



## Redevelopment Tax Abatement Application & Program Instructions

City of Albuquerque  
Metropolitan Redevelopment Agency

**Updated: October 2024**

## SECTION 1. OVERVIEW

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

Approval for a tax abatement will result in a seven-year property tax abatement on the property's incremental property taxes. Property owners continue to pay the pre-development property tax amount as a Payment In Lieu of Taxes to the County Treasurer. To receive the tax abatement, the City must take title to the property and the property will be leased back to the original owner for the duration of the tax abatement. If the project involves financing, the City will subordinate its title position to lenders.

## SECTION 2. PROJECT THRESHOLD CRITERIA

Projects must meet the following criteria:

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

**B. Site Control.** Applicant must have site control. At the time of application, the Applicant must have site control in the form of a deed, long-term lease (at least 50 years), or an exclusive option to purchase/lease that expires no sooner than four months after submitting the application for the RTA.

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

- Minimum hard construction costs for the project of at least \$1 million; and
- A minimum of eight additional residential units are created (new or converted from a different use); OR
- For retail-only projects a minimum of 5,500 sq. ft. of commercial space is created or put into active use.

**D. Community Benefit.** A project must achieve a minimum Community Benefit score of 35 based on the Community Benefit Matrix in Appendix B.



## SECTION 3: RTA EVALUATION CRITERIA

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

**A. Alignment with Metropolitan Redevelopment Statute and Plan.** The applicant must demonstrate that the RTA project meets the relevant Metropolitan Redevelopment Plan goals.

**1. Project results in the removal of slum or blighted conditions.** The Metropolitan Redevelopment Code, NMSA 1978, Section 3-60A-4 (H & I), defines a slum area or a blighted area as:

*“Slum area” means an area within the area of operation in which numerous buildings, improvements and structures, whether residential or nonresidential, which, by reason of its dilapidation, deterioration, age, obsolescence or inadequate provision for ventilation, light, air, sanitation or open spaces, high density of population, overcrowding or the existence of conditions that endanger life or property by fire or other causes, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency or crime and is detrimental to the public health, safety, morals or welfare;*

*“Blighted area” means an area within the area of operation other than a slum area that, because of the presence of a substantial number of deteriorated or deteriorating structures, predominance of defective or inadequate street layout, faulty lot layout in relation to size, adequacy, accessibility or usefulness, insanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the fair value of the land, defective or unusual conditions of title, improper subdivision or lack of adequate housing facilities in the area or obsolete or impractical planning and platting, or an area where a significant number of commercial or mercantile businesses have closed or significantly reduced their operations due to the economic losses or loss of profit due to operating in the area, low levels of commercial or industrial activity or redevelopment or any combination of such factors, substantially impairs or arrests the sound growth and economic health and well-being of a municipality or locale within a municipality or an area that retards the provisions of housing accommodations or constitutes an economic or social burden and is a menace to the public health, safety, morals or welfare in its present condition and use.*

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



### **3. Relocation of existing residents and businesses has been/will be avoided.**

If relocation is necessary, the Applicant must find new housing or business locations with the same or reasonably similar characteristics and price points and provide relocation assistance. The Applicant should clearly outline this plan in the RTA narrative.

## **B. Design**

RTA projects shall meet the following enhanced design criteria to ensure high-quality projects that are recognized as exemplary:

- Buildings shall have exterior building materials and colors that are aesthetically pleasing and compatible with the overall site plan. Construction material shall provide variation in color, texture, and scale (see Appendix I for suggested color palettes); and
- The development must meet the strictest of the Design Standards in the City's Integrated Development Ordinance (IDO) applicable to the proposed use of the structure, regardless of zone district, as follows:
  - i. Residential, Multi-family and Mixed-use see IDO Subsection 5-11(E)
  - ii. Non-residential see IDO Subsection 5-11(F)
  - iii. Industrial see IDO Subsection 5-11(G)

*Note:* MRA may require changes to the proposed project materials, colors, and façade design to meet the community character and design goals of the applicable MR Area Plan, above and beyond the IDO requirements.

**C. Applicant Experience.** Applicant teams must demonstrate a record of successfully financing, constructing, and managing projects of this type and size. Applicants must describe their history of successfully completing projects in the Narrative, as well as complete the Applicant Experience Matrix (Appendix F). MRA, at its discretion, may request three letters of reference, one of which should be from a lender who has experience working with the developer entity.

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

**1. Pre-Application Meeting.** A pre-application meeting with MRA staff is required. Staff will review the process and schedule for the project and outline program steps and required documents. Applicants should bring a conceptual site plan, renderings, or elevations to the meeting. Staff will review the specific project, its eligibility for an RTA, and discuss potential concerns or limitations. MRA staff will follow up with a summary of the pre-application meeting within three business days. This summary should be submitted with the application as documentation of the meeting.



**2. Meeting with Relevant Neighborhood Association(s).** Applicants are required to request a meeting with all neighborhood associations within 660 feet of the project site prior to application submission. If the Neighborhood Association (NA) requests a meeting, the applicant must provide the applicable NA meeting minutes or written confirmation from the Neighborhood Association Secretary that the meeting occurred and include the confirmation in the application. If the NA does not request a meeting or is currently inactive, the applicant must submit a response from the NA or other evidence from the NA indicating that a meeting was not requested or not possible.

**3. Application.** A complete application will include all elements listed in the checklist on the last page of these instructions.

Applications can be emailed to the City at [MRA-RTA@cabq.gov](mailto:MRA-RTA@cabq.gov) **Applications must be submitted as one complied pdf.** Applicants may submit larger-sized applications using a virtual link (such as Dropbox or Google Drive). You will receive an email confirming receipt with 24 hours. If you do not receive a confirmation email, please call the MRA office.

After MRA staff has confirmed receipt of the RTA application, it will be reviewed for completeness against the required. The applicant will be informed if the application is complete on or before 10 days after receiving the RTA application materials.

**4. Albuquerque Development Commission Public Meeting.** The Albuquerque Development Commission (ADC) is the decision-making body with the authority to make recommendation on the project to City Council (The ADC meets on the third Thursday of each month, and the schedule can be found here: <https://www.cabq.gov/mra/albuquerque-development-commission>). The MRA will review complete applications for eligible projects and prepare a staff report for the Albuquerque Development Commission (ADC). MRA will notice all property owners within 100 feet and neighborhoods associations within 660 feet of the project site by mail or email (if available) at least 10 days prior to the meeting.

A representative of the applicant should be at the ADC public meeting to answer questions about the project. Members of the public in attendance are invited to speak for or against the project. The ADC then makes a recommendation to the City Council.

**5. City Council Approval.** City Council has final approval of all RTA projects. ADC-recommended projects will be brought to Council in the form of a Resolution. The Resolution is first heard at the City Council's Finance and Government Operations Committee (FGO Committee) public meeting. The applicant and its project representatives should be present at the FGO Committee public meeting. The Committee then votes to issue a recommendation to the full City Council (Do Pass, Do Not Pass, or No Recommendation).

At the next scheduled full City Council public meeting, a presentation from the staff and applicant are usually conducted, but not always required by the City Council. The applicant should plan to be present and bring its experts to answer questions from the City Council, if necessary.



Projects may take 3 to 4 months to receive full approval from City Council, subject to City Council and Committee hearing schedules.

**6. Building Permit Approval.** Prior to submitting for building permit, the Applicant must provide MRA a final site plan, building elevations, and any other outstanding requirements in the conditions of approval for the RTA to ensure compliance with the final RTA approval, including the Community Benefits Matrix.

## SECTION 5: RTA LEASE

In order to facilitate the tax abatement, the City must take title to the property and will lease the property back to the Applicant for the seven-year tax abatement period, ending December 31 of the seventh year. A sample of the lease agreement is found in Appendix D. This lease serves only as an example and the City reserves the right to amend the lease prior to execution. Amendments may include, but are not limited to, claw back provisions for community benefit commitments presented in the application and subordination clauses to satisfy lenders. The execution of lease transaction documents is contingent upon the applicant meeting all requirements outlined in the application and the inclusion of all components that earned application points in the Community Benefits Matrix.

Projects that include a ground-floor commercial or retail component shall be required to conform with occupancy requirements for the first 3 years following project completion (see Appendix D, Sample Lease Agreement for specifics). The applicant/developer will be responsible for recording fees associated with the execution of the lease and deed transaction documents.

## SECTION 6. ABATEMENT TIMING

The timing of when the Applicant applies for an RTA and when the entity executes an RTA Lease are very critical and can influence the value of the tax abatement. The following is an outline of key timing considerations:

- The ADC should make a recommendation to City Council before the project is submitted for building permit approval. Grading and drainage work may occur prior to the ADC hearing. Any building permit application, pre-construction activities, developer, or architectural/engineering costs incurred by the developer prior to final City Council approval of the RTA are at the sole risk of the developer.
- The transaction documents must be executed no later than three years after the Council approves the RTA Resolution, unless it is a phased project. Phased timing should be identified at the RTA Application stage.
- Projects must be nearing completion or fully complete before the City will execute the RTA transaction documents (warranty deed and lease), at the MRA's sole discretion.



- While meeting the above parameters, the Property Owner can choose what day they wish to execute the transaction documents; however, the Property Owner must give the City at least a 45-day notice to prepare the documentation.

The chart below explains which years the property taxes will be abated based on when the RTA lease is executed. The chart also explains when the payment in lieu of taxes (the annual tax payment during the abatement years) and RTA lease fee are due.

Timeline for the RTA Process.	Sample timeframe for an RTA Lease executed August 31, 2024.
The RTA property valuation begins on January 1 <sup>st</sup> of every year. Tax bills are due the following 10 <sup>th</sup> of November and the 10 <sup>th</sup> of April of the following year.	The RTA property tax assessment for Tax Year 2024 occurs on January 1, 2024. The taxes are due in equal parts on November 10, 2024, and April 10, 2025.
The property tax abatement begins the Tax Year following the date of execution of the Transaction Documents.	Tax Year 2025 will be the first Tax Year that the property taxes are abated.  It is important to note, the Owner will still owe taxes on November 10 <sup>th</sup> 2024 and April 10 <sup>th</sup> 2025 for Tax Year 2024.
The tax abatement will apply for seven Tax Years.	The tax abatement will apply for Tax Years 2025-2031.
On the seventh anniversary of the Transaction Documents, Title is transferred back to the Property Owner.	On August 31, 2031, title is reverted back to the Property Owner.
On January 1 <sup>st</sup> of the following year, the property will no longer be exempt and the property taxes will be based on the Taxable Value.	The value of the property will be assessed on Jan 1, 2032 with the first property tax bills based on the Taxable Value due November 10 <sup>th</sup> 2032 and April 10 <sup>th</sup> 2033.
<b>Payments in Lieu of Taxes (PILT)</b>	
The Payments in Lieu of Taxes (PILT) amount due to the County is equal to the Total Tax Amount due the Tax Year prior to the date the Transaction Documents are executed.	In this example, the PILT due to the County would be the Total Tax Amount due on the 2023 Tax Bill.
The PILT is due for each Tax Year that the property tax exemption is applicable.	The PILT will be due for Tax Years 2025-2032.
The PILT is due in two equal installments, with the same customary due dates as property taxes. 1 <sup>st</sup> half is due November 10 <sup>th</sup> and the second half is due April 10 <sup>th</sup> .  Payments are made to the County Treasurers Office.	The first year's PILT will be due November 2025/April 2026.  The last year's PILT will be due November 2031/April 2032.
<b>Lease Fee</b>	
The Property Owner must also pay a Lease Fee to the Metropolitan Redevelopment Agency equivalent to 10% of the abated property taxes. The formula for the Lease Fee is as follows:	



(Taxable Value the Year After Transaction Documents are Executed MULTIPLIED BY Customary Applicable Total Mill Rate)	(Tax Year 2025 Taxable Value MULTIPLIED BY Customary Applicable Total Mill Rate)
MINUS (Total Property Taxes Due the Year Before Transaction Documents are Executed)	MINUS (Tax Year 2023 Total PILT Due)
MULTIPLIED BY 10%	MULTIPLIED BY 10%
EQUALS Annual Lease Fee	EQUALS Annual Lease Fee
The Lease Fee is due for each Tax Year that the property tax exemption is applicable.	The Lease Fee will be due for Tax Years 2025-2031.
The Lease Fee is due in two equal installments each year, with the same customary due dates as property taxes. 1 <sup>st</sup> half is due November 10 <sup>th</sup> and the second half is due April 10 <sup>th</sup> .	The first year's Lease Fee will be due November 2025/April 2026.  The last year's Lease Fee will be due November 2031/April 2032.

## SECTION 7: MRA FEES

RTA filing fees are based on Building Permit Valuation according to the following chart:

	Building Permit Valuation is Less than \$3.6M	Building Permit Valuation Cost is \$3.6M or More
<b>RTA Application Fee</b> - Payable to the City of Albuquerque at the time the application is submitted	\$2,000	\$3,500
<b>RTA Processing Fee</b> - Payable to the City of Albuquerque-MRA when lease is executed.	\$1,000	\$2,500

**RTA Abatement Fee:** An annual fee incurred while the RTA is active, equivalent to 10% of the actual abated taxes related to the RTA, is payable each year to the Metropolitan Redevelopment Agency to foster further redevelopment. This provision and payment mechanisms are included in the RTA Lease Agreement (Appendix D).

**Fees can be mailed to:**

Metropolitan Redevelopment Agency  
P.O. Box 1293, Box #51  
Albuquerque, New Mexico, 87103

## SECTION 8: PREVAILING WAGE POLICY

If the only City of Albuquerque assistance that your project receives is a Redevelopment Tax Abatement, it is assumed that the financial assistance is less than 6%. However, if the amount of assistance received from the City of Albuquerque is more than 6% of total





development costs, your project will be subject to the New Mexico Subcontractors Fair Practice Act, the Public Works Apprentice and Training Act, and payment of prevailing wage rates in accordance with the New Mexico Public Works Minimum Wage Act, § 13-4-10 to 13-4-17, NMSA 1978. If you believe your project falls into this category, notify MRA to ensure project compliance.

## SECTION 9: APPLICATION NARRATIVE

The required application narrative can be up to 10 pages long, single- or double-spaced, using a legible typeface and font size. Attachments will not be counted against the page limit. The following header sequence is required.

### 1. PROJECT INFORMATION

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

### 2. COMMUNITY BENEFIT SUMMARY

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

### 3. ALIGNMENT WITH METROPOLITAN REDEVELOPMENT AREA PLAN

- a. **Removal of Slum/Blighted Conditions:** Describe specifically how the Project results in the removal of slum or blighted conditions, as defined in the Metropolitan Redevelopment Code. Please see section 3.A.1. of this application instruction for a definition.
- b. **Alignment with MRA Plan Goals:** Describe specifically how the Project furthers the goals and objectives of the adopted Metropolitan Redevelopment Area Plan.
- c. **Relocation Plan:** If the project has or will include relocation of existing businesses/residents, please describe the extent of the relocation and why relocation was unavoidable. Describe the steps the applicant will make to assist current residents/businesses find new locations, including but not limited to providing monetary compensation.



#### 4. DESIGN

Describe how the project meets the following enhanced design criteria. Include renderings as part of the application package that show the project's design features.

- a. **Color:** Describe the exterior building colors.
- b. **Materials:** Construction material shall provide variation in color, texture, and scale. Describe materials to be used.
- c. **Building Design:** Describe how the project meets or exceeds the IDO standards for the proposed use and contributes to the character of the existing community or existing development styles in the MR Area.

#### 5. APPLICANT EXPERIENCE.

- a. Describe the development entity and provide information about the experience of the company or of significant individuals involved in the type of development proposed. As appropriate, include résumés of principals, or other relevant information that speaks to the experience and credibility of the development team. Provide examples of previously completed projects.



## Appendix A: Application Checklist

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

- Application Form (Please use the Building Valuation Data in Appendix E)
- Application narrative (no longer the 10 pages)
- Completed Community Benefits Matrix (Appendix B)
- Map showing the location of the project within the MR Area
- Site plan
- Elevations showing building colors and materials (3-D renderings are optional)
- Construction timeline with tentative dates
- All required attachments for the applicable community benefit criteria in the Community Benefit Matrix (Column F of Appendix B)
- Developer Experience Matrix (Appendix F)
- Applicant Local/Diverse-owned certification (Appendix C and/or G) (Optional)
- Proof of Site Control
- Summary of Pre-Application Meeting provided by MRA Staff
- Neighborhood Association meeting minutes or written confirmation from the Neighborhood Association that a meeting was attended or was not requested
- Copy of the most recent County Assessors Notice of Value and Property Tax Bill for all parcels in the proposed project
- Appendix H - Acknowledgement of Redevelopment Tax Abatement Program Risks & Responsibilities
  - Applicant Signed Form
  - Property Owner Signed Form (if different from Applicant)
- Other Attachments (as applicable):
  - Résumés
  - Examples of prior projects (news clippings, memos, etc.)
  - Letters of reference
  - Other documents relevant to the project

**Note: The RTA application fee is due prior to application review.**

