

CITY of ALBUQUERQUE

TWENTY THIRD COUNCIL

COUNCIL BILL NO. R-18-98 ENACTMENT NO. _____

SPONSORED BY: Isaac Benton, by request

1 RESOLUTION

2 DECLARING THE INTENT OF THE CITY OF ALBUQUERQUE, NEW MEXICO,
3 SUBJECT TO THE SATISFACTION OF CERTAIN CONDITIONS, TO ISSUE
4 METROPOLITAN REDEVELOPMENT BONDS IN AN AGGREGATE PRINCIPAL
5 AMOUNT NOT TO EXCEED \$20,500,000.00 IN CONNECTION WITH THE
6 ACQUISITION, CONSTRUCTION AND EQUIPPING OF THE BROADSTONE
7 HIGHLANDS NORTH PROJECT FOR THE PURPOSE OF INDUCING
8 BROADSTONE HIGHLANDS NORTH, LLC OR ITS SUCCESSORS AND
9 ASSIGNS, TO LOCATE THE PROJECT IN THE CITY AND TO DEVELOP THE
10 PROJECT IN THE CITY AS DESCRIBED IN THE PROJECT PLAN.

11 WHEREAS, the City of Albuquerque (the "City"), State of New Mexico
12 (the "State"), is a legally and regularly created, established, organized and
13 existing municipal corporation of the State; and

14 WHEREAS, pursuant to the Metropolitan Redevelopment Code, Chapter
15 3, Article 60A, New Mexico Statutes Annotated, 1978 Compilation, as amended
16 (the "Code"), the City Council (the "Council") of the City is authorized to
17 acquire metropolitan redevelopment projects to be located within metropolitan
18 redevelopment areas; and

19 WHEREAS, the City desires to encourage redevelopment, so as to
20 promote industry and develop trade or other economic activity by inducing
21 profit or non profit corporations and commercial or business enterprises,
22 among others, to locate, expand or remain in metropolitan redevelopment
23 areas, to reduce unemployment and to secure and maintain a balanced and
24 stable economy in such areas and to promote public health, welfare, safety,
25 convenience and prosperity; and

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1 WHEREAS, the City has previously designated the area within which the
2 Project Site (as defined below) and the Project (as defined below) are located
3 as the Sycamore Metropolitan Redevelopment Area; and

4 WHEREAS, Broadstone Highlands North, LLC, a Delaware limited
5 liability company (together with its successors and assigns, the "Company")
6 has presented to the City a proposal (the "Project Plan") whereby, in
7 accordance with the Code, the City will acquire certain land comprised of 200
8 Mulberry St. NE, Albuquerque, NM 87106, all within the City (the "Project
9 Site"), upon which renovation, construction and equipping of the Project Site
10 for the purpose of providing a multifamily residential project and related
11 amenities will occur (the "Project") in accordance with the Code; and

12 WHEREAS, The Project Plan proposes the issuance by the City of its
13 Metropolitan Redevelopment Bonds (Broadstone Highlands North Project)
14 Series 2019 (the "Bonds") under the Code in an aggregate principal amount
15 not to exceed \$20,500,000.00 to finance all or part of the costs of construction
16 and equipping of the Project and certain costs in connection with the
17 authorization, issuance and sale of the Bonds; and

18 WHEREAS, the issuance of the Bonds by the City to finance all or a part
19 of the Project will constitute one of the inducements relied upon by the
20 Company to construct and equip the Project in the City; and

21 WHEREAS, the City desires to indicate its intent, subject to the
22 conditions provided in Section 6 below, to proceed with the issuance of the
23 Bonds for the financing of the Project pursuant to the terms of an ordinance
24 (the "Bond Ordinance") to be subsequently considered for approval by the
25 Council; and

26 WHEREAS, the Albuquerque Development Commission, which acts as
27 the Metropolitan Development Commission under the provisions of City
28 Ordinance 12-1985 (the "Commission") held a public hearing on September
29 20, 2018 on the Project and the issuance of the Bonds, at which hearing
30 comments from the public were gathered and considered by the Commission;
31 and

1 WHEREAS, at the conclusion of the public hearing, the Commission
2 voted to recommend approval of the Project and the issuance of the Bonds to
3 the Council and approved the Project Plan; and

4 WHEREAS, the City and the Company understand that the adoption of
5 this resolution shall not obligate the City to issue the Bonds except in full
6 compliance with the terms of the Bond Ordinance to be adopted by the
7 Council prior to the issuance of the Bonds and of related bond documents in
8 form satisfactory to the City to be approved by the Council prior to the
9 issuance of the Bonds.

10 BE IT RESOLVED BY THE COUNCIL, THE GOVERNING BODY OF THE CITY OF
11 ALBUQUERQUE:

12 Section 1. Ratification. All actions (not inconsistent with the provisions
13 hereof) heretofore taken by the Council, the Commission and the officers and
14 officials of the City and the Commission, related to the purposes of this
15 Resolution, are ratified, approved and confirmed.

16 Section 2. Project. The Council has been informed that:

17 a. The location of the Project is 200 Mulberry St. NE
18 Albuquerque, NM 87106 located within the Sycamore Metropolitan
19 Redevelopment Area.

20 b. The Project consists of up to approximately 2.4 acres of land
21 together with apartment buildings totaling approximately 110,622 square feet,
22 and related improvements for the purpose of providing residential space and
23 associated amenities.

24 c. The maximum aggregate face amount of the obligations to be
25 issued with respect to the Project is \$20,500,000.00.

26 d. The Project conforms to the requirements of the Sycamore
27 Metropolitan Redevelopment Plan and the Code. The Project will remediate
28 blighted conditions and infrastructure, improving the health, safety and
29 welfare of the public and will encourage economic and commercial growth
30 within the area.

31 Section 3. Interest on the Bonds not Federally Tax-exempt. The City
32 understands that the Company does not intend that the Bonds be “qualified

private activity bonds” as that term is defined in the Internal Revenue Code of 1986, as amended.

Section 4. Intent to Issue Bonds. In order to promote the local health and general welfare, safety, convenience and prosperity of the inhabitants of the City, it is the Council’s intent to take all necessary and advisable steps to effect the issuance of the Bonds, in a principal amount not to exceed \$20,500,000.00 in order to defray part or all of the costs of the construction and equipping of the Project, provided that this expression of intent is conditioned upon the issuance of the Bonds on or before one year from the date of the adoption of this Resolution, and further provided that issuance of the Bonds is subject to the conditions described in Section 6 hereof.

Section 5. No Pecuniary Liability of the City. The Bonds shall be payable solely from the revenues of the Project, by the Company, from proceeds of the Bonds and from investment earning of Bond proceeds, if any. The Bonds shall not constitute a debt or indebtedness of the City within the meaning of any provision of limitation of the Constitution or statutes of the State of New Mexico or the Charter of the City. In addition, if the Bonds are issued, the Company shall indemnify and hold the City harmless from and against any liability that may be asserted against the City with respect to the City’s ownership of, or leasehold interest in, the Project or the issuance of the Bonds. Nothing in this Resolution or in any other instrument shall be considered as obligating the City to any pecuniary liability or as constituting a charge upon the general credit of the City or against its general revenues or its taxing power, it being understood that no costs are to be borne by the City and that all costs incurred by the City in connection with the issuance and sale of the Bonds will be promptly reimbursed by the Company.

Section 6. Issuance of Bonds Conditioned upon Full Review and Approval. The issuance of the Bonds and the execution and delivery of any documents to which the City is a party in connection therewith shall be subject to, and specifically conditioned upon, a full review of such documents and the approval and authorization by the Council of the issuance of the Bonds pursuant to the Bond Ordinance following reasonable public notice of the time, date and place of the Council’s public hearing relating to adoption of

1 the Bond Ordinance. In connection with this Resolution, the Council has been
2 informed that the Company has expressed its understanding that a failure or
3 refusal of the Council, however arising, to adopt the Bond Ordinance will have
4 the effect of voiding any benefits to the Company under the Code.

5 Section 7. Authorized Actions. The Mayor and other appropriate City
6 officials are hereby authorized and empowered to take such steps and to do
7 such things as may be necessary to achieve the purposes of this Resolution.

8 Section 8. Severance Clause. If any section, paragraph, clause or
9 provision of this resolution shall for any reason be held to be invalid or
10 unenforceable, the invalidity or unenforceability of such section, paragraph,
11 clause or provision shall not affect any of the remaining provisions of this
12 Resolution.

13 Section 9. Headings. Titles of the sections in this Resolution are included
14 for convenience only and shall not be construed as modifying the text.

15 Section 10. Repealer. All orders and resolutions, or parts thereof, in
16 conflict with this Resolution are hereby repealed; however, this repealer shall
17 not be construed to revive any order, resolution or part thereof, heretofore
18 repealed.

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CITY OF ALBUQUERQUE
Albuquerque, New Mexico
Office of the Mayor

Mayor Timothy M. Keller

INTER-OFFICE MEMORANDUM

10/1/2018

TO: Ken Sanchez, President, City Council


FROM: Timothy M. Keller, Mayor

SUBJECT: Request for the issuance of metropolitan redevelopment bonds to Broadstone Highlands North, LLC

The City's Metropolitan Redevelopment Agency received an application from Broadstone Highlands North, LLC ("Applicant") for the issuance of up to \$20.5 million in metropolitan redevelopment bonds for a private redevelopment project located in Sycamore Metropolitan Redevelopment Area. The project site has an address of 200 Mulberry St. NE Albuquerque, NM 87106. The project site is specifically located on 2.4 acres bounded by Copper Ave. to the south, Tijeras St. to the north, Mulberry St. to the west and Cedar St. to the east. The project is the first phase of a larger master planned redevelopment known as The Highlands. The Applicant is requesting the issuance of the bonds for the sole purpose of the 7 year tax abatement mechanism that the bonds provide to the property owner. With the approval and issuances of the MRB, the estimated annual amount of property taxes abated on the project would be \$334,921.00 for a term of 7 years. The 7 year cumulative value of the abated taxes is estimated to be \$2,344,447.00. Following the 7 year abatement period, the estimated annual amount of property taxes that will be due from the project is \$342,259.00. There is no financial obligation on the part of the City in regard to the bonds, and they have no impact on the City's credit/bond ratings. The Applicant is responsible for all payments and liabilities associated with the bond debt.

On September 20, 2018 the Albuquerque Development Commission ("ADC") reviewed the application. The ADC recommended to the City Council APPROVAL of the issuance of \$20.5 million in metropolitan redevelopment bonds to the applicant.

TITLE/SUBJECT OF LEGISLATION: Request for the issuance of metropolitan redevelopment bonds to Broadstone Highlands North, LLC


10-22-18 (AV)
 Esteban A. Aguilar Jr. Date
 City Attorney

Recommended: David Campbell 10/1/18
David Campbell Date
Planning Department Director

Cover Analysis MRB 18-3

1. What is it?

This is a resolution declaring the City's intent, subject to satisfaction of certain conditions, to authorize the issuance and sale for metropolitan redevelopment bonds in an amount not to exceed \$20,500,000 for the Highlands North Project that is being completed by Broadstone Highlands North, LLC.

2. What will this piece of legislation do?

Broadstone Highlands North, LLC is requesting the issuance of metropolitan redevelopment bonds to aid in the development of a project located in the Sycamore Metropolitan Redevelopment Area. The Project site has a street address of 200 Mulberry St. NE, Albuquerque, NM 87106. The applicant is requesting the issuance of the bonds for the sole purpose of the 7 year tax abatement mechanism that the bonds provide to the property owner. With the approval and issuances of the MRB, the estimated annual amount of property taxes abated on the project would be \$334,921.00 for a term of 7 years. The 7 year cumulative value of the abated taxes is estimated to be \$2,344,447.00. Following the 7 year abatement period, the estimated annual amount of property taxes that will be due from the project is \$342,259.00. The Albuquerque Development Commission reviewed the project and recommended approval at their meeting on September 20, 2018.

3. Why is this project needed?

The project, once completed, will convert a 2.4 acre site into a residential living community containing 92 apartment units and community amenities. This project is the first phase in a larger planned development called The Highlands. The larger Highlands redevelopment project will consist of five city blocks. The over \$90 million project, when completed, will include over 300 units of multi-family housing, an artisanal food market, other retail and restaurant components, and the addition of a Springhill Suites Hotel.

This project will convert a vacant, underutilized and blighted property into a positive and contributing site, bringing residents and economic activity to the area. The project will help to catalyze redevelopment activities in the area and encourage future investment.

According to the City's evaluation criteria, metropolitan redevelopment projects must show a substantial contribution to the area revitalization and redevelopment. The Project will contribute to the goals of the Sycamore Metropolitan Redevelopment Plan by making a private sector investment of approximately \$20.5 million in the area that will bring housing and economic activity.

4. How much will this cost and what is the funding source?

The bonds will be financed by Broadstone Highlands North, LLC through a related affiliate in a “self-funded” transaction. There is no financial obligation on the part of the City in regard to the bonds, and they have no impact on the City’s credit/bond ratings. The applicant is responsible for all payment and liabilities associated with the bond debt.

5. Is there a revenue source associated with this project? If so, what level of income is projected?

While there is no revenue source associated specifically with the Resolution, future revenues may accrue to the City in the form of Payment in Lieu of Taxes (PILOT), for a portion of the taxes not abated through the metropolitan redevelopment bonds. Following the 7-year tax abatement period the project will be subject to a significant property tax increase from the currently existing annual baseline amount of \$7,338.00. Following the abatement period, the annual property tax amount generated by the site is estimated to be \$342,259.00.

FISCAL IMPACT ANALYSIS

TITLE: Metropolitan Redevelopment Bond Application (MRB 18-3)

R: O:
FUND: 275

DEPT: Planning/MRA

- ☒ No measurable fiscal impact is anticipated, i.e., no impact on fund balance over and above existing appropriations.
- ☐ (If Applicable) The estimated fiscal impact (defined as impact over and above existing appropriations) of this legislation is as follows:

| | 2019 | Fiscal Years 2020 | 2021 | Total |
|---|------|----------------------|------|-------|
| Base Salary/Wages | | | | - |
| Fringe Benefits at | - | - | - | - |
| Subtotal Personnel | - | - | - | - |
| Operating Expenses | | | | - |
| Property | | | - | - |
| Indirect Costs | - | | | - |
| Total Expenses | \$ - | \$ - | \$ - | \$ - |
| <input checked="" type="checkbox"/> Estimated revenues not affected | | | | |
| <input type="checkbox"/> Estimated revenue impact | | | | |
| Amount of Grant | - | | | - |
| City Cash Match | - | - | - | - |
| City Inkind Match | | - | - | - |
| City IDOH | - | | | - |
| Total Revenue | \$ - | \$ - | \$ - | \$ - |

These estimates do not include any adjustment for inflation.

* Range if not easily quantifiable.

Number of Positions created 0

COMMENTS ON NON-MONETARY IMPACTS TO COMMUNITY/CITY GOVERNMENT:

The Applicant is requesting a metropolitan redevelopment bond for the sole purpose of the 7 year tax abatement mechanism on improvements made to the property that the MRB provides. There is no financial obligation 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. There is no indebtedness on the part of the City.

PREPARED BY:

Debbi Dehol 10/1/18
FISCAL MANAGER (date)

APPROVED:

[Signature] 10/1/18
DIRECTOR (date)

REVIEWED BY:

[Signature] 10/2/18
EXECUTIVE BUDGET ANALYST (date)
Lorraine Turrieta

[Signature] 10-2-18
BUDGET OFFICER (date)
Gerald E. Romero

[Signature] 10/2/18
CITY ECONOMIST (date)
Jacques B. Blair

METROPOLITAN REDEVELOPMENT AGENCY

600 2ND Street NW, 3rd Floor, 87102

P.O. Box 1293, Albuquerque, NM 87103

Office (505) 924-3852 Fax (505) 924-3339

NOTIFICATION OF DECISION

September 26, 2018

Broadstone Highlands North, LLC
C/o Josh Rogers, Titan Development
6300 Riverside Plaza
Albuquerque, NM 87120

Metropolitan Redevelopment Bond
MRB 18-3

PROJECT NAME:

Broadstone Highlands North

LEGAL DESCRIPTION:

Tract numbered One (1) of the Plat of
THE HIGHLANDS, Blocks 3, 4, 5, 6, &
21, Brownewell & 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 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.

On September 20 2018, the Albuquerque Development Commission, voted to recommend **APPROVAL** of the application from Broadstone Highlands North, LLC, for the request of the issuance of metropolitan redevelopment bonds in an amount not to exceed \$20,500,000.

The Albuquerque Development Commission ("ADC"), after its consideration of the presentation and the materials and documentation before it, recommends **APPROVAL** of the metropolitan redevelopment bond application and forwards the request to City Council for review and final approval based on the following findings:

FINDINGS:

1. Pursuant to the Sycamore Metropolitan Redevelopment Plan (“Plan”), there is a need to redevelop certain properties in the Sycamore Metropolitan Redevelopment Area in order to improve issues of slum and blight. Redevelopment activities should contribute to the goals of the Plan, including:
 - a) To improve the existing “mixed-use” characteristics of the area by encouraging compatible relationships between related uses and buffering incompatible uses.
 - b) To improve pedestrian, transit and bicycle circulation by providing better internal connections within the neighborhood and improving connections to nearby urban centers.
 - c) To prevent neighborhood decline by stimulating private reinvestment, while providing sufficient controls and guidance to ensure mutually beneficial relationships between existing and new development.
2. As provided in the New Mexico Metropolitan Redevelopment Code and the Metropolitan Redevelopment Agency Ordinance for the City of Albuquerque, the City has the authority to issue redevelopment bonds.
3. Pursuant to Section 14-8-6-2 of the Albuquerque City Ordinances, the ADC is the advisory Board of Commissioners for the City Council.
4. The Broadstone Highlands North project furthers the goals of the MRA by:
 - a. Eliminating blighted conditions;
 - b. Providing increased multi-family housing options; and
 - c. Catalyzing future development in the area.
5. The ADC recommended APPROVAL based on the following:
 - a) MRB 18-3 will make a positive impact to the Sycamore Metropolitan Redevelopment Area by making a private sector investment of approximately \$20.5 million into the community. The project will show an increased viability in the area and act as a catalyst for additional investment.
 - b) MRB 18-3 furthers the goals of the MR Plan by encouraging the development of new mid-rise apartments and mixed density residential development within the Sycamore MR Area.
 - c) MRB 18-3 will help to improve the social and economic conditions that exist in the area by providing new housing options and bringing new residents to the area.
 - d) MRB 18-3 will help to remove the conditions of slum and blight that exist in the Sycamore Metropolitan Area.

- e) The Albuquerque Development Commission hereby gives notice to the City Council that Broadstone

Highlands North, LLC has complied with all applicable municipal ordinances and resolutions relating to the issuance of tax exempt bonds.

APPEAL: The recommendation from the ADC to City Council is not appealable. § 14-8-4-8 governs appeals related to the MRA. § 14-8-4-8 (A)(1) makes it clear that appeals are limited to “decisions of the Metropolitan Redevelopment Agency as to acceptance of a proposal for sale and/or redevelopment of land”. A recommendation to issue MR Bonds is not a sale, purchase or redevelopment of land.

Sincerely,



Karen Iverson

Manager, Metropolitan Redevelopment Agency

Cc via email: David Campbell, Planning Director
Alan Varela, Assistant City Attorney
Isaac Padilla, Director of Government Affairs
Camilla Gurule, Titan Development
Chris Pacheco, Titan Development
Josh Rogers, Titan Development
Chris Muirhead, Modrall Sperling

ALBUQUERQUE DEVELOPEMNT COMMISSION

September 20, 2018

MRB-18-3 Highlands North

REQUEST: Approval of the issuance and sale of metropolitan redevelopment bonds in an amount not to exceed \$20,500,000 is requested for the Highlands North Project.

METROPOLITAN REDEVELOPMENT BOND PROJECT CRITERIA

The overriding criterion for all metropolitan redevelopment bond projects is the benefit to the metropolitan redevelopment area in which the project is located. The benefits should help to further the goals outlined in the metropolitan redevelopment plan for the area.

PROJECT SUMMARY:

Broadstone Highlands North, LLC (“Applicant”) is requesting the issuance of metropolitan redevelopment bonds (“MRB” or “MRB’s”) to aid in the development of a new multi-family apartment project (“Project” or “Highlands North”). The Project is located within the boundary of the Sycamore Metropolitan Redevelopment Area (“MR Area” or “Area”), making it eligible for the issuance of MRB’s. A map of the MR Area and the specific Project location can be seen in the application package, attached as Exhibit A.

The Applicant is a partnership between three real estate developers, Albuquerque based Titan Development, Albuquerque based Maestas Development Group, and Phoenix based Alliance Residential Company.

The existing site is approximately 2.4 acres in size and is one part of a larger 12 acre redevelopment project called The Highlands. The Highlands project, once completed, will consist of 5 city blocks and include over 300 units of multi-family housing, an artisanal food market, retail and restaurant components and a hotel. The completed Highlands project will help to transform this currently blighted area into a vibrant mixed-use community and will work to catalyze additional investment and activity in and around the area.

Highlands North will contain 92 residential apartment units and associated amenities for over 130 residents.

It is estimated that 200 - 250 full-time equivalent jobs will be created for the construction of the Project over a 12 month timeframe. Following construction, it is estimated that 7 full-time jobs will be created for the operation and management of the completed Project.

The existing annual property tax amount due on the property, identified as the baseline tax amount due on the property prior to construction is \$7,338.00. The Applicant will continue to pay the baseline amount throughout the 7 year abatement period. Following completion of the Project, the increased property tax amount is estimated to be \$342,259.00. With the approval and issuance of the MRB, the estimated annual amount of the property tax abated on the project would be \$334,921.00 for a term of 7 years. The 7 year cumulative net present value of the total abated taxes is estimated to be \$2,344,447.00. Following the 7 year abatement period, the estimated annual amount of property taxes that will be due from the Project is \$342,259.00. A full property tax analysis of the project, performed by the University of New Mexico's Bureau of Business & Economic Research, is attached to this report.

There is no financial obligation 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.
There is no indebtedness on the part of the City.

In addition to the anticipated funds from the issuance of the MRB and the associated tax abatement savings, the Project is being funded with private equity and commercial financing.

Metropolitan Redevelopment Bonds carry maximum property tax abatement of seven years, and only on the net improvements to the property. The existing valuation of the property would remain on the tax rolls during and after the seven-year period.

There have been a number of projects in Metropolitan Redevelopment Areas that have received a variety of incentives, including on occasion direct capital investment by the City, with the goal of encouraging the development of projects in those areas. The designation of Metropolitan Redevelopment Areas and the use of such incentives in those areas are designed to encourage growth and investment in areas where existing market forces inhibit revitalization efforts. It is the intent of these efforts to not only benefit the immediate area, but the larger community as a whole from the increased activity and catalytic potential of such initiatives. The proposed Project does not require any capital investment by the City and is not asking for municipal financing. The sole purpose of the requested MRB is to provide limited tax abatement for a period of not more than seven years.

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

SYCAMORE METROPOLITAN REDEVELOPMENT AREA

The Sycamore Metropolitan Redevelopment Area designation was created to address issues of slum and blight that exist in the one of the city's oldest and most centrally located communities.

The MR Plan identified several needs and community problems that needed to be addressed, including: commercial needs, residential needs, physical improvement needs, and social service needs. Throughout the Plan, mixed-use and infill development are encouraged.

The three objectives of the Sycamore Metropolitan Redevelopment Plan are:

1. To improve the existing "mixed-use" characteristics of the area by encouraging compatible relationships between related uses and buffering incompatible uses.
2. To improve pedestrian, transit and bicycle circulation by providing better internal connections within the neighborhood and improving connections to nearby urban centers.
3. To prevent neighborhood decline by stimulating private reinvestment, while providing sufficient controls and guidance to ensure mutually beneficial relationships between existing and new development.

MRB PROJECT CRITERIA

I. LAND USE, PLANNING AND DESIGN ELEMENTS

1. PLAN AND ZONING

Is the present zoning appropriate, or would a change be needed to fit the City's zoning policies? Does the project meet the policies outlined in any existing Area, Metropolitan Redevelopment, and/or Comprehensive Plans? Projects must conform with all adopted City plans and policies.

The Project is located in the Sycamore Metropolitan Redevelopment Area and has an address of 200 Mulberry St. NE Albuquerque, NM 87106. The Project site is specifically located on 2.4 acres bounded by Copper Ave. to the south, Tijeras St. to the north, Mulberry St. to the west and Cedar St. to the East. The Project is one part of a larger master planned redevelopment project known as The Highlands.

The existing zoning on the site is R-MH (Residential – Multi-Family, High Density). Per the City's Integrated Development Ordinance, R-MH zoning has the following purpose: *The purpose of the R-MH zone district is to promote and encourage the development of high-density attached and multi-family housing, with taller, multi-story buildings encouraged in Centers and Corridors in areas close to major streets and public transit facilities. The primary land use is multi-family dwellings, with limited civic and institutional uses to serve*

the surrounding residential area. The Project anticipates receiving full approval from the City's Development Review Board in October 2018.

2. LAND USE

Will the proposed use make a positive contribution to the Albuquerque economy and the immediate neighborhood? Will it generate high levels of air, noise, or waste pollution, or traffic congestion? Projects must improve the economy without disrupting local areas or creating unacceptable conditions.

Once completed, the Project will bring a new multi-family community to the City's core. Located near multiple employment and activity centers and within walking distance to major transit lines, including the Albuquerque Rapid Transit bus line, the Project will increase housing options for the area and provide a high level of density along one of the city's major transit corridors. The Project is not anticipated to create excessive levels of air, noise or waste pollution.

3. INFILL

Does the project location allow use of existing infrastructure, or will project demand substantial infrastructure extension or replacement? Projects should not require substantial City costs for infrastructure unless applicants and the City can agree on cost sharing.

The Project is located in an established part of the city that has not seen new development activity in some time. It is located one block north of Central Avenue and roughly equal distance between the University of New Mexico Main Campus and Downtown Albuquerque. The Project's proximity to the Central Ave. transit corridor, allows it provide easy access to public transit, major employment centers and entertainment locations. Because the location of the Project is an infill site, it will be able to access and use existing infrastructure and services and not require the added environmental impact of creating new utility service to a previously undeveloped area.

4. DESIGN AND CONSERVATION

Are the scale and general design of the project appropriate to the area? Will the project renovate or expand existing facilities? If in a historic building, will the project follow preservation guidelines? Project design should be appropriate to the area. Project must conform to adopted City plans.

The Project is located in an established part of the city and as such will take advantage of and help upgrade many existing utility and infrastructure services reducing the environmental impacts of developing a similar project on a site outside of the developed portion of the city. The landscape design will include only native and adapted drought-tolerant plants, as well as

a highly efficient irrigation system. The buildings will contain energy conservation design features such as: low-flow plumbing fixtures, windows specified to minimize solar gain, high albedo roofing, LED lighting and high-efficiency water heaters and mechanical units.

5. DEMOLITION

Does the project involve demolition of viable buildings? Does it involve the demolition of identified historic properties? Demolition of viable buildings should be avoided; demolition of historic properties must not occur unless the project can show no alternatives and exceptional long-range benefits to the community.

As part of the larger Highlands redevelopment project, over 30 structures needed to be removed and have asbestos abated. Many of the removed structures were dilapidated and became nuisance and safety issues for the surrounding neighborhood. The vacant buildings encouraged squatters, crime and drug use in the area. Many of the buildings were not viable and uninhabitable. In order to redevelop the site, the buildings needed to be removed.

6. RELOCATION

Does the project require the relocation of individuals or businesses? Relocation should be avoided. If relocation is necessary, the applicant should assist in finding new housing or business locations.

No relocation of any homes or other businesses will be involved in the project.

No individuals, families or business will be displaced by the development of the Project. The structures that were demolished throughout the Highlands project site were previously vacated and demolished due to vagrancy and crime in the area.

II. REMOVAL OF BLIGHTED CONDITIONS

Will the project help to address the slumlike or blighted conditions of the Metropolitan Redevelopment Area? How will the project improve the area and what positive benefits to the area can be expected once the project is completed? The goal of MR projects is to improve the overall conditions of the area.

1. REDEVELOPMENT

According to the City's evaluation criteria, Metropolitan Redevelopment Projects must show a substantial contribution to area revitalization and redevelopment.

The addition of new market-rate housing units to the area is essential in recruitment and location of new businesses and services to the area. New residents represent an increased customer base and help to show a geographic area's viability for new business to occur. The

new residents will spend money in the area and increase the local tax base for years to come. The addition of a 92 unit multi-family community will add variety and competition to the apartment marketplace in the area and will update the existing housing stock.

The new jobs that will be created because of the development of the Project will help contribute to the economic environment and tax base of the area. The jobs created will be dispersed across multiple sectors and income levels.

2. CONTRIBUTION TO THE GOALS OF THE MR PLAN

The Sycamore MR Plan identifies several actions and goals for the improvement of the area and the removal of blighted conditions. The MR Plan identifies Residential Needs as an area that needs to be addressed in order to eliminate problems created by slum and blighted conditions. The MR Plan suggests that housing needs to be improved and added given the areas proximity to the University of New Mexico and Downtown. The Project will bring new housing stock and residential choices to the area allowing for more people to inhabit the area.

The Project site is located in an area defined by the Plan as one of Mixed Density Residential. The Plan provides a summary of needs and objectives, as well as policy and implementation plans for the Mixed Density Residential Area. The Plan identifies the development of mid-rise apartments as something that should be encouraged in the Area. The Project meets this goal by providing new, mid-rise apartment units to the area and increasing the housing options for residents in the area.

The Plan encourages: *“new multi-family residential development to 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.”*

Many of these goals are furthered through the thoughtful design of the Project. The landscaping of the Project will help to create an attractive street frontage and will encourage pedestrian activity by increasing sidewalk widths to 6 feet, adding bulb-outs into the street to protect parking and pedestrians, planting a variety of street trees and installing new pedestrian-scale lighting. As the Plan encourages, the majority of the parking for the Project will be located within the boundary of the property.

Additionally, as part of the implementation of the policies within the Plan, it states that: *The city will actively seek to develop a specific mechanism for the use of redevelopment bonds for new residential development.* The application and issuance of MRB's for redevelopment projects in the area furthers this goal.

III. ECONOMIC BENEFITS

1. JOBS

During the construction phase of the Project, it is anticipated that the number of construction related jobs that will be created will be between 200 and 250 for both trade and management roles.

Following the construction, it is anticipated that 7 full-time jobs will be created for the management and operation of the Project.

2. HOUSING

The increased housing density that the Project will create will help to benefit the MR Area and surrounding communities. The increased housing stock will bring new and permanent residents to the area. The new residential density in turn may make the area more desirable for commercial businesses to locate in and around the MR Area, increasing the economic output of the community. As the first phase of a larger redevelopment project the addition of housing in the area is vital for the success of the additional phases. The location of the project, near Central Avenue, will allow residents to access the entire city through its transit network.

IV. PROJECT FEASIBILITY

1. FINANCING AND FEASIBILITY

Has the applicant presented convincing evidence that the project will generate sufficient cash flow to pay debt service? Alternatively, does the applicant have a firm financing commitment? Projects must show the ability to retire bonds, or evidence that financing has been obtained.

The Project will be funded privately with conventional financing tools and private equity. The property tax abatement obtained through the issuance of the metropolitan redevelopment bond will be reinvested in the Project's total anticipated cost.

The baseline property tax amount for the Project (prior to any construction activity) is \$7,338.00. The baseline amount will continue to be paid through the duration of the 7-year

abatement period. The estimated incremental property tax increase, following construction, will be \$334,921.00. With the approval and issuance of the MRB, the \$334,921.00 represents the annual amount of property taxes that will be abated for a total of 7 years. The cumulative net present value of the total abated taxes is estimated to be \$2,344,447.00. Following the 7 year abatement period, the property tax amount due is estimated to be \$342,259.00 per year.

2. COST

Does the bond amount requested reasonably represent the money required to complete the project? Bond amounts should be no more than that required to complete the project. The project will not be induced for an authorized maximum bond amount larger than the expected bond issue. Be sure to describe the sources of capital that will be used to finance the project.

Based on staff's review of the project, we find that the bond amount is no more than that required to complete the project. The bond amount, \$20.5 million, is equivalent to the projected increase in assessed value and is no greater than the authorized bond amount.

The total estimated cost of the Project is approximately \$20,500,000

The estimated appraised value of the Project after completion is \$23,300,000

3. APPLICANT'S RECORD

Does the applicant have a good record of completing projects of this or similar type? If an industry company is the applicant, does the company have strong financial backing and experience relevant to this project? The applicant should have a good record with projects of this type, or present convincing evidence that the project will be completed. Substantiation of the applicant's background from financial institutions and local firms is especially useful in establishing the record.

The development team has a strong track record of developing and managing similar real estate development projects in the Albuquerque area. Titan and Alliance have previously combined to complete four multi-family projects in New Mexico, with a total of 768 units. 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. Maestas Development Group has successfully developed over 50 projects throughout the southwest.

4. EQUITY

Will the applicants make an equity investment in the project? An equity investment is generally desirable; the Development Commission recognizes that a loan commitment for 100% bond financing may be made based on an applicant's total holdings. In such cases, the Commission will accept a letter of commitment to finance the total project.

The Project has received a commitment from TCF bank to fund the construction loan. The equity has been fully allocated to the Project.

5. MANAGEMENT

Do the applicants commit to manage, as well as build, the project? Long-range commitment to a project is desirable.

The Project is a partnership between Titan Development and Alliance Residential. The design and construction phases of the Project are being managed by Titan. Once completed, the Project operations will be managed by Alliance.

FINDINGS

1. MRB 18-3 will make a positive impact to the Sycamore Metropolitan Redevelopment Area by making a private sector investment of approximately \$20.5 million into the community. The project will show an increased viability in the area and act as a catalyst for additional investment.
2. MRB 18-3 furthers the goals of the MR Plan by encouraging the development of new mid-rise apartments and mixed density residential development within the Sycamore MR Area.
3. MRB 18-3 will help to improve the social and economic conditions that exist in the area by providing new housing options and bringing new residents to the area.
4. MRB 18-3 will help to remove the conditions of slum and blight that exist in the Sycamore Metropolitan Area.

STAFF RECOMMENDATIONS

Based on the application package provided by the Applicant and the above findings, staff recommends approval of MRB 18-3 as proposed.

Prepared by: Matthew Butkus
Metropolitan Redevelopment Agency

Highlands North Metropolitan Redevelopment Bond Application



**Submitted by:
Broadstone Highlands North, LLC**

I. General Description

Give a brief overview of the project, including general location, proposed development, use, and total bond amount requested. Provide a description as to how the proposed project will further the goals of the Metropolitan Redevelopment Plan for the area in which it is located. Include a statement of the benefit to be gained by the Albuquerque community as a whole from this development. The General Description should explain what will be done with the MRB if approved.

Broadstone Highlands North, LLC (the “Applicant”) is submitting the **Highlands North Project** (the “Project”) for an allocation of Metropolitan Redevelopment Bonds (“MR Bonds”). Highlands North is a 92-unit multi-family community on approximately 2.4 acres. As a part of the larger 12-acre redevelopment masterplan called The Highlands, the Project will provide better access to housing 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 eventually include hospitality, commercial, and residential 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 Copper Ave. on the south, Tijeras Ave. on the north, Cedar St. on the east, and Mulberry St. on the west (see “Exhibit B”). For the full legal description see “Section II – Part A: 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 North will be the first 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 \$20,500,000. 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”).

Highlands North is a 92-unit multi-family community comprised of a central four-story building that includes residential units and community amenities (e.g. leasing center, clubhouse, and fitness center) (see “Exhibit D”).

Contextually, there is a larger narrative of revitalization and growth in Albuquerque that this proposal has the potential to leverage. The Marriott Springhill Suites will reside within The Highlands masterplan, a 12-

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

acre urban infill opportunity that focuses on the rejuvenation of what is currently a blighted property which the City of Albuquerque (the “City”) has designated as an MR Area. The 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. The ART is a \$120 million bus rapid transit system with dedicated bus lanes along Central Ave., the historic Route-66 corridor.

The Highlands redevelopment consists of five city blocks, and the \$90+ 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 the public realm. 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 secured surface parking lot is bounded by four walk-up carriage units that are located above garages. Because of the significant topography across the Site, these units appear as single-story buildings from the public street. The units also have direct-access onto the sidewalk which creates a relationship with the single-family homes located across the street. The main four-story building also utilizes the topography of the Site to minimize height and preserve views. The building is situated more than ten feet below the highest corner of the Site and captures the grade within the building to minimize the height perspective from the surrounding neighborhoods. 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. 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 investment.³ By implementing the MR Plan, strategic public and private investment will create a well-connected, mixed-

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

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

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 the first development to be built in the MR Area in a substantial length of time, 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.

II. Site and Existing Conditions

A. Legal Description

Give both the precise and complete legal description and address or identification of location.

The address of the Project is: 200 Mulberry St. NE Albuquerque, NM 87106, more particularly described as:

Tract numbered One (1) 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.

B. Prevailing Site Conditions

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

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 in 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" or the "Current Owners") undertook major privately funded improvements to the area in order to create The Highlands masterplan will contribute their land into the

⁴ "Sycamore Metropolitan Redevelopment Area." Sycamore Metropolitan Redevelopment Area. Pg. 25.

project and form a JV partnership known as This work 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 was done at the cost of over \$3,700,000. For more information on the redevelopment work see “Section III – Parts F, G, and L: Description of Proposed Development.”

The Sycamore MR Plan was created in 1981 when the City created a task force to confront the issues still plaguing MR Area. The description of the MR Area in this report has not changed in the almost four decades since its creation and has likely gotten worse. According to the Sycamore MR Plan, the MR Area is one of the most diverse areas of the city in terms of land use, property ownership, and population. Within the eight-block area north of Central Ave. designated "Mixed Density Residential" (in the original Land Use Concept of the MR Plan), residential densities range from single-family houses to large apartment complexes.⁵ The MR Area is also diverse in property ownership and population. Resident homeowners and Presbyterian Hospital (the “Hospital”) each own approximately one-fourth of the real property. The rest of the property is owned by absentee owners. Most of the tenants are students attending a nearby educational institution (the University of New Mexico “UNM” or Central New Mexico Community College “CNM”) and plan to live in the area less than three years; most of the resident homeowners are long-time residents who plan to live in the area indefinitely.⁶ The intent of the Sycamore MR Plan is to encourage more compatible relationships between uses creating a mixed-use area.⁷ Generally speaking, the MR Plan advocates "transition" areas to buffer residential from non-residential areas and proposes tying different use areas together through a pedestrian network. Continuance of "mixed-density" development-patterns within predominantly residential areas is proposed to encourage appropriate residences for the present population and additional residents.⁸

The MR Plan points out the, “The 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 levels of activity exist despite the demand for neighborhood commercial services evidenced by planning surveys.”⁹ When it comes to considering housing needs the MR Plan states that, “The area's proximity to both the hospitals and educational 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 planning process provides evidence which supports this conclusion.”¹⁰

⁵ “Sycamore Metropolitan Redevelopment Area.” Sycamore Metropolitan Redevelopment Area. Pg. 11.

⁶ “Sycamore Metropolitan Redevelopment Area.” Sycamore Metropolitan Redevelopment Area. Sycamore Citizens' Task Force Survey. Pg. 11.

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

⁸ “Sycamore Metropolitan Redevelopment Area.” Sycamore Metropolitan Redevelopment Area. Pg. 11.

⁹ “Sycamore Metropolitan Redevelopment Area.” Sycamore Metropolitan Redevelopment Area. Sycamore Citizens' Task Force Survey. Pg. 16.

¹⁰ “Sycamore Metropolitan Redevelopment Area.” Sycamore Metropolitan Redevelopment Area. Sycamore Citizens' Task Force Survey. Pg. 17.

C. Present Assessed Value

Give the present assessed value according to the Bernalillo County Assessor's office. You may also list a current appraised value if you feel it will make the post-development value clearer.

According to the Bernalillo County Assessor, the present assessed value of the Site is \$458,800 (see "Exhibit I").

D. Present and Proposed Zoning

Give the current zoning of the property. If any change in zoning is required for the proposed use, give the proposed new zone. We recommend that zoning changes required be requested before the project plan reaches the Development Commission.

A zoning change is not required. Per the Integrated Development Ordinance ("IDO") zoning, the Site is zoned Residential Multifamily – High Density ("R-MH") (see "Exhibit G"). The Site was delegated for approval through the Development Review Board ("DRB") on August 22, 2018. The project should have full DRB approval in October 2018.

E. Renewable Energy

Indicate in detail if and how the Project will create, produce or use renewable energy and renewable energy technology.

Highlands North will have a positive impact on the environment. The project located within the blighted area designated as a MR Area by the City, will help revitalize the area by creating jobs and making a positive community impact. Additionally, the site is located in the urban core of Albuquerque and will provide substantial economic impact as an infill project.

With the close proximity to Downtown and the airport, this project has tremendous potential to reduce traffic in the area. With the addition of the ART project, many of the tenants will likely use the ART to access jobs, food, and entertainment. They will likely use ART for any trips between downtown and Nob Hill further reducing their carbon footprint. Additionally, the second phase of the ART will take passengers from the airport north to Menaul to directly intersect with the Central ART line. This future connection will allow residents to take mass transit directly to their home in two convenient stops.

As an infill project, this project will reduce its environmental impact simply by utilizing existing infrastructure within the city's urban core. Developments that are located within the urban core have exponential benefit to the city at large. According to Joe Minicozzi of Urban3, a company that analyzes the relationship between building design and tax production across the United States, the denser, urban infill projects generate a much higher taxable value per acre, therefore helping the city at large.¹¹ This project will greatly increase the tax base in the area and drive new revenues to the city.

¹¹ "Mapping the Dollars and Cents of Albuquerque's Revitalization." City of Albuquerque GovTV. <https://www.youtube.com/watch?v=fnCwMjhgRxY>

While the Project will not pursue LEED certification, the Project includes many energy-saving products. The environmental impact of the Site will benefit from low-impact development strategies implemented to manage rainwater runoff and from a landscape design which will include only native and adapted drought-tolerant vegetation and a highly efficient irrigation system.

Inside the building, potable water will be further reduced by the specification of low-flow plumbing fixtures at all restrooms. Low-flow showerheads and low-flow faucet aerators will also reduce the Project's environmental impact by minimizing the energy consumed for heating water as the Project's total volume of consumed water is substantially reduced. Additional energy-efficient design strategies will include a well-insulated building envelope, windows specified to minimize direct solar heat gain, high-albedo roofing, high-efficiency water heaters and mechanical units, LED lighting throughout the Project, and energy management systems such as the included appliances, and the Nest brand of thermostats that are provided in each unit.

The specification of building materials for the Project will include careful consideration of environmental impact as well as the health of the building occupants – materials will be specified to be durable and easy to maintain, to have a low embodied energy, to be locally sourced when possible, to be low-emitting, and to have a long useful life. In addition to the use of low-emitting materials, further focus on the health and well-being of building occupants will include a mechanical system designed for a high level of indoor air quality and thermal comfort, and a building envelope design which optimizes quality daylight and views. Additionally, the Project will employ modern-day construction techniques designed to minimize waste. Construction of the building will take into account the effect that using recycled and low-emitting materials has on the internal and external environment.

III. Project Plan

A. **Information Concerning Applicant**

Describe the development entity – corporation, syndicate, individual, etc., and give 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 principals or other information which will bear on the experience and credibility of the development entity.

Broadstone Highlands North, LLC is a partnership between three real estate developers, Albuquerque based **Titan Development** ("Titan"), Albuquerque based **Maestas Development Group** ("MDG"), and Phoenix based **Alliance Residential Company** ("Alliance"). 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. Together, Titan and Alliance are one of the largest developers of multi-family housing in New Mexico. To-date, Titan and Alliance have combined to complete four multi-family projects, in New Mexico, for a total of 768 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 is currently under construction in the Coronado Metropolitan Redevelopment Area (“Coronado MR Area”) also located in north Albuquerque. Aside from the 92 units at Highlands North, the partnership is also in design and construction on four more projects in Albuquerque and Santa Fe for a total of 742 additional units (see “Exhibit H”).

Titan Development:

Titan Development was founded in 1999 in Albuquerque, New Mexico by **Kevin Reid**, Chairman, and **Ben Spencer**, CEO, 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, Chairman of the Board – 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, Chief Executive Officer – 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.

Drew Dolan, President – Titan Development

Drew Dolan is President of Titan Development, an institutional-grade development firm headquartered in Albuquerque, New Mexico. Drew’s role includes investment structuring, investor relations and debt and equity procurement. With Drew’s oversight, Titan’s development deals have returned an average IRR of 19% to investors. Drew’s passion for delivering stronger returns to Titan’s investors recently led to the

development and launch of the Titan Development Real Estate Fund I, a mixed asset class portfolio of multi-family, industrial, senior living, self-storage and opportunistic projects. Drew also led the creation of a multi-family development partnership in New Mexico between Titan Development and Alliance Residential Company, which has resulted in 19% Investor Rate of Return (IRR.) Drew also plans to continue his work in the senior living segment and is dedicated to building another 1,000 units for our community.

Kurt Browning, Chief Development Officer – 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.

Alliance Residential

Headquartered in Phoenix, Arizona, Alliance Residential is one of the largest private U.S. multi-family companies with 34 offices throughout the country. They have invested in more than \$10 billion of real estate and manage a \$15 billion portfolio (91,589 units in 374 properties) with a focus toward superior local leadership and a comprehensive national support infrastructure. The Southwest Region (Nevada, Arizona, and New Mexico) encompasses 60 properties and 16,662 units. Titan's extensive local experience makes them Alliance's preferred partner in New Mexico.

B. Tax Issues

Please provide a statement declaring that the applicant has no outstanding substantive federal, state or local tax issues. If, however, there are pending issues, thoroughly describe all issues and their status.

The Applicant has no outstanding substantive federal, state, or local tax obligations, or irregularities as stated in the signed statement from the Applicant.

C. Information Concerning Products and Process

Identify the products and/or processes involved with this project. Specifically address the question of whether the proposed development will generate air, noise, or waste pollution or traffic congestion. Include any plans for the reduction and disposal of waste and/or project emissions.

Being an infill project in Albuquerque's urban core, there are many parties impacted by the development. Presbyterian Healthcare Services ("PHS") supports the positive transformative effect that the Project, and masterplan, will have on the area. The development team has met more than twenty-five times with the surrounding neighborhood groups and understand their concerns about future development and construction. The Sycamore, Spruce Park, Silver Hill, and Huning Highland neighborhood associations have actively worked with the development team to create a high-quality development that is sensitive to the existing context while growing and improving the area. When it comes to the construction period, the Site will be self-contained, secured, and fenced. The development team will minimize construction vehicle traffic around residential neighborhoods and keep the roads clean by removing dirt from all vehicles before exiting the Site. Through soil dampening procedures, the development team will also limit the amount of dust and dirt released into the air from earth moving and construction activities. Noise will be kept to a minimum and only occur during City standard ordinance construction hours.

D. Effect on Existing Industry and Commerce during and after Construction

Describe the predicted effects of the project including construction jobs generated, increased employment, increased sales, new industrial base, possible spin-off business, etc.

The Highlands North construction schedule is estimated to last 12 months. There will be an estimated 200 full-time equivalent ("FTE") jobs created during that 12-month construction period. The contractor will focus on hiring local subcontractors. It is estimated that 90% of the subcontractors will be local. Upon completion of the Project, there will be 7 full-time jobs generated directly on-site. Many ancillary jobs will also be created to support the Project. The net-annual payroll is estimated to be \$300,000 total for the 7 full-time jobs. The Project will catalyze and impact the next phase of The Highlands redevelopment masterplan. In addition to the jobs created by the Project, the overall Highlands masterplan will create an estimated 405 construction, design, engineering, and consultant jobs during the estimated 3-year contemplated construction schedule and approximately 39 managerial/supervisory based FTEs and 214 other staff positions FTEs when fully operational.

In addition to the job creation, the Project will become home to over 130 residents, filling a housing need in the urban core of Albuquerque previously unmet. These residents and their families will be looking for areas to work, shop, dine, and entertain themselves. Following the MR Area's vision, this will spur continued mixed-use development in the MR Area for business, retail, and entertainment opportunities.

E. Land Acquisition

Indicate if MRB proceeds will be used to acquire land, and whether land is presently owned by the applicant, or is under option.

The Applicant is the current owner of the land 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.

F. Description of Proposed Development

Describe the construction to be undertaken in the project, including square footage, construction type, and location of construction on the project site. Indicate whether existing buildings on the site will be rehabilitated or incorporated in the construction. Detail any demolition which will be required by the project and indicate whether demolition involves any identified historic properties. If possible, attach a conceptual site plan and elevation (alternately, these may be presented at the Development Commission hearing).

The Project includes the development of a 92-unit Class-A multi-family community. The units are in the main four-story building and four surrounding carriage units (see “Exhibit D”). The Site is currently vacant land. During the redevelopment process, over thirty rundown structures and their foundations had to be abated of asbestos and demolished from the Site (see “Exhibit F”). These buildings varied in occupancy and vacant structures. The Site was plagued by squatters that fostered crime and drug-use in the area. In addition to the demolition, the cluttered and aging overhead utility lines in the alley on the Site were converted to underground lines along the perimeter of the Site. The major utility backbone for the masterplan is in the process of being relocated underground on the south side of Copper Ave.

The location grants unparalleled access to the City and surrounding areas. The proximity to I-25 and Central Ave. allows residents convenient access throughout the City. With the completion of the ART bus rapid transit line, residents are a five-minute commute to Downtown, five minutes to UNM, and ten minutes to the Airport. The Project furthers the both the MR Area and the City’s goals to provide mixed-use projects along the Central Ave. corridor and encourage investment in Albuquerque’s urban core. The Project will also be filling a housing need in this area of Albuquerque.

Due to the Project’s location and its included amenities, all residents will be offered comparable services without any discrimination as to income of the resident. Additionally, the Project will not adversely affect existing multi-family housing in the area of the Project.

G. Infrastructure

Indicate if Project will require any extension or relocation of utility or road systems. If additional infrastructure is required, what cost sharing agreements have been reached between the applicant and the city?

As described in detail in “Section III – Part L”, the Project included the construction of public infrastructure, street, curb, and sidewalk improvements, overhead utility line relocation, and asbestos abatement and demolition of existing vacant buildings. The City will not share in any of these costs.

H. Relocation of Individuals or Businesses

No individuals, families or businesses should be displaced by the activities outlined in this plan. If any relocation is required, detail the assistance the applicant will give in relocation.

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.

I. Number and Types of Jobs Created

Estimated percentage of jobs filled by persons who are residents of the city.

The Project will create 200 - 250 direct and indirect construction jobs, as well as 7 full-time jobs in ongoing operations of the apartment community. The construction jobs are estimated to be fulfilled by 90% of residents of the City of Albuquerque and surrounding areas. The full-time direct jobs are expected to be 100% filled by residents of Albuquerque and/or the surrounding areas.

J. Positive Contributions

List all positive contributions that the project will make to the neighborhood and how the project design and placement will enhance the area.

As described in “Section III – Part L”, the Project will further the MR Area’s goals.

K. Management

Who will manage the project? If the project will be managed by someone other than the applicant, does the applicant have any long-range involvement?

As described in “Section III – Part A” of the Project Plan, Broadstone Highlands North LLC is a partnership between Titan Development and Alliance Residential. The design and construction of the Project is being managed by Titan. After completion, the Project operations will be managed by Alliance for the entity.

L. Metropolitan Redevelopment Area Goals

Describe how the proposed project furthers the goals and objectives of the Metropolitan Redevelopment Plan for the area.

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.”¹² 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 Highland North, 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

¹² “Sycamore Metropolitan Redevelopment Area.” Sycamore Metropolitan Redevelopment Area. Pg. 16.

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.¹³

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 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.¹⁴ 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.¹⁵

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 levels of activity exist despite the demand for neighborhood commercial services evidenced by planning surveys.¹⁶ 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.¹⁷

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."¹⁸ Highlands North, and The Highlands masterplan, have taken the steps to create a dynamic pedestrian focus environment in the

¹³ "Sycamore Metropolitan Redevelopment Area." Sycamore Metropolitan Redevelopment Area. Pg. 22-23.

¹⁴ "Sycamore Metropolitan Redevelopment Area." Sycamore Metropolitan Redevelopment Area. Pg. 11-12.

¹⁵ "Sycamore Metropolitan Redevelopment Area." Sycamore Metropolitan Redevelopment Area. Sycamore Citizens' Task Force Survey. Pg. 12.

¹⁶ "Sycamore Metropolitan Redevelopment Area." Sycamore Metropolitan Redevelopment Area. Pg. 16.

¹⁷ "Sycamore Metropolitan Redevelopment Area." Sycamore Metropolitan Redevelopment Area. Pg. 17.

¹⁸ "Sycamore Metropolitan Redevelopment Area." Sycamore Metropolitan Redevelopment Area. Pg. 27.

new development. Highlands North 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 plethora 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 realm along Central includes landscaped sidewalks that range from 15 feet to 28 feet in width. These areas will include patios, benches, lush landscaping, street art, and pedestrian scale lighting. The design intent for the pedestrian realm 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 planning process provides evidence which supports this conclusion."¹⁹ The physical needs 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 demolished the rundown buildings on the site of the masterplan that encouraged crime. New quality development, such as Highlands North 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.²⁰ 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

¹⁹ "Sycamore Metropolitan Redevelopment Area." Sycamore Metropolitan Redevelopment Area. Pg. 17.

²⁰ "Sycamore Metropolitan Redevelopment Area." Sycamore Metropolitan Redevelopment Area. Pg. 21.

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.”²¹

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 North 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.

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.

IV. Project Financing

A. Cost of Improvements, Bond Amount and Private Financing

Provide the total cost of the improvements to be constructed and the amount of bonds requested. The amount requested should be no more than that needed to complete the project in addition to equity or conventional financing. Also provide the amount of private financing (equity or conventional financing) involved in this project; this may include the value of land and existing facilities, if relevant.

The total anticipated cost of the Project is \$20,500,000. Urban Cedar Investors, LLC, and Broadstone Highlands North Alliance, LLC, an Alliance Residential entity, have formed a joint venture to fund the Project. Throughout the entire development process, the budget was maintained to include an allocation of MR Bonds as waived impact fees and property tax abatement. This not only allowed for the design of the multi-family project, but also enabled the substantial public improvements to be designed, site demolition and public infrastructure improvements to occur. The majority of the demolition and public work is complete, with the remaining work anticipated to be completed by the end of 2018. Construction of the Project is anticipated to begin in October 2018 and is expected to be complete in October 2019.

B. Estimated Value after Completion

Indicate the estimated appraised value of the project after completion.

²¹ “Sycamore Metropolitan Redevelopment Area.” Sycamore Metropolitan Redevelopment Area. Pg. 22.

The estimated appraisal value of the Project after completion is \$23,300,000.

C. Feasibility

Present information to show that the project can reasonably be expected to generate sufficient revenue to liquidate the debt. This information may be an attached pro forma, and should be sufficiently detailed to show the assumptions on which the projections are based. However, a firm commitment to provide financing for the project will be considered sufficient evidence of feasibility, and no pro forma will be needed in such cases.

The Project has received a commitment from TCF bank to fund the construction loan. The equity has been fully allocated to the project.

D. Construction Schedule

Give the date of anticipated beginning and completion of construction.

Construction of the Project is anticipated to begin in October 2018 and is expected to be complete in October 2019.

E. Issuance of Bonds

Provide the anticipated date of bond issuance.

The anticipated date of bond issuance is October 1, 2019.

Attachments

- See document “MRB Exhibits”

HIGHLANDS NORTH – MRB APPLICATION EXHIBITS 8/30/18

EXHIBIT A – Context of Project Site in Albuquerque, NM



Context map of the site within Albuquerque, NM

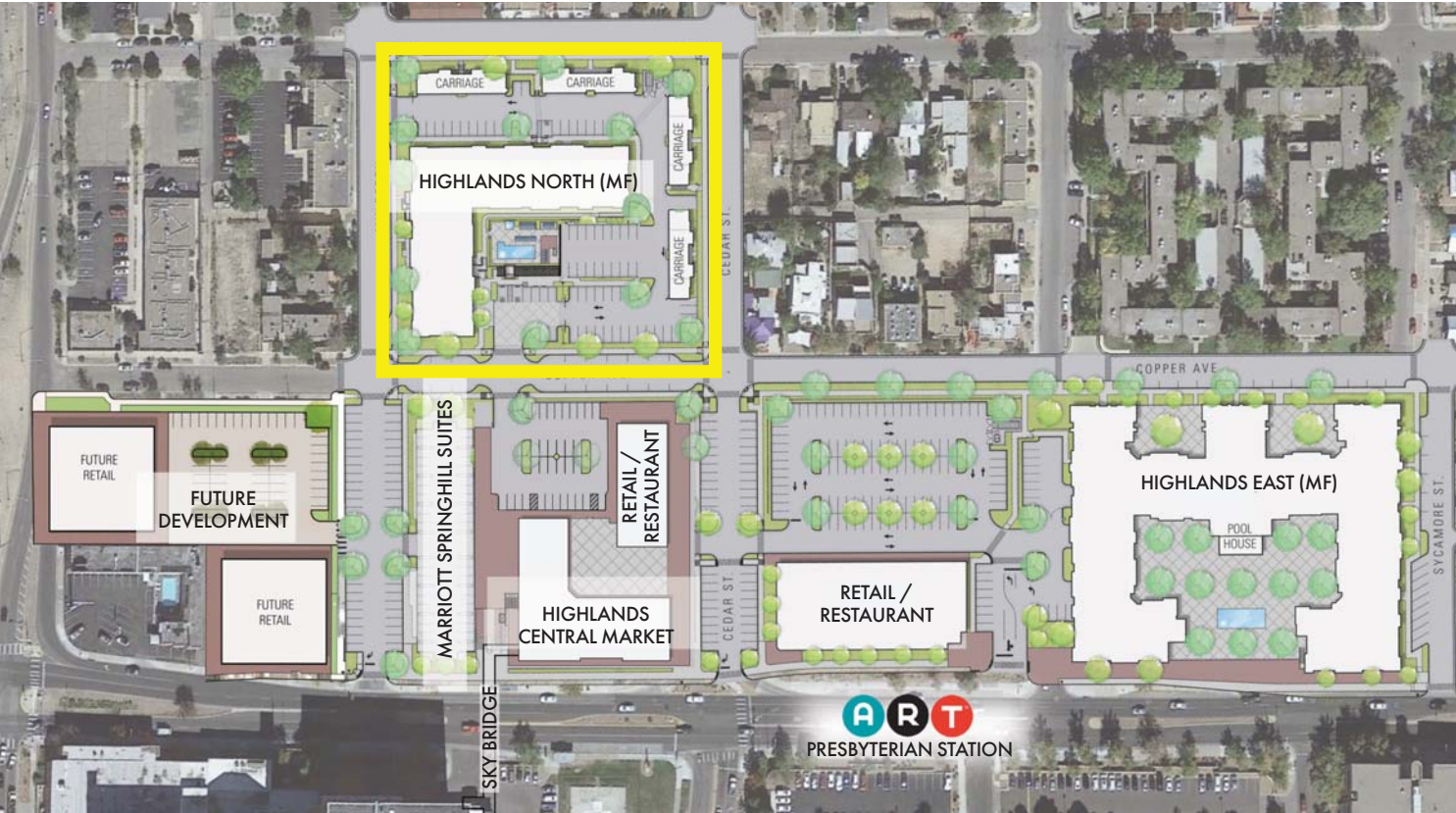


Map showing the site of the proposed Highlands masterplan redevelopment. The site is located at the major intersection of Interstate-25 and Central Ave., directly north of Central Ave. from Presbyterian Hospital.

EXHIBIT B – Masterplan and Project Site



Map showing the site for The Highlands masterplan redevelopment.



Conceptual masterplan for The Highlands redevelopment.

A map of the University of New Mexico area. The Rio Grande is shown on the left. A road labeled 'DOWN-TOWN' runs horizontally. A road labeled 'LOMAS BOULEVARD' runs horizontally at the top. A road labeled 'CENTRAL AVENUE' runs horizontally at the bottom. A road labeled 'I-4' runs vertically on the right. A road labeled 'I-25' runs vertically on the left. The 'UNIVERSITY OF NEW MEXICO' is labeled in the center. A shaded area is labeled 'SYCAMORE METROPOLITAN REDEVELOPMENT AREA'. A red square is labeled 'SITE'.

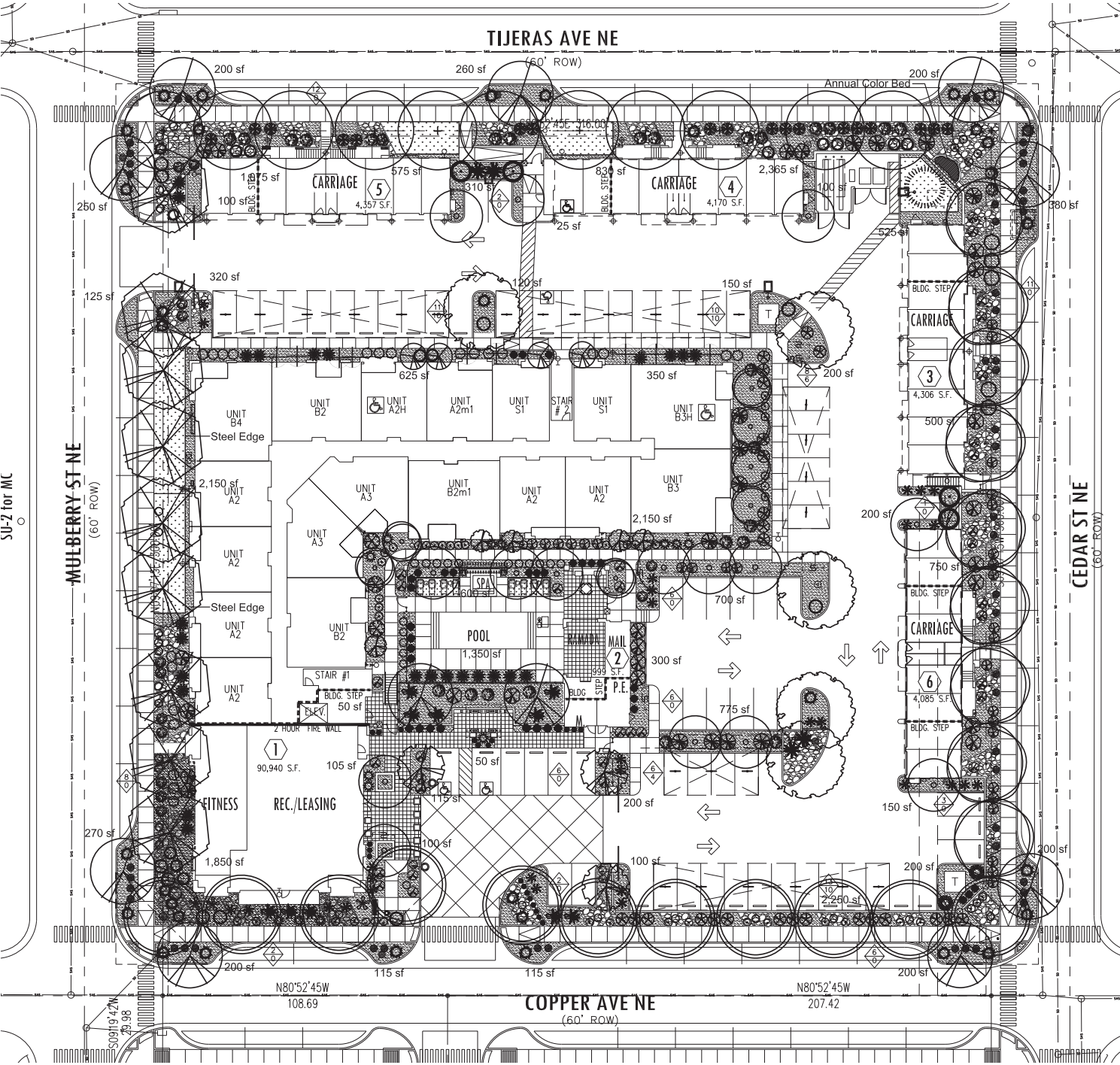
This is a detailed street map of a residential neighborhood in Chicago. The map shows a grid of streets and building footprints. A yellow rectangle highlights a specific block, and a red rectangle highlights a larger area including the yellow block and the block immediately below it. The map includes labels for streets such as MARQUETTE, GRAND, CENTRAL, and AVE. A north arrow is visible in the top left corner.

3

EXHIBIT D – Project Drawings (1 of 2)



Rendering of Highlands North

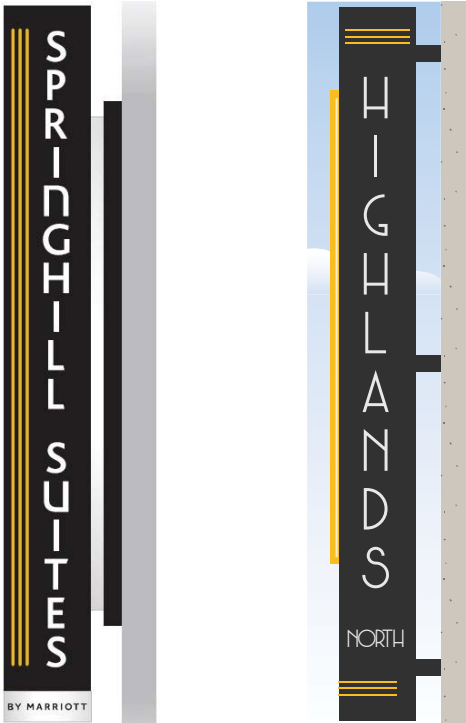


Site plan of Highlands North

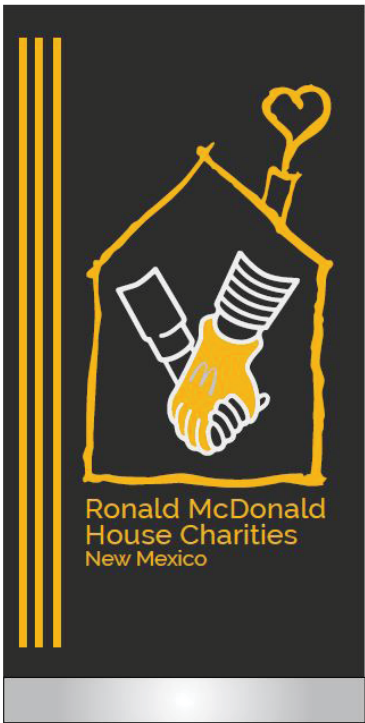
EXHIBIT E – Streetscape, Landscaping, and Signage



Landscaping options at The Highlands masterplan



Building blade signs

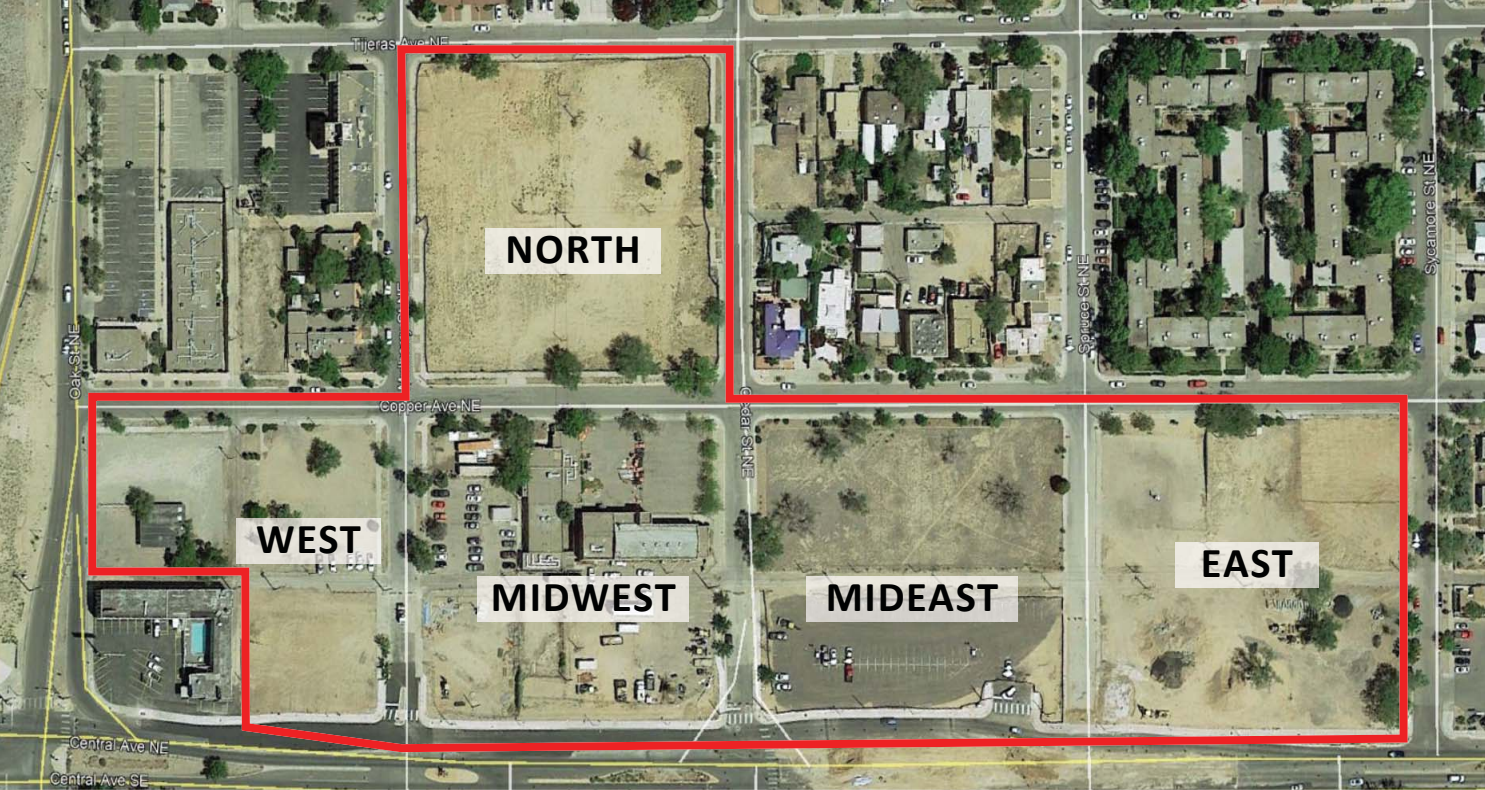


Monument sign

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 will be demolished by 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 North.

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

BEFORE



AFTER

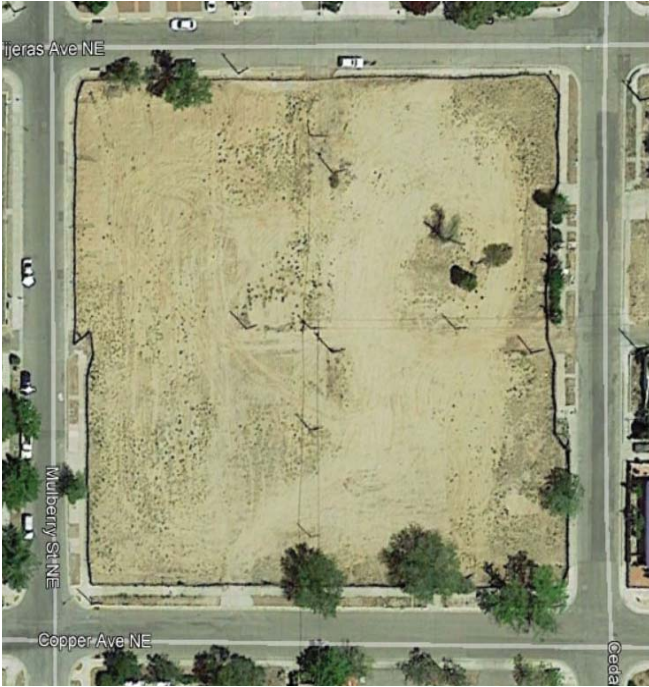


EXHIBIT F – Demolition (4 of 6) - West Block

BEFORE



AFTER



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

BEFORE



AFTER

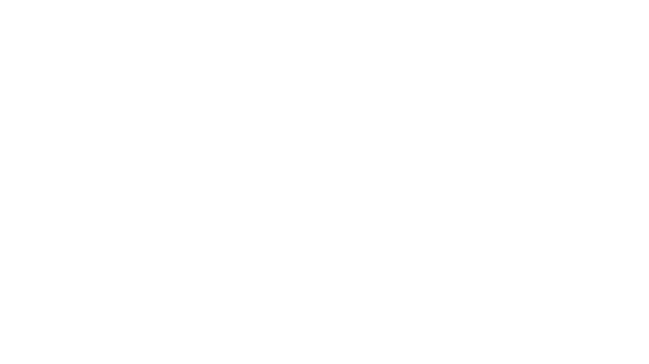
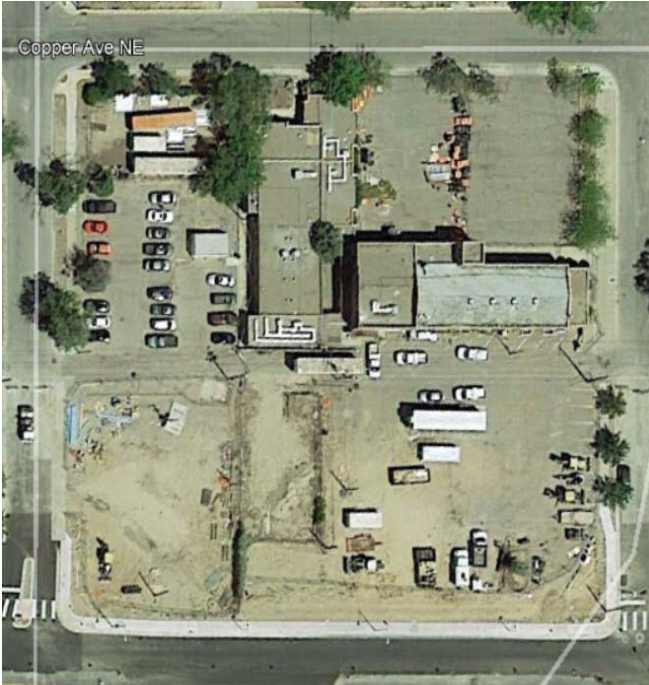


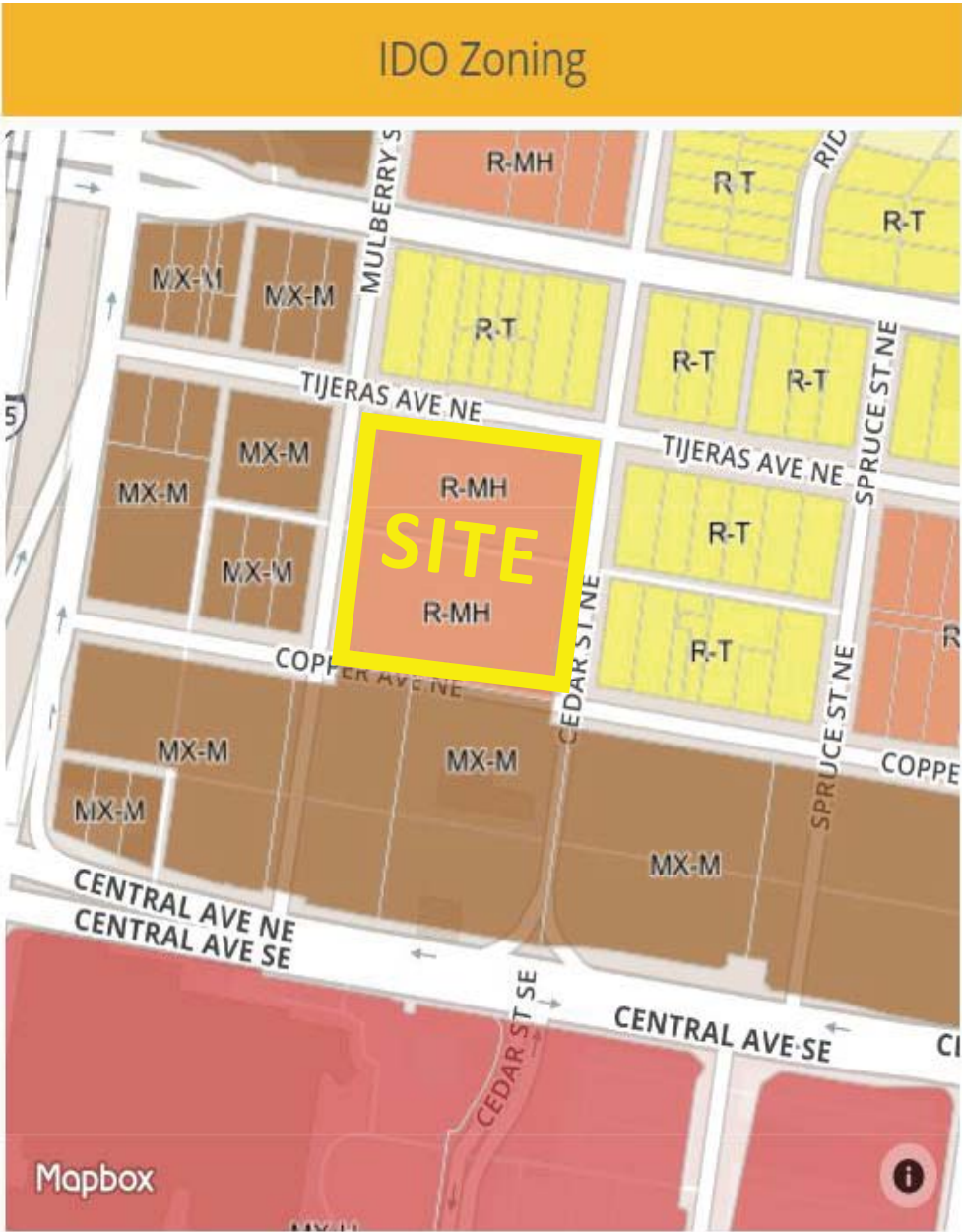
EXHIBIT F – Demolition (6 of 6) - East Block

BEFORE



AFTER





IDO Zoning Districts

| | | | |
|--|---|---|--|
| <div>MX-FB-UD, -FX, -ID</div> <div>MIXED USE - FORM BASED DOWNTOWN DISTRICTS</div> | <div>NR-GM</div> <div>NON-RESIDENTIAL - GENERAL MANUFACTURING</div> | <div>PD</div> <div>PLANNED DEVELOPMENT</div> | <div>PC</div> <div>PLANNED COMMUNITY</div> |
| <div>MX-H</div> <div>MIXED USE - HIGH INTENSITY</div> | <div>NR-LM</div> <div>NON-RESIDENTIAL - LIGHT MANUFACTURING</div> | <div>R-1A, R-1B, R-1C, R-1D</div> <div>RESIDENTIAL SINGLE FAMILY DETACHED</div> | |
| <div>MX-L</div> <div>MIXED USE - LOW INTENSITY</div> | <div>NR-PO-A</div> <div>CITY-OWNED OR MANAGED PUBLIC PARKS</div> | <div>R-A</div> <div>RURAL AND AGRICULTURAL</div> | |
| <div>MX-M</div> <div>MIXED USE - MODERATE INTENSITY</div> | <div>NR-PO-B</div> <div>MAJOR PUBLIC OPEN SPACE</div> | <div>R-MH</div> <div>RESIDENTIAL MULTIFAMILY - HIGH DENSITY</div> | |
| <div>MX-T</div> <div>MIXED USE - TRANSITION</div> | <div>NR-PO-C</div> <div>NON-CITY PARKS OR OPEN SPACE</div> | <div>R-ML</div> <div>RESIDENTIAL MULTIFAMILY - LOW DENSITY</div> | |
| <div>NR-BP</div> <div>NON-RESIDENTIAL - BUSINESS PARK</div> | <div>NR-PO-D</div> <div>CITY BIOPARK</div> | <div>R-MC</div> <div>MANUFACTURED HOME COMMUNITY</div> | |
| <div>NR-C</div> <div>NON-RESIDENTIAL - COMMERCIAL</div> | <div>NR-SU</div> <div>SENSITIVE USE</div> | <div>R-T</div> <div>RESIDENTIAL TOWNHOUSE</div> | <div>UNCL</div> <div>NOT CLASSIFIED</div> |

A zoning change is not required. The site is zoned R-MH.

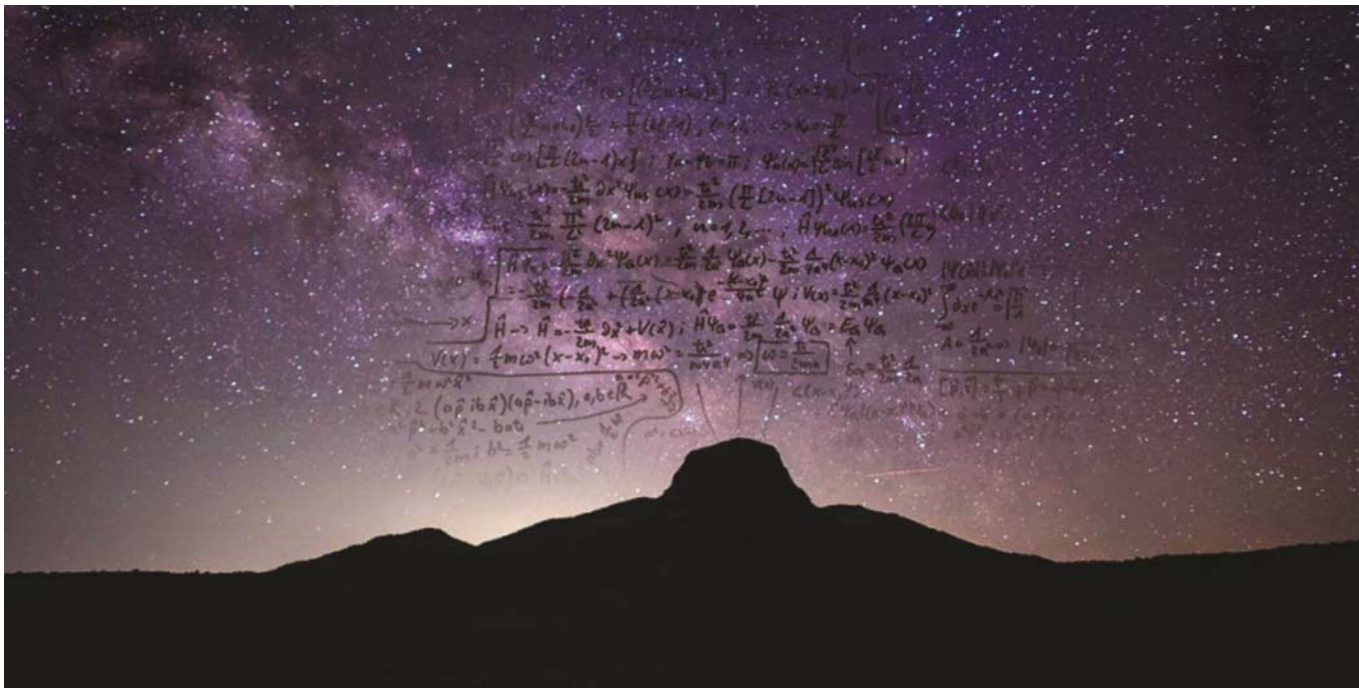
EXHIBIT H – Titan and Alliance Multi-family Projects

| Project | Year Complete | Location | Units |
|--------------------------|---------------|--------------------------|--------------|
| Broadstone Santa Monica | 2013 | Albuquerque, NM | 280 |
| Broadstone Cottonwood | 2015 | Albuquerque, NM | 240 |
| Broadstone Promenade | 2016 | Albuquerque, NM | 180 |
| Zocalo Village 7 | 2016 | Santa Fe, NM | 54 |
| | | SUBTOTAL COMPLETE | 754 |
| | | | |
| Broadstone Northpoint* | 2018 | Albuquerque, NM | 226 |
| Broadstone Rodeo* | 2020 | Santa Fe, NM | 188 |
| Highlands North** | 2019 | Albuquerque, NM | 92 |
| Highlands East** | 2021 | Albuquerque, NM | 228 |
| Broadstone Nob Hill** | 2019 | Albuquerque, NM | 102 |
| | | SUBTOTAL PIPELINE | 610 |
| | | | |
| | | TOTAL UNITS | 1,590 |

* Construction

** Design

Prepared by Julian Baca, M.A.



Property Tax Analysis of Proposed Highlands North Project

This analysis examines whether the incremental property taxes generated by the proposed Broadstone Highlands North development are sufficient to cover the expected 7-year tax abatement request made by Broadstone Highlands North, 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 Broadstone Highlands North, LLC. Table 1 provides the assessed land value, improvement value, total taxable value, mill rate, and the estimated tax amount due in 2018. 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 3 | 458,800 | 152,918 | - | - | 458,800 | 152,918 | 47.985 | 7,338 |

Source: 2018 Notice of Value record provided by Broadstone Highlands North, LLC

*Estimated tax based on 2018 values and 2017 Mill Rate (New rates not available until mid-October)

According to the Broadstone Highlands North, LLC application, the cost to complete this project is estimated at \$19,500,000. The project consists of 92 multi-family units. Based on current assessed value of the property and the construction cost, the total assessed market value of the property is expected to be \$23,300,000. Broadstone Highlands North, LLC declined to provide BBER income-based valuations of the property after construction and since New Mexico is a “non-disclosure” state, BBER and the City cannot compel the property owner to provide these details. As a result, this analysis uses a simple average of the cost-based and the estimated appraised value provided by Broadstone Highlands North, LLC, which equals \$21,400,000.²

Table 2. Estimated Value of Property Following Project Completion (\$-dollars)*

| | | | | | |
|--------------|------------|----------------------------|------------|-----------------|-------------------|
| Cost method: | 19,500,000 | Estimated Appraisal Value: | 23,300,000 | Average: | 21,400,000 |
|--------------|------------|----------------------------|------------|-----------------|-------------------|

Source: Broadstone Highlands North, LLC Metropolitan Redevelopment Bond Application

*As directed by Section 7-36-15 NMSA 1978.

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

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

Analysis Results

Table 3 presents an estimated total assessed value and associated taxes with and without the proposed Highlands North project. Our results show that the yearly property tax will increase to \$342,259 (Column 6, Table 3) with net incremental taxes estimated to be \$334,921 (Column 7, Table 3).³ This tax increment will only materialize after the completion of construction scheduled to occur in October 2019. BBER assumes that the tax abatement will last for seven years starting in tax year 2020 after construction is completed and ending in 2026. 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 2.97%. The cumulative net present value in the last column shows that the net positive gain for the City will begin 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 \$342,259. This is an increase of \$334,921 annually from the baseline amount of \$7,338 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 \$7,338.

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. Since the new building will be used for apartments for people already residing in Albuquerque, there will not be an added cost (fire, police, school, etc.) to the city because of this construction project. It will not cause an increase in the population in the city of Albuquerque.
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.

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).

⁴ As of September 12, 2018 and assumes no market fluctuations (Source: Albuquerque Treasurer/RBC Capital Markets, LLC)

Table 3. Property Tax With and Without Highlands North 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 Improvement | | | Property Tax With Improvement | | | Incremental Tax | Tax Abatement | Net Tax Increment | Present Value of Tax Abatement | Present Value of Net Tax Increment | Cumulative Net Present Value (47.985 mills) |
|---------|----------------------------------|--------------------------|-----------------|--|--------------------------|-----------------|-----------------|---------------|-------------------|--------------------------------|------------------------------------|---|
| | Total Assessed Value 1 | Total Taxable Value 2 | Tax Amount 3 | Total Assessed Value ¹ 4 | Total Taxable Value 5 | Tax Amount 6 | | | | | | |
| Year 1 | 458,800 | 152,918 | 7,338 | 21,400,000 | 7,132,618 | 342,259 | 334,921 | (334,921) | - | (334,921) | - | (334,921) |
| Year 2 | 458,800 | 152,918 | 7,338 | 21,400,000 | 7,132,618 | 342,259 | 334,921 | (334,921) | - | (325,261) | - | (660,182) |
| Year 3 | 458,800 | 152,918 | 7,338 | 21,400,000 | 7,132,618 | 342,259 | 334,921 | (334,921) | - | (315,879) | - | (976,061) |
| Year 4 | 458,800 | 152,918 | 7,338 | 21,400,000 | 7,132,618 | 342,259 | 334,921 | (334,921) | - | (306,768) | - | (1,282,829) |
| Year 5 | 458,800 | 152,918 | 7,338 | 21,400,000 | 7,132,618 | 342,259 | 334,921 | (334,921) | - | (297,920) | - | (1,580,749) |
| Year 6 | 458,800 | 152,918 | 7,338 | 21,400,000 | 7,132,618 | 342,259 | 334,921 | (334,921) | - | (289,327) | - | (1,870,075) |
| Year 7 | 458,800 | 152,918 | 7,338 | 21,400,000 | 7,132,618 | 342,259 | 334,921 | (334,921) | - | (280,982) | - | (2,151,057) |
| Year 8 | 458,800 | 152,918 | 7,338 | 21,400,000 | 7,132,618 | 342,259 | 334,921 | - | 334,921 | - | 272,877 | (1,878,180) |
| Year 9 | 458,800 | 152,918 | 7,338 | 21,400,000 | 7,132,618 | 342,259 | 334,921 | - | 334,921 | - | 265,007 | (1,613,173) |
| Year 10 | 458,800 | 152,918 | 7,338 | 21,400,000 | 7,132,618 | 342,259 | 334,921 | - | 334,921 | - | 257,363 | (1,355,810) |
| Year 11 | 458,800 | 152,918 | 7,338 | 21,400,000 | 7,132,618 | 342,259 | 334,921 | - | 334,921 | - | 249,940 | (1,105,871) |
| Year 12 | 458,800 | 152,918 | 7,338 | 21,400,000 | 7,132,618 | 342,259 | 334,921 | - | 334,921 | - | 242,731 | (863,140) |
| Year 13 | 458,800 | 152,918 | 7,338 | 21,400,000 | 7,132,618 | 342,259 | 334,921 | - | 334,921 | - | 235,729 | (627,411) |
| Year 14 | 458,800 | 152,918 | 7,338 | 21,400,000 | 7,132,618 | 342,259 | 334,921 | - | 334,921 | - | 228,930 | (398,481) |
| Year 15 | 458,800 | 152,918 | 7,338 | 21,400,000 | 7,132,618 | 342,259 | 334,921 | - | 334,921 | - | 222,327 | (176,154) |
| Year 16 | 458,800 | 152,918 | 7,338 | 21,400,000 | 7,132,618 | 342,259 | 334,921 | - | 334,921 | - | 215,914 | 39,761 |
| Year 17 | 458,800 | 152,918 | 7,338 | 21,400,000 | 7,132,618 | 342,259 | 334,921 | - | 334,921 | - | 209,687 | 249,447 |
| Year 18 | 458,800 | 152,918 | 7,338 | 21,400,000 | 7,132,618 | 342,259 | 334,921 | - | 334,921 | - | 203,639 | 453,086 |
| Year 19 | 458,800 | 152,918 | 7,338 | 21,400,000 | 7,132,618 | 342,259 | 334,921 | - | 334,921 | - | 197,765 | 650,851 |
| Year 20 | 458,800 | 152,918 | 7,338 | 21,400,000 | 7,132,618 | 342,259 | 334,921 | - | 334,921 | - | 192,061 | 842,912 |
| Year 21 | 458,800 | 152,918 | 7,338 | 21,400,000 | 7,132,618 | 342,259 | 334,921 | - | 334,921 | - | 186,521 | 1,029,433 |
| Year 22 | 458,800 | 152,918 | 7,338 | 21,400,000 | 7,132,618 | 342,259 | 334,921 | - | 334,921 | - | 181,141 | 1,210,574 |
| Year 23 | 458,800 | 152,918 | 7,338 | 21,400,000 | 7,132,618 | 342,259 | 334,921 | - | 334,921 | - | 175,917 | 1,386,491 |
| Year 24 | 458,800 | 152,918 | 7,338 | 21,400,000 | 7,132,618 | 342,259 | 334,921 | - | 334,921 | - | 170,842 | 1,557,333 |
| Year 25 | 458,800 | 152,918 | 7,338 | 21,400,000 | 7,132,618 | 342,259 | 334,921 | - | 334,921 | - | 165,915 | 1,723,248 |
| Year 26 | 458,800 | 152,918 | 7,338 | 21,400,000 | 7,132,618 | 342,259 | 334,921 | - | 334,921 | - | 161,129 | 1,884,377 |

¹Total assessed value is based on simple average of estimated MV and Cost Method of valuation.

Source: BBER estimation based on data provided by Broadstone Highlands North, LLC