

Hotels and Boarding Houses

SANTA CRUZ

Seaside Co. buys La Bahia; Hilton project dead

By PAUL BEATTY
and JOAN RAYMOND
Sentinel Staff Writers

SANTA CRUZ — Owners of the Boardwalk announced Friday they are buying the La Bahia apartments on Beach Street at price of "over \$2 million."

The sudden acquisition of the 58-year-old apartment building by the Seaside Co. will block plans by a Sacramento developer to build a \$20-million Hilton Hotel there.

The sale of the property is in escrow, said Seaside Co. President Charles Can-

field Saturday.

As late as Thursday, a local agent for Thomas Underly of Sacramento was trying to get financial backers to keep the Hilton project alive.

Underly's local agent, Richard Rahders of Thacher and Thompson architects, said Saturday, "I know from personal contact with lenders that he (Underly) was very close in trying to put something together. If given enough time, he would have done it. Apparently, the (property) owners must have grown impatient."

The Seaside purchase came "as a sur-

prise," Rahders said.

Canfield said, "We were approached by the Realtor saying there were a couple other people bidding, and that made us take a real hard look at it. They accepted our offer. It's come to us quite rapidly."

The Spanish-style La Bahia, a former resort hotel turned apartment building, contains 46 units. Tenants pay rents from \$300 to \$500 a month.

Canfield said, "For the time being, it will remain as an apartment building. We're not throwing anybody out. We will evaluate the rent structure; I'm not sure

how the whole complex is operated."

The La Bahia is the second large acquisition by Seaside Co. in the Beach Street area in a slightly more than two years.

In January 1984, the company bought for an undisclosed price the 250-room Casa Del Rey retirement home on the corner of Beach and Cliff streets.

Residents were told at the time of the purchase by the company they would have a home there for at least the next five years. Canfield said the company has done a lot of renovation of the hotel since the

purchase.

He said the La Bahia — showing its age in plumbing and heating problems —, also will be renovated.

"I think we've demonstrated our good faith by what we have done at the retirement hotel. I feel very good about our position in the community," Canfield said.

Owning the La Bahia and Casa del Rey is nothing new to the Seaside Co. The Boardwalk owners built both landmark buildings — the Casa del Rey in 1911 and the La Bahia in 1926.

"I am frankly glad to see the La Bahia

in local ownership, because I think local ownership means a lot more accountability to local people," commented Mayor Mardi Wormhoudt Saturday. "The Seaside Co. built the La Bahia so it should have some sense of the La Bahia's historical value to the community."

She said company officials have "assured me no one is going to get displaced."

The La Bahia, with its once-elegant courtyards and terraces, is listed on the city's Historic Building Survey. Demo-

Please see back of section

La Bahia

Continued from Page A1

lition, as had been proposed by Underly, would have to be approved by the City Council on recommendation of its Historic Preservation Committee.

Opponents of the Hilton project included residents of nearby Beach Flats, who fear pressure for development would march from the Hilton site to their neighborhood, pushing them from their homes.

Supporters of the Hilton saw it as a potential magnet for increased tourist dollars in the beach area and would create needed jobs.

Underly worked for months to create a financially attractive project that could win approval at City Hall. His project faced several obstacles: it was contrary to existing land-use laws, and was opposed by beach residents and historical preservationists.

Seaside's purchase ends the Hilton controversy.

Reportedly, La Bahia's owners were asking \$2.5 million. It is owned by a group of investors with former La Bahia Manager Harry Stutz holding the mortgage. Stutz sold the property to the investors in 1979 for \$1.6 million.

Also interested in buying the property were foreign investors, according to Stutz, and the tenants themselves.

Canfield said Seaside has not drawn up long-range plans — at this time — to tie together its three beachfront properties.