

April 24, 2018

Renaissance Zone Project Application

Subject: Staff Recommendation for Authorization of Aksal Group Zone Benefits Application for #3 1st Street Southeast and #7 1st Street Southeast

Request: Applicant is seeking:

- 5 Year 100% abatement on increased value resulting from capital improvements
- State Income Tax abatement for Renaissance Zone
- Historic Tax Credits

Eligibility:

- Proposed project is consistent with Renaissance Zone Development Plan and Comprehensive Plan
- Proposal is consistent with city ordinances
- Aksal group has not previously benefited from zone benefits for same purpose
- Property is zone for proposed use
- No improvements as proposed in the application have commenced prior to application approval
- Per city Assessor, current True and Full Value Assessment is \$327,000 and proposed capital improvements are \$3.1 million which is above 50% threshold
- At least 80% of the proposed investment meets capital improvement standards
- The existing structures have been for considerable time vacant and exhibiting signs of disrepair and disinvestment and the Applicant as part of its capital improvements proposes to restore and enhance both the exterior and interior conditions of both buildings
- It is evident with the plans accompanying the application as well as the planned expenditures that the proposed investment will demonstrably increase the life expectancy of the building for the 20-year standard in the Zone Plan's criteria
- The return on investment for the city and the zone reflected in this project is evidenced in the report provided by the City Assessor in reviewing the application with significantly increased property value and property taxes once project is completed. Further, with both buildings substantially vacant for many years, the proposed improvements and the projected uses once completed will add additional investment into the downtown through foot traffic resulting from patrons frequenting the buildings' uses as well as new jobs being created.
- Application includes state required Certificate in Good Standing for the
- The proposal as well as the uses also are the type of investments that a Renaissance Zone should generate and could serve as leverage inducement for other such investments in the Zone

Next Steps: If authorized:

- Submit to City Council for approval May 1 Committee of the Whole
- Submit letter with SHPO for acceptance for tax credits
- Submit approval application to North Dakota Department of Commerce
- Once approved, enter in memorandum of understanding with Aksal Group

