Where Home and Community Shape a Shared Future
RUGBY CHALMERS ADDITION HOUSING INCENTIVE PROGRAM

The Rugby Chalmers Addition Housing Incentive Program is designed to encourage new home construction within the Chalmers Addition, strengthening our community and supporting local employers by helping Rugby attract and retain the workforce needed for long-term growth. This program creates space for families to put down roots, builds a strong sense of home, and supports the shared future we're building together in Rugby.

OVERVIEW

The housing incentive program can help reduce the cost of constructing quality, affordable housing. In addition to providing shovel-ready lots with zero special assessments for previously installed infrastructure, the program also includes special pricing at $2 per square foot, an approximate 20% discount on the regular asking price. This puts lot prices in a range of $15,680 to $32,480. (*See Table 1 on page 3.)*

TIMELINES

Using the closing date—when the property officially transfers from seller to buyer—as the starting point, this incentive is offered on a first-come, first-served basis to buyers who commit to the following requirements:

1. Within 1 year — Begin construction, defined as obtaining a building permit and completing the first placement of permanent structural work on the site. This includes work beyond excavation, such as pouring a foundation or slab.
2. Within 2 years — Obtain a certificate of occupancy, demonstrating that construction is substantially complete and the home or housing units are suitable for occupancy.

CHALMER ADDITION—PROJECT BACKGROUND

The Rugby Job Development Authority (JDA) purchased the land for the Chalmers First Addition in 2012 to support future residential growth. Located on Rugby's southeast side, the development sits north of the new Heart of America Medical Center, which opened in October 2024, and is connected to the community's adjacent walking paths.

The subdivision includes 52 total lots, with 25 still available for purchase for new construction. Of these remaining lots, 16 are zoned for single-family homes and 9 are zoned for multi-family development.

Fully installed infrastructure—streets, curbs, gutters, municipal water, sanitary sewer, and storm sewer—serves the addition. The value of this infrastructure ranges from $17,000 to $36,000 per lot, depending on parcel size, characteristics, and zoning.

INCENTIVE STRUCTURED AS FORGIVABLE LOAN

The total value of the lot discount and remaining special assessment balance will be provided to the buyer as a forgivable loan, subordinated in second position to any lender financing. This amount will be forgiven once construction of the home or other permitted housing project is completed within the stipulated timelines. In practical terms, the Rugby JDA will not require repayment as long as the buyer begins and completes construction within the required timeframes.

MINIMAL CONSTRUCITON CRITERIA

All homes must meet City of Rugby ordinances and zoning requirements plus state and local building codes. Homes must be permittable by the City of Rugby Building Inspector. Following is a list of criteria by housing type:

1. Single-Family Homes — Must be stick-framed (constructed on-site or off-site) and include a minimum of 2 bedrooms, 2 bathrooms, a minimum of 800 square feet, and an attached garage with at least 2 stalls. Basement bedrooms and bathrooms may count toward minimum requirements only if ingress/egress to the basement is finished to the nearest facing bedroom or bathroom wall, with all remaining unfinished space accessible through an interior door. Manufactured homes are not eligible.
2. Twin Homes (or Row Housing) — Each unit must include at least 2 bedrooms, 1 bathroom, and a minimum of 800 square feet.
3. Condominiums — Each unit must include at least 2 bedrooms, 1 bathroom, and a minimum of 800 square feet.
4. Multi-Family Housing — Must include a minimum of 4 dwelling units, with an accessible entrance connected to parking and a sidewalk or street. Off-street parking is required. Garages and additional amenities—such as a playground, community room, or landscaping—are encouraged.

Procedures

Interested buyers may work with a real estate agent or attorney of their choice to prepare and submit a purchase offer. The JDA currently maintains open listing agreements with Real Estate 7 and Brokers 12.

Other Incentives

New residence property tax exemption —provides an exemption of up to $150,000 in value for the first owner of a new single-family home, condominium, townhouse, or multi-family property for up to two years, excluding the value of the land. Approval by the Rugby City Council is required following submission of an application.

Multi-family projects may qualify for financing assistance through the Bank of North Dakota's Flex PACE for Affordable Housing Program, which provides interest-rate buydowns to reduce borrowing costs for eligible developments. Additional support may also be available through programs offered by the North Dakota Housing Finance Agency.

LEGAL & TAX IMPLICATIONS

1. Lot buyers must enter into an agreement establishing a lien with the JDA in a subordinated second position behind any lender financing used for the property purchase. This lien will identify the dollar amount of the forgivable loan provided by the JDA, which includes the value of any special assessment payments and any discount applied to the lot price. The JDA will forgive this amount upon completion of the home or other approved housing project. Completion will be verified by the City of Rugby Building Inspector, who will provide a written report to the Rugby JDA for final approval.
2. Purchasers must complete and sign an IRS W-9 form and should expect to receive a Form 1099 for the grant/forgiveness amount, which must be reported as part of their year-end income tax filing.

INCENTIVE PROGRAM LOT AVAILABILITY & PRICING

- R1 Zoning: Single-family district (two-family dwellings conditionally permitted)
- R2 Zoning: Multi-family district (also allows for single-family and two-family dwellings

TABLE 1

Block	Lot	Zoning	Sq Ft	Assessment Balance	Mkt Value Listing Price	PSF	Proposed PSF w Discount	Lot Price w Discount	Proposed Discount	Discount Price Less Specials
2	3	R1	12,600	$27,996	$31,034	$2.46	$2.00	$25,200	$5,834	($2,796)
2	4	R1	12,600	$27,996	$31,034	$2.46	$2.00	$25,200	$5,834	($2,796)
2	5	R1	13,939	$31,127	$34,332	$2.46	$2.00	$27,878	$6,454	($3,249)
3	1	R2	7,840	$17,256	$19,310	$2.46	$2.00	$15,680	$3,630	($1,576)
3	2	R2	10,020	$22,701	$24,680	$2.46	$2.00	$20,040	$4,640	($2,661)
3	3	R2	12,635	$28,298	$31,120	$2.46	$2.00	$25,270	$5,850	($3,028)
3	4	R2	15,682	$34,538	$38,624	$2.46	$2.00	$31,364	$7,260	($3,174)
4	3	R2	11,684	$25,960	$28,778	$2.46	$2.00	$23,368	$5,410	($2,592)
4	4	R2	13,623	$30,266	$33,550	$2.46	$2.00	$27,246	$6,304	($3,020)
4	5	R2	10,921	$24,251	$26,898	$2.46	$2.00	$21,842	$5,056	($2,409)
4	6	R2	10,900	$24,216	$26,847	$2.46	$2.00	$21,800	$5,047	($2,416)
5	1	R2	12,280	$27,252	$30,245	$2.46	$2.00	$24,560	$5,685	($2,692)
5	2	R2	12,250	$27,218	$30,175	$2.46	$2.00	$24,500	$5,675	($2,718)
5	3	R2	12,250	$27,218	$30,175	$2.46	$2.00	$24,500	$5,675	($2,718)
5	4	R2	12,260	$27,240	$30,200	$2.46	$2.00	$24,520	$5,680	($2,720)
5	5	R1	16,240	$36,083	$40,000	$2.46	$2.00	$32,480	$7,520	($3,603)
5	6	R1	16,240	$36,083	$40,000	$2.46	$2.00	$32,480	$7,520	($3,603)
5	7	R1	16,240	$36,083	$40,000	$2.46	$2.00	$32,480	$7,520	($3,603)
5	8	R1	15,750	$34,994	$38,973	$2.47	$2.00	$31,500	$7,473	($3,494)

5	9	R1	15,750	$34,994	$38,973	$2.47	$2.00	$31,500	$7,473	($3,494)
6	1	R1	12,600	$27,996	$31,035	$2.46	$2.00	$25,200	$5,835	($2,796)
6	2	R1	12,600	$27,996	$31,035	$2.46	$2.00	$25,200	$5,835	($2,796)
6	3	R1	12,600	$27,996	$31,035	$2.46	$2.00	$25,200	$5,835	($2,796)
6	4	R1	12,600	$27,996	$31,035	$2.46	$2.00	$25,200	$5,835	($2,796)
6	5	R1	12,600	$27,996	$31,035	$2.46	$2.00	$25,200	$5,835	($2,796)
6	6	R1	12,600	$27,996	$31,035	$2.46	$2.00	$25,200	$5,835	($2,796)
6	12	R1	12,600	$27,996	$31,035	$2.46	$2.00	$25,200	$5,835	($2,796)
6	13	R1	12,600	$27,996	$31,035	$2.46	$2.00	$25,200	$5,835	($2,796)
6	14	R1	12,600	$27,996	$31,035	$2.46	$2.00	$25,200	$5,835	($2,796)
6	15	R1	12,600	$27,996	$31,035	$2.46	$2.00	$25,200	$5,835	($2,796)
6	16	R1	12,600	$27,996	$31,035	$2.46	$2.00	$25,200	$5,835	($2,796)
7	2	R1	12,600	$27,996	$31,035	$2.46	$2.00	$25,200	$5,835	($2,796)
7	3	R1	12,600	$27,996	$31,035	$2.46	$2.00	$25,200	$5,835	($2,796)
7	4	R1	12,600	$27,996	$31,035	$2.46	$2.00	$25,200	$5,835	($2,796)

NOTES:

1. Lots 1-3 of Block 3, due to lot size and location, could be suited to construction of an apartment building and associated parking, and therefore could be sold in combination.
2. Offers will be considered for 2 adjacent lots for single-family home construction to accommodate one larger home and setbacks.
3. Properties listed in red are sold
4. Properties listed in blue are reserved with options to purchase and are available to entertain back up offers

FIGURE 1: PLAT MAP

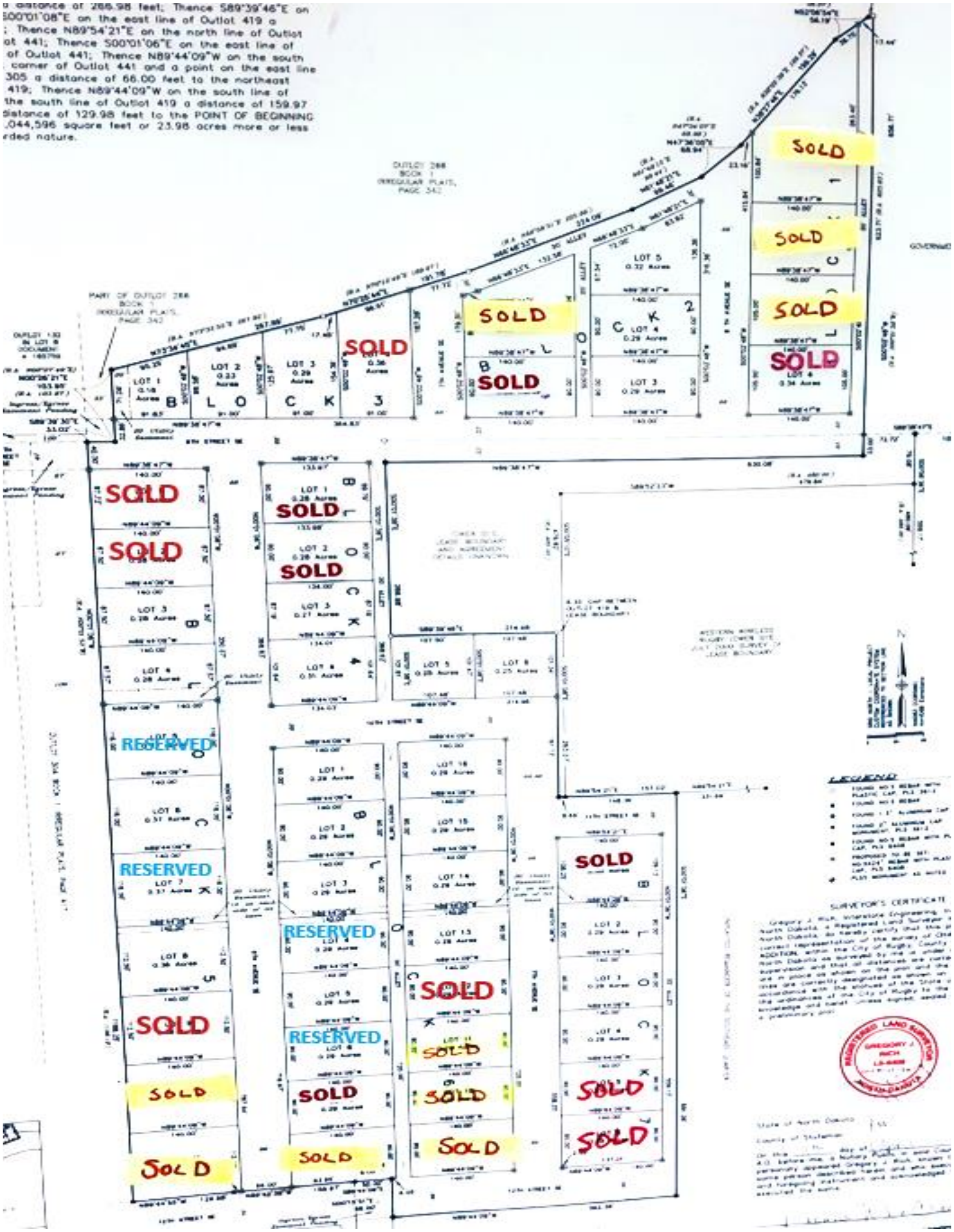

FIGURE 2: DEVELOPMENT CONCEPT MAP