



The El Paso Downtown Plan Fact Book

March 2006

History

The Paso del Norte Group, under the auspices of its Foundation, in cooperation with the Mayor and City Council, initiated a process in 2004 to create a Master Plan for the redevelopment of Downtown El Paso. In February 2005, the City Council and Mayor renewed the process by approving the ongoing development of the Master Plan.

The Paso del Norte Group's Foundation raised funds from the following sources:

The City of El Paso.....	\$250,000
The Economic Development Administration.....	\$259,873
The Private Sector of the El Paso community.....	\$250,000

A Downtown Redevelopment Task Force, a local volunteer group, was established and no member of the Task Force was allowed to own any downtown property. The Task Force solicited bids from three of the world's leading urban planning firms and hired SMWM which has extensive experience in planning for redevelopment of urban areas.

The Task Force leadership has consistently met with the Mayor and City Council members to brief them on the progress of the Plan. In addition, reports have been sent regularly to the City Manager and to the Economic Development Administration.

The Task Force has spent thousands of hours on this project with the **primary objective to develop a comprehensive Master Plan for Downtown El Paso that would be economically viable and feasible to implement.** **The El Paso Downtown Plan meets this objective. In order to implement the Plan, action items outlined herein must be taken by the City Council.**

Urban Land Planners

After a comprehensive interview process, SMWM was selected in February 2005 as the land planners for the El Paso Downtown Plan. SMWM was selected over three of the leading urban land planning firms in the United States based on SMWM's unique understanding of the Plan's objectives and their experience with other successful downtown redevelopment projects in San Francisco, San Jose and St. Louis.

One of the largest women-owned, interdisciplinary design firms in the nation, SMWM practices socially relevant and environmentally responsible architecture, planning and urban design. Since its founding over 20 years ago, San Francisco-based SMWM and SMWM LLP in New York produce fresh ideas and build innovative, distinctive and award-winning projects for civic, institutional, academic, cultural and commercial clients nationwide.

SMWM's work focuses on enhancing the best qualities of urban living, weaving together the public spaces, parks, squares, streets, buildings, and memorable features of the cityscape that create a distinctive pattern of place.

Introduction

Since its founding in 1873, El Paso has been a gateway to the Western United States and Mexico. For over a century Downtown El Paso was a vibrant center of industry, commerce and social interaction for the region. Over the past several decades, El Paso's Downtown has deteriorated. The decline in the local economy and loss of many of El Paso's mainstay industries have been factored into the decrease of Downtown El Paso's allure with local citizenry, businesses and out-of-town travelers.

Recent publicly funded activity Downtown has led to a renewed interest in redeveloping the area to reestablish its role as the heart of the community. The restoration and renovation of the historic Plaza Theatre, construction of several museums, a remodeled convention center and redevelopment of Union Station are examples of individual projects which have begun the transformation of Downtown. Seeking to capitalize on these efforts, City leaders and The Paso Del Norte Group saw the need for a comprehensive plan to redevelop and revitalize Downtown El Paso that was both economically viable and feasibly implemented. Public and private community leaders initiated the process for the El Paso Downtown Plan in 2004, and in February 2005 the City Council and Mayor approved the development of the Master Plan. The Plan is an outline which will change Downtown for the next 100 years.

Imagine a vibrant renewed Downtown El Paso, the center of a dynamic and diverse region, alive with activity and inviting to everyone - the destination for new residential housing, shopping, night-life, families and visitors. A place for international conventions at a new arena/convention center, a magnet for the growing migration of retirees from around the country and a culturally important place with an area dedicated specifically for U.S./Mexico art.

The El Paso Downtown Plan is the roadmap to a renewed Downtown. The Plan is the result of the public and private sectors working together to make Downtown El Paso a center of commerce, culture and tourism. Implementation of the Plan will encourage private investment in El Paso, significantly increase tax revenues for all taxing authorities and create new housing and shopping alternatives for existing residents in Downtown while encouraging others to move into the area to create a thriving downtown community.

Leading cities across the country are redeveloping their downtowns and reaping the economic benefits of new businesses, increasing tax revenues, new jobs and renewed civic pride. By taking advantage of our cultural heritage, an expanding local economy, a growing Ft. Bliss, new companies moving to our Region, increased trade with Mexico and Latin America, we will build on what other successful cities have done. Together, we will make Downtown El Paso an international must-go destination to work, shop, live and play.

The El Paso Downtown Plan presented to the City of El Paso focuses on the establishment of two distinct and focused districts: the **Historic Incentive District** and the **Redevelopment District**.



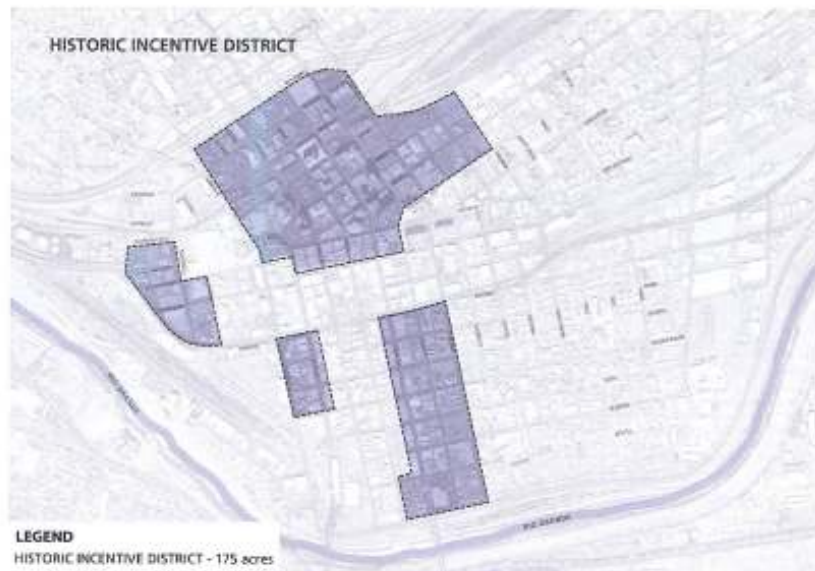
Redevelopment District

The Redevelopment District, as planned, encompasses a total 127.5 acres and when completed will have over 1 million square feet of commercial space and over 2,000 residential units. The Redevelopment District is comprised of five (5) distinct yet complementary development elements to create a new international urban community.

Lifestyle / Urban Retail

Attracting visitors from North America is an important element of The El Paso Downtown Plan. The new Lifestyle and Urban Retail Districts centered in Downtown El Paso will be a magnet for shopping with a collection of upscale outlet stores and a wide range of other stores not found anywhere in the area. Urban retail has proven successful in Austin, Kansas City, San Antonio, San Diego, Scottsdale and numerous other cities, and will give El Paso a significant economic boost with an estimated 900,000 square feet of retail space and more than 300 residential units in these designated areas.

Beginning in the 1980s, public and private leaders in San Diego initiated a major downtown redevelopment plan and today San Diego is a thriving international city. Among other projects, San Diego leveraged the power of its sister city, Tijuana, to develop Las Americas. This 1 million square foot retail center has created in excess of 2,000 new jobs resulting in \$200+ million of direct salaries and benefits, \$33.7 million in additional sales tax revenue, and an incremental \$14.8 million in property tax revenue. San Diego annually attracts more than 15 million visitors that spend over \$5 billion during their stay.



Historic Incentive District

The **Historic Incentive District**, as planned, encompasses a total 175 acres and is home to many of El Paso's most important architectural buildings, museums and San Jacinto Plaza.

Imagine the beautiful Historic Buildings in Downtown El Paso filled with offices, lofts, restaurants and outstanding new places to shop. Revitalized historic buildings, new development and gracious new parks are the setting for a downtown that is inviting and accessible to everyone. Cities across America are attracting people back to their centers with this mix of amenities and activities, which are a critical component of the El Paso Downtown Plan as well.

In the early 1980's, Pasadena, California set out to redevelop 22 blocks to preserve over 200 historic buildings and drive commerce in the area. Pasadena's initiative spurred reinvestment and redevelopment which resulted in the creation of over 6,000 new jobs and an eight-fold increase in the number of residential units in the redevelopment district to over 2,500. Average rent on commercial space increased between 1983 and 2003 from \$2.40 per square foot annually to \$36.00 per square foot annually. Retail revenue in the district today averages \$400 per square foot with average occupancy for retail space at 96 percent. Today, Pasadena estimates that there are 25,000 – 30,000 weekend visitors that come to their redeveloped historic district.

Mixed-use Residential

Picture living in a place where working, dining and shopping are all within walking distance. Imagine shopping in a place with a broad array of choices, from the everyday to that special gift. Imagine working in a place where you can enjoy a convenient cup of coffee, a great lunch, and an exciting after work destination with friends and family. The mixed-use neighborhoods in downtown will offer all of these opportunities and more. As designed, the Mixed-use residential area will be an urban neighborhood with an estimated 1,200 residential units and 195,000 square feet of commercial space.

In 2000, The City of Austin in a public/private partnership with a national developer undertook the redevelopment of the 2nd Street District. The area was principally comprised of deteriorating warehouses, vacant lots and industrial buildings. Today, it is an urban neighborhood with 225,000 square feet of retail stores and entertainment venues with 220 existing residential units and an additional 3,000 apartments under development. The city projects revenue of at least \$2 million a year for the next decade in sales taxes and another \$3.7 million in property taxes, along with 400 new jobs.

Mercado Retail

The colorful, arts-inspired Mercado will be an exciting attraction for local artisans and retailers and an always interesting and surprising destination for shopping, strolling, dining and attending cultural events in the park and amphitheatre. Residents will find fresh produce, visitors will seek out the diverse crafts, and people from throughout the region will surely select the Mercado as a must-go place for family weekends. The Mercado will have an estimated 200,000 square feet of retail space with more than 300 residential units.

In Los Angeles, California, Olvera Street is the place to go for a traditional Mexican-style shopping and dining experience in the city. Today, 27 historic buildings and open-air food market draws in excess of 2 million visitors per year.

Arena/Hotel/Entertainment

The new Downtown Arena will become the hub of the region's most exciting entertainment destination, one that attracts national shows and events and shines a spotlight on the region's wealth of local music talent. For the first time ever, El Paso will be able to host national sporting events, trade shows, national conventions, even blockbuster shows we've never been able to have here before. Downtown arenas have been catalysts for activity and investment across the country. The Arena/Hotel/Entertainment District, which includes the historic Union Plaza area, will encourage people to stay downtown to shop, dine and enjoy the nightlife, creating jobs and bringing considerable revenue to the city.

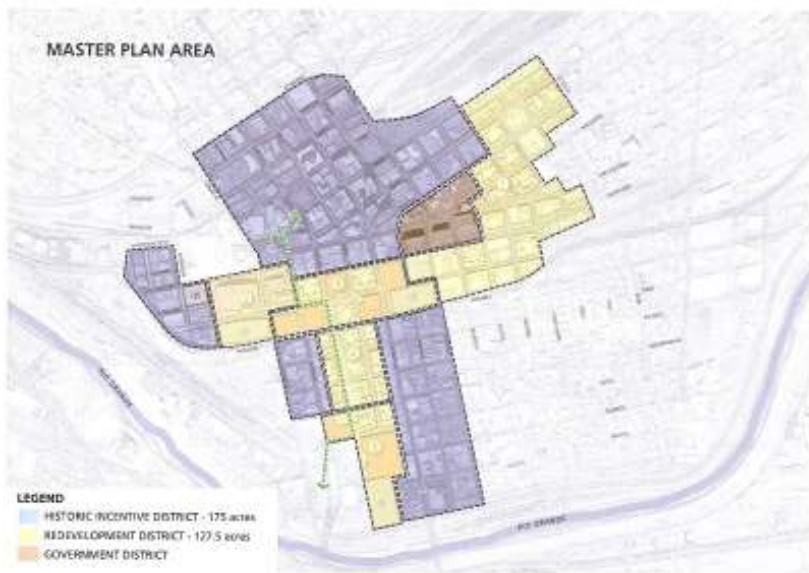
Columbus, Ohio's Arena District grew around its Nationwide Arena, a major sports and entertainment venue which hosts over 175 events annually. The Nationwide Arena has spurred additional development in the form of 500 new housing units, 15 new restaurants, and a number of first class hotels. Today, urban residences, parks, shopping, entertainment, restaurants and hotels attract over 2.7 million visitors a year to the area.

Bi-National Arts Walk

Downtown El Paso is the perfect place to showcase our international history, culture and art. The Bi-National Arts Walk could attract millions of international visitors and will be a proud destination for El Pasoans too. Visitors to the Bi-National Arts Walk will want to stay longer in Downtown El Paso to enjoy shopping, dining, entertainment and the night life.

Santa Fe's historic plaza and San Antonio's Riverwalk are the heart and soul of activity in each city. The development of Santa Fe's downtown plaza has led to the creation of an arts district that has become the 2nd largest art market in the nation and a vital part of a billion-dollar industry that generates \$54 million in taxes for the city, county and state. Santa Fe attracts over 1.5 million visitors a year while having 11.4 percent the population of El Paso. The Riverwalk today is the cornerstone of San Antonio's hospitality industry which has a \$7.2 billion impact to the economy, generates \$100 million in taxes for the city and supports over 86,000 jobs.

El Paso Downtown Plan



In total, the El Paso Downtown Plan encompasses 302.5 acres. The Plan was designed in a manner where both the Historic Incentive District and the Redevelopment District complement one another. It is envisioned that development and activity within the Redevelopment District will be a catalyst to initiate investment within the Historic Incentive District.

In 2005, the total real estate property taxes generated for the City of El Paso from the existing properties in the **Redevelopment District** totaled **\$413,434.30**. This amount was

less than two-tenths of one percent of the total taxes and less than one-tenth of one percent of the total revenues collected by the City of El Paso in 2005.

Implementation of the Plan will have a direct and meaningful impact on property values and revenue generation for the City of El Paso and be an economic driver for the region. It is anticipated that redevelopment will have a multiplier effect radiating from Downtown that will encourage additional development and investment throughout the City.



Implementation Plan

To ensure successful implementation of the Public/Private Partnership for the El Paso Downtown Plan, it is recommended that the City of El Paso:

- Create a Tax Increment Reinvestment Zone (“TIRZ”). This is the critical mechanism for the success of the El Paso Downtown Plan.
- Establish an **Office of Urban Redevelopment** coordinated by the Office of the City Manager, charged to work with the 2010 Foundation.
- Create seven (7) Task Forces with members from the public and private sectors which serve as a link between the community, business and civic leaders for information, execution and problem solving.

Tax Increment Reinvestment Zone (“TIRZ”)

The implementation of the El Paso Downtown Plan cannot move forward without the creation of the TIRZ by the City of El Paso.

The TIRZ will enable the City of El Paso to fund public improvements for the **Redevelopment District**. The funds for the improvements will come from the additional property taxes generated in the area as a result of the new development or redevelopment. This is done by “freezing” the tax base of the area as of the year it is designated as a TIRZ and earmarking subsequent increases in property tax revenues within that area for deposit into a special TIRZ account to pay for public improvements within the area. In a successful TIRZ program, the public improvements spur development in the designated area, which in turn increases property values in the area, which then generates additional tax revenues into the TIRZ account.

Critical steps toward implementing the TIRZ and initiating the El Paso Downtown Plan:

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| April 3, 2006 | Begin public comment process associated with amending the City of El Paso’s Comprehensive Master Plan. |
| July 1, 2006 | The City of El Paso finalizes amending the City’s Comprehensive Master Plan to incorporate the El Paso Downtown Plan. |
| November 1, 2006 | The City of El Paso completes the designation of the Tax Increment Redevelopment Zone (“TIRZ”). |
| | The City of El Paso approves the Project Plan for the TIRZ. |
| | The City of El Paso approves the Financing Plan for the TIRZ. |

Office of Urban Redevelopment

The Office of Urban Redevelopment, administered by the Office of the City Manager, will facilitate the City's responsibilities for the implementation of the El Paso Downtown Plan.

Task Forces

The City of El Paso and the 2010 Foundation will coordinate and execute critical Plan elements among business, community and civic groups by establishing seven (7) highly-focused Task Forces with specific goals and objectives. Oversight of the task forces will be provided by the 2010 Foundation which will work hand-in-hand with the Office of Urban Redevelopment.

Residential Task Force

The Residential Task Force will promote Downtown as a residential hub for families of all income levels. This task force will work with homeowners and renters to minimize the impact of any potential relocation on existing downtown residents. The task force will identify local, state and federal funds available to the community to increase housing alternatives.

Commercial Task Force

The Commercial Task Force's objective is to coordinate with local merchants and property owners to retain and enhance existing commercial businesses within Downtown. The task force will coordinate to minimize the impact of any potential relocation on existing businesses in the Downtown area.

Historic Incentive District Task Force

The Historic Incentive District Task Force will develop and promote economic vitality of the Historic Incentive District through targeted incentive packages. This task force will deliver a set of recommended incentive programs for the Historic Incentive District to the City of El Paso for consideration. In addition, the task force will work to identify state and federal programs/funds which may be available to facilitate and accelerate redevelopment in the Historic Incentive District.

Arena/Entertainment/Hotel Task Force

The Arena/Entertainment/Hotel Task Force will spearhead effort to build a world class multi-purpose arena/convention center in Downtown El Paso. In addition, this task force will be responsible for developing and overseeing complimentary entertainment and hotel venues in conjunction with the Downtown Arena. The task force will also work with the El Paso Convention and Visitors' Bureau to administer management of the Arena.

Bi-National Arts Walk Task Force

The Bi-National Arts Walk Task Force will develop and implement an economically viable strategy to promote the Bi-National Arts Walk as a leading arts and cultural destination in the United States and Mexico. The task force will work with local, national and international museums, artists and cultural institutions in the United States and Mexico on implementation of the Bi-National Arts Walk.

Legal Task Force

The Legal Task Force will develop regulatory and legal strategy to ensure the successful implementation of the Plan as well as ensure compliance with local, state and federal laws.

Communications Task Force

The Communications Task Force will be the single point of contact regarding the progress of the El Paso Downtown Plan with the community.

2010 Foundation

The **2010 Foundation**, a non-profit organization, has been established by The Paso del Norte Group to facilitate the implementation of the Plan. The 2010 Foundation will act as the liaison between the **Office of Urban Redevelopment** and the Task Forces outlined herein to facilitate and oversee implementation of the Plan. In addition, this single point of contact will create efficient coordination for all parties engaged in the Plan.

Real Estate Investment Trust ("REIT")

The Downtown Redevelopment Plan will be a critical catalyst for new capital investment in Downtown and will positively impact historically depressed property values in the entire Downtown area.

To facilitate and accelerate the implementation of the Plan, a real estate investment, management and operating company will be created, in the form of a Real Estate Investment Trust ("REIT"), to:

- Acquire Downtown real estate assets. Assets will be acquired either through outright purchases of properties or contributions by landlords for ownership in the REIT.
- Attract the leading national real estate developers for co-investment and development on projects within the Redevelopment District.
- Invest in new development projects in Downtown.

The above entities will be instrumental to the success of the El Paso Downtown Plan. It will take strong and determined leadership from the City Council, the Mayor and business and civic leaders, working together, to dramatically change the face of Downtown El Paso and the future of the city for the next 100 years!

**The Paso del Norte Group
Downtown Redevelopment Task Force**

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