

## **UNM BBER report analyzes potential impacts of Santolina development; offers alternative data-informed scenario**

An impartial analysis from The University of New Mexico's Bureau of Business and Economic Research (BBER) evaluating the economic and fiscal impacts of the proposed Santolina development finds that buildout targets are likely too high, which could generate lower tax revenues than initially expected.

BBER researchers broke down the Santolina development's full buildout targets into annual goals and then compared them to annual projections created using historical build data for the Albuquerque area.

To meet the full buildout goals, the development would need to generate 761 new housing units, 1,866 additional residents, and 1,500 new jobs per year by the full buildout of the Santolina Master Plan. Having evaluated available historical data, BBER offers the following annual targets as more probable: 154 new housing units per year, 374 additional inhabitants annually, and 240 new jobs per year (over the next 50 years).

Given that the Santolina Tax Increment Development District (TIDD) allocates a portion of future tax revenues for reimbursement to the developers for the cost of infrastructure, the upfront direct costs to the state and local governments may exceed potential direct tax revenues during buildout. Given a lack of data, BBER researchers were not able to estimate the ongoing cost to provide public services and to maintain and operate public facilities on an ongoing basis, or the ongoing potential tax revenues/benefits; however, the lower growth expectations suggest that the ongoing fiscal impacts previously set forth are probably too high.

"These data tell a story that statewide and local economic, employment, population, and housing growth has not exactly been robust, especially when compared to New Mexico peers in neighboring states," said BBER Senior Research Scientist Julian Baca. "This analysis used New Mexico government administrative data and state and federal survey data."

Growth expectations lower than those used when seeking approval of the plan also mean below-expected tax revenues. These results point to the need to obtain current expectations from neutral third parties, as informed by historical and recent experience when assessing potential taxpayer costs and potential tax revenues. This matters especially as policymakers and elected officials consider authorizing additional allocations of Gross Receipts and Property Tax revenues for new development in the form of TIDDs and other fiscal and economic incentives to developers.

More information and details are available in the report on BBER's website. The study was paid for by the New Mexico Legislature.