

Watsonville's dilemma

# Developers agree: There's no easy answer

By JAMIE MARKS

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**WATSONVILLE** — Moderately priced housing is going up in the city of Watsonville more than in the rest of the county, but that trend may abruptly end as the city continues to grow and exhausts its available space.

Recently The Sentinel asked four developers — three private and one



Bill Lovejoy/Sentinel

Heritage's Chuck Allen



Mary James

non-profit — about their views of the housing situation in Watsonville. From constructing townhouses priced in the \$125,000 range to low-income apartments renting for \$400 a month, Tony Campos of Campos Real Estate Co., John Fry of C/D/M, Chuck Allen of Heritage Development Corp. and Mary James of the Housing Authority of the County of Santa Cruz have had a profound effect on this city's shape.

## Annexing more land

"There's no such thing as low-income land," said Tony Campos, a planning commissioner and Realtor. "With all the land-use restrictions here, with the sloughs and all, it cuts down the pie. Supply and demand is the name of the game."

"The only thing the city can do is annex more land to make the property not worth as much. ... Then people could afford to put a house on the market at a reasonable price," Campos said.

Campos, who with OMC Properties is building 27 townhouses on Crestview Drive in the \$125,000 range, says of the city's options — going up in greater density, going out for more land, or converting commercial land to residential — he favors going out.

"I don't like the idea of going up. The sewers, streets, everything has to be redone. These neighborhoods were created in the '30s and '40s, but the vehicles are bigger now. I don't like the idea of having one- and three-story houses side-by-side."

"My personal opinion is I would

like to see the county back off and let us expand our boundaries," said Campos.

He was referring to the county's and Local Agency Formation Commission's land-use policies that call for the city to exhaust its available space before annexing new land. Watsonville is virtually ringed by a greenbelt of agricultural zoning, which the county also is adamant about preserving.

## Quality and quantity

John Fry, of Construction Development Management Co., has been behind two of the biggest residential developments to come to Watsonville in years — the 152-unit Apple Hill condominiums off Main Street on Green Valley Road, and the 192-unit Meadow View apartment complex across from Apple Hill on Green Valley Road. He's also involved in the Westridge Business Park on Harkins Slough Road.

Fry is project manager for the Meadow View apartments and Apple Hill condominiums, while Lester, Roach and Gardiner owns the property. Fry is also manager of the soon-to-be-built 80-unit senior apartment complex, called Buena Vista Terrace, and another seniors project with the city, at Main and Rodriguez streets.

"We really try to build quality projects," said Fry. "It's been our trademark. It's the attention to detail that ... when put all together is greater than the whole," said Fry.

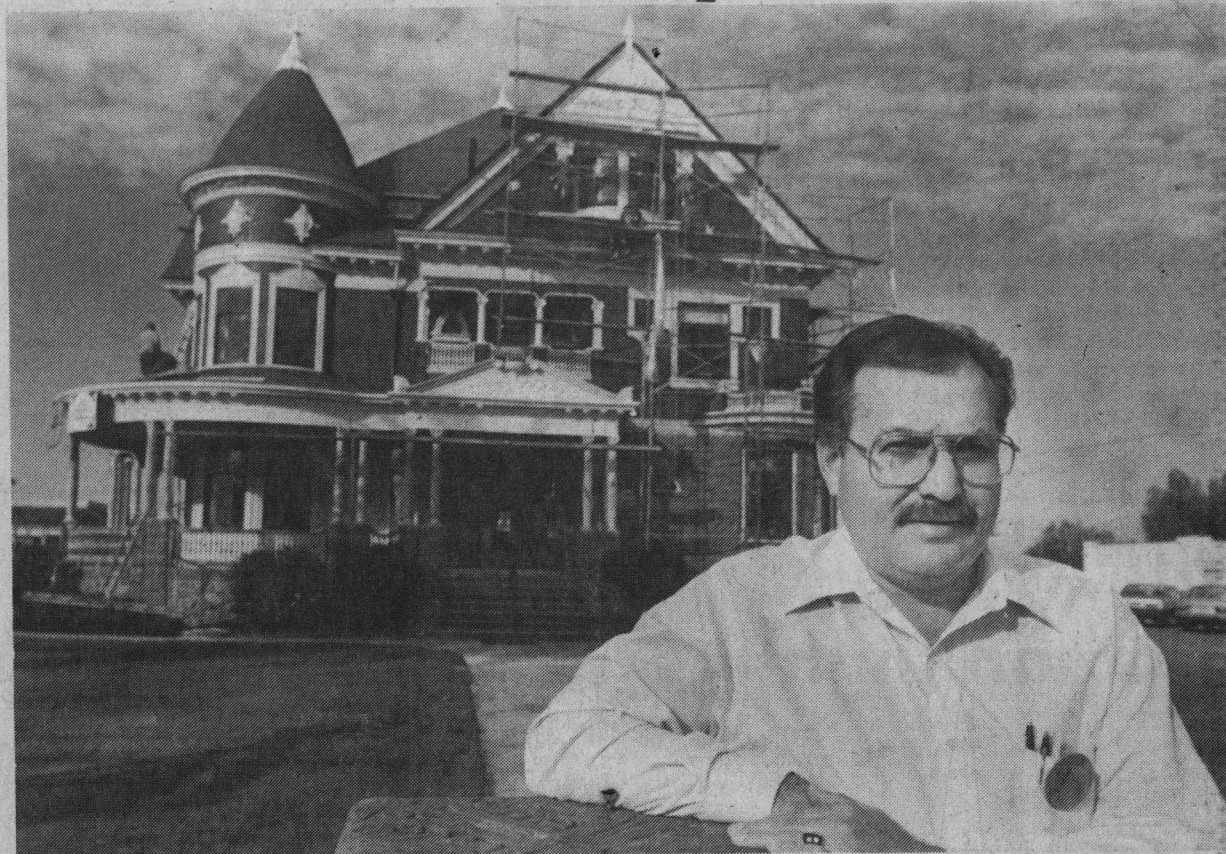
"There are a lot of houses in the business," said Fry. "If you don't have pride, it's not going to make it. I think as long as you build things people want, it will happen; people will come to it."

Fry claims that Apple Hill, with prices ranging from \$89,500 to \$94,500, contains more affordable units than have been built recently in the mid- to north-county area. And, it was done without Measure J, the county's land-use document that calls for 15 percent of a multi-unit development to be set aside for people of moderate incomes.

Also, 20 percent of the apartments at Meadow View are set aside as "affordable" for low- and moderate-income families.

When Meadow View opened in February 1985, rents ranged from \$510 to \$560 for one- and two-bedroom apartments, said Fry. Now rents for the same apartments are \$550 to \$605. Why the increase? Because of increased city fees, higher taxes, salary increases, renter turnover and more money put in reserves for future repairs, said Fry.

Fry said C/D/M tries to provide a wide range of housing to fit the diverse Watsonville community.



Bill Lovejoy/Sentinel

Realtor and Planning Commissioner Tony Campos is restoring the Tuttle Mansion.

long as you have the ability to pay the rent, I don't care who you are."

## Balancing the growth

Chuck Allen, president of Heritage Development Corp., said his company is "planning on building a significant number of units in the next five years within the city."

But, he said, what the city needs more than new housing is "maintaining balance. It's a fact we have a housing shortage, relatively high unemployment and fairly good infrastructure of utility services."

He firmly believes the needs of the community can be met by the civic and business leaders working together toward the common good of the city.

Allen said the long time it takes a developer to bring a project to fruition drives up the price of housing. Also, much of Watsonville has expansive clay soils that are costly to build upon because of the engineering work that has to go in to make the foundations stable.

"Time is money," said Allen. "Every person in the development business works not just in months but in years to get something built."

The delay is not the fault of government, said Allen, but cycles in financing, the economy, life patterns.

As proof, Allen pulled out a picture of a housing site off Main Street that

profit. "I still have a note for the work I did," he said. The problem with that development was high interest rates, as much as anything else.

"When we develop land that's this expensive and rolling, you can't build single family houses," said Allen. That is, unless the houses sell in the \$150,000 to \$175,000 range, "which eliminates a big segment of our society," said Allen. "By putting more units on a vacant piece of land it makes it more accessible to a larger segment of our population," he added.

"The ultimate dream is to own your own home. We all tend to have beer pocketbooks and champagne tastes," said Allen.

To help keep costs in line, Allen would like the city to consider expanding east of Highway 1. "If you look at Watsonville, it's like a pie with a big wedge missing there," he said, adding the agricultural land in that area isn't very good. "You can still plan for the year 2005 and preserve agricultural land."

## Low-income housing

Probably no one knows more about low-income housing than Mary James, executive director of the Housing Authority of the County of Santa Cruz.

The Housing Authority has built more than 100 units throughout the



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are on Clifford Avenue.

It also has loaned tax-exempt bonds to C/D/M for the Meadow View project and worked with the city on Section 8 subsidies to landlords of low-income rental properties.

What separates the Housing Authority from other developers is the clientele. To qualify, a person's income level has to be below the area's median income level. For a family of four, that amounts to about \$16,000.

James is proud of the fact that since joining the Housing Authority





Pete Amos/Sentinel

**John Fry is behind two of the city's big developments.**

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Fry said C/D/M tries to provide a wide range of housing to fit the diverse Watsonville community. Asked if Meadow View had succeeded in integrating Anglos and Hispanics, Fry said he thought so. "We're looking for people in the \$18,000 to \$26,000 income range. As

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As proof, Allen pulled out a picture of a housing site off Main Street that took 11 years to develop. Allen was the agent for two developers who "went broke" trying to get the project off the ground, Allen said, and a third finally finished it with little

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The Housing Authority has built more than 100 units throughout the city of Watsonville. "They are duplexes, townhouses, rentals, a variety of different kinds of housing," said James. Some 76 are scattered among four sites, while another 36

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James is proud of the fact that since joining the Housing Authority in 1981 the number of families being helped has doubled to 2,200.

"I think we've produced more (low-cost) housing than any other developer," she said.