

**FOR THE EXCLUSIVE USE OF BUSINESSDEVELOPMENT@ABQ.ORG**

From the Albuquerque Business First:

[https://www.bizjournals.com/albuquerque/news/2024/08/14/albuquerque-downtown-business-district.html?](https://www.bizjournals.com/albuquerque/news/2024/08/14/albuquerque-downtown-business-district.html?utm_source=st&utm_medium=en&utm_campaign=me&utm_content=AQ&ana=e_AQ_me&j=36416897&sc08-15&empos=p4)

[utm\\_source=st&utm\\_medium=en&utm\\_campaign=me&utm\\_content=AQ&ana=e\\_AQ\\_me&j=36416897&sc08-15&empos=p4](https://www.bizjournals.com/albuquerque/news/2024/08/14/albuquerque-downtown-business-district.html?utm_source=st&utm_medium=en&utm_campaign=me&utm_content=AQ&ana=e_AQ_me&j=36416897&sc08-15&empos=p4)

SUBSCRIBER CONTENT:

Government & Regulations

## New business, tax incentive districts proposed in Downtown Albuquerque




Image: Albuquerque Business First

Downtown Albuquerque is the focus of a pair of proposed business and tax incentive districts.

JACOB MARANDA | ALBUQUERQUE BUSINESS FIRST



By [Jacob Maranda](#) – Senior Reporter, Albuquerque Business First  
Aug 14, 2024

 Listen to this article 7 min



City leaders are planning a pair of overlapping business and tax incentive districts they hope will spur development in and around Albuquerque's Downtown.

Those two efforts would come in the form of a Business Improvement District and a Tax Increment Financing district, initiatives with different structures but with the same broad purpose – driving Downtown redevelopment.

Albuquerque Mayor Tim Keller announced the plans at the Greater Albuquerque Chamber of Commerce Wednesday, what he called a "real shift in City policy with respect to Downtown."

"The way we have looked ... to a singular magical person or idea to save Downtown is the problem. That attitude is the problem," Keller said. "Downtown has to save itself."

Other Albuquerque leaders, like Terri Cole, president and CEO of the Greater Albuquerque Chamber of Commerce, and Terry Brunner, director of the City's Metropolitan Redevelopment Agency, joined Keller Wednesday to make the announcement.

Top-down redevelopment efforts focused on Downtown aren't a new thing in Albuquerque, those leaders acknowledged. Some versions of economic incentive districts have been implemented in Downtown Albuquerque dating back to 2002, more than two decades ago.

But despite those legacy incentive efforts, Downtown has staggered along. Office vacancy rates Downtown topped 20% in the second quarter of 2024, reports by a pair of real estate firms, CBRE and Colliers, show – CBRE [reported a 20.8% Downtown office vacancy rate](#) in Q2 2024, while Colliers' figure [was higher at 24.58%](#), both well above the citywide average.

And Albuquerque's Downtown recovery post-Covid 19 pandemic has lagged other Southwest cities, cell phone data [measured by the University of Toronto's School of Cities initiative shows](#).

## POST-PANDEMIC DOWNTOWN RECOVERY OF SOUTHWEST CITIES

Albuquerque lags behind other Southwest cities in terms of post-pandemic recovery, measured by Downtown cell phone activity between 2019 and 2023.

City leaders hope implementing the two new districts will help change that trend.

"We've been through a lot of exciting moments that start like this over the years about Downtown transformation," Cole, the Greater Albuquerque Chamber of Commerce's president and CEO, said. "It has been an issue that our board of directors and our membership has cared about year over year over year."

The first of those two districts that could take effect Downtown is a Business Improvement District, or BID. As opposed to a publicly run BID, Cole said Downtown's BID would be privately run.

Brunner, Metropolitan Redevelopment Agency director, said the BID would "give rights ... back to commercial interests" in Downtown. Business and property owners Downtown would petition the City to create the BID, which would then assess a fee across those properties that that group "can use in their own interest to promote their businesses."

It's a strategy that's been used in other cities, Brunner and other leaders pointed out. Places like [Colorado Springs](#), [Denver](#) and [Tucson](#) have implemented their own versions of privately run BIDs.

In fact, Albuquerque leaders visited around a dozen different cities when crafting the idea for the Duke City's own BID, Cole said.

Several property owners in Downtown Albuquerque have started organizing a BID petition. Bill Keleher, a local attorney and one such Downtown property owner who's helping lead the BID effort, said about 25 other property owners Downtown have said "yes" to the BID idea.

"Almost everybody that we've talked to has been supportive," Keleher said.

Once he and other folks leading the Downtown BID effort have "talked to as many people as we feel we reasonably can," the group will petition the City to form the BID. An informational meeting is planned, too, ahead of the petition being finalized, Keleher added.

That petition would go to the Albuquerque City Council, which would then vote to decide to do a study. That study would help determine the boundaries of the BID and its parameters, including fee structure.

The City would then have to accept the study and create the BID. Part of the BID could include an agreement between it and the City to transfer services like parking, security and street cleaning into the BID's control.

**Tax increment district, 'absentee landlords' among other Downtown-focused efforts**

Different from the more grassroots BID effort, the City also plans to form a Tax Increment Financing district, or TIF, covering Downtown.

TIFs function by taking some portion of the future property taxes generated by a specific property, above that property's certain baseline value, and reinvesting them into the public infrastructure improvements within the district, instead of them going into the City's general fund.

For example, if an undeveloped property Downtown has a value of \$500,000 in 2024, and then a coffee shop takes over the property, starts generating revenue and increases that property's value to \$2 million in 2026, a percentage of the property taxes leveraged on that \$1.5 million increase in property value would be used to fund public improvements, like infrastructure upgrades, throughout the broader TIF that the coffee shop falls within.

The amount of taxes the TIF would be able to capture would be up to 75% of the growth in property taxes above the property's original assessed tax value, Brunner said. The City has estimated roughly \$200 million could be generated through the Downtown TIF over a 20-year period.

"If you are a property owner Downtown, the money that you're paying in taxes is going back into Downtown, not into other parts of the city necessarily," Brunner explained.

The Albuquerque City Council has already authorized the creation of TIFs in the city, dating back to 2003, Brunner said. The Downtown TIF's boundary would be the same as the [Downtown 2025 Metropolitan Redevelopment Area](#) designated by the Metropolitan Redevelopment Agency, he explained.

The City now has to send a letter to the tax assessor, which would determine the parcels within the TIF and define a baseline tax value of those parcels. That baseline value would be used to calculate the tax growth from which the TIF would pull.

Brunner added Bernalillo County could implement its own TIF covering Downtown. New Mexico also authorized gross receipts taxes (GRT) to qualify for TIF, although GRTs aren't eligible to be included in TIFs until the beginning of 2025, he said.



The KiMo Theatre is a staple of Downtown Albuquerque, located at 423 Central Ave. NW.

DREW SCHRIMSHER | ALBUQUERQUE BUSINESS FIRST

Transparency surrounding the Downtown TIF will be important for its implementation, Brunner said.

"We'll be looking into that pretty heavily to make sure the public knows exactly where the money's going [and] how it's being spent," he said.

And, Brunner added, the TIF won't lead to an increase in taxes.

"It's in a sense a bet on the future success of an area," he said. "You're not dipping into your base level of taxation, you are just reinvesting the money that is growing out of that original investment."

But implementing the BID and TIF Downtown aren't the only efforts the City plans to kickstart. Mayor Keller said Wednesday "absentee landlords" are another of the City's focuses when it comes to Downtown redevelopment.

"This has been a long-standing issue Downtown," Keller said.

The Mayor and other leaders didn't go into more detail on how exactly the City plans to deal with what it sees as absentee landlords. A Wednesday news release from the Mayor's Office notes the City intends to send legislation to the City Council "to help improve quality of life downtown and hold absentee and out of state landlords accountable."

— *Albuquerque Business First* Data Reporter Jayme Sileo contributed to this story