

City of Capitola Council Meeting Agenda



Mayor: Yvette Brooks
Vice Mayor: Sam Storey
Council Members: Jacques Bertrand
Margaux Keiser
Kristen Petersen

THURSDAY, OCTOBER 28, 2021

REGULAR MEETING - 7 PM

CLOSED SESSION - 6:15 PM

An announcement regarding the items to be discussed in Closed Session will be made in the City Hall Council Chambers prior to the Closed Session. Members of the public may, at this time, address the City Council on closed session items only. There will be a report of any final decisions in City Council Chambers during the Open Session Meeting.

**CONFERENCE WITH LABOR NEGOTIATORS
(Gov't Code § 54957.6)**

Negotiators: Larry Laurent

Employee Organizations: (1) Association of Capitola Employees; (2) Police Captains; (3) Mid-Management Group; (4) Department Heads; (5) Confidential Employees; (6) Capitola Police Officers Association

REGULAR MEETING OF THE CAPITOLA CITY COUNCIL - 7 PM

All correspondences received prior to 5:00 p.m. on the Wednesday preceding a Council Meeting will be distributed to Councilmembers to review prior to the meeting. Information submitted after 5 p.m. on that Wednesday may not have time to reach Councilmembers, nor be read by them prior to consideration of an item. All matters listed on the Regular Meeting of the Capitola City Council Agenda shall be considered as Public Hearings.

1. ROLL CALL AND PLEDGE OF ALLEGIANCE

Council Members Kristen Petersen, Jacques Bertrand, Margaux Keiser, Sam Storey, and Mayor Yvette Brooks

2. REPORT ON CLOSED SESSION

3. ADDITIONAL MATERIALS

Additional information submitted to the City after distribution of the agenda packet.

4. ADDITIONS AND DELETIONS TO AGENDA

5. ORAL COMMUNICATIONS

Please review the Notice of Remote Access for instructions. Oral Communications allows time for members of the Public to address the City Council on any "Consent Item" on tonight's agenda, or on any topic within the jurisdiction of the City that is not on the "General Government/Public Hearings" section of the Agenda. Members of the public may speak for up to three minutes, unless otherwise specified by the Mayor. Individuals may not speak more than once during Oral Communications. All speakers must address the entire legislative body and will not be permitted to engage in dialogue. A MAXIMUM of 30 MINUTES is set aside for Oral Communications.

6. STAFF / CITY COUNCIL COMMENTS

City Council Members/Staff may comment on matters of a general nature or identify issues for staff response or future council consideration. No individual shall speak for more than two minutes.

7. CONSENT ITEMS

All items listed as "Consent Items" will be enacted by one motion in the form listed below. There will be no separate discussion on these items prior to the time the Council votes on the action unless members of the City Council request specific items to be discussed for separate review. Items pulled for separate discussion will be considered following General Government. Note that all Ordinances which appear on the public agenda shall be determined to have been read by title and further reading waived.

- A. Consider the October 14, 2021, City Council Meeting Minutes
RECOMMENDED ACTION: Approve minutes.
- B. Planning Commission Action Minutes
RECOMMENDED ACTION: Receive minutes.
- C. Approval of City Check Registers Dated September 17, September 24, October 1 and October 8.
RECOMMENDED ACTION: Approve check registers.
- D. Consider the 2022 Meeting Schedule for the City Council/Successor Agency
RECOMMENDED ACTION: Adopt the recommended regular meeting schedule for 2022.
- E. Consider a Resolution Establishing Holidays and City Hall Closures for 2022
RECOMMENDED ACTION: Adopt the proposed resolution designating the holidays and closures for 2022.
- F. Digital Reading Hardware and Software Reimbursement Policy
RECOMMENDED ACTION: Approve updated Administrative Policy V-10: Digital Reading Hardware and Software Reimbursement Policy.
- G. Consideration of second readings of an ordinance amending Chapter 18.02 Affordable (Inclusionary) Housing and an ordinance adding Chapter 18.05 for Affordable Housing Impact Fees and a resolution adopting updated affordable housing fees
RECOMMENDED ACTION:

CAPITOLA CITY COUNCIL REGULAR MEETING AGENDA
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1. Adopt, by title only, waiving further reading of the text, an ordinance amending chapter 18.02 of the Capitola Municipal Code, Affordable (Inclusionary) Housing
 2. Adopt, by title only, waiving further reading of the text, an ordinance adding Chapter 18.05 of the Capitola Municipal Code, Affordable Housing Impact Fees
 3. Adopt proposed resolution amending the City fee schedule to amend inclusionary housing in-lieu fees and add affordable housing impact fees
- H. Consider an Ordinance Adding Chapter 9.62 Film Permits to Capitola Municipal Code
RECOMMENDED ACTION: Introduce for first reading, by title only, waiving further reading of the text, an ordinance adding Chapter 9.62.
- I. Consider Adoption of an Uncodified Library Lease Ordinance
RECOMMENDED ACTION: Adopt, by title only, waiving further reading of the text, an uncodified ordinance allowing the City to enter a lease with a term in excess of 55 years and authorizing a 99-year lease with Santa Cruz County for the Capitola Library.
- J. Receive Update on Pandemic Response
RECOMMENDED ACTION: Make the determination that all hazards related to the worldwide spread of the coronavirus (COVID-19) as detailed in Resolution No. 4168 adopted by the City Council on March 12, 2020, still exist and that there is a need to continue action.

8. GENERAL GOVERNMENT / PUBLIC HEARINGS

All items listed in "General Government" are intended to provide an opportunity for public discussion of each item listed. The following procedure pertains to each General Government item: 1) Staff explanation; 2) Council questions; 3) Public comment; 4) Council deliberation; 5) Decision.

- A. Donations Report 2021
RECOMMENDED ACTION: Receive the donations and contributions report.
- B. Determine Award Amounts for Community Grants - Community Action Board
RECOMMENDED ACTION: Consider the recommendation of the Community Grant Subcommittee to award the Community Action Board of Santa Cruz County \$1567.00 as part of the Community Grant Program.
- C. Determine Award Amounts for Community Grants - Monterey Bay National Marine Sanctuary Foundation
RECOMMENDED ACTION: Consider the recommendation of the Community Grant Subcommittee to award the Monterey Bay National Marine Sanctuary Foundation \$2000 as part of the Community Grant Program.
- D. Determine Award Amounts for Community Grants
RECOMMENDED ACTION: Consider Community Grant Award recommendations from the Community Grant Subcommittee for all other program applicants.

9. ADJOURNMENT

NOTICE OF REMOTE ACCESS

In accordance with California Senate Bill 361, the Capitola City Council meeting is not physically

CAPITOLA CITY COUNCIL REGULAR MEETING AGENDA
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open to the public and in person attendance cannot be accommodated.

To watch:

- Online <http://capitolaca.iqm2.com/Citizens/Default.aspx>
- Spectrum Cable Television channel 8

To join Zoom:

- Join the Zoom Meeting by clicking the following link:
<https://us02web.zoom.us/j/82955655306?pwd=VDFYMDFtS3FHZi9lUVkwUzdTTG5pZz09>
- If prompted for a passcode, enter **960777**
- **-OR-** With a landline or mobile phone, call one of the following numbers:
 - **1 669 900 6833**
 - **1 408 638 0968**
 - **1 346 248 7799**
- Enter the meeting ID number: **829 5565 5306**
- When prompted for a Participant ID, press #

To submit public comment:

When submitting public comment, one comment (via phone **or** email, not both), per person, per item is allowed. If you send more than one email about the same item, the last received will be read.

- Zoom Meeting (Via Computer or Phone) Link:
 - IF USING COMPUTER:
 - § Use participant option to “raise hand” during the public comment period for the item you wish to speak on. Once unmuted, you will have up to 3 minutes to speak
 - IF CALLED IN OVER THE PHONE:
 - § Press *9 on your phone to “raise your hand” when the mayor calls for public comment. Once unmuted, you will have up to 3 minutes to speak
- Send Email:
 - During the meeting, send comments via email to publiccomment@ci.capitola.ca.us
 - § Emailed comments on items will be accepted after the start of the meeting until the Mayor announces that public comment for that item is closed.
 - § Emailed comments should be a maximum of 450 words, which corresponds to approximately 3 minutes of speaking time.
 - § Each emailed comment will be read aloud for up to three minutes and/or displayed on a screen.
 - § Emails received by publiccomment@ci.capitola.ca.us outside of the comment period outlined above will not be included in the record.

Note: Any person seeking to challenge a City Council decision made as a result of a proceeding in which, by law, a hearing is required to be given, evidence is required to be taken, and the discretion in the determination of facts is vested in the City Council, shall be required to commence that court action within ninety (90) days following the date on which the decision becomes final as provided in Code of Civil Procedure §1094.6. Please refer to code of Civil Procedure §1094.6 to determine how to calculate when a decision becomes “final.” Please be advised that in most instances the decision become “final” upon the City Council’s announcement of its decision at the completion of the public hearing. Failure to comply with this 90-day rule will preclude any person from challenging the City Council decision in court.

CAPITOLA CITY COUNCIL REGULAR MEETING AGENDA
October 28, 2021

Notice regarding City Council: The City Council meets on the 2nd and 4th Thursday of each month at 7:00 p.m. (or in no event earlier than 6:00 p.m.), in the City Hall Council Chambers located at 420 Capitola Avenue, Capitola.

Agenda and Agenda Packet Materials: The City Council Agenda and the complete Agenda Packet are available for review on the City's website: www.cityofcapitola.org and at Capitola City Hall prior to the meeting. Agendas are also available at the Capitola Post Office located at 826 Bay Avenue, Capitola. Need more information? Contact the City Clerk's office at 831-475-7300.

Agenda Materials Distributed after Distribution of the Agenda Packet: Pursuant to Government Code §54957.5, materials related to an agenda item submitted after distribution of the agenda packet are available for public inspection at the Reception Office at City Hall, 420 Capitola Avenue, Capitola, California, during normal business hours.

Americans with Disabilities Act: Disability-related aids or services are available to enable persons with a disability to participate in this meeting consistent with the Federal Americans with Disabilities Act of 1990. Assisted listening devices are available for individuals with hearing impairments at the meeting in the City Council Chambers. Should you require special accommodations to participate in the meeting due to a disability, please contact the City Clerk's office at least 24 hours in advance of the meeting at 831-475-7300. In an effort to accommodate individuals with environmental sensitivities, attendees are requested to refrain from wearing perfumes and other scented products.

Televised Meetings: City Council meetings are cablecast "Live" on Charter Communications Cable TV Channel 8 and are recorded to be rebroadcasted at 8:00 a.m. on the Wednesday following the meetings and at 1:00 p.m. on Saturday following the first rebroadcast on Community Television of Santa Cruz County (Charter Channel 71 and Comcast Channel 25). Meetings are streamed "Live" on the City's website at www.cityofcapitola.org by clicking on the Home Page link "**Meeting Agendas/Videos**." Archived meetings can be viewed from the website at any time.



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF OCTOBER 28, 2021

FROM: City Manager Department

SUBJECT: Consider the October 14, 2021, City Council Meeting Minutes

RECOMMENDED ACTION: Approve minutes.

DISCUSSION: Attached for Council review and approval are the minutes from the regular City Council meeting held on October 14, 2021.

ATTACHMENTS:

1. 10-14-21 draft

Report Prepared By: Chloe Woodmansee
City Clerk

Reviewed and Forwarded by:

A handwritten signature in black ink, appearing to be "J. Goldstein".

Jamie Goldstein, City Manager

10/20/2021

**CAPITOLA CITY COUNCIL
DRAFT REGULAR MEETING MINUTES
THURSDAY, OCTOBER 14, 2021 - 7 PM**

CLOSED SESSION

CONFERENCE WITH REAL PROPERTY NEGOTIATORS [Govt. Code § 54956.8]

Property: 4400 Jade Street, Capitola, CA 034-551-02 & 034-551-03

City Negotiator: Jamie Goldstein, City Manager

Negotiating Parties: Soquel Union Elementary School District

Under Negotiation: Price and terms of agreement

LIABILITY CLAIMS [Govt. Code § 54956.95]

Claimant: Sheri Milazzo

Agency claimed against: City of Capitola

REGULAR MEETING OF THE CAPITOLA CITY COUNCIL - 7 PM

1. ROLL CALL AND PLEDGE OF ALLEGIANCE

Council Member Jacques Bertrand: Remote, Council Member Kristen Petersen: Remote, Vice Mayor Sam Storey: Remote, Mayor Yvette Brooks: Remote, Council Member Margaux Keiser: Remote.

2. REPORT ON CLOSED SESSION

Direction was given to staff, no action was taken.

3. ADDITIONAL MATERIALS – none

4. ADDITIONS AND DELETIONS TO AGENDA – none

5. ORAL COMMUNICATIONS

6. STAFF / CITY COUNCIL COMMENTS

City Manager Goldstein announced that Capitola Police Captain Dally has been appointed as the next Capitola Police Chief, upon Chief McManus' retirement in November. Captain Dally said he was humbled and honored by the responsibility. Council and staff offered congratulations.

Council Member Keiser announced that Capitola Plein Air will take place beginning November 1. She also thanked Public Works for their work on all the summer events.

Council Member Bertrand said that the public enjoyed the recent Monte Firework display and thanked officers for putting on National Night Out.

Council Member Petersen thanked METRO for the service they provide our community and announced that there is a bus driver shortage. She also discussed the upcoming Regional Housing Needs Allocation number requirements for the City.

CAPITOLA CITY COUNCIL REGULAR MEETING MINUTES
October 14, 2021

Mayor Brooks thanked Senator Laird for recently meeting with staff and announced her Mayor Town Hall meeting on Monday, October 18 with special guests representing Central Coast Community Energy.

7. CONSENT ITEMS

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| MOTION: | CONSIDER, AUTHORIZE, DENY, CONTINUE, AND APPROVE AS RECOMMENDED |
| RESULT: | ADOPTED [UNANIMOUS] |
| MOVER: | Kristen Petersen, Council Member |
| SECONDER: | Sam Storey, Vice Mayor |
| AYES: | Bertrand, Petersen, Storey, Brooks, Keiser |

- A. Consider the September 23, 2021, City Council Meeting Minutes
RECOMMENDED ACTION: Approve minutes.
- B. Authorize Police Records Technician Position Full-Time
RECOMMENDED ACTION: Authorize the City Manager to fill Police Records Technician as a full time position.
- C. Liability Claim of Sheri Milazzo
RECOMMENDED ACTION: Deny liability claim.
- D. Continue the hearing to consider Adoption of an Uncodified Library Lease Ordinance
RECOMMENDED ACTION: Continue the hearing to consider the second reading of a proposed Ordinance allowing the City to enter a lease with a term in excess of 55 years and authorizing a 99-year lease with Santa Cruz County for the Capitola Library to October 28, 2021.
- E. Approve Plans, Specifications, and Construction Budget for the 2021 Road Repair Project and Authorize Advertising for Bids
RECOMMENDED ACTION: Approve the plans, specifications, and construction budget for the 2021 Road Repair Project and authorize the Public Works Department to advertise for construction bids.
- F. Proclamation Policy Update
RECOMMENDED ACTION: Approve the proposed changes to Policy I-35: Proclamations.
- G. Receive Update on Pandemic Response and Consider Adoption of Resolution Authorizing Continuance of Online/Virtual Meetings
RECOMMENDED ACTION: 1) Make the determination that all hazards related to the worldwide spread of the coronavirus (COVID-19) as detailed in Resolution No. 4168 adopted by the City Council on March 12, 2020, still exist and that there is a need to continue action, and 2) Adopt the proposed resolution authorizing the Capitola City Council (along with the Planning Commission and all advisory bodies) to conduct teleconferencing meetings.

8. GENERAL GOVERNMENT / PUBLIC HEARINGS

CAPITOLA CITY COUNCIL REGULAR MEETING MINUTES
October 14, 2021

- A. Redistricting Presentation
RECOMMENDED ACTION: Accept presentation.

Assistant County Administrative Officer Elissa Benson presented on the County's redistricting process.

Vice Mayor Storey asked about noticing of potentially effected residents and if any of the recommendations or proposed maps would affect Capitola. Administrative Officer Benson responded that all legal noticing requirements would be met, maps would be published prior to further meetings, and that nothing specific is recommended that will affect Capitola.

In public comment, the redistricting website URL was requested and provided.

RESULT: PRESENTATION RECEIVED

- B. Consider an Agreement with Caltrans to Include Highway 1 Ramp Signals in the Adaptive Signals Project
RECOMMENDED ACTION: Take the following actions:
 1. Approve an agreement between the City and California Department of Transportation (Caltrans) for Installation, Operation and Maintenance of Adaptive Traffic Management System and authorize the Public Works Director to sign the agreement: and
 2. Authorize the City Manager to issue a Contract Change Order to Bear Electric Solutions, the contractor for the 41st Avenue Traffic Signal Adaptive Coordination project, in an amount not to exceed \$400,000 to add two Caltrans intersections to the project.

Public Works Director Jesberg presented a staff report.

In public comment, a member commented that the Gross Road intersection needed more time added to benefit drivers.

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| MOTION: | APPROVE AN AGREEMENT BETWEEN THE CITY AND CALIFORNIA DEPARTMENT OF TRANSPORTATION AND AUTHORIZE THE CITY MANGER TO ISSUE CONTRACT CHANGE ORDER AS RECOMMENDED |
| RESULT: | ADOPTED [UNANIMOUS] |
| MOVER: | Sam Storey, Vice Mayor |
| SECONDER: | Jacques Bertrand, Council Member |
| AYES: | Bertrand, Petersen, Storey, Brooks, Keiser |

- C. Consideration of first readings of an ordinance amending Chapter 18.02 Affordable (Inclusionary) Housing and an ordinance adding Chapter 18.05 for Affordable Housing Impact Fees.
RECOMMENDED ACTION: Staff recommends the City Council:
 1. Introduce for first reading, by title only, waiving further reading of the text, an ordinance amending chapter 18.02 of the Capitola Municipal Code, Affordable (Inclusionary) Housing.
 2. Introduce for first reading, by title only, waiving further reading of the text, an

Attachment: 10-14-21 draft (Approve Council Minutes)

CAPITOLA CITY COUNCIL REGULAR MEETING MINUTES
October 14, 2021

ordinance adding Chapter 18.05 of the Capitola Municipal Code, Affordable Housing Impact Fees.

Community Development Director Herlihy presented a staff report.

Vice Mayor Storey asked for more information about developers reducing interior amenities for affordable housing units. Director Herlihy explained that a developer does not have to furnish or provide identical amenities in both standard and affordable units; though in the recent past developers did not take advantage of this allowance. In response to an additional question, Director Herlihy explained that regarding the alternative compliance option and offsite units: construction of offsite units cannot take place before the onsite unit project is also underway, and certificate of residencies are not granted to onsite units before offsite units have received a final inspection.

Council Member Bertrand asked why the requirement pertains to seven units; Director Herlihy explained that the City has had the 15% affordable housing unit requirement for several years, which comes to one in seven units.

There was no public comment.

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| MOTION: | APPROVE THE FIRST READING BY TITLE ONLY, WAIVING FURTHER READING OF THE TEXT, AN ORDINANCE AMENDING CHAPTER 18.02 AFFORDABLE (INCLUSIONARY) HOUSING |
| RESULT: | FIRST READING [UNANIMOUS] |
| MOVER: | Kristen Petersen |
| SECONDER: | Jacques Bertrand |
| AYES: | Bertrand, Petersen, Storey, Brooks, Keiser |

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| MOTION: | APPROVE THE FIRST READING BY TITLE ONLY, WAIVING FURTHER READING OF THE TEXT, AN ORDINANCE ADDING CHAPTER 18.05 AFFORDABLE HOUSING IMPACT FEES |
| RESULT: | FIRST READING [UNANIMOUS] |
| MOVER: | Margaux Keiser |
| SECONDER: | Sam Storey |
| AYES: | Bertrand, Petersen, Storey, Brooks, Keiser |

D. GreenWaste Franchise Agreement

RECOMMENDED ACTION: Authorize the City Manager to enter into the amended and restated Franchise Agreement with GreenWaste Recovery, Inc. for collection and disposal of garbage, recycling, organics, food waste, yard waste, and construction and demolition debris.

Assistant to the City Manager Laurent presented a staff report.

Council Member Bertrand asked what will be accepted in Greenwaste containers considering the new organic waste Bill. Emily Hanson, GreenWaste Chief Strategy Officer, responded that this is depended on several factors, and that the education of the public regarding organic waste rules will be GreenWaste’s responsibility. In response to another question, she explained that the State is attempting to standardize plastic recycling as much as possible, though Capitola will remain unimpacted because

Attachment: 10-14-21 draft (Approve Council Minutes)

CAPITOLA CITY COUNCIL REGULAR MEETING MINUTES
October 14, 2021

Greenwaste sorts all recyclables.

There was no public comment.

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| MOTION: | AUTHORIZE THE CITY MANAGER TO AMEND THE RESTATED FRANCHISE AGREEMENT WITH GREENWASTE RECOVERY INC. |
| RESULT: | ADOPTED [UNANIMOUS] |
| MOVER: | Jacques Bertrand |
| SECONDER: | Kristen Petersen |
| AYES: | Bertrand, Petersen, Storey, Brooks, Keiser |

E. Recreation Registration System Update
RECOMMENDED ACTION: Authorize the City Manager to enter into an ongoing contract with CivicPlus to provide the City Recreation Division with a new registration management system.

Recreation Division Manager Bryant-LeBlond presented a staff report.

There was no public comment.

Council Member Bertrand suggested bundling services for a potential reduction in fees.

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| MOTION: | AUTHORIZE THE CITY MANAGER TO ENTER AN ONGOING CONTRACT WITH CIVICPLUS AS RECOMMENDED |
| RESULT: | ADOPTED [UNANIMOUS] |
| MOVER: | Jacques Bertrand, Council Member |
| SECONDER: | Kristen Petersen, Council Member |
| AYES: | Bertrand, Petersen, Storey, Brooks, Keiser |

9. ADJOURNMENT

The meeting was closed at 8:49 PM to the next regular City Council meeting on Thursday, October 28, 2021.

Yvette Brooks, Mayor

ATTEST:

Chloé Woodmansee, City Clerk

Attachment: 10-14-21 draft (Approve Council Minutes)



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF OCTOBER 28, 2021

FROM: City Manager Department
SUBJECT: Planning Commission Action Minutes

RECOMMENDED ACTION: Receive minutes.

DISCUSSION: Attached for Council review are the action minutes of the Planning Commission's regular meeting held on October 7, 2021.

ATTACHMENTS:

1. PC 10.07.21 Action Minutes

Report Prepared By: Edna Basa
Deputy City Clerk

Reviewed and Forwarded by:

A handwritten signature in black ink, appearing to be "JG", written over a horizontal line.

Jamie Goldstein, City Manager

10/20/2021



FINAL MINUTES
CAPITOLA PLANNING COMMISSION MEETING
Thursday, October 7, 2021
7 P.M. – CAPITOLA CITY COUNCIL CHAMBERS

1. ROLL CALL AND PLEDGE OF ALLEGIANCE

Chair Mick Routh called the meeting to order at 7 P.M. Commissioners Ed Newman, Susan Westman, Peter Wilk and Chair Routh were present remotely. Commissioner Courtney Christiansen was absent.

2. ORAL COMMUNICATIONS

- A. Additions and Deletions to Agenda**
- B. Public Comments**
- C. Commission Comments**
- D. Staff Comments**

3. CONSENT CALENDAR

A. 1500 Wharf Road #21-0287 APN: Common Walkways 'B' through 'H'

Master Sign Program for common area walkways of the Capitola Venetian Condominiums located within the MU-V (Mixed Use Village) zoning district. This project is in the Coastal Zone and requires a Coastal Development Permit that is appealable to the California Coastal Commission after all possible appeals are exhausted through the City.

Note: Request to Continue to November 4, 2021

Environmental Determination: Categorical Exemption

Property Owner: Venetian Court HOA

Representative: Craig Nunes – Venetian Court HOA Filed: 07.09.21

Commissioner Newman recused himself due to proximity.

MOTION: Continue item to the November 4, 2021 meeting.

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| RESULT: | APPROVED [3 TO 0] |
| MOVER: | Susan Westman |
| SECONDER: | Peter Wilk |
| AYES: | Susan Westman, Peter Wilk, Mick Routh |
| RECUSED: | Ed Newman |
| ABSENT: | Courtney Christiansen |

4. PUBLIC HEARINGS

A. 1425 49th Avenue #21-0075 APN: 034-064-11

Design Permit for a new single-family residence and accessory dwelling unit located within the R-1 (Single-Family Residential) zoning district.

This project is in the Coastal Zone and requires a Coastal Development Permit which is not appealable to the California Coastal Commission.

Environmental Determination: Categorical Exemption

Property Owner: DRVO Builders

Representative: Dennis Norton, Filed: 03.30.21

MOTION: Approve the design and coastal development permit.

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| RESULT: | APPROVED [3 TO 0] |
| MOVER: | Susan Westman |
| SECONDER: | Peter Wilk |
| AYES: | Susan Westman, Peter Wilk, Mick Routh |
| ABSTAIN: | Ed Newman |
| ABSENT: | Courtney Christiansen |

B. Prototype ADU Program

Prototype Accessory Dwelling Unit (ADU) Program.

Representative: Katie Herlihy, Community Development Director

Applicant: City of Capitola

**This is a presentation only. No action is required.
Provided direction.**

C. Outdoor Dining and Design Permit Ordinance

Update to Zoning Ordinance/Local Coastal Plan Implementation Plan

Update to the City of Capitola Zoning Code including section 17.96.170 Outdoor Dining in Public Right of Way and Section 17.120.030 (Design Permits) When Required.

The Zoning Code serves as the Implementation Plan of the City's Local Coastal Program and therefore must be certified by the Coastal Commission.

Environmental Determination: Categorical Exemption 15305 and 15311

Property: The Zoning Code update affects all properties within Commercial Zones in the City of Capitola.

Representative: Katie Herlihy, Community Development Director, City of Capitola

MOTION: Continue item to the November 4, 2021 meeting.

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| RESULT: | APPROVED [UNANIMOUS] |
| MOVER: | Susan Westman |
| SECONDER: | Ed Newman |
| AYES: | Ed Newman, Mick Routh, Susan Westman, Peter Wilk, |
| ABSENT: | Courtney Christiansen |

D. Presentation on Nonconforming Structures and Permissible Structural Alterations

Discussion on non-conforming structures and permissible structural alterations.

Representative: Katie Herlihy, Community Development Director

Director Herlihy presented the staff report.

**This is a presentation only. No action is required.
Provided direction.**

5. DIRECTOR'S REPORT

Attachment: PC 10.07.21 Action Minutes (PC action minutes)

6. COMMISSION COMMUNICATIONS

7. ADJOURNMENT

The meeting was adjourned at 9:30 P.M. to the next regular meeting of the Planning Commission on November 4, 2021.

Approved by the Planning Commission

Edna Basa, Clerk to the Commission



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF OCTOBER 28, 2021

FROM: Finance Department

SUBJECT: Approval of City Check Registers Dated September 17, September 24, October 1 and October 8.

RECOMMENDED ACTION: Approve check registers.

| Account: City Main | | | | |
|---------------------------|------------------|----------------|---------------|---------------|
| Date | Starting Check # | Ending Check # | Payment Count | Amount |
| 9/17/2021 | 98814 | 98892 | 85 | \$ 240,132.58 |
| 9/24/2021 | 98893 | 98930 | 38 | \$ 37,514.48 |
| 10/1/2021 | 98931 | 98981 | 54 | \$ 223,140.45 |
| 10/8/2021 | 98982 | 99022 | 43 | \$ 111,226.53 |

The main account check register dated September 10, 2021, ended with check #98813.

| Account: Library | | | | |
|-------------------------|----------------------|--------------------|---------------|-------------|
| Date | Starting Check/EFT # | Ending Check/EFT # | Payment Count | Amount |
| 9/17/2021 | 289 | 289 | 1 | \$ 436.38 |
| 9/24/2021 | 290 | 290 | 1 | \$ 7,995.39 |
| 10/8/2021 | 291 | 291 | 1 | \$ 3,000.00 |

The library account check register dated September 3, 2021, ended with check #288.

| Account: Payroll | | | | |
|-------------------------|----------------------|--------------------|---------------|---------------|
| Date | Starting Check/EFT # | Ending Check/EFT # | Payment Count | Amount |
| 9/24/2021 | 17894 | 17976 | 83 | \$ 179,699.66 |
| 10/8/2021 | 17977 | 18061 | 85 | \$ 167,074.15 |

The payroll account check register dated September 10, 2021, ended with EFT #17893.

Following is a list of payments issued for more than \$10,000 and descriptions of the expenditures:

| Check/EFT | Issued to | Dept | Description | Amount |
|-----------|---------------------------|------|----------------------------|--------------|
| 98855 | Mesiti-Miller Engineering | PW | Peery Park bridge repairs | \$ 10,505.60 |
| 98872 | Santa Cruz County | PD | August citation processing | \$ 14,788.00 |

Approval of City Check Registers
October 28, 2021

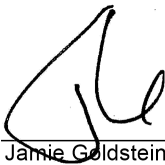
| | | | | |
|-------|----------------------------------|----|--------------------------------------|--------------|
| | Auditor-Controller | | | |
| 98878 | Soquel Creek Water District | PW | Water service | \$ 12,584.45 |
| 1201 | CalPERS Member Services | FN | PERS contributions PPE 9/4/21 | \$ 54,198.57 |
| 1202 | EDD | FN | State taxes PPE 9/4/21 | \$ 11,362.05 |
| 1203 | IRS | FN | Federal taxes & Medicare PPE 9/4/21 | \$ 35,053.25 |
| 98942 | Burke Williams & Sorensen | CM | Legal services | \$ 42,425.50 |
| 98960 | PG&E | PW | September gas & electricity | \$ 15,021.90 |
| 1207 | CalPERS Member Services | FN | PERS contributions PPE 9/18/21 | \$ 54,105.71 |
| 1208 | EDD | FN | State taxes PPE 9/18/21 | \$ 10,431.67 |
| 1209 | IRS | FN | Federal taxes & Medicare PPE 9/18/21 | \$ 32,989.28 |
| 99015 | Santa Cruz County Animal Shelter | PD | Quarterly contribution | \$ 22,156.50 |
| 1213 | CalPERS Health | CM | October health insurance | \$ 55,561.84 |

ATTACHMENTS:

1. 9-17-21 Check Register
2. 9-24-21 Check Register
3. 10-1-21 Check Register
4. 10-8-21 Check Register

Report Prepared By: Mark Sullivan
Senior Accountant

Reviewed and Forwarded by:



Jamie Goldstein, City Manager

10/20/2021


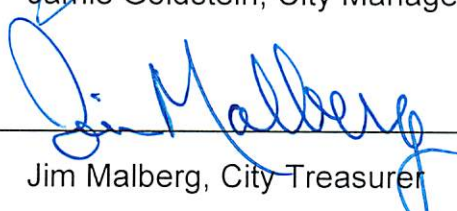
City main account checks dated September 17, 2021, numbered 98814 to 98892, totaling \$129,056.65, 6 EFTs totaling \$111,075.93 and 1 library check totaling \$436.38, for a grand total of \$240,568.96, have been reviewed and authorized for distribution by the City Manager.

As of September 17, 2021, the unaudited cash balance is \$5,580,880.40.

**CASH POSITION - CITY OF CAPITOLA
September 17, 2021**

| | 9/17/2021 |
|---------------------------------------|------------------------|
| General Fund | \$ 207,996.69 |
| Payroll Payables | \$ 34,829.30 |
| Contingency Reserve Fund | \$ 2,061,345.66 |
| Facilities Reserve Fund | \$ 522,829.72 |
| Capital Improvement Fund | \$ 1,471,404.83 |
| Stores Fund | \$ 65,593.41 |
| Information Technology Fund | \$ 274,132.99 |
| Equipment Replacement | \$ 667,967.92 |
| Self-Insurance Liability Fund | \$ (179,868.57) |
| Workers' Comp. Ins. Fund | \$ 218,799.79 |
| Compensated Absences Fund | \$ 235,848.66 |
| TOTAL UNASSIGNED GENERAL FUNDS | \$ 5,580,880.40 |

The Emergency Reserve Fund balance is \$1,374,205.54 (not included above).
The PERS Contingency Fund balance is \$1,015,553.15 (not included above).
The Library Fund balance is \$688,530.76 (not included above).

| | |
|--|-----------------|
|  Jamie Goldstein, City Manager | 9/22/21 Date |
|  Jim Malberg, City Treasurer | 9/20/21 Date |

Attachment: 9-17-21 Check Register (Approval of City Check Registers)

City Checks Issued September 17, 2021

| Check Number | Invoice Number | Invoice Date | Description | Payee Name | Transaction Amount |
|--------------|----------------|--------------|---|----------------------------|--------------------|
| 98814 | 09/14/2021 | | | SUMMIT UNIFORMS | \$873.91 |
| | Invoice | Date | Description | | Amount |
| | 75646 | 08/13/2021 | Vest | | \$873.91 |
| 98815 | 09/17/2021 | | | A TOOL SHED | \$435.00 |
| | Invoice | Date | Description | | Amount |
| | 1521945-5 | 09/13/2021 | 500 gallon water trailer | | \$435.00 |
| 98816 | 09/17/2021 | | | ACE PORTABLE SERVICES | \$488.60 |
| | Invoice | Date | Description | | Amount |
| | 170022 | 08/27/2021 | Food Truck Friday portable toilet rental, hand wash station | | \$488.60 |
| 98817 | 09/17/2021 | | | ADT SECURITY SERVICES INC. | \$213.46 |
| | Invoice | Date | Description | | Amount |
| | ADT082921 | 08/29/2021 | Corp. yard & museum ADT monitoring | | \$213.46 |
| 98818 | 09/17/2021 | | | ALLSAFE LOCK COMPANY | \$9.98 |
| | Invoice | Date | Description | | Amount |
| | 52696 | 08/23/2021 | Keys | | \$9.98 |
| 98819 | 09/17/2021 | | | AMAZON CAPITAL SERVICES | \$423.01 |
| | Invoice | Date | Description | | Amount |
| | 1JXC-PMM6-3113 | 09/06/2021 | Mounting squares | | \$11.05 |
| | 1FMT-R17C-1TNJ | 09/14/2021 | Two ASUS monitors | | \$412.01 |
| | | | 2210 - Stores Fund | \$11.05 | |
| | | | 2211 - IT Fund | \$412.01 | |
| 98820 | 09/17/2021 | | | AMERICAN CAMP ASSOCIATION | \$1,128.00 |
| | Invoice | Date | Description | | Amount |
| | A-9120734-2022 | 09/14/2021 | Camp fee and membership renewal | | \$1,128.00 |
| 98821 | 09/17/2021 | | | AT&T | \$9.20 |
| | Invoice | Date | Description | | Amount |
| | ATT090121 | 09/01/2021 | September long distance charges | | \$9.20 |
| | | | 1000 - General Fund | \$4.53 | |
| | | | 2211 - IT Fund | \$4.67 | |
| 98822 | 09/17/2021 | | | BAYSIDE OIL II INC. | \$323.60 |
| | Invoice | Date | Description | | Amount |
| | 43351 | 09/03/2021 | Contaminated waste recycling | | \$323.60 |
| 98823 | 09/17/2021 | | | CA DEPARTMENT OF JUSTICE | \$980.00 |
| | Invoice | Date | Description | | Amount |
| | 508659 | 05/06/2021 | Employee fingerprinting | | \$147.00 |
| | 519772 | 06/30/2021 | Employee fingerprinting | | \$686.00 |
| | 531575 | 09/03/2021 | Employee fingerprinting | | \$147.00 |

Attachment: 9-17-21 Check Register (Approval of City Check Registers)

City Checks Issued September 17, 2021

| Check Number | Invoice Number | Invoice Date | Description | Payee Name | Transaction Amount |
|--------------|----------------|--------------|---|-------------------------------------|--------------------|
| 98824 | 09/17/2021 | | | CAPITOLA PEACE OFFICERS ASSOCIATION | \$1,329.00 |
| | Invoice | Date | Description | | Amount |
| | POA090421 | 09/10/2021 | POA & Gym Dues PPE 9/4/21 1001 - Payroll | | \$1,329.00 |
| 98825 | 09/17/2021 | | | CRYSTAL SPRINGS WATER CO. | \$192.50 |
| | Invoice | Date | Description | | Amount |
| | CSW083121 | 08/31/2021 | August drinking water | | \$192.50 |
| 98826 | 09/17/2021 | | | D & M TRAFFIC SERVICES | \$599.00 |
| | Invoice | Date | Description | | Amount |
| | 39874 | 09/02/2021 | Art & wine waterwall rental | | \$599.00 |
| 98827 | 09/17/2021 | | | DELL MARKETING LP | \$1,788.60 |
| | Invoice | Date | Description | | Amount |
| | 10518626914 | 09/14/2021 | Hardware support 2211 - IT Fund | | \$1,788.60 |
| 98828 | 09/17/2021 | | | DIXON AND SON INC. | \$1,532.13 |
| | Invoice | Date | Description | | Amount |
| | 233683 | 08/18/2021 | Sweeper service | | \$139.50 |
| | 233530 | 08/09/2021 | Sweeper tires | | \$1,295.13 |
| | 233524 | 08/09/2021 | Sweeper service 1310 - Gas Tax | | \$97.50 |
| 98829 | 09/17/2021 | | | ELEVATOR SERVICE COMPANY INC. | \$180.00 |
| | Invoice | Date | Description | | Amount |
| | 34136 | 09/01/2021 | Quarterly elevator lube and inspection | | \$180.00 |
| 98830 | 09/17/2021 | | | EMERGENCY VEHICLE SPECIALISTS INC. | \$2,200.00 |
| | Invoice | Date | Description | | Amount |
| | 13031 | 09/09/2021 | Transfer K9 system between cars | | \$2,200.00 |
| 98831 | 09/17/2021 | | | ESMERALDA GONZALEZ | \$90.43 |
| | Invoice | Date | Description | | Amount |
| | EG091021 | 09/10/2021 | Masks, disinfectant spray reimbursement | | \$90.43 |
| 98832 | 09/17/2021 | | | EWING IRRIGATION | \$164.97 |
| | Invoice | Date | Description | | Amount |
| | 15143401 | 09/07/2021 | Jade St. park backflow blanket | | \$164.97 |
| 98833 | 09/17/2021 | | | FASTENAL COMPANY | \$36.00 |
| | Invoice | Date | Description | | Amount |
| | CAWAT118239 | 09/02/2021 | Hardware | | \$36.00 |

Attachment: 9-17-21 Check Register (Approval of City Check Registers)

City Checks Issued September 17, 2021

| Check Number | Invoice Number | Invoice Date | Description | Payee Name | Transaction Amount |
|--------------|----------------|--------------|--|-------------------------------------|--------------------|
| 98834 | 09/17/2021 | | | FLYERS ENERGY LLC | \$2,611.86 |
| | Invoice | Date | Description | | Amount |
| | 21-387411 | 09/09/2021 | 500 gallons gasoline | | \$2,263.80 |
| | 21-387412 | 09/09/2021 | 80 gallons diesel | | \$348.05 |
| 98835 | 09/17/2021 | | | FRED C. BEYERS | \$351.00 |
| | Invoice | Date | Description | | Amount |
| | FB090721 | 09/07/2021 | Softball official services | | \$351.00 |
| 98836 | 09/17/2021 | | | FRED MENG AUDIO VISUAL SERVICES | \$400.00 |
| | Invoice | Date | Description | | Amount |
| | FM091721 | 09/17/2021 | Movies at the beach projectionist services | | \$400.00 |
| 98837 | 09/17/2021 | | | FREITAS + FREITAS INC. | \$200.00 |
| | Invoice | Date | Description | | Amount |
| | FAF091121 | 09/11/2021 | Museum booklet copies (20) | | \$200.00 |
| 98838 | 09/17/2021 | | | GALLS LLC | \$254.34 |
| | Invoice | Date | Description | | Amount |
| | 019195318 | 09/01/2021 | Flashlight | | \$136.61 |
| | 019195795 | 09/01/2021 | Wool shirt | | \$117.73 |
| 98839 | 09/17/2021 | | | GARDAWORLD | \$290.99 |
| | Invoice | Date | Description | | Amount |
| | 10653390 | 09/01/2021 | September armored car service | | \$290.99 |
| 98840 | 09/17/2021 | | | GENE FISCHER | \$350.00 |
| | Invoice | Date | Description | | Amount |
| | GF091621 | 09/16/2021 | Remaining balance for climbing wall | | \$350.00 |
| 98841 | 09/17/2021 | | | GEORGE McMENAMIN | \$698.75 |
| | Invoice | Date | Description | | Amount |
| | GM082421 | 08/24/2021 | Bay St. and Peery park maintenance | | \$698.75 |
| 98842 | 09/17/2021 | | | HINDERLITER DELLAMAS AND ASSOCIATES | \$1,746.95 |
| | Invoice | Date | Description | | Amount |
| | SIN011239 | 09/08/2021 | Sales tax audit services | | \$1,746.95 |
| 98843 | 09/17/2021 | | | HOLIDAY SMOG | \$1,811.74 |
| | Invoice | Date | Description | | Amount |
| | 407 | 09/08/2021 | 1999 Ford F150 catalytic converters and installation | | \$1,811.74 |
| 98844 | 09/17/2021 | | | HOME DEPOT CREDIT SERVICES | \$93.57 |
| | Invoice | Date | Description | | Amount |
| | 9611306 | 09/10/2021 | PD supplies | | \$93.57 |

Attachment: 9-17-21 Check Register (Approval of City Check Registers)

City Checks Issued September 17, 2021

| Check Number | Invoice Number | Invoice Date | Description | Payee Name | Transaction Amount |
|--------------|----------------|--------------|--|---|--------------------|
| 98845 | 09/17/2021 | | | ILLINGWORTH & RODKIN INC | \$3,500.00 |
| | Invoice | Date | Description | | Amount |
| | 21-109-9 | 09/08/2021 | Wharf hydroacoustic plan preparation 1200 - CIP | | \$3,500.00 |
| 98846 | 09/17/2021 | | | INTERSTATE BATTERY SYSTEM OF SAN JOSE INC | \$395.24 |
| | Invoice | Date | Description | | Amount |
| | 120116452 | 09/08/2021 | Batteries | | \$395.24 |
| 98847 | 09/17/2021 | | | KBA Document Solutions LLC | \$85.57 |
| | Invoice | Date | Description | | Amount |
| | 55Y1207633 | 09/07/2021 | City Hall & Recreation copier usage charges | | \$78.57 |
| | 55Y1209594 | 09/10/2021 | Recreation copier usage charges 1000 - General Fund \$67.94 2211 - IT Fund \$17.57 | | \$6.94 |
| 98848 | 09/17/2021 | | | KING'S PAINT AND PAPER INC. | \$87.23 |
| | Invoice | Date | Description | | Amount |
| | A0315051 | 09/07/2021 | Paint, lambskin cover, bearing frame | | \$87.23 |
| 98849 | 09/17/2021 | | | KRAIG EVANS | \$106.00 |
| | Invoice | Date | Description | | Amount |
| | KE090921 | 09/09/2021 | Lunch for PEO oral board | | \$106.00 |
| 98850 | 09/17/2021 | | | LABORMAX STAFFING | \$9,492.30 |
| | Invoice | Date | Description | | Amount |
| | 26-140979 | 09/03/2021 | Seasonal labor 8/27 - 9/3 | | \$5,049.24 |
| | 26-143088 | 09/10/2021 | Seasonal labor 9/6 - 9/10 | | \$4,443.06 |
| 98851 | 09/17/2021 | | | LAURA ALIOTO | \$907.50 |
| | Invoice | Date | Description | | Amount |
| | LA090221 | 09/02/2021 | Instructor payment | | \$907.50 |
| 98852 | 09/17/2021 | | | LESLIE FELLOWS | \$1,500.00 |
| | Invoice | Date | Description | | Amount |
| | LF090821 | 09/08/2021 | Sunday art at the beach program coordinator | | \$1,500.00 |
| 98853 | 09/17/2021 | | | MBASIA | \$10,000.00 |
| | Invoice | Date | Description | | Amount |
| | GHC0035837 | 09/09/2021 | Liability claim #GHC0035837 2213 - Self Insurance | | \$10,000.00 |
| 98854 | 09/17/2021 | | | MBASIA | \$1,190.60 |
| | Invoice | Date | Description | | Amount |
| | MBA20-0509-2 | 09/09/2021 | Liability claim MBA20-0509-2 2213 - Self Insurance | | \$1,190.60 |

Attachment: 9-17-21 Check Register (Approval of City Check Registers)

City Checks Issued September 17, 2021

| Check Number | Invoice Number | Invoice Date | Description | Payee Name | Transaction Amount |
|--------------|----------------|--------------|--|---------------------------------|--------------------|
| 98855 | 09/17/2021 | | | MESITI-MILLER ENGINEERING INC | \$10,505.60 |
| | Invoice | Date | Description | | Amount |
| | 0821015 | 08/31/2021 | Peery park bridge structural repairs 1310 - Gas Tax | | \$10,505.60 |
| 98856 | 09/17/2021 | | | MID COUNTY AUTO SUPPLY | \$920.21 |
| | Invoice | Date | Description | | Amount |
| | MID-1401672 | 08/19/2021 | Returned fuel pump module | | (\$168.92) |
| | MID-1388488 | 08/09/2021 | Fuel pump module | | \$168.92 |
| | MID-1425194 | 09/08/2021 | 170 Amp alternator | | \$439.04 |
| | MID-1425273 | 09/08/2021 | Returned alternator | | (\$358.27) |
| | MID-1425116 | 09/08/2021 | Alternator | | \$358.27 |
| | MID-1426150 | 09/08/2021 | Battery | | \$175.33 |
| | MID-1426126 | 09/08/2021 | Battery | | \$179.14 |
| | MID-1426984 | 09/09/2021 | Lug nut brush, chamois, brush, wax, cleaner, bristle discs | | \$126.70 |
| 98857 | 09/17/2021 | | | MILLER'S TRANSFER & STORAGE CO. | \$259.60 |
| | Invoice | Date | Description | | Amount |
| | 93248 | 09/02/2021 | Sept. record storage | | \$259.60 |
| 98858 | 09/17/2021 | | | MISSION LINEN SUPPLY | \$205.94 |
| | Invoice | Date | Description | | Amount |
| | 515460324 | 09/06/2021 | Recreation mats, mops, towels | | \$75.00 |
| | 515476861 | 09/08/2021 | Corp. yard uniform cleaning, towels, mats | | \$96.95 |
| | 515476860 | 09/08/2021 | Fleet uniform cleaning, towels | | \$33.99 |
| 98859 | 09/17/2021 | | | MISSION PRINTERS | \$228.57 |
| | Invoice | Date | Description | | Amount |
| | 61968 | 09/10/2021 | Window envelopes 2210 - Stores Fund | | \$228.57 |
| 98860 | 09/17/2021 | | | MOFFATT AND NICHOL | \$2,096.00 |
| | Invoice | Date | Description | | Amount |
| | 763285 | 09/13/2021 | Wharf final permits and design 1200 - CIP | | \$2,096.00 |
| 98861 | 09/17/2021 | | | MOTOROLA SOLUTIONS INC. | \$9,285.20 |
| | Invoice | Date | Description | | Amount |
| | 1187060516 | 08/27/2021 | PD radios (3) 1300 - SLESF | | \$9,285.20 |
| 98862 | 09/17/2021 | | | NIELS KISLING | \$323.19 |
| | Invoice | Date | Description | | Amount |
| | NK083021 | 08/30/2021 | Museum buttons and stickers reimbursement | | \$323.19 |

Attachment: 9-17-21 Check Register (Approval of City Check Registers)

City Checks Issued September 17, 2021

| Check Number | Invoice Number | Invoice Date | Description | Payee Name | Transaction Amount |
|--------------|-----------------|--------------|---|--------------------------------------|--------------------|
| 98863 | 09/17/2021 | | | NORTH BAY FORD | \$20.84 |
| | Invoice | Date | Description | | Amount |
| | 282594 | 09/08/2021 | Bolts | | \$20.84 |
| 98864 | 09/17/2021 | | | NUZ Inc. | \$863.00 |
| | Invoice | Date | Description | | Amount |
| | 31820 | 09/10/2021 | Open studios publication | | \$863.00 |
| 98865 | 09/17/2021 | | | O'REILLY AUTO PARTS | \$78.41 |
| | Invoice | Date | Description | | Amount |
| | 2763-228878 | 08/16/2021 | Diesel exhaust fluid | | \$78.41 |
| 98866 | 09/17/2021 | | | OUTDOOR SUPPLY HARDWARE | \$278.83 |
| | Invoice | Date | Description | | Amount |
| | D91090 | 08/25/2021 | Two push brooms | | \$104.62 |
| | D99717 | 09/08/2021 | Sanding discs, nylon rope, misc supplies | | \$117.60 |
| | E02780 | 09/13/2021 | Gorilla glue | | \$4.13 |
| | E02647 | 09/13/2021 | Rustoleum, bulk fasteners, charger | | \$52.48 |
| 98867 | 09/17/2021 | | | PACIFIC GAS & ELECTRIC | \$10.64 |
| | Invoice | Date | Description | | Amount |
| | PGE091321-acct0 | 09/13/2021 | Wharf Road Rispin Mansion utilities | | \$10.64 |
| 98868 | 09/17/2021 | | | PALACE BUSINESS SOLUTIONS | \$16.11 |
| | Invoice | Date | Description | | Amount |
| | 4105915-0 | 09/10/2021 | Museum card stock, pens | | \$16.11 |
| 98869 | 09/17/2021 | | | PHIL ALLEGRI ELECTRIC INC. | \$140.00 |
| | Invoice | Date | Description | | Amount |
| | 29417 | 09/10/2021 | Troubleshoot Esplanade pump | | \$140.00 |
| 98870 | 09/17/2021 | | | SAN LORENZO LUMBER | \$85.27 |
| | Invoice | Date | Description | | Amount |
| | 55-0665776 | 08/27/2021 | White line field marker, hammer end knife | | \$85.27 |
| 98871 | 09/17/2021 | | | SANTA CRUZ AUTO PARTS INC. | \$63.61 |
| | Invoice | Date | Description | | Amount |
| | 14508-418318 | 09/01/2021 | Oil filters, fuel filters, lube | | \$63.61 |
| 98872 | 09/17/2021 | | | SANTA CRUZ COUNTY AUDITOR-CONTROLLER | \$14,788.00 |
| | Invoice | Date | Description | | Amount |
| | SCC083121 | 08/31/2021 | August citation processing | | \$14,788.00 |
| 98873 | 09/17/2021 | | | SANTA CRUZ FIRE EQUIPMENT CO. | \$362.96 |
| | Invoice | Date | Description | | Amount |
| | 108583 | 09/10/2021 | Community center kitchen semi-annual inspection | | \$362.96 |

Attachment: 9-17-21 Check Register (Approval of City Check Registers)

City Checks Issued September 17, 2021

| Check Number | Invoice Number | Invoice Date | Description | Payee Name | Transaction Amount |
|--------------|------------------|--------------|---|--|--------------------|
| 98874 | 09/17/2021 | | | SANTA CRUZ MUNICIPAL UTILITIES | \$345.91 |
| | Invoice | Date | Description | | Amount |
| | SCMU083121 | 08/31/2021 | August water service | | \$345.91 |
| 98875 | 09/17/2021 | | | SANTA CRUZ SENTINEL | \$1,379.20 |
| | Invoice | Date | Description | | Amount |
| | 0001305652 | 09/01/2021 | August legal ads | | \$1,379.20 |
| | | | 1000 - General Fund | \$713.60 | |
| | | | 1200 - CIP | \$665.60 | |
| 98876 | 09/17/2021 | | | SARAH RYAN | \$517.59 |
| | Invoice | Date | Description | | Amount |
| | SR080721 | 08/07/2021 | Sherman leadership institute training reimbursement | | \$517.59 |
| 98877 | 09/17/2021 | | | SCOTTS VALLEY FIRE PROTECTION DISTRICT | \$7,777.00 |
| | Invoice | Date | Description | | Amount |
| | 2122-1 | 09/08/2021 | 21/22 Hazmat Interagency Team contribution | | \$7,777.00 |
| 98878 | 09/17/2021 | | | SOQUEL CREEK WATER DISTRICT | \$12,584.41 |
| | Invoice | Date | Description | | Amount |
| | 06-14476-0090221 | 09/02/2021 | 430 Kennedy Drive water service | | \$184.14 |
| | 42-14952-0082721 | 08/27/2021 | Cortez Park irrigation | | \$973.46 |
| | 42-15297-0082721 | 08/27/2021 | 426 Capitola Ave irrigation | | \$136.94 |
| | 42-15751-0182721 | 08/27/2021 | 2005 Wharf Road irrigation | | \$907.78 |
| | 42-15969-0082721 | 08/27/2021 | Lawn Way irrigation | | \$526.22 |
| | 42-16122-0082721 | 08/27/2021 | Esplanade fountain irrigation | | \$61.26 |
| | 42-10504-0082721 | 08/27/2021 | Cliff Drive irrigation | | \$59.08 |
| | 42-11090-0182721 | 08/27/2021 | Capitola Road irrigation | | \$136.94 |
| | 42-11467-0082721 | 08/27/2021 | Jade Street park irrigation | | \$7,226.23 |
| | 42-11517-0082721 | 08/27/2021 | 41st Avenue irrigation | | \$136.94 |
| | 42-14404-0082721 | 08/27/2021 | Monterey Ave. Nobel Gulch Park irrigation | | \$410.11 |
| | 42-16130-0082721 | 08/27/2021 | Wharf Road irrigation | | \$59.08 |
| | 42-16136-0082721 | 08/27/2021 | 1400 Wharf Road irrigation | | \$761.14 |
| | 42-16407-0082721 | 08/27/2021 | Bay Ave. irrigation | | \$59.08 |
| | 34-18508-0082621 | 08/26/2021 | 1510 McGregor Drive water service | | \$45.49 |
| | 42-14431-0082721 | 08/27/2021 | Monterey Ave irrigation | | \$701.70 |
| | 42-17688-0082721 | 08/27/2021 | Lawn Way irrigation 2 | | \$139.78 |
| | 42-18238-0082721 | 08/27/2021 | Capitola Road irrigation | | \$59.08 |
| | | | 1000 - General Fund | \$11,823.31 | |
| | | | 1311 - Wharf Fund | \$761.14 | |
| 98879 | 09/17/2021 | | | THE CLEANING MACHINE INC. | \$2,760.00 |
| | Invoice | Date | Description | | Amount |
| | 6498 | 08/30/2021 | Village sidewalk cleaning | | \$2,760.00 |

Attachment: 9-17-21 Check Register (Approval of City Check Registers)

City Checks Issued September 17, 2021

| Check Number | Invoice Number | Invoice Date | Description | Payee Name | Transaction Amount |
|--------------|----------------|--------------|--|-----------------------------------|--------------------|
| 98880 | 09/17/2021 | | | THE HOME DEPOT PRO | \$1,165.47 |
| | Invoice | Date | Description | | Amount |
| | 639715226 | 09/08/2021 | Nitrile gloves | | \$215.71 |
| | 639784792 | 09/09/2021 | Janitorial supplies | | \$949.70 |
| 98881 | 09/17/2021 | | | TODD HANSON | \$2,668.00 |
| | Invoice | Date | Description | | Amount |
| | 00012 | 09/01/2021 | Sept. BIA marketing, website management, media boost 1321 - BIA | | \$2,668.00 |
| 98882 | 09/17/2021 | | | TRANSPORTATION ALLIANCE BANK INC. | \$1,061.37 |
| | Invoice | Date | Description | | Amount |
| | 665913 | 09/08/2021 | Sweeper blended filaments, G.B. set 1310 - Gas Tax | | \$1,061.37 |
| 98883 | 09/17/2021 | | | US BANK EQUIPMENT FINANCE | \$26.06 |
| | Invoice | Date | Description | | Amount |
| | 452242514 | 09/03/2021 | Recreation copier leases | | \$26.06 |
| 98884 | 09/17/2021 | | | US BANK EQUIPMENT FINANCE | \$103.57 |
| | Invoice | Date | Description | | Amount |
| | 452242381 | 09/03/2021 | Recreation copier lease | | \$103.57 |
| 98885 | 09/17/2021 | | | US BANK EQUIPMENT FINANCE | \$288.83 |
| | Invoice | Date | Description | | Amount |
| | 452242746 | 09/03/2021 | PD copier lease | | \$288.83 |
| 98886 | 09/17/2021 | | | US BANK PARS Acct 6746022400 | \$363.29 |
| | Invoice | Date | Description | | Amount |
| | PARS090421 | 09/10/2021 | PARS contributions PPE 9/4/21 1001 - Payroll | | \$363.29 |
| 98887 | 09/17/2021 | | | WELLS FARGO BANK | \$6,534.38 |
| | Invoice | Date | Description | | Amount |
| | WF090321 | 09/03/2021 | August credit card charges | | \$6,534.38 |
| | | | 1000 - General Fund | \$5,392.13 | |
| | | | 2211 - IT Fund | \$1,142.25 | |
| | | | Purchases over \$500: | | |
| | | | CA Cities Registration | \$600.00 | |
| | | | Indeed - job postings | \$500.98 | |
| | | | Power Equip. Direct - grinder pump | \$1,527.09 | |
| | | | PDNC Inc. - backup licenses & admin. | \$1,142.25 | |

Attachment: 9-17-21 Check Register (Approval of City Check Registers)

City Checks Issued September 17, 2021

| Check Number | Invoice Number | Invoice Date | Description | Payee Name | Transaction Amount |
|---------------|----------------|--------------|---|-----------------------------------|--------------------|
| 98888 | 09/17/2021 | | | WITMER-TYSON IMPORTS INC. | \$1,447.00 |
| | Invoice | Date | Description | | Amount |
| | T14061 | 06/25/2021 | K9 boarding, dog walking and bath | | \$147.00 |
| | T14079 | 06/25/2021 | June K-9 training | | \$650.00 |
| | T14060 | 05/31/2021 | May K9 training | | \$650.00 |
| 98889 | 09/17/2021 | | | Fran Johnson | \$215.80 |
| | Invoice | Date | Description | | Amount |
| | 2005353.002 | 08/31/2021 | Recreation refund | | \$215.80 |
| 98890 | 09/17/2021 | | | Fran Johnson | \$30.40 |
| | Invoice | Date | Description | | Amount |
| | 2004532.002 | 03/16/2020 | Recreation class refund | | \$30.40 |
| 98891 | 09/17/2021 | | | Fran Johnson | \$92.70 |
| | Invoice | Date | Description | | Amount |
| | 2004646.002 | 04/02/2020 | Recreation class refund | | \$92.70 |
| 98892 | 09/17/2021 | | | Fran Johnson | \$92.70 |
| | Invoice | Date | Description | | Amount |
| | 2004660.002 | 04/02/2020 | Recreation class refund | | \$92.70 |
| Check Totals: | | | | | \$129,056.65 |
| EFT | | | | | |
| 1200 | 09/13/2021 | | | WELLS FARGO BANK | \$1,098.17 |
| | Invoice | Date | Description | | Amount |
| | WF091321 | 09/13/2021 | Monthly client analysis charges | | \$1,098.17 |
| 1201 | 09/13/2021 | | | CalPERS Member Services Division | \$54,198.57 |
| | Invoice | Date | Description | | Amount |
| | 1001941208-11 | 09/10/2021 | PERS contributions PPE 9/4/21 1001 - Payroll | | \$54,198.57 |
| 1202 | 09/13/2021 | | | EMPLOYMENT DEVELOPMENT DEPARTMENT | \$11,362.05 |
| | Invoice | Date | Description | | Amount |
| | 0-195-814-304 | 09/10/2021 | State taxes PPE 9/4/21 1001 - Payroll | | \$11,362.05 |
| 1203 | 09/13/2021 | | | INTERNAL REVENUE SERVICE | \$35,053.25 |
| | Invoice | Date | Description | | Amount |
| | 93215936 | 09/10/2021 | Federal taxes & Medicare PPE 9/4/21 1001 - Payroll | | \$35,053.25 |

Attachment: 9-17-21 Check Register (Approval of City Check Registers)

City Checks Issued September 17, 2021

| Check Number | Invoice Number | Invoice Date | Description | Payee Name | Transaction Amount |
|-------------------------|----------------|--------------|--|-------------------------|--------------------|
| 1204 | 09/13/2021 | | | STATE DISBURSEMENT UNIT | \$652.61 |
| | Invoice | Date | Description | | Amount |
| | 37053945 | 09/10/2021 | Employee garnishments PPE 9/4/21 1001 - Payroll | | \$652.61 |
| 1205 | 09/14/2021 | | | VOYA FINANCIAL | \$8,711.28 |
| | Invoice | Date | Description | | Amount |
| | VOYA091021 | 09/10/2021 | 457 contributions PPE 9/4/21 1001 - Payroll | | \$8,711.28 |
| EFT Totals: | | | | | \$111,075.90 |
| Library | | | | | |
| 289 | 09/17/2021 | | | KBM HOGUE | \$436.38 |
| | Invoice | Date | Description | | Amount |
| | 100973 | 08/11/2021 | Library square outlet, HDMI cordset | | \$436.38 |
| Library Totals: | | | | | \$436.38 |
| Main City Totals | | | | | |
| | | | | Count | Total |
| Checks | | | | 79 | \$129,056.61 |
| EFTs | | | | 6 | \$111,075.90 |
| All | | | | 85 | \$240,132.51 |
| Library Totals | | | | | |
| Checks | | | | 1 | \$436.38 |
| EFTs | | | | 0 | \$0.00 |
| All | | | | 1 | \$436.38 |
| Grand Totals: | | | | | |
| Checks | | | | 80 | \$129,493.00 |
| EFTs | | | | 6 | \$111,075.90 |
| All | | | | 86 | \$240,568.90 |

Attachment: 9-17-21 Check Register (Approval of City Check Registers)


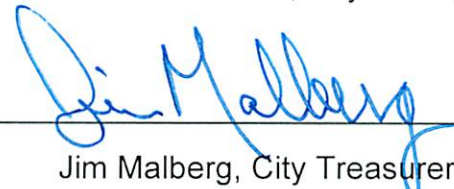
City main account checks dated September 24, 2021, numbered 98893 to 98930, totaling \$37,514.48, 1 library check totaling \$7,995.39, and 83 payroll EFTs totaling \$179,699.66, for a grand total of \$225,209.53, have been reviewed and authorized for distribution by the City Manager.

As of September 24, 2021, the unaudited cash balance is \$5,825,815.02.

CASH POSITION - CITY OF CAPITOLA
September 24, 2021

| | 9/24/2021 |
|---------------------------------------|------------------------|
| General Fund | \$ 30,936.91 |
| Payroll Payables | \$ 171,397.96 |
| Contingency Reserve Fund | \$ 2,061,345.66 |
| Facilities Reserve Fund | \$ 522,829.72 |
| Capital Improvement Fund | \$ 1,757,311.86 |
| Stores Fund | \$ 65,356.20 |
| Information Technology Fund | \$ 273,888.91 |
| Equipment Replacement | \$ 667,967.92 |
| Self-Insurance Liability Fund | \$ (179,868.57) |
| Workers' Comp. Ins. Fund | \$ 218,799.79 |
| Compensated Absences Fund | \$ 235,848.66 |
| TOTAL UNASSIGNED GENERAL FUNDS | \$ 5,825,815.02 |

The Emergency Reserve Fund balance is \$1,374,205.54 (not included above).
The PERS Contingency Fund balance is \$1,029,628.32 (not included above).
The Library Fund balance is \$688,530.76 (not included above).

| | |
|---|---------------------------------|
|  _____ Jamie Goldstein, City Manager | <u>9/24/21</u> _____ Date |
|  _____ Jim Malberg, City Treasurer | <u>9/24/21</u> _____ Date |

Attachment: 9-24-21 Check Register (Approval of City Check Registers)

City Checks Issued September 24, 2021

| Check Number | Invoice Number | Invoice Date | Description | Payee Name | Transaction Amount |
|--------------|----------------|--------------|---|--------------------------------|--------------------|
| 98893 | 09/20/2021 | | | WITMER TYSON IMPORTS INC. | \$1,300.00 |
| | Invoice | Date | Description | | Amount |
| | T14151 | 09/07/2021 | August K-9 training (check re-issued) | | \$650.00 |
| | T14117 | 07/01/2021 | July K-9 training (check re-issued) | | \$650.00 |
| 98894 | 09/21/2021 | | | MONTEREY ONE WATER | \$380.00 |
| | Invoice | Date | Description | | Amount |
| | 13930 | 05/14/2021 | Regional TV ad buy program (check re-issued) | | \$380.00 |
| 98895 | 09/24/2021 | | | AMAZON CAPITAL SERVICES | \$138.30 |
| | Invoice | Date | Description | | Amount |
| | 1YWH-Q7RH-GMH4 | 09/16/2021 | Bucket truck terminal blocks | | \$36.96 |
| | 1YJW-GRR1-7CWV | 09/20/2021 | Restroom sign | | \$11.98 |
| | 1G3P-QGVY-L69Q | 09/19/2021 | Face masks | | \$57.76 |
| | 1R3X-RC4N-HQ16 | 09/21/2021 | Cam tool holding set | | \$31.60 |
| 98896 | 09/24/2021 | | | APTOS LANDSCAPE SUPPLY INC. | \$165.64 |
| | Invoice | Date | Description | | Amount |
| | 560750 | 09/15/2021 | Poly sand 50 lbs. | | \$165.64 |
| 98897 | 09/24/2021 | | | BAY PHOTO LAB | \$9.32 |
| | Invoice | Date | Description | | Amount |
| | 17556483 | 09/17/2021 | Museum print, styrene mounting, plastic hanger | | \$9.32 |
| 98898 | 09/24/2021 | | | BEAR ELECTRICAL SOLUTIONS INC. | \$1,535.60 |
| | Invoice | Date | Description | | Amount |
| | 13739 | 08/28/2021 | August traffic signal maintenance - response | | \$888.80 |
| | 13740 | 08/28/2021 | August traffic signal maintenance - routine 1310 - Gas Tax | | \$646.80 |
| 98899 | 09/24/2021 | | | BIG CREEK LUMBER | \$54.46 |
| | Invoice | Date | Description | | Amount |
| | 1606692 | 09/14/2021 | Noble Gulch park post and rail | | \$54.46 |
| 98900 | 09/24/2021 | | | BOB MURRAY & ASSOCIATES | \$6,839.78 |
| | Invoice | Date | Description | | Amount |
| | 9156 | 09/14/2021 | Police Chief recruitment services | | \$6,839.78 |
| 98901 | 09/24/2021 | | | CODE PUBLISHING COMPANY INC | \$1,401.25 |
| | Invoice | Date | Description | | Amount |
| | 70705 | 08/24/2021 | Web hosting, muni code updates | | \$1,401.25 |
| 98902 | 09/24/2021 | | | EVELYN JENKINS DREW | \$600.00 |
| | Invoice | Date | Description | | Amount |
| | EJD071121 | 07/11/2021 | Capitola banner art (4 hi-res images) 1315 - Public Art | | \$600.00 |
| 98903 | 09/24/2021 | | | FLYERS ENERGY LLC | \$2,248.86 |
| | Invoice | Date | Description | | Amount |
| | 21-390151 | 09/17/2021 | 499 gallons gasoline | | \$2,248.86 |

Attachment: 9-24-21 Check Register (Approval of City Check Registers)

City Checks Issued September 24, 2021

| Check Number | Invoice Number | Invoice Date | Description | Payee Name | Transaction Amount |
|--------------|----------------|--------------|---|--|--------------------|
| 98904 | 09/24/2021 | | | GALLS LLC | \$708.60 |
| | Invoice | Date | Description | | Amount |
| | 019201606 | 09/01/2021 | Commuter sling | | \$407.16 |
| | 019195813 | 09/01/2021 | Trousers, shirt, riot baton | | \$301.44 |
| 98905 | 09/24/2021 | | | GINA ENRIQUEZ | \$3,644.99 |
| | Invoice | Date | Description | | Amount |
| | GE092121 | 09/21/2021 | Instructor payment | | \$3,644.99 |
| 98906 | 09/24/2021 | | | GUARDIAN PUBLIC SAFETY BACKGROUND INVESTIGATIONS | \$1,600.00 |
| | Invoice | Date | Description | | Amount |
| | 518 | 09/22/2021 | Lateral police officer background check | | \$1,600.00 |
| 98907 | 09/24/2021 | | | HOME DEPOT CREDIT SERVICES | \$1,584.22 |
| | Invoice | Date | Description | | Amount |
| | 9635344 | 09/10/2021 | Blue tape, batteries, rustoleum, door knob, bucket | | \$175.18 |
| | 3012188 | 09/16/2021 | Poly roller, headlamp, plastic roller tray, roller & frame | | \$78.86 |
| | 4523120 | 09/15/2021 | Markers, wire strippers, utility knife, hardware | | \$75.36 |
| | 7034314 | 08/23/2021 | Trash can | | \$217.67 |
| | 7451416 | 08/23/2021 | Surveyor vests | | \$107.58 |
| | 5051374 | 08/25/2021 | Concert banner hardware, rope | | \$86.15 |
| | 4014417 | 08/26/2021 | Concrete broom, wood float, trowels, stakes, bucket, mason line | | \$159.63 |
| | 3633242 | 08/27/2021 | Rust stopper, metal primer | | \$19.97 |
| | 615054 | 08/30/2021 | Wharf restroom repairs | | \$129.38 |
| | 6905109 | 09/03/2021 | Recycling trash cans (10), delivery fee | | \$303.78 |
| | 4523137 | 09/15/2021 | Brooms, drain openers | | \$63.09 |
| | 3514824 | 09/16/2021 | Alarm | | \$152.53 |
| | 2520894 | 09/17/2021 | Gloves | | \$15.04 |
| | | | 1000 - General Fund | \$1,454.84 | |
| | | | 1311 - Wharf Fund | \$129.38 | |
| 98908 | 09/24/2021 | | | HOPE REHABILITATION SERVICES | \$4,725.00 |
| | Invoice | Date | Description | | Amount |
| | S172425 | 07/31/2021 | July litter abatement & street cleaning | | \$4,725.00 |
| 98909 | 09/24/2021 | | | JOHNSON ROBERTS & ASSOCIATES INC. | \$17.50 |
| | Invoice | Date | Description | | Amount |
| | 146675 | 09/15/2021 | Employee background check | | \$17.50 |
| 98910 | 09/24/2021 | | | KBA Document Solutions LLC | \$244.08 |
| | Invoice | Date | Description | | Amount |
| | 55Y1211097 | 09/16/2021 | City Hall overage copier charges | | \$244.08 |
| | | | 2211 - IT Fund | | |
| 98911 | 09/24/2021 | | | KIMLEY HORN AND ASSOCIATES INC | \$1,006.78 |
| | Invoice | Date | Description | | Amount |
| | 097763118-0621 | 07/23/2021 | Traffic signal construction assistance, office expenses | | \$1,006.78 |
| | | | 1200 - CIP | | |

Attachment: 9-24-21 Check Register (Approval of City Check Registers)

City Checks Issued September 24, 2021

| Check Number | Invoice Number | Invoice Date | Description | Payee Name | Transaction Amount |
|--------------|-----------------|--------------|--|-----------------------------|--------------------|
| 98912 | 09/24/2021 | | | KING'S PAINT AND PAPER INC. | \$213.13 |
| | Invoice | Date | Description | | Amount |
| | A0315582 | 09/20/2021 | Curb paint | | \$99.40 |
| | A0315646 | 09/21/2021 | Village paint, putty knife, chip brush | | \$113.73 |
| 98913 | 09/24/2021 | | | LABORMAX STAFFING | \$2,077.31 |
| | Invoice | Date | Description | | Amount |
| | 26-145078 | 09/17/2021 | Seasonal labor 9/10 - 9/17 | | \$2,077.31 |
| 98914 | 09/24/2021 | | | MBS BUSINESS SYSTEMS | \$50.00 |
| | Invoice | Date | Description | | Amount |
| | 410558 | 09/20/2021 | Toner freight charges | | \$50.00 |
| 98915 | 09/24/2021 | | | MID COUNTY AUTO SUPPLY | \$36.19 |
| | Invoice | Date | Description | | Amount |
| | MID-1409370 | 08/25/2021 | Thread kit | | \$36.19 |
| 98916 | 09/24/2021 | | | MISSION LINEN SUPPLY | \$201.65 |
| | Invoice | Date | Description | | Amount |
| | 515516905 | 09/15/2021 | Fleet uniform cleaning, towels | | \$33.99 |
| | 515516906 | 09/15/2021 | Corp. yard uniform cleaning, towels | | \$92.66 |
| | 515546171 | 09/20/2021 | Recreation mats, mops, towels | | \$75.00 |
| 98917 | 09/24/2021 | | | MISSION PRINTERS | \$237.21 |
| | Invoice | Date | Description | | Amount |
| | 62003 | 09/20/2021 | 1500 window envelopes 2210 - Stores Fund | | \$237.21 |
| 98918 | 09/24/2021 | | | NORTH BAY FORD | \$206.13 |
| | Invoice | Date | Description | | Amount |
| | 282713 | 09/17/2021 | Cylinder head cover | | \$87.54 |
| | 282643 | 09/13/2021 | Timing chain guide, antifreeze | | \$86.59 |
| | 282680 | 09/15/2021 | Sealant | | \$32.00 |
| 98919 | 09/24/2021 | | | O'REILLY AUTO PARTS | \$15.54 |
| | Invoice | Date | Description | | Amount |
| | 2763-234611 | 09/14/2021 | Wheel seal | | \$15.54 |
| 98920 | 09/24/2021 | | | OUTDOOR SUPPLY HARDWARE | \$588.27 |
| | Invoice | Date | Description | | Amount |
| | E03931 | 09/15/2021 | Gloves, anchor shackles | | \$40.26 |
| | E03470 | 09/14/2021 | Stripping pad, pliers, gloves, tape, fasteners | | \$161.41 |
| | D95264 | 09/01/2021 | Paint, sealant, caulk, rustoleum, brushes, supplies, | | \$297.65 |
| | E00250 | 09/09/2021 | Sanding sponge, masking tape, paint container | | \$42.11 |
| | E02645 | 09/13/2021 | Fill valve | | \$5.44 |
| | E02653 | 09/13/2021 | Flush valves | | \$41.40 |
| 98921 | 09/24/2021 | | | PACIFIC GAS & ELECTRIC | \$3,745.37 |
| | Invoice | Date | Description | | Amount |
| | PGE091521-acct5 | 09/15/2021 | Pacific Cove parking lot utilities | | \$1,268.19 |
| | PGE091621-acct7 | 09/16/2021 | Library gas and electricity | | \$2,477.18 |

Attachment: 9-24-21 Check Register (Approval of City Check Registers)

City Checks Issued September 24, 2021

| Check Number | Invoice Number | Invoice Date | Description | Payee Name | Transaction Amount |
|-----------------|----------------|--------------|--|--------------------------------------|--------------------|
| 98922 | 09/24/2021 | | | SALINAS ARMATURE AND MOTOR WORKS INC | \$90.00 |
| | Invoice | Date | Description | | Amount |
| | 19455 | 09/20/2021 | Pump/motor inspection fee | | \$90.00 |
| 98923 | 09/24/2021 | | | SANTA CRUZ AUTO PARTS INC. | \$52.98 |
| | Invoice | Date | Description | | Amount |
| | 14508-419551 | 09/15/2021 | Oil filter, fuel, washer fluid, wiper blade | | \$52.98 |
| 98924 | 09/24/2021 | | | SANTA CRUZ COUNTY AUDITOR-CONTROLLER | \$357.14 |
| | Invoice | Date | Description | | Amount |
| | SCC091721 | 09/17/2021 | FY20-21 County blood alcohol testing trust fund deficit | | \$357.14 |
| 98925 | 09/24/2021 | | | SARAH RYAN | \$354.64 |
| | Invoice | Date | Description | | Amount |
| | SR091121 | 09/11/2021 | Sherman Leadership Institute training reimbursement | | \$354.64 |
| 98926 | 09/24/2021 | | | SINGING WOOD MARIMBA | \$500.00 |
| | Invoice | Date | Description | | Amount |
| | SWM092421 | 09/24/2021 | Food Truck Friday performance 9/24 | | \$500.00 |
| 98927 | 09/24/2021 | | | THE HOME DEPOT PRO | \$208.85 |
| | Invoice | Date | Description | | Amount |
| | 640356671 | 09/13/2021 | Cleaning supplies | | \$208.85 |
| 98928 | 09/24/2021 | | | UPS | \$29.29 |
| | Invoice | Date | Description | | Amount |
| | 0000954791381 | 09/18/2021 | PD shipping | | \$27.29 |
| | 0000954791361 | 09/04/2021 | PD shipping | | \$2.00 |
| 98929 | 09/24/2021 | | | WESTERN EXTERMINATOR COMPANY | \$128.00 |
| | Invoice | Date | Description | | Amount |
| | 8951116 | 09/02/2021 | Sept. City Hall rodent control | | \$64.00 |
| | 8951117 | 09/02/2021 | Sept. turnouts rodent control | | \$64.00 |
| 98930 | 09/24/2021 | | | Michael Howard | \$218.40 |
| | Invoice | Date | Description | | Amount |
| | MH082021 | 09/16/2021 | Encroachment permit refund | | \$218.40 |
| | | | 1000 - General Fund | \$208.00 | |
| | | | 1317 - Technology Fee | \$10.40 | |
| Check Totals: | | | | | \$37,514.48 |
| Library | | | | | |
| 290 | 09/22/2021 | | | NOLL AND TAM ARCHITECTS | \$7,995.39 |
| | Invoice | Date | Description | | Amount |
| | 0059289 | 07/20/2021 | Library art installation, construction admin., reimb. Expenses (check re-issued) | | \$7,995.39 |
| Library Totals: | | | | | \$7,995.39 |

Attachment: 9-24-21 Check Register (Approval of City Check Registers)

City Checks Issued September 24, 2021

| Check Number | Invoice Number | Invoice Date | Description | Payee Name | Transaction Amount |
|-------------------------|----------------|--------------|-------------|--------------|--------------------|
| Main City Totals | | | | Count | Total |
| Checks | | | | 38 | \$37,514.48 |
| EFTs | | | | 0 | \$0.00 |
| All | | | | 38 | \$37,514.48 |
| Payroll Totals | | | | | |
| Checks | | | | 0 | \$0.00 |
| EFTs | | | | 83 | \$179,699.66 |
| All | | | | 83 | \$179,699.66 |
| Library Totals | | | | | |
| Checks | | | | 1 | \$7,995.39 |
| EFTs | | | | 0 | \$0.00 |
| All | | | | 1 | \$7,995.39 |
| Grand Totals: | | | | | |
| Checks | | | | 39 | \$45,509.87 |
| EFTs | | | | 83 | \$179,699.66 |
| All | | | | 122 | \$225,209.53 |

Attachment: 9-24-21 Check Register (Approval of City Check Registers)


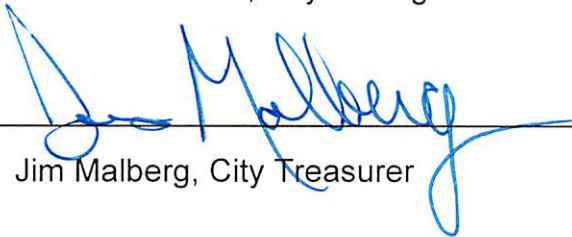
City main account checks dated October 1, 2021, numbered 98931 to 98981, totaling \$117,112.23 and 5 EFTs totaling \$106,028.22, for a grand total of \$223,140.45, have been reviewed and authorized for distribution by the City Manager.

As of October 1, 2021, the unaudited cash balance is \$5,691,987.58.

CASH POSITION - CITY OF CAPITOLA
October 1, 2021

| | 10/1/2021 |
|---------------------------------------|------------------------|
| General Fund | \$ 18,317.89 |
| Payroll Payables | \$ 53,391.76 |
| Contingency Reserve Fund | \$ 2,061,345.66 |
| Facilities Reserve Fund | \$ 522,829.72 |
| Capital Improvement Fund | \$ 1,757,311.86 |
| Stores Fund | \$ 63,165.17 |
| Information Technology Fund | \$ 272,877.72 |
| Equipment Replacement | \$ 667,967.92 |
| Self-Insurance Liability Fund | \$ (179,868.57) |
| Workers' Comp. Ins. Fund | \$ 218,799.79 |
| Compensated Absences Fund | \$ 235,848.66 |
| TOTAL UNASSIGNED GENERAL FUNDS | \$ 5,691,987.58 |

The Emergency Reserve Fund balance is \$1,374,205.54 (not included above).
The PERS Contingency Fund balance is \$1,029,628.32 (not included above).
The Library Fund balance is \$688,530.76 (not included above).

| | |
|---|---------|
|  | 10/1/21 |
| Jamie Goldstein, City Manager | Date |
|  | 10/1/21 |
| Jim Malberg, City Treasurer | Date |

Attachment: 10-1-21 Check Register (Approval of City Check Registers)

City Checks Issued October 1, 2021

| Check Number | Invoice Number | Invoice Date | Description | Payee Name | Transactio Amou |
|--------------|----------------|--------------|--|---------------------------------------|--------------------|
| 98931 | 10/01/2021 | | 10/01/2021 | VOIDED | \$0.0 |
| | Invoice | Date | Description | | Amount |
| | | | VOIDED | | \$0.00 |
| 98932 | 10/01/2021 | | 10/01/2021 | VOIDED | \$0.0 |
| | Invoice | Date | Description | | Amount |
| | | | VOIDED | | \$0.00 |
| 98933 | 10/01/2021 | | | ALVAREZ TECHNOLOGY GROUP INC | \$245.0 |
| | Invoice | Date | Description | | Amount |
| | 60777 | 09/20/2021 | October antivirus 2211 - IT Fund | | \$245.00 |
| 98934 | 10/01/2021 | | | AMSOIL INC. | \$171.3 |
| | Invoice | Date | Description | | Amount |
| | 20150033RI | 09/13/2021 | Synthetic grease | | \$171.38 |
| 98935 | 10/01/2021 | | | APTOS LANDSCAPE SUPPLY INC. | \$116.9 |
| | Invoice | Date | Description | | Amount |
| | 561230 | 09/22/2021 | Pea gravel, beach pebbles | | \$116.90 |
| 98936 | 10/01/2021 | | | ARCADIA PUBLISHING | \$268.4 |
| | Invoice | Date | Description | | Amount |
| | 22462391 | 09/21/2021 | Museum books | | \$268.46 |
| 98937 | 10/01/2021 | | | AT&T/CALNET 3 | \$212.0 |
| | Invoice | Date | Description | | Amount |
| | 000017046238 | 09/13/2021 | Sept. telephone service | | \$212.66 |
| | | | 1000 - General Fund | \$161.56 | |
| | | | 2211 - IT Fund | \$51.10 | |
| 98938 | 10/01/2021 | | | AT&T/CALNET 3 | \$1,187.8 |
| | Invoice | Date | Description | | Amount |
| | 000017046906 | 09/13/2021 | Sept. T-1 access | | \$1,187.84 |
| 98939 | 10/01/2021 | | | AUTOMATION TEST ASSOCIATES | \$40.0 |
| | Invoice | Date | Description | | Amount |
| | 21355 | 09/22/2021 | Sept. wharf meter reading 1311 - Wharf Fund | | \$40.00 |
| 98940 | 10/01/2021 | | | BEN NOBLE URBAN AND REGIONAL PLANNING | \$1,125.0 |
| | Invoice | Date | Description | | Amount |
| | 1368 | 09/15/2021 | Outdoor zoning ordinance amendments 1313 - General Plan | | \$1,125.00 |

Attachment: 10-1-21 Check Register (Approval of City Check Registers)

City Checks Issued October 1, 2021

| Check Number | Invoice Number | Invoice Date | Description | Payee Name | Transactio Amou |
|--------------|----------------|--------------|---|-------------------------------------|--------------------|
| 98941 | 10/01/2021 | | | BIOBAG AMERICAS INC. | \$2,740.00 |
| | Invoice | Date | Description | | Amount |
| | 484350 | 09/23/2021 | Dog waste bags | | \$2,740.00 |
| 98942 | 10/01/2021 | | | BURKE WILLIAMS AND SORENSEN LLP | \$42,425.00 |
| | Invoice | Date | Description | | Amount |
| | 273522 | 08/31/2021 | COVID-19 legal services | | \$260.00 |
| | 273521 | 08/31/2021 | Labor negotiations | | \$1,852.50 |
| | 273520 | 08/31/2021 | Planning legal services | | \$1,040.00 |
| | 273518 | 08/31/2021 | Labor and employment legal services | | \$456.50 |
| | 273523 | 08/31/2021 | July legal services | | \$78.00 |
| | 271863 | 07/23/2021 | Labor and employment legal services | | \$1,020.50 |
| | 271867 | 07/23/2021 | Labor negotiations | | \$6,783.00 |
| | 271864 | 07/23/2021 | City attorney services | | \$23,426.00 |
| | 271865 | 07/23/2021 | Planning legal services | | \$156.00 |
| | 271866 | 07/23/2021 | Public works legal services | | \$1,482.00 |
| | 271868 | 07/23/2021 | COVID-19 legal services | | \$1,378.00 |
| | 271869 | 07/23/2021 | June legal services | | \$3,866.00 |
| | 271870 | 07/23/2021 | Housing updates | | \$627.00 |
| 98943 | 10/01/2021 | | | CALIFORNIA GREY BEARS INC. | \$25.00 |
| | Invoice | Date | Description | | Amount |
| | GBCDBG-CV1-2 | 09/14/2021 | CDBG grant program subrecipient - additional amount 1351 - CDBG Program Income | | \$25.00 |
| 98944 | 10/01/2021 | | | CAPITOLA PEACE OFFICERS ASSOCIATION | \$1,329.00 |
| | Invoice | Date | Description | | Amount |
| | POA091821 | 09/24/2021 | POA & gym dues PPE 9/18/21 1001 - Payroll | | \$1,329.00 |
| 98945 | 10/01/2021 | | | CAROLYN FLYNN | \$3,117.50 |
| | Invoice | Date | Description | | Amount |
| | CBF-8-2021 | 09/07/2021 | August affordable housing program management 5552 - Housing Successor | | \$3,117.50 |
| 98946 | 10/01/2021 | | | CSG Consultants Inc. | \$3,515.00 |
| | Invoice | Date | Description | | Amount |
| | B211323 | 09/01/2021 | August building plan review services | | \$2,147.51 |
| | 38930 | 09/10/2021 | August building inspections | | \$1,368.00 |
| 98947 | 10/01/2021 | | | ECONOMIC & PLANNING SYSTEMS INC. | \$8,492.50 |
| | Invoice | Date | Description | | Amount |
| | 201117-4 | 08/31/2021 | Affordable housing nexus study | | \$8,492.50 |

Attachment: 10-1-21 Check Register (Approval of City Check Registers)

City Checks Issued October 1, 2021

| Check Number | Invoice Number | Invoice Date | Description | Payee Name | Transaction Amount |
|--------------|----------------|--------------|---|-------------------------------------|--------------------|
| 98948 | 10/01/2021 | | | EQUITABLE | \$2,351.40 |
| | Invoice | Date | Description | | Amount |
| | 1238015 | 09/30/2021 | Sept. LTD, STD, AD&D, life insurance | | \$2,351.40 |
| | | | 1000 - General Fund | \$46.41 | |
| | | | 1001 - Payroll | \$2,304.99 | |
| 98949 | 10/01/2021 | | | EWING IRRIGATION | \$33.32 |
| | Invoice | Date | Description | | Amount |
| | 15304487 | 09/28/2021 | Monterey Park PVC caps, potting soil | | \$33.32 |
| 98950 | 10/01/2021 | | | FERGUSON ENTERPRISES LLC #795 | \$372.09 |
| | Invoice | Date | Description | | Amount |
| | 9490172 | 09/21/2021 | City Hall water heater parts | | \$372.09 |
| 98951 | 10/01/2021 | | | FLYERS ENERGY LLC | \$2,653.89 |
| | Invoice | Date | Description | | Amount |
| | 21-393863 | 09/23/2021 | 186 gallons diesel | | \$806.45 |
| | 21-393862 | 09/23/2021 | 410 gallons gasoline | | \$1,846.89 |
| 98952 | 10/01/2021 | | | GEORGE McMENAMIN | \$872.25 |
| | Invoice | Date | Description | | Amount |
| | GM092321 | 09/23/2021 | Bay St., Peery Park, parking lot, Rispin riparian restoration | | \$872.25 |
| 98953 | 10/01/2021 | | | HINDERLITER DELLAMAS AND ASSOCIATES | \$300.00 |
| | Invoice | Date | Description | | Amount |
| | SIN011815 | 09/23/2021 | District sales tax audit services | | \$300.00 |
| 98954 | 10/01/2021 | | | HOME DEPOT CREDIT SERVICES | \$101.20 |
| | Invoice | Date | Description | | Amount |
| | 7524066 | 09/22/2021 | Roller tray, bucket, succulents | | \$101.20 |
| 98955 | 10/01/2021 | | | LABORMAX STAFFING | \$2,631.80 |
| | Invoice | Date | Description | | Amount |
| | 26-147218 | 09/24/2021 | Seasonal labor 9/13 - 9/23 | | \$2,631.80 |
| 98956 | 10/01/2021 | | | LIUNA PENSION FUND | \$896.00 |
| | Invoice | Date | Description | | Amount |
| | FD4933 | 09/24/2021 | Sept. LIUNA pension dues | | \$896.00 |
| | | | 1001 - Payroll | | |
| 98957 | 10/01/2021 | | | MBS BUSINESS SYSTEMS | \$937.88 |
| | Invoice | Date | Description | | Amount |
| | 411230 | 09/22/2021 | Quarterly PD copier usage charges | | \$937.88 |

Attachment: 10-1-21 Check Register (Approval of City Check Registers)

City Checks Issued October 1, 2021

| Check Number | Invoice Number | Invoice Date | Description | Payee Name | Transactio Amou |
|--------------|-----------------|--------------|--|------------------------------------|--------------------|
| 98958 | 10/01/2021 | | | MISSION LINEN SUPPLY | \$101.71 |
| | Invoice | Date | Description | | Amount |
| | 515564409 | 09/22/2021 | Corp. yard uniform cleaning, towels, mats | | \$101.71 |
| 98959 | 10/01/2021 | | | OUTDOOR SUPPLY HARDWARE | \$161.94 |
| | Invoice | Date | Description | | Amount |
| | E08614 | 09/23/2021 | Staples, tape, staple gun | | \$68.07 |
| | E07663 | 09/21/2021 | Paint roller, rust stopper, batteries, bucket | | \$93.85 |
| 98960 | 10/01/2021 | | | PACIFIC GAS & ELECTRIC | \$15,021.90 |
| | Invoice | Date | Description | | Amount |
| | PGE092121-acct9 | 09/21/2021 | September gas & electricity | | \$15,021.90 |
| | | | 1000 - General Fund | \$4,935.49 | |
| | | | 1300 - SLESF | \$133.28 | |
| | | | 1310 - Gas Tax | \$6,882.83 | |
| | | | 1311 - Wharf | \$3,070.30 | |
| 98961 | 10/01/2021 | | | PHIL ALLEGRI ELECTRIC INC. | \$200.00 |
| | Invoice | Date | Description | | Amount |
| | 29498 | 09/23/2021 | Esplanade pump wire troubleshooting | | \$200.00 |
| 98962 | 10/01/2021 | | | PITNEY BOWES | \$2,191.03 |
| | Invoice | Date | Description | | Amount |
| | PB091921 | 09/19/2021 | Postage meter refill and rental fee | | \$2,191.03 |
| | | | 2210 - Stores | | |
| 98963 | 10/01/2021 | | | PRAXAIR DISTRIBUTION INC. | \$210.02 |
| | Invoice | Date | Description | | Amount |
| | 66125170 | 09/21/2021 | Acetylene rental | | \$210.02 |
| 98964 | 10/01/2021 | | | PREFERRED BENEFIT INSURANCE ADMIN. | \$5,283.80 |
| | Invoice | Date | Description | | Amount |
| | EIA41720 | 09/01/2021 | Sept. dental and vision insurance | | \$5,283.80 |
| | | | 1000 - General Fund | \$184.20 | |
| | | | 1001 - Payroll | \$5,099.60 | |
| 98965 | 10/01/2021 | | | RENEE DEMAR | \$93.64 |
| | Invoice | Date | Description | | Amount |
| | RD09821 | 09/28/2021 | Flowers reimbursement | | \$93.64 |
| 98966 | 10/01/2021 | | | RRM DESIGN GROUP | \$1,727.50 |
| | Invoice | Date | Description | | Amount |
| | 1783-02-0821 | 09/17/2021 | #21-0122 720 Hill St. hotel design project kickoff | | \$1,727.50 |

Attachment: 10-1-21 Check Register (Approval of City Check Registers)

City Checks Issued October 1, 2021

| Check Number | Invoice Number | Invoice Date | Description | Payee Name | Transactio Amou |
|--------------|------------------|--------------|---|-----------------------------------|--------------------|
| 98967 | 10/01/2021 | | | SAN LORENZO LUMBER | \$43.26 |
| | Invoice | Date | Description | | Amount |
| | 55-0672943 | 09/24/2021 | Drywall | | \$43.26 |
| 98968 | 10/01/2021 | | | SOQUEL CREEK WATER DISTRICT | \$2,725.16 |
| | Invoice | Date | Description | | Amount |
| | 08-15299-0091321 | 09/13/2021 | Monterey Ave. water | | \$137.83 |
| | 08-15562-0091321 | 09/13/2021 | Cliff and Fairview water service | | \$44.04 |
| | 09-15964-0091321 | 09/13/2021 | Monterey Ave. Esplanade water | | \$2,146.37 |
| | 10-16317-0091421 | 09/14/2021 | 420 Capitola Ave. water | | \$234.44 |
| | 10-16315-0091421 | 09/14/2021 | 504 Beulah Dr. water | | \$63.29 |
| | 10-16316-0091421 | 09/14/2021 | 426 Capitola Ave. water | | \$99.34 |
| 98969 | 10/01/2021 | | | T MOBILE | \$193.71 |
| | Invoice | Date | Description | | Amount |
| | TM092121 | 09/21/2021 | Sept. cell phone usage | | \$193.71 |
| 98970 | 10/01/2021 | | | THE HOME DEPOT PRO | \$3,156.06 |
| | Invoice | Date | Description | | Amount |
| | 642379820 | 09/22/2021 | Janitorial supplies | | \$1,138.77 |
| | 641446349 | 09/16/2021 | Nitrile gloves | | \$215.71 |
| | 641522644 | 09/17/2021 | Janitorial supplies | | \$1,802.06 |
| 98971 | 10/01/2021 | | | TPX COMMUNICATIONS | \$1,555.16 |
| | Invoice | Date | Description | | Amount |
| | 147841214-0 | 09/23/2021 | Sept. phone service | | \$1,555.16 |
| | | | 1000 - General Fund | \$840.07 | |
| | | | 2211 - IT Fund | \$715.09 | |
| 98972 | 10/01/2021 | | | TRANSPORTATION ALLIANCE BANK INC. | \$1,719.67 |
| | Invoice | Date | Description | | Amount |
| | 666179 | 09/23/2021 | Sweeper elevator bearing, GB set, parts | | \$1,719.67 |
| | | | 1310 - Gas Tax | \$1,719.67 | |
| 98973 | 10/01/2021 | | | UNITED WAY OF SANTA CRUZ COUNTY | \$20.00 |
| | Invoice | Date | Description | | Amount |
| | UW093021 | 09/24/2021 | Sept. United Way employee contributions | | \$20.00 |
| | | | 1001 - Payroll | | |
| 98974 | 10/01/2021 | | | UPEC LIUNA LOCAL 792 | \$752.50 |
| | Invoice | Date | Description | | Amount |
| | UPEC093021 | 09/24/2021 | Sept. UPEC dues | | \$752.50 |
| | | | 1001 - Payroll | | |

Attachment: 10-1-21 Check Register (Approval of City Check Registers)

City Checks Issued October 1, 2021

| Check Number | Invoice Number | Invoice Date | Description | Payee Name | Transactio Amou |
|---------------|----------------|--------------|--|-----------------------------------|--------------------|
| 98975 | 10/01/2021 | | | US BANK PARS Acct 6746022400 | \$334.61 |
| | Invoice | Date | Description | | Amount |
| | PARS091821 | 09/24/2021 | PARS contribution PPE 9/18/21 1001 - Payroll | | \$334.61 |
| 98976 | 10/01/2021 | | | VERIZON WIRELESS | \$2,858.46 |
| | Invoice | Date | Description | | Amount |
| | 9888154184 | 09/10/2021 | Sept. telephone charges | | \$2,858.46 |
| 98977 | 10/01/2021 | | | WITMER TYSON IMPORTS INC. | \$12.00 |
| | Invoice | Date | Description | | Amount |
| | T14179 | 09/29/2021 | Bounced check fee | | \$12.00 |
| 98978 | 10/01/2021 | | | ZUMAR INDUSTRIES INC. | \$478.74 |
| | Invoice | Date | Description | | Amount |
| | 94509 | 09/16/2021 | Community center signs | | \$478.74 |
| 98979 | 10/01/2021 | | | Formosa Electric Corp. | \$129.12 |
| | Invoice | Date | Description | | Amount |
| | 20210393 | 09/29/2021 | Permit #20210393 refund | | \$129.12 |
| | | | 1000 - General Fund | \$109.12 | |
| | | | 1313 - General Plan | \$20.00 | |
| 98980 | 10/01/2021 | | | AFLAC | \$1,241.18 |
| | Invoice | Date | Description | | Amount |
| | 391416 | 09/28/2021 | September supplemental insurance 1001 - Payroll | | \$1,241.18 |
| 98981 | 10/01/2021 | | | ALLIED UNIVERSAL | \$738.50 |
| | Invoice | Date | Description | | Amount |
| | 11775522 | 10/07/2021 | McGregor skate park foot patrol | | \$356.42 |
| | 11775523 | 10/07/2021 | October Esplanade park foot patrol | | \$382.50 |
| Check Totals: | | | | | \$117,112.00 |
| EFT | | | | | |
| 1207 | 09/29/2021 | | | CalPERS Member Services Division | \$54,105.71 |
| | Invoice | Date | Description | | Amount |
| | 1001952594-7 | 09/24/2021 | PERS contributions PPE 9/18/21 1001 - Payroll | | \$54,105.71 |
| 1208 | 09/27/2021 | | | EMPLOYMENT DEVELOPMENT DEPARTMENT | \$10,431.67 |
| | Invoice | Date | Description | | Amount |
| | 0-472-118-176 | 09/24/2021 | State taxes PPE 9/18/21 1001 - Payroll | | \$10,431.67 |

Attachment: 10-1-21 Check Register (Approval of City Check Registers)

City Checks Issued October 1, 2021

| Check Number | Invoice Number | Invoice Date | Description | Payee Name | Transaction Amount |
|--------------|----------------|--------------|--|--------------------------|--------------------|
| 1209 | 09/27/2021 | | | INTERNAL REVENUE SERVICE | \$32,989.28 |
| | Invoice | Date | Description | | Amount |
| | 94780698 | 09/24/2021 | Federal taxes & Medicare PPE 9/18/21 1001 - Payroll | | \$32,989.28 |
| 1210 | 09/27/2021 | | | STATE DISBURSEMENT UNIT | \$652.61 |
| | Invoice | Date | Description | | Amount |
| | 37204274 | 09/24/2021 | Employee garnishments PPE 9/18/21 1001 - Payroll | | \$652.61 |
| 1211 | 09/27/2021 | | | VOYA FINANCIAL | \$7,848.95 |
| | Invoice | Date | Description | | Amount |
| | VOYA092421 | 09/24/2021 | 457 Contributions PPE 9/18/21 1001 - Payroll | | \$7,848.95 |

EFT Totals: \$106,028.95

| Main City Totals | Count | Total |
|------------------|-------|--------------|
| Checks | 49 | \$117,112.95 |
| EFTs | 5 | \$106,028.95 |
| All | 54 | \$223,141.90 |

| Grand Totals: | Count | Total |
|---------------|-------|--------------|
| Checks | 49 | \$117,112.95 |
| EFTs | 5 | \$106,028.95 |
| All | 54 | \$223,141.90 |

Attachment: 10-1-21 Check Register (Approval of City Check Registers)


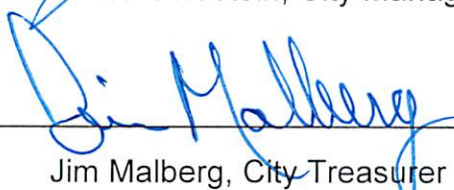
City main account checks dated October 8, 2021, numbered 98982 to 99022, totaling \$54,264.69, 2 EFTs totaling \$56,961.84, 1 library check totaling \$3,000.00, and 85 payroll EFTs totaling \$167,074.15, for a grand total of \$281,300.68, have been reviewed and authorized for distribution by the City Manager.

As of October 8, 2021, the unaudited cash balance is \$5,556,927.42.

CASH POSITION - CITY OF CAPITOLA
October 8, 2021

| | 10/8/2021 |
|---------------------------------------|------------------------|
| General Fund | \$ (499,141.56) |
| Payroll Payables | \$ 138,328.45 |
| Contingency Reserve Fund | \$ 2,061,345.66 |
| Facilities Reserve Fund | \$ 522,829.72 |
| Capital Improvement Fund | \$ 1,757,311.86 |
| Stores Fund | \$ 67,675.76 |
| Information Technology Fund | \$ 321,253.73 |
| Equipment Replacement | \$ 692,967.92 |
| Self-Insurance Liability Fund | \$ (67,212.57) |
| Workers' Comp. Ins. Fund | \$ 325,719.79 |
| Compensated Absences Fund | \$ 235,848.66 |
| TOTAL UNASSIGNED GENERAL FUNDS | \$ 5,556,927.42 |

The Emergency Reserve Fund balance is \$1,374,205.54 (not included above).
The PERS Contingency Fund balance is \$1,029,628.32 (not included above).
The Library Fund balance is \$685,530.76 (not included above).

| | |
|---|----------|
|  | 10/12/21 |
| Jamie Goldstein, City Manager | Date |
|  | 10/8/21 |
| Jim Malberg, City Treasurer | Date |

Attachment: 10-8-21 Check Register (Approval of City Check Registers)

City Checks Issued October 8, 2021

| Check Number | Invoice Number | Invoice Date | Description | Payee Name | Transacti Amou |
|--------------|-----------------|--------------|---|--------------------------------|-------------------|
| 98982 | 10/07/2021 | | | Becky Burgin | \$100. |
| | Invoice | Date | Description | | Amount |
| | 2002803.002 | 12/12/2016 | Re-issued Recreation center rental deposit refund | | \$100.00 |
| 98983 | 10/08/2021 | | | ACE PORTABLE SERVICES | \$488. |
| | Invoice | Date | Description | | Amount |
| | 170953 | 09/24/2021 | Portable toilet & hand wash station rental | | \$488.60 |
| 98984 | 10/08/2021 | | | ADT SECURITY SERVICES INC. | \$213. |
| | Invoice | Date | Description | | Amount |
| | ADT092921 | 09/29/2021 | Corp. yard & museum ADT monitoring | | \$213.46 |
| 98985 | 10/08/2021 | | | AMAZON CAPITAL SERVICES | \$157. |
| | Invoice | Date | Description | | Amount |
| | 11N3-3GD4-11DY | 09/28/2021 | Returned Asus monitors (2) | | (\$412.01) |
| | 1R74-NMCP-HJGR | 09/29/2021 | Jade St. park chain link fence rail end | | \$43.40 |
| | 16GD-WGFK-7JHW | 09/30/2021 | Work boots | | \$152.55 |
| | 1F1L-64HN-71LW | 09/30/2021 | Bike lane signs | | \$39.08 |
| | 1VDM-MDHW-7T4K | 09/30/2021 | Hour meter tachometer | | \$27.80 |
| | 1KY9-TFYH-N76D | 10/01/2021 | Ripsaw rotating nozzle, stainless steel socket | | \$306.29 |
| | | | 1000 - General Fund | \$569.12 | |
| | | | 2211 - IT Fund | (\$412.01) | |
| 98986 | 10/08/2021 | | | AXCIENT | \$250. |
| | Invoice | Date | Description | | Amount |
| | FY21INEFI083287 | 07/31/2021 | July AppAssure storage | | \$125.00 |
| | FY21INEFI085812 | 08/31/2021 | August AppAssure storage | | \$125.00 |
| | | | 2211 - IT Fund | | |
| 98987 | 10/08/2021 | | | B & B SMALL ENGINE REPAIR | \$135. |
| | Invoice | Date | Description | | Amount |
| | 482190 | 09/20/2021 | 500 mm blade | | \$75.74 |
| | 482252 | 09/21/2021 | Sleeve, gearbox grease | | \$10.65 |
| | 482759 | 09/29/2021 | Trimmer line | | \$49.01 |
| 98988 | 10/08/2021 | | | BEAR ELECTRICAL SOLUTIONS INC. | \$1,054. |
| | Invoice | Date | Description | | Amount |
| | 13510 | 07/28/2021 | July traffic signal maintenance - response | | \$407.93 |
| | 13511 | 07/28/2021 | July traffic signal maintenance - routine | | \$646.80 |
| | | | 1310 - Gas Tax | | |
| 98989 | 10/08/2021 | | | BECKY ADAMS | \$364. |
| | Invoice | Date | Description | | Amount |
| | BA100521 | 10/05/2021 | Instructor payment | | \$364.00 |

Attachment: 10-8-21 Check Register (Approval of City Check Registers)

City Checks Issued October 8, 2021

| Check Number | Invoice Number | Invoice Date | Description | Payee Name | Transacti Amoi |
|--------------|----------------|--------------|---|---|-------------------|
| 98990 | 10/08/2021 | | | BIOBAG AMERICAS INC. | \$516. |
| | Invoice | Date | Description | | Amount |
| | 484674 | 10/01/2021 | Dog waste bag dispensers (4) | | \$516.00 |
| 98991 | 10/08/2021 | | | CAPITOLA ARCADE LLC | \$500. |
| | Invoice | Date | Description | | Amount |
| | 102 | 10/04/2021 | 100 \$5 pre-loaded cards for afterschool camp | | \$500.00 |
| 98992 | 10/08/2021 | | | CLAUDIO FRANCA | \$156. |
| | Invoice | Date | Description | | Amount |
| | CF100521 | 10/05/2021 | Instructor payment | | \$156.00 |
| 98993 | 10/08/2021 | | | CLEAN BUILDING MAINTENANCE CO. | \$5,849. |
| | Invoice | Date | Description | | Amount |
| | 28405 | 09/30/2021 | Sept. janitorial services | | \$5,849.92 |
| | | | 1000 - General Fund | \$5,031.48 | |
| | | | 1311 - Wharf Fund | \$818.44 | |
| 98994 | 10/08/2021 | | | COMMUNITY TELEVISION OF SANTA CRUZ COUNTY | \$598. |
| | Invoice | Date | Description | | Amount |
| | 2996 | 09/30/2021 | Sept. televised meetings | | \$598.00 |
| 98995 | 10/08/2021 | | | ENVIRONMENTAL SYSTEMS RESEARCH INSTITUTE | \$1,600. |
| | Invoice | Date | Description | | Amount |
| | 94113892 | 09/28/2021 | ArcGIS subscription | | \$1,600.00 |
| | | | 2211 - IT Fund | | |
| 98996 | 10/08/2021 | | | FLYERS ENERGY LLC | \$1,739. |
| | Invoice | Date | Description | | Amount |
| | 21-397949 | 10/01/2021 | 50 gallons diesel | | \$222.61 |
| | 21-397950 | 10/01/2021 | 336 gallons gasoline | | \$1,516.74 |
| 98997 | 10/08/2021 | | | GALLS LLC | \$462. |
| | Invoice | Date | Description | | Amount |
| | 019283842 | 09/14/2021 | Range master duffel | | \$185.52 |
| | 019355760 | 09/23/2021 | Boots | | \$121.44 |
| | 019356075 | 09/23/2021 | Jacket | | \$155.23 |
| 98998 | 10/08/2021 | | | GARDAWORLD | \$290. |
| | Invoice | Date | Description | | Amount |
| | 10659782 | 10/01/2021 | October armored car service | | \$290.99 |

Attachment: 10-8-21 Check Register (Approval of City Check Registers)

City Checks Issued October 8, 2021

| Check Number | Invoice Number | Invoice Date | Description | Payee Name | Transacti Amoi |
|--------------|----------------|--------------|---|-------------------------------------|----------------|
| 98999 | 10/08/2021 | | | HOME DEPOT CREDIT SERVICES | \$393. |
| | Invoice | Date | Description | | Amount |
| | 7524079 | 09/22/2021 | Glass cleaner, peg hooks, center punch, brush, surform plane | | \$143.79 |
| | 9620171 | 09/30/2021 | Motor oil, flap discs, batteries, gloves | | \$106.02 |
| | 0630783 | 09/29/2021 | Gloves, storage bin, ferrules, tape, sponge, spreader, supplies | | \$143.51 |
| 99000 | 10/08/2021 | | | HUB INTERNATIONAL | \$1,730. |
| | Invoice | Date | Description | | Amount |
| | HUB093021 | 09/30/2021 | Sept. event insurance | | \$1,730.53 |
| 99001 | 10/08/2021 | | | INTERSTATE TRAFFIC CONTROL PRODUCTS | \$174. |
| | Invoice | Date | Description | | Amount |
| | 247145 | 10/04/2021 | "Right Turn Only" sign | | \$174.34 |
| 99002 | 10/08/2021 | | | JEANI MITCHELL | \$357. |
| | Invoice | Date | Description | | Amount |
| | JM100521 | 10/05/2021 | Instructor payment | | \$357.50 |
| 99003 | 10/08/2021 | | | KING'S PAINT AND PAPER INC. | \$95. |
| | Invoice | Date | Description | | Amount |
| | A0316132 | 10/04/2021 | Street paint | | \$95.27 |
| 99004 | 10/08/2021 | | | LABORMAX STAFFING | \$3,629. |
| | Invoice | Date | Description | | Amount |
| | 26-149356 | 10/01/2021 | Seasonal labor 9/18 - 10/1 | | \$3,629.87 |
| 99005 | 10/08/2021 | | | LAURA ALIOTO | \$2,805. |
| | Invoice | Date | Description | | Amount |
| | LA100521 | 10/05/2021 | Instructor payment | | \$2,805.00 |
| 99006 | 10/08/2021 | | | MICHAEL G LEW | \$117. |
| | Invoice | Date | Description | | Amount |
| | ML100521 | 10/05/2021 | Instructor payment | | \$117.00 |
| 99007 | 10/08/2021 | | | MID COUNTY AUTO SUPPLY | \$29. |
| | Invoice | Date | Description | | Amount |
| | MID-1444686 | 09/23/2021 | Supplies | | \$29.27 |
| 99008 | 10/08/2021 | | | MILLER'S TRANSFER & STORAGE CO. | \$418. |
| | Invoice | Date | Description | | Amount |
| | 93308 | 10/02/2021 | October record storage and warehouse handling | | \$418.65 |

Attachment: 10-8-21 Check Register (Approval of City Check Registers)

City Checks Issued October 8, 2021

| Check Number | Invoice Number | Invoice Date | Description | Payee Name | Transacti Amoi |
|--------------|----------------|--------------|---|----------------------------------|----------------|
| 99009 | 10/08/2021 | | | MISSION LINEN SUPPLY | \$141. |
| | Invoice | Date | Description | | Amount |
| | 515564408 | 09/22/2021 | Fleet uniform cleaning, towels | | \$33.42 |
| | 515608645 | 09/29/2021 | Fleet uniform cleaning, towels | | \$33.42 |
| | 515634926 | 10/04/2021 | Recreation mops, mats, towels | | \$75.00 |
| 99010 | 10/08/2021 | | | NAPA AUTO PARTS | \$27. |
| | Invoice | Date | Description | | Amount |
| | 6841-064385 | 09/17/2021 | Cable | | \$27.14 |
| 99011 | 10/08/2021 | | | OUTDOOR SUPPLY HARDWARE | \$308. |
| | Invoice | Date | Description | | Amount |
| | E06998 | 09/20/2021 | Flex water heater line, adapters | | \$93.48 |
| | E07393 | 09/21/2021 | Couplings, flux, steel wool, drill bit | | \$101.92 |
| | E07682 | 09/21/2021 | Joint knife, concrete filler, caulk gun | | \$58.28 |
| | E09284 | 09/24/2021 | 12 function multi pliers | | \$54.49 |
| 99012 | 10/08/2021 | | | PEDRO ZAMORA | \$616. |
| | Invoice | Date | Description | | Amount |
| | PZ100321 | 10/03/2021 | Accident investigation school reimbursement | | \$616.49 |
| 99013 | 10/08/2021 | | | ROYAL WHOLESALE ELECTRIC | \$514. |
| | Invoice | Date | Description | | Amount |
| | 7719-1009644 | 09/30/2021 | Steel | | \$174.40 |
| | 7719-1009727 | 10/04/2021 | Lights, low profile lamp holder | | \$340.30 |
| 99014 | 10/08/2021 | | | SAN LORENZO LUMBER | \$316. |
| | Invoice | Date | Description | | Amount |
| | 55-0674302 | 09/30/2021 | Sweeper hex bolts | | \$75.06 |
| | 55-0674127 | 09/29/2021 | Hex bolts, black spray, cable ties, washers, wire cutters | | \$241.36 |
| | | | 1000 - General Fund | \$241.36 | |
| | | | 1310 - Gas Tax | \$75.06 | |
| 99015 | 10/08/2021 | | | SANTA CRUZ COUNTY ANIMAL SHELTER | \$22,156. |
| | Invoice | Date | Description | | Amount |
| | 21/22-2CA | 09/29/2021 | Quarterly animal services contribution | | \$22,156.50 |
| 99016 | 10/08/2021 | | | SANTA CRUZ LIVE SCAN INC. | \$30. |
| | Invoice | Date | Description | | Amount |
| | 1851 | 10/01/2021 | New hire live scan | | \$30.00 |

Attachment: 10-8-21 Check Register (Approval of City Check Registers)

City Checks Issued October 8, 2021

| Check Number | Invoice Number | Invoice Date | Description | Payee Name | Transacti Amoi |
|--------------------|------------------|--------------|---|-----------------------------------|-------------------|
| 99017 | 10/08/2021 | | | SOQUEL CREEK WATER DISTRICT | \$534. |
| | Invoice | Date | Description | | Amount |
| | 13-10919-0092121 | 09/21/2021 | 2000 Wharf Road water service | | \$44.04 |
| | 34-18508-0092421 | 09/24/2021 | 1510 McGregor Drive water service | | \$34.58 |
| | 13-18567-0092121 | 09/21/2021 | 2005 Wharf Rd. water | | \$456.03 |
| 99018 | 10/08/2021 | | | THE CLEANING MACHINE INC. | \$2,760. |
| | Invoice | Date | Description | | Amount |
| | 6504 | 09/30/2021 | Village sidewalk pressure washing | | \$2,760.00 |
| 99019 | 10/08/2021 | | | TRANSPORTATION ALLIANCE BANK INC. | \$1,856. |
| | Invoice | Date | Description | | Amount |
| | 666312 | 09/30/2021 | Sweeper parts 1310 - Gas Tax | | \$1,856.22 |
| 99020 | 10/08/2021 | | | US BANK EQUIPMENT FINANCE | \$174. |
| | Invoice | Date | Description | | Amount |
| | 453838542 | 09/23/2021 | City Hall copier leases 2210 - Stores Fund | | \$174.40 |
| 99021 | 10/08/2021 | | | US BANK EQUIPMENT FINANCE | \$315. |
| | Invoice | Date | Description | | Amount |
| | 454176470 | 09/27/2021 | City Hall copier leases 2210 - Stores Fund | | \$315.01 |
| 99022 | 10/08/2021 | | | VICTORIA M JOHNSON | \$286. |
| | Invoice | Date | Description | | Amount |
| | VJ100521 | 10/05/2021 | Instructor payment | | \$286.65 |
| Type Check Totals: | | | | | \$54,264. |
| EFT | | | | | |
| 1213 | 10/05/2021 | | | CalPERS Health Insurance | \$55,561. |
| | Invoice | Date | Description | | Amount |
| | 1001956589 | 09/14/2021 | October health insurance | | \$55,561.84 |
| | | | 1000 - General Fund | \$3,464.32 | |
| | | | 1001 - Payroll | \$52,097.52 | |
| 1214 | 10/05/2021 | | | CalPERS Fiscal Services Division | \$1,400. |
| | Invoice | Date | Description | | Amount |
| | 1001956540 | 10/05/2021 | PERS GASB 68 reports | | \$1,400.00 |
| EFT Totals: | | | | | \$56,961. |

Attachment: 10-8-21 Check Register (Approval of City Check Registers)

City Checks Issued October 8, 2021

| Check Number | Invoice Number | Invoice Date | Description | Payee Name | Transacti Amou |
|--------------|----------------|--------------|-------------------------------------|--------------------------|----------------|
| 291 | 10/08/2021 | | | BOGARD CONSTRUCTION INC. | \$3,000. |
| | Invoice | Date | Description | | Amount |
| | 160707-61 | 09/30/2021 | Library project management services | | \$3,000.00 |

Library Totals: \$3,000.

| Main City Totals | Count | To |
|------------------|-------|------------|
| Checks | 41 | \$54,264. |
| EFTs | 2 | \$56,961. |
| All | 43 | \$111,226. |

| Payroll Totals | Count | To |
|----------------|-------|------------|
| Checks | 0 | \$0. |
| EFTs | 85 | \$167,074. |
| All | 85 | \$167,074. |

| Library Totals | Count | To |
|----------------|-------|----------|
| Checks | 1 | \$3,000. |
| EFTs | 0 | \$0. |
| All | 1 | \$3,000. |

| Grand Totals: | Count | To |
|---------------|-------|------------|
| Checks | 42 | \$57,264. |
| EFTs | 87 | \$224,035. |
| All | 129 | \$281,300. |

Attachment: 10-8-21 Check Register (Approval of City Check Registers)



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF OCTOBER 28, 2021

FROM: City Manager Department

SUBJECT: Consider the 2022 Meeting Schedule for the City Council/Successor Agency

RECOMMENDED ACTION: Adopt the recommended regular meeting schedule for 2022.

BACKGROUND: At the end of each calendar year staff prepares the regular meeting schedules for the following year. The City Council has traditionally held only one meeting in July, August, and December.

DISCUSSION: Attached is the proposed 2022 regular meeting schedule for the City Council/Successor Agency. Regular meetings of the City Council generally are held on the second and fourth Thursday of the month as required by the Municipal Code. The one exception for 2022 is in November, when the second monthly meeting is recommended to take place on Tuesday, November 22 to accommodate the Thanksgiving Holiday (as is traditional).

The proposed schedule also includes only one meeting, on the fourth Thursday, in both July and August. As 2022 is a General Election year, the City will need to closely track the deadlines to submit potential ballot items, and may wish to schedule a Special Meeting in early August if needed to put an item on the ballot.

Successor Agency meetings are held on an as-needed basis, generally immediately following a regular City Council meeting.

Upon approval, the meeting schedule will be posted on the City's website and at City Hall. It will also be distributed to newspapers and interested parties.

FISCAL IMPACT: None

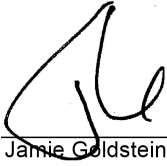
ATTACHMENTS:

1. 2022 Meeting Schedule Council-Successor DRAFT

Report Prepared By: Chloe Woodmansee
City Clerk

Meeting Schedules for 2021
October 28, 2021

Reviewed and Forwarded by:



Jamie Goldstein, City Manager

10/20/2021

2022 CITY OF CAPITOLA City Council and Successor Agency Regular Meeting Dates

| MEETING DATE ¹ |
|---------------------------|
| JANUARY 13 |
| JANUARY 27 |
| FEBRUARY 10 |
| FEBRUARY 24 |
| MARCH 10 |
| MARCH 24 |
| APRIL 14 |
| APRIL 28 |
| MAY 12 |
| MAY 26 |
| JUNE 9 |
| JUNE 23 |
| JULY 28 |
| AUGUST 25 |
| SEPTEMBER 8 |
| SEPTEMBER 22 |
| OCTOBER 13 |
| OCTOBER 27 |
| NOVEMBER 10 |
| **TUESDAY, NOVEMBER 22 |
| DECEMBER 8 |

Items received less than two weeks prior to the meeting date may be scheduled for the next available agenda.

NOTE: ** Due to Thanksgiving Holiday, the second November meeting will be held on Tuesday.

This schedule was approved at the ___ City Council Meeting.

¹ Regular Meetings of the City Council/Successor Agency are typically held on the second and fourth Thursdays of each month. The Regular City Council meetings begin at 7 p.m. (or in no event earlier than 6 p.m.) in the Capitola City Hall Council Chambers, 420 Capitola Avenue, Capitola, CA.



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF OCTOBER 28, 2021

FROM: City Manager Department

SUBJECT: Consider a Resolution Establishing Holidays and City Hall Closures for 2022

RECOMMENDED ACTION: Adopt the proposed resolution designating the holidays and closures for 2022.

BACKGROUND/DISCUSSION: Ordinance No. 497 allows the City Council to designate holidays and closures for City offices by resolution. A draft resolution for the 2022 calendar year is attached. As has been the practice for the past several years and consistent with employee Memoranda of Understanding, the proposed resolution also identifies the December holiday closure of City Hall offices.

FISCAL IMPACT: None

Report Prepared By: Chloe Woodmansee
City Clerk

Reviewed and Forwarded by:

A handwritten signature in black ink, appearing to be "J. Goldstein".

Jamie Goldstein, City Manager

10/20/2021

2022 Holidays and Closures
October 28, 2021

RESOLUTION NO. ---
RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAPITOLA
ESTABLISHING DAYS FOR CLOSURE OF CITY OFFICES
DURING THE 2022 CALENDAR YEAR

WHEREAS, Ordinance No. 497 provides that days for closure of City offices may, from time to time, be set by Council Resolution; and

WHEREAS, it is the desire of the City Council of the City of Capitola to establish days for closure of City offices during the 2022 calendar year.

NOW, THEREFORE, BE IT HEREBY RESOLVED by the City Council of the City of Capitola as follows: City Offices, except for essential City services such as the Police Department, shall be closed on the following days occurring in calendar year 2022, unless otherwise noted:

| | |
|-------------------------------------|----------------------------------|
| Friday, December 31, 2021 | New Year's Day (observed) |
| Monday, January 17 | Martin Luther King Day |
| Friday, February 11 | Lincoln's Birthday (observed) |
| Monday, February 21 | Washington's Birthday (observed) |
| Monday, May 30 | Memorial Day |
| Monday, July 4 | Independence Day |
| Monday, September 5 | Labor Day |
| Monday, October 10 | Indigenous Peoples' Day |
| Friday, November 11 | Veterans' Day |
| Thursday & Friday, November 24 & 25 | Thanksgiving Holiday |
| Monday, December 26 | Christmas Holiday (observed) |
| Tuesday – Friday, December 27 – 30 | Holiday Closure |

The foregoing does not preclude the scheduling of any City Council or Planning Commission meetings on such days. For purposes of Government Code Section 6704, Saturdays and Sundays are also days for closure of the City business office.

The foregoing is not in any sense intended to define holidays, for which employees do or do not receive additional compensation. Employees paid holidays are defined in relevant Memoranda of Understanding.

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 28th day of October, 2021, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Yvette Brooks, Mayor

ATTEST: _____

2022 Holidays and Closures
October 28, 2021

Chloé Woodmansee, City Clerk



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF OCTOBER 28, 2021

FROM: City Manager Department

SUBJECT: Digital Reading Hardware and Software Reimbursement Policy

RECOMMENDED ACTION: Approve updated Administrative Policy V-10: Digital Reading Hardware and Software Reimbursement Policy.

BACKGROUND: In 2011 Council approved Administrative Policy V-10: Digital Reading Device Purchasing to help transition the City from from printed paper agenda packets to digital agenda packets.

The Policy's goal was to minimize paper waste and administrative time to prepare, print, and distribute the Council and Planning Commission agenda packets. At that time, 18 City Council/Planning Commission agenda packets were printed and distributed to Council Members and staff. This totaled production of around 85,330 pages annually for both Council and Planning Commission meetings.

The current policy allows Department Heads, City Council Members, and Planning Commissioners to receive a reimbursement of up to \$250 for a digital reading device if they agree to go paperless for 2-years. Recipients are eligible for an additional reimbursement every two years.

In general, the policy has helped the City dramatically reduce paper use and agenda preparation times. Currently, staff only prepares hard copy paper agenda packets for one elected official and for review by the public in the City Hall lobby.

DISCUSSION: At the September 24, 2021 City Council Meeting, the Council received a report on potential options for an updated policy. After consideration, the Council directed staff to return with an updated policy which allowed for a \$250/year reimbursement for hardware and software for City Officials and Department Heads who do not receive a paper copy of the agenda packet.

An updated Administrative Policy V-10 (Attachment 1) allows for up \$250/year for hardware and software for City Council Members, Planning Commissioners, and Department Heads to facilitate viewing and working with the electronic version of the packets. This would potentially increase the cost by \$125 per person per year.

Expenses such as internet access and cellular data plans are not in the policy for reimbursement since they are used primarily for functions other than viewing and working with the electronic version of the packets.

The equipment reimbursement for Department Heads is in addition to any equipment necessary

Digital E-Reader Policy Update
October 28, 2021

for remote work. If a City employee requires equipment to work remotely, and such remote work is approved by their supervisor, the hardware and software must meet City information technology and security requirements and will be provided by the City for employee use.

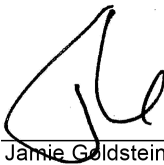
FISCAL IMPACT: The increase annual cost for the updated policy is potentially up to \$2,250. However, based on past utilization rates the actual cost is likely significantly less.

ATTACHMENTS:

1. V-10 Digital Reading Device Purchasing Update

Report Prepared By: Larry Laurent
Assistant to the City Manager

Reviewed and Forwarded by:



Jamie Goldstein, City Manager

10/20/2021



ADMINISTRATIVE POLICY

Number: V-10
 Issued: 03/10/11
 Updated: 10/28/21
 Jurisdiction: City Council

Digital Reading Hardware and Software Reimbursement Policy

I. PURPOSE

The purpose of this policy is to provide for the establishment of a digital reading hardware and software reimbursement program.

II. POLICY

The City has a goal to reduce waste generated from the City by 75% and to seek opportunities to reduce environmental impacts. A significant source of waste is the paper generated by the City in the production of City Council and Planning Commission agenda packets. The City publishes all agendas and packets electronically.

The City will reimburse authorized individuals who agree to go paperless, \$250 every year for the purchase or licensing of hardware or software to facilitate the use and viewing of the electronic packets. The reimbursement amount is intended to cover costs related to City business, and not off-set the entire cost of the hardware and software.

The reimbursement is not intended to cover Internet access or cellular data plans which are primarily used for purposes other than using and viewing electronic packets.

III. DEFINITIONS

Digital Reading hardware and software is an all-encompassing term used to identify hardware and software that allows for an individual to access and use documents electronically.

IV. PROCEDURE

City Council Members, Planning Commissioners, Department Heads, and any other employees with the approval of the City Manager are authorized to receive the \$250 per year reimbursement.

Authorized individuals who receive a reimbursement must agree to receive all agenda and related materials electronically during the year that the reimbursement is received.

- a. The digital reading hardware and software will be personally owned or licensed by the Authorized individual receiving the reimbursement and is under the responsibility of the Authorized Individual. As the digital reading hardware and software is personally owned or licensed by the Authorized Individual, the Authorized Individual may use the digital reading device for both business and personal purposes, as needed.
- b. Individuals receiving a reimbursement shall be responsible for purchasing their own device. The City must receive receipt for purchase within 60 days of purchase.
- c. If an authorized user should determine they would no longer wish to receive the documents electronically during the calendar year that the reimbursement was received, that person will be responsible for reimbursing the City for a prorated portion of the original reimbursement amount based on a depreciation schedule as determined by the City Manager.

Administrative Policy V-10 – Digital Reading Hardware and Software
March 10, 2011
Page 2 of 3

This policy was approved by the City Council at its meeting of October 28, 2021, and is authorized by:

Jamie Goldstein, City Manager

Attachment: V-10 Digital Reading Device Purchasing Update (Digital E-Reader Policy Update)

CITY OF CAPITOLA

REIMBURSEMENT REQUEST FOR A DIGITAL READING HARDWARE AND SOFTWARE

PROCESS FOR REIMBURSEMENT FOR A DIGITAL READING HARDWARE AND SOFTWARE

1. Complete and sign Section A of this form.
2. Council Members & Planning Commissioners: Submit this form with your receipt for the purchase of a digital reading hardware and software. The receipt must be received within 60 days of purchase.

Section A – Agreement to Terms and Conditions:

Council Member/Planning Commissioner Name: _____

Title: _____

In order to be eligible to receive a reimbursement of \$250 towards the purchase of a digital reading hardware and software I agree to receive all City related agendas and agenda packets related materials electronically for during the calendar year I receive the reimbursement. If for any reason I decide to no longer receive all agenda's and agenda related materials during the calendar year I receive the reimbursement, then I will reimburse the city an amount determined by the City Manager.

Requester's signature: _____ Date: _____



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF OCTOBER 28, 2021

FROM: Community Development

SUBJECT: Consideration of second readings of an ordinance amending Chapter 18.02 Affordable (Inclusionary) Housing and an ordinance adding Chapter 18.05 for Affordable Housing Impact Fees and a resolution adopting updated affordable housing fees

RECOMMENDED ACTION:

1. Adopt, by title only, waiving further reading of the text, an ordinance amending chapter 18.02 of the Capitola Municipal Code, Affordable (Inclusionary) Housing
2. Adopt, by title only, waiving further reading of the text, an ordinance adding Chapter 18.05 of the Capitola Municipal Code, Affordable Housing Impact Fees
3. Adopt proposed resolution amending the City's fee schedule to amend inclusionary housing in-lieu fees and add affordable housing impact fees

BACKGROUND: The City of Capitola's Inclusionary Housing Ordinance (IHO), codified under Capitola Municipal Code Chapter 18.02: Affordable (Inclusionary) Housing, requires housing developers to include dedicated affordable housing as a component of residential developments.

The City's IHO was originally adopted in 2004 and was last updated in 2013. Since that time, there have been several changes in state law and the housing market, making it an opportune time to update the ordinance.

On August 26, 2020, the City Council received an update on the City's IHO and provided direction on policy items related to updating the IHO.

On October 8, 2020, staff published a report summarizing the City Council's direction and provided a draft of the proposed amendments to the IHO. However, that hearing was not conducted, and the item was continued.

On March 29, 2021, the State of California Department of Housing and Community Development (HCD) awarded the City of Capitola \$65,000 to update the City's IHO and perform a nexus study to analyze the impact that development of market rate housing has on the demand for below market rate housing and based on the results, determine a defensible fee that could be charged to a developer for for-sale or rental units. The nexus study justifies potential AB1600 affordable housing impact fees. The City contracted Economic and Planning Systems, Inc. (EPS) to complete the nexus study and feasibility analysis.

Consider the Second Reading of an Ordinance Amending Ch. 18.02: Affordable (Inclusionary) Housing
 October 28, 2021

On September 9, 2021, the City Council reviewed the three EPS housing studies, the Nexus-Based Affordable Housing Fee Analysis: For-Sale Developments, the Nexus-Based Affordable Housing Fee Analysis: For Rent Developments (“Nexus Studies”), and the Affordable Housing Fee Feasibility Analysis. The Affordable Housing Fee Feasibility Analysis evaluated the feasibility of potential changes to the City’s affordable housing programs to determine the fee levels or inclusionary requirements that the City may enact without adversely impacting new development. During the hearing, the City Council provided policy direction to keep the inclusionary requirement at 15 percent in conjunction with a \$25 per square foot fee-out option, establish an affordable housing impact fee of \$25, and maintain the \$6 square foot fee for rental housing projects.

On October 14, 2021, the City Council approved the first reading of an ordinance to amend the City’s existing IHO and the first reading of an ordinance to add Chapter 18.05 Affordable Housing Impact Fees. A proposed resolution amending the City’s fee schedule for inclusionary housings in-lieu fees and affordable housing impact fee was drafted based on the direction provided by the City Council on August 26, 2020 and September 9, 2021 and is attached to this report for Council adoption.

FISCAL IMPACT: There are fiscal impacts associated with modifying the IHO and adopting new Housing Impact Fees. The fee for new residential units will increase from \$10 per square foot to \$25 dollars per square foot. Also, the new ordinance allows an option for a developer to pay the in-lieu fee rather than produce the inclusionary units on site. These two modifications will result in an increase in the affordable housing trust fund. For example, in fiscal year 2019, the City collected approximately \$51,000 of in-lieu housing fees at \$10 per square feet. At \$25 per square foot this number would have been \$127,500.

ATTACHMENTS:

1. Capitola - Inclusionary Housing Ordinance (DOCX)
2. Capitola - Affordable Housing Impact Fee Ordinance (DOCX)
3. Resolution Setting IHO In Lieu and Affordable Housing Impact Fees Final (DOCX)
4. Nexus Study For-sale Housing (PDF)
5. Nexus Study For-rent Housing (PDF)
6. Affordable Housing Fee Feasibility Analysis (PDF)

Report Prepared By: Katie Herlihy
 Community Development Director

Reviewed and Forwarded by:


 Katie Herlihy, Community Development Director 10/19/2021

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CAPITOLA AMENDING CHAPTER 18.02 “AFFORDABLE (INCLUSIONARY) HOUSING” TO CLARIFY WHICH HOUSING DEVELOPMENTS ARE SUBJECT TO THE CITY’S INCLUSIONARY HOUSING ORDINANCE, PROVIDE FOR AN AFFORDABLE HOUSING IN LIEU FEE FOR FOR-SALE PROJECTS, AND IDENTIFY ALTERNATIVE COMPLIANCE OPTIONS

WHEREAS, a decent home and suitable living environment for all Capitola residents and workers is a priority of the highest order; and

WHEREAS, there is currently an inadequate supply of housing in the City of Capitola (City) which is affordable to lower and moderate income households, and Federal and State financial assistance and subsidy programs are not sufficient to close the gap between the cost of most housing in the City and the ability of lower income households to pay those housing costs; and

WHEREAS, in 2004, the City Council adopted an Inclusionary Housing Ordinance set forth in Chapter 18.02, adopting affordable housing regulations to advance and protect the general health and welfare of the City’s residents, workers and economy, and authorize the City Council to adopt affordable housing in-lieu fees, which a project developer may pay as an alternative compliance option; and

WHEREAS, State Housing Element Law and the Mello Act articulate policies, goals, and impose legal obligations upon the City relative to the creation, protection and ongoing provisions of affordable housing in the City, and the City wishes to comply with such obligations; and

WHEREAS, City’s most recent Housing Element Update indicates a need for both more housing affordable to the City’s moderate- and lower- income households and also to protect and maintain the affordability of existing affordable housing in the City; and

WHEREAS, City Council desires to amend its inclusionary housing program to clarify the housing developments projects exempt from its program, increase its affordable housing in lieu fee for for-sale development projects, and identify alternative compliance options.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CAPITOLA DOES ORDAIN AS FOLLOWS:

Section 1: Amending Chapter 18.02 of the Capitola Municipal Code. Chapter 18.02 of Title 18 of the Capitola Municipal Code titled “Affordable (Inclusionary) Housing” is hereby amended in its entirety as shown in Attachment A. Additions are shown as double underline and deletions are shown with ~~strikethrough~~.

Section 2: CEQA. The City Council hereby finds that the action to adopt this Ordinance is exempt from the requirements of the California Environmental Quality Act (Public Resources Code Section 21000, et seq.) pursuant to Guidelines Section

15061(b)(3), where it can be seen with certainty that the proposed action will have no significant effect on the environment.

Section 3: Severability. If any section, subsection, sentence, clause, or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision will not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have passed this Ordinance and each and every section, subsection, sentence, clause, or phrase not declared invalid or unconstitutional without regard to whether any portion of the Ordinance would be subsequently declared invalid or unconstitutional.

Section 4: Effective Date. This Ordinance of the City of Capitola shall take effect and be in force 30 days after the date of its passage.

Section 5: Publication. Within fifteen (15) days of its passage, this Ordinance shall be published at least once in a newspaper of general circulation published and circulated in the City of Capitola, along with the names of the members of the City Council voting for and against its passage.

This Ordinance was introduced at a regular meeting of the Capitola City Council on the ___ day of October 2021, and was adopted at a regular meeting of the Capitola City Council on the ___ day of October 2021, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Yvette Brooks, Mayor

ATTEST:

Chloe Woodmansee, City Clerk

Attachment: Capitola - Inclusionary Housing Ordinance (Consider the Second Reading of an Ordinance Amending Ch. 18.02: Affordable

ATTACHMENT A

Chapter 18.02 AFFORDABLE (INCLUSIONARY) HOUSING

Sections:

- 18.02.010 Findings.
- 18.02.020 Words and phrases.
- 18.02.030 Affordable housing requirements.
- 18.02.040 Provision of affordable housing units.
- 18.02.050 In-lieu housing fees and alternative compliance options.
- 18.02.060 For-sale housing units – Sales price and procedures.
- 18.02.070 Eligibility for affordable housing units.
- 18.02.080 Marketing of affordable housing units for sale.
- 18.02.090 Secondary dwelling units – Non-applicability.
- 18.02.100 Pre-approved projects – Non-applicability.
- 18.02.110 Fees.
- 18.02.120 Default/foreclosure.
- 18.02.130 Conflicts of interest.
- 18.02.140 Violations.
- 18.02.150 Reductions, Adjustments, or Waivers
- 18.02.160 Appeal.

18.02.010 Findings.

In enacting this chapter of the Capitola Municipal Code pertaining to the provision and protection of affordable housing in the city of Capitola, the city council finds:

A. A decent home and suitable living environment for all Capitola residents and workers is a priority of the highest order. To this end, the housing element of the Capitola general plan discusses and analyzes the need to provide housing for senior citizens, disabled persons, single parent families, homeless persons and homeless families, and families of very low, low and moderate income levels. Similarly, the general plan housing element outlines the extremely high cost of housing both regionally and within the city. With respect to affordable housing in the city, the housing element articulates, among others, Policies 3.4, 3.5 and 3.6 intended to advance the general plan goal to “Encourage New Affordable Housing Opportunities Through Construction Of New Units.” These policies encourage the adoption of an inclusionary housing ordinance, which provides for protection of existing affordable housing, construction of affordable housing units in connection with private market rate for-sale residential development or ~~the payment of in lieu affordable housing fees in connection with market rate residential development~~ alternative compliance mechanisms, and further encourages the establishment of a housing trust fund to be used to facilitate the development of new affordable housing in the city.

B. In addition, state law ~~including but not limited to the California Redevelopment Law and State Housing Law, articulate Housing Element law (Government Code section 65580 et seq.) and the Mello Act (Government Code section 65590 et seq.)~~ articulate policies and goals, and ~~impose~~ impose legal obligations upon California cities, ~~and counties and redevelopment agencies,~~ relative to the creation, protection, and ongoing provision of affordable housing by communities throughout the state, including the city of Capitola. Accordingly, a paramount goal of the city ~~and the redevelopment agency~~ is to provide and to create a regulatory environment conducive to the development and preservation of both rental and for-sale housing available to all economic

sectors of the community with priority given to very low, low and moderate income households currently residing or working within the city.

C. There is currently an inadequate supply of housing in the city which is affordable to very low, low and moderate income households. Federal and state financial assistance and subsidy programs are not sufficient in themselves to close the gap between the cost of most housing in the city and the ability of very low, low and moderate income households to pay those housing costs.

D. The city, given current zoning regulations and very limited vacant residentially zoned property, is nearly “built out” for purposes of future residential development within the city. The inventory of land available for residential development in the city is at a premium and the inventory of land which can be used for the development of housing for very low, low and moderate income households becomes even more depleted with the development and/or improvement of each market rate housing unit in the city. Accordingly, housing opportunities for very low, low and moderate income households are diminished incrementally with the development of each new market rate housing unit which is constructed, rebuilt or substantially improved in the city. ~~Single-family homes which are re-built, and residential remodel/additions which increase square footage more than fifty percent, affect the supply of affordable housing in the city when new, larger units replace older, smaller units. Many of the replaced older units were rentals, or were more accessible to be purchased by moderate income households.~~

~~E. According to published Multiple Listing Service home sales price statistics, over the last nine years, from 1996 to July 2004 the median countywide price of a for-sale single-family house has increased from two hundred forty thousand three hundred and fifty dollars to six hundred thirty five thousand dollars. The median countywide price for a for-sale townhouse/condominium has increased from one hundred sixty-four thousand five hundred dollars to four hundred twenty five thousand dollars over the same period. According to the Capitola’s adopted housing element, in 2004 the maximum affordable sales price for a moderate income, three-person household was two hundred fifty two thousand two hundred and fifty dollars. The maximum affordable sales price for a moderate income, four-person household was two hundred eighty thousand two hundred and fifty dollars. These figures demonstrate that the “affordability gap” herein referenced has increased incrementally over this nine-year period, thereby rendering affordable housing programs/subsidies currently in place increasingly ineffective in achieving their objectives to house very low, low and moderate income households in the city.~~

E. According to the city’s most recent Housing Element Update, adopted November 25, 2015, fifty-eight percent of the households living in the city have incomes below eighty percent of Santa Cruz County’s median income and are therefore classified as low income households. However, the median home value in the city is higher than in neighboring Santa Cruz County communities, which places a cost burden on many Capitola households and may put home ownership out of reach for a majority of the population. Accordingly, the lowest income households in the city are frequently cost-burdened by housing, and lower income rental households are much more likely to pay more than thirty percent of their incomes for housing than higher-income home owners. The same holds true for moderate-income homeowners in the city; sixty-one percent of all moderate income households that own housing pay more than thirty percent of their incomes for housing costs. This indicates a need both for more housing affordable to the City’s moderate- and lower-income households and also to protect and maintain the affordability of existing affordable housing in the city.

F. If very low, low and moderate income workers cannot find or maintain housing in the city, employers will have difficulty in securing a labor force and employees will be forced to commute.

Automobile commuting increases air pollution, unnecessarily creates traffic congestion and develops a population which is separate and distinct from full-time residents, thereby resulting in diverse and often contrasting demands on limited city resources.

~~G. Residential Protection of existing affordable housing units and construction of residential housing projects which contribute to the city's very low, low and moderate income housing stock serve to augment the city's housing mix, increase the supply of housing for all economic sectors of the community and thereby assist in providing for a balanced community which is deemed to be in the public interest.~~

~~H. In order to allocate the scarce resource of existing affordable housing units to households that need assistance affording housing in the city, an asset limitation must operate alongside an income restriction. This is especially true for units reserved for seniors (55+), who may no longer receive income from a current job, but may possess significant assets. Without an asset limitation, the city's existing affordable housing stock could be transferred to households that are not in need of assistance.~~

~~H. Increasing the supply of housing affordable to very low, low and moderate income families through the assistance and cooperation of private residential developers can be achieved only if the provision of such housing by private residential developers becomes more feasible. It is therefore necessary to provide flexibility in the manner and method by which private residential development contributes its fair share to the city's affordable housing stock.~~

~~I. Affordable housing is best integrated into the community when that housing is distributed throughout all areas of the city rather than concentrated in a single area.~~

~~J. Therefore in order to advance and achieve the affordable housing goals and policies of the city, redevelopment agency and state referenced in this section, adoption of the affordable housing regulations prescribed in this chapter is necessary and will serve to advance and protect the general health and welfare of the city's residents, workers and economy.~~

~~K. The purpose of this Chapter 18.02 is to enhance the public welfare by establishing policies to maintain and increase the production of housing units affordable to persons and households of very low, low, and moderate-income. These requirements implement the Housing Element of the General Plan through assisting in meeting the city's regional housing obligations, providing funding for the city's affordable housing programs, and affirmatively furthering fair housing by ensuring that affordable housing is maintained and constructed in all parts of the city.~~

~~L. The city council desires to provide and maintain affordable housing opportunities in the community through its inclusionary housing program. Therefore, it is the city council's intent that this Chapter 18.02 apply to all affordable housing units in the city, regardless of the date of construction or conversion to an affordable housing unit. The city council finds that such application is necessary to best effectuate the goal of protecting new and existing affordable housing units.~~

18.02.020 Words and phrases.

For purposes of this chapter, unless otherwise apparent from the context, certain words and phrases used in this chapter are defined as follows:

~~"Affordable housing" means housing capable of being purchased or rented by a very low, low or moderate income household, based on the household's ability to make monthly payments~~

necessary to obtain housing. For sale housing is considered affordable when a household pays no more than thirty-five percent of its gross monthly income for housing including utilities.

“Affordable housing cost” means the maximum purchase price that will cause a household to pay no more than thirty-five percent of its income for housing costs. The affordable housing cost shall include a ten percent down payment, and monthly housing payments (including interest, principal, mortgage insurance, property taxes, homeowner’s insurance, homeowner’s association dues, and a reasonable allowance for property maintenance, repairs, and utilities), all as determined by the City.

“Affordable housing unit” means any housing unit subject to a recorded document, unrecorded agreement, or land use requirement applicable to a unit that, for a specified term, requires sale or rent of the unit at an affordable housing cost or affordable rent and/or requires sale or rent of the unit to very low, low, or moderate income households.

“Affordable rent” means the maximum monthly rent, including an allowance for tenant paid utilities, calculated at the specified income level in accordance with the Health and Safety Code Section 50053.

“Household” means all those persons, related or unrelated, who occupy a single housing unit.

“Housing development project” means 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; or 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 or greater increase in the housing unit’s square footage.~~

“Low income household” means a household whose income, with adjustment for household size, is between fifty percent and eighty percent of the Santa Cruz County areawide median income.

“Moderate income household” means a household whose income, with adjustment for household size, is between eighty percent and one hundred twenty percent of the Santa Cruz County areawide median income.

“Qualified retirement plan” means a retirement plan recognized by the Internal Revenue Service (IRS) where investment income accumulates tax-deferred. Common examples include individual retirement accounts (IRAs), pension plans and Keogh plans.

“Senior citizen” means a person 62 years of age or older, or 55 years of age or older in a senior citizen housing development.

“Senior citizen housing development” means a senior citizen housing development as defined in California Civil Code Sections 51.3 and 51.12, that is developed, substantially rehabilitated, or substantially renovated for senior citizens. A senior citizen housing development must include at least 35 dwelling units or mobile home spaces.

“Very low income household” means a household whose income, with adjustments for household size, is less than fifty percent of the Santa Cruz County areawide median income.

“Unit” means a single-family home, condominium, apartment, mobile home parcel, or residential parcel.

18.02.030 Affordable housing requirements.

A. Subject to the exceptions set forth elsewhere in this chapter, each proposed housing development project shall be required to contribute to the city’s affordable housing stock as follows:~~A. Housing development projects creating seven or more for-sale housing units, residential parcels, mobile home parcels, or converted condominium units shall be required to reserve and restrict fifteen percent of the housing units, residential parcels or converted condominium units for sale to moderate, low or very low income households in accordance with the requirements of Section 18.02.040.~~

~~B. Housing development projects creating rental housing units, the development of fewer than seven for-sale housing units, residential parcels or converted condominiums, mobile home parcels, or a structural addition meeting the criteria specified in Section 18.02.020 shall be required to pay affordable housing in-lieu fees to the city’s housing trust fund in accordance with the requirements of Section 18.02.050.~~

B. The following housing development projects are exempt from Sections 18.02.030 through 18.02.050 of this Chapter 18.02, however, they may be subject to Affordable Housing Impact Fees under Chapter 18.05:

1. Rental housing units.

2. The development of six or less for-sale housing units, residential parcels or converted condominiums, or mobile home parcels.

3. Redevelopment of existing housing development projects that do not result in the creation of seven or more residential units.

4. Developments exempted by state law or by final judgment by a court of competent jurisdiction.

18.02.040 Provision of affordable housing units.

When a housing development project is required to construct or provide affordable housing units pursuant to this chapter, the housing development project shall comply with the following requirements:

A. In determining the number of affordable housing units required, developments which require fractional contribution pursuant to the requirements of this chapter shall pay affordable housing in-lieu fees for the fractional contribution in an amount prescribed by the affordable housing in-lieu fee schedule adopted, and from time to time revised, by city council resolution.

B. All affordable housing units shall remain affordable for fifty-five years or the natural life of the unit, whichever is greater, unless a longer period is required by a construction or mortgage financing program, mortgage insurance program, state law, or housing grant, loan or subsidy program. The required period of affordability shall run concurrently with any period of affordability required by any other agency; provided, however, that the affordability period shall not be less than fifty-five years or the natural life of the unit, whichever is greater.

C. The housing development project permit application submitted to the city shall specify the number, type, location, size and construction scheduling of all housing units which are part of the project, including the affordable housing units, and shall indicate which housing units are designated as affordable housing units for purposes of complying with this chapter. If an alternative compliance option under Section 18.02.050 is requested, the proposed method of compliance shall be included with the initial application. If a reduction, adjustment, or waiver under Section 18.02.150 is requested, the application shall set forth the basis for the request in accordance with the criteria set forth in that section.

D. Unless otherwise approved by the city planning commission or city council, affordable housing units shall be reasonably dispersed throughout the housing development project and shall be compatible with the design and use of the remaining housing units in the housing development project in terms of appearance, materials and finish quality.

E. The housing development project developer shall have the option of reducing the interior amenity level ~~and square footage~~ of affordable housing units provided that all affordable housing units conform to the requirements of the city building and housing codes and further provided that all affordable housing units, at a minimum, shall have interior painting or other finish wall covering, floor covering, a stove, a dishwasher, an oven, built-in kitchen cabinets, washer and dryer hookups, a bath/shower, a toilet, a kitchen sink and a bathroom sink.

F. All affordable housing units in a housing development project shall be constructed concurrently with, or prior to, the construction of the housing development project's market rate housing units and shall be sold concurrently with, or prior to, sale of the market rate housing units.

G. Prior to recordation of the final subdivision map or issuance of building permits for the housing development project, the housing development project developer shall enter into a participation agreement with the city in a form suitable for recordation so as to assure compliance with the provisions of this chapter.

H. A housing development project developer who is a subdivider may propose to comply with the requirements of this chapter by dedicating affordable lots to the city. The city council, at its sole discretion may grant, conditionally grant or deny the request. If the housing development project subdivider's proposal to dedicate affordable lots to the city is approved, the offer of dedication shall be made concurrently with the filing of the final subdivision map.

I. Where the city provides financial assistance to a housing development project in the form of a grant, subsidy, loan, fee waiver or any other action which confers a fiscal benefit on the housing development project developer, the city may condition the financial assistance with a requirement that the housing development project reserve or restrict more than fifteen percent of the housing development project's housing units, residential parcels or converted condominium units for sale to moderate, low or very low income households.

18.02.050 In-lieu housing fees and alternative compliance options.

A. When a housing development project is subject to this chapter, the housing development project developer may elect to pay affordable housing in-lieu fees rather than produce the required inclusionary units onsite in accordance with the following requirements:

A1. The housing development project developer shall pay affordable housing in-lieu fees in an amount prescribed by the affordable housing in-lieu fee schedule adopted, and from time to time revised, by city council resolution.

B. Affordable housing in-lieu fees shall be paid in the following manner:

1. ~~Housing development projects of two or more housing units, rental housing units, residential parcels or converted condominiums shall enter into a in-lieu fee agreement in a form suitable for recordation, which shall be recorded with the county recorder's officer prior to recordation of the final subdivision map, if new parcels are being created, or issuance of building permits if the project does not involve subdivision of parcels. The in-lieu fee agreement shall create a lien on each dwelling unit or parcel in order to ensure payment of the required in-lieu fees. The in-lieu fee amount applicable to each unit shall be paid prior to issuance of the certificate of occupancy for that unit by the building department. If an escrow account has been opened for the sale of a unit subject to the fee, the certificate of occupancy may be issued prior to payment of the fee if: the developer has provided a written request to the city requesting submittal of a demand for payment of the fee by the city, and the escrow officer has signed and returned the city demand for payment to the city. Developer shall include in such written request the name of the title company, escrow officer, escrow number, and contact information, and shall also include the requirement for payment of the fee in seller's escrow instructions. Upon receipt of payment in full of the applicable in-lieu fee from the sale of each unit in a project, the city shall record a release of the affordable housing encumbrances imposed on that unit by the recorded in-lieu fee agreement.~~

2. ~~Housing development projects which entail the development of one housing unit, demolish/rebuild of an existing housing unit, or a structural addition to an existing housing unit which will result in a fifty percent or greater Increase in the housing unit's square footage shall pay the in-lieu fee at the time of application for a building permit.~~

C. ~~A housing development project developer who is otherwise required to pay an affordable housing in-lieu fee by this chapter may instead provide one or more affordable (not less than fifteen percent) for sale housing units which shall be deed and time restricted in accordance with the provisions of Section 18.02.040.~~

D. Exemptions and Fee Waivers.

1. ~~An applicant for demolish/rebuild or significant remodel/addition who is the owner/ occupant of the property and whose household income is at or below one hundred twenty percent of countywide median income may have their in-lieu fee waived by the city manager upon submittal of income and assets information to the city manager for review and verification.~~

2. ~~An applicant for demolish/rebuild or significant remodel/addition whose application is in direct response to a fire or other natural disaster shall be exempt from this chapter.~~

3. ~~An applicant for demolish/rebuild or significant remodel/addition who provides satisfactory evidence showing ownership of and residency in the unit for at least five years prior to the date of application may apply to the city manager for a waiver of the applicable in-lieu fee.~~

4. ~~Developers of rental housing projects who provide evidence to the council's satisfaction that the units will: (a) be available to and rented for amounts affordable to lower income households on a long term basis; and (b) will not be utilized as vacation rentals at any time, may apply to council for a waiver of the applicable in-lieu fees. Rental projects financed in whole or part by public or private funds that require ongoing affordability as a condition of funding shall qualify for this waiver.~~

2. The housing development project developer shall pay the in-lieu fee amount applicable to each unit prior to issuance of a building permit for that unit by the building department. Upon request of the housing development project developer, the city council may consider and approve a deferred payment until issuance of a certificate of occupancy based on a finding that the deferred fee payment contributes to the project's economic feasibility. The approval of a deferred fee shall be conditioned upon receipt of adequate security for the obligation from the housing development

project developer, which may include a lien against the property or an alternative form of security approved by the Community Development Director and the City Attorney.

E3. Affordable housing in-lieu fees shall be deposited into the city's housing trust fund and all such fees shall be used, at the earliest time feasible, to assist in the construction of new low or very low income housing units with a minimum of fifty-five-year term affordability restrictions, the rehabilitation of low or very low income housing units which, upon rehabilitation, will have fifty-five-year term affordability restrictions, or to assist low or very low income households in purchasing or renting housing units, and for administration and compliance monitoring of the affordable housing program, as approved by the city council.

B. Alternative Compliance Options.

1. The housing development project developer, or an entity controlled by the developer, or another entity that has entered into an agreement with the developer to provide affordable housing units, may propose to construct the affordable housing units required by Section 18.02.030 on another site in the city. Two or more developers may also jointly propose off-site construction of affordable housing units on a single site in the city. The city may grant a credit for off-site construction if the proposal meets all of the following conditions:

a. Financing or a viable financing plan, which may include public funding, shall be in place for the off-site affordable housing units;

b. The off-site location is suitable for the proposed affordable housing units, consistent with any adopted guidelines and the Housing Element, will not tend to cause residential segregation or concentrations of poverty, and is located within one mile of the market rate housing development project with appropriate infrastructure and services; and

c. Construction of the off-site affordable housing units may not have commenced prior to the first approval of the market rate housing development project.

Final inspections for occupancy of the market-rate units in the housing development project will be granted only after final inspections are completed for the off-site affordable housing units related to those market-rate units. However, the timing requirements set forth in this subsection may be modified by the city council. The city may require that completion of off-site affordable housing units be further secured by the housing development project developer's agreement to pay in-lieu fees in the event the off-site units are not timely completed.

2. The housing development project developer may propose to meet the requirements of Section 18.02.030 by dedicating property to the city in-lieu of constructing inclusionary units within the housing development project. The city may approve property dedication under this subsection only if the proposal meets all of the following conditions:

a. The number of affordable housing units to be constructed on the dedicated property shall be at least 10 percent greater than the number of affordable housing units otherwise required;

b. Financing or a viable financing plan, which may include public funding, shall be in place for construction of the affordable housing units on the dedicated property; and

c. The property to be dedicated is suitable for the proposed affordable housing units, consistent with any adopted guidelines and the Housing Element, will not tend to cause residential

segregation or concentrations of poverty, and is located within one mile of the market-rate housing development project with appropriate infrastructure and services.

The property shall be dedicated to the city prior to issuance of any building permit for the market rate housing development project.

18.02.060 For-sale housing units – Sales price and procedures.

When an affordable housing unit is sold or re-sold, the following requirements shall apply:

A. In calculating the maximum allowable sales price for housing units which, pursuant to this chapter, are deed restricted as affordable to very low, low or moderate income households, the city or the city's designee shall employ the following formula:

1. Single-Family Residences. Sales prices shall be set to equal the price affordable to a household earning the area median income adjusted for household size, with a household size equal to the number of bedrooms in the unit plus one, and a housing cost ratio equal to thirty-five percent of gross monthly household income, and a ten percent down payment.

2. Condominiums/Townhouses. Sales prices shall be set to equal the price affordable to median income household earning the area median income adjusted for household size, where household size is equal to the number of bedrooms in the unit plus one, and a housing cost ratio equal to thirty-five percent of gross monthly household income, and a ten percent down payment.

3. Mobile Home Parcels. No sale or resale price will be set for the inclusionary parcels created. Inclusionary parcels in a mobile home park will have initial and subsequent resales restricted to sale to a median income household adjusted by household size.

4. If the maximum allowable sales price is less than the original purchase price the homeowner paid for the affordable housing unit, the homeowner shall be permitted to sell the affordable housing unit at a price equal to their original purchase price.

B. The re-sale purchase price of any affordable housing unit may be increased by the value of any substantial structural or permanent fixed improvements, subject to the following conditions:

~~which cannot be~~ 1. The improvements must be incapable of being removed without substantial damage to the premises or substantial or total loss of value of the improvements. The value shall be determined by an appraiser designated by the city. Such adjustment cannot increase the resale price herewith allowed by more than ten percent. No improvements shall be deemed substantial unless the aggregate, actual, initial costs of the improvements to the owner exceed one percent of the purchase price paid by the selling owner for the premises.

2. The cost of the improvements at the time they were made or installed must equal more than one percent of the original purchase price the homeowner paid for the affordable housing unit, as verified by invoices, receipts, or similar forms of documentation.

3. The improvements must have conformed to applicable building codes at the time of installation, as evidenced by a building permit or a valid building permit waiver issued by the City.

4. The maximum allowable sales price shall be increased by the present value of qualifying improvements as determined by an appraiser designated by the city up to a maximum value equal to ten percent of the original purchase price the homeowner paid for the affordable housing unit.

5. The limits shall reset upon each transfer to a new homeowner, and each subsequent homeowner shall have the opportunity to benefit from an upward adjustment to the maximum allowable sales price caused by qualifying improvements.

C. If the city finds that the owner, through neglect, abuse or lack of adequate maintenance, has damaged an affordable housing unit, the city may require repairs be made at the owner's expense and be financed prior to sale or through the escrow account.

D. In cases where the owner or housing developer has made a good faith effort to sell an affordable housing unit at the allowable sales price established by the city, and has failed to sell that unit after two hundred forty days, the seller may request to make a monetary contribution to the affordable housing trust fund in exchange for the city's agreement to release the affordability deed restriction on that unit. The amount of the contribution would be determined by the city council, taking into consideration the then-current cost of developing similar affordable housing units and the remaining amount of time the subject unit was deed restricted for sale to very low, low or moderate income households. The city council in its sole discretion may grant, conditionally grant or deny the request. If the request is granted or conditionally granted, upon the city's receipt of the prescribed housing trust fund contribution, the subject affordable housing deed restriction shall be released and the seller shall be allowed to sell, rent or otherwise use the subject affordable housing unit for residential purposes as the seller deems appropriate.

For purposes of this section, a good faith effort to sell a deed restricted affordable housing unit will, at a minimum, include listing the property in the pertinent multiple listing service for a minimum of two hundred forty days, actively marketing and showing the property in a manner that would be deemed professionally prudent by a full-time real estate agent or broker employed in the Santa Cruz County housing market.

E. Calculations made in accordance with the requirements of this Section shall remain valid for ninety days after the city provides the result of the calculations in writing. After ninety days, an affordable housing unit purchaser or homeowner shall be required to obtain new calculations from the city and may be required to pay additional fees in accordance with Section 18.02.110. An affordable housing unit purchaser or homeowner may not request an updated calculation prior to the ninety day period passing.

F. The city council authorizes the community development director to adopt guidelines that are consistent with this Section to provide more specific information about how sales prices shall be calculated.

18.02.070 Eligibility for affordable housing units.

A. Only households which qualify as very low, low, median or moderate income households, and who meet the asset limit, shall be eligible to purchase affordable housing units developed or ~~funded in compliance with, or pursuant to this chapter.~~

B. To be eligible to purchase affordable housing units created pursuant to this chapter that are not in a senior citizen housing development or a mobile home park, the total assets of a household

shall be less than one and one-half times the annual household income limit for that unit. The following assets are excluded from the eligibility calculation:

1. Assets to be used to purchase the affordable housing unit are excluded from the asset calculation.

2. Assets in a qualified retirement plan up to Five Hundred Thousand Dollars (\$500,000), which amount shall be increased on January 1, 2023 and every January 1 thereafter by a percentage equal to the percentage increase in the Consumer Price Index over the same time period.

C. To be eligible to purchase affordable housing units that are in a senior citizen housing development and that are not in a mobile home park, the total assets of a household shall be less than three times the annual household income limit for that unit. The following assets are excluded from the eligibility calculation:

1. Assets to be used to purchase the affordable housing unit.

2. Assets up to One Million Dollars (\$1,000,000), which amount shall be increased on April 1, 2021 and every April 1 thereafter by a percentage equal to the percentage increase in the Consumer Price Index over the same time period.

C. Income eligibility to purchase affordable housing units created pursuant to this chapter shall be determined at the time of sale of the affordable housing unit by the city or the city's designee.

D. Applicants may appeal the city's income and asset eligibility determinations within thirty days of the date of their income eligibility letter. Appeals of the city's income and asset eligibility determinations shall first be made to a committee comprised of the city manager, mayor, community development director, and city attorney. Appeals shall be in the form of a letter addressed to the city manager, and should document the reason the applicant believes an exception should be made. Appeals may be granted by the committee upon a finding, based upon documentary evidence produced by the appellant which clearly demonstrates that the subject household's future earning capacity will be significantly impaired in the immediately foreseeable future. The committee's decision may be appealed as set forth in Section 18.02.150.

E. The purchaser of an affordable ownership unit shall occupy the unit as his or her primary place of residence. If the unit ceases to function as a primary residence, it shall be sold according to the requirements of this chapter.

18.02.080 Marketing of affordable housing units for sale.

A. Any marketing communication advertising an affordable housing unit for sale shall fully disclose the affordable housing sale price and eligibility restrictions contained in this chapter.

B. Marketing of an ~~a for-sale~~ affordable ownership housing unit shall be performed by the owner or owner's agent, with preference given to households who live or work in Capitola, who shall market the affordable housing unit for no more than the maximum sale price established by the city (excluding closing costs in sales transactions).

C. The purchaser of an affordable housing unit shall not pay more in closing costs than that which is reasonable and customary in Santa Cruz County.

D. The seller of an affordable housing unit shall pay any real estate sales commission associated with the sales transaction.

E. The owner of an affordable housing unit shall not use the unit as collateral for an amount exceeding ninety-five percent of the maximum sales price allowed by this chapter unless specifically allowed in writing beforehand by the city. All second mortgages shall require the prior written approval of the city.

18.02.090 Secondary dwelling units – Non-applicability.

This chapter shall not apply to secondary dwelling units developed pursuant to Capitola Municipal Code Chapter 17.99.

18.02.100 Pre-approved projects – Non-applicability.

~~This Sections 18.02.30 through 18.02.50 of this~~ chapter shall not apply to projects for which a development permit was issued by the city prior to the effective date of the ordinance codified in this chapter or to the projects for which an approved tentative map or vesting tentative map existed as of the effective date of said ordinance.

18.02.110 Fees.

Upon resale- application for an equity line of credit, or refinance of an affordable housing unit, the owner or landlord shall pay a fee to the city to cover the city's costs in determining the maximum sales price and any other monitoring and document preparation processes as may be required of the city. The fee shall be established by city council resolution and shall be calculated so as to allow the city to recover the staff costs and administrative overhead incurred by the city in providing these services and preparing these documents. In addition, the city may similarly charge each prospective purchaser of an existing affordable housing unit a fee for determining eligibility.

18.02.120 Default/foreclosure.

A. Option to Purchase. In the event a default notice is recorded against an affordable housing unit, the city or its designee shall have the option to purchase the unit by paying the minimum amount that the owner would have received on the date of the foreclosure sale. Out of this sum, any lien holders shall be paid the amount of funds due them and the owner shall be paid the remaining balance.

B. In the event the city or its designee does not exercise its option to purchase the affordable housing unit prior to the trustee's sale or judicial foreclosure and the owner does not redeem the property by curing the default prior to sale or foreclosure, the unit shall thereafter be free from the restrictions of this chapter and the new owner may occupy, sell or rent the unit without restriction.

C. Notwithstanding subsection B of this section, single-family units that have never been sold to individual owner-occupants and multiple-family dwelling units shall not be released from the restrictions of this chapter through a trustee's sale or judicial foreclosure. In addition, affordable housing units shall not be released under the following circumstances:

1. The city has not been provided a copy of the notice of default within ten days of its service upon the owner;

2. The owner does not allow the city to exercise its option to purchase; or
3. A lender has over-encumbered the property and refuses to release its interest in the property for the maximum allowable sales price.

18.02.130 Conflicts of interest.

The following individuals are ineligible to purchase an affordable housing unit as their residence:

- A. The city manager, city attorney, community development director and members of the planning commission and city council;
- B. The owner or developer of an affordable housing project or affordable housing unit; and
- C. The immediate relatives of persons identified in subsections A and B of this section.

18.02.140 Violations.

It is unlawful and a violation of this chapter for an applicant or owner of an affordable housing unit or any employee or agent of an applicant or owner to:

- A. Sell an affordable housing unit to anyone who has not first been qualified as eligible;
- B. Sell an affordable housing unit to any person who has a conflict of interest as defined by this chapter;
- C. Sell an affordable housing unit for an amount exceeding the maximum sales price;
- D. Solicit, require or accept in connection with the sale of an affordable housing unit any payment or other contribution of cash, property or services from a purchaser or tenant the value of which, when added to the purchase price paid for an affordable housing unit, would exceed the maximum sales price or maximum rental prescribed by this chapter;
- E. ~~Willfully~~ Willfully and knowingly make a false statement or representation, or knowingly fail to disclose a material fact for the purpose of qualifying as eligible to purchase or rent an affordable housing unit under this chapter; or
- F. Violate any other provision of this chapter. The city may prosecute any violation of this chapter criminally, civilly or administratively in accordance with Title 4 of this code.

18.02.150 Reductions, Adjustments, or Waivers.

A. Any request for a waiver, adjustment, or reduction under this Chapter 18.02 shall be submitted to the city concurrently with an application for a first approval for a housing development project based upon a showing that applying the requirements of this chapter would result in an unconstitutional taking of property or would result in any other unconstitutional result. The request for a waiver, adjustment, or reduction shall set forth in detail the factual and legal basis for the claim.

B. The request for a waiver, adjustment, or reduction shall be processed concurrently with all other permits required for the housing development project. The body with the authority to approve the housing development project shall have the authority to act on the request for a waiver, adjustment, or reduction, subject to any appeals otherwise authorized for the housing development project.

C. The waiver or modification may be approved only to the extent necessary to avoid an unconstitutional result, based upon legal advice provided by or at the behest of the City Attorney, after adoption of written findings, based on legal analysis and substantial evidence. If a waiver or modification is granted, any change in the project shall invalidate the waiver or modification, and a new application shall be required for a waiver or modification under this section.

18.02.160 Appeal.

Any applicant or other person whose interests are adversely affected by a determination under Section 18.02.070 of this chapter may appeal in accordance with the provisions of that section. Any applicant or other person whose interests are adversely affected by any other determination in regard to the requirements of this chapter may appeal to the city council in accordance with the provisions of Chapter 2.52 of this code.

ORDINANCE NO. _____

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CAPITOLA ADDING
CHAPTER 18.05 “AFFORDABLE HOUSING IMPACT FEES” TO ESTABLISH
AFFORDABLE HOUSING IMPACT FEES IN THE CITY OF CAPITOLA**

WHEREAS, a decent home and suitable living environment for all Capitola residents and workers is a priority of the highest order; and

WHEREAS, the City engaged Economic & Planning Systems, Inc. (“EPS”) to conduct a Nexus-Based Affordable Housing Fee Analysis for Rental and For-Sale Housing Projects (“Nexus Studies”); and

WHEREAS, the Nexus Studies examined the link between new market-rate housing development projects, the growth of employment associated with the consumer expenditures of new residents, and the demand for affordable housing to accommodate the new worker households in the City and according to the Nexus Studies, new development of market-rate housing development projects supports growth of consumer expenditures by new residents; and

WHEREAS, the Nexus Studies demonstrated that many of the new worker households will qualify as moderate, low, and very low income households and will increase the demand for affordable housing in the City; and

WHEREAS, the City desires to establish affordable housing impact fees in the City of Capitola to assure that housing development projects pay their fair share to compensate for the increased demand for affordable housing generated by such projects within the City; and

WHEREAS, the affordable housing impact fees were presented to City Council along with this ordinance; and

WHEREAS, pursuant to Government Code sections 66013, 66016, 66018, and 6062a, the City must adopt affordable housing mitigation fees only after notice and public hearing; and

WHEREAS, pursuant to Government Code section 6062a, a notice of a public hearing on the proposed affordable housing impact fees was published on October 4, 2021 and October 11, 2021 in the Santa Cruz Sentinel, a newspaper of general circulation; and

WHEREAS, pursuant to Government Code sections 66013 and 66016, notice of the time and place of the meeting, including a general explanation of the matters to be considered and a statement that required data is available was mailed at least 14 days prior to the meeting to those members of the public who filed a written request with the City; and

WHEREAS, at least ten (10) days prior to the public hearing referenced above, the City made available for public inspection information required under government Code section 66000, et. seq.; and

WHEREAS, on October 14, 2021, the City Council held a noticed public hearing to consider the adopting the affordable housing impact fees at which time all interested persons were given an opportunity to comment.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CAPITOLA DOES ORDAIN AS FOLLOWS:

Section 1: Adding Chapter 18.05 to Capitola Municipal Code. Chapter 18.05 of the Capitola Municipal Code titled “Affordable Housing Impact Fees,” as shown in Attachment A, is hereby added in its entirety to Title 18.

Section 2: CEQA. The City Council finds that the action to adopt this Ordinance is not subject to the California Environmental Quality Act (“CEQA”). This action is not a project within the meaning of the CEQA Guidelines Sections 15378 and 15061(b)(3) as it has no potential for physical effects on the environment because it involves an adoption of certain fees and/or charges imposed by the City, does not commit the City to any specific project, and said fees and/or charges are applicable to future development projects and/or activities, each of which future projects and/or activities will be fully evaluated in full compliance with CEQA when sufficient physical details regarding said projects and/or activities are available to permit meaningful CEQA review (see CEQA Guidelines, Section 15004(b)(1)). Pursuant to CEQA Guidelines section 15378(b)(4), the creation of government funding mechanisms which do not involve any commitment to any specific project which may cause significant effect on the environment, is not defined as a “project” under CEQA. Therefore, approval of the fees and/or charges is not a “project” for purposes of CEQA, pursuant to CEQA Guidelines, Section 15378(b)(4); and, even if considered a “project” under CEQA, is exempt from CEQA review pursuant to CEQA Guidelines Section 15061(b)(3) because it can be seen with certainty that there is no possibility that approval of the fees and/or charges may have a significant effect on the environment.

Section 3: Severability. If any section, subsection, sentence, clause, or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision will not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have passed this Ordinance and each and every section, subsection, sentence, clause, or phrase not declared invalid or unconstitutional without regard to whether any portion of the Ordinance would be subsequently declared invalid or unconstitutional.

Section 4: Effective Date. This Ordinance of the City of Capitola shall take effect and be in force 30 days after the date of its passage.

Section 5: Publication. Within fifteen (15) days of its passage, this Ordinance shall be published at least once in a newspaper of general circulation published and circulated in the City of Capitola, along with the names of the members of the City Council voting for and against its passage.

This Ordinance was introduced at a regular meeting of the Capitola City Council on the ___ day of October 2021, and was adopted at a regular meeting of the Capitola City Council on the ___ day of October 2021, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Yvette Brooks, Mayor

ATTEST:

Chloe Woodmansee, City Clerk

ATTACHMENT "A"

Chapter 18.05

Attachment: Capitola - Affordable Housing Impact Fee Ordinance (Consider the Second Reading of an Ordinance Amending Ch. 18.02:

AFFORDABLE HOUSING IMPACT FEES

Sections:

| | |
|-----------|--|
| 18.05.010 | Purpose |
| 18.05.020 | Findings |
| 18.05.030 | Definitions |
| 18.05.040 | Use of Fees |
| 18.05.050 | Applicability |
| 18.05.060 | Establishment of Affordable Housing Impact Fee |
| 18.05.070 | Exemptions |
| 18.05.080 | Payment of Fee |
| 18.05.090 | Determination of Required Fees |
| 18.05.100 | Reductions, Adjustments, or Waivers |

18.05.010 Purpose

The purpose of this Chapter is to establish affordable housing impact fees in the City of Capitola to assure that housing development projects pay their fair share to compensate for the increased demand for affordable housing generated by such development projects within the City of Capitola.

18.05.020 Findings

A. The City of Capitola conducted nexus studies that examined the link between new market-rate housing development projects, the growth of employment associated with the consumer expenditures of new residents, and the demand for affordable housing to accommodate the new worker households in Capitola. According to the nexus studies, new development of market-rate housing development projects supports growth of consumer expenditures by new homebuyer and renter households.

B. Growth of household consumer expenditures supports job growth and new employment opportunities in Capitola.

C. New employment opportunities will attract new workers to Capitola.

D. Many of those new workers will seek housing and choose to live in Capitola.

E. Many of those new worker households will qualify as moderate, low, and very low income households and will increase the demand for affordable housing in Capitola, particularly since the increase in jobs is generally in the lower-wage-paying sectors such as retail trade and services.

F. Expansion of the supply of affordable housing will require funding to bridge the "gap" between the costs of developing new affordable housing and what new moderate- and lower-income households can afford to pay.

G. Through the payment of an affordable housing impact fee, developers of market-rate housing will address at least a portion of the impacts of their developments on the need for affordable housing. Revenue from the fees will be used to preserve and expand the supply of affordable housing in Capitola.

H. The affordable housing impact fee imposed under this Chapter serves the public interest and is necessary to protect the health, safety and welfare of the residents of Capitola.

18.05.030 Definitions

For the purposes of this Chapter, unless otherwise apparent from the context, certain words and phrases used in this chapter are defined as follows:

A. "Housing development project" means any development project requiring a land use permit or approval from the city for: the construction of one or more new housing units including single-family residences, condominiums, townhouses and apartments; the division of land into one or more new residential parcels; the subdivision of mobile home parks; the conversion of one or more apartments to one or more condominiums; or a structural addition to an existing housing unit which will result in a fifty percent or greater increase in the housing unit's square footage.

B. "Low income household" means a household whose income, with adjustment for household size, is between fifty percent and eighty percent of the Santa Cruz County areawide median income.

C. "Moderate income household" means a household whose income, with adjustment for household size, is between eighty percent and one hundred twenty percent of the Santa Cruz County areawide median income

D. "Very low income household" means a household whose income, with adjustments for household size, is less than fifty percent of the Santa Cruz County area wide median income.

E. "Unit" means a single-family home, condominium, apartment, mobile home parcel, or residential parcel.

18.05.040 Use of Fees

The revenues from the affordable housing impact fees shall be deposited into a segregated affordable housing impact fee fund and all such fees shall be used to provide assistance for production of affordable housing units, acquisition of at-risk units, or rehabilitation of affordable housing units in the City of Capitola for very low, low, and moderate income households. The affordable housing impact fee revenues may also fund the studies and administration to support the fee program.

18.05.050 Applicability

The regulations, requirements, and provisions of this Chapter shall apply to any housing development project, unless exempt from this Chapter.

18.05.060 Establishment of Affordable Housing Impact Fees

Except as otherwise provided in this Chapter, applicants to develop a housing development project shall pay an affordable housing impact fee in an amount established by resolution of the City Council in accordance with a nexus study that demonstrates the reasonable relationship between the fee's use and the type of development project on which the fee will be imposed and demonstrates the reasonable relationship between the need for affordable housing and the type of development projects on which the fee will be imposed.

18.05.070 Exemptions

A. Housing development projects creating seven or more for-sale housing units, residential parcels, mobile home parcels, or converted condominium units shall be exempt from paying the affordable housing impact fee. Those projects, however, will be subject to the affordable housing inclusionary requirements set forth in Chapter 18.02 of the Capitola Municipal Code.

B. Housing units that are designated as affordable to very low, low, or moderate income households, with a minimum of fifty-five year term affordability restrictions, shall not be included in the calculation of the affordable housing impact fee.

C. New housing units that are constructed to replace housing units that were (1) demolished less than two years before the project developer applied for a permit to construct the housing development project; and (2) do not include a structural addition which will result in a fifty percent or greater increase in the housing unit's square footage shall not be included in the calculation of the affordable housing impact fee.

18.05.080 Payment of Fee

The fees required by this Chapter from a housing development project developer shall be paid at the time of building permit issuance, unless the developer of a non-subdivision housing development project enters into an agreement with the City to pay the fees at the time the certificate of occupancy is issued, pursuant to Government Code section 66007(a). An agreement to defer payment until the issuance of a certificate of occupancy

must be executed and recorded before the City will issue a building permit for the development project.

18.05.090 Determination of Required Fees

A. The Community Development Director, or the Director's designee, shall be responsible for determining the fees required by this Chapter. This determination shall be made at the time of application for the Building Permit for the New Development.

B. The affordable housing impact fee may be modified automatically on an annual basis in accordance with the change in the Engineering News Record ("ENR") Construction Cost Index for the San Francisco area. This adjustment shall not require any action of the City Council.

18.05.100 Reductions, Adjustments, or Waivers

A. Any request for a waiver, adjustment, or reduction under this Chapter 18.05 shall be submitted to the city concurrently with an application for a first approval for a housing development project based upon a showing that applying the requirements of this Chapter would result in an unconstitutional taking of property or would result in any other unconstitutional result. The request for a waiver, adjustment, or reduction shall set forth in detail the factual and legal basis for the claim.

B. The request for a waiver, adjustment, or reduction shall be processed concurrently with all other permits required for the housing development project. The body with the authority to approve the housing development project shall have the authority to act on the request for a waiver, adjustment, or reduction, subject to any appeals otherwise authorized for the housing development project.

C. The waiver or modification may be approved only to the extent necessary to avoid an unconstitutional result, based upon legal advice provided by or at the behest of the City Attorney, after adoption of written findings, based on legal analysis and substantial evidence. If a waiver or modification is granted, any change in the project shall invalidate the waiver or modification, and a new application shall be required for a waiver or modification under this section.

RESOLUTION NO. [REDACTED]

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAPITOLA AMENDING THE CITY'S
FEE SCHEDULE RESOLUTION NO. [REDACTED] TO ADOPT A SCHEDULE FOR AMENDING
INCLUSIONARY HOUSING IN-LIEU FEES AND ADDING AFFORDABLE HOUSING IMPACT
FEES**

WHEREAS, a decent home and suitable living environment for all Capitola residents and workers is a priority of the highest order; and

WHEREAS, there is currently an inadequate supply of housing in the City which is affordable to lower and moderate income households, and Federal and State financial assistance and subsidy programs are not sufficient to close the gap between the cost of most housing in the City and the ability of lower income households to pay those housing costs; and

WHEREAS, the inventory of land available for residential development in the City is at a premium and the inventory of land which can be used for the development of housing for lower and moderate income households becomes even more depleted with the development and/or improvement of each market rate housing unit in the City; and

WHEREAS, from 2015 to 2020 the median countywide price of a single-family house has increased from \$825,000 to \$1,125,000, and the median countywide price for a townhouse/condominium has increased from \$400,000 to \$544,000, creating an "affordability gap" between the market prices of properties and the price that lower and moderate income households can afford to pay; and

WHEREAS, residential housing projects which contribute to the City's very low, low and moderate income housing stock serve to augment the City's housing mix, increase the supply of housing for all economic sectors of the community and thereby assist in providing for a balanced community which is deemed to be in the public interest; and

WHEREAS, the Housing Element of the Capitola General Plan encourages the adoption of an inclusionary housing ordinance to promote construction of affordable housing units in connection with private market rate residential development or the payment of in lieu affordable housing fees in connection with market rate residential development; and

WHEREAS, the Inclusionary Housing Ordinance authorizes the City Council to adopt inclusionary housing in-lieu fees, which a project developer may pay as an alternative compliance option under the Inclusionary Housing Ordinance; and

WHEREAS, the inclusionary housing in lieu fees, deposited in the Affordable Housing Trust Fund, will be used to finance the development of new affordable housing or the rehabilitation of existing affordable housing, to provide affordable housing programs in the City, to leverage flexible local funds for larger State and Federal grants, and to administer the City's Affordable Housing Program; and

WHEREAS, the City engaged Economic & Planning Systems, Inc. ("EPS") to conduct a Nexus-Based Affordable Housing Fee Analysis for Rental and For-Sale Housing Projects ("Nexus Studies"); and

WHEREAS, the Nexus Studies examined the link between new market-rate housing development

projects, the growth of employment associated with the consumer expenditures of new residents, and the demand for affordable housing to accommodate the new worker households in the City and according to the Nexus Studies, new development of market-rate housing development projects supports growth of consumer expenditures by new residents; and

WHEREAS, the Nexus Studies demonstrated that many of the new worker households will qualify as moderate, low, and very low income households and will increase the demand for affordable housing in the City; and

WHEREAS, the City desires to establish affordable housing impact fees in the City of Capitola to assure that housing development projects pay their fair share to compensate for the increased demand for affordable housing generated by such projects within the City; and

WHEREAS, the Affordable Housing Impact Fee Ordinance authorizes the City Council to adopt affordable housing impact fees to be paid by development projects requiring a land use permit or approval from the city for: the construction of one or more new housing units including single-family residences, condominiums, townhouses and apartments; the division of land into one or more new residential parcels; the subdivision of mobile home parks; the conversion of one or more apartments to one or more condominiums; or a structural addition to an existing housing unit which will result in a fifty percent or greater increase in the housing unit's square footage; and

WHEREAS, the affordable housing impact fees adopted by this resolution do not exceed the amounts justified by the Nexus Studies; and

WHEREAS, the Nexus Studies were presented to Council along with this resolution and are hereby adopted by Council; and

WHEREAS, the City Council determined that the Nexus Studies comply with California Government Code, section 66000 et seq.; and

WHEREAS, EPS also conducted an Affordable Housing Fee Feasibility Assessment, which determined that for-sale housing projects could absorb a higher fee than rental housing projects; and

WHEREAS, pursuant to Government Code sections 66013, 66016, 66018, and 6062a, the City must adopt the affordable housing impact fees only after notice and public hearing; and

WHEREAS, pursuant to Government Code section 6062a, a notice of a public hearing on the proposed fee schedule was published on October 4, 2021 and October 11, 2021 in the Santa Cruz Sentinel, a newspaper of general circulation; and

WHEREAS, pursuant to Government Code sections 66013 and 66016, notice of the time and place of the meeting, including a general explanation of the matters to be considered and a statement that required data is available was mailed at least 14 days prior to the meeting to those members of the public who filed a written request with the City; and

WHEREAS, at least ten (10) days prior to the public hearing referenced above, the City made available for public inspection information required under government Code section 66000, *et. seq.*; and

WHEREAS, on October 14, 2021, the City Council held a noticed public hearing to consider the City’s proposed updated affordable housing impact fees at which time all interested persons were given an opportunity to comment.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Capitola that the City’s Fee Schedule Resolution, Resolution No. 3285, is hereby amended as follows:

- 1) Under “Planning Department Fees” the “Schedule for Affordable Housing In-Lieu Fees” category shall be amended in its entirety to read as follows:

Planning Department Fees

SCHEDULE FOR AFFORDABLE HOUSING IN-LIEU FEES

For Sale Housing Developments of Seven or More Units: \$25 per square foot

Note: Square foot calculations to exclude garages and decks.

- 2) Under “Planning Department Fees” the “Schedule for Affordable Housing Impact Fees” category shall be added to read as follows:

Planning Department Fees

SCHEDULE FOR AFFORDABLE HOUSING IMPACT FEES

For Sale Housing Developments of Six or Less Units \$25 per square foot

Rental Multi-Family \$6 per square foot

Additions to Housing Units of 50% or more
(charged to additional square footage only) \$2.50 per square foot

Note: Square foot calculations to exclude garages and decks.

- 3) The above listed fees shall become effective sixty (60) days after adoption of this resolution.

- 4) The City Council finds that this Resolution is not subject to the California Environmental Quality Act (“CEQA”). This action is not a project within the meaning of the CEQA Guidelines Section 15378 and 15061(b)(3) as it has no potential for physical effects on the environment because it involves an adoption of certain fees and/or charges imposed by the City, does not commit the City to any specific project, and said fees and/or charges are applicable to future development projects and/or activities, each of which future projects and/or activities will be fully evaluated in full compliance with CEQA when sufficient physical details regarding said projects and/or activities are available to permit meaningful CEQA review (see CEQA Guidelines, Section 15004(b)(1)). Pursuant to CEQA Guidelines section 15378(b)(4), the creation of government funding mechanisms which do not involve any commitment to any specific project which may cause significant effect on the environment, is not defined as a “project” under CEQA. Therefore, approval of the fees and/or charges is not a “project” for purposes of CEQA, pursuant to CEQA Guidelines, Section

15378(b)(4); and, even if considered a “project” under CEQA, is exempt from CEQA review pursuant to CEQA Guidelines Section 15061(b)(3) because it can be seen with certainty that there is no possibility that approval of the fees and/or charges may have a significant effect on the environment.

BE IT FURTHER RESOLVED that an Affordable Housing Impact Fee Fund is hereby created, to be funded with affordable housing impact fees, to provide assistance for production of affordable housing units, acquisition of at-risk units, or rehabilitation of affordable housing units in the City of Capitola for very low, low, and moderate income households. The affordable housing impact fees may also fund the studies and administration to support the fee program.

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 _____, by the following vote:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

Yvette Brooks, Mayor

ATTEST: _____
Chloe Woodmansee, City Clerk

Attachment: Resolution Setting IHO In Lieu and Affordable Housing Impact Fees Final (Consider the Second Reading of an Ordinance

The Economics of Land Use



DRAFT Administrative Report

Nexus-Based Affordable Housing Fee Analysis for For-Sale Housing

Prepared for:

City of Capitola

Prepared by:

Economic & Planning Systems, Inc.

September 2, 2021

EPS #201117

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EXECUTIVE SUMMARY

Economic & Planning Systems, Inc. (EPS) was retained by the City of Capitola (City) to conduct a nexus study analyzing the impact that development of market-rate housing has on the demand for below-market-rate housing and, based on the results, to determine the defensible nexus-based fee that could be charged to market-rate housing development.

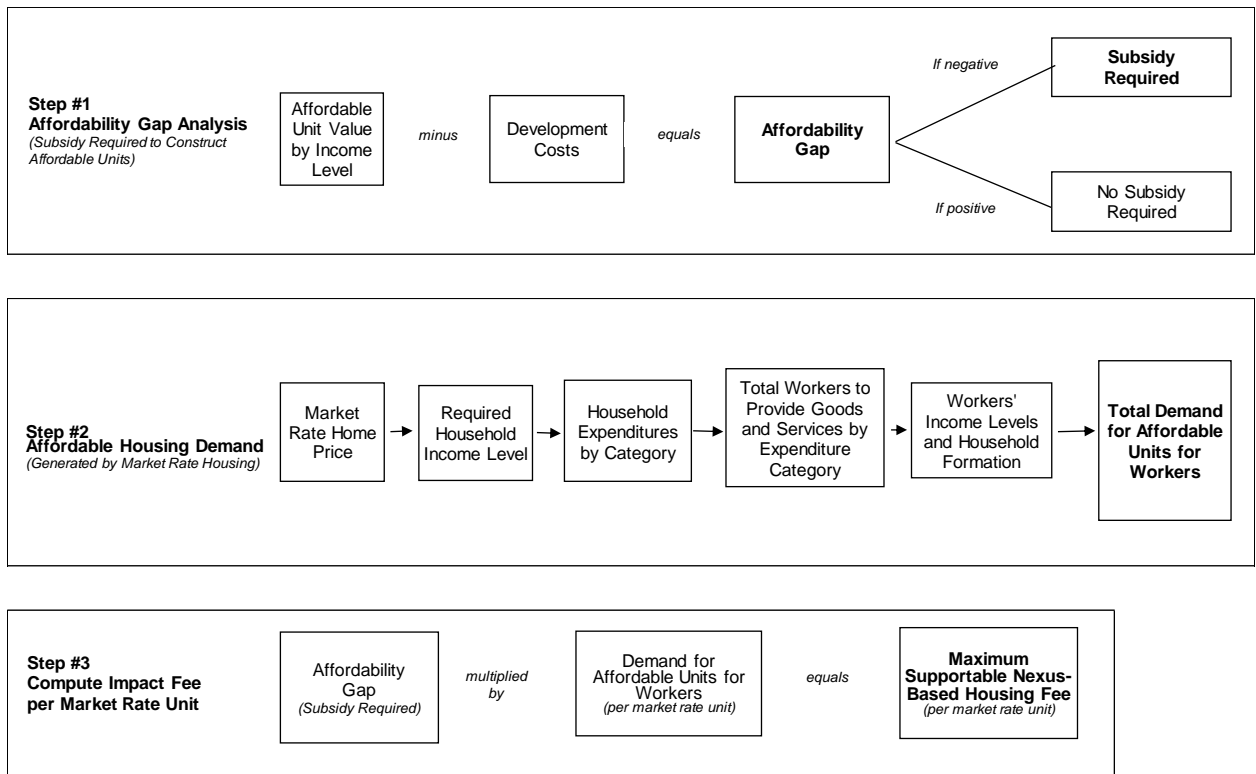
The technical approach used herein quantifies the impacts that the introduction of market-rate units have on the local economy and the demand for additional affordable housing. As new households are added to the community, local employment also will grow to provide the goods and services required by the new households. To the extent that these new jobs do not pay adequate wages for the employees to afford market-rate housing in the community, the new households' spending is creating a need for affordable housing. A nexus-based affordable housing fee is therefore based on the impact of the new market-rate homes on the demand for affordable housing. The fee calculated in this study represents the maximum fee that may be charged to new market-rate housing units to mitigate their impacts on the affordable housing supply. Such fees may be used by the City to subsidize the production of new affordable units for moderate- and lower-income households not accommodated by market-rate projects.

Calculating the impact of market-rate development in the City on affordable housing needs, and the fees needed to mitigate those impacts, involves three main analytical steps:

- **Step #1.** Estimate the typical subsidy required to construct units affordable at various income levels (the "affordability gap").
- **Step #2.** Determine the market-rate households' demand for goods and services, the jobs created by that demand, and the affordable housing needs of workers in those jobs.
- **Step #3.** Combine the affordability gap with the affordable housing demand projections to compute the maximum supportable nexus-based affordable housing fees per market-rate unit.

These technical steps are illustrated in **Figure 1** and detailed in the body of this Report and the attached Technical Appendices. The findings regarding each of these steps are presented below.

Figure 1 Illustration of Nexus-Based Housing Fee Methodology



Attachment: Nexus Study For-sale Housing (Consider the Second Reading of an Ordinance Amending Ch. 18.02: Affordable (Inclusionary)

- 1. The costs to construct housing units affordable to many households exceed those units' values based on what the households can afford to pay. The estimated subsidy required to construct affordable housing units in Capitola range from roughly \$307,000 for Very Low-Income households earning up to 50 percent of AMI to \$67,000 for Low-Income households earning up to 80 percent of AMI.**

An "affordability gap analysis" evaluates whether or not the costs to construct affordable units exceed the values of units that are affordable to lower- and moderate-income households. For each affordable housing income level—households with incomes at 50, 80, and 120 percent of Area Median Income (AMI)—this analysis estimates the subsidy required to construct affordable housing units.

The affordability gap analysis assumes that the average affordable unit for all income levels will be a 2-bedroom unit in a multifamily development in a three-story, stacked flats building (an average density of 30 dwelling units per acre). This prototype assumes that affordable housing developers will maximize the City's current allowable density (20 units per acre), plus utilize the State density bonus program granting a 50 percent increase in base density. The estimated costs to construct the prototypical affordable unit are based on recent City of Capitola development projects and transactions, as well as other development cost data sources. The cost of land acquisition is also included in the development cost calculations.

A household's ability to pay is estimated based on standard percentages of income available for housing costs at each household income level. Income available for housing costs is then converted into a monthly affordable rent and a capitalized unit value or an affordable mortgage payment and supportable home price. This unit value is then compared to the costs of development to determine the subsidy required to make the unit affordable to each income level.

- 2. The demand for affordable housing generated by the expenditures of new households in City of Capitola increases along with the market-rate unit value (and related owner income). For example, a small unit selling for \$500,000 is estimated to create demand for 0.135 affordable housing units, while a large home selling for \$2 million creates demand for 0.405 affordable units.**

Any justified nexus-based fee is based on the total demand for affordable housing units generated by construction of market-rate homes. The link (or nexus) between market-rate housing and increased demand for affordable housing is that residents of market-rate units demand goods and services that rely on wage earners (for example, retail sales clerks) some of whom typically cannot afford market-rate housing and thus require affordable housing.

Because more expensive housing units require owners to have higher incomes, and higher income households create more jobs through their spending, the nexus impacts and thus the justified fees for units vary in relation to the price of the market-rate units. The price of the unit is typically a function of its size, and the fees calculated herein can be applied based on the square footage of the market-rate units.

This analysis evaluates the demand for affordable housing generated by a range of sale prices. For each price, the demand-based nexus fee calculation involves the following steps:

- A. Market-Rate Household Income Levels.** The required income levels of households occupying new for-sale market-rate housing are derived based on the unit's mortgage, property taxes, HOA dues, insurance, and utilities, assuming standard housing cost expenses as a proportion of overall household income. For example, a typical household purchasing a for-sale market-rate home for \$1.0 million would have an income of roughly \$167,200, if they spend 35 percent¹ of their income on housing costs.
- B. Household Expenditures.** Based on the household income computed in Step A, Consumer Expenditure Survey data is used to evaluate the typical spending patterns of the household. This analysis provides an estimate of how much the household spends on specific categories of expenditures, such as "Food at Home." The survey consists of two components — the Interview Survey and the Diary Survey — each with its own sample representative of the broader population, including distinctions by income level. The surveys collect data on expenditures, income, and consumer unit characteristics. As the households' income increases with the value of the market-rate units, the total spending on goods and services also increases. The Consumer Expenditure Survey also indicates that these relationships are not linear (e.g., a household with twice the income does not necessarily spend twice as much on food). While expenditures do increase with income, the relationship is not linear (i.e., household expenditures do not increase at the same proportion that incomes go up).
- C. Job Creation and Worker Households.** Having estimated the households' spending on various items, that spending is then converted into an estimate of jobs created. For each expenditure category, data regarding average worker wages and the ratio between gross business receipts and wages are used to translate these household expenditures into the total number of private-sector workers. Because each new worker does not represent an independent household (Capitola has an average of 1.69 workers per working household), the total number of new households created is somewhat less than the number of new jobs created. This analysis assumes that workers form households with others with similar wages. EPS has further adjusted the household formation rates to reflect the fact that a certain proportion of workers will *not* form their own households, particularly those of younger ages.²
- D. Worker Households by Income Category.** Each worker household generated is assigned to an income category—represented as a proportion of AMI ranging from 50 to 120 percent—based on its estimated gross wages. This provides the total number of households generated at each income level by construction of market-rate units at

¹ California Health and Safety Code Section 50052.5 states that affordable housing cost for for-sale units should not exceed 35 percent of gross household income for all income levels. Please note that this differs from the State's defined affordable housing cost for rental units, which is 30 percent of gross household income.

² BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers overall (this factor is applied to other industries). EPS has assumed that such young workers do not form their own households.

various price points. The results indicate that residents of smaller, lower-priced units generate fewer worker households requiring affordable housing than do residents of larger, higher-priced units.

These steps of the nexus-based fee calculation provide the total number of income-qualified workers required to meet the needs for goods and services generated by market-rate housing. The number of workers servicing market-rate housing (at each unit price level) is then converted to total income qualified households and each such household is assumed to require one housing unit.

3. This analysis calculates the maximum fees that could fully mitigate the impact that new market-rate housing has on Capitola's affordable housing demand at various representative price points. These fees could range from about \$35,253 for units selling for \$500,000 to \$109,284 for units that sell for \$2 million, or could be justified at as much as \$43.71 per square foot.

The nexus fee is calculated by applying the number of affordable units needed by income qualified households to the affordability gap for each housing income category. This calculation is made for several different home values, as shown in **Table 1**. Should the City prefer to adopt a flat fee per square foot rather than adjusting the fee based on the actual unit prices, this analysis suggests that the maximum fee could be \$43.71 per square foot, as that is the lowest maximum fee level calculated.

The City may also consider whether to allow developers to provide affordable units within their projects, rather than paying the nexus-based fee. **Table 1** illustrates the proportions of affordable units that correspond to the fee calculation and demands created by the market-rate units. For instance, a project offering \$750,000 units would effectively mitigate the demand being created by the market-rate units if it provided 0.184 affordable units for each market-rate unit.

It is understood that a lower fee level below the maximum fee may be appropriate given a range of development feasibility and economic development considerations, and a City's preference to incentivize rental housing.

Table 1 Summary of Maximum Supportable Nexus-Based Housing Fees or Unit Requirements

| For-Sale Unit Price | Nexus-Based Fees | | | Unit Requirements by Income Level | | | Total |
|---------------------|------------------|------------|----------------|-----------------------------------|----------------------|----------------------------|-------|
| | Fee per Unit | % of Value | Per Sq.Ft. [1] | VLI (<50% of AMI) | Low (<80% of AMI) | Moderate (<120% of AMI) | |
| \$500,000 | \$35,253 | 7.1% | \$63.46 | 11.0% | 2.4% | 0.2% | 13.5% |
| \$750,000 | \$48,605 | 6.5% | \$51.85 | 15.2% | 2.9% | 0.3% | 18.4% |
| \$1,000,000 | \$59,792 | 6.0% | \$47.83 | 18.7% | 3.5% | 0.3% | 22.5% |
| \$1,250,000 | \$69,011 | 5.5% | \$44.17 | 21.7% | 3.6% | 0.3% | 25.6% |
| \$1,500,000 | \$81,938 | 5.5% | \$43.70 | 25.7% | 4.3% | 0.3% | 30.4% |
| \$1,750,000 | \$95,627 | 5.5% | \$43.72 | 30.0% | 5.0% | 0.4% | 35.4% |
| \$2,000,000 | \$109,284 | 5.5% | \$43.71 | 34.3% | 5.8% | 0.4% | 40.5% |

[1] Assumes an average value of \$900 per square foot for \$500k units, and \$800 per square foot for all others

Source: Economic & Planning Systems, Inc.

4. While a nexus-based relationship is not typically required for cities to adopt inclusionary housing standards, Table 1 shows that the City of Capitola could justify an inclusionary requirement of at least 13.5 percent from a nexus perspective.

Inclusionary ordinances in California vary widely but commonly require 10 to 15 percent affordable units. California jurisdictions commonly adopt inclusionary standards based on policy preferences rather than nexus analysis such as this report, but this analysis indicates that the impact of new for-sale housing could justify an inclusionary requirement of at least 13.5 percent as that is the lowest impact-based figure calculated. **Table 1** also suggests that very low-income units represent a large portion of the units demanded based on the spending of new for-sale housing occupants, but again jurisdictions commonly adopt inclusionary housing income standards based on considerations other than the nexus-based impact.

5. The findings of this analysis can apply equally to new construction of for-sale units and expansions of existing homes.

According to City staff, much of the residential construction in Capitola has been and may continue to be expansions of existing homes rather than entirely new construction. This analysis demonstrates that there is a relationship between the size of homes, their market value, the incomes of households expected to occupy those homes, and the impact on the City's affordable housing demands. As homeowners or other investors expand an existing home, its market value increases in a predictable way based on the square footage added, and the required income of the future buyers of the home can be expected to increase even if the current occupants' income stays the same while they remain in the home. For example, market data suggest that adding 500 square feet to a home can be expected to add roughly \$400,000 to the home's value, and the next household that buys that home would thus need to have more income than the household that could have bought the previously smaller home. As such, home expansions have an impact on the demand for affordable housing in Capitola.

1. AFFORDABILITY GAP ANALYSIS

For any nexus-based affordable housing fee calculation, it is necessary to estimate the subsidy required to construct affordable housing units. **Table 2** shows the subsidy needed to produce housing that is affordable to very low-, low-, and moderate-income households (50 through 120 percent of AMI).

Product Type

While the nexus fees calculated herein are based on demands created by market-rate rental housing, the analysis assumes that new lower-income worker households would actually be housed in developments that are 100 percent affordable units. The affordable units are assumed as apartments at 30 units per acre with surface parking, reflecting the assumption that affordable apartment builders would maximize the City's current allowable density (20 units per acre), plus utilize the State density bonus program granting a 50 percent increase in base density.

In order to determine the average household size of future affordable housing units, EPS used two estimates from the US Census 2015-2019 American Community Survey (ACS)—the average household size for working households in Capitola being 2.53, and average family size being 2.95. Rounding these averages, EPS compared the estimated household wage with the income thresholds for a 3-person household to identify the income category into which each occupation would fall for new units.

California State law (California Health and Safety Code Section 50052.5) assumes that a 2-bedroom unit is occupied by a 3-person household, and this assumption is used in this analysis. Commonly, a 2-bedroom rental unit in Northern California has a gross size of about 1,100 square feet (accounting for shared lobbies, hallways, etc.) and a net size of 950 square feet. This analysis estimates the subsidy that would be required to build for-rent housing for the lower-income worker households (for-sale units are assumed to be larger).

Table 2 Affordability Gap Analysis

| Item | 3-Story Multifamily Building With Surface Parking | | |
|--|---|----------------------------|----------------------------------|
| | Very Low Income (50% AMI) | Low Income (80% AMI) | Moderate Income (120% AMI) |
| Development Program Assumptions | | | |
| Density/Acre [1] | 30 | 30 | 30 |
| Gross Unit Size | 1,100 | 1,100 | 1,100 |
| Net Unit Size | 950 | 950 | 950 |
| Number of Bedrooms | 2 | 2 | 2 |
| Number of Persons per 2-bedroom Unit [2] | 3 | 3 | 3 |
| Parking Spaces/Unit | 1.25 | 1.25 | 1.25 |
| Cost Assumptions | | | |
| Land/Acre [3] | \$1,400,000 | \$1,400,000 | \$1,400,000 |
| Land/Unit | \$46,667 | \$46,667 | \$46,667 |
| Direct Costs | | | |
| Direct Construction Costs/Net SF [4] | \$300 | \$300 | \$300 |
| Direct Construction Costs/Unit | \$330,000 | \$330,000 | \$330,000 |
| Parking Construction Costs/Space | \$5,000 | \$5,000 | \$5,000 |
| Parking Construction Costs/Unit | \$6,250 | \$6,250 | \$6,250 |
| Subtotal, Direct Costs/Unit | \$336,250 | \$336,250 | \$336,250 |
| Indirect Costs as a % of Direct Costs [5] | | | |
| Indirect Costs/Unit | \$117,688 | \$117,688 | \$117,688 |
| Developer Fee (% of all costs) | | | |
| Fee Amount | \$70,085 | \$70,085 | \$70,085 |
| Total Cost/Unit (rounded) | \$571,000 | \$571,000 | \$571,000 |
| Maximum Supported Home Price | | | |
| Household Income [6] | \$59,600 | \$95,600 | \$118,800 |
| Income Available for Housing Costs/Year [7] | \$17,880 | \$28,680 | \$35,640 |
| (less) Operating Expenses per Unit/Year [8] | (\$6,000) | (\$6,000) | (\$10,000) |
| Net Operating Income | \$11,880 | \$22,680 | \$25,640 |
| Capitalization Rate [9] | 4.5% | 4.5% | 4.5% |
| Total Supportable Unit Value [10] | \$264,000 | \$504,000 | \$569,778 |
| Affordability Gap | \$307,000 | \$67,000 | \$1,222 |

[1] Based on City Staff input of 20 unit per acre, plus a 50 percent density bonus for 100 percent affordable units. State law also allows density bonus projects to have a reduced parking ratio between 0 and 1.5 spaces per 2-bedroom unit, below the City's standard 2.5 per unit.

[2] An average of 3 persons is used for this analysis based on Census data indicating the average family size in Capitola and State law (Health and Safety Code Section 50052.5) indicates that a 2-bedroom unit should be assumed to be occupied by a 3-person household. Thus, EPS has assumed an average unit for income-qualified worker households would be 2-bedrooms.

[3] Based on CoStar data on land transactions in the Capitola area since 2016.

[4] Includes on-site work, offsite work, vertical construction, general requirements, overhead and builder fees. The cost estimate reflects wood-frame construction above podium parking.

[5] Includes costs for architecture and engineering; entitlement and fees; project management; appraisal and market study; marketing,

[6] Based on 2021 income limits for a three person household in Santa Cruz County.

[7] Assumes housing costs to be 30% of gross household income.

[8] Operating expenses are generally based on EPS feasibility studies in the region and are inclusive of utility costs; units at or below 80% of AMI are assumed to be built as non-profit and are therefore exempt from property taxes. Property taxes are assumed to comprise a share of the operating expenses for the moderate income category.

[9] The capitalization rate is used to determine the current value of a property based on estimated future operating income, and is typically

[10] The total supportable unit value is determined by dividing the net operating income by the capitalization rate.

Sources: City of Capitola; HCD; CoStar; and Economic & Planning Systems, Inc.

Development Cost Assumptions

Affordable housing development costs include land costs, direct costs (e.g., labor and materials), indirect or “soft” costs (e.g., architecture, entitlement, marketing, etc.), and developer profit. Operating costs, including property maintenance, common utilities, advertising, leasing, and property taxes (where applicable) also must be incorporated into the analysis. Data from recent Capitola developments and land transactions have been combined with EPS’s information from various market-rate and affordable housing developers to estimate appropriate development cost assumptions. These assumptions are shown in **Table 2**.

Revenue Assumptions

To calculate the values of the affordable units, assumptions must be made regarding the applicable income level and the percentage of income spent on housing costs. In addition, translating these assumptions into unit prices and values requires estimates of operating expenses, capital reserves, and capitalization rates. The following assumptions were used in these calculations:

- *Income Levels*—This analysis estimates the subsidy required to produce units for households earning 50, 80, and 120 percent of Area Median Income for a three-person household. In 2021, AMI for these households was \$99,000, as shown in the California Department of Housing and Community Development’s (HCD’s) income limits chart.
- *Percentage of Gross Household Income Available for Housing Costs*—HCD standards on overpaying for rent indicate that households should pay no more than 30 percent of their gross income on rental housing costs. For this analysis, EPS has assumed that all households shall spend 30 percent of their gross income on rental housing costs.
- *Operating Costs for Rental Units*—The analysis assumes that apartment operators incur annual operating costs of \$6,000 per unit, which include the cost of utilities, for units affordable at 80 percent of AMI or below. EPS has assumed the units for moderate income households would have similar operating costs but would be built by for-profit builders and thus also subject to property taxes, increasing their annual operating cost to \$10,000 per unit.

Table 3 Income Limits for Affordable Housing

| Affordability Category | Maximum Percentage of County Median | 2021 Max Income [1] 3-person household |
|-------------------------------|--|---|
| Extremely Low Income (ELI) | 0% - 30% | \$35,750 |
| Very Low Income (VLI) | 50% | \$59,600 |
| Low Income (LI) | 80% | \$95,600 |
| Median Income | 100% | \$99,000 |
| Moderate Income (Mod) | 120% | \$118,800 |

[1] 2021 HCD maximum income thresholds are used to translate employment, wages and total worker household incomes to affordable housing categories and to compute supportable housing costs based on household income levels.

Sources: CA Department of Housing and Community Development; Economic & Planning Systems, Inc.

Affordability Gap Results

Table 2 shows the estimated subsidies for construction of affordable rental units for low and moderate-income households. As shown, a unit for a household at 50 percent of AMI is expected to require a subsidy of \$307,000. Additionally, a unit for a household at 80 percent of AMI is expected to require a subsidy of roughly \$67,000, while a unit for a household at 120 percent of AMI is expected to require little, if any subsidy.

These housing affordability gaps then were used to calculate the justified nexus-based fees by multiplying this required subsidy by the number of units required to house workers providing goods and services to new market-rate housing development. This methodology is discussed in more detail in the following chapter.

It is worth noting that the affordability gaps estimated in this analysis are not as large as they might be using other also-valid assumptions. For example, the funding gaps for low income units assume that prices are set at 80 percent of median income, while State law suggest low-income unit prices may be set at 70 percent of median income, or even 60 percent of AMI. This methodology used by EPS yields higher unit values and thus results in lower maximum fees than the City's current practices would yield, and has been used by EPS to preempt objections that the assumptions and calculations overstate the actual funding gap for affordable units.

2. DEMAND-BASED NEXUS FEE CALCULATION

The maximum supportable nexus-based fees are based on both the affordability gap and the estimated impact that new market-rate units have on the need for affordable units, as reflected in the number of income-qualified local workers required to support the residents of market-rate units and the total subsidy required to construct housing for those workers. This approach is based on the following logic: (a) residents of market-rate housing have disposable incomes and require a variety of goods and services, (b) the provision of those goods and services will require some workers who make lower incomes and cannot afford market-rate housing, and (c) fees charged to market-rate projects can mitigate the impact of those projects on the increased need for affordable housing.

Market-Rate Household Income Levels

Households with larger incomes typically spend more on goods and services, therefore creating additional lower income jobs, which in turn generate a greater demand for affordable housing. To assess the impact that market-rate units have on the need for affordable housing, EPS has estimated the household income required to purchase a home at various price levels, as shown in **Table 4**.

The income required to purchase a particular unit value is based on assumptions of the standard down payment, financing terms, property taxes, and other costs related to owning a home. These housing costs typically account for 35 percent of a household's income, and therefore, by knowing these costs, the required income to purchase each unit can be estimated. As shown, required household incomes under recent market conditions range from approximately \$87,300 for a \$500,000 unit to roughly \$329,700 for a \$2 million unit. Changes to housing market and financing conditions can have a significant effect on the calculations in this study.

Household Expenditures and Job Creation by Income Level

Having established the income requirements for purchasing units at various values, the fee calculation then requires an analysis of the household spending patterns at those required income levels.

The Consumer Expenditure Survey from the United States Bureau of Labor Statistics provides data for households at a variety of income levels, detailing the amounts that typical households spend on things like Food at Home, Apparel and Services, and Vehicle Maintenance and Repairs.

Table 3 Required Income by Unit Price - Market-Rate For-Sale Units

| Base Unit Price | Mortgage (Price less 20% Down) | Annual Cost | | | | | Minimum Required Income [6] |
|-----------------|--------------------------------|----------------------|--------------------|--------------|--------------------|---------------|-----------------------------|
| | | Mortgage Payment [1] | Property Taxes [2] | HOA Dues [3] | Home Insurance [4] | Utilities [5] | |
| \$500,000 | \$400,000 | \$20,408 | \$5,505 | \$1,050 | \$350 | \$3,228 | \$87,300 |
| \$750,000 | \$600,000 | \$30,612 | \$8,258 | \$1,575 | \$525 | \$3,228 | \$126,300 |
| \$1,000,000 | \$800,000 | \$40,815 | \$11,010 | \$2,100 | \$700 | \$3,900 | \$167,200 |
| \$1,250,000 | \$1,000,000 | \$51,019 | \$13,763 | \$2,625 | \$875 | \$4,584 | \$208,200 |
| \$1,500,000 | \$1,200,000 | \$61,223 | \$16,515 | \$3,150 | \$1,050 | \$4,584 | \$247,200 |
| \$1,750,000 | \$1,400,000 | \$71,427 | \$19,268 | \$3,675 | \$1,225 | \$5,376 | \$288,500 |
| \$2,000,000 | \$1,600,000 | \$81,631 | \$22,020 | \$4,200 | \$1,400 | \$6,144 | \$329,700 |

[1] Based on mortgage terms of 20% down payment and 3% interest for 30 years.

[2] Assumes property tax rate of 0.01101.

[3] HOA dues are assumed to increase at \$525 annually for every \$250,000 of home value

[4] Assumes homeowners insurance costs of 0.1% of the unit cost assumed at 70% of the value.

[5] Based on the Santa Cruz County Housing Authority Utility Allowance (assumes natural gas).

[6] Assumes 35% of gross household income spent on housing costs; rounded.

Sources: City of Capitola; County of Santa Cruz; Economic and Planning Systems, Inc.

Interestingly, household expenditures by category are not uniformly proportional to household income levels. For example, households earning around \$87,300 (adequate to purchase a \$500,000 unit) spend roughly 12.8 percent of their income on food and drink (at home and eating out), while households earning \$329,700 who can afford to purchase a \$2 million unit will spend on 6.8 percent of their income on food and drink. Because of these and other differences in proportionate spending, the expenditure profile varies at different income levels.

The homebuyer household's typical expenditures were converted to the number of jobs created by their spending. The first step in this process is to determine how much of an industry's gross receipts are used to pay wages and employee compensation. EPS relied on data from the Economic Census,³ which provides employment, gross sales, and payroll data by industry for Santa Cruz County. In certain instances, where local data was not available for every Economic Census industry, EPS relied on statewide Economic Census data for that industry.

To link the Economic Census data and the Consumer Expenditure Survey data, EPS made determinations as to the industries involved with expenditures in various categories. For example, purchases in the Consumer Expenditure Survey's "Food at Home" category would likely involve the Economic Census's "Food & Beverage Stores" industry, where gross receipts were more than nine times the employees' wages. By contrast, purchases in the Consumer Expenditure Survey's "Entertainment Fees and Admissions" category were attributed to the Economic Census' "Arts, Entertainment, and Recreation" industry, where gross receipts are only about four times the employees' wages. Where more than one Economic Census category was attributable to a Consumer Expenditure Survey category, EPS estimated the proportion of expenditures associated with each Economic Census category.

After determining the amount of the household's expenditures that were used for employee wages, EPS estimated the number of employees those aggregate wages represent. EPS calculated the number of workers supported by that spending using the average wage per worker (also from the 2017 Economic Census). These wages ranged from a low of roughly \$19,500 per year for workers in the clothing and clothing accessories industry to a high of more than \$100,000 for legal services.

A range of occupations and incomes exist in a given industry sector. For instance, the methodology used to generate **Tables B-1 to B-7 in Appendix B** distinguishes between the typical incomes of workers in different types of retail stores (e.g., "food and beverage stores" versus "general merchandise stores"), rather than assuming all retail sector workers earn the same income. However, the average wage is used for each sub-category of industry employment and represents a reasonable proxy for the range of incomes in that group: while some employees will have higher wages and require lower subsidies, others will have lower incomes and require higher subsidies. Using the average approximates the total housing subsidy needed by workers in that industry.

³ Note that the Consumer Expenditure Survey data is based on information current as of 2019. The latest data available for the Economic Census was published in 2017. EPS converted all numbers to 2021 dollars using the Consumer Price Index (CPI) for the San Francisco Metropolitan Statistical Area (MSA) from the Bureau of Labor Statistics.

To calculate the number of *households* supported by the expenditures of market-rate housing units, EPS estimated the employees' household formation rates. Importantly, employees generated from the increase in housing units do not all form households; some employees, in the retail and food services industries in particular, are young workers and do not form households. Data from the Bureau of Labor Statistics indicates that 12.5 percent of retail/restaurant workers are age 16 to 19, but an average of only 1.9 percent of workers in the workforce overall. EPS applied these discounts to household formation by type of business to get a more accurate calculation of households formed by the employees and the average total incomes of those households.

To get the overall households' income rather than the individual workers', the wages of workers forming households were multiplied by the average of approximately 1.69 workers per working household in Capitola.⁴ This assumption implies the workers in a given household will have roughly equivalent compensation. While certainly there will often be some variation in wages per employee within a household, on average this assumption is reasonable because it implies comparable levels of education and training among all workers in a household. The average household incomes then are allocated to various income categories to estimate the number of affordable housing units demanded in each income category (50 through 120 percent of AMI).

A simplified example of these calculations follows:

| | | |
|----|--|-------------------------------|
| A. | Number of Households (prototype project) | 1,000 |
| B. | Average Household Income (in the project) | \$125,000 |
| C. | Aggregate Household Income (A x B) | \$125 million |
| D. | Average Income Spent on Retail (Consumer Expenditure Survey) | \$40,000 |
| E. | Aggregate Retail Spending (A x D) | \$40 million |
| F. | Retail Gross Receipts: Payroll Ratio (Economic Census) | 9:1 |
| G. | Estimated Retail Payroll (E ÷ F) | \$4.44 million |
| H. | Average Retail Wage (Economic Census) | \$28,500 |
| I. | Estimated Total Retail Jobs (G ÷ H) | 156 |
| J. | Percent Age 20+ (Bureau of Labor Statistics) | 87.5% |
| K. | Total Retail Workers Forming Households | 136 |
| J. | Average Workers/Household (Census Data) | 1.69 |
| K. | Estimated Households Created (K ÷ J) | 86 |
| L. | Average Household Income (H x J) | \$45,000 |
| M. | Income Category | Low-Income (up to 80% of AMI) |

In this simplified example, 1,000 new market-rate units sold to households earning \$125,000 per year would create demand for 86 housing units for retail workers with household incomes typically between 50 and 80 percent of AMI. Actual calculations and impact distinctions by type of household expenditure for various home values are shown in the series of tables presented in

Appendix C.

⁴ Workers per working household based on American Community Survey (ACS) Census data current as of 2013. Although ACS data reported is based on historical figures, these figures can vary somewhat based on ongoing revisions to the ACS data.

Demand for Income-Qualified Workers

The total number of income-qualified households required to support the expenditures of new market-rate units were determined based on the affordable housing income limits from HCD for a 3-person household. **Table 3** summarizes the HCD income limits used to compute the total number of income-qualified households generated by construction of market-rate units.⁵ The number of income-qualified households required to provide goods and services to new housing units is detailed in **Appendix B**.

The nexus methodology used herein computes the total number of income-qualified households generated by market-rate units (as shown in Table 5) and calculates the impact fee based on the estimated cost to subsidize the production of units to meet that affordable housing demand. This analysis assumes that the fees on residential development will fund required affordable housing for all new workers generated.

Table 4 Summary of Worker and Household Generation per 100 Market-Rate Units

| Unit Type | Minimum Household Income Requirement | Total Workers Generated [1] | Total Worker Households [2] | Total Income Qualified Households [3] | Income Qualified Households by Income Category | | |
|-----------------------|--------------------------------------|-----------------------------|-----------------------------|---------------------------------------|--|---------------|----------------------------|
| | | | | | VLI Households | LI Households | Moderate Income Households |
| For-Sale Units | | | | | | | |
| \$500,000 | \$87,300 | 26 | 14.2 | 13.5 | 11.0 | 2.4 | 0.2 |
| \$750,000 | \$126,300 | 36 | 19.2 | 18.4 | 15.2 | 2.9 | 0.3 |
| \$1,000,000 | \$167,200 | 44 | 23.5 | 22.5 | 18.7 | 3.5 | 0.3 |
| \$1,250,000 | \$208,200 | 50 | 26.9 | 25.6 | 21.7 | 3.6 | 0.3 |
| \$1,500,000 | \$247,200 | 59 | 31.9 | 30.4 | 25.7 | 4.3 | 0.3 |
| \$1,750,000 | \$288,500 | 69 | 37.2 | 35.4 | 30.0 | 5.0 | 0.4 |
| \$2,000,000 | \$329,700 | 79 | 42.5 | 40.5 | 34.3 | 5.8 | 0.4 |

[1] Total workers generated detailed by unit price point and rental apartment size in Tables B-1 through B-4.

[2] Total worker households derived assuming 1.69 workers per household. Includes a 12.5% discount for retail and 1.9% discount for other industries to account for workers under age 20.

[3] Total income qualified households reflects those households eligible for affordable housing based on total household income. Income qualified households therefore exclude households earning above moderate income. See Tables B-1 through B-4 for detail. Total may not sum due to rounding.

Source: Economic & Planning Systems, Inc.

⁵ To correspond to the available data regarding employee wages, the 2021 Santa Cruz County affordable housing income limits from HCD were used to determine the number of income-qualified households based on household expenditures.

Fee Calculation

The affordability gap analysis quantifies the subsidy required to construct affordable housing at various income levels. Analysis of consumer expenditures that rely on lower wage workers provides an estimate of the total number of income-qualified households generated by new for-sale units. Then for each category of market-rate units, the nexus-based fee is calculated by applying the total number of income-qualified households generated to the affordability gap computed for each affordable household income level. The analysis provides the maximum supportable nexus-based fees for new housing development in Capitola.

Tables 7 through **13** show the impact fee calculation by for-sale home value ranging from \$500,000 to \$2 million per unit. The total impact fees required for a representative project of 100 units is calculated by multiplying the number of affordable units required per income level by the cost of subsidizing such housing. All income-qualified households are assumed to be housed in multifamily rental units and the subsidies needed are calculated as the affordability gaps shown in **Table 3**. The resulting maximum impact fee for market-rate units ranges from \$35,253 for a \$500,000 unit to \$109,284 for a \$2 million unit.

These fee estimates result in the maximum fee range of between \$44 and \$64 per square foot and significantly exceed the existing housing fee of \$10 per square foot in Capitola. Fee per square foot is based on the assumption that homes in Capitola over 800 square feet typically sell for approximately \$800 per square foot, while homes of less than 800 square feet tend to sell for about to \$900 per square foot (see **Table 6**). This assumption is based on RedFin data for new home sales from April 2020 through April 2021. While the City has the option of adopting fees up to the maximum levels calculated, there may be a variety of reasons to adopt the fee level below the maximum, including concerns about affecting the feasibility of new housing construction, as will be explored in a separate EPS document.

Table 6 Capitola Home Value per Square Foot by Unit Size

| House Size (square feet) | Average Value per Square Foot | Number of Units |
|--------------------------|-------------------------------|-----------------|
| 2,000+ | \$824 | 22 |
| 1,600-1,999 | \$800 | 21 |
| 1,200-1,599 | \$807 | 39 |
| 800-1,199 | \$772 | 79 |
| 500-799 | \$924 | 13 |
| Overall | \$801 | 174 |

Source: RedFin 2020-21 Home Sales for Capitola; Economic and Planning Systems Inc.

Table 7 Nexus-Based Housing Fee Calculations (\$500,000 Unit)

| Item | Affordable Units Required Per 100 Market-Rate Units [1] | Affordability Gap per Affordable Unit [2] | Total Nexus-Based Fee Supported | | |
|------------------------------------|---|---|---------------------------------|----------------------|----------------|
| | | | Per 100 Market-Rate Units | Per Market-Rate Unit | Per Sq.Ft. |
| | (A) | (B) | (C = A * B) | (D = C / 100) | |
| Affordable Units - Very Low Income | 11.0 | \$307,000 | \$3,366,803 | | |
| Affordable Units - Low Income | 2.4 | \$67,000 | \$158,222 | | |
| Affordable Units - Moderate Income | <u>0.2</u> | \$1,222 | <u>\$260</u> | | |
| Total | 13.5 | | \$3,525,285 | \$35,253 | \$63.46 |

[1] See Table 5

[2] See Table 2. EPS has assumed all affordable units will be rental because the subsidy to construct rental units is lower than for-sale for every income-category.

Source: Economic & Planning Systems, Inc.

Table 8 Nexus-Based Housing Fee Calculations (\$750,000 Unit)

| Item | Affordable Units Required Per 100 Market-Rate Units [1] | Affordability Gap per Affordable Unit [2] | Total Nexus-Based Fee Supported | | |
|------------------------------------|---|---|---------------------------------|----------------------|----------------|
| | | | Per 100 Market-Rate Units | Per Market-Rate Unit | Per Sq.Ft. |
| | (A) | (B) | (C = A * B) | (D = C / 100) | |
| Affordable Units - Very Low Income | 15.2 | \$307,000 | \$4,662,780 | | |
| Affordable Units - Low Income | 2.9 | \$67,000 | \$197,380 | | |
| Affordable Units - Moderate Income | <u>0.3</u> | \$1,222 | <u>\$316</u> | | |
| Total | 18.4 | | \$4,860,477 | \$48,605 | \$51.85 |

[1] See Table 5

[2] See Table 2. EPS has assumed all affordable units will be rental because the subsidy to construct rental units is lower than for-sale for every income-category.

Source: Economic & Planning Systems, Inc.

Table 9 Nexus-Based Housing Fee Calculations (\$1,000,000 Unit)

| Item | Affordable Units Required Per 100 Market-Rate Units [1] | Affordability Gap per Affordable Unit [2] | Total Nexus-Based Fee Supported | | |
|------------------------------------|---|---|---------------------------------|----------------------|----------------|
| | | | Per 100 Market-Rate Units | Per Market-Rate Unit | Per Sq.Ft. |
| | (A) | (B) | (C = A * B) | (D = C / 100) | |
| Affordable Units - Very Low Income | 18.7 | \$307,000 | \$5,745,897 | | |
| Affordable Units - Low Income | 3.5 | \$67,000 | \$232,926 | | |
| Affordable Units - Moderate Income | <u>0.3</u> | \$1,222 | <u>\$344</u> | | |
| Total | 22.5 | | \$5,979,167 | \$59,792 | \$47.83 |

[1] See Table 5

[2] See Table 2. EPS has assumed all affordable units will be rental because the subsidy to construct rental units is lower than for-sale for every income-category.

Source: Economic & Planning Systems, Inc.

Table 10 Nexus-Based Housing Fee Calculations (\$1,250,000 Unit)

| Item | Affordable Units Required Per 100 Market-Rate Units [1] | Affordability Gap per Affordable Unit [2] | Total Nexus-Based Fee Supported | | |
|------------------------------------|---|---|---------------------------------|----------------------|----------------|
| | | | Per 100 Market-Rate Units | Per Market-Rate Unit | Per Sq.Ft. |
| | (A) | (B) | (C = A * B) | (D = C / 100) | |
| Affordable Units - Very Low Income | 21.7 | \$307,000 | \$6,657,049 | | |
| Affordable Units - Low Income | 3.6 | \$67,000 | \$243,707 | | |
| Affordable Units - Moderate Income | <u>0.3</u> | \$1,222 | <u>\$314</u> | | |
| Total | 25.6 | | \$6,901,069 | \$69,011 | \$44.17 |

[1] See Table 5

[2] See Table 2. EPS has assumed all affordable units will be rental because the subsidy to construct rental units is lower than for-sale for every income-category.

Source: Economic & Planning Systems, Inc.

Table 11 Nexus-Based Housing Fee Calculations (\$1,500,000 Unit)

| Item | Affordable Units Required Per 100 Market-Rate Units [1] | Affordability Gap per Affordable Unit [2] | Total Nexus-Based Fee Supported | | |
|------------------------------------|---|---|---------------------------------|----------------------|----------------|
| | | | Per 100 Market-Rate Units | Per Market-Rate Unit | Per Sq.Ft. |
| | (A) | (B) | (C = A * B) | (D = C / 100) | |
| Affordable Units - Very Low Income | 25.7 | \$307,000 | \$7,904,047 | | |
| Affordable Units - Low Income | 4.3 | \$67,000 | \$289,358 | | |
| Affordable Units - Moderate Income | <u>0.3</u> | \$1,222 | <u>\$372</u> | | |
| <i>Total</i> | <i>30.4</i> | | <i>\$8,193,777</i> | <i>\$81,938</i> | <i>\$43.70</i> |

[1] See Table 5

[2] See Table 2. EPS has assumed all affordable units will be rental because the subsidy to construct rental units is lower than for-sale for every income-category.

Source: Economic & Planning Systems, Inc.

Table 12 Nexus-Based Housing Fee Calculations (\$1,750,000 Unit)

| Item | Affordable Units Required Per 100 Market-Rate Units [1] | Affordability Gap per Affordable Unit [2] | Total Nexus-Based Fee Supported | | |
|------------------------------------|---|---|---------------------------------|----------------------|----------------|
| | | | Per 100 Market-Rate Units | Per Market-Rate Unit | Per Sq.Ft. |
| | (A) | (B) | (C = A * B) | (D = C / 100) | |
| Affordable Units - Very Low Income | 30.0 | \$307,000 | \$9,224,585 | | |
| Affordable Units - Low Income | 5.0 | \$67,000 | \$337,701 | | |
| Affordable Units - Moderate Income | <u>0.4</u> | \$1,222 | <u>\$435</u> | | |
| <i>Total</i> | <i>35.4</i> | | <i>\$9,562,721</i> | <i>\$95,627</i> | <i>\$43.72</i> |

[1] See Table 5

[2] See Table 2. EPS has assumed all affordable units will be rental because the subsidy to construct rental units is lower than for-sale for every income-category.

Source: Economic & Planning Systems, Inc.

Table 13 Nexus-Based Housing Fee Calculations (\$2,000,000 Unit)

| Item | Affordable Units Required Per 100 Market-Rate Units [1] | Affordability Gap per Affordable Unit [2] | Total Nexus-Based Fee Supported | | |
|------------------------------------|---|---|---------------------------------|-------------------------|------------|
| | | | Per 100 Market-Rate Units | Per Market-Rate Unit | Per Sq.Ft. |
| | (A) | (B) | (C = A * B) | (D = C / 100) | |
| Affordable Units - Very Low Income | 34.3 | \$307,000 | \$10,541,926 | | |
| Affordable Units - Low Income | 5.8 | \$67,000 | \$385,927 | | |
| Affordable Units - Moderate Income | 0.4 | \$1,222 | \$497 | | |
| <i>Total</i> | 40.5 | | \$10,928,351 | \$109,284 | \$43.71 |

[1] See Table 5

[2] See Table 2. EPS has assumed all affordable units will be rental because the subsidy to construct rental units is lower than for-sale for every income-category.

Source: Economic & Planning Systems, Inc.



APPENDICES:

Appendix A: Household Expenditures and
Employment Generation

Appendix B: Income Levels for Worker Households



APPENDIX A:
Household Expenditures and
Employment Generation

**Table A-1
Household Expenditures and Employment Generation - For Sale \$500,000 Units
City of Capitola For Sale Housing Fee; EPS# 201117**

| Item | % of Household Income Spent per Category [1] | % of Category Expenditure per Type of Business [2] | Expenditures [3] | Expenditures per 1,000 HHs | Gross Receipts to Wages [4] | Total Wages per 1,000 Households | 2021 Avg. Wages [5] | # of New Workers | % Forming HH [6] | Workers/ HH [7] | Total Worker HHs | Avg. Worker HH Income | Income Category |
|--|--|--|------------------|----------------------------|-----------------------------|----------------------------------|---------------------|------------------|------------------|-----------------|----------------------|-----------------------|-----------------|
| <i>Calculation</i> | <i>a</i> | <i>b</i> | <i>c</i> | <i>d = c * 1,000</i> | <i>e</i> | <i>f = d / e</i> | <i>g</i> | <i>h = f / g</i> | <i>i</i> | <i>j</i> | <i>k = h * i / j</i> | <i>l = g * j</i> | |
| Required Income | \$87,300 | | | | | | | | | | | | |
| Food at Home | 7.2% | 100% | \$6,261 | | | | | | | | | | |
| Food & Beverage Stores | | 100% | \$6,261 | \$6,261,143 | 9.01 | \$694,821 | \$30,474 | 22.8 | 87.5% | 1.69 | 11.8 | \$51,421 | VLI Households |
| Food Away From Home | 5.6% | 100% | \$4,890 | | | | | | | | | | |
| Food Services and Drinking Places | | 100% | \$4,890 | \$4,890,326 | 3.13 | \$1,564,497 | \$21,784 | 71.8 | 87.5% | 1.69 | 37.2 | \$36,758 | VLI Households |
| Alcoholic Beverages | 0.9% | 100% | \$829 | | | | | | | | | | |
| Food & Beverage Stores | | 50% | \$414 | \$414,366 | 9.01 | \$45,984 | \$30,474 | 1.5 | 87.5% | 1.69 | 0.8 | \$51,421 | VLI Households |
| Food Services and Drinking Places | | 50% | \$414 | \$414,366 | 3.13 | \$132,563 | \$21,784 | 6.1 | 87.5% | 1.69 | 3.2 | \$36,758 | VLI Households |
| Housing Maintenance, Repairs, Insurance, Other expenses | 1.8% | 100% | \$1,553 | | | | | | | | | | |
| Personal and Household Goods Repair and Maintenance | | 45% | \$699 | \$699,047 | 3.34 | \$209,373 | \$29,298 | 7.1 | 98.1% | 1.69 | 4.2 | \$49,437 | VLI Households |
| Building Material and Garden Equipment and Supplies Dealer | | 45% | \$699 | \$699,047 | 8.42 | \$83,043 | \$34,606 | 2.4 | 87.5% | 1.69 | 1.2 | \$58,395 | VLI Households |
| Real Estate and Rental and Leasing | | 10% | \$155 | \$155,344 | 5.03 | \$30,864 | \$49,773 | 0.6 | 98.1% | 1.69 | 0.4 | \$83,988 | LI Households |
| Fuel oil and Other fuels [7] | 5.6% | 100% | \$4,887 | | | | | | | | | | |
| Nonstore Retailers | | 100% | \$4,887 | \$4,886,858 | 7.59 | \$643,603 | \$39,149 | 16.4 | 87.5% | 1.69 | 8.5 | \$66,060 | LI Households |
| Water and Other Public Services [7] | 1.2% | 100% | \$1,009 | | | | | | | | | | |
| Waste Management and Remediation Services | | 100% | \$1,009 | \$1,009,041 | 4.00 | \$252,255 | \$68,872 | 3.7 | 98.1% | 1.69 | 2.1 | \$116,214 | Moderate Income |
| Household Operations Personal Services | 0.8% | 100% | \$696 | | | | | | | | | | |
| Nursing and Residential Care Facilities | | 40% | \$278 | \$278,324 | 2.41 | \$115,446 | \$37,011 | 3.1 | 98.1% | 1.69 | 1.8 | \$62,453 | LI Households |
| Social Assistance [8] | | 60% | \$417 | \$417,487 | 2.98 | \$139,932 | \$24,733 | 5.7 | 98.1% | 1.69 | 3.3 | \$41,735 | VLI Households |
| Household Operations Other Household Expenses | 1.4% | 100% | \$1,248 | | | | | | | | | | |
| Services to Buildings and Dwellings | | 100% | \$1,248 | \$1,248,299 | 2.91 | \$429,134 | \$75,555 | 5.7 | 98.1% | 1.69 | 3.3 | \$127,492 | Above Mod |
| Housekeeping Supplies | 1.0% | 100% | \$873 | | | | | | | | | | |
| Building Materials and Garden Equipment and Supplies Dealers | | 10% | \$87 | \$87,265 | 8.42 | \$10,367 | \$34,606 | 0.3 | 87.5% | 1.69 | 0.2 | \$58,395 | VLI Households |
| Food & Beverage Stores | | 35% | \$305 | \$305,429 | 9.01 | \$33,894 | \$30,474 | 1.1 | 87.5% | 1.69 | 0.6 | \$51,421 | VLI Households |
| General Merchandise | | 35% | \$305 | \$305,429 | 10.88 | \$28,085 | \$28,948 | 1.0 | 87.5% | 1.69 | 0.5 | \$48,847 | VLI Households |
| Miscellaneous Store Retailers | | 20% | \$175 | \$174,531 | 6.20 | \$28,149 | \$24,716 | 1.1 | 87.5% | 1.69 | 0.6 | \$41,705 | VLI Households |

[1] Percent of income spent per category is based on the 2019 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.
 [2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.
 [3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, the purchase of a \$500,000 Unit requires a household income of \$87,300.
 [4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for Santa Cruz County
 [5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Francisco MSA.
 [6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.
 [7] Based on the American Community Survey data 2014-2019.
 [8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.
 [9] Santa Cruz County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

Attachment: Nexus Study For-sale Housing (Consider the Second Reading of an Ordinance Amending

**Table A-1
Household Expenditures and Employment Generation - For Sale \$500,000 Units
City of Capitola For Sale Housing Fee; EPS# 201117**

| Item | % of Household Income Spent per Category [1] | % of Category Expenditure per Type of Business [2] | Expenditures [3] | Expenditures per 1,000 HHs | Gross Receipts to Wages [4] | Total Wages per 1,000 Households | 2021 Avg. Wages [5] | # of New Workers | % Forming HH [6] | Workers/ HH [7] | Total Worker HHs | Avg. Worker HH Income | Income Category |
|---|--|--|------------------|----------------------------|-----------------------------|----------------------------------|---------------------|------------------|------------------|-----------------|----------------------|-----------------------|-----------------|
| <i>Calculation</i> | <i>a</i> | <i>b</i> | <i>c</i> | <i>d = c * 1,000</i> | <i>e</i> | <i>f = d / e</i> | <i>g</i> | <i>h = f / g</i> | <i>i</i> | <i>j</i> | <i>k = h * i / j</i> | <i>l = g * j</i> | |
| Required Income | \$87,300 | | | | | | | | | | | | |
| Household Furnishings and Equipment | 3.1% | 100% | \$2,710 | | | | | | | | | | |
| Furniture and Home Furnishings Stores | | 40% | \$1,084 | \$1,084,171 | 6.22 | \$174,209 | \$31,496 | 5.5 | 87.5% | 1.69 | 2.9 | \$53,146 | VLI Households |
| Electronics and Appliance Stores | | 40% | \$1,084 | \$1,084,171 | 9.49 | \$114,298 | \$29,615 | 3.9 | 87.5% | 1.69 | 2.0 | \$49,973 | VLI Households |
| General Merchandise Stores | | 10% | \$271 | \$271,043 | 10.88 | \$24,923 | \$28,948 | 0.9 | 87.5% | 1.69 | 0.4 | \$48,847 | VLI Households |
| Miscellaneous Store Retailers | | 10% | \$271 | \$271,043 | 6.20 | \$43,715 | \$24,716 | 1.8 | 87.5% | 1.69 | 0.9 | \$41,705 | VLI Households |
| Apparel and Services | 2.9% | 100% | \$2,499 | | | | | | | | | | |
| Clothing and Clothing Accessories Stores | | 40% | \$1,000 | \$999,564 | 6.20 | \$161,249 | \$19,472 | 8.3 | 87.5% | 1.69 | 4.3 | \$32,857 | ELI Households |
| General Merchandise | | 40% | \$1,000 | \$999,564 | 10.88 | \$91,912 | \$28,948 | 3.2 | 87.5% | 1.69 | 1.6 | \$48,847 | VLI Households |
| Miscellaneous Store Retailers | | 10% | \$250 | \$249,891 | 6.20 | \$40,303 | \$24,716 | 1.6 | 87.5% | 1.69 | 0.8 | \$41,705 | VLI Households |
| Personal and Household Goods Repair and Maintenance | | 5% | \$125 | \$124,945 | 3.34 | \$37,423 | \$29,298 | 1.3 | 87.5% | 1.69 | 0.7 | \$49,437 | VLI Households |
| Dry cleaning and Laundry Services | | 5% | \$125 | \$124,945 | 3.34 | \$37,423 | \$29,298 | 1.3 | 87.5% | 1.69 | 0.7 | \$49,437 | VLI Households |
| Vehicle Purchases (net outlay) | 5.2% | 100% | \$4,567 | | | | | | | | | | |
| Motor Vehicle and Parts Dealers | | 100% | \$4,567 | \$4,566,693 | 35.74 | \$127,762 | \$53,823 | 2.4 | 87.5% | 1.69 | 1.2 | \$90,821 | LI Households |
| Gasoline and motor oil | 3.6% | 100% | \$3,109 | | | | | | | | | | |
| Gasoline Stations | | 100% | \$3,109 | \$3,109,188 | 27.49 | \$113,096 | \$28,091 | 4.0 | 87.5% | 1.69 | 2.1 | \$47,401 | VLI Households |
| Vehicle Maintenance and Repairs | 1.4% | 100% | \$1,234 | | | | | | | | | | |
| Repair and Maintenance | | 100% | \$1,234 | \$1,234,429 | 3.24 | \$380,767 | \$43,318 | 8.8 | 98.1% | 1.69 | 5.1 | \$73,095 | LI Households |
| Medical Services | 1.5% | 100% | \$1,345 | | | | | | | | | | |
| Ambulatory Health Care Services | | 40% | \$538 | \$538,155 | 2.55 | \$210,681 | \$70,780 | 3.0 | 98.1% | 1.69 | 1.7 | \$119,434 | Above Mod |
| General Medical and Surgical Hospitals | | 30% | \$404 | \$403,617 | 4.40 | \$91,720 | \$27,115 | 3.4 | 98.1% | 1.69 | 2.0 | \$45,755 | VLI Households |
| Nursing and Residential Care Facilities | | 30% | \$404 | \$403,617 | 2.41 | \$167,416 | \$37,011 | 4.5 | 98.1% | 1.69 | 2.6 | \$62,453 | LI Households |
| Drugs | 0.7% | 100% | \$589 | | | | | | | | | | |
| Health and Personal Care Stores | | 100% | \$589 | \$589,474 | 9.05 | \$65,124 | \$34,602 | 1.9 | 87.5% | 1.69 | 1.0 | \$58,387 | VLI Households |
| Medical Supplies | 0.3% | 100% | \$230 | | | | | | | | | | |
| Health and Personal Care Stores | | 100% | \$230 | \$230,011 | 9.05 | \$25,411 | \$34,602 | 0.7 | 87.5% | 1.69 | 0.4 | \$58,387 | VLI Households |
| Entertainment Fees and Admissions | 1.2% | 100% | \$1,021 | | | | | | | | | | |
| Arts, Entertainment, & Recreation | | 100% | \$1,021 | \$1,020,600 | 3.12 | \$326,623 | \$28,072 | 11.6 | 87.5% | 1.69 | 6.0 | \$47,369 | VLI Households |

[1] Percent of income spent per category is based on the 2019 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, the purchase of a \$500,000 Unit requires a household income of \$87,300.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for Santa Cruz County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Francisco MSA.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] Santa Cruz County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

**Table A-1
Household Expenditures and Employment Generation - For Sale \$500,000 Units
City of Capitola For Sale Housing Fee; EPS# 201117**

| Item | | % of Household Income Spent per Category [1] | % of Category Expenditure per Type of Business [2] | Expenditures [3] | Expenditures per 1,000 HHs | Gross Receipts to Wages [4] | Total Wages per 1,000 Households | 2021 Avg. Wages [5] | # of New Workers | % Forming HH [6] | Workers/ HH [7] | Total Worker HHs | Avg. Worker HH Income | Income Category |
|---|--|--|--|------------------|----------------------------|-----------------------------|----------------------------------|---------------------|------------------|------------------|-----------------|------------------|-----------------------|-----------------|
| <i>Calculation</i> | | | | | | | | | | | | | | |
| | | a | b | c | d = c * 1,000 | e | f = d / e | g | h = f / g | i | j | k = h * i / j | l = g * j | |
| Required Income | | \$87,300 | | | | | | | | | | | | |
| Entertainment Audio and Visual Equipment and Services | | 1.2% | 100% | \$1,021 | | | | | | | | | | |
| Electronics and Appliance Stores | | | 100% | \$1,021 | \$1,020,600 | 9.49 | \$107,596 | \$29,615 | 3.6 | 87.5% | 1.69 | 1.9 | \$49,973 | VLI Households |
| Entertainment Pets, Toys, Hobbies, and Playground Equip. | | 1.3% | 100% | \$1,141 | | | | | | | | | | |
| Sporting Goods, Hobby, and Musical Instrument Stores | | | 40% | \$456 | \$456,323 | 6.59 | \$69,233 | \$21,452 | 3.2 | 87.5% | 1.69 | 1.7 | \$36,198 | VLI Households |
| Miscellaneous Store Retailers | | | 40% | \$456 | \$456,323 | 6.20 | \$73,597 | \$24,716 | 3.0 | 87.5% | 1.69 | 1.5 | \$41,705 | VLI Households |
| Veterinary Services | | | 20% | \$228 | \$228,161 | 2.69 | \$84,776 | \$49,793 | 1.7 | 98.1% | 1.69 | 1.0 | \$84,021 | LI Households |
| Other Entertainment Supplies, Equipment, and Services | | 0.5% | 100% | \$425 | | | | | | | | | | |
| Sporting Goods, Hobby, and Musical Instrument Stores | | | 85% | \$362 | \$361,544 | 6.59 | \$54,854 | \$21,452 | 2.6 | 87.5% | 1.69 | 1.3 | \$36,198 | VLI Households |
| Photographic Services | | | 15% | \$64 | \$63,802 | 3.41 | \$18,728 | \$43,227 | 0.4 | 98.1% | 1.69 | 0.3 | \$72,941 | LI Households |
| Personal Care Products and Services | | 1.2% | 100% | \$1,030 | | | | | | | | | | |
| Unspecified Retail | | | 50% | \$515 | \$514,923 | 6.20 | \$83,049 | \$24,716 | 3.4 | 87.5% | 1.69 | 1.7 | \$41,705 | VLI Households |
| Personal Care Services | | | 50% | \$515 | \$514,923 | 2.74 | \$187,907 | \$22,157 | 8.5 | 98.1% | 1.69 | 4.9 | \$37,387 | VLI Households |
| Reading | | 0.1% | 100% | \$119 | | | | | | | | | | |
| Sporting Goods, Hobby, and Musical Instrument Stores | | | 100% | \$119 | \$119,051 | 6.59 | \$18,062 | \$21,452 | 0.8 | 87.5% | 1.69 | 0.4 | \$36,198 | VLI Households |
| Education | | 1.0% | 100% | \$898 | | | | | | | | | | |
| Educational Services | | | 100% | \$898 | \$898,082 | 2.59 | \$347,386 | \$35,028 | 9.9 | 98.1% | 1.69 | 5.8 | \$59,106 | VLI Households |
| Tobacco Products and Smoking Supplies | | 0.4% | 100% | \$313 | | | | | | | | | | |
| Unspecified Retail | | | 100% | \$313 | \$313,231 | 6.20 | \$50,519 | \$24,716 | 2.0 | 87.5% | 1.69 | 1.1 | \$41,705 | VLI Households |
| Miscellaneous | | 1.3% | 100% | \$1,099 | | | | | | | | | | |
| Accounting | | | 20% | \$220 | \$219,839 | 2.64 | \$83,332 | \$40,838 | 2.0 | 98.1% | 1.69 | 1.2 | \$68,910 | LI Households |
| Architectural, Engineering, and Related | | | 20% | \$220 | \$219,839 | 2.25 | \$97,837 | \$80,414 | 1.2 | 98.1% | 1.69 | 0.7 | \$135,690 | Above Mod |
| Specialized Design Services | | | 20% | \$220 | \$219,839 | 3.50 | \$62,751 | \$56,159 | 1.1 | 98.1% | 1.69 | 0.6 | \$94,763 | LI Households |
| Death Care Services | | | 20% | \$220 | \$219,839 | 3.41 | \$64,531 | \$43,227 | 1.5 | 98.1% | 1.69 | 0.9 | \$72,941 | LI Households |
| Legal Services | | | 20% | \$220 | \$219,839 | 2.99 | \$73,494 | \$100,406 | 0.7 | 98.1% | 1.69 | 0.4 | \$169,424 | Above Mod |
| Total per 1,000 Market Rate Households | | | | | | | | | 264.2 | | | 141.6 | | |

[1] Percent of income spent per category is based on the 2019 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.
 [2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.
 [3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, the purchase of a \$500,000 Unit requires a household income of \$87,300.
 [4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for Santa Cruz County
 [5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Francisco MSA.
 [6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.
 [7] Based on the American Community Survey data 2014-2019.
 [8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.
 [9] Santa Cruz County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

Source: 2019 Consumer Expenditure Survey, U.S. Bureau of Labor Statistics; 2017 Economic Census, American Community Survey; and Economic & Planning Systems, Inc.

Attachment: Nexus Study For-sale Housing (Consider the Second Reading of an Ordinance Amending

**Table A-2
Household Expenditures and Employment Generation - For Sale \$750,000 Units
City of Capitola For Sale Housing Fee; EPS# 201117**

| Item | % of Household Income Spent per Category [1] | % of Category Expenditure per Type of Business [2] | Expenditures [3] | Expenditures per 1,000 HHs | Gross Receipts to Wages [4] | Total Wages per 1,000 Households | 2021 Avg. Wages [5] | # of New Workers | % Forming HH [6] | Workers/ HH [7] | Total Worker HHs | Avg. Worker HH Income | Income Category |
|--|--|--|------------------|----------------------------|-----------------------------|----------------------------------|---------------------|------------------|------------------|-----------------|------------------|-----------------------|-----------------|
| Calculation | a | b | c | d = c * 1,000 | e | f = d / e | g | h = f / g | i | j | k = h * i / j | l = g * j | |
| Required Income | | | | | | | | | | | | | |
| | | | | \$126,300 | | | | | | | | | |
| Food at Home | 5.7% | 100% | \$7,261 | | | | | | | | | | |
| Food & Beverage Stores | | 100% | \$7,261 | \$7,260,636 | 9.01 | \$805,738 | \$30,474 | 26.4 | 87.5% | 1.69 | 13.7 | \$51,421 | VLI Households |
| Food Away From Home | 5.1% | 100% | \$6,406 | | | | | | | | | | |
| Food Services and Drinking Places | | 100% | \$6,406 | \$6,406,444 | 3.13 | \$2,049,528 | \$21,784 | 94.1 | 87.5% | 1.69 | 48.8 | \$36,758 | VLI Households |
| Alcoholic Beverages | 0.7% | 100% | \$934 | | | | | | | | | | |
| Food & Beverage Stores | | 50% | \$467 | \$467,062 | 9.01 | \$51,831 | \$30,474 | 1.7 | 87.5% | 1.69 | 0.9 | \$51,421 | VLI Households |
| Food Services and Drinking Places | | 50% | \$467 | \$467,062 | 3.13 | \$149,421 | \$21,784 | 6.9 | 87.5% | 1.69 | 3.6 | \$36,758 | VLI Households |
| Housing Maintenance, Repairs, Insurance, Other expenses | 1.8% | 100% | \$2,266 | | | | | | | | | | |
| Personal and Household Goods Repair and Maintenance | | 45% | \$1,019 | \$1,019,484 | 3.34 | \$305,348 | \$29,298 | 10.4 | 98.1% | 1.69 | 6.1 | \$49,437 | VLI Households |
| Building Material and Garden Equipment and Supplies Dealer | | 45% | \$1,019 | \$1,019,484 | 8.42 | \$121,109 | \$34,606 | 3.5 | 87.5% | 1.69 | 1.8 | \$58,395 | VLI Households |
| Real Estate and Rental and Leasing | | 10% | \$227 | \$226,552 | 5.03 | \$45,011 | \$49,773 | 0.9 | 98.1% | 1.69 | 0.5 | \$83,988 | LI Households |
| Fuel oil and Other fuels [7] | 4.5% | 100% | \$5,731 | | | | | | | | | | |
| Nonstore Retailers | | 100% | \$5,731 | \$5,731,202 | 7.59 | \$754,804 | \$39,149 | 19.3 | 87.5% | 1.69 | 10.0 | \$66,060 | LI Households |
| Water and Other Public Services [7] | 1.0% | 100% | \$1,226 | | | | | | | | | | |
| Waste Management and Remediation Services | | 100% | \$1,226 | \$1,226,410 | 4.00 | \$306,597 | \$68,872 | 4.5 | 98.1% | 1.69 | 2.6 | \$116,214 | Moderate Income |
| Household Operations Personal Services | 0.6% | 100% | \$761 | | | | | | | | | | |
| Nursing and Residential Care Facilities | | 40% | \$304 | \$304,455 | 2.41 | \$126,285 | \$37,011 | 3.4 | 98.1% | 1.69 | 2.0 | \$62,453 | LI Households |
| Social Assistance [8] | | 60% | \$457 | \$456,683 | 2.98 | \$153,070 | \$24,733 | 6.2 | 98.1% | 1.69 | 3.6 | \$41,735 | VLI Households |
| Household Operations Other Household Expenses | 1.3% | 100% | \$1,595 | | | | | | | | | | |
| Services to Buildings and Dwellings | | 100% | \$1,595 | \$1,595,207 | 2.91 | \$548,392 | \$75,555 | 7.3 | 98.1% | 1.69 | 4.2 | \$127,492 | Above Mod |
| Housekeeping Supplies | 0.9% | 100% | \$1,133 | | | | | | | | | | |
| Building Materials and Garden Equipment and Supplies Dealers | | 10% | \$113 | \$113,336 | 8.42 | \$13,464 | \$34,606 | 0.4 | 87.5% | 1.69 | 0.2 | \$58,395 | VLI Households |
| Food & Beverage Stores | | 35% | \$397 | \$396,675 | 9.01 | \$44,020 | \$30,474 | 1.4 | 87.5% | 1.69 | 0.7 | \$51,421 | VLI Households |
| General Merchandise | | 35% | \$397 | \$396,675 | 10.88 | \$36,475 | \$28,948 | 1.3 | 87.5% | 1.69 | 0.7 | \$48,847 | VLI Households |
| Miscellaneous Store Retailers | | 20% | \$227 | \$226,671 | 6.20 | \$36,558 | \$24,716 | 1.5 | 87.5% | 1.69 | 0.8 | \$41,705 | VLI Households |

[1] Percent of income spent per category is based on the 2019 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, the purchase of a \$750,000 Unit requires a household income of \$126,300.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for Santa Cruz County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Francisco MSA.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] Santa Cruz County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

**Table A-2
Household Expenditures and Employment Generation - For Sale \$750,000 Units
City of Capitola For Sale Housing Fee; EPS# 201117**

| Item | | % of Household Income Spent per Category [1] | % of Category Expenditure per Type of Business [2] | Expenditures [3] | Expenditures per 1,000 HHs | Gross Receipts to Wages [4] | Total Wages per 1,000 Households | 2021 Avg. Wages [5] | # of New Workers | % Forming HH [6] | Workers/ HH [7] | Total Worker HHs | Avg. Worker HH Income | Income Category |
|---|--|--|---|---------------------|-------------------------------|--------------------------------------|--|------------------------|---------------------|------------------------|--------------------|---------------------|-----------------------------|-----------------|
| <i>Calculation</i> | | <i>a</i> | <i>b</i> | <i>c</i> | $d = c * 1,000$ | <i>e</i> | $f = d / e$ | <i>g</i> | $h = f / g$ | <i>i</i> | <i>j</i> | $k = h * i / j$ | $l = g * j$ | |
| Required Income | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| Household Furnishings and Equipment | | 2.8% | 100% | \$3,544 | | | | | | | | | | |
| Furniture and Home Furnishings Stores | | | 40% | \$1,418 | \$1,417,769 | 6.22 | \$227,813 | \$31,496 | 7.2 | 87.5% | 1.69 | 3.8 | \$53,146 | VLI Households |
| Electronics and Appliance Stores | | | 40% | \$1,418 | \$1,417,769 | 9.49 | \$149,468 | \$29,615 | 5.0 | 87.5% | 1.69 | 2.6 | \$49,973 | VLI Households |
| General Merchandise Stores | | | 10% | \$354 | \$354,442 | 10.88 | \$32,592 | \$28,948 | 1.1 | 87.5% | 1.69 | 0.6 | \$48,847 | VLI Households |
| Miscellaneous Store Retailers | | | 10% | \$354 | \$354,442 | 6.20 | \$57,166 | \$24,716 | 2.3 | 87.5% | 1.69 | 1.2 | \$41,705 | VLI Households |
| Apparel and Services | | 2.4% | 100% | \$2,999 | | | | | | | | | | |
| Clothing and Clothing Accessories Stores | | | 40% | \$1,200 | \$1,199,687 | 6.20 | \$193,533 | \$19,472 | 9.9 | 87.5% | 1.69 | 5.2 | \$32,857 | ELI Households |
| General Merchandise | | | 40% | \$1,200 | \$1,199,687 | 10.88 | \$110,314 | \$28,948 | 3.8 | 87.5% | 1.69 | 2.0 | \$48,847 | VLI Households |
| Miscellaneous Store Retailers | | | 10% | \$300 | \$299,922 | 6.20 | \$48,373 | \$24,716 | 2.0 | 87.5% | 1.69 | 1.0 | \$41,705 | VLI Households |
| Personal and Household Goods Repair and Maintenance | | | 5% | \$150 | \$149,961 | 3.34 | \$44,915 | \$29,298 | 1.5 | 87.5% | 1.69 | 0.8 | \$49,437 | VLI Households |
| Dry cleaning and Laundry Services | | | 5% | \$150 | \$149,961 | 3.34 | \$44,915 | \$29,298 | 1.5 | 87.5% | 1.69 | 0.8 | \$49,437 | VLI Households |
| Vehicle Purchases (net outlay) | | 5.3% | 100% | \$6,664 | | | | | | | | | | |
| Motor Vehicle and Parts Dealers | | | 100% | \$6,664 | \$6,664,133 | 35.74 | \$186,442 | \$53,823 | 3.5 | 87.5% | 1.69 | 1.8 | \$90,821 | LI Households |
| Gasoline and motor oil | | 3.1% | 100% | \$3,956 | | | | | | | | | | |
| Gasoline Stations | | | 100% | \$3,956 | \$3,956,009 | 27.49 | \$143,899 | \$28,091 | 5.1 | 87.5% | 1.69 | 2.7 | \$47,401 | VLI Households |
| Vehicle Maintenance and Repairs | | 1.2% | 100% | \$1,454 | | | | | | | | | | |
| Repair and Maintenance | | | 100% | \$1,454 | \$1,454,275 | 3.24 | \$448,580 | \$43,318 | 10.4 | 98.1% | 1.69 | 6.0 | \$73,095 | LI Households |
| Medical Services | | 1.4% | 100% | \$1,797 | | | | | | | | | | |
| Ambulatory Health Care Services | | | 40% | \$719 | \$718,667 | 2.55 | \$281,349 | \$70,780 | 4.0 | 98.1% | 1.69 | 2.3 | \$119,434 | Above Mod |
| General Medical and Surgical Hospitals | | | 30% | \$539 | \$539,000 | 4.40 | \$122,485 | \$27,115 | 4.5 | 98.1% | 1.69 | 2.6 | \$45,755 | VLI Households |
| Nursing and Residential Care Facilities | | | 30% | \$539 | \$539,000 | 2.41 | \$223,572 | \$37,011 | 6.0 | 98.1% | 1.69 | 3.5 | \$62,453 | LI Households |
| Drugs | | 0.6% | 100% | \$727 | | | | | | | | | | |
| Health and Personal Care Stores | | | 100% | \$727 | \$726,541 | 9.05 | \$80,267 | \$34,602 | 2.3 | 87.5% | 1.69 | 1.2 | \$58,387 | VLI Households |
| Medical Supplies | | 0.2% | 100% | \$271 | | | | | | | | | | |
| Health and Personal Care Stores | | | 100% | \$271 | \$270,812 | 9.05 | \$29,919 | \$34,602 | 0.9 | 87.5% | 1.69 | 0.4 | \$58,387 | VLI Households |
| Entertainment Fees and Admissions | | 1.1% | 100% | \$1,436 | | | | | | | | | | |
| Arts, Entertainment, & Recreation | | | 100% | \$1,436 | \$1,436,380 | 3.12 | \$459,685 | \$28,072 | 16.4 | 87.5% | 1.69 | 8.5 | \$47,369 | VLI Households |

[1] Percent of income spent per category is based on the 2019 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, the purchase of a \$750,000 Unit requires a household income of \$126,300.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for Santa Cruz County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Francisco MSA.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] Santa Cruz County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

**Table A-2
Household Expenditures and Employment Generation - For Sale \$750,000 Units
City of Capitola For Sale Housing Fee; EPS# 201117**

| Item | % of Household Income Spent per Category [1] | % of Category Expenditure per Type of Business [2] | Expenditures [3] | Expenditures per 1,000 HHs | Gross Receipts to Wages [4] | Total Wages per 1,000 Households | 2021 Avg. Wages [5] | # of New Workers | % Forming HH [6] | Workers/ HH [7] | Total Worker HHs | Avg. Worker HH Income | Income Category |
|---|--|--|------------------|----------------------------|-----------------------------|----------------------------------|---------------------|------------------|------------------|-----------------|----------------------|-----------------------|-----------------|
| <i>Calculation</i> | <i>a</i> | <i>b</i> | <i>c</i> | <i>d = c * 1,000</i> | <i>e</i> | <i>f = d / e</i> | <i>g</i> | <i>h = f / g</i> | <i>i</i> | <i>j</i> | <i>k = h * i / j</i> | <i>l = g * j</i> | |
| Required Income | | | | \$126,300 | | | | | | | | | |
| Entertainment Audio and Visual Equipment and Services | 1.1% | 100% | \$1,436 | | | | | | | | | | |
| Electronics and Appliance Stores | | 100% | \$1,436 | \$1,436,380 | 9.49 | \$151,430 | \$29,615 | 5.1 | 87.5% | 1.69 | 2.7 | \$49,973 | VLI Households |
| Entertainment Pets, Toys, Hobbies, and Playground Equip. | 1.2% | 100% | \$1,576 | | | | | | | | | | |
| Sporting Goods, Hobby, and Musical Instrument Stores | | 40% | \$630 | \$630,385 | 6.59 | \$95,642 | \$21,452 | 4.5 | 87.5% | 1.69 | 2.3 | \$36,198 | VLI Households |
| Miscellaneous Store Retailers | | 40% | \$630 | \$630,385 | 6.20 | \$101,671 | \$24,716 | 4.1 | 87.5% | 1.69 | 2.1 | \$41,705 | VLI Households |
| Veterinary Services | | 20% | \$315 | \$315,192 | 2.69 | \$117,114 | \$49,793 | 2.4 | 98.1% | 1.69 | 1.4 | \$84,021 | LI Households |
| Other Entertainment Supplies, Equipment, and Services | 1.1% | 100% | \$1,415 | | | | | | | | | | |
| Sporting Goods, Hobby, and Musical Instrument Stores | | 85% | \$1,203 | \$1,202,670 | 6.59 | \$182,469 | \$21,452 | 8.5 | 87.5% | 1.69 | 4.4 | \$36,198 | VLI Households |
| Photographic Services | | 15% | \$212 | \$212,236 | 3.41 | \$62,299 | \$43,227 | 1.4 | 98.1% | 1.69 | 0.8 | \$72,941 | LI Households |
| Personal Care Products and Services | 1.1% | 100% | \$1,373 | | | | | | | | | | |
| Unspecified Retail | | 50% | \$687 | \$686,575 | 6.20 | \$110,733 | \$24,716 | 4.5 | 87.5% | 1.69 | 2.3 | \$41,705 | VLI Households |
| Personal Care Services | | 50% | \$687 | \$686,575 | 2.74 | \$250,547 | \$22,157 | 11.3 | 98.1% | 1.69 | 6.6 | \$37,387 | VLI Households |
| Reading | 0.1% | 100% | \$167 | | | | | | | | | | |
| Sporting Goods, Hobby, and Musical Instrument Stores | | 100% | \$167 | \$167,021 | 6.59 | \$25,340 | \$21,452 | 1.2 | 87.5% | 1.69 | 0.6 | \$36,198 | VLI Households |
| Education | 1.9% | 100% | \$2,436 | | | | | | | | | | |
| Educational Services | | 100% | \$2,436 | \$2,436,119 | 2.59 | \$942,311 | \$35,028 | 26.9 | 98.1% | 1.69 | 15.6 | \$59,106 | VLI Households |
| Tobacco Products and Smoking Supplies | 0.3% | 100% | \$335 | | | | | | | | | | |
| Unspecified Retail | | 100% | \$335 | \$335,235 | 6.20 | \$54,068 | \$24,716 | 2.2 | 87.5% | 1.69 | 1.1 | \$41,705 | VLI Households |
| Miscellaneous | 1.1% | 100% | \$1,390 | | | | | | | | | | |
| Accounting | | 20% | \$278 | \$277,970 | 2.64 | \$105,367 | \$40,838 | 2.6 | 98.1% | 1.69 | 1.5 | \$68,910 | LI Households |
| Architectural, Engineering, and Related | | 20% | \$278 | \$277,970 | 2.25 | \$123,707 | \$80,414 | 1.5 | 98.1% | 1.69 | 0.9 | \$135,690 | Above Mod |
| Specialized Design Services | | 20% | \$278 | \$277,970 | 3.50 | \$79,344 | \$56,159 | 1.4 | 98.1% | 1.69 | 0.8 | \$94,763 | LI Households |
| Death Care Services | | 20% | \$278 | \$277,970 | 3.41 | \$81,595 | \$43,227 | 1.9 | 98.1% | 1.69 | 1.1 | \$72,941 | LI Households |
| Legal Services | | 20% | \$278 | \$277,970 | 2.99 | \$92,928 | \$100,406 | 0.9 | 98.1% | 1.69 | 0.5 | \$169,424 | Above Mod |
| Total per 1,000 Market Rate Households | | | | | | | | 357.0 | | | 191.9 | | |

[1] Percent of income spent per category is based on the 2019 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, the purchase of a \$750,000 Unit requires a household income of \$126,300.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for Santa Cruz County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Francisco MSA.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] Santa Cruz County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

Source: 2019 Consumer Expenditure Survey, U.S. Bureau of Labor Statistics; 2017 Economic Census, American Community Survey; and Economic & Planning Systems, Inc.

**Table A-3
Household Expenditures and Employment Generation - For Sale \$1,000,000 Units
City of Capitola For Sale Housing Fee; EPS# 201117**

| Item | % of Household Income Spent per Category [1] | % of Category Expenditure per Type of Business [2] | Expenditures [3] | Expenditures per 1,000 HHs | Gross Receipts to Wages [4] | Total Wages per 1,000 Households | 2021 Avg. Wages [5] | # of New Workers | % Forming HH [6] | Workers/HH [7] | Total Worker HHs | Avg. Worker HH Income | Income Category |
|--|--|--|------------------|----------------------------|-----------------------------|----------------------------------|---------------------|------------------|------------------|----------------|----------------------|-----------------------|-----------------|
| <i>Calculation</i> | <i>a</i> | <i>b</i> | <i>c</i> | <i>d = c * 1,000</i> | <i>e</i> | <i>f = d / e</i> | <i>g</i> | <i>h = f / g</i> | <i>i</i> | <i>j</i> | <i>k = h * i / j</i> | <i>l = g * j</i> | |
| Required Income | \$167,200 | | | | | | | | | | | | |
| Food at Home | 4.7% | 100% | \$7,942 | | | | | | | | | | |
| Food & Beverage Stores | | 100% | \$7,942 | \$7,941,670 | 9.01 | \$881,315 | \$30,474 | 28.9 | 87.5% | 1.69 | 15.0 | \$51,421 | VLI Households |
| Food Away From Home | 4.8% | 100% | \$8,016 | | | | | | | | | | |
| Food Services and Drinking Places | | 100% | \$8,016 | \$8,016,382 | 3.13 | \$2,564,575 | \$21,784 | 117.7 | 87.5% | 1.69 | 61.0 | \$36,758 | VLI Households |
| Alcoholic Beverages | 0.8% | 100% | \$1,271 | | | | | | | | | | |
| Food & Beverage Stores | | 50% | \$636 | \$635,637 | 9.01 | \$70,539 | \$30,474 | 2.3 | 87.5% | 1.69 | 1.2 | \$51,421 | VLI Households |
| Food Services and Drinking Places | | 50% | \$636 | \$635,637 | 3.13 | \$203,351 | \$21,784 | 9.3 | 87.5% | 1.69 | 4.8 | \$36,758 | VLI Households |
| Housing Maintenance, Repairs, Insurance, Other expenses | 1.7% | 100% | \$2,924 | | | | | | | | | | |
| Personal and Household Goods Repair and Maintenance | | 45% | \$1,316 | \$1,315,926 | 3.34 | \$394,136 | \$29,298 | 13.5 | 98.1% | 1.69 | 7.8 | \$49,437 | VLI Households |
| Building Material and Garden Equipment and Supplies Dealer | | 45% | \$1,316 | \$1,315,926 | 8.42 | \$156,324 | \$34,606 | 4.5 | 87.5% | 1.69 | 2.3 | \$58,395 | VLI Households |
| Real Estate and Rental and Leasing | | 10% | \$292 | \$292,428 | 5.03 | \$58,100 | \$49,773 | 1.2 | 98.1% | 1.69 | 0.7 | \$83,988 | LI Households |
| Fuel oil and Other fuels [7] | 3.8% | 100% | \$6,314 | | | | | | | | | | |
| Nonstore Retailers | | 100% | \$6,314 | \$6,314,346 | 7.59 | \$831,605 | \$39,149 | 21.2 | 87.5% | 1.69 | 11.0 | \$66,060 | LI Households |
| Water and Other Public Services [7] | 0.8% | 100% | \$1,332 | | | | | | | | | | |
| Waste Management and Remediation Services | | 100% | \$1,332 | \$1,331,978 | 4.00 | \$332,988 | \$68,872 | 4.8 | 98.1% | 1.69 | 2.8 | \$116,214 | Moderate Income |
| Household Operations Personal Services | 0.5% | 100% | \$915 | | | | | | | | | | |
| Nursing and Residential Care Facilities | | 40% | \$366 | \$366,090 | 2.41 | \$151,851 | \$37,011 | 4.1 | 98.1% | 1.69 | 2.4 | \$62,453 | LI Households |
| Social Assistance [8] | | 60% | \$549 | \$549,134 | 2.98 | \$184,058 | \$24,733 | 7.4 | 98.1% | 1.69 | 4.3 | \$41,735 | VLI Households |
| Household Operations Other Household Expenses | 1.4% | 100% | \$2,376 | | | | | | | | | | |
| Services to Buildings and Dwellings | | 100% | \$2,376 | \$2,375,537 | 2.91 | \$816,650 | \$75,555 | 10.8 | 98.1% | 1.69 | 6.3 | \$127,492 | Above Mod |
| Housekeeping Supplies | 0.8% | 100% | \$1,367 | | | | | | | | | | |
| Building Materials and Garden Equipment and Supplies Dealers | | 10% | \$137 | \$136,700 | 8.42 | \$16,239 | \$34,606 | 0.5 | 87.5% | 1.69 | 0.2 | \$58,395 | VLI Households |
| Food & Beverage Stores | | 35% | \$478 | \$478,450 | 9.01 | \$53,095 | \$30,474 | 1.7 | 87.5% | 1.69 | 0.9 | \$51,421 | VLI Households |
| General Merchandise | | 35% | \$478 | \$478,450 | 10.88 | \$43,995 | \$28,948 | 1.5 | 87.5% | 1.69 | 0.8 | \$48,847 | VLI Households |
| Miscellaneous Store Retailers | | 20% | \$273 | \$273,400 | 6.20 | \$44,095 | \$24,716 | 1.8 | 87.5% | 1.69 | 0.9 | \$41,705 | VLI Households |

[1] Percent of income spent per category is based on the 2019 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.
 [2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.
 [3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, the purchase of a \$1,000,000 Unit requires a household income of \$167,200.
 [4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for Santa Cruz County
 [5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Francisco MSA.
 [6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.
 [7] Based on the American Community Survey data 2014-2019.
 [8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.
 [9] Santa Cruz County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

Attachment: Nexus Study For-sale Housing (Consider the Second Reading of an Ordinance Amending

**Table A-3
Household Expenditures and Employment Generation - For Sale \$1,000,000 Units
City of Capitola For Sale Housing Fee; EPS# 201117**

| Item | % of Household Income Spent per Category [1] | % of Category Expenditure per Type of Business [2] | Expenditures [3] | Expenditures per 1,000 HHs | Gross Receipts to Wages [4] | Total Wages per 1,000 Households | 2021 Avg. Wages [5] | # of New Workers | % Forming HH [6] | Workers/HH [7] | Total Worker HHs | Avg. Worker HH Income | Income Category |
|---|--|--|------------------|----------------------------|-----------------------------|----------------------------------|---------------------|------------------|------------------|----------------|----------------------|-----------------------|-----------------|
| <i>Calculation</i> | <i>a</i> | <i>b</i> | <i>c</i> | <i>d = c * 1,000</i> | <i>e</i> | <i>f = d / e</i> | <i>g</i> | <i>h = f / g</i> | <i>i</i> | <i>j</i> | <i>k = h * i / j</i> | <i>l = g * j</i> | |
| Required Income | | | | | | | | | | | | | |
| | \$167,200 | | | | | | | | | | | | |
| Household Furnishings and Equipment | 2.6% | 100% | \$4,347 | | | | | | | | | | |
| Furniture and Home Furnishings Stores | | 40% | \$1,739 | \$1,738,926 | 6.22 | \$279,418 | \$31,496 | 8.9 | 87.5% | 1.69 | 4.6 | \$53,146 | VLI Households |
| Electronics and Appliance Stores | | 40% | \$1,739 | \$1,738,926 | 9.49 | \$183,326 | \$29,615 | 6.2 | 87.5% | 1.69 | 3.2 | \$49,973 | VLI Households |
| General Merchandise Stores | | 10% | \$435 | \$434,731 | 10.88 | \$39,975 | \$28,948 | 1.4 | 87.5% | 1.69 | 0.7 | \$48,847 | VLI Households |
| Miscellaneous Store Retailers | | 10% | \$435 | \$434,731 | 6.20 | \$70,115 | \$24,716 | 2.8 | 87.5% | 1.69 | 1.5 | \$41,705 | VLI Households |
| Apparel and Services | 2.4% | 100% | \$4,060 | | | | | | | | | | |
| Clothing and Clothing Accessories Stores | | 40% | \$1,624 | \$1,624,056 | 6.20 | \$261,991 | \$19,472 | 13.5 | 87.5% | 1.69 | 7.0 | \$32,857 | ELI Households |
| General Merchandise | | 40% | \$1,624 | \$1,624,056 | 10.88 | \$149,336 | \$28,948 | 5.2 | 87.5% | 1.69 | 2.7 | \$48,847 | VLI Households |
| Miscellaneous Store Retailers | | 10% | \$406 | \$406,014 | 6.20 | \$65,484 | \$24,716 | 2.6 | 87.5% | 1.69 | 1.4 | \$41,705 | VLI Households |
| Personal and Household Goods Repair and Maintenance | | 5% | \$203 | \$203,007 | 3.34 | \$60,803 | \$29,298 | 2.1 | 87.5% | 1.69 | 1.1 | \$49,437 | VLI Households |
| Dry cleaning and Laundry Services | | 5% | \$203 | \$203,007 | 3.34 | \$60,803 | \$29,298 | 2.1 | 87.5% | 1.69 | 1.1 | \$49,437 | VLI Households |
| Vehicle Purchases (net outlay) | 5.1% | 100% | \$8,599 | | | | | | | | | | |
| Motor Vehicle and Parts Dealers | | 100% | \$8,599 | \$8,598,904 | 35.74 | \$240,570 | \$53,823 | 4.5 | 87.5% | 1.69 | 2.3 | \$90,821 | LI Households |
| Gasoline and motor oil | 2.4% | 100% | \$3,935 | | | | | | | | | | |
| Gasoline Stations | | 100% | \$3,935 | \$3,935,230 | 27.49 | \$143,143 | \$28,091 | 5.1 | 87.5% | 1.69 | 2.6 | \$47,401 | VLI Households |
| Vehicle Maintenance and Repairs | 1.1% | 100% | \$1,923 | | | | | | | | | | |
| Repair and Maintenance | | 100% | \$1,923 | \$1,922,671 | 3.24 | \$593,059 | \$43,318 | 13.7 | 98.1% | 1.69 | 8.0 | \$73,095 | LI Households |
| Medical Services | 1.0% | 100% | \$1,654 | | | | | | | | | | |
| Ambulatory Health Care Services | | 40% | \$662 | \$661,670 | 2.55 | \$259,035 | \$70,780 | 3.7 | 98.1% | 1.69 | 2.1 | \$119,434 | Above Mod |
| General Medical and Surgical Hospitals | | 30% | \$496 | \$496,252 | 4.40 | \$112,771 | \$27,115 | 4.2 | 98.1% | 1.69 | 2.4 | \$45,755 | VLI Households |
| Nursing and Residential Care Facilities | | 30% | \$496 | \$496,252 | 2.41 | \$205,841 | \$37,011 | 5.6 | 98.1% | 1.69 | 3.2 | \$62,453 | LI Households |
| Drugs | 0.5% | 100% | \$776 | | | | | | | | | | |
| Health and Personal Care Stores | | 100% | \$776 | \$776,306 | 9.05 | \$85,765 | \$34,602 | 2.5 | 87.5% | 1.69 | 1.3 | \$58,387 | VLI Households |
| Medical Supplies | 0.2% | 100% | \$323 | | | | | | | | | | |
| Health and Personal Care Stores | | 100% | \$323 | \$323,364 | 9.05 | \$35,725 | \$34,602 | 1.0 | 87.5% | 1.69 | 0.5 | \$58,387 | VLI Households |
| Entertainment Fees and Admissions | 1.2% | 100% | \$2,069 | | | | | | | | | | |
| Arts, Entertainment, & Recreation | | 100% | \$2,069 | \$2,068,593 | 3.12 | \$662,013 | \$28,072 | 23.6 | 87.5% | 1.69 | 12.2 | \$47,369 | VLI Households |

[1] Percent of income spent per category is based on the 2019 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, the purchase of a \$1,000,000 Unit requires a household income of \$167,200.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for Santa Cruz County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Francisco MSA.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] Santa Cruz County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

Attachment: Nexus Study For-sale Housing (Consider the Second Reading of an Ordinance Amending

**Table A-3
Household Expenditures and Employment Generation - For Sale \$1,000,000 Units
City of Capitola For Sale Housing Fee; EPS# 201117**

| Item | % of Household Income Spent per Category [1] | % of Category Expenditure per Type of Business [2] | Expenditures [3] | Expenditures per 1,000 HHs | Gross Receipts to Wages [4] | Total Wages per 1,000 Households | 2021 Avg. Wages [5] | # of New Workers | % Forming HH [6] | Workers/HH [7] | Total Worker HHs | Avg. Worker HH Income | Income Category |
|---|--|--|------------------|----------------------------|-----------------------------|----------------------------------|---------------------|------------------|------------------|----------------|----------------------|-----------------------|-----------------|
| <i>Calculation</i> | <i>a</i> | <i>b</i> | <i>c</i> | <i>d = c * 1,000</i> | <i>e</i> | <i>f = d / e</i> | <i>g</i> | <i>h = f / g</i> | <i>i</i> | <i>j</i> | <i>k = h * i / j</i> | <i>l = g * j</i> | |
| Required Income | | | | \$167,200 | | | | | | | | | |
| Entertainment Audio and Visual Equipment and Services | 1.2% | 100% | \$2,069 | | | | | | | | | | |
| Electronics and Appliance Stores | | 100% | \$2,069 | \$2,068,593 | 9.49 | \$218,081 | \$29,615 | 7.4 | 87.5% | 1.69 | 3.8 | \$49,973 | VLI Households |
| Entertainment Pets, Toys, Hobbies, and Playground Equip. | 0.9% | 100% | \$1,556 | | | | | | | | | | |
| Sporting Goods, Hobby, and Musical Instrument Stores | | 40% | \$622 | \$622,446 | 6.59 | \$94,438 | \$21,452 | 4.4 | 87.5% | 1.69 | 2.3 | \$36,198 | VLI Households |
| Miscellaneous Store Retailers | | 40% | \$622 | \$622,446 | 6.20 | \$100,390 | \$24,716 | 4.1 | 87.5% | 1.69 | 2.1 | \$41,705 | VLI Households |
| Veterinary Services | | 20% | \$311 | \$311,223 | 2.69 | \$115,639 | \$49,793 | 2.3 | 98.1% | 1.69 | 1.4 | \$84,021 | LI Households |
| Other Entertainment Supplies, Equipment, and Services | 0.8% | 100% | \$1,356 | | | | | | | | | | |
| Sporting Goods, Hobby, and Musical Instrument Stores | | 85% | \$1,153 | \$1,153,019 | 6.59 | \$174,936 | \$21,452 | 8.2 | 87.5% | 1.69 | 4.2 | \$36,198 | VLI Households |
| Photographic Services | | 15% | \$203 | \$203,474 | 3.41 | \$59,727 | \$43,227 | 1.4 | 98.1% | 1.69 | 0.8 | \$72,941 | LI Households |
| Personal Care Products and Services | 0.8% | 100% | \$1,401 | | | | | | | | | | |
| Unspecified Retail | | 50% | \$700 | \$700,427 | 6.20 | \$112,968 | \$24,716 | 4.6 | 87.5% | 1.69 | 2.4 | \$41,705 | VLI Households |
| Personal Care Services | | 50% | \$700 | \$700,427 | 2.74 | \$255,602 | \$22,157 | 11.5 | 98.1% | 1.69 | 6.7 | \$37,387 | VLI Households |
| Reading | 0.1% | 100% | \$151 | | | | | | | | | | |
| Sporting Goods, Hobby, and Musical Instrument Stores | | 100% | \$151 | \$150,592 | 6.59 | \$22,848 | \$21,452 | 1.1 | 87.5% | 1.69 | 0.6 | \$36,198 | VLI Households |
| Education | 2.1% | 100% | \$3,511 | | | | | | | | | | |
| Educational Services | | 100% | \$3,511 | \$3,511,472 | 2.59 | \$1,358,267 | \$35,028 | 38.8 | 98.1% | 1.69 | 22.5 | \$59,106 | VLI Households |
| Tobacco Products and Smoking Supplies | 0.1% | 100% | \$246 | | | | | | | | | | |
| Unspecified Retail | | 100% | \$246 | \$246,317 | 6.20 | \$39,727 | \$24,716 | 1.6 | 87.5% | 1.69 | 0.8 | \$41,705 | VLI Households |
| Miscellaneous | 1.2% | 100% | \$2,042 | | | | | | | | | | |
| Accounting | | 20% | \$408 | \$408,349 | 2.64 | \$154,788 | \$40,838 | 3.8 | 98.1% | 1.69 | 2.2 | \$68,910 | LI Households |
| Architectural, Engineering, and Related | | 20% | \$408 | \$408,349 | 2.25 | \$181,730 | \$80,414 | 2.3 | 98.1% | 1.69 | 1.3 | \$135,690 | Above Mod |
| Specialized Design Services | | 20% | \$408 | \$408,349 | 3.50 | \$116,560 | \$56,159 | 2.1 | 98.1% | 1.69 | 1.2 | \$94,763 | LI Households |
| Death Care Services | | 20% | \$408 | \$408,349 | 3.41 | \$119,866 | \$43,227 | 2.8 | 98.1% | 1.69 | 1.6 | \$72,941 | LI Households |
| Legal Services | | 20% | \$408 | \$408,349 | 2.99 | \$136,514 | \$100,406 | 1.4 | 98.1% | 1.69 | 0.8 | \$169,424 | Above Mod |
| Total per 1,000 Market Rate Households | | | | | | | | 437.3 | | | 235.3 | | |

[1] Percent of income spent per category is based on the 2019 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.
 [2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.
 [3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, the purchase of a \$1,000,000 Unit requires a household income of \$167,200.
 [4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for Santa Cruz County
 [5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Francisco MSA.
 [6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.
 [7] Based on the American Community Survey data 2014-2019.
 [8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.
 [9] Santa Cruz County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

Source: 2019 Consumer Expenditure Survey, U.S. Bureau of Labor Statistics; 2017 Economic Census, American Community Survey; and Economic & Planning Systems, Inc.

Attachment: Nexus Study For-sale Housing (Consider the Second Reading of an Ordinance Amending

**Table A-4
Household Expenditures and Employment Generation - For Sale \$1,250,000 Units
City of Capitola For Sale Housing Fee; EPS# 201117**

| Item | % of Household Income Spent per Category [1] | % of Category Expenditure per Type of Business [2] | Expenditures [3] | Expenditures per 1,000 HHs | Gross Receipts to Wages [4] | Total Wages per 1,000 Households | 2021 Avg. Wages [5] | # of New Workers | % Forming HH [6] | Workers/ HH [7] | Total Worker HHs | Avg. Worker HH Income | Income Category |
|--|--|--|------------------|----------------------------|-----------------------------|----------------------------------|---------------------|------------------|------------------|-----------------|----------------------|-----------------------|-----------------|
| <i>Calculation</i> | <i>a</i> | <i>b</i> | <i>c</i> | <i>d = c * 1,000</i> | <i>e</i> | <i>f = d / e</i> | <i>g</i> | <i>h = f / g</i> | <i>i</i> | <i>j</i> | <i>k = h * i / j</i> | <i>l = g * j</i> | |
| Required Income | | | | \$208,200 | | | | | | | | | |
| Food at Home | 3.2% | 100% | \$6,583 | | | | | | | | | | |
| Food & Beverage Stores | | 100% | \$6,583 | \$6,582,825 | 9.01 | \$730,519 | \$30,474 | 24.0 | 87.5% | 1.69 | 12.4 | \$51,421 | VLI Households |
| Food Away From Home | 3.7% | 100% | \$7,748 | | | | | | | | | | |
| Food Services and Drinking Places | | 100% | \$7,748 | \$7,747,620 | 3.13 | \$2,478,593 | \$21,784 | 113.8 | 87.5% | 1.69 | 59.0 | \$36,758 | VLI Households |
| Alcoholic Beverages | 0.7% | 100% | \$1,406 | | | | | | | | | | |
| Food & Beverage Stores | | 50% | \$703 | \$703,223 | 9.01 | \$78,039 | \$30,474 | 2.6 | 87.5% | 1.69 | 1.3 | \$51,421 | VLI Households |
| Food Services and Drinking Places | | 50% | \$703 | \$703,223 | 3.13 | \$224,973 | \$21,784 | 10.3 | 87.5% | 1.69 | 5.4 | \$36,758 | VLI Households |
| Housing Maintenance, Repairs, Insurance, Other expenses | 1.9% | 100% | \$3,982 | | | | | | | | | | |
| Personal and Household Goods Repair and Maintenance | | 45% | \$1,792 | \$1,791,914 | 3.34 | \$536,701 | \$29,298 | 18.3 | 98.1% | 1.69 | 10.7 | \$49,437 | VLI Households |
| Building Material and Garden Equipment and Supplies Dealer | | 45% | \$1,792 | \$1,791,914 | 8.42 | \$212,869 | \$34,606 | 6.2 | 87.5% | 1.69 | 3.2 | \$58,395 | VLI Households |
| Real Estate and Rental and Leasing | | 10% | \$398 | \$398,203 | 5.03 | \$79,115 | \$49,773 | 1.6 | 98.1% | 1.69 | 0.9 | \$83,988 | LI Households |
| Fuel oil and Other fuels [7] | 2.5% | 100% | \$5,268 | | | | | | | | | | |
| Nonstore Retailers | | 100% | \$5,268 | \$5,267,651 | 7.59 | \$693,754 | \$39,149 | 17.7 | 87.5% | 1.69 | 9.2 | \$66,060 | LI Households |
| Water and Other Public Services [7] | 0.6% | 100% | \$1,216 | | | | | | | | | | |
| Waste Management and Remediation Services | | 100% | \$1,216 | \$1,216,080 | 4.00 | \$304,014 | \$68,872 | 4.4 | 98.1% | 1.69 | 2.6 | \$116,214 | Moderate Income |
| Household Operations Personal Services | 1.1% | 100% | \$2,324 | | | | | | | | | | |
| Nursing and Residential Care Facilities | | 40% | \$930 | \$929,749 | 2.41 | \$385,651 | \$37,011 | 10.4 | 98.1% | 1.69 | 6.1 | \$62,453 | LI Households |
| Social Assistance [8] | | 60% | \$1,395 | \$1,394,624 | 2.98 | \$467,447 | \$24,733 | 18.9 | 98.1% | 1.69 | 11.0 | \$41,735 | VLI Households |
| Household Operations Other Household Expenses | 1.4% | 100% | \$2,958 | | | | | | | | | | |
| Services to Buildings and Dwellings | | 100% | \$2,958 | \$2,958,056 | 2.91 | \$1,016,905 | \$75,555 | 13.5 | 98.1% | 1.69 | 7.8 | \$127,492 | Above Mod |
| Housekeeping Supplies | 0.5% | 100% | \$1,140 | | | | | | | | | | |
| Building Materials and Garden Equipment and Supplies Dealers | | 10% | \$114 | \$114,046 | 8.42 | \$13,548 | \$34,606 | 0.4 | 87.5% | 1.69 | 0.2 | \$58,395 | VLI Households |
| Food & Beverage Stores | | 35% | \$399 | \$399,159 | 9.01 | \$44,296 | \$30,474 | 1.5 | 87.5% | 1.69 | 0.8 | \$51,421 | VLI Households |
| General Merchandise | | 35% | \$399 | \$399,159 | 10.88 | \$36,704 | \$28,948 | 1.3 | 87.5% | 1.69 | 0.7 | \$48,847 | VLI Households |
| Miscellaneous Store Retailers | | 20% | \$228 | \$228,091 | 6.20 | \$36,787 | \$24,716 | 1.5 | 87.5% | 1.69 | 0.8 | \$41,705 | VLI Households |

[1] Percent of income spent per category is based on the 2019 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.
 [2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.
 [3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, the purchase of a \$1,250,000 Unit requires a household income of \$208,200.
 [4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for Santa Cruz County
 [5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Francisco MSA.
 [6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.
 [7] Based on the American Community Survey data 2014-2019.
 [8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.
 [9] Santa Cruz County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

Attachment: Nexus Study For-sale Housing (Consider the Second Reading of an Ordinance Amending

**Table A-4
Household Expenditures and Employment Generation - For Sale \$1,250,000 Units
City of Capitola For Sale Housing Fee; EPS# 201117**

| Item | % of Household Income Spent per Category [1] | % of Category Expenditure per Type of Business [2] | Expenditures [3] | Expenditures per 1,000 HHs | Gross Receipts to Wages [4] | Total Wages per 1,000 Households | 2021 Avg. Wages [5] | # of New Workers | % Forming HH [6] | Workers/HH [7] | Total Worker HHs | Avg. Worker HH Income | Income Category |
|---|--|--|------------------|----------------------------|-----------------------------|----------------------------------|---------------------|------------------|------------------|----------------|----------------------|-----------------------|-----------------|
| <i>Calculation</i> | <i>a</i> | <i>b</i> | <i>c</i> | <i>d = c * 1,000</i> | <i>e</i> | <i>f = d / e</i> | <i>g</i> | <i>h = f / g</i> | <i>i</i> | <i>j</i> | <i>k = h * i / j</i> | <i>l = g * j</i> | |
| Required Income | | | | \$208,200 | | | | | | | | | |
| Household Furnishings and Equipment | 2.4% | 100% | \$4,898 | | | | | | | | | | |
| Furniture and Home Furnishings Stores | | 40% | \$1,959 | \$1,959,288 | 6.22 | \$314,826 | \$31,496 | 10.0 | 87.5% | 1.69 | 5.2 | \$53,146 | VLI Households |
| Electronics and Appliance Stores | | 40% | \$1,959 | \$1,959,288 | 9.49 | \$206,557 | \$29,615 | 7.0 | 87.5% | 1.69 | 3.6 | \$49,973 | VLI Households |
| General Merchandise Stores | | 10% | \$490 | \$489,822 | 10.88 | \$45,040 | \$28,948 | 1.6 | 87.5% | 1.69 | 0.8 | \$48,847 | VLI Households |
| Miscellaneous Store Retailers | | 10% | \$490 | \$489,822 | 6.20 | \$79,000 | \$24,716 | 3.2 | 87.5% | 1.69 | 1.7 | \$41,705 | VLI Households |
| Apparel and Services | 2.0% | 100% | \$4,158 | | | | | | | | | | |
| Clothing and Clothing Accessories Stores | | 40% | \$1,663 | \$1,663,048 | 6.20 | \$268,282 | \$19,472 | 13.8 | 87.5% | 1.69 | 7.1 | \$32,857 | ELI Households |
| General Merchandise | | 40% | \$1,663 | \$1,663,048 | 10.88 | \$152,921 | \$28,948 | 5.3 | 87.5% | 1.69 | 2.7 | \$48,847 | VLI Households |
| Miscellaneous Store Retailers | | 10% | \$416 | \$415,762 | 6.20 | \$67,056 | \$24,716 | 2.7 | 87.5% | 1.69 | 1.4 | \$41,705 | VLI Households |
| Personal and Household Goods Repair and Maintenance | | 5% | \$208 | \$207,881 | 3.34 | \$62,263 | \$29,298 | 2.1 | 87.5% | 1.69 | 1.1 | \$49,437 | VLI Households |
| Dry cleaning and Laundry Services | | 5% | \$208 | \$207,881 | 3.34 | \$62,263 | \$29,298 | 2.1 | 87.5% | 1.69 | 1.1 | \$49,437 | VLI Households |
| Vehicle Purchases (net outlay) | 4.4% | 100% | \$9,184 | | | | | | | | | | |
| Motor Vehicle and Parts Dealers | | 100% | \$9,184 | \$9,184,489 | 35.74 | \$256,953 | \$53,823 | 4.8 | 87.5% | 1.69 | 2.5 | \$90,821 | LI Households |
| Gasoline and motor oil | 1.4% | 100% | \$2,982 | | | | | | | | | | |
| Gasoline Stations | | 100% | \$2,982 | \$2,982,395 | 27.49 | \$108,484 | \$28,091 | 3.9 | 87.5% | 1.69 | 2.0 | \$47,401 | VLI Households |
| Vehicle Maintenance and Repairs | 0.7% | 100% | \$1,495 | | | | | | | | | | |
| Repair and Maintenance | | 100% | \$1,495 | \$1,495,109 | 3.24 | \$461,175 | \$43,318 | 10.6 | 98.1% | 1.69 | 6.2 | \$73,095 | LI Households |
| Medical Services | 1.2% | 100% | \$2,530 | | | | | | | | | | |
| Ambulatory Health Care Services | | 40% | \$1,012 | \$1,011,806 | 2.55 | \$396,109 | \$70,780 | 5.6 | 98.1% | 1.69 | 3.3 | \$119,434 | Above Mod |
| General Medical and Surgical Hospitals | | 30% | \$759 | \$758,855 | 4.40 | \$172,446 | \$27,115 | 6.4 | 98.1% | 1.69 | 3.7 | \$45,755 | VLI Households |
| Nursing and Residential Care Facilities | | 30% | \$759 | \$758,855 | 2.41 | \$314,766 | \$37,011 | 8.5 | 98.1% | 1.69 | 4.9 | \$62,453 | LI Households |
| Drugs | 0.2% | 100% | \$510 | | | | | | | | | | |
| Health and Personal Care Stores | | 100% | \$510 | \$510,249 | 9.05 | \$56,372 | \$34,602 | 1.6 | 87.5% | 1.69 | 0.8 | \$58,387 | VLI Households |
| Medical Supplies | 0.1% | 100% | \$309 | | | | | | | | | | |
| Health and Personal Care Stores | | 100% | \$309 | \$308,584 | 9.05 | \$34,092 | \$34,602 | 1.0 | 87.5% | 1.69 | 0.5 | \$58,387 | VLI Households |
| Entertainment Fees and Admissions | 1.6% | 100% | \$3,299 | | | | | | | | | | |
| Arts, Entertainment, & Recreation | | 100% | \$3,299 | \$3,298,801 | 3.12 | \$1,055,717 | \$28,072 | 37.6 | 87.5% | 1.69 | 19.5 | \$47,369 | VLI Households |

[1] Percent of income spent per category is based on the 2019 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, the purchase of a \$1,250,000 Unit requires a household income of \$208,200.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for Santa Cruz County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Francisco MSA.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] Santa Cruz County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

**Table A-4
Household Expenditures and Employment Generation - For Sale \$1,250,000 Units
City of Capitola For Sale Housing Fee; EPS# 201117**

| Item | % of Household Income Spent per Category [1] | % of Category Expenditure per Type of Business [2] | Expenditures [3] | Expenditures per 1,000 HHs | Gross Receipts to Wages [4] | Total Wages per 1,000 Households | 2021 Avg. Wages [5] | # of New Workers | % Forming HH [6] | Workers/HH [7] | Total Worker HHs | Avg. Worker HH Income | Income Category |
|---|--|--|------------------|----------------------------|-----------------------------|----------------------------------|---------------------|------------------|------------------|----------------|----------------------|-----------------------|-----------------|
| <i>Calculation</i> | <i>a</i> | <i>b</i> | <i>c</i> | <i>d = c * 1,000</i> | <i>e</i> | <i>f = d / e</i> | <i>g</i> | <i>h = f / g</i> | <i>i</i> | <i>j</i> | <i>k = h * i / j</i> | <i>l = g * j</i> | |
| Required Income | \$208,200 | | | | | | | | | | | | |
| Entertainment Audio and Visual Equipment and Services | 1.6% | 100% | \$3,299 | | | | | | | | | | |
| Electronics and Appliance Stores | | 100% | \$3,299 | \$3,298,801 | 9.49 | \$347,775 | \$29,615 | 11.7 | 87.5% | 1.69 | 6.1 | \$49,973 | VLI Households |
| Entertainment Pets, Toys, Hobbies, and Playground Equip. | 0.7% | 100% | \$1,445 | | | | | | | | | | |
| Sporting Goods, Hobby, and Musical Instrument Stores | | 40% | \$578 | \$577,877 | 6.59 | \$87,676 | \$21,452 | 4.1 | 87.5% | 1.69 | 2.1 | \$36,198 | VLI Households |
| Miscellaneous Store Retailers | | 40% | \$578 | \$577,877 | 6.20 | \$93,202 | \$24,716 | 3.8 | 87.5% | 1.69 | 2.0 | \$41,705 | VLI Households |
| Veterinary Services | | 20% | \$289 | \$288,938 | 2.69 | \$107,359 | \$49,793 | 2.2 | 98.1% | 1.69 | 1.3 | \$84,021 | LI Households |
| Other Entertainment Supplies, Equipment, and Services | 0.8% | 100% | \$1,656 | | | | | | | | | | |
| Sporting Goods, Hobby, and Musical Instrument Stores | | 85% | \$1,408 | \$1,407,532 | 6.59 | \$213,551 | \$21,452 | 10.0 | 87.5% | 1.69 | 5.2 | \$36,198 | VLI Households |
| Photographic Services | | 15% | \$248 | \$248,388 | 3.41 | \$72,911 | \$43,227 | 1.7 | 98.1% | 1.69 | 1.0 | \$72,941 | LI Households |
| Personal Care Products and Services | 0.8% | 100% | \$1,598 | | | | | | | | | | |
| Unspecified Retail | | 50% | \$799 | \$798,840 | 6.20 | \$128,840 | \$24,716 | 5.2 | 87.5% | 1.69 | 2.7 | \$41,705 | VLI Households |
| Personal Care Services | | 50% | \$799 | \$798,840 | 2.74 | \$291,515 | \$22,157 | 13.2 | 98.1% | 1.69 | 7.6 | \$37,387 | VLI Households |
| Reading | 0.1% | 100% | \$185 | | | | | | | | | | |
| Sporting Goods, Hobby, and Musical Instrument Stores | | 100% | \$185 | \$185,150 | 6.59 | \$28,091 | \$21,452 | 1.3 | 87.5% | 1.69 | 0.7 | \$36,198 | VLI Households |
| Education | 2.5% | 100% | \$5,212 | | | | | | | | | | |
| Educational Services | | 100% | \$5,212 | \$5,212,019 | 2.59 | \$2,016,053 | \$35,028 | 57.6 | 98.1% | 1.69 | 33.5 | \$59,106 | VLI Households |
| Tobacco Products and Smoking Supplies | 0.1% | 100% | \$112 | | | | | | | | | | |
| Unspecified Retail | | 100% | \$112 | \$112,133 | 6.20 | \$18,085 | \$24,716 | 0.7 | 87.5% | 1.69 | 0.4 | \$41,705 | VLI Households |
| Miscellaneous | 0.9% | 100% | \$1,772 | | | | | | | | | | |
| Accounting | | 20% | \$354 | \$354,480 | 2.64 | \$134,368 | \$40,838 | 3.3 | 98.1% | 1.69 | 1.9 | \$68,910 | LI Households |
| Architectural, Engineering, and Related | | 20% | \$354 | \$354,480 | 2.25 | \$157,757 | \$80,414 | 2.0 | 98.1% | 1.69 | 1.1 | \$135,690 | Above Mod |
| Specialized Design Services | | 20% | \$354 | \$354,480 | 3.50 | \$101,183 | \$56,159 | 1.8 | 98.1% | 1.69 | 1.0 | \$94,763 | LI Households |
| Death Care Services | | 20% | \$354 | \$354,480 | 3.41 | \$104,054 | \$43,227 | 2.4 | 98.1% | 1.69 | 1.4 | \$72,941 | LI Households |
| Legal Services | | 20% | \$354 | \$354,480 | 2.99 | \$118,505 | \$100,406 | 1.2 | 98.1% | 1.69 | 0.7 | \$169,424 | Above Mod |
| Total per 1,000 Market Rate Households | | | | | | | | 495.9 | | | 268.7 | | |

[1] Percent of income spent per category is based on the 2019 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.
 [2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.
 [3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, the purchase of a \$1,250,000 Unit requires a household income of \$208,200.
 [4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for Santa Cruz County
 [5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Francisco MSA.
 [6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.
 [7] Based on the American Community Survey data 2014-2019.
 [8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.
 [9] Santa Cruz County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

Source: 2019 Consumer Expenditure Survey, U.S. Bureau of Labor Statistics; 2017 Economic Census, American Community Survey, and Economic & Planning Systems, Inc.

**Table A-5
Household Expenditures and Employment Generation - For Sale \$1,500,000 Units
City of Capitola For Sale Housing Fee; EPS# 201117**

| Item | % of Household Income Spent per Category [1] | % of Category Expenditure per Type of Business [2] | Expenditures [3] | Expenditures per 1,000 HHs | Gross Receipts to Wages [4] | Total Wages per 1,000 Households | 2021 Avg. Wages [5] | # of New Workers | % Forming HH [6] | Workers/HH [7] | Total Worker HHs | Avg. Worker HH Income | Income Category |
|--|--|--|------------------|----------------------------|-----------------------------|----------------------------------|---------------------|------------------|------------------|----------------|----------------------|-----------------------|-----------------|
| <i>Calculation</i> | <i>a</i> | <i>b</i> | <i>c</i> | <i>d = c * 1,000</i> | <i>e</i> | <i>f = d / e</i> | <i>g</i> | <i>h = f / g</i> | <i>i</i> | <i>j</i> | <i>k = h * i / j</i> | <i>l = g * j</i> | |
| Required Income | \$247,200 | | | | | | | | | | | | |
| Food at Home | 3.2% | 100% | \$7,816 | | | | | | | | | | |
| Food & Beverage Stores | | 100% | \$7,816 | \$7,815,920 | 9.01 | \$867,360 | \$30,474 | 28.5 | 87.5% | 1.69 | 14.8 | \$51,421 | VLI Households |
| Food Away From Home | 3.7% | 100% | \$9,199 | | | | | | | | | | |
| Food Services and Drinking Places | | 100% | \$9,199 | \$9,198,903 | 3.13 | \$2,942,883 | \$21,784 | 135.1 | 87.5% | 1.69 | 70.1 | \$36,758 | VLI Households |
| Alcoholic Beverages | 0.7% | 100% | \$1,670 | | | | | | | | | | |
| Food & Beverage Stores | | 50% | \$835 | \$834,950 | 9.01 | \$92,657 | \$30,474 | 3.0 | 87.5% | 1.69 | 1.6 | \$51,421 | VLI Households |
| Food Services and Drinking Places | | 50% | \$835 | \$834,950 | 3.13 | \$267,115 | \$21,784 | 12.3 | 87.5% | 1.69 | 6.4 | \$36,758 | VLI Households |
| Housing Maintenance, Repairs, Insurance, Other expenses | 1.9% | 100% | \$4,728 | | | | | | | | | | |
| Personal and Household Goods Repair and Maintenance | | 45% | \$2,128 | \$2,127,575 | 3.34 | \$637,235 | \$29,298 | 21.8 | 98.1% | 1.69 | 12.6 | \$49,437 | VLI Households |
| Building Material and Garden Equipment and Supplies Dealer | | 45% | \$2,128 | \$2,127,575 | 8.42 | \$252,743 | \$34,606 | 7.3 | 87.5% | 1.69 | 3.8 | \$58,395 | VLI Households |
| Real Estate and Rental and Leasing | | 10% | \$473 | \$472,794 | 5.03 | \$93,935 | \$49,773 | 1.9 | 98.1% | 1.69 | 1.1 | \$83,988 | LI Households |
| Fuel oil and Other fuels [7] | 2.5% | 100% | \$6,254 | | | | | | | | | | |
| Nonstore Retailers | | 100% | \$6,254 | \$6,254,387 | 7.59 | \$823,708 | \$39,149 | 21.0 | 87.5% | 1.69 | 10.9 | \$66,060 | LI Households |
| Water and Other Public Services [7] | 0.6% | 100% | \$1,444 | | | | | | | | | | |
| Waste Management and Remediation Services | | 100% | \$1,444 | \$1,443,876 | 4.00 | \$360,962 | \$68,872 | 5.2 | 98.1% | 1.69 | 3.0 | \$116,214 | Moderate Income |
| Household Operations Personal Services | 1.1% | 100% | \$2,760 | | | | | | | | | | |
| Nursing and Residential Care Facilities | | 40% | \$1,104 | \$1,103,910 | 2.41 | \$457,891 | \$37,011 | 12.4 | 98.1% | 1.69 | 7.2 | \$62,453 | LI Households |
| Social Assistance [8] | | 60% | \$1,656 | \$1,655,864 | 2.98 | \$555,009 | \$24,733 | 22.4 | 98.1% | 1.69 | 13.0 | \$41,735 | VLI Households |
| Household Operations Other Household Expenses | 1.4% | 100% | \$3,512 | | | | | | | | | | |
| Services to Buildings and Dwellings | | 100% | \$3,512 | \$3,512,158 | 2.91 | \$1,207,391 | \$75,555 | 16.0 | 98.1% | 1.69 | 9.3 | \$127,492 | Above Mod |
| Housekeeping Supplies | 0.5% | 100% | \$1,354 | | | | | | | | | | |
| Building Materials and Garden Equipment and Supplies Dealers | | 10% | \$135 | \$135,409 | 8.42 | \$16,086 | \$34,606 | 0.5 | 87.5% | 1.69 | 0.2 | \$58,395 | VLI Households |
| Food & Beverage Stores | | 35% | \$474 | \$473,930 | 9.01 | \$52,594 | \$30,474 | 1.7 | 87.5% | 1.69 | 0.9 | \$51,421 | VLI Households |
| General Merchandise | | 35% | \$474 | \$473,930 | 10.88 | \$43,579 | \$28,948 | 1.5 | 87.5% | 1.69 | 0.8 | \$48,847 | VLI Households |
| Miscellaneous Store Retailers | | 20% | \$271 | \$270,817 | 6.20 | \$43,678 | \$24,716 | 1.8 | 87.5% | 1.69 | 0.9 | \$41,705 | VLI Households |

[1] Percent of income spent per category is based on the 2019 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, the purchase of a \$1,500,000 Unit requires a household income of \$247,200.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for Santa Cruz County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Francisco MSA.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] Santa Cruz County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

Attachment: Nexus Study For-sale Housing (Consider the Second Reading of an Ordinance Amending

**Table A-5
Household Expenditures and Employment Generation - For Sale \$1,500,000 Units
City of Capitola For Sale Housing Fee; EPS# 201117**

| Item | % of Household Income Spent per Category [1] | % of Category Expenditure per Type of Business [2] | Expenditures [3] | Expenditures per 1,000 HHs | Gross Receipts to Wages [4] | Total Wages per 1,000 Households | 2021 Avg. Wages [5] | # of New Workers | % Forming HH [6] | Workers/HH [7] | Total Worker HHs | Avg. Worker HH Income | Income Category |
|---|--|--|------------------|----------------------------|-----------------------------|----------------------------------|---------------------|------------------|------------------|----------------|----------------------|-----------------------|-----------------|
| <i>Calculation</i> | <i>a</i> | <i>b</i> | <i>c</i> | <i>d = c * 1,000</i> | <i>e</i> | <i>f = d / e</i> | <i>g</i> | <i>h = f / g</i> | <i>i</i> | <i>j</i> | <i>k = h * i / j</i> | <i>l = g * j</i> | |
| Required Income | | | | \$247,200 | | | | | | | | | |
| Household Furnishings and Equipment | 2.4% | 100% | \$5,816 | | | | | | | | | | |
| Furniture and Home Furnishings Stores | | 40% | \$2,326 | \$2,326,302 | 6.22 | \$373,800 | \$31,496 | 11.9 | 87.5% | 1.69 | 6.2 | \$53,146 | VLI Households |
| Electronics and Appliance Stores | | 40% | \$2,326 | \$2,326,302 | 9.49 | \$245,249 | \$29,615 | 8.3 | 87.5% | 1.69 | 4.3 | \$49,973 | VLI Households |
| General Merchandise Stores | | 10% | \$582 | \$581,575 | 10.88 | \$53,477 | \$28,948 | 1.8 | 87.5% | 1.69 | 1.0 | \$48,847 | VLI Households |
| Miscellaneous Store Retailers | | 10% | \$582 | \$581,575 | 6.20 | \$93,799 | \$24,716 | 3.8 | 87.5% | 1.69 | 2.0 | \$41,705 | VLI Households |
| Apparel and Services | 2.0% | 100% | \$4,936 | | | | | | | | | | |
| Clothing and Clothing Accessories Stores | | 40% | \$1,975 | \$1,974,570 | 6.20 | \$318,536 | \$19,472 | 16.4 | 87.5% | 1.69 | 8.5 | \$32,857 | ELI Households |
| General Merchandise | | 40% | \$1,975 | \$1,974,570 | 10.88 | \$181,567 | \$28,948 | 6.3 | 87.5% | 1.69 | 3.3 | \$48,847 | VLI Households |
| Miscellaneous Store Retailers | | 10% | \$494 | \$493,642 | 6.20 | \$79,617 | \$24,716 | 3.2 | 87.5% | 1.69 | 1.7 | \$41,705 | VLI Households |
| Personal and Household Goods Repair and Maintenance | | 5% | \$247 | \$246,821 | 3.34 | \$73,926 | \$29,298 | 2.5 | 87.5% | 1.69 | 1.3 | \$49,437 | VLI Households |
| Dry cleaning and Laundry Services | | 5% | \$247 | \$246,821 | 3.34 | \$73,926 | \$29,298 | 2.5 | 87.5% | 1.69 | 1.3 | \$49,437 | VLI Households |
| Vehicle Purchases (net outlay) | 4.4% | 100% | \$10,905 | | | | | | | | | | |
| Motor Vehicle and Parts Dealers | | 100% | \$10,905 | \$10,904,926 | 35.74 | \$305,086 | \$53,823 | 5.7 | 87.5% | 1.69 | 2.9 | \$90,821 | LI Households |
| Gasoline and motor oil | 1.4% | 100% | \$3,541 | | | | | | | | | | |
| Gasoline Stations | | 100% | \$3,541 | \$3,541,056 | 27.49 | \$128,805 | \$28,091 | 4.6 | 87.5% | 1.69 | 2.4 | \$47,401 | VLI Households |
| Vehicle Maintenance and Repairs | 0.7% | 100% | \$1,775 | | | | | | | | | | |
| Repair and Maintenance | | 100% | \$1,775 | \$1,775,173 | 3.24 | \$547,563 | \$43,318 | 12.6 | 98.1% | 1.69 | 7.3 | \$73,095 | LI Households |
| Medical Services | 1.2% | 100% | \$3,003 | | | | | | | | | | |
| Ambulatory Health Care Services | | 40% | \$1,201 | \$1,201,338 | 2.55 | \$470,308 | \$70,780 | 6.6 | 98.1% | 1.69 | 3.9 | \$119,434 | Above Mod |
| General Medical and Surgical Hospitals | | 30% | \$901 | \$901,003 | 4.40 | \$204,749 | \$27,115 | 7.6 | 98.1% | 1.69 | 4.4 | \$45,755 | VLI Households |
| Nursing and Residential Care Facilities | | 30% | \$901 | \$901,003 | 2.41 | \$373,728 | \$37,011 | 10.1 | 98.1% | 1.69 | 5.9 | \$62,453 | LI Households |
| Drugs | 0.2% | 100% | \$606 | | | | | | | | | | |
| Health and Personal Care Stores | | 100% | \$606 | \$605,829 | 9.05 | \$66,931 | \$34,602 | 1.9 | 87.5% | 1.69 | 1.0 | \$58,387 | VLI Households |
| Medical Supplies | 0.1% | 100% | \$366 | | | | | | | | | | |
| Health and Personal Care Stores | | 100% | \$366 | \$366,387 | 9.05 | \$40,478 | \$34,602 | 1.2 | 87.5% | 1.69 | 0.6 | \$58,387 | VLI Households |
| Entertainment Fees and Admissions | 1.6% | 100% | \$3,917 | | | | | | | | | | |
| Arts, Entertainment, & Recreation | | 100% | \$3,917 | \$3,916,732 | 3.12 | \$1,253,473 | \$28,072 | 44.7 | 87.5% | 1.69 | 23.2 | \$47,369 | VLI Households |

[1] Percent of income spent per category is based on the 2019 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.
 [2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.
 [3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, the purchase of a \$1,500,000 Unit requires a household income of \$247,200.
 [4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for Santa Cruz County
 [5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Francisco MSA.
 [6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.
 [7] Based on the American Community Survey data 2014-2019.
 [8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.
 [9] Santa Cruz County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

**Table A-5
Household Expenditures and Employment Generation - For Sale \$1,500,000 Units
City of Capitola For Sale Housing Fee; EPS# 201117**

| Item | % of Household Income Spent per Category [1] | % of Category Expenditure per Type of Business [2] | Expenditures [3] | Expenditures per 1,000 HHs | Gross Receipts to Wages [4] | Total Wages per 1,000 Households | 2021 Avg. Wages [5] | # of New Workers | % Forming HH [6] | Workers/HH [7] | Total Worker HHs | Avg. Worker HH Income | Income Category |
|---|--|--|------------------|----------------------------|-----------------------------|----------------------------------|---------------------|------------------|------------------|----------------|------------------|-----------------------|-----------------|
| Calculation | a | b | c | d = c * 1,000 | e | f = d / e | g | h = f / g | i | j | k = h * i / j | l = g * j | |
| Required Income | \$247,200 | | | | | | | | | | | | |
| Entertainment Audio and Visual Equipment and Services | 1.6% | 100% | \$3,917 | | | | | | | | | | |
| Electronics and Appliance Stores | | 100% | \$3,917 | \$3,916,732 | 9.49 | \$412,920 | \$29,615 | 13.9 | 87.5% | 1.69 | 7.2 | \$49,973 | VLI Households |
| Entertainment Pets, Toys, Hobbies, and Playground Equip. | 0.7% | 100% | \$1,715 | | | | | | | | | | |
| Sporting Goods, Hobby, and Musical Instrument Stores | | 40% | \$686 | \$686,125 | 6.59 | \$104,099 | \$21,452 | 4.9 | 87.5% | 1.69 | 2.5 | \$36,198 | VLI Households |
| Miscellaneous Store Retailers | | 40% | \$686 | \$686,125 | 6.20 | \$110,661 | \$24,716 | 4.5 | 87.5% | 1.69 | 2.3 | \$41,705 | VLI Households |
| Veterinary Services | | 20% | \$343 | \$343,062 | 2.69 | \$127,469 | \$49,793 | 2.6 | 98.1% | 1.69 | 1.5 | \$84,021 | LI Households |
| Other Entertainment Supplies, Equipment, and Services | 0.8% | 100% | \$1,966 | | | | | | | | | | |
| Sporting Goods, Hobby, and Musical Instrument Stores | | 85% | \$1,671 | \$1,671,191 | 6.59 | \$253,553 | \$21,452 | 11.8 | 87.5% | 1.69 | 6.1 | \$36,198 | VLI Households |
| Photographic Services | | 15% | \$295 | \$294,916 | 3.41 | \$86,569 | \$43,227 | 2.0 | 98.1% | 1.69 | 1.2 | \$72,941 | LI Households |
| Personal Care Products and Services | 0.8% | 100% | \$1,897 | | | | | | | | | | |
| Unspecified Retail | | 50% | \$948 | \$948,479 | 6.20 | \$152,974 | \$24,716 | 6.2 | 87.5% | 1.69 | 3.2 | \$41,705 | VLI Households |
| Personal Care Services | | 50% | \$948 | \$948,479 | 2.74 | \$346,122 | \$22,157 | 15.6 | 98.1% | 1.69 | 9.1 | \$37,387 | VLI Households |
| Reading | 0.1% | 100% | \$220 | | | | | | | | | | |
| Sporting Goods, Hobby, and Musical Instrument Stores | | 100% | \$220 | \$219,832 | 6.59 | \$33,353 | \$21,452 | 1.6 | 87.5% | 1.69 | 0.8 | \$36,198 | VLI Households |
| Education | 2.5% | 100% | \$6,188 | | | | | | | | | | |
| Educational Services | | 100% | \$6,188 | \$6,188,334 | 2.59 | \$2,393,700 | \$35,028 | 68.3 | 98.1% | 1.69 | 39.7 | \$59,106 | VLI Households |
| Tobacco Products and Smoking Supplies | 0.1% | 100% | \$133 | | | | | | | | | | |
| Unspecified Retail | | 100% | \$133 | \$133,138 | 6.20 | \$21,473 | \$24,716 | 0.9 | 87.5% | 1.69 | 0.5 | \$41,705 | VLI Households |
| Miscellaneous | 0.9% | 100% | \$2,104 | | | | | | | | | | |
| Accounting | | 20% | \$421 | \$420,881 | 2.64 | \$159,538 | \$40,838 | 3.9 | 98.1% | 1.69 | 2.3 | \$68,910 | LI Households |
| Architectural, Engineering, and Related | | 20% | \$421 | \$420,881 | 2.25 | \$187,308 | \$80,414 | 2.3 | 98.1% | 1.69 | 1.4 | \$135,690 | Above Mod |
| Specialized Design Services | | 20% | \$421 | \$420,881 | 3.50 | \$120,137 | \$56,159 | 2.1 | 98.1% | 1.69 | 1.2 | \$94,763 | LI Households |
| Death Care Services | | 20% | \$421 | \$420,881 | 3.41 | \$123,545 | \$43,227 | 2.9 | 98.1% | 1.69 | 1.7 | \$72,941 | LI Households |
| Legal Services | | 20% | \$421 | \$420,881 | 2.99 | \$140,704 | \$100,406 | 1.4 | 98.1% | 1.69 | 0.8 | \$169,424 | Above Mod |
| Total per 1,000 Market Rate Households | | | | | | | | 588.8 | | | 319.0 | | |

[1] Percent of income spent per category is based on the 2019 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, the purchase of a \$1,500,000 Unit requires a household income of \$247,200.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for Santa Cruz County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Francisco MSA.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] Santa Cruz County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

Source: 2019 Consumer Expenditure Survey, U.S. Bureau of Labor Statistics; 2017 Economic Census, American Community Survey, and Economic & Planning Systems, Inc.

**Table A-6
Household Expenditures and Employment Generation - For Sale \$1,750,000 Units
City of Capitola For Sale Housing Fee; EPS# 201117**

| Item | | % of Household Income Spent per Category [1] | % of Category Expenditure per Type of Business [2] | Expenditures [3] | Expenditures per 1,000 HHs | Gross Receipts to Wages [4] | Total Wages per 1,000 Households | 2021 Avg. Wages [5] | # of New Workers | % Forming HH [6] | Workers/HH [7] | Total Worker HHs | Avg. Worker HH Income | Income Category |
|--|-----------|--|--|------------------|----------------------------|-----------------------------|----------------------------------|---------------------|------------------|------------------|----------------|------------------|-----------------------|-----------------|
| Calculation | | a | b | c | d = c * 1,000 | e | f = d / e | g | h = f / g | i | j | k = h * i / j | l = g * j | |
| Required Income | \$288,500 | | | | | | | | | | | | | |
| Food at Home | | 3.2% | 100% | \$9,122 | | | | | | | | | | |
| Food & Beverage Stores | | | 100% | \$9,122 | \$9,121,735 | 9.01 | \$1,012,271 | \$30,474 | 33.2 | 87.5% | 1.69 | 17.2 | \$51,421 | VLI Households |
| Food Away From Home | | 3.7% | 100% | \$10,736 | | | | | | | | | | |
| Food Services and Drinking Places | | | 100% | \$10,736 | \$10,735,774 | 3.13 | \$3,434,554 | \$21,784 | 157.7 | 87.5% | 1.69 | 81.8 | \$36,758 | VLI Households |
| Alcoholic Beverages | | 0.7% | 100% | \$1,949 | | | | | | | | | | |
| Food & Beverage Stores | | | 50% | \$974 | \$974,446 | 9.01 | \$108,138 | \$30,474 | 3.5 | 87.5% | 1.69 | 1.8 | \$51,421 | VLI Households |
| Food Services and Drinking Places | | | 50% | \$974 | \$974,446 | 3.13 | \$311,742 | \$21,784 | 14.3 | 87.5% | 1.69 | 7.4 | \$36,758 | VLI Households |
| Housing Maintenance, Repairs, Insurance, Other expenses | | 1.9% | 100% | \$5,518 | | | | | | | | | | |
| Personal and Household Goods Repair and Maintenance | | | 45% | \$2,483 | \$2,483,032 | 3.34 | \$743,699 | \$29,298 | 25.4 | 98.1% | 1.69 | 14.8 | \$49,437 | VLI Households |
| Building Material and Garden Equipment and Supplies Dealer | | | 45% | \$2,483 | \$2,483,032 | 8.42 | \$294,970 | \$34,606 | 8.5 | 87.5% | 1.69 | 4.4 | \$58,395 | VLI Households |
| Real Estate and Rental and Leasing | | | 10% | \$552 | \$551,785 | 5.03 | \$109,629 | \$49,773 | 2.2 | 98.1% | 1.69 | 1.3 | \$83,988 | LI Households |
| Fuel oil and Other fuels [7] | | 2.5% | 100% | \$7,299 | | | | | | | | | | |
| Nonstore Retailers | | | 100% | \$7,299 | \$7,299,315 | 7.59 | \$961,326 | \$39,149 | 24.6 | 87.5% | 1.69 | 12.7 | \$66,060 | LI Households |
| Water and Other Public Services [7] | | 0.6% | 100% | \$1,685 | | | | | | | | | | |
| Waste Management and Remediation Services | | | 100% | \$1,685 | \$1,685,106 | 4.00 | \$421,268 | \$68,872 | 6.1 | 98.1% | 1.69 | 3.6 | \$116,214 | Moderate Income |
| Household Operations Personal Services | | 1.1% | 100% | \$3,221 | | | | | | | | | | |
| Nursing and Residential Care Facilities | | | 40% | \$1,288 | \$1,288,341 | 2.41 | \$534,392 | \$37,011 | 14.4 | 98.1% | 1.69 | 8.4 | \$62,453 | LI Households |
| Social Assistance [8] | | | 60% | \$1,933 | \$1,932,512 | 2.98 | \$647,736 | \$24,733 | 26.2 | 98.1% | 1.69 | 15.2 | \$41,735 | VLI Households |
| Household Operations Other Household Expenses | | 1.4% | 100% | \$4,099 | | | | | | | | | | |
| Services to Buildings and Dwellings | | | 100% | \$4,099 | \$4,098,939 | 2.91 | \$1,409,112 | \$75,555 | 18.7 | 98.1% | 1.69 | 10.8 | \$127,492 | Above Mod |
| Housekeeping Supplies | | 0.5% | 100% | \$1,580 | | | | | | | | | | |
| Building Materials and Garden Equipment and Supplies Dealers | | | 10% | \$158 | \$158,031 | 8.42 | \$18,773 | \$34,606 | 0.5 | 87.5% | 1.69 | 0.3 | \$58,395 | VLI Households |
| Food & Beverage Stores | | | 35% | \$553 | \$553,110 | 9.01 | \$61,381 | \$30,474 | 2.0 | 87.5% | 1.69 | 1.0 | \$51,421 | VLI Households |
| General Merchandise | | | 35% | \$553 | \$553,110 | 10.88 | \$50,860 | \$28,948 | 1.8 | 87.5% | 1.69 | 0.9 | \$48,847 | VLI Households |
| Miscellaneous Store Retailers | | | 20% | \$316 | \$316,063 | 6.20 | \$50,976 | \$24,716 | 2.1 | 87.5% | 1.69 | 1.1 | \$41,705 | VLI Households |

[1] Percent of income spent per category is based on the 2019 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.
 [2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.
 [3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, the purchase of a \$1,750,000 Unit requires a household income of \$288,500.
 [4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for Santa Cruz County
 [5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Francisco MSA.
 [6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.
 [7] Based on the American Community Survey data 2014-2019.
 [8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.
 [9] Santa Cruz County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

Attachment: Nexus Study For-sale Housing (Consider the Second Reading of an Ordinance Amending

**Table A-6
Household Expenditures and Employment Generation - For Sale \$1,750,000 Units
City of Capitola For Sale Housing Fee; EPS# 201117**

| Item | | % of Household Income Spent per Category [1] | % of Category Expenditure per Type of Business [2] | Expenditures [3] | Expenditures per 1,000 HHs | Gross Receipts to Wages [4] | Total Wages per 1,000 Households | 2021 Avg. Wages [5] | # of New Workers | % Forming HH [6] | Workers/HH [7] | Total Worker HHs | Avg. Worker HH Income | Income Category |
|---|--|--|--|------------------|----------------------------|-----------------------------|----------------------------------|---------------------|------------------|------------------|----------------|----------------------|-----------------------|-----------------|
| <i>Calculation</i> | | <i>a</i> | <i>b</i> | <i>c</i> | <i>d = c * 1,000</i> | <i>e</i> | <i>f = d / e</i> | <i>g</i> | <i>h = f / g</i> | <i>i</i> | <i>j</i> | <i>k = h * i / j</i> | <i>l = g * j</i> | |
| Required Income | | \$288,500 | | | | | | | | | | | | |
| Household Furnishings and Equipment | | 2.4% | 100% | \$6,787 | | | | | | | | | | |
| Furniture and Home Furnishings Stores | | | 40% | \$2,715 | \$2,714,960 | 6.22 | \$436,251 | \$31,496 | 13.9 | 87.5% | 1.69 | 7.2 | \$53,146 | VLI Households |
| Electronics and Appliance Stores | | | 40% | \$2,715 | \$2,714,960 | 9.49 | \$286,223 | \$29,615 | 9.7 | 87.5% | 1.69 | 5.0 | \$49,973 | VLI Households |
| General Merchandise Stores | | | 10% | \$679 | \$678,740 | 10.88 | \$62,412 | \$28,948 | 2.2 | 87.5% | 1.69 | 1.1 | \$48,847 | VLI Households |
| Miscellaneous Store Retailers | | | 10% | \$679 | \$678,740 | 6.20 | \$109,470 | \$24,716 | 4.4 | 87.5% | 1.69 | 2.3 | \$41,705 | VLI Households |
| Apparel and Services | | 2.0% | 100% | \$5,761 | | | | | | | | | | |
| Clothing and Clothing Accessories Stores | | | 40% | \$2,304 | \$2,304,464 | 6.20 | \$371,754 | \$19,472 | 19.1 | 87.5% | 1.69 | 9.9 | \$32,857 | ELI Households |
| General Merchandise | | | 40% | \$2,304 | \$2,304,464 | 10.88 | \$211,901 | \$28,948 | 7.3 | 87.5% | 1.69 | 3.8 | \$48,847 | VLI Households |
| Miscellaneous Store Retailers | | | 10% | \$576 | \$576,116 | 6.20 | \$92,918 | \$24,716 | 3.8 | 87.5% | 1.69 | 1.9 | \$41,705 | VLI Households |
| Personal and Household Goods Repair and Maintenance | | | 5% | \$288 | \$288,058 | 3.34 | \$86,277 | \$29,298 | 2.9 | 87.5% | 1.69 | 1.5 | \$49,437 | VLI Households |
| Dry cleaning and Laundry Services | | | 5% | \$288 | \$288,058 | 3.34 | \$86,277 | \$29,298 | 2.9 | 87.5% | 1.69 | 1.5 | \$49,437 | VLI Households |
| Vehicle Purchases (net outlay) | | 4.4% | 100% | \$12,727 | | | | | | | | | | |
| Motor Vehicle and Parts Dealers | | | 100% | \$12,727 | \$12,726,825 | 35.74 | \$356,057 | \$53,823 | 6.6 | 87.5% | 1.69 | 3.4 | \$90,821 | LI Households |
| Gasoline and motor oil | | 1.4% | 100% | \$4,133 | | | | | | | | | | |
| Gasoline Stations | | | 100% | \$4,133 | \$4,132,665 | 27.49 | \$150,325 | \$28,091 | 5.4 | 87.5% | 1.69 | 2.8 | \$47,401 | VLI Households |
| Vehicle Maintenance and Repairs | | 0.7% | 100% | \$2,072 | | | | | | | | | | |
| Repair and Maintenance | | | 100% | \$2,072 | \$2,071,753 | 3.24 | \$639,045 | \$43,318 | 14.8 | 98.1% | 1.69 | 8.6 | \$73,095 | LI Households |
| Medical Services | | 1.2% | 100% | \$3,505 | | | | | | | | | | |
| Ambulatory Health Care Services | | | 40% | \$1,402 | \$1,402,047 | 2.55 | \$548,883 | \$70,780 | 7.8 | 98.1% | 1.69 | 4.5 | \$119,434 | Above Mod |
| General Medical and Surgical Hospitals | | | 30% | \$1,052 | \$1,051,535 | 4.40 | \$238,956 | \$27,115 | 8.8 | 98.1% | 1.69 | 5.1 | \$45,755 | VLI Households |
| Nursing and Residential Care Facilities | | | 30% | \$1,052 | \$1,051,535 | 2.41 | \$436,167 | \$37,011 | 11.8 | 98.1% | 1.69 | 6.9 | \$62,453 | LI Households |
| Drugs | | 0.2% | 100% | \$707 | | | | | | | | | | |
| Health and Personal Care Stores | | | 100% | \$707 | \$707,046 | 9.05 | \$78,114 | \$34,602 | 2.3 | 87.5% | 1.69 | 1.2 | \$58,387 | VLI Households |
| Medical Supplies | | 0.1% | 100% | \$428 | | | | | | | | | | |
| Health and Personal Care Stores | | | 100% | \$428 | \$427,600 | 9.05 | \$47,241 | \$34,602 | 1.4 | 87.5% | 1.69 | 0.7 | \$58,387 | VLI Households |
| Entertainment Fees and Admissions | | 1.6% | 100% | \$4,571 | | | | | | | | | | |
| Arts, Entertainment, & Recreation | | | 100% | \$4,571 | \$4,571,106 | 3.12 | \$1,462,893 | \$28,072 | 52.1 | 87.5% | 1.69 | 27.0 | \$47,369 | VLI Households |

[1] Percent of income spent per category is based on the 2019 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, the purchase of a \$1,750,000 Unit requires a household income of \$288,500.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for Santa Cruz County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Francisco MSA.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] Santa Cruz County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

**Table A-6
Household Expenditures and Employment Generation - For Sale \$1,750,000 Units
City of Capitola For Sale Housing Fee; EPS# 201117**

| Item | % of Household Income Spent per Category [1] | % of Category Expenditure per Type of Business [2] | Expenditures [3] | Expenditures per 1,000 HHs | Gross Receipts to Wages [4] | Total Wages per 1,000 Households | 2021 Avg. Wages [5] | # of New Workers | % Forming HH [6] | Workers/HH [7] | Total Worker HHs | Avg. Worker HH Income | Income Category |
|---|--|--|------------------|----------------------------|-----------------------------|----------------------------------|---------------------|------------------|------------------|----------------|------------------|-----------------------|-----------------|
| Calculation | a | b | c | d = c * 1,000 | e | f = d / e | g | h = f / g | i | j | k = h * i / j | l = g * j | |
| Required Income | \$288,500 | | | | | | | | | | | | |
| Entertainment Audio and Visual Equipment and Services | 1.6% | 100% | \$4,571 | | | | | | | | | | |
| Electronics and Appliance Stores | | 100% | \$4,571 | \$4,571,106 | 9.49 | \$481,907 | \$29,615 | 16.3 | 87.5% | 1.69 | 8.4 | \$49,973 | VLI Households |
| Entertainment Pets, Toys, Hobbies, and Playground Equip. | 0.7% | 100% | \$2,002 | | | | | | | | | | |
| Sporting Goods, Hobby, and Musical Instrument Stores | | 40% | \$801 | \$800,757 | 6.59 | \$121,491 | \$21,452 | 5.7 | 87.5% | 1.69 | 2.9 | \$36,198 | VLI Households |
| Miscellaneous Store Retailers | | 40% | \$801 | \$800,757 | 6.20 | \$129,149 | \$24,716 | 5.2 | 87.5% | 1.69 | 2.7 | \$41,705 | VLI Households |
| Veterinary Services | | 20% | \$400 | \$400,378 | 2.69 | \$148,766 | \$49,793 | 3.0 | 98.1% | 1.69 | 1.7 | \$84,021 | LI Households |
| Other Entertainment Supplies, Equipment, and Services | 0.8% | 100% | \$2,295 | | | | | | | | | | |
| Sporting Goods, Hobby, and Musical Instrument Stores | | 85% | \$1,950 | \$1,950,399 | 6.59 | \$295,915 | \$21,452 | 13.8 | 87.5% | 1.69 | 7.2 | \$36,198 | VLI Households |
| Photographic Services | | 15% | \$344 | \$344,188 | 3.41 | \$101,032 | \$43,227 | 2.3 | 98.1% | 1.69 | 1.4 | \$72,941 | LI Households |
| Personal Care Products and Services | 0.8% | 100% | \$2,214 | | | | | | | | | | |
| Unspecified Retail | | 50% | \$1,107 | \$1,106,942 | 6.20 | \$178,532 | \$24,716 | 7.2 | 87.5% | 1.69 | 3.7 | \$41,705 | VLI Households |
| Personal Care Services | | 50% | \$1,107 | \$1,106,942 | 2.74 | \$403,949 | \$22,157 | 18.2 | 98.1% | 1.69 | 10.6 | \$37,387 | VLI Households |
| Reading | 0.1% | 100% | \$257 | | | | | | | | | | |
| Sporting Goods, Hobby, and Musical Instrument Stores | | 100% | \$257 | \$256,560 | 6.59 | \$38,925 | \$21,452 | 1.8 | 87.5% | 1.69 | 0.9 | \$36,198 | VLI Households |
| Education | 2.5% | 100% | \$7,222 | | | | | | | | | | |
| Educational Services | | 100% | \$7,222 | \$7,222,226 | 2.59 | \$2,793,618 | \$35,028 | 79.8 | 98.1% | 1.69 | 46.4 | \$59,106 | VLI Households |
| Tobacco Products and Smoking Supplies | 0.1% | 100% | \$155 | | | | | | | | | | |
| Unspecified Retail | | 100% | \$155 | \$155,381 | 6.20 | \$25,061 | \$24,716 | 1.0 | 87.5% | 1.69 | 0.5 | \$41,705 | VLI Households |
| Miscellaneous | 0.9% | 100% | \$2,456 | | | | | | | | | | |
| Accounting | | 20% | \$491 | \$491,198 | 2.64 | \$186,192 | \$40,838 | 4.6 | 98.1% | 1.69 | 2.7 | \$68,910 | LI Households |
| Architectural, Engineering, and Related | | 20% | \$491 | \$491,198 | 2.25 | \$218,601 | \$80,414 | 2.7 | 98.1% | 1.69 | 1.6 | \$135,690 | Above Mod |
| Specialized Design Services | | 20% | \$491 | \$491,198 | 3.50 | \$140,208 | \$56,159 | 2.5 | 98.1% | 1.69 | 1.5 | \$94,763 | LI Households |
| Death Care Services | | 20% | \$491 | \$491,198 | 3.41 | \$144,186 | \$43,227 | 3.3 | 98.1% | 1.69 | 1.9 | \$72,941 | LI Households |
| Legal Services | | 20% | \$491 | \$491,198 | 2.99 | \$164,211 | \$100,406 | 1.6 | 98.1% | 1.69 | 1.0 | \$169,424 | Above Mod |
| Total per 1,000 Market Rate Households | | | | | | | | 687.2 | | | 372.3 | | |

[1] Percent of income spent per category is based on the 2019 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, the purchase of a \$1,750,000 Unit requires a household income of \$288,500.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for Santa Cruz County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Francisco MSA.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] Santa Cruz County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

Source: 2019 Consumer Expenditure Survey, U.S. Bureau of Labor Statistics; 2017 Economic Census, American Community Survey, and Economic & Planning Systems, Inc.

**Table A-7
Household Expenditures and Employment Generation - For Sale \$2,000,000 Units
City of Capitola For Sale Housing Fee; EPS# 201117**

| Item | % of Household Income Spent per Category [1] | % of Category Expenditure per Type of Business [2] | Expenditures [3] | Expenditures per 1,000 HHs | Gross Receipts to Wages [4] | Total Wages per 1,000 Households | 2021 Avg. Wages [5] | # of New Workers | % Forming HH [6] | Workers/HH [7] | Total Worker HHs | Avg. Worker HH Income | Income Category |
|--|--|--|------------------|----------------------------|-----------------------------|----------------------------------|---------------------|------------------|------------------|----------------|------------------|-----------------------|-----------------|
| Calculation | a | b | c | d = c * 1,000 | e | f = d / e | g | h = f / g | i | j | k = h * i / j | l = g * j | |
| Required Income | | | | \$329,700 | | | | | | | | | |
| Food at Home | 3.2% | 100% | \$10,424 | | | | | | | | | | |
| Food & Beverage Stores | | 100% | \$10,424 | \$10,424,388 | 9.01 | \$1,156,831 | \$30,474 | 38.0 | 87.5% | 1.69 | 19.7 | \$51,421 | VLI Households |
| Food Away From Home | 3.7% | 100% | \$12,269 | | | | | | | | | | |
| Food Services and Drinking Places | | 100% | \$12,269 | \$12,268,925 | 3.13 | \$3,925,034 | \$21,784 | 180.2 | 87.5% | 1.69 | 93.4 | \$36,758 | VLI Households |
| Alcoholic Beverages | 0.7% | 100% | \$2,227 | | | | | | | | | | |
| Food & Beverage Stores | | 50% | \$1,114 | \$1,113,605 | 9.01 | \$123,581 | \$30,474 | 4.1 | 87.5% | 1.69 | 2.1 | \$51,421 | VLI Households |
| Food Services and Drinking Places | | 50% | \$1,114 | \$1,113,605 | 3.13 | \$356,261 | \$21,784 | 16.4 | 87.5% | 1.69 | 8.5 | \$36,758 | VLI Households |
| Housing Maintenance, Repairs, Insurance, Other expenses | 1.9% | 100% | \$6,306 | | | | | | | | | | |
| Personal and Household Goods Repair and Maintenance | | 45% | \$2,838 | \$2,837,628 | 3.34 | \$849,905 | \$29,298 | 29.0 | 98.1% | 1.69 | 16.9 | \$49,437 | VLI Households |
| Building Material and Garden Equipment and Supplies Dealer | | 45% | \$2,838 | \$2,837,628 | 8.42 | \$337,094 | \$34,606 | 9.7 | 87.5% | 1.69 | 5.1 | \$58,395 | VLI Households |
| Real Estate and Rental and Leasing | | 10% | \$631 | \$630,584 | 5.03 | \$125,285 | \$49,773 | 2.5 | 98.1% | 1.69 | 1.5 | \$83,988 | LI Households |
| Fuel oil and Other fuels [7] | 2.5% | 100% | \$8,342 | | | | | | | | | | |
| Nonstore Retailers | | 100% | \$8,342 | \$8,341,713 | 7.59 | \$1,098,611 | \$39,149 | 28.1 | 87.5% | 1.69 | 14.6 | \$66,060 | LI Households |
| Water and Other Public Services [7] | 0.6% | 100% | \$1,926 | | | | | | | | | | |
| Waste Management and Remediation Services | | 100% | \$1,926 | \$1,925,752 | 4.00 | \$481,428 | \$68,872 | 7.0 | 98.1% | 1.69 | 4.1 | \$116,214 | Moderate Income |
| Household Operations Personal Services | 1.1% | 100% | \$3,681 | | | | | | | | | | |
| Nursing and Residential Care Facilities | | 40% | \$1,472 | \$1,472,326 | 2.41 | \$610,707 | \$37,011 | 16.5 | 98.1% | 1.69 | 9.6 | \$62,453 | LI Households |
| Social Assistance [8] | | 60% | \$2,208 | \$2,208,489 | 2.98 | \$740,237 | \$24,733 | 29.9 | 98.1% | 1.69 | 17.4 | \$41,735 | VLI Households |
| Household Operations Other Household Expenses | 1.4% | 100% | \$4,684 | | | | | | | | | | |
| Services to Buildings and Dwellings | | 100% | \$4,684 | \$4,684,298 | 2.91 | \$1,610,344 | \$75,555 | 21.3 | 98.1% | 1.69 | 12.4 | \$127,492 | Above Mod |
| Housekeeping Supplies | 0.5% | 100% | \$1,806 | | | | | | | | | | |
| Building Materials and Garden Equipment and Supplies Dealers | | 10% | \$181 | \$180,599 | 8.42 | \$21,454 | \$34,606 | 0.6 | 87.5% | 1.69 | 0.3 | \$58,395 | VLI Households |
| Food & Beverage Stores | | 35% | \$632 | \$632,098 | 9.01 | \$70,146 | \$30,474 | 2.3 | 87.5% | 1.69 | 1.2 | \$51,421 | VLI Households |
| General Merchandise | | 35% | \$632 | \$632,098 | 10.88 | \$58,123 | \$28,948 | 2.0 | 87.5% | 1.69 | 1.0 | \$48,847 | VLI Households |
| Miscellaneous Store Retailers | | 20% | \$361 | \$361,199 | 6.20 | \$58,256 | \$24,716 | 2.4 | 87.5% | 1.69 | 1.2 | \$41,705 | VLI Households |

[1] Percent of income spent per category is based on the 2019 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, the purchase of a \$2,000,000 Unit requires a household income of \$329,700.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for Santa Cruz County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to 2021 based on the Bureau of Labor Statistics data for the San Francisco MSA.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] Santa Cruz County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

**Table A-7
Household Expenditures and Employment Generation - For Sale \$2,000,000 Units
City of Capitola For Sale Housing Fee; EPS# 201117**

| Item | % of Household Income Spent per Category [1] | % of Category Expenditure per Type of Business [2] | Expenditures [3] | Expenditures per 1,000 HHs | Gross Receipts to Wages [4] | Total Wages per 1,000 Households | 2021 Avg. Wages [5] | # of New Workers | % Forming HH [6] | Workers/HH [7] | Total Worker HHs | Avg. Worker HH Income | Income Category |
|---|--|--|------------------|----------------------------|-----------------------------|----------------------------------|---------------------|------------------|------------------|----------------|----------------------|-----------------------|-----------------|
| <i>Calculation</i> | <i>a</i> | <i>b</i> | <i>c</i> | <i>d = c * 1,000</i> | <i>e</i> | <i>f = d / e</i> | <i>g</i> | <i>h = f / g</i> | <i>i</i> | <i>j</i> | <i>k = h * i / j</i> | <i>l = g * j</i> | |
| Required Income | | | | \$329,700 | | | | | | | | | |
| Household Furnishings and Equipment | 2.4% | 100% | \$7,757 | | | | | | | | | | |
| Furniture and Home Furnishings Stores | | 40% | \$3,103 | \$3,102,677 | 6.22 | \$498,551 | \$31,496 | 15.8 | 87.5% | 1.69 | 8.2 | \$53,146 | VLI Households |
| Electronics and Appliance Stores | | 40% | \$3,103 | \$3,102,677 | 9.49 | \$327,098 | \$29,615 | 11.0 | 87.5% | 1.69 | 5.7 | \$49,973 | VLI Households |
| General Merchandise Stores | | 10% | \$776 | \$775,669 | 10.88 | \$71,325 | \$28,948 | 2.5 | 87.5% | 1.69 | 1.3 | \$48,847 | VLI Households |
| Miscellaneous Store Retailers | | 10% | \$776 | \$775,669 | 6.20 | \$125,103 | \$24,716 | 5.1 | 87.5% | 1.69 | 2.6 | \$41,705 | VLI Households |
| Apparel and Services | 2.0% | 100% | \$6,584 | | | | | | | | | | |
| Clothing and Clothing Accessories Stores | | 40% | \$2,634 | \$2,633,559 | 6.20 | \$424,844 | \$19,472 | 21.8 | 87.5% | 1.69 | 11.3 | \$32,857 | ELI Households |
| General Merchandise | | 40% | \$2,634 | \$2,633,559 | 10.88 | \$242,162 | \$28,948 | 8.4 | 87.5% | 1.69 | 4.3 | \$48,847 | VLI Households |
| Miscellaneous Store Retailers | | 10% | \$658 | \$658,390 | 6.20 | \$106,188 | \$24,716 | 4.3 | 87.5% | 1.69 | 2.2 | \$41,705 | VLI Households |
| Personal and Household Goods Repair and Maintenance | | 5% | \$329 | \$329,195 | 3.34 | \$98,598 | \$29,298 | 3.4 | 87.5% | 1.69 | 1.7 | \$49,437 | VLI Households |
| Dry cleaning and Laundry Services | | 5% | \$329 | \$329,195 | 3.34 | \$98,598 | \$29,298 | 3.4 | 87.5% | 1.69 | 1.7 | \$49,437 | VLI Households |
| Vehicle Purchases (net outlay) | 4.4% | 100% | \$14,544 | | | | | | | | | | |
| Motor Vehicle and Parts Dealers | | 100% | \$14,544 | \$14,544,313 | 35.74 | \$406,904 | \$53,823 | 7.6 | 87.5% | 1.69 | 3.9 | \$90,821 | LI Households |
| Gasoline and motor oil | 1.4% | 100% | \$4,723 | | | | | | | | | | |
| Gasoline Stations | | 100% | \$4,723 | \$4,722,841 | 27.49 | \$171,792 | \$28,091 | 6.1 | 87.5% | 1.69 | 3.2 | \$47,401 | VLI Households |
| Vehicle Maintenance and Repairs | 0.7% | 100% | \$2,368 | | | | | | | | | | |
| Repair and Maintenance | | 100% | \$2,368 | \$2,367,615 | 3.24 | \$730,305 | \$43,318 | 16.9 | 98.1% | 1.69 | 9.8 | \$73,095 | LI Households |
| Medical Services | 1.2% | 100% | \$4,006 | | | | | | | | | | |
| Ambulatory Health Care Services | | 40% | \$1,602 | \$1,602,270 | 2.55 | \$627,268 | \$70,780 | 8.9 | 98.1% | 1.69 | 5.2 | \$119,434 | Above Mod |
| General Medical and Surgical Hospitals | | 30% | \$1,202 | \$1,201,702 | 4.40 | \$273,081 | \$27,115 | 10.1 | 98.1% | 1.69 | 5.9 | \$45,755 | VLI Households |
| Nursing and Residential Care Facilities | | 30% | \$1,202 | \$1,201,702 | 2.41 | \$498,455 | \$37,011 | 13.5 | 98.1% | 1.69 | 7.8 | \$62,453 | LI Households |
| Drugs | 0.2% | 100% | \$808 | | | | | | | | | | |
| Health and Personal Care Stores | | 100% | \$808 | \$808,017 | 9.05 | \$89,269 | \$34,602 | 2.6 | 87.5% | 1.69 | 1.3 | \$58,387 | VLI Households |
| Medical Supplies | 0.1% | 100% | \$489 | | | | | | | | | | |
| Health and Personal Care Stores | | 100% | \$489 | \$488,665 | 9.05 | \$53,987 | \$34,602 | 1.6 | 87.5% | 1.69 | 0.8 | \$58,387 | VLI Households |
| Entertainment Fees and Admissions | 1.6% | 100% | \$5,224 | | | | | | | | | | |
| Arts, Entertainment, & Recreation | | 100% | \$5,224 | \$5,223,894 | 3.12 | \$1,671,805 | \$28,072 | 59.6 | 87.5% | 1.69 | 30.9 | \$47,369 | VLI Households |

[1] Percent of income spent per category is based on the 2019 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, the purchase of a \$2,000,000 Unit requires a household income of \$329,700.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for Santa Cruz County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to 2021 based on the Bureau of Labor Statistics data for the San Francisco MSA.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] Santa Cruz County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

**Table A-7
Household Expenditures and Employment Generation - For Sale \$2,000,000 Units
City of Capitola For Sale Housing Fee; EPS# 201117**

| Item | | % of Household Income Spent per Category [1] | % of Category Expenditure per Type of Business [2] | Expenditures [3] | Expenditures per 1,000 HHs | Gross Receipts to Wages [4] | Total Wages per 1,000 Households | 2021 Avg. Wages [5] | # of New Workers | % Forming HH [6] | Workers/HH [7] | Total Worker HHs | Avg. Worker HH Income | Income Category |
|---|-----------|--|--|------------------|----------------------------|-----------------------------|----------------------------------|---------------------|------------------|------------------|----------------|----------------------|-----------------------|-----------------|
| <i>Calculation</i> | | <i>a</i> | <i>b</i> | <i>c</i> | <i>d = c * 1,000</i> | <i>e</i> | <i>f = d / e</i> | <i>g</i> | <i>h = f / g</i> | <i>i</i> | <i>j</i> | <i>k = h * i / j</i> | <i>l = g * j</i> | |
| Required Income | \$329,700 | | | | | | | | | | | | | |
| Entertainment Audio and Visual Equipment and Services | | 1.6% | 100% | \$5,224 | | | | | | | | | | |
| Electronics and Appliance Stores | | | 100% | \$5,224 | \$5,223,894 | 9.49 | \$550,727 | \$29,615 | 18.6 | 87.5% | 1.69 | 9.6 | \$49,973 | VLI Households |
| Entertainment Pets, Toys, Hobbies, and Playground Equip. | | 0.7% | 100% | \$2,288 | | | | | | | | | | |
| Sporting Goods, Hobby, and Musical Instrument Stores | | | 40% | \$915 | \$915,111 | 6.59 | \$138,841 | \$21,452 | 6.5 | 87.5% | 1.69 | 3.4 | \$36,198 | VLI Households |
| Miscellaneous Store Retailers | | | 40% | \$915 | \$915,111 | 6.20 | \$147,593 | \$24,716 | 6.0 | 87.5% | 1.69 | 3.1 | \$41,705 | VLI Households |
| Veterinary Services | | | 20% | \$458 | \$457,555 | 2.69 | \$170,011 | \$49,793 | 3.4 | 98.1% | 1.69 | 2.0 | \$84,021 | LI Households |
| Other Entertainment Supplies, Equipment, and Services | | 0.8% | 100% | \$2,622 | | | | | | | | | | |
| Sporting Goods, Hobby, and Musical Instrument Stores | | | 85% | \$2,229 | \$2,228,930 | 6.59 | \$338,174 | \$21,452 | 15.8 | 87.5% | 1.69 | 8.2 | \$36,198 | VLI Households |
| Photographic Services | | | 15% | \$393 | \$393,341 | 3.41 | \$115,461 | \$43,227 | 2.7 | 98.1% | 1.69 | 1.6 | \$72,941 | LI Households |
| Personal Care Products and Services | | 0.8% | 100% | \$2,530 | | | | | | | | | | |
| Unspecified Retail | | | 50% | \$1,265 | \$1,265,022 | 6.20 | \$204,028 | \$24,716 | 8.3 | 87.5% | 1.69 | 4.3 | \$41,705 | VLI Households |
| Personal Care Services | | | 50% | \$1,265 | \$1,265,022 | 2.74 | \$461,636 | \$22,157 | 20.8 | 98.1% | 1.69 | 12.1 | \$37,387 | VLI Households |
| Reading | | 0.1% | 100% | \$293 | | | | | | | | | | |
| Sporting Goods, Hobby, and Musical Instrument Stores | | | 100% | \$293 | \$293,199 | 6.59 | \$44,484 | \$21,452 | 2.1 | 87.5% | 1.69 | 1.1 | \$36,198 | VLI Households |
| Education | | 2.5% | 100% | \$8,254 | | | | | | | | | | |
| Educational Services | | | 100% | \$8,254 | \$8,253,615 | 2.59 | \$3,192,568 | \$35,028 | 91.1 | 98.1% | 1.69 | 53.0 | \$59,106 | VLI Households |
| Tobacco Products and Smoking Supplies | | 0.1% | 100% | \$178 | | | | | | | | | | |
| Unspecified Retail | | | 100% | \$178 | \$177,571 | 6.20 | \$28,639 | \$24,716 | 1.2 | 87.5% | 1.69 | 0.6 | \$41,705 | VLI Households |
| Miscellaneous | | 0.9% | 100% | \$2,807 | | | | | | | | | | |
| Accounting | | | 20% | \$561 | \$561,345 | 2.64 | \$212,782 | \$40,838 | 5.2 | 98.1% | 1.69 | 3.0 | \$68,910 | LI Households |
| Architectural, Engineering, and Related | | | 20% | \$561 | \$561,345 | 2.25 | \$249,819 | \$80,414 | 3.1 | 98.1% | 1.69 | 1.8 | \$135,690 | Above Mod |
| Specialized Design Services | | | 20% | \$561 | \$561,345 | 3.50 | \$160,231 | \$56,159 | 2.9 | 98.1% | 1.69 | 1.7 | \$94,763 | LI Households |
| Death Care Services | | | 20% | \$561 | \$561,345 | 3.41 | \$164,776 | \$43,227 | 3.8 | 98.1% | 1.69 | 2.2 | \$72,941 | LI Households |
| Legal Services | | | 20% | \$561 | \$561,345 | 2.99 | \$187,662 | \$100,406 | 1.9 | 98.1% | 1.69 | 1.1 | \$169,424 | Above Mod |
| Total per 1,000 Market Rate Households | | | | | | | | | 785.3 | | | 425.5 | | |

[1] Percent of income spent per category is based on the 2019 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.
 [2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.
 [3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, the purchase of a \$2,000,000 Unit requires a household income of \$329,700.
 [4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for Santa Cruz County
 [5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the San Francisco MSA.
 [6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.
 [7] Based on the American Community Survey data 2014-2019.
 [8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.
 [9] Santa Cruz County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

Source: 2019 Consumer Expenditure Survey, U.S. Bureau of Labor Statistics; 2017 Economic Census, American Community Survey; and Economic & Planning Systems, Inc.

Attachment: Nexus Study For-sale Housing (Consider the Second Reading of an Ordinance Amending



APPENDIX B:
Income Levels for Worker Households

Table B-1
Income Levels for Worker Households
Worker Household Generation per 1,000 Units – For Sale \$500,000 Units
City of Capitola For Sale Housing Fee; EPS# 201117

| Industry | Total Workers | Total Worker Households [1] | VLI Households | LI Households | Moderate Income Households | Above Moderate Income Households |
|---|---------------|-----------------------------|----------------|---------------|----------------------------|----------------------------------|
| Retail | | | | | | |
| Unspecified Retail | 5.4 | 2.8 | 2.8 | 0.0 | 0.0 | 0.0 |
| Food & Beverage Stores | 25.4 | 13.2 | 13.2 | 0.0 | 0.0 | 0.0 |
| Food Services and Drinking Places | 77.9 | 40.4 | 40.4 | 0.0 | 0.0 | 0.0 |
| Health and Personal Care Stores | 2.6 | 1.4 | 1.4 | 0.0 | 0.0 | 0.0 |
| General Merchandise | 5.0 | 2.6 | 2.6 | 0.0 | 0.0 | 0.0 |
| Furniture and Home Furnishings Stores | 5.5 | 2.9 | 2.9 | 0.0 | 0.0 | 0.0 |
| Building Material and Garden Equipment and Supplies Dealer | 2.7 | 1.4 | 1.4 | 0.0 | 0.0 | 0.0 |
| Electronics and Appliance Stores | 7.5 | 3.9 | 3.9 | 0.0 | 0.0 | 0.0 |
| Clothing and Clothing Accessories Stores | 8.3 | 4.3 | 4.3 | 0.0 | 0.0 | 0.0 |
| Motor Vehicle and Parts Dealers | 2.4 | 1.2 | 0.0 | 1.2 | 0.0 | 0.0 |
| Gasoline Stations | 4.0 | 2.1 | 2.1 | 0.0 | 0.0 | 0.0 |
| Sporting Goods, Hobby, and Musical Instrument Stores | 6.6 | 3.4 | 3.4 | 0.0 | 0.0 | 0.0 |
| Miscellaneous Store Retailers | 7.5 | 3.9 | 3.9 | 0.0 | 0.0 | 0.0 |
| Nonstore Retailers | 16.4 | 8.5 | 0.0 | 8.5 | 0.0 | 0.0 |
| Arts, Entertainment, & Recreation | 11.6 | 6.0 | 6.0 | 0.0 | 0.0 | 0.0 |
| Medical/Health | | | | | | |
| Ambulatory Health Care Services | 3.0 | 1.7 | 0.0 | 0.0 | 0.0 | 1.7 |
| General Medical and Surgical Hospitals | 3.4 | 2.0 | 2.0 | 0.0 | 0.0 | 0.0 |
| Nursing and Residential Care Facilities | 7.6 | 4.4 | 0.0 | 4.4 | 0.0 | 0.0 |
| Social Assistance | 5.7 | 3.3 | 3.3 | 0.0 | 0.0 | 0.0 |
| Services | | | | | | |
| Personal and Household Goods Repair and Maintenance | 8.4 | 4.8 | 4.8 | 0.0 | 0.0 | 0.0 |
| Services to Buildings and Dwellings | 5.7 | 3.3 | 0.0 | 0.0 | 0.0 | 3.3 |
| Waste Management and Remediation Services | 3.7 | 2.1 | 0.0 | 0.0 | 2.1 | 0.0 |
| Real Estate and Rental and Leasing | 0.6 | 0.4 | 0.0 | 0.4 | 0.0 | 0.0 |
| Personal Care Services | 8.5 | 4.9 | 4.9 | 0.0 | 0.0 | 0.0 |
| Dry Cleaning and Laundry Services | 1.3 | 0.7 | 0.7 | 0.0 | 0.0 | 0.0 |
| Auto Repair and Maintenance | 8.8 | 5.1 | 0.0 | 5.1 | 0.0 | 0.0 |
| Veterinary Services | 1.7 | 1.0 | 0.0 | 1.0 | 0.0 | 0.0 |
| Photographic Services | 0.4 | 0.3 | 0.0 | 0.3 | 0.0 | 0.0 |
| Educational Services | 9.9 | 5.8 | 5.8 | 0.0 | 0.0 | 0.0 |
| Accounting | 2.0 | 1.2 | 0.0 | 1.2 | 0.0 | 0.0 |
| Architectural, Engineering, and Related | 1.2 | 0.7 | 0.0 | 0.0 | 0.0 | 0.7 |
| Specialized Design Services | 1.1 | 0.6 | 0.0 | 0.6 | 0.0 | 0.0 |
| Death Care Services | 1.5 | 0.9 | 0.0 | 0.9 | 0.0 | 0.0 |
| Legal Services | <u>0.7</u> | <u>0.4</u> | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> | <u>0.4</u> |
| Total Workers and Households | 264.2 | 141.6 | 109.7 | 23.6 | 2.1 | 6.2 |
| Total Income-Qualified HH Generated Per 1,000 Market-Rate Units [2] | | 135.4 | 109.7 | 23.6 | 2.1 | 0.0 |
| Total Income-Qualified HH Generated Per 100 Market-Rate Units [2] | | 13.5 | 11.0 | 2.4 | 0.2 | 0.0 |

[1] Assumes 1.69 workers per worker household in the City of Capitola based on 2015-2019 American Community Survey. Includes a 12.5% discount for retail and 1.9% discount for other industries to account for workers under age 20.

Source: Economic & Planning Systems, Inc.

Table B-2
Income Levels for Worker Households
Worker Household Generation per 1,000 Units - For Sale \$750,000 Units
City of Capitola For Sale Housing Fee; EPS# 201117

| Industry | Total Workers | Total Worker Households [1] | VLI Households | LI Households | Moderate Income Households | Above Moderate Income Households |
|---|---------------|-----------------------------|----------------|---------------|----------------------------|----------------------------------|
| Retail | | | | | | |
| Unspecified Retail | 6.7 | 3.5 | 3.5 | 0.0 | 0.0 | 0.0 |
| Food & Beverage Stores | 29.6 | 15.3 | 15.3 | 0.0 | 0.0 | 0.0 |
| Food Services and Drinking Places | 100.9 | 52.3 | 52.3 | 0.0 | 0.0 | 0.0 |
| Health and Personal Care Stores | 3.2 | 1.7 | 1.7 | 0.0 | 0.0 | 0.0 |
| General Merchandise | 6.2 | 3.2 | 3.2 | 0.0 | 0.0 | 0.0 |
| Furniture and Home Furnishings Stores | 7.2 | 3.8 | 3.8 | 0.0 | 0.0 | 0.0 |
| Building Material and Garden Equipment and Supplies Dealer | 3.9 | 2.0 | 2.0 | 0.0 | 0.0 | 0.0 |
| Electronics and Appliance Stores | 10.2 | 5.3 | 5.3 | 0.0 | 0.0 | 0.0 |
| Clothing and Clothing Accessories Stores | 9.9 | 5.2 | 5.2 | 0.0 | 0.0 | 0.0 |
| Motor Vehicle and Parts Dealers | 3.5 | 1.8 | 0.0 | 1.8 | 0.0 | 0.0 |
| Gasoline Stations | 5.1 | 2.7 | 2.7 | 0.0 | 0.0 | 0.0 |
| Sporting Goods, Hobby, and Musical Instrument Stores | 14.1 | 7.3 | 7.3 | 0.0 | 0.0 | 0.0 |
| Miscellaneous Store Retailers | 9.9 | 5.1 | 5.1 | 0.0 | 0.0 | 0.0 |
| Nonstore Retailers | 19.3 | 10.0 | 0.0 | 10.0 | 0.0 | 0.0 |
| Arts, Entertainment, & Recreation | 16.4 | 8.5 | 8.5 | 0.0 | 0.0 | 0.0 |
| Medical/Health | | | | | | |
| Ambulatory Health Care Services | 4.0 | 2.3 | 0.0 | 0.0 | 0.0 | 2.3 |
| General Medical and Surgical Hospitals | 4.5 | 2.6 | 2.6 | 0.0 | 0.0 | 0.0 |
| Nursing and Residential Care Facilities | 9.5 | 5.5 | 0.0 | 5.5 | 0.0 | 0.0 |
| Social Assistance | 6.2 | 3.6 | 3.6 | 0.0 | 0.0 | 0.0 |
| Services | | | | | | |
| Personal and Household Goods Repair and Maintenance | 12.0 | 6.9 | 6.9 | 0.0 | 0.0 | 0.0 |
| Services to Buildings and Dwellings | 7.3 | 4.2 | 0.0 | 0.0 | 0.0 | 4.2 |
| Waste Management and Remediation Services | 4.5 | 2.6 | 0.0 | 0.0 | 2.6 | 0.0 |
| Real Estate and Rental and Leasing | 0.9 | 0.5 | 0.0 | 0.5 | 0.0 | 0.0 |
| Personal Care Services | 11.3 | 6.6 | 6.6 | 0.0 | 0.0 | 0.0 |
| Dry Cleaning and Laundry Services | 1.5 | 0.8 | 0.8 | 0.0 | 0.0 | 0.0 |
| Auto Repair and Maintenance | 10.4 | 6.0 | 0.0 | 6.0 | 0.0 | 0.0 |
| Veterinary Services | 2.4 | 1.4 | 0.0 | 1.4 | 0.0 | 0.0 |
| Photographic Services | 1.4 | 0.8 | 0.0 | 0.8 | 0.0 | 0.0 |
| Educational Services | 26.9 | 15.6 | 15.6 | 0.0 | 0.0 | 0.0 |
| Accounting | 2.6 | 1.5 | 0.0 | 1.5 | 0.0 | 0.0 |
| Architectural, Engineering, and Related | 1.5 | 0.9 | 0.0 | 0.0 | 0.0 | 0.9 |
| Specialized Design Services | 1.4 | 0.8 | 0.0 | 0.8 | 0.0 | 0.0 |
| Death Care Services | 1.9 | 1.1 | 0.0 | 1.1 | 0.0 | 0.0 |
| Legal Services | <u>0.9</u> | <u>0.5</u> | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> | <u>0.5</u> |
| Total Workers and Households | 357.0 | 191.9 | 151.9 | 29.5 | 2.6 | 8.0 |
| Total Income-Qualified HH Generated Per 1,000 Market-Rate Units [2] | | 183.9 | 151.9 | 29.5 | 2.6 | 0.0 |
| Total Income-Qualified HH Generated Per 100 Market-Rate Units [2] | | 18.4 | 15.2 | 2.9 | 0.3 | 0.0 |

[1] Assumes 1.69 workers per worker household in the City of Capitola based on 2015-2019 American Community Survey. Includes a 12.5% discount for retail and 1.9% discount for other industries to account for workers under age 20.

Source: Economic & Planning Systems, Inc.

Table B-3
Income Levels for Worker Households
Worker Household Generation per 1,000 Units - For Sale \$1,000,000 Units
City of Capitola For Sale Housing Fee; EPS# 201117

| Industry | Total Workers | Total Worker Households [1] | VLI Households | LI Households | Moderate Income Households | Above Moderate Income Households |
|---|---------------|-----------------------------|----------------|---------------|----------------------------|----------------------------------|
| Retail | | | | | | |
| Unspecified Retail | 6.2 | 3.2 | 3.2 | 0.0 | 0.0 | 0.0 |
| Food & Beverage Stores | 33.0 | 17.1 | 17.1 | 0.0 | 0.0 | 0.0 |
| Food Services and Drinking Places | 127.1 | 65.9 | 65.9 | 0.0 | 0.0 | 0.0 |
| Health and Personal Care Stores | 3.5 | 1.8 | 1.8 | 0.0 | 0.0 | 0.0 |
| General Merchandise | 8.1 | 4.2 | 4.2 | 0.0 | 0.0 | 0.0 |
| Furniture and Home Furnishings Stores | 8.9 | 4.6 | 4.6 | 0.0 | 0.0 | 0.0 |
| Building Material and Garden Equipment and Supplies Dealer | 5.0 | 2.6 | 2.6 | 0.0 | 0.0 | 0.0 |
| Electronics and Appliance Stores | 13.6 | 7.0 | 7.0 | 0.0 | 0.0 | 0.0 |
| Clothing and Clothing Accessories Stores | 13.5 | 7.0 | 7.0 | 0.0 | 0.0 | 0.0 |
| Motor Vehicle and Parts Dealers | 4.5 | 2.3 | 0.0 | 2.3 | 0.0 | 0.0 |
| Gasoline Stations | 5.1 | 2.6 | 2.6 | 0.0 | 0.0 | 0.0 |
| Sporting Goods, Hobby, and Musical Instrument Stores | 13.6 | 7.1 | 7.1 | 0.0 | 0.0 | 0.0 |
| Miscellaneous Store Retailers | 11.3 | 5.9 | 5.9 | 0.0 | 0.0 | 0.0 |
| Nonstore Retailers | 21.2 | 11.0 | 0.0 | 11.0 | 0.0 | 0.0 |
| Arts, Entertainment, & Recreation | 23.6 | 12.2 | 12.2 | 0.0 | 0.0 | 0.0 |
| Medical/Health | | | | | | |
| Ambulatory Health Care Services | 3.7 | 2.1 | 0.0 | 0.0 | 0.0 | 2.1 |
| General Medical and Surgical Hospitals | 4.2 | 2.4 | 2.4 | 0.0 | 0.0 | 0.0 |
| Nursing and Residential Care Facilities | 9.7 | 5.6 | 0.0 | 5.6 | 0.0 | 0.0 |
| Social Assistance | 7.4 | 4.3 | 4.3 | 0.0 | 0.0 | 0.0 |
| Services | | | | | | |
| Personal and Household Goods Repair and Maintenance | 15.5 | 8.9 | 8.9 | 0.0 | 0.0 | 0.0 |
| Services to Buildings and Dwellings | 10.8 | 6.3 | 0.0 | 0.0 | 0.0 | 6.3 |
| Waste Management and Remediation Services | 4.8 | 2.8 | 0.0 | 0.0 | 2.8 | 0.0 |
| Real Estate and Rental and Leasing | 1.2 | 0.7 | 0.0 | 0.7 | 0.0 | 0.0 |
| Personal Care Services | 11.5 | 6.7 | 6.7 | 0.0 | 0.0 | 0.0 |
| Dry Cleaning and Laundry Services | 2.1 | 1.1 | 1.1 | 0.0 | 0.0 | 0.0 |
| Auto Repair and Maintenance | 13.7 | 8.0 | 0.0 | 8.0 | 0.0 | 0.0 |
| Veterinary Services | 2.3 | 1.4 | 0.0 | 1.4 | 0.0 | 0.0 |
| Photographic Services | 1.4 | 0.8 | 0.0 | 0.8 | 0.0 | 0.0 |
| Educational Services | 38.8 | 22.5 | 22.5 | 0.0 | 0.0 | 0.0 |
| Accounting | 3.8 | 2.2 | 0.0 | 2.2 | 0.0 | 0.0 |
| Architectural, Engineering, and Related | 2.3 | 1.3 | 0.0 | 0.0 | 0.0 | 1.3 |
| Specialized Design Services | 2.1 | 1.2 | 0.0 | 1.2 | 0.0 | 0.0 |
| Death Care Services | 2.8 | 1.6 | 0.0 | 1.6 | 0.0 | 0.0 |
| Legal Services | <u>1.4</u> | <u>0.8</u> | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> | <u>0.8</u> |
| Total Workers and Households | 437.3 | 235.3 | 187.2 | 34.8 | 2.8 | 10.5 |
| Total Income-Qualified HH Generated Per 1,000 Market-Rate Units [2] | | 224.7 | 187.2 | 34.8 | 2.8 | 0.0 |
| Total Income-Qualified HH Generated Per 100 Market-Rate Units [2] | | 22.5 | 18.7 | 3.5 | 0.3 | 0.0 |

[1] Assumes 1.69 workers per worker household in the City of Capitola based on 2015-2019 American Community Survey. Includes a 12.5% discount for retail and 1.9% discount for other industries to account for workers under age 20.

Source: Economic & Planning Systems, Inc.

Table B-4
Income Levels for Worker Households
Worker Household Generation per 1,000 Units - For Sale \$1,250,000 Units
City of Capitola For Sale Housing Fee; EPS# 201117

| Industry | Total Workers | Total Worker Households [1] | VLI Households | LI Households | Moderate Income Households | Above Moderate Income Households |
|---|---------------|-----------------------------|----------------|---------------|----------------------------|----------------------------------|
| Retail | | | | | | |
| Unspecified Retail | 5.9 | 3.1 | 3.1 | 0.0 | 0.0 | 0.0 |
| Food & Beverage Stores | 28.0 | 14.5 | 14.5 | 0.0 | 0.0 | 0.0 |
| Food Services and Drinking Places | 124.1 | 64.4 | 64.4 | 0.0 | 0.0 | 0.0 |
| Health and Personal Care Stores | 2.6 | 1.4 | 1.4 | 0.0 | 0.0 | 0.0 |
| General Merchandise | 8.1 | 4.2 | 4.2 | 0.0 | 0.0 | 0.0 |
| Furniture and Home Furnishings Stores | 10.0 | 5.2 | 5.2 | 0.0 | 0.0 | 0.0 |
| Building Material and Garden Equipment and Supplies Dealer | 6.5 | 3.4 | 3.4 | 0.0 | 0.0 | 0.0 |
| Electronics and Appliance Stores | 18.7 | 9.7 | 9.7 | 0.0 | 0.0 | 0.0 |
| Clothing and Clothing Accessories Stores | 13.8 | 7.1 | 7.1 | 0.0 | 0.0 | 0.0 |
| Motor Vehicle and Parts Dealers | 4.8 | 2.5 | 0.0 | 2.5 | 0.0 | 0.0 |
| Gasoline Stations | 3.9 | 2.0 | 2.0 | 0.0 | 0.0 | 0.0 |
| Sporting Goods, Hobby, and Musical Instrument Stores | 15.4 | 8.0 | 8.0 | 0.0 | 0.0 | 0.0 |
| Miscellaneous Store Retailers | 11.2 | 5.8 | 5.8 | 0.0 | 0.0 | 0.0 |
| Nonstore Retailers | 17.7 | 9.2 | 0.0 | 9.2 | 0.0 | 0.0 |
| Arts, Entertainment, & Recreation | 37.6 | 19.5 | 19.5 | 0.0 | 0.0 | 0.0 |
| Medical/Health | | | | | | |
| Ambulatory Health Care Services | 5.6 | 3.3 | 0.0 | 0.0 | 0.0 | 3.3 |
| General Medical and Surgical Hospitals | 6.4 | 3.7 | 3.7 | 0.0 | 0.0 | 0.0 |
| Nursing and Residential Care Facilities | 18.9 | 11.0 | 0.0 | 11.0 | 0.0 | 0.0 |
| Social Assistance | 18.9 | 11.0 | 11.0 | 0.0 | 0.0 | 0.0 |
| Services | | | | | | |
| Personal and Household Goods Repair and Maintenance | 20.4 | 11.8 | 11.8 | 0.0 | 0.0 | 0.0 |
| Services to Buildings and Dwellings | 13.5 | 7.8 | 0.0 | 0.0 | 0.0 | 7.8 |
| Waste Management and Remediation Services | 4.4 | 2.6 | 0.0 | 0.0 | 2.6 | 0.0 |
| Real Estate and Rental and Leasing | 1.6 | 0.9 | 0.0 | 0.9 | 0.0 | 0.0 |
| Personal Care Services | 13.2 | 7.6 | 7.6 | 0.0 | 0.0 | 0.0 |
| Dry Cleaning and Laundry Services | 2.1 | 1.1 | 1.1 | 0.0 | 0.0 | 0.0 |
| Auto Repair and Maintenance | 10.6 | 6.2 | 0.0 | 6.2 | 0.0 | 0.0 |
| Veterinary Services | 2.2 | 1.3 | 0.0 | 1.3 | 0.0 | 0.0 |
| Photographic Services | 1.7 | 1.0 | 0.0 | 1.0 | 0.0 | 0.0 |
| Educational Services | 57.6 | 33.5 | 33.5 | 0.0 | 0.0 | 0.0 |
| Accounting | 3.3 | 1.9 | 0.0 | 1.9 | 0.0 | 0.0 |
| Architectural, Engineering, and Related | 2.0 | 1.1 | 0.0 | 0.0 | 0.0 | 1.1 |
| Specialized Design Services | 1.8 | 1.0 | 0.0 | 1.0 | 0.0 | 0.0 |
| Death Care Services | 2.4 | 1.4 | 0.0 | 1.4 | 0.0 | 0.0 |
| Legal Services | <u>1.2</u> | <u>0.7</u> | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> | <u>0.7</u> |
| Total Workers and Households | 495.9 | 268.7 | 216.8 | 36.4 | 2.6 | 12.9 |
| Total Income-Qualified HH Generated Per 1,000 Market-Rate Units [2] | | 255.8 | 216.8 | 36.4 | 2.6 | 0.0 |
| Total Income-Qualified HH Generated Per 100 Market-Rate Units [2] | | 25.6 | 21.7 | 3.6 | 0.3 | 0.0 |

[1] Assumes 1.69 workers per worker household in the City of Capitola based on 2015-2019 American Community Survey. Includes a 12.5% discount for retail and 1.9% discount for other industries to account for workers under age 20.

Source: Economic & Planning Systems, Inc.

Table B-5
Income Levels for Worker Households
Worker Household Generation per 1,000 Units - For Sale \$1,500,000 Units
City of Capitola For Sale Housing Fee; EPS# 201117

| Industry | Total Workers | Total Worker Households [1] | VLI Households | LI Households | Moderate Income Households | Above Moderate Income Households |
|---|---------------|-----------------------------|----------------|---------------|----------------------------|----------------------------------|
| Retail | | | | | | |
| Unspecified Retail | 7.1 | 3.7 | 3.7 | 0.0 | 0.0 | 0.0 |
| Food & Beverage Stores | 33.2 | 17.2 | 17.2 | 0.0 | 0.0 | 0.0 |
| Food Services and Drinking Places | 147.4 | 76.4 | 76.4 | 0.0 | 0.0 | 0.0 |
| Health and Personal Care Stores | 3.1 | 1.6 | 1.6 | 0.0 | 0.0 | 0.0 |
| General Merchandise | 9.6 | 5.0 | 5.0 | 0.0 | 0.0 | 0.0 |
| Furniture and Home Furnishings Stores | 11.9 | 6.2 | 6.2 | 0.0 | 0.0 | 0.0 |
| Building Material and Garden Equipment and Supplies Dealer | 7.8 | 4.0 | 4.0 | 0.0 | 0.0 | 0.0 |
| Electronics and Appliance Stores | 22.2 | 11.5 | 11.5 | 0.0 | 0.0 | 0.0 |
| Clothing and Clothing Accessories Stores | 16.4 | 8.5 | 8.5 | 0.0 | 0.0 | 0.0 |
| Motor Vehicle and Parts Dealers | 5.7 | 2.9 | 0.0 | 2.9 | 0.0 | 0.0 |
| Gasoline Stations | 4.6 | 2.4 | 2.4 | 0.0 | 0.0 | 0.0 |
| Sporting Goods, Hobby, and Musical Instrument Stores | 18.2 | 9.5 | 9.5 | 0.0 | 0.0 | 0.0 |
| Miscellaneous Store Retailers | 13.3 | 6.9 | 6.9 | 0.0 | 0.0 | 0.0 |
| Nonstore Retailers | 21.0 | 10.9 | 0.0 | 10.9 | 0.0 | 0.0 |
| Arts, Entertainment, & Recreation | 44.7 | 23.2 | 23.2 | 0.0 | 0.0 | 0.0 |
| Medical/Health | | | | | | |
| Ambulatory Health Care Services | 6.6 | 3.9 | 0.0 | 0.0 | 0.0 | 3.9 |
| General Medical and Surgical Hospitals | 7.6 | 4.4 | 4.4 | 0.0 | 0.0 | 0.0 |
| Nursing and Residential Care Facilities | 22.5 | 13.1 | 0.0 | 13.1 | 0.0 | 0.0 |
| Social Assistance | 22.4 | 13.0 | 13.0 | 0.0 | 0.0 | 0.0 |
| Services | | | | | | |
| Personal and Household Goods Repair and Maintenance | 24.3 | 14.0 | 14.0 | 0.0 | 0.0 | 0.0 |
| Services to Buildings and Dwellings | 16.0 | 9.3 | 0.0 | 0.0 | 0.0 | 9.3 |
| Waste Management and Remediation Services | 5.2 | 3.0 | 0.0 | 0.0 | 3.0 | 0.0 |
| Real Estate and Rental and Leasing | 1.9 | 1.1 | 0.0 | 1.1 | 0.0 | 0.0 |
| Personal Care Services | 15.6 | 9.1 | 9.1 | 0.0 | 0.0 | 0.0 |
| Dry Cleaning and Laundry Services | 2.5 | 1.3 | 1.3 | 0.0 | 0.0 | 0.0 |
| Auto Repair and Maintenance | 12.6 | 7.3 | 0.0 | 7.3 | 0.0 | 0.0 |
| Veterinary Services | 2.6 | 1.5 | 0.0 | 1.5 | 0.0 | 0.0 |
| Photographic Services | 2.0 | 1.2 | 0.0 | 1.2 | 0.0 | 0.0 |
| Educational Services | 68.3 | 39.7 | 39.7 | 0.0 | 0.0 | 0.0 |
| Accounting | 3.9 | 2.3 | 0.0 | 2.3 | 0.0 | 0.0 |
| Architectural, Engineering, and Related | 2.3 | 1.4 | 0.0 | 0.0 | 0.0 | 1.4 |
| Specialized Design Services | 2.1 | 1.2 | 0.0 | 1.2 | 0.0 | 0.0 |
| Death Care Services | 2.9 | 1.7 | 0.0 | 1.7 | 0.0 | 0.0 |
| Legal Services | <u>1.4</u> | <u>0.8</u> | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> | <u>0.8</u> |
| Total Workers and Households | 588.8 | 319.0 | 257.5 | 43.2 | 3.0 | 15.3 |
| Total Income-Qualified HH Generated Per 1,000 Market-Rate Units [2] | | 303.7 | 257.5 | 43.2 | 3.0 | 0.0 |
| Total Income-Qualified HH Generated Per 100 Market-Rate Units [2] | | 30.4 | 25.7 | 4.3 | 0.3 | 0.0 |

[1] Assumes 1.69 workers per worker household in the City of Capitola based on 2015-2019 American Community Survey. Includes a 12.5% discount for retail and 1.9% discount for other industries to account for workers under age 20.

Source: Economic & Planning Systems, Inc.

Table B-6
Income Levels for Worker Households
Worker Household Generation per 1,000 Units - For Sale \$1,750,000 Units
City of Capitola For Sale Housing Fee; EPS# 201117

| Industry | Total Workers | Total Worker Households [1] | VLI Households | LI Households | Moderate Income Households | Above Moderate Income Households |
|---|---------------|-----------------------------|----------------|---------------|----------------------------|----------------------------------|
| Retail | | | | | | |
| Unspecified Retail | 8.2 | 4.3 | 4.3 | 0.0 | 0.0 | 0.0 |
| Food & Beverage Stores | 38.8 | 20.1 | 20.1 | 0.0 | 0.0 | 0.0 |
| Food Services and Drinking Places | 172.0 | 89.2 | 89.2 | 0.0 | 0.0 | 0.0 |
| Health and Personal Care Stores | 3.6 | 1.9 | 1.9 | 0.0 | 0.0 | 0.0 |
| General Merchandise | 11.2 | 5.8 | 5.8 | 0.0 | 0.0 | 0.0 |
| Furniture and Home Furnishings Stores | 13.9 | 7.2 | 7.2 | 0.0 | 0.0 | 0.0 |
| Building Material and Garden Equipment and Supplies Dealer | 9.1 | 4.7 | 4.7 | 0.0 | 0.0 | 0.0 |
| Electronics and Appliance Stores | 25.9 | 13.4 | 13.4 | 0.0 | 0.0 | 0.0 |
| Clothing and Clothing Accessories Stores | 19.1 | 9.9 | 9.9 | 0.0 | 0.0 | 0.0 |
| Motor Vehicle and Parts Dealers | 6.6 | 3.4 | 0.0 | 3.4 | 0.0 | 0.0 |
| Gasoline Stations | 5.4 | 2.8 | 2.8 | 0.0 | 0.0 | 0.0 |
| Sporting Goods, Hobby, and Musical Instrument Stores | 21.3 | 11.0 | 11.0 | 0.0 | 0.0 | 0.0 |
| Miscellaneous Store Retailers | 15.5 | 8.0 | 8.0 | 0.0 | 0.0 | 0.0 |
| Nonstore Retailers | 24.6 | 12.7 | 0.0 | 12.7 | 0.0 | 0.0 |
| Arts, Entertainment, & Recreation | 52.1 | 27.0 | 27.0 | 0.0 | 0.0 | 0.0 |
| Medical/Health | | | | | | |
| Ambulatory Health Care Services | 7.8 | 4.5 | 0.0 | 0.0 | 0.0 | 4.5 |
| General Medical and Surgical Hospitals | 8.8 | 5.1 | 5.1 | 0.0 | 0.0 | 0.0 |
| Nursing and Residential Care Facilities | 26.2 | 15.2 | 0.0 | 15.2 | 0.0 | 0.0 |
| Social Assistance | 26.2 | 15.2 | 15.2 | 0.0 | 0.0 | 0.0 |
| Services | | | | | | |
| Personal and Household Goods Repair and Maintenance | 28.3 | 16.3 | 16.3 | 0.0 | 0.0 | 0.0 |
| Services to Buildings and Dwellings | 18.7 | 10.8 | 0.0 | 0.0 | 0.0 | 10.8 |
| Waste Management and Remediation Services | 6.1 | 3.6 | 0.0 | 0.0 | 3.6 | 0.0 |
| Real Estate and Rental and Leasing | 2.2 | 1.3 | 0.0 | 1.3 | 0.0 | 0.0 |
| Personal Care Services | 18.2 | 10.6 | 10.6 | 0.0 | 0.0 | 0.0 |
| Dry Cleaning and Laundry Services | 2.9 | 1.5 | 1.5 | 0.0 | 0.0 | 0.0 |
| Auto Repair and Maintenance | 14.8 | 8.6 | 0.0 | 8.6 | 0.0 | 0.0 |
| Veterinary Services | 3.0 | 1.7 | 0.0 | 1.7 | 0.0 | 0.0 |
| Photographic Services | 2.3 | 1.4 | 0.0 | 1.4 | 0.0 | 0.0 |
| Educational Services | 79.8 | 46.4 | 46.4 | 0.0 | 0.0 | 0.0 |
| Accounting | 4.6 | 2.7 | 0.0 | 2.7 | 0.0 | 0.0 |
| Architectural, Engineering, and Related | 2.7 | 1.6 | 0.0 | 0.0 | 0.0 | 1.6 |
| Specialized Design Services | 2.5 | 1.5 | 0.0 | 1.5 | 0.0 | 0.0 |
| Death Care Services | 3.3 | 1.9 | 0.0 | 1.9 | 0.0 | 0.0 |
| Legal Services | 1.6 | 1.0 | 0.0 | 0.0 | 0.0 | 1.0 |
| Total Workers and Households | 687.2 | 372.3 | 300.5 | 50.4 | 3.6 | 17.9 |
| Total Income-Qualified HH Generated Per 1,000 Market-Rate Units [2] | | 354.4 | 300.5 | 50.4 | 3.6 | 0.0 |
| Total Income-Qualified HH Generated Per 100 Market-Rate Units [2] | | 35.4 | 30.0 | 5.0 | 0.4 | 0.0 |

[1] Assumes 1.69 workers per worker household in the City of Capitola based on 2015-2019 American Community Survey. Includes a 12.5% discount for retail and 1.9% discount for other industries to account for workers under age 20.

Source: Economic & Planning Systems, Inc.

Table B-7
Income Levels for Worker Households
Worker Household Generation per 1,000 Units - For Sale \$1,200,000 Units
City of Capitola For Sale Housing Fee; EPS# 201117

| Industry | Total Workers | Total Worker Households [1] | VLI Households | LI Households | Moderate Income Households | Above Moderate Income Households |
|---|---------------|-----------------------------|----------------|---------------|----------------------------|----------------------------------|
| Retail | | | | | | |
| Unspecified Retail | 9.4 | 4.9 | 4.9 | 0.0 | 0.0 | 0.0 |
| Food & Beverage Stores | 44.3 | 23.0 | 23.0 | 0.0 | 0.0 | 0.0 |
| Food Services and Drinking Places | 196.5 | 101.9 | 101.9 | 0.0 | 0.0 | 0.0 |
| Health and Personal Care Stores | 4.1 | 2.1 | 2.1 | 0.0 | 0.0 | 0.0 |
| General Merchandise | 12.8 | 6.7 | 6.7 | 0.0 | 0.0 | 0.0 |
| Furniture and Home Furnishings Stores | 15.8 | 8.2 | 8.2 | 0.0 | 0.0 | 0.0 |
| Building Material and Garden Equipment and Supplies Dealer | 10.4 | 5.4 | 5.4 | 0.0 | 0.0 | 0.0 |
| Electronics and Appliance Stores | 29.6 | 15.4 | 15.4 | 0.0 | 0.0 | 0.0 |
| Clothing and Clothing Accessories Stores | 21.8 | 11.3 | 11.3 | 0.0 | 0.0 | 0.0 |
| Motor Vehicle and Parts Dealers | 7.6 | 3.9 | 0.0 | 3.9 | 0.0 | 0.0 |
| Gasoline Stations | 6.1 | 3.2 | 3.2 | 0.0 | 0.0 | 0.0 |
| Sporting Goods, Hobby, and Musical Instrument Stores | 24.3 | 12.6 | 12.6 | 0.0 | 0.0 | 0.0 |
| Miscellaneous Store Retailers | 17.7 | 9.2 | 9.2 | 0.0 | 0.0 | 0.0 |
| Nonstore Retailers | 28.1 | 14.6 | 0.0 | 14.6 | 0.0 | 0.0 |
| Arts, Entertainment, & Recreation | 59.6 | 30.9 | 30.9 | 0.0 | 0.0 | 0.0 |
| Medical/Health | | | | | | |
| Ambulatory Health Care Services | 8.9 | 5.2 | 0.0 | 0.0 | 0.0 | 5.2 |
| General Medical and Surgical Hospitals | 10.1 | 5.9 | 5.9 | 0.0 | 0.0 | 0.0 |
| Nursing and Residential Care Facilities | 30.0 | 17.4 | 0.0 | 17.4 | 0.0 | 0.0 |
| Social Assistance | 29.9 | 17.4 | 17.4 | 0.0 | 0.0 | 0.0 |
| Services | | | | | | |
| Personal and Household Goods Repair and Maintenance | 32.4 | 18.6 | 18.6 | 0.0 | 0.0 | 0.0 |
| Services to Buildings and Dwellings | 21.3 | 12.4 | 0.0 | 0.0 | 0.0 | 12.4 |
| Waste Management and Remediation Services | 7.0 | 4.1 | 0.0 | 0.0 | 4.1 | 0.0 |
| Real Estate and Rental and Leasing | 2.5 | 1.5 | 0.0 | 1.5 | 0.0 | 0.0 |
| Personal Care Services | 20.8 | 12.1 | 12.1 | 0.0 | 0.0 | 0.0 |
| Dry Cleaning and Laundry Services | 3.4 | 1.7 | 1.7 | 0.0 | 0.0 | 0.0 |
| Auto Repair and Maintenance | 16.9 | 9.8 | 0.0 | 9.8 | 0.0 | 0.0 |
| Veterinary Services | 3.4 | 2.0 | 0.0 | 2.0 | 0.0 | 0.0 |
| Photographic Services | 2.7 | 1.6 | 0.0 | 1.6 | 0.0 | 0.0 |
| Educational Services | 91.1 | 53.0 | 53.0 | 0.0 | 0.0 | 0.0 |
| Accounting | 5.2 | 3.0 | 0.0 | 3.0 | 0.0 | 0.0 |
| Architectural, Engineering, and Related | 3.1 | 1.8 | 0.0 | 0.0 | 0.0 | 1.8 |
| Specialized Design Services | 2.9 | 1.7 | 0.0 | 1.7 | 0.0 | 0.0 |
| Death Care Services | 3.8 | 2.2 | 0.0 | 2.2 | 0.0 | 0.0 |
| Legal Services | 1.9 | 1.1 | 0.0 | 0.0 | 0.0 | 1.1 |
| Total Workers and Households | 785.3 | 425.5 | 343.4 | 57.6 | 4.1 | 20.4 |
| Total Income-Qualified HH Generated Per 1,000 Market-Rate Units [2] | | 405.1 | 343.4 | 57.6 | 4.1 | 0.0 |
| Total Income-Qualified HH Generated Per 100 Market-Rate Units [2] | | 40.5 | 34.3 | 5.8 | 0.4 | 0.0 |

[1] Assumes 1.69 workers per worker household in the City of Capitola based on 2015-2019 American Community Survey. Includes a 12.5% discount for retail and 1.9% discount for other industries to account for workers under age 20.

Source: Economic & Planning Systems, Inc.

The Economics of Land Use



DRAFT Administrative Report

Nexus-Based Affordable Housing Fee Analysis for Rental Housing

Prepared for:

City of Capitola

Prepared by:

Economic & Planning Systems, Inc.

September 2, 2021

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Attachment: Nexus Study For-rent Housing (Consider the Second Reading of an Ordinance Amending Ch. 18.02: Affordable (Inclusionary)

EXECUTIVE SUMMARY

Economic & Planning Systems, Inc. (EPS) was retained by the City of Capitola to conduct a nexus study analyzing the impact that development of market-rate rental housing has on the demand for below-market-rate housing and, based on the results, to determine the defensible nexus-based fee that could be charged to market-rate rental development.

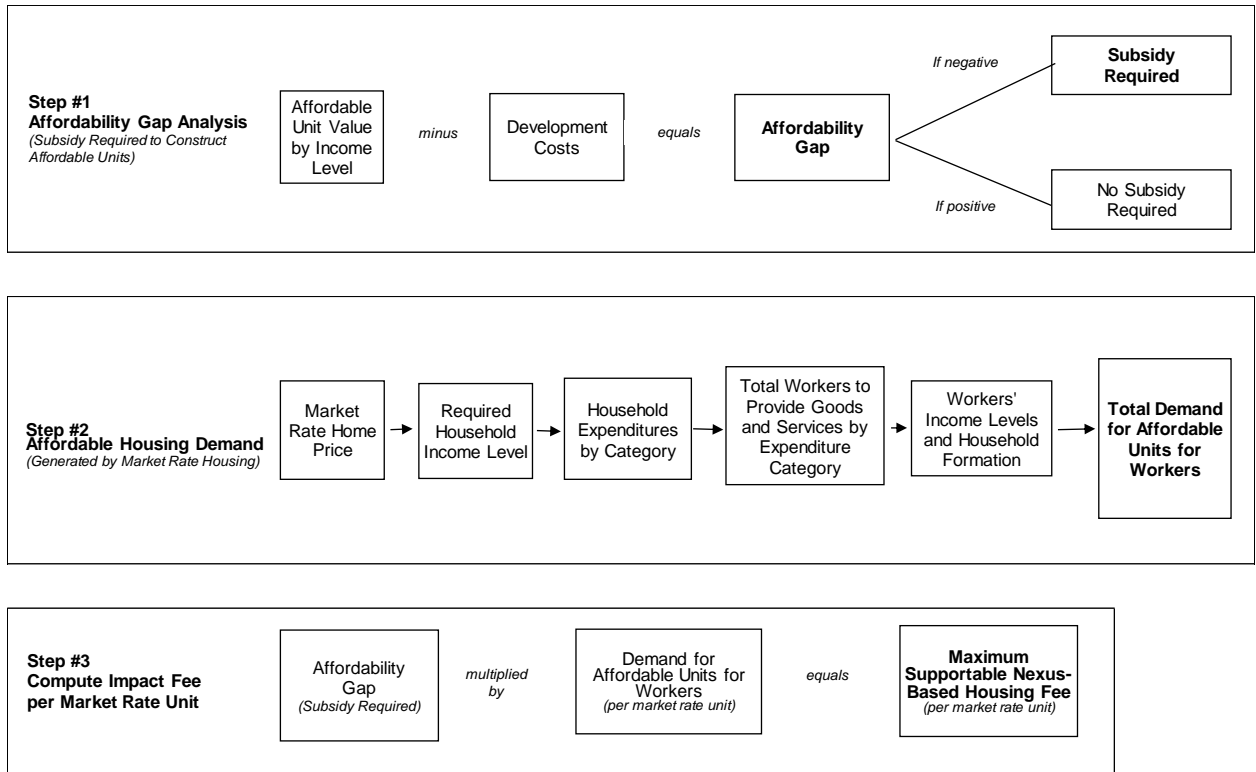
The technical approach used herein quantifies the impacts that the introduction of market-rate rental apartments have on the local economy and the demand for additional affordable housing. As new households are added to the community, local employment also will grow to provide the goods and services required by the new households. To the extent that these new jobs do not pay adequate wages for the employees to afford market-rate housing in the community, the new households' spending is creating a need for affordable housing. A nexus-based affordable housing fee is therefore based on the impact of the new market-rate homes on the demand for affordable housing. The fee calculated in this study represents the maximum fee that may be charged to new market-rate rental housing units to mitigate their impacts on the affordable housing supply. Such fees may be used by the City to subsidize the production of new affordable units for lower-income households not accommodated by market-rate projects.

Calculating the impact of market-rate rental development in the City on affordable housing needs, and the fees needed to mitigate those impacts, involves three main analytical steps:

- **Step #1.** Estimate the typical subsidy required to construct units affordable at various income levels (the "affordability gap").
- **Step #2.** Determine the market-rate households' demand for goods and services, the jobs created by that demand, and the affordable housing needs of workers in those jobs.
- **Step #3.** Combine the affordability gap with the affordable housing demand projections to compute the maximum supportable nexus-based affordable housing fees per market-rate rental unit.

These technical steps are illustrated in **Figure 1** and detailed in the body of this Report and the attached Technical Appendices. The findings regarding each of these steps are presented below.

Figure 1 Illustration of Nexus-Based Housing Fee Methodology



Attachment: Nexus Study For-rent Housing (Consider the Second Reading of an Ordinance Amending Ch. 18.02: Affordable (Inclusionary)

- 1. The costs to construct housing units affordable to many households exceed those units' values based on what the households can afford to pay. The estimated subsidy required to construct affordable housing units in Capitola range from roughly \$307,000 for Very Low-Income households earning up to 50 percent of AMI to \$67,000 for Low-Income households earning up to 80 percent of AMI.**

An "affordability gap analysis" evaluates whether or not the costs to construct affordable units exceed the values of units that are affordable to lower- and moderate-income households. For each affordable housing income level—households with incomes at 50, 80, and 120 percent of Area Median Income (AMI)—this analysis estimates the subsidy required to construct affordable housing units.

The affordability gap analysis assumes that the average affordable unit for all income levels will be a 2-bedroom unit in a multifamily development in a three-story stacked flats building (an average density of 30 dwelling units per acre). This prototype assumes that affordable housing developers will maximize the City's current allowable density (20 units per acre), plus utilize the State density bonus program granting a 50 percent increase in base density. The estimated costs to construct the prototypical affordable unit are based on recent City of Capitola development projects and transactions, as well as other development cost data sources. The cost of land acquisition is also included in the development cost calculations.

A household's ability to pay is estimated based on standard percentages of income available for housing costs at each household income level. Income available for housing costs is then converted into a monthly affordable rent and a capitalized unit value or an affordable mortgage payment and supportable home price. This unit value is then compared to the costs of development to determine the subsidy required to make the unit affordable to each income level.

- 2. The demand for affordable housing generated by the expenditures of new households in Capitola increases along with the market-rate rent price (and related renter income). For example, a studio unit that rents for \$2,000 per month is estimated to create demand for 0.14 affordable housing units, while a 3-bedroom unit that rents for \$4,500 per month creates demand for 0.264 affordable units.**

Any justified nexus-based fee is based on the total demand for affordable housing units generated by construction of market-rate units. The link (or nexus) between market-rate housing and increased demand for affordable housing is that residents of market-rate units demand goods and services that rely on wage earners (for example, retail sales clerks) some of whom typically cannot afford market-rate housing and thus require affordable housing.

Because more expensive housing units require renters to have higher incomes, and higher income households create more jobs through their spending, the nexus impacts and thus the justified fees for rental units vary according to the rental price range of the market-rate units. Typically, larger apartments (i.e., more bedrooms) command higher rents, so their occupants are required to have higher household incomes than renters of smaller units. Thus, larger units create more jobs as a result of their occupants' spending. Consequently, nexus impacts and the justified fees for market-rate rental apartments vary by unit size.

This analysis evaluates the demand for affordable housing generated by a range of for-rent unit sizes. For each unit size, the demand-based nexus fee calculation involves the following steps:

- A. Market-Rate Household Income Levels.** The expected rental price of the unit is based on market data regarding the actual asking rents of apartments of various sizes. The required income levels of households occupying new market-rate housing are derived based on the rental rate, assuming standard housing cost expenses as a proportion of overall household income. For example, a typical household renting a market-rate one-bedroom unit for around \$3,200 per month would have an income of roughly \$138,800, if they spent 30 percent¹ of their income on housing costs (rent and utilities).
- B. Household Expenditures.** Based on the household income computed in Step A, Consumer Expenditure Survey data is used to evaluate the typical spending patterns of the household. This analysis provides an estimate of how much the household spends on specific categories of expenditures, such as "Food at Home." The survey consists of two components — the Interview Survey and the Diary Survey — each with its own sample. The surveys collect data on expenditures, income, and consumer unit characteristics. As the households' income increases along with the price and size of the market-rate units, the total spending on goods and services also increases. The Consumer Expenditure Survey also indicates that these relationships are not linear (e.g., a household with twice the income does not necessarily spend twice as much on food). While expenditures do increase with income, the relationship is not linear (i.e., household expenditures do not increase at the same proportion that incomes go up).
- C. Job Creation and Worker Households.** Having estimated the households' spending on various items, that spending is then converted into an estimate of jobs created. For each expenditure category, data regarding average worker wages and the ratio between gross business receipts and wages are used to translate these household expenditures into the total number of private-sector workers. Because each new worker does not represent an independent household (Capitola has an average of 1.69 workers per working household), the total number of new households created is somewhat less than the number of new jobs created. This analysis assumes that workers form households with others with similar wages. EPS has further adjusted the household formation rates to reflect the fact that a certain proportion of workers will *not* form their own households, particularly those of younger ages.²
- D. Worker Households by Income Category.** Each worker household generated is assigned to an income category—represented as a proportion of AMI ranging from 50 to 120 percent—based on its estimated gross wages. This provides the total number of households generated at each income level by construction of market-rate units at

¹ California Health and Safety Code Section 50053 specifies that affordable housing cost for rental units is 30 percent of gross income for all income categories. Note that this differs from the State's defined affordable housing cost for for-sale units, which is up to 35 percent of gross income.

² BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers overall (this factor is applied to other industries). EPS has assumed that such young workers do not form their own households.

various sizes and price points. The results indicate that residents of smaller, lower-priced units generate fewer worker households requiring affordable housing than do residents of larger, higher-priced units.

These steps of the nexus-based fee calculation provide the total number of income-qualified workers required to meet the needs for goods and services generated by market-rate rental housing. The number of workers servicing market-rate housing (at each apartment unit size) is then converted to total income qualified households and each such household is assumed to require one housing unit.

3. This analysis calculates the fees that could be charged to fully mitigate the impact that new market-rate housing has on Capitola's affordable housing demand at various representative unit sizes. These fees could range from \$36,493 for studio apartments to \$70,155 for 3-bedroom apartments.

The nexus fee is calculated by applying the number of affordable units needed by income qualified households to the affordability gap for each housing income category. This calculation is made for several different apartment sizes based on bedroom counts. **Table 1** summarizes the maximum nexus-based fees calculated for representative rental unit sizes. Should the City prefer to adopt a flat fee per square foot rather than adjusting the fee based on the number of bedrooms, this analysis suggests that the maximum fee could be \$47.66 per square foot, as that is the lowest maximum fee level calculated.

The City may also consider whether to allow developers to provide affordable apartment units within their projects, rather than paying the nexus-based fee. **Table 1** illustrates the proportions of affordable units that correspond to the fee calculation and demands created by the market-rate units. For instance, a project offering two-bedroom units would effectively mitigate the demand being created by the market-rate units if it provided 0.226 affordable units for each market-rate unit.

It is understood that a lower fee level below the maximum fee may be appropriate given a range of development feasibility and economic development considerations, potentially including a City's preference to incentivize rental housing.

Table 1 Summary of Maximum Supportable Nexus-Based Housing Fees or Unit Requirements In-Lieu of Fees

| Rental Unit Size [1] | Nexus-Based Fees | | Unit Requirements by Income Level | | | Total |
|----------------------|------------------|------------|-----------------------------------|----------------------|----------------------------|-------|
| | Fee per Unit | Per Sq.Ft. | VLI (<50% of AMI) | Low (<80% of AMI) | Moderate (<120% of AMI) | |
| Studio | \$36,493 | \$72.99 | 11.4% | 2.4% | 0.2% | 14.0% |
| 1-Bedroom | \$53,617 | \$67.02 | 16.8% | 3.3% | 0.3% | 20.3% |
| 2-Bedroom | \$59,989 | \$54.54 | 18.8% | 3.5% | 0.3% | 22.6% |
| 3-Bedroom | \$70,155 | \$46.77 | 22.0% | 4.1% | 0.3% | 26.4% |

[1] Studio is assumed to be 500 square feet, 1-bedroom assumed to be 800 square feet, 2-bedroom assumed to be 1,100 square feet, and 3-bedroom assumed to be 1,500 square feet

Source: Economic & Planning Systems, Inc.

4. While a nexus-based relationship is not typically required for cities to adopt inclusionary housing standards, Table 1 shows that the City of Capitola could justify an inclusionary requirement of at least 14 percent from a nexus perspective.

Inclusionary ordinances in California vary widely but commonly require 10 to 15 percent affordable units. California jurisdictions commonly adopt inclusionary standards based on policy preferences rather than nexus analysis such as this report, but this analysis indicates that the impact of new rental housing could justify an inclusionary requirement of at least 14.0 percent as that is the lowest impact-based figure calculated. **Table 1** also suggests that very low-income units represent a large portion of the units demanded based on the spending of new rental housing occupants, but again jurisdictions commonly adopt inclusionary housing income standards based on considerations other than the nexus-based impact.

1. AFFORDABILITY GAP ANALYSIS

For any nexus-based affordable housing fee calculation, it is necessary to estimate the subsidy required to construct affordable housing units. **Table 2** shows the subsidy needed to produce housing that is affordable to very low-, low-, and moderate-income households (50 through 120 percent of AMI).

Product Type

While the nexus fees calculated herein are based on demands created by market-rate rental housing, the analysis assumes that new lower-income worker households would actually be housed in developments that are 100 percent affordable units. The affordable units are assumed as apartments in the 30 units per acre range with surface parking, reflecting the assumption that affordable apartment builders would maximize the City's current allowable density (20 units per acre), plus utilize the State density bonus program granting a 50 percent increase in base density.

In order to determine the average household size of future affordable housing units, EPS used two estimates from the US Census 2015-2019 American Community Survey (ACS)—the average household size for working households in Capitola being 2.53, and average family size being 2.95. Rounding these averages, EPS compared the estimated household wage with the income thresholds for a 3-person household to identify the income category into which each occupation would fall for new units.

California State law (California Health and Safety Code Section 50052.5) assumes that a 2-bedroom unit is occupied by a 3-person household, and this assumption is used in this analysis. Commonly, a 2-bedroom rental unit in Northern California has a gross size of about 1,100 square feet (accounting for shared lobbies, hallways, etc.) and a net size of 950 square feet. This analysis estimates the subsidy that would be required to build for-rent housing for the lower-income worker households (for-sale units are assumed to be larger).

Table 2 Affordability Gap Analysis

| Item | 3-Story Multifamily Building With Surface Parking | | |
|--|---|----------------------------|----------------------------------|
| | Very Low Income (50% AMI) | Low Income (80% AMI) | Moderate Income (120% AMI) |
| Development Program Assumptions | | | |
| Density/Acre [1] | 30 | 30 | 30 |
| Gross Unit Size | 1,100 | 1,100 | 1,100 |
| Net Unit Size | 950 | 950 | 950 |
| Number of Bedrooms | 2 | 2 | 2 |
| Number of Persons per 2-bedroom Unit [2] | 3 | 3 | 3 |
| Parking Spaces/Unit | 1.25 | 1.25 | 1.25 |
| Cost Assumptions | | | |
| Land/Acre [3] | \$1,400,000 | \$1,400,000 | \$1,400,000 |
| Land/Unit | \$46,667 | \$46,667 | \$46,667 |
| Direct Costs | | | |
| Direct Construction Costs/Net SF [4] | \$300 | \$300 | \$300 |
| Direct Construction Costs/Unit | \$330,000 | \$330,000 | \$330,000 |
| Parking Construction Costs/Space | \$5,000 | \$5,000 | \$5,000 |
| Parking Construction Costs/Unit | \$6,250 | \$6,250 | \$6,250 |
| Subtotal, Direct Costs/Unit | \$336,250 | \$336,250 | \$336,250 |
| Indirect Costs as a % of Direct Costs [5] | | | |
| Indirect Costs/Unit | \$117,688 | \$117,688 | \$117,688 |
| Developer Fee (% of all costs) | | | |
| Fee Amount | \$70,085 | \$70,085 | \$70,085 |
| Total Cost/Unit (rounded) | \$571,000 | \$571,000 | \$571,000 |
| Maximum Supported Home Price | | | |
| Household Income [6] | \$59,600 | \$95,600 | \$118,800 |
| Income Available for Housing Costs/Year [7] | \$17,880 | \$28,680 | \$35,640 |
| (less) Operating Expenses per Unit/Year [8] | (\$6,000) | (\$6,000) | (\$10,000) |
| Net Operating Income | \$11,880 | \$22,680 | \$25,640 |
| Capitalization Rate [9] | 4.5% | 4.5% | 4.5% |
| Total Supportable Unit Value [10] | \$264,000 | \$504,000 | \$569,778 |
| Affordability Gap | \$307,000 | \$67,000 | \$1,222 |

[1] Based on City Staff input of 20 unit per acre, plus a 50 percent density bonus for 100 percent affordable units. State law also allows density bonus projects to have a reduced parking ratio between 0 and 1.5 spaces per 2-bedroom unit, below the City's standard 2.5 per unit.

[2] An average of 3 persons is used for this analysis based on Census data indicating the average family size in Capitola and State law (Health and Safety Code Section 50052.5) indicates that a 2-bedroom unit should be assumed to be occupied by a 3-person household. Thus, EPS has assumed an average unit for income-qualified worker households would be 2-bedrooms.

[3] Based on CoStar data on land transactions in the Capitola area since 2016.

[4] Includes on-site work, offsite work, vertical construction, general requirements, overhead and builder fees. The cost estimate reflects wood-frame construction above podium parking.

[5] Includes costs for architecture and engineering; entitlement and fees; project management; appraisal and market study; marketing, commissions, and general administration; financing and charges; insurance; and contingency.

[6] Based on 2021 income limits for a three person household in Santa Cruz County.

[7] Assumes housing costs to be 30% of gross household income.

[8] Operating expenses are generally based on EPS feasibility studies in the region and are inclusive of utility costs; units at or below 80% of AMI are assumed to be built as non-profit and are therefore exempt from property taxes. Property taxes are assumed to comprise a share of the operating expenses for the moderate income category.

[9] The capitalization rate is used to determine the current value of a property based on estimated future operating income, and is typically a measure of estimated operating risk.

[10] The total supportable unit value is determined by dividing the net operating income by the capitalization rate.

Sources: City of Capitola; HCD; CoStar; and Economic & Planning Systems, Inc.

Development Cost Assumptions

Affordable housing development costs include land costs, direct costs (e.g., labor and materials), and indirect or “soft” costs (e.g., architecture, entitlement, marketing, etc.). Operating costs, including property maintenance, common utilities, advertising, leasing, and property taxes (where applicable) also must be incorporated into the analysis. Data from recent Capitola developments and recent Capitola land transactions have been combined with EPS’s information from various market-rate and affordable housing developers to estimate appropriate development cost assumptions for use in Capitola. These assumptions are shown on **Table 2**.

Revenue Assumptions

To calculate the values of the affordable units, assumptions must be made regarding the applicable income level (moderate, low, and very low) and the percentage of income spent on housing costs. In addition, translating these assumptions into unit prices and values requires estimates of operating expenses, capital reserves, and capitalization rates. The following assumptions were used in these calculations:

- *Income Levels*—This analysis estimates the subsidy required to produce units for households earning up to 50, 80, and 120 percent of AMI for a three-person household. In 2021, AMI in Santa Cruz County for these households was \$99,000, as shown in the California Department of Housing and Community Development’s (HCD’s) income limits chart (see **Table 3**).
- *Percentage of Gross Household Income Available for Housing Costs*—HCD standards on overpaying for rent indicate that households should pay no more than 30 percent of their gross income on rental housing costs. For this analysis, EPS has assumed that all households shall spend 30 percent of their gross income on rental housing costs.
- *Operating Costs for Rental Units*—The analysis assumes that apartment operators incur annual operating costs of \$6,000 per unit, which include the cost of utilities, for units affordable at 80 percent of AMI or below. EPS has assumed the units for moderate income households would have similar operating costs but would be built by for-profit builders and thus also subject to property taxes, increasing their annual operating cost to \$10,000 per unit.

Table 3 Income Limits for Affordable Housing

| Affordability Category | Maximum Percentage of County Median | 2021 Max Income [1] 3-person household |
|-------------------------------|--|---|
| Extremely Low Income (ELI) | 0% - 30% | \$35,750 |
| Very Low Income (VLI) | 50% | \$59,600 |
| Low Income (LI) | 80% | \$95,600 |
| Median Income | 100% | \$99,000 |
| Moderate Income (Mod) | 120% | \$118,800 |

[1] 2021 HCD maximum income thresholds are used to translate employment, wages and total worker household incomes to affordable housing categories and to compute supportable housing costs based on household income levels.

Sources: CA Department of Housing and Community Development; Economic & Planning Systems, Inc.

Affordability Gap Results

Table 2 shows the estimated subsidies for construction of affordable rental units for very low, low, and moderate-income households. As shown, a unit for a household at 50 percent of AMI is expected to require a subsidy of \$307,000. Additionally, a unit for a household at 80 percent of AMI is expected to require a subsidy of roughly \$67,000, while a unit for a household at 120 percent of AMI is expected to require little, if any subsidy.

These housing affordability gaps then were used to calculate the justified nexus-based fees by multiplying this required subsidy by the number of units required to house workers providing goods and services to new market-rate housing development. This methodology is discussed in more detail in the following chapter.

It is worth noting that the affordability gaps estimated in this analysis are not as large as they might be using other also-valid assumptions. For example, the funding gaps for low income units assume that prices are set at 80 percent of median income, while State law suggest low-income unit prices may be set at 70 percent of median income, or even 60 percent of AMI. This methodology used by EPS yields higher unit values and thus results in lower maximum fees than the City's current practices would yield, and has been used by EPS to preempt objections that the assumptions and calculations overstate the actual funding gap for affordable units.

2. DEMAND-BASED NEXUS FEE CALCULATION

The maximum supportable nexus-based fees are based on both the affordability gap and the estimated impact that new market-rate rental units have on the need for affordable units, as reflected in the number of income-qualified local workers required to support the residents of market-rate apartments and the total subsidy required to construct housing for those workers. This approach is based on the following logic: (a) residents of market-rate housing have disposable incomes and require a variety of goods and services, (b) the provision of those goods and services will require some workers who make moderate or lower incomes and cannot afford market-rate housing, and (c) fees charged to market-rate projects can mitigate the impact of those projects on the increased need for affordable housing.

Market-Rate Household Income Levels

Households with larger incomes typically spend more on goods and services, therefore creating additional lower income jobs, which in turn generate a greater demand for affordable housing. To assess the impact that market-rate rental units have on the need for affordable housing, EPS estimated the typical income required to rent a market-rate apartment at various bedroom sizes in Capitola, as shown in **Table 4**.

Average rents for various apartment sizes (studio, and 1-, 2-, and 3-bedrooms) are based on a survey of rental rates for three market-rate multifamily projects recently developed in Capitola. New apartment rents are significantly higher, on average, than rental rates for existing rental housing stock, both because the newer units are of better-than-average quality and because the higher rents are required to cover the costs of construction. The rents for the most recent apartment projects were used, rather than average rents for all apartments, because these newer apartments best represent the rents that can be expected with new market-rate apartment development. Assuming utility costs for each unit size based on the Housing Authority Utility Allowance for Santa Cruz County, the minimum household income needed to rent each unit is then computed, predicated on the assumption that a household will spend 30 percent of their income on housing costs (rent and utility payments). As shown, required household incomes range from approximately \$90,000 for a studio apartment to roughly \$195,300 for a 3-bedroom apartment. Changes in housing market and financing conditions can have a significant effect on the calculations in this study.

Household Expenditures and Job Creation by Income Level

Having established the income requirements for renting apartments of various sizes, the fee calculation then requires an analysis of the household spending patterns at those required income levels.

Table 4 Required Income by Unit Type - Market-Rate Rental Apartments

| Unit Size | Required Income by Unit Type | | | | Annual Household Income Required [3] |
|-----------|------------------------------|--------------------------|-----------------------------|--------------------------------------|--------------------------------------|
| | Average Monthly Rent [1] | Monthly Utility Cost [2] | Subtotal Rent and Utilities | Annual Rent and Utility Expenditures | |
| Studio | \$2,000 | \$251 | \$2,251 | \$27,012 | \$90,000 |
| 1-Bedroom | \$3,200 | \$269 | \$3,469 | \$41,628 | \$138,800 |
| 2-Bedroom | \$3,850 | \$325 | \$4,175 | \$50,100 | \$167,000 |
| 3-Bedroom | \$4,500 | \$382 | \$4,882 | \$58,584 | \$195,300 |

[1] Based on Apartments.com data for multifamily rentals in the Greater Santa Cruz Region.

[2] Based on the Santa Cruz County Housing Authority Utility Allowance (assumes natural gas).

[3] Assumes renting households spend 30% of gross income on housing expenses.

Source: City of Capitola; HCD; Economic & Planning Systems, Inc.

The Consumer Expenditure Survey from the United States Bureau of Labor Statistics provides data for households at a variety of income levels, detailing the amounts that typical households spend on things like Food at Home, Apparel and Services, and Vehicle Maintenance and Repairs. Interestingly, household expenditures by category are not uniformly proportional to household income levels. For example, households earning around \$90,000 (adequate to rent a studio apartment) spend roughly 12.8 percent of their income on food and drink (at home and eating out), while households earning \$195,000 who can afford to rent a three-bedroom apartment spend only about 9.5 percent of their income on food and drink. Because of these and other differences in proportionate spending, the expenditure profile varies at different income levels. Higher earning households do generate higher numbers of jobs than lower earning households, but it is not a linear relationship (i.e. the household earning \$195,000 per year does not generate more than twice the number of jobs as a household earning \$90,000 per year).

The renter household's typical expenditures were converted to the number of jobs created by their spending. The first step in this process is to determine how much of an industry's gross receipts are used to pay wages and employee compensation. EPS relied on data from the Economic Census,³ which provides employment, gross sales, and payroll data by industry for Santa Cruz County. In certain instances, where local data was not available for every Economic Census industry, EPS relied on statewide Economic Census data for that industry.

To link the Economic Census data and the Consumer Expenditure Survey data, EPS made determinations as to the industries involved with expenditures in various categories. For example, purchases in the Consumer Expenditure Survey's "Food at Home" category would likely involve the Economic Census's "Food & Beverage Stores" industry, where gross receipts were more than nine times the employees' wages. By contrast, purchases in the Consumer Expenditure Survey's "Entertainment Fees and Admissions" category were attributed to the Economic Census' "Arts, Entertainment, and Recreation" industry, where gross receipts are only about four times the employees' wages. Where more than one Economic Census category was attributable to a Consumer Expenditure Survey category, EPS estimated the proportion of expenditures associated with each Economic Census category.

After determining the amount of the household's expenditures that were used for employee wages, EPS estimated the number of employees those aggregate wages represent. EPS calculated the number of workers supported by that spending using the average wage per worker (also from the 2017 Economic Census). These wages ranged from a low of roughly \$19,500 per year for workers in the clothing and clothing accessories industry to a high of more than \$100,000 for legal services.

³ Note that the Consumer Expenditure Survey data is based on information current as of 2019. The latest data available for the Economic Census was published in 2017. EPS converted all numbers to 2021 dollars using the Consumer Price Index (CPI) for the San Francisco Metropolitan Statistical Area (MSA) from the Bureau of Labor Statistics.

A range of occupations and incomes exist in a given industry sector. For instance, the methodology used to generate **Tables B-1 to B-4 in Appendix B** distinguishes between the typical incomes of workers in different types of retail stores (e.g., “food and beverage stores” versus “general merchandise stores”), rather than assuming all retail sector workers earn the same income. However, the average wage is used for each sub-category of industry employment and represents a reasonable proxy for the range of incomes in that group. Using the average approximates the total housing subsidy needed by workers in that industry.

To calculate the number of *households* supported by the expenditures of market-rate housing units, EPS estimated the employees’ household formation rates. Employees generated from the increase in housing units do not all form households; some employees, in the retail and food services industries in particular, are young workers and do not form households. Data from the Bureau of Labor Statistics indicates that 12.5 percent of retail/restaurant workers are age 16 to 19, but an average of only 1.9 percent of workers in the workforce overall. EPS applied these discounts to household formation by type of business to get a more accurate calculation of households formed by the employees and the average total incomes of those households.

To get the overall households’ income rather than the individual workers’, the wages of workers forming households were multiplied by the average of approximately 1.69 workers per working household in Capitola.⁴ This assumption implies the workers in a given household will have roughly equivalent pay per hour. While certainly there will often be some variation in wages per employee within a household, on average this assumption is reasonable because it implies comparable levels of education and training among all workers in a household. The average household incomes then are allocated to various income categories to estimate the number of affordable housing units demanded in each income category (50 through 120 percent of AMI).

A simplified example of these calculations follows:

| | | |
|----|--|-------------------------------|
| A. | Number of Households (prototype project) | 1,000 |
| B. | Average Household Income (in the project) | \$125,000 |
| C. | Aggregate Household Income (A x B) | \$125 million |
| D. | Average Income Spent on Retail (Consumer Expenditure Survey) | \$40,000 |
| E. | Aggregate Retail Spending (A x D) | \$40 million |
| F. | Retail Gross Receipts: Payroll Ratio (Economic Census) | 9:1 |
| G. | Estimated Retail Payroll (E ÷ F) | \$4.44 million |
| H. | Average Retail Wage (Economic Census) | \$28,500 |
| I. | Estimated Total Retail Jobs (G ÷ H) | 156 |
| J. | Percent Age 20+ (Bureau of Labor Statistics) | 87.5% |
| K. | Total Retail Workers Forming Households | 136 |
| J. | Average Workers/Household (Census Data) | 1.69 |
| K. | Estimated Households Created (K ÷ J) | 86 |
| L. | Average Household Income (H x J) | \$45,000 |
| M. | Income Category | Low-Income (up to 80% of AMI) |

⁴ Workers per working household based on American Community Survey (ACS) Census data as of 2019. Although ACS data reported is based on historical figures, these figures can vary somewhat based on ongoing revisions to the ACS data.

In this simplified example, 1,000 new market-rate apartments rented to households earning \$125,000 per year would create demand for 86 housing units for retail workers with household incomes typically between 50 and 80 percent of AMI. Actual calculations and impact distinctions by type of household expenditure for various rental unit sizes are shown in the series of tables presented in **Appendix B**.

Demand for Income-Qualified Workers

The total number of income-qualified households required to support the expenditure needs of new market-rate units were determined based on the affordable housing income limits from HCD for a 3-person household. **Table 3** summarizes the HCD income limits used to compute the total number of income-qualified households generated by construction of market-rate units.⁵ The number of income-qualified households required to provide goods and services to new housing units is detailed in **Appendix B**.

The nexus methodology used herein computes the total number of income-qualified households generated by market-rate units (as shown in **Table 5**) and calculates the impact fee based on the estimated cost to subsidize the production of units to meet that affordable housing demand. This analysis assumes that the fees on residential development will fund required affordable housing for all new workers generated.

Table 5 Summary of Worker and Household Generation per 100 Market-Rate Units

| Unit Type | Minimum Household Income Requirement | Total Workers Generated [1] | Total Worker Households [2] | Total Income Qualified Households [3] | Income Qualified Households by Income Category | | |
|---------------------|--------------------------------------|-----------------------------|-----------------------------|---------------------------------------|--|---------------|----------------------------|
| | | | | | VLI Households | LI Households | Moderate Income Households |
| Rental Units | | | | | | | |
| Studio | \$90,000 | 27 | 14.6 | 14.0 | 11.4 | 2.4 | 0.2 |
| 1-Bedroom | \$138,800 | 39 | 21.1 | 20.3 | 16.8 | 3.3 | 0.3 |
| 2-Bedroom | \$167,000 | 44 | 23.5 | 22.6 | 18.8 | 3.5 | 0.3 |
| 3-Bedroom | \$195,300 | 51 | 27.5 | 26.4 | 22.0 | 4.1 | 0.3 |

[1] Total workers generated detailed by unit price point and rental apartment size in Tables B-1 through B-4.

[2] Total worker households derived assuming 1.69 workers per household. Includes a 12.5% discount for retail and 1.9% discount for other industries to account for workers under age 20.

[3] Total income qualified households reflects those households eligible for affordable housing based on total household income. Income qualified households therefore exclude households earning above moderate income. See Tables B-1 through B-4 for detail. Total may not sum due to rounding.

Source: Economic & Planning Systems, Inc.

⁵ To correspond to the available data regarding employee wages, the 2021 Santa Cruz County affordable housing income limits from HCD were used to determine the number of income-qualified households based on household expenditures.

Fee Calculation

The affordability gap analysis quantifies the subsidy required to construct affordable housing at various income levels. Analysis of consumer expenditures that rely on lower wage workers provides an estimate of the total number of income-qualified households generated by new for-rent units. Then for each category of market-rate rental units, the nexus-based fee is calculated by applying the total number of income-qualified households generated to the affordability gap computed for each affordable household income level. The analysis provides the maximum supportable nexus-based fees for new rental housing development in Capitola.

Tables 6 through **9** show the impact fee calculation by number of bedrooms for rental units. The total impact fees required for a representative project of 100 units is calculated by multiplying the number of affordable units required per income level by the cost of subsidizing such housing. All income-qualified households are assumed to be housed in multifamily units and the subsidies needed are calculated as the affordability gaps shown in **Table 2**. The resulting maximum impact fee for market-rate rental units ranges from \$36,493 for a studio apartment to \$70,155 for a 3-bedroom apartment.

These fee estimates result in the maximum fee range of between \$47 and \$73 per square foot and significantly exceed the existing housing fee of \$6 per square foot in Capitola. While the City has the option of adopting fees up to the maximum levels calculated, there may be a variety of reasons to adopt the fee level below the maximum, including concerns about affecting the feasibility of new housing construction, as will be explored in a separate EPS document.

Table 6 Nexus-Based Housing Fee Calculations (For-Rent Studio Apartment)

| Item | Affordable Units Required Per 100 Market-Rate Units [1] | Affordability Gap per Affordable Unit [2] | Total Nexus-Based Fee Supported | | |
|------------------------------------|---|---|---------------------------------|----------------------|----------------|
| | | | Per 100 Market-Rate Units | Per Market-Rate Unit | Per Sq.Ft. |
| | (A) | (B) | (C = A * B) | (D = C / 100) | |
| Affordable Units - Very Low Income | 11.4 | \$307,000 | \$3,485,043 | | |
| Affordable Units - Low Income | 2.4 | \$67,000 | \$163,948 | | |
| Affordable Units - Moderate Income | <u>0.2</u> | \$1,222 | <u>\$268</u> | | |
| Total | 14.0 | | \$3,649,259 | \$36,493 | \$72.99 |

[1] See Table 5.

[2] See Table 2. EPS has assumed all affordable units will be rental because the subsidy to construct rental units is lower than for-sale for every income-category.

Source: Economic & Planning Systems, Inc.

Table 7 Nexus-Based Housing Fee Calculations (For-Rent 1-Bedroom Apartment)

| Item | Affordable Units Required Per 100 Market-Rate Units [1] | Affordability Gap per Affordable Unit [2] | Total Nexus-Based Fee Supported | | |
|------------------------------------|---|---|---------------------------------|----------------------|----------------|
| | | | Per 100 Market-Rate Units | Per Market-Rate Unit | Per Sq.Ft. |
| | (A) | (B) | (C = A * B) | (D = C / 100) | |
| Affordable Units - Very Low Income | 16.8 | \$307,000 | \$5,143,281 | | |
| Affordable Units - Low Income | 3.3 | \$67,000 | \$218,037 | | |
| Affordable Units - Moderate Income | <u>0.3</u> | \$1,222 | <u>\$348</u> | | |
| Total | 20.3 | | \$5,361,665 | \$53,617 | \$67.02 |

[1] See Table 5.

[2] See Table 2. EPS has assumed all affordable units will be rental because the subsidy to construct rental units is lower than for-sale for every income-category.

Source: Economic & Planning Systems, Inc.

Table 8 Nexus-Based Housing Fee Calculations (For-Rent 2-Bedroom Apartment)

| Item | Affordable Units Required Per 100 Market-Rate Units [1] | Affordability Gap per Affordable Unit [2] | Total Nexus-Based Fee Supported | | |
|------------------------------------|---|---|---------------------------------|----------------------|----------------|
| | | | Per 100 Market-Rate Units | Per Market-Rate Unit | Per Sq.Ft. |
| | (A) | (B) | (C = A * B) | (D = C / 100) | |
| Affordable Units - Very Low Income | 18.8 | \$307,000 | \$5,764,420 | | |
| Affordable Units - Low Income | 3.5 | \$67,000 | \$234,146 | | |
| Affordable Units - Moderate Income | <u>0.3</u> | \$1,222 | <u>\$343</u> | | |
| Total | 22.6 | | \$5,998,910 | \$59,989 | \$54.54 |

[1] See Table 5.

[2] See Table 2. EPS has assumed all affordable units will be rental because the subsidy to construct rental units is lower than for-sale for every income-category.

Source: Economic & Planning Systems, Inc.

Table 9 Nexus-Based Housing Fee Calculations (For-Rent 3-Bedroom Apartment)

| Item | Affordable Units Required Per 100 Market-Rate Units [1] | Affordability Gap per Affordable Unit [2] | Total Nexus-Based Fee Supported | | |
|------------------------------------|---|---|---------------------------------|-------------------------|----------------|
| | | | Per 100 Market-Rate Units | Per Market-Rate Unit | Per Sq.Ft. |
| | (A) | (B) | (C = A * B) | (D = C / 100) | |
| Affordable Units - Very Low Income | 22.0 | \$307,000 | \$6,741,265 | | |
| Affordable Units - Low Income | 4.1 | \$67,000 | \$273,825 | | |
| Affordable Units - Moderate Income | <u>0.3</u> | \$1,222 | <u>\$401</u> | | |
| Total | 26.4 | | \$7,015,491 | \$70,155 | \$46.77 |

[1] See Table 5.

[2] See Tables 2. EPS has assumed all affordable units will be rental because the subsidy to construct rental units is lower than for-sale for every income-category.

Source: Economic & Planning Systems, Inc.



APPENDICES:

Appendix A: Household Expenditures and
Employment Generation

Appendix B: Income Levels for Worker Households

APPENDIX A:
Household Expenditures and
Employment Generation



**Table A-1
Household Expenditures and Employment Generation - For Rent Studio Apartment
City of Capitola Rental Housing Fee; EPS# 201117**

| Item | | % of Household Income Spent per Category [1] | % of Category Expenditure per Type of Business [2] | Expenditures [3] | Expenditures per 1,000 HHs | Gross Receipts to Wages [4] | Total Wages per 1,000 Households | 2021 Avg. Wages [5] | # of New Workers | % Forming HH [6] | Workers/ HH [7] | Total Worker HHs | Avg. Worker HH Income | Income Category |
|--|----------|--|--|------------------|----------------------------|-----------------------------|----------------------------------|---------------------|------------------|------------------|-----------------|------------------|-----------------------|-----------------|
| <i>Calculation</i> | | | | | | | | | | | | | | |
| | | <i>a</i> | <i>b</i> | <i>c</i> | <i>d=c*1,000</i> | <i>e</i> | <i>f=d/e</i> | <i>g</i> | <i>h=f/g</i> | <i>i</i> | <i>j</i> | <i>k=h*i/j</i> | <i>l=g*j</i> | |
| Required Income | \$90,000 | | | | | | | | | | | | | |
| Food at Home | | 7.2% | 100% | \$6,455 | | | | | | | | | | |
| Food & Beverage Stores | | | 100% | \$6,455 | \$6,454,786 | 9.01 | \$716,310 | \$30,474 | 23.5 | 87.5% | 1.69 | 12.2 | \$51,421 | VLI Households |
| Food Away From Home | | 5.6% | 100% | \$5,042 | | | | | | | | | | |
| Food Services and Drinking Places | | | 100% | \$5,042 | \$5,041,573 | 3.13 | \$1,612,883 | \$21,784 | 74.0 | 87.5% | 1.69 | 38.4 | \$36,758 | VLI Households |
| Alcoholic Beverages | | 0.9% | 100% | \$854 | | | | | | | | | | |
| Food & Beverage Stores | | | 50% | \$427 | \$427,181 | 9.01 | \$47,406 | \$30,474 | 1.6 | 87.5% | 1.69 | 0.8 | \$51,421 | VLI Households |
| Food Services and Drinking Places | | | 50% | \$427 | \$427,181 | 3.13 | \$136,662 | \$21,784 | 6.3 | 87.5% | 1.69 | 3.3 | \$36,758 | VLI Households |
| Housing Maintenance, Repairs, Insurance, Other expenses | | 1.8% | 100% | \$1,601 | | | | | | | | | | |
| Personal and Household Goods Repair and Maintenance | | | 45% | \$721 | \$720,667 | 3.34 | \$215,849 | \$29,298 | 7.4 | 98.1% | 1.69 | 4.3 | \$49,437 | VLI Households |
| Building Material and Garden Equipment and Supplies Dealer | | | 45% | \$721 | \$720,667 | 8.42 | \$85,611 | \$34,606 | 2.5 | 87.5% | 1.69 | 1.3 | \$58,395 | VLI Households |
| Real Estate and Rental and Leasing | | | 10% | \$160 | \$160,148 | 5.03 | \$31,818 | \$49,773 | 0.6 | 98.1% | 1.69 | 0.4 | \$83,988 | LI Households |
| Fuel oil and Other fuels [7] | | 5.6% | 100% | \$5,038 | | | | | | | | | | |
| Nonstore Retailers | | | 100% | \$5,038 | \$5,037,998 | 7.59 | \$663,509 | \$39,149 | 16.9 | 87.5% | 1.69 | 8.8 | \$66,060 | LI Households |
| Water and Other Public Services [7] | | 1.2% | 100% | \$1,040 | | | | | | | | | | |
| Waste Management and Remediation Services | | | 100% | \$1,040 | \$1,040,249 | 4.00 | \$260,057 | \$68,872 | 3.8 | 98.1% | 1.69 | 2.2 | \$116,214 | Moderate |
| Household Operations Personal Services | | 0.8% | 100% | \$717 | | | | | | | | | | |
| Nursing and Residential Care Facilities | | | 40% | \$287 | \$286,932 | 2.41 | \$119,017 | \$37,011 | 3.2 | 98.1% | 1.69 | 1.9 | \$62,453 | LI Households |
| Social Assistance [8] | | | 60% | \$430 | \$430,399 | 2.98 | \$144,260 | \$24,733 | 5.8 | 98.1% | 1.69 | 3.4 | \$41,735 | VLI Households |
| Household Operations Other Household Expenses | | 1.3% | 100% | \$1,190 | | | | | | | | | | |
| Services to Buildings and Dwellings | | | 100% | \$1,190 | \$1,190,173 | 2.91 | \$409,151 | \$75,555 | 5.4 | 98.1% | 1.69 | 3.1 | \$127,492 | Above Mod |
| Housekeeping Supplies | | 1.0% | 100% | \$900 | | | | | | | | | | |
| Building Materials and Garden Equipment and Supplies Dealers | | | 10% | \$90 | \$89,964 | 8.42 | \$10,687 | \$34,606 | 0.3 | 87.5% | 1.69 | 0.2 | \$58,395 | VLI Households |
| Food & Beverage Stores | | | 35% | \$315 | \$314,875 | 9.01 | \$34,943 | \$30,474 | 1.1 | 87.5% | 1.69 | 0.6 | \$51,421 | VLI Households |
| General Merchandise | | | 35% | \$315 | \$314,875 | 10.88 | \$28,954 | \$28,948 | 1.0 | 87.5% | 1.69 | 0.5 | \$48,847 | VLI Households |
| Miscellaneous Store Retailers | | | 20% | \$180 | \$179,929 | 6.20 | \$29,020 | \$24,716 | 1.2 | 87.5% | 1.69 | 0.6 | \$41,705 | VLI Households |

[1] Percent of income spent per category is based on the 2017 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, renting a Studio Unit requires a household income of \$90,000 per year.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for Santa Cruz County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the Santa Cruz County.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] Santa Cruz County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

Attachment: Nexus Study For-rent Housing (Consider the Second Reading of an Ordinance Amending

**Table A-1
Household Expenditures and Employment Generation - For Rent Studio Apartment
City of Capitola Rental Housing Fee; EPS# 201117**

| Item | | % of Household Income Spent per Category [1] | % of Category Expenditure per Type of Business [2] | Expenditures [3] | Expenditures per 1,000 HHs | Gross Receipts to Wages [4] | Total Wages per 1,000 Households | 2021 Avg. Wages [5] | # of New Workers | % Forming HH [6] | Workers/ HH [7] | Total Worker HHs | Avg. Worker HH Income | Income Category |
|---|----------|--|--|------------------|----------------------------|-----------------------------|----------------------------------|---------------------|------------------|------------------|-----------------|----------------------|-----------------------|-----------------|
| <i>Calculation</i> | | <i>a</i> | <i>b</i> | <i>c</i> | <i>d = c * 1,000</i> | <i>e</i> | <i>f = d / e</i> | <i>g</i> | <i>h = f / g</i> | <i>i</i> | <i>j</i> | <i>k = h * i / j</i> | <i>l = g * j</i> | |
| Required Income | \$90,000 | | | | | | | | | | | | | |
| Household Furnishings and Equipment | | 3.1% | 100% | \$2,794 | | | | | | | | | | |
| Furniture and Home Furnishings Stores | | | 40% | \$1,118 | \$1,117,702 | 6.22 | \$179,597 | \$31,496 | 5.7 | 87.5% | 1.69 | 3.0 | \$53,146 | VLI Households |
| Electronics and Appliance Stores | | | 40% | \$1,118 | \$1,117,702 | 9.49 | \$117,833 | \$29,615 | 4.0 | 87.5% | 1.69 | 2.1 | \$49,973 | VLI Households |
| General Merchandise Stores | | | 10% | \$279 | \$279,425 | 10.88 | \$25,694 | \$28,948 | 0.9 | 87.5% | 1.69 | 0.5 | \$48,847 | VLI Households |
| Miscellaneous Store Retailers | | | 10% | \$279 | \$279,425 | 6.20 | \$45,067 | \$24,716 | 1.8 | 87.5% | 1.69 | 0.9 | \$41,705 | VLI Households |
| Apparel and Services | | 2.9% | 100% | \$2,576 | | | | | | | | | | |
| Clothing and Clothing Accessories Stores | | | 40% | \$1,030 | \$1,030,478 | 6.20 | \$166,236 | \$19,472 | 8.5 | 87.5% | 1.69 | 4.4 | \$32,857 | ELI Households |
| General Merchandise | | | 40% | \$1,030 | \$1,030,478 | 10.88 | \$94,755 | \$28,948 | 3.3 | 87.5% | 1.69 | 1.7 | \$48,847 | VLI Households |
| Miscellaneous Store Retailers | | | 10% | \$258 | \$257,619 | 6.20 | \$41,550 | \$24,716 | 1.7 | 87.5% | 1.69 | 0.9 | \$41,705 | VLI Households |
| Personal and Household Goods Repair and Maintenance | | | 5% | \$129 | \$128,810 | 3.34 | \$38,580 | \$29,298 | 1.3 | 87.5% | 1.69 | 0.7 | \$49,437 | VLI Households |
| Dry cleaning and Laundry Services | | | 5% | \$129 | \$128,810 | 3.34 | \$38,580 | \$29,298 | 1.3 | 87.5% | 1.69 | 0.7 | \$49,437 | VLI Households |
| Vehicle Purchases (net outlay) | | 5.2% | 100% | \$4,708 | | | | | | | | | | |
| Motor Vehicle and Parts Dealers | | | 100% | \$4,708 | \$4,707,931 | 35.74 | \$131,713 | \$53,823 | 2.4 | 87.5% | 1.69 | 1.3 | \$90,821 | LI Households |
| Gasoline and motor oil | | 3.6% | 100% | \$3,205 | | | | | | | | | | |
| Gasoline Stations | | | 100% | \$3,205 | \$3,205,349 | 27.49 | \$116,594 | \$28,091 | 4.2 | 87.5% | 1.69 | 2.2 | \$47,401 | VLI Households |
| Vehicle Maintenance and Repairs | | 1.4% | 100% | \$1,273 | | | | | | | | | | |
| Repair and Maintenance | | | 100% | \$1,273 | \$1,272,607 | 3.24 | \$392,543 | \$43,318 | 9.1 | 98.1% | 1.69 | 5.3 | \$73,095 | LI Households |
| Medical Services | | 1.5% | 100% | \$1,387 | | | | | | | | | | |
| Ambulatory Health Care Services | | | 40% | \$555 | \$554,799 | 2.55 | \$217,197 | \$70,780 | 3.1 | 98.1% | 1.69 | 1.8 | \$119,434 | Above Mod |
| General Medical and Surgical Hospitals | | | 30% | \$416 | \$416,100 | 4.40 | \$94,557 | \$27,115 | 3.5 | 98.1% | 1.69 | 2.0 | \$45,755 | VLI Households |
| Nursing and Residential Care Facilities | | | 30% | \$416 | \$416,100 | 2.41 | \$172,594 | \$37,011 | 4.7 | 98.1% | 1.69 | 2.7 | \$62,453 | LI Households |
| Drugs | | 0.7% | 100% | \$608 | | | | | | | | | | |
| Health and Personal Care Stores | | | 100% | \$608 | \$607,706 | 9.05 | \$67,139 | \$34,602 | 1.9 | 87.5% | 1.69 | 1.0 | \$58,387 | VLI Households |
| Medical Supplies | | 0.3% | 100% | \$237 | | | | | | | | | | |
| Health and Personal Care Stores | | | 100% | \$237 | \$237,124 | 9.05 | \$26,197 | \$34,602 | 0.8 | 87.5% | 1.69 | 0.4 | \$58,387 | VLI Households |
| Entertainment Fees and Admissions | | 1.2% | 100% | \$1,052 | | | | | | | | | | |
| Arts, Entertainment, & Recreation | | | 100% | \$1,052 | \$1,052,165 | 3.12 | \$336,725 | \$28,072 | 12.0 | 87.5% | 1.69 | 6.2 | \$47,369 | VLI Households |

[1] Percent of income spent per category is based on the 2017 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, renting a Studio Unit requires a household income of \$90,000 per year.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for Santa Cruz County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the Santa Cruz County.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] Santa Cruz County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

Attachment: Nexus Study For-rent Housing (Consider the Second Reading of an Ordinance Amending

**Table A-1
Household Expenditures and Employment Generation - For Rent Studio Apartment
City of Capitola Rental Housing Fee; EPS# 201117**

| Item | | % of Household Income Spent per Category [1] | % of Category Expenditure per Type of Business [2] | Expenditures [3] | Expenditures per 1,000 HHs | Gross Receipts to Wages [4] | Total Wages per 1,000 Households | 2021 Avg. Wages [5] | # of New Workers | % Forming HH [6] | Workers/ HH [7] | Total Worker HHs | Avg. Worker HH Income | Income Category |
|---|----------|--|--|------------------|----------------------------|-----------------------------|----------------------------------|---------------------|------------------|------------------|-----------------|----------------------|-----------------------|-----------------|
| <i>Calculation</i> | | <i>a</i> | <i>b</i> | <i>c</i> | <i>d = c * 1,000</i> | <i>e</i> | <i>f = d / e</i> | <i>g</i> | <i>h = f / g</i> | <i>i</i> | <i>j</i> | <i>k = h * i / j</i> | <i>l = g * j</i> | |
| Required Income | \$90,000 | | | | | | | | | | | | | |
| Entertainment Audio and Visual Equipment and Services | | 1.2% | 100% | \$1,052 | | | | | | | | | | |
| Electronics and Appliance Stores | | | 100% | \$1,052 | \$1,052,165 | 9.49 | \$110,924 | \$29,615 | 3.7 | 87.5% | 1.69 | 1.9 | \$49,973 | VLI Households |
| Entertainment Pets, Toys, Hobbies, and Playground Equip. | | 1.3% | 100% | \$1,176 | | | | | | | | | | |
| Sporting Goods, Hobby, and Musical Instrument Stores | | | 40% | \$470 | \$470,436 | 6.59 | \$71,375 | \$21,452 | 3.3 | 87.5% | 1.69 | 1.7 | \$36,198 | VLI Households |
| Miscellaneous Store Retailers | | | 40% | \$470 | \$470,436 | 6.20 | \$75,874 | \$24,716 | 3.1 | 87.5% | 1.69 | 1.6 | \$41,705 | VLI Households |
| Veterinary Services | | | 20% | \$235 | \$235,218 | 2.69 | \$87,398 | \$49,793 | 1.8 | 98.1% | 1.69 | 1.0 | \$84,021 | LI Households |
| Other Entertainment Supplies, Equipment, and Services | | 0.5% | 100% | \$439 | | | | | | | | | | |
| Sporting Goods, Hobby, and Musical Instrument Stores | | | 85% | \$373 | \$372,726 | 6.59 | \$56,550 | \$21,452 | 2.6 | 87.5% | 1.69 | 1.4 | \$36,198 | VLI Households |
| Photographic Services | | | 15% | \$66 | \$65,775 | 3.41 | \$19,308 | \$43,227 | 0.4 | 98.1% | 1.69 | 0.3 | \$72,941 | LI Households |
| Personal Care Products and Services | | 1.2% | 100% | \$1,062 | | | | | | | | | | |
| Unspecified Retail | | | 50% | \$531 | \$530,849 | 6.20 | \$85,617 | \$24,716 | 3.5 | 87.5% | 1.69 | 1.8 | \$41,705 | VLI Households |
| Personal Care Services | | | 50% | \$531 | \$530,849 | 2.74 | \$193,719 | \$22,157 | 8.7 | 98.1% | 1.69 | 5.1 | \$37,387 | VLI Households |
| Reading | | 0.1% | 100% | \$123 | | | | | | | | | | |
| Sporting Goods, Hobby, and Musical Instrument Stores | | | 100% | \$123 | \$122,733 | 6.59 | \$18,621 | \$21,452 | 0.9 | 87.5% | 1.69 | 0.5 | \$36,198 | VLI Households |
| Education | | 1.0% | 100% | \$926 | | | | | | | | | | |
| Educational Services | | | 100% | \$926 | \$925,857 | 2.59 | \$358,129 | \$35,028 | 10.2 | 98.1% | 1.69 | 5.9 | \$59,106 | VLI Households |
| Tobacco Products and Smoking Supplies | | 0.4% | 100% | \$323 | | | | | | | | | | |
| Unspecified Retail | | | 100% | \$323 | \$322,918 | 6.20 | \$52,081 | \$24,716 | 2.1 | 87.5% | 1.69 | 1.1 | \$41,705 | VLI Households |
| Miscellaneous | | 1.3% | 100% | \$1,133 | | | | | | | | | | |
| Accounting | | | 20% | \$227 | \$226,638 | 2.64 | \$85,909 | \$40,838 | 2.1 | 98.1% | 1.69 | 1.2 | \$68,910 | LI Households |
| Architectural, Engineering, and Related | | | 20% | \$227 | \$226,638 | 2.25 | \$100,863 | \$80,414 | 1.3 | 98.1% | 1.69 | 0.7 | \$135,690 | Above Mod |
| Specialized Design Services | | | 20% | \$227 | \$226,638 | 3.50 | \$64,692 | \$56,159 | 1.2 | 98.1% | 1.69 | 0.7 | \$94,763 | LI Households |
| Death Care Services | | | 20% | \$227 | \$226,638 | 2.99 | \$75,767 | \$43,227 | 1.8 | 98.1% | 1.69 | 1.0 | \$72,941 | LI Households |
| Legal Services | | | 20% | \$227 | \$226,638 | 2.85 | \$79,389 | \$100,406 | 0.8 | 98.1% | 1.69 | 0.5 | \$169,424 | Above Mod |
| Total per 1,000 Market Rate Households | | | | | | | | | 268.4 | | | 143.9 | | |

[1] Percent of income spent per category is based on the 2017 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.
 [2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.
 [3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, renting a Studio Unit requires a household income of \$90,000 per year.
 [4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for Santa Cruz County
 [5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the Santa Cruz County.
 [6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.
 [7] Based on the American Community Survey data 2014-2019.
 [8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.
 [9] Santa Cruz County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

Source: 2019 Consumer Expenditure Survey, U.S. Bureau of Labor Statistics; 2017 Economic Census, American Community Survey; and Economic & Planning Systems, Inc.

Attachment: Nexus Study For-rent Housing (Consider the Second Reading of an Ordinance Amending

**Table A-2
Household Expenditures and Employment Generation - For Rent 1-Bedroom Apartment
City of Capitola Rental Housing Fee; EPS# 201117**

| Item | | % of Household Income Spent per Category [1] | % of Category Expenditure per Type of Business [2] | Expenditures [3] | Expenditures per 1,000 HHs | Gross Receipts to Wages [4] | Total Wages per 1,000 Households | 2021 Avg. Wages [5] | # of New Workers | % Forming HH [6] | Workers/ HH [7] | Total Worker HHs | Avg. Worker HH Income | Income Category |
|--|--|--|--|------------------|----------------------------|-----------------------------|----------------------------------|---------------------|------------------|------------------|-----------------|----------------------|-----------------------|-----------------|
| <i>Calculation</i> | | <i>a</i> | <i>b</i> | <i>c</i> | <i>d = c * 1,000</i> | <i>e</i> | <i>f = d / e</i> | <i>g</i> | <i>h = f / g</i> | <i>i</i> | <i>j</i> | <i>k = h * i / j</i> | <i>l = g * j</i> | |
| Required Income | | \$138,800 | | | | | | | | | | | | |
| Food at Home | | 5.7% | 100% | \$7,979 | | | | | | | | | | |
| Food & Beverage Stores | | | 100% | \$7,979 | \$7,979,227 | 9.01 | \$885,483 | \$30,474 | 29.1 | 87.5% | 1.69 | 15.1 | \$51,421 | VLI Households |
| Food Away From Home | | 5.1% | 100% | \$7,040 | | | | | | | | | | |
| Food Services and Drinking Places | | | 100% | \$7,040 | \$7,040,494 | 3.13 | \$2,252,372 | \$21,784 | 103.4 | 87.5% | 1.69 | 53.6 | \$36,758 | VLI Households |
| Alcoholic Beverages | | 0.7% | 100% | \$1,027 | | | | | | | | | | |
| Food & Beverage Stores | | | 50% | \$513 | \$513,287 | 9.01 | \$56,961 | \$30,474 | 1.9 | 87.5% | 1.69 | 1.0 | \$51,421 | VLI Households |
| Food Services and Drinking Places | | | 50% | \$513 | \$513,287 | 3.13 | \$164,209 | \$21,784 | 7.5 | 87.5% | 1.69 | 3.9 | \$36,758 | VLI Households |
| Housing Maintenance, Repairs, Insurance, Other expenses | | 1.8% | 100% | \$2,490 | | | | | | | | | | |
| Personal and Household Goods Repair and Maintenance | | | 45% | \$1,120 | \$1,120,383 | 3.34 | \$335,569 | \$29,298 | 11.5 | 98.1% | 1.69 | 6.7 | \$49,437 | VLI Households |
| Building Material and Garden Equipment and Supplies Dealer | | | 45% | \$1,120 | \$1,120,383 | 8.42 | \$133,095 | \$34,606 | 3.8 | 87.5% | 1.69 | 2.0 | \$58,395 | VLI Households |
| Real Estate and Rental and Leasing | | | 10% | \$249 | \$248,974 | 5.03 | \$49,466 | \$49,773 | 1.0 | 98.1% | 1.69 | 0.6 | \$83,988 | LI Households |
| Fuel oil and Other fuels [7] | | 4.5% | 100% | \$6,298 | | | | | | | | | | |
| Nonstore Retailers | | | 100% | \$6,298 | \$6,298,423 | 7.59 | \$829,508 | \$39,149 | 21.2 | 87.5% | 1.69 | 11.0 | \$66,060 | LI Households |
| Water and Other Public Services [7] | | 1.0% | 100% | \$1,348 | | | | | | | | | | |
| Waste Management and Remediation Services | | | 100% | \$1,348 | \$1,347,789 | 4.00 | \$336,941 | \$68,872 | 4.9 | 98.1% | 1.69 | 2.8 | \$116,214 | Moderate |
| Household Operations Personal Services | | 0.6% | 100% | \$836 | | | | | | | | | | |
| Nursing and Residential Care Facilities | | | 40% | \$335 | \$334,587 | 2.41 | \$138,784 | \$37,011 | 3.7 | 98.1% | 1.69 | 2.2 | \$62,453 | LI Households |
| Social Assistance [8] | | | 60% | \$502 | \$501,881 | 2.98 | \$168,220 | \$24,733 | 6.8 | 98.1% | 1.69 | 4.0 | \$41,735 | VLI Households |
| Household Operations Other Household Expenses | | 1.3% | 100% | \$1,836 | | | | | | | | | | |
| Services to Buildings and Dwellings | | | 100% | \$1,836 | \$1,835,511 | 2.91 | \$631,002 | \$75,555 | 8.4 | 98.1% | 1.69 | 4.9 | \$127,492 | Above Mod |
| Housekeeping Supplies | | 0.9% | 100% | \$1,246 | | | | | | | | | | |
| Building Materials and Garden Equipment and Supplies Dealers | | | 10% | \$125 | \$124,553 | 8.42 | \$14,796 | \$34,606 | 0.4 | 87.5% | 1.69 | 0.2 | \$58,395 | VLI Households |
| Food & Beverage Stores | | | 35% | \$436 | \$435,934 | 9.01 | \$48,377 | \$30,474 | 1.6 | 87.5% | 1.69 | 0.8 | \$51,421 | VLI Households |
| General Merchandise | | | 35% | \$436 | \$435,934 | 10.88 | \$40,085 | \$28,948 | 1.4 | 87.5% | 1.69 | 0.7 | \$48,847 | VLI Households |
| Miscellaneous Store Retailers | | | 20% | \$249 | \$249,105 | 6.20 | \$40,177 | \$24,716 | 1.6 | 87.5% | 1.69 | 0.8 | \$41,705 | VLI Households |

[1] Percent of income spent per category is based on the 2017 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, renting a 1-Bedroom Unit requires a household income of \$138,800 per year.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for Santa Cruz County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the Santa Cruz County.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] Santa Cruz County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

**Table A-2
Household Expenditures and Employment Generation - For Rent 1-Bedroom Apartment
City of Capitola Rental Housing Fee; EPS# 201117**

| Item | | % of Household Income Spent per Category [1] | % of Category Expenditure per Type of Business [2] | Expenditures [3] | Expenditures per 1,000 HHs | Gross Receipts to Wages [4] | Total Wages per 1,000 Households | 2021 Avg. Wages [5] | # of New Workers | % Forming HH [6] | Workers/ HH [7] | Total Worker HHs | Avg. Worker HH Income | Income Category |
|---|--|--|--|------------------|----------------------------|-----------------------------|----------------------------------|---------------------|------------------|------------------|-----------------|----------------------|-----------------------|-----------------|
| <i>Calculation</i> | | <i>a</i> | <i>b</i> | <i>c</i> | <i>d = c * 1,000</i> | <i>e</i> | <i>f = d / e</i> | <i>g</i> | <i>h = f / g</i> | <i>i</i> | <i>j</i> | <i>k = h * i / j</i> | <i>l = g * j</i> | |
| Required Income | | \$138,800 | | | | | | | | | | | | |
| Household Furnishings and Equipment | | 2.8% | 100% | \$3,895 | | | | | | | | | | |
| Furniture and Home Furnishings Stores | | | 40% | \$1,558 | \$1,558,086 | 6.22 | \$250,360 | \$31,496 | 7.9 | 87.5% | 1.69 | 4.1 | \$53,146 | VLI Households |
| Electronics and Appliance Stores | | | 40% | \$1,558 | \$1,558,086 | 9.49 | \$164,261 | \$29,615 | 5.5 | 87.5% | 1.69 | 2.9 | \$49,973 | VLI Households |
| General Merchandise Stores | | | 10% | \$390 | \$389,522 | 10.88 | \$35,817 | \$28,948 | 1.2 | 87.5% | 1.69 | 0.6 | \$48,847 | VLI Households |
| Miscellaneous Store Retailers | | | 10% | \$390 | \$389,522 | 6.20 | \$62,824 | \$24,716 | 2.5 | 87.5% | 1.69 | 1.3 | \$41,705 | VLI Households |
| Apparel and Services | | 2.4% | 100% | \$3,296 | | | | | | | | | | |
| Clothing and Clothing Accessories Stores | | | 40% | \$1,318 | \$1,318,421 | 6.20 | \$212,687 | \$19,472 | 10.9 | 87.5% | 1.69 | 5.7 | \$32,857 | ELI Households |
| General Merchandise | | | 40% | \$1,318 | \$1,318,421 | 10.88 | \$121,232 | \$28,948 | 4.2 | 87.5% | 1.69 | 2.2 | \$48,847 | VLI Households |
| Miscellaneous Store Retailers | | | 10% | \$330 | \$329,605 | 6.20 | \$53,160 | \$24,716 | 2.2 | 87.5% | 1.69 | 1.1 | \$41,705 | VLI Households |
| Personal and Household Goods Repair and Maintenance | | | 5% | \$165 | \$164,803 | 3.34 | \$49,360 | \$29,298 | 1.7 | 87.5% | 1.69 | 0.9 | \$49,437 | VLI Households |
| Dry cleaning and Laundry Services | | | 5% | \$165 | \$164,803 | 3.34 | \$49,360 | \$29,298 | 1.7 | 87.5% | 1.69 | 0.9 | \$49,437 | VLI Households |
| Vehicle Purchases (net outlay) | | 5.3% | 100% | \$7,324 | | | | | | | | | | |
| Motor Vehicle and Parts Dealers | | | 100% | \$7,324 | \$7,323,687 | 35.74 | \$204,894 | \$53,823 | 3.8 | 87.5% | 1.69 | 2.0 | \$90,821 | LI Households |
| Gasoline and motor oil | | 3.1% | 100% | \$4,348 | | | | | | | | | | |
| Gasoline Stations | | | 100% | \$4,348 | \$4,347,538 | 27.49 | \$158,141 | \$28,091 | 5.6 | 87.5% | 1.69 | 2.9 | \$47,401 | VLI Households |
| Vehicle Maintenance and Repairs | | 1.2% | 100% | \$1,598 | | | | | | | | | | |
| Repair and Maintenance | | | 100% | \$1,598 | \$1,598,205 | 3.24 | \$492,976 | \$43,318 | 11.4 | 98.1% | 1.69 | 6.6 | \$73,095 | LI Households |
| Medical Services | | 1.4% | 100% | \$1,974 | | | | | | | | | | |
| Ambulatory Health Care Services | | | 40% | \$790 | \$789,794 | 2.55 | \$309,194 | \$70,780 | 4.4 | 98.1% | 1.69 | 2.5 | \$119,434 | Above Mod |
| General Medical and Surgical Hospitals | | | 30% | \$592 | \$592,345 | 4.40 | \$134,608 | \$27,115 | 5.0 | 98.1% | 1.69 | 2.9 | \$45,755 | VLI Households |
| Nursing and Residential Care Facilities | | | 30% | \$592 | \$592,345 | 2.41 | \$245,699 | \$37,011 | 6.6 | 98.1% | 1.69 | 3.9 | \$62,453 | LI Households |
| Drugs | | 0.6% | 100% | \$798 | | | | | | | | | | |
| Health and Personal Care Stores | | | 100% | \$798 | \$798,447 | 9.05 | \$88,212 | \$34,602 | 2.5 | 87.5% | 1.69 | 1.3 | \$58,387 | VLI Households |
| Medical Supplies | | 0.2% | 100% | \$298 | | | | | | | | | | |
| Health and Personal Care Stores | | | 100% | \$298 | \$297,615 | 9.05 | \$32,880 | \$34,602 | 1.0 | 87.5% | 1.69 | 0.5 | \$58,387 | VLI Households |
| Entertainment Fees and Admissions | | 1.1% | 100% | \$1,579 | | | | | | | | | | |
| Arts, Entertainment, & Recreation | | | 100% | \$1,579 | \$1,578,539 | 3.12 | \$505,180 | \$28,072 | 18.0 | 87.5% | 1.69 | 9.3 | \$47,369 | VLI Households |

[1] Percent of income spent per category is based on the 2017 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, renting a 1-Bedroom Unit requires a household income of \$138,800 per year.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for Santa Cruz County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the Santa Cruz County.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] Santa Cruz County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

**Table A-2
Household Expenditures and Employment Generation - For Rent 1-Bedroom Apartment
City of Capitola Rental Housing Fee; EPS# 201117**

| Item | % of Household Income Spent per Category [1] | % of Category Expenditure per Type of Business [2] | Expenditures [3] | Expenditures per 1,000 HHs | Gross Receipts to Wages [4] | Total Wages per 1,000 Households | 2021 Avg. Wages [5] | # of New Workers | % Forming HH [6] | Workers/ HH [7] | Total Worker HHs | Avg. Worker HH Income | Income Category |
|---|--|--|------------------|----------------------------|-----------------------------|----------------------------------|---------------------|------------------|------------------|-----------------|----------------------|-----------------------|-----------------|
| <i>Calculation</i> | <i>a</i> | <i>b</i> | <i>c</i> | <i>d = c * 1,000</i> | <i>e</i> | <i>f = d / e</i> | <i>g</i> | <i>h = f / g</i> | <i>i</i> | <i>j</i> | <i>k = h * i / j</i> | <i>l = g * j</i> | |
| Required Income | \$138,800 | | | | | | | | | | | | |
| Entertainment Audio and Visual Equipment and Services | 1.1% | 100% | \$1,579 | | | | | | | | | | |
| Electronics and Appliance Stores | | 100% | \$1,579 | \$1,578,539 | 9.49 | \$166,417 | \$29,615 | 5.6 | 87.5% | 1.69 | 2.9 | \$49,973 | VLI Households |
| Entertainment Pets, Toys, Hobbies, and Playground Equip. | 1.2% | 100% | \$1,732 | | | | | | | | | | |
| Sporting Goods, Hobby, and Musical Instrument Stores | | 40% | \$693 | \$692,774 | 6.59 | \$105,108 | \$21,452 | 4.9 | 87.5% | 1.69 | 2.5 | \$36,198 | VLI Households |
| Miscellaneous Store Retailers | | 40% | \$693 | \$692,774 | 6.20 | \$111,733 | \$24,716 | 4.5 | 87.5% | 1.69 | 2.3 | \$41,705 | VLI Households |
| Veterinary Services | | 20% | \$346 | \$346,387 | 2.69 | \$128,705 | \$49,793 | 2.6 | 98.1% | 1.69 | 1.5 | \$84,021 | LI Households |
| Other Entertainment Supplies, Equipment, and Services | 1.1% | 100% | \$1,555 | | | | | | | | | | |
| Sporting Goods, Hobby, and Musical Instrument Stores | | 85% | \$1,322 | \$1,321,699 | 6.59 | \$200,528 | \$21,452 | 9.3 | 87.5% | 1.69 | 4.8 | \$36,198 | VLI Households |
| Photographic Services | | 15% | \$233 | \$233,241 | 3.41 | \$68,465 | \$43,227 | 1.6 | 98.1% | 1.69 | 0.9 | \$72,941 | LI Households |
| Personal Care Products and Services | 1.1% | 100% | \$1,509 | | | | | | | | | | |
| Unspecified Retail | | 50% | \$755 | \$754,526 | 6.20 | \$121,693 | \$24,716 | 4.9 | 87.5% | 1.69 | 2.6 | \$41,705 | VLI Households |
| Personal Care Services | | 50% | \$755 | \$754,526 | 2.74 | \$275,344 | \$22,157 | 12.4 | 98.1% | 1.69 | 7.2 | \$37,387 | VLI Households |
| Reading | 0.1% | 100% | \$184 | | | | | | | | | | |
| Sporting Goods, Hobby, and Musical Instrument Stores | | 100% | \$184 | \$183,551 | 6.59 | \$27,848 | \$21,452 | 1.3 | 87.5% | 1.69 | 0.7 | \$36,198 | VLI Households |
| Education | 1.9% | 100% | \$2,677 | | | | | | | | | | |
| Educational Services | | 100% | \$2,677 | \$2,677,223 | 2.59 | \$1,035,573 | \$35,028 | 29.6 | 98.1% | 1.69 | 17.2 | \$59,106 | VLI Households |
| Tobacco Products and Smoking Supplies | 0.3% | 100% | \$368 | | | | | | | | | | |
| Unspecified Retail | | 100% | \$368 | \$368,413 | 6.20 | \$59,419 | \$24,716 | 2.4 | 87.5% | 1.69 | 1.2 | \$41,705 | VLI Households |
| Miscellaneous | 1.1% | 100% | \$1,527 | | | | | | | | | | |
| Accounting | | 20% | \$305 | \$305,481 | 2.64 | \$115,795 | \$40,838 | 2.8 | 98.1% | 1.69 | 1.6 | \$68,910 | LI Households |
| Architectural, Engineering, and Related | | 20% | \$305 | \$305,481 | 2.25 | \$135,951 | \$80,414 | 1.7 | 98.1% | 1.69 | 1.0 | \$135,690 | Above Mod |
| Specialized Design Services | | 20% | \$305 | \$305,481 | 3.50 | \$87,197 | \$56,159 | 1.6 | 98.1% | 1.69 | 0.9 | \$94,763 | LI Households |
| Death Care Services | | 20% | \$305 | \$305,481 | 2.99 | \$102,125 | \$43,227 | 2.4 | 98.1% | 1.69 | 1.4 | \$72,941 | LI Households |
| Legal Services | | 20% | \$305 | \$305,481 | 2.85 | \$107,007 | \$100,406 | 1.1 | 98.1% | 1.69 | 0.6 | \$169,424 | Above Mod |
| Total per 1,000 Market Rate Households | | | | | | | | 393.0 | | | 211.3 | | |

[1] Percent of income spent per category is based on the 2017 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal life insurance, cash contributions, and financing charges.
 [2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.
 [3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, renting a 1-Bedroom Unit requires a household income of \$138,800 per year.
 [4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for Santa Cruz County
 [5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the Santa Cruz County.
 [6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.
 [7] Based on the American Community Survey data 2014-2019.
 [8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.
 [9] Santa Cruz County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

Source: 2019 Consumer Expenditure Survey, U.S. Bureau of Labor Statistics; 2017 Economic Census, American Community Survey; and Economic & Planning Systems, Inc.

**Table A-3
Household Expenditures and Employment Generation - For Rent 2-Bedroom Apartment
City of Capitola Rental Housing Fee; EPS# 201117**

| Item | % of Household Income Spent per Category [1] | % of Category Expenditure per Type of Business [2] | Expenditures [3] | Expenditures per 1,000 HHs | Gross Receipts to Wages [4] | Total Wages per 1,000 Households | 2021 Avg. Wages [5] | # of New Workers | % Forming HH [6] | Workers/ HH [7] | Total Worker HHs | Avg. Worker HH Income | Income Category |
|--|--|--|------------------|----------------------------|-----------------------------|----------------------------------|---------------------|------------------|------------------|-----------------|----------------------|-----------------------|-----------------|
| <i>Calculation</i> | <i>a</i> | <i>b</i> | <i>c</i> | <i>d = c * 1,000</i> | <i>e</i> | <i>f = d / e</i> | <i>g</i> | <i>h = f / g</i> | <i>i</i> | <i>j</i> | <i>k = h * i / j</i> | <i>l = g * j</i> | |
| Required Income | \$167,000 | | | | | | | | | | | | |
| Food at Home | 4.7% | 100% | \$7,932 | | | | | | | | | | |
| Food & Beverage Stores | | 100% | \$7,932 | \$7,932,171 | 9.01 | \$880,261 | \$30,474 | 28.9 | 87.5% | 1.69 | 15.0 | \$51,421 | VLI Households |
| Food Away From Home | 4.8% | 100% | \$8,007 | | | | | | | | | | |
| Food Services and Drinking Places | | 100% | \$8,007 | \$8,006,793 | 3.13 | \$2,561,507 | \$21,784 | 117.6 | 87.5% | 1.69 | 61.0 | \$36,758 | VLI Households |
| Alcoholic Beverages | 0.8% | 100% | \$1,270 | | | | | | | | | | |
| Food & Beverage Stores | | 50% | \$635 | \$634,877 | 9.01 | \$70,454 | \$30,474 | 2.3 | 87.5% | 1.69 | 1.2 | \$51,421 | VLI Households |
| Food Services and Drinking Places | | 50% | \$635 | \$634,877 | 3.13 | \$203,108 | \$21,784 | 9.3 | 87.5% | 1.69 | 4.8 | \$36,758 | VLI Households |
| Housing Maintenance, Repairs, Insurance, Other expenses | 1.7% | 100% | \$2,921 | | | | | | | | | | |
| Personal and Household Goods Repair and Maintenance | | 45% | \$1,314 | \$1,314,352 | 3.34 | \$393,665 | \$29,298 | 13.4 | 98.1% | 1.69 | 7.8 | \$49,437 | VLI Households |
| Building Material and Garden Equipment and Supplies Dealer | | 45% | \$1,314 | \$1,314,352 | 8.42 | \$156,137 | \$34,606 | 4.5 | 87.5% | 1.69 | 2.3 | \$58,395 | VLI Households |
| Real Estate and Rental and Leasing | | 10% | \$292 | \$292,078 | 5.03 | \$58,030 | \$49,773 | 1.2 | 98.1% | 1.69 | 0.7 | \$83,988 | LI Households |
| Fuel oil and Other fuels [7] | 3.8% | 100% | \$6,307 | | | | | | | | | | |
| Nonstore Retailers | | 100% | \$6,307 | \$6,306,793 | 7.59 | \$830,610 | \$39,149 | 21.2 | 87.5% | 1.69 | 11.0 | \$66,060 | LI Households |
| Water and Other Public Services [7] | 0.8% | 100% | \$1,330 | | | | | | | | | | |
| Waste Management and Remediation Services | | 100% | \$1,330 | \$1,330,385 | 4.00 | \$332,590 | \$68,872 | 4.8 | 98.1% | 1.69 | 2.8 | \$116,214 | Moderate |
| Household Operations Personal Services | 0.5% | 100% | \$914 | | | | | | | | | | |
| Nursing and Residential Care Facilities | | 40% | \$366 | \$365,652 | 2.41 | \$151,669 | \$37,011 | 4.1 | 98.1% | 1.69 | 2.4 | \$62,453 | LI Households |
| Social Assistance [8] | | 60% | \$548 | \$548,478 | 2.98 | \$183,838 | \$24,733 | 7.4 | 98.1% | 1.69 | 4.3 | \$41,735 | VLI Households |
| Household Operations Other Household Expenses | 1.3% | 100% | \$2,208 | | | | | | | | | | |
| Services to Buildings and Dwellings | | 100% | \$2,208 | \$2,208,431 | 2.91 | \$759,203 | \$75,555 | 10.0 | 98.1% | 1.69 | 5.8 | \$127,492 | Above Mod |
| Housekeeping Supplies | 0.8% | 100% | \$1,365 | | | | | | | | | | |
| Building Materials and Garden Equipment and Supplies Dealers | | 10% | \$137 | \$136,536 | 8.42 | \$16,220 | \$34,606 | 0.5 | 87.5% | 1.69 | 0.2 | \$58,395 | VLI Households |
| Food & Beverage Stores | | 35% | \$478 | \$477,877 | 9.01 | \$53,032 | \$30,474 | 1.7 | 87.5% | 1.69 | 0.9 | \$51,421 | VLI Households |
| General Merchandise | | 35% | \$478 | \$477,877 | 10.88 | \$43,942 | \$28,948 | 1.5 | 87.5% | 1.69 | 0.8 | \$48,847 | VLI Households |
| Miscellaneous Store Retailers | | 20% | \$273 | \$273,073 | 6.20 | \$44,042 | \$24,716 | 1.8 | 87.5% | 1.69 | 0.9 | \$41,705 | VLI Households |

[1] Percent of income spent per category is based on the 2017 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, renting a 2-Bedroom Unit requires a household income of \$167,000 per year.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for Santa Cruz County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to 2021 based on the Bureau of Labor Statistics data for the Santa Cruz County.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] Santa Cruz County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

**Table A-3
Household Expenditures and Employment Generation - For Rent 2-Bedroom Apartment
City of Capitola Rental Housing Fee; EPS# 201117**

| Item | % of Household Income Spent per Category [1] | % of Category Expenditure per Type of Business [2] | Expenditures [3] | Expenditures per 1,000 HHs | Gross Receipts to Wages [4] | Total Wages per 1,000 Households | 2021 Avg. Wages [5] | # of New Workers | % Forming HH [6] | Workers/HH [7] | Total Worker HHs | Avg. Worker HH Income | Income Category |
|---|--|--|------------------|----------------------------|-----------------------------|----------------------------------|---------------------|------------------|------------------|----------------|----------------------|-----------------------|-----------------|
| <i>Calculation</i> | <i>a</i> | <i>b</i> | <i>c</i> | <i>d = c * 1,000</i> | <i>e</i> | <i>f = d / e</i> | <i>g</i> | <i>h = f / g</i> | <i>i</i> | <i>j</i> | <i>k = h * i / j</i> | <i>l = g * j</i> | |
| Required Income | | | | \$167,000 | | | | | | | | | |
| Household Furnishings and Equipment | 2.6% | 100% | \$4,342 | | | | | | | | | | |
| Furniture and Home Furnishings Stores | | 40% | \$1,737 | \$1,736,846 | 6.22 | \$279,084 | \$31,496 | 8.9 | 87.5% | 1.69 | 4.6 | \$53,146 | VLI Households |
| Electronics and Appliance Stores | | 40% | \$1,737 | \$1,736,846 | 9.49 | \$183,106 | \$29,615 | 6.2 | 87.5% | 1.69 | 3.2 | \$49,973 | VLI Households |
| General Merchandise Stores | | 10% | \$434 | \$434,211 | 10.88 | \$39,927 | \$28,948 | 1.4 | 87.5% | 1.69 | 0.7 | \$48,847 | VLI Households |
| Miscellaneous Store Retailers | | 10% | \$434 | \$434,211 | 6.20 | \$70,031 | \$24,716 | 2.8 | 87.5% | 1.69 | 1.5 | \$41,705 | VLI Households |
| Apparel and Services | 2.4% | 100% | \$4,055 | | | | | | | | | | |
| Clothing and Clothing Accessories Stores | | 40% | \$1,622 | \$1,622,113 | 6.20 | \$261,678 | \$19,472 | 13.4 | 87.5% | 1.69 | 7.0 | \$32,857 | ELI Households |
| General Merchandise | | 40% | \$1,622 | \$1,622,113 | 10.88 | \$149,157 | \$28,948 | 5.2 | 87.5% | 1.69 | 2.7 | \$48,847 | VLI Households |
| Miscellaneous Store Retailers | | 10% | \$406 | \$405,528 | 6.20 | \$65,405 | \$24,716 | 2.6 | 87.5% | 1.69 | 1.4 | \$41,705 | VLI Households |
| Personal and Household Goods Repair and Maintenance | | 5% | \$203 | \$202,764 | 3.34 | \$60,730 | \$29,298 | 2.1 | 87.5% | 1.69 | 1.1 | \$49,437 | VLI Households |
| Dry cleaning and Laundry Services | | 5% | \$203 | \$202,764 | 3.34 | \$60,730 | \$29,298 | 2.1 | 87.5% | 1.69 | 1.1 | \$49,437 | VLI Households |
| Vehicle Purchases (net outlay) | 5.1% | 100% | \$8,589 | | | | | | | | | | |
| Motor Vehicle and Parts Dealers | | 100% | \$8,589 | \$8,588,618 | 35.74 | \$240,283 | \$53,823 | 4.5 | 87.5% | 1.69 | 2.3 | \$90,821 | LI Households |
| Gasoline and motor oil | 2.4% | 100% | \$3,931 | | | | | | | | | | |
| Gasoline Stations | | 100% | \$3,931 | \$3,930,523 | 27.49 | \$142,972 | \$28,091 | 5.1 | 87.5% | 1.69 | 2.6 | \$47,401 | VLI Households |
| Vehicle Maintenance and Repairs | 1.1% | 100% | \$1,920 | | | | | | | | | | |
| Repair and Maintenance | | 100% | \$1,920 | \$1,920,371 | 3.24 | \$592,350 | \$43,318 | 13.7 | 98.1% | 1.69 | 7.9 | \$73,095 | LI Households |
| Medical Services | 1.0% | 100% | \$1,652 | | | | | | | | | | |
| Ambulatory Health Care Services | | 40% | \$661 | \$660,878 | 2.55 | \$258,725 | \$70,780 | 3.7 | 98.1% | 1.69 | 2.1 | \$119,434 | Above Mod |
| General Medical and Surgical Hospitals | | 30% | \$496 | \$495,659 | 4.40 | \$112,636 | \$27,115 | 4.2 | 98.1% | 1.69 | 2.4 | \$45,755 | VLI Households |
| Nursing and Residential Care Facilities | | 30% | \$496 | \$495,659 | 2.41 | \$205,595 | \$37,011 | 5.6 | 98.1% | 1.69 | 3.2 | \$62,453 | LI Households |
| Drugs | 0.5% | 100% | \$775 | | | | | | | | | | |
| Health and Personal Care Stores | | 100% | \$775 | \$775,378 | 9.05 | \$85,663 | \$34,602 | 2.5 | 87.5% | 1.69 | 1.3 | \$58,387 | VLI Households |
| Medical Supplies | 0.2% | 100% | \$323 | | | | | | | | | | |
| Health and Personal Care Stores | | 100% | \$323 | \$322,977 | 9.05 | \$35,682 | \$34,602 | 1.0 | 87.5% | 1.69 | 0.5 | \$58,387 | VLI Households |
| Entertainment Fees and Admissions | 1.2% | 100% | \$2,066 | | | | | | | | | | |
| Arts, Entertainment, & Recreation | | 100% | \$2,066 | \$2,066,119 | 3.12 | \$661,221 | \$28,072 | 23.6 | 87.5% | 1.69 | 12.2 | \$47,369 | VLI Households |

[1] Percent of income spent per category is based on the 2017 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, renting a 2-Bedroom Unit requires a household income of \$167,000 per year.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for Santa Cruz County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the Santa Cruz County.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] Santa Cruz County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

Attachment: Nexus Study For-rent Housing (Consider the Second Reading of an Ordinance Amending

**Table A-3
Household Expenditures and Employment Generation - For Rent Studio Apartment
City of Capitola Rental Housing Fee; EPS# 201117**

| Item | % of Household Income Spent per Category [1] | % of Category Expenditure per Type of Business [2] | Expenditures [3] | Expenditures per 1,000 HHs | Gross Receipts to Wages [4] | Total Wages per 1,000 Households | 2021 Avg. Wages [5] | # of New Workers | % Forming HH [6] | Workers/ HH [7] | Total Worker HHs | Avg. Worker HH Income | Income Category |
|---|--|--|------------------|----------------------------|-----------------------------|----------------------------------|---------------------|------------------|------------------|-----------------|------------------|-----------------------|-----------------|
| Calculation | a | b | c | d = c * 1,000 | e | f = d / e | g | h = f / g | i | j | k = h * i / j | l = g * j | |
| Required Income | | | | \$167,000 | | | | | | | | | |
| Entertainment Audio and Visual Equipment and Services | 1.2% | 100% | \$2,066 | | | | | | | | | | |
| Electronics and Appliance Stores | | 100% | \$2,066 | \$2,066,119 | 9.49 | \$217,820 | \$29,615 | 7.4 | 87.5% | 1.69 | 3.8 | \$49,973 | VLI Households |
| Entertainment Pets, Toys, Hobbies, and Playground Equip. | 0.9% | 100% | \$1,554 | | | | | | | | | | |
| Sporting Goods, Hobby, and Musical Instrument Stores | | 40% | \$622 | \$621,701 | 6.59 | \$94,325 | \$21,452 | 4.4 | 87.5% | 1.69 | 2.3 | \$36,198 | VLI Households |
| Miscellaneous Store Retailers | | 40% | \$622 | \$621,701 | 6.20 | \$100,270 | \$24,716 | 4.1 | 87.5% | 1.69 | 2.1 | \$41,705 | VLI Households |
| Veterinary Services | | 20% | \$311 | \$310,851 | 2.69 | \$115,501 | \$49,793 | 2.3 | 98.1% | 1.69 | 1.3 | \$84,021 | LI Households |
| Other Entertainment Supplies, Equipment, and Services | 0.8% | 100% | \$1,355 | | | | | | | | | | |
| Sporting Goods, Hobby, and Musical Instrument Stores | | 85% | \$1,152 | \$1,151,640 | 6.59 | \$174,727 | \$21,452 | 8.1 | 87.5% | 1.69 | 4.2 | \$36,198 | VLI Households |
| Photographic Services | | 15% | \$203 | \$203,231 | 3.41 | \$59,656 | \$43,227 | 1.4 | 98.1% | 1.69 | 0.8 | \$72,941 | LI Households |
| Personal Care Products and Services | 0.8% | 100% | \$1,399 | | | | | | | | | | |
| Unspecified Retail | | 50% | \$700 | \$699,589 | 6.20 | \$112,832 | \$24,716 | 4.6 | 87.5% | 1.69 | 2.4 | \$41,705 | VLI Households |
| Personal Care Services | | 50% | \$700 | \$699,589 | 2.74 | \$255,296 | \$22,157 | 11.5 | 98.1% | 1.69 | 6.7 | \$37,387 | VLI Households |
| Reading | 0.1% | 100% | \$150 | | | | | | | | | | |
| Sporting Goods, Hobby, and Musical Instrument Stores | | 100% | \$150 | \$150,412 | 6.59 | \$22,820 | \$21,452 | 1.1 | 87.5% | 1.69 | 0.6 | \$36,198 | VLI Households |
| Education | 2.1% | 100% | \$3,507 | | | | | | | | | | |
| Educational Services | | 100% | \$3,507 | \$3,507,272 | 2.59 | \$1,356,642 | \$35,028 | 38.7 | 98.1% | 1.69 | 22.5 | \$59,106 | VLI Households |
| Tobacco Products and Smoking Supplies | 0.1% | 100% | \$246 | | | | | | | | | | |
| Unspecified Retail | | 100% | \$246 | \$246,022 | 6.20 | \$39,679 | \$24,716 | 1.6 | 87.5% | 1.69 | 0.8 | \$41,705 | VLI Households |
| Miscellaneous | 1.2% | 100% | \$2,039 | | | | | | | | | | |
| Accounting | | 20% | \$408 | \$407,860 | 2.64 | \$154,603 | \$40,838 | 3.8 | 98.1% | 1.69 | 2.2 | \$68,910 | LI Households |
| Architectural, Engineering, and Related | | 20% | \$408 | \$407,860 | 2.25 | \$181,513 | \$80,414 | 2.3 | 98.1% | 1.69 | 1.3 | \$135,690 | Above Mod |
| Specialized Design Services | | 20% | \$408 | \$407,860 | 3.50 | \$116,420 | \$56,159 | 2.1 | 98.1% | 1.69 | 1.2 | \$94,763 | LI Households |
| Death Care Services | | 20% | \$408 | \$407,860 | 2.99 | \$136,351 | \$43,227 | 3.2 | 98.1% | 1.69 | 1.8 | \$72,941 | LI Households |
| Legal Services | | 20% | \$408 | \$407,860 | 2.85 | \$142,870 | \$100,406 | 1.4 | 98.1% | 1.69 | 0.8 | \$169,424 | Above Mod |
| Total per 1,000 Market Rate Households | | | | | | | | 436.5 | | | 234.8 | | |

[1] Percent of income spent per category is based on the 2017 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.
 [2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.
 [3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, renting a 2-Bedroom Unit requires a household income of \$167,000 per year.
 [4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for Santa Cruz County
 [5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the Santa Cruz County.
 [6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.
 [7] Based on the American Community Survey data 2014-2019.
 [8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.
 [9] Santa Cruz County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

Source: 2014 Consumer Expenditure Survey, U.S. Bureau of Labor Statistics; 2013 Economic Census, American Community Survey; and Economic & Planning Systems, Inc.

Attachment: Nexus Study For-rent Housing (Consider the Second Reading of an Ordinance Amending

**Table A-4
Household Expenditures and Employment Generation - For Rent 3-Bedroom Apartment
City of Capitola Rental Housing Fee; EPS# 201117**

| Item | | % of Household Income Spent per Category [1] | % of Category Expenditure per Type of Business [2] | Expenditures [3] | Expenditures per 1,000 HHs | Gross Receipts to Wages [4] | Total Wages per 1,000 Households | 2021 Avg. Wages [5] | # of New Workers | % Forming HH [6] | Workers/ HH [7] | Total Worker HHs | Avg. Worker HH Income | Income Category |
|--|-----------|--|--|------------------|----------------------------|-----------------------------|----------------------------------|---------------------|------------------|------------------|-----------------|------------------|-----------------------|-----------------|
| Calculation | | a | b | c | d = c * 1,000 | e | f = d / e | g | h = f / g | i | j | k = h * i / j | l = g * j | |
| Required Income | \$195,300 | | | | | | | | | | | | | |
| Food at Home | | 4.7% | 100% | \$9,276 | | | | | | | | | | |
| Food & Beverage Stores | | | 100% | \$9,276 | \$9,276,365 | 9.01 | \$1,029,431 | \$30,474 | 33.8 | 87.5% | 1.69 | 17.5 | \$51,421 | VLI Households |
| Food Away From Home | | 4.8% | 100% | \$9,364 | | | | | | | | | | |
| Food Services and Drinking Places | | | 100% | \$9,364 | \$9,363,633 | 3.13 | \$2,995,583 | \$21,784 | 137.5 | 87.5% | 1.69 | 71.3 | \$36,758 | VLI Households |
| Alcoholic Beverages | | 0.8% | 100% | \$1,485 | | | | | | | | | | |
| Food & Beverage Stores | | | 50% | \$742 | \$742,464 | 9.01 | \$82,394 | \$30,474 | 2.7 | 87.5% | 1.69 | 1.4 | \$51,421 | VLI Households |
| Food Services and Drinking Places | | | 50% | \$742 | \$742,464 | 3.13 | \$237,527 | \$21,784 | 10.9 | 87.5% | 1.69 | 5.7 | \$36,758 | VLI Households |
| Housing Maintenance, Repairs, Insurance, Other expenses | | 1.7% | 100% | \$3,416 | | | | | | | | | | |
| Personal and Household Goods Repair and Maintenance | | | 45% | \$1,537 | \$1,537,084 | 3.34 | \$460,376 | \$29,298 | 15.7 | 98.1% | 1.69 | 9.1 | \$49,437 | VLI Households |
| Building Material and Garden Equipment and Supplies Dealer | | | 45% | \$1,537 | \$1,537,084 | 8.42 | \$182,597 | \$34,606 | 5.3 | 87.5% | 1.69 | 2.7 | \$58,395 | VLI Households |
| Real Estate and Rental and Leasing | | | 10% | \$342 | \$341,574 | 5.03 | \$67,864 | \$49,773 | 1.4 | 98.1% | 1.69 | 0.8 | \$83,988 | LI Households |
| Fuel oil and Other fuels [7] | | 3.8% | 100% | \$7,376 | | | | | | | | | | |
| Nonstore Retailers | | | 100% | \$7,376 | \$7,375,549 | 7.59 | \$971,366 | \$39,149 | 24.8 | 87.5% | 1.69 | 12.9 | \$66,060 | LI Households |
| Water and Other Public Services [7] | | 0.8% | 100% | \$1,556 | | | | | | | | | | |
| Waste Management and Remediation Services | | | 100% | \$1,556 | \$1,555,833 | 4.00 | \$388,951 | \$68,872 | 5.6 | 98.1% | 1.69 | 3.3 | \$116,214 | Moderate |
| Household Operations Personal Services | | 0.5% | 100% | \$1,069 | | | | | | | | | | |
| Nursing and Residential Care Facilities | | | 40% | \$428 | \$427,615 | 2.41 | \$177,371 | \$37,011 | 4.8 | 98.1% | 1.69 | 2.8 | \$62,453 | LI Households |
| Social Assistance [8] | | | 60% | \$641 | \$641,423 | 2.98 | \$214,991 | \$24,733 | 8.7 | 98.1% | 1.69 | 5.1 | \$41,735 | VLI Households |
| Household Operations Other Household Expenses | | 1.3% | 100% | \$2,583 | | | | | | | | | | |
| Services to Buildings and Dwellings | | | 100% | \$2,583 | \$2,582,674 | 2.91 | \$887,858 | \$75,555 | 11.8 | 98.1% | 1.69 | 6.8 | \$127,492 | Above Mod |
| Housekeeping Supplies | | 0.8% | 100% | \$1,597 | | | | | | | | | | |
| Building Materials and Garden Equipment and Supplies Dealers | | | 10% | \$160 | \$159,674 | 8.42 | \$18,968 | \$34,606 | 0.5 | 87.5% | 1.69 | 0.3 | \$58,395 | VLI Households |
| Food & Beverage Stores | | | 35% | \$559 | \$558,859 | 9.01 | \$62,019 | \$30,474 | 2.0 | 87.5% | 1.69 | 1.1 | \$51,421 | VLI Households |
| General Merchandise | | | 35% | \$559 | \$558,859 | 10.88 | \$51,388 | \$28,948 | 1.8 | 87.5% | 1.69 | 0.9 | \$48,847 | VLI Households |
| Miscellaneous Store Retailers | | | 20% | \$319 | \$319,348 | 6.20 | \$51,506 | \$24,716 | 2.1 | 87.5% | 1.69 | 1.1 | \$41,705 | VLI Households |

[1] Percent of income spent per category is based on the 2017 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.
 [2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.
 [3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, renting a 4-Bedroom Unit requires a household income of \$195,300 per year.
 [4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for Santa Cruz County
 [5] Based on the 2017 average wage reported by the American Community Survey inflated to 2021 based on the Bureau of Labor Statistics data for the Santa Cruz County.
 [6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.
 [7] Based on the American Community Survey data 2014-2019.
 [8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.
 [9] Santa Cruz County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

Attachment: Nexus Study For-rent Housing (Consider the Second Reading of an Ordinance Amending

**Table A-4
Household Expenditures and Employment Generation - For Rent 3-Bedroom Apartment
City of Capitola Rental Housing Fee; EPS# 201117**

| Item | % of Household Income Spent per Category [1] | % of Category Expenditure per Type of Business [2] | Expenditures [3] | Expenditures per 1,000 HHs | Gross Receipts to Wages [4] | Total Wages per 1,000 Households | 2021 Avg. Wages [5] | # of New Workers | % Forming HH [6] | Workers/ HH [7] | Total Worker HHs | Avg. Worker HH Income | Income Category |
|---|--|--|------------------|----------------------------|-----------------------------|----------------------------------|---------------------|------------------|------------------|-----------------|----------------------|-----------------------|-----------------|
| <i>Calculation</i> | <i>a</i> | <i>b</i> | <i>c</i> | <i>d = c * 1,000</i> | <i>e</i> | <i>f = d / e</i> | <i>g</i> | <i>h = f / g</i> | <i>i</i> | <i>j</i> | <i>k = h * i / j</i> | <i>l = g * j</i> | |
| Required Income | \$195,300 | | | | | | | | | | | | |
| Household Furnishings and Equipment | 2.6% | 100% | \$5,078 | | | | | | | | | | |
| Furniture and Home Furnishings Stores | | 40% | \$2,031 | \$2,031,173 | 6.22 | \$326,377 | \$31,496 | 10.4 | 87.5% | 1.69 | 5.4 | \$53,146 | VLI Households |
| Electronics and Appliance Stores | | 40% | \$2,031 | \$2,031,173 | 9.49 | \$214,136 | \$29,615 | 7.2 | 87.5% | 1.69 | 3.7 | \$49,973 | VLI Households |
| General Merchandise Stores | | 10% | \$508 | \$507,793 | 10.88 | \$46,693 | \$28,948 | 1.6 | 87.5% | 1.69 | 0.8 | \$48,847 | VLI Households |
| Miscellaneous Store Retailers | | 10% | \$508 | \$507,793 | 6.20 | \$81,899 | \$24,716 | 3.3 | 87.5% | 1.69 | 1.7 | \$41,705 | VLI Households |
| Apparel and Services | 2.4% | 100% | \$4,742 | | | | | | | | | | |
| Clothing and Clothing Accessories Stores | | 40% | \$1,897 | \$1,896,998 | 6.20 | \$306,022 | \$19,472 | 15.7 | 87.5% | 1.69 | 8.1 | \$32,857 | ELI Households |
| General Merchandise | | 40% | \$1,897 | \$1,896,998 | 10.88 | \$174,434 | \$28,948 | 6.0 | 87.5% | 1.69 | 3.1 | \$48,847 | VLI Households |
| Miscellaneous Store Retailers | | 10% | \$474 | \$474,250 | 6.20 | \$76,489 | \$24,716 | 3.1 | 87.5% | 1.69 | 1.6 | \$41,705 | VLI Households |
| Personal and Household Goods Repair and Maintenance | | 5% | \$237 | \$237,125 | 3.34 | \$71,022 | \$29,298 | 2.4 | 87.5% | 1.69 | 1.3 | \$49,437 | VLI Households |
| Dry cleaning and Laundry Services | | 5% | \$237 | \$237,125 | 3.34 | \$71,022 | \$29,298 | 2.4 | 87.5% | 1.69 | 1.3 | \$49,437 | VLI Households |
| Vehicle Purchases (net outlay) | 5.1% | 100% | \$10,044 | | | | | | | | | | |
| Motor Vehicle and Parts Dealers | | 100% | \$10,044 | \$10,044,055 | 35.74 | \$281,001 | \$53,823 | 5.2 | 87.5% | 1.69 | 2.7 | \$90,821 | LI Households |
| Gasoline and motor oil | 2.4% | 100% | \$4,597 | | | | | | | | | | |
| Gasoline Stations | | 100% | \$4,597 | \$4,596,594 | 27.49 | \$167,200 | \$28,091 | 6.0 | 87.5% | 1.69 | 3.1 | \$47,401 | VLI Households |
| Vehicle Maintenance and Repairs | 1.1% | 100% | \$2,246 | | | | | | | | | | |
| Repair and Maintenance | | 100% | \$2,246 | \$2,245,799 | 3.24 | \$692,730 | \$43,318 | 16.0 | 98.1% | 1.69 | 9.3 | \$73,095 | LI Households |
| Medical Services | 1.0% | 100% | \$1,932 | | | | | | | | | | |
| Ambulatory Health Care Services | | 40% | \$773 | \$772,871 | 2.55 | \$302,569 | \$70,780 | 4.3 | 98.1% | 1.69 | 2.5 | \$119,434 | Above Mod |
| General Medical and Surgical Hospitals | | 30% | \$580 | \$579,653 | 4.40 | \$131,723 | \$27,115 | 4.9 | 98.1% | 1.69 | 2.8 | \$45,755 | VLI Households |
| Nursing and Residential Care Facilities | | 30% | \$580 | \$579,653 | 2.41 | \$240,435 | \$37,011 | 6.5 | 98.1% | 1.69 | 3.8 | \$62,453 | LI Households |
| Drugs | 0.5% | 100% | \$907 | | | | | | | | | | |
| Health and Personal Care Stores | | 100% | \$907 | \$906,774 | 9.05 | \$100,179 | \$34,602 | 2.9 | 87.5% | 1.69 | 1.5 | \$58,387 | VLI Households |
| Medical Supplies | 0.2% | 100% | \$378 | | | | | | | | | | |
| Health and Personal Care Stores | | 100% | \$378 | \$377,709 | 9.05 | \$41,729 | \$34,602 | 1.2 | 87.5% | 1.69 | 0.6 | \$58,387 | VLI Households |
| Entertainment Fees and Admissions | 1.2% | 100% | \$2,416 | | | | | | | | | | |
| Arts, Entertainment, & Recreation | | 100% | \$2,416 | \$2,416,246 | 3.12 | \$773,272 | \$28,072 | 27.5 | 87.5% | 1.69 | 14.3 | \$47,369 | VLI Households |

[1] Percent of income spent per category is based on the 2017 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.

[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.

[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, renting a 4-Bedroom Unit requires a household income of \$195,300 per year.

[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for Santa Cruz County

[5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the Santa Cruz County.

[6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.

[7] Based on the American Community Survey data 2014-2019.

[8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.

[9] Santa Cruz County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

**Table A-4
Household Expenditures and Employment Generation - For Rent 3-Bedroom Apartment
City of Capitola Rental Housing Fee; EPS# 201117**

| Item | % of Household Income Spent per Category [1] | % of Category Expenditure per Type of Business [2] | Expenditures [3] | Expenditures per 1,000 HHs | Gross Receipts to Wages [4] | Total Wages per 1,000 Households | 2021 Avg. Wages [5] | # of New Workers | % Forming HH [6] | Workers/HH [7] | Total Worker HHs | Avg. Worker HH Income | Income Category |
|---|--|--|------------------|----------------------------|-----------------------------|----------------------------------|---------------------|------------------|------------------|----------------|------------------|-----------------------|-----------------|
| Calculation | a | b | c | d = c * 1,000 | e | f = d / e | g | h = f / g | i | j | k = h * i / j | l = g * j | |
| Required Income | | | | \$195,300 | | | | | | | | | |
| Entertainment Audio and Visual Equipment and Services | 1.2% | 100% | \$2,416 | | | | | | | | | | |
| Electronics and Appliance Stores | | 100% | \$2,416 | \$2,416,246 | 9.49 | \$254,732 | \$29,615 | 8.6 | 87.5% | 1.69 | 4.5 | \$49,973 | VLI Households |
| Entertainment Pets, Toys, Hobbies, and Playground Equip. | 0.9% | 100% | \$1,818 | | | | | | | | | | |
| Sporting Goods, Hobby, and Musical Instrument Stores | | 40% | \$727 | \$727,055 | 6.59 | \$110,309 | \$21,452 | 5.1 | 87.5% | 1.69 | 2.7 | \$36,198 | VLI Households |
| Miscellaneous Store Retailers | | 40% | \$727 | \$727,055 | 6.20 | \$117,262 | \$24,716 | 4.7 | 87.5% | 1.69 | 2.5 | \$41,705 | VLI Households |
| Veterinary Services | | 20% | \$364 | \$363,528 | 2.69 | \$135,074 | \$49,793 | 2.7 | 98.1% | 1.69 | 1.6 | \$84,021 | LI Households |
| Other Entertainment Supplies, Equipment, and Services | 0.8% | 100% | \$1,584 | | | | | | | | | | |
| Sporting Goods, Hobby, and Musical Instrument Stores | | 85% | \$1,347 | \$1,346,798 | 6.59 | \$204,336 | \$21,452 | 9.5 | 87.5% | 1.69 | 4.9 | \$36,198 | VLI Households |
| Photographic Services | | 15% | \$238 | \$237,670 | 3.41 | \$69,765 | \$43,227 | 1.6 | 98.1% | 1.69 | 0.9 | \$72,941 | LI Households |
| Personal Care Products and Services | 0.8% | 100% | \$1,636 | | | | | | | | | | |
| Unspecified Retail | | 50% | \$818 | \$818,142 | 6.20 | \$131,953 | \$24,716 | 5.3 | 87.5% | 1.69 | 2.8 | \$41,705 | VLI Households |
| Personal Care Services | | 50% | \$818 | \$818,142 | 2.74 | \$298,559 | \$22,157 | 13.5 | 98.1% | 1.69 | 7.8 | \$37,387 | VLI Households |
| Reading | 0.1% | 100% | \$176 | | | | | | | | | | |
| Sporting Goods, Hobby, and Musical Instrument Stores | | 100% | \$176 | \$175,900 | 6.59 | \$26,688 | \$21,452 | 1.2 | 87.5% | 1.69 | 0.6 | \$36,198 | VLI Households |
| Education | 2.1% | 100% | \$4,102 | | | | | | | | | | |
| Educational Services | | 100% | \$4,102 | \$4,101,618 | 2.59 | \$1,586,540 | \$35,028 | 45.3 | 98.1% | 1.69 | 26.3 | \$59,106 | VLI Households |
| Tobacco Products and Smoking Supplies | 0.1% | 100% | \$288 | | | | | | | | | | |
| Unspecified Retail | | 100% | \$288 | \$287,713 | 6.20 | \$46,404 | \$24,716 | 1.9 | 87.5% | 1.69 | 1.0 | \$41,705 | VLI Households |
| Miscellaneous | 1.2% | 100% | \$2,385 | | | | | | | | | | |
| Accounting | | 20% | \$477 | \$476,977 | 2.64 | \$180,802 | \$40,838 | 4.4 | 98.1% | 1.69 | 2.6 | \$68,910 | LI Households |
| Architectural, Engineering, and Related | | 20% | \$477 | \$476,977 | 2.25 | \$212,272 | \$80,414 | 2.6 | 98.1% | 1.69 | 1.5 | \$135,690 | Above Mod |
| Specialized Design Services | | 20% | \$477 | \$476,977 | 3.50 | \$136,149 | \$56,159 | 2.4 | 98.1% | 1.69 | 1.4 | \$94,763 | LI Households |
| Death Care Services | | 20% | \$477 | \$476,977 | 2.99 | \$159,457 | \$43,227 | 3.7 | 98.1% | 1.69 | 2.1 | \$72,941 | LI Households |
| Legal Services | | 20% | \$477 | \$476,977 | 2.85 | \$167,080 | \$100,406 | 1.7 | 98.1% | 1.69 | 1.0 | \$169,424 | Above Mod |
| Total per 1,000 Market Rate Households | | | | | | | | 510.5 | | | 274.6 | | |

[1] Percent of income spent per category is based on the 2017 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.
 [2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.
 [3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3, renting a 4-Bedroom Unit requires a household income of \$195,300 per year.
 [4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for Santa Cruz County
 [5] Based on the 2017 average wage reported by the American Community Survey inflated to \$2021 based on the Bureau of Labor Statistics data for the Santa Cruz County.
 [6] BLS data indicates that 12.5% of retail/restaurant workers are age 16-19, but an average of only 1.9% of workers in other industries. EPS has assumed that young workers do not form their own households.
 [7] Based on the American Community Survey data 2014-2019.
 [8] Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone services not estimated because data was not available in the Economic Census.
 [9] Santa Cruz County data not available from 2017 Economic Census. Gross receipts to wages and average wage thus based on statewide data.

Source: 2019 Consumer Expenditure Survey, U.S. Bureau of Labor Statistics; 2017 Economic Census, American Community Survey; and Economic & Planning Systems, Inc.

Attachment: Nexus Study For-rent Housing (Consider the Second Reading of an Ordinance Amending



APPENDIX B:
Income Levels for Worker Households

Table B-1
Income Levels for Worker Households
Worker Household Generation per 1,000 Units - For Rent Studio Apartment
City of Capitola Rental Housing Fee; EPS# 201117

| Industry | Total Workers | Total Worker Households [1] | VLI Households | LI Households | Moderate Income Households | Above Moderate Income Households |
|---|---------------|-----------------------------|----------------|---------------|----------------------------|----------------------------------|
| Retail | | | | | | |
| Unspecified Retail | 5.6 | 2.9 | 2.9 | 0.0 | 0.0 | 0.0 |
| Food & Beverage Stores | 26.2 | 13.6 | 13.6 | 0.0 | 0.0 | 0.0 |
| Food Services and Drinking Places | 80.3 | 41.6 | 41.6 | 0.0 | 0.0 | 0.0 |
| Health and Personal Care Stores | 2.7 | 1.4 | 1.4 | 0.0 | 0.0 | 0.0 |
| General Merchandise | 5.2 | 2.7 | 2.7 | 0.0 | 0.0 | 0.0 |
| Furniture and Home Furnishings Stores | 5.7 | 3.0 | 3.0 | 0.0 | 0.0 | 0.0 |
| Building Material and Garden Equipment and Supplies Dealer | 2.8 | 1.4 | 1.4 | 0.0 | 0.0 | 0.0 |
| Electronics and Appliance Stores | 7.7 | 4.0 | 4.0 | 0.0 | 0.0 | 0.0 |
| Clothing and Clothing Accessories Stores | 8.5 | 4.4 | 4.4 | 0.0 | 0.0 | 0.0 |
| Motor Vehicle and Parts Dealers | 2.4 | 1.3 | 0.0 | 1.3 | 0.0 | 0.0 |
| Gasoline Stations | 4.2 | 2.2 | 2.2 | 0.0 | 0.0 | 0.0 |
| Sporting Goods, Hobby, and Musical Instrument Stores | 6.8 | 3.5 | 3.5 | 0.0 | 0.0 | 0.0 |
| Miscellaneous Store Retailers | 7.7 | 4.0 | 4.0 | 0.0 | 0.0 | 0.0 |
| Nonstore Retailers | 16.9 | 8.8 | 0.0 | 8.8 | 0.0 | 0.0 |
| Arts, Entertainment, & Recreation | 12.0 | 6.2 | 6.2 | 0.0 | 0.0 | 0.0 |
| Medical/Health | | | | | | |
| Ambulatory Health Care Services | 3.1 | 1.8 | 0.0 | 0.0 | 0.0 | 1.8 |
| General Medical and Surgical Hospitals | 3.5 | 2.0 | 2.0 | 0.0 | 0.0 | 0.0 |
| Nursing and Residential Care Facilities | 7.9 | 4.6 | 0.0 | 4.6 | 0.0 | 0.0 |
| Social Assistance | 5.8 | 3.4 | 3.4 | 0.0 | 0.0 | 0.0 |
| Services | | | | | | |
| Personal and Household Goods Repair and Maintenance | 8.7 | 5.0 | 5.0 | 0.0 | 0.0 | 0.0 |
| Services to Buildings and Dwellings | 5.4 | 3.1 | 0.0 | 0.0 | 0.0 | 3.1 |
| Waste Management and Remediation Services | 3.8 | 2.2 | 0.0 | 0.0 | 2.2 | 0.0 |
| Real Estate and Rental and Leasing | 0.6 | 0.4 | 0.0 | 0.4 | 0.0 | 0.0 |
| Personal Care Services | 8.7 | 5.1 | 5.1 | 0.0 | 0.0 | 0.0 |
| Dry Cleaning and Laundry Services | 1.3 | 0.7 | 0.7 | 0.0 | 0.0 | 0.0 |
| Auto Repair and Maintenance | 9.1 | 5.3 | 0.0 | 5.3 | 0.0 | 0.0 |
| Veterinary Services | 1.8 | 1.0 | 0.0 | 1.0 | 0.0 | 0.0 |
| Photographic Services | 0.4 | 0.3 | 0.0 | 0.3 | 0.0 | 0.0 |
| Educational Services | 10.2 | 5.9 | 5.9 | 0.0 | 0.0 | 0.0 |
| Accounting | 2.1 | 1.2 | 0.0 | 1.2 | 0.0 | 0.0 |
| Architectural, Engineering, and Related | 1.3 | 0.7 | 0.0 | 0.0 | 0.0 | 0.7 |
| Specialized Design Services | 1.2 | 0.7 | 0.0 | 0.7 | 0.0 | 0.0 |
| Death Care Services | 1.8 | 1.0 | 0.0 | 1.0 | 0.0 | 0.0 |
| Legal Services | 0.8 | 0.5 | 0.5 | 0.0 | 0.0 | 0.0 |
| Total Workers and Households | 272.2 | 145.8 | 113.5 | 24.5 | 2.2 | 5.7 |
| Total Income-Qualified HH Generated Per 1,000 Market-Rate Units [2] | | 140.2 | 113.5 | 24.5 | 2.2 | 0.0 |
| Total Income-Qualified HH Generated Per 100 Market-Rate Units [2] | | 14.0 | 11.4 | 2.4 | 0.2 | 0.0 |

[1] Assumes 1.69 workers per worker household in the City of Capitola based on 2015-2019 American Community Survey. Includes a 12.5% discount for retail and 1.9% discount for other industries to account for workers under age 20.

[2] Excludes above moderate-income households because these incomes are adequate to acquire market-rate housing.

Source: Economic & Planning Systems, Inc.

Table B-2
Income Levels for Worker Households
Worker Household Generation per 1,000 Units - For Rent 1-Bedroom Apartment
City of Capitola Rental Housing Fee; EPS# 201117

| Industry | Total Workers | Total Worker Households [1] | VLI Households | LI Households | Moderate Income Households | Above Moderate Income Households |
|---|---------------|-----------------------------|----------------|---------------|----------------------------|----------------------------------|
| Retail | | | | | | |
| Unspecified Retail | 7.3 | 3.8 | 3.8 | 0.0 | 0.0 | 0.0 |
| Food & Beverage Stores | 32.5 | 16.9 | 16.9 | 0.0 | 0.0 | 0.0 |
| Food Services and Drinking Places | 110.9 | 57.5 | 57.5 | 0.0 | 0.0 | 0.0 |
| Health and Personal Care Stores | 3.5 | 1.8 | 1.8 | 0.0 | 0.0 | 0.0 |
| General Merchandise | 6.8 | 3.5 | 3.5 | 0.0 | 0.0 | 0.0 |
| Furniture and Home Furnishings Stores | 7.9 | 4.1 | 4.1 | 0.0 | 0.0 | 0.0 |
| Building Material and Garden Equipment and Supplies Dealer | 4.3 | 2.2 | 2.2 | 0.0 | 0.0 | 0.0 |
| Electronics and Appliance Stores | 11.2 | 5.8 | 5.8 | 0.0 | 0.0 | 0.0 |
| Clothing and Clothing Accessories Stores | 10.9 | 5.7 | 5.7 | 0.0 | 0.0 | 0.0 |
| Motor Vehicle and Parts Dealers | 3.8 | 2.0 | 0.0 | 2.0 | 0.0 | 0.0 |
| Gasoline Stations | 5.6 | 2.9 | 2.9 | 0.0 | 0.0 | 0.0 |
| Sporting Goods, Hobby, and Musical Instrument Stores | 15.5 | 8.1 | 8.1 | 0.0 | 0.0 | 0.0 |
| Miscellaneous Store Retailers | 10.8 | 5.6 | 5.6 | 0.0 | 0.0 | 0.0 |
| Nonstore Retailers | 21.2 | 11.0 | 0.0 | 11.0 | 0.0 | 0.0 |
| Arts, Entertainment, & Recreation | 18.0 | 9.3 | 9.3 | 0.0 | 0.0 | 0.0 |
| Medical/Health | | | | | | |
| Ambulatory Health Care Services | 4.4 | 2.5 | 0.0 | 0.0 | 0.0 | 2.5 |
| General Medical and Surgical Hospitals | 5.0 | 2.9 | 2.9 | 0.0 | 0.0 | 0.0 |
| Nursing and Residential Care Facilities | 10.4 | 6.0 | 0.0 | 6.0 | 0.0 | 0.0 |
| Social Assistance | 6.8 | 4.0 | 4.0 | 0.0 | 0.0 | 0.0 |
| Services | | | | | | |
| Personal and Household Goods Repair and Maintenance | 13.1 | 7.5 | 7.5 | 0.0 | 0.0 | 0.0 |
| Services to Buildings and Dwellings | 8.4 | 4.9 | 0.0 | 0.0 | 0.0 | 4.9 |
| Waste Management and Remediation Services | 4.9 | 2.8 | 0.0 | 0.0 | 2.8 | 0.0 |
| Real Estate and Rental and Leasing | 1.0 | 0.6 | 0.0 | 0.6 | 0.0 | 0.0 |
| Personal Care Services | 12.4 | 7.2 | 7.2 | 0.0 | 0.0 | 0.0 |
| Dry Cleaning and Laundry Services | 1.7 | 0.9 | 0.9 | 0.0 | 0.0 | 0.0 |
| Auto Repair and Maintenance | 11.4 | 6.6 | 0.0 | 6.6 | 0.0 | 0.0 |
| Veterinary Services | 2.6 | 1.5 | 0.0 | 1.5 | 0.0 | 0.0 |
| Photographic Services | 1.6 | 0.9 | 0.0 | 0.9 | 0.0 | 0.0 |
| Educational Services | 29.6 | 17.2 | 17.2 | 0.0 | 0.0 | 0.0 |
| Accounting | 2.8 | 1.6 | 0.0 | 1.6 | 0.0 | 0.0 |
| Architectural, Engineering, and Related | 1.7 | 1.0 | 0.0 | 0.0 | 0.0 | 1.0 |
| Specialized Design Services | 1.6 | 0.9 | 0.0 | 0.9 | 0.0 | 0.0 |
| Death Care Services | 2.4 | 1.4 | 0.0 | 1.4 | 0.0 | 0.0 |
| Legal Services | 1.1 | 0.6 | 0.6 | 0.0 | 0.0 | 0.0 |
| Total Workers and Households | 393.0 | 211.3 | 167.5 | 32.5 | 2.8 | 8.4 |
| Total Income-Qualified HH Generated Per 1,000 Market-Rate Units [2] | | 202.9 | 167.5 | 32.5 | 2.8 | 0.0 |
| Total Income-Qualified HH Generated Per 100 Market-Rate Units [2] | | 20.3 | 16.8 | 3.3 | 0.3 | 0.0 |

[1] Assumes 1.69 workers per worker household in the City of Capitola based on 2015-2019 American Community Survey. Includes a 12.5% discount for retail and 1.9% discount for other industries to account for workers under age 20.

[2] Excludes above moderate-income households because these incomes are adequate to acquire market-rate housing.

Source: Economic & Planning Systems, Inc.

Table B-3
Income Levels for Worker Households
Worker Household Generation per 1,000 Units - For Rent 2-Bedroom Apartment
City of Capitola Rental Housing Fee; EPS# 201117

| Industry | Total Workers | Total Worker Households [1] | VLI Households | LI Households | Moderate Income Households | Above Moderate Income Households |
|---|---------------|-----------------------------|----------------|---------------|----------------------------|----------------------------------|
| Retail | | | | | | |
| Unspecified Retail | 6.2 | 3.2 | 3.2 | 0.0 | 0.0 | 0.0 |
| Food & Beverage Stores | 32.9 | 17.1 | 17.1 | 0.0 | 0.0 | 0.0 |
| Food Services and Drinking Places | 126.9 | 65.8 | 65.8 | 0.0 | 0.0 | 0.0 |
| Health and Personal Care Stores | 3.5 | 1.8 | 1.8 | 0.0 | 0.0 | 0.0 |
| General Merchandise | 8.0 | 4.2 | 4.2 | 0.0 | 0.0 | 0.0 |
| Furniture and Home Furnishings Stores | 8.9 | 4.6 | 4.6 | 0.0 | 0.0 | 0.0 |
| Building Material and Garden Equipment and Supplies Dealer | 5.0 | 2.6 | 2.6 | 0.0 | 0.0 | 0.0 |
| Electronics and Appliance Stores | 13.5 | 7.0 | 7.0 | 0.0 | 0.0 | 0.0 |
| Clothing and Clothing Accessories Stores | 13.4 | 7.0 | 7.0 | 0.0 | 0.0 | 0.0 |
| Motor Vehicle and Parts Dealers | 4.5 | 2.3 | 0.0 | 2.3 | 0.0 | 0.0 |
| Gasoline Stations | 5.1 | 2.6 | 2.6 | 0.0 | 0.0 | 0.0 |
| Sporting Goods, Hobby, and Musical Instrument Stores | 13.6 | 7.1 | 7.1 | 0.0 | 0.0 | 0.0 |
| Miscellaneous Store Retailers | 11.3 | 5.9 | 5.9 | 0.0 | 0.0 | 0.0 |
| Nonstore Retailers | 21.2 | 11.0 | 0.0 | 11.0 | 0.0 | 0.0 |
| Arts, Entertainment, & Recreation | 23.6 | 12.2 | 12.2 | 0.0 | 0.0 | 0.0 |
| Medical/Health | | | | | | |
| Ambulatory Health Care Services | 3.7 | 2.1 | 0.0 | 0.0 | 0.0 | 2.1 |
| General Medical and Surgical Hospitals | 4.2 | 2.4 | 2.4 | 0.0 | 0.0 | 0.0 |
| Nursing and Residential Care Facilities | 9.7 | 5.6 | 0.0 | 5.6 | 0.0 | 0.0 |
| Social Assistance | 7.4 | 4.3 | 4.3 | 0.0 | 0.0 | 0.0 |
| Services | | | | | | |
| Personal and Household Goods Repair and Maintenance | 15.5 | 8.9 | 8.9 | 0.0 | 0.0 | 0.0 |
| Services to Buildings and Dwellings | 10.0 | 5.8 | 0.0 | 0.0 | 0.0 | 5.8 |
| Waste Management and Remediation Services | 4.8 | 2.8 | 0.0 | 0.0 | 2.8 | 0.0 |
| Real Estate and Rental and Leasing | 1.2 | 0.7 | 0.0 | 0.7 | 0.0 | 0.0 |
| Personal Care Services | 11.5 | 6.7 | 6.7 | 0.0 | 0.0 | 0.0 |
| Dry Cleaning and Laundry Services | 2.1 | 1.1 | 1.1 | 0.0 | 0.0 | 0.0 |
| Auto Repair and Maintenance | 13.7 | 7.9 | 0.0 | 7.9 | 0.0 | 0.0 |
| Veterinary Services | 2.3 | 1.3 | 0.0 | 1.3 | 0.0 | 0.0 |
| Photographic Services | 1.4 | 0.8 | 0.0 | 0.8 | 0.0 | 0.0 |
| Educational Services | 38.7 | 22.5 | 22.5 | 0.0 | 0.0 | 0.0 |
| Accounting | 3.8 | 2.2 | 0.0 | 2.2 | 0.0 | 0.0 |
| Architectural, Engineering, and Related | 2.3 | 1.3 | 0.0 | 0.0 | 0.0 | 1.3 |
| Specialized Design Services | 2.1 | 1.2 | 0.0 | 1.2 | 0.0 | 0.0 |
| Death Care Services | 3.2 | 1.8 | 0.0 | 1.8 | 0.0 | 0.0 |
| Legal Services | 1.4 | 0.8 | 0.8 | 0.0 | 0.0 | 0.0 |
| Total Workers and Households | 436.5 | 234.8 | 187.8 | 34.9 | 2.8 | 9.3 |
| Total Income-Qualified HH Generated Per 1,000 Market-Rate Units [2] | | 225.5 | 187.8 | 34.9 | 2.8 | 0.0 |
| Total Income-Qualified HH Generated Per 100 Market-Rate Units [2] | | 22.6 | 18.8 | 3.5 | 0.3 | 0.0 |

[1] Assumes 1.69 workers per worker household in the City of Capitola based on 2015-2019 American Community Survey. Includes a 12.5% discount for retail and 1.9% discount for other industries to account for workers under age 20.

[2] Excludes above moderate-income households because these incomes are adequate to acquire market-rate housing.

Source: Economic & Planning Systems, Inc.

Table B-4
Income Levels for Worker Households
Worker Household Generation per 1,000 Units - For Rent 3-Bedroom Apartment
City of Capitola Rental Housing Fee; EPS# 201117

| Industry | Total Workers | Total Worker Households [1] | VLI Households | LI Households | Moderate Income Households | Above Moderate Income Households |
|---|---------------|-----------------------------|----------------|---------------|----------------------------|----------------------------------|
| Retail | | | | | | |
| Unspecified Retail | 7.2 | 3.7 | 3.7 | 0.0 | 0.0 | 0.0 |
| Food & Beverage Stores | 38.5 | 20.0 | 20.0 | 0.0 | 0.0 | 0.0 |
| Food Services and Drinking Places | 148.4 | 77.0 | 77.0 | 0.0 | 0.0 | 0.0 |
| Health and Personal Care Stores | 4.1 | 2.1 | 2.1 | 0.0 | 0.0 | 0.0 |
| General Merchandise | 9.4 | 4.9 | 4.9 | 0.0 | 0.0 | 0.0 |
| Furniture and Home Furnishings Stores | 10.4 | 5.4 | 5.4 | 0.0 | 0.0 | 0.0 |
| Building Material and Garden Equipment and Supplies Dealer | 5.8 | 3.0 | 3.0 | 0.0 | 0.0 | 0.0 |
| Electronics and Appliance Stores | 15.8 | 8.2 | 8.2 | 0.0 | 0.0 | 0.0 |
| Clothing and Clothing Accessories Stores | 15.7 | 8.1 | 8.1 | 0.0 | 0.0 | 0.0 |
| Motor Vehicle and Parts Dealers | 5.2 | 2.7 | 0.0 | 2.7 | 0.0 | 0.0 |
| Gasoline Stations | 6.0 | 3.1 | 3.1 | 0.0 | 0.0 | 0.0 |
| Sporting Goods, Hobby, and Musical Instrument Stores | 15.9 | 8.3 | 8.3 | 0.0 | 0.0 | 0.0 |
| Miscellaneous Store Retailers | 13.2 | 6.9 | 6.9 | 0.0 | 0.0 | 0.0 |
| Nonstore Retailers | 24.8 | 12.9 | 0.0 | 12.9 | 0.0 | 0.0 |
| Arts, Entertainment, & Recreation | 27.5 | 14.3 | 14.3 | 0.0 | 0.0 | 0.0 |
| Medical/Health | | | | | | |
| Ambulatory Health Care Services | 4.3 | 2.5 | 0.0 | 0.0 | 0.0 | 2.5 |
| General Medical and Surgical Hospitals | 4.9 | 2.8 | 2.8 | 0.0 | 0.0 | 0.0 |
| Nursing and Residential Care Facilities | 11.3 | 6.6 | 0.0 | 6.6 | 0.0 | 0.0 |
| Social Assistance | 8.7 | 5.1 | 5.1 | 0.0 | 0.0 | 0.0 |
| Services | | | | | | |
| Personal and Household Goods Repair and Maintenance | 18.1 | 10.4 | 10.4 | 0.0 | 0.0 | 0.0 |
| Services to Buildings and Dwellings | 11.8 | 6.8 | 0.0 | 0.0 | 0.0 | 6.8 |
| Waste Management and Remediation Services | 5.6 | 3.3 | 0.0 | 0.0 | 3.3 | 0.0 |
| Real Estate and Rental and Leasing | 1.4 | 0.8 | 0.0 | 0.8 | 0.0 | 0.0 |
| Personal Care Services | 13.5 | 7.8 | 7.8 | 0.0 | 0.0 | 0.0 |
| Dry Cleaning and Laundry Services | 2.4 | 1.3 | 1.3 | 0.0 | 0.0 | 0.0 |
| Auto Repair and Maintenance | 16.0 | 9.3 | 0.0 | 9.3 | 0.0 | 0.0 |
| Veterinary Services | 2.7 | 1.6 | 0.0 | 1.6 | 0.0 | 0.0 |
| Photographic Services | 1.6 | 0.9 | 0.0 | 0.9 | 0.0 | 0.0 |
| Educational Services | 45.3 | 26.3 | 26.3 | 0.0 | 0.0 | 0.0 |
| Accounting | 4.4 | 2.6 | 0.0 | 2.6 | 0.0 | 0.0 |
| Architectural, Engineering, and Related | 2.6 | 1.5 | 0.0 | 0.0 | 0.0 | 1.5 |
| Specialized Design Services | 2.4 | 1.4 | 0.0 | 1.4 | 0.0 | 0.0 |
| Death Care Services | 3.7 | 2.1 | 0.0 | 2.1 | 0.0 | 0.0 |
| Legal Services | <u>1.7</u> | <u>1.0</u> | <u>1.0</u> | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> |
| Total Workers and Households | 510.5 | 274.6 | 219.6 | 40.9 | 3.3 | 10.9 |
| Total Income-Qualified HH Generated Per 1,000 Market-Rate Units [2] | | 263.7 | 219.6 | 40.9 | 3.3 | 0.0 |
| Total Income-Qualified HH Generated Per 100 Market-Rate Units [2] | | 26.4 | 22.0 | 4.1 | 0.3 | 0.0 |

[1] Assumes 1.69 workers per worker household in the City of Capitola based on 2015-2019 American Community Survey. Includes a 12.5% discount for retail and 1.9% discount for other industries to account for workers under age 20.

[2] Excludes above moderate-income households because these incomes are adequate to acquire market-rate housing.

Source: Economic & Planning Systems, Inc.

DRAFT MEMORANDUM

To: Katie Herlihy, City of Capitola

From: Darin Smith and Jake Cranor

Subject: Affordable Housing Fee Feasibility Assessment;
EPS #201117

Date: September 3, 2021

The Economics of Land Use



Economic & Planning Systems, Inc. (EPS) was retained by the City of Capitola (City) to prepare affordable housing nexus studies for both rental and for-sale residential development as a complement to a broader update of the City's Inclusionary Housing Ordinance. The City's goal is to ensure its policies encourage development of a range of housing options to address market pressures, mitigate displacement, and enable housing for future residents.

Under Capitola's existing inclusionary housing ordinance, new housing developments creating seven or more for-sale housing units, residential parcels, converted condominiums, or mobile home parcels are required to reserve and restrict one out of seven total units (nominally 15 percent) at or below prices affordable to the area median household income adjusted for household size. Housing development projects with a unit count that is not evenly divisible by seven must pay affordable housing fees for the remainder of the units at a cost of \$10 per square foot.

Housing development projects that consist solely of rental housing units are required to pay \$6.00 per square foot, and projects with fewer than seven for-sale housing units, residential parcels or converted condominiums, or mobile home parcels are required to pay affordable housing in-lieu fees (\$10.00 per square foot) or provide affordable units on-site. In addition, a structural addition to an existing housing unit which will result in a fifty percent or greater increase in the housing unit's square footage is required to pay affordable housing in-lieu fees (\$2.50 per added square foot).

This analysis evaluates the feasibility of potential changes to the City's affordable housing programs to inform levels of fees or inclusionary requirements that may be supported with minimal adverse impact on new development. The memo also describes an overview of comparable jurisdictions' inclusionary requirements, a discussion on the State's Density Bonus Law, a detailing of EPS's approach to the feasibility analysis, and recommendations for staff regarding the update to the City's inclusionary housing ordinance.

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Definitions

When discussing affordable housing policies and programs, it is helpful to review certain definitions and see actual numbers. The figure below shows the names of various affordability categories, what those categories mean in terms of their relation to the median incomes of the County’s overall population, and what the current maximum income level in each category would be for a 3-person household (generally, the average size of Capitola households). The specific income levels are set by the State Department of Housing and Community Development (HCD) and bear a nominal but not literal relationship to the median income. For example, the “Low Income” category is nominally set at up to 80 percent of the County’s median income, but HCD sets the dollar amount at \$95,600 or over 95 percent of the actual median income at \$99,000. As shown, a “Very Low Income” household in Capitola earns up to nearly \$60,000 per year, greater than the amount earned by two full-time workers earning the State’s minimum wage of \$13.00 per hour in 2021.

| Affordability Category | Percentage of County Median | 2021 Max Income [1] 3-person household |
|----------------------------|-----------------------------|---|
| Extremely Low Income (ELI) | 0% - 30% | \$35,750 |
| Very Low Income (VLI) | 50% | \$59,600 |
| Low Income (LI) | 80% | \$95,600 |
| Median Income | 100% | \$99,000 |
| Moderate Income (Mod) | 120% | \$118,800 |

[1] 2021 HCD maximum income thresholds are used to translate employment, wages and total worker household incomes to affordable housing categories and to compute supportable housing costs based on household income levels.

Key Findings

1. Capitola’s inclusionary requirement for ownership housing is more or less in line with its neighboring jurisdictions. Capitola requires that 15 percent of for-sale housing units be designated as affordable, while neighboring jurisdictions in the northern Central Coast that have inclusionary ordinances require either 15 percent or 20 percent. The degree of inclusionary units’ affordability varies significantly, however. While Capitola requires that inclusionary units be priced at values affordable to the area median income, other jurisdictions require that ownerships units be set aside for income categories ranging from ‘very low’ to ‘above moderate.’
2. Among northern Central Coast jurisdictions with an inclusionary housing ordinance, Capitola is the only one to that does not have an inclusionary requirement for rental (although rental developments do pay an affordable housing fee). Neighboring jurisdictions typically require a 12 to 20 percent set aside for affordable units in rental developments.
3. Due to high development costs including the acquisition of developable land, for-sale housing developments in Capitola appear to face challenges to achieve industry-standard financial returns while also meeting the City’s current inclusionary standards for on-site units. The feasibility of such projects would be greatly enhanced if the developers are allowed to pay an in-lieu or nexus-based impact fee, even one much higher than the current fee at \$10 per square foot. EPS estimates that a fee of roughly \$25 per square foot would allow developers to achieve an attractive financial return, exceeding

achievable when providing inclusionary units on-site, and would also fall within the maximum nexus-supported fees calculated in the EPS nexus study.

4. New rental housing in Capitola also faces feasibility challenges due to high development costs. Even without any inclusionary requirements or in-lieu/impact fee obligations, rental development appears to fall somewhat short of industry-standard return thresholds. The City of Capitola may consider whether to maintain its current \$6.00 per square foot in-lieu fee for rental development (which very modestly affects project feasibility) or eliminate any inclusionary or fee requirements for rental housing, but EPS does not recommend any increase to the City's current inclusionary standards for rental housing at this time.
5. The City currently charges an affordable housing in-lieu fee of \$2.50 per square foot for home additions that increase an existing unit's size by 50 percent or greater. The for-sale housing nexus study indicates that this current fee and an even higher one could be justified from a nexus perspective. However, EPS cautions the City against raising the current home additions fee dramatically, as the cost burden of such an increase would fall largely upon existing homeowners who may not be able to absorb those costs as readily as can a professional developer who will sell a newly constructed unit very shortly after construction is complete.

Overview of Comparable Jurisdictions

In considering potential changes to the City's inclusionary requirements, it is helpful to understand how these policies are being implemented in comparable jurisdictions. To provide this context, EPS surveyed the neighboring jurisdictions in the Northern Central Coast Region, including in Santa Cruz County, Monterey County, and San Benito County.

- **Santa Cruz County:**
 - Capitola
 - Santa Cruz
 - Watsonville
- **Monterey County:**
 - City of Monterey
 - Marina
 - Monterey County
 - Salinas
 - Seaside
- **San Benito County**
 - San Benito County
 - San Juan Bautista

Inclusionary requirements adopted by jurisdictions in the Region vary based on local policy preferences, including factors such as the number of units in the development or the type of housing (i.e., rental, condominium, townhome, or single family). The charts on the following pages are divided into requirements for new rental development versus requirements for new for-sale developments, which often vary in cities. The charts also highlight the range of affordability requirements among the cities, from very-low to low- to moderate income. On the rental side, overall inclusionary percentages required ranged from 12 to 20 percent, as illustrated in **Figure 1**. On the for-sale side, percentages range from 15 percent to 20 percent (**Figure 2**).

Capitola is unique among its neighbors in that it does not have an inclusionary requirement for rental housing. Of the comparative set of jurisdictions, most have a requirement of 20 percent, while the City of Salinas and San Benito County have requirements of 12 percent and 15 percent, respectively. There is a high degree of variation with regard to affordability standards for rental properties, though every jurisdiction has a set-aside for low-income households. Six have set-asides for very low-income, while four have set-asides for moderate income. In most cases, developments with total units under a certain threshold are often exempted. This

threshold varies from jurisdiction to jurisdiction, the lowest being five-unit projects (multiple jurisdictions), and the highest being 20-unit projects in Marina.

Should Capitola alter its inclusionary requirements to reflect the nexus study finding that a market rate renter-household generates demand for at least 0.14 below market rate units, it would fall in the lower end of the range of this comparison set. However, it would require the majority of inclusionary units being set aside for very low-income households, which would represent a much deeper level of affordability than most communities require.

Figure 1 Inclusionary Requirements for New Rental Development

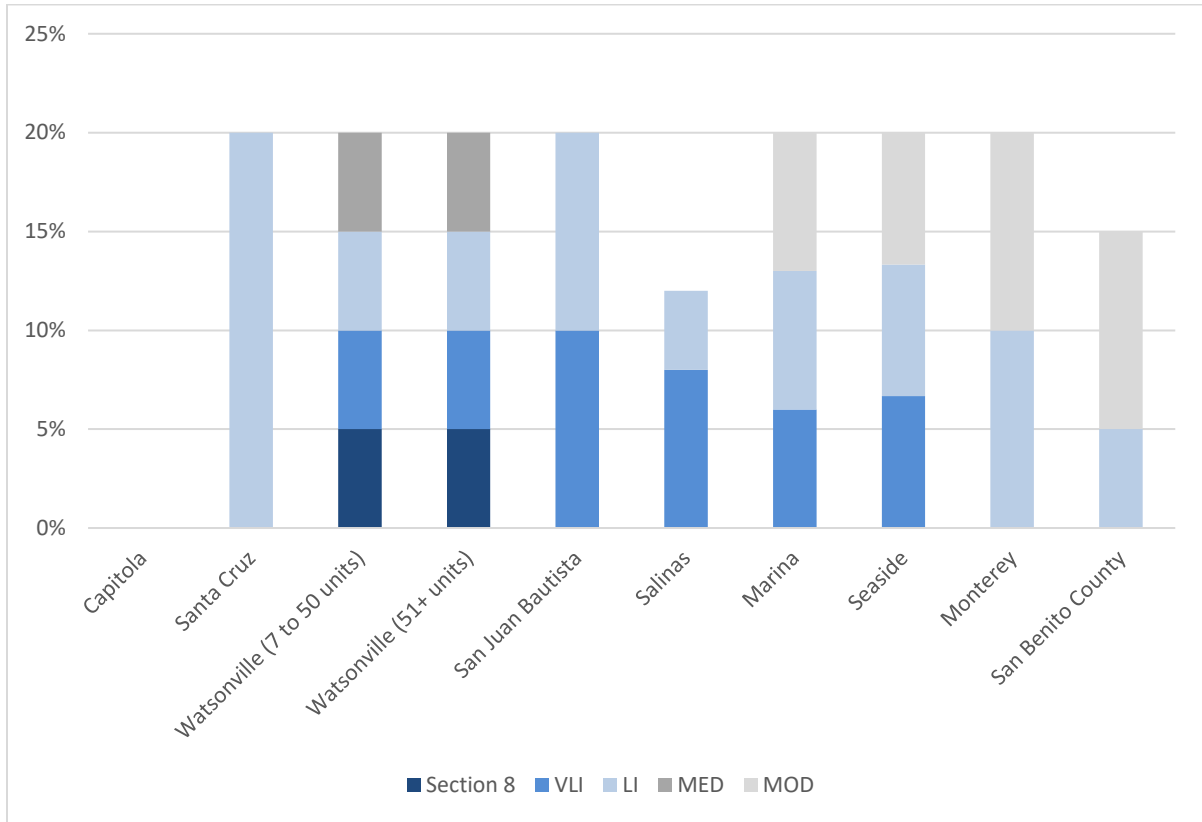
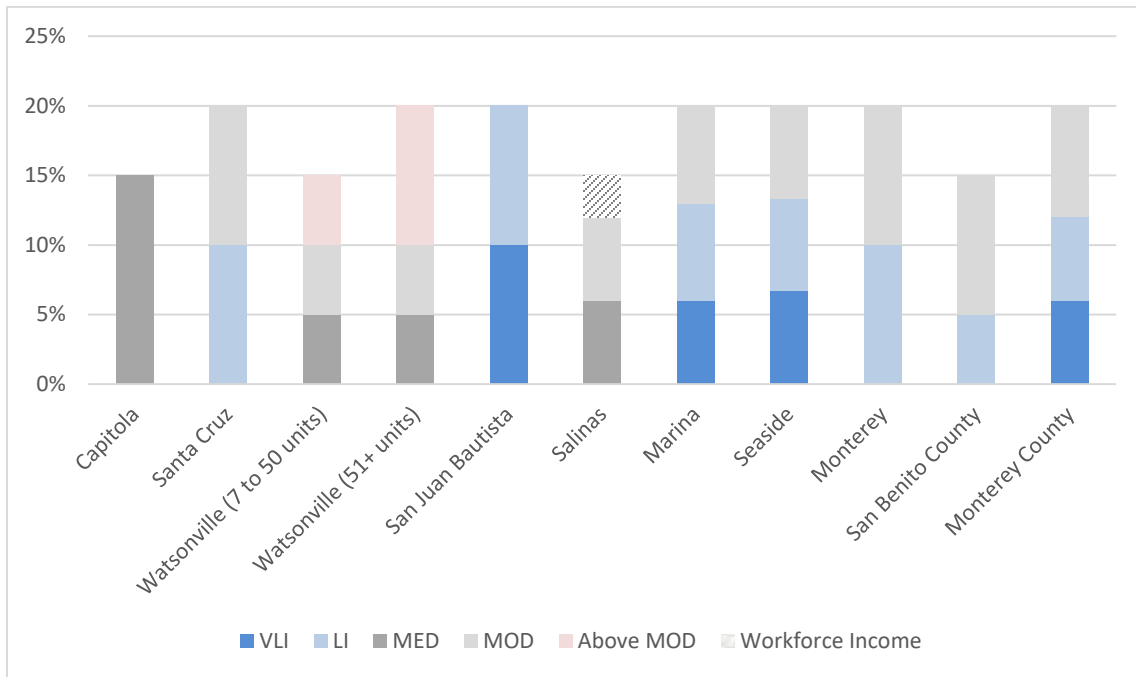


Figure 2 shows that Capitola’s for-sale inclusionary requirement of 15 percent is within the range of many neighboring jurisdictions. Capitola is again unique in that all inclusionary units must be affordable only to the median area income adjusted for household size, while other jurisdictions require set asides for multiple income categories, including low and even very-low-income units. Overall, affordability requirements for for-sale housing among neighboring jurisdictions focus on higher income levels than are required for rental housing. Again, the results of the nexus study show that there is potential justification for more aggressive inclusionary requirements in Capitola. However, this memorandum’s analysis below indicates that more aggressive inclusionary standards may not be economically feasible in Capitola.

Figure 2 Inclusionary Requirements for New For-Sale Development



Feasibility Analysis

The City has asked EPS to compare the maximum fees as determined by the nexus studies to the costs and values of new development of various types, to determine whether the maximum fees represent a significant burden on project feasibility and to estimate a figure at which the fees may be more feasibly absorbed by developers. To do this, EPS has prepared financial pro formas reflecting the expected costs of new development, and compared those costs to the revenues that could be generated from the projects given various mixes of market-rate and affordable housing. EPS has endeavored to identify potential “win-win” scenarios, in which the development’s affordability would be enhanced but so would the developer’s return on investment, relative to adhering to the City’s current inclusionary standards.

Ownership Scenarios

In evaluating various inclusionary and impact fee scenarios for ownership housing, EPS analyzed the development economics of a hypothetical development consisting of 100 single-family units¹ with a density of eight units per acre. Units are assumed to average 1,800 square feet and three bedrooms each, with an average of four persons per household. The five scenarios are:

Current Ordinance – 15 percent of units within the project must be affordable to households at the area median income adjusted for household size. For this hypothetical development, 15 units are inclusionary and there are no fractional units requiring the \$10 per square foot fee.

Existing Fee – The current ordinance states that a \$10 per square foot in-lieu fee applies to fractional inclusionary units (for instance, a 30-unit project would provide four inclusionary units (1/7 of 28 units) and pay the in-lieu fee on the remaining two market-rate units). Within in this scenario, the project would be assumed to pay the \$10 fee for all units instead of providing any affordable units within the project.

No Inclusionary or Fee – This scenario shows the estimated return that could be achieved by developers if they are not required to pay any fee or provide any inclusionary units.

Maximum Nexus-Based Fee – Based on the results of the nexus study, a unit of this size/value can be charged a maximum fee of about \$44 per square foot. The project would be assumed to pay this maximum fee for all units instead of providing any affordable units within the project.

Nexus-Based Inclusionary Requirement – The results of the nexus study show that 100 homes of this value would generate local spending and increase demand for local labor, resulting in demand for roughly 27 new affordable units, most of which would be required for very low-income households. For this scenario, EPS has modeled the construction of one affordable unit for every four market-rate units (or 20 percent of the total number of units), with the majority of the affordable units priced at very low-income levels per the nexus study findings.

Maximum Feasible Fee – This scenario shows the fee that can be levied against these units while still allowing the developer to achieve the profit margin required to make such a development feasible. No on-site inclusionary units are assumed.

Feasible Inclusionary Requirements – Three additional inclusionary scenarios show the number of inclusionary units that can be built when affordable to a given income level while still allowing the developer to achieve the required profit margin. The first assumes all inclusionary units are affordable to moderate-income households, the second assumes all inclusionary units are affordable to median-income households, and the third assumes all inclusionary units are affordable to low-income households.

¹ EPS uses a hypothetical 100-unit project in order to illustrate the effects of various inclusionary or fee requirements in a mathematically clear manner. EPS is aware that 100-unit projects would be rare in Capitola, and has assumed per-unit costs more reflective of the economies of scale of much smaller projects (5-10 units). As such, EPS intends and believes that the results of this analysis can be reasonably interpreted to reflect for-sale housing developments with far fewer than 100 units.

Key revenue assumptions are based on RedFin sales data for Capitola over the period from May 2020 through May 2021, which suggest that a home of this type and size in Capitola could sell for \$800 per square foot or roughly \$1.44 million. For the affordable units, maximum value by income category is shown in **Table 1**.

Land acquisition cost assumptions are based on local land transactions for the development of single-family homes, with an assumption of \$2.6 million per acre held constant across all scenarios. Construction cost estimates are based on EPS experience with similar developments in Northern California, with total direct and indirect costs (except land and affordable housing fees) assumed to be \$851,000 per unit.

The scenarios presented test the feasibility of incorporating different fee levels and affordability requirements, feasibility being measured by an estimated profit margin. These revenue and cost estimates inform a range of profit margins (net revenue divided by total cost), which vary by scenario, as shown in **Table .** Based on recent experience with developers and lenders in Northern California, EPS assumes that developers would require at least an 18 percent profit margin in order to accept the risk associated with the project.²

The results show that, unsurprisingly, the 'No Inclusionary or Fee' scenario yields the highest return, while the existing fee level at \$10 per square foot also allows developers to achieve an attractive return. Providing affordable units on-site – even the City's current 15 percent requirement at median income, let alone the higher proportion at lower price points determined in the nexus study – appears to yield profit margins below development industry standards. This result would suggest that, under current market conditions regarding construction costs, developers of for-sale housing would need to reduce their costs (for instance, by paying less for land) and/or increase their revenues (by selling their homes at higher prices) in order to support the construction of on-site affordable units. Fees appear to be better tolerated than on-site inclusionary requirements, with the 'Maximum Nexus-Based Fee' scenario nearly achieving feasibility with a profit margin of nearly 15 percent. A fee set at roughly \$25 per square foot appears to allow a attractive financial return to developers while also increasing City revenues for affordable housing and falling within the maximum fee levels calculated through the nexus study.

The three feasible inclusionary requirement scenarios show that, if all inclusionary units are affordable to moderate incomes, the developer could probably accommodate an inclusionary requirement of about 8 percent and still reach the 18 percent profit margin. If all inclusionary units are affordable at the median household income, an inclusionary requirement of 7 percent is likely to be feasible. When affordable for low-income households, only a 6 percent inclusionary requirement appears to be feasible.

² An 18 percent profit margin means that the average prices at which the units can be sold exceed the total costs of development (property acquisition, design and entitlement process, construction, financing, marketing, etc.) by 18 percent. It is common for new housing construction in Northern and Coastal California to require at least a year for property acquisition and entitlement and another year for construction and marketing, so the total \$1,176,000 per unit development costs might be roughly split over two years prior to selling the unit for \$1.4 million in Year 3. In this case, an 18 percent profit margin would equate to closer to a 11 percent "Internal Rate of Return" on the overall investment – comparable to the rate of return on investing in the general stock market over the past decade. This is consistent with

Table 1 Affordable Home Value for a 4-Person Household by Income Category

| Income Category | Maximum Household Income [1] | Maximum Unit Value |
|-----------------|------------------------------|--------------------|
| Very Low-Income | \$66,200 | \$296,500 |
| Low-Income | \$106,200 | \$515,000 |
| Median-Income | \$110,000 | \$641,500 |
| Moderate-Income | \$132,000 | \$765,500 |

[1] For 4-person household. Assumes 30% of gross household income spent on housing costs for VLI and Low-Income, and 35% of gross income spent on housing for Median and Moderate.

Sources: City of Capitola; County of Santa Cruz; Economic and Planning Systems, Inc.

Table 2 Ownership Scenarios

| Program | Current Ordinance | | Existing Fee | | No Inclusionary or Fee | | Maximum Nexus-Based Fee | | Nexus-Based Inclusionary Requirement | | Maximum Feasible Fee | | Feasible Inclusionary Requirement - Mod | | Feasible Inclusionary Requirement - Median | | Feasible Inclusionary Requirement - Low | | | |
|--------------------------------------|--------------------------|---------------|---------------|---------------|------------------------|---------------|-------------------------|---------------|--------------------------------------|---------------|----------------------|---------------|---|-------------------|--|-------------------|---|-------------------|---------------|-----|
| | Value/ Unit ¹ | Revenue Units | Total Value | Revenue Units | Total Value | Revenue Units | Total Value | Revenue Units | Total Value | Revenue Units | Total Value | Revenue Units | Total Value | Revenue Units [4] | Total Value | Revenue Units [4] | Total Value | Revenue Units [4] | Total Value | |
| Units in Project | | 100 | | 100 | | 100 | | 100 | | 100 | | 100 | | 100 | | 100 | | 100 | | 100 |
| Revenues | | | | | | | | | | | | | | | | | | | | |
| MR Units [1] | \$1,440,000 | 85 | \$122,400,000 | 100 | \$144,000,000 | 100 | \$144,000,000 | 100 | \$144,000,000 | 80 | \$115,200,000 | 100 | \$144,000,000 | 92 | \$132,811,200 | 93 | \$134,553,600 | 94 | \$135,864,000 | |
| VLI Units [2] | \$297,000 | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 | 16 | \$4,752,000 | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 | |
| Low Units [2] | \$515,000 | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 | 3 | \$1,545,000 | 0 | \$0 | 0 | \$0 | 0 | \$0 | 6 | \$2,909,750 | |
| Median Units [2] | \$642,000 | 15 | \$9,630,000 | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 | 7 | \$4,211,520 | 0 | \$0 | |
| Mod Units [2] | \$766,000 | 0 | \$0 | 0 | \$0 | 0 | \$0 | 0 | \$0 | 1 | \$766,000 | 0 | \$0 | 8 | \$5,951,820 | 0 | \$0 | 0 | \$0 | |
| Total | | 100 | \$132,030,000 | 100 | \$144,000,000 | 100 | \$144,000,000 | 100 | \$144,000,000 | 100 | \$122,263,000 | 100 | \$144,000,000 | 100 | \$138,763,020 | 100 | \$138,765,120 | 100 | \$138,773,750 | |
| Costs | | | | | | | | | | | | | | | | | | | | |
| Land Purchase + Carrying Costs [3] | \$325,000 | | \$32,500,000 | | \$32,500,000 | | \$32,500,000 | | \$32,500,000 | | \$32,500,000 | | \$32,500,000 | | \$32,500,000 | | \$32,500,000 | | \$32,500,000 | |
| Hard + Soft Costs (excluding AH fee) | \$851,000 | | \$85,100,000 | | \$85,100,000 | | \$85,100,000 | | \$85,100,000 | | \$85,100,000 | | \$85,100,000 | | \$85,100,000 | | \$85,100,000 | | \$85,100,000 | |
| Affordable Housing Fee per SF | | | \$0.00 | | \$10.00 | | \$0.00 | | \$44.17 | | \$0.00 | | \$24.64 | | \$0.00 | | \$0.00 | | \$0.00 | |
| Affordable Housing Fee Total | | | \$0 | | \$1,800,000 | | \$0 | | \$7,950,032 | | \$0 | | \$4,435,714 | | \$0 | | \$0 | | \$0 | |
| Total | | | \$117,600,000 | | \$119,400,010 | | \$117,600,000 | | \$125,550,032 | | \$117,600,000 | | \$122,035,714 | | \$117,600,000 | | \$117,600,000 | | \$117,600,000 | |
| Profit Margin | | | \$14,430,000 | | \$24,599,990 | | \$26,400,000 | | \$18,449,968 | | \$4,663,000 | | \$21,964,286 | | \$21,163,020 | | \$21,165,120 | | \$21,173,750 | |
| Profit Margin (% of Costs) | | | 12.27% | | 20.60% | | 22.45% | | 14.70% | | 3.97% | | 18.00% | | 18.00% | | 18.00% | | 18.00% | |

[1] Assumes \$800 per SF
 [2] See Table 1 for maximum sales price
 [3] Based on CoStar for land transactions between 0.5 and 1 acre
 [4] Rounded to nearest whole unit
 Sources: City of Capitola; Economic & Planning Systems, Inc.

Attachment: Affordable Housing Fee Feasibility Analysis (Consider the Second Reading of an Ordinance)

Rental Scenarios

On the rental side, EPS modeled a 100-unit market rate multifamily development, assuming 20 units per acre. All units are assumed to have two bedrooms, with a household size of three people. Land acquisition cost is derived from recent transactions for multifamily development in Capitola and Santa Cruz, as reported by CoStar. Development costs are based on EPS's experience with similar developments in Northern California. For income assumptions, EPS compiled market-rate and affordable rents based on conditions and requirements in Capitola. As the standard metric for feasibility, EPS modeled the annual yield on cost, calculating aggregate Net Operating Income (NOI) divided by development costs. As on the ownership side, EPS evaluated a number of scenarios, adjusting the inclusionary requirements and fee levels in each. Outlined below are the tested against the current rental ordinance:

Current Ordinance – Rental multifamily developments are required to pay a fee of \$6 per square foot.

No Inclusionary or Fee – This scenario shows the estimated return achieved by developers when they are not required to pay any fee or provide any inclusionary units.

Maximum Nexus-based Fee – The results of the nexus study show that two-bedroom rental units can justifiably be required to pay a fee of up to \$54.54 per square foot, based on their impact on the demand for affordable housing. This scenario does not require any inclusionary units be built on-site.

Nexus-based Inclusionary Requirement – The results of the nexus study show that the construction of 100 market-rate rental units may generate demand for roughly 24 affordable units. For this scenario, EPS has modeled the construction of one affordable unit for every four market-rate units (20 percent of the total number of units), with the majority of the affordable units priced at very low-income levels per the nexus study findings.

Income assumptions include market rate rents of \$3,850 per month for a two-bedroom unit, reflecting typical rents for newly constructed multifamily in the Greater Santa Cruz-Capitola area. Affordable rents were informed by the 2021 income limits for Santa Cruz County as determined by HUD, State of CA HCD, and County of Santa Cruz (**Table**). On the cost side, EPS used a land price of \$1.4 million per acre for 5 acres, based on market data from 12 transactions from 2009-2020 for properties to be built for residential use. Aside from land, the cost of constructing the buildings is assumed to be modestly lower on a per-square-foot basis than was assumed for the for-sale project. These revenue and cost estimates inform a range of yield on cost percentages, which vary by scenario, as show in **Table**.

Assuming developers need an anticipated yield on cost of 5.25 percent³ to move forward with a project of this nature, none of these scenarios provide a high enough return. The 'No Inclusionary or Fee' and 'Existing Fee' scenarios allow the highest yields, though still significantly below the required 5.25 percent yield, with the 'No Inclusionary or Fee' scenario understandably

³ CoStar reports that Santa Cruz County apartment complexes built since 2000 have been transacting at average capitalization rates of roughly 4.50 percent. In EPS's experience, developers and lenders typically underwrite new construction projects with yield-on-cost ratios at least 0.75 percentage points higher than capitalization rates for existing, stabilized properties.

producing the highest return. The 'Maximum Nexus-Based Fee' scenario produces a yield on cost of about 4.6 percent, and the 'Nexus-based Inclusionary Requirement' scenario produced the lowest yield on cost at under 4.5 percent.

These results suggest that new market-rate rental housing in Capitola faces feasibility challenges due to high development costs. Even without any inclusionary requirements or in-lieu/impact fee obligations, rental development appears to fall somewhat short of industry-standard return thresholds. The City of Capitola may consider whether to maintain its current \$6.00 per square foot in-lieu fee for rental development (which very modestly affects project feasibility) or eliminate any inclusionary or fee requirements for rental housing, but EPS does not recommend any increase to the City's current inclusionary standards for rental housing at this time.

Capitola vs. Other Communities

It is reasonable to ask why higher inclusionary standards may be feasible in other communities but not in Capitola. For example, Marina and Seaside require 20 percent inclusionary units for for-sale developments, including a mix of Moderate, Low, and Very Low-income levels. EPS has not evaluated the feasibility of each adopted inclusionary program described on **Figures 1** and **2**. However, we can make general observations.

The feasibility of development is dependent on numerous factors including both costs and revenues, and a large portion of the costs of development in Capitola is related to land acquisition – assumed at \$2.6 million per acre or \$325,000 per unit for for-sale development. In this case, land costs alone exceed the prices at which Very Low-income units could be sold in Capitola, and more than half of the prices for which Low- and Median-income units could be sold. By contrast, lower land costs in inland areas such as Watsonville, Salinas, and San Benito County may not present as great a financial hurdle for development feasibility and thus allow those jurisdictions to require more inclusionary units or lower affordable price points. While this land cost factor may not be the only reason that inclusionary housing standards create feasibility challenges in Capitola, it illustrates the fact that certain key considerations may not be evident in high-level comparisons of inclusionary standards among jurisdictions.

Furthermore, the adoption of an inclusionary standard does not necessarily indicate that such standards are in fact feasible. Indeed, under AB 1505 the State's Housing and Community Development Department (HCD) has authority under certain circumstances to require jurisdictions considering new or amended inclusionary housing standards after September 15, 2017 to submit analysis regarding the feasibility impacts of such standards⁴ – recognizing that some inclusionary standards would be expected to have negative impacts in specific market areas. One circumstance that could trigger such a review by HCD is if the jurisdiction has permitted less than 75 percent of the "Above Moderate" (i.e., market-rate) housing it was allocated in the Regional Housing Needs Allocation (RHNA) process, as such a record could indicate that the inclusionary requirement is a deterrent to housing production due to feasibility impacts. Seven of the 10 jurisdictions shown on Figures 1 and 2, including Capitola, have fallen

⁴ See: [Division of Administration and Management Letterhead \(ca.gov\)](https://www.cdph.ca.gov/Programs/OPA/Pages/P180002.aspx)

short of this 75 percent permitting threshold, suggesting that their inclusionary standards may be one factor in delivering fewer than their allocated housing units.⁵

In summary, EPS acknowledges that other communities have higher inclusionary standards than does Capitola, but recommends considering the results of this feasibility analysis as guidance regarding whether Capitola's standards should be increased.

Home Additions

Capitola currently charges an affordable housing in-lieu fee of \$2.50 per square foot for home additions that increase the unit size by 50 percent or greater. The EPS nexus study for for-sale housing includes a discussion of the impact of home additions on the demand for affordable housing, and concludes that a nexus-based fee could be justified for such projects, which are common in Capitola. While EPS concluded that a fee similar to those for new for-sale construction could be justified from a nexus perspective, raising the home additions fee from \$2.50 per square foot to as much as \$25 per square foot as suggested herein for new for-sale construction would represent a very large increase. A typical home addition is undertaken by the property owner to enhance their quality of life and eventual property value, but they may not be able to absorb high cost increases as well as a professional developer who can recoup their investment by selling the unit immediately upon completion. For this reason, EPS cautions the City of Capitola against a significant increase in the current \$2.50 fee for home additions.

⁵ See [Housing Element Open Data Project and SB 35 Determination \(arcgis.com\)](#)

Table 3 Estimated Revenue Generation per Unit by Income Level – 3-Person Households

| Item | 3-Story Multifamily Building With Surface Parking | | | |
|---|---|-------------------------|-------------------------------|------------------|
| | Very Low Income (50% AMI) | Low Income (80% AMI) | Moderate Income (120% AMI) | Market Rate |
| Household Income [1] | \$59,600 | \$95,600 | \$118,800 | N/A |
| Income Available for Housing Costs [2] | \$17,880 | \$28,680 | \$35,640 | \$46,200 |
| (Less) Operating Expenses per Unit per Year [3] | <u>-\$6,000</u> | <u>-\$6,000</u> | <u>-\$10,000</u> | <u>-\$16,170</u> |
| Net Operating Income | \$11,880 | \$22,680 | \$25,640 | \$30,030 |

[1] Based on 2021 income limits for a three person household in Santa Cruz County.

[2] Assumes housing costs to be 30% of gross household income. Market rate rent assumed to be \$3,850 per month

[3] Operating expenses are generally based on EPS feasibility studies in the region and are inclusive of utility costs; units at or below 80% of AMI are assumed to be built as non-profit and are therefore exempt from property taxes. Property taxes are assumed to comprise a share of the operating expenses for the moderate income category.

Source: California Housing and Community Development Department; Apartments.com; Economics and Planning Systems, Inc.

Attachment: Affordable Housing Fee Feasibility Analysis (Consider the Second Reading of an Ordinance

Table 4 Rental Scenarios

| | Current Ordinance | No Inclusionary or Fee | Maximum Nexus Fee | Nexus-Based Inclusionary Requirement |
|---|--------------------|------------------------|--------------------|--------------------------------------|
| Inclusionary Requirement | 0% | 0% | 0% | 23% |
| Total Project Costs | | | | |
| Land Costs (1 acre) [1] | \$7,000,000 | \$7,000,000 | \$7,000,000 | \$7,000,000 |
| Hard and Soft Cost (excluding affordable housing fee) | \$53,300,000 | \$53,300,000 | \$53,300,000 | \$53,300,000 |
| Affordable Housing Fee (per SF) | \$6.00 | \$0.00 | \$54.54 | \$0.00 |
| <u>Affordable Housing Fee (Total)</u> | <u>\$570,000</u> | <u>\$0</u> | <u>\$5,248,750</u> | <u>\$0</u> |
| Total | \$60,870,000 | \$60,300,000 | \$65,548,750 | \$60,300,000 |
| Units by Price Point | | | | |
| Market Rate Units | 100 | 100 | 100 | 81 |
| Annual NOI/Unit [2] | \$30,030 | \$30,030 | \$30,030 | \$30,030 |
| Aggregate NOI of Market Rate Units | \$3,003,000 | \$3,003,000 | \$3,003,000 | \$2,432,430 |
| Moderate Income Units (120% of AMI) | 0 | 0 | 0 | 0 |
| Annual NOI/Unit [2] | \$25,640 | \$25,640 | \$25,640 | \$25,640 |
| Aggregate NOI of Moderate Income Units | \$0 | \$0 | \$0 | \$0 |
| Low Income Units (80% of AMI) | 0 | 0 | 0 | 4 |
| Annual NOI/Unit [2] | \$22,680 | \$22,680 | \$22,680 | \$22,680 |
| Aggregate NOI of Low Income Units | \$0 | \$0 | \$0 | \$90,720 |
| VLI Units (50% of AMI) | 0 | 0 | 0 | 15 |
| Annual NOI/Unit [2] | \$11,880 | \$11,880 | \$11,880 | \$11,880 |
| Aggregate NOI of VLI Units | \$0 | \$0 | \$0 | \$178,200 |
| Total Project NOI | \$3,003,000 | \$3,003,000 | \$3,003,000 | \$2,701,350 |
| Weighted Avg. NOI/Unit | \$30,030 | \$30,030 | \$30,030 | \$27,014 |
| Yield on Cost | 4.93% | 4.98% | 4.58% | 4.48% |

[1] Based on recent land sales for 1+ acre parcels, as reported by CoStar

[2] See Table 3 for revenue assumptions

Sources: City of Capitola; Economic & Planning Systems, Inc.



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF OCTOBER 28, 2021

FROM: City Manager Department

SUBJECT: Consider an Ordinance Adding Chapter 9.62 Film Permits to Capitola Municipal Code

RECOMMENDED ACTION: Introduce for first reading, by title only, waiving further reading of the text, an ordinance adding Chapter 9.62.

BACKGROUND: The California Uniform Film Permit Act authorizes local jurisdiction to adopt an ordinance to regulate the issuance of permits for commercial filming activity. Such an ordinance must comply with the requirements of the Act and be reviewed by the California Film Commission prior to final adoption.

Historically the City has issued around 4-6 permits each year for commercial filming activity through the business licenses process. While the process has been effective, business licenses are a non-regulatory permit, in that the City is limited in its ability to deny or condition a request for a business license. The proposed ordinance would allow the City to deny or condition future requests to film within the City Limits.

DISCUSSION: The proposed ordinance regulates commercial filming and complies with the Uniform Film Permit Act. The ordinance does not apply to filming for non-commercial purposes and exempts filming for news purposes or filming that takes place on private property in a single day between the hours of 9am and 10 pm. In addition, the ordinance includes the following

- Authorizes the City Manager to issue film permits, provided the proposed activity does not create substantial community impacts, as delineated in 9.62.070.
- Authorizes the City to impose conditions on the proposed activity including requirements concerning the time, place and manner of filming activities.
- Requires the applicant to obtain insurance, name the City as an additional insured, and indemnify the City

Functionally, the proposed ordinance will not significantly modify the City's processes or timelines for authorizing filming activities. The ordinance will better situate the City should a filming activity be proposed that would create impacts and require either denial or specific conditions to mitigate those impacts.

If this ordinance is passed to a second reading, staff will submit the ordinance to the California

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Film Commission for review. Following that review, staff will return to Council to consider a second reading of the ordinance, and amendment to the City's Film Permit Policy.

FISCAL IMPACT: None. The proposed ordinance includes the ability for the City to recover costs associated with the issuance of film permits.

Report Prepared By: Jamie Goldstein
City Manager

Reviewed and Forwarded by:



Jamie Goldstein, City Manager

10/20/2021

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ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CAPITOLA, AMENDING TITLE 9 OF THE CAPITOLA MUNICIPAL CODE BY ADDING THERETO CHAPTER 9.62 TO ESTABLISH REGULATIONS FOR FILMING PERMITS

WHEREAS, the City Council desires to streamline and update its procedures and fees for obtaining a permit for commercial filming activities based on the latest industry guidelines and standards.

WHEREAS, the regulation of commercial filming has as its objective the health and safety of the persons affected by filming activity, the avoidance of undue disruptions of persons within the area of a filming location, the safety of property, and the avoidance of traffic congestion. It also serves to protect the City from liability through insurance coverage.

WHEREAS, the City, pursuant to its police powers delegated to it by the California Constitution, has the authority to enact laws which promote the public health, safety and general welfare of its residents, and therefore the City desires to enact this film permit ordinance.

NOW, THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CAPITOLA AS FOLLOWS:

Section 1. The above findings are adopted and incorporated herein.

Section 2. Title 9 (Public Peace, Morals and Welfare) of the Capitola Municipal Code is hereby amended by adding new Section 9.62 which shall read as follows:

Chapter 9.62 CAPITOLA FILM PERMIT ORDINANCE

Sections:

9.62.010 Title
9.62.020 Purpose
9.62.030 Definitions
9.62.040 Permit required
9.62.050 Permit exemptions
9.62.060 Application form
9.62.070 Permit denial
9.62.080 Permit conditions
9.62.090 Fees
9.62.100 Insurance
9.62.110 Indemnification and liability
9.62.120 Security Deposit
9.62.130 Duties of permittee
9.62.140 Regulations
9.62.150 Appeals
9.62.160 Penalties

9.62.010 Title.

This chapter shall be known and may be cited as the Capitola film permit ordinance.

9.62.020 Purpose.

Consistent with the Uniform Film Permit Act, it is the purpose of this chapter to provide for rules governing the issuance of permits for filming activities on locations within the City. The intent of this chapter is to ensure that filming activities are consistent with the public health and safety and the protection of property and do not impose undue burdens upon public properties or private properties that may be directly or indirectly affected by noise, glare, public congregation, and other impacts associated with filming activities. It is the purpose of this chapter to regulate the time, place and manner in which such activities are conducted to only the extent reasonably necessary to preserve the public peace and safety.

9.62.030 Definitions.

For the purpose of this chapter, the following words and phrases shall have the meanings respectively ascribed to them by this section:

“City Manager” means the City Manager of the City of Capitola, or his/her designee.

“Commercial purposes” means the creation of a product for sale or generation of income, including the creation of an advertisement for an event, business, product or service.

“Film permit” means written authorization from the City Manager to conduct the filming activity described in the permit.

“Filming activity” means filming, videotaping, photographing, or other similar process.

“News purpose” means filming activity conducted for newspapers, magazines, news services, broadcast stations, television or cable news shows, internet news programs, and similar news media, for the primary purpose of disseminating news, recent events, and other current, public affairs.

“Studio” means a fixed place of business where filming activities are regularly conducted upon the premises either indoors or outdoors.

9.62.040 Permit required.

It is unlawful to conduct a filming activity for commercial purposes, or a filming activity where any member of the film, photography, or recording crew receives compensation for their work, without first obtaining a film permit from the City Manager.

9.62.050 Permit exemptions.

The provisions of this section shall not apply to any of the following activities:

A. Filming activities conducted for news purposes.

B. Filming activities conducted in a studio.

C. Filming activities taking place on private property and completed in a single day between the hours of 9 am and 10 pm.

9.62.060 Application form.

Permit application shall be on a form furnished by the City Manager and shall include information about the proposed filming activity necessary to determine potential impacts to City services and the community.

9.62.070 Permit denial.

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The film permit shall be approved by the City Manager unless he/she determines from consideration of the application or other pertinent information that any of the following conditions exist:

- A. The filming activity will substantially disrupt the use of a public space at a time when it is usually subject to congestion, or interfere with the operation of emergency vehicles in the proposed permit area.
- B. The location of the filming activity will substantially interfere with street or utility maintenance work, or a previously authorized permit.
- C. The proposed permit location is on City-owned property and the filming activity will substantially interfere with municipal functions, or other previously authorized activities on City property.
- D. The filming activity creates a substantial risk of injury to persons or property.
- E. The applicant failed to complete the application, submit applicable fees, or the information contained in the application is found to be false in any material detail.
- F. The particular filming activity would violate Federal, State or local law including license/permit requirements.
- G. The filming activity creates a substantial nuisance.
- H. The applicant has a failed to comply with permit conditions for prior permits.

9.62.080 Permit conditions.

The City Manager may condition the issuance of a filming activity permit by imposing reasonable requirements concerning the time, place and manner of filming activities.

9.62.090 Fees.

The City Council shall by resolution establish a schedule of fees for film permits. The amount of the fees established by the City Council shall not exceed the reasonable costs incurred by the City for the processing of the application, the services to be provided by the City to the permittee and the use of the City property by the permittee. The fees shall be collected by the Finance Director and shall include:

- A. A permit application processing fee in an amount established by City Council resolution shall be paid by the applicant at the time the application is filed.
- B. Reimbursement for use of City property and services. A schedule of fees for use of City property shall be established by City Council resolution. City services shall be reimbursed at the actual current cost of the service. The applicant shall prepay such fees prior to issuance of the film permit.

9.62.100 Insurance.

The issuance of a film permit to a permittee shall be subject to the following conditions relating to insurance:

- A. Before a permit is issued, the applicant must submit a certificate of insurance in an amount not exceeding \$1,000,000 naming the City of Capitola as additional insured for protection against claims of third persons for personal injuries, wrongful deaths, and property damage. Higher liability limits or separate aerial coverage shall be required for the use of helicopters and/or drones. City officers and employees shall also be named as additional insured. An applicant must provide evidence of insurance coverage that will not expire until the completion of all planned production activities, including the strike and restoration of all locations. A copy of the certificate will remain on file.

The City Manager may change the scope and policy limits based upon recommendations given to the City by the City's risk manager on such insurance matters.

- B. The applicant shall conform to all applicable Federal and State requirements for Worker's Compensation Insurance for all persons operating under a permit.

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C. A copy of the policy or a certificate of insurance along with all necessary endorsements must be filed with the City not less than three (3) business days prior to the filming activity unless the City Manager for good cause waives the filing deadline.

D. Proof of insurance coverage as specified in this section must be verified by the City prior to issuance of a film permit by the City Manager.

9.62.110 Indemnification and liability.

The issuance of a film permit to a permittee shall be subject to the following conditions relating to indemnification and liability:

A. Prior to the issuance of the film permit, the applicant must sign an agreement in a form approved by the City Attorney agreeing to reimburse the City of Capitola for any costs incurred to repair or replace City property which is damaged as the result of the filming activity.

B. The agreement shall also provide that the permittee shall defend, indemnify and hold harmless the City, its officers, agents, volunteers or employees from all claims and liability of any kind whatsoever resulting from or arising out of the filming activity or issuance of the film permit except when caused by the willful act or sole negligence of the City, its officers, agents, volunteers or employees.

C. The City Manager may require all of applicant's employees, independent contractors, or other workers to sign an indemnification and release form.

D. The City Manager may require additional indemnifications if the proposed film activity presents significant risk of harm to the City.

9.62.120 Security Deposit

The City Manager may require the applicant to submit a refundable security deposit to ensure cleanup and restoration of location sites. Upon completion of filming and inspection of the site by the City, if no verifiable damage has occurred, the security deposit shall be returned to the applicant.

9.62.130 Duties of permittee.

The general duties of a permittee are as follows:

A. Each permittee shall comply with all terms and conditions of the permit. Failure to comply with all permit terms and conditions is grounds for permit revocation by the City Manager.

B. Each permittee shall clean and restore all City-owned property utilized during the filming activity to the same condition as existed prior to the filming, unless prior approval is received from the City Manager to leave the City property in an "improved" condition.

C. The person in charge of the filming activity shall retain a copy of the film permit on location.

9.62.140 Regulations.

The City Manager is authorized to promulgate further rules regulating filming activity in the City.

9.62.150 Appeals.

An appeal of any action under this chapter may be brought pursuant to Chapter 2.52 of this code.

9.62.160 Penalties.

Any violation of the provisions of this chapter shall constitute an infraction. At the discretion of the city attorney, any additional violation committed within one year may be prosecuted as a misdemeanor. In addition to any other available remedies and penalties, said violation(s) shall be subject to the legal, equitable and administrative remedies and penalties provided for elsewhere in this code.

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Section 3: Severability

The City Council hereby declares every section, paragraph, sentence, clause, and phrase of this ordinance is severable. If any section, paragraph, sentence, clause, or phrase of this ordinance is for any reason found to be invalid or unconstitutional, such invalidity or unconstitutionality shall not affect the validity or constitutionality of the remaining sections, paragraphs, sentences, clauses, or phrases.

Section 4: Effective Date

This Ordinance shall be in full force and effect thirty (30) days from its passage and adoption.

This ordinance was introduced on the 28th day of October, 2021, and passed first reading on the ___ day of ____, 202__, and was adopted by the City Council of the City of Capitola on the ___ day of ____, 202__, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Yvette Brooks, Mayor

ATTEST:

Chloé Woodmansee, City Clerk



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF OCTOBER 28, 2021

FROM: City Manager Department

SUBJECT: Consider Adoption of an Uncodified Library Lease Ordinance

RECOMMENDED ACTION: Adopt, by title only, waiving further reading of the text, an uncodified ordinance allowing the City to enter a lease with a term in excess of 55 years and authorizing a 99-year lease with Santa Cruz County for the Capitola Library.

BACKGROUND/DISCUSSION: At the July 22, 2021, meeting Council reviewed a draft 99-year lease with Santa Cruz County for the Capitola Branch Library, and approved the first reading of the uncodified ordinance to allow the City to enter the long term lease. The lease includes all the relevant terms for the County to maintain and ensure staffing of the facility. Staff anticipates the County will sublease the building to the Santa Cruz Public Libraries Joint Powers Authority (SCPL), which will operate the library.

The lease allows the City to step in and maintain the property in an emergency or after 60 days' notice that the building is not being properly maintained. The County would be required to reimburse the City for such maintenance or emergency repairs.

The lease also allows the City to use the property to secure future City debt, at the City's sole discretion. The lease does not cover the Library Tot Lot, which will continue to be maintained by the City.

There were no substantive changes to the lease between the version reviewed in July and the final version, attached to this staff report.

FISCAL IMPACT: Approval of the ordinance and lease meets the terms of the 2004 contract with the County, ensuring the new library will be maintained and staffed for 99 years at no cost to the City.

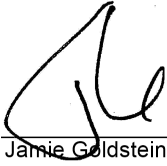
ATTACHMENTS:

1. Capitola Library Lease 09212021-Final (PDF)

Report Prepared By: Chloe Woodmansee
City Clerk

Library Lease 2nd reading
October 28, 2021

Reviewed and Forwarded by:



Jamie Goldstein, City Manager

10/20/2021

Library Lease 2nd reading
October 28, 2021

CITY OF CAPITOLA ORDINANCE NO. _____
AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CAPITOLA ESTABLISHING
PROCEDURES FOR COMPLIANCE WITH CALIFORNIA GOVERNMENT CODE SECTION
37380 FOR LEASING PROPERTY FOR A TERM IN EXCESS OF 55 YEARS AND
AUTHORIZING A 99-YEAR LEASE BETWEEN THE CITY AND COUNTY OF SANTA CRUZ
FOR THE PROPERTY LOCATED AT 2005 WHARF ROAD, TO BE USED AS THE
CAPITOLA LIBRARY

WHEREAS, on or around _____, 2004, the City of Capitola ("City"), the Redevelopment Agency of the City of Capitola ("Agency"), and the County of Santa Cruz ("County") entered into the First Implementation Agreement ("Agreement") to Redevelopment Pass-Through Agreement and Library Agreement. Section 4 of the Agreement required the Agency to design and commence construction of a minimum 7,000 square foot library building and related on-site improvements ("Library") on an acceptable site, subject to public hearing and environmental review requirements. Section 4.C of the Agreement states that, if the library was constructed, the City or Agency, as applicable, agrees to lease the site to the County or its designee, and the County agrees to lease the site from the City or Agency, pursuant to a ground lease, for a term of ninety-nine (99) years, or such shorter period to which the parties may agree or the maximum lease period allowed by law, if less than 99 years. That same Section of the Agreement further states the lease shall obligate the County to provide staffing levels and service hours for the Library that are not less than the comparable staff levels and service hours provided at the Aptos County Branch Library.

WHEREAS, the City has since constructed the Library on that certain piece of real property located at 2005 Wharf Road ("Property"). It would benefit the City and its residents for the County to lease and operate the Library for a period of 99 years, as it would provide certainty and continuity to the City and its residents.

WHEREAS, California Government Code Section 37380 authorizes California cities to lease property owned or held or controlled by it, for a period exceeding 55 years but not exceeding 99 years, if all of the following conditions are met:

- (1) The lease is subject to periodic review by the City and shall take into consideration the then current market conditions. The local legislative body may, prior to final execution of the lease, establish the lease provisions which will periodically be reviewed, and determine when those provisions are to be reviewed.
- (2) The lease is authorized by an ordinance adopted by the legislative body;
- (3) Prior to adopting the ordinance, the governing body holds a public hearing noticed pursuant to Government Code Section 6066; and
- (4) The lease is awarded to the bidder which, in the determination of the legislative body, offers the greatest economic return to the City, after competitive bidding.

WHEREAS, Articles 3 and 4 of the Lease shall be subject to review by the City on the tenth year following adoption of this Ordinance and every ten years thereafter.

WHEREAS, adoption of this Ordinance has followed a public hearing duly noticed pursuant to Government Code Section 6066.

WHEREAS, prior to consideration by the City Council of the City of Capitola, the City conducted a competitive bidding process for the lease. The County was the sole respondent and, in the determination of the City Council, offers the greatest economic return to the City.

WHEREAS, the City Council desires to adopt this Ordinance for the purpose of authorizing the City to enter into a lease with the County for the Property for 99 years, and in satisfaction of the requirements of Government Code Section 37380.

NOW THEREFORE THE CITY OF CAPITOLA DOES ORDAIN AS FOLLOWS:

Library Lease 2nd reading
October 28, 2021

SECTION 1: Adoption of Procedures.

The City Council adopts the procedures set forth in this Ordinance in satisfaction of the requirements of California Government Code Section 37380(b), such that the City may enter into a lease with the County, for a term not to exceed 99 years, for the lease of that certain piece of real property located at 2005 Wharf Road, to be used by and operated by the County and/ or a sublessee of the County as a public library, for the benefit of the Capitola and greater community ("Lease").

SECTION 2: Periodic Review.

Pursuant to the requirements of Section 37380(b), and as further explained in this Ordinance, the Lease shall be subject to period review by the City and shall take into consideration the then-current market conditions. The periodic reviews shall occur every ten (10) years after adoption of this Ordinance, unless otherwise specified in the Lease.

SECTION 3: Severability.

The City Council hereby declares every section, paragraph, sentence, clause and phrase of this Ordinance to be severable. If any section, paragraph, sentence, clause or phrase of this ordinance is for any reason found to be invalid or unconstitutional, such invalidity, or unconstitutionality shall not affect the validity or constitutionality of the remaining sections, paragraphs, sentences, clauses or phrases.

SECTION 4: Repeal of Inconsistent Provisions.

Any inconsistent provisions of the Capitola Municipal Code are repealed, to the extent of the inconsistencies.

SECTION 5: Effective Date.

This Ordinance of the City of Capitola shall take effect and be in force 30 days after the date of its passage.

SECTION 6: Publication.

Within fifteen (15) days of its passage, this Ordinance shall be published at least once in a newspaper of general circulation published and circulated in the City of Capitola, along with the names of the members of the City Council voting for and against its passage.

This Ordinance was introduced at a regular meeting of the Capitola City Council on the 22nd day of July 2021, and was adopted at a regular meeting of the Capitola City Council on the 26th day of August 2021, by the following vote:

AYES: Councilmembers: ()

NOES: Councilmembers: ()

ABSENT: Councilmembers: ()

ABSTAIN: Councilmembers: ()

SO ORDERED

ATTEST

Yvette Brooks, Mayor

Chloe Woodmansee, City Clerk

Dated: _____

**CAPITOLA LIBRARY – 2005 WHARF ROAD
APN 034-541-34**

LESSOR: CITY OF CAPITOLA

LESSEE: COUNTY OF SANTA CRUZ, a political subdivision of the State of California

Attachment: Capitola Library Lease 09212021-Final (Library Lease 2nd reading)

**LEASE AGREEMENT
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Attachment: Capitola Library Lease 09212021-Final (Library Lease 2nd reading)

LEASE AGREEMENT

This Lease is entered into this ____ day of _____, 20__, between the **City of Capitola** (“City” or “Lessor”) and the **County of Santa Cruz** (“County” or “Lessee”). The City and County are sometimes referred to herein individually as “Party” or collectively as “Parties.”

This Lease is entered into upon the following facts, understandings and intentions of the City and County.

ARTICLE 1 PREMISES

1.1 Premises. City owns that certain real property commonly known as 2005 Wharf Road Capitola, CA 95010 on assessor’s parcel number 034-541-34, more particularly described in Exhibit “A” attached hereto and made a part hereof and referred to herein as “Premises”. The Premises are currently improved with an 11,700 square foot building, a parking lot and landscaped areas. Assessor’s parcel number 034-541-34 also contains a children’s playground, known as the “Library Tot Lot”, which is specifically excluded from the Premises and is not included in this Lease.

ARTICLE 2 TERM

2.1 Term. The term of this Lease shall commence upon execution by all Parties hereto, and shall continue for 99 years (“Term”).

2.2 Compliance with California Government Code Section 37380. On October 28, 2021, the City passed Ordinance No. ----, which established procedures pursuant to Cal. Government Code Section 37380 to authorize the City to enter into a lease of up to 99 years for the property that is the subject of this Lease.

2.3 Hold Over. If Lessee remains in possession of the Premises beyond the term of this Lease or any extension or renewal hereof without executing a new written Lease with City, such holding over shall not constitute a renewal or extension of this Lease, but Lessee shall be a tenant on a month to month basis terminable with ninety (90) days’ notice by either party.

2.4 Extension. While Government Code Section 37380 does not permit an extension of this Lease beyond its 99 year Term, the parties agree to meet and confer regarding a subsequent lease of the Premises prior to or upon expiration of this Lease.

2.5 Termination. This lease may be terminated at any time, for any reason, by mutual written agreement of the Parties hereto. The Parties agree to negotiate in good faith regarding the terms and conditions surrounding a request for termination and agreement to terminate will not be unreasonably withheld. The Parties further agree that if City detaches from the County Library Fund, a special revenue fund that includes property taxes assessed in the City, during the Term of this Lease, this Lease and any subleases will automatically terminate and City and Lessee mutually agree that all obligations of Lessee set forth in the First Implementation Agreement to Redevelopment Pass-Through Agreement and Library Agreement shall be deemed fulfilled in their entirety, including but not limited to, Lessee’s obligations to

provide staffing levels and service hours for the Library that are not less than the comparable staffing levels and service hours provided at the Aptos County Branch Library; Lessee's responsibility for maintenance, repairs, and operation of the Library and the Premises; and Lessee's obligation to provide for customary indemnifications for the benefit of the City for 99 years from the date of execution of this Lease.

2.6 Consistency with First Implementation Agreement. The Parties agree that this Lease, including the provisions of this Article 2, is consistent with the Parties' obligations as defined in the First Implementation Agreement to Redevelopment Pass-Through Agreement and Library Agreement, executed on August 17, 2004.

ARTICLE 3 CONSIDERATION

3.1 Base Annual Rent. Lessee shall pay as rent for the use and occupancy of the Premises an annual fee of \$1.00, due on the anniversary date of the execution of Lease. Rent shall remain the same for the entire Term of this Lease unless adjusted by written amendment executed by all parties hereto.

3.1.1 Delivery of Rent Payments. All rent due under this Lease shall be made payable to the City of Capitola and shall be considered paid when delivered to:

CITY OF CAPITOLA
420 Capitola Avenue
Capitola, CA 95010

City may, at any time, by written notice to Lessee, designate a different address to which Lessee shall deliver the rent payments. City may, but is not obligated to, send rent invoices to Lessee.

3.1.2 Failure to Pay Base Rent or Additional Rent; Late Charge. If Lessee fails to pay rent due hereunder at the time it is due and payable, or within thirty (30) days thereafter, such unpaid amounts shall bear interest at the rate of ten percent (10%) per year from the date due to the date of payment, computed on the basis of monthly compounding with actual days elapsed compared to a 365-day year. However, City may in its sole discretion waive any delinquency payment or late charge upon written application of Lessee.

3.2 Library Operations. In addition to the payments of Base Annual Rent, Lessee shall assume responsibility for maintenance, repairs, and operation of the Library and the premises, as more fully described in this Lease.

ARTICLE 4 POSSESSION AND USE

4.1 Permitted Uses. Lessee shall use the Premises solely for public library services. No one other than Lessee, its agents, volunteers and employees, or any Lessee approved by City as provided in Article 13, "Assignment and Subletting," is permitted to use the Premises for the purposes described herein, and Lessee shall be fully responsible for the activities of its agents, volunteers and employees and Lessees, if any, on the Premises.

4.2 Hours of Operation. Lessee will provide staffing levels and service hours for the Library that are not less than the comparable staff levels and service hours provided at the Aptos County Branch Library, as said staffing levels at the Aptos County Branch Library may change from time to time.

4.3 Duties and Prohibited Conduct. Where Lessee is reasonably in doubt as to the propriety of any particular use, Lessee may request the written determination of City that such use is or is not permitted, and Lessee will not be in breach or default under this Lease if Lessee abides by such determination. Notwithstanding the foregoing, however, Lessee shall not use nor permit the use of the Premises in any manner that will tend to create waste or a nuisance. Lessee shall, at Lessee's expense, comply promptly with all applicable statutes, laws, ordinances, rules, regulations, orders, covenants and restrictions of record, and requirements in effect during the term, regulating the use by Lessee of the Premises. Lessee shall not use, or permit any person or persons to use, the Premises for the sale or display of any goods and/or services, which, in the sole discretion of City, are inconsistent with the permitted uses of the Premises pursuant to this Lease. The sale of books, educational services, fundraising and other goods/services incidental to library purposes are deemed consistent with the permitted use of the Premises. Lessee shall keep the Premises, and every part thereof, in a decent, safe and sanitary condition, free from any objectionable noises or odors, except as may be typically present for the permitted uses specified above.

4.4 Compliance with Stormwater Laws. Lessee's use of the Premises is subject to federal, state and local laws regarding the discharge into the stormwater conveyance system of pollutants. Compliance with these laws may require Lessee to develop, install, implement and maintain pollution prevention measures, source control measures and Best Management Practices ("BMPs"). Lessee further agrees to develop, install, and/ or implement any BMPs or similar pollution control devices required by federal, state and/or local law and any implementing regulations. Any costs associated with such implementation will be handled consistent with other maintenance and repair costs as outlined in Article 10.

Lessee understands and acknowledges that the storm water and non-storm water requirements applicable to Lessee's use of the Premises may be changed from time to time by federal, state and/or local authorities, and that additional requirements may become applicable based on changes in Lessee's activities or development or redevelopment by Lessee or City. To the extent there is a conflict between any federal, state, or local law, Lessee shall comply with the more restrictive provision. If City receives any fine or fines from any regulatory agency as a result of Lessee's failure to comply with applicable storm water laws as set forth in this Article, Lessee shall reimburse City for the entire fine amount.

ARTICLE 5 SUBORDINATION CLAUSE

5.1 Subordination. The Parties acknowledge that City may enter into one or more lease/leaseback financing arrangements consisting generally of a site lease, lease agreement, assignment agreement and related agreements (collectively, the "Financing Leases") with a financing authority or another public agency in order to assist the City in connection with financing and refinancing certain capital improvements of the City.

Under the Financing Leases, the City may lease and lease back certain real property and improvements that may include the Premises subject to one or more library leases.

In order to facilitate the execution and delivery of any Financing Leases, Lessee and City desire that this Lease and Lessee's right, title and interest in the Premises be subordinate to the rights, titles, and interests of the parties to the Financing Leases.

Therefore, it is agreed that this Lease and all of Lessee's right, title, and interest in and to the Premises thereunder shall be, and the same are expressly made subject to, subordinate and inferior to any Financing Leases, and to all extensions, renewals, modifications, consolidations and replacements of the Financing Leases.

ARTICLE 6 UTILITIES

6.1 Utility Services. Lessee shall make all arrangements for and pay for all utilities and municipal services supplied to the Premises or used by Lessee, including but not limited to water, gas, electricity, garbage collection, sewage charges, and telephone, and for all connection charges. City shall have no responsibility either to provide or pay for such services. Notwithstanding the above, the City may assume responsibility for garbage collection services at the Premises, as currently provided in the City's franchise agreement with its waste hauling franchisee. The City may continue to provide garbage collection services in the future at the City's sole discretion.

6.2 Energy Conservation by Lessee. Lessee shall endeavor to promote energy conservation measures in the operation of all activities on the Premises. Lessee shall cooperate with the City in all forms of energy conservation including energy-efficient lighting, heating and air-conditioning systems, and fixtures and equipment. Lessee shall comply with all federal, State and City laws, by-laws, regulations, etc., relating to the conservation of energy. Lessee shall comply with all reasonable requests and demands of the City pertaining to the installation and maintenance of energy conservation systems, fixtures, and equipment installed by the City.

6.3 Energy Conservation by City. City is required to comply with all laws and regulations requiring the installation of energy-efficient systems, fixtures, and equipment at City buildings and facilities. In accordance with all laws and regulations and this Lease, Lessee shall maintain or repair, or cause to maintain or repair, the building, and related systems in accordance with current energy conservation standards.

ARTICLE 7 MECHANICS' LIENS

7.1 Mechanics Liens. Lessee shall pay, or cause to be paid, all costs for work done by it, or caused to be done by it, on the Premises, and for all materials furnished for or in connection with any such work. If any lien is filed against the Premises, Lessee shall cause the lien to be discharged within ten (10) days after it is filed. Lessee shall indemnify, defend and hold City harmless from any and all liability, loss, damage, costs, attorneys' fees and all other expenses on account of claims of lien of laborers or others for work performed or materials or supplies furnished for Lessee or persons acting on behalf of Lessee.

ARTICLE 8
SECURITY

8.1 Security. Lessee shall be responsible for and shall provide for the security of the Premises, and City shall have no responsibility therefor.

ARTICLE 9
TAXES, ASSESSMENTS AND FEES

9.1 Responsibility for Payment of Taxes and Assessments. City shall not be obligated to pay any taxes or assessments accruing against Lessee on the Premises or any interest of Lessee therein before, during or after the Term, or any extension thereof; all such payments shall be the sole responsibility of Lessee. In addition, Lessee shall be solely responsible for payment of any taxes or assessments levied upon any improvements, fixtures or personal property located on the Premises, to the extent that such taxes or assessments result from the business or other activities of Lessee upon, or in connection with, the Premises.

9.2 Definition of Taxes. As used herein, the term "taxes" means all taxes, governmental bonds, special assessments, Mello-Roos assessments, charges, rent income or transfer taxes, license and transaction fees, including, but not limited to, (i) any state, local, federal, personal or corporate income tax, or any real or personal property tax, (ii) any estate inheritance taxes, (iii) any franchise, succession or transfer taxes, (iv) interest on taxes or penalties resulting from Lessee's failure to pay taxes, (v) any increases in taxes attributable to the sale of Lessee's Leasehold interest in the Premises, or (vi) any taxes which are essentially payments to a governmental agency for the right to make improvements to the Premises.

9.3 Creation of Possessory Interest. Pursuant to the provisions of Revenue and Taxation Code Section 107.6, Lessee is hereby advised that the terms of this Lease may result in the creation of a possessory interest. If such a possessory interest is vested in Lessee, Lessee may be subjected to the payment of real property taxes levied on such interest. Lessee shall be solely responsible for the payment of any such real property taxes. Lessee shall pay all such taxes when due, and shall not allow any such taxes, assessments or fees to become a lien against the Premises or any improvement thereon; provided, however, that nothing herein shall be deemed to prevent or prohibit Lessee from contesting the validity of any such tax, assessment or fee in a manner authorized by law.

ARTICLE 10
REPAIRS; MAINTENANCE

10.1 Acceptance of Premises. Lessee acknowledges that Lessee has made a thorough inspection of the Premises prior to the commencement date of this Lease, and that it accepts the Premises as of the commencement date in their condition at that time. Lessee further acknowledges that City has made no oral or written representations or warranties to Lessee regarding the condition of the Premises, and that Lessee is relying solely on its inspection of the Premises with respect thereto. Lessee agrees not to make changes to the built environment without obtaining the City's prior written approval. The Parties agree and acknowledge that Lessee has procured and is currently undergoing a full facility assessment of the Premises to determine the appropriate amount of funding needed to maintain the Premises.

10.2 Lessee's Repair and Maintenance Obligations. Lessee shall at all times during the Term, repair and maintain the Premises in good and tenantable condition and coordinate all Maintenance and Repairs. Upon surrender of the Premises, Lessee shall deliver the Premises to City in good order, condition and state of repair, but shall not be responsible for damages resulting from ordinary wear and tear. Lessee shall maintain all trash receptacles and trash areas in a clean, orderly and first-class condition. Any proposed remodel of the Library by Lessee, that involves reconstruction of structural building elements, relocation of interior walls, or removal of building finishes, must be approved in advance by the City. Approval by City shall not be unreasonably withheld.

10.3 Lessee's Failure to Maintain. If Lessee refuses or neglects to repair, replace, or maintain the Premises, or any part thereof, in a manner reasonably satisfactory to City, City may, upon giving Lessee sixty (60) days' written notice of its election to do so, make such repairs or perform such maintenance itself or using vendors selected by City. In the event of an emergency, danger to life or safety, or threat to the integrity of the Premises, City may perform necessary repairs and maintenance without prior notice. Lessee shall reimburse the City for the cost of all such repairs within thirty (30) days of receipt of an invoice from the City. If City staff performs the repairs, Lessee shall reimburse the City for staff time at the City's standard rate.

10.4 Right to Enter. Lessee shall permit City, or its authorized representatives, to enter the Premises at all times during usual business hours to inspect the same, and to perform any work therein that (a) may be necessary to comply with any laws, ordinances, rules or regulations of any public authority, (b) City may deem necessary to prevent waste or deterioration in connection with the Premises if Lessee does not make, or cause to be made, such repairs or perform, or cause to be performed, such work promptly after receipt of written demand from City, and (c) City may deem necessary in connection with the expansion, reduction, remodeling, protection or renovation of any City-constructed or owned facilities on or off of the Premises. Nothing herein shall imply any duty on the part of City to do any such work which, under any provision of this Lease, Lessee may be required to do, nor shall City's performance of any repairs on behalf of Lessee constitute a waiver of Lessee's default in failing to do the same. If City exercises any of its rights under this Section, Lessee shall not be entitled to any compensation, damages or abatement of rent from City for any injury or inconvenience occasioned thereby.

10.5 City Not Obligated to Repair or Maintain; Lessee's Waiver of California Civil Code Section 1942. To the extent that any remedies specified in this Lease conflict or are inconsistent with any provisions of California Civil Code section 1942, or any successor statute thereto ("CC §1942"), the provisions of this Lease shall control. Lessee specifically waives any right it may have pursuant to CC §1942 to effect maintenance or repairs to the Premises and to abate the costs thereof from rent due to the City under this Lease.

ARTICLE 11 INDEMNITY AND INSURANCE

11.1 Lessee's Indemnity. City shall not be liable for, and Lessee shall defend and indemnify City, including its employees and agents, against any and all claims, demands, liability, judgments, awards, fines, mechanics' liens or other liens, labor disputes, losses, damages, expenses, charges or costs of any kind or character, including attorneys' fees and court costs (hereinafter collectively referred to as "Claims"), related to this Lease and arising either

directly or indirectly from any act, error, omission or negligence of Lessee or its contractors, licensees, agents, volunteers, servants or employees, including, without limitation, Claims caused by the concurrent negligent act, error or omission, whether active or passive, of City. Lessee shall have no obligation, however, to defend or indemnify City from a Claim if it is determined by a court of competent jurisdiction that such Claim was caused by the sole negligence or willful misconduct of City.

11.2 City's Indemnity. City shall defend and indemnify Lessee and hold it harmless from and against any Claims related to this Lease that arise solely from any act, omission or negligence of City Parties.

11.3 Lessee's Insurance Obligations. Without limiting Lessee's indemnification obligations to City under this Lease, Lessee shall provide and maintain, during the Term and for such other period as may be required herein, at its sole expense, insurance in the amounts and form specified in Exhibit "B," attached hereto.

Lessee maintains a policy of All-Risk Insurance covering the City's personal property in the Premises, including any fixtures or equipment in the Premises leased by Lessee. Lessee utilizes a program of self-funding with regard to any liability it may incur for personal injury or property damage arising out its use or occupancy of the Premises.

11.4 Lessor's Insurance Obligations. Lessor shall provide and maintain, during the Term and for such other period as may be required herein, at its sole expense, general liability insurance to cover the Premises in the minimum amount of \$2,000,000.

ARTICLE 12 HAZARDOUS MATERIALS

12.1 Hazardous Materials Laws-Definition. As used in this section, the term "Hazardous Materials' Laws" means any and all federal, state or local laws or ordinances, rules, decrees, orders, regulations or court decisions (including the so-called "common law"), including without limitation the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. 9601 et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. 1801 et seq.), the Resource Conservation and Recovery Act of 1976, as amended (42 U.S.C. 6901 et seq.), and the California Environmental Quality Act of 1970, relating to hazardous substances, hazardous materials, hazardous waste, toxic substances, environmental conditions on, under or about the Premises, soil and ground water conditions or other similar substances or conditions.

12.2 Hazardous Materials - Definition. As used in this section the term "Hazardous Materials" means any chemical, compound, material, substance or other matter that:

- a. Is a flammable, explosive, asbestos, radioactive nuclear medicine, vaccine, bacteria, virus, hazardous waste, toxic, overtly injurious or potentially injurious material, whether injurious or potentially injurious by itself or in combination with other materials;
- b. Is controlled, referred to, designated in or governed by any Hazardous Materials Laws;

c. Gives rise to any reporting, notice or publication requirements under any Hazardous Materials Laws; or

d. Is any other material or substance giving rise to any liability, responsibility or duty upon the City or Lessee with respect to any third person under any Hazardous Materials Law.

12.3 Lessee's Representations and Warranties. Lessee represents and warrants that, during the Term or any extension thereof, or for such longer period as may be specified herein, Lessee shall comply with the following provisions unless otherwise specifically approved in writing by City:

a. Lessee shall not cause or permit any Hazardous Materials to be brought, kept or used in or about the Premises by Lessee, its agents, employees, assignees, contractors or invitees, except as required by Lessee's permitted use of the Premises, as described in Section 5.1, "Permitted Uses."

b. Any handling, transportation, storage, treatment or usage by Lessee of Hazardous Materials that is to occur on the Premises following the Commencement Date shall be in compliance with all applicable Hazardous Materials Laws.

c. Any leaks, spills, release, discharge, or emission of Hazardous Materials caused by Lessee, or disposal of Hazardous Materials owned by Lessee, which may occur on the Premises during the Term shall be promptly and thoroughly cleaned and removed from the Premises by Lessee at its sole expense, and any such discharge shall be promptly reported in writing to City, and to any other appropriate governmental regulatory authorities.

d. No friable asbestos shall be constructed, placed on, deposited, stored, disposed of, or located by Lessee in the Premises.

e. No underground improvements, including but not limited to treatment or storage tanks, or water, gas or oil wells shall be located by Lessee on the Premises without City's prior written consent.

f. Lessee shall conduct and complete all investigations, studies, sampling, and testing procedures and all remedial, removal, and other actions necessary to clean up and remove all Hazardous Materials on, from, or affecting the Premises in accordance with all applicable Hazardous Materials' Laws and to the satisfaction of City.

g. Activities proposed by Lessee that involve disturbing asbestos materials on site shall only be conducted in accordance with all federal, state and local asbestos rules and regulations including, but not limited to, the California Occupational Safety and Health Administration (Cal/OSHA), Environmental Protection Agency (EPA) and Air Pollution Control District (APCD), with prior written consent of the City, as follows:

Prior to conducting asbestos related activities, Lessee shall notify City of the proposed work at least one month in advance. The notification shall include the location of work, type of asbestos containing material (ACM) to be removed and a work plan indicating the work practices and methods of control to be used during the abatement activity to control

asbestos fiber release. The City Occupational Health Program shall review the work plan and may modify the plans as necessary.

Any asbestos related activities shall be performed by a contractor that is registered with Cal/OSHA and certified by the California Contractors State Licensing Board to perform asbestos work. Any asbestos related activities shall be overseen by a California Certified Asbestos Consultant (CAC), or a Certified Site Surveillance Technician under the direction of a CAC.

Replacement products used in tenant improvements or other construction activities shall not contain asbestos. Any replacement products used by Lessee shall be verified as non-asbestos products by using Material Safety Data Sheets (MSDS) and/or having the architect or project engineer verify that ACMs were not used.

h. Lessee shall promptly supply City with copies of all notices, reports, correspondence, and submissions made by Lessee to the United States Environmental Protection Agency, the United Occupational Safety and Health Administration, and any other local, state or federal authority which requires submission of any information concerning environmental matters or hazardous wastes or substances pursuant to applicable Hazardous Materials' Laws.

i. Lessee shall promptly notify City of any liens threatened or attached against the Premises pursuant to any Hazardous Materials' Law. If such a lien is filed against the Premises, then within twenty (20) days following such filing or before any governmental authority commences proceedings to sell the Premises pursuant to the lien, whichever occurs first, Lessee shall either: (a) pay the claim and remove the lien from the Premises; or (b) furnish either (1) a bond or cash deposit reasonably satisfactory to City in an amount not less than the claim from which the lien arises, or (2) other security satisfactory to City in an amount not less than that which is sufficient to discharge the claim from which the lien arises. At the end of this Lease, Lessee shall surrender the Premises to City free of any and all Hazardous Materials and in compliance with all Hazardous Materials' Laws affecting the Premises.

12.4 Indemnification by Lessee. Lessee (and, if applicable, each of its general partners) and its successors, assigns, and guarantors, if any, jointly and severally agree to protect, indemnify, defend (with counsel selected by City), reimburse and hold City and its officers, employees and agents harmless from any claims, judgments, damages, penalties, fines, costs or expenses (known or unknown, contingent or otherwise), liabilities (including sums paid in settlement of claims), personal injury (including wrongful death), property damage (real or personal) or loss, including attorneys' fees, consultants' fees, and experts' fees (consultants and experts to be selected by City) which arise during or after the Term from or in connection with the presence or suspected presence of Hazardous Materials, including the soil, ground water or soil vapor on or under the Premises. Without limiting the generality of the foregoing, the indemnification provided by this section shall specifically cover costs incurred in connection with investigation of site conditions or any cleanup, remedial, removal or restoration work required by any Hazardous Materials Laws because of the presence of Hazardous Materials in the soil, ground water or soil vapor on the Premises, and the release or discharge of Hazardous Materials by Lessee during the course of Lessee's alteration or improvement of the Premises.

12.5 Remedies Cumulative; Survival. The provisions of this Article shall be in addition to any and all common law obligations and liabilities Lessee may have to City, and any

remedies and the environmental indemnities provided for herein shall survive the expiration or termination of this Lease and/or any transfer of all or any portion of the Premises, or of any interest in this Lease, and shall be governed by the laws of the State of California.

12.6 Inspection. City and City's agents, servants, and employees including, without limitation, legal counsel and environmental consultants and engineers retained by City, may (but without the obligation or duty so to do), at any time and from time to time, on not less than five (5) business days' notice to Lessee (except in the event of an emergency in which case no notice shall be required), inspect the Premises to determine whether Lessee is complying with Lessee's obligations set forth in this Article, and to perform environmental inspections and samplings, during regular business hours (except in the event of an emergency) or during such other hours as City and Lessee may agree. If Lessee is not in compliance, City shall have the right, in addition to City's other remedies available at law and in equity, to enter upon the Premises immediately and take such action as City in its sole judgment deems appropriate to remediate any actual or threatened contamination caused by Lessee's failure to comply. City will use reasonable efforts to minimize interference with Lessee's use of Premises but shall not be liable for any interference caused by City's entry and remediation efforts. Upon completion of any sampling or testing City will (at Lessee's expense if City's actions are a result of Lessee's default under this section) restore the affected area of the Premises from any damage caused by City's sampling and testing.

ARTICLE 13 ASSIGNMENT AND SUBLETTING

Lessee shall not voluntarily or involuntarily assign, Lease, mortgage, encumber, or otherwise transfer (collectively, a "Transfer") all or any portion of the Premises or its interest in this Lease without City's prior written consent. City may reasonably withhold its consent to any Transfer. Any attempted Transfer without City's consent shall be void and shall constitute a material breach of this Lease. As used herein, the term "Transfer" shall include an arrangement (including without limitation management agreements, concessions, and licenses) that allows the use and occupancy of all or part of the Premises by anyone other than Lessee.

ARTICLE 14 CITY'S RIGHT OF ACCESS

City, its agents, employees, and contractors may enter the Premises at any time in response to an emergency, and at reasonable hours to (a) inspect the Premises, (b) exhibit the Premises to prospective purchasers or Lessees, (c) determine whether Lessee is complying with its obligations in this Lease (including its obligations with respect to compliance with Hazardous Materials Laws), (d) supply cleaning service and any other service that this Lease requires City to provide, (e) post notices of non-responsibility or similar notices, (f) make repairs that this Lease requires or permits City to make, or make repairs to any adjoining space or utility services, or make repairs, alterations, or improvements to any other portion of the Premises; provided, however, that all work will be done as promptly as reasonably possible and so as to cause as little interference to Lessee as reasonably possible, or (g) for any other reason permitted by this Lease.

Lessee waives any claim of injury or inconvenience to Lessee's business, interference with Lessee's business, loss of occupancy or quiet enjoyment of the Premises, or any other loss occasioned by such entry. If necessary, Lessee shall provide City with keys to unlock all of the

doors in the Premises (excluding Lessee's vaults, safes, and similar areas designated in writing by Lessee in advance). City will have the right to use any means that City may deem proper to open doors in the Premises and to the Premises in an emergency. No entry to the Premises by City by any means will be a forcible or unlawful entry into the Premises or a detainer of the Premises or an eviction, actual or constructive, of Lessee from the Premises, or any part of the Premises, nor shall the entry entitle Lessee to damages or an abatement of rent or other charges that this Lease requires Lessee to pay.

ARTICLE 15 QUIET ENJOYMENT

If Lessee is not in breach under the covenants made in this Lease, City covenants that Lessee shall have peaceful and quiet enjoyment of the Premises without hindrance on the part of City. City will defend Lessee in the peaceful and quiet enjoyment of the Premises against claims of all persons claiming through or under the City.

ARTICLE 16 NOTICES

16.1 Notices. Whenever in this Lease it shall be required or permitted that notice or demand be given or served by either party to this Lease to or on the other, such notice or demand shall be in writing, mailed or delivered to the other party at the following addresses:

To City:

City of Capitola
420 Capitola Avenue
Capitola, CA 95010
(831) 475-7300

To Lessee:

County of Santa Cruz- Real Property Section
701 Ocean Street, Room 410
Santa Cruz, California 95060
(831) 454-2160

Mailed notices shall be sent by United States Postal Service, certified or registered mail, postage prepaid and shall be deemed to have been given, delivered and received three (3) business days after the date such notice or other communication is posted by the United States Postal Service. All other such notices or other communications shall be deemed given, delivered and received upon actual receipt. Either party may, by written notice delivered pursuant to this provision, at any time designate a different address to which notices shall be sent.

16.2 Default Notices. Notwithstanding anything to the contrary contained within this Article, any notices City is required or authorized to deliver to Lessee in order to advise Lessee of alleged violations of Lessee's covenants under this Lease must be in writing but shall be deemed to have been duly given or served upon Lessee by City attempting to deliver at the Premises during normal business hours a copy of such notice to Lessee or its managing

employee and by City mailing a copy of such notice to Lessee in the manner specified in the preceding Section.

ARTICLE 17 GENERAL PROVISIONS

17.1 Authority. Lessee represents and warrants that it has full power and authority to execute and fully perform its obligations under this Lease pursuant to its governing instruments, without the need for any further action, and that the person(s) executing this Lease on behalf of Lessee are the duly designated agents of Lessee and are authorized to do so.

17.2 Brokers. Lessee warrants that it has not been represented by any real estate broker or agent in connection with the negotiation and/or execution of this Lease. In the event any broker makes claim for monies owed, Lessee shall indemnify, defend and hold City harmless therefrom.

17.3 Captions. The captions, headings and index appearing in this Lease are inserted for convenience only and in no way define, limit, construe, or describe the scope or intent of the provisions of this Lease.

17.4 City Approval. Except where stated herein to the contrary, the phrases "City's approval," and "City's written approval" or such similar phrases shall mean approval *of City Manager or City's Manager's representative*.

17.5 Cumulative Remedies. In the event of a default under this Lease, each Party's remedies shall be limited to those remedies set forth in this Lease. Any such remedies are cumulative and not exclusive of any other remedies under this Lease to which the non-defaulting Party may be entitled.

17.6 Entire Agreement. This Lease, together with all addenda, exhibits and riders attached hereto, constitutes the entire agreement between the Parties with respect to the subject matter hereof, and all prior or contemporaneous agreements, understandings and representations, oral or written, are superseded.

17.7 Estoppel Certificate. Lessee shall at any time during the term of this Lease, within five (5) business days of written notice from City, execute and deliver to City a statement in writing certifying that this Lease is unmodified and in full force and effect or, if modified, stating the nature of such modification. Lessee's statement shall include other details requested by City, such as the date on which rent and other charges are paid, the current ownership and name of Lessee, Lessee's knowledge concerning any outstanding defaults with respect to City's obligations under this Lease and the nature of any such defaults. Any such statement may be relied upon conclusively by any prospective purchaser or encumbrancer of the Premises. Lessee's failure to deliver such statements within such time shall be conclusively deemed to mean that this Lease is in full force and effect, except to the extent any modification has been represented by City, that there are no uncured defaults in the City's performance, and that not more than one month's rent has been paid in advance.

17.8 Exhibits. All exhibits referred to herein are attached hereto and incorporated by reference.

17.9 Force Majeure. In the event either party is prevented or delayed from performing any act or discharging any obligation hereunder, except for the payment of rent by Lessee, because of any and all causes beyond either party's reasonable control, including unusual delays in deliveries, abnormal adverse weather conditions, unavoidable casualties, strikes, labor disputes, inability to obtain labor, materials or equipment, acts of God, governmental restrictions, regulations or controls, any hostile government actions, civil commotion and fire or other casualty, legal actions attacking the validity of this Lease or the City's occupancy of the Premises, or any other casualties beyond the reasonable control of either party except casualties resulting from Lessee's negligent operation or maintenance of the Premises ("Force Majeure"), performance of such act shall be excused for the period of such delay, and the period for performance of such act shall be extended for a period equivalent to the period of such delay. Force Majeure shall not include any bankruptcy, insolvency, or other financial inability on the part of either party hereto.

17.10 Governing Law. This Lease shall be governed, construed and enforced in accordance with the laws of the State of California.

17.11 Interpretation. The language of this Lease shall be construed simply according to its plain meaning and shall not be construed for or against either party.

17.12 Joint and Several Liability. If more than one person or entity executes this Lease as Lessee, each of them is jointly and severally liable for all of the obligations of Lessee hereunder.

17.13 Lease Administration. This Lease shall be administered on behalf of the City of Capitola, by its Public Works Director, City of Capitola, 420 Capitola Avenue, Capitola, California 95010, 831-475-7300, or by such person's duly-authorized designee (referred to collectively herein as "City's Lease Administrator"), and on behalf of Lessee by its Chief Real Property Agent, County of Santa Cruz, 701 Ocean Street, Room 410, Santa Cruz, California 95060, 831-454-2160, or by such other person as may be designated in writing by Lessee (referred to collectively herein as "Lessee's Lease Administrator").

17.14 Lessee's Lease Administration. Lessee confirms that Lessee's Lease Administrator has been given full operational responsibility for compliance with the terms of this Lease. Lessee shall provide City with a written schedule of its normal hours of business operation on the Premises, and Lessee's Lease Administrator or a representative designated thereby shall be (i) available to City on a twenty-four (24) hour a day, seven (7) days a week, basis, and (ii) present on the Premises during Lessee's normal business hours, to resolve problems or answer question pertaining to this Lease and Lessee's operations on the Premises.

17.15 Liquidated Damages. Any payments by Lessee to City under this Lease described as liquidated damages represent the parties' reasonable estimate of City's actual damages under the described circumstances, such actual damages being uncertain and difficult to ascertain in light of the impossibility of foreseeing the state of the leasing market at the time of the various deadlines set forth herein. City may, at its election, take any of the liquidated damages assessed in any portion of this Lease as direct monetary payments from Lessee and/or as an increase of rent due from Lessee under this Lease.

17.16 Modification. The provisions of this Lease may not be modified, except by a written instrument signed by both parties.

17.17 Partial Invalidity. If any provision of this Lease is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Lease shall not be affected thereby. Each provision shall be valid and enforceable to the fullest extent permitted by law.

17.18 Payments. Except as may otherwise be expressly stated, each payment required to be made by Lessee shall be in addition to, and not a substitute for, other payments to be made by Lessee.

17.19 Successors & Assigns. This Lease shall be binding on and inure to the benefit of the parties and their successors and assigns, except as may otherwise be provided herein.

17.20 Time of Essence. Time is of the essence of each and every provision of this Lease.

17.21 Waiver. No provision of this Lease or the breach thereof shall be deemed waived, except by written consent of the party against whom the waiver is claimed. The waiver by City of any breach of any term, covenant or condition contained in this Lease shall not be deemed to be a waiver of such term, covenant or condition of any subsequent breach thereof, or of any other term, covenant or condition contained in this Lease. City's subsequent acceptance of partial rent or performance by Lessee shall not be deemed to be an accord and satisfaction or a waiver of any preceding breach by Lessee of any term, covenant or condition of this Lease or of any right of City to a forfeiture of the Lease by reason of such breach, regardless of City's knowledge of such preceding breach at the time of City's acceptance. The failure on the part of City to require exact or full and complete compliance with any of the covenants, conditions of agreements of this Lease shall not be construed as in any manner changing or waiving the terms of this Lease or as estopping City from enforcing in full the provisions hereof. No custom or practice which may arise between the parties hereto in the course of administering this Lease shall be construed to waive, estop or in any way lessen City's right to insist upon Lessee's full performance of, or compliance with, any term, covenant or condition of this Lease or to inhibit or prevent City's exercise of its rights with respect to any default, dereliction or breach of this Lease by Lessee.

SIGNATURE PAGE TO FOLLOW

| CITY OF CAPITOLA | COUNTY OF SANTA CRUZ |
|--|---|
| Jamie Goldstein City Manager _____ <div style="text-align: right;">Date</div> | Matt Machado, Director Department of Public Works _____ <div style="text-align: right;">Date</div> |
| APPROVED AS TO FORM: _____ City Attorney Date | APPROVED AS TO FORM: _____ Office of County Counsel Date |
| | APPROVED AS TO INSURANCE: _____ Risk Management Date |
| | RECOMMENDED FOR APPROVAL: _____ Real Property Date |
| | RECOMMENDED FOR APPROVAL: _____ <div style="text-align: right;">Date</div> |

EXHIBIT "A"
Premises

EXHIBIT "B"
INSURANCE REQUIREMENTS

INSURANCE REQUIREMENTS

Without limiting Lessee's indemnification obligations to City under this Lease, Lessee shall provide and maintain for the duration of this Lease insurance against claims for injuries to persons or damages to property which may arise from or in connection with the Lessee's operation and use of the Leased Premises. The cost of such insurance shall be borne by the Lessee.

1. Minimum Scope of Insurance

Coverage shall be at least as broad as:

- A. Commercial General Liability, Occurrence form, Insurance Services Office Form CG0001.
- B. Automobile Liability covering all owned, non-owned and hired auto, Insurance Services Office form CA0001.
- C. Workers Compensation, as required by State of California and Employer's Liability Insurance.
- D. Property Insurance: Lessee shall maintain property insurance coverage for all real property being leased at full replacement value, including improvements and betterments. Lessee shall also provide property insurance for all City-owned personal property contained within or on the leased Premises. The policy must be written on an "all risks" basis, including coverage for earthquake. The contract shall insure for not less than ninety (90) percent of the actual cash value of the personal property, and Lessee shall name City as an additional insured and loss payee.

2. Minimum Limits of Insurance

Lessee shall maintain limits no less than:

- A. Commercial General Liability including Premises, Operations, Products and Completed Operations, Contractual Liability and Independent Contractors: \$1,000,000 per occurrence for bodily injury, personal injury and property damage. The General Aggregate limit shall be \$2,000,000 and shall be a Per Location Aggregate. Fire Damage Limit (Any One Fire) \$300,000 and Medical Expense Limit (Any One Person) \$5,000.

- B. Automobile Liability: \$1,000,000 each accident for bodily injury and property damage. Coverage will include contractual liability.
- C. Employers Liability: \$1,000,000 each accident for bodily injury or disease. Coverage shall include a waiver of subrogation endorsement in favor of City of Capitola.
- D. Property: Full replacement cost with no coinsurance penalty provision.

3. Deductibles and Self-Insured Retentions

Any liability deductible or self-insured retention must be declared to and approved by the City's Risk Manager.

4. Other Insurance Provisions

The general liability and automobile liability policies are to contain, or be endorsed to contain the following provisions:

A. Additional Insured Endorsement

Any general liability policy provided by Lessee shall contain an additional insured endorsement applying coverage to the City of Capitola, the members of the Board of Supervisors of the County and the officers, agents, employees and volunteers of the City, individually and collectively.

B. Primary Insurance Endorsement

For any claims related to this Lease, the Lessee's insurance coverage shall be primary insurance as respects the City, the members of the Board of Supervisors of the County and the officers, agents, employees and volunteers of the City, individually and collectively. Any insurance or self-insurance maintained by the City, the members of the Board of Supervisors of the County, its officers, officials, employees, or volunteers shall be excess of the Lessee's insurance and shall not contribute with it.

C. Notice of Cancellation

Each required insurance policy shall be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the City at the address shown in section of Lease entitled "Notices".

GENERAL PROVISIONS

5. Qualifying Insurers

All required policies of insurance shall be issued by companies which have been approved to do business in the State of California by the State Department of Insurance, and which hold a current policy holder's alphabetic and financial size category rating of not less than A- VII according to the current Best's Key Rating guide, or a company of equal financial stability that is approved in writing by City's Risk Manager.

6. Proof of Insurance

Lessee shall, as soon as practicable following the placement of insurance required hereunder, but in no event later than the effective date of the Contract, deliver to City certified copies of the actual insurance policies specified herein, together with appropriate separate endorsements thereto, evidencing that Lessee has obtained such coverage for the period of the Contract. Thereafter, copies of renewal policies, and appropriate separate endorsements thereof, shall be delivered to City within thirty (30) days prior to the expiration of the term of any policy required herein.

7. Failure to Obtain or Maintain Insurance; City's Remedies

Lessee's failure to provide insurance specified or failure to furnish certificates of insurance, amendatory endorsements and certified copies of policies, or failure to make premium payments required by such insurance, shall constitute a material breach of the Lease, and City may, at its option, terminate the Lease for any such default by Lessee.

8. No Limitations of Obligations

The foregoing insurance requirements as to the types and limits of insurance coverage to be maintained by Lessee, and any approval of said insurance by the City are not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by Lessee pursuant to the Lease, including, but not limited to, the provisions concerning indemnification.

9. Review of Coverage

City retains the right at any time to review the coverage, form and amount of insurance required herein and may require Lessee to obtain insurance reasonably sufficient in coverage, form and amount to provide adequate protection against the kind and extent of risk which exists at the time a change in insurance is required.

10. Self-Insurance

Lessee may, with the prior written consent of City's Risk Manager, fulfill some or all of the insurance requirements contained in this Lease under a plan of self-insurance. Lessee shall only be permitted to utilize such self-insurance if in the opinion of City's Risk

Manager, Lessee's (i) net worth, and (ii) reserves for payment of claims of liability against Lessee, are sufficient to adequately compensate for the lack of other insurance coverage required by this Lease. Lessee's utilization of self-insurance shall not in any way limit liabilities assumed by Lessee under this Lease.

11. Lessees' Insurance

Lessee shall require any sub-Lessee, of all or any portion of the Premises to provide the insurance coverage described herein prior to occupancy of the Premises.

12. Waiver of Subrogation

Lessee and City waive all rights to recover against each other or against any other tenant or occupant of the building, or against the officers, directors, shareholders, partners, employees, agents or invitees of each other or of any other occupant or tenant of the building, from any Claims (as defined in the Article entitled "Indemnity") against either of them and from any damages to the fixtures, personal property, Lessee's improvements, and alterations of either City or Lessee in or on the Premises and the Property, to the extent that the proceeds received from any insurance carried by either City or Lessee, other than proceeds from any program of self-insurance, covers any such Claim or damage. Included in any policy or policies of insurance provided by Lessee shall be a standard waiver of rights of subrogation against City by the insurance company issuing said policy or policies.



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF OCTOBER 28, 2021

FROM: City Manager Department

SUBJECT: Receive Update on Pandemic Response

RECOMMENDED ACTION: Make the determination that all hazards related to the worldwide spread of the coronavirus (COVID-19) as detailed in Resolution No. 4168 adopted by the City Council on March 12, 2020, still exist and that there is a need to continue action.

BACKGROUND: In December 2019, an outbreak of a respiratory illness linked to the novel coronavirus (COVID-19) was first identified. In March 2020, the State of California, the County of Santa Cruz, and the City of Capitola each declared a state of emergency due to the virus. Also in March 2020, the World Health Organization declared COVID-19 a pandemic.

State and local health officers issued health orders to stop the spread of COVID-19; in Santa Cruz County this included March, April, and May 2020 Shelter-In-Place orders that were more restrictive than statewide guidance. Since then, the County Health Officer has incorporated all Orders of the State Public Health Officer, which set baseline statewide restrictions on travel and business activities.

As of mid-October 2021, more than 4.9 million people worldwide have died of COVID-19 and more than 241 million people have been infected with the virus.

Since the beginning of the pandemic in the United States more than 45 million COVID-19 cases have been reported and more than 726,389 people have died from the virus.

In California, 70,437 deaths have been reported; there is a daily average of 83 deaths a day due to COVID-19. According to data from October 18, the average new COVID-19 case count per 100k was 11.1 (this number has continued to decrease; and is down from 13.1 two weeks ago).

The Delta Variant

As stated by the World Health Organization (WHO), "all viruses, including SARS-CoV-2, the virus that causes COVID-19, change over time. Most changes have little to no impact on the virus' properties. However, some changes may affect the virus's properties, such as how easily it spreads, the associated disease severity, or the performance of vaccines, therapeutic medicines, diagnostic tools, or other public health and social measures". One of several variants on SARS-CoV-2 is of particular concern, known as the Delta Variant.

The WHO designated Delta a variant of interest on April 4, 2021, and a variant of concern on May 11, 2021. Since July 13, the Delta variant has been the dominant strain of the coronavirus in the United States. Health organizations maintain that complete vaccination is highly effective against the Delta variant, and the variant is proven to be particularly dominant in areas of the

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October 28, 2021

U.S. with lower vaccination rates. Our County, the State of California, and the entire United States saw a surge of COVID-19 cases as the Delta Variant has increased the spread of the virus. Case counts have been especially high in areas of lower rate of vaccination.

The Delta Transmission Surge & Decline

After the summer Delta surge seen throughout the United States and reflected in Santa Cruz County, it seems that COVID-19 case counts are once again stabilizing and going down. On September 9, the Santa Cruz County Health Department announced that the Centers for Disease Control (CDC) updated their COVID-19 data tracker and reflected a downward turn in the Delta variant surge. The CDC has its own Tiers indicating community transmission; Red-High, Orange-Substantial, Yellow-Moderate, and Blue-Low. On September 9, the CDC moved the County from Red-High to Orange-Substantial. At this same time, County data showed a preliminary shift and a decrease in daily cases, indicating that the current surge in cases was slowing.

On September 29, the Santa Cruz County Health Department announced that the CDC had updated their COVID-19 data tracker and had moved the County to the Moderate (Yellow) Transmission tier. Due to this progress, the Santa Cruz County face covering requirements were rescinded. The requirements issued by the State of California (including those for unvaccinated individuals, school districts, and businesses) are still in effect. In summary, those that are unvaccinated are required to wear masks when in public indoor places. Face coverings and vaccinations remain the best way to stop the spread of COVID-19. It is strongly recommended that face coverings continue to be worn in all indoor public spaces, regardless of an individuals' vaccination status.

The CDC's COVID-19 data tracker shows Santa Cruz County back in the in the Substantial (Orange) tier as of October 21, 2021.

Vaccines & Local Status

On August 23, 2021, the Food and Drug Administration (FDA) announced that the Pfizer-BioNTech COVID-19 Vaccine (now marketed as Comirnaty) is fully approved for people ages 16 and older. The Pfizer-BioNTech vaccine remains available under emergency use authorization for individuals aged between 12 and 15. The other two COVID-19 vaccines available, the Moderna COVID-19 Vaccine and Janssen COVID-19 Vaccine, remain authorized for emergency use for people ages 18 and older.

According to data recorded on October 20 by the CDC, more than 52 million COVID-19 vaccine doses have been delivered in the State of California. There are 29,081,847 (or 74%) of people vaccinated with at least one dose; and 23,923,585 (61%) of people are fully vaccinated in California. There is an average vaccination rate of about 80,006 doses per day. All Californians aged 12 and older are eligible for a vaccination.

As of October 20, the total number of vaccinations administered in Santa Cruz County is 381,465. In the County, there are 196,686 (or 71%) people vaccinated with at least one dose, and 182,916 (66%) are fully vaccinated.

Local Case Numbers and Statistics in Santa Cruz County

As of October 21, there were 19,915 total known COVID-19 cases in Santa Cruz County. Rather than the total number of all COVID-19 cases since March 2020, it is helpful to compare the currently active known case count to identify trends and/or a surge. On October 7 the active case count rose slightly to 441. On October 21, the active case count is down, at 324 with 12

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cases in Capitola. On October 14 and 21, Santa Cruz County announced additional COVID-19 deaths, bringing the County's total to 220.

DISCUSSION: City Hall has been open to the public since June 2020 in one configuration or another, dependent upon applicable health guidance and local COVID-19 case levels. Current City Hall operations are business as usual, with masking required of all regardless of vaccination status when in public spaces (not in private, individual office spaces). Members of the public are helped one-at-a-time at the front counter and masks are required to enter City Hall.

If major changes occur between the date of agenda publication and the City Council meeting, further updates on the regional and local coronavirus response will be provided in a verbal report at the meeting.

FISCAL IMPACT: Fiscal impacts are continually reviewed by Staff as business restrictions and consumer behaviors change in our community. In addition, the City Council has set aside \$600,000 to help ensure the City has available resources should the pandemic result in further unforeseen impacts, which remains in the approved FY 2021/22 Budget.

Report Prepared By: Chloe Woodmansee
City Clerk

Reviewed and Forwarded by:



Jamie Goldstein, City Manager

10/20/2021



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF OCTOBER 28, 2021

FROM: Finance Department

SUBJECT: Donations Report 2021

RECOMMENDED ACTION: Receive the donations and contributions report.

BACKGROUND: In July 2013, the City implemented Administrative Policy III-15, which authorizes the City Manager to accept and appropriate donations or grants of \$5,000 or less to support existing City projects and programs. Attachment 1 shows donations and contributions within these parameters for the period of July 2020 to June 2021.

DISCUSSION: Between July 2020 and June 2021, the City received \$38,791.12 in donations and contributions; each with individual values of \$5,000 or less. The contributions and donations were in support of the Police Department's K-9 program, Recreation Division, Historical Museum and Esplanade water fill station.

Last fiscal year, the City also received \$2,387,899.69 in state and federal grants (Attachment 2). This sum includes \$501,000 for reconstructing Brommer Street, \$197,749 for Park Avenue storm damage repairs, \$300,000 for community power resiliency, \$42,864 for adaptive traffic signals on 41st Avenue, \$10,112 for local hazard plan mitigation expenses, and more than \$1.3 million in coronavirus relief funds.

Additionally, the Capitola Library Capital Campaign Committee has led a very successful fundraising campaign since late 2018. Staff will return to City Council, along with the Capitola Friends Capital Campaign Committee, to provide a report on all fundraising activity for the new Capitola Branch Library after meetings have returned to in-person.

FISCAL IMPACT: The City of Capitola greatly benefits from the generosity of individual citizens, local businesses, non-profit agencies, and others. The City received more than \$2.4 million in donations, contributions, and grant funding from July 2020 to June 2021.

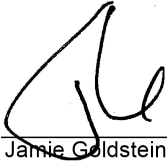
ATTACHMENTS:

1. Attachment 1 Donations
2. Attachment 2 Grants

Report Prepared By: Mark Sullivan
Senior Accountant

Donations Report 2021
October 28, 2021

Reviewed and Forwarded by:



Jamie Goldstein, City Manager

10/20/2021

City of Capitola
Donations & Contributions \$5,000 and under
July 2020 - June 2021

| Date | From | Description | Amount |
|-------------|----------------------------|------------------------------|---------------|
| Various | Hindenes Animal Trust | K-9 program | \$ 27,000.00 |
| Various | Various | Museum donations | \$ 6,811.12 |
| 4/29/21 | Jr. Lifeguard Parents Club | Scholarships | \$ 1,000.00 |
| 4/29/21 | Public Safety Foundation | Junior Guards/Camp Capitola | \$ 2,250.00 |
| 5/6/21 | Matt & Jill Arthur | Esplanade water fill station | \$ 1,730.00 |
| | | | \$ 38,791.12 |

Attachment: Attachment 1 Donations (Donations Report 2021)

City of Capitola Grants July 2020 - June 2021

| Date | From | Description | Amount |
|----------|-------------------------|--------------------------------|------------------------|
| 9/17/20 | MBARD | 41st Ave. Adaptive Control | \$ 42,863.69 |
| 10/22/20 | US Tennis Association | Recreation Grant | \$ 1,568.00 |
| 1/22/21 | SCCRTC | RSTPX Brommer St. | \$ 501,000.00 |
| Various | Dept. of Transportation | Park Ave. storm damage repairs | \$ 197,749.00 |
| 4/15/21 | State of CA | Community Power Resiliency | \$ 300,000.00 |
| 5/24/21 | MBASIA | Safety Grant | \$ 7,500.00 |
| 6/10/21 | State of CA | Recycling Grant | \$ 5,000.00 |
| 6/30/21 | Federal Govt. | American Rescue Plan | \$ 1,197,302.00 |
| Various | Federal Govt. | CARES Act Coronavirus Relief | \$ 124,805.00 |
| Various | FEMA | Local Hazard Mitigation Plan | \$ 10,112.00 |
| | | | <u>\$ 2,387,899.69</u> |

Attachment: Attachment 2 Grants (Donations Report 2021)



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF OCTOBER 28, 2021

FROM: City Manager Department

SUBJECT: Determine Award Amounts for Community Grants - Community Action Board

RECOMMENDED ACTION: Consider the recommendation of the Community Grant Subcommittee to award the Community Action Board of Santa Cruz County \$1567.00 as part of the Community Grant Program.

BACKGROUND: The City of Capitola Community Grant Program funds non-profits that provide services to the City. The City Council appointed Councilmembers Bertrand and Kaiser to the subcommittee to review the applications to the Community Grant Program.

The City received applications from 22 agencies for 24 programs for the fiscal year 2021-22 program.

DISCUSSION: The City Council Committee Grant Subcommittee reviewed the application from Community Action Board of Santa Cruz County (CAB), which included a request for \$7500 for the Rental Assistance Program.

The subcommittee recommends funding CAB \$1567 in Fiscal Year 2021-22. This represents a 7% increase from the grant amount the organization was awarded in Fiscal Year 2019-2020. In addition, the City Council included \$1500 for CAB as part of the Fiscal Year 2021-22 City budget, separate from the Community Grant program. Including both the subcommittee-recommended grant plus the budgeted allocation brings the City's funding for CAB to \$3,067 in Fiscal Year 2020-2021.

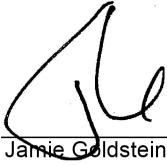
The CAB application is being reviewed separately from the other grantees due to Councilmembers Storey and Petersen having "remote interests" with CAB and therefore needing to recuse from voting on this item.

FISCAL IMPACT: The Fiscal Year 2021-22 General Fund impact for the recommended Community award is \$1567.

Report Prepared By: Larry Laurent
Assistant to the City Manager

Community Grants 2021 - CAB
October 28, 2021

Reviewed and Forwarded by:



Jamie Goldstein, City Manager

10/20/2021



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF OCTOBER 28, 2021

FROM: City Manager Department

SUBJECT: Determine Award Amounts for Community Grants - Monterey Bay National Marine Sanctuary Foundation

RECOMMENDED ACTION: Consider the recommendation of the Community Grant Subcommittee to award the Monterey Bay National Marine Sanctuary Foundation \$2000 as part of the Community Grant Program.

BACKGROUND: The City of Capitola Community Grant Program funds non-profits that provide services in the City. The City Council appointed Councilmembers Bertrand and Kaiser to the subcommittee to review the applications to the Community Grant Program.

The City received applications from 22 agencies for 24 programs for the fiscal year 2021-22 program.

DISCUSSION: City Council Committee Grant Subcommittee reviewed the application received by the Monterey Bay National Marine Sanctuary Foundation (MBNMSF), which included a request for \$10,000 for general operations.

MBNMSF is a new applicant to the Community Grant program. The MBNMSF requested \$10,000. The subcommittee recommends funding MBNMSF for \$2,000 in Fiscal Year 2021-22.

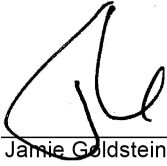
The MBNMSF application is being reviewed separately from the other grantees due to Mayor Brooks having a "remote interest" with MBNMSF and needing to recuse herself from the decision making process on this grant request.

FISCAL IMPACT: The Fiscal Year 2021-22 General Fund impact for the recommended award will be \$2,000.

Report Prepared By: Larry Laurent
Assistant to the City Manager

Community Grants 2021 - MBNMSF
October 28, 2021

Reviewed and Forwarded by:



Jamie Goldstein, City Manager

10/20/2021



CAPITOLA CITY COUNCIL AGENDA REPORT

MEETING OF OCTOBER 28, 2021

FROM: City Manager Department

SUBJECT: Determine Award Amounts for Community Grants

RECOMMENDED ACTION: Consider Community Grant Award recommendations from the Community Grant Subcommittee for all program applicants, excluding the grant requests for Community Action Board and Monterey Bay National Marine Sanctuary Foundation.

BACKGROUND: The City of Capitola Community Grant Program funds non-profits that provide services in the City of Capitola. This year, City Council appointed Councilmembers Bertrand and Kaiser to the subcommittee to review Community Grant Program FY 2021-22 applications.

City Council budgeted \$174,000 for the Community Grant program in Fiscal Year 2021-22. This includes \$125,000 from the General Fund and \$49,000 from the dedicated percentage of Transitory Occupancy Tax for Youth and Early Childhood programs.

DISCUSSION: The Community Grant subcommittee reviewed the grant applications and met via Zoom to determine their recommendations.

The City received applications from 22 agencies for 24 programs for Fiscal Year 2021-22. Six applications were from agencies not funded in the last full community grant cycle in Fiscal Year 2019-20.

The total amount requested by the applicants for fiscal year 2021-22, minus funding that was recommended for Community Action Board of Santa Cruz County, Inc., and Monterey Bay National Marine Sanctuary Foundation (the two agencies considered prior), is \$151,641.

The subcommittee recommends a base increase of 7% for programs that were funded by the City in Fiscal Year 2019-2020. The subcommittee also recommended increases to some agencies beyond the 7%. Those increases were based on the programs, needs, and how some organizations were impacted by COVID-19.

The subcommittee also made recommendations for applicants that did not receive funding during the previous cycle.

The total subcommittee recommended allocation is \$40,524 from the General Fund and \$30,104 from the dedicated Youth and Early Childhood funding. This does not include the previously considered groups, Community Action Board of Santa Cruz County, Inc., and Monterey Bay National Marine Sanctuary Foundation.

In addition to the funding recommendations, the subcommittee recommends the following two items:

Community Grants 2021
October 28, 2021

1. Commission on the Environment research opportunities to fund groups focused on youth environmental education
2. Staff develop proposed uses within the Recreation Division for \$19,000 in the Youth and Early Childhood funding

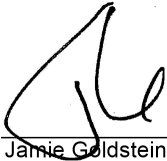
FISCAL IMPACT: The Fiscal Year 2021-22 costs for the subcommittee recommended funding is \$40,524 from the General Fund and \$30,104 from the dedicated Youth and Early Childhood funding.

ATTACHMENTS:

1. FY 21-22 Community Grant Subcommittee Recommendations

Report Prepared By: Larry Laurent
Assistant to the City Manager

Reviewed and Forwarded by:



Jamie Goldstein, City Manager

10/20/2021

| Organization | Program | FY 2019-20 Award | FY 2021-22 Request | Budget | Recommendation |
|---|----------------------|------------------|----------------------|---------------|---------------------|
| Arts Council Santa Cruz County | | N/A | \$ 5,000.00 | | \$ 1,000.00 |
| Cabrillo Stroke & Disability Learning Center | | \$ 7,608.00 | \$ 9,000.00 | | \$ 8,141.00 |
| Dientes | | \$ 1,490.00 | \$ 1,556.00 | | \$ 1,595.00 |
| Diversity Center Of Santa Cruz County | | \$ 1,138.00 | \$ 3,000.00 | | \$ 1,218.00 |
| Hospice of Santa Cruz County | | \$ 1,707.00 | \$ 2,500.00 | | \$ 1,827.00 |
| Monarch Services | | \$ 4,031.00 | \$ 5,000.00 | | \$ 4,314.00 |
| NAMI Santa Cruz County | | N/A | \$ 10,000.00 | | \$ 2,000.00 |
| Native Animal Rescue | | \$ 1,274.00 | \$ 1,400.00 | | \$ 1,364.00 |
| Senior Network Services | | \$ 2,721.00 | \$ 7,500.00 | | \$ 3,500.00 |
| Seniors Council of Santa Cruz & San Benito Counties | Project Scout | \$ 3,649.00 | \$ 15,000.00 | | \$ 5,000.00 |
| United Way 211 Helpline | | \$ 2,123.00 | \$ 5,000.00 | | \$ 2,272.00 |
| United Way Community Assessment Project | | \$ 1,061.00 | \$ 5,000.00 | | \$ 1,136.00 |
| Vista Center for the Blind and Visually Impaired | | \$ 2,015.00 | \$ 4,500.00 | | \$ 2,157.00 |
| Volunteer Center | | \$ 3,412.00 | \$ 15,000.00 | | \$ 5,000.00 |
| | | | | | |
| | General Fund | | \$ 89,456.00 | \$ 125,000.00 | \$ 40,524.00 |
| | | | | | |
| Big Brothers Big Sisters of Santa Cruz County | Mentoring Services | \$ 3,064.00 | \$ 6,000.00 | | \$ 3,279.00 |
| Boys and Girls Club - Project Learn | Project Learn | N/A | \$ 15,000.00 | | \$ 4,000.00 |
| CASA of Santa Cruz County | | \$ 3,363.00 | \$ 10,000.00 | | \$ 3,599.00 |
| O'Neill Sea Odyssey | | \$ 3,125.00 | \$ 3,160.00 | | \$ 3,344.00 |
| Parents Center | | \$ 6,899.00 | \$ 7,025.00 | | \$ 7,382.00 |
| Santa Cruz Children's Museum of Discovery | | N/A | \$ 16,000.00 | | \$ 6,000.00 |
| United Way Youth Action Network | | N/A | \$ 5,000.00 | | \$ 2,500.00 |
| | Youth Funding | | \$ 62,185.00 | \$ 49,000.00 | \$ 30,104.00 |
| | | | | | |
| | Total | | \$ 151,641.00 | | \$ 70,628.00 |

Attachment: FY 21-22 Community Grant Subcommittee Recommendations (Community Grants 2021)