

# Redevelopment tries to buy the Hugo

BY TOM CARTER

**T**HE San Francisco Redevelopment Agency is negotiating to buy the long-vacant Hugo Apartments at Sixth and Howard streets where the whimsical art project Defenestration has adorned its blemished outer walls for 10 years, delighting thousands.

The property is worth upwards of \$4 million, according to an estimate of a neighborhood general contractor and former member of the South of Market Project Area Committee that advises Redevelopment.

But in 2005, the Hugo owner turned down a \$4.6 million offer, according to a Sept. 10 story in the Chronicle. A Bay Area developer wanted to build 20 market-rate condos and 10 storefronts, the story said, quoting an anonymous company source. The developer didn't mind the 50-foot height limit, even though sometime in 2007 the Planning Department is expected to rezone it to 85 feet, the allowable height on the other three intersection corners.

"The land is worth about \$2 million and with the Hugo, about \$3.5 to \$4 million," said Henry Karnilowicz, a SOM-PAC member when the group recommended early this year that Redevelopment try again to buy the blighted building, vacant 20 years.

For years, a sign on the building has directed any interested buyers to a fax number, (415) 621-8436. A couple of years ago when Redevelopment inquired, the building's owner wanted \$4 million. But SOM-PAC said then that was way too much, and Redevelopment stopped its negotiations.

Karnilowicz, who rehabilitates and master leases commercial properties on Sixth Street, said the Hugo is in bad condition and should be torn down and replaced with housing. He served on SOM-PAC two years ago when it rejected the \$4 million asking price. The property has appreciated since

## SOUTHSIDE

and an 85-foot limit would push its value higher, although the seedy neighborhood doesn't inspire offers. Karnilowicz had no idea how the May 2006-elected SOM-PAC would respond to a sale figure that Redevelopment would bring to it.

"All the information is confidential" about the negotiations, said Mike Grisso, Redevelopment's SoMa project manager and liaison to SOM-PAC which urged the purchase last March. "But we expect to have something to announce sometime."

There is "no time limit" on negotiations, which could go past the year's end, Grisso said.

If and when the sale is consummated, the agency will "definitely" put in housing, Grisso said. The fate of Defenestration would be decided then.

The five-story building has 75 units, fallow since a fire in 1987, according to a Central City SRO Collaborative report on SRO fires. The building was damaged further by the 1989 Loma Prieta earthquake.

I.M. (David) Patel bought the building in 1964, according to a Chronicle story. In 1998, assessor records show that I.M. and daughter Sumatai Patel turned it over to Branch Limited

Partnership in Hillsborough, where David Patel's daughter Varsha lives, and the assessment valuation was \$400,589. She handles the go-between negotiations, said Karnilowicz. The Patels also own the Ramada Limited at 240 Seventh St., which Varsha Patel manages.

In 1997, the abandoned Hugo became a building everyone suddenly noticed. Sculptor Brian Goggin got approval from the Patel family to create a surreal, three-dimensional scene on its outer walls. "It was very casual," Goggin said of the agreement in an interview with The Extra in April. "It was just a handwritten note. No lawyers."

Goggin's idea, inspired by New Stone Age paintings of animals on cave walls, had landed him a \$3,500 grant from the National Endowment for the Arts and \$20,000 in other grants. Bayshore Metals Inc. and Harrison and Bonini hardware store donated materials worth "thousands," he said. About 200 people volunteered, some for a few hours, others for months.

"A lot from the Burning Man community helped," he said.

The volunteers anchored bulky furniture, appliances and a grandfather clock — more than two dozen objects that Goggin scavenged and some

that were donated — near, or in, the Hugo's windows. The spectacle was called Defenestration. It means to throw things out the window. Immediately, it caught the eye of city residents and tourists and soon was a favorite on the Gray Line bus tour. Some see it as a comment on rampant consumerism.

Goggin feels lucky he was allowed a place where his work would be seen by thousands.

A cabbie once told him that a German couple asked to go see Defenestration because they had read about it in Der Tagenspiegel, the big Berlin daily.

Although his [www.defenestration.org](http://www.defenestration.org) Web site offers Goggin's art project for sale for \$100,000, ideally, he says, the Hugo and its quirky spillage should become a community arts center with studios.

"It has international recognition so why tear it down?" he said. "I'd like it to last forever."

Even so, SoMa's singular amusement doesn't attract tourism to the city and the city has lost two decades of taxes that replacement housing would have generated. In 2000, Redevelopment paid \$1.8 million for the Plaza SRO diagonally across from the Hugo, then built the eight-story \$22 million Plaza Apartments, which opened in March with 106 units to house low-income and formerly homeless.

But after being rebuffed by Hugo's high price, Redevelopment got a significant bargaining tool in December. The Board of Supervisors approved converting its purpose from earthquake recovery to a traditional redevelopment project with expanded powers.

This meant the agency could acquire blighted properties like the Hugo. If its owners didn't fix up their property, which they haven't, Redevelopment could negotiate to buy the place for fair market price, or if no deal could be made, acquire it by eminent domain.

A factor making the owner intractable over the years was the Hugo's 50-foot limit, and the hope the city would "be fair," in Vasha Patel's words, and give it a boost to 85 feet. Redevelopment took advantage of the 85-foot zoning across the street when it tore down the two-story Plaza SRO and replaced it with an eight-story apartment building.

Varsha Patel has indicated the owner would have been more cooperative years ago if the value-adding change had been made. It's City Planning's intention to do that through its East SoMa Plan, expected to be adopted in February.

The change to 85 feet "is being taken into consideration" in the current negotiations, Grisso said. And the option of eminent domain, if a fair market price is rejected, is leverage. Karnilowicz said eminent domain could be an issue "in six months, if things don't pan out."

Every two years Goggin spruces up Defenestration. He gets a permit to use a crane and inspects the pieces and their moorings, sands and refinishes wood, replaces light bulbs and checks all the wiring. It takes two weeks of long days and costs him \$7,000. This year he has postponed it because he thought he might get some donations to defray the cost, maybe a waiver from the city for the crane permit that would show its support of popular art. He wanted the work-over for Defenestration's 11th anniversary March 9.

A commemoration may be in order in March anyway, as a wake or rededication. Informed of the negotiations by The Extra, Goggin was eager to talk to the Redevelopment Agency.

"It would be a shame to get rid of it," Goggin said. "It's an iconic image and a beautiful building with arching windows and the turret on the corner. It was built in 1908 and named after Victor Hugo. It adds to the neighborhood. Structural engineers say the façade doesn't need to be torn down and can be shored up.

"Maybe we can work together." ■

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