

Land Cost Called Vital to Downtown Future

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A new Downtown housing study got mixed reviews from the first group to hear it presented Monday.

Some said their primary concern was the high cost of land Downtown.

"The risk still needs to be with the borrower or the city," said Larry Levy, senior vice president of commercial real estate with Bank of Albuquerque.

Housing developers, he said, have to be willing to pay the difference between the low cost of development in the suburbs and the high cost Downtown.

About 60 people gathered at the Hyatt Regency to hear real estate broker and consultant Todd Clarke's assessment that there is pent-up demand for at least 3,000 new housing units Downtown —

both single-family homes and apartments — over the next five years. The figure is based on a jobs-to-housing ratio and other demographic data.

The study was commissioned by the Downtown Action Team and was paid for by the city and Fannie Mae. It defines Downtown as a five-square-mile area bounded by the Rio Grande, Interstate 25, Avenida César Chávez and Interstate 40.

Home builder Vincent Pizzonia with Vantage Homes has seen similar Downtown revitalization efforts in Hartford, Conn., and Houston, Texas. But those markets did not have the land shortage Albuquerque has, he said.

"I don't care how you slice it, paying \$15 a foot for land, we can't make it work," he said.

The city needs to consider knocking down aging houses and rehabilitating the sites, something sure to raise neighborhood opposition, he said.

Robert Lupton of Sivage Thomas Homes agreed with Pizzonia that land availability is the biggest barrier for builders.

The city would have to assemble land parcels and use federal, state and other government funds to mitigate land costs for builders. Even then, change will require "little bitty steps," as individuals and companies take their own risks Downtown, he said.

Clarke's study states significant investment by the public sector will be necessary to get housing built.

Clarke gave the example of the new 161-unit Villa de San Felipe apartment

complex. The city assembled the land, paying \$10 to \$12 per square foot, then resold it to developers for \$3 a square foot.

The complex was needed or the new Social Security Administration building would not have been located Downtown due to lack of housing for workers, he said.

One government agency sure to increase its involvement in Downtown projects is the U.S. Department of Housing and Urban Development, said Michael Griego, senior community builder/coordinator.

"(The study) gives us a basis to redevelop our partnerships with organizations like Fannie Mae and New Mexico Mortgage Finance Authority," he said.