

Hotels and Boarding Houses 1-31-85 G-T La Bahia Developer Seeks Local Support

Underly meets with civic leaders today

THE MAN who wants to convert La Bahia Apartments into a luxury hotel says he'll have a better idea of his chances to do so after meeting today with civic and business leaders and a representative of La Bahia's tenants.

Sacramento developer Thomas Underly's project has been on unstable ground since the planning commission denied a zoning change he says is essential to make his hotel and convention center profitable. His chances for getting loans for the project have been iffy since then.

But "my lenders would love to do the project," Underly said Wednesday. "And if the city and the people want to cooperate, we can still work it out." Underly said he wants to get "a handle on the feelings of city residents and politicians toward building a major hotel in Santa Cruz." He'd like to take his potential lenders the message that people here support his project.

A majority of councilmembers have said they are in favor of initiating a text change that would allow Underly to put more rooms in his \$20 million hotel than present law allows. Residents of La Bahia and the nearby Beach Flats oppose the hotel plans.

The council will hold a hearing Feb. 12, after which it will decide whether to send a new text change proposal to the planning commission for consideration.

Local project coordinator Dick Rhaders, of Thatcher and Thompson Architects, said he is "guardedly

optimistic" that Underly will close the purchase of La Bahia. "We received a telegram from the lenders saying they were interested in proceeding with the deal," said Rhaders. "Once the property is purchased, we will be able to finish the design work and then be able to answer specific questions concerning the hotel's impact."

Tenants of La Bahia are opposed to the project because they would lose their low-cost housing. Underly plans to meet with Mary Thuerwachter, managing attorney for the Housing Law Center and representative of the tenants.

"If they tear down La Bahia it means 46 families will be on the street," said Thuerwachter. "I don't see any room for compromise, but I'm certainly willing to talk." •

- Bruce Yeager