

Renaissance Zone Incentive Policy



Purpose

The Renaissance Zone (RZ) Program is intended to encourage economic development and investment opportunities in the downtown business district. The RZ Program includes a property tax exemption as the primary incentive, which includes the possibility of a five (5), ten (10), or fifteen (15) year property tax exemption for qualified projects that meet the minimum investment threshold and goals/objectives outlined in this plan. RZ property tax exemption benefits are only available to eligible properties that are located within the defined RZ boundary.

I. PLAN VISION AND GOALS

A. Vision¹

The RZ Plan vision, as defined by the City of Moorhead is as follows:

1. **Economic Vitality:** Provide an environment that will both strengthen current businesses and attract new commercial enterprises in order to build a sound economic base that is marked by sustainability and diversity.
2. **Housing Diversity:** Encourage sustainability in the downtown residential market by promoting the development of a variety of attainable housing options, enhancing the sense of community and neighborhood in the downtown area, and in general, increasing the area's attractiveness as a place to live, work and play.
3. **Vibrant City Center:** Make downtown Moorhead a desirable destination by creating a physical environment that is aesthetically pleasing and sensitive to the historic significance of the area, while also encouraging programs, activities and investments that will draw visitors and residents downtown. Vibrancy shall be viewed as conterminous with high density and activity generating uses as well as maximum use of a property and strong urban design principles.
4. **Unique Character:** Enrich our sense of community, respect our heritage and provide quality place for visitors, workers, students and residents.

B. Goals²

The RZ Plan continues to focus on renewal, investment and redevelopment. The goals outlined below are the items that the City of Moorhead envisions are necessary in order to produce a downtown environment that is consistent with the tenets of the vision statement. Further, the goals shall be utilized as an element of the criteria that submitted RZ applications are reviewed against for compliance.

1. **Activity Generators:** Develop and encourage activity generating enterprises and uses along the Renaissance Zone's major corridors. This includes Main Avenue, Center Avenue, 1st Avenue North and the north/south cross streets.
2. **Walkable Districts:** Create "walkable districts" that integrate a wide range of pedestrian activities and land uses, including cultural attractions; thus encouraging on-street activity and interaction while discouraging unnecessary auto traffic, parking problems and congestion.

¹ Source: 2007 Fargo-Moorhead Downtown Framework Plan Update

² Source: City of Fargo Renaissance Zone Program

3. **Ground Floor Uses:** Reserve ground floor land uses to those that will encourage streets to come to life – retail, high turn-over commercial, cafes, restaurants and other “public” facilities. Residential uses on the ground floor should not be considered a priority on critical commercial corridors in the downtown core.
4. **Neighborhood Center:** Make Center Avenue Moorhead’s “Center” – a pedestrian-friendly, mixed-use magnet that anchors downtown neighborhoods.
5. **Urban Design:** Projects will embody strong urban design principles inclusive of building massing and form (differentiation of the ground level through articulated entries and windows, canopies, arcades, recessed entries, material changes, etc.), building materials, pedestrian orientated design, streetscape, building orientation and recognition of the importance of defined block corners, architectural style, high building coverage percentages, limited setbacks or downtown district appropriate setbacks, design longevity and street level transparency.
6. **Transportation:** Manage downtown transportation, accessibility and parking issues in a manner that will allow for further commercial development and will make the entire area more user-friendly.
7. **Safe Streets – Safe Neighborhoods:** Encourage safe streets and safe neighborhoods by relying on and utilizing the “natural surveillance” of lively and active streets.
8. **High Quality Housing:** Continue to encourage the production of unique high-quality housing that is developed in areas targeted for residential development or as a component of a mixed-use project.
9. **Infill:** Encourage and actively pursue projects that increase the productivity of underutilized property such as surface parking lots, vacant land and parcels with low building to land value ratios. Infill projects shall conform and be consistent with urban design principles as set forth in Goal 3bV, above.
10. **Housing Amenities:** Integrate quality housing with public open space and neighborhood amenities, requiring the enhancement of existing amenities in conjunction with the creation of new ones.
11. **Downtown Entryways:** Enhance auto entry experiences with landscaping improvements to all major corridors and gateway statements (specifically Center Avenue)
12. **The Place to Be:** Make downtown the entertainment/cultural/recreational center of the city: “If you are looking for something to do – downtown is the place to be.” Make downtown a key destination for visitors/conventioners and a key destination for residents.
13. **24 Hours a day – 7 Days per Week – 365 Days a Year:** Design spaces, facilities and features that will attract people to the area both day and night, on weekdays and weekends, and during all seasons of the year.
14. **Connections and Coordination:** Coordinate public and private efforts to ensure that projects enhance, rather than detract from the connectivity of the area. Strong connections between people, places and things to do are vital to creating a strong sense of community.

II. PROJECT CRITERIA

The following criteria shall be used to review RZ applications.

C. Rehabilitation Projects (inclusive of residential, commercial or mixed-use)

1. Is the use consistent with the RZ Plan (vision and goals)?
2. Will exterior rehabilitation or the proposed improvements be sufficient to eliminate any and all deteriorated conditions that are visible on the exterior of the building?
3. Does the project scope address the interior and exterior of the building in a comprehensive manner?
4. Does the investment comply with minimum investment thresholds (locally determined) for residential and commercial projects as set forth in this RZ Plan? [note that for mixed-use projects the total square footage should be dissected into commercial and residential totals for comparison to minimum investment thresholds]

5. Will the rehabilitation project create civic space or public space and/or enhance pedestrian connectivity, streetscape amenities or contribute to street level activation?
6. Consideration and analysis as to the total actual investment in the project.
7. Will the project facilitate the preservation of any remaining historic building integrity, if appropriate?

D. New Construction Projects (inclusive of residential, commercial or mixed-use)

1. Is the use consistent with the RZ Plan (vision and goals)?
2. Does the investment comply with minimum investment thresholds (locally determined) for residential and commercial projects as set forth in this RZ Plan? [note that for mixed-use projects the total square footage should be dissected into commercial and residential totals for comparison to minimum investment thresholds]
3. Will the project create civic space or public space and/or enhance pedestrian connectivity, streetscape amenities or contribute to street level activation?
4. Consideration and analysis as to the total actual investment in the project.
5. Will the project fit contextually, and will the project contribute or enhance the area from an architectural perspective?

III. MINIMUM INVESTMENT THRESHOLDS

To qualify for consideration as a Renaissance Zone project, a proposal must meet the following minimum criteria.

E. Intent

The intent of these thresholds is to encourage and ensure significant levels of investment are made as part of an approved RZ project; consistent with the vision and goals as set forth in this RZ Plan.

F. Financial / Cost Breakdown

A financial summary shall be submitted concurrent with the RZ application and shall be in sufficient detail to document costs and the anticipated total capital investment. To note, this financial breakdown will be utilized by the city to determine compliance with the RZ approval following project completion.

G. Capital Cost Definition

This RZ Plan identifies capital costs as the cost incurred for the demolition, repair, replacement or renovation of a building's exterior, roof, structural systems, electrical/plumbing, heating/ventilation/air conditioning systems, windows, exterior doors, elevator improvements and accessibility improvements. In addition, the capital cost shall incorporate any soft cost including architecture and management fees. Any other costs that do not meet the definition above may be considered by the City of Moorhead concurrent with the project approval process if the costs are to be included in determining the total RZ investment.

H. Square Footage Calculations / Applicability

For the purposes of calculating 'per square foot' values, the investment number shall be the total square footage of the entire building, excluding the basement. The square footage shall exclude all non-working or non-living areas.

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I. Thresholds

The following table shows minimum investment thresholds for determining term of exemption.

| Moorhead's Renaissance Zone | | | |
|------------------------------------|----------------|------------------|---|
| <i>Property Tax Exemption</i> | | | |
| Minimum Investment per Square Foot | | | |
| Exempt Years | Rehabilitation | New Construction | Exemption Percentage |
| 5 | \$50 | \$100 | Years 1-5 (100%) |
| 10 | \$100 | \$150 | Years 1-5 (100%) Years 6-10 (75%) |
| 15 | \$150+ | \$200 | Years 1-5 (100%) Years 6-10 (75%) Years 11-15 (50%) |

- State of MN Property Tax Exemption: Years 1-5 = 100%; after Year 5 exemption cannot be 100%
- Single-family housing is not eligible (limit to projects with at least 4+ units)
- Land Value and Current Building Value remains taxable
- Minimum Investment of 50% of the current value
- Subsidy layering is required to be shown in the estimated budget and final accounting-proforma

J. Waiver

The City Council reserves the right to deviate from the approved threshold schedule described above. A Project Developer must request in writing that the City Council deviate from the approved schedule. The Project Developer may include with its written request any information it deems necessary to support its request. The Moorhead City Manager and/or Moorhead Economic Developer Director shall investigate the Project Developers request and may require additional information from the Project Developer. Such information may include, but is not limited to, the proposed project's economic impact to the City's Industrial and/or Commercial Base, increased economic activity within the city, jobs to be created, industry development, critical industry development, primary business sector development and any other matter deemed necessary by the City Manager and/or Economic Development Director to provide evidentiary support for a Project Developer's request to deviate from the approved schedule. The City Council may deny a request from a Project Developer for a deviation from the approved schedule for any reason and such approval is considered discretionary.

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IV. INDIVIDUAL PROJECT SELECTION AND REVIEW

K. Application Process

Each submitted RZ application will be processed via a review process that will be coordinated by the City of Moorhead. Applications must include the following:

1. Completion of Cover Sheet
2. Street address and legal description. If the proposed project involves more than one parcel, please provide relevant information for each parcel.
3. Current property owner(s).
4. Name of applicant(s), mailing address, phone, email and type of entity (partnership, LLC, S-corporation, etc.).
5. Current use of property.
6. Square footage of the lot and of the building (list each floor separately).
7. Describe the impact this project has on any historical properties.
8. Type of project (new construction or rehabilitation – residential, commercial or mixed).
9. Project Description. Describe scope of work, including a detailed cost estimate of the work to be completed, and justification that the improvements will meet the minimum investment thresholds. Please provide a break out of “capital improvements”, and justification that the project will meet the City’s investment guidelines. Also, describe anticipated tenant mix and the expected date of occupancy, completion, lease, or rehabilitation.
10. Describe how the project enhances the stated Renaissance Zone goals and objectives, being as specific as possible.
11. Extent of the exterior rehabilitation (demonstrated improvement to “public” face of building) – include plans and/or renderings, if available.
12. Estimated tax impact of Zone incentives to the applicant: List the current estimated market value of the building, the current annual property tax on the building, the estimated market value of the building after improvements have been completed, and the estimated five-year impact.
13. Provide evidence that the applicant is current on state and local taxes. Applicants are required to submit a tax clearance letter from the State of Minnesota. Staff can provide a sample submittal letter as a template.

L. Exemption Start Date

The City of Moorhead will start the property tax exemption once the project is substantially complete and has met the required investment threshold. Projects seeking final approval are required to submit a final accounting-proforma demonstrating that the Project has met the minimum investment threshold prior to January 2nd to receive the earliest possible property tax exemption.

The timing of submission of the final accounting-proforma will determine when the exemption is reflected on taxes payable. For example, a final accounting which is submitted in December 2025 is certified January 2, 2026, and the exemption reduces property taxes payable for 2027. It is the responsibility of the Project Developer to time the project accordingly.

M. Incentive Packages

In certain situations, the City may consider putting together a package of RZ incentives with non-RZ incentives.

N. Other Commissions / Approval Processes

Depending on the circumstances of each project, the applicant may be required to secure approvals through other commissions or boards. An approved Renaissance Zone project does not override, supersede or invalidate any approvals from other boards or commissions that may have review authority over elements not set forth within this RZ Plan.

