

# Downtown mastermind builds Albuquerque block by block

BY STEPHANIE HAINSFURTHER  
 NMBW CONTRIBUTOR

Chris Leinberger has an illustrative story to tell. "I was at a cocktail party up in Santa Fe. One of Albuquerque's old-line homebuilders was there. I asked him, 'So what do you think of what's going on Downtown [Albuquerque]?' He said, 'Downtown? I haven't been there in 20 years. It's lousy, it's dangerous. I'd never invest a dime Downtown.' At that very moment, someone I've known for years, a former investment banker and big-time real estate investor, yells across the room, 'Leinberger, when are you going to get me into a downtown Albuquerque deal?' I couldn't have staged it better."

His point is that the homebuilder's reactionary, won't-happen-here attitude is still rife among naysayers who refuse to believe in the present and future of Albuquerque's downtown revitalization. "Those will be the same people who, once it's a resounding success, will say, 'The city gave them the opportunity, and didn't give me the opportunity,'" Leinberger shakes his head. "For instance, we know there's pent-up demand for a supermarket Downtown. No other downtown that's just coming back can even dream of having a grocery store. We're talking to six different chains to see which will be the one to bring a supermarket to Downtown. Are there 14 developers pounding down the city's door to try to find the land for a supermarket to locate here? No, there's only us."

The coalition Leinberger put together to fund Albuquerque's turnaround is a non-profit/for-profit prototype that breaks the mold of

real estate investment styles. Made up of funding from The McCune Charitable Foundation and **Arcadia Land Company** (Leinberger's firm), these major interests formed the **Historic District Improvement Co. (HDIC)** to get the Downtown job done. The Downtown Action Team was given five percent stake of Arcadia's return on future profits. McCune has awarded more than \$42.5 million in grants since its inception in 1992; through 2000, according to their 1999-2000 Biennial Report. Arcadia is now the nation's largest new urbanist developer with about \$600 to \$700 million in pending projects, according to Leinberger.

"The philosophy is unique: 'It combines long-term capital with a short-term, get-it-done-yesterday attitude,'" Leinberger says. "A better way of doing it may come along in the future. Right now, this is the best model we have."

That investment model includes a forward-thinking vision: Let gentrification pay for affordable housing. The typical Downtown renovation pushes housing prices up to the point where only CEOs can afford to live there, Leinberger remarks. That is one thing that won't happen in Albuquerque, if he and the other members of the **Enterprise Foundation** have their way. One of the largest financiers of affordable housing in the country, the foundation's planning, design and development division helps city governments and community organizations design and implement strategies to ensure affordable housing. McCune is one of its funding organizations; HDIC is one of the contributors to the non-profit, donating part of



CONTINUED ON PAGE 7

Leinberger has drawn national attention for his "patient capital" approach.

SHEA ANDERSON | NMBW

CONTINUED FROM | 6

its cash flow to affordable housing efforts. "If this [revitalization] were purely for people with six figures and above, then we would have failed," Leinberger says. "Working with Enterprise, we think we can crack the code of how gentrification can pay for the good stuff that will keep this a really diverse place, as opposed to just a reserve for the wealthy." That socially responsible attitude is the second singular aspect of Albuquerque's real estate renaissance.

The third unique component has to do with McCune's investment in Albuquerque of \$7 million of what Leinberger calls "patient capital." Interested in more than just an immediate financial return, McCune has a long-term vision. "Patient capital is as rare as hen's teeth," Leinberger notes. "When somebody invests money in real estate, they start looking at their watch to see when they're going to get it back. The McCune Foundation knows they're going to be around 100 years from now, so they can break all the rules. They're creating a model in the process." McCune is also creating more capital. Leinberger feels that the \$7 million investment the Foundation has made, representing about six percent of their present assets, will blossom into 20 percent of the annual cash flow needed for future grants to community, education and arts organizations, and to support affordable housing projects.

The very deal that HDIC made with the city of Albuquerque also bucks the trend. Leinberger uses the example of Phoenix and the entitlements they gave to *Post Properties* to entice the developer to build housing downtown. "They bought about four acres of land and gave it to Post [tax-free]," he comments. "And [Post] got a check for \$2 million to go forward. That's the typical way to kick off [a revitalization.]"

That route didn't seem fair to Leinberger. He and his partners felt that the city should participate in patient investing, just like the other interested parties, but should also be able to profit from it when the time comes. "The city has invested \$14 million in this project, with the land, the tax abatement, the infrastructure. When you add the return they'll get from our cash flows in year six to the net increase in taxes, the city calculates it'll be \$14 million in, \$48 million out over 20 years." If Albuquerque's turnaround doesn't happen, Leinberger says, the city won't have to come up with any more money. "We'll just go bankrupt and they'll get to keep the movie theatre and everything else," he says.

The city returned this attitude of fair play by throwing out the old zoning code that hampered the type of human-scale development that a Downtown re-do dictates. The 21 guidelines of the new code are simple, designed with pedestrians in mind. One example is the dictum that every front door must face the sidewalk. "That's all it says," Leinberger remarks. "If you follow those 21 elementary school-level standards, you get your building permit in three weeks."

He is quick to note that this urban model can be translated to the sprawling hills of the Northeast Heights, or the confines of Uptown. "If they lobby for these same kind of rules elsewhere, this is a model to make building development simpler and easier. This code can be taken Uptown, it can be taken to I-25 North near *Journal Center*, it can be taken to any place that you want to turn into a 'there there,'" he quips, borrowing Gertrude Stein's pronouncement upon her 1934-35 trip to the United States that "There is no there there."

The sixth and most tangible example of Albuquerque's unique Downtown redevelopment is the *Century Theatre*, opening this week.

The theater itself is basically a 47,000-square-foot big box, says Leinberger, the kind that normally would sit on the outskirts of a Downtown, like its sister complex, *Century Rio*. A big box is the wrong scale for an urban center, but the attraction and its offshoots will make Downtown bustle. So, the designers hid the box. "I can't change retail distribution in this country, but what I can do is humanize these big boxes," he says. Surrounded by small retail, restaurants and offices, the Century Theatre block represents the first design of its kind. Similarly, the live/work condominiums being built on Gold Avenue between First and Second Streets hide the parking deck that will accommodate its residents. "That approach to design is something that has been talked about for years," Leinberger states. "It's never been done before. It's being done here."

Leinberger insists that he is an idea man who is bad with details. "There are two types of people in the world, the sales types and the production-technical types," he says. "You can't just have the idea people in order to succeed." He says he runs into the same types of Downtown redevelopers in every city where he has had a hand in revitalization. "You've got the deeply demented do-gooders like Pat [Bryan, former president of the *Downtown Action Team*] and myself, and you've got the property owners who are very conservative and very suspicious; you've got the city and the county who want to go a little bit but not far enough," he enumerates. "You've got to push everybody to do more than they want to do."

His next personal project? Leinberger is planning more non-fiction articles, which are better vehicles for promoting his ideas than books, he says. He will also teach a course he created at UNM starting in January entitled "Progressive Development and Design."

What's the next real estate project? Leinberger is heavily invested, financially and emotionally, in downtown Albuquerque at the moment. He is also doing consulting work for pockets of revitalization in the cities of Atlanta and El Paso. He does, however, believe that "the Uptowns of this world" are the next frontier for New Urbanists in general. "Believe it or not, they're going to be a much bigger challenge [than downtowns]," he comments. "Uptown has bones that have to be fundamentally altered, and infrastructure changes are expensive." Leinberger says he is not talking to any parties interested in making over uptown Albuquerque at present.

Leinberger doesn't talk much about himself. But Albuquerque's downtown guru is a nationally known New Urbanist developer, a prolific author, a teacher at *Harvard*, a husband and a father whose son is following in his footsteps. He's also a guy who loves to get to work in the morning. "Lining up your passion with how you spend your day can't be any better," he says with feeling. "If I were getting paid to do this," he laughs (there has been no return on Arcadia's investment to date), "I would be shocked."