

Developer/Sponsor

Alamo National Bank Building Development Partnership, L.P.

Project Type

Redevelopment of the Alamo National Bank building into a 305-room hotel

Square Footage

237,000 square feet

Investment

\$25 million



Description

The Drury Alamo project involves the rehabilitation of the 25-story Alamo National Bank Building in downtown San Antonio. A historic landmark, the 237,000 square foot building was constructed in 1929 and housed the downtown office of Bank One. The first phase consisted of rehabilitating the existing building from an office building into the 305-room Drury Plaza River Walk Hotel and River Walk restaurants. The development is located on South St. Mary's Street, between Commerce and Market streets, along the San Antonio River. The hotel includes an extension of the existing San Antonio Riverwalk, a bustling pedestrian retail, food and beverage, and entertainment corridor. This extension is important to the city because it completes the inner portion of River Walk pedestrian walkway per the city's master plan.

Investment Type

Funding for the Drury Alamo project is the result of an innovative financing structure created by U.S. Bank and Enterprise. Financing for the project benefits from federal Historic Tax Credits and federal New Markets Tax Credits. U.S. Bank and a Drury affiliate invested a total of \$32 million of equity and debt capital in an investment fund. The fund then invested this capital into two Community Development Entities (CDEs). The CDEs provided Historic Tax Credit equity, a second mortgage and a third mortgage to the borrower.

Market

The San Antonio metropolitan area is comprised of several counties in southern Texas and is the eighth-largest city in the United States. While the San Antonio metropolitan area has experienced significant growth over the years, the area is known for its sense of history and tradition. The San Antonio MSA maintains a diverse economic base, relying on a wide range of industries such as healthcare, tourism and the military bases in the area. The Riverwalk is considered one of San Antonio's top attractions, thus the hotel's location is considered highly advantageous. From an accessibility and visibility standpoint, the hotel will maintain a superior location as compared to those not located along the Riverwalk. The Riverwalk is one of the most dynamic tourist attractions in the entire state of Texas, bringing nearly \$800 million a year to the local economy and attracting close to seven million visitors per year.

Community Impact

Downtown San Antonio is a low-income area and is home to a federal Empowerment Zone. The National Bank Building is largely vacant and therefore underutilized. The redeveloped hotel, along with the rehabilitation of the nearby Aztec Theater (Drury Southwest is acting as construction manager for this job), will be a vital anchor to redevelop the surrounding area.

Developer

The Alamo National Bank Building Development Partnership, L.P. is a single-asset subsidiary of Drury Southwest, a family-owned company based outside St. Louis, Mo. Drury Southwest, together with its affiliate, Drury Hotels, was established in the 1940s as a plastering company. Drury Southwest Inc. was formed in 1986 and employs approximately 150 employees. Drury operates 105 hotels in 17 states. Drury has a successful track record in all aspects of hotel design, construction and management. Its facilities are known for their exceptionally high quality of construction.

Investor

U.S. Bancorp's Community Development Corporation (USBCDC), is one of the largest New Markets Tax Credit (NMTC) investors in the country. It also makes equity investments in low-income housing and historic tax credits. It is a subsidiary of U.S. Bancorp (NYSE:USB), the sixth largest financial holding company in the United States, with assets of over \$240 billion. The Company operates over 2,500 banking offices and 4,800 ATMs, and provides a comprehensive line of banking, brokerage, insurance, investment, mortgage, trust and payment services and products to consumers, businesses and institutions. For further information, visit www.usbank.com.

Enterprise is a leading provider of the development capital and expertise it takes to create decent, affordable homes and rebuild communities. Enterprise leverages low-income housing, new markets and historic rehabilitation tax credits; short and long-term debt; and development services to capitalize projects that make a catalytic difference in communities. For over 25 years, Enterprise has privately raised over \$9 billion to finance more than 240,000 affordable rental and for-sale homes, create vital communities and help transform the lives of low-income Americans, particularly those at the lowest end of the economic scale. Currently, Enterprise is investing in communities at a rate of \$1 billion a year. Visit www.enterprisecommunity.com or www.enterprisecommunity.org to learn more about Enterprise's efforts to build communities and opportunity.