

The background of the image is a photograph of a large tree with a thick, textured trunk and branches. The tree is heavily laden with bright yellow autumn leaves. The sky behind the tree is a clear, vibrant blue. The overall composition is a high-quality photograph used as a backdrop for the title text.

# EAST DOWNTOWN LOS ALAMOS **METROPOLITAN REDEVELOPMENT AREA (MRA) DESIGNATION REPORT**

NOVEMBER 2023

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NOVEMBER 2023

Prepared for  
THE COUNTY OF LOS ALAMOS,  
NEW MEXICO



Prepared by

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# Introduction

This report provides justification for the designation of a Metropolitan Redevelopment Area (MRA) with intent to facilitate revitalization in East Downtown Los Alamos. The proposed MRA aligns with the 2021 Los Alamos Downtown Master Plan's identification of the downtown boundary, which is as follows: East Iris Street (St.) to the north, 9th St. to the west, Trinity Drive (Dr.), 7th St. and Canyon Rim Trail to the south, and DP Road (Rd.), Trinity Dr., and East Rd. to the west.

An MRA designation in this area is intended to address the low economic activity, housing shortage, disproportionate number of vacant commercial properties, and blighted conditions present in East Downtown Los Alamos. Additionally, underground petrol tanks on the far eastern side of the proposed MRA necessitate testing and environmental remediation prior to redevelopment of that parcel. Los Alamos will benefit from financial and technical assistance that is available for physical and economic improvements within an MRA designation.

East Downtown Los Alamos has experienced decline, despite its location in an affluent county, due to a variety of factors including underinvestment by property owners, a fluctuating market base shaped by the Los Alamos National Laboratory's large commuter workforce, a housing shortage, and issues with the visual appearance and functionality of the area's streetscape and infrastructure.

Once the resolution to designate the MRA boundary is adopted by the Town, the next phase of the process is to develop an MRA Plan that will identify catalytic projects that address these factors. The 2021 Los Alamos Comprehensive Plan identified as the top priorities for this area:

- Redevelopment of the Mari Mac Village Shopping Center
- Creation of a Parking District to encourage a "Park Once and Walk" strategy for downtown
- Surface parking lot infill
- Multi-family housing development
- Pedestrian and cyclist improvements
- Creation of through streets for increased connectivity

The development of an MRA, which encourages public private partnerships (P3s) by enabling public investment of funds in private development projects, is a key strategy to accomplish these goals and support downtown revitalization



Figure 1. vacant lot in the NE corner of the proposed Los Alamos MRA

## PURPOSE OF MRA DESIGNATION

The East Downtown Los Alamos MRA Designation Report is the culmination of an assessment of an approximately 55 acre area of downtown Los Alamos in which numerous vacant and underutilized commercial buildings and surface parking lots exhibit conditions of deterioration and blight. This report evaluates the area to support designation of an MRA. MRA designation, followed by the development of an MRA plan, are the first steps in providing Los Alamos County with the tools needed to facilitate the redevelopment of this targeted area.

The New Mexico Metropolitan Redevelopment Code (§3-60A-1 to §3-60A-48 NMSA 1978) provides municipalities with the authority to implement strategies and projects to correct conditions that “substantially impair or arrest sound and orderly development” within the city. These powers can only be used within designated Metropolitan Redevelopment Areas (MRAs) after the adoption of an MRA plan.

The powers granted to municipalities in New Mexico through the Metropolitan Redevelopment Act are intended to enable municipalities to promote economic activity in areas designated as MRAs, where growth and development are hindered by physical, economic, and other conditions. The Metropolitan Redevelopment Act provides a number of tools for municipalities to help eliminate conditions of blight in designated areas, including the ability to acquire land, assist in land assembly, offer financial incentives, and provide public improvements to encourage and promote industry, trade, or other economic activity.

The MRA designation, to be followed by an MRA Plan, will assist the community in achieving the following goals:

- Improvement and expansion of commercial building stock
- Expansion of commercial activity
- Improvement and expansion of available housing stock to address housing shortage
- Improvement of economic conditions through coordinated public and private investment
- Elimination of detrimental public health and welfare conditions

### Definition of Blight

“Blighted area” means an area within the area of operation other than a slum area that, because of the presence of a substantial number of deteriorated or deteriorating structures, predominance of defective or inadequate street layout, faulty lot layout in relation to size, adequacy, accessibility or usefulness, unsanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the fair value of the land, defective or unusual conditions of title, improper subdivision or lack of adequate housing facilities in the area or obsolete or impractical planning and platting or an area where a significant number of commercial or mercantile businesses have closed or significantly reduced their operations due to the economic losses or loss of profit due to operating in the area, low levels of commercial or industrial activity or redevelopment or any combination of such factors, substantially impairs or arrests the sound growth and economic health and well-being of a municipality or locale within a municipality or an area that retards the provisions of housing accommodations or constitutes an economic or social burden and is a menace to the public health, safety, morals or welfare in its present condition and use.

NM Stat §3-60A-4-F (2020)



Figure 2. Vacant buildings throughout the proposed MRA offer opportunities for renovation, redevelopment

## BOUNDARIES OF PROPOSED LOS ALAMOS MRA

The proposed Los Alamos MRA, visualized in Figure 3 as a blue polygon, represents approximately 55 acres, made up of 19 parcels. The proposed MRA boundary was selected to include the greatest concentration of vacant and distressed commercial properties within the downtown boundaries identified in the 2021 Downtown Los Alamos Master Plan.

Beginning at the intersection of Iris St. and 4th St and heading South to follow the parcel lines along 4th St., the legal description of the proposed MRA boundary, inclusive of ROW is:

1. Follows parcel lines South along 4th St to the roundabout at Central Ave.
2. From Central Ave., follows parcel lines south to intersect DP Rd.
3. From DP Rd., follows Canyon Rim Trail and Beech St., south and west
4. From Canyon Rim Trail and Beech St., follows parcel lines north to meet 7th St.
5. North along 7th St. to meet Trinity Dr.
6. West along Trinity Drive
7. Follows parcel lines north from Trinity Dr. to Central Ave.
8. From Central Ave, follows the parcel lines from just west of 9th St. North to Iris St.
9. Follows parcel lines East along Iris St., intersecting 7th St. and 6th St.
10. Concludes at Iris St. and 4th St.

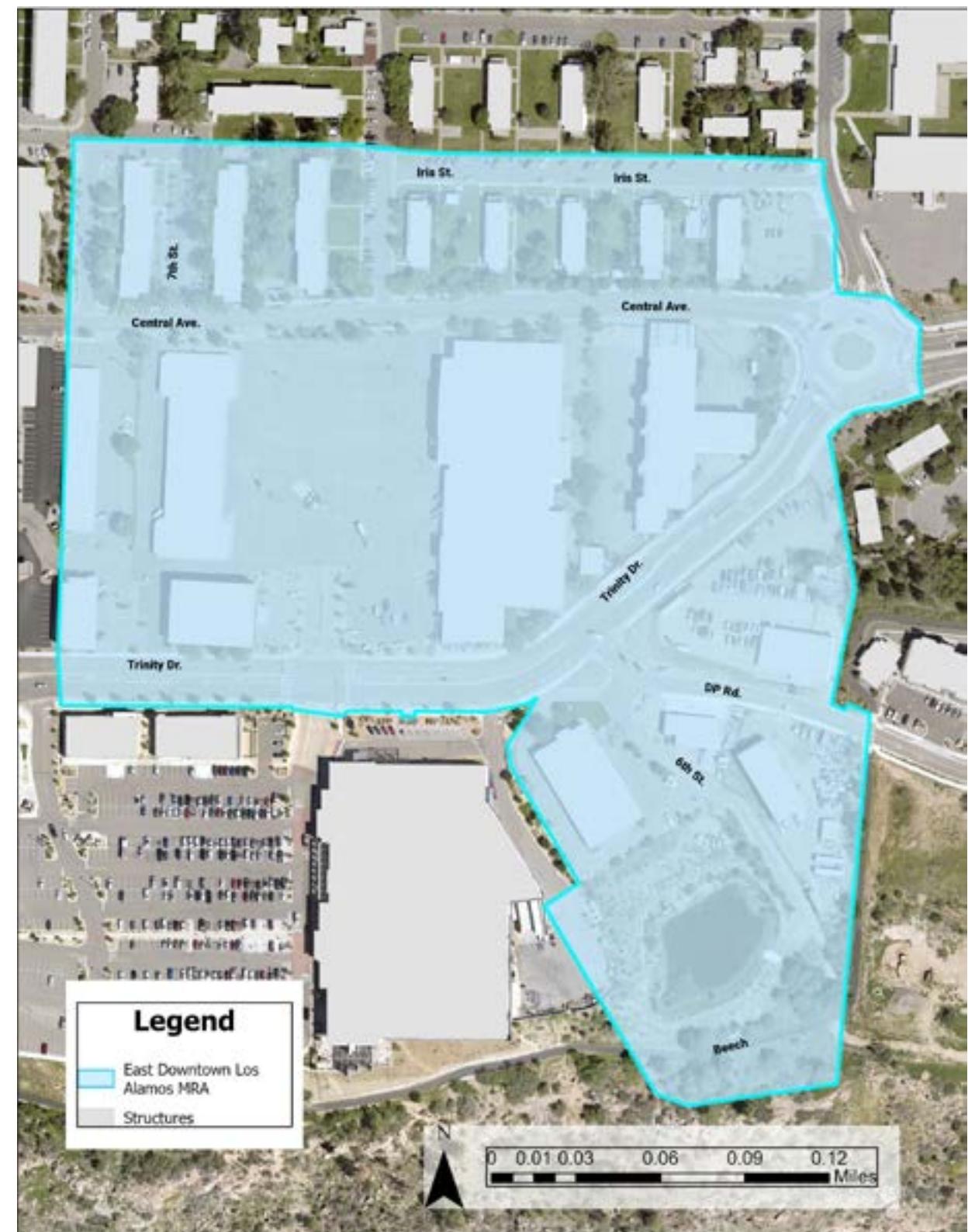


Figure 3. Proposed MRA Designation boundaries

## SUMMARY OF FINDINGS



Figure 4. & 5. Extensive underutilized and vacant commercial properties are present throughout the MRA



Figure 6. Extensive underutilized and deteriorating surface parking lots are present throughout the MRA

Assessments were conducted in May and December 2023 to document the physical conditions of buildings and lots within the proposed MRA. The assessments, combined with business and housing data, demonstrate that the properties included in the proposed MRA boundary exhibit a combination of factors that contribute to blight. Because current conditions within the area inhibit sound development, the redevelopment of the proposed MRA is necessary and in the interest of the prosperity of the residents of downtown Los Alamos and of Los Alamos County more broadly.

The analysis summarized below shows that the following conditions have inhibited new development and redevelopment in the proposed MRA Area, impairing sustained, thoughtful growth and economic health in what is otherwise an affluent county.

### HIGH LEVELS OF VACANT OR UNDERUTILIZED PROPERTIES

There are numerous vacant storefronts within the proposed East Downtown Los Alamos MRA. These include grocery, restaurant, and retail and service-oriented commercial spaces. Vacant properties are found in the highest concentration in the former Mari Mac Shopping Village.

### LOW LEVELS OF COMMERCIAL ACTIVITY AND REDEVELOPMENT

Stakeholders report that, for years, commercial properties throughout the Mari Mac Village Shopping Center have had persistent challenges attracting and retaining tenants. In 2014, the shopping center's anchor business, Smiths Food and Drug, owned by Kroger, relocated to a larger building across Trinity Drive. Rental or sale of the building to tenants perceived as competing with Smith's has historically been disallowed. Neighboring businesses have been detrimentally impacted by the continued presence of vacancies and majority empty parking lots.

### DETERIORATING STRUCTURES AND BUILDINGS

Many of the buildings in the proposed MRA are in poor condition, out-of-date, or otherwise in disrepair and will need improvements and infrastructure updates to attract new tenants. The poor condition of the buildings contributes to ongoing, low levels of commercial activity, and creates a disincentive for private investment. Multifamily housing constructed in the 1950s and in need of renovation is included in the Northern segment of the proposed MRA.

### DETERIORATING INFRASTRUCTURE

Within the proposed MRA, there is a general deterioration of public infrastructure. This includes poor pavement conditions in side streets and surface parking lots, narrow sidewalks not in compliance with ADA requirements, unmaintained landscaping and amenities, and drainage issues.

# Existing Conditions Assessment

In May and December 2023, assessments conducted by the New Mexico MainStreet consultant team Groundwork Studio assessed physical conditions in the proposed East Downtown Los Alamos MRA. These determinations build on observations and recommendations made in the 2021 Los Alamos Downtown Master Plan.

The following narrative summarizes the predominate physical conditions of the proposed MRA which may contribute to blight and disinvestment. Additional information on land use and housing in Los Alamos is also included to support the creation of a Metropolitan Redevelopment Area (MRA) District and MRA Plan.



Figure 7. Amenities outside vacant commercial properties display evidence of neglect and disuse



Figure 8. Vacant buildings throughout the MRA offer opportunity for redevelopment



Figure 9. Deteriorating parking lots are prevalent throughout the MRA

## EXISTING LAND USE

The proposed Los Alamos MRA boundary prioritizes an area with a high number of commercial vacancies. Commercial development in the area is concentrated between Central Ave to the North and Trinity Drive to the South. Existing land use within the proposed MRA is primarily commercial with large dedicated parking fields. Despite this, retail, office, and business activity in the 55-acre area remains low. Subsequently, there are few amenities available to residents of the Multi-family housing in the NE portion of the MRA.

Land use within the proposed MRA designation is primarily commercial but in recent years Los Alamos County has made zoning changes to accommodate future land-use goals. Zoning changes to all but the parcel between 6th St and DP Road allow mixed-use development throughout the entirety of the proposed MRA. Mixed-use zoning makes possible the development of housing downtown, as well as the creation of amenities and retail that can serve area residents.



Figure 11. One of two large vacant units in the former Smiths building



Figure 10. Entirely vacant building in the Mari Mac Shopping Center



Figure 12. Area possibly requiring brownfield remediation to the NE of the proposed MRA

## VACANT AND UNDERUTILIZED PROPERTIES

The Proposed MRA contains a high proportion of vacant lots and buildings. Of the seven commercial buildings within the MRA, most are subdivided into multiple units, many of which are vacant. Two out of four units in the former Smith's building are vacant; The adjacent I-shaped building, former home to restaurant China Palace and other businesses, is entirely vacant.

Vacant and underutilized properties can have negative effects on neighboring businesses and residences. Underutilized properties indicate lots that have buildings or structures which are partially occupied for temporary uses and community space but do not have commercial viability without major improvements. High rates of vacancy and non-commercial use can have negative impacts on local property values, create a burden on town resources, and discourage reinvestment in the area. Businesses have closed and many of these properties have struggled to attract and retain tenants for years.



Figure 13. petrol tanks remain underground at the former gas station within the proposed MRA



Figure 14. Map indicating vacant units and demolished buildings within the proposed MRA boundaries

## DETERIORATING STRUCTURES

Throughout the proposed MRA, aging and deteriorating buildings need repair, rehabilitation and possible removal. Both the commercial buildings and multifamily housing are of a post World War II aesthetic and may include inadequate floor layouts, or internal issues such as outdated electrical, telecommunications, and other equipment that limits their commercial viability as attractive spaces for new tenants. Rehabilitation of these buildings may involve expensive upgrades that current owners may not be ready to invest, given current market conditions.

The poor condition of these buildings contributes to ongoing, low levels of commercial activity in East Downtown Los Alamos and creates a disincentive to new private investment. It should be noted that not every property within the MRA exhibits blight conditions, however there is a concentration of these types of properties, and without action, the area will likely experience further disinvestment and deterioration.



Figure 15. Deteriorating buildings are prevalent throughout the proposed MRA



Figure 16. Deteriorating wood paneling is prevalent in the proposed MRA

## DETERIORATING INFRASTRUCTURE

Deteriorating infrastructure and poor vehicular, cyclist, and pedestrian circulation constrain access throughout the proposed MRA. Pedestrian and cyclist connectivity is limited by non-continuous streets, underutilized alleyways, narrow sidewalks, and sprawling parking lots. Weeds are growing in sidewalk seams and edges in several locations. Present throughout but not representative of the entire proposed MRA, there are damaged and/or non-ADA compliant sidewalks, weeds growing in cracks in walkways and roads, drainage issues, and unmaintained landscaping. Recent infrastructure investments in the roundabout at the intersection of Trinity Dr and Central Ave, inclusive of widened sidewalks and ADA compliant curb ramps with Truncated Dome Pads, offer a great example of improvements that could be extended throughout the MRA to improve the pedestrian experience and promote economic activity.



Figure 17. Deteriorating pavement on roadways and side streets is present throughout the proposed MRA



Figure 18. Deteriorating pavement on roadways and side streets is present throughout the proposed MRA



Figure 19. Unmaintained and deteriorating infrastructure are present throughout the proposed MRA

## HOUSING OVERVIEW

According to the 2019 Los Alamos Housing needs Analysis Report, “more than 3,700 housing units in the county” are greater than 50 years old (20). In addition to the physical conditions present within the proposed Los Alamos MRA, the area is impacted by a county-wide housing shortage of 3,000 units (anecdotal, 2019 Los Alamos Housing Needs Analysis, 76). Insufficient housing to meet local need contributes to the applicability of an MRA designation for East Downtown Los Alamos.

According to the Downtown Los Alamos 2021 Master Plan, 56% of the Los Alamos National Lab (LANL)’s employees commute to work in the county while maintaining residences in a different county. Los Alamos has a low poverty rate compared to the rest of the State of New Mexico and 50% higher educational attainment than the state at large. The growing LANL workforce indicates that the County need for increased housing is in fact dire, and, despite high Area Median Income (AMI), inclusion of affordable housing for retail and service workers is an important consideration. Mixed-use housing developments create an opportunity for dynamic mixed-income housing development.



Figure 20. Multi-family housing facilities in need of renovation and repair

## BUSINESS ACTIVITY & REGIONAL ECONOMY

Outside of Los Alamos National Labs (LANL), the Los Alamos downtown environment has historically proliferated and maintained office parks and service-oriented businesses. As Los Alamos County attempts to capitalize on nuclear technology-related tourism following the 2023 release of the Oppenheimer movie, they must contend with the lacking density of goods and services to draw regional residents or travelers. A source of revenue that could be further tapped but the proposed MRA are the visitors to nearby outdoors attractions such as the neighboring Valles Caldera National Preserve. Were Downtown Los Alamos to focus on mixed-use development that includes housing, amenities, and retail targeting locals and visitors, they might be able to sustain successful economic development within the proposed MRA.

At present, the cost of redeveloping deteriorating buildings with large footprints and the proposed MRA’s accompanying and surrounding infrastructure cannot be carried strictly by private developers. Redevelopment in this context is out of reach for both small business owners and larger developers. Private re-development that has not occurred in the past decade is now even further out of reach due to the rising cost of building materials and contractor services. Public-Private partnerships (P3s) are likely the only way that redevelopment can occur in the proposed MRA. An MRA designation makes P3’s possible by creating an exemption to the State of New Mexico Anti-Donation Clause.

LANL is by far the largest employer within the Los Alamos Townsite. According to the American Community Survey, 68.7 percent of the workforce is employed in management, business, science, and arts occupations. An additional 14.1 percent are employed in service occupations, 10.9 percent are employed in sales and office occupations, 3.6 percent in production, transportation, and material moving occupations and 2.7 percent in natural resources construction and maintenance occupations (American Community Survey). According to the New Mexico Finance Authority, in 2020, retail trade accounted for only four percent (4%) of GRT-based revenues by NAICS sector (Los Alamos Downtown Master Plan, 15). Infill development within the proposed MRA could capture a greater share of sales by travelers while also providing a greater diversity of goods, services and employment opportunities to Town residents.

# Conclusions

This report demonstrates the existing conditions in the proposed os Alamos MRA meet the criteria for “blighted” area designation as defined by the Metropolitan Redevelopment Code (NM Stat § 3-60A (2020)).

The area may be designated as “blighted” due to the combination of factors detailed in this report and summarized below:

- A high level of vacant, abandoned and underutilized lots and buildings
- A substantial number of buildings which are deteriorated or deteriorating
- Infrastructure and site improvements show signs of deterioration
- Low levels of commercial activity and redevelopment are present throughout the area

Analysis of the existing conditions leads to the conclusion that these blight conditions inhibit economic activity, discourage private investment, and lessen opportunities for gross receipts tax and other revenue for the County.

Based on the findings of this report, the designation of the East Downtown Los Alamos Metropolitan Redevelopment Area will assist the community in pursuing its goals of downtown revitalization. After adoption of the MRA designation, a Metropolitan Redevelopment Area Plan should be carried out.



Figure 20. Tenacious and hopeful growth in a vacant lot within the proposed MRA

# APPLICABLE METROPOLITAN REDEVELOPMENT CODE

## **Findings and Declarations of Necessity [NM Stat § 3-60A-2 (2020)]**

A. It is found and declared that there exist in the state slum areas and blighted areas that constitute a serious and growing menace, injurious to the public health, safety, morals and welfare of the residents of the state; that the existence of these areas contributes substantially to the spread of disease and crime, constitutes an economic and social burden, substantially impairs or arrests the sound and orderly development of many areas of the state and retards the maintenance and expansion of necessary housing accommodations; that economic and commercial activities are lessened in those areas by the slum or blighted conditions, and the effects of these conditions include less employment in the area, lower property values, less gross receipts tax revenue and reduced use of buildings, residential dwellings and other facilities in the area; that the prevention and elimination of slum areas and blighted areas and the prevention and elimination of conditions that impair sound and orderly development is a matter of state policy and concern in order that the state shall not continue to be endangered by these areas that contribute little to the tax income of the state and its local governments and that consume an excessive proportion of its revenues because of the extra services required for police, fire, accident, hospitalization or other forms of public protection, services and facilities.

## **Definition of Blight [NM Stat §3-60-8]**

As used in the Community Development Law [ 3-60-1 to 3-60-37 NMSA 1978] "blighted area" means an area, other than a slum area, which is found by the local governing body by reason of the presence of a substantial number of slum, deteriorated or deteriorating structures, predominance of defective or inadequate street layout, faulty lot layout in relation to size, adequacy, accessibility or usefulness, unsanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the fair value of the land, defective or unusual conditions of title, improper subdivisions or obsolete platting, or the existence of conditions which endanger life or property, or any combination of such factors to substantially impair or arrest the sound growth of the municipality, retard the provision of housing accommodations or constitute an economic or social liability and is a menace to the public health, safety, morals or welfare in its present condition and use.

## **Findings of Necessity by Local Government [NM Stat § 3-60A-7 (2020)]**

No municipality shall exercise any of the powers conferred upon municipalities by the Redevelopment Law [3-60A-5 through 3-60A-13, 3-60A-14 through 3-60A-18 NMSA 1978] until after its local governing body shall have adopted a resolution finding that:

- A. one or more slum areas or blighted areas exist in the municipality; and
- B. the rehabilitation, conservation, slum clearance, redevelopment or development, or a combination thereof, of and in such area or areas is necessary in the interest of the public health, safety, morals or welfare of the residents of the municipality.