



**City of Albuquerque
Metropolitan Redevelopment Agency**

Tim Keller, Mayor

January 7, 2021

To: Albuquerque Development Commission

Thru: Karen Iverson, Metropolitan Redevelopment Manager

From: Diale Fomukong, Planning Development Coordinator

Subject: MRB 2021-1 Urban Highlands East, LLC; Highlands East Project
Request for approval of the issuance and sale of a Metropolitan Redevelopment Tax Abatement/Metropolitan Redevelopment Bonds in an amount not to exceed \$56,591,609.

The Metropolitan Redevelopment Agency has historically required issuance of a Metropolitan Redevelopment Bond to qualify for the seven-year property tax abatement that is permissible under NM State Statute 3-60A. All six of the Metropolitan Redevelopment Bonds issued since 2018 were self-financed by the developer, meaning that the bonds were not used to finance the project with outside investment. The benefit of the transaction to the developer is the seven-year property tax abatement that accompanies the bond. However, to receive this benefit, the current process requires the developer to spend nearly \$40,000 in legal fees associated with issuance of the bond. As a result, smaller scale projects or adaptive reuse projects are not able to justify the upfront expense, time and complication.

MRA staff asked bond council to review the MRA State Statute and determine if it was possible to provide the tax abatement without needing to issue the bonds. According to the attached memo, it is possible for the City to take title to the property, lease the property back to the owner, and grant a seven-year property tax abatement. (In a bond transaction, the City also takes title and leases the property back to the owner.) MRA staff have also discussed this with Bernalillo County Assessor and Treasurer's office to ensure smooth implementation.

As a pilot, MRA would like to process this application as a standalone tax abatement. After the application is processed in this new legal framework, staff will develop programmatic guidelines for a formal Metropolitan Redevelopment Tax Abatement Program, which will mirror the existing Metropolitan Redevelopment Bond application and process. We are also requesting that ADC recommend approval of MR bonds, in the event there is an unexpected legal hurdle.

PROJECT SUMMARY:

The Highlands East Project is \$50M, 228-unit mixed-use community with five stories of residential, community amenities (e.g. pool, clubhouse, and fitness center), and 4,000 sq. ft. of retail space on approximately 2.85 acres ("Project"). This Project is part of the larger Highlands

Master Plan which consists of five city blocks. The total investments in the Highlands Master Plan is over \$120 million, and includes more than 300 units of multi-family residential, an artisanal food market, and Springhill Suites Hotel.

Urban Highlands East, LLC is requesting the issuance of metropolitan redevelopment bonds and the associated seven-year tax abatement. The Project is located at 1301 Central Avenue NE, Albuquerque, NM 87106. The site is bounded by Central Avenue on the south, Copper Avenue on the north, Sycamore Street on the east, and includes the vacated Spruce St. on the west. Urban Highlands East, LLC, is a partnership of Titan Development and Maestas Development Group.

The Project upholds the goals of the Sycamore Metropolitan Redevelopment Plan by continuing to encourage private investment, attracting tenants, residents, and visitors to the area, and fostering community pride by improving the look and feel of the neighborhoods.

The Project will create 300 construction and engineering jobs and 8 permanent jobs, including property management and maintenance staff for the multi-family and employees for the retail businesses.

The existing annual property tax amount due on the property, identified as the baseline tax prior to construction is \$9,900. The Applicant will continue to pay the baseline amount throughout the seven-year abatement period. Following completion of the Project, the increased property tax amount is estimated to be \$563,524. With the approval and issuance of the MRB, the estimated annual amount of the property tax abated on the project would be \$553,624 for a term of seven years. The seven-year cumulative net present value of the total abated taxes is estimated to be (\$3,649,485). Following the seven-year abatement period, the estimated annual amount of property taxes that will be due from the Project is \$563,524. A Bureau of Business & Economic Research analysis is attached to this report as Exhibit B.

There is no financial obligation nor indebtedness on the part of the City resulting from the issuance of the bonds. The Applicant is responsible for all payments and liabilities associated with the bond debt.

The full project plan and application are attached as Exhibit A.

SYCAMORE METROPOLITAN REDEVELOPMENT PLAN AREA

The Highlands East Project is located within the Sycamore Metropolitan Redevelopment Area. The Sycamore MR Plan was created in 1981 to incentivize high quality mixed-use development and improve the physical and social needs in the area. This area is known as the “The Highlands Addition of Brownell and Lail” was originally platted in 1886. This is an old area in Albuquerque with undersized, insufficient, and aging infrastructure.

The Project addresses three key recommendations in the MR Plan: 1). Improve the existing “mixed-use” characteristics of the area by encouraging compatible relationships between related uses and buffering incompatible uses; 2). Improve pedestrian, transit and bicycle circulation by providing better internal connections within the neighborhood and improving connections to nearby urban centers; and 3). Prevent neighborhood decline by stimulating private reinvestment, while providing sufficient controls and guidance to ensure mutually beneficial relationships between existing and new development.

METROPOLITAN REDEVELOPMENT BOND PROJECT CRITERIA

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.**

Prior to groundbreaking on any development projects at The Highlands, significant utility relocation and replacement occurred to cleanup dated and antiquated dry and wet utility lines throughout the Project area and the adjacent roadways. The developer incurred significant backbone costs to complete this work to ensure an infrastructure system that was both functional for the area and the Highlands project as a whole. Highlands East will further relocate power lines and other utilities and place them underground. Additionally, the Project will be upgrading existing infrastructure during the construction of the Project.

Highlands East is located adjacent to the ART bus lane, and is positioned to be the model for walkable urban redevelopment in Albuquerque by promoting live/work/play and a park once environment. The redevelopment emphasizes the pedestrian experience with wide sidewalks, street furniture, and enhanced streetscape.

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.**

This zero lot line Project furthers the urban design intent of the MR Plan and Comprehensive Plan by providing an activated first floor frontage along Central Avenue, pedestrian level landscaping that will help transition from the massing of the building down to the street, and a second floor amenity space along the southern side to break up the massing of the building. Varied roof lines, building articulation, balconies, and significant glazing will properly break up the façade of the building to enhance the surrounding area and neighborhood's built environment. Additionally, the Project features nine direct access units located at ground level along Sycamore and Copper. These units are intended to create a relationship between the single family homes surrounding the site and the Project by creating a more neighborhood type feel.

- **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.**

The Project will feature a mix of stucco, stone, and metal accents that will enhance the surrounding area. Metal canopies along the first-floor street frontage will break up the façade and create a pedestrian level experience along the Central Avenue corridor. Landscaping along the frontage will use local, native species to enhance the pedestrian thoroughfare and create a streetscape that is not only visually pleasing, but functional for seating, shading, and traffic calming.

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

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

The five blocks that make up the Highlands Masterplan were characterized by vacant land and decrepit buildings that encouraged squatters and crime in the area. The dilapidated buildings were locations for drug-use and vandalism. Cedar Investors, LLC (“Cedar Investors”) undertook privately funded improvements to the area in order to create The Highlands Masterplan. Some of the improvements completed by Cedar Investors included: asbestos abatement and demolition of all of over 30 substandard buildings.

2. Project furthers the goals and objectives of the adopted Metropolitan Redevelopment Area Plan.

The goals and objectives of the Sycamore Metropolitan Redevelopment Area Plan are to:

- Improve the existing “mixed-use” characteristics of the area by encouraging compatible relationships between related uses and buffering incompatible uses;
This goal is evidenced by the commercial and residential and community uses of the buildings.
- Improve pedestrian, transit and bicycle circulation by providing better internal connections within the neighborhood and improving connections to nearby urban centers. The construction of sidewalks for pedestrians use and proximity to the ART line will allow Bicyclists to have easy access to the nearby urban centers.
- Prevent neighborhood decline by stimulating private reinvestment, while providing sufficient controls and guidance to ensure mutually beneficial relationships between existing and new development. The Project is another example of the public and private partnership to spur development in the inner city thereby alleviating neighborhood decline.
- The Highlands East Project accomplishes all the goals and objectives of the Sycamore MRA.

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.

Urban Planners, LLC originated from Cedar Investors, LLC (“Cedar Investors”). The latter undertook major privately funded improvements to the area that created The Highlands

masterplan. Cedar Investors also contributed land and formed a JV partnership known as Urban Partners, LLC. The improvements included: asbestos abatement and demolition of all of the previously decrepit buildings (over 30 structures). The fencing, demolition, and relocation of public utilities from overhead lines to underground totaled more than \$3,700,000. All demolition has been previously completed and the property is vacant land.

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.

No individuals, families, or businesses will be displaced by the activities outlined in this plan. The structures on the five city blocks that make up The Highlands masterplan were previously vacated and demolished due to vagrancy and crime, making the area unsafe.

CRITERIA III: COMMUNITY BENEFIT

1. Project provides tangible community benefit such as:

Include enhanced streetscape improvements such as widened sidewalks, urban furniture components, or other permeable public/private space that activates the street;

An enhanced streetscape along the south, east, and north frontages that will include pedestrian level lighting, shading, urban furniture, and native landscaping. This design will activate the sidewalk and surrounding area to promote walkability and outdoor activities.

Pedestrian focused design elements (i.e. landscaping, ground level shading, glazing) are incorporated into the building to encourage mass transit use. Adjacency to the Albuquerque Rapid Transit station providing quality timely public transportation service along the Central Avenue corridor with connections to 75% of the City's bus lines.

Projects will include

Incorporate charging stations for EV;

Electric Vehicle charging stations will be located at the property to further promote clean energy and living. The Project plans to incorporate 2 electric vehicle stations for residents and guests. Electrical and gas systems will incorporate energy efficient design and the Project team will collaborate with PNM and New Mexico Gas Company to maximize these efficiencies.

2. Number and Types of Jobs Created:

The Highlands East Project will create 300 full time equivalents jobs in construction, engineering and design. The Project will also create 8 full time permanent jobs, in property management, maintenance staff for the multi-family units and the retail businesses.

4. Gross Receipts Tax:

The Highlands East Project will generate an estimated \$3.7 million of Gross Receipts Tax from the construction of the Project. The estimate was derived by taking the total hard construction costs, architectural and engineering fees, and future tenant improvements and commissions, then multiplying by the tax rate.

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.

Urban Highlands East, LLC is a partnership between two real estate developers, Albuquerque based Titan Development (“Titan”) and Maestas Development Group (“MDG”). Kevin L. Reid is a founding member of Titan Development and serves as Chairman of the Board. His development and construction experience over the last 30 years includes high-rise, retail, industrial, multi-family, office, clean room and senior living. As Chairman, his primary roles include deal structures, investor relations, raise equity and strategic planning.

Ben F. Spencer is a third generation New Mexican. Ben founded Argus Development Company in 1990 which specializes in residential and retail development. Since 1990, Argus has constructed and sold over 3,000 residential lots, primarily in the Albuquerque metropolitan area, and has developed numerous retail projects including La Cueva Town Center (150,000 SF), Riverside Plaza - a mixed use office/retail development (180,000 SF), as well as numerous build-to-suit developments for Starbucks Coffee.

Maestas Development Group was founded by Steve Maestas with the belief that a real estate developer should create places that serve businesses and communities. With more than 50 successful projects, their results have a meaningful impact on cities, businesses, citizens, and investors.

CRITERIA V: MR BOND/TAX ABATEMENT NECESSITY

The Project is currently at a 5.1% Yield on Cost without a Tax Abatement. MRA underwriting assumes a 6.0 -7.0% Yield on Cost as a feasible benchmark. The tax abatement will reduce operating costs and increase the Yield on Cost to 6.0%, justifying the abatement.

RECOMMENDED ADC ACTION

Move to recommend to the City Council, approval of a Metropolitan Redevelopment Tax Abatement and/or Metropolitan Redevelopment Bond for the Highlands East Mixed Use Project based on the findings in the staff report.

FINDINGS

1. MRB 2021-1 will make a positive impact to the Sycamore Metropolitan Redevelopment Area by making a private sector investment of approximately \$ 56,591,609 million into the community. The project will show an increased market viability in the area and act as a catalyst for additional investment.

2. MRB 2021-1 Highlands East Project upholds the goals of the MR Plan by continuing to encourage private investment, attracting tenants, residents, and visitors to the area, and fostering community pride by improving the look and feel of the neighborhoods. Through this investment, both the MR Plan and the City's vision to create dynamic, high-quality, mixed-use development along the Central Avenue corridor will be accomplished. This will help spur revitalization in Albuquerque's urban core.

3. Tax Abatement/Bond Documentation shall include the following provisions:

a. Prior to submitting for building permit approval by the City, the Developer shall submit to MRA the site plan, landscape plan, and full color elevations of the Project for review and approval to ensure final building plans are consistent with the Proposal. Proposal includes enhanced streetscape to include sidewalks a pedestrian realm that is at least 12-feet wide along Central and at least 9-feet wide along Copper and Sycamore; sidewalk pavers along Central, planters along the building on all four sides, 6 benches; and 2 number of electric car charging stations.

b. Developer is responsible for securing tenants to ensure that seventy-five (75%) percent of the retail and restaurant rentable square footage is occupied within one (1) year of the Completion Date. "Retail Rentable Square Footage" is defined as the 4,000 sq. ft. retail space shown on the southwest corner of the Building in the Site Plan. Once seventy-five percent (75%) of the retail and restaurant rentable square footage is initially occupied, Developer will maintain an average of seventy-five percent (75%) of the retail and restaurant rentable square footage for the term of the tax abatement, as documented in annual reports submitted to MRA, showing the monthly occupancy (the "Initial Occupancy Requirements"). Developer is responsible for making best-faith efforts to recruit tenants including lowering rents, if necessary. If Initial Occupancy Requirement is not met, a fee of 5% of the abated taxes shall be made payable to the MRA for the year prior.

APPLICATION
For
METROPOLITAN REDEVELOPMENT BOND
Project Approval

Name of Project: Highlands East Project

Location of Project: Sycamore Metropolitan Redevelopment Area

Company Name: Urban Highlands East, LLC

Company Website: www.titan-development.com

Contact Person: Josh Rogers

Address: 6300 Riverside Plaza Ln NW, Suite 200

Telephone: 505-998-0163

Email: jrogers@titan-development.com

Bond Counsel: Christopher Pacheco

Address: 6300 Riverside Plaza Ln NW, Suite 200
Albuquerque, NM 87120

Telephone: 505-998-0163

Bond Amount Requested: \$56,591,609 Fee Submitted: Yes

Total Project Square Footage: 410,768 Building Construction Type: VA

Tax Abatement Requested: Yes No

Highlands East

Metropolitan Redevelopment Bond Application



Submitted by:
Urban Highlands East, LLC

I. 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.

Urban Highlands East, LLC (the “Applicant”) is submitting the **Highlands East Project** (“Highlands East” or the “Project”) for an allocation of Metropolitan Redevelopment Bonds (“MR Bonds”). The Project is a 228-unit multi-family community on approximately 2.85 acres. As a part of the larger 12-acre redevelopment masterplan called The Highlands, the Project will provide better access to housing and commercial services while revitalizing an infill site in the heart of Albuquerque’s urban core. Of chief importance to this transformation is the conversion of currently blighted land into a thriving mixed-use development that will include hospitality, residential, and, eventually, commercial components.

The Site is located in Albuquerque, New Mexico, east of the intersection of Interstate-25 (“I-25”) and Central Avenue (“Central Ave.”), two major thoroughfares in the city (see “Exhibit A”). The Site is bounded by Central Ave. on the south, Copper Ave. on the north, Sycamore St. on the east, and includes the vacated Spruce St. on the west (see “Exhibit B”). For the full legal description see “Section I(2) : Legal Description.” This area is part of the Sycamore Metropolitan Redevelopment Area (the “Sycamore MR Area” or the “MR Area”) governed by the Sycamore Metropolitan Redevelopment Plan (the “Sycamore MR Plan” or the “MR Plan”) (see “Exhibit C”). The Project has been designed to fully comply with the MR Plan. Per the MR Plan, “Policy Three: Metropolitan Redevelopment Bonds shall be available within the Sycamore area for projects which conform to this plan.”¹ The Highlands redevelopment masterplan is entirely located within the MR Area. The area known as “The Highlands Addition of Brownell and Lail” (“The Highlands Addition”) was originally platted in 1886. This is an old area of Albuquerque with undersized, insufficient, and aging infrastructure. In 1981, the City of Albuquerque (the “City”) created the Sycamore MR Area, to incentivize high-quality mixed-use development in the area, as well as improve upon the physical and social service needs there. Though the MR Area was created with good intentions, Sycamore has waited over 35 years for any new redevelopment to occur. Highlands East will be one of the many projects in The Highlands masterplan that will revitalize this area in Albuquerque’s core. The total bond amount being requested for the Project, is \$56,591,609. As part of these incentives, the Applicant is requesting MR Bonds in order to obtain the property tax abatement available under the Metropolitan Redevelopment Code (“MR Code”). Alternatively, the applicant is aware that the City of Albuquerque is working on an alternative structure to Metropolitan Redevelopment Bonds that would facilitate the 7-year property tax abatement without having to go through the “Bond” process. The applicant is open to the concept and will pursue either path upon finalization of the alternative structure.

Highlands East is a 228-unit mixed-use community comprised of 5-stories of residential units, community amenities (e.g. leasing center, clubhouse, and fitness center) (see “Exhibit D”), and commercial retail uses, over two levels of structured and secure parking.

¹ “Sycamore Metropolitan Redevelopment Area.” Sycamore Metropolitan Redevelopment Area. Pg. 45.

Contextually, there is a larger narrative of revitalization and growth in Albuquerque that this proposal has the potential to leverage. The Highlands masterplan is the largest, urban, infill opportunity in Albuquerque. Situated between Downtown and the University of New Mexico (“UNM”), the district is home to the highest daytime population and the greatest densities of residential real estate. Located adjacent to the new ART bus lane, The Highlands is positioned to be the model for walkable urban redevelopment in Albuquerque by promoting live/work/play and a park once environment.

The Highlands redevelopment consists of five city blocks, and the \$120+ million project will include over 300 units of multi-family, an artisanal food market, and other retail and restaurant components, in addition to the Springhill Suites Hotel. The high-quality development emphasizes the pedestrian experience with wide sidewalks, street furniture, art, and a beautiful streetscape (see “Exhibit E”). Built on the strength of this private and non-profit partnership, we believe this exciting new development will become a marquee project in Albuquerque, a catalyst for continued growth in the area, and a tremendous benefit to the community.

During the design process, the applicant followed the MR Plan’s guidelines for multi-family residential development, specifically, “New multi-family residential development should have desirable design features including the provision and good siting of open space, effective landscaping, attractive street facades and entrances, off-street parking in close proximity to individual units, convenient access and circulation, and preservation of views along with compatibility with topography.”² Careful consideration was given to the public space of the Project on the streets bounding the Project. The sidewalks, landscaping, and parking areas were designed with the public, pedestrian, and the neighborhoods in mind. Great effort and design went into the area dedicated to public access and thoroughfare. Through focusing on the connections between the Project and the neighborhoods, the Project is designed to promote walkability, enhance safety, and greatly improve the experience of the neighborhoods. The Highlands East project will feature a significant pedestrian thoroughfare along Central Avenue that will promote walkability and create a desirable frontage along the corridor. Direct access to the commercial retail and community amenity spaces will create the urban, mixed-use environment desired throughout the Central Avenue corridor and envisioned in the Sycamore MR Plan. Careful consideration was given to the public space of the Project on the four streets bounding the Project. The sidewalks, landscaping, and parking areas were designed with the pedestrian and the neighborhood in mind. This urban environment is furthered along the east and north sides of the building with direct access units along the street frontage. The intention of this design is to activate the frontage and promote walkability along the corridor. On-site parking will be shielded and secured within a two-story parking garage that is located under the building. This parking area will be generally shielded by the retail and community amenity spaces, and direct access first-floor units. Additionally, the Applicant is utilizing pedestrian-scale lighting around the entire block, to create a safe and secure environment for the neighborhoods.

As outlined in the Sycamore MR Plan, the vision for the MR Area is one that creates a mixed-use community that improves pedestrian transit, bicycle circulation; connections with the surrounding neighborhoods; and nearby urban centers; and prevents neighborhood decline by stimulating private

² “Sycamore Metropolitan Redevelopment Area.” Sycamore Metropolitan Redevelopment Area. Pg. 28.

investment.³ By implementing the MR Plan, strategic public and private investment will create a well-connected, mixed-use destination fostering job creation, new residential development, and retail and entertainment opportunities. The MR Area will act as a catalyst for adjacent, high-quality development that strengthens the city’s urban core along the Central Ave. corridor. As a part of the overall Highlands development in the MR Area, the Project addresses the three key recommendations in the MR Plan: 1) to improve the existing mixed-use characteristics; 2) to improve pedestrian, transit and bicycle circulation; and 3) to prevent neighborhood decline by stimulating private reinvestment.⁴ The Project upholds the goals of the MR Plan by continuing to encourage private investment, attracting tenants, residents, and visitors to the area, and fostering community pride by improving the look and feel of the neighborhoods. Ideally, these reinvestments will encourage the neighboring property owners to do the same, bringing vitality, improving safety, and positively impacting crime levels and aesthetics throughout the area. By adding in medium-density housing to the area, more residents will bring “new eyes on the street” and help improve security and safety in the area. Through this investment, both the MR Plan and the City’s vision to create dynamic, high-quality, mixed-use development along the Central Ave. corridor will be accomplished. This will help spur revitalization in Albuquerque’s urban core.

2. Legal Description:

Give both the physical address and complete legal description for the project.

The address of the Project is 1301 Central Ave Ne, Albuquerque, NM 87106, more particularly described as:

Tract numbered Six (6) of the Plat of THE HIGHLANDS, Blocks 3, 4, 5, 6, & 21, Brownell & Lail's Highland Addition, Projected Section 21, Township 10 North, Range 3 East, New Mexico Principal Meridian, Town of Albuquerque Grant, Albuquerque, Bernalillo County, New Mexico, as the same is shown and designated on the Plat thereof, filed in the office of the County Clerk of Bernalillo County, New Mexico on June 13, 2017 in Plat Book 2017C, Page 73.

3. Existing Site Conditions:

Describe the present use and development of the site, including any improvements, vacant land, etc. Describe surrounding land uses.

The five city blocks that make up The Highlands masterplan were plagued by vacant land and decrepit buildings that encouraged squatters and crime in the area. The dilapidated buildings were locations for drug-use and vandalism. There were numerous police and news reports of crime at the property. Surrounding neighbors complained about the squatters and feared for the security of their homes, vehicles and their own personal safety (see “Exhibit F”). With the redevelopment of the area, Cedar Investors, LLC (“Cedar Investors”) undertook major privately funded improvements to the area in order to create The Highlands masterplan and contributed their land into the project and formed a JV partnership known as Urban Partners, LLC. The improvements included: asbestos abatement and demolition of all of the previously decrepit buildings (over 30 structures), fencing and boarding up of remaining buildings, and the relocation of public utilities from overhead lines to underground. This work

³ “Sycamore Metropolitan Redevelopment Area.” Sycamore Metropolitan Redevelopment Area. Pg. 25.

⁴ “Sycamore Metropolitan Redevelopment Area.” Sycamore Metropolitan Redevelopment Area. Pg. 25.

was done at the cost of over \$3,700,000. The Project developer just completed two other projects: (1) Broadstone Highlands North, a 92-unit multi-family project, and (2) Marriott Springhill Suites (“Hotel”) including the Ronald McDonald House and the Skybridge providing direct pedestrian access over Central Avenue from the Hotel to Presbyterian Hospital.

4. Land Acquisition:

Indicate the current status of the property ownership. Provide documentation in the form of a deed, lease, or option.

The Applicant is the current fee simple owner of the land through a subsidiary LLC, Cedar Investors, LLC, required for the Project and is not requesting proceeds from MR Bonds to acquire more land. As previously stated, the Applicant is submitting this application as part of the MR Area incentive to obtain the property tax abatement available under the MR Code. The deed is attached hereto as Exhibit “J”.

5. Entitlements:

Give the current zoning of the property. Provide a list of entitlements received or required for the proposed use.

A zoning change is not required. Per the Integrated Development Ordinance (“IDO”) zoning, the Site is zoned Mixed-Use – Moderate Intensity (“MX-M”) (see “Exhibit G”). Multi-Family and retail uses are permissively allowed in the MX-M zone. The Project has an approved Site Development Plan by the Development Review Board (“DRB”), which has been delegated pending approval of a financial guarantee. The submittal date is to be determined. At this time, a variance to the zoning code is not expected.

6. Bond Amount:

State the bond amount requested and whether a tax abatement is also requested.

The total bond amount being requested for the Project, is \$56,591,609. The Applicant is requesting MR Bonds in order to obtain the property tax abatement available under the MR Code.

II. Infill and Design

1. 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.*

Prior to groundbreaking on any development projects at The Highlands, significant utility relocation and replacement occurred to cleanup dated and antiquated dry and wet utility lines through the Project area and the adjacent roadways. The ownership incurred significant backbone costs to complete this work to ensure an infrastructure system that was both functional for the area and the Highlands project as a whole. Highlands East will further relocate power lines and other utilities and place

them underground. Additionally, the Project will be upgrading existing infrastructure during the construction of the Project.

- *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.*

The Highlands East project will feature both residential and retail components designed with the intent to activate the adjacent street frontage to promote walkability along the Central Avenue corridor. The Project features a landscaped pedestrian thoroughfare that will complement the modern architecture to create a visually pleasing built environment. The building will feature significant glazing, articulation, and accents to properly break up the façade and create a unique and identifiable building along the corridor. The mixed-use nature of the building will offer a variety of services and residential options within the MR Plan area. The Project is located adjacent to the Albuquerque Rapid Transit station, providing timely and safe public transportation along the job and entertainment centric Central Avenue corridor.

2. 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.*

This zero lot line Project furthers the urban design intent of the MR Plan and Comprehensive Plan by providing an activated first floor frontage along Central Avenue, pedestrian level landscaping that will help transition from the massing of the building down to the street, and a second floor amenity space along the southern side to break up the massing of the building. Varied roof lines, building articulation, balconies, and significant glazing will properly break up the façade of the building to enhance the surrounding area and neighborhood's built environment. Additionally, the Project features 9 direct access units located at ground level along Sycamore and Copper. These units are intended to create a relationship between the single family homes surrounding the site and the Project by creating a more neighborhood type feel.

- *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.*

The Project will feature a mix of stucco, stone, and metal accents that will enhance the surrounding area. Metal canopies along the first-floor street frontage will break up the façade and create a pedestrian level experience along the Central Avenue corridor. Landscaping along the frontage will use local, native species to enhance the pedestrian thoroughfare and create a streetscape that not only visually pleasing, but functional for seating, shading, and traffic calming.

III. Removal of Slum or Blighted Conditions and Conformance with the Metropolitan Redevelopment Area Plan

1. Conformance with MR Plan:

Describe how the project will eliminate slum or blighted conditions. Describe, in detail, how the project furthers the goals and policies of the approved Metropolitan Redevelopment Area Plan. 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.

In the 1981 Sycamore MR Plan, the Metropolitan Redevelopment Staff (“MR Staff”) recommended that the proposed site would benefit from being designated an MR Area. This recommendation was based on the description of the current conditions qualifying under the MR code as an area that, “Shall seek to eliminate problems created by a slum area or blighted area.”⁵ The MR Plan was then created with the goal to promote high-quality mixed-use development, invest in the public infrastructure in the area, improve conditions for the surrounding neighborhoods and improve the overall health, safety, and economic diversity within areas of the MR Area. The goal of Highlands East, and The Highlands masterplan, is to create a mixed-use community in Albuquerque’s urban core. This development follows the MR Plan’s goals and policies to provide neighborhood commercial services within walking distance of residences, provide housing accommodations closer to employment centers, and allow a mix of uses (e.g. commercial, office, and residential) within a single new complex. This is designed to create complementary relationships between all of these uses and the surrounding neighborhoods and business.⁶

The MR Area resolution addressed specific concerns of blighted conditions in the area, including commercial needs, residential needs, physical improvement needs, and social services needs. In addition to these needs, for the Central Ave. corridor, the basic redevelopment intent is to upgrade commercial uses, some of which presently have a negative effect on both the neighborhood immediately to the north and the Hospital. The Central Avenue Redevelopment Area (the “Central Ave. Area”) is proposed to become more oriented to the neighborhood, both in terms of providing support and commercial services to the residential area immediately to the north and in terms of providing quality housing and ancillary services to the Hospital and its employees. Areas which have mixed-use characteristics are encouraged to develop compatible relationships between related uses while buffering incompatible uses.⁷ The Sycamore MR Area is also very “urban”, in the sense of having many pedestrians, traffic congestion, noise and parking problems common to urban areas. The MR Plan takes into account this basic character and recommends emphasizing the positive aspects of the MR Area as an urbanized and urbanizing area. Public improvements to be undertaken in the MR Area are intended to enhance its use for pedestrians and make it a more pedestrian-friendly along Central Ave. as a mixed-use retail corridor.⁸

When evaluating the MR Area’s problems and needs, the MR Plan calls for: commercial needs, residential needs, physical improvement needs, and social services needs. For commercial needs, “These factors point to a general pattern of commercial decline, and support the conclusion that the area exhibits, ‘low levels of commercial activity or redevelopment’ as a basis for requiring special assistance. These low

⁵ “Sycamore Metropolitan Redevelopment Area.” Sycamore Metropolitan Redevelopment Area. Pg. 16.

⁶ “Sycamore Metropolitan Redevelopment Area.” Sycamore Metropolitan Redevelopment Area. Pg. 22-23.

⁷ “Sycamore Metropolitan Redevelopment Area.” Sycamore Metropolitan Redevelopment Area. Pg. 11-12.

⁸ “Sycamore Metropolitan Redevelopment Area.” Sycamore Metropolitan Redevelopment Area. Sycamore Citizens’ Task Force Survey. Pg. 12.

levels of activity exist despite the demand for neighborhood commercial services evidenced by planning surveys.⁹ Prior to the implementation of the Highlands masterplan, including the SpringHill Suites and Highlands North projects, the existing commercial activity along Central Ave., with the exception of one 31-unit motel and other motels adjacent to the area, is largely unrelated, or in some cases detrimental, to the Hospital and neighborhood functions. These low levels of commercial activity exist despite the MR Area's location between two major urban centers and its large concentration of employees, suggesting excellent potential for attracting supportive and ancillary services.¹⁰

The MR Plan calls for site review requirements to ensure high-quality development occurs in the MR Area. This review process promotes that new multi-family residential development, “Should have desirable design features including provision and good siting of open space, effective landscaping, attractive street facades and entrances, off-street parking in close proximity to individual units, convenient access and circulation, and preservation of views along with compatibility with topography.”¹¹ Highlands East, and The Highlands masterplan, have taken the steps to create a dynamic pedestrian focus environment in the new development. Highlands East is well-landscaped and creates an attractive street-front. The redesign of the public area includes six-foot wide sidewalks, curb bulb-outs into the right-of-way for protected street parking, ample landscaping with a large amount of street trees, and pedestrian-scale lighting. The leasing center and clubhouse occupy the main hard corner of the building creating an engaging interaction with the street and sidewalk. The direct-access units will also stimulate a relationship with the surrounding single-family neighborhoods. The majority of resident parking is located within secured on-site parking spaces and garages. Additional spaces that are located on-street will benefit from sidewalk improvements, curb bump-outs, and street landscaping. These features help alleviate neighborhood concerns about increased parking on their residential streets. More pedestrians in the area will also increase safety, because this will encourage even more pedestrians to take advantage of the area’s walkability.

Additionally, as part of The Highlands redevelopment, the masterplan includes enhanced street design along Central Avenue to act as a community walking area for the entire length of the corridor. The pedestrian thoroughfare along Central includes landscaped sidewalks that range from 15 feet to over 30 feet in width. These areas will include patios, benches, lush landscaping, street art, and pedestrian scale lighting. The design intent for the pedestrian thoroughfare is to activate the street and the experience of walking throughout the development. The projects will also have iconic blade signs on the building as well as monument signs and wayfinding throughout the masterplan. The signs will light up at night to pay homage to the Route-66 era of Central Ave. All of these items combine to create a unique high-quality environment in Albuquerque (see “Exhibit E”).

When considering the commercial needs, “The [MR Area's] proximity to both the hospitals and higher education institutions, with large employee and student populations, suggests a significant demand for housing. The survey of the hospital employees and physicians undertaken as part of this

⁹ “Sycamore Metropolitan Redevelopment Area.” Sycamore Metropolitan Redevelopment Area. Pg. 16.

¹⁰ “Sycamore Metropolitan Redevelopment Area.” Sycamore Metropolitan Redevelopment Area. Pg. 17.

¹¹ “Sycamore Metropolitan Redevelopment Area.” Sycamore Metropolitan Redevelopment Area. Pg. 27.

planning process provides evidence which supports this conclusion.”¹² The physical needs of the area include public improvements to neighborhood public infrastructure such as sidewalks, curbs, and landscaping. The social service needs bring up the high level of crime in the area. The development team has addressed the crime by demolishing the rundown buildings on the site of the masterplan that encouraged crime. New quality development, such as Highlands East and The Highlands masterplan, will help to alleviate these issues by bringing more visitors and residents to the area.

The previous Comprehensive Plan also designates the Sycamore Area as a Redeveloping Urban Area defined as an, “infill area appropriate for redevelopment at mixed densities.” Furthermore, the Comprehensive Plan commits the City to, “continue and expand,” its redevelopment.¹³ The Comprehensive Plan also is a proponent of higher density development in the city’s urban core, especially infill development. “A basic concept of the Comprehensive Plan is that vacant land within the city limits should be developed to alleviate pressure for continued outward expansion of the city limits and reduce the costs of extending city services. Therefore, the Comprehensive Plan proposes that densities closer to the center city will be higher than those at the fringe and calls for a “mixed density” type of development pattern within older Redeveloping Areas, such as Sycamore.”¹⁴

The Comprehensive Plan also promotes alternative forms of transportation and balanced circulation. “The Comprehensive Plan seeks to discourage exclusive reliance on the automobile by creating urban environments which encourage public transit, bicycling and walking. The MR Plan complements this policy by proposing public improvements designed to create a more balanced transportation system. Transit is encouraged through the provision of bus shelters along Central Ave. and creating pedestrian walkways. Cedar Investors, LLC, along with Presbyterian Hospital, worked closely with the City during the planning and construction of the new ART bus system along Central Ave. Through a comprehensive agreement between Cedar Investors and the City, a significant portion of Cedar Investors’ land was granted to the City, so that the bus lane could be constructed on the portion of Central Ave. located between Presbyterian Hospital and The Highlands. By having an ART bus stop located immediately adjacent to The Highlands, it will encourage residents of Highlands East to commute on public transportation east and west along Central Ave. Additionally, by inserting new housing units into the urban core, these residents will also be able to conveniently walk or take the ART since there are a variety of employers and higher education institutions nearby.

For the reasons stated, the Highlands East project will directly enhance the policies outlined in the Sycamore MR Plan – Central Avenue Redevelopment Area by (1) redeveloping to commercial and mixed uses, (2) upgrading the neighborhood character and quality, and (3) development oriented to a pedestrian scale.

Overall, the Project will further all redevelopment policies, by promoting the health, safety, security, and welfare of the citizens of Albuquerque and the MR Area. The proposed Project falls in line with both the MR Plan and the City’s long-term development plans.

¹² “Sycamore Metropolitan Redevelopment Area.” Sycamore Metropolitan Redevelopment Area. Pg. 17.

¹³ “Sycamore Metropolitan Redevelopment Area.” Sycamore Metropolitan Redevelopment Area. Pg. 21.

¹⁴ “Sycamore Metropolitan Redevelopment Area.” Sycamore Metropolitan Redevelopment Area. Pg. 22.

2. Demolition:

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.

As described in Section I(3), all demolition has been previously completed and the property is vacant land.

3. Relocation of Individuals or Businesses:

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.

No individuals, families, or businesses will be displaced by the activities outlined in this plan. The structures on the five city blocks that make up The Highlands masterplan were previously vacated and demolished due to vagrancy and crime making the area unsafe.

IV. Community Benefit.

1. Community Benefit:

Describe how the project will provide a 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.

The Highlands East Project will provide a significant tangible community benefit, including:

- a. Provide Living Wage Jobs: The Project itself will create jobs, generate revenue, and provide gross receipts tax for the City. The Project will create long term, living wage jobs related to property management, maintenance, and janitorial services. Job creation is categorized into two areas: (1) jobs created for operations of the multi-family community, and (2) jobs created for operations of the retail space. The multi-family community is anticipated to create 8 jobs, all of which are expected to provide a living wage salary. Per the MIT Living Wage Calculator, living wage for an individual with no kids is \$23,213 per year (\$11.16/hour). The retail space is anticipated to create between 10 and 25 total jobs. Due to the uncertainty of the potential tenants, ongoing occupancy and use in the space, the applicant cannot commit to the exact number of jobs or wages in the retail space. Some of the retail jobs might be catered to students working part time, and will likely be earning a lower, entry level wage.
- b. Enhanced Streetscape Improvements: An enhanced streetscape along the south, east, and north frontages that will include pedestrian level lighting, shading, urban furniture, and native landscaping. This design will activate the sidewalk and surrounding area to promote walkability and outdoor activities.
- c. Pedestrian and Multi-modal focused Design Elements: Pedestrian focused design elements (i.e. landscaping, ground level shading, glazing) are incorporated into the building to encourage mass transit use. Adjacency to the Albuquerque Rapid Transit station providing quality timely public transportation service along the Central Avenue corridor with connections to 75% of the City's bus lines. The Project was designed to take advantage of the new ART station at Spruce Street. The Project was responsible for the relocated streetlight to Spruce Avenue facilitating the ART Station to be located at the intersection. This Project vacated Spruce Street right-of-way on the north side of Central Avenue in order to allow for a lighted intersection at Spruce and Central as it exists today.
- d. Incorporate Charging Stations for EV's: Electric Vehicle charging stations will be located at the property to further promote clean energy and living. The Project plans to incorporate 10 to 15 electric vehicle stations for residents and guests.
- e. Recruit New or Expanding Businesses: Recruitment of new and expanding neighborhood businesses that will have the opportunity to lease the newest and highest quality retail space in Albuquerque.
- f. Renewable Energy and Energy Efficiency: Electrical and gas systems will incorporate energy efficient design and the Project team will collaborate with PNM and New Mexico Gas Company to maximize these efficiencies.
- g. Neighborhood Serving Retail or Services / Commitment to Recruit from Local Neighborhood: The Project will include ground-level, street facing, neighborhood serving retail to serve residents and workers in the area. Although the exact tenant mix has not been identified, the types of users could include a coffee shop, yoga studio, brewery, sandwich shop, insurance agency, and bank. The hope is that these businesses will be procured from the local neighborhood to enhance the historic neighborhood feel of the Sycamore and Silver Hill community.
- h. Additional Parking Options: Off-site and secured parking for residents and guests in an area that has limited parking options.

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.

- Construction Jobs – 300 FTE’s, including direct construction jobs, engineering and design, and backbone infrastructure construction jobs.
- Permanent Jobs – 8 FTE’s, including property management and maintenance staff for the multi-family and employees for the retail businesses.

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.

- Estimate of \$3.7 million of Gross Receipts Tax generated from the construction of the Project
 - The estimate was derived by taking the total hard construction costs, architectural and engineering fees, and future tenant improvements and commissions, then multiplying by the tax rate. These costs total approximately \$47,000,000 multiplied by 7.875%.
- Estimate of \$153,024 annual Gross Receipts Tax generated from the operations of the Project.
 - This estimate was derived from the following chart:

Estimated GRT Revenue generated from Highlands East		
Item	Gross Sales/Fee	GRT Generated (7.8750%)
Retail Space #1	\$ 625,000	\$ 49,219
Retail Space #2	\$ 625,000	\$ 49,219
Asset Management	\$ 47,892	\$ 3,772
Payroll	\$ 319,200	\$ 25,137
Repairs and Maintenance	\$ 28,500	\$ 2,244
Advertising	\$ 57,000	\$ 4,489
Administrative	\$ 34,200	\$ 2,693
Management Expense	\$ 143,676	\$ 11,314
Landscaping	\$ 28,500	\$ 2,244
Capital Reserves	\$ 34,200	\$ 2,693
TOTAL	\$ 1,943,168	\$ 153,024

V. 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?

Urban Highlands East, LLC is a partnership between two real estate developers, Albuquerque based **Titan Development** ("Titan") and Albuquerque based **Maestas Development Group** ("MDG"). The joint vision for The Highlands is one of complete transformation around the existing Presbyterian Hospital. The top priority of this transformation is the conversion of currently blighted land into a thriving mixed-use development that will eventually include hospitality, commercial, and residential components. Titan is the largest developer of multi-family housing in New Mexico. To-date, Titan has completed six multi-family projects in New Mexico, for a total of 956 units. Two of the multi-family projects located in Albuquerque, Broadstone Santa Monica and Broadstone Promenade, were key components of the redevelopment of the Del Rey Metropolitan Redevelopment Area in the Northeast Heights of the city ("Del Rey MR Area"). Additionally, the 226-unit multi-family project Broadstone Northpoint has been constructed in the Coronado Metropolitan Redevelopment Area ("Coronado MR Area") also located in north Albuquerque and the 92-unit Broadstone Highlands North is under construction in the Sycamore MR Area. The 102-unit Broadstone Nob Hill is located in the Central / Highland / Upper Nob Hill Metropolitan Redevelopment Area.

Titan Development:

Titan Development was founded in 1999 in Albuquerque, New Mexico by **Kevin Reid** and **Ben Spencer**, in an effort to provide a full range of real estate services to meet clients' needs. After realizing success in New Mexico, Titan replicated its effective development model and expanded into other strategic and high growth markets including Texas, Arizona, Florida, and South Carolina.

Over the past 18 years, Titan Development has established a proven track record across a diversified class of real estate developments including: multi-family, senior housing, office, industrial, retail, self-storage, and single-family lots. The principals of Titan have been involved in over 10 million square feet of real estate development and have developed over \$2.1 billion of real estate, inclusive of their work at Titan. Titan is a vertically-integrated, full-service development company, providing all necessary services to transform raw land into income producing real estate assets.

Kevin Reid, Partner – Titan Development

Kevin L. Reid is a founding member of Titan Development and serves as Chairman of the Board. Raised in Austin, Texas, he graduated from The University of Texas with a professional degree in Architecture with an emphasis on structural engineering. After graduation he worked as an architect in Dallas and Austin, Texas. In 1999, he founded and still owns Reid and Associates Design Build Construction which is Titan's strategic partner for design and construction. His development and construction experience over the last 30 years includes high-rise, retail, industrial, multi-family, office, clean room and senior living. As Chairman, his primary roles include deal structures, investor relations, equity raise and strategic planning

Ben Spencer, Partner – Titan Development

Ben F. Spencer is a third generation New Mexican. Ben founded Argus Development Company in 1990 which specializes in residential and retail development. Since 1990, Argus has constructed and sold

over 3,000 residential lots, primarily in the Albuquerque metropolitan area, and has developed numerous retail projects including La Cueva Town Center (150,000 SF), Riverside Plaza - a mixed use office/retail development (180,000 SF), as well as numerous build-to-suit developments for Starbucks Coffee. For more than ten years, Mr. Spencer was the President of Spencer Investment Company, owners of skilled nursing facilities and specialty hospitals in the state of New Mexico. In 2010, Mr. Spencer sold his company to Fundamental Healthcare.

Kurt Browning, Partner – Titan Development

Kurt Browning is Chief Development Officer and Partner with Titan Development and has twenty years of real estate development experience including raw/developed land, acquisitions, dispositions, design-build lease-backs, and redevelopments. He manages all development processes, entitlements, budgeting, design-construction management, as well as joint venture structure and opportunistic acquisitions focusing on all land uses. Kurt contributes with financing, equity and debt structuring throughout the development process. A graduate of Texas Tech University, Kurt has overseen over \$750M in total development. His familiarity and relationships with all municipal, state and government officials, in multiple jurisdictions are unparalleled creating a strong development platform for Titan.

Maestas Development Group

Maestas Development Group was founded by Steve Maestas with the belief that a real estate developer should create places that serve businesses and communities. With more than 50 successful projects, their results have a meaningful impact on cities, businesses, citizens, and investors. In today's complex and uncertain investment arena, MDG has a clear and strategic approach to investing and development. They exercise specific and proven investment practices to ensure fiscal discipline is exercised with each venture. This includes applying focused diligence in site selection, financial modeling, and development execution. Their methods and experience create predictable outcomes for each of their projects.

Steve Maestas, Chief Executive Officer – Maestas Development Group

Steve currently serves as CEO of Maestas Development Group, a company that has acquired and developed over 50 commercial projects throughout the Southwestern United States. Steve is the founder of Maestas & Ward, an industry leader in commercial real estate. Under his leadership, Maestas & Ward has repeatedly been recognized as one of New Mexico's Top Private 100 companies. As an entrepreneur, Steve owns and operates other successful businesses, including the licensing rights to Sadie's Restaurant, one of the most established and recognized New Mexico brands.

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.; and Have NOT been found guilty of any federal, state, or local crimes, excluding misdemeanors.

The Applicant and all owners of the development entity (i) have no outstanding substantive federal, state or local tax issues; (ii) 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; (iii) are not subject to any pending litigation; and (iv) have not been found guilty of any federal, state, or local crimes, excluding misdemeanors.

3. Construction Schedule:

Provide a construction timeline with benchmarks.

Construction of the Project is anticipated to begin in Q4 2021 and is expected to be complete in 23 months.

4. Issuance of Bonds:

Provide the anticipated date of bond issuance and bond amount.

The anticipated date of bond issuance is July 2023.

VI. Bond Necessity.

1. Value After Completion:

Provide the estimated total development cost using the attached development budget form. Provide the estimated project value after completion.

The estimated Project value after completion is \$56,591,609.

2. Request of Tax Abatement:

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.

Tax abatement is requested. The Project is currently at a 6.35% Yield on Cost. In order to be financially feasible a project must have a spread between currently capitalization rates on disposition of 150 basis points or higher. Currently, the anticipated capitalization rate on disposition is 5%. Therefore, the Project is 15 basis points short on hitting Titan's minimum investment hurdle. The property abatement would raise the yield on cost to 6.84% making the Project financially feasible.

3. Present Assessed Value:

Provide a summary of the present assessed value and tax bill for all parcels according to the Bernalillo County Assessor's office.

According to the Bernalillo County Assessor, the present assessed value of the Site is \$546,900 (see "Exhibit I").

HIGHLANDS EAST – MRB APPLICATION EXHIBITS 11/3/20

EXHIBIT A – Context of Project Site in Albuquerque, NM



Context map of the site within Albuquerque, NM



Map showing the site of the proposed Highlands master plan redevelopment. The site is located at the major intersection of Interstate-25 and Central Ave., directly north of Central Ave. from Presbyterian Hospital.

EXHIBIT B – Masterplan and Project Site

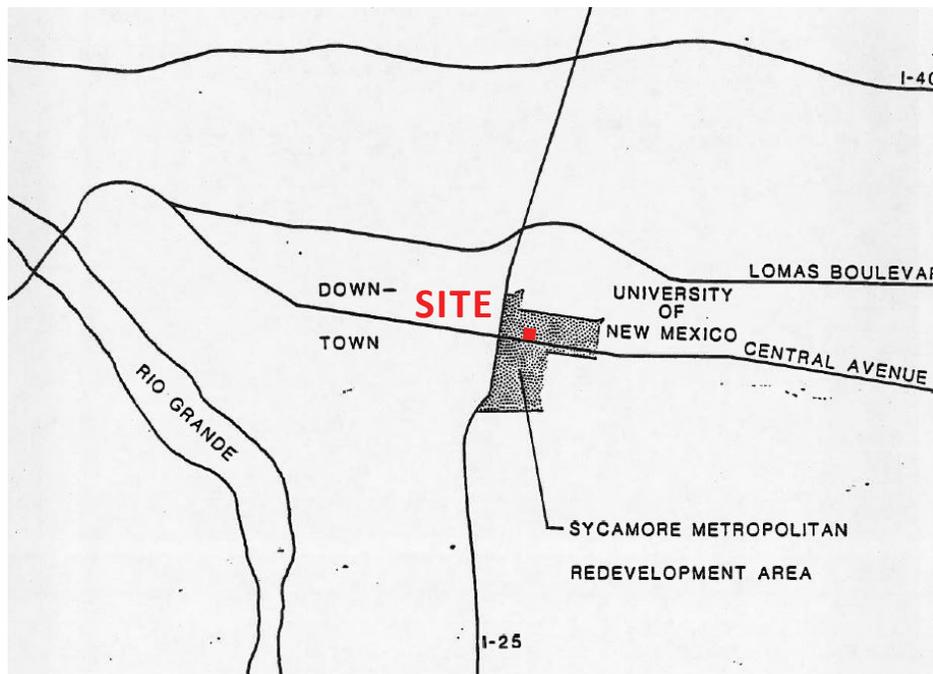


Map showing the site for The Highlands masterplan redevelopment.

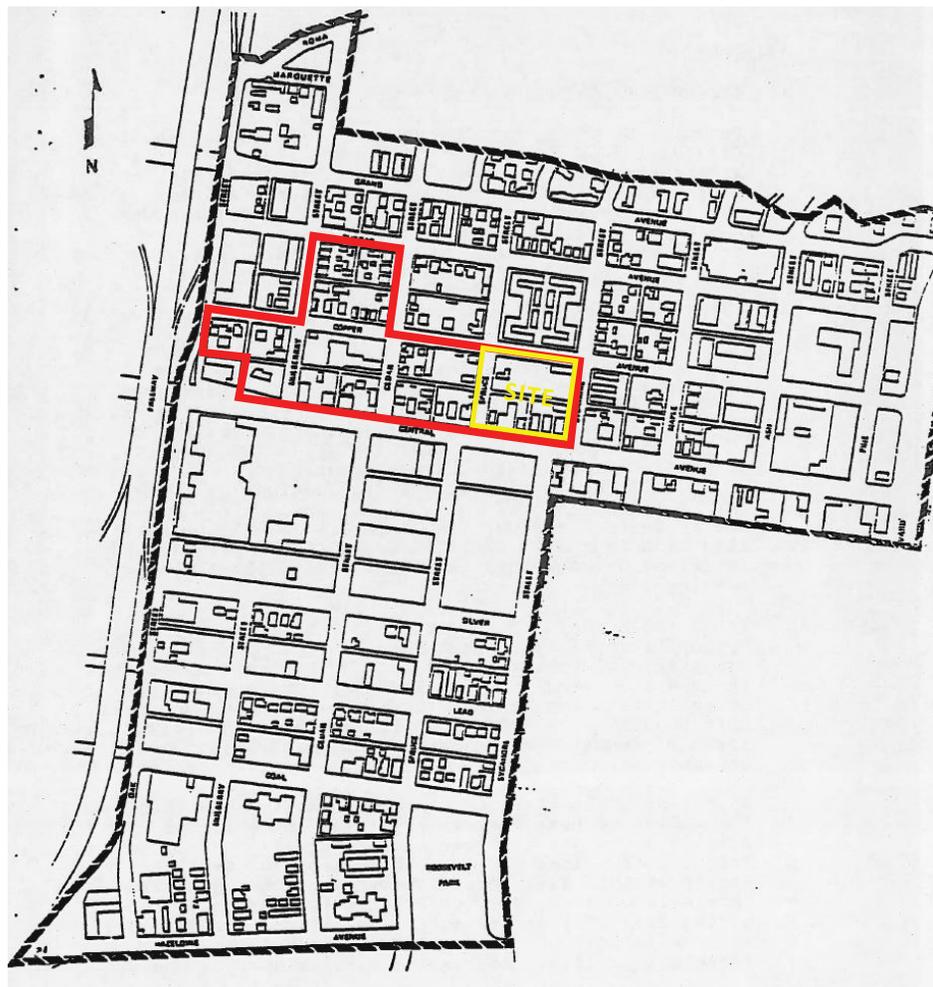


Conceptual master plan for The Highlands redevelopment.

EXHIBIT C – Sycamore MR Area Maps



Map showing the Sycamore Metropolitan Redevelopment Area.



The proposed Highlands masterplan within the Sycamore MR Area.

EXHIBIT D – Project Drawings (1 of 2)



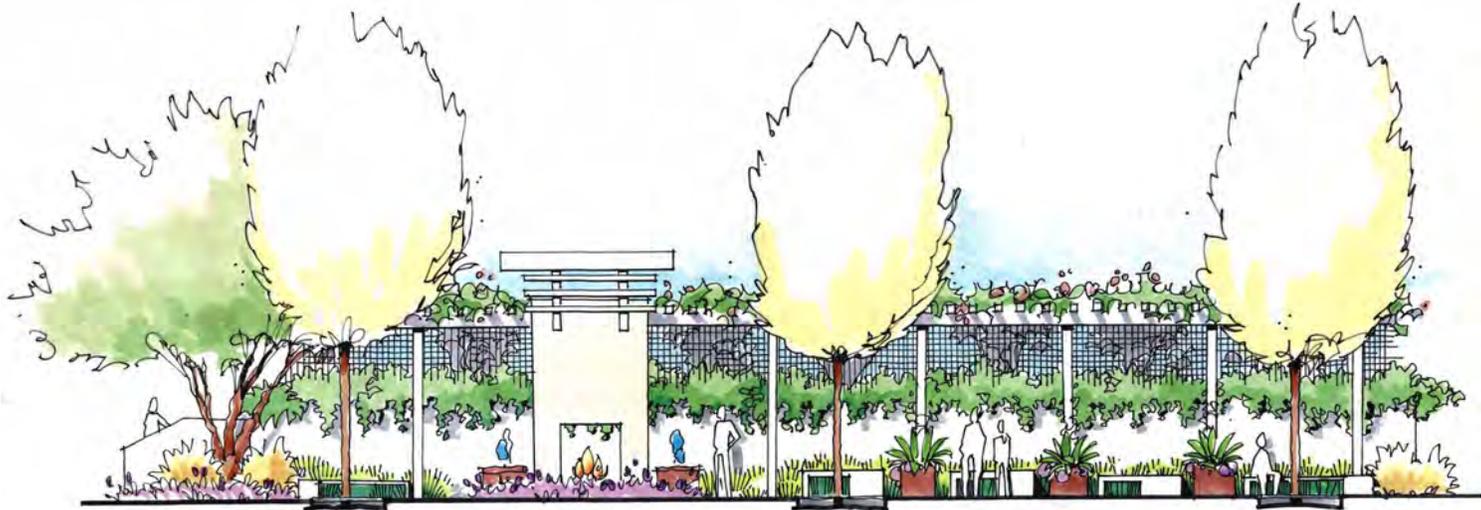
Renderings of Highlands East

EXHIBIT D – Project Drawings (2 of 2)



Site plan of Highlands East

EXHIBIT E – Streetscape, Landscaping, and Signage

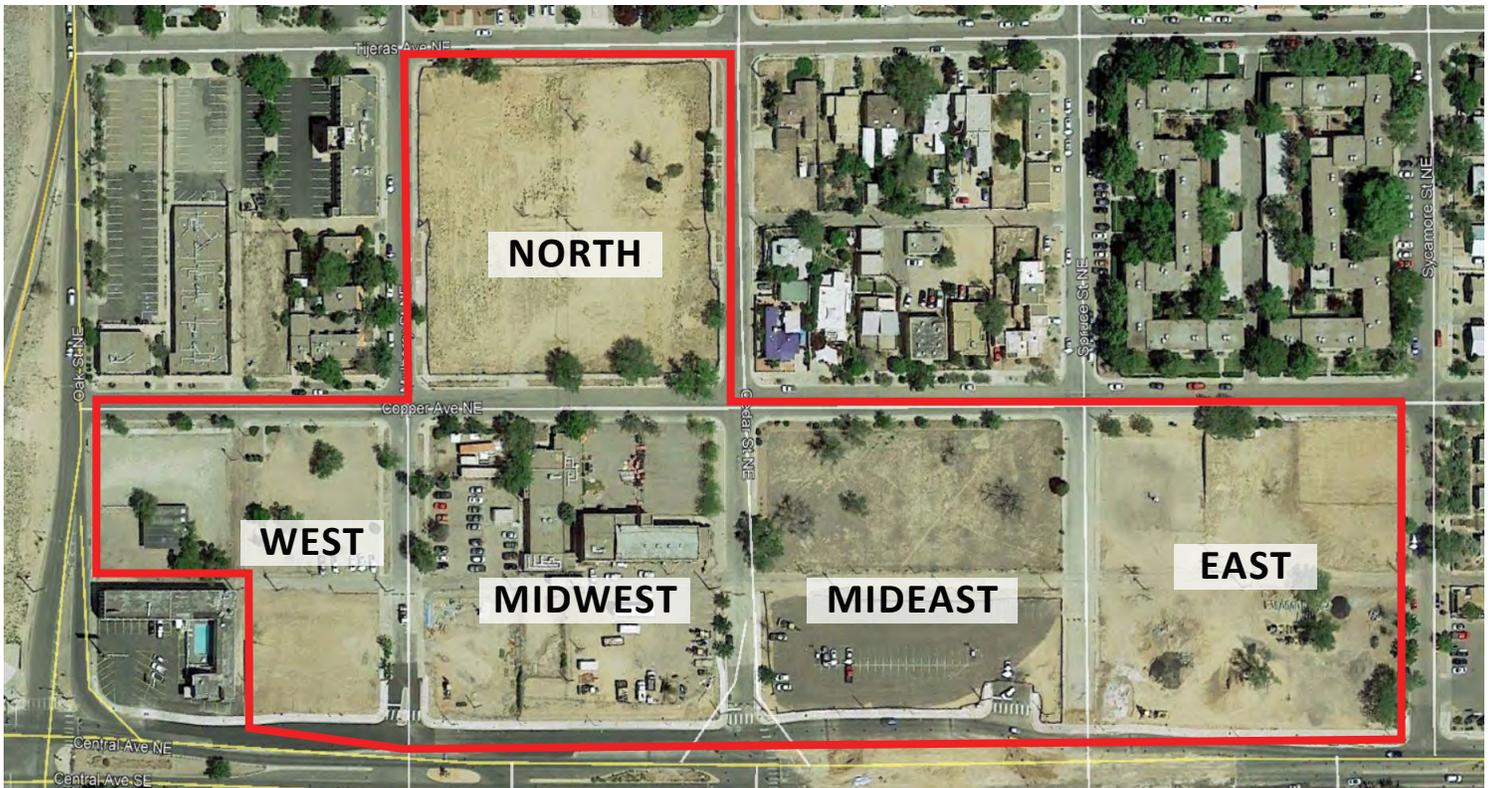


Landscaping options at The Highlands masterplan

EXHIBIT F – Demolition (1 of 6) - Masterplan Before and After



BEFORE: Map of decrepit/ vacant buildings on the site of The Highlands.



AFTER: Over thirty structures had the asbestos-containing material abated and were demolished. The remaining buildings on the West block and Midwest block were demolished in August 2018. Grace Church was demolished in October 2018.

Squatters moving in to homes near Presbyterian development, angering neighbors



News video and photos of the decrepit/ vacant buildings on the site of Highlands East.

EXHIBIT F – Demolition (3 of 6) - North Block

BEFORE



AFTER



EXHIBIT F – Demolition (4 of 6) - West Block

BEFORE



AFTER



EXHIBIT F – Demolition (5 of 6) - Midwest Block

BEFORE



AFTER

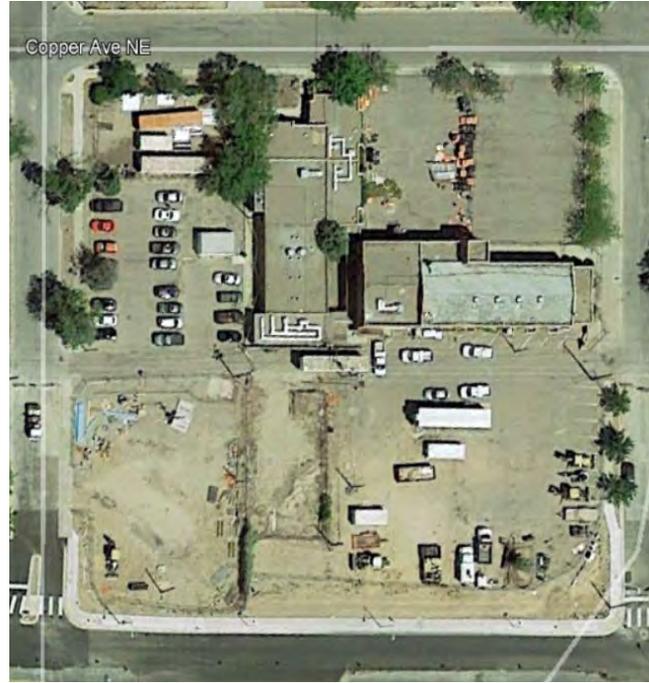


EXHIBIT F – Demolition (6 of 6) - East Block

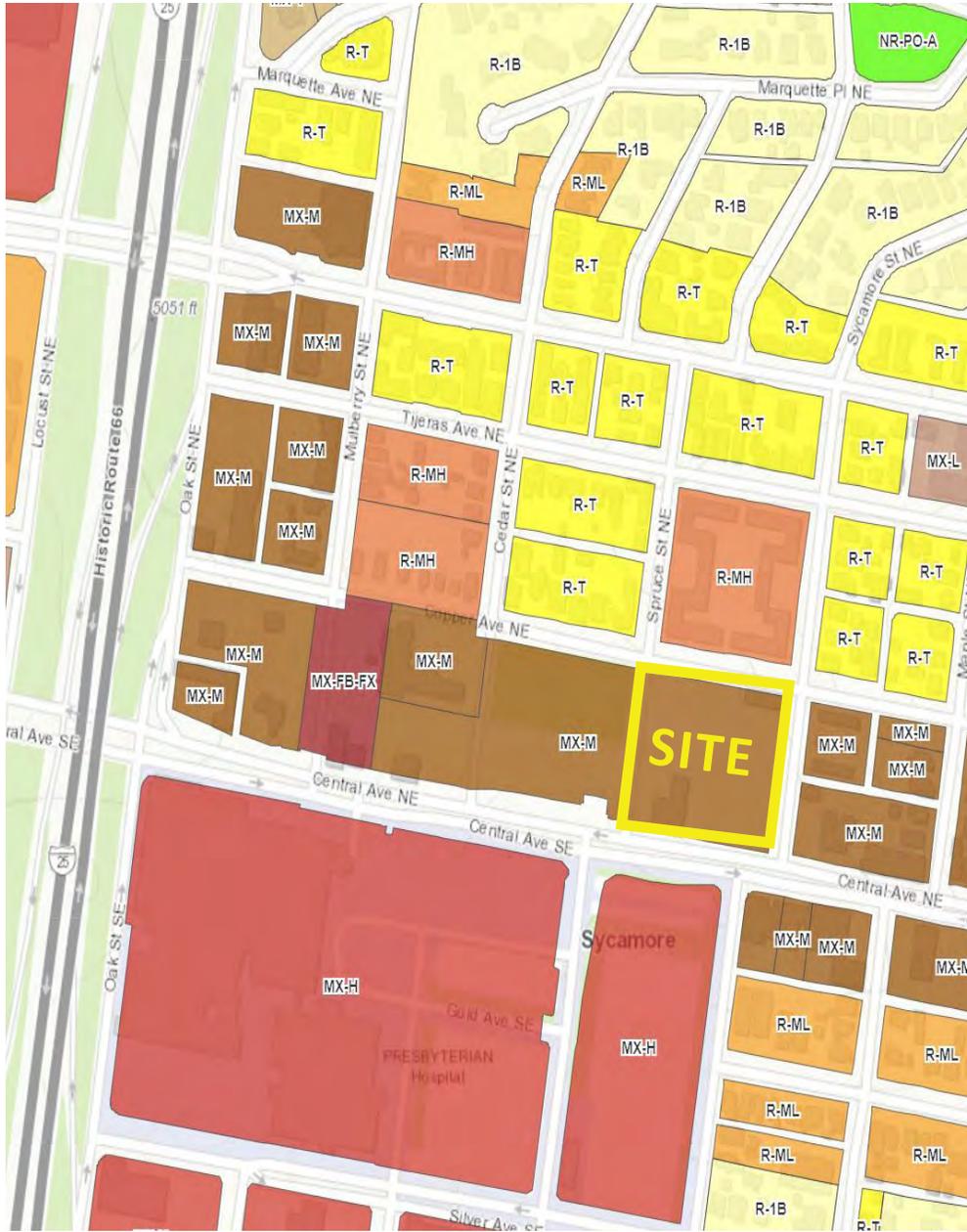
BEFORE



AFTER



EXHIBIT G – Zoning Map



IDO Zoning Districts



EXHIBIT H – Titan Multi Family Projects

Project	# of units	Year Completed	Location
Broadstone Santa Monica	280	2013	Albuquerque, NM
Broadstone Promenade	180	2016	Albuquerque, NM
Broadstone Cottonwood	254	2015	Albuquerque, NM
Broadstone Northpoint	226	2018	Albuquerque, NM
Broadstone Rodeo	188	2020	Santa Fe, NM
Highlands North*	92	2021	Albuquerque, NM
Broadstone Nob Hill*	102	2023	Albuquerque, NM
Allaso Journal Center**	158	2024	Albuquerque, NM
TOTAL	1480		

*Construction

**Design

EXHIBIT I – Tax Assessor Documentation

10/30/2020

about:blank

PROPERTY ADDRESS AND DESCRIPTION PARCEL

TR 6 PLAT OF THE HIGHLANDS (BLOCKS 3, 4, 5, 6, & 21
BROWNEWELL & LAIL'S HIGHLAND ADDITION)
CONT 2.8535 AC

2019

PARCEL NUMBER: 101505724736221706



TREASURER BERNALILLO
COUNTY
PO BOX 627
ALBUQUERQUE, N.M. 87103-0627
(505) 468-7031
TREASURERS OFFICE
E-MAIL: TREAS@BERNCO.GOV

2019 TAX BILL

AFC

1 015 057 247 362 21706
CEDAR INVESTORS LLC
C/O ARGUS DEVELOPMENT COMPANY
6300 RIVERSIDE PLAZA LN NW SUITE #200
ALBUQUERQUE NM 87120

THIS TAX BILL IS THE
ONLY NOTICE YOU WILL
RECEIVE FOR PAYMENT
OF BOTH INSTALLMENTS
OF YEAR 2019
PROPERTY TAX

A1A TAX DISTRICT

PROPERTY	CODE	VALUE	AGENCIES	TAX RATE	NET TAXABLE VALUE	AMOUNT DUE
ASSESSED VALUE LAND		546,900	STATE	1.360	182,282	247.90
ASSESSED VALUE IMPROVEMENTS		0	COUNTY	12.223	182,282	2,228.03
ASSESSED VALUE PERS PROP		0	ALBUQ	11.520	182,282	2,099.89
TAXABLE VALUE LAND		182,282	SCHOOL APS	11.328	182,282	2,064.89
TAXABLE VALUE IMPROVEMENTS		0	CNM	4.000	182,282	729.13
TAXABLE VALUE PERS PROP		0	UNMH	6.400	182,282	1,166.61
TOTAL VALUATION		182,282	AMAFCA	1.152	182,282	209.99
STATUTORY EXEMPTION		0				
VETERAN EXEMPTION		0				
NET TAXABLE VALUE		182,282	TOTAL RATE	47.983	2019 TAX >>	8,746.44

1st half payment becomes delinquent after Jan. 19, 2020
2nd half payment becomes delinquent after May 10, 2020
Postmark by these dates for each half is on time...

[CLICK HERE TO SEE TAX & PAYMENT HISTORY](#)

OTHER TAX DUE:

YEAR	TAX	INTEREST	PENALTY	FEES	AMOUNT DUE
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SPECIAL WARRANTY DEED *to: Vivian* **NATIONAL TITLE INSURANCE**

PRESBYTERIAN HEALTHCARE SERVICES, a New Mexico nonprofit corporation (Grantor), for consideration paid, grants to CEDAR INVESTORS LLC, a New Mexico limited liability company (Grantee) whose address is c/o Argus Development Company 6300 Riverside Plaza Lane NW, Suite 200 Albuquerque, New Mexico 87120 the following-described real estate in Bernalillo County, New Mexico:

Lot 4-A, N. 46' of Lots 5 and 6, S. 52' of Lots 5 and 6, S. 44' of N. 90' of Lots 5 and 6, Lots 8 and 9, Block 4 of PARCEL 2 (as described in EXHIBIT A)

W. 37 1/2' Lot 7, E. 1/2 Lot 8 and W. 12.5' Lot 9, E. 37 1/2' Lot 9, Block 6 of PARCEL 4 (as described in EXHIBIT A)

("Property") with special warranty covenants.

SUBJECT TO

Taxes for the year 2010 and subsequent years;

Covenants, conditions and restrictions recorded in Book D785, Page 918, official records of Bernalillo County, New Mexico;

5' Jones Intercable and US West Overhead Easement traversing the Property, as shown on recorded plat filed in Book 93C, Page 230, records of Bernalillo County, New Mexico (as to PARCEL 2);

Easement and rights incident thereto, dated October 1, 1956, filed for record October 11, 1956, in Book D365, Page 213, records of Bernalillo County, New Mexico (as to PARCEL 4);

Easements for public utilities, whether municipally owned or privately owned, reserved by the City of Albuquerque, in vacating ordinance no. 1919, dated April 25, 1961 (as to PARCEL 4);

Contract with the City of Albuquerque, whereby walls or fences appurtenant to the Property may be placed on City property, filed for record February 21, 1963, in Book D681, Page 585, as Document No. 97141, records of Bernalillo County, New Mexico (as to PARCEL 4);

Easement granted to Public Service Company of New Mexico and The Mountain States Telephone and Telegraph Company, dated July 6, 1973, filed for record July 10, 1973, in Book Misc. 321, Page 343, as Document No. 61338, records of Bernalillo County, New Mexico (as to PARCEL 4);

FURTHER SUBJECT TO the Restrictions described on EXHIBIT B attached hereto, for the benefit of the property owned by Grantor and described on EXHIBIT C attached hereto (the "Benefited Property"), and the successors and assigns of Grantor with respect to the Benefited Property. In the event of a violation of the Restrictions by an owner, tenant or other user of the Property, any owner of all or any part of the Benefited Property shall be entitled to obtain an order specifically enforcing the performance of such obligation or an injunction prohibiting any such breach. The owners of the Benefited Property may, in their discretion, waive or modify the Restrictions by written instrument. Any costs and expenses of any such proceeding, including attorneys' fees in a reasonable amount, shall be recovered by the prevailing party.

Dated: August 31, 2010.

Presbyterian Healthcare Services,
a New Mexico nonprofit corporation

By: 
James H. Hinton, President

STATE OF NEW MEXICO)
)ss.
COUNTY OF BERNALILLO)

This instrument was acknowledged before me on August 31, 2010, by James H. Hinton, as President of Presbyterian Healthcare Services, a New Mexico nonprofit corporation.




Notary Public

EXHIBIT A

PARCEL 2 (Block 4)

Lot Four-A (4-A) in Block numbered Four (4) BROWNEWELL & LAIL'S HIGHLAND ADDITION, Albuquerque, Bernalillo County, New Mexico, being a replat of Lots 1-4 in said Block 4, as the same is shown and designated on the plat thereof, filed in the office of the County Clerk of Bernalillo County, New Mexico, on August 8, 1993, in Plat Book 93C, page 230.

The North Forty-six feet (N. 46') of Lots numbered Five (5) and Six (6) in Block numbered Four (4) of BROWNEWELL & LAIL'S HIGHLAND ADDITION, to the City of Albuquerque, New Mexico, as the same are shown and designated on the plat of said addition, filed in the office of the County Clerk of Bernalillo County, New Mexico, on August 3, 1886.

The South Forty-four feet (S. 44') of the North Ninety feet (N. 90') of Lots numbered Five (5) and Six (6) in Block numbered Four (4) of BROWNEWELL & LAIL'S HIGHLAND ADDITION, to the City of Albuquerque, New Mexico, as the same are shown and designated on the plat of said addition, filed in the office of the County Clerk of Bernalillo County, New Mexico, on August 3, 1886.

The South Fifty-two feet (S. 52') of Lots numbered Five (5) and Six (6) in Block numbered Four (4) of BROWNEWELL & LAIL'S HIGHLAND ADDITION, to the City of Albuquerque, New Mexico, as the same are shown and designated on the plat of said addition, filed in the office of the County Clerk of Bernalillo County, New Mexico, on August 3, 1886.

Lot numbered Seven (7) in Block numbered Four (4) of the BROWNEWELL & LAIL'S HIGHLAND ADDITION to the City of Albuquerque, New Mexico, as the same is shown and designated on the Map of said addition, filed in the office of the Probate Clerk and Ex-Officio Recorder of Bernalillo County, New Mexico, on August 3, 1886.

Lots numbered Eight (8) and Nine (9) in Block numbered Four (4) of BROWNEWELL & LAIL'S HIGHLAND ADDITION to the City of Albuquerque, New Mexico, as the same are shown and designated on the plat of said addition, filed in the office of the County Clerk of Bernalillo County, New Mexico, on August 3, 1886.

Lot numbered Ten (10) in Block numbered Four (4) of the BROWNEWELL & LAIL'S HIGHLAND ADDITION to the City of Albuquerque, New Mexico, as the same are shown and designated on the plat of said addition, filed in the office of the Probate Clerk and Ex-Officio Recorder of Bernalillo County, New Mexico, on August 3, 1886.

Lots numbered Eleven-A (11-A) and Twelve-A (12-A) in Block numbered Four (4) of the Plat of Lots 11-A and 12-A, Block 4; Lots 7-A and 8-A, Block 5, BROWNEWELL & LAIL'S HIGHLAND ADDITION to the City of Albuquerque, New Mexico, as the same are shown and designated on the Map of said addition, filed in the office of the County Clerk of Bernalillo County, New Mexico, on October 9, 1998, in Plat Book 98C, page 302.

PARCEL 4 (Block 6)

Lot A-2 of the Plat of Lots A-1 and A-2, Block 6 (being a replat of portion of the northerly one-half Block 6) of BROWNEWELL & LAIL'S HIGHLAND ADDITION, an addition to the City of Albuquerque, New Mexico, as the same is shown and designated on the plat of said addition filed in the office of the County Clerk of Bernalillo County, New Mexico, on November 23, 1982, in Plat Book C20, page 97.

The Northerly One Hundred Two feet (N. 102') of Lots numbered Five (5) and Six (6), and the Northerly One Hundred Two feet (N. 102') of the Westerly Twelve and one-half feet (W. 12 1/2') of Lot numbered Four (4), in Block numbered Six (6) of BROWNEWELL & LAIL'S HIGHLAND ADDITION, to the City of Albuquerque, New Mexico, as the same are shown and designated on the plat of said addition, filed in the office of the County Clerk of Bernalillo County, New Mexico, on August 3, 1986.

The West Thirty-seven and one-half feet (W. 37 1/2') of Lot numbered Seven (7) in Block numbered Six (6) of BROWNEWELL & LAIL'S HIGHLAND ADDITION to the City of Albuquerque, New Mexico, as the same is shown and designated on the plat of said addition filed in the office of the County Clerk of Bernalillo County, New Mexico, on August 3, 1986.

The East Twelve and one-half feet (E. 12 1/2') of Lot numbered Seven (7) and the West Twenty-five feet (W. 25') of Lot numbered Eight (8) in Block numbered Six (6) of the BROWNEWELL & LAIL'S HIGHLAND ADDITION to the City of Albuquerque, New Mexico, as the same are shown and designated on the Map of said addition, filed in the office of the Probate Clerk and Ex-Officio Recorder of Bernalillo County, New Mexico, on August 3, 1986.

The Easterly one-half (E. 1/2) of Lot numbered Eight (8) and the Westerly Twelve and one-half feet (W. 12.5') of Lot numbered Nine (9) in Block numbered Six (6) of BROWNEWELL & LAIL'S HIGHLAND ADDITION, to the City of Albuquerque, New Mexico, as the same is shown and designated on the plat of said addition, filed in the office of the County Clerk of Bernalillo County, New Mexico, on August 3, 1986.

The East Thirty-seven and one-half feet (E. 37 1/2') of Lot numbered Nine (9) in Block numbered Six (6) of BROWNEWELL & LAIL'S HIGHLAND ADDITION to the City of Albuquerque, New Mexico, as the same is shown and designated on the plat of said addition filed in the office of the County Clerk of Bernalillo County, New Mexico, on August 3, 1986.

Lots numbered Ten (10), Eleven (11) and Twelve (12) in Block numbered Six (6) of the BROWNEWELL & LAIL'S HIGHLAND ADDITION to the City of Albuquerque, New Mexico, as the same are shown and designated on the plat of said addition filed in the office of the County Clerk of Bernalillo County, New Mexico, on August 3, 1986.

EXHIBIT B

The following uses of the Property are hereby prohibited:

- a. Bar, tavern or cocktail lounge, except (i) as part of a full service restaurant; provided that in no event may liquor sales exceed forty-nine percent (49%) of the gross sales of the establishment, (ii) as an amenity provided to hotel guests, (iii) package sales of wine as part of a grocery store; provided that in no event may liquor sales exceed fifty percent (50%) of the gross sales of the establishment;
- b. Theatre for live performances or movie theatre;
- c. Any facility including drive-up service;
- d. Church or other place of public assembly;
- e. Flea market or second-hand store;
- f. Entertainment or recreational facility including a bowling alley, billiard parlor, dance hall, skating rink, game or video arcade (which shall be defined as any establishment containing more than four (4) electronic games);
- g. Car wash;
- h. Beauty school or barber college;
- i. Facility for the sale, leasing or repair of motor vehicles (other than short-term car rentals of passenger vehicles)
- j. Adult book or adult video store (which is defined as a store at least ten percent (10%) of the inventory of which is not available for sale or rental to children under 15 years of age because such inventory explicitly deals with or depicts human sexuality);
- k. Health club;
- l. Military or para-military surplus or supply store;
- m. "Head shop;" or
- n. Any industrial or manufacturing use.

EXHIBIT C

Benefited Property

Tracts 1 through 9, Presbyterian Hospital Main Campus, as shown on the Plat filed May 8, 1997 in Book 97C, Folio 138, records of Bernalillo County, New Mexico.

LEGAL DESCRIPTION

A certain tract of land situate within the Town of Albuquerque Grant, in Projected Section 21, Township 10 North, Range 3 East, New Mexico Principal Meridian, City of Albuquerque, Bernalillo County, New Mexico, being and comprising a portion of Lot 1 and Lot 12, Block 5, Spruce Street NE, and Block 6, as shown on the plots entitled BROWNEWELL & LAIL'S HIGHLAND ADDITION, filed in the office of the County Clerk of Bernalillo County, New Mexico on August 3, 1886; and plat entitled PLAT OF LOTS A-1 AND LOT A-2, BROWNEWELL & LAIL'S HIGHLAND ADDITION, filed in the office of the County Clerk of Bernalillo County, New Mexico on November 23, 1982, Book C20, Page 97, and being more particularly described as follows: BEGINNING at the northwesterly corner of the tract herein described, also being a point on the northerly boundary of said Lot 1, Block 5 and the southerly right-of-way line of Copper Avenue NE, WHENCE a found City of Albuquerque Control Monument stamped "4_K15", bears S81°50'30"W a distance of 1108.07 feet;

THENCE along the northerly boundary of the tract herein described, S80°52'45"E a distance of 422.35 feet to the northeasterly corner of the tract herein described, also being the northeasterly corner of said Block 6;

THENCE along the easterly boundary of the tract herein described, also being the westerly right-of-way line of Sycamore Street NE, S09°09'00"W a distance of 142.00 feet;

THENCE S09°28'34"W a distance of 16.00 feet; THENCE S09°09'00"W a distance of 142.00 feet to the southeasterly corner of the tract herein described, also being the southeasterly corner of said Block 6;

THENCE along the southerly boundary of the tract herein described, also being the northerly right-of-way line of East Central Avenue SE, N80°52'45"W a distance of 149.96 feet; THENCE leaving said East Central Avenue SE, N78°40'30"W a distance of 15.96 feet; THENCE N80°50'46"W a distance of 39.37 feet;

THENCE N76°06'08"W a distance of 69.76 feet; THENCE N80°50'46"W a distance of 41.18 feet; THENCE N80°22'08"W a distance of 60.05 feet; THENCE N80°50'46"W a distance of 10.02 feet; THENCE N09°08'42"E a distance of 5.88 feet; THENCE N80°51'18"W a distance of 5.87 feet; THENCE N09°09'09"E a distance of 25.83 feet; THENCE N80°50'51"W a distance of 0.50 feet; THENCE N09°05'07"E a distance of 4.29 feet; THENCE N80°52'45"W a distance of 29.85 feet to the southwest corner of the tract herein described; THENCE N09°07'15"E a distance of 256.99 feet to the POINT OF BEGINNING.

This tract contains 2.8535 acres, more or less.

LEGEND

- DENOTES PROPERTY LINE
- 10/8 --- NO. OF PARKING SPACES
- 10/8 --- NO. OF COMPACT PARKING SPACES
- ♿ DENOTES ACCESSIBLE PARKING AND ANSI TYPE 'A' DWELLING UNIT

DEVELOPMENT DATA

NET SITE AREA:
2.8549 ACRES (124,359 S.F.)

ZONING AND LAND USE:
CURRENT: SU-2 FOR CMU (C-2)
PROPOSED: SU-2/SU-1 FOR MIXED USE (MX) (FORM BASED CODE)
LAND USE: MIXED USE DEVELOPMENT (RETAIL AND MULTI-FAMILY RESIDENTIAL)

BUILDING HEIGHT:
ALLOWED: 78 FEET (PER EPC APPROVAL OF MODIFICATION TO ALLOW HEIGHT PER 14-16-3-22(A)(6)(b)(1)(c))
PROPOSED: 78 FEET

DENSITY:
ALLOWED: NO LIMIT IN FORM BASED CODE 14-16-3-22(4)(b)(3)
PROPOSED: 228 DWELLING UNITS

SETBACKS PROVIDED:

BUILDINGS	SIDE (W)	REAR (N)	SIDE (E)	FRONT (S)
PARKING	6'3"-2"	7'-8"	8'	6'-4"
	11'-6"	NA	NA	6'3"-9"

FLOOR AREA RATIO:
BUILDING NET AREA: 269,071 S.F.
F.A.R. PROVIDED: 269,071 / 124,359 = 2.16

BUILDING AREAS:

LEVEL	S-2 GARAGE	R-2 RES.	A-3 REC	ASSEMBLY FITNESS	TOTAL LEASING	B M RETAIL	TOTAL
P1	71,610	-	4,000	3,714	7,714	1,334	4,030
P2	70,105	10,305	-	-	-	-	80,410
L1	-	61,192	920	-	920	-	62,112
L2	-	61,192	-	-	-	-	61,192
L3	-	61,192	-	-	-	-	61,192
L4	-	61,192	-	-	-	-	61,192
TOTAL	141,715	255,073	4,920	3,714	8,634	1,334	4,030

UNIT MIX:

LEVEL	STUDIO	1-BED	2-BED	3-BED	TOTAL
P2	1	7	1	-	6
L1	17	19	21	-	57
L2	17	19	21	-	57
L3	17	19	21	-	57
L4	3	19	22	4	48
TOTAL	55	83	86	4	228



VICINITY MAP
NOT TO SCALE

KEYNOTES

- 8'-6"x16" PARKING SPACE, TYPICAL, SEE DETAIL 01/A1.20
- 11'x18" ACCESSIBLE PARKING SPACE, SEE DETAIL 05/A1.20
- 8.5'x20' PARALLEL STREET PARKING.
- 9'x18" ANGLE STREET PARKING.
- ACCESSIBLE DRIVEWAY CROSSING MARKING TO COMPLY WITH REGULATIONS IN THE FORM BASED CODE.
- TRASH YARD ENCLOSURE WITH COMPACTOR SURROUNDED BY 8' CMU WALL PAINTED TO MATCH BUILDINGS, SEE DETAIL 14/A1.20. TRASH YARD TO BE SHARED WITH PROPERTY TO THE WEST AND EASEMENT WILL BE CREATED AS NEEDED.
- ELECTRONIC ENTRY GATE TO BE EQUIPPED FOR FIRE DEPARTMENT ACCESS, SEE DETAIL 28/A1.21.
- PEDESTRIAN ENTRY GATE, SEE DETAIL 23/A1.21.
- WROUGHT IRON FENCE, SEE DETAIL 19/A1.21.
- 6' SIDEWALK CONNECTING TO PUBLIC WAYS.
- 6' MINIMUM CLEAR WALKWAY AROUND SITE.
- BUILDING DIRECT ACCESS TO STREET.
- REVISED CURB RETURNS FROM HDR'S ART DESIGN TO ACCOMMODATE NEW SITE. FURTHER COORDINATION WITH THE CITY AND HDR WILL BE REQUIRED.
- 35'x35' VISIBILITY TRIANGLE AT STREET CORNER.
- 12" ABOVE WATER LINE EASEMENT.
- 20" ABOVE WATER LINE EASEMENT.
- 3" WATER METER EASEMENT.
- 5' GAS LINE EASEMENT.
- 17' x 21' PNM SWITCH GEAR EASEMENT.
- 3' x 10' COMCAST EASEMENT.
- 7' PUE EASEMENT.
- BICYCLE PARKING LOCATION.
- SITE DIRECTORY AND CALL BOX LOCATION, SEE DETAIL 17/A1.21.

PEDESTRIAN REALM

THE PROPOSED DEVELOPMENT WILL FEATURE AN APPROXIMATELY 25'-FOOT-WIDE URBAN PEDESTRIAN REALM ALONG CENTRAL AVENUE THAT WILL INTERACT WITH THE BUILDING FRONTAGE AND ADJACENT RIGHT-OF-WAY. THE PEDESTRIAN AREA WILL BE AN INVITING AND PLEASANT ENVIRONMENT FOR WALKERS, SHOPPERS, AND RESIDENTS. THIS AREA WILL FEATURE STREET TREES, PLANTERS, SPECIALTY PAVING, GLAZING AND STOREFRONTS ALONG THE BUILDING, SITTING AREAS IN FRONT OF THE RETAIL SPACE, AND OTHER AMENITIES. THIS AREA IS CONSISTENT WITH THE FORM BASED CODE, WHICH SPECIFIES A 'USABLE PEDESTRIAN REALM' THAT ACCOMMODATES STREET DESIGN AND APPROPRIATE BUILDING PLACEMENT.

GENERAL NOTES

- ALL IMPROVEMENTS LOCATED IN THE RIGHT OF WAY MUST BE INCLUDED ON A WORK ORDER.
- LANDSCAPING, FENCING, AND SIGNING WILL NOT INTERFERE WITH CLEAR SIGHT REQUIREMENTS. THEREFORE, SIGNS, WALLS, TREES, AND SHRUBBERY BETWEEN 3 AND 8 FEET TALL (AS MEASURED FROM THE GUTTER PAN) WILL NOT BE ACCEPTABLE IN THE CLEAR SIGHT TRIANGLE.
- THE MATERIALS USED FOR CROSSWALKS WILL COMPLY WITH REGULATIONS IN THE FORM BASED CODE.
- SITE WILL COMPLY WITH THE LIGHTING STANDARDS IN THE FORM BASED CODE AND CITY'S ZONING CODE. 14-16-3-22(C)(6).

PROJECT NUMBER:
Application Number:

This Plan is consistent with the specific Site Development Plan approved by the Environmental Planning Commission (EPC), dated _____ and the Findings and Conditions in the Official Notification of Decision are satisfied.

Is an Infrastructure List required? () Yes () No If yes, then a set of approved DRC plans with a work order is required for any construction within Public Right-of-Way or for construction of public improvements.

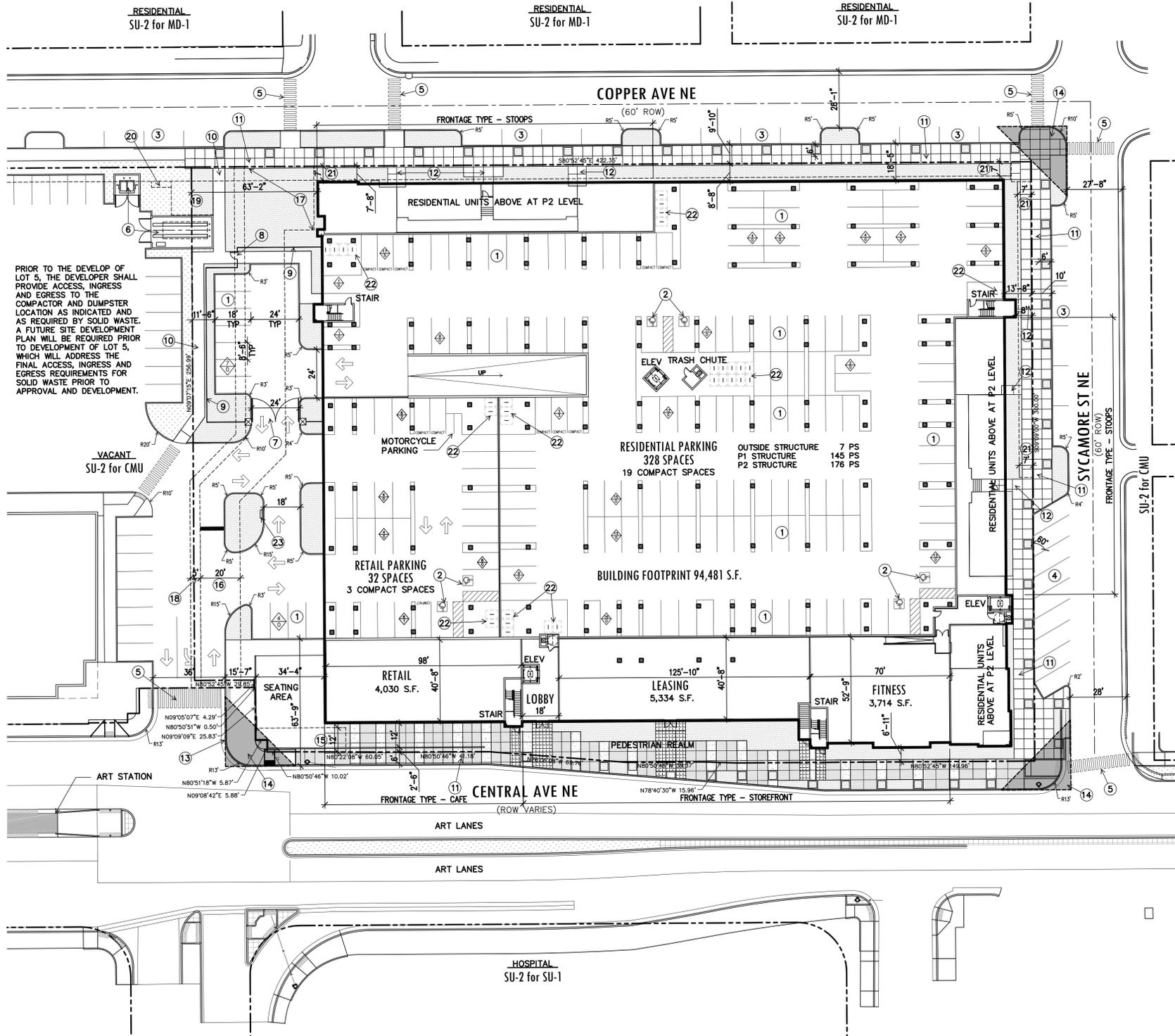
DRB SITE DEVELOPMENT PLAN SIGNOFF APPROVAL:

Traffic Engineering, Transportation Division	Date
ABCWUA	Date
Parks and Recreation Department	Date
City Engineer	Date
Solid Waste Management	Date
DRB Chairperson, Planning Department	Date

BROADSTONE EAST-BLOCK
NEC EAST CENTRAL AVE AND SPRUCE ST NE ALBUQUERQUE, NEW MEXICO



WorldHQ@ORBArch.com

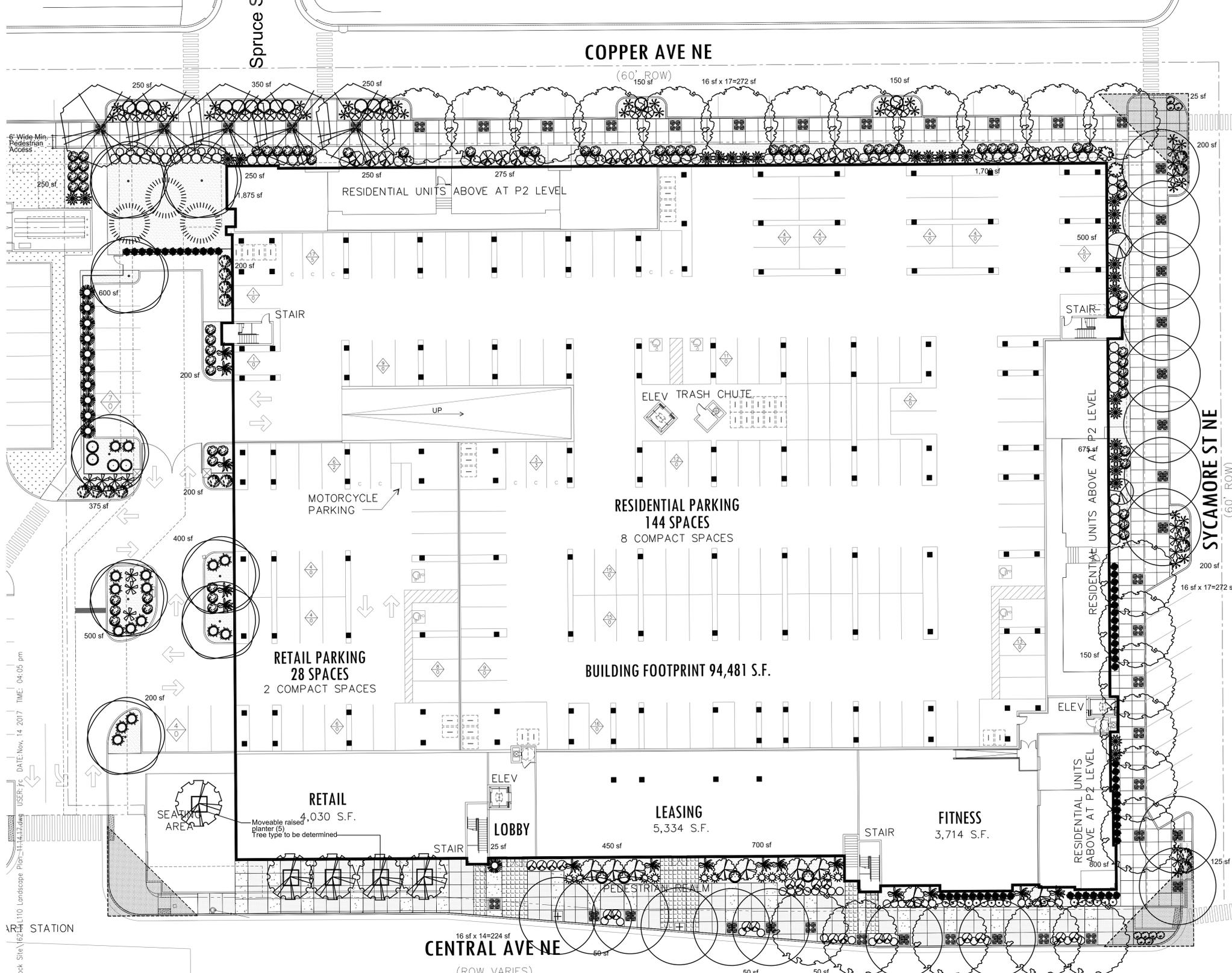


PRELIMINARY SITE PLAN

SCALE: 1" = 30'-0"



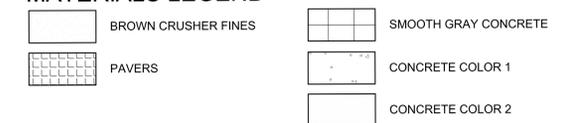
FILE: F:\06\ORB Job Files\16-213_Thon_Eastblock\CAD Files\Preliminary\A1.10_Site Plan.dwg USER: jco DATE: Feb, 06, 2018 TIME: 10:59 am



PLANT LEGEND

Qty.	Symbol	Scientific Name Common Name	Installed Size	Mature Height/Spread	Landscape Coverage	Water Use	Drip Emitters
8	○	Gleditsia triacanthos inermis Honeylocust	2" B&B	80'/80'	50 sf=400 sf	Medium	6-2 gph
23	○	Fraxinus Raywood Ash	2" B&B	50'/30'	50 sf=1150 sf	Medium	+6-2 gph
18	○	Platanus Sycamore	2" B&B	50'/40'	50 sf=900 sf	Medium	6-2 gph
5	○	Quercus buckleyi Texas Red Oak	2" B&B	40'/35'	50 sf=250 sf	Medium	6-2 gph
2	○	Juniperus Skyrocket Juniper	15-Gal	20'/5'	50 sf=100 sf	Medium	6-2 gph
2	○	Acer Japanese Maple	15-Gal	10'/5'	50 sf=100 sf	Medium+	6-2 gph
3	○	Pinus nigra Austrian Pine	6' HT.	30'/20'	50 sf=150 sf	Medium	6-2 gph
Shrubs/Groundcovers							
16	○	Caryopteris clandonensis Blue Mist	1-Gal	3'/4'	25 sf=400 sf	Medium	2-2 gph
14	○	Rhus aromatica Gro Low Sumac	5-Gal	2'/6'	36 sf=504 sf	Low +	2-2 gph
19	○	Ericameria lanicifolia 'Aguirre' Turpentine Bush	5-Gal	3'/4'	25 sf=475 sf	Low	2-1 gph
64	○	Ilex Dwarf Burford Holly	5-Gal	4'/4'	16 sf=1024 sf	Medium+	2-1 gph
15	○	Salvia greggii Cherry Sage	1-Gal	3'/3'	15 sf=225 sf	Medium	2-1 gph
14	○	Hesperaloe parviflora Red Yucca	5-Gal	3'/4'	30 sf=420 sf	Low	2-2 gph
16	○	Juniperus sabina 'Buffalo' Buffalo Juniper (female)	5-Gal	2'/6'	36 sf=576 sf	Low +	2-2 gph
33	○	Lavandula Lavender	1-Gal	3'/3'	12 sf=396 sf	Medium	2-2 gph
70	○	Potentilla fruticosa Shrubby Cinquefoil	5-Gal	3'/3'	10 sf=700 sf	Medium+	2-2 gph
15	○	Rosmarinus officinalis Rosemary	5-Gal	6'/6'	36 sf=540 sf	Low +	2-2 gph
11	○	Rosa Knockout Rose	5-Gal	3'/3'	15 sf=165 sf	Medium+	2-2 gph
9	○	Lagerstroemia Crape Myrtle	5-Gal	15'/10'	100 sf=900 sf	Medium+	2-2 gph
9	○	Nepeta Catmint	1-Gal	1'/3'	9 sf=81 sf	Medium	2-2 gph
13	○	Spirea Dwarf Red Spirea	5-Gal	3'/3'	20 sf=260 sf	Medium+	2-2 gph
20	○	Rhaphiolepis India Hawthorn	5-Gal	3'/3'	15 sf=300 sf	Medium	2-2 gph
15	○	Viburnum Burkwood Viburnum	5-Gal	6'/6'	36 sf=540 sf	Medium+	2-2 gph
8	○	Pinus mugo Mugho Pine	5-Gal	4'/4'	30 sf=240 sf	Medium	2-2 gph
28	○	Nandina Heavenly Bamboo	5-Gal	3'/3'	20 sf=560 sf	Medium+	2-2 gph
Grasses							
30	○	Muhlenbergia Deer Grass	1-Gal	4'/4'	20 sf=600 sf	Low+	2-2 gph
180	○	Pennisetum Hamlin Fountain Grass	1-Gal	3'/3'	9 sf=1620 sf	Medium	2-2 gph
11	○	Panicum Switch Grass	1-Gal	8'/6'	36 sf=396 sf	Medium	2-2 gph
55	○	Calamagrostis Karl Foerster Grass	5-Gal	3'/2'	10 sf=550 sf	Medium	2-2 gph
							Total Landscape Coverage=14,522 SF

MATERIALS LEGEND



SITE DATA

GROSS LOT AREA	124,178 SF
LESS BUILDING(S)	94,240 SF
NET LOT AREA	29,938 SF
REQUIRED LANDSCAPE	2,994 SF
10% OF NET LOT AREA	2,994 SF
PROPOSED STREET LEVEL LANDSCAPE	10,575 SF
PROPOSED STREET R.O.W. LANDSCAPE	2,548 SF
PROPOSED PODIUM LEVEL LANDSCAPE	4,565 SF
TOTAL PROPOSED LANDSCAPE	17,688 SF
PERCENT OF NET LOT AREA	59 %
REQUIRED USABLE OPEN SPACE	49,205 SF
PROPOSED USABLE OPEN SPACE	16,833 SF
15% OF USABLE OPEN SPACE	7,381 SF
PROPOSED USABLE OPEN SPACE LAND	16,833 SF
PERCENT OF NET LOT AREA	34.2 %
HIGH WATER USE TURF	0 SF
MAX. 20% OF LANDSCAPE AREA	0 SF
PROPOSED HIGH WATER USE TURF	0 SF
PERCENT OF LANDSCAPE AREA	0 %

IRRIGATION NOTE

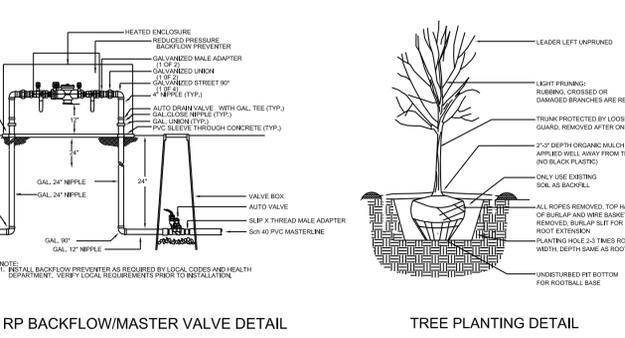
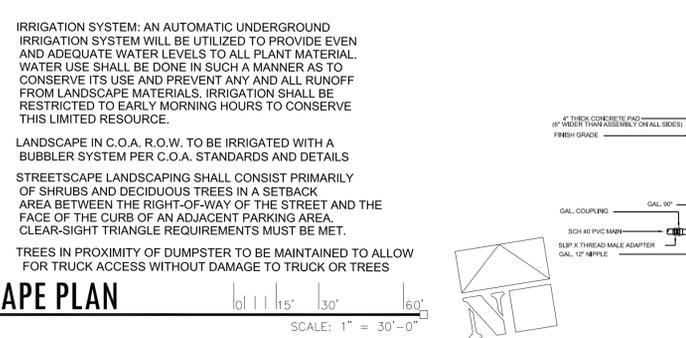
DRIP SYSTEM RUN CYCLES:
 ESTABLISHMENT AND SUMMER:
 1 HOUR/4 DAYS A WEEK
 SPRING:
 1 HOUR/2-3 DAYS A WEEK
 FALL:
 1 HOUR/2-3 DAYS A WEEK
 WINTER:
 1 HOUR/2 DAYS PER MONTH

REQUIRED STREET TREES	1 PER 25 L.F. OF STREET FRONTAGE	41
PROVIDED STREET TREES		41
REQUIRED PARKING LOT TREES	1 PER 8 SPACES	2
PROVIDED PARKING LOT TREES	11 SPACES/8	2
REQUIRED DWELLING UNIT TREES	ONE PER FIRST FLOOR UNITS	9
	ONE PER SECOND FLOOR UNITS	57
PROVIDED DWELLING UNIT TREES		66
REQUIRED LANDSCAPE COVERAGE	75% LIVE VEGETATIVE MATERIAL	13,265 SF MIN.
	(17,688 SF PROPOSED LANDSCAPE X 75%)	14,522 SF
PROVIDED GROUND COVER COVERAGE (street)		10,896 SF
PROVIDED GROUND COVER COVERAGE (podium)		25,418 SF
PERCENT GROUND COVER COVERAGE		143%

NOTE
 MAINTENANCE OF LANDSCAPE (ONSITE AND WITHIN ROW) TO BE MAINTAINED BY PROPERTY OWNER
 PLANTINGS TO BE WATERED BY AUTO. DRIP IRRIGATION SYSTEM WITH REDUCED PRESSURE BACKFLOW PREVENTER PER CITY OF ALBUQUERQUE
 WATER MANAGEMENT IS THE SOLE RESPONSIBILITY OF THE PROPERTY OWNER
 THIS PLAN IS TO COMPLY WITH C.O.A. LANDSCAPE AND WATER WASTE ORDINANCE 6-1-1.
 PLANTING RESTRICTIONS APPROACH
 IT IS THE INTENT OF THIS PLAN TO PROVIDE MIN. 75% LIVE GROUND COVER OF LANDSCAPE AREAS AT MATURITY PER ORDINANCE 14-16-3-10 (SEE CALCULATIONS PROVIDED ABOVE)
 LANDSCAPE AREAS TO BE MULCHED WITH GRAVEL MULCH AT 2"-3" DEPTH

PROPOSED ART LANES
 APPROVAL OF THE LANDSCAPE PLAN DOES NOT CONSTITUTE OR IMPLY COMPLIANCE WITH, OR EXEMPTION FROM, THE C.O.A. LANDSCAPE AND WATER WASTE ORDINANCE 6-1-1.
 NO PARKING SPACE SHALL BE MORE THAN 50' FROM A TREE.
 STREET TREES TO CONFORM TO STREET TREE ORDINANCE 6-6-2.
 LANDSCAPE PLAN TO CONFORM TO ZONING REGULATIONS ORDINANCE 14-16-3-10 AND 14-16-3-22(C)(10).
 LANDSCAPING AND SIGNING WILL NOT INTERFERE WITH CLEAR SIGHT REQUIREMENTS. THEREFORE, SIGNS, WALLS, TREES AND SHRUBBERY BETWEEN 3 AND 8 FEET TALL (AS MEASURED FROM THE GUTTER PAN) WILL NOT BE ALLOWED IN THIS AREA.

IRRIGATION SYSTEM: AN AUTOMATIC UNDERGROUND IRRIGATION SYSTEM WILL BE UTILIZED TO PROVIDE EVEN AND ADEQUATE WATER LEVELS TO ALL PLANT MATERIAL. WATER USE SHALL BE DONE IN SUCH A MANNER AS TO CONSERVE ITS USE AND PREVENT ANY AND ALL RUNOFF FROM LANDSCAPE MATERIALS. IRRIGATION SHALL BE RESTRICTED TO EARLY MORNING HOURS TO CONSERVE THIS LIMITED RESOURCE.
 LANDSCAPE IN C.O.A. R.O.W. TO BE IRRIGATED WITH A BUBBLER SYSTEM PER C.O.A. STANDARDS AND DETAILS
 STREETSCAPE LANDSCAPING SHALL CONSIST PRIMARILY OF SHRUBS AND DECIDUOUS TREES IN A SETBACK AREA BETWEEN THE RIGHT-OF-WAY OF THE STREET AND THE FACE OF THE CURB OF AN ADJACENT PARKING AREA. CLEAR-SIGHT TRIANGLE REQUIREMENTS MUST BE MET.
 TREES IN PROXIMITY OF DUMPSTERS TO BE MAINTAINED TO ALLOW FOR TRUCK ACCESS WITHOUT DAMAGE TO TRUCK OR TREES



PRELIMINARY LANDSCAPE PLAN

SCALE: 1" = 30'-0"

BROADSTONE EAST-BLOCK
 NEC EAST CENTRAL AVE AND SPRUCE ST NE
 ALBUQUERQUE, NEW MEXICO

Office of Rich Barber
ORB
 Architecture, LLC
 WorldHQ@ORBArch.com



TITAN
 DEVELOPMENT

ALLIANCE
 RESIDENTIAL COMPANY

growing better
Up Heads
 LANDSCAPE CONTRACTORS
 P.O. BOX 10597
 Albuquerque, NM 87184
 505.898.9615
 505.898.2105 (fax)
 design@hulc.com
 www.headsuplandscape.com

DATE: NOVEMBER 14, 2017 ORB # 16-213

L1.10

LANDSCAPE PLAN
 FOR BUILDING PERMIT

FILE: \\SERVER\CF_03_Files\ORB_Drive\T\ORB\ORB Job Files\A3.40_EastBlock\CAD Files\Preliminary\16-213_A3.40_Bldg_Elevations.dwg, AUGER:\Admin\DATA\DATE:\28.2018 2:01PM; 100-336.dwg



1 NORTH ELEVATION
SCALE: 1/16" = 1'-0"



3 EAST ELEVATION
SCALE: 1/16" = 1'-0"

MATERIAL/COLOR KEY NOTES:

- (A) STUCCO FINISH: LIGHT BEIGE
- (B) STUCCO FINISH: DARK BEIGE
- (C) STUCCO FINISH: LIGHT GRAY
- (D) STUCCO FINISH: DARK GRAY
- (E) FASCIA, RAILINGS, METAL DARK BRONZE
- (F) STONE VENEER
- (G) CAST IN PLACE CONCRETE
- (H) SANDSTONE
- (I) ANODIZED ALUMINUM FRAME WINDOWS & STOREFRONT SYSTEM
- (J) STUCCO FINISH: RUST

KEYNOTES ①

1. PROJECT BLADE SIGN, 2' X 11'
2. APARTMENTS NEON SIGN
3. RETAIL NEON SIGN
4. METAL SHADE CANOPY.

- NOTES:
1. SIGNAGE PER MX-CODE. FUTURE CHANGES TO PROPOSED SIGNAGE CAN BE AMENDED ADMINISTRATIVELY.

SHADING CANOPY CALCULATIONS

REQUIRED:	75% OF THE LENGTH OF THE GROUND FLOOR FACADE	
PROVIDED:	SOUTH (CENTRAL AVE)	88%
	EAST (SYCAMORE ST)	3%
	NORTH (COPPER AVE)	0%

GLAZING CALCULATIONS

REQUIRED:	STOREFRONT FRONTAGE UPPER FLOORS	50%
PROVIDED:	STOREFRONT UPPER FLOOR	68%
	EAST (SYCAMORE ST) UPPER FLOOR	22%
	NORTH (COPPER AVE) UPPER FLOOR	22%

HIGHLANDS EAST-BLOCK

NEC EAST CENTRAL AVE AND SPRUCE ST NE ALBUQUERQUE, NEW MEXICO

Office of Rich Barber
ORB Architecture, LLC
WorldHQ@ORBArch.com



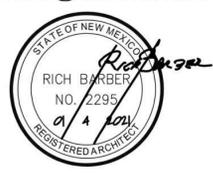
DATE: JANUARY 4TH, 2021 ORB # 16-213

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EXTERIOR ELEVATIONS

HIGHLANDS EAST-BLOCK

NEC EAST CENTRAL AVE AND SPRUCE ST NE
ALBUQUERQUE, NEW MEXICO



1 SOUTH ELEVATION
SCALE: 1/16" = 1'-0"



2 WEST ELEVATION
SCALE: 1/16" = 1'-0"

MATERIAL/COLOR KEY NOTES:

- (A) STUCCO FINISH: LIGHT BEIGE
- (B) STUCCO FINISH: DARK BEIGE
- (C) STUCCO FINISH: LIGHT GRAY
- (D) STUCCO FINISH: DARK GRAY
- (E) FASCIA, RAILINGS, METAL DARK BRONZE
- (F) STONE VENEER
- (G) CAST IN PLACE CONCRETE
- (H) SANDSTONE
- (I) ANODIZED ALUMINUM FRAME WINDOWS & STOREFRONT SYSTEM
- (J) STUCCO FINISH: RUST

KEYNOTES 1

1. PROJECT BLADE SIGN, 2' X 11'
2. APARTMENTS NEON SIGN, RETAIL NEON SIGN
3. METAL SHADE CANOPY

NOTES:
1. SIGNAGE PER MX-CODE. FUTURE CHANGES TO PROPOSED SIGNAGE CAN BE AMENDED ADMINISTRATIVELY.

SHADING CANOPY CALCULATIONS

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PROVIDED:	SOUTH (CENTRAL AVE) 88%
	EAST (SYCAMORE ST) 3%
	NORTH (COPPER AVE) 0%

GLAZING CALCULATIONS

REQUIRED:	STOREFRONT FRONTAGE 50%
	UPPER FLOORS 20%
PROVIDED:	SOUTH (CENTRAL AVE) STOREFRONT 68%
	UPPER FLOOR 22%
	EAST (SYCAMORE ST) UPPER FLOOR 23%
	NORTH (COPPER AVE) UPPER FLOOR 22%

DATE: JANUARY 4TH, 2021 ORB # 16-213

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EXTERIOR ELEVATIONS

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 DATE: 1/4/2021 10:58:48 AM
 USER: jcf

Property Tax Analysis of Proposed Highlands East Suites Project

Prepared for Urban Highlands East, LLC

Prepared by Julian Baca, M.A.



BUREAU OF BUSINESS & ECONOMIC RESEARCH

Property Tax Analysis of Proposed Highlands East Project

This analysis examines whether the incremental property taxes generated by the proposed Highlands East development are sufficient to cover the expected 7-year tax abatement request made by Urban Highlands East, LLC to the City of Albuquerque.¹ This analysis is conducted utilizing a 26-year project period and it is assumed that the current property tax base and tax rate will remain the same during the projection period. The valuation data used in the analysis were provided by Urban Highlands East, LLC. Table 1 provides the assessed land value, improvement value, total taxable value, mill rate, and the estimated tax amount due in 2020. We use the 2020 basis given that this is the last available year before a related development receiving an MRA bond was completed and has since been removed from the tax rolls. This table provides the basis for the BBER estimation of the baseline property tax rate.

Table 1. Assessed Land Value, Improvement Value, Total Taxable Value, Mill Rate and Tax Amount Due (\$-dollars)*

Property	Assessed Value Land	Taxable Value Land	Assessed Value of Structures	Taxable Value Improvement	Total Assessed Value	Taxable Valuation	Mill Rate	Amount Due
TR 6	546,900			-	546,900	182,282	54.312	9,900

Source: 2020 Notice of Value downloaded from the Bernalillo County Assessor's Office website.

*Estimated tax based on 2020 values and 2020 Mill Rate.

This analysis employs a cost methodology for estimating the future value of this property, which employs inputs (square footage, construction type, etc.) as provided by Urban Highlands East, LLC, for estimating future property taxes to be paid in connection with this development.² The estimated total assessed value upon completion of this project will be \$31,127,054.

Analysis Results

Table 2 presents an estimated total assessed value and associated taxes with and without the proposed Highlands East project. Our results show that the yearly property tax will increase to \$563,524 (Column 6, Table 2) with net incremental taxes estimated to be \$553,624 (Column 7, Table 2).³ This tax increment will only materialize after the

¹ Pursuant to Section 3-60A-13 and Section 3-60A-13.1 NMSA 1978.

² Pursuant to Section 7-36-15 NMSA 1978.

³ Pursuant to Section 3-60A-13 NMSA 1978. The estimated tax is determined using the full 2017 mill rate of 47.985 for commercial/non-residential real estate in Albuquerque, which includes mill rates levied for the State (1.360), County (12.224), City (11.52), Schools (11.329), CNM (4.000), UNMH (6.400), AMAFCA (1.152).

completion of construction scheduled to occur at the end of 2023. BBER assumes that the tax abatement will last for seven years starting in tax year 2024 after construction is completed and ending in 2030. The present value of the property tax abatement and net tax increment was estimated using the City's long-term bond rate as the discount rate⁴, which is 2.05%. The cumulative net present value in the last column shows that the net positive gain will start in the sixteenth year. This means that an additional nine years will be needed to recover the cost of the property tax abatement. Following the seven-year abatement period, the estimated overall tax amount due to the City annually would be \$563,524. This is an increase of \$553,624 annually from the baseline amount of \$9,900 that exists currently and prior to the proposed project being constructed. If the project is not developed, the annual property tax amount received by the City would remain at \$9,900.

This analysis was run for a time-period of only 26 years. The realistic lifecycle of the building would be significantly longer, and we expect that this project would continue to contribute at the increased property tax rate throughout its lifespan.

Assumptions

1. The assessed value of land and improvement and the associated tax rate will remain the same in future.
2. The impact of this construction project on the surrounding properties will be neutral. That means the assessed value of the surrounding properties will be not be impacted by this construction.
3. This analysis does not consider potential job creation or related population growth that could potentially increase infrastructure costs to the City
4. Although this project may bring some out of state dollars to Albuquerque, which may produce a net positive economic impact for the city, BBER assumes that all the sources of funds for this construction will come from local sources.

⁴ As of December 4, 2020 and assumes no market fluctuations (Source: Albuquerque Treasurer/RBC Capital Markets, LLC)

Table 2. Property Tax With and Without Highlands East Project, Incremental Tax, Present Value of City Tax Abatement and Net Tax Increment, and Cumulative Net Present Value by Year (\$-dollars)

Year	Property Tax Without Proposed Development			Property Tax With Development			Incremental Tax	Tax Abatement	Net Tax Increment	Present Value of Tax Abatement	Present Value of Net Tax Increment	Cumulative Net Present Value (54.312 mills)	Cumulative Net Present Value (11.52 Mills)
	Total Assessed Value	Total Taxable Value	Tax Amount	Total Assessed Value ¹	Total Taxable Value	Tax Amount							
	1	2	3	4	5	6							
Year 1	546,900	182,282	9,900	31,127,054	10,375,685	563,524	553,624	(553,624)	-	(553,624)	-	(553,624)	(117,416)
Year 2	546,900	182,282	9,900	31,127,054	10,375,685	563,524	553,624	(553,624)	-	(542,503)	-	(1,096,127)	(232,474)
Year 3	546,900	182,282	9,900	31,127,054	10,375,685	563,524	553,624	(553,624)	-	(531,605)	-	(1,627,732)	(345,220)
Year 4	546,900	182,282	9,900	31,127,054	10,375,685	563,524	553,624	(553,624)	-	(520,926)	-	(2,148,658)	(455,701)
Year 5	546,900	182,282	9,900	31,127,054	10,375,685	563,524	553,624	(553,624)	-	(510,461)	-	(2,659,119)	(563,963)
Year 6	546,900	182,282	9,900	31,127,054	10,375,685	563,524	553,624	(553,624)	-	(500,207)	-	(3,159,326)	(670,050)
Year 7	546,900	182,282	9,900	31,127,054	10,375,685	563,524	553,624	(553,624)	-	(490,159)	-	(3,649,485)	(774,007)
Year 8	546,900	182,282	9,900	31,127,054	10,375,685	563,524	553,624	-	553,624	-	480,313	(3,169,173)	(672,139)
Year 9	546,900	182,282	9,900	31,127,054	10,375,685	563,524	553,624	-	553,624	-	470,664	(2,698,509)	(572,317)
Year 10	546,900	182,282	9,900	31,127,054	10,375,685	563,524	553,624	-	553,624	-	461,209	(2,237,300)	(474,501)
Year 11	546,900	182,282	9,900	31,127,054	10,375,685	563,524	553,624	-	553,624	-	451,944	(1,785,355)	(378,650)
Year 12	546,900	182,282	9,900	31,127,054	10,375,685	563,524	553,624	-	553,624	-	442,866	(1,342,490)	(284,724)
Year 13	546,900	182,282	9,900	31,127,054	10,375,685	563,524	553,624	-	553,624	-	433,969	(908,521)	(192,685)
Year 14	546,900	182,282	9,900	31,127,054	10,375,685	563,524	553,624	-	553,624	-	425,252	(483,269)	(102,495)
Year 15	546,900	182,282	9,900	31,127,054	10,375,685	563,524	553,624	-	553,624	-	416,709	(66,560)	(14,117)
Year 16	546,900	182,282	9,900	31,127,054	10,375,685	563,524	553,624	-	553,624	-	408,338	341,778	72,486
Year 17	546,900	182,282	9,900	31,127,054	10,375,685	563,524	553,624	-	553,624	-	400,135	741,913	157,350
Year 18	546,900	182,282	9,900	31,127,054	10,375,685	563,524	553,624	-	553,624	-	392,097	1,134,010	240,508
Year 19	546,900	182,282	9,900	31,127,054	10,375,685	563,524	553,624	-	553,624	-	384,221	1,518,231	321,996
Year 20	546,900	182,282	9,900	31,127,054	10,375,685	563,524	553,624	-	553,624	-	376,502	1,894,734	401,847
Year 21	546,900	182,282	9,900	31,127,054	10,375,685	563,524	553,624	-	553,624	-	368,939	2,263,673	480,094
Year 22	546,900	182,282	9,900	31,127,054	10,375,685	563,524	553,624	-	553,624	-	361,528	2,625,201	556,770
Year 23	546,900	182,282	9,900	31,127,054	10,375,685	563,524	553,624	-	553,624	-	354,265	2,979,466	631,905
Year 24	546,900	182,282	9,900	31,127,054	10,375,685	563,524	553,624	-	553,624	-	347,149	3,326,615	705,530
Year 25	546,900	182,282	9,900	31,127,054	10,375,685	563,524	553,624	-	553,624	-	340,175	3,666,790	777,677
Year 26	546,900	182,282	9,900	31,127,054	10,375,685	563,524	553,624	-	553,624	-	333,342	4,000,132	848,374

¹Total assessed value is based on the Cost Method of valuation.
 Source: BBER estimation based on data provided by Urban Highlands East, LLC

MEMORANDUM

TO: Karen Iverson

FROM: Chris Muirhead

DATE: September 25, 2020

RE: Property Tax Abatement

I. Property Tax Abatement Under Metropolitan Redevelopment Code

The Metropolitan Redevelopment Code (the “Code”) provides that property within a metropolitan redevelopment zone within a municipality is exempt from imposition of property taxes while the property is held in the name of the municipality. Section 3-60A-13(B) NMSA 1978.

“The property of a local government acquired or held for the purposes of the Metropolitan Redevelopment Code is declared to be public property used for essential public and governmental purposes, and the property shall be exempt from property taxes or assessments of the local government, the county, the state or any political subdivision thereof; provided that the exemption shall terminate when the local government transfers its fee simple interest in the property to a purchaser that is not entitled to the exemption with respect to the property.”

The Code further provides that the abatement is for a maximum term of seven years with the beneficiary continuing to make a payment in lieu of taxes to the respective county as follows:

“If interests in project property are exempt from property taxation and assessments under [the Code], then during the period extending from the date of acquisition of the property by the local government through December 31 of the year in which the seventh anniversary of that acquisition date occurs, any lessee of the project property or owner of a substantial beneficial interest in the project property, in whose ownership the property would not be exempt from property taxation except for the exemption granted under [the Code] shall pay to the county treasurer annually, at the same time property tax payments are due under the Property Tax Code [Chapter 7, Articles 35 to 38 NMSA 1978], an amount equal to the sum of: general property taxes that would have been imposed under [the Property Tax Code] had it not been exempt and had it been valued at the valuation for property taxation purposes that existed in the year immediately preceding the year of acquisition by the local government[.]” Section 3-60(A)-13.1 NMSA 1978.

Historically the City of Albuquerque (the “City”) has utilized the property tax abatement provisions under the Code through the issuance of metropolitan redevelopment bonds (the “MR Bonds”) that result in the transfer of legal title to the property to the City for a period of seven years resulting in the property tax abatement for the true property owner. The MR Bonds are structured in the same manner as industrial revenue bonds under Section 3-32-1 et seq. NMSA 1978. Specifically, the bond structure results in the property transferring to the City which in turn leases the property back to the true property owner for the term of the MR Bonds and the true property owner operates the business that is located on the property

under the terms of the lease. The City has no liability or obligations related to the property. The legal transfer of the property to the City is necessary to satisfy the requirements of Section 3-60A-13(B) which requires the property be held by the local government. Importantly, the transfer of the property title to the City is also required to satisfy provisions in the New Mexico Constitution which provide:

“The property of the United States, the state and all counties, towns, cities and school districts and other municipal corporations, public libraries, community ditches and all laterals thereof, all church property not used for commercial purposes, all property used for educational or charitable purposes, all cemeteries not used or held for private or corporate profit and all bonds of the state of New Mexico, and of the counties, municipalities and districts thereof shall be exempt from taxation.” New Mexico Constitution Article VIII, Section 3.

Without this constitutional exemption, the MR Code on its own cannot exempt property from taxation without violating Article VIII, Section 1 of the New Mexico Constitution which provides that “taxes shall be equal and uniform upon subjects of taxation of the same class.”

The issue raised is whether the City has options other than the traditional MR Bond structure to achieve the property tax abatement for the true property owner. Specifically, is there a more efficient way to reach the desired result without the bond process which requires City Council and Albuquerque Development Commission review and approval, and the drafting of multiple documents including an authorizing ordinance, trust indenture, lease agreement, bond purchase agreement, various closing documents and legal opinions? Preferably, is there a way for the City to provide the property tax abatement without the City taking title to the relevant property?

- II. Can the city provide the MR tax abatement without requiring the issuance of bonds? What would that process need to include?

The MR Code provides broad powers to the City to achieve the purposes of the MR Code to eliminate slum and blight conditions within approved metropolitan redevelopment zones. The City is “afforded, to the greatest extent feasible, maximum opportunity to help private enterprise rehabilitate property in a metropolitan redevelopment area.” Section 3-60A-6 NMSA 1978. The New Mexico Legislature envisioned sufficient municipal authority that it included a presumption that benefits to private entities under the MR Code would not result in a violation of the Anti-Donation Clause of the New Mexico Constitution (Article IX, Section 14). Under the MR Code, the City has the power to enter into contracts and other agreements to achieve the purposes of a specific metropolitan redevelopment plan, which includes the ability to acquire an interest in real property.

“In a metropolitan redevelopment project [the City may] exercise the following powers in one or more metropolitan redevelopment areas to include the elimination and prevention of the development or spread of slums or blight and may involve slum clearance and redevelopment in that area or rehabilitation or conservation in that area or any combination or part of those areas in accordance with a metropolitan redevelopment plan and for undertakings or activities of a local government in a metropolitan redevelopment area to eliminate the conditions that caused an area to be so designated and may include the following: acquisition of real property within the metropolitan redevelopment area pursuant to any powers and for purposes enumerated in the Metropolitan Redevelopment Code.” Section 3-60A-10(N)(1) NMSA 1978.

After acquisition of the property in a metropolitan redevelopment zone, the City is also authorized under the MR Code to lease the property back to the true property owner for residential, commercial, industrial or other uses. Section 3-60A-12(A). “The purchasers or lessees and their successors and assigns shall be obligated to devote the real property only to the uses specified in the metropolitan redevelopment plan for a period of years as set out in the sale or lease agreement and may be obligated to comply with other requirements that the local government may determine to be in the public interest, including the obligation to begin within a reasonable time any improvements on real property required by the metropolitan redevelopment plan.” Importantly, the property must be leased “at not less than its fair value” in accordance with the MR Code as determined by the City.

“In determining the fair value of real property for uses in accordance with the metropolitan redevelopment plan, a local government shall take into account and give consideration to the uses provided in the plan, the restrictions upon and the covenants, conditions and obligations assumed by the purchaser or lessee or by the local government retaining the property and the objectives of the plan for the prevention of and recurrence of slum or blighted areas.” Section 3-60A-12(A) NMSA 1978.

One of the benefits of the industrial revenue bond structure form MR Bonds is that the value of the lease and the related lease payments are directly related to the amount of the redevelopment project and the MR Bond and are amortized over the seven year maturity. This results in a clear calculation of the fair value of the lease. However, the absence of a MR Bond does not preclude the City from calculating the fair value of the lease under another model. The MR Code gives broad discretion to the City to operate within a metropolitan redevelopment zone and the calculation of “fair value” of the lease could be tied to the cost of the improvements to the relevant property without the issuance of a MR Bond. Potentially, the cost of the improvements to the property could be considered and “applied” over the seven years of the lease satisfying the “fair value” requirement under the MR Code.

The proposed acquisition and lease of property as discussed above is consistent with the property tax exemption sections in the MR Code and the New Mexico Constitution which require title to the relevant property be in the name of the City in order to qualify for the tax exemption. This is a critical factor to constitutionally provide the tax exemption. However, it is unclear what improved efficiency this process will provide for the applicant and the City staff compared to the traditional MR Bond process.

1. Metropolitan Redevelopment Application (required for both)
2. City staff review and preparation of Staff Analysis to confirm compliance with respective MR Plan and MR Code (required for both)
3. Drafting of authorizing ordinance, lease agreement and relevant property transfer documents (required for both)
4. Drafting of Trust Indenture (MR Bonds only)
5. Drafting Closing Documents and Opinions (MR Bonds and possible for acquisition/lease process)
6. Albuquerque Development Commission review and recommendation (required for both)
7. City Council review and approval of authorizing ordinance (required for both)
8. Trustee (MR Bonds only)

It is worth highlighting from a document perspective that the Trust Indenture is generally fairly formulaic whereas the lease agreement provides the specifics of the transaction and the respective rights and

responsibilities of the parties. Increased efficiency may be minimal in dropping the Trust Indenture and certain closing documents. There also may be specific City processes for acquisition/lease of property that must be satisfied if the property acquisition/lease is not through the MR Bond process.

In summary, the MR Code provides a path for the Metropolitan Redevelopment Department to consider a direct acquisition and lease-back process for MR projects. For the smaller projects it may be a less expensive process with some increased efficiency, although it is unclear to what degree the process will be simplified. For the larger projects that the Metropolitan Redevelopment Department has approved and completed over the past several years, the traditional MR Bond process may be the preferred option. The MR Bonds structure is already proven successful, protects the City's interests, and, importantly, is recognized by the Bernalillo County assessor as a legitimate property transfer to the City providing the desired property tax abatement. The Metropolitan Redevelopment Department should evaluate if there is a minimum size of project that supports the acquisition/lease approach and if a simplified application and staff review and analysis process is possible for smaller projects.