

WATSONVILLE -  
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# 200-block developer reconsidering housing

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Developer Barry Swenson said this morning he had not completely ruled out the possibility of including housing in an office and retail complex he has planned for the 200 block of Main Street across from Watsonville City Hall.

Last week Swenson had sent a letter to the Watsonville City Council that appeared to reject

the council's request that he include housing in the 34,000-square-foot project.

But in an interview this morning, Swenson said there were two things that would be necessary before he would agree to adding the housing.

First, he said, he needed to find financing for the project, something that would be difficult because "conventional lenders won't loan money for that type of

project (mixed commercial, retail and residential use). It doesn't fit their normal loan portfolio."

Secondly, he said, he needed to be convinced that such a project would be financially feasible. One of the reasons lenders don't like to finance mixed retail and residential projects is because they have a high rate of failure, Swenson said.

Swenson said he's also concerned with getting the project

built soon. If he went along with the original design, construction could begin in April.

If those concerns could be met, he would not be opposed to putting housing in, he said.

"If (financing) could be available in a hurry and if the project is economically feasible, I probably would go principally to housing with a little bit of retail," he said. The retail space remaining could then be used for "service-oriented" businesses that would be more compatible with housing.

Swenson said there may be other financing sources available for the project if it includes housing, including some put in place because of the earthquake. He'll be taking the next "week or two" to look into them, he said.

"You hear about these things, but often they're never really there," he said.

In the past, Swenson said, he's found so many conditions on the financing when it comes from less conventional sources like government agencies, that the project gets bogged down and "I always end up wishing I'd never done it," he said.

Swenson figures the tenants in a downtown housing complex would probably be low-income elderly people, younger singles or students. The project would have

to be able to work with the tenants paying low rents, he said.

Swenson said he's been involved "on a real preliminary basis" with some of the discussions about developing a plan for rebuilding downtown and that he would consider, for example, changing design plans to fit an overall architectural scheme if one should be decided on.

While he supports the idea of downtown business people and landowners working together to redevelop the downtown, "more often than not, the odds are against doing anything like that very rapidly."

Getting buildings up and businesses back in business is critical to keeping the downtown from dying out, he said.

Swenson, who has a special interest in restoring old buildings, also said he's waiting for FEMA funds before beginning work on restoring the Porter Building

downtown and that he wants to rebuild the St. George Hotel in downtown Santa Cruz as near to the original design of the building as possible.

The Santa Cruz hotel is so badly damaged that it would be impossible to restore it to today's earthquake codes, Swenson said. But it wouldn't be difficult to duplicate the building, and that's what he said he'd like to do.

As far as use of the building, Swenson said his first choice would be to find a department store to move in to a rebuilt St. George building, which would "anchor the whole city." He said he's been talking to a number of different department stores about the possibility.

If it turns out that the hotel is returned to its old use as a single-room-occupancy hotel, the rooms can be remade as they were with improvements for lighting and insulation, he said.

He also said that rents for those rooms could remain about the same as they were before the earthquake.

REFERENCE

WATSONVILLE  
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