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Where worn and dirty pieces of old linoleum once covered bare earth and exposed wires posed a constant threat of fire, a downtown Watsonville family now lives in a safe new house with a wooden floor on a concrete foundation.

A collection of beaten-down bungalows and a teetering 100-year-old house, now transformed, grace Rodriguez Street as a single three-story structure. They were combined to form a grand Victorian home, a home that, along with its new paint and new parking lot, provides a new lease on life for seven Watsonville families.

Those snapshots of before and after are just two of the success stories claimed by the Watsonville Housing Improvement Program (WHIP). For almost 10 years it has helped some of the city's low-income families keep their homes and maintain a safe living environment. Freedom-area residents have benefited from a similar program run by the county.

The city and county programs grant low-interest home-improvement loans to low-income home owners or to investors who plan to rent to low-income families. Families usually get between \$25,000 and \$35,000 to have the work done.

The result has been more than 200 refurbished — and often rebuilt — housing units that not only meet fire and building codes but also improve the quality of life for the new residents.

"The people are thrilled, excited about getting their house fixed up," Watsonville rehabilitation specialist Bob Millet said last week.

"Just today I signed up an 85-year-old lady to get her some heat and a family of nine living in a two-bedroom house," he said.

The woman's home will get a new heating system. The family will get two new rooms to relieve the overcrowding.

"That's the rewarding thing about it," Millet said. "When we're done, it looks like a real house." Many look like glorified sheds when they start, he added.

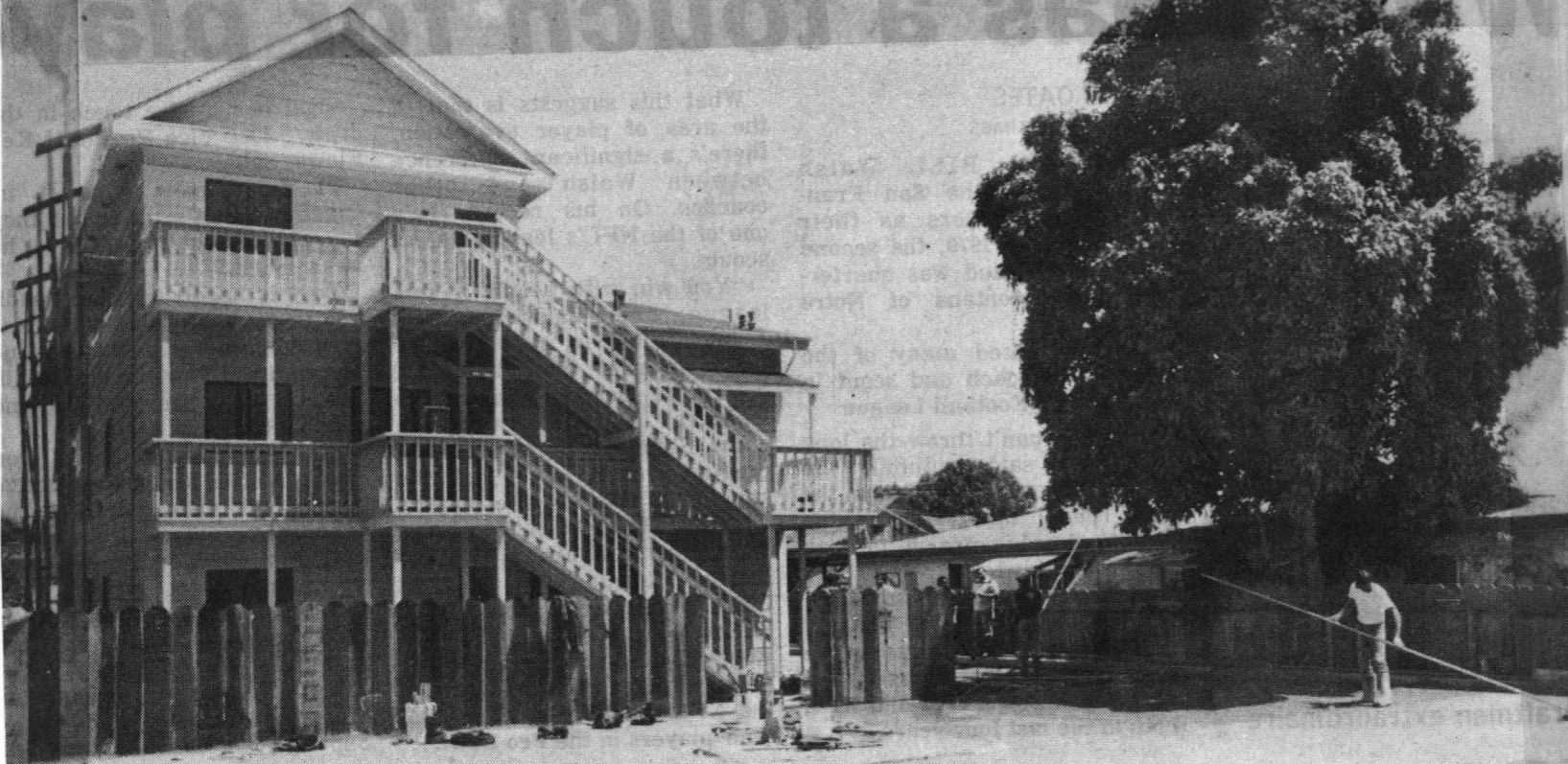
Barbara Davis' home wasn't a shed, but the old Victorian she lives in on Jefferson Street was in terrible shape a few years ago. It needed a new roof and the paint was peeling from every surface, she said.

Davis said it was important to her to save the house because it has been in her family for three generations.

"It really was a godsend to be able to get that loan," she said. "My income was rather limited and we weren't in a financial position to do anything with the house. So the WHIP program was ideal."

Jennie Velasco and her husband bought their log cabin house on Madison Street in 1953, shortly after they were married. But 30 years later, the home was falling apart, she said.

Kurt Ellison



Once a teetering old house, this Rodriguez Street building now contains seven apartments.

Returning old homes to 'life'

An 'affordable housing' program that's threatened

WATSONVILLE
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REFERENCE

"This house is very important to me," she said.

With a \$20,000 loan from WHIP, Velasco's cabin was transformed.

"It's like a new house now. They fixed everything outside, from the roof to the sidings. They raised the ceiling in one room and put new wiring and a new water line in," Velasco said.

Freedom residents have also been touched by the federally funded program. Already 13 homes have been refurbished and 11 others are set to be done through the county's version of WHIP.

WHIP is such a viable program because so many of Watsonville's homes are old structures. Half the city's 9,000 housing units were constructed before 1960, and about 2,000 of those were built before World War II.

Meanwhile, construction of affordable housing hasn't kept pace with the demand. City planners say that makes refurbished old homes a cheaper and more attractive method of maintaining the city's housing supply and making sure low-income families can afford them.

Since demand for affordable housing is so high, the city's waiting list for loans is long because many investors want to take advantage of the low interest rate to fix up rental units they own.

Unfortunately, funding for WHIP dried up last month when state officials who allocate the federal funds denied requests by the city and county for more money to continue their programs.

That's almost killed the county's program. But it hasn't deterred the city, which still has money left over from last year. City officials are optimistic they will be able to continue the program until next year, when they will submit a new application.

County officials do have some small loans available for mobile home owners, but their program in the unincorporated areas is essentially finished

until a new application can be made next year. The county had planned to concentrate its efforts in the Live Oak area in the coming year.

Fixing up old homes hasn't made the city's housing shortage go away, but everyone seems to agree it has lessened the burden that comes from a virtual lack of available housing for poorer families.

Millet says WHIP is the only program the city has that actively deals with the housing shortage.

"Basically, it's the best program because the money is free to the city," he said.

Besides, most low-income families either can't qualify for commercial home-improvement loans or can't afford the high interest rate, he added.

"That makes (WHIP) good for the community," Millet said.

Millet's counterpart at the county, Thom McCue, agreed.

"This program is great for keeping the old housing stock in good shape," he said. "And with the cost of housing today, it's in the community's interest that these homes remain in good condition.

"The Watsonville area is one of the few areas in the county where overcrowding is a very serious problem," he said. "This program helps relieve that a little."

McCue said the county still has enough money to help out 10 more mobile homes in the Freedom area.

"Many of the people we are assisting (countywide) are elderly, maybe 60 percent of them," he said, and many live in mobile homes.

Often old mobile homes have leaky roofs or faulty wiring that constitutes a fire hazard, he said.

The city program hasn't touched mobile homes, concentrating instead on single-family homes and multi-family units.

Through WHIP, the city has been able to work out loans of up to \$200,000 for projects such as the Rodriguez Street conversion, which will be turned over to the county Housing Authority to rent to low-income families.

By facilitating rehabilitation of these units, the city can then require that the new housing units be rented to only low- and moderate-income families. A moderate-income family of four would make about \$24,000 a year.

Paul Miller, who owns the Rodriguez Street building and several others in the city, said the WHIP program provides low-income housing where the free market cannot.

"There is a great need in Watsonville for affordable housing, and the city has had so many restrictions ... that it isn't profitable for an investor to build them," Miller said.

WHIP can make it more feasible for an investor to build low-income housing, he said.

"Most of the time it works out better for the tenant than it does for a landlord," Miller said. If apartments become subsidized housing units, rent its based on income, he said.

"I think it's a great program," said Darcy Bonnet, a Watsonville resident who got a \$100,000 loan to rehabilitate 12 apartments on East Beach Street.

"They were pretty run down 15 years ago when I bought them," Bonnet said. "The city came and asked me if I was interested in getting involved in the program. I jumped at it."

Bonnet had actually been losing money because he was charging his tenants, many of them unemployed or with low-paying jobs, just \$100 a month. Unfortunately, the building was in terrible condition, he said.

After the WHIP improvements had been made, the Housing Authority decided to subsidize a portion of his tenants' rent. That meant tenants would continue to pay \$100 a month, but Bonnet got a subsidized stipend from the Housing Authority which brought his rental income more in line with "reasonable rates," Bonnet said.

He said subsidized income now accounts for 50 percent of his rental income.

"This way, everybody is happy," he said.