

Envision El Paso

Economic Development and Redevelopment Policy

City Council Work Session

July 20, 2026

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**Economic & Planning
Systems, Inc.**

The Economics of Land Use

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Economic Development

ECONOMIC DEVELOPMENT POLICY OVERVIEW

Purpose – Provide high level policy direction for the City of El Paso for economic development efforts in the region and city. The policy sets the economic context for the city, highlights the city's assets and partnerships, and provides goals and policies for achieving the community's economic vision.

Policy Components

- Economic Climate Overview
- Economic Assets and Partners
- Guiding Efforts and Plans
 - City Council Strategy Plan
 - Regional Comprehensive Economic Development Strategy (CEDS)
 - Envision El Paso Future Land Use Plan
- Economic Development Policies
 - Diversify and Grow the Economic Base
 - Invest in Economic Places and Infrastructure
 - Support Workers and Residents to Improve Economic Mobility
- Programs and Tools

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ECONOMIC CLIMATE



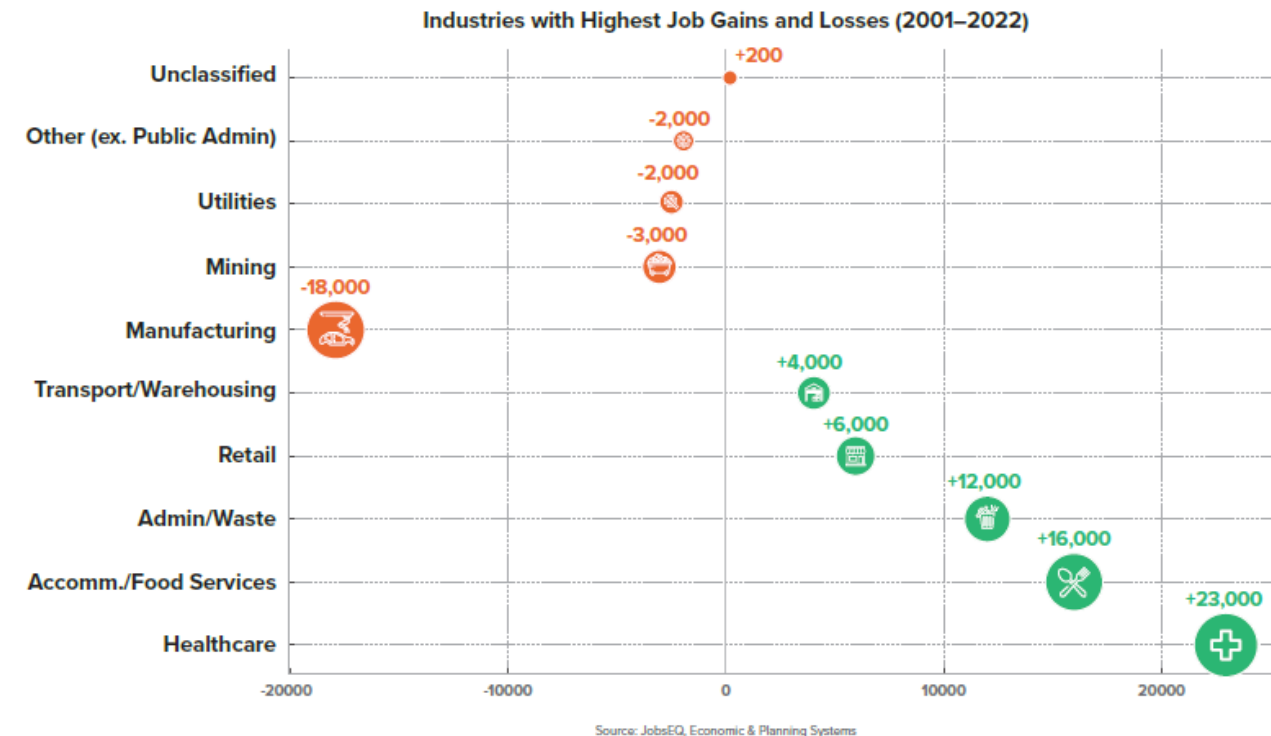
#no of jobs

Source: JobsEQ, Economic & Planning Systems

- Growing economic base (1.0% job growth annually) which has outpaced population growth
- Economic base driven by Health Care, Education, Defense/Military, Trade, and Tourism with a high proportion of public sector employment
- Health care emerging as El Paso's largest and fastest-growing industry
- Top occupations pay relatively lower wages (median wage = \$40,000 annually)

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ECONOMIC CLIMATE

OPPORTUNITIES

- Maximizing benefits from international ports of entry and trade operations
- Growing military/defensive based employment clusters
- Leveraging historic, cultural, art, and natural assets to attract visitation
- Commercializing ideas coming out of local R&D and educational institutions
- Harnessing the power of a multicultural and bilingual workforce

CHALLENGES

- Shifting international trade policies and patterns
- Increasing cost of living and doing business
- Connecting businesses with capital and resources needed to grow
- Sustaining on a predominately public sector employment base and small private employment tax base
- Growing, attracting and retaining a skilled workforce

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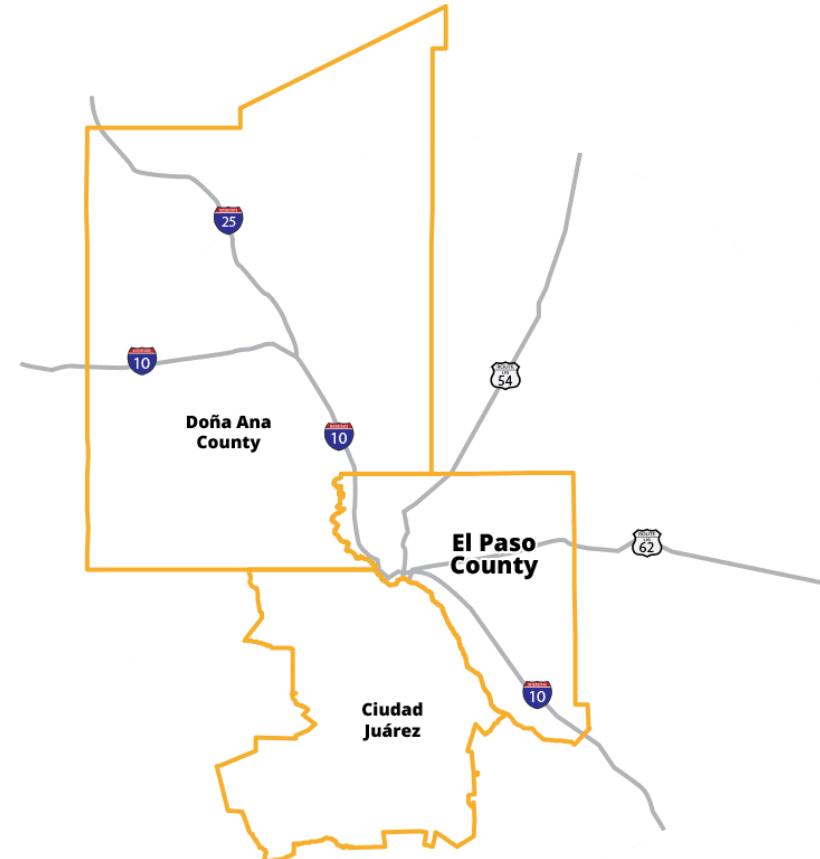
ECONOMIC ASSETS AND PARTNERS

The El Paso regional ecosystem generates economic potential that can be realized by building on these shared economic assets.

- A region that covers three states and two nations placing it at the center international trade and manufacturing.
- Home to the second largest U.S. Army installation with outsized economic impact.
- Six international ports of entry and two international airports.
- Premier research university and education institutions

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ECONOMIC ASSETS AND PARTNERS

- Partners

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GUIDING EFFORTS

- City Council 2-Year Strategic Plan
- Pillar - ECONOMIC MOBILITY
 - *Opportunity & prosperity that reflects El Paso*
- Goal
 - CREATE GROWTH opportunities that strengthen economic mobility and our local identity to keep families rooted and thriving in El Paso.
- Core Strategies
 - Activating workforce pathways toward livable wages
 - Supporting individuals, local businesses, and key industries
 - Defining how the City will support the expansion of housing options and affordability
 - Streamlining permitting and licensing processes to support efficient, timely building construction

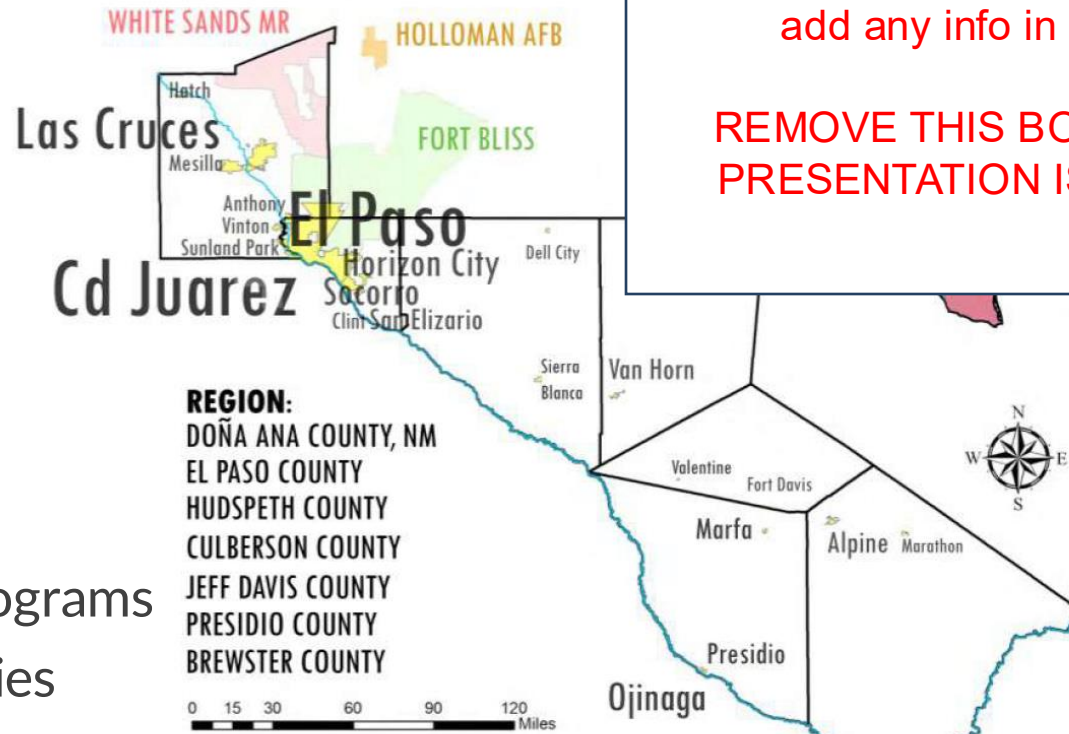
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GUIDING EFFORTS AND PLANS

Regional Comprehensive Economic Development Strategy (CEDS)

- 5-year regional strategy document organizing regional economic development initiatives
- The CEDS does the following:
 - Prioritizes regional projects and programs
 - Aligns regional policies and strategies
 - Secures new funding sources
- Target industries identified
 - Advanced Manu., Aerospace/Defense, Energy/Resources, Small Business/Entrepreneurship



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Key Partners:

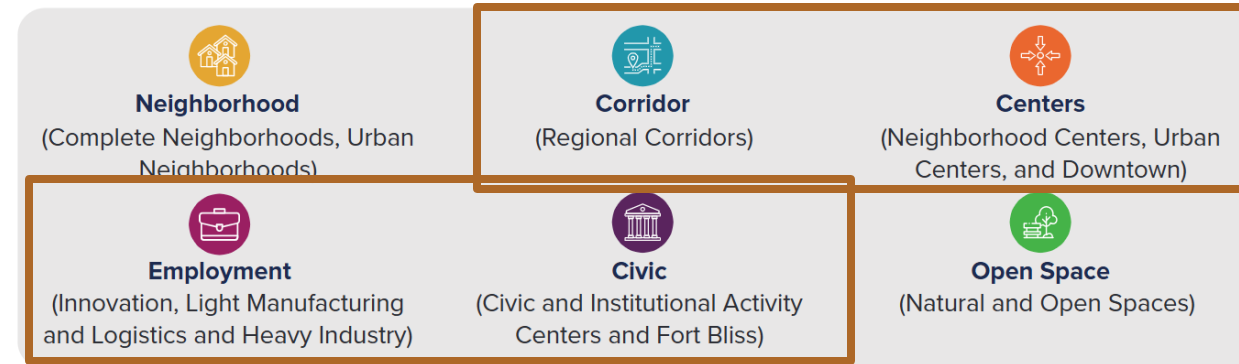
- US Economic Development Administration
- Rio Grande Council of Governments
- Ciudad Juarez Municipal Government
- 50+ Private Sector participants
- 28 Governments
- EPCC, UTEP
- 30+ Non- profits

GUIDING EFFORTS AND PLANS

- Envision El Paso Future Land Use Plan
- Future Land Use Plan and Map provides the connection between land use and economic activity
- Future Land Use Plan role in economic development
 - Vision for how land use supports economic development
 - Guidance for and locations of economic places in the community
 - Basis for place-based economic development initiatives and application of economic development tools

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DIVERSIFY & GROW THE ECONOMIC BASE BY PROVIDING SUPPORT

- Domestic and Foreign Business Expansion, Attraction, and Retention
 - Advanced Manufacturing
 - Defense Industry Based Businesses
 - International Trade and Logistics
 - Life Sciences
- Small Business Support
 - Business One-Stop Shop
 - Entrepreneurship Support
- Tourism
 - Cultural/Heritage Tourism
 - Outdoor Recreation
 - Event/Destinations (Conventions, Youth Sports, Professional/Collegiate Sports, etc..)

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INVEST IN ECONOMIC PLACES AND INFRASTRUCTURE NEEDED TO SUPPORT ECONOMIC GROWTH

- Employment Area Investment and Incentives
 - Foreign Trade Zone
 - Advanced Manufacturing District
- Economic Place Management
 - Downtown Management District
 - City Initiated TIRZs
 - Business Improvement Districts
- Infrastructure Investment and Management
 - Internal ports of entries/bridges

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SUPPORT WORKERS AND RESIDENTS TO IMPROVE ECONOMIC MOBILITY THROUGH SKILL DEVELOPMENT, CAREER PATHWAYS, AND QUALITY OF LIFE INFRASTRUCTURE

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- Skill Development
 - Education programs
 - Skill training
- Career Pathways
 - Internship/apprenticeships
 - Platform jobs (livable wages, benefits, promotional paths)
- Quality of Life Infrastructure
 - Accessible and affordable housing options
 - Transportation connections for workers
 - Access to everyday goods and services

TOOLS AND PROGRAMS

City Grants, Loans, and Incentives

- Chapter 380 Grants/Loans
- Chapter 312 Tax Abatements
- Infill Development/TOD Incentives
- Defense Industrial Base Business Incentive
- Advanced Manufacturing District Incentive
- Business One-Stop Shop (BOSS) program
- Tax Increment Reinvestment Zones and Improvement/Management Districts

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State/Federal Programs

- Texas Enterprise Fund
- Texas Enterprise Zones
- Texas Manufacturing Exemptions
- Texas Workforce Commission Programs and Funds
 - Skills Development Fund
- Federal Foreign Trade Zones
- Federal Opportunity Zones
- Federal EDA Grants

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Redevelopment Policy Framework

CHALLENGES WITH INFILL

- Market Demand/Supportable Rents
- Approval/Inspection Capacity
- Utility/Infrastructure Upgrade Costs
- Regulatory Flexibility
- Adaptive Reuse Added Challenges
- Project Staging and Urban Logistics

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CURRENT TOOLS

- Infill Incentive Policy
 - construction materials sales tax rebate
 - incremental property tax rebate
 - lien waivers (if applicable)
 - building and planning permit fee rebates
- Transit-Oriented Development Incentive Policy
- Tax Increment Reinvestment Zones
 - Most often only includes the City's tax portion with ad hoc participation of the County's portion.
- Downtown El Paso Management District Grants (using TIRZ dollars to support)
 - Commercial façade improvements
 - Utility upgrades
 - Signage and lighting improvements
 - Pedestrian area improvements

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OUTREACH

Current Incentive Program Feedback

- Current infill incentives is too small in value to address project feasibility gaps
- Incentives mostly rely on rebates
- Property Tax Rebate/Abatement
 - The length abatement is limited
 - Property valuation increases often offset impact
- Sales/Use Tax Rebate
 - Very labor intensive/challenging to use
- Permit Fees Waivers
 - Can cap could be increased or removed

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FEASIBILITY TESTING

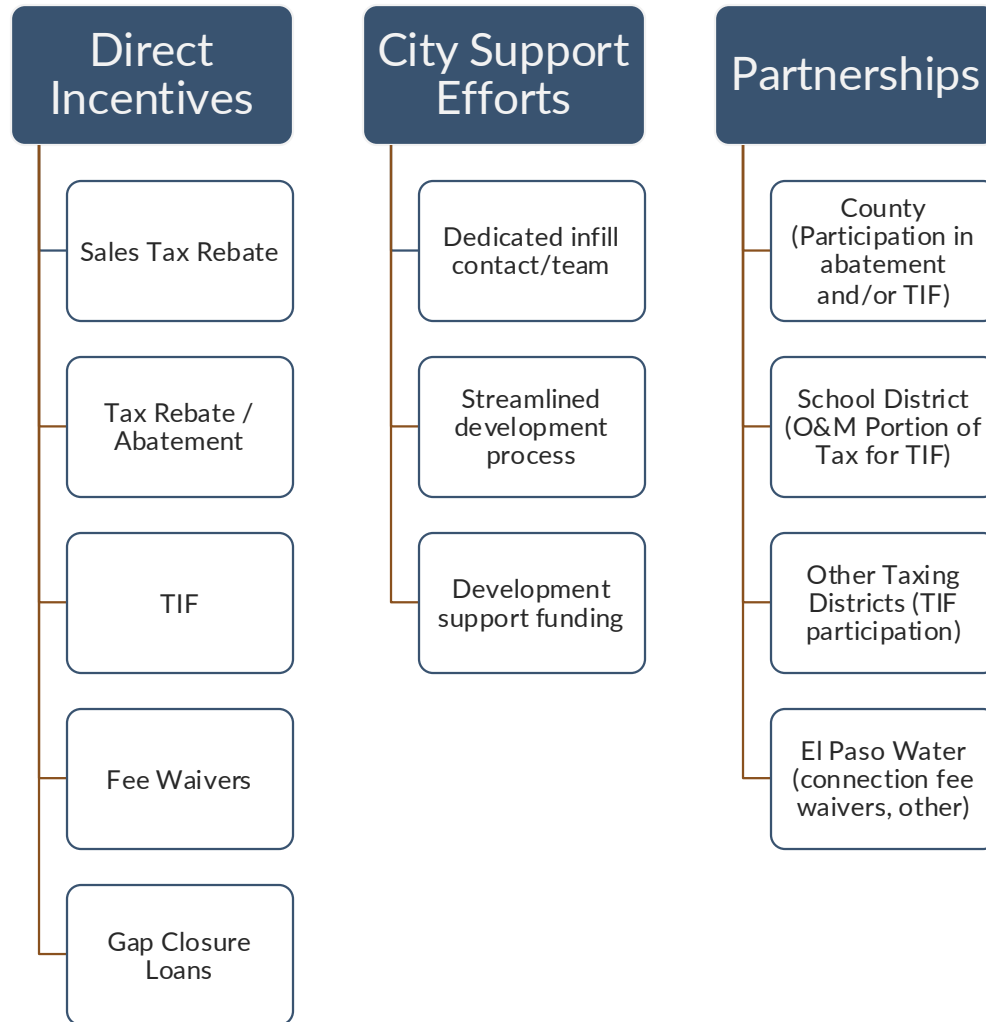
Feasibility Analysis Findings

- Incentives not impactful enough for infill projects
- Increased length of rebate/abatement period can improve attractiveness and bring in-line with incentive amounts peers have used
- Incentive needs (and impactful tools) vary by project size
- TIRZ not fully utilized

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INCENTIVE FRAMEWORK



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Program Focuses

- **Small-Scale**
 - Small infill (e.g. under 20 units)
 - Adaptive Reuse
 - Building Rehabilitation
- **Large-Scale**
 - New development
 - Large Adaptive Reuse

INFILL POLICY RECOMMENDATIONS

- Modify the incentive program to have two different sets of incentives for **small** projects versus **larger** projects.
- Make modifications to the agreement process, definitions, and eligibility criteria to simplify the program and increase attractiveness of incentives.
- Revise the geographic areas eligible for the incentive program to better **prioritize areas supportive of infill development** and align with the **Future Land Use Map**.

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INFILL POLICY RECOMMENDATIONS

- **Small projects** - maximum threshold of total project costs and/or number of units
 - Broader geographic eligibility area.
 - Simplified sales/use tax rebate.
 - Tax **abatement or grant** of 100% for five years and 10-year period for adaptive reuse and brownfield projects.
 - Waiver of development and permit fees, and property lien support.

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INFILL POLICY RECOMMENDATIONS

- **Larger projects** – minimum threshold for project cost
 - Targeted geographic eligibility
 - A property tax **rebate** up to 75 percent of tax increment / value-add rebated for up to 10 years
 - A development and permit fee rebate
 - Project specific zero-low interest loans / up-front grants to bridge feasibility to build market momentum.

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OTHER TOOL RECOMMENDATIONS

- Create a dedicated infill project review/approval team with project navigator and a challenge arbiter to resolve review issues
- Better utilize the City's existing tax increment reinvestment zones (TIRZ)
- Encourage other tax districts and utility providers to participate in supporting infill development
- Consider the use of additional tools/programs
 - Neighborhood empowerment zones
 - Housing finance corporation
 - Public facilities corporations

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NEXT STEPS

- Incorporate Council feedback and direction on policy recommendations
- Staff to draft formal Redevelopment Incentive Policy for Council adoption
- Align with rewrite of Chapter 380 Incentives Policy (Fall 2026)
- **Feedback Topics**
 - Differing incentives for project size (small vs large)
 - Geographic focus of incentives
 - Incentive parameters (e.g., length and amount of property abatement/rebates)
 - City support efforts (e.g., dedicated infill review team)
 - Participation of other taxing districts and service providers

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Questions?
