

✓ HOUSING SJN 12-7-90 1B

\$23 million OK'd for low-income housing

By Bob Johnson
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More than \$23 million will be awarded to low-income housing projects in three counties that were heavily damaged in the Loma Prieta earthquake under a settlement of a lawsuit announced Thursday.

The settlement covers San Francisco, Santa Cruz and Alameda counties and is to be distributed according to each county's proportionate losses in low-income housing units from the October 1989 quake: \$5.5 million for San Francisco, \$5.9 million for Santa Cruz County, and \$11.6 million for Alameda County.

The Federal Emergency Management Agency has also agreed to pay almost \$2 million for additional residential hotels in Alameda County, said Morgan Gilhuly, a

volunteer San Francisco lawyer who joined Legal Aid attorneys at a news conference in San Francisco.

The funds may be used for rehabilitation or lease of low-income apartments or hotels, or for motel vouchers for the homeless, but not for new construction.

The settlement signed by U.S. District Judge Eugene Lynch appears to end months of legal wrangling that began when lawyers from the three counties filed suit challenging FEMA for denying housing aid to people who failed to meet the 30-day residency requirement and to many people who were doubling up in housing before the earthquake.

"The result is precisely what we intended in the first place, which was replacement of the units," said Steve Ronfeldt,

director of the Legal Aid Society of Alameda County. "It was extremely hard-fought litigation over the last 10 months, and we are now looking forward to working with FEMA as a partner rather than as an adversary."

The money will be paid to the counties, which will decide how much to spend on residential hotels, shelters, service centers and rent subsidy vouchers.

The 84-unit Oaks Hotel in downtown Oakland and a 30-bed homeless shelter in the city of Alameda have already received FEMA rehabilitation funds. Those projects are not included in the settlement announced Thursday.

San Francisco planning official Carla Javits said the city would use most of its money to renovate two centers providing

425 beds and a variety of services to the homeless.

Gary McNeil, Santa Cruz County Legal Aid Society attorney, said local projects discussed during the lawsuit included the Palomar Inn and the New Life Center for the homeless in Santa Cruz, the Hotel Jensen and the Hotel Resetar in Watsonville, and the motel voucher program of the Community Action Board.

Officials in Santa Cruz County said the agreement was a badly needed boost for efforts to replace low-income housing that was damaged or destroyed in the earthquake.

"We lost between 180 and 200 single-room occupancy hotel units in Watsonville.

This is a real shot in the arm for us in terms of earthquake recovery," said Watsonville Mayor Todd McFarren.

In announcing a Monday workshop for potential applicants, Robley Levy, who heads the Santa Cruz County Board of Supervisors, said, "It is critical that we move forward very swiftly on the selection process."

In February, the lawsuit first appeared to be settled, but a resolution became bogged down in disagreements over which projects deserved funding. The impasse was finally broken with an agreement that the counties, not FEMA, will decide how to use the money.

Mercury News wire services contributed to this report.