



City of Grand Forks
Staff Report
Committee of the Whole – January 26, 2026
City Council – February 2, 2026 & March 2, 2026

APPROVED & ACCEPTED
by City Council
02/02/2026
Maureen Storstad
Maureen Storstad
City Auditor

Agenda Item: Enclave Property Management (Latitude Phase 2) Tax Incentive Development Project

Submitted by: Todd Feland, City Administrator
Dan Gaustad, City Attorney
Maureen Storstad, Finance Director
Tami Lazur, City Assessor
Ryan Brooks, City Planner/Community Development Director

Staff Recommended Action: Accept the Enclave Property Management (Latitude Phase 2) full tax incentive application with a preliminary recommendation of 5 years/100%. Set the City Council Public Hearing for March 2, 2026.

January 26, 2026 – Committee Recommended Action: Motion by Fridolfs, second by Sande to move staff recommendation to city council with a recommendation to approve. Motion carried unanimously.

Council Action: 02/02: Motion by Berg, second by Sande to set a public hearing for March 2, 2026 on the request. Motion passed 6-1 with Osowski dissenting.
03/02:

BACKGROUND:

The proposed Latitude Phase 2 development by Enclave Property Management is a market based, multi-family development at 3909 South 38th Street, east of Furniture Row and south of Target.

The development is four (4) stories and includes approximately 76 market-based residential rental units with tuck-under and surface parking. The residential rental unit types break down as follows: 7 studios, 30 one bedrooms, 32 two bedrooms, 7 three bedrooms. The start of the development is proposed for spring of 2026 with a summer of 2027 completion.

The development project is an estimated \$13.5 million investment to include land and improvements. The property is already annexed into the City of Grand Forks (City) and was rezoned at the City Council meeting on December 15, 2025. The current value of the land is \$401,000 and with a corresponding property tax of approximately \$7,000 annually. With an estimated value of the land of \$600,000 and improvements of \$10.4 million for a total incremental value of \$10,599,000, the corresponding property tax would be approximately \$172,764 annually. The development project will not require significant public infrastructure development as it is an infill development and already served by public infrastructure. The developer is requesting consideration of a PILOT incentive of up to 100% and five (5) years. 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.

The encouragement of developing housing, home ownership and rental units, is a priority of the City and is why the City is exploring reasonable ways to help incentive housing starts due to the current housing unit construction slowdown due to higher interest rates, construction costs, and other development factors. The City continues to be a stable and growing economy as recognized most recently by Moody's during this year's rating review.

The following are housing related factors.

- **Grand Forks Growth.**

The population continues to grow in Grand Forks as the census population is as follows: 49,321 (2000); 52,838 (2010); 59,166 (2020). The Grand Forks population grew 12 percent between 2010 and 2020. The GF/EGF MPO is also in the process of commissioning a socioeconomic study that is anticipated to be completed in the summer of 2026, which will provide additional and more detailed information.

The City's institutional partners are in significant growth mode to include the University of North Dakota – record enrollment growth and Carnegie RI research status; Grand Forks Air Force Base and Grand Sky – Intelligence Surveillance Recognizance (ISR) mission, Space Development Agency (SDA), Customs and Border Protection, General Atomics, Northrup Grumman, and Test Resource Management Center; and Altru – New Hospital and Behavioral Health Expansion.

Agri-business and manufacturing sectors continue to grow and expand to include Agristo greenfield development, JR Simplot Co. Expansion, ND Mill & Elevator Expansion, and Cirrus Aircraft Expansion.

- **Vacancy Rates, Rent Data, and Need for Housing in Grand Forks.**

Praxis Strategy Group provided an Assessment of Apartment Vacancy dated July 18, 2025, and included at the Tuesday, September 2, 2025 City Council Meeting. The Assessment of Apartment Vacancy noted the GF Apartment Association survey (6,165 units covered) that vacancy for private sector units in Q1 2025 was 3.5% in Grand Forks. The vacancy rate dropped below 6% in Q2 2022, which corresponds to the significant and rapid rise in rent price growth in Grand Forks County. Other vacancy rate information from Maxwell Research in April 2025 sampled 875 units and the study found a 1.3% vacancy rate. A July 2025 survey of about 5,600 units provided a vacancy rate of under 1%.

The Assessment of Apartment Vacancy noted a healthy vacancy rate should be between 5-10% with a target rate of 6% or above. The Grand Forks Apartment Association vacancy survey averaged 6.6% between Q1 2008 to Q3 2024.

The Grand Forks Apartment Association apartment survey of Q3 2025 of 5,771 private apartment units provided a vacancy rate of 3.19%. The Grand Forks Apartment Association survey of Q4 2025 of 7,662 private apartment units provided a vacancy rate of 3.55%, which is down 0.69% from the prior year (2024) Q4 of 4.24%.

Praxis Strategy Group provided the Latest Rent Data in Grand Forks Area dated June 6, 2025, and included at the Monday, June 6, 2025 City Council Meeting. The analysis demonstrates growth of rents in Grand Forks County started in early 2022 after modest growth from 2018-2022. Since January 2022 rents in Grand Forks County are up 24%, which is faster than most similar urbanized areas in the region. The rental increases correspond to the slowdown in rental unit permits for construction since 2023.

The Praxis Strategy Group recommended continued work to foster development to build Grand Forks' tax base for the long term as a low tax base per capita is one of Grand Forks' greatest structural shortcomings in the community. Praxis Strategy Group recommended maintaining competitive rents to enhance local quality of life and to sustain the community and maintain economic competitiveness.

Altru Health System and the Grand Forks Air Force Base have encouraged partnerships with the City to increase the availability and affordability of housing and rental properties in Grand Forks for their ongoing growth. Altru Health System and Grand Forks Air Force Base sent support letters and were included at the Tuesday, September 2, 2025 City Council Meeting.

- **Need for a Financial Incentive.**

A third-party financial analysis from Baker Tilly was conducted to justify the need for a PILOT incentive.

Based on feedback from the Grand Forks School Board and Grand Forks County Commission, the City administratively has advised private developers that market-based multi-family developments will need to stay within the City's tax incentive authority of five (5) years unless the project is unique and a differentiator for Grand Forks. The Latitude Phase 2 development is aligned with the last similar market-based and greenfield multi-family development in The Reserve by Northridge Construction, which received a five (5) year/100% PILOT.

Other similar development projects to include The Domain and King's View have been placed on hold for now as the developers contemplate the tax incentive parameter of an up to five (5) year/100% tax incentive. The Domain is a mixed-use development proposed near 47th Avenue South and the proposed south end Hugos grocery store development with 160 rental units and estimated investment of \$42 million. King's View is a housing development near 62nd Avenue South with 45 rental units and estimated investment of \$12 million.

The five (5) year and up to 100% tax incentive aligns with other tax incentives allowed by North Dakota state law and implemented by the City such as:

- New Home Builder Tax Incentive – four (4) years (2 years for builder and owner each) and 100%.
- Residential and Commercial Remodeling Improvement Tax Incentive – Five (5) years and 100%.
- Renaissance Zone Tax Incentive – Eight (8) years and 100%.

ANALYSIS AND FINDINGS OF FACT:

- The pre-application is the first step to allow further financial review of a tax incentive request to proceed and a subsequent full tax incentive application submittal and City Council final process review and approval and was approved by the City Council on December 15, 2025.
- A third-party financial review from Baker Tilly was provided and in advance of the City Council review and approval of the full application, preliminary recommendation, and setting the public hearing. Baker Tilly has concluded the project would not proceed in the current market with the requested five (5) year/100% PILOT.
- Based on the five year/100% tax incentive, City Financial Analysis provides the following estimated revenue net gain from the Latitude Phase 2 development.
 - Years 1-5 - \$16,210.
 - Years 1-10 - \$932,956.
 - Years 1-20 - \$2,909,121.
 - Years 1-30 - \$5,092,038.
- The following is the estimated review and approval schedule for the Latitude Phase 2 Development.
 - December 15, 2025 - City Council PILOT Pre Application and Rezoning Approval.
 - February 2, 2026 – City Council Full Application Acceptance, Preliminary Recommendation, and Set Public Hearing.
 - March 2, 2026 – City Council Public Hearing and Review, Consideration, and Approval.

SUPPORT MATERIALS:

- City Financial Analysis.
- Baker Tilly Third Party Financial Review – But-For Analysis Latitude Phase II by Enclave Property Management, Dated: January 26, 2026.
- Enclave Property Management Application For Property Tax Incentives For New and Expanding Businesses – PILOT
- Approved City Council Staff Report – Enclave Development, LLC (Latitude Phase 2) Tax Incentive Pre Application – December 15, 2025.
- Latitude Phase 2 Site Plan.
- Greater Grand Forks Apartment Association 4Q2025 Vacancy Report