

A Brief Outline of the Renaissance Zone Development Plan

Introduction

One of the city leadership's priorities is to continue growth and development by encouraging the revitalization of the older portions of town. New or expanded businesses located there will provide goods and services that residents currently purchase from stores in Fargo, offer employment opportunities in town, and increase sales tax revenue. Businesses will also benefit from this revitalization by seeing increased patronage and increased property values resulting from investments made into their properties and neighboring properties. The City also intends to encourage investments into the housing stock that will keep those buildings in good condition.

To help achieve that goal, the Kindred City Council has established a Renaissance Zone program per the parameters of NDCC 40-63. The Renaissance Zone will strengthen Kindred's overall economic development program by incentivizing the redevelopment or rehabilitation of structures, both residential and commercial, that will improve the city's visual appearance, increase property value, create jobs, and increase population in Kindred.

The State of North Dakota's Main Street Initiative encourages the reuse and redevelopment of infill properties. The benefits are numerous: fiscal savings in utilizing existing infrastructure, preservation of historic architecture, and opportunities for creative placemaking leading to a greater sense of community. Maintaining the Renaissance Zone program is an integral contribution to the implementation of that Initiative.

Description of the Renaissance Zone

Kindred's Renaissance Zone encompasses thirty-five blocks within the city's gridiron street network. The buildings located within the Zone are typically older and a few may even qualify for historic status. Most of the properties are single-family residential with several multi-family residential. In the downtown core along Elm Street are two blocks of commercial and institutional land uses. Some of the buildings and lots are currently underutilized. The following map identifies the geographic boundaries and blocks of Kindred's Renaissance Zone.

Natural and Historic Assets

The Renaissance Zone is one tool to preserve historical assets by providing an incentive to renovate and adapt structures for new uses. While there are no properties in Kindred that are officially listed on the National Register of Historic Places, numerous older buildings have historical architectural features of local significance. Applicants are highly encouraged to preserve these features to the greatest extent possible.

Renaissance Zone Committee

The City of Kindred have created a three-member Renaissance Zone Committee comprised of residents appointed by the Council. The RZC is charged with reviewing applications, approving or denying applications, and conducting site visits of the project to make sure progress is being made according to what the application had stated. Aside from the objective criteria described elsewhere in this development plan, the Committee shall judge applications according to the type and extent of benefit to the public the project will bring, given the amount of tax incentives to be offered.

Administration

The auditor will take the lead on day-to-day administration of the program with assistance from the RZC. This includes assisting prospective applicants by determining project eligibility, doing a preliminary review to ensure that applications are complete, maintaining records and documentation, serving as liaison to the Cass County auditor, and submitting annual reports to the Division of Community Services. The auditor may confer with the Committee Chair for clarification regarding technical questions that may arise out of the preliminary review. The RZC may elect to do site visits during the project if warranted. One site visit will be done upon the conclusion of the project to ensure the owner accomplished what they set out to do.

The city's building inspector is responsible for ensuring that the building code, health and safety requirements, and ADA accessibility requirements (if applicable) are followed. He/she will be responsible for writing a report on their findings. One city council member will have the RZ within his or her portfolio.

Applications

Prospective applicants shall and submit the *Renaissance Zone Project Application* – provided by DCS – to the Auditor The applicant shall also submit a description of the proposed improvement, cost estimates, and drawings which adequately show the extent of the project. Cost estimates may come from a contractor, architect, or other professional. The drawings may be done by the applicant themselves, although an architect, draftsman, or other professional may be of assistance. The RZC has example drawings showing the level of detail necessary for them to review the application.

If the project is to affect a historic structure – as defined within the State's program guidelines – the applicant must submit documentation from the State Historical Society that indicates they deem the project to not adversely affect historically significant properties. Once the application has been approved at the local level, the auditor will forward it to DCS staff for the ultimate approval.

Monitoring of Projects Until Completion

The Auditor will be responsible for monitoring the progress of each zone project until it is completed. This will be accomplished with cooperation from the Committee through on-site visits while construction or rehabilitation is going on. All expenses must be verified prior to the submittal of final project documentation to the Division of Community Services. Additionally, the Auditor shall present to the City Council on an as-needed basis the progress made on open projects and the status of the program as a whole.

The property owner has one year upon the approval of the RZ application to complete the project. If a project has been delayed in any manner, it is incumbent upon the applicant to notify the City via written correspondence explaining the reason for the delay. Routine site visits will verify the scope of work remains the same as presented in the application. The property owner must notify the city when the scope of work has changed.

The City of Kindred will enforce the provisions of N.D.C.C Chapter 40-64, as it enforces other laws of the City granted by the State of North Dakota. The RZC and the City Council will rely on the advice of the City Attorney and ND Division of Community Services if it finds peculiarities in projects at the time of the project review.

Monitoring of Continued Project Eligibility

Ultimately, it is the property owner's responsibility to notify the Auditor about a change in ownership or other conditions that would affect their tax exemption status. However, the Auditor will also monitor each project throughout the tax exemption period for possible transfer of the tax exemption to another qualified taxpayer or for the termination of the tax exemption. He/she will check with the Cass County Assessor office once a year to verify the ownership of the property. Any changes in eligibility or a change in ownership will be reported to the Division of Community Services.

The RZC and the Auditor reserve the right to request information from the participating property owners at any time it is deemed necessary.

Vision for the Zone

Kindred anticipates the RZ being a valuable tool alongside its other community and economic development efforts. The vision for the RZ is threefold. First, it will encourage the reactivation of vacant or underutilized properties. This may take the form of adaptive reuse of existing structures or through new infill development. The city benefits if the infill is the substitute for greenfield development, which can entail quite costly infrastructure investments.

Second, it will encourage the formation of new businesses and expansion of existing businesses. Increasing the number of retail and service establishments is vital if Kindred is to continue growing in population. Currently, many residents commute elsewhere for work. Especially to the Fargo metropolitan area. Increasing the share of people who remain in town during the day will lead to more patronage of shops and restaurants, thus increasing sales tax revenue.

Third, the RZ will be a tool that will prevent the deterioration of buildings and the formation of blighted areas. Owners will have the incentive to renovate their properties for both keeping it in good condition and for upgrading its functionality. Well-maintained buildings not only mean higher property values, it also translates into positive externalities for adjacent properties. This program will also be a benefit to maintaining the town's housing stock, which is an important economic development concern for many small towns.

Purpose of the Zone

The primary goal of the Kindred's RZ is to incentivize investment in properties. More specifically, the city considers the RZ program as a vehicle: (a) to improve the visual quality of the buildings and uses in the zone; (b) to extend the life of existing buildings and uses, including retrofitting some buildings for new and mixed uses; (c) to increase the tax base and encourage new capital investment and; (d) to create new jobs by expanding the existing businesses and recruiting new businesses.

However, there has been a recent push towards revitalizing the blocks that constitute Kindred's downtown. This shows that the RZ program will be a valuable incentive tool towards filling vacant buildings, increasing the number of retail options, and for creating a high-quality aesthetically pleasing corridor.

Selection of Projects in the Zone

The following project selection criteria in the RZ applies to all applicants and project types. These are based on the goals, objectives and policies adopted by the City within its Comprehensive Plan.

- 1) All projects must meet the long-term interest of the city.
- 2) All projects must conform to the provisions of the Kindred Comprehensive Plan
- 3) All single-family units, multi-family units and businesses in the RZ are eligible to submit applications for property rehabilitation.
- 4) Rehabilitation of all properties in the RZ must conform to the requirements of ND State Building Code, Energy Code and other pertinent codes that provide for the health and safety of the occupants.
- 5) A proposed project must not be a part of an earlier RZ project.
- 6) All proposed projects must show intent and action to remove all deteriorating parts of the building and make the structure safe, attractive and a viable addition to the housing stock and business sectors.
- 7) All projects must meet the capital investment requirement equal or greater than 20 percent of the full market value of single-family houses and 50 percent of the full market value of commercial properties.

Process for Reviewing and Approving Applications

The following steps must be followed to obtain a Zone project status:

- 1) The property owner contacts a RZC member or the Auditor.
- 2) The auditor will give the property owner information about the program and will emphasize the criteria of what can and what cannot be an eligible zone project. The Auditor will confirm that the purchase, rehabilitation, lease, or renovation has not been started or completed before local and state approval as a zone project.
- 3) The property owner will complete the application and compile all of the supporting documentation.

- 4) The auditor will conduct a preliminary review. If it is deemed to be in order, it will be forwarded to the RZC for its review and evaluation at a public meeting. In addition to the property owner who is required to attend, members of the public will be encouraged to attend for information and input.
- 5) If the RZC agrees with the recommendations of the Auditor, the project is forwarded to the City Council for a public hearing.
- 6) If the RZC does not approve the application, the applicant may choose to appeal the denial to the City Council.
- 7) At the public hearing or shortly thereafter, if the City Council determines that the project is eligible, it approves it and instructs the Auditor to forward the documents to the ND Division of Community Services.
- 8) The project can only proceed after the Auditor is notified of the approval of DCS.
- 9) If the project is denied by DCS, the Auditor will relay that information to the applicant. If there are specific changes or conditions required by DCS, the Auditor will notify the property owner about the terms and conditions required before he/she can proceed.
- 10) If DCS approves the project, the Auditor will give the go-ahead to the applicant that he/she can proceed with the rehabilitation project.
- 11) The Auditor will oversee the project's progress by involving a certified building inspector to assure meeting all requirements of the ND Building Code, Energy Code and Americans with Disabilities Act Accessibility Guidelines, as applicable for the project.

All property owners are required to submit the following:

- 1) Proof of ownership of property for rehabilitation of single-family homes and commercial buildings
- 2) The total tax assessment value of the building and the land.
- 3) Statement of intent to buy, or proof of purchase, for an existing single-family home or a commercial building and size of the building and appraised market value.
- 4) Proof of a lease or agreement for a lease of a commercial property.
- 5) Drawings (including floor plan and profile view of building) and cost estimate for rehabilitation. The applicant can create their own drawings as long as it is legible and usable by the RZC.
- 6) For new construction, a statement of intent to build and including detailed description of the building and location by legal description and street address.
- 7) At its discretion, the RZC may require a document or letter certifying credit worthiness of the applicant by providing a letter from a bank or a lending company.
- 8) A letter from the Cass County Finance Office indicating that the applicant has no history of tax delinquency in the past five years or receipts from the previous five years showing taxes were paid in full.
- 9) A Certificate of Good Standing from the ND Office of State Tax Commissioner indicating that the applicant is current in paying State income taxes. The form to request this certificate (SFN 28220) is found at: <https://www.nd.gov/tax/data/upfiles/media/request-for-renaissance-zonecertificate-of-good-standing-or-state-tax-clearance-record.pdf>
- 10) Estimate of annual state income tax to be exempt and annual property tax to be exempt. You can estimate your pre- and post-project property taxes by using the calculator at <https://www.casscountynd.gov/property-taxes/what-are-the-taxes-onmy-home>

Determination of Public Benefit

The RZC will look at several factors when determining whether the public, and not just the property owner, will benefit from the project. These will help the RZC decide whether to approve the application or not. Factors include but may not be limited to the extent of building code violations being fixed, if the longevity of the building will be extended, whether the façade and exterior elements of the property are being addressed in addition to the interior, whether the building will be made accessible and ADA-compliant, and if the property will house a new business or will expand the range of services and goods offered at new ones.

When it comes to the types of investments that will count towards a project's eligibility, the RZC will limit it to ones it deems to be essential to the function of the property or for those that remedy health and safety concerns. It will not count those that are chiefly "luxury" in nature.

Application Scoring System

The RZC will utilize a scoring system to assist in the determination of whether or not an application comports with the purpose of the RZ and merits public investment through the provision of tax incentives. The criteria differ in whether it is a commercial or residential application. A mixed-use project may utilize both sets of criteria.

The committee will first evaluate the application and score it through a series of questions. The maximum obtainable score from these questions is 12 points. The committee will then evaluate the merits of the project and assign their own scores individually and on an anonymous basis. These will be combined and then averaged per the number of voting committee members. The maximum number of points committee members may score under this discretionary category is 20. The scores derived from the questions and the committee member's discretionary points will be combined for the final score. Applicants must score at least 20 points out of the 40 points possible for approval.