

## Developers arriving at E. Austin train station

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Cap Metro's Red Line has been running for eight months but the economy has stalled development around many stops.

Development plans around the Plaza Saltillo metro rail stop, just east of downtown, are taking shape.

A 40,000-square-foot boutique hotel is planned at East Sixth and Waller streets and a 50,000-square-foot, 40-unit mixed-use condo development is planned at East Seventh and San Marcos streets.

Meanwhile, about 10 acres owned by the Capital Metropolitan Transportation Authority will remain in limbo until market rental rates and lending increase, according to a November report commissioned by Capital Metro.

Plaza Saltillo is one of five Red Line train stops in Austin city limits ripe for transit-oriented developments, or TODs. Saltillo has the highest potential because of its proximity to downtown, but it is also hampered by environmental remediation concerns.

To date, nothing has broken ground, although there is a lot of interest and quiet planning regarding Saltillo, Capital Metro planner **Jolinda Marshall** said.

Developers for both of the private-sector projects declined to discuss specifics, saying the projects are not ready to be disclosed.

The hotel, called the East Austin Hotel, is being developed by East Austin Hotel LLC, which includes **Jayson Seidman**. Site plans were submitted this summer.

The condo, called the Bonneville Mixed-Use Facility, is being developed by Bonneville Partners, which includes Steven Portnoy of Carlson Commercial. Austin lawyer **Jimmy Nassour** is also involved.

Seidman declined to talk about financing for the hotel, but he said, “We have had great conversations. Things are very positive at this point.”

Seidman said his project would be a one-off, independent hotel. He said the partners are working to create a project “with a pulse,” including restaurant, café and retail components that the “community can embrace.”

The Bonneville condo project, meanwhile, is in conceptual stages, although it has been planned since at least 2008, city files show.

No site plan has been submitted, but on Dec. 9 the developers plan to ask the city council to let the company pay into an affordable housing fund in return for a density bonus.

Austin’s transit-oriented development ordinance, adopted in 2008, caps residential building height unless developers incorporate affordable housing.

Due to the credit market and the precariousness of development in general, linking affordable housing goals so closely with private-sector development can be an insurmountable burden, Portnoy said.

Bonneville is the first development to request a fee-in-lieu of adding affordable units into its development, city TOD planner **Molly Scarbrough** said.

Development of Capital Metro’s tax-exempt 10 acres that surround the Plaza Saltillo rail station faces a handful of obstacles.

Two scenarios are being pitched for the Capital Metro property: a three-story build out with about 500 residential units and 63,000 square feet of ground-floor flex space; and a five-story build out with about 900 residential units and 63,000 square feet of ground-floor flex space.

A three-story rental scenario is only marginally feasible if Capital Metro defers payment for land, according to the report. For the five-story plan, rental is not feasible, even if the land were given away, because it would trigger affordable housing requirements.

Selling the units is feasible for both plans if the market were able to absorb all units quickly, according to the report.

Regardless, nothing can happen until the Cap Metro-owned land — an old rail yard — is prepped for development. Preparation, including environmental cleanup and rail relocation, would cost \$12 million to \$18 million, according to documents.

There is no money to do that, although grants or federal funds could be obtained, Capital Metro’s Marshall said.

**Courtesy of JB Goodwin**