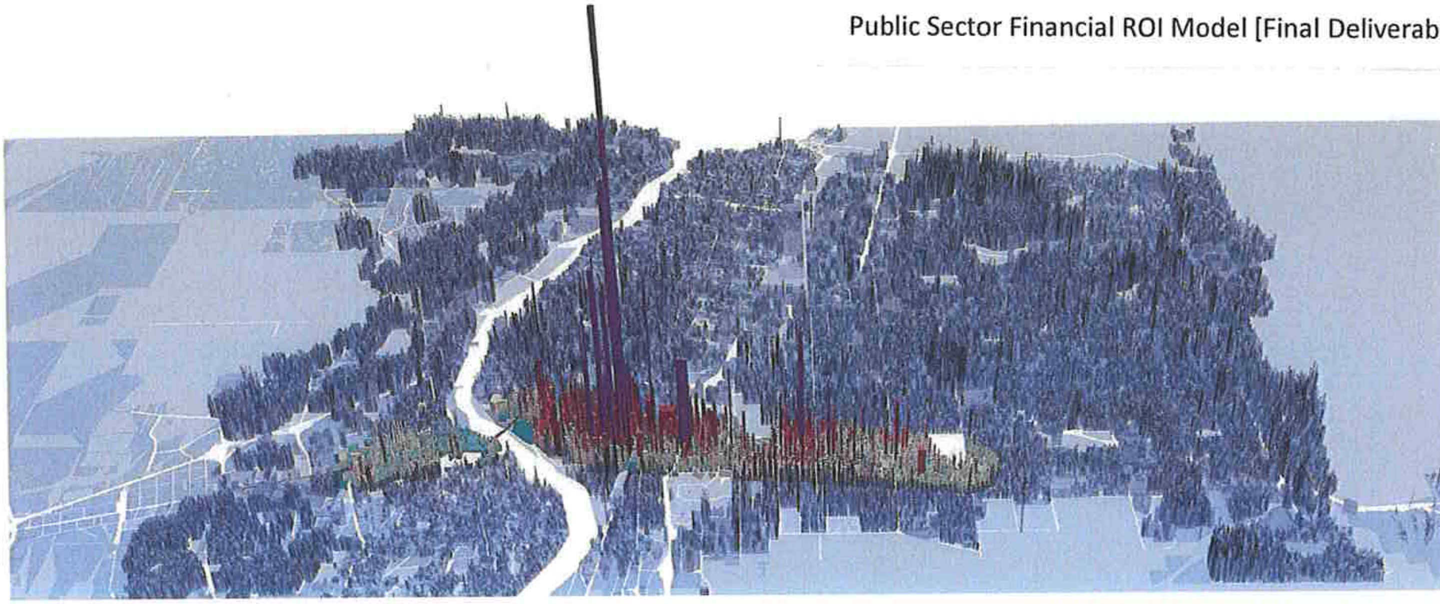


IMPACT OF TRANSIT

FORECASTING FUTURE VALUE ALONG CENTRAL AVENUE

Urban3

TO CALL ALBUQUERQUE A UNIQUE CITY IS AN UNDERSTATEMENT. NEW MEXICO'S CULTURE AND NATURAL ENVIRONMENT CANNOT BE REPLICATED ELSEWHERE IN THE UNITED STATES. AS THE STATE'S LARGEST CITY AND ECONOMIC CENTER, ALBUQUERQUE HAS MANY OF THESE UNIQUE FACTORS AND ASSETS. HOWEVER, ALBUQUERQUE SHARES SIMILAR CHALLENGES WITH COUNTLESS CITIES ACROSS THE AMERICAN SUNBELT. TO COMBAT THESE CHALLENGES, SUCH AS COST OF PROVIDING SERVICES, TRAFFIC CONGESTION AND ACCESS TO ECONOMIC OPPORTUNITY, INVESTMENTS IN MULTI-MODAL TRANSPORTATION HAS BROKEN GROUND ALONG THE CENTRAL AVENUE CORRIDOR. THE ART BUS RAPID TRANSIT LINE WILL UNDOUBTEDLY ENCOURAGE NEW HIGHER-DENSITY, WALKABLE, MIXED-USE DEVELOPMENT WITHIN STATION

Urban3 was commissioned by the City of Albuquerque, along with Placemakers, Duany Plater-Zyberk, and the Center for Neighborhood Technology, to help the community understand the financial impact of dense development and the benefits of access to transit. Urban3 utilized property tax data and the 3D value per acre model (produced during prior analysis with the City of Albuquerque) as a foundation to forecast future property tax production after the completion of the BRT line along Central Avenue.

The results of the analysis were clear. Unassuming, incremental residential developments were shown to generate potent tax value to the community. Two and three-story townhome/condominium developments in the Central Avenue corridor proved to produce more than 10-15 times the property tax revenue of a standard Walmart on a per-acre basis. Perhaps even more encouraging for the future of the BRT and its planning efforts is the amount of value already added within the corridor over the last 10 years, which outpaces the rest of the City. Urban3's estimates that after full buildout (15-20 years), redevelopment nodes along the corridor will produce \$2.8M - \$15M in total annual property tax production.

ABOVE: 3D Tax Value per Acre in the Greater Central Avenue Corridor, 2015

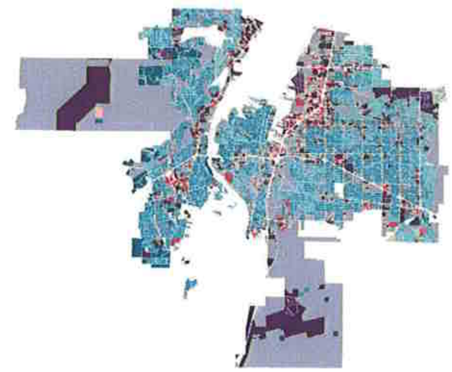
THE URBAN3 METHOD

The foundation of Urban3's analysis is the value per acre method. Utilizing property tax data from Bernalillo County, property tax values in each parcel were processed, analyzed and visualized into a 3D Tax Value per Acre model (bottom). Taking into account how much land a particular development consumes enables different types of properties, in different parts of the community to be compared in an apples to apples manner. Further, the more land a parcel consumes, typically the more public services it requires (streets, utilities, etc.).

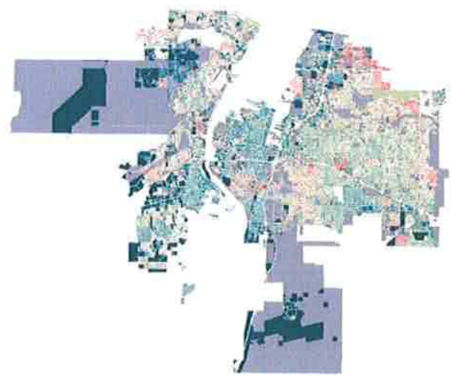
This method of efficiency is not a foreign concept. In regards to automobile efficiency, the gallon is utilized as a unit of measure. Different cars have differently-sized gas tanks, so we use the gallon as a measurement of efficiency, not the size of the tank. In other words, we use *miles per gallon*, not *miles per tank* to make a relative comparison of cars and trucks. Using a per acre metric for land helps to better understand the potency of one parcel against its neighbor, as well as the entire city and county.

Visualizing tax value trends in 3D enables a different perspective on development across the community. Much of Albuquerque's recent growth has occurred on the periphery of the community in the form of large, single-use subdivisions, which require equally large public investments in streets and other municipal services. Amid the sea of expansive suburban development, however, dense urban developments have begun to spring up in Downtown Albuquerque and along Central Avenue. Many of these developments show up as purple values in the tax model, the highest value per acres in the county. Put simply, these are the most revenue potent properties. 100 Gold Avenue is one such development, reaching $29.8M per acre, the highest value per acre in Bernalillo County and over 30 times the property tax potency of a standard Walmart shopping center.

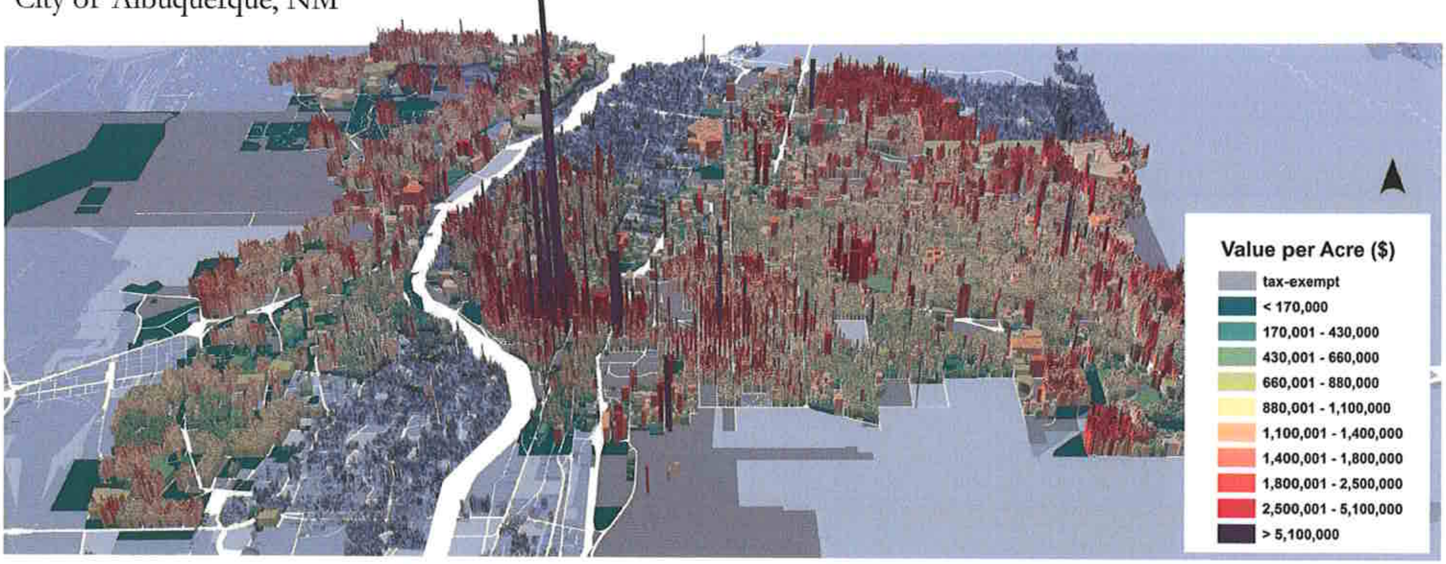
Total Tax Value
"Miles per Tank"



Tax Value per Acre
"Miles per Gallon"

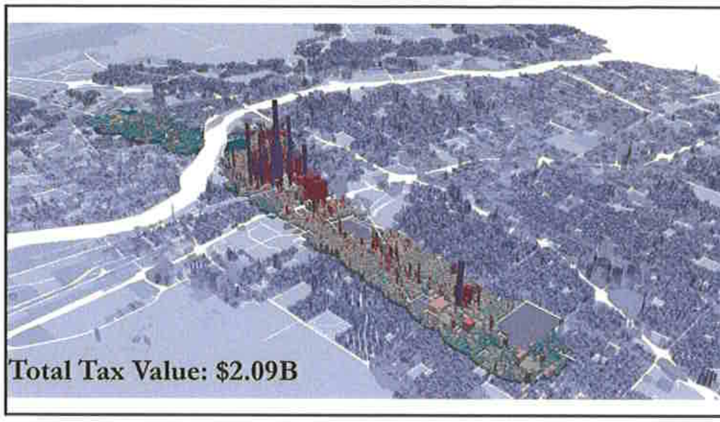


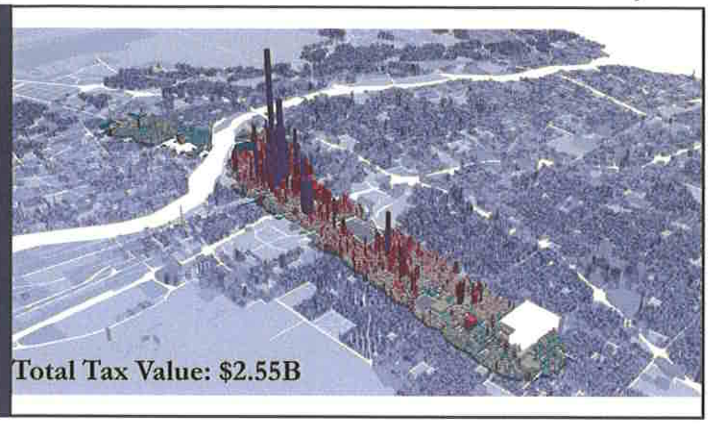
3D Tax Value per Acre
City of Albuquerque, NM



Tax Value per Acre
Central Ave. Corridor, 2005

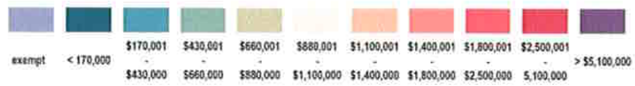
Projected Tax Value per Acre
Central Ave. Corridor, 2017





2005

2017



The focal point of Urban3's analytics were conducted along the Greater Central Avenue corridor. Half-mile buffers around each Bus Rapid Transit station were used to create a sphere of influence. The parcels in these half-mile zones are generally within walking distance of a station, and thus have direct access to transit.

Certain characteristics in the urban environment can have a significant influence on development, property values and taxes. The impending arrival of Bus Rapid Transit along Albuquerque's primary thoroughfare certainly suffices as an asset and amenity for future real estate development. Urban3's studies have shown that every community that receives a viable transit option with a high level of service experiences an increase in new development around stations, especially in urban cores. Albuquerque Rapid Transit provides a significant opportunity to catalyze new tax base around station areas.

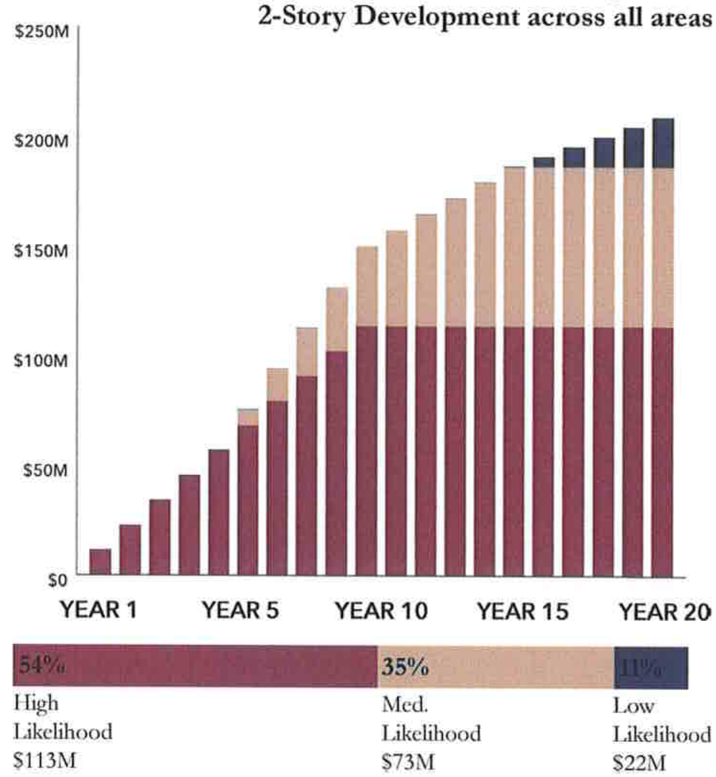
Higher-density, mixed-use developments have already impacted tax yield along the corridor, particularly in Nob Hill. The 3D Tax Models above visualize value per acre trends in the corridor today, compared with prior conditions in 2005. Not every purple spike represents a large development project. Much of the growth in the corridor, particularly in EDO and Nob Hill, has come in the form of two and three-story structures. There are many opportunities for infill redevelopment in the area as well. The map below shows the distribution of vacant parcels across the corridor. Single-story structures with historical value and significance can be preserved, while new, urban-style developments are added to the area. Introducing access to transit in these neighborhoods will only increase the number of developments and housing units in the area, which will not only generate new property taxes but also increase commercial activity and consumer spending along Central Avenue.

Vacant Parcels
Central Ave. Corridor, 2017

To estimate future tax production from new real estate development, Urban3 blended property tax data of existing conditions, market research from the Center of Neighborhood Technology, development figures from ZONAR which estimated the future building square footage added by varying designs from Duany Plater-Zyberk. Urban3 forecasted property tax production of four redevelopment areas: Coors-Atrisco, Downtown Albuquerque, the University of New Mexico area, Nob Hill, and the International District (below). Sites within each area were a assigned a degree of redevelopment likelihood. Each parcel shown in red is likely to be redeveloped, yellow parcels have a moderate probability of redevelopment, and areas shown in blue have a low chance of being redeveloped. These characteristics were taken into consideration as development and building value was projected into the future. 100% of land with a high-probability was forecasted to be developed over the first 10 years, while 50% of moderate likelihood land was estimated to be redeveloped (beginning year 6, through year 15). Only 10% of land with a low probability of redevelopment was projected to receive new building construction, with values assigned year 15 through 20. The chart to the right visualizes the incremental addition of building value into the marketplace. Despite having a relatively small physical footprint in the corridor, high-probability sites account for over 50% of all estimated future value.

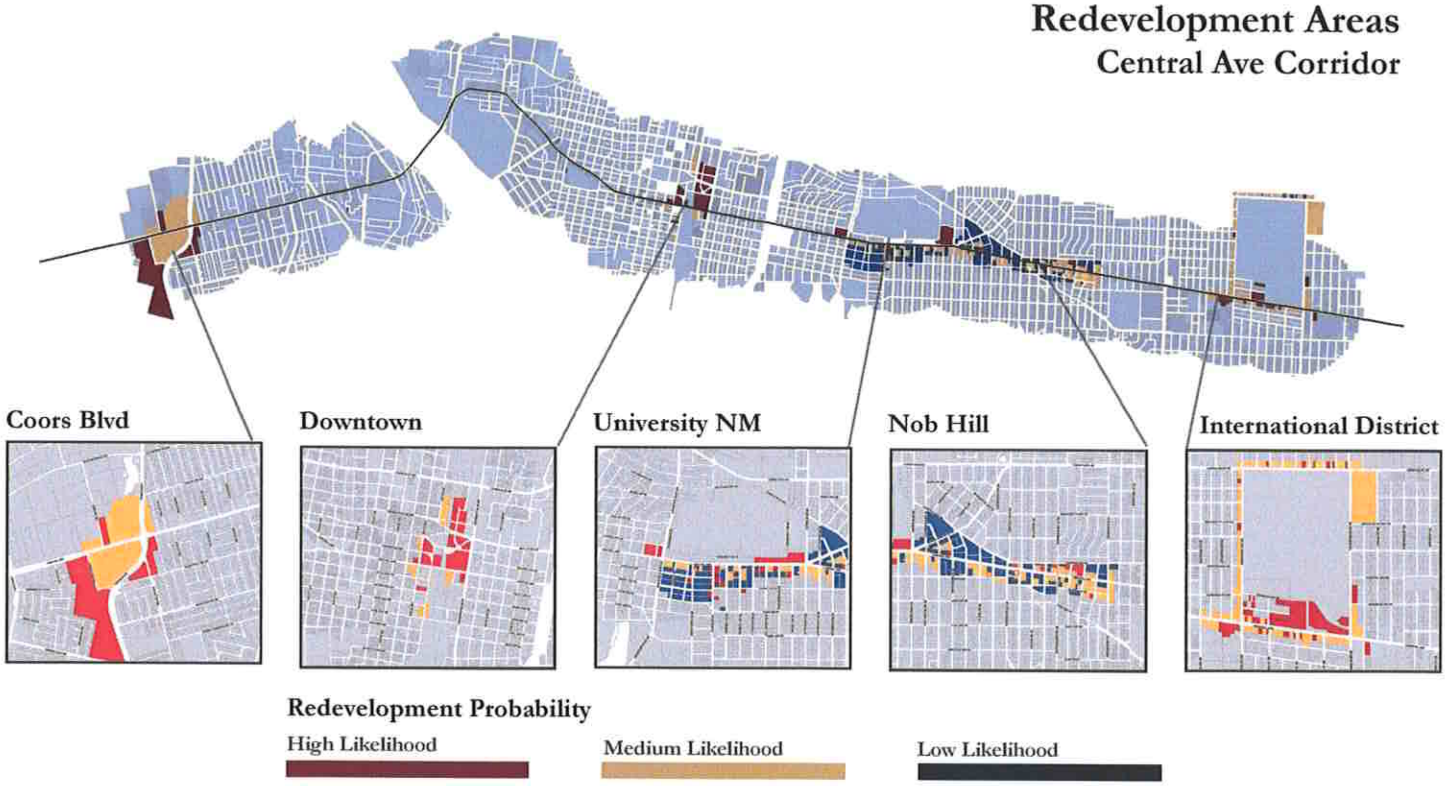
Projected Annual Assessed Building Value

2-Story Development across all areas



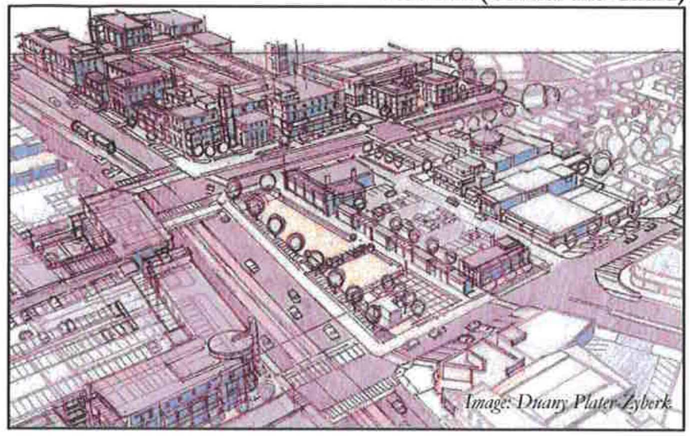
Redevelopment Areas

Central Ave Corridor



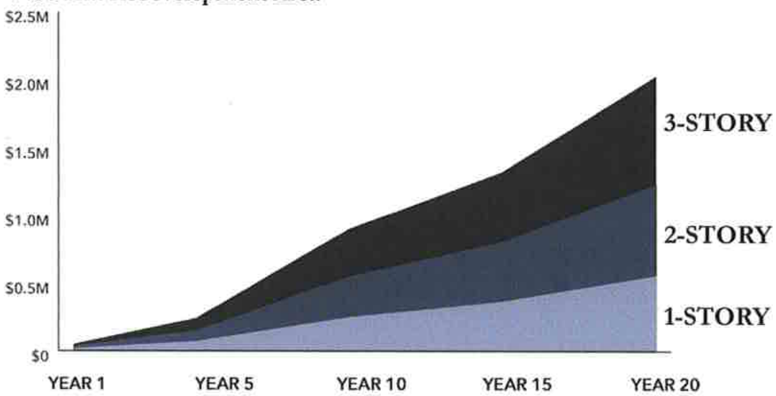
Nob Hill provides an excellent example of how future density impacts property value and property tax revenue production. The chart below illustrates the cumulative difference in property tax production over twenty years after the completion of ART. Urban3 assumed that Nob Hill's key sites (sites that have a high to moderate probability of redevelopment) would bring $6.1M more tax dollars to the community if developed as three-story development over 20 years when compared to one-story development. Additional value is produced not just from building height, but also incorporating a mix of uses into the same structure. Mixed-use developments, particularly in vacant land parcels along Central Avenue, are estimated to bring considerably greater value per acres than single-story structures. Nob Hill's future redevelopment and subsequent fiscal conditions were visualized as a forecasted value per acre model below. Even encouraging two-story infill redevelopment in the neighborhood will generate wealth similar to what Downtown Albuquerque produces today.

Proposed Conditions
Nob Hill (Central and Girard)



Current Conditions
Nob Hill (Central and Girard)

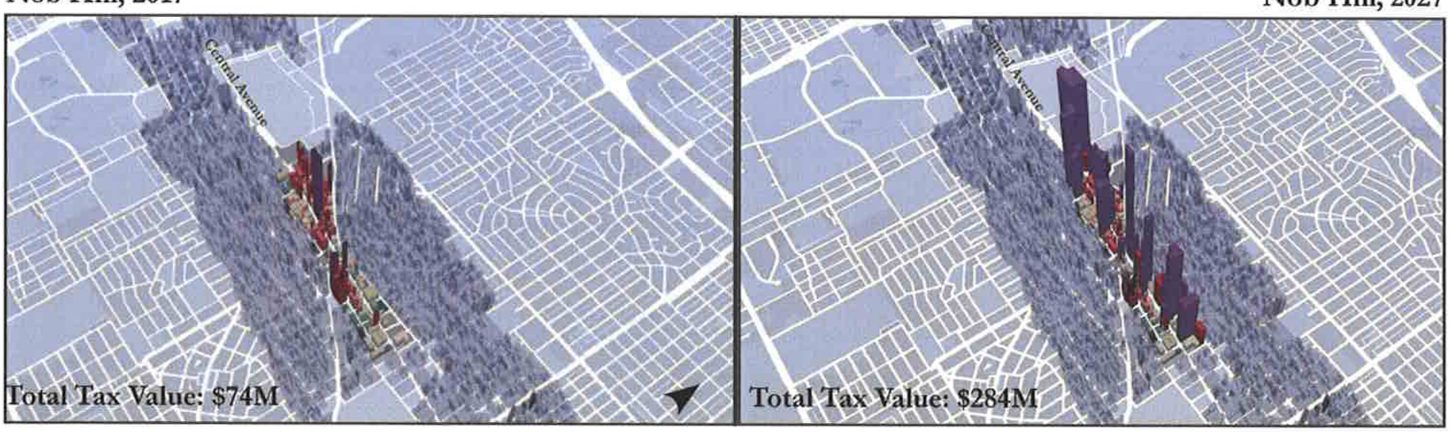
Estimated Total Annual Property Tax Production
Nob Hill Redevelopment Area



Redeveloping Nob Hill's key sites as two-story structures would produce over $6.1M more tax dollars to the community over 20 years.

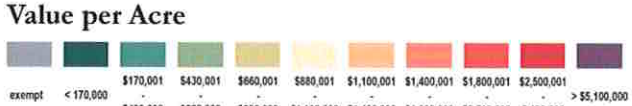
Tax Value per Acre
Nob Hill, 2017

Projected Tax Value per Acre
Nob Hill, 2027



2017

Value per Acre



2027