

# Cooper House subsidy shrinks

Cooper House 7-30-98 SJmn

Hoping to kick-start long-delayed project, city offers \$950,000

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A few years of delay have proved costly for the man who would rebuild what was once the crown jewel of Santa Cruz's Pacific Garden Mall before the 1989 Loma Prieta earthquake shook the district to ruin.

Three years ago, when the empty lots of earthquake-razed buildings abounded downtown, Santa Cruz officials offered a subsidy worth about \$1.3 million to jump-start reconstruction of the Cooper House, the district's centerpiece. But this week, with downtown largely rebuilt and thriving, the city's renewed subsidy offer dipped to the equivalent of \$950,000.

"The times are different," Councilwoman Cynthia Mathews said. "This is no longer the one big building we're counting on."

The city subsidy for the new Cooper House project, an \$8 million, five-story Mediterranean-style building at Pacific Avenue and Cooper Street, is still, however, the most generous offer yet downtown.

City council members, acting as the redevelopment agency, approved the deal Tuesday night with

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## Cooper House subsidy OK'd

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developer Jay Paul in the interest of seeing the project finally get under way. The vote was 4-1, with Mayor Celia Scott dissenting and councilwomen Mary Beth Campbell and Katherine Beiers absent.

"This project is going nowhere if it doesn't happen quickly," Councilman Mike Rotkin said.

The city agreed to waive "parking-deficiency" fees for 188 spaces for 10 years. Those fees are normally required of developers when buildings do not have on-site parking, requiring employees and customers to use the city's parking garages. The city also agreed to pay for approximately 80 parking permits for 10 years and to reserve up to 140 permits. The subsidy is worth about \$95,000 a year, the approximate amount of net taxes the project is expected to contribute to the city.

In 1995, the city agreed to pay parking-deficiency fees for 188 spaces for 10 years, to pay for 188 parking permits for 10 years and to reserve 280 permits. That offer expired in January.

Paul appealed to the redevelopment agency Tuesday to renew the deal, supported by a number of construction and labor representatives.

"I know this has been a long process and there have been some false starts," Paul said. "I believe the Cooper House will make a unique contribution to the character and economy of the city and provides justification for this request."

Scott, who voted against the original subsidy offer, remained opposed because she considered it too generous and unfair to other developers. Other council members argued that the redevelopment agency is not bound to making equitable offers to every developer. The redevelopment agency agreed to add a provision that the project not in-

clude tenants that will directly compete with existing businesses.

Paul has blamed delay in breaking ground on an inability to pre-lease the project, a typical requirement of lenders. He appeared ready to move forward last year, but a tentative deal with high-tech giant Cisco Systems to anchor the project fell through.

In a letter to city officials this month, Paul said he is prepared to break ground next month thanks to a financing arrangement that will not require any pre-leased tenants. That promise was predicated on maintaining the city's earlier subsidy offer. But Redevelopment Director Ceil Cirillo said Paul indicated he could still move forward with the lower subsidy offered this week.

"He seemed to be OK with it," Cirillo said.

If Paul does not begin building by Sept. 30, his project approval will expire and he will have to start over.