

Beto O'Rourke: Now and Then Background

Overview:

Beto O'Rourke has centered his campaign on a pledge to not become beholden to "special interests." He claims that he can't be bought and will end corruption in Washington D.C. but O'Rourke's current words do not match his past actions.

While on the El Paso City Council, O'Rourke pushed a plan that would not only have benefited his own family financially, but also would have led to the seizing of low-income homes in El Paso's historic Segundo Barrio via eminent domain. He personally made the motion to vote and took self-interested votes in advocating this plan – even after many in the community demanded his recusal.

Background

An El Paso redevelopment plan, called The Downtown 2015 Plan, was developed by a binational group of businesspeople known as the Paso Del Norte Group (PDNG) that was led by Beto O'Rourke's father-in-law, Bill Sanders.¹ **Beto, himself was a member until the fall of 2005.**² This plan called for the razing and development of several major areas downtown, including a historic residential district called Segundo Barrio.

Bill Sanders has made his fortune, estimated up to \$20 billion at one point, in real estate, mainly through real estate investment trusts (REIT).³ REITs provide a way for investors to buy shares in a public trust which is designed to purchase and manage real estate, and to provide a profit to its investors.

Beto O'Rourke's Votes on "The Downtown 2015 Plan"

After Beto's father-in-law presented the proposal on March 31, 2006 to the city council and openly called for utilizing eminent domain,⁴ **Beto O'Rourke personally made the motion to begin the process of adopting the plan.**⁵ **And on October 31, 2006, O'Rourke voted in favor of the plan, which passed the council, 5-3.**⁶

Conflict of Interest

In addition to his father-in-law's involvement, Beto O'Rourke was still a member of the PDNG when he seconded the motion to extend PDNG's contract to write the Downtown 2015 Plan in September of 2005.⁷

"I'm not really an active member. I'm a dues-paying member but I haven't been able to attend a meeting since I got on the council," O'Rourke said. He did not disclose his membership... "because the Paso del Norte Group isn't getting anything out of this."

Sanders' Plan to Profit

Under the plan, Bill Sanders' stood to profit handsomely. As soon as the plan seemed likely to pass, he formed a real estate investment trust called The Borderplex Community Trust and announced his intent to forcibly

¹ Texas Monthly, 2/2013: <https://www.texasmonthly.com/articles/the-best-laid-plan/>; El Paso Inc., 5/29/2007: http://www.elpasoinc.com/news/article_b4ebdee7-cf0a-5da9-9c56-dd6647494907.html

² Newspaper Tree, 5/15/2006: <https://www.tedcruz.org/wp-content/uploads/2018/09/Newspaper-Tree-15-May-2006.pdf>

³ Bloomberg News, 3/1/1999: <https://www.bloomberg.com/news/articles/1999-02-28/a-reit-mogul-in-a-fine-mess>

⁴ El Paso Inc., April 3, 2006: http://www.elpasoinc.com/news/article_ea6a68a6-055c-5405-9ae9-11b442b2c906.html

⁵ Newspaper Tree, 3/3/2006: <https://www.tedcruz.org/wp-content/uploads/2018/09/Newspaper-Tree-03-Mar-2006.pdf>

⁶ Council Minutes, 10/31/2006 (pg. 11): [http://legacy.elpasotexas.gov/muni_clerk/minutes/10-31-06 Regular CC Meeting Minutes.pdf](http://legacy.elpasotexas.gov/muni_clerk/minutes/10-31-06%20Regular%20CC%20Meeting%20Minutes.pdf)

⁷ Newspaper Tree, 9/20/2005: <https://www.tedcruz.org/wp-content/uploads/2018/09/Newspaper-Tree-20-Sep-2005.pdf>

purchase 125 acres of prime real estate in Downtown El Paso for redevelopment.⁸ Sanders proudly claimed his REIT would possess and use the power of eminent domain.⁹

*The Downtown TIRZ would come with a muscular implementation program to force owners of blighted property to make one of three choices - exchange their property for shares in a real estate investment trust (REIT), in essence converting the property into a liquid investment delineated by shares in the trust; **sell to the REIT at fair-market value, or; face an eminent domain action.***

"The TIRZ gives you the right to take the property," Sanders said. "We don't want to do that, OK? First we're going to attempt to convince owners to merge their properties into the REIT, that's the first option... Unfortunately, it may happen that at some point we've got to say, 'Sorry we weren't able to work something out. Now the TIRZ is going to begin the process of taking your property at fair-market value.'"

Sanders had also previously purchased 20,000 acres in Santa Teresa, a suburb of El Paso, in 2003. He intended to convert this land into a "city-sized community."¹⁰ Turning El Paso's city center into a mini-version of San Antonio, complete with a river walk, sports arena, and multiple shopping centers,¹¹ would have greatly increased the value of his planned suburb.

AFTERMATH

As can be expected with a plan that would have removed inner city Hispanics from their homes, there was much outrage at this proposal. O'Rourke attended one town hall where many residents confronted him about his self-interested votes, what his father-in-law stood to gain and how O'Rourke disrespected Segundo Barrio residents.¹²

If the plan had ultimately succeeded, Bill Sanders and his associates stood to make millions of dollars in profit through their Borderplex Community Trust REIT and also through their pre-existing real estate investments in El Paso. To make these large financial gains, Bill Sanders and other members had designed their plan, which Beto O'Rourke voted in favor of multiple times, to allow for their REIT to exercise eminent domain.

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⁸ El Paso Inc. 7/17/2006: http://www.elpasoinc.com/news/article_b4ebdee7-cf0a-5da9-9c56-dd6647494907.html

⁹ El Paso Inc., 4/3/2006: http://www.elpasoinc.com/news/article_ea6a68a6-055c-5405-9ae9-11b442b2c906.html

¹⁰ Albuquerque Journal, 3/22/2004: <https://www.tedcruz.org/wp-content/uploads/2018/09/ABQ-Journal-22-Mar-2004.pdf>

¹¹ Texas Monthly, 2/2013: <https://www.texasmonthly.com/articles/the-best-laid-plan/>

¹² https://www.youtube.com/watch?v=Wgv_aDrs0cg