

# **Proposed Tax Increment Reinvestment Zone #11**

**City of El Paso, Texas**

**MAY 2018**

# PURPOSE

- TIRZ Overview
- TIRZ Creation Process
- Proposed TIRZ #11
- Next Steps
- Questions

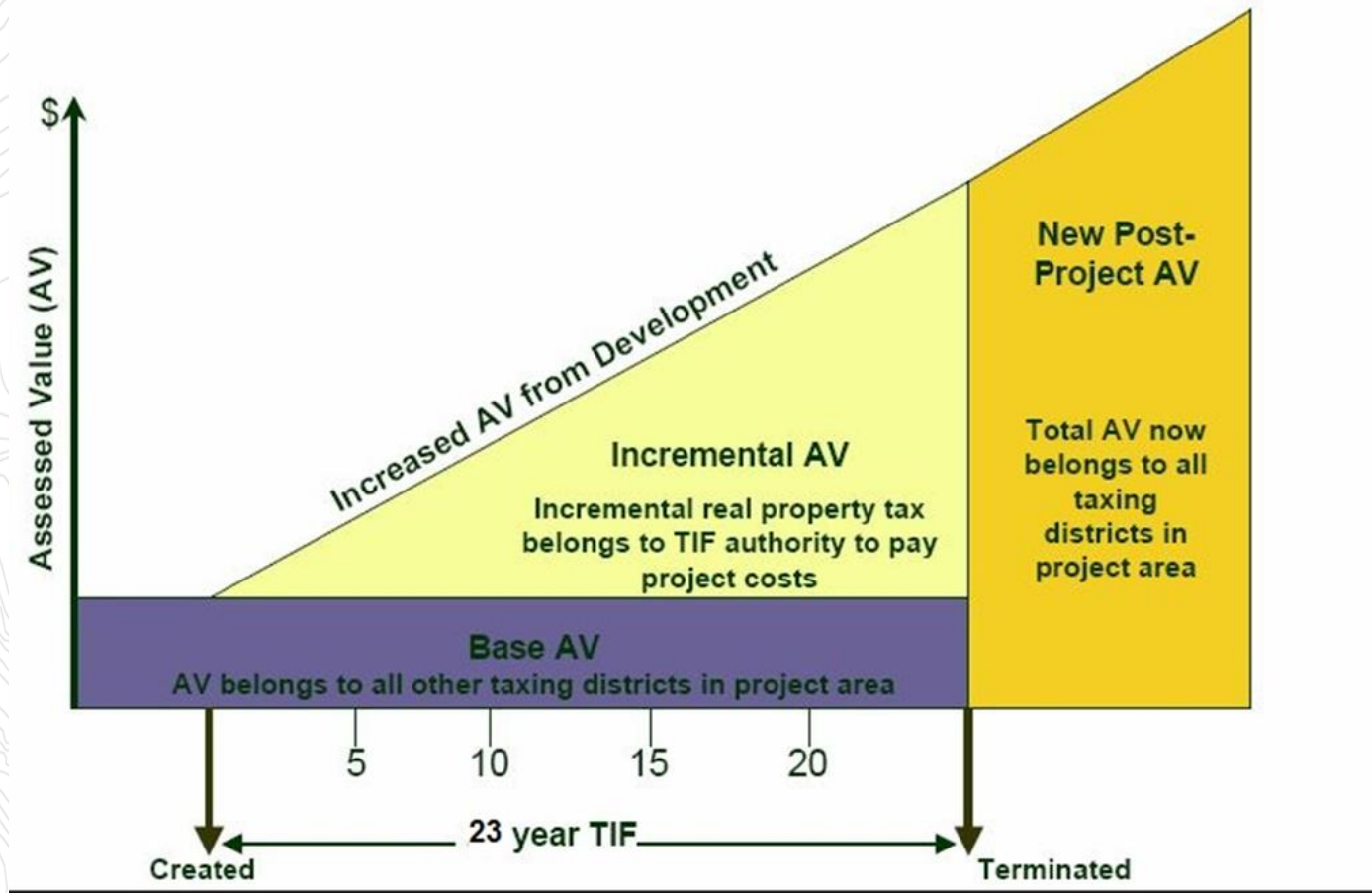
# Tax Increment Reinvestment Zones (TIRZ)

- 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



# Tax Increment Reinvestment Zones (TIRZ)

## TIF Assessed Value (AV) Over Project Life



- Taxing entity rates are negotiated and can vary (not identical).

# TIRZ REVENUES

## Two ways to create new tax increment:

1. New construction/investment; and/or
2. Annual appreciation of real property (i.e. “organic growth”)

1



2



Source: Real Estate Center at Texas A&M University

## TIRZ Creation Process

- Chapter 311 outlines the various procedures for creating and amending a TIF. Two main documents:
  1. Creation ordinance; and
  2. TIF Project and Financing Plan
- Creation ordinance establishes four key elements:
  - Boundary;
  - Term;
  - TIF Board; and
  - Preliminary Project and Financing Plan
- Upon TIF creation the Final Project and Financing Plan is approved by the TIF Board and then the City Council by separate ordinance



# TIRZ #11 - Overview

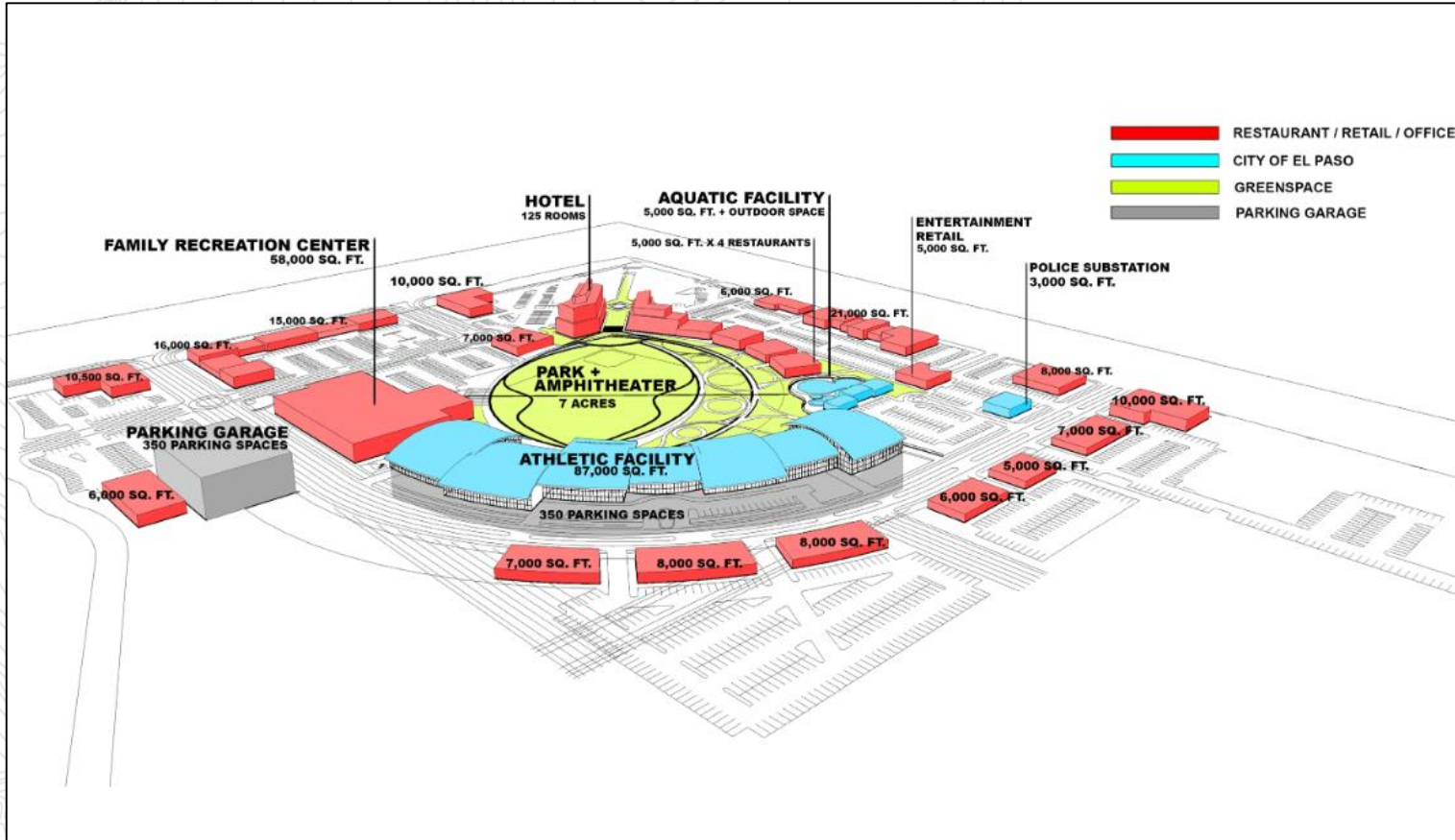
- The proposed El Paso TIRZ #11 is approximately 50 acres located in El Paso. The TIRZ is generally bound by Gateway N Boulevard, Cohen Avenue, Kenworthy Street, and Whispering Springs Drive.
- The purpose of the TIRZ is to encourage private development that will yield additional tax revenue to all taxing jurisdictions.



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Economic Development

**PROPOSED TIRZ #11**

# TIRZ #11 – Proposed Development





# TIRZ #11 – Preliminary Project and Financing Plan (PPFP)

- 36 Year Term
- City @ 100% participation

	Square Feet/Units	Projected Completion Date	Stabilization Year	Taxable Value PSF/Unit	Incremental Value
<b>Public Investment</b>					
Regional Water Park		2020	N/A	N/A	N/A
Media Broadcasting Studio/Outdoor		2020	N/A	N/A	N/A
Police Substation	3,000	2020	N/A	N/A	N/A
Park + Amphitheater	304,920	2020	N/A	N/A	N/A
Athletic Facility	87,000	2020	N/A	N/A	N/A
<b>Hotel</b>					
Hotel #1	125	2020	2022	\$175,000	\$21,875,000
<b>Office</b>					
Restaurant/Retail/Office - Building #15	7,000	2020	2022	\$175	\$1,225,000
Restaurant/Retail/Office - Building #16	5,000	2020	2022	\$175	\$875,000
Restaurant/Retail/Office - Building #17	6,000	2020	2022	\$175	\$1,050,000
Restaurant/Retail/Office - Building #18	8,000	2022	2024	\$175	\$1,400,000
Restaurant/Retail/Office - Building #19	8,000	2022	2024	\$175	\$1,400,000
Restaurant/Retail/Office - Building #20	7,000	2022	2024	\$175	\$1,225,000
<b>Restaurant</b>					
Restaurant/Retail/Office - Building #5	10,000	2020	2022	\$300	\$3,000,000
Restaurant/Retail/Office - Building #6	7,000	2020	2022	\$300	\$2,100,000
Restaurant/Retail/Office - Building #7	5,000	2020	2022	\$300	\$1,500,000
Restaurant/Retail/Office - Building #8	5,000	2022	2024	\$300	\$1,500,000
Restaurant/Retail/Office - Building #9	5,000	2022	2024	\$300	\$1,500,000
Restaurant/Retail/Office - Building #10	5,000	2022	2024	\$300	\$1,500,000
Restaurant/Retail/Office - Building #13	8,000	2022	2024	\$300	\$2,400,000
<b>Retail</b>					
Family Recreation Center	58,000	2022	2024	\$200	\$11,600,000
Entertainment/Retail	5,000	2022	2024	\$200	\$1,000,000
Restaurant/Retail/Office - Building #1	6,000	2022	2024	\$200	\$1,200,000
Restaurant/Retail/Office - Building #2	10,500	2022	2024	\$200	\$2,100,000
Restaurant/Retail/Office - Building #3	16,000	2024	2026	\$200	\$3,200,000
Restaurant/Retail/Office - Building #4	15,000	2024	2026	\$200	\$3,000,000
Restaurant/Retail/Office - Building #11	6,000	2024	2026	\$200	\$1,200,000
Restaurant/Retail/Office - Building #12	21,000	2024	2026	\$200	\$4,200,000
Restaurant/Retail/Office - Building #14	10,000	2024	2026	\$200	\$2,000,000
<b>Total</b>					<b>\$72,050,000</b>



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PROPOSED TIRZ #11

# TIRZ #11 – Preliminary Project and Financing Plan (PPFP)

- The proposed TIRZ #11 development is predominantly a large scale mixed-use development totaling more than 1,000,000 square feet of new construction. It is expected to facilitate the construction of a hotel, an entertainment venue, office, retail and restaurant developments, as well as mixed-use development.

Proposed Project Costs		
Water Facilities and Improvements	\$ 1,973,857	7.5%
Sanitary Sewer Facilities and Improvements	\$ 2,631,809	10.0%
Storm Water Facilities and Improvements	\$ 2,631,809	10.0%
Transit/Parking Improvements	\$ 3,947,714	15.0%
Street and Intersection Improvements	\$ 5,263,618	20.0%
Open Space, Park and Recreation Facilities and Improvements	\$ 3,947,714	15.0%
Economic Development Grants	\$ 5,263,618	20.0%
Administrative Costs	\$ 657,952	2.5%
	<b>\$ 26,318,091</b>	<b>100.0%</b>

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

## Next Steps for Creation

- City Council Consider Creation Ordinance
- Creation ordinance establishes five key elements:
  - Boundary;
  - Term;
  - City Participation;
  - TIF Board; and
  - Preliminary Project and Financing Plan
- Upon TIF creation the Final Project and Financing Plan is approved by the TIF Board and then the City Council by separate ordinance



# Questions

# QUESTIONS