

Low income rent outlook remains pessimistic here

By STEVE SHENDER

Lupe Rubalcava, her husband and three children live in a dark, two-bedroom apartment at 21 Main St. They have lived there for over 15 years, and their small rooms are overflowing with the accumulated furnishings and personal possessions of a decade and a half.

The Rubalcavas pay \$185 a month rent for their apartment, which comes with utilities and such features as holes in a closet floor and a shower stall wall, a kitchen hot water faucet that has to be turned on and off from under the sink because it has no handle, a bedroom window with an empty frame, and a heater that doesn't work.

"When it gets really cold," Mrs. Rubalcava said recently, "we turn on the kitchen stove."

The Rubalcavas, who rent one of 20 units at the ramshackle apartment complex at Main and Front streets, have looked for other places to live over the years, without much success.

"Sometimes we try and look," Mrs. Rubalcava, who looks older than her 40 years, said, "but some places, they only want one or two kids."

It is easier for the family, she indicated, just to stay put. "We're used to living here," she said. "My mother lives next door. She takes care of the kids, so when I go to work, I don't have to worry."

The Rubalcavas and other tenants of the dilapidated one and two-bedroom apartments can now look forward to some improvement in their living conditions, thanks to stepped-up fire-safety and structural inspections by the Watsonville Fire Department. Under pressure from the city, the Rubalcavas' Aptos landlord recently hired electricians to install new electrical outlets in apartments where the only source of power were lightbulb sockets strung with cheap extension cords. The landlord will be required to undertake other renovations aimed at bringing the apartments "up to code."

Residents of the apartment complex at Main and Front streets will accept whatever they get — or don't get — in the way of improvements with equanimity. They have no choice. For in truth, they have nowhere else to go.

Rents elsewhere in town are, for the most part, out of their reach, and landlords will not accept them because their families are too large.

The renters at Main and Front streets are human testimony to the shortage of decent housing for low-income families in Watsonville, where the overall vacancy rate remains stubbornly at the 1.3 percent mark, according to city planning officials.

The city and the Santa Cruz County Housing Authority are trying to ease the shortage, but at a time when the city's housing needs are perhaps greater than ever before, low-cost housing is getting tougher and tougher to finance.

The traditional source of financing for low cost housing — government money — is drying up.

"One of the facts of life," Mary James, Housing Authority

housing now," said Ms. James, who said that there are more than 1,000 families currently on the Housing Authority's waiting list for subsidized housing.

A few of those families will be accommodated in the 70 new rental units the Housing Authority plans to build in the coming year on four scattered sites around town. The new apartments may be the last built with federal funds in Watsonville for a long time to come.

Tax-exempt mortgage bonds and syndication are two financing methods cited by Ms. James as possible substitutes for federal funding in the "low-income" housing market.

Under the syndication arrangement, she said, the Housing Authority would act as a general, controlling partner in residential developments in which private investors would participate for tax write-offs. Such projects are tough to get off the ground, however, she said, because construction money must be raised "up front."

Tax-exempt bonds may prove to be an easier financing vehicle for affordable rental housing in the future, Ms. James said. Such bonds can be floated by governmental agencies on behalf of private developers, who agree to reserve a certain number of units for low and moderate-income families, she said. Because the bonds are tax-exempt, they can be marketed at lower interest rates, reducing a project's financing costs.

City Planning Director Robert Ellenwood said recently that the city staff has already been approached about issuing mortgage bonds by a developer who wants to build between 100 and 200 new rental units in town. The new units, he said, would be for "low- and moderate-income persons."

In coming months, Ellenwood indicated, Watsonville's greatest hope for more affordable housing may come from the changing nature of the private housing market itself. Because it has become so difficult in recent years to sell owner-occupied homes in a poor economy dominated by high interest rates, he said, private developers are turning more and more toward apartments.

Ellenwood said he hopes the city can take advantage of that trend by encouraging private developers to build larger "family apartments," rather than the smaller, all-adult units favored by apartment builders in recent years. "We have to

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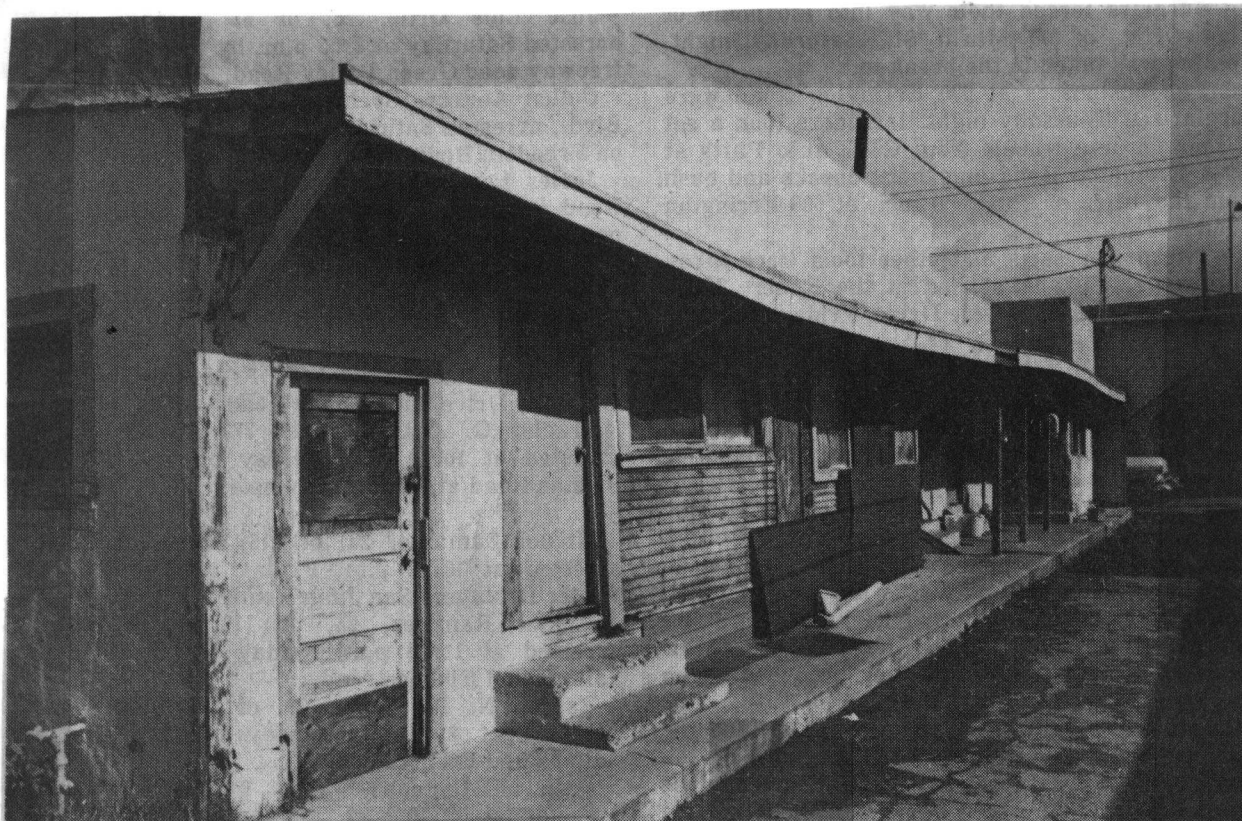
director, said recently, "appears to be that only the federal government can subsidize housing to the point where low-income families can afford it."

"Traditionally, since 1937, they (federal agencies) have been the ones that have done that. Now they've dropped out of it."

The diminishing federal commitment to low-income housing, Ms. James indicated, means that projects like the 70 federally-subsidized rental units the Housing Authority plans to build on four sites around town are likely to become relics of the past.

As the tide of federal funding for "affordable" housing ebbs, local agencies like the Housing Authority and the city of Watsonville are left to sift the sands of the "private sector" in search of "innovative" means of financing new housing for low and moderate income families.

"We're exploring all sorts of different methods of financing



Renters take what they can get in housing-short Watsonville.

see that the housing needs of the community are met to some degree," he said, "and adults-only is not going to do it."

The city, Ellenwood believes, must grease the wheels for more affordable housing in general, and apartment construction in particular, by increasing densities on various undeveloped parcels around town.

The movement toward more apartment development has already begun in Watsonville — and so has the wheel greasing. At Ellenwood's urging, the Planning Commission this month approved general plan and zoning changes permitting denser development of a vacant parcel at Green Valley and Harkins Slough roads, where a local real estate broker proposes to construct 140 rental units. Several other apartment projects — still in the "concept stage" — are pending before the planning department, Ellenwood revealed recently. If all of these projects, involving 150-250 units to a site, go forward, he indicated, the city will have another 500 to 600 apartment units.

The Rubalcava family and others like them will wait and see. In that, they have a lot of practice.