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Affordable housing

After 11 years, project finally gets under way

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Site preparation has begun on a 101-home affordable-housing project near Watsonville that has been in the works for 11 years.

The project, first called TECHO and now named Arroyo Verde, is on Green Valley Road at Melody Lane, east of the Mesa Village subdivision. It's one of the largest affordable-housing projects in the county's history.

Financing problems, a sewer-hookup moratorium, bankruptcy by the original developer and a redesign to avoid conflict with a riparian area kept the project from fruition sooner.

There's still one loose end to be tied — bids won't come in for construction of the homes until mid-November, said Mary James, director of the Santa Cruz County Housing Authority, which is developing the project. If the bids are

under budget, and if there isn't much rain this winter, the homes could be built by next spring.

Until those bids are received, James won't know the exact prices and qualification standards. "Don't call us yet," she cautioned potential buyers. The tentative price range for the three-bedroom, 1,350-square foot homes will be between \$71,000 and \$166,000. The price is determined by a buyer's income.

The project was first planned by a non-profit group called The Environmental Community Housing Organization, or TECHO. When TECHO ran into financial difficulties and declared bankruptcy in the mid-'80s, the Housing Authority took over.

The Housing Authority was forced to reduce the development from 120 to 101 units to protect a gully on the property. The gully

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was not large enough to warrant protective measures when TECHO first got approval for the project.

The project was named Arroyo Verde, which means "green gully" in Spanish, because of the gully-protection issue. Prices would have been lower if the Housing Authority had been able to build 120 homes, James said.

Affordable-housing projects often get federal funding, but there is no federal money in Arroyo Verde, James said. The Red Cross donated \$753,000 for land purchase, and the construction is being financed by bonds sold by the Housing Authority.

TECHO's plans called for "sweat equity" — in which buyers reduce the purchase price by helping with the construction.

Timing requirements for financing won't allow Arroyo Verde to be the full sweat-equity project that TECHO planned, James said. Construction usually takes longer on such projects, she said.

James said she hopes to offer about 10 homes on a sweat-equity basis; whether that is possible will depend on the construction bids. Those who were on TECHO's list for sweat equity will be contacted, she said.

Arroyo Verde will consist of "modest, well-designed homes," James said. Buyers will have to walk a sort of financial tightrope — they must make enough money to qualify for loans, but not so much that they exceed income limits to qualify for affordable housing.