



DREXEL UNIVERSITY

Nowak Metro Finance Lab

Lindy Institute for Urban Innovation



An Investment Playbook for El Paso, Texas:

Using Federal Funds to Build a More Competitive & Inclusive El Paso

October 2021

Investment Playbook Summary

1

Federal investment in economy-shaping activities is at an all-time high. However, the delivery of these resources has been fragmented. A cluster-focused, place-based investment Playbook strategizes the use of federal funds to disrupt systemic inequities and build a more competitive and inclusive El Paso.

2

Local Health Services is the largest cluster in El Paso County. Both local and traded clusters are needed to support a healthy and prosperous regional economy. Focusing on the Local Health Services cluster and connected traded clusters reinforces a clear regional competitive advantage and unlocks long-term growth.

3

Some areas of the City present a higher potential to tap into long-term growth, impact equity, and leverage efforts underway and the catalytic power of anchor institutions. We applied a qualitative and quantitative methodology in which the Medical Center of the Americas area stands out in terms of its potential.

4

To fully maximize the benefits of recent federal funding, five dimensions should be considered for planning and development in key city nodes (such as the MCA): (i) entrepreneurship, (ii) innovation, (iii) community regeneration, (iv) workforce development, and (v) infrastructure.

5

Local uses within each of the five key dimensions were identified, with the goal of matching these investment needs with federal sources. We highlighted two transformational projects that we recommend acting upon. It's vital to start teasing out other relevant projects identified by community stakeholders.

6

In the long-term, to keep encouraging and sustaining these kinds of developments, intermediaries, such as a community equity corporation, are needed. These institutions can take in some of the value appreciation from these developments and feed them back into the neighborhood to ensure equity remains a priority in the area.

Collaborators and Interviewees

The following presentation would not have been possible without the following people and organizations who spoke with the Nowak team:



MEDICAL CENTER
OF THE AMERICAS



HUNT INSTITUTE
FOR GLOBAL COMPETITIVENESS



**Project
VIDA**



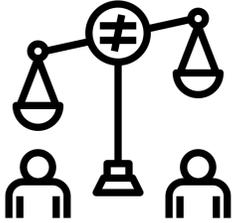
Advisors and Interviewees:

- **Mayra Maldonado**, Hunt Institute
- **Roberto Ransom**, Hunt Institute
- **Emma Schwartz**, MCA Foundation
- **Nancy Lowery**, MCA Foundation
- **Abraham Gutierrez**, City of El Paso
- **Rafael Arellano**, City of El Paso
- **Bill Schlesinger**, Project Vida
- **Gary Sapp**, Hunt Companies
- *Steering Committee members of the El Paso Accelerate+ Initiative*
 - **Dan Olivas**
 - **Duane Murphy**
 - **Ed Escudero**
 - **Frank Spencer**

Background & Purpose of the Investment Playbook



Why Now? A Once-in-a-Lifetime Moment



More than a year of disruption and loss **revealed deeply grounded inequities.**



While federal investment in economy-shaping activities is at an all-time high, the delivery of **these resources has been fragmented.**



Places that strategically prioritize uses and combine these funds with available private and philanthropic capital will **unlock long-term wealth building opportunities.**

An Investment Playbook Grows in El Paso

The Investment Playbook is a **cluster-focused, place-based investment strategy** to help city leaders from the public, private, and civic sector to identify and prioritize transformational investments and leverage federal funds to **disrupt systemic inequities and build a more competitive and inclusive El Paso.**



Boosting Long-Term Equitable Growth

To help cities maximize the impacts of federal investments, Nowak Metro Finance Lab has developed a cluster-focused, place-based Investment Playbook highlighting five dimensions of focus. To fully maximize the benefits of recent federal funding, El Paso should use these dimensions to guide planning and development in key city nodes.

Entrepreneurship



- Enhance access to entrepreneurial support and private capital that has a long-term commitment to the neighborhood.
- Boost demand for local businesses through anchor procurement and supplier diversity.

Innovation



- Connect with universities, companies and investors to promote R&D and commercialization.
- Build out space for innovators and inventors to prototype and ideate, particularly in sectors connected to the region's strengths.

Community Regeneration



- Regenerate corridors, rebuild community anchors, and revitalize neighborhoods and its small businesses
- Endow locally-run organizations with ability to create, capture, and deploy value for local priorities.
- Create accessible pathways to homeownership and renovation for underserved residents.

Workforce Development



- Grow incomes and assets of residents with jobs in growing industries, equipping them with marketable skills.
- Create a talent pipeline through partnerships between schools, universities, and local employers.

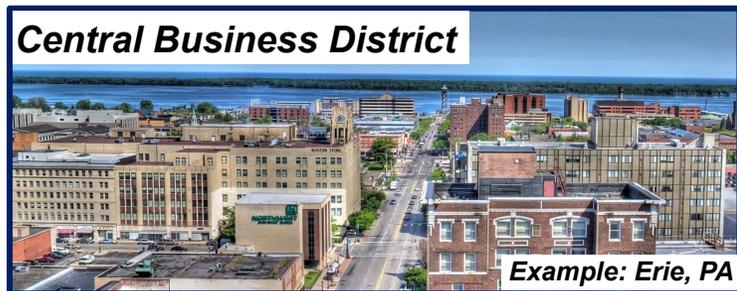
Infrastructure



- Enhance activity nodes with strategic investments in energy and transportation infrastructure.
- Build out digital infrastructure (broadband) so it's accessible to all residents and businesses.

How Equitable Growth Manifests

This place-based investment strategy may apply to different kinds of local geographies: innovation districts, commercial corridors, university districts, or central business districts. To a greater or lesser extent, investing across these dimensions in different types of geographies is needed to ensure wealth creation for underserved communities.



Economic and Demographic Context of El Paso



The Geography of El Paso, Texas

El Paso stands along the Mexico–United States border, across from Ciudad Juárez. El Paso is, after Laredo, the second-largest port of entry between the U.S. and Mexico.

With more than 681,000 people living the area, the City is the 20th largest in the United States and has the 5th largest share of Hispanic population.

Area	2019 Population	2019 % Hispanic Population
City of El Paso	681,729	83%
El Paso County	839,238	83%
El Paso MSA	843,725	83%
Texas	29.0 M	40%
United States	328.2 M	18%



El Paso By The Numbers

Selected socio-economic indicators for the City of El Paso, Texas.

Demographics



681,700

Population 2019

83%

Hispanic Population
2019

+1%

Population Growth
2012-2019

+5%

Hispanic Population
Growth 2012-2019

Economics



5.7%

Unemployment Rate
2019 (vs 4.4% in the
state)

19%

Poverty Rate 2019 (vs
14% in the state)

\$ 47,600

Median Household
Income (MHI) 2019 (vs
\$61,900 in the state)

+18%

MHI Growth
2012-2019 (vs +26%
in the state)

Business Landscape



10,250

Employer
Businesses 2017

4,400

Hispanic-owned
employer
businesses 2017

55,800*

Nonemployer
Businesses 2017

43,000

Hispanic-owned
nonemployer
businesses 2017

+33%

Growth in Non-Hispanic
employer businesses,
2012-2017

-6%

Growth in employer
HOBs, 2012-2017

+30%

Growth in Non- Hispanic
nonemployer
businesses, 2012-2017

+17%

Growth in
nonemployer HOBs,
2012-2017

El Paso's Economic Drivers

The Healthcare Industry

Health care services is one of the largest industries. The sector is expected to continue expanding given the aging population and the expansion of local medical programs:

- The MCA contributes to the creation of a world-class life sciences hub
- Tenet Health and Las Palmas Del Sol Healthcare are large employers

The Education Cluster

Education is the third-largest cluster with more than 38,000 jobs. El Paso's education cluster will expand with the growth of healthcare-related professional schools:

- Texas Tech University Health Sciences Center
- University of Texas at El Paso (UTEP)
- El Paso Community College

Government Services

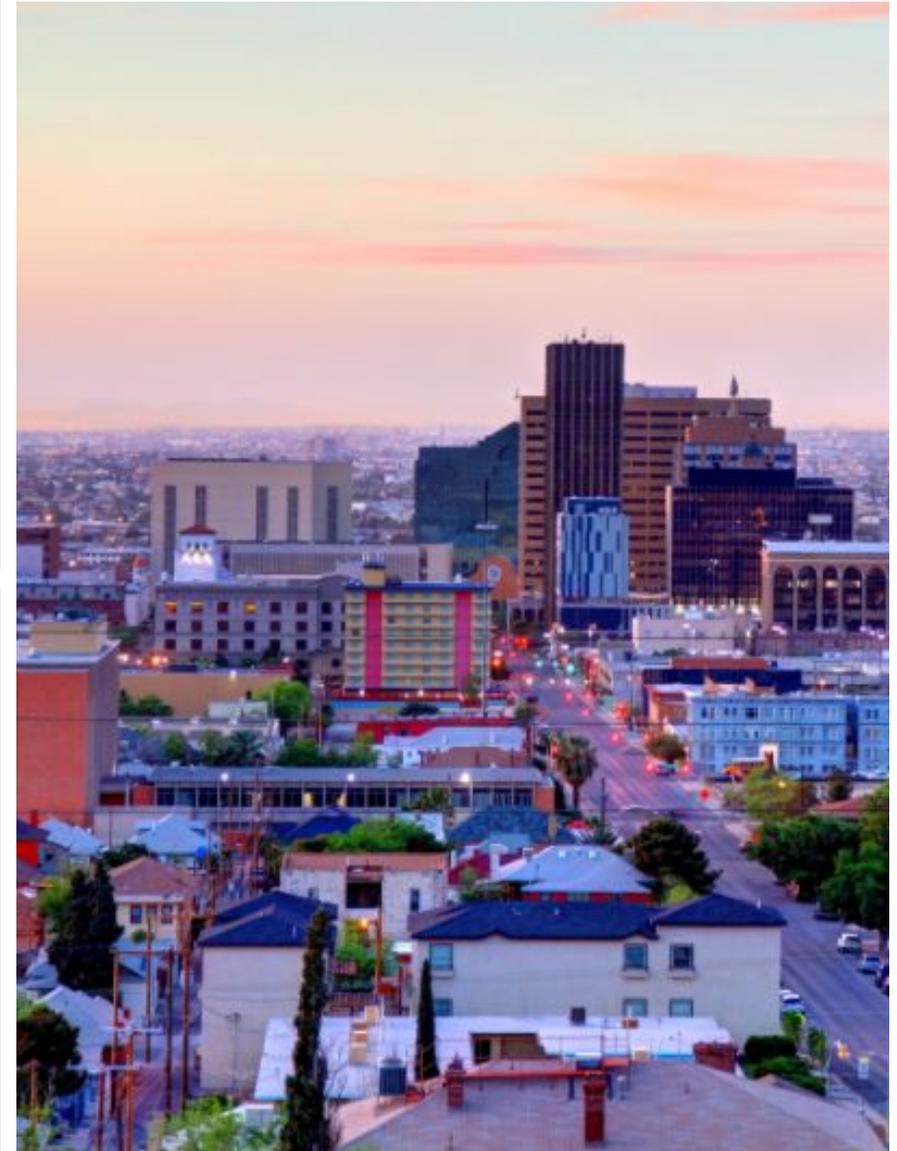
Government is a major driver of the local economy, especially the federal government.

- Fort Bliss is the largest employer
- The Department of Homeland Security's Customs and Border Protection agency, the city of El Paso and El Paso County together employ over 10,700 workers

Manufacturing

El Paso's economy is heavily dependent on maquiladora activity, and manufacturing across the border will continue to boost jobs in El Paso.

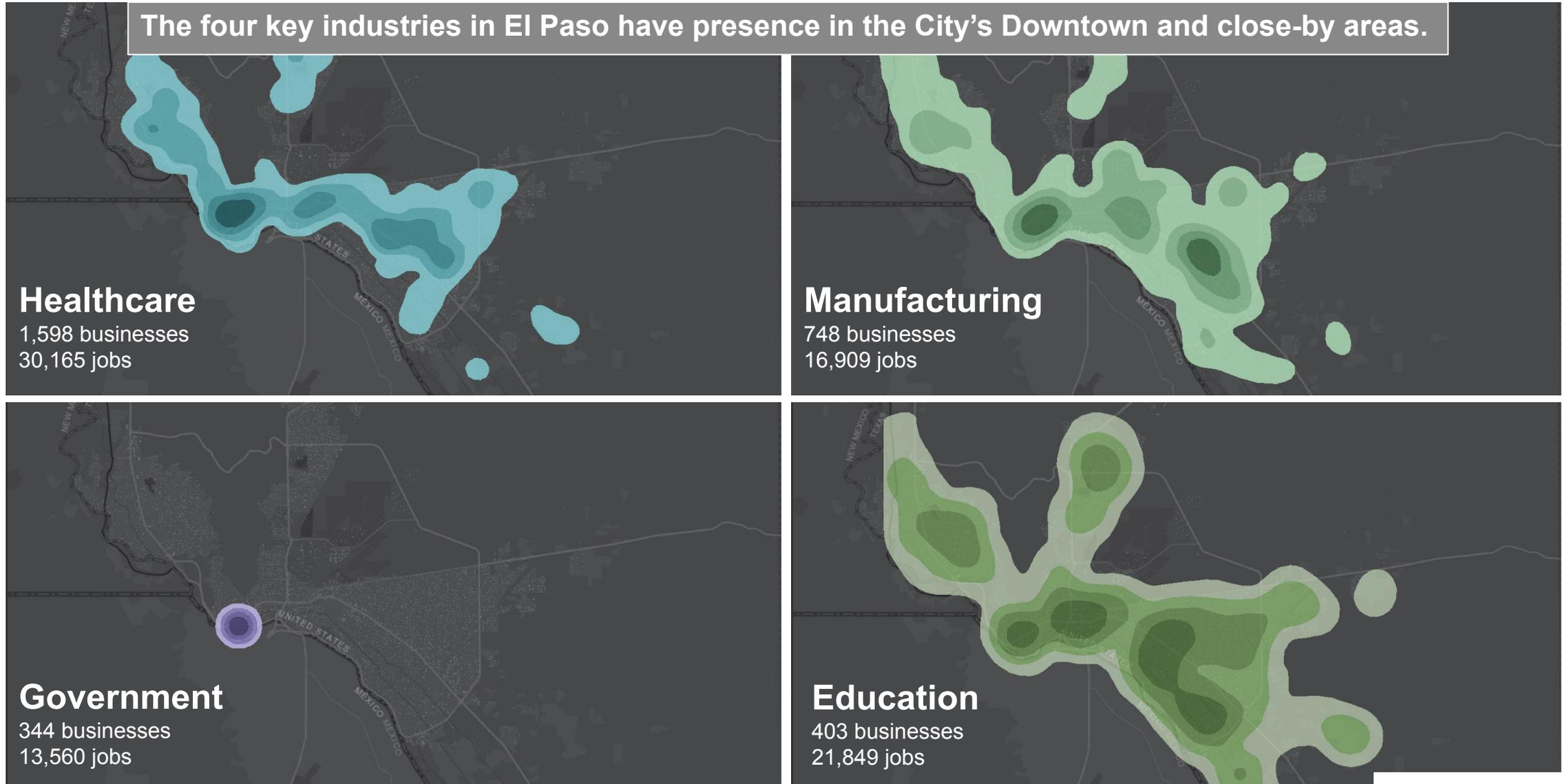
- The moderating U.S. auto demand slows manufacturing activity
- Growing medical devices sector in the region



The Geographic Concentration of El Paso's Economic Drivers

Density of Businesses within the City of El Paso for the four largest economic clusters (2021).

The four key industries in El Paso have presence in the City's Downtown and close-by areas.



Source: ESRI and Data Axle. Notes: (i) Industry clusters were created by number of businesses. (ii) The Education cluster only includes schools (iii) These figures may be underestimating the number of jobs in each cluster. They serve as a lower bound.

El Paso Employment Profile

Health Care, Retail Trade, and Accommodation and Food Services are the largest sectors* in El Paso. Their economic relevance grew in the last decade.

Jobs and jobs growth in the 10 largest private industries in El Paso, Texas.



Sectors	El Paso MSA			Texas States		United States	
	2017 Count	Share	2007-2017 Growth	2017 Count	2007-2017 Growth	2017 Count	2007-2017 Growth
Health Care and Social Assistance	45,524	19%	37%	14%	33%	16%	21%
Retail Trade	37,848	16%	13%	12%	12%	12%	0%
Accommodation and Food Service	34,917	15%	42%	11%	39%	11%	22%
Administrative and Support	21,473	9%	13%	9%	7%	9%	19%
Manufacturing	15,435	6%	-10%	7%	-9%	9%	-12%
Transportation and Warehousing	12,709	5%	6%	4%	27%	4%	11%
Construction	10,629	4%	6%	7%	17%	5%	-10%
Professional, Scientific, and Technical Services	10,481	4%	0%	7%	22%	7%	9%
Wholesale Trade	10,195	4%	16%	5%	11%	5%	3%
Information	8,921	4%	9%	2%	-4%	3%	3%

* Based on number of non-farm, private employees. Source: 2017 and 2007 Statistics of US Businesses.

El Paso's Largest Clusters

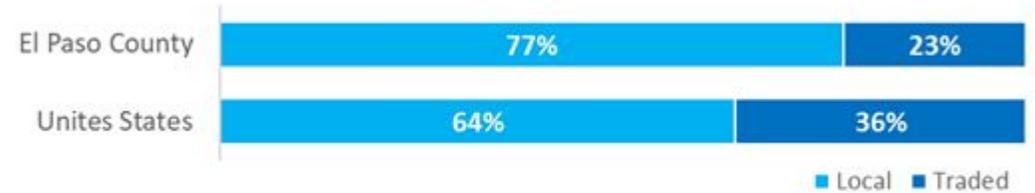
Industry clusters are regional concentrations of interdependent firms. **Clustering leads to increased competition, collaboration, and sharing of knowledge on a variety of levels as workers and businesses operate in close proximity.**

Local Health Services is the largest cluster in El Paso County.

While local clusters account for most of the employment, traded clusters register higher wages and higher levels of innovation. **Local clusters provide necessary services for the traded clusters in a region, and both are needed to support a healthy and prosperous regional economy.**

Local industries have a strong presence in El Paso (77%). Long-term development requires shifting the economy towards more traded industries.

Traded vs. Local share of the economy based on jobs (2019).



Jobs and location quotient in the largest local and traded clusters in El Paso, County (2019).

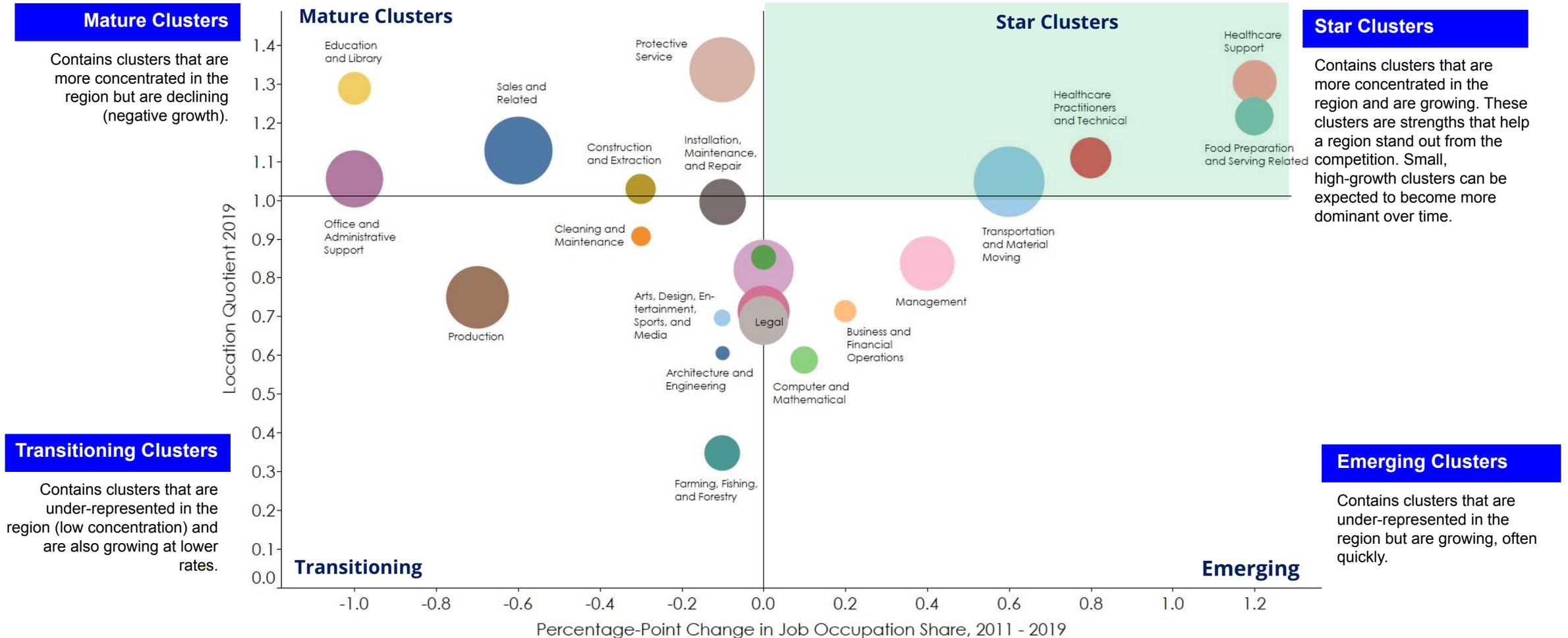
Top 5 Local Clusters	Jobs 2019	Location Quotient	Top 5 Traded Clusters	Jobs 2019	Location Quotient
Local Health Services	36,894	1.05	Business Services	16,844	0.65
Local Hospitality Establishments	35,581	1.31	Distribution and Electronic Co	8,922	0.78
Local Commercial Services	17,057	0.94	Transportation and Logistics	8,377	2.28
Local Real Estate, Construction, and Development	16,692	0.87	Hospitality and Tourism	3,371	0.75
Local Retailing of Clothing and General Merchandise	15,001	1.64	Financial Services	1,835	0.53

● High concentration in the region ● Moderate-to-Low concentration ● Low concentration

Star Clusters in El Paso

Occupations related to the healthcare cluster grew in the last decade. Intentional action is required to foster traded clusters associated with the sector.

Change in job occupation share 2011-2019 and 2019 location quotients for groups of occupations in El Paso, Texas.



Note: Analysis performed using the 2-digit 2000 Standard Occupational Classification for the job occupation share and location quotients. Source: Hunt Institute using JobsEQ Data.

Traded Clusters Connected to Health Services

Tapping into tradable clusters connected to Local Health Services can foster industrial synergies and the region competitiveness.

Two traded clusters connected to Health Services are Medical Devices and Biopharma. Both show strong linkages with other clusters in the economy. Cluster linkages are important because they allow (i) spillovers when investing in an industry and (ii) strategies that builds on existing assets.

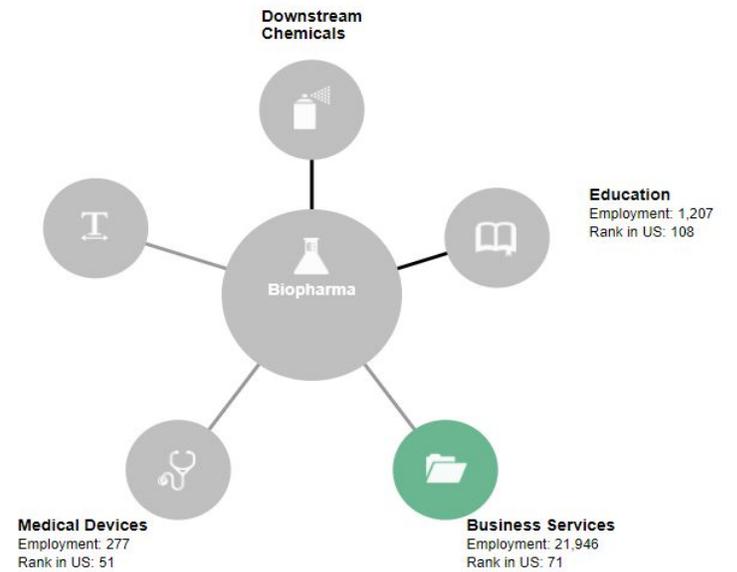
Medical Devices Cluster: ~300 jobs in 2019; LQ=1.5; Cluster linkages with other strong clusters in the region, such as Distribution and eCommerce and Plastics.

Cluster Linkages

Traded Cluster: Medical Devices



Traded Cluster: Biopharmaceuticals



Cluster Specialization

- Strong clusters above 90th percentile specialization
- Strong clusters above 75th percentile specialization
- Other specialized clusters (LQ > 1.0)

- BCR >= 95th pctile & RI >= 20%
- -** BCR 90th-94th pctile & RI >= 20%
- - -** Next closest clusters not meeting above criteria

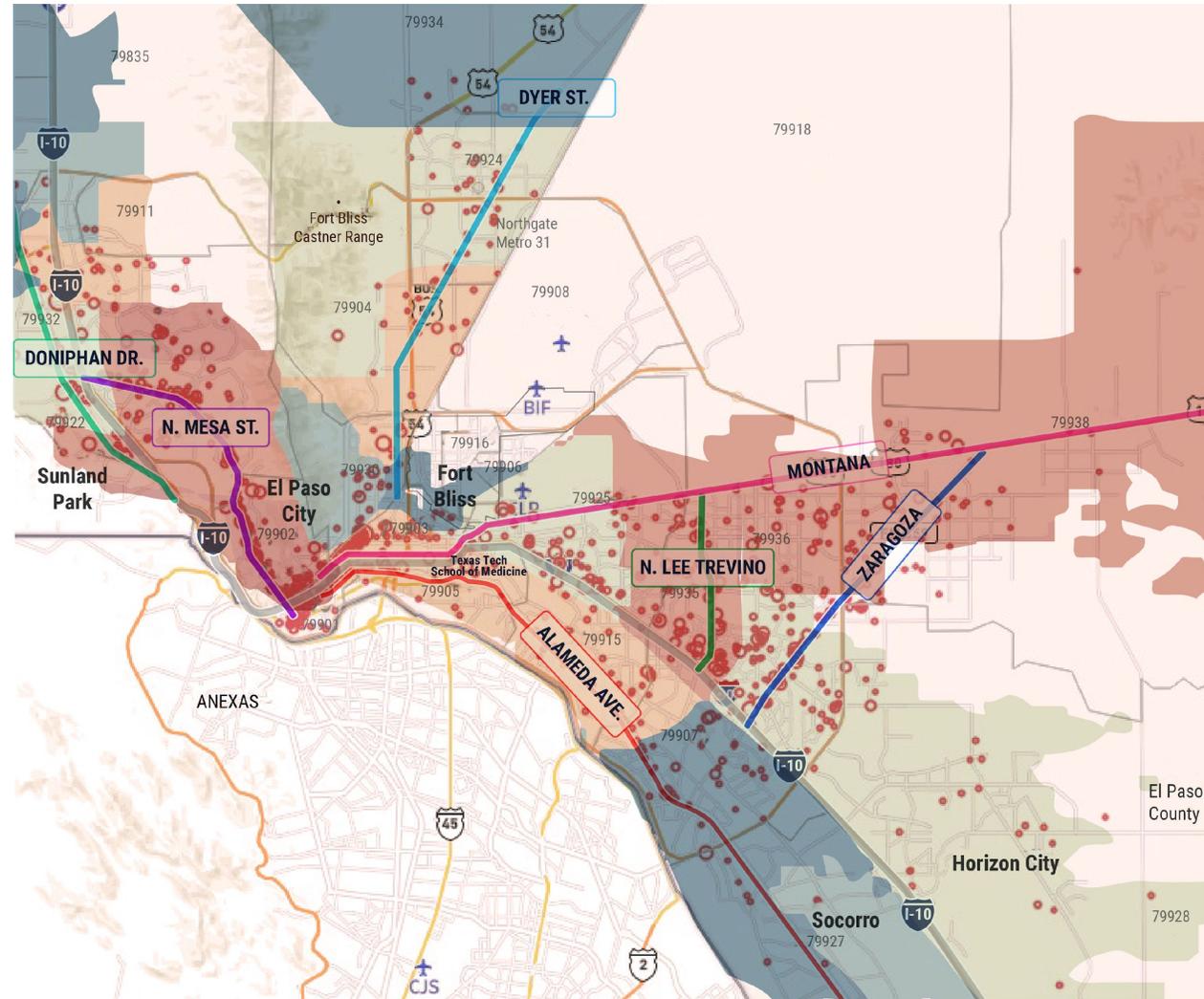
COVID-19 Increased Initial Disparities of Small Businesses

Change in small business net revenue by zip code and Business Assistance Program in El Paso, Texas.

In El Paso MSA, as of February 22, 2021, total small business revenue decreased by 24% compared to January 2020 (compared to a 57% decrease at the state level).

According to a survey conducted locally, the main impacts of COVID-19 on small businesses were: loss of revenue (42%), loss of customers (25%) and inability to pay for pre-arranged costs (12%).*

The impact has been unequal across the city. **Approximately 40% of the total Business Assistance Program was distributed in the area from Downtown El Paso to Alameda Avenue.****



Amount of business assistance received by business.

- \$0-\$1,000
- >\$1,000-\$10,000
- >\$10,000-\$20,000
- >\$20,000-\$40,000
- >\$40,000-\$60,000
- >\$60,000-\$80,000

Change in small business net revenue April 2021-January 2020, by zip code.

- -49% or lower
- -49% to -37%
- -37% to -29%
- -29% to -22%
- -22% to -15%
- -15% to -8%
- -8% to 0%
- 0% to +11%
- +11% to +31%
- +31% or higher

* Numbers are according to the survey respondents. **Note:** This map depicts the change in small business revenue by zip code, measured as the change in revenue on average from March 25th to May 26th as compared to January 2020. This series is constructed using data from Womply. **Source:** Hunt Institute using the City of El Paso's survey results and Opportunity Insights.

Strategic Targeting



Identifying Places with High Potential

As mentioned earlier, this investment strategy can apply to different kinds of geographies. The Nowak team developed a methodology to help determine which neighborhood corridor, node, or district can unlock sustainable, equitable growth. The methodology involves a quantitative and qualitative analysis of the three dimensions described below. This criteria is aligned with federal investment priorities for fostering recovery and long-term growth.



Interviews with community stakeholders to identify:

- places with presence of existing yet underused assets
- places with strong community interest and momentum
- places with existing anchors and signature investments
- places with promising market dynamics



Analysis of key metrics across three dimensions:

Presence of sectors with growth and innovation potential

Potential to impact equity and economic mobility

Presence of anchor institutions and with efforts underway

- we identified 2 to 3 metrics to capture each dimension
- we then calculated a simple average index to create a scoring for each census tract in the city

See the description of all metrics in the Appendix

Identifying Places through the Numbers

Through conversations with community stakeholders, the Nowak team identified a few local areas that show challenges but also promising opportunities. After this initial identification, the Nowak team ranked all census tracts in the city based on indicators about their potential to unlock long-term growth, impact equity, and build on existing efforts.

Dimensions and metrics	MCA Area		UTEP area	Downtown El Paso		Segundo Barrio	Dyer Street / Fort Bliss Area	
	ct 32	ct 30	ct 15.02	ct 17	ct 19	ct 20	ct 09	ct 08
Presence of sectors with growth and innovation potential								
Jobs in Healthcare	113	3,671	4,399	142	351	0	88	5
Jobs in Education	127	308	153	88	171	70	52	275
Potential to impact equity								
Median Household Income	\$ 27,767	\$ 22,854	\$ 75,918	\$ 20,229	\$ 13,634	\$ 17,112	\$ 41,986	\$ 31,450
Index - Business mix (local and traded industries)	Very low	High	Very high	Very low	Medium	Low	Very high	Very low
Presence of anchor institutions and existing efforts underway								
Opportunity Zone	Yes	Yes	No	No	Yes	No	No	No
Qualified Census Tract	Yes	Yes	No	Yes	No	Yes	No	No
Index - Intensity of anchor institutions	High	Very high	Very high	Very high	Very high	Low	Very high	High
Index (ranking out of 134 CTs)	2nd	1st	56th	4th	6th	36th	71th	20th

Identifying Places through Ranking

The Nowak team ranked census tracts based on their potential to unlock long-term growth, impact equity, and build on existing efforts. Census tracts with high potential received a scoring of 10.

The MCA Area lies in census tracts 30 and 32, the ones with the highest score in the City of El Paso. Interviews with local stakeholders also identified this area as one with strong potential. Other areas such as the downtown area and census tracts around Alameda Ave also ranked high in our Index.

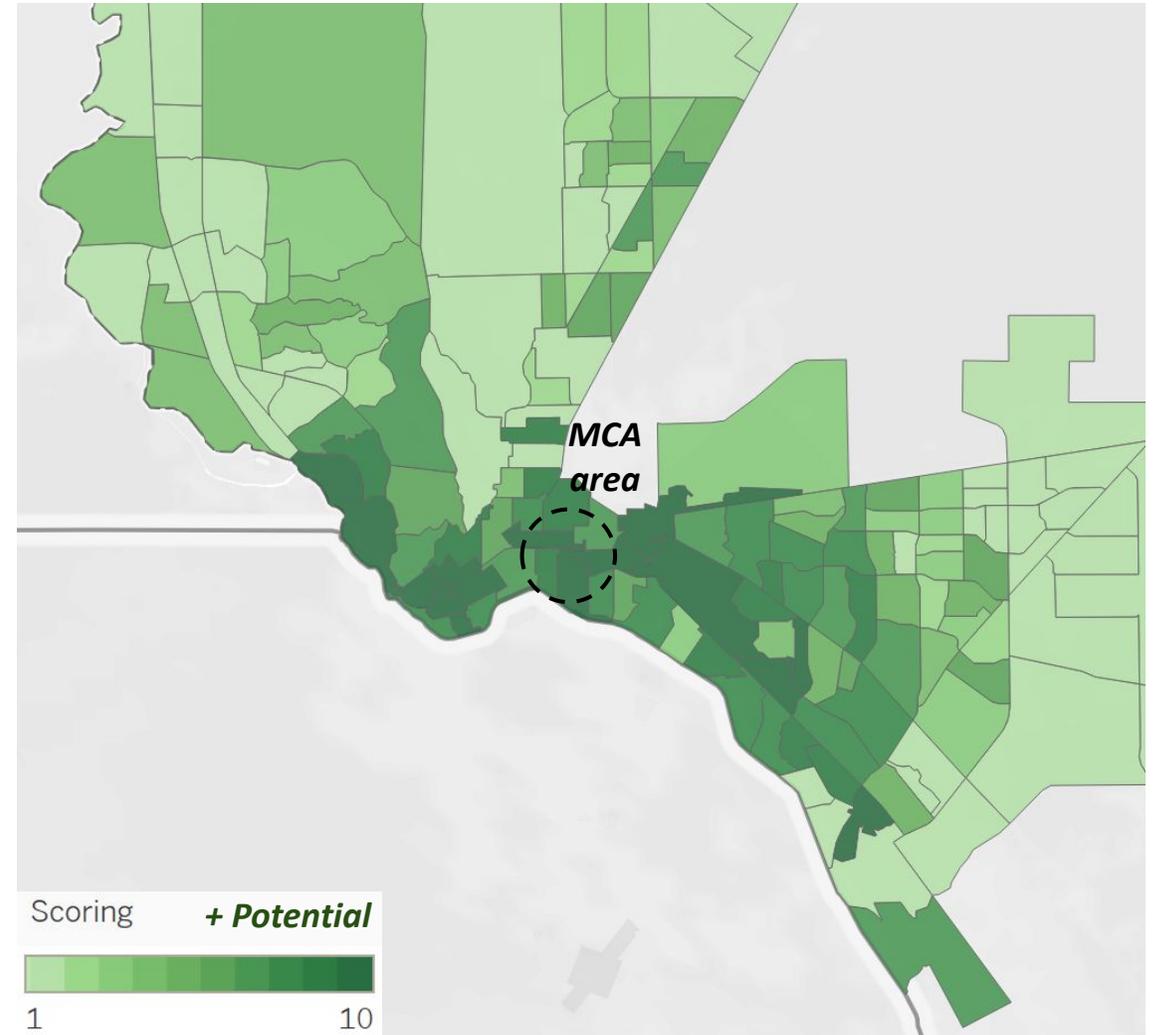
The scoring ranked areas based on the presence of:

The presence of sectors with growth and innovation potential

The potential to impact equity and economic mobility

The presence of anchor institutions and with efforts underway

See the description of all metrics in the Appendix



Matching Up Assets to Opportunities

The Nowak team sought to understand these places beyond solely quantitative analysis. Understanding that local health services was the largest industry cluster in El Paso county, the team spoke with various stakeholders on which areas could best leverage its assets to build upon this local-serving cluster while fostering innovative activities.

Conversations

- Hunt Institute, University of Texas at El Paso
- Representatives from the small business community (Project Vida, High Desert Capital LLC, etc.)
- Economic & International Development, City of El Paso



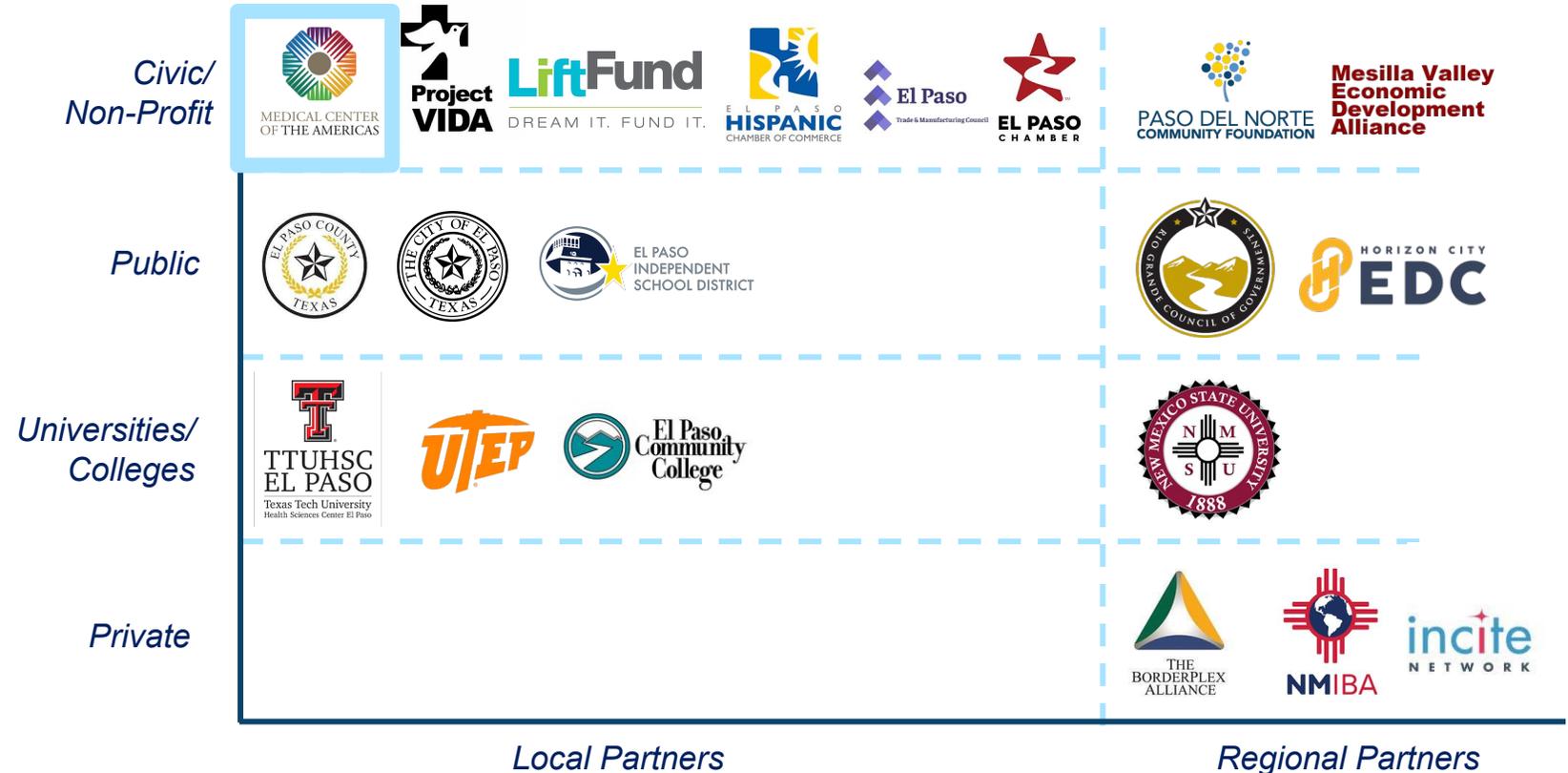
Identifying the Championing Intermediary

Maximizing local impact of federal investment requires coordination and engagement among private, civic, and nonprofit stakeholders. In addition to quantitative and qualitative information, the MCA Area included a strong anchor that could bring multiple stakeholders in economic development together: **the MCA Foundation**. More details will follow in the next section.

Stakeholders in Inclusive Economic Development

A leading local partner is crucial and should embody the following capabilities:

- (1) strong, authentic relationships with other local (and possibly regional) stakeholders
- (2) capacity to lead and manage investments in the neighborhood
- (3) commitment to creating equitable outcomes within economic development of a place.



The Medical Center of the Americas (MCA) Area



Introduction to The MCA Foundation

The MCA Foundation created the MCA Campus, which currently spans 440 acres and encompasses key anchors like Texas Tech, University Medical Center, and Cardwell Collaborative. The mission of the MCA Foundation is to develop “a growing hub of innovation for the Paso del Norte region’s healthcare and biomedical industries.”



Development focused on **tech parks** that will bring together businesses and research within the biomedical, technology, and healthcare fields.



The MCA is dedicated to the **creation of a biomedical workforce**, collaborating between several educational institutions and MCA employers.



MCA also created BIO-El Paso Juarez to help bring together **El Paso manufacturers and suppliers** in industries such as medical device manufacturing.



The MCA also invests in incubation space and startups to **promote business entrepreneurship and leadership** (30 startups supported in 2020 through the Innovation Center).



The Area by Its Assets

The area's assets showcase competitive advantages that differentiates the area and that investors can build upon.



Anchor Institutions

Identify network of anchors, leading institutions, and impactful partners that can kick-off and coordinate efforts.



Market Momentum

Showcase the market momentum to help unveil the health and vitality of the area's innovation ecosystem.



Physical Assets

Assess land ownership and the presence of key infrastructure that lay the foundations for the area's development.



Economic Dynamics

Identify promising jobs' dynamics in the area, including job creation and presence of both local and traded activities.

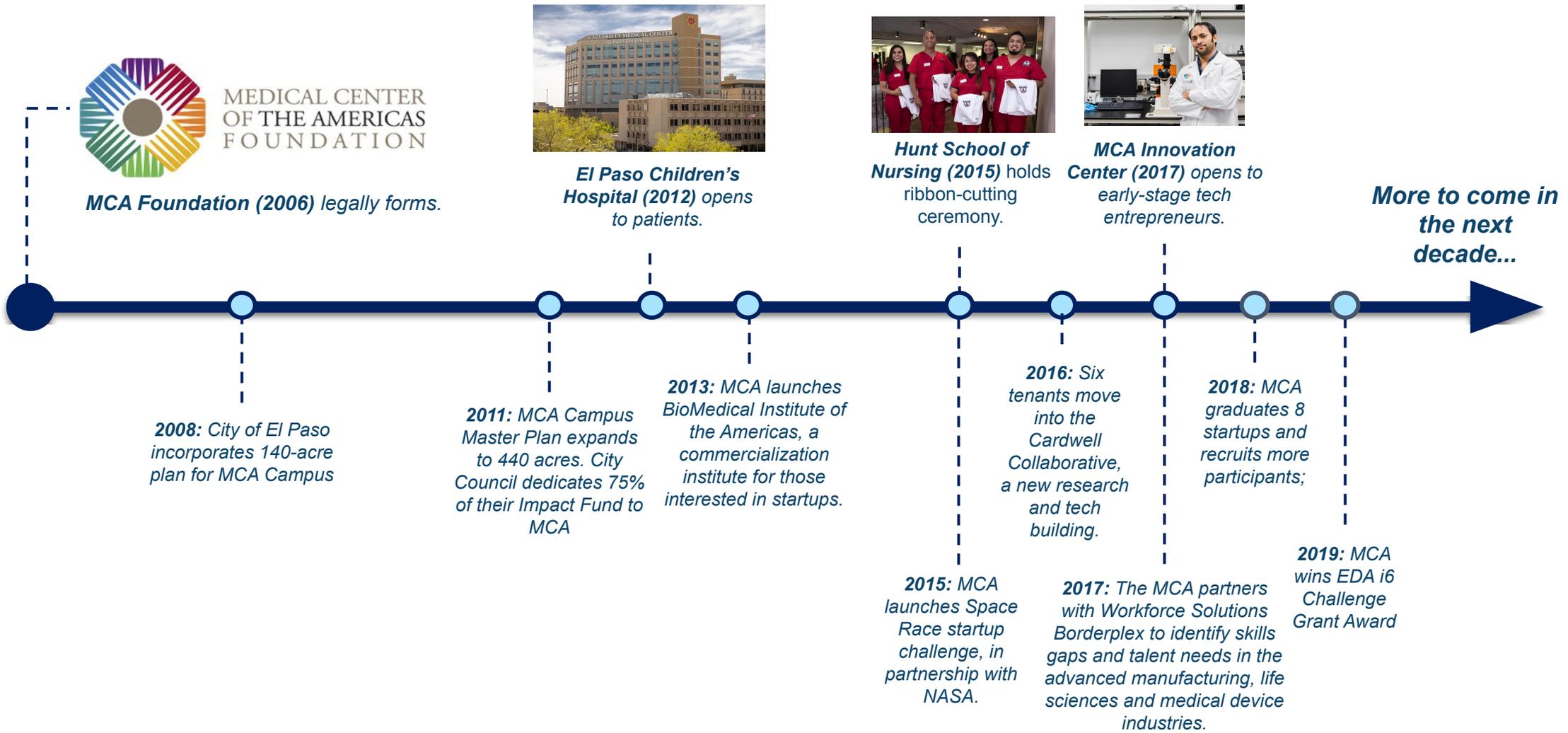


Place-based Incentives

Present existing national and local incentives for investment in the area, its assets, and its' sectors.

MCA Foundation: Building Momentum

With a recent uptick in initiatives and investments, some of which have been supported by EDA and federal grants previously, the MCA Foundation is a promising champion for the area.



MEDICAL CENTER
OF THE AMERICAS
FOUNDATION



El Paso Children's Hospital (2012) opens to patients.



Hunt School of Nursing (2015) holds ribbon-cutting ceremony.



MCA Innovation Center (2017) opens to early-stage tech entrepreneurs.

Sources: Sources for information: [MCA's website](#). Sources for images: [El Paso Children's Hospital](#); [Hunt School of Nursing](#); and [MCA Innovation Center](#).

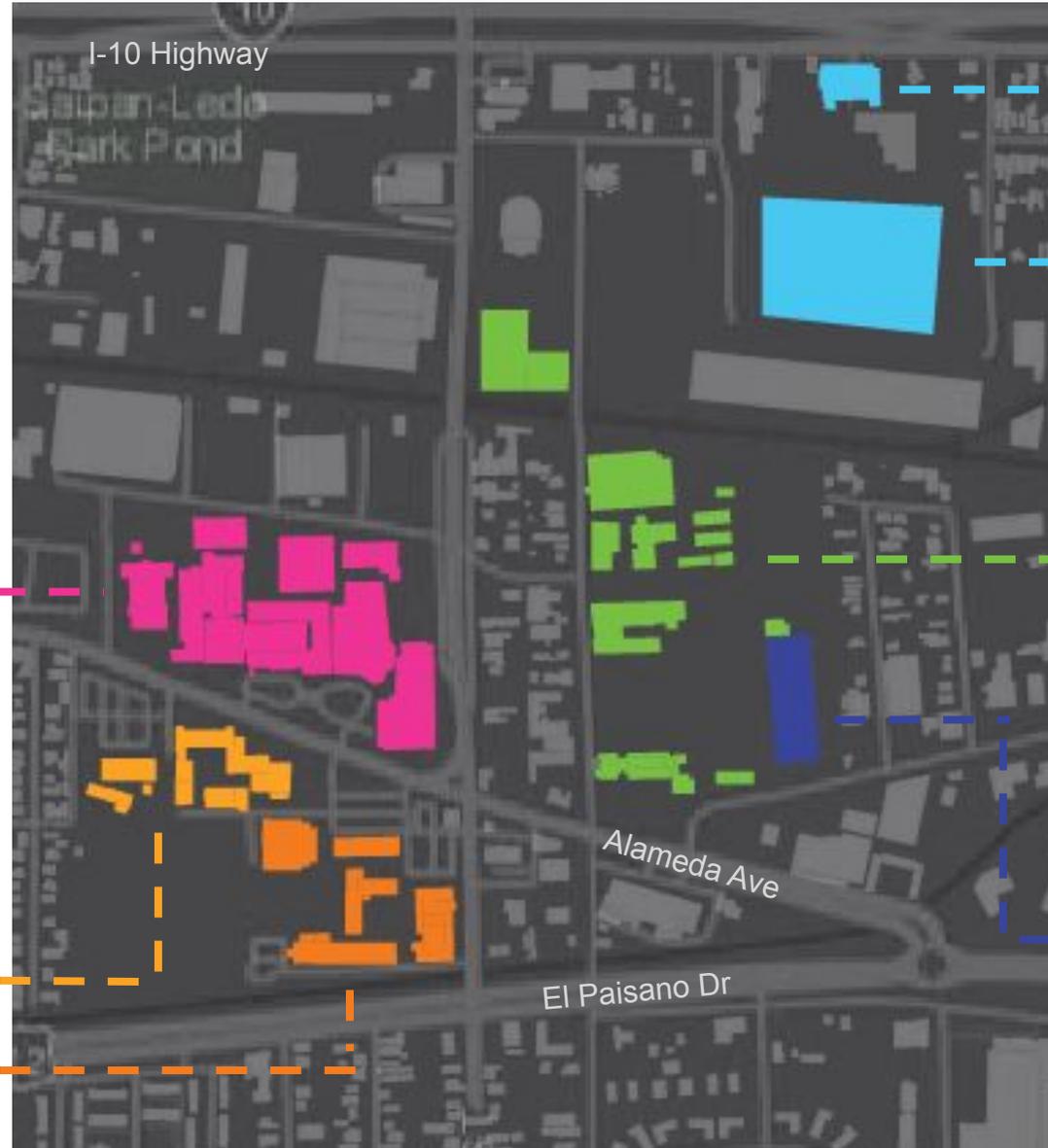
A Strong Network of Anchor Institutions

The MCA Campus is bounded by the I-10 Highway and El Paisano Drive, with Alameda Avenue cutting across. The campus includes hospitals, schools, and incubator spaces.

University Medical Center of El Paso



Maxine Silva Magnet High School & Jefferson P-Tech High School for Medical Professionals



Medical Center for Americas (MCA):VA Wellness Center & Cardwell Biomedical Incubator



Texas Tech University Health Sciences Center



El Paso Department of Public Health

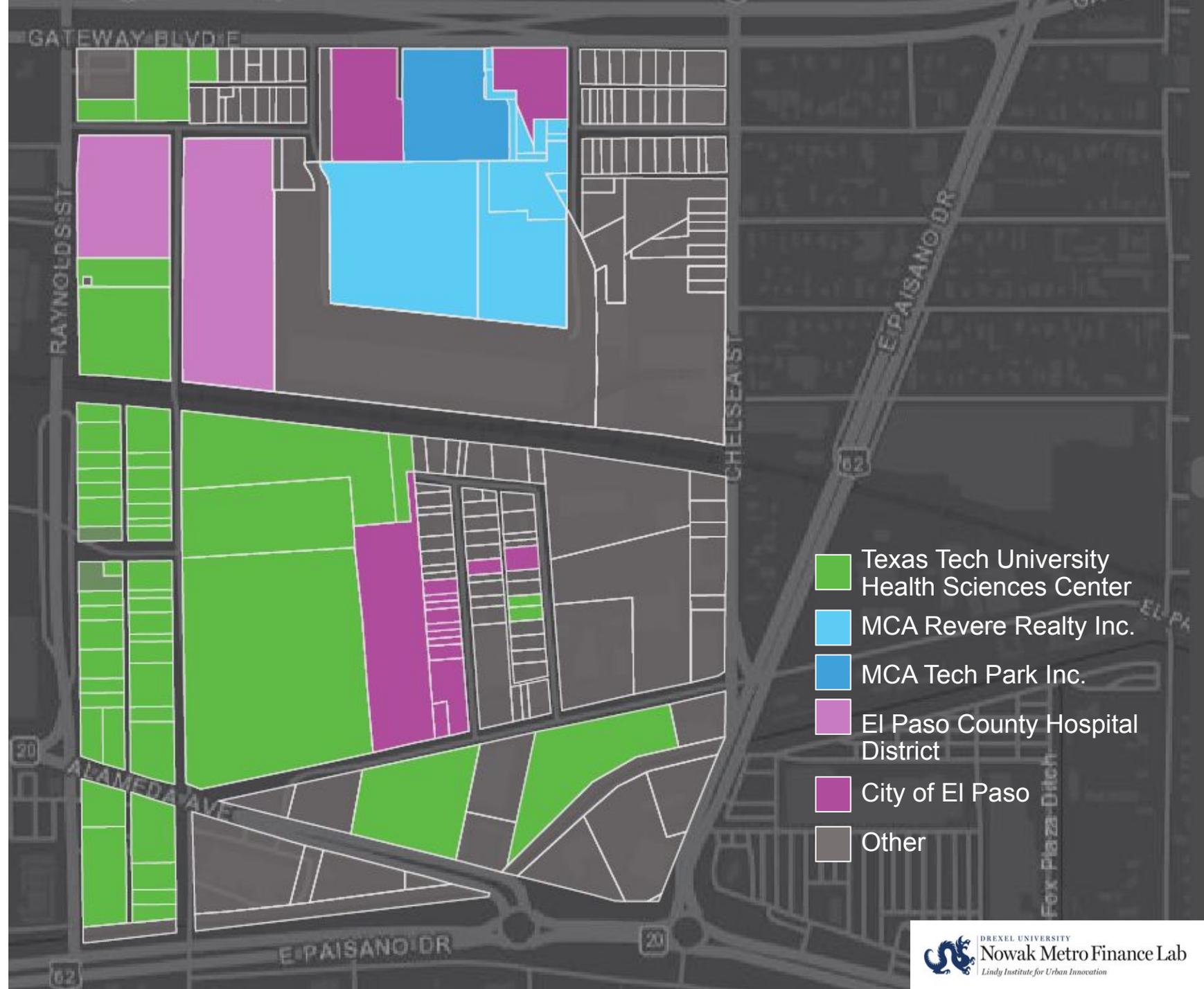


Land Ownership from Anchors

Anchor institutions tend to have uniform ownership over their land, as shown in this map.

In the MCA area, much of the land is owned by anchor institutions such as Texas Tech.

Such ownership allows these institutions to steward development within the MCA area. This reinforces the importance of an investment strategy that can coordinate among these important stakeholders.



Job Creation in the Area



290
Businesses
(2021)



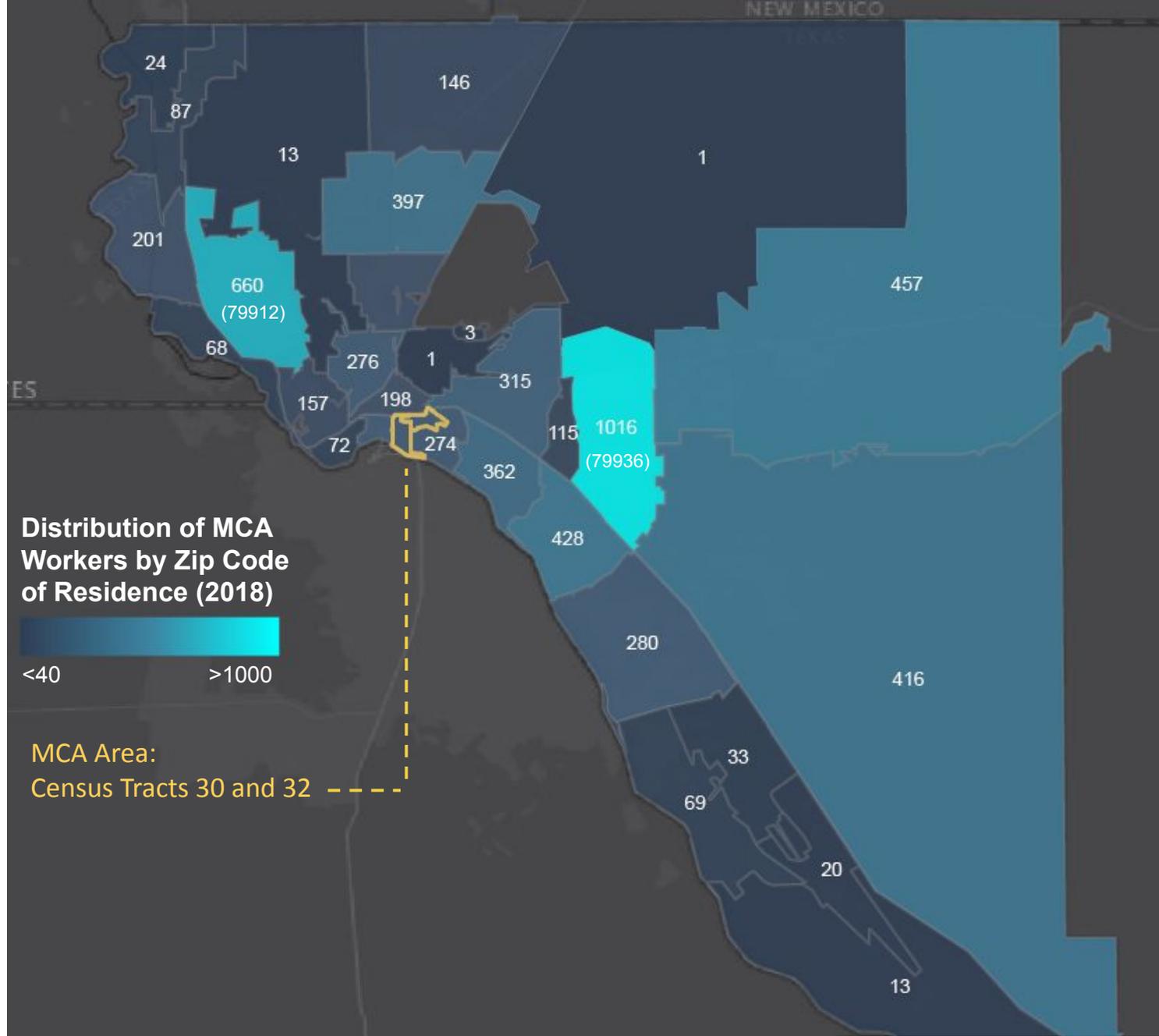
7,680
Employees
(2021)



6,970
Residents
(2021)

The area continues to be an important job maker for the County; the number of jobs increased by 10% between 2010 and 2018.

Investing in the MCA Area will have important implications for employees that live across the El Paso County. Most workers in the MCA Area (96%) lived outside of MCA Zip Code (79905) and commuted in for work in 2018. Around 7% lived outside the County of El Paso.

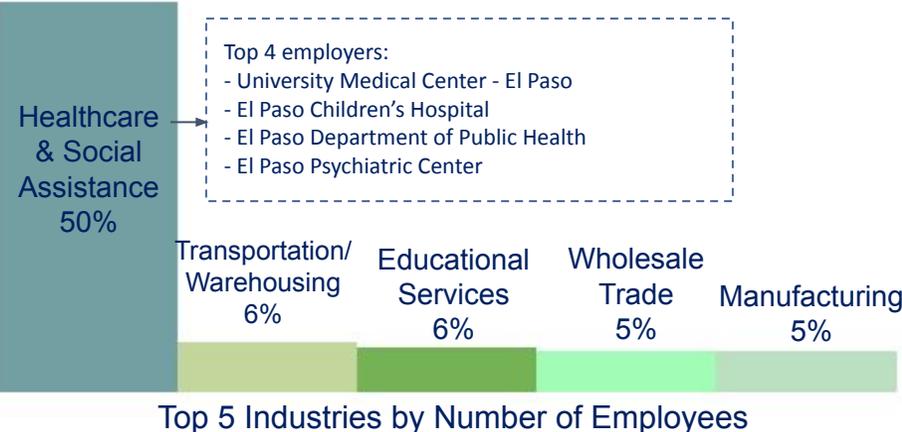


*MCA Area is defined as Census Tracts 30 and 32. Source: U.S. Census Bureau. 2021. LEHD Origin-Destination Employment Statistics (2002-2018) <https://onthemap.ces.census.gov>. 2021 Number of Businesses, Employees, and Residents came from [ESRI Business Analyst](#).

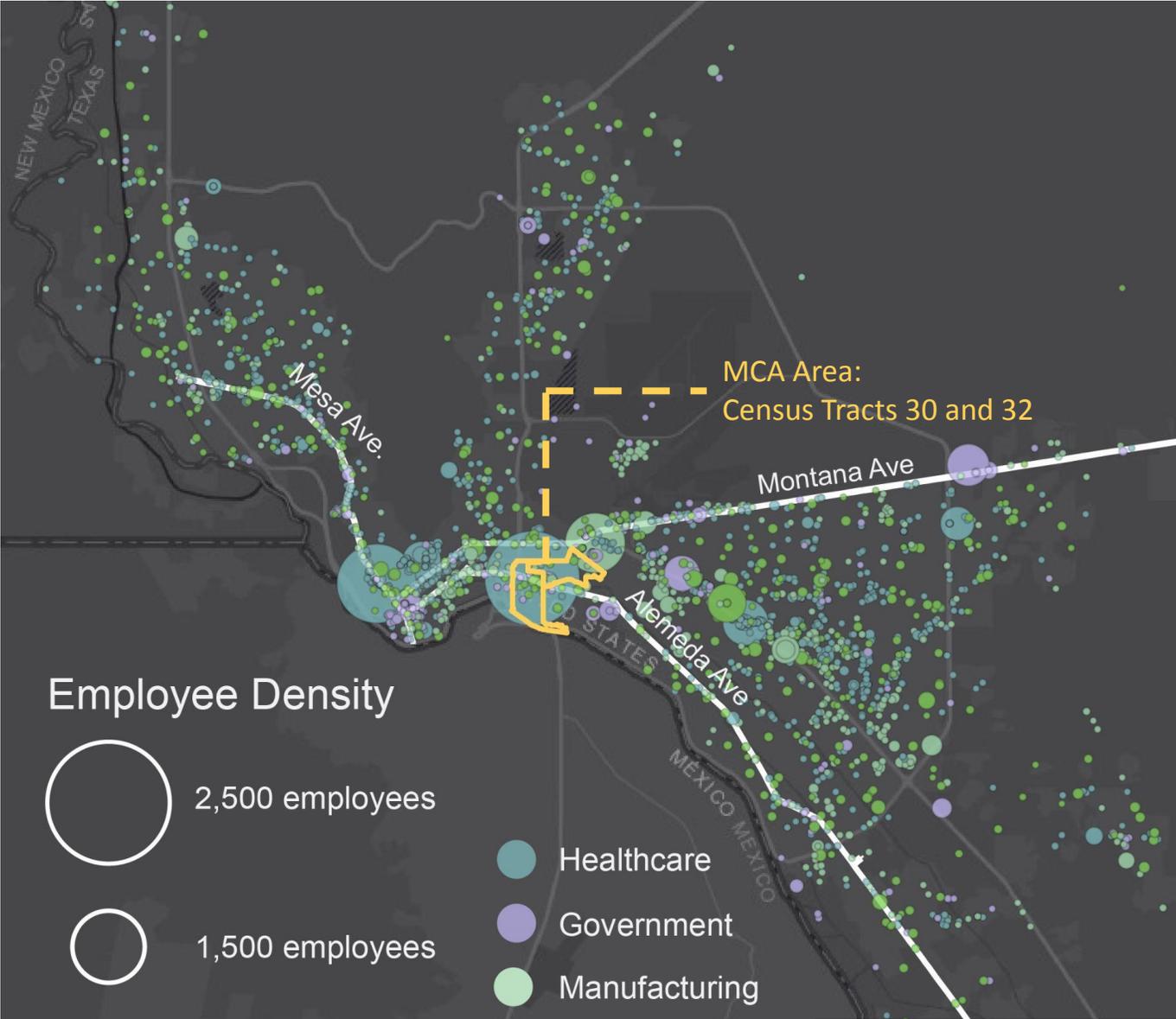
MCA workers living outside El Paso county are not reflected in this map.

Business Profile of the MCA Area

The MCA area has a high density of jobs, mostly in the Healthcare cluster. However, the median household income of the area is below the City's average.



* Defined as Census Tracts 30 and 32. **Average wages in the area were estimated by creating a weighted average of wages in the occupations "Healthcare practitioners and technical", and "Healthcare support", the 2 main occupations in the area. **Source:** ESRI and Data Axle.

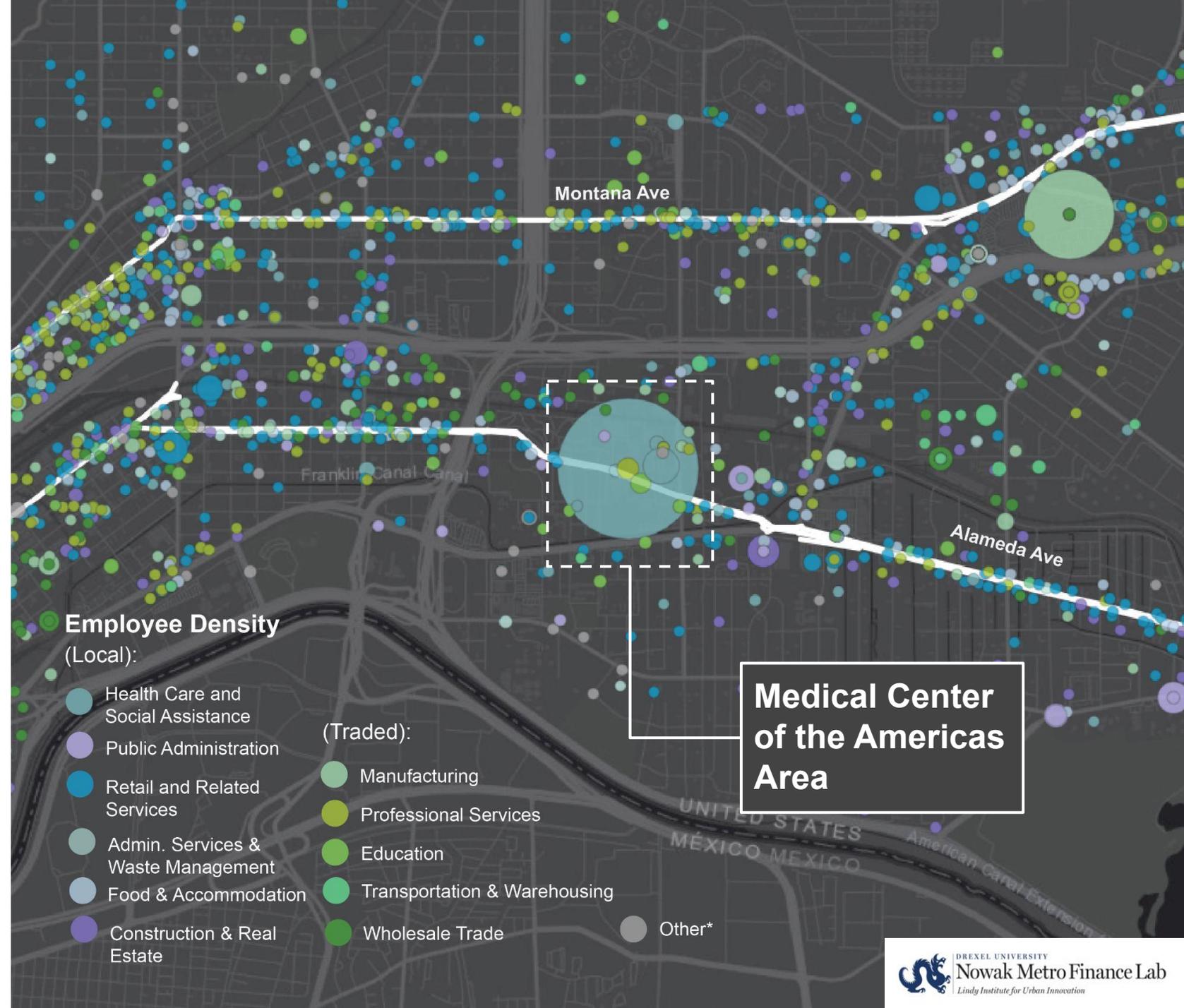


Mix of Local and Traded Industries

The MCA area presents a good mix of local and traded sectors, complimenting the strong presence of the healthcare industry.

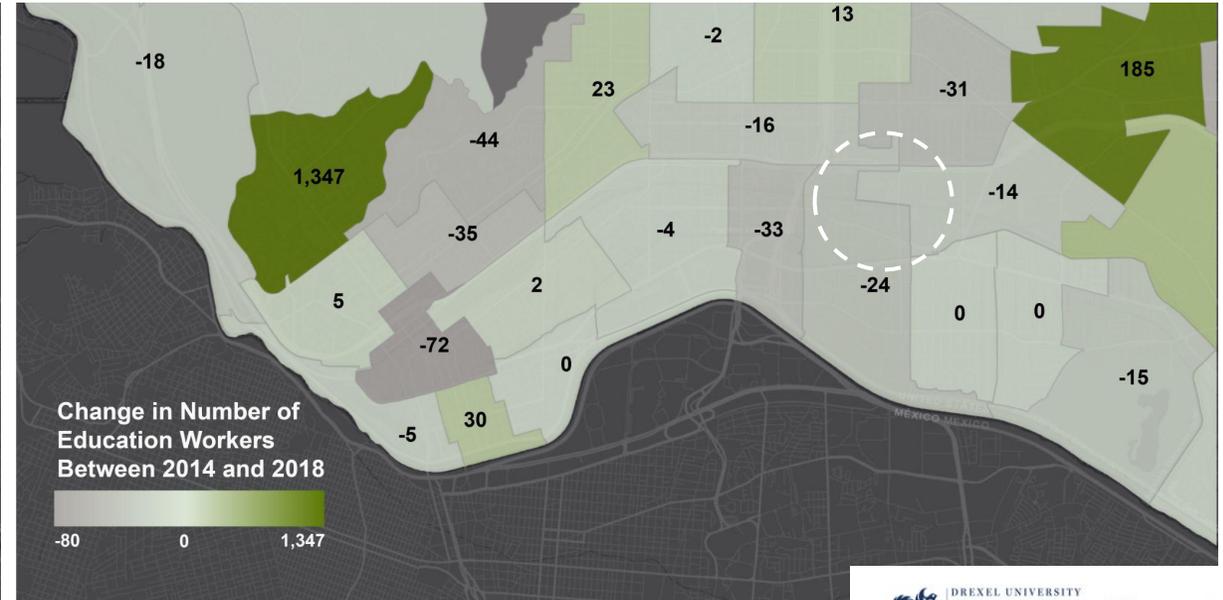
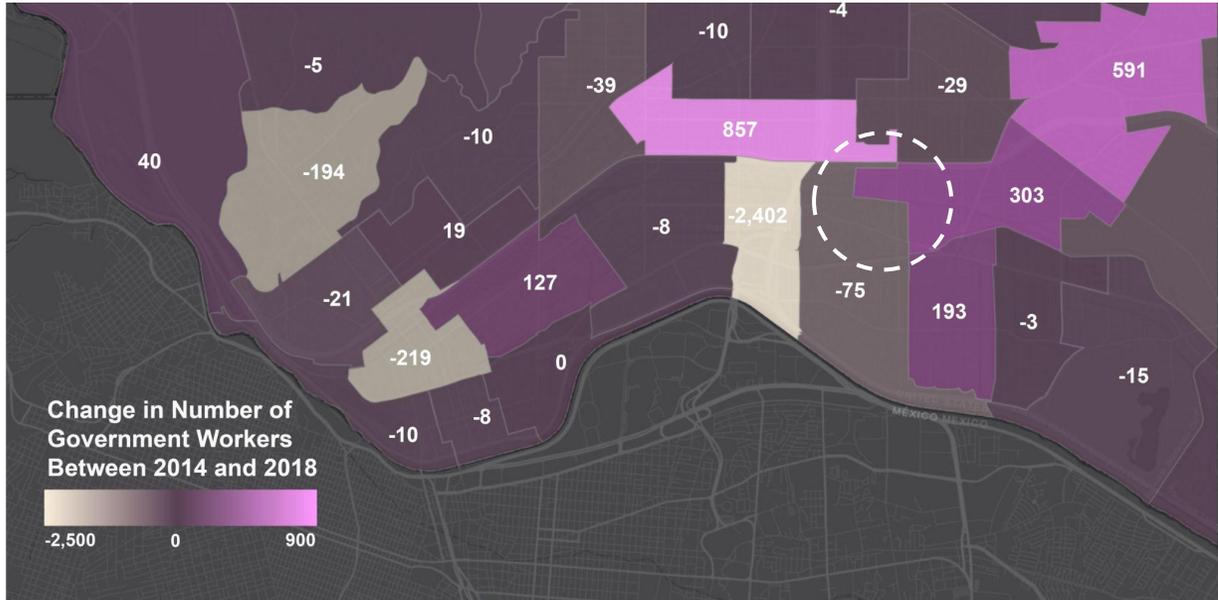
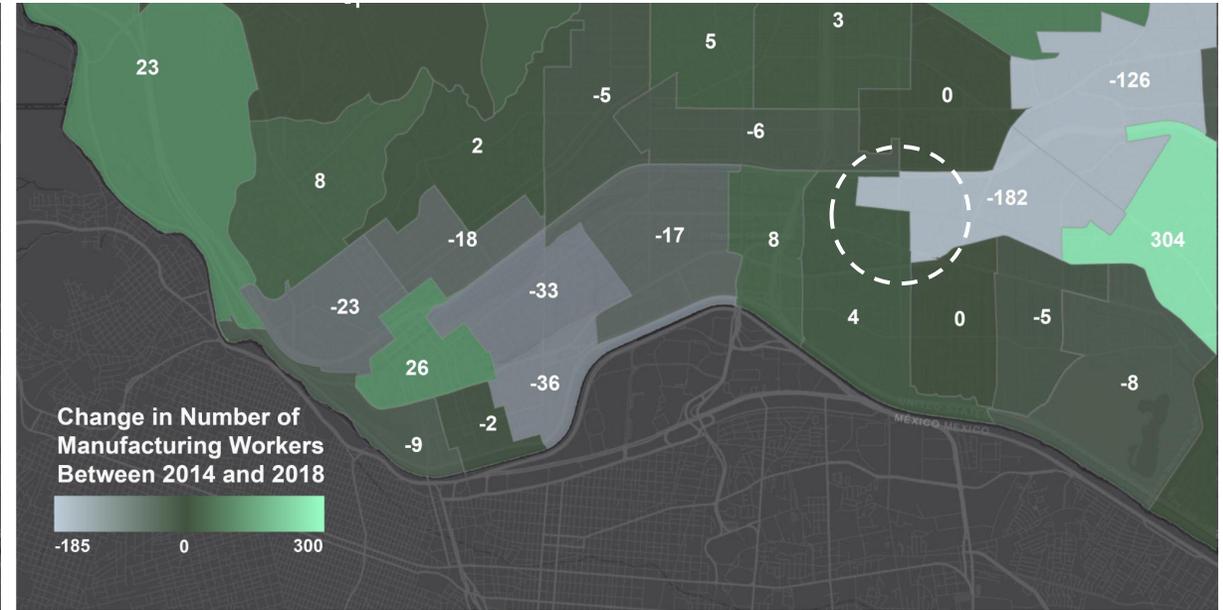
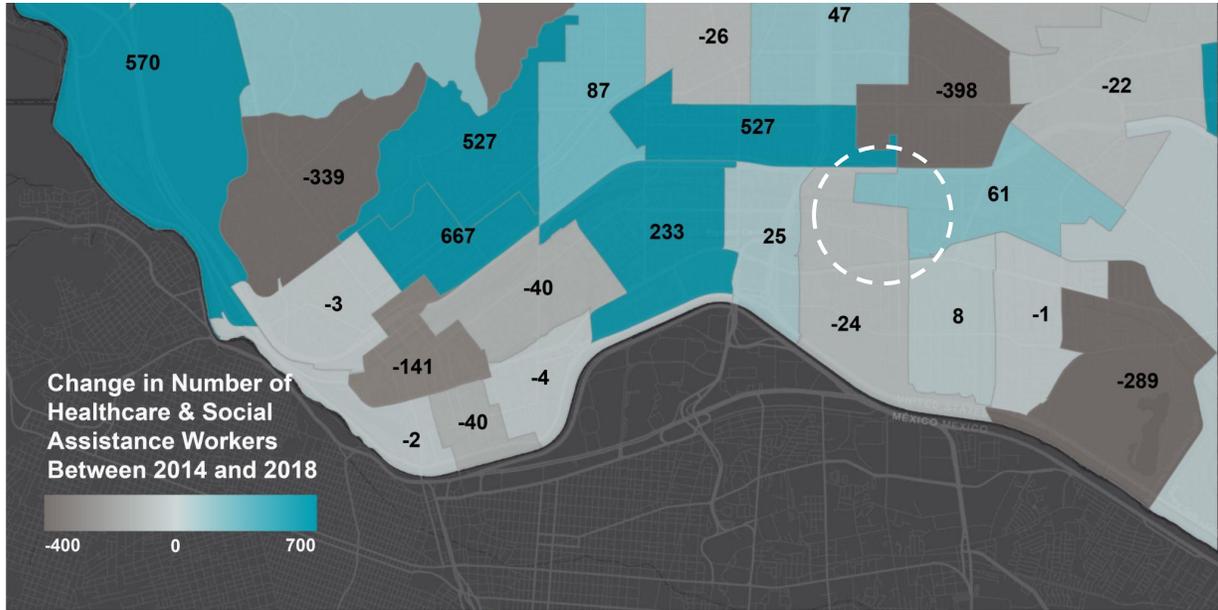
Healthcare is a cluster with high-growth potential that can unlock additional opportunities for local-serving industries in areas of the city where the activity is highly concentrated.

Local-serving industries offer important possibilities for small businesses.



* Other: Arts, Entertainment, & Recreation, Management of Companies, Information, Agriculture, Mining, Utilities. **Source:** 2021 ESRI and Data Axle.

Healthcare and Government Led Job Creation



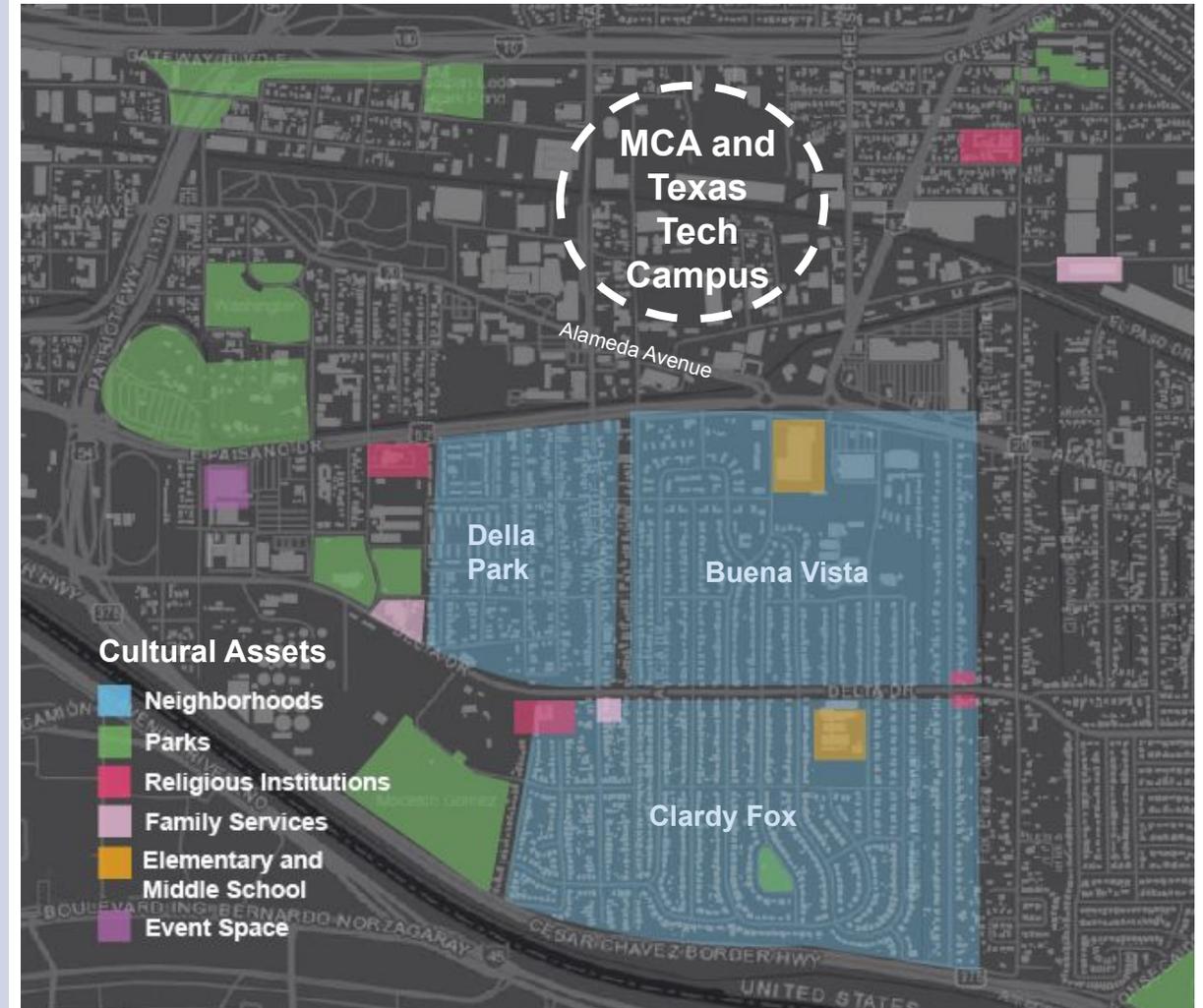
MCA Area Communities

Nearby Residential Neighborhoods

- Three neighborhoods located to the south of MCA's campus (Della Park, Buena Vista, and Clardy Fox) are located in Census Tracts 30 and 31, which represent areas with relatively high unemployment and poverty rates (more details in the following slides).

Cultural Assets in the Community

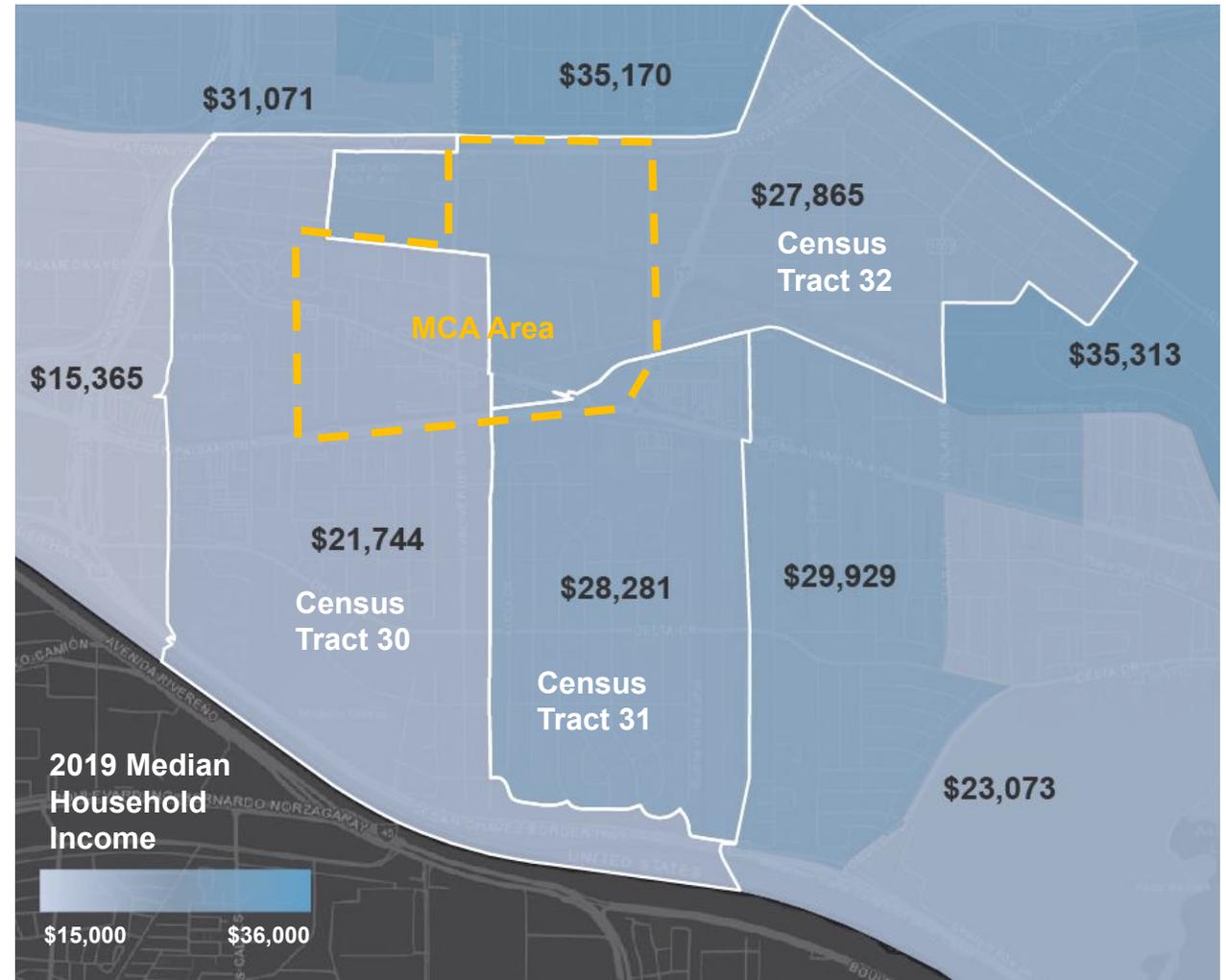
- Nearby cultural assets, such as parks, churches and schools are highlighted on the map in the right. These are vital to residing communities and an equitable investment strategy should seek to preserve and enhance these.



Socio-Economic Indicators of the MCA Area

The MCA area is lagging in most of its socio-economic indicators. The area presents higher poverty and unemployment rates than the city average, and lower median household income and education attainment.

Socio-Economic Indicators	Census Tracts - Target Area			City of El Paso
	30	32	31	
2021 Total Population	4,305	2,665	3,404	700,698
% Hispanic Population (2021)	98%	97%	98%	81%
2021 Population Density*	4,206	3,351	5,853	2,722
2021 Median Age	33	41	42	34
2021 Unemployment Rate	17%	15%	16%	8%
2021 Household Income**	\$22,854	\$27,767	\$26,442	\$50,141
% HH Poverty Rate (2019)	27%	32%	25%	18%
% Pop Age 25+ with Bachelor's/Master's Degree (2019)	8%	7%	9%	27%

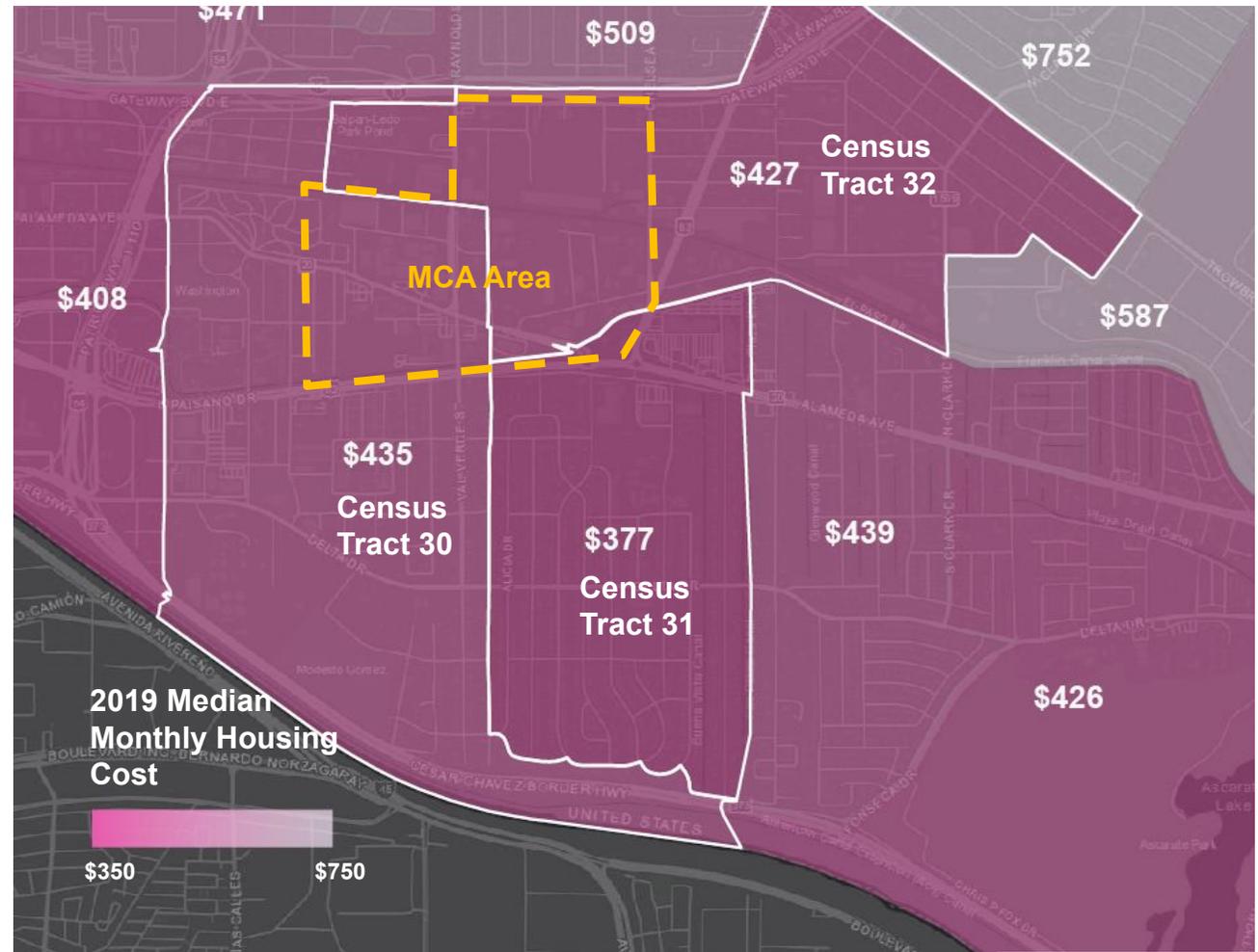


* Population per square mile. ** Median Household Income (MHI). **Note:** the MCA area is located on census tracts 30 and 32. Given our focus on Alameda Ave, we included census tract 31 in this analysis. **Source:** 2021 ESRI and Data Axle. **Source for Map:** US Census Bureau, ACS 2019 5-Year Survey

Housing Indicators of the MCA Area

Monthly median housing costs increased particularly in Tract 32 over the last few years (+17% since 2015) while vacancy marginally decreased (-1%) in the same time period. However, Tracts 30 and 31 (which are more residential) demonstrate weaker market conditions, with decreasing housing costs and increasing vacancy.

Housing Indicators	Census Tracts - Target Area			City of El Paso
	30	32	31	
2019 Total Housing Units	1,247	975	1,163	250,383
2019 Median Monthly Housing Cost	\$435	\$427	\$377	\$869
2019 % Owner Households	41%	63%	56%	58.9%
2019 Residential Vacancy Rate	12.8%	9.8%	10.9%	9.4%
2019 % Burdened by Housing Costs*	37%	33%	26%	33%
2019 % HH with at least one 65+ adult	46%	43%	49%	27%
2019 % HH with at least one child**	30%	24%	25%	38%
2019 Average Household Size	2.96	2.76	2.91	2.97
2021 Average Home Value***	\$134,515	\$73,088	\$94,500	\$182,705

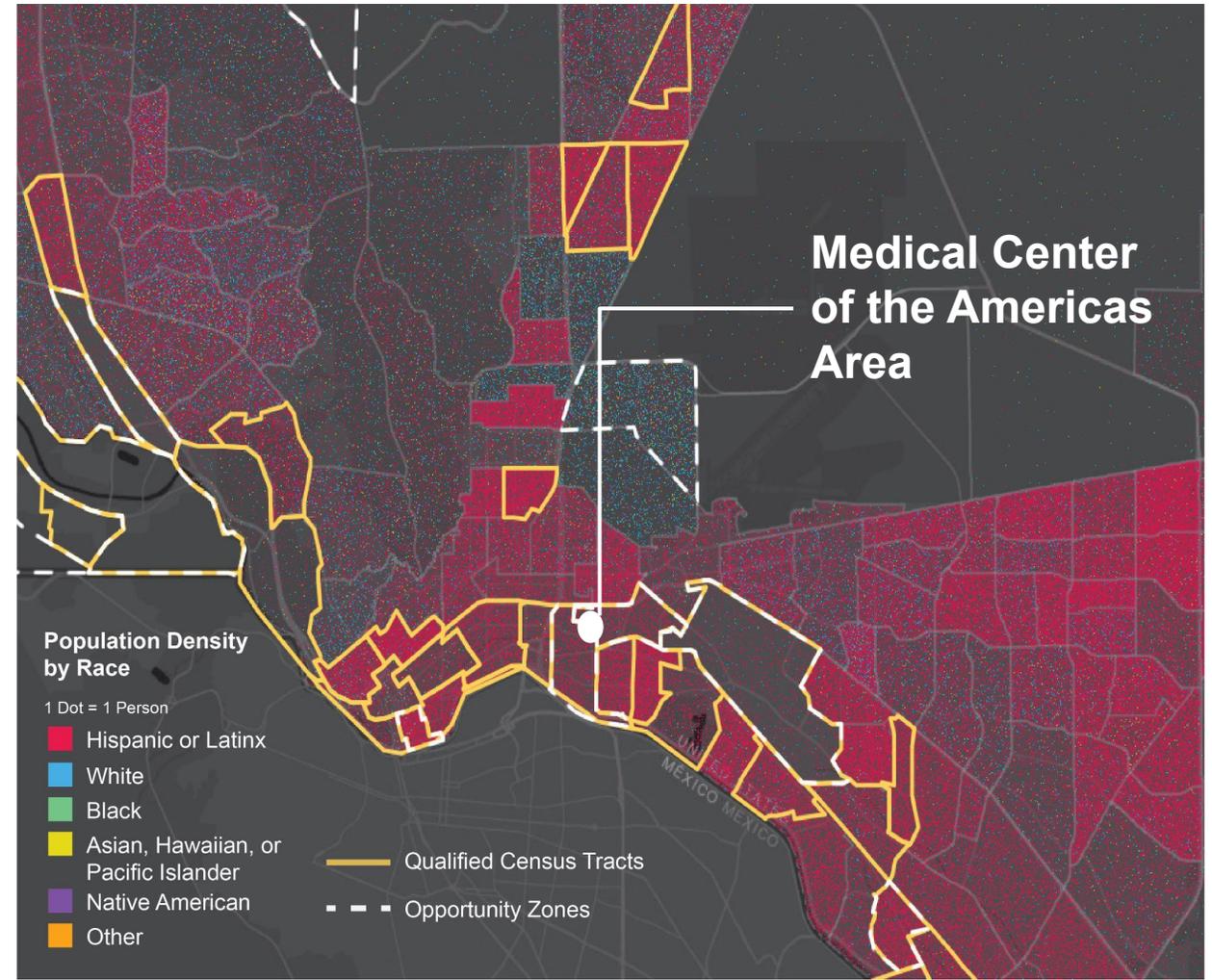


* "Burdened by Housing Costs" refers to those who spend more than 30% of their monthly income on housing costs. ** "Child" is defined as a person under 18 years of age. *** 2021 Average Home Value is sourced from 2021 Data Axle and ESRI Business Analyst. **Source:** Source for all other data in this table is US Census Bureau, ACS 2019 5-Year Survey

Placed-based Economic Incentives in the MCA Area

Place-based Incentives for the MCA Area:

- Tax increment Reinvestment Zone #6 (TIRZ): gives more flexibility to the local government to pay for improvements that will draw private investment to the area;
- Transit Oriented Development (TOD): incentives target properties that propose a mix of uses or single residential uses;
- [SmartCode](#): offers potential economics with city council approval;
- Census Tracts where the area is located (3000 and 3200) fall under both Opportunity Zones and Qualified Census Tracts.



See history of the City's plan and more local incentive policies in the Appendix

Investment Strategy to Leverage Federal Funding



Investment Strategy for Generational Wealth Building

To help cities maximize the impacts of federal investments, Nowak Metro Finance Lab has developed a cluster-focused, place-based Investment Playbook highlighting five dimensions of focus. To fully maximize the benefits of recent federal funding, El Paso should use these dimensions to guide planning and development in key city nodes.

Entrepreneurship



- Enhance access to entrepreneurial support and private capital that has a long-term commitment to the neighborhood.
- Boost demand for local businesses through anchor procurement and supplier diversity.

Innovation



- Connect with universities, companies and investors to promote R&D and commercialization.
- Build out space for innovators and inventors to prototype and ideate, particularly in sectors connected to the region's strengths.

Community Regeneration



- Regenerate corridors, rebuild community anchors, and revitalize neighborhoods and its small businesses
- Endow locally-run organizations with ability to create, capture, and deploy value for local priorities.
- Create accessible pathways to homeownership and renovation for underserved residents.

Workforce Development



- Grow incomes and assets of residents with jobs in growing industries, equipping them with marketable skills.
- Create a talent pipeline through partnerships between schools, universities, and local employers.

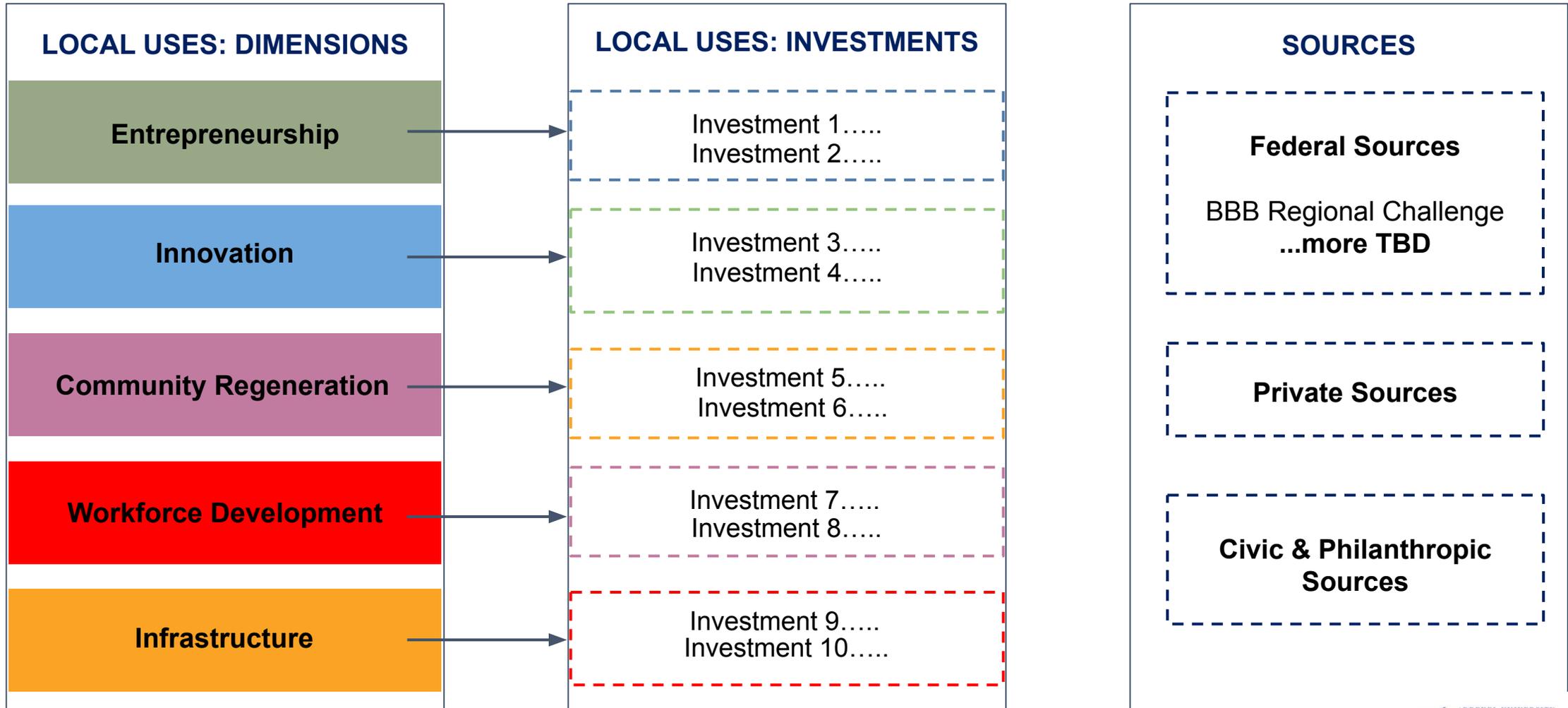
Infrastructure



- Enhance activity nodes with strategic investments in energy and transportation infrastructure.
- Build out digital infrastructure (broadband) so it's accessible to all residents and businesses.

Overview: Match Local Uses with Potential Sources

The main component of this investment strategy involves identifying needed investments (referred to as “local uses”) within the five key dimensions. The goal of this strategy is to match these investments with key federal sources that can maximize the impact of the project.



MCA Efforts Underway

The MCA Foundation identified specific projects that are in the pipeline, which the Nowak team then categorized according to the equitable investment strategy laid out. The projects highlighted in blue represent shovel-ready investments that the MCA Foundation that should be prioritized for investment.

MCA Initiatives	Specific Projects	Entrepreneurship	Innovation	Community Regeneration	Workforce Development	Infrastructure	Total Cost (in millions \$)
MCA Innovation Center Developments	Transnational Research Center; Regional Research Database; Nurse Innovator Program; Investor Education and Development; Ecosystem Support; Proof of Concept Funding; Devise - Product Realization Hub;		✓		✓		\$34.5
Development & Recruitment of Manufacturers and Suppliers	Relocation and Expansion Grants; Borderplex Supplier Taskforce; TMAC Manufacturing Certification and Training; Company Support for Investment in Talent	✓	✓		✓	✓	\$11.5
MCA Campus Infrastructure Improvements	Utilities Beautification Safety Connectivity			✓		✓	\$30.0
Ecosystem and Talent Assessment, Mapping, and Development	Centers of Excellence; Cluster Economic Impact; Corporate Fellows				✓		\$53.0
Virtual Life Sciences Training	Digital Content and Platform		✓		✓		\$10

Neighborhood Investments Needed

The Nowak team additionally cataloged other investment needs described by various local stakeholders*.

Investment Needs	Stakeholders' highlights	E	I	CD	WD	IN
Placemaking challenges. Lack of parking space crowd out traffic and also clients for small businesses (Alameda Ave & N Piedras St).	Redevelopment efforts in the area should take into account their impacts on the area's small businesses and its residents.			✓		
Redevelopment challenges. Vacant buildings and redevelopment challenges (two large wholesalers for sale, hotel being demolished).	Local anchors can consider investing in redeveloping older buildings to provide tools and attract people with an entrepreneurial spirit (e.g., co-working and area for the development of new ideas/endeavours related to the healthcare industry).					✓
Maintenance of cultural assets. Maintain nearby cultural assets and necessities that are vital to residing communities (Beall Elementary School closed).	Putting property out at market value makes it difficult for non-profits to reopen Beall as a community facility (one way could be to lease the building or sell it at less than market value, given that it benefits families in an area which is lagging in many socio-economic indicators). Explore local incentives such as the Infill 380 and the Transit-Oriented Development 380 .			✓		
Public broadband. Lack of broadband and expensive access that harm the livability of this underserved area, its residents and businesses.	Explore if Digital El Paso, a public-private partnership collaboration to expand broadband internet access and promote digital inclusion to residents, could play a role in this area (e.g., a pilot), an area with a high share of households without internet access and without computers or tablets.					✓
Deteriorating housing. Lack of rehabilitation and renovation for current residents in aging housing stock.	The City is working on an allocation of ~\$7.5M** for an RFP associated with home renovation, rehabilitation, and repair in low-income areas. Construction costs are highly relevant in the MCA area; infrastructure revitalization and brownfield/environmental remediation supplements should be important components of redevelopment strategies (to mitigate per unit cost).					✓
Access to Capital. Lack of capital for both community-serving small businesses and budding entrepreneurs.	The survey findings of the Business Assistance Program for the City of El Paso show important short-term capital needs in the area (40% of all businesses receiving financial relief were located in the area from Downtown El Paso to Alameda Ave). Patient capital is required to support MCA efforts underway.	✓				
Entrepreneurial support. Lack of assistance for small businesses and entrepreneurs.	Many MCA efforts underway seek to provide support for entrepreneurs and startups in the healthcare industry. Efforts to support local-serving businesses in the area are also needed to inclusive outcomes.	✓				

See specific challenges for Hispanic-owned businesses in the Appendix

Activate Federal Funds to Leverage Private Investments

In the chart below, the Nowak team identified potential federal sources of funding for needed local uses.

Local Use Dimensions	MCA Area Local Uses	Potential Sources of Federal Funding	See federal source highlight in the Appendix
Innovation	<ul style="list-style-type: none"> ● MCA Innovation Center Developments 	<ul style="list-style-type: none"> ● Economic Development Administration's Build Back Better Regional Challenge grant ● Economic Adjustment Assistance grants ● American Rescue Plan State & Local Fiscal Recovery Funds ● US Innovation & Competition Act ● Commerce Manufacturing Extension Partnership 	
Community Development	<ul style="list-style-type: none"> ● Placemaking challenges ● Deteriorating housing ● Maintenance of cultural assets ● Community health 	<ul style="list-style-type: none"> ● American Rescue Plan State & Local Fiscal Recovery Funds ● New Market Tax Credits ● Low Income Housing Tax Credits (for housing projects) ● Community Development Block Grant ● Historic Preservation Tax Credits ● Opportunity Zone funding 	
Infrastructure	<ul style="list-style-type: none"> ● MCA Campus Infrastructure Improvements ● Redevelopment challenges ● Public broadband 	<ul style="list-style-type: none"> ● American Rescue Plan State & Local Fiscal Recovery Funds for water, sewer, broadband ● Economic Development Administration's Build Back Better Regional Challenge grant ● Dept. of Energy Property Assessed Clean Energy (PACE) financing ● Infrastructure Investment and Jobs Act: New DOT grants (EV charging stations, SMART and Healthy Streets grants for modern surface transportation and climate resilient development); broadband expansion ● Community health center modernization/construction (from Reconciliation Bill 2021) 	
Entrepreneurship	<ul style="list-style-type: none"> ● Development & Recruitment of Manufacturers and Suppliers ● Access to Capital ● Training/Assistance for Entrepreneurs 	<ul style="list-style-type: none"> ● American Rescue Plan State & Local Fiscal Recovery Funds ● Economic Development Administration's Build Back Better Regional Challenge grant ● New Market Tax Credits ● U.S. Treasury Dept.'s State Small Business Credit Initiative; \$25 B for new SBA 7(a) and 504 loan products and SBIC programs included in the proposed \$3.5 T budget reconciliation bill ● Commerce Manufacturing Extension Partnership 	
Workforce Development	<ul style="list-style-type: none"> ● Ecosystem and Talent Assessment, Mapping, and Development ● Virtual Life Sciences Training ● Centers of Excellence 	<ul style="list-style-type: none"> ● Economic Development Administration's Good Jobs Challenge ● Build Back Better Act: Free community college beginning in 2023-2024, expanded DOL funding (WIOA, TAACCCT reauthorization, apprenticeships, Health Profession Opportunity Grants), direct care workforce investments ● Workforce Innovation and Opportunity Act (WIOA) programs ● Workforce training from Reconciliation Bill 2021 	

Development Vision for the Area

In bringing a development vision to fruition, the MCA Foundation and other leaders should ensure the aggregate impact of these investments lead to wealth creation for local residents and the El Paso community.

(1) Small businesses, local commercial activity, and other community assets should be supported with capital, included in procurement strategies, and able to build in economic resilience.

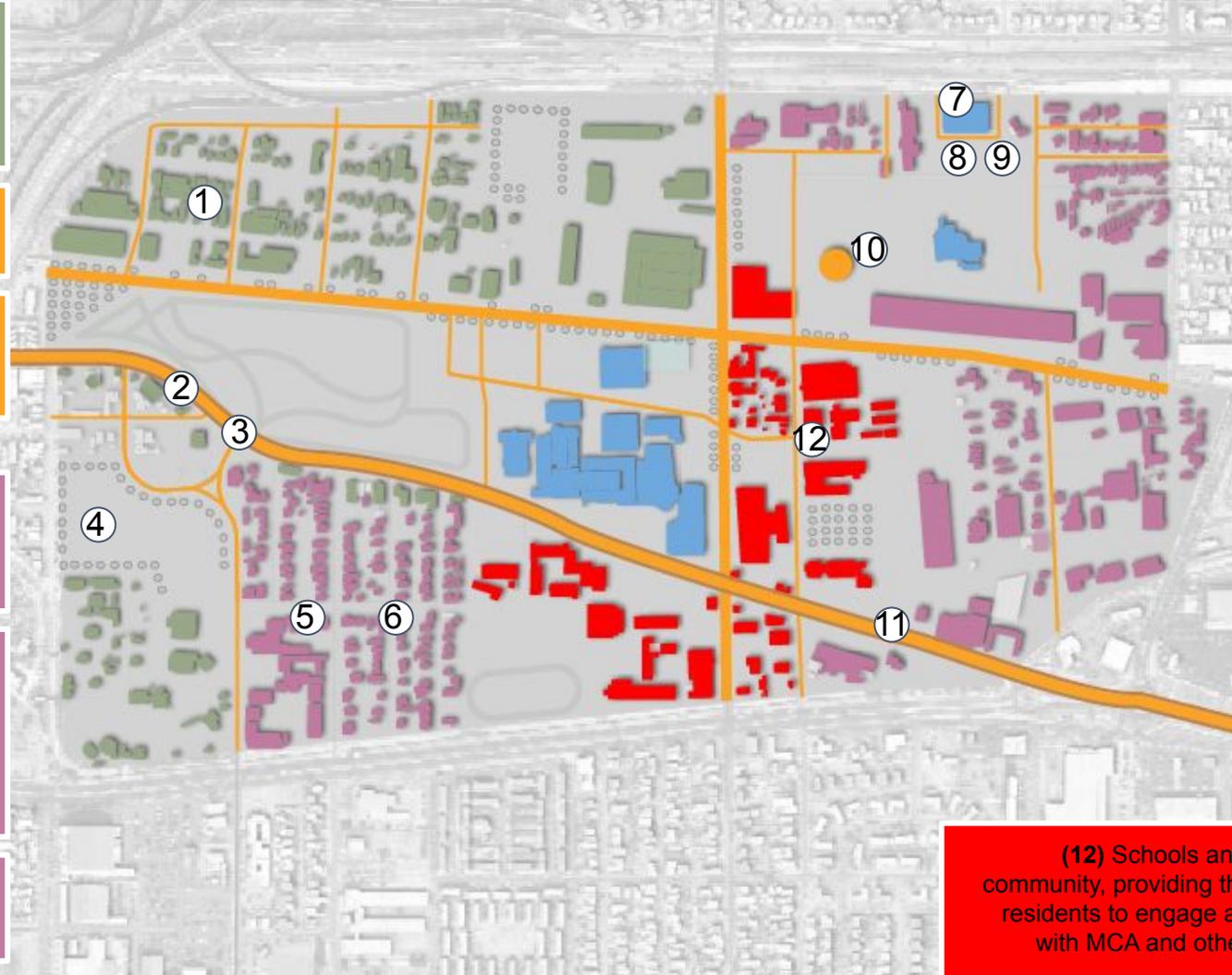
(2) Public wifi should be established along Alameda Ave.

(3) Multiple transit options should exist along major commercial streets, such as Alameda Avenue.

(4) Placemaking initiatives should incorporate public art and provide open green spaces to support the well-being of residents and workers in the area.

(5) Incoming real estate development and current buildings should promote a mixed-use, mixed-income neighborhood node. Community and cultural assets should be preserved and included in programming for buildings.

(6) Aging housing stock should be rehabilitated for current residents, to mitigate against displacement.



(7) MCA Innovation Center developments serve as the ground for innovative activities (prototyping, clinical trials, research) within healthcare, advanced manufacturing, and biotech.

(8) MCA will launch programs that provide training and support for entrepreneurs (the Devise Product Realization Hub is an example).

(9) MCA should actively recruit from the community and universities to develop and support manufactures and suppliers.

(10) Specific utility investments within the MCA campus (such as a central campus utility plant) will promote clean energy.

(11) Streetscape and roads could be designed for safety and placemaking, while promoting walkability, connectivity across institutions, and traffic for small businesses.

(12) Schools and universities should actively recruit within the local community, providing the needed training, education, skill development for residents to engage and lead within growing industries. They collaborate with MCA and others in translational research and commercialization.

Two Shovel-Ready, Shovel-Worthy Projects

*The following slides showcase **two transformational projects** that the Nowak team and MCA Foundation recommend acting upon. Key partners have been identified for the projects, and the Nowak team has outlined potential funding sources for capital and operating expenses.*

Project #1: Devise Product Realization Hub

As an initiative from the MCA Innovation Center, the Devise Product Realization Hub focuses on creating a 25,000 square foot space (around \$27.8 million in total cost) for budding innovators and researchers to ideate, prototype, design, and connect with local medical device manufacturers and suppliers looking to expand their capacity.



Innovation



Entrepreneurship

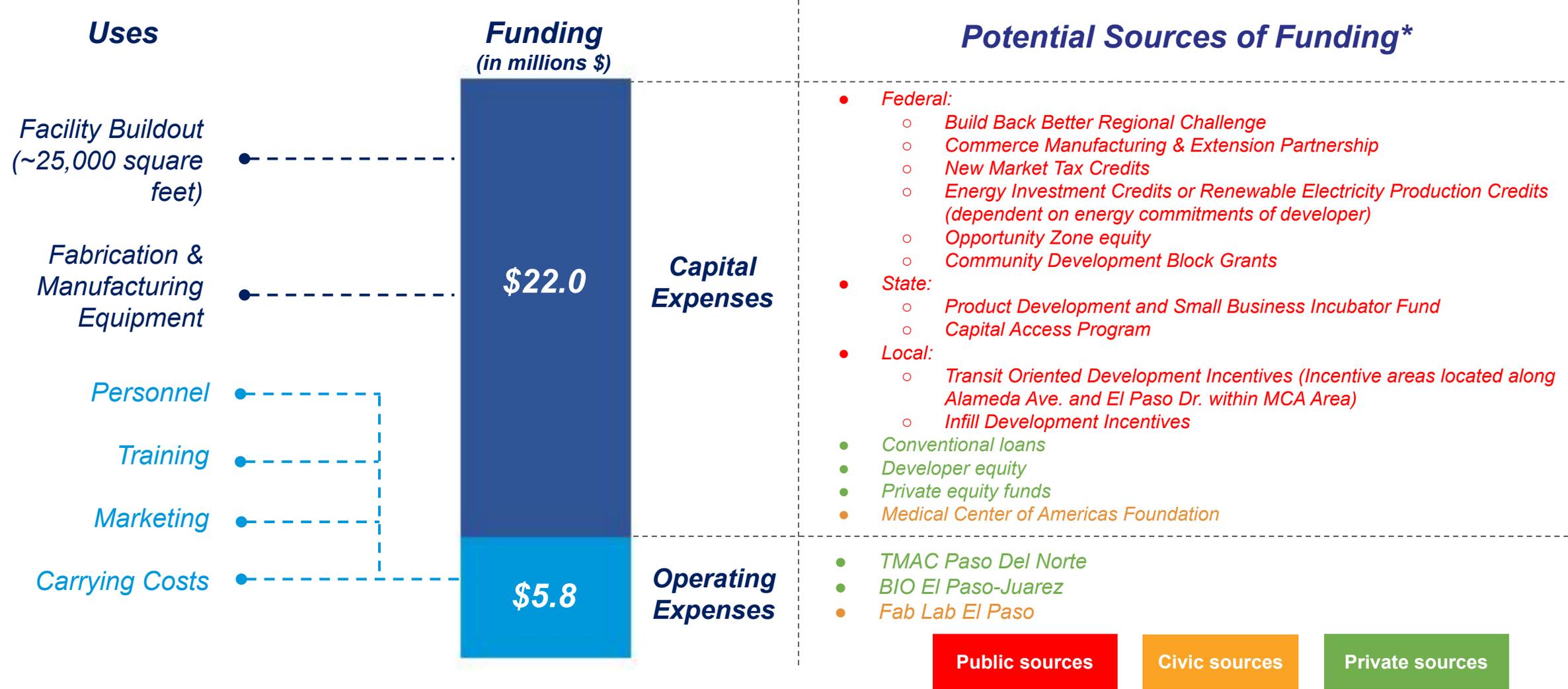


Community Development



Devise Product Realization Hub

The MCA Foundation identified capital and operational expenses, which Nowak then matched with potential federal sources that can work in tangent with civic and private capital.



*Note: This is a speculative list of possible sources and should not be interpreted as a definitive or complete list.

Devise Product Realization Hub

The Nowak team reflected on each dimension of the strategy, with consideration to its capacity for impact and ability to scale that impact, with recommended actions.

IMPACT OF THE INVESTMENT ON EQUITY



Workforce Development. *Create job training and employment opportunities in the medtech industry at all skill levels.*



Entrepreneurship. *Provide support and resources to innovators and small, Hispanic manufacturers and suppliers looking to scale up.*



Community Health. *Address public health concerns and disparities by increasing product development, manufacturing capabilities and clinical trials capacity.*



RECOMMENDED ACTIONS



Supplier Diversity. *Actively recruit diverse suppliers and manufacturers.*



CAPACITY & SCALABILITY

Borderplex Alliance will ensure job opportunities go to the Juarez, El Paso, and southern New Mexico residents. Offices in each place allow for regional coordination and outreach. Capacity to work with major corporations, as demonstrated with by three case studies since it's formation in 2012. Could potentially scale for larger impact with more staff and resources.

The MCA Innovation Center, BIO El Paso-Juarez and The Bridge Accelerator together have the capacity for significant regional impact in this area. The Bridge Accelerator alone has impacted at least \$11.3 million in sales for participating companies and generated 254 new jobs. Regional outreach efforts could potentially be scaled to target more entrepreneurs from disadvantaged groups.

The MCA has demonstrated capacity and impact on the El Paso community in this area and tracked their impact through the El Paso region. Partnerships with regional stakeholders suggest this effort could be scaled even further for wider impact throughout the region through the creation of a region wide healthcare strategy and Centers of Excellence for research and delivery.

MCA Innovation Center, BIO El Paso-Juarez, and TMAC have worked to train and certify additional local suppliers. However, this initiative is small. MCA could use this project and its existing partnerships to establish a robust supplier diversity initiative that would create a strong network of resilient local, diverse suppliers. This network would support new product development and manufacture in medtech and other tech areas that could drive the regional economy.

Project #2: Centers of Excellence

The buildout and programming for four Centers of Excellence, which will cost approximately \$50 million, will elevate health access and outcomes to improve quality of life and accelerate new economic opportunities in the Paso del Norte region.



Community Development



Infrastructure

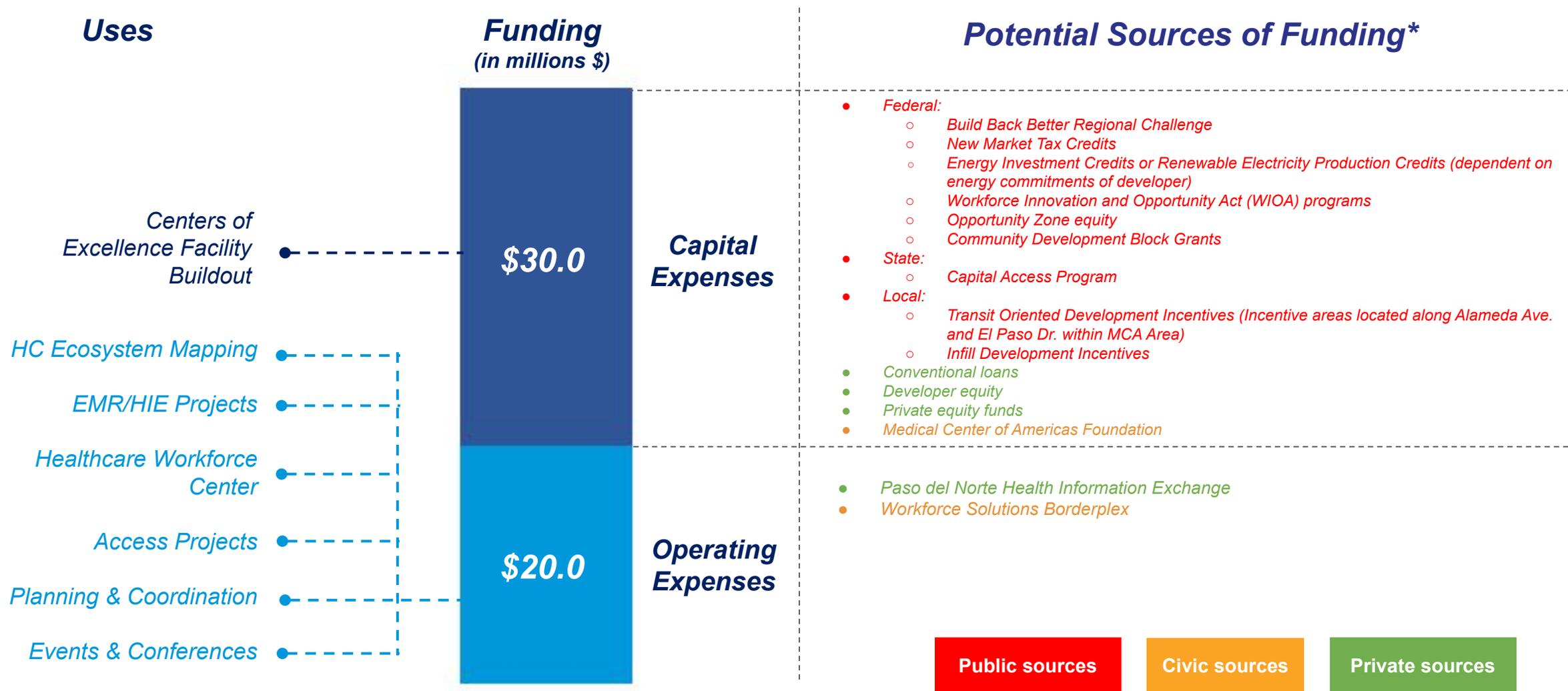


Workforce Development



Centers of Excellence

The MCA Foundation identified capital and operational expenses, which Nowak then matched with potential federal sources that can work in tangent with civic and private capital.



Public sources

Civic sources

Private sources

*Note: This is a speculative list of possible sources and should not be interpreted as a definitive or complete list.

Centers of Excellence

The Nowak team reflected on each dimension of the strategy, with consideration to its capacity for impact and ability to scale that impact, with recommended actions.

IMPACT OF THE INVESTMENT ON EQUITY



Workforce Development. Bolster the local health workforce by attracting, developing and retaining talent in El Paso (including students, health care providers, military personnel, and their partners/spouses).



Infrastructure. Create the infrastructure for, and remove barriers to equitable access, maximize data usage and interoperability through a unified effort on Health Information Exchanges.



Community Development. Form a stakeholder committee to create a unified and sustainable region health care agenda and strategy that works for all in the community.



RECOMMENDED ACTIONS



Catalyze Health Equity. Ensure the region possesses equitable health and wellness services to achieve a better quality of life and economic opportunity.



CAPACITY & SCALABILITY

This type of initiative is highly needed to increase personnel retention in El Paso, with local universities standing out for their healthcare programs and professionals. This could potentially scale for larger impact with more staff and resources.

Given the regional nature of the healthcare cluster, this architecture for knowledge generation and sharing in the sector can serve not only El Paso but the region as a whole, coordinating actions, providing strategic guidance, and ensuring that knowledge is shared and well used across institutions in the industry.

Build on the collaborative efforts in response to COVID-19 by creating an aligned health care governance group that will develop and steward a co-created and co-owned agenda, strategy, and series of initiatives to achieve and sustain our common health, wellness, and economic objectives long-term.

While individual organizations in the region are concerned about health equity issues, no one organization has the resources, political capital, or influence to catalyze the entire community and health care sector to work together for the common good. Families in our community who have resources typically travel somewhere else to meet their most critical health needs. Those without resources settle for lower quality care. Furthermore, MCA believes a healthy, productive community will advance incomes and opportunities for all in the region. We will be able to attract employers with higher wages and skills

Next Steps



Short Term Steps

*This investment playbook presents immediate next steps that cities like El Paso can take to fully maximize the benefits of incoming federal investment. Projects like the **Devise Product Realization Hub** and **Centers of Excellence** exemplify the kind of investments El Paso should be acting on now, as federal money flows in.*

Recommendations

- Catalyze investment and development of the Devise Product Realization Hub and Centers of Excellence facility.
- Organize capital stack funding and the necessary stakeholders to launch the identified investments needed in the MCA Area and surrounding neighborhoods.

Long Term Steps

*Cities will want to additionally consider what **governance structures** are needed in the long-term to keep encouraging and sustaining these kinds of developments.*

Recommendations

- **Create an intermediary**, such as a community equity corporation, that takes in some of the value appreciation from these developments and feeds them back into the neighborhood to ensure equity remains a priority in the area. Key features would include:

- *Agile private governance*
- *Skilled staff leadership*
- *Targeted geography*
- *At-scale land control*
- *Patient local investment*
- *Clear mission and priorities*
- *Partnership with city government*
- *Long-term thinking*
- *Sophisticated placemaking*
- *Investment in disinvested places*



DREXEL UNIVERSITY

Nowak Metro Finance Lab

Lindy Institute for Urban Innovation

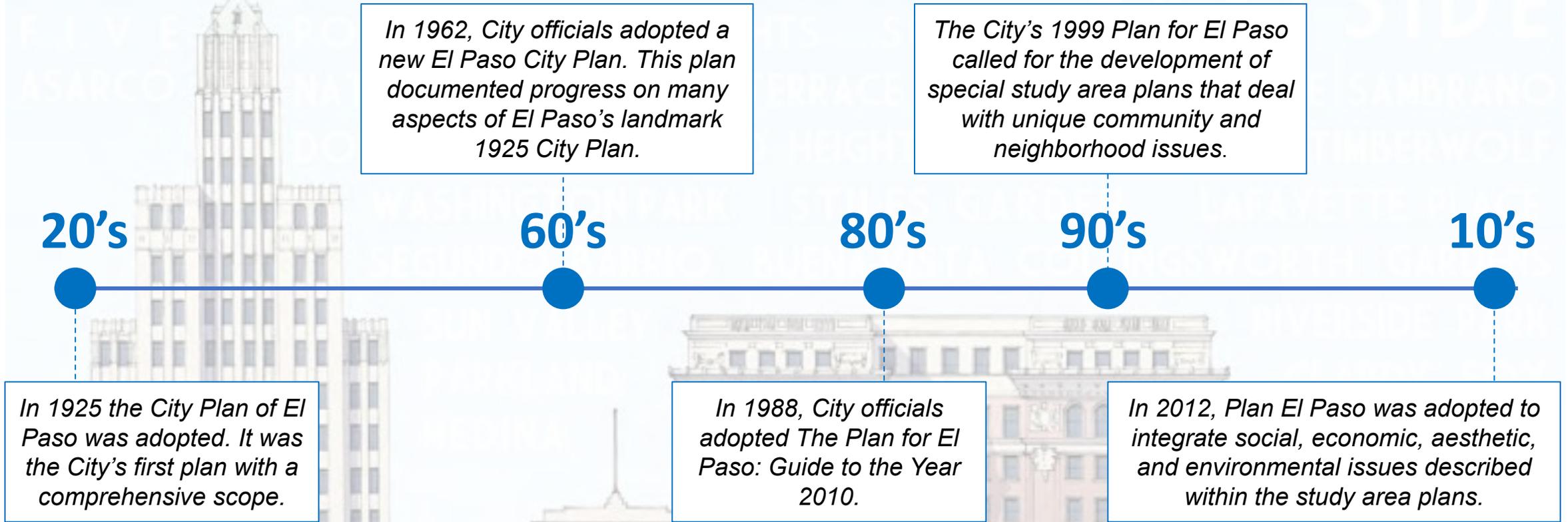


Thank you!

Appendix



History of El Paso City Plans



The 2012 Plan El Paso guides the City's physical and economic development.

City's Efforts Underway

The City's and County's efforts lay the foundations for, through an investment playbook with an strategic focus, maximize the impact of federal funding.

Redeveloping and Infilling Less Dense Areas in the City

Infill Development Incentive Policy, targeting the older and less dense areas of the city to develop vacant and underutilized properties within the City limits.

Encourage the Expansion of Walkable Communities

Transit Oriented Development (TOD) Incentive Policy, to link higher-density, walkable neighborhoods to transit stations and corridors.

Note: industrial uses don't qualify for incentives.

Attracting Industries with Growth Potential

City of El Paso Economic Incentives Policy promotes selected private firms with potential to spur economic growth and development.

Target industry sectors: advanced logistics and manufacturing, business support services, defense and aerospace, life sciences, and tourism.



Scoring: Dimensions & Metrics

Dimensions and metrics included in the scoring. For each dimension, we identified metrics that could be incorporated, their sources, and the rationale behind our selection.

Dimensions								
Presence of sectors with growth and innovation potential (promising market dynamics)			Potential to impact equity and economic mobility			Presence of anchor institutions and efforts/incentives underway		
Metric	Rationale	Source	Metric	Rationale	Source	Metric	Rationale	Source
# of jobs in sectors with growth and innovation potential	Identify areas that offer the potential to tap into long-term growth.	ESRI-Data Axle	Share People of Color	We prioritize fostering racial, ethnic, and gender equity. With this goal in mind, the density of people of color living in an area is a crucial metric to identify target areas.	American Community Survey (ACS)	Index 'Presence of Anchor Institutions'	To create this index, we calculated the number of jobs in anchor institutions with at least 50 employees, in the education, healthcare, and government sectors. Anchors such as universities and community colleges will be the epicenter of many federal programs and	ESRI-Data Axle
Built-in customer base	Identify areas with consumer density, needed to sustain local-serving businesses.	ESRI-Data Axle	Poverty Rate	Focusing on areas with lagging socio-economic indicators offers a higher potential to impact equity. These indicators capture the need for investing in younger generations. If these metrics are highly correlated (very likely), we suggest including only one.		Opportunity Zones	Incentives already in place.	Office of Policy Development and Research https://opportunityz
Number of Building Permits Issued Increased or Decreased Each Year Over Last Five Years	Capture the economic perception of an area, and anticipates future flows of investment.	This information is usually published by local governments	Median Household Income			Qualified Census Tracts	Incentives already in place. Treasury Interim Guidance for State and Local Funds are the most flexible in Qualified Census Tracts (the same geography as LIHTC). Here funds can be broadly used for: addressing health disparities; investing in housing & neighborhoods; addressing educational disparities, and; promoting healthy childhood environments.	Office of Policy Development and Research https://www.huduser.gov/portal/saddd/saddd_gct.html
Change in Residential Vacancy Rate	Trends showing decreasing vacancy rates suggest that properties in the area are increasingly desirable.	American Community Survey (ACS)	Unemployment Rate	These indicators capture opportunities and labor market dynamics for the population living in a particular area, highlighting that equity also means improving adults' present-day realities.		Regeneration efforts led by the City/County.	Existing efforts lay the foundations for further action (e.g., zoning, local tax incentives, etc).	Research and local sources
Change in Commercial Vacancy Rate	Trends showing decreasing vacancy rates suggest that properties in the area are increasingly desirable.	Usually not available	Educational Attainment of Population Over 25			Property ownership	Uniform ownerships makes it easier to steward development within an area.	Landgrid.com
			Index 'Business Mix' - Local/Traded Activities	Small businesses and WMBEs tend to be concentrated in local-serving industries. We prioritize areas with a mix of activities, where traded industries with long-term potential and local-serving industries reinforce each other.	ESRI-Data Axle			

Hispanic-Owned Businesses (HOBs) in El Paso

Baseline



4,400

Hispanic-owned employer businesses 2017 (44% of all employer businesses)

Employer businesses

-6%

Growth in employer HOBs, 2012-2017 (versus +33% for Non-Hispanic employer businesses)



43,000

Hispanic-owned nonemployer businesses 2017 (80% of all nonemployer businesses)

Non-employer businesses

+17%

Growth in nonemployer HOBs, 2012-2017 (versus +30% for Non-Hispanic nonemployer businesses)

Disparities*

Number of Businesses

8.1

Hispanic-Owned employer businesses per 1,000 Hispanics

31.9

Non-Hispanic-Owned employer business per 1,000 non-Hispanic

x4 gap

Business Size

\$1.1M

Average Annual Sales from Hispanic-Owned Businesses (1,000s)

\$2.4M

Average Annual Sales from non-Hispanic-Owned Businesses (\$1,000s)

x2 gap

Business Sector**

28%

Hispanic-Owned Businesses in Low-Wage Industries

29%

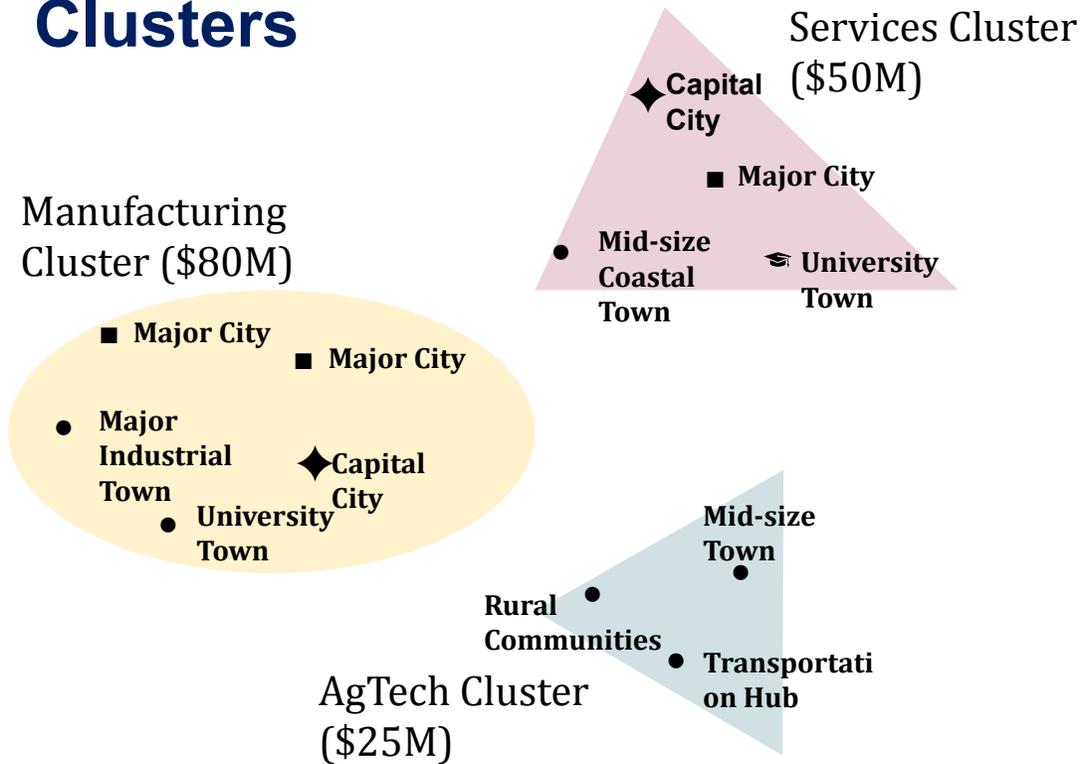
Non-Hispanic-Owned Businesses in Low-Wage Industries

- HOBs were excluded from growing sectors (Professional Services, Information, Other Services, and Health Care)
- HOBs face barriers to scale, mostly in the sectors Manufacturing, Wholesale Trade, Retail Trade, and Administrative and Support
- The greatest challenges for startups owned by Hispanics are obtaining funding, contracting with government, and hiring and retaining qualified staff***
- Marketing, accounting, and job training are the most demanded trainings by HOBs***

Federal Source Highlight: Build Back Better Regional Challenge

The Build Back Better Regional Challenge fits well with the goals of the MCA Foundation, which aims to ultimately grow a regional, biomedical cluster in El Paso.

Example Clusters



Leveraging a BioMedical Manufacturing Cluster in El Paso

