

Low income housing: apartments stay vacant

There's a paradox in the "affordable" housing situation in Santa Cruz County these days — builders are forced to build low income sales and rental units, but they can't seem to sell or rent them.

Santa Cruz County supervisors earlier this month wound up buying five condominiums built under provisions of the county's Measure J growth control ordinance, but for which the builder could find no buyers.

Now, another builder is reporting that five of the seven low income rental units he built under the mandates of the county Planning Department and the regional Coastal Commission, remain vacant.

H. C. Perry included seven of the low-income units in his 27-unit Eldorado Commons townhouse project at Eldorado Avenue and Capitola Road.

But now he complains that he can't find suitable tenants that meet the restrictions imposed on all residents of the development and who qualify for the Section 8 rent subsidy program administered by the Santa Cruz County Housing Authority.

It's not that there aren't people in Santa Cruz County looking for housing.

Perry is selling 20 of the 1,300-square-foot, two-story townhouses for \$140,000 plus, and reported last week that nine of the units are in escrow with another four in various stages of closing.

No, the difficulty lies at the other end of the spectrum — matching people who can qualify for the federal rent subsidy, who have four or less people in the family and who need a three-bedroom apartment.

Perry complains that he has not been able to fill the rental units from the families that have been referred to him by the housing authority

because they were too large. In one case, a family was rejected because they wanted to keep a fighting cock in the apartment, a proposal that Perry said

stretched the "pets permissible" rule a little too far.

"When we applied (to the Housing Authority) to rent the units," Perry said, "there were only 11 (families) on the waiting list."

"We have a clause in the rules and regulations that limits it to four people living in a unit. Several had large families who would not qualify."

Housing Authority Operations Director Gene Huffman concedes that the agency's list of eligible renters is low right now, but there is no way the Authority can expand its pool of available Section 8 renters on short notice.

The Housing Authority, Huffman said, receives an allocation from the federal government each year, telling it how many units, how many bedrooms, etc., the federal government will subsidize.

"Once those funds are used up," he said, "we have to stop."

Huffman said that the Housing Authority will probably reach the end of its eligibility list for this year in another two weeks. Then it will have to wait for a new federal allocation.

The Housing Authority goes through a lengthy procedure to take applications and then verify that the families do meet the federal government's standards for low income families.

In the Santa Cruz County area, a family of four can have a maximum income of \$17,000 to qualify for a rent subsidy. The ceiling raises or lowers, depending on family income.

"Once we verify the information, we issue a certificate of participation, good for 60 days," Huffman said.

The renter then takes that certificate to landlords offering homes or apartments meeting his needs.

Perry said his apartments will rent on the Housing Authority books for \$431 a month.

The certificate tells the landlord what portion the renter is expected to pay — 25 percent of his gross

income — and the remainder comes out of the federal treasury.


Huffman concedes that there have been problems with the Perry units.

"These are three-bedroom units and we are at the end of the eligibility list," he said.

Federal guidelines normally envision three to six people occupying a three-bedroom apartment. An owner limitation of no more than four people narrows the market field considerably.

A three-bedroom apartment or home would be considered suitable for a family of six, for example, if the mix was a married couple, two boys and two girls.

But a mother with a teenage daughter and teenage

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son would also qualify for a three-bedroom unit under the federal rules, he said.

"We just didn't have that many three-bedroom certificates outstanding," Huffman said, and at the same time, the builder set a limit of four people.

Huffman doesn't criticize Perry for the limit of four people, but says it makes it difficult.

He also understands why Perry and other landlords are reluctant to rent to people who would have trouble paying full rent on below-average family income. He had offered Perry a list of people who had qualified for the subsidy program but who had not yet received their eligibility certificates.

What bothers Perry, he says, "is that the county

had to buy five units and we still have units to rent.

"If we get into the O'Neill Ranch with 25 percent of (nearly 400 residential units) as low income (units), it will be a monumental disaster."

In the floor plan and square footage, the low income rental and the high-priced sales units at Eldorado Commons are virtually identical. But there are differences.

In the sales units, an elaborate upstairs full bath with partitioned shower and shower-tub is featured with skylights and deluxe fixtures.

Downstairs is a half-bath, a wood-burning fireplace and a breakfast bar-counter separating the living room from the kitchen.

From the outside, the economy units appear the same and they are scattered through the project. Inside, however, changes are quite evident.

The downstairs half-bath is missing — there's a closet instead. The breakfast bar-counter is also gone and the rest of the kitchen is spartan.

Upstairs, the major difference is in the full bath. The skylight is gone and so is the separate shower stall.

And the plush grade of carpeting found throughout the sales units has been downgraded to a serviceable, commercial grade carpet.

One of the marketing plans offered to the potential buyers of Eldorado Commons is a financing package that requires vir-

tually no down payment.

Termed the investor's special, it includes the following points:

The sales price is \$140,000 plus \$2,710 (one-half of four and three-fourths points), for a total price of \$142,710.

Eighty percent of the purchase price is covered by a first trust deed (12.75 percent) of \$114,168.

The normal 20 percent down payment of \$28,542 is picked up by a second trust

deed which carries an 18 percent rate and is payable in two years.

Monthly payments are estimated to total \$1,710.82, broken down as follows: first trust deed, \$1,241.01; second trust deed, interest only, \$428.13; homeowner's fees, \$41.68.

The buyer would have to come up with \$3,212 cash: points, \$2,712; loan fee, \$150; and title insurance and escrow, \$350.