

# Testimony continuing in growth-control suit

By PAUL BEATTY

Sentinel Staff Writer

SANTA CRUZ — Conflicting testimony continued through the day Wednesday in the Santa Cruz County Builders Exchange court challenge to the county's style of growth control.

The exchange is asking Superior Court Judge Chris Cottle to order the county to give up trying to control growth, claiming that the county's effort has resulted in less housing for the poor and a failure to meet regional housing goals.

The exchange claims the 1.5-percent growth-control limit set by the county Board of Supervisors for 1986 exacerbates the housing shortage for the poor.

UCSC Professor Paul Niebanck returned to the stand from Tuesday's session to further present and ultimately defend a report the Builders Exchange commissioned him to do. That report claims growth control "eroded" the stock of cheap housing in this county.

He said that the county, by "artificially" restricting the building industry "has approached a limit where the housing industry is disabled."

Growth control, instituted in 1978 by the Measure J initiative, increases overcrowding, leads to owners allowing houses to deteriorate, and drives housing prices up,

Niebanck said.

And the "irony" is, he said, that when only the rich can afford to buy in, "the demand (for expensive homes) goes down."

Niebanck's study was challenged by County Counsel Dwight Herr, who questioned the professor's methods.

Niebanck had compared house sales during the years 1977 and 1983 in the unincorporated area of Santa Cruz County and in south San Jose, Watsonville and Marina, where there is no growth management by government.

He compared only those houses that had sold in both years and found 11 such house sales in Santa Cruz for his comparison.

Niebanck claimed his study proved that housing costs here had escalated at a sharper rate than in the other three jurisdictions and that it occurred because growth control escalated house prices by 10 percent to 20 percent.

Herr pointed out that the professor hadn't considered such factors as additions to five of the 11 Santa Cruz County houses he used in his study.

Niebanck said his "analytical methods" hadn't allowed those considerations and that his study was a pace-setter, according to at least one planning analyst who had seen it.

Herr said if Niebanck had eliminated those houses from his study that apparently had increased

in size, it would have proved that houses were cheaper in 1983 than in 1977.

Herr asked the professor if there were other factors that determined the amount of housing that was built and the income-level of people who could afford to buy in.

"Are interest rates a factor?" Herr asked.

"Good grief, yes!" Niebanck answered.

Herr called planning consultant Nancy Alexander to the stand. She was the person who did the county's recent environmental study on the impact of its growth-control program.

Alexander testified the county had achieved 46 percent of its goal in providing housing and was the second most successful local jurisdiction in the Association of Monterey Bay Area Governments.

AMBAG has set a quota of 10,388 for Santa Cruz County in the 1980-1990 decade.

In the first five years of this decade the county issued permits that were used to build out 3,890 housing units.

"These did not include those permits that were voided," Planning Director Chris Schenck said during a break in the hearing.

Schenk is scheduled to take the witness stand Thursday, in what could be the last day of testimony.

12-18-86