

# **ALMAAHH Capital Project Planning**

## **Final Project Definition & Feasibility Study Executive Summary**

**CONFIDENTIAL**

**June 28, 2024**

**by AEA Consulting for Advocates of a Latino Museum of Cultural and  
Visual Arts & Archive Complex in Houston, Harris County**



**AEA Consulting**



# Why ALMAAHH?

## Project Context

Latinos make up about 45% of Houston's population – but their representation in the city's life, including in politics and culture, has not historically reached this same scale. While there are cultural institutions in Houston that have significant Latino artists in their collections – perhaps most notably the Museum of Fine Arts Houston's Latin American Art Department – the focus of these organization is often international, rather than Latinos based in the U.S.

Responding to this gap, in late 2021, the Advocates of a Latino Museum of Cultural and Visual Arts & Archive Complex in Houston, Harris County (ALMAAHH) came together as an organization seeking to create a new space for both residents and visitors to immerse themselves in the United States' Latino arts and culture. To date, ALMAAHH has received seed money from the Houston Endowment, Brown Foundation, the City of Houston, and others, alongside the 100 individuals who are part of ALMAAHH's core founding supporters, *Cien Latinos*.

As ALMAAHH looks forward, it has engaged the local community to help shape an initial vision for a new Houston-area cultural and arts complex. Beginning in early 2022, the organization convened stakeholder engagement sessions, including civic, political, and arts leaders, and fielded a survey to solicit feedback on purpose, audiences, content, and location, and in fall 2023, ALMAAHH hired AEA Consulting to assist with the further development of the project concept and the creation of this feasibility study – testing the financial and operating implications of a future facility to ensure ALMAAHH is set prepared for long-term success.



Geraldina Interiano Wise, *Añil* (2015, acrylic, pigment, plaster on canvas)



# Our Mission & Vision

Advocates of a Latino Museum of Cultural and Visual Arts & Archive Complex in Houston, Harris County (ALMAAHH) is an organization dedicated to the creation of a Houston-area cultural center that will showcase, preserve, and expand Latino arts – the outgrowth of a community coming together to support the development of its arts, and in the process elevating Houston as a national hub of Latino culture.

### ALMAAHH Mission Statement

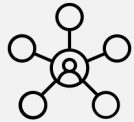



We are uniting to plan and program the building and design of a sustainable, state-of-the-art Museum complex for Latino Art & Culture in Houston, Texas, in partnership with public entities. We aim to ensure the equitable, authentic representation and access to the diverse Latino Culture and communities of Greater Houston. We will do so by creating the intellectual and digital infrastructure to listen, understand, quantify, and map Houston's Latino Cultural Capital in an inclusive, grass roots way. The built environment, intellectual infrastructure, and digital platform will support, connect and grow Houston's Latino Art & Culture EcoSystem for the benefit of all Houstonians.



ALMAAHH *We Are Houston*, 2023 Opening

# The Future ALMAAHH: Aligning Mission, Purpose, and Activities

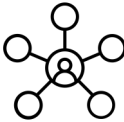



**VISION:** *To showcase and accelerate Latino culture and arts by creating opportunities locally and nationally, while promoting understanding of Latinos, elevating Houston as the national center of Latino culture, education and economic prosperity.*

Key pillars		Key activities / features	
	Community Connector	<ul style="list-style-type: none"><li>▪ Co-created programming</li><li>▪ Public space &amp; placemaking</li><li>▪ Used by all community members</li></ul>	<ul style="list-style-type: none"><li>▪ Community archives / oral history</li></ul>
	Artist & Maker Hub	<ul style="list-style-type: none"><li>▪ Connector between collectors and artists</li><li>▪ Market</li><li>▪ Studio / makerspaces – digital and analog</li></ul>	<ul style="list-style-type: none"><li>▪ Classes</li><li>▪ Gallery – immersive, experiential, digital</li></ul>
	Platform	<ul style="list-style-type: none"><li>▪ Local, national, and international artist reach</li><li>▪ Central campus / distributed events</li><li>▪ Digital-first approach</li></ul>	<ul style="list-style-type: none"><li>▪ Thought leadership</li><li>▪ Play – spaces and programs for people of all ages</li><li>▪ Research and education programs</li></ul>
	Space to Gather & Showcase	<ul style="list-style-type: none"><li>▪ Event Rentals</li><li>▪ Culinary Experiences</li><li>▪ Tourist Attractor</li></ul>	<ul style="list-style-type: none"><li>▪ Playground and green spaces</li><li>▪ Performances</li><li>▪ Archives and library</li></ul>



# Aligning to Operating Realities

## Ensuring Revenue Streams Across Pillars

	Community Connector	Artist & Maker Hub	Platform	Space to Gather & Showcase
				
<ul style="list-style-type: none"><li>Arts exhibitions, performances etc.<ul style="list-style-type: none"><li>Ticket sales</li></ul></li></ul>		✓	✓	✓
<ul style="list-style-type: none"><li>Culinary<ul style="list-style-type: none"><li>Classes and workshops</li><li>Food Tours</li><li>Café/restaurant</li></ul></li></ul>	✓	✓		✓
<ul style="list-style-type: none"><li>Tourist-specific attractions<ul style="list-style-type: none"><li>Tours</li></ul></li></ul>	✓		✓	✓
<ul style="list-style-type: none"><li>Space Rentals<ul style="list-style-type: none"><li>Community events (e.g. Quinceañeras, weddings, birthdays etc.)</li><li>Theater rental (e.g. a local artists puts on a performance)</li><li>Small incubator rentals</li></ul></li></ul>	✓	✓	✓	✓
<ul style="list-style-type: none"><li>Market<ul style="list-style-type: none"><li>Art sales – Consigned and small creator works</li><li>ALMAAHH merchandise</li></ul></li></ul>	✓	✓	✓	
<ul style="list-style-type: none"><li>Membership models</li></ul>	✓	✓	✓	



## Target Audiences

While accessibility to all audiences is important to ALMAAHH, it will focus primarily on a series of core audiences, with a "halo" effect radiating outward that will attract broader audiences.

### Core Audiences

- Makers  
(includes all kinds of artists)
- High schoolers...and young people up to 30 years old
- Cultural/artistic tourists
- People who want more than an Instagram moment and are looking for a more immersive experience

### Secondary Audiences

- Foodies
- Young Families (parents with babies)
- People that want to learn more about and connect to Latino culture
- Families (inter-generational)
- Influencers and content creators
- Tourists from Latin America
- Participants in arts and culture
- Excitement seekers
- Groups focused on particular Latino artforms, cultures or activities (e.g. salsa dancing, Art Car Parade)

### Other Audiences

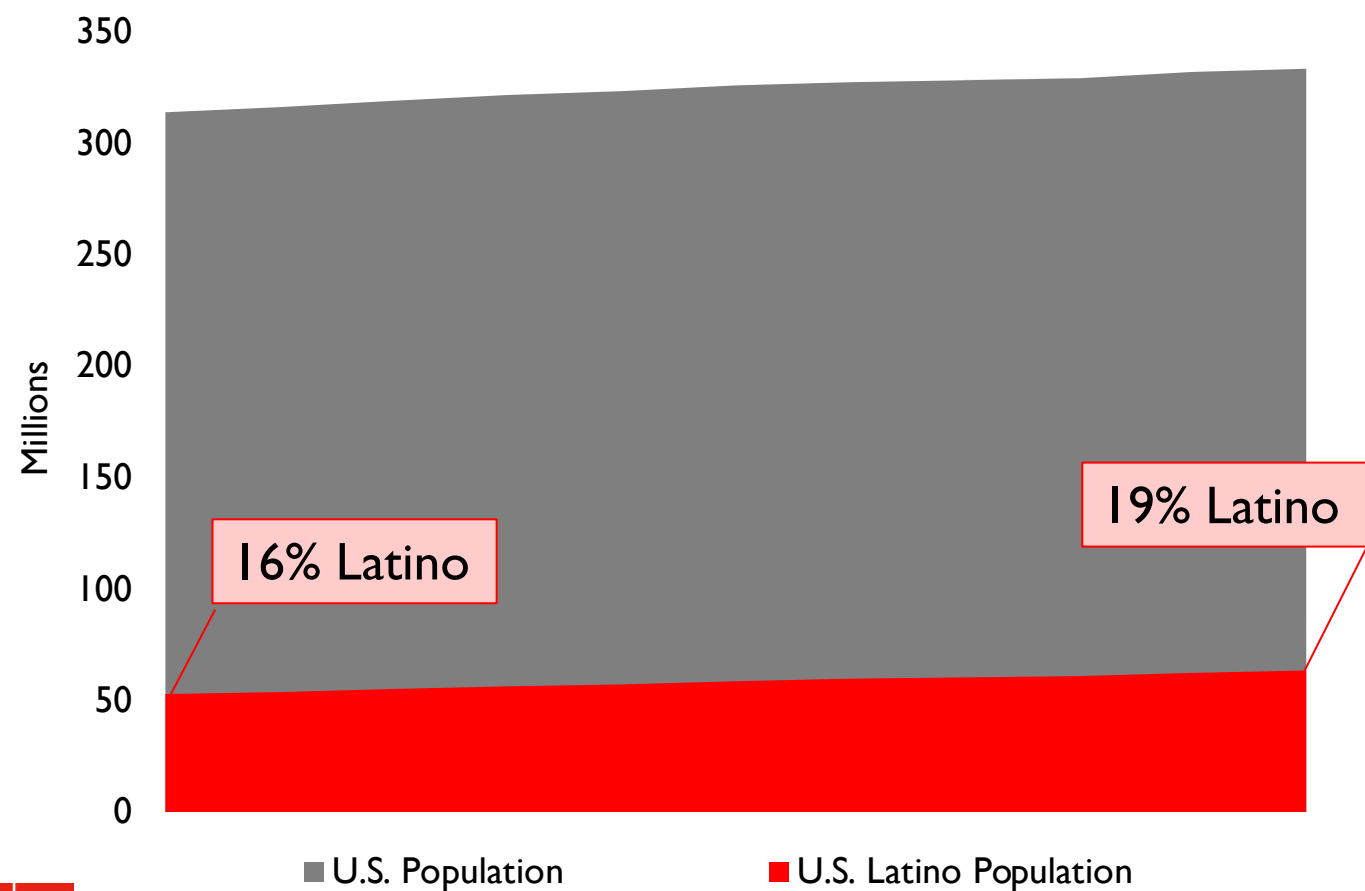
- Other ethnic groups
- Business travelers
- Other tourists (e.g. people who come to a baseball game)
- Regional travelers/from elsewhere in Texas
- Culturally curious

# The Latino Population is Growing Fast

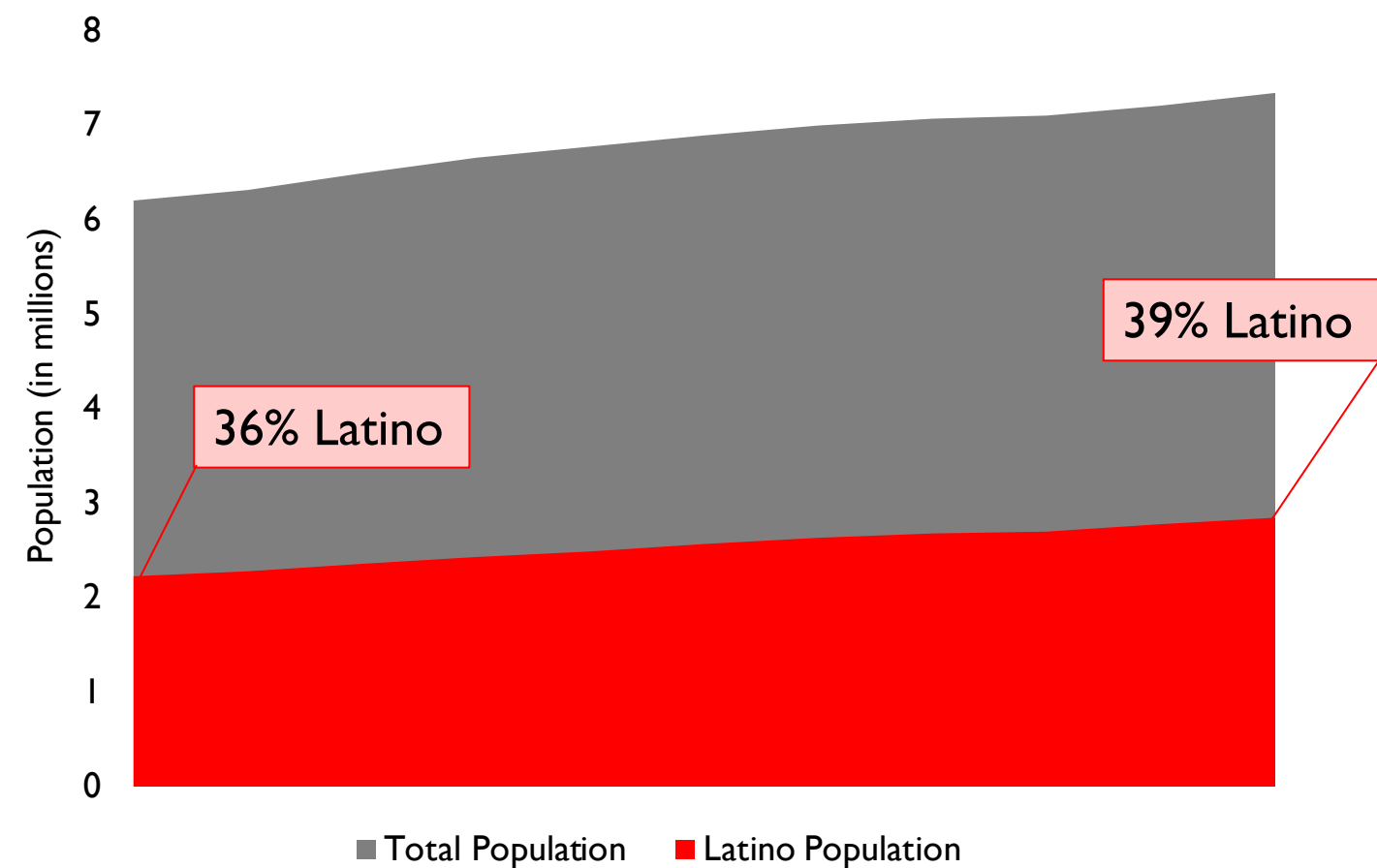
## ...in both the U.S. and Houston

By 2022, the Latino population of the U.S. rose to nearly 20% of the total population, from 16% in 2012. Its 2012-2022 growth rate of 20% outpaced the U.S.'s overall growth rate of 6%. Similarly, the Latino population of Houston has grown to nearly 40% of the total MSA population, from 36% in 2012. Its 2012-2022 growth rate of 27% outpaced the Houston MSA's overall growth rate of 18%.

U.S. Population (2012-2022)



Houston Population (2012-2022)

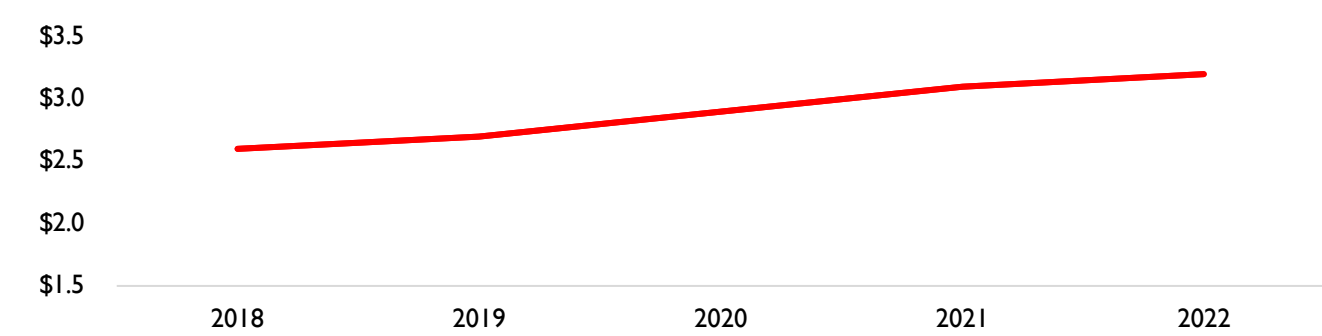


Source: American Community Survey (2022).

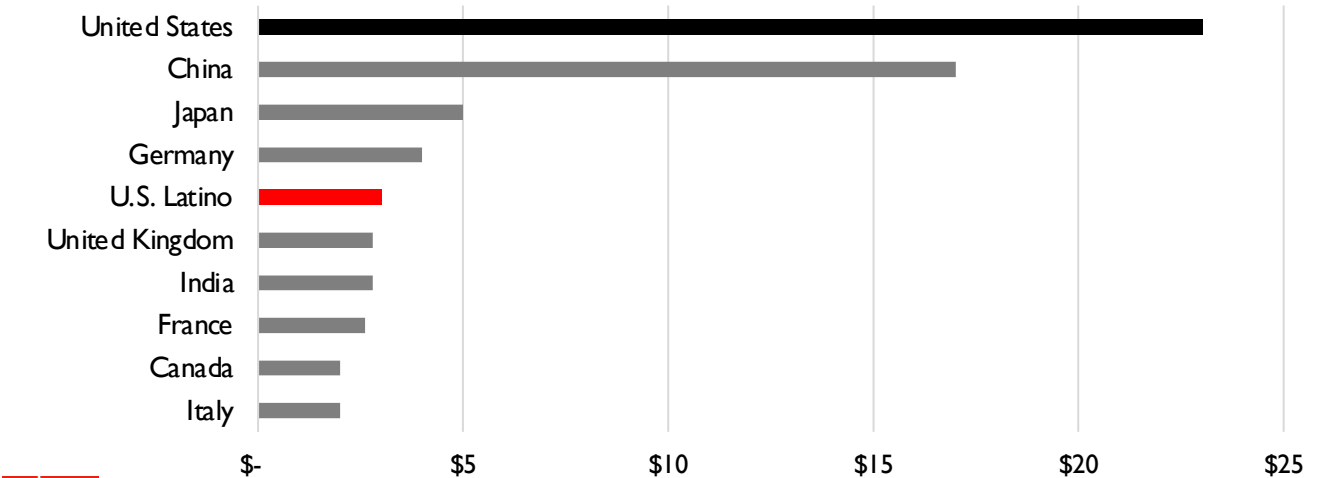
# Latinos Deliver Significant Economic Impact – and Care About Arts and Culture

U.S. Latino Gross Domestic Product (GDP) has grown 4% (annualized) from 2011 to 2021 to over \$3 trillion, outpacing the growth of U.S. GDP.

U.S. Latino GDP (in trillions, 2018–2022)

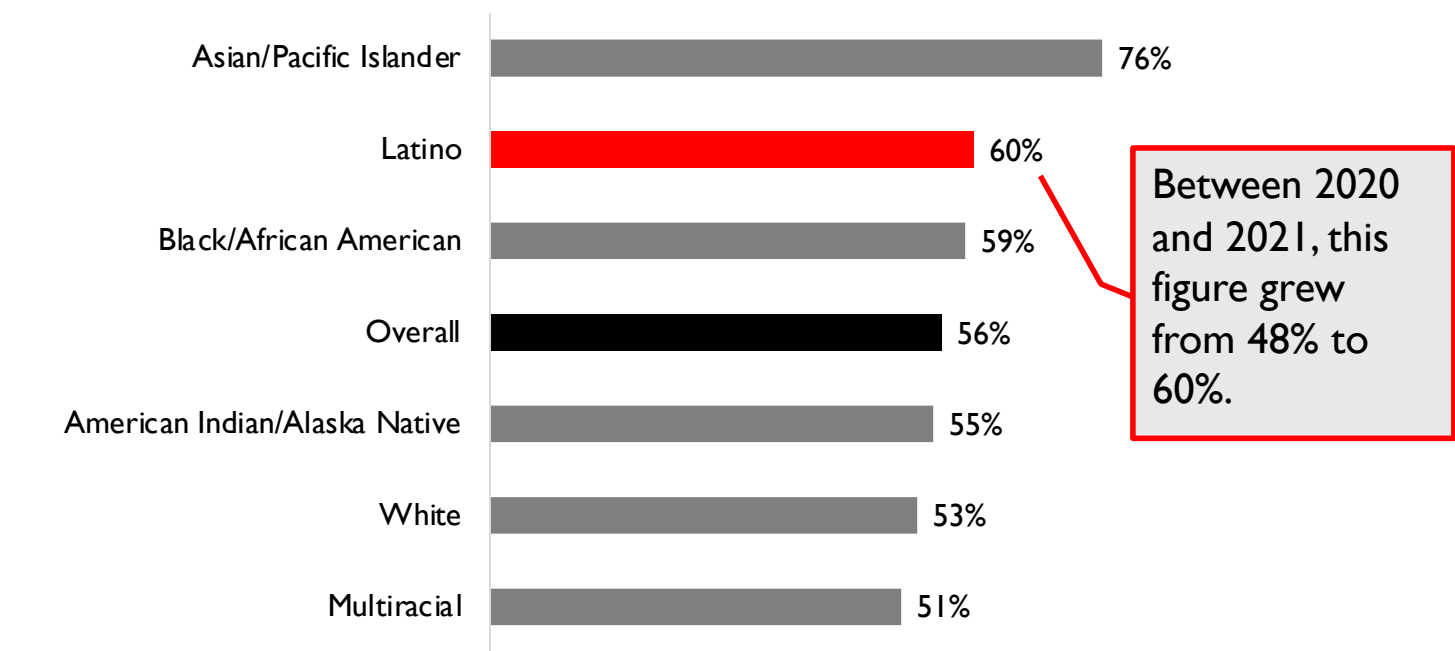


U.S. Latino GDP in World Economic Context (in trillions, 2021)



According to a survey conducted by Slover Linett following the pandemic, Latino audiences are more likely to consider arts and cultural organizations important than the population overall and almost every other group.

Percentage selecting "important" or "very important" in response to the question, "In general, how unimportant or important are arts or culture organizations to you, personally?" (2021)



Sources: Dennis Hoffman and Jose A. Juardo, "The 2023 Official Latino Donor Collective US Latino GDP Report," [https://uploads-ssl.webflow.com/5f2883288707a1d898871825/65138af63f60c8b9583829ae\\_2023-Official-LDC-US-Latino-GDP.pdf](https://uploads-ssl.webflow.com/5f2883288707a1d898871825/65138af63f60c8b9583829ae_2023-Official-LDC-US-Latino-GDP.pdf); "Rethinking Relevance, Rebuilding Engagement," Slover Linett, January 2022, <https://sloverlinett.com/wp-content/uploads/2022/01/Rethinking-Relevance-Rebuilding-Engagement-CCTT-Wave-2-Survey-Full-Report.pdf>.

# The Future ALMAAHH Facility

The long-term vision for ALMAAHH is a campus that will grow and develop in phases alongside its community – in the long-term, reaching up to 181,000 square feet of interior space alongside its landscapes, and with potential room for further development to support a vibrant organizational future. Based on an assumed density of “2.0 FAR” for built-up areas of the site, as well as the above open space needs,ALMAAHH would require approximately 5.5 acres of land to fulfill the long-term vision.

Key Spaces

Space	Phase I Sq Ft	Long Term Sq Ft	Additional Phase 2 Space
<u>Display</u>			
1.1 Gallery	8,000	25,000	17,000
1.2 Studio Space	4,000	8,000	4,000
1.3 Exhibition Workshop	1,000	3,000	2,000
1.4 Collection / Storage	2,500	10,000	7,500
<u>Performance</u>			
2.1 Main Auditorium	7,450	7,450	-
2.2 "Ideas Lab" / small auditorium	2,250	2,250	-
2.3 Rehearsal Studio	-	4,300	4,300
2.4 Green Room / Dressing	2,050	2,050	-
2.5 Workshops / Support	2,500	3,000	500
<u>Culinary</u>			
3.1 Demonstration Kitchen	1,000	1,000	-
3.2 Café	2,500	7,000	4,500
3.3 Commercial Incubator	-	3,000	3,000
<u>Education</u>			
4.1 Classrooms	1,000	3,500	2,500
4.2 Library (Reading Room / Archive)	2,500	2,500	-
<u>Gathering</u>			
5.1 Lobby / Event	2,500	4,000	1,500
5.2 Support	900	900	-
5.3 Childcare	1,000	1,000	-
<u>Commercial</u>			
6.1 Market	-	20,000	20,000
<u>Administrative</u>			
7.1 Office	3,950	4,950	1,000
Total Net Sq Ft	45,100	112,900	67,800
Grossing Factor	1.6	1.6	
Total Gross Sq Ft	72,160	180,640	108,480



## Site Options Overview

Based on market research, consultation, and our site visit to Houston, AEA drafted an initial set of criteria for ALMAAHH to use in determining the most appropriate direction forward. The areas of Houston considered as potential locations for ALMAAHH and evaluated as part of the site options analysis included:

- Gulfton / Sharpstown
- Midtown
- Museum District
- East End
- Astrodome

After analysis, the East End of Houston emerged as the primary area of focus for the future ALMAAHH – though the matrix tool developed can continued to be deployed to assess future options that may emerge.

### Analysis Criteria

- 1) Alignment to space plan
- 2) Accessibility
- 3) Urban prominence – opportunities to appeal to tourism
- 4) Connection to other cultural / gathering spaces – i.e. “not in isolation”
- 5) Affordability
- 6) Opportunity to leverage Latino cultural practices that are reflected in urban places and spaces such as plazas, mercados, and community murals and parks – all of which can express the intersection of history, cultural identity, and placemaking (“Latino Urbanism”)
- 7) Future development opportunities
- 8) Connection to Latino history in Houston
- 9) “Steering” future growth and mitigating impacts of gentrification



# Preliminary Capital Cost Projection

## Phase 1

Type of Space	Square Feet in Phase I	Assumed Cost per Square Foot
Performance A	7,450	\$ 1,400
Gallery	8,000	1,000
Culinary Arts	3,500	1,000
Event	2,500	800
Studio / Creative Space	8,300	800
Education	4,500	600
Office	3,950	500
Workshops / Support	6,900	500
Other Interior	27,060	300
Playground	2,000	\$ 200
Plaza	20,000	150
Other Open Space	43,560	100
Total Phase I Hard Cost		\$ 54,569,000
Soft Cost Allocation	30%	16,370,700
Total Phase I Hard + Soft Costs		\$ 70,939,700

### Notes

- Capital costs are presented in 2024 dollars and do not include any allocations for escalation – given the uncertainty around forward timeline
- Projections are based on benchmark costs per square feet derived from AEA Consulting’s Cultural Infrastructure Index as well as market research on current general construction costs in Houston – given the lack of a design at present. Specific design decisions – massing, materials, etc. – will impact the costs required.
- Projections include cost for equipment
- Projections at left exclude cost for land acquisition
  - Sites at the scale suggested for Phase I in the East End (see page 50) would currently be expected to cost between \$5.0 million and \$7.5 million
  - Sites that would accommodate the long-term vision would be expected to cost \$12 million to \$18 million

The full long-term vision would be projected to cost \$155 million, in 2024 dollars (note this includes the cost for Phase I identified at left – the incremental cost would total \$84 million)



Projected Operating Financials

\$ in 000's	1	2	3	4	5
<b>Income</b>					
Gallery Admissions	3,120.0	2,470.0	2,600.0	2,600.0	2,730.0
Event Admissions	480.9	486.2	701.7	997.4	1,172.4
Membership	790.0	790.0	790.0	790.0	790.0
Educational Programming	75.4	76.0	81.7	81.7	81.7
Dinner Series	5.6	9.4	13.7	18.7	24.3
Café	56.2	53.9	55.6	56.8	57.5
Rentals	298.4	322.6	375.8	359.8	359.8
<b>Total Earned Income</b>	<b>4,826.5</b>	<b>4,208.0</b>	<b>4,618.5</b>	<b>4,904.5</b>	<b>5,215.7</b>
<b>Expenses</b>					
<u>Program Expenses</u>					
Exhibition & Collection Costs	850.0	877.0	1,507.1	1,540.7	1,578.2
Library	96.6	91.6	91.6	91.6	96.6
Artist Residency	61.1	61.1	61.1	104.2	104.2
Performance Programming	254.4	264.1	388.5	518.3	605.5
Education Programming	112.5	158.0	203.6	203.6	203.6
Community Events	10.0	10.0	30.0	30.0	30.0
<b>Program Expenses</b>	<b>1,384.6</b>	<b>1,451.8</b>	<b>2,251.9</b>	<b>2,458.3</b>	<b>2,588.1</b>
<u>General &amp; Administrative Expenses</u>					
Salaries	3,058.0	3,053.0	3,193.0	3,244.5	3,244.5
Benefits	764.5	763.3	798.3	811.1	811.1
<b>HR Expenses</b>	<b>3,822.5</b>	<b>3,816.3</b>	<b>3,991.3</b>	<b>4,055.6</b>	<b>4,055.6</b>
Facilities	390.9	390.9	390.9	390.9	390.9
Utilities	304.9	304.9	304.9	304.9	304.9
Insurance	215.2	215.2	215.2	215.2	215.2
Security	514.0	514.0	514.0	514.0	514.0
<b>Building Expenses</b>	<b>1,425.1</b>	<b>1,425.1</b>	<b>1,425.1</b>	<b>1,425.1</b>	<b>1,425.1</b>
Marketing	312.7	375.2	375.2	375.2	375.2
Development	339.5	339.5	482.1	482.1	482.1
IT	194.7	194.7	194.7	194.7	194.7
Other Admin.	932.3	946.7	1,080.1	1,113.3	1,128.4
<b>Other Expenses</b>	<b>1,779.1</b>	<b>1,856.0</b>	<b>2,132.1</b>	<b>2,165.3</b>	<b>2,180.4</b>
<b>Total G&amp;A Expense</b>	<b>7,026.7</b>	<b>7,097.4</b>	<b>7,548.5</b>	<b>7,646.1</b>	<b>7,661.2</b>
<b>Total "Cash" Expense</b>	<b>8,411.3</b>	<b>8,549.2</b>	<b>9,800.5</b>	<b>10,104.4</b>	<b>10,249.2</b>
<b>Capital Expenditure / Reserve Fund</b>	<b>709.4</b>	<b>709.4</b>	<b>709.4</b>	<b>709.4</b>	<b>709.4</b>
<b>Free Cash Flow Surplus/ (Gap) Before Fundraising</b>	<b>(3,584.8)</b>	<b>(4,341.2)</b>	<b>(5,182.0)</b>	<b>(5,199.9)</b>	<b>(5,033.5)</b>
<b>Potential Fundraising mix</b>					
Target Annual Fundraising	3,584.8	4,341.2	5,182.0	5,199.9	5,033.5
<b>Surplus/(Gap)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

In the base operating year (year 3) for Phase 1, after elements of the operating model have stabilized, ALMAAHH is projected to have \$9.8 million of operating expenses, with associated earned revenues of \$4.6 million. A total operating gap of \$5.2 million is projected in the base year base case, to be met through some mix of annual contributed income, draws from an endowment, and additional support from auxillary activities.

More details around the assumptions behind these calculations are in the full report.

Phase 2: Long-Term Vision

\$ in 000's

"Steady State" Income Statement	
Income	
Gallery Admissions	5,560.0
Event Admissions	1,575.4
Membership	1,050
Educational Programming	357
Dinner Series	31
Restaurant	806
Rentals	830.1
Total Earned Income	10,210.5
Expenses	
Education Programming	494.6
Performances	798.1
Artist Residency	136.8
Exhibitions	7,983.1
HR Expenses	4,676.3
Building Expenses	2,991.7
Other Expenses	2,895.1
Total Operating Expenses	19,975.7
Operating Income / (Loss)	(9,765.2)
Capital Expenditure / Reserve Fund	1,546.9
Free Cash Flow Surplus / (Gap) before Fundraising	(11,312.1)

For Phase 2’s projected operating financials, we developed a snapshot of the organization’s “Steady State” or Year 3. This assumes the expanded campus has been open for three years; therefore, there are new spaces open for use and rentals, more programming, and more staff. Depending on ALMAAHH’s fundraising and resourcing, this period could be shortened or extended.

In Year 3 of Phase 2, ALMAAHH will have \$10.2 million in earned income, and almost \$20 million in operating expenses. This would result in a \$9.8 million operating gap before fundraising. With an additional \$1.5 million of capital expenditures/reserve fund, the operating gap before fundraising would be approximately \$11 million.

More details around the assumptions behind these calculations are in the full report.

Operating Details

Annual Number of Events

Phase 1

	1	2	3	4	5
Exhibitions	1	1	2	2	2
Educational Programs & Community Events	491	491	492	492	492
Rentals	276	276	276	276	276
Productions	8	9	12	12	13
Library Events	11	11	11	11	11
Total Events Per Year	787	788	793	793	794
Approximate number of events per week	15	15	15	15	15

Phase 2: Long-Term Vision

	Stable Year
Exhibitions	3
Educational Programs & Community Events	690
Rentals	501
Productions	18
Library Events	15
Total Events Per Year	1,227
Approximate number of events per week	24

Projected Attendance

Total projected attendance for Year 3 of Phase 1: 244,813

	Year				
Type of Event	1	2	3	4	5
Culinary Classes	980	980	980	980	980
Art Classes	30	45	60	60	60
Other Classes	15	30	45	45	45
Lectures/Readings - Local Author	300	300	300	300	300
Lectures/Readings - Literary Famous Author	1,000	1,000	1,000	1,000	1,000
Lectures/Readings - Big Name	300	300	300	300	300
Festivals/Community Events	300	240	320	320	320
Gallery Visits	252,000	199,500	210,000	210,000	220,500
Productions	8,520	8,730	11,030	13,620	15,020
Partner Event "Rentals"	2,220	2,220	2,220	2,220	2,220
Rentals	14,946	16,075	18,558	18,558	18,558
Total Attendance	280,611	229,420	244,813	247,403	259,303



Note: More details around the assumptions behind these calculations are in the full report.

# Key Risks & Mitigating Strategies

### Raising Sufficient Capital

While ALMAAHH has already been generating support from key players in Houston through its Board members and relationship with foundations such as Houston Endowment, opening a new space of this scale with the necessary staff and resources is a challenging proposition, even for pre-existing well resourced organizations.

### Site Selection & Availability

Selecting a site that aligns with the desired criteria identified by the Board will be key to ensuring ALMAAHH is set up to succeed; delays in identifying and acquiring such a site will also have impacts on the timeline to opening. This could be somewhat mitigated by alternative models – for example, a hub and spoke model could open up opportunities for ALMAAHH to have a presence in other areas of the city, if desired, while reducing the scale of site required.

### Strong Leadership

Ensuring a best-in-class experience requires experienced, intelligent people who lead with understanding and integrity, and who will be able to bring excitement and creativity to the stories being told at ALMAAHH. Bringing these people onboard the team is a critical component to maintaining credibility and trust with the broad range of audience members and stakeholders involved.

### Marketing & Audience Development

High quality programming needs to be supported with a robust, multi-channel marketing strategy for educational programming, performances, events, general admissions to the gallery, and rentals.

### Community Support

Creating compelling programs that speak to what the Latino community in Houston, and wider local and regional audiences are looking for, requires clarity around the desired audiences and being in active relationship with those people ALMAAHH wishes to engage.

### Competition

As a new player in Houston's cultural ecosystem, ALMAAHH will need to ensure that it has a robust program calendar that offers activities and events outside the core offer.



# Delivering Impact

### Economic Impact

While economic impact is highly dependent on the underlying assumptions of where people are coming from, going to, and where dollars are spent (dollars spent in the community will have a different impact than those spent in the region, which in turn would have a different impact to those spend internationally), it remains a helpful guide to be able to highlight the impacts of cultural projects in similar terms to those that drive other infrastructure or government spending projects. **Based on the base case outcomes, ALMAAHH would deliver an annual economic impact of over \$22.8 million** – this includes both direct spending by the organization, as well as spending of its audiences

### Social Impact

Social impacts of ALMAAHH's work should also be considered alongside economic impacts – as the holistic value cultural projects provide can help them stand out in comparison to other opportunities. Impact from ALMAAHH's programs are likely to include:

- **Promotion of a vibrant cultural ecosystem**
- **Creating a more equitable and inclusive city**
- **Entrepreneurship and workforce development**
- **Growing focus on innovation and creativity**
- **Support for health & wellness**

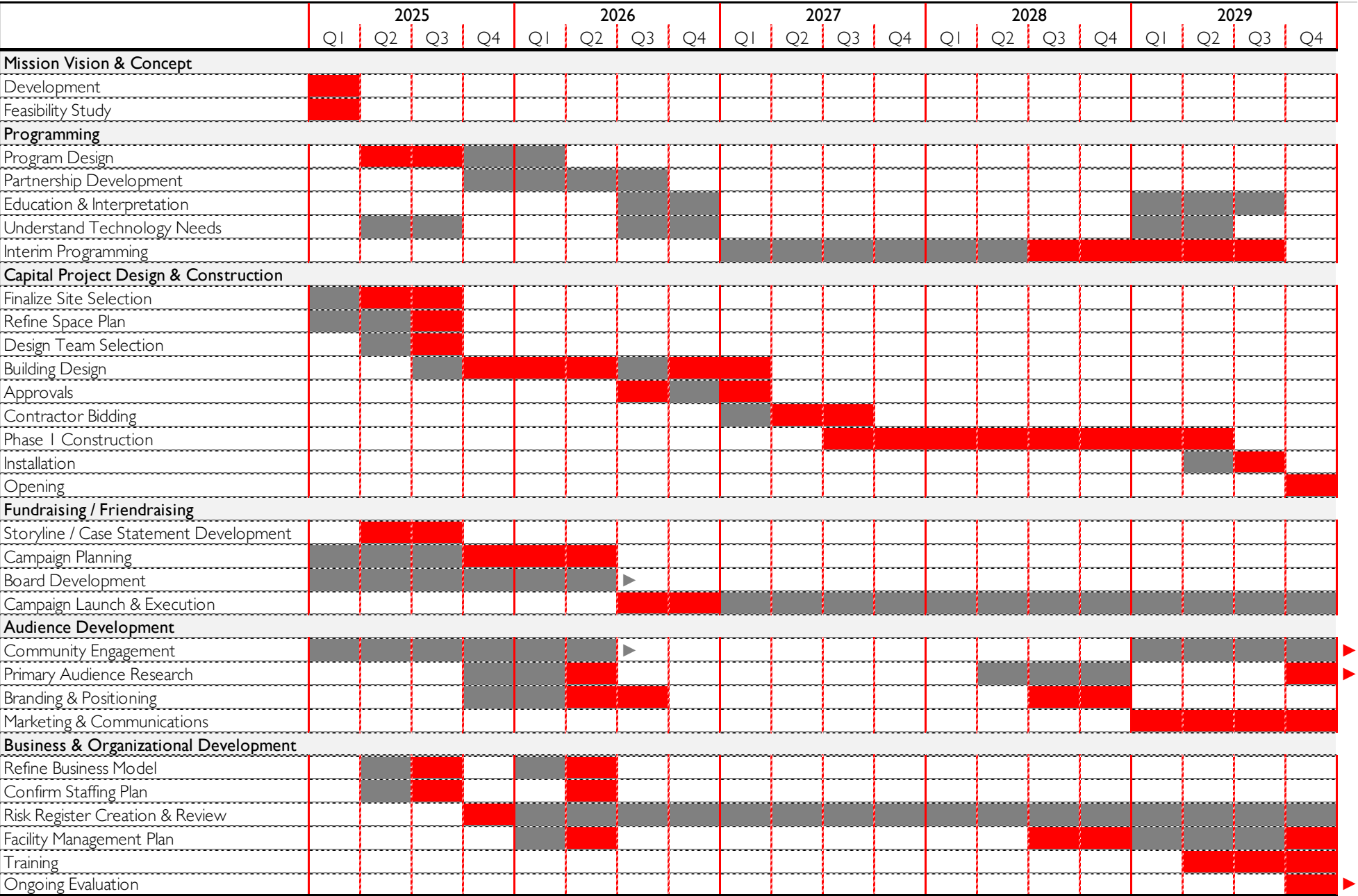


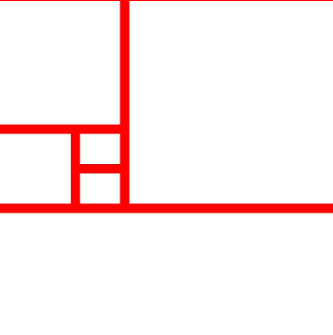
# Project Phasing & Development

## To Phase 1 Opening

The timeline at right outlines the key steps in the future development of ALMAAHH. **This timeline would result in ALMAAHH Phase I opening in fall 2029** – approximately 4.5 years from the delivery of this report. While the traditional critical path of construction project management may suggest shorter deliveries are possible, there are key steps around organizational development and (most importantly) fundraising that truly enable cultural projects to move forward.

*Plans for future phases of construction would be developed after ALMAAHH's initial phases of operation.*





**AEA Consulting**

