

Priced Out

As the housing crisis worsens across Santa Cruz County, many middle-class residents are finding creative ways to cope. But others are leaving the area, and some are even finding themselves homeless.



Bill Lovejoy/Sentinel

Timothy McCrary and his 4-year-old daughter Zoe are facing an uncertain living situation because the home they were renting was sold.

THROUGH THE ROOF

About the series

Through the Roof is an occasional series on the housing crisis in Santa Cruz County.

TODAY

How are residents coping with the crisis, and can anything be done about it?

THE STORIES

The vignettes were written by staff writers Stett Holbrook and Dan White and Business Editor Jennifer Pittman.

MORE INSIDE

■ Editorial — **PAGE A19**

■ Housing crunch is hampering local businesses' ability to hire — **PAGE E1**

■ Housing market is the first to feel pinch of a slowing economy — **PAGE E1**

Housing

You hear something almost every day about the high rents, the ridiculous home prices. It becomes a conversation piece, talking about how much that home sold for two years ago and

how much more it sold for last week.

Sometimes it's almost amusing, the tales of dot-com millionaires spending fortunes to live near the beach. For those who are in, the fortunate who could afford something a decade ago, even a year ago, the rising prices are either an abstraction or a comfort, money in the bank.

But the housing crisis in Santa Cruz County is a cold splash of reality to the thousands of people struggling to find shelter, hold on to it or squeeze into too little of it.

Middle-class buyers qualify for subsidies

By **STETT HOLBROOK**
SENTINEL STAFF WRITER

SANTA CRUZ — "Affordable housing" isn't just an issue for the poor anymore.

Santa Cruz County's zooming housing prices have killed the American dream of home ownership for many and have redefined the term affordable housing.

People making enough money to be considered solidly middle class elsewhere find themselves locked out of the county's housing market and in need of help.

"It's not 'those people' anymore," said Paul Brindel, shelter project program director for Santa Cruz's Community Action Board. "It's you and me."

The old rule of thumb for affordability was that if a family spent 30 percent or less of their income on housing, they were in good shape. But with housing costs rising on a monthly basis, the 30 percent rule has become wishful

Please see **SUBSIDIES** on **PAGE A6**

6-11-00
For every one who has cashed in on the boom, there are a dozen others doubling up in Beach Flats, commuting to Salinas or selling the furniture to make the house payments.

High rents are separating families and putting some of us on the streets. Children are becoming latchkey kids because the adults are working extra hours, extra shifts, to make the mortgage. Some people are simply giving up and moving out.

As part of the Sentinel's continuing coverage of the issue, here are some stories of real people and what they are going through because of a housing market that has gone through the roof.

Their stories are told on **Pages A5-8**.



Dan Coyro/Sentinel

Sunset Cove is one of several housing projects going up in Watsonville with special provisions to help Watsonville residents buy homes. City residents get first opportunity to buy and some can qualify for down-payment assistance on new and existing homes.



Bill Lovejoy/Sentinel

With a place of his own out of the question, Timothy McCrary is worried that his daughter Zoe Francis may have to stay at her mother's house during some of his custody time.

TIMOTHY MCCRARY, JOURNALIST

Nowhere to go

Noncustodial dad searches in vain for a place to live after his rental house is sold

SANTA CRUZ — Timothy McCrary is about to lose the rented roof over his head. If he were all on his own, it wouldn't bother him that much. He doesn't mind sleeping on couches or even in his truck.

But McCrary, 32, a contributor and photographer for Connection Magazine in downtown Santa Cruz, shares custody of his 4-year-old daughter, Zoe.

"I'm going to really have to do a lot of coordinating to make sure she has a comfortable place to stay," he said. "I've even considered leaving town because of this."

McCrary's worried that the girl may have to stay at her mom's house during some of his custody days unless he finds something soon.

McCrary, who moved to Santa Cruz three years

ago from Memphis, Tenn., is now living in a shared rental on Storey Street in Santa Cruz. But that house has been sold, for \$350,000, and he has to move out next week.

"I'm going to couch surf," he said.

It's easy to suggest that McCrary just go out and find himself another rental. But it's not that simple.

A place of his own is almost out of the question. He wouldn't divulge his income, but said his budget is limited.

"I can't afford a \$1,000-a-month apartment," he said. "Six hundred dollars would be pushing it for me, with car insurance, food for a 4-year-old, etc."

He is seeking out shared housing but even that hasn't been easy.

"A lot of people aren't into having kids in the

house," McCrary said. "They say they are not sure if they want a 4-year-old around."

He's been lucky at his present house, where a number of the renters work with children and are used to having them around.

McCrary knew his days were numbered at his current home when the real estate agents started buzzing around.

"We had real estate agents calling from their cell phones saying 'I'm outside the house, I'm looking in it right now and wondered if I could come in and check it out.' It was like a feeding frenzy. We had to put our food down a couple of times and remind them, this is a home, and people do live here."

— Dan White

'I'm going to couch surf.'

— TIMOTHY MCCRARY

CRAIG WITT AND JILL MCINTYRE WITT, TURF SPECIALIST AND MOTHER

Santa Cruz just wasn't worth it

SANTA CRUZ — With two growing children, Craig Witt and Jill McIntyre Witt have outgrown their 400-square foot studio.

"We're outgrowing the walls," said Jill. They have been casually looking for a bigger place for a couple years. Now with two daughters, a 4-year-old and a 9-month-old, the time has come to move.

Because Jill, 34, chooses to be a stay-at-home mother, 36-year-old Craig's \$30,000 a year salary as a turf specialist with UC Santa Cruz's grounds department limits their options.

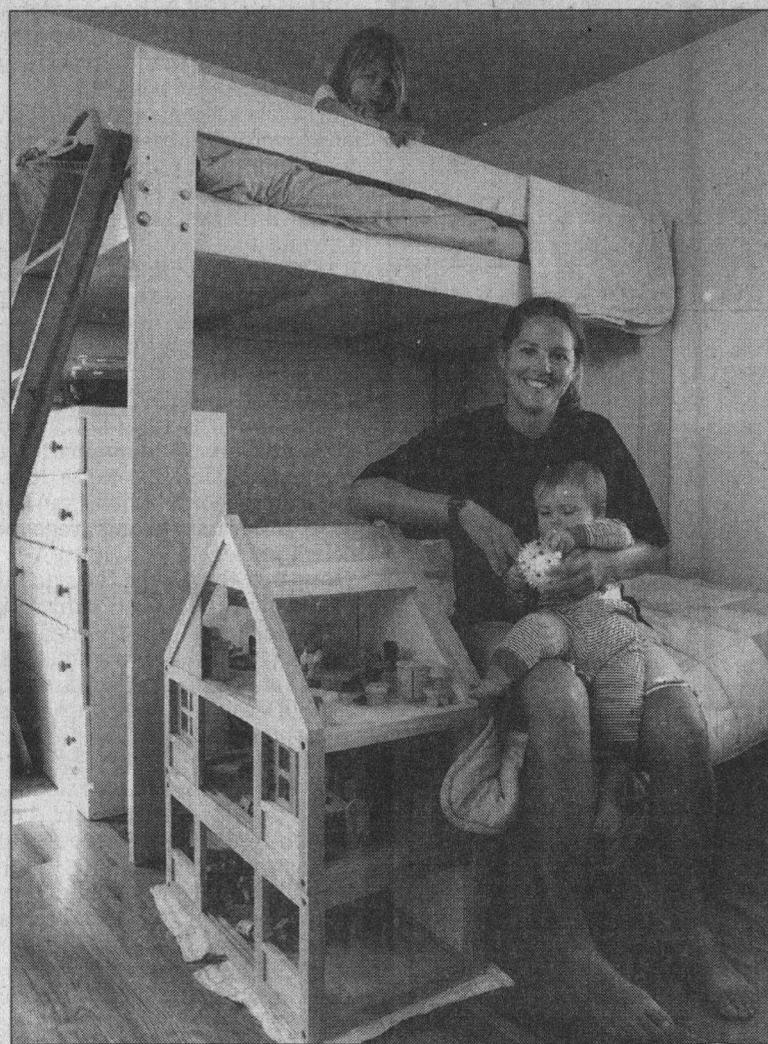
While they have saved enough for a down payment on a \$400,000 home, their income locks them out of owning anything other than a mobile home.

After looking at housing costs in the county, they have decided to pull up stakes and leave the state.

"It's a lifestyle choice," Jill said. "I'm not willing to let go of my choice just to live in Santa Cruz."

Given that Santa Cruz is a progressive-minded town, Jill said she hopes city officials can come up with solutions to the housing problem before more people have to leave.

— Stett Holbrook



Shmuel Thaler/Sentinel

Home and rent prices have forced Jill McIntyre Witt, her husband Craig Witt, and daughters Olivia and Gloria out of the area.

JIM MASON, TRANSPORTATION COORDINATOR

First, last and deposit proves prohibitive

SANTA CRUZ — Jim Mason doesn't think it's right that someone like him, working 20 hours a week and making \$8.25 per hour, should have such a hard time finding a place of his own.

As a transportation coordinator for Barrios Unidos, the gang intervention program, he pulls in about \$600 a month. Social Security brings him about \$460 more.

He's 68 years old, a divorced father of four, and has lived in Santa Cruz County since 1972. He's living at a mobile home park, sharing the space with a friend. At the moment, he's paying all the rent, \$600 a month, for the 34-foot trailer because his roommate is out of work.

Mason said he wants his own apartment, where his kids can visit with him, "but that'll cost me at least \$200 more than what I pay here."

He's had a hard time upgrading his situation. "It's just hard to find any place, and even if you find a place, you have to meet the credit requirements, which most people don't have."

"That is typical of most low-income people, most poor people, white, black or otherwise," he said. The housing industry, he said, caters "to the university crowd, and to the people over the hill."

A big hurdle for him is that he can't afford what many landlords demand, first month's rent, last month's rent and a deposit, all up front.

His situation has made him rethink his financial status.

"You know, it's the have and the have nots," Mason said. "At one time I would've been considered low or middle class," he said. "Now, I'm just (at the) bottom."

— Dan White



Contributed photo

Jim Mason, who works as a transportation coordinator for Barrios Unidos, a gang intervention program, is struggling to find a place of his own.

'It's just hard to find any place, and even if you find a place, you have to meet the credit requirements, which most people don't have.'

— JIM MASON

THROUGH THE ROOF

VIRGINIA POTRO, COUNTY EMPLOYEE

'My parents are going to be lending me money — at 46 years old — so I can stay here. Thank God I have family.'

— VIRGINIA POTRO

When the rent goes up \$400 a month

SANTA CRUZ — After three years living comfortably, but not extravagantly, in a cozy two-bedroom Santa Cruz apartment with her sons, Virginia Potro was scouring the classified ads.

Her landlord is selling the five-unit complex and her rent is going from \$900 to \$1,400 in July.

"She said the (real-estate agents) told her she was charging too low rent," said Potro.

"I was in shock at first. Then I got scared. I started looking in a newspaper, then I realized there was-

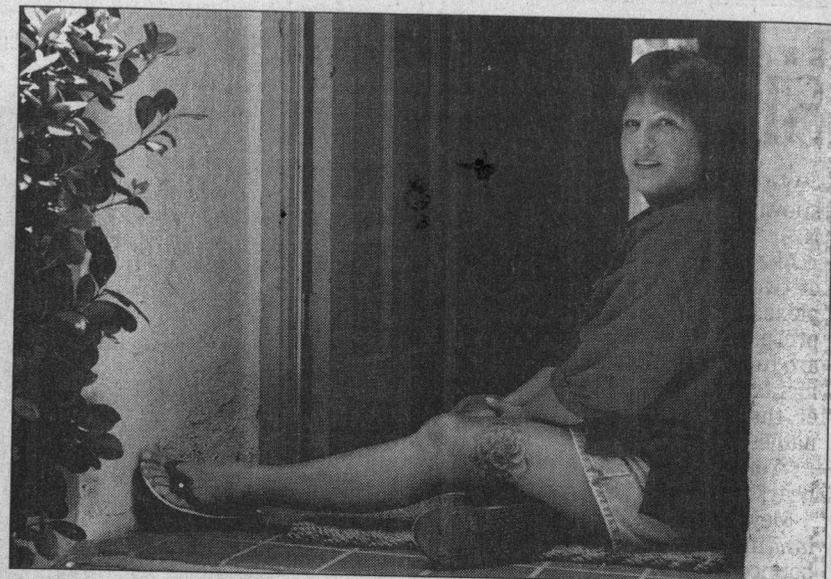
n't anywhere else that was cheaper. I started thinking about getting a roommate but I didn't know where to put one."

Potro has lived in the county 28 years. She's been a county employee for 20 years and earns \$35,000 annually.

"I always considered myself middle-class. Of course, things happen. I never expected to be a single parent. Most of the people in these units aren't single income."

For now, Potro says she's stuck. She'll stay. To make it, the family will cut back where it can. There are small things that can go, like some of the entertainment and cable TV.

Still, Potro considers herself lucky. "My parents are going to be lending me money — at 46 years old — so I can stay here. Thank God I have family."



Shmuel Thaler/Sentinel

— Jennifer Pittman Virginia Potro is facing a \$400 monthly rent increase.

LOREN AND DAWN MARBURG, CORRECTIONAL OFFICER AND HOME SCHOOLER/REGISTERED NURSE

Move to Michigan offers a better life

WATSONVILLE — Loren and Dawn Marburg wanted to stay on the Central Coast forever, but Loren was working too hard for the \$85,000 they needed to make it through the year.

Loren, 39, and Dawn, 43, loved their ranch home on the outskirts of Watsonville. To make the payments, though, Loren had to commute to San Jose and work 20 hours overtime each week as a correctional officer, leaving him too little time to spend with sons Nathan, 6, and Joshua, 4.

They finally decided that they weren't seeing each other enough, so they uprooted themselves and moved to Michigan. The living there may not be easier, but it's a whole lot cheaper.

Three years ago, they spent \$252,000 on a 1,800-square-foot home between Watsonville and Prunedale. The

monthly payments were \$2,100.

They just sold it for \$387,000.

In Sumner, Mich., they bought a 1,600-square-foot home on 20 acres for \$122,000.

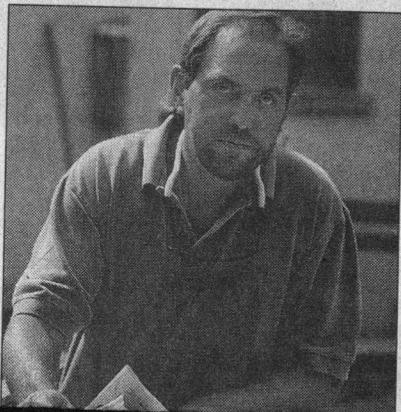
"It's beautiful," Dawn said.

Loren took a huge pay cut in Michigan where he still works as a corrections officer, and now makes just \$26,000 a year. But Dawn says they can manage now that their monthly house payment is only \$568.

Still, it wasn't an easy choice.

"We knew if we ever wanted to come back, we wouldn't be able to," Dawn said. "We really had to think hard about leaving to make sure it was the right decision."

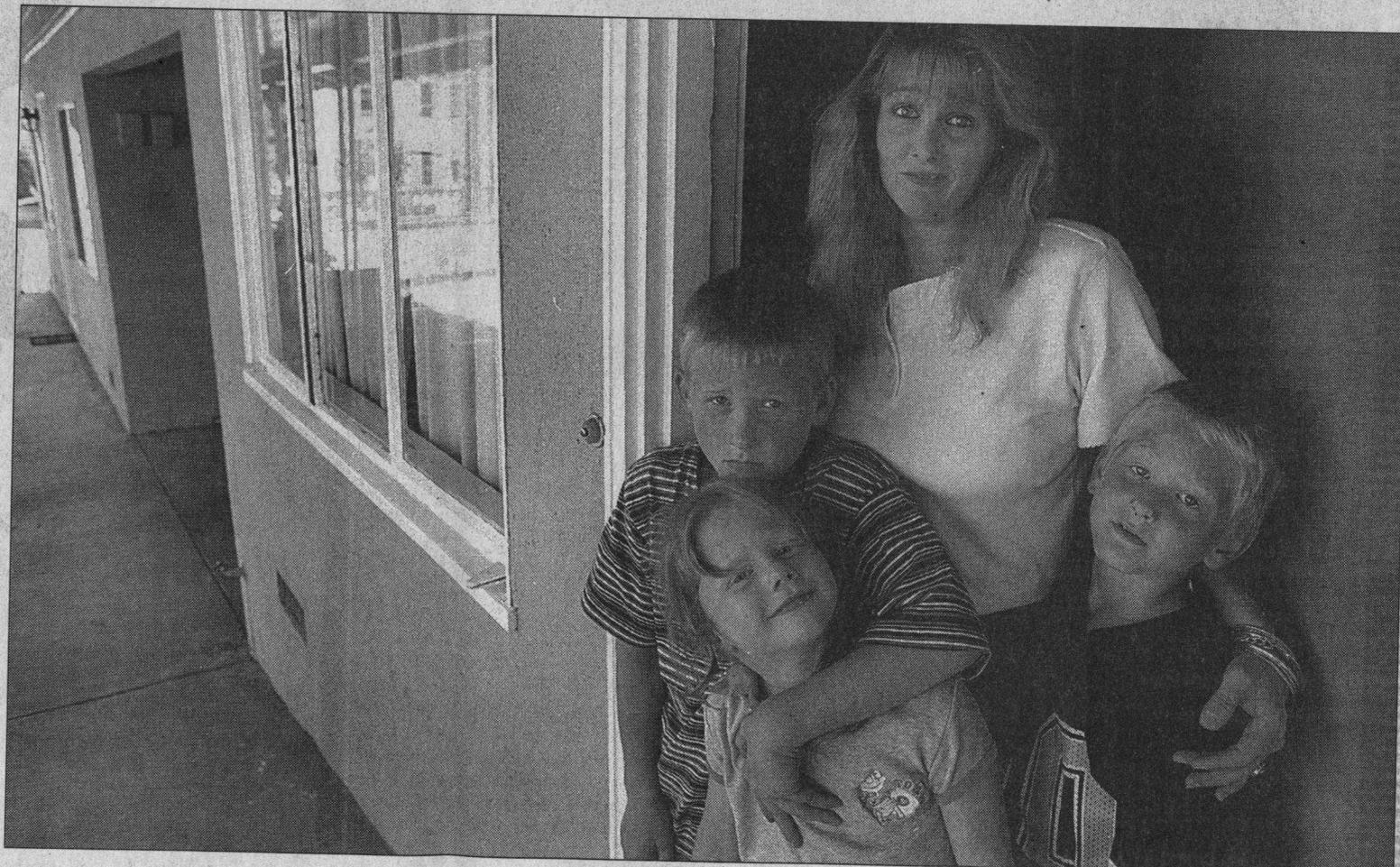
— Dan White



DAN COX, RETIRED IRON WORKER

Struggling to find a room for his mother

SANTA CRUZ — Dan Cox thought it would be simple to move his 87-year-



Dan Coyro/Sentinel photos

Michelle Hoyer and her children have been homeless off and on for about three years, sometimes staying at motels.

MICHELLE HOYER, AFDC RECIPIENT

Hard times put family on the street

Michelle Hoyer is a smart, articulate woman who wants to be a private detec- Hoyer has been living on monthly welfare payments of \$673 plus \$274 in

and mother back to Santa Cruz.

Wrong.
Cox, 46, is running into high prices and long waiting lists for places that cater to seniors.

"Even when you're looking at trailers to buy, they just skyrocketed," he said.

His mother, Jean Charette, is now living in Phoenix. She is a retired engineer who worked at San Jose's Farm Machinery Corp. He said her monthly Social Security checks are between \$2,500 and \$3,000. That's too little to buy something, and too much for most of the area's subsidized senior-citizen complexes.

Complexes with market-rate rooms have waiting lists of as long as a year.

Cox wanted to move her into the La Posada independent living complex. It has 27 market-rate units and a waiting list of more than six months.

A shared living situation would be much cheaper, "but she is old enough where she needs her own bathroom,



Dan Coyro/Sentinel

Dan Cox scours the classifieds to find a rental for his 86-year-old mother.

her own little space," Cox said.

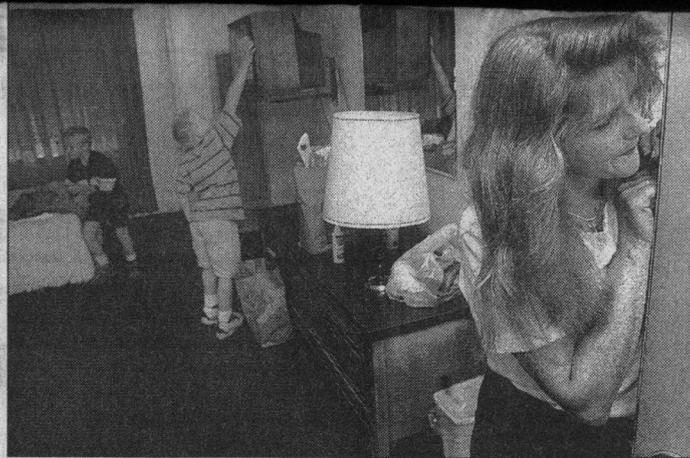
After searching hard for three weeks, he's getting frustrated.

"They're trying to push the seniors out of here," he said. "And they are the ones who founded this area, basically."

Brenda Moss of Senior Network Services said Charette's situation is far from unusual.

"Unless she can afford a fair-market unit here in Santa Cruz, and she'll be competing with everyone else, it will be very hard to find a senior complex with an opening."

— Dan White



Michelle Hoyer talks to the manager at the El View Motel.

But her investigative skills haven't helped her find a place to live.

Hoyer, 35, has three kids. She also has bad credit because of a messy divorce. That's two strikes against her when she talks to potential landlords. And being unemployed seems to be the third.

She said a truck backed into her car, giving her back pains that have left her unable to work. She was getting state disability payments but they ran out.

Homeless on and off for three years, Hoyer has spent some nights in the back of the Subaru with the kids. She thought she'd found a permanent solution when she started renting a trailer in Boulder Creek.

But she said the owner sold the property this spring, so she's out. Now she's sleeping on a couch at a relative's house and could end up sleeping in the car again. If that happens, her mom will take in the kids at night.

food stamps and \$50 in child-support payments. But that falls short since one-bedroom apartments start around \$700 per month.

"No one is willing to rent to a single parent with bad credit and kids" she said. "Nothing is available. It just seems like no one is willing to rent at all. The minute they see three kids, it's 'Oh, my septic can't take that' or 'It's too small.'"

She has lived at cheap motels off and on, but even that runs around \$300 a week. She appeals to churches for motel vouchers when her money runs out.

"I would take a shack," she said. "Just something where there is stability and a routine, some kind of base that you have. Of course, I would like it safe but I'm not picky. I just want to start getting on with my life."

— Dan White

Subsidies: With such high prices, even the middle class qualifies for housing assistance

Continued from Page A1

thinking.

"(Thirty percent) is so old," Brindel said. "That's so last millennium."

Countywide, the median home price in the first quarter of 2000 was \$337,250, well beyond the reach of a family of four earning the county's median income of \$61,700. In Santa Cruz, the median house price topped \$400,000.

David Werlin, organizing director for Service Employees International Union Local 415, said the cost of living is driving his members out of the county. The union, which represents county employees, fought especially hard on a new contract last year because county salaries weren't keeping up with the real-estate market.

"For all working people in the county the cost of housing is a greater and greater problem," Werlin said. "It's brutal to try and live here. I'm struggling."

Many residents are spending 50 percent or more of their income on housing. According to the United Way's Community Assessment Project, a comprehensive survey of county residents released last year, 47 percent of county residents earning \$35,000 to \$65,000 spend at least half their income on housing. Of those making \$15,000 to \$35,000, 57 percent spend more than half on shelter, the survey said.

"Many, many times people come to this area and are gone within two or three years because they cannot afford a place to live," said Bob Fitch, a former state housing official who is struggling to buy a home on about \$30,000 a year. "It doesn't make any sense to stay."

While home prices get most of the attention, Fitch said he also blames lenders for charging overly high inter-



Bill Lovejoy/Sentinel

The Farm, a subsidized housing project in Soquel, is so well designed that many people mistake it for condos.

est rates on mortgages.

Helping to keep something of a lid on housing sales, interest rates have slid upward over the past year into the 8.25-percent range for a standard 30-year mortgage, according to Rick Campbell of Norwest Mortgage. Someone picking up a \$250,000 mortgage today is looking at monthly payments some \$130 higher than a person in the same position a year ago.

The wealthy-only housing market means the foundation of the American

dream — home ownership — is cracking, at least around here. More than half, 54.5 percent, of those making between \$15,000 and \$35,000 rent their homes and 80 percent of those earning \$15,000 or less do not own their homes.

High rents prevent many residents from saving to buy. Add to that the fact some property owners are selling their rental units to the highest bidder and the situation gets worse, said Brindel.

"The sharks are circling," he said. "They're making offers the landlords

cannot refuse."

Because residents are stretched thin to afford housing, homelessness looms even for those with jobs.

Lonnie Stephens, a single parent with two children, would live a modest but comfortable life outside the San Francisco Bay Area. Instead, the region's housing crisis has left him homeless for four months.

As manager of Freedom Fuels in Watsonville, he earns about \$2,800 a month.

"For this area that is not enough," said Stephens, a Santa Cruz native.

With two children and a tattered credit history, he is locked out of housing and has been living on couches and the good graces of friends.

In practical terms, as defined by various government agencies, affordable housing and who qualifies for it is based on median income. Very low income is defined as 50 percent or less of the median income. Low income is 51 to 80 percent of the median income and moderate income is 81 to 120 percent of median.

That means a family of four earning \$49,350 in Santa Cruz County is considered low income. A family of four making as much as \$74,640, 120 percent of the median, could qualify for government housing assistance. Most of that is in the form of first-time homebuyer programs through redevelopment agencies.

Now that the middle class qualifies for subsidized housing, a rethinking of affordable housing is needed, some argue. For many, the term conjures up images of malingering welfare recipients and bleak, dilapidated apartments.

"People don't realize the people who qualify are teachers, police and their own children," said Erik Schapiro, senior analyst for the County Administrator's Office. "I think people have this image of a tenement in Chicago."

Schapiro points to housing projects around the county such as The Farm in Soquel and Sycamore Street Commons in Santa Cruz that break from popular conceptions of housing projects.

The Farm, developed by the county's redevelopment agency and the Mid-Peninsula Housing Coalition five years ago, consists of 41 units. The project

also includes four market-rate homes across the street. When the project was under construction, Schapiro said passers-by wanted to know how they could buy, thinking it was a condominium development, not an affordable-housing project.

"The Farm was an illustration that low-income housing developments do not lower property values," he said.

Elected officials are starting to pay attention to the housing crisis. The state Legislature is proposing \$800 million in housing assistance for everything from farmworker housing to down-payment assistance. Still, proposed funding levels fall short of previous spending. State housing assistance has dropped from 0.7 percent of total state spending in 1990-1991 to 0.2 percent in 1999-2000.

But now that the middle class is feeling squeezed by housing costs, more pressure may be brought on the politicians. It is generally the middle class, not the poor, who effectively agitate for change.

"The folks at the bottom don't have that political voice," said Kathy Bernard, executive director of the Pajaro Valley Housing Corp., a non-profit housing developer.

Fitch, the former state housing official, calls Sacramento's response to the housing crisis "an insulting yawn."

He said it will take more than state assistance to crack the housing problem. Only when the friends and families of those who are comfortably housed are affected by the housing crisis will the mainstream push for change, he said.

"It nibbles like a piranha at the edges of their families and their children's future..." he said. "That's when it begins to bite."

THROUGH THE ROOF

BARBARA MEYER, APARTMENT MANAGER

She's been in their shoes

WATSONVILLE — Barbara Meyer knows how scarce affordable housing is.

As manager and assistant manager of two Watsonville apartment complexes she constantly turns away prospective tenants because the units are full. At the new Northgate Apartments, where she is assistant manager, the waiting list has more than 100 names.

"You wouldn't believe the stories we hear," said Meyer, 52.

Meyer has a story of her own. Before landing her job a month ago, she bounced from house to house trying to find an affordable and safe neighbor-

hood.

Her housing crisis started after her mother died, forcing a move from Half Moon Bay to a friend's trailer in Las Lomas. From there she moved to a series of less-than-desirable houses before she and two of her children returned to Half Moon Bay and its equally bleak housing market.

Then she became ill and returned to Watsonville, taking a job with PacCom Management, overseeing the Evergreen Apartments. The \$20,000-a-year job includes a discounted apartment but the rent has not been set yet.

Meyer said she feels fortunate to have shelter and to work for a company that



BARBARA MEYER

cares about the local housing crisis.

"I lucked out," she said. "If I wouldn't have found this job, I don't know what I would do."

— Stett Holbrook

THROUGH THE ROOF

DAVID AND STACY SANDMANN,
SOFTWARE DEVELOPER AND ARTIST

Couple bolts back to Boulder

SANTA CRUZ — Relocating from Boulder, Colo., to Santa Cruz seemed like a great move for David and Stacy Sandmann.

David, 38, is a software developer. Stacy, 31, is an artist.

Living in Santa Cruz put him next door to Silicon Valley and her close to San Francisco's art scene. But after a year and a half, they are going back to Boulder.

Because they are saddled with debt, they originally planned to be renters here. But their first would-be landlord told them the house had been sold before they even moved in. Being pet owners made the rental search doubly difficult, so they decided to buy.

After viewing a few undesirable homes, they had to move fast when they found one they liked.

"It was cutthroat to find a place," said Stacy.

A Columbia Street home went on the market at 11 p.m. After using flashlights to check it out that night, they made an offer in the morning. They paid \$272,500 for the two-bedroom, 900-square-foot home.

As first-time home buyers, they had romantic visions, but reality didn't match their dreams.

"I never imagined a house this small," said David.

Even with his \$100,000 salary, the cost of living in Santa Cruz proved just too high for the Sandmanns.

"We can get a lot more for our money," said Stacy, who wants space for her pets and future children to roam.

At least they may go home with some extra cash. The Sandmanns have listed the house for \$435,900. Based on its first week on the market, they say they expect it to go quickly.

— Stett Holbrook



David and Stacy Sandmann are moving back to Boulder, Colo., after the software developer and artist tried to make a go of it here.

Shmuel Thaler/
Sentinel

HEATHER WHITLOW,
BEAUTY SUPPLY FIRM EMPLOYEE

Sometimes, it works out

SOQUEL — Heather Whitlow's housing story has a happy ending.

Whitlow, 27, had lived in a leaky apartment in Felton and a Capitola complex that she called a "ghetto." Then she settled into The Farm. She feels like she won the lottery.

"When they showed me this place I thought 'Am I dreaming?' I've never lived in a house as nice as this."

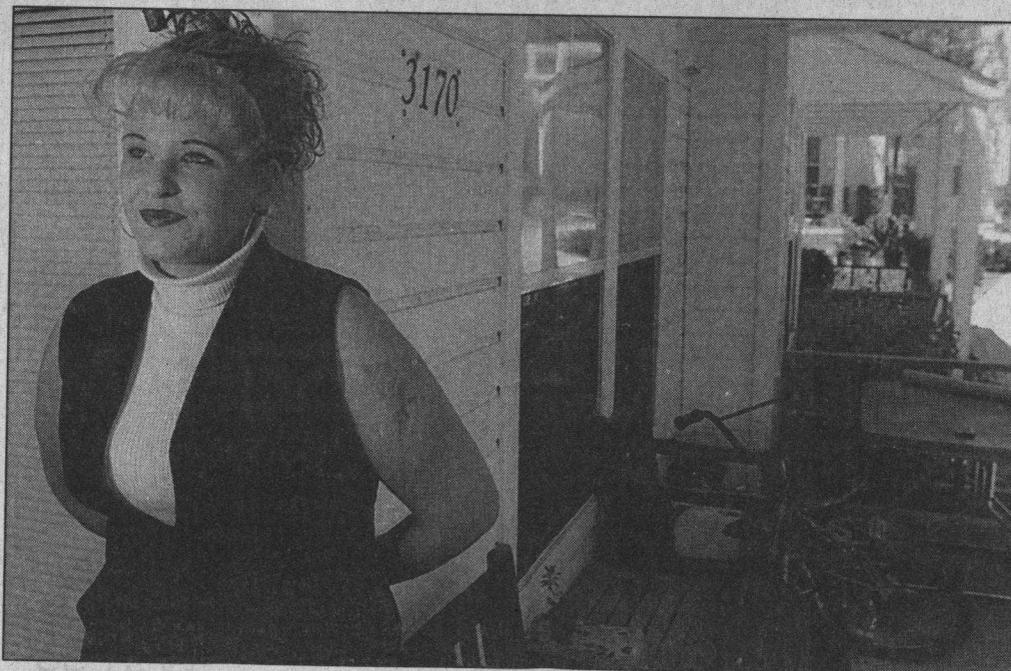
The Farm, a five-year-old affordable housing project developed by the county Redevelopment Agency and the Mid-Peninsula Housing Coalition, challenges popular notions about low-income housing. Strikingly designed, the 39 units blend with other market-rate apartments and homes on a quiet street.

Whitlow waited two and a half years to get into The Farm with her two children, 8 and 10. Now that they're in, she doesn't want to leave. Rent for the three-bedroom, two-story apartment is \$432 a month.

Because she doesn't have to borrow money to pay rent, Whitlow is off government assistance, has a job with a beauty supply company that pays about \$1,200 a month, has bought a reliable car, and even has money left over for savings.

"It's just great not to have to depend on anyone else," she said. "I owe it all to this ... If I didn't have this, I don't know what I would do."

— Stett Holbrook



Heather Whitlow says she feels like she won the lottery with her low-income home in The Farm development in Soquel.

Bill Lovejoy/Sentinel