

Local

Nueces Building may house loft apartments

Developers negotiating with city on incentives for residential project

Nick Nelson Caller-Times
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The 77-year-old Nueces Building at Peoples and Chaparral streets was sold Monday to a San Antonio development group that plans 66 loft apartments in the 10-story structure.

Nueces Loft Apartment LP, the group that bought the building for an undisclosed amount, plans to replace what for decades has been strictly office space on the upper floors with competitively priced apartments.

Corpus Christi native Bill Hoover, who heads the partnership, said the project depends on the city's willingness to change the way it awards incentives. He said the incentives for new businesses that create jobs are substantial, but residential projects don't usually qualify.

"Basically, it's going to take a new policy," he said. "It's going to take more than what they've got right now."

Hoover said he's optimistic that he and the city can find a balance: "Every single person I've talked to at the city has been fully supportive."

Irma Caballero, director of the city's Economic Development Office, said she had heard about the project and was looking forward to receiving Hoover's application for the city's tax abatement incentive. She said there might be other incentives available.

"We're willing to work with the developers to help them explore their options," she said.

The average apartment will be 700 square feet, and the average rent will be \$755 a month. The company doesn't have a starting date because financing hinges on city incentives, Hoover said. But once begun, the remodeling will take about a year.

Of the 60,000 square feet of floor space in the building, about 22,000 are rented as office space. Hoover said he plans to arrange a meeting where other building owners can meet tenants and compete to attract them. "We're very sensitive to the situation of the current tenants," he said.

Corpus Christi real estate broker Matt Cravey handled the sale and was part-owner of the building before it sold. Cravey said he had five serious offers on the property, which was appraised in 2006 for \$993,000. Four of the five offers, he said, came from developers who planned to convert the space to apartments.

Cravey said the city is so saturated with class-C office space that a shift to residential makes sense.

"When you're talking about 90 percent occupancy rates in apartments and you're talking about a 60 percent occupancy rates in class-C office space, it doesn't take a rocket scientist to figure out you either need to convert to class-A office space - which you can't afford - or to apartments."

The Nueces Building, built in 1929, was originally called the Jones Building, named for its builder, pioneer South Texas rancher W.W. Jones. Ownership changed hands in 1979 and the building received its current name. Over the years, the building has housed the offices of several prominent businesses. In the late 1970s, the City of Corpus Christi was the largest tenant.

When Cravey and the rest of 317 Peoples Street Ltd. bought the building in January 2001, its occupancy was about 70 percent, Cravey said. A steady decline in occupancy coupled with a higher appraised value and therefore higher taxes prompted the group to offer the building for sale early last year.

Hoover, who grew up here and graduated from Ray High School in 1976, said a combination of nostalgia and opportunity motivated him to go ahead with the project. The city's current incentive plan doesn't make projects like his easy, Hoover said, but "we are willing to enter the area and try."

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