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20-story hotel planned

Dirt expected to turn downtown late next year

Austin Business Journal - by [Christopher Calnan](#) ABJ Staff

A Dallas company plans to develop a 250-room downtown hotel at West Fifth and Colorado streets that would be the first of a new national brand.

Woodbine Development Corp. has filed plans with city officials to demolish a vacant two-story office building at the site and build a 20-story hotel, said Stephen Drenner, an Austin-based attorney representing Woodbine on the project.

He was unsure about the proposed hotel's development cost, but said construction should start in late 2010.

Drenner didn't disclose the hotel's brand, but said it won't be a familiar name such as Sheraton or Hilton.

"It'll be something that will have its own identity," he said. "It will be a new brand with several locations around the country."

Woodbine Development, founded in 1973, develops projects in the southern United States with emphasis on Texas, Arizona and Nevada. It specializes in hotels, resorts, golf courses, multi-use land developments and mixed-use properties, according to its Web site.

Woodbine is scheduled to present its plans to the city's Design Committee on Sept. 29, followed by presentations to the Downtown Commission, the Planning Commission and then City Council, Drenner said.

The project, which is under the name Austin Hotel Holdings LLC, is seeking a zoning variance that would allow a 12-to-1 floor-to-area ratio instead of the mandatory 8-to-1 ratio. The city has granted 15 to 20 such variances during the last 20 years, he said.

Julie Fitch, economic development program director at the Downtown Austin Alliance, agreed with Drenner about the frequency of such variances. On Wednesday, the alliance's board voted unanimously in favor of the project, including its requested variances.

During the first half of the year, Austin's downtown hotels had a 73.3 percent occupancy rate, compared with 77.1 percent during the same period last year. The average daily room rate dipped to \$169.14 by midyear, down from \$179.07 during the first six months of 2008, according to

Atlanta-based hospitality industry research company PKF Consulting Corp.

Austin Convention Center Department Director Mark Tester has said the city needs another large downtown hotel — 800 to 1,000 rooms — to complement the 800-room Hilton Austin, which is the largest downtown hotel.

The situation puts the city at a disadvantage when competing for convention businesses because it forces prospective event organizers to use several hotels rather than one or two, diminishing planners' negotiating power.

Meanwhile, a plan to build a 1,000-room Marriott hotel at the corner of Congress Avenue and Second Street has stalled, and the developer of the W Austin Hotel & Residences project downtown said it was looking to secure new financing after its bank had financial troubles.

The 36-story W project on downtown's Block 21 would include a 252-room W hotel, 165 condo units, 35,000 square feet of office, retail and restaurant space, and a new theater to host KLRU's Austin City Limits. Construction on the project began last year.

Courtesy of JB Goodwin