

# Disaster funds aren't lacking, official says

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SANTA CRUZ — Red tape and neophyte property-owners-turned-developers — not a lack of disaster assistance funding — are the long-term stumbling blocks in the earthquake rebuilding process.

"Usually our files are wrapped up by now," said George Camp, deputy area director for the Small Business Administration's disaster assistance program.

"We're not really surprised (by the number of homes and businesses still rebuilding in Santa Cruz County), but it is taking a lot longer than usual."

According to Camp, 82 percent of the \$199 million in SBA loan money approved for Santa Cruz County home and business owners has been disbursed.

Typically in such situations, said Camp, only 1 percent to 2 percent of the cases still are open two years after the disaster.

The problem is that the loans are disbursed piecemeal as projects are built. In the county, there are many replacement homes and buildings there are not finished — or even started.

"It's unusual for us to extend the disbursement period" as has been done in the county, said Camp. "But we're not going to penalize people because they can't build yet."

A case in point is Art and Ann Fitinghoff, two Old San Jose Road residents who lost their home and family business to the Loma Prieta earthquake.

In February 1990, they received approval for two SBA loans totaling \$210,000 to replace both their home and business, but struggled for months to meet county building code requirements.

Art Fitinghoff said that after daily phone calls and persistent battling with anyone willing to listen, he was able to get the necessary permits — 17 months after the process began in December 1989.

"I've been here 28 years; I'm part of this county," said Fitinghoff. "It's ridiculous, but we don't give up. ... We were just caught in a nightmare of permits and red tape."

The Fitinghoffs still are rebuilding their home. They're doing much of the work on their own to save money.

They have been living in the one-room cottage that survived the quake.

"I feel like this adventure has taken five years out of my life, and I feel like I'm going to do everything possible for it not to happen

again," said Fitinghoff, who is reinforcing every aspect of his home to make it sturdy. "I may be burned out next time, but I don't want to be shaken out."

It hasn't just been government red tape that slowed people who have SBA loans in hand.

Sue Dumler, owner of Ferrari Florist/Gifts on Portola Drive, was located downtown before the earthquake.

When the Ferrari building was damaged, it forced Dumler to move her business elsewhere with the \$100,000 SBA loan she received for her losses.

Most of the money went into a warehouse site on Ingalls Street, which Dumler opened two weeks after the quake to keep her floral business alive.

Dumler said the Portola Drive shop came about after she "realized how large a Christmas inventory I had" at her house.

"We were dead if we didn't get that sold, so I searched for this spot," said Dumler, who opened the Portola Drive shop one day after Thanksgiving in 1989.

Since then, she has watched the agonizingly slow progress toward rehabilitating the Ferrari building in downtown Santa Cruz.

"I had just about given up hope ... but things have just begun to

happen to make us more hopeful," said Dumler, who plans to return downtown when the building is finished. "I have pretty strong emotional ties to downtown. ... It wouldn't be like it used to be. A lot depends on if everyone who's trying to make it work down there does make it work."

Work on repairing the Ferrari building cannot start until the Elks building next door is demolished. Approval for that came just last month, after owners worked out a complex series of legal and ownership details.

The Ferrari and Elks buildings share a common wall, which is why the fate of one was tied to the other. Once the Elks building is demolished early next year, work is expected to proceed quickly on the Ferrari building repairs.

In some cases, rebuilding delays were the result of homeowners who were forced to become developers overnight.

Aptos resident Tom Sayous had a home in the hills above Cabrillo College overlooking Monterey Bay until it was destroyed in the earthquake.

He received a low-interest \$100,000 loan from the SBA, but has not started rebuilding yet because of a series of delays prompt-

ed by his inexperience with the development business.

"I'm trying to be thrifty about how I'm doing this," said Sayous, who had lived in the home with his family for 10 years. "I needed more help from county planning that I seemed to be able to get."

He studied ordinances and worked to learn the permit process — and enlisted the aid of a new friend who has worked with planning officials — and Sayous said he expected to submit plans early this month.

"I have no complaints about FEMA (the Federal Emergency Management Agency) and the SBA," said Sayous. "I was just inexperienced going through this (rebuilding) process. ... Lots of little, goofy things plus my own inexperience combined to cause this (delay)."

Camp said the SBA disaster loan program will fund building upgrades required by new government codes, "which is the only time we will fund improvements."

Such code upgrading requirements have had an impact on downtown property owners, including Loraine Andersen, who is nearly finished with the rebuilding on her small Cooper Street lot next to the Leonard building.

"The more that the city enforces

requirements on her and gets the bill up to \$400,000 or \$500,000, the less she has to live on," said John Geraghty, a construction analyst with SBA's Area 4 disaster assistance program.

Business owners are allowed to borrow up to \$500,000, with interest rates ranging from 4 percent to 8 percent. Camp said between 85 percent and 88 percent qualify for the lower interest rate.

"It is unusual in this country to make \$500,000 loans in a disaster," said Geraghty, noting that the average for both home and business disaster loans nationwide is \$20,000 to \$30,000.

In Santa Cruz County, the average SBA business loan from the Loma Prieta quake was \$87,000, plus a loss of income of \$31,000. The average home loan was \$29,000.

Several business owners, including Andersen, received the full \$500,000 loan. Homeowners can receive a maximum of \$120,000.

"Our challenge is to help them work this into their budget, because they didn't plan for this to happen," said Camp.

The maximum time for repayment is 30 years, but Camp said the majority of loans are structured to be repaid sooner than that.

REFERENCE