

Q&A Regarding the Proposed Mirador Public Improvement District

Los Alamos County Comment: [What is a Public Improvement District?](#)

Response: The Mirador Public Improvement District (PID) would be a newly formed political subdivision, separate from Los Alamos County, with powers described in the Public Improvement District Act, NMSA 1978, §§ 5-11-1 to -27 (2001, as amended). Following formation, the PID would implement a general plan by imposing a special levy on real property within the PID boundaries. The PID would use these special levy revenues to finance its administrative costs, as well as reimburse the developer for costs associated with public infrastructure benefitting the real property in the PID. Various on-site and off-site public infrastructure improvements could be financed by the PID, including water and sewer systems, drainage and flood control, streets, and related soft costs.

The PID would impose a special levy on land within the PID based on front footage of the residential lots. The special levies would be pledged to pay debt service on bonds issued by the PID and can be used directly to pay for administrative costs of the PID and to reimburse the developer for the costs of installing public improvements (prior to the issuance of long term debt).

The special levy is imposed as a benefit assessment on land within the PID, which is in addition to all existing County taxes and charges. No property owners, residents or businesses located outside the PID would be required to pay a special levy.

Los Alamos County Comment: [Why is a PID necessary for Mirador?](#)

Response: The Mirador subdivision is encumbered by basalt rock. The process associated with the development of the subdivision (i.e. blasting, excavation, on-site crushing and soil mixing) is cost and time intensive. Original estimates to develop Mirador have proven to be greatly deficient to the actual cost of development and have increased 24% from 2017 estimates. Absent a PID to offset a portion of this increase in cost of development, new home prices will increase from original estimates.

Los Alamos County Comment: [What is the benefit to the overall development and homebuyer?](#)

Response: Once formed the PID would provide for a lower basis of overall cost of development. This lower basis would help maintain estimated new home prices that would help to reach a broader new home buyer base. Lower new house pricing translates to more potential new home buyers. More potential new home buyers promotes a greater ability to welcome diversity to the community. New home buyers that are just starting their careers, starting their families or looking to downsize to a more manageable lifestyle would receive benefit from the formation of the PID. More affordable housing would act as a benefit to new home owners in the enjoyment of the community.

The new home prices that will be offered in Mirador will set the market for pricing in this development. Should the new home pricing be brought to market without the cost offset of a PID, that pricing will be very difficult to ever be reduced (i.e. Market downturn). In previous communications the scenario of a PID and Non-PID mortgage payment was discussed. In these conversations and analysis, the annual estimated savings for new home owners with a PID financing mechanism ranged from \$700 to \$1,700 a year.

Estimated Homeowner PID Levy Payments Per Lot Category		50' Lots	60'-70' Lots
Annual Homeowner PID Levy Payment		\$ 1,500	\$ 2,500
Monthly Homeowner PID Levy Payment		\$ 125	\$ 208
Estimated Homeowner Mortgage Payments			
PID Levy vs. Non-PID Levy - 50' Lot Category			
PID Levy Mortgage Payment - Monthly Estimate (\$300K Principal @ 5% for 360mos)		\$ 1,610	
Non-PID Levy Mortgage Payment - Monthly Estimate (\$350K Principal @ 5% for 360mos)		\$ 1,879	
PID Levy Mortgage Payment Less Non-PID Levy Mortgage Payment		\$ (268)	
Total Estimated Annual Homeowner Mortgage Payment Savings		\$ (3,221)	
Estimated Homeowner Mortgage Payments			
PID Levy vs. Non-PID Levy - 60'-70' Lot Category			
PID Levy Mortgage Payment - Monthly Estimate (\$400K Principal @ 5% for 360mos)			\$ 2,147
Non-PID Levy Mortgage Payments - Monthly Estimate (\$450K Principal @ 5% for 360mos)			\$ 2,416
PID Levy Mortgage Payments Less Non-PID Levy Mortgage Payment			\$ (268)
Total Estimated Annual Homeowner Mortgage Payment Savings			\$ (3,221)
Est. PID Levy Annual Mortgage Payment Savings Less Est. Annual Homeowner PID Levy Payment		\$ (1,721)	\$ (721)

Another benefit that also needs to be taken into account is the resale opportunity for buyers and sellers. The lower market price that a PID would afford for new home pricing is another benefit of buyers and sellers in the subdivision. Higher new home pricing without the cost offset of a PID sets the market price for new housing at a greater value and restricts buyers and sellers to that price range for the foreseeable future if not indefinitely.

The PID, which is a public improvement financing mechanism, would help create an offset to development costs that would in turn provide for less debt service per household and mitigate higher price levels of new homes.

Los Alamos County Comment: [Where has a PID been used in other instances in NM?](#)

Response: Public improvement districts have become a common and accepted financing tool throughout New Mexico. We are aware of the following public improvement districts having been formed by New Mexico municipalities and counties:

- Angel Fire District 2007-1 (Angel Fire)
- Boulders (Albuquerque)
- Cabezon (Rio Rancho)
- Juan Tabo Hills Estates (Albuquerque)
- La Plata Ranch (Farmington)
- Lower Petroglyphs (Albuquerque)
- Mariposa East (Rio Rancho)
- Mesa del Sol Districts Nos. 1 to 5 (Albuquerque)

ATTACHMENT A

- Montecito Estates (Albuquerque)
- Santolina Districts Nos. 1 to 40 (Bernalillo County)
- Saltillo (Albuquerque)
- The Trails (Albuquerque)
- Ventana West (Albuquerque)
- Volterra (Albuquerque)
- Stonegate (Rio Rancho)
- Ute Lake Ranch #2 (Quay County)

We also understand that Bernalillo County and Sunland Park are currently considering additional applications for formation of public improvement districts.

Los Alamos County Comment: [Why was the PID formation not discussed previously?](#)

Response: The size of a development leads the consideration for the formation of a PID in a project. Larger projects typically have greater costs and demand the financing mechanism of a PID. Typically smaller projects have less costs and do not qualify for the consideration of a PID financing mechanism. From a typical site development estimating standpoint, development costs are more reliably predictable in typical projects. The typical estimating process associated with development could not have fully recognized the potential for Mirador's atypical development costs. By development standards Mirador would be classified as a small development with atypical costs.

Larger site development projects benefit from economies of scale that translate to more efficiencies in costs. Due to Mirador's small size and atypical costs, it suffers from the typical benefit of larger developments and those economies of scale. Until the entitlement (e.g. zoning, site plan, preliminary plat, final plat) process started, it was not possible to come to the ultimate conclusion of costs associated with this small atypical development.

Mirador's small size and atypical development costs have created the necessity to form a PID. While we anticipated that development costs for Mirador would be higher than a typical development, the escalation in those costs during the entitlement process have increased dramatically past initial project estimates. During the entitlement process final scope of project elements are solidified and budgeted cost of work scheduled becomes finalized. In our efforts to finalize the budgeted cost of work scheduled for the development of Mirador it become apparent that consideration for formation of a PID was necessary to mitigate the escalation of estimated new home pricing.