Appendix B
Funding Resources

Additional Funding Mechanisms

The following funding mechanisms are available to fund or finance the projects identified through the planning process. Many of these tools are currently utilized by the City and through department coordination, future funding could be allocate toward the implementation of relevant projects. Some of these tools, such as the establishment of Tax Increment Financing (TIFs), Special Investment Districts (SIDs), and Public Investment Districts (PIDs), would need additional research in order to determine appropriateness and effectiveness for projects and areas identified by the Plan.

Funding sources provided are organized into the following categories; incentive based, direct funding, city financing, State/local grants and loans, Federal programs for local governments and Federal programs for private development.

1) Incentives. Incentives are mechanism to facilitate aspects of the development process in order to reduce the financial burden of development. The following incentives have been identified as and should be implemented for projects along Route 66 as possible.

- **Incentive zoning.** For mixed use and multi-family projects, reducing parking requirements allows for more of a site's development to be dedicated to income producing uses. Reduced parking requirements are a logical incentive along the City's most significant transit corridor, where access to bus and future BRT is easy and efficient. As sector plans and regulatory documents are amended or created, ensure language for these reductions is included. Investigate parking overlay zone for entire corridor.

- **Expedited development review process.** Projects that meet the goals and objectives of this plan should receive expedited treatment for their development review process. This expedited approval process can be a significant financial benefit to new development and redevelopments as longer, drawn out processes are significantly more expensive. As sector plans and regulatory documents are amended or created, ensure language for expedited review is included.

- **Public/Private Partnerships.** There are a number of opportunities for partnerships to occur between the City and private developers. The City can provide incentives through public financing, land holdings, or eminent domain authority, to serve as incentive/collateral for private development.

- **Metropolitan Redevelopment Area Designation**. Many areas along the Route 66/Central Avenue corridor are designated as MR areas. Areas along Route 66 that are not currently within MR designated areas should be considered for future designation. MR designation enables the following mechanisms which facilitate development:

- **MR Bonding Capacity.** Metropolitan Redevelopment Bonds area available to a wide variety of projects. The public purpose for these projects is to stimulate redevelopment activities in economically distressed areas. Metropolitan Redevelopment Bonds provide limited property tax abatement on the net improvements to the project site (i.e., current property taxes on the existing value of the property are not exempted). The maximum property tax abatement period is for seven years. While Metropolitan Redevelopment Bonds do not offer gross receipts or compensating tax exemptions on the purchase of equipment for the facility, they are a reasonable option for projects that may not generally qualify for Industrial Revenue Bonds (See below).

- **MR Funds.** The Metropolitan Redevelopment Agency has discretionary spending for projects within designated MR areas, and with an approved MR plan. Future MR plans should include and prioritize projects identified in this Plan

- **TIF financing.** (See below).

2) Direct Funding. The following funding sources provide direct funding for projects.

- **City Capital Improvement Funds.** Make City Capital Improvement Funds available for identified projects. The purpose of the City of Albuquerque's Capital Improvement Plan (CIP) is to enhance the physical and cultural development of the City by implementing the Albuquerque/Bernalillo County Comprehensive Plan and other adopted plans and policies. Through a multi-year schedule of public physical improvements, CIP administers approved capital expenditures for systematically acquiring, constructing, replacing, upgrading and rehabilitating Albuquerque's built environment. Projects identified in this Plan should be priority CIP projects.

- **TIP Funds.** Federal Transportation Improvement Funds are administered through the MRCOG. Work with MRCOG to identify transportation related projects with multi-modal benefit including streetscape, trails, networking and multi-modal safety improvement in the Route 66 corridor.

- **GRT.** Raise GRT ¼ cent for 10 years to pay for ABQ the Plan Projects.

- **MR Funds.** (see above)

3) City Financing Mechanisms. The following mechanisms are available through coordination with the City and may be considered where appropriate in order to generate additional financing for projects.

- **Tax Increment Financing.** Tax increment financing is created through a local government's property tax assessment. The incremental difference in tax is used to finance the improvement within the district. In New Mexico, tax increment financing is enabled in forms though the Metropolitan Redevelopment Code, Enterprise Zone Act and the Urban Development Law. The City of Albuquerque uses tax increment financing within its designated Metropolitan Redevelopment Areas (MRA). Creating a TIF District of the entire Route 66 corridor could be beneficial, although additional research and analysis are needed.

- **Establish tax increment mechanism to fund corridor improvements.** Exact a special authorization that allows the City Metropolitan Redevelopment Agency to use tax increment from for cultural or recreational facilities in the project area.

- **Special Improvement District Assessment.** A SID is an organization, management, and financing tool used by local businesses to provide specialized services that complement rather than replace existing municipal government services as part of a revitalization downtown plan. A SID is first created under state law and then enacted by a municipal ordinance. The law permits property owners and businesses to organize and assess themselves in order to pay for the services that are needed. Propose a Special Improvement District to implement streetscape improvements, including sidewalks, street lighting, street scape landscaping, etc.

- **Public Improvement District.** A Public Improvement District (PID) is a taxing entity which can finance, construct and maintain public improvements. It has authority to issue debt and to impose an assessment against real and personal property within the district. Money paid to PIDs is deductible from Federal income tax for those who itemize deductions. The maximum allowable assessment can be set by election at the time of district formation. Money paid to a PID is kept in a fund separate from other funds. It can only be used for the established purpose of the PID. A PID may be formed to address any type of public improvement or service, including housing; health, sanitation, or drainage improvements; street and sidewalk improvements; mass transit improvements; parking improvements; library improvements; park, recreation and cultural improvements; landscaping and other aesthetic improvements; art installation.

- **Municipal Bonds.** City issues bonds are available for a variety of public improvements. Increase City GRT/or reallocate GRT funding that would be dedicated to pay bonds for infrastructure for Route 66 redevelopment projects.

- **Motor Fuel Excise Tax/Bonds.** A portion of the increased state gasoline tax is returned to the City. Utilize increment to finance redevelopment bond for Route 66 improvements.

- **State/Local Grants and Loans.** The following grant and loans are available to facilitate development through public/private partnerships:

- **Local Economic Development Act (LEDA) Grant Funds.** Partnership with a private entity to pursue State Bernalillo County and City LEDA grant funds. Working in partnership with a private developer, these grants can be significant and support all levels of a project.

- **The Loan Fund.** Formerly known as The New Mexico Community Development Loan Fund, the Loan Fund is a private, non-profit organization that provides loans to business owners and non-profit organizations. Loans are available to new and existing small businesses for such needs as equipment, inventory, building renovations and operating capital. This program also provides loans of up to $250,000 to municipalities and counties to construct or implement projects necessary to encourage the location or expansion of industry, in order to create jobs, stimulate private investment, promote community revitalization, and expand the local tax base. Eligible uses include infrastructure improvements, rehabilitation or installation of public facilities, site improvements and utilities, and commercial or industrial buildings or structures and other commercial or industrial real property improvements.

3) Federal Programs for local governments. The City currently receives funding from many of the following federal programs. Departments should work to identify and request future funding for Route 66 projects that qualify for participation in federal programs.

- **HUD funds for local CDBGs.** Community Development Block Grants are used to finance locally determined activities and can include coping with contamination and financing site preparation or infrastructure development. Eligible activities include planning for redevelopment, site acquisition, environmental site assessment, site clearance, demolition, rehabilitation, contamination removal and construction. The City of Albuquerque receives an annual Community Development Block Grant from the U.S. Department of Housing and Urban Development to fund redevelopment activities in low and moderate income communities across the City.

- **HUD Section 108 loan guarantees.** Section 108 is the loan guarantee provision of the Community Development Block Grant (CDBG) program. Section 108 provides communities with a source of financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects. This makes it one of the most potent and important public investment tools that HUD offers to local governments. It allows them to transform a small portion of their CDBG funds into federally guaranteed loans large enough to pursue physical and economic revitalization projects that can renew entire neighborhoods. Such public investment is often needed to inspire private economic activity, providing the initial resources or simply the confidence that private firms and individuals may need to invest in distressed areas. Section 108 loans are not risk-free, however; local governments borrowing funds guaranteed by Section 108 must pledge their current and future CDBG allocations to cover the loan amount as security for the loan.

- **HUD's CDBG Grants.** The CDBG program, one of the nation's largest Federal grant programs, is administered by the Department of Housing and Urban Development to promote the revitalization of neighborhoods and the expansion of affordable housing and economic opportunities. This includes activities that support the redevelopment of properties in distressed areas if such activity supports the mission of the program.

- **EDA Title I and Title IX.** Grants from the Economic Development Association are available to government and nonprofit organizations in distressed areas to fund improvements in infrastructure and public facilities, including industrial parks. The primary goal of the EDA Title IX Revolving Loan Fund (RLF) is to create or save jobs by making capital available for fixed and/or operating expenses. These proceeds can be used for land and building acquisitions, site improvements, machinery/equipment and operating capital. The objective of the loan program is to create new permanent full-time job opportunities, provide sufficient capital for high risk ventures, make the availability of assistance to minority and disadvantaged business owners, and continue the diversification for the business and industry sectors.

4) **Federal programs for private development**. The following federal programs are available to assist private development:

- **Historic Rehabilitation Tax Credits.** Investors can receive a credit against their total income taken for the year in which a rehabilitated building is put into service. Rehabilitation of certified historic structures qualifies for a credit equal to 20 percent of the cost of the work; rehabilitation work on non-historic structures built before 1936 qualifies for ten percent.

- **New Markets Tax Credits (NMTC).** The New Markets Tax Credit Program was established by Congress in 2000 to spur new or increased investments into operating businesses and real estate projects located in low-income communities. The NMTC Program attracts investment capital to low-income communities by permitting individual and corporate investors to receive a tax credit against their Federal income tax return in exchange for making equity investments in specialized financial institutions called Community Development Entities (CDEs). The credit totals 39 percent of the original investment amount and is claimed over a period of seven years (five percent for each of the first three years, and six percent for each of the remaining four years). The investment in the CDE cannot be redeemed before the end of the seven-year period.