

# Strategies for Economic Transformation

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# CHALLENGES TO SUCCESSFUL AND SUSTAINABLE COMMUNITY ECONOMIC DEVELOPMENT IN NEW MEXICO

- THE ANTI-DONATION CLAUSE
- POLICIES
- RESOURCES
- STRATEGIES
  - Current Benchmarks
  - Limited Goals
- PATIENCE



# VISIONING AND PLANNING

- MRA / MASTER PLANS
- CREATIVE /CULTURAL ECONOMY PLANS
- CONSTRUCTION READY DOCUMENTS
- INFRASTRUCTURE CAPITAL IMPROVEMENT PLANS

# Metropolitan Redevelopment Plan Implementation

- Public/Private Partnership through a development agreement that specifies:
  - a. **City role:** land and/or building, streetscape improvements, infrastructure, parking facilities, public amenities, funding tools, tax incentives
  - b. **Developer/owner role:** commitment of funds, market study, site plan and architectural construction documents, financial stability



# MRA Plan Economic Development Tools

## Public/Private Partnerships

- don't violate NM "anti-donation clause"
- allow "fair value" (below appraisal) when there are tangible public benefits
- no prohibition on "Retail uses" as in LEDA (>10,000 pop)

## Funding and financial tools

- Tax Increment Financing (TIF) Districts
- Property Tax deferrals or credits
- State/Federal Brownfield funding opportunities
- NMMFA Low Income Housing Tax Credits bonus points
  
- NMFA Local Planning Grant for \$50,000 (no match requirement) for MRA Plan when MRA Designation Report is approved by town.



# PUBLIC FINANCING & REINVESTMENT TOOLS

- LEDA / LOGRT
- MRA
- TIF / TIDD
- BID
- LODGER'S TAX



# State LEDA – Capital Outlay



*Shuler Theater, Raton*

- Capital Outlay funds to local governments for ED projects for cultural facilities and light manufacturing
- **Historic Theaters:**  
Alamogordo, Clayton, Clovis, Gallup, Lovington, Raton, Silver City, Tucumcari
- **Breweries:**  
Drylands (Lovington), Little Toad (Silver City), TorC (Truth or Consequences)

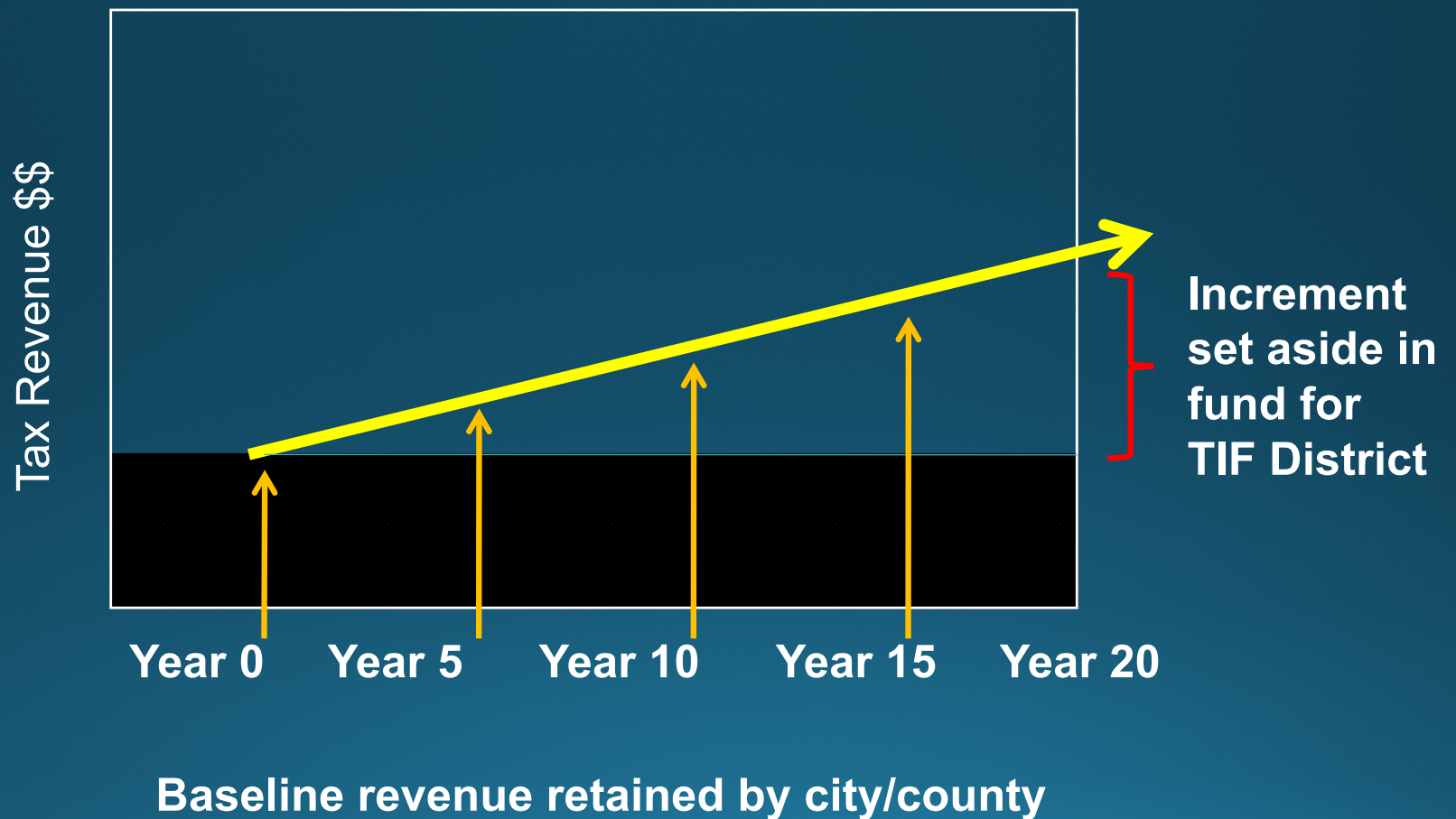
## MRA/Tax Increment Financing (TIF) Districts

- Only requires City Council approval (no election or petition).
- Uses existing property tax for the increment - not a new tax or tax increase. Can include the County's increment with BoCC approval.
- TIF funds generated in the district are spent in the district.
- TIF funds can be used for plan projects and operational purposes.
- City Council is Redevelopment Board and controls how funds are spent within district.
- Shows a commitment by City to developers for private reinvestment.
- Revitalization results in increased GRT and property tax revenues.



# MRA/Tax Increment Financing Districts

## How TIF works...



# Preservation Tax Credits

- State: 50% income tax credit of pre-approved rehab up to credit of \$25,000 (\$50,000 in A&CD)
- Federal: 20% of eligible rehab expenses
- Historic register listing requirements
- Secretary of the Interior Standards for Rehabilitation



*Eklund Hotel, Clayton*

# NMMS Public Infrastructure Funding

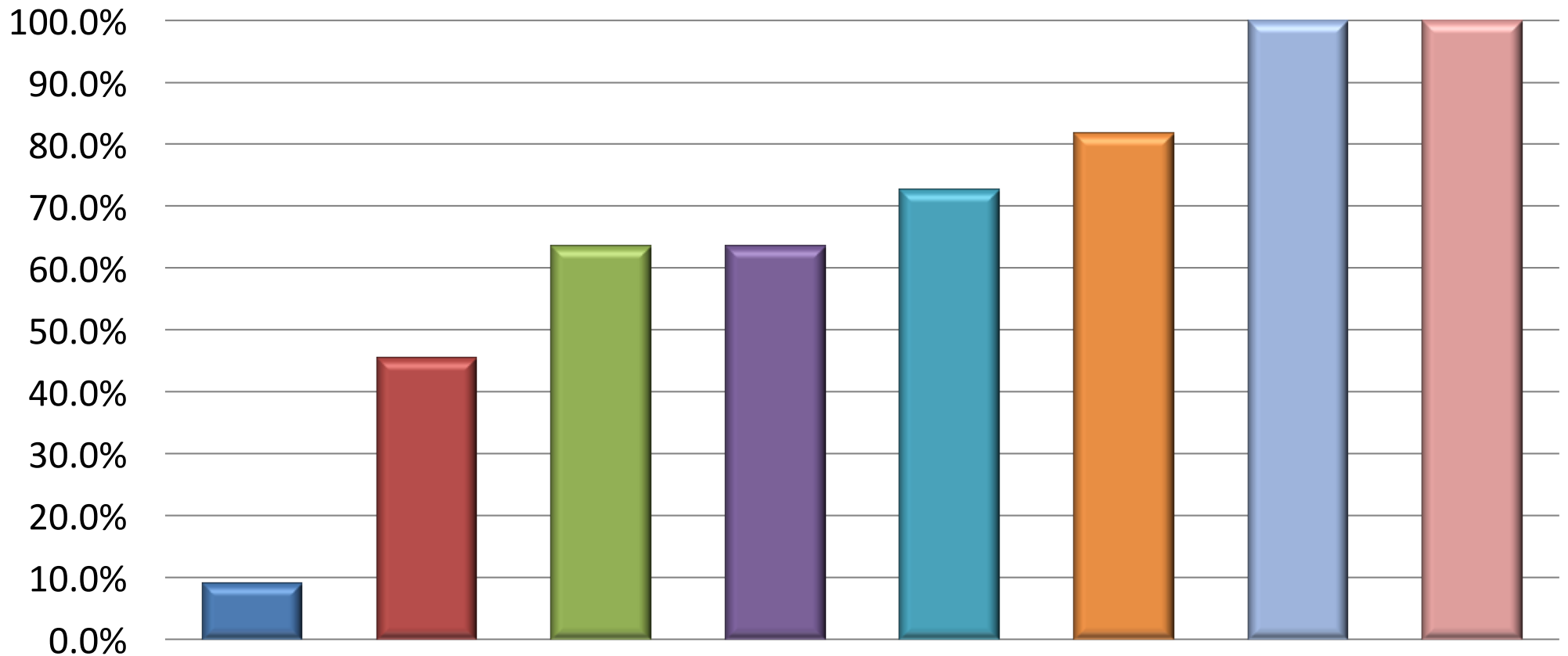
- Construction funding for public projects with construction-ready documents (FY16-17)
- Utilities, lighting, pedestrian safety improvements, street amenities, public spaces
- Many NMMS catalytic projects funded since 2000



*Historic Railroad Depot, Tucumcari*

# NMMS Economic Impact Study

## Result of Public Infrastructure Funding



■ Increased rents

■ More pedestrian traffic

■ Reduced vacancy

■ Individual building improvements

■ Buildings sold

■ Business expansions

■ More event attendance

■ New businesses opening





## Economic Development Financing Programs for MainStreet

### LOCAL GOVERNMENT TOOLS

- MRA; TIF – Metropolitan Redevelopment Area; Tax Increment Financing
- TIDD – Tax Increment Development District
- LEDA; LOGRT – Local Economic Development Act; Local Option Gross Receipts Tax
- IRBs – Industrial Revenue Bonds
- Local government-owned real estate sale or lease at favorable terms; property tax abatement; government agency lease of private building space

### REAL ESTATE PROJECT LOANS

- Collateral Support – Collateral Support Participation Program (New Mexico Finance Authority)
- SBA 504 – Low-interest economic development loans (US Small Business Administration; Certified Development Companies; lenders)
- SBA 7(a) – Loan guarantees for private lender loans (US Small Business Administration; lenders)
- Rural Business & Industry Loan Guarantee – (USDA; lenders)

### REAL ESTATE PROJECT TAX CREDITS

- NMTC – New Markets Tax Credits (NMFA)
- State HP Tax Credit – State Income Tax Credit for Registered Cultural Properties (NM Historic Preservation Division)
- Federal HP Tax Credit – Federal Historic Preservation Tax Credit (NM HPD; National Park Service; IRS)

### STATE ECONOMIC DEVELOPMENT PROJECT INCENTIVES

- State LEDA-CO – Local Economic Development Act - Capital Outlay (New Mexico Economic Development Department)
- JTIP – Job Training Incentive Program (NM EDD)
- EB-5 – Immigrant Investor Program (US Citizenship and Immigration Services)

### COMMUNITY FACILITIES AND INFRASTRUCTURE

- State CO – Capital Outlay (Legislature)
- NMMS Public Infrastructure Funding
- Public Project Revolving Fund – (NMFA)
- Rural Community Facilities Loan and Grant Programs – Community Facilities Direct Loan & Grant (USDA Rural Development); Community Facilities Loan Guarantees (USDA; lenders)
- US EDA – US Economic Development Administration Economic Adjustment Assistance, Public Works, and Economic Development Programs (EDA; Councils of Government and other Economic Development Districts)
- CDBG – Community Development Block Grant for public infrastructure, housing, community services and economic development (US Department of Housing and Urban Development)

### RURAL BUSINESS DEVELOPMENT

- Rural Economic Development Loan & Grant – (USDA; rural utilities)
- RBDG – Rural Business Development Grant (USDA; government and non-profit agencies)

### SMALL BUSINESS LOANS AND LOAN GUARANTEES

- ACCION
- The Loan Fund
- WESST
- Nusenida Credit Union
- SBA 504
- SBA 7(a)
- USDA Rural Business & Industry Loan Guarantee

### SMALL BUSINESS TECHNICAL ASSISTANCE

- SBDCs, SBA, SCORE, Universities, EDD, NMMS, Finance New Mexico, Chambers of Commerce, EDCs, MainStreet Programs

### COORDINATION EFFORTS

- FUNDIT – (EDD; multiple agencies)
- RISTRA Project – (New Mexico Association of Regional Councils)

## Financing Programs

- Local government tools
- Real estate project loans
- Real estate project tax credits
- State economic development incentives
- Community facilities and infrastructure
- Rural business development
- Small business loans
- Technical assistance
- Coordination efforts

# Infrastructure Capital Improvement Plan (ICIP)



# An ICIP project should....

- ✓ **Create** a new fixed asset or;
- ✓ **Enhance** an existing fixed asset;
- ✓ And have a **life expectancy** of at least **10 years**



# Local Benefits



Focus on **short** and **long term** planning for infrastructure capital improvement projects.



# Other Partnerships / Resources

- CDBG, USDA, EDA, COG's
- Capital Outlay
- Colonias funds
- NM Finance Authority
- NM Environmental Department
- NM Indian Affairs Department Tribal Infrastructure Fund
- RISTRA
- FUNDIT

# Diversifying Your Economic Development Portfolio



# E-Based Economic Development

- “**Classic**”, large-scale economic development
- Manufacturing, construction, infrastructure and transportation
- Recruits external business (tech, auto), **focuses on export** of goods
- Leverages public resources for **infrastructure and incentives** (tax abatements, job training funds, etc.)





# Asset-Based Economic Development

- Focuses on “**bottom up**” community driven economic development projects
- Focuses on a community’s natural environmental, socio cultural, and economic **assets** and how these can be leveraged into sustained economic growth and productivity
- **Builds on existing local resources to strengthen local and regional economies**; expands the small business core of a community - retail, hospitality, entrepreneurship
- **Leverages local investments** (public and private) for economic projects.





# Community Economic Development = Asset-based Economic Development

## Asset-Based Economic Development

inclusive of:

- People-Based Economic Development
- Place-Based Economic Development  
= ***Entrepreneurial Climate***

• *Its not just about ideas. Its about making Ideas Happen – Scott Belsky, Behance*



# A BALANCED APPROACH

- Both E-Based and Asset-Based Economic Development is needed for a strong NM economy
- Asset-Based approaches are more critical in communities where E-based economic development is not feasible
- MainStreet is the primary example of asset-based (community) economic development.

# Benefits of ABED



Belen Hotel, Belen, NM

- Long-term, sustained economic growth
- Local return on investment
- Job creation and retention
- Increase in per capita income
- Increase in local tax base
- Strengthening of regional networks



# Successful ABED Requires. . .

- Strong leadership at both the local and regional levels
- Innovation
- Collaboration
- Rethinking of traditional economic development paradigms
- Funding
- Patience



WPA-era Library, Clayton, NM

**ASSET MOBILIZATION** is an **ACTION** step that requires organizing and harnessing the relationships that exist within the community.

# FROM PLAN TO OUTCOMES

## THE ASSET-BASED PROCESS



# Transforming the Conditions

## 1. UNDERSTANDING CONDITIONS ON THE GROUND (INPUTS):

- Community Vision: What do people want?
- Market Research: What can the market support?

## 2. ESTABLISH TRANSFORMATION STRATEGIES

- Provide a clear sense of priorities and direction for the revitalization efforts
- Implementation of strategies carried out through work that aligns with the Main Street Four Points Approach

## 3. FOCUS ON IMPACT AND MEASUREMENTS:

- Outputs
- Qualitative Outcomes
- Quantitative Outcomes



# Components of Transformation Strategy

- Market Economic Vision Statement → Strategies
- Objectives (4 or 5 tied to your strategy)
- Product Delivery (Output)
  - Funding, professional assistance, tools
- Outcomes (Products)
  - Economic projects, activities completed
- Performance Measures (Metrics)
  - Economic impact

# Re-Think - *Re-Fresh*

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# The Economics of ETS

*(DEMAND AND SUPPLY)*

Two classifications of ETS:

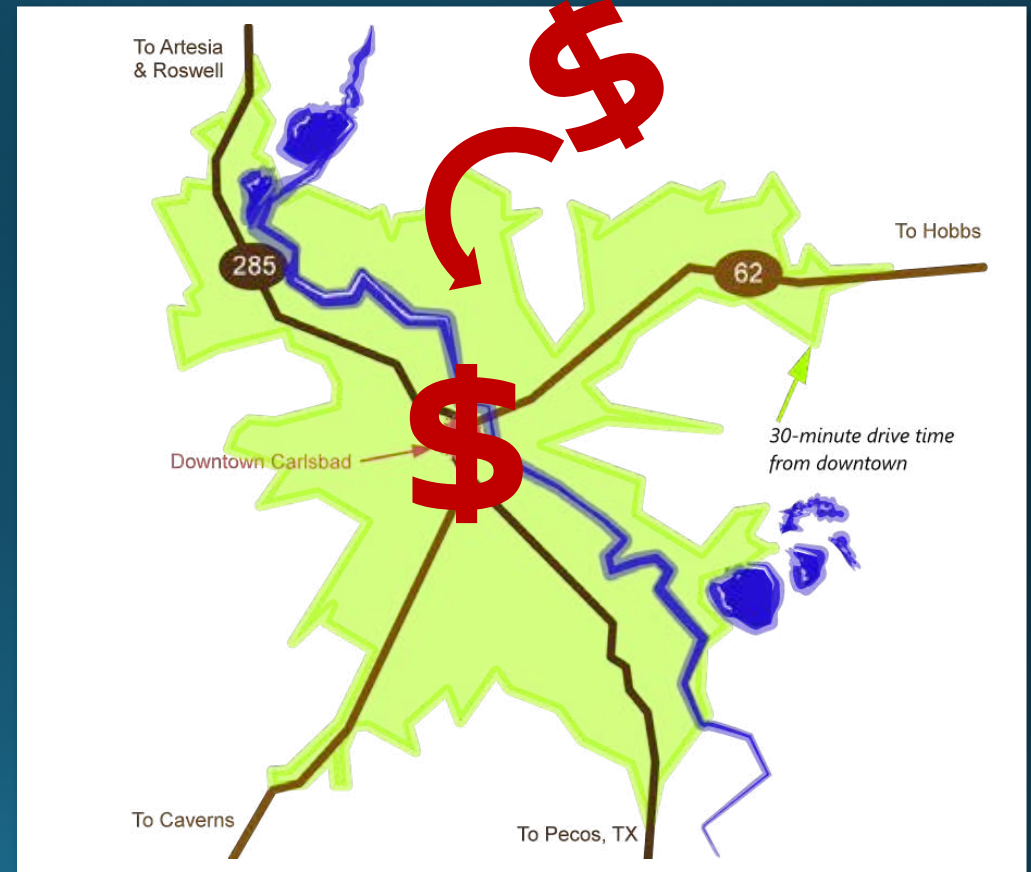
## 1. Import-substitution

*Reduce leakage*

*Sell more to local residents*

## 2. Export

*Sell goods and services to people who live outside of your trade area*





# Local Entrepreneurs Drive Community Economy Development

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- The activity of setting up a business, taking on financial risks in hope of profit
- Creating a world of opportunity
- Entrepreneurs, in the purest sense, are those who identify a need---*any* need---and fill it. It's a primordial urge, independent of product, service, industry or market.

*Entrepreneurship is neither an art or a science. It is a practice. –*

*Peter Drucker*



# Asset-Based Economic Development Customer-Based Strategies

- College Town
- Elder Friendly
- Family-Friendly
- Boomers, Millennials, GenX'ers, etc.
- Military



# Asset-Based Economic Development Product-Based Strategies

- Apparel
- Arts
- Agriculture/Local Foods
- Convenience Goods/Services
- Culinary/Restaurant District
- Entertainment/Night Life
- Ethnic Specialties
- Green Products
- Health + Wellness
- Home Furnishings
- Light Manufacturing
- Professional Services
- Sports, Recreation, Outdoors





# Asset-Based Economic Development Other Catalyst Strategies

- Arts/Creative Economy
- District Workers/Residents
- Knowledge Economy
- Manufacturing (Light)
- Tourism



# Sample Catalyst Strategy: DOWNTOWN WORKERS + RESIDENTS



Focuses on developing a cluster of retail and service-sector businesses that fulfill day-to-day needs of nearby workers and residents – the things people tend to buy close to home or work.



# Comprehensive Community Transformation

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# Coal Ave. Event Street



Before

- Gallup MRA Plan
- NEA funding \$150k for construction doc's
- Collaboration among 5 local public & nonprofit partners
- Transform the street into a multi-use, thriving place for events



After



# LOVINGTON, NM LEA THEATRE PROJECT



# LOVINGTON, NM

## LEA THEATRE PROJECT

- Historic theatre built in 1948, independently operated by a local family for over 20 years
- City acquired in 2013 for \$250,000
- Upgrades w/ assistance from NMMS, Lovington MainStreet, Lea Community Foundation for the Arts
- State Historic Theatre Initiative Funding received in 2014
- Digital projection and sound equipment installed
- Operating theatre on October 30, 2015

# LOVINGTON - DRY LANDS BREWING



- Former gas station, burned down in the 70's
- City inherited the property, tried to sell 4x
- RFP for development issued, sold for \$100
- NMMS/NMRA supports for business development (microbrewery)
- \$100k State LEDA funds for manufacturing
- \$80k Local LEDA funds for Econ. Dev.





# DRY LANDS BREWING CO.



- Opened: May 2017
- Retail development planned on adjacent property







## *Great Blocks on MainStreet*

- Innovative and intensive **design redevelopment** project within the MainStreet/Arts & Cultural district
- Focusing on a viable **core** two-to-three block commercial area
- Resulting in “shovel-ready” **construction documents**
- Public infrastructure investment to catalyze and **leverage private sector reinvestment**, resulting in **higher economic performance**.

# NM MainStreet Technical Assistance



- **Capacity-Building** – 4 Areas:  
Communications Strategies  
Taskforce Development  
Skills Development  
Resource Development
- **Commercial Property Restoration:** 8-10 buildings, incentive grants/loans, façade improvements, historic building registry/tax credits
- **Economic Development:** USDA grant, business training, marketing, business expansion planning, financing, and local entrepreneur/creative economy business development



# Raton Great Blocks Project



PHASE I PLAN VIEW



# Need for Construction Ready Public Infrastructure



- **City of Raton:** \$2M investment for multi-modal center, waterlines, street resurfacing, curb and gutter replacement
- **NMMS Capital Outlay :** architectural/engineering planning documents, \$320k for construction
- 2015 Infra. Conf. Planning and Econ. Deve. Award winner
- **NM MainStreet Technical Assistance** to support private reinvestment



# Multimodal Area



**BEFORE**



**AFTER**

# First Street Today





# Catalytic Impacts in the MainStreet District



Marchiondo Building  
Retail + Studio Lofts

Colfax Ale  
Cellar  
Brew Pub



# Catalytic Impacts -The Palace Restaurant Open for Business





***Las Vegas Great Blocks project  
2017 Infrastructure Conf. Planning and Econ.Dev.  
Award Winner***



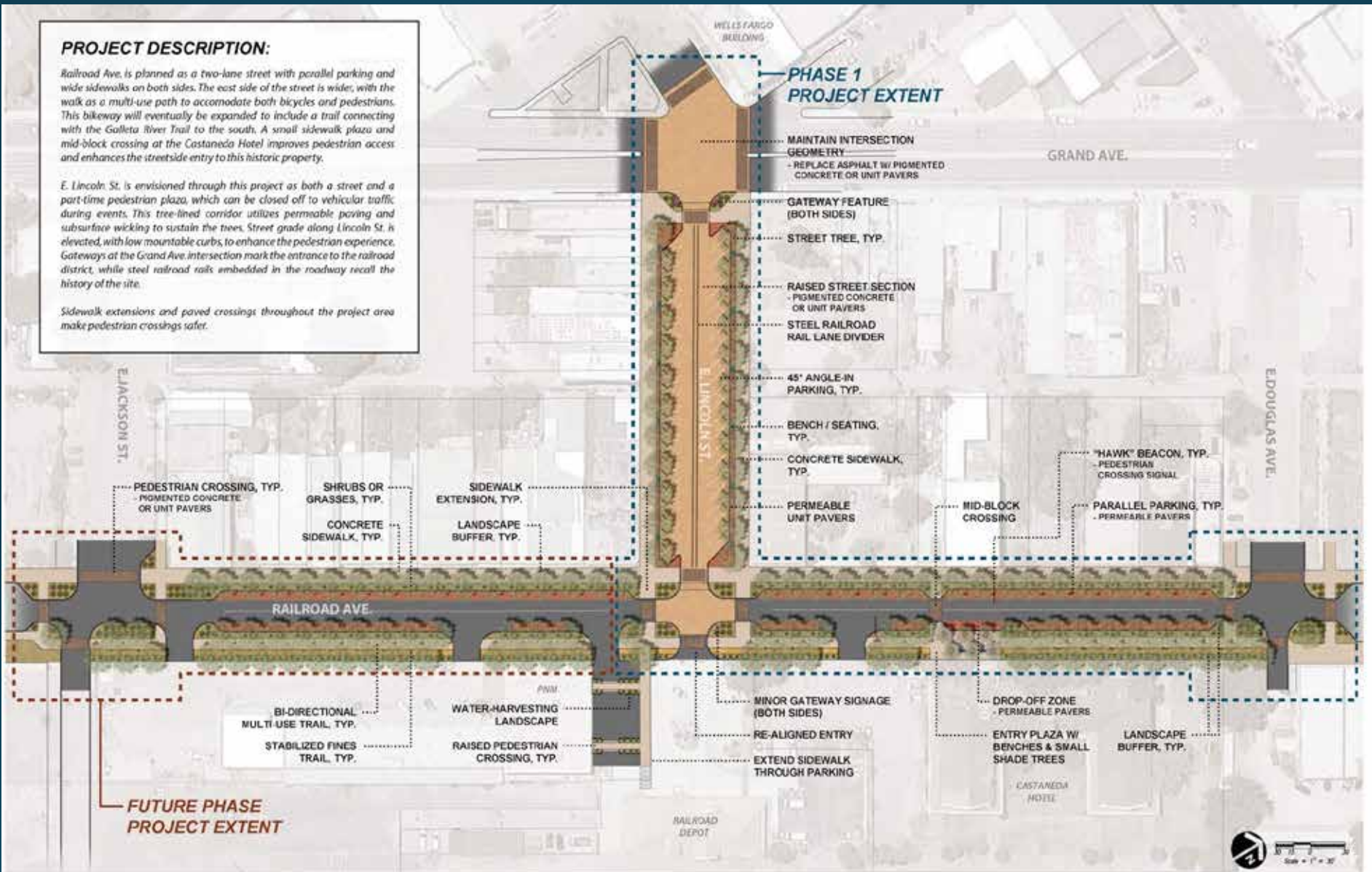


**PROJECT DESCRIPTION:**

Railroad Ave. is planned as a two-lane street with parallel parking and wide sidewalks on both sides. The east side of the street is wider, with the walk as a multi-use path to accommodate both bicycles and pedestrians. This bikeway will eventually be expanded to include a trail connecting with the Galleta River Trail to the south. A small sidewalk plaza and mid-block crossing at the Castaneda Hotel improves pedestrian access and enhances the streetside entry to this historic property.

E. Lincoln St. is envisioned through this project as both a street and a part-time pedestrian plaza, which can be closed off to vehicular traffic during events. This tree-lined corridor utilizes permeable paving and subsurface wicking to sustain the trees. Street grade along Lincoln St. is elevated, with low mountable curbs, to enhance the pedestrian experience. Gateways at the Grand Ave. intersection mark the entrance to the railroad district, while steel railroad rails embedded in the roadway recall the history of the site.

Sidewalk extensions and paved crossings throughout the project area make pedestrian crossings safer.



**Great Blocks on Mainstreet  
Conceptual Plan**

City of Las Vegas, NM

March 2016





# Tucumcari Great Blocks project





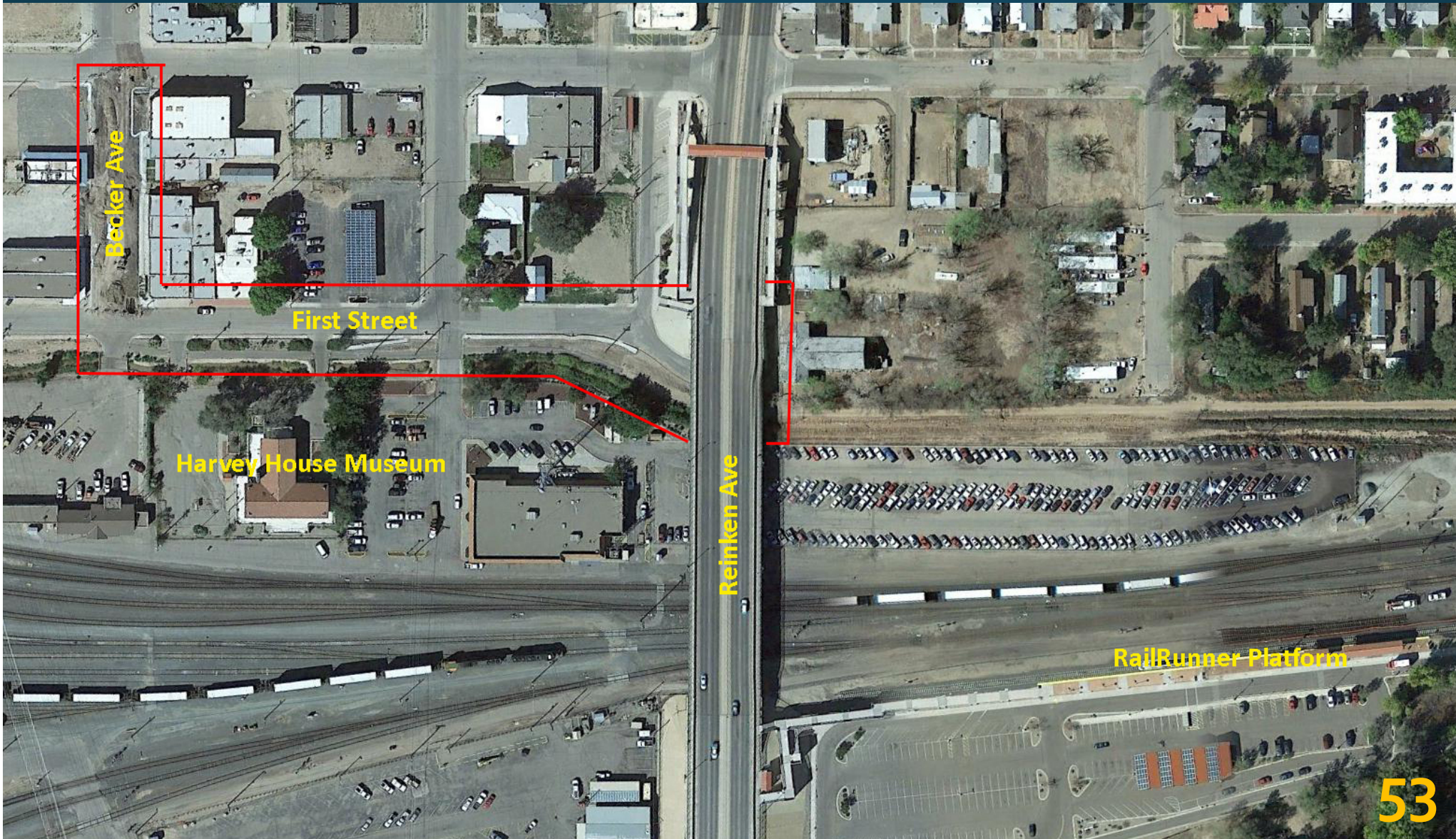


# Tucumcari





# *Belen Great Blocks project*







# Belen





# Asset-Based Economic Development

## What Can You Do?

- **Partner** on revitalization projects
- Complete, update and adopt master, MRA, cultural and comp. plans
- Engage USDA in regional SET plans
- Identify ICIP projects that support asset-based economic efforts, including small, mixed-use development projects
- Capital Outlay funding/management
- Encourage access to tax credits, adjusted for community population and capacity
- Examine local ordinances/policies
  - Design codes
  - Zoning Ordinances
  - Reinvestment incentives



# The Public-Private Partnership



## Local Government Partner

- Philosophical Commitments/MOU's
- Coordination/Planning
- Fiscal Agency for Capital Outlay \$\$

## State Government Partner

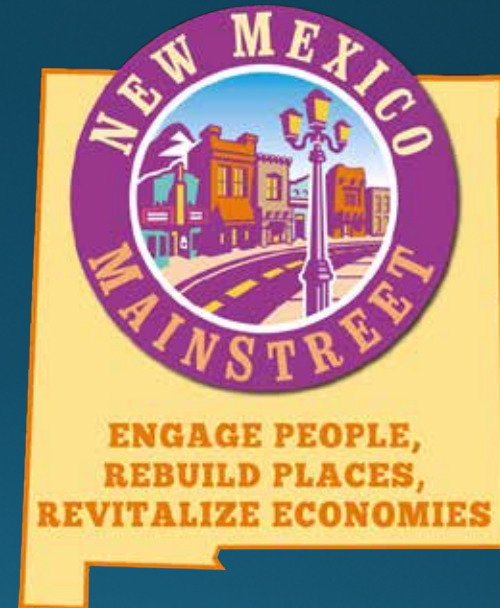
- Technical Assistance (NMMS)
- Capital Outlay \$\$
- Coordination, Reporting
- Compliance

## Local Revitalization Partner

- Implement Projects
- Resource Development
- Planning, Statistical Reporting
- Coordination w/City, State
- Compliance

# NMMS STATEWIDE ECONOMIC TRANSFORMATION STRATEGIES

1. Build **capacity** for local economic revitalization and redevelopment.
2. Enhance the **Entrepreneurial and Creative Economy**
3. **Create thriving places** through Placemaking and Preservation activities.





# Questions?

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