City of West Fargo PILOT
For Low Income Housing Tax Credit (LIHTC) Projects

West Fargo's Guidelines for Local Review for Tax Credit Applications

The City of West Fargo is committed to encouraging the creation of high quality affordable housing.

Qualifying projects under the federal Low Income Housing Tax Credit (LIHTC) program will be considered for a 15 year PILOT according to the following:

- The City of West Fargo must approve the LIHTC participation
- PILOT payment schedule will be established based on a value of the project determined by using a gross rent multiplier (GRM) of 5.5 to 6.5 times the estimated gross rents received from the project imposed by the low income credit program in the initial year.

  The more amenities and the better quality of construction of the project, the lower the GRM that will be used in determining the PILOT payment schedule.
- An annual inflation factor of 2% will be applied to the PILOT payment schedule.
- Projects under control and management of the Fargo or Cass County Housing Authority will be granted a 15 year, $0 payment PILOT (plus land tax) and they are to pay 5% of their actual gross income annually.

The State of North Dakota has given local cities the ability to set standards on the types of housing that qualify for these credits. The cities are required to approve each project prior to submitting an application for tax credits

Targeted Tenants

While all projects must justify their choice of targeted populations based on market study data, preference will be given to projects that propose to serve:

- Homeless individuals or families
- Large families
- Elderly Households
- Extremely low income households (less than 40% of area median income)

Review Criteria

The Tax Exempt Committee review process follows the general review guidelines listed below. Each area should be addressed on a separate sheet of paper.

Proximity

Proximity to other subsidized housing. Maximum of 30 tax credit units in an area that has a radius of 660 feet (1/4 square mile); this applies only when new tax credit units are being created.

Projects that serve the elderly are not subject to concentration requirements.

Anything above the threshold density will need special consideration by the committee.

Design

Building Design. Projects must be well-designed, with special attention to both site design and building design. No new building in an LIHTC project shall have more than 12 units, unless it is designed to serve elderly or other special populations*.

Number of Bedrooms. At least 25 percent but no more than 50 percent of the units in a new LIHTC building should have 3 or more bedrooms. If the building is designed to serve the elderly, or other special populations*, the building is exempt from this requirement.

Amenities. Structures with more than 12 units must provide access to amenities and/or services that are appropriate to the population being served. Examples of tenant-appropriate amenities are listed below.

- *Elderly-* meals, scheduled transportation, planned activities, common activity areas, 24 hour staffing, 24 hour call service, housekeeping, security
- *Homeless-* meals, transportation, self-sufficiency programs, 24 hour staffing, planned activities, housekeeping, security
- *Households with Youth-* planned youth activities, open space, recreation areas, staffed building, computer lab, life skills training, day care, job skill training, security, playground, community room

* See Note #1

Local Housing Needs

Type of Building- Preference is given to:

- Projects that preserve the affordability of existing subsidized housing
- The adaptive re-use of existing structures
- Buildings that provide individual walk-up/walk-in access to each unit
- Buildings that are enrolled in the cities crime free housing program

Other Review Criteria

Economic Impact- The economic impact to be considered would be focused on two areas;

1) The economic impact to the community
2) The economic impact to the City of West Fargo

The economic impact to the community can be determined by increased construction activity, equipment purchases, additional product purchased, additional work activity which would be out-sourced to local companies, etc. The economic impact to the City of West Fargo would be determined by the immediate and projected increase in property valuation, which would result in increase property taxes.

Impact on City Services- Here the City is interested in knowing how the development will impact existing services. Will the developer need services which are accommodated within our existing service levels, or will the City need to add service capacity. Also, will the development be located where utilization of existing services will take place and/or may further the development of City plans.

Review of Site Plan- A site plan will be required with application.

Review of Elevation and Floor Plan- A plan indicating elevation and layout of the structure will be required with application.

Annual Reporting- An annual report will need to be submitted to the City of West Fargo indicating gross rents.

PILOT Fee- A $250.00 non-refundable fee will be charged for public notices and processing of applications, which must be paid before any notices are published.

Contact Information

City of West Fargo - Dorinda Anderson, Business Development Director, Phone # 701-282-0315

To obtain more information on the Low-Income Housing Tax Credit Program contact the North Dakota Housing Finance Agency at (701)328-8080 or visit the web site, www.ndhfa.org.

**Note#1- Special population means groups of people that fall under the following categories: Mental Illness, Mental Retardation, Drug Dependency, Developmental Disabilities, Physically Handicapped (accessible units) and Homeless.*