

Opinion

Sentinel Editorial

2/13/78 Housing Costs

Although the county study on housing provides some background data on what has happened to the housing market in Santa Cruz County, it does not provide much insight on what might be done to improve the situation.

From a practical standpoint, we have grave doubts if Solomon could provide an answer, much less the planning department.

In fact, some of their suggested ideas would be extremely detrimental.

At the time of the study, it was reported that the median price of used housing in the county was \$60,000 or slightly below the state average.

The last available figure on state sales of existing housing showed a median price of \$63,012 in November, down from October in a surprising move.

The median price is the point where half the sales were below that figure and half above.

On a national basis, the median price was \$44,200, so you get an idea of what has happened to the local market.

In fact, for \$60,000 you might be able to get either a converted garage or a 40-year-old house.

What you can buy for less than \$60,000 in the Santa Cruz area is a condominium. So what does the county suggest? Stop converting apartments to condominiums.

This infinite wisdom is guaranteed to up the prices of condominiums to the \$60,000 mark and above.

What has happened in the tight market is that some of the initial condominiums built some years back and sold for \$17,500 to \$19,000 are now selling for \$48,500 to \$50,000.

While some of the more recent models which initially sold for \$31,500 are now going for \$55,000.

Those type of increases occur when you have a shortage of housing and the odds are that the prices will keep on going up because of the same reason.

We are getting closer to the point where new housing of any type is reaching the price of existing housing in the same classification.

Because of the higher construction costs, land and materials, new houses tend to be smaller than existing houses, thus, maintaining the demand for used housing.

Last year, for example, there were 2580 new housing unit built and about 2800 sales of existing homes.

Obviously, location still plays a major role in the sale decision.

Land prices have skyrocketed, especially in the areas where it is still possible to get a building permit without extraordinary effort. This trend by itself could curtail residential construction to a major degree.

Current governmental trends continue to be detrimental to the housing market and there is little chance they will change in the near future.

And just to make the problem a little more difficult, the possibility of sanitation woes could be devastating.

It is all too evident that the only major means of lowering housing prices is to create higher density in the urban areas, a practice which is regarded somewhat worse than the plague in planning circles.

There is no such thing as low cost housing any more although there is hope for some subsidized housing for special classes such as the elderly and low income families.

More government cooperation in housing would be helpful, but it is probably too late to resolve conditions.

We lost our opportunity a few years ago when subdivision became impossible to develop. Then they may have been in the moderate cost range.

Thus, we live in a new world of shelter and when we look back a few years from now, current prices unfortunately may seem more reasonable.