

Center for
**COMMUNITY
PROGRESS**



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Transforming Raton's Abandoned Properties into Community Assets

A Community Progress Report for Raton, New Mexico



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Vacant Spaces into Vibrant Places

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About the Center for Community Progress

The Center for Community Progress helps people to transform vacant spaces into vibrant places. Since 2010, their team of experts has provided urban, suburban, and rural communities battling systemic vacancy with the policies, tools, and resources needed to address the full cycle of property revitalization. As the only national nonprofit dedicated to tackling vacant properties, Community Progress drives change by uncovering and disrupting the unjust, racist systems that perpetuate entrenched vacancy and property deterioration. Community Progress has delivered customized, expert guidance to leaders in over 300 communities and provided hundreds of hours of free educational resources as well as leadership programming to help policymakers, practitioners, and community members across the country return properties to productive use. To learn more and get help for your community, visit www.communityprogress.org

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Contents

Introduction	2
VAD Properties in Raton: 123 Raton Street	3
Making the Case: The Need for Better Data and Funding	4
Reforms Needed to New Mexico’s Delinquent Property Tax and Municipal Lien Enforcement for VAD Properties	7
A Note on Land Banking	10
Conclusion	10

Introduction

Raton is a special place, rich with history, community pride, and optimism for its future. Over the last few decades, this rural city in northeastern New Mexico has experienced major shifts—like the end of coal mining and horse racing—that have resulted in a dramatic loss of population¹ and a growing inventory of vacant houses, storefronts, and lots. Steadfast leaders in local government and the community responded by deploying new tools like the vacant building registration ordinance (VBRO) to hold absentee owners accountable, and leveraged City resources and expertise to attract new investment and industry, such as the El Raton Media Works, a new nonprofit media arts and production company, and Moss Adventures, an outdoor experience and expedition company.

Even with the dedication of a small but mighty team of local leaders and lots of elbow grease, vacant, abandoned, and deteriorated (VAD) properties that do not represent the pride residents have in Raton, remain. These properties include former homes in residential neighborhoods and empty storefronts in the main business district. They symbolize loss and disinvestment.

Persistent VAD properties can be attributed to a variety of factors, including legal and financial hurdles. For example, some are owned by diffuse heirs who long ago abandoned the property or who do not even know they have a claim to a fraction of a property in Raton. Some VAD properties are owned by out-of-state speculators who buy property sight unseen and without a plan for basic upkeep and maintenance, simply hedging their bets on the future of Raton. Other VAD properties may be owned by locals who want to make a significant investment yet find themselves hamstrung given the value of the property is much less than the back taxes, other public debt, and the reasonable cost of remediation. In each scenario there are few paths to remove these barriers, obtain flexible funds to rehabilitate the property, and write a new narrative for the community.

This report provides local leaders with our observations and recommendations for addressing that inventory of harmful, persistent VAD properties. It uplifts local government and community leaders' work while recognizing limitations in data, capacity, funding, and policy. We hope this report sparks discussions in Raton and throughout New Mexico. We believe leaders should design policy and programmatic reforms to place Raton's future in hands of a community that wants to sustain a proud legacy, rather than those hedging their bets on a short-term property investment.

Raton is at a critical and exciting juncture—leaders are balancing the desire for immediate investment with long-term planning, preserving the city's culture for current generations of families while welcoming new neighbors and businesses. As Interstate 27 expands, potentially making Raton home to one of the busiest intersections in the country,² City leaders must balance the need for safe, affordable housing and quality jobs with the growing interest from outside investors. Other communities at similar junctures often wish they could turn back the clock and do things differently, like ensuring investment benefits long-time and low-income residents too. By focusing on transforming VAD properties into community assets, Raton can forge a legacy that current and future residents look back on with pride.

The next few sections lay out challenges and preliminary recommendations associated with data and funding, as well as reforms to policy and practice.³

¹ Raton's population has declined by approximately 17 percent since the year 2000. "Raton, New Mexico Population History | 1990 – 2021" Biggest US Cities, <https://www.biggestuscities.com/city/raton-new-mexico>, last updated January 18, 2023.

² Noël Fletcher, "Planners Eye New Freight Corridor Thanks to Interstate Designation," *Transport Topics*, June 1, 2022, <https://www.ttnews.com/articles/planners-eye-new-freight-corridor-thanks-interstate-designation>.

³ The information provided herein does not, and is not intended to, constitute legal advice. The City of Raton should consult with local legal counsel before acting or relying on any information in this report.

VAD Properties in Raton: 123 Raton Street

To better understand why it's so difficult to address VAD properties, let's examine a hypothetical house that exemplifies the type of problem property endemic throughout Raton and New Mexico.



123 Raton Street

Ownership	Out-of-State Defunct LLC
Fair Market Value	\$5,000
Delinquent Taxes Owed (10+ years)	\$3,000
Municipal Code Liens for Boarding, Mowing, Tree Removal	\$9,000
Delinquent Mortgage 1	\$25,000
Delinquent Mortgage 2 (Unpaid HELOC)	\$10,000
Total Public Debt	\$12,000
Total Private Debt	\$35,000
Fair Market Value – Debt =	-\$42,000

Properties like “123 Raton Street” are not only eyesores and safety threats, the public and private debts they often carry render them inaccessible to responsible private buyers and well-intentioned public entities. This long-abandoned property has accumulated multiple years of property tax debt—lost municipal revenue—while the City has invested thousands of dollars in code, fire, and police dispatches to keep the property from harming neighbors. Banks long ago determined that the multiple mortgages in junior lien status on the property are uncollectible, not even worth the effort to complete a foreclosure given the public debts outweigh the fair market value of the property.

123 Raton Street is stuck. It causes reductions in neighboring property values and dangerous conditions. It is the location of multiple first responder calls when vulnerable residents without access to housing take shelter and start fires for warmth—fires that threaten the safety of those residents and neighbors next door.

Though 123 Raton Street is in an otherwise healthy neighborhood and could be the site of desperately needed affordable housing, it remains stuck in legal and market limbo. The current fair market value of \$5,000 is far less than the total public and private debt associated with the parcel. No reasonable and responsible private buyer would try to acquire it (if an owner can be located) because any private buyer would need to pay \$42,000 simply to clean the debt—and that is *before* any investment to demolish the deteriorated structure and build a safe, new home for sale.

Many communities across the country leverage the power granted to them in state law to foreclose on the unpaid property tax and/or municipal lien debt on VAD properties like 123 Raton Street. In a typical foreclosure, this public debt is given priority lien status and all prior liens or interests in the property are extinguished through the public foreclosure process. Then, the property is auctioned to a new owner.

Unfortunately, New Mexico’s delinquent property tax enforcement process, unlike in the vast majority of other states, does not extinguish junior and uncollectible debt. As a result, no rational bidder would make an offer on 123 Raton Street at the annual Colfax County tax sale when the additional expense and time needed to satisfy those other debts outweighs the current or potential value of the property. At best, highly speculative corporate and out-of-state bidders that purchase thousands of tax deeds, sight unseen may purchase the \$3,000 tax debt on 123 Raton Street. However, these same speculators would quickly abandon and ignore the property itself upon the realization it is still saddled with \$39,000 in uncollectible public and private debt.

Raton could *foreclose* on the municipal liens associated with 123 Raton Street under existing New Mexico law. This would extinguish the junior and private debt and result in a sale of the property to a private bidder or a transfer to the City of Raton in the absence of one. **However, there is no such local process for municipal lien enforcement in place.** A process to engage municipal lien foreclosure requires significant involvement by real estate and local government attorneys, a robust municipal court system, and other capacities currently difficult to access in Raton. 123 Raton Street and the hundreds of vacant structures, lots, and commercial buildings like it, are stuck—and City leadership and stakeholders have had enough.

State and local policy reforms are needed to truly address this inventory of problem properties hurting the community. Reforming New Mexico’s delinquent property tax enforcement process and creating a municipal lien enforcement process could extinguish junior and uncollectible debt and provide a pathway for new, responsible ownership. Successful policy reform also requires understanding the scale of the problem. Improving data collection and analysis can help the City better tell Raton’s story and attract much-needed funding to implement reforms. The next few sections focus on solutions to improve data collection and analysis, attract new funding, and reform policy at the state level.

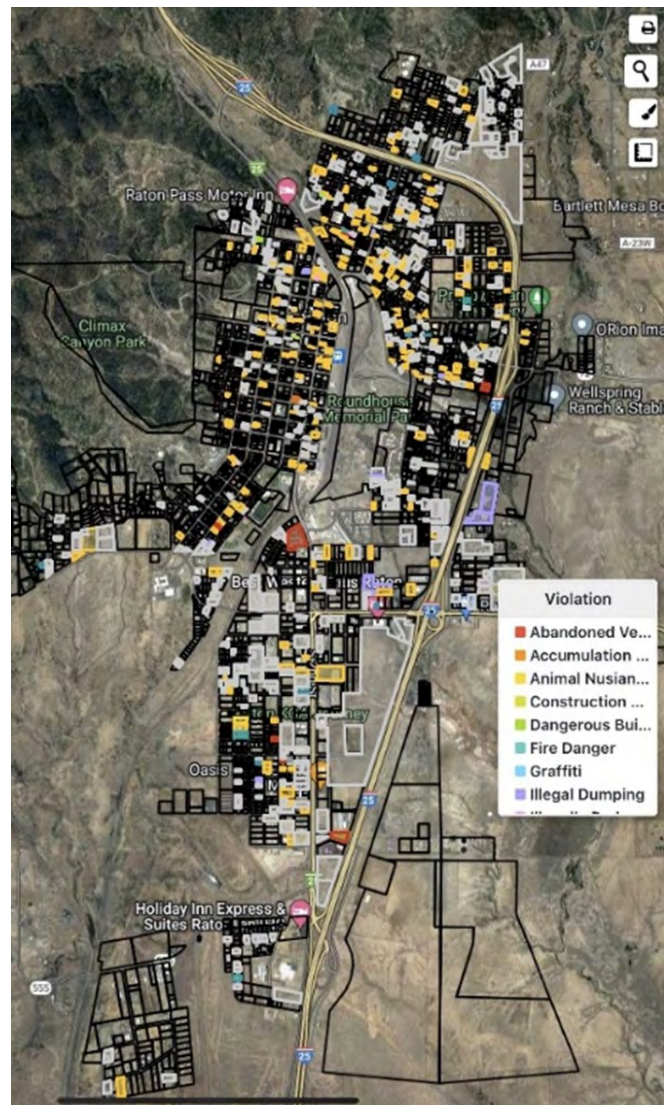
Making the Case: The Need for Better Data and Funding

Data and sufficient funding are key elements of a successful strategy to address VAD, and the City is making progress to quantify the problem. As a rural community that has lost a major industry, Raton will need to rely on state, federal, and philanthropic funding to carry out interventions. Fortunately, improved data practices can help make the compelling case for new funds and increase chances to access existing funds. This section finishes with some recommendations on data practices that can increase access to funding.

Evolving Availability of Data: VBRO and Iworq

When cities like Albuquerque and Raton adopt tools like vacant building registration ordinances (VBRO), they begin to get a sense of the scale of the problem. For example, the first year of Albuquerque’s VBRO program generated 552 registered vacant properties, and in the early months of Raton’s VBRO program, over 200 vacant properties were identified by code enforcement staff. The City is making significant progress in simply counting and mapping vacant properties in response to resident reports and daily field work by code enforcement staff.

With the passage of the VBRO, the institution and development of the Iworq case management software to track code enforcement matters, and careful ground-level data collection by local government staff, the extent of Raton’s VAD inventory is coming into focus. The Iworq figure shown here provides a high-level visual of the hundreds of vacant properties that pepper Raton. These were identified primarily by code enforcement staff beginning to enforce the VBRO.



By updating Iworq in real time, City staff track variables related to VAD properties. Code enforcement staff typically identify VAD properties through a drive-by “windshield” survey—a simple exterior survey done from a vehicle or on a neighborhood walk—or when a resident makes a code enforcement complaint. Data on each property in Iworq includes the address of the property, publicly available information on the property owners, and regular updates on the status of the case (e.g., whether an initial notice of violation has been sent and whether code enforcement staff have been in contact with owners).⁴ Property photos are also uploaded, allowing staff to track the status of VAD properties over time.

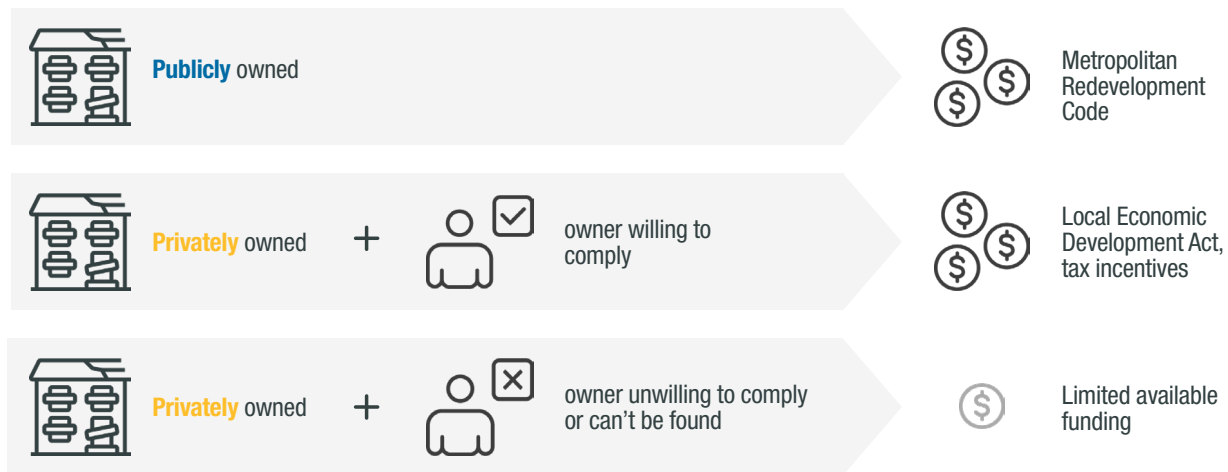
Code enforcement staff are working to gather additional data (beyond address/parcel ID and VBRO/code case status) for entry into Iworq. Such data includes tax delinquency status, presence of public liens (e.g., demolition liens), and police and fire costs associated with a given parcel. Comprehensive data collection will allow the City to tell a compelling story of the problem of VAD properties to local leaders and policymakers throughout New Mexico—making the case for much-needed flexible funding and policy reform.

Limited Funding to Address Abandoned, Privately Owned Properties

In some cases, simply connecting with property owners or issuing citations can generate compliance. However, in many other cases, the VBRO and code enforcement officer activity may not work when owners either cannot be found or ignore violation notices.

Although this scenario where deteriorated properties are simply abandoned (title is held by private parties who are nowhere to be found) is so common in Raton, there appear to be few public funding sources to address it. Local governments can access funding sources for vacant and deteriorating properties *owned* by the local government or other public entity, and for properties *owned* by willing and active private partners. Raton has been a statewide leader in accessing some of these programs, including the Metropolitan Redevelopment Code⁵ and the Local Economic Development Act.⁶ However, there does not appear to be a sufficient source of state or federal funds to address privately held VAD property, where the cost of remediation is prohibitive.⁷ Access to federal and state dollars would be helpful to demolishing or rehabilitating privately held VAD property. The City could then

Who Owns a VAD Property Determines the Funding Sources to Address It



⁴ Interview with Raton city staff May 1, 2023.

⁵ See generally NMSA § 3-60A-1 et seq.

⁶ See generally NMSA § 5-10-1 et seq.

⁷ The Michigan legislature recently passed a \$75 million appropriation to continue funding its “Blight Elimination Program” that allows communities and land banks to rehab, stabilize, or demolish “blighted” properties. “Michigan Appropriates \$75 Million to Expand Critical Statewide Blight Elimination Program,” Center for Community Progress (press release), January 31, 2023, <https://communityprogress.org/press/michigan-appropriates-75-million-to-expand-critical-statewide-blight-elimination-program>. New York has in place a program that invests more than \$250 million in similar investments. “Governor Hochul Announces \$250 Million Restore New York Application Period to Open July 11,” New York State (press release), July 5, 2022, <https://www.governor.ny.gov/news/governor-hochul-announces-250-million-restore-new-york-application-period-open-july-11>.

place a lien on the property with those costs that would be enforced through a property transfer. When thousands of properties are abandoned and in need of demolition, cities like Raton end up rationing their limited funds to deploy only in the most dire circumstances. In the meantime, properties like 123 Raton Street bring down otherwise healthy neighborhoods, threatening to pull them into the cycle of decline, too.

Building the Case for Sufficient Funding and Policy Reform Through Data Gathering and Analysis

As the City continues to institutionalize and broaden its data gathering and tracking systems for VAD property together with the VBRO, it should consider the following recommendations to strengthen the case for increased funding and policy reforms:

- 1) Conduct a Comprehensive Count and Condition Survey of VAD Properties Through a VBRO Campaign.** City staff and community partners could, perhaps over the course of one month, complete a comprehensive city-wide count and windshield survey of all VAD properties, including: a) vacant residential parcels with structures, b) vacant residential parcels that are vacant lots, c) vacant commercial parcels with structures, d) vacant commercial parcels that are vacant lots, and e) industrial parcels. The City should input all data collected on these properties into Iworq. The City could offer an amnesty program for the first year VBRO fee for any owner who voluntarily registers their property during the one-month campaign. The City should then use this baseline and complete dataset to track progress over time and quantify taxpayer costs of VAD properties through the additional data recommendations provided below.
- 2) Track Additional Public Costs of VAD.** The City should add a checkbox or other appropriate tracking system on any police and fire call data reports where first responders can indicate as a matter of course whether or not the address of the incident appears to include a vacant structure or a vacant lot. Iworq should be linked to police/fire reporting software so that police and fire calls associated with VAD properties will be tracked in Iworq. Simple review and data entry of police/fire reports on VADs going back five years, if not easily automatable, might be an excellent short-term project for new City staff or interns. Tracking police and fire data will help target any future demolition and other code enforcement activities on those VAD properties causing the most harm to neighbors and neighborhoods and will help quantify the public cost of VAD properties on Colfax County and Raton residents.
- 3) Track and Understand Public Health Costs of VAD.** Track any ambulance calls associated with VAD properties for use in deepening coordination and potential partnership with the Miners Colfax Medical Center.⁸ While the public health impacts of VAD properties are well-documented around the country,⁹ partnership with the medical center to quantify those impacts in Colfax County and Raton could be informative for the region, for the state of New Mexico, and for the country.
- 4) Track Public Liens Associated With VAD.** Track in Iworq all municipal liens associated with VAD properties, including when the liens were placed and the status of collection or enforcement. In partnership with the Colfax County assessor, track property tax delinquency status associated with each VAD parcel and, where applicable, the length of tax delinquency.
- 5) Develop Local Case Studies and Publish/Track Those VAD Cases.** Building on the excellent work of City staff, develop a series of one-page (or one PowerPoint slide) case studies on various typical VAD properties in Raton. For example, consider a one-pager that tracks the hypothetical 123 Raton Street story and interventions the City has taken. Include in that one-pager the address of the parcel, a photo taken on the day a case was opened against the property, and information on current owners. List all

⁸ See: Miners Colfax Medical Center (website) <https://www.minershosp.com/>.

⁹ "How Vacant and Abandoned Buildings Affect the Community," Center for Community Progress (blog), March 2023 <https://communityprogress.org/blog/how-vacant-abandoned-buildings-affect-community/>.

City interventions (e.g., VBRO, code enforcement actions, any nuisance abatement activity) and take regular, dated pictures of the property after each public intervention. If the public intervention compels the private owner to comply and improve the situation, then take note of that progress and photograph the improvement.

- 6) Use More Comprehensive Data to Secure Public Funding for VAD.** A multi-year investment of state dollars in local efforts across New Mexico to tackle VAD properties would be a game-changer. Comprehensive data gathering and analysis from not only Raton, but from other communities throughout New Mexico, could be critical to making the case for such additional funding. Any new funding program from the state should require that the costs to demolish or stabilize abandoned properties are assessed as liens against the property, to protect the public's investment. Also, any such state funding program should consider legal services an eligible expense, so the liens could be enforced and the property moved to new ownership. After all, the final lien enforcement event is what enables a property to transform from a liability to a community asset and too many small, rural communities across New Mexico, like Raton, do not currently have this capacity and expertise.

Reforms Needed to New Mexico's Delinquent Property Tax and Municipal Lien Enforcement for VAD Properties

Delinquent property tax and municipal lien enforcement processes are a means through which the public can recoup public costs or force a transfer of VAD property to new, responsible ownership. However, due to limitations of the delinquent property tax enforcement process and a lack of familiarity and systematic use of municipal lien foreclosure, the City lacks this key power. While compliance with property tax and municipal codes is always the goal, there are circumstances where the **value of the property outweighs any debt** (delinquent property taxes and other public and private liens) against the property and the private market steps in to take ownership. But, in those circumstances where the **debt outweighs the value of the property** and the private market has walked away, there is a need for the public (e.g., local government or land bank) to take ownership. New Mexico's delinquent property tax enforcement and municipal lien enforcement processes appear to be broken, underused, and in need of reform to accomplish the public goal of neighborhood stabilization and revitalization.

New Mexico's Delinquent Property Tax Enforcement Process Does Not Extinguish Junior Debt and Lacks Enforcement Capacity

As detailed in the Community Progress report to the City of Albuquerque in 2019,¹⁰ New Mexico's delinquent property tax enforcement statute and processes are out of sync with best practices around the country as a matter of law, and as a matter of practice and capacity. Most critically, the enforcement of delinquent property taxes (tax liens) through a tax sale does not extinguish junior debt (e.g., previous years of back taxes or mortgages), therefore is ineffective for VAD properties, which are usually underwater in value and encumbered by junior debt that is higher than the value of the property.¹¹

These VAD properties are stuck. **They will never inspire responsible private bids at annual tax sales because those with appropriate expertise realize that tax sales extinguish only the property tax lien and none of the junior debt.** Instead, this legal structure **inspires the worst kind of speculation.** Investors, typically from outside New Mexico, who do not understand the process and may purchase at tax sales sight unseen, not realizing that they only purchase property subject to all preexisting debt. If that debt outweighs the value of the property, then the property will simply be abandoned yet again—only this time with a tax sale

¹⁰ Kim Graziani, Sara Toering, *Land Banking in Albuquerque: Feasibility, Efficacy, and Relationship to Existing Tools for Vacant, Abandoned, and Substandard Properties*, (Center for Community Progress, 2016), <https://communityprogress.org/wp-content/uploads/2021/08/2019-04-Land-Banking-in-Albuquerque-TA-Report.pdf>.

¹¹ NMSA § 7-38-70(B)("[The tax] deed conveys all of the former property owner's interest in the real property as of the date the state's lien for real property taxes arose in accordance with the Property Tax Code, subject only to perfected interests in the real property existing before the date the property tax lien arose.") (emphasis added).

purchaser who is also an out-of-town speculator with no interest in responding to a VBRO or in fixing up property that was a poor financial investment.

Even if New Mexico's delinquent property tax enforcement statutes were reformed to deliver clear and insurable title to tax sale purchasers, there appear to be significant capacity challenges in the state's enforcement process. Local stakeholders report that tax sales are supposed to occur annually in each New Mexico county. However, these mandated auctions have simply not happened in recent years due to significant capacity and staffing challenges within the State's Tax and Revenue Department. Without the threat of enforcement, certain property owners may simply stop paying property taxes altogether.

New Mexico's Municipal Lien Enforcement Process Offers a Meaningful Possibility to Recoup Public Costs or Force a Transfer of VAD to Responsible Private or Public Hands

While New Mexico's delinquent property tax enforcement statute does not provide an effective means to address VAD properties, New Mexico's municipal lien enforcement statute *does* offer a potentially powerful avenue to either recoup public funds expended to address VAD properties or to force a transfer of VAD properties to new, responsible private or public hands—or both. If, for example, a New Mexico municipality demolishes a VAD property through local public nuisance or other appropriate authority, the costs associated with that demolition and its enforcement can be placed as a lien against the property.¹² When local governments foreclose on a municipal lien it appears, on the face of the enforcement statute, that any liens junior to property taxes are extinguished, subject to a one-year right of redemption.¹³ Sale proceeds received through the foreclosure process are applied to the costs of the sale, then to the lien and other property taxes associated with the property, and finally to the former owner and other interested parties.¹⁴ Case law indicates that municipal liens disappear through operation of law (statute of limitations) after four years in the absence of public enforcement. Therefore, time is of the essence for any community pursuing this enforcement mechanism.¹⁵

It is unclear whether any New Mexico municipalities are using municipal lien enforcement to address VAD properties generally, or through a pilot program in line with that previously recommended by Community Progress to the City of Albuquerque.¹⁶ This may be a wise pilot program to consider. While access to legal counsel for local governments and access to well-resourced, high capacity court systems are also a challenge, the municipal lien foreclosure process offers a potential resource for recouping public investment in VAD properties, and/or in forcing a transfer to responsible private or public hands—delivering title to property.¹⁷ Once local governments or willing private parties hold title to VAD property, they can more easily deploy available public dollars to address vacant and deteriorated property for economic and community development.

Addressing VAD Through Delinquent Property Tax Enforcement and Municipal Lien Foreclosure

The parallel challenges with VAD properties and the legal systems to address them in Albuquerque and Raton are a strong indication that VAD properties are a serious issue throughout New Mexico. Statewide reforms are needed, in terms of statutory amendments, additional public investments, and additional State-level capacity

¹² NMSA § 3-36-1 et seq.

¹³ NMSA § 3-36-6(K) ("The owner or mortgage holder or other person having an interest, or their assigns, of any parcel of land foreclosed upon under this procedure to satisfy municipal liens, may redeem said parcel any time within one year after the date the judgment of foreclosure is entered by paying to the municipality the total amount due to satisfy the lien, including all interest and penalties, attorneys' fees and other costs, if any, computed to the date of payment.")

¹⁴ NMSA 3-36-7.

¹⁵ See *Hurley v. Vill. Of Ruidoso*, 139 N.M. 306, 131 P.3d 693 (N.M. Ct. App. 2006).

¹⁶ Graziani, Toering, *Land Banking in Albuquerque*.

¹⁷ For more information on the importance of title and tax foreclosure reform, please see our national publication *Reimagine Delinquent Tax Enforcement* (Center for Community Progress, 2022), <https://communityprogress.org/publications/reimagine-delinquent-property-tax-enforcement>.

to enforce statutes. To start, City leaders and stakeholders should work closely with other partners in the state, including the New Mexico Municipal League, to learn from other municipalities who may be using available legal tools to address VAD properties. In addition, stakeholders should continue to build a statewide coalition that can ultimately seek appropriate legislative remedies. Raton and its municipal and advocacy partners across the state should consider the following range of recommendations and legislative options to collectively pursue potential legislative reforms:

New Mexico Coalition-Building for Legislative Reform

- 1) Develop a simple one-to-two-page document that offers a snapshot of the challenges and costs associated with VAD properties in Raton, which could be used by other municipalities to prepare similar documents.
- 2) Seek guidance and partnership from the New Mexico Municipal League, New Mexico Association of Counties, and New Mexico Municipal Judge's Association to develop a larger statewide conversation on VAD solutions. Offer presentations at appropriate events to highlight VAD property challenges.
- 3) Work with statewide partners to identify municipalities throughout New Mexico that may be using municipal lien foreclosure effectively on VAD properties, develop case studies of those programs, and invite presentations from those communities at stakeholder gatherings. If no other municipality is using this type of foreclosure, consult with Community Progress on examples outside of New Mexico.
- 4) In partnership with the New Mexico Municipal League, New Mexico Association of Counties, and New Mexico Municipal Judge's Association, seek out conversations and opportunities to listen and partner with the New Mexico Department of Taxation and Revenue Property Tax Division to explore VAD challenges and brainstorm potential solutions and reforms.

New Mexico Delinquent Property Tax Enforcement Reform

- 1) Explore amending NMSA § 7-38-1 *et seq.* to ensure the delinquent property tax enforcement process extinguishes all liens junior to New Mexico property taxes including, for example, amendments to NMSA § 7-38-70(B).
- 2) If amendments extinguishing junior liens for all properties in the delinquent tax enforcement process are untenable, explore amending NMSA § 7-38-1 *et seq.* to ensure the delinquent property tax enforcement process extinguishes all liens junior to New Mexico property taxes for property certified as abandoned. Expand definition of abandoned in NMSA § 7-35-2 and related statutes to include single parcels of vacant land or parcels with dilapidated improvements that are unoccupied and reflect multiple years of property tax delinquency, or that are also subject to municipal liens for demolition and other such remediation costs.
- 3) Explore amending NMSA § 7-38-1 *et seq.* to ensure unpaid municipal liens created pursuant to NMSA § 3-36-1 *et seq.* may be enforced and collected in conjunction with delinquent property taxes, and that such enforcement process extinguishes all junior liens, subject to any applicable rights of redemption in accordance with NMSA § 3-36-6 and related statutes.
- 4) Explore amending NMSA § 7-38-1 *et seq.* to create an alternative procedure for foreclosure of delinquent property taxes and municipal liens *in rem*,¹⁸ mirroring portions of the municipal lien *in rem* enforcement statute (e.g., NMSA § 3-36-6).

¹⁸ When properly designed, judicial *in rem* foreclosure is an optimal mechanism to foreclose on the tax lien. It is focused on imposing liability against the tax-delinquent property, not the owner, with judicial oversight, and requires the foreclosing party to provide sufficient, mailed notice to the owner and other interested parties that meets the minimum standards for due process required by the US and state constitutions, and results in a sale or transfer of the property that gives the new owner insurable title. For more information on judicial *in rem* foreclosure and other reforms to delinquent property tax enforcement processes, see *Reimagine Delinquent Tax Enforcement* (Center for Community Progress, 2022), <https://communityprogress.org/publications/reimagine-delinquent-property-tax-enforcement>.

- 5) Explore amending NMSA § 7-38-1 *et seq.* to authorize local government entities and nonprofit entities to acquire vacant properties at tax sale for \$1 in the absence of private third-party bids at tax sales.

New Mexico Municipal Lien Enforcement Reform

- 1) Explore amending the NMSA § 3-36-1 *et seq.* to clarify municipal liens for demolition and other public investment in vacant, abandoned, and deteriorated properties are not subject to four-year statutes of limitations as described in *Hurley v. Vill. Of Ruidoso*, 139 N.M. 306, 131 (N.M. Ct. App. 2006).
- 2) Explore amending NMSA § 3-36-1 *et seq.* to reduce or eliminate post-sale redemption period for properties certified as abandoned, or for other VAD properties.
- 3) Explore amending NMSA § 3-36-1 *et seq.* to reduce or eliminate post-sale redemption periods for any interested party other than the record owner of a property.
- 4) Explore amending NMSA § 3-36-1 *et seq.* and related statutes to authorize local government entities and nonprofit entities to acquire vacant properties at lien foreclosure sales for \$1 in the absence of private third-party bids.

A Note on Land Banking

Land banks and land banking are an exciting and creative method to address VAD properties in a systematic, thoughtful, and equitable manner.¹⁹ However, because New Mexico VAD properties often remain stuck in legal and market limbo, land banking does not appear to be a reasonable option for Raton at this time. As detailed in our 2019 Albuquerque report,²⁰ there are a range of options to consider for the creation of local land banking programs or state-enabled land banks pursuant to state legislation. But land banks need to be able to acquire land. If and when the City and its municipal partners around the state are able to achieve legal and capacity changes to property tax enforcement, municipal lien enforcement procedures for VAD properties—or both—then local and state land banking programs will quickly become critical for the acquisition, holding, and thoughtful disposition of VAD properties into productive use.

Conclusion

Raton, like many communities throughout New Mexico, faces generational challenges related to industry and population loss. Those losses are reflected in the VAD properties that seem to blanket portions of the community. But despite their differences in size, Raton is not so different from its partner municipality at the southern end of I-25—Albuquerque. These cities that book-end the highway mirror one another in the challenges presented by endemic vacancy, abandonment, and deterioration.

The City of Raton and its community and statewide partners are not starting from scratch in their efforts towards neighborhood revitalization. There is a timely opportunity to build off the momentum of newly deployed tools like the VBRO and leverage existing tools available in the Metropolitan Redevelopment Code or Local Economic Development Act. We hope that the information in this report inspires productive dialogue and tangible ideas to address the inventory of VAD properties in Raton and many other New Mexico communities. These recommendations will require ongoing leadership across state and local government, community and nonprofit stakeholders, private enterprise, and funders alike.

Raton is in a prime position to join many other communities comprehensively tackling VAD properties through policy and practice reforms. All of us at Community Progress are excited to support the impressive cadre of local leadership, and the future of Raton, as you consider the recommendations in this report.

¹⁹ For more information on land banks and land banking, see <https://communityprogress.org/resources/land-banks/>.

²⁰ Graziani, Toering, *Land Banking in Albuquerque*, 22.

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