



# Renaissance Zone Program

This guide to the Bismarck Renaissance Zone program includes:

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Historical Rehabilitation Project at 114 North 4<sup>th</sup>

## Background Information

The Renaissance Zone program was established by the North Dakota legislature in 1999 to provide tax exemptions and credits to both residents and businesses for revitalization and redevelopment activities within the Zone. The purpose of the program is to encourage reinvestment in downtown properties, which strengthens the core of the community and helps bolster the economy of the whole region. Bismarck's Renaissance Zone was established in March 2001 and has been expanded over the years to include a 36 block area.

The Renaissance Zone provides both property and income tax incentives to property and business owners who invest in qualified projects. There are five different types of Renaissance Zone projects: rehabilitation, new construction, purchase with major improvements, lease, and historical preservation and renovation. Based on the level of improvements made, projects are eligible for up to a 100% property tax exemption on the improvements for a five-year period. Business /investment projects are also eligible for a 100% state income tax exemption on income generated from the location. For owner-occupied residential properties, a state income tax credit of up to \$10,000 per year for up to five years is also available.

Being located within a Renaissance Zone does not automatically qualify a property owner or lessee for



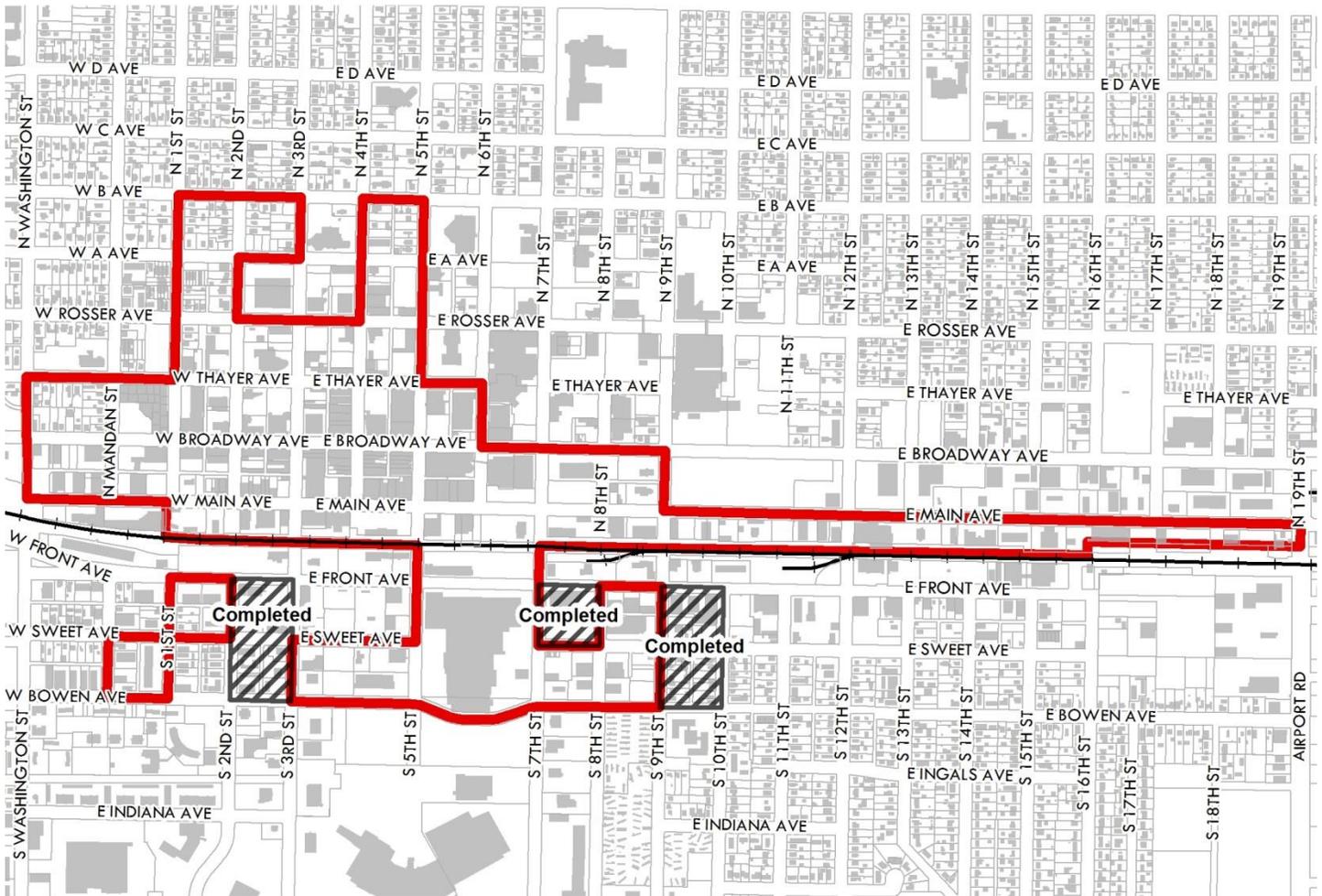
New Construction and Rehab at 510 East Main

incentives. All projects must be approved by the City of Bismarck and the North Dakota Department of Commerce – Division of Community Services before a potentially eligible purchase, lease occupation or rehabilitation of property occurs. If the qualifying event occurs prior to obtaining all required approvals, a project cannot be designated as a Renaissance Zone project. The property tax and state income tax exemptions are available upon completion of the approved project.

A total of 112 Renaissance Zone projects have been approved by the Bismarck City Commission since the inception of the program, generating over \$50 million in private investment, over 450 new full-time jobs, and over 50 new businesses in downtown Bismarck. The program continues to play an integral role in the ongoing revitalization of downtown Bismarck.

# Current Renaissance Zone Boundaries

Projects must be located with the Renaissance Zone boundaries, which does not include “completed” blocks, to be eligible:



## Program Goals and Objectives

The following goals and objectives provide the basic framework for the program and guide all decisions related to the redevelopment of downtown.

### A. Establish the Renaissance Zone as the Center of Business Life, Government and Cultural Opportunity for the Bismarck Region.

1. Maintain the Zone as a mixed-use area accommodating a wide range of retail, governmental, service and residential functions.
2. Promote continued support for redevelopment activities in the Zone.
3. Promote and advocate activities and programs that meet the needs of varied age, interest, and

socioeconomic groups at all times of the day and night and throughout the year.

4. Create centrally located public open spaces in the Zone for cultural events and gathering spaces.
5. Create an organized system of open spaces and linkages to provide a framework for the Zone.
6. Locate major cultural facilities such as the library, theater and the like in the Zone.
7. Create an identity for the Zone through consistent and complementary design practices as outlined in the Downtown Design Guidelines (2015) for the DC-Downtown Core and DF-Downtown Fringe zoning districts.

**B. Promote the Renaissance Zone as the Preferred Location for Hotel, Class A Office Buildings, Specialty Retail, Government and Institutional Uses.**

1. Examine the possibility of providing incentives, such as financing for new development. Public/private joint ventures and other unique approaches to redevelopment should be encouraged.
2. Identify unique businesses, events, and other attractions that may be feasible in the Zone.
3. Encourage the location of governmental, financial institutions and other service functions in the Zone.

**C. Maximize Accessibility of the Renaissance Zone from Throughout the Region and Provide Safe, Convenient, and Attractive Circulation Within the Zone.**

1. Provide adequate and convenient on- and off-street parking for all uses within the Zone.
2. Provide adequate and convenient traffic circulation in and around the Zone without disadvantaging its role as a destination point.
3. Provide for safe, comfortable surface and second level pedestrian circulation within the Zone.
4. Continue to explore opportunities for second level pedestrian walkways throughout the Zone.

**D. Arrange Compatible Land Uses in Compact and Orderly Ways to Enhance the Functions of the Renaissance Zone.**

1. Reinforce emerging entertainment, medical, office/service and retail districts with compatible land uses.
2. Concentrate redevelopment in the Zone.
3. New office and retail space should be concentrated around existing buildings.
4. Any new construction, including parking structures, should include street level retail and service uses.
5. Encourage redevelopment of the upper levels of existing buildings as residential apartments and lofts and identify sites for new multi-family residential.

6. Plan for the expansion of major institutional facilities in an orderly manner to minimize the impact on existing land uses.

**E. Encourage a Zone That Upholds Bismarck's Heritage as Well as Recognizes and Takes Advantage of its Pattern of Development.**

1. Develop strategies for public and private financing of improvements.
2. Identify potential developers and adaptive reuses for historically significant buildings.
3. Promote historic and unique buildings to potential tenants and tourists.
4. Encourage redevelopment within the provisions of the DC-Downtown Core and DF-Downtown Fringe zoning districts and the Downtown Design Guidelines (2015) that is at the same rhythm, scale, and mass as the existing buildings and circulation network in the Zone

**F. Achieve High Quality in the Design and Visual Appearance of the Renaissance Zone.**

1. Create a Zone framework that establishes urban, architectural, site design and signage guidelines that reinforce the unique, positive aspects of Bismarck's history and architecture.
2. Utilize the following plans as the framework from which to base redevelopment decisions:
  - Central Business District Plan (1993)
  - Comprehensive Plan
  - Renaissance Zone Development Plan
  - Streetscape Guidelines for Downtown Bismarck (1995)
  - Historic Architectural Inventory and Evaluation of Downtown Bismarck, North Dakota (2000)
  - DC-Downtown Core and DF-Downtown Fringe Zoning Regulations (2006 and subsequent revisions)
  - Downtown Bismarck Subarea Plan (2013)
  - Downtown Design Guidelines (2015)
3. Preserve the integrity of the city's architectural and open space landmarks including the Burleigh County Courthouse, historic Northern Pacific train depot, Belle Mehus City Auditorium, World War Memorial Building and the Patterson Hotel.

4. Continue the implementation of a cohesive system of streetscape treatments that reinforce a sense of human scale and balance between pedestrian and automobile space.
5. Continue to encourage public art in the downtown streetscape and public spaces that contributes to Bismarck's unique character and sense of place.
6. Continue efforts to promote compliance with the landscaping and screening ordinance and the overall greening of downtown through cooperative efforts with the City Forester and private property owners to increase vegetation within the Zone.

**G. Promote the Renaissance Zone as a Location for Increased Housing Opportunities**

1. Promote the Renaissance Zone as a location for new housing opportunities within the community.
2. Continue public outreach and educational efforts to publicize the use of the Renaissance Zone Program for housing projects, including presentations to organizations such as the Bismarck-Mandan Apartment Association, Bismarck-Mandan Board of Realtors, engineering and architectural firms, the IDEA Center, Small Business Association, title companies and financial lenders.
3. Continue to support the creation of market-rate rental housing and owner-occupied housing choices to create balance in the downtown housing market.
4. Maintain a safe and attractive environment for downtown residents.
5. Maintain the existing infrastructure and support improvements as needed to support an increased downtown population.
6. Support the implementation of a Quiet Rail Zone.
7. Support the continuation of existing retail and the establishment of new retail and service businesses that would bolster a downtown neighborhood, including a marketplace that offers basic food commodities including dairy products, fresh produce and general grocery items.

## Available Tax Exemptions

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### State Income Tax Incentives

*The City of Bismarck includes additional rules for project eligibility that are beyond state criteria*

- *Business/Investment Income Tax Exemption:* Any taxpayer that purchases, leases or rehabilitates residential or commercial property for any business or investment purpose as an approved Renaissance Zone project may be exempt from any tax on income derived from the business or investment locations within the Renaissance Zone for five taxable years, beginning with the month of purchase, lease, or completion of rehabilitation. In the City of Bismarck, improvements must be made with any purchase to be eligible. For rehabilitation projects without purchase, the cost of rehabilitation must equal or exceed fifty percent (50%) of the property's value for tax purposes.
- *Residential Individual Income Tax Exemption:* Any individual taxpayer who rehabilitates a single-family residential property for the individual's primary place of residence as an approved rehabilitation or purchase with improvements Zone project is eligible for an income tax credit of \$10,000 per year for five taxable years beginning with the month the rehabilitation is complete. The allowable tax credit may not exceed the individuals total tax liability in any given year. In the City of Bismarck, the cost of rehabilitation cost must equal or exceed twenty percent (20%) of the residence's value, or must be completed with the purchase and before occupation of the unit.

### Property Tax Incentives

- *Business/Investment Properties:* The City may grant a partial or complete exemption from property taxation on buildings constructed or rehabilitated as an approved Renaissance Zone project for any business or investment purpose. An exemption granted under this provision may not extend beyond five taxable years following the date of purchase with improvements or rehabilitation.
- *Single-family Residential Properties:* The City may grant a partial or complete exemption from

property taxation on single-family residential property, exclusive of the land on which it is situated, if the property is the individual's primary place of residence and is rehabilitated as an approved Renaissance Zone project. An exemption granted under this provision may not extend beyond five taxable years following the date of acquisition or rehabilitation.

building rehabilitated through a previous Renaissance Zone project may be eligible).

3. Proposed use is consistent with the Goals and Objectives of the Renaissance Zone Development Plan.

### **Historic Preservation and Renovation Tax Credits**

- *State Income Tax Credit:* A credit against state tax liability is allowed for investments in the historic preservation or renovation of property within the Renaissance Zone. The amount of the credit is 25% of the amount invested, up to a maximum of \$250,000. The credit may be claimed in the year in which the preservation or renovation is complete, and any excess credit may be carried forward for a period of up to five taxable years.
- *Federal Income Tax Credit:* A credit of 20% of an investment is allowed for the rehabilitation of an eligible historic property that will be used for commercial purposes. In order to qualify for this tax credit, the project must be approved by both the State Historical Society and the National Park Service – Technical Preservation Services.

### **Proposals Involving Rehabilitation of Existing Buildings (No Purchase)**

1. Exterior rehabilitation is sufficient to eliminate any and all deteriorated conditions visible on the exterior of the building.
2. For rehabilitation projects: a level of re-investment totaling not less than fifty percent (50%) of the current true and full valuation of the building for commercial properties and a level of re-investment not less than twenty percent (20%) for owner-occupied single-family homes. Additionally, unless waived by the Renaissance Zone Authority, the application must prove that the investment totals at least:
  - a. \$40 per square foot of the entire building (not including basement) in capital improvements for commercial properties, or
  - b. \$15 per square foot of the entire building (not including basement) in capital improvements for residential properties (with differentiation between uses in mixed-use projects).

## **Minimum Project Approval Criteria**

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*In order to qualify for consideration as a Renaissance Zone project, all proposals must meet the following criteria, which vary depending on whether the project is a rehabilitation, lease, new construction, or purchase with improvements. The intent of the criteria is to encourage and reward significant levels of investment in Zone properties. Property owned by the railroad will not be eligible to receive incentives unless ownership is transferred from the railroad to a private party.*

### **Minimum Criteria for All Proposals**

1. Proposal is in the City of Bismarck Renaissance Zone and not within a block that has been deemed completed.
2. The property or lease space has not received Renaissance Zone funding in the past for the project type proposed (however, a lease of space within a

### **Proposals Involving New Construction or Additions to an Existing Building**

1. Unless waived by the Renaissance Zone Authority, the application must prove that investment totals at least:
  - a. \$150 per square foot of the entire building (not including basement) in capital improvements.

### **Proposals Involving a Commercial Lease**

1. Must be a new or expanding business moving into the Renaissance Zone, an existing business expanding within the Renaissance Zone or the continuation of a lease by an existing Renaissance Zone tenant in a building rehabilitated as an approved Renaissance Zone project.
2. Unless waived by the Renaissance Zone Authority, the application must prove that investment in capital improvements totals at least:

- a. \$30 per square foot of the space being leased in capital improvements or permanent cosmetic improvements, such as interior remodeling or updates. However, a per-square-foot investment is not required for commercial lease projects located within a building that has previously been designated as a Renaissance Zone project, as long as the rehabilitation work is completed before the lease project's owner occupies the leased space.

**Proposals Involving Purchase with Improvements**

- 1. The following matrix provides guidelines for the consideration of purchase with improvements Renaissance Zone projects. The Renaissance Zone Authority has the discretion to deviate from these guidelines on a case-by-case basis if specific building condition and/or other project specific factors warrant.

Level of Re-investment* as a Percentage of the City's Assessed Building Value		Percentage of Property Tax Exemption
Commercial	Single Family Residential	
Less than 10%	Less than 5%	0%
10% to 22%	5% to 9%	40%
20% to 34%	10% to 14%	60%
36%-49%	15%-19%	80%
50% & More	20% & More	100% and eligible for same incentives as rehabilitation

\* The level of re-investment includes capital improvements only, not the purchase price of the property or cosmetic improvements. The Renaissance Zone Development Plan defines capital improvements as the cost incurred for repair, replacement or renovation of a building's exterior, roof, structure, electrical and/or plumbing systems, heating/ventilation/air conditioning systems, windows, exterior doors, elevators and other accessibility improvements. The Renaissance Zone Authority may also consider other improvements that are a permanent and integral part of the building, as well as site improvements needed to correct drainage problems that have resulted in damage to the building.

**Proposals Involving a Single-Family Dwelling**

- 1. The residential unit must be the applicant's primary residence, whether the project is a rehabilitation, purchase with improvements, or new construction.

**Project Review Scoring**

Each potential project that meets the minimum project eligibility criteria will be evaluated by the Renaissance Zone Authority and scored based on the following scoring criteria. Projects are not required to meet all criteria, but each will be used as a factor in project selection:

1. **High-Priority Land Use.** Redevelopment or reinvestment to a high priority land use
  - Primary sector business
  - Active commercial, specialty retail and/or destination commercial
  - Mixed use development (combination of housing, commercial, and/or retail uses in a horizontal or vertical fashion)
  - Residential units, including single or multi-family units
  
2. **Targeted Areas.** Redevelopment or reinvestment in a targeted area
  - Parcels that have been vacant or underutilized for an extended period of time
  - Parcels specifically targeted for clearance
  
3. **Public Space.** Redevelopment or reinvestment to create civic space or strengthen pedestrian corridors
  - Incorporation of "civic" or "public" space within a redevelopment proposal
  - Demonstrated commitment to strengthening pedestrian corridors and issues of "connection"
  - Attention to streetscape amenities
  
4. **Investment.** Amount of actual capital investment in the project
  - Consideration can be given for the level of capital investment in a project (i.e., additional consideration can be given for higher levels of investment)
  
5. **Relocation.** Movement of commercial businesses
  - Close scrutiny will be given to projects involving commercial tenants relocating within the Zone Area, that may not be eligible for tax incentives

- Close scrutiny will be given to projects involving commercial tenants relocating from a community outside the Bismarck area, that may not be eligible for tax incentives
- Maintaining existing business downtown and providing incentives for expanding businesses will be given a high priority

## Application Procedures

The following procedures will be followed for any applicant to receive Renaissance Zone designation:

1. Verify that the proposed project is located within the Renaissance Zone boundary.
2. Review the Goals and Objectives for the Renaissance Zone to verify that the proposed project conforms to these goals and objectives.
3. Review the Minimum Criteria for Project Approval to verify that the proposed project will meet the criteria established by the City.
4. Review the Project Review Scoring to understand how the Renaissance Zone Authority will evaluate the proposed project.
5. All construction and renovation activities associated with a Renaissance Zone project must comply with all building code and zoning code requirements, including Downtown Design Review if the property is within the DC - Downtown Core or DF – Downtown Fringe zoning districts.
6. Verify whether or not the proposed project is also a historic property. A historic property is a property that is: 1) listed on the National Register of Historic Places; 2) a contributing structure within a National Historic District or certified state or local historic district; or 3) eligible for listing on the National Register of Historic Places. If the proposed project involves a historic property, the preservation or rehabilitation of the property may be eligible for additional state and/or federal tax credits. Application for these credits is a separate process that is administered by the State Historical Society and all work must conform to the Secretary of the Interior's Standards for

Rehabilitation. Information on applying for these rehabilitation tax credits can be found on the State Historical Society's web site.

7. Contact the City Community Development Department – Planning Division staff to set up a meeting to discuss the proposed project.
8. Complete and submit the Renaissance Zone Project Application and provide all required information. Applications that are incomplete or inadequate will likely delay review of the proposed project. A Zone Project must be approved by both the City and the State before the qualifying event occurs (purchase, rehabilitation, lease or new construction).

### City Review of a Proposed Renaissance Zone Project

1. The Renaissance Zone Project Application will be reviewed by City staff within 10 working days. If the City requests additional information during this initial review period, the information should be provided promptly in order to avoid delays.
2. If it is determined that the application is complete and the proposed project generally meets the requirements for a Renaissance Zone project, a hearing will be scheduled before the Renaissance Zone Authority within 30 calendar days. A staff report on the application will be provided to the Renaissance Zone Authority to allow for a thorough review of the proposed project prior to the hearing. A notice of the hearing will be placed in the Bismarck Tribune once each week for two consecutive weeks prior to the hearing. A notice of hearing will also be sent to all property owners within 350 feet of the proposed project at least 10 days prior to the hearing.
3. The Renaissance Zone Authority will meet to hear and discuss the application and the proposed project. During this hearing, the applicant or his/her representative may present to the Authority. Other interested parties may also present regarding the application. In order to expedite the hearing process, it is suggested that any written materials and/or comments be submitted to the City Community Development Department – Planning Division prior to the hearing. Following the hearing, the Renaissance

Zone Authority will either continue deliberations to a future meeting or make a recommendation on the proposed project to the Bismarck Board of City Commissioners.

4. A recommendation from the Renaissance Zone Authority will be placed on the next available agenda of the Bismarck Board of City Commissioners. The Bismarck Board of City Commissioners will have final approval authority for all Renaissance Zone projects.
5. Upon approval of a Renaissance Zone project by the City, the project must also be tentatively approved by the North Dakota Department of Commerce - Division of Community Services.
6. City Community Development Department – Planning Division staff will continue to work with the applicant to ensure the project is completed as proposed and that all required documentation is submitted. Any material change to an approved Renaissance Zone Project, including changes to building materials, building elevations or site design, must be approved by the Renaissance Zone Authority. An approved Renaissance Zone Project not completed within 12 months of the anticipated completion date may be subject to additional review by the Renaissance Zone Authority.
7. Once work is completed, appropriate documentation is submitted, and any conditions of the Commission approval are met, The City and State will issue a letter of final approval and the tax exemption period will begin. Any projects completed prior to February 1 of the year will be eligible for the property tax exemption for that year. Projects completed after February 1 will begin the 5-year exemption on the following year.

## **Additional Resources**

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*The following documents may be consulted for additional information regarding the City of Bismarck Renaissance Zone. The latest versions of all documents are available through the City of Bismarck website:*

- City of Bismarck Renaissance Zone Development Plan
- North Dakota Renaissance Zone Program Guidelines (North Dakota Department of Commerce)
- Guidelines for Renaissance Zone Tax Incentives (North Dakota Office of State Tax Commissioners)
- Chapter 40-63 Renaissance Zone in the North Dakota Century Code
- Previous minutes and agenda packets of the City of Bismarck Renaissance Zone Authority.

*For additional information, contact the City of Bismarck Planning Division at 355-1840 or visit the City-County Office Building 221 N. 5th St. during standard office hours.*