APPLIED ECONOMICS

ECONOMIC AND REVENUE IMPACTS OF THE BAUTISTA MIXED USE PROJECT ON THE RIO NUEVO DISTRICT AND THE CITY OF TUCSON

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1.0 INTRODUCTION

Applied Economics was retained by the Rio Nuevo Multipurpose Facilities District (the District) to perform an economic impact analysis of the Bautista Mixed Use project. The proposed project site is located along the Santa Cruz River Park between Congress Street and Cushing Street in the Mission District, and is also in a recently designated Opportunity Zone. The project is anticipated to include 253 apartments along with retail and restaurant space.

The District is considering investing $2.8 million in the project up front. In addition, the project would be eligible for a Government Property Lease Excise Tax (GPLET) agreement that would result in the replacement of all real property taxes during the 25 year term of the agreement with a lease excise tax. The lease excise tax, which is based on a statutory rate per square foot based on the type of use, would be less than the amount of property tax that would have been paid without the GPLET, resulting in an incentive to the lessee. This analysis is intended to provide a framework for understanding the economic and revenue impacts that the project would have on the District and the City of Tucson relative to the amount of incentives being offered.

1.1 Project Description

The total capital investment for the project is estimated at $64.6 million, including hard and soft costs. This would include construction of 253 studio, one bedroom and two bedroom apartment units with 258 underground parking spaces and 14,790 square feet of retail and restaurant space. The retail and restaurant space is anticipated to support about 43 new jobs. The space will lease for approximately $24 to $30 per square foot with estimated taxable sales of $250 to $500 per square foot. It is also anticipated that there could be approximately 4 property management employees associated with the apartment units.

FIGURE 1
DEVELOPMENT ASSUMPTIONS

	Square Feet	Total Units	Occupancy	Estimated Jobs	Lease Rate	Sales per Square Foot
Restaurants	3,730	na	100%	19	$30	$500
Retail	11,060	na	90%	24	$27	$250
Rental Housing	242,315	253	92%	4	$1,100-$1,900	$0
Underground Parking	na	258	100%	0	$0	$0
Total	257,105	na	na	47	na	na

2.0 IMPACT SUMMARY

The construction of this new mixed-use project in the Rio Nuevo District would provide economic benefits to both the city and the District.

- About 438 direct construction jobs and 349 additional indirect construction jobs could be supported in the City of Tucson during the construction period. The total construction impact is estimated at $104.6 million.

- Once completed, the project could generate an annual economic impact of $3.5 million, or a total of $87.5 million over the next 25 years of operations through 2046, which represents the term of the GPLET.

- The restaurant, retail and apartments could directly support about 47 new jobs. The project could also support about 14 indirect jobs at other local businesses in Tucson. These indirect jobs are the result of business to business purchases made by the retail and restaurant tenants, as well as local spending by employees.

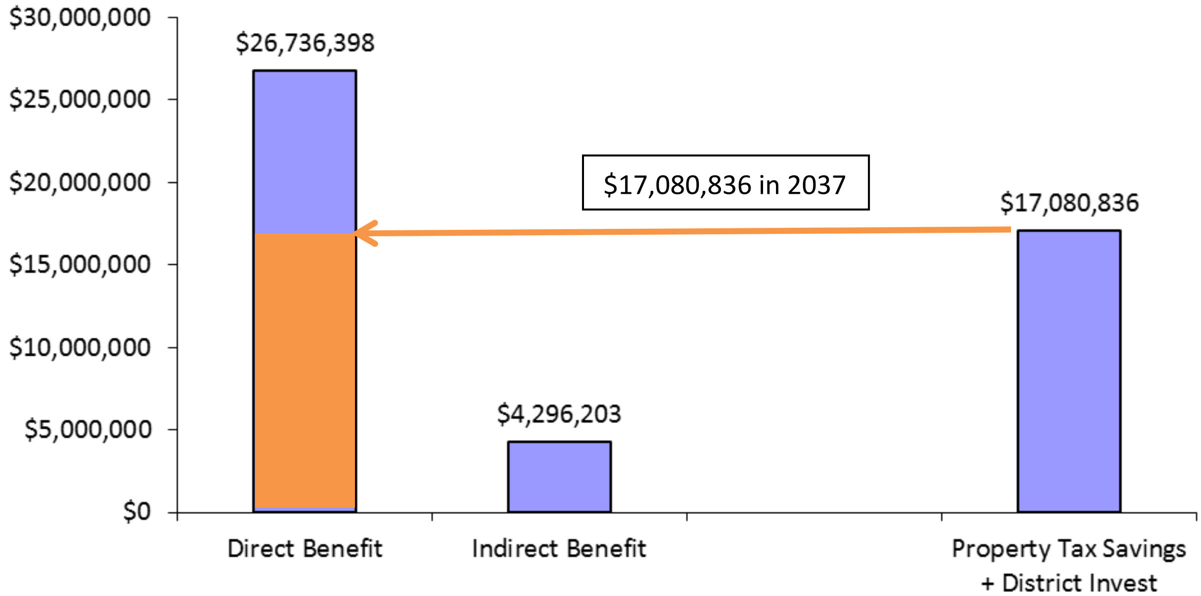
- An estimated $955,000 in direct labor income, or payroll, and about of $1.5 million in total direct and indirect labor income could be generated by the project annually, creating the potential for additional local expenditures by employees and their families.

- In terms of local tax revenues, the retail and restaurants could directly generate approximately $2.9 million in new TIF revenues to the District, along with $23.9 million in other tax revenues to the city, county, school district and state from 2021 through 2046. Direct and indirect jobs supported by the project could generate an additional $4.3 million in local and state revenues over 25 years.

- The proposed agreement with the District would include an upfront investment of $2.8 million, which is approximately equal to the amount of TIF revenues that are anticipated to be generated by the project between 2021 and 2035 when the TIF sunsets.

- The project could also qualify for a GPLET. The lease excise tax revenues associated with the GPLET are accounted for in the direct revenue impacts. Note that the time horizon for the GPLET would extend from 2022 to 2046. If granted, the benefit to the prime lessee from paying lease excise taxes instead of property taxes, plus the District investment, is estimated at $17.1 million over 25 years (Figure 2). During that period the project would generate direct sales taxes from leases and restaurant sales, lease excise taxes, and state shared revenues for a total benefit to the state and local governments of $26.7 million over 25 years (based on direct revenues only). Thus, the benefit to the city, county and state would significantly exceed the value of the GPLET.

FIGURE 2
VALUE OF GPLET AND TIF WITH A 25-YEAR TERM



3.0 ECONOMIC IMPACT ANALYSIS

The economic impacts resulting from the Bautista Mixed Use project include both the one-time construction impacts and on-going operations impacts. These impacts are quantified in terms of direct and indirect jobs, labor income and output that would be generated by the project. Indirect impacts are the result of the multiplier effect and capture supported supplier and consumer businesses in the District and the City of Tucson that would benefit from the development.

3.1 Construction Impacts

The estimated construction costs for this mixed use project would be $64.6 million, excluding property acquisition (Figure 3). Both hard and soft costs associated with the project create local economic impacts. Construction is anticipated to begin in May 2020 and be completed in February 2022.

The multiplier effects of this $64.6 million construction spending are estimated to result in a total increase in economic activity of about $104.6 million. The approximately 438 direct jobs and 349 indirect and induced jobs could result in more than $35.2 million in additional labor income in the City of Tucson during the construction period.

FIGURE 3
CONSTRUCTION IMPACTS OF BAUTISTA MIXED USE

	Direct Impacts			Total Impacts		
	Expenditures	Jobs	Personal Income	Output	Jobs	Personal Income
Hard Costs	$54,075,000	367	$17,115,611	$85,747,914	642	$27,304,699
Soft Costs	$10,500,000	71	$5,049,446	$18,811,485	145	$7,936,088
Total	**$64,575,000**	**438**	**$22,165,057**	**$104,559,398**	**787**	**$35,240,786**

3.2 Operations Impacts

Once construction is completed, the proposed project could create an estimated 47 permanent jobs associated with the retail, restaurant and property management. The total economic activity from on-going operations of the project is shown in Figure 4. The estimated 47 new jobs and $955,000 in direct labor income could generate an estimated $2.2 million in direct output each year.

The multiplier effect of this increase in business activity could result in a total annual impact of $3.5 million, or $87.5 million over the next 25 years. The approximately 61 direct, indirect and induced jobs supported by the development could result in about $1.5 million in annual labor income in Tucson, or a total of $37.0 million over the next 25 years.

FIGURE 4
ANNUAL ECONOMIC IMPACTS OF BAUTISTA MIXED USE

	Direct Impacts			Total Impacts		
	Output	Jobs	Personal Income	Output	Jobs	Personal Income
2022	$2,225,018	47	$954,799	$3,498,646	61	$1,479,413
2023	$2,225,018	47	$954,799	$3,498,646	61	$1,479,413
2024	$2,225,018	47	$954,799	$3,498,646	61	$1,479,413
2025	$2,225,018	47	$954,799	$3,498,646	61	$1,479,413
2026	$2,225,018	47	$954,799	$3,498,646	61	$1,479,413
2027	$2,225,018	47	$954,799	$3,498,646	61	$1,479,413
2028	$2,225,018	47	$954,799	$3,498,646	61	$1,479,413
2029	$2,225,018	47	$954,799	$3,498,646	61	$1,479,413
2030	$2,225,018	47	$954,799	$3,498,646	61	$1,479,413
2031	$2,225,018	47	$954,799	$3,498,646	61	$1,479,413
2032	$2,225,018	47	$954,799	$3,498,646	61	$1,479,413
2033	$2,225,018	47	$954,799	$3,498,646	61	$1,479,413
2034	$2,225,018	47	$954,799	$3,498,646	61	$1,479,413
2035	$2,225,018	47	$954,799	$3,498,646	61	$1,479,413
2036	$2,225,018	47	$954,799	$3,498,646	61	$1,479,413
2037	$2,225,018	47	$954,799	$3,498,646	61	$1,479,413
2038	$2,225,018	47	$954,799	$3,498,646	61	$1,479,413
2039	$2,225,018	47	$954,799	$3,498,646	61	$1,479,413
2040	$2,225,018	47	$954,799	$3,498,646	61	$1,479,413
2041	$2,225,018	47	$954,799	$3,498,646	61	$1,479,413
2042	$2,225,018	47	$954,799	$3,498,646	61	$1,479,413
2043	$2,225,018	47	$954,799	$3,498,646	61	$1,479,413
2044	$2,225,018	47	$954,799	$3,498,646	61	$1,479,413
2045	$2,225,018	47	$954,799	$3,498,646	61	$1,479,413
2046	$2,225,018	47	$954,799	$3,498,646	61	$1,479,413
25 Year Total	**$55,625,444**	**47**	**$23,869,976**	**$87,466,140**	**61**	**$36,985,318**

Note: Direct jobs include retail employees and property management staff.

The direct and indirect jobs generated by this project could support a total local population of about 110 people in the City of Tucson, based on local commuting patterns. Supported population includes families of direct employees, as well as families of employees at related supplier and consumer businesses. This estimate assumes that about 79 percent of the employees will live and work in Tucson, based on local commuting data from the American Community Survey. In addition, there could be approximately 420 residents in the apartments.

The differences between direct and total economic impacts are called multiplier effects. Multiplier effects are a way of representing the larger economic effects on the local economy. The multiplier effects translate an increase in output into a corresponding increase in jobs and labor income. The total increase in output includes the impacts on other local supplier and consumer businesses. In essence, the multiplier effect represents the recycling of local spending. This process creates new business opportunities.

The multipliers used in this analysis are from IMPLAN, a national vendor of economic impact software, and are specific to the City of Tucson. Industry specific multipliers were used for facility support services, retail, restaurants and commercial construction. The average output multiplier for this development is 1.57. This means that for every $1 million of annual output created by the restaurant and property management, an additional $570,000 in economic activity and 6 local jobs are supported at other local businesses outside the development. On average, the income from these indirect jobs is estimated at about $38,000 per employee.

4.0 REVENUE IMPACTS

In addition to supporting jobs, income and output at related businesses in the city through multiplier effects, the Bautista Mixed Use project would also generate new local sales tax revenues, lease excise taxes and state shared revenues. Over 25 years, the project could generate approximately $8.0 million in direct and employee tax revenues to the city, and $20.2 million in additional revenues to the county, RTA, school district and state. There would be $2.9 million in additional revenues to the District.

4.1 Direct Revenues

Direct revenues from the project, are estimated at $26.7 million from 2021 to 2046, including TIF revenues to the District, as well as lease excise taxes, sales taxes and state shared revenues to the city, county, school district, state and other local taxing districts (Figure 5).

The project would be eligible for a GPLET that would result in lease excise tax revenues instead of property taxes. Under the state statute an excise tax is established for the building based on the type of use and is calculated on the gross square footage of building. The GPLET requires that the land and improvements are conveyed to a government entity (such as the District) and then leased back for private use. At a current excise rate of $2.83 per square foot for retail, $0.86 per square foot for residential units, and $225.88 per space for structured parking the property would generate $308,524 in annual excise tax revenues.[1] Seven percent of the lease excise tax is allocated to the city, 13 percent to the county, 7 percent to the community college and 73 percent to the Tucson Unified District. Total lease excise tax revenues are estimated at $9.2 million over 25 years.

Other direct revenues include construction and on-going sales taxes from the retail and restaurants. The project would also generate one-time sales taxes from new construction estimated at about $984,000 to the District, $1.1 million to the city and RTA, and $984,000 to the state in 2020. On-going sales tax revenues associated with taxable retail and restaurant sales and lease revenues are estimated at $4.7 million to the city and RTA, $1.9 million to the District (before incentives), and $5.9 million to the state over the 25 year period.[2]

The District receives half of the 5.6 percent state sales tax on sales within the District above the base. Since all of the taxable activity associated with the new retail and restaurants would be new to the District, it is assumed that the full 50 percent of the state 5.6 percent tax would be returned to the TIF district through 2035. Note that the $2.8 million District investment in this project is no subtracted from the Rio Nuevo revenues shown in Figure 5.

In addition, the apartment residents that are new to the Tucson area would generate additional state shared revenues to the city and county including state shared sales and income taxes as well as auto lieu taxes. Based on current per capita average distributions for the City of Tucson and Pima County, the estimated 50 percent of residents that would be new to the area could generate $1.4 million to the city and $596,000 to the county in state shared revenues over 25 years.

[1] *Lease excise tax rates are adjusted annually based on the percent change in the two most recent years of producer price indices for new construction. For the purpose of this analysis, a 1.0143 percent increase is applied annually beginning in 2022.*
[2] *This analysis assumes that taxable sales increase by 2 percent per year.*

FIGURE 5
STATE AND LOCAL REVENUE IMPACTS OF BAUTISTA MIXED USE

	City of Tucson				Rio Nuevo	County, RTA and Schools				State of Arizona		
	Lease Excise Tax	Sales	State Shared Revenues[1]	Total Benefit	TIF	Lease Excise Tax	Sales	State Shared Revenues[1]	Total Benefit	Sales	Total Benefit	Total Public Benefit
Direct Revenues	**$643,573**	**$4,855,339**	**$1,380,552**	**$6,879,464**	**$2,852,512**	**$8,550,324**	**$933,719**	**$595,703**	**$10,079,745**	**$6,924,677**	**$6,924,677**	**$26,736,398**
2020-21	$0	$913,868	$0	$913,868	$984,165	$0	$175,744	$0	$175,744	$984,165	$984,165	$3,057,941
2022	$21,597	$123,054	$55,222	$199,873	$121,898	$286,927	$23,664	$23,828	$334,419	$121,898	$121,898	$778,089
2023	$21,905	$125,516	$55,222	$202,643	$124,336	$291,030	$24,138	$23,828	$338,996	$124,336	$124,336	$790,311
2024	$22,219	$128,026	$55,222	$205,467	$126,823	$295,192	$24,620	$23,828	$343,640	$126,823	$126,823	$802,752
2025	$22,536	$130,586	$55,222	$208,345	$129,359	$299,413	$25,113	$23,828	$348,354	$129,359	$129,359	$815,417
2026	$22,859	$133,198	$55,222	$211,279	$131,946	$303,695	$25,615	$23,828	$353,138	$131,946	$131,946	$828,309
2027	$23,186	$135,862	$55,222	$214,270	$134,585	$308,037	$26,127	$23,828	$357,993	$134,585	$134,585	$841,433
2028	$23,517	$138,579	$55,222	$217,319	$137,277	$312,442	$26,650	$23,828	$362,920	$137,277	$137,277	$854,793
2029	$23,853	$141,351	$55,222	$220,426	$140,022	$316,910	$27,183	$23,828	$367,921	$140,022	$140,022	$868,393
2030	$24,195	$144,178	$55,222	$223,595	$142,823	$321,442	$27,727	$23,828	$372,997	$142,823	$142,823	$882,237
2031	$24,541	$147,061	$55,222	$226,824	$145,679	$326,039	$28,281	$23,828	$378,148	$145,679	$145,679	$896,331
2032	$24,891	$150,003	$55,222	$230,116	$148,593	$330,701	$28,847	$23,828	$383,376	$148,593	$148,593	$910,678
2033	$25,247	$153,003	$55,222	$233,472	$151,565	$335,430	$29,424	$23,828	$388,682	$151,565	$151,565	$925,284
2034	$25,608	$156,063	$55,222	$236,893	$154,596	$340,227	$30,012	$23,828	$394,067	$154,596	$154,596	$940,153
2035	$25,975	$159,184	$55,222	$240,381	$78,844	$345,092	$30,612	$23,828	$399,532	$236,532	$236,532	$955,289
2036	$26,346	$162,368	$55,222	$243,936	$0	$350,027	$31,225	$23,828	$405,080	$321,684	$321,684	$970,699
2037	$26,723	$165,615	$55,222	$247,560	$0	$355,032	$31,849	$23,828	$410,709	$328,117	$328,117	$986,387
2038	$27,105	$168,927	$55,222	$251,254	$0	$360,109	$32,486	$23,828	$416,423	$334,680	$334,680	$1,002,357
2039	$27,493	$172,306	$55,222	$255,021	$0	$365,259	$33,136	$23,828	$422,223	$341,373	$341,373	$1,018,617
2040	$27,886	$175,752	$55,222	$258,860	$0	$370,482	$33,798	$23,828	$428,109	$348,201	$348,201	$1,035,169
2041	$28,285	$179,267	$55,222	$262,774	$0	$375,780	$34,474	$23,828	$434,082	$355,165	$355,165	$1,052,021
2042	$28,689	$182,852	$55,222	$266,764	$0	$381,153	$35,164	$23,828	$440,146	$362,268	$362,268	$1,069,177
2043	$29,099	$186,510	$55,222	$270,831	$0	$386,604	$35,867	$23,828	$446,299	$369,513	$369,513	$1,086,644
2044	$29,515	$190,240	$55,222	$274,977	$0	$392,132	$36,585	$23,828	$452,545	$376,904	$376,904	$1,104,426
2045	$29,937	$194,044	$55,222	$279,204	$0	$397,740	$37,316	$23,828	$458,884	$384,442	$384,442	$1,122,530
2046	$30,366	$197,925	$55,222	$283,513	$0	$403,428	$38,063	$23,828	$465,318	$392,131	$392,131	$1,140,962

4.2 Employee Revenues

Along with the direct taxes generated by the project, there are also taxes generated by employees. Using the results from the economic impact analysis, it is possible to estimate employee tax impacts.

Employee property taxes are estimated at about $5,800 per year to the city, and an additional $58,000 per year to the school district, community college and county. All total, the project could generate about $1.6 million in employee property tax revenues to all jurisdictions combined from 2022 to 2046, based on the assumptions used in this analysis (Figure 6). Employee property tax revenues, which represent property taxes on employee housing, were based on average residential assessed per capita in Tucson, times the annual supported population, times a property tax rate of 15.34 percent.

Employee sales taxes to the city and RTA are estimated at $312,000 over 25 years. Additional sales taxes generated to the state are estimated at $683,000 over 25 years. Sales tax revenues include sales taxes paid by direct employees at the Bautista project and employees at other supported local businesses. Employee sales taxes are estimated by multiplying total labor income from the economic impact times 33 percent (share of taxable expenditures), times 79 percent, times the sales tax rate.[3] No residency ratio is used for RTA or state sales tax.

[3] *According to the Census Bureau Consumer Expenditure Survey persons in the median income range for this project spend about 31 percent of their income on taxable goods. Based on Census Bureau estimates, 79 percent of people who work in Tucson also live in the city.*

In terms of state personal income tax, direct and indirect employees could generate approximately $675,000 in revenues from 2022 to 2046. State income taxes are calculated using average income per employee and current tax schedules from the Arizona Department of Revenue.

FIGURE 6
EMPLOYEE REVENUES FROM BAUTISTA MIXED USE

	City of Tucson				County and Schools				State of Arizona			
	Property	Sales	State Shared Revenues	Total Benefit	Property	Sales	State Shared Revenues	Total Benefit	Sales	Personal Income	Total Benefit	Total Public Benefit
Employee Revenues	**$143,831**	**$250,694**	**$718,474**	**$1,112,999**	**$1,453,581**	**$61,026**	**$310,018**	**$1,824,626**	**$683,489**	**$675,090**	**$1,358,578**	**$4,296,203**
2022	$5,753	$10,028	$28,739	$44,520	$58,143	$2,441	$12,401	$72,985	$27,340	$26,532	$53,872	$171,377
2023	$5,753	$10,028	$28,739	$44,520	$58,143	$2,441	$12,401	$72,985	$27,340	$27,023	$54,363	$171,868
2024	$5,753	$10,028	$28,739	$44,520	$58,143	$2,441	$12,401	$72,985	$27,340	$27,023	$54,363	$171,868
2025	$5,753	$10,028	$28,739	$44,520	$58,143	$2,441	$12,401	$72,985	$27,340	$27,023	$54,363	$171,868
2026	$5,753	$10,028	$28,739	$44,520	$58,143	$2,441	$12,401	$72,985	$27,340	$27,023	$54,363	$171,868
2027	$5,753	$10,028	$28,739	$44,520	$58,143	$2,441	$12,401	$72,985	$27,340	$27,023	$54,363	$171,868
2028	$5,753	$10,028	$28,739	$44,520	$58,143	$2,441	$12,401	$72,985	$27,340	$27,023	$54,363	$171,868
2029	$5,753	$10,028	$28,739	$44,520	$58,143	$2,441	$12,401	$72,985	$27,340	$27,023	$54,363	$171,868
2030	$5,753	$10,028	$28,739	$44,520	$58,143	$2,441	$12,401	$72,985	$27,340	$27,023	$54,363	$171,868
2031	$5,753	$10,028	$28,739	$44,520	$58,143	$2,441	$12,401	$72,985	$27,340	$27,023	$54,363	$171,868
2032	$5,753	$10,028	$28,739	$44,520	$58,143	$2,441	$12,401	$72,985	$27,340	$27,023	$54,363	$171,868
2033	$5,753	$10,028	$28,739	$44,520	$58,143	$2,441	$12,401	$72,985	$27,340	$27,023	$54,363	$171,868
2034	$5,753	$10,028	$28,739	$44,520	$58,143	$2,441	$12,401	$72,985	$27,340	$27,023	$54,363	$171,868
2035	$5,753	$10,028	$28,739	$44,520	$58,143	$2,441	$12,401	$72,985	$27,340	$27,023	$54,363	$171,868
2036	$5,753	$10,028	$28,739	$44,520	$58,143	$2,441	$12,401	$72,985	$27,340	$27,023	$54,363	$171,868
2037	$5,753	$10,028	$28,739	$44,520	$58,143	$2,441	$12,401	$72,985	$27,340	$27,023	$54,363	$171,868
2038	$5,753	$10,028	$28,739	$44,520	$58,143	$2,441	$12,401	$72,985	$27,340	$27,023	$54,363	$171,868
2039	$5,753	$10,028	$28,739	$44,520	$58,143	$2,441	$12,401	$72,985	$27,340	$27,023	$54,363	$171,868
2040	$5,753	$10,028	$28,739	$44,520	$58,143	$2,441	$12,401	$72,985	$27,340	$27,023	$54,363	$171,868
2041	$5,753	$10,028	$28,739	$44,520	$58,143	$2,441	$12,401	$72,985	$27,340	$27,023	$54,363	$171,868
2042	$5,753	$10,028	$28,739	$44,520	$58,143	$2,441	$12,401	$72,985	$27,340	$27,023	$54,363	$171,868
2043	$5,753	$10,028	$28,739	$44,520	$58,143	$2,441	$12,401	$72,985	$27,340	$27,023	$54,363	$171,868
2044	$5,753	$10,028	$28,739	$44,520	$58,143	$2,441	$12,401	$72,985	$27,340	$27,023	$54,363	$171,868
2045	$5,753	$10,028	$28,739	$44,520	$58,143	$2,441	$12,401	$72,985	$27,340	$27,023	$54,363	$171,868
2046	$5,753	$10,028	$28,739	$44,520	$58,143	$2,441	$12,401	$72,985	$27,340	$27,023	$54,363	$171,868

4.3 GPLET Impacts

In addition to calculating revenue impacts to local and state government, this analysis also considers the property tax impacts of the GPLET relative to the amount of benefit to the property owner. During the 25-year GPLET term, the lessee would pay lease excise tax instead of real property tax. The prime lessee would also receive an estimated $2.8 million in TIF revenues from the District in 2020-21. Total revenues to the state, county and city would exceed the value of property tax savings (in the absence of a GPLET) plus the Rio Nuevo investment during the term of the agreement. Revenues from the project include direct sales tax revenues from construction, on-going sales taxes, lease excise taxes and state shared revenues.

Over the 25-year term, the direct public benefit to state and local jurisdictions is estimated at $26.7 million (Figure 7). In comparison, the benefit to the prime lessee is estimated at $17.1 million over the GPLET term, including the value of the incentives from the Rio Nuevo District. The benefit to the prime lessee includes the amount of property tax that would have been paid without the GPLET, minus the amount of lease excise taxes paid. The estimated public benefit, or net value of other tax revenues generated by the project, exceeds the property tax savings from the GPLET and District incentives to the prime lessee by $9.7 million over 25 years.

FIGURE 7
25-YEAR VALUE OF GPLET AND RIO NUEVO INCENTIVES

	Benefit to State and Local Governments					Benefit to Lessee		
	City of Tucson	Rio Nuevo District	County and Schools	State	Total	Property Tax Less Lease Excise Tax	Rio Nuevo Investment	Total
Total	**$6,879,464**	**$2,852,512**	**$10,079,745**	**$6,924,677**	**$26,736,398**	**$14,280,836**	**$2,800,000**	**$17,080,836**
2020-21	$913,868	$984,165	$175,744	$984,165	$3,057,941	$0	$2,800,000	$2,800,000
2022	$199,873	$121,898	$334,419	$121,898	$778,089	$283,647	$0	$283,647
2023	$202,643	$124,336	$338,996	$124,336	$790,311	$308,843	$0	$308,843
2024	$205,467	$126,823	$343,640	$126,823	$802,752	$335,457	$0	$335,457
2025	$208,345	$129,359	$348,354	$129,359	$815,417	$363,562	$0	$363,562
2026	$211,279	$131,946	$353,138	$131,946	$828,309	$393,234	$0	$393,234
2027	$214,270	$134,585	$357,993	$134,585	$841,433	$424,553	$0	$424,553
2028	$217,319	$137,277	$362,920	$137,277	$854,793	$457,606	$0	$457,606
2029	$220,426	$140,022	$367,921	$140,022	$868,393	$492,480	$0	$492,480
2030	$223,595	$142,823	$372,997	$142,823	$882,237	$508,438	$0	$508,438
2031	$226,824	$145,679	$378,148	$145,679	$896,331	$524,847	$0	$524,847
2032	$230,116	$148,593	$383,376	$148,593	$910,678	$541,719	$0	$541,719
2033	$233,472	$151,565	$388,682	$151,565	$925,284	$559,067	$0	$559,067
2034	$236,893	$154,596	$394,067	$154,596	$940,153	$576,903	$0	$576,903
2035	$240,381	$78,844	$399,532	$236,532	$955,289	$595,240	$0	$595,240
2036	$243,936	$0	$405,080	$321,684	$970,699	$614,092	$0	$614,092
2037	$247,560	$0	$410,709	$328,117	$986,387	$633,471	$0	$633,471
2038	$251,254	$0	$416,423	$334,680	$1,002,357	$653,393	$0	$653,393
2039	$255,021	$0	$422,223	$341,373	$1,018,617	$673,871	$0	$673,871
2040	$258,860	$0	$428,109	$348,201	$1,035,169	$694,920	$0	$694,920
2041	$262,774	$0	$434,082	$355,165	$1,052,021	$716,555	$0	$716,555
2042	$266,764	$0	$440,146	$362,268	$1,069,177	$738,793	$0	$738,793
2043	$270,831	$0	$446,299	$369,513	$1,086,644	$761,648	$0	$761,648
2044	$274,977	$0	$452,545	$376,904	$1,104,426	$785,137	$0	$785,137
2045	$279,204	$0	$458,884	$384,442	$1,122,530	$809,277	$0	$809,277
2046	$283,513	$0	$465,318	$392,131	$1,140,962	$834,085	$0	$834,085

[1] Based on a property tax rate of 15.34% in tax rate area 0150.

The foregone property tax revenues were estimated based on limited property value (LPV) per square foot for comparable apartment and retail developments in the downtown area. Average limited property values per square foot of $161 for retail and restaurants and $142 for the apartments were applied, resulting in a total LPV estimate of $36.7 million. It is assumed that the value would increase by 5 percent per year over the next 8 years, and an average of 2.5 percent per year over the remainder of the 25-year term.

4.4 Summary

The Bautista Mixed Use project described in this analysis could create both economic and revenue benefits for the Rio Nuevo District and the City of Tucson. The development would create additional tax revenues for the District and the city on a long-term basis and support new jobs and payroll. The project would also leverage federal opportunity zone tax benefits for new development.

Over the 2022 to 2046 period, the project could generate an estimated $2.9 million in TIF revenues to the District, which is approximately equal to the value of the upfront incentive requested from the District. The benefit to local and state governments in the form of new sales, income and lease excise taxes over the next 25 years is estimated at $26.7 million versus the $17.1 million benefit to the prime lessee from the Rio Nuevo investment and the GPLET.