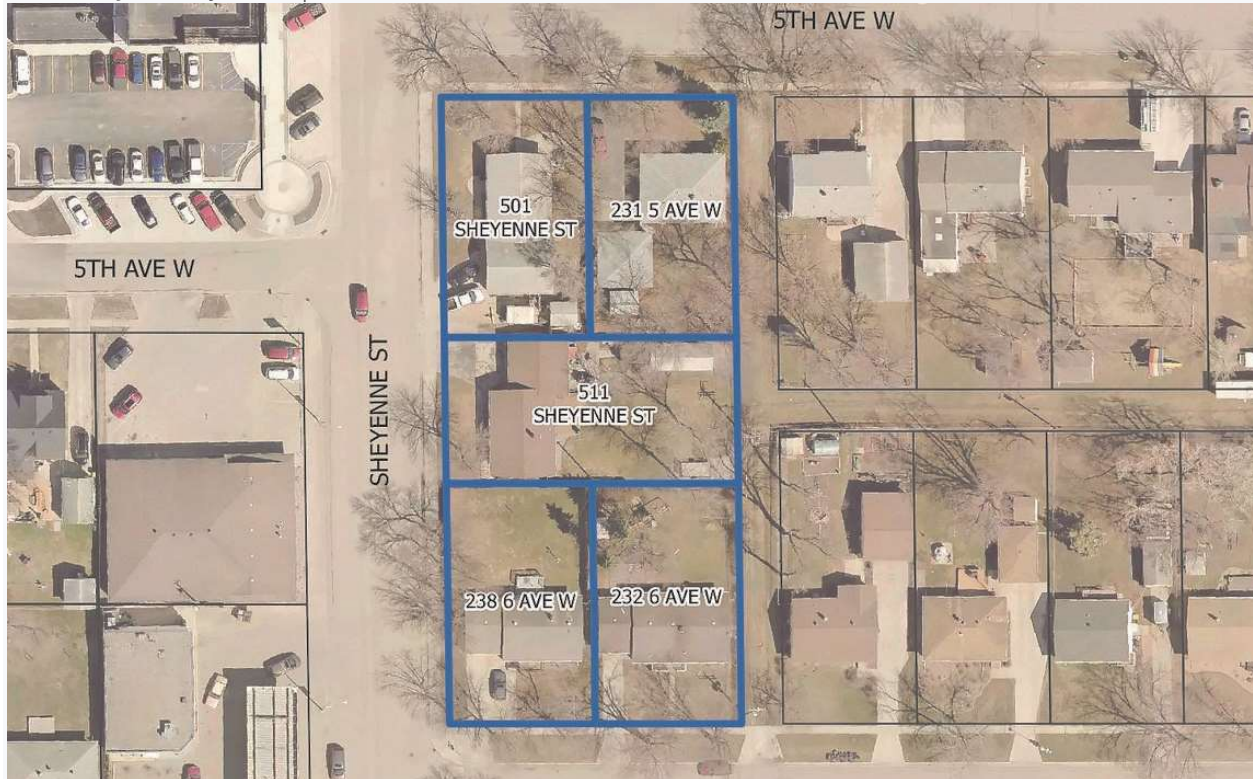


WEST FARGO

## West Fargo still moving forward on purchase of homes along Sheyenne Street despite public opposition

Public disagrees with buyout of five homes on Sheyenne Street

Written By: Wendy Reuer | Jan 5th 2021 - 10am.



These five homes near Sheyenne Street will be purchased by the city as a future development incentive. Special to the Pioneer.

WEST FARGO —Since the city has not yet offered contracts to the owners of five homes near Sheyenne Street, it still has time to reconsider its plan to buy those homes with economic sales tax money as a development incentive after a group of residents voiced opposition.

At the last City Commission meeting, the commission voted 3-2 to approve a plan that would use economic sales tax funds to buy five homes at Fifth Avenue West and Sheyenne for about \$1.15 million, or about \$230,000 per house plus closing costs.

In addition to the purchase price, clearing the land and other costs put the city in at an all-in price of \$1.45 million. Razing the homes would then provide a 42,000-square-foot property the city would use as a parking lot during the 2021 reconstruction of Sheyenne Street project before selling it to a developer and using it as an incentive for development.

Mayor Bernie Dardis and Commissioner Mark Simmons voted against the plan. Dardis said unless there is a hard offer from a developer, it's speculative and the city is not in the business of betting on speculative development.

At West Fargo's first commission meeting of the year on Monday, Jan. 4, Commissioner Mandy George said she would like to discuss the plan again, after receiving many calls from residents voicing concerns.

A letter was also sent to the commission on Monday from resident Brad Schmidt and signed by 40 other residents, objecting to the purchase of the homes and asking the commission to reconsider. The residents also claimed the city was not transparent in its development of the plan.

"The purchases aren't final until the City Commission approves the purchase agreement," City Attorney Jon Shockley said. "We are somewhat in the beginning phases of this."

One of the issues opponents voiced was the lack of appraisals on the properties, George said.

Economic Development Director Lauren Orchard said typically appraisals are done, but it wasn't pursued in this case because legally it is not a requirement and appraisals cost money. However, the city staff knew the sale price of each home already, which could save the city money.

"I would say we could go through the appraisal process, there is no opposition to that," Orchard said. "Plus it is risky." She pointed out if the appraisal comes in lower or higher than the sale price, it may jeopardize the deal. It can also be difficult to find an appraiser willing to step into the unique position for the city.

Dardis said Schmidt and others are requesting the commission to turn back the clock, so to speak, and not move forward with the purchase.

"In order to do that, one of the three commissioners who voted in favor of purchasing the homes would have to make a motion to reconsider the vote again," Shockley said. "We're still at a point from a legal perspective you could do that. If there is consideration of wanting to reconsider it, now is the time."

George said Monday she is unlikely to ask the commission to re-vote, but she wanted to bring the issue up again to offer more transparency for residents.

Commissioner Eric Gjerdevig said, like George, he received a high volume of calls from residents who are concerned about the project and wanted more information.

"It's not about the five homes, it's not about a parking lot — those are not reasons why I personally voted for it," Gjerdevig said.

He said he supports the project because it's a way to avoid using tax increment finance districts as development incentives, such as the large one given to Epic Properties for the Lights on Sheyenne 32 development.

"What happens when you give out such a huge TIF is the city still has to provide services but it receives no revenue. The idea with these properties is to pay for it by sales tax and the property becomes the incentive. If the value of future development is greater than the value of the land there, it is a win for the city. Instead of handing out the next 25 or 30 years of property tax, it's using sales tax as an engine to take a different approach. I think there is a lot of validity that it can be a great tool for the city."

He added that in the long run, he would argue that it should actually reduce property taxes.

Part of the proposed plan is that all five property owners agree to sell their homes and each home will receive the same price, despite the five homes having different asking prices ranging from \$150,000 to \$196,000.

The five property owners approached the city together, meeting with two city commissioners, and city staff negotiated the price down to \$1.15 million, or about \$230,000 per house plus closing costs.

Orchard said so far there has not been interest in development of that area. However, she pointed out that the price per square foot may be too high in the area due to the sitting homes there now and she cannot solicit interest because at this time the city does not own the property.

Orchard encouraged the commission to view the property as an opportunity to not build another mixed-use development in the area but rather space such as a grocery store or townhomes, something the downtown area needs now, she said.

George said she was also approached by nearby property owners who are concerned what the project would do to their property values as well as how long they may have to view an empty parking lot.

Orchard said those residents could certainly have a say in what type of development moves into the space. Planning Director Tim Solberg said his office is just starting research into how the plat may be best zoned. He said as of today, current zoning would not allow an "ugly plain wall" to face the surrounding homes.

"It is always good to have additional discussion on this," Dardis said Monday as he acknowledged he did not anticipate the other three commissioners to return the issue for another vote.

<https://www.inforum.com/west-fargo/6827046-West-Fargo-still-moving-forward-on-purchase-of-homes-along-Sheyenne-Street-despite-public-opposition>