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

- 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…

Baseline revenue retained by city/county

Increment set aside in fund for TIF District
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
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

www.nmmainstreet.org/resources.php
Infrastructure Capital Improvement Plan (ICIP)

Source: DFA
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, entrepreneurism
- 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**

- *It's not just about ideas. It's 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

- 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

Belen Hotel, Belen, NM
Successful ABED Requires...

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

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)
  o Funding, professional assistance, tools
• Outcomes (Products)
  o Economic projects, activities completed
• Performance Measures (Metrics)
  o 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

• 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, Millenials, 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

- **Economic Vitality**: Build a diverse economic base | Catalyze smart new investment | Cultivate a strong entrepreneurship ecosystem
- **Design**: Create an inviting, inclusive atmosphere | Celebrate historic character | Foster accessible, people-centered public spaces
- **Community Transformation**: Build leadership and strong organizational capacity | Ensure broad community engagement | Forge partnerships across sectors
- **Organization**: Market district’s defining assets | Communicate unique features through storytelling | Support buy-local experience
- **Promotion**:
Coal Ave. Event Street

- 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

Before

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
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 each side. The east side of the street is wide, 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 Southwest Freeway. To the south a small sidewalk, plaques and mid-block crossing at the Carsonena Hotel improves pedestrian access and enhances the streetside entry to this historic property.

F St. Lincoln St. is envisioned through this project as both a street and a part-time pedestrian plaza which will be closed off to vehicular traffic during events. This tree-lined corridor utilizes permeable pavers and underground parking to sustain the town. Street grade along Lincoln St. is elevated, with low mountable curbs, to enhance the pedestrian experience. Gateway at the Constance intersection marks 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.
Tucumcari Great Blocks project
Belen Great Blocks project
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
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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