

Plaza Saltillo HUD BEDI / 108 Grant Program

PROBLEM STATEMENT

Austin is well known for making best-of lists, and overall, citizens enjoy a high quality of life. But the reality is that there are two Austins, one on each side of IH-35. The Saltillo District, immediately east of Downtown Austin has suffered from historic under-investment and incompatible uses. The 78702 zip code is recognized by the Federal Government's Small Business Administration (SBA) as a Historically Underutilized Business Zone (HUBZone). The neighborhood contains a mixture of vacant, unsightly and decaying industrial and commercial properties and older, modest homes. The Austin Area Urban League's Emergency Home Repair program provides between a quarter and a third of its services in Zip Code 78702 on an annual basis. The physical conditions of the neighborhood affect the overall sense of safety and security experienced by residents and visitors. Zip Code 78702 experienced roughly three times the crime rate of the City as a whole according to 2009 APD data.

Residents of East Austin experience higher unemployment rates, and a much lower standard of living than the City as a whole. The Median Family Income (MFI) of Census Tract 9.02, immediately east of Downtown Austin, is only 60% of the Area Median Income of the City. Many families survive on less than 30% MFI, with a poverty rate for the census tract at over 30%. This could be due to the indicators that suggest that many in the neighborhood are ill prepared to fully engage in the creative class economy for which Austin is increasingly becoming known. An astounding 47% of adults in the census tract have less than a 9th Grade education. A significant number of citizens in the census tract are recent immigrants from Mexico and other Latin American countries, and Spanish is more predominant than English in the neighborhood. The children of the neighborhood attend recognized and acceptably rated public schools, but the Austin Independent School District report cards for the schools reinforce the poverty issues. Almost 95% of students at Martin Middle School are classified as Economically Disadvantaged, and 73% are classified as At Risk. Current local research into the connection between chronic disease and access to healthy food has pointed to East Austin as a "food desert".

- Vacant lots and poorly maintained industrial and commercial properties contribute to a sense of blight in the neighborhood
- Residents need access to better paying jobs in their neighborhood and opportunities for training in the creative class economy
- Residents need better access to healthy, wholesome food

BEDI PROGRAM OBJECTIVES

The purpose of the BEDI program is to spur the return of Brownfields (abandoned or underused industrial or commercial properties available for re-use, of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant) to productive economic use through financial assistance and enhance the security or improve the viability of the project financed with Section 108 guaranteed loan authority. The program will benefit low and moderate-income persons through near-term creation or retention of businesses and jobs. Additionally, this funding will aid private sector investment in the district resulting in increases in the local tax base. It is also intended to be a catalyst for future development in the district.

COMMUNITY VISION

EGRSO reviewed the three plans and documents for the Saltillo Plaza District (the 1999 East Cesar Chavez Neighborhood Plan and Updates, the 2006 ROMA Saltillo District Redevelopment Master Plan, including the Community Advisory Group response to the Master Plan, and the City of Austin Saltillo Plaza TOD Station Area Plan), and found their recommendations to create a locally-owned tourist destination with an emphasis on the Hispanic culture, arts, music and family-owned businesses compelling, and the best economic place to get started.

The community described their vision for this area as a "vibrant commercial district, evoking the Hispanic heritage of this particular area of Austin that would serve both as a cultural district and tourist draw." The plan expressed interest in a Saltillo Mercado and neighborhood pantry grocery, galleries and small shops, and areas to perform live music, host open air events, and hold markets. These recommendations fit our intent of regeneration projects in the area – to enhance the character and culture that already exists in the area.

City of Austin NHCD / AHFC	
FY 2009-2010 Area Median Family Income MSA Austin-Round Rock, TX	
Median Income \$73,800	
Family of Four	
30%	\$22,150
60%	\$44,280
80%	\$59,050

HOW PROJECTS ADDRESS THE PROBLEM

The proposed projects will bring new life to vacant and underutilized properties in a neighborhood that has seen limited new development in recent years despite numerous planning studies and failed attempts at regeneration. The new developments will serve as a catalyst to attract additional private investment to the neighborhood over time. The projects will bring a minimum of 209 new jobs, with hiring preference given to low and moderate income residents from the surrounding community, and new opportunities for local small businesses. They will increase tourism in the immediate area, and provide a source for healthy, fresh food that is currently lacking in the neighborhood.

El Mundo is a local Spanish language newspaper, serving its immediate community. Investment in current technology equipment will enhance the profitability of the enterprise, and reduce the impact on the environment. This will allow the company to expand its affordable services to local non-profits and faith-based community and support additional jobs.

The Saltillo Plaza Market is designed to serve the central East Austin community by providing affordable retail and office space for small, local, entrepreneurial businesses. The market will also provide neighborhood services, goods and employment within walking distance of east side residents. The exact number and size of spaces for lease will be dependent on market conditions. The underused Saltillo Plaza next door, with its Capital MetroRail stop, will benefit from the pedestrian traffic drawn to restaurants and retail shops in the project which borders the plaza on the south. The market is envisioned to have a central hall lined with shops connecting East 4th Street through to the plaza.

The Waller Street Hotel is to be located at the corner of East 6th Street and Waller Street on the near east side of Interstate 35. The hotel will provide the guest an alternative to the larger hotel facilities that populate the core of the City targeting primarily the convention attendee. The single most common theme that will be visible to the passerby or guest will be contemporary rustic appearances of the exterior that uses and compliments the neighborhood and an interior courtyard with dramatic landscaping utilizing natural indigenous materials and rooms and public areas reminding the guest that they are staying in Austin, Texas.

The hotels design has been developed by the architectural firm of Lake Flato based in San Antonio. They have completed many projects in Austin including hospitality developments and carry the mantra of "modern sustainable architecture". Their design philosophy is immersed in recognizing the ecological context within which the property must exist. Behind a successful hotel's design is always found an experienced hotel operator, one fluent in the services and design the patron of a boutique property has come to expect. In the case of the Waller Street Hotel, the operator is "Grupo Habita" a Mexico-based hotel company that owns and manages several hotels.

The hotels simple modern rooms all face inward to the large activated courtyard. The hotel embraces Austin's mild climate maintaining all hotel circulation outdoors as well as having a majority of the rooms possess large balconies. The Waller Street Hotel establishes a new and unique East Austin hotel to support the local tourism industry.

Corazon is an urban infill, vertical mixed use development, sited on a vacant piece of industrial land. It is being developed by long time East Austin landowner and developer, Richard Kooris, who, in 1976 restored an historic warehouse there and founded 501 Studios that included offices, studios and his film production company. The project will include up to 90 residential for-lease units and 188,000 square feet of commercial condo space, designed to accommodate artists, creatives, technology and retail businesses plus over 500 on-site parking spaces. The development will utilize sustainable architecture together with state of the art internet connectivity. Since 1976, Kooris has incubated 45-50 small businesses and artistic entities through policies he set forth as the landlord of two commercial buildings adjacent to the Corazon site, and will continue that practice with Corazon. Over the years, Kooris has also provided many students from local colleges and universities opportunities for internships. Many have then gone on to take entry level positions with his production, post-production and rental businesses, with some becoming full-fledged employees. He will also continue that practice with Corazon and is dedicated to offering these kinds of opportunities to residents of the local neighborhood community.

NEXT STEPS

December 16, 2010

- Public notice of application and beginning of 30 Day Comment Period
- Request for City Council to set Public Hearing

January 11, 2011

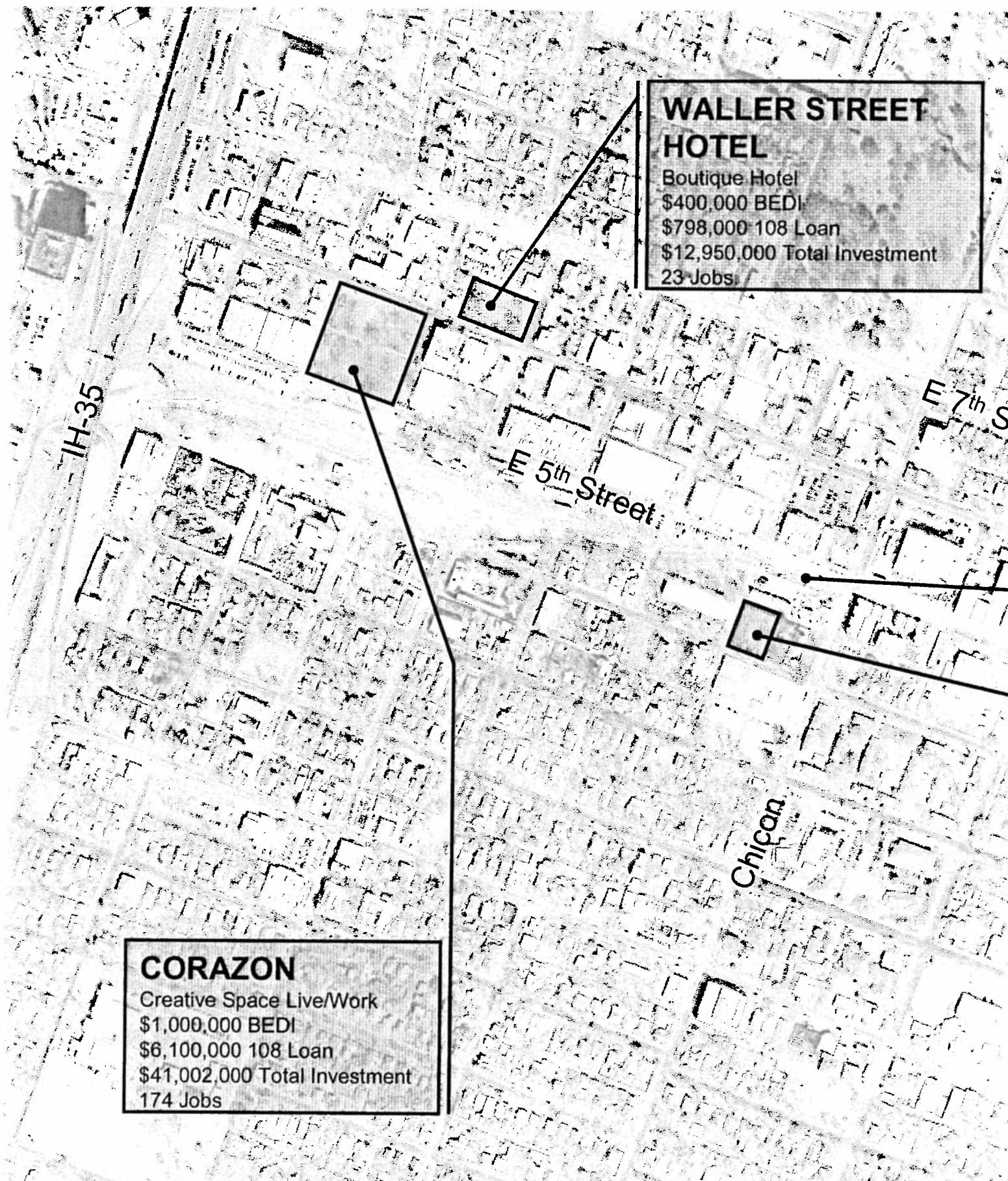
- Community Development Commission Public Hearing (tentative)

January 13, 2011

- Council Public Hearing and request to approve application for HUD BED/108

January 14, 2011

- End 30 Day Comment Period



WALLER STREET HOTEL
Boutique Hotel
\$400,000 BEDI
\$798,000 108 Loan
\$12,950,000 Total Investment
23 Jobs

CORAZON
Creative Space Live/Work
\$1,000,000 BEDI
\$6,100,000 108 Loan
\$41,002,000 Total Investment
174 Jobs

Plaza Saltillo BEDI



EL MUNDO

Spanish Language Newspaper
\$25,000 BEDI
\$50,000 108 Loan
\$285,000 Total Investment
2 Jobs

Plaza Saltillo
MetroRail Station

SALTILLO MARKET

\$120,00 BEDI
\$360,000 108 Loan
\$1,200,000 Total Investment
10 Jobs

Pedernales

/ 108 Project Sites