

Another gap



Diane Varni

The E.B. Lettunich block, in the 400 block of Watsonville's Main Street, housed Western

Auto and other businesses before the Oct. 17 earthquake. It was demolished yesterday.

EQ-1989-Watsonville-Rebuilding Council sets up low-cost housing fund

By LANE WALLACE
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Two hundred thousand dollars of the city's earthquake-relief fund will be set aside for permanent, low-cost housing, the Watsonville City Council decided last night.

The city has already received \$515,000 and expects to get between \$300,000 and \$350,000 more from the Bill Graham-produced rock-concert telethon held Sunday.

City Manager John Radin and Mayor Betty Murphy pushed for setting some of the money aside for matching funds for grants the city is seeking for low-cost housing for the poor.

Radin said the city has applied for a \$700,000 grant of state and federal funds for a "land bank" for housing for the poor. The money would go for acquisition of land, on which private developers would build housing. Radin said the money the council sets aside could be used as matching funds for the \$700,000 grant, or any other grants the city seeks.

"By subsidizing the land costs, we can finally get some housing in here," Radin said.

The remainder of the money will be available to city residents for home repairs, short-term utility payments, food, clothing and temporary transportation needs. Major repairs are not covered.

Owners of businesses in the city are also eligible for funds.

The council's policy said, "It is not the intent of this relief effort to restore all losses to their pre-earthquake condition," but to "assist as many citizens of the city of Watsonville as possible."

A committee will be formed to establish maximum grants and to review distribution of funds. The council said the city staff will handle those chores until the new City Council, which takes office in two weeks, forms its own committee.

In other action, the council approved an application to build 11 apartments in the second floor of the Kalich building, in the 400

block of Main Street. There had been a 28-room hotel on the second floor, which has been vacant for a number of years.

Several council members expressed reservations about the added burden on downtown parking the project will bring, but there were no dissenting votes.

Property owner Glen Olives is applying for matching funds from the city's Rental Rehabilitation Program, which means rents would meet a standard set by the county Housing Authority.

The beginning rents would be \$579 for each of six one-bedroom units proposed and \$682 for each of five two-bedroom units.