



Community Development Department

DATE: June 25, 2024

FROM: Ben Ehreth, Community Development Director

ITEM: JoMo Coffee House – Rehabilitation Renaissance Zone Project

REQUEST:

Consider the request for a Rehabilitation Renaissance Zone project designation and take final action.

BACKGROUND INFORMATION:

Truongthaigroup LLC requests approval of a Rehabilitation Renaissance Zone Project at 515 East Main Avenue along with a local property tax exemption on the increased value of the property for five years as well as an exemption from state income tax on income derived from the same location.

The applicant is proposing to rehabilitate an existing commercial building for a new business that would be a combination coffee/tea house and restaurant. The estimated project cost of the rehabilitation is \$1,000,000 which exceeds the required threshold of 50% of the assessed building value.

The Renaissance Zone Authority held a public hearing on this request at their May 9 meeting. There were no public comments submitted prior to the meeting and no members of the public spoke at the hearing, with the exception of the applicant who addressed some questions from the Authority. At the end of the hearing, the Authority unanimously approved the project as a local property tax exemption on the increased value of the property for five years as well as a exemption from state income tax on income derived from the property with two conditions:

1. A Certificate of Good Standing from the North Dakota Office of State Tax Commissioner is received prior to approval by the Bismarck Board of City Commissioners.
2. A description of exterior work above the main entrance (including an example of paint color) is provided so the Downtown Design Review Technical Advisors can confirm consistency with Downtown Design Review guidelines.

The Certificate of Good Standing has been received by Community Development staff and final discussions between the applicant and the Downtown Design Review Technical Advisors of minor exterior work are ongoing as of this memo.

The attached staff report contains a complete review of the request, according to standards of the Comprehensive Plan, city ordinances, and other relevant law.

RECOMMENDED CITY COMMISSION ACTION:

Consider the request for a Rehabilitation Renaissance Zone project designation and take final action.

STAFF CONTACT INFORMATION:

Ben Ehreth, Community Development Director, 701-355-1842, behreth@bismarcknd.gov
Isak Johnson, Planner, 701-355-1850, ijohnson@bismarcknd.gov

ATTACHMENTS:

1. Jomo Coffee House

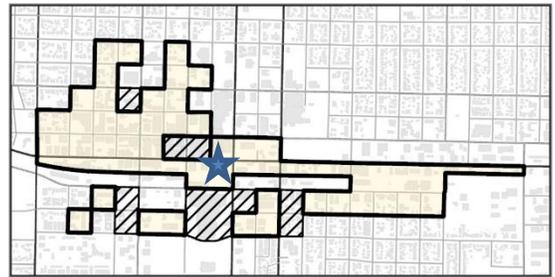
STAFF REPORT

Application for: **Renaissance Zone**

Project ID: **RZ2024-001**

Project Summary

<i>Title:</i>	JOMO HOUSE
<i>Project Type:</i>	Rehabilitation
<i>Status:</i>	Board of City Commisisoners
<i>Property Owner(s):</i>	Truongthaigroup LLC
<i>Project Contact:</i>	Leo Ivy, Truongthaigroup LLC
<i>Project Location:</i>	515 East Main Avenue
<i>RZ Block #:</i>	25
<i>Applicant Request:</i>	Rehabilitation of structure for coffee/tea house and restaurant use
<i>Staff Recommendation:</i>	Approve
<i>RZA Recommendation:</i>	Approve



Project Information

<i>Building Floor Area (square feet):</i>	4,326	<i>Completion Date:</i>	October 2024	<i>Certificate of Good Standing:</i>	Received
<i>Total Assessed Value (existing):</i>	\$375,300	<i>Proposed Investment:</i>	\$1,000,000	<i>Estimated Value with Investment:</i>	\$1,000,000
<i>Annual Property Taxes (existing):</i>	\$4,879	<i>Estimated Property Tax Benefit:</i>	\$41,000	<i>Estimated Income Tax Benefit:</i>	TBD

Project Narrative

Truongthaigroup, LLC is requesting approval of a Rehabilitation Renaissance Zone (RZ) project for the building at 515 East Main Avenue. The applicant is proposing to rehabilitate an existing commercial building for a new business that would be a combination coffee/tea house and restaurant. Some minor Downtown Design Review (DDR) between the applicant and the DDR Technical Advisors was authorized by the Renaissance Zone Authority.



Figure 1: Existing exterior of building from 515 East Main Avenue

(continued)

Project Context

Land uses adjacent to the project area are depicted on the adjacent map:

Adjacent uses include the retail and restaurants to the north, office uses and associated parking to the east and south, and offices and bars to the west. The property for this project has previously housed other retail and service uses including a barber shop.



Since Truongthaigroup, LLC are requesting a Rehabilitation RZ project, the project must receive all necessary approvals prior to beginning construction. The rehabilitation project includes a complete replacement of the roof and possible introduction of a fire suppression sprinkler system. Interior framing of the space and new concrete flatwork will create the seating section for the restaurant/coffee shop, as well as necessary office, kitchen, and bathroom spaces. Relevant electrical, mechanical, and plumbing work will be conducted, including replacing the old electrical meter, ductwork and building a vent hood system with an exhaust motor on the roof for the kitchen area.

The estimated project cost for the rehabilitation is \$1,000,000. This amount is approximately 341% of the assessed building value, which exceeds the 50% of the assessed building value requirement. The investment also exceeds the requirement to invest \$40 per square foot of commercial floor area, which is \$173,040.

Since the program was reinstated effective January 4, 2024, planning staff have been working to amend the Renaissance Zone Development Plan to reflect the changes which were agreed upon by the Bismarck Board of City Commissioners and the Burleigh County Commission in the letter of intent sent from the City to the County. The change which is most relevant to new RZ projects is the agreed upon change to the property tax exemption which stated that RZ projects would be eligible for a property tax exemption on the increased value of the property while still paying property taxes on the base value (defined as the existing assessed building value of the property prior to project approval). This is different from the previous property tax exemption of the program which provided an exemption on all property tax related to the building.

Officially, these changes to the Renaissance Zone Development Plan have not yet been finalized, but these intended changes have been communicated to all inquiries of the program, including this applicant. After the public hearing,

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the Renaissance Zone Authority voted unanimously to recommend approval of the Rehabilitation RZ project as a local property tax exemption for five (5) years on the increased value of the building as a result of this project. This was done to meet the intent of the proposed changes that have not yet been finalized.

The Authority placed two conditions on their approval recommendation:

1. A Certificate of Good Standing from the North Dakota Office of State Tax Commissioner is received prior to approval by the Bismarck Board of City Commissioners.
2. A description of exterior work above the main entrance (including an example of paint color) is provided so the Downtown Design Review Technical Advisors can confirm consistency with Downtown Design Review guidelines.

A Certificate of Good Standing has since been received and final discussions between the applicant and the Downtown Design Review Technical Advisors of minor exterior work are ongoing.

Public Engagement

The public was duly notified of this request prior to the public hearing at the Renaissance Zone Authority meeting. A notice was published in the Bismarck Tribune on April 27 and May 4, and 18 letters were mailed to the owners of nearby properties on April 26.

No written comments were received prior to the hearing and no members of the public spoke, apart from the applicant who addressed some questions from the Authority.

Review Standards and Findings of Fact

The request is evaluated according to standards contained within the Comprehensive Plan, Bismarck Code of Ordinances, and relevant state law. Findings of fact, related to land use, are presented in response to each standard.

Renaissance Zone

The property has not previously been designated a Renaissance Zone of this type and meets the relevant minimum project eligibility criteria for the City of Bismarck Renaissance Zone Program

Yes. The property has not previously been designated as a Renaissance Zone project of this, or any, type and it meets all eligibility criteria as described above in the Project Information and Project Context sections.

The proposed project is consistent with the goals and objectives of the City of Bismarck Renaissance Zone Development Plan

Yes. This project supports the redevelopment of existing structures within the Renaissance Zone, and Downtown. Additionally, this project that will add to the variety and vibrancy of the area by adding a new and unique business within the Renaissance Zone.

Use and design standards of the DC – Downtown Core or DF – Downtown Fringe zoning districts, as applicable, would be met with the proposed project (Section 14-04-21.1(4), 14-04-21.2 (4), 14-04-21.3, 14.04.21.4)

Yes. The restaurant and coffee/tea house use are allowable uses within the DC – Downtown Core district. No major exterior alterations or new construction is proposed which would need to meet relevant design standards. Any proposed signage will be reviewed by City staff when the owners apply for a sign permit.

The project would meet all applicable building code requirements.

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Yes. Adherence to building and fire codes would be verified prior to issuance of a building permit, subject to review of more detailed building plans. There are no features of the proposed design submitted with this request that present an obvious and insurmountable conflict with building code requirements.

Proper administrative procedures related to the request are being followed (Section 14-04-21.1(4)b, 14-04-21.2 (4)b)

Yes. An application requesting a Renaissance Zone designation approval has been submitted to the Community Development Department. Staff have reviewed the application and submit to the Renaissance Zone Authority for final consideration.

The public health, safety and general welfare will not be adversely impacted by the proposed design ([Goal S10-a](#))

Yes. As a cumulative result of all findings contained in this staff report, City of Bismarck staff find that the proposed Renaissance Zone project would not adversely impact the public health, safety, and general welfare.

Staff Recommendation

Based on the above findings, staff recommends approval of the Rehabilitation Renaissance Zone project at 515 East Main Avenue, as presented in all submitted documents and materials, as a property tax exemption on the increased value of the building as a result of the project as well as the relevant state income tax exemption on business-related income for five years.

Attachments

1. RZ project map
2. Renderings of the project (interior only)
3. Local property tax exemption description

Staff report prepared by: Isak Johnson, Planner

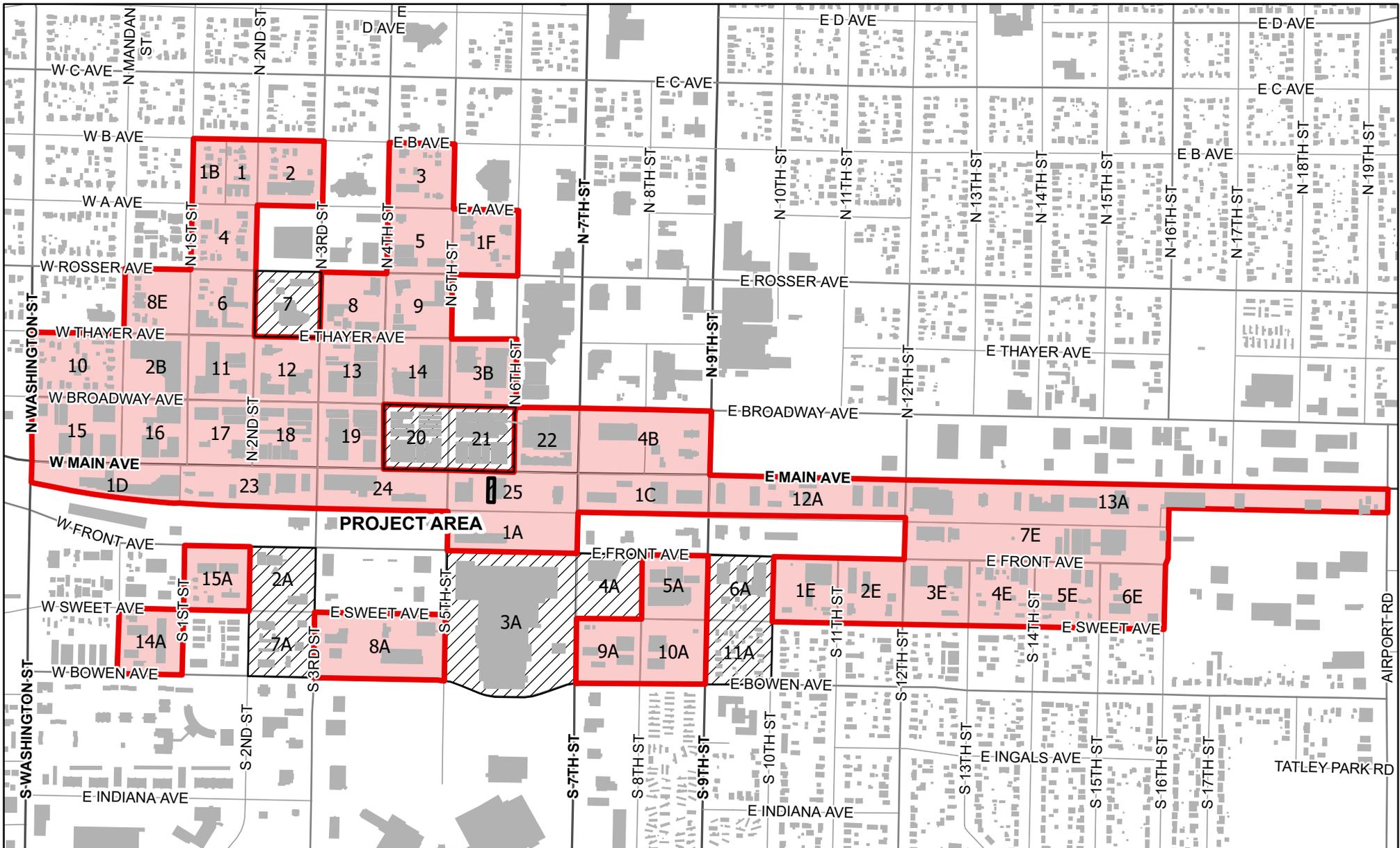
701-355-1850 | ijohnson@bismarcknd.gov



RENAISSANCE ZONE - PROJECT LOCATION MAP

RZ2024-001

COFFEE TEA HOUSE AND RESTAURANT

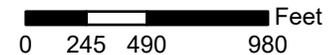


City of Bismarck
 Community Development
 Planning Division
 June 17, 2024

COMPLETED BLOCK

- NO
- YES

This map is for representational use only and does not represent a survey. No liability is assumed as to the accuracy of the data delineated herein.



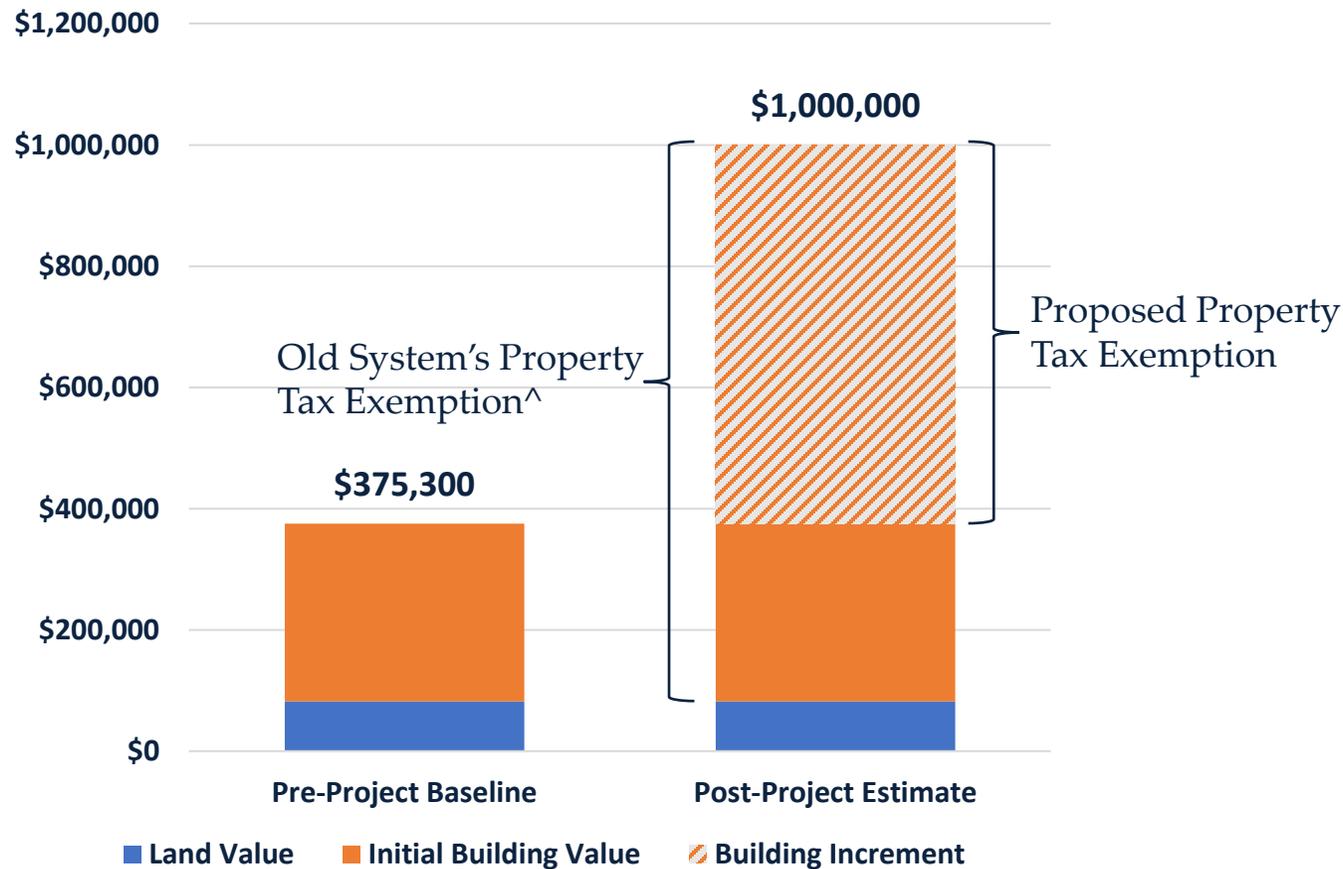
Renderings of the interior







Property Tax Exemption



^ = or some fraction thereof

- Proposed system from letter of intent between City of Bismarck and Burleigh County
- Exemption on increased value of the building only
- Five years, as recommended by the Renaissance Zone Authority