

Local banks wouldn't loan money for Mansion House

By KEN McLAUGHLIN

The renovation of the 109-year-old Mansion House is the first rehabilitation project in the downtown. When the project's developers, Hoffman and Associates, wanted a loan for the project, they had hoped to get it from a local bank to make it as much a "community project" as possible.

They got turned down by every bank in town.

They were eventually able to finance the \$1 million renovation through the Bank of America's branch in Concord, which loaned \$530,000. (The remainder was made up by investors.)

Now Hoffman and Associates is seeking \$350,000 in government-guaranteed loans for building a restaurant on the first floor of the historic structure. The firm says it has to go through the SBA because of the currently tight money market, which makes regular commercial loans difficult to get.

"I very much hope that we can get the loans from a local bank this time around," Roger Hoffman said Thursday.

With the help of the newly formed Watsonville Area Development Corporation (WADC), Hoffman and Associates is trying to get \$250,000 from the U.S. Small

Business Administration "502" program. In addition, the firm is seeking a \$100,000 "direct" loan from the SBA, under the agency's "7A" program.

If all goes well, the restaurant should be open by June 1.

The WADC board of directors decided to involve the corporation in the project after a long discussion last week. One member of the board, George Kypuros of La Coalicion, dissented, arguing that the directors were not following proper procedure in approving the loan request.

Kypuros said he supported the application, yet wanted to make sure that the board wasn't setting a precedent in approving an application without loan criteria or a loan committee. The criteria and the committee should be set up first, Kypuros argued, and the public should be given notice about the loan program.

But the rest of the board indicated it was tired of bureaucratic delays holding up revitalization of the downtown.

"I put the motion (to approve the loan application) on the floor because I thought we should get the ball rolling on revitalization," director Mario Carabarin explained this morning.

Carabarin said that Hoffman and Associates indicated that the firm was operat-

ing under time constraints and couldn't afford the delay. So, he said, the board decided to whittle away the bureaucracy.

"It's a good project and it should spark other revitalization projects in the downtown," said Carabarin. "My attitude was, 'Let's do it.'"

Among the other arguments that directors set forth in favor of the project were:

- Six new businesses are going to be located in the Mansion House. (Professional offices will occupy the second and third floors.)

- Six existing businesses will expand and relocate in the Mansion House.

- About \$21,000 a year would be generated in property taxes. Of that amount, \$18,000 will go into the city's redevelopment kitty, which in turn will be used for other revitalization projects.

- About \$90,000 in sales tax would be generated. Of this \$14,000 will go to the city.

- Between 55 and 60 new jobs will be generated by the restaurant alone. All of the jobs, restaurant operator Bob Wacker has promised, will go to local people. (The exceptions are the operator and the chef positions.)

Under the arrangement approved by the board, the WADC will supply 7½ percent of a \$250,000 loan. The investors will put up 2½ percent. A bank will put up 90 percent, and 90 percent of the bank loan will be insured by the federal government.

Of the \$18,750 supplied by the WADC, all of it eventually will be paid back — with interest — to the corporation. The money will then be used for other projects.

Abstaining from voting and not taking part in the discussion was Monte Lewis, the president of the WADC. Lewis pointed out that he had invested in the Mansion House and that his son Mike is an associate with the project.

The restaurant will seat 200 people (70 in an outside courtyard area). Its motif will reflect the "heritage of the Pajaro Valley," according to Hoffman and Associates.