

# Solutions sought for Watsonville housing crisis

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WATSONVILLE — After 25 years, this city's critical housing shortage is finally getting attention.

Still, it's questionable whether plans to improve the situation will ever help the thousands of residents who need housing the most.

City leaders have a long way to go to make good a decades-old pledge to provide affordable housing to the poor, who make up half its residents. As long ago as 1969, in Watsonville's general plan, the city noted that providing housing for "all segments" of the population was "the most important problem in Watsonville."

That 1969 report continued: "It is essential to afford the low-income and Mexican-American population an opportunity to live in decent, well-located housing at a cost which they can afford."

Since then, Watsonville's population has more than doubled and left the housing market far behind. The city's population is expected to keep growing, as half those who live here are younger than 25.

The need was magnified, city leaders say, when Watsonville shook in the 1989 earthquake and the town was forced to rebuild hundreds of homes as a result. Since then, Watsonville has stepped up its efforts to house its poor residents.

"It really caused our eyes to open up and view the problem in a clear light," said Mayor Lowell Hurst. "(Housing problems) were brought into the open more than they were before."

"I don't know of any city in the state of California even twice the size of Watsonville that's accomplished what we've accomplished in the same time frame," said City Manager Steve Salomon who came to Watsonville a year after the quake.

Since the earthquake, the city has taken these steps to provide more lower-priced housing:

- Set up a revolving fund that funnels about \$350,000 a year in property tax revenues back into new housing projects that have provided about 150 low-rent homes and apartments;

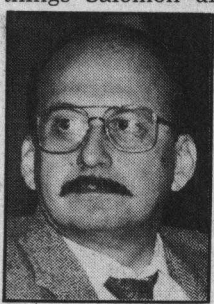
- Has doled out \$1.2 million in low-interest loans to rehabilitate dilapidated homes in the city, more than the city has lent since the program began in 1976.

- Required that 25 percent of all new homes in subdivisions be affordable to low-income people (although construction has stalled since 1991 because of the recession).

- Approved a plan for city growth through 2005, which calls for an additional 5,000 homes to help accommodate an projected population of 50,500.

## A big shake-up

Since the quake, a shakeup in city leadership brought about a new focus on housing. One of the first things Salomon did as city manager was create a



**Madonia**

Housing and Economic Development Department charged with helping fund new, low-rent developments, and work with landlords to rehabilitate low-rent housing. Before, the city's housing program was without direction and scattered among various offices.

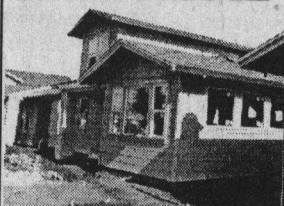
Since Ned Madonia was hired to oversee the department in January 1992, funds have been created to underwrite new housing that either weren't available or weren't tapped by past administrations.

The first is a 20 percent "set-aside fund" coming from property tax increases. As property taxes go up, a portion of that increase goes back to cities; 20 percent of those taxes must be spent to build low- or moderate-income housing. These taxes have been used by cities since 1976, but the state didn't mandate a portion be used for housing until 1986.

By 1992, the city had collected \$100,000 of these taxes but hadn't used them. That year, the city began to set aside these revenues, about \$350,000 a year, for low-income housing projects. From that pot, and to a lesser degree from other sources, the city loaned money to the following: \$240,000 to CHISPA for Villa La Posada, 42 units; \$300,000 to Pajaro Valley Affordable Housing for Tierra Linda, 18 units under construction; \$30,000 to PVAH for Pajaro Court, 10 units to be completed; and \$230,000 to the county Housing Authority for Arista Place, 49 units to begin construction this spring.

All these developers are either public agencies or nonprofit organizations.

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# Watsonville housing crisis

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A tired program offering low-interest loans to property owners was revived. The city loan often covers half the cost of rehabilitation, and giving an incentive to landlords who otherwise might not try to repair low-cost rentals.

"Basically, we're paying for them to lower the rent," said Richard Koch with the department. So far, it's spent \$1.2 million to rehabilitate 127 homes since 1988. That's more progress in the past five years than the program has made since it began in 1976.

Even though more low-rent housing has been built or fixed in the past few years than in the previous decades, progress is slow compared to the need.

At least 2,600 families don't earn enough to afford market-rate apartments. And it's estimated another 90 low-rent units are needed each year to accommodate population growth.



Eadie



Salomon

ens. Moreover, the few parcels open for development often lie in hilly areas, increasing the costs to install sewer and water lines and to shore up foundations. City planners say development costs will drop if the city can annex flat farmlands targeted in its general plan.

## A polarized community

How to provide housing for an estimated 50,500 residents by 2005 is a question that has dominated discussions this past year as city leaders hammered out Watsonville's general plan, designed to guide development over the next decade.

Farmworker advocates, environmentalists, and representatives of senior and rural neighborhoods have banded together to oppose every area targeted for development.

The plans that polarize the community are those that suggest paving over the surrounding farmlands and wetlands to provide enough lower-priced housing. Many favor building on vacant parcels and increasing the city's density before swapping pristine land for homes.

"We should start building projects already approved by the city before we start going outside city limits because some developer has an idea," said Councilman Todd McFarren, who has led the opposition to future city development on wetlands west of Highway 1. "People talk about ideas that won't come into fruition for 15 years, and it's all uphill from here."

The cry for affordable housing is the reason the Franich property, a large block of prime farmland, was recently approved for development by a county agency charged with protecting farmland from development unless there are no alternatives.

Those in the environmental camp charge that affordable housing is being used as a "Trojan horse" to pave wetlands.

"This real social need is being used by some city officials and development interests to push policies that will lead to the destruction of the most vital agricultural

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— Steve Salomon, city manager

Even farmworkers are divided over the city's bid to annex prime farmland to city limits. The Franich annexation was backed by the city because property owner Tony Franich promised to donate nine acres to support 200 low-rent apartments. Most of the property will be used to build about 400 market-rate homes. Construction will take several years, at best.

## Alternatives rejected

Because of the high cost of land, many are encouraging the city to use land it already has for lower-priced housing.

Housing advocates like Frank Bardacke and environmentalists like Dick Bernard say city-owned land that could be donated to developers is being ignored.

Two years ago, the City Council rejected a plan submitted by the

Watsonville Housing Task Force, led by Bardacke, proposing Watsonville Airport be shut down and 1,400 low-income housing units, a park and a commercial area be located there.

As for increasing density, planner Charles Eadie and Rios call that an upper-class solution that would crowd the poor, creating slums and increasing violence.

But solutions shouldn't lie solely with city officials, said James of the Housing Authority.

"I can't say Watsonville is doing anything any differently than San Jose, Hayward or anywhere else. I hear other housing directors talk about how long the lists (for assistance) are and how long it takes to house people. I don't think it's a Watsonville problem," said James, adding she regularly talks with housing officials around the state

and nationwide while she "lobbies, begs and pleads" for increased federal funds.

The Housing Authority subsidizes rents for nearly 1,000 families in Watsonville through federal Housing and Urban Development money.

## The economic factor

Simply building more homes or fixing up existing buildings isn't the answer, said Madonia.

Perhaps more important, he said, is strengthening the local economic base that's dominated by low-paying agriculture jobs and a shrinking food-processing industry. The key, say those in city government, is to recruit new industries to the Pajaro Valley so residents can get higher-paying jobs and afford market rents.

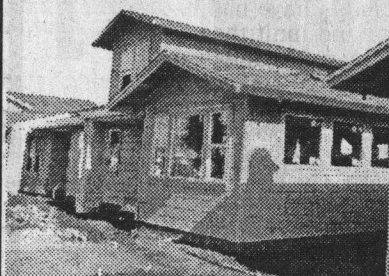
"I think the more crucial issue is jobs," said Salomon. "It's a step in the right direction to solve a whole

number of problems. I'm not trying to minimize the housing issue ... but if there were more jobs available and at higher wages, people could afford more..."

To that end, city staff, business and political leaders are marketing Watsonville. This year, the city is paying a Sacramento lobbyist \$18,000 to, among other things, help Watsonville become a state enterprise zone, a designation that would allow it to draw new business by offering tax breaks and low-interest loans. Last week's opening of Cabrillo College's Watsonville Center, renovated from the old post office with \$1.5 million in city money, makes higher education accessible to those who need job retraining or improve their skills.

"A third-world education is going to pay third-world wages no matter where you live," said Madonia.

## NO PLACE LIKE HOME



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"We all keep saying we must keep agriculture in this community, agriculture is the backbone of the Pajaro Valley," said City Councilman Oscar Rios. "But we must (accommodate) these workers."

Low-cost housing can't be built fast enough.

Developers say subsidized housing is expensive to build, in part, because land costs start at \$200,000 an acre. Local agencies such as the Housing Authority, CHISPA and the Pajaro Valley Affordable Housing Corporation must pass through a bureaucratic maze to secure government funding, needed to subsidize low rents after the project is built.

From start to finish, projects normally take about six years to complete, said Mary James, executive director of the Housing Authority.

It took four years to complete the \$6.7 million Villa La Posada on Riverside Drive. About 1,500 families vied for 42 apartments, leading

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Rudy Martinez, number 900, to say he might as well try for the lottery.

## Laws, but no buildings

Because it takes so much time and money to produce even a small number of publicly built low-income housing units, the council is trying to force the hand of private developers to do their share.

In 1991, the City Council passed a law requiring that 25 percent of the homes in new developments be affordable to families with low incomes. The county requirement is only 15 percent. The result? Four affordable units were built and \$124,000 set aside, according to city figures.

The payoff will come, planners say, when large housing developments are built on land the city wants to annex: In the city limits, developments have been approved on 90 percent of the 206 acres zoned for housing, but construction is at a standstill.

This is due, in part, to lack of financing available, according to Planning Director Maureen Ow-

lands and coastal wetlands in this nation," said Chris Lyons-Johnson, an 18-year Watsonville resident and member of the Watsonville Wetlands Watch. That group, formed in 1990, fought approval of the large Landmark housing development on wetlands west of Ramsey Park and won.

Lyons-Johnson and others in the 200-member group charge that land trades will only pave the way for high-priced developments and golf courses, doing little to provide inexpensive housing.

The City Council is considering a proposal by owners of wetlands west of Lee Road to build up to 1,400 housing units for low-income people. The 800-acre property is being considered for inclusion in the city's general plan, which would slate it for future annexation and development.

"Pitting the poor people against the environment is a cheap trick that will destroy the character of this valley while the (low-income housing) situation ... remains unchanged," Lyons-Johnson said.