

Neary housing permit issued

HOUSING

By GUY LASNIER
Sentinel staff writer

12-31-89

SANTA CRUZ — A building permit was issued Friday for the 95-unit cooperative housing project planned for city land next to Neary Lagoon.

The permit means the Santa Cruz Community Housing Corp. remains eligible for state and federal tax credits, which, when sold to a major corporation, become a key portion of the project's financing. The affordable-housing tax credit program expires today.

Construction cannot begin until up to 54,000 cubic yards of fill is trucked onto the 6-acre site. Under a use permit issued by the city the fill cannot be placed until March 1. Other pre-construction work can begin, however, according to Carole Nelson, principal planner for the city.

An adjacent 35-unit housing project for seniors has not yet received a building permit. That project is still moving ahead but was not under the same time constraints for financing, said Arnie Fischman,

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executive director of the CHC.

The CHC needed the permit in hand by the end of the year. It also had to show it had spent 10 percent of the approximate \$8-million budget. It accomplished that by Friday signing \$401,000 in promissory notes to the city. The city previously waived building fees but CHC decided to pay them, albeit with 30-year no-interest notes to satisfy the 10 percent expense rule.

Critics charged the city rushed the 95-unit project through the planning process because of political pressure from the council and the CHC. Planning officials Friday said that although the project was a high priority it was checked as carefully as any other.

Although the basic building plans were turned in last September, architects and engineers working for CHC scrambled over the last month to complete plans and revise

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others in order to meet the end-of-the-year deadline. A map outlining streets was turned in late Thursday and checked Friday morning.

The CHC has overcome several obstacles in the nearly four-year drive to build housing for low- and moderate-income families at the southern end of Chestnut Street. More hurdles remain, one critical.

The city must build a storm drain pumping station before the project can be occupied. The city council committed itself to the station, expected to cost between \$1.2 million and \$2 million. It planned to sell city land on Swanton Boulevard to cover the cost.

But the earthquake shattered the city's budget and put all capital improvement projects such as the storm drain on indefinite hold.

City, county and regional officials have been trying to find \$2 million somewhere.

A State Senate consultant has identified three possible sources of funds, but each has problems, including local opposition to the pro-

ject.

Current housing and earthquake programs are limited to actual housing construction, not off-site improvements, the consultant wrote in a memo to Sen. Henry Mello, D-Watsonville.

A bond act on the June ballot would raise \$450 million statewide for housing. There might be a way to specify that \$2 million be set aside for the drainage system, according to Dean Misczynski, who researched funding sources at Mello's request. But that might meet resistance because none of the rest of the bond proceeds are earmarked for a particular project.

Specifically asking for help on the Neary project would be a first, Misczynski said. "The precedent raises the threat that the bill could turn into a Christmas tree," he wrote.

Misczynski also revealed that Santa Cruz officials are considering asking other redevelopment agencies in other cities to donate a portion of their money so Santa Cruz can build the drainage project. Under redevelopment law 20

percent of the money raised in a redevelopment district must be spent on low-income housing. Santa Cruz has already spent its share on the Neary Lagoon project. A third potential source of funds is a \$150 million flood control bond act that failed to move out of committee. It could get revived with the governor's support, Misczynski said.

The Neary project has survived one lawsuit, but may face another. A persistent critic suggested Friday he might file suit alleging the project must be approved by local voters. The city attorney has already given an opinion that the project is immune to the vote requirement, but the critic, consulting planner Ed Davidson, said he is considering challenging that in court.

Davidson said he supports public housing and is not interested in holding up the project, but believes it is badly planned and designed.

"My interest is to chuck the project, start over and go with the right project," he said.