



The Popular Building

Chapter 380 Agreement in support of a Downtown
Multifamily Project at a Historic Building

Goal 1: *Cultivate an Environment Conducive to Strong, Economic Development*

Background: Policy Alignment

Downtown, Uptown, and Surrounding Neighborhoods Plan

- Identified demand for up to **10,000** new housing units by 2040
 - Target **3,400 affordable** units
- Housing development is an essential element to attracting investment to Downtown
 - “Retail follows rooftops”
 - New residents could support addition of grocery stores, restaurants, and convenience stores in the area

Background: Policy Alignment

- Current development feasibility gap for new housing projects
 - Rising cost of construction
 - Infrastructure upgrades
 - Financing (interest rates)
 - Regulatory barriers

Incentives **critical** to address gap and spur a housing market

Background: Incentive Approach

- **\$8M** earmarked for downtown housing project assistance
- Targeting a level of participation similar to other priority initiatives
 - Convention Center Hotel Program
 - WestStar Tower
 - Earlier housing developments (Martin Building, Artspace Lofts)

Background: Project Site

Popular Dry Goods Co.

- 301 San Antonio
- Built in 1914, designed by Trost & Trost
- On National Historic Register
 - Historic Tax Credit eligible
- Most recently home to Fallas Paredes



Background: Proposed Development

Historic rehabilitation and adaptive reuse for Mixed-use Development

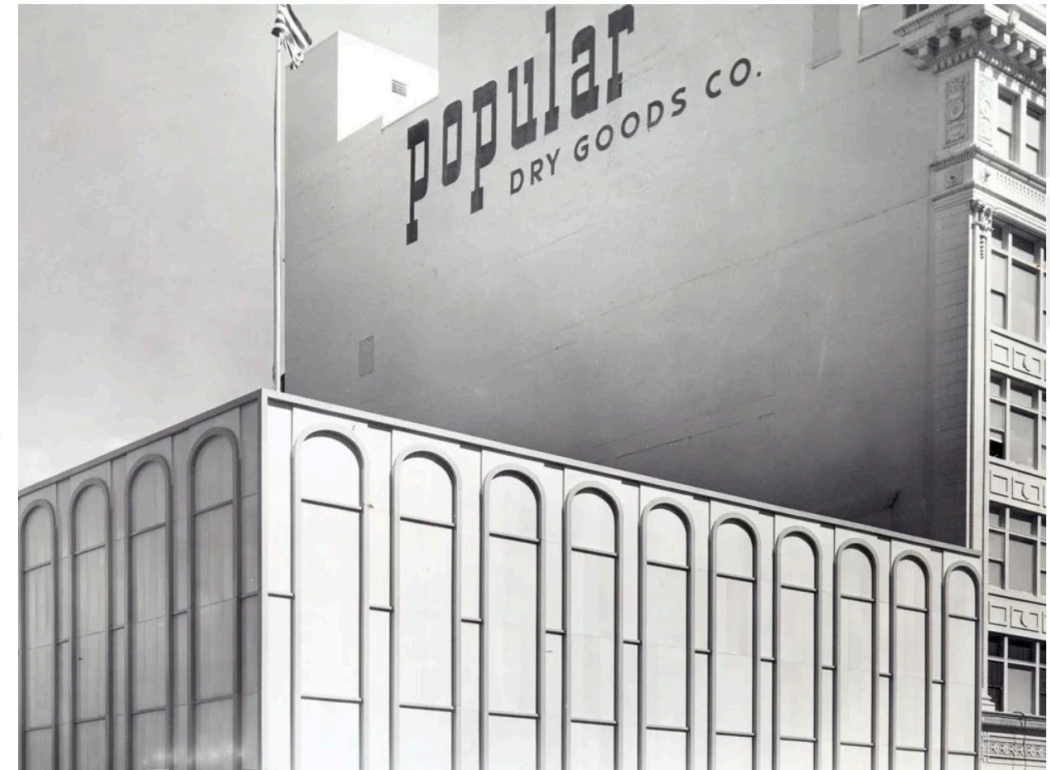
- \$35M Minimum Investment
- 99 multifamily residential units
 - 15% moderately affordable
 - Mix of unit types
- Ground floor retail space
- 65-space parking garage



Background: Development Partners

Popular Building LLC

- Subsidiary development firm founded by El Paso native Robert Palacios
- Goal of bringing renewed vibrancy to the urban core, redeveloping the city's historic buildings, and creating a more sustainable community
- Support from McCaffery Interests, a national redevelopment firm



Proposed Incentive:

**TIRZ #5 Property Tax Rebate
(100% for years 1-10)
\$2,400,000**

**Impact Fund
Development Note
(0% for 10 years)
\$4,000,000**

**1% Sales Tax on
Construction
Materials
(one-time at 100%)
\$210,000**

**Building Permit
Fee Waiver
(one-time)
\$10,000**

Total Local Incentive = \$6.720M

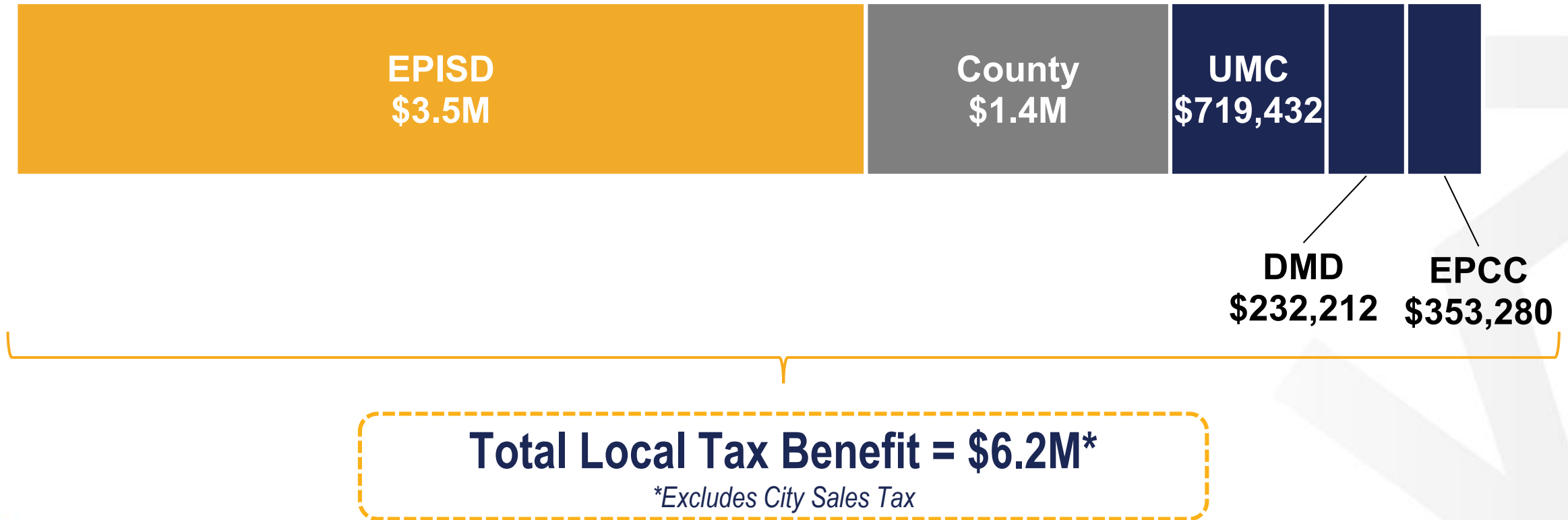
(16.0% of anticipated project cost)

Proposed Incentive: Key Deal Points

- C.O. within 36 months of Historic Tax Credit Approval
- Maintain Class A specifications and 80% occupancy
- “Good Neighbor” clause relating to Code Enforcement actions
- Tenant’s Rights protections
- Housing Choice Voucher Participation

- Full Recapture
 - Deed of Trust protection on Development Note

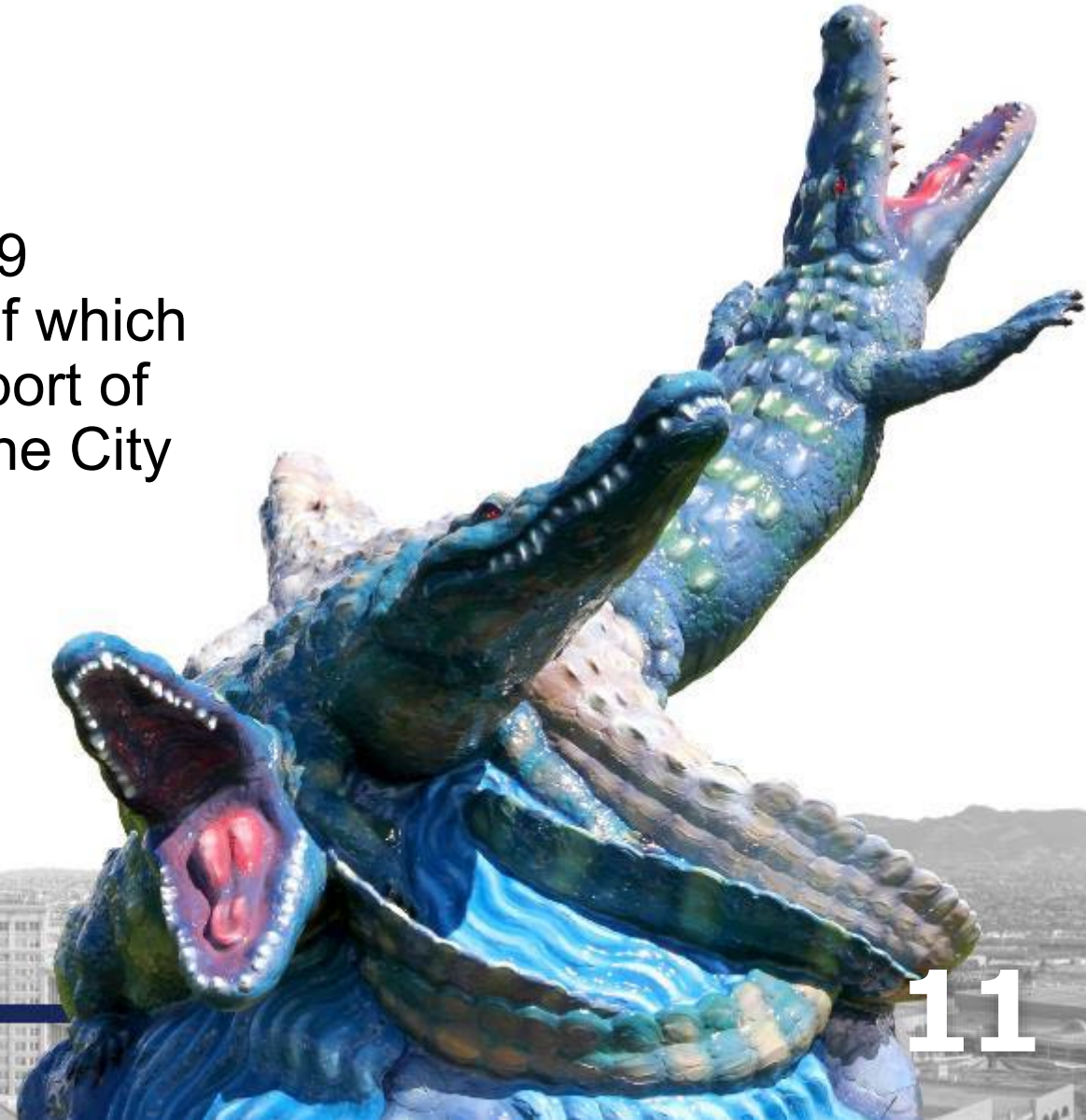
10-Year Community Tax Benefit: Project Dry Goods



Requested Action

APPROVAL of a 380 Agreement to add 99 multifamily units to Downtown inventory, of which 15% will be moderately affordable, in support of the housing and redevelopment goals of the City

- TIRZ #5 Advisory Board recommended unanimous approval



Next Steps

- Developer applies for Phase II of Historic Approvals
 - Can then submit plan sets for permitting and construction
- Anticipated completion in 2027-28



Next Steps

- Dedicated Interdepartmental Policy effort to address housing needs
 - HUD housing market analysis update
 - Envision El Paso Housing Assessment
 - Public Facility Corporation



MISSION



Deliver exceptional services to support a high quality of life and place for our community.

VISION



Develop a vibrant regional economy, safe and beautiful neighborhoods and exceptional recreational, cultural and educational opportunities powered by a high performing government.



VALUES

Integrity, **R**espect, **E**xcellence,
Accountability, **P**eople