

Porter Sesnon may be headed for foreclosure 13-year development effort by Ry Kelley may be over

By LANE WALLACE
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Ryland Kelley may soon lose the 72-acre Porter Sesnon property in Aptos he's been trying to develop a hotel on for 13 years.

Unless there are unforeseen complications, the 99-year lease on the property will be offered at a foreclosure sale on the steps of the county courthouse in Santa Cruz Dec. 28, said bankruptcy attorney Glen Williams this morning.

Unless somebody comes up with about \$3.5 million to purchase the land, it will be taken back by First Nationwide Bank, which holds the first mortgage.

If the bank takes over the lease, there are several steps ready to be taken to turn the land into a state park.

State Sen. Henry Mello said yesterday he plans to sponsor a bill that would provide state funds for the state Parks Department to purchase the lease. The land is across Highway 1 from Cabrillo College, overlooking the ocean, and would link Seacliff and New Brighton state beaches, Mello said.

The property is also known as Wingspread, the name of Kelley's proposed 468-unit hotel.

Several years ago, Mello introduced a bill that secured state funding for purchase of the Porter Sesnon property, but no agreement could be made on price. Mello said he wouldn't advance his

new bill until the lease changes hands.

The state was unable to reach an agreement on purchase, and the funds were eventually allocated to other state projects.

Friends of Porter Sesnon, a group opposing development of the site, would work with the state and the bank to make the site a park, said group spokeswoman Vickie Powell-Murray.

A foreclosure sale was first scheduled two years ago, but Kelley made various efforts to get new financing for the project.

Earlier this year, attorney Williams said, Rich Kelley, Ryland's son, said he would put profits from the Greenfarm housing development in Soquel toward the Porter Sesnon project.

The deadline set by the bankruptcy court for the Greenfarm money passed without any money coming in, Williams said.

Kelley had built up some \$13 million in debt on the Porter Sesnon property, and investors, other than the bank, will lose their money when the lease is foreclosed.

Kelley has been trying to develop the 72-acre site since he acquired a 99-year lease on it from the University of California in 1979.

Conference Associates, Kelley's firm, at first proposed a 468-unit

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hotel complex, which would have included a performing-arts center.

The proposal drew support from the arts community but a lot of opposition as well from opponents who said the project was too big.

In 1988, county voters rejected the 468-unit proposal in an advisory vote. Kelley then scaled back his plans to a 197-unit complex, without the performing-arts center.

There was no formal vote on the 197-unit proposal, but county planners said it was still too big. Kelley then proposed 130 units and delivered plans to the county, but without a formal application.

Mello brought the Porter Sesnon issue up yesterday at a meeting of local state legislators and Santa Cruz County supervisors. He reminded supervisors that they had pledged \$1 million toward the purchase when the state had its money allocated.

The state had allocated \$5 million for purchase before, but Mello said he expects the land could be secured for \$3 million or less now.

Ryland Kelley could not be reached for comment this morning.