Introduction to the Metropolitan Redevelopment Area (MRA) Toolkit

FEBRUARY 13, 2020

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Come on, another “Toolkit”? 

• We know, but this one is different 
• Answers common questions and demystifies the State Redevelopment Code and MRAs 
• Only 32 pages! 
• Version 1.0 – will be updated based on your feedback 

LINK: TINYURL.COM/MRATOOLKIT
1. MRA Plan Review
MRA Plans – What Do They Do Again?

- MRAs allow for the contribution of **Public Resources** to **Private Redevelopment Projects**
- MRA Plan outlines specific redevelopment projects and strategies
- However, the MRA Plan does not implement projects!
- Need to use the tools enabled by the Redevelopment Code to implement projects successfully
2. MRA Specific Tools
Public/Private Partnerships (P3s)

• The primary tool to facilitate redevelopment and enabled by the Redevelopment Code.

• A (P3) is a cooperative and mutually beneficial agreement between two or more public and private sectors, typically of a long-term nature.

• In many cases, the costs and risks of redevelopment are too high for either sector to take on projects individually.

• As a result, P3 projects in downtowns have proven to be the primary way to implement projects.
P3 Development Agreements

• **Purchase Agreement**, which is a contract between a developer and the City that involves the sale of City-owned land to the developer.

• **Lease Agreements**, as a contract between a developer and the City that involves the lease of City-owned land or property to the developer.

• **Owner Participation Agreements**, which involve a contract between a property owner/developer and the City to allow for development of property owned by an entity other than the City, generally the owner/developer.
Examples of Public Contribution to P3s

- Land and Public Buildings
- Public/Private Land Swaps
- Infrastructure Investment (sewer, water lines, sidewalks, etc.)
- Direct Municipal Funds, Loans, and Grants for physical projects
- Rental Subsidies
- Staff Technical Assistance: contribution of time/expertise
- City Equipment and Materials (Trucks, moving equipment, etc.)
Case Study: Lovington Drylands Brewery

Former gas station, burned down in the 1970’s
City inherited the property, tried to sell for many years
Site sold to developer for $100 after RFP issued
Funding:
  • NMMS/NMRA support for business development
  • $80,000 Local LEDA funds for manufacturing facility (microbrewery)
  • $100,000 in State LEDA funds
  • Developer funding ($900,000)
Opened in 2017 – super cool place!
Tax Increment Finance Districts (TIFs)

- TIFs are enabled by the Redevelopment Code
- Established by resolution by the local governing body
- Typically, the TIF district boundary is the same as the MRA boundary
- Uses the existing property tax for the increment - not a new tax or tax increase.
  - The TIF revenue can also include the County’s and/or state increment
- TIF funds generated in the district are spent in the district, typically based on projects identified in the MRA Plan
Tax Increment Finance Districts (TIFs)

- Baseline revenue retained by city/county.
- Tax increment set aside in fund for TIF district.

Graph showing TIF funds growing over years: $0 in year 1, $97,600 in year 2, $194,600 in year 3, $314,100 in year 4, $454,000 in year 5, and so on, up to year 20.
Tax Increment Development Districts (TIDD)

• The designation of a blighted area is not required for a TIDD – *enabled by separate statute*
  • Therefore, can be used in any area including greenfield development as well as downtowns
• A TIDD is adopted by petition of 51% of the property owners or by referendum
• TIDDs use Gross Receipt Tax (GRT) increment as another revenue stream
• TIDD funds overseen by City Council or designated board (including MRA Boards)
Case Study: Las Cruces TIDD

- City established a TIDD in the Downtown/MRA District in 2009, which included the County and State increments.
- The TIDD has provided funding for:
  - Streetscape improvements on Main Street
  - Reconversion of the one-way street couplet (the “Racetrack”)
  - Construction of the new downtown plaza
  - Construction of the new Amador Restaurant and entertainment complex
- TIDD project funding is approved by the City Council and projects are overseen by City staff.
- Overall, the TIDD has generated more revenue than originally projected, with more than half of revenue coming from the GRT increment.
- The success of the TIDD can be attributed to the construction of larger-scale redevelopment/TIDD projects.
Additional MRA Tools

- Tools work together as integrated set of solutions:
  1. MRA Board
  2. MRA Fund
  3. Contribution of Municipal Assets
  4. Loans & Grants
  5. Zoning Code Amendments/Exemptions
Case Study: Farmington

MAIN STREET REDEVELOPMENT & BUSINESS INVESTMENT

- Created MRA Commission to oversee MRA Plan implementation and funding
- City funded MRA $1 million over two years
- MRA Commission funds used to pay for Main Street’s complete streets redevelopment
- Many supporting placemaking projects in the MainStreet District
3. Complementary Tools
Additional Tools to Consider

- Many additional tools available to local governments
- Includes local policies, plans, regulations, and ordinances
- Outside funding opportunities: bonds, private finance, state capital outlays
Q&A