



# Community Development Department

**DATE:** March 14, 2022

**FROM:** Ben Ehreth, AICP, Community Development Director

**ITEM:** Request for 5-Year Extension of Bismarck's Renaissance Zone Program

**REQUEST:**

The City of Bismarck's Renaissance Zone Authority has voted unanimously to request a five-year extension of the Renaissance Zone program. The current Renaissance Zone Memorandum of Understanding with the State Department of Commerce is set to expire July 31, 2022, and state law allows extensions of up to five years. An extension must be formally requested by the City Commission, and supported by other local taxing entities.

Please place this item on March 22, 2022 City Commission meeting agenda.

**BACKGROUND INFORMATION:**

The Renaissance Zone program has been used in Bismarck since 2001 to spur revitalization in core areas of the community. Significant rehabilitation or new construction is eligible for up to five years of property tax and state income tax exemption. The City Commission retains direct control of the program through approval of each project, according to the criteria in the Renaissance Zone Development Plan.

Bismarck's Renaissance Zone Program is supported by the Bismarck-Mandan Chamber-EDC and the Downtown Business Association of Bismarck. Letters of support are attached.

The Renaissance Zone conducted a program evaluation in 2020 to determine return on investment from previous projects. This full report is available on the City's website, and highlights with updated data are attached. The tax revenue generated from Renaissance Zone projects have already paid for all exemptions previously granted.

**RECOMMENDED CITY COMMISSION ACTION:**

Approve a five-year extension of Bismarck's Renaissance Zone program

**STAFF CONTACT INFORMATION:**

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# RETURN ON INVESTMENT

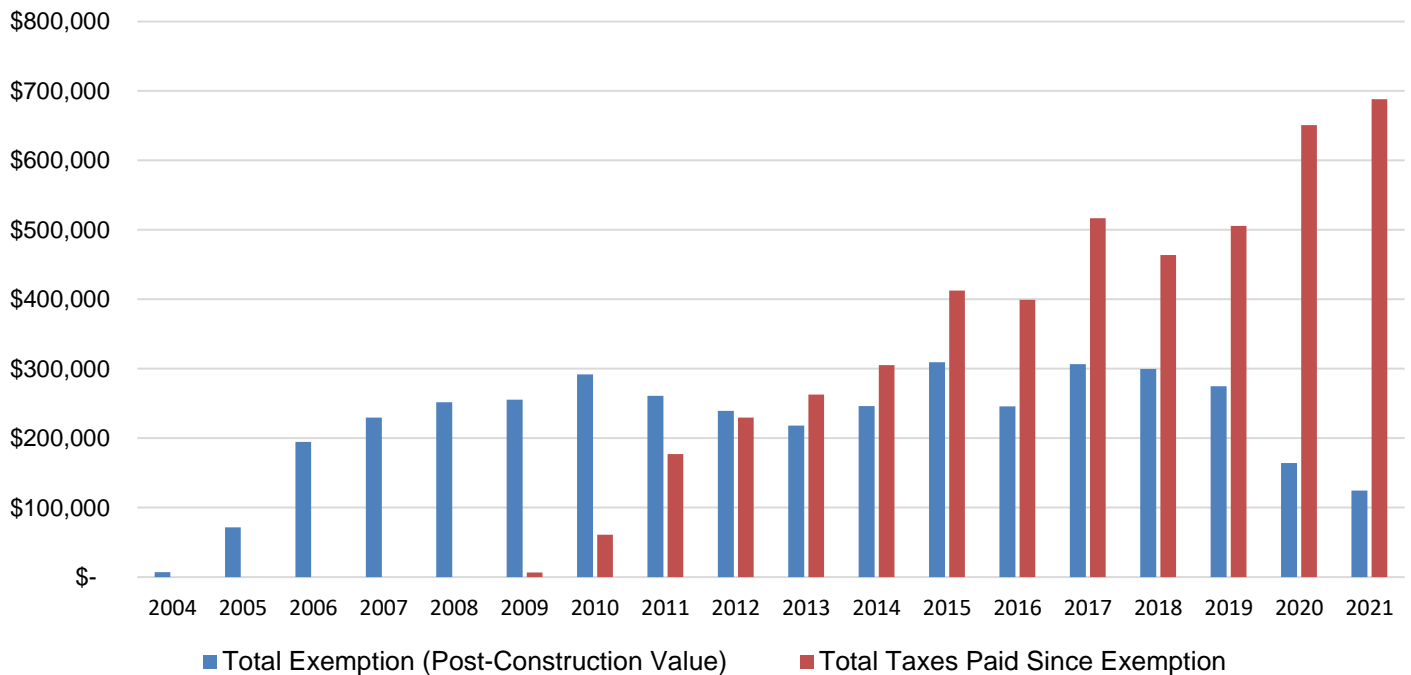
## BISMARCK'S RENAISSANCE ZONE PROGRAM

March 2022

All economic development initiatives can be evaluated in terms of return on investment. **The Renaissance Zone Program has entirely paid for itself** in fiscal impact to the City, County, Schools, and Parks. Projects that were granted 5-year property tax exemptions have re-entered the tax rolls at significantly higher values. By 2020, the total amount of tax revenue generated from completed projects exceeded the total amount of exemption granted for the history of the program.

This benefit to political subdivisions is ongoing. **In 2021, an estimated \$688,091 was generated in revenue** from buildings constructed or rehabilitated through the Renaissance Zone program, and the total value of the exemption in 2021 is estimated to be \$124,657. The benefits will continue to accrue each year into the future, even as costs eventually phase out.

**Fiscal Impact of All Renaissance Zone Projects**



There have been 136 completed projects, and an additional six projects have been approved and are under construction. A total **capital investment of \$83,254,268** has been verified on Renaissance Zone projects, and **another \$23,190,000** in proposed investment is underway.

The value added to Renaissance Zone projects also contributes to the overall value of the district, including properties that have not participated. The total value of all property in the Renaissance Zone area has risen considerably since the program began, after several years of stagnation and decline. In 2005, when the first projects were completed, the overall value of property in the district was approximately \$91 Million. In 2020, it was \$241 Million.

## Major Renaissance Zone Projects Recently Completed or Under Construction

The Patterson 420 East Main  
Investment: \$10.5 Million



First Street Lofts 215 South 1st Street  
Investment: \$7.4 Million



Professional Building 418 East Rosser (pending)  
Investment: \$2.5 Million (estimate)



Trestle 630 East Main Ave (pending)  
Investment: \$8.2 Million (estimate)



Prince Hotel 114 North 3rd Street (pending)  
Investment: \$0.8 Million (estimate)



Renaissance Lofts 500 North 3rd Street (pending)  
Investment: \$9.2 Million (estimate)





# BISMARCK MANDAN CHAMBER | EDC

Mr. Ben Ehreth, AICP  
City of Bismarck – Community Development  
PO Box 5503  
Bismarck, ND 58506-5503

Dear Mr. Ehreth,

Please accept this letter on behalf of the Bismarck Mandan Chamber EDC and our more than 1,200 members in support of the proposed reauthorization of the Bismarck Renaissance Zone

The Renaissance Zone Program was initially created as a statewide tax incentive program designed to spur revitalization in North Dakota's downtowns. Since the establishment of Bismarck's Renaissance Zone in 2001, the Program has led to many quantifiable successes including:

- \$83 million in documented private investment within downtown Bismarck
- 72 new business have opened within buildings built or rehabilitated as RZ projects
- 604 new full-time jobs have been created by those new or expanding businesses
- 250 housing units, of which approximately 40% are currently under construction

What's more is that by 2020, the Renaissance Zone had essentially 'paid for itself.' By that I mean that in 2020, the sum of those taxes paid since exempted properties reentered the tax rolls exceeded the value of the exemptions they received originally.

Given this overwhelming evidence of the Renaissance Zone's success here in Bismarck, the Chamber EDC's Board of Directors recently voted to formally support reauthorization and I'm pleased to forward that support today. Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Brian Ritter". The signature is written in a cursive, slightly slanted style.

Brian Ritter, President & CEO  
Bismarck Mandan Chamber EDC



Support: Bismarck's Renaissance Zone Renewal 2022

The Downtown Business Association of Bismarck represents over 200 members with 9,000 employees, and along with our Downtown Bismarck Community Foundation, we are again supporting the Bismarck Renaissance Zone Program and we ask for your continued support.

Bismarck's Renaissance Zone Program is still very much needed to achieve the financial and programmatic goals set out in the RZ Development Plan and Infill & Redevelopment Plan. This program can make the difference between financing a project and getting it accomplished, or not having a project move forward. Our Downtown is just kicking off the goal of adding new housing mixed use projects that are sorely needed. Having residents creates an 18 hour Downtown that benefits the businesses and property owners in Bismarck and Burleigh County. There are a few takeaways we think everyone should know about the program:

- 1: The zone has now "paid" for itself. Like any other investment there is a front loaded time period of contribution, that contribution then over time gains critical and exponential momentum. We've always likened the zone to an IRA and not a savings account. Each taxing entity is now reaping the benefits of these Renaissance Zone investments and will continue to in perpetuity.
- 2: We are already at a bit of a competitive disadvantage in Bismarck by not using other incentives like Fargo, Grand Forks and other midwestern competitors. To lose our only infill incentive would be a hard deficit to overcome for Bismarck.
3. The program is still needed for future infill and redevelopment. Particularly infill of surface parking lots, which creates the most ROI for the taxing entities due to the lack of a taxable structure and the benefit of existing infrastructure.
4. Infill isn't a fast investment, but it's a long lasting one for the taxing entities.

We ask that you continue your support of this program for the benefit of Bismarck and Burleigh County.

Thank you for your consideration,

Kate Herzog, COO  
Chief Operating Officer  
Downtown Business Association of Bismarck

President,  
Downtown Bismarck Community Foundation