



Tim Keller, Mayor

May 10, 2022

To: Albuquerque Development Commission

From: Ciaran Lithgow, Redevelopment Project Manager

Subject: Case #2022-15 - Villa Agave – Redevelopment Tax Abatement Application

Executive Summary. Baker Architecture & Design/Villa Agave, LLC (“Applicant”) has applied for a Redevelopment Tax Abatement (“RTA”) for their upcoming Project Villa Agave. The Project, located at 7th and Copper (205 7th Street NW) will convert a former dilapidated convent nursing home into a multifamily facility, which will provide at least 14 housing units (“Project”). See the attached conceptual renderings and site plans for details. The full application is attached as Exhibit A.

Value of RTA. The existing annual property tax amount due on the property, identified as the baseline tax prior to construction, is \$6,305 (2021 assessed value). The Applicant will continue to pay the baseline amount throughout the seven-year abatement period (Payment in Lieu of Taxes, or PILT). Following completion of the Project, the increased property tax amount is estimated to be \$17,262. With the approval and issuance of the RTA, the estimated annual amount of the property tax abated on the Project would be \$10,957 annually, or \$76,699 over a period of 7 years.

The total value of the Tax Abatement over the term of 7 years is Projected to be \$69,029 (taxes abated minus annual MR fees).

Detailed Report of Application. The following section details how the project meets the RTA Threshold Criteria and Evaluation Criteria.

RTA Threshold Criteria

Criteria	Staff Evaluation
MR Area. Projects must be located in a Metropolitan Redevelopment Area with an Approved Metropolitan Redevelopment Plan.	The project is located in the Downtown Metropolitan Redevelopment Area, which has adopted the Downtown 2025 Redevelopment Plan.
Site Control. Applicant must have site control.	The Applicant owns the property (fee simple title).
Minimum Project Size. The scope of the Project must meet <u>one</u> of the following criteria: <ul style="list-style-type: none"> • Total hard construction cost is at least \$2M <i>OR</i> • A minimum of eight additional (new or converted space from a different use) residential units are created; <i>OR</i> 	The Project meets two of the minimum project sizes: <ul style="list-style-type: none"> • Total project cost is \$3.6M • The project adds at least 14 housing units



<ul style="list-style-type: none"> A minimum of 15,000 sq. ft. of commercial space is created or put into active use (If space is put into active use, it must be currently vacant). 	
<p>Community Benefit. A Project must achieve a minimum Community Benefit score of 100 based on the Community Benefit Matrix in Appendix B.</p>	<p>The project scores 170 points. See the Community Benefits Matrix below for details.</p>

Community Benefit Criteria	Points Earned
Sustainability	
At least 50% of Project utilizes existing structures	30
Rooftop is built to be solar-ready with necessary electrical infrastructure and structural support	20
Project includes cool surface treatments, such as cool pavements, or cool treatment applied to surface parking/top level of parking garage (if applicable)	10
The Project will install high efficiency WaterSense-labeled fixtures and water efficient equipment: 1.28 GPF toilets, 0.5 gpf urinals, 1.5 gpm aerators, 2.0 gpm showerheads and washing machines with an integrated Water Factor (IWF) of 3.0 or less.	10
The multifamily Project offers least 50% of units at 600 usable square feet or smaller.	25
Economic Development	
The Project creates missing middle development (\$1M – \$3.99M)	25
The Project adds density between 15 – 19.99 dwelling units/acre	15
Community Benefits	
Culture & Art. Project includes a mural that is at least 150 sq ft or other significant artistic feature such a large sculpture, artistic lighting, etc. Art must be located within prominent public view.	15
Diverse/Local Team	
Developer is a local business	10
General contractor is a local business	10
Total Points Earned	170

RTA Evaluation Criteria

Criteria A: Removal of Blighted Conditions and Conformance with Metropolitan Redevelopment Area Plan. The applicant must demonstrate that the Project meets the relevant Metropolitan Redevelopment Plan goals.

- Project results in the removal of slum or blighted conditions. The Project redevelops an abandoned/unutilized former convent that has received complaints of squatting and deterioration.



- **Project furthers the goals and objectives of the adopted Metropolitan Redevelopment Area Plan.** The Project is located in the Downtown 2025 Metropolitan Redevelopment Area and meets the Plan goals by:
 - Expanding urban housing towards the goal of reaching 20,000 people living in the Downtown core by 2025; and,
 - Contributing to a walkable and vibrant Downtown district.
 - **Demolition of viable buildings has been/will be avoided.** The Project redevelops an existing building into housing. No demolition of existing structures is planned.
 - **Relocation of existing residents and businesses has been/will be avoided.** No existing businesses or residents will be displaced.
- ☒ **Criteria B: Design.** RTA Projects shall meet the following enhanced design criteria to ensure high quality Projects that are recognized as exemplary:
- ☐ Buildings shall have exterior building materials and colors which are aesthetically pleasing and compatible with the overall site plan. Construction material shall provide variation in color, texture, and scale; *and*
 - ☐ Each building elevation that faces a street or will be visible from adjacent streets/trails at full site plan buildout shall be modulated. The wall and foundation line shall be offset at intervals so that there is at least one offset every 100 feet of wall length that varies the depth of the building wall by a minimum of 6 feet. Offsets shall comprise at least 10 percent of the length of the elevation, for at least 40 percent of the building height.

OR

- ☒ If Projects cannot meet the enhanced design criteria above, applicants can propose other compensating design elements that ensure a high-quality Project
- Because the Project is not a new ground-up development, the ability for the Applicant to meet the first option for design criteria is limited. Instead, the Project utilizes and enhances an existing building's structure and property. The Villa Agave's size, a mid-scale structure with and shared outdoor spaces, offers a housing alternative that differentiates itself from a typical stacked apartment complex in scale and relation to the public sphere. This scale compliments the existing neighborhood, providing an appropriate transition from large downtown structures to the East and the single-family residences to the north and west.

The most significant design change will be seen in the landscaping. The existing property is currently dirt and dead grass, with some mature trees. The property will be transformed by the addition of drought tolerant vegetation and trees throughout. Existing mature trees will be saved. New landscaping, including street trees, will be planted along the street median/sidewalk verge on both 7th Street and Copper Avenue, improving the pedestrian sphere and enhancing walkability in the area. Xeric plants such as Desert Willow trees, yuccas, cacti, native grasses, and agaves (the building's namesake) will be added throughout. Other aesthetic commitments include sculptures in the courtyard, which will be visible from the street. See attached Site Plan, Elevations, and Landscape Plans for details.



☒ **Criteria C: Applicant Experience.** Applicant must demonstrate a record of financing, constructing, and managing Projects of this type and size, and has provided convincing evidence that the Project will be completed.

The Applicant has demonstrated experience in other redevelopment Projects, with 27 years of experience as an architect and over 10 years of experience as a developer. His most notable recent Project is at 505 Central, a former Downtown office building converted into a successful Downtown food hall with 9 local vendors and 34 housing units.

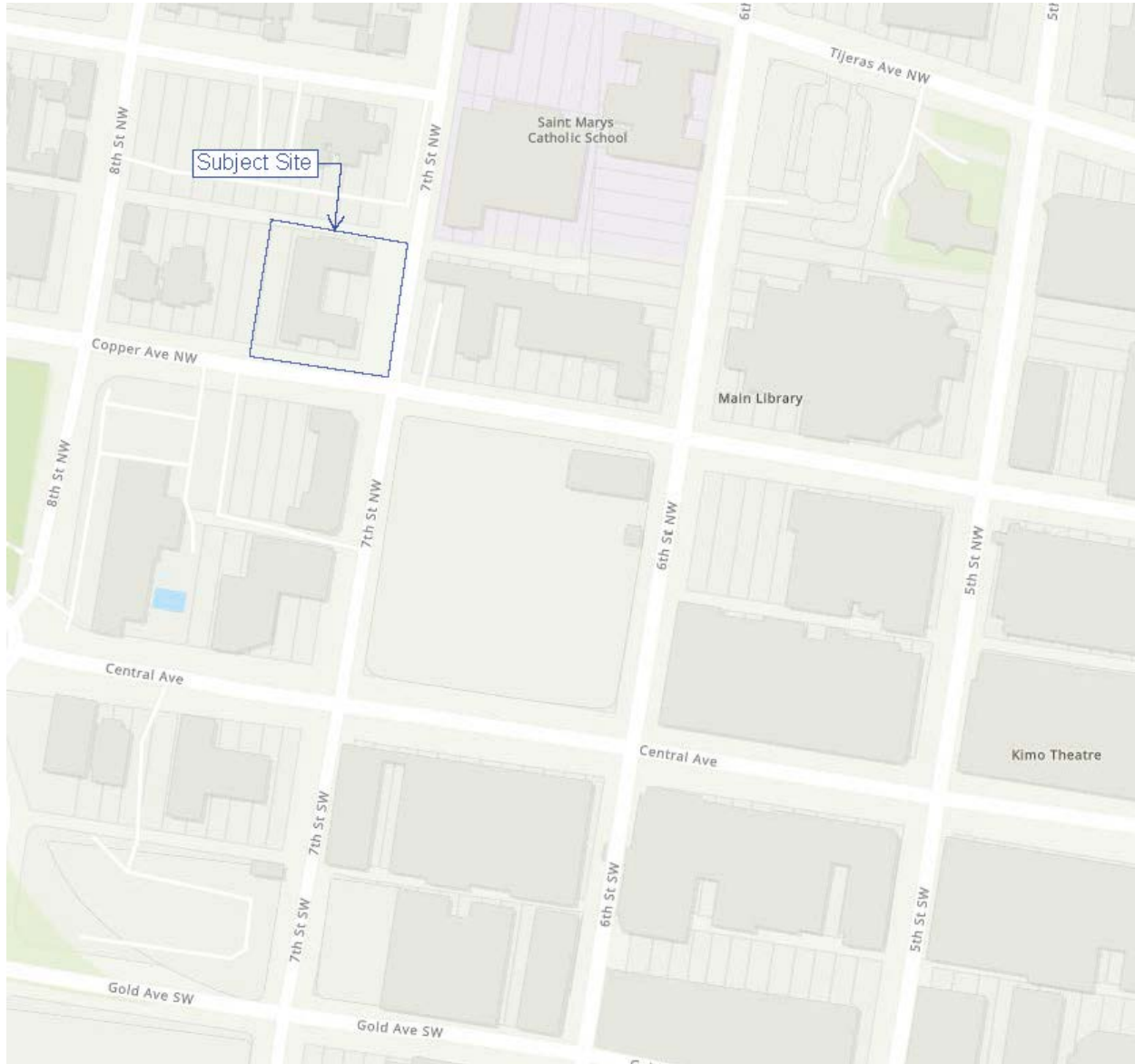
Findings:

- MRA found the Project meets all requirements outlined in the Redevelopment Tax Abatement PILOT Program:
 - The Project removes blighted conditions and meets the goals of the Downtown 2025 Metropolitan Redevelopment Area Plan by adding more housing, renovating a blighted property, and contributing to a walkable and vibrant atmosphere in the Downtown core;
 - The Project meets the enhanced design criteria by renovating and beautifying an existing structure and creating an aesthetically pleasing landscape; and
 - The Applicant has demonstrated sufficient experience to reasonably complete the Project.

Recommended Motion: Based on the findings in the staff report, the ADC recommends to City Council approval, in form, of the Redevelopment Tax Abatement with Villa Agave, LLC, for the development of the Villa Agave redevelopment Project.



LOCATION MAP





CONCEPTUAL RENDERINGS & ELEVATIONS



Rendering of The Villa Agave



View from the Corner of Copper and 7th



View from 7th Street



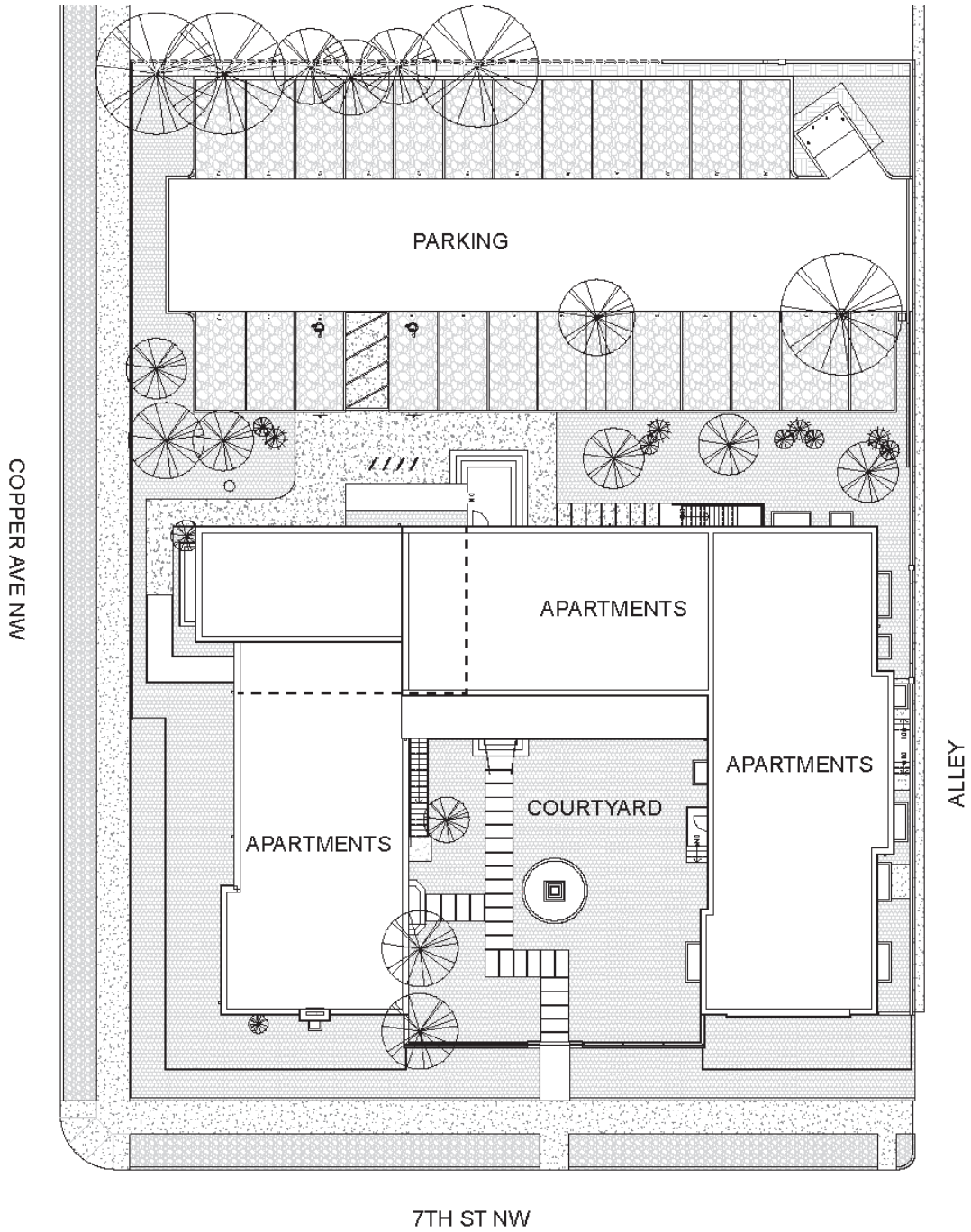
North View along Copper Avenue



Resident Entrance at Proposed Parking

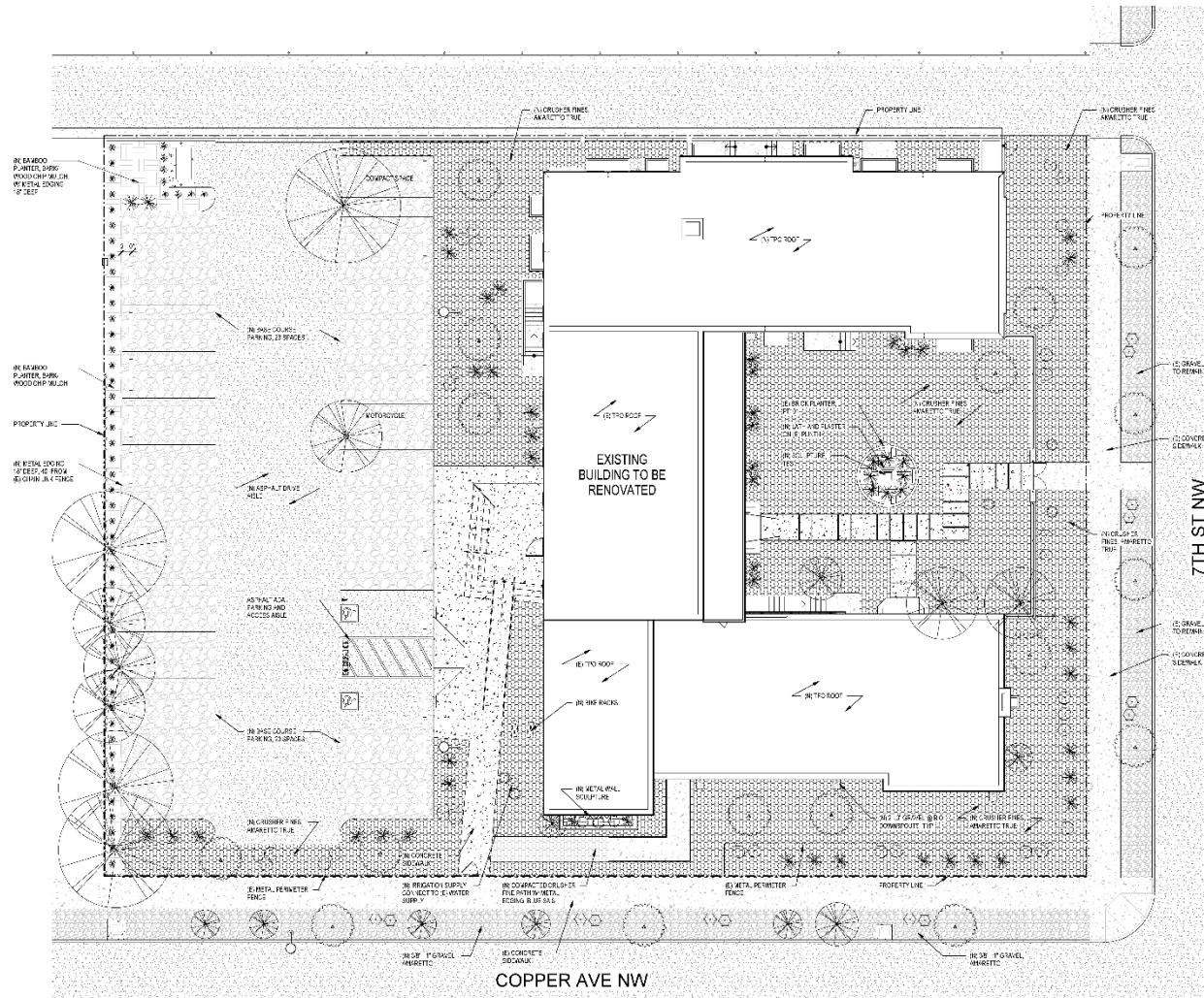


SITE PLAN





LANDSCAPE PLAN



WALL AND FENCE

REPLY OF ALBUQUERQUE CO. REG. PERMITS

ZONE CATEGORY	FIXTURE
STANDARD WALL HEIGHT	
WALL UP TO FRONT PORCH	3'
WALL TO SIDE YARD	3'
WALL TO REAR YARD	6"

EXCEPTIONS TO MAXIMUM WALL HEIGHTS: 5' EXCEEDING FOR MULTIFAMILY DEVELOPMENT, 7' EXCEEDING FOR "E" USES, AND 8' EXCEEDING FOR "F" USES. PERMITS FOR WALLS OVER 8' MUST BE OBTAINED FROM THE CITY.

CLEAR SPACE REQUIREMENTS: LANDSCAPE OR OTHER OBSTACLES WILL NOT INTERFERE WITH CLEAR SPACE REQUIREMENTS TO PREPARE, INSTALL, MAINTAIN AND OPERATE BETWEEN 3 AND 5 FEET FROM THE EXTERIOR WALL. ALL CLEAR SPACE REQUIREMENTS WILL BE ACCEPTABLE WITH 1/2" RADIUS TRAVEL.

HATCH LEGEND

- IN CONCRETE 4" THICK REEPS
- CRUSHED REEF, IMPERMEABLE, U.S. 2" MAX. NO FIBER FIBER
- 4" ASPHALT OVER 8" BASE COURSE
- 1/2" ASPHALT OVER 2" U.S. 2"
- BASE COURSE (IF OTHER CONTRACTOR'S, INDICATE)

PLANTING LEGEND

- TRIFIDS**
- SHRUB TO TREE TO 10' MAX. SIZE 3/4" DIA.
 - DESERT PALM OR BOX W. SIZE 1/2" DIA. 7" DIA.
- SHRUBS**
- ASPENS 5" DIA. 5" HEIGHTS TO BE GALLIOT
 - ORN. IN. 1" DIA. 1" DIA.
 - FLECK SAGUARO, BANANA YUCA 3" DIA.
- GRASSES**
- FELDMAN BARKY GRASS GRASSES 1" DIA.
 - GOLDEN BARKY GRASS 2" DIA. SPACE 2" DIA.

A1 LANDSCAPE PLAN
SCALE: 1" = 10'-0"





Property Tax With and Without Villa Agave Project | Incremental Tax Value

Abatement Year	Baseline Property Tax			Villa Agave Property Tax - Total			Tax Increment	MRA Lease Fee [2]	Net Tax Abatement	Net Tax Increment	Tax Abatement PV	Net Tax Increment PV	Cumulative NPV
	Total Assessed Value	Total Taxable Value	Tax Amount	Total Assessed Value [1]	Total Taxable Value	Tax Amount							
Year 1	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	-\$1,096	-\$9,861	\$0	-\$10,957	\$0	-\$10,957
Year 2	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	-\$1,096	-\$9,861	\$0	-\$10,586	\$0	-\$21,543
Year 3	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	-\$1,096	-\$9,861	\$0	-\$10,228	\$0	-\$31,772
Year 4	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	-\$1,096	-\$9,861	\$0	-\$9,883	\$0	-\$41,655
Year 5	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	-\$1,096	-\$9,861	\$0	-\$9,548	\$0	-\$51,203
Year 6	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	-\$1,096	-\$9,861	\$0	-\$9,225	\$0	-\$60,428
Year 7	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	-\$1,096	-\$9,861	\$0	-\$8,914	\$0	-\$69,342
Year 8	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$8,612	-\$60,730
Year 9	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$8,321	-\$52,409
Year 10	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$8,039	-\$44,369
Year 11	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$7,768	-\$36,602
Year 12	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$7,505	-\$29,097
Year 13	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$7,251	-\$21,846
Year 14	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$7,006	-\$14,840
Year 15	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$6,769	-\$8,071
Year 16	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$6,540	-\$1,531
Year 17	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$6,319	\$4,788
Year 18	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$6,105	\$10,894
Year 19	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$5,899	\$16,792
Year 20	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$5,699	\$22,492
Year 21	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$5,507	\$27,998
Year 22	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$5,320	\$33,319
Year 23	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$5,140	\$38,459
Year 24	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$4,967	\$43,426
Year 25	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$4,799	\$48,225
Year 26	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$4,636	\$52,861
Year 27	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$4,480	\$57,341
Year 28	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$4,328	\$61,669
Year 29	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$4,182	\$65,851
Year 30	\$348,300	\$116,100	\$6,305	\$1,114,848	\$371,616	\$17,262	\$10,957	\$0	\$0	\$10,957	\$0	\$4,040	\$69,891

Source: Bernalillo County Assessor/Treasurer; Economic & Planning Systems

[1] Total Assessed Value was estimated using a comparative property approach

[2] The MRA lease fee is equal to 10 percent of the total property tax abatement

Key Assumptions

Residential Mill Rate	47.407
Non-Residential Mill Rate	54.312
Escalation Factor	0.00%
Discount Rate	3.50%



VILLA AGAVE RTA Application

To download the application, click [here](#).