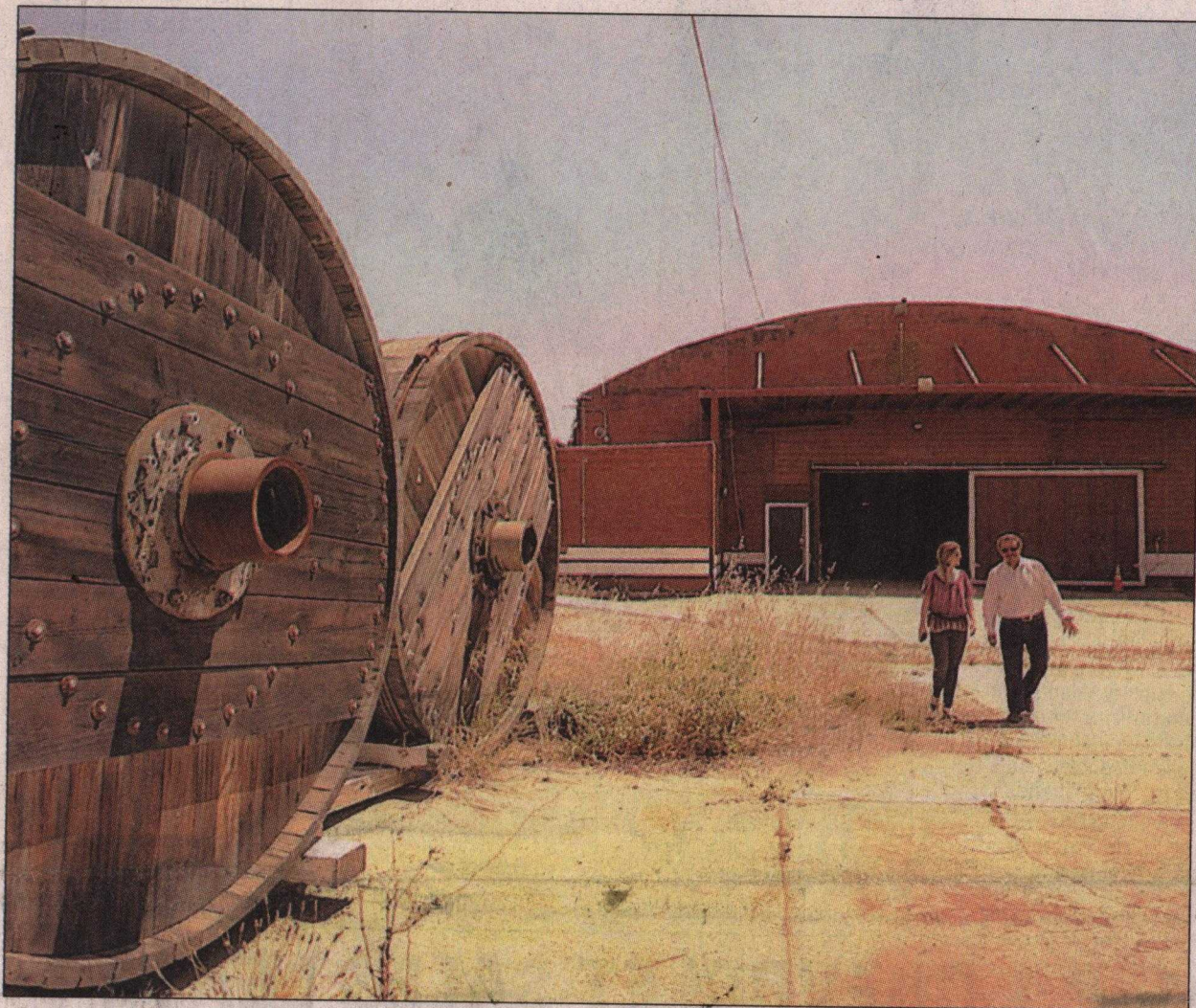


TAXMAN COMETH

ARTSPACE DISPUTES COUNTY TAX BILL

Tannery owners argue property restrictions lower value by more than half



The former Salz Tannery leather storage building will be rebuilt as the Performing Arts Center, with an impressive entrance incorporating the large leather tumbling drum at left. DAN COYRO/SENTINEL FILE

by JASON HOPPIN

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SANTA CRUZ — Artspace Tannery, the Minneapolis-headquartered company that manages live-work lofts at Santa Cruz' Tannery Arts Center, doesn't think the place is everything it's cracked up to be.

The Tannery has become a community focal point and will soon be home to a state-of-the-art performing arts center. But Artspace Tannery recently asked the county for a big break on property taxes, arguing that stiff government restrictions on how property could be used there lowers the value of the lofts and the land by more than half.

"Artspace is not trying to get out of paying any taxes," said Bill Parkin, a local attorney representing the company, which has an 80-year lease on the property. "That's not what they're trying to do. They're just trying to get the restrictions accounted for."

In 2003, the city's former redevelopment agency paid \$6 million to Salz Tannery for the land, which was polluted in parts and is still subject to environmental restrictions. The city later added several limits that curtail the type of activity there.

"They cannot turn it into a major for-profit center," Parkin said. "It is really just for arts."

The property that became the lofts consists of six



SHMUEL THALER/SENTINEL FILE

Adrian Flores works on the roof of the Kron House, as it was being renovated at the Tannery Arts Center on River Street.

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SHMUEL THALER/SENTINEL FILE

The Tannery Arts Center is one of the properties owned by the Redevelopment Agency.

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parcels, which the county values at \$2.6 million, a figure based on the 2003 sale price.

Citing its own property assessment, Artspace Tannery argues the land is worth

\$1.1 million.

State law does require county assessors to take into account any restrictions on a property. For example, conservation easements that rule out future development will lower the value of property — and its owner's tax bill — which can make them desirable for property owners.

Artspace Tannery

appealed the county's findings to the county Assessment Appeals Board. In March, the board sided with the county, upholding the \$2.6 million valuation.

"We support the assessment appeals board's determination," County Assessor Sean Saldavia said.

Artspace Tannery recently appealed its tax bill to the coun-

ty Board of Supervisors anyway. Supervisors unanimously denied the claim this week.

That clears the way for a possible lawsuit over the issue, but it isn't clear yet whether Artspace Tannery will pursue one.

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