



August 25, 2025

To: The Board of the State Fairgrounds Tax Increment Development District
From: Roger Valdez, Director, Center for Housing Economics
Re: First Bond Issuance of the Fairgrounds TIDD

Dear Board members,

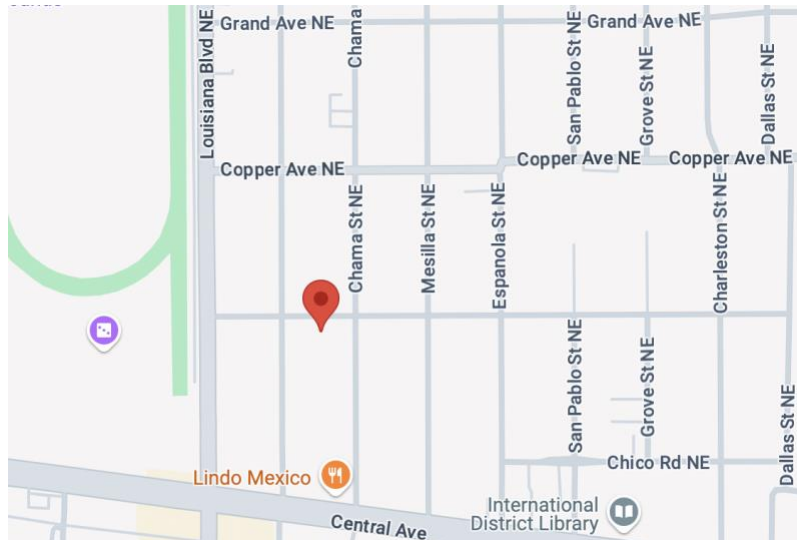
When we spoke at your first meeting in July, we discussed that community support for the formation of a Tax Increment Development District for redevelopment of the state fairgrounds was largely conditioned on community benefits. As revenues from gaming and gross receipts build, you will have an opportunity to spend that money or bond against it. Your most recent discussion last week opened the door to looking to which projects or community benefits you might allocate those funds or proceeds. We would like to collaborate with you.

Shovel-Ready Investment: The Cottages at 161 Chama

As the Fairgrounds Tax Increment Development District Board (the Board) considers a bond issuance, we'd ask that you consider working with us to close the funding gap for an important project in the International District, **The Cottages at 161 Chama**. The Cottages at 161 Chama is a 20-unit affordable housing project that will meet the needs of community members who are high-functioning and employed, but still face difficulty in paying market-rate rent each month. The project has already raised two thirds of its current construction budget of \$3.4 million.



The project is in the heart of the area most affected both by possible changes to the fairgrounds from redevelopment, and of a severe shortage of shelter and housing options for people living in the neighborhood. The block-end is zoned for townhomes, but qualifies for an exemption to the City's one acre limit on cottage development. We have chosen to develop a horizontal community of 500 square foot cottages oriented around courtyards, creating the feel of independent homes, and facilitating face to face community interaction rather than the verticality of apartments.



The Cottages at 161 Chama will be just one block from the State Fairgrounds

The project received over \$2.2 million from 18 state legislators through the capital outlay process, including board members Senator Stewart and Representative Anyanonu. We are seeking financing from the Albuquerque Community Foundation and Housing New Mexico (MFA).

Sources	Amount	Terms
		30 Years,
MFA	\$757,257	3%
ACF	\$400,000	5 Years, 4%
Legislature	\$2,200,000	
Total	\$3,357,257	

Uses	
Site Construction	\$382,280
Buildings and Structures	\$1,980,470
Other Construction Costs	\$814,507
Professional Services	\$180,000
Total	\$3,357,257



The project is in the process of finalizing receipt of capital outlay and financing. While the goal is to have no debt on the project, even with rents set at \$1 a square foot, the project has enough cash flow and low enough operating costs to support both short, and long-term debt with a Debt Coverage Ratio (DCR) of 1.71 in the first year of operation.

However, if the project has no debt, there will be no debt service, and we will be able to keep rents low even if operating or other costs rise in the future.

Pro Forma	
Income	Year 1
Residential Income (\$1/sf)	\$120,000
Vacancy Loss (7%)	-\$8,400
Effective Gross Income (EGI)	\$111,600
Expenses	
Management fees + GRT	\$8,928
Total Expenses	\$8,928
Net Operating Income	\$102,672
Annual Debt Service	
First Loan (MFA)	\$25,296
Second Loan (ACF)	\$34,752
Total Debt Service	\$60,048
Net Project Cash Flow	\$42,624
Debt Service Coverage - All Debt	1.71

Summary

- The Cottages at 161 Chama will break ground in November
- The project has deep community support as well as support from the legislature
- Housing is a “community benefit” as defined in Senate Bill 481
- Housing and shelter are a serious and desperate need in the International District
- This project has been designed with help from potential residents
- The project has a good funding base, is financially feasible, and is sustainable.
- Total per unit cost is about \$167,862, roughly half the cost of typical affordable projects
- If the Board funds this project, no debt means sustained affordable rents for the lifetime of the cottages.
- We see this as great collaborative opportunity for the Board and the community



Can the Fairgrounds TIDD Fund this Proposal?

The simple answer is, "Yes!" Let's take a walk through the statute created by the passage of [Senate Bill 481](#). Emphasis is mine throughout.

Definitions

- The Board can support a "community benefit" which "includes *affordable housing*, job creation, open space and health services (page 2, line 9);"
- As defined in the legislation, public improvements "means on-site improvements and *off-site improvements* that directly or indirectly benefit the district . . . and include" (page 3, line 2); and
- Those improvements include, "workforce and *affordable housing* (page 4, line 25)."

Powers

- The Board may "enter into contracts or expend money for any public purpose or *community benefit* (page 5, line 14)." Importantly, this line continues, "with respect to projects *of* the district" not just *in* the district.
- The Board may "grant, donate or otherwise dispose of property of the district in accordance with the Local Economic Development Act, the *Affordable Housing Act* or the provisions of Article 9, Section 14 of the constitution of New Mexico;

It is important to note that the Local Economic Development Act (LEDA) and the Affordable Housing Act (AHA) carve a wide swath through Article IX in which none of the usual anti-donation limitations exist. The Board has the opportunity to turn its legal and administrative resources to maximizing and exploiting this space for the benefit of economic and community development. The expectation from legal counsel and administration should be, "tell us *how*, not whether we *can* do this."

Bond Issuance

Bond issuance is a five-step process that begins with a plan and approval of the issuance by the State Board of Finance and culminates with legislative approval (page 25, lines 5 to 20).

1. "The state board of finance approves of the proposed issuance of bonds and the district development plan;"
2. "The state board of finance makes a determination that the proceeds of the bonds will be used for projects in furtherance of the district development plan and in accordance with the State Fairgrounds District Act;"
3. "The state board of finance makes a determination that the projects will generate sufficient revenue to repay the bonds;"

4. "The New Mexico finance authority approves of the master indenture and any amendments to the master indenture;" and then,
5. "Legislative approval of the proposed issuance of the bonds."

The Board can legally fund the completion of The Cottages at 161 Chama. The bad news is that bond issuance is going to take longer because the State Board of Finance must approve the issuance. The good news, however, is that there is time to both accrue more revenue which will increase the amount of the initial issuance, and give the Board time to form a development plan which should fund The Cottages at 161 Chama as well as fostering land acquisition around the fairgrounds for housing and economic development. This is from *my* reading of the plain text of Senate Bill 481. I know you'll seek good legal financial advice on timing.

However, there is no legal or process reason apparent from the new law created by Senate Bill 481 to prevent buying down long-term debt on a project like The Cottages at 161 Chama sometime in 2026.

Recommendations

- Create a community development corporation that can begin to manage community benefit projects, especially land banking and real property
- While the Board works through the process, legal, and financial issues related to issuance of bonds, it should establish a simple and informal process to entertain projects for community benefit;
- A portion of each board meeting would include time for community presentations for use of funds from the first and any subsequent bond issuance for community benefits;
- Staff would compile those presentations and projects and produce a matrix for the board to consider before making final decisions;
- The criteria for the first issuance should prioritize,
 - Acquisition of vacant, abandoned, or derelict land around the District;
 - Affordable housing development and rehabilitation;
 - Improvements to adjacent public schools, open spaces, and parks;
 - Public health infrastructure; and
 - Arts and cultural facilities to celebrate the 100th anniversary of Route 66

Conclusion

To fulfill the promise of Senate Bill 481 and the Board's mission to improve the fairgrounds and the surrounding community, the Board needs to buy land, fund housing solutions, and support an array of community investments as soon as legally and practically possible. To slay the specter of "gentrification" and the reality of displacement due to appreciation of land values from economic development, the Board ought to commit to a careful strategy of putting land that has little value today into public, and then community ownership through land trusts to ensure that the community, not private property owners, gain from inflation and appreciation.



We believe that The Cottages at 161 Chama would represent an ideal opportunity for the legislature, local government, the Board, and the community to collaborate and break ground, together, on a potentially iconic project that will begin to keep the promise of community benefit in Senate Bill 481.