

# Upscale housing plan

\$1,200-a-month apartments proposed on Pacific Avenue

BY PAUL ROGERS  
Mercury News Staff Writer

Hal Morris, who knows a bit about stories, is gambling that post-earthquake Santa Cruz will be a best seller.

As he watches Pacific Avenue evolve from a disaster area into a vibrant cultural center, the former bookseller predicts that well-wheeled college students, urban professionals and financially in-

dependent elderly people will pay up to \$1,200 a month rent for a two-bedroom apartment in downtown Santa Cruz.

Last week, Morris and his wife, Barbara, submitted a building application to the Santa Cruz Planning Department for a rare animal: a market-rate housing project on Pacific Avenue.

In the three years since the Loma Prieta earthquake, 290

units of low-income housing have been built or are under construction along Pacific Avenue. Government loans have helped finance the St. George Hotel, Palomar Inn, and the Gualarte and El Centro projects. Office buildings also have received some private bank loans. But not one unit of housing for middle- or upper-income residents has been built.

See DOWNTOWN, Page 2B

Artist's sketch of market-rate housing project proposed by Hal and Barbara Morris to replace their quake-damaged Plaza Books building.



cal • Wednesday, March 31, 1993

## Upscale apartments proposed on Santa Cruz's Pacific Avenue

### ■ DOWNTOWN

from Page 1B

"There are plenty of people with financial resources to support the downtown," Morris said. "We believe there's a shortage of good quality apartments."

The new building would replace the Morris' 1908-era Plaza Books building at 1111 Pacific Ave., lost to the quake.

Like nearly all other rebuilding projects in downtown Santa Cruz, the plans call for retail shops on the ground floor. But unlike the rest, the Morris' project would feature 16 upscale apartments above the stores.

The project would be four stories high.

Half the units would be one bedroom, rented at \$600 to \$700 a month.

The others would be two bedrooms, with kitchens, living rooms and dining areas on one level. Bedrooms would be upstairs. Balconies would overlook Pacific Avenue. Going price: \$900 to \$1,200 a month.

There were no chic condominiums or apartments on Pacific Avenue before the quake. Most buildings were old; owners saw the plumbing, structural and electric improvements required for conversions as too costly.

City officials now say they would welcome nice apartments or condominiums on Pacific Avenue.

"People who can afford market-rate housing can generally afford to be consumers and spend their money downtown," said Redevelopment Director Ceil Cirillo.

"It's also evidence of the desirability of Pacific Avenue and therefore acts as a catalyst for attracting additional investment."

Two other property owners are considering market-rate housing. Last week, Michael O'Hearn proposed to the city council building 14 to 18 condominiums near the Town Clock at Mission Street and Pacific Avenue. No plans have been submitted for approval, however. And Randall Kane, owner of the Catalyst nightclub, gained approval last April for a three-story building with 10 market-rate apartments between the Catalyst and Johnny's Sport Shop. He has yet to break ground.

Fueling hopes is the University of California, Santa Cruz. The university is scheduled to expand to 15,000 students by 2005, up from the current 10,000 enrollment. Growth will bring 600 more faculty members and more than 1,000 new staff.

A study done in 1991 by the

Santa Cruz Association of Realtors found that UC-Santa Cruz people, childless professional couples and well-off elderly residents all could boost demand for market-rate housing downtown.

A \$15 million project with 250 units "has a great chance of being successful," the study concluded.

There are problems, however.

Because of federal regulations, blanket statewide lending policies and slow progress rebuilding, banks have been reluctant to lend money to any project downtown, including "mixed use" apartment schemes.

Parking also is a concern. The Morris' project has no parking site. Special permits for city streets would be necessary.

Then there is the question of Santa Cruz itself. Morris and city planners envision a bustling downtown village with software companies, unique stores and tony restaurants lining Pacific Avenue. But some potential renters may worry about the homeless problem and other social issues.

The Morris project will come before the city zoning board in mid-May. A council vote is expected by summer.

Now that most of Pacific Avenue's low-income housing is complete, say many leaders, there is a growing need to balance it with more offices and upscale housing.

"It helps avoid the stigma that downtown is a low-income place to live," said Councilwoman Cynthia Mathews. "I'm glad to see the commitment. This is the puzzle piece that's been missing so far."