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## **More Downtown Properties Slated for Improvements** *Redevelopment Agency business improvement program motivates property owners to renovate and retrofit empty buildings*

*San José* ---Improvements on seven vacant unreinforced masonry buildings at two locations in the heart of Downtown's historic commercial district will soon be underway as a result of yesterday's action by the San Jose Redevelopment Agency Board to authorize negotiations of "owner participation agreements" with the property owners.

Once the agreements are finalized the Agency will invest \$5 million for extensive seismic retrofits to address potential health and safety hazards and facade restoration. Work on both sites is expected to begin next spring.

"Downtown property owners are stepping up to the plate to fix up their buildings," said Councilmember Cindy Chavez whose district encompasses the Downtown. "Public and private investments and new Redevelopment programs are encouraging housing developers, retailers, and existing property owners to renew their investment and revitalize the heart of our City."

Six of the buildings, located at 27-37 Fountain Alley and 28-40 E. Santa Clara Street, are owned by the Barber Trusts in partnership with Kotansky Properties Inc. They will be rehabilitated to restore the buildings' historic architectural features.

The owners propose to add a third story to the Santa Clara Street buildings and estimate the total cost of the rehabilitation project to be approximately \$8 million, with a \$3 million grant from the Redevelopment Agency.

Most of the buildings were constructed in the 1880s, with the 27-29 Fountain Alley building—a City Landmark—built circa 1899. The upper floors have been vacant since the 1950s, and the ground floor spaces have not been tenanted for almost three years.

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“We are confident that our partnership with the San Jose Redevelopment Agency will result in a successful project and reenergize Fountain Alley and Santa Clara Street,” said Bernie Kotansky, managing partner of Kotansky Properties Inc.

The facade on another historically-significant building located at 83-91 South First Street owned by Green Valley Enterprises will also be restored. Known as the Porter Stock Building, the structure was built in 1867 and once housed the San Jose Mercury News. It has been vacant since 1989.

GVE anticipates construction costs to be approximately \$2.3 million, which includes an Agency grant of \$2 million. GVE owns Barry Swenson Builders, which has rehabilitated other San Jose historic buildings including the Security and Letitia buildings on First Street.

Recently the Agency began negotiations with local development team Wilcox Group LLC to rehabilitate the Crescent buildings adjacent to the Porter Stock Building.

“This project will really kick start the rest of the block, especially coupled with the construction of the Crescent property,” said Barry Swenson, president of Green Valley Enterprises. “Completing this block will create the same Downtown energy of retail, restaurants, and office that we have across the street.”

In September 2003, the Agency combined its various business assistance programs including the facade improvement, retail, entertainment, and arts loan, commercial building loan, and unreinforced masonry programs to create the Downtown Business Improvement Pool. The combined pool provides greater flexibility for business and property owners to apply for assistance, and allows the Redevelopment Agency to expedite loans and grants. Since 1999, the Agency has provided more than \$20 million in business assistance programs.

“Public investment for these projects produces multiple benefits,” said Harry Mavrogenes, interim Executive Director of the San Jose Redevelopment Agency. “We are preserving our rich heritage, activating significant buildings in our commercial district, and attracting new economic opportunities to our Downtown.”

The San Jose Redevelopment Agency is dedicated to creating jobs, building housing, and improving the lives of all who live and work in San José. Governed by the City Council, the Redevelopment Agency partners with business and the community to achieve economic revitalization in the Downtown, our technology parks and industrial areas, and our neighborhoods.

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