



New Opportunity Zone Designations

**Strengthening Economic Mobility
for the City of El Paso**

City Council Work Session

May 11, 2026



Advancing Economic Mobility

- El Paso is positioned to advocate for a new selection of **Opportunity Zones** and enhance our pillar of Economic Mobility
- Federal program encourages investment in low-income communities through reductions or deferral of the capital gains tax
- Reflects City's growing emphasis on leveraging federal and state level tools to create lasting funding opportunities that support community priorities



Opportunity and prosperity that reflects El Paso

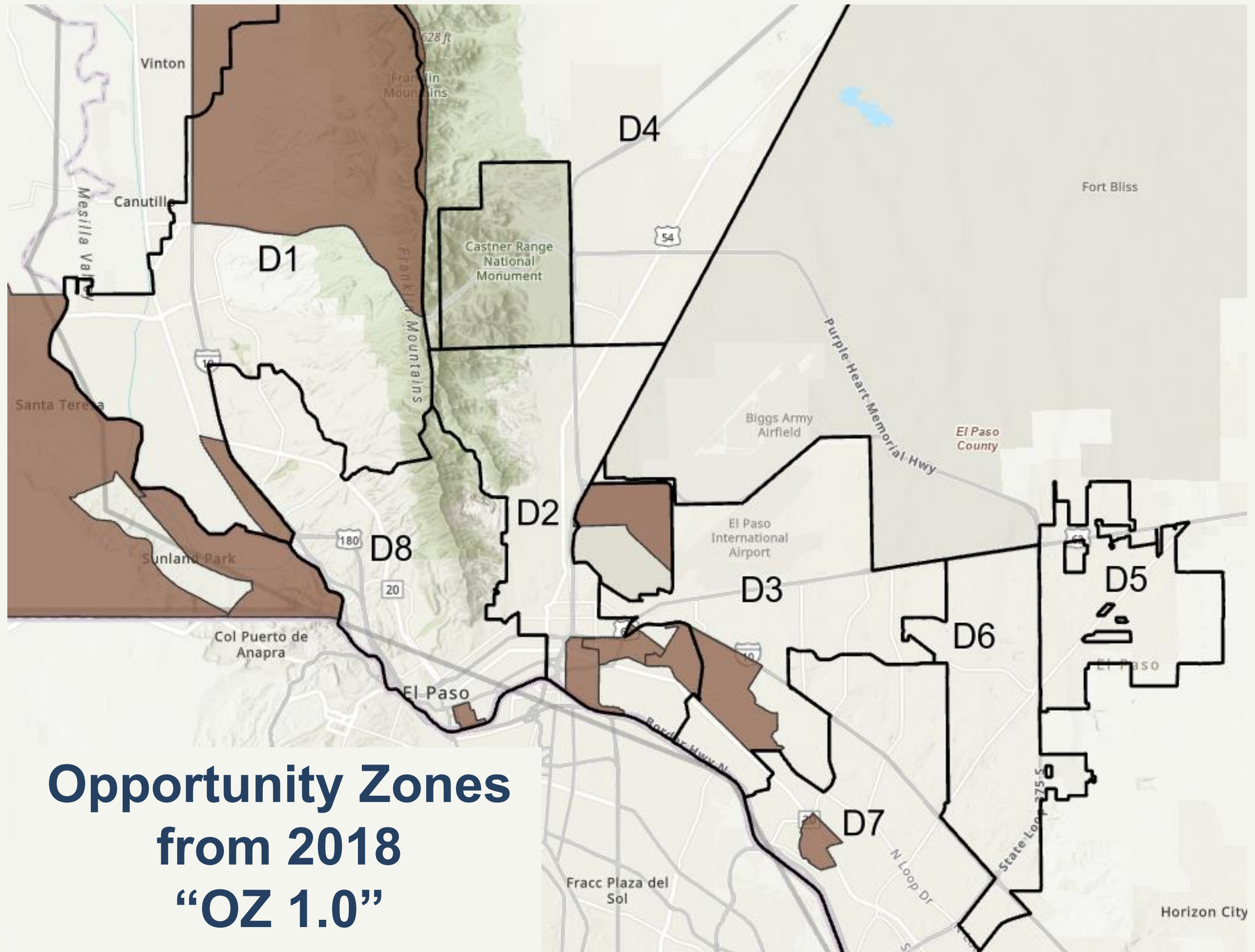
- Opportunity Zones execute core strategies of the Economic Mobility pillar:
 - *Support individuals, local businesses, and key industries*
 - *Support expansion of housing options and affordability*
- Additional vehicle to create growth opportunities that strengthen economic mobility and our local identity to keep families rooted and thriving in El Paso



Lessons from OZ 1.0

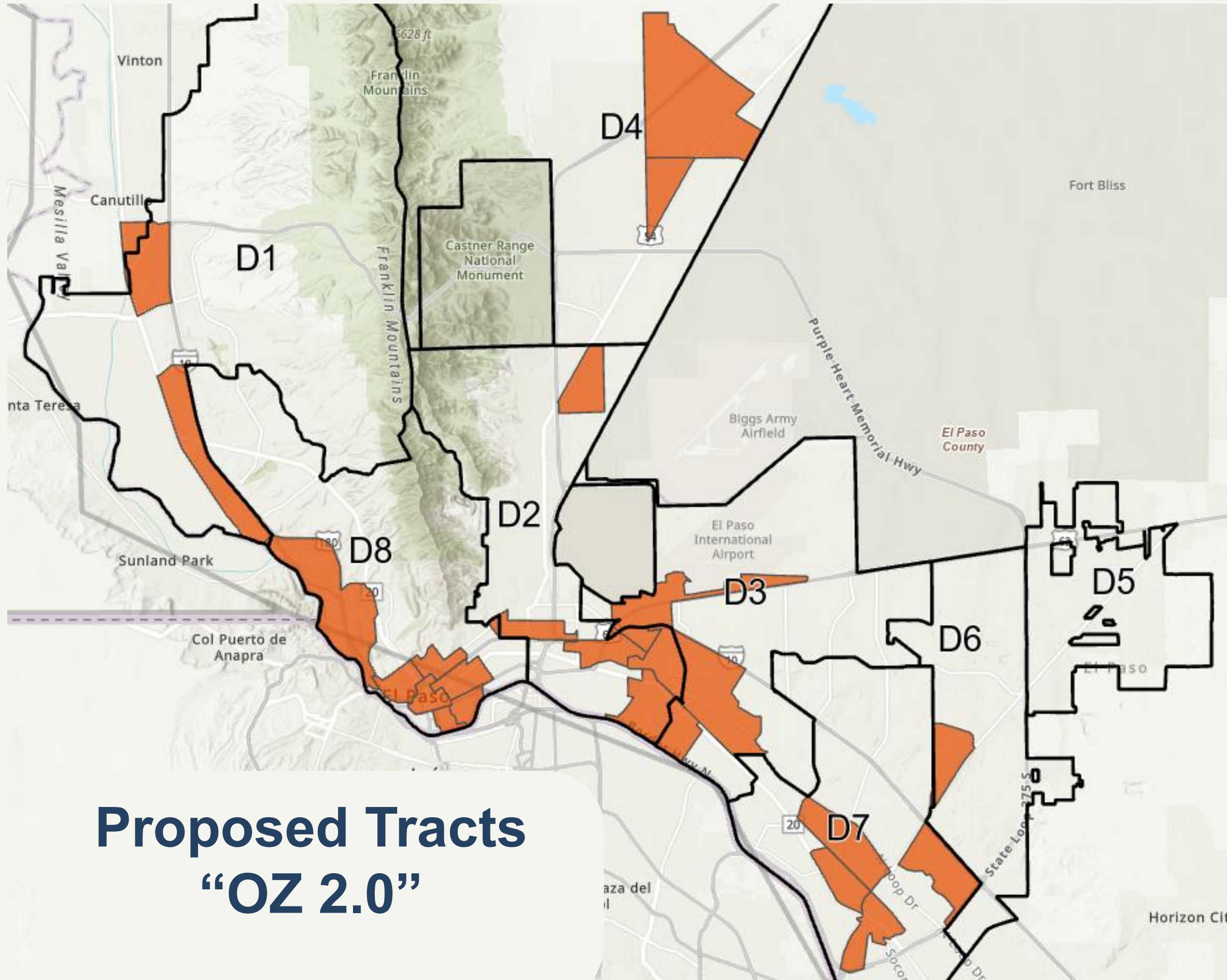
- In 2018, Texas used its full OZ allocation
- Among these, 8 census tracts in the El Paso City boundary were designated as OZs
- We do not have readily-available data as to what zones received investment in Texas, as this reporting was not required under OZ 1.0





Opportunity Zones from 2018 “OZ 1.0”





Proposed Tracts "OZ 2.0"

- | | |
|-----------------|-----------------|
| 1. 48141000108 | 13. 48141003402 |
| 2. 48141000301 | 14. 48141003501 |
| 3. 48141001204 | 15. 48141003602 |
| 4. 48141001400 | 16. 48141003701 |
| 5. 48141001600 | 17. 48141003901 |
| 6. 48141001700 | 18. 48141003902 |
| 7. 48141001900 | 19. 48141004008 |
| 8. 48141002000 | 20. 48141004104 |
| 9. 48141002100 | 21. 48141004316 |
| 10. 48141002202 | 22. 48141010223 |
| 11. 48141002600 | 23. 48141010228 |
| 12. 48141003200 | |



Informed Recommendation

Criteria for proposed OZ tracts include:

- Official list of eligible tracts, per the IRS ([Rev. Proc. 2026-14](#))
- Interdepartmental assessment of development potential
 - Economic Development
 - Community and Human Development
 - Planning and Inspections
 - Strategic and Legislative Affairs
 - Urban Planning and Design
- Review by City Council and reflections of community sentiment



Informed Recommendation

Criteria for proposed OZ tracts include:

- Momentum around commercial development (area master plans, data per [El Paso Housing Needs Assessment](#))
- Co-location with:
 - Tax Increment Financing Zone (TIRZ)
 - City-owned real estate and community services, per [Community Development LIHTC Map](#)
 - Economic Development incentive agreements



Opportunity Zone Implementation

- Investments redirected into a “Qualified Opportunity Fund”
- Private entity or public-private partnership then finances projects or businesses located in an OZ
- Stackable with City-managed incentives
 - Tax abatements and rebates
 - Tax Increment Financing (TIF)
 - Local grants and gap financing



Strategy in Action

Supporting individuals, local businesses, and key industries

Centennial Yards | Atlanta, GA

Underused downtown rail yard is being rebuilt into a mixed-use neighborhood that will include housing, offices, retail shops, restaurants, hotels, and public spaces. OZ designation helped attract private investment to the area.

Paired with: Tax Allocation District / Tax Increment Financing (TAD/TIF), Bond financing, Sales tax / enterprise-style rebates, Property tax incentives

Focus area: collaboration, incentive policies, cross-sector economic partnerships



Strategy in Action

Supporting individuals, local businesses, and key industries

“Mhub” Manufacturing Innovation Center Chicago’s Near West Side

Redevelopment of former industrial building into an advanced manufacturing and prototyping facility for hardware and electronics. OZ designation helped attract private investment to the area.

Paired with: Tax Increment Financing (TIF), New Markets Tax Credits (NMTC), Tax-exempt bonds and local support

Focus Area: Local innovation and startup growth



Strategy in Action

Support expansion of housing options and affordability

American Life Building | Birmingham, AL

Long-vacant building redeveloped into 140 workforce housing apartments; available rent-free to participants enrolled in workforce training while they work toward stable employment

How? PNC Bank created an OZ fund that invested \$11 million into the project, paired with a \$4.2 million loan for the renovation and construction costs

Focus Area: housing aligned with community cost of living, and community housing stability



Strategy in Action

Support expansion of housing options and affordability

Stadium Lofts | Kannapolis, NC

Four historic downtown buildings were renovated and reactivated as part of the mixed-use complex anchored by Flagship Food Hall; includes restaurants, retail, offices, and housing

How? Financed by private equity and two OZ funds, managed by a community-focused investment firm and a regional insurance company

Focus Area: Infill, efficient land use development



Council Requested Action

Discussion and action authorizing City Manager, or designee, to submit nominated census tracts to the Texas Governor's Economic Development and Tourism Office for the selection of Opportunity Zones within the City of El Paso.

Next Steps in the Nomination Process

June
2026

El Paso submits nominations to Texas Governor's Economic Development & Tourism Office

September
2026

States transmit their lists of nominated OZ census tracts to the Secretary of the Treasury

January
2027

Certified OZ designations will take effect



MISSION



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

VISION



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



VALUES

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