

2018 CED Grantee Capacity Building Series

Enlivening the Main Street:

Avenida Guadalupe Association, San Antonio, Texas

Division of Community Discretionary and
Demonstration Programs
Office of Community Services
March 29, 2018



CED

Community Economic Development



AVENIDA GUADALUPE ASSOCIATION LA PROMESA PROJECT

LESSONS FROM THE FIELD

A COMMUNITY ECONOMIC DEVELOPMENT (CED) PROGRAM AT THE OFFICE OF
COMMUNITY SERVICES (OCS)

LOCATION: SAN ANTONIO, TX; PERIOD: 09/2008-09/2014; AMOUNT: \$610,000

AVENIDA GUADALAUPE ASSOCIATION

Developer of Last Resort (1979-2018)



INVESTMENT PROJECT-REGION

Avenida Guadalupe Neighborhood

Understanding the Characteristics (2008)

- ▶ 97% Hispanic Area-Population (22,700) with Per Capita Income of \$8,415 (National: \$21,587)
- ▶ Area Median Household Income: \$19,900 (Public Housing: \$10,424/San Antonio: \$36,000)
- ▶ Population below Poverty Level: 29.6% (National Average: 12.4%)
- ▶ Area Average Home Value: \$39,831 (San Antonio Average: \$90,392)
- ▶ Area Unemployment Rate: 15% (More than triple that of the City of San Antonio)

PROJECT GOALS

Economic Development Strategy

La Promesa economic strategy created an influx of private sector jobs and capital investment in the area.

- ▶ Interior Adaptive Reuse to Develop a Commercial Kitchen at 1410 Guadalupe Street for 1320 Guadalupe Street Tenant: BCFS Guadalupe Street Coffee House (Contiguous Building Space)
- ▶ Creation of a property management subsidiary of Avenida Guadalupe Association
- ▶ Demolish a dilapidated building at 1312 Guadalupe Street and...
- ▶ New Construction of 1314 Guadalupe Street – 18,000 Square Feet of New Office Space
- ▶ Target of 43 new, full-time jobs in the target area

OCS FUND ALLOCATIONS

Amount Funded: \$610,000

- ▶ \$35,000 Commercial Kitchen (El Parian at 1410 Guadalupe Street/1320 Guadalupe)
- ▶ \$100,000 Working Capital (AVEGU Subsidiary/Discovery/Branding)
- ▶ \$30,000 AVEGU Division Equipment and Miscellaneous Expenses
- ▶ \$220,000 La Promesa Building Construction (Direct Construction)
 - ▶ Component of greater \$3.4 million including OCS/EDA/COSA/NCLR/RDF-AGA combined La Promesa Building Construction (Leveraged EDA Fund Component: \$1,750,000)
- ▶ \$10,000 Management/Information Systems
- ▶ \$10,000 Legal Fees
- ▶ \$60,000 Grant Administration (AGA)
- ▶ \$25,000 Third Party Evaluation (NALCAB)
- ▶ \$20,000 Technical Assistance (TELACU)

KITCHEN PROJECT PARTNER

Baptist Child and Family Services (BCFS)



The screenshot shows the BCFS website with a white header. The BCFS logo, featuring a tree icon, is on the left, with the text "BCFS" and "Health and Human Services • Est. 1944" below it. Navigation links for "about", "services", "news", and "donate" are on the right. A large banner image shows two smiling young men in a kitchen setting. A dark blue box on the left of the banner says "BCFS Community Center". A yellow "DONATE" button with a right arrow is on the right. Below the banner, a "BIG NEWS!" section is on the left, and a news article is on the right.

BCFS
Health and Human Services • Est. 1944

[about](#) [services](#) [news](#) [donate](#)

BCFS Community Center

DONATE →

BIG NEWS!

Guadalupe Street Coffee, Cruzan's and the NEW BCFS Health and Human Services' Community Center

As of February 28, the restaurant space will be wholly operated by Cruzan's. BCFS Health and Human Services will be

For more than five years, Guadalupe Street Coffee – sponsored by BCFS Health and Human Services – has been a safe and positive after-school haven for students on San Antonio's West Side. With a focus on increasing school retention and enhancing teens' likelihood of graduation, the coffee shop became a hot spot for club meetings, study groups, art shows and more.

PROJECT BENEFICIARIES

Coffee House to Catering/Law Office

- ▶ \$35,000 OCS grant funding enabled BCFS to expand its existing Coffee House/Youth Program include food service by funding the construction of a commercial kitchen in the adjacent 1410 Guadalupe Street – El Parian Building. Three jobs were created/Four retained (Project Period: 2008-2013).
- ▶ BCFS transferred its kitchen operations to its food service partner 2014, which survived through 2015 when the business proved unsustainable without BCFS subsidy. In 2014 BCFS downsized vacating the Coffee House while acquiring a new lease at 1313 Guadalupe (across street) focusing on youth services.
- ▶ In 2016, 1320 Guadalupe Street became the Avenida Neighborhood Micro-Conference Center/Catering Kitchen until 2018 when it was leased as a start-up Law Office. The Kitchen now facilitates catering-kitchen support to area non-profits and start-up caterers on a rental basis.

CATERING KITCHEN

Micro-Entrepreneur Support



LAW OFFICE

Access to Legal Services



PROPERTY MANAGEMENT SUBSIDIARY

AVE-nida GU-adalupe



AVEGU

Community
Commerce
Culture

ASSET MANAGEMENT COMPANY

PROJECT BENEFICIARIES

AVEGU Subsidiary vs AGA Division

- ▶ 2008 Avenida Guadalupe Association (AGA) began investigating the establishment of a new entity for management of Avenida lease properties, particularly two HUD 202 PRACS and one TDHCA senior housing community. At that time, AGA housing services were outsource.
- ▶ 2010 AGA achieved in-house management of AGA sponsored HUD 202 and TDHCA properties creating fourteen jobs which includes three Resident Service Coordinators providing direct services to seniors. Currently, AVEGU represents AGA's property management division while continuing the effort to evolve as an LLC. OCS Grant funds were used for cash-flow and to fund a housing manager during a two year transitioning period.
- ▶ By 2017 AVEGU exclusively manages AGA's Senior Housing Communities as a self-sufficient stand-alone division doing business under the same EIN. The end result of in-house management produced a positive cash-flow creating greater self-sufficiency within a sustainable non-profit business model creating fourteen permanent jobs for low-income individuals in the target area.

AVEGU

Permanent Job Creation



OUR AMBITION

La Promesa Project



PROJECT BACKGROUND

1312 or 1314 Guadalupe Street

- ▶ Initial grant request included the demolition of a vacant dilapidated building and the construction of a new 18,600 sq. ft. building to provide commercial office space and workforce development activity. Two lots were to be re-platted as one with the application address: 1312 Guadalupe Street.
- ▶ Demolition of non-historic structure (Pink House) becomes a critical issue. While demolition is cleared, issue starts a community debate. The address 1312 Guadalupe would become non-applicable for OCS/EDA funding (Application Project Address). Application address would need to be altered.
- ▶ 1312 Guadalupe Street is removed from application. 1314 Guadalupe Street address is created producing a potential Win-Win-Win scenario. However, the project would be delayed in excess of 18 months (affecting commitments).

ORIGINAL LA PROMESA PLAN

1312: Approved and Ready to Build?



ORIGINAL LA PROMESA ELEVATION

1312: Approved and Ready to Build?



3 EAST ELEVATION
1/8" = 1'-0"



4 WEST ELEVATION
1/8" = 1'-0"

THE DEVELOPER OF LAST RESORT

"Our ambitions must be broad enough to include the aspirations of others"

Cesar E. Chavez



REMEMBER THE OBJECTIVE

Learn and Adjust Proactively; Adapt

- ▶ The removal of the 1312 Guadalupe Street structure from the project meant that the OCS/EDA funded La Promesa Project needed an address change (process required), meaning: re-planning and re-platting.
- ▶ Two separate addresses means two separate projects... One funded new construction project and one un-funded re-construction project.
- ▶ Avenida's willingness to adapt led to the City of San Antonio offer to fund a complete historic-reconstruction of 1312 Guadalupe Street (\$540,000).
- ▶ 1314 Guadalupe Street address was created to accommodate a re-planned 18,624 square foot Class-A office building. Where as Avenida owned 1312 Guadalupe Street, the City of San Antonio sold Avenida 1314 Guadalupe Street (as part of the original proposal).

WHEN ONE PROJECT BECOMES TWO

Coordinating Construction Schedules



A NEIGHBORHOOD'S WIN/WIN/WIN

Keeping Focused on the Objective



NOT WITHOUT LOSSES; Budget, Contingencies, & the Unforeseen

PROJECT SETBACK ALMOST 2-YEARS (FROM 2010 TO 2012)

- ▶ COST OF ADVOCATING FOR ORIGINAL PROJECT: \$250,000 OF AGA RESERVES
 - ▶ Additional City Processes Means Time Lost
 - ▶ Additional Consultant Fees
 - ▶ Additional Staff Time
 - ▶ Reserves Expended Intended for Bricks and Mortar
 - ▶ **Lease Commitments Lost (Loss of Commitments Means Loss of Mortgage Security)**
 - ▶ Replacing Prospective Tenants (Time and Patience)
 - ▶ City Funding Offer for 1312 Guadalupe Street Re-construction Ends Delays (Dec 15, 2011)

NOT WITHOUT GAINS

Real-Tangible Community Development

- ▶ La Promesa Building is 100% Occupied by 2018
 - ▶ AARP Legislative Advocacy Office Branch (New Jobs)
 - ▶ Center for New Communities (Retention of Jobs)
 - ▶ MCCI Community Wellness Center (New Jobs)
 - ▶ Humana Health Clinic (New Jobs + Clinical Professionals)
 - ▶ Avenida's Westside Workforce Collaborative (Neighborhood Job Search Center)
- ▶ Good Leases Equal Sustainable Funding Source (Debt Management)
 - ▶ Financed Through Raza Development Fund (CDFI): \$960,000
 - ▶ Current Loan Amount: \$870,719 (Loan Modification January 2018)
 - ▶ Maturing in 2038 – 20 Year Fixed Interest Rate (5.6%)

PROJECT BENEFICIARIES

43 New Jobs Created/10 Jobs Retained

- ▶ The La Promesa Project created 43 full-time jobs, of which at least 90% were filled by low-income individuals, representing approximately \$14,186 per job when considering \$610,000 OCS federal investment.
- ▶ Center for New Communities: 10 Jobs Retained (Headstart)
- ▶ Community First Health Plans: 26 Jobs (El Parian Expansion)
- ▶ BCFS's Guadalupe Street Coffee House: 3 Jobs (Food Service)
- ▶ AVEGU Property Management: 14 Jobs (Maintenance/Management)/Senior Services

SUSTAINABILITY AND DURABILITY

Lasting Improvements

- ▶ Reconstruction of 1312 Guadalupe Street, while not directly funded by OCS Grant, is a direct product of the process which led to the COSA funding of what the community deemed culturally significant.
- ▶ New construction of La Promesa Building yielded the construction of 18,000 sq. ft. of Class A Office Space housing significant community serving organizations including new health industry which Avenida believes adds health industry market relevancy enabling further commercial draw into the future.
- ▶ While the BCFS Restaurant did not prove sustainable, the El Parian kitchen at 1410 Guadalupe Street (1320 Guadalupe adjacency) is currently serving the catering needs of area non-profits while further investment promises to provide burgeoning area caterers an option. BCFS leased through 2017.
- ▶ AVEGU is a healthy and self-sufficient division of Avenida Guadalupe Association which, while funding 100% of its Housing Director's salary, also provides operational revenues increasing program sustainability.

INVESTMENT IMPACT AND PRIORITIES

La Promesa Project looks beyond the immediate economic horizon, anticipates economic changes, while diversifying the area economy.

- ▶ AARP LEGISLATIVE OFFICES (Long Term)
- ▶ CENTER FOR NEW COMMUNITIES (Meeting the needs of a growing capacity) (Long Term)
- ▶ MCCI (Community Wellness Center) (Long Term)
- ▶ KIOLBASSA (Transitional Marketing Offices) (2017)
- ▶ BCFS Youth Center/Coffee House (Guadalupe Street Coffee) (2017)
- ▶ HUMANA (Community Wellness Clinic) (Long Term)
- ▶ MARCO BASS LAW OFFICES (2018) (Long Term)

OVERALL COMMUNITY BENEFIT

Investment and Economic Empowerment

RESULT OF OCS INVESTMENT COMBINED WITH OTHER (2009 to 2014)

- ▶ Investment Generated: OCS/EDA/AGA/NCLR/RDF
 - ▶ \$610,000 Leveraged \$2,800,000 = \$3,400,000
- ▶ Jobs Created (2009 to 2014)
 - ▶ 210: Job Placement Program (AGA - Ready 2 Work)
 - ▶ 61: New Business Employment (New Leases)
- ▶ Jobs Retained
 - ▶ 50: Existing Business Employment (Existing Leases)
- ▶ Existing and New Jobs Generated in Project Target Neighborhood

LESSONS LEARNED

La Promesa means Keeping Your Promise

- ▶ **Be Realistic**

- ▶ What are real concerns or considerations for your neighborhood and target clientele?
- ▶ Know the difference between a problem and a political problem and consider consequences.

- ▶ **Funding doesn't solve problems. It mobilizes solutions.**

- ▶ Know that long term solutions rely on sustainability, not just for your problem but for your organization's ability to survive setbacks
- ▶ A clear objective should contemplate a "B" and even "C" option (Not the contents... Just the container)

- ▶ **Know your area dynamics, market, and politics**

- ▶ You can dream for a better economic but the market plays a role in determining the accuracy of your projection
- ▶ Factor patience in your plans
- ▶ Listen for real tangible intervention

- ▶ **Are you the developer of last resort?**

- ▶ Equity for poor neighborhoods is a path paved by partnership. Understand what constitutes a real stakeholder.
- ▶ Developing for the community that can't afford to development for itself
- ▶ Sustainability means funding beyond funders

BIG LESSONS LEARNED

Survival

- ▶ Ultimately You Are the Advocate of Your Cause
 - ▶ Not everyone will agree that your solution is the right solution
 - ▶ Science not feelings; Substantiate your assumptions with facts
 - ▶ Your funded solution can have unknown-hidden roadblocks. Prepare
 - ▶ A problem's win-win solution probably won't come from your math
 - ▶ Directors: Live out your commitment; Try not to pass it on
- ▶ It Takes a Long Time for a Non-Profit to Recover Monetary Losses
- ▶ Invest in a Succession Plan Project File
 - ▶ Don't leave your successors in the dark
- ▶ Partners Have A Life of Their Own; They Come and Go, While You Remain

QUESTIONS AND ANSWERS

Gabriel Q. Velasquez, Executive Director

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► **PARTNERSHIP CREDITS**

United States Office of Community Services (OCS)

United States Economic Development Administration (EDA)

Raza Development Fund (RDF)

Oscar Ramirez, ED, Avenida Guadalupe Association (AGA) (2005-2015)

City of San Antonio (COSA)

The National Association for Latino Community Asset Builders (NALCAB)

The East Los Angeles Community Union (TELACU)

Questions?

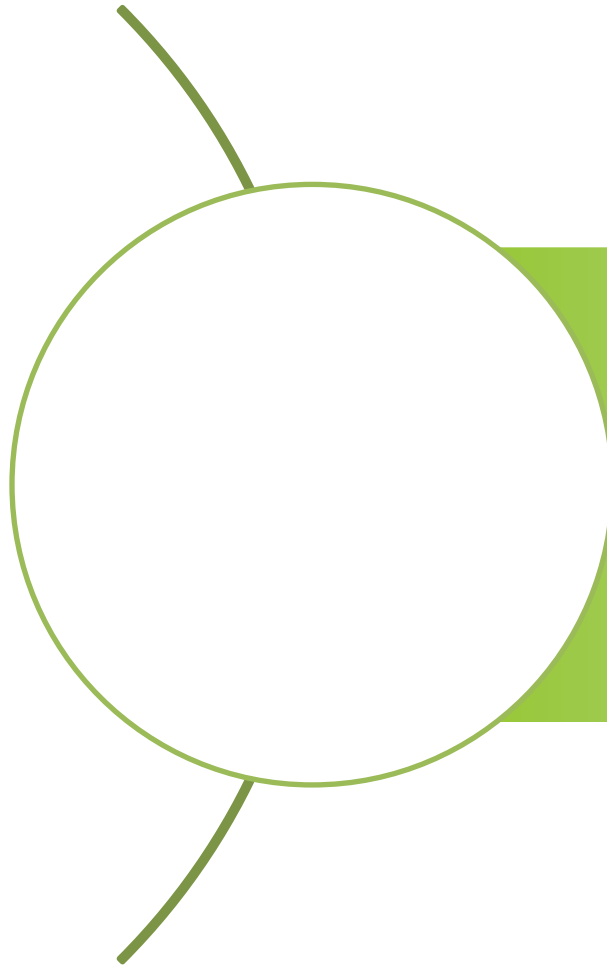


Submit a written question via
WebEx Q&A



Contact OCSRegistrar@icf.com
with additional questions

Upcoming Webinars



**Update on the Revised Performance Progress
Report and Overview of Resources**

Thursday, April 5, 2018; 2-3pm eastern