

*'We are just in this morass with everybody else in the development business.'*

ROSSANA BRUNI, BROOKS PROPERTIES



The old Lau property on Pacific Avenue is still half hole in the ground, half vacant lot.



The former Sentinel building on Church and Cedar streets remains unoccupied.

# Waiting is the hardest part



Dan Coyro/Sentinel

Work continues on the Rittenhouse Building on Pacific Avenue, now draped in black netting.

## Economic downturn slows downtown development

By GENEVIEVE BOOKWALTER  
SENTINEL STAFF WRITER

SANTA CRUZ — After waiting nearly two decades for something new to rise on the empty dirt lot next to LuLu Carpenter's on Pacific Avenue, city residents will have to wait a little longer.

A hard economy is taking its toll on

developers, and the condominiums that were scheduled to break ground in October on that lot have been postponed, said Rossana Bruni, chief financial officer of Brooks Properties, the firm in charge of the property.

"We are just in this morass with everybody else in the development business," Bruni said. "We're waiting for a clear

signal that it's the right time to move ahead."

That means that almost 20 years after the Loma Prieta earthquake shook down the former home of Bookshop Santa Cruz and Santa Cruz Coffee Roasting Co., the hole that was left could remain just that

See DOWNTOWN on PAGE A4

## Downtown

Continued from Page A1

until at least 2011 — the year Brooks Properties must break ground or the city's project approval will expire.

The situation there is emblematic of the problems that others are already facing downtown. For Bruni, the signals she's waiting for include steady housing prices and lenders who are not as wary of handing out money to housing developments after watching condo prices fall over recent years.

"It's not because Brooks Properties aren't strong enough or Santa Cruz isn't a strong enough market, but the lenders aren't strong," she said.

She's not the only one having issues downtown, either.

At the Rittenhouse building, on the corner of Pacific Avenue

and Church Street, two years of construction should wrap up within the next month, said owner Louis Rittenhouse. But the 69,000-square-foot, four-story building doesn't have one confirmed tenant, a situation Rittenhouse also blames partially on the economy.

"I certainly think it's adding to the challenge," Rittenhouse said.

The new building has room for a 14,000-square-foot retail outlet on the ground floor — enough for a small department store or pharmacy — and more than 55,000 square feet for offices on the top three floors.

At the old Sentinel building on the corner of Church and Cedar, which the newspaper vacated last November, Sheldon-Wiseman Commercial Properties, which is managing the building, hasn't found a tenant either.

There, partner Steven Sheldon said they also would like to

lease the bottom floor to a retail shop and the top floor as office space. He does have some leads, he said, and hopes an interested tenant will sign the dotted line next month.

Even then, though, remodeling will be necessary on the inside and outside of the building, and a new resident wouldn't move in until next spring, Sheldon said. He declined to comment on who might lease the space.

Although business might be slow now, Rittenhouse said that, in the long term, he's not too worried. Pacific Avenue is a prime location, and the economy has always bounced back before.

"I don't think it's going to be the end of the world," Rittenhouse said. "I've been around long enough to have seen this stuff before."

Contact G. Bookwalter at 706-3286 or gbookwalter@santacruzsentinel.com.