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Only SF ranked more expensive metro area

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SANTA CRUZ — When Pajaro Valley elementary school teacher Lisa Dolit heard Monday that the Santa Cruz area ranked as the second most expensive place to live in the country, she laughed and said, "I'm not surprised."

Lisa and her school teacher husband Alejandro Acevedo were priced out of the Santa Cruz housing market last year and just about gave up hope of owning a home in the county.

"We were so discouraged by looking that we ended up deciding to be permanent renters until we left the area," Dolit said. "What we saw out there and what we could afford was impossible."

Thanks to concerned local real estate agents and lenders who rallied around them to drop fees, Dolit and Acevedo got a break last year, however, and were able to move into an 800-square-foot Corralitos home. Escrow closed just before Christmas.

It was due to the generosity and tenacity of so many people in the real estate community who were determined to see this through," said Cameron Shuts, a real estate agent with David Lyng & Associates, who worked out the deal.

Not everyone is so lucky.

According to a quarterly housing market survey by the National Association of Home Builders released Monday, the Santa Cruz-Watsonville area is the second least affordable metro area in the nation.

Just 19.2 percent of the population is able to afford homes in the area, according to the survey.

"Last year at this time, 32 percent fell into that category," said Edward Morley, a California Home Builders Association spokesman. Morley



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blames building restrictions and construction defect litigation for rising costs.

It's not the first time Santa Cruz County has ranked among the most expensive housing markets in the nation. In the third quarter of 1996, the county ranked fourth in the nation for affordability. The area climbed to third place in 1997 and 1998.

According to the newest survey, the median income for a Santa Cruz area family was \$61,000, and a median single family residence cost \$306,000.

Only San Francisco topped the Santa Cruz area. There, the median family income is \$72,400 and the median home sales price is \$407,000. That means only 11.9 percent of San Franciscans can afford homes.

And those are *third* quarter numbers for 1999.

Since then, according to Gary Gangnes, president of the Santa Cruz Association of Realtors, prices have gone up and houses have been on and off the market in record times.

Consider December figures:

The average price for a house in Santa Cruz County, which climbed above \$400,000 for its first time in July, jumped to \$458,312 in December.

The median single residence price dropped in December to \$375,000 from a record high of \$379,000 in September, according to Gangnes. For condos the median was a record \$245,000 in December.

The number of housing listings for single family homes, condominiums and townhouses is at least at a 10-year low, Gangnes said.

In December, there were just 364 single family homes on the market, a 30 percent decrease from the prior year, and just 39 single family condominiums and townhouses, a 54 percent drop from a year ago.

Meanwhile, the number of sales has remained high.

"It puts increasing pressure on prices when the number you're choosing from is continually diminishing."

The numbers reflect a last buying push before interest rates climb back up again, said Gangnes, who believes we'll soon see a downturn in the market cycle.

For employers trying to recruit from outside the Santa Cruz area, the challenge is acute. Company human resource directors report discouraging facts to prospective employees and their eyes glaze over.

For a major employer like Santa Cruz Operation, it means recruitment often focuses on college workers with fewer financial responsibilities.

"It's always difficult in the Bay Area in general," said Jack Moyer, vice president of human resources at SCO.

"I think people have said no to making themselves available to positions with companies in these areas because of that."

Dolit says there are lots of people who can't make it into their own house.

"There's no way we'd be here," Dolit said, crediting agents Cameron and Victoria Shuts of David Lyng & Associates who rallied loan officer Dennis Silva, appraiser Gary Abken and First American Title Co. branch manager Tim Guest to waive fees.

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