

Brothers plan upscale Downtown lofts

By Timothy Roberts

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As the controversy over plans to build a 91-unit apartment building in the Magoffin Historic District raged last month, the Karam brothers were quietly assembling permits and lining up financing for their own project nearby: an eight-unit upscale loft development with retail downstairs in an old warehouse building.

The Magoffin Park Villas, a project of La Fe Community Development Corp., has been touted as the first Downtown residential project in decades, but the Karam brothers' First Avenue Lofts may be the first

urban-living project to actually open in Downtown.

The units, ranging from 1,250 square feet to 1,460-square-foot will sell for about \$200,000 to \$250,000, according to the Karams.

TJ Karam, who with his brothers Ben and Luke, has formed The El Paso Project LLC, which is behind the project, says people will pay well for these very urban dwellings.

"This is something that El Paso doesn't have," he said. "We're not putting up standard residential."

According to tax records, the property at 300 Florence St. has an appraised value of \$516,449. The Karams bought it last June for an undisclosed price. Expect construction to start later this month, he said.

The Karams are optimistic about the potential for Downtown condos and lofts, despite the downturn in the economy.

"We are focused on Downtown," says Karam. "We are on a mission to make downtown better like some of the other downtowns we've lived in."

Catalyst

The fight over the La Fe project was intense because economic development boosters believe that El Paso is poised to become the last city in the Southwest to redevelop its downtown. Allowing La Fe and its partner TVO North America to build apartments was seen as the first step. The word "catalyst" was used a lot.

"This is a real catalyst project," Mayor John Cook said in an interview about the La Fe project. "When downtowns have residential, they thrive. When they don't, they die."

The battle on Magoffin Avenue was fought over appearance. There will be two buildings, one just inside the Magoffin Historic District and one just outside. La Fe said it had designed both to meet the historic district's guidelines.

The Historic Landmark Commission thought otherwise, and the result was a four-hour City Council meeting to hear La Fe's appeal of the commission's decision.

At the end of it, Cook appealed to the council to give the project a unanimous OK.

"When I came to office (in 2005), we had 15 plans for Downtown revitalization, and they were just getting dusty," Cook said. Turning down the project would "drive a nail in the coffin," Cook warned, and "show that El Paso was not ready to be a 21st-century city."

Also it would add to the tax base, bringing in revenue without raising taxes, he said.

But the council vote was just 5-2 among the eight council members. Dist. 8 city Rep. Beto O'Rourke sat this one out because his wife works for another division of La Fe, posing a potential conflict of interest. The vote lacked the unanimous punch that Cook and others wanted to deliver.

Concerns

One of the votes against the project was Rachel Quintana's. She said she did not oppose the La Fe project; she just wanted it to go back to the Historic Landmark Commission for more review.

"I was just hoping that La Fe would work with the (Landmark Commission) on a few more things," she explained in an interview.

But Quintana's proposed delay drew this retort from city Rep. Steve Ortega: "I don't think anyone will want to do business with the city in a historic district ever again if we keep adding requirements."

The other no vote came from city Rep. Melina Castro, who pointed out that Carlos Gallinar, director of the La Fe Community Development Corp., also served on the city's planning commission. He recused himself from any issues related to La Fe, he said. And she accused him of being a lobbyist, which Gallinar denied. A call to Castro's office went unreturned.

In an interview, Gallinar said La Fe Community Development hopes to build more affordable housing, but has nothing ready to go.

"First we need to get the Magoffin Park Villas off the ground and then we will be able to talk about other residential projects," he said. "We have some more housing ideas."

Among the projects La Fe has in mind is the creation of a credit union for the Segundo Barrio.

"Our residents need to have access to financial organizations that are legitimate — not pay day lenders," he said. "If we inject competition, that helps the residents become self-sustainable. That's the model we are looking for."

The Karam brothers' First Avenue Lofts will bring the first high-end living to the area. Their project has no affordable housing element and is financed privately, except for a city façade grant and an historic tax exemption and some funding from the Tax Increment Reinvestment Zone.

The brothers did not want to discuss their construction costs, but their building permit refers to costs of \$980,000, an amount that is probably not all-inclusive.