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Fourteen years after the Loma Prieta earthquake, holes remain where two buildings toppled. The owner of some of the moribund property, Ron Lau of Santa Cruz, has had several plans for the site fall through since 1990. The city, which wants somebody else to develop the land, gave Lau 55 days to work out another plan.

Pacific Ave

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# SURPRISE DEVELOPMENTS BY SANTA CRUZ OFFICIALS

By David L. Beck  
*Mercury News*

The Santa Cruz Redevelopment Agency agreed Tuesday to buy the former Salz tannery for \$6 million so it can be converted into an arts center.

It also endorsed a housing-and-retail development plan on Pacific Avenue that will, in the words of its developer, "fix a hole in the heart of downtown."

The agreement with Salz was no surprise, although the price — less than half the original asking price — and the speed at which the agreement was reached were unexpected.

But the potential deal on Pacific Avenue is a shocker. It involves the place where, on Oct. 17, 1989, the former Bookshop Santa Cruz toppled in the Loma Prieta earthquake and crushed the former Santa Cruz Coffee Roasting Company, killing two people.

The principal property owner there, Ron Lau of Santa Cruz, was "one of the very first to come in for rebuilding in 1990," redevelopment chief Ceil Cirillo said Tuesday.

But Lau's 1990 plan and later ones all fell through. Although Lau said Tuesday he is close to another deal, the agency ac-

cepted a competing proposal. Going forward with any deal not proposed by Lau could require using eminent domain to acquire his property — something the city and agency have not contemplated in the 14 years since the Bookshop Santa Cruz fell.

Lau has time to submit a plan of his own, but that time is limited. If the agency dislikes his plan or considers it inadequate, it could go ahead with the competing one.

The area being contemplated for the

The Salz purchase wasn't unexpected, but its speed and price were. On Pacific Avenue, officials endorsed a plan that may involve seizing property — a move they haven't contemplated.

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# SANTA CRUZ | Plans for 2 projects

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Pacific Avenue project includes a small piece owned by the redevelopment agency — where the coffee company was — and a small city-owned parking lot behind Pacific.

The developer, Bolton Hill, envisions 50 to 60 condos, with stores on Pacific and two levels of parking in back on Cedar Street. Lau's latest plan, which finds him teamed up with Barry Swenson, Ron Beardslee and Dan Floyd, is for a 60-room boutique hotel.

Lau said one reason for his long delay has been his interest in "green" technology, including solar power and water reclamation. He said his new partners have come around to his way of thinking.

## City skeptical

The city council members — who also act as the redevelopment board — were skeptical about Lau's sudden agreement the day they were entertaining another proposal. They voted unanimously for the Bolton Hill plan, noting that Lau could still win the day with a workable proposal in the allotted 55 days.

Norman Schwartz, the head of Bolton Hill, wasn't entirely happy about the nearly two-month delay, which can be stretched if the board wishes. "We'd prefer to get going," he said. "But it's your call."

The Pacific Avenue sites are concrete holes decorated



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Developer Bolton Hill's Pacific Avenue plan envisions condos, stores and parking. Property owner Ron Lau's plan calls for a hotel.

with murals. The hole on Lau's side includes a poem about opposing the system.

The tannery property is about a half-mile away, on Highway 9 near Highway 1. One of Santa Cruz's oldest businesses, Salz dated to 1856 and even when it closed in 2001 was still the largest — perhaps the only — tannery west of the Mississippi.

The redevelopment deal is for \$1 million up front and the remainder in three years, with interest payments of 5 percent. Cirillo said she hopes to refinance after three years.

A key element is cleaning up pollution left by almost 150 years of harsh tanning chemicals. Salz, which has been working on it for two years, is

obligated to spend up to an additional \$750,000 on the cleanup. If it costs more than that, the agency has the option of canceling the deal, although more likely is that buyer and seller will work out a deal to share the remaining costs.

The guiding plan for the tannery was created by Art-space, a Minneapolis developer that specializes in non-profit housing, often in historic buildings. Five buildings from the Salz complex will be retained and rehabilitated.

Including new construction, the complex will have 102 affordable live-work spaces for artists; 126 artist studios; offices and other facilities for arts-related groups that are now scattered throughout the

county; dance studios and two small theaters; gallery space; a sculpture garden; and an extension of the riverside bike path from downtown Santa Cruz.

A key component is a park-and-ride lot that will be shared with a new Metro bus system complex adjoining the tannery on the north. That lot will be available to the arts center at night.

In addition to mortgages, the financing for the \$34 million project will include federal and state tax credits. The Artspace scheme called for the community to raise about \$5 million from private sources.

## Waiting to be built

The Lau space is one of two downtown sites that have remained unbuilt since the 1989 earthquake. The other is at Church and Pacific, where former Councilman Louis Rittenhouse received city approval in May 2001 to build four stories of offices and stores. The weedy site is unchanged since then.

Among the tenants who would be displaced by a project on the Lau space are Asian Rose, an inexpensive restaurant, and Oswald's, an expensive eatery often called the city's best. According to city records, it is owned by Eric Lau, Ron Lau's son.

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