

Hotel may replace Capitola Theater

Escrow expected to close soon on village property

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CAPITOLA — New owners are poised to take charge of the historic Capitola Theater, and city leaders have high hopes for the future of the oceanfront site. Again.

The hope is that the new owners — whose names were withheld by those involved in the transaction until it is completed — will demolish the now-empty theater and build a 50-room boutique hotel with a small convention facility.

Plans in the mid-'90s to build a hotel at the site were put on hold because of community concerns, but city leaders say the new hotel plan is likely to succeed because of the project's scaled-down size and support from the business community.

The Capitola Theater is owned by a San Jose-area couple, Papken and Claire Der Torossian, who operated the theater as a nonprofit opera house from 1996-2005. The theater now goes mostly unused.

Ticket sales were only covering a third of the operating costs, and in January 2005, the couple decided to sell after it became too costly for them to maintain.

The couple said they received offers for more than \$6 million, but they

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Theater

Continued from Page A1

aren't selling it for cash. Instead, they are exchanging it for properties in the San Francisco Bay Area.

Escrow on the oceanfront property on Monterey Avenue is expected to close in six weeks, the current owners said.

They said the next owners are well-known builders. The Der Torossians said they will likely remain small investment partners.

"We were very concerned about what was going to happen to it," Papken Der Torossian said.

Norton says the city hopes to partner with the new owners to expand the parking lot by City Hall, about a mile away from the Capitola Theater, to accommodate hotel visitors.

A shuttle or valet service would be made available.

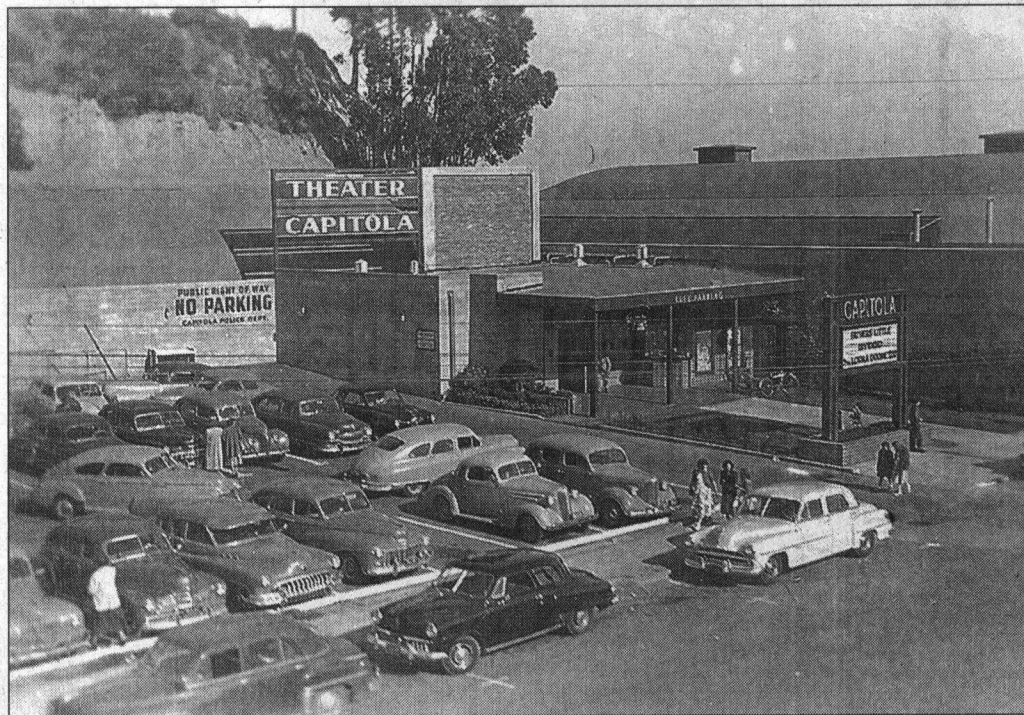
Norton noted that a hotel would generate sales tax for the city.

Councilman Kirby Nicol, who also supports the project, said a hotel is really what the city would like to see happen on the Esplanade.

"Historically, that's what has been down in that corner of the village," Nicol said.

Before the 500-seat theater opened in 1948, the land was home to the 160-room Hotel Capitola, which burned in 1929.

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Contributed photo

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To move the project forward, a conceptual plan needs to be presented to the city. The public will be given a chance to voice any concerns.

Councilman Mike Termini envisions an aggressive timeline for the project.

"I'd like to see those folks breaking ground in a year," he said, ready for business in summer 2008. "This could be it."

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Dan Coyro/Sentinel

Capitola Theater has been sold yet again, and city leaders hoping to put a hotel on the site.