

# Watsonville's condo boom

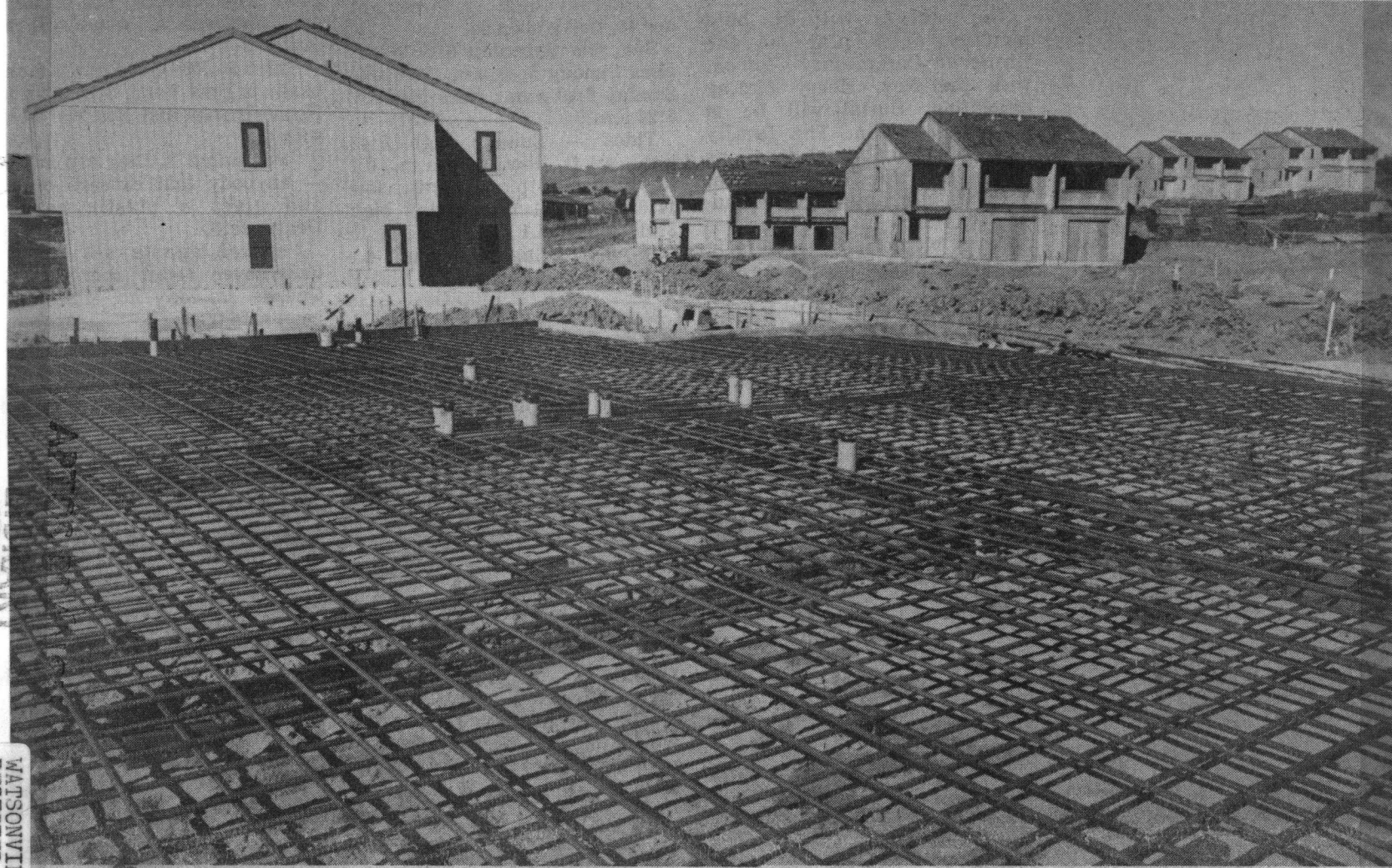


Photo by Kurt Ellison

Condominium developments like Monterey Terrace are becoming more common in Watsonville.

## They're finally catching on here

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STAFF REPORTER

**F**OR THE LAST decade and a half, condominiums have been built at a fairly rapid rate all over Santa Cruz County — except in Watsonville.

"The condominium/townhouse concept has been difficult to sell in Watsonville," said Robert Ellenwood, the city's planning director. Most people buying here, Ellenwood said, want a conventional house.

But things are changing. The once-ample supply of conventional homes is not so ample anymore, and condominiums are beginning to look more appealing to both investors and buyers.

(In planning department parlance, owners of condominiums own what's "between the paint" and often have other units above and/or below them. Townhouses, a form of condominium, have no housing units above or

below them and are often of two stories. In both cases, homeowners pay a fee for upkeep of the common land, about \$50 a month at most developments in Watsonville. For purposes of this article, the term "condominium," unless otherwise noted, will mean condominiums in the broad sense that includes townhouses.)

Santa Cruz County has more than 3,000 condominiums (the 1980 census counted 2,861), but only about 225 are in Watsonville.

That number in Watsonville is about to rise. There are 40 units under construction and 253 that have received the necessary city approvals; an application

for another 31 units is winding its way through the approval process.

The main attraction of condominiums is that they're less expensive than new or nearly new conventional homes. The average two-bedroom condominium in Watsonville sells for

around \$80,000; comparably sized homes at that price are generally older, in a less-than-desirable neighborhood, or both.

"There's a definite need for them," said Ralph Oliver, owner of Oliver Realty, citing the decreasing availability of land in Watsonville for new housing. "We can use just about anything that will house people."

Other real estate agents contacted in a spot survey tended to agree with Oliver.

"We hardly have any condominiums," said Margie Minogue of Marty Sglav Realty. "I think we need them," she said, noting the growth and anticipated growth of the city's industrial base.

Kathyrene Ragan of Oliver Realty said people in Watsonville "have been a little slow in accepting" condominiums, but she feels buyers are beginning to accept them.

Nancy Hansen of Watsonville Properties said the influx of

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condominiums "will help the first-time buyer." She said several of her clients have bought condominiums, then bought a conventional home a few years later after building up some equity in the condo.

Three years ago, it appeared Watsonville was on the verge of a condominium boom. One 72-unit project was completed, grading began for a 152-unit development, and the third phase of the Crestview Terrace condominiums (on Crestview Drive) was finished and quickly sold out. The Crestview project, started 10 years ago, has 51 units.

But the boom didn't happen the way builders and investors planned it.

Sales were so slow at the 72-unit project, Madonna Vista on Clifford Avenue near Main Street, that the owners turned to renting the units, and after the grading, nothing was done on the 152-unit development, Apple Hill, at the northwest corner of Main Street and Green Valley Road.

But in the last year, there have been a number of indications that the boom expected in 1981 was only delayed, not canceled. They are:

—The unsold units in Madonna Vista were quickly sold about a year ago after the price for two-bedroom units was dropped from \$90,000 to about \$80,000 (a price generally in keeping with other condominiums in town). Still, most of the units are owned by investors and rented out.

—The 48-unit Winchester Acres development, on the hill above the Starlite Drive-In, was completed last year. Paul Bailey, listing real estate agent for the project, said 41 units have been sold.

—David Boone, the developer of Winchester Acres, is applying for 31 more units; there appear to be no major problems that would tie up the project. Bailey said the new units will be larger and fancier than the present ones. The price will be fancier too — \$97,500, putting the project in direct competition with Crestview Terrace.

—It appears development of Apple Hill is imminent. "We hope to get started in July," said Les Bick, one of the partners in the project. Twenty units will be built at a time, he said, and how fast the project proceeds will depend on how quickly sales go. Some units will be townhouses, some condos.

—Completion of the first 32 units of the Monterey Terrace townhouses at Main Street and Clifford Avenue is planned for early summer. The builder, DaPont Construction of Santa Cruz, has approval for 85 units and will build the remaining ones as soon as there's a

demand for them. Gary Reece of DaPont said he's been getting several calls a day about the project, even though he's done no advertising.

—TECHO, an organization that specializes in self-help housing, has approval for 24 townhouses on Brentwood Drive near East Lake Village. Jose Ruiz of TECHO said financing is still being worked out; the goal is to build the units this summer. By helping with the construction, the homeowners will be able to get a unit comparable to those priced at \$85,000 to \$90,000 for \$30,000 less.

—Greg Holm is building eight townhouses on Clifford Avenue near Monterey Terrace; he has approval for 24 more, which he plans to build after the first are sold. The eight he's building will have two bedrooms, with prices from \$75,000 to \$78,000.

The picture for condominiums is generally rosy, but there are a few clouds:

—A high percentage of owner-occupied homes is a sign of a strong market, but except for Crestview, the major condominium projects in Watsonville have 45 percent or more investor-owned units.

—A San Diego firm, CDS development, will buy 18 acres at Crestview and Madison streets, provided it can get the zoning to build 360 apartments there. The present zoning would permit condominiums, but CDS officials don't believe a condominium project would be cost-effective. (A number of Crestview Terrace residents have signed a petition opposing the proposed apartment project.)

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Chuck Allen, whose firm, Heritage Development, is proposing a 204-unit townhouse project in Las Lomas, said he's optimistic

about his development and others in Watsonville, but he adds a note of caution: "The market hasn't been tested yet."

Allen said design and price are key factors in the salability of condominiums. Design is important in any building, of course, but the flaws and merits are magnified in the condominium.

Real estate agent Oliver agrees.

"There's a definite need for the developer to be ever-conscious of the needs for a home (condominium) owner," he said. Oliver lived in the Crestview townhouse project, where he served as president of the homeowners association.

"Two-car garages (which Crestview has) are a key" to marketability of a condominium," he said. Another strong point for Crestview, Oliver said, is the absence of common walls, except in garages. "What people want is a home built on a small lot, which is what Crestview is."

Although real estate agents realize that most home or condominium buyers will eventually move, the buyers aren't taking that attitude when they're shopping, Oliver said. "When a homeowner buys, it's forever."

The prices for condominiums in Watsonville vary from around \$65,000 for the homes on Sunny Hills Drive to about \$95,000 at Crestview. A top price of \$103,000 for three-bedroom units is planned for Monterey Terrace.

At Winchester Acres, prices are \$67,500 for one-bedroom units, \$79,500 for two bedrooms and \$87,000 for three. The 31 new units planned will have the floor space of a good-sized house — 1,500 square feet. They'll also have a higher price tag, about \$97,500, real estate agent Bailey said.

At Monterey Terrace (all townhouses), prices will range from \$82,000 to \$89,900 for two bedrooms and \$89,900 to \$103,000 for three bedrooms.

A bond program will allow first-time home buyers (or those who haven't owned a home in three years) to get below-cost financing for Monterey Terrace homes.

The below-market rate (10.975 percent in this case) is made possible by a county-sponsored program — municipal bonds are tax-free, allowing the lower interest rates. Families with adjusted gross income below \$45,000 are eligible.

Some \$3.5 million in loans is available for Monterey Terrace, which will cover at least the first 32 units, said Wayne Shaffer, real estate agent for the project. Buyers in the bond program can make a down payment of as little as 5 percent.

The influx of condominiums will mean real estate agents "will have to be aggressive," said Bailey. "I know I'll have to attract people from outside Watsonville" as well as local people, he said.