

ECONOMIC & INTERNATIONAL DEVELOPMENT

ITEM 25.1

Tax Increment Reinvestment Zone No. 6
Medical Center of the Americas

Goal 1: Create an Environment Conducive to Strong, Sustainable Economic Development

Tax Increment Reinvestment Zone No. 6

Medical Center of the Americas

Proposed Amendment:

- Increase the existing boundary an additional 595.38 acres
- Set the City's contribution at 50%

Background

Name:	Tax Increment Reinvestment Zone No. 6 (Medical Center of the Americas)
Purpose:	To support community revitalization and infrastructure improvements within the Medical Center of Americas area through use of the tax increment financing. Specifically, facilitated the development of the 60,000 square foot Cardwell Collaborative facility which opened its doors in 2016. The facility serves biomedical research and technology commercialization building.
Creation Date:	May 29, 2012 by Ordinance No. 017793
Sunset Date:	December 31, 2042 (30 year term)
Original Acreage:	67 noncontiguous acres of publicly and institutionally owned land
Expansions:	July 29, 2014 by Ordinance No. 018219 to include an additional 0.9 acres of City-owned land, increasing acreage to approximately 67.9 acres to facilitate the construction on the Cardwell Collaborative building

Benefits

- Aligns with the City's Regional Housing Plan
- Located in a Qualified Opportunity Zone
 - Tax benefits for investors
- Promotes City's Infill Policy
 - Urban Study identified a gap in housing for 600 medical students and residents



Next Objectives

- Collaborate with the MCA taskforce
- Identify a catalyst project
- Engage with other taxing entities to solicit their participation
- Return to Council with an Amended Project and Finance Plan that reflects the outcome of these activities



Proposed Amendment #2 to Tax Increment Reinvestment Zone #6

City of El Paso, Texas

- **MARCH 3, 2020**

Tax Increment Reinvestment Zones (TIRZ)

- A TIRZ can be a valuable tool that can help facilitate investment and bring excitement and energy to a designated area.
- Taxing entities contribute ad valorem taxes received from incremental value increases on property within the zone.
- Tool to fund improvements within a reinvestment zone.
- A TIRZ can pay for:
 - cost of public works;
 - public improvements;
 - economic development programs; or
 - other projects benefiting the zone

TIRZ Amendment Process

- Chapter 311 outlines the various procedures for amending a TIRZ. Two main documents:
 1. Amendment to the Creation ordinance; and
 2. Amended Project and Financing Plan
- A creation ordinance establishes five key elements:
 - **Boundary;**
 - Term;
 - TIRZ Board;
 - **City Participation** and
 - **Preliminary Project and Financing Plan**
- Upon approval of the TIRZ amendment, the Final Amended Project and Financing Plan is approved by the TIRZ Board and then the City Council by separate ordinance

TIRZ #6 – Background

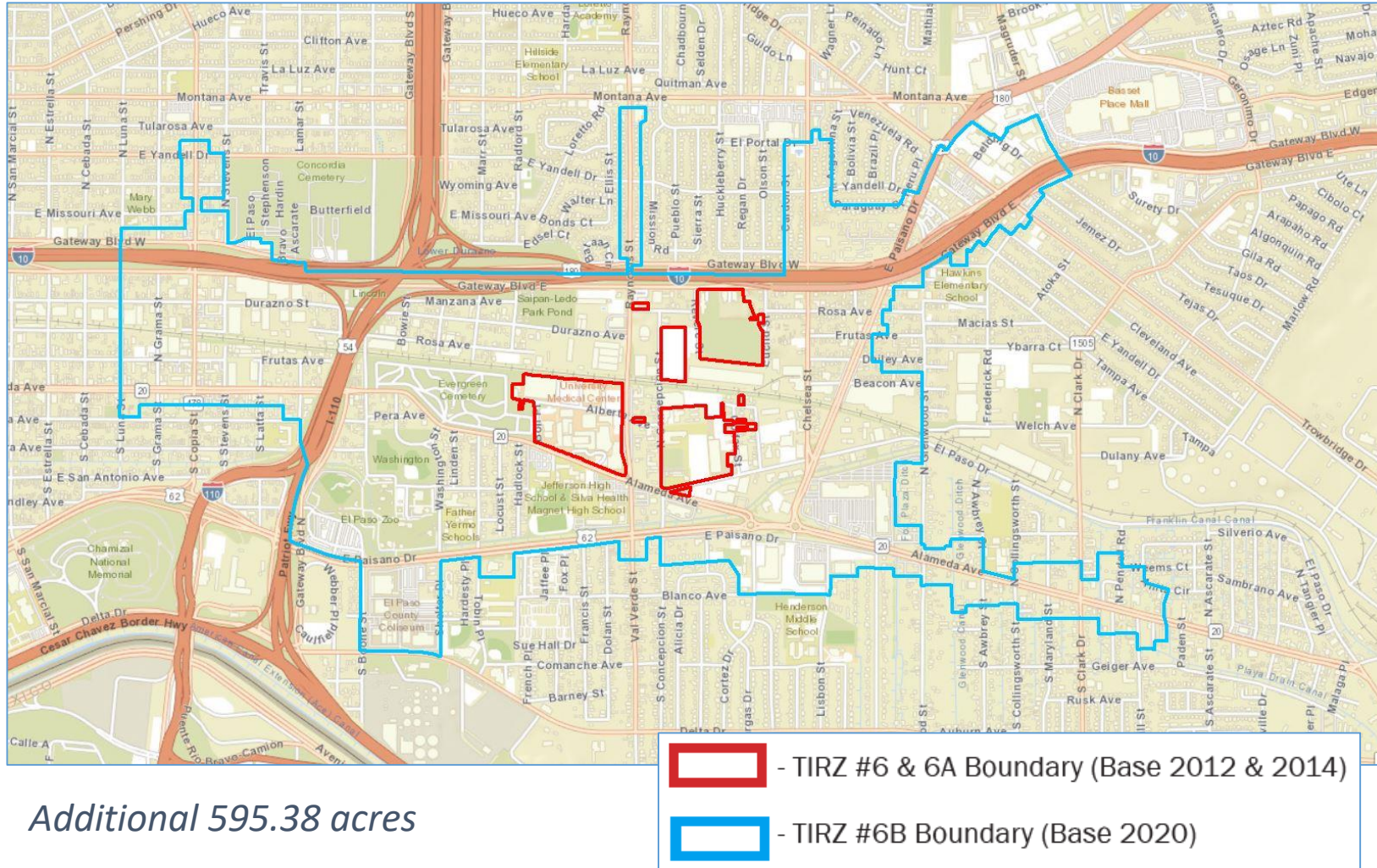
- **Creation Date:** Created in 2012 by Ordinance No. 017793, consisting of 67.01 acres of institutional and City owned land located within the MCA Master Plan Area (TIRZ #6).
- **First Amendment:** In 2014, the boundaries were expanded to incorporate five additional properties that consisted of 0.8692 additional acres of institutional and City owned land (TIRZ #6A).
- **Termination Date:** December 31, 2042
- **Participation:** 100% real property participation
- **Base Value:** All properties included in the Zone were publicly or institutionally owned, and as such, are tax exempt, resulting in a taxable real property base appraisal value of \$0



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Economic Development

AMENDED TIRZ #6

TIRZ #6 – Expansion



TIRZ #6 – Development Assumptions

	Square Feet/Units	Projected Completion Date	Stabilization Year	Taxable Value PSF/Unit	Incremental Value	Sales PSF	Total Sales
Commercial							
Retail	7,500	2022	2024	\$200	\$1,500,000	\$300.00	\$2,250,000
Retail	5,000	2022	2024	\$200	\$1,000,000	\$300.00	\$1,500,000
Office	20,000	2022	2024	\$175	\$3,500,000		
Retail	5,000	2024	2026	\$200	\$1,000,000	\$300.00	\$1,500,000
Office	10,000	2024	2026	\$175	\$1,750,000		
Retail	7,500	2026	2028	\$200	\$1,500,000	\$300.00	\$2,250,000
Retail	3,500	2026	2028	\$200	\$700,000	\$300.00	\$1,050,000
Retail	3,500	2026	2028	\$200	\$700,000	\$300.00	\$1,050,000
Office	30,000	2028	2030	\$175	\$5,250,000		
	92,000				\$16,900,000		
Residential							
MF	175	2024	2026	\$150,000	\$26,250,000		
MF	80	2026	2028	\$150,000	\$12,000,000		
MF	125	2028	2030	\$150,000	\$18,750,000		
	380				\$57,000,000		
Hotel							
Hotel	100	2024	2026	\$175,000	\$17,500,000		
Hotel	110	2030	2032	\$175,000	\$19,250,000		
	210				\$36,750,000		
Total					\$110,650,000		\$9,600,000



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AMENDED TIRZ #6

TIRZ #6 – Participation

Real Property Tax		YEARS 2020-2042	
City of El Paso	0.90730100	50%	0.4538505
El Paso County	0.48899700	0%	0.0000000
EPCC	0.14116700	0%	0.0000000
University Medical	0.26774700	0%	0.0000000
El Paso I.S.D.	1.26835000	0%	0.0000000
Other	0.00000000	0%	0.0000000
	3.07356200		0.4536505

City Sales Tax Rate	0.0200000	0.00%	0.0000000
State Sales Tax Rate	0.0825000	0.00%	0.0000000

City HOT	0.0700000	0.00%	0.0000000
State HOT	0.0800000	0.00%	0.0000000



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AMENDED TIRZ #6

TIRZ #6 – Projected Revenue

Proposed Project Costs		
Water Facilities and Improvements	\$ 1,062,362	7.5%
Sanitary Sewer Facilities and Improvements	\$ 1,416,482	10.0%
Storm Water Facilities and Improvements	\$ 1,416,482	10.0%
Transit/Parking Improvements	\$ 2,124,723	15.0%
Street and Intersection Improvements	\$ 2,832,964	20.0%
Open Space, Park and Recreation Facilities and Improvements	\$ 2,124,723	15.0%
Economic Development Grants	\$ 2,832,964	20.0%
Administrative Costs	\$ 354,121	2.5%
	\$ 14,164,821	100.0%

- The costs illustrated in the table above are estimates and may be revised.
- Savings from one line item may be applied to a cost increase in another line item.

TIRZ #6 – Net Benefit

Taxing Jurisdictions	Total Taxes Generated	Participation	Total Net Benefit
City of El Paso	\$43,837,824	\$14,164,821	\$29,673,003
El Paso County	\$15,367,493	\$0	\$15,367,493
EPCC	\$4,436,393	\$0	\$4,436,393
University Medical	\$8,414,367	\$0	\$8,414,367
El Paso I.S.D.	\$39,859,875	\$0	\$39,859,875
Total	\$111,915,951	\$14,164,821	\$97,751,130

**Total Taxes includes personal property, sales tax, hotel occupancy tax*

Next Steps for Amendment

- City Council Consider Amended Creation Ordinance
- Upon TIRZ amendment the Final Amended Project and Financing Plan is approved by the TIRZ Board and then the City Council by separate ordinance