

South Campus Tax Increment Development District

A Partnership Between UNM and the City of Albuquerque

What is a Tax Increment Development District (“TIDD”)?

A TIDD is a statutorily created independent political subdivision designed to finance economic initiatives and neighborhood redevelopment within current tax structures. A TIDD uses a portion of new gross receipts taxes and property taxes generated within its boundaries above the existing tax base (the “tax increment”) to finance “public infrastructure” for the purpose of supporting economic development and job creation. “Public Infrastructure” means infrastructure to be dedicated to a governmental entity (e.g. water, sewer, roads, trails, pedestrian and transit facilities, public buildings).

Do TIDDs reduce current tax revenues and divert funding from other areas?

No. Public investment in TIDD financing provides infrastructure necessary to stimulate private investment and increases tax revenues for both local and state government without implementing new taxes. This new revenue would not be produced without the TIDD, i.e. “but for” the TIDD, economic growth and increased tax revenues would not develop in the District. For the South Campus TIDD, new “non-TIDD” revenue equals approximately \$290 million. Current tax revenue is not reduced, and no program funding is diverted. Rather, the tax revenue “pie” for local and state government is expanded, without adding new tax burdens.

Why are TIDDs necessary?

TIDDs are designed to provide infrastructure necessary to support development, redevelopment, jobs, workforce housing, and schools in an orderly and timely manner. Since 2007, 12 TIDDs (including the South Campus TIDD formed by the City of Albuquerque in October 2021) have been created. These TIDDs range in location and purpose from downtown redevelopment (Las Cruces, 2008), to master planned community “green field” development (Mesa del Sol, 2007), to commercial mixed-use center redevelopment (Winrock, 2008). TIDDs decrease the burden on local and state government by allowing development to “pay for itself”.

Are TIDDs risky finance schemes?

No. Following formation, a TIDD exists as a political subdivision of the state, separate and apart from the municipality or county that formed the TIDD and does not impose additional burdens on the taxpayers. Typically, tax increment financing is done on a reimbursement basis, requiring the developer to fund the initial public infrastructure and seek reimbursement from the TIDD. Reimbursement is available only if tax increment revenue has been generated by the TIDD and after the public infrastructure has been constructed to applicable standards and dedicated to and accepted by the applicable governmental entity.

How is the South Campus TIDD different from other TIDDs?

All the land within the boundaries of the South Campus TIDD is publicly owned by the University of New Mexico and the City of Albuquerque. Development within the TIDD will be the joint

responsibility of UNM and the City. The economic benefits of the TIDD will accrue to public entities and the citizens of New Mexico.

What is the benefit to the State from the South Campus TIDD?

In addition to supporting economic development and job growth through the creation of a regionally-significant Employment / Tech – Sports / Entertainment – Commercial District, a destination centrally-located in the heart of New Mexico, the State will benefit directly from its dedication of tax increment to the South Campus TIDD (\$154 million requested). The TIDD Plan contains over \$238 million in public improvements that will be owned by the State, including \$148 million in building and alternative energy improvements at the UNM Science & Technology Park and \$73 million in Interstate 25 interchange improvements. Each \$1.00 of State increment results in \$1.55 of State-owned improvements. Additionally, the TIDD Economic Analysis shows a net economic benefit to the State of \$1.1 billion over the life of the TIDD.

Why can't the University and/or the City fund this project itself?

To date, the University, City and State have invested approximately \$400 million in the development of UNM South Campus area. These publicly owned projects include professional and collegiate sports venues that attract over 1.3 million visitors annually and research & education facilities comprising 700,000 square feet with 2,000+ employees, as well as student housing, a charter school, a fire station, and other infrastructure. To further develop and expand the South Campus area, additional funding is needed for basic public infrastructure and amenities. An initial \$33 million in basic infrastructure investment by the TIDD will leverage \$360 million in private investment. In turn, this private investment will generate increased tax revenue that will fund, through the TIDD, an additional \$234 million in publicly owned improvements including research & education facilities, parking structures and I-25 improvements, further enhancing economic development opportunities and job creation within the TIDD.

Is this project proper for a University and City partnership?

Yes. Growth and development of the University campus area is fundamental to the University's primary education, research, healthcare and public service mission. In accomplishing this mission, the University provides huge economic benefits to the State: \$3.1 billion in economic impact, \$2.2 billion in annual expenditures (47% funded from out-of-state sources) and one of the state's largest employers (2017 data from Kelly O'Donnell, Ph.D.). Historically, the UNM South Campus has developed incrementally and slowly over the past 60+ years: University Stadium (1960/1976/1995/2001), University Basketball Arena- the PIT (1966/2009), Science & Technology Park (1967/1990-present), Isotopes Park (2003), Lobo Village (2011). The South Campus TIDD provides an opportunity for the University and the City to master plan and phase future expansion and redevelopment of this vital infill area in a sensible manner. The TIDD provides an integral funding source necessary to ensure construction of basic and amenity infrastructure, stimulate private investment, and implement the vision of this unique "live-work-learn-play" environment... a vibrant, dynamic Employment /Technology – Sports / Entertainment – Commercial District for all New Mexicans.

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Top Ten Things to Know

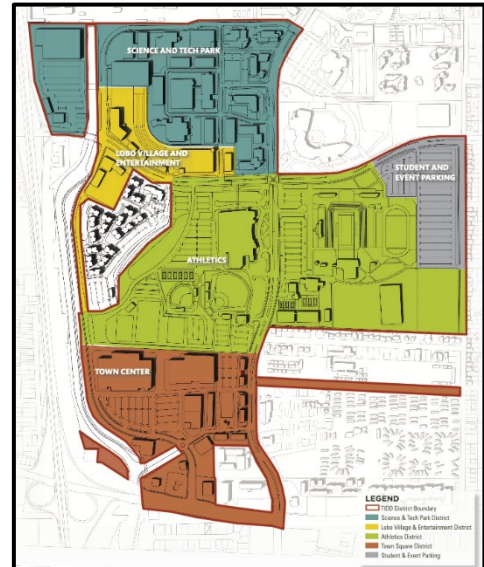
1. TIDD enables development of underutilized infill land owned by UNM and City to stimulate state-wide economic opportunities and provide needed public improvements, creating a vibrant, dynamic new southern Metro Gateway
2. Enhances underserved area of low income and minority neighborhoods, designated for investment as federal Opportunity Zone and Low Food Access – Food Desert area; Provides local matching funds for federal projects
3. TIDD creates regionally-significant mixed use Employment / Tech – Sports/ Entertainment – Commercial district
4. Produces 4.230 jobs with \$4.2 billion in salaries, including expanded opportunities for research collaboration with SNL, KAFB & AFRL
5. TIDD generates new tax revenue ensuring that private development pays for itself
6. Initial TIDD-funded “basic” public improvements of \$33 million (roads, sidewalks, utilities, plazas, parks, trails, landscaping, etc.) leverages \$360 million of private investment; new tax revenue from which funds an additional \$234 million of public improvements that support state-wide economic development, including strengthening SNL, KAFB & AFR
7. TIDD funds regional public infrastructure which benefits all New Mexicans, such as Interstate 25 improvements, public safety infrastructure, transit improvements, parking structures & pedestrian enhancements, trails & bikeways and recreation fields, completing linkages to current facilities
8. All TIDD-funded improvements will be dedicated to local and state government
9. Over the life of the TIDD, local participation totals \$182 million (City commitment- \$131 million; County request- \$51 million), while State request totals \$154 million
10. State participation of \$154 million results in \$238 million in dedicated state-owned improvements (\$1.55 for each \$1.00 invested)
11. TIDD provides a net economic benefit to the State of \$1.1 billion

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Land Use: Regional Employment – Sports/Entertainment – Commercial District

- Science & Technology Park Expansion
 - 360,000 sf R&D w/ 900 parking spaces
 - 144,300 sf retail
- Lobo Village Retail & Entertainment
 - 56,000 sf retail & restaurants
 - 105,000 sf hotel w/ 900 parking spaces
- Gibson Town Center
 - 439,000 sf retail & restaurants
 - 50,000 sf residential
- Central Campus Mixed-use
 - 160,000 sf residential
 - 159,000 sf hotel & retail
 - 95,000 office w/900 parking spaces



Strategic Location & Market Demographics

- Centrally located on I-25 near “Big I”, Downtown & Sunport / KAFB / AFRL
- 192,000 employees & 227,500 residents within 5-miles
- Identified as major employment center on major transit /transportation corridor by City of Albuquerque
- 41,000 college students within ½ mile
- Regional sports venues with 1.3 million visitors annually

Market Demand

- Institutional / UNM-driven market opportunities
 - State’s largest employer
 - Over \$2.2 billion in annual expenditures- 47% of funding from out-of-state sources
 - \$315 million in research contracts & \$56 million in entrepreneurial activity
 - Science & Technology Park- 553,000 sf office /R&D w/ 2,000 employees
- Regional retail deficit / inequity
 - Under-served population south of 1-40
 - \$191.5 million retail deficit, w/ employee, student & visitor demand
 - 638,000 sf retail space needed
 - Major retail anchors & new businesses attracted to District sites
 - USDA low income-low access food “desert” area

Conclusion: Proven demand for expansion of the Science & Technology Park and both neighborhood and metro retail opportunities drive dynamic “live-work-learn-play” District.