



# Developers Score Loan To Buy High-Profile Site in Austin, Texas

Mixed-Use Project Proposed for Former Hills Café Site on South Congress



Hills Café, once an iconic music venue and restaurant in Austin, Texas, closed in 2018. Now, the site is expected to be transformed into a mixed-use project in a hot neighborhood in South Austin. (CoStar)

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The rapidly changing South Congress corridor in Austin, Texas, is growing farther south with a new mixed-use project planned by developer The Sutton Co. in partnership with Koa Partners and New York City-based private equity firm Atalaya Capital.

The joint venture received a \$13 million bridge loan from Madison Realty Capital to acquire the property and begin pre-development work, according to Madison Realty. The property at [4700 S. Congress Ave.](#) sits south of U.S. Route 290 near Williamson Creek at the junction of South Congress and Sheraton Avenue.

The 14.8-acre site was previously home to the Hills Café restaurant and music venue that closed in 2018 to make way for another proposed project that didn't come to fruition, according to media reports at the time.

Now the land is slated to become home to 400 multifamily units, 100,000 square feet of office space, 180 hotel rooms and 40,000 square feet of retail space in two phases of development, according to New York City-based real estate private equity firm Madison Realty. The project timeline was not immediately available.

This joint venture appears to have acquired the site from an affiliate of Goodnight Enterprise Inc. in early July, according to Travis County deed records. The land was purchased through an affiliate of Atalaya Capital with the legal name ACM HCA Holdco, according to deeds records.

Longtime Austin developer The Sutton Co. made a name for itself with downtown residential projects back when the central business district was dominated by retail and commercial space. It has been active in the Rainey Street corridor, which is now home to several new apartment and condominium projects.

The Sutton Co., Koa Partners and Atalaya Capital were not immediately available for comment on the latest South Congress project.

South Congress is traditionally thought of as the trendy and historic street close to downtown dotted with quirky boutiques, restaurants and the swanky South Congress Hotel. But development along the famous South Congress corridor has spread farther south in recent years toward the St. Elmo area with several new residential and mixed-use projects popping up within a few blocks, including Cypress Real Estate Advisors' roughly 270-unit SoCo 44 at 4401 South Congress Ave. across the street from the Hills Café site.

Also in the area, Legacy Communities is planning a 132-unit condominium project called The Station at St. Elmo that [sold out](#) almost as soon as marketing was launched.

The St. Elmo area has seen trendy restaurants and breweries cropping up in recent years, as well as the long-anticipated 40,000-square-foot St. Elmo Public Market that is supposed to become like Austin's version of Seattle's Pike Place Market or New York's Chelsea Market. Near the St. Elmo Public Market, United Properties last year proposed a 280-apartment property at 4329 and 4341 Congress Ave, according to media reports.

The public market and associated mixed-use development is a mile north of where The Sutton Co., Koa Partners and Atalaya Capital are planning their project.

"Austin is experiencing a period of tremendous economic expansion and specifically, South Congress Avenue has seen a series of top-tier new mixed-use apartment developments as a result of its central location close to downtown, the airport, retail shops and businesses," said Josh Zegen, managing principal and co-founder of Madison Realty, in a statement.

Madison Realty has invested heavily in Austin recently. The South Congress transaction follows Madison Realty's \$278.5 million construction loan to Reger Holdings LLC for the EastVillage project in Austin's Parmer Lane tech corridor and The Linden Residences in downtown Austin, according to Madison Realty.

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