



The 'Doo-Wop' look
New Jersey area looks to attract tourists with a pumped-up '50s look. **Back page**

Markets closed
U.S. financial markets were closed Monday for Memorial Day.

Where past, present meet



Tom Lankes/AA-S photos

ome in the center of the lobby of the previous renovations but will be restored under Stephen F. Austin Hotel has been hidden by the current project.

Owners adding modern luxuries to historic Stephen F. Austin Hotel

By R. MICHELLE BREYER
American-Statesman Staff

In a way, the historic Stephen F. Austin Hotel is going back to the future.

Its new owner, Highgate Holdings, which has its U.S. headquarters in Dallas, is spending close to \$20 million to restore the luxurious details from its heyday while providing the latest in technology and services.

The 74-year-old hotel, at the northeast corner of Seventh Street and Congress Avenue, will have a marble grand staircase greeting guests in the lobby, just as in its glory days in the 1920s. But it also will have high-speed Internet access in each of its 191 rooms. It will have a cigar bar leading onto the second-floor veranda, where oil and cattle deals were sealed. But it also will have a state-of-the-art health club in the basement.

"Much of it will look like it did in 1924," said Michael Chaffin, the hotel's new general manager. Chaffin was general manager at the nearby Omni Hotel for two years.

When it opens in December, the Stephen F. Austin will have rates comparable to the Four Seasons Hotel, considered Austin's fanciest hotel, and higher than the city's other historic downtown hotel, the Driskill.

Rates will run from \$189 to \$260, depending on the time of year. Its biggest suite, with hardwood floors, a kitchen, dining area and views of the Hill Country, Town Lake and the Capitol

from its many windows, will rent for \$2,500 a night.

Highgate Holdings has been searching for a national chain to operate the hotel — named after the man known as the Father of Texas — but for now, the company plans on running it itself. In North America, Highgate owns 3,500 hotel rooms.

Although it now looks like an empty shell, hundreds of construction workers over the next few weeks will begin the latest — and biggest — phase of the restoration.

"It's a shame that such a prominent corner in downtown Austin was for so long an eyesore," Chaffin said.

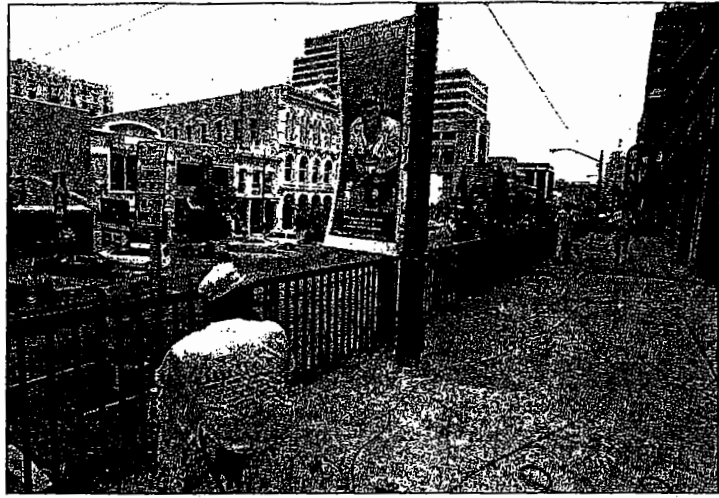
It has taken nearly a year to undo damage done by a decade of neglect and a series of owners, each with a different vision of the hotel. The mirrors that covered the walls and the burnt-orange carpeting have been removed, along with part of a dropped lobby ceiling that now will be open to the second floor.

The plumbing, mechanical and electrical systems have been replaced. The guest rooms — at one time the hotel had 350 rooms — also are being expanded. Chaffin, 33, is a 15-year veteran of the hotel industry who has worked for a number of chains.

But the Stephen F. Austin, he said, is different.

"There's an electricity and a buzz about the

See New, D3



Tom Lankes/AA-S

Hector Bordee of Patrick Paint & Drywall works at Hotel looking out onto Congress Avenue. The refurbishing of the terrace of the Stephen F. Austin hotel is expected to open in December.

New owners add high tech to restored downtown hotel

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property," Chaffin said. "It's clear that we're bringing something back to life that's important to Austin."

This isn't the first time the Stephen F. Austin has caused a buzz in Austin.

In the summer of 1923, it was the talk of the town when the Austin Chamber of Commerce announced it was building the hotel to bring more lodging to town.

To finance the deal, the business group sold \$500,000 in bonds to 333 members.

It started as an 11-story building that later grew to 16 stories, built on the site of the former G.A. Bahn Optical and Diamond Co. and the Keystone Hotel.

When it opened its doors in 1924, the "Stephen F." was the center of the city's glittery nightlife. An elegant marble staircase dominated the cream-colored lobby, which was decorated with Oriental rugs, rose-silk drapes and Italian high-backed chairs.

Lyndon B. Johnson made the hotel his campaign headquarters.

A leader of the Texas Rangers regularly held court in the hotel's coffee shop. A Texas politician once was seen chasing a petticoat-clad woman down one its corridors.

The most recent attempt at renovating the landmark was in 1985, when owner Raleigh Enterprises of Los Angeles spent \$4 million on refurbishments before closing the hotel in 1987 in the midst of an economic bust that left the city reeling.

Few people expected it to stay boarded up for so long.

Over the past six years, at least four other deals to buy the hotel have fallen through. One potential buyer wanted to re-open it as a low-rent apartment complex. That idea was dropped when a \$4 million federal grant was denied.

Highgate Holdings bought the hotel last April and has spent much of the past year deciding what to do with the property.

With a surge in demand for downtown housing, it considered turning the property into condominiums or apartments.

But with an expansion planned for the nearby Austin Convention Center convention center and a booming economy, it also is an ideal time to open a downtown hotel. Austin's downtown hotel occupancy rate hit 74.4 percent for the first quarter of the year, up from 71.7 percent a year ago. The average daily room rate downtown reached \$106.54 — the highest rate in the city — up from \$99.91 a year ago.

And with little available space downtown to build new hotels, demand for new downtown rooms should remain strong, said John Keeling, senior vice president of PKF Consulting, a hotel consulting firm.

"Strong demand and no additions to supply means high occupancies and high rates," Keeling said.

"In Austin, the numbers keep getting better."

