

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 50% 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.

Im pact 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 - Phone# 701-433-5311

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#]- 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.*

Project Operator's Application For Income Tax Exemption

N.D.C.C. Chapter 40-57.1

File with the State Tax Commissioner, as Secretary of the State Board of Equalization,
State Capitol, 600 E. Boulevard Ave., Bismarck, ND 58505-0599.

This application is a public record.

Identification Of Project Operator

1. Name of project operator _____
2. Address of project _____
 City _____ County _____
3. Mailing address of project operator _____
 City _____ State _____ Zip _____
4. Type of ownership of project
 Partnership Subchapter S corporation Individual proprietorship
 Corporation Cooperative Limited liability company (LLC)
 If a LLC, how will this entity be taxed at the federal level? Corporation Partnership

5. Federal Identification No. or Social Security No. _____
6. North Dakota Sales and Use Tax Permit No. _____

7. List the North Dakota counties in which the project operator has an interest in real property

8. If a partnership, subchapter S corporation or limited liability company, indicate the number of partners, shareholders or members _____
9. If a corporation, specify the state and date of incorporation _____
10. If a partnership, list all general partners; if a corporation or association, list the corporate officers or association directors charged with the responsibility for filing property, income, or sales and use tax returns and making payments. List all the North Dakota counties in which each individual listed has an interest in real property (attach additional sheets if necessary).

Name and Social Security No.	Address	County(ies)
SSN _____	_____	_____
SSN _____	_____	_____
SSN _____	_____	_____

11. Name and title of individual to contact _____
 Mailing address _____
 City, State, Zip _____ Phone No. _____

Description of Project Business

Note: "project" means a newly established business or the expansion portion of an existing business. Do not include any established part of an existing business.

12. Describe in detail the enterprise of the project operator, including a description of any products to be manufactured, produced, any value-added service to be rendered, or any tourism destination attraction. Also identify the estimated percentage of retail, wholesale and distributor sales projected revenues (attach additional sheets if necessary).

13. Indicate the type of machinery and equipment that will be installed

14. Approximate date of commencement of this project's operations _____

15. Projected annual revenue, expense, and net income of the project for each year of the requested exemption

Year	20_____	_____	_____	_____	_____
Annual revenue	_____	_____	_____	_____	_____
Annual expense	_____	_____	_____	_____	_____
Net income	_____	_____	_____	_____	_____
Percent of project's sales made in ND	_____	_____	_____	_____	_____

16. Projected annual average number of persons to be employed by the project at the project location for each year of the requested exemption and the estimated annual payroll

Year	20_____	_____	_____	_____	_____
No. of Employees	(1) _____	_____	_____	_____	_____
	(2) _____	_____	_____	_____	_____
Estimated payroll	(1) _____	_____	_____	_____	_____
	(2) _____	_____	_____	_____	_____
Percent of payroll that will be paid to ND employees	(1) _____	_____	_____	_____	_____
	(2) _____	_____	_____	_____	_____

(1) - full time
(2) - part time

17. Project property: estimated percent of total property owned by the project operator _____
 estimated percent located in North Dakota _____

Do not answer question 17 if the project is owned by an individual proprietorship.

Project Operator's Application For Exemption

18. Number of years for which an income tax exemption is requested _____

19. Indicate the percentage of income from the project for which the exemption is requested.
The maximum percentage allowable is 100% of the income attributable to the project. _____ Percent

20. Which of the following would better describe the project for which this application is being made?
 New business project Expansion of a business project

Describe the extent of the expansion

Previous Business Activity

21. Is the project operator succeeding someone else in this or a similar business? Yes No

If YES, give details including location and name of former business

22. Has the project operator conducted this business at this or any other location either in or outside of the state?
 Yes No

If YES, dates of operation and location

Business Competition

23. Is any similar business being conducted by other operators in the state? Yes No

If YES, give name and location of competing business or businesses

24. If a property tax exemption was granted to this project by a municipality under N.D.C.C. Chapter 40-57.1, did anyone oppose the granting of the exemption? Yes No

If YES, list name of person or business and nature of objection (attach additional sheets if necessary)

Use Only When Reapplying

25. The project operator is reapplying for an income tax exemption for the following reason(s):

- To present additional facts or circumstances which were not presented at the time of the original application
- To request continuation of the present income tax exemption because the project has:
 - moved to a new location
 - had a change in project operation

Employment Statement And Signature

As project operator, I am aware of the policy with regard to the employment of North Dakota contractors and North Dakota workers adopted by the members of the State Board of Equalization. (See attached.) By presenting this signed application for an income tax exemption, I am aware that, unless I give employment to North Dakota contractors and workers to the maximum extent possible, the exemption may be revoked.

I, _____, do hereby certify that the answers to the above questions and all of the information contained in this application, including attachments hereto, are true and correct to the best of my knowledge and belief and that no relevant fact pertaining to the ownership or operation of the project has been omitted.

_____ Date

_____ Signature

_____ Title

In compliance with the Federal Privacy Act of 1974, Public Law 93-579, the disclosure of the individual's social security number on this form is mandatory pursuant to North Dakota Century Code §§ 40-57.1-04 and 40-57.1-07. An individual's social security number is used as an identification number by the Office of State Tax Commissioner for file control purposes and record keeping.

For Use By The Department Of Commerce Division Of Economic Development And Finance

The Department of Commerce Division of Economic Development and Finance, after examination and review of this application, finds that the project in this application _____ met the qualifications of _____ has or/has not being either a primary sector business or tourism-related destination attraction for the following reasons:

_____ Signature

_____ Title

_____ Date