

PALO ALTO

Alma Plaza razed

Developer searching for grocer, home builder

BY WILL OREMUS
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Developer John McNellis stood in the parking lot of the Alma Plaza shopping center Wednesday afternoon, watching as a Caterpillar excavator chomped off big hunks of a long-defunct retail building.

"This is the easy part," said McNellis, who fought neighborhood activists for more than a decade before winning city approval last year to replace the 4.2-acre strip mall with housing, shops and a small supermarket.

"The political part took 16 years. This takes a week."

The demolition, which began Monday, clears the way for one of the most contested developments in Palo Alto history. Many neighbors were angry about the idea of replacing a large Lucky's supermarket, formerly Albertson's, with a dense mixed-use development that includes 37 houses and 14 below-market-rate apartments.

The deal isn't quite done yet, however. By the time the council approved the project, the economy had tanked, and residential builder Greenbriar Homes pulled out and sued McNellis for \$5.3 million.

Talks with the grocery chain Fresh & Easy also fell through, leaving the project without a tenant for the 15,000-square-foot supermarket space.

McNellis said Wednesday he has settled the Greenbriar lawsuit, though he couldn't disclose details. He said he's confident he can find another builder, given that the project has already been approved. The constraint is that whoever takes over will have to build the homes exactly as Greenbriar designed them, because any revision would nullify the approval.

More challenging could be finding a grocery tenant. That's essential, because the council stipulated that the grocery must be built before the more profitable housing component.

McNellis said he's actively looking and met with representatives from one chain last week.

"You have to be just a tremendous optimist to be a developer at all," he said. "I am a tremendous optimist, and I do believe we will get a great market."

The timeline, he said, is to spend the rest of this year laying the groundwork on the 4.2-acre site, including building the streets and



Kirstina Sangsahachart / Daily News

W.L. Butler construction superintendent Michael Butner, left, oversees the demolition of a retail building at the Alma Plaza shopping center in Palo Alto on Wednesday. After a years-long development fight, the center is slated to be replaced with housing, shops and possibly a small supermarket.

parking lot and laying utility lines. Next year, he hopes to start construction on two retail buildings along Alma Street.

Bob Moss, a neighborhood activist who has opposed the project, said Wednesday that he remains skeptical the plans will even come

to fruition.

Despite the demolition, Moss said, "I don't see any signs that he has the financing to actually build anything."

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