

Affordable housing program gets go-ahead

By DENISE SIEBENTHAL

Sentinel Staff Writer

Five developers have agreed to participate in the county's mortgage revenue bond program that will provide some homebuyers 30-year mortgages at estimated interest rates of 12-12.5 percent.

The participation by these developers and by the county through its affordable housing program means that the bond measure has reached \$12.3 million.

Added to that is the good possibility of participation in a joint powers agreement with the city Hayward. Such an agreement would bring the bond measure to more than \$20 million, according to County Senior Planner Thom McCue.

This means that if all goes as planned, some \$12.3 million will be available for loans to homebuyers locally and another \$9 million will be available to homebuyers in Hayward.

The fact that the bond measure probably will go over \$20 million is good news, McCue explained, because the bigger the bond measure, the greater the chance of getting a low interest rate on the loans made to homebuyers.

"The bigger the better in this case," McCue said. "We set \$10 million as the bare minimum."

Development firms that have put money down to participate in the bond program locally include Devcon of California Inc., now selling condominiums at the Villas of Capitola; and Barrate of San Jose, currently constructing the Seabreeze condominium development in Aptos.

Other firms involved in the bond program are Shelter Systems, developers of River Run and Park Harbor in Santa Cruz and Aptos Oak Glen in Aptos; Venture Development, building four single family homes in the Bonny Doon and San Lorenzo Valley areas and SESCO / daPont Construction, developers of Madonna Vista in Watsonville.

Some \$1 million of the bond money also will be set aside of developers who plan to build affordable housing units. This money will be enough to finance the purchase of approximately 20 affordable homes.

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The five developers involved plan to use the bond money to help homebuyers finance the purchase of a total of 166 housing units.

Under the bond program, bonds will be offered for sale on the market and buyers will be offered a certain interest rate on their investment. This interest rate will eventually determine the interest rate offered to homebuyers taking out loans through the program.

The money raised through the bond sale then will be lent to those buying homes from the participating developers.

McCue said that it's very likely that the city of Hayward will agree to a joint powers agreement to participate in this county's bond program.

Details are being worked out now with Hayward city officials and a proposed agreement probably will come before this county's Board of Supervisors in a couple weeks, he said.

The cities of Santa Cruz, Watsonville and Capitola already have agreed to participate with the county.

Scotts Valley City Administrator Bob Rockett also has indicated his city is interested in being part of the program, although it would be too late for developers in that city to get involved in the program, McCue said.

However, a developer in Scotts Valley could conceivably get involved if a current participating developer didn't use all the money requested, McCue said.

Therefore, he added, it would be to Scotts Valley's advantage to get involved even at this late stage.

If all goes as anticipated, it's expected the bonds will

be sold from Oct. 20-22 and that mortgage funds will be available to homebuyers the week of Nov. 15.

Under the rules of the program, only "first-time" homebuyers can qualify. This would include those buying a home for the first time, as well as those who haven't owned a home within the past three years.

To buy new homes under the bond program, families can earn up to \$43,350 annually. To buy an existing home, families can earn up to \$34,680 annually.

Under the program, new homes cannot sell for more than \$118,000 and existing homes can't sell for more than \$103,000.

Another advantage of the program is that homebuyers only are required to put down 5 percent in order to purchase a home.