



Memorandum

TO: RULES AND OPEN
GOVERNMENT COMMITTEE

FROM: Mayor Matt Mahan
Vice Mayor Rosemary Kamei
Councilmember Omar Torres
Councilmember Pam Foley

SUBJECT: SEE BELOW

DATE: August 24, 2023

APPROVED

Date: 08/24/2023

**SUBJECT: HOLDING NEGLIGENT PROPERTY OWNERS ACCOUNTABLE AND
PROTECTING AND PRESERVING THE FORMER FIRST CHURCH OF
CHRIST SCIENTIST BUILDING**

RECOMMENDATION

1. Direct the City Attorney to review the City's Disposition and Development Agreement (DDA) with Z&L Properties related to property located at 43 East St. James St. ("former First Church of Christ, Scientist building") and report back to the Council by the end of 2023 with recommendations related to its enforcement and options for the repurchase of property.
2. Direct the City Manager to:
 - a. Coordinate with the City Attorney to increase the maximum code enforcement fines that can be applied to property owners responsible for chronic code violations involving designated city, state, or federal landmarks from \$100,000 to \$500,000.
 - b. Once implemented, continue assessing additional fines for any ongoing code violations related to the former First Church of Christ, Scientist building until

reaching the new maximum fine amount of \$500,000. Consider increasing the maximum daily fine from \$2,500 to \$10,000.

- c. Work with the City Attorney to engage Santa Clara County and other relevant parties, including affordable and market rate housing developers, to explore repurchase and redevelopment of the property.

BACKGROUND

Our offices have received numerous complaints about the former First Church of Christ, Scientist building. This property is the epitome of blight. It undermines the downtown's sense of safety, downtown property values, and San Jose's civic pride.

The former First Church of Christ, Scientist building is a designated city landmark. It was built in 1901 and designed by prominent architect Willis Polk. Z&L Properties purchased the site in 2017. Six years later we have a blighted eyesore owned by a billionaire developer that has admitted to bribing officials and who was most recently under house arrest.

We cannot stand by and let this historically significant property continue to fall into further neglect and dilapidation. If it does, our community could lose an important and historical asset and trust in our government to remediate significant sources of blight.

This blatantly blighted property has illuminated a problem with our schedule for fines: When fines are too limited in nature that businesses do not care, it becomes challenging for the city to compel a property owner to act. Increasing the maximum cumulative fine to \$500,000 and maximum daily fine to \$10,000 on designated City Landmarks is the right thing to do. City Landmarks include contributing structures in City Landmark Districts, and individual and contributing properties listed in the California Register of Historical Resources and National Register of Historic Places. This action will help us protect sites that are culturally and historically significant to San Jose.

The City must continue to explore and exhaust all our options to enforce San Jose's Municipal Code and the terms of the DDA for this property. We request the City Manager in coordination with the City Attorney, come back before the end of the calendar year with recommendations on next steps that council can take to enforce the DDA, assess additional fines, and bring this site into compliance.