

# Two hotels start construction

Hyatt Place in Santa Cruz, Lexington in Scotts Valley tap same financier

By Jondi Gumz

igumz@santacruzsentinel.com  
@jondigumz on Twitter

**SANTA CRUZ** » Two multimillion-dollar hotels are sprouting up in Santa Cruz County, and a third is expected, reflecting the industry's strong post-recession comeback and bringing jobs to the still struggling construction sector.

The 106-room Hyatt Place in Santa Cruz is a \$25.4 million project and the 128-room Lexington Hotel in Scotts Valley is a \$21.1

**On the Net:** To view videos at the two hotel sites, visit [www.santacruzsentinel.com](http://www.santacruzsentinel.com) and click on this story.

million project, according to Kelly Ryan of CDC Small Business Finance, which arranged for financing with Aileron Investment Management of Florida.

Tourism is a key part of the local economy, and more visitors lured to enjoy beaches and giant redwoods are staying overnight.

The occupancy rate for the

3,600 rooms in the county was 63.6 percent in 2014, peaking in July at 83 percent three years straight, according to STR, which tracks the industry. The average room rate is up from \$116 in pre-recession 2008 to \$135 last year, according to STR.

The Hyatt Place is going up at 407 Broadway in Santa Cruz, a block from Ocean Street, the main route to the beach. This will be the first hotel with the Hyatt name in the county.

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A \$25 million Hyatt Place hotel is being constructed on Broadway a block from Ocean Street in Santa Cruz.

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The developer is California Coastal Resorts, headed by Tejal Sood and her family, who operate the Hampton Inn on Ocean Street and the Comfort Inn on Riverside Avenue.

Hogan and Pinckney of Scotts Valley is the general contractor.

Current work is focused on the underground parking garage after December rain, which put the development a little behind schedule.

Project manager Stephanie Howard hopes construction will be complete by the end of 2016, but there is no rush to meet a specific deadline.

"It takes as long as it takes," she said. "It's a unique project."

Developer Anatol Shliapnikoff of Merced Hospitality is building the Lexington Hotel at 5030 Scotts Valley Drive, next to the Scotts Valley Car Wash.

This will be the first hotel built by general contractor Juan Perez of La Selva Beach. For 30 years, his company, JP Construction, has specialized in custom homes.

Perez estimates construction will take about 16 months, if everything goes as planned, and create about 150 construction jobs.

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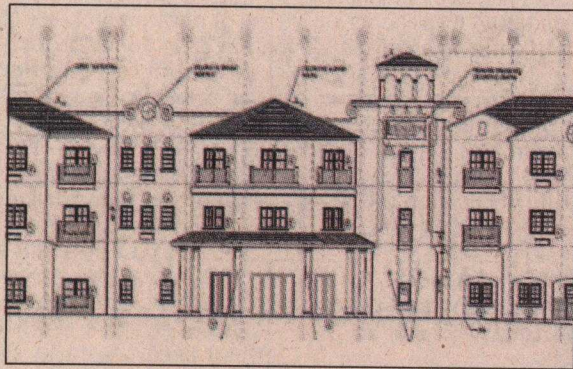
Perez was on the job site at 5 a.m. Sunday to assist PG&E crews who came to relocate electrical lines located in the building footprint.

Framing could start in three weeks, accord-



PHOTOS CONTRIBUTED

Rendering of what the Hyatt Place will look like when completed.



Rendering of the Lexington Hotel will look like when finished.

ing to Perez.

Durden is the paving contractor; the framer and the firm for the concrete work have not been selected.

Both hotel owners took advantage of SBA-504 "Green Energy" financing by committing to install solar panel systems.

The third hotel to be built is La Bahia, 165 rooms at 215 Beach St. across from the Santa Cruz Beach Boardwalk,

replacing a complex built in 1926 now serving as rental apartments.

The property owner is Santa Cruz Seaside Co., which operates the Boardwalk. The developer is Craig French of

French Resources Group.

Karl Rice of the Seaside Co. said the focus is on exploring partnerships, investors, lenders and operators for the hotel, developing a budget for the project, with a construction start being "optimistically mid-2016."