



Tim Keller, Mayor

March 6, 2023

To: Albuquerque Development Commission
From: Ciaran Lithgow, Redevelopment Project Manager
Subject: The Pearl – Redevelopment Tax Abatement Application – Case #2023-03

Executive Summary. Rembe Urban Design & Development (“Applicant”) has applied for a Redevelopment Tax Abatement (“RTA”) for their upcoming project The Pearl. Located in West Downtown at 1623 and 1701 Central Ave NW, across the street from the existing Country Club Plaza, the Applicant will build a four-story mixed-use property offering 34 housing units and 1,700 SF of retail/commercial space (“Project”). Location map, site plan, and conceptual renderings are included at the end of the Staff Report. The full application is attached as Exhibit A.

Value of RTA. The combined current property tax bills for both properties is \$5,528, which the Applicant will continue to pay to the County. Following completion of the Project, the new annual property tax amount is estimated to be \$41,966. The estimated value of the property tax abated on the Project would be \$32,795 annually, or \$229,562 over a period of 7 years (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 Historic Central MR Area, which adopted the Historic Central Metropolitan Redevelopment Plan in 2013.
Site Control. Applicant must have site control.	The Applicant owns both parcels, which will be consolidated into a single lot prior to development.
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 <li style="text-align: center;"><i>OR</i> • A minimum of eight additional (new or converted space from a different use) residential units are created; <li style="text-align: center;"><i>OR</i> • A minimum of 15,000 sq. ft. of commercial space is created or put into active use 	The Project meets two of the minimum project sizes: <ul style="list-style-type: none"> • Total project cost is \$7.75M • The project adds 34 housing units.
Community Benefit. A Project must achieve a minimum Community Benefit score of 100	The project scores 135 points. See the Community Benefits Matrix below for details.

based on the Community Benefit Matrix in Appendix B.	
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Community Benefit Criteria	Points Earned
Sustainability	
<u>On-Site Solar.</u> Rooftop will be built to be solar-ready with necessary electrical infrastructure and structural support.	20
<u>Efficient Unit Sizes.</u> Multifamily projects offer least 50% of units at 600 usable square feet or smaller.	25
Economic Development	
<u>Generates Gross Receipts Taxes.</u> Small pockets of retail can be especially impactful. Retail space will trigger occupancy requirements within the first years of completion in the lease agreement. <i>At least 1,000 square feet of interior retail space (for rent to commercial user and not to be used as residential leasing or amenity space)</i>	15
<u>Creates missing-middle development.</u> The project is a medium-size infill project that adds an exciting texture to the urban core. <i>The project cost is between \$4M - \$7.99M.</i>	20
<u>Adds Density.</u> Projects in MRA are in areas of change. MR areas should maximize the allowable density to create vibrant urban districts. <i>The Project adds density at 59 dwelling units/acre</i>	25
Community Benefits	
<u>Enhanced Streetscape.</u> Building structure or restaurant/bar patio edge is aligned to minimum front setback outlined in IDO zoning requirements.	10
Diverse/Local Team	
Developer is a local business	10
General contractor is a local business	10
Total Points Earned	135

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 demolished two dilapidated and fire-damaged buildings, and will redevelop the now-vacant lot into a vibrant, high-density mixed-use development.
- **Project furthers the goals and objectives of the adopted Metropolitan Redevelopment Area Plan.** The Project is located in the Historic Central Metropolitan Redevelopment Area and meets the Plan goals by:

- Constructing “physical improvements within the public realm” to “make Central Ave more visually inviting and more oriented to pedestrian and bicycle travel” by expanding the sidewalk to 10’ in front of the site.
- Adding “small, independent retail and restaurant activities within new buildings facing Central Ave., with multi-family residential development in the same development or in close proximity” by developing a mixed-use multifamily project that offers two small (~850sf) retail/restaurant/commercial spaces fronting Central.
- **Demolition of viable buildings has been/will be avoided.** Both structures on the site were deemed not viable for reuse. The City’s Historic Preservation Office confirmed that neither buildings were considered historically contributing prior to demolition (see letter attached in the full application).
- **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.

The color palate of the building, Navajo White and Iron Grey, will complement and invert the color palate of the Country Club Plaza across the street. At the ground floor level on Central, the project will provide a variation in texture and color by providing a recessed retail courtyard, transparent glazing, and grey accents that complement the Country Club Plaza across the street. Above the 2nd story, Juliet balconies, grey iron finishes, and windows will provide variation in color and structure. From the East and West, the project will provide a variation in texture by adding vertical multi-color lighting strips and offsetting the building with windows that provide a light well for the interior hallways.

OR

☐ If Projects cannot meet the enhanced design criteria above, applicants can propose other compensating design elements that ensure a high-quality Project

☒ **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.

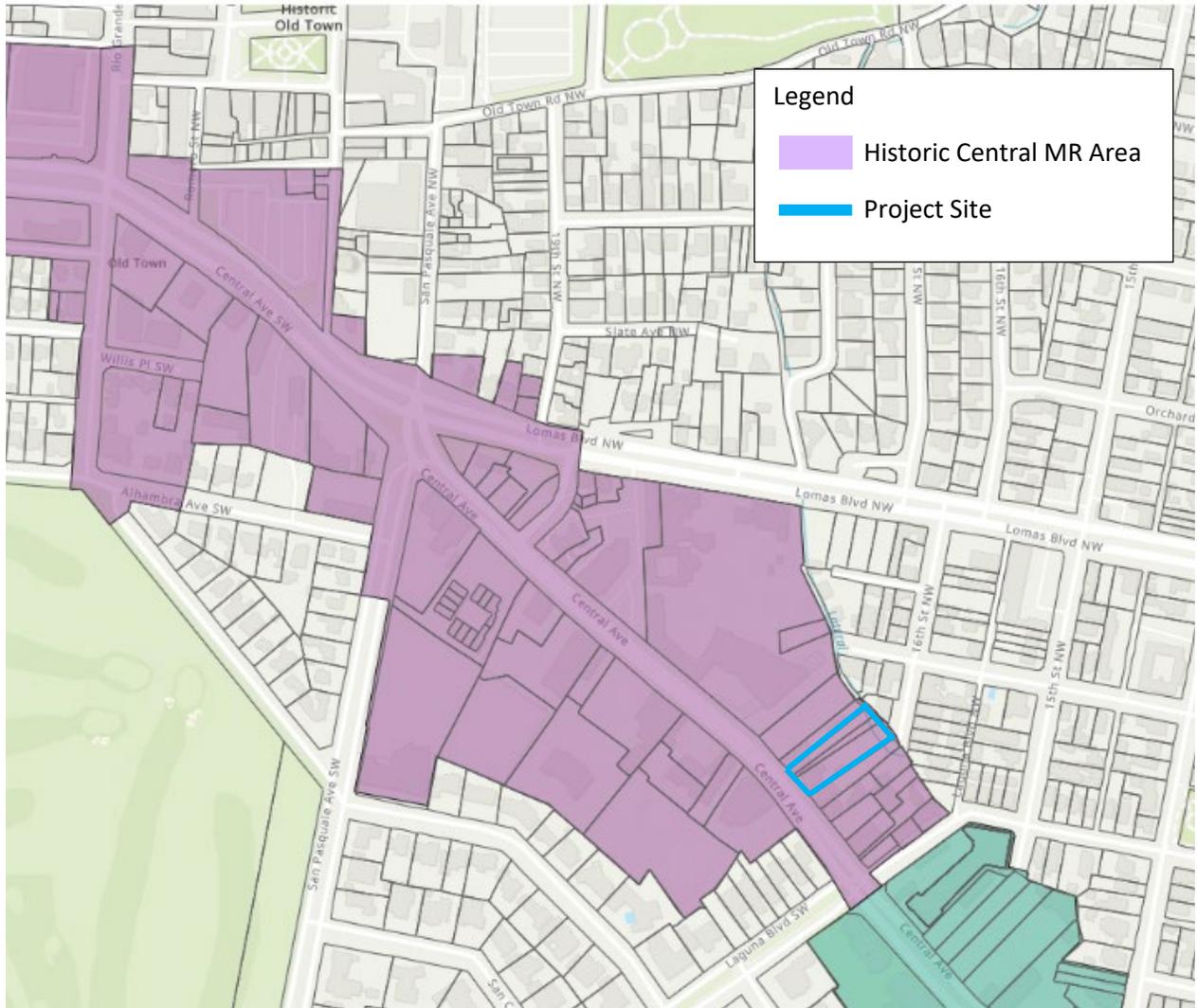
The Applicant has demonstrated experience in several other development and redevelopment projects including The Franz at Country Club Plaza (81 units) and the Bricklight District (46 units). Jay Rembe has developed and managed several large (50+ unit) multifamily projects and delivered over 150,000 square feet of retail inventory.

Findings:

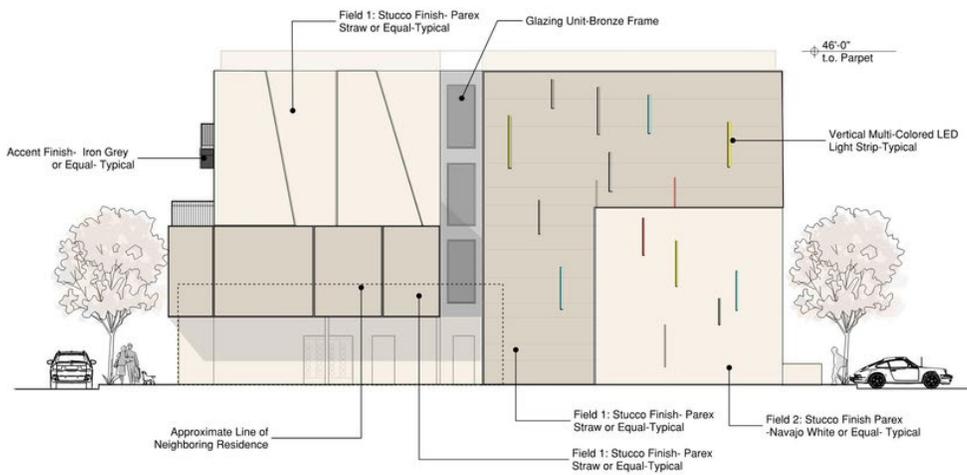
- MRA found the Project meets all requirements outlined in the Redevelopment Tax Abatement PILOT Program:
 - The Project removes blighted conditions and meets the goals of the Historic Central Metropolitan Area Plan by improving the pedestrian environment and adding a mixed-use project that include storefront retail space that fronts Central;
 - The Project meets the design criteria by creating an aesthetically pleasing project that provides variation in color, texture, and scale, and modulates the building elevation and façade;
 - 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 Rembe Urban Development & Design for the development of The Pearl.

LOCATION MAP



PROJECT RENDERINGS



SITE PLAN

