



# Redevelopment Tax Abatement

## 2022 PILOT Program

### Instructions

City of Albuquerque  
Metropolitan Redevelopment Agency

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## SECTION 1. OVERVIEW

The purpose of the Redevelopment Tax Abatement program is to attract private investment and revitalize divested portions of the City of Albuquerque. The City seeks to stimulate high quality, sustainable development projects that provide tangible community benefits. Projects must meet the goals of the applicable Metropolitan Redevelopment Plan and result in the elimination or prevention of slum and blight, in accordance with NM Statute, Section 3 Article 60A

The Redevelopment Tax Abatement (RTA) is a seven-year property tax abatement on the incremental property taxes for all taxing districts. Property owners continue to pay the pre-development property tax amount as a Payment In Lieu of Taxes to the County Assessor. To receive the tax abatement, the City must take title to the property and the property is leased back to the original owner for the duration of the tax abatement period.

## SECTION 2. PROJECT THRESHOLD CRITERIA

Projects must meet the following criteria:

**A. MR Area.** Projects must be located in a Metropolitan Redevelopment Area with an Approved Metropolitan Redevelopment Plan. A map of MRA Areas with approved plans can be found here: <https://www.cabq.gov/mra/redevelopment-areas>.

**B. Site Control.** Applicant must have site control. 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 no sooner than four months after submitting the application for the RTA.

**C. Minimum Project Size.** The scope of the project must meet one of the following criteria:

- Total hard construction cost is at least \$2M;
- A minimum of eight additional (new or converted space from a different use) residential units are created; OR
- 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).

**D. Community Benefit.** A project must achieve a minimum Community Benefit score of 100 based on the Community Benefit Matrix in Appendix B.



## SECTION 3: RTA EVALUATION CRITERIA

The evaluation criteria below must be satisfied by the Applicant. The City Council has final determination on whether the RTA Evaluation Criteria has been met and if the project will receive an RTA.

**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.

**1. Project results in the removal of slum or blighted conditions.** 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.

**2. Project furthers the goals and objectives of the adopted Metropolitan Redevelopment Area Plan.** Please refer the relevant MR Plan which can be found at the following website: <https://www.cabq.gov/mra/redevelopment-areas>



**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 must assist in finding new housing or business locations and in providing relocation assistance.

## **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.

**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.

## **SECTION 4. APPLICATION AND APPROVAL PROCESS**

**1. Pre-Application Meeting.** A pre-application meeting with MRA staff is required. Staff will review the process and schedule for the project, and outline the steps for the City Council's consideration. Staff will review the specific project, its eligibility for an RTA, advise the applicant of areas that could present problems, and suggest meetings with neighborhood groups, policy makers or City departments that may be needed. MRA staff will provide a summary of the pre-application meeting within 72 hours. This summary should be submitted with the application as documentation of this meeting.



**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. The ADC meeting schedule can be found here:

<https://www.cabq.gov/mra/albuquerque-development-commission>

A complete application includes the following (also see Application Checklist):

- A completed RTA application
- Application Narrative and attachments
- Completed Community Benefits Matrix
- Payment of Application Fee to the City

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.

Applications can be emailed to the City at [mrainfo@cabq.gov](mailto:mrainfo@cabq.gov). Applications must be submitted as one pdf. The pdf attachment must be less than 10MG. You will receive an email confirming receipt with 24 hours. If you do not receive a confirmation email, please call the MRA office.

**3. Staff Analysis and Recommendation.** Projects will be analyzed according to the Criteria for RTAs, 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.

**4. Albuquerque Development Commission Public Meeting.** MRA staff will send a notification to all property owners and neighborhood associations within 500 feet of the project site.

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. 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.

**5. City Council Approval.** City Council has final approval of a MR Tax Abatement as memorialized in an Ordinance. The Ordinance is first heard at the City Council's Finance and Government Operations Committee (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.



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.

**6. Building Permit Approval.** Prior to submitting for building permit, Applicant will need to provide MRA a final site plan and any other outstanding requirements listed in the approvals to ensure compliance with the initial application and RTA approval.

## SECTION 4: RTA LEASE

In order to facilitate the tax abatement, the City must take title to the property and will lease the property back to the Applicant for the seven-year tax abatement period. A sample of the lease agreement is found in Appendix D. This lease serves only as example and the City reserves the right to amend the lease prior to execution. Amendments may include, but are not limited to, including claw back provisions for community benefit commitments presented in the application.

## SECTION 5. ABATEMENT TIMING

The timing of when you apply for an RTA and when you execute a RTA Lease are very critical and can greatly influence the value of your tax abatement. The following is an outline of key timing considerations:

- The bond ordinance must be approved by City Council before the project receives building permit approval.
- The transaction documents must be executed no later than three years after the Council approves the Bond Ordinance, unless it is a phased project. Phased timing should be identified at the MR Application stage.
- Projects must be under construction or complete before the City will execute the transaction documents.
- While meeting the above parameters, the Property Owner can choose what day they wish to execute the transaction documents, however, the Property Owner must give the City a 45-day notice to prepare the documentation.

The chart below explains which years the property taxes will be abated based on when the RTA lease is executed. The chart also explains when the PILOT and RTA lease fee are due.



<b>This is an explanation of the timeline for the RTA Process.</b>	<b>This is an example of the timeframe for an RTA Lease executed August 31, 2020.</b>
Property valuation occurs on January 1 <sup>st</sup> of every year. Tax bills are due the following 10 <sup>th</sup> of November and the 10 <sup>th</sup> of April of the following year.	The property tax assessment for Tax Year 2020 occurs on January 1, 2020. The taxes are due in equal parts on November 10, 2020, and April 10, 2021.
The property tax abatement begins the Tax Year following the date of execution of the Transaction Documents.	Tax Year 2021 will be the first Tax Year that the property taxes are abated.  It is important to note, the Owner will still owe taxes on November 10 <sup>th</sup> 2020 and April 10 <sup>th</sup> 2021 for Tax Year 2020.
The tax abatement will apply for seven Tax Years.	The tax abatement will apply for Tax Years 2021-2027.
On the seventh anniversary of the Transaction Documents, Title is transferred back to the Property Owner.	On August 31, 2027, title is reverted back to the Property Owner.
On January 1 <sup>st</sup> of the following year, the property will no longer be exempt and the property taxes will be based on the Taxable Value.	The value of the property will be assessed on Jan 1, 2028 with the first property tax bills based on the Taxable Value due November 10 <sup>th</sup> 2028 and April 10 <sup>th</sup> 2029.
<b>Payments in Lieu of Taxes (PILT)</b>	
The Payments in Lieu of Taxes (PILT) amount due to the County is equal to the Total Tax Amount due the Tax Year prior to the date the Transaction Documents are executed.	In this example, the PILT due to the County would be the Total Tax Amount due on the 2019 Tax Bill.
The PILT is due for each Tax Year that the property tax exemption is applicable.	The PILT will be due for Tax Years 2021-2027.
The PILT is due in two equal installments, with the same customary due dates as property taxes. 1 <sup>st</sup> half is due November 10 <sup>th</sup> and the second half is due April 10 <sup>th</sup> .  Payments are made to the County Treasurers Office.	The first year's PILT will be due November 2021/April 2022.  The last year's PILT will be due November 2027/April 2028.



<b>Lease Fee</b>	
<p>The Property Owner must also pay a Lease Fee to the Metropolitan Redevelopment Agency equivalent to 10% of the abated property taxes. The formula for the Lease Fee is as follows:</p> <p>(Taxable Value the Year After Transaction Documents are Executed MULTIPLIED BY Customary Applicable Total Mill Rate)</p> <p>MINUS (Total Property Taxes Due the Year Before Transaction Documents are Executed)</p> <p>MULTIPLIED BY 10%</p> <p>EQUALS Annual Lease Fee</p>	<p>(Tax Year 2021 Taxable Value MULTIPLIED BY Customary Applicable Total Mill Rate)</p> <p>MINUS (Tax Year 2019 Total Property Tax Due)</p> <p>MULTIPLIED BY 10%</p> <p>EQUALS Annual Lease Fee</p>
<p>The Lease Fee is due for each Tax Year that the property tax exemption is applicable.</p>	<p>The Lease Fee will be due for Tax Years 2021-2027.</p>
<p>The Lease Fee is due in two equal installments each year, with the same customary due dates as property taxes. 1<sup>st</sup> half is due November 10<sup>th</sup> and the second half is due April 10<sup>th</sup>.</p> <p>Lease Fees should be mailed to:</p> <p>Metropolitan Redevelopment Agency P.O. Box 1293, Box #51 Albuquerque, New Mexico, 87103</p>	<p>The first year's Lease Fee will be due November 2021/April 2022.</p> <p>The last year's Lease Fee will be due November 2027/April 2028.</p>



## SECTION 6: FEES

RTAs are based on Total Project Cost according to the following chart

	Total Project Cost is Less than \$6M	Total Project Cost is \$6M or More
<b>RTA Application Fee</b> - Payable to the City of Albuquerque at the time the application is submitted	\$2,000	\$3,500
<b>RTA Processing Fee</b> - Payable to the City of Albuquerque-MRA when lease is executed.	\$1,000	\$2,500

RTA Abatement Fee: An annual fee incurred while the RTA is outstanding, equivalent to 10% of the actual abated taxes related to the RTA, is payable each year to the Metropolitan Redevelopment Agency to foster further redevelopment. This provision and payment mechanism is included in the RTA Lease Agreement.

## SECTION 7: PREVAILING WAGE POLICY

*If the only MRA assistance that your project receives is a Redevelopment Tax Abatement, it is assumed that the financial assistance is less than 6% and this prevailing wage requirement would not apply.*

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.

## SECTION 8: APPLICATION NARRATIVE

Please answer the following in a separate PDF document. Format your document to follow the sequence below and use the same headings.

### 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. Existing Site Conditions:** Describe the present use and development of the site, including any improvements, vacant land, etc. Describe surrounding land uses. Describe any work done to date to clear or prep the site for development.
- 3. Entitlements:** Give the current zoning of the property. Provide a list of entitlements received or required for the proposed use.

### COMMUNITY BENEFIT SUMMARY

Provide a narrative explanation of how your project meets all Community Benefit points that are shown in the completed matrix (Appendix B). Each Community Benefit category that you are requesting points needs to be addressed. Additional attachments as noted in the Matrix must also be included.

### EVALUATION CRITERIA 1. REMOVAL OF BLIGHTED CONDITIONS AND CONFORMANCE WITH METROPOLITAN REDEVELOPMENT AREA PLAN.

1. Describe specifically how the Project results in the removal of slum or blighted conditions, as defined in the Metropolitan Redevelopment Code. Please see the application instruction for a complete definition.
2. Describe specifically how the Project furthers the goals and objectives of the adopted Metropolitan Redevelopment Area Plan.
3. If buildings have been or will be demolished as a part of this Project, please describe how the demolition was/will be avoided. If the Project involves demolition of a historic structure, please describe why there was/will be no



alternative and how the demolition provides exceptional long-range benefit to the community.

4. If the project has or will include relocation of existing businesses/residents, please describe the extent of the relocation and why relocation was unavoidable. Describe the steps the applicant will make to assist current residents/businesses find new locations, including but not limited to providing monetary compensation.

## **EVALUATION CRITERIA 2: DESIGN**

A. Describe how the project meets the following enhanced design criteria:

1. 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
2. Each building elevation that faces a street or a customer parking lot shall be modulated. The wall and foundation line shall be offset at intervals so that there is at least one offset every 50 feet of wall length that varies the depth of the building wall by a minimum of 4 feet. Offsets shall comprise at least 10 percent of the length of the elevation, for at least 40 percent of the building height.

OR

3. If projects cannot meet the enhanced design criteria above, please explain why and describe what other compensating design elements are proposed to ensure a high-quality project.

## **EVALUATION CRITERIA 3. 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. 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.



## SECTION 9: OTHER

For those seeking Community Benefit Points for being a minority, LGBTQ+, veteran, or women-owned business (either as the applicant of the general contractor), you must provide a certification from one of the following certifying agencies, or another certifying agency as approved by MRA.

Women Owned Business Certification	Women's Business Enterprise National Council	<a href="https://www.wbenc.org/certification/">https://www.wbenc.org/certification/</a>
Women Owned Small Business Certification	US Small Business Administration	<a href="https://beta.certify.sba.gov/">https://beta.certify.sba.gov/</a>
Minority Owned Enterprise Certification	National Minority Supplier Development Council	<a href="https://nmsdc.org/mbes/mbe-certification/">https://nmsdc.org/mbes/mbe-certification/</a>
Veteran Business Enterprise Certification	National Veteran-Owned Business Association	<a href="https://navoba.org/certification/">https://navoba.org/certification/</a>
Service-Disabled Veteran-Owned Small Business (SDVOSB) and Veteran-Owned Small Business (VOSB) Verification	US Department of Veterans Affairs	<a href="https://www.va.gov/osdbu/verification/">https://www.va.gov/osdbu/verification/</a>
American Indian Minority- or Women-Owned Certification	American Indian Chamber of Commerce of New Mexico	<a href="http://www.aiccnm.com/certifications/">http://www.aiccnm.com/certifications/</a>
Lesbian, Gay, Bisexual and Transgender Business Enterprise (LGBTBE) Certification	National LGBT Chamber of Commerce	<a href="https://www.nglcc.org/get-certified">https://www.nglcc.org/get-certified</a>



## Appendix A: Application Checklist

A complete application includes all of the following in one pdf document in the following order:

- Application Form (Please used the Building Valuation Data in Appendix E)
- Completed Community Benefits Matrix (Appendix B)
- Application Narrative (no longer the 10 pages)

Attachments in the following order

- Map showing the location of the project
- Site Plan
- Elevations showing building colors and materials (3-D renderings are optional)
- Construction Timeline
- All required attachments for the applicable Community Benefit Criteria
- Summary of Pre-Application Meeting provided by MRA Staff
- Applicant Certification (Appendix C)
- Copy of the most recent County Assessors Notice of Value and Property Tax Bill for all parcels in the proposed project



## Appendix C: Applicant Certification

For those seeking Community Benefit Points for being a minority, LGBTQ+, veteran, or women-owned business (either as the applicant of the General Contractor), you must provide a certification from one of the certifying agencies listed in Section 9, or another certifying agency as approved by MRA.

