

MRB

Metropolitan Redevelopment Bond



APPLICATION

City of Albuquerque
Metropolitan Redevelopment Agency

Updated July 17, 2020

OVERVIEW

Metropolitan Redevelopment Bonds (MR Bonds) are a financing mechanism to support projects within Metropolitan Redevelopment Areas. Projects must meet the goals of the adopted Metropolitan Redevelopment Plan and result in the elimination or prevention of slum and blight, in accordance with NM Statute, Section 3 Article 60A. The City does not provide financing or credit enhancement for the bonds. The applicant is responsible for identifying the bond purchaser and negotiating the rates and terms.

MR Bonds also provide a seven-year property tax abatement on the incremental property taxes. Property owners continue to pay the pre-development tax amount to the County Assessor. All land uses may be eligible for a MR Bond, if the project is found by the City Council to meet the criteria described in this application and is consistent with the applicable Metropolitan Redevelopment Plan.

PROCESS

1. PRE-APPLICATION DISCUSSION

A pre-application meeting with staff is required. Staff will review the process and schedule for the bond project, and outline the steps for the City Council's Inducement Resolution and Bond Ordinance consideration. Staff will review the specific project, its eligibility for an MR Bond, advise the applicant of areas that could present problems, and suggest meetings with neighborhood groups, policy makers or City departments that may be needed.

2. APPLICATION

Complete applications must be submitted at least six weeks prior to the Albuquerque Development Commission (ADC) public meeting at which the matter will be discussed and the applicant will seek a favorable recommendation from the ADC to the City Council. A complete application includes the following:

- an application (the format is included in this package);
- draft Inducement Resolution (prepared on the City's legislation template);
- information required for the fiscal impact analysis; and
- the required fee paid separately to the City and the Bureau of Business and Economic Research (BBER) at the University of New Mexico.

Additional requested materials must be provided in a timely manner in order to be heard at the anticipated ADC meeting. Incomplete applications will be postponed.

An MR Bond Inducement Resolution must be approved by City Council prior to the project submitting an application for a building permit.

Application packages should include 3 bound copies and 1 digital copy.

3. NOTICE

For the ADC public meeting:

- Applicants must notify all property owners and neighborhood associations within 100 feet of the project site. Notices shall be mailed using certified mail not less than 14 days before the ADC public meeting. Applicants shall provide the certified mail receipts to the City 5 days prior to the ADC public meeting.
- Applicants must publish the legal notice of the public meeting in the Albuquerque Journal not less than 14 days prior to public meeting. It is the applicant's responsibility to insert the notice, pay the charges, and provide the City with an affidavit of publication.

For the City Council public meeting for the Bond Ordinance:

- Applicants shall legally notice the public meeting in the Albuquerque Journal not less than fourteen days prior to public meeting. It is the applicant's responsibility to insert the notice, pay the publication fee, and provide the City with an affidavit of publication at least 5 days prior to the public meeting.

4. STAFF ANALYSIS

Projects will be analyzed according to the Criteria for Bond Projects, which are included in this packet. The staff analysis, all materials submitted, and any public comments received will be transmitted to the ADC one week before the public meeting. Staff will send the applicant a copy of the staff analysis via email.

5. FISCAL IMPACT ANALYSIS

A fiscal impact analysis will be conducted on all MR Bond projects by UNM Bureau of Business and Economic Research (BBER). Applicants are required to pay for the fiscal impact analysis and provide BBER with all information necessary to conduct the analysis within three (3) days of submitting an application to the City. County Tax Assessor Value will be based on a cost-basis approach using the same methodology that the City building permit division uses to determine improvement value, or other appropriate valuation.

6. ALBUQUERQUE DEVELOPMENT COMMISSION PUBLIC MEETING

A representative of the applicant should be at the ADC public meeting to present the project. Depending on the nature of the project, applicant also may wish to have its architect, fiscal officer, lawyer, or leasing agent present. A larger scale version of the conceptual site plan is helpful to the ADC. The City's bond counsel attends all ADC meetings where bonds are considered, and advises the ADC on legal and technical questions regarding the proposed bond. At the public meeting, staff will briefly summarize the project and then present the staff's analysis. The applicant then presents the project and answers questions from the ADC. All others in attendance are invited to speak for, or against, the project. The ADC then makes a recommendation to the City Council. Even if the ADC recommendation is negative, the project and all related documents submitted at the meeting will be sent to the City Council for their consideration and action (unless the Applicant withdraws the request). Although a public

meeting and recommendation by the ADC are required as part of the public process, the ADC's recommendation is not binding in any manner on the City Council.

7. INDUCEMENT RESOLUTION

The City Council's approval of the Inducement Resolution and the related Bond Ordinance follows a two phase process. First, the City Council votes on the Inducement Resolution, and then at a subsequent City Council meeting the City Council votes on the Bond Ordinance.

For each phase, the proposed legislation is introduced at a City Council public meeting. There is no need for an applicant to be present at the introduction. After the introduction, the City Council refers the matter to the City Council's Finance and Government Operations Committee (FGO Committee) for consideration at an FGO Committee public meeting. At that public meeting, the FGO Committee listens to the staff analysis and reviews the ADC's recommendation. The applicant presents the project to the FGO Committee, and others at the public meeting are invited to speak. The applicant and its project representatives (as at the ADC public meeting) should be present at the FGO Committee public meeting. The FGO Committee then votes to issue the FGO Committee's recommendation to the full City Council (Do Pass, Do Not Pass, or No Recommendation). Subsequent to the FGO Committee's public meeting, at a full City Council public meeting, a presentation from the staff and applicant are usually conducted, but not always required by the City Council. The applicant should be present and should bring its experts to answer questions from the City Council, if necessary.

8. BOND ORDINANCE

Once the Council has passed an Inducement Resolution, a proposed Bond Ordinance can be presented to the City Council as soon as the applicant can present evidence that all contingencies, if any were imposed, have been satisfied. Applicants should work with their legal counsel on the contents, timing, submission date, etc.

9. OWNERSHIP OF PROPERTY

At the time of application, the Applicant must have site control in the form of a deed, long-term lease (at least 50 years), or an exclusive option to purchase/lease that expires, if not exercised, no sooner than four month after submitting the application for the MR Bond.

10. PREVAILING WAGE

A project that receives more than 6% but less than or equal to 15% of the total development cost in financial assistance from the City of Albuquerque, will be subject to the New Mexico Subcontractors Fair Practice Act, the Public Works Apprentice and Training Act, and payment of prevailing wage rates in accordance with the New Mexico Public Works Minimum Wage Act, § 13-4-10 to 13-4-17, NMSA 1978, for the public infrastructure component of the project only, regardless of whether the redevelopment project is deemed a public or private construction project.

A project that receives greater than 15% of the total development cost in financial assistance from the City of Albuquerque, will be subject to the New Mexico Subcontractors Fair Practice Act, the Public Works Apprentice and Training Act, and

payment of prevailing wage rates in accordance with the New Mexico Public Works Minimum Wage Act, § 13-4-10 to 13-4-17, NMSA 1978, on the entire development project regardless of whether the redevelopment project is deemed a public or private construction project.

Total Development Cost includes hard costs, soft costs, on and off-site infrastructure, and the market-rate value of land. Financial assistance will include all forms of financial assistance including grants, loans, and tax abatements that result from MR Bonds. City contributed land and impact fee waivers will not be added to the value of financial assistance. The present value of future subsidy will be calculated using a 5% discount rate. Projected returns to the City in the form of loan repayments or equity proceeds will not reduce the amount of financial assistance. The City may identify additional funding needed to cover the increased cost associated with the Prevailing Wage requirement.

11. SUNSET DATE

The sunset date for the bond issuance on a given project is no longer than three years after the Council approves the Bond Ordinance for a project, unless the project is a phased project. Projects must be under construction or completed before the City will issue the bonds.

12. FEES

MR Bond application fee: A fee of \$2,500.00 is payable to the City of Albuquerque – MRA at the time the application is submitted.

The Fiscal Impact Analysis fee is \$1,800.00 and is payable directly to the Bureau of Business and Economic Research (BBER) at University of New Mexico. **Additional fees may be required by BBER for projects requiring complex analyses.*

MR Bond Fee: An annual fee incurred while the MR Bond is outstanding, equivalent to 10% of the actual abated taxes related to the MR Bond, is payable each year to the Metropolitan Redevelopment Agency to foster further redevelopment. This provision and payment mechanism must be included in the finance/lease documents related to the issuance of the MR Bond.

Applicants are required to pay the costs of the City’s outside bond counsel.

TABLE OF DEADLINES

DEADLINE	ACTION ITEM
6 weeks before ADC Hearing	All project documents and fees submitted to MRA staff
14 days before ADC Hearing	Notices mailed out to all property owners and Neighborhood Associations
14 days before ADC Hearing	Legal Notices published
14 days before City Council Consideration on Ordinance	Legal Notices published

MR BOND PROJECT CRITERIA

The primary purpose of each MR Bond project is to benefit the Metropolitan Redevelopment Area in which the project is located. The project must further the goals outlined in the applicable Metropolitan Redevelopment Plan. The criteria below must be satisfied by the Applicant, and are intended to assist the ADC in evaluating the impact a project will have.

CRITERIA I: INFILL AND DESIGN

1. Project location utilizes existing infrastructure and contributes to the following goals of the City's Comprehensive Plan:
 - Promote development patterns that maximize the utility of existing infrastructure and public facilities and the efficient use of land to support the public good; and
 - Create a quality urban environment that perpetuates the tradition of identifiable, individual, compact, but integrated communities within the metropolitan area and that offers variety and maximum choice in housing, transportation, work areas, and lifestyles, while creating a visually pleasing built environment.
2. The scale and general design of the project are appropriate for the area and contribute to the following policies of the City's Comprehensive Plan:
 - Ensure that infill and redevelopment is compatible with the character of the surrounding context and similar in height, mass, and volume to adjacent development; and
 - Promote infill that enhances the built environment or blends in style and building materials with surrounding structures and the streetscape of the block in which it is located.

CRITERIA II: REMOVAL OF BLIGHTED CONDITIONS AND CONFORMANCE WITH METROPOLITAN REDEVELOPMENT AREA PLAN

1. Project results in the removal of slum or blighted¹ conditions.

¹ The Metropolitan Redevelopment Code, NMSA 1978, Section 3-60A-4 (H & I), defines a slum area or a blighted area as:

“Slum area” means an area within the area of operation in which numerous buildings, improvements and structures, whether residential or nonresidential, which, by reason of its dilapidation, deterioration, age, obsolescence or inadequate provision for ventilation, light, air, sanitation or open spaces, high density of population, overcrowding or the existence of conditions that endanger life or property by fire or other causes, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency or crime and is detrimental to the public health, safety, morals or welfare;

“Blighted area” means an area within the area of operation other than a slum area that, because of the presence of a substantial number of deteriorated or deteriorating structures, predominance of defective or inadequate street layout, faulty lot layout in relation to size, adequacy, accessibility or usefulness, insanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the fair value of the land, defective or unusual conditions of title, improper subdivision or lack of adequate housing facilities in the area or obsolete or impractical planning and platting or an area where a significant number of commercial or mercantile businesses have closed or significantly reduced their operations due to the economic losses or loss of profit due to operating in the area, low levels of commercial or industrial activity or redevelopment or any combination of such factors,

2. Project furthers the goals and objectives of the adopted Metropolitan Redevelopment Area Plan.
3. Demolition of viable buildings has been/will be avoided. Demolition of historic properties shall not occur unless the project can show there are no alternatives and the demolition will provide exceptional long-range benefits to the community.
4. Relocation of existing residents and businesses has been/will be avoided. If relocation is necessary, the Applicant should assist in finding new housing or business locations.

CRITERIA III: COMMUNITY BENEFIT

Project provides tangible community benefit such as:

- Provide living wage jobs;
- Commitment to recruit from the local neighborhood;
- Provide affordable housing;
- Include public art such as a mural;
- Include enhanced streetscape improvements such as widened sidewalks, urban furniture components, or other permeable public/private space that activates the street;
- Incorporate design elements that will encourage mass transit use and other forms of multimodal transportation;
- Incorporate charging stations for EV;
- Rehabilitate existing structures on site;
- Recruit new or expanding businesses;
- Provide below market-rate meeting space to local non-profits, startup companies, or other users;
- Create, produce or use renewable energy and renewable energy technology;
- Provide neighborhood serving retail or services;
- Provide community activation programming; or
- Other as proposed by the applicant.

Commitments to provide community benefits will be included in lease provisions with security and clawback provisions.

CRITERIA IV: PROJECT FEASIBILITY

The applicant has a demonstrated record of financing, constructing, and managing projects of this type and size, and has provided convincing evidence that the project will be completed.

CRITERIA V: MR BOND NECESSITY

The applicant has demonstrated that the requested tax abatement is financially necessary.

substantially impairs or arrests the sound growth and economic health and well-being of a municipality or locale within a municipality or an area that retards the provisions of housing accommodations or constitutes an economic or social burden and is a menace to the public health, safety, morals or welfare in its present condition and use

APPLICATION
For
METROPOLITAN REDEVELOPMENT BOND
Project Approval

Name of Project: _____

Location of Project: _____

Company Name: _____

Company Website: _____

Contact Person: _____

Address: _____

Telephone: _____

Email: _____

Bond Counsel: _____

Address: _____

Telephone: _____

Bond Amount Requested: _____ Fee Submitted: _____

Total Project Square Footage: _____ Building Construction Type: _____

Tax Abatement Requested: Yes No

Please prepare the application according to the following outline. Headings must be visible and all required information included.

PROJECT INFORMATION

1. Description of Proposed Development: Describe the construction to be undertaken, including specific uses, square footage, construction type, and location of the project site. Attach a conceptual site plan and elevations.
2. Legal Description: Give both the physical address and complete legal description for the project.
3. Existing Site Conditions: Describe the present use and development of the site, including any improvements, vacant land, etc. Describe surrounding land uses.
4. Land Acquisition: Indicate the current status of the property ownership. Provide documentation in the form of a deed, lease, or option.
5. Entitlements: Give the current zoning of the property. Provide a list of entitlements received or required for the proposed use.
6. Bond Amount: State the bond amount requested and whether a tax abatement is also requested.

CRITERIA I: INFILL AND DESIGN

- Infill: Describe how the project uses existing infrastructure. Indicate if the project will require any extension or relocation of utility or road systems and who is paying for such improvements. Describe how the project meets the following Comprehensive Plan Policies:
 - Promote development patterns that maximize the utility of existing infrastructure and public facilities and the efficient use of land to support the public good.
 - Create a quality urban environment that perpetuates the tradition of identifiable, individual, compact, but integrated communities within the metropolitan area and that offers variety and maximum choice in housing, transportation, work areas, and lifestyles, while creating a visually pleasing built environment.
- Design: Describe the general design of the project how it relates to the surrounding area. Describe how the project meets the following Comprehensive Plan Policy:
 - Ensure that infill and redevelopment is compatible with the character of the surrounding context and similar in height, mass, and volume to adjacent development.
 - Promote infill that enhances the built environment or blends in style and building materials with surrounding structures and the streetscape of the block in which it is located.

CRITERIA II: REMOVAL OF SLUM OR BLIGHTED CONDITIONS AND CONFORMANCE WITH THE METROPOLITAN REDEVELOPMENT AREA PLAN

1. Describe how the project will eliminate slum or blighted conditions.²
2. Describe, in detail, how the project furthers the goals and policies of the approved Metropolitan Redevelopment Area Plan.
3. List all positive contributions that the project will make to the neighborhood and how the project design and placement will enhance the area. Include any increased economic benefits to the area/City that will be created directly or indirectly from the development of the project.
4. Detail any demolition that previously occurred under the Applicant’s ownership or will be required by the project. Indicate if structures on the project site are on the local, state, or historic register. If so, describe how the project will follow preservation guidelines.
5. Describe the existing businesses or residents currently on the site and the relocation plan for the businesses and/or residents. Also describe any relocation of businesses or residents that occurred prior to this application under the Applicant’s ownership.

CRITERIA III: COMMUNITY BENEFIT

1. Describe how the project will provide a tangible community benefit such as:

² The Metropolitan Redevelopment Code, NMSA 1978, Section 3-60A-4 (H & I), defines a slum area or a blighted area as:

“Slum area” means an area within the area of operation in which numerous buildings, improvements and structures, whether residential or nonresidential, which, by reason of its dilapidation, deterioration, age, obsolescence or inadequate provision for ventilation, light, air, sanitation or open spaces, high density of population, overcrowding or the existence of conditions that endanger life or property by fire or other causes, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency or crime and is detrimental to the public health, safety, morals or welfare;

“Blighted area” means an area within the area of operation other than a slum area that, because of the presence of a substantial number of deteriorated or deteriorating structures, predominance of defective or inadequate street layout, faulty lot layout in relation to size, adequacy, accessibility or usefulness, insanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the fair value of the land, defective or unusual conditions of title, improper subdivision or lack of adequate housing facilities in the area or obsolete or impractical planning and platting or an area where a significant number of commercial or mercantile businesses have closed or significantly reduced their operations due to the economic losses or loss of profit due to operating in the area, low levels of commercial or industrial activity or redevelopment or any combination of such factors, substantially impairs or arrests the sound growth and economic health and well-being of a municipality or locale within a municipality or an area that retards the provisions of housing accommodations or constitutes an economic or social burden and is a menace to the public health, safety, morals or welfare in its present condition and use

- Provide living wage jobs;
- Commitment to recruit from the local neighborhood;
- Provide affordable housing;
- Include public art such as a mural;
- Include enhanced streetscape improvements such as widened sidewalks, urban furniture components, or other permeable public/private space that activates the street;
- Incorporate design elements that will encourage mass transit use and other forms of multimodal transportation;
- Incorporate charging stations for EV;
- Rehabilitate existing structures on site;
- Recruit new or expanding businesses;
- Provide below market-rate meeting space to local non-profits, startup companies, or other users;
- Create, produce or use renewable energy and renewable energy technology;
- Provide neighborhood serving retail or services;
- Provide community activation programming; or
- Other as proposed by the applicant.

Commitments to provide community benefits will be included in lease provisions with security and clawback provisions.

2. Number and Types of Jobs Created: Estimated the number of both construction and permanent jobs to be created. Describe how these numbers were determined.
3. Gross Receipts Tax: Provide an estimated amount of gross receipts tax that will be generated from the construction of the project and permanently. Please justify the estimate and explain how it was derived.

CRITERIA IV: PROJECT FEASIBILITY

1. Applicant Experience: Describe the development entity and provide information about the experience of the company or of significant individuals involved in the type of development proposed. Include as an attachment resumes of main principles, or other information which will bear on the experience and credibility of the development entity. Provide examples of previously completed projects.

Describe who will manage the project. If the project will be managed by someone other than the applicant, describe that entity's experience and the applicants long-term involvement?

2. Tax Issues and Debarment: Please provide a statement declaring that the applicant and all owners of the development entity:

- Have NO outstanding substantive federal, state or local tax issues;
- Have NOT been debarred or otherwise found ineligible to receive funds by any agency of the federal government, the State of New Mexico, any local public body of the State, or any state of the United States; and
- Are NOT subject to any pending litigation. If, however, there are pending issues, thoroughly describe all issues and their status.
- Have NOT been found guilty of any federal, state, or local crimes, excluding misdemeanors.

3. Construction Schedule

Provide a construction timeline with benchmarks.

4. Issuance of Bonds

Provide the anticipated date of bond issuance and bond amount.

CRITERIA V: MR BOND NECESSITY

1. Provide the estimated total development cost using the attached development budget form. Provide the estimated project value after completion.
2. Indicate if a tax abatement is requested. If a tax abatement is requested, demonstrate that the abatement is necessary for the financial feasibility of the project.
3. Provide a summary of the present assessed value and tax bill for all parcels according to the Bernalillo County Assessor's office.

ATTACHMENTS

The following attachments are required:

- Map showing the location of the project
- Site Plan
- 3-D Renderings
- Elevations showing building colors and materials
- Copy of the County Assessors Notice of Value and Property Tax Bill for all parcels in the proposed project
- Any other information as desired to supplement the plan up to an additional 10 page.

FISCAL IMPACT ANALYSIS

A fiscal impact analysis will be required for all submittals. We recommend having a preliminary meeting with the University of New Mexico's Bureau of Business & Economic Research (BBER) to discuss what specific project data they will require in order to complete the analysis. Some items that may be part of the required datasets include, but are not limited to items on the list below.

1. The existing amount of property taxes due on any properties that are part of the project and a copy of recent tax bill.
2. The estimated property taxes due on any properties that are part of the project once the project is complete.
3. Total number of construction and new jobs to be created as a result of the proposed project and methodology to determine projections.
4. Costs of land, site improvement, and construction, respectively.
5. The appraisal for the completed project.
6. Complete the excel analysis worksheet provided by BBER.