

Beach Area

'Unrealistic' Appraisal To Be Overridden By URA

By Jack Rannells

Santa Cruz urban redevelopment agency last night decided to override an "unrealistic" re-use appraisal which virtually would kill the proposed \$9 million beach rehabilitation project.

The unfavorable report of E. S. Merriman and Son of San Francisco will be included in the data supplementing the preliminary project plans, to be filed with federal authorities in San Francisco by August 31.

However, URA Director Olin Carl White said a letter will be included explaining that the agency believes the appraisal is invalid.

"The agency will follow this up with documentation indicating the correct values," White said.

He said that federal authorities, notified of the complication, have indicated that this procedure will be acceptable.

Merriman was to make a projected appraisal of the prices the agency might expect for cleared, improved land in the redevelopment area, bounded by Cliff and Beach streets and the San Lorenzo river.

The report set this at about \$2 million for housing and parking lot development. A proposed 4.1-acre commercial development was described as economically infeasible.

White was openly dissatisfied with the report.

"It is unrealistic in light of current values," he said. "They have set re-use prices below the current land values."

White said the agency expects to pay \$2.8 million for land acquisition and a total of about \$6 million including structures.

"We would need re-use sales of \$3.5 million to make the project justifiable locally," White said. They city would have to make up one-third of net project losses with non-cash credits or direct financing.

"We have reliable figures to show that re-use in the area should be at least this high," White said.

He said the agency has had tentative offers for both proposed parking and rental zones for twice the Merriman projection figure.

Preliminary data of the Pacific

planner's marketability—or supply and demand—analysis indicates a bright future demand picture for both types of development in the area. It indicates that 4.1 acres may be excessive for the proposed commercial hub.

"Merriman didn't incorporate any of these considerations in the study and findings," White charged.

He challenged the basic Merriman approach as incorrect.

"There was nothing from 1958, 1959 or from the project area in the comparable analysis," White said.

Comparables used to justify the re-use appraisal were for Beach Hill and areas north of the San Lorenzo river during the years 1955-57.

The URA director said he was at a loss to explain the appraisal procedures.

He proposed that Merriman be required to make the report "realistic." No official action was taken, but the redevelopment agency apparently concurred.

White said the local staff would "tear the Merriman report apart page by page. We will update it with current sales figures and accrued land values since 1955-57," he said.

White said he had discussed the situation at length yesterday with Jacob Schroll, appraiser and site representative of the federal Housing and Home Finance agency.

"He told me that they have had similar situations arise with appraisals by out-of-town firms," White said. "I don't think Merriman grasped the unique circumstances of the beach area," he added.

If the proposed beach project gets state and federal approval, it will come back for public hearing and city council approval this fall.