

## PRELIMINARY REHABILITATION PROJECT COST ANALYSIS

1500 E. 12<sup>th</sup> St.



*Image: Courtesy of City of Austin*

The following is a preliminary analysis of the rehabilitation of 1500 E. 12<sup>th</sup> Street.

### **Historical Background:**

The property was built sometime between 1889-1910. The East Austin Historic Resource Survey recommends the property eligible for individual listing in the National Register and as a local historic landmark. Historically, the property was used as a residence, saloon, grocery, dry good store, beauty/barber shop, club, restaurant, rehabilitation center, and meeting space. The building has a proposed period of significance from 1910-1974 with the following criteria for designation:

Architecture: Two-story, wood-framed vernacular commercial structure, German immigrants. This type of commercial building was once prevalent throughout many Texas cities. Over time, construction practices changed to incorporate more fire-proof construction including brick, stone, etc. Remaining two-story, wood framed structures are increasingly rare. Nearly all the historic commercial buildings that remain along 6<sup>th</sup> Street, Congress Avenue, and South Congress Avenue are one- or two-story masonry structures, many of which are designated for their association with immigrant entrepreneurs.

### Associations:

- Christian J. Wilhelm (grocer and politician, building resident)

- Ernest Eisenbeiser (prominent grocer with popular meeting place in Austin, building residents). Notable spot for German food, music, beer, etc.
- Alpha Phi Alpha fraternity (Civil Rights-era meeting place)
- Buford Johnson (proprietor of the 1500 Club and 1500 Beauty and Barber Shop), sold to Huston-Tillotson Alumni, who then turned it into a music venue.

Community Value: Early history includes the development of 12<sup>th</sup> street into an economic hub by European immigrants (Germany, Sweden, and Italy) and freedmen. The area prospered with a variety of businesses and a streetcar line. The neighborhood continued changing after the City's 1928 Master Plan, which created a "negro district" in what is now District 1. More African American businessmen purchased properties from a declining European immigrant population. The community has identified this unique property and intersection as a significant feature that contributes to the character and cultural identity of the city, neighborhood, and two demographic groups.

### **Preliminary Project Cost Analysis**

This preliminary project cost analysis is not a complete study or reflection of the property's full scope of work. *A full existing condition assessment with structural/MEP analysis and cost estimate should be completed by professionals with knowledge of the Secretary of the Interior's Standards for the Treatment of Historic Properties.* Actual project costs will vary once final building conditions are assessed, and recommendations are made for repair or replacement of materials. Additionally, a project scope of work that repairs the building in its current state may be more economical than restoring the building to a certain period of significance.

Prior photos and presentations to the Historic Landmark Commission and Planning Commission have not yielded sufficient evidence that the property is structurally unsafe. The "structural letter" provided by the owner's representative, lacked any serious investigation of existing conditions. The Historic Landmark Commission's structural engineers and architects brought special attention to this fact. The owner's report does not even state the code to which it is applying standards. IEBC (International Existing Buildings Code) should be noted and used for code review, a key piece of information that is often overlooked. The lack of substantial evidence/investigation and the limitations of the owner's consultants have not yielded sufficient information to suggest the building is hazardous:

*"The Structural Letter by FEI Engineering states the following: Because we did not witness the original construction of this house, we make no statements concerning the structural quality and make no predictions concerning future foundation or framing performance. Unless otherwise stated, no building plans were reviewed, no soil samples were taken, no soil tests were performed, and no destructive testing or invasive procedures were employed. No siding, wall coverings, landscaping, furniture, attic insulation, or any other items causing obstruction of visual observations were removed. This report does not guarantee the state of the structure in the future. All structural items may not be noted in the report, only those sufficient to describe the general structural condition of the house at the time of the inspection or those that are associated with the objective of this letter."*

The review of utilities does bring up a good point and will likely require some coordination with Austin Energy to relocate/bury lines, an issue that is common among rehabbing existing buildings. As noted above, the full conditions of the building cannot be verified at this time. However, this analysis provides an outline of potential costs based on current construction estimating climate. Other factors not included in this analysis include development of the owner's remaining adjacent land, building additions, etc.

Future Use: The average construction cost for a new commercial building can range from \$300-\$870 per square foot depending on multiple factors such as location, size, function, design, materials, etc. Public and community buildings are typically more costly, as these types of buildings often provide higher quality materials and more amenities than standard office space (\$400-\$700 per square foot). Adaptive reuse projects equally have a wide cost range averaging from \$400-\$1,100 per square foot. Higher rehab. costs are typical for large, complex masonry structures with high quality finishes and ornamentation or small projects in rural areas. The proposed project features a simple wood-framed building with no elaborate ornamentation found in the building, which is in an urban area. Recent photos from 2015 show that the building was fully intact and habitable. Deferred maintenance and neglect have contributed to additional repairs, although the building's construction type and simple materials likely allow for a lower anticipated rehabilitation cost. The building's history of prior use shows that a variety of programming spaces can be accommodated for a new use including housing, commercial space, offices, restaurants, etc.

The following calculations assume a building square footprint of 3,292 s.f., per existing site survey. Multiplied by two stories, the estimated square footage is approximately 6,584 sf. A total square footage of **6,600 s.f.** is assumed for project cost analysis.

#### Total Project Costs

Adaptive Reuse (\$400-\$700 per s.f.): **\$2.6 million - \$4.6 million**

New Construction (assume higher amenity space \$400-\$870 per s.f.): **\$2.6 million - \$5.7 million**

#### Preservation Incentives

*Rehabilitation Tax Credits:* Historic eligible buildings can apply for state (25%) and/or federal rehabilitation tax credits (20%), combined for a 45% tax credit (later sold for up to .90 cents on the dollar).

Potential Rehabilitation Tax Credit Total (45%): \$1.17 million - \$2.07 million

**Total Project cost after credits: \$1.43 million - \$2.53 million (excluding grants)**

*New Construction: \$2.6 million - \$5.7 million*

*Grants:* A variety of funding sources are available for completion of a rehabilitation project and potential building use/maintenance. The following is a small sample list of potential funding sources.

1. City of Austin Heritage Grants: \$250,000 max
2. City of Austin various funding sources: Affordable housing funds, Tax Abatements, Rally Austin funds (Building Acquisition Fund + other), Public Health funds for food access center, etc.
3. New Market Tax Credits (eligibility to be confirmed)
4. Housing Tax Credits (eligibility to be confirmed)
5. National Trust African American Cultural Heritage Grants: \$150,000 max
6. Private Foundations:
  - a. St. David's Foundation: \$500,000 max?
  - b. Mabee Foundation: 20% of total project cost, max \$2,000,000.
7. National Park Service African American Civil Rights Grants: \$75,000-\$750,000. (Alpha Phi Alpha connection/District Significance)

*Personal letter of support for historic zoning of 1500 E. 12<sup>th</sup> Steet, prepared for the Austin City Council by JuanRaymon Rubio, Assoc. AIA  
Vice-President, Preservation Austin  
Member, Historic Landmark Commission*

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