

Villa San Carlos official defends big project

By MARY BARNETT

"Do we pay taxes? Yes! Absolutely!"

With these words, Harold A. Galloway, attorney for the Villa San Carlos Corporation, tried to kill the rumor that the 200-unit, \$3 million, low-rent Villa San Carlos apartment complex will pay no property taxes.

The apartments are now under construction on a site adjacent to the Skyview Drive-In Theater on Soquel Drive. Completion is

expected in December.

They are expected to produce between 200 and 300 additional pupils for the Soquel Elementary Schools, forcing the schools back on double sessions.

Charges have been made that the apartments will be a burden on the schools without producing any compensating revenue. Galloway firmly denied this, explaining that the Villa San Carlos Corporation is a private organization and has to pay

taxes.

"I think the confusion arises because we are exempt from federal income taxes," Galloway said. "We are naturally exempt, because as a non-profit organization, we have no income to tax."

Galloway explained that a federal subsidy will help keep the rents low for the Villa San Carlos. The subsidy, however, is of a new type, in a program of which he himself is "essentially the

author."

In this new Housing and Urban Development low-rent program, the subsidy goes directly to the organization that makes the loan to build the project.

In this case, the Weyerhouser Mortgage Co. is the lender. The company will receive the difference between a one per cent interest rate and a 7½ per cent interest rate directly from the United States government.

This new subsidy method is

being tried because the others all had flaws, Galloway said.

The federal government promoted building of homes for 40 years or more with Federal Housing Authority financing. Under this program the federal government guaranteed loans, but set a maximum interest rate. The lender would make a loan at below-market interest to obtain the security of a federal guarantee.

But this was not sufficient to

provide housing for many low income families, and other programs were tried. They included public housing with low rent, direct rent supplements paid to the renters, and non-profit sponsorships in which non-profit organizations received a governmental subsidy to enable them to pay off the mortgage.

Some of these non-profit projects were poorly managed, and the private lenders did not get their money. So under the new "Section 236" program, of which Villa San Carlos is a pilot project, the subsidy goes directly to the lender. That way, he's sure to get it, and the projects become attractive to lenders.

Villa San Carlos Corporation will try to avoid other pitfalls that have beset low-rent housing projects, Galloway said.

Archer D. Little, management system firm, has worked with Villa San Carlos in setting up management systems.

"We expect to pull together a

prototype management team of the best teaching gardener, bookkeeper, custodian, or whatever, and recruit from among the tenants persons to fill these roles," he said.

"A tenant organization will be set up which can start a Boy Scout troop, a Dads' Club, or whatever the tenants want. It will serve as the core for bringing all needed services into the project, so there will be something there for every member of every family."

When the tenants' organization is stable enough, the Villa San Carlos Corporation will sign a contract with the tenant organization for management of the project.

"Then there will be no need for us, and we'll deed it over to them for \$1," Galloway said. "They can operate it on the condominium theory, or the cooperative theory, and walk away with a piece of the action. It's never happened before to low

and moderate income housing." The Soquel project will contain the first 200 of 1,000 projected low-rent housing units, to be built and managed on the same plan.

Tenants will not be the very poor, for the most part, but low-income working people, Galloway said. As many as 20 per cent of the units can be rented to people poor enough to qualify for rent supplements, but this doesn't mean necessarily that they will be.

"We are seeking to avoid a heavy infiltration by people on welfare," the lawyer said.

Project sponsors have pointed out that many persons holding respectable and responsible jobs nevertheless are in the lower income brackets.

The minimum annual income needed to pay the basic rents ranges from \$4,372 for a family of two to \$6,800 for a family of six. The maximum entry income allowed ranges from \$4,860 to \$7,560.

LO hopes for community school program

Representatives from the teaching and administrative staffs of Live Oak School District will visit schools in Santa Clara County next week to observe community school programs sponsored by the Mott Foundation.

Trustees decided during a meeting Tuesday night at Live

Although all applications will be considered, Coleman said a possible director has already been located. She is Mrs. Pat Bronson, instructor of a class entitled, "Community Planning Process," at Cabrillo College.

Mrs. Bronson and Coleman have met with representatives from the Mott Foundation to

the director and partial funding.

Trustees noted that funds may also be available from state and county sources if the program proves successful.

Disadvantages will be a three month delay after the director is hired before she can begin work within the community. An extensive publicity program,

the Mott Foundation training center in Michigan, and felt the board could rely on the foundation's guidance. "Mott trains directors how to handle adult education in California," he said, "and how to raise funds for programs, and coordinate group cooperation."

An alternative may be

The county will develop, maintain and hire people for selected areas, and the Board of Supervisors will levy a tax under the program.

"This could be an excellent opportunity for the Live Oak School District," Coleman said, "The community concept would include a program for persons