

EL PASO DOWNTOWN + UPTOWN
MASTER PLAN APPENDIX

CITYWIDE MARKET ANALYSIS



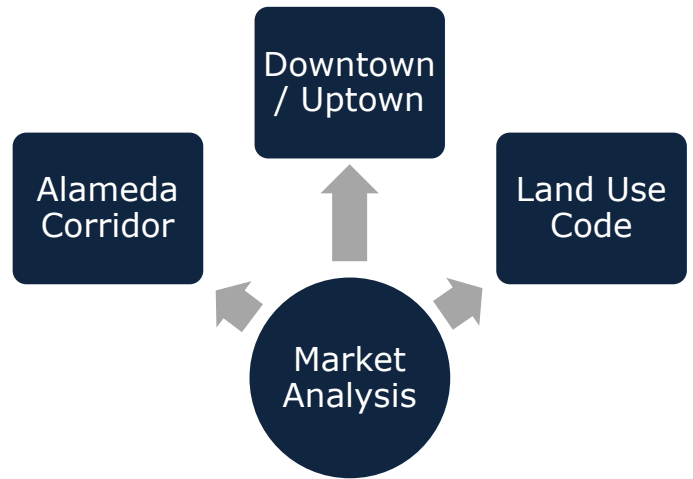
INTRODUCTION

Purpose/Objective

This summary document provides the findings of a citywide market assessment completed for the City of El Paso. The market assessment was completed to support the three planning efforts; Downtown/Uptown Plan, Alameda Corridor Plan, and a land use code update.

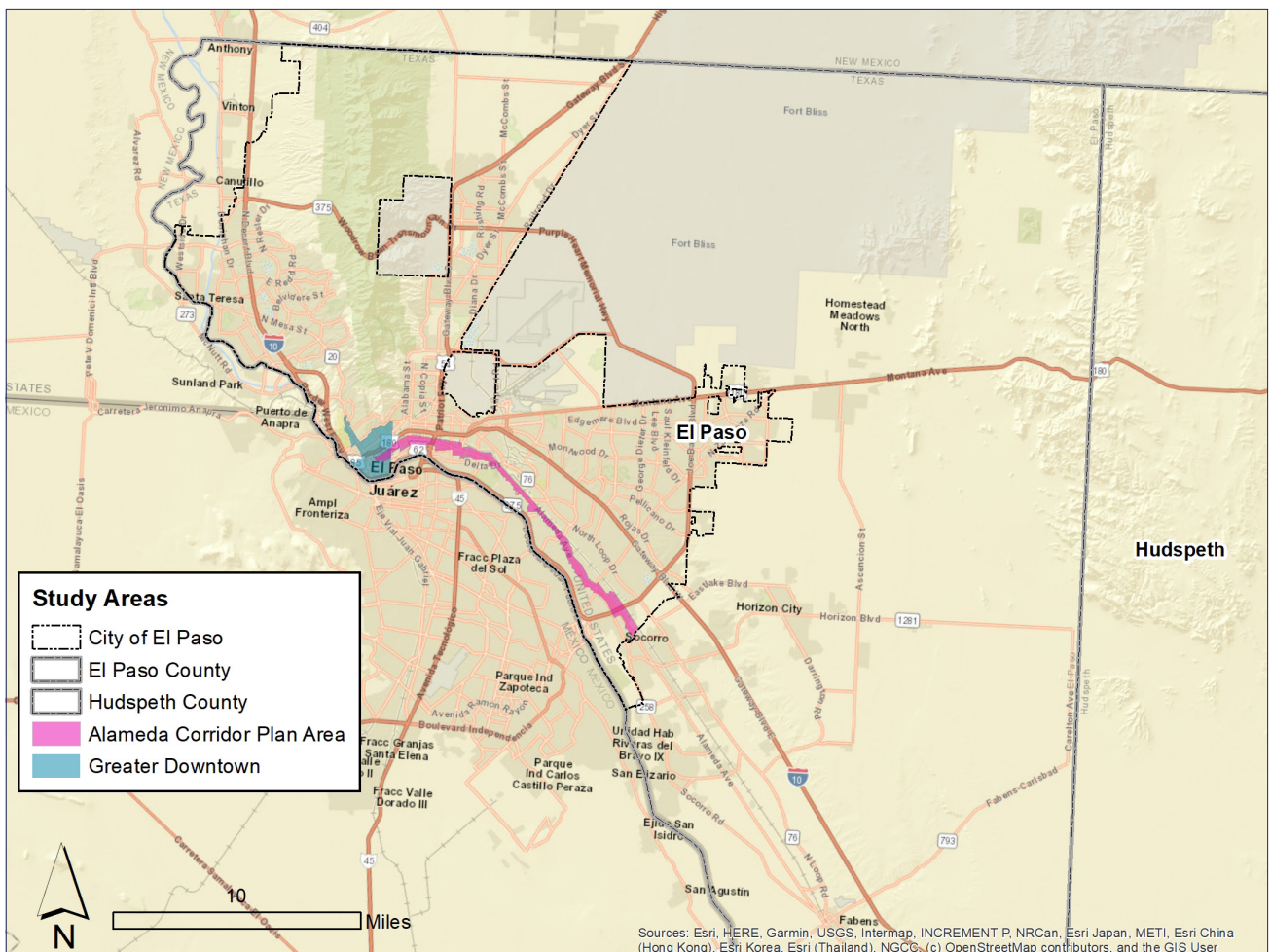
The document has four sections:

- Economic & Demographic Framework
- Development Trends
- Housing Development Demand Analysis
- Downtown/Uptown Plan Specific Analysis



Study Areas

To support the three planning efforts, EPS analyzed data and developed findings regarding each of the respective study areas for the Downtown/Uptown and Alameda Corridor efforts. EPS looked at citywide opportunities as well to support the land use code update.



ECONOMIC & DEVELOPMENT FRAMEWORK

A summary of Growth Trends and Conditions in El Paso

Population

The City of El Paso population surpassed 700,000 residents in 2021. The City continues to grow and accounts for nearly 80% of El Paso Metropolitan Statistical Area (MSA) population. Between 2000 and 2021, the City captured 66% of the MSA new population growth, which is less than its current capture of 79%. El Paso grew by an estimated 51,445 new residents per year since 2010, which is less than the rate of population growth experienced in the previous decade.



Population Growth

700,698 residents in El Paso in 2021

Population, 2000-2021

Population	2000	2010	2021	2000-2010			2010-2021		
				Total	Ann. #	Ann. %	Total	Ann. #	Ann. %
El Paso	567,999	649,253	700,698	81,254	8,125	1.3%	51,445	4,677	0.7%
<i>El Paso as % of MSA</i>	83%	81%	79%	67%			65%		
El Paso MSA	682,966	804,123	883,357	121,157	12,116	1.6%	79,234	7,203	0.9%

Source: U.S. Census; ESRI Business Analyst; Economic & Planning Systems

Economic & Planning Systems, Inc.

Household Growth

Household growth in the El Paso MSA and City of El Paso has matched with population change. El Paso increased by 1,700 households from 2010 to 2021. The City has captured a slightly higher percentage of new households in the MSA over the past decade compared to population, which is an indication of smaller household sizes in the city. The average household size in El Paso is 2.93 persons, which is lower than the MSA average of 3.04 persons.



El Paso average Household Size

2.93 people per household

Households, 2000-2021

Households	2000	2010	2021	2000-2010			2010-2021		
				Total	Ann. #	Ann. %	Total	Ann. #	Ann. %
El Paso	182,506	216,927	235,446	34,421	3,442	1.7%	18,519	1,684	0.7%
<i>City as % of MSA</i>	86%	84%	83%	74%			69%		
El Paso MSA	211,114	257,731	284,712	46,617	4,662	2.0%	26,981	2,453	0.9%

Source: U.S. Census; ESRI Business Analyst; Economic & Planning Systems

Economic & Planning Systems, Inc.

ECONOMIC & DEVELOPMENT FRAMEWORK

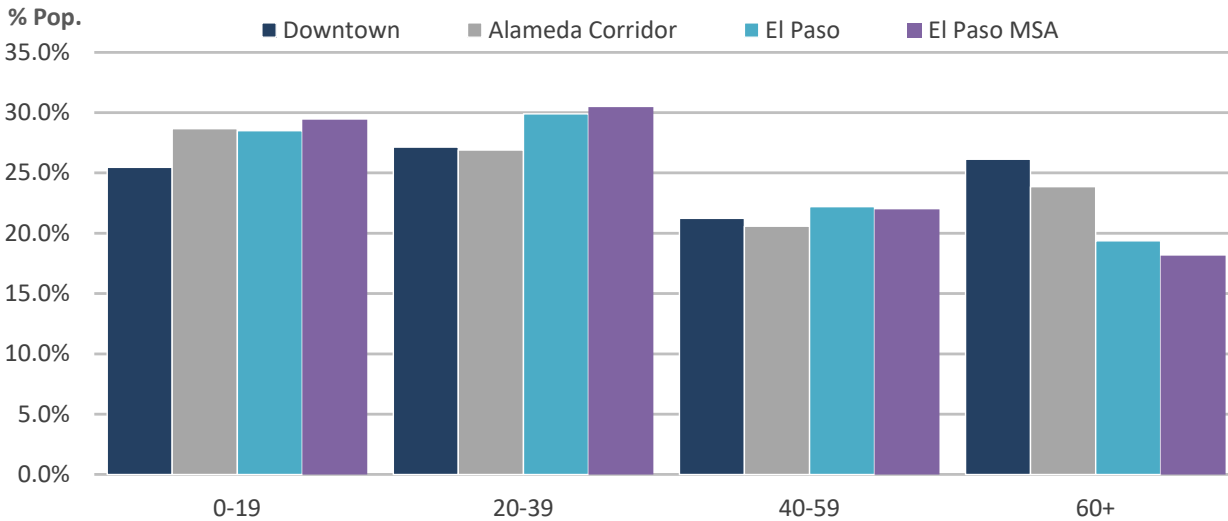
Age

El Paso is a “young” city relative to the state and country. The median age is 33.9 years old. The Study Areas (Downtown/Uptown and Alameda Corridor) have older residents on average compared to citywide and the MSA.



El Paso Median Age
33.9 years

Population by Age, 2021

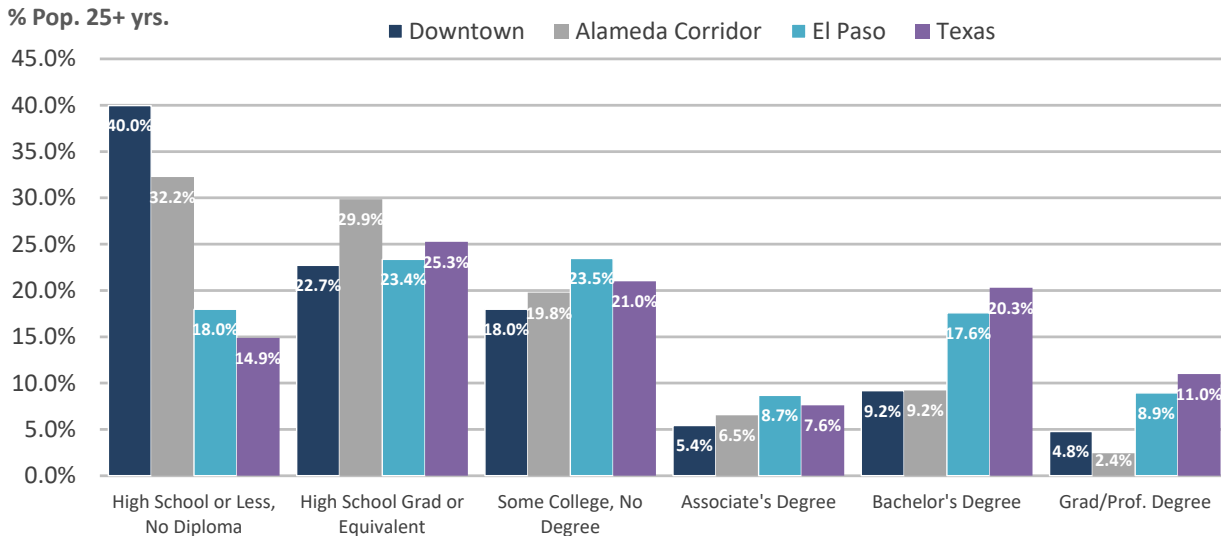


Source: U.S. Census; ESRI Business Analyst; Economic & Planning Systems

Education

The educational attainment of residents in the Study Areas (Downtown/Uptown and Alameda Corridor) is generally lower than the city as a whole. Less than 20 percent of the population 25 years old and older have an Associate’s Degree or higher in the Study Areas, compared to 35% in the city and nearly 39% in the state overall.

Educational Attainment, 2021



Source: U.S. Census; Esri Business Analyst; Economic & Planning Systems

ECONOMIC & DEVELOPMENT FRAMEWORK

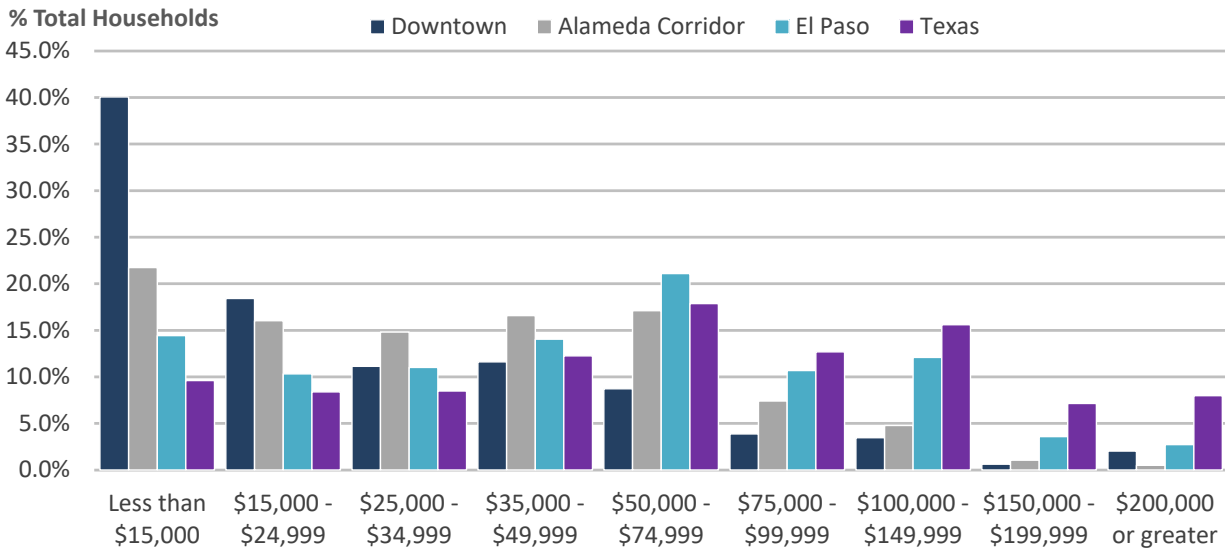
Income

The average household income in El Paso is \$64,189, which is lower than the state average. The Downtown area and Alameda Corridor have higher concentration of households with lower-than-average household incomes.

Student Enrollment

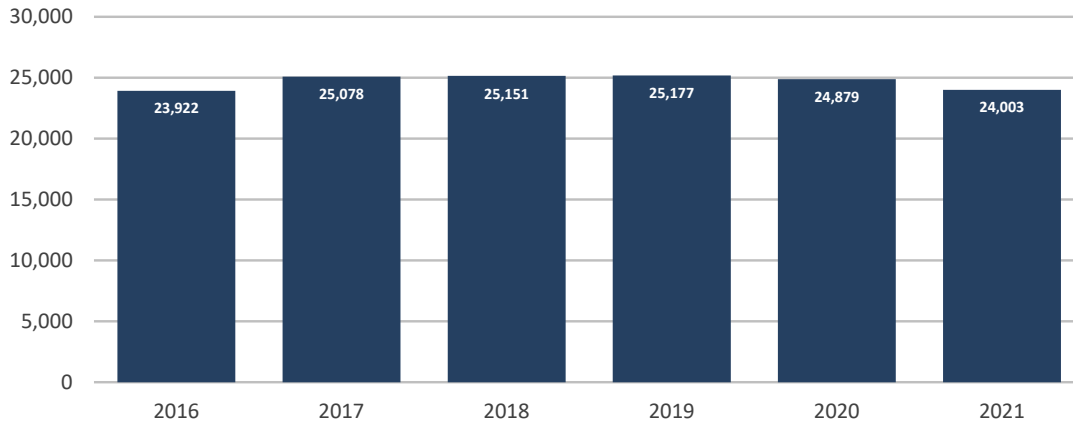
The student population in El Paso is a significant portion of the resident base. University of Texas at El Paso (UTEP) experienced modest enrollment growth between 2016 and 2019. Current enrollment is approximately 24,000 students. The COVID-19 Pandemic and other factors have attributed to enrollment decreases in since 2019. The Texas Tech El Paso School of Medicine enrollment is just short of 800 students and is expected to grow.

Average Household Income, 2021



Source: U.S. Census; Esri Business Analyst; Economic & Planning Systems

UTEP Fall Enrollment, 2016-2021



Source: University of Texas at El Paso; Economic & Planning Systems

ECONOMIC & DEVELOPMENT FRAMEWORK

Employment Trends

Total employment in El Paso County was approximately 299,000 as of 2020. Employment has been growing by 0.9% annually for the past 20 years in the county. The largest industries are Health Care, Retail Trade, Educational Services, and Hospitality.

El Paso County Employment by Industry, 2020

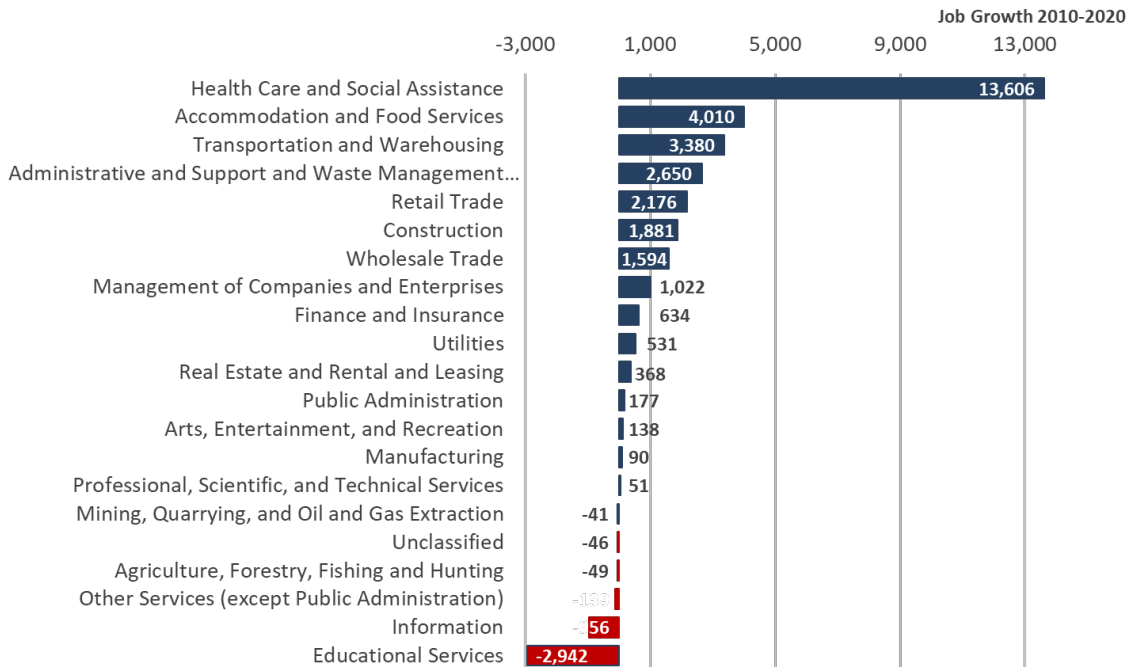


Source: Bureau of Labor Statistics; Economic & Planning Systems

El Paso County Employment Growth by Industry, 2010-2020

EMPLOYMENT, 2010 TO 2020

Health care jobs accounted for most of the new jobs added in the county since 2010 (13,606). Accommodation and Food Services, and Transportation and Warehousing industries have also experienced significant growth since 2010. The Educational Services industry lost nearly 3,000 jobs since 2010, largely attributed to job losses in 2020.



Source: Bureau of Labor Statistics; Economic & Planning Systems

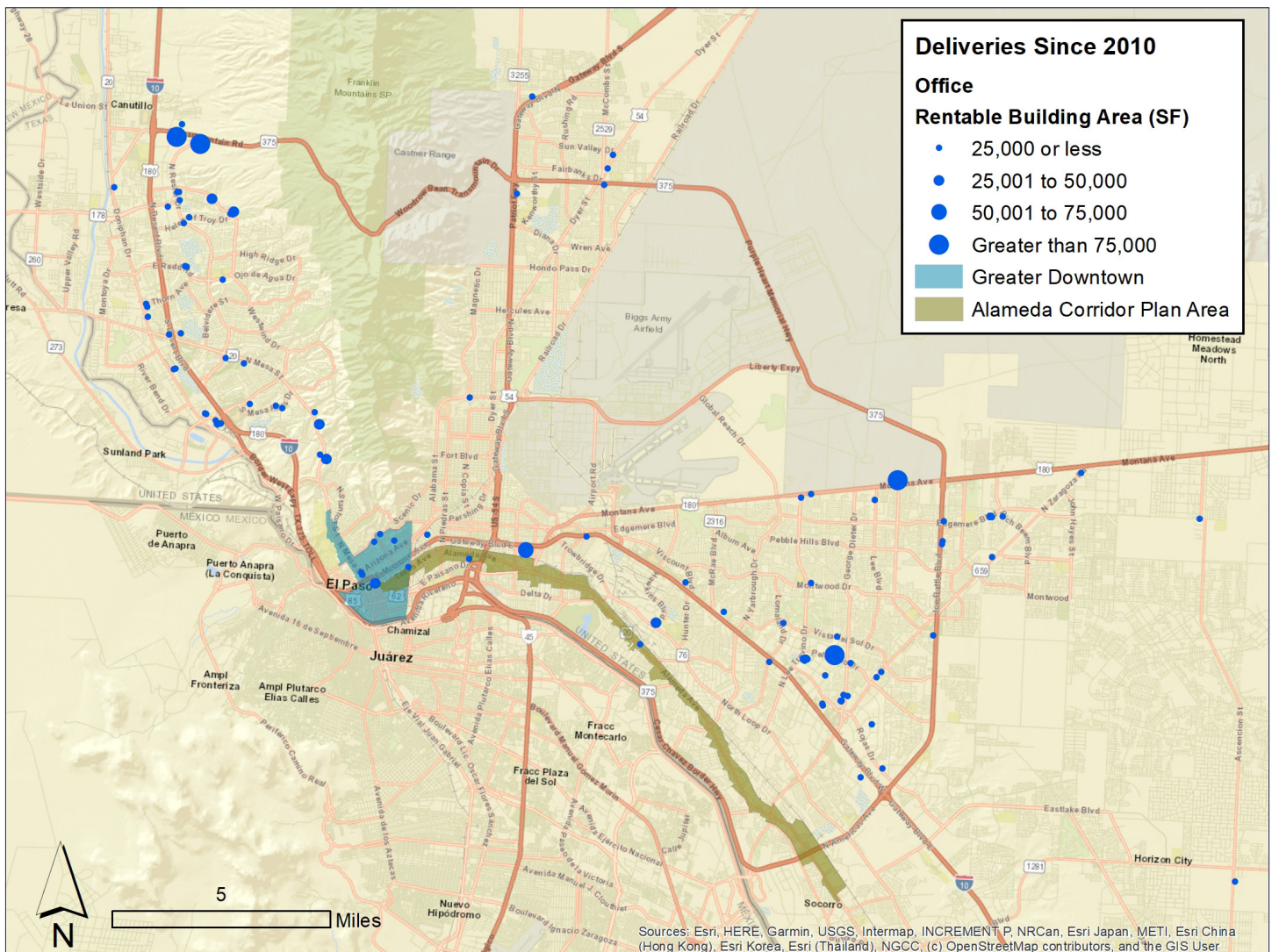
DEVELOPMENT TRENDS

A summary of Real Estate Development Conditions and Trends

Office

The total office space inventory in El Paso is 24 million square feet. The office space is largely scattered throughout the city. Approximately, one third of the inventory is in the Downtown Study Area.

The City attracted 1.6 million square feet of new office space since 2010. The Downtown area captured a lower share (22%) of the new space over the past decade.

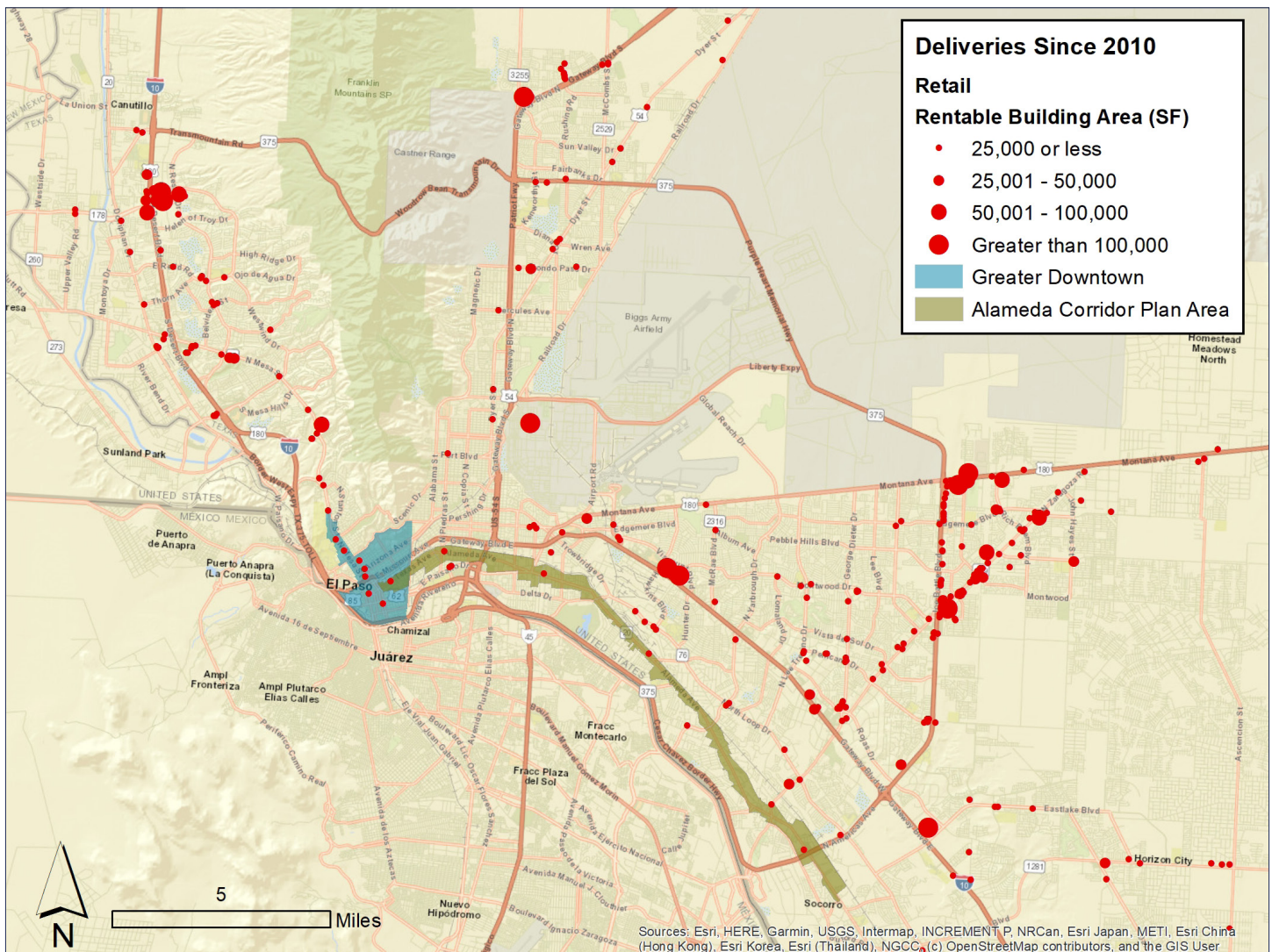


DEVELOPMENT TRENDS

Retail

The total retail space inventory in El Paso is 50 million square feet. The Downtown Study Area accounts for 9% of the citywide space and the Alameda Corridor accounts for 5.9%

The City attracted 4.7 million square feet of new retail space since 2010. Retail development has been primarily along the I-10 corridor and eastern edge of city.

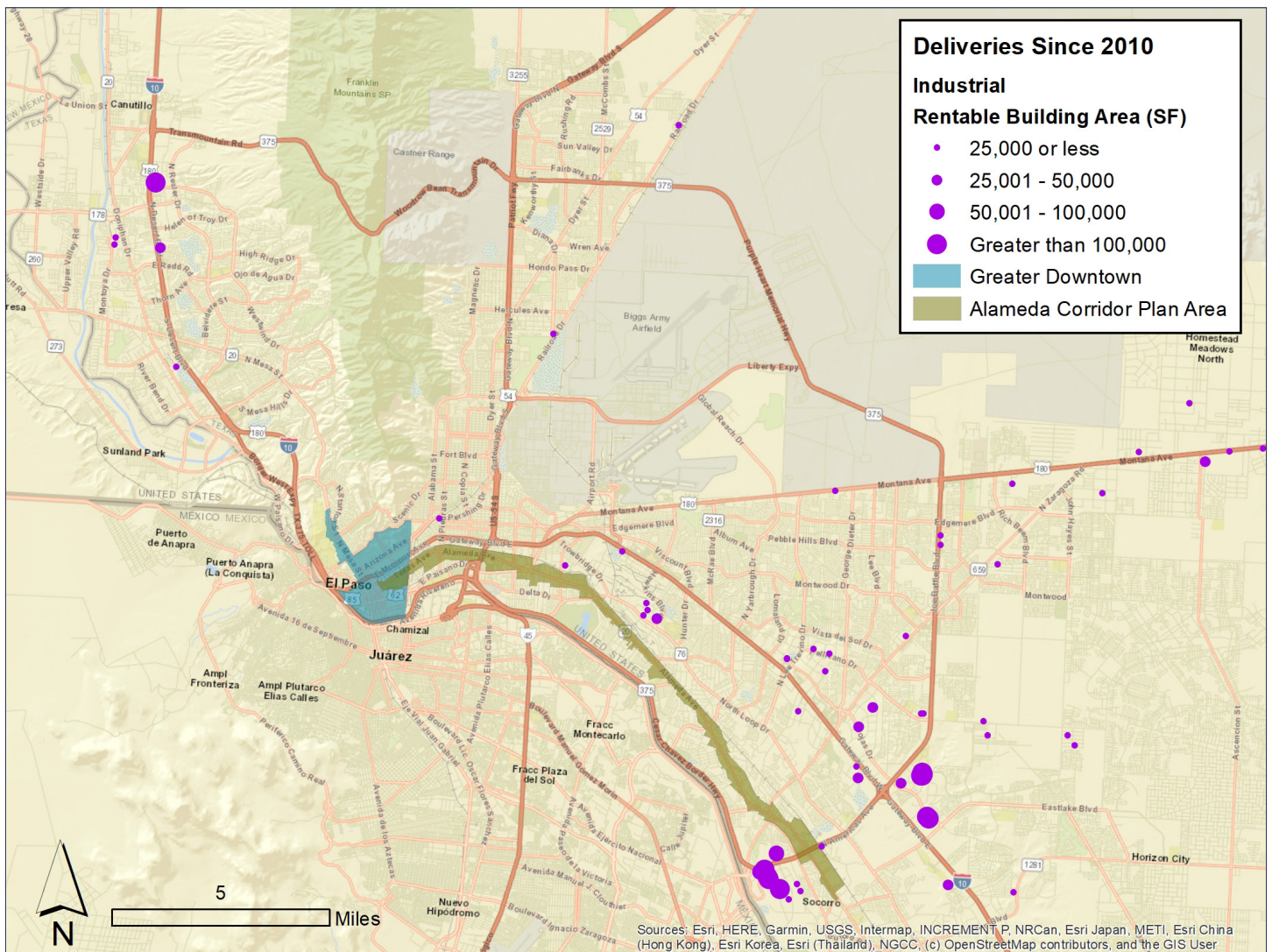


DEVELOPMENT TRENDS

Industrial

The total industrial space inventory in El Paso is 56 million square feet. The Alameda Corridor accounts for one-third of industrial space in the city, with the majority located on the western edge of the corridor next to downtown.

The City attracted 2.5 million square feet of new industrial space since 2010. New development has been primarily in the southeastern portion of city along Hwy 375.

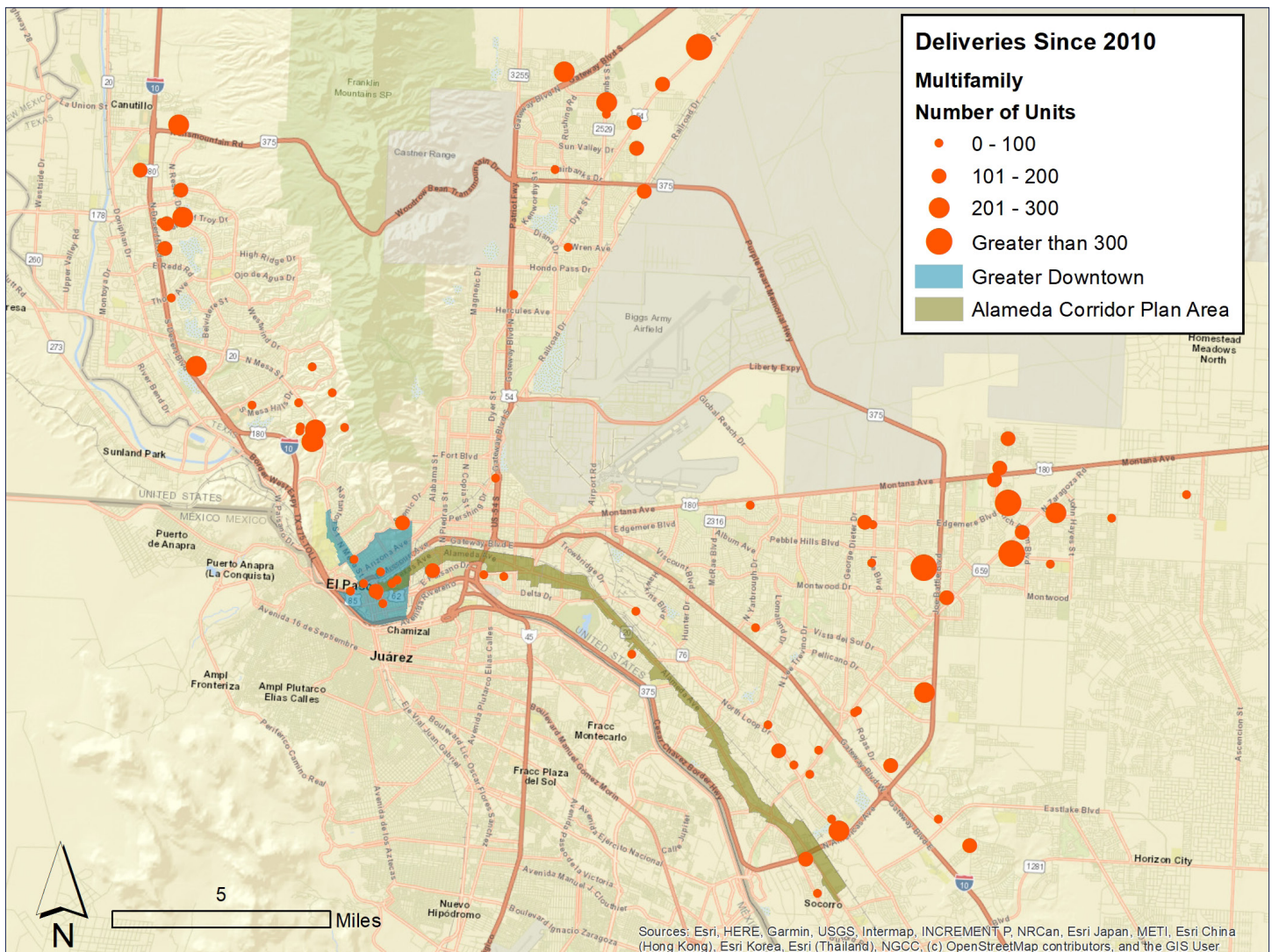


DEVELOPMENT TRENDS

Multifamily

The inventory of rental units in apartment buildings in El Paso is approximately 61,700 apartment units (according to CoStar). The Downtown Study Area accounts for 8.4% of the inventory and the Alameda Corridor accounts for 19.1%.

The citywide inventory has grown by 8,700 units since 2010. Most of the new multifamily housing development occurred along major transportation corridors on the edge of the city.

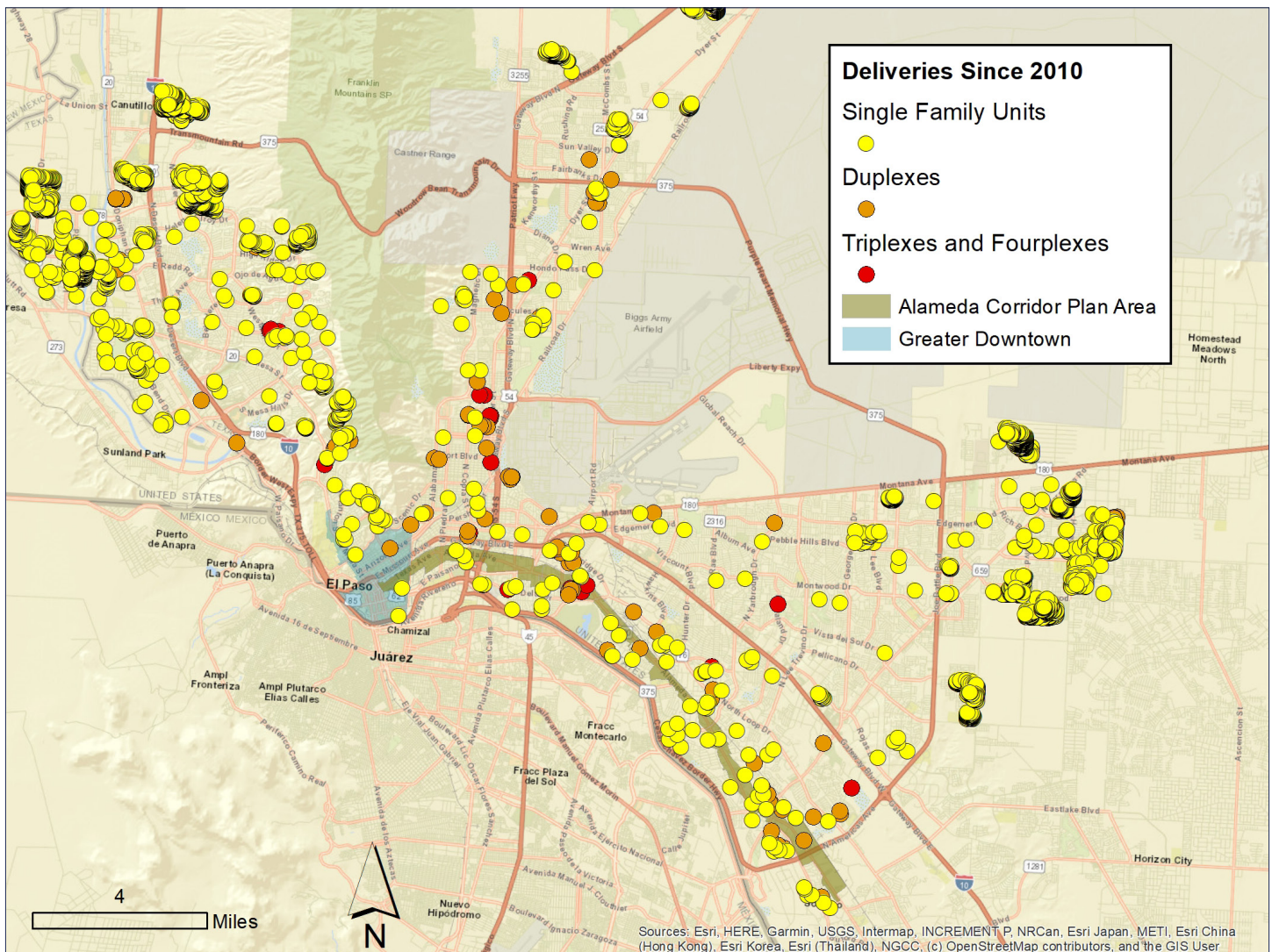


DEVELOPMENT TRENDS

Single Family Detached / Attached

New single family and attached for-sale housing development in the city largely occurred in on the eastern edge and northwestern portions of city.

New infill housing development has been relatively limited in comparison to growth on the edges, especially in terms of the Downtown Study Area.



EMPLOYMENT USE DEVELOPMENT DEMAND ANALYSIS

A summary of the analysis completed to estimate citywide Employment Use Development Demand

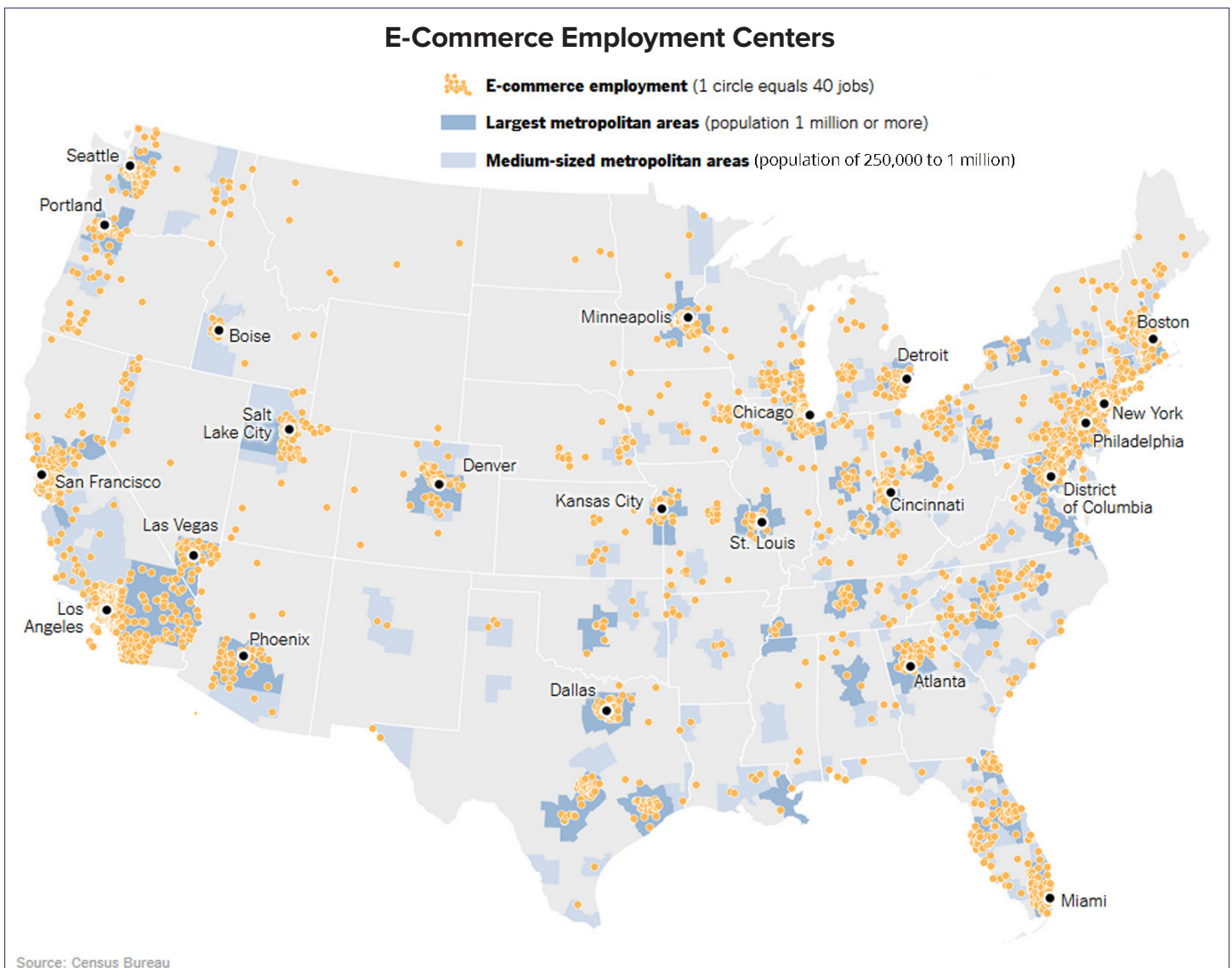
National Industrial Development Trends

The national industrial development activity has been increasing nationally and changing due to emerging technologies, shifting consumer demands, and global supply chain concerns. Prominent trends include:

- Automation within Manufacturing
 - Production up but employment flat/declining

- Reshoring/Smaller Supply Chains
 - Desire to be more proximate to customers, reduce costs, avoid supply disruptions, and access skilled workforce
- Growth of logistics jobs and services
 - Aided by increased use of analytics
 - Fueled by automation of business operations
 - Demand for on-demand services
 - Reliance on shared logistics ecosystems

These trends have resulted in a substantial increase of industrial development demand. However, this demand does not always equate to an increase in jobs and/or well-paying jobs.



EMPLOYMENT USE DEVELOPMENT DEMAND ANALYSIS

Regional Industrial Development Trends

The El Paso/Juarez region has traditionally been a major manufacturing and distribution hub due to the sizable population and border crossing. Manufacturing plants in Mexican border towns (referred to as Maquiladoras) increased significantly with the formation of NAFTA in the 1990's. However, this boom subsided over subsequent decades due to increased competition from China and other lower cost locations.

Despite the declines, Maquiladoras have a significant impact on neighboring U.S. communities. The location of manufacturing activities in Mexico has led to many top suppliers of factories locating in El Paso. Factories and related logistics drive demand for not only distribution space but also administrative, legal, and financial services. These uses largely locate on the U.S. side of the border. A 2011 study by Cambridge Systematics for the City of El Paso estimated 115,000 direct jobs in border dependent businesses exist in the metro area.

Recently, cargo traffic across the border has steadily increased, even throughout the pandemic when pedestrian/visitor traffic declined. Supply chain challenges caused by the pandemic and recent increases in trade tariffs have revived investment in industrial/manufacturing in Juarez. According to CBRE MarketView, there was 6 million square feet of industrial construction activity in Juarez in the first quarter of 2022.

National Office Development Trends

There have also been significant shifts in office development activity in recent years. The COVID-19 Pandemic significantly impacted office space demands and will continue to over the next decade. Recent trends in office development are summarized below, some of which accelerated during the pandemic.

Competition for skilled/young workers has led to businesses seeking office space in more mixed-use environments and near other professionals. Also, employers want to locate centrally for their workforce and in areas with superior transportation/transit access.

Remote and flexible work schedules had been increasing before the pandemic and will increase post-pandemic. An estimated 45% of workers work from home partially or exclusively (Gallop Polling, Sept. 2021).

Office users, bolstered by favorable leasing terms and less need for space, have sought out new spaces in "flight to quality" buildings that provide flexible and adaptable workspaces to better serve company needs, health standards, and growth potentials.

National Retail Market Trends

Changes in the retail development market have been changing at a rapid pace for well over a decade driven by the growth of e-commerce. E-commerce in the U.S. has experienced \$66 billion in annual sales growth between 2011 and 2020 (U.S. Dept. of Commerce).

The emergence of e-commerce has accelerated a bifurcating of consumer spending. One side is a growth of retailers that offer convenience and low prices. This includes a shift to e-commerce for daily goods but also growth of sales to large discount stores and outlets in central locations. The other side is the growth of retailers that offer experience-oriented, quality/hand-made goods, and/or are local or mission-driven retailers. These retailers seek areas with a mixture of uses, central locations, and greater density of residents.

Lastly, food and beverage establishments are accounting for a growing share of retail space demand. Prepared foods sales outpaced sales of food for home consumption for the first time prior to the pandemic and this trend continued after the post early-pandemic slowdown and economic shock.

EMPLOYMENT USE DEVELOPMENT DEMAND ANALYSIS

Employment Land Demand Model Methodology

EPS uses historic trends and regional growth forecasts by industry to estimate demand for non-residential development. To estimate demand for development, regional growth forecasts are translated to growth forecasts by industry. New forecast jobs by industry are converted to demand for square feet using locally calibrated employee per square foot factors. Building square feet demand is then converted to demand for land (acres) using locally calibrated density factors (i.e., floor area ratio).



EMPLOYMENT USE DEVELOPMENT DEMAND ANALYSIS

Economic Drivers

The El Paso regional economy has four primary economic drivers. These economic drivers are the industries that produce basic employment and fuel growth in other economic sectors in the region. The four drivers are education, regional health services, U.S. military activity, and trade and distribution across the U.S.-Mexico border. These economic drivers largely produce development needs in specialized buildings or industrial oriented space.

Employment Development Types

To translate employment forecasts into demand for building space, EPS created four categories of similar building/use types that forecast new jobs are allocated to. These four development types are:

- Traditional Retail/Services
 - Commercial uses oriented to entire community and larger regional area with locations near interstate
- Neighborhood Retail Services
 - Commercial uses oriented to neighborhoods or portions of the community within more mixed-use environments (e.g., neighborhood centers, Downtown)
- Office / Employment / Education
 - Traditional office uses, employment in office/flex industrial buildings, and institutional uses such as education and health care
- Industrial / Distribution
 - Medium and large-scale industrial uses with larger lots and buildings near major transportation routes

Employment Forecast

El Paso MPO forecasts the region to grow by 92,000 jobs between 2020 and 2040 (2045 MTP). This forecast growth in employment was distributed by industry. EPS estimates El Paso County to grow at approximately the same rate (1.1% to 1.2% annually) as the region. This will result in the increase of employment by 83,300 new jobs by 2040.

EMPLOYMENT USE DEVELOPMENT DEMAND ANALYSIS

Forecast Employment by Sector, 2020-2040

Sector	2020	2030	2040	Change 2020-2040		
				Total	Ann. #	Ann. %
Driving Industries						
Ag./Forest/Hunting	854	854	854	0	0	0.0%
Mining	60	60	60	0	0	0.0%
Manufacturing	16,670	17,006	17,350	680	34	0.2%
Wholesale Trade	11,219	12,393	13,288	2,069	103	0.8%
Transport./Warehousing	15,751	19,966	22,719	6,969	348	1.8%
Education	35,512	36,592	37,704	2,193	110	0.3%
Admin/Waste Mgmt	25,469	31,046	37,845	12,376	619	2.0%
Public Admin	<u>17,181</u>	<u>19,549</u>	<u>22,245</u>	<u>5,064</u>	<u>253</u>	<u>1.3%</u>
Subtotal	122,714	137,465	152,064	29,350	1,468	1.1%
Business Support Industries						
Utilities	2,622	3,043	3,532	910	45	1.5%
Construction	17,777	19,832	22,124	4,348	217	1.1%
Information	4,309	4,309	4,309	0	0	0.0%
Finance/Insurance	7,966	9,522	10,210	2,244	112	1.2%
Real Estate	4,914	5,428	5,996	1,082	54	1.0%
Prof. & Tech Services	8,285	9,243	10,311	2,026	101	1.1%
Mgmt	1,595	<u>2,042</u>	<u>2,614</u>	<u>1,019</u>	<u>51</u>	<u>2.5%</u>
Subtotal	47,468	53,418	59,096	11,628	581	1.1%
Community Support Industries						
Health Care	51,981	61,525	72,822	20,841	1,042	1.7%
Retail Trade	36,816	40,267	44,041	7,225	361	0.9%
Arts/Rec	2,684	2,821	2,965	282	14	0.5%
Hotel/Restaurant	30,685	37,405	44,273	13,588	679	1.8%
Other	<u>6,341</u>	<u>6,599</u>	<u>6,732</u>	<u>391</u>	<u>20</u>	<u>0.3%</u>
Subtotal	128,506	148,617	170,833	42,327	2,116	1.4%
Total	298,688	339,501	381,993	83,305	4,165	1.2%

Source: Texas State Demographer; BLS QCEW; BEA; El Paso MPO; Economic & Planning Systems

EMPLOYMENT USE DEVELOPMENT DEMAND ANALYSIS

EMPLOYMENT SPACE DEMAND (SF), 2020-2040

The estimated 83,000 new jobs in El Paso County is estimated to generate demand for new employment-oriented building space of 1.2 million square feet annually. This rate of development is similar to the rate of development experienced in the county since 2010. The demand for space was estimated for each development type.

EMPLOYMENT SPACE DEMAND (ACRES), 2020-2040

The estimated demand for land to accommodate new employment-oriented development is 2,932 acres, which is approximately 147 acres annually.

Forecast Employment Space Demand by Use, 2020-2040

Sector	Traditional Retail/Service	Neighborhood Retail	Office / Employment / Education	Industrial / Distribution
Driving Industries	1,032,300	343,600	1,615,400	6,560,900
Business Support Industries	1,405,200	151,900	438,300	1,444,500
Community Support Industries	5,057,000	3,686,500	1,813,800	1,506,700
Total	7,494,500	4,182,000	3,867,500	9,512,100
Ann. Average	374,725	209,100	193,375	475,605

Source: Economic & Planning Systems

Forecast Employment Land Demand by Use (acres), 2020-2040

Sector	Traditional Retail/Service	Neighborhood Retail	Office / Employment / Education	Industrial / Distribution
Driving Industries	118.5	26.3	123.6	1,004.1
Business Support Industries	161.3	11.6	33.5	221.1
Community Support Industries	580.5	282.1	138.8	230.6
Total	860.3	320.0	296.0	1,455.8
Ann. Average	43.0	16.0	14.8	72.8

Source: Economic & Planning Systems

HOUSING DEVELOPMENT DEMAND ANALYSIS

A summary of the analysis completed to estimate citywide Housing Development Demand

National Housing Preference Trends (PEW Research Center)

Housing preferences in America have shifted over the past few decades to become more diverse as the makeup of American households has diversified. However, a common issue for many in the country today is the cost of housing. Half of Americans say the availability of affordable housing in their community is a major problem. Affordability has significant impacts on housing choices and development demand.

A recent trend in other communities that has been limited in El Paso is a growing preference for urban living. PEW Research Center surveys found that approximately 20% of respondents desire an urban housing option.

Housing Demand Model Methodology

EPS estimated future housing demand by household type and by housing unit product type to support the Downtown and Alameda Corridor plans. The forecast is based on the MPO's forecast for new households. The new households were distributed by age, type, and tenure into groups to better estimate product type demand. Each household group was then matched with product types based on development trends.

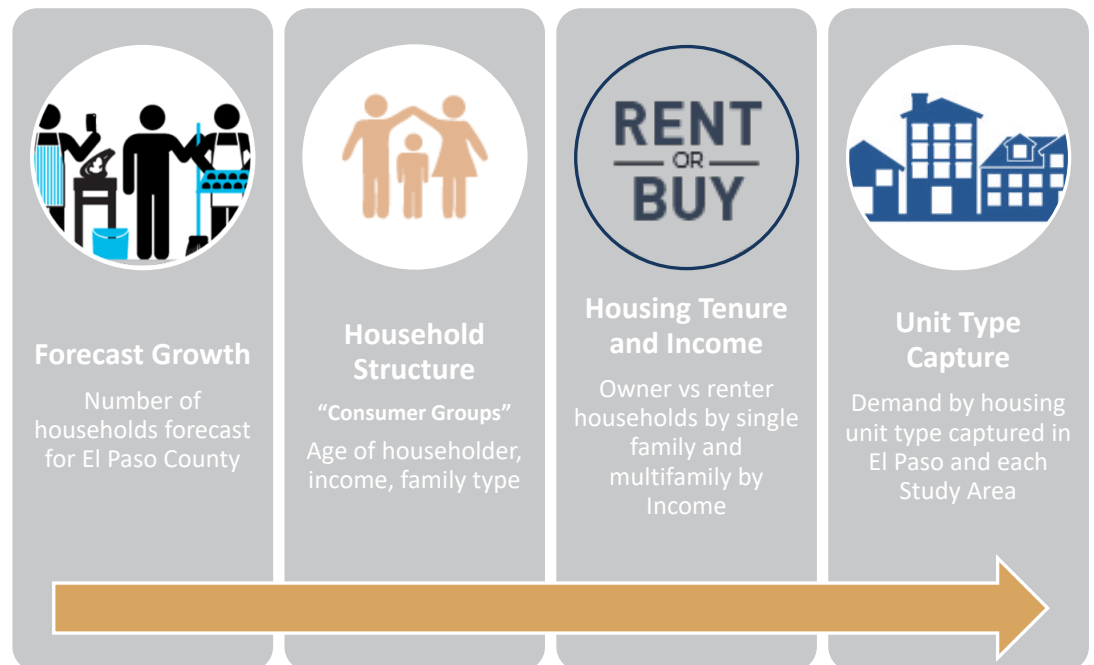
The share of Americans who would prefer to live in a city has dropped, while a growing share prefers the suburbs

% expressing a preference for each community type

	Urban	Suburban	Rural
2021	19	46	35
2018	23	42	36

Note: Figures are based on respondents in each type of community who say they would not want to move as well as those who say they would move if they could and would want to move to/stay in each community type. Figures may not add to 100% due to rounding. Source: Survey of U.S. adults conducted Oct. 18-24, 2021. "Americans Are Less Likely Than Before COVID-19 To Want To Live in Cities, More Likely To Prefer Suburbs"

PEW RESEARCH CENTER



HOUSING DEVELOPMENT DEMAND ANALYSIS

Householder Groups

The housing preferences, needs, and income impact housing choices for each householder group were analyzed to match with product types. Four household groups were developed based on El Paso's demographic conditions. The existing householder and housing type patterns were used to match needs as community makeup shifts over the next 20 years.

Student and Young Workforce

- University off-campus housing demand
- Under 25 workforce

Emerging singles and families

- 25 to 44 years old, family and non-family households

Mid-life singles and families

- 45 to 64 year old, family and non-family households

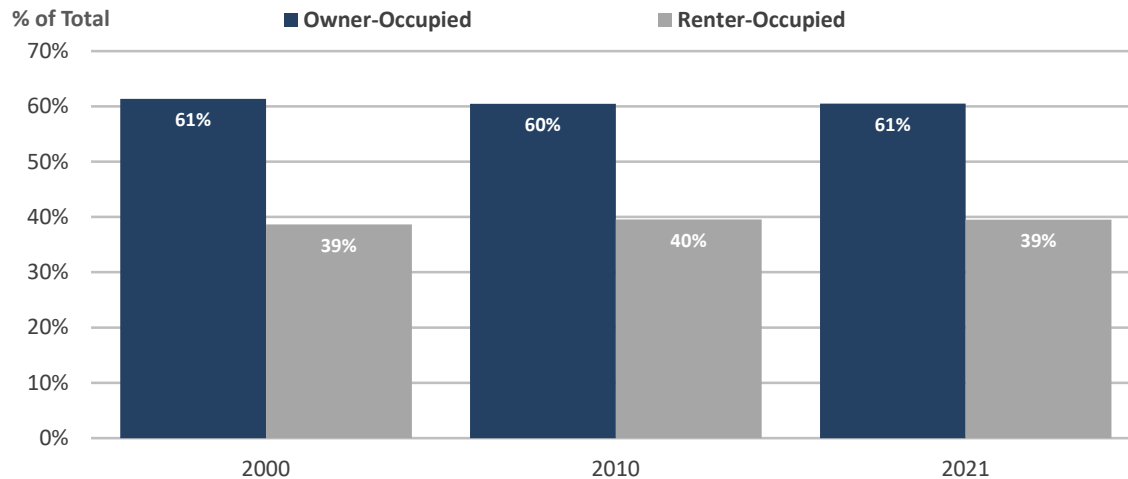
Seniors

- 65+ years old

Housing Tenure

The housing tenure (i.e., the split between owner occupied and renter occupied housing units) has remained relatively constant over the past 20 years. Owner-occupied households make up 60% of the households in El Paso, while renters account for 40%.

Housing Tenure, 2000-2021



Source: U.S. Census; ESRI Business Analyst; Economic & Planning Systems

HOUSING DEVELOPMENT DEMAND ANALYSIS

Tenure by Age of Householder Trends

The number of renter occupied households grew at a much higher rate than owner occupied households over the past decade. Both owner and renter household growth was greatest among the 65 years or older cohort. There was also a reduction in the number of owner-occupied householders under 45 years old, which indicates younger residents are renting more often than before due to both preference and housing affordability/availability.

Tenure by Age of Householder, 2010-2019

Description	2010	2019	2010-2019		
			Total	Ann. #	Ann. %
Owner Occupied					
18 to 24	1,337	962	-375	-42	-3.6%
25 to 44	38,506	35,833	-2,673	-297	-0.8%
45 to 64	55,518	58,679	3,161	351	0.6%
65 and older	<u>31,230</u>	<u>37,991</u>	<u>6,761</u>	<u>751</u>	<u>2.2%</u>
Subtotal	126,591	133,465	6,874	764	0.6%
Renter Occupied					
18 to 24	8,834	8,929	95	11	0.1%
25 to 44	38,878	46,505	7,627	847	2.0%
45 to 64	21,655	25,120	3,465	385	1.7%
65 and older	<u>10,470</u>	<u>12,768</u>	<u>2,298</u>	<u>255</u>	<u>2.2%</u>
Subtotal	79,837	93,322	13,485	1,498	1.7%
All Occupied Units					
18 to 24	10,171	9,891	-280	-31	-0.3%
25 to 44	77,384	82,338	4,954	550	0.7%
45 to 64	77,173	83,799	6,626	736	0.9%
65 and older	<u>41,700</u>	<u>50,759</u>	<u>9,059</u>	<u>1,007</u>	<u>2.2%</u>
Subtotal	206,428	226,787	20,359	2,262	1.1%

Source: US Census; Economic & Planning Systems

HOUSING DEVELOPMENT DEMAND ANALYSIS

Housing Unit Types

Seventy percent of El Paso’s housing units are single family detached units. Recent development trends, however, have shown a growing shift to denser product types as single family units accounted for 60 percent of permitted units since 2011. Multifamily housing accounted for 30 percent of permitted units during that time, which is a greater percentage than multifamily units’ overall presence in the housing stock (20% units overall).

Units in Structure, 2019

Description	2019	% Total
El Paso		
Single Family	175,263	70.0%
Attached (2 to 4 units)	19,031	7.6%
Multifamily (5+ units)	49,202	19.7%
Mobile Homes	6,754	2.7%
Other	<u>133</u>	<u>0.1%</u>
Total	250,383	100.0%

Source: U.S. Census; ESRI Business Analyst; Economic & Planning Systems

Development Trends, 2011-2020

Description	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2011-2020	
											Total	Avg.
City Building Permits (Units)												
Single Family	801	2,740	2,201	1,958	2,143	2,337	2,057	1,532	1,739	1,477	18,985	1,899
Duplex	16	58	82	54	63	82	37	112	52	32	588	59
Triplex or Quadraplex	<u>180</u>	<u>25</u>	<u>375</u>	<u>169</u>	<u>36</u>	<u>17</u>	<u>180</u>	<u>20</u>	<u>24</u>	<u>14</u>	<u>1,040</u>	<u>104</u>
Total	997	2,823	2,658	2,181	2,242	2,436	2,274	1,664	1,815	1,523	20,613	2,061
CoStar Multifamily Apartments												
Units	1,077	1,574	1,000	652	516	1,121	798	454	679	661	8,532	853

Source: City of El Paso; CoStar; Economic & Planning Systems

HOUSING DEVELOPMENT DEMAND ANALYSIS

Tenure by Units in Structure

Renter occupied households have grown at a faster rate than owner occupied units in El Paso since 2010. The growth of renter occupied households has occurred in all housing unit types but is greatest for single family homes, which is not a traditional rental product. This growth indicates demand for rentals of all types.

Tenure by Units in Structure, 2010-2019

Description	2010	2019	2010-2019		
			Total	Ann. #	Ann. %
Owner Occupied					
Single Family Detached	117,988	125,669	7,681	853	0.7%
Attached Housing (1 to 4 units)	4,909	3,408	-1,501	-167	-4.0%
Multifamily (5+ units)	417	558	141	16	3.3%
Mobile home	<u>3,191</u>	<u>3,758</u>	<u>567</u>	<u>63</u>	<u>1.8%</u>
Subtotal	126,505	133,393	6,888	765	0.6%
Renter Occupied					
Single Family Detached	24,177	30,526	6,349	705	2.6%
Attached Housing (1 to 4 units)	16,440	20,475	4,035	448	2.5%
Multifamily (5+ units)	36,808	39,735	2,927	325	0.9%
Mobile home	<u>2,335</u>	<u>2,525</u>	<u>190</u>	<u>21</u>	<u>0.9%</u>
Subtotal	79,760	93,261	13,501	1,500	1.8%
All Occupied Units					
Single Family Detached	142,165	156,195	14,030	1,559	1.1%
Attached Housing (1 to 4 units)	21,349	23,883	2,534	282	1.3%
Multifamily (5+ units)	37,225	40,293	3,068	341	0.9%
Mobile home	<u>5,526</u>	<u>6,283</u>	<u>757</u>	<u>84</u>	<u>1.4%</u>
Subtotal	206,265	226,654	20,389	2,265	1.1%

Source: US Census; Economic & Planning Systems

HOUSING DEVELOPMENT DEMAND ANALYSIS

Family and Non-Family Tenure Trends

There has been a substantial increase of non-family households in the community over the past decade. The growth in non-family households has been experienced for all age of householders, as well. The growth of renter occupied units has been primarily driven by non-family households. This shift indicates an increase demand for a greater diversity of unit types in El Paso.

Description	2010	2019	2010-2019		
			Total	Ann. #	Ann. %
Owner Occupied					
Family Household	101,702	103,351	1,649	183	0.2%
15 to 34 Years Old	12,183	10,741	-1,442	-160	-1.4%
35 to 65 Years Old	69,052	67,971	-1,081	-120	-0.2%
65 Years and over	20,467	24,639	4,172	464	2.1%
Non-Family Households	24,889	30,114	5,225	581	2.1%
15 to 34 Years Old	1,970	2,481	511	57	2.6%
35 to 65 Years Old	12,156	14,281	2,125	236	1.8%
65 Years and over	<u>10,763</u>	<u>13,352</u>	2,589	288	2.4%
Subtotal	126,591	133,465	6,874	764	0.6%
Renter Occupied					
Family Household	52,877	57,440	4,563	507	0.9%
15 to 34 Years Old	22,368	23,024	656	73	0.3%
35 to 65 Years Old	26,928	29,688	2,760	307	1.1%
65 Years and over	3,581	4,728	1,147	127	3.1%
Non-Family Households	26,960	35,882	8,922	991	3.2%
15 to 34 Years Old	22,797	12,686	-10,111	-1,123	-6.3%
35 to 65 Years Old	5,506	15,156	9,650	1,072	11.9%
65 Years and over	10,518	8,040	-2,478	-275	-2.9%
Subtotal	79,837	93,322	13,485	1,498	1.7%
All Occupied Units					
Family Household	154,579	160,791	6,212	690	0.4%
15 to 34 Years Old	34,551	33,765	-786	-87	-0.3%
35 to 65 Years Old	95,980	97,659	1,679	187	0.2%
65 Years and over	24,048	29,367	5,319	591	2.2%
Non-Family Households	51,849	65,996	14,147	1,572	2.7%
15 to 34 Years Old	10,220	15,167	4,947	550	4.5%
35 to 65 Years Old	23,977	29,437	5,460	607	2.3%
65 Years and over	<u>17,652</u>	<u>21,392</u>	3,740	416	2.2%
Subtotal	206,428	226,787	20,359	2,262	1.1%

Tenure by Household Composition, 2010-2019

Source: US Census; Economic & Planning Systems

HOUSING DEVELOPMENT DEMAND ANALYSIS

EL Paso MPO Population and Housing Forecast

The El Paso MPO is forecast to grow in households by 88,252 over the next 20 years, which is estimated to produce demand for over 92,000 new housing units.

Housing Unit Demand

EPS estimates that the City of El Paso will capture 70% of the region's housing unit growth over the next 20 years. This rate of capture results in demand for 64,865 housing units by 2040. This rate of housing growth equals an average of 3,243 new units per year, which is a slightly higher rate than the historic trend for the City. Based on recent trends, 60% of demand will be for single family units. However, shifting demographic trends are likely to result in an even lower amount of new single family home demand going forward.

Forecast Population, 2021-2040

Forecast	Factor	2020	2030	2040	2020-2040		
					Total	Ann. #	Ann. %
El Paso MPO							
Population		1,050,416	1,186,027	1,373,481	323,065	16,153	1.3%
Pop per HH		3.02	3.01	3.15			
Households		348,043	394,069	436,295	88,252	4,413	1.1%
Housing Units	5% Vacancy	365,445	413,772	458,110	92,665	4,633	1.1%

Source: El Paso MPO MTP 2045; Economic & Planning Systems

El Paso Housing Unit Demand by Type, 2021-2041

Housing Types	Factor	2020-2030	2030-2040	Change 2020-2040	
				Total #	Ann. #
El Paso Housing Demand					
New Housing Units	Capture Rate 70.0%	33,829	31,036	64,865	3,243
<u>Units By Type</u>					
Single Family	60%	20,297	18,622	38,919	1,946
Attached	10%	3,383	3,104	6,487	324
Multifamily	30%	10,149	9,311	19,460	973
Total	100%	33,829	31,036	64,865	3,243

Source: El Paso MPO MTP; Economic & Planning Systems

HOUSING DEVELOPMENT DEMAND ANALYSIS

Forecast Growth of Households by Age of Householder

Using the existing makeup and recent trends for households by age of householder, tenure, and household structure (family vs. non-family), the growth of households by tenure and age of householder was estimated.

The analysis results in greater demand for renter occupied households than forecast based on development trends.

Forecast Household Growth, 2019-2040

Description	2019		Growth		2040	
	Amount	% Total	% of Growth	Amount	Amount	% Total
Total						
18 to 24	9,891	4.4%	10%	6,162	16,053	6%
25 to 44	82,338	36.3%	15%	9,243	91,581	32%
45 to 64	83,799	37.0%	20%	12,324	96,123	33%
65 and older	<u>50,759</u>	<u>22.4%</u>	<u>55%</u>	<u>33,892</u>	<u>84,651</u>	<u>29%</u>
Subtotal	226,787	100.0%		61,622	288,409	100%
Owner Occupied						
18 to 24	962	1%	3%	616	1,578	1%
25 to 44	35,833	27%	13%	3,235	39,068	25%
45 to 64	58,679	44%	23%	5,546	64,225	41%
65 and older	<u>37,991</u>	<u>28%</u>	<u>62%</u>	15,251	<u>53,242</u>	<u>34%</u>
Subtotal	133,465	100%		24,649	158,114	100%
Renter Occupied						
18 to 24	8,929	10%	15%	5,546	14,475	11%
25 to 44	46,505	50%	16%	6,008	52,513	40%
45 to 64	25,120	27%	18%	6,778	31,898	24%
65 and older	<u>12,768</u>	<u>14%</u>	<u>50%</u>	18,641	<u>31,409</u>	<u>24%</u>
Subtotal	93,322	100%		36,973	130,295	100%

Source: US Census; Economic & Planning Systems

HOUSING DEVELOPMENT DEMAND ANALYSIS

Demographic Trends Based Housing Unit Demand

The demographic trends indicate a greater demand for multifamily housing units than forecast based on development trends.

The assumption is a greater share of new renter households will have to be accommodated through traditional rental development (i.e., apartments) than the conversion of existing single-family homes to rentals.

The forecast demand by housing product types estimates demand for 40% traditional single-family homes, 15% compacted single family and attached homes, and 45% multifamily homes.

Demand by Housing Type, 2019-2040

Description	2019-2040	
	Total	Ann. #
Traditional Single Family	24,400	40%
Compact / Attached	9,400	15%
Multifamily	<u>27,800</u>	<u>45%</u>
Total	61,600	100%

Source: Economic & Planning Systems

DOWNTOWN/UPTOWN PLAN SPECIFIC ANALYSIS

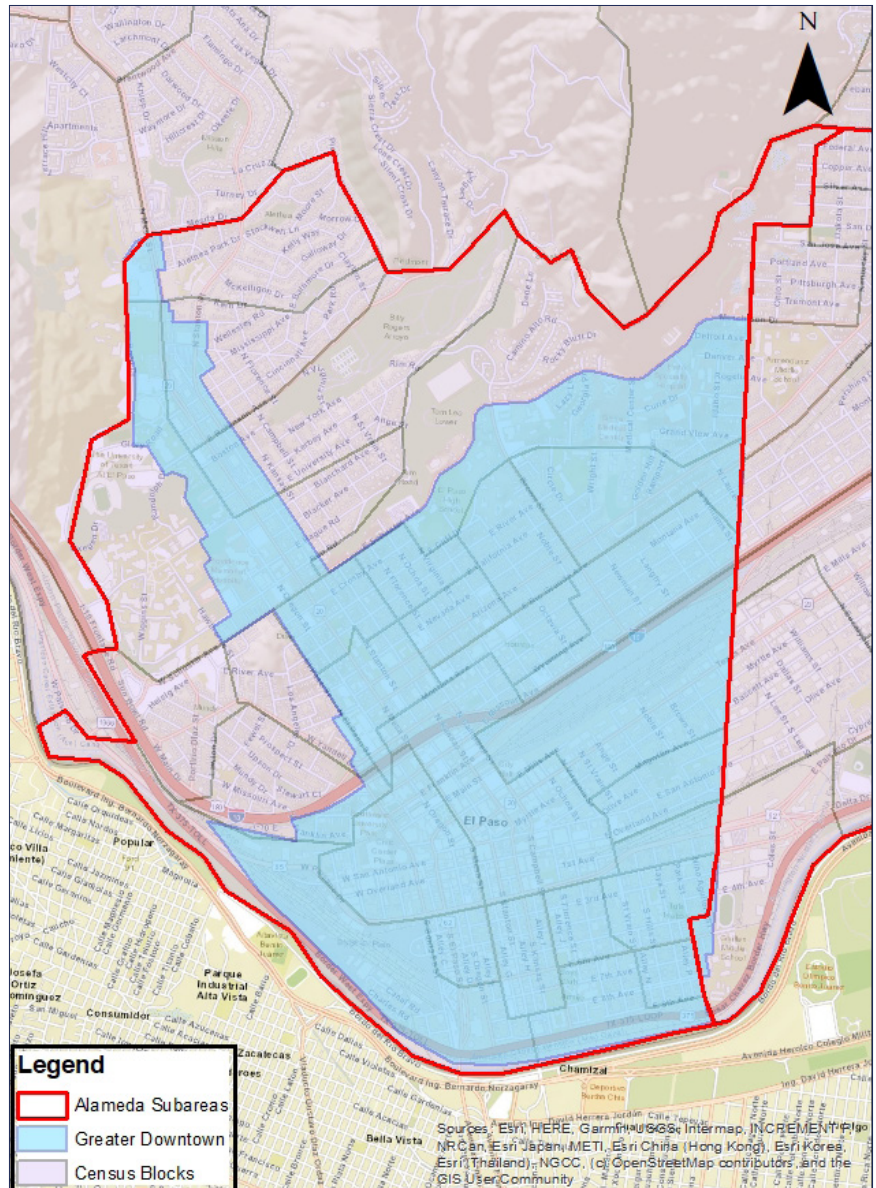
A summary of economic analyses completed to support the Downtown/Uptown Plan

Sub-Geographies

The demographic and economic conditions for Downtown were assessed using two main areas:

- Downtown Market Area (which consists of the subareas used in the Alameda Corridor plan)
- Greater Downtown (which was defined by the City for the Downtown Plan)

Conditions in the Downtown neighborhoods were also assessed. The data summarized in this section refers to the Downtown Market Area, which was used for demand analysis purposes.



DOWNTOWN/UPTOWN PLAN SPECIFIC ANALYSIS

Population and Households

The population of Downtown in 2021 was 27,244 residents. Downtown population declined between 2000 and 2010 but experienced a rebound in the past decade; however, it is still less today than it was in 2000. Households in Downtown followed a similar pattern as population but there was a smaller decline of households than population.

Population, 2000-2021

Population	2000	2010	2021	2000-2010			2010-2021		
				Total	Ann. #	Ann. %	Total	Ann. #	Ann. %
Population									
Downtown	30,053	25,769	27,244	-4,284	-428	-1.5%	1,475	134	0.5%
<i>Downtown as % of El Paso</i>	5.3%	4.0%	3.9%	-5.3%			2.9%		
El Paso	567,999	649,253	700,698	81,254	8,125	1.3%	51,445	4,677	0.7%
<i>El Paso as % of MSA</i>	83%	81%	79%	67%			65%		
El Paso MSA	682,966	804,123	883,357	121,157	12,116	1.6%	79,234	7,203	0.9%

Source: U.S. Census; ESRI Business Analyst; Economic & Planning Systems

Households, 2000-2021

Households	2000	2010	2021	2000-2010			2010-2021		
				Total	Ann. #	Ann. %	Total	Ann. #	Ann. %
Households									
Downtown	10,515	9,984	10,301	-531	-53	-0.5%	317	29	0.3%
<i>Downtown as % of El Paso</i>	5.8%	4.6%	4.4%	-1.5%			1.7%		
El Paso	182,506	216,927	235,446	34,421	3,442	1.7%	18,519	1,684	0.7%
<i>City as % of MSA</i>	86%	84%	83%	74%			69%		
El Paso MSA	211,114	257,731	284,712	46,617	4,662	2.0%	26,981	2,453	0.9%

Source: U.S. Census; ESRI Business Analyst; Economic & Planning Systems

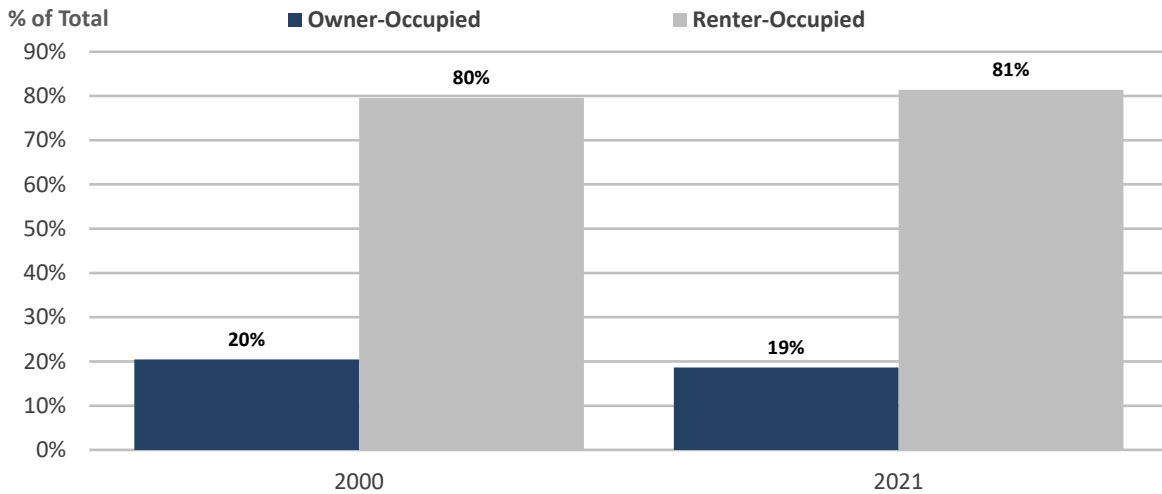
DOWNTOWN/UPTOWN PLAN SPECIFIC ANALYSIS

Tenure and Population by Age

The Economic & Demographic Framework section illustrated that Downtown has a greater proportion of older residents (40+), has a lower educational attainment, and a lower household income (\$36,059) than the citywide average.

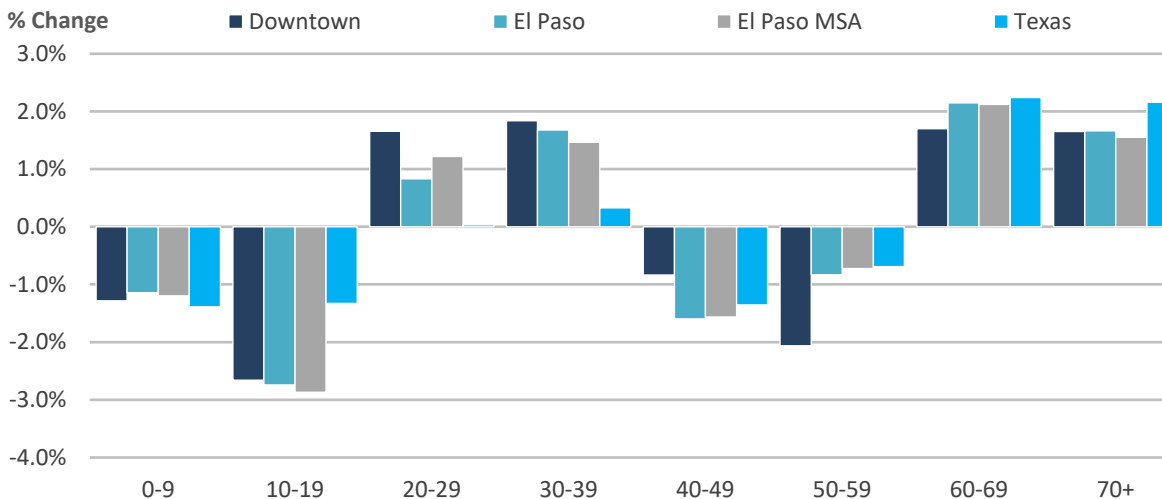
The socioeconomic condition is reflected in the tenure housing in Downtown, which is predominately renters. Growth in Downtown residents over the past 10 years appears to be from younger residents (20 to 39), which is a positive sign for increasing housing demand in the area.

Housing Tenure, 2000 and 2021



Source: U.S. Census; ESRI Business Analyst; Economic & Planning Systems

Change in % of Population by Age, 2000-2021



Source: U.S. Census; ESRI Business Analyst; Economic & Planning Systems

DOWNTOWN/UPTOWN PLAN SPECIFIC ANALYSIS

Housing Market Conditions/Trends

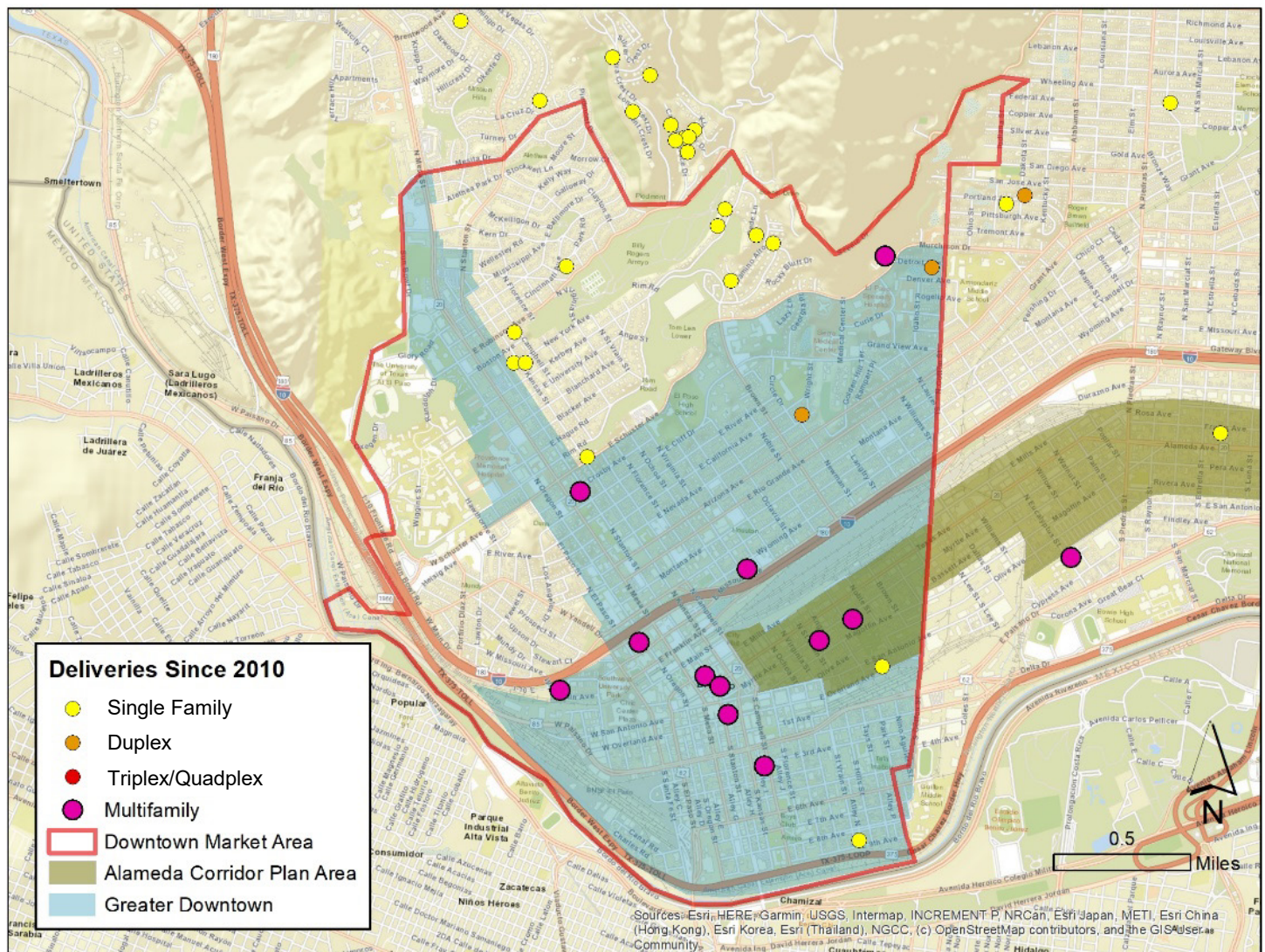
Most of the new Downtown housing has been in multifamily apartments. There have been 11 new apartment projects built since 2010 producing 583 units.

There has been limited single family or duplex development, only 17 new units permitted since 2010.

The average rental rates achieved for apartment units are shown below for downtown area units, new downtown area units, and an average unit citywide.

- Downtown - \$706 per month
- New Downtown Units - \$1,000 per month
- Citywide – \$861 per month

Downtown Residential Development, 2010-2021



DOWNTOWN/UPTOWN PLAN SPECIFIC ANALYSIS

Housing Unit Growth – Peer Cities

Peer cities’ downtown areas (2-mile radius from center of city) have captured between 6.7% to 28.1% of city housing unit growth since 2010. In contrast, Downtown El Paso capture has been relatively modest comparatively (2.1%). The large, comparable center cities generally captured an average of 10% of units citywide. The smaller “college towns” were able to capture 20%+ of new units citywide.

Housing Unit Growth (2-mile from Center of City), 2010-2021

Description	Housing Units		2010-2021			
	2010	2021	Total	Ann. #	Ann. %	% of City
Downtown El Paso	7,834	8,374	540	49	0.6%	2.1%
El Paso	227,639	253,269	25,630	2,330	1.0%	
Peer Cities (2-Mile Radius)						
Colorado Springs	20,872	22,431	1,559	142	0.7%	6.7%
Albuquerque	20,004	20,996	992	90	0.4%	7.6%
Oklahoma City	13,143	16,129	2,986	271	1.9%	8.5%
Tucson	20,938	22,432	1,494	136	0.6%	11.0%
Ft. Worth	10,922	17,844	6,922	629	4.6%	11.7%
Austin	35,709	50,747	15,038	1,367	3.2%	17.5%
Las Cruces	18,232	19,403	1,171	106	0.6%	19.5%
Waco	16,882	18,086	1,204	109	0.6%	20.4%
San Marcos	10,407	12,236	1,829	166	1.5%	28.1%

Source: ESRI; Economic & Planning Systems

DOWNTOWN/UPTOWN PLAN SPECIFIC ANALYSIS

Baseline Housing Unit Demand

As shown above, peer cities at a minimum have been able to capture nearly 10% of new housing development. A baseline, modest estimate of 10% capture of 20 years of housing growth in Downtown is an achievable goal for the City of El Paso. Student housing growth that support the UTEP and Texas Tech El Paso School of Medicine campuses has the potential to drive demand higher.

Housing Unit Demand by Type, 2020-2040

Housing Types	El Paso 2020-2030	Downtown Capture	2020-2030		El Paso 2030-2040	Downtown Capture	2030-2040	
			Total #	Ann. #			Total #	Ann. #
El Paso Housing Demand								
New Housing Units	33,829				31,036			
<u>Units By Type</u>								
Single Family	18,606	0.5%	93	9	17,070	0.5%	85	9
Attached	3,383	10%	338	34	3,104	15%	466	47
Multifamily	11,840	20%	2,368	237	10,863	30%	3,259	326
Total	33,829	8%	2,799	280	31,036	12%	3,810	381

Source: Economic & Planning Systems

DOWNTOWN/UPTOWN PLAN SPECIFIC ANALYSIS

Housing Demand Estimates

The baseline forecast estimates potential to capture 6,600 units in Downtown between 2020 and 2040. Using a demographic-based housing forecast, the potential capture of housing may be higher. EPS estimates there is the upper-end potential to capture 10,000 housing units in the Downtown/Uptown Area by 2040.

Downtown Housing Demand, 2020-2040

Housing Types	2020-2030			2030-2040			2020-2040 Downtown Total
	El Paso	Downtown Capture	Downtown Total #	El Paso	Downtown Capture	Downtown Total #	
El Paso Housing Demand							
New Housing Units	33,829			31,036			
Development Trends Based							
<u>Units By Type</u>							
Single Family	18,606	0.5%	93	17,070	0.5%	85	178
Attached	3,383	10.0%	338	3,104	15.0%	466	804
Multifamily	<u>11,840</u>	<u>20.0%</u>	<u>2,368</u>	<u>10,863</u>	<u>30.0%</u>	<u>3,259</u>	<u>5,627</u>
Total	33,829	8.3%	2,799	31,036	12.3%	3,810	6,609
Demographic Trends Based							
<u>Units By Type</u>							
Single Family	13,400	0.5%	67	12,294	0.5%	61	128
Attached	5,162	10.0%	516	4,736	15.0%	710	1,227
Multifamily	<u>15,267</u>	<u>25.0%</u>	<u>3,817</u>	<u>14,007</u>	<u>35.0%</u>	<u>4,902</u>	<u>8,719</u>
Total	33,829	13.0%	4,400	31,036	18.3%	5,674	10,074

Source: Economic & Planning Systems

DOWNTOWN/UPTOWN PLAN SPECIFIC ANALYSIS

Housing Feasibility

RECENT DEVELOPMENT

The financial feasibility of new housing development in Downtown was analyzed to support the plan. Rental rates achieved by recent projects in the city were used to gauge potential rental rates. New market rate units in El Paso rent for an average of \$1,430 per month (\$1.42 per sf). The highest rental rates in the market are \$1,534 for 1 bed (\$1.91 per sf) and \$2,112 for 2 bed (\$1.80 per sf).

PEER CITIES ANALYSIS

El Paso average rental rates are lower than the comparable cities analyzed. Based on this analysis, EPS believes there is room for higher end rental rates to be supportable. A planning level target typically used for urban, multifamily projects is that \$2.00 per square foot rents are needed to support new projects. The average rental rate for units in peer cities is \$2.11 per square foot in downtown areas.

El Paso New Market Rate Apartments (Built Since 2018)

Apartments Built Since 2018	Units	Year Built	Avg. Unit Size	Rent Per Unit					Rent Per Sq.Ft.						
				Studio	1-Bed	2-Bed	3-Bed	4-Bed	Studio	1-Bed	2-Bed	3-Bed	4-Bed		
Market Rate Projects															
1024 N Oregon St	120	2020	650	---	\$836	---	---	---	---	---	\$1.29	---	---	---	---
Alza Dwellings Apartments	52	2018	518	\$764	\$955	\$1,146	---	---	---	\$1.87	\$1.79	\$1.60	---	---	---
Chapel Hill Place	92	2018	900	---	---	\$1,190	---	---	---	---	---	\$1.32	---	---	---
District At Pellicano	90	2018	728	\$800	\$950	\$1,108	\$1,400	---	---	\$1.60	\$1.46	\$1.18	\$1.22	---	---
E11even At Montecillo	118	2019	2,100	---	---	---	\$2,683	---	---	---	---	---	\$1.28	---	---
Las Mansiones at Cimarron	52	2020	1,024	---	\$1,223	\$1,634	\$1,899	---	---	---	\$1.65	\$1.42	\$1.37	---	---
Paseo on Edgemere	196	2018	1,381	---	---	\$1,387	\$1,502	\$1,616	---	---	---	\$1.11	\$1.10	\$1.05	---
Retreat At Horizon Hills	24	2018	1,004	---	\$1,020	\$1,368	\$1,467	---	---	---	\$1.41	\$1.30	\$1.14	---	---
Ridgeline West	160	2021	966	---	\$1,234	\$1,573	\$1,697	---	---	---	\$1.58	\$1.37	\$1.31	---	---
San Joaquin	76	2021	921	---	\$1,534	\$2,112	---	---	---	---	\$1.91	\$1.80	---	---	---
Sanctuary At Shasta	24	2019	1,150	---	---	\$1,741	---	---	---	---	---	\$1.51	---	---	---
Market Rate Average	91		1,031	\$782	\$1,107	\$1,473	\$1,775	\$1,616		\$1.74	\$1.58	\$1.40	\$1.24	\$1.05	

Source: CoStar; Economic & Planning Systems

Peer Cities Urban Apartment Rental Rates

Description	Median HH Income	2-Mile Downtown Buffer		City Overall		Downtown Premium	
		Avg. Rent	Rent per SF	Avg. Rent	Rent per SF	Avg Rent	Rent per SF
Peer Cities							
Austin	\$71,576	\$2,974	\$3.60	\$1,973	\$2.30	51%	57%
San Marcos	\$40,370	\$1,812	\$2.22	\$1,473	\$1.66	23%	34%
Oklahoma City	\$55,557	\$1,824	\$2.12	\$1,422	\$1.60	28%	33%
El Paso	\$47,568	\$870	\$1.46	\$1,085	\$1.21	-20%	21%
Colorado Springs	\$64,712	\$1,823	\$2.41	\$1,933	\$2.07	-6%	16%
Ft. Worth	\$62,187	\$1,737	\$2.06	\$1,661	\$1.81	5%	14%
Tucson	\$45,227	\$1,462	\$1.88	\$1,568	\$1.67	-7%	13%
Las Cruces	\$43,022	\$1,222	\$1.52	\$1,222	\$1.52	0%	0%
Albuquerque	\$52,911	\$1,183	\$1.68	\$1,418	\$1.69	-17%	-1%
Average		\$1,656	\$2.11	\$1,528	\$1.73	6%	21%

Source: Economic & Planning Systems

DOWNTOWN/UPTOWN PLAN SPECIFIC ANALYSIS

APARTMENT FEASIBILITY

A project achieving current market rate rents for new units is estimated to have a feasibility gap (16%). Achieving higher rental rates can reduce this gap. However, financial support is needed to help prove and grow the housing market in Downtown. Many of El Paso’s peer cities have helped address feasibility gaps through incentives and other programs. Project elements that can help reduce cost include reduced land cost, public improvements, reduced development fees, support with financing costs, and reductions in property tax.

PROGRAM SUMMARY	Current Market	Break Even (no land cost)	Break Even (w/ land cost)
PROGRAM			
Multifamily - 5-Story Stickbuilt	200	200	200
Unit Size (sf)	850	850	850
Monthly Rent Per Unit	\$1,530	\$1,700	\$1,785
Rent per Square Foot	\$1.80	\$2.00	\$2.10

COST SUMMARY	Current Market	Break Even (no land cost)	Break Even (w/ land cost)
DEVELOPMENT COSTS			
General Hard Costs	\$36,924,699	\$36,924,699	\$36,924,699
General Soft Costs	\$7,666,789	\$7,685,491	\$7,715,279
Total	\$44,591,488	\$44,610,190	\$44,639,978

VALUE SUMMARY	Current Market	Break Even (no land cost)	Break Even (w/ land cost)
STATIC METHODOLOGY	-\$6,094,212	-\$128,370	\$2,734,114
Residual Value per Sq. Ft. of Land	-\$30	-\$1	\$13
Land Value per Unit	-\$30,471	-\$642	\$13,671
Residual Land Value as % of Total	-15.8%	-0.3%	5.8%

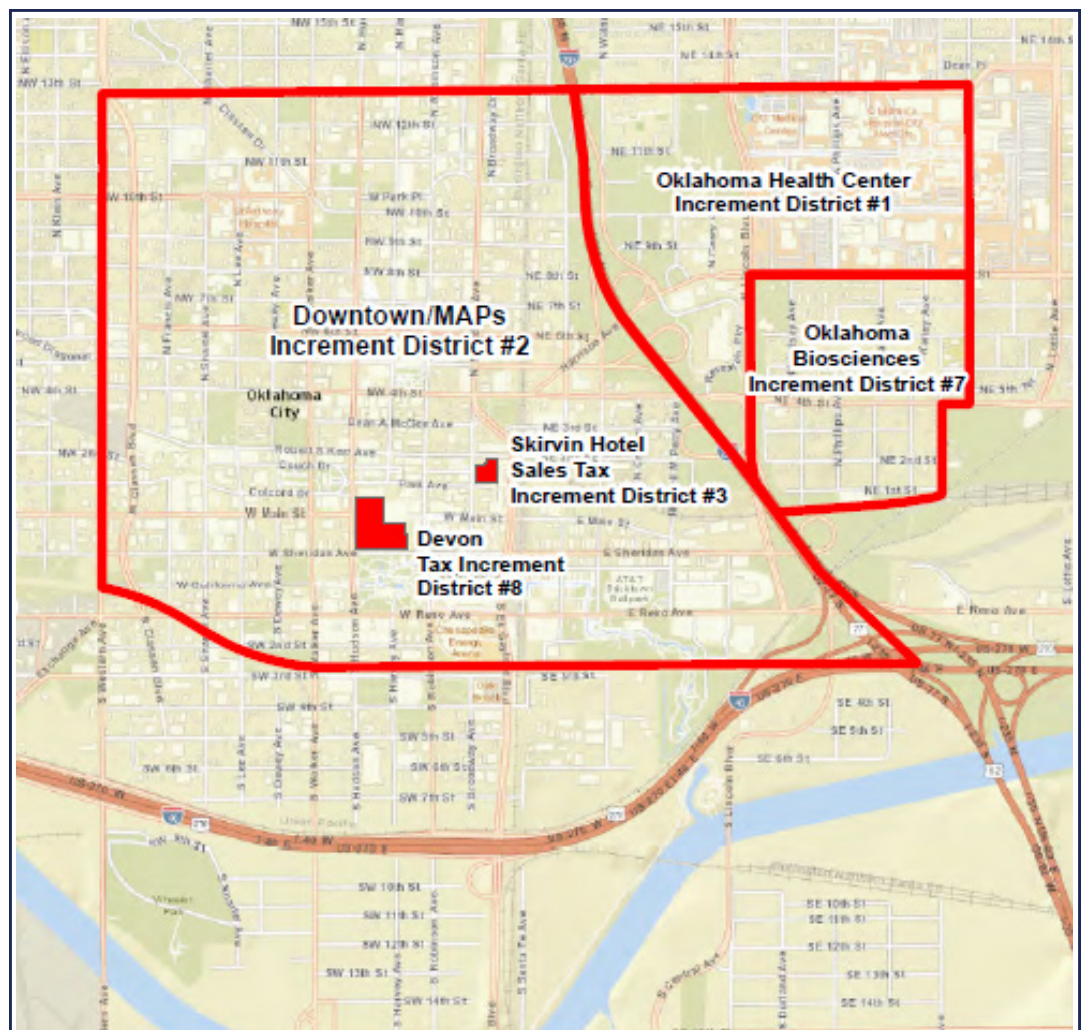
DOWNTOWN/UPTOWN PLAN SPECIFIC ANALYSIS

An analysis of housing incentive programs in peer cities was completed to gain an understanding of how these cities have been able to attract new housing development to their downtowns

Oklahoma City Downtown Housing Incentives

Oklahoma City has been using incentives to attract new housing development to its downtown by utilizing tax increment financing (TIF) as the primary financial incentive for projects.

- Incentives
 - Tax increment financing support for projects
 - Discounted land for housing
 - Shared parking solutions to reduce structured parking costs
- Funded projects using TIF that created 2,000 housing units
- Future funds allocated in District reauthorization can support 4,000 additional units



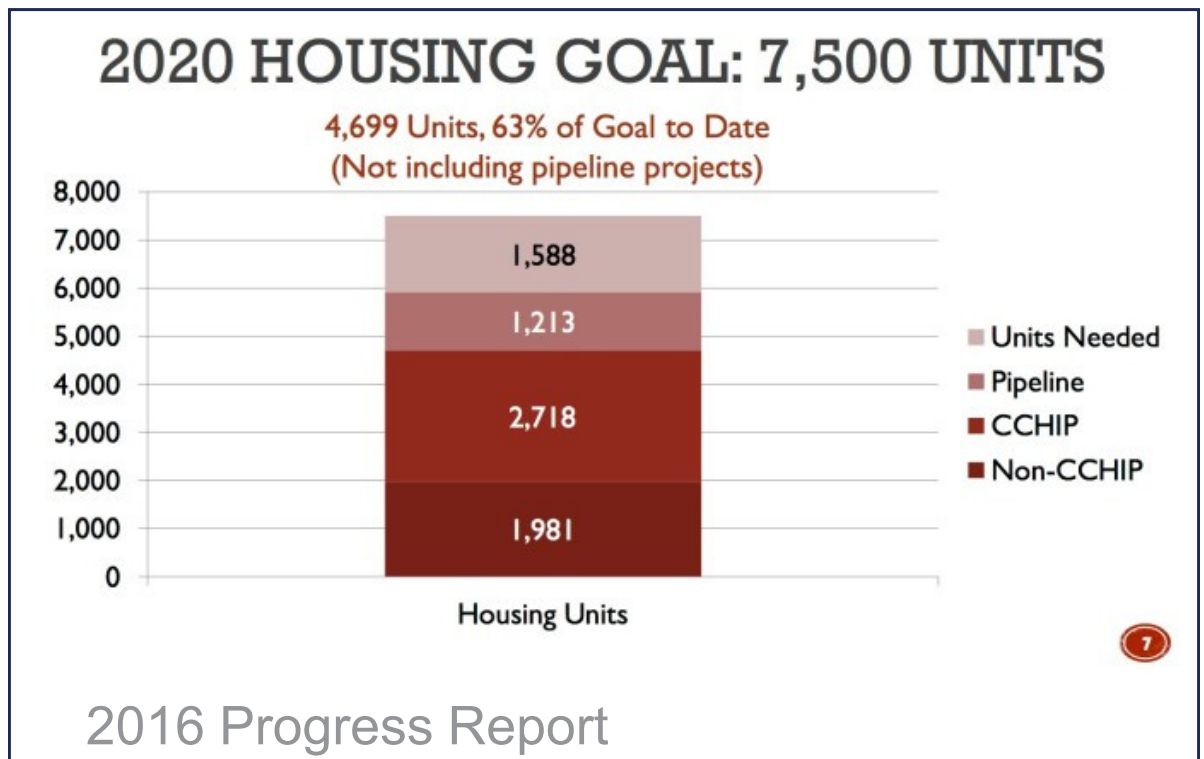
Oklahoma City Downtown TIF Districts

DOWNTOWN/UPTOWN PLAN SPECIFIC ANALYSIS

San Antonio Downtown Housing Incentives

The City of San Antonio implemented a highly successful Center City housing incentive policy in the early 2010's to spur downtown housing growth. The incentives were identified to support the community's goal of attracting 7,500 new housing units to its downtown between 2010 to 2020. A summary of the program components and outcomes are provided below. The program has been so successful that the city has now shifted its focus away from incentives for market rate housing to only using incentives for projects that include income-restricted affordable housing units.

- Community Goals of 7,500 housing units in Downtown by 2020
 - Revitalization strategy focused on housing and place management
- Center City Housing Incentive Policy
 - Predictive incentive policy
 - › Development fee waivers
 - › Water/sewer impact fee waivers
 - › City property tax reimbursement
 - › Low-interest and forgivable loans
 - 2012-2018
 - › 64 agreements produced 6,543 units
- Public Facilities Corporations used to build housing projects

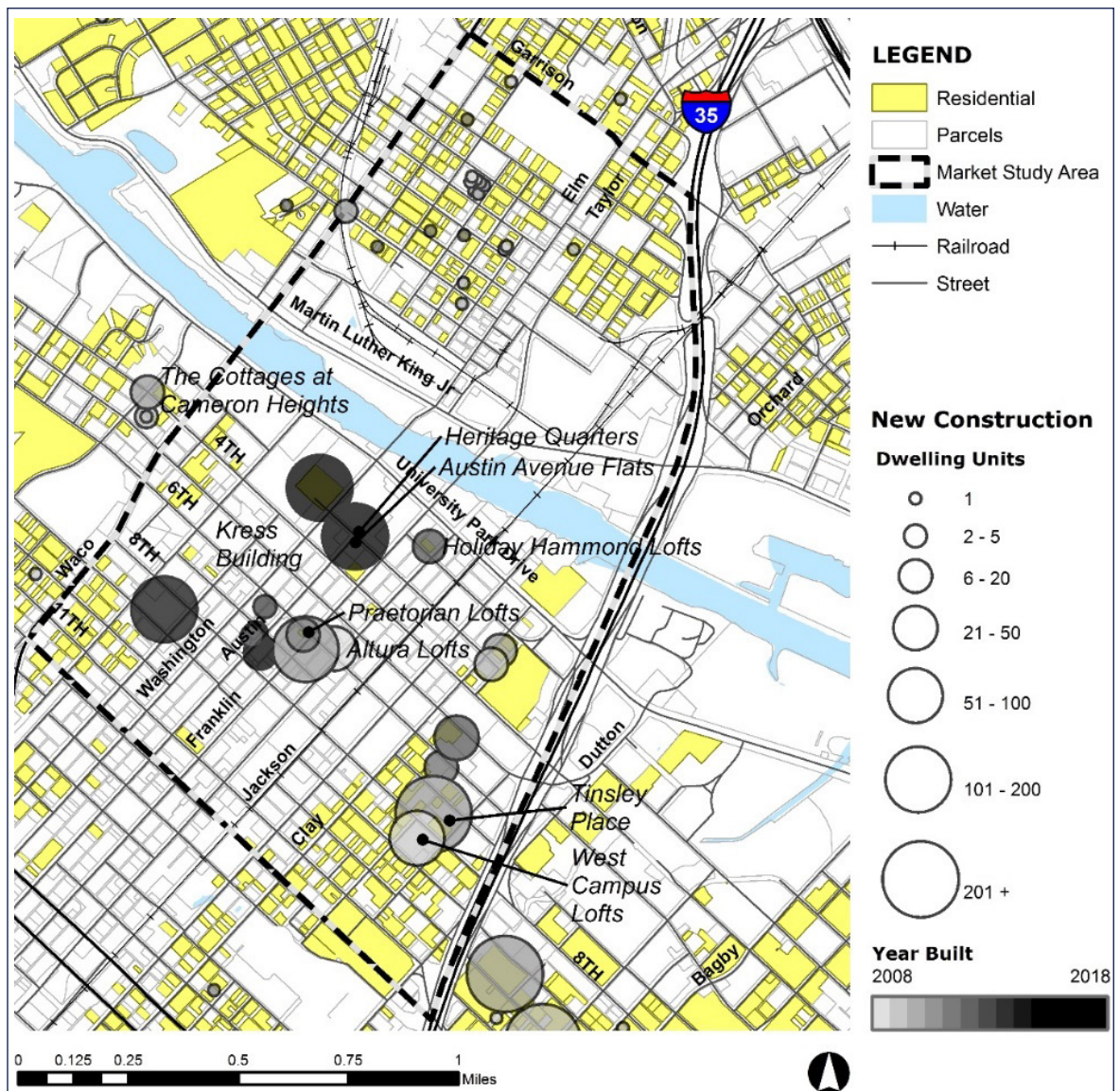


DOWNTOWN/UPTOWN PLAN SPECIFIC ANALYSIS

Waco Downtown Housing Incentives

The City of Waco has used tax increment financing as its primary tool to support downtown housing. The creation of a tax increment district has been instrumental in growing its downtown housing base. A summary of the program approach is provided below.

- Downtown TIF district
 - Have allocated 65 to 70% of proceeds to development projects
 - Fund 15 to 20 percent of total project costs for housing developments
 - > Depending on eligible costs
 - > Just starting to tie incentive to actual project increment
 - Average investment per unit has been \$17,000
- County and School District involved in TIF District
 - School is withdrawing in 2025



DOWNTOWN/UPTOWN PLAN SPECIFIC ANALYSIS

Colorado Springs Downtown Housing Incentives

Like the other peer cities profiled, Colorado Springs also uses tax increment financing to support downtown housing development. The city has also utilized other tools such as impact fee waivers and creative parking solutions to address feasibility gaps. A summary of the projects Colorado Springs has attracted in the past six years is shown below.

- Tax Increment Financing
 - Urban Renewal Authority
 - Downtown Development Authority
 - › Up to 65% of increment
- Fee Waivers and Reductions
- Parking Enterprise Group Leasing

Residential projects, new and conversion				
<i>DDA and adjacent</i>				
Project	Units	Type	Open*	
Blue Dot Place	33	Rent	2016	
Hearthstone Apartments	23	Rent	2016	
210 Pueblo	5	Rent	2017	
Bijou Lofts	9	Own	2017	
9 South Weber	3	Rent	2018	
22 Spruce	48	Rent	2018	
Park Manor East	20	Rent	2018	
333 ECO	171	Rent	2018	
Greenway Flats	65	Rent	2019	
The Mae on Cascade	177	Rent	2020	
Casa Mundi	27	Rent	2020	
Pikes Peak Lofts	9	Own	2020	
Boulder Crescent Lofts	7	Own	2021	
Bijou West	180	Rent	2022	
Vim	154	Rent	2022	
Pikes Peak Plaza	217	Rent	2022	
Working Fusion Tiny Home Village	18	Rent	2022	
Draper Commons	280	Rent	2023	
Residences at Pikes Peak YMCA Phase 1	100	Rent	2023	
Parkside Residences Phase 1	162	Rent/Own	2023	
Elan Pikes Peak	321	Rent	2023	
Artspace	54	Rent	2023	
Weber Street Apartments	277	Rent	2024	
Stadium Apartments Phase 1	381	Rent	2024	
Lowell Commons	180	Rent	2025	
Total units	2921			

*Actual and projected

DOWNTOWN/UPTOWN PLAN SPECIFIC ANALYSIS

Peer City Housing Incentive Findings

Many peer cities have used various tactics to address feasibility gaps to help support new housing in their urban cores. Three common themes emerged based on research of these peer cities.

- A community goal for housing and buy-in from stakeholders is needed
- Tax increment is a major tool that is commonly used
 - Differing approaches in each city; however, direct project support is often needed
- Layering of incentives is common
 - One tool doesn't fit all

Housing Recommendations

The following goals and high-level strategies were identified by EPS. The detailed strategies are provided in a separate memo and the Downtown Plan.

- Goals
 - Attract 10,000 new housing units to the Downtown/Uptown area by 2040
 - 1/3 of the new units affordable to median income household
 - 15% of new units to be permanently affordable housing units
- Market Rate Strategies
 - Streamlined zoning and standards
 - As of right incentives for housing projects
- Affordable and Mixed-Income Housing
 - Increase funding to resources to support projects
 - Prioritize project support to target areas
 - Utilize P3s to increase supply of projects

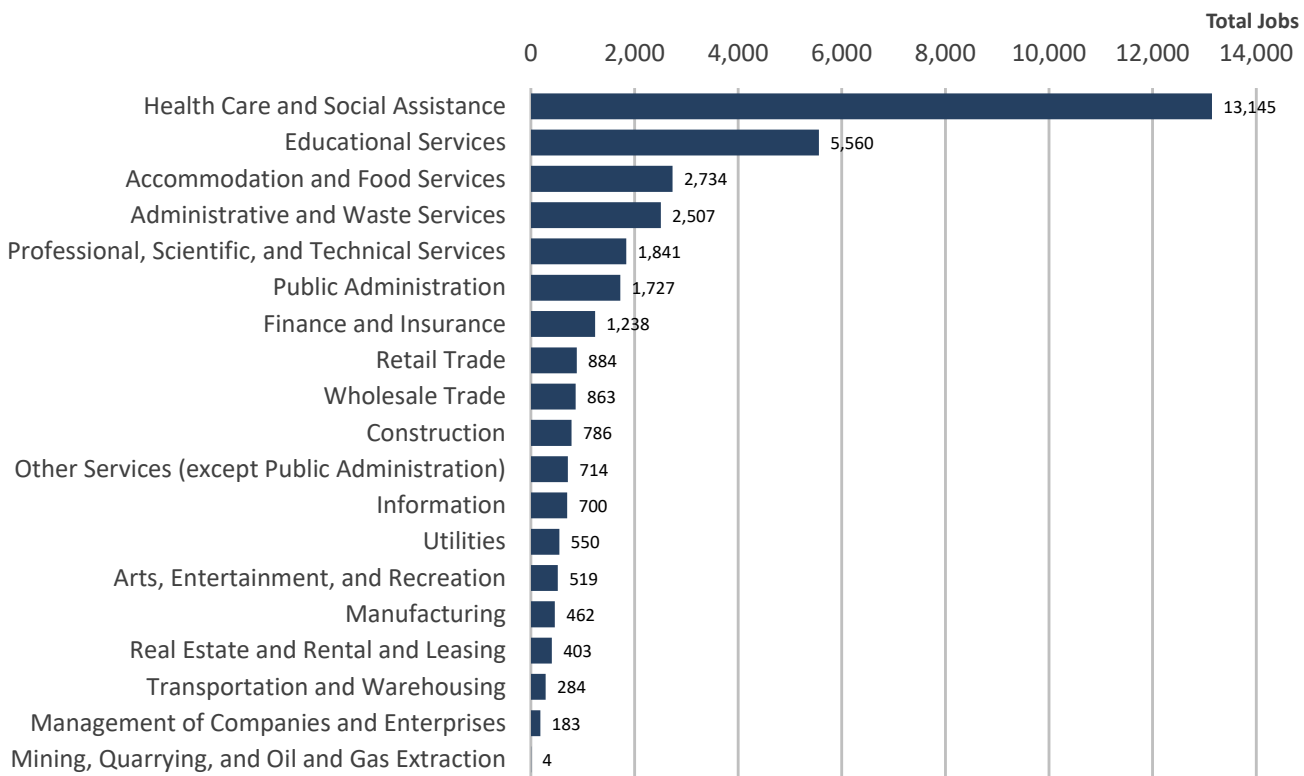
DOWNTOWN/UPTOWN PLAN SPECIFIC ANALYSIS

Employment

The Downtown economic base is anchored by health care, education, entertainment/ hospitality, and civic uses.

Traditional “office” industries (e.g., professional services, finance/insurance) are experiencing limited growth or job losses in Downtown.

Employment by Industry, 2019



Source: US Census LEHD; Economic & Planning Systems

DOWNTOWN/UPTOWN PLAN SPECIFIC ANALYSIS

Employment Demand Analysis

COMMERCIAL DEVELOPMENT TRENDS

A snapshot of commercial real estate conditions and trends is provided below.

- Retail
 - 5.0% vacancy rate
 - Accounts for 9% of City
 - Captured 1.3% of growth since 2010
- Office
 - 4.3% vacancy rate
 - Accounts for 33% of City
 - Captured 22% of growth since 2010
- Hotel
 - Occupancy has rebounded from 2020
 - Accounts for 20% of City

Downtown Commercial Inventory, 2010-2021

Description	2010	2015	2021 YTD	2010-2021 YTD			
				Total	Ann. #	Ann. %	% of City
Retail (sq.ft.)							
Downtown	4,191,651	4,226,546	4,253,670	62,019	5,638	0.1%	1.3%
El Paso	45,112,903	47,294,843	49,774,846	4,661,943	423,813	0.9%	
Office (sq.ft.)							
Downtown	7,649,865	7,706,231	7,994,495	344,630	31,330	0.4%	22.1%
El Paso	22,481,007	23,110,871	24,043,560	1,562,553	142,050	0.6%	
Hotel (rooms)							
Downtown	1,586	1,588	1,800	214	19	1.2%	20.1%
El Paso	9,681	10,024	10,744	1,063	97	1.0%	

Source: CoStar; Economic & Planning Systems

- Captured 20% of growth since 2010

DOWNTOWN/UPTOWN PLAN SPECIFIC ANALYSIS

Retail Demand

Downtown El Paso has a long history of being a destination for retail trade that has capitalized on visitors from Mexico. The Downtown core and the major arterials that connect the border to the core have been the focus of this activity. However, changes in trade patterns, border crossing regulations, and shifting consumer preferences have greatly impacted the health of the retailers in the Downtown area. This section provides a summary of trends related to cross-border retail spending and an estimate of future retail demand for Downtown.

IMPACTS OF MEXICAN NATIONAL PURCHASING ON EL PASO

- Historically, shoppers from Mexico have had large impact on retail sales in border towns
 - Dallas Federal Bank estimate (2007) of 26% on average, 11% in El Paso
 - More recent studies estimate between 5% to 10% for El Paso
- Retail spending by Mexican nationals has been declining since NAFTA enacted
 - Increased access to certain retail goods in Mexico
- Personal border crossing trips (vehicles/pedestrians) have fluctuated over past two decades but generally trending down (impacted by economic conditions, violence, etc.).
- COVID-19 Pandemic stopped nonessential crossings for 20 months
 - Cargo trips increased post restrictions
 - Personal vehicle trips have rebounded
 - Pedestrian trips still significantly lower
- El Paso conditions since COVID start (March 2020)
 - Retail sales tax increased after initial drop (not a good indicator)
 - Employment in visitation impacted sectors dropped significantly (2019 to 2020)
 - The Retail Trade sector dropped in employment by 5.7%, Arts/Rec/Entertainment by 22.3, Hotel/Restaurants by 14.7

DOWNTOWN/UPTOWN PLAN SPECIFIC ANALYSIS

DOWNTOWN RESIDENT DEMAND

The demand for new retail space in the Downtown area was estimated to support the Downtown/Uptown Plan. The following methodology was used to estimate demand.

- The resident buying power for Downtown was estimated based on the number of households and average household incomes in the area.
- The resident buying power was allocated by retail store category to estimate demand for sales generated by residents in 2021 and 2031.
- The change in sales demand was translated into demand for building square feet using average sales per square foot factors.

Resident Buying Power

Description	Downtown
Households	10,301
Average HH Income	<u>\$45,778</u>
Total Personal Income	\$471,559,178

Source: U.S. Census; ESRI Business Analyst; Economic & Planning Systems

Resident Demand

Store Type	% TPI	2021 Expenditure Potential (\$000's)	2031 Expenditure Potential (\$000's)	Change in Exp. Pot. (\$000's)	Avg. Sales per SF	Current Estimated Demand (sq. ft.)	Additional Estimated Demand (sq. ft.)
Total Personal Income (TPI)	100%	\$471,559	\$599,708	\$128,149			
Convenience Goods							
Supermarkets and Other Grocery Stores	6.8%	\$32,183	\$40,929	\$8,746	\$400	80,500	21,900
Convenience Stores (incl. Gas Stations)	4.8%	\$22,609	\$28,753	\$6,144	\$400	56,500	15,400
Beer, Wine, & Liquor Stores	0.9%	\$4,177	\$5,312	\$1,135	\$300	13,900	3,800
Health and Personal Care	<u>3.1%</u>	<u>\$14,605</u>	<u>\$18,573</u>	<u>\$3,969</u>	<u>\$400</u>	<u>36,500</u>	<u>9,900</u>
Total Convenience Goods	15.6%	\$73,574	\$93,568	\$19,994		187,400	51,000
Shopper's Goods							
General Merchandise							
Department Stores	0.7%	\$3,475	\$4,420	\$944	\$300	11,600	3,100
Warehouse Clubs & Supercenters	<u>6.8%</u>	<u>\$31,933</u>	<u>\$40,611</u>	<u>\$8,678</u>	<u>\$500</u>	<u>63,900</u>	<u>17,400</u>
Subtotal	7.5%	\$35,409	\$45,031	\$9,623		75,500	20,500
Other Shopper's Goods							
Clothing & Accessories	2.8%	\$13,159	\$16,735	\$3,576	\$350	37,600	10,200
Furniture & Home Furnishings	1.3%	\$6,114	\$7,776	\$1,662	\$250	24,500	6,600
Electronics & Appliances	1.0%	\$4,758	\$6,051	\$1,293	\$500	9,500	2,600
Sporting Goods, Hobby, Book, & Music Stores	1.0%	\$4,647	\$5,909	\$1,263	\$350	13,300	3,600
Miscellaneous Retail	<u>1.0%</u>	<u>\$4,809</u>	<u>\$6,115</u>	<u>\$1,307</u>	<u>\$300</u>	<u>16,000</u>	<u>4,400</u>
Subtotal	7.1%	\$33,487	\$42,587	\$9,100		100,900	27,400
Eating and Drinking	7.6%	\$36,015	\$45,802	\$9,787	\$350	102,900	28,000
Building Material & Garden	3.5%	\$16,711	\$21,253	\$4,541	\$300	55,700	15,100
Total Retail Goods	41.4%	\$195,196	\$248,241	\$53,046		522,400	142,000

Source: 2017 Census of Retail Trade; Economic & Planning Systems

DOWNTOWN/UPTOWN PLAN SPECIFIC ANALYSIS

GROCERY DEMAND

Downtown has unmet grocery demand, although the demand is relatively small. New housing growth will be more impactful than recapture of unmet grocery demand in terms of attraction of businesses. A focus on building housing to bolster retail demand is needed in Downtown.

DOWNTOWN INFLOW/OUTFLOW FINDINGS

- Downtown has more retail sales than what is demanded by residents in the central portion of El Paso.
- Retail demand is driven also by:
 - Downtown workers
 - Visitors
- Retail categories that are opportunities for Downtown include:
 - Convenience oriented goods (groceries, beer/wine, health and beauty products)
 - Apparel, miscellaneous shoppers' goods
 - Food and beverage

Downtown Grocery Sales Capture, 2020

Store	Building Size <i>Sq.Ft.</i>	Sales <i>Per Sq.Ft.</i>	Estimated Sales	Study Area Capture	Study Area Sales	Total Sales %
Downtown/Alameda 1						
Albertsons	60,321	\$400	\$24,128,400	75.0%	\$18,096,300	93.6%
Mata's Fruit Store	4,130	\$300	\$1,239,000	100.0%	\$1,239,000	6.4%
Nachita's Grocery	8,662	\$300	<u>\$2,598,600</u>	<u>75.0%</u>	<u>\$1,948,950</u>	<u>10.1%</u>
Total			\$25,367,400	76.2%	\$19,335,300	100.0%

Source: Economic & Planning Systems

Downtown Subarea Unmet Grocery Demand, 2020

Description	Exp. Potential Study Area	Est. Captured Sales	Unmet Demand
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Alameda Corridor

Downtown/Alameda 1	\$32,182,986	\$19,335,300	\$12,847,686
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Source: Economic & Planning Systems

DOWNTOWN/UPTOWN PLAN SPECIFIC ANALYSIS

Downtown Findings

- Downtown has solid economic anchors that generate activity (UTEP, health care, hospitality)
- Downtown lacks housing necessary to add vibrancy and buying power in Downtown
 - Downtown has potential to capture a much greater amount of housing if housing feasibility issues can be addressed
 - Demand for 6,600 to 10,000 new units by 2040
- Downtown lacks the traditional concentration of office uses that are typically found in downtown areas. Future demand will be limited, especially in the near term.

Demand Summary

ESTIMATED DEMAND 2020 TO 2040 BY USE

Potential Demand			
Use	Existing	2020 to 2030	2030-2040
Multifamily Residential	10,300 units in Downtown / Uptown Market Area	2,400 to 3,800 units	3,300 to 4,900 units
Attached/Single Family Residential		300 to 550 units	550 to 800 units
Retail	4.3 million sf	Approx. 150,000 sf	200,000 sf
Office	8 million sf	350,000 sf	400,000 sf
Hotel	1,800 rooms	200 rooms	200 rooms

The Economics of Land Use



Financial Model

El Paso Downtown Housing Feasibility: San Jacinto Plaza Site

Prepared for:

City of El Paso

Prepared by:

Economic & Planning Systems, Inc.

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Date:

June 23, 2023

EPS #213048

Table 1
Development Summary: Static Basis
El Paso Downtown Housing Feasibility: San Jacinto Plaza Site

Description	Tower 1 (MF, Hotel, Retail) Amount	Tower 2 (MF) Amount	TOTAL
PROGRAM			
Multifamily Units	150 units	290 units	440
Hotel Rooms	250 rooms	N/A rooms	250
Net Rentable Area	269,313 sf	228,375 sf	497,688
Gross Building Area	307,500 sf	261,000 sf	568,500
CONSTRUCTION COST			
Site Costs			
Land Cost	\$358,134	\$303,978	\$662,112
Site Work/Demolition	\$0		\$0
Hard Costs			
Building	\$58,400,000	\$46,980,000	\$105,380,000
Parking	<u>\$4,056,250</u>	<u>\$3,987,500</u>	<u>\$8,043,750</u>
Subtotal	\$62,456,250	\$50,967,500	\$113,423,750
Soft Costs			
General	\$11,165,605	\$9,160,340	20,325,945
Development Fees, Financing, Other	\$1,843,606	\$1,504,770	\$3,348,375
Total	\$75,823,595	\$61,936,588	\$137,760,183
NET OPERATING INCOME			
Potential Gross Income	\$16,298,750	\$4,988,758	21,287,508
Less: Vacancy	-\$4,671,813	-\$249,438	-4,921,250
Operating Expenditures	<u>-\$6,911,711</u>	<u>-\$919,876</u>	<u>-7,831,587</u>
Net Operating Income (NOI)	\$4,715,227	\$3,819,444	8,534,671
Yield/Return on Cost	6.22%	6.17%	6.20%
HURDLE RATE	7.07%	6.00%	6.58%
ESTIMATED VALUE	\$77,640,283	\$76,388,877	\$154,029,160
Project Gap			
Total	-\$10,668,322	\$2,064,972	-\$8,603,350
% of Total Cost	-14%	3%	-6%

Source: Economic & Planning Systems

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Table 2
Development Programs
El Paso Downtown Housing Feasibility: San Jacinto Plaza Site

Description	Pad Area Acres	Pad Area sf	% of Total	Land Cost	Building Size sf	Net Rentable sf	Room/Units	Square Feet Gross per unit	Parking Spaces
San Jacinto Site				\$20					
Building 1	0.8	33,106		\$662,112					
Multifamily		23,060	70%	\$461,207	396,000	346,500	440	900	220
Tower One		7,861	24%	\$157,230	135,000	118,125	150	900	75
Tower Two		15,199	46%	\$303,978	261,000	228,375	290	900	145
Hotel		9,463	29%	\$189,258	162,500	142,188	250	650	63
Retail		582	2%	\$11,647	10,000	9,000	---	---	10
ROW/Drainage/Open Space	<u>0.0</u>	<u>0</u>	0%	\$0	---	---	---	---	---
Total	0.8	33,106		\$662,112	568,500	497,688	---	---	293

Source: Economic & Planning Systems

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Table 3
Average Rental Rates
El Paso Downtown Housing Feasibility: San Jacinto Plaza Site

Description	Tower One	Tower Two
Average Household Size	2.0	2.0
Market Rate Rents		
Average Rent	\$2.20	\$2.05
Affordable Rents		
30% AMI	\$0.55	\$0.55
50% AMI	\$0.92	\$0.92
60% AMI	\$1.10	\$1.10
80% AMI	\$1.47	\$1.47
100% AMI	\$1.84	\$1.84
<hr/>		
AMI Mix		
30% AMI	0.0%	0.0%
50% AMI	0.0%	0.0%
60% AMI	0.0%	0.0%
80% AMI	0.0%	50.0%
100% AMI	0.0%	0.0%
Market Rate	100.0%	50.0%
Average Rent		
30% AMI	\$0.55	\$0.55
50% AMI	\$0.92	\$0.92
60% AMI	\$1.10	\$1.10
80% AMI	\$1.47	\$1.47
100% AMI	\$1.84	\$1.84
Market Rate	\$2.20	\$2.05
Average Rent	\$2.20	\$1.76
Average Affordable		\$1.47
Program		
Market Rate Units	150	145
% Market Rate	100.0%	50.0%
Affordable Units	0	145
% Affordable Units	0.0%	50.0%
Project Total	150	290

Source: Economic & Planning Systems

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Table 4
Median Family Income: El Paso - 2022
El Paso Downtown Housing Feasibility: San Jacinto Plaza Site

Description	AMI Level	Persons in Family						
		1.0	1.5	2.0	2.5	3.0	4.0	5.0
Family Income								
Extremely Low	30% AMI	\$14,350	\$15,375	\$16,400	\$17,425	\$18,450	\$20,450	\$22,100
Very Low	50% AMI	\$23,850	\$25,550	\$27,250	\$28,950	\$30,650	\$34,050	\$36,800
60% AMI	60% AMI	\$28,620	\$30,750	\$32,700	\$34,850	\$36,780	\$40,860	\$44,160
Low	80% AMI	\$38,150	\$41,000	\$43,600	\$46,467	\$49,050	\$54,450	\$58,850
Median Family Income	100% AMI	\$47,833	\$51,250	\$54,667	\$58,083	\$61,500	\$68,167	\$73,667
Max Mo. Housing Payment (30% of HH Income)								
Extremely Low	30% AMI	\$359	\$384	\$410	\$436	\$461	\$511	\$553
Very Low	50% AMI	\$596	\$639	\$681	\$724	\$766	\$851	\$920
60% AMI	60% AMI	\$716	\$767	\$818	\$869	\$920	\$1,022	\$1,104
Low	80% AMI	\$954	\$1,022	\$1,090	\$1,158	\$1,226	\$1,361	\$1,471
Median Family Income	100% AMI	\$1,196	\$1,281	\$1,367	\$1,452	\$1,538	\$1,704	\$1,842
Max Rent Payment per SF								
	743 sf per unit							
Extremely Low	30% AMI	\$0.48	\$0.52	\$0.55	\$0.59	\$0.62	\$0.69	\$0.74
Very Low	50% AMI	\$0.80	\$0.86	\$0.92	\$0.97	\$1.03	\$1.15	\$1.24
60% AMI	60% AMI	\$0.96	\$1.03	\$1.10	\$1.17	\$1.24	\$1.38	\$1.49
Low	80% AMI	\$1.28	\$1.38	\$1.47	\$1.56	\$1.65	\$1.83	\$1.98
Median Family Income	100% AMI	\$1.61	\$1.73	\$1.84	\$1.96	\$2.07	\$2.30	\$2.48

Source: Economic & Planning Systems

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Table 5
Return Hurdle Rates
El Paso Downtown Housing Feasibility: San Jacinto Plaza Site

Description	Tower 1	Tower 2
Hotel	162,500	0
Multifamily	135,000	228,375
Retail	10,000	0
Construction to Sale Period	5 Years	5 Years
Yield on Cost		
Hotel	8.00%	8.00%
Multifamily	6.00%	6.00%
Retail	6.50%	6.50%
Average	7.07%	6.00%
CAP Rate		
Hotel	7.00%	7.00%
Multifamily	5.00%	5.00%
Retail	5.50%	5.50%
Average	6.07%	5.00%
Debt %	65.0%	65.0%
Equity %	35.0%	35.0%
Time Period Return Premium	0.0%	0.0%
Debt Rate	5.0%	4.2%
Equity Rate	17.5%	14.8%
Average	9.38%	7.95%

Source: Economic & Planning Systems

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Table 6
Development Costs
El Paso Downtown Housing Feasibility: San Jacinto Plaza Site

Option:		Tower 1	Tower 2
ACQUISITION			
Acquisition Cost		\$ 358,134	\$ 303,978
Land Cost		\$ 358,134	\$ 303,978
TOTAL ACQUISITION COST		\$ 358,134	\$ 303,978
Site Costs			
Demo and Site Costs		\$ -	\$ -
Building Demolition		\$ -	\$ -
Site Prep		\$ -	\$ -
Roads Costs	\$0 per LF	\$ -	\$ -
TOTAL SITE COST		\$ -	\$ -
Hard Costs			
General Hard Costs		\$ 62,456,250	\$ 50,967,500
Building Cost - Multifamily	\$180 per sf	\$ 24,300,000	\$ 46,980,000
Building Cost - Hotel	\$200 per sf	\$ 32,500,000	\$ -
Building Cost - Retail	\$160 per sf	\$ 1,600,000	\$ -
Structured Parking Cost - MF+Hotel	\$27,500 per space	\$ 3,781,250	\$ 3,987,500
Structured Parking Cost - Retail	\$27,500 per space	\$ 275,000	\$ -
Surface Parking Costs	\$6,000 per space	\$ -	\$ -
TOTAL HARD COSTS		\$ 62,456,250	\$ 50,967,500
Soft Costs			
General Soft Costs		\$ 13,009,211	\$ 10,665,110
Building Contingency	5.0% of HC	\$ 3,122,813	\$ 2,548,375
Escalation Factor	0.0% of HC	\$ -	\$ -
Soft Costs	12.5% of HC	\$ 7,807,031	\$ 6,370,938
Leasing Costs	5.0% of ann. rent	\$ 235,761	\$ 241,028
Developer Fee	2.5% of Total Cost	\$ 1,843,606	\$ 1,504,770
TOTAL SOFT COSTS		\$ 13,009,211	\$ 10,665,110
% of Hard Costs		20.8%	20.9%
TOTAL COST			
Per GBA		\$ 247	\$ 237
Per Unit		N/A	N/A

Source: Economic & Planning Systems

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Table 7
Property Tax Summary
El Paso Downtown Housing Feasibility: San Jacinto Plaza Site

Description	Rate	Applied Rate	% of Total
City of El Paso	\$0.8624	\$0.8624	28.0%
El Paso County	\$0.4263	\$0.4263	13.8%
El Paso ISD	\$1.3137	\$1.3137	42.7%
EPCC	\$0.1226	\$0.1226	4.0%
Downtown Management District	\$0.1200	\$0.1200	3.9%
Univ Med Center	\$0.2352	\$0.2352	7.6%
TOTAL	\$3.0802	\$3.0802	100.0%
Assessed Value Adjustment	85%	85%	

Source: Economic & Planning Systems

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Tower One

El Paso Downtown Housing Feasibility: San Jacinto Plaza Site

Tower One
Operating Revenues and OpEx: Static
El Paso Downtown Housing Feasibility: San Jacinto Plaza Site

Type	Factor	Rate	Lease Rate per year	Total Revenue Annual	% of Total
REVENUE					
		NRSF			
Multifamily		118,125	NRSF	\$ 3,118,500	19.1% of PGI
Market Rate		118,125	NRSF	\$ 3,118,500	19.1% of PGI
Affordable		0	NRSF	\$ -	0.0% of PGI
Hotel	250 Room			\$ 12,818,750	
Room Revenue	250 Rooms		\$135.00 ADR	\$ 12,318,750	75.6% of PGI
Food and Beverage	250 Rooms		\$2,000 per room	\$ 500,000	3.1% of PGI
Other MF Income				\$ 136,500	0.8% of PGI
Storage Units	50% of units	150 units	\$50.0 per unit/mo	\$ 45,000	0.3% of PGI
Parking Revenue	50% of units	150 units	\$50.0 per unit/mo	\$ 45,000	0.3% of PGI
Valet Trash Fee	100% of units	150 units	\$5.0 per unit/mo	\$ 9,000	0.1% of PGI
Admin Income	100% of units	150 units	\$250.0 per unit/yr	\$ 37,500	0.2% of PGI
Retail Income				\$ 225,000	1.4% of PGI
Retail Street Level		9,000 sf	\$25.0 per sf	\$ 225,000	1.4% of PGI
POTENTIAL GROSS INCOME (PGI)				\$ 16,298,750	100.0% of PGI
Less: Vacancy (Residential)	5.0% per year			\$ (162,750)	-1.0% of PGI
Less: Vacancy (Hotel)	35.0% per year			\$ (4,486,563)	-27.5% of PGI
Less: Vacancy (Retail)	10.0% per year			\$ (22,500)	-0.1% of PGI
EFFECTIVE GROSS INCOME (EGI)				\$ 11,626,938	71.3% of PGI
EXPENDITURES					
Retail Operating Expenditures				\$ (900,220)	7.7% of EGI
Controllable Expenses [1]	\$ 1,800.00 per unit	150 units	100% % of total	\$ (270,000)	2.3% of EGI
Mgt Fee	3.50% % of res inc.	\$ 3,092,250 EGI	100% % of total	\$ (108,229)	0.9% of EGI
Insurance	\$ 350.00 per unit	150 units	100% % of total	\$ (52,500)	0.5% of EGI
Reserves for Replacement	\$ 250.00 per unit	150 units	100% % of total	\$ (37,500)	0.3% of EGI
Real Estate Taxes	\$ 3.08 per \$100 value	\$16,500,000 est. MF val.	85% % of total	\$ (431,991)	3.7% of EGI
Hotel Expenditures				\$ (6,011,491)	51.7% of EGI
Room Labor & Expense	20.00% % of room rev		\$ 2,463,750 room rev	\$ (492,750)	4.2% of EGI
Food And Beverage Expense	70.00% % of F&B rev		\$ 500,000 F&B rev	\$ (350,000)	3.0% of EGI
Administrative & General	6.00% % of net income		\$ 11,976,000 net income	\$ (718,560)	6.2% of EGI
Info and Telecom Systems	1.50% % of net income		\$ 11,976,000 net income	\$ (179,640)	1.5% of EGI
Marketing	4.75% % of net income		\$ 11,976,000 net income	\$ (568,860)	4.9% of EGI
Franchise (royalty) Fees	8.50% % of net income		\$ 11,976,000 net income	\$ (1,017,960)	8.8% of EGI
Property Maintenance & Ops	3.50% % of net income		\$ 11,976,000 net income	\$ (419,160)	3.6% of EGI
Utilities	2.50% % of net income		\$ 11,976,000 net income	\$ (299,400)	2.6% of EGI
Management Fee	3.00% % of total operating rev		\$ 12,818,750 OPREV	\$ (384,563)	3.3% of EGI
Property Taxes	\$3,927 per room		250 rooms	\$ (981,798)	8.4% of EGI
Insurance	1.00% % of net income		\$ 11,976,000 net income	\$ (119,760)	1.0% of EGI
Reserve - Capital Replacements	4.00% % of net income		\$ 11,976,000 net income	\$ (479,040)	4.1% of EGI
TOTAL OPERATING EXPENSES				\$ (6,911,711)	59.4% of EGI
UNLEVERAGED RETURN METRICS					
Net Operating Income				\$ 4,715,227	40.6% of EGI
Estimated Project Value				\$ 77,640,283	
Total Project Cost				\$ 75,823,595	
Yield on Cost (YOC)				6.22%	
Hurdle Rate				7.07%	
Project Gap				-\$10,668,322	-14.1% of TC

[1] Payroll and Related, Utilities (Net of Reimbursements), Redecorating / Make-Ready, Landscaping / Contracted Services, Repairs & Maintenance, Leasing & Marketing, General & Administrative, etc.

Source: Economic & Planning Systems

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Tower 2

El Paso Downtown Housing Feasibility: San Jacinto Plaza Site

Tower 2
Operating Revenues and OpEx: Static
El Paso Downtown Housing Feasibility: San Jacinto Plaza Site

Type	Factor	Rate	Lease Rate per year	Total Revenue Annual	% of Total
REVENUE		Units	NRSF		
Multifamily	29000% units	228,375 NRSF		\$ 4,820,558	96.6% of PGI
Market Rate	145 units	114,188 NRSF	\$2.05 per sf	\$ 2,809,013	56.3% of PGI
Affordable	145 Units	114,188 NRSF	\$1.47 per sf	\$ 2,011,545	40.3% of PGI
Other MF Income				\$ 168,200	3.4% of PGI
Storage Units	25% of units	290 units	\$50.0 per unit/mo	\$ 43,500	0.9% of PGI
Parking Revenue	25% of units	290 units	\$50.0 per unit/mo	\$ 43,500	0.9% of PGI
Valet Trash Fee	50% of units	290 units	\$5.0 per unit/mo	\$ 8,700	0.2% of PGI
Admin Income	100% of units	290 units	\$250.0 per unit/yr	\$ 72,500	1.5% of PGI
POTENTIAL GROSS INCOME (PGI)				\$ 4,988,758	100.0% of PGI
Less: Vacancy (Residential)	5.0%	per year		\$ (249,438)	-5.0% of PGI
EFFECTIVE GROSS INCOME (EGI)				\$ 4,739,320	95.0% of PGI
EXPENDITURES					
Operating Expenditures				\$ (919,976)	19.4% of EGI
			Adjustment		
Controllable Expenses [1]	\$ 2,000.00 per unit	290 units	100% % of total	\$ (580,000)	12.2% of EGI
Mgt Fee	3.50% % of res inc.	\$ 4,739,320 EGI	100% % of total	\$ (165,876)	3.5% of EGI
Insurance	\$ 350.00 per unit	290 units	100% % of total	\$ (101,500)	2.1% of EGI
Reserves for Replacement	\$ 250.00 per unit	290 units	100% % of total	\$ (72,500)	1.5% of EGI
Real Estate Taxes	\$ 3.08 per \$100 value	\$65,250,000 est. MF val.	0% % of total	\$ -	0.0% of EGI
UNLEVERAGED RETURN METRICS					
Net Operating Income				\$ 3,819,444	80.6% of EGI
Estimated Project Value				\$ 76,388,877	
Total Project Cost				\$ 61,936,588	
Yield on Cost (YOC)				6.17%	
Hurdle Rate				6.00%	
Project Gap				\$2,064,972	3.3% of TC

Source: Economic & Planning Systems

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The Economics of Land Use



Draft Financial Model

El Paso Downtown Housing Feasibility: Segundo Barrio

Prepared for:

City of El Paso

Prepared by:

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Date:

June 23, 2023

EPS #213048

Table 1
Development Summary: Static Basis
El Paso Downtown Housing Feasibility: Segundo Barrio

Description	For-Sale Condo	9% LIHTC
	Amount	Amount
PROGRAM		
Multifamily Units	56 units	70 units
Retail Space	2,000 sf	2,000 sf
Net Rentable Area	55,738 sf	55,738 sf
Gross Building Area	63,700 sf	63,700 sf
<hr/>		
CONSTRUCTION COST		
Site Costs		
Land Cost	\$0	\$0
Site Work/Demolition	\$0	\$0
Hard Costs		
Building	\$9,575,000	\$9,575,000
Parking	\$1,925,000	\$1,925,000
Subtotal	\$11,500,000	\$11,500,000
Soft Costs		
General	\$2,012,500	\$2,038,394
Development Fees, Financing, Other	\$337,813	\$345,436
Project Subsidy	-\$1,120,000	
Total	\$12,730,313	\$13,883,830
<hr/>		
NET OPERATING INCOME		
Potential Gross Income	\$10,538,640	\$556,386
Less: Vacancy	\$0	-\$27,819
Operating Expenditures	\$263,466	-\$334,298
Net Operating Income (NOI)	\$10,802,106	\$194,269
Yield/Return on Cost	84.85%	1.37%
HURDLE RATE	N/A	1.20%
ESTIMATED VALUE	\$10,802,106	\$3,237,813
<hr/>		
Project Gap		
Total	-\$1,928,207	\$0
% of Total Cost	0.0%	0.0%

Source: Economic & Planning Systems

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Table 2
Development Programs
El Paso Downtown Housing Feasibility: Segundo Barrio

Description	Pad Area Acres	Pad Area sf	% of Total	Land Cost	Building Size sf	Net Rentable sf	Room/Units	Square Feet Gross per unit	Parking Spaces
Segundo Barrio				\$10					
Market Rate	0.0	0	0%	\$0	0	0	0		0
For-Sale Condo	0.0	0	0%	\$0	63,700	55,738	56	995	70
9% Tax Credit	0.7	0	100%	\$0	63,700	55,738	70	796	70
Retail	0.0	0	0%	\$0	2,000	1,800	---	---	---
Community Space	---	---	---	---	0	0	---	---	---
ROW/Drainage/Open Space	<u>0.0</u>		0%	<u>\$0</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Total	0.7	30,492		\$0	65,700	57,538	---	---	---

Source: Economic & Planning Systems

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Table 3
Average Rental Rates
El Paso Downtown Housing Feasibility: Segundo Barrio

Description	For-Sale Condo	9% Tax Credit
Average Household Size	2.5	3.0
Market Rate Rents/Price		
Average Rent	\$2.05	\$2.00
Affordable Rents/Price		
30% AMI	\$62,730.00	\$0.47
50% AMI	\$104,220.00	\$0.77
60% AMI	\$125,460.00	\$0.93
80% AMI	\$167,280.00	\$1.24
100% AMI	\$209,100.00	\$1.55
<hr/>		
AMI Mix		
30% AMI	0.0%	20.0%
50% AMI	0.0%	40.0%
60% AMI	0.0%	40.0%
80% AMI	50.0%	0.0%
100% AMI	50.0%	0.0%
Market Rate	0.0%	0.0%
Average Rent/Price		
30% AMI	\$62,730.00	\$0.47
50% AMI	\$104,220.00	\$0.77
60% AMI	\$125,460.00	\$0.93
80% AMI	\$167,280.00	\$1.24
100% AMI	\$209,100.00	\$1.55
Market Rate		\$2.00
Average Rent	\$188,190.00	\$0.77
Average Affordable	\$188,190.00	\$0.77
<hr/>		
Program		
Market Rate Units	0	0
% Market Rate	100.0%	100.0%
Affordable Units	56	70
% Affordable Units	100.0%	100.0%
Project Total	56	70

Source: Economic & Planning Systems

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Table 4
Median Family Income: El Paso - 2022
El Paso Downtown Housing Feasibility: Segundo Barrio

Description	AMI Level	Persons in Family						
		1.0	1.5	2.0	2.5	3.0	4.0	5.0
Family Income								
Extremely Low	30% AMI	\$14,350	\$15,375	\$16,400	\$17,425	\$18,450	\$20,450	\$22,100
Very Low	50% AMI	\$23,850	\$25,550	\$27,250	\$28,950	\$30,650	\$34,050	\$36,800
60% AMI	60% AMI	\$28,620	\$30,750	\$32,700	\$34,850	\$36,780	\$40,860	\$44,160
Low	80% AMI	\$38,150	\$41,000	\$43,600	\$46,467	\$49,050	\$54,450	\$58,850
Median Family Income	100% AMI	\$47,833	\$51,250	\$54,667	\$58,083	\$61,500	\$68,167	\$73,667
Max Mo. Housing Payment (30% of HH Income)								
Extremely Low	30% AMI	\$359	\$384	\$410	\$436	\$461	\$511	\$553
Very Low	50% AMI	\$596	\$639	\$681	\$724	\$766	\$851	\$920
60% AMI	60% AMI	\$716	\$767	\$818	\$869	\$920	\$1,022	\$1,104
Low	80% AMI	\$954	\$1,022	\$1,090	\$1,158	\$1,226	\$1,361	\$1,471
Median Family Income	100% AMI	\$1,196	\$1,281	\$1,367	\$1,452	\$1,538	\$1,704	\$1,842
Max Rent Payment per SF								
	990	sf per unit						
Extremely Low	30% AMI	\$0.36	\$0.39	\$0.41	\$0.44	\$0.47	\$0.52	\$0.56
Very Low	50% AMI	\$0.60	\$0.65	\$0.69	\$0.73	\$0.77	\$0.86	\$0.93
60% AMI	60% AMI	\$0.72	\$0.77	\$0.83	\$0.88	\$0.93	\$1.03	\$1.12
Low	80% AMI	\$0.96	\$1.03	\$1.10	\$1.17	\$1.24	\$1.38	\$1.49
Median Family Income	100% AMI	\$1.21	\$1.29	\$1.38	\$1.47	\$1.55	\$1.72	\$1.86
Max Affordable Home Price								
		per unit						
Extremely Low	30% AMI	\$51,660	\$55,350	\$59,040	\$62,730	\$66,420	\$73,620	\$79,560
Very Low	50% AMI	\$85,860	\$91,980	\$98,100	\$104,220	\$110,340	\$122,580	\$132,480
60% AMI	60% AMI	\$103,032	\$110,700	\$117,720	\$125,460	\$132,408	\$147,096	\$158,976
Low	80% AMI	\$137,340	\$147,600	\$156,960	\$167,280	\$176,580	\$196,020	\$211,860
Median Family Income	100% AMI	\$172,200	\$184,500	\$196,800	\$209,100	\$221,400	\$245,400	\$265,200

Source: Economic & Planning Systems

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Table 5
Return Hurdle Rates
El Paso Downtown Housing Feasibility: Segundo Barrio

Description	For-Sale Condo	9% Tax Credit
Multifamily	63,700	63,700
Retail	2,000	0
Construction to Sale Period	5 Years	5 Years
Yield on Cost		
Multifamily	6.00%	6.00%
Retail	6.50%	6.50%
Average	6.02%	6.00%
CAP Rate		
Multifamily	5.00%	5.00%
Retail	5.50%	5.50%
Average	5.02%	5.00%
Debt %	65.0%	65.0%
Equity %	35.0%	35.0%
Time Period Return Premium	0.0%	0.0%

Source: Economic & Planning Systems
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Table 6
Development Costs
El Paso Downtown Housing Feasibility: Segundo Barrio

Option:		For-Sale Condo	9% Tax Credit
ACQUISITION			
Acquisition Cost		\$ -	\$ 304,920
Land Cost		\$ -	\$ 304,920
TOTAL ACQUISITION COST		\$ -	\$ 304,920
Site Costs			
Demo and Site Costs		\$ -	\$ -
TOTAL SITE COST		\$ -	\$ -
Hard Costs			
General Hard Costs		\$ 11,500,000	\$ 11,500,000
Building Cost - Multifamily	\$150 per sf	\$ 9,255,000	\$ -
Building Cost - Multifamily LIHTC	\$150 per sf	\$ -	\$ 9,255,000
Building Cost - Retail	\$160 per sf	\$ 320,000	\$ 320,000
Structured Parking Cost - MF	\$27,500 per space	\$ 1,925,000	\$ 1,925,000
Structured Parking Cost - Retail	\$27,500 per space	\$ -	\$ -
Surface Parking Costs	\$6,000 per space	\$ -	\$ -
TOTAL HARD COSTS		\$ 11,500,000	\$ 11,500,000
Soft Costs			
General Soft Costs		\$ 2,350,313	\$ 2,383,830
Building Contingency	5.0% of HC	\$ 575,000	\$ 575,000
Escalation Factor	0.0% of HC	\$ -	\$ -
Soft Costs	12.5% of HC	\$ 1,437,500	\$ 1,437,500
Leasing Costs	5.0% of ann. rent	\$ -	\$ 25,894
Developer Fee	2.5% of Total Cost	\$ 337,813	\$ 345,436
TOTAL SOFT COSTS		\$ 2,350,313	\$ 2,383,830
% of Hard Costs		20.4%	20.7%
City Contribution	\$20,000 per unit	\$ 1,120,000	\$ -
TOTAL COST		\$ 12,730,313	\$ 14,188,750
Per GBA		\$ 200	\$ 223

Source: Economic & Planning Systems

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Table 7
Property Tax Summary
El Paso Downtown Housing Feasibility: Segundo Barrio

Description	Rate	Applied Rate	% of Total
City of El Paso	\$0.8624	\$0.8624	28.0%
El Paso County	\$0.4263	\$0.4263	13.8%
El Paso ISD	\$1.3137	\$1.3137	42.7%
EPCC	\$0.1226	\$0.1226	4.0%
Downtown Management District	\$0.1200	\$0.1200	3.9%
Univ Med Center	\$0.2352	\$0.2352	7.6%
TOTAL	\$3.0802	\$3.0802	100.0%
Assessed Value Adjustment	85%	85%	

Source: Economic & Planning Systems

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For-Sale Affordable Condos

El Paso Downtown Housing Feasibility: Segundo Barrio

For-Sale Affordable Condos
Operating Revenues and OpEx: Static
El Paso Downtown Housing Feasibility: Segundo Barrio

Type	Factor	Rate	Lease Rate per year	Total Revenue Annual	% of Total	
REVENUE						
Multifamily	Units	56 units	55,738 NRSF	\$ 10,538,640	100.0% of PGI	
Market Rate	0 units	0 NRSF	\$0.00 per unit	\$ -	0.0% of PGI	
Affordable	56 Units	55,738 NRSF	\$188,190.00 per unit	\$ 10,538,640	100.0% of PGI	
Other MF Income						
Storage Units	50% of units	56 units	\$0.0 per unit/mo	\$ -	0.0% of PGI	
Parking Revenue	50% of units	56 units	\$0.0 per unit/mo	\$ -	0.0% of PGI	
Valet Trash Fee	50% of units	56 units	\$0.0 per unit/mo	\$ -	0.0% of PGI	
Admin Income	100% of units	56 units	\$0.0 per unit/yr	\$ -	0.0% of PGI	
POTENTIAL GROSS INCOME (PGI)				\$ 10,538,640	100.0% of PGI	
Less: Vacancy (Residential)				0.0% per year	\$ -	0.0% of PGI
EFFECTIVE GROSS INCOME (EGI)				\$ 10,538,640	100.0% of PGI	
EXPENDITURES						
Operating Expenditures				\$ 263,466	-2.5% of EGI	
			Adjustment			
Controllable Expenses [1]	\$ - per unit	56 units	100% % of total	\$ -	0.0% of EGI	
Mgt Fee	2.50% % of res inc.	\$ 10,538,640 EGI	100% % of total	\$ 263,466	-2.5% of EGI	
Insurance	\$ - per unit	56 units	100% % of total	\$ -	0.0% of EGI	
Reserves for Replacement	\$ - per unit	56 units	100% % of total	\$ -	0.0% of EGI	
Real Estate Taxes	\$ - per \$100 value	\$11,200,000 est. MF val.	0% % of total	\$ -	0.0% of EGI	
UNLEVERAGED RETURN METRICS						
Net Revenue				\$ 10,802,106	102.5% of EGI	
Total Project Cost				\$ 12,730,313		
Return				\$ (1,928,207)		
Yield on Cost (YOC)				84.85%		
Hurdle Rate				0.00%		
Project Gap				-15%	0.0% of TC	

Source: Economic & Planning Systems

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9% Tax Credit

El Paso Downtown Housing Feasibility: Segundo Barrio

9% Tax Credit
Multifamily Operating Revenues and OpEx: Static
El Paso Downtown Housing Feasibility: Segundo Barrio

Type	Factor	Rate	Lease Rate per year	Total Revenue Annual	% of Total
REVENUE					
		NRSF			
Multifamily		55,738	NRSF	\$ 517,886	93.1% of PGI
Multifamily - 5-Story Stickbuilt	70 units	55,738	NRSF	\$ 517,886	93.1% of PGI
			\$0.77 per sf		
Other MF Income					
Storage Units	25% of units	70 units	\$50.0 per unit/mo	\$ 10,500	1.9% of PGI
Parking Revenue	25% of units	70 units	\$30.0 per unit/mo	\$ 6,300	1.1% of PGI
Valet Trash Fee	100% of units	70 units	\$5.0 per unit/mo	\$ 4,200	0.8% of PGI
Admin Income	100% of units	70 units	\$250.0 per unit/yr	\$ 17,500	3.1% of PGI
POTENTIAL GROSS INCOME (PGI)				\$ 556,386	100.0% of PGI
Less: Vacancy (Residential)	5.0%	per year		\$ (27,819)	-5.0% of PGI
EFFECTIVE GROSS INCOME (EGI)				\$ 528,567	95.0% of PGI
EXPENDITURES					
Operating Expenditures			Adjustment	\$ (334,298)	63.2% of EGI
Controllable Expenses [1]	\$ 2,000.00 per unit	70 units	100% % of total	\$ (140,000)	26.5% of EGI
Mgt Fee	3.50% % of res inc.	\$ 528,567 EGI	100% % of total	\$ (18,500)	3.5% of EGI
Insurance	\$ 350.00 per unit	70 units	100% % of total	\$ (24,500)	4.6% of EGI
Reserves for Replacement	\$ 200.00 per unit	70 units	100% % of total	\$ (14,000)	2.6% of EGI
Real Estate Taxes	\$ 2.10 per \$100 value	\$7,700,000 est. MF val.	85% % of total	\$ (137,298)	26.0% of EGI
UNLEVERAGED RETURN METRICS					
Net Operating Income				\$ 194,269	36.8% of EGI
Total Project Cost				\$ 14,188,750	
Yield on Cost (YOC)				1.37%	
Hurdle Rate (0.05% above DCR)				1.20%	

[1] Payroll and Related, Utilities (Net of Reimbursements), Redecorating / Make-Ready, Landscaping / Contracted Services, Repairs & Maintenance, Leasing & Marketing, General & Administrative, etc.

Source: Economic & Planning Systems

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9% Tax Credit
Sources and Uses - LIHTC
El Paso Downtown Housing Feasibility: Segundo Barrio

Type

LIHTC

Qualified Basis Calculation

Total Construction Cost	\$14,188,750
% Eligible	95%
Eligible Construction Cost	\$13,479,312
QCT or DDA?	Yes
QCT Factor	1.30
Adjusted Eligible Basis	\$17,523,106
% Low Income	100.0%
Qualified Basis	\$17,523,106

Available Funds Calculation

Allowed Tax Credit Basis	\$17,523,106
Tax Credit Rate	9.00%
Projected Allocation	\$1,577,080
Annual LIHTC Allocation	\$1,577,080
Total Credits (10 years)	\$15,770,795
Purchase Price	\$0.92
Anticipated Proceeds	\$14,509,132

Deferred Developer Fee

Total Fee Amount	\$345,436
% Deferred	0%
Deferred Fee Amount	\$0

221(d)(4) Loan

Interest Rate	4.00%
Amortization (in years)	40
DSCR	1.15
Max LTC	85%
Stabilized NOI	\$194,269
Max DS Amount	\$168,929
Loan Estimate	\$3,343,581
Actual DS Amount	\$168,929

SUMMARY OF SOURCES AND USES

Total Sources	\$17,852,713	
Total Uses	\$14,188,750	
Gap (-) / Surplus (+)	\$3,663,963	25.8%

Source: Economic & Planning Systems

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The Economics of Land Use



Draft Financial Model

El Paso Downtown Housing Feasibility: Texas and Mills

Prepared for:

City of El Paso

Prepared by:

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Date:

June 23, 2023

EPS #213048

Table 1
Development Summary: Static Basis
El Paso Downtown Housing Feasibility: Texas and Mills

Description	Market Rate Apartments Amount	9% LIHTC Amount	TOTAL
PROGRAM			
Multifamily Units	210 units	100 units	310
Retail Space	50,000 sf	0 sf	55,000
Net Rentable Area	210,375 sf	78,750 sf	289,125
Gross Building Area	239,000 sf	90,000 sf	329,000
CONSTRUCTION COST			
Site Costs			
Land Cost	\$1,131,798	\$538,951	\$1,670,749
Site Work/Demolition	\$565,899	\$134,738	\$700,637
Hard Costs			
Building	\$38,240,000	\$13,500,000	\$51,740,000
Parking	\$5,190,625	\$1,718,750	\$6,909,375
Subtotal	\$43,430,625	\$15,218,750	\$58,649,375
Soft Costs			
General	\$7,935,615	\$2,888,103	\$10,823,718
Development Fees, Financing, Other	\$1,335,004	\$492,121	\$1,827,125
Total	\$54,398,941	\$19,272,664	\$73,671,605
NET OPERATING INCOME			
Potential Gross Income	\$5,384,325	\$786,707	\$6,171,032
Less: Vacancy	-\$325,466	-\$39,335	-\$364,802
Operating Expenditures	-\$1,745,236	-\$477,298	-\$2,222,534
Net Operating Income (NOI)	\$3,313,622	\$270,074	\$3,583,696
Yield/Return on Cost	6.03%	1.34%	4.86%
HURDLE RATE	6.10%	1.20%	4.76%
ESTIMATED VALUE	\$54,561,652	\$4,501,226	\$59,062,878
Project Gap			
Total	-\$661,256	\$0	-\$661,256
% of Total Cost	-1.2%	0.0%	-0.9%

Source: Economic & Planning Systems

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Table 2
Development Programs
El Paso Downtown Housing Feasibility: Texas and Mills

Description	Pad Area Acres	Pad Area sf	% of Total	Land Cost	Building Size sf	Net Rentable sf	Room/Units	Square Feet Gross per unit	Parking Spaces
Upper Mesa Site				\$20					
Multifamily	2.3	100,005	77%	\$2,000,108	279,000	244,125	310	900	283
Market Rate	1.6	56,590	43%	\$1,131,798	189,000	165,375	210	900	158
9% Tax Credit	0.7	26,948	21%	\$538,951	90,000	78,750	100	900	125
Retail	0.4	17,607	13%	\$352,132	50,000	45,000	---	---	63
Community Space	---	---	---	---	5,000	0	---	---	---
ROW/Drainage/Open Space	0.3	13,068	10%	\$261,360	---	---	---	---	---
Total	3.0	130,680		\$2,284,241	334,000	289,125	---	---	345

Source: Economic & Planning Systems

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Table 3
Average Rental Rates
El Paso Downtown Housing Feasibility: Texas and Mills

Description	Market Rate	9% Tax Credit
Average Household Size	2.0	3.0
Market Rate Rents		
Average Rent	\$2.05	\$2.00
Affordable Rents		
30% AMI	\$0.41	\$0.47
50% AMI	\$0.69	\$0.77
60% AMI	\$0.83	\$0.93
80% AMI	\$1.10	\$1.24
100% AMI	\$1.38	\$1.55
<hr/>		
AMI Mix		
30% AMI	0.0%	20.0%
50% AMI	0.0%	40.0%
60% AMI	0.0%	40.0%
80% AMI	0.0%	0.0%
100% AMI	0.0%	0.0%
Market Rate	100.0%	0.0%
Average Rent		
30% AMI	\$0.41	\$0.47
50% AMI	\$0.69	\$0.77
60% AMI	\$0.83	\$0.93
80% AMI	\$1.10	\$1.24
100% AMI	\$1.38	\$1.55
Market Rate	\$2.05	\$2.00
Average Rent	\$2.05	\$0.77
Average Affordable		\$0.77
Program		
Market Rate Units	210	0
% Market Rate	0.0%	100.0%
Affordable Units	0	100
% Affordable Units	0.0%	100.0%
Project Total	210	100

Source: Economic & Planning Systems

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Table 4
Median Family Income: El Paso - 2022
El Paso Downtown Housing Feasibility: Texas and Mills

Description	AMI Level	Persons in Family						
		1.0	1.5	2.0	2.5	3.0	4.0	5.0
Family Income								
Extremely Low	30% AMI	\$14,350	\$15,375	\$16,400	\$17,425	\$18,450	\$20,450	\$22,100
Very Low	50% AMI	\$23,850	\$25,550	\$27,250	\$28,950	\$30,650	\$34,050	\$36,800
60% AMI	60% AMI	\$28,620	\$30,750	\$32,700	\$34,850	\$36,780	\$40,860	\$44,160
Low	80% AMI	\$38,150	\$41,000	\$43,600	\$46,467	\$49,050	\$54,450	\$58,850
Median Family Income	100% AMI	\$47,833	\$51,250	\$54,667	\$58,083	\$61,500	\$68,167	\$73,667
Max Mo. Housing Payment (30% of HH Income)								
Extremely Low	30% AMI	\$359	\$384	\$410	\$436	\$461	\$511	\$553
Very Low	50% AMI	\$596	\$639	\$681	\$724	\$766	\$851	\$920
60% AMI	60% AMI	\$716	\$767	\$818	\$869	\$920	\$1,022	\$1,104
Low	80% AMI	\$954	\$1,022	\$1,090	\$1,158	\$1,226	\$1,361	\$1,471
Median Family Income	100% AMI	\$1,196	\$1,281	\$1,367	\$1,452	\$1,538	\$1,704	\$1,842
Max Rent Payment per SF								
	990 sf per unit							
Extremely Low	30% AMI	\$0.36	\$0.39	\$0.41	\$0.44	\$0.47	\$0.52	\$0.56
Very Low	50% AMI	\$0.60	\$0.65	\$0.69	\$0.73	\$0.77	\$0.86	\$0.93
60% AMI	60% AMI	\$0.72	\$0.77	\$0.83	\$0.88	\$0.93	\$1.03	\$1.12
Low	80% AMI	\$0.96	\$1.03	\$1.10	\$1.17	\$1.24	\$1.38	\$1.49
Median Family Income	100% AMI	\$1.21	\$1.29	\$1.38	\$1.47	\$1.55	\$1.72	\$1.86

Source: Economic & Planning Systems

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Table 5
Return Hurdle Rates
El Paso Downtown Housing Feasibility: Texas and Mills

Description	Market Rate	9% Tax Credit
Multifamily	189,000	90,000
Retail	50,000	0
Construction to Sale Period	5 Years	5 Years
Yield on Cost		
Multifamily	6.00%	6.00%
Retail	6.50%	6.50%
Average	6.10%	6.00%
CAP Rate		
Multifamily	5.00%	5.00%
Retail	5.50%	5.50%
Average	5.10%	5.00%
Debt %	65.0%	65.0%
Equity %	35.0%	35.0%
Time Period Return Premium	0.0%	0.0%

Source: Economic & Planning Systems

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Table 6
Development Costs
El Paso Downtown Housing Feasibility: Texas and Mills

Option:		Market Rate	9% Tax Credit
ACQUISITION			
Acquisition Cost		\$ 1,483,930	\$ 538,951
Land Cost		\$ 1,483,930	\$ 538,951
TOTAL ACQUISITION COST		\$ 1,483,930	\$ 538,951
Site Costs			
Demo and Site Costs		\$ 565,899	\$ 700,637
TOTAL SITE COST		\$ 565,899	\$ 700,637
Hard Costs			
General Hard Costs		\$ 43,618,125	\$ 15,593,750
Building Cost - Multifamily	\$160 per sf	\$ 30,240,000	\$ -
Building Cost - Multifamily LIHTC	\$150 per sf	\$ -	\$ 13,500,000
Building Cost - Retail	\$160 per sf	\$ 8,000,000	\$ -
Structured Parking Cost - MF	\$27,500 per space	\$ 4,331,250	\$ 1,718,750
Structured Parking Cost - Retail	\$27,500 per space	\$ 859,375	\$ -
Surface Parking Costs	\$6,000 per space	\$ 187,500	\$ 375,000
TOTAL HARD COSTS		\$ 43,618,125	\$ 15,593,750
Soft Costs			
General Soft Costs		\$ 9,270,619	\$ 3,380,224
Building Contingency	5.0% % of HC	\$ 2,209,201	\$ 814,719
Escalation Factor	0.0% % of HC	\$ -	\$ -
Soft Costs	12.5% % of HC	\$ 5,523,003	\$ 2,036,798
Leasing Costs	5.0% of ann. rent	\$ 203,411	\$ 36,585
Developer Fee	2.5% % of Total Cost	\$ 1,335,004	\$ 492,121
TOTAL SOFT COSTS		\$ 9,270,619	\$ 3,380,224
% of Hard Costs		21.3%	21.7%
TOTAL COST		\$ 54,938,573	\$ 20,213,562
Per GBA		\$ 230	\$ 225

Source: Economic & Planning Systems

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Table 7
Property Tax Summary
El Paso Downtown Housing Feasibility: Texas and Mills

Description	Rate	Applied Rate	% of Total
City of El Paso	\$0.8624	\$0.8624	28.0%
El Paso County	\$0.4263	\$0.4263	13.8%
El Paso ISD	\$1.3137	\$1.3137	42.7%
EPCC	\$0.1226	\$0.1226	4.0%
Downtown Management District	\$0.1200	\$0.1200	3.9%
Univ Med Center	\$0.2352	\$0.2352	7.6%
TOTAL	\$3.0802	\$3.0802	100.0%
Assessed Value Adjustment	85%	85%	

Source: Economic & Planning Systems

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Market Rate

El Paso Downtown Housing Feasibility: Texas and Mills

Tower One
Operating Revenues and OpEx: Static
El Paso Downtown Housing Feasibility: Texas and Mills

Type	Factor	Rate	Lease Rate per year	Total Revenue Annual	% of Total
REVENUE					
	Units	NRSF			
Multifamily	210	165,375		\$ 4,068,225	75.6% of PGI
Market Rate	210 units	165,375 NRSF	\$2.05 per sf	\$ 4,068,225	75.6% of PGI
Affordable	units	0 NRSF	per sf	-	0.0% of PGI
Other MF Income				\$ 191,100	3.5% of PGI
Storage Units	50% of units	210 units	\$50.0 per unit/mo	\$ 63,000	1.2% of PGI
Parking Revenue	50% of units	210 units	\$50.0 per unit/mo	\$ 63,000	1.2% of PGI
Valet Trash Fee	100% of units	210 units	\$5.0 per unit/mo	\$ 12,600	0.2% of PGI
Admin Income	100% of units	210 units	\$250.0 per unit/yr	\$ 52,500	1.0% of PGI
Retail Income				\$ 1,125,000	20.9% of PGI
Retail Street Level		45,000 sf	\$25.0 per sf	\$ 1,125,000	20.9% of PGI
POTENTIAL GROSS INCOME (PGI)				\$ 5,384,325	100.0% of PGI
Less: Vacancy (Residential)	5.0%	per year		\$ (212,966)	-4.0% of PGI
Less: Vacancy (Retail)	10.0%	per year		\$ (112,500)	-2.1% of PGI
EFFECTIVE GROSS INCOME (EGI)				\$ 5,058,859	94.0% of PGI
EXPENDITURES					
Retail Operating Expenditures			Adjustment	\$ (1,745,236)	34.5% of EGI
Controllable Expenses [1]	\$ 1,800.00 per unit	210 units	100% % of total	\$ (378,000)	7.5% of EGI
Mgt Fee	3.50% % of res inc.	\$ 4,046,359 EGI	100% % of total	\$ (141,623)	2.8% of EGI
Insurance	\$ 350.00 per unit	210 units	100% % of total	\$ (73,500)	1.5% of EGI
Reserves for Replacement	\$ 250.00 per unit	210 units	100% % of total	\$ (52,500)	1.0% of EGI
Real Estate Taxes	\$ 3.08 per \$100 value	\$42,000,000 est. MF val.	85% % of total	\$ (1,099,614)	21.7% of EGI
TOTAL OPERATING EXPENSES				\$ (1,745,236)	34.5% of EGI
UNLEVERAGED RETURN METRICS					
Net Operating Income				\$ 3,313,622	65.5% of EGI
Estimated Project Value				\$ 54,561,652	
Total Project Cost				\$ 54,938,573	
Yield on Cost (YOC)				6.03%	
Hurdle Rate				6.10%	
Project Gap				-\$661,256	-1.2% of TC

[1] Payroll and Related, Utilities (Net of Reimbursements), Redecorating / Make-Ready, Landscaping / Contracted Services, Repairs & Maintenance, Leasing & Marketing, General & Administrative, etc.

Source: Economic & Planning Systems

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Mixed Income

El Paso Downtown Housing Feasibility: Texas and Mills

Mixed Income
Operating Revenues and OpEx: Static
El Paso Downtown Housing Feasibility: Texas and Mills

Type	Factor	Rate	Lease Rate per year	Total Revenue Annual	% of Total
REVENUE					
	Units	NRSF			
Multifamily	0 units	#DIV/0!	NRSF	\$ -	0.0% of PGI
Market Rate	0 units	#DIV/0!	NRSF	\$ -	0.0% of PGI
Affordable	0 Units	#DIV/0!	NRSF	\$ -	0.0% of PGI
Other MF Income					
Storage Units	50% of units	0 units	\$50.0 per unit/mo	\$ -	0.0% of PGI
Parking Revenue	50% of units	0 units	\$50.0 per unit/mo	\$ -	0.0% of PGI
Valet Trash Fee	50% of units	0 units	\$5.0 per unit/mo	\$ -	0.0% of PGI
Admin Income	100% of units	0 units	\$250.0 per unit/yr	\$ -	0.0% of PGI
POTENTIAL GROSS INCOME (PGI)					
Less: Vacancy (Residential)	5.0%	per year		\$ -	0.0% of PGI
EFFECTIVE GROSS INCOME (EGI)					
EXPENDITURES					
Operating Expenditures					
			Adjustment	\$ -	0.0% of EGI
Controllable Expenses [1]	\$ 2,000.00 per unit	0 units	100% % of total	\$ -	0.0% of EGI
Mgt Fee	3.50% % of res inc.	\$ - EGI	100% % of total	\$ -	0.0% of EGI
Insurance	\$ 350.00 per unit	0 units	100% % of total	\$ -	0.0% of EGI
Reserves for Replacement	\$ 250.00 per unit	0 units	100% % of total	\$ -	0.0% of EGI
Real Estate Taxes	\$ 3.08 per \$100 value	\$0 est. MF val.	0% % of total	\$ -	0.0% of EGI
UNLEVERAGED RETURN METRICS					
Net Operating Income				\$ -	0.0% of EGI
Estimated Project Value				\$ -	
Total Project Cost				\$ -	
Yield on Cost (YOC)				0.00%	
Hurdle Rate				6.50%	
Project Gap				\$0	#DIV/0! of TC

Source: Economic & Planning Systems

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9% Tax Credit

El Paso Downtown Housing Feasibility: Texas and Mills

9% Tax Credit
Multifamily Operating Revenues and OpEx: Static
El Paso Downtown Housing Feasibility: Texas and Mills

Type	Factor	Rate	Lease Rate per year	Total Revenue Annual	% of Total
REVENUE					
		NRSF			
Multifamily		78,750	NRSF	\$ 731,707	93.0% of PGI
Multifamily - 5-Story Stickbuilt	100 units	78,750	NRSF	\$ 731,707	93.0% of PGI
			\$0.77 per sf		
Other MF Income					
Storage Units	25% of units	100 units		\$ 15,000	1.9% of PGI
Parking Revenue	25% of units	100 units	\$50.0 per unit/mo	\$ 9,000	1.1% of PGI
Valet Trash Fee	100% of units	100 units	\$30.0 per unit/mo	\$ 6,000	0.8% of PGI
Admin Income	100% of units	100 units	\$5.0 per unit/mo	\$ 25,000	3.2% of PGI
			\$250.0 per unit/yr		
POTENTIAL GROSS INCOME (PGI)				\$ 786,707	100.0% of PGI
Less: Vacancy (Residential) 5.0% per year				\$ (39,335)	-5.0% of PGI
EFFECTIVE GROSS INCOME (EGI)				\$ 747,371	95.0% of PGI
EXPENDITURES					
Operating Expenditures				\$ (477,298)	63.9% of EGI
			Adjustment		
Controllable Expenses [1]	\$ 2,000.00 per unit	100 units	100% % of total	\$ (200,000)	26.8% of EGI
Mgt Fee	3.50% % of res inc.	\$ 747,371 EGI	100% % of total	\$ (26,158)	3.5% of EGI
Insurance	\$ 350.00 per unit	100 units	100% % of total	\$ (35,000)	4.7% of EGI
Reserves for Replacement	\$ 200.00 per unit	100 units	100% % of total	\$ (20,000)	2.7% of EGI
Real Estate Taxes	\$ 2.10 per \$100 value	\$11,000,000 est. MF val.	85% % of total	\$ (196,140)	26.2% of EGI
UNLEVERAGED RETURN METRICS					
Net Operating Income				\$ 270,074	36.1% of EGI
Total Project Cost				\$ 20,213,562	
Yield on Cost (YOC)				1.34%	
Hurdle Rate (0.05% above DCR)				1.20%	

[1] Payroll and Related, Utilities (Net of Reimbursements), Redecorating / Make-Ready, Landscaping / Contracted Services, Repairs & Maintenance, Leasing & Marketing, General & Administrative, etc.

Source: Economic & Planning Systems

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9% Tax Credit
Sources and Uses - LIHTC
El Paso Downtown Housing Feasibility: Texas and Mills

Type

LIHTC

Qualified Basis Calculation

Total Construction Cost	\$20,213,562
% Eligible	95%
Eligible Construction Cost	\$19,202,884
QCT or DDA?	Yes
QCT Factor	1.30
Adjusted Eligible Basis	\$24,963,750
% Low Income	100.0%
Qualified Basis	\$24,963,750

Available Funds Calculation

Allowed Tax Credit Basis	\$24,963,750
Tax Credit Rate	9.00%
Projected Allocation	\$2,246,737
Annual LIHTC Allocation	\$2,246,737
Total Credits (10 years)	\$22,467,375
Purchase Price	\$0.92
Anticipated Proceeds	\$20,669,985

Deferred Developer Fee

Total Fee Amount	\$492,121
% Deferred	0%
Deferred Fee Amount	\$0

221(d)(4) Loan

Interest Rate	4.00%
Amortization (in years)	40
DSCR	1.15
Max LTC	85%
Stabilized NOI	\$270,074
Max DS Amount	\$234,847
Loan Estimate	\$4,648,265
Actual DS Amount	\$234,847

SUMMARY OF SOURCES AND USES

Total Sources	\$25,318,250	
Total Uses	\$20,213,562	
Gap (-) / Surplus (+)	\$5,104,688	25.3%

Source: Economic & Planning Systems

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The Economics of Land Use



Draft Financial Model

El Paso Downtown Housing Feasibility: Upper Mesa

Prepared for:

City of El Paso

Prepared by:

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Date:

June 23, 2023

EPS #213048

Table 1
Development Summary: Static Basis
El Paso Downtown Housing Feasibility: Upper Mesa

Description	Student Apartments Amount	Market Rate Apartments Amount	Mixed-Income Amount	9% LIHTC Amount	TOTAL
PROGRAM					
Multifamily Units	200 units	250 units	330 units	120 units	900
Retail Space	57,500 sf	57,500 sf	5,000 sf	0 sf	120,000
Net Rentable Area	261,750 sf	248,625 sf	259,875 sf	94,500 sf	864,750
Gross Building Area	297,500 sf	282,500 sf	297,000 sf	108,000 sf	985,000
CONSTRUCTION COST					
Site Costs					
Land Cost	\$2,294,281	\$2,150,888	\$2,839,172	\$1,032,426	\$8,316,768
Site Work/Demolition	\$573,570	\$537,722	\$709,793	\$258,107	\$2,079,192
Hard Costs					
Building	\$47,600,000	\$45,200,000	\$47,520,000	\$16,200,000	\$156,520,000
Parking	\$9,453,125	\$10,828,125	\$9,075,000	\$2,475,000	\$31,831,250
Subtotal	\$57,053,125	\$56,028,125	\$56,595,000	\$18,675,000	\$188,351,250
Soft Costs					
General	\$10,399,672	\$10,229,773	\$10,277,898	\$3,779,146	\$34,686,488
Development Fees, Financing, Othe	\$1,766,372	\$1,731,624	\$1,754,308	\$651,328	\$5,903,631
Total	\$72,087,019	\$70,140,411	\$71,466,378	\$24,137,900	\$237,831,708
NET OPERATING INCOME					
Potential Gross Income	\$7,525,000	\$6,910,000	\$5,281,575	\$1,136,045	\$20,852,620
Less: Vacancy	-\$428,000	-\$345,500	-\$264,079	-\$56,802	-\$1,094,381
Operating Expenditures	-\$2,124,857	-\$2,188,822	-\$1,033,612	-\$821,037	-\$6,168,327
Net Operating Income (NOI)	\$4,972,143	\$4,375,678	\$3,983,884	\$258,207	\$13,589,912
Yield/Return on Cost	6.84%	6.13%	5.52%	0.97%	5.71%
HURDLE RATE	6.10%	6.10%	6.01%	1.20%	5.53%
ESTIMATED VALUE	\$97,557,305	\$85,767,849	\$78,088,270	\$4,303,443	\$265,716,867
Project Gap					
Total	\$0	\$459,595	-\$6,912,527	-\$940,279	-\$7,393,211
% of Total Cost	0%	0.0%	-9.6%	-3.5%	-3%

Source: Economic & Planning Systems
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Table 2
Development Programs
El Paso Downtown Housing Feasibility: Upper Mesa

Description	Pad Area Acres	Pad Area sf	% of Total	Land Cost	Building Size sf	Net Rentable sf	Room/Units	Square Feet Gross per unit	Parking Spaces
Upper Mesa Site				\$20					
Multifamily	8.2	358,481	76%	\$7,169,628	870,000	761,250	900	967	960
Student Apartments	2.3	114,714	24%	\$2,294,281	240,000	210,000	200	1200	200
Market Rate	2.1	107,544	23%	\$2,150,888	225,000	196,875	250	900	250
Mixed-Income	2.8	141,959	30%	\$2,839,172	297,000	259,875	330	900	330
9% Tax Credit	1.0	51,621	11%	\$1,032,426	108,000	94,500	120	900	180
Retail	1.5	64,922	14%	\$1,298,436	115,000	103,500	---	---	288
Community Space	---	---	---	---	5,000	0	---	---	---
ROW/Drainage/Open Space	1.1	47,045	10%	\$940,896	---	---	---	---	---
Total	10.8	470,448		\$8,261,820	750,000	654,750	---	---	1,248

Source: Economic & Planning Systems

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Table 3
Average Rental Rates
El Paso Downtown Housing Feasibility: Upper Mesa

Description	Student Apartments	Market Rate	Mixed-Income	9% Tax Credit
Average Household Size	2.0	2.0	2.0	3.0
Market Rate Rents				
Average Rent	\$2.50	\$2.10	\$2.10	\$2.00
Affordable Rents				
30% AMI	\$0.41	\$0.41	\$0.41	\$0.47
50% AMI	\$0.69	\$0.69	\$0.69	\$0.77
60% AMI	\$0.83	\$0.83	\$0.83	\$0.93
80% AMI	\$1.10	\$1.10	\$1.10	\$1.24
100% AMI	\$1.38	\$1.38	\$1.38	\$1.55
<hr/>				
AMI Mix				
30% AMI	0.0%	0.0%	0.0%	0.0%
50% AMI	0.0%	0.0%	0.0%	0.0%
60% AMI	0.0%	0.0%	0.0%	100.0%
80% AMI	0.0%	0.0%	50.0%	0.0%
100% AMI	0.0%	0.0%	0.0%	0.0%
Market Rate	100.0%	100.0%	50.0%	0.0%
Average Rent				
30% AMI	\$0.41	\$0.41	\$0.41	\$0.47
50% AMI	\$0.69	\$0.69	\$0.69	\$0.77
60% AMI	\$0.83	\$0.83	\$0.83	\$0.93
80% AMI	\$1.10	\$1.10	\$1.10	\$1.24
100% AMI	\$1.38	\$1.38	\$1.38	\$1.55
Market Rate	\$2.50	\$2.10	\$2.10	\$2.00
Average Rent	\$2.50	\$2.10	\$1.60	\$0.93
Average Affordable			\$1.10	\$0.93
<hr/>				
Program				
Market Rate Units	200	250	165	0
% Market Rate	100.0%	0.0%	50.0%	100.0%
Affordable Units	0	0	165	120
% Affordable Units	0.0%	0.0%	50.0%	100.0%
Project Total	200	250	330	120

Source: Economic & Planning Systems

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Table 4
Median Family Income: El Paso - 2022
El Paso Downtown Housing Feasibility: Upper Mesa

Description	AMI Level	Persons in Family						
		1.0	1.5	2.0	2.5	3.0	4.0	5.0
Family Income								
Extremely Low	30% AMI	\$14,350	\$15,375	\$16,400	\$17,425	\$18,450	\$20,450	\$22,100
Very Low	50% AMI	\$23,850	\$25,550	\$27,250	\$28,950	\$30,650	\$34,050	\$36,800
60% AMI	60% AMI	\$28,620	\$30,750	\$32,700	\$34,850	\$36,780	\$40,860	\$44,160
Low	80% AMI	\$38,150	\$41,000	\$43,600	\$46,467	\$49,050	\$54,450	\$58,850
Median Family Income	100% AMI	\$47,833	\$51,250	\$54,667	\$58,083	\$61,500	\$68,167	\$73,667
Max Mo. Housing Payment (30% of HH Income)								
Extremely Low	30% AMI	\$359	\$384	\$410	\$436	\$461	\$511	\$553
Very Low	50% AMI	\$596	\$639	\$681	\$724	\$766	\$851	\$920
60% AMI	60% AMI	\$716	\$767	\$818	\$869	\$920	\$1,022	\$1,104
Low	80% AMI	\$954	\$1,022	\$1,090	\$1,158	\$1,226	\$1,361	\$1,471
Median Family Income	100% AMI	\$1,196	\$1,281	\$1,367	\$1,452	\$1,538	\$1,704	\$1,842
Max Rent Payment per SF								
	990 sf per unit							
Extremely Low	30% AMI	\$0.36	\$0.39	\$0.41	\$0.44	\$0.47	\$0.52	\$0.56
Very Low	50% AMI	\$0.60	\$0.65	\$0.69	\$0.73	\$0.77	\$0.86	\$0.93
60% AMI	60% AMI	\$0.72	\$0.77	\$0.83	\$0.88	\$0.93	\$1.03	\$1.12
Low	80% AMI	\$0.96	\$1.03	\$1.10	\$1.17	\$1.24	\$1.38	\$1.49
Median Family Income	100% AMI	\$1.21	\$1.29	\$1.38	\$1.47	\$1.55	\$1.72	\$1.86

Source: Economic & Planning Systems

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Table 5
Return Hurdle Rates
El Paso Downtown Housing Feasibility: Upper Mesa

Description	Student Apartments	Market Rate	Mixed-Income	9% Tax Credit
Multifamily	240,000	225,000	297,000	108,000
Retail	57,500	57,500	5,000	0
Construction to Sale Period	5 Years	5 Years	5 Years	5 Years
Yield on Cost				
Multifamily	6.00%	6.00%	6.00%	6.00%
Retail	6.50%	6.50%	6.50%	6.50%
Average	6.10%	6.10%	6.01%	6.00%
CAP Rate				
Multifamily	5.00%	5.00%	5.00%	5.00%
Retail	5.50%	5.50%	5.50%	5.50%
Average	5.10%	5.10%	5.01%	5.00%
Debt %	65.0%	65.0%	65.0%	65.0%
Equity %	35.0%	35.0%	35.0%	35.0%
Time Period Return Premium	0.0%	0.0%	0.0%	0.0%
Debt Rate	5.0%	5.0%	4.9%	4.9%
Equity Rate	17.5%	17.5%	17.5%	17.5%
Average	9.38%	9.38%	9.33%	9.32%

Source: Economic & Planning Systems

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Table 6
Development Costs
El Paso Downtown Housing Feasibility: Upper Mesa

Option:	Student Apartments	Market Rate	Mixed-Income	9% Tax Credit	
ACQUISITION					
Acquisition Cost	\$ 2,943,499	\$ 2,800,106	\$ 2,839,172	\$ 1,032,426	
Land Cost	\$ 2,943,499	\$ 2,800,106	\$ 2,839,172	\$ 1,032,426	
TOTAL ACQUISITION COST	\$ 2,943,499	\$ 2,800,106	\$ 2,839,172	\$ 1,032,426	
Site Costs					
Demo and Site Costs	\$ 573,570	\$ 537,722	\$ 709,793	\$ 2,079,192	
TOTAL SITE COST	\$ 573,570	\$ 537,722	\$ 709,793	\$ 2,079,192	
Hard Costs					
General Hard Costs	\$ 57,053,125	\$ 56,028,125	\$ 56,595,000	\$ 19,215,000	
Building Cost - Multifamily	\$160 per sf	\$ 38,400,000	\$ 36,000,000	\$ 46,720,000	\$ -
Building Cost - Multifamily LIHTC	\$150 per sf	\$ -	\$ -	\$ -	\$ 16,200,000
Building Cost - Retail	\$160 per sf	\$ 9,200,000	\$ 9,200,000	\$ 800,000	\$ -
Structured Parking Cost - MF	\$27,500 per space	\$ 5,500,000	\$ 6,875,000	\$ 9,075,000	\$ 2,475,000
Structured Parking Cost - Retail	\$27,500 per space	\$ 3,953,125	\$ 3,953,125	\$ -	\$ -
Surface Parking Costs	\$6,000 per space	\$ -	\$ -	\$ -	\$ 540,000
TOTAL HARD COSTS	\$ 57,053,125	\$ 56,028,125	\$ 56,595,000	\$ 19,215,000	
Soft Costs					
General Soft Costs	\$ 12,166,043	\$ 11,961,398	\$ 12,032,205	\$ 4,430,473	
Building Contingency	5.0% of HC	\$ 2,881,335	\$ 2,828,292	\$ 2,865,240	\$ 1,064,710
Escalation Factor	0.0% of HC	\$ -	\$ -	\$ -	\$ -
Soft Costs	12.5% of HC	\$ 7,203,337	\$ 7,070,731	\$ 7,163,099	\$ 2,661,774
Leasing Costs	5.0% of ann. rent	\$ 315,000	\$ 330,750	\$ 249,559	\$ 52,662
Developer Fee	2.5% of Total Cost	\$ 1,766,372	\$ 1,731,624	\$ 1,754,308	\$ 651,328
TOTAL SOFT COSTS	\$ 12,166,043	\$ 11,961,398	\$ 12,032,205	\$ 4,430,473	
% of Hard Costs	21.3%	21.3%	21.3%	23.1%	
TOTAL COST	\$ 72,736,238	\$ 71,327,351	\$ 72,176,171	\$ 26,757,092	
Per GBA	\$ 244	\$ 252	\$ 243	\$ 248	

Source: Economic & Planning Systems

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Table 7
Property Tax Summary
El Paso Downtown Housing Feasibility: Upper Mesa

Description	Rate	Applied Rate	% of Total
City of El Paso	\$0.8624	\$0.8624	28.0%
El Paso County	\$0.4263	\$0.4263	13.8%
El Paso ISD	\$1.3137	\$1.3137	42.7%
EPCC	\$0.1226	\$0.1226	4.0%
Downtown Management District	\$0.1200	\$0.1200	3.9%
Univ Med Center	\$0.2352	\$0.2352	7.6%
TOTAL	\$3.0802	\$3.0802	100.0%
Assessed Value Adjustment	85%	85%	

Source: Economic & Planning Systems

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Student Apartments

El Paso Downtown Housing Feasibility: Upper Mesa

Student Apartments
Operating Revenues and OpEx: Static
El Paso Downtown Housing Feasibility: Upper Mesa

Type	Factor	Rate	Lease Rate per year	Total Revenue Annual	% of Total
REVENUE					
		NRSF			
Multifamily		196,875 NRSF		\$ 6,300,000	83.7% of PGI
Student		210,000 NRSF	\$2.50 per sf	\$ 6,300,000	83.7% of PGI
Affordable		0 NRSF	per sf	-	0.0% of PGI
Other MF Income				\$ 190,000	2.5% of PGI
Storage Units	50% of units	250 units	\$25.0 per unit/mo	\$ 37,500	0.5% of PGI
Parking Revenue	100% of units	250 units	\$25.0 per unit/mo	\$ 75,000	1.0% of PGI
Valet Trash Fee	100% of units	250 units	\$5.0 per unit/mo	\$ 15,000	0.2% of PGI
Admin Income	100% of units	250 units	\$250.0 per unit/yr	\$ 62,500	0.8% of PGI
Retail Income				\$ 1,035,000	13.8% of PGI
Retail Street Level	57,500 Gross SF	51,750 Net SF	\$20.0 per sf	\$ 1,035,000	13.8% of PGI
POTENTIAL GROSS INCOME (PGI)				\$ 7,525,000	100.0% of PGI
Less: Vacancy (Residential)	5.0% per year			\$ (324,500)	-4.3% of PGI
Less: Vacancy (Retail)	10.0% per year			\$ (103,500)	-1.4% of PGI
EFFECTIVE GROSS INCOME (EGI)				\$ 7,097,000	94.3% of PGI
EXPENDITURES					
Retail Operating Expenditures			Adjustment	\$ (2,124,857)	29.9% of EGI
Controllable Expenses [1]	\$ 1,800.00 per unit	250 units	100% % of total	\$ (450,000)	6.3% of EGI
Mgt Fee	3.50% % of res inc.	\$ 6,165,500 EGI	100% % of total	\$ (215,793)	3.0% of EGI
Insurance	\$ 350.00 per unit	250 units	100% % of total	\$ (87,500)	1.2% of EGI
Reserves for Replacement	\$ 250.00 per unit	250 units	100% % of total	\$ (62,500)	0.9% of EGI
Real Estate Taxes	\$ 3.08 per \$100 value	\$50,000,000 est. MF val.	85% % of total	\$ (1,309,064)	18.4% of EGI
TOTAL OPERATING EXPENSES				\$ (2,124,857)	29.9% of EGI
UNLEVERAGED RETURN METRICS					
Net Operating Income				\$ 4,972,143	70.1% of EGI
Estimated Project Value				\$ 97,557,305	
Total Project Cost				\$ 72,736,238	
Yield on Cost (YOC)				6.84%	
Hurdle Rate				6.10%	
Project Gap				\$10,549,654	14.5% of TC

[1] Payroll and Related, Utilities (Net of Reimbursements), Redecorating / Make-Ready, Landscaping / Contracted Services, Repairs & Maintenance, Leasing & Marketing, General & Administrative, etc.

Source: Economic & Planning Systems

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Market Rate

El Paso Downtown Housing Feasibility: Upper Mesa

Market Rate
Operating Revenues and OpEx: Static
El Paso Downtown Housing Feasibility: Upper Mesa

Type	Factor	Rate	Lease Rate per year	Total Revenue Annual	% of Total
REVENUE					
	Units	NRSF			
Multifamily	250 units	262,500	NRSF	\$ 6,615,000	95.7% of PGI
Market Rate	250 units	262,500	NRSF	\$ 6,615,000	95.7% of PGI
Affordable	0 Units	0	NRSF	\$ -	0.0% of PGI
Other MF Income					
Storage Units	50% of units	250 units	\$50.0 per unit/mo	\$ 75,000	1.1% of PGI
Parking Revenue	100% of units	250 units	\$50.0 per unit/mo	\$ 150,000	2.2% of PGI
Valet Trash Fee	50% of units	250 units	\$5.0 per unit/mo	\$ 7,500	0.1% of PGI
Admin Income	100% of units	250 units	\$250.0 per unit/yr	\$ 62,500	0.9% of PGI
POTENTIAL GROSS INCOME (PGI)				\$ 6,910,000	100.0% of PGI
Less: Vacancy (Residential)	5.0%	per year		\$ (345,500)	-5.0% of PGI
EFFECTIVE GROSS INCOME (EGI)				\$ 6,564,500	95.0% of PGI
EXPENDITURES					
Operating Expenditures				\$ (2,188,822)	33.3% of EGI
			Adjustment		
Controllable Expenses [1]	\$ 2,000.00 per unit	250 units	100% % of total	\$ (500,000)	7.6% of EGI
Mgt Fee	3.50% % of res inc.	\$ 6,564,500 EGI	100% % of total	\$ (229,758)	3.5% of EGI
Insurance	\$ 350.00 per unit	250 units	100% % of total	\$ (87,500)	1.3% of EGI
Reserves for Replacement	\$ 250.00 per unit	250 units	100% % of total	\$ (62,500)	1.0% of EGI
Real Estate Taxes	\$ 3.08 per \$100 value	\$50,000,000 est. MF val.	85% % of total	\$ (1,309,064)	19.9% of EGI
UNLEVERAGED RETURN METRICS					
Net Operating Income				\$ 4,375,678	66.7% of EGI
Estimated Project Value				\$ 85,767,849	
Total Project Cost				\$ 71,327,351	
Yield on Cost (YOC)				6.13%	
Hurdle Rate				6.10%	
Project Gap				\$459,595	0.6% of TC

Source: Economic & Planning Systems

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Mixed Income

El Paso Downtown Housing Feasibility: Upper Mesa

Mixed Income
Operating Revenues and OpEx: Static
El Paso Downtown Housing Feasibility: Upper Mesa

Type	Factor	Rate	Lease Rate per year	Total Revenue Annual	% of Total
REVENUE		Units	NRSF		
Multifamily	330 units	259,875 NRSF		\$ 4,991,175	94.5% of PGI
Market Rate	165 units	129,938 NRSF	\$2.10 per sf	\$ 3,274,425	62.0% of PGI
Affordable	165 Units	129,938 NRSF	\$1.10 per sf	\$ 1,716,750	32.5% of PGI
Other MF Income				\$ 290,400	5.5% of PGI
Storage Units	50% of units	330 units	\$50.0 per unit/mo	\$ 99,000	1.9% of PGI
Parking Revenue	50% of units	330 units	\$50.0 per unit/mo	\$ 99,000	1.9% of PGI
Valet Trash Fee	50% of units	330 units	\$5.0 per unit/mo	\$ 9,900	0.2% of PGI
Admin Income	100% of units	330 units	\$250.0 per unit/yr	\$ 82,500	1.6% of PGI
POTENTIAL GROSS INCOME (PGI)				\$ 5,281,575	100.0% of PGI
Less: Vacancy (Residential)	5.0%	per year		\$ (264,079)	-5.0% of PGI
EFFECTIVE GROSS INCOME (EGI)				\$ 5,017,496	95.0% of PGI
EXPENDITURES					
Operating Expenditures				\$ (1,033,612)	20.6% of EGI
			Adjustment		
Controllable Expenses [1]	\$ 2,000.00 per unit	330 units	100% % of total	\$ (660,000)	13.2% of EGI
Mgt Fee	3.50% % of res inc.	\$ 5,017,496 EGI	100% % of total	\$ (175,612)	3.5% of EGI
Insurance	\$ 350.00 per unit	330 units	100% % of total	\$ (115,500)	2.3% of EGI
Reserves for Replacement	\$ 250.00 per unit	330 units	100% % of total	\$ (82,500)	1.6% of EGI
Real Estate Taxes	\$ 3.08 per \$100 value	\$66,000,000 est. MF val.	0% % of total	\$ -	0.0% of EGI
UNLEVERAGED RETURN METRICS					
Net Operating Income				\$ 3,983,884	79.4% of EGI
Estimated Project Value				\$ 78,088,270	
Total Project Cost				\$ 72,176,171	
Yield on Cost (YOC)				5.52%	
Hurdle Rate				6.01%	
Project Gap				-\$6,912,527	-9.6% of TC

Source: Economic & Planning Systems

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9% Tax Credit

El Paso Downtown Housing Feasibility: Upper Mesa

9% Tax Credit
Multifamily Operating Revenues and OpEx: Static
El Paso Downtown Housing Feasibility: Upper Mesa

Type	Factor	Rate	Lease Rate per year	Total Revenue Annual	% of Total
REVENUE					
		NRSF			
Multifamily		94,500	NRSF	\$ 1,053,245	92.7% of PGI
Multifamily - 5-Story Stickbuilt	120 units	94,500	NRSF	\$ 1,053,245	92.7% of PGI
			\$0.93 per sf		
Other MF Income					
Storage Units	33% of units	120 units	\$50.0 per unit/mo	\$ 24,000	2.1% of PGI
Parking Revenue	50% of units	120 units	\$30.0 per unit/mo	\$ 21,600	1.9% of PGI
Valet Trash Fee	100% of units	120 units	\$5.0 per unit/mo	\$ 7,200	0.6% of PGI
Admin Income	100% of units	120 units	\$250.0 per unit/yr	\$ 30,000	2.6% of PGI
POTENTIAL GROSS INCOME (PGI)				\$ 1,136,045	100.0% of PGI
Less: Vacancy (Residential)	5.0%	per year		\$ (56,802)	-5.0% of PGI
EFFECTIVE GROSS INCOME (EGI)				\$ 1,079,243	95.0% of PGI
EXPENDITURES					
Operating Expenditures			Adjustment	\$ (821,037)	76.1% of EGI
Controllable Expenses [1]	\$ 2,000.00 per unit	120 units	100% % of total	\$ (240,000)	22.2% of EGI
Mgt Fee	3.50% % of res inc.	\$ 1,079,243 EGI	100% % of total	\$ (37,774)	3.5% of EGI
Insurance	\$ 350.00 per unit	120 units	100% % of total	\$ (42,000)	3.9% of EGI
Reserves for Replacement	\$ 250.00 per unit	120 units	100% % of total	\$ (30,000)	2.8% of EGI
Real Estate Taxes	\$ 3.08 per \$100 value	\$18,000,000 est. MF val.	85% % of total	\$ (471,263)	43.7% of EGI
UNLEVERAGED RETURN METRICS					
Net Operating Income				\$ 258,207	23.9% of EGI
Total Project Cost				\$ 26,757,092	
Yield on Cost (YOC)				0.97%	
Hurdle Rate (0.05% above DCR)				1.20%	

[1] Payroll and Related, Utilities (Net of Reimbursements), Redecorating / Make-Ready, Landscaping / Contracted Services, Repairs & Maintenance, Leasing & Marketing, General & Administrative, etc.

Source: Economic & Planning Systems

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9% Tax Credit
Sources and Uses - LIHTC
El Paso Downtown Housing Feasibility: Upper Mesa

Type

LIHTC

Qualified Basis Calculation

Total Construction Cost	\$26,757,092
% Eligible	95%
Eligible Construction Cost	\$25,419,237
QCT or DDA?	No
QCT Factor	1.00
Adjusted Eligible Basis	\$25,419,237
% Low Income	100.0%
Qualified Basis	\$25,419,237

Available Funds Calculation

Allowed Tax Credit Basis	\$25,419,237
Tax Credit Rate	9.00%
Projected Allocation	\$2,287,731
Annual LIHTC Allocation	\$2,287,731
Total Credits (10 years)	\$22,877,313
Purchase Price	\$0.92
Anticipated Proceeds	\$21,047,128

Deferred Developer Fee

Total Fee Amount	\$651,328
% Deferred	50%
Deferred Fee Amount	\$325,664

221(d)(4) Loan

Interest Rate	4.00%
Amortization (in years)	40
DSCR	1.15
Max LTC	85%
Stabilized NOI	\$258,207
Max DS Amount	\$224,527
Loan Estimate	\$4,444,021
Actual DS Amount	\$224,527

SUMMARY OF SOURCES AND USES

Total Sources	\$25,816,813	
Total Uses	\$26,757,092	
Gap (-) / Surplus (+)	-\$940,279	-3.5%

Source: Economic & Planning Systems

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