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County to buy former HCA site in San Jose

Silicon Valley / San Jose Business Journal - by [Katherine Conrad](#)

Santa Clara County Supervisors announced their intent Tuesday to buy the former 13-acre **San Jose Medical Center** site for \$28.3 million to serve as a downtown medical clinic.

County officials described the purchase as a "long-term investment" and said they plan to "land bank" the bulk of the property. Once the real estate market and the economy improve, the property would be sold to a developer.

"It's a calculated risk," noted Supervisor Dave Cortese, "but it's a good risk."

If the deal closes by the end of the year, the new clinic would open at 725 E. Santa Clara St., a 30,000-square-foot building that currently houses several medical offices. Parking at the site was considered a plus.

County Executive Jeff Smith said there is no time line yet for the opening of the new clinic and urgent care facility, but promised it would be "soon."

He called the price offered by the seller as low, and noted that the medical office building is worth roughly \$13 million.

"So we're getting an additional 11 acres for an additional \$15 million," Smith said. "That's a good deal."

Board President Liz Kniss said the price was low because the owner, **Hospital Corp. of America**, is a motivated seller that is seeking to unload the property before the end of the year for tax purposes. HCA would also do the demolition of the site and clean it up, said Cortese.

"This is an unusual opportunity to purchase the site," she said. "This offers a potential for economic development in the future for the county that is challenged financially."

The county plans to borrow the \$28.3 million to purchase the site instead of using its reserves. Cortese said the county doesn't want to eat into those reserves at this time.

Once the sale is finalized, the county will issue a request for proposal to partner with a health-care provider that is able to operate a clinic that can serve downtown residents. The downtown population has been without a hospital since San Jose Medical Center closed in 2004.

"We deserve to have daily health care," said Supervisor George Shirakawa, who represents downtown San Jose. "We won't have an emergency room, that was taken away from us, but at least we'll have an urgent care facility. It's a great deal for the county."

Shirakawa said he gave a "one-man standing ovation" upon hearing the news of the purchase earlier in the day. "I'm very excited," he said.

Smith said he hopes to return to the supervisors on Dec. 15 with a plan to purchase the site that will include demolishing the hospital that was built in the 1920s, but retaining a structure considered historic because **IBM Corp.** developed the punch card there.

The county has been searching for a site since voters passed Measure A, a \$50 million bond for a new clinic in November 2008.

"This is an unusual opportunity for us," Kniss said. "This is the promise we made to the downtown and we are going to deliver on that promise."

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