

Housing industry gets a boost from the state

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At least \$10 million is expected to flow into the Santa Cruz area housing economy in the near future from a \$40 million bond allocation approved for this county in Sacramento Wednesday.

It will mean that some lucky "first home buyers" can purchase homes up to the \$118,000 range with 5 percent down. Mortgages are estimated to run from 11 to 13 percent, according to the latest official estimates.

The mortgages are for 30 years and will cover 95 percent of the price. They are fixed rate and assumable by the next first home buyer. First home

buyers are those families who have never owned, or at least not owned a home in the past three years.

To buy new homes under the bond mortgages, families can earn up to \$43,350 annually. To get rehabilitation loans on units worth up to \$103,000, families can earn up to \$34,680.

While this county won approval from the state Mortgage Bond Allocation Committee for \$40 million, it can only issue bonds for the amount of the "commitment" it gets from developers of new homes and from real estate agencies for rehabs.

Up until Wednesday this county had commitments for around \$6 million. Some \$10 million was needed to issue bonds under state and federal

policy.

At noon yesterday, the board of realtors, chamber of commerce, builders exchange and county planning department hosted a luncheon to stir up interest in the bonds.

Realtor spokesman Brad MacDonald announced this morning that a developer has surfaced who wants to build 40 condos in the city of Santa Cruz. That would add the necessary \$4 million to get the program started here.

County Supervisor Joe Cucchiara called the bond issue allocation "a major breakthrough that will provide the missing link of affordable money" to the housing market here.

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The estimated \$10 million could be increased by up to an additional \$30 million by developers willing to commit themselves by Sept. 10.

That is the deadline that the county has to get its estimates of bond need submitted.

According to county planner Thom McCue, the county has only 60 days to get the program completed in order to issue bonds. He said that an added 30 days may be tacked on to that, but that the Sept. 10 deadline will hold firm.

Developers will have to have projects planned and submit financial statements in their applications. It will mean a one-quarter of 1 percent participation fee (\$2,500 per \$1 million) and a commitment fee of 4 percent.

The low-interest mortgages are made possible because the bond purchaser is not required to pay taxes on the interest he (or the institution) earns.

Officials figure if the bonds were issued today they would go for 12.5 percent and that an added .5 percent would be tacked on to pay costs to the institution handling the mortgages (local banks) and any small amounts the county might tap out for costs.

McCue points out that the housing bonds are getting more and more popular. They have been used by a number of Northern California counties and the cities of Monterey, Marina and Salinas.

Acting County Administrator George Newell said he was happy about the bond money and "that developers have just been snapping up this kind of money."