

Downtown properties acquired for \$5.9M

Proposal being shaped for new construction, residential atop retail

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SANTA CRUZ — Santa Cruz land-use consultant Owen Lawlor has a new vision for downtown properties two blocks from the Kaiser Permanente Arena.

His idea is to put up a four-story building with ground floor retail topped by three floors of apartments catering to tech workers looking for an urban car-free lifestyle.

"We're at the early stages of analyzing the site and feasibility," he said, noting that the project would require demolition of existing buildings and take several years. "We'll have more information in a few months."

Devcon Investments LLC, based in Milpitas, acquired the properties last month from two longtime owners for \$5.9 million.

"We see them more as a long-term investment," said Bret Sisney, vice president at Devcon Construction, who said Lawlor had the buildings under contract and assigned the contracts to Devcon Investments.

Haber Brothers LLC sold the building at 812 Pacific Ave., which houses the Salvation Army thrift store, for \$4 million.

Cesarina Brown sold 305 and 309 Front St. and 806 and 810 Pacific Ave. for \$1.9 million. Occupants include Holiday Muffler & Brake and Kabul Palace restaurant.

Property taxes are going up, Sisney said, noting the sales prices matched a recent appraisal.

Devcon is looking for a tenant to move into the space vacated by Santa Cruz Glass & Gift, which closed in June. The asking

PROPERTY

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rate is \$1.50 per square foot triple net.

The acquisition did not include 802 Pacific Ave., where Taco Bell is located. That property is controlled by the heirs of Henry Baum, a retired San Francisco real estate agent who died in 2008.

Lawlor said it could make sense to acquire the Taco Bell property along with a small parking lot adjacent to Taco Bell and owned by the city.

"We've had discussions with city staff," he said.

He has been working for a developer proposing an 58-unit affordable apartment complex at 350 Ocean St., which won a \$5 million

ON THE NET

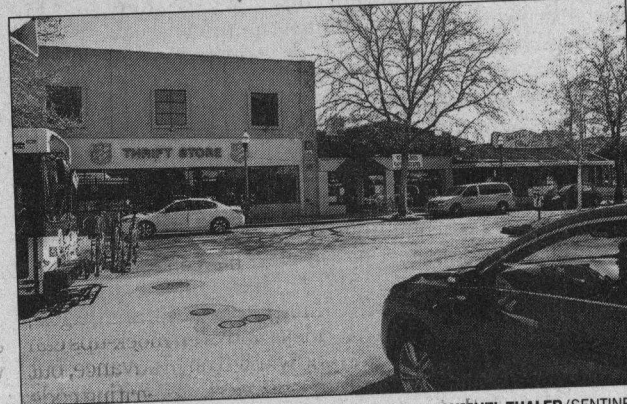
To view a video of the downtown properties proposed for development, visit santacruzsentinel.com and click on this story.

state grant a few weeks ago.

Lawlor, a graduate of UC Santa Cruz, sees the local economy getting stronger.

He noted the Lau property, a vacant lot on Pacific Avenue, has been sold, the Walnut Ave co-housing development nearing completion, a 16-unit condo complex with ground-floor commercial under construction at 220 Laurel St.

Tech startups that launched in co-working spaces downtown are looking for office space to expand.



SHMUEL THALER/SENTINEL

Planning for development of the former Haber property on Pacific Avenue has begun.

"We're 35 miles from the most vibrant economy in the world," Lawlor said, referring to Silicon Valley. "That's beginning to have an effect in Santa Cruz."

Joe Heller, a real estate agent at American Dream Realty in Pleasure Point and

a former lender, said, "Commercial property is hot right now. The lending has eased up. We're seeing investors jump back in."

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