much more visible upon the completion of the plaza redesign. Adding multiple tenants to this location will drive greater activity. We also recognize and applaud the City’s long term goal to connect the river, downtown, and the downtown campus along 2nd Ave. The redesign of north façade with three new storefronts will contribute to this effort of drawing pedestrian activity from Broadway and towards the riverfront.

Walkable Districts.

This project will enhance the overall walkability of downtown Fargo by creating a more inviting public realm and increasing the number of retailers. The public realm will be greatly improved with the new storefront along Broadway that will replicate a more historic design and provide a large expanse of glass to provide better visibility and more interesting streetscape. The ground floor façade along 2nd Ave currently provides no entries or windows. Redesigning the building with three new storefronts and multiple windows and doors will create much more interesting and inviting space for pedestrians. Subdividing the space from one to up to four retailers creates more destinations and draw to the area.

Ground Floor Uses.

The ground floor of the project will include a targeted mixed of retail and food and beverage. Kilbourne Group is being very careful to target the appropriate concepts to ensure they contribute to and complement the vibrancy of the plaza. We imagine unique retail concept, retailers geared towards families and kids, and food and beverage concepts would all complement the plaza.

Neighborhood Center.

This project will continue the ongoing efforts of the Renaissance Zone program goals of making Broadway, downtown's "Main Street." The redesign of the building will increase the amount of mixed uses and make it more pedestrianly friendly and inviting.

Transportation Issues.

The project is located along the most walkable street in the entire state. A Metro COG pedestrian counter at the intersection of Broadway and 2nd Ave averages daily counts of 600-1000+ and the surrounding businesses have Walk Scores® of 96. A Great Rides Bike Share station with 10 docks is located in the plaza that generated 7,218 bike checked ins/outs last season. Second Ave N is served by MatBus Routes 13, 13U, and 17 and a stop for the 15-minute FM Link circulator is 500 feet from this location. In addition, the Block 9 project will be constructing a ±350 parking on the block to the north, the Radisson parking garage is located one block to the east on 2nd Ave and new Roberts parking garage with 455 stalls will be constructed one block to the west on Roberts St.

Safe Streets – Safe Neighborhoods.

Buildings and storefronts with frequent windows and doors makes for a more inviting and interesting experience for pedestrians. Reintroducing windows and doors along 2nd and a larger storefront along Broadway will make both sidewalks more pedestrian friendly and active. This design will enhance the natural surveillance, both from the windows facing the street and additional businesses increasing foot traffic.

Placemeters® located near the 2nd Ave and Broadway intersection show marked differences in foot traffic of the surrounding sidewalks. The sidewalk in front of Toscana averages 1,876 pedestrians a day, whereas the Broadway sidewalk in front of this project averages only 488 and the 2nd Ave sidewalk along the plaza averages 286 pedestrian. It's our expectations that our project, along with the completion of the Block 9 project, a redesigned plaza, and efforts to connect Broadway to the riverfront, will increase the amount of traffic.

Downtown Entryways.

This project will continue the ongoing investment to revitalize and restore the historic appearance of the buildings along Broadway. The redesign of the buildings north façade will coincide with the redesign of the plaza and resulting visibility.

The Place to Be.

The increased number of storefronts, a historic restoration of the building, and a 2nd Ave façade that is more interesting and inviting will create a project that will be another small cog in the bigger wheel that represents the success of downtown. Every incremental improvement in downtown contributes to its overall success by increasing the number of offerings and unique experiences.

A Place Like No Other.

Kilbourne Group places great effort to respect the past with thoughtful renovation and repurposing of our properties. The Dakota Block building sits on one of the most prominent corners of downtown and one that will become even more prominent with surrounding development. The redesign will restore the building to its former glory with thoughtful renovations to better utilize the space.

Spruce up the area

Blank, windowless walls deactivate the streetscape. The reintroduction of windows and more importantly storefronts along the façade will help activate and draw pedestrians to this area.

Riverfront as an Asset.

While this property is not located on the riverfront, it will benefit from future redevelopment of the riverfront, civic quad, and 2nd Avenue corridor. Second Avenue has great potential to become a prominent pedestrian corridor. This corridor will be bookended by NDSU's downtown campus and the riverfront redevelopment, making Block 9 and the plaza a logical node connecting these two important downtown elements.

Great places have the ability to draw visitors along corridors by providing unique features at regular intervals. If designed correctly, the 2nd Ave corridor has the ability to create unique destinations between Broadway and the river. The plaza and the adjacent redesign of 2nd Ave into a pedestrian friendly shared space, the civic quad, and the river front redevelopment are logical nodes each about 800 feet apart. If the quad and riverfront are designed correctly as active spaces, they could help draw the Broadway pedestrian activity towards the river and vice versa.

24 hours a day – 7 days a week – 365 days a year.

Anecdotal evidence suggests that downtown's pedestrian activity is greatest over the lunch hour on weekdays and during the evenings as many are drawn to downtown for the food and beverage opportunities. Recent additions such as Sandy's Donuts have helped increase the activity on weekends, but generally weekend activity is a fraction of what is seen on weekdays and evenings. Our Placemeters® data confirms this generally accepted viewpoint, showing a drop in both pedestrian and vehicular activity on the weekends. It will be expected the redesigned plaza and its programmed events will generate increased activity on weekends and the Red River Market is certainly increasing activity on Saturdays.

However, much of the drop-off can be contributed to lack of businesses open or with limited hours on weekends. Additionally, many of downtown's businesses cater to the over 21 crowd, with limited focus on merchandise or experiences for kids. Kilbourne Group has received considerable interest in this location from a variety of retail concepts, but it's our intent to increase the traffic and activity on weekends by trying to target retail concepts who focus on the underserved kid's demographic, which also would complement the plaza.

Connections and Coordination.

Increasing the number of businesses at this location and a redesigned storefront activating both Broadway and 2nd Ave will provide another node of activity to downtown. The design of the 2nd Ave façade is intended to connect this property with the redesigned plaza. We feel the west half of 2nd Ave could be redesigned in a way that it could be used as part of the plaza during large events, which would further strengthen this connection in downtown.

10. **Extent of the exterior rehabilitation (demonstrated improvement to “public” face of building) – include plans and/or renderings, if available**

Broadway Façade

The renovation will include a new storefront along Broadway consisting of black painted aluminum framing system with an inset door for the ground floor space. The existing skyway door and transom will remain as is. The stucco panel will be removed to expose the existing beam and the existing post will have a new steel column cover. The upper floor windows will be replaced with black painted clad single hung windows with mulled transom above. Brick will be repointed where necessary and completely cleaned.

2nd Ave Façade

The north façade will be renovated to create new entrances and windows facing 2nd Ave. The inset entrances will have painted aluminum storefronts. The upper windows will also be replaced with clad windows. Color matched brick and mortar will replace the stucco panel and the façade will be repointed where necessary and completely cleaned.

Describe how the project fits under the Zone's development guidelines (Attachment D)

High Priority Land Use

Our intent to target specialty retailers and specifically those concepts that could drive greater interest for families and kids would increase activity and provide another retail destination.

Target Areas

This property has remained vacant for more than a year. Upon closing on this property in late September we plan to move forward with a redesign that increases the number of tenants and reactivates this important location in downtown.

Public Space

The improvements to the facades are not public space improvements, per se, but will instead make the sidewalk and public realm more interesting and inviting. As previously mentioned, we believe a redesigned 2nd Ave could provide a great opportunity for a unique public space.

Investment

The total investment in this project will be \$1,788,580. The resulting renovation construction cost will be \$100/SF which is 250% higher than the Renaissance Zone's minimum renovation threshold of \$40/SF. The Renaissance Zone requires the investment to be greater than 50% of the current value. This would require a minimum of \$261,800 investment, compared to the \$1,788,580.

Relocation

We are expecting any businesses locating in this building would either be new to Fargo or represent a second location for an existing business.

11. List of public and private financial commitments. If the project is funded by the Renaissance Zone Fund, describe type of funding and amounts.

This project is pursuing a storefront grant application.

12. Estimated tax impact of Zone incentives to the applicant: List the current true and full value of the building, the current annual property tax on the building, the estimated value of the building after improvements have been completed, and the estimated five-year impact. Estimate the potential annual income tax savings.

Current true and full value: \$523,600

Current annual property tax on building: \$9,628.10

Estimated value of the buildings after improvements: \$1,788,580*

Estimated five-year impact: \$124,860 (287.92 Mill Levy)

Potential annual income tax savings: \$1000

**Construction costs*

13. Provide evidence that the applicant is current on state and local taxes (Certificate of Good Standing from State Tax Commissioner (see Attachment E) and receipt showing proof that local taxes have been paid.

Submit Project Proposals to:

Department of Planning and Development, 200 N 3rd Street, Fargo, ND 58102
Phone 701-241-1474

DFI BE, LLC

Renaissance Zone Application

Project Cost Estimate for Capital Improvements

Project: Dakota Block, 123 Broadway Fargo, ND 58102

Planned Improvements

Improvements	\$	1,788,580
	\$	1,788,580

Notes

Soft costs have been allocated to each line-item

EXISTING

Requirement: \$40/SF in capital improvements

Total Planned Capital Improvements	\$	1,788,580
Total Square Feet		17,857
Planned Capital Improvements/SF	\$	100.16

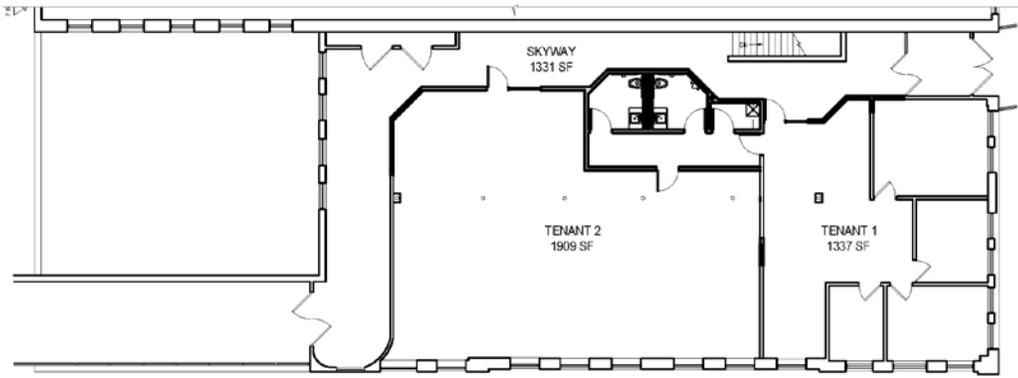
Requirement: Investment at least 50% of Current Value

Current True and Full Value	\$	523,600
1/2 Current True and Full Value	\$	261,800
Planned Capital Improvements	\$	1,788,580

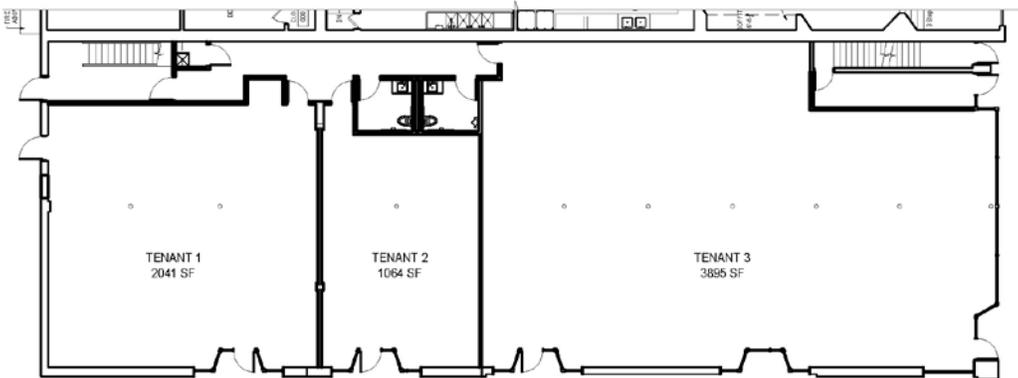
NEW CONSTRUCTION

At least \$100/SF in capital improvements

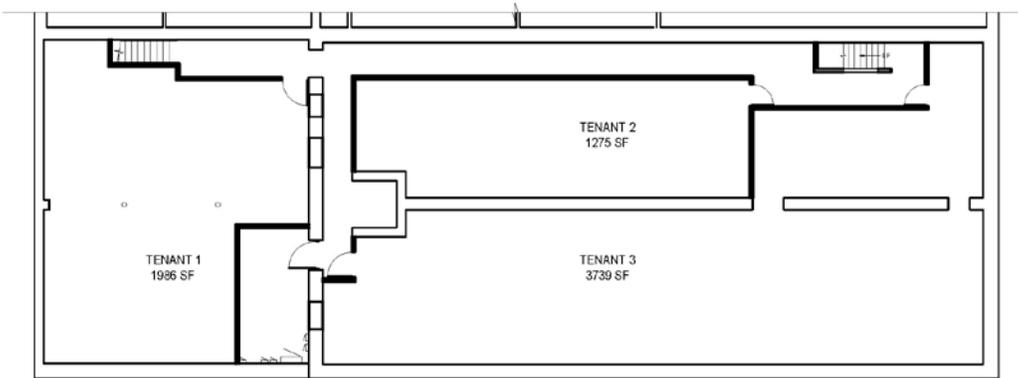
Total Planned Capital Improvements	\$	-
Total Square Feet		8,644
Planned Capital Improvements/SF	\$	-



UPPER LEVEL FLOOR PLAN
Scale: 1/16" = 1'-0"



MAIN LEVEL FLOOR PLAN
Scale: 1/16" = 1'-0"



LOWER LEVEL FLOOR PLAN
Scale: 1/16" = 1'-0"



NORTH ELEVATION
Scale: 3/32" = 1'-0"

WEST ELEVATION
Scale: 3/32" = 1'-0"



STATE OF NORTH DAKOTA
OFFICE OF STATE TAX COMMISSIONER
Ryan Rauschenberger, Commissioner

RECEIVED
OCT 03 2016

September 29, 2016

Ref: L1567927808

DFI BE LLC
210 BROADWAY N STE 300
FARGO ND 58102-4713

RE: Renaissance Zone Certificate Of Good Standing, State Income And Sales Taxes Only

This letter is evidence of good standing as required by the North Dakota Division of Community Services for purposes of obtaining final approval of a renaissance zone project.

As of the date of this letter, the records in the North Dakota Office of State Tax Commissioner do not show probable cause to believe that any income taxes (including income tax withheld from wages) or sales and use taxes are due and owing to the State of North Dakota by the following taxpayer:

Taxpayer's Name: DFI BE LLC
SSN or FEIN: 47-4524852

The enclosed copy of this letter must be submitted (as part of the zone project application) to the local zone authority for the renaissance zone in which the proposed zone project will be located. Please keep this original letter for your records.

/s/ Lorie Bowker
Lorie Bowker
Supervisor, Individual Income Tax and Withholding
Phone: (701) 328-1296
Email: lbowker@nd.gov

Enc.



**Staff Report
Renaissance Zone Application for
19½ & 23½ 8th Street South (257-F)
Harvest Capital LLC**

Project Evaluation:

The City of Fargo received a Renaissance Zone application from Harvest Capital LLC to rehabilitate the existing structure at 19½ & 23½ 8th Street South. Pursuant to the application, the intent of the project is to complete extensive exterior and interior renovations to the 2nd floor apartments and one unit of the ground floor commercial. The building is 2-story and includes approximately 15,000 square feet (9,500 SF will be rehabilitated) of mixed-use commercial and residential. The rehabilitation would renovate and update the existing 2nd floor apartments and one ground floor commercial unit. Overall the building improvements would include significant capital costs relating to a new roof, windows, updating electrical, HVAC, plumbing, and cleaning the exterior brick.

The construction would begin in the spring or summer 2017 with the goal of completion in the fall of 2017.

The Planning Department has reviewed the application and has provided a project ranking based on the analysis below.

Lines 1: Use consistent with the RZ Plan (as per Visions and Goals): As noted in the 2015 Renaissance Zone Development Plan the desired land use on Block 20 is identified as *preservation; opportunities for increased housing on upper floors of existing buildings; redevelopment of surface parking lots could accommodate ground floor retail/commercial on 1st Ave S and housing or office on the remainder*. As proposed, the project will contribute to a number of goals and objectives as outlined in the RZ Plan as follows:

1. *Activity Generator [goal]:* Develop activity generating enterprises along Renaissance Zone's major commercial corridors: Broadway/Roberts and NP/1st Avenue.

The project is located on 8th Street South and is a prominent entry point into downtown and the historical Hawthorne Neighborhood. Significant investment to the existing residential and commercial space will increase the activity in this corridor.

2. *Walkable Districts [goal]:* Create "walkable districts" that integrate a wide range of activities and land uses; thus encouraging on-street activity...

The project will enhance the overall walkability of downtown Fargo by creating another destination point in the growing corridor. There are many new shops and dining opportunities near this subject location. Added residential and improved commercial spaces will attract more businesses that may not be able to afford prime real estate along Broadway.

3. *Ground Floor Uses [goal]:* Reserve ground floor land uses to those that will encourage streets to come to life – shops, offices, cafes, restaurants and other "public" facilities.

The project will include the renovation of one of the ground floor commercial units but the applicant cannot make the investment to improve all of the spaces at this time. Investment in the apartment renovation and ground floor commercial unit will be the starting point of a long-term investment.

4. *Neighborhood Center [goal]:* Make "Broadway" Fargo's "Main Street" – a pedestrian-friendly, mixed-use magnet that anchors downtown neighborhoods.

Many residents from the Hawthorne Neighborhood use 8th Street as a gateway into downtown Fargo. Shops, restaurants and other amenities create a neighborhood center for people to gather.

5. *Urban Design [goal]:* Projects will embody strong urban design principles inclusive of building massing and form, building materials, pedestrian orientated design, streetscape, building orientation and recognition of the importance of defined block corners, architectural style, high building coverage percentages, limited setbacks or downtown district appropriate setbacks, design longevity and street level transparency.
6. *Transportation [goal]:* Manage downtown transportation, accessibility and parking issues in a manner that will allow for further commercial developments and will make the entire area more user-friendly.
7. *Safe Streets – Safe Neighborhoods [goal]:* Encourage safe streets and safe neighborhoods by relying on and utilizing the “natural surveillance” of lively and active streets.

More people are living, working and visiting this area. The surrounding projects have added to that and more people creates an active and safe environment.

8. *High Quality Housing [goal]:* Continue to encourage the production of unique high quality housing that is developed in areas targeted for residential development or as a component of a mixed-use project.
9. *Infill [goal]:* Encourage and actively pursue projects that increase the productivity of underutilized property such as surface parking lots, vacant land and parcels with low building to land value ratios. Infill projects shall conform and be consistent with urban design principles as set forth in Goal 5, above..
10. *Housing Amenities [goal]:* Integrate quality housing with public open space and neighborhood amenities, requiring the enhancement of existing amenities in conjunction with the creation of new ones.
11. *Downtown Entryways [goal]:* Enhance auto entry experiences with landscaping improvements to all major corridors (Broadway, Roberts St, 1st/NP Avenue, Main Avenue) and gateway statements at Broadway/Main Avenue, Broadway/6th Ave N, 1st Avenue/Red River, Main Avenue/Red River and Main Ave/10th Street N.

The project is located on 8th Street South, which has been used by cars, bikers and pedestrians to enter into downtown Fargo and the Hawthorne Neighborhood.

12. *The Place to Be [goal]:* Make downtown the entertainment/cultural/recreational center of the city... Make downtown a key destination for visitors/conventioners and a key destination for residents.
13. *A Place Like No Other [goal]:* Highlight the unique historic character of the Renaissance Zone by placing a high value on historic preservation and overall awareness of the history of the area.
14. *24 Hours a day – 7 Days per Week – 365 Days a Year [goal]:* Design spaces, facilities and features that will attract people to the area both day and night, on weekdays and weekends, and during all seasons of the year.
15. *Connections and Coordination [goal]:* ... Strong connections between people, places and things to do are vital to creating a strong sense of community.

(8/10 points)

Line 2: Will exterior rehabilitation or the proposed improvements be sufficient to eliminate any and all deteriorated conditions that are visible on the exterior of the building? Does the project scope address the interior and exterior of the building in a comprehensive manner?:

Proposed improvements will include: new roof, windows, updating electrical, HVAC, plumbing, and cleaning the exterior brick. The rehabilitation project is sufficient to eliminate any deteriorated conditions that are visible on the exterior of the building.

(10/ 10 points)

Line 3: Does the investment comply with the minimum State standard that requires an investment of no less than 50% of the current true and full valuation of the building?:

The property is currently assessed at \$774,400. The applicant has proposed a total rehabilitation investment of \$400,000 which exceeds the required 50% investment guideline. These improvements will result in \$45 per SF (RZ minimum is \$25 per SF for residential and \$40 per SF for commercial) being invested into the existing space.

(10 / 10 points)

Line 4: Does the investment comply with minimum investment thresholds (locally determined) for residential and commercial projects as set forth in the RZ Plan?:

Pursuant to City of Fargo Renaissance Zone standards, in order to qualify for consideration, a project must meet a minimum \$25 per SF capital improvement threshold for residential rehabilitation and \$40 per square foot capital improvement for commercial rehabilitation. New construction must meet \$100 per square foot capital investment threshold.

According to the application, the structure accommodates 15,000 square feet (9,500 SF will be rehabilitated), as follows:

19½ & 23½ 8th Street South

Ground Floor – 7,500 SF

- SF of commercial space included in this application is approximately 2,000 square feet. (Note: There are a total of four retail spaces. Three are presently leased, but applicant will be remodeling the presently vacant space in conjunction with this application and the other three spaces as leases expire.)

2nd Floor – 7,500 SF

Overall, the application estimates a total capital investment of \$400,000 which calculates to approximately \$45 per square foot.

(9 / 10 points)

Line 5: Sub-Total: The sub-total of lines 1–4 equals 40 points.

Line 6: Use consistent with the RZ Plan (as per Visions and Goals)?:

Line 7: Does the investment comply with minimum investment thresholds (locally determined) for residential and commercial projects as set forth in the RZ Plan?

Line 8: Tenant must be leasing space in a building that has been approved as a Zone project: NA

Line 9: The new construction or proposed improvements are representative of “High Priority Land Uses” as defined in the RZ Plan: These criteria are defined by four sub-categories, as follows:

Primary Sector Business: N/A

Active Commercial, Specialty Retail or Destination Commercial: The project is located on 8th Street South and is a prominent entry point into downtown and the historical Hawthorne Neighborhood. Significant investment to the existing residential and commercial space will increase the activity in this corridor. Renovations will allow the building to occupy more tenants, employees and visitors.

Mixed Use Development: The project will include the renovation of one of the ground floor commercial units but the applicant cannot make the investment to improve all of the spaces at this time. Investment in the apartment renovation and ground floor commercial unit will be the starting point of a long-term investment.

Large, upscale residential units: 2nd Floor apartments will be available for rent after the completion of the rehabilitation.

(5 / 10 points)

Line 10: The investment is located in a 'Target Area' as defined by the RZ Plan:

- 1) Parcels that have been vacant or underutilized for an extended period of time:

Put the property back to how it was originally. Include more details – rehab of the apartments will start and rehab of the one commercial space will follow. Talk about the disrepair of the current units.

(4/5 points)

- 2) Parcels specifically targeted for clearance:

The RZ Plan designates Block 20 as being appropriate for preservation; opportunities for increased housing on upper floors of existing buildings; redevelopment of surface parking lots could accommodate ground floor retail/commercial on 1st Ave S and housing or office on the remainder.

(5/5 points)

(9 / 10 points)

Line 11: The project will create civic space or public space and/or will enhance pedestrian connectivity, streetscape amenities or will contribute to street level activation:

This project will enhance and strengthen the 8th Street South corridor by renovating an existing structure into an updated mixed-use development. The renovation will improve the appearance of this gateway into the downtown core and the historic Hawthorne Neighborhood. The project will improve the overall appearance and contribute to the overall level of activity in the downtown fringe.

(9 / 10 points)

Line 12: Consideration and analysis as to the total actual investment in the project:

As proposed, the rehabilitation project and improvement costs exceed both the 50% (true and full value of the building) and \$40 per square foot requirement. As previously noted, the application represents a total estimated investment of \$400,000.

(10 / 10 points)

Line 13: Consideration as to whether the project will include or accommodate the relocation of a business from another North Dakota community:

The project does not involve the movement or relocation of a business from another North Dakota community.

(10 / 10 points)

Line 14: Is the project located within a historic district? Will the project fit contextually and will the project contribute or enhance the area from an architectural perspective?

This property is located outside the boundary of the Downtown Historic District. The proposed rehabilitation project will preserve the integrity of the building and create a destination for Fargo residents to live and shop.

(9 / 10 points)

Summary:

This application received a score of 89 on a 100-point scale. The applicant met all required criteria and the use is consistent with the RZ Plan. In addition, the proposed rehabilitation project surpasses the local capital improvement requirement of \$25 per SF capital improvement threshold for residential rehabilitation and \$40 per square foot capital improvement for commercial rehabilitation. New construction must meet \$100 per square foot capital investment threshold.

This project is consistent with the RZ Plan as activity generators and walkable districts are important initiatives highlighted in the plan. The proposal will increase activity and add to the existing neighborhood center on 8th Street South.

The amount invested in the project exceeds state and local guidelines. The project does not involve the relocation of commercial businesses from another North Dakota city. The applicant is not seeking historic preservation tax credits. The applicant will pursue a Storefront Grant to aid in the rehabilitation effort.

This project will make use of a structure that is currently underutilized. Staff believes that this project will be a benefit to the downtown community and will positively contribute to the health of surrounding businesses.

Suggested motion:

Approve the application submitted by Harvest Capital LLC and to grant the property tax exemption and the State income tax exemptions as allowed by the ND Renaissance Zone law contingent upon completion of the project and verification of costs.

**Renaissance Zone Scorecard
Minimum Criteria (Rehabilitation Project)**

		Possible Rating	Staff Rating
1	Use consistent with the plan (as per Vision and Goals)	10	8
2	Exterior rehabilitation sufficient to eliminate any and all deteriorated conditions that are visible on the exterior of the building	10	10
3	Re-investment that totals no less than 50 percent of the current true and full valuation of the building	10	10
4	The investment totals at least \$40 in capital improvements per square foot for commercial properties or \$25 in capital improvements per square foot for residential properties (The authority may waive the square foot investment requirement for certain projects)	10	9
Minimum Criteria (Proposals involving new construction or additions)			
6	Use consistent with the plan (as per Vision and Goals)	N/A	NA
7	Does the investment comply with minimum investment thresholds (locally determined) for residential and commercial projects as set forth in the RZ Plan?	N/A	NA
8	Tenant must be leasing space in a building that has been approved as a Zone project	NA	NA
Project Review Guidelines			
9	The new construction or proposed improvements are representative of "High Priority Land Uses" as defined in the RZ Plan: <ul style="list-style-type: none"> • Primary sector business • Active Commercial, Specialty Retail and/or Destination Commercial • Mixed use development (combination of housing, commercial, and/or retail uses in a horizontal or vertical fashion) • Large, upscale residential units 	10	5
10	The investment is located in a 'Target Area' as defined by the RZ Plan: <ul style="list-style-type: none"> • Parcels that have been vacant or underutilized for an extended period of time • Parcels specifically targeted for clearance 	10	9
11	The project will create civic space or public space and/or will enhance pedestrian connectivity, streetscape amenities or will contribute to street level activation: <ul style="list-style-type: none"> • Incorporation of "civic" or "public" space within a redevelopment proposal will receive additional consideration • Demonstrated commitment to strengthening pedestrian corridors and issues of "connection" • Attention to streetscape amenities • Contribution to street activity 	10	9
12	Consideration and analysis as to the total actual investment in the project: <ul style="list-style-type: none"> • Consideration can be given for the level of capital investment in a project. (i.e., additional consideration can be given for higher levels of investment) 	10	10
13	Consideration as to whether the project will include or accommodate the relocation of a business from another North Dakota community: <ul style="list-style-type: none"> • Commercial tenants that are re-locating within the Downtown Area (as defined by the 1996 Downtown Area Plan) are not eligible for tax incentives without special approval from the Zone Authority • Commercial tenants that are relocating from a North Dakota community (other than Fargo) to the Fargo Renaissance Zone are not eligible for tax incentives without special approval from the Zone Authority. 	10	10
14	Is the project located within a historic district? Will the project fit contextually and will the project contribute or enhance the area from an architectural perspective? <ul style="list-style-type: none"> • Although not included in the Project Review Guidelines, historic preservation is considered an important component of downtown projects even when Historic Preservation and Renovation Tax Credits are not being requested. 	10	9
Total Rating (100 possible points)		100	89



NORTHERN PACIFIC AVE N

8 ST N

MAIN AVE

Subject Locations

1 AVE S

9 ST S

8 ST S

7 ST S

2 AVE S

CITY OF FARGO
RENAISSANCE ZONE PROJECT APPLICATION

REHABILITATION OR PURCHASE (NEW CONSTRUCTION)

Attn: This application must be approved by all local and state review entities prior to beginning rehabilitation work.

1. Street address, legal description, and Renaissance Zone Block number of proposed project. If the proposed project involves more than one parcel, please provide relevant information for each parcel.

19-1/2 and 23-1/2 8th Street South, Fargo, ND 58107

Renaissance Zone Block: 20

Specifically, the second story of two properties located on Lots 11 and 12, in Block 8, of the Original Townsite to the City of Fargo, situated in the County of Cass, and state of North Dakota

2. Current property owner(s).

Harvest Capital LLC

3. Name of applicant(s), mailing address, Federal ID number or SSAN, and type of entity (partnership, LLC, S-corporation, etc.).

Joel Jaeger on behalf of Harvest Capital LLC

Address: PO Box 1285 | Fargo, ND 58107

Tax ID:

4. Current use of property:

Currently the 1st floor is leased commercial space and the 2nd floor is apartments

Square footage of the lot and of the building (list each floor separately)

Lot: 9,000 sq ft

Building:

- **1st Floor (Commercial): 7500**
 - **SF of commercial space included in this application is approximately 2,000 square feet. (Note: There are a total of four retail spaces. Three are presently leased, but applicant will be remodeling the presently vacant space in conjunction with this application and the other three spaces as leases expire.)**
- **2nd Floor (Apartments): 7500 Sq Ft**

5. Describe the impact this project has on any historical properties

Put the property back to how it was originally. Include more details – rehab of the apartments will start and rehab of the one commercial space will follow. Talk about the disrepair of the current units.

6. Type of project (purchase, rehabilitation, lease, purchase with major improvements, historic preservation and renovation, or a combination).

Rehabilitation (current owner has recently purchased the property)

7. Project Description. Describe scope of work, including a detailed cost estimate of the work to be completed, and justification that the improvements will meet the State's 50% investment criteria.

We plan to fully remodel the second (top) floor which is comprised of nine total apartments—four at the 19-1/2 address and five at the 23-1/2 address. In addition to the rehab of the apartments, we plan to rehab one of the commercial units on the first floor. (Note: Three of the four commercial spaces were leased when we purchased the property and under state law we are obligated to honor those leases and want to be respectful of those proprietors.)

Estimated cost of the project is \$400,000.

- **Rehab of apartments will include replacement of windows, updating electrical, exposing brick, installing HVAC in apartments, repairing and updating plumbing, restoring (where possible) wood floors installing new flooring in hallways and common areas**
- **Rehab of retail space will include elimination of suspended ceiling, repair and re-emergence of original beadboard ceiling, updating of lighting, removal old carpet and subflooring, refinishing of original floor, and general “opening up” of the space to make it attractive to prospective tenants that can contribute to the overall mix of commercial offerings Downtown.**
- **Other rehab of the property will include replacement of the roof and repairs to existing storefronts.**

The property is currently assessed at \$774, 340 and the preliminary construction cost estimate for all work performed on the property will total approximately \$400,000. The investment exceeds the State's 50% investment threshold and the City of Fargo's minimum cost per square foot requirement (residential -\$25/SF and commercial - \$40/SF). This rehabilitation project will significantly increase the property's value, future ad valorem taxes to the City, and increase the overall appeal of Fargo's downtown.

Our residential apartments will be available to anyone interested in living in the Downtown area. Similar to other properties we currently have the area we expect a mix of latter stage college students, young professionals (both single and married) to be the largest demographics but will also see some older professionals and even retired people wanting to downsize or have a second residence Downtown.

8. Describe how the project enhances the stated Renaissance Zone goals and objectives, being as specific as possible (see Attachment C)

Overall project will provide significantly upgraded residential offering in an important downtown neighborhood. Furthermore, it will restore a level of maintenance and aesthetic that compliments the overall renaissance of Downtown while retaining the boutique retail and unique “updated but historical” residential offerings in the neighborhood. Renovation of the apartments and related exterior of the building will make the block more desirable thus creating a more sought after location for the first floor retail spaces that are part of this property in addition to the block and neighborhood as a whole. The project is in line with RZ objectives as follows:

- **Walkable Districts [goal]:** Create “walkable districts” that integrate a wide range of activities and land uses; thus encouraging on-street activity...
 - The project will enhance the overall walkability of downtown Fargo by enhancing the destination that is Historic 8th Street, further connecting the area to Main Avenue and Downtown in general.
- **Ground Floor Uses [goal]:** Reserve ground floor land uses to those that will encourage streets to come to life – shops, offices, cafes, restaurants and other “public” facilities.
 - The ground floor will be occupied by boutique retail offerings that will be made much more attractive to current and prospective tenants by cleaning up the property and block.
- **Neighborhood Center [goal]:**
 - Historic 8th Street and by connection the area extending from Main Avenue to the Hawthorne area to the south is increasingly becoming a neighborhood enjoyed by many for coffee, shopping and living. The project will enhance the block and the area generally.
- **High Quality Housing [goal]:** Continue to encourage the production of unique high quality housing that is developed in areas targeted for residential development or as a component of a mixed-use project.
 - Housing options on 8th Street South have been significantly upgraded in the last several years. This project would bring an additional nine high quality and desired units to the market.
- **Downtown Entryways [goal]:**
 - 8th Street South is one of the oldest, if not the oldest, street in Fargo. It is an important entryway into Downtown from South. This project will provide a significant improvement to the most focal element of this important entryway.

9. Extent of the exterior rehabilitation (demonstrated improvement to “public” face of building) – include plans and/or renderings, if available

The retail storefronts, while respectable, are in need of repairs to cladding and signage components that undermine their overall integrity. We plan to address those items.

The areas we feel we can have the greatest impact—both aesthetically and in terms of directly and indirectly upgrading the block and neighborhood are as follows:

- **Second story windows.** In short, windows are largely broken, undersized, inoperable and plagued by exterior cladding that is discolored and coming loose from the property. Related, the overall condition of the apartments is such that a potentially beautiful building is blighted by window unit air conditioners, associated condensate pipes and a general level pestilence—items the grant would assist us in remedying.
- **The south-facing wall.** As mentioned, the property stands at an important entry point into Downtown from the beautiful Hawthorne district to the south. The

south facing wall of the property has, at some point in the past, been painted. To call it an eyesore is putting it nicely. Ideally, the condition of the masonry permitting, we would sand or ice blast the surface. Alternatively, there are several ways we could dress up this portion of the building to something fitting of downtown.

- **Urban Design.** There is a rather large boulevard at the property's corner at 8th Street South and 1st Avenue that we plan to work with the city and/or BID to improve upon. Presently contributing to the downtrodden look of the corner, it could be made a significant asset to the block via some type of parklet, additional parking, or simply some TLC.)
- **Safe Streets.** Due in large part to the state of the property, residential tenants, their visitors and others occupying the property in various way on an uninvited basis has been a significant problem--with police dealing with disturbances and somewhat regularly, among other things. Anecdotal reports of drug and other unsavory activity is pronounced. Retailers and patrons on the block being notably (and reasonably) concerned about safety has been an issue. We have dealt successfully with similar issues as property owners on the east side of 8th Street South and plan to similarly address the matter on the west side of the street—for the good of the block, our retail tenants and the Downtown community at large.

10. Describe how the project fits under the Zone's development guidelines (Attachment D)

Project is within the target are of the RZA, will improve and make use of a structure that is currently underutilized, and aims to improve (aesthetically and otherwise) an important entry point into Downtown—from the Hawthorne neighborhood to the South—and to continue the revitalization of unique mix of residential and boutique commercial offerings on Historic 8th Street. Overall investment in the project significant—in total and on a per square foot basis.

11. List of public and private financial commitments. If the project is funded by the Renaissance Zone Fund, describe type of funding and amounts.

A Storefront Grant will also be pursued to support the rehabilitation of the 1st floor commercial units.

12. Estimated tax impact of Zone incentives to the applicant: List the current true and full value of the building, the current annual property tax on the building, the estimated value of the building after improvements have been completed, and the estimated five-year impact. Estimate the potential annual income tax savings.

Current true and value: \$774,400

- 17 8th Street South -- \$366,400
- 21 8th Street South -- \$408,000

Current annual property tax on building: \$10,392.06

- 17 8th Street South – \$4,928.26
- 21 8th Street South -- \$5,463.80

Estimated value of the buildings after improvements: \$1,174,400

Estimated five-year property tax exemption: \$51,960

Potential annual income tax savings: \$1,000

13. Provide evidence that the applicant is current on state and local taxes (Certificate of Good Standing from State Tax Commissioner (see Attachment E) and receipt showing proof that local taxes have been paid.

Need Certificate of Good Standing letter from the State Tax Commissioner (attach with the application)

Submit Project Proposals to:

Department of Planning and Development, 200 N 3rd Street, Fargo, ND 58102
Phone 701-241-1474

Exhibit X. Estimated Project Budget

Item	Est. Total
DEMOLITION	\$15,000
ROOF REPLACEMENT	\$59,345
REPLACE WINDOWS	\$48,488
MASONRY REPAIR	\$6,000
REFINISH FLOORS (APARTMENTS)	\$10,527
REFINISH FLOORS (COMMERCIAL)	\$12,000
INSTALL NEW FLOORING (WHERE CANNOT REFINISH)	\$15,000
TILE BATHROOMS AND ENTRY WAYS	\$6,000
SHEETROCK, CEILINGS, PAINTING IN APARTMENTS	\$38,115
SHEETROCK, CEILINGS, PAINTING IN COMMERCIAL	\$22,117
HALLWAY SHEET ROCK REPAIR, CEILINGS, PAINTING	\$6,200
ELECTRICAL (UPDATE PANELS, NEW WIRING FOR HVAC, ETC.)	24,000
ELECTRICAL (REPLACE METER STACK AND/OR COMPONENTS)	6,000
ELECTRICAL (NEW LIGHT FIXTURES FOR 9 APARTMENTS)	7,000
ELECTRICAL (COMMERCIAL SPACE)	6,000
MATERIALS - NEW DOORS, TRIM, COUNTERTOPS	\$14,000
LABOR - NEW DOORS & TRIM	\$12,000
DOOR / CABINET / LOCK / SECURITY DOOR HARDWARE	\$2,796
HIGH EFFICIENCY HVAC (9 UNITS)	\$40,449
ROOF MOUNTS & PLUMBING FOR HVAC UNITS	\$9,765
REPAIRS TO COMMERCIAL AC SYSTEM	\$2,800
REPAIRS TO COMMERCIAL BOILER HEAT SYSTEM	\$3,000
PLUMBING / NEW BATHROOM FIXTURES (APARTMENTS)	\$25,155
PLUMBING FOR SHARED LAUNDRY (Two Total - One Each Building)	\$5,600
REPAIRS TO ROOF GUTTERS	\$2,875
BUDGET FOR "OTHER / UNEXPECTED EXPENSES"	\$30,000
Total Estimated Investment	\$430,232
Building Value	
-- 17 8th Street	\$366,400
-- 21 8th Street	\$408,000
Total	\$774,400
50% of Total to Meet State RZA Requirement	\$387,200
Estimated Spend Per Square Foot	\$45.29

Exhibit X. Individual Apartment Layouts (19.5-1)

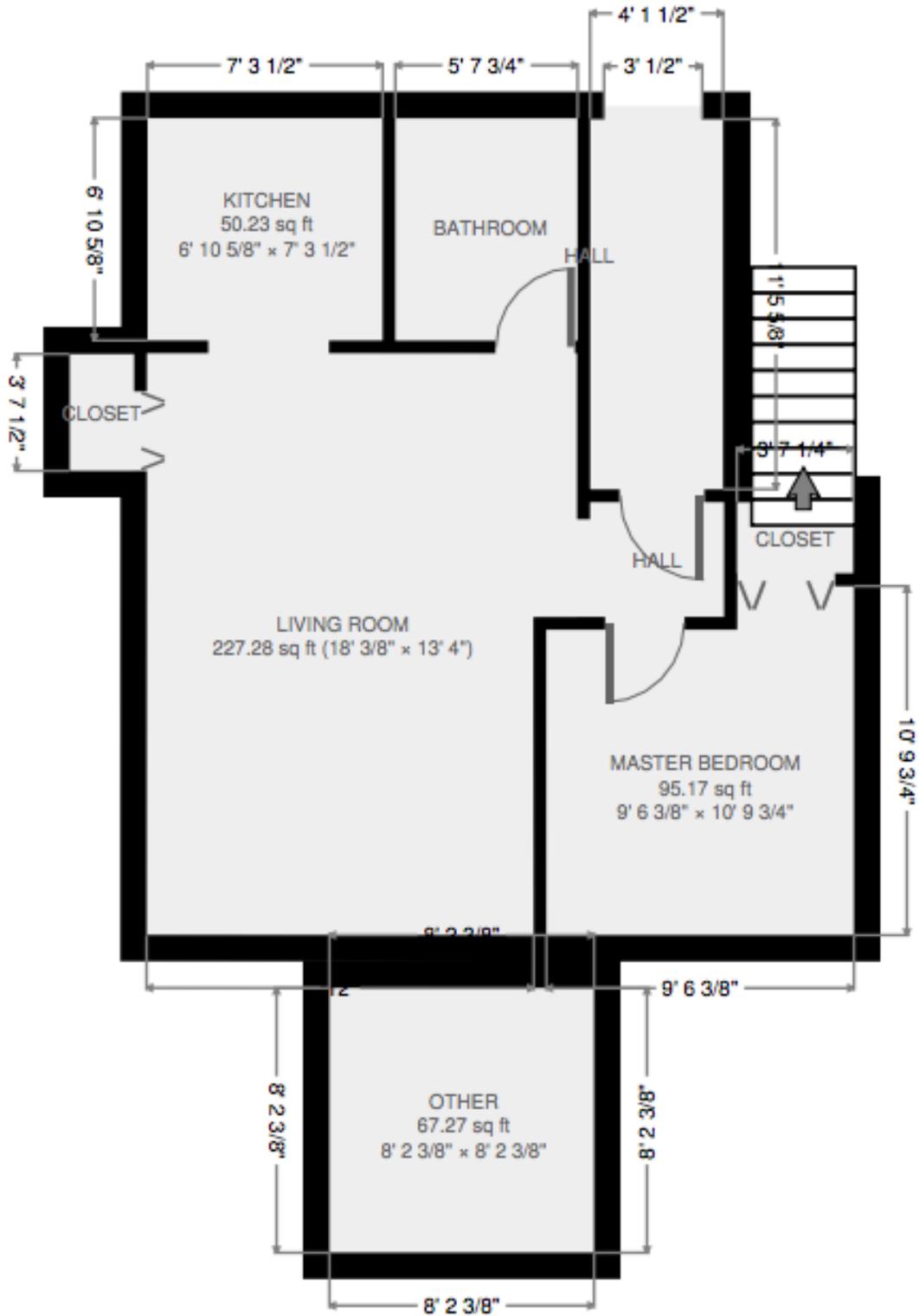


Exhibit X. Individual Apartment Layouts (19.5-2)

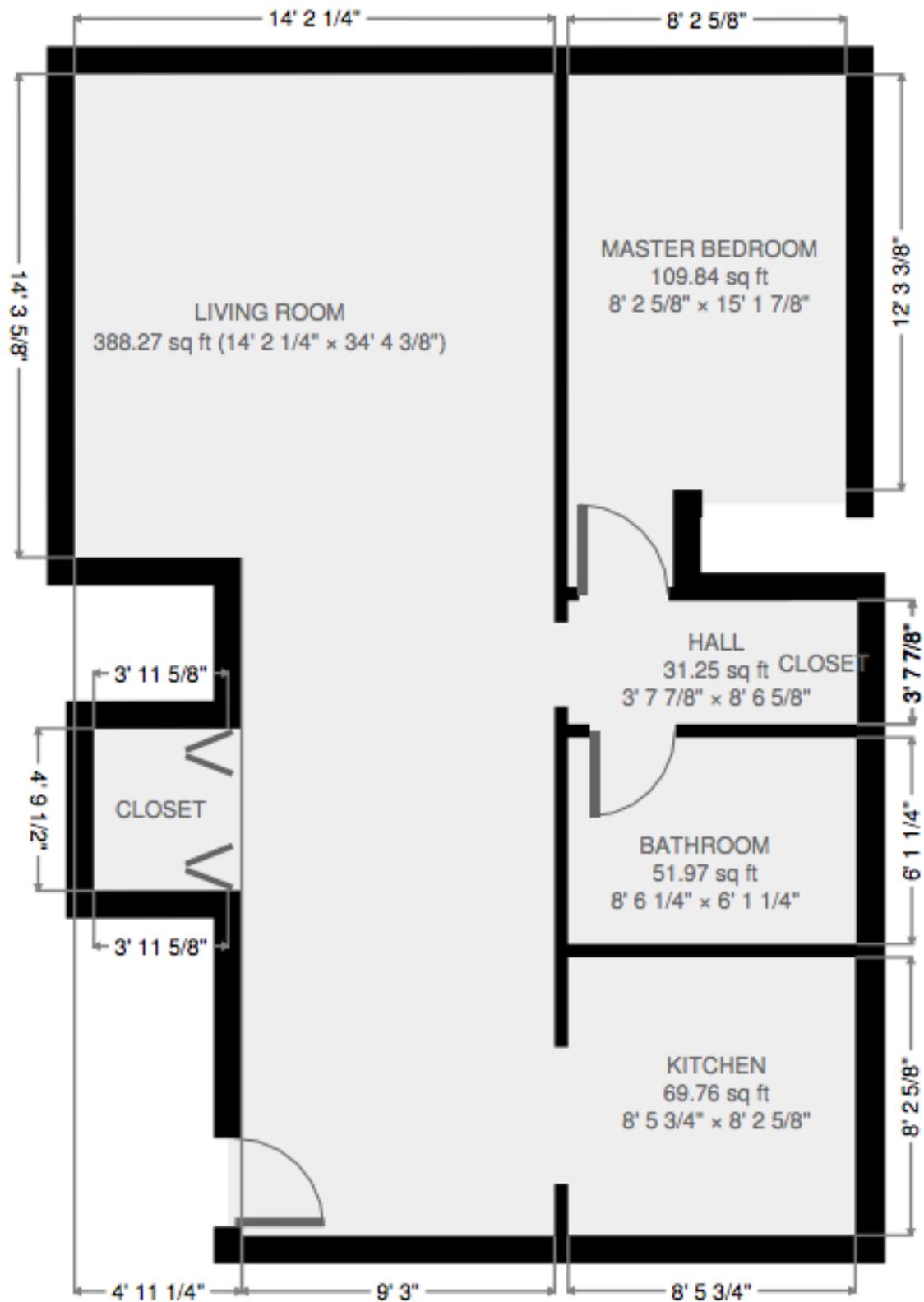


Exhibit X. Individual Apartment Layouts (19.5-3)

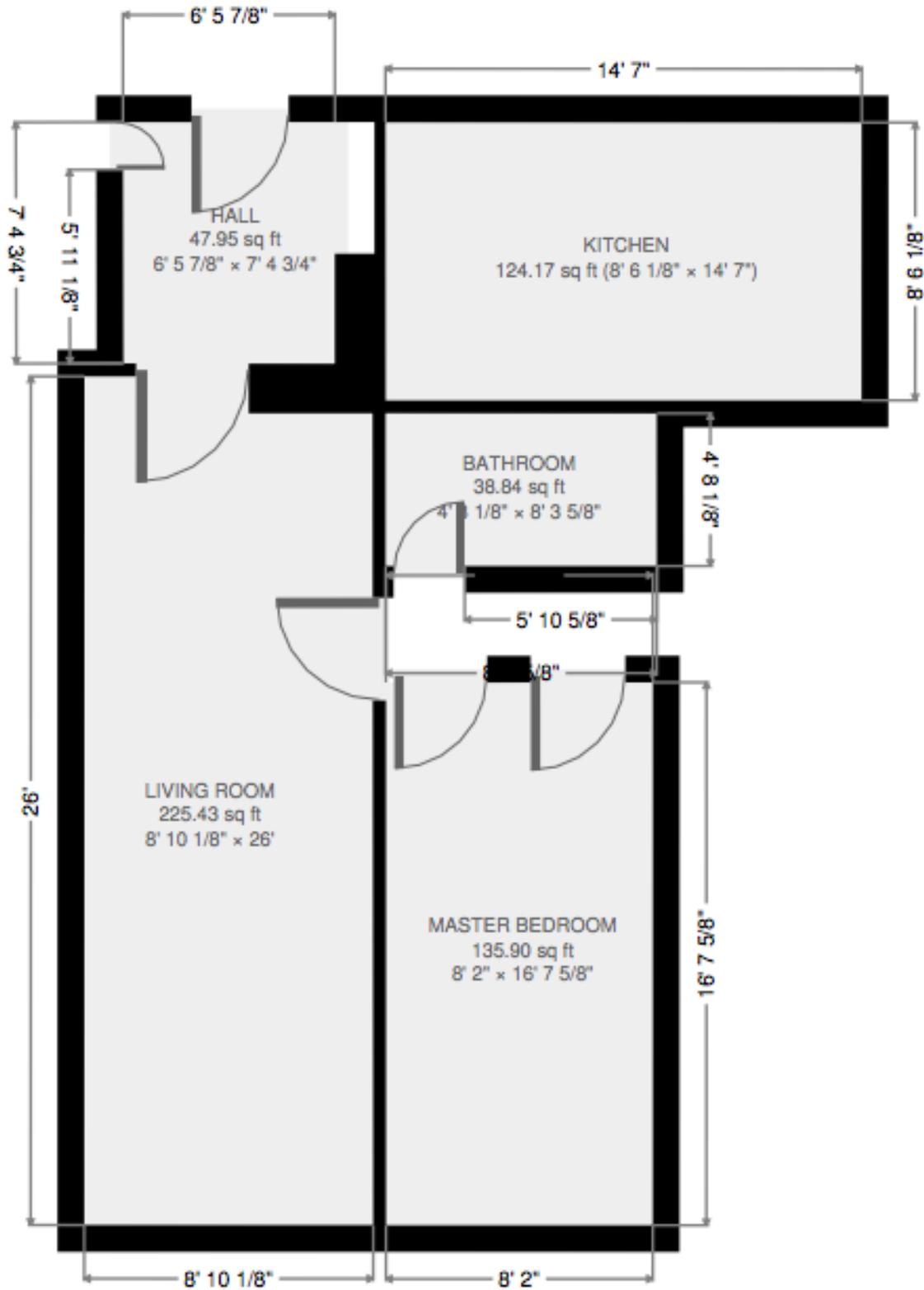


Exhibit X. Individual Apartment Layouts (19.5-4)

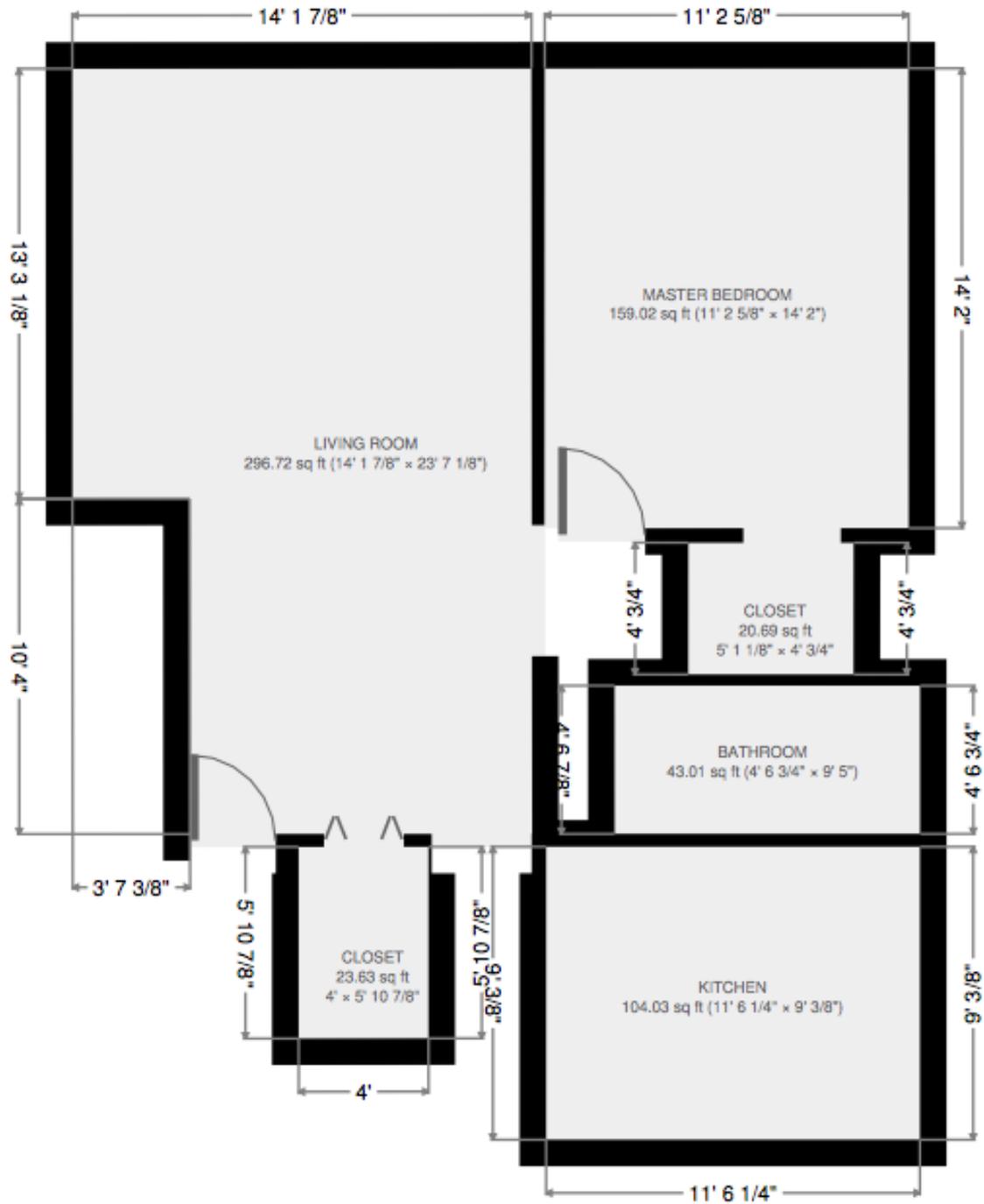


Exhibit X. Individual Apartment Layouts (19.5-Common Area)

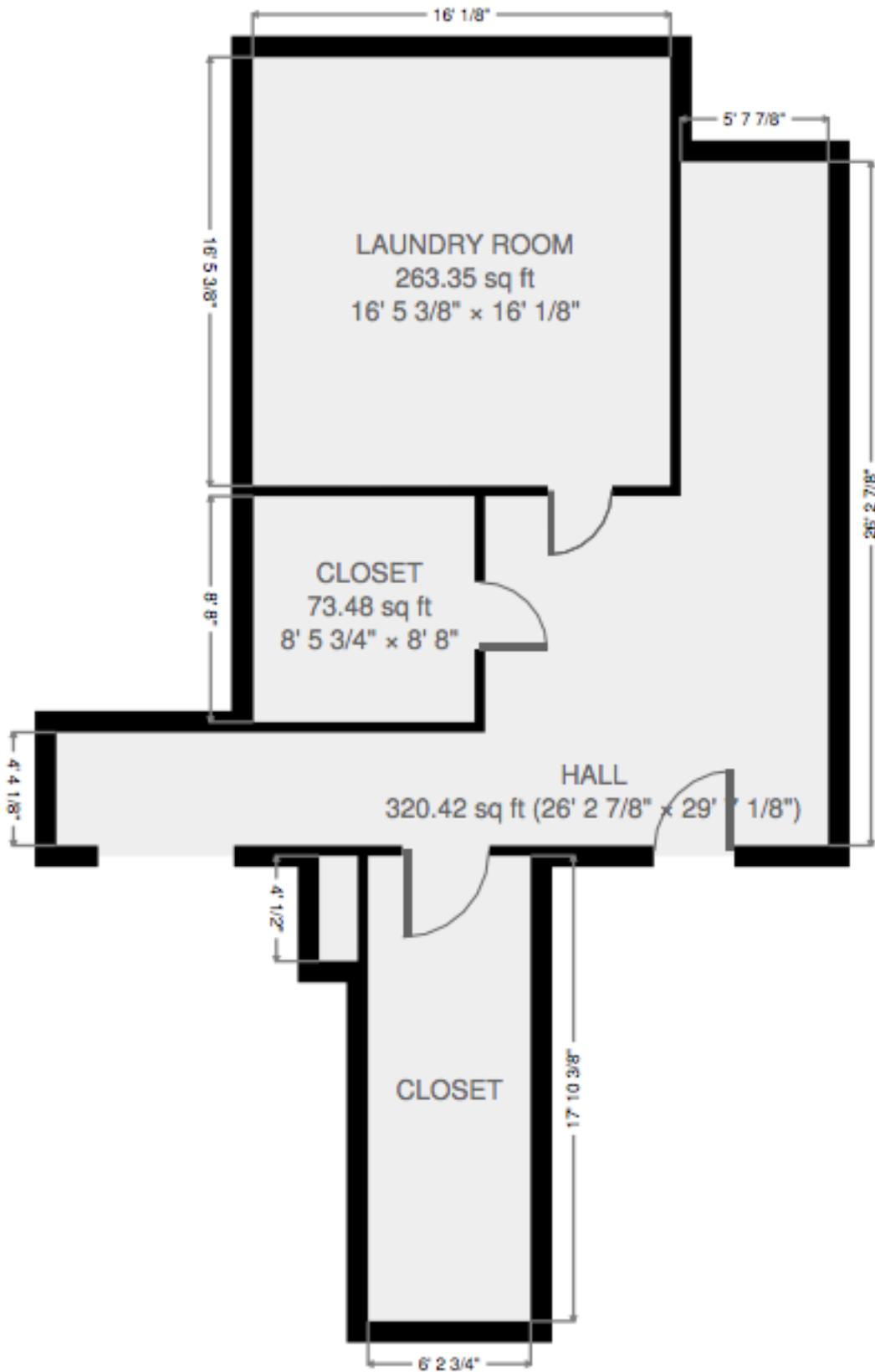


Exhibit X. Individual Apartment Layouts (23.5-2)

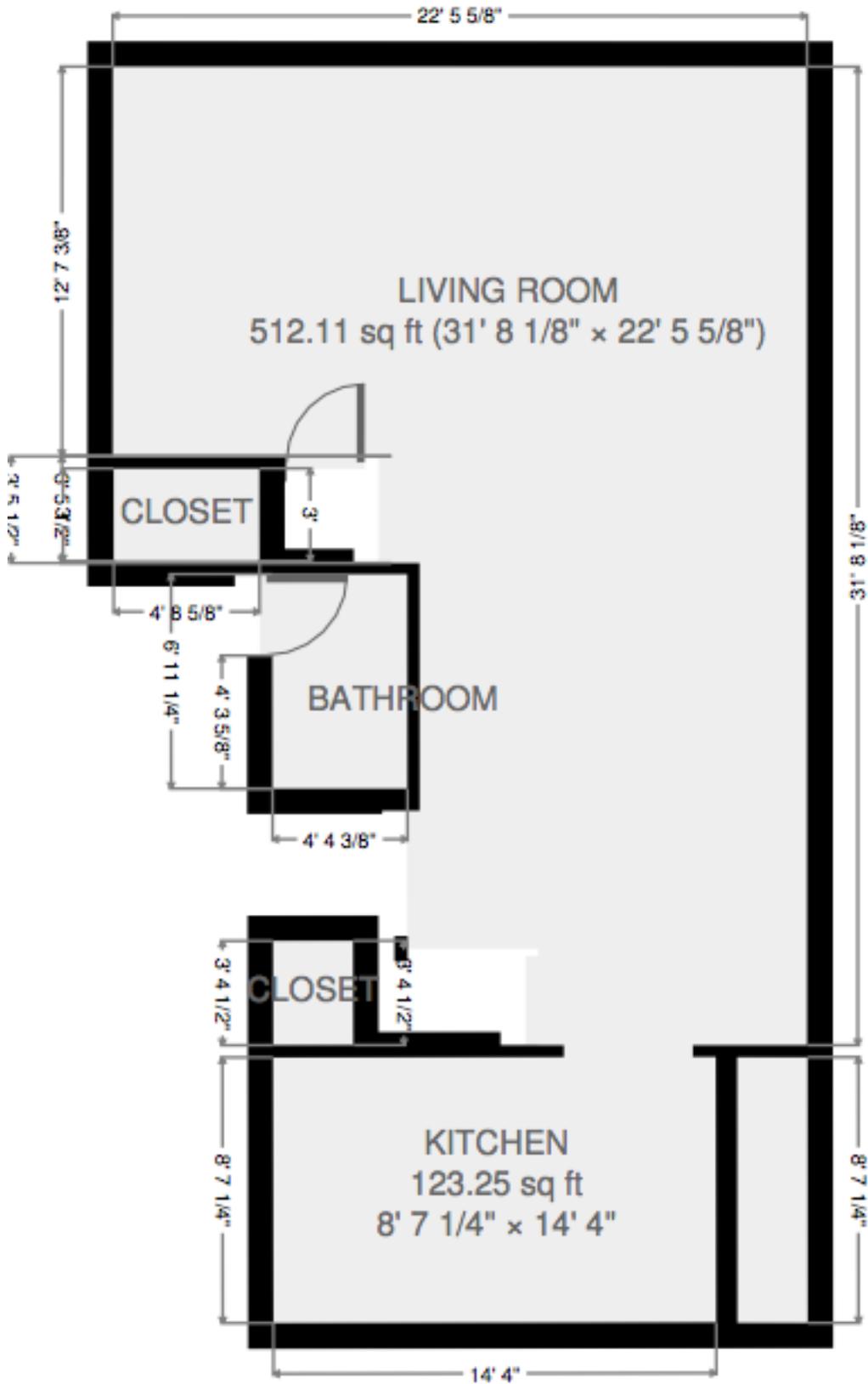


Exhibit X. Individual Apartment Layouts (23.5-3)

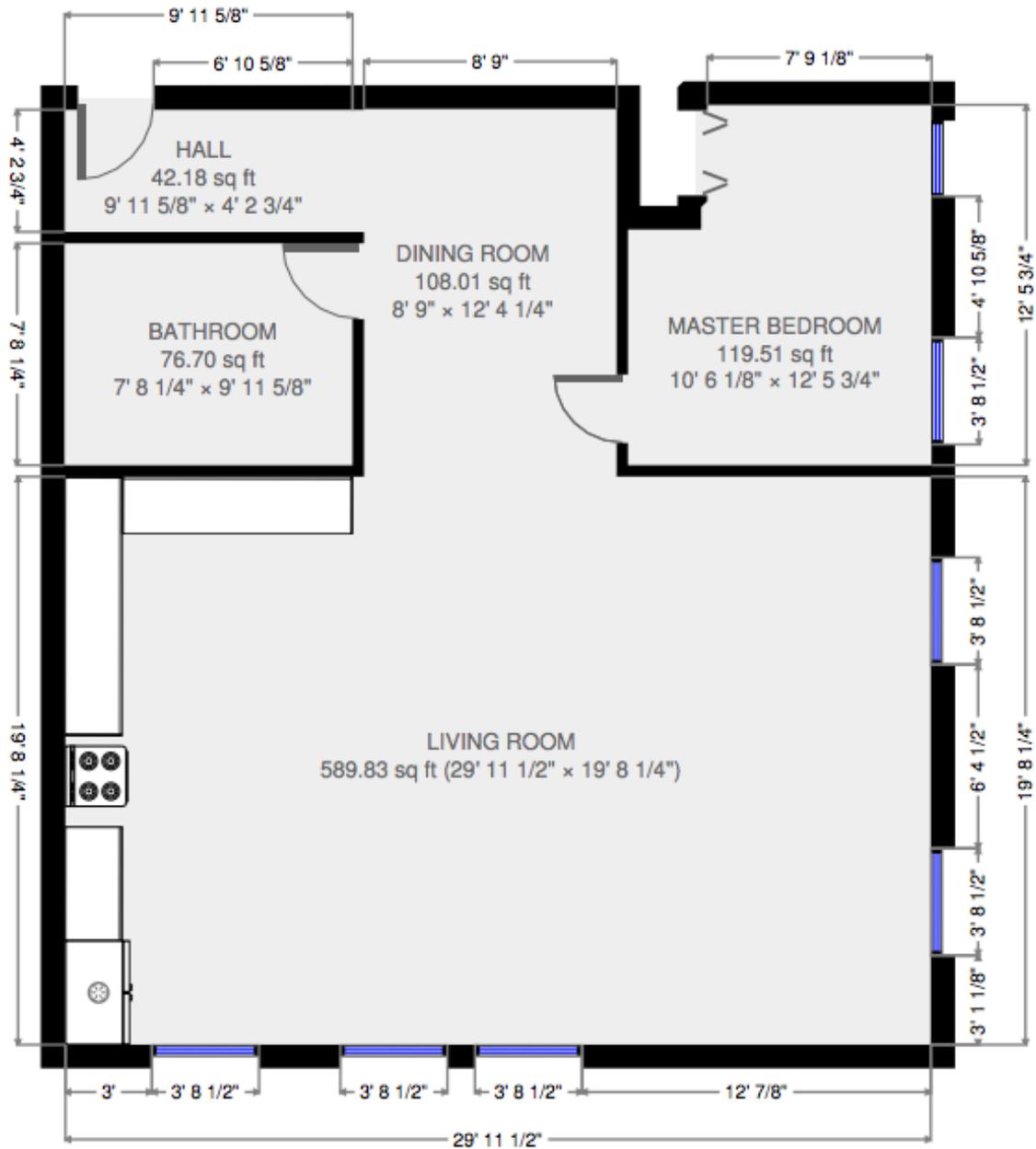


Exhibit X. Individual Apartment Layouts (23.5-4)

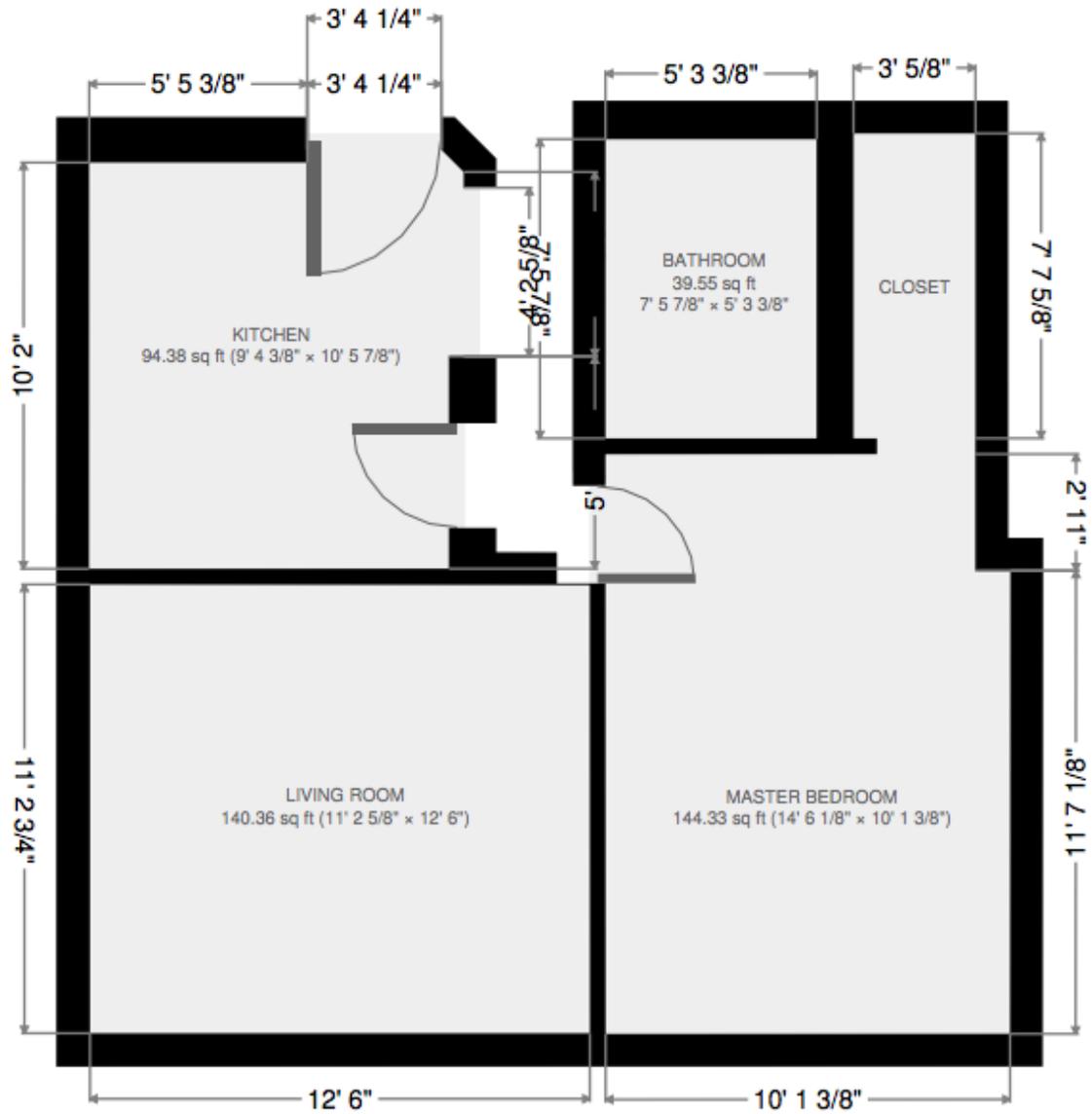
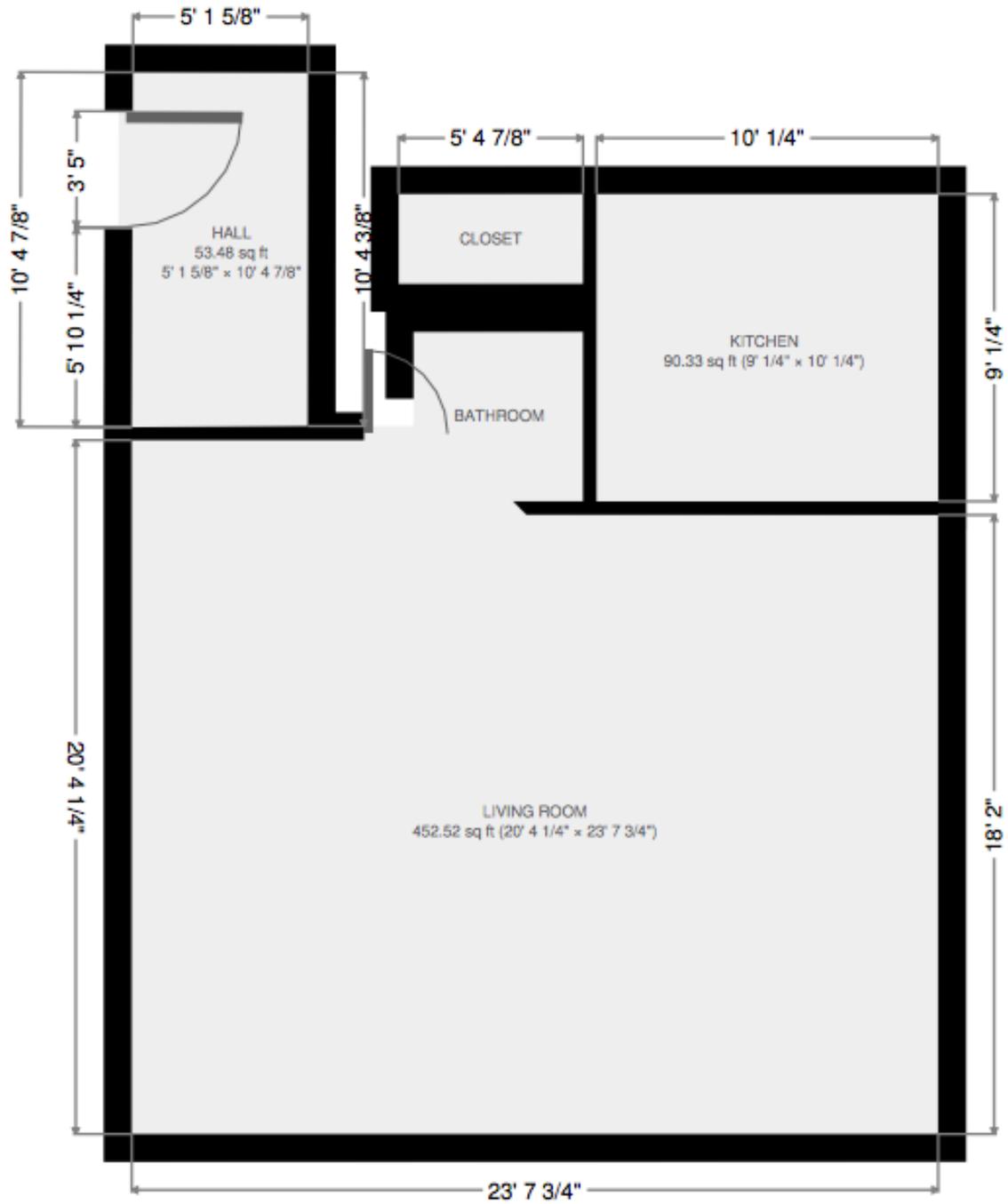


Exhibit X. Individual Apartment Layouts (23.5-5)



Dear Renaissance Zone Commission,

701 Collective is a 100% locally-owned company. Owners Jade Nielsen and Ian Johnson are dedicated to improving the value and image of not just their properties, but of their community.

What We Are Seeking

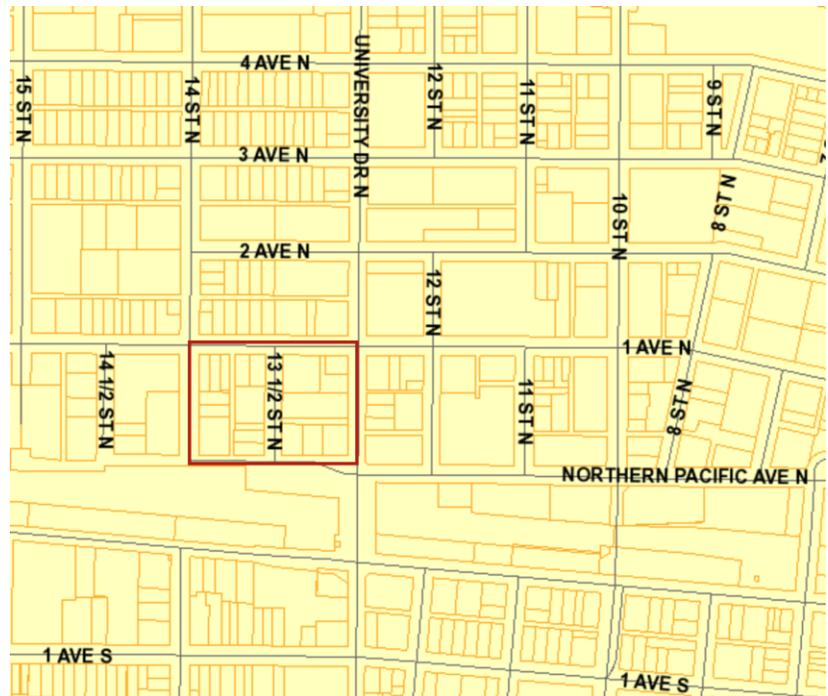
701 Collective has purchased (or has purchase agreements in place) for four properties just off of Fargo's downtown—as show by the red square in this image.

In addition to the plan for these four properties, letters are out to the other home and business owners on those blocks to potentially purchase those properties as well—allowing us to have a “bigger picture.”

That “bigger picture” includes taking a section of Fargo that currently is a mismatched hodgepodge of commercial and residential properties—that don't cohesively fit together in any aesthetic way—and creating a planned neighborhood of residences and businesses with synergy, both in terms of appearance and amenities.

To assist the development of these blocks, we are asking for them to both be included in the Renaissance Zone (and be rezoned to the Downtown Multi-Use Commercial Zone). We have had meetings with Fargo's Planning & Development Department to get their advice and guidance as we continue to work toward our mission—to make these blocks better.

We hope you share that mission.



Our Vision

Currently our vision is focused on one property—the former CHS Sunflower Processing Plant located at 18 13 ½ Street North. This 13,000 square foot warehouse is probably easily repurposed as another warehouse, but our vision is something more than that—that will elevate the entire neighborhood, not just that property.

We have entered into discussions about moving two prominent local businesses into that space—a local theater company and an established local brewery. We are confident that we will make that happen—or find other local tenants to create a destination business that will improve the visibility and image of that entire neighborhood.

Sunflower: An Art Community



The Vision

The building located at 18 13 ½ Street (near downtown Fargo) is the former CHS Sunflower Processing Plant. The history of the building will somehow be integrated into the new design, including:

- A quonset look—similar to local farms, but with modern updates and windows.
- A welcoming front of the building—including actual sunflowers growing across the east side of the building.
- Ample street parking nearby
- Opportunity for off-street parking
- A box office and available office space
- Restrooms and ADA Access

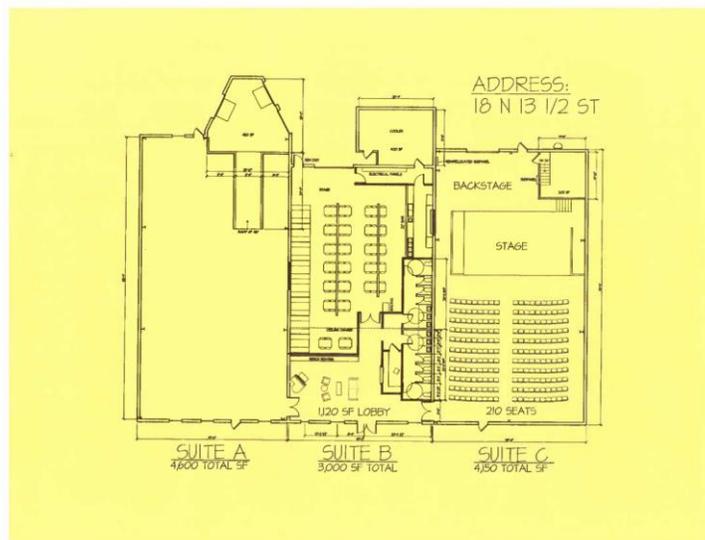
Our hope is that this building will be a cornerstone for other development of that neighborhood—both for residential and commercial revival.

Sunflower will be a well-known, well-marketed fixture of the Fargo-Moorhead art community for decades.

The working name for this project is “Sunflower Center for the Arts”, but it is likely that will change before the project is finalized.

We plan to put similar thought into the other properties we will develop on those two blocks.

The estimated cost to develop the “Sunflower” property into workable space for an art tenant and a restaurant tenant is over \$500,000.



Moving Forward

Enclosed, please find a copy of our application for Downtown Mixed Use rezoning; the Assessment Information and Legal Descriptions of each property, and an artist's depiction of what the outside of the property could look like.

701 Collective will provide any additional documentation needed to support approval of being part of the Renaissance Zone, and rezoning. We understand the approval will not be immediate, but will do our best to facilitate approval any way we can.

We appreciate your time and support for this project.

Thank you,

Jade Nielsen
701 Collective



2 AVE N

12 ST N

Subject Locations

1 AVE N

UNIVERSITY DR N

14 ST N

13 1/2 ST N

NORTHERN PACIFIC AVE N

MAIN AVE

UNIVERSITY DR S

14 ST S



JADE

COMPANIES^{LLC}

What We Are Seeking:

Two city blocks to be added to the current Renaissance Zone (RZ), or for the current RZ to be amended to welcome the two blocks being developed.

Why:

We have purchased (or have signed agreements to purchase) properties located just outside the RZ, but adjacent to other RZ blocks. These properties could be leased as-is, but doing so will do nothing to rebuild the existing neighborhood, which it badly needs.

The blocks in question are a hodgepodge of residential homes, commercial buildings and industrial buildings. Even buildings with a common purpose don't match each other aesthetically.

Thus the need for some substantial renovation to repurpose these buildings.

The Plan:

We have already purchased two buildings (see map) along 13 ½ Street N.

We have purchase agreements in place for two other properties (see map) along N University Drive.

We have letters out inquiring about purchasing additional property in that area, which will allow us a "bigger picture" concept.

We are also planning to apply for the Storefront Grant Program.

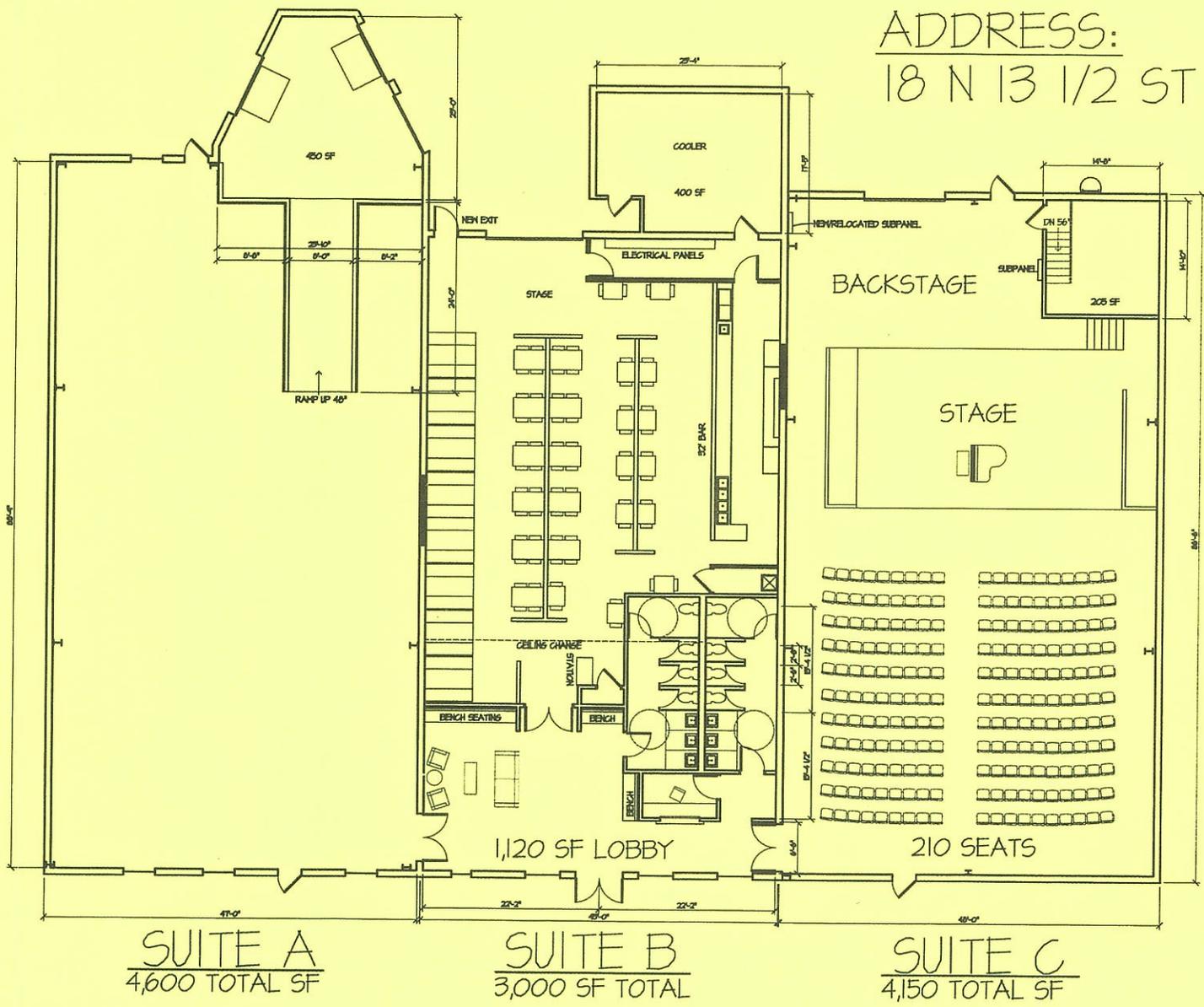
Alley Issue:

We would also like to request the City vacates an alley used to access our other property (our operating shop and offices for Jade Companies) at 22 14 ½ Street N and 1432 1st Avenue N.
(see map)

Art Center
(Theatre B, Brewery, Studios)



ADDRESS:
18 N 13 1/2 ST



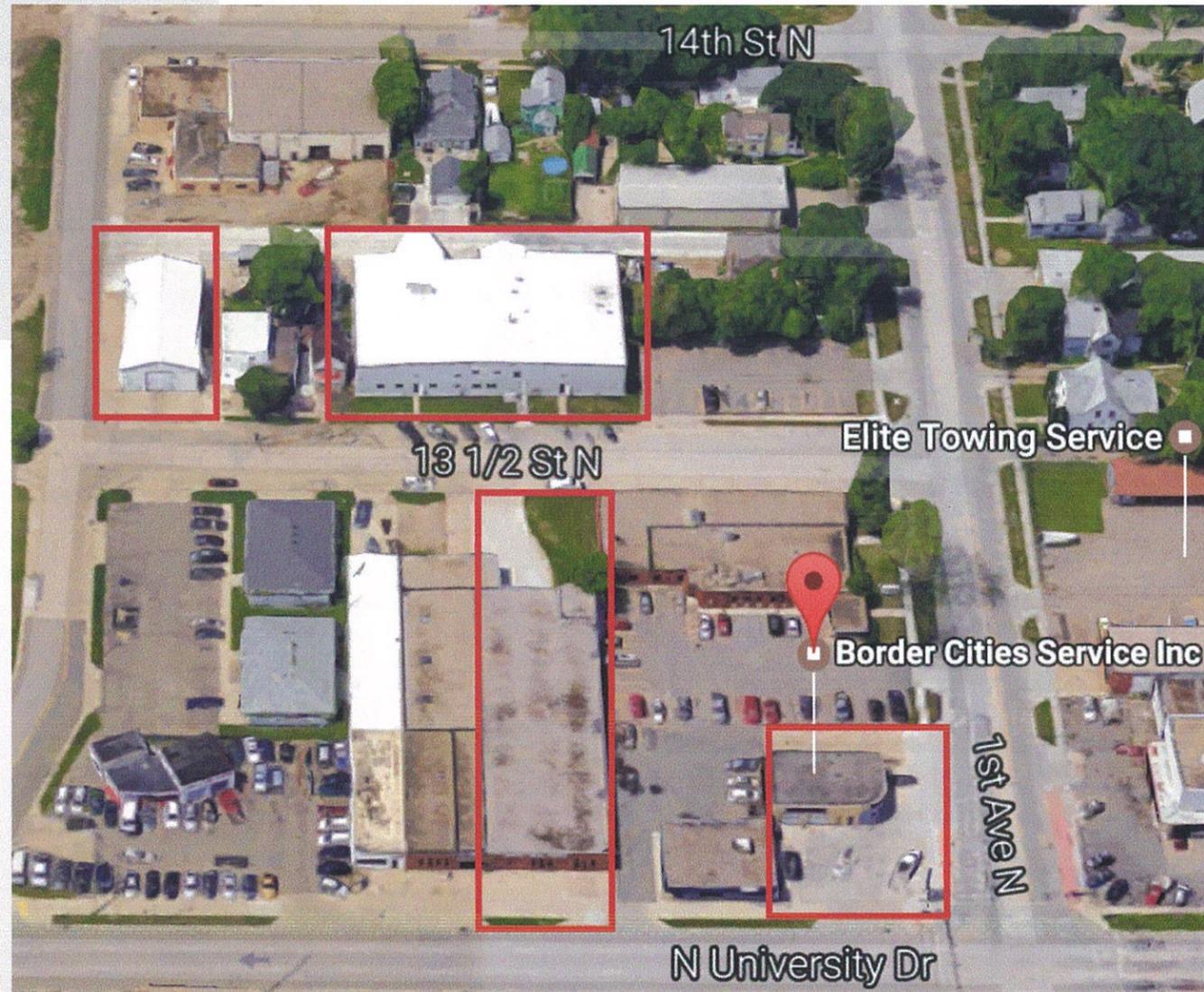
Our plan? Elevate spaces, and as a result— elevate an entire neighborhood.

2 13 1/2 Street N

The property is still TBD in terms of development because it could serve as ideal storage space for a larger tenant in the Sunflower building. It also could be leased as cold-storage or shop space.

20 University Drive N

We have an agreement to purchase this property after the ground contamination has been removed. Potentially, we see this space hosting a “Maker’s Market” type store, another retail space, or a production facility.



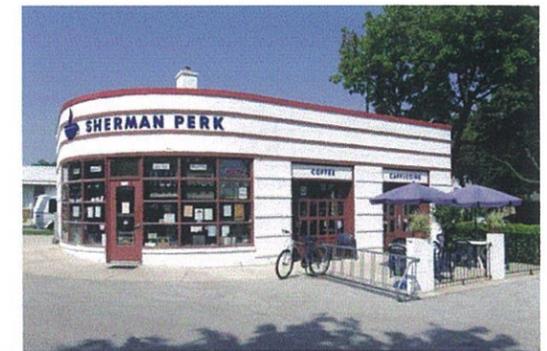
18 13 1/2 Street N

We expect this property to be the “anchor” of our development in this neighborhood, by drastically improving the look and purpose of the space--both inside and out.

30 University Drive N

A signed contract is in place to purchase this property. We have already met with an already-open, unique restaurant about moving to that great space. We are intent to returning the building to how it originally looked.

18 N 13 1/2 St, Fargo



Sunflower: An Art Community



The Vision
The building located at 18 13 1/2 Street (near downtown Fargo) is the former CWS Sunflower Processing Plant. The history of the building will somehow be integrated into the new design, including:

- A quonset look—similar to local farms, but with modern updates and windows.
- A welcoming front of the building—including actual sunflowers growing across the east side of the building.
- Ample street parking nearby
- Opportunity for off-street parking
- A box office and available office space
- Restrooms and ADA Access

Our hope is that this building will be a cornerstone for other development of that neighborhood—both for residential and commercial revival.

Sunflower will be a well-known, well-marketed fixture of the Fargo-Moorhead art community for decades.