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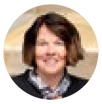
HISTORIC TAX CREDIT TOOL BOX

From Hotel to Housing: New Life for the El Jardin in Brownsville, Texas



CINDY HAMILTON, HERITAGE CONSULTING GROUP

The El Jardin Hotel in Brownsville, Texas was built on land purchased from a railroad company, but it was the automobile that really ignited the hotel's success from the moment it opened in 1927. Taking advantage of a wave of new auto tourists in Texas, the architecture firm of Kellwood and Company designed the eight-story building for a prominent corner just two blocks from a bend in the Rio Grande. Shortly after construction, the building owners tacked on a garage and ballroom to cater to even more guests, drawn to the hotel to see and be seen.

It was easy to market the building to the modern tourist, and not just because the Chamber of Commerce operated a local radio station from the top floor of the hotel (two large radio towers rose from each end of the roof to amplify the signal). The building boasted fireproof materials, from the massive reinforced concrete structure down to the details of the interior steel furniture. On every guest floor, ice water and running water flowed abundantly.

When Kellwood and Company designed contemporary buildings nearby for the Brownsville Chamber of Commerce and the Missouri Pacific Passenger Station, it was obvious where their elite visitors might stay: "The finest hotel in the Rio Grande Valley," as the El Jardin Hotel referred to itself. "Make it your headquarters." Celebrities from Howard Hughes and Joan Crawford to Charles Lindbergh and Amelia Earhart did just that–and countless other guests booked rooms at the El Jardin hoping to cross paths with such luminaries.

By the 1980s, however, the El Jardin Hotel could no longer claim to be the finest hotel in the Rio Grande Valley–or even in Brownsville. In decline for several years by that point, it eventually closed its doors mid-decade and remained vacant for more than three decades. In 2019, the old building finally saw the first signs of new life when the Brownsville Housing Opportunity Corporation (BHOC) purchased the building as an affordable housing opportunity, to be redeveloped with the Housing Authority of the City of Brownsville (HACB). "The El Jardin Hotel is a cherished landmark with a rich history," said Carla

Mancha, HACB's chief executive officer, when asked what motivated the HACB to take on this particular building. "It is part of Brownsville's story."

Now, with more than $30 million of investment, made possible by maximizing a capital stack of federal and state historic tax credits (HTCs) and low-income housing tax credits (LIHTCs), the El Jardin has been transformed from hotel rooms to housing.

Early Public Housing Efforts

By the time the El Jardin Hotel project began in 2019, the HACB had been creating public housing units in Brownsville for 81 years. Created in 1938 in response to the U.S. Housing Act of 1937, the HACB was charged with providing decent, safe and sanitary housing for low- and moderate-income families and individuals. Its first public housing development broke ground in 1938, and from 1940 to 1997, the HACB was responsible for the creation of more than 900 units of affordable housing.

Beginning in 2000, the LIHTC incentive stimulated a resurgent era of affordable housing development activity in Brownsville. The structure of the program has allowed HACB/BHOC (and countless other agencies) to take a proactive approach to affordable housing, unlocking new partnerships with developers, investors and financial institutions to create affordable housing and bolster existing neighborhoods. The El Jardin project embodies the possibilities of the LIHTC

Image: courtesy of Heritage Consulting Group
Federal and state historic credit credits as well as low-income housing tax credits were used to renovate and restore El Jardin in Brownsville, Texas. The affordable housing development was previously a hotel.

incentive to increase public housing; the project's pairing of LIHTC and HTCs compounds the impacts of both programs, ensuring that the transformative effects are felt by even more Brownsville residents.

"Communities will really benefit from these funding allocations," said Mancha. "These are essential and much-needed tools to preserve the history and increase affordable housing opportunities."

Leaning on LIHTC

As an HTC project, the El Jardin redevelopment got a running head start when the building was included as a contributing resource within the Central Brownsville Historic District, which was listed in the National Register of Historic Places in 2019. With that recognition in place, the BHOC could pursue federal HTCs, paired with Texas's generous 25% state HTC, for a total of $11.3 million in HTC financing.

Without the 9% LIHTC, however, the project could not have penciled out. (Even with LIHTCs, the project saw delays as interest rates and supply chain costs initially skyrocketed.) In collaboration with Hunt Capital Partners, BHOC closed on the LIHTC to enable the creation of affordable housing for low-income families earning up to 30, 50 and 60% of the area median income (AMI).

These homes are critical in Brownsville, where the metropolitan area faces steep poverty rates; more than 35% of residents live below the federal poverty line and a full 29% of Brownsville residents rely on food stamps. As the El Jardin project broke ground in 2023, HACB's vice chairman, Jesse Miller, noted that the agency had a waitlist of more than 10,000 families. With LIHTC financing, the El Jardin Hotel's developers could create an essential mix of affordable one-, two- and three-bedroom apartments to help address this backlog.

Rehabilitation from the Inside Out

Before construction could begin in earnest, the project's biggest challenge was a thorough structural evaluation and repairs to the concrete frame. After decades of vacancy, the building's structural integrity was in question. Water had infiltrated the interior and a fire had destroyed large areas of the roof, allowing even more water to compromise the structure. These conditions were compounded by the general stressors of the harsh south Texas environment, where heat, humidity and corrosive salt air had chipped away at the exterior envelope for decades.

BHOC could not contemplate moving 44 households into the building without a thorough assessment, which in turn could not be completed without the removal of historic plaster to expose the structure. Once the evaluation and associated repairs were complete, the development team carefully reconstructed the historic layouts of the public corridors, incorporating some salvaged doors and trim in the upper floors of the building. They then restored the character-defining spaces on the first floor, including the main lobby, historic commercial spaces and the ballroom space that was added soon after the building's initial construction.

On the exterior of the building, BHOC and the project team made the building watertight for the first time in decades, repairing cracked and deteriorated cast stone elements, replacing deteriorated wood windows, repairing and restoring the stucco cladding, and replacing the deteriorated roof system. At one of the rooftop's projecting towers, the team reconstructed the missing tile cornice; other historic tiles, finials and coping stones were either repaired or replaced with new versions that mimicked their historic forms. Perhaps most notable for passersby and the public: the restoration reopened the historic entrance locations on the primary elevation for the first time since the building fell into vacancy.

Conclusion: Complicated, but Worthwhile

The El Jardin project was not without its complications, beginning with the uncertainties in assessing the structure's integrity. The capital stack's complexity also introduced challenges, as the developers had to find creative ways to satisfy the requirements and reviewers of the LIHTC, the federal HTC program *and* the state HTC program. With experienced professionals at the helm, however, the project paid off—in real financial ways, in community impacts, and in the quality of life for the building's new residents.

"The preservation and redevelopment of El Jardin has been a catalyst to Brownsville's Downtown District," said Mancha. "It generated construction jobs and will continue to positively impact the economic activity in the downtown area."

When it reopened in spring 2026, El Jardin (as it is now called) greeted residents with not only affordable apartments, but also a fitness center, community garden, play area, communal kitchen, business center and a revived historic courtyard. As each new family moves into their apartment, it's an exciting new chapter for El Jardin: What was once an out-of-towner's headquarters is now a Brownsville home. ❖

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