

SHMUEL THALER/SENTINEL FILE

A worker in February 2007 digs around the historic Redman House, which had been raised off of its foundation as part of efforts to renovate the 19th century farmhouse and transform it into a Pajaro Valley visitors center.

Redman House foundation \$2 million in the hole

Historic Houses - South County

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WATSONVILLE — The group trying to restore the historic Redman-Hirahara farmhouse off Highway 1 has filed for Chapter 11 bankruptcy.

It was either that, or go into foreclosure, said those who are trying to restore the house and turn it into a visitors center to tell the history of the Pajaro Valley.

Built in 1897 and vacant since the 1989 Loma Prieta earthquake, the battered home that's visible off Highway 1 at West Beach Street would have been foreclosed on Tuesday, the same day bankruptcy papers were filed.

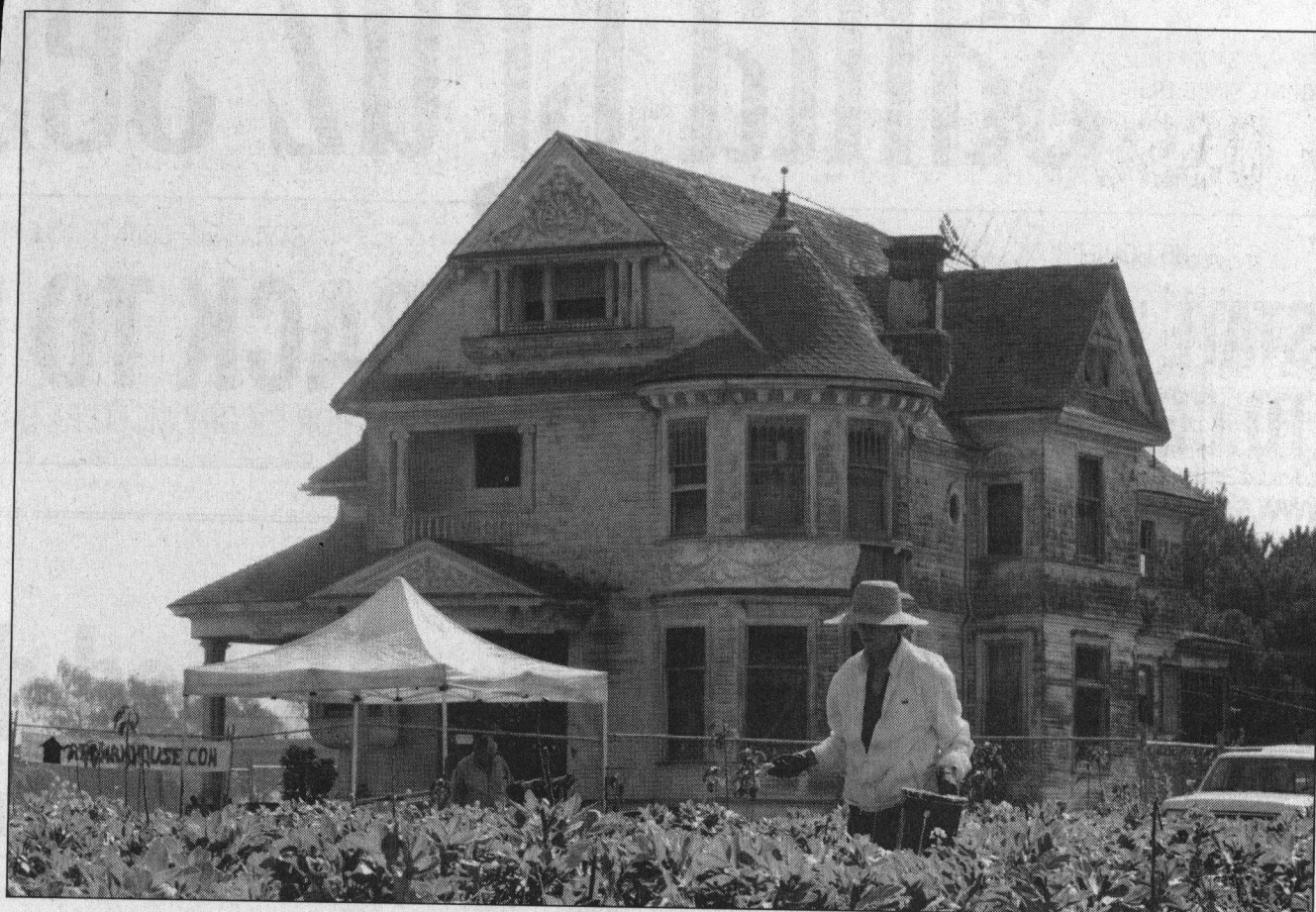
At the 11th hour, the Redman-Hirahara Foundation stopped the clock by filing papers asking a judge to allow them to reorganize.

In 2005 the foundation purchased the 14-acre property for \$1.9 million. That was less than the \$2.4 million the property owner, Green Farm LLC of Santa Cruz, was seeking.

But an appraisal last year revealed the property wasn't worth either price, according to the foundation.

"The property should not be valued at such an appraised value because it's zoned as agriculture," said Dean Cooley, foundation board member, as he noted that the two higher prices were

SEE REDMAN ON A2



KATE FALCONER/SENTINEL FILE

The Redman-Hirahara House is located just off Highway 1 near Riverside Drive in Watsonville. The foundation working to renovate the house as a visitor center filed for bankruptcy Tuesday.

REDMAN

Continued from A1

based on assumptions that the property would be commercially developed. But that kind of development is not in the property's future.

"We had it reappraised a year ago and it was \$945,000," Cooley said. "That's significantly lower than \$2.4 million."

The lower appraisal "became an issue with the board," Cooley said.

In February 2008 the foundation began trying to renegotiate the property's price.

While the mortgage holder — Green Farm LLC of Santa Cruz — has agreed to knock a couple hundred thousand off the purchase price to \$1.5 million, that's still about \$200,000 out of the foundation's price range.

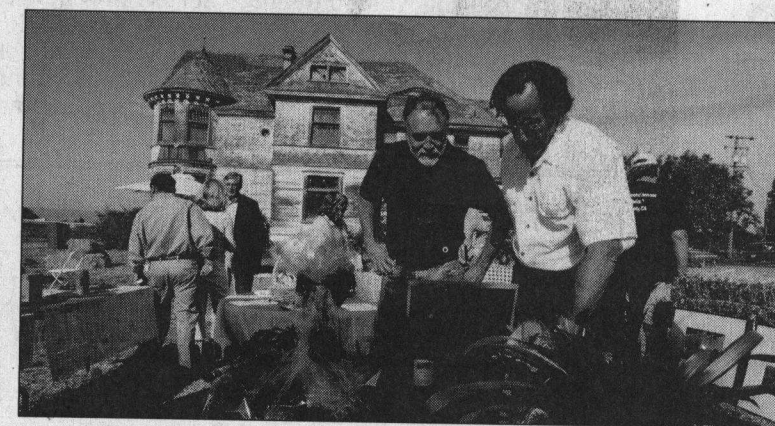
"We paid twice as much as it's worth," said Barbara Powell, foundation board member. "We either need to get out of the mortgage or try another route. Our mission is the house not the mortgage."

When the foundation began the renegotiation process last year, it stopped making its mortgage payments.

So, not only does the foundation owe for the property, it also owes \$68,000 in back taxes to the county.

"We thought we could get a welfare exemption to lower the taxes," Powell said.

But the foundation did not qualify and has since



The future of the once grand Redman-Hirahara house on West Beach Street in Watsonville is in jeopardy as the foundation that bought it has filed for Chapter 11 reorganization.

KATE FALCONER/SENTINEL FILE

FOUNDATION CREDITORS

GREEN FARM LIMITED PARTNERSHIP: \$1.7 million
MARK FREDERICKSON: \$240,000
MICHAEL GARAVAGLIA: \$5,200
RJL INC (FRESNO HOUSE MOVERS): \$56,000
SANTA CRUZ COUNTY TREASURER-TAX COLLECTOR: \$68,000
TOTAL: \$2,069,200

SOURCE: U.S. Bankruptcy Court

worked out a payment plan with the county, she said.

The bankruptcy means the foundation's other creditors will have to wait for a judge to determine its fate. Including back taxes and the mortgage, the foundation owes more than \$2 million.

This is the third time a community effort is under way to save the Redman-Hirahara property, whose

Queen Anne Victorian style house was designed by famed architect William Weeks for the family of James Redman, who grew sugar beets.

In the 1930s the Hirahara family bought and tended the farm. During World War II the family was in an internment camp. While in the camp, the Watsonville community pulled together to keep the farm going, even paying the property taxes. After the war ended and the Hiraharas returned home, they opened their residence to local Japanese families who had lost their homes.

Currently, the farm is home to High Ground Organics, which grows organic vegetables, strawberries and apples on the property.

The foundation is asking the community to pull together again to save this piece of history.

Whether the bankruptcy goes through or not, both Powell and Cooley hope an investor will come forward, buy the property, then lease back four acres of it to the

foundation to carry on with its mission.

While the house looks like it could collapse at any moment, it's actually in "beautiful shape," Cooley said.

"It's mostly intact and restorable," he said.

So far, most of the work the foundation has done has been engineering and adding the property to the state and federal historic places lists. In 2007, the house was lifted in preparation for a new foundation to be poured. That has yet to happen.

Complete restoration of the house could cost up to \$4 million, Cooley said.

The rest of the project, which includes building other buildings and exhibits for the envisioned visitor and cultural education center, could cost \$12 million to \$15 million to complete during the span of several years, Powell said.

A U.S. Bankruptcy Court meeting between the foundation and creditors is set for 10:30 a.m. April 15 at the Federal Building in San Jose.