

La Bahia Hotel Plans Suffer Major Setback

Architects likely to appeal planning commission decision 1-16-85 G7

ARCHITECTS of the proposed \$20 million Beach Street hotel/convention center say they were uninformed about last week's public hearing before the planning commission at which their request for relaxed density requirements was unanimously denied.

As a result, they say their proposal didn't get a fair hearing, and will likely appeal the decision to the City Council. Their deadline to do so is Monday.

However, their appeal may also fail, as the council is leaning toward agreement with the commission. Members are split 3-3 on the issue, with progressive councilmember John Laird the only one waiving comment this week. Laird, however, generally trusts the judgement of subcommittees such as the planning commission.

The commission's move was a major setback for Sacramento developer Thomas Underly, who was unavailable for comment this week. However, the decision was seen as a victory for residents of the area, who expressed fears that conversion of the La Bahia apartments on Beach Street to a major hotel convention center would lead to the elimination of low-cost housing in the Beach Flats.

Underly wants to build a 210-room hotel, possibly a Hilton. Without a zoning change, the hotel must conform to a density of one room per 500 square feet. The project had a proposed density of one room per 290 square feet.

Without that room density, the hotel would not be profitable, and the proposal would fall through, said

Dick Rahders, spokesperson for Underly's architects, Thatcher and Thompson of Santa Cruz.

Commissioners rejected the density change largely because of the neighbors' opposition and lack of compelling testimony in favor of the hotel. Commissioners also said there was good reason to limit the hotel's density.

"Had we known about the meeting, we would've sent someone from our office," Rahders said. "Unfortunately, it turned out to be one-sided."

The city advertised the hearing in the Sentinel, and GOOD TIMES reported the upcoming meeting in its Dec. 13 issue.

"If we appeal the decision, we would probably try to lump it together with a design review," Rahders said. "If councilmembers and the public could see the plans before the zoning decisions are made, it may help answer a lot of questions."

If Underly gives up the project, one owner of La Bahia said he may appeal the commission's decision and develop his own plans for a major hotel on the property.

La Bahia presently provides low-rent housing to 46 households.

Mary Thuerwachter, an attorney with the Legal Aid Society/Housing Law Center, said "current ordinances call for (financial) assistance for low-income people who are displaced, but there is no place in this town for them to go."

Under a city ordinance, a developer must pay relocated residents two months' rent, Thuerwachter said.

"We had asked that the density requirements be deleted from only one zoning district, which basically runs from the Boardwalk to the wharf and the block behind," Rahders said. "But for some reason the planning commission included another district which encompasses the Beach Flats. We never intended for the Beach Flats area to have its density restrictions lifted."

"The neighborhood opposition was very strong. It seemed to me that there was no compelling public support for the hotel," said Mayor Mardi Wormhoudt.

Because the zoning changes would result with the displacement of families from La Bahia, councilmember Jane Weed said she would probably uphold the planning commission's decision.

Councilmember Mike Rotkin said he too would probably vote against the zoning changes. "My leaning would be in support of the planning commission," he said. "What makes

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Hotel

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Santa Cruz unique is that our beach is not overcrowded with hotels."

But conservative councilmember Arnie Levine said he would bend over backwards to let the project go ahead. "The neighborhood opposition would probably affect some members of the council, but I would weigh the project on its own individual merit," he said. "We need a first-class hotel if we hope to increase the tourist trade."

Councilmember Spiro Mellis also strongly supported the proposal. "If the hotel maintained a year-round occupancy rate of 75 percent with an average room price of \$75, the transient occupancy tax would bring the city \$400,000 annually," he said.

Councilmember Katy Sears-Williams said she favors bringing a

major hotel into the city and moving the tenants out of La Bahia.

"I don't think leaving people in substandard housing is humane," she said. Sears-Williams said the city could build low-cost, multi-story units downtown.

In spite of the setback, Underly is still in negotiations for the property, though he may have only until Tuesday to secure financing for it, said realtor Harry Stutz.

The price for the hotel is \$2.5 million, according to Stutz, who is handling the transaction. Underly may be unable to receive financing if he cannot convert it into a major hotel, he added.

"Underly has already invested well over a \$100,000 in earnest monies and architectural fees which he now stands a good chance of losing," he said.

—Bruce Yeager

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