



## *Finance Department*

**DATE:** September 15, 2020  
**FROM:** Dmitriy Chernyak, Finance Director  
**ITEM:** Application for Payments in Lieu of Taxes

### **REQUEST**

Consider request from Burleigh County Housing Authority to apply for a Payment in Lieu of Taxes (PILOT) property tax incentive.

Please place this item on the 9/22/2020 City Commission meeting agenda.

### **BACKGROUND INFORMATION**

The Burleigh County Housing Authority has property located at 415, 419, and 423 S Washington. This consists of three buildings with a total of 17 two-bedroom apartments. They intend to demolish these three buildings and replace them with 14 two-bedroom units in a townhouse style and put up an additional 20 one-bedroom units to house homeless and elderly with supportive services available to the tenants. Dwight Barden, Executive Director of the Burleigh County Housing Authority has provided an explanation of the project and a completed application for the PILOT property tax incentive which is attached. The City Commission received the application at its September 8, 2020 meeting and moved to call for a public hearing regarding the request. Both the Burleigh County Commission and Bismarck Public School Board have approved the terms of the PILOT property tax incentive.

### **RECOMMENDED CITY COMMISSION ACTION**

Hold a public hearing on the request. The public hearing is scheduled for the September 22, 2020 City Commission meeting. At the conclusion of the public hearing, the City Commission shall determine if the City accepts a Payment in Lieu of Taxes (PILOT) from Burleigh County Housing Authority, and if it so determines, shall give its approval.

### **STAFF CONTACT INFORMATION**

Dmitriy Chernyak | Finance Director, 355-1600 or [dchernyak@bismarcknd.gov](mailto:dchernyak@bismarcknd.gov)



## BURLEIGH COUNTY HOUSING AUTHORITY

DWIGHT BARDEN  
Executive Director



410 SOUTH 2ND STREET, BISMARCK, ND 58504-5534, 701-255-2540 FAX 701-255-3459  
TDD: 1-800-545-1833 EXT. 439 • WEBSITE: [www.burleighcountyhousing.com](http://www.burleighcountyhousing.com)

August 6, 2020

Mayor Steve Bakken

Commissioner Nancy Guy  
Commissioner Steve Marquardt  
Commissioner Greg Zenker  
Commissioner Mark Splonskowski

Re: Burleigh County Housing Authority  
Payment in Lieu of Taxes (PILOT)

Dear Mayor Bakken and Commissioners,

Burleigh County Housing Authority has property located at 415, 419 and 423 S. Washington. This consists of three buildings with a total of 17 two bedroom apartments. They were built with HUD funds in 1971 and are functionally obsolete. It is our intent to demolish these three buildings.

It is the intent to build 14 two bedroom units in a townhouse style and put up an additional 20 one bedroom units to house homeless and elderly with supportive services available to the tenants. They will be located in the same area on vacant land that we have.

Due to the funding of this development, we will not use traditional HUD funds to build this project. We will use Federal Tax Credit programs, Federal Housing Trust, State Housing Incentive Fund, Federal Home Loan Grant, and others to fund this project. Due to these funding sources HUD will not have ownership in these buildings. Burleigh County Housing Authority will control and eventually own these properties.

HUD will provide project based Vouchers so that these units will continue to be affordable to the tenants as in they will pay approximately 30% of their income for rent.

We have always paid a PILOT on all of our properties. These units are exempt from taxes but we understand that we must contribute to services in the community such as Police, Fire protection, education and recreation. This amounts to about 5% of the tenant collected rents or about 30% of the total property tax.

With this I respectfully request your approval of paying a PILOT for the New and Replacement units for Burleigh County Housing Authority. This will show local support for the need of this type of housing in our community.

Sincerely,

A handwritten signature in blue ink that reads "Dwight Barden".

Dwight Barden  
Executive Director

# Application For Property Tax Incentives For New or Expanding Businesses

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

Project Operator's Application To City of Bismarck

City or County

File with the City Auditor for a project located within a city; County Auditor for locations outside of city limits.

A representative of each affected school district and township is included as a non-voting member in the negotiations and deliberation of this application.

**This application is a public record**

## Identification Of Project Operator

1.	Name of project operator of new or expanding business	<u>Burleigh County Housing Authority</u>	
2.	Address of project	<u>415, 419, 423 S. Washington Street</u>	
	City	<u>Bismarck</u>	
	County	<u>Burleigh</u>	
3.	Mailing address of project operator	<u>410 S. 2nd Street</u>	
	City	<u>Bismarck</u>	
	State	<u>ND</u>	
	Zip	<u>58504</u>	
4.	Type of ownership of project		
	<input type="checkbox"/> Partnership	<input type="checkbox"/> Subchapter S corporation	<input type="checkbox"/> Individual proprietorship
	<input checked="" type="checkbox"/> Corporation	<input type="checkbox"/> Cooperative	<input type="checkbox"/> Limited liability company
5.	Federal Identification No. or Social Security No.	<u>45-0318953</u>	
6.	North Dakota Sales and Use Tax Permit No.	<u>E-3242</u>	
7.	If a corporation, specify the state and date of incorporation	<u>North Dakota - May 8, 1969</u>	
8.	Name and title of individual to contact	<u>Dwight Barden</u>	
	Mailing address	<u>410 S. 2nd Street</u>	
	City, State, Zip	<u>Bismarck, ND 58504</u>	
	Phone No.	<u>701-255-2540</u>	

## Project Operator's Application For Tax Incentives

9.	Indicate the tax incentives applied for and terms. Be specific.	
	<input type="checkbox"/> <b>Property Tax Exemption</b>	<input checked="" type="checkbox"/> <b>Payments In Lieu of Taxes</b>
	_____ Number of years	<u>2023</u> Beginning year <u>2042</u> Ending year
	_____ Percent of exemption	<u>See attach</u> Amount of annual payments (attach schedule if payments will vary)
10.	Which of the following would better describe the project for which this application is being made:	
	<input checked="" type="checkbox"/> New business project	<input type="checkbox"/> Expansion of a existing business project

**Description of Project Property**

11. Legal description of project real property

Site is being replatted so legal description will be modified through that process.

12. Will the project property be owned or leased by the project operator?  Owned  Leased

If the answer to 12 is leased, will the benefit of any incentive granted accrue to the project operator?

Yes  No

If the property will be leased, attach a copy of the lease or other agreement establishing the project operator's benefits.

13. Will the project be located in a new structure or an existing facility?  New construction  Existing facility

If existing facility, when was it constructed? \_\_\_\_\_

If new construction, complete the following:

a. Estimated date of commencement of construction of the project covered by this application September 2021

b. Description of project to be constructed including size, type and quality of construction  
New construction of 14 - two bedroom townhouse style and 20 - one bedroom units in an apartment style building. All units will have Project Based Vouchers and will remain affordable to the low and extremely low income in our community. This development will increase the affordable housing stock in Bismarck by replacing 17 dated apartments with 34 new modern units.

c. Projected number of construction employees during the project construction It will vary

14. Approximate date of commencement of this project's operations Fall of 2022

15. Estimated market value of the property used for this project:

a. Land..... \$ 419,616

b. Existing buildings and structures for which an exemption is claimed..... \$ NA

c. Newly constructed buildings and structures when completed ..... \$ 8,500,000

d. Total..... \$ 8,919,616

e. Machinery and equipment ..... \$ NA

16. Estimate taxable valuation of the property eligible for exemption by multiplying the market values by 5 percent:

a. Land (not eligible) ..... 

b. Eligible existing buildings and structures ..... \$ \_\_\_\_\_

c. Newly constructed buildings and structures when completed..... \$ 445,980

d. Total taxable valuation of property eligible for exemption (Add lines b and c)..... \$ 445,980

e. Enter the consolidated mill rate for the appropriate taxing district ..... 236.59

f. Annual amount of the tax exemption (Line d multiplied by line e) ..... \$ \_\_\_\_\_

**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.**

17. Type of business to be engaged in:  Ag processing  Manufacturing  Retailing  
 Wholesaling  Warehousing  Services

18. Describe in detail the activities to be engaged in by the project operator, including a description of any products to be manufactured, produced, assembled or stored (attach additional sheets if necessary).

This site will continue to function as affordable housing for the low and extremely low income individuals in our community with the tenant portion of the rent being based on 30% of their income. The development will demolish 17 functionally obsolete units with new construction of 34 newly constructed, modern, energy efficient units of affordable housing.

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

Mechanical, plumbing and electrical equipment for running a household. The 20 unit building will also have an elevator.

20. For the project only, indicate the projected annual revenue, expense, and net income (before tax) from either the new business or the expansion itself for each year of the requested exemption.

Year (12 mo. periods)	New/Expansion Project only				
	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Annual revenue	<u>See attached</u>	<u>Proforma</u>	_____	_____	_____
Annual expense	_____	_____	_____	_____	_____
Net income	_____	_____	_____	_____	_____

21. Projected annual average number of persons to be employed by the project itself at the project location for each year for the first five years and the estimated annual payroll.

Year	Company-wide (before project)	New/ Expansion Project only	New/ Expansion Project only	New/ Expansion Project only	New/ Expansion Project only	New/ Expansion Project only
		<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
No. of Employees	(1) <u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	(2) _____	<u>1</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Estimated payroll	(1) _____	_____	_____	_____	_____	_____
	(2) _____	_____	_____	_____	_____	_____

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



Dakota Apartments II  
20 Year Revenue Proforma  
Adjusted for tenant estimated portion of Rent

2023	\$	138,400
2024		141,168
2025		143,991
2026		146,871
2027		149,809
2028		152,805
2029		155,861
2030		158,978
2031		162,158
2032		165,401
2033		168,709
2034		172,083
2035		175,525
2036		179,035
2037		182,616
2038		186,268
2039		189,994
2040		193,793
2041		197,669
2042		201,623

**PRIVACY ACT NOTIFICATION**

In compliance with the Privacy Act of 1974, disclosure of a social security number or Federal Employer Identification Number (FEIN) on this form is required under N.D.C.C. §§ 40-57.1-03, 40-57.1-07, and 57-01-15, and will be used for tax reporting, identification, and administration of North Dakota tax laws. Disclosure is mandatory. Failure to provide the social security number or FEIN may delay or prevent the processing of this form.

**Certification of Governing Body (To be completed by the Auditor of the City or County)**

The municipality shall, after granting any property tax incentives, certify the findings to the State Tax Commissioner and Director of Tax Equalization by submitting a copy of the project operator's application with the attachments. The governing body, on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, granted the following:

- |  |   |
|--|---|
| <input type="checkbox"/> <b>Property Tax Exemption</b> | <input type="checkbox"/> <b>Payments in lieu of taxes</b>               |
| _____ Number of years                                  | _____ Beginning year      _____ Ending year                             |
| _____ Percent of exemption                             | _____ Amount of annual payments (Attach schedule if payments will vary) |

\_\_\_\_\_  
Auditor

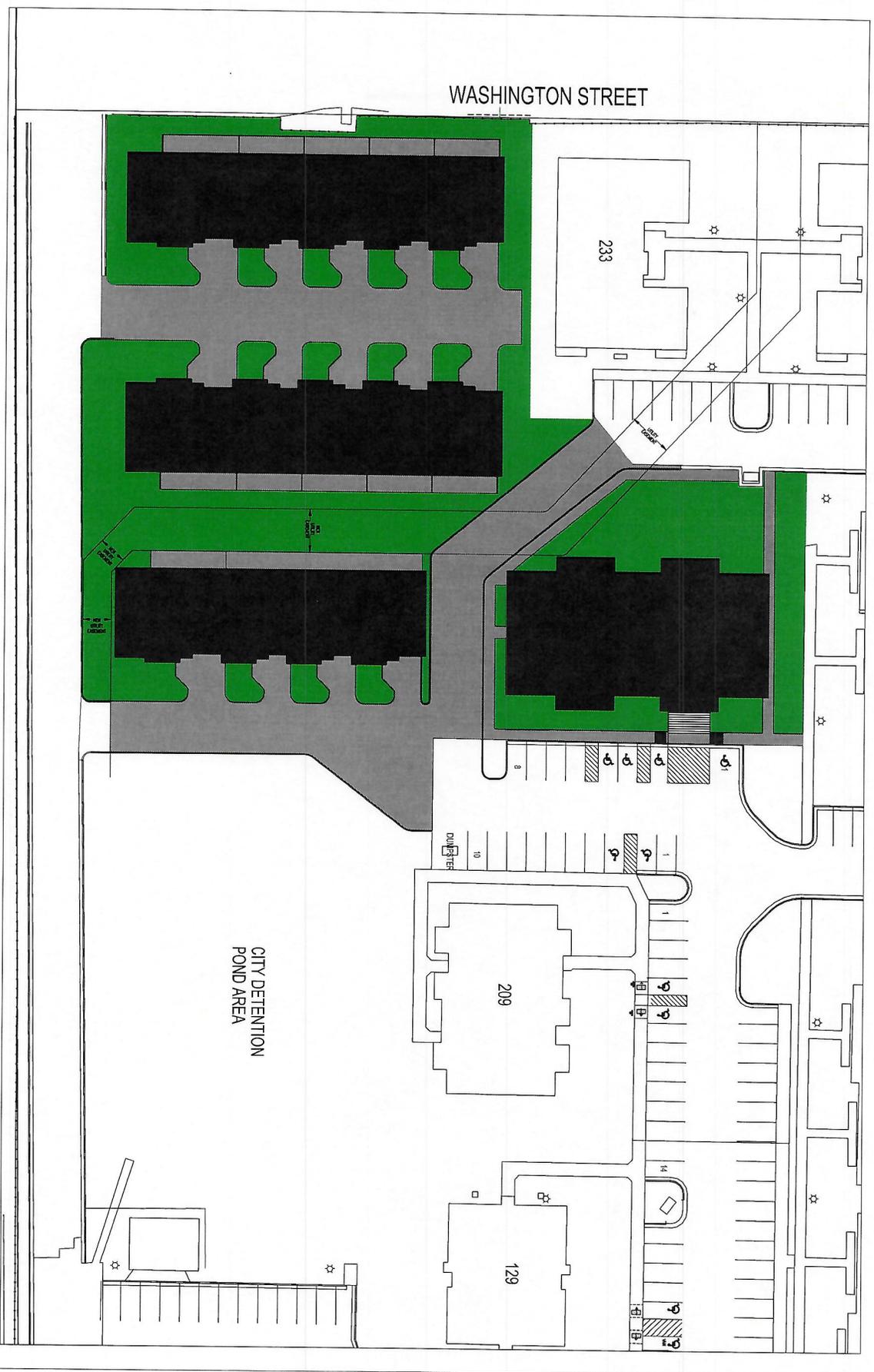




**Vacancy Rate Management Fee**

	7%				6%				
	2037	2038	2039	2040	2041	2042	2043	2044	2045
	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24
	445,106	454,008	463,088	472,350	481,797	0	0	0	0
	93	93	93	93	93	0	0	0	0
	(31,157)	(31,781)	(32,416)	(33,064)	(33,726)	0	0	0	0
	414,041	422,320	430,765	439,378	448,164	0	0	0	0
	414,041	422,320	430,765	439,378	448,164	0	0	0	0
	102,186	105,251	108,409	111,661	115,011	0	0	0	0
	59,808	61,396	63,238	65,135	67,089	0	0	0	0
	67,226	69,243	71,320	73,460	75,664	0	0	0	0
	52,214	53,760	55,394	57,055	58,767	0	0	0	0
	18,540	19,096	19,669	20,259	20,857	0	0	0	0
	299,173	308,767	318,030	327,571	337,398	0	0	0	0
	114,268	113,564	112,735	111,808	110,766	0	0	0	0
	74,104	74,104	74,104	74,104	74,104	0	0	0	0
	1.54	1.53	1.52	1.51	1.49	0	0	0	0
	40,164	39,450	38,631	37,704	36,662	0	0	0	0
	7,790	8,024	8,264	8,512	8,766	0	0	0	0
	7,790	8,024	8,265	8,512	8,767	0	0	0	0
	0	0	0	0	0	0	0	0	0
	22,349	21,275	20,093	18,800	17,388	0	0	0	0
	0	0	0	0	0	0	0	0	0
	2,235	2,127	2,009	1,880	1,739	0	0	0	0
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	1.00	1.00	1.00	1.00	1.00	0	0	0	0
	93,079	93,079	93,079	93,079	93,079	0	0	0	0

1 SITE PLAN  
DATE: 04-10-2020



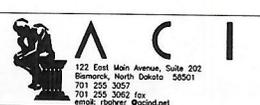
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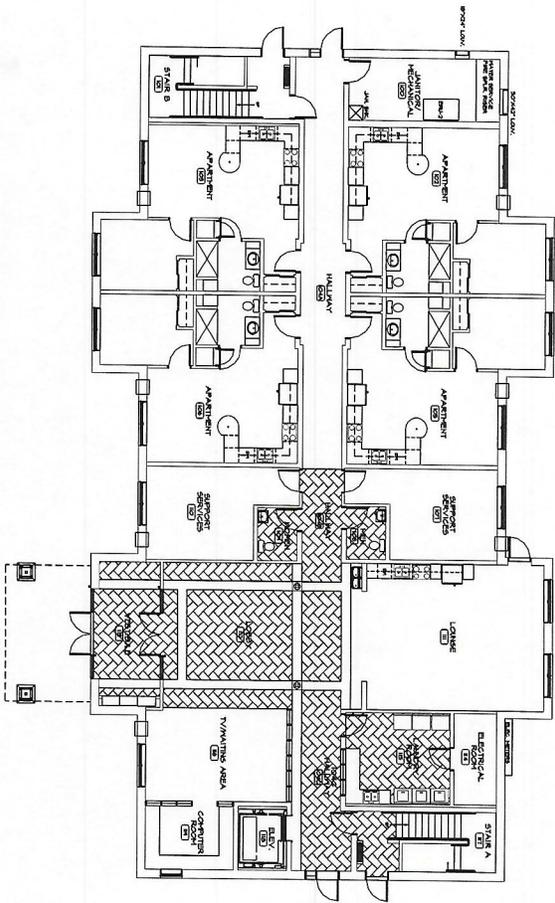
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C1  
OF 8

SITE PLAN

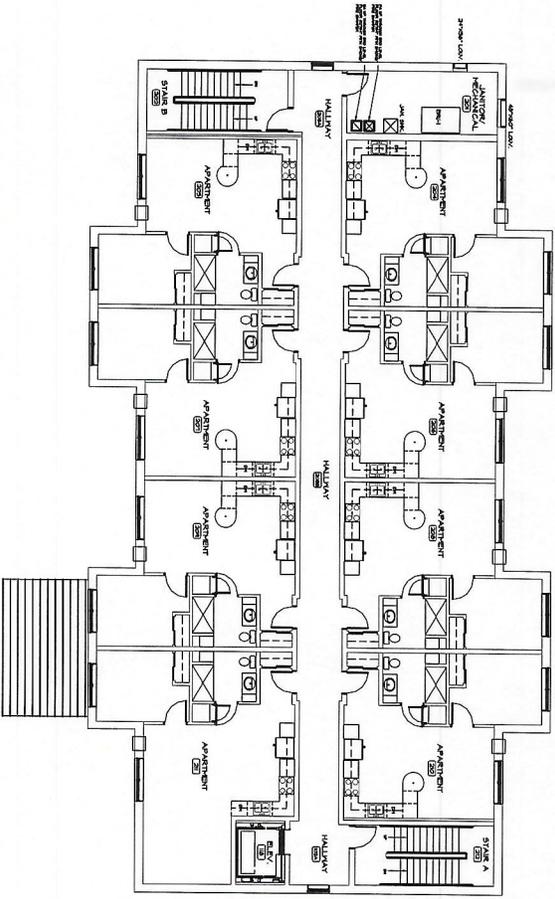
BURLEIGH COUNTY HOUSING AUTH.  
& BEYOND SHELTER  
20 UNIT APARTMENT COMPLEX AND 14 UNIT TOWNHOMES  
XXXX WASHINGTON STREET, BISMARCK, ND 58501

Design: 2020/10/14  
Project No: 2021  
Drawing File No: APARTMENT PLAN  
Date Issued: 04/10/20  
Drawn By: [Signature]  
Checked By: [Signature]





1) APARTMENT FIRST FLOOR PLAN  
1/8" = 1'-0"



2) APARTMENT SECOND FLOOR PLAN  
1/8" = 1'-0"

**NOT FOR CONSTRUCTION**  
DATE: 02-10-2020

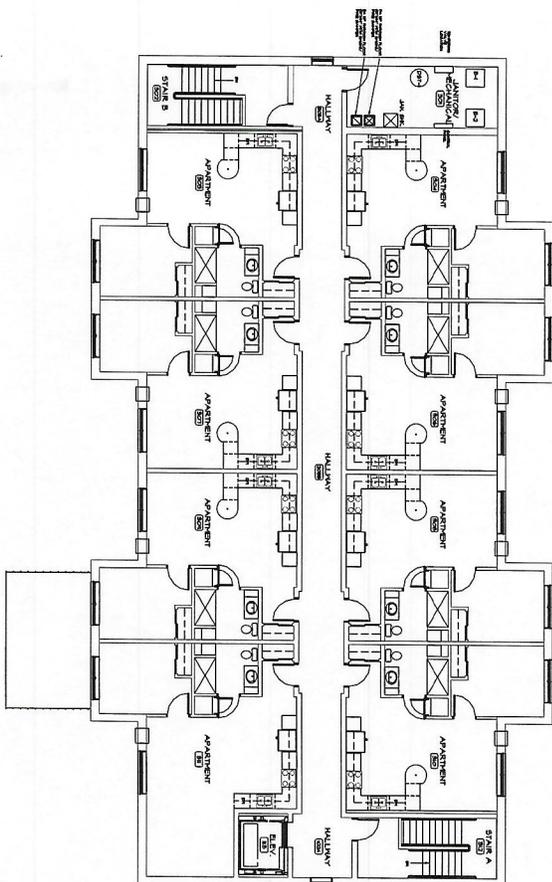
SHEET  
A1.1  
OF 8

APARTMENT FIRST FLOOR PLAN  
APARTMENT SECOND FLOOR PLAN

**BURLEIGH COUNTY HOUSING AUTH.  
& BEYOND SHELTER**  
20 UNIT APARTMENT COMPLEX AND 14 UNIT TOWNHOMES  
XXXX WASHINGTON STREET, BISMARCK, ND 58501

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Project No.  
2011  
Drawing File No.  
APARTMENT PLAN  
Date Issued  
02/10/20  
Drawn By  
Checked By  
rbb

122 East Main Avenue, Suite 202  
Bismarck, North Dakota 58501  
701 255 3057  
701 255 3062 fax  
Email: rbb@aciconcept.com



1  
A1.2 APARTMENT THIRD FLOOR PLAN  
1/8" = 1'-0"

**NOT FOR CONSTRUCTION**  
DATE 04-10-2020

SHEET  
A1.2  
OF 8

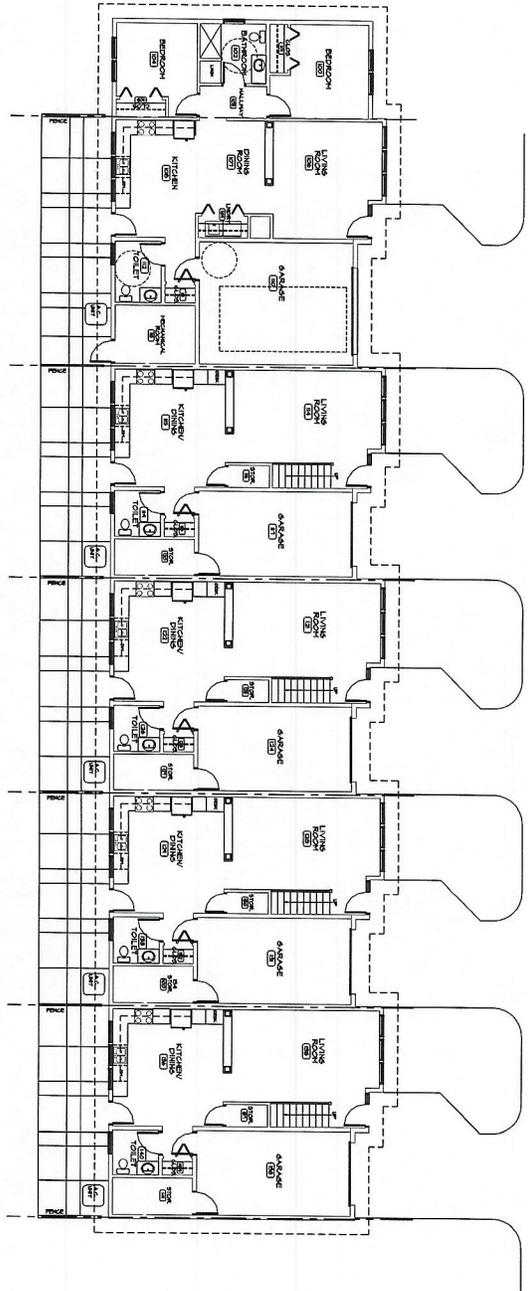
APARTMENT THIRD FLOOR PLAN

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& BEYOND SHELTER**  
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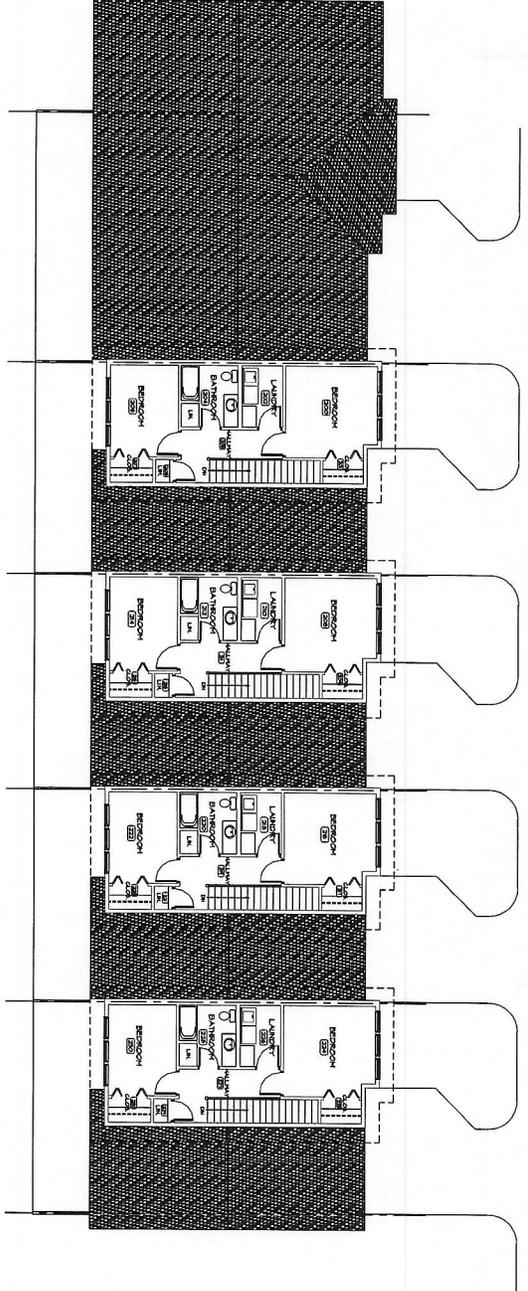
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Date: 01/20  
Drawing File No: 2011  
Project No: 2011  
Architectural Consultant: A C I

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701 255 3052 fax  
email: r.tobler @acind.net



1 5 UNIT TOWNHOUSE - FIRST FLOOR PLAN



2 5 UNIT TOWNHOUSE - SECOND FLOOR PLAN

**NOT FOR CONSTRUCTION**  
DATE: 08-10-2020

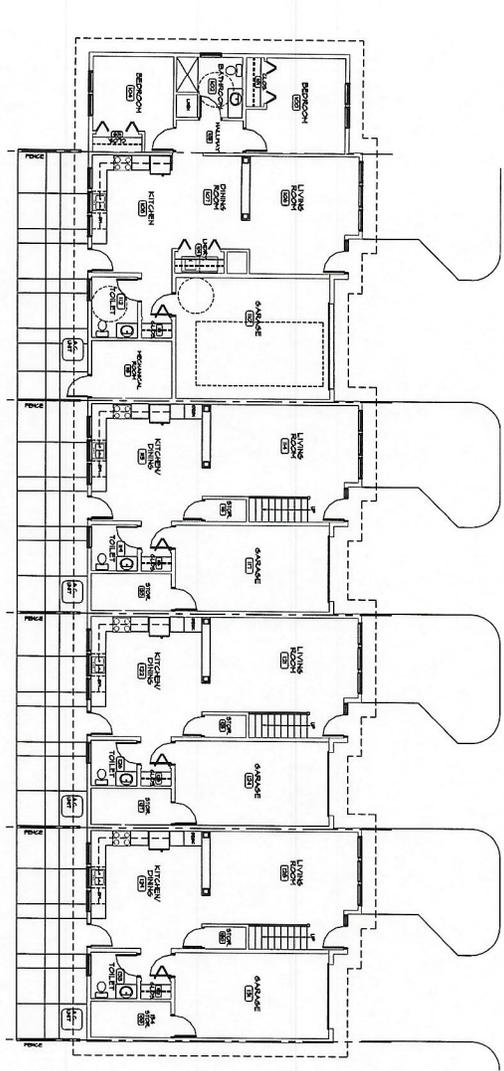
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OF

TOWNHOUSE FIRST FLOOR PLAN  
TOWNHOUSE SECOND FLOOR PLAN

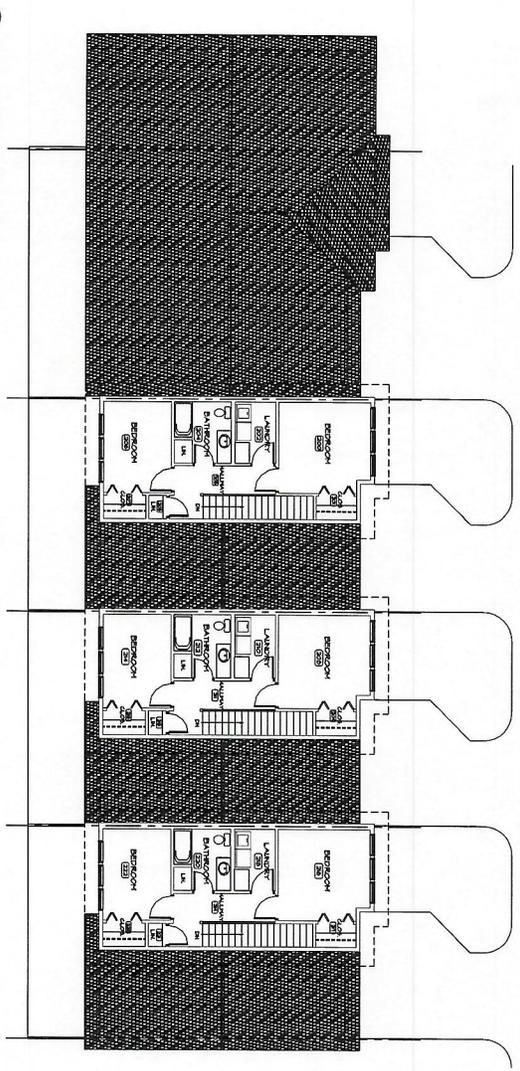
BURLEIGH COUNTY HOUSING AUTH.  
& BEYOND SHELTER  
20 UNIT APARTMENT COMPLEX AND 14 UNIT TOWN-HOMES  
XXXX WASHINGTON STREET, BISMARCK, ND 58501

Project No: 2017  
Drawing File No: A011  
Date Issued: 08-10-20  
Drawn By: JPH  
Checked By: JPH

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701 255 3062 fax  
email: rick@aci-nd.net



1 4 UNIT TOWNHOUSE - FIRST FLOOR PLAN  
 1/8" = 1'-0"



2 4 UNIT TOWNHOUSE - SECOND FLOOR PLAN  
 1/8" = 1'-0"

**NOT FOR CONSTRUCTION**  
 DATE: 08-10-2020

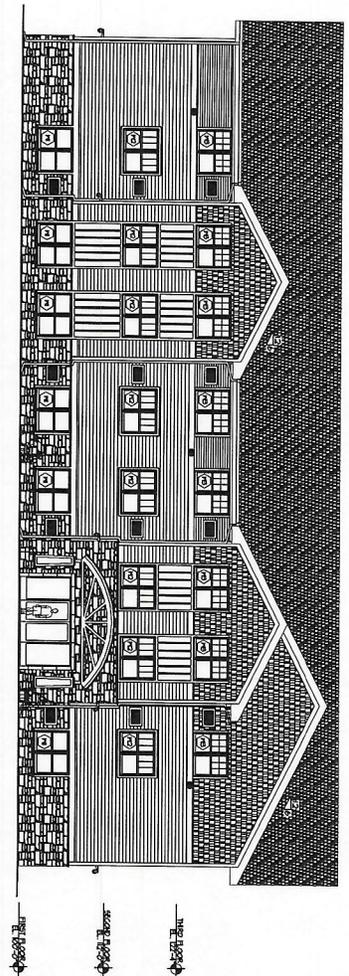
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TOWNHOUSE FIRST FLOOR PLAN  
 TOWNHOUSE SECOND FLOOR PLAN

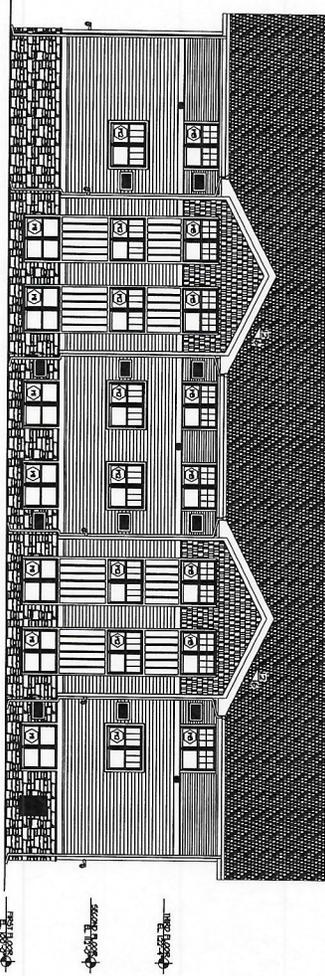
BURLEIGH COUNTY HOUSING AUTH.  
 & BEYOND SHELTER  
 20 UNIT APARTMENT COMPLEX AND 14 UNIT TOWNHOUSES  
 3300 WASHINGTON STREET, BISMARCK, ND 58501

Project No: 2017  
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 Date: 08/10/20  
 Drawn By: [Name]  
 Checked By: [Name]

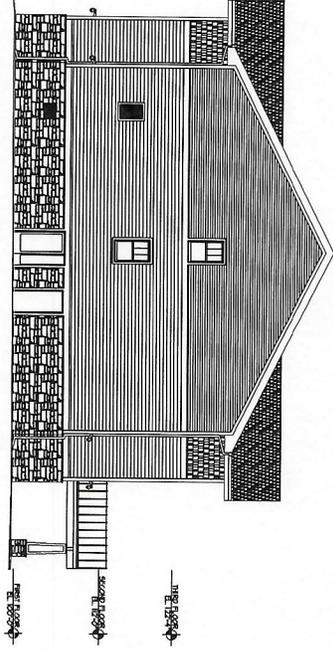
1 WEST APARTMENT BUILDING ELEVATION  
1/8" = 1'-0"



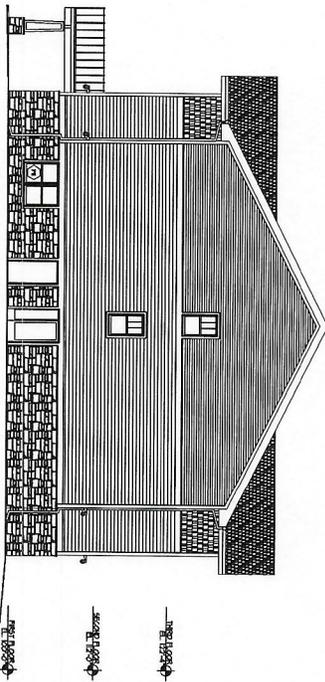
2 EAST APARTMENT BUILDING ELEVATION  
1/8" = 1'-0"



3 SOUTH APARTMENT BUILDING ELEVATION  
1/8" = 1'-0"



4 NORTH APARTMENT BUILDING ELEVATION  
1/8" = 1'-0"



**NOT FOR CONSTRUCTION**  
 DATE: 04-10-2020

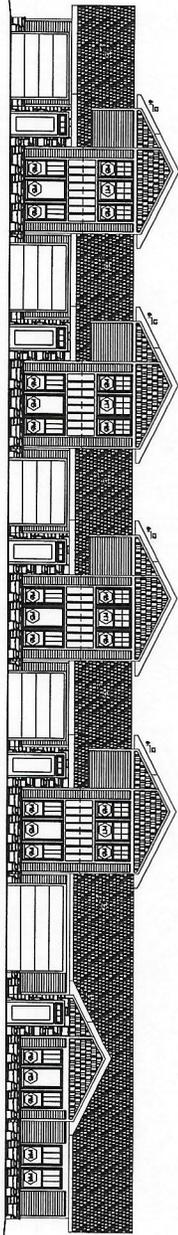
**ACI**  
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 Project No.  
 2011  
 Drawing File No.  
 APARTMENT PLAN  
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 Date

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 Bismarck, North Dakota 58501  
 701 255 3051  
 701 255 3062 fax  
 email: acinfo@acinfo.net

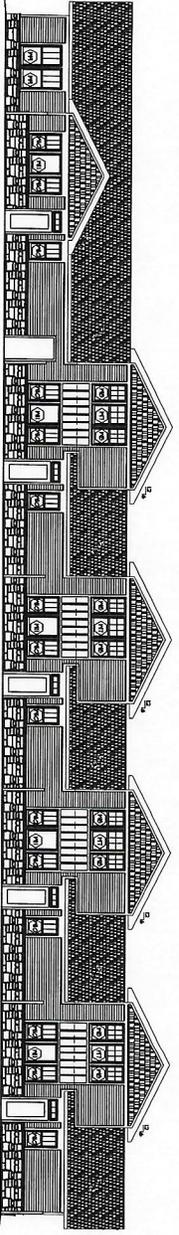
**BURLEIGH COUNTY HOUSING AUTH.  
 & BEYOND SHELTER**  
 20 UNIT APARTMENT COMPLEX AND 14 UNIT TOWNHOMES  
 XXXX WASHINGTON STREET, BISMARCK, ND 58501

APARTMENT BUILDING ELEVATIONS

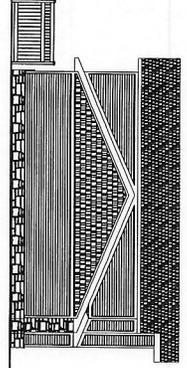
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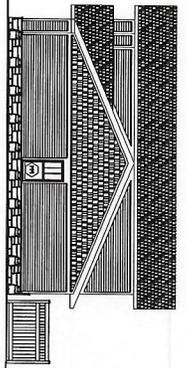
1 FRONT ELEVATION - 5 UNIT TOWNHOMES  
1/2" = 1'-0"



2 REAR ELEVATION - 5 UNIT TOWNHOMES  
1/2" = 1'-0"



3 END ELEVATION - 5 UNIT TOWNHOMES  
1/2" = 1'-0"



4 END ELEVATION - 5 UNIT TOWNHOMES  
1/2" = 1'-0"

**NOT FOR CONSTRUCTION**  
DATE: 04-10-2020



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Project No  
2017

Drawing File No  
2017

Date of Issue  
2020

Drawn By  
JANIN NELLAN

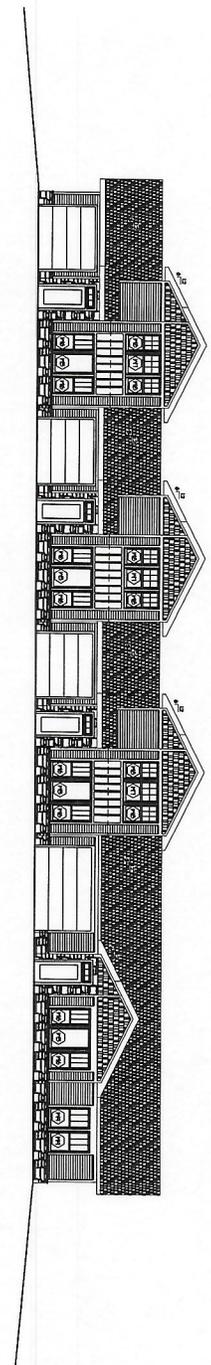
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RFB

**BURLEIGH COUNTY HOUSING AUTH.  
& BEYOND SHELTER**  
20 UNIT APARTMENT COMPLEX AND 14 UNIT TOWNHOMES  
XXXX WASHINGTON STREET, BISMARCK, ND 58501

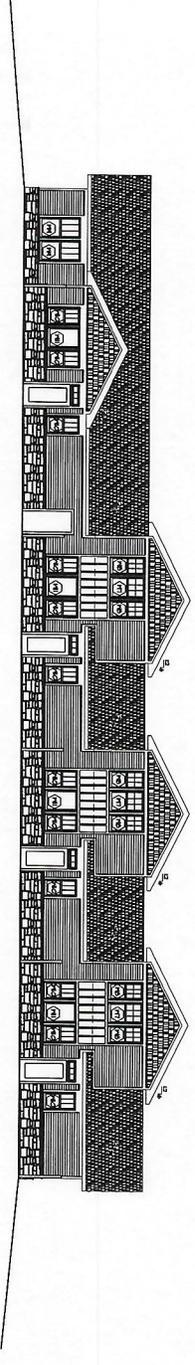
TOWNHOME ELEVATIONS

SHEET  
A2.2  
OF 8

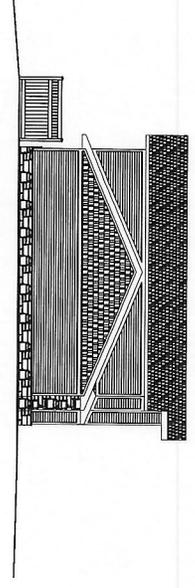
1 FRONT ELEVATION - 4 UNIT TOWNHOMES



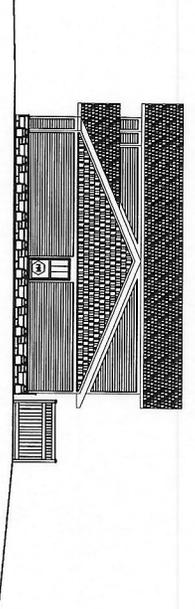
2 REAR ELEVATION - 4 UNIT TOWNHOMES



3 END ELEVATION - 4 UNIT TOWNHOMES



4 END ELEVATION - 4 UNIT TOWNHOMES



**NOT FOR CONSTRUCTION**  
DATE: 06-10-2020