



City of Capitola

2015-2023 HOUSING ELEMENT

Adopted November 25, 2015



CITY OF CAPITOLA HOUSING ELEMENT OF THE GENERAL PLAN 2015-2023



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Housing Element of the General Plan City of Capitola

EXECUTIVE SUMMARY

With a population of 10,136¹ persons residing in 5,530² dwelling units the City of Capitola is nearly built-out. Capitola's existing housing is uniquely balanced to meet the diverse needs of its residents. Though its history, Capitola has served as a vacation destination with a mixture of summer cottages and fairly high-valued single-family homes with ocean views.

Capitola's housing stock is comprised of approximately 60 percent multi-family units. And of occupied housing units, approximately 54 percent are renter-occupied. Capitola has a fairly high population density of 6,335 persons per square mile and a housing unit density of 3,456 units per square mile.³ Multiple family dwellings and mobile home parks are interspersed within and adjacent to single family neighborhoods. Many of the community's major commercial areas are zoned to encourage mixed uses and a more pedestrian friendly environment.

The City of Capitola has been, and continues to be, a proponent of affordable housing. It has actively assisted with the construction of new affordable units and the maintenance and improvement of its existing affordable housing stock. In this 2015-2023 Housing Element Update, the City of Capitola outlines its plan to identify new opportunities for expanding affordable housing opportunities. This Housing Element identifies housing programs:

- Identify adequate sites, with appropriate zoning and development standards;
- Assist in the development of adequate housing to meet the needs of extremely low-, very low-, low, and moderate-income households;
- Address and remove governmental constraints, including housing for persons with disabilities;
- Conserve and improve the condition of the existing affordable housing stock;
- Preserve assisted housing developments at-risk conversion to market-rate; and
- Promote equal housing opportunities for all persons.

¹ Department of Finance, E-5 City/County Population and Housing Estimates, 2014

² Department of Finance, E-5 City/County Population and Housing Estimates, 2014

³ Based on a geographic area of 1.6 square miles of the entire City



CHAPTER 1: INTRODUCTION

A. Community Overview

The City of Capitola is a small (1.6 square mile) seaside community, located along Monterey Bay in Santa Cruz County (Refer to Figure 1, Vicinity Map). Soquel Creek generally bisects the community in a northwest-southeasterly direction, with residences and community and regional-serving commercial uses to the west of the creek, and a mixture of residences and small shops and businesses along the east side of the creek.

Capitola was originally founded in 1869 as California's first seaside resort. Incorporated as a city in 1949, the village area remains California's oldest coastal resort and includes one of the region's most active beaches. Most of the growth in Capitola occurred in the 1970s as the community annexed surrounding land and residential growth accelerated.

Today, Capitola, with a population of 10,136⁴ persons residing in 5,530⁵ dwelling units, is nearly built-out. Its housing stock contains a varied and balanced mix of housing types, including single family houses, multi-family structures and mobile homes. Older Victorian-era homes and small cottages on small lots characterize its older neighborhoods such as Depot Hill, the Village and parts of the Jewel Box. Cliffwood Heights, Upper Village and 41st Avenue, located in the northern portions of the City, are newer, more typical suburban neighborhoods, with most of the housing stock between 30-40 years of age (Refer to Figure 2, Capitola Neighborhood Map). New housing, constructed during the past decade, is found on in-fill sites scattered throughout the community.

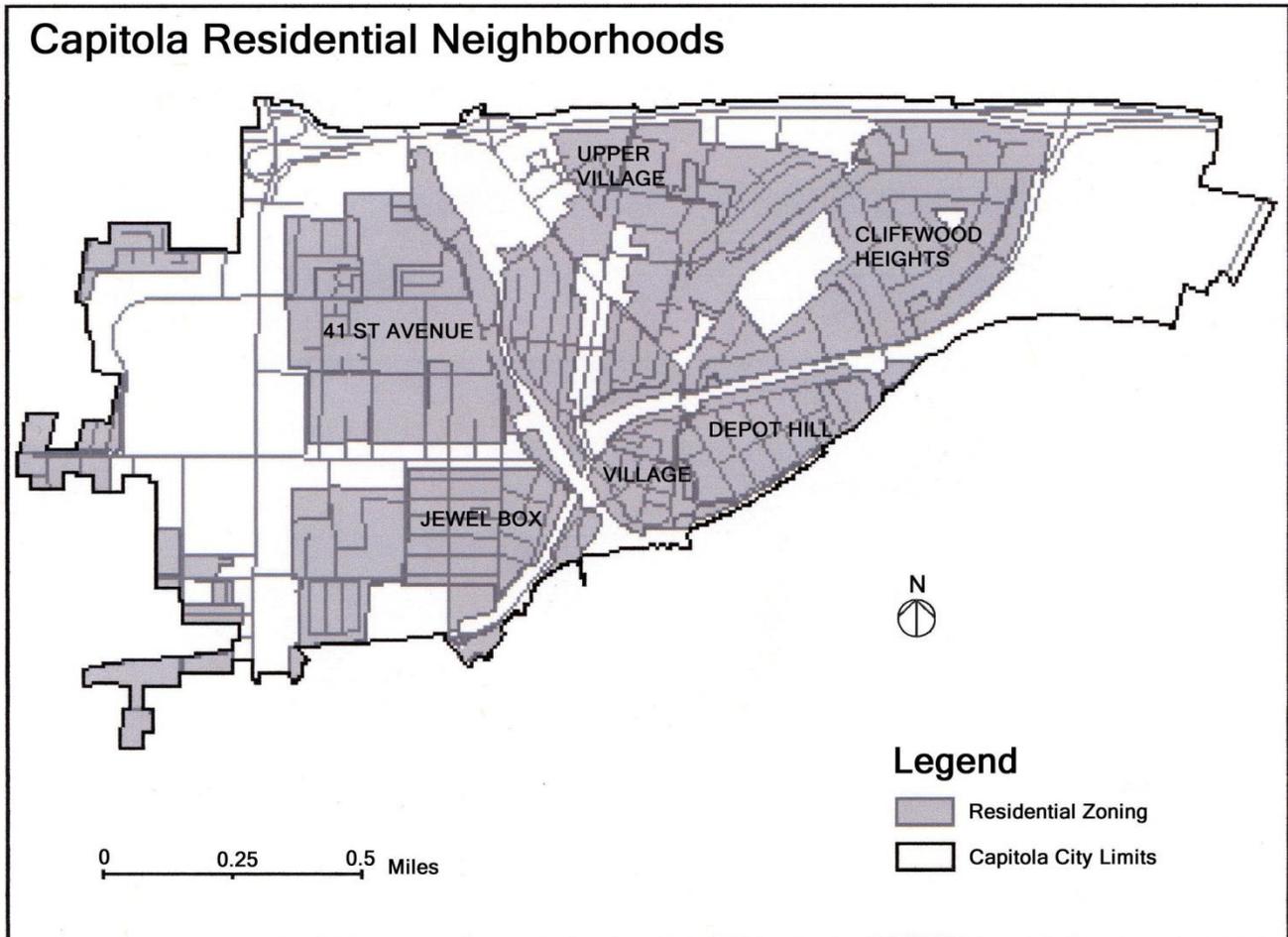
⁴ California Department of Finance, Table E5 City/County Population and Housing Estimates,

⁵ *Ibid.*

Figure 1-1 Vicinity Map



Figure 1-2 Capitola Neighborhoods



B. Purpose of the Element

The provision of adequate housing for families and individuals of all economic levels is an important public goal. It has been a main focus for state and local governments. The issue has grown in complexity due to rising land and construction costs, as well as increasing competition for physical and financial resources in both the public and the private sectors.

In response to this concern, the California Legislature amended the Government Code in 1980. The amendment instituted the requirement that each local community is to include a specific analysis of its housing needs and a realistic set of programs designed to meet those needs. This analysis is to be set forth in a Housing Element and incorporated in the General Plan of each municipality.

The requirements of the law are prefaced by several statements of State policy set forth in Section 65580 of the Government Code:

“... The availability of housing is of vital statewide importance, and the early attainment of decent housing and a suitable living environment for every California family is a priority of the highest order.”

“... Local and State governments have a responsibility to use the powers vested in them to facilitate the improvement and development of housing to make adequate provision for the housing needs of all economic segments of the community.”

“... The legislature recognizes that in carrying out this responsibility, each local government also has the responsibility to consider economic, environmental, and fiscal factors and community goals set forth in the general plan and to cooperate with other local governments and the State in addressing regional housing needs.”

C. Legislative Requirements

State law requires each municipality to accomplish the following tasks:

- To identify and analyze the current and projected housing needs of all economic segments of the community including persons with disabilities.
- To evaluate and remove, as legally feasible and appropriate, the current and potential constraints to meeting those needs, including identifying the constraints that are due to the marketplace and those imposed by the government.
- To identify adequate sites to facilitate and encourage housing for households of all economic levels, including persons with disabilities. To establish a series of goals, objectives, policies and programs aimed at responding to the identified housing needs, the market and governmental constraints, and the housing opportunities.

This Housing Element addresses the planning period from 2015-2023. It has been prepared in accordance with applicable state law, and consistent with the City of Capitola General Plan and the community’s vision of its housing needs and objectives. For more information regarding compliance with State law please see Chapter 6 of this document.

D. Scope and Content

The Housing Element consists of five major components:

- An analysis of the City’s demographic, housing and special needs characteristics and trends.
- Review of potential market, governmental, and environmental constraints which impact the City’s ability to address its housing needs.
- Analysis of land, financial and organizational resource available to address the community’s housing goals.

- Evaluation of the City's accomplishments toward meeting the goals and objectives of the prior 2007-2014 Housing Element.
- A statement of the Housing Plan for the years 2015-2023 to address the City's identified housing needs, including the housing goals, policies and programs.

E. Relationship to Other General Plan Elements

The Government Code requires internal consistency among the various elements of a General Plan. Section 65300.5 of the Government Code states that, "the General Plan, and the parts and elements thereof, shall comprise an integrated and an internally consistent and compatible statement of policies". The Capitola General Plan 2014 contains the following five elements: 1) Land Use; 2) Open Space and Conservation; 3) Mobility; 4) Safety and Noise; and 5) Economic Development. The Capitola General Plan is internally consistent. Policy direction introduced in one element is reflected in the other elements.

Relative to housing, the General Plan identifies both constraints and opportunities to providing new affordable housing. The Land Use Element is guided by the principle of sustainable development and supports a pattern of development that protects natural resources, supports economic development, and promotes access to opportunity for all residents. The Mobility Element establishes a framework for a balanced transportation system in Capitola that meets the needs of residents, workers, and visitors and aims to support a range of transportation choices, including vehicle travel, transit, bicycling, and walking. The Capitola General Plan 2014 supports a balanced land use pattern that maintains and enhances Capitola's distinctive identity and unique sense of place. Consistent with its Local Coastal Program policies, the Land Use Element protects and promotes its seashore resources, providing recreational facilities to the community and visitors. It also promotes commercial and mixed-use districts. The City's residential and mixed use densities allow for an adequate diversity and supply of housing to satisfy the requirements of the Regional Housing Needs Assessment (RHNA) presented in this Housing Element. This Housing Element builds upon the other General Plan elements. It is entirely consistent with the policies and proposals set forth by the Plan.

Pursuant to Government Code Section 65400, the City will annually review its progress in implementing this Housing Element and ensuring consistency between this and the City's other General Plan Elements.

F. Public Participation

Section 65583(c)(5) of the Government Code states that:

"The local government shall make a diligent effort to achieve public participation of all the economic segments of the community in the development of the housing element, and the program shall describe this effort."

Public workshops and hearings are opportunities for community members to not only learn about certain plans or projects that may affect them in the future, but to let their voices be heard by City officials and staff. The City of Capitola recognizes the importance of

community participation in future planning projects such as the Housing Element and General Plan updates as they have the potential to affect all citizens within the City limits for years to come. As such, public outreach was an important piece of the Housing Element update. For the duration of the Housing Element update, various noticing techniques were used in order to increase public attendance at community workshops and meetings. The goal of this public participation program was to gather the opinions/comments of a large percentage of the population.

Public Outreach and Participation Goals

The City of Capitola took several measures in order to comply with the aforementioned State requirement. All measures were taken in accordance with the Brown Act, which requires the local government agency to provide the opportunity for the public to access and participate in public meetings and workshops. As of July 1, 2008 the Brown Act also requires that the public have access to non-confidential materials at the same time that they are given or made available to Planning Commission or City Council members from City staff (Section 54957.5, CA Government Code).

An early goal in the City of Capitola Housing Element update was to meet and exceed the State requirements for public outreach and participation within the means of the City budget and the time constraints of staff. Giving members of the community a chance to be involved in long-range planning is a relatively infrequent opportunity, which is why the City of Capitola recognizes the importance of public participation in updating the City of Capitola Housing Element. The following sections describe the methods and strategies that were used to accomplish the City’s public participation goal for this Housing Element.

Facilitation of Public Meetings

I. Capitola Planning Commission

The Capitola City Planning Commission served as the reviewing body for the development of the Housing Element Update. The existing Commission was used as the venue for gaining focused input from representatives of the entire City. Commission members represented long-time residents, local professionals and public servants of Capitola. What qualified them to serve as the Housing Element Review Board was their knowledge of Capitola and the needs of the community.

II. Public Meetings

Table 1.1 lists the community engagement events that were held for the development of the Housing Element update.

Table 1.1: Public Hearings

DATE	FORUM	ACTION/PURPOSE OF MEETING
March 4, 2014	Consultant/Staff	Community Workshop
August 13, 2015	Planning Commission	Public Hearing for Housing Element Draft

DATE	FORUM	ACTION/PURPOSE OF MEETING
November 5, 2015	Planning Commission	Public Hearing for Housing Element adoption
November 24, 2015	City Council	Public Hearing for Housing Element adoption

A community workshop was held on March 4, 2015 at 6:00pm in the City’s Council Chambers. The community workshop was widely publicized through newspaper advertisements, direct mailers, the City’s website, and fliers posted throughout the City. The meeting was professionally facilitated and involved both a presentation as well as a hands-on exercise to encourage group participation. Participants identified current and future housing issues in the City and available opportunities to address housing challenges. Appendix B summarizes comments provided by community workshop participants.

III. Outreach

The following methods were used to encourage public participation:

- Noticing at City Hall, Capitola Branch Library, and Capitola Branch Office;
- Noticing and posting event information on public access TV, City website, and City’s Calendar of Events;
- Press releases in local newspapers;
- Direct emails to 175 individuals who expressed interest in the General Plan Update.

Giving notice of a public hearing via a local newspaper is common practice, as is noticing on a public cable scroll. Both methods meet the requirements of the State of California for public outreach.

G. Sources of Information

A number of data sources were used to create the Capitola Housing Element. These resources include:

- County of Santa Cruz Assessor's Office Parcel Information Data.
- City of Capitola General Plan.
- City of Capitola Community Development and Building Department building permit records.
- Association of Monterey Bay Area Governments (AMBAG) Regional Housing Needs Assessment (RHNA), adopted June 11, 2014.
- 2000 and 2010 U.S. Census Reports.
- 2009-2013 American Community Survey, 5-Year Estimates.
- California Department of Housing and Community Development, State Income for 2014.
- US Department of Finance, E-5 City/County Population and Housing Estimates, 1/1/14.
- 2013 Santa Cruz County Homeless Census and Survey.
- Comprehensive Housing Affordability Strategy (CHAS) data <http://socds.huduser.org/chas/statetable.odt>.
- Various other informational sources were also referenced where appropriate. References to these informational sources are cited where they appear within the text.



CHAPTER 2: HOUSING NEEDS ASSESSMENT

A successful strategy for improving housing conditions must be preceded by an assessment of the housing needs of the community and region. This section of the Housing Element reviews the major components of Capitola's housing need including trends in population, households, and the type of housing available. These changes reflect both local and regional conditions. Consequently, the regional context is also presented.

The analysis that follows is broken down into four major subsections:

- Section A, Population Characteristics, analyzes the City of Capitola in terms of individual persons and population trends that may affect future housing needs.
- Section B, Household Characteristics, analyzes Capitola in terms of households, or living groups, to see how past and expected household changes will affect housing needs.
- Section C, Housing Stock, analyzes the housing units in Capitola in terms of availability, affordability, and condition.
- Section D, Assisted Housing At-Risk of Conversion, analyzes housing units that have expiring use restrictions. Such projects may be at risk of losing rent restrictions within the next few years, which could result in significant rent increases for their tenants.

This assessment of Capitola's housing needs was used as the basis for identifying appropriate policies and programs in this Element.

The most recent demographic data available was from the 2010 U.S. Census report and the 2009-2013 American Community Survey, 5-Year Estimates. Where more recent data was available, it was included. The City acknowledges 2010 Census data and 2009-2013 American Community Survey may be outdated. In some cases, the disparate dates for which data sources were valid resulted in difficulty drawing direct comparisons or conclusions.

A. Population Characteristics

Capitola's population characteristics are important factors affecting the type and extent of housing needs in the City. Population growth, age, race/ethnicity and employment characteristics are discussed in this section.

Population Change

According to the State of California, Department of Finance, the City of Capitola, had a slight increase in population from 2008 to 2014. During this time frame Santa Cruz County grew by approximately 2 percent. The fastest growing city within the county, in terms of percentage growth, was Santa Cruz at 9.1 percent. **Table 2.1** indicates population growth trends for Capitola and surrounding communities.

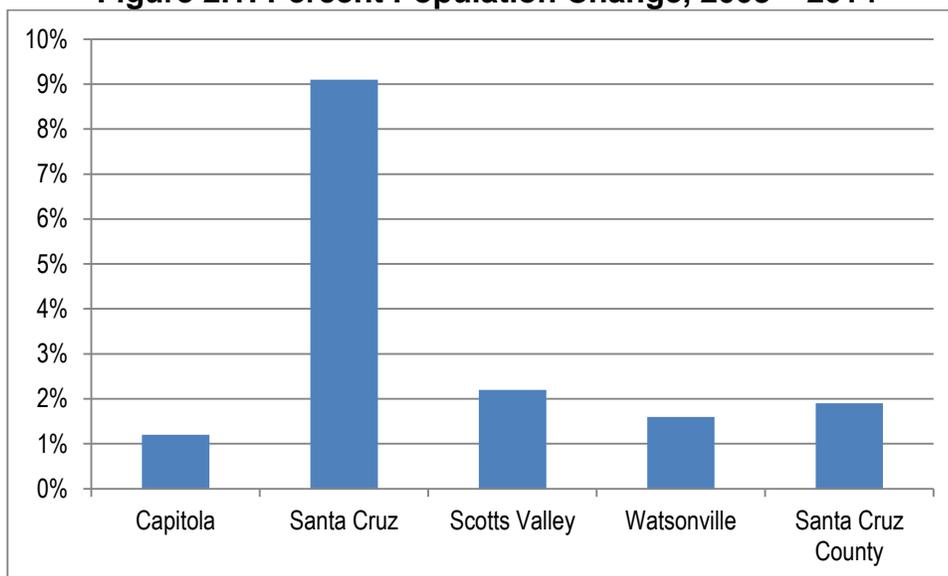
Table 2.1: Total Population of Santa Cruz County Jurisdictions in 2008 and 2014

Jurisdiction	2008	2014	Percentage Change 2008-2014
Capitola	10,015	10,136	+1.2%
Santa Cruz	58,125	63,440	+9.1%
Scotts Valley	11,697	11,954	+2.2%
Watsonville	51,703	52,508	+1.6%
Santa Cruz County	266,519	271,595	+1.9%

Source: California Department of Finance E-5 Estimates 2014

Figure 2.1 shows the population change between 2008 and 2014 in graphic form, using the California Department of Finance E-5 Estimates shown in **Table 2.1**.

Figure 2.1: Percent Population Change, 2008 – 2014



Source: California Department of Finance E-5 Estimates 2014

Although it has the smallest population of all the jurisdictions in Santa Cruz County, the City of Capitola is among the most densely populated (See **Table 2.2**). Housing in Capitola is characterized by a large number of housing units per square mile and a small household size. Some of this density occurs in the historic areas such as Capitola Village where small beach bungalows that characterized “Camp Capitola” evolved into permanent single-family housing. The large percentage of multi-residential developments and mobile home parks has also contributed to the community’s higher than average density.

Table 2.2: Housing and Population Densities by Jurisdiction

Jurisdiction	Population per Square Miles ¹	Housing Units per Square Mile ²	Persons per Household ³
City of Capitola	6,238	3,277	2.27
City of Santa Cruz	3,869	1,475	2.52
City of Scotts Valley	2,526	944	2.55
City of Watsonville	7,599	2,033	3.70
City of Los Angeles	8,178	2,823	2.83
City of San Francisco	17,442	7,368	2.31

Notes:

¹Total population based on 2009-2013 American Community Survey 5-Year Estimates divided by the total area in miles of city limits

²Total housing units based on 2009-2013 American Community Survey 5-Year Estimates divided by the total area in miles of city limits

³Source: 2009-2013 American Community Survey 5-Year Estimates

Age Characteristics

The age characteristics of a population are important factors in evaluating housing needs and planning future housing development. For example, if a city is experiencing an outmigration of young adults (ages 25-34), there may be a shortage of first-time homebuyer opportunities and/or well-paying employment opportunities. If a city has a substantial elderly population, special housing types or services may be needed, such as assisted living facilities, housing rehabilitation programs, paratransit, meals on wheels, and home health care services, in order to enable seniors to remain in the community. **Table 2.3** shows the number of Capitola and Santa Cruz County residents in each age group.

Capitola is a maturing community. Between 2000 and 2009-2013, the median age of Capitolans increased from 38.4 to 41.5 years (See **Table 2.3** below). County-wide during the same period the median age increased from 35.0 years to 36.9 years and state-wide the median age increased from 33.3 years to 35.4 years. Median age for the City, as well as the County and State, is expected to continue to increase as the Baby Boom generation ages⁶.

Table 2.3: Population by Age Group: City of Capitola and Santa Cruz County

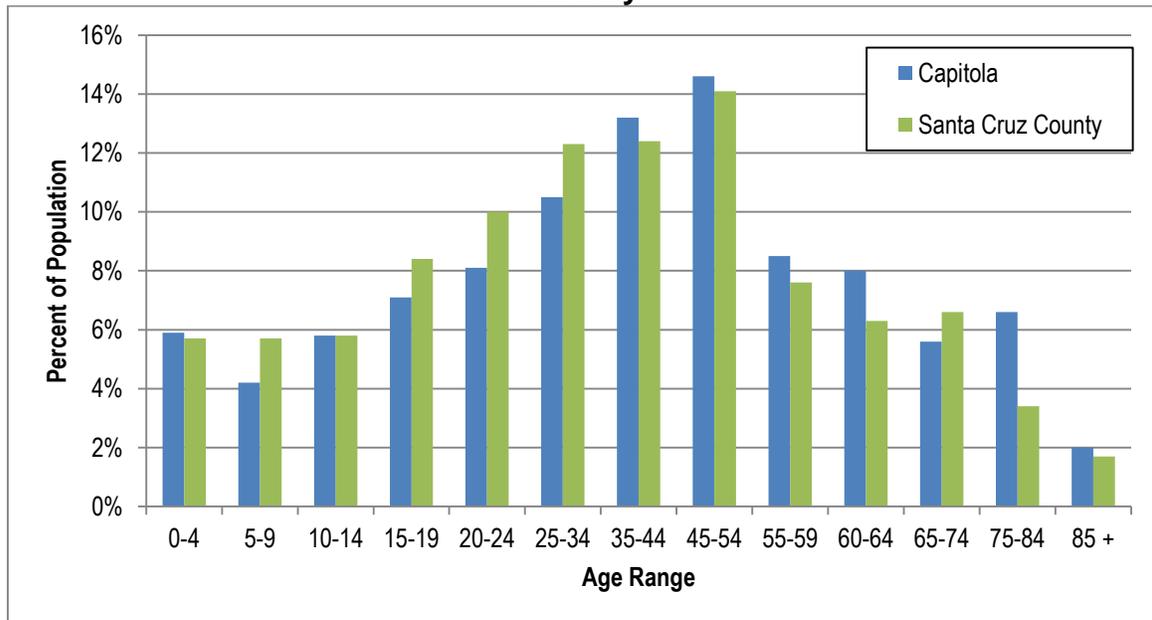
Age Range	City of Capitola		Santa Cruz County	
	# of Persons	% of Population	# of Persons	% of Population
Under 5 years	587	5.9%	15,122	5.7%
5 - 9	416	4.2%	14,997	5.7%
10 - 14	577	5.8%	15,329	5.8%
15 - 19	712	7.1%	22,319	8.4%
20 - 24	804	8.1%	26,383	10.0%
25 - 34	1,052	10.5%	32,694	12.3%
35 - 44	1,317	13.2%	32,872	12.4%
45 - 54	1,453	14.6%	37,404	14.1%
55 - 59	846	8.5%	20,055	7.6%
60 - 64	801	8.0%	16,629	6.3%
65 - 74	558	5.6%	17,495	6.6%
75 - 84	655	6.6%	8,911	3.4%
85 and over	204	2.0%	4,598	1.7%
Total	9,982	100%	264,808	100%
Median Age 2009-2013	41.5		36.9	
Median Age 2000	38.4		35.0	

Source: 2009-2013 American Community Survey 5-Year Estimates; 2000 U.S. Census

⁶ The Baby Boom is defined as the generation of people born between 1946 and 1964, during the post World War II period, when there was a marked increase in the national birth rate.

As seen in the **Figure 2.2** Capitola has a smaller proportional population of children than the County: 15.9 percent of Capitolans were aged 14 or younger, while 17.2 percent of County residents were children in this age group. In contrast, 45.3 percent of Capitola's residents are aged 45 or older, while that group comprises 39.7 percent of the County's population.

Figure 2.2: Percent of Total Population by Age Group, Capitola and Santa Cruz County

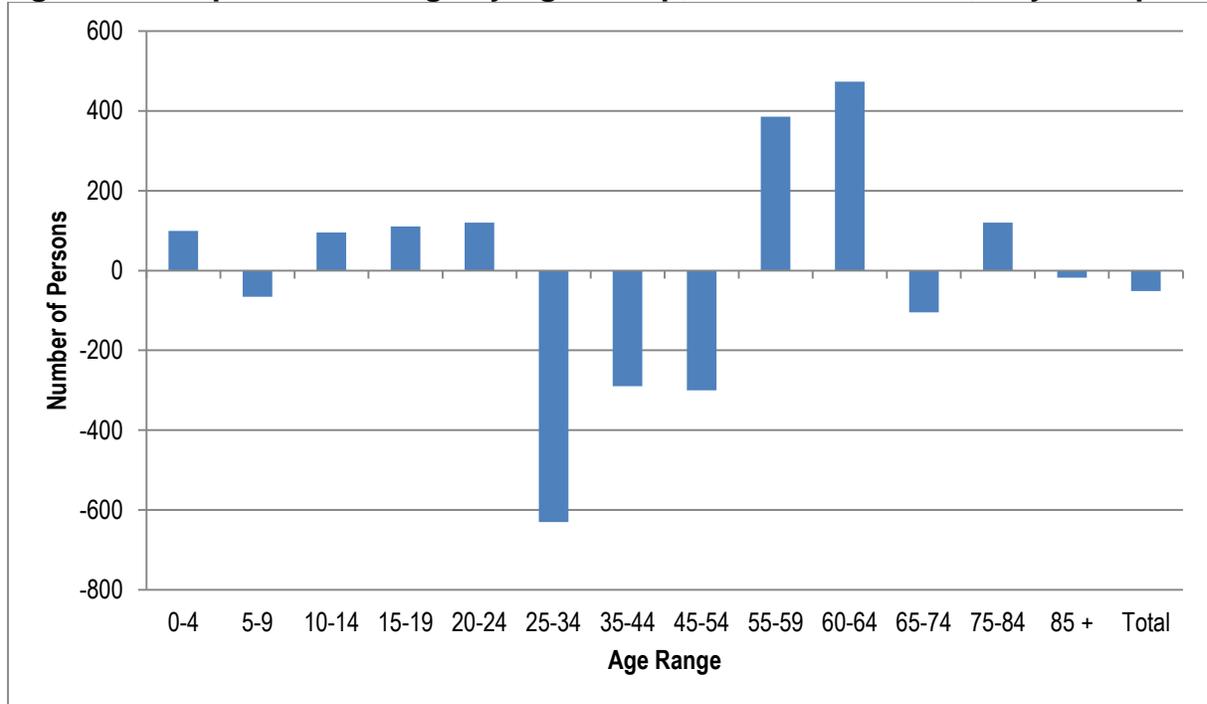


Source: 2009-2013 American Community Survey 5-Year Estimates

These age distributions reflect the local housing stock of Capitola, which has a high percentage of apartments, small homes, and senior housing developments (including senior mobilehome parks), and a smaller percentage of family-sized (3 or more bedroom) units, single-family homes, and owner-occupied units than the county as a whole.

Figure 2.3 shows how the number of people in each age group changed between 2000 and 2009-2013. The size of each age group can change for two basic reasons: natural aging, birth, and death; or migration (into or out of the City). There were 99 more children in the 0-4 year range in 2009-2013 than in 2000, indicating an increase in births. The largest decrease in any single age group was in the group of young adults aged 25-34 years, which decreased by 630 persons over the 2000 to 2009-2013 period. In total, there were 800 fewer young adults in the combined age ranges of 20 to 44 years in 2009-2013 than there were in 2000. At the same time there was an increase of 858 persons in the 55-64 age groups.

Figure 2.3: Population Change by Age Group, 2000 to 2009-2013, City of Capitola



Source: 2009-2013 American Community Survey 5-Year Estimates; 2000 U.S. Census

Race and Ethnicity

The population of the City of Capitola in 2009-2013 had similar diversity to Santa Cruz County, although both the City and the County were less diverse than the State. For instance, 87.1 percent of Capitola’s population was white, compared to 85.1 percent of the County and 65.9 percent of the State population. Approximately 22 percent of Capitola’s residents were Hispanic or Latino. In contrast, approximately 32 percent of Santa Cruz County’s population was Hispanic or Latino. Capitola’s population had a slightly greater proportion of African Americans than that of the County, but less than half that of the State. The percentage of Asian residents was similar for Capitola and Santa Cruz County. **Table 2.4** below shows the racial and ethnic composition of Capitola’s population, compared to that of the Santa Cruz County and the State of California.

Table 2.4: Population by Race and Hispanic or Latino Origin, 2009-2013

Race	City of Capitola		Santa Cruz County		State of California	
	# of Persons	% of Total Population	# of Persons	% of Total Population	# of Persons	% of Total Population
One Race	9,447	94.6%	253,769	95.8%	36,031,822	95.7%
Two or More Races	535	5.4%	11,039	4.2%	1,627,359	4.3%
White	8,690	87.1%	225,305	85.1%	24,810,734	65.9%
Black or African American	288	2.9%	4,440	1.7%	2,666,095	7.1%
American Indian or Alaskan Native	273	2.7%	4,954	1.9%	691,892	1.8%

Asian	598	6.0%	16,132	6.1%	5,680,754	15.1%
Native Hawaiian or other Pacific Islander	90	0.9%	1,248	0.5%	285,151	0.8%
Some Other Race	693	6.9%	25,115	9.5%	5,302,616	14.1%
Total	9,982	-	264,808	-	37,659,181	-
Hispanic or Latino Origin	# of Persons	% of Total Population	# of Persons	% of Total Population	# of Persons	% of Total Population
Hispanic or Latino (of any race)	2,211	22.1%	85,703	32.4%	14,270,345	37.9%
Not Hispanic or Latino	7,771	77.9%	179,105	67.6%	23,388,836	62.1%
Total	9,982	-	264,808	-	37,659,181	-

Source: 2009-2013 American Community Survey 5-Year Estimates

This comparatively low degree of racial and ethnic diversity may have resulted in part from the high cost of housing in the area as compared to the state, combined with a local employment base comprised of relatively low-wage jobs in the service, retail, and tourism sectors. This combination of low-paying jobs and high cost housing makes it difficult for lower and moderate income households to find housing they can afford within Capitola. This can have a disproportionate effect on those racial/ethnic groups that have lower median incomes compared to the overall population, just as it affects other types of lower income households, such as younger workers, single parents and recent immigrants. For this reason, sufficient affordable housing of all types is needed to ensure fair access to housing in this region for all racial and ethnic groups and to prevent further housing segregation, consistent with fair housing goals and laws. The provision of housing that is affordable to the Capitola workforce would also reduce the need for these workers to commute from out of the area.

Employment

Capitola has approximately 900 businesses operating within its boundaries. Most of these businesses are retail and service establishments. The majority of the commercial and industrial land in the City is already developed. There are some vacant and prospective commercial parcels with potential to accommodate residential units, in a mixed-use or higher density residential development pattern. The key housing opportunity sites on commercial lands are identified in **Appendix C**. According to the 2009-2013 American Community Survey, there were approximately 5,597 residents in the labor force in Capitola. Within the labor force in the City, approximately 22 percent worked in place of residence and 78 percent worked outside place of residence.

According to **Table 2.5** below, the highest percentage of Capitola residents worked educational services, health care and social assistance (23.6%) followed by workers in arts, entertainment, recreation, accommodation and food services (16%), the retail trade (13.5%), and professional, scientific, management, and administrative (13.3%). It is important to note that the aforementioned industries and associated jobs are not necessarily located within the City of Capitola.

Table 2.5: Employment by Industry (Residents of Capitola)

Industry Type	Number	Percent
Agriculture, forestry, fishing and hunting, and mining	36	0.7%
Construction	118	2.3%
Manufacturing	523	10.1%
Wholesale trade	94	1.8%
Retail trade	701	13.5%
Transportation, warehousing, and utilities	176	3.4%
Information	156	3.0%
Finance, insurance, real estate, rental and leasing	335	6.5%
Professional, scientific, management, administrative	690	13.3%
Educational services, health care and social assistance	1,222	23.6%
Arts, entertainment, recreation, accommodation and food services	827	16.0%
Other, except public administration	217	4.2%
Public administration	86	1.7%
Total	5,181	100%

Source: 2009-2013 American Community Survey 5-Year Estimates

The employment trend projections prepared by the Association of Monterey Bay Area Governments (AMBAG) show an overall 29 percent increase in employment from 2005 to 2035 (Table 2.6). The Service sector is expected to experience the greatest percent increase in employment during this time period, with the addition of 1,766 jobs.

Table 2.6: City of Capitola Employment Projections, 2010 - 2035

Employment Sector	2010	2020	2025	2030	2035	% Change
Agriculture	0	0	0	0	0	0%
Construction	0	0	0	0	0	0%
Industrial	38	32	31	31	31	-18%
Retail	1,694	1,742	1,752	1,768	1,785	5%
Service	3,306	3,376	3,671	3,774	3,881	17%
Public	1,132	1,200	1,237	1,277	1,321	17%
Total	6,170	6,550	6,691	6,850	7,018	14%

Source: AMBAG, 2014 Regional Growth Forecast: Technical Document

The unemployment rate in Capitola dropped over the 2008-2014 planning period (see **Table 2.7** below). The trend in unemployment has been an annual decrease since its peak of 7.2 percent in 2010. The unemployment rate in Capitola has on average, been 4.5 percent lower than the unemployment rate in Santa Cruz County for the 2008-2014 planning period.

Table 2.7: Unemployment Rate, City of Capitola and Santa Cruz County

Jurisdiction	2008	2009	2010	2011	2012	2013	2014*	Net Change
Capitola	4.1	6.4	7.2	7.0	6.3	5.3	4.6	0.5
Santa Cruz County	7.3	11.3	12.7	12.4	11.2	9.5	8.2	0.9

Source: California Employment Development Department, Labor Force and Unemployment Data

Notes:

*Unemployment rate averaged from monthly unemployment rates through October 2014 from the California Employment Development Department's Labor Force and Unemployment Data

Known as the first resort community on the California coast, Capitola still relies heavily on tourism and retail sales tax. The revenue from tourism increased nearly over the 2006-2012 planning period (see **Table 2.8** below) in Santa Cruz County, illustrating an opportunity for economic growth in visitor-serving businesses.

Table 2.8: Tourism Revenue (in Millions of Dollars), Santa Cruz County

Revenue	2006	2007	2008	2009	2010	2011	2012	06-12 % Change
Direct Travel Spending	\$621.0	\$640.2	\$649.6	\$609.8	\$651.9	\$699.9	\$716.7	15.4%
Industry Earnings	\$186.8	\$195.3	\$197.4	\$194.6	\$195.1	193.8	205.9	10.2%
Local Tax Receipts	\$13.3	\$14.1	\$14.2	\$12.8	\$14.0	\$15.5	\$16.3	22.6%
State Tax Receipts	\$25.0	\$25.5	\$25.7	\$26.8	\$29.0	\$29.9	\$29.0	16.0%
Number of Jobs Generated by Tourism	8,210	8,200	8,030	8,040	7,920	7,910	8,200	-0.1%

Source: Applied Survey Research, 2014 Santa Cruz County Community Assessment Project

I. Commuting

According to the 2009-2013 American Community Survey Estimates, 78.4 percent of Capitola's working residents worked outside of Capitola and 24.1 percent of Capitola's work force worked outside of Santa Cruz County. The average travel time to work was 26.6 minutes.

As to the mode of transportation used, **Table 2.9** shows that the majority of commuters in Capitola drove to work alone (74.3 percent). The least popular means of travel was public transportation with a share of 2.9 percent of the commuters

Table 2.9: Commuting to Work

Mode of Travel	Number	Percent
Car, truck, or van – drove alone	3,713	74.3%
Car, truck, or van – carpoled	323	6.5%
Public transportation (excluding taxicab)	144	2.9%
Walked	304	6.1%
Other means	163	3.3%
Worked at home	351	7.0%

Source: 2009-2013 American Community Survey 5-Year Estimates

A heavy reliance on automobile use contributes to air pollution and Carbon Dioxide (CO₂) emissions, which is a contributor to climate change. Lowering CO₂ emissions has been identified as a State goal through the passage of AB 32, the California Global Warming Solutions Act and SB 375, the Sustainable Communities and Climate Protection Act.

The proximity of housing to jobs is directly related to the amount of CO₂ emitted. The closer affordable housing is located to jobs, the more likely workers will choose alternative modes of transportation over the automobile or will drive shorter distances. All of the opportunity sites identified for the 2015-2023 planning period are located on or near major transportation corridors and are walking distance to amenities and jobs.

The City of Capitola already has infrastructure to support alternative modes of transportation. The City is serviced by the Santa Cruz Metro buses, which act as the public transit system for the region. One of the major transit stops is located at the Capitola Mall, at the heart of the major commercial district in the City. In addition to encouraging public transit, Capitola offered 14.6 miles of bike paths and bike lanes in 2013 (**Table 2.10**).

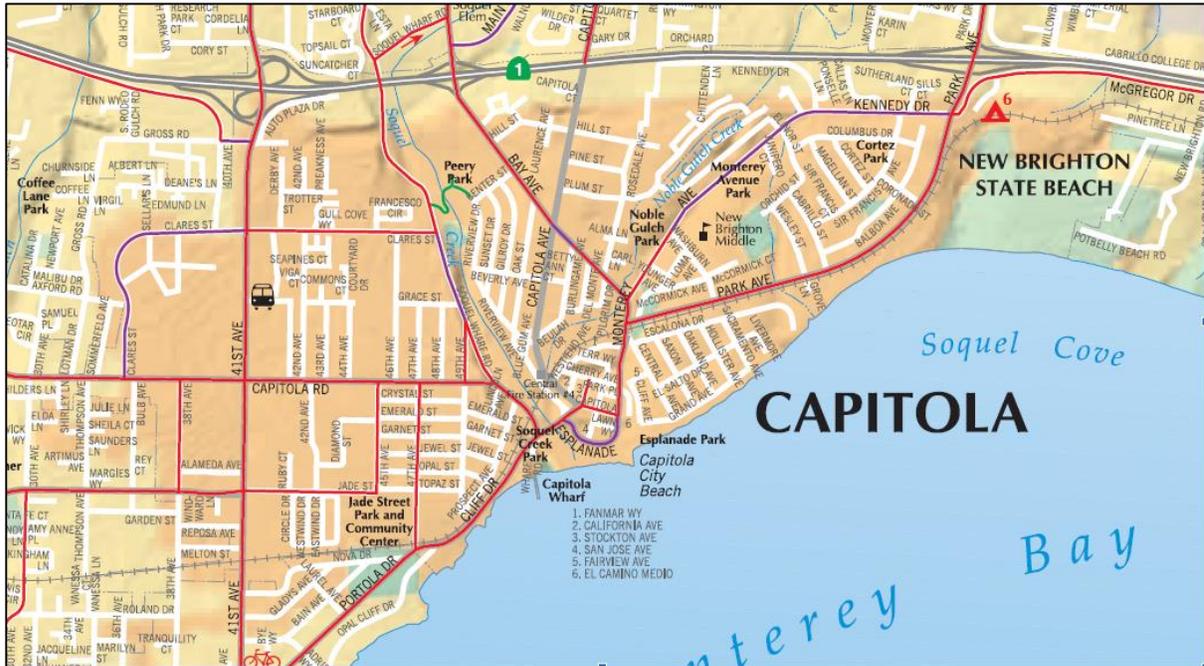
The City's bike lanes extend along all of the major transportation corridors (**Figure 2.4**): 41st Avenue, Bay Avenue, Park Avenue and Capitola Road, and connect Capitola to the immediately surrounding areas of Aptos, Live Oak and Soquel, and beyond to the City of Santa Cruz. The City will continue to support alternative modes of transportation and their relation to housing in support of the implementation of SB 375.

Table 2.10 Bikeway Miles

Jurisdiction	2007	2008	2009	2010	2011	2012	2013
Capitola	10.8	14.6	14.6	14.6	14.6	14.6	14.6
Santa Cruz County*	198.7	210.2	213.0	215.2	215.2	216.4	217.2

Source: Applied Survey Research, 2014 Santa Cruz County Community Assessment Project
 Notes:
 *Santa Cruz County includes incorporated jurisdictions such as the City of Capitola

Figure 2.4: Capitola Bike Paths/Bike Lanes



Source: Santa Cruz County Regional Transportation Commission, *Local Cities Bicycle Map*, 2010.
 Note: Routes lined in red are bike lines, purple are alternative routes, and green are Class I bike paths

B. Household Characteristics

Information on household characteristics is an important indicator of housing needs in a community. Income and affordability is best measured at the household level, as are the special housing needs of certain groups such as large families and families with children. As an example, if a community has a substantial number of young family households whose incomes combined with local housing costs preclude the option of home purchases, the city may wish to initiate a home-buyer assistance program or participate in or publicize the programs that are available elsewhere.

The Bureau of the Census defines a "household" as "all persons who occupy a housing unit, which may include families, singles, or other." Boarders are included as part of the primary household by the Census. Families are households related through marriage, domestic partnership, blood or adoption and includes single-parent households with children. A single household refers to individuals living alone. "Other" households reflect unrelated individuals living together (e.g., roommates). Persons living in retirement or convalescent homes, dormitories, or other group living situations are not considered households.

Household Type

As shown in **Table 2.11**, there were a total of 4,308 households in Capitola according to the 2009-2013 American Community Survey 5-Year Estimates. Approximately 54 percent of total households are family households in Capitola, compared to the approximately 63 percent of family households for Santa Cruz County. Nonfamily households made up a larger share of the total number of households in Capitola (46.3%) than in Santa Cruz County (37.5%). The City of Capitola also has a smaller average household and family household size compared to Santa Cruz County.

Table 2.11: Households by Type

Household Type	City of Capitola		Santa Cruz County	
	# of Households	% of Total	# of Households	% of Total
Family households	2,313	53.7%	58,406	62.5%
Nonfamily households	1,995	46.3%	35,098	37.5%
Total	4,308	100%	94,355	100%
Average Household Size	2.27		2.72	
Average Family Household Size	2.98		3.30	

Source: 2009-2013 American Community Survey 5-Year Estimates

As evidenced in **Table 2.12**, just over half (53.2%) of the households in 2009-2013 were renter-occupied, which is consistent with a high number of nonfamily households and also attests to the high cost of housing in Capitola (discussed in Section C of this Chapter). The balance of ownership housing and rental housing remained essentially the same from 200

to 2009-2013 with a slight decrease in the percentage of ownership housing (1.6%), and a slight increase in the percentage of rental housing (1.6%).

Table 2.12 Households by Tenure

Occupied Housing Units	2000		2009-2013	
	Number	Percent	Number	Percent
Owner	2,195	46.8%	1,948	45.2%
Renter	2,497	53.2%	2,360	54.8%
Total	4,692	100%	4,308	100%

Source: 2000 U.S. Census; 2009-2013 American Community Survey 5-Year Estimates

These household statistics coincide with the age distribution data presented in **Table 2.3 and Figures 2.2 and 2.3** earlier in this chapter: Capitola has a relatively low percentage of children, and high percentage of single adults and elderly, both of whom are more likely to be in nonfamily households. The City's existing pattern of small and/or attached housing units is expected to continue through the current planning period. Many families prefer single-family homes, with several bedrooms and a yard. There is very little vacant land available for single-family development in the City. New housing developments to be built in Capitola are expected to be mostly medium and higher density dwellings (either attached or detached), which can also accommodate families comfortably if they are designed with families in mind.

Overcrowding

Overcrowding is an indicator of housing affordability. Unit overcrowding is caused by the combined effect of low earnings and high housing costs in a community, and reflects the inability of households to buy or rent housing that provides sufficient living space for their needs. The U.S. Census defines overcrowded households as units with greater than 1.01 persons per room, excluding bathrooms, hallways and porches.

According to the 2009-2013 American Community Survey 5-Year Estimates, the incidence of overcrowding in Capitola was minimal, with approximately 3.8 percent or 166 of the City's households defined as overcrowded, compared with 6.1 percent County-wide. Estimates indicate that 156 renter households were overcrowded, which means that 94 percent of all overcrowded households were renters, and 6.6 percent of all renter households were overcrowded (**Table 2.13**).

Table 2.13: Overcrowded Households

Persons per room	Owner		Renter		Total Overcrowded	
	# of Households*	% of Total	# of Households*	% of Total	# of Households*	% of Total
1.0 or less	1,938	99.5%	2,204	93.4%	4,142	96.1%
1.01 to 1.5	10	0.5%	137	5.8%	147	3.4%
1.51 or more	0	0.0%	19	0.8%	19	0.4%
Total	1,948	100%	2,360	100%	4,308	100%

Source: 2009-2013 American Community Survey 5-Year Estimates
*Based on the estimate of occupied housing units

Household Income

An important factor in housing affordability is household income. While upper income households have more discretionary income to spend on housing, extremely low-, very low-, low and moderate-income households are more limited in the range of housing they can afford.

I. State-Defined Income Categories

According to the Federal Department of Housing and Urban Development (HUD) and the California Department of Housing and Community Development (HCD), the area median income for a four-person household in Santa Cruz County was \$87,000 in 2014.⁷

California law and some federal housing programs define several income categories based on a percentage of the area median income (AMI) determined by HUD and HCD, as follows:

- Extremely Low Income – less than 30% of the area median income
- Very Low Income – less than 50% of the area median income
- Lower Income - between 51 and 80% of the area median income
- Moderate Income – between 81 and 120% of the area median income
- Above Moderate Income – over 120% of the area median income

These income ranges are used to determine eligibility for various subsidized housing programs. The 2014 income limits for these categories by household size are presented in **Table 2.14**.

Table 2.14: Santa Cruz County 2014 Area Median Incomes and Income Limits Adjusted by Household Size

Income Category	Maximum Income by Household Size			
	1 Person	2 Person	3 Person	4 Person
Extremely Low (up to 30% of Median Income)	\$19,600	\$22,400	\$25,200	\$27,500
Very Low Income (up to 50% of Median Income)	\$32,600	\$37,250	\$41,900	\$46,550
Lower Income (51-80% of Median Income)	\$52,150	\$59,600	\$67,050	\$74,500
Moderate Income (81-120% of the Median Income)	\$73,100	\$83,500	\$93,950	\$104,400

Source: California Department of Housing and Urban Development, FY 2014 Median Family Income

According to the 2007-2011 CHAS data generated for the City, there were approximately 2,700 low-, very low-, and extremely low-income households living in Capitola. This

⁷ California Department of Housing and Community Development, *State Income Limits for 2014*
Chapter 2-14

means that approximately 58 percent of households in the City have 80 percent or less of the Median Family Income for Santa Cruz County. **Table 2.15** below, includes the number and percentage of households by income category for Capitola.

Table 2.15: Capitola Household Median Family Income

Income Category*	# of Households	% of Households
Extremely Low (up to 30% of HAMFI)	800	17%
Very Low Income (up to 50% of HAMFI)	850	18%
Lower Income (51-80% of HAMFI)	1,050	23%
Moderate Income (81-120% of HAMFI)	785	17%
Above Moderate Income (121% and above of HAMFI)	1,115	24%
Total	4,600	100%

Source: CHAS Data Book, 2007-2011

*Based on Housing Urban Development Area Median Family Income (HAMFI)

Special Needs Groups

State law recognizes that certain households have more difficulty in finding adequate and affordable housing due to special circumstances. Special needs populations include the extremely low-income households, the elderly, large households, persons with disabilities, female-headed households, farm workers, and the homeless population. In addition, many often have lower incomes as a result of their condition.

I. Extremely Low-Income Households

An extremely low-income household is one that makes less than 30 percent of the Area Median Income. According to the 2007-2011 CHAS data generated for the City, 17 percent of households were extremely low-income, creating a demand for 800 affordable housing units (**Table 2.15**). As of January 2015, there are 197 households receiving Section 8 Vouchers. Most of these housing units are in multi-family residential developments.

The 2015-2023 Housing Plan in Chapter 6 addresses the need for more alternative types of housing that will accommodate groups such as extremely low-income households.

II. Elderly

The special housing needs of the elderly are an important concern in Capitola. Many of the elderly residents in the City are retired and living on a fixed low-income, which puts them at greater risk for housing overpayment. In addition, the elderly maintain special needs related to housing construction and location. The elderly often require ramps, handrails, lower cupboards and counters to allow for greater access and mobility. In terms of

location, because of limited mobility the elderly typically need access to public facilities (i.e. medical and shopping) and public transit facilities.

As reported in the 2010 U.S. Census, 1,539 City residents, or 15.5 percent of the total population, were 65 years or older. **Table 2.17** indicates the number of elderly households by tenure in Capitola compared to Santa Cruz County. In terms of tenure, 726 owner-occupied and 342 renter-occupied units were headed by occupants 65 years or older.

Table 2.17: Elderly Householders by Tenure by Age, Capitola and Santa Cruz County

Householder Age	Capitola			Santa Cruz County		
	Owners	Renters	Total	Owners	Renters	Total
65-74 years	338	152	490	7,844	2,153	9,997
75-84 years	254	127	381	4,437	1,387	5,824
85 years and over	134	63	197	2,125	1,083	3,208
Total Elderly Households	726	342	1,068	14,406	4,623	19,029
Total Households	2,152	2,474	4,626	54,229	40,126	94,355

Source: 2010 U.S. Census

The median age for the City, as well as the County and the State, is expected to continue to increase. According to a projection by AMBAG the percentage of seniors 65 and over in Santa Cruz County will nearly double between 2000 and 2035.⁸

According to the 2007-2011 CHAS data, over 67 percent of households ages 62 and over owned their home. Of the total 830 elderly owner households, 595 (72 percent) of the households are extremely low-, very low-, and low-income. In comparison, 307 of the 400 (77 percent) elderly renter households are extremely low-, very low-, and low-income households. **Table 2.18** shows the number of elderly householders in Capitola by income and tenure.

Table 2.18: Elderly Householders by Income and Tenure

Income Category ¹	Elderly ² Owner Households	Elderly Renter Householder	Total Elderly Householder
Extremely Low (up to 30% of HAMFI)	110	205	315
Very Low Income (30-50% of HAMFI)	155	130	285
Lower Income (51-80% of HAMFI)	330	35	365
Moderate and Above Moderate Income (81 and above of HAMFI)	235	30	265
Total	830	400	1,230

Source: CHAS Data Book, 2007-2011
Notes:
¹Based on Housing Urban Development Area Median Family Income (HAMFI)
²Elderly categorized as age 62 and older

⁸ Association of Monterey Bay Area Governments, 2008, Forecast of Population, Housing and Employment to 2035

The City has been able to meet the demand for elderly rental housing, and currently has a number of existing affordable housing projects that rent exclusively or primarily to senior citizens. These include the Bay Avenue Senior Apartments (formerly known as Silvercrest Apartments), Loma Vista Mobile Home Park, and the Shorelife Community Church Neighborhood Manor. In addition, many seniors reside in non-senior restricted mobile home parks within the City, that are subject to a rent stabilization ordinance limiting space rents or that have converted to cooperative ownership with income eligibility requirements. Many elderly persons have limited income potential, as they are most often retired and have fixed income. While the majority of seniors are homeowners, the number of lower income senior renters who are overpaying for housing remains a general concern moving into the 2015-2023 planning period. To address the housing needs of Capitola’s elderly population the Housing Element establishes policies and programs to rehabilitate existing senior housing and encourage the development of this type of housing in the future.

III. Large Households

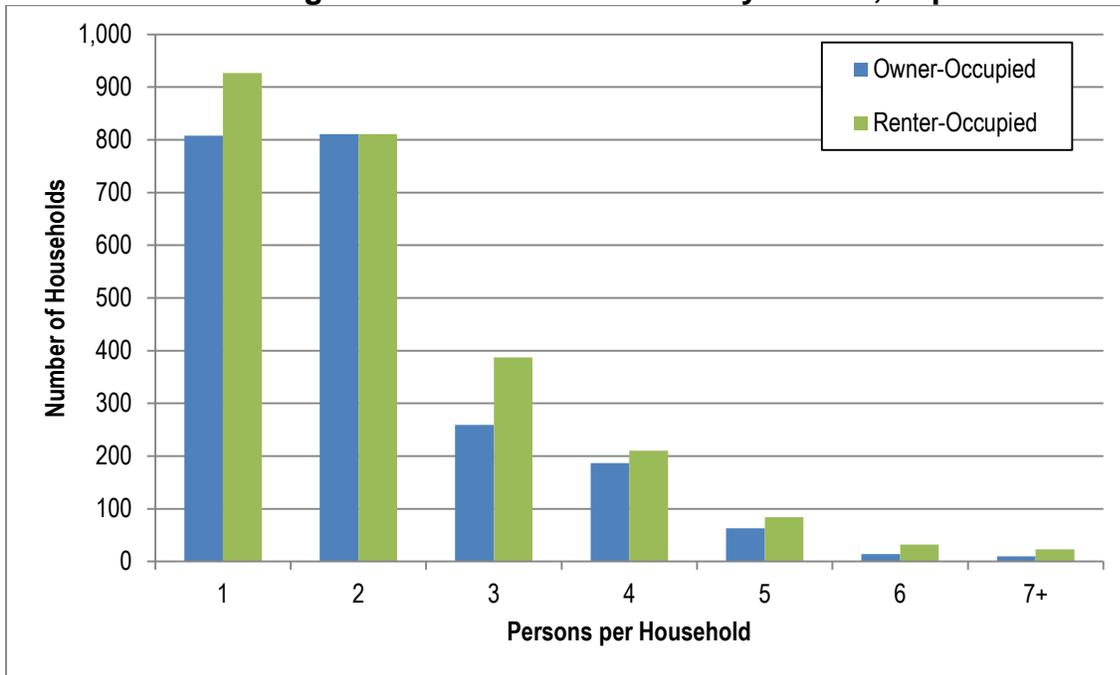
Large households are identified in State housing law as a “group with special housing needs based on the generally limited availability of adequately sized, affordable housing units.” Large households are defined as those with five or more members. According to the 2010 U.S. Census estimates, only 5 percent of all households in the City, or 226 households, were large households. Approximately 62 percent of these large households, or 139 households, were renters, while 38 percent, or 87 households, were homeowners (Table 2.19). See Figure 2.5 below for detail on household size.

Table 2.19: Householder Size by Tenure

Household Size	Owner		Renter		Total	
	# of Households	% of Households	# of Households	% of Households	# of Households	% of Households
1-4 persons	2,065	96%	2,335	94%	4,440	95%
5 or more persons	87	4%	139	6%	226	5%
Total	2,152	100%	2,474	100%	4,626	100%

Source: 2010 U.S. Census

Figure 2.5: Householder Size by Tenure, Capitola



Source: 2010 U.S. Census

Given the small number of large households in the City, and the relatively low rate of overcrowding, the need for larger housing units does not appear to be one of the most pressing special housing needs in the City at this time.

IV. Persons with Disabilities

According to the Americans with Disabilities Act, a disability refers to a “physical or mental impairment that substantially limits one or more of the major life activities.” Physical and mental disabilities can hinder access to traditionally designed housing units as well as potentially limit the ability to earn adequate income. As shown in **Table 2.20**, the 2009-2013 American Community Survey Estimates indicate that that 6.5 percent of the population age 18 years and older have some form of work or mobility/self-care disability. In comparison, nearly 30 percent of the City’s population age 65 years and over has one or more disability.

Although no current comparisons of disability with income, household size, or race/ethnicity are available, it is reasonable to assume that a substantial portion of persons with disabilities would have annual incomes within Federal Section 8 income limits, especially those households not in the labor force. Furthermore, many lower-income persons with disabilities are likely to require housing assistance. Their housing needs are further compounded by design issues and location requirements, which can often be costly. For example, special needs of households with wheelchair-bound or semi-ambulatory individuals may require ramps, holding bars, special bathroom designs, wider doorways, lower cabinets, elevators, and other interior and exterior design features.

Housing opportunities for individuals with disabilities can be addressed through the provision of affordable, barrier-free housing. Rehabilitation assistance can be targeted toward disabled renters and homeowners for unit modification to improve accessibility.

Table 2.20: Persons with Disabilities by Age

Disability Status	0-17 years		18-64 years		65 years and over	
	# of Persons	% of Population	# of Persons	% of Population	# of Persons	% of Population
Hearing Difficulty	9	0.7%	148	2.3%	272	21.0%
Vision Difficulty	9	0.7%	55	0.8%	104	8.0%
Cognitive Difficulty	40	2.9%	158	2.4%	65	5.0%
Ambulatory Difficulty	9	0.7%	258	3.9%	196	15.1%
Self-Care Difficulty	21	1.5%	82	1.2%	91	7.0%
Independent Living Difficulty	0	0%	278	4.2%	131	10.1%
Total	52	3.8%	524	8.0%	423	32.7%

Source: 2009-2013 American Community Survey 5-Year Estimates

Housing opportunities for persons with disabilities will continue to be addressed through the provision of affordable, barrier-free housing. This Housing Element sets forth policies to implement State standards to encourage development of housing for persons with disabilities. Recently, the City revised the Zoning Code to provide reasonable accommodation procedures. Reasonable accommodation provides a basis for residents with disabilities to request flexibility in the application of land use and zoning regulations or, in some instances, even a waiver of certain restrictions or requirements from the local governments to ensure equal access to housing opportunities.

One of the obstacles that people with physical disabilities face when seeking accessible housing is that a large percentage of the accessible units now being developed are restricted for senior-only occupancy. As new affordable housing projects are developed, or as existing housing units are rehabilitated and converted to provide affordable and accessible housing, it will be important that these units be financed and regulated in ways that allow for occupancy by households of all age groups.

V. Persons with Developmental Disabilities

According to Section 4512 of the Welfare and Institutions Code a “developmental disability” means a disability that originates before an individual attains age 18 years, continues, or can be expected to continue, indefinitely, and constitutes a substantial disability for that individual which include mental retardation, cerebral palsy, epilepsy, and autism. This term shall also include disabling conditions found to be closely related to mental retardation or to require treatment similar to that required for individuals with mental retardation, but shall not include other handicapping conditions that are solely physical in nature.

Many persons with developmental disabilities can live and work independently within a conventional housing environment. Individuals with more severe developmental disabilities require a group living environment where supervision is provided. The most

severely affected individuals may require an institutional environment where medical attention and physical therapy are provided. Because developmental disabilities exist before adulthood, the first issue in supportive housing for persons with developmental disabilities is the transition from the person's living situation as a child to an appropriate level of independence as an adult.

The State Department of Developmental Services (DDS) currently provides community based services to approximately 243,000 persons with developmental disabilities and their families through a statewide system of 21 regional centers, four developmental centers, and two community-based facilities. The San Andreas Regional Center is one of 21 regional centers in the State of California that provides point of entry to services for people with developmental disabilities. The center is a community-based, private nonprofit corporation that is funded by the State of California to serve people with developmental disabilities and their families. According to the 2009-2013 American Community Survey, there are approximately 999 people in Capitola with a disability, which includes hearing, vision, cognitive, ambulatory, self-care, and independent living difficulties. According to the California Department of Developmental Services, Santa Cruz County is home to 1,216 people with developmental disabilities ages three and up. The population of the City of Capitola is approximately 4 percent of the total population in Santa Cruz County, it can therefore be estimated that there are approximately 48 people in Capitola with developmental disabilities ages three and up.

There are a number of housing types appropriate for people living with a developmental disability: rent subsidized homes, licensed and unlicensed single-family homes, inclusionary housing, Section 8 vouchers, special programs for home purchase, HUD housing, and SB 962 homes. The design of housing-accessibility modifications, the proximity to services and transit, and the availability of group living opportunities represent some of the types of considerations that are important in serving this need group. Incorporating 'barrier-free' design in all, new multi-family housing (as required by California and Federal Fair Housing laws) is especially important to provide the widest range of choice for disabled residents. Special consideration should also be given to the affordability of housing, as people with disabilities may be living on a fixed income. There are no current City programs or funding available that assists persons with disabilities.

VI. Female Headed Households

Single-parent households often require special consideration and assistance due to their greater need for affordable and accessible day care, health care, and other supportive services. In particular, many female-headed households with children are susceptible to having lower incomes than similar two-parent households. Single, female mothers also face social marginalization pressures that often limit their occupational choices, housing options and access to supportive services.

According to the 2009-2013 American Community Survey Estimates there were 434 female-headed households in the City of Capitola, of which 225 have children under the age of 18. These numbers account for approximately 10 percent and 5 percent, respectively, of all households in the City. **Table 2.21** shows the number of female-headed households in Capitola. In the County, there are 10,013 female-headed households with no husband present, of which 5,574 have children under the age of 18. These numbers

account for approximately 11 percent and 6 percent respectively, of all households in the County. The percentage of female-headed households within the City is lower than that of the County as a whole.

Table 2.21: Female Headed Households

Household Type	Number	Percent
Total Households	4,308	100%
Total Female Headed Households	434	10.1%
With own children under 18 years	225	5.2%
With no own children under 18 years	209	4.9%

Source: 2009-2013 American Community Survey 5-Year Estimates

In households with young children in which the single-parent, or both parents in a two-parent, work, convenient and affordable childcare is a necessity. According to the Santa Cruz County Child Care Needs Priorities for 2014, Capitola is a Priority 2 for Santa Cruz County General Child Care and Development Local Planning Council Priorities. The Santa Cruz County Child Care Needs Priorities for 2014 also found that no subsidized child care existed within City limits. **Table 2.22** below shows the child care expansion priorities for Santa Cruz County. Approximately 7 percent of children age 0-12 that are qualified for the Child Care and Development/California State Preschool Program are served in Capitola. There are currently two licensed family day care facilities in Capitola with a total capacity of 74. Neither facility take children younger than 2 years of age. While the surrounding areas of Aptos and Live Oak offer elementary schools, they cannot meet the demand for child care for children ages 0-23 months. Therefore, there is a definite need for additional child care facilities to meet the needs of the City’s younger population.

Table 2.22: Child Care Expansion Priorities for Santa Cruz County 2014

Jurisdiction	# of Children 0-12 that Qualify for CCTR/CSPP ¹ Full Day/Needs Based Child Care	Total Served	% of Qualified Children Served	% of Children Not Served	Priority ²
Capitola	286	34	7%	88%	Priority 2
Aptos	950	76	7%	94%	Priority 1
Soquel	626	30	3%	95%	Priority 1

Source: Child Care Planning Council of Santa Cruz County, *Analysis of CSPP Priorities for 2014*.

Notes:

¹CCTR/CSPP – Child Care and Development/California State Preschool Program

²Priority 1: 40% unserved & more than 100 children

Priority 2: 25% unserved & more than 100 children

Priority 3: 25% unserved & more than 50 children

According to the City of Capitola Municipal Code (17.03.242) a “Family day care home” is a home that regularly provides care, protection, and supervision for fourteen or fewer children in the provider’s own home, for periods of less than twenty-four hours per day”.

Family day care homes can be large or small providing care for up to 14 children in a large home, and up to eight children in a small home if certain criteria are met. By State law small family day care homes are principally permitted in all zones without the need for a

use permit or local business license. In Capitola all large family day care homes require a Large Family Day Care Home permit from the City. There are no zoning districts that allow large family day care homes as a principally permitted use. Child care centers are not provided for under Capitola's current municipal code.

The Housing Element provides for the needs of this group through policies that promote maintenance and construction of affordable housing, specifically in areas close to commercial districts and transportation corridors, as well as programs to improve the availability of affordable child care. The City's Density Bonus Ordinance also provides specific incentives to encourage the development of child care facilities in conjunction with new affordable housing projects.

VII. Farm Workers

The special housing needs of many agricultural workers stem from their lower wages and the insecure nature of their employment. Estimates of the "farm worker" population in the City are extrapolated from individuals who categorize their employment as "Agriculture, Forestry, Fishing and Hunting, and Mining" in the 2009-2013 American Community Survey Estimates. This category also includes people who work in such non-agricultural fields as boating, veterinary services, and landscape and horticultural. Based on these estimates, there are 36 persons, approximately 0.7 percent of the City's population, engaged in this broad category of agricultural employment.

There are no designated agricultural uses in or immediately adjacent to Capitola. Persons employed in this broad category are most likely associated with fishing or boating activities at the nearby Santa Cruz Small Craft Harbor, forestry activities in the nearby state parks, or landscape and horticultural jobs. Consequently, farm workers are not expected to be a significant special needs group in Capitola.

VIII. People and Families Who are Homeless

During the past decade, homelessness has become an increasingly reported problem throughout the State. Factors contributing to the rise in homelessness included the general lack of housing affordable to low-, very low-, and extremely low-income persons, an increased number of persons whose incomes fall below the poverty level, reductions in public subsidies to the poor, and the de-institutionalization of people with mental illness without adequate support services necessary for independent living.

The 2013 Santa Cruz County Homeless Census and Survey, completed by Applied Survey Research, found that there were approximately 1 homeless person in Capitola (see **Table 2.24**). The homeless population in Capitola represents approximately 0.3 percent of the total homeless population in Santa Cruz County in 2013. It is unclear from the 2013 Survey the age, sex or personal needs of the homeless persons in Capitola. Based on the results of this survey the City of Capitola has an unmet need for one shelter beds. Five supportive housing units have been developed as a part of the Bay Avenue Senior Apartments project. These five units have been set aside to serve seniors with mental illness who are at risk of homelessness. As defined by State Law, this satisfies the need

for homeless shelter beds in Capitola. The multi-jurisdictional Homeless Action Partnership – Continuum of Care would address any future needs of homeless residents.

Table 2.24: Sheltered and Unsheltered Homeless Population in Capitola and Santa Cruz County

Jurisdiction	Unsheltered	Sheltered	Total
City of Capitola	1	0	1
Santa Cruz County ¹	2,895	641	3,536
Source: Applied Survey Research, <i>Santa Cruz County Homeless Point-in-Time Census & Survey</i>			
Notes:			
¹ Count includes Capitola			

The Continuum of Care Program⁹:

The needs of homeless families and individuals are as varied as the reasons for their homelessness. Homeless people may have insufficient employment and credit history to obtain housing. Even with employment, the high cost of housing may preclude a homeless person from obtaining housing or cause them to cycle in and out of homelessness. Taken from a countywide perspective, the demographic portrait that emerges is one of diversity. People who are homeless come from a wide range of backgrounds, and require a range of housing and supportive services. The Continuum of Care Services in Santa Cruz County are broken down into the following four basic areas of service:

- Prevention
- Emergency Shelter
- Transitional Housing
- Permanent and Supportive Affordable Housing

The following is a listing of the programs currently available in Santa Cruz County under these basic service areas:

Prevention:

- Santa Cruz County’s Human Services Department and Santa Cruz AIDS project provides people with HIV/AIDS emergency assistance with rent and utilities;
- Santa Cruz Community Action Board’s Shelter Project provides rental and mortgage assistance;
- Families in Transition provides rental assistance to potentially homeless individuals and families who participate in case management;
- Catholic Charities, The Salvation Army, and Valley Churches United Mission all provide emergency rental assistance;
- California Rural Legal Assistance provides legal assistance for low-income housing and landlord problems; and

⁹ Information on the Continuum of Care services was provided by the Santa Cruz County Homeless Action Partnership.

- Housing Authority of the County of Santa Cruz provides security deposit assistance.

Emergency Shelter:

The emergency shelter system is comprised of various short-term housing options including permanent shelters with services and case management, temporary winter shelters, and motel vouchers for those with medical emergencies. Some shelters serve special groups, such as families, youth or severely mentally ill adults, while others serve the general homeless population.

According to the County's updated 10-Year Plan to End Homelessness (now called "All-In: Toward a Home for Every County Resident"), the County has 353 year-round emergency shelter beds and 100 seasonal beds at the National Guard Armory for winter months.

Transitional Housing:

Transitional housing provides time-limited housing, at least six months as defined in Housing Element law, to prepare individuals and families to become fully self-sufficient. In addition to housing, programs typically include comprehensive and intensive supportive services, case management, housing placement services and aftercare.

Currently the County has approximately 289 transitional housing beds. Interim resources also include programs for specific populations such as families, single adults, seriously mentally ill adults, pregnant women, persons fleeing domestic violence, and veterans.

Permanent and Supportive Affordable Housing:

Availability of permanent affordable housing is critical to the success of a Continuum of Care system. Unless they can access permanent housing, homeless people cannot reach their goal of becoming permanently self-sufficient. Because homeless people typically have extremely low- or non-incomes, those ready for self-sufficient lives often need some form of affordable subsidized housing. This includes Public Housing, Housing Choice (Section 8) Vouchers, Single Room Occupancy units and site-based programs often targeted to disabled individuals or families.

According to the County's updated 10-Year Plan to End Homelessness, approximately 39 percent of housing resources (406 beds) are permanent, including 99 rapid rehousing beds and 307 permanent supportive housing beds. Most permanent supportive housing beds are now set-aside for persons experiencing chronic homelessness, including those with medical vulnerabilities. Many of the rapid rehousing beds are targeted to rehouse families with children. A growing number of the permanent housing programs use a Housing First strategy, which is a best practice program model that provides housing quickly with minimal preconditions and then provides services as needed.

Capitola Actions to Assist People Who are Homeless:

Capitola recognizes the diversity of needs of homeless people. Therefore, the City participates in inter-jurisdictional efforts to comprehensively address the needs of people

who are homeless. Capitola is a participating jurisdiction in the Santa Cruz County Homeless Action Partnership (HAP) - Continuum of Care, a collaboration of the five jurisdictions in Santa Cruz County which funds activities that further the goal of addressing homelessness in the community, including funding winter shelter programs and conducting a biannual homeless census and survey.

Although there are no homeless shelters or transitional housing projects currently located in Capitola the City does provide direct financial support to a number of agencies that provide social services to people and families who are homeless. The City provides community service grants annually to a number of non-profit organizations who provide services to homeless individuals. Grant amounts vary by organization and annual City general fund availability. The majority of grants provided are less than \$10,000 per year.

To decrease the frequency of homelessness, the City has also developed of the Bay Avenue Senior Apartments, which includes 50 units for extremely low-income seniors and 30 very-low income seniors. 39 of these units are set aside for chronically ill seniors and five of the units, with funding through the Mental Health Services Act, serves extremely low-income seniors with mental illness who are homeless or who are at risk of becoming homeless.

In accordance with SB 2 Capitola permits homeless shelters in the Industrial Park (IP) zoning district. The City has also amended the Zoning Code to treat transitional and supportive housing as a residential use and only subject to restrictions that apply to other residential uses of the same type in the same zone.

Capitola requires conditional use permits for many uses in many of its zoning districts. For example, nearly all uses in the CC Community Commercial zoning districts require conditional use permits. Although Capitola has not received or processed an application for a homeless shelter use permit, based on typical use permit requirements, such a use would likely be reviewed and conditioned similarly to any use that includes group activities. For example, the adequacy of parking supply, noise, exterior lighting, and other site considerations would likely be reviewed.

Homeless Shelters

To meet the requirements of SB 2, the City amended the Zoning Code to permit emergency shelters by-right in the Industrial Park (IP) zoning district. The IP zone includes a total of 6.37 acres in eight parcels. Four of the parcels (approximately 2.17 acres) are vacant or underutilized and demonstrate that sufficient land is available for at least one emergency shelter to accommodate the City's identified homeless need. The City may apply objective development standards to encourage and facilitate the use as provided under Government Code Section 65583(a)(4)(A).

Transitional and Supportive Housing Programs

Capitola also amended the Zoning Code to treat transitional and supportive housing a residential use of property, subject only to the same restrictions that apply to other residential dwellings of the same type in the same zoning district.

C. Housing Characteristics

A housing unit is defined as a house, apartment, mobile home, or a single room occupied as a separate living quarters or, if vacant, intended for occupancy as a separate living quarters. Separate living quarters are those in which the occupants live and eat separately from any other persons in the building and which have direct access from the outside of the building or through a common hall. A community's housing stock is the compilation of all its housing units.

Housing Growth

Most of Capitola's housing was built between 1970 and 1980. During this decade, the number of housing units in the City increased by 53 percent, from 2,536 units to 4,794. By 1990, construction rates in the City had begun to slow; there were 5,282 housing units in 1990 according to the Census, a 10 percent increase from 1980. By 2000, Capitola was nearly built-out. Between 2009 and 2014 an additional 32 units were built, and 16 units were built that involved the demolition of an existing unit. According to the U.S. Census, from 2000 to 2010 there was an increase of 155 housing units in Capitola for a total of 5,534 housing units. As seen in **Table 2.25**, although there has been an increase in the number of total housing units, the number of occupied housing units has decreased from 2000 to 2010. The slowing rate of construction during the last decade is primarily due to the fact that most of the vacant, easily developable parcels in the City were built-out during the prior decades.

Table 2.25: Total Number of Housing Units

Year	# of Housing Units	# of Occupied Housing Units
2010	5,534	4,626
2000	5,379	4,751

Source: 2010 and 2000 U.S. Census

Housing Type

The majority of Capitola's housing units are multi-family attached units. As summarized in **Table 2.26** below, single-family detached homes comprise only 36 percent of the housing stock, with another 10 percent that is single-family attached (townhomes with independent exterior walls and utilities). In comparison, 65 percent of the County's housing units are single family detached homes, which is due in part to the rural nature of much of the County's land area.

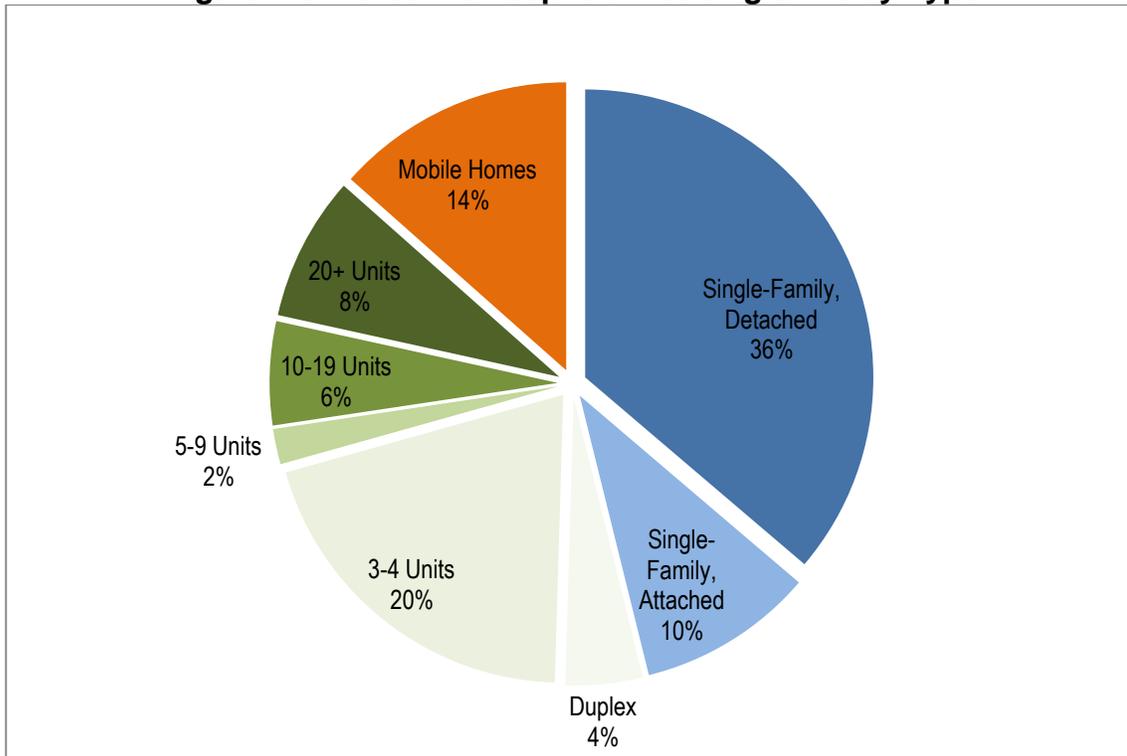
In the 2009-2013 American Community Survey Estimates, multi-family developments with 20 or more units in a structure comprised nearly 8 percent of Capitola's housing stock, compared to 6 percent for the County and 12 percent statewide. Capitola also has a larger percentage of mobile home units, 13 percent compared to 6 percent for the County and only 4 percent statewide. Mobile homes in Capitola are installed in eight mobile home parks varying in size from 36 to 114 units (**Table 2.27**). The relative proportion of the City's housing units in each type of structure is shown in **Figure 2-6** below.

Table 2.26: Housing Units by Type, Capitola and Santa Cruz County

Unit Type	City of Capitola		Santa Cruz County	
	# of Units	% of Units	# of Units	% of Units
Single-Family, Detached	1,900	36.2%	67,809	64.8%
Single-Family, Attached	519	9.9%	8,853	8.5%
Duplex	227	4.3%	3,094	3.0%
3-4 Units	1,058	20.2%	6,058	5.8%
5-9 Units	104	2.0%	3,710	3.5%
10-19 Units	305	5.8%	2,705	2.6%
20+ Units	425	8.1%	5,749	5.5%
Mobile Homes	705	13.4%	6,427	6.1%
Boat, RV, Van, etc.	0	0%	208	0.2%
Total	5,243	100%	104,613	100%

Source: 2009-2013 American Community Survey 5-Year Estimates

Figure 2.6: Percent of Capitola Housing Units by Type



Source: 2009-2013 American Community Survey 5-Year Estimates

Age and Condition of Housing Stock

Most homes begin to exhibit signs of decay when they approach 30 years of age. Common repairs needed include new roofs, wall plaster and stucco. Homes 30 years or over with deferred maintenance require more substantial repairs, such as new siding, plumbing or multiple repairs to the roof, walls, etc. According to the 2009-2013 American

Community Survey approximately 77 percent of Capitola’s housing stock is over 30 years old. (Table 2.27).

Table 2.27: Year Structure Built

Year Structure Built	# of Units	% of Units
Built 2010 or later	27	0.5%
Built 2000 to 2009	392	7.5%
Built 1990 to 1999	290	5.5%
Built 1980 to 1989	509	9.7%
Built 1970 to 1979	1,800	34.3%
Built 1960 to 1969	1,155	22.0%
Built 1950 to 1959	412	7.9%
Built 1940 to 1949	283	5.4%
Built 1939 or earlier	375	7.2%
Total housing units*	5,243	100%

Source: 2009-2013 American Community Survey 5-Year Estimates
Notes:
*Total is not representative of total housing units; this table counts only new structures built and not units demolished

Understanding the aging character of its housing stock, the City of Capitola undertook a comprehensive housing conditions survey in 2002. The survey was funded by a Community Development Block Grant and conducted by Applied Survey Research (ASR) under a contract with the City. ASR walked every neighborhood of the City, manually recording exterior housing conditions observed.

Based on these criteria, ASR found that 94 percent of the traditional wood framed and/or masonry homes in Capitola are in sound condition, although many homes need minor improvements or renovation. The most obvious type of needed improvement was exterior siding and stucco. Homes with minor or moderate repair needs were generally scattered throughout the community.

The mobile homes in Capitola were found to be generally in good repair, but almost all were found to need some minor to moderate repairs, such as roof replacement, painting or window repair. From 2007 to 2014, the City’s rehabilitation loan and grant program has assisted 10 mobile homes that needed substantial repairs or replacement.

The City’s eight mobile home parks also contain significant infrastructure systems that in many cases are in need of upgrades. As the parks are subdivided, or purchased by non-profits or resident controlled cooperatives, the infrastructure needs should be carefully evaluated so that appropriate upgrades or replacement reserves can be included as a part of the project’s new financing arrangements.

Capitola has been actively working to maintain its existing housing stock. It operates a rehabilitation program that offers financial assistance to eligible homeowners for home maintenance and rehabilitation. Eligible owners of single-family homes and mobile homes can take advantage of this program. The City’s continued commitment to these programs is discussed in Chapter 6 of this Element. Between 2007 and 2014, six household were assisted through the Housing Rehabilitation Program.

Housing Costs

Housing costs are driven by the price of raw land, infrastructure costs (e.g. sewer and water), construction costs, supply relative to demand, and financing costs. The diminishing supply of developable land in Capitola, the built-out nature of the community, its attractive coastal location, and the level of unmet demand for housing in the entire region have driven up the cost of both ownership and rental housing in Capitola. Nevertheless, the City has not been immune to the state-wide and national declines in real estate prices.

Due to the rapid changes in housing prices, and the changes in market dynamics, the numbers presented in this section may, at times, be difficult to interpret.

I. Ownership Housing

According to the 2009-2013 American Community Survey, approximately 45 percent of the occupied housing units are owner-occupied. In comparison, in Santa Cruz County, approximately 59 percent of occupied housing units are owner-occupied.

The value of homes in Capitola varies based on the type, size and location. Recent listings show prices ranging from \$235,000 for a 2 bedroom, 2 bath mobile home; to \$7,995,000 for a 4 bedroom, 5.5 bath home with an oceanfront view¹⁰. In July 2014, the median sale price of a single-family home in Capitola was \$1,115,000 according to the Santa Cruz Association of Realtors (SCAR) (**Table 2.28**).

Table 2.28: Regional Median Home Values

Jurisdiction	Single-Family Residential	Common Interest Development
City of Capitola	\$1,115,000	\$430,000
City of Santa Cruz	\$764,000	\$394,250
City of Scotts Valley	\$818,000	\$469,000
City of Watsonville	\$460,000	\$215,000

Source: Santa Cruz Association of Realtors, Regional Median Home Values July 2014

Median home values in neighboring Santa Cruz County communities are lower than that of Capitola, \$764,000 in Santa Cruz and \$818,000 in Scotts Valley.

II. Rental Housing

According to the State's 2010-2015 Consolidated Plan, "Renters generally show a higher incidence of housing deficiencies than homeowners, in both total numbers and the percentage of households experiencing housing problems. Renters have median incomes just over half as high as owners, are predominantly low-income, and represent a majority of low-income households."¹¹

¹⁰ Redfin website, www.redfin.com; accessed March 27, 2015.

¹¹ 2010-2015 Consolidated Plan, California Department of Housing and Community Development

Table 2.29: Rents in City of Capitola

Bedroom Type	Median Rent	Average Rent
Studio	\$925	\$941
One-Bedroom	\$1,375	\$1,406
Two-Bedroom	\$1,795	\$1,894
Three-Bedroom	\$2,450	\$2,632
Four-Bedroom	\$2,800	\$2,985

Source: Rentometer.com, December 2014

The rental housing market in Capitola is comprised of apartments, condominiums, mobile homes and single-family homes. Some of the rental units are rented on a short-term basis as vacation lodging. The 2009-2013 American Community Survey estimates that 528 Capitola dwellings (10 percent of the City’s housing stock) were being used as seasonal, recreational or occasional units. In 2011, Capitola repealed the City’s Mobile Home Park Rent Stabilization Ordinance. The City currently has eight mobile home parks which have all been subdivided and converted to resident cooperatives, or have long-term affordability agreements with tenants.

III. Vacancy Rates

The residential vacancy rate, a translation of the number of unoccupied housing units on the market, is a good indicator of the balance between housing supply and demand in a community. When the demand for housing exceeds the available supply, the vacancy rate will be low. Concurrently, a low vacancy rate drives the cost of housing upward to the disadvantage of prospective buyers or renters.

In a healthy housing market, the vacancy rate would be between 5.0 and 8.0 percent. These vacant units should be distributed across a variety of housing types, sizes, price ranges and locations within the City. This allows adequate selection opportunities for households seeking new residences.

According to the 2009-2013 American Community Survey, Capitola’s owner-occupied units have a vacancy rate of 2.4 percent and rental units have a rate of 6.3 percent. These rates indicate that the housing market is somewhat tight with little room for buyers or renters to find a suitable unit or negotiate a lower purchase or rental price. However, nearly 18 percent of all the housing units in the City were classified as vacant, according to the 2009-2013 American Community Survey. Of these vacant units, 56 percent (528 units) were vacant for seasonal use as either vacation homes or vacation rental properties. In the county as a whole, more than 5,500 units, or approximately 5 percent of the entire housing stock in the county, including the cities, were vacant for seasonal use as vacation homes or rentals. Occupancy status of housing units in Capitola and Santa Cruz County are shown in **Table 2.30** below.

Table 2.30: Occupancy Status of Housing Units in Capitola and Santa Cruz County

Occupancy Status	Capitola		Santa Cruz	
	# of Units	% of Units	# of Units	% of Units
Owner-Occupied	1,948	45.2%	55,007	58.8%
Renter-Occupied	2,360	54.8%	38,497	41.2%
Total Occupied	4,308	82.2%	93,504	89.4%
Vacant Housing Units	935	17.8%	11,109	10.6%
Total Housing Units	5,243	100%	104,613	100%
Homeowner Vacancy Rate	2.4%		1.8%	
Rental Vacancy Rate	6.3%		4.0%	

Source: 2009-2013 American Community Survey 5-Year Estimates

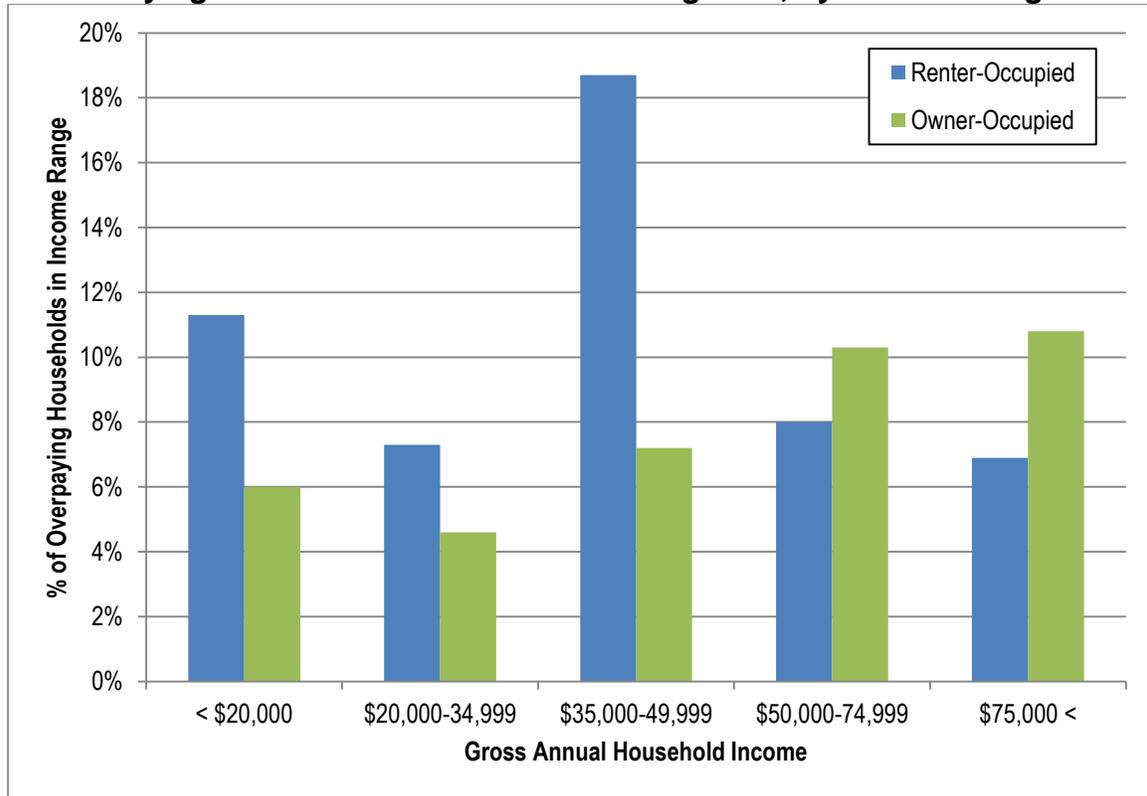
IV. Household Tenure

According to the 2009-2013 American Community Survey, there were 4,308 occupied housing units in Capitola. Of these, 55 percent were renter-occupied and 45 percent were owner-occupied. It is important to note that a relatively high number of multi-family rental housing units exist in Capitola.

V. Housing Affordability and Overpayment

State and Federal standards for housing overpayment are based on an income-to-housing cost ratio of 30 percent and above. The cost of housing includes: rent or mortgage payments, utilities (e.g. water, sewer, electric, gas), taxes and insurance. Households spending more than 30 percent of their incomes on housing have limited remaining income for other necessities such as food, clothing, and health care. Upper income households are generally capable of spending a larger proportion of their incomes on housing. **Figure 2-9 below** shows that the many of households in the lower income ranges paid over 30 percent of their incomes on housing.

Figure 2.9: Estimated Percent of Capitola Renter and Owner-Occupied Households Paying over 30% of Income on Housing Cost, by Income Range



Source: 2009-2013 American Community Survey 5-Year Estimates

Among lower income households, a greater proportion of renters overpaid than homeowners. Fewer than half of the higher income households paid over 30 percent of their incomes on housing, however most of those overpaying in this group were homeowners.

The prevalence of overpayment among lower income renters indicates a significant need for more rental housing affordable to the City’s low and very low income households. A study released in April 2009 by the National Low Income Housing Coalition “Out of Reach 2009” found that Santa Cruz County is the seventh most expensive rental market in the nation.

The Fair Market Rent (FMR) in Santa Cruz County for a two-bedroom apartment is \$1,597 in 2014. In order to afford this level of rent and utilities, without paying more than 30% of income on housing, a household must earn \$5,324 monthly or \$63,880 annually. Assuming a 40-hour work week, 52 weeks per year, this level of income translates into a Housing Wage of \$33.27.

Tables 2.31 and **2.32** summarize the information on housing tenure, median home values, rent, and housing cost as a percentage of income, for households in Capitola. Cost Burden Greater than 30 percent means that the cost of rent is over 30 percent of the renter’s income.

Table 2.31: Overpayment for Renter-Occupied Housing

Household Income	# of Renters	# of Renters with Cost Burden Greater than 30% of Income	% of Renters Overpaying
Extremely Low (up to 30% of HAMFI)	605	450	74%
Very Low Income (30-50% of HAMFI)	525	440	84%
Lower Income (51-80% of HAMFI)	545	385	71%
Moderate Income (81-120% of HAMFI)	425	95	22%
Above Moderate Income (121% and above of HAMFI)	550	15	3%

Source: CHAS Data Book, 2007-2011

Table 2.32: Overpayment for Owner-Occupied Housing

Household Income	# of Owners	# of Owners with Cost Burden Greater than 30% of Income	% of Owners Overpaying
Extremely Low (up to 30% of HAMFI)	195	140	72%
Very Low Income (30-50% of HAMFI)	325	135	42%
Lower Income (51-80% of HAMFI)	505	200	40%
Moderate Income (81-120% of HAMFI)	360	220	61%
Above Moderate Income (121% and above of HAMFI)	565	155	27%

Source: CHAS Data Book, 2007-2011

Table 2.33 estimates the maximum sales prices and rents affordable to very low, low, and moderate income households in Capitola by family size. In each case, the maximum monthly payment is equal to 30 percent of monthly household income and includes the cost of utilities. For example, in 2014 a four-person household that is very low-income could rent a housing unit for no more than \$1,164 per month, and would be able to purchase a unit at a maximum sales price of \$162,500. Likewise, a four-person moderate income household could afford to purchase a \$364,800 home or rent a unit for up to \$2,610 per month.

Table 2.33: Affordable Rent and Purchase Price by Income Category

Income Category ¹	Maximum Income	Affordable Monthly Rent Payment ²	Estimated Affordable Purchase Price ³
Extremely Low (up to 30% of Median Income)	\$27,500	\$688	\$95,000
Very Low Income (up to 50% of Median Income)	\$46,550	\$1,164	\$162,500
Lower Income (51-80% of Median Income)	\$74,500	\$1,863	\$260,200
Moderate Income (81-120% of the Median Income)	\$104,400	\$2,610	\$364,800

Source: California Department of Housing and Urban Development, FY 2014 Median Family Income

Notes:

¹Based on a family of four

²30% of Gross Rent or PITI

³Assumes 6.0% interest rate, 30-year mortgage with 10% down payment, a 1.25% property tax rate and 0.3% home insurance rate. Mortgage payments equal to 30% of monthly income

D. Assisted Housing

State law requires the City to identify, analyze, and propose programs to preserve housing units that are currently deed restricted to low income families and will possibly be lost as low-income housing as these deed restrictions expire.

Description of At-Risk Projects

No currently assisted housing units in the City of Capitola have been identified as “at-risk” of converting from low-income use to market rate. The majority of the current assisted housing units have been built in recent years and have at least 55-years of affordability required as a part of their original financing agreements.

Capitola Gardens, a 78 unit low-income housing development on 46th Avenue was restricted to low-income senior households for the first 20 years following its construction. This project, however, was converted to non-assisted housing once its original federal funding and affordability requirements expired in December of 1999. This was Capitola’s only example of an “at-risk” assisted housing project. When the project’s affordability requirements expired in 1999 the Housing Authority of Santa Cruz County was able to provide enhanced Section 8 vouchers (tenant-based rental assistance) to all income-eligible households in the project. These vouchers have allowed the residents to either stay in place as continuing residents of Capitola Gardens, or to use their voucher to move to other housing. Since 1999 Capitola Gardens has continued under private ownership.

Although the current residents were provided with Section 8 vouchers to protect their rental assistance status, as of January, 2000 Capitola, has lost the 78 units of the Capitola Gardens Apartments as permanently affordable housing units. As of March 2009 only 44

of the 78 units in the Capitola Gardens project continue to be rented with households utilizing the Section 8 vouchers that ensure affordability.

Mobile Home Parks in Capitola

Mobile home parks provide another important source of affordable housing for Capitola and should be discussed as a separate form of “at-risk” housing. As a tourist and retirement oriented beach community Capitola developed over time with a large number of small cottage homes and a mobile home parks. The City today continues to host a total of eight parks serving a total of 681 households. In 1994 the City adopted the Mobile Home Park Rent Stabilization Program. During the 2009-2014 Planning Period the ordinance was repealed.

The City currently has eight mobile parks. One park, Pacific Cover, was closed in 2012 due to a flood in 2011 and all of its residents were relocated. All 8 remaining mobile parks have been subdivided and converted into resident cooperatives or have long-term affordability agreements with tenants. The City encourage continued affordability with a \$2 million loan to the Castle Mobile Home Park in 2011 to assist in the formation of a non-profit cooperative and to provide rehabilitation assistance.

From past experience, a transition to cooperative/non-profit ownership offers the highest likelihood of preserving long-term affordability. The subdivision of a park also offers some protections to the current residents and provides affordable ownership opportunities consistent with the City’s Inclusionary Housing Policy.

There is a concern that another option would be that one or more of the rental parks could close in the future and be converted to other uses. The closure of a park could cause the potential loss of housing stock that currently serves low and moderate-income residents.

In the case of a park closure the City will ensure that :

- The park closure is consistent with applicable sections of City Municipal Code.
- The closure is consistent with relevant state law.

Inventory of Affordable Housing Not at-Risk

There are seven other affordable housing developments in the City. The majority of these projects were constructed with assistance from the City. None of these projects are at risk during this planning period, and the majority of the projects will remain affordable indefinitely. A summary of these projects is provided below:

I. Shorelife Church Neighborhood Manor

A 20-unit rental property owned by Shorelife Community Church. Rents are below-market and some units are rented to households who have Section 8 rental assistance. The church generally fills vacancies with households referred to them by local social agencies, such as the Housing Authority and the Skills Center, with a preference for disabled, elderly, or low-income students and church staff. Because these units are owned by a nonprofit agency, they are expected to remain affordable indefinitely.

II. Grace Street Apartments

This 12-unit apartment project built in 1997 is managed and owned by the Housing Authority of the County of Santa Cruz. Rents are affordable and units are limited to occupancy by low and very low-income households. Because these units are owned by a nonprofit agency, they are expected to remain affordable indefinitely.

III. Bay Avenue Senior Apartments (750 Bay Avenue)

Until September, 2008 this apartment complex was owned by the Salvation Army and was known as the Silvercrest Apartments. The 96 unit complex was rented at rates affordable to low-income senior households but no long-term affordability requirements were recorded against the property. Having been built in the 1970s the six building complex was nearing the end of its useful life and was in drastic need of major rehabilitation work.

In September of 2008 the property was purchased by First Community Housing, a non-profit affordable housing developer. Major rehabilitation and new construction plans have been approved by the City and construction was begun in January 2009. The \$28 million dollar acquisition, rehabilitation and new construction project will be carried out in four phases of construction in order to avoid having to relocate any existing residents off site.

The completed project contains a total of 109 units for seniors and has a 55-year affordability requirement. 50 of the units are restricted to extremely low-income senior households, 30 units have been restricted to very low-income senior households, 28 units have been restricted to low-income senior households and one, 2-bedroom unit serves as the manager's unit and will not be restricted. 39 units in the development have been set aside to serve seniors who need assistance with certain activities of daily living and qualify under the State's definition of Chronically Ill. During the last planning period, First Community Housing worked in participation with the County of Santa Cruz to provide assistance through the Mental Health Services Act (MHSA) program to set aside five units to serve extremely low-income seniors with mental illness who are homeless or at risk of homelessness.

IV. Habitat for Humanity Project (38th and Brommer)

Six very low-income dwellings constructed for very low-income first-time homebuyers in 1999. The Capitola Redevelopment Agency (RDA) provided the land, and a CDBG grant to help with cost related to infrastructure improvements. These ownership units will remain affordable in perpetuity and are not at risk of losing their affordability restrictions.

V. Dakota Apartments Accessible Housing

The 25 accessible rental unit project located at Clares/Capitola Road was constructed in 2000. The rentals are available for very low-income households with one or more persons affected by mobility impairment/traumatic brain injury. The project used funding from the Capitola Redevelopment Agency's Housing Fund, HOME Program Income Re-Use Funds, and the HUD 811 program. The development is owned by the National Handicapped

Housing Institute, a nonprofit agency, and restrictions ensure that the units will remain affordable in perpetuity.

VI. Loma Vista Mobile Home Park Resident Acquisition

This project is an existing 90-space mobile home park that was purchased by a resident-owned cooperative in 2000. The project was funded with assistance from the Redevelopment Agency's Housing Fund, CDBG funds and the State's Mobile home Park Resident Ownership Project (MPROP). The mobile home park lots are owned by the cooperative and the homes are owned by the individual residents. These lots are bound by a covenant which allows the lots to be sold only to senior households with incomes at or below 120 percent of the Area Median Income.

VII. Wharf Road Manor Mobile Home Park residents Acquisition

This project is an existing 36-space mobile home park that was purchased by a resident-owned cooperative in 2006. The project was funding with assistance from the Redevelopment Agency's Housing Fund, HOME Program Re-Use funds and the State's Mobile home Park Resident Ownership Program (MPROP). The mobile home park lots are owned by the cooperative and the homes are owned by the individual residents. 34 of the lots are restricted to moderate income households with incomes at or below 100 percent of the area median income. Two units in the park were newly constructed in 2006 with the assistance of HOME Program Re-use Funds. These two units are regulated under the City's Inclusionary Housing Program and are resale restricted to remain affordable for low-income households.

VIII. Inclusionary Housing Units

Beginning in 2004 the City passed an Inclusionary Housing Ordinance which requires that 15 percent of the units in any new construction ownership project of seven units or more be made permanently affordable to low or moderate-income households. During the 2009-2014 planning period, one inclusionary housing unit was constructed at Pearson Court, a 10-unit single-family development.

The City of Capitola has complemented its Inclusionary Housing Ordinance with its First Time Homebuyer program as a way to assist the developer with the marketing of the inclusionary units so that they do not become a burden to the project but actually offer a marketing advantage.

The City's Inclusionary Housing Program was designed only to require inclusionary units in the case of for-sale developments of seven units or more. Rental housing developments and projects of six units or less do not have an inclusionary requirement. However, as several projects have been developed since the Inclusionary Ordinance was adopted, the program has not discouraged housing development or caused a significant overall increase in the sales prices of the market rate units. Clearly the program has assisted in the development of permanently affordable housing units that would not have otherwise been developed in the community.



CHAPTER 3: CONSTRAINTS ON HOUSING PRODUCTION

A variety of factors add to the cost of housing in Capitola and constrain the provision of affordable units. These factors include: the market, governmental constraints and environmental considerations. Moreover, housing goals may at times conflict with the need to promote other important City goals, such as the desire to provide open space and recreational facilities, protect environmental and historic resources, and maintain current service levels.

State law requires the housing element to analyze potential and actual governmental and nongovernmental constraints to the productions, maintenance, and improvement of housing for all persons of all income levels, including persons with disabilities. This chapter analyzes the following three potential constraints:

- A. Market Constraints
- B. Governmental Constraints
- C. Environmental Constraints

A. Market Constraints

The high cost of building new housing in Capitola is at least partially due to the scarcity and high cost of developable land. High materials costs and labor costs also contribute to the high cost of housing development. Capitola's beach-front setting and commutable distance from Silicon Valley has also allowed many existing and new Capitola homes to sell and rent at higher than average levels. No units affordable to low- or moderate-income buyers or renters are being developed with the exception of the required Inclusionary Housing units, and units that are being built by non-profit developers with the assistance of federal, state and local government programs. The only possible exception to this would be the development of Secondary Dwelling Units that, by the nature of their small size, are most likely renting at rates that are affordable to low- and moderate-income households.

Land Costs

In Capitola the City is mostly built-out with vacant, single-family zoned lots are almost non-existent. In January 2015 only one substandard-sized lot was listed for sale for \$549,000. Because of the built-out nature of Capitola new development is almost invariably requires the acquisition and redevelopment of prospective in-fill sites. Developing on prospective sites is often more expensive and difficult due to increased acquisition costs, demolition or rehabilitation of existing buildings, and the possible need to remove toxic materials left by earlier uses on the site. Because most new residential construction is taking place on sites that contain some existing residential units the net increase of new units is often greatly reduced.

Utilization of available state and federal funding can counterbalance the constraint of high land costs to some extent. The involvement of State or Federal funds, however, also dramatically increases the cost of new development in that the use of these funds triggers the need to comply with both federal and state relocation laws and prevailing wage regulations. Relocation costs in some instances can be nearly as high as the original cost of site acquisition.

Allowing for increased densities through the City's Density Bonus Ordinance and Affordable Housing Overlay are important tools to reduce the per unit cost of land in the case of developments that include affordable housing units. These ordinances are actually more successful in lowering per unit land costs than are across-the-board zoning changes that allow density increases. Typical zoning changes that allow increased density often cause an increase in the sales price of the property in that zone. The Density Bonus and Affordable Housing Overlay, on the other hand, only allow an increase in density in exchange for guaranteed levels of affordability and therefore do not tend to cause an increase in the sales price of the land.

Construction Costs

Development costs for housing can vary significantly, depending on the type of housing, such as single-family, townhomes, and apartments. Even within a particular building type construction costs can vary by unit size, amenities, materials used and site conditions.

Estimated construction costs in the City of Capitola is \$200 per square foot. The costs have remained steady since 2007.

Included in the cost of development are the costs of building materials. The cost of building materials varies tremendously depending on the material, quality, style, scale of construction and shipping costs related to the particular product.

That being said, there are ways of reducing materials cost in certain development situations. One way to reduce the cost of a demolition/rebuild is to reuse and recycle materials from the old (demolished) structure. Not only is this measure cost-effective but it is one of the Green Building methods suggested in the City of Capitola's Green Building program. Selecting materials that are manufactured locally can also help save costs while also helping to reinvest our development dollars in the local economy.

Lower residential construction costs can also be achieved by reducing amenities, quality and/or type of building materials and by reducing the actual square footage of the homes being developed. Since 1950's the square footage of homes has more than doubled in the United States, according to the National Association of Home Builders, while average household size has dropped.

Oversized homes require significantly more construction materials than smaller homes, require more land and use significantly more energy to operate. Reduced square footage can also allow for a higher density of development on the site and thus reduced per unit land costs. The City's efforts to allow higher density housing construction and to encourage the development of smaller square footage housing units are illustrated in the Capitola Green Building Program, the Secondary Dwelling Unit Ordinance, and the City's Density Bonus and Affordable Housing Overlay Ordinances. The City has also used the Planned Development zoning process to allow for the development of small units at higher densities.

The move toward smaller homes is not new to Capitola. Due to the community's vacation cottage history many of the City's single-family lots are less than 4,000 square feet in size and can accommodate only fairly modest-sized homes. Capitola's Jewel Box neighborhood, for example, averages 14 units per acre and the Upper Village neighborhood average 15 units per acre. Capitola's zoning ordinances also help to restrict the size of homes by imposing fairly strict lot coverage, set-back and height requirements in the single-family zones. In addition, parking requirements for single family homes vary by house size, thereby further reducing the incentive to build larger homes.

The City of Capitola also contains a total of eight existing mobile home parks that have been developed at an average of about 10 units per acre with relatively small individual units. While the development of new parks is not being pursued the preservation of these existing parks is seen as an important part of maintaining our existing homes that are modest in size and higher than average in density. As the older manufactured homes and mobile homes in the City's existing parks age we are working to provide financial assistance to park residents who are interested in upgrading their homes with new manufactured homes.

Financing

Mortgage interest rates have a large influence over the affordability of housing. Increases in interest rates decrease the number of persons able to afford a home purchase. Decreases in interest rates result in more potential homebuyers introduced into the market.

National policies and economic conditions determine interest rates, and there is little that local governments can do to affect these rates. Jurisdictions can however, “leverage” funds by offering interest rate write-downs to extend home purchase opportunities to lower income households. In addition, government insured loan programs may be available to reduce mortgage down payment requirements.

First time homebuyers are the most impacted by financing requirements. Mortgage interest rates for new home purchases ranged from 3.5 percent to 5 percent for a fixed 30 year loan in 2013. Lower initial rates may be available with Graduated Payment Mortgages (GPMs), Adjustable Rate Mortgages (ARMs), and Buy-Down Mortgages. However, variable interest rate mortgages on affordable homes may increase to the point that interest rates exceed the cost of living adjustments, which is a constraint on affordability. Although interest rates are currently considered low, they can change significantly and substantially impact the affordability of the housing stock.

Stricter lending standards can pose a constraint to affordable housing. An increase in one percentage point can make a monthly payment out of reach for many lower income households.

A critical impediment to homeownership involves both the affordability of the housing stock and the ability of potential buyers to fulfill down payment requirements. Typically, conventional home loans will require 80 percent loan-to-value and represents the largest constraint to homebuyers. Other programs, such as those for first-time homebuyers, can find downpayment requirements between 5 and 20 percent. However, more recent events in the housing market have made it more difficult for prospective home buyers to secure a home loan.

One of the greatest impediments to homeownership, however, is credit worthiness. According to the Federal Housing Authority, lenders consider a person’s debt-to-income ratio, cash available for down payment, and credit history, when determining a maximum loan amount. Many financial institutions are willing to significantly decrease down payment requirements and increase loan amounts to persons with good credit rating. Persons with poor credit ratings may be forced to accept a higher interest rate or a loan amount insufficient to purchase a house. Poor credit rating can be especially damaging to lower-income residents, who have fewer financial resources with which to qualify for a loan. The FHA is generally more flexible than conventional lenders in its qualifying guidelines and allows many residents to re-establish a good credit history.

Under the Home Mortgage Disclosure Act (HMDA), lending institutions are required to report lending activity by census tract. **Table 3.1** below presents the disposition of home purchase loan applications in 2013 by income of the applicants.

Table 3.1: Disposition of Home Loan Applications

Applicant Income	Total Applications	Percent Originated ¹	Percent Denied	Percent Other ²
Low Income	6 (0.2%)	83%	17%	0%
Moderate Income	497 (21%)	65%	17%	16%
Middle Income	927 (38%)	69%	13%	18%
Upper Income	991 (41%)	69%	10%	21%
Total	2,421	68%	13%	19%

Source: Home Mortgage Disclosure Act (HMDA), accessed August 2014.

Notes:

¹ "Originated" refers to loans approved by the lender and accepted by the applicant.

² "Other" includes applications approved but not accepted, filed for incompleteness, and applications withdrawn.

The data shown in **Table 3.1** is the Santa Cruz – Watsonville SMA, which includes the City of Capitola. The data includes purchases of one to four unit homes as manufactured homes. Over 80 percent of the loan applications were received from middle to upper income households based on median family income (MFI) standards.

Down Payments and Move-In Costs

The ability to accumulate a down payment remains a formidable barrier to many potential homebuyers. Low- and moderate-income households find it difficult to make the transition from rental to ownership units because they cannot accumulate a down payment while renting. In an effort to make homeownership more possible for buyers, the City received a Community Development Block Grant to reinstate funding for the Mortgage Assistance Program (also known as the First-Time Homebuyer Program). The program is designed to assist low-income Capitola residents with purchasing a home. It is anticipated that the program will be available for qualifying Capitola households in 2015.

The difficulty is that market rate home sales prices in the Capitola area are so high that the City's "gap" financing is not typically able to make up the difference. This means that the City's First-Time Homebuyer Program is used almost exclusively to assist in the purchase of mobile homes and condominiums that already have some level of affordability already built into the sale price via the City's Inclusionary Housing Ordinance or through other forms of City involvement such as the provision of financial assistance in the cooperative conversion of mobile home parks.

Low-income households may also be unable to obtain rental housing because they cannot accrue the necessary security deposits and first and last months' rent. The City's Security Deposit Program also administered by the Housing Authority provides low-income households with deposit assistance up to one month's rent. The funds are considered a loan during the time that the renter occupies the unit.

B. Governmental Constraints

Housing affordability is influenced by factors in both the private and public sectors. Actions by the City and by the surrounding jurisdictions influence the amount of housing developed; its type, form, location, and ultimate price. Land use controls, site improvement requirements, building codes, fees and other local programs intended to improve the overall quality of housing may have the additional consequence of serving as a constraint to housing development.

Land Use Controls

The Capitola General Plan and Zoning Ordinance provide for a range of housing types and densities. Residential uses are permitted in the following zones:

Table 3.2: Capitola Development Requirements

Zoning District	Minimum lot area per dwelling unit (square feet)	Height limit	Side yard Setbacks	Front Yard Setbacks	Back Yard Setback
R-1	5,000	25'	10% of lot width	15'	20% of lot depth
RM-LM	4,400	30'	10% of lot width for 1 st story	20'	15% of lot depth for 1 st story
RM-M	2,900	30'	Up to 20% lot width or 10'	20'	Up to 25% lot depth or 20'
RM-H	2,200	35'	Up to 20% lot width or 10'	20'	Up to 25% lot depth or 20'
CV	N/A	27'	N/A	10% of lot area	
CR	N/A	27'	10'	N/A	At least 10' wide
CN	N/A	27'	10% of lot width for 1 st ; 15% for 2 nd story	15'	20% of lot depth
CC	N/A	40'	At least 10'	15'	At least 10'
PO	See RM	See RM	See RM	See RM	See RM
IP	N/A	30'	Varies	10% lot area	Varies
PD	N/A	Varies	Varies	Varies	Varies

I. R-1 (Single Family Residence)

Permits one dwelling unit on a lot. The lot shall be a minimum 5,000 square feet in size (or less if an existing legally created lot), averaging 8.5 units per acre. Floor Area Ratio is on a sliding scale based on lot size. Front yards for the first floor shall be a minimum of 15' in depth; side yards shall be 10 percent of lot width with a minimum of 3 feet and rear yards shall be equal to not less than 20 percent of the lot depth to a maximum of 25 feet. Height

limit is 25 feet. Single family dwellings and small community care residential and family day care homes are principally permitted. Architectural and Site Review is required for new construction and substantial additions. Secondary Dwelling Units are allowed in the R-1 zoning district on lots of 5,000 square feet or larger.

II. R-M (Multiple-Family)

RM-LM (Low-Medium Density) zone permits one unit per a minimum site area of 4,400 square feet; average density is 7.5 units per acre; maximum height is 30 feet. RM-M (Medium Density) zone permits one unit per a minimum site area of 2,900 square feet; average density is 12.5 units per acre; maximum height is 30 feet. RM-H (High Density) permits one unit per a minimum site area of 2,200 square feet; average density is 17.5 units per acre; maximum height is 35 feet. Single family dwellings, multi-family dwelling and small community-care residential and small family day care homes are principally permitted. Architectural and Site Review is required for new construction and substantial additions. Minimum lot size is 5,100 square feet, and maximum lot coverage/ structure footprint is 40 percent. Minimum setbacks are 15 feet for the front yard, 10 percent of lot width for side yards, and 15 percent of lot depth for rear yard. Requirements include that 50 percent of the rear yard must be usable open space and that 48 square feet of private open space be provided for each unit. Secondary Dwelling Units are allowed in the R-M zoning district where a single-family dwelling exists.

III. Affordable Housing Overlay Ordinance

The City has adopted an Affordable Housing Overlay Ordinance which allows additional densities up to 20 units per acre in all R-M (Multi-Residential) Districts. This increased density is allowed in on designated Opportunity Sites in the RM zoned districts with the provision of at least 50 percent affordability. The Affordable Housing Overlay will encourage rehabilitation and in-fill development on qualified sites in a way that may help preserve existing affordable but unrestricted housing on the sites and provide long-term affordability for both the existing homes and the new units developed.

IV. TRO-Transient Rental Use Overlay District

Permits transient rental use in the Central Village District and a small portion of Riverview Avenue which is an R-1 zoned district subject to a conditional use permit. The conditional use permit establishes parking and occupancy requirements for these facilities.

V. C-V Central Village District

This is a mixed use residential/commercial district located in the community's historic village district. Residential is principally permitted on the first and second floors. There are six residential overlay areas within the CV district that allow only residential uses. Weekly rentals are permitted in the zone; and motels/hotels are permitted with a conditional use permit. In the CV zone, there is no minimum lot area per unit; density is only indirectly limited by need to meet parking requirements. In the CV residential overlay districts, allowable lot coverage/footprints range from 70 percent to 90 percent for building and parking areas. There are no minimum setback/yard areas, except that 10 percent of

the lot is to be landscaped. Maximum height is 27 feet, and architectural and site review is required.

VI. C-R Commercial Residential District

This is a mixed-use commercial/residential area. Mixed-use development, which includes a combination of residential with commercial and/or retail uses. Residential is principally permitted as a single family dwelling. Second Units are allowed on lots developed with a single family dwelling, subject to design and development standards. This zoning district has very flexible development standards; there is no specific maximum lot coverage or minimum lot area per unit, and no minimum front, side or rear setbacks. Any setbacks are determined through Architectural and Site Review and based on desired relationship to street and adjacent uses. Maximum height is 27 feet, and parking requirements must be satisfied. The District allows mixed-use residential development as a conditional use.

VII. C-N Commercial Neighborhood District

This is a neighborhood commercial district that permits single family residential and residential/commercial mixed use development as principal permitted uses. Multifamily residential is permitted with a conditional use permit. Again, this district has permissive development standards: there is no specific maximum lot coverage or minimum lot area per unit, density is indirectly controlled by the need to meet parking requirements. Required setbacks are 15 feet at the front, 10 percent of lot width for the sides and rear set back requirement is 10 feet for commercial developments and 20 percent of lot depth for residential projects.

VIII. CC Community Commercial District

This zoning district accommodates community and regional commercial uses, with most CC zoning areas located along major transportation corridors. The CC zoning district was amended to allow for mixed use residential development. Development standards allow a 40-foot maximum height, with no minimum lot area, no density cap, no minimum lot area per dwelling unit, no maximum lot coverage, and side and rear yard setbacks as determined through Architectural and Site Review. A minimum landscaped front setback of 15 feet is required, and parking standards must be met.

IX. PO Professional Office District

Residential uses are principally permitted in the PO district, using RM development standards with density of up to 30 units per acre as a conditional use. Maximum height is 35 feet, and there is no specific minimum lot area required. Maximum lot coverage/footprint is 40 percent for a one-story structure, 35 percent for two stories, and 30% for three stories. The only required yard is for a front yard at 5 percent of the lot area. Parking standards must be met, and projects require Architectural and Site Review.

X. IP Industrial Park District

Single and multifamily residential uses are conditionally permitted in the IP district. Maximum height is 30 feet, and there is no specific minimum lot area required. Maximum

lot coverage/footprint is 40 percent for a one-story structure, 35 percent for two stories, and 30 percent for three stories. The required front yard is 10 percent of the lot area, with some side setback requirements adjacent to residential uses. Parking standards must be met, and projects require Architectural and Site Review.

XI. PD Planned Development District

This district allows mixed land uses and/or varied dwelling types. Development standards are flexible, tailored to the constraints of the site and needs of the development. The PD district approach has proved to be a key tool that has enabled multi-residential developers to pursue creative, well-designed residential projects with development standards suitable to the specific site.

XII. MHE Mobile Home Exclusive District (Chapter 17.12) and Mobile Home Parks Ordinance (Chapter 17.90)

The MHE District allows mobilehome parks and related accessory uses as principally permitted; the only conditionally permitted uses are home occupations, public facilities and utilities, and single family dwellings located on the mobilehome park parcel or on separate 5,000 square foot parcels. Chapter 17.90 provides specific requirements similar to State laws that protect the City's existing mobile home parks from conversion to another use, through the Relocation Impact Report and other requirements.

XIII. Condominium Conversion Ordinance

The Condominium Conversion Ordinance regulates the conversion of apartments to condominiums by requiring conversions involving five or more units to mitigate for the loss of rental housing through a dedication of on-site affordable units and/or payment of in-lieu fees into the City's Housing Trust Fund.

XIV. Secondary Dwelling Units

A Secondary Dwelling Unit Ordinance was approved in 2004. The Ordinance allows second units in Single Family Residence District (R-1) on lots of 5,000 square feet or more and on lots developed with one single family residential use in the Multiple Family (RM) District. Between 2007 and 2014 a total of thirteen (13) Secondary Units have been developed. Further modifications to the existing ordinance may need to be considered in order to address current parking standards, second story restrictions and set-back requirements that may restrain the future development of additional secondary units in Capitola.

XV. Density Bonus

The City's density bonus ordinance permits density bonuses in all residential zones and the commercial districts, consistent with Government Code 65915 et sec. The ordinance allows density bonuses of up to 35 percent for residential projects consistent with state law. In accordance with State law, a density bonus and additional incentives are to be provided to those developers who agree to construct a percentage of units affordable to very low, lower and moderate income households. The percent of density bonus granted is dependent upon the number of affordable units dedicated to the project and the degree of affordability of those units.

XVI. Manufactured Homes

Manufactured homes offer additional affordable housing opportunities to City residents through lowered construction costs. Single-family manufactured housing units and modular homes are permitted in all residential districts and manufactured homes are allowed in the City's mobile home parks that are regulated by the State Department of Housing and Community Development.

XVII. Parking

The City's parking ordinance permits uncovered parking spaces to count toward meeting parking requirements. Duplexes and triplexes require a minimum of two parking spaces, one which must be covered. Apartments and condominiums of more than four units require a minimum of two and one half parking spaces, on which must be covered per unit within the site. As a policy of this Housing Element, the City will review the residential parking requirements to ensure that they are not excessive nor a constraint to affordable housing development. The Planning Commission and City Council have held joint study sessions to review residential parking requirements. Current residential parking requirements are as follows:

Table 3.3: Single-Family Residential Parking Requirements

Size of Housing Unit	Space Required	Covered Spaces Required
< 1,500 Sq.Ft.	2	0
1,501 – 2,000 Sq.Ft.	2	1
2,001 – 2,600 Sq.Ft.	3	1
2,601 – 4,000 Sq.Ft.	4	1
> 4,001 Sq.Ft.	Discretion of the Planning Commission	

Table 3.4: Multi-Family Residential Parking Requirements

Housing Unit Type	Space Required	Covered Spaces Required
Duplex or Triplex	2 per unit	1 per unit
Apartments/Condominiums > 4 units	2.5 per unit	1 per unit

Parking is a constraint on development in Capitola because higher parking requirements increase development costs, and result in more impervious surfaces. The City has taken steps to reduce the amount of parking required for certain development, while still protecting the integrity of existing neighborhoods. Section 17.51.200 of the existing Capitola Zoning Ordinance allows the Planning Commission to approve “shared parking” arrangements, upon a determination that the periods of occupancy and use of the structures/uses in the development(s) are not simultaneous with each other. This sort of arrangement will likely become more popular in the future as more residential-commercial mixed-use projects are developed in the CC, CN and CR zoning districts.

Removal of Governmental Constraints

During the 2008-2014 planning period the City adopted a number of different zoning amendments including procedures for reasonable accommodation and permitting homeless shelters by-right in the Industrial Park (IP) zoning district. The procedure for reasonable accommodation removes potential and actual governmental constraints upon the maintenance, improvement, or development of housing for all income levels and for persons with disabilities. Reasonable accommodation provides a basis for residents with disabilities to request flexibility in the application of land use and zoning regulations or, in some instances, even a waiver if certain restrictions or requirements from the local government to ensure equal access to housing opportunities. The emergency shelter allowance in IP zones gives the opportunity for development of new emergency shelters to meet the needs of homeless and extremely low-income residents.

These modifications and additions to the municipal code represent significant actions to reduce governmental constraints on the development of affordable housing. During the past planning period the City has also reached the goal of encouraging higher density residential development through the use of the Planned Development process. These policies have allowed for the development of new housing units during the past planning period and will encourage development during the new planning period.

Currently small family child care homes are principally permitted in the R-1, R-M and PO zoning districts, large family child care homes require a large family day care home permit (See table below). According to the City of Capitola Municipal Code, Section 17.03.242, a “small family day care home means a home that provides family day care for up to six children, or for up to eight children if certain criteria are met.” A “large family day care home means a home that provides family day care for up to twelve children, or for up to fourteen children if certain criteria are met.” The permitting of child care centers (defined as “community care facilities”) is not addressed in Capitola’s current municipal code.

Table 3.5: Child Care Facilities Allowed in the City of Capitola Zoning Code

Type of Facility	R-1	R-M	CR	CN	V-S	PO	IP	PD
Small Family Day Care Home	PP	PP	CUP	CUP	-	-	-	CUP
Large Family Day Care Home	CUP	CUP	CUP	CUP	-	-	-	CUP
Children’s Nursery Schools	N/A	CUP	-	-	-	CUP	-	CUP
Day Care Centers	CUP	CUP	-	-	CUP	CUP	-	CUP
Small Community Care Residential Facilities	PP	PP	CUP	CUP	-	-	-	CUP
Large Community Care Residential Facility	CUP	CUP	CUP	CUP	-	-	-	CUP
Notes:								
PP – Principally Permitted CUP – Conditional Use Permit								

In order to comply with SB 2 the City of Capitola amended the Zoning Code to permit homeless shelters by-right in the Industrial Park (IP) zoning district and treat transitional and supportive housing as a residential use only subject to restrictions that apply to other residential uses of the same type in the same zone.

Development Fees

Development fees that apply to residential development in Capitola are low relative to most areas in California. There are no parks, transportation, administration, roadside improvement, childcare, or other infrastructure exactions that apply within the City limits. In addition to standard planning and building fees, development within the City of Capitola pays a school impact fee for the Live Oak School District of \$2.05 per square foot and the Soquel Union Elementary School District of \$3.20 per square foot. Additionally, development within the City pays sewer connection, water connection and fire district fees to other outside agencies. Table 3.6 summarizes the typical fees that would be charged for a 1,500 square-foot single-family and multi-family dwelling unit.

Table 3.6: Typical Residential Development Fees

Fee Type	Single-Family Dwelling ¹	Multi-Family Dwelling ¹	Notes
CITY FEES			
CBSC Fee	\$12.00	\$12.00	
Combo Permit Fee	\$3,170.63	\$1,664.55	
Combo Plan Check Fee	\$2,060.91	\$1,081.96	
General Plan Fee	\$1,800.00	\$1,800.00	
Green Building Fee	\$750.00	\$750.00	
IT Combo Fee	\$158.53	\$83.23	
Outside Structural Combo Fee	\$539.01	\$282.98	
Seismic Cat 2 Fee	\$30.00	\$84.00	
Inclusionary Housing Fee	\$3,750.00	\$3,750.00	
OUTSIDE AGENCY FEES			
School Impact Fee	\$3,900.00	\$3,900.00	
Sewer Connection Fee	\$3,000.00	\$3,000.00	
Fire District Fee	\$1,400.00	\$583.00	
Water Connection Fee	\$11,530.00 (Santa Cruz Water District) \$37,500.00 (Soquel Water District)	\$11,530.00 (Santa Cruz Water District) \$26,250.00 (Soquel Water District)	Dependent upon number of water meters
Secondary Fire Meter Fee	\$18,000.00	\$12,600.00	Dependent upon number of water meters
Drainage District Fee	\$1,710.00	\$1,710.00	
TOTAL	\$33,811.08 – \$59,781.08	\$30,231.72 – \$44,951.72	Depending on water district
Notes: ¹ Typical fees assume a 1,500 square foot dwelling unit			

The City is currently served by two water districts—the Soquel Creek Water District and the Santa Cruz Water District. The Soquel Water District relies exclusively on available groundwater while the Santa Cruz Water District partially relies on available groundwater to serve its customers. In June 2015, the County Board of Supervisors passed strict restrictions on water use and declared a state of drought emergency. Increases in water connection fees, which are beyond the City’s control, correlate with the impacts of the drought and salt water intrusion on the area’s water resources. To support water conservation, the City of Capitola encourages residents to take advantage of residential water rebates offered by the Soquel Creek Water District and the Santa Cruz Water District, including rebates on drip irrigation retrofits, graywater landscaping, turf replacement, water efficient toilets and washers, and rain catchments.

The Soquel Water District has also implemented the Water Demand Offset (WDO) Program to allow development to continue while conserving water and minimizing the impact on the overdrafted groundwater basin. The WDO Policy (Resolution No. 13-17) requires the development projects to offset 1.6 times the amount of water the project is projected to use so that there is a "net positive impact" on the District's water supply. The WDO requirement for a new development is based on the District's water use factor for the development type (e.g., single-family home, apartment, condominium, office, retail store, restaurant, etc.) and the size of the new development. A development may reduce the

WDO requirements by going beyond the water efficiency requirements for toilets, showerheads, turf, washing machines, etc.

Soquel Creek Water District relies entirely on groundwater for its water supply which is overpumped and experiencing seawater intrusion, a condition that allows seawater to enter and contaminate the groundwater supply. The District had been evaluating a joint Regional Seawater Desalination Project with the City of Santa Cruz since 2007; however, in August 2013 the City of Santa Cruz "reset" their efforts to gather more community input on water alternatives. This led the District to initiate looking at back-up supplemental water supply options should that project no longer be considered. The process was conducted from September 2013 to August 2014 and included 13 public meetings that covered Water Supply Planning Objectives and Criteria Selection for Evaluation (September 2013), Exploration of Various Back-Up Water Supply Options (October 2013-July 2014) and Alternatives Based Evaluation and Analysis and Selection of Options to further consider (July -August 2014). At the August 26, 2014 Supply Workshop, the Board evaluated six supply options and identified groundwater replenishment using recycled water and water transfer projects to evaluate further. The District is moving forward to develop additional information related to feasibility, cost, environmental and legal considerations to determine the best path forward to securing additional water supply.

The Planning Department Fee Schedule reflects a project-by-project cost recovery approach. Applicants make a deposit at the time of application, and planner time is charged at a rate of \$140 to \$160 per hour, which includes overhead and other department and city staff involvement. Any unused deposit funds are returned to the applicant. This approach ensures that development fees are fair, based on each project's processing requirements, and not excessive.

The City's approach to development fees usually results in a lower per-unit fee cost for multi-unit projects. Permits usually required for multiple family developments include Architectural and Site Review and sometimes a Coastal Permit. Most coastal permits are issued without conditions and are not appealed to the Coastal Commission; meaning that the city's architectural and site review process generally also addresses consistency with the coastal act and city's local coastal program.

If an applicant desires exceptions to development standards for constrained sites, then the Planned Development (PD) approach involves a rezoning, and creation of site-specific development standards. The PD approach has been used several times in the last few years to develop higher density detached single family developments on small sites of 1 to 2 acres. In addition the PD process has been used to permit the 55 unit mixed-use Capitola Beach Villas project on 41st Ave. The PD rezoning fee replaces fees that would have been paid for needed variances, and thus does not act as a constraint.

Local Processing and Permit Procedures

The evaluation and review process required by City's procedures contributes to the cost of housing in that holding costs incurred by developers are ultimately reflected in the unit's selling price. The City's goal is to further expedite the processing of all residential development applications.

I. Site Plan Approval Processing

Because Capitola is nearly built-out, most residential projects are small infill or redevelopment projects. The approval process entails a site review by Community Development Department staff, an advisory review by the Architectural and Site Committee, review and approval by the Planning Commission, followed by plan check by building and planning staff. Total time to process an application typically ranges from 2 to 3 months. For projects that require a Conditional Use Permit, the permitting process will usually take 2 to 6 months. Most zoning districts in the City allow some type of residential use (single-family or multi-family) as principally permitted. The Community Commercial and Commercial/Residential zoning districts allow residential-commercial mixed use development as a conditional use. Because the Conditional Use Permit only adds an additional two to three months to the permitting process, it is not seen as a constraint to this sort of development. Coastal permits are processed and approved concurrently for most projects in the Coastal Zone.

After a project has received a permit from the Planning Department, it must obtain a building permit before construction begins. The City of Capitola Building Department provides plan checking and building inspection services to assure compliance with the California Building Code. The Building Department enforces the provisions of the State Housing Code and the International Existing Building Code. In addition the Building Official serves as the City of Capitola's Americans with Disabilities Act compliance officer. The Capitola Building Code was based on the International Building Code and Fire Code as well as the Uniform Plumbing and Mechanical Codes and the National Electrical Code.

II. Required On-Site and Off-Site Improvements

The City requirements for on- and off-site improvements are decided on a case to case basis. However, there are a few required improvements that are standard for most residential development.

On-Site: Most projects must submit a final Landscaping Plan and Irrigation Plan at the time of building permit submittal and installed prior to final building occupancy. The utilities are to be underground to the nearest utility pole in accordance with PG&E. In order to protect the neighbors, and to remain in compliance with the City Noise Ordinance, the hours of construction are usually set from 7:30am to 9:00pm, Monday through Friday, and 9:00am to 4:00pm on Saturday. Required on-site improvements are generally not development or cost-prohibitive.

Off-Site: Required off-site improvements are more costly than on-site improvements, however, they are necessary to achieve consistency within neighborhoods and contribute to systems that benefit the entire community such as storm water mitigation. The City requires that any curb, gutter (concrete swale) and/or sidewalk that are damaged during construction shall be repaired or replaced and that affordable housing in-lieu fees shall be paid for projects under 7 units.

III. Local Coastal Program and Coastal Permits

The City of Capitola's Local Coastal Program has been certified by the California Coastal Commission, and coastal permits are issued by the City. Within the City of Capitola, the location of a project in the coastal zone generally does not result in a more complex or time consuming development review process. Because the City requires Architectural and Site Review (design permit) for nearly all development, the fact that a coastal permit may also be required does not generally result in a substantively different application review process or timing. The City of Capitola has a reputation for carrying out development review in a very timely way, usually completed within 2 to 3 months of application submittal.

IV. General Plan Amendment and Zoning Code Amendment Processing

Applications for amendments to the City General Plan and Zoning Code are reviewed as discretionary actions. These applications are reviewed by the Community Development Department, then forwarded to the Planning Commission. The Planning Commission holds a public hearing, reviews the application, and forwards its recommendation to the City Council. The City Council is the approving body for all General Plan and Zoning Code amendments. It is the City's goal to process these actions within six months after a complete application is received, or as required under CEQA and other applicable laws.

Disabled Access (SB 520)

Pursuant to Senate Bill 520-Chesbro (SB520), this section analyzes potential and actual constraints upon the development, maintenance and improvement of housing for persons with disabilities; discusses local efforts to remove governmental constraints that hinder the locality from meeting the need for housing of persons with disabilities; and identifies programs that remove constraints or provide reasonable accommodations for housing designed for persons with disabilities.

Capitola endeavors to accommodate disabled access within the existing and future housing stock. The majority of Capitola's arterial streets are fitted with curb cuts, disabled access signal controls and seeing impaired crossing signals. The City Building Department enforces the American Disabilities Act (ADA) requirements on new and rehabilitated development and provides no cost consultations to assist in the development of plans for ADA retrofitting upon request. In addition to the requirements of Chapter 11 of the California Building Code, Section 15.04.040 of the Capitola Municipal Code requires that residential units have a minimum clear width of 30 inches at all doorways with the exception of shower doors and closet or pantry doors that are less than 3 feet deep.

In the City Zoning Ordinance, small community care residential facilities for up to 6 clients are allowed as a principal use in the R-1 and RM districts. Large community care residential facilities for 7+ clients are allowed as a conditional use in both districts, with additional requirements of a public hearing and additional application submittals (such as required state licenses etc.).

Chapter 17.70 of the Capitola Municipal Zoning Code provides a procedure to request reasonable accommodation for persons with disabilities seeking equal access to housing under the Federal Fair Housing Act and the California Fair Employment and Housing Act in the application of zoning laws and other land use regulations, policies and procedures.

Jobs/Housing Balance

The City of Capitola intends to work toward the implementation of SB 375, the Sustainable Communities and Climate Protection Act. The City of Capitola is an active participant in AMBAG's Regional Blueprint Planning Program funded by Caltrans to help in the development of preferred land use patterns that will support improved mobility and reduced dependency on single-occupant vehicle trips. In response to the requirements of the Federal Clean Air Act, the State of California has formulated a State Implementation Plan (SIP) that sets forth the measures that are necessary to ensure the attainment and maintenance of the National Ambient Air Quality Standards (NAAQS) contained in the Act. As a means of carrying out the SIP and ensuring that the NAAQS are attained in the Monterey Bay/Santa Cruz County region, in which Capitola is located, the Monterey Bay Unified Air Pollution Control District has adopted a Regional Air Quality Management Plan (AQMP). The AQMP, in turn, requires all jurisdictions within its region revise their general plans to be consistent with the SIP. A local general plan is consistent with the SIP if the development allowed by the plan promotes balanced development and traffic management strategies.

The City of Capitola's adopted General Plan permits a mix of residential, mixed commercial-residential, commercial and industrial development. Although a good portion of its land area is in residential uses, Capitola has a strong regional commercial center and a commercial tourism industry focused on its seashore location.

The Capitola General Plan also promulgates a traffic level of service "C", which indicates that the roadway is operating at 71-80 percent of its design capacity and traffic is moving at a moderate pace. Increases in residential development that cause traffic to increase and roadways to exceed level of service "C" would be judged inconsistent with that standard, and CEQA review/mitigation measures would occur. As a policy of this Housing Element, the City will locate higher density zoning along transportation corridors and seek opportunities to expand transit ridership and alternative modes of transportation in the community.

Each of the key housing development Opportunity Sites identified in Appendix F are located along major transportation routes that are served by transit buses, bike lanes, and sidewalks. Many are located in close proximity to job centers. The City plans to work with nearby jurisdictions in an effort to retain and utilize the rail trail right-of-way, which runs along Capitola's entire coastal edge, and which in the short-term will likely mean a walking/bicycle trail and in the long-term a light-rail system. The City's opportunity sites are also oriented to take advantage of this future alternative transportation opportunity.

C. Environmental and Infrastructure Constraints

Environmental conditions can affect development potential. Compliance with regulations pertaining to the coastal zone, riparian corridors and environmentally sensitive habitat areas can constrain development potential on certain sites. A few of the opportunity sites identified in Chapter 4 of this Housing Element are in the Coastal Zone, however, the sites are already developed or are in a developed area, so are unlikely to cause a significant environmental impact. As the opportunity sites are already developed, few environmental and infrastructure constraints are projected to be significant. Parking and traffic constraints will likely be more significant to the development of the opportunity sites. There were no residential units demolished in the City's Coastal Zone.

Traffic congestion throughout the region is a significant constraint. Highway 1 along much of its length contains only two lanes in each direction, and it operates at level of service F during peak hours as well as at other times. In 2008 Caltrans completed the construction of auxiliary lanes at the interchange of Highway 1 and Highway 17. While this work eased traffic congestion in this area, congestion is still present in the remainder of the corridor.

Within the City of Capitola, traffic congestion along the 41st Avenue corridor remains problematic. The County of Santa Cruz completed improvements to the 41st Avenue overcrossing at Highway 1, which include the restriping of the bridge deck to add an additional southbound lane.

The affordable housing opportunity sites are all located on sites that have been approved for residential development. All sites covered under the Affordable Housing Overlay allow densities up to 20 units per acre. All opportunity sites located on commercial zoned sites are conditionally permitted for residential development with no maximum land use density

If the development creates traffic impacts, then a mitigation measure/condition of approval is imposed. Traffic impact fees have been used along the main transportation corridors, which will allow the development to proceed while ensuring that development's share of the impact is addressed. The extent of the fee is reasonable and does not act as a constraint to development.

Water supply to projects in Capitola will become a major hindrance to development in the near future. Capitola is served by both the Soquel Creek Water District and to a lesser extent the Santa Cruz Water District. Water supplies for both agencies are failing to meet demand and the agencies have embarked on a joint project to investigate the feasibility of constructing a desalination plant to service both agencies. A pilot test program began in 2008 to test several methods of treating the sea water to drinking water standards. With the successful completion of the pilot program it is anticipated that the two agencies will collaboratively pursue the construction of a full scale plant with a capacity of 2.5 – 4.5 million gallons per day. In August 2013, in response to comments received on the desalination project's Draft Environmental Impact Report, the City of Santa Cruz recommended that there be no vote on the desalination plant in 2014. The project is currently on hold. The City and the Soquel Creek Water District are pursuing a community involvement project and continuing to evaluate water supply options. Under the current utilization plans, the Santa Cruz Water District would utilize this water during drought

periods to meet their water demands and the Soquel Creek Water District would use the water at other times to ease the demand on their ground water supplies.

The Soquel Creek Water District has adopted a “zero impact” policy that requires all new development to offset expected water demand (by a 1.2 to 1 ratio) by retrofitting existing property with low-water use fixtures. This policy is intended to minimize exacerbation of the existing overdraft until a new source of supply is developed. Both water districts have implemented policies that provide priority to affordable housing projects for the allocation of water credits. The City of Capitola currently water credits that have been set aside for the exclusive development of future affordable housing unit. Soquel Creek Water has estimated that the availability of water offset credits may be scarce and development slowed until the desalination project is completed or other drinking water resources are identified.

Water quality issues may also impact the developable areas of projects within the City of Capitola. Federal and State mandated Clean Water programs aimed at removing pollutants from storm water systems will require on-site treatment and percolation of storm water from all new and redevelopment projects. This program is being regulated by the Central Coast Regional Water Quality Control Board in the City and was adopted in early 2009.

Regulations in the plan limit the amount of area allowed to discharge from a given site to less than 5 percent of the total project area and also require the runoff volumes and rates to match predevelopment runoff rates for all projects. The City of Capitola adopted new stormwater regulations in 2013. Other state mandated storm water program controls will be put in place in 2009, and these elements must be met on all future projects. It is anticipated that those management practices may affect future housing projects.



CHAPTER 4: HOUSING NEED AND OPPORTUNITIES

This chapter reviews the State’s Regional Housing Needs Assessment, or “Fair Share” allocation, that the City must plan for, and the Opportunity Sites that have been identified to accommodate this need. This chapter also reviews the resources that are available to assist in the development of affordable housing, including the availability of public services, facilities and financial resources, as well as opportunities for energy conservation.

- A. REGIONAL HOUSING NEEDS
- B. OPPORTUNITIY SITES
- C. RESOURCES AVAILABLE

A. Regional Housing Needs

Housing Element law requires cities to meet both local and regional housing needs. Capitola’s local housing needs are discussed in Chapters 2 and 3. Capitola’s regional housing needs are established by the Association of Monterey Area Governments (AMBAG), and are summarized below.

The Housing Plan, presented in Chapter 6, will establish specific goals, policies and programs to address these identified housing needs.

Local Housing Assessment

Local housing needs, as discussed in Chapter 2, have been identified based on input from the Community Development and Building Department, available Census data, information obtained from other sources and public agencies, and stakeholder input through a community outreach workshop. Based on this information, the key areas of housing need and concern in Capitola include:

- Affordable housing for people who live and work in Capitola
- Housing for seniors and people with disabilities
- Opportunities for affordable homeownership
- Affordable rental apartments
- Higher density housing along City’s transit corridors
- Development of additional secondary dwelling units
- Examination of parking requirements necessary to support affordable housing while minimizing neighborhood impacts
- Minimize impacts of new housing on local traffic
- Preservation of existing affordable housing
- Preservation of City’s mobile home parks as housing that is market rate but often affordable to a wide range of income groups
- Preservation of “small cottage” character of single family neighborhoods
- Repair/weatherization programs to improve energy efficiency of older homes and rental apartments
- Programs that offer incentives and assistance with energy efficiency to all income groups
- Assistance for renters and owners needing accessibility improvements
- Need for affordable and market rate childcare to assist working families.

Alternative housing types

In order to meet state law, the City needs to encourage and facilitate the development of alternative housing types in order to accommodate all household income groups, household sizes and special needs populations. These alternative housing types include farmworker housing, emergency shelters, transitional and supportive housing, Single Room Occupancy housing (SRO), co-housing programs, Small Ownership Units (SOU), Secondary Dwelling Units (SDU), mobilehomes and manufactured housing. A variety of policies and programs found in Chapter 6 of this Housing Element address the ways in which the City will encourage and facilitate the aforementioned alternative housing types.

Regional Housing Need Assessment (RHNA)

State law requires jurisdictions to provide for their share of regional housing needs. As part of the Regional Housing Needs Assessment (RHNA), the Association of Monterey Bay Area Governments (AMBAG) determines the housing growth needs by income category for jurisdictions within Santa Cruz and Monterey Counties. RHNA determinations for the City of Capitola during this planning period (2015 through 2023) are presented in Table 4.1.

As illustrated in the table below, Capitola is required to provide adequate sites for the construction of 143 new dwelling units during this planning period. Of these new units, 17

should be affordable to extremely low-income households, 17 should be affordable to very low-income households, 23 to low-income households, 26 to moderate-income households, and 60 to above moderate-income households.

**Table 4.1
RHNA New Housing Construction Needs by Income Group for the City of Capitola**

Income Category	Housing Unit Construction Need by Income Group <u>Current Planning Period through 2023</u>	Housing Unit Construction Need by Income Group <u>Annual Need (2014 - 2023)*</u>	Percent of Need by Income Group
Extremely Low (0-35% of area median)	17	1.7	
Very Low (35-50% area median)	17	1.7	24%
Low (50-8-% area median income)	23	2.3	16%
Moderate (80-120% area median income)	26	2.6	18%
Above Moderate (over 120% area median income)	60	6	42%
Total Housing Unit Construction Need	143	14.3	100%

Note: The current Planning Period is calculated by AMBAG over a 10-year period, from 2014-2023.

Source: AMBAG Adopted Regional Housing Needs Determinations June 11, 2014.

The City's RHNA determinations were adopted by AMBAG on June 11, 2014, following a lengthy process of meetings, analysis and reporting between AMBAG, California Department of Housing and Community Development, Capitola and other Santa Cruz and Monterey County jurisdictions.

Status of 2007-2014 Housing Element Policies and Actions

The 2007-2014 Housing Element identified a number of policies and action items for the City of Capitola to implement to reduce barriers to development and encourage new affordable housing units to be built. These policies included: amending the Community Commercial zoning district to allow for mixed-use residential development, instituting a Secondary Dwelling Unit ordinance, creating a Bonus Density Ordinance to encourage the development of affordable housing in exchange for a density increase in residential developments, instituting an Affordable Housing Overlay district to provide an incentive to develop affordable housing, and the creation of a Housing Trust Fund. The City implemented these programs since adoption of the 2007-2014 Housing Element. During the past planning period the -City has also reached the goal of encouraging higher density residential development through the Planned Development process.

During the past planning period the City was able to maintain more than adequate affordable housing Opportunity Sites. Between 2007-2013, 95 new housing units were approved and constructed. Due to the built out nature of the community, new construction involved the demolition of 15 existing dwelling units.

Housing Development and Opportunity Sites for the 201-2023 Planning Period

Many of the same policies and programs that were implemented for the 2007-2014 Housing Element will be continued during the 5th cycle 2015-2023 planning period, and will be augmented with additional new policies and programs. More than adequate affordable housing Opportunity Sites have been identified to meet Capitola's current RHNA obligation. Capitola's goal for the 2015-2023 planning period is to meet or exceed the 143 unit obligation with the Opportunity Sites identified in this chapter.

Housing Units Already Built or Approved for the 2015-2023 Planning Period

For the 5th cycle Housing Element update in the AMBAG region, local jurisdictions may take RHNA credit for units approved (entitled or permitted) since the January 1, 2014 start date of the RHNA project period. Since January 1, 2014, five new housing units (affordable to above moderate-income households) have been approved and built in the City. Taking into account units approved and built in 2014, the City's remaining 2015-2023 RHNA need is 138 units, as summarized in **Table 4.2**.

Table 4.2: 2015-2023 RHNA Obligation After Already Built/Planned Units

Affordability	RHNA Requirement	# Units Already Developed	Remaining Units to be Accommodated
Extremely Low	17	0	17
Very Low	17	0	17
Low	23	0	23
Moderate	26	0	26
Above Moderate	60	5	55
Total	143	5	138

B. Opportunity Sites

This section evaluates the potential additional residential development that could occur in Capitola under the existing General Plan and the existing zoning classifications and regulations. With an extremely limited supply of vacant land, the community is committed to the preservation of its existing affordable housing stock. and to the creative redesign and rehabilitation of existing multi-residential housing units

Availability of Sites for Housing

The following sites are available for development, at the densities noted, without the need for any further zoning changes. These sites also all have infrastructure in place and with rare exceptions will not be affected by environmental constraints.

I. Residential Zoning Districts

The City's zoning code provides ample opportunity for residential development of varying types and densities throughout Capitola. In the purely residential zoning districts, densities range from one housing unit per 5,000 square feet in the R-1 (Single-Family Residential) district to one housing unit per 2,200 square feet in the RM-H (Multiple-Family High Density) district (See Table 4.4).

II. Mixed-use Zoned Districts

Residential development is also allowed in the CR (Commercial/Residential) District, C-V (central Village) District, CN (Neighborhood Commercial) District and CC (Community Commercial) District. (See Table 4.4)

TABLE 4.4: Zoning Districts that Allow Residential Development

Land Use Description	Zoning District(s)	Allowable Density	Types of Housing Allowed
Low-Low Density	R-1, C-R, C-V	0-5 dwelling units/acre	Single-Family detached unit, Duplex
Low-Medium Density	RM-LM	5-10 dwelling units/acre	Duplex, apartments, condominiums and townhouses
Medium Density	RM-M, PO, CN	10-15 dwelling units/acre	Apartments, condominiums and townhouses
High Density	RM-H, CC, PD*	15-20 & 24-30*units/acre	Apartments, condominiums and townhouses

III. Single-Family Housing



As discussed above, the City of Capitola is nearly built-out. The bulk of the new single-family construction that has taken place in the City over the 2007-2014 planning period involved the demolition and replacement of existing units. In 2008, there were only seven (7) vacant single-family parcels left in the City.

IV. Multiple-Family Housing

Because of the high land costs, construction costs, and relatively strong market demand for single-family housing in Capitola and surrounding communities, the new single-family units that will be built on these vacant sites will likely only be affordable to households with incomes in the above-moderate income category.

There are very few vacant multiple-family or commercial sites that can accommodate new housing construction, however, there are numerous prospective multiple-family and mixed-use commercial sites that can accommodate new housing units as infill or redevelopment projects. **Table 4.5** and **Appendix F** summarize the inventory of vacant and prospective lands that are zoned appropriately to accommodate housing development.

The City of Capitola recognizes that without an active Housing Plan, only limited housing development beyond the available single-family lots and the anticipated Secondary Dwelling Units would likely occur during the 2015-2023 planning period. To augment its housing supply, the City has undertaken a survey of prospective properties in the multi-residential and commercial zones (**Table 4.5** and **Appendix F**). From this survey, the City has identified available housing Opportunity Sites best suited for redevelopment with the inclusion of multifamily housing units.

V. Additional Residential Zoning Opportunities

In addition to the residential and mixed-use zoning that allows residential development the City has also prepared a number of ordinances that allow for increased densities and other concessions to be provided above and beyond what is allowed by the underlying zoning.

Planned Development Permits:

Planned Development Permits have been used to allow site specific density increases. Recent residential PD examples have been approved at 24 and 30 units/acre.

Affordable Housing Overlay:

The City's Affordable Housing Overlay allows for residential development on specific sites in the RM zones at densities of 20 units per acre.

Density Bonus Ordinance:

The City's Density Bonus Ordinance allows for a density increase, in exchange for the provision of a percentage of affordable housing, in any zone that allows residential development.

Secondary Dwelling Unit Ordinance:

The City's Secondary Dwelling Unit Ordinance allows for the development of secondary dwelling units in single-family residential zones that would otherwise prohibit a second unit on the parcel.

Inclusionary Housing Ordinance:

Although sometimes seen as a barrier to development, the City's Affordable "Inclusionary" Housing Ordinance has actually been helpful in the development of

affordable housing units. Under the Ordinance all new for sale housing developments of seven units or larger must provide at least 15 percent of the project's units as permanently affordable for low or moderate-income households. Since 2004 this ordinance has resulted in the development of ten new housing units that will remain permanently affordable for low or moderate-income households.

2015 – 2023 Housing Opportunity Sites

As shown in **Table 4.5** the City will be able to exceed the RHNA obligations for all income categories. Due to the City's actions during the past 2007-2014 Planning Period, zoning changes, ordinances and appropriate assistance programs have already been placed into service. All of the following Opportunity Sites shown already have zoning in place that will allow the proposed development at the appropriate densities required.

The actual development of these sites will depend on the state of the economy and the interest of non-profit affordable housing developers. The City of Capitola has a positive history of working with non-profit developers as well as with for-profit developers. The City of Capitola staff creates an incentive for developers to build in the City by providing excellent customer service and a speedy and efficient permitting process.

Due to the aging population of Capitola, and the need to locate housing near jobs, goods and services, and public transportation, it is projected that the need for higher density development of smaller sized units will increase over the next planning period. To accommodate this projected need, the following opportunity sites are all located near the aforementioned amenities, and will be encouraged to be developed at higher densities along transportation corridors.

Figure 4-1 below shows the distribution of opportunity sites around the City.

Figure 4-1: 2015-2023 Housing Opportunity Sites



I. Affordable Housing Overlay (AHO) Sites

The City's Density Bonus Ordinance, Inclusionary Housing Ordinance and zoning revisions that allow for mixed-use residential development in the commercial zones will all work to encourage the development of additional higher density and transportation corridor-sited housing. These ordinances, however, do not meet the State mandated lower-income RHNA housing density requirements. In order to meet the RHNA requirement for low, very low and extremely low-income units the City has adopted an Affordable Housing Overlay. The Overlay was specifically designed for use with multi-residential zoned properties and requires that at least 50% of the units to be developed will serve lower-income households. Two sites have currently been identified for inclusion under the Affordable Housing Overlay. The Overlay could be applied to additional multi-residential zoned sites in the future.

The two prospective sites described below qualify for higher density development under the City's Affordable Housing Overlay Ordinance. Under the Overlay, new residential development is permitted at 20 units per acre under the condition that 50 percent of the units be affordable to lower income households. One site has 80 existing lower-density housing units and can accommodate additional development while the second site is partially vacant. The purpose of the Affordable Housing Overlay is to encourage the

preservation and rehabilitation of any existing residential units while also allowing for in-fill units on these two sites for a net increase in units. The Affordable Housing Overlay was also specifically designed to encourage affordable housing development activities that will help provide for long-term affordability for any lower-income residents that currently live on the sites. A zoning change, on the other hand, that allows for increased density without any affordability requirement would most likely trigger redevelopment of these existing development sites in a way that would cause the dislocation of the existing residents and result in the development of housing for above moderate-income households.

These two Affordable Housing Opportunity sites, if developed, would provide for a combined total of 94 new housing units for low, very low and extremely low-income households.

Affordable Housing Overlay Opportunity Site #1: 600 Park Avenue

- **APN: 036-151-15**
- **Lot Size: 6.8 acres**
- **Zoning: AHO/RM-LM (5-10 dwelling units/acre; up to 20 dwelling units/acre with Affordable Housing Overlay)**
- **General Plan Designation: R-H¹² (residential high density) 10-20 units/acre.**



Using CDBG Planning and Technical Assistance grant funds the City contracted with the Mid-Peninsula Housing Coalition to complete a feasibility study of the 600 Park Avenue site to determine whether or not redevelopment of the site would be feasible. The 600 Park Avenue site study was completed in January 2007 by the Mid-Peninsula Housing Coalition. While the study provided three different redevelopment scenarios the most conservative development scenario was used to estimate the number of housing units that might actually be developed between 20015 and 2023.

¹² Pending Coastal Commission Certification

This scenario would produce a total of 33 new multi-family housing units while also preserving the 80 affordable units currently located on the site. Although 600 Park Avenue is zoned RM-LM which allows 5-10 dwelling units per acre, the site is part of the City's Affordable Housing Overlay which will allow redevelopment on the site at up to 20 units per acre if at least 50 percent of the units developed are affordable. This site is located immediately adjacent to the New Brighten Middle School, is walking distance to the New Brighten State Park and is across the street from the proposed rail/bike trail transportation corridor. The site meets many of the planning criteria for higher density family-oriented housing.

In an ideal situation the redevelopment of this site would be carried out in a similar manner to the current redevelopment of the Bay Avenue Senior Housing Project, so that the existing housing can be preserved and rehabilitated and the existing residents can be protected from being dislocated. Due to the age and low density design of the current uses at 600 Park Avenue the existing development is not viewed as a constraint on additional development. Utilizing the density standards set by the California State Department of Housing and Community Development, a density of 20 dwelling units/acre equates to low and very low income affordability. It is anticipated that the 33 new units that could be developed on this site will serve low and very low-income households. If the existing 80 units on this site undergo substantial rehabilitation and if they are converted to long-term affordability it is possible that up to 14 of these units could qualify under the Adequate Sites Alternative Program to be counted toward the City's RHNA obligation.

The City has been in contact with the current owners of the 600 Park Avenue site and has expressed an interest in working with the owner to take advantage of the Affordable Housing Overlay. The past feasibility study conducted on the site provides an extensive analysis of alternative development scenarios.

Through the adoption of the Overlay the City has expressed its interest in seeing the development of an in-fill housing project on this site and is concerned with the long-term sustainability of the existing affordable housing on the site if an affordable housing project is not initiated in the near future. As was demonstrated with the Bay Avenue Senior Apartments project, the City housing staff and Community Development Department will work closely with the owner/developer to assist in the entitlement process, to prepare a development agreement and to package possible financial assistance from the City. The City will also work with the developer to apply for any federal or state housing funds that may be available for the project. The City currently has water credits with Soquel Creek Water District for affordable housing that could be provided to this project if needed to help gain water service for the new units. This project could provide for up to 33 new housing units for lower-income households.

Affordable Housing Overlay Opportunity Site #2 : 822 Bay Avenue:

- **APN: 036-011-28**
- **Lot Size: 3.09 acres**
- **Current Zoning: AHO/AR/RM-L (5-10 units/acre; up to 20 dwelling units/acre with Affordable Housing Overlay)**
- **General Plan Designation: R-H (residential high density) 10-20 units/acre.**



822 Bay Avenue, is a 3.09 acre parcel in the AHO/AR/RM-L(Automatic Review/ Multiple family residential) District. The Automatic Review district requires that any project obtain a use permit. The current use on a portion of the site is a hotel, which is a legal non-conforming use in the RML zoning district. The balance of the site is currently vacant. This site has been identified as being an appropriate place for higher density affordable housing due to its proximity to shopping, transit and elementary and middle school sites. The site is part of the City's Affordable Housing Overlay which will allow redevelopment on the site at up to 20 units per acre if at least 50 percent of the units to be developed will be affordable. It is anticipated that due to the age, condition and limited lot coverage of the existing structures, that the site may be considered for redevelopment in the current planning period. Given current zoning and proximity to public services the site is appropriate for a future mixed residential/commercial development project. With the Affordable Housing Overlay, the 3.09 acre parcel could accommodate up to 61 residential units. Going by the standards set by the California State Department of Housing and Community Development, a density of 20 dwelling units/acre equates to low and very low income affordability. It is anticipated that the 61 new units that could be developed on this site will serve low, very low and extremely low-income households.

As was demonstrated with the Bay Avenue Senior Apartments project, the City housing staff and Community Development Department will work closely with the owner/developer to assist in the entitlement process, to prepare a development agreement and to package possible financial assistance from the City. The City will also work with the developer to apply for any federal or state housing funds that may be available for the project. The City currently has water credits with Soquel Creek Water District for affordable housing that could be provided to this project if needed to help gain water service for the new units. This project could provide for up to 61 new housing units for lower-income households.

Program 1.1 and Program 2.5 are included in the Housing Plan to encourage development in the identified opportunity sites and monitor the progress of development on these sites.

II. Mixed-Use Residential/Commercial Sites

The City of Capitola contracted with Applied Development Economics for the 41st Avenue Corridor Economic Development/Mixed Use Revitalization Study. The study was completed in September 2009 and investigated the feasibility of mixed-use residential development as a development alternative for the City's important 41st Avenue commercial area. The study identified four short and long term mixed-use opportunity sites that would be appropriate for redevelopment with residential components. These opportunity sites are larger in scope than the opportunity sites identified in the Housing Element and will most likely not be able to be redeveloped within the Housing Element's five-year planning period. However, this study and its identified mixed-use opportunity sites, point to the City's interest in moving toward mixed-use development. The study encourages mixed-use residential development as a means to encourage transit oriented development, reinvigorate and enhance retail along 41st Avenue and increase the housing supply, both market rate and affordable.

Capitola has limited recent experience with the development of mixed-use residential projects. The City's only recent mixed-use development is the Capitola Beach Villas project which is a 55-unit condominium project completed in 2008. The property was zoned Community Commercial and the development was approved at 30 units per acre for the residential units. The retail commercial portion of the project was allowed in addition to the residential density. The City is anticipating that future mixed-use projects will be approved at the 25 units per acre density allowed in the commercial zones. However, because of Capitola's limited recent involvement with mixed-use development, as part of this Housing Element, the City is anticipating the residential mixed-use development on the mixed-use opportunity sites at only 50 percent of that maximum density.

There are several prospective commercially zoned properties that are appropriate sites for development with mixed-commercial/residential redevelopment projects. Zoning changes made over the past planning period allow mixed-use residential development in the CC-Community Commercial, CN-Neighborhood Commercial, PO-Professional Office and CR-Commercial/Residential zones. While mixed-use residential development is allowed on any CC, CN, PO or CR zoned parcel, the following four sites have been identified as being particularly appropriate given their current lower-than-typical density of development and need for economic redevelopment, or because of the site's location being particularly advantageous for pedestrian and bicycle oriented residential uses.

1575 38th Avenue:

- **APN: 034-181-18**
- **Lot Size: 0.7 acres**
- **Current Zoning: CN**
- **General Plan Designation: C-LC (Commercial-Shopping Local)**



The current use of this parcel (APN # 034-181-18) (not in the coastal zone) is the “Capitola Freight and Salvage”, a used building materials operation. The site is approximately 0.7 acres in size and is in the Neighborhood Commercial (CN) zoning district and is close to public transit, shopping and other amenities. The CN zone allows residential-commercial mixed-use development as a principally permitted or “by-right” use. The current use of the site is not seen as a barrier to future development as it significantly underutilizes the site, and will not be continued when redeveloped. Currently there are several dilapidated buildings on the site that are used for the Capitola Freight and Salvage business. The buildings do not contain residential units and cover approximately 20 percent of the site.

It is anticipated that due to the age and poor condition of the existing structures, that the site will be redeveloped in the current planning period. Given current zoning and proximity to public services the site is appropriate for a future mixed residential/commercial development project. Taking into consideration the setbacks, parking, and other design requirements of the CN district, it is possible to build 17 residential units above commercial on this site or 25 dwelling units per acre. Utilizing the density standards set by the California State Department of Housing and Community Development, a density of 20 dwelling units/acre equates to low and very low income affordability. Although this site qualifies under State Housing Element requirements for the development of low-income housing units, the City of Capitola is choosing to show this site as being developed for

moderate and above moderate income households. While a net of 17 units are possible on this site, the City has anticipated development at about 50% of the net new units, for a total of eight units.

3754 and 3780 Capitola Road:

- **APN: 034-181-15, 034-181-09**
- **Lot Size: 0.9 acres**
- **Current Zoning: CN**
- **General Plan Designation: C-LC (Commercial-Shopping Local)**



This site is comprised of 2 parcels (APN #s 034-181-09 and 034-181-15) in the Neighborhood Commercial (CN) zoning district (not in the coastal zone). The existing restaurant takes up approximately 10 percent of the flat, 0.93 acre site. The existing use is not viewed as a potential constraint on additional development because it takes up such a small portion of the site. At 25 dwelling units/acre the site can accommodate 22 units. The site is adjacent to Capitola Road; one of the major transportation corridors in Capitola. Like the “Freight and Salvage” site, it is in close proximity to a regional shopping center as well as the largest transit hub in the City. Although this site qualifies under State Housing Element requirements for the development of low-income housing units, the City of Capitola is choosing to show this site as being developed for moderate and above

moderate income households. While a net of 22 units are possible on this site, the City has anticipated development at about 50 percent of the net new units, for a total of 11 units.

4250-4310 Capitola Road:

- **APN: 034-111-43,34,33,&44**
- **Lot Size: 1.7 acres**
- **Current Zoning: CN**
- **General Plan Designation: C-LC (Commercial-Shopping Local)**



This 1.7-acre site, made up of four adjacent parcels (APN #s: 034-111-43,34,33,&44) (located in the coastal zone) is known as the “Anderson/Dharma’s” site. The existing single-story building has a footprint of approximately 40 percent of the site, with the remainder primarily used for at-grade parking. This site is located on a key transportation corridor, near the 41st Avenue transit center, and in an area that contains a mix of commercial (CC, CN and PO) and residential (R-1, RM-LM, and RM-M) uses. The existing use is not viewed as a potential constraint on additional development because it is compatible with residential development. This site is currently zoned C-N. The expected density range for this site is 25 dwelling units per acre, which translates into a maximum of 37 units. Although this site qualifies under State Housing Element requirements for the development of low-income housing units, the City of Capitola is choosing to show this site

as being developed for moderate and above moderate income households. While a net of 37 units are possible on this site, the City has anticipated development at about 50 percent of the net new units, for a total of 19 units.

III. Secondary Dwelling Units

In October of 2003 the City adopted a Secondary Dwelling Unit (SDU) Ordinance that permits second units on all single family lots of 5,000 square feet or larger. The ordinance does not contain affordability restrictions and is in compliance with State law regarding second units.

Since the Ordinance was passed, a total of six new Secondary Dwelling Units have been built. Because of Capitola's early days as "Camp Capitola", many of its older original lots are smaller than the 5,000 square foot minimum lot size requirement specified in the City SDU Ordinance. There are still a total of 654



single-family zoned lots that do meet this requirement and that could accommodate second units. The City estimates that the Second Unit ordinance will yield approximately 6 new units during the 2015-2023 planning period. It is projected that, due to their inherent size limitations and site characteristics, that all of these secondary units will likely be offered at rents affordable to moderate-income households. To further encourage the development of second units the City will review its current ordinance to see if further refinements can help remove any remaining barriers that have discouraged development in the past.

IV. Other Vacant and Prospective Residential Lands

In addition to secondary dwelling units on R-1 lots, there are vacant and prospective residential lands on which additional housing development can occur. **Table 4.5** and **Appendix F** show a potential for a net of 7 new units on vacant and prospective multiple-family lands, and a net of 7 new units on prospective R-1 lands. These numbers do not reflect any double-counting between categories. No zone changes are required to accommodate the potential development on these sites. Staff anticipates that these sites represent the potential for the development of 14 units, 7 of which will serve moderate-income households with the remaining 7 serving above moderate-income households.

Comparison of Available Sites with RHNA

As indicated in **Table 4.5**, the Regional Housing Need (RHNA) for Capitola is 143 dwelling units, ranging in affordability for households from extremely low-income to above moderate-income. Since January 1, 2014, five new housing units have been approved and constructed in the City, therefore, the City's remaining RHNA need is 138 new housing units. The available Opportunity Sites identified above provide the capacity to meet, and exceed, the remaining housing need of 138 units. Further, the identified sites will meet or exceed the housing needs for each individual income group. These units will range in housing types from subsidized multi-family housing to market-rate single-family homes.

Table 4.5 demonstrates how the City's efforts to provide adequate housing sites compares to its RHNA allocation. The City has projected the residential development potential based on a review of each individual site, local historic development trends, and current demand for housing units in the different income groups.

The City's projections are conservative, and assume development at the lower end of the projected density range. The listed Opportunity Sites allow for the development of a total of

TABLE 4.5: 2015-2023 RHNA OPPORTUNITY SITES CHART

INCOME LEVEL	2014-2023 RHNA	UNITS BUILT	REMAINING RHNA NEED	AFFORDABLE HOUSING OVERLAY	COMMERCIAL SITES	PROSPECTIVE RESIDENTIAL SITES	SECONDARY DWELLING UNITS	TOTAL
Very Low ¹	34	0	34	30	0	0	0	30
Low	23	0	23	32	0	0	0	32
Moderate	26	0	26	32	9	7	6	54
Above Moderate ²	60	5	55	0	29	7	0	36
TOTAL	143		138	94	38	14	7	152

¹Extremely Low-Income households assumed as 50% of Very Low-Income households
²Moderate-Income capacity anticipated to meet remaining Above Moderate-Income RHNA

30 very low income units, 32 low income units, and 91 moderate income units and above-moderate units. The City of Capitola housing program goal is to provide more than adequate opportunity sites during the entire planning period and to encourage the development of the entire RHNA allocation of 143 units by 2023. New Housing Element policies call for City staff to work with property owners to target sources of affordable

housing funds to achieve goals for the number and affordability of housing units to be developed.

Table 4.5 shows that the identified sites will meet the RHNA requirement for housing which will be affordable to all income categories. The sum of the City's available sites in all income ranges demonstrates the ability to more than meet the overall allocation of 143 dwelling units. A detailed inventory of sites is provided in **Appendix C**.

C. Resources Available

Availability of Public Services and Facilities

I. Public infrastructure and utilities

Public infrastructure and utilities are generally available to accommodate development throughout Capitola. Potential impacts on traffic levels of service will be assessed as part of the review processes for proposed developments. Where appropriate, projects will be conditioned to implement measures to mitigate traffic impacts. The City's studies of congested transportation corridors will identify needed improvements and/or development fees that can be imposed as conditions of approval.

As mentioned earlier, the City's strategy is to locate higher density housing and mixed-use developments along transit corridors. All of the key housing opportunity sites identified are located directly on existing bus routes, and the majority of them are also in close proximity to the regional transit center and Capitola Mall. Locating these developments in these areas should increase transit ridership along these routes, and among the occupants of the new housing, thereby replacing some of the anticipated car trips with bus rides or walking/cycling trips.

II. Public Transit

Mass transit in Santa Cruz County is provided by the Santa Cruz Metropolitan Transit District (Metro) and is limited to bus service. No passenger train or rapid transit systems are available in the County. Capitola is serviced by six (6) Metro bus routes that all stop at the Capitola Mall's Metro Center on 41st Avenue. The bus routes service Capitola Road, 41st Avenue, Capitola Avenue and a portion of 38th Avenue. During the summer months the City of Capitola provides a free shuttle service that runs from a remote parking lot on Bay Avenue to the Capitola Village area. This service runs on weekends only.

III. Water Service

Capitola is provided water service from both the Santa Cruz Water District and the Soquel Creek Water District. Between drought and population growth in Santa Cruz County, water supply and water quality issues have become of greater concern over the past few years.

The Soquel Creek Water District is the main water provider for Capitola. The District serves more than 49,000 customers through 14,540 connections in the mid-Santa Cruz County area encompassing seven miles of shoreline and extending from one to three miles inland into the foothills.. The City of Capitola is the only incorporated area in the District. The Soquel Creek Water District currently supplies approximately 5,400 acre feet of water annually and receives 100 percent of its water from two groundwater aquifers. The District operates 17 production wells and maintains 18 water storage tanks with a capacity of 7.5 million gallons.

Currently the Soquel Creek Water District's demand is higher than the sustainable yield of the aquifers. To avoid overdraft and possibly salt water intrusion along the coast a "Water Demand Offset" (WDO) ordinance was created to avoid a moratorium on development in the Soquel Creek Water District, and to extend existing supplies until a supplemental water supply can be obtained. The WDO requires applicants for new water service to offset 1.2 times the amount of water the new development is projected to use so that there is a "zero impact" on the District's water supply.

The Santa Cruz Water District serves a geographic area that includes a small portion of the City of Capitola, the entire City of Santa Cruz, and adjoining unincorporated areas of Santa Cruz County. The water system draws almost exclusively on local surface water sources, whose yield varies from year to year depending on the amount of rainfall received and runoff generated during the winter season. In normal and wet years the water system is capable of meeting the community's current total annual water requirements. The Loch Lomond Reservoir is the systems main storage facility with a capacity of 2.8 billion gallons of water, which provides sufficient storage after one dry winter to carry the system through the following summer. The system is highly vulnerable to shortage, however, in extended dry periods or critically dry years. Moreover the Santa Cruz water system is physically and geographically isolated. There are no interconnections with other water suppliers in place to transfer water among adjacent water districts or import emergency supplies from outside the region.

The Santa Cruz Water District and the Soquel Creek Water District are jointly pursuing seawater desalination as a supplemental water source. In August 2013, in response to comments received on the desalination project's Draft Environmental Impact Report, the City of Santa Cruz recommended that there be no vote on the desalination plant in 2014. The project is currently on hold. The City and the Soquel Creek Water District are pursuing a community involvement project and continuing to evaluate water supply options. As currently envisioned, this facility would add a 2.5 million gallons/day capacity to the Santa Cruz Water District, which could provide upwards of 500 million gallons over the dry season as a backup supply in times of draught. During non-drought years this project would also enable the Soquel Creek Water District to significantly reduce pumping and achieve groundwater management objectives of restoring and protecting the Soquel-Aptos Groundwater Basin.

Both water districts serving Capitola have policies in place that give new water connection priority to affordable housing developments. Through the water saving upgrades

incorporated into the Bay Avenue Senior Apartments project the City of Capitola has been issued new water connections from the Soquel Creek Water District for the development of future affordable housing units.

IV. Sewer Capacity

The City of Capitola's sewer service is provided by the Santa Cruz County Sanitation District (SCCSD) who provides collection and transmission of sewage throughout the mid Santa Cruz County area. The District ultimately sends all sewage to a regional treatment plant operated by the City of Santa Cruz. The treatment plant has an existing capacity of 17 million gallons per day (mgd) the SCCSD owns capacity rights for 8 mgd. The existing flow to the plant is 10 mgd of which SCCSD's portion is 5 mgd. Capitola's portion of the SCCSD 5 mgd is approximately .5 mgd. There is sufficient capacity at both the regional plant and in SCCSD's share of the plant to implement the housing unit development identified in this report.

Opportunities for Energy Conservation

Under current law (Government Code Section 65583(a)(7)), this Capitola Housing Element must include analysis of opportunities for energy conservation with respect to residential development). In 1974 the Legislature created the California Energy Commission to address the issue of energy conservation. The Commission, in 1977, adopted Title 24 of the California Administrative code, conservation standards for new buildings.

I. Capitola Green Building Ordinance

In May 2008, the Capitola City Council approved an amendment to the Zoning Code to include Chapter 17.10 "Green Building Regulations". The Capitola Green Building program became effective July 1, 2008. The program is mandatory and requires that every new development (residential and/or commercial), and major remodels of a specified size, meet certain Green Building requirements. The Green Building requirements are intended to improve or achieve: energy efficiency, indoor air quality, water conservation, reduced waste generation, and reduced carbon emissions. The program has been effective, due to its flexibility and comprehensible requirements.

In relation to new residential development, and especially affordable housing, construction of an energy efficient building can add to the original production costs. Over time, however, the housing with energy conservation features should have reduced occupancy costs because the consumption of fuel and electricity is decreased. This means the monthly housing costs may be equal to or less than what they otherwise would have been if no energy conservation devices were incorporated in the new residential buildings. Reduced energy consumption in new residential structures is one way of achieving affordable housing costs when those costs are measured in monthly carrying costs as contrasted to original sales price or production costs.

Strategies a developer can undertake to achieve energy efficient construction include:

- Locating the structure on the northern portion of the sunniest area on the site.
- Designing the structure to admit the maximum amount of sunlight into the building and to reduce exposure to extreme weather conditions.
- Locating indoor areas of maximum usage along the south face of the building and placing corridors, closets, laundry rooms, power core, and garages along the north face of the building to serve as a buffer between heated spaces and the colder north face.
- Making the main entrance a small, enclosed space that creates an air lock between the building and its exterior; orienting the entrance away from prevailing winds; or using a windbreak to reduce the wind velocity against the entrance.
- Locating window openings to the south and keeping east, west and north windows small, recessed, and double-glazed.

These and other potential energy efficient opportunities are evaluated and promoted by the City during the site plan review process.

II. **Policies which Promote Compact Development**

In addition to the Capitola Green Building Program, the City has identified several policies in the 2014-2023 Housing Plan (Chapter 6) that will conserve energy through high density, compact and/or mixed-use residential development. These policies are as follows and are discussed in more detail in Chapter 6 of this housing element.

- **Program 1.1** Providing Adequate Housing Sites
- **Program 1.2** Mixed-Use Development
- **Program 1.3** Alternative Housing

The following sections present information on funds and other resources that are available to support the City of Capitola housing programs. The City's housing programs and projects are funded through a variety of federal, state, and local sources. These funds actively support the construction of new affordable housing, encourage housing rehabilitation, assist first time homebuyers, and provide various other housing services to low- and moderate-income households.

The City of Capitola provide development funding, operating assistance and mortgage assistance for a variety of affordable housing types throughout the City. The per unit dollar amount of local assistance required varies greatly depending upon the type of housing being developed, the economy of scale involved, and the amount of non-local assistance that can be leveraged. To the extent possible, Capitola seeks to encourage projects that are able to leverage additional state, local and private investment, including tax exempt mortgage revenue bonds, low-income housing tax credits and various programs administered by the State of California and the federal government.

Federal Sources of Funding

I. Public Housing

The U. S. Department of Housing and Urban Development (HUD) supports the Housing Authority of Santa Cruz County's public housing units, new development and rehabilitation of affordable housing, and special needs housing through the provision of operating subsidies and capital funding. The Housing Authority owns and operates one, 12-unit rental housing project in Capitola.

II. Housing Choice Vouchers

In addition to public housing, HUD also funds Housing Choice Vouchers formerly known as Section 8. Unlike public housing, which fixes the tenant's rent to no more than thirty percent (30%) of their household income; Housing Choice Vouchers provide a subsidy to private landlords to pay the difference between what the tenant can afford with thirty percent (30%) of their family income and the fair market rent. The Housing Authority administers approximately 197 Housing Choice Vouchers for Capitola residents.

III. Community Development Block Grant Program (CDBG)

CDBG is a Federal HUD program that can provide funds for a wide range of community development projects including affordable housing and economic development activities. As a small jurisdiction Capitola City is not an "entitlement City" under HUD regulations but can apply for competitive grants on an annual basis through the California Department of Housing and Community Development (HCD).

CDBG funds are subject to certain restrictions and cannot be used for the actual construction of new housing. The program benefits primarily persons/households with low-incomes not exceeding 80 percent of the area median income. In the past CDBG grants

have provided funding for infrastructure development for the 6-unit Habitat for Humanity homeownership project, the Housing Needs Assessment Survey, disabled access retrofits, membership share loans to Loma Vista Mobile Home Park Cooperative members, and loans to income-eligible borrowers under the City's Owner Occupied Rehabilitation Assistance Program. As CDBG funded loans are repaid, the funds are returned to the City's CDBG Reuse account and can be used again for CDBG eligible activities.

In 2014, the City was awarded a \$500,000 CDBG grant to reinstate funding for the Housing Rehabilitation Loan Program and Mortgage Assistance Program (First-Time Homebuyer Program). The programs are designed to assist low-income Capitola residents with needed home repairs and purchasing a home. It is anticipated that the programs will be available for qualifying Capitola households in 2015.

IV. Home Investment Partnership (HOME) Program

HOME is a Federal HUD program that can fund a variety of activities to assist either rental or home ownership projects through acquisition, construction and rehabilitation of affordable housing. Under the HOME program, smaller jurisdictions with populations under 50,000 are allowed to apply for competitive grants administered on an annual basis by the State Department of Housing and Community Development (HCD). HOME funds have been used in past years to assist housing projects including the 12-unit Clares Street, Brookvale Terrace Mobile Home Park purchase and the City's Mobile Home Rehabilitation Loan Program. The City no longer receives funding from the HOME program.

V. ESG and HOPWA

Provided by HUD the Emergency Shelter Grant program provides homeless persons with basic shelter and essential supportive services. ESG funds can be used for a variety of activities, including rehabilitation or remodeling of a building to be used as a shelter. The Housing Opportunities for Persons with AIDS/HIV (HOPWA) program provides grant funds to help meet the housing needs of low and moderate-income people living with HIV/AIDS

VI. HUD 811 and 202 programs

The Section 811 program provides funding for the development of rental housing with the availability of supportive services for adults with disabilities. The Section 811 program allows for persons with disabilities to live as independently as possible in the community. The program also provides project rental assistance. The Section 202 program provides funds to finance the construction, rehabilitation or acquisition of structures that will serve as supportive housing for very low-income elderly persons, including the frail elderly, and provides rent subsidies for the projects to help make them affordable. The 25-unit Dakota Apartments project on Clares Street was developed in 1996 with assistance from the City's CDBG Reuse fund and the HUD 811 program.

VII. Low-Income Housing Tax Credits

The Low Income Housing Tax Credit program is a federal program which provides each state an allocation of tax credits to be used to create affordable housing for low-income households. The tax credits are used as an incentive for private business to invest in affordable housing. This program can be used in conjunction with the mortgage revenue bond program. In addition to federal tax credits, California has created a state tax credit program to be used in conjunction with the federal credits. Low Income Housing Tax Credits are a major source of funding for Capitola's \$28 million Bay Avenue Senior Apartments project.

VIII. Mortgage Credit Certificates

The Mortgage Credit Certificate (MCC) program provides financial assistance to first time homebuyers for the purchase of new or existing single-family homes. The MCC provides qualified first time homebuyers with a federal income tax credit, which reduces an individual's tax payments by an amount equal to the credit. The Housing Authority of the County of Santa Cruz administers the MCC program within the County of Santa Cruz. Since its inception in 1990 the program has provided tax credit assistance to 55 Capitola households. Capitola continues to cooperate and participate in the MCC program.

State Sources of Funding

I. Proposition 1C Funding

Proposition 1C authorized about \$2.85 billion in State funds for a variety of housing programs. Potential uses of Proposition 1C funds include brown-field cleanup and infill incentives, multifamily housing programs, implementation of Transit Oriented Development (TOD), the State's Homeownership Down payment Assistance Program, Supportive Housing, farm worker housing, emergency housing assistance and programs for homeless youth.

II. Multifamily Housing Program

The Multifamily Housing Program (MHP) is used to assist the new construction, rehabilitation and preservation of permanent and transitional rental housing for lower income households. The State's Supportive housing program was a major funding source for the Bay Avenue Senior Apartments Project.

III. Mental Health Services Act Program

Mental Health Services Act (MHSA) Housing Program was established to fund permanently supportive housing projects for people with psychiatric disabilities and children with serious emotional disturbance. The MHSA program for Santa Cruz County is administered by the County. MHSA funding has been provided for five of the units at the

Bay Avenue Senior Apartments project. Those units are occupied by extremely low-income seniors with psychiatric disabilities.

IV. Building Equity and Growth in Neighborhoods (BEGIN)

BEGIN funding includes grants to local public agencies to make deferred payment second mortgage loans to qualified buyers of new homes in projects with affordability enhanced by local regulatory incentives or barrier reductions. The City no longer receives funding from the BEGIN program.

V. CalHOME

CalHOME funding includes grants to local public agencies and nonprofit corporations to assist individual households through deferred-payment loans, as well as direct, forgivable loans. The grants are used to enable low and very low income residents to become or remain homeowners.

VI. Workforce Housing Reward Program

This program provides financial incentives to cities and counties that issue building permits for new housing affordable to very low- or low-income households. Grants can be used for construction or acquisition of capital assets. The grant amount is determined based on the number of units developed. The City no longer receives funding from the Workforce Housing Reward program.

VII. CALIFORNIA HOUSING FINANCE AGENCY (CHFA)

CHFA is an agency of the state of California that administers programs that provide below market interest rate mortgage capital through the sale of tax-exempt notes and bonds. CHFA sells tax-exempt Mortgage Revenue Bonds to provide below market rate financing through approved private lenders to first-time homebuyers for the purchase of new or existing homes. The program operates through participating lenders who originate loans for CHFA purchase.

CHFA also operates a Multifamily Rental Housing Mortgage Loan Program. This program finances the construction or substantial rehabilitation of projects containing 20 or more units where twenty percent (20%) of the units in the project are set aside for low income tenants at affordable rents for the greater of 15 years or as long as the mortgage is outstanding.

A new program of CHFA is the HELP Program. This program provides low interest loan assistance to local governments to assist in the provision of affordable housing. Terms of the low interest loans are 3 percent simple interest per annum for up to ten years, with a maximum loan amount of \$2,000,000 per project.

Local Sources of Funding:

I. Capitola Affordable Housing Trust Fund

This fund was adopted by the City Council in November 2004 to utilize Inclusionary Housing In-Lieu Fees and to accept donations from individuals and organizations. The Affordable Housing Trust Fund provides the City with a mechanism for accumulating and administering additional housing resources. These funds can be used as matching funds to State and Federal funding sources. To date, the only source of revenue to the Trust Fund has been Inclusionary Housing Fees. The Housing Trust Fund continues to be administered per Section 18.02 of the Capitola Municipal Code. There is currently \$120,000 in available funds.

D. Agencies Involved in Housing in Capitola

Described below is a sample of public and non-profit agencies that have been involved in housing activities in north Santa Cruz County. These and other agencies play important roles in meeting the housing needs of the community. In particular, they are, or can be, involved in the improvement of the housing stock, expansion of affordable housing opportunities, preservation of affordable housing, and/or provision of housing assistance to those in need. Many of the affordable housing funding sources listed in Section C above can only be accessed through involvement of non-profit affordable housing agencies who serve as the developers, owners and managers of affordable housing projects.

I. Housing Authority of the County of Santa Cruz

The Housing Authority of the County of Santa Cruz is the primary agency providing affordable housing opportunities in Capitola. The Housing Authority manages the 12-unit Grace Street apartments, administers the Housing Choice Voucher rental assistance program and operates the Mortgage Credit Certificate program for Capitola. .

II. Community Action Board of Santa Cruz County, Inc. (CAB)

CAB conducts, administers and coordinates community programs to combat poverty in Santa Cruz and Monterey Counties. CAB offers several programs: energy/utility payment assistance; the Shelter Project (housing and homeless services); job training and employment services; immigration assistance; and community building. CAB operates five services for homeless people or those at risk of homelessness, including: Housing for Medical Emergencies Program, Motel Vouchers for homeless persons facing emergency medical situations, Emergency Rent Assistance to prevent eviction, and a Message Center (voice mail), Shelter Hotline, and Resource Guide.

III. Senior Network Housing Program:

The Senior Network Housing Program provides some housing-related services to elderly individuals and households. The City of Capitola contracts for provision of these services

to city residents through a contract under the Community/Human Services Program. The senior network program has been active in matching seniors in shared housing arrangements. In addition, staff also maintains an inventory of senior housing developments and provides information on location, eligibility requirements, affordability and level of services offered.

IV. California Rural Legal Assistance

Fair housing information and tenant-landlord dispute mediation is available through California Rural Legal Assistance. Information and resources are provided to both tenants and landlords regarding their rights and responsibilities. The City of Capitola contracts for provision of these services to City residents through a contract with California Rural Legal Assistance under the Community/Human Services Program.

VI. Habitat for Humanity

Habitat for Humanity is a non-profit organization dedicated to building and rehabilitating affordable ownership housing for lower income families. Habitat for Humanity builds and repairs homes with the help of volunteers and the partner families. Habitat homes are sold to partner families at no profit with affordable, no-interest loans.

VII. Mid-Peninsula Housing Coalition (MPHC)

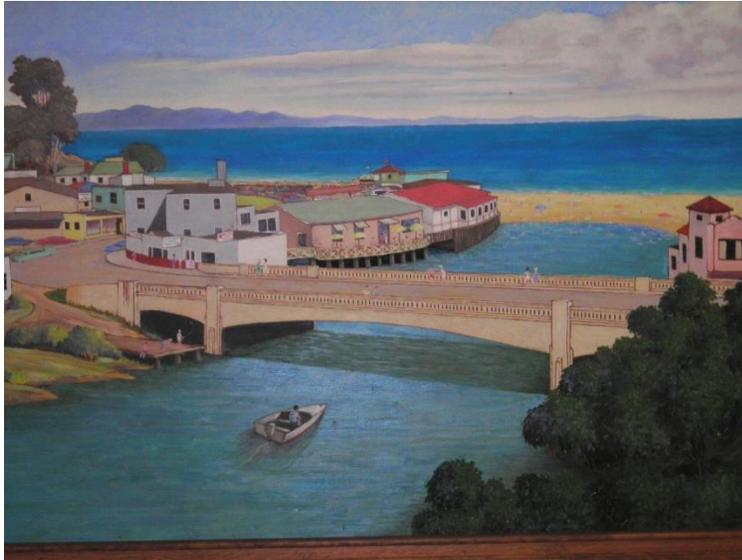
Mid-Peninsula Housing Coalition is an established regional non-profit organization involved in the development, management, acquisition and rehabilitation of affordable rental housing. MPHC primarily develops affordable family and senior rental apartments. Since its founding in 1971, MPHC has developed over 3,700 units and rehabilitated over 300 units in six Northern California counties, including several projects in Santa Cruz County.

VIII. First Community Housing (FCH)

First Community Housing is a San Jose based non-profit affordable housing developer committed to building high quality, sustainable, affordable housing and passing the energy savings along to their tenants. FCH's incorporation of Green Building materials has been featured in numerous Green Building journals. First Community Housing develops family housing, senior housing, single room occupancy housing, live/work lofts, mixed-use development and housing for people with disabilities. Since its founding in 1986, FCH has developed over 800 units with another 200 in development. FCH is the owner/developer of the 109-unit Bay Avenue Senior Apartments project in Capitola, a \$28 million acquisition/rehabilitation and new construction project that will serve extremely low, very low and low-income seniors including some units for residents who are chronically ill and who have psychiatric disabilities.

IX. South County Housing

South County Housing is a Gilroy-based non-profit affordable housing developer. South County Housing is a nonprofit community development corporation operating in the California counties of Santa Clara, Santa Cruz, Monterey and San Benito. Since 1979, they have developed over 2,500 units, including 1,435 affordable apartments. South County Housing's model which includes combining mixed income housing with on-site services addresses the unique needs of each community. When they build neighborhoods, they invest in their long-term success with recreational amenities, childcare facilities and community buildings with computer labs. South County Housing has also been active in Santa Cruz County with the acquisition and rehabilitation of mobile home parks. In Capitola they have assisted the City with feasibility studies for future additional cooperative or non-profit mobile home park acquisitions.



CHAPTER 5: PROGRAM EVALUATION

Chapters one through four establish the housing needs, constraints and opportunities in Capitola. Chapter five evaluates the accomplishments of the last adopted housing element covering the planning period from January 1, 2007, through June 30, 2014.

This evaluation quantifies the results where possible, but is also qualitative where necessary in comparing the results with what was projected or planned in the previous element. Where significant shortfalls exist between what was planned and what was achieved, the reasons for such difference are discussed.

A. Progress Towards Implementing the 2007-2014 Housing Element Programs

The 2007 - 2014 Housing Element established six primary housing goals. Under each goal, policies were provided that outlined more specifically how these goals could be carried out. Finally, programs were provided that outlined the actual actions that would be taken to facilitate the goals and policies. To review progress made during this past Housing Element, each goal is listed along with implementing programs and a discussion of the actions that have been accomplished

Goal 1.0 Housing Production: An adequate diversity of housing types and affordability levels to accommodate housing needs of Capitola residents.	
<i>Policy 1.1 Provide adequate sites and supporting infrastructure to accommodate present and future housing needs of Capitola residents.</i>	
Program 1.1 Providing Adequate Housing Sites: Providing new housing to accommodate projected employment and	Effectiveness/Progress in Implementation: Housing opportunity sites identified in the 2007-2014 Housing

<p>population growth and to meet the needs of existing residents is a major objective of the City. To that end, the Housing Element identifies “adequate” sites to accommodate the City’s share of the regions’ housing needs from 2007-2014. Adequate sites are those in close proximity to jobs, goods and services, have mitigatable or no constraints, and have adequate infrastructure.</p> <p>Five-year Objectives:</p> <ul style="list-style-type: none"> • Maintain an inventory of available vacant and prospective sites that can accommodate new housing. • Maintain Opportunity sites adequate to meet any outstanding Housing Element RHNA obligation during the 2007-2014 planning period. • Consider the preparation of Specific Plans or Area Plans for larger developable areas. • Continue to require housing production goals for housing opportunity sites remaining in Capitola. 	<p>Element to accommodate the City’s RHNA are still available for the 5th cycle Housing Element update. These sites include vacant and underutilized sites, Affordable Housing Overlay sites, secondary dwelling units, and commercial zones that allow residential development. All housing sites have zoning in place that will allow residential development at the appropriate densities required by state Housing Element law. The City will continue to maintain an inventory of these housing opportunity sites throughout the 2015-2023 planning period.</p> <p>Appropriateness: The City will effectively implement this program within the planning period. This program will be modified for the 2015-2023 Housing Element to publicize the housing opportunity sites inventory on the City website and at City Hall.</p>
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Policy 1.2 Encourage mixed-use developments.

<p>Program 1.2 Mixed-Use Developments: Capitola is nearly built-out, and there are very few vacant residentially zoned sites left in the City. In order to protect open space, encourage alternative transportation and create opportunities for affordable housing, the Housing Element encourages mixed-use developments along major transportation corridors. The City Zoning Code identifies commercially zoned areas in which mixed-uses are allowed by-right or by conditional use. Since 2007, one residential-commercial mixed-use project has been developed. The City will continue to support mixed-use developments in order to expand housing opportunities.</p> <p>Five-year Objectives:</p> <ul style="list-style-type: none"> • Encourage opportunities for the production of mixed residential- 	<p>Effectiveness/Progress in Implementation: The City continues to permit mixed-use development in the Community Commercial (CC), Neighborhood Commercial (CN), Commercial/Residential (CR), and Professional Office (PO) zones. Each zone provides development standards that encourage mixed-use development, including no minimum and maximum lot coverage requirements and more flexible parking standards.</p> <p>In 2011, the City completed the 41st Avenue/Capitola Mall Re-Visioning Plan, which established a long-term vision for the corridor to guide future public and private investment in a way that is consistent with community values and the needs of property owners. The City will</p>
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<p>commercial use projects in the CC (Community Commercial), CN (Neighborhood Commercial), CR (Commercial/Residential) and PO (Professional Office) zones.</p> <ul style="list-style-type: none"> • Utilize appropriate development standards, design and compatibility review and regulatory and financial incentives to encourage mixed-use development. • Conduct an urban design study of major commercial corridors to further identify mixed-use residential development opportunities in commercial zones. • Continue to explore possibilities for mixed use development with current property owners, such as the owners of the opportunity sites identified in the Housing Element and in the 41st Avenue Economic Development/Mixed Use Revitalization Study. • Create a Specific Plan for the 41st Avenue corridor that addresses the distribution of land uses, mixed-use parcels, transportation alternatives, and urban design. • Monitor and include an update in the annual Housing Element Progress Report all mixed-use developments activities to identify unforeseen barriers that should be addressed and to evaluate additional incentives that may be needed. 	<p>continue to maintain an inventory these housing opportunity sites throughout the 2015-2023 planning period, including parcels zoned for mixed-use development. The City will also continue to update the annual Housing Element Progress Report to include status on mixed-use development in the City.</p> <p>Appropriateness: The City remains committed to encouraging the development of mixed-use development in the community, especially on opportunity sites identified in the Housing Element and along the 41st Avenue corridor. This program will be included in the 2015-2023 Housing Element.</p>
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Policy 1.3 Provide opportunities for the development of alternative housing.

<p>Program 1.3 Alternative Housing: The cost of land and the lack of vacant sites for conventional lower density housing have heightened the need for the development of alternative types of housing in Capitola. These alternative housing types including Single Room Occupancy (SRO) units, Secondary Housing Units, and Co-housing programs may offer alternative housing</p>	<p>Effectiveness/Progress in Implementation: The City has successfully encouraged and supported the development of alternative housing types in Capitola, including manufactured homes, SROs, and secondary dwelling units. The City passed an ordinance in 2012 to provide reduced parking standards for SRO units.</p>
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arrangements that could provide for improved affordability, neighborhood interaction and the provision of support services for residents. Capitola is already heavily involved and supportive of the use of manufactured homes within the community's nine mobile home parks and will continue with that effort. Given the demand for a variety of housing, the City of Capitola Secondary Dwelling Unit ordinance was adopted in 2004. The Secondary Dwelling Unit ordinance allows a second unit on any Single-Family lot over 5,000 square feet in size. Secondary Dwelling Units offer an opportunity to integrate affordable and special needs housing into existing single-family neighborhoods. Capitola is supportive of the development of alternative housing types and will take the following actions to reduce barriers and encourage their further development.

Five-year Objectives:

- Review the Secondary Dwelling Unit Ordinance for possible modifications to the parking, height and setback requirements to encourage increased participation.
- Monitor the effect of the Secondary Dwelling Unit Ordinance on neighborhood vitality.
- Review existing zoning codes and the City's Condominium Conversion Ordinance to determine if modifications to encourage co-housing programs would be appropriate.
- Amend the Zoning Code to allow Single Room Occupancy (SRO) units.
- Continue to work with the local mobile home park residents, owners and the state to improve mobile home park affordability and sustainability.

The City continues to provide technical assistance and funding, if available, for resident-controlled and non-profit acquisition of mobile home parks, requiring long-term affordability where possible. Of the eight remaining mobile home parks in Capitola, all but two are subdivided, owned by a non-profit, or owned by a resident cooperative. One of the remaining two privately owned parks is currently processing a final subdivision map. The Zoning Code permits secondary dwelling units in the R-1 district and provides development standards, design review process, and incentives to encourage development. These incentives include fee waivers for affordable units and modified development standards for historic districts and areas. Between the years 2007-2014 approximately 9 secondary dwelling units were permitted, which the City considers as moderate-income units. The City will continue to review the development standards for Secondary Dwelling Units to address any constraints, as necessary.

Appropriateness: The City will continue to encourage the development of alternative housing types including manufactured housing, single-room occupancy units (SROs), and secondary dwelling units. This program will be modified in the 2015-2023 Housing Element to promote alternative housing types permitted on the City's website and at City Hall.

<ul style="list-style-type: none"> • Encourage and facilitate the exploration and possible development of other alternative housing types including farmworker housing, factory built housing, live/work units, and Small Ownership Units (SOUs). 	
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Policy 1.4 Periodically review development regulations, permit processes, and fees and their effect on development to ensure that such requirements facilitate housing production and rehabilitation.

<p>Program 1.4 Review Parking Regulations for Development: In order to ensure that housing production and rehabilitation measures are working, it is important to evaluate and measure the success or failure of certain regulations, procedures and programs.</p> <p>Five-year Objectives:</p> <ul style="list-style-type: none"> • Examine the City’s parking ordinance to determine if the number and type of parking standards for multi-residential, commercial mixed-use and Secondary Dwelling Units is appropriate. • Allow for shared parking for mixed-use developments. • Consider reduced parking standards for senior and special needs housing 	<p>Effectiveness/Progress in Implementation: The City recognizes the importance of identifying constraints to the development of housing, including parking standards. In 2008, the City completed a parking analysis for Capitola Village to better match parking supply and demand in the Village area. The analysis revealed that many visitors to the area visited multiple destinations, but only used one parking space. This results in reduced parking demand due to multiple uses utilizing only one space. Furthermore, the analysis revealed that more parking spaces are required for typical land uses in the Village, when compared to other cities and industry standards. The City continues to develop parking management strategies in Capitola Village.</p> <p>Appropriateness: The City remains actively supportive of identifying constraints to the development of housing. This program will be included in the 2015-2023 Housing Element.</p>
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Policy 1.5 Ensure adequate sites for new housing development to meet the needs of the community.

<p>Program 1.5 Opportunity Sites for Housing Development:</p> <p>Five-year Objectives:</p> <ul style="list-style-type: none"> • Provide adequate sites for new housing through the Affordable Housing Overlay. • Encourage densities at or near the top end of the density range. 	<p>Effectiveness/Progress in Implementation: Housing opportunity sites identified in the 2007-2014 Housing Element to accommodate the City’s RHNA are still available for the 5th cycle Housing Element update. These sites include vacant and underutilized sites, Affordable Housing Overlay sites, secondary dwelling units, and commercial zones that allow</p>
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<ul style="list-style-type: none"> Explore the relationship between development standards and the production of for-sale versus rental housing. Recognize the need to maintain a mix of for-sale and rental housing in the City. 	<p>residential development. All housing sites have zoning in place that will allow residential development at the appropriate densities required by state Housing Element law. The City will continue to maintain an inventory of these housing opportunity sites throughout the 2015-2023 planning period.</p> <p>Appropriateness: The City will effectively implement this program within the planning period. This program will be modified for the 2015-2023 Housing Element to publicize the housing opportunity sites inventory on the City website and at City Hall. Analysis of development standards and their appropriateness in encouraging the production of housing will be addressed by other programs in the 2015-2023 Housing Element.</p>
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Goal 2.0 Affordable Housing Development: Increased and protected supply of housing affordable to extremely low, very low, low, and moderate-income households.

Policy 2.1 Improve overall housing conditions in Capitola.

<p>Program 2.1 Improve Existing Housing Stock:</p> <p>Five-year Objectives:</p> <ul style="list-style-type: none"> Continue to utilize the City’s code enforcement program to bring substandard units into compliance with City codes. Continue to administer and expand the City’s Housing Rehabilitation loan and grant program to assist with the maintenance and repair of the City’s housing stock. 	<p>Effectiveness/Progress in Implementation: The Community Development Department is responsible for administering the City’s code enforcement program. The Building Division ensures compliance with life-safety standards and building codes; and the Planning Division oversee compliance with the City’s Zoning Code. The objectives of the Code Enforcement program are to: promote public health, safety, and welfare; enhance the quality of life in our neighborhoods; protect property owner’s investments; cooperatively work with residents to correct code violations in a timely manner. The City estimates that between 2007 and 2014 there were approximately 60 code enforcement cases per year in Capitola. These cases include building and permitting violations (e.g., non-permitted signs, non-habitable structures, non-permitted uses, etc.).</p>
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	<p>In 2014, the City was awarded a \$500,000 CDBG grant to fund the Housing Rehabilitation Program. The City will reinstate the program in July 2015 and begin providing loans to low-income households to address basic health and safety issues in owner-occupied housing. The City estimates that during the 2007-2014 planning period, approximately six households were assisted by the program.</p> <p>Appropriateness: The City will effectively implement this program within the planning period. Continuing to utilize the City’s code enforcement program and administering and expanding the City’s Housing Rehabilitation Program will be addressed by other programs in the 2015-2023 Housing Element.</p>
<p><i>Policy 2.2 Protect the affordability of existing mobile home parks.</i></p>	
<p>Program 2.2a Mobile Home Park Technical Assistance and Feasibility Studies: Of Capitola’s nine mobile home parks five have now been able to convert to resident controlled ownership either as cooperatives or as subdivided parks. The City will continue to work with the residents and owners of the remaining four rental parks to identify realistic plans to transition from the rental park model in ways that will protect the financial investment of both the existing residents and the park owners and help preserve, to the extent possible, the affordable housing stock represented by these mobile home units.</p> <p>Five-year Objectives:</p> <ul style="list-style-type: none"> • Provide feasibility and technical assistance funding and predevelopment funding, acquisition, and rehabilitation assistance for resident-controlled and non-profit acquisition of mobile home parks, requiring long-term affordability where possible. • If conversions of use are contemplated ensure that resident 	<p>Effectiveness/Progress in Implementation: The City continues to provide technical assistance and funding, if available, for resident-controlled and non-profit acquisition of mobile home parks, requiring long-term affordability where possible. Of the eight remaining mobile home parks in Capitola, all but two are subdivided, owned by a non-profit, or owned by a resident cooperative. The City assisted six mobile homes through the rehabilitation loan program and four mobile homes through the first-time home buyer program.</p> <p>Appropriateness: The City remains actively supportive of possible future resident-involved purchases of the remaining mobile home parks, and is particularly supportive of cooperative or non-profit ownership options that would guarantee long-term affordability. This program will be included in the 2015-2023 Housing Element.</p>

<p>investment values are preserved and that adequate relocation assistance is provided. To the extent possible, preserve or replace affordable housing units.</p>	
<p>Program 2.2b Mobile Home Resident Acquisition Projects: This program provides matching funds from the City and Redevelopment Agency Housing Funds for financial assistance to mobile home park residents, or participating non-profits, to facilitate their acquisition or conversion efforts. City financial assistance will be tied to the level of long-term affordability provided. Proposed funding: RDA Low and Moderate Income Housing Fund, State MPROP, CDBG, HOME; AHP and other funding sources that may be identified, including owner-financing.</p> <p>Five-year Objectives:</p> <ul style="list-style-type: none"> • 1-3 park acquisitions or conversions during this planning period, depending on resident and owner interest and the availability of funds. Park acquisitions should include the evaluation and upgrading, as needed, of the park infrastructure and individual homes. 	<p>Effectiveness/Progress in Implementation: The City continues to provide technical assistance and funding, if available, for resident-controlled and non-profit acquisition of mobile home parks, requiring long-term affordability where possible. Of the eight remaining mobile home parks in Capitola, all but two are subdivided, owned by a non-profit, or owned by a resident cooperative. In 2011 the City provided a \$2 million loan to the Castle Mobile Home Park to assist in the formation of a non-profit cooperative and to provide rehabilitation assistance.</p> <p>Appropriateness: The City remains actively supportive of possible future resident-involved purchases of the remaining mobile home parks, and is particularly supportive of cooperative or non-profit ownership options that would guarantee long-term affordability. This program will be included in the 2015-2023 Housing Element.</p>
<p>Program 2.2c City Rent Stabilization Ordinance for Mobile Home Parks: The Rent Stabilization Ordinance protects mobile home park residents from unreasonable increases in space rents. The City has and continues to uphold the Rent Stabilization Ordinance against legal challenges.</p> <p>Five-year Objectives:</p> <ul style="list-style-type: none"> • Maintain rent stabilization protections for existing residents in rental mobile home parks. • Continue to defend ordinance against legal challenges as long as rental parks remain in Capitola. 	<p>Effectiveness/Progress in Implementation: In 2011, the City repealed the 32-year rent control ordinance for mobile home parks. In response to the anticipated rent increases from the ordinance amendments, the City entered into a 10-year agreement with the County Housing Authority to provide \$150,000 a year to subsidize rents for low-income park residents.</p> <p>Appropriateness: The program will not be included in the 2015-2023 Housing Element.</p>
<p><i>Policy 2.3 Preserve and protect the City's rental apartment housing stock.</i></p>	

<p>Program 2.3 Preservation of Rental Housing:</p> <p>Five-year Objectives:</p> <ul style="list-style-type: none"> • Encourage the development, through acquisition of existing housing and new construction, or affordable housing projects that provide long-term affordability through homeownership, non-profit ownership and residentially owned cooperatives. 	<p>Effectiveness/Progress in Implementation: The City continues to investigate new funding opportunities in order to encourage the development of affordable housing projects through the acquisition of existing housing and the construction of new affordable housing.</p> <p>Appropriateness: The City remains actively supportive of preserving the City’s affordable rental housing stock in order to provide more housing options for its lower income households. This program will be included in the 2015-2023 Housing Element.</p>
<p><i>Policy 2.4 Encourage the preservation of existing un-restricted affordable rental housing at risk of conversion to non-affordable units by working with interested parties and offering financial incentives and technical assistance, as feasible and appropriate.</i></p>	
<p>Program 2.4 Condominium Conversion Ordinance: The City has a Condominium Conversion Ordinance in place that regulates the conversion of existing multifamily rental housing and nonresidential structures to residential condominium or community apartment projects. The ordinance regulates the conversion of an existing structure containing five or more units. Under the ordinance no units built prior to January 1, 1970 or built after the 1979 adoption of the ordinance may be converted. Conversions that are allowed under the Ordinance must insure that a minimum of 15% of the units will be available to low-income households and that an additional 20% will be available to low or moderate-income households. Under the City’s Affordable “Inclusionary” Housing Ordinance condominium conversions are also required to pay in-lieu fees into the City’s Housing Trust Fund.</p> <p>Five-year Objectives:</p> <ul style="list-style-type: none"> • Continue to implement the Condominium Conversion Ordinance 	<p>Effectiveness/Progress in Implementation: The City continues to enforce the Condominium Conversion Ordinance in order to regulate the conversion of apartments to condominiums to prevent the loss of existing multifamily rental housing and non-residential structures to residential condominium or community apartment projects.</p> <p>Appropriateness: The City remains actively supportive of preserving multi-family rental housing. This program will be included in the 2015-2023 Housing Element.</p>

Policy 2.5 Promote the development of affordable housing on opportunity sites.

Program 2.5a Affordable Housing Development Program: The City will continue to coordinate with property owners, nonprofit housing developers, and others to facilitate development of housing affordable to extremely low, very low, low and moderate income households. To achieve affordability, the City will work with non-profit developers to obtain and/or provide financial assistance to make feasible the development of the Opportunity Sites identified in Appendix F. Funding sources will include: HOME Program, the Redevelopment Agency's Low and Moderate Income Housing Funds, CDBG, CHFA, HELP, Section 8, Section 202, Section 811, the City Housing Trust Fund, Low Income Housing Tax Credit investors, private financing and other available state, federal, and private foundation funding programs and sources.

- Five-year Objectives:**
- Encourage utilization of the Affordable Housing Overlay Ordinance by non-profit affordable housing developers with an emphasis on the development of new housing opportunities that result in long-term affordable housing for the 600 Park Avenue and 822 Bay Avenue Opportunity Sites.
 - Facilitate the development of affordable housing through the provision of regulatory concessions and density increases under the City's Density Bonus Ordinance.
 - Collaborate with non-profit organizations, private developers, employers, special needs groups, state and federal agencies and other interested parties to develop affordable housing.
 - Continue to utilize available financing to assist with the planning

Effectiveness/Progress in Implementation: Housing opportunity sites, including Affordable Housing Overlay sites, identified in the 2007-2014 Housing Element to accommodate the City's RHNA are still available for the 5th cycle Housing Element update. The City will continue to maintain an inventory of these housing opportunity sites throughout the 2015-2023 planning period.

The City adopted the Density Bonus Ordinance in 2009 intended to provide incentives for the production of housing for very low, low, and moderate-income or senior households by granting an applicant the ability to develop more dwelling units above the required threshold in exchange for the applicant developing a certain number of affordable housing units.

The City continues to regularly monitor a variety of state and federal funding sources that are available to assist housing for lower income households. In 2014, the City was awarded a \$500,000 CDBG grant to fund the Housing Rehabilitation Loan Program and Mortgage Assistance Program focused on lower income households.

Appropriateness: This program will be included in the 2015-2023 Housing Element.

<p>and development of new affordable housing for all ages and household types. Community Development staff will regularly monitor the variety of federal and state funding sources that are available for affordable housing projects. The annual Housing Element Progress Report will include an analysis of the funding sources that have been applied for and that will become available during the coming year.</p>	
<p>Program 2.5b Affordable Housing Development Progress Monitoring: The City Community Development Department will monitor all of the identified affordable housing Opportunity Sites and will include in the annual Housing Element Progress Report a full accounting of each site including recommendations for any additional action needed to further encourage development.</p> <p>Five-year Objectives:</p> <ul style="list-style-type: none"> • To monitor annual progress toward meeting the Housing Element’s Quantified Objectives • To identify any opportunity sites that is no longer available for residential development so that alternative sites can be identified if needed. To identify any unforeseen barriers to development that need to be addressed • To identify additional incentives, funding sources or collaborative partners that could be utilized to encourage development 	<p>Effectiveness/Progress in Implementation: Housing opportunity sites, including Affordable Housing Overlay sites, identified in the 2007-2014 Housing Element to accommodate the City’s RHNA are still available for the 5th cycle Housing Element update. The City will continue to monitor annual progress of the Housing Element’s Quantified Objectives throughout the 2015-2023 planning period.</p> <p>Appropriateness: The City will effectively implement this program within the planning period. This program will be modified for the 2015-2023 Housing Element to include monitoring the development and maintenance of all subsidized units. Identification of opportunity sites and monitoring the annual progress towards meeting the Housing Element’s Quantified Objectives will be addressed by other programs in the 2015-2023 Housing Element.</p>
<p><i>Policy 2.6 Promote meaningful and informed participation of residents, community groups, and governmental agencies, in local housing and community development activities.</i></p>	
<p>Program 2.6 Public Outreach for Housing and Community Development Activities: Public workshops and hearings are opportunities for community members to not only learn about certain plans or projects that may affect them in the future,</p>	<p>Effectiveness/Progress in Implementation: The City continues to utilize the City’s website to provide information to the public on current and future development projects, public hearings, and community events. For the</p>

<p>but to let their voices be heard by City officials and staff. The City of Capitola recognizes the importance of community participation in current and future planning projects, and strives to inform and include everyone in the community who may be affected by such projects.</p> <p>Five-year Objectives:</p> <ul style="list-style-type: none"> • Maintain communication channels with City residents, community groups, local housing representatives and other agencies. • Periodically update the City website to provide accurate and up to date information regarding public hearings, community events and City projects. • Organize community workshops for large development projects. 	<p>2015-2023 Housing Element update, the City will conduct at least one community engagement workshop in order to gather resident and other stakeholder input to identify housing needs, constraints, and opportunities in the City. The first workshop was held on March 4, 2015 at the Capitola City Hall Community Room where residents and stakeholders discussed the challenges and opportunities of the community. There will also be public hearings at Planning Commission and City Council.</p> <p>Appropriateness: The City is committed to sustained and meaningful community engagement. This program will be included in the 2015-2023 Housing Element.</p>
<p><i>Policy 2.7 Maintain the City's Housing Trust Fund.</i></p>	
<p>Program 2.7 Housing Trust Fund:</p> <p>Five-Year Objectives:</p> <ul style="list-style-type: none"> • Maintain the Housing Trust Fund and utilize the available funds to provide loans and grants through the City's Housing rehabilitation loan and grant program, to assist with affordable housing project feasibility studies and to assist with the permanent financing of acquisition/rehabilitation projects and new construction affordable housing projects. Housing Trust Funds must be used to assist households with incomes at or below 80% of the area median Income (low-income). • Collect in-lieu fees from the City's Inclusionary Housing Ordinance to fund the Affordable Housing Trust Fund. Augment the Affordable Housing Trust Fund through researching and applying for State or Federal funding. Continue to utilize the Housing Trust Fund balance to fund the City's housing 	<p>Effectiveness/Progress in Implementation: The Housing Trust Fund has been in place since 2004 and receives funding from in-lieu fee payments from the City's Inclusionary Housing Ordinance. These program funds have been used to provide loans under the City's First Time Home Buyer Loan Program and Housing Rehabilitation Program. The Housing Trust Fund continues to be administered as codified in the City's Municipal Code. The City estimates approximately \$120,000 in available funds.</p> <p>Appropriateness: This program will be included in the 2015-2023 Housing Element.</p>

<p>rehabilitation projects and affordable housing development projects.</p>	
<p><i>Policy 2.8 Encourage the production of affordable ownership housing through the City's Affordable "Inclusionary" Housing Ordinance.</i></p>	
<p>Program 2.8 Inclusionary Housing Ordinance: The Inclusionary Housing Ordinance was established as a means to not only develop affordable housing, but ensure that affordable units were better integrated into the community. The Ordinance requires that 15% of units in a for-sale development of 7 or more units be available to lower income households. If the project is smaller than 7 units they must pay an in-lieu fee in place of affordable units. The in-lieu fees collected from the Inclusionary Housing program are deposited into the City Affordable Housing Trust Fund.</p> <p>Five-year Objectives:</p> <ul style="list-style-type: none"> • Continue to implement the Inclusionary Housing Ordinance. • Monitor and include an update in the annual Housing Element Progress Report to evaluate any possible impacts on the costs and supply of housing and to evaluate additional incentives that may be needed. 	<p>Effectiveness/Progress in Implementation: The City continues to implement the Inclusionary Housing Ordinance and directs any in-lieu fees collected to the Capitola Housing Trust Fund. The City has submitted an annual Housing Element Progress Report to the state since 2007 to provide information on any possible impacts on the costs and supply of housing and to evaluate additional incentives that may be needed to encourage housing production and affordability.</p> <p>Appropriateness: This program will be included in the 2015-2023 Housing Element.</p>
<p>Goal 3.0 Special Housing Needs: Accessible housing and appropriate supportive services that provide equal housing opportunities for special needs populations.</p>	
<p><i>Policy 3.1 Encourage the accessibility and utilization of universal design principals in new housing construction as well as through conversion of existing housing to create environments that can be used by all people.</i></p>	
<p>Program 3.1 Barrier-Free Housing: Through this program, the City promotes implementation of State standards for the provision of disabled accessible units in new developments, and provides technical assistance to prospective homeowners, contractors and developers regarding barrier free housing. This program also provides funding opportunities through the City rehabilitation programs to assist low and moderate income disabled residents</p>	<p>Effectiveness/Progress in Implementation: In December 2011 the City adopted Ordinance No. 965, which added procedures for Reasonable Accommodation to the Municipal Code. Under the Federal Fair Housing Act and the California Fair Employment and Housing Act (the Acts), the ordinance allows any person with a disability to apply for reasonable accommodation when the application of a zoning law or other land</p>

<p>modify their homes to improve accessibility.</p> <p>Five-Year Objectives:</p> <ul style="list-style-type: none"> • Implement State accessibility standards. • Provide technical assistance to encourage barrier free housing. • Provide financial assistance to homeowners and renters, through the City's Housing Rehabilitation Program, to make needed accessibility improvements. • Prepare and adopt a Reasonable Accommodation ordinance. 	<p>use regulation, policy, or practice acts as a barrier to fair housing opportunities. A request for reasonable accommodation may include a modification or exception to the rules, standards, and practices for the siting, development, and use of housing or housing-related facilities that would eliminate regulatory barriers and provide a person with a disability equal opportunity to housing of their choice.</p> <p>In 2014, the City was awarded a \$500,000 CDBG grant to fund the Housing Rehabilitation Program. The City will reinstate the program in July 2015 and begin providing loans to low-income households to address basic health and safety issues in owner-occupied housing, including households with persons with disabilities.</p> <p>Appropriateness: The City will continue to implement the Reasonable Accommodation Ordinance and other programs that provide technical assistance and funding to encourage barrier free housing. This program will be modified in the 2015-2023 Housing Element to promote the adopted reasonable accommodation procedures and available funding and assistance on the City website and at City Hall.</p>
<p><i>Policy 3.2 Promote Fair Housing</i></p>	
<p>Program 3.2 Fair Housing: Fair housing information, legal assistance for eligible households, and tenant-landlord dispute mediation are available from the offices of California Rural Legal Assistance (formerly Legal Aid), and the Office of Consumer Affairs in the County District Attorney's office. Information and resources are provided to both tenants and landlords regarding their rights and responsibilities.</p> <p>Five-Year Objectives:</p> <ul style="list-style-type: none"> • Continue to provide funding to agencies such as California Rural 	<p>Effectiveness/Progress in Implementation: The City continues to refer fair housing inquiries and cases to the office of the California Rural Legal Assistance (CRLA) organization. CRLA provides services that address matters involving tenants' rights, substandard housing, lockouts and utility shut-offs by landlords, housing discrimination, farmworker housing, rent deposit refunds, and limited eviction defense.</p>

<p>Legal Assistance to assist in resolution of fair housing issues.</p> <ul style="list-style-type: none"> • Provide referral services to fair housing information to tenants and landlords. • Encourage and support the enforcement of laws and regulations prohibiting discrimination in lending practices and in the sale, rental and management of housing. 	<p>Appropriateness: This program will be included in the 2015-2023 Housing Element.</p>
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Policy 3.3 Support and facilitate programs that address the housing needs of the homeless and other special needs populations.

<p>Program 3.3a Homeless Shelters: Within one year of adoption of the housing element, the City will amend its Zoning Ordinance to allow emergency shelters without CUP or other discretionary approval in the Industrial Park (IP) zone. The IP zone includes a total of 6.37 acres in eight parcels. Four of the parcels (approximately 2.17 acres) are vacant or underutilized and demonstrate that sufficient land is available for at least one emergency shelter to accommodate the City’s identified homeless need. The City may apply objective development standards to encourage and facilitate the use as provided under Government Code Section 65583(a)(4)(A).</p>	<p>Effectiveness/Progress in Implementation: The City has amended its Zoning Ordinance to allow emergency shelters without a CUP or other discretionary approval in the IP zone. In April 2012, the City adopted objective development standards for emergency shelters.</p> <p>Appropriateness: This program will be modified in the 2015-2023 Housing Element to monitor the inventory of sites appropriate to accommodate emergency shelters and work with key organizations to identify and address, as appropriate, the needs of the homeless and extremely low-income households and individuals.</p>
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<p>Program 3.3b Transitional and Supportive Housing: Five-Year Objectives:</p> <ul style="list-style-type: none"> • Propose zoning amendments that will reduce the barriers to the permitting and operation of transitional housing by making transitional and supportive housing a residential use of property, subject only to the same restrictions that apply to other residential dwellings of the same type in the same zone. 	<p>Effectiveness/Progress in Implementation: The City has amended its Zoning Ordinance to allow transitional and supportive housing by-right in all residential zones, subject to only those regulations that apply to other residential uses of the same type in the same zone.</p> <p>Appropriateness: This program will be modified in the 2015-2023 Housing Element to monitor the inventory of sites appropriate to accommodate transitional and supportive housing, work with appropriate organizations to ensure the needs of homeless and extremely low-income residents are met, and prioritize</p>
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	funding and other available incentives for projects that provide housing for homeless and extremely low-income residents whenever possible.
<i>Policy 3.4 Support the development of accessible and affordable senior rental housing readily accessible to support services; provide assistance for seniors to maintain and improve their homes.</i>	
<i>Policy 3.5 Support the development of accessible and affordable housing that is designed to serve all ages.</i>	
<i>Policy 3.6 Facilitate and encourage the development of rental units appropriate for families with children, including the provision of supportive services such as child care.</i>	
<i>Policy 3.7 Encourage the integration of special needs housing in residential environments, readily accessible to public transit, shopping, public amenities, and supportive services.</i>	
<i>Policy 3.8 Encourage the provision of supportive services for persons with special needs to further the greatest level of independence and equal housing opportunities.</i>	
<i>Policy 3.9 Investigate and encourage the development of a variety of housing options for seniors including Congregate Housing, Continuing Care Retirement Communities (CCRCs), Assisted Living, Mobile Home Parks, secondary dwelling units and Independent Living.</i>	
<i>Policy 3.10 Encourage the establishment of child care centers and family child care homes in all appropriate zoning districts.</i>	
<p>Program 3.10 Zoning Amendments to Encourage the Establishment of Child Care Centers and Family Child Care Homes: There is a demand for affordable, conveniently located child care in the City of Capitola and the provision of neighborhood-centered child care facilities has been proven to reduce vehicle miles traveled and increase public transportation ridership. Currently, there are no licensed facilities in Capitola serving infants or offering afterschool care for school-aged children. The Capitola Municipal Code does not allow large family child care homes without a special permit which may be prohibitive to the establishment of such facilities. Child care Centers are currently not defined or listed as being principally or conditionally permitted in the City’s Municipal Code</p>	<p>Effectiveness/Progress in Implementation: The City adopted the Density Bonus Ordinance in 2009 intended to provide incentives for the construction of child care facilities by granting an applicant the ability to develop more dwelling units above the required threshold in exchange for the applicant developing a child care facility. The City intends to revise zoning standards as part of its zoning code update to allow child care facilities in appropriate zones.</p> <p>Appropriateness: This program will be included in the 2015-2023 Housing Element.</p>

<p>Five-year Objectives:</p> <ul style="list-style-type: none"> • Consider modifying the Municipal Code and review procedures and possible incentives to facilitate and encourage the development of child care centers and large and small family child care homes in all appropriate zones. • Encourage the inclusion of family child care homes and child care centers as a part of affordable housing developments that will serve families with children. • Utilize the City's Density Bonus Ordinance to provide density bonuses or other concessions as an encouragement for the inclusion of child care facilities as a part of residential and mixed-use developments. 	
<p>Goal 4.0 Housing Assistance: Increased Assistance for extremely low, very low, low and moderate income residents to rent or purchase homes.</p>	
<p><i>Policy 4.1 Maintain the City's rental and ownership assistance programs.</i></p>	
<p>Program 4.1a Security Deposit Program: This program is administered by the County Housing Authority and funded with Redevelopment Agency Housing Funds. The objective of this program is to provide extremely low-, very low-, and low-income households, who may have been homeless or are at risk of becoming homeless, with the funds they need to get into decent rental housing. Expenses eligible for assistance are the security deposit and last month's rent</p> <p>Five-Year Objectives:</p> <ul style="list-style-type: none"> • Assist 7-10 households per year • Continue the funding of the City's Security Deposit Program which offers income-eligible individuals and families assistance to cover the costs of the security deposit for new rental contracts. • Seek state and federal funding to expand this program. 	<p>Effectiveness/Progress in Implementation: The City continues to implement the Security Deposit Program, which is designed to aid eligible renters in Capitola by offering individuals and families assistance to cover a portion of their security deposit. This program is administered by the Housing Authority of the County of Santa Cruz. Assistance is provided in the amount of up to one month's rent and an assisted household's income cannot exceed 80% of the median income. The funds granted are considered a loan during the time that the renter occupied the unit. When the renter moves, they are required to return the full amount of the security deposit assistance to the Housing Authority in the form of a check. The City estimates that during 2007-2014, approximately 46 households in Capitola were assisted by the program.</p>

	<p>Appropriateness: This program will be included in the 2015-2023 Housing Element and will be modified to indicate the potential number of households assisted per year according to availability of funding.</p>
<p>Program 4.1.b Emergency Housing Assistance: This program is administered by the Community Action Board. The objective of this program is to provide emergency, short-term housing payment assistance to lower-income families to prevent eviction or foreclosure leading to homelessness. The assistance granted must be used for the household’s rent or mortgage payment in cases where a job loss, medical emergency or similar event has precluded the household from making their regular housing payment. The household must have no other funds available to make this payment, and must be below very low income limits, with either children or a disabled adult in the household.</p> <p>Five-Year Objectives:</p> <ul style="list-style-type: none"> • Assist 105 households during the planning period • Continue the funding of the City’s Emergency Housing Assistance program that offers eviction and foreclosure prevention in the form of non-reimbursable grants to eligible applicants. 	<p>Effectiveness/Progress in Implementation: The City continues to implement the Emergency Housing Assistance program, which provides one-time emergency grants for up to four months of rent or mortgage payments to very low-income households who experience an unexpected financial event that prevents them from making regular monthly rent or mortgage payments. The program is administered by the Community Action Board, which is an organization that assists low-income residents to move out of poverty through four service areas: job training and employment services; housing and homeless services; immigration legal assistance; and community building. The City assisted 133 households through the program between the years 2007 and 2014.</p> <p>Appropriateness: This program will be included in the 2015-2023 Housing Element and will be modified to indicate the potential number of households assisted per year according to availability of funding.</p>
<p>Program 4.1.c First-Time Homebuyer Deferred Second Mortgage Program: This program provides deferred second mortgages to very low, low and moderate-income first-time homebuyers at 3% simple annual interest. Mobile homes and Inclusionary housing units are the primary housing types within the price range of this program, but all types of owner-occupied units are eligible.</p> <p>Five-Year Objectives:</p>	<p>Effectiveness/Progress in Implementation: Also known as the Mortgage Assistance Program, the First Time Homebuyer Program has been on hold due to lack of funding. The City plans to reinstate the program with funding obtained from the recent \$500,000 CDBG award grant. Between the years 2007 and 2014, the City was able to assist five households through the program providing loans to low- and moderate-income home buyers to purchase a home in Capitola.</p>

<ul style="list-style-type: none"> • Assist 14 households during the planning period • Continue the funding of the City's First Time Homebuyer Loan program that offers deferred payment loan assistance to assist low and moderate-income first time homebuyers. • Continue to seek federal and state grants through programs such as the State's BEGIN program to augment the current City and RDA funding for this program 	<p>Appropriateness: This program will be included in the 2015-2023 Housing Element and will be modified to indicate the potential number of households assisted per year according to availability of funding.</p>
<p><i>Policy 4.2 Explore and pursue City participation in other affordable homeownership assistance programs in the private market.</i></p>	
<p><i>Policy 4.3 Support the provision of child care services, employment training, rental assistance, and other supportive services to enable households to be self-sufficient.</i></p>	
<p><i>Policy 4.4 Seek and support collaborative partnerships of nonprofit organizations and the development community to aid in the provision of affordable housing.</i></p>	
<p><i>Policy 4.5 Prohibit discrimination in all aspects affecting the sale, rental or occupancy of housing based on status or other arbitrary classification.</i></p>	
<p>Goal 5.0 Neighborhood Vitality: Maintain, preserve, and improve the character of existing residential neighborhoods.</p>	
<p><i>Policy 5.1 Ensure a compatible relationship between new housing and circulation patterns and encourage pedestrian and bicycle friendly communities in order to minimize traffic impacts on quality of life.</i></p>	
<p>Program 5.1 Pedestrian-Friendly Neighborhoods: Traffic impacts are a common complaint in auto-centric neighborhoods and in neighborhoods undergoing a transition to higher density development. In order to reduce traffic impacts on the quality of life of Capitola residents, the City promotes developments that increase and emphasize alternative transportation options.</p> <p>Five-year Objectives:</p> <ul style="list-style-type: none"> • Ensure that public spaces, public amenities and pedestrian access are incorporated into new multi-family residential and mixed-use residential development. • Protect the integrity of residential neighborhoods by directing automobile access and traffic 	<p>Effectiveness/Progress in Implementation: The Land Use and Mobility Elements of the General Plan provides the goal, policies, and programs that address the promotion of pedestrian-friendly neighborhoods. Policies include encouraging new residential and employment development within walking distance of stores, services and public facilities; require new development to provide for pedestrian and bicycle connections between residential and commercial areas; prioritize pedestrian access to public spaces; enhance bicycle and pedestrian connections to the Village from surrounding residential neighborhoods and commercial areas; and require new development to enhance pedestrian circulation through site and</p>

<p>intensive uses to locations on or near major transportation routes.</p> <ul style="list-style-type: none"> • Provide signage identifying Capitola’s residential neighborhoods and mixed-use areas to enhance each neighborhood’s pedestrian orientation and sustainability. 	<p>building design and the provision of pedestrian amenities.</p> <p>Appropriateness: This program is addressed in other elements and policies of the General Plan, and will continue to be addressed through programs under those policies. This program will not be included in the 2015-2023 Housing Element.</p>
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Policy 5.2 Protect the integrity of existing single family and multiple family neighborhoods by promoting balanced site design and architecture.

<p>Program 5.2 Review by Architectural and Site Review Committee: Continue to have projects be reviewed by the Architectural and Site Review Committee.</p> <p>Five-Year Objectives:</p> <ul style="list-style-type: none"> • Continue to enforce guidelines to control the size, scale and appearance of single family residential development to be compatible with Capitola’s traditional or “cottage” character of neighborhoods. • Continue to encourage and require sustainable development practices. • Continue to review new and substantially rehabilitated residential construction to ensure compatibility with existing scale and architectural character of residences in the surrounding neighborhood. • Continue to enforce guidelines to control the size, scale, massing and appearance of multi-residential development to minimize the impacts of any transition from existing single-family residential districts 	<p>Effectiveness/Progress in Implementation: The City’s Architectural and Site Review Committee continues to meet every second and fourth Wednesday of each month to review development applications. The committee’s purpose is to maintain the character and integrity of neighborhoods in Capitola by promoting excellence of development, preventing undue traffic hazards or congestion, encouraging the utilization of solar energy, and encouraging the most appropriate development and use of land in harmony with the neighborhood.</p> <p>Appropriateness: The City will effectively implement this program within the planning period. This program will be modified for the 2015-2023 Housing Element to include a design review process in place of the City’ Architectural and Site Review Committee. This program will be included in the 2014-2023 Housing Element.</p>
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Policy 5.3 Assist individual neighborhoods in establishing their own identify through the development of neighborhood amenities (pocket parks, lighting, signs, etc.), mixed use neighborhood nodes, and pedestrian and sustainability improvements.

Policy 5.4 Promote the repair, improvement and rehabilitation of housing and encourage replacement of substandard housing to enhance quality of life in neighborhoods.

Program 5.4 Owner Occupied Rehabilitation Assistance Program: The program emphasis will be on handicapped accessibility and on weatherization programs with the aim of improving energy efficiency and helping reduce utility expenses for residents.

Five-Year Objectives:

- Provide loans and grants to a total of 21 homeowners during the planning period.

Effectiveness/Progress in Implementation: In 2014, the City was awarded a \$500,000 CDBG grant to fund the Housing Rehabilitation Program. The City will reinstate the program in July 2015 and begin providing loans to low-income households to address basic health and safety issues in owner-occupied housing. The City estimates that during the 2007-2014 planning period, approximately six households were assisted by the program.

Appropriateness: The City will effectively implement this program within the planning period. This program will be modified for the 2015-2023 Housing Element to include seeking federal and state grants. This program will be included in the 2014-2023 Housing Element.

Policy 5.5 Improve the quality of housing and neighborhoods by educating landlords, tenants and property owners about code compliance issues and enforcing compliance with building and property maintenance standards.

Goal 6 Resource Conservation: Fulfill the City’s housing needs while promoting an environmentally sensitive, compact community that is a pedestrian oriented, neighborhood-centered community, using resources in a sustainable manner.

Policy 6.1 Encourage the use of alternative modes of transportation.

Program 6.1 Alternative Transportation Planning: With the adoption of AB 32 and SB 375, local jurisdictions are beginning to figure out ways in which they can reduce carbon emissions. One of the largest contributors to carbon emissions is automobile use. As a means to prepare for the implementation of SB 375, the City of Capitola will encourage the use of alternative modes of transportation.

Five-year Objectives:

- Direct higher density housing close to transportation corridors, including bus routes and arterial roadways.
- Coordinate with transit service providers to expand service to

Effectiveness/Progress in Implementation: Various elements of the City’s General Plan provides the goals, policies, and programs that address transit-oriented development and alternative transportation modes. Policies includes encouraging development and land uses that enhance a pedestrian-oriented environment; requiring new development to provide for pedestrian and bicycle connections between residential and commercial areas; and supporting projects, programs, policies, and regulations to maintain a balanced multi-modal transportation network.

<p>Capitola’s residential and mixed-use districts.</p> <ul style="list-style-type: none"> Promote design of new residential development for people rather than for automobiles. 	<p>Appropriateness: This program is addressed in other elements and policies of the General Plan, and will continue to be addressed through programs under those policies. This program will not be included in the 2015-2023 Housing Element.</p>
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Policy 6.2 Strive to maintain a jobs/housing balance.

<p>Program 6.2 City Jobs/Housing Balance: The quality of life and well-being of the community depend in part on the economic well-being of the City and job opportunities for residents. The 2000 U.S. Census identified that the average commute time for Capitola residents was 28 minutes, and that most workers commuted via automobile. By promoting a healthy balance of jobs and housing, it will be possible to reduce commute time for residents, and increase the use of alternative modes of transportation.</p> <p>Five-year Objectives:</p> <ul style="list-style-type: none"> Encourage housing in close proximity to employment through encouraging residential-commercial mixed use development. Encourage the development of housing that will be affordable to the individuals who are employed in locally-centered jobs. Continue the policy to inform and market new affordable housing constructed pursuant to Capitola’s housing programs to households that currently live or work in Capitola. Periodically conduct a jobs/housing balance study to evaluate the current balance and determine which economic and housing strategies are appropriate. 	<p>Effectiveness/Progress in Implementation: The Land Use Element of the General Plan provides the goals, policies, and programs that address City Jobs/Housing Balance. Policies include ensuring that land use decisions balance the needs, interests, and concerns of Capitola’s residents, visitors, and workers; and maintain and protect a healthy balance of commercial and residential uses in the Village. Additionally, the City informed residents of new affordable housing through its website.</p> <p>Appropriateness: The City will continue to inform and market new affordable housing and periodically conduct a jobs/housing balance study. This program will be included in the 2014-2023 Housing Element.</p>
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Policy 6.3 Promote Green Building techniques, development and construction standards that provide for resource conservation.

<p>Program 6.3 City of Capitola Green Building Program: In response to community interest in promoting Green</p>	<p>Effectiveness/Progress in Implementation: The City continues to implement the Green Building Program</p>
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Building techniques and sustainable construction, the Capitola City Council adopted a Green Building Program in April 2008. The Green Building Program strives to improve our design and construction practices so the buildings we build today will last longer, cost less to operate, and contribute to increase productivity and better working environments for workers or residents. It is also about protecting natural resources and improving the built environment so that ecosystems, people, enterprises and communities can thrive and prosper.

The green building standards apply to all building projects within the City, except for residential additions and/or remodels of less than 350 square feet; non-residential additions and/or remodels less than 1,000 square feet and non-residential tenant improvements.

A point system modeled after the LEED (Leadership in Energy & Environmental Design) program is used for non-residential projects and a similar point system modeled on the Alameda County Waste Management Program is used for residential projects. A three-tier compliance approach is used.

Initially, the Green Building program will serve to set a minimum acceptable standard, educate the community on the benefits of green building and promote the construction of green buildings in the City of Capitola. Over time the necessary number of points and the methods of achieving them can be increased to further affect change and improve the built environment while further protecting our natural resources.

through the Green Building Ordinance adopted in 2008. The City amended the Ordinance in 2014 to allow green building funds to be used for climate action planning and water conservation efforts. The City plans on amending the program in the next planning period to require/encourage greater resource and energy conservation pursuant to the City's Climate Action Plan.

Appropriateness: The City will effectively implement this program within the planning period. This program will be modified for the 2015-2023 Housing Element to include providing information on the program at City Hall and on the City's website. This program will be included in the 2014-2023 Housing Element.

<p>Five-Year Objectives:</p> <ul style="list-style-type: none"> • Encourage and require sustainable development practices. • Continue to implement the mandatory Green Building Program for all major remodels and new construction. • Update the Program periodically to reflect and utilize new developments in ecological/sustainable technologies. 	
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Policy 6.4 Promote the use of renewable energy technologies (such as solar and wind) in new and rehabilitated housing when possible.

<p>Program 6.4 Energy Efficiency Rehabilitation Program: The City will explore new funding sources and program guideline changes that will allow the City’s housing rehabilitation program to work with both ownership and rental housing units particularly on issues related to improved energy efficiency through weatherization, insulation, appliance and heater upgrades, and the installation of solar hot water and photo voltaic systems.</p> <p>Five-Year Objectives:</p> <ul style="list-style-type: none"> • Reduce greenhouse gas emissions through the reduction in energy usage and the introduction of alternative energy sources. • To provide loan and grant assistance to a total of 25 households during the planning period. 	<p>Effectiveness/Progress in Implementation: In 2014, the City was awarded a \$500,000 CDBG grant to fund the Housing Rehabilitation Program. The City will reinstate the program in July 2015 and begin providing loans to low-income households to address basic health and safety issues in owner-occupied housing. Energy efficiency improvements such as weatherization, insulation, appliance and heater upgrades, and the installation of solar hot water and photo voltaic systems will be eligible through the program. The City estimates that during the 2007-2014 planning period, approximately six households were assisted by the program.</p> <p>Appropriateness: The City will effectively implement this program within the planning period. Continuing provide grant assistance for energy efficient improvements through the City’s Housing Rehabilitation Program will be addressed by other programs in the 2015-2023 Housing Element.</p>
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Policy 6.5 Ensure that adequate water supplies and sewer services continue to be available for residents and businesses.

<p>Program 6.5 Adequate Water Supplies and Sewer Services:</p> <p>Five-year Objectives:</p> <ul style="list-style-type: none"> • Continue to ensure that water and sewer providers meet their 	<p>Effectiveness/Progress in Implementation: Pursuant to State law, the City sent the 2007-2014 Housing Element to water and sewer providers to</p>
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<p>obligation to provide priority to affordable housing projects pursuant to State law.</p>	<p>ensure that priority was provided to affordable housing projects.</p> <p>Appropriateness: This program will be included in the 2014-2023 Housing Element.</p>
<p><i>Policy 6.6 Preserve the City’s designated historic, visual, and cultural resources including landmarks, archaeological sites, views, and areas of special character.</i></p>	
<p><i>Policy 6.7 Ensure that wetlands, fish and wildlife habitat areas, and sensitive species are protected from the impacts of new residential development.</i></p>	
<p><i>Policy 6.8 Encourage the use of environmentally sensitive development practices to minimize the effects of growth on the City’s natural resource systems.</i></p>	
<p>Program 6.8 Storm water Quality and Mitigation: Due to its proximity to the Soquel Creek and Monterey Bay, storm water quality is extremely important to the City of Capitola. The City has been, and continues to be involved in several programs that aim to improve storm water quality.</p> <p>Five-year Objectives:</p> <ul style="list-style-type: none"> • Continue to require, monitor and enforce National Pollutant Discharge Elimination Systems permits, Standard Urban Storm water Mitigation Plans, Best Management Practices, Total Maximum Daily Loads for impaired water bodies, Storm Water Quality Management Programs, and Storm Water Pollution Prevention Plans, as applicable. 	<p>Effectiveness/Progress in Implementation: The Open Space and Conservation Element of the General Plan provides the goal, policies, and programs that address water quality and conservation. Policies include maintaining creek beds, riparian corridors, and water courses; minimize, avoid, or eliminate non-point source pollution; requiring all new development to meet or exceed State stormwater requirements and incorporate best management practices; and updating the Stormwater Pollution Prevention and Protection Ordinance.</p> <p>Appropriateness: This program is addressed in other elements and policies of the General Plan, and will continue to be addressed through programs under those policies. This program will not be included in the 2015-2023 Housing Element.</p>

Table 5.1: Progress toward meeting the 2007-2014 Housing Element RHNA Goals

Income Category	RHNA Goals	Total Units Built	Units Demolished	Net New Units Developed
Very Low	32	13	0	13
Low	24	0	0	0
Moderate	27	8	0	8
Above Moderate	60	74	15	59
TOTAL	143	95	15	80



CHAPTER 6: HOUSING PLAN

Providing for the the diverse housing needs of the community is a fundamental priority for the City of Capitola. The Housing Plan describes Capitola’s six housing goals and the policies and programs necessary to implement them. The Housing Plan represents the city’s official housing policy for the 2015-2023 Housing Element planning period. The policy program contained in this Chapter was formulated with input from Capitola’s residents and stakeholders. .

A. Goals, Policies and Programs of the 2015-2023 Housing Element

Goal 1.0: Housing Production

Goal 2.0: Affordable Housing Development

Goal 3.0: Housing for Persons with Special Needs

Goal 4.0: Housing Assistance

Goal 5.0: Neighborhood Vitality

Goal 6.0: Resource Conservation

Goal 1.0 Housing Production

Diversity in housing type and affordability level to accommodate the needs of Capitola Residents

Persons and households of varying ages, types, incomes and lifestyles have a variety of housing needs and preferences. Moreover, housing needs evolve over time in response to changing life circumstances. Providing an adequate supply and diversity of housing accommodates changing housing needs of residents, promotes an inclusive community that welcomes all residents, and achieves larger social and equity goals in Capitola.

Housing Production Policies and Programs:

Policy 1.1 Provide adequate sites and supporting infrastructure to accommodate present and future housing needs of Capitola residents.

Program 1.1a Providing Adequate Housing Sites: Providing new housing to accommodate projected employment and population growth and to meet the needs of existing residents is a major objective of the City. To that end, the Housing Element identifies “adequate” sites to accommodate the City’s share of the regions’ housing needs from 2015-2023. Adequate sites are those in close proximity to jobs, goods and services, have mitigatable or no constraints, and have adequate infrastructure.

Eight-year Objectives:

- Maintain an inventory of available vacant and prospective sites that can accommodate new housing.
- Maintain Opportunity Sites identified in the Housing Element to meet any outstanding Housing Element RHNA obligation for the 2015-2023 planning period.
- Continue to require housing production goals for housing opportunity sites remaining in Capitola.

Timing: On-going through December 2023; Update inventory of available vacant and prospective sites annually.

Responsibility: City staff

Policy 1.2 Encourage mixed-use developments

Program 1.2a Mixed-Use Developments: Capitola is nearly built-out, and there are very few vacant residentially zoned sites left in the City. In order to protect open space, encourage alternative transportation and create opportunities for affordable housing, the Housing Element encourages mixed-use developments along major transportation corridors. The City Zoning Code identifies commercially zoned areas in which mixed-uses are allowed by-right or by conditional use. The City will continue to support mixed-use developments in order to expand housing opportunities.

Eight-year Objectives:

- Encourage opportunities for the production of mixed residential-commercial use projects in the CC (Community Commercial), CN (Neighborhood Commercial), CR (Commercial/Residential) and PO (Professional Office) zones.
- Utilize appropriate development standards, design and compatibility review and regulatory and financial incentives to encourage mixed-use development.
- Continue to explore possibilities for mixed use development with current property owners, such as the owners of the opportunity sites identified in the Housing Element and in the 41st Avenue Economic Development/Mixed Use Revitalization Study.
- Continue to monitor and implement the policies in the 41st Avenue/Capitola Mall Re-Visioning Plan that addresses the distribution of land uses, mixed-use parcels, transportation alternatives, and urban design.
- Monitor and include an update in the annual Housing Element Progress Report all mixed-use developments activities to identify unforeseen barriers that should be addressed and to evaluate additional incentives that may be needed.

Timing: On-going through December 2023 with updates to be provided as a part of the annual Housing Element Progress Report

Responsibility: City staff

Policy 1.3 Provide opportunities for the development of alternative housing.

Program 1.3a Alternative Housing: The cost of land and the lack of vacant sites for conventional lower-density housing has heightened the need for the development of alternative types of housing in Capitola. These alternative housing types including Single Room Occupancy (SRO) units, Secondary Housing Units, and Co-housing programs may offer alternative housing arrangements that could provide for improved affordability, neighborhood interaction and the provision of support services for residents. Capitola is already heavily involved and supportive of the use of manufactured homes within the community's eight mobile home parks and will continue with that effort. Given the demand for a variety of housing, the City of Capitola Secondary Dwelling Unit ordinance was adopted in 2004. The Secondary Dwelling Unit ordinance allows a second unit on any Single-Family lot over 5,000 square feet in size. Secondary Dwelling Units offer an opportunity to integrate affordable and special needs housing into existing single-family neighborhoods. Capitola is supportive of the development of alternative housing types and will take the following actions to reduce barriers and encourage their further development:

Eight-year Objectives:

- Review and monitor the effect of the Secondary Dwelling Unit Ordinance on neighborhood vitality; consider possible modifications to the parking, height and setback requirements to encourage increased participation, if necessary.
- Review existing zoning codes and the City's Condominium Conversion Ordinance to determine if modifications to encourage co-housing programs would be appropriate.
- Continue to work with the local mobile home park residents, owners and the state to improve mobile home park affordability and sustainability.
- Encourage and facilitate the exploration and possible development of other alternative housing types including farmworker housing, factory built housing, live/work units, and Small Ownership Units (SOUs).

Timing: Review and monitor effect of the Secondary Dwelling Unit Ordinance annually; Review of the City's Condominium Conversion Ordinance will be implemented within one year of adoption; and All other objectives will be ongoing through December 2023.

Responsibility: City staff

Policy 1.4 Periodically review development regulations, permit processes, and fees and their effect on development to ensure that such requirements facilitate housing production and rehabilitation.

Program 1.4a Review Development Regulations: City staff will review Zoning Code development standards and design review annually and address any standards and requirements identified as potential constraints to the development of affordable housing. .

Eight-year Objectives:

- Review requirements such as the minimum unit size, setbacks, parking requirements, height restrictions, etc. to determine that they are necessary and pertinent and does not pose constraints on the development of affordable housing.
- Evaluate the feasibility of shared parking for mixed-use developments.
- Evaluate the feasibility of reduced parking standards for senior and special needs housing.
- Consider development standard modifications, streamlined processing for applications related to the creation of affordable housing, and fee modifications for projects proposing affordable units that are required to apply for variations to the existing development standards.

Timing: Ongoing through December 2023; Review development standards annually; Evaluate the feasibility of shared parking and reduced parking standards for specific types of development within one year of adoption.

Responsibility: City staff

Goal 2.0 Affordable Housing Development

Increased and protected supply of housing affordable to extremely-low, very-low, low and moderate-income households

Provision of housing for extremely-low, very-low, low and moderate-income households is a City priority. Affordable housing allows persons of all economic segments to live in the community, provides housing for the City's workforce, and helps to ensure housing opportunities exist for the elderly and diverse racial/ethnic groups. The City's affordable housing policies encourage the production and preservation of affordable housing

Affordable Housing Policies and Programs:

Policy 2.1 Protect the affordability of existing mobile home parks.

Program 2.1.a Mobile Home Park Technical Assistance and Feasibility

Studies: Capitola has eight mobile home parks. Six parks have converted to resident-controlled ownership either as cooperatives or through subdivision. One of the two remaining privately-owned parks is currently processing a final subdivision map. The City will continue to work with the residents and owners of the remaining rental park to identify realistic plans to transition from the rental park model in ways that will protect the financial investment of both the existing residents and the park owners and help preserve, to the extent possible, the affordable housing stock represented by these mobile home units.

Eight-year Objectives:

- Provide feasibility and technical assistance funding and predevelopment funding, acquisition, and rehabilitation assistance for resident-controlled and non-profit acquisition of mobile home parks, requiring long-term affordability were possible.
- If conversions of use are contemplated, ensure that resident investment values are preserved and that adequate relocation assistance is provided. To the extent possible, preserve or replace affordable housing units.

Timing: On-going through December 2023

Responsibility: City staff

Program 2.1.b Mobile Home Resident Acquisition Projects: This program provides matching funds from the City for financial assistance to mobile home park residents, or participating non-profits, to facilitate their acquisition or conversion efforts. City financial assistance will be tied to the level of long-term affordability provided. Proposed funding includes, State MPROP, CDBG, HOME; AHP and other funding sources that may be identified, including owner-financing

Eight-year Objectives:

- Encourage park acquisition or conversion, which will depend on resident/owner interest and funding availability.
- Evaluate necessary infrastructure improvements as part of the acquisition or conversion process.

Timing: On-going through December 2023

Responsibility: City staff

Policy 2.2 Encourage continued affordability of affordable rental housing supply in existing mobile home parks, subsidized rental housing, and special needs housing.

Program 2.2a Monitor Affordable Housing Units: No affordable housing units are at-risk of converting to market rate during the Housing Element planning period. The City will proactively monitor these units to encourage continued affordability beyond existing covenants and work proactively with owners of affordable units.

Eight-year Objectives:

- Develop and maintain an AB 987 database to include detailed information on all subsidized units, including those that have affordability covenants.
- Explore funding sources such as HUD Section 208/811 loans, HOPE I and II Homeownership Program funds, HOME funds, CDBG funds, Low-Income Housing Tax Credit Programs, California Housing Financial Agency single-family and multi-family programs, and other applicable programs to stimulate private developer and non-profit entity efforts to develop and finance housing for extremely-low, low and land moderate-income households.
- Proactively monitor opportunity sites that may be no longer available for residential development and identify alternative sites..

Timing: On-going through December 2023; Develop AB 987 database within one year of Housing Element adoption and update annually; Explore available funding sources annually

Responsibility: City staff

Program 2.2b Preservation of Rental Housing: Provide proactive assistance to preserve existing rental housing in the City of Capitola.

Eight-year Objectives:

- Investigate new funding and financing opportunities to encourage the development, through acquisition of existing housing and new construction, of affordable housing projects that provide long-term affordability through homeownership, non-profit ownership and residentially owned cooperatives.

Timing: Investigate new funding and financing opportunities within one year of Housing Element adoption, on-going through December 2023 thereafter

Responsibility: City staff

Policy 2.3 Continue participation in State and federally sponsored programs designed to maintain housing affordability, including the HUD Section 8 rental assistance program.

Program 2.3a Section 8: The Section 8 Rental Assistance Program provides rental subsidies to very low-income households. The program offers a voucher that pays the difference between the current fair market rent established by the Housing Authority and what a tenant can afford to pay (i.e. 30 percent of household income). The voucher allows a tenant to choose housing that costs above the payment standard, provided the tenant pays the extra rent above the payment standard. As the City has little control over how the County's programs are administered, the City will be responsible for providing information to residents. The City will continue to collaborate with the County, State and Federal government to provide and disseminate and distribute information to persons in need of rental assistance.

Eight-year Objectives:

- Continue to participate in the Housing Authority of Santa Cruz County Section 8 Certificate/Voucher Rental Assistance.
- Continue to refer residents to the County program and provide information at City Hall and the City's website.

Timing: On-going through December 2023

Responsibility: City staff

Policy 2.4 Preserve existing unrestricted affordable rental housing during the Housing Element planning period.

Program 2.4a Condominium Conversion Ordinance: The City has a Condominium Conversion Ordinance in place that regulates the conversion of existing multifamily rental housing and nonresidential structures to residential condominium or community apartment projects. The ordinance regulates the conversion of an existing structure containing five or more units. Conversions that are allowed under the Ordinance must mitigate for the loss of rental housing through the dedication of on-site affordable units and/or payment of in-lieu fees into the City's Housing Trust Fund.

Eight-year Objective:

- Continue to implement the Condominium Conversion Ordinance

Timing: On-going through December 2023

Responsibility: City/Redevelopment Agency staff

Policy 2.5 Promote the development of affordable housing on opportunity sites.

Program 2.5a Affordable Housing Development Program: The City will continue to coordinate with property owners, nonprofit housing developers, and others to facilitate development of housing affordable to extremely low, very low, low and moderate income households. To achieve affordability, the City will work with non-profit developers to obtain and/or provide financial assistance to make feasible the development of the Opportunity Sites identified in Appendix F. Funding sources will include: HOME Program, CDBG, CHFA, HELP, Section 8, Section 202, Section 811, the City Housing Trust Fund, Low Income Housing Tax Credit investors, private financing and other available state, federal, and private foundation funding programs and sources.

Eight-year Objective:

- Encourage utilization of the Affordable Housing Overlay Ordinance by non-profit affordable housing developers with an emphasis on the development of new housing opportunities that result in long-term affordable housing. Encourage the production of affordable housing units per the City's 2015-2023 RHNA for very low and low-income housing units (57 units).
- Facilitate the development of affordable housing through the provision of regulatory concessions and density increases under the City's Density Bonus Ordinance.
- Collaborate with non-profit organizations, private developers, employers, special needs groups, state and federal agencies and other interested parties to develop affordable housing.

- Continue to utilize available financing to assist with the planning and development of new affordable housing for all ages and household types. Community Development staff will regularly monitor the variety of federal and state funding sources that are available for affordable housing projects. The annual Housing Element Progress Report will include an analysis of the funding sources that have been applied for and that will become available during the coming year.

Timing: On-going through December 2023 with an annual progress report on potential funding opportunities.

Responsibility: City staff

Policy 2.6 Promote meaningful and informed participation of residents, community groups, and governmental agencies, in local housing and community development activities.

Program 2.6a Public Outreach for Housing and Community Development

Activities: Public workshops and hearings are opportunities for community members to not only learn about certain plans or projects that may affect them in the future, but to let their voices be heard by City officials and staff. The City of Capitola recognizes the importance of community participation in current and future planning projects, and strives to inform and include everyone in the community who may be affected by such projects.

Eight-year Objective:

- Maintain communication channels with City residents, community groups, local housing representatives and other agencies.
- Periodically update the City website to provide accurate and up-to-date information regarding public hearings, community events and City projects
- Organize community workshops for large development projects

Timing: On-going through December 2023; Update the City’s website monthly and/or as needed

Responsibility: City staff

Policy 2.7 Maintain the City’s Housing Trust Fund.

Program 2.7a Housing Trust Fund: The Housing Trust Fund was adopted by the City Council in November 2004 to utilize Inclusionary Housing In-Lieu Fees and to accept donations from individuals and organizations. The Affordable Housing Trust Fund provides the City with a mechanism for accumulating and administering

additional housing resources. These funds can be used as matching funds to State and Federal funding sources.

Eight-Year Objectives:

- Maintain the Housing Trust Fund and utilize the available funds to provide loans and grants through the City’s Housing rehabilitation loan and grant program, to assist with affordable housing project feasibility studies and to assist with the permanent financing of acquisition/rehabilitation projects and new construction affordable housing projects. Housing Trust Funds must be used to assist households with incomes at or below 80% of the area median income (low-income).
- Collect in-lieu fees from the City’s Inclusionary Housing Ordinance to fund the Affordable Housing Trust Fund. Augment the Affordable Housing Trust Fund through researching and applying for State or Federal funding. Continue to utilize the Housing Trust Fund balance to fund The City’s housing rehabilitation projects and affordable housing development projects

Timing: On-going through December 2023

Responsibility: City staff

Policy 2.8 Encourage the production of affordable ownership housing through the City’s Affordable “Inclusionary” Housing Ordinance

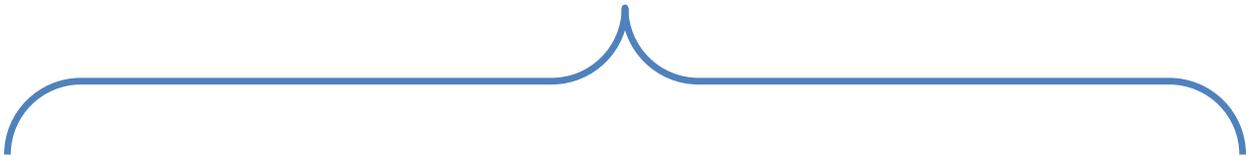
Program 2.8a Inclusionary Housing Ordinance: The Inclusionary Housing Ordinance was established as a means to not only develop affordable housing, but ensure that affordable units were better integrated into the community. The Ordinance requires that 15% of units in a for-sale development of 7 or more units be available to lower income households. If the project is smaller than 7 units they must pay an in-lieu fee in place of affordable units. The in-lieu fees collected from the Inclusionary Housing program are deposited into the City Affordable Housing Trust Fund.

Eight-year Objective:

- Continue to implement the Inclusionary Housing Ordinance.
- Monitor and include an update in the annual Housing Element Progress Report to evaluate any possible impacts on the costs and supply of housing and to evaluate additional incentives that may be needed.

Timing: On-going through December 2023 with an annual progress report on any possible impacts on the costs and supply of housing.

Responsibility: City staff



Goal 3.0 Housing for Persons with Special Needs

Accessible housing and appropriate supportive services that provide equal housing opportunities for special needs populations

Capitola is home to people with special housing needs due to income, family characteristics, disabilities, or other issues. These groups include, but are not limited to seniors, families with children, people with disabilities, single parent families, and people who are homeless or at risk of becoming homeless. Capitola is dedicated to furthering a socially and economically integrated community and therefore is committed to providing a continuum of housing and supportive services to help address the diverse needs of its residents.



Special Housing Needs Policies and Programs

Policy 3.1 Encourage the accessibility and utilization of universal design principals in new housing construction as well as through conversion of existing housing to create environments that can be used by all people.

Program 3.1a Barrier-Free Housing: Through this program, the City promotes implementation of State standards for the provision of disabled accessible units in new developments, and provides technical assistance to prospective homeowners, contractors and developers regarding barrier free housing. This program also provides funding opportunities through the City rehabilitation programs to assist low and moderate income disabled residents modify their homes to improve accessibility.

Eight-Year Objectives:

- Implement State accessibility standards
- Provide technical assistance to encourage barrier free housing

- Provide financial assistance to homeowners and renters, through the City's Housing Rehabilitation Program, to make needed accessibility improvements; Assist 12 households during the planning period.
- Provide information on formal reasonable accommodation procedures at City Hall and on the City's website.

Timing: Provide information on reasonable accommodation procedures at City Hall and on the City's website within one year of Housing Element adoption; All other objectives are on-going through December 2023

Responsibility: City staff

Policy 3.2 Promote fair housing

Program 3.2a Fair Housing: Fair housing information, legal assistance for eligible households, and tenant-landlord dispute mediation are available from the offices of California Rural Legal Assistance (formerly Legal Aid), and the Office of Consumer Affairs in the County District Attorney's office. Information and resources are provided to both tenants and landlords regarding their rights and responsibilities.

Eight-Year Objectives:

- Continue to provide funding to agencies such as California Rural Legal Assistance to assist in resolution of fair housing issues.
- Provide referral services to fair housing information to tenants and landlords.
- Encourage and support the enforcement of laws and regulations prohibiting discrimination in lending practices and in the sale, rental and management of housing.
- Continue to provide informational and educational materials on fair housing services for property owners, apartment managers and tenants at City Hall and the City's website.
- Continue to monitor and respond, as appropriate, to complaints of discrimination, and refer tenants to the California Rural Legal Assistance and the Office of Consumer Affairs for proper intake, investigation and resolution of fair housing complaints.

Timing: On-going through December 2023

Responsibility: City staff

Policy 3.3 Support and facilitate programs that address the housing needs of special needs groups including the elderly population, homeless persons, female-headed households, extremely low-income households, and persons with disabilities, including developmental disabilities.

Program 3.3a Emergency Shelters: In compliance with Senate Bill 2, the City of Capitola has amended the Zoning Code to allow emergency shelters by-right within the Industrial Park (IP) zoning district. This area was selected due to multiple opportunities for vacant or underutilized parcels for the development of new emergency shelters. The City may apply objective development standards to encourage and facilitate the use as provided under Government Code Section 65583(a)(4)(A).

Eight-Year Objectives:

- Continue to monitor the inventory of sites appropriate to accommodate emergency shelters
- Work with the appropriate organizations to ensure the needs of homeless and extremely low-income residents are met
- Prioritize funding and other available incentives for projects that provide housing for homeless and extremely low-income residents whenever possible.

Timing: On-going through December 2023

Responsibility: City staff

Program 3.3b Transitional and Supportive Housing: In compliance with Senate Bill 2, the City of Capitola has amended the Zoning Code to allow transitional and supportive housing by-right in all residential zones, subject to only those regulations that apply to other residential uses of the same type in the same zone.

Eight-Year Objectives:

- Continue to monitor the inventory of sites appropriate to accommodate transitional and supportive housing.
- Prioritize funding and other available incentives for housing projects that provide services to homeless and extremely low-income residents whenever possible.

Timing: On-going through December 2023

Responsibility: City Staff

Program 3.3c Housing for Persons with Developmental Disabilities: The housing needs of persons with developmental disabilities are typically not addressed by Title 24 Regulations, and requires in addition to basic affordability, slight modifications to existing units, and in some instances, a varying range of supportive housing facilities. The design of housing-accessibility modification, the proximity to services and transit, and the availability of group living opportunities represent some of the types of considerations that are important in serving this need group. Incorporating “barrier-free” design in all, new multi-family housing (as required by California and Federal Fair Housing laws) is especially important to provide the widest range of choices for residential with disabilities.

Eight-Year Objectives:

- Seek State and Federal monies, as funding becomes available, in support of housing construction and rehabilitation targeted for persons with developmental disabilities.
- Provide regulatory incentives, such as expedited permit processing, and fee waivers and deferrals, to projects targeted for persons with developmental disabilities.
- Collaborate with the San Andreas Regional Center to implement an outreach program informing households within the City of housing and services available for persons with developmental disabilities.
- Provide information on housing and services available for persons with developmental disabilities at City Hall and on the City’s website.

Timing: On-going through December 2023

Responsibility: City Staff

Program 3.3d Housing for Extremely Low-Income Households: Extremely-low income households and households with special needs have limited housing options in Capitola. Housing types appropriate to these groups include: emergency shelters, transitional and supportive housing, and single-room occupancy (SRO) units. To accommodate this population group, the City has amended the Zoning Code to address these housing types per requirements of SB 2. The City has amended the City’s Zoning Code to allow emergency shelters by-right in at least one zoning district, and to permit transitional and supportive housing in all residential zones by-right without any discretionary action, subject only to those regulations that apply to other residential dwelling units of the same type in the same zone.

Eight-Year Objectives:

- Encourage the development of housing for extremely low-income households by outreaching to housing developers, providing financial or in-kind technical assistance, when available, providing expedited processing, identifying grant and funding opportunities, and offering additional incentives beyond density bonus provisions.

Timing: On-going through December 2023

Responsibility: City Staff

Policy 3.4 Continue the provision of city-initiated incentives, to encourage affordable units in development projects.

Program 3.4a Density Bonus Program: To facilitate development, the City offers developers the opportunity to participate in a Density Bonus Program which provides a density increase of up to 35 percent plus development incentives for qualified affordable projects. To be eligible for the program, the affordable project must contain: (1) at least 10 percent of the units reserved for low-income households; (2) at least 5 percent reserved for very low-income households; or (3) at least 35 units dedicated to senior households. The unit must remain affordable for at least 55 years if the density bonus is granted.

Eight-Year Objectives:

- Provide information on the Density Bonus Program at City Hall and on the City's website.

Timing: Provide information on the Density Bonus Program at City Hall and on the City's website within one year of Housing Element adoption

Responsibility: City staff

Policy 3.5 Support the development of accessible and affordable senior rental housing readily accessible to support services; provide assistance for seniors to maintain and improve their homes.

Policy 3.6 Support the development of accessible and affordable housing that is designed to serve all ages.

Policy 3.7 Facilitate and encourage the development of rental units appropriate for families with children, including the provision of supportive services such as child care.

Policy 3.8 Encourage the integration of special needs housing in residential environments, readily accessible to public transit, shopping, public amenities, and supportive services.

Policy 3.9 Encourage the provision of supportive services for persons with special needs to further the greatest level of independence and equal housing opportunities.

Policy 3.10 Investigate and encourage the development of a variety of housing options for seniors including Congregate Housing, Continuing Care Retirement Communities (CCRCs), Assisted Living, Mobile Home Parks, co-housing, secondary dwelling units and Independent Living.

Policy 3.11 Encourage the establishment of child care centers and family child care homes in all appropriate zoning districts

Program 3.11a Child Care and Day Care Facilities: Capitola recognizes that children represent our future community but also recognizes that existing childcare services and facilities may not be adequate to meet today's demand and that this demand is increasing. To ignore this fact jeopardizes the long-term quality of the City's social, physical, and economic well-being. Thus, the City is committed to making high quality childcare services available, affordable, and accessible to this persons who either live or work in the City and who desire or need such services.

Eight-year Objectives:

- Continue to work with child care providers and the County to promote adequate child care facilities within the community.
- Provide current zoning regulations applicable to child care and daycare facilities information at City Hall and on the City's website. .
- Encourage new development to provide child care and day care facilities through a variety of activities, including outreaching to developers; providing financial or in-kind technical assistance, when available; providing expedited processing, identifying grant and funding opportunities; and providing information on the City's Density Bonus Ordinance.

Timing: Provide information on current zoning regulations applicable to child care and daycare facilities at City Hall and on the City's website within one year of Housing Element adoption; All other objectives are on-going through December 2023

Responsibility: City staff

Goal 4.0 Housing Assistance

Increased Assistance for extremely low, very low, low and moderate income residents to rent or purchase homes

Increases in rents in recent years have placed disproportionate burden on and, in some cases, have displaced lower income residents. Due to rising housing prices and rent levels, lower income households in Capitola, many of whom work and provide critical services in Capitola, may be forced to leave the community to seek affordable housing in neighboring communities. Providing housing assistance, where feasible, helps maintain an economically and socially balanced community.

Housing Assistance Policies and Programs:

Policy 4.1 Maintain the City's rental and ownership assistance programs.

Program 4.1a Security Deposit Program: This program is administered by the County Housing Authority. The objective of this program is to provide extremely low, very low, and low-income households, who may have been homeless or are at risk of becoming homeless, with the funds they need to get into decent rental housing. Expenses eligible for assistance are the security deposit and last month's rent.

Eight-Year Objectives:

- Assist 7-10 households per year during the planning period.
- Continue the funding of the City's Security Deposit Program which offers income-eligible individuals and families assistance to cover the costs of the security deposit for new rental contracts.
- Seek state and federal funding to expand this program.

Timing: On-going through December 2023

Responsibility: City staff

Program 4.1b Emergency Housing Assistance: This program is administered by the Community Action Board (CAB). The objective of this program is to provide emergency, short-term housing payment assistance to lower-income families to prevent eviction or foreclosure leading to homelessness. The assistance granted must be used for the household's rent or mortgage payment in cases where a job loss, medical emergency or similar event has precluded the household from making their regular housing payment. The household must have no other funds available to make this payment, and must be below very low income limits, with either children or a disabled adult in the household.

Eight-Year Objectives:

- Continue the funding of the City's Emergency Housing Assistance program that offers eviction and foreclosure prevention in the form of non-reimbursable grants to eligible applicants.
- Assist 20 households per year during the planning period

Timing: On-going through December 2023

Responsibility: City/Redevelopment Agency staff

Program 4.1c Mortgage Assistance Program: This program provides loans for low and moderate income home buyers to purchase a home in the City. The program is funded by the CDBG grant awarded to the City and administered by the Santa Cruz Housing Authority.

Eight-Year Objectives:

- Assist two households during the planning period
- Continue the funding of the City's Mortgage Assistance program that offers loans for low and moderate income home buyers to purchase a home in the City.
- Continue to seek federal and state grants through programs such as the State's BEGIN program to augment the current City and grant funding for this program

Timing: On-going through December 2023

Responsibility: City staff

Policy 4.2 Explore and pursue City participation in other affordable homeownership assistance programs in the private market.

Policy 4.3 Support the provision of child care services, employment training, rental assistance, and other supportive services to enable households to be self-sufficient.

Policy 4.4 Seek and support collaborative partnerships of nonprofit organizations and the development community to aid in the provision of affordable housing.

Policy 4.5 Prohibit discrimination in all aspects affecting the sale, rental or occupancy of housing based on status or other arbitrary classification.

Goal 5.0 Neighborhood Vitality

Maintain, preserve and improve the character of existing residential neighborhoods

Quality of life is shaped, in part, by neighborhood conditions in Capitola. As an older established and built-out community, Capitola requires concerted effort to encourage the maintenance, rehabilitation, and improvement of housing and the promotion of sustainable, livable neighborhoods in the face of increasing density. In neighborhoods, a continuing focus is needed on upgrading infrastructure, improving community facilities, protecting quality of life, and providing public services. City community development policies seek to balance the need for accommodating new housing, respecting neighborhood character, enhancing infrastructure and public services, and promoting vital residential neighborhoods

Neighborhood Vitality Policies and Programs:

Policy 5.1 Ensure a compatible relationship between new housing and circulation patterns and encourage pedestrian and bicycle friendly communities in order to minimize traffic impacts on quality of life.

Policy 5.2 Protect the integrity of existing single family and multiple family neighborhoods by promoting balanced site design and architecture

Program 5.2a Design Review: Development projects are required to go through the design review process. The design review process reviews development applications to ensure that new proposals are harmonious with Capitola's unique community character.

Eight-Year Objectives:

- Continue to enforce guidelines to control the size, scale and appearance of single family residential development to be compatible with Capitola’s traditional or “cottage” character of neighborhoods.
- Continue to encourage and require sustainable development practices.
- Continue to review new and substantially rehabilitated residential construction to ensure compatibility with existing scale and architectural character of residences in the surrounding neighborhood.
- Continue to enforce guidelines to control the size, scale, massing and appearance of multi-residential development to minimize the impacts of any transition from existing single-family residential districts

Timing: On-going through December 2023

Responsibility: City staff

Policy 5.3 Assist individual neighborhoods in establishing their own identify through the development of neighborhood amenities (pocket parks, lighting, signs, etc.), mixed use neighborhood nodes, and pedestrian and sustainability improvements.

Policy 5.4 Promote the repair, improvement and rehabilitation of housing and encourage replacement of substandard housing to enhance quality of life in neighborhoods.

Program 5.4a Housing Rehabilitation Program: The program is designed to address basic health and safety issues in owner-occupied housing by providing small loans to cover the costs of repairs. Eligibility is restricted to low-income households in Capitola.

Eight-Year Objectives:

- Continue to seek federal and state grants through programs such as the State’s BEGIN program to augment the current City and grant funding for this program.
- Assist 12 low-income households during the planning period through the Housing Rehabilitation program.
- Promote sustainable energy practices and encourage more residents and businesses to utilize sustainable energy technologies such as, rooftop solar photovoltaic systems, solar water heaters, and electric vehicle charging stations.

Timing: On-going through December 2023

Responsibility: City staff

Policy 5.5 Improve the quality of housing and neighborhoods by educating landlords, tenants and property owners about code compliance issues and enforcing compliance with building and property maintenance standards.

Program 5.5a Code Enforcement: The City will continue to implement the code enforcement program. Currently, the City administers the program on a complaint basis, but also provides proactive code enforcement for health and safety violations through the Community Development Department staff. The Community Development Department will implement the City's housing programs and code enforcement activities to preserve and improve Capitola's existing neighborhoods.

Eight-Year Objectives:

- Continue to implement a proactive code enforcement program for health and safety violations through the Building Department and inform residents of rehabilitation assistance when available at City Hall and the City's website.
- Assist 12 households during the planning period through the City's Housing Rehabilitation Program.

Timing: On-going through December 2023

Responsibility: City staff

Goal 6.0 Resource Conservation

Fulfill the City's housing needs while promoting an environmentally sensitive, compact community that is a pedestrian oriented, neighborhood-centered community, using resources in a sustainable manner

Capitola residents benefit from a range of natural features, including hillsides, rivers and streams, and the coastline. These resources enhance quality of life for Capitola residents and make Capitola a popular tourist destination. The City remains committed to protecting the beauty and integrity of its natural environment particularly in light of the need to transition to more energy efficient, pedestrian oriented neighborhoods, continued participation as a tourist destination, anticipated population growth, and other pressures associated with urban life. Balancing environmental preservation and resource conservation with housing goals and the provision of infrastructure and services remains a priority.

Resource Conservation Policies and Programs

Policy 6.1 Encourage the use of alternative modes of transportation

Program 6.1a Alternative Transportation Planning: With the adoption of AB 32 and SB 375, local jurisdictions are beginning to figure out ways in which they can reduce carbon emissions. One of the largest contributors to carbon emissions is automobile use. As a means to prepare for the implementation of SB 375, the City of Capitola will encourage the use of alternative modes of transportation.

Eight-year Objectives:

- Direct higher density housing close to transportation corridors, including bus routes and arterial roadways
- Coordinate with transit service providers to expand service to Capitola's residential and mixed-use districts
- Promote design of new residential development for people rather than for automobiles

Timing: On-going through December 2023

Responsibility: City staff

Policy 6.2 Strive to maintain a jobs/housing balance

Program 6.2a City Jobs/Housing Balance: The quality of life and well being of the community depend in part on the economic well-being of the City and job opportunities for residents. The 2009-2013 American Community Survey estimated that the average commute time for Capitola residents was 26.6 minutes, and that most workers commuted via automobile. By promoting a healthy balance of jobs and housing, it will be possible to reduce commute time for residents, and increase the use of alternative modes of transportation.

Eight-year Objectives:

- Encourage housing in close proximity to employment through encouraging residential-commercial mixed use development.
- Encourage the development of housing that will be affordable to the individuals who are employed in locally-centered jobs.
- Continue the policy to inform and market new affordable housing constructed pursuant to Capitola's housing programs to households that currently live or work in Capitola.
- Periodically conduct a jobs/housing balance study to evaluate the current balance and determine which economic and housing strategies are appropriate.

Timing: On-going through December 2023

Responsibility: City staff

Policy 6.3 Promote Green Building techniques, development and construction standards that provide for resource conservation

Program 6.3a City of Capitola Green Building Program: In response to community interest in promoting Green Building techniques and sustainable construction, the Capitola City Council adopted a Green Building Program in April 2008. The Green Building Program strives to improve our design and construction practices so the buildings we build today will last longer, cost less to operate, and contribute to increase productivity and better working environments for workers or residents. It is also about protecting natural resources and improving the built environment so that ecosystems, people, enterprises and communities can thrive and prosper.

The green building standards apply to all building projects within the City, except for residential additions and/or remodels of less than 350 square feet; non-residential additions and/or remodels less than 1,000 square feet and non-residential tenant improvements.

A point system modeled after the LEED (Leadership in Energy & Environmental Design) program is used for non-residential projects and a similar point system modeled on the Alameda County Waste Management Program is used for residential projects. A three-tier compliance approach is used.

Initially, the Green Building program will serve to set a minimum acceptable standard, educate the community on the benefits of green building and promote the construction of green buildings in the City of Capitola. Over time the necessary number of points and the methods of achieving them can be increased to further affect change and improve the built environment while further protecting our natural resources.

Eight-Year Objectives:

- Encourage and require sustainable development practices.
- Continue to implement the mandatory Green Building Program for all major remodels and new construction.
- Update the Program periodically to reflect and utilize new developments in ecological/sustainable technologies.

Timing: On-going through December 2023

Responsibility: City staff

Policy 6.4 Promote the use of renewable energy technologies (such as solar and wind) in new and rehabilitated housing when possible.

Policy 6.5 Ensure that adequate water supplies and sewer services continue to be available for residents and businesses.

Program 6.5a Adequate Water Supplies and Sewer Services

Eight-year Objective:

- Continue to ensure that water and sewer providers meet their obligation to provide priority to affordable housing projects pursuant to State law.

Timing: On-going through December 2023

Responsibility: City staff

B. Quantified Objectives

Capitola has established quantified objectives for housing production and rehabilitation for the Housing Element. These objectives are based upon expected availability of resources to address the City's housing needs, expectations regarding future housing development, as well as prior objectives established in earlier housing plans.

Housing Production

The Association of Monterey Bay Area Governments (AMBAG) has prepared a Regional Housing Needs Allocation (RHNA) for the period of 2015-2023. The RHNA determines the region's need for housing and allocates a portion to jurisdictions in Monterey and Santa Cruz counties. AMBAG has assigned a housing production goal of 143 units to the City of Capitola.

As illustrated in **Table 6.1** below, Capitola is required to provide adequate sites for the construction of 143 new dwelling units during this planning period. Of these new units, 34 shall be affordable to very low- income households, 23 shall be affordable to low-income households, 26 shall be affordable to moderate-income households, and 60 units shall be affordable to above moderate-income households. The City has planned for significantly more than the opportunity sites required by the RHNA Goals knowing that some of the sites may be developed as market-rate units or for an alternative use during the 2015-2023 planning period. It is expected that new affordable housing will be funded at least in part by public agencies, and will utilize resources such as the Capitola City's Affordable Housing Trust Fund, and federal CDBG and HOME funds among the other funding sources listed in Chapter 4 of this Housing Element.

Table 6.1: RHNA New Housing Construction Needs by Income Group for the City of Capitola

Income Category	RHNA Goals (2015-2023)	City Identified Opportunity Sites	Percentage by Income Group
Extremely Low (0-35% of area median)	17	62	12%
Very Low (35-50% area median)	17		12%
Low (51-80% area median income)	23		16%
Moderate (81-120% area median income)	26	90	18%
Above Moderate (over 120% area median income)	60		42%
Total Housing Unit Construction Need	143	150	100%

Note: The current Planning Period is calculated by AMBAG over an 8-year period, from 2015-2023.

Source: AMBAG Adopted Regional Housing Needs Determinations, June 11, 2014.

Housing Rehabilitation

Housing rehabilitation helps to reduce poor housing conditions, preserve neighborhoods, and contribute to a higher quality of life for all in the community. An example of a successful housing rehabilitation is the Bay Avenue Senior Apartments project. This project is not only the largest affordable housing project in the community, but it has a major rehabilitation component. The \$28 million dollar project will include the rehabilitation or demolition and replacement of 96 existing multi-family units and the construction of an additional 13 new units. The redevelopment program will involve phased construction so that none of the existing residents have to be relocated off-site.

The Bay Avenue Senior Apartments project will undoubtedly serve as a model for future affordable housing development. Due to the high cost and scarcity of land in the City, rehabilitation is not an option, but a necessity. Perhaps the most useful rehabilitation technique used in the Bay Avenue Senior Apartments project was the phased construction. Relocation costs can be prohibitively expensive and especially hard on residents with special needs, so it is advantageous to do a phased construction when working with seniors or persons with disabilities.

In addition to larger acquisition/rehabilitation projects the City will also continue to operate its housing rehabilitation loan and grant program that will provide services on a smaller scale to individual homeowners. If additional funding can be found the City would like to expand this program to include an increased focus on offering energy conservation upgrades to the owners and renting residents of our older existing single-family homes, mobile homes and apartments.

The City was recently awarded \$500,000 in Community Development Block Grant (CDBG) funds to reinstate the Housing Rehabilitation Program. This program is designed to address basic health and safety issues in owner-occupied housing by providing small loans to cover the costs of repairs. Eligibility is restricted to low-income households in Capitola. If possible we would like this program to serve approximately eight to twelve homes (depending on the type of applications received) during the Housing Element planning period.

Table 6.2: Housing Rehabilitation and Improvement Objectives 2015-2023

Target Income Affordability Levels	Housing Rehabilitation Loan and Grant Program
Extremely Low	0
Very Low	0
Low	12
Moderate	0
TOTAL	12

C. Capitola Housing Element Compliance with State Law

Since the 2007-2014 Housing Element, new legislation has been passed that changed the State law to include new requirements. Table 6.3 summarizes the significant new legislation and references how these new requirements are addressed by the City of Capitola. The table is followed by a more detailed description of the legislation, and ways in which the Capitola Housing Element complies with State law.

Table 6.3: Compliance with State Law

State Legislation	Description	Local Compliance
AB 1233	Cumulative RHNA	✓
AB 1866	Second Units	✓
AB 2069	Prohibit Downsizing of residential lots	✓
AB 2280/AB 2222	Density Bonus	✓
SB 2	Emergency Shelters and Transitional and Supportive Housing	✓
SB 375	Reduction of Green House Gas Emissions	✓
SB 520	Constraints Analysis	✓
SB 575	Housing Project Applications	✓
SB 1087	Water and Sewer Priority for Affordable Housing	✓
SB 1818	Revised Density Bonus	✓
SB 2348	Clarification of Requirements for Land Inventory	✓
SB 375	Greenhouse Gas Reduction; Revised RHNA Planning Period and Housing Element Update Schedule	✓

I. AB1233 Cumulative RHNA (Government Code section 65584.09)

Requires that jurisdictions rezone adequate sites within the first year of the planning period to address any shortfall in meeting the RHNA during the prior planning period in addition to meeting the RHNA for the current planning period.

This does not apply to the City of Capitola because there was no shortfall of sites meeting the RHNA obligation for the last planning period.

II. AB1866 Second Units (Government Code section 65852.2; 65583.1)

Requires that jurisdictions with Second Unit ordinances process permits for Second Units ministerially, without discretionary review. The law also requires clarification of how second units are utilized to meet a RHNA obligation based on development trends during the prior planning period.

The City does not require the discretionary review of secondary dwelling units. This said, even though the permit process for Secondary Dwelling Units has been stream-lined, only seven (7) units were built in the 2000-2007 planning period. The number of Secondary Dwelling Units in the 2007-2014 RHNA opportunity site inventory reflects the Secondary Dwelling Unit development trend from the previous planning period.

III. AB2069 Density for non-residential zoned parcels (Government Code section 65863)

State law prohibits a density reduction to a “lower residential density” without a jurisdiction counterbalances the reduction by upzoning elsewhere. The State law extends this requirement to parcels where both residential and non-residential uses are allowed in that it defines “lower residential density” as 80% or lower than the number of residential units allowed under the maximum residential density on those parcels.

The City of Capitola is aware of State law and discourages the downzoning of parcels. The City does not have a history of downzoning, and does not plan to in the future without requiring the upzoning of a separate parcel or area.

IV. AB2280/AB 2222 Density Bonus (Government Code section 65915)

Specifies that jurisdictions that do not adopt density bonus ordinances are still obligated under the State law to comply with State density bonus law. Also, jurisdictions that provide initial subsidies for low and very low income housing under the density bonus regulations may recapture their contribution over 5 rather than 3 years. Concession requests may be denied if the incentive is contrary to state or federal law. Removes the requirement that a waiver may only be requested to ensure a project is economically feasible. Now may request a waiver of any standard that physically precludes construction does not apply to waivers of development standards where doing so would have an adverse impact on public health and safety, the environment or a historic property. Waivers do not reduce the

number of incentives that may be requested. For land donations in exchange for density bonus, the land donated must be zoned at a density that allows for development of low and very low income housing (20 units per acre in Santa Cruz). As well, funding for development of the donated land must be identified by the time the project is approved.

The City of Capitola's Density Bonus Ordinance reflects these changes in State law.

V. SB2 Emergency Shelters and Transitional and Supportive Housing (Government Code section 65583; 65589.5)

Requires that jurisdictions provide a zone district where emergency shelters are allowed without a conditional use permit or other discretionary action. Limits denial of emergency shelters, transitional housing or supportive housing by requiring specific findings. There must be sufficient capacity for emergency shelters including at least one year-round emergency shelter. Requires standards for shelters to be written and objective, and to encourage and facilitate the conversion or development of emergency shelters. Also requires that transitional and supportive housing be considered a residential use.

The City has amended the Zoning Code to meet the requirements of SB 2.

VI. SB375 Reduction of Greenhouse Gas Emissions

Jurisdictions submitting Housing Elements to HCD after March 31, 2009 must comply with the following requirements: specify a timeline for completing each program such that there will be a 'beneficial impact' during the Housing Element planning period; the sites inventory must identify sites by individual parcel number and other specific reference; counties and general law cities must prepare an annual report on the progress of meeting housing element goals, which must be reviewed and discussed at a public hearing.

Timelines for implementation of all programs are included at the end of Chapter 6. The sites inventory in Appendix F includes specific reference for site identification. Annual reports on the Housing Element will be prepared by housing staff in future years.

VII. SB520 Constraints Analysis (Government Code section 65583(a)(4), 65583(c)(3))

Requires analysis of constraints to development, maintenance and improvement of housing for persons with disabilities and local efforts to remove such constraints (through programs) or provide reasonable accommodations for housing designed for persons with disabilities.

The City has amended the Zoning Code to include formal reasonable accommodation procedures.

VIII. SB575 Housing Project Applications (Government Code section 65589.5)

Prohibits disapproval of project applications for housing for farm workers, very low, low and moderate income households, or conditional approval through the use of design standards that renders the project infeasible unless written findings are made.

The City complies with this State law.

IX. SB1087 Water and Sewer Priority for Affordable Housing (Government Code section 65589.7)

Requires jurisdictions to provide a copy of the adopted Housing Element to water and sewer providers. Also requires that water and sewer providers grant priority for service to developments that include housing for lower income households.

The City will provide water and sewer providers with a copy of the adopted Housing Element. Both water districts serving Capitola have policies in place that provide a priority for water credits to be issued to affordable housing projects.

X. SB1818 Density Bonus (Government Code section 65915)

Revised the required affordability percentages for projects to qualify for density bonus. Creates a sliding scale in which projects with less affordable units qualify for a density bonus, and the density bonus increases as the percentage of affordable units increases. Also increases the maximum allowed density bonus to 35%. Jurisdictions must offer one to three incentives instead of just one.

The City's Density Bonus Ordinance reflects these changes in State law.

XI. SB2348 Clarification of Requirements for Land Inventory (Government Code section 65583.2(b))

Identifies specific information to be included in the land inventory such as parcel number, General Plan and zoning designations, parcel size, availability of services, environmental constraints and an evaluation of the potential for new development on small sites, a description of how capacity was determined (such as minimum densities), how affordability level was calculated, existing uses on non-vacant sites and an analysis of the likelihood of the use being replaced with housing recent development trends, market conditions, and incentives for development.

The City includes detailed information in the land inventory in an appendix to the Housing Element including the assumptions utilized in analysis of the sites. (See Appendix F).

APPENDICES

- A.** Glossary of Terms
- B.** Community Outreach Workshop
- C.** Inventory of Opportunity Sites 2015-2023

APPENDIX A

Glossary of Terms

A

Affordable Housing: Housing capable of being purchased or rented by an extremely low, very low, low or moderate income household, based on the household's ability to make monthly payments (of not more than 30% of their gross household income) necessary to obtain housing. For-sale housing is considered affordable when a household pays no more than thirty percent (30%) of its gross monthly income for housing including utilities.

Arterial Street: A street that primarily moves traffic rather than providing access to property and typically has a greater capacity than local and collector streets. Arterial streets are appropriate for bicycle lanes and transit.

C

CEQA: The California Environmental Quality Act (CEQA) is "A California law which sets forth a process for public agencies to make informed decisions on discretionary project approvals. The process aids decision makers to determine whether any environmental impacts are associated with a proposed project. It requires environmental impacts associated with a proposed project to be eliminated or reduced, and that air quality mitigation measures have been implemented" (California State Energy Commission).

Community Care Facility: Any building which is maintained and operated to provide nonmedical residential care, or day-care services for children, adults or children and adults, including, but not limited to, the physically handicapped, mentally impaired, or incompetent persons. This definition and others relating to community care facilities shall be interpreted so as to be consistent with definitions found in state law or state administrative regulations.

D

Dwelling Unit: A building with one or more rooms designed for occupancy by one family (or household) for living or sleeping purposes and having only one kitchen.

Developmental Disability: A disability that originates before an individual attains age 18 years, continues, or can be expected to continue, indefinitely, and constitutes a substantial disability for that individual. As defined by the Director of Developmental Services, in consultation with the Superintendent of Public Instruction, this term shall include mental retardation, cerebral palsy, epilepsy, and autism. This term shall also include disabling conditions found to be closely related to mental retardation or to require treatment similar to that required for individuals with mental retardation, but shall not include other

handicapping conditions that are solely physical in nature. (California Wel & Inst Code Section 4512)

E

Emergency Shelter: Housing with minimal supportive services for homeless persons that is limited to occupancy of six months or less by a homeless person. No individual or household may be denied emergency shelter because of an inability to pay. (Cal Health & Safety Code Section 50801)

F

Fair Housing Act: “Title VIII of the Civil Rights Act of 1968 (Fair Housing Act), as amended, prohibits discrimination in the sale, rental, and financing of dwellings, and in other housing-related transactions, based on race, color, national origin, religion, sex, familial status (including children under the age of 18 living with parents or legal custodians, pregnant women, and people securing custody of children under the age of 18), and handicap (disability)” *US Department of Housing and Urban Development (HUD)*.

Family: A social unit that is related through marriage, domestic partnership, blood or adoption.

Family Day Care Home: A home that regularly provides care, protection and supervision for fourteen (14) or fewer children, in the provider’s own home, for periods of less than twenty-four hours per day, while the parents or guardians are away, and is either a large family day care home or a small family day care home.

Family Day Care Home, Large: A home that provides family day care for up to twelve (12) children, or for up to fourteen (14) if certain criteria are met, as set forth in California Health and Safety Code Section 1597.465 and as defined in state regulations. These capacities include children under age ten (10) who live in the licensee’s home and the assistant provider’s children under age ten (10).

Family Day Care Home, Small: A home that provides family day care for up to six (6) children, or for up to eight (8) children if certain criteria are met, as set forth in California Health and Safety Code Section 1597.44 and as defined in regulations. These capacities include children under age ten who live in the licensee’s home.

G

General Plan: The General Plan is a long-range planning document that serves as the blueprint for a City or County. It consists of seven (7) mandatory elements: Land Use, Housing, Circulation, Open Space, Noise, Safety and Conservation.

H

Household: All those persons, related or unrelated, who occupy a single housing unit.

Household, Extremely Low Income: A household whose annual income, with adjustment for household size, is less than thirty percent (< 30%) of the Santa Cruz County area median income.

Household, Very Low Income: A household whose income, with adjustments for household size, is less than fifty percent (50%) of the Santa Cruz County area median income.

Household, Low Income: A household whose income, with adjustment for household size, is between fifty percent and eighty percent (50%-80%) of the Santa Cruz County area median income.

Household, Moderate Income: A household whose income, with adjustment for household size, is between eighty percent and one hundred twenty percent (80%-120%) of the Santa Cruz County area median income.

Housing Development Project: Any development project requiring a land use permit or approval from the city for: the construction of one or more housing units including single-family residences, condominiums, townhouses and apartments; the division of land into one or more residential parcels; the subdivision of mobile home parks; the conversion of one or more apartments to one or more condominiums; a demolish/rebuild of an existing housing unit, or a structural addition to an existing housing unit which will result in a fifty percent (\geq 50%) or greater increase in the housing unit's square footage.

Housing Element: The Housing Element is one of the seven mandated elements of the local General Plan, and the only one that is required to be updated by State law. Housing Element law, enacted in 1969 mandates that local governments adequately plan to meet the existing and projected housing needs of all economic segments of the community. The Housing Element must be internally and externally consistent, in other words the document may not contradict itself or other elements of the General Plan.

I

Inclusionary Housing: Dwelling units that were developed in accordance with the Capitola Affordable (Inclusionary) Housing Ordinance. For sale projects in which there are seven or more units are required to provide fifteen percent (15%) of the units for moderate, low, very low or extremely low income households. Inclusionary units remain resale restricted for the life of the project and must be owner occupied.

K

Kitchen: Any room or part of a room used or intended or designed to be used for cooking or the preparation of food for a single dwelling unit, and distinct from a “mini-bar/convenience area” which is intended as a supplemental food preparation area within a single-family home.

L

Lot: A parcel of land under one ownership occupied or capable of being occupied by a building and its accessory buildings, together with such open spaces as are required under the regulations of Title 24, and having its principal frontage upon a street or place, but not including an alley.

P

Parking Space: Land or space privately owned, covered or uncovered, laid out for, surface, and used or designed to be used for temporary parking or storage of standard motor vehicles.

Prospective Site: A parcel or area of land that has been developed but has the capacity to undergo additional development.

R

Reasonable Accommodation: A request for reasonable accommodation may include a modification or exception to the rules, standards and practices for the siting, development and use of housing or housing-related facilities that would eliminate regulatory barriers and provide a person with a disability equal opportunity to housing of their choice

Regional Housing Needs Assessment (RHNA): The State determines the projected regional housing need for each part of California. Each Council of Government (in our case, the Association of Monterey Bay Area Governments) allocates the region’s housing need, or “Fair share Allocation” among its member jurisdictions. In the 2000-2007 Housing Element the City of Capitola’s RHNA allocation was 337 units. The City of Capitola received a 143-unit allocation in the current RHNA cycle. The City’s Housing Element is required to include plans to accommodate the current RHNA obligation.

S

Secondary Dwelling Unit (SDU): Commonly called a “granny unit” a Secondary Dwelling is a self-contained second smaller unit of housing built on a single family lot or within a single family house or garage. Secondary Dwelling units allow elders to remain at home,

offers youth a starting place in their community and allows neighborhoods to absorb growth gracefully while protecting their integrity, scale and streetscape.

Single-Room-Occupancy (SRO): A cluster of residential units of a smaller size than normally found in multiple dwellings within a residential hotel, motel, or facility providing sleeping or living facilities in which sanitary facilities and kitchen or cooking facilities may be provided within the unit or shared within the housing project.

Supportive Housing: Housing with no limit on length of stay, that is occupied by the **target population**, and that is linked to onsite or offsite services that assist the supportive housing resident in retaining the housing, improving his or her health status, and maximizing his or her ability to live and, when possible, work in the community. (California Health and Safety Code Section 50675.14)

I

Target Population: Adults with low incomes having one or more disabilities including mental illness, HIV or AIDS, substance abuse, or other chronic health conditions, or individuals with a **developmental disability** and may, among other populations, include families with children, elderly persons, young adults aging out of the foster care system, individuals exiting from institutional settings, veterans, or homeless people. (California Health and Safety Code Section 53260)

Transitional Housing: Buildings configured as rental housing developments, but operated under program requirements that call for the termination of assistance and recirculation of the assisted unit to another eligible program recipient at some predetermined future point in time, which shall be no less than six months. (California Health and Safety Code Section 50675.2)

Transit Oriented Development: A residential, commercial or mixed-use development that is built in close proximity to public transportation/transit and maximizes access and ridership of public transportation/transit.

Transportation Corridor, Multi-Modal: An arterial street that can accommodate various modes of transportation including but not limited to automobiles, bicycles, light rail and buses.

U

Universal Design: The design of environments that can be used by all people to the greatest extent possible without the need for adaptation or specialized design.

APPENDIX B

Public Workshop I

The City held a Housing Element Community Workshop on March 4, 2015 at 6:00pm in the City's Council Chambers. The workshop was widely publicized through newspaper advertisements, direct mailers, the City's website, and fliers posted at key locations throughout the City. The meeting was professionally facilitated and involved both a presentation and an interactive exercise to encourage participation.

Participants identified current and future housing issues in the City and available opportunities to address housing challenges. Resident and stakeholder comments are provided in verbatim below.

Challenges:

- Nimby ("Not In My Backyard")
 - "Not In My Backyard" mindset in regards to Section 8 low-income housing overlay
- Lifestyle Changes/Change in Housing Preferences
- Code Enforcement
 - Code requirements that limit housing options
 - "Traditional" view of what housing is?
 - Options in design
- Gentrification
- Challenge in Keeping Units Affordable
- Available Sites
 - Lack of inventory especially in regards to owners participating in Section 8/HUD
 - Availability
 - Lack of Developable Sites
- Affordability
 - Low rent for students, low wage workers
 - Keeping units affordable
 - All forms of housing types
 - Rental rates
- Mixed-Use
 - Housing mixed-in with commercial uses
 - Parking
 - Economic Development
 - Business area activity v. residential
- Need to Reflect True Growth of City/Region
 - Population decreasing AMBAG no remain same!

Opportunities:

- Surf and Sand Area
 - Change from mobile home development
 - Mixed-use housing
 - Low-income preservation
 - Land use opportunities
- Affordable Housing Overlay
 - If we stay within the current overlay, there shouldn't be a lot of opposition
- Available Sites in Non-Traditional Spaces or Design
- Vacation Rentals
 - Code to reduce vacation rentals
- Second Units
 - ADU (accessory dwelling unit) infill
 - Affordability tool
 - Quality of existing
- Affordable Low-Income
- Mixed-Use
 - Zoning for mixed-use
 - Develop mixed-use areas unique to Capitola
 - Mixed-use
 - Convenience of mixed-use
 - Housing in commercial slows down activity- transportation- go walking
- Incentives
 - Programs to encourage development
- With housing numbers conforming, is this the effort to do nothing and wait for development of identified sites?

APPENDIX C
Inventory of Opportunity Sites 2015-2023

AFFORDABLE HOUSING OVERLAY (Multi-Family Residential Zones)

Site	Total Built and Projected Units		Notes	Parcel Size	Zoning District	General Plan	Allowable Density with Current Zoning	Total Units	Net Units	Net Units Expected
	EL-Extremely Low VL-Very Low L-Low M-Moderate AB-Above Moderate									
600 Park 036-151-15	EL	0	Underutilized land. Developed in 1960s with 20 1-story building containing a total of 80 units; 64 1-bedroom, 16, 2-bedroom units	6.8 acres	RM-LM	R-H (Pending Coastal Commission certification)	Maximum of 20 du/a	133 (based on study)	33	33***
	VL	0								
	L	16								
	M	17								
	AM	0								
822 Bay Avenue 036-011-28	EL	4	Site constraint: currently commercial use	3.09 acres	AR/RM-LM	R-H (Pending Coastal Commission certification)	Maximum of 20 du/a	61	61	61
	VL	26								
	L	16								
	M	15								
	AM	0								

Total Expected Units from the Affordable Housing Overlay = 94	EL	4
	VL	26
	L	32
	M	32
	AM	0

COMMERCIAL ZONING DISTRICTS

Site	Number of Net Units @ Build Out		Notes	Parcel Size	Zoning District	General Plan	Allowable Density with Current Zoning	Total Units	Net Units	Net Units Expected
	VL-Very Low L-Low M-Moderate AB-Above Moderate									
1575 38 th Avenue 034-181-17	VL	0	West of Chinese Village	0.7	CN	C-LC	**25 du/a	17.5	17	8
	L	0								
	M	2								
	AM	6								
3780 Capitola Road 034-181-09	VL	0	Same property owner for 034-181-09 & 15	0.51	CN	C-LC	**25 du/a	12.75	12	6
	L	0								
	M	2								
	AM	4								
3754 Capitola 034-181-15	VL	0	East of Chinese Village Restaurant	0.42	CN	C-LC	**25 du/a	10.5	10	5
	L	0								
	M	1								
	AM	4								
034-111-44	VL	0	Underutilized	0.01	CN	C-LC	**25 du/a	0.25	0	0
	L	0								
	M	0								
	AM	0								
4250 Capitola Road 034-111-43	VL	0	Underutilized	0.91	CN	C-LC	**25 du/a	22.75	22	11
	L	0								
	M	2								
	AM	9								
4300 Capitola Road 034-111-34	VL	0	Underutilized	0.33	CN	C-LC	**25 du/a	8.25	8	4
	L	0								
	M	1								
	AM	3								

4310 Capitola Road 034-111-33	VL	0	Underutilized	0.31	CN	C-LC	**25 du/a	7.75	7	4
	L	0								
	M	1								
	AM	3								

Total Expected Units from mixed-use development in the CC, CN, CR and PO Zoning Districts = 38	VL	0
	L	0
	M	9
	AM	29

SECONDARY DWELLING UNITS

Site	Total Built and Projected Units		Notes	Parcel Size	Zoning District	General Plan	Allowable Density with Current Zoning	Total Units	Net Units	Net Units Expected
	VL-Very Low	L-Low								
Citywide	VL	0	Expect 6 secondary dwelling units to be built between 2007-2014	N/A	R-1	R-LM	5-10 du/a	6	6	6
	L	0								
	M	6								
	AM	0								

Total Expected Units from Secondary Dwelling Units = 6	VL	0
	L	0
	M	6
	AM	0

VANCANT/UNDERUTILIZED RESIDENTIAL LAND

Site	Number of Net Units @ Build Out		Notes	Parcel Size	Zoning District	General Plan	Allowable Density with Current Zoning	Total Units	Net Units	Net Units Expected
	VL-Very Low L-Low M-Moderate AB-Above Moderate									
4191 Clares Street 034-222-17	VL	0	Underutilized land; 1 SFR	0.71	R-1	R-LM	5-10 du/a	7	6	1
	L	0								
	M	0								
	AM	1								
1771 44 th Avenue 034-122-01	VL	0	Underutilized	0.23	R-1	R-LM	5-10 du/a	2.27	1.27	1
	L	0								
	M	0								
	AM	1								
44 th Avenue 034-122-22	VL	0	Vacant	0.14	R-1	R-LM	5-10 du/a	1.43	1.43	1
	L	0								
	M	0								
	AM	1								
3120 Capitola Road 034-281-27	VL	0	Underutilized	0.46	R-1	R-LM	5-10 du/a	4.6	4.6	1
	L	0								
	M	0								
	AM	4								
2052 Edmund Lane 034-412-56	VL	0	Vacant	0.13	R-1	R-LM	5-10 du/a	1.3	1.3	1
	L	0								
	M	0								
	AM	1								
603 Burlingame Avenue 035-302-14	VL	0	Underutilized	0.37	R-1	R-LM	5-10 du/a	3.7	2.7	1
	L	0								
	M	0								
	AM	2								

4148 Clares Street 034-201-21	VL	0	Underutilized	0.36	RM-M	R-M	10-15 du/a	5.4	3.4	2
	L	0								
	M	0								
	AM	1								
4160 Clares Street 034-201-22	VL	0	Underutilized	0.27	RM-M	R-M	10-15 du/a	4.05	3.05	1
	L	0								
	M	3								
	AM	0								
4172 Clares Street 034-201-23	VL	0	Underutilized	0.38	RM-M	R-M	10-15 du/a	5.7	3.7	2
	L	0								
	M	3								
	AM	0								
1941 42 nd Avenue 034-201-30	VL	0	Underutilized	0.18	RM-M	R-M	10-15 du/a	2.7	1.7	0
	L	0								
	M	0								
	AM	1								
506 Pine Street 036-022-10	VL	0	Underutilized	0.29	RM-M	R-M	10-15 du/a	4.35	3.35	2
	L	0								
	M	3								
	AM	0								

Total Expected Units from Vacant/Underutilized Residential Land = 13	VL	0
	L	0
	M	13
	AM	15

* Expected Net units in the R-1 zoning district were determined by assuming that any parcel would have a maximum of two units. The units in the RM-M zoning district were calculated at roughly 50% development rate.

** Secondary Dwelling Units are naturally affordable to moderate income households due to the unit size.

***600 Park Avenue could be built at 20 units/acre to provide for a net of 56 units. However, 33 units are anticipated due to the rehabilitation/phased nature of the project.

SUMMARY OF OPPORTUNITY SITES

Affordability Level	RHNA Requirement	# Units Developed	# Units with Affordable Housing Overlay	Commercial Zoning Districts	Secondary Dwelling Units	Vacant/ Underutilized Land	Total Units
Extremely Low	17	0	30	0	0	0	30
Very Low	17	0		0	0	0	
Low	23	0	32	0	0	0	32
Moderate	26		32	9	6	7	54
Above Moderate	60	5	0	29	0	7	41
TOTAL	143	5	94	38	6	14	157

APPENDIX D
**October 6, 2015 Letter from the State Department of Housing
and Community Development**

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT**

2020 W. El Camino Avenue, Suite 500
Sacramento, CA 95833
(916) 263-2911 / FAX (916) 263-7453
www.hcd.ca.gov



October 6, 2015

Mr. Richard Grunow, Director
Community Development Department
City of Capitola
420 Capitola Ave,
Capitola, California 95010

Dear Mr. Grunow:

RE: Review of the City of Capitola's 5th Cycle (2015-2023) Draft Housing Element

Thank you for submitting Capitola's draft housing element update which was received for review on August 8, 2015, along with revisions received on October 5, 2015. Pursuant to Government Code (GC) Section 65585(b), the Department is reporting the results of its review. Our review was facilitated by a conversation on September 29, 2015 with you and Ms. Arlene Granadosin, City consultant.

The draft element with revisions meets the statutory requirements of State housing element law. This finding was based on, among other reasons, Capitola's demonstration of adequate sites, particularly for lower-income households. The element will comply with State housing element law (GC, Article 10.6) when the draft element and revisions are adopted and submitted to the Department, in accordance with GC Section 65585(g).

The Department conducted a streamlined review of the draft housing element based on the City meeting all eligibility criteria detailed in the Department's Housing Element Update Guidance.

To remain on an eight year planning cycle, pursuant to Senate Bill 375 (Chapter 728, Statutes of 2008) the City must adopt its housing element within 120 calendar days from the statutory due date of December 31, 2015 for AMBAG localities. If adopted after this date, GC Section 65588(e)(4) requires the housing element be revised every four years until adopting at least two consecutive revisions by the statutory deadline. For more information on housing element adoption requirements, please visit the Department's website at: http://www.hcd.ca.gov/hpd/hrc/plan/he/he_review_adoptionsteps110812.pdf.

Public participation in the development, adoption and implementation of the housing element is essential to effective housing planning. Throughout the housing element process, the City must continue to engage the community, including organizations that represent lower-income and special needs households, by making information regularly available and considering and incorporating comments where appropriate.

The Department appreciates the hard work and dedication Ms. Arlene Granadosin and you provided in preparation of the housing element and looks forward to receiving Capitola's adopted housing element. If you have any questions or need additional technical assistance, please contact James Johnson, of our staff, at (916) 263-7426.

Sincerely,

A handwritten signature in blue ink, appearing to read "Paul McDougall", with a stylized flourish at the end.

Paul McDougall
Housing Policy Manager

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APPENDIX E
November 24, 2015 City Council Resolution 4038

RESOLUTION NO. 4038

**RESOLUTION OF THE CAPITOLA CITY COUNCIL
 APPROVING AN ADDENDUM TO THE GENERAL PLAN UPDATE ENVIRONMENTAL
 IMPACT REPORT AND AMENDING THE CITY'S GENERAL PLAN
 BY RESCINDING THE 2007-2014 HOUSING ELEMENT AND ADOPTING THE 2015-2023
 HOUSING ELEMENT AND AUTHORIZING THE COMMUNITY DEVELOPMENT DIRECTOR
 TO SUBMIT IT TO THE STATE DEPARTMENT
 OF HOUSING AND COMMUNITY DEVELOPMENT FOR CERTIFICATION**

WHEREAS, the City of Capitola recognizes its responsibility to plan for the housing needs of the community; and

WHEREAS, the Housing Element of the General Plan sets forth City policies that will direct City action toward the provision of housing in the community; and

WHEREAS, Section 65580 of the Government Code of the State of California sets forth the requirements for the preparation and adoption of the Housing Element of the General Plan; and

WHEREAS, an Addendum to the General Plan Update Environmental Impact Report was prepared for the 2015-2023 Housing Element in accordance with State law and CEQA Guidelines; and

WHEREAS, consistent with CEQA and City Guidelines, it was determined that there is no substantial evidence that the 2015-2023 Housing Element will have a significant effect on the environment; and

WHEREAS, the City Council held a public hearing on July 23, 2015 and accepted a Draft 2015-2023 Housing Element and directed staff to submit it to Housing and Community Development (hereafter "HCD") for review; and

WHEREAS, the Draft 2015-2023 Housing Element was submitted to and reviewed by HCD and subsequently revised to respond to comments submitted by HCD; and

WHEREAS, the Planning Commission held a public hearing to review and consider the Draft 2015-2023 Housing Element on November 5, 2015, and recommended the City Council approve the Addendum to the General Plan Update Environmental Impact Report and adopt the Draft Housing Element; and

WHEREAS, the City Council held a public hearing to review and consider the Draft 2015-2023 Housing Element on November 24, 2015, approve the Addendum to the General Plan Update Environmental Impact Report, and adopt the 2015-2023 Housing Element; and

WHEREAS, the City Council now finds:

1. The proposed General Plan amendment is deemed to be in the public interest. Availability of housing is a vital issue of local and statewide importance. The Housing Element makes adequate provisions for the existing and projected housing needs for all economic segments of the community. The housing element also is in the public interest since it addresses regional housing needs.
2. The proposed General Plan amendment is consistent and compatible with the rest of the existing General Plan and any implementation programs that may be affected. The 2015-2023 Housing Element replaces the 2007-2014 Housing Element in the General Plan. Most of the policies, programs, and objectives are similar in both elements. The 2015-2023 Housing Element is consistent with the Land Use Element since no land use amendments will be necessary. The Housing Element is also consistent with the Circulation Element with no significant circulation impacts being identified in the Addendum to the General Plan Update Environmental Impact Report.

- 3. The potential impacts of the proposed amendment have been assessed and have been determined not to be detrimental to the public health, safety, or welfare. It is intended to promote the housing needs of the community, including safe housing conditions and vital neighborhoods.
- 4. The Housing Element was prepared in accordance with California Government Code Sections 65580-65589.8 and reviewed by the State Department of Housing and Community Development as required by State law. An Addendum to the General Plan Update Environmental Impact Report was completed consistent with CEQA Guideline requirements. The Planning Commission has considered the Addendum to the General Plan Update Environmental Impact Report and finds, based on the entire record before it, that there is no substantial evidence that the project will have a significant effect on the environment, and that the Addendum reflects the City's independent judgment and analysis.

WHEREAS, City Council has considered the Addendum to the General Plan Update Environmental Impact Report, together with the supporting documentation provided, and based on the basis of the whole record before the Council, finds there is no substantial evidence that the amendment will have a significant effect on the environment and that the Addendum reflects the City's independent judgment and analysis.

NOW, THEREFORE, BE IT HEREBY RESOLVED by the City Council of the City of Capitola as follows:

- (a) The Addendum to the General Plan Update Environmental Impact Report for the 2015-2023 Housing Element is hereby approved;
- (b) The City's General Plan is hereby amended to rescind the 2007-2014 Housing Element and adopt the 2015-2023 Housing Element; and
- (c) The Community Development Director is hereby authorized and directed to submit the 2015-2023 Housing Element to the State Department of Housing and Community Development for final certification.

I HEREBY CERTIFY that the above and foregoing resolution was passed and adopted by the City Council of the City of Capitola at its regular meeting held on the 24th day of November, 2015, by the following vote:

AYES: Council Members Bertrand, Harlan, Termini, Bottorff, and Mayor Norton
NOES: None
ABSENT: None
ABSTAIN: None


 Dennis Norton, Mayor

ATTEST: 
 Susan Sneddon, City Clerk

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