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Redevelopment Conditions and Opportunities

Introduction

This plan proposes that steps be taken to designate portions of the North Fourth Street corridor as a Metropolitan Redevelopment Area (MRA). The proposed MRA boundaries would be all the real property fronting North Fourth Street NW from Lomas to Gene, NW just north of Montañño. An MRA designation report will be prepared and approved by the City Council defining the MR boundary.


Physical improvements alone cannot resolve all of North Fourth Street’s problems. Transformation of the area can be enhanced if the design and renovation improvements are supported by redevelopment tools that cover initial and on-going funding, combined with a coordinated, consistent management approach.

Metropolitan Redevelopment Act

A significant redevelopment tool that should be used to begin transforming North Fourth Street is establishing a Metropolitan Redevelopment Area (MRA) as authorized under the State’s Metropolitan Redevelopment Code.

The Metropolitan Redevelopment Code (3-60A-1 to 3-60A-48 NMSA 1978) provides municipalities in New Mexico with powers to correct conditions within their jurisdictions that “substantially impairs or arrests the sound growth and economic well being of a municipality or an area which retards the provisions of housing accommodations or constitutes an economic or social burden...”

To be eligible for designation, an “Existing Conditions Assessment” study must be completed to show evidence of blight, including poorly constructed buildings, faulty planning, lack of open space, deteriorated properties, and improper uses of land. In an MRA, public investment is used to stimulate private investment. In Albuquerque, 13 MRAs



are currently designated including the Downtown 2010 Core, Old Albuquerque High area, Sawmill/Wells Park, and Los Candelarias Village Center.

To designate an MRA, the City Council acts on recommendations of the Albuquerque Development Commission and the Planning Department. The Commission and Planning Department, guided by a community-based committee, define the geographic area and identify desired improvements. The MRA plan, as adopted by City Council, is implemented by the Planning Department using a variety of funding sources. The community-based committee guides the planning and implementation of key investments and redevelopment projects.

Designation

The designation of the North Fourth Street MRA would be based upon existing conditions predominate in the area. According to state and local law, the criteria for a finding of “blight”, is a necessary precondition to any redevelopment efforts using the Metropolitan Redevelop Code’s powers. A “blighted area” (as defined by 3-60A-4 of the Code), for example, means an area that meets one or more of the following:

- 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,
- Deterioration of site or other improvements,
- Lack of adequate housing facilities in the area or an area that retards the provisions of housing accommodations,
- Obsolete or impractical planning and platting,
- Presence of a significant number of commercial or mercantile businesses that 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

The code also states that any combination of factors as that above or others that substantially impair or arrest the sound growth and economic health and well being of municipality or locale within a municipality may also constitute blight.

June 2006 Existing Conditions

As described in the *“June 2006, North Fourth Street Redevelopment Study: Rank III Corridor Plan – Review Draft,”* North Fourth Street was in poor condition. While some new development and redevelopment had occurred, including the new courthouses near downtown, and businesses like the El Mesquite Market and Menaul Marketplace, much of North Fourth Street had stretches of empty lots and buildings, and many properties were not at their highest and best use.

Some businesses were only open on a limited basis. A market analysis of the trade area, a quarter mile either side of Fourth Street, found that a majority of expenditures from local residents were spent outside of the area, real estate prices were 30% lower than the rest of the City, especially North of I-40 and rental rates were substantially lower than other retail corridors.

Other limitations of the area include the street itself. Physically, the street varies in width due to improper lot lines, with some portions of the corridor that do not have paved sidewalks. Other areas have sidewalks, but they are not wide enough to permit more than one person to safely walk because they too narrow. Utility poles and other obstructions are in the way. These conditions present a danger to pedestrians, including school age children, who in some cases, are forced to walk on the street to get to their destinations.

Photo Documentation of Blighted Conditions on North Fourth Street

This section contains a number of photos illustrating typical conditions that were found along North Fourth Street in 2006. As shown, only a very few blocks of the street were without evidence of blight.

This photo illustrates an underutilized lot, with an abandoned car, trash, a deteriorating fence, and weeds.



An unsightly and forbidding fence guards this weedy and underutilized property.



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This car lot shares similarities with others along North Fourth Street: clutter, unsightly appearance.



This block sits abandoned, the building boarded up, the site deteriorated.



The pedestrian right-of-way in some parts of the corridor is inaccessible, creating safety hazards and an environment that deters foot traffic.

This mobile home park is nearly empty after being temporarily shut down by the City in 2005. Remaining units are in poor condition.



Redevelopment Tools

In addition to the designation of an MRA, many tools for redevelopment, already in use in other parts of Albuquerque, may be appropriate in the revitalization of North Fourth Street. Examples include:

- Tax Increment Financing (TIF)
- Tax Increment Development District (TIDD)
- A Community Development Corporation (CDC)
- A Voluntary Business Improvement District (BID)
- Façade Improvement Programs
- The State MainStreet Program
- Capital Improvement Program and G.O. Bond funds
- State Legislative funding
- Federal funding

Tax Increment Financing

Tax Increment Financing (TIF) is implemented by state enabling legislation to help local governments to improve economically sluggish areas. The focus of a TIF is to create new development/business and also to retain and improve existing businesses, with resulting additional private

investment. An attractive feature of a TIF is that local governments can make improvements and provide incentives without tapping into general funds or raising taxes.

A tax increment is the difference between the value of property before district designation and after designation. If improvements are made to the MRA, the new increment of value is put into an MRA Fund for specific use for the area. The increment can also be based on simple inflation.

When a TIF project is set up, a base year is specified and locked in. Money from the increment increases as district conditions improve. The Albuquerque Development Commission and City Council make decisions for projects based on community input.


The TIF stream of income can continue for up to 20 years. The City can bond against it as amounts increase.

Tax Increment Development District

Like TIF financing, a TIDD is a district formed for the purpose of carrying out tax increment development projects to pay for development costs such as land acquisition and site improvements. The state Tax Increment Development Act allows cities and counties to create TIDDs that can leverage the future gross receipts tax and property tax revenues within a defined area to finance the sale of public bonds. Bond dollars are then allocated to the project developer to pay the infrastructure costs of the new development.

Business Improvement District

A Business Improvement District (BID) is a special district that assesses additional property or gross receipts taxes on an area to finance services and improvements. Authorized under State law, only those properties that directly benefit are taxed. The assessment is on commercial properties only, not residential or non-profit.



BID funds augment services that a City normally provides, e.g., clean-up, special events, security patrols. To establish a North Fourth Street BID, the City and businesses must realistically plan the types of services that will best improve the area and community perceptions about it. To establish a BID would require a community board and staffing.

Community Development Corporation

A Community Development Corporation (CDC) is a non-profit organization focused on a project or area for redevelopment. An effective CDC has a strong community board, a focused mission statement and dedicated paid staff. Typically CDC's generate strong community support for and involvement in the redevelopment and development projects they undertake. CDCs typically receive funding from HUD, federal sources, and limited funding through the City.

The State MainStreet Program

MainStreet areas are designated and provided with technical expertise and funding from the State of New Mexico. Albuquerque's Nob Hill is New Mexico's original MainStreet program and was initially funded by a federal program of the mid-1980s.

MainStreet communities receive state funding, seek grants and capital funding for infrastructure improvements, as well as for cooperative promotion of businesses, e.g., signage, banners, advertising, special events. They must hire a program coordinator at least halftime. Requirements for becoming a certified MainStreet community include signing a memorandum of understanding to comply with the National Trust's MainStreet four point approach that includes design, organization, promotion and economic positioning as well as participation in statewide meetings and training workshops, meeting program requirements, submitting reports, and stimulating community volunteer efforts.

City of Albuquerque Capital Implementation Program and General Obligation Bonds

The City's CIP provides capital funding through a multi-year schedule of public physical improvements. The CIP administers funds for acquiring, constructing, replacing, upgrading and rehabilitating Albuquerque's built environment. For Albuquerque's redeveloped areas, the most visible changes may be seen in streetscape projects, but improvements also may include expansion of public safety facilities, libraries, parks and trails, senior and community centers. The main source of CIP funding is through passing General Obligation Bond Funds. City residents go to the polls every two years to vote on a new package of projects, most of which are approved. By ordinance, 1% of G.O. Bond funds are earmarked for public art projects.


Other major funding sources for capital improvements are: Enterprise Funds, primarily for the Aviation Department and for Water/Wastewater. Additional sources of funding include: Metropolitan Redevelopment Funds, Urban Enhancement Trust Funds for citizen-initiated cultural and capital projects.

State Legislative Funding

State legislators from the North Valley have been extremely effective in securing capital projects for North Fourth Street. They respond to citizens' requests for capital projects and planning, which are funded by the State Capital Outlay Program. City staff also meets with legislators to develop project lists that result in a package of capital projects. The MRA can form the basis for requests to legislators in order to ensure ongoing, consistent project implementation.

Federal Funding

Community Development Block Grant (CDBG) funds remain a major source of funding for projects and programs. The City of Albuquerque receives several million dollars per year from Housing and Urban Development (HUD) to pay for housing, commercial development, homeless programs, and some Capital Improvement Programs. The Albuquerque



Citizens Team (ACT), an appointed citizen advisory group, allocates the federal funds using five-year plans that are updated each year through a community hearing process.

In 2006 a grant application for a senior housing project at the old Larry's Drive-in site, now owned by the City, was underway. If successful, the project would provide 60 apartments for low-income seniors, using funds from HUD's Section 202 Supportive Housing for the Elderly program.

Other federal funds come from Economic Development Administration (EDA) grants from the Commerce Department. The community identifies specific public projects, and then goes through an application process that requires planning and preliminary design processes.

Façade Improvement Programs

In 2006, the United South Broadway Corporation had a contract to work with businesses along North Fourth Street up to Griegos Road. Funds came from two programs: UDAG money was used for the area up to San Lorenzo, NW and CDBG money was used for the area from San Lorenzo, NW to Griegos, NW.

Both programs provided small grants to business for improvements to facades - \$2,000 to \$3,000. They both also provide matching fund loans for \$10,000 to \$20,000, an amount that may be forgiven if the business operates at that location for five years.

Extending façade improvement programs along additional areas of North Fourth Street would benefit the overall appearance of the corridor and help businesses. In addition, the façade projects would work with implementing pedestrian and transportation improvements and design of the corridor.

Next Steps

The programs and funding sources under consideration for North Fourth Street revitalization will require different levels of hands-on community support and on-going commitment.

Initial Actions

- Complete an existing conditions assessment;
- Confirm boundaries for the redevelopment area;
- Seek designation of the corridor as a Metropolitan Redevelopment Area;
- Use City-funded G.O. Bonds for specific projects such as streetscape and property acquisition;
- Continue to use State capital funds for specific projects; and
- Continue with existing façade improvement programs and access other funding for façade improvements.

Follow-up Actions

As the redevelopment process gets under way, merchants, property owners and residents should continue to organize to redevelop the area. Follow-up actions to support the redevelopment process may include:

- Establishing a TIF or TIDD district
- Instituting a voluntary BID
- Participating in the State MainStreet program
- Expanding the facade programs

Should local commitment to North Fourth Street redevelopment remain strong, a Community Development Corporation should be considered, possibly covering an area beyond North Fourth Street.

