

# Redevelopment Districts Metropolitan Redevelopment



**NEW MEXICO** *True*  
**ECONOMIC DEVELOPMENT**

NM INFRASTRUCTURE CONFERENCE

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# Over View

- ▶ Metropolitan Redevelopment Area Statute Chapter 3-60A-1 to 3-60A-45
- ▶ 2018 Summary of Amendments
- ▶ Review of Metropolitan Redevelopment Tool
- ▶ Property Tax TIF
- ▶ Case Studies of Property Tax TIF
- ▶ MRA-TIF Bonds

# 2018 Amendments

- ▶ **Changed Municipality to Local Government**
  - Clarifies eligible political sub-divisions
  - Allows Counties to designate MR Areas
  
- ▶ **Added the LEDA definition of “Cultural Facilities” to potential allowable uses**

# Metropolitan Redevelopment

NM State Statute that empowers local governments to rehabilitate and redevelop downtown 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).

# Metropolitan Redevelopment Area

## Eligible District or Project

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

# Metropolitan Redevelopment Area

## Designation of Findings of “Blight”

- ▶ A professional Planner/Architect/Landscape Architect establishes the conditions for designation
- ▶ The municipality approves the Designation Report that formally designates the Area as appropriate for a **Metropolitan Redevelopment Area Plan**.

# Metropolitan Redevelopment Area Plan

- ▶ Is essentially a Master Plan **that identifies specific redevelopment projects** that when implemented will eliminate the blighted conditions to stimulate economic activity.
- ▶ Once adopted by the local government it is a **blueprint for public and private investment** in the area for catalytic economic redevelopment projects **easing anti-donation restrictions.**

# Metropolitan Redevelopment Area

## Funding - Allowable Uses

- ▶ **The Local Government Acts as the Redevelopment Board and may appoint a Commission to advise the work of the MRA**
- ▶ **Projects can include:**
  - ▶ land and building acquisition
  - ▶ demolition
  - ▶ zoning regulations
  - ▶ transportation improvements
  - ▶ Cultural and community facilities
  - ▶ housing



# Metropolitan Redevelopment Area Toolbox

- ▶ Public/private partnerships (Development Agreement)
- ▶ Create or revise zoning regulations/incentives
- ▶ Land or building acquisition
- ▶ ACD Administrative/operational funding (TIF District)
- ▶ Funding and financial programs
- ▶ Tax Increment Financing (TIF) Districts
- ▶ Revenue bond financing
- ▶ CDBG/State/Federal Brownfield funding opportunities
- ▶ As defined by LEDA “Qualifying Entity,” Cultural Facilities as Redevelopment project developer

# MainStreet/Frontier Communities with MRA Plans:

## **MRA Plans Approved**

- Clovis
- Barelbas/Abq
- Farmington (update in process)
- Deming
- Truth or Consequences
- Belen
- Gallup
- Questa
- Santa Clara
- Carrizozo
- Lordsburg
- Roswell
- Roy/HC
- Mosquero/HC
- Grants
- Tucumcari
- Tularosa

- Santa Rosa
  - District and Site Specific MRA Plan
- Aztec
- Mountainair (funding in process for District Plan)
  - Site Specific MRA
- Alamogordo (update in process)
- Carlsbad (MRA Designation in process)

## **MRA Plans with TIF District Approved**

- Las Cruces (TIDD)
- Abq Downtown
- Nob Hill/Abq
- Lovington (update in process)
- Las Vegas
- Raton
- Silver City (Active)
- South Valley/Historic Bridge (Active)

# 2018 Adopted Amendments

- ▶ Replaced “Municipality” with **“Local Government.”**
- ▶ Clarifying Counties and other NM Political sub-divisions may utilize the MRA for qualifying Redevelopment Districts and properties.

# 2018 Adopted Amendments

- ▶ Cited the **Local Economic Development Act** (LEDA) statute defining language of “Cultural Facilities” as a qualifying entity.
- ▶ Specifically ties the potential of the LEDA financing tool to redevelopment projects in an MRA

# LEDA Definition

“**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.

# MRA Tax Increment Financing Districts

- ▶ Enabled by State Statute with the authority to create a geographical “district”.
- ▶ Provide relief from the NM “anti-donation clause” allowing Development Agreements with private sector.
- ▶ Require first class mailing to property owners within district and approval of ordinance by Local Elected leaders at public hearing.

# Establishing MRA Financing

- ▶ Require an adopted MRA Plan.
- ▶ Local Government creates MRA Agency to implement MRA Plan and priorities of MRA plan projects for funding with final approval by local government elected officials.
- ▶ Works with County Treasurer and NM Tax and Revenue to establish base line for District property to capture increment.

# MRA Tax Increment Financing Districts

## MRA Agency

- ▶ Establishes an MRA fund for District.
- ▶ Works with County Treasurer to collect local property tax for the increment.
- ▶ Use existing property tax increment as the revenue stream (no new or increased taxes!).
- ▶ MRA fund may be used as projects within the district are vetted and recommended by MRA Agency and approved by elected officials.

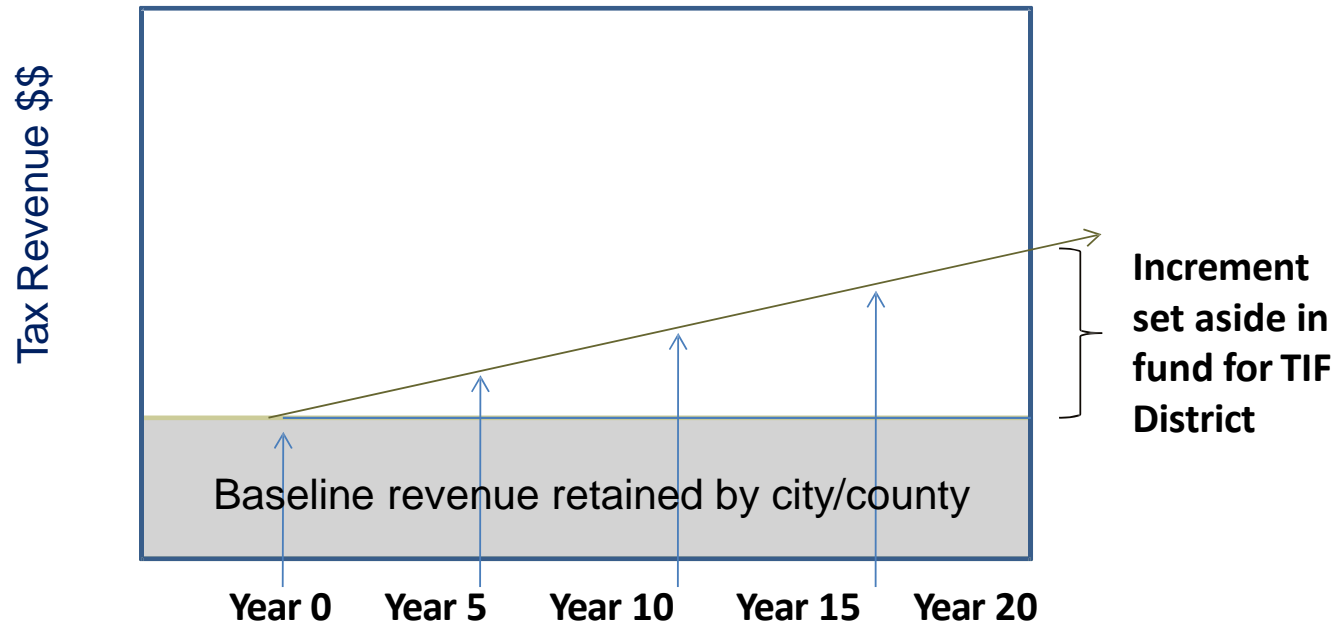


# MRA Tax Increment Finance District

- ▶ A presentation needs to be made to representatives of the Governors Office (NM Tax and Revenue) which includes a description of the metropolitan redevelopment project area and the parcels in the project to which the tax increment method will apply and an estimate of the general effect of the project and the application of the tax increment method on property values and tax revenues.
- ▶ Property tax increment funds that are generated in the district are re-invested in the district.
- ▶ Increment funds may be used to bond for projects.

# Tax Increment Financing District Collection Process

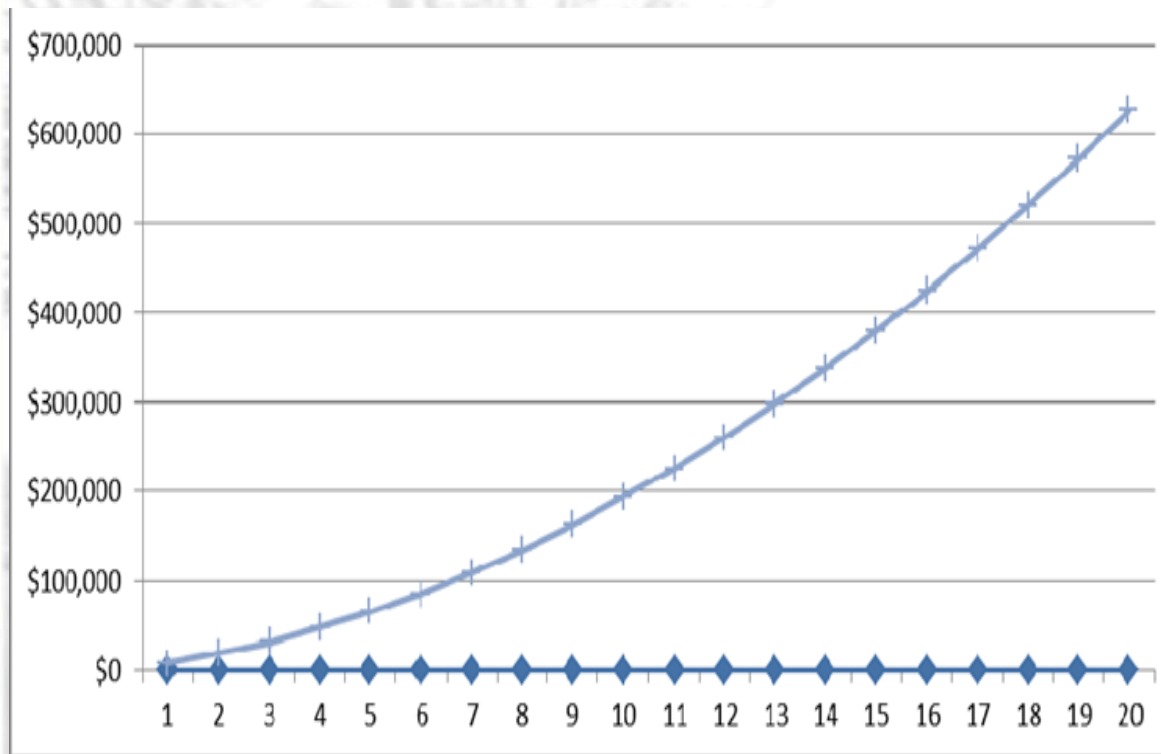
How TIF/TIDD works...



# MRA Case Study – Silver City MS

## TIF Approved May 2015

### Downtown Silver City TIF District Projection



YEAR 1	\$ 8,310.00	\$8,310.00
2	\$ 11,237.00	\$19,547.00
3	\$ 12,787.00	\$32,334.00
4	\$ 15,735.00	\$48,069.00
5	\$ 17,500.00	\$65,569.00
6	\$ 20,000.00	\$85,569.00
7	\$ 24,000.00	\$109,569.00
8	\$ 25,500.00	\$135,069.00
9	\$ 28,000.00	\$163,069.00
10	\$ 30,000.00	\$193,069.00
11	\$ 32,000.00	\$225,069.00
12	\$ 35,500.00	\$260,569.00
13	\$ 37,500.00	\$298,069.00
14	\$ 39,500.00	\$337,569.00
15	\$ 42,500.00	\$380,069.00
16	\$ 44,500.00	\$424,569.00
17	\$ 46,500.00	\$471,069.00
18	\$ 49,000.00	\$520,069.00
19	\$ 52,000.00	\$572,069.00
20	\$ 54,000.00	\$626,069.00
<b>TOTAL</b>	<b>\$ 626,069.00</b>	

# MRA Case Study – South Valley MS

## Bridge/Isleta Revitalization Plan” (the MRA Plan)

included creation of TIF District December 2016

- ▶ **Eligible for tax increment financing in the Plan Area includes: (\$1.3 million)**
  - ▶ South Valley Economic Development Center (SVEDC) property and buildings;
  - ▶ Streetscape Projects – landscaping, artwork, gateway monuments, wayfinding signage, street furniture, bus shelters, pedestrian lighting, etc.;
  - ▶ Historic Preservation projects;
  - ▶ Agricultural Preservation projects;
  - ▶ Dolores Huerta gateway park and Westside Community Center improvements; and
  - ▶ Redevelopment Projects;
    - ▶ Property acquisition,
    - ▶ Roadway realignment,
    - ▶ Utilities relocation,
    - ▶ Mixed use retail/ housing projects, and
    - ▶ Public parking.

# Metropolitan Redevelopment Area Site Specific Plans

## Santa Rosa Frontier Communities Initiative Project

- ▶ Ilfeld Johnson Warehouse Adaptive Reuse MRAPlan
- ▶ Development Agreement with Non-Profit – GCDC
  - ▶ Santa Rosa Visitor Center
  - ▶ Route 66 Museum
  - ▶ Business Incubator



# TIDDs and TIFs

- ▶ The legislature created a second tool for increment financing: Tax Increment Development Districts (TIDDs).
- ▶ NM Statutes Chapter 5-15-3 to 5-15-28
- ▶ Las Cruces downtown is the only MainStreet District using this finance tool.

# TIDDs and TIFs

- ▶ Tax Increment Finance District (TIF) can only be used in blighted *redevelopment* areas.
- ▶ A Tax Increment Development District (TIDD) can be used for any development area.
- ▶ A TIF is adopted by local government upon notification of impacted property owners.
- ▶ A TIDD is adopted by Referendum.

# TIF Bonding

If a local government issues revenue bonds as provided by the Metropolitan Redevelopment Code to finance or acquire projects, the projects shall be located within the jurisdiction of the local government and within a metropolitan redevelopment area



# TIF Bonding

Bonds issued under the provisions of the Metropolitan Redevelopment Code are declared to be issued for an essential public and governmental purpose and, together with interest thereon and income thereon and income therefrom, shall be exempted from all taxes by the state.

# TIF Bonding

A. the project and improvements to be constructed, if any, shall be constructed by the local government, the user, the user's designee or any one or more of them on real estate owned by the local government, the user or the user's designee, as the case may be; and

C. The project, if and to the extent constructed on real estate not owned by the local government, may be conveyed or leased or an easement in the real estate granted to the local government at any time."

# How Can We Assist?



# Growing New Mexico's Economic Health and Opportunity

