Implementation Tools in Action: NM MainStreet Success Stories

American Planning Association NM Chapter Conference 2014

- Rich Williams, Director, NM MainStreet Program/NM EDD
- Charlie Deans, Urban Planning Associate, NMMS
- Elmo Baca, Historic and Cultural Projects Associate, NMMS
State-authorized A&CDs:

- Silver City
- Las Vegas
- Los Alamos
- Downtown Abq
- Taos
- Raton
- Artesia
- Gallup
- Mora (first A&C Compound)
First Round Communities:
- Columbus
- Hurley
- Madrid
- Carrizozo
- Moriarty
- Santa Clara Village
- Wagon Mound
- Lordsburg

Second Round Communities:
- Tularosa
- Questa
- Carrizozo
- Aztec
- Galisteo
- Anton Chico
- Edgewood
- Magadalena
In the New Mexico Tradition
The Economic Impacts of Main Street – 1986-2013
$1 Billion Invested in Main Street Districts

- Private Rehab: $272,376,367
- New Construction: $415,031,993
- Public Projects: $283,733,345
- Public/Private Projects: $66,327,451
Cumulative Private Investment - Rehabilitation

$0
$50,000,000
$100,000,000
$150,000,000
$200,000,000
$250,000,000
$300,000,000

Utilizing the Local Economic Development Act (LEDA) for Planning & Community Revitalization

Elmo Baca, Program Associate
New Mexico Main Street Program
September 2014
New Mexico’s Local Economic Development Act (LEDA)

Adopted by the Legislature in the 1990s as a response to the Anti-Donation Clause of the state Constitution

Intention is to enable public investments in local economic development projects
LEDA Overview

Both state (through EDD) and local governments may make LEDA investments.

Process requires a project application with documentation of job creation.

Governing body appoints an agency to review LEDA projects.

Projects must conform to an economic development plan.

Palace Hotel, Raton
Community Capacity

What is it and why is it important?

Community Capacity, Planning and Economic Development
The source of public money used to fund economic development projects comes from up to 5% of the annual General Fund (GF) expenditures of the local government in that fiscal year.

Additional revenue beyond the 5% GF account can be generated through the imposition of the Local Options Gross Receipts Tax (LOGRT) specifically designed for economic development projects.

Local government revenues dedicated for funding economic development projects are deposited into a separate account. Separate accounts for each individual project are also established.
What is LOGRT?
Local Option Gross Receipts Tax

After a community has passed the Local Economic Development Act (LEDA), the local government can bring to ballot a measure to raise the municipal local options gross receipts tax (LOGRT) by 1/8th of 1%. The additional revenue is used specifically for economic development projects.
How does LOGRT work?

There are four increments that comprise the Municipal Infrastructure Gross Receipts (MIGR) section of Local Option Gross Receipts Taxes, each accounting for 1/16% of Gross Receipts.

Many communities have already imposed the first two increments of the MIGR for various funds.

The LEDA LOGRT allows communities the option of designating two of the four increments of the MIGR for economic development plans, payment of bonds, and infrastructure improvement. This is where the 1/8% comes from.
LEDA Process

Community passes a LEDA ordinance based on state statute

Local government adopts an economic development plan

Municipality may have one or more ED plans

LEDA review agency usually an economic development agency (EDO)
LEDA Nitty-Gritty
“What is a qualifying entity?”

Must be one or more of the following:

A corporation, limited liability corporation (LLC), partnership, joint venture syndicate, association, or other person and one of the following:

Warehouses, distribution centers
Service supply centers
Telecommunications call centers
an Indian Nation

An industry for manufacturing, processing, or assembly of agricultural or manufactured products
A business that is the developer of a metro redevelopment project
a cultural facility (2007 amendment)
a retail business

Farmers Markets
LEDA Qualified Uses

- Purchase, lease, grant, construction, improvement or conveyance of land, buildings or other infrastructure;
- Public works improvements
- Payments for professional services contracts
- Direct loans or grants for land, buildings or infrastructure
- Technical assistance to cultural facilities
- Loan guarantees
Artesia - utilizes “metro redevelopment” qualifying entity to do economic development planning - Theater District, new Artesia Hotel, “white elephants”
Early Successes - LOGRT and LEDA

Portales

- Activist Mayor and City staff uses local LEDA program to “clean up” blighted properties
- Tradition of “can do” capacity and development
- Yam Theater funds include EDA grant, private donations and city funds
2007 Amendments to LEDA

NM Arts and Cultural Districts Act also amended LEDA and Historic Preservation tax credit statutes

2007 LEDA amendments intended to support “creative economy”

“Cultural facilities” is description and definition of “qualifying entity”

Local municipalities have broad powers of interpretation with local funds

Non-profits are eligible but LEDA untested
Local LEDA ordinance must be amended to include community investments in “cultural facilities”

Community economic development plans must be amended to include cultural economic development strategies and priority projects

Private and non-profit developers of cultural facilities may be considered
“cultural facility” means a facility that is owned by the state, a county, a municipality or a qualifying entity that serves the public through preserving, educating, and promoting the arts and culture of a particular locale, including theaters, museums, libraries, galleries, cultural compounds, educational organizations, performing arts venues and organizations, studios and media laboratories, and live-work housing facilities.
Funding LEDA projects

- Determine “qualifying entity”
- Assess community support for project
- Prepare project application - request samples from city and state
- Demonstrate economic and public benefits
- Balanced budget should include diverse investors and cash flows
- Pledge security equal to LEDA investment
NM Historic Theaters Initiative
Clayton & Lovington

Community purchased theater in 2006

State NMMS Capital Outlay funds support renovation

State LEDA program supports digital upgrade of projection and sound system, seating

City of Lovington uses local LEDA Funds to Purchase LEA Theater in May 2014
Historic Theaters Initiative
Silver City

Community Initiated development project by Silver City Main Street and Town of Silver City

Rehabilitate historic theater as a first-run movie house

State capital outlay funds, NMFA public facilities loan, private donations, possible state LEDA grant

Monday, September 22, 2014
Retail allowed as new “qualifying entity” in 2013 Legislature in communities less than 10,000 pop.

“Clawback” provisions now required by state law
Thanks!

Elmo Baca
elmobaca@gmail.com
505–577–2415
@ http://nmmainstreet.org/pdfs/LEDAforACDS_ElmoBaca.pdf
Revitalization using Metropolitan Redevelopment Area Plans

The Tools to Creating Great Town Centers

Charlie Deans
NMMS Urban Planning Associate
NM Metropolitan Redevelopment Code

- NM State Statute (3-60A.1-41, 1978) that empowers municipalities with additional authorities to revitalize and redevelop areas that are deteriorated, blighted or underutilized in order to stimulate economic development and community well-being by establishing it as a Metropolitan Redevelopment Area (MRA).

  - 2004 amendment deleting metropolitan requirement of 50,000 persons
  - 2006 amendment deleting condemnation powers (Kelo vs City of New London)
The Metropolitan Redevelopment Area

An area that has existing economic and physical conditions ("blight") such as:
- high unemployment/low income levels
- low business activity
- vacant/underutilized buildings or properties
- deteriorating buildings
- unsafe conditions
- zoning conformance issues

The municipality approves a Designation Report that formally designates the Area as appropriate for a Metropolitan Redevelopment Area Plan.
The Metropolitan Redevelopment Plan

• Identifies specific redevelopment projects that when implemented will eliminate the blighted conditions and stimulate economic activity.

• These projects can include:
  – land acquisition/assembly
  – zoning regulations
  – pedestrian and transportation improvements
  – community facilities and housing
  – public placemaking and great spaces
MRA Plan Economic Development Toolbox

• Public/Private Partnerships (Development Agreements)
  – doesn’t violate NM “anti-donation clause”
  – allows “fair value” (below appraisal) when there are tangible public benefits

• Funding and financial incentives
  – Tax Increment Financing (TIF) Districts
  – Revenue bond financing
  – Tax deferrals or credits
  – State/Federal Brownfield funding opportunities
MRA Plan Economic Development Toolbox

- Redevelopment developer is a “Qualifying entity” under LEDA
- No restriction on “Retail uses” as per LEDA
- NMMFA Low Income Housing Tax Credits bonus points
- CDBG Funds eligibility (without meeting LMI criteria)
- NMFA Local Planning Grant for $50,000 for MRA Plan when MRA Designation Report is approved by city (no match req’ment).
Tax Increment Financing (TIF) Districts

How TIF works…

Increment set aside in fund for TIF District

Baseline revenue retained by city/county

Year 0     Year 5     Year 10     Year 15

Baseline revenue retained by city/county

Year 0     Year 5     Year 10     Year 15

Increment set aside in fund for TIF District
Tax Increment Financing (TIF) Districts

- Only requires City Council approval

- Uses existing property tax for the increment - not a new tax or tax increase!

- TIF funds generated in the district are spent in the district.

- City Council as Redevelopment Board controls how funds are spent.

- Serves as a city commitment to encourage private reinvestment in the district (20 year expiration).

- Results in increased GRT and property tax revenues.
MainStreet Communities with MRA Plans:

- Las Cruces- MRA plan/TIDD district approved
- Abq DAT- MRA Plan/TIF district approved
- Nob Hill/Abq- MRA Plan/TIF district approved
- Lovington- MRA Plan/TIF district approved
- Las Vegas- MRA Plan/TIF district approved
- Silver City- MRA Plan approved/TIF district in process
- South Valley/Bridge- MRA Plan approved/TIF district in process
- Clovis- MRA Plan approved
- Barelas/Abq- MRA Plan approved
- Farmington- MRA Plan approved
- Village of Santa Clara- MRA Plan approved
- Deming- MRA Plan approved
- Truth or Consequences- MRA Plan approval in process
Old Abq High School 1983 MRA Plan

- Abq HS was closed in 1974 by APS district.
- City approved the MRA Plan in 1983.
- Purchased by City of Abq in 1996 after sitting vacant 22 years.
- City received funding from State and EPA for clean up of the site as a brownfield.
- In 2001 entered into a Development Agreement with private developer.
- Building redeveloped as apartments, condominiums, retail and offices
Clovis 2006 MRA Plan

Hotel Clovis Adaptive Reuse: Mixed Use Residential/Retail Project
Farmington 2009 MRA Plan

CDBG Façade Improvement Program
Las Vegas 2010 MRA Plan

Gallinas River Park Project
Lovingston 2010 MRA Plan

Central Ave/Courthouse Square Project
Silver City 2012 MRA Plan

Silver City “Theater District”
A rising tide lifts all boats...
Mark your calendars!

Building Creative Communities Conference
Revitalization through Arts, Culture, Tourism and Preservation

First Annual Conference | November 12-14, 2014 | Santa Fe
Contact Information:

www.nmmainstreet.org

Rich Williams
Director, NM MainStreet Program
505-827-0168
Rich.Williams@state.nm.us

Elmo Baca
NM MainStreet Historic/Cultural Program Associate
505-577-2415
elmobaca@gmail.com

Charlie Deans
NM MainStreet Urban Planning Associate
505-471-4218
charlie@communitybydesign.biz