

FYI on NDR

National Disaster Resilience

March 2022



Tax Increment Financing Tool for Community Development

Public and Private Partnerships Support Development

Blu on Broadway, a 5-story mixed-use development that celebrated its grand opening in the fall of 2021, was the first project in Minot to utilize Tax Increment Financing (TIF), partnering with the City of Minot to make infrastructure improvements to public property. The first successful public and private partnership of its kind in Minot has resulted in additional development and investment in the Magic City.

Blu on Broadway meets two key goals of the NDR program: providing quality housing for low- or moderate-income residents and leveraging funding sources. Over half of the funding for Blu on Broadway comes from private investment. The project has also taken advantage of other state and local programs, including the Bank of North Dakota's Flex PACE program. Still, it's the example set by the TIF agreement that has excited developers and stands to bring many improvements to the Minot community.

What is Tax Increment Financing?

Tax Increment Financing is a development mechanism available to local government – based on development activities funded by the increase in property taxes from one point in time to another. Under North Dakota law, a municipality can use TIF financing, in the form of bonds or by

using tax exemptions, to alleviate slum and blighted areas or to develop or redevelop industrial and/or commercial property.

TIF encourages growth, development, and re-development of underdeveloped areas by allowing taxes on property improvements to finance public infrastructure in the area. Taxes on the original property value continue to be collected for usual purposes, which allows those improvements to happen without financially burdening any adjacent property owners.

TIF and Blu on Broadway

For the Blu on Broadway mixed-use affordable housing project, a condition of the approval was that EPIC Companies, the project developer, needed to make improvements to the portion of 1st Street SW from 16th to 17th Avenue to serve the project. The street was primarily used for deliveries and loading of businesses, and its condition resembled an alley. Additionally, the proposed site plan eliminated the ingress/egress from Broadway, resulting in the only access being from 1st Street SW. EPIC Companies brought forward a TIF proposal to City Council to help fund the improvements. A 5-year abatement on new property tax value was created to finance public right of way improvements without creating a special assessment district that would impact all neighboring and benefitting properties.

A Win for All

With the TIF district, the street improvements and project were finished on time. Blu on Broadway is a vibrant addition to the City of Minot, and the improved 1st Street SW better serves the adjacent properties. This first-time program has opened discussion for additional development and partnerships in the future.

Brian Billingsley, City of Minot Community & Economic Development Director added, "Blu was the perfect project to introduce TIF financing to Minot. Waiving five years of new property tax value for the construction of one block of new city street, curbs,



Brian Billingsley
City of Minot Community & Economic Development Director

gutters, and sidewalks all built to city standards is a great investment for the neighborhood and the City of Minot.”

EPIC Companies has two projects currently in development: The Tracks, a multi-use development surrounding an entertainment plaza across from the new Trinity Hospital, and the renovation of the M Building in downtown Minot into a mixed-use building, which may include a skyway connection to the parking ramp. Both projects are looking into the potential of a TIF agreement to continue improving the infrastructure impacted by the new projects.

Blake Nybakken, EPIC Companies Chief Operating Officer shared, “Tax Increment Financing is a great tool a community can use to leverage private investment for public benefit. In the case of our 1st Street redevelopment associated with Blu on Broadway, we were able to use that increment to

finance a large portion of the complete reconstruction of 1st Street without assessing any of the other benefiting properties.” Nybakken added, “The M Building is a prime example of redeveloping a blighted property that has been off-line for many years and set it up to be a major contributor before it is in complete disrepair; and finally, The Tracks development shows how strategic private investment can be leveraged to provide wonderful community assets, open to the public for everyone to enjoy.”

TIF is an important new tool Minot has to promote economic development, especially in areas where infrastructure improvements and development are needed. It performs best when the public and private sectors work together to stimulate economic growth and can be a valuable tool to foster commitments that create trust among the various parties involved, which leads to successful developments in Minot.



Blake Nybakken
EPIC Companies Chief Operating Officer



PROJECT HIGHLIGHTS

Acquisition Program

- Overall, the City of Minot has acquired 213 properties to date: 87 properties using NDR-CDBG funds and 126 properties using State Water Commission Funds; 7 properties included in the 87 NDR properties were partially funded with State Water Commission funds. These properties are needed for on-going or upcoming flood mitigation projects.
- So far, the City has demolished 172 properties in the first five buyout areas. A new demolition contract will be advertised and awarded in spring 2022 to continue demolition activities in the buyout areas. The City's structure and salvage auctions continue, and all sales generate program income which will be fed directly back into acquisition program future purchases.

Affordable Housing

- In the spirit of outreach and public information, a letter will be mailed to Minot realtors to remind them of the Resilient Homebuyer Program's (RHP) eligibility process timeline. So far, 195 people have applied, while 66 applicants have purchased a home under the program; 28 applicants are in the project pipeline (i.e., working with lender or realtor, looking for a property, etc.), and 101 applicants have withdrawn their application (i.e., moved away, lender determined they were not eligible, etc.). The program continues accepting applications.
- Milton Young Towers (MYT) renovation project continues to make progress; temporary relocations and renovations of the units continue to move forward expeditiously.
- Construction is ongoing on Park South II, a 22-unit affordable housing development; substantial construction work will resume Spring 2022.
- Construction is underway on Souris Heights, a 54-unit affordable senior housing complex; draw requests are regularly submitted by the contractor for review and processing.
- The City continues to work with Project BEE to move the development of the 17-unit Broadway Circle affordable housing complex forward; Project BEE is currently working on bid specs.

Family Homeless Shelter

- The City continues to work with Project BEE to move the development of the Family Homeless Shelter forward; Project BEE is currently working on bid specs.

City Hall

- Construction is underway at the new City Hall location. Demolition is almost completed on the first floor and framing should begin shortly.

Center for Technical Education

- The CTE parties are in the process of finalizing the AE agreement. In early February, an environmental firm conducted a review for asbestos and lead-based paint hazards; abatement costs will be incorporated into the agreement.

PROJECT OVERVIEW

Reduce Flood Risk/ Improve Water Management

A. Buyouts / Acquisitions / Demolitions / Relocations

- a. Total Budget - \$21,057,016
- b. Spent to Date - \$19,715,800

Build Affordable Resilient Neighborhoods

A. Multi-Family Affordable Housing

- a. Total Budget - \$23,912,136
- b. Spent to Date - \$12,037,063

B. Single-Family Affordable Housing

- a. Total Budget - \$8,807,750
- b. Spent to Date - \$5,188,592

C. Family Shelter

- a. Total Budget - \$3,058,012
- b. Spent to Date - \$996,477

Foster Economic Resilience and Diversification

A. Center for Technical Education

- a. Total Budget - \$3,540,000
- b. Spent to Date - \$40,230

B. Relocate City Hall

- a. Total Budget - \$7,750,000
- b. Spent to Date - \$3,103,954

Administration

- a. Total Budget - \$3,752,270
- b. Spent to Date - \$2,190,265

Completed Projects

- Affordable Housing Supply & Demand Study
- Souris River Decision Support Tool
- Park South Renovations