

5-21-70

*Housing*

# A Santa Cruzan Cuts The Red Tape

The first of 15 new houses for low income families was started here last week by the F. B. Stearns Construction Co.

Sponsored by the FHA (Federal Housing Authority) and HOD (Department of Housing and Urban Development), the announcement came somewhat as a surprise.

The project was made possible because one local man went to the FHA in San Francisco and asked for it.

Moshe Shapiro, Santa Cruz real estate broker, who recently returned from Caracas, Venezuela, where he worked with the poor under the Accion International program, made a presentation to FHA officials and his proposal was accepted.

Shapiro said that the first house under way on Jeter

Street is an \$18,150 three-bedroom, two-bath house. This includes the cost of the lot.

Under the purchase subsidy plan, the family will pay \$200 for closing costs. Monthly payments will be \$180 including taxes and insurance.

But the low income buyer will pay only \$80 per month. The government will make up the \$100. Every two years the FHA checks incomes and if the buyer's income increases, so will his share of the payments, so that hopefully he eventually will pay the full cost.

Shapiro said that the FHA has put a maximum limit on incomes — \$4000 for one person to \$8000 for 10 persons in a family. A steady job must be involved and the credit rating must be reasonably good.

He said that the ceiling price for a house is \$19,500 for three bedrooms and \$22,500 for four bedrooms.

"I was very pleasantly surprised in my dealings with the FHA," said Shapiro. "People told me I wouldn't stand a chance and it would take a year to get through the red tape.

"Well, they were wrong. The people there were very considerate, patient, and within three months we began the first house. I can't praise those people enough.

"They will check every phase of our program. These are good homes and not concentrated in any one area. They will be built wherever I can find a lot for a decent price."

Shapiro said that he went to

the Area Service Center to obtain his first tenants. Now there is a waiting list of 30.

He is now looking for a volunteer group to help landscape the home and give the family a good start. It should be ready in about two months time, said Shapiro.

Generally, the contractor obtains a regular loan from a bank or other financial institution and builds the houses for a predetermined FHA price with a qualified buyer checked out and waiting to move in.

When the house is complete the bank pays the builder under the FHA 235 program. HUD then takes over and furnishes the subsidy money which, together with the new owner's monthly payment, starts paying for the house.