

Date: October 23, 2024

To: Governing Body, Public Works and Utilities Committee, Quality of Life Committee, Finance Committee, and Economic Development Advisory Committee

From: Daniel Hernandez, Metropolitan Redevelopment Agency Director

Via: Randy Randall, Interim Community Development Director

Subject: **Purchase Price Consideration
for the Disposition and Development Agreement (DDA) by and between the
City of Santa Fe and Aspect QOZB, LLC**

Pursuant to State statute, Section 3-54-1(B), NMSA 1978, when a municipality elects to sell real property, an appraisal is required to be submitted in writing to the governing body. In this case there were two appraisals that are included in this packet and are summarized here:

- Pursuant to an appraisal of the Property (as defined in the DDA) prepared for the City by Hippauf Dry & Connelly with an effective date of valuation as of November 15, 2023, the value of the fee interest in the Property is approximately \$11,400,000 exclusive of (i) the cost to construct the public infrastructure, (ii) the value of the community development benefits, and (iii) the contractual obligations and risk of recourse set forth in this Agreement. Pursuant to an appraisal of the Property prepared for QOF by CB Richard Ellis on February 23, 2024, the value of the fee interest in the Property was determined to be approximately \$4,800,000, exclusive of (i) the value of the community development benefits, (ii) the contractual obligations and risk of recourse set forth in this Agreement, and (iii) the costs and risk of entitlement.

The State statute also requires that, if a sale price that is less than the appraised value, the governing body shall cause a must have a detailed written explanation of that difference, to be prepared, which written explanation is hereby included in the legislative packet provided in connection with the public hearing for review of the DDA.

In this case, the City issued a competitive Request for Proposals that required proposals for developing the property and offering community benefits, in addition to payment for the Property. The current Purchaser is a successor in interest to the winning Offeror of the RFP and the resulting agreement requires development and community benefits, in addition to \$5,000,000. Thus, the payment alone exceeds the value of one appraisal. City staff have also determined that the Agreement's required payments, Property development, and community benefits exceed the higher appraised value of the Property and that the disposition is in the best interests of the City.

PRICE CONSIDERATION ANALYSIS	*Real Property (City's appraisal)	\$11,400,000
Midtown Production Studios	Personal Property (est.)	\$25,000
	TOTAL	\$11,425,000
Aspect Studios DDA		
Purchase Price		\$5,000,000
Lease Payments	\$30,000/year x 10 years	\$300,000
Economic:		
Income: commitment for studio production direct NM expenditures: \$150M	Based on formula in previous LEDA deals= \$1M for every \$50M in production spend	\$3,000,000
Education: 2,000 sq. ft. of space restricted in perpetuity	2,000 x \$18 (class B rents) x 20yrs	\$720,000
Internships: 20 interns/yr x 20 yrs	\$3000/intern/year (6wks; 40 hrs; \$20/hr; 1.25 for employment costs; X.5)	\$1,200,000
Equity:		
Affordable Housing: 99-150 housing units= 15-23 Affordable Housing Units	NA: Proforma provides adequate return	
Culture:		
Operation of Screen and Community Programming	\$1,000/event X12 events X20 years	\$240,000
Environment:		
Solar requirement/disconnecting from Gas	None: Economic Benefit in long term	
EV Charging Stations- 3 level 3+ 2 level 2	\$50,000/ Level 3 + Public Use (\$2,000/yr; 20 yrs)	\$240,000
Other DDA Requirements		

Master Infrastructure - PNM Loop	Not included: estimate based on Essential Utilites, Inc dated 08-2023	
Contractual Risk/Obligation To Act	15% of value	\$1,710,000
	TOTAL	\$12,410,000
	Above / (Below) appraised value	\$985,000

**Hippauf Dry & Connelly, Effective Date of Valuation: Nov-15-2023, page 107*

ATTACHMENTS:

November 15, 2023 Appraisal

February 23, 2024 Appraisal