

NEAR TRANSIT VILLAGE

Urban Catalyst widens its footprint

Buys create viable development site in downtown San Jose

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SAN JOSE » A real estate investor that's suddenly become an active player in downtown San Jose has widened its holdings near the sites for a proposed Google transit village.

The latest purchase by Urban Catalyst creates a significant development footprint at the corner of West San Carlos and Josefa streets. The company is a real estate firm formed to create an investment fund that can capitalize on the tax savings made possible by opportunity zones.

Urban Catalyst has spent \$14.7 million since it began purchasing downtown San Jose properties just two months ago. Ultimately the company would like to purchase and redevelop 10 to 12 downtown San Jose sites, according to Erik Hayden, president of Urban Catalyst.

The company is the latest player to emerge as an active investor in downtown San Jose since Google announced plans for a transit-oriented village near the Diridon train station. Jay Paul Co. and Gary Dillabough also have become significant investors in the downtown area.

Urban Catalyst, acting through an affiliate, UC Keystone Owner, paid \$5 million for parcels at 491 W. San Carlos St. and 270 Josefa St., according to Santa Clara County property records that were filed on Wednesday.

The properties include the former location of Keystone Restaurant Supply, which had been in business since 1867 as a supplier of appliances and equipment for dining establishments.

This week's acquisition comes on the

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— Erik Hayden, president of Urban Catalyst

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heels of Urban Catalyst's purchase on June 28 of lots at the same corner that included the sites of Hub Cap City and Custom Apparel By Susan Kay's businesses.

"We love the Diridon Station Area Plan. we like tran-

sit-oriented development, and we like that Google is coming into town," Hayden said at the time of the prior deal.

Urban Catalyst paid \$2.8 million in the earlier acquisition, county documents show.

This deal marks the third purchase in downtown San Jose by Urban Catalyst since it bought an interest

in a Gary Dillabough property on South First Street at the old Lido Club site. That deal, completed in May, was worth \$6.9 million.

"What opportunity zones do is they encourage developers such as myself to focus on certain areas," Hayden said in a prior interview. "Without opportunity zones, I would still be investing in downtown San

Jose, but not as much."

In numerous communities in the United States, opportunity zones have been enabled by President Donald Trump's tax-cut initiative. Investors in properties located in opportunity zones can gain tax benefits if they undertake substantial redevelopment of a site and then retain ownership of the parcels for a required

period of time.

Urban Catalyst isn't sure what it might develop at the West San Carlos sites. The company said an array of development types could be viable, since they are so close to where Google is planning the transit village.

Google has proposed a transit-oriented community of office buildings, homes, restaurants, shops

and parks near the Diridon train station on the western edges of downtown San Jose where 25,000 people could work, including 15,000 to 20,000 of the search giant's employees.

"With Google coming in, there's a bunch of stuff we could do there," Hayden said.

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