



e-Training Series

Financing Real Estate Development on Main Street: Local Program Roles

Presented by

Keith Kjelstrom

NMMS Economic Vitality Program Associate

505-454-1187

keithkjelstrom@gmail.com



Keith Kjelstrom

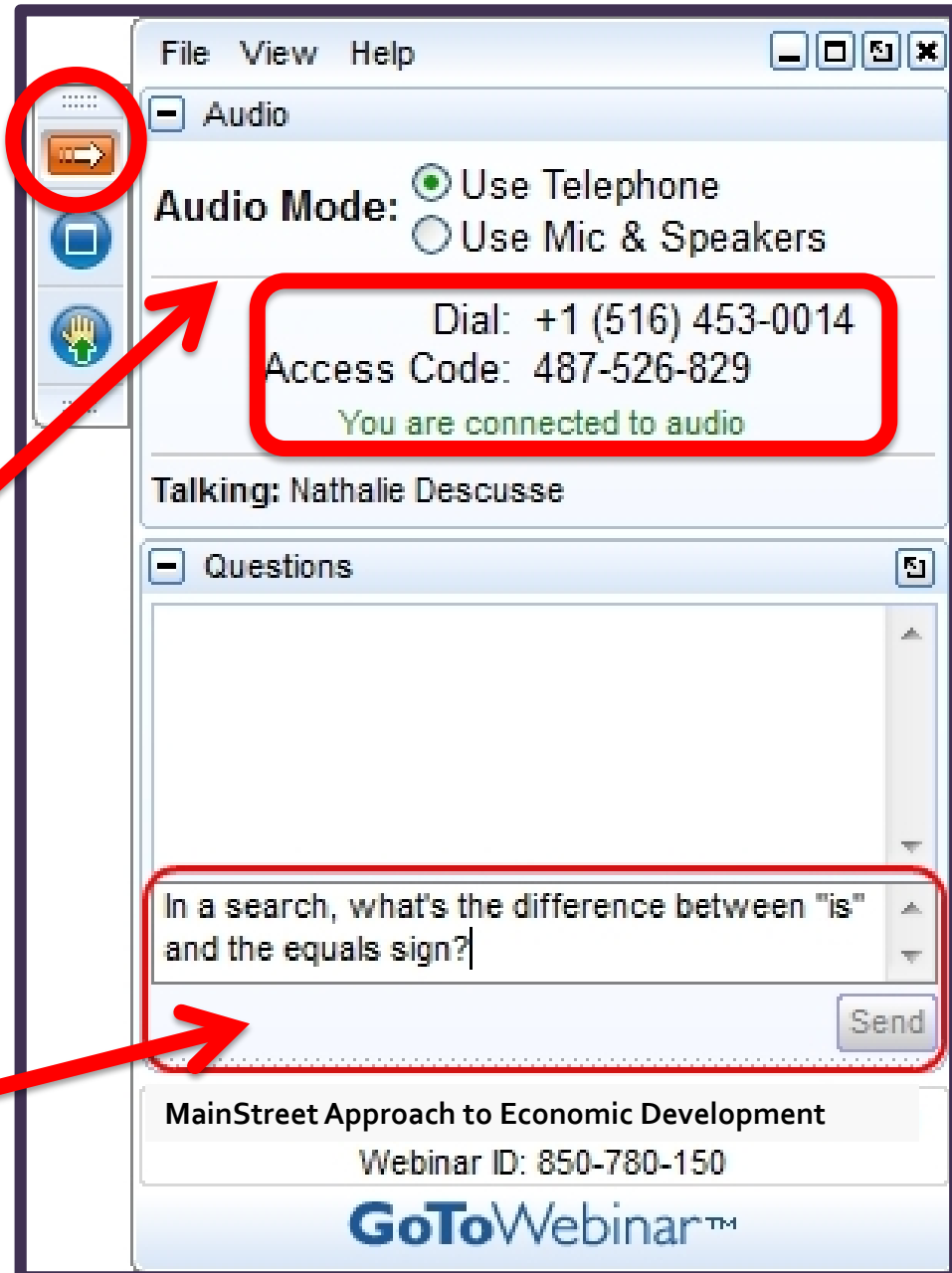
Webinar Overview

1. Five finance fallacies
2. Forces of value
3. Community Initiated Development (CID) process
4. Strategies for applying enhancements (incentives)
5. Economic development financing programs for MainStreet
6. Roles for local leaders

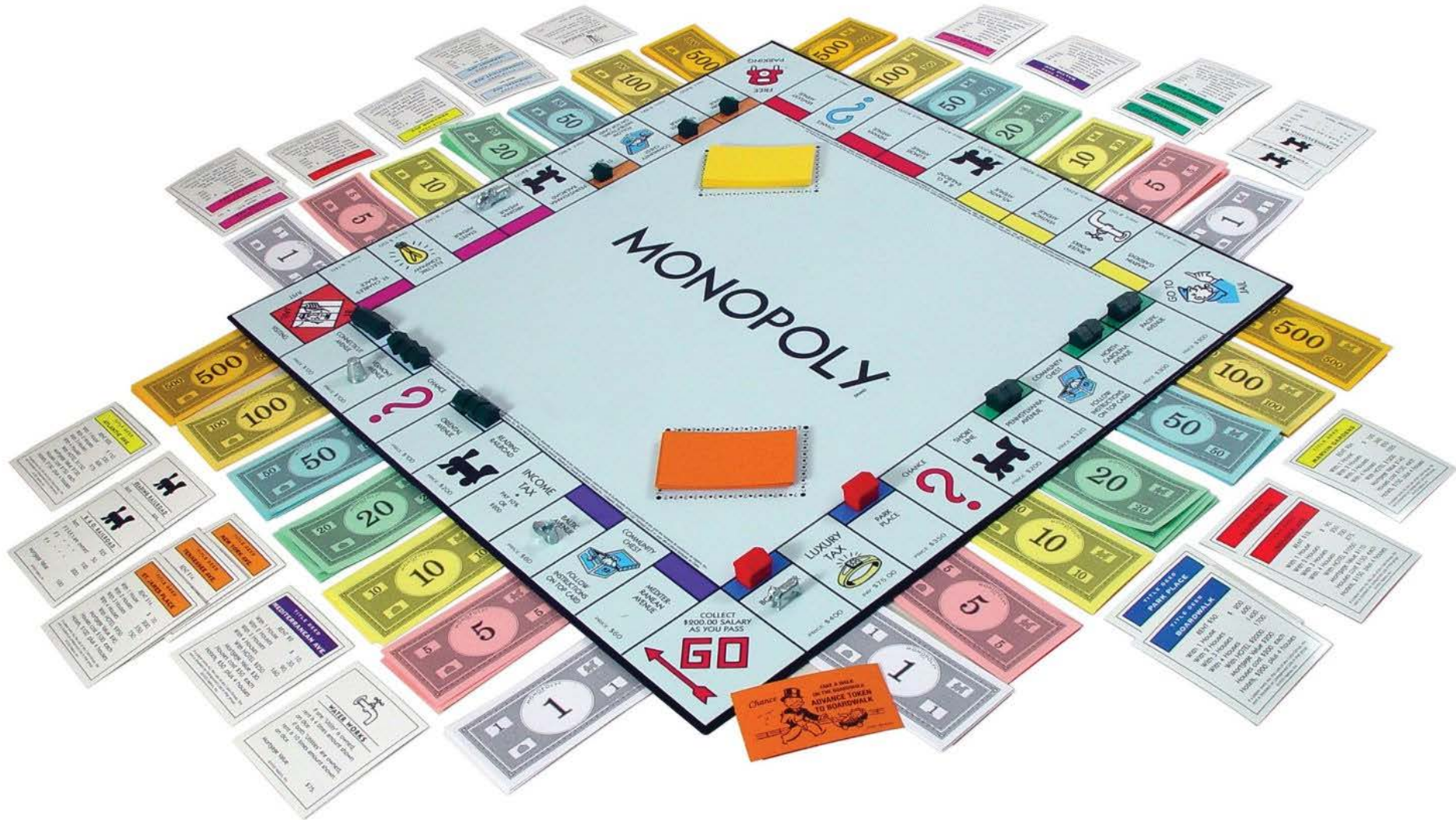


The GoToWebinar Interface

1. 30 minute presentation via “audio only” mode
2. Listen on computer/device or by calling in to the conference #
3. 15 minutes for Q&A
4. Submit questions via webinar controls



In ancient times, families and friends played board games.



Fallacy #1.

Our project just needs financing.



Fallacy #2.

We'll finance our project with grants cuz there are lots of grants out there!



**FREE MONEY
TO QUIT YOUR JOB**

**15,000 Government Programs
Worth \$350 Billion Dollars
For You To**

- Increase Your Income,
- Do What You Always Dreamed Of, And
- Live a Happy Life

**Make More Money! Be Happy Every Day!
Fire Your Boss! Eliminate Stress!
Grow To Your Full Potential!
Have More Time For Family, Friends And Hobbies**

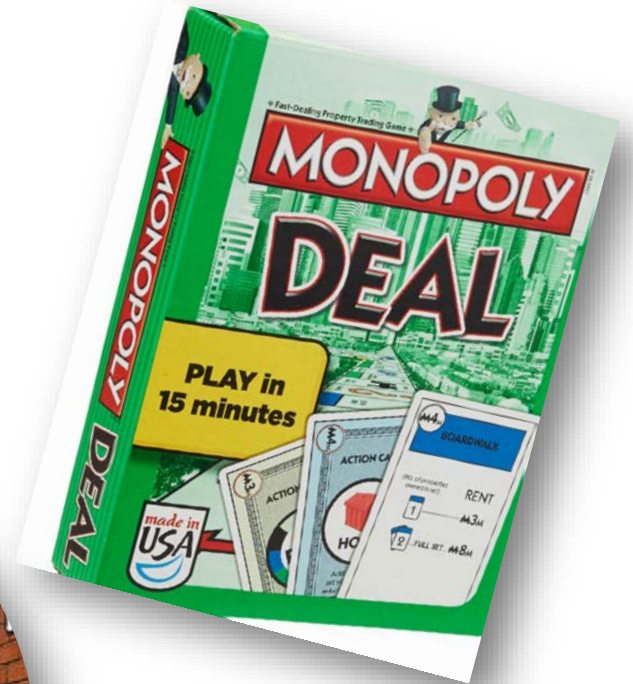
Fallacy #3.

We'll apply to "a" financing program.



Fallacy #4.

This will be an easy deal.

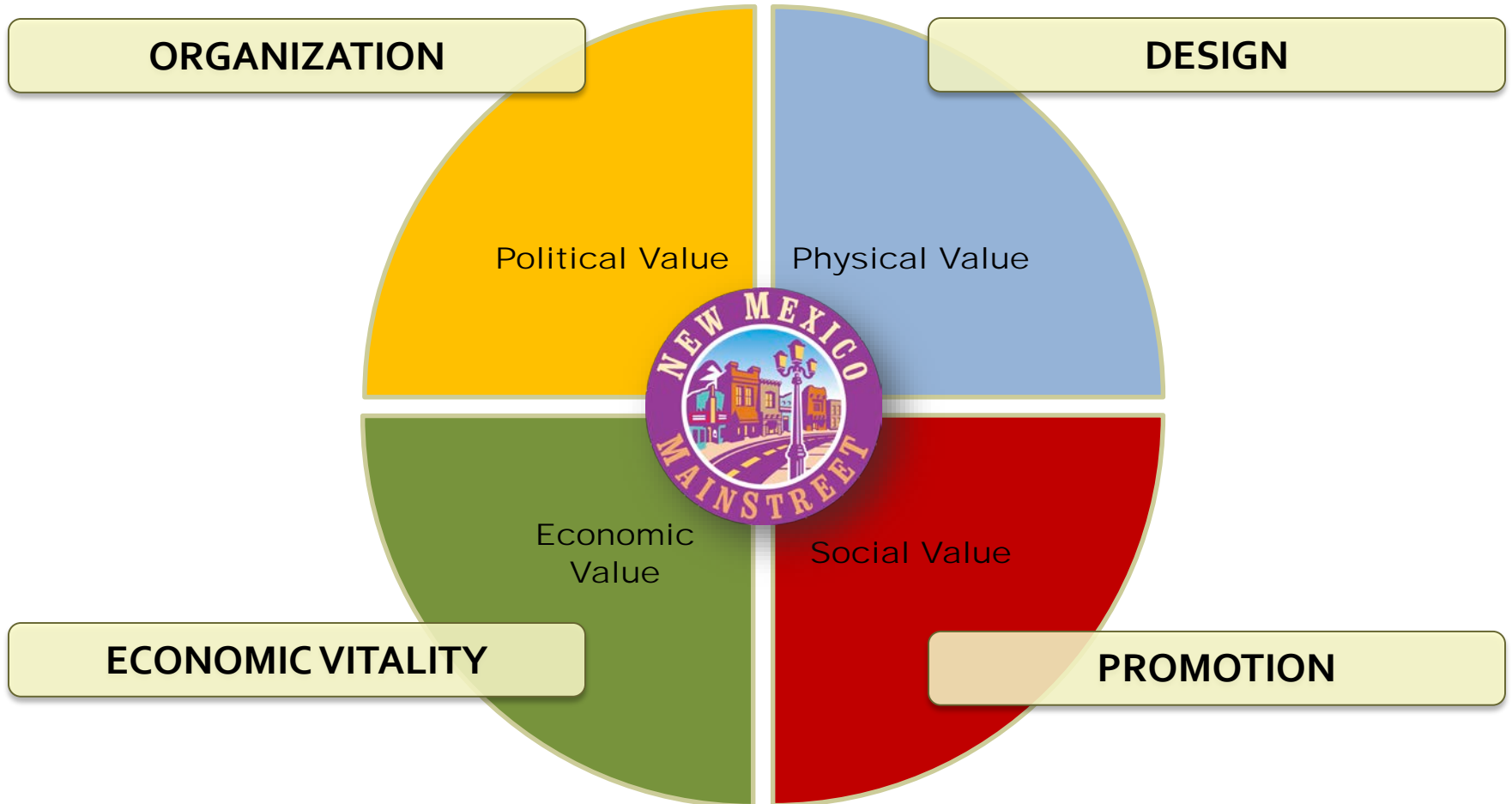


Fallacy #5.

You have to be a finance "expert" to help develop local projects.



The Forces of Value in Real Estate Economics



Community Initiated Development (CID) Stages

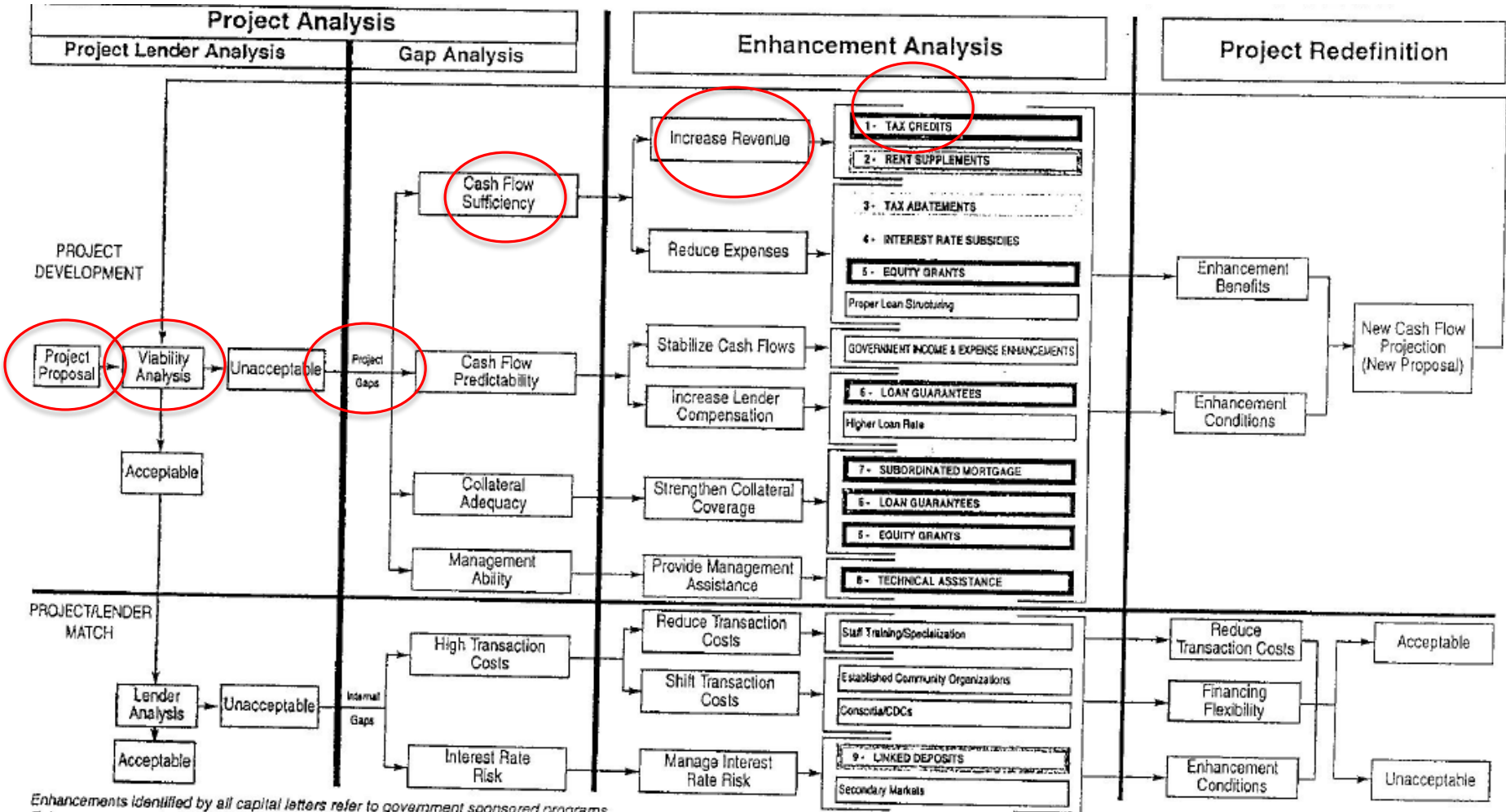
- Concept
- Analysis
- Preparation
- Implementation
- Operation



SOURCE: Donovan D. Rypkema, Place Economics;
and National Trust for Historic Preservation

Development Finance: Process for Applying Enhancements

SOURCE: International Economic Development Council





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
- Nusenda Credit Union
- SBA 504
- SBA 7(a)
- USDA Rural Business & Industry Loan Guarantee

SMALL BUSINESS TECHNICAL ASSISTANCE

- SBDs, 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)

- 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

Metropolitan Redevelopment Area (MRA) Tax Increment Financing (TIF)

- Public-private partnerships (development agreements)
- Create or revise zoning regulations / incentives
- Acquire land or buildings
- \$: TIF districts; revenue bonds; CDBG/State/Federal Brownfield funds; LEDA qualifying entity as developer

Las Vegas 2010 MRA Plan



Gallinas River Walk Plaza

- City and adjoining property owners can negotiate a development agreement on "fair value" for an enhanced River Walk area.



Loans and Loan Guarantees

Laguna Development Corp. – Grocery Store

Where: Pueblo of Laguna

Project: Grocery Store

Type of Project: NMTC/
Collateral Support Building
Project

Project Description: This new grocery store is estimated to cost \$4,000,000 to build out and would benefit not only the Pueblo but all the surrounding low income communities in this region. Once constructed, the new store will have amenities such as, larger refrigeration and freezer storage areas, a deli and essential items that are found in most modern grocery stores.



Community Benefit: The desperately needed improvements will provide its residents with a variety of healthier foods to choose from along with a greater selection of fresh produce, frozen foods, and fresh deli items. This project will create 150 construction jobs and replace a store that is 30 years old and outdated.

- Collateral Support
- SBA 504
- SBA 7(a)
- Rural Business & Industry Loan Guarantee

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

State LEDA – Capital Outlay



Shuler Theater, Raton

- Grants to local governments for ED projects
- Private sector job creation
- Local ordinance to adopt project
- Historic Theaters Initiative
- Little Toad Creek Brewery & Distillery

NMMS Public Infrastructure Funding

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



Historic Railroad Depot, Tucumcari

Small Business Loans



A client of The Loan Fund

- ACCION
- The Loan Fund
- WESST
- Nusenda Credit Union
- SBA 504
- SBA 7(a)

Declare Intentions

New Mexico MainStreet

Building Project Pipeline Form

MainStreet District Name: **Carlsbad MainStreet Project Inc.** Date Form Submitted to NMMS: **3/18/2016**

ID	District ID	Submitted	Existing Building?	Planned New Bldg?	Building Name	Building Street #	Street Name	City	Zip	Building Owner's Last
			<input checked="" type="checkbox"/>	<input type="checkbox"/>	IOOF	213-215	W. Mermod	Carlsbad	88220	Grand Lodge of NM IO



Define Incentives

Preserving the past, revitalizing the future.

505-599-1317
www.mra-farmington.com

WHY FARMINGTON?

- Retail & health care hub for the Four Corners Region (estimated market - over 300,000)
- Location in a Metropolitan Statistical Area
- Availability of land & buildings in and near Farmington's Historic Downtown
- Meeting/Conference facilities at the Farmington Civic Center in the MRA
- Educational opportunities, workforce training, and business support at San Juan College
- Access to major highways, Regional transit
- Four Corners Regional Airport
- Great Quality of Life: 281 Days of Sunshine per Year, Low Humidity, Mild Winters, High Desert Living, Stable Housing Values, Low Property Taxes
- The Four Corners Region is designated a Geotourism Destination by National Geographic's Center for Sustainable Destinations
- Opportunities to explore, camp, hike, mountain bike, fish, hunt, ski in the winter, raft, and stargaze are nearby
- Glade Run Recreation Area
- Three nearby UNESCO World Heritage sites - Mesa Verde, Chaco Canyon & Aztec Ruins
- Farmington's Park System, including the Berg/Animas National Recreation Trail, Farmington Aquatic Center & Pinon Hills Golf Course
- Home to the Annual Connie Mack World Series

MRA OPPORTUNITY AREAS: WHAT IS ENVISIONED

Animas Riverfront-

- A mix of high density housing and retail
- Waterfront development
- Parks and recreational development

Civic Center-

- Hotel with meeting space to complement Farmington Civic Center
- Supporting uses to Civic Center and neighborhood

San Juan Regional Medical Center Area-

- Housing for medical community of +1800
- Medical Offices
- Restaurants and retail

Historic Downtown

- Arts and cultural district
- Retail and offices
- Upper-story residential development

POSSIBLE DEVELOPER INCENTIVES IN THE MRA

- Regulatory Incentives
- Tax credits
- Facade improvement program
- City owned land available
- Public/Private partnership
- Expedited plan review
- Plan/ permit fee reduction
- TIDD/TIF District funding
- Density bonus program (I
- Infrastructure upgrades
- Waived or delayed prope
- Mixed uses encouraged



Downtown Las Cruces Plaza Under Construction, April 2016

Recruit Businesses

Doing Business in



The Right Place for Your Distinctive, Discerning Business

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Corrales is Open for Business

Are you looking to locate your business in an ideal location – with a high-income, highly-educated population and a unique and desirable address? Look to Corrales!

Why do business in Corrales?

Facilitate the Dialogue



2001



2014

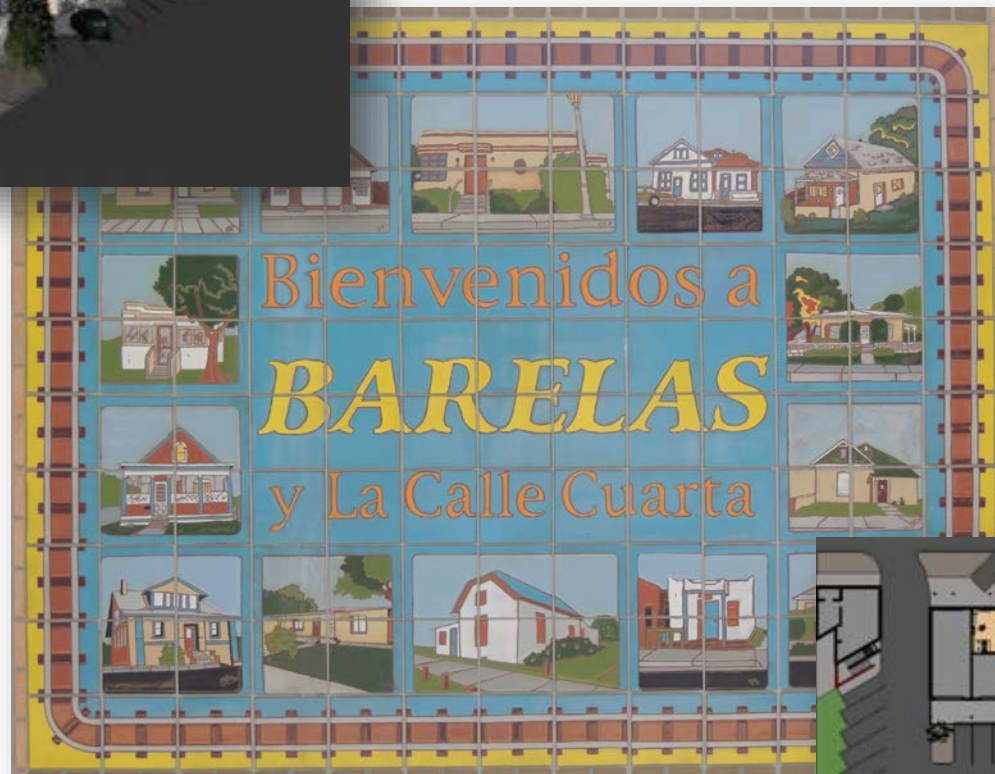
Assist with Business Planning



Lovington Brew Pub Business Plan Core Team, October 2015

Co-Develop

*Proposed Calle Cuarta Marketplace at
Cuarto y Carbon mixed-use project*



Strengthen Businesses



Grants Business Retention and Expansion Interviews Initiative

Assist with Loan and Grant Applications



U.S. Small Business Administration



Committed to the future of rural communities.



Jump in and play the game!





Thank You!

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