

FW: Agenda item 5.2 Acquisition of 32-60 Stockton avenue

City Clerk <city.clerk@sanjoseca.gov>

Tue 10/17/2023 7:53 AM

To: Agendadesk <Agendadesk@sanjoseca.gov>

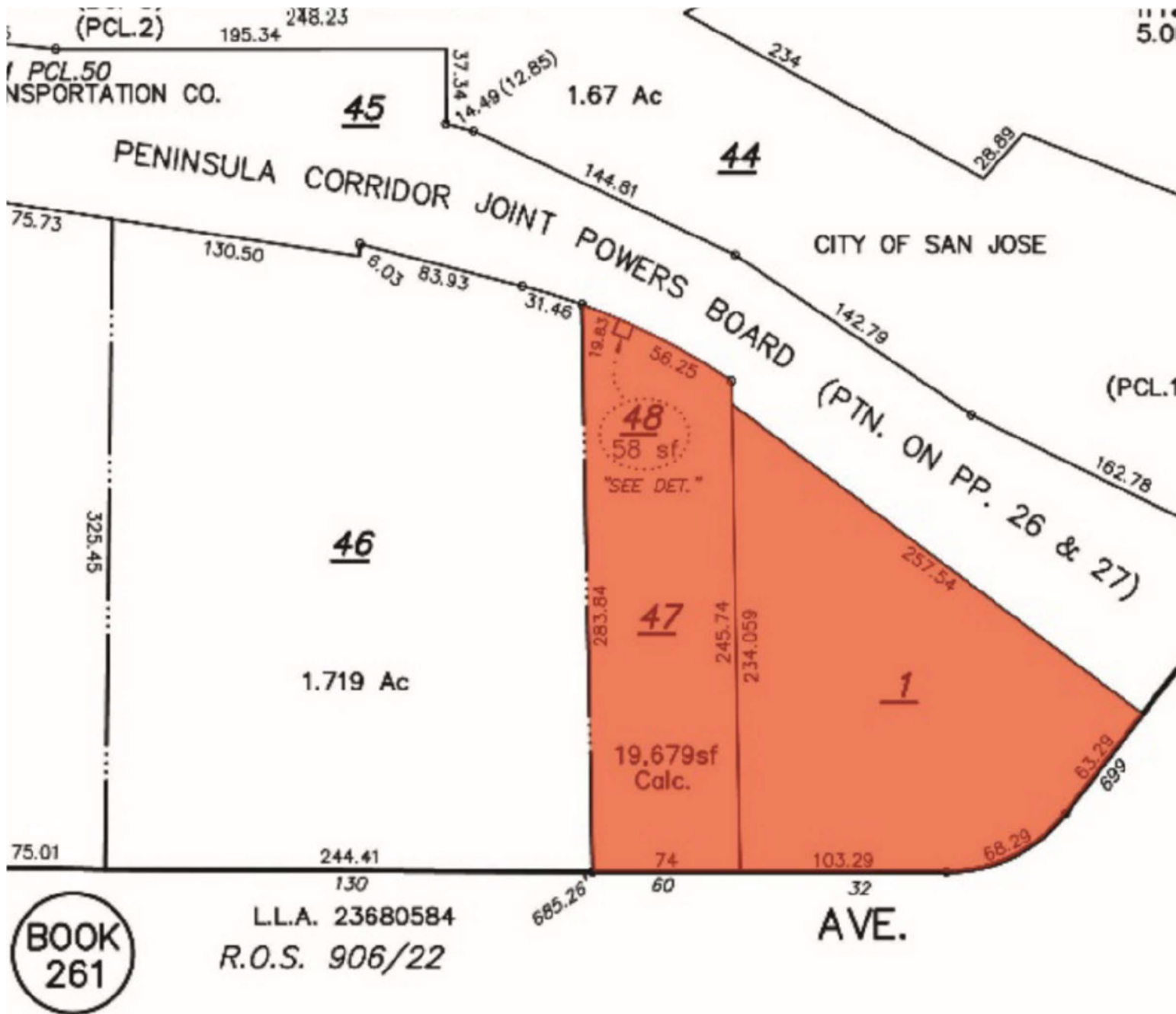
From: Roland Lebrun [REDACTED]
Sent: Tuesday, October 17, 2023 6:16 AM
To: Frimann, Nora <Nora.Frimann@sanjoseca.gov>
Cc: CAO Main <cao.main@sanjoseca.gov>; City Clerk <city.clerk@sanjoseca.gov>
Subject: Agenda item 5.2 Acquisition of 32-60 Stockton avenue

[External Email]

Dear Ms. Frimann,

The intent of this email is to bring to your attention multiple errors/misrepresentations of facts in the staff memo for today's City Council Agenda item 5.2 Acquisition of 32-60 Stockton avenue (<https://sanjose.legistar.com/gateway.aspx?M=F&ID=5aa260db-ab0f-44b0-a84d-0802014dc640.pdf>) as follows:

1. As can be seen in Attachment A – Assessor's Parcel Map, the correct APN for the 60 Stockton Avenue parcel is 259-28-047, not 259-28-002
- 2.



4. The staff assertion that “Urban Catalyst LLC is not involved in this project and did not purchase 32-60 Stockton Avenue” is misleading, specifically that it contradicts a statement made by Urban Catalyst’s founder Erik Hayden that “*Urban Catalyst knew about the rail authority’s plans for 32 and 60 Stockton Avenue before it partnered with the late architect Thang Do, Apollo’s chief designer, to acquire both parcels*”.

The interview continues as follows:

“Urban Catalyst hasn’t decided whether it will build Apollo — which would cost north of \$100 million — or list the project for sale, founder Erik Hayden said in an interview. **The developer doesn’t have a dedicated funding source for it, and it doesn’t plan to start drafting its construction documents anytime soon**”.

“If Urban Catalyst chooses to build Apollo, the specter of eminent domain shouldn’t impact the project’s construction timeline, according to Hayden. And even if it did, **the way eminent domain usually works is a landowner gets an appraisal for the value of the property in question, and the government agency taking eminent domain action pays 120 percent of the appraisal, Hayden said.**”

“No matter what we do, we would always assume that if they did ‘buy us out,’ it would be for fair value,” he said. “That wouldn’t necessarily be our number-one plan. But as far as a worst-case scenario, it’s not so bad.”

<https://therealdeal.com/sanfrancisco/2022/11/11/bullet-train-or-housing-san-jose-project-begs-question/>



[San Jose Approves Apartments on Bullet Train Site](#)

Development conflicts with the California High-Speed Rail Authority's planned use of the property.

therealdeal.com



Last but not least, Mr. Hayden’s Bio reads as follows:

“Mr. Hayden also has expertise in navigating projects through the entitlement process by working with elected officials, community groups, and political organizations to gain support and get projects approved.”

<https://www.urbancatalyst.com/erik-hayden>

[Erik Hayden, Founder / Managing Partner, Urban Catalyst](#)

Mr. Hayden is leading a group that is responsible for developing more than \$3.5 billion in real estate projects, including over 2,300 residential units in the California Bay Area. Check out Urban Catalyst.

www.urbancatalyst.com



Conclusion

1. There is substantial circumstantial evidence that Urban Catalyst engaged in some kind of scheme whereby they could artificially inflate the value of the two properties through entitlement followed by the avoidance of capital gains taxes through an IRS 1033 letter.
2. There is good cause for an independent investigation into why the Deputy Director of Planning, Building and Code Enforcement approved the Appollo project on 11/9/22 <https://www.sanjoseca.gov/home/showdocument?id=91649>
3. There is also good cause for an independent investigation into why the Administrative Hearing on the Environmental Appeal on the Apollo Residential Project was dropped from the 2/28/23 City Council meeting agenda: <https://sanjose.legistar.com/LegislationDetail.aspx?ID=6026132&GUID=15B543E6-5C95-444D-A9BF-8EB2018DF153>

Respectfully presented for your consideration and advise to Council.

Roland Lebrun

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