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News Release

San Jose Redevelopment Agency

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Redevelopment Tackles Decay in Downtown

San José business improvement program to assist rehabilitation of historic buildings at 2nd and Santa Clara Streets

San José **---**A $4.5 million project to revitalize and reuse two long vacant and decayed historic buildings in heart of Downtown San Jose was approved today by the San Jose Redevelopment Agency Board.

The structures, together commonly referred to as the "Dr. Eu Building," are located at 35-39 and 43-49 East Santa Clara Street at North 2nd Street. They will be overhauled to support new office and retail uses while retaining their historic character consistent with the surrounding historic Downtown retail district. The property is regarded as a key development site for Downtown San Jose.

The agreement between Isis Properties, LLC, headed by property owner Dr. James Eu, and the Redevelopment Agency, was finally reached after many years of discussions and attempted negotiations.

"This agreement means we can finally move ahead to clean up an eyesore that has been a blemish on the face of our Downtown far too long," said San Jose Mayor Ron Gonzales. "These buildings will add to the quality and character of Downtown and preserve our community's heritage."

The Hotel Elite occupied the site in the 1970s, and a restaurant and tailor's shop occupied the ground floor when Dr. Eu purchased the building in 1986. The property was vacated following the Loma Prieta earthquake in 1989, and since then the buildings have fallen into serious disrepair.

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"Renovation of these buildings has been desperately needed for years," said Councilmember Cindy Chavez whose represents Downtown San Jose. "This site is a anchor for Fountain Alley and Santa Clara Street businesses and its revitalization will significantly boost the character of our historic district and the overall vibrancy of Downtown."

The owner participation and loan agreement requires building stabilization, roof repair, facade improvement and historic rehabilitation. The initial costs are expected to be approximately $4,500,000, with approximately $1,500,000 of private funding, $1,550,000 provided through a federal HUD 108 loan—of which $200,000 is funded through an Economic Development Initiative grant, and a $1,350,000 loan from the Redevelopment Agency.

The loan was made possible through the Agency's Downtown Business Improvements Pool created in 2003 to combine resources from several separate programs for small business assistance. The pool focuses on facade and seismic improvements for vacant buildings in key Downtown locations along East Santa Clara Street, Fountain Alley, and First Street. To date, the Agency has funded $6.35 million for the seismic retrofit and renovation of nine historic buildings.

"This program is returning vacant historic buildings to active productive uses," said Harry Mavrogenes, interim Executive Director of the San Jose Redevelopment Agency. "The revitalization of the Eu properties will greatly enhance the public experience in our Downtown."

Clean up of the property has started on the buildings, and the project is expected to be complete by spring 2006.

"I appreciate the Redevelopment Agency's efforts to work with me and make this renovation possible," said Dr. James Eu, manager of Isis Properties, LLC. "I look forward to the day that these buildings become vital assets to the City."

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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