

## Concerned Citizens of the Coastsides

August 4, 2004

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### Construction on Controversial Harbor Village to Begin

#### Questions Raised About Viability of Project and Possible End-Run Around Requirements in Development Agreement

Half Moon Bay resident and developer Keet Neerhan has applied to San Mateo County for a building permit for the first stage of his Harbor Village project, a massive and controversial commercial development slated to be built on the northwest corner of the Highway 1 and Capistrano Avenue intersection in El Granada.

With 10 months to go before the development agreement runs out, Neerhan is applying for a permit to build only the smallest part of the project – 40,000 square feet of retail space, or up to 25 shops – raising questions about the viability of the entire project, said the president of a coastsides group that has fought the project before the County and the Coastal Commission, and in the courts, for 15 years.

Larry De Young, president of Concerned Citizens of the Coastsides (CCC), is critical of how San Mateo County is handling its 10-year development agreement for Harbor Village. “The county’s contract with Keet requires that the entire project be built within the lifetime of that agreement. The agreement runs out next May, and Keet is only now pulling permits and for only the smallest part of the project,” he said, referring to the retail shops.

The late start and almost certain inability to finish within 10 months raise questions about whether the project is viable at all. The legal justification for the project rests on the county’s estimate of what the economic benefit of the entire project would purportedly be -- well over 100 new jobs and millions of dollars in wages and taxes. Although the project was originally rejected by the Superior Court, the Appeals Court allowed it to go through based on an economy-vs.-environment tradeoff that looked at the entire development. CCC disagreed with that trade-off then, and still does now, but the county fought for it.

CCC is troubled that the county may be looking the other way and ignoring its own development agreement. It is almost certain that the entire project will not be built and the jobs and tax revenue that were the basis for letting this Local Coastal Plan-violating project be approved will evaporate.

“For two weeks now, we have asked the County for copies of the annual ‘good faith’ compliance audits that it must file under terms of the agreement,” said Dr. De Young. These reports, mandated by the State, are to demonstrate that the project owner is making sincere efforts to obtain funding and meet the required construction schedule. “To date we’ve received nothing from the County – not even a phone call or e-mail acknowledging our request,” he added.

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“These reports would tell us a lot about how carefully the County is enforcing the terms of the development agreement,” continued Dr. De Young. “Without seeing them and the owner’s submissions they’re based on, we’re left assuming that after nine years there has been no meaningful progress towards satisfying the requirements of the development agreement.”

“I don’t know where Keet is with financing,” continued Dr. De Young, “but it’s taken him nearly five years just to pull a building permit for the retail shops, so something is holding him up.” Reflecting on the long history of this project, he added: “The two owners before Keet didn’t even get this far. Maybe the bankers agree with us – that this just isn’t a good project.”

Dr. De Young then reflected on the implications of the economics-vs.-environment trade-off at the heart of the county’s justification for the project. “The county and the appeals court said the economic benefits they saw in the entire project outweigh the damage to the views and the environment. They didn’t say it’s OK to do this kind of harm to the environment and the community for a bunch of gift shops. There has been no public process, no county finding, no legal ruling that justifies constructing only part of the project,” he stated.

Asked what would happen if only the retail shops were built, Dr. De Young replied “Well, that would reduce the traffic congestion, but the views of the harbor would still be obstructed. I believe the community deserves better than leftovers from a failed design.”

So, unless the developer, the county, and the community can sit down together and come up with a much better plan for the property, CCC fears that coastsiders will end up with an unplanned eyesore on one of the most beautiful parts of the coast.