



City of Grand Forks  
Staff Report  
Committee of the Whole – July 14, 2025  
City Council – July 21, 2025

**APPROVED & ACCEPTED**  
by City Council

07/21/2025

*Maureen Storstad*  
Maureen Storstad  
City Auditor

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**Agenda Item:** 39<sup>th</sup> Avenue South Project Development Tax Incentive Pre-Application

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**Submitted by:** Todd Feland, City Administrator

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**Staff Recommended Action:** Invite applicant to submit full tax incentive application.

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**July 14, 2025 – Committee Recommended Action:** Motion by Berg, second by Lunski to move item to City Council with a recommendation to approve. Motion carried 6-1 with Osowski dissenting.

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**July 21, 2025 – Council Action:** Motion by Sande, second by Berg to approve invitation for full application. Motion passed 6-1 with Osowski dissenting.

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**BACKGROUND:**

The proposed 39<sup>th</sup> Avenue South development project is a partnership between Dakota Commercial, MAK Capital/Construction, and Red River Regional Council. Dakota Commercial is the lead developer and will be the property management company. MAK Capital/Construction is the lead general contractor and will assist with capital raising and development. The Red River Regional Council is a non-profit developer who will support the project through the application for North Dakota Housing & Finance Agency Funds (HIF) and Federal Low Income Housing Tax Credits (LIHTC).

HIF and LIHTC programs provide equity for the developers in exchange for a 15-25 year commitment to rent and income restrictions in the development. The project aims to have 100 percent of the units restricted to moderate income and rent levels to help fill the gap of workforce housing in Grand Forks. The developer is requesting a property tax incentive in the form of a PILOT based on the restriction on rents for a duration of the restricted period.

Phase 1 of the development has an estimated \$38.5 million property value and includes 165 income and rent restricted apartment units located at 3810 39<sup>th</sup> Avenue South. The master plan for the site includes an additional 130-140 units directly south of phase 1.

The proposed phase 1 timeline is as follows:

- City Council Rezoning from PUD Commercial (B-3) to PUD Light Commercial (B-1) – 8/18/25.
- City Council Property Tax Incentive (PILOT) Final Review and Approval – September 2025.
- HIF/LIHTC Application Submission – August/September 2025.
- HIF/LIHTC Application Notification – Fall 2025.
- Construction Start – Spring 2026.
- Construction Completion – Summer/Fall 2027

The development project will not require significant public infrastructure development as it is an infill development and served by public infrastructure. The developer is requesting the consideration of a property tax incentive in the form of a PILOT for a greater than five (5) year period. The development will meet the Grand Forks community's strategic interest in growing the tax and economic base and provide further and needed housing opportunities.

With City Council concurrence, the next step in the process is to invite the applicant to submit a full tax

incentive application, which includes a \$2,500 fee. The tax incentive request is proposed to exceed five (5) years. The complete application will be provided to Baker Tilly for third party financial review and analysis. This review will then be presented to the Local Government Advisory Committee (LGAC), which consists of representatives of the four local taxing entities. City Council President Dana Sande and City Council Vice President Danny Weigel serve as the City's LGAC representatives. The recommendation from LGAC will then be forwarded to City Council for preliminary action at which point a public hearing date (approximately 45 days later) will be set. During that time period, the tax incentive request will be heard by the Grand Forks County Commission and Grand Forks School Board, per North Dakota Century Code requirements.

#### **ANALYSIS AND FINDINGS OF FACT:**

- The pre-application is the first step to allow further financial review of a tax incentive request to proceed.
- The third-party review takes into consideration appropriate industry standards and expected rates of return, which helps to depoliticize the decision-making process and “right-size” the tax incentive structures. Baker Tilly performs this service for other regional communities and has assisted the City in this process. The \$2,500 application fee offsets the cost of the review.
- The timeline of the tax incentive process is approximately two to three months from beginning to end and includes City Council Pre Application tax incentive approval; third party financial analysis; LGAC review and recommendation; City Council preliminary recommendation and public hearing date setting; Grand Forks County Commission, Grand Forks Public School Board, and City Council final actions.

#### **SUPPORT MATERIALS:**

- City of Grand Forks Tax Incentive (PILOT) Pre-Application for the 39<sup>th</sup> Avenue South Project.
- 39<sup>th</sup> Avenue South Project Overview.
- 39<sup>th</sup> Avenue South Project Site Plan.
- 39<sup>th</sup> Avenue South Project Exterior Rendering.