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## Plan could bring apartments to Petroleum or Weaver buildings downtown



By [Jimmy Isaac](#)  
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Civic and business leaders praised a plan unveiled Thursday to bring mixed-income apartment housing to downtown Longview.

Lisa Stephens, president of Saigebrook Development of Austin, introduced her idea at a meeting of the city's Downtown Small Area Plan Committee to convert either the Petroleum Building or the Weaver Building into residential properties.

She's seeking city support for her application for housing tax credits to build between 45 and 55 affordable and market rent housing units to either building.

"It was great from the standpoint that it really is going to help the whole downtown area to really grow and be part of something really big and changing for downtown," committee member Mike Cherry said.

Some committee members expressed concerns about exasperating downtown parking woes. Stephens said she's exploring three options, including using the ground floor parking of the Petroleum Building and also leasing space from a nearby bank's parking garage. She's also reached out to AT&T administrators in Birmingham, Alabama, about leasing space in an adjacent parking lot.

"I don't have the solution for how we're going to handle that yet, but I do understand it is of critical importance," she said. "I know that it's a sensitive issue, and trying to find a solution to it is on our list of items we're working through."

Saigebrook and Pinroc Construction, also of Austin, have entered contract negotiations on both buildings as well as a location on Clinic Drive where they want to build an apartment complex. The developers neither own nor have made final decisions on any of the three parties, but Stephens said they're exploring multiple ways to use their tax credits if they're awarded to Longview.

"It is possible under the right scenario through the competitive process that one of the downtown buildings and the new construction building could be funded through the state agency," Stephens said. "However, we have no way to predict whether that would happen or not. I also don't know at this point in time that I have a solid confirmation that we can make either of the downtown buildings work."

Saigebrook used tax credits when it built Amberwood Place Apartments on Hawkins Parkway three years ago.

Its effect on the Longview housing market was significant, helping reduce average market rents by 13 percent the following year – from \$798 in 2014 to \$693 in 2015 – according to U.S. Housing and Urban Development. Average rents have since risen above \$850.

When Saigebrook opened Amberwood Place Apartments in March 2014, the 78-unit complex already was 75 percent occupied and was completely full within a month, Stephens said.

"It stays full, and we have a waiting list pretty significant at all times at those units. That led us to look for additional opportunities in Longview," she said. "There's a strong demand for this particular type of housing."

The Nine-Percent Housing Tax Credit Program is federally regulated under the Internal Revenue Code, but it's administered by the Texas Department of Housing and Community Affairs, Stephens said. Developers compete for housing tax credits that they use to raise private equity dollars, which help reduce the cost of construction, which Stephens estimates would cost at least \$3 million at the Petroleum Building.

"By doing that, we're able to reduce our first mortgage proceeds that we owe to the bank. That allows us to charge a lower rent," she said.

On Dec. 8, the City Council approved its support of allowing Saigebrook to use tax credits for construction of an apartment complex on Clinic Drive in Northeast Longview.

Stephens said her company learned in November, however, that housing tax credit applications for historical properties would receive additional points in the competitive process. Saigebrook and city staff have applied to the Texas Historical Commission for a preliminary determination of eligibility designation, which would prove the buildings' recognized significance.

"The preliminary feedback (from the state commission) is that they really like the Petroleum Building, but they're still looking at the Weaver Building in terms of eligibility," Stephens said, adding that she's hopeful for a final decision by next week.

The Petroleum Building was built in the 1940s as a parking garage but by 1956 had been retrofitted for office and light commercial space, while the 80-year-old Weaver Building was constructed for office space, said Development Services Director Michael Shirley.

"It falls in line with historic preservation, which is a big part of our comprehensive plan as well," Shirley said. "In some of the initial meetings that we've had, a lot of the comments from the committee and even from some of the citizens was about the need for downtown being housing, and all of different types of housing, whether it be workforce housing, housing opportunities for students that are looking at going to Kilgore College-Longview campus."

Saigebrook has the Petroleum and Weaver buildings under contract. Stephens said they each have similar development potential – about 50,000 square feet each of buildable area – and constraints in that they're both blocked in with streets and other development.

Melinda Heien, Main Street manager for the city, said, "I think it's a great project, and residential development usually does bring that critical mass that you need to spur further retail, restaurant, quality-of-life amenities. I think it will be a great thing."

Stephens said there also are concepts for adding a patio area to the Petroleum Building rooftop.

"We don't have recreation space," she said. "We don't have a playground. There's not a lot of options that we can put in the building that can serve small children, so we're looking at more students, folks that are working in the hospital, folks that are working downtown, folks that are singles or young marrieds — that's the target population."