

RF Watsonville - Growth

RP

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Main Street, motel developers ask for more time

Two developers with Watsonville projects asked the City Council for permit extensions last night, saying that they are having trouble getting financing for their projects.

One of the developers is Barry Swenson, who has proposed a commercial building in the 200 block of Main Street. The property was acquired by the city as a redevelopment project and sold to Swenson under a special arrangement. It has sat, empty, for years.

The original development agreement was made in August 1988. Last October, Swenson asked the council for a one-year extension. He said he was having trouble getting financing because lenders were requiring that a high percentage of leases in the future building already be in place. While a number of businesses had expressed interest in the building, Swenson's company had not been

able to get enough to make a firm commitment.

At that time, Swenson's company hired another agency to do a more intensive marketing campaign to attract businesses to the project. Last night, project manager Lisa Bullen said even with the extra help, the developer hasn't been able to sign up enough tenants.

Before they granted the extension in October, several council members said they were frustrated with Swenson's inability to put something on the lot. Last night, city staff recommended that the council give Swenson a six-month extension but that the development agreement be renegotiated.

Staff also placed several conditions on the extension, including a requirement that some type of vegetation be placed on the lot to

prevent dust from blowing around.

Bullen said the company couldn't agree to that because "it was cost-prohibitive at this point."

The council voted to postpone the matter so that the builder and the city could work it out.

Dick Bernard, the vice chairman of Main Street Watsonville - A Downtown Association, an organization formed to revitalize the downtown, urged the council to take strong action with Swenson.

"To say there is some impatience among our members about the Swenson project is an understatement," he said.

Pointing out that Swenson is doing quite well with projects elsewhere, he said, "there is a resentment that we are being diddled with."

The council did grant an extension of the permit for a proposed 100-room motel and conference

center at 821 Airport Blvd.

Larry Vosti, one of the project owners, told the council that he, like many developers around the country, was having trouble getting financing for the project. The permit extension would buy the project some time. Because the project is in the Coastal Zone, any further extension would require another coastal permit and a public hearing.

The hotel, which is being proposed by Triad Associates, which also owns the Capitola Inn, was approved by the council in February over the objections of some pilots who said it is too close to the airport.

The council voted unanimously to extend the permit one year.

-Chela Zabin