

# City of Capitola

## Council Meeting Agenda



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

**REVISED**

**THURSDAY, SEPTEMBER 9, 2021**

**REGULAR MEETING - 7:00 PM**

### **CLOSED SESSION -**

*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.*

### **REGULAR MEETING OF THE CAPITOLA CITY COUNCIL - 7:00 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. PRESENTATIONS**

*Presentations are limited to eight minutes.*

A. Monarch Services on Domestic Violence and Community Resources Presentation

**3. REPORT ON CLOSED SESSION**

**4. ADDITIONAL MATERIALS**

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

**A. Item 8.A – two public comment emails**

**5. ADDITIONS AND DELETIONS TO AGENDA**

**6. ORAL COMMUNICATIONS**

**7. STAFF / CITY COUNCIL COMMENTS**

**8. 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 August 24 and 26 City Council Meeting Minutes  
RECOMMENDED ACTION: Approve minutes.

B. Community Development Block Grant- Coronavirus Response 2&3 Grant Acceptance  
RECOMMENDED ACTION: Adopt the proposed resolution accepting a California Department of Housing and Community Development Community Development Block Grant - Coronavirus Response Round 2 (CDBG CV2/3) in the amount of \$316,484 to support food services and a small business rental and mortgage assistance grant program; and authorize amending the Fiscal Year 2021/22 CDBG grant fund budget to increase revenues by \$316,484 and expenditures by \$345,135, which includes the use of \$28,851 of CDBG program income funds.

C. 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.

**9. 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. 720 Hill Street Hotel Conceptual Review  
RECOMMENDED ACTION: Review the proposed hotel plans and design review memo from RRM Design Group; provide the applicant with guidance for future development of a hotel at 720 Hill Street.

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- B. Affordable Housing Nexus and Feasibility Studies  
RECOMMENDED ACTION: Accept presentation on the Affordable Housing Nexus Study and Feasibility Study, and direct staff to utilize information from the studies to:
- Revise onsite inclusionary requirements in the IHO update
  - Update in-lieu housing fees
  - Establish affordable housing impact fee levels
- C. Capitola Brach Library Project Update and Consideration of Contract Change Orders 17.1 and 17.2  
RECOMMENDED ACTION: Approve Contract Changer Orders 17.1 and 17.2 in the amounts of \$250,776 and \$198,921 respectively.
- D. Administrative Policy Update Overview  
RECOMMENDED ACTION: Receive report.

**10. ADJOURNMENT**

**NOTICE OF REMOTE ACCESS**

In accordance with the current Santa Cruz County Health Order outlining social distancing requirements and Executive Order N-29-20 from the Executive Department of the State of California, the City Council meeting is not physically open to the public and in person attendance cannot be accommodated.

**To watch:**

1. Online <http://capitolaca.ig2.com/Citizens/Default.aspx>
1. Spectrum Cable Television channel 8

**To join Zoom:**

1. Join the Zoom Meeting with the following link:  
<https://us02web.zoom.us/j/83661140310?pwd=VOF5TmRFQVpnN3JxNkdxd3NkTlptUT09>
1. If prompted for a passcode, enter **432002**
1. **-OR-** With a landline or mobile phone, call one of the following numbers:
  - a. **1 669 900 6833**
  - 1 408 638 0968**
  - 1 346 248 7799**
1. Enter the meeting ID number: **836 6114 0310**
1. 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.

1. Zoom Meeting (Via Computer or Phone) Link:
  - A. 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
  - A. 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
1. Send Email:
  - A. During the meeting, send comments via email to [publiccomment@ci.capitola.ca.us](mailto:publiccomment@ci.capitola.ca.us)

CAPITOLA CITY COUNCIL REGULAR MEETING AGENDA  
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- 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](mailto: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.

**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](http://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](http://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 SEPTEMBER 9, 2021**

FROM: City Manager Department

SUBJECT: Monarch Services on Domestic Violence and Community Resources  
Presentation

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Report Prepared By: Chloe Woodmansee  
City Clerk

**Reviewed and Forwarded by:**

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

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Jamie Goldstein, City Manager

9/2/2021

**Woodmansee, Chloe**

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**From:** Peter Filice <pfilice8@gmail.com>  
**Sent:** Friday, September 3, 2021 2:45 PM  
**To:** City Council  
**Subject:** Fwd: 720 Hill Street #21-0284 APN: 036-011-28 - Hotel

Good Afternoon:

I am forwarding an email I sent to the Planning Commission following last night's zoom meeting. I understand that there will be a City Council Meeting on Thursday of next with the proposed Hotel on the agenda.

Can you please include my email comments if appropriate.

Will you be sending out zoom instructions for the Thursday meeting?

Thank You Very Much,

Peter Filice  
916-425-2787

----- Forwarded message -----

**From:** Peter Filice <pfilice8@gmail.com>  
**Date:** Fri, Sep 3, 2021 at 9:00 AM  
**Subject:** 720 Hill Street #21-0284 APN: 036-011-28 - Hotel  
**To:** <planningcommission@ci.capitola.ca.us>  
**Cc:** David Haghighi <davidchaghighi@gmail.com>

Good Day:

My name is Peter Filice. I own the home on 714 Hill Street. Mine is the first home as you climb Hill Street.

I sat in and commented last night during the Planning Commission Meeting.

I would like to make further comments about the hotel and the impact to my property.

Please share this with Mr Patel.

- 1) The rooftop patio will be a nuisance even though it is at the other end of the Hotel, especially into the evening. People get noisy when they party and drink.
- 2) The pool is right next to residential property. Again it can become a nuisance. The pool should be moved.
- 3) The height of the building is very bothersome. My property will look out to a two to three story wall with and without windows.
- 4) I believe a smaller complex with one story cottage type rooms would be more suitable considering the project sits right next to a residential neighborhood.
- 5) I believe my property value will be impacted greatly as many buyers will look out the back window, see the hotel and walk away.
- 6) Other noise issues will be increased parking lot activity, HVAC units, deliveries and general hotel activities.
- 7) Based on the above I truly believe that if the Hotel is built, as we saw in the architectural drawings that we, the present homeowners, should be compensated. I have renters in this home. I believe I will lose rent and market value once the Hotel moves in. I may have already lost value due to the fact that I must disclose the planned hotel to any future buyer.

I hope you give consideration to my comments.

Communication: A. Item 8.A – two public comment emails (ADDITIONAL MATERIALS)

Thank You,  
Peter Filice  
714 Hill Street  
916=425-2787

Communication: A. Item 8.A – two public comment emails (ADDITIONAL MATERIALS)

**From:** [William Babcock](#)  
**To:** [City Council](#)  
**Cc:** [William \(Bill\) Babcock](#); [Herlihy, Katie \(kherlihy@ci.capitola.ca.us\)](#)  
**Subject:** Residential Neighbor's input/comments for the proposed new 42 room hotel located at 720 Hill Street. Thursday, September 9, 2021 Capitola City Council 7pm Meeting.  
**Date:** Tuesday, September 7, 2021 11:41:57 AM

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To The Honorable Capitola City Council  
Meeting Date: Thursday, September 9th, 2021, 7PM.  
Agenda Subject: 720 Hill Street Hotel Conceptual Review and Council's Guidance Requested

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

To introduce ourselves, we are the Babcock Family, who has been residing at 905 Laurence Avenue since 1988. Also, we are one of the residential neighbors adjacent to the Quality Inn parking lot and the proposed new 42 room hotel.

First, we would like to express that this proposed hotel is the best suited use of this property. The owner is investing in visitors, who as guests would enjoy a peaceful night's sleep and taking home good Capitola memories. The neighbors (residential and commercial) welcome visitors to this beautiful and peaceful bayside city with all the fun family events. The City gains by collecting a visitors transient occupancy tax, which funds our city purposes, local businesses, youth and early childhood programs. Yes, this proposed hotel is the best use for investment and our community.

We have reviewed this conceptual review packet and would like to itemize our family's input to you.

Item 1: Privacy. The Quality Inn owner and ourselves have inherited the existing masonry fence between our property and the current parking spaces which are proposed to be used by the new hotel. The masonry fence's height is approximately 5 feet or less and has not provided the privacy we need to enjoy our property. The visitors can park right up close to this fence and look directly into our backyard. We grew a hedge to preserve our privacy but, over the years, the hedge has experienced over pruning leaving open gaps affecting the privacy screen. We would welcome that the existing masonry fence height to be increased and a landscaped buffer area to ensure better privacy.

Item 2: Privacy and Views: The proposed hotel windows, outside stairways and roof top patio. It appears that the Architect and Hotel Owner have considered minimizing the impact from these noted view points from the hotel into the residential neighborhood. We are trying to visualize the plans to understand these lines of sight to and from our home.

Item 3: Trucks and RV Noise: There have been large RV and trucks that have parked over these same parking spaces and aligned parallel to the masonry fence. The RV and Truck operators have kept their engines running into the night and early morning causing annoying noises along with a low base sound vibrations (rattles our windows). The Inn's management has been responsive to our calls when this noise has happened. We would welcome the hotel designate or limit these parking spaces for only auto vehicle parking and/or maybe the future electric vehicle recharging spaces.



Item 4: Roof Top Patio Noise: We would welcome set hours for gatherings. This will provide a peaceful night sleep for the other hotel guests and the neighborhood.

Item 5: Lighting: The Quality Inn's buildings and parking areas currently have an evening to dawn security lighting system which have adverse effects on our residential homes. We would welcome the current and new hotel to have these security lighting systems adjusted towards these hotels intended areas and not the neighboring areas.

Item 6 Signage: What will the hotel's signage (e.g., backlighted) look like and it's location on the hotel building?

Item 7 Water Conservation: We would welcome the hotel(s) to install "gray water systems" for landscape irrigation purposes which may reduce their Soquel Creek water costs.

Item 8: Electricity: We would welcome the hotel to install roof top solar systems which may reduce their energy costs.

We hope our comments and input will help in your consideration and guidance given to the Planning Commission and Capitola Community Planning Department.

Thank you.

William and Vickie Babcock  
905 Laurence Avenue  
Capitola, CA 95010



## CAPITOLA CITY COUNCIL AGENDA REPORT

**MEETING OF SEPTEMBER 9, 2021**

FROM: City Manager Department

SUBJECT: Consider the August 24 and 26 City Council Meeting Minutes

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RECOMMENDED ACTION: Approve minutes.

DISCUSSION: Attached for Council review and approval are the minutes from the special City Council meeting held on August 24 and the regular City Council meeting held on August 26, 2021.

ATTACHMENTS:

1. 8-24-21 SPECIAL draft
2. 8-26-21 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

9/3/2021

**CAPITOLA CITY COUNCIL  
DRAFT SPECIAL MEETING MINUTES  
TUESDAY, AUGUST 24, 2021 - 5 PM**

**SPECIAL MEETING OF THE CAPITOLA CITY COUNCIL**

**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. ADDITIONAL MATERIALS – NONE**

**3. ADDITIONS AND DELETIONS TO THE AGENDA – NONE**

**4. GENERAL GOVERNMENT / PUBLIC HEARINGS**

A. Implicit Bias Training Workshop Presented by Circle Up Education

Tiffany Huang from Circle Up Education presented implicit bias training to members of Capitola City Council and staff.

**5. ADJOURNMENT**

The meeting was closed at 8 PM to the next regular meeting of Capitola City Council on August 26, 2021.

\_\_\_\_\_  
Yvette Brooks, Mayor

ATTEST:

\_\_\_\_\_  
Chloé Woodmansee, City Clerk

Attachment: 8-24-21 SPECIAL draft (Approve Council Minutes)

**CAPITOLA CITY COUNCIL  
DRAFT REGULAR MEETING MINUTES  
THURSDAY, AUGUST 26, 2021 - 7 PM**

**CLOSED SESSION – 5:45 PM**

**CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION**

**(Gov't Code § 54956.9(d)(4).**

Initiation of litigation, one potential case

**CONFERENCE WITH LABOR NEGOTIATORS**

**(Gov't Code § 54957.6)**

Negotiators: Algeria Ford, Larry Laurent

Employee Organizations: (1) Police Captains; (2) Capitola Police Officers Association;

(3) Association of Capitola Employees

**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. PRESENTATIONS**

**A. Introduce New Museum Curator**

Assistant to the City Manager Laurent introduced Museum Curator Deborah Osterberg.

**B. Present Certificates of Appreciation for Frank Phanton and Carolyn Swift**

Community Development Director Herlihy thanked Mr. Phanton and Ms. Swift.

**3. REPORT ON CLOSED SESSION – NO ACTION TAKEN**

**4. ADDITIONAL MATERIALS**

A. Item 8.G - two additional materials

B. Item 9.A - two public comment emails

**5. ADDITIONS AND DELETIONS TO AGENDA – NONE**

**6. PUBLIC COMMENTS- NONE**

**7. CITY COUNCIL / STAFF COMMENTS**

Community Development Director Herlihy announced that the City will launch a small business grant program on September 1, in partnership with the Small Business Development Center and using CDBG-

CAPITOLA CITY COUNCIL REGULAR MEETING MINUTES  
August 26, 2021

CV 2&3 Grant funds awarded to the City.

Vice-Mayor Storey extended condolences to the family and community following a recent murder/domestic violence incident. He asked that Monarch Services present at an upcoming Council meeting.

## 8. CONSENT CALENDAR

<b>MOTION:</b>	<b>APPROVE, AUTHORIZE, AND ADOPT AS RECOMMENDED</b>
<b>RESULT:</b>	<b>ADOPTED [UNANIMOUS]</b>
<b>MOVER:</b>	Jacques Bertrand
<b>SECONDER:</b>	Kristen Petersen
<b>AYES:</b>	Jacques Bertrand, Sam Storey, Yvette Brooks, Margaux Keiser, Kristen Petersen

- A. Consider the July 22 City Council Meeting Minutes  
RECOMMENDED ACTION: Approve minutes.
- B. Planning Commission Action Minutes  
RECOMMENDED ACTION: Receive minutes.
- C. Approval of City Check Registers Dated July 16, July 23, July 30, August 6, and August 13  
RECOMMENDED ACTION: Approve check registers.
- D. Donation to Service Corps of Retired Executives: Central Coast  
RECOMMENDED ACTION: Authorize the City Manager to donate \$500 to the Service Core of Retired Executives: Central Coast in recognition of their assistance on Capitola's Business Recovery Task Force.
- E. Purchase Used Police Motorcycle and Surplus Police Motorcycle  
RECOMMENDED ACTION: Authorize the Police Department to purchase a 2016 BMW R1200-RTP motorcycle from Max BMW Motorcycle for \$16,000 and authorize the sale/auction of a 2014 Zero motorcycle.
- F. Update Hourly and Seasonal Salary Schedule  
RECOMMENDED ACTION: Adopt the proposed resolution amending the hourly and seasonal Pay Schedule.
- G. Employee Group Agreements  
RECOMMENDED ACTION:
  - 1. Authorize the City Manager to execute the successor agreements to existing Memoranda of Understanding (MOU) with negotiated changes for the following groups:
    - a. Capitola Police Officers Association (CPOA).
    - b. Capitola Police Captains Association
  - 2. Adopt a Resolution approving the new salary schedule.
- H. Capitola Recreation Afterschool Program Update  
RECOMMENDED ACTION: Receive report on the Capitola Recreation Afterschool program at New Brighton Middle School.

Attachment: 8-26-21 draft (Approve Council Minutes)

## 9. GENERAL GOVERNMENT / PUBLIC HEARINGS

CAPITOLA CITY COUNCIL REGULAR MEETING MINUTES  
August 26, 2021

A. Receive Update on Pandemic Response

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. Extend the COVID-19 temporary use permits allowing for outdoor dining to January 3, 2022 and implement rules for permit holders, as outlined in the staff report.

Council Member Keiser recused herself due to a financial conflict. City Manager Goldstein presented the staff report.

In response to his question, Vice-Mayor Storey was told that a date earlier than the proposed January 3, 2022, temporary permit deadline could be chosen.

Council Member Bertrand asked if the Police have received complaints regarding the Village parklets. Chief McManus replied that he was aware of three noise complaints related to entertainment, off the top of his head, and explained it was difficult to know if the complaints are aligned with the outdoor dining as complaints have been similar to summers when the temporary outdoor dining was not in place.

During public comment, Mary, Bob Anderson, and Eric Fawcett spoke against extending the temporary permit's due to noise in the village from outdoor dining, and the dining areas lack of use by restaurants. They asked that the temporary permits expire on September 13, as previously planned.

Council Member Petersen considered an informal poll of businesses on their need/interest in continuing temporary outdoor dining.

Council Member Bertrand spoke about businesses that may or may not be using the temporary dining areas.

Vice-Mayor Storey thanked residents for voicing their opinions and asked for clarification regarding complaints that the temporary outdoor seating is going unused, in contrast to complaints that the Village is overly noisy because of the outdoor seating.

City Manager Goldstein explained that the noise complaints were regarding restaurants leaving windows and doors open, allowing for sound to travel in the Village, and not necessarily regarding the outdoor seating specifically.

Council Member Petersen suggested that staff monitor the use of the outdoor areas and bring an update item to Council in November.

<b>MOTION:</b>	<b>1) MAKE DETERMINATION; AND 2) EXTEND TEMPORARY OUTDOOR DINING PERMITS TO JANUARY 3, 2022, IMPLEMENT RULES AS OUTLINED IN THE STAFF REPORT, WITH A STAFF/COUNCIL CHECK IN ON USE OF THE PERMITS AT A PUBLIC MEETING IN NOVEMBER</b>
<b>RESULT:</b>	<b>ADOPTED [4 to 0]</b>
<b>MOVER:</b>	Kristen Petersen
<b>SECONDER:</b>	Sam Storey
<b>AYES:</b>	Jacques Bertrand, Sam Storey, Yvette Brooks, Kristen Petersen
<b>RECUSED:</b>	Margaux Keiser

B. Award a Contract for 41st Avenue Traffic Signal Adaptive Signal Project

RECOMMENDED ACTION:

Attachment: 8-26-21 draft (Approve Council Minutes)

CAPITOLA CITY COUNCIL REGULAR MEETING MINUTES  
August 26, 2021

1. Award a contract to Bear Electric Solutions from Alviso for construction of the 41<sup>st</sup> Avenue Adaptive Traffic Signal System in the amount of \$460,526; and
2. Authorize the City Manager to reallocate up to \$100,000 in the Capital Improvement Project fund from the Bay Avenue/Capitola Avenue Roundabout project to the 41<sup>st</sup> Avenue Adaptive Traffic Signal project.

Public Works Director Jesberg presented the staff report.

Council Member Bertrand asked about the money reallocation and Director Jesberg said that staff anticipates that a grant will cover the cost of the work, so as not to need the entire \$100,000. In response to Council Member Bertrand's question about back up streets, Director Jesberg explained that the project will measure Brommer and Capitola Road, and all cross streets, with the goal of helping traffic flow.

There was no public comment.

<b>MOTION:</b>	<b>1) AWARD A CONTRACT TO BEAR ELECTRIC SOLUTIONS AND 2) AUTHORIZE THE CITY MANAGER TO REALLOCATE UP TO \$100,000 OF CIP FUNDS FROM BAY AVENUE/CAPITOLA AVENUE ROUNDABOUT TO THE 41<sup>ST</sup> AVENUE TRAFFIC SIGNAL PROJECT</b>
<b>RESULT:</b>	<b>ADOPTED [UNANIMOUS]</b>
<b>MOVER:</b>	Jacques Bertrand
<b>SECONDER:</b>	Sam Storey
<b>AYES:</b>	Jacques Bertrand, Sam Storey, Yvette Brooks, Kristen Petersen, Margaux Keiser

C. Community Grant Subcommittee

RECOMMENDED ACTION: Appoint two Councilmembers to a subcommittee to review applications for the 2021 - 2022 Community Grant Program.

Vice-Mayor Storey recused himself due to a financial conflict. Assistant to the City Manager Laurent presented the staff report.

There was no public comment.

<b>MOTION:</b>	<b>APPOINT COUNCIL MEMBERS BERTRAND AND KEISER TO THE SUBCOMMITTEE TO REVIEW APPLICATIONS</b>
<b>RESULT:</b>	<b>ADOPTED [4 to 0]</b>
<b>MOVER:</b>	Margaux Keiser
<b>SECONDER:</b>	Kristen Petersen
<b>AYES:</b>	Jacques Bertrand, Yvette Brooks, Kristen Petersen, Margaux Keiser
<b>RECUSED:</b>	Sam Storey

D. Consider Request for Sponsorship of the Capitola Beach Festival

RECOMMENDED ACTION: Authorize the City Manager to provide \$5,000 in sponsorship to the Capitola Beach Festival.

Vice-Mayor Storey recused himself due to a financial conflict. Clerk Woodmansee presented the staff report.

CAPITOLA CITY COUNCIL REGULAR MEETING MINUTES  
August 26, 2021

There was no public comment.

<b>MOTION:</b>	<b>AUTHORIZE THE CITY MANAGER TO PROVIDE \$5,000 IN SPONSORSHIP TO THE CAPITOLA BEACH FESTIVAL</b>
<b>RESULT:</b>	<b>ADOPTED [4 to 0]</b>
<b>MOVER:</b>	Margaux Keiser
<b>SECONDER:</b>	Kristen Petersen
<b>AYES:</b>	Jacques Bertrand, Yvette Brooks, Kristen Petersen, Margaux Keiser
<b>RECUSED:</b>	Sam Storey

**10. ADJOURNMENT**

The meeting was closed at 8:16 pm to the next regular meeting of the Capitola City Council on September 9, 2021.

\_\_\_\_\_  
Yvette Brooks, Mayor

ATTEST:

\_\_\_\_\_  
Chloé Woodmansee, City Clerk

Attachment: 8-26-21 draft (Approve Council Minutes)





# CAPITOLA CITY COUNCIL AGENDA REPORT

**MEETING OF SEPTEMBER 9, 2021**

FROM: Community Development

SUBJECT: Community Development Block Grant- Coronavirus Response 2&3 Grant Acceptance

**RECOMMENDED ACTION:** Adopt the proposed resolution accepting a California Department of Housing and Community Development Community Development Block Grant – Coronavirus Response Round 2 (CDBG CV2/3) in the amount of \$316,484 to support food services and a small business rental and mortgage assistance grant program; and authorize amending the Fiscal Year 2021/22 CDBG grant fund budget to increase revenues by \$316,484 and expenditures by \$345,135, which includes the use of \$28,851 of CDBG program income funds.

**BACKGROUND/DISCUSSION:** On March 27, 2020, Congress passed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to support preparation for and response to the community impacts of the COVID-19 pandemic. The state of California received approximately \$90 million in CARES Act funds to be distributed in multiple rounds by the California Department of Housing and Community Development (HCD) Community Development Block Grant (CDBG) Program.

In the first round of CDBG-CV, Capitola was allocated \$88,010 in CARES Act funding. The City also utilized \$80,632.35 of CDBG Program Income funds toward coronavirus relief. During the first round, applicants could provide aid for three federally-defined “activities” and one additional activity for the program income funds. The City funded four entities all of which fit into the “public service” activity

On February 25, 2021, the City Council adopted a resolution authorizing the City to apply for CDBG-CV round 2 and round 3 grant funds allocating an additional \$15,000 to each of the food distributors which previously received funding in the first round and utilizing the remainder of the funds for economic development business assistance grants of up to \$7,500 per business. On September 2, 2021, the City was notified that the grant was awarded and the standard agreement finalized.

**FISCAL IMPACT:** This CDBG-CV2/3 grant is a reimbursement grant. The City will be reimbursed for the food distribution and economic development grants.


**ATTACHMENTS:**

1. CDBG CV2 & CV3 Budget Amendment (PDF)

Grant Acceptance  
September 9, 2021

Report Prepared By: Katie Herlihy  
Community Development Director

**Reviewed and Forwarded by:**



---

Jamie Goldstein, City Manager

9/3/2021

Grant Acceptance  
September 9, 2021

**RESOLUTION NO. ---**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAPITOLA AMENDING  
THE FISCAL YEAR 2021-2022 BUDGET AND CAPITAL IMPROVEMENT  
PROGRAM BUDGET**

**WHEREAS**, it is necessary to adopt the 2021/2022 Fiscal Year Budget for all City funds and Capital Improvement Program; and

**WHEREAS**, the City Council conducted budget study sessions, heard and considered public comments, had modified and proposed a budget accordingly, and on June 24, 2021 adopted such budget for the Fiscal Year July 1, 2021, through June 30, 2022; and

**WHEREAS**, since the adoption of the budget the City has been awarded Community Development Block Grant-Coronavirus Relief 2&3 (CDBG-CV 2&3) grant funding in the amount of \$316,484; and

**NOW, THEREFORE, BE IT HEREBY RESOLVED** by the City Council of the City of Capitola that the 2021/2022 Fiscal Year Budget is hereby amended increasing Federal Grants revenues by \$316,484 and Community Development CDBG-CV2&3 expenditures by \$303,992 and Planning and Housing Grant Administration expenditures by \$41,143, utilizing \$28,651 of existing CDBG-PI fund balance, as detailed on the attached budget amendment; and

**BE IT FURTHER RESOLVED** that the Finance Director is directed to enter the budget into the City's accounting records in accordance with appropriate accounting practices, and the City Manager, with the Finance Director's assistance, shall ensure compliance therewith.

**BE IT FURTHER RESOLVED** that these grants will be expended pursuant to the conditions of the grant 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 9<sup>th</sup> day of September, 2021, by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

\_\_\_\_\_  
Yvette Brooks, Mayor

ATTEST:

\_\_\_\_\_  
Chloé Woodmansee, City Clerk

City of Capitola Budget Adjustment Form



Date 8/31/2021

Requesting Department Community Development

Administrative Council

Item # TBD  
 Council Date 9/9/2021  
 Council Approval \_\_\_\_\_

Revenues		
Account #	Account Description	Increase/Decrease
1351-00-00-000-3310.100	Federal Grants	316,484
Total		316,484

Expenditures		
Account #	Account Description	Increase/Decrease
1351-00-00-000-4350.611	CS-Plan Svc CDBG-Coronavirus	303,992
1351-00-00-000-4345.202	CS-Plng & Hsg Grant Admin	41,143
Total		345,135

Net Impact (28,651)

Purpose: Community Development Block Grant Coronavirus Response  
Rounds 2 & 3 (CDBG-CV2 & CV3) utilizing \$28,651 of existing  
CDBG-PI fund balance

Department Head Approval *Karen Han*  
 Finance Department Approval *Jim Halberg*  
 City Manager Approval \_\_\_\_\_

Attachment: CDBG CV2 & CV3 Budget Amendment (Grant Acceptance)



# CAPITOLA CITY COUNCIL AGENDA REPORT

**MEETING OF SEPTEMBER 9, 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, the World Health Organization declared COVID-19 a pandemic.

Since March 2020, State and local health officers have 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 early-September 2021, more than 4.5 million people worldwide have died of COVID-19 and more than 216 million people have been infected with the virus.

Since the beginning of the pandemic in the United States more than 36 million COVID-19 cases have been reported and more than 621,228 people have died from the virus.

In California, 65,704 deaths have been reported; there were 119 deaths due to COVID-19 reported on Thursday, September 2. According to data from September 2, the average new COVID-19 case count per 100k was 27.9 (this number has been slowly decreasing over the two weeks).

*Limited Restrictions Required Until October 1, 2021*

Since June 15, California businesses, etc., have been operating without capacity limitations or physical distancing requirements. The minor restrictions outlined in the table below will remain in effect until September 30, 2021:

<b>Restrictions Applying to Indoor &amp; Outdoor Settings</b>	
Vaccine Verification/Negative Testing	Indoor Mega Event: required Outdoor Mega Event: recommended
Capacity Limitations	None

Physical Distancing	None
Masking	Fully Vaccinated People: no requirements in most settings Un-Vaccinated People: required when indoors
Travelers	Subject to CDC recommendations and any current CDPH travel advisories

### *Delta Variant & Surge in COVID-19*

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. As of July 13, the Delta variant is now 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 U.S. with lower vaccination rates. Our County, the State of California, and the entire United States has seen a surge of COVID-19 cases as the Delta Variant has increased the spread of the virus, and case counts have been especially high in areas of lower rate of vaccination.

On July 19, the Counties of Monterey, Napa, San Benito, and Santa Cruz together recommended indoor masking in all public places as an extra precaution against the increase in COVID-19 cases. A month later on August 19, the Santa Cruz County Health Officer issued a Health Order requiring the use of face coverings in indoor public settings, regardless of vaccination status.

On August 31, Santa Cruz County Health Officer Newell announced that hospitals are at capacity locally and across much of the state. She explained that the data is also showing a decline in COVID-19 cases, which mimics most of the County’s experience with the Delta Variant surge; “it’s the same behavior we’ve seen in the Delta variant all over the world: a steep incline and a rapid decline after a short period of time”. She said that outbreaks continue despite the drop in daily cases and urged all that can safely do so to get vaccinated as soon as possible.

### *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 September 2, more than 54 million COVID-19 vaccine doses have been administered in the State of California. 66.9% of Californians over the age of 12 are fully vaccinated and 10.2% are partially vaccinated. There is an average vaccination rate of

COVID-19 Emergency- Update 31  
September 9, 2021

about 90,685 doses per day. All Californians aged 12 and older are eligible for a vaccination. The State has 5,667,244 vaccine doses on hand, the equivalent to 62 days of inventory.

As of September 2, 354,730 doses of the vaccine have been administered by Santa Cruz County.

#### *Local Case Numbers and Statistics in Santa Cruz County*

As of September 2, there were 18,518 known COVID-19 cases in Santa Cruz County; of these, 542 were in the City of Capitola. 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 August 19, the number of active known cases reported was 824; on September 2 the number of active known cases reported was 891 (this is down from Monday, August 30 when the count was 929). Though the active case count is still rising, the speed in which the total number is growing has slowed down considerably and the Santa Cruz Public Health Officer recently stated that she is “cautiously optimistic” that the County may have reached the peak of its Delta Variant surge.

On August 9, two additional deaths due to COVID-19 were reported for the first time in months. Both were confirmed to have been the Delta variant. On August 25, the County of Santa Cruz Health Services Agency announced an additional COVID-19 death, bringing our County’s total deaths attributed to COVID-19 to 210 since the beginning of the pandemic.

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.

City Council and all City Boards and Commissions plan to return to in-person meetings when required by the Governor’s Order beginning October 2021. If nothing between now and then changes significantly, the first in-person Council meeting will be October 14, 2021.

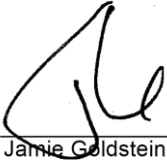
If major changes occur between the date of agenda publication and the City Council meeting, further updates on the regional and local coronavirus response will be provided in a verbal report at the meeting.

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

COVID-19 Emergency- Update 31  
September 9, 2021

**Reviewed and Forwarded by:**



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Jamie Goldstein, City Manager

9/3/2021





## CAPITOLA CITY COUNCIL AGENDA REPORT

**MEETING OF SEPTEMBER 9, 2021**

FROM: Community Development  
SUBJECT: 720 Hill Street Hotel Conceptual Review

**RECOMMENDED ACTION:** Review the proposed hotel plans and design review memo from RRM Design Group; provide the applicant with guidance for future development of a hotel at 720 Hill Street.

**BACKGROUND:** The property at 720 Hill Street has featured a hotel in one iteration or another for nearly fifty years. On January 16, 1978, the Planning Commission approved use permit #1145, which included a 96-room hotel within six buildings. Four of the six buildings were constructed with a total of 55 hotel rooms. Two of the six approved buildings were not constructed.

On April 21, 1989, the Planning Commission approved Design Permit/Conditional Use Permit #88-189, which included the addition of 30 units plus conference and office space. About a year later on May 17, 1990, the Planning Commission approved a one-year extension of that permit. The approval was never acted upon, so on June 8, 1991, the permit expired.

On June 6, 2002, the Planning Commission approved a new larger portico and a remodel of the existing hotel under permit AS #02-014. The approved portico was not constructed.

On April 20, 2005, the City Council and Planning Commission jointly reviewed a Preliminary Development Plan for the demolition of the hotel and a proposed planned development rezoning for a 34-lot subdivision and construction of 34 single-family residences (the plans are Attachment 1). City Council and Planning Commission unanimously agreed that housing was not appropriate for this site; the preliminary plan was not approved.

Now, the property owner of 720 Hill Street has submitted a conceptual review application for an additional hotel at this location. On September 2, 2021, the Capitola Planning Commission reviewed the hotel design and provided feedback to the applicant (included as Attachment 3).

**DISCUSSION:** A conceptual review allows an applicant to receive preliminary, nonbinding input from the Planning Commission and City Council on a proposed project, prior to formal permit application and environmental review.

The three-acre site is located on the northern border of the City of Capitola, stretching from Highway 1 to the intersection of Hill Street and Crossroads Loop behind the Crossroads Center. The parcel is on the eastern edge of the Community Commercial zone and bordered by a mix of

720 Hill Street Hotel Conceptual Review  
September 9, 2021

zones including the R-1 Single-Family Residential zone to the south, the Multi-Family Medium Density Residential zone and Mixed-Use Neighborhood zone to the east (accessed off Capitola Avenue), and Highway 1 to the north. The property is also located in the Affordable Housing Overlay zone.

The site contains an existing hotel, Quality Inn and Suites, which is comprised of four buildings on the north side of the parcel adjacent to Highway 1. The southern half of the parcel contains a portion of the existing hotel's parking lot and vacant land which slopes down from the parking area towards Crossroads Loop. The proposed hotel would be located on the vacant land on the southern portion of the parcel. The parcel extends to the middle of Crossroads Loop, which is a private road.

Development Standards: The following table includes the development standards of the C-C (Community Commercial) Zoning District. The table includes the information for the entire site, including the existing Quality Inn.

#### Development Standards for the C-C Zoning District

	C-C Standard	Existing	Proposed
<b>Site Requirements</b>			
Floor Area Ratio, Maximum	1.0 134,426 sf	0.26 34,492 sf	0.39 52,671 sf
Parking and Loading	One space for each guest room plus 1 per 300 sq. ft. of office area	55 rooms 88 sf. Office 56 spaces required 73 spaces exist	42 rooms, 97 total 438 sf. office space 99 spaces required 103 spaces proposed
<b>Structure Requirements</b>			
<b>Setbacks</b>			
Front	15 ft. and building placement allows for min. 10-foot sidewalk	32 ft.	16 ft. from face of curb
Rear	20 ft. adjacent to a residential zoning district	52 ft.	52 ft.
Interior Side	15 ft.	104 ft.	46 ft.
Street Side	Min: 0 ft. Max: 15 ft.	15 ft.	15 ft.
Height, Maximum	40 ft.	30 ft. (approximate height to be verified)	40 ft.
Residential Transition Standards – Daylight Plane	No structure shall extend above or beyond a daylight plane having a height of twenty-five feet at the setback (15 ft.) from the residential property line and	Complies	The staircase on the southeast side exceeds the height limit.  <b>Does Not Comply</b>

720 Hill Street Hotel Conceptual Review  
September 9, 2021

	extending into the parcel at an angle of forty-five degrees.		
Landscaped Open Space	5%		26%
Residential Transition Standards - Landscaping	10 ft. Landscaping strip with trees every 15 ft.		Application does not include required 10 foot landscape buffer or required trees. <b>Does Not Comply</b>

Height and Residential Transitions: Pursuant to Municipal Code Section §17.48.020.A, height is measured as the vertical distance from the assumed ground surface to the highest point of the building. The hotel is proposed to be built on a hillside; therefore, the height must be measured around the perimeter wall to ensure compliance as the ground surface's grade changes. The hotel complies with the forty-foot maximum height. However, this proposed commercial use is located next to residential uses and is required to comply with residential transition standards. The current design does not comply with two of the four standards (daylight plane and landscape), as seen in the table above and outlined below.

**Standard 2: Daylight Plane.** No structure shall extend above or beyond a daylight plane having a height of twenty-five feet at the setback from the residential property line and extending into the parcel at an angle of forty-five degrees.

- Staff Analysis: This standard is not met within the current design. The staircase located on the south end of the hotel extends above the daylight plane.

**Standard 3: Landscaping.** A landscaped planting area, extending a minimum of ten feet from the property line, shall be provided along all residential property lines. A tree screen shall be planted in this area with trees planted at a minimum interval of fifteen feet. The proposed landscaping plan is Attachment 2.

- Staff Analysis: This standard is not met within the current design. The landscape plan does not include a ten feet wide landscape buffer along the property line and trees are not proposed at 15 feet intervals. Also, additional parking spaces are proposed approximately five feet from the property line adjacent several residential properties.

The applicant must modify the plans to conform with all residential transition standards prior to submitting the design permit and conditional use permit application.

Design Review Criteria: When considering design permit applications, which are issued by the Planning Commission, the Commission evaluates applications to ensure the proposal satisfies the 19 design permit criteria (include as Attachment 4) of §17.120.070.A-S, to the extent the criteria apply. A design permit for a commercial development requires review by a City-contracted architect. Although this application is for a conceptual design, staff recommended the architectural review occur at this step to collect all comments regarding design in preparation for the formal application submittal. The City contracted RRM Design Group to review the proposed hotel design; their memo is Attachment 5. Pages 12 and 13 of the memo include RRM's summary of recommendations related to site planning, architecture, landscaping, and general comments. The applicant now seeks feedback from the City Council on the proposed design.

720 Hill Street Hotel Conceptual Review  
September 9, 2021

Design recommendations of the Planning Commission and City Council should also be incorporated into the formal application.

Conditional Use Permit Criteria: A hotel in the Community Commercial zoning district requires approval of a conditional use permit (CUP), which is issued by the Planning Commission. When evaluating a condition use, the Planning Commission must consider the following characteristic of the proposed use:

- A. Operating characteristics (hours of operation, traffic generation, lighting, noise, odor, dust, and other external impacts)
- B. Availability of adequate public services and infrastructure
- C. Potential impacts to the natural environment
- D. Physical suitability of the subject site for the proposed use in terms of design, location, operating characteristics, shape, size, topography

The CUP criteria will be analyzed in further detail at the time a complete application is received from the applicant. Currently there is a limited-service hotel operating on the site, which provides a free breakfast for guest and does not have a full-service restaurant. The proposed new hotel will function in the same manner with limited breakfast service and no onsite restaurant. The property owner has been in contact with Soquel Creek Water District, County Sanitation, and Central Fire District to ensure there is adequate public services and infrastructure for the use. The potential impacts to the natural environment will be further reviewed with CEQA at the time of application. The development standards and design review looked at the physical suitability of the site. The site is adjacent to the single-family residential zone, abutting four single-family lots. The project will have to come into compliance with the residential transitional standards prior to application submittal. Also, the Planning Commission may condition the application to mitigate impacts of the use on neighboring properties. The Planning Commission provided guidance to the applicant to provide more details on the proposed lighting within the parking area and consider upgrading the existing five-foot-high wall.

Affordable Housing Overlay: The hotel property is in the City's Affordable Housing Overlay zone and identified in Capitola's Housing Element as an opportunity site. The Housing Element projected 61 units could be developed on the site, including 46 lower income units and 15 moderate income units. To develop the site as commercial, rather than affordable housing, the City is required to make findings of "no net loss" before entitling a non-residential project. When the official design permit and conditional use permit application is reviewed by Planning Commission, staff will include documentation that there will still be adequate sites available to provide for the 143 units required to meet Capitola's regional housing needs identified within the Regional Housing Needs Allocation (RHNA) Fifth Cycle, even with the loss of 720 Hill Street from the site inventory. Staff will be able to provide this analysis as most of our mixed use and commercial properties have potential to redevelop with additional housing. The housing element will be update in 2023 and new sites will have to be identified to ensure RHNA numbers can be accommodated.

CEQA: This project will require an environmental review prior to moving forward for review. The property is also located within a "High Sensitivity Prehistoric Resources" area on the City of Capitola resource map. The environmental review will cover the potential environmental impacts of the project, including traffic, parking, and archeology.

FISCAL IMPACT: There are no fiscal impacts associated with providing conceptual guidance on a hotel.

720 Hill Street Hotel Conceptual Review  
September 9, 2021

GUIDANCE REQUESTED:

1. Does the City Council agree with the recommendations made by RRM Design group?
2. Does the City Council have comments or recommendations regarding potential impacts to adjacent properties or the public?
3. Does the City Council have additional recommendations for the applicant prior to their official application submittal?
4. Does the City Council generally support the removal of the site from the Affordable Housing Element site inventory, if staff can identify better alternatives within commercial, mixed use, or residential sites?

ATTACHMENTS:

1. 720 Hill Street Plans
2. HILL STREET LANDSCAPE 3.19.21\_small
3. Planning Commission Conceptual Review Feedback
4. Design Permit Design Review Criteria
5. RRM Design Group Memo 720 Hill Street

Report Prepared By: Katie Herlihy  
Community Development Director

**Reviewed and Forwarded by:**



Jamie Goldstein, City Manager

9/3/2021



Attachment: 720 Hill Street Plans (720 Hill Street Hotel Conceptual Review)

## Design Narrative – Boutique Hotel 720 Hill Street

The design intent for the intimate boutique hotel on Hill Street is to integrate the building into the landscape as well as have as little impact on the neighborhood while capturing the commercial side of the site to enhance its presence.

The hotel ground floor is integrated completely into the hillside thus only having 2 levels above grade on the upside of the property. By placing the front of the building along Crossroads Loop and having the drive up to the drop off and entrance to the hotel along the corner of Crossroads Loop and the private drive the single-family residential side is minimally disturbed. No vehicular traffic will be along the residential side of the property other than the already existing parking lot.

The building mass provides the opportunity for signage to be seen from Bay Ave and gives guests the initial cue of where to find the hotel as well as providing an attractive terminus to Hill Street at Crossroads Loop.

Having the entrance, lobby, guest amenities, and back of house spaces on the ground level allows the front to be open and activated along Crossroads Loop. Again, the activation occurs away from the single-family homes. The guestrooms are primarily orientated north, east, and west. The few rooms that are facing south are a large distance from the property line and well shielded by landscape and trees.

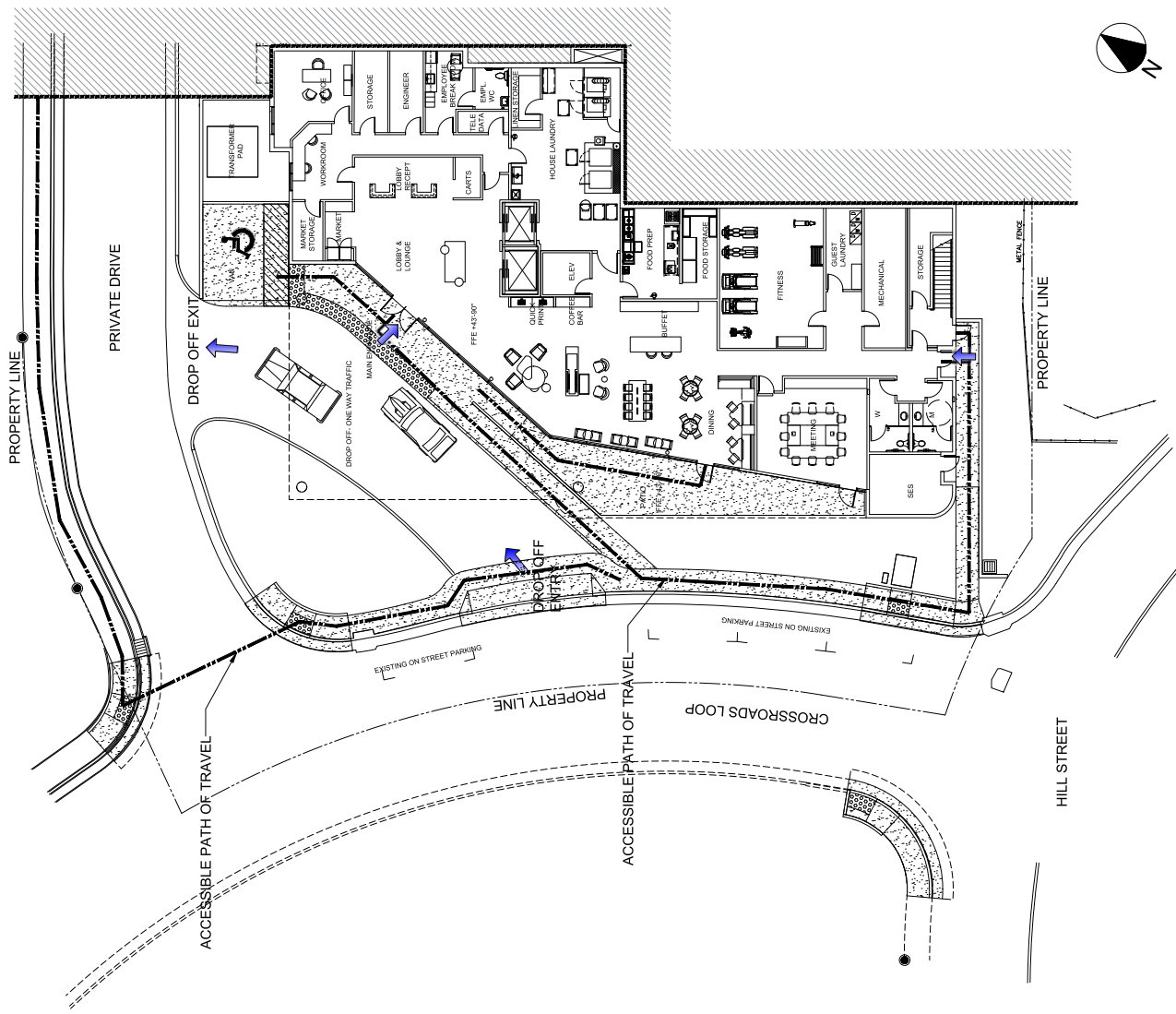
The rooftop patio is on the opposite side away from the single-family home residential property lines and only have views north, east, and west. This patio also provides the opportunity for small trees and landscaping on the roof which in turn softens the edges of the upper roof line.

The design feel of the building was to provide a clean modern look that reflects the west coast lightness but traditional weathered wood with white stucco and black trim (frames). The deep shadows that change as you move under the building at the drop off and the angled glass façade on the ground level provides a stark 3 dimensionality. The building provides a dynamic element through the changing wood look material sizes as well as the rounded edges. The rounded elements soften the building mass as well providing an interesting change in shadows throughout the day.



**LOCATION MAP**
  
**APN #: 036-011-28**

SITE PLAN DATA	
Site	New 3-Story Hotel, 42 Guestrooms
Site	134,426 sq ft 3.085 Acres
New Parking Prov	30 Parking Spaces (2 H.C. Spaces, 5 Compact)
Existing Parking	73 Parking Spaces (3 H.C. Spaces)
Total Parking Prov	103 Parking Spaces
Existing Guestroom Count	55
Total Guestrooms	97
Zoning	C-C
Total Lot Coverage	16.6%
Total FAR	.32
Building GBA New	18,261 sq ft
1st Floor	7,650 sq ft
2nd Floor	9,895 sq ft
3rd Floor	9,895 sq ft
Roof	821 sq ft




  
**SITE PLAN-LEVEL 1**
  
 SCALE: 1/8" = 1'-0"





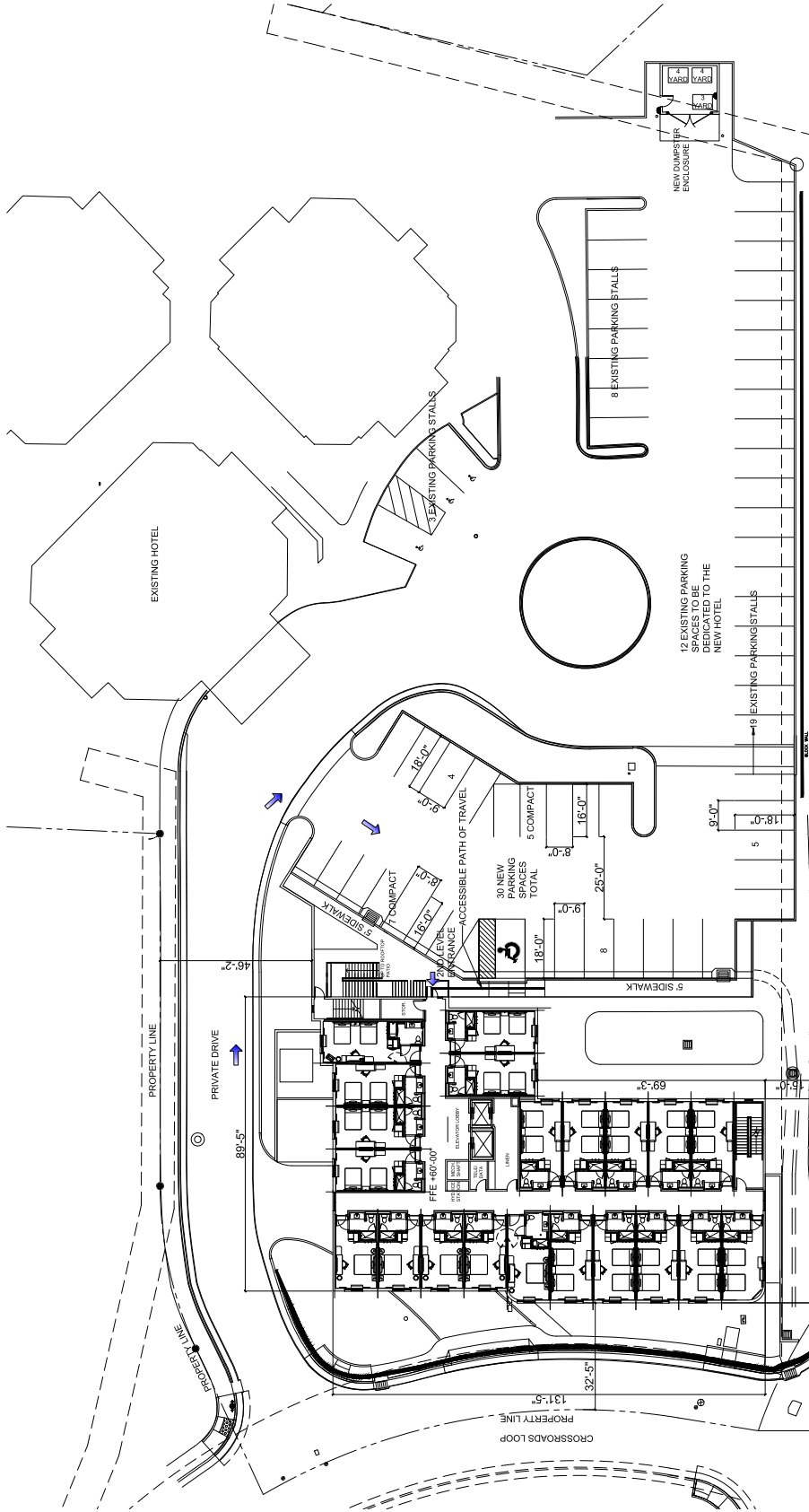
720 HILL STREET HOTEL  
 720 HILL STREET HOTEL LLC  
 1702 E. CANTON ROAD  
 HOUSTON, AZ 85033  
 602.441.1111  
 602.441.1111  
 602.441.1111

# BOUQUET HOTEL 720 Hill Street Capitola, CA

A101  
 NOT FOR CONSTRUCTION

9.A.1

ISSUE DATE: 10/20/21  
 REVISION DATE:  
 GENERATION:  
 LEVEL 2 SITE PLAN



SITE PLAN DATA	
New 2-Story Hotel, 42 Guestrooms	
Site	134,400 sq. ft. (3,080 Acres)
New Parking Pools	30 Parking Spaces (Compact)
Existing Parking	73 Parking Spaces
Total Parking Pools	103 Parking Spaces
Existing Guestroom	55
Count	57
Total Guestrooms	112
Total Parking Spaces	103
Total F.A.T. Coverage	14.6%
Total F.A.R.	3.2
Building GSA Area	18,261 sq. ft.
1st Floor	7,656 sq. ft.
2nd Floor	9,895 sq. ft.
3rd Floor	8,710 sq. ft.
4th Floor	2,000 sq. ft.







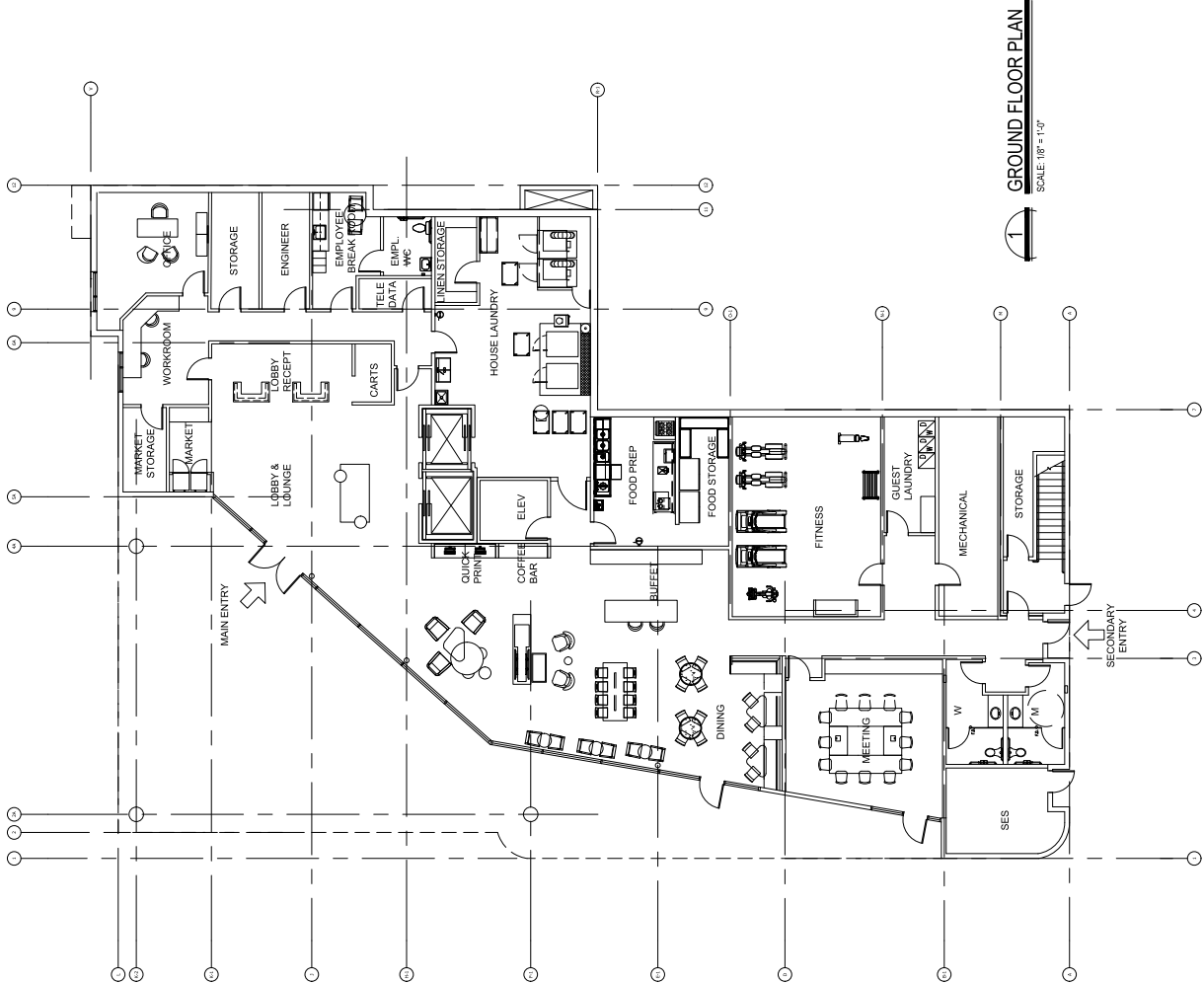
G&K ARCHITECTS, INC.  
 1720 E. CHANDLER BLVD.  
 PHOENIX, AZ 85024  
 PH: 602.998.8800  
 WWW.GKARCHITECTS.COM

**BOUQUET HOTEL**  
 720 Hill Street Capitola, CA

ISSUE DATE: 09/2021  
 REVISION DATE:  
 GENERATION:  
 PROJECT NO:  
 GROUND FLOOR PLAN

**A201**  
 NOT FOR CONSTRUCTION

9.A.1



**GROUND FLOOR PLAN**  
 SCALE: 1/8" = 1'-0"



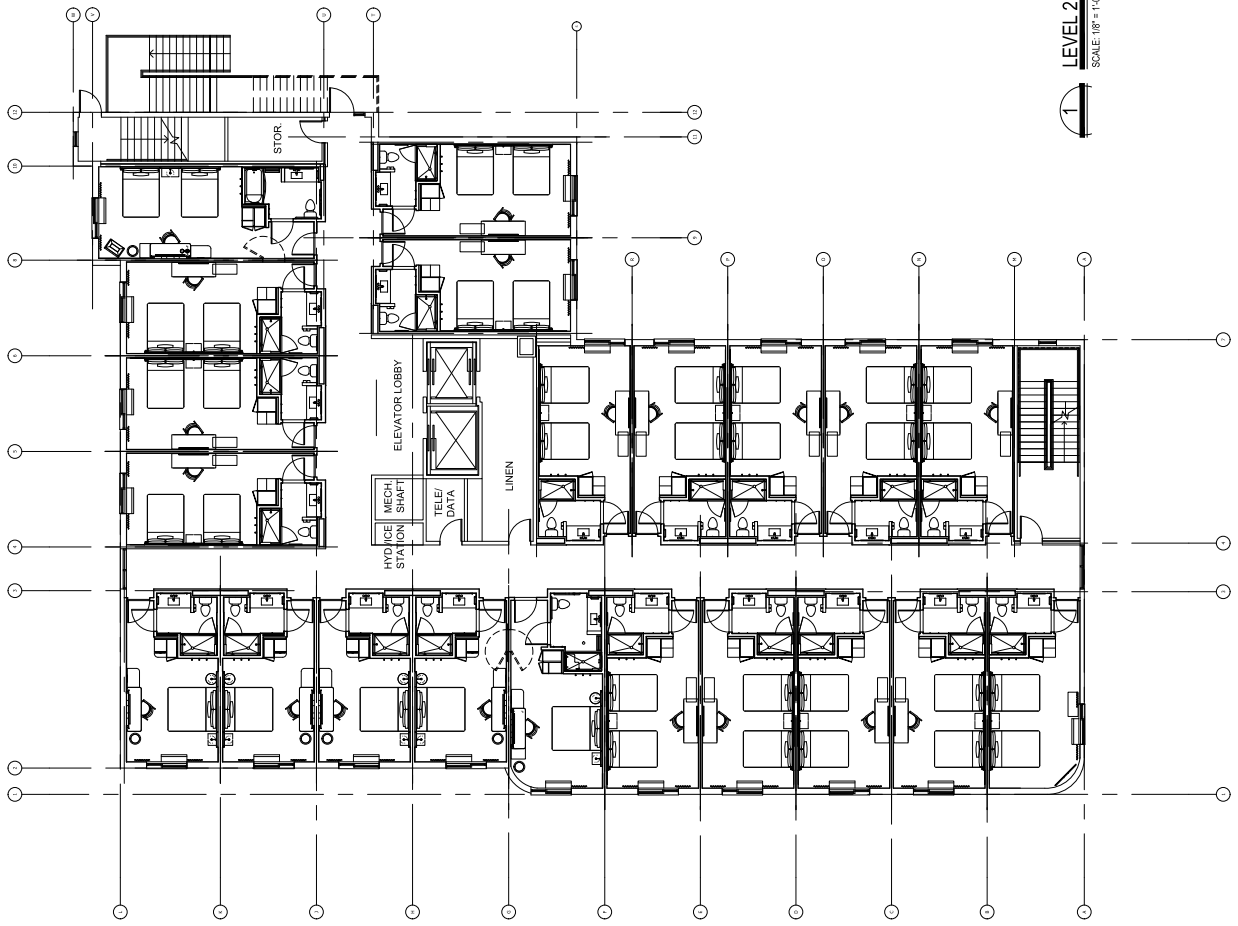
REDAK ARCHITECTURE, LLC  
 1702 E. Camelback Rd.  
 Phoenix, AZ 85016  
 phone@redak.com

# BOUQUET HOTEL 720 Hill Street Capitola, CA

DATE: 03/2021  
 REVISION DATE:  
 GENERATION:  
 LEVEL 2 FLOOR PLAN

**A202**  
 NOT FOR CONSTRUCTION

9.A.1



**LEVEL 2 FLOOR PLAN**  
 SCALE: 1/8" = 1'-0"



GARDNER & THEOBALD ARCHITECTS, LLC  
 1702 E. Camelback Rd.  
 Phoenix, AZ 85016  
 phone: 602.998.8800  
 gardner@gtarch.com

# BOUTIQUE HOTEL 720 Hill Street Capitola, CA

SHEET DATE: 03/2021  
 REVISION DATE:  
 GENERATION:  
 PROJECT:  
 LEVEL 3 FLOOR PLAN

**A203**  
 NOT FOR CONSTRUCTION

9.A.1





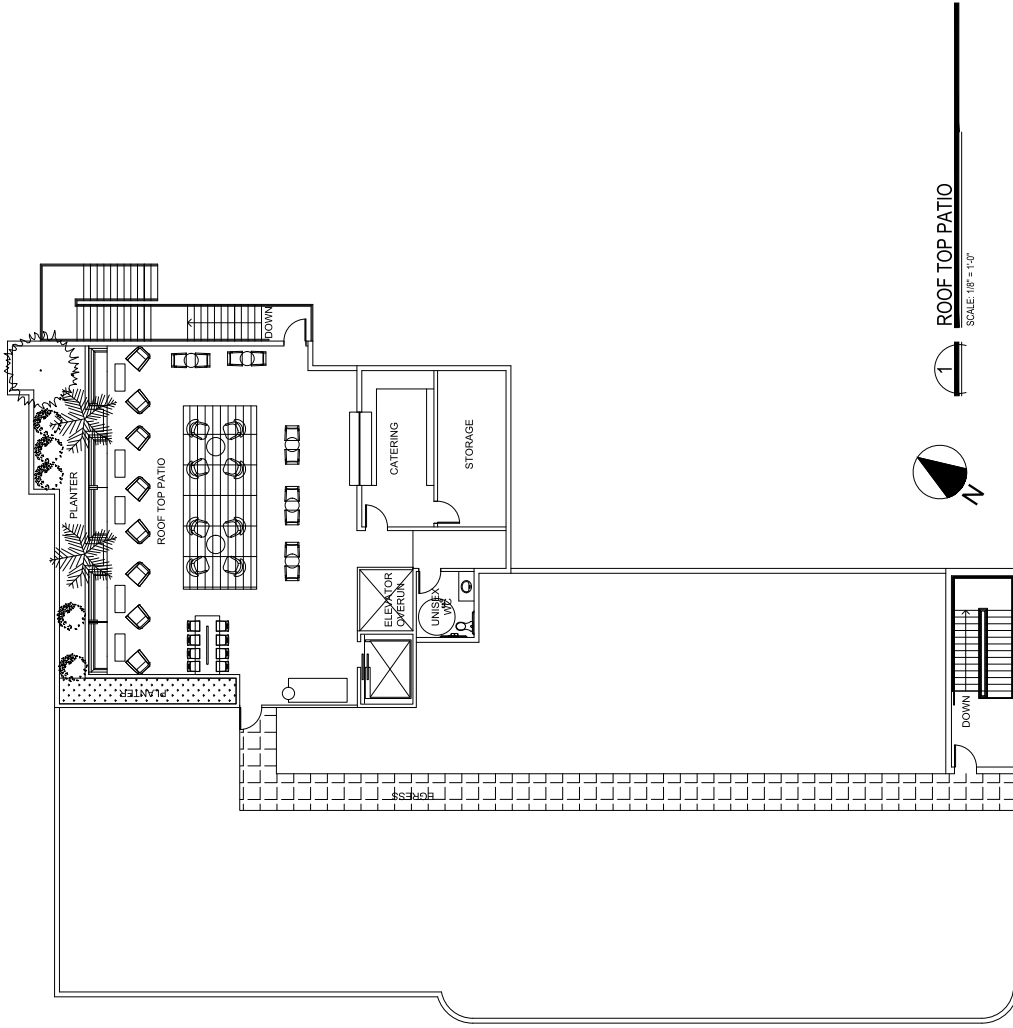
720 HILL STREET CAPITAL, CA  
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 720 HILL STREET CAPITAL, CA  
 720 HILL STREET CAPITAL, CA  
 720 HILL STREET CAPITAL, CA

# BOUQUET HOTEL 720 Hill Street Capitola, CA

DATE: 03/2021  
 REVISION DATE:  
 GENERATION:  
 PROJECT:  
 ROOF TOP PATIO PLAN

**A204**  
 NOT FOR CONSTRUCTION

9.A.1



1 ROOF TOP PATIO  
 SCALE: 1/8" = 1'-0"









1 WEST BUILDING ELEVATION
   
 SCALE: 1/8" = 1'-0"



2 EAST BUILDING ELEVATION
   
 SCALE: 1/8" = 1'-0"



G+A ARCHITECTURE ASSOCIATES  
 CIVIL ENGINEERS ARCHITECTS LLC  
 1001 W. WASHINGTON AVENUE  
 SUITE 100  
 PHOENIX, AZ 85003  
 602.944.2200

# BOUTIQUE HOTEL 720 Hill Street Capitola, CA

DATE: 10/20/2021  
 REVISION: 01/20/2021  
 DRAWING: 01/20/2021  
 SHEET: 9.A.1

A302  
 NOT FOR CONSTRUCTION

9.A.1





STONE: SOLTICE STONE- ANDALUSIAN- FINE COMBED  
EX-03



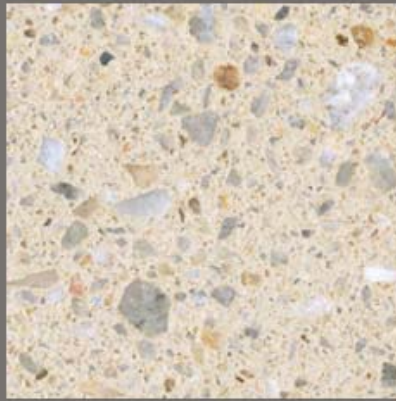
EXPOSED CONCRETE  
EX-04



ALUMINUM COMPOSITE  
PANEL: ALCOA-  
EXTRA WHITE  
EX-05



SW 6993  
BLACK OF NIGHT  
EX-07



DECORATIVE GRANITE: TRENDSTONE-  
MISSION WHITE WEST  
EX-08



RESIN PANEL: TRESPA METEON-  
NW28 HALMSTAD MATT  
EX-02



DRYVIT 628ST WHITE HAZE  
EX-01



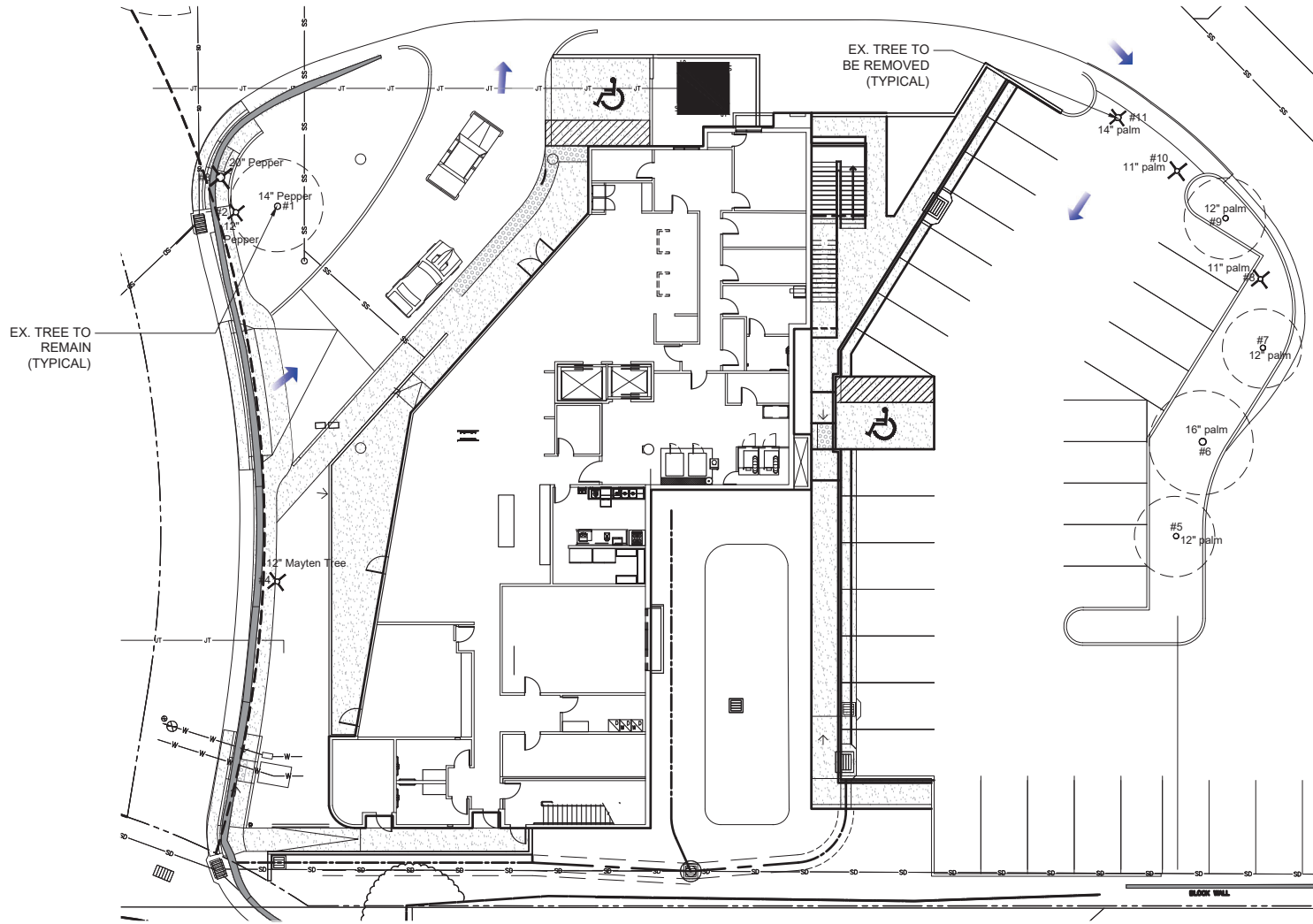
STOREFRONT AND WINDOW  
ARCADIA AB-8 BLACK  
EX-09

# Boutique Hotel - Hill Street Capitola, CA

MATERIAL BOARD | MARCH 20 2021

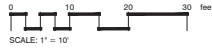


ARCHITECTURE  
PLANNING & DESIGN



**EXISTING TREE LEGEND**

ID#	GENUS / SPECIES	TRUNK SIZE	STATUS
1	Schinus molle / California Pepper	14"	TO REMAIN
2	Schinus molle / California	12"	TO BE REMOVED
3	Schinus molle / California Pepper	20"	TO BE REMOVED
4	Maytenus boaria / Mayten Tree	12"	TO BE REMOVED
5	Syagrus romanzoffiana / Queen Palm	12"	TO REMAIN
6	Syagrus romanzoffiana / Queen Palm	16"	TO REMAIN
7	Syagrus romanzoffiana / Queen Palm	12"	TO REMAIN
8	Syagrus romanzoffiana / Queen Palm	11"	TO BE REMOVED
9	Syagrus romanzoffiana / Queen Palm	12"	TO REMAIN
10	Syagrus romanzoffiana / Queen Palm	11"	TO BE REMOVED
11	Syagrus romanzoffiana / Queen Palm	14"	TO BE REMOVED

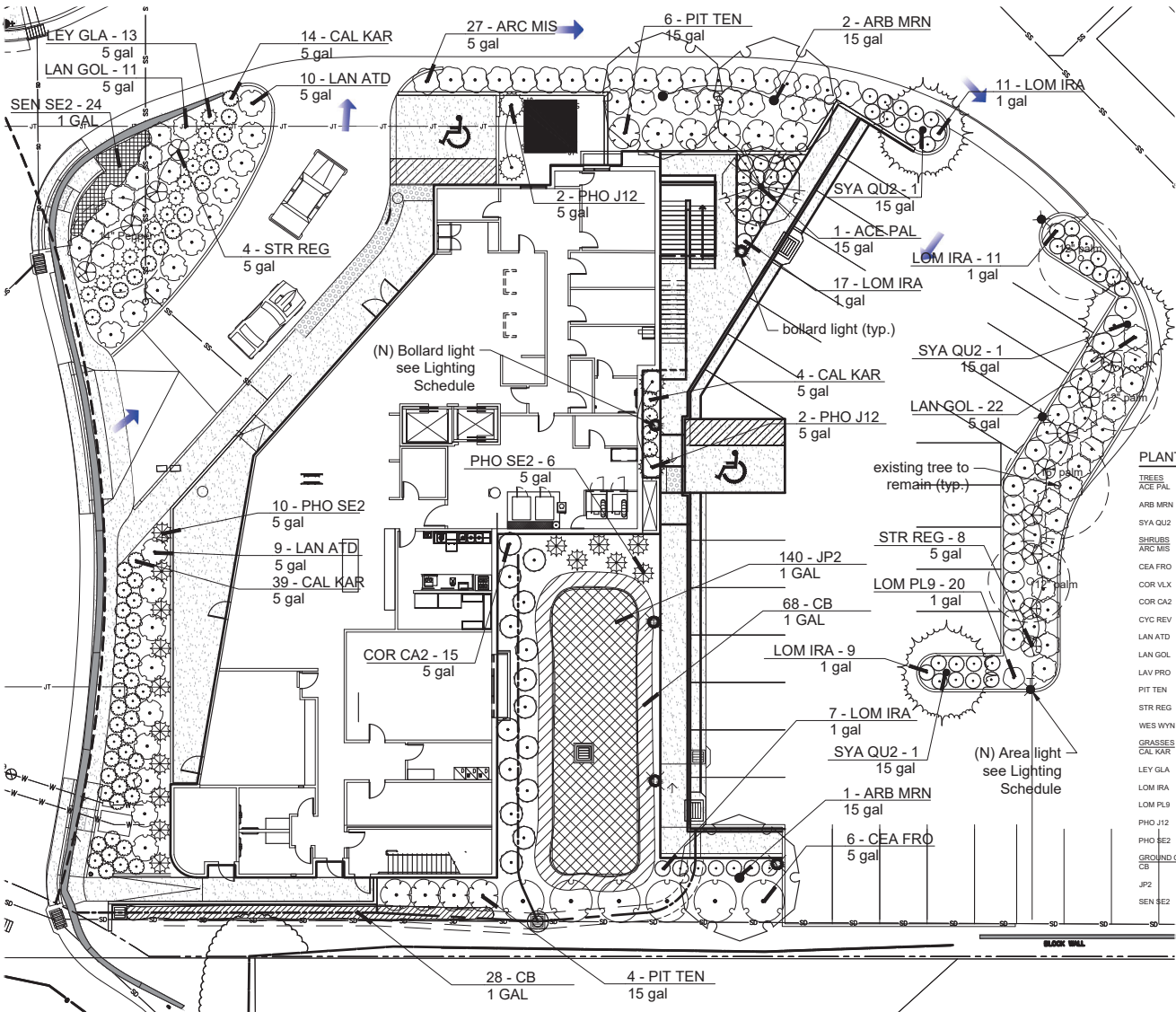


**Attachment: HILL STREET LANDSCAPE 3.19.21\_small (720 Hill Street Hotel Conceptual Review)**  
 720 HILL STREET  
 CAPITOLA, CA 95010

Michael Arnone  
 ipc Architect - 2021  
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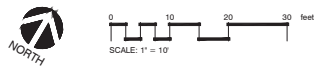
**EXISTING TREES**  
 . 202103  
 1" = 10' - 0"  
 MA  
 JC/MA  
 3.19.2021  
**T-1.0**



**NOTE:**  
The design of an automatic irrigation system will be prepared prior to issuance of building permit. The irrigation system will use tree bubblers and drip irrigation technology to effectively water all new and existing plants. The irrigation system design shall comply with all state and local codes regarding water conservation. The irrigation system design shall meet or exceed the current guidelines of the Sequel Creek Water District.

PLANT SCHEDULE				
TREES	BOTANICAL / COMMON NAME	CONT	QTY	
ACE PAL	Acer palmatum / Japanese Maple	15 gal	1	
ARB MRN	Arbutus x 'Marina' / Marina Strawberry Tree Standard	15 gal	3	
SYA QU2	Syagrus romanzoffiana / Queen Palm	15 gal	4	
SHRUBS	BOTANICAL / COMMON NAME	CONT	QTY	
ARC MIS	Arctostaphylos x 'Pacific Mist' / Pacific Mist Manzanita	5 gal	27	
CEA FRO	Ceanothus x 'Frosty Blue' / Frosty Blue Wild Lilac	5 gal	6	
COR VLX	Cordyline x 'Festival Raspberry' / Festival Raspberry Cordyline	5 gal	7	
COR CA2	Correa pulchella 'Carmine Bells' / Carmine Bells Australian Fuchsia	5 gal	15	
CYC REV	Cycas revoluta / Sago Palm	15 gal	3	
LAN ATD	Lantana montevidensis 'Spreading White' / White Trailing Lantana	5 gal	19	
LAN GOL	Lantana x 'Goldrush' / Goldrush Lantana	5 gal	41	
LAV PRO	Lavandula x intermedia 'Provence' / Provence Lavender	5 gal	5	
PIT TEN	Pitiosporum tenuifolium / Tawhiwhi	15 gal	10	
STR REG	Strelitzia reginae / Bird Of Paradise	5 gal	12	
WES WYN	Westringia frutescens 'Wynabbie Gem' / Wynabbie Gem Coast Rosemary	5 gal	4	
GRASSES	BOTANICAL / COMMON NAME	CONT	QTY	
CAL KAR	Calamagrostis x scottiana 'Karl Foerster' / Karl Foerster Feather Reed Grass	5 gal	55	
LEY GLA	Leymus arenarius 'Glaucus' / Blue Wild Rye	5 gal	13	
LOM IRA	Lomandra longifolia 'Breeze' TM / Breeze Mat Rush	1 gal	55	
LOM PL9	Lomandra longifolia Platinum Beauty / Variegated Mat Rush	1 gal	20	
PHO J12	Phormium tenax 'Jubilee' / New Zealand Flax	5 gal	4	
PHO SE2	Phormium x 'Sea Jade' / New Zealand Flax	5 gal	16	
GROUND COVERS	BOTANICAL / COMMON NAME	CONT	SPACING	QTY
CB	Carex barboeae / Santa Barbara Sedge	1 GAL	30" o.c.	98
JP2	Junos patens / California Gray Rush	1 GAL	30" o.c.	140
SEN SE2	Senecio serpens / Blue Chalksticks	1 GAL	24" o.c.	24

LIGHTING SCHEDULE		
SYMBOL	MANUFACTURER/MODEL/DESCRIPTION	QTY
	LELHO-603 HELIO BOLLARD SERIES 600 STAINLESS STEEL, STAINLESS STEEL SURFACE MOUNT J BOLT Lamp: CUSTOM LED, 40W, 3000K, Beamspread: 360	5
	RAD 1 LED P3 Radzen Arm Mount LED Area Luminaire TEXTURED BLACK, ROUND POLE MOUNT Lamp: LED P3, 47.5W, 39K, Beamspread: SINGLE UNIT	3



Attachment: HILL STREET LANDSCAPE 3.19.21\_small (720 Hill Street Hotel Conceptual Review)

720 HILL STREET  
CAPITOLA, CA 95010

Michael Arnone  
Landscape Architect - 2021

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IND LEVEL  
202103  
1" = 10' - 0"  
MA  
JC/MA  
3.19.2021  
L-1.0

TREES



Acer palmatum  
Japanese Maple



Arbutus x 'Marina'  
Marina Strawberry Tree Standard



Syagrus romanzoffiana  
Queen Palm

SHRUBS



Arctostaphylos x 'Pacific Mist'  
Pacific Mist Manzanita



Ceanothus x 'Frosty Blue'  
Frosty Blue Wild Lilac

SHRUBS



Correa pulchella 'Carmine Bells'  
Carmine Bells Australian Fuchsia



Lantana montevidensis 'Spreading White'  
White Trailing Lantana



Strelitzia reginae  
Bird Of Paradise



Lantana x 'Goldrush'  
Goldrush Lantana



Pittosporum tenuifolium  
Tawhiwhi

ORNAMENTAL GRASSES



Calamagrostis x acutiflora 'Karl Foerster'  
Karl Foerster Feather Reed Grass



Leymus arenarius 'Glaucus'  
Blue Wild Rye



Lomandra longifolia Platinum Beauty  
Variegated Mat Rush



Lomandra longifolia 'Breeze' TM  
Breeze Mat Rush



Phormium tenax 'Jubilee'  
New Zealand Flax



Phormium x 'Sea Jade'  
New Zealand Flax

GROUND COVERS



Carex barberae / Santa Barbara Sedge



Juncus patens / California Gray Rush



Senecio serpens / Blue Chalksticks



Attachment: HILL STREET LANDSCAPE 3.19.21\_small (720 Hill Street Hotel Conceptual Review)  
 HILL STREET  
 720 HILL STREET  
 CAPITOLA, CA 95010  
 Michael Arnone  
 Landscape Architect - 2021  
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 DATE: 202103  
 SCALE: no scale  
 DRAWN BY: MA  
 CHECKED BY: JC/MA  
 DATE: 3.19.2021  
 SHEET: L-1.1



**PLANT SCHEDULE**

TREES	BOTANICAL / COMMON NAME	CONT	QTY	
ACE PAL	Acer palmatum / Japanese Maple	15 gal	1	
ARB MRN	Arbutus x 'Marina' / Marina Strawberry Tree Standard	15 gal	3	
SYA QU2	Syagrus romanzoffiana / Queen Palm	15 gal	4	
SHRUBS	BOTANICAL / COMMON NAME	CONT	QTY	
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LAV PRO	Lavandula x intermedia 'Provence' / Provence Lavender	5 gal	5	
PIT TEN	Pittosporum tenuifolium / Tawhiwhi	15 gal	10	
STR REG	Strelitzia reginae / Bird Of Paradise	5 gal	12	
WES WYN	Westringia fruticosa 'Wynabbie Gem' / Wynabbie Gem Coast Rosemary	5 gal	4	
GRASSES	BOTANICAL / COMMON NAME	CONT	QTY	
CAL KAR	Calamagrostis x acutiflora 'Karl Foerster' / Karl Foerster Feather Reed Grass	5 gal	59	
LEY GLA	Leymus arenarius 'Glaucus' / Blue Wild Rye	5 gal	13	
LOM IRA	Lomandra longifolia 'Breeze' TM / Breeze Mat Rush	1 gal	55	
LOM PL9	Lomandra longifolia Platinum Beauty / Variegated Mat Rush	1 gal	20	
PHO J12	Phormium tenax 'Jubilee' / New Zealand Flax	5 gal	4	
PHO SE2	Phormium x 'Sea Jade' / New Zealand Flax	5 gal	16	
GROUND COVERS	BOTANICAL / COMMON NAME	CONT	SPACING	QTY
CB	Carex barberae / Santa Barbara Sedge	1 GAL	30" o.c.	96
JP2	Juncus patens / California Gray Rush	1 GAL	30" o.c.	140
SEN SE2	Senecio serpens / Blue Chalksticks	1 GAL	24" o.c.	24

**PALMS**



Cycas revoluta  
Sago Palm

**SHRUBS**



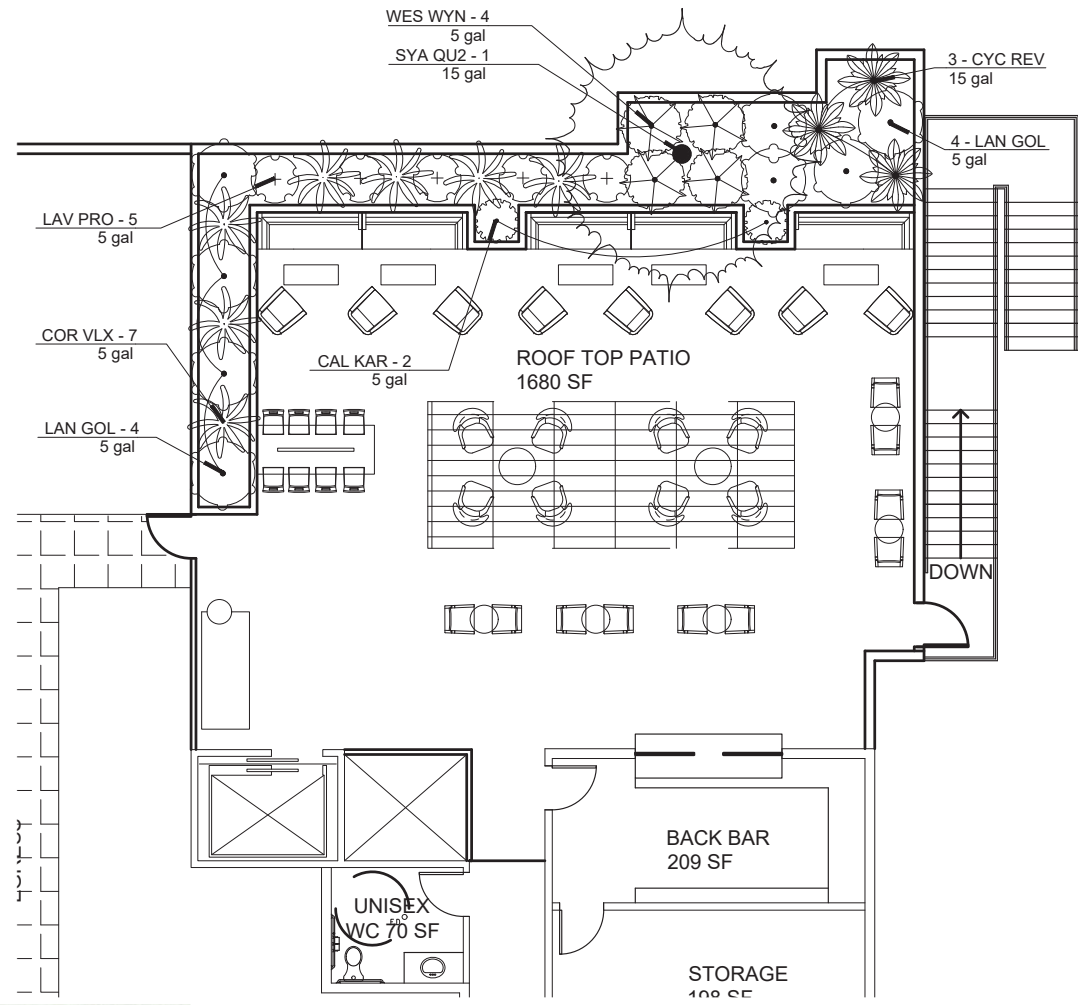
Cordyline x 'Festival Raspberry'  
Festival Raspberry Cordyline



Lavandula x intermedia 'Provence'  
Provence Lavender



Westringia fruticosa 'Wynabbie Gem'  
Wynabbie Gem Coast Rosemary



**Attachment: HILL STREET LANDSCAPE 3.19.21\_small (720 Hill Street Hotel Conceptual Review)**

720 HILL STREET  
CAPITOLA, CA 95010

Michael Arnone  
Arnone + Associates  
Landscape Architect - 2021  
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TING  
GARDEN**

JUL 202103  
1/4" = 1'-0"  
MA  
JC/MA  
3.19.2021  
**L-1.2**

## Planning Commission Conceptual Review Feedback

### Commissioner Newman

- Supports Visitor Serving Use on this property.
- RRM design recommendations should be considered but not required

### Commissioner Wilk

- Supports Visitor Serving use
- Code compliance and Conditional Use Permit criteria should be addressed to (privacy, lighting, fence height)
- Mitigate impacts of Conditional Use on neighbors

### Commission Westman

- Noted the requirement for a ten-foot landscape buffer between the use and neighboring properties. Acknowledged adjacent properties may want a higher wall rather than the landscape buffer. Would be willing to consider a variance to decrease landscape buffer with mitigation through higher wall. Work with the neighbors on a solution.
- Make some updates to the existing hotel, such as paint, to compliment new hotel.
- Integrate the landscaping of the new and existing hotel.
- Need more details on the windows. There is an A/C unit in each window. They should be high quality windows and design of A/C unit must be looked at.
- Limit hours for gathering in the rooftop garden.
- Supports hotel on the site
- Appreciates the RRM design recommendations

### Commissioner Christiansen

- Appreciates the articulation in the design.
- Integrate the landscaping around the hotel and pathways.
- Enclose the stairs

### Chair Routh

- Agrees with recommendation of RRM design comments. We should require quality design to enhance project and community



## Design Permit Design Review Criteria

17.120.070 Design review criteria. When considering design permit applications, the city shall evaluate applications to ensure that they satisfy the following criteria, comply with the development standards of the zoning district, conform to policies of the general plan, the local coastal program, and any applicable specific plan, and are consistent with any other policies or guidelines the city council may adopt for this purpose. To obtain design permit approval, projects must satisfy these criteria to the extent they apply.

- A. **Community Character.** The overall project design including site plan, height, massing, architectural style, materials, and landscaping contribute to Capitola's unique coastal village character and distinctive sense of place.
- B. **Neighborhood Compatibility.** The project is designed to respect and complement adjacent properties. The project height, massing, and intensity is compatible with the scale of nearby buildings. The project design incorporates measures to minimize traffic, parking, noise, and odor impacts on nearby residential properties.
- C. **Historic Character.** Renovations and additions respect and preserve existing historic structure. New structures and additions to non-historic structures reflect and complement the historic character of nearby properties and the community at large.
- D. **Sustainability.** The project supports natural resource protection and environmental sustainability through features such as on-site renewable energy generation, passive solar design, enhanced energy efficiency, water conservation measures, and other green building techniques.
- E. **Pedestrian Environment.** The primary entrances are oriented towards and visible from the street to support an active public realm and an inviting pedestrian environment.
- F. **Privacy.** The orientation and location of buildings, entrances, windows, doors, decks, and other building features minimizes privacy impacts on adjacent properties and provides adequate privacy for project occupants.
- G. **Safety.** The project promotes public safety and minimizes opportunities for crime through design features such as property access controls (e.g., placement of entrances, fences), increased visibility and features that promote a sense of ownership of outdoor space.
- H. **Massing and Scale.** The massing and scale of buildings complement and respect neighboring structures and correspond to the scale of the human form. Large volumes are divided into small components through varying wall planes, heights, and setbacks. Building placement and massing avoids impacts to public views and solar access.
- I. **Architectural Style.** Buildings feature an architectural style that is compatible with the surrounding built and natural environment, is an authentic implementation of appropriate established architectural styles, and reflects Capitola's unique coastal village character.
- J. **Articulation and Visual Interest.** Building facades are well articulated to add visual interest, distinctiveness, and human scale. Building elements such as roofs, doors, windows, and

porches are part of an integrated design and relate to the human scale. Architectural details such as trim, eaves, window boxes, and brackets contribute to the visual interest of the building.

- K. **Materials.** Building facades include a mix of natural, high quality, and durable materials that are appropriate to the architectural style, enhance building articulation, and are compatible with surrounding development.
- L. **Parking and Access.** Parking areas are located and designed to minimize visual impacts and maintain Capitola's distinctive neighborhoods and pedestrian-friendly environment. Safe and convenient connections are provided for pedestrians and bicyclists.
- M. **Landscaping.** Landscaping is an integral part of the overall project design, is appropriate to the site and structures, and enhances the surrounding area.
- N. **Drainage.** The site plan is designed to maximize efficiency of on-site drainage with runoff directed towards permeable surface areas and engineered retention.
- O. **Open Space and Public Places.** Single-family dwellings feature inviting front yards that enhance Capitola's distinctive neighborhoods. Multifamily residential projects include public and private open space that is attractive, accessible, and functional. Nonresidential development provides semi-public outdoor spaces, such as plazas and courtyards, which help support pedestrian activity within an active and engaging public realm.
- P. **Signs.** The number, location, size, and design of signs complement the project design and are compatible with the surrounding context.
- Q. **Lighting.** Exterior lighting is an integral part of the project design with light fixtures designed, located, and positioned to minimize illumination of the sky and adjacent properties.
- R. **Accessory Structures.** The design of detached garages, sheds, fences, walls, and other accessory structures relates to the primary structure and is compatible with adjacent properties.
- S. **Mechanical Equipment, Trash Receptacles, and Utilities.** Mechanical equipment, trash receptacles, and utilities are contained within architectural enclosures or fencing, sited in unobtrusive locations, and/or screened by landscaping.



# MEMORANDUM

<b>Date:</b> August 26, 2021	
<b>To:</b> Katie Herlihy, Community Development Director	<b>Organization:</b> City of Capitola
<b>From:</b> RRM Design Group	<b>Title:</b> Design Review Team
<b>Project Name:</b> Capitola Hotel Design Peer Review	<b>Project Number:</b> 1783-02-CU21 (A.01)
<b>Topic:</b> 720 Hill Street – Boutique Hotel Review	

Dear Katie,

We have reviewed the proposed design for compliance with the City of Capitola Municipal Code (CMC) Design Review Criteria, specifically Chapter 17.120.070.

Project documents reviewed include Design Review Package Page 1 Elevation, Design Narrative, Level 1 Site Plan Sheet A100, Level 2 Site Plan Sheet A101, Overall Site Plan Sheet A102, Ground Floor Plan Sheet A201, Level 2 Floor Plan Sheet A202, Level 3 Floor Plan Sheet A203, Roof Top Patio Plan Sheet A204, Elevations Sheet A301, Elevations Sheet A302, Rendered Elevations Sheet A301, Rendered Elevations Sheet A302, and Material Board. While it is assumed a conceptual landscape design is forthcoming from the applicant, this review examines landscaping as provided in the provided plan set.

### Neighborhood Character and Patterns

The project site is zoned Community Commercial (CC) and has an Affordable Housing Overlay (AHO). The parcel is located along Hill Street and Crossroads Loop and currently contains an existing hotel and parking area and the project proposes to be developed on a vacant portion of this site. The area immediately surrounding the project site is characterized by a variety of residential and commercial uses, including California State Route 1 to the north, Community Commercial (CC) to the west, Community Commercial (CC) and Single-Family Residential (R-1) to the south, and Multi-Family Residential, Medium Density (RM-M), Single-Family Residential (R-1), and Mixed-Use Neighborhood (MU-N) to the east.

Attachment: RRM Design Group Memo 720 Hill Street (720 Hill Street Hotel Conceptual Review)



Project Location

### Project Design Review

The project proposal consists of a three-story, 42 room boutique hotel located along Hill Street, which includes lobby and lounge space, meeting and fitness space, roof deck, and dining and patio areas, among others. The project also proposes to include thirty (30) new parking spaces located to the rear of the building that will be combined with existing parking spaces from the adjacent existing hotel. The proposed architectural style most closely resembles “Modern” with a coastal theme and will be referred to as “Modern” going forward within this review.

It should be acknowledged that the project applicant owns the adjacent Quality Inn property for which the proposed project will be sharing vehicular access and parking areas. While not a part of the scope of this review, the applicant should consider exterior upgrades to the Quality Inn in the near term to enhance the aesthetic and visual connection between these two facilities and that of the overall visitor experience. Future consideration should also be given to ensure the proposed project does not hinder the redevelopment of the site, in terms of potential additions that may be considered in the future.



While not within the scope of this review, consider exterior upgrades to the Quality Inn to enhance aesthetic and visual connection between two facilities.



Proposed project aesthetic.

West Elevation

Attachment: RRM Design Group Memo 720 Hill Street (720 Hill Street Hotel Conceptual Review)

*Community Character*

As indicated in the City’s General Plan, one of the primary guiding principles for the City is Community Identity. Community Identity highlights the desire of the Capitola community to ensure new development enhances the small-town feel and coastal village charm while also ensuring that all areas of the City possess a unique, memorable, and high-quality identity. Moreover, CMC Section 17.120.070.A takes this further, identifying that a development’s site plan, height, massing, architectural style, materials, and landscaping all collectively contribute to the unique coastal village character and distinctive sense of place. In reviewing the provided plan set for the Boutique Hotel project, it is clear the applicant has begun to introduce a variety of elements throughout the project to create the community’s desired unique, high-quality identity while also fostering the character and distinctive sense of place that is Capitola. However, as further discussed in greater detail within this conceptual review below, there are a number of opportunities for the applicant to individually address that would collectively create a project that more closely exudes the unique coastal village character and distinctive sense of place that is Capitola.

*Examples of Existing Community Character within Capitola.*



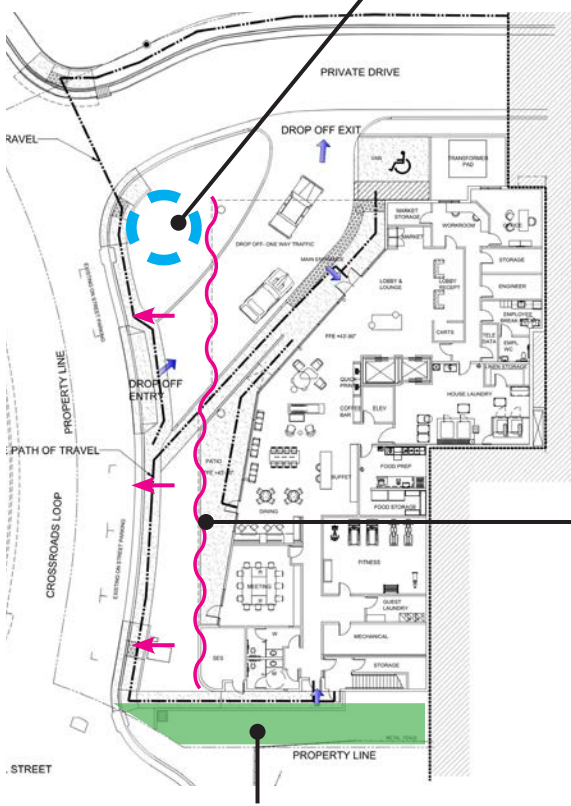
*Site Planning and Neighborhood Compatibility*

The proposed hotel has been appropriately sited to be oriented towards Crossroads Loop, addressing the street and positioned away from existing single-family residences to the south. The project has provided easily accessible and adjacent on-site parking, logical points of vehicular ingress/egress, and adequate internal vehicle circulation within the site, as shown in Overall Site Plan Sheet A102. To minimize parking visibility and traffic issues, on-site parking is located to the rear of the hotel (CMC 17.120.070.L) and is proposed to be shared with the existing, adjacent hotel to support future guests, thereby reducing the potential for overflow parking into adjacent residential areas (CMC 17.120.070.B). While a rooftop patio is proposed as part of the project, it has been appropriately sited at the north end of the building, away from the existing single-family residences to the south, with views obstructed by both stair tower and catering/storage building elements (CMC 17.120.070.B). To enhance screening and minimize potential privacy impacts to adjacent single-family residences, the applicant should consider integrating screening at the egress walkway/stair tower while also considering refinement of the stair tower (CMC 17.120.070.B/.F). The project design does include rooms located on the south side of building, however window placement on this elevation has been minimized and due to the combination of both topography and existing vegetation, it is anticipated that any privacy impacts will be minimized (CMC

Attachment: RRM Design Group Memo 720 Hill Street (720 Hill Street Hotel Conceptual Review)

17.120.070.F). As part of a project landscape plan, the applicant should look for opportunities to introduce fast-growing, evergreen landscaping along the southern property line adjacent to the existing single-family residences to further enhance screening.

Site Plan



Integrate fast-growing, dense, and evergreen landscaping to provide additional screening from properties to the south.

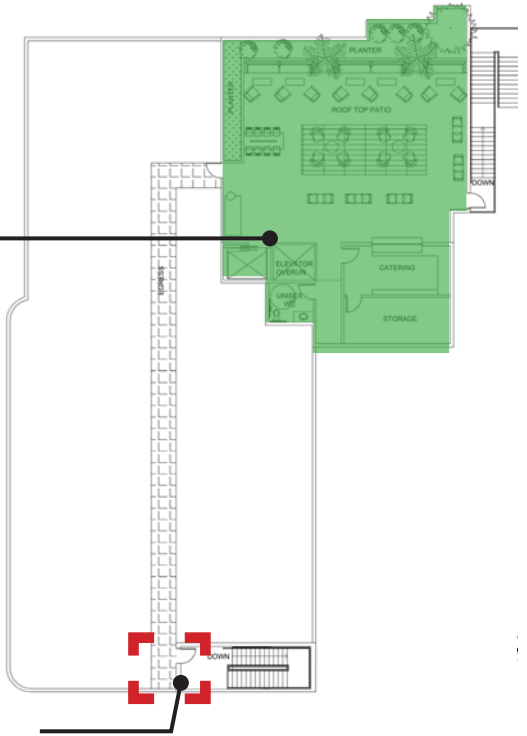
Consider integrating public art at Private Drive/Crossroads Loop intersection.

Roof top patio appropriately located at the north side of hotel, away from existing residences.

Hotel appropriately sited to be oriented towards Crossroads Loop road.

Consider integrating screening at egress walkway/stair tower and/or refine stair tower to minimize potential privacy issues to the south.

Rooftop Patio Plan



The project site plan includes a proposed pedestrian pathway that connects from the existing off-site sidewalk along Crossroads Loop directly to the primary hotel entry as well as to a secondary entry at the southern portion of the property, providing safe and convenient pedestrian access (CMC 17.120.070.L). While no pedestrian access outside of the building is proposed to connect to the parking area, an existing five-foot sidewalk at the north side of the Private Drive provides safe pedestrian access to the adjacent, existing hotel and rear parking areas. Where pedestrian pathways are proposed, the applicant should look for opportunities to incorporate unique paving, pedestrian lighting, enhanced landscaping, and/or other features to facilitate pedestrian access and enhance the overall project design (CMC 17.120.070.L). It is assumed that guests will also be able to access the hotel from the rear parking area at the second level and utilize the elevator to traverse down to the lobby area. To ensure ease of navigation by future guests from the parking area into the hotel, the applicant should provide adequate signage to direct and inform guests traveling from the parking area (CMC 17.120.070.L).

Attachment: RRM Design Group Memo 720 Hill Street (720 Hill Street Hotel Conceptual Review)

Site Plan



Existing sidewalk at north side of Private Drive.

Provide adequate signage to direct future guests from parking area to lobby.

Incorporate unique paving, pedestrian lighting, enhanced landscaping, and/or other features to facilitate pedestrian access and enhance project design.

The applicant has successfully provided attractive and functional semi-public outdoor spaces at both the ground level and rooftop level (CMC 17.120.070.O). At the ground level, the project proposes to include a patio area that is connected to the internal buffet and dining area, as shown on Level 1 Site Plan Sheet A100. While it is expressed in the plan set that this area may be for outdoor dining, the applicant should confirm approach leisure space for hotel guests. Lastly, to further enhance and provide an attractive semi-public outdoor space, the applicant may consider locating any public art required as part of the project proposal at the intersection corner of the Private Drive/Crossroads Loop.

West Elevation

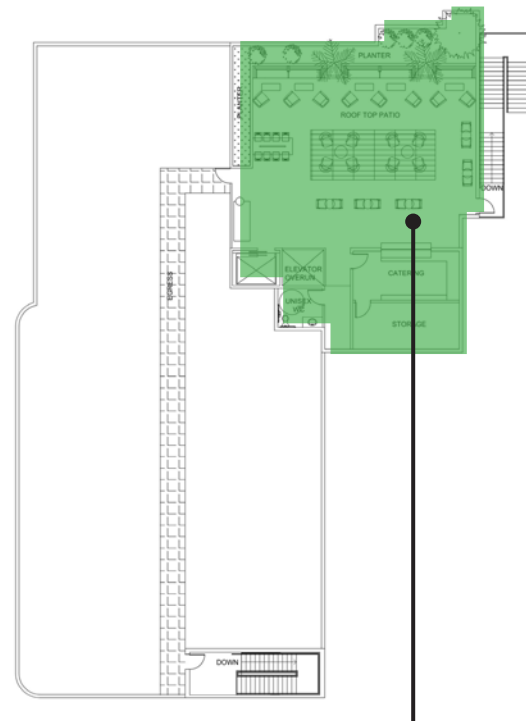


Confirm outdoor patio area to be used for outdoor dining and/or lounging by future guests. Enhance space to activate ground level activity.



Examples of patio areas with pedestrian scaled elements enhancing ground level activity.

Rooftop Patio Plan



Roof top patio, while not at ground level, will support pedestrian activity and leisure space for hotel guests.

Attachment: RRM Design Group Memo 720 Hill Street (720 Hill Street Hotel Conceptual Review)

Architecture

The proposed project architecture generally incorporates good design practices related to massing, including utilizing varied projecting and recessed wall planes as well as wall heights to break up the overall building composition (CMC 17.120.070.H). Along the southern elevation, the applicant has appropriately stepped down the building massing to both reflect the site topography but also to respond to the surrounding context of the site. However, the building massing generally reflects a more horizontal emphasis and in order to balance the project proportions, the applicant should look for opportunities to introduce additional vertical elements into the project design (CMC 17.120.070.H). This could include expansion of projecting/recessed massing elements, enhanced massing at prominent areas such as the primary entry or building corners, among other possible design interventions. In addition, the proposed building massing portrays a number of blank wall planes, such as at the north, south, and east elevations (CMC 17.120.070.H). Going forward, the applicant should reduce these blank wall areas through additional design interventions. This could include continuation of windows/doors, materials/colors, among other possibilities.

West Elevation



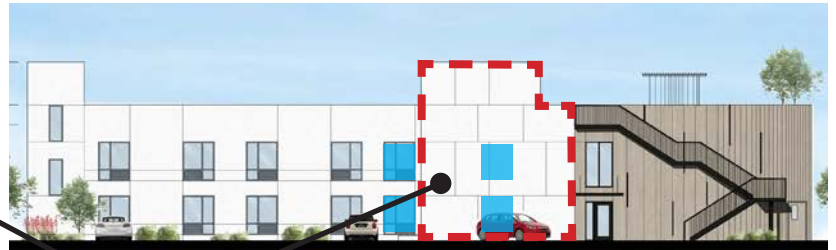
Expand vertical massing elements within design to provide proportional balance between the horizontal and vertical elements.

Strengthen massing with project design, such as expansion of projecting/recessed elements, at primary entry or building corners, among other possible design interventions.

North Elevation



East Elevation



Address blank walls within building design. Design interventions could include additional application of additional windows, additional colors/materials, espalier with vertical landscaping, among other possible design interventions.



Example of espalier with vertical landscaping providing screening of blank wall area.



While the applicant has selected an architectural style that generally contains limited articulation/detailing, the current design approach still lacks an adequate level of articulation/detailing typical of the style that would further enhance the visual interest and the coastal aesthetic and character of the project (CMC 17.120.070.J). Additionally, while it is expected that the highest level of articulation/detailing will be placed on the public street facing elevation, similar and complementary articulation/detailing should be carried onto the other building elevations. Going forward, the applicant should look for opportunities to further enhance the visual interest and coastal aesthetic and character of the project design through additional articulation/detailing, consistent with the selected architectural style direction. For example, this could include incorporation of additional trim, wood or composite wood accents, other materials/colors, architectural features and/or other stylistic appropriate elements. Lastly, as seen on the east elevation, an exterior staircase is proposed to provide access to the rooftop patio area. While allowed by City Code, the applicant should look for opportunities to further enhance the stair design, such as decorative paneling, rather than metal picket. The applicant may also consider enclosing the exterior staircase, if appropriate.

West Elevation



Expand articulation/detailing to further enhance visual interest in project design. This could include trim, materials/colors, architectural features, and/or other stylistic appropriate elements.

East Elevation

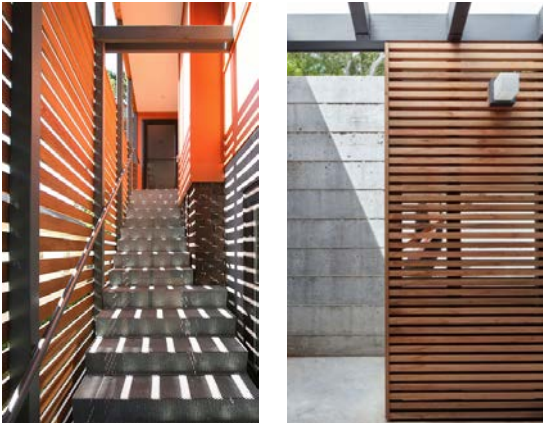
Enhance exterior staircase through incorporation of decorative panels, rather than metal picket railing as shown.



Source:Google.com



Example of enhanced massing, exterior articulation/detailing, and coastal material applications (stone, wood).



Examples of decorative exterior staircases with wood-like railing and screening elements.

Proposed roof type for the project is shown as built-up parapet, considered appropriate to the selected architectural style (CMC 17.120.070.J). However, in order to enhance the visual interest and articulation of the project, it is recommended that the applicant provide additional roofline variation in order to break up the appearance of a continuous, unarticulated roof plane. This may also aide in breaking up the horizontal massing nature of the project referenced above.



Proposed roofline variation is lacking. Look for opportunities to vary height of roof to enhance visual interest of overall project.

West Elevation

The applicant has appropriately located the primary hotel entry towards Crossroads Loop and flanked by application of Andalusian solstice stone veneer, creating an inviting pedestrian environment and activating the public realm area (CMC 17.120.070.E). However, due to the cantilevered building design at the front elevation, the entryway appears lost within the overall building composition, lacking defining features. In order to enhance and further emphasis the primary hotel entry, the applicant should integrate additional design interventions at this location. This could include an awning/overhang, variation in window/door mullion system, varying material/color, public art, among other possible design interventions.

West Elevation

Enhance primary entry through awning/overhang, wood soffits, architectural features, variety in window/door mullion systems, change in color/materials, among others possible design interventions.



Source:Google.com



- Decorative transom element.
- Projecting awning/overhang.
- Accent wood soffit detailing.
- Coastal inspired shutter architectural features.
- Functional public art element.
- Wood material change.

Example of accentuated primary entry.

Attachment: RRM Design Group Memo 720 Hill Street (720 Hill Street Hotel Conceptual Review)

*East Elevation*



Awning at entry on East Elevation aids in defining point of entry while also accentuating design.

Proposed windows and doors portrayed in the provided plan set are considered appropriate for the selected architectural style and have been successfully integrated as part of the project design (CMC 17.120.070.J). The proposed storefront windows and doors feature black frames that complement the selected architectural style. However, in considering the boutique hotel project approach, the applicant should consider integration of a higher end window system with casement and/or operable windows to further enhance the visual interest of the project. In addition, while A/C units at individual rooms are not inappropriate, applicant should integrate decorative grilles to further enhance visual interest within the overall project design.

*West Elevation*



Consider integrating a higher end window system with casement and/or operable windows to enhance visual interest.

Integrate decorative grilles at window A/C units.

The applicant has successfully proposed a mix of high-quality and durable materials and colors that are appropriate to the selected architectural style (CMC 17.120.070.K). Materials proposed for the project include stone veneer – Andalusian Fine Combed, decorative CMU block - Trendstone Mission White West, resin panel – Trespa Meteon, exposed concrete, stucco – Dryvit White Haze, aluminum composite panel – Alcoa Extra Storefront, and aluminum storefront and window – Arcadia. Colors proposed for the project include White Haze, Extra White, Black of Night, Black, and other gray and beige earth-toned colors shown as part of the provided Colors/Materials Board for the project. However, in reviewing the overall material application for the project, there appears to be a number of locations where applied materials do not terminate at a logical location, such as the north and south elevations where resin panels are applied. Going forward, the applicant should ensure all materials utilized in the project terminate at an inside corner, rather than stopping hap-hazardously in the middle of a flat wall plane. Moreover, applicant should consider expansion of resin panels at north and south elevations to enhance visual interest and provide further refinement of the overall building design. Lastly, to further enhance the coastal village character of the project, the applicant should look for opportunities to integrate wood and/or composite wood-like materials into the project design.

South Elevation



Look for opportunities to expand material/color application and terminate at an inside corner, where appropriate.

Ensure all materials applied within the project design terminate at an inside corner. Many appear to stop haphazardly in the middle of a wall plane.

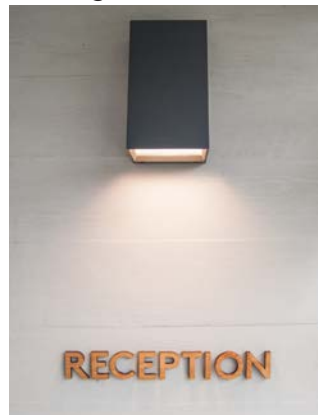
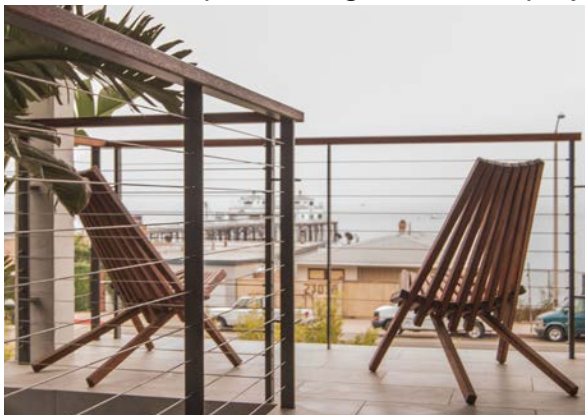


Example of coastal character exuded through wood/composite wood-like materials.

Landscaping

While landscaping is shown on various portions of the project plan set, no formal Conceptual Landscape Plan has been provided by the applicant. Going forward, the applicant should provide a Conceptual Landscape Plan to ensure adequate staff understanding. Per CMC 17.120.070.M, the project landscape design for the project should be appropriate to coastal character and aesthetic of the site location, complement the design of the building, and enhance the surrounding area of the project site. The conceptual landscape design should address the materials/colors aesthetic of the planters, outdoor dining furniture, signage, rooftop deck, bellhop desk, sidewalk experience, and other exterior elements to ensure consistency and coherency within the overall project design. In addition, specifically related to the building to ground plane connection, the applicant should look for opportunities to strategically place landscaping to soften the building transition at ground level and enhance the overall project design.

Example of consistent and coherent outdoor furniture, signage, lighting, and landscaping elements complementing the overall project design.



### *General Comments*

No information was provided in the plan set regarding the sustainability aspects of the project. Going forward, the applicant should clarify any intended project features related to sustainability, such as on-site energy generation, passive solar design, enhanced energy efficiencies, water conservation measures, and/or other green building techniques to allow for adequate staff review (CMC 17.120.070.D).

No site or building lighting fixtures have been identified on the provided plan set. The applicant should ensure selected light fixtures are installed in parking areas, along pedestrian paths, rooftop patio, and other appropriate locations to ensure safety of future visitors and guests. All selected site and building light fixtures should complement and enhance the selected architectural style (CMC 17.120.070.Q). In addition, the applicant should ensure all site and building lighting fixtures are shielded and directed downward so as to minimize spillover onto adjacent properties and minimize illumination of the night sky (CMC 17.120.070.Q).

Mechanical equipment, trash receptacles, and utilities should be adequately screened within the project design to minimize their appearance and enhance an overall project design (CMC 17.120.070.S). The applicant has appropriately located a new trash enclosure within the parking area that will service the hotel(s). As shown on Sheet A301, the trash enclosure elevations are consistent with the design aesthetic of the boutique hotel, in terms of colors/materials, and includes a pedestrian door for ease of access. In reviewing Sheet A101, it appears that there is also existing utilities on the property near the intersection of Crossroads Loop and Hill Street. Additionally, a large transformer is identified along the Private Drive. It is unclear from the provided plan set whether or not these utilities will be adequately screened from view. Acknowledging utility provider required setbacks, the applicant should look to incorporate architectural enclosures, fencing, landscaping, and/or other design interventions consistent with the overall project design to appropriately screen these areas from view.

Applicant should clarify if existing monument signage located at the intersection corner of Crossroads Loop and Hill Street will remain and/or be revised as part of the proposed project. If revised, design should be consistent with the new boutique hotel aesthetic given its immediate adjacency.

Rendered Elevations Sheet A301 appears to incorrectly identify north and south elevation labels. The applicant should clarify elevation labels to ensure accurate location reflected.

### **Additional Information Needed**

The following project information is needed to ensure adequate staff review going forward:

1. Conceptual Landscaping Plan

### **Design Recommendations**

The following recommendations are made to better respond to the proposed “Modern” architectural style and to enhance the overall project design.

#### *Site Planning*

1. Consider integrating screening at the roof top egress/stair tower and refine stair tower orientation to minimize potential privacy impacts on adjacent single-family residences (CMC 17.120.070.B).
2. Look for opportunities to introduce fast-growing, evergreen landscaping along the southern property line adjacent to the existing single-family residences to further enhance screening (CMC 17.120.070.F).
3. Look for opportunities to incorporate unique paving, pedestrian lighting, enhanced landscaping, and/or other features to facilitate pedestrian access and enhance the overall project design (CMC 17.120.070.L).
4. Provide adequate signage to direct and inform guest traveling from the parking area, through the hotel, to the lobby area (CMC 17.120.070.L).
5. Confirm design intent of outdoor patio area adjacent to internal dining/buffet area at ground level (CMC 17.120.070.O). Incorporate pedestrian elements to enhance ground level activity and guest experience.
6. Consider locating any required public art as part of the project proposal at the intersection corner of the Private Drive/Crossroads Loop to further enhance and provide attractive semi-public outdoor spaces (CMC 17.120.070.O).

#### *Architecture*

7. Look for opportunities to introduce additional vertical elements into the project massing design (CMC 17.120.070.H). This could include expansion of projecting/recessed massing elements, enhanced massing at prominent areas such as the primary entry or building corners, among other possible design interventions.
8. Reduce blank wall areas through additional design interventions such as windows/doors, materials/colors, among other possibilities (CMC 17.120.070.H).
9. Enhance project articulation/detailing, consistent with architectural style direction, in order to foster greater visual interest and the coastal character and aesthetic within project design (CMC 17.120.070.J). This could include incorporation of additional trim, wood or composite wood accents, other materials/colors, architectural features, and/or other stylistic appropriate elements.
10. Look for opportunities to further enhance exterior staircase design, such as decorative paneling, rather than metal picket as shown (CMC 17.120.070.J). The applicant may also consider enclosing the exterior staircase, if appropriate.

11. Provide additional roofline variation in order to break up the appearance of a continuous, unarticulated roof plane (CMC 17.120.070.J).
12. Integrate additional design interventions at the primary hotel entry (CMC 17.120.070.E), which could include awning/overhang, variation in window/door mullion systems, varying material/color, public art, among other possible design interventions.
13. Consider integration of higher-end window system with casement and/or operable windows to further enhance the visual interest of the project (CMC 17.120.070.J).
14. Revise A/C unit grill at individual room design to further enhance visual interest within the overall project (CMC 17.120.070.J).
15. Ensure applied materials within project design terminate at an inside corner, rather than hap-hazardously in the middle of a flat wall plane (CMC 17.120.070.K).
16. Consider expansion of resin panels at north and south elevations to provide enhanced visual interest of overall building design (CMC 17.120.070.K).
17. Integrate wood and/or composite wood-like materials into the project design to further enhance the coastal village character of the project (CMC 17.120.070.K).

### *Landscaping*

18. Provide a conceptual landscape plan for the project to allow for adequate staff review.
19. Ensure landscape design for the project is appropriate to the coastal character and aesthetic of the site location, complements the design of the building, and enhances the surrounding area of the project site (CMC 17.120.070M). The conceptual landscape design should address the materials/colors aesthetic of the planters, outdoor dining furniture, signage, rooftop deck, bellhop desk, sidewalk experience, and other exterior elements to ensure consistency and coherency within the overall project design.
20. Look for opportunities to strategically place landscaping to soften the building transition at the ground plane.

### *General Comments*

21. Clarify any intended project features related to sustainability, such as on-site energy generation, passive solar design, enhanced energy efficiencies, water conservation measures, and/or other green building techniques for staff review (CMC 17.120.070.D).
22. Ensure all site and building light fixtures selected for the project are complementary of the architectural style (CMC 17.120.070.Q).
23. Ensure all lighting fixtures are shielded and directed downward so as minimize spillover onto adjacent properties and minimize illumination of the night sky (CMC 17.120.070.Q).
24. Acknowledging utility provider setbacks from their facilities, the applicant should incorporate architectural enclosures, fencing, landscaping, and/or other design interventions to screen these areas from view (CMC 17.120.070.S).
25. Clarify if existing monument signage at the intersection corner of Crossroads Loop and Hill Street will remain and/or be revised as part of the project. If revised, design should be consistent with the new boutique hotel aesthetic given its immediate adjacency.

26. Clarify elevation labels shown on Sheet A301, as they appear to be incorrect.

Overall, we feel the applicant has proposed a project that is appropriate to the location and surrounding context of the site. However, as addressed above, we have several concerns regarding site planning, massing, articulation/detailing, materials/colors, among others, that will should be adequately addressed by the applicant to ensure that the project appropriately addresses the surrounding context while also being consistent with City's desire for high quality new developments. We look forward to the project progression.

Very truly yours,

**RRM DESIGN GROUP**





# CAPITOLA CITY COUNCIL AGENDA REPORT

**MEETING OF SEPTEMBER 9, 2021**

FROM: Community Development

SUBJECT: Affordable Housing Nexus and Feasibility Studies

**RECOMMENDED ACTION:** Accept presentation on the Affordable Housing Nexus Study and Feasibility Study, and direct staff to utilize information from the studies to:

- Revise onsite inclusionary requirements in the IHO update
- Update in-lieu housing fees
- Establish affordable housing impact fee levels

**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 six 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.

EPS completed two studies, the Nexus-Based Affordable Housing Fee Analysis: For-Sale Developments and the Nexus-Based Affordable Housing Fee Analysis: For Rent Developments ("Nexus Studies"). In addition to the nexus fee studies, EPS's completed an Affordable Housing

Inclusionary Housing Affordable Housing Nexus and Feasibility Studies  
September 9, 2021

Fee Feasibility Analysis which 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.

The purpose of this agenda item is to provide the City Council with an overview of the findings of the Nexus Studies and the Feasibility Analysis.

**ANALYSIS/DISCUSSION:** Capitola's IHO requires housing developers to include dedicated affordable housing as a component of residential developments. "Affordable housing" means housing capable of being purchased or rented by households at a variety of income levels, including those with very low, low, or moderate incomes. These are defined as households that earn a specified percentage of the Area Median Income (AMI) for Santa Cruz County ranging from 50% of the AMI for very low-income households up to 120% of the AMI for moderate income households. Under the IHO, the price for an affordable housing unit is based on a household's ability to make monthly payments necessary to obtain housing. For example, for-sale housing in the IHO is considered affordable when a household pays no more than thirty-five percent of its gross monthly income for housing, including utilities and rental housing is considered affordable when a household pays no more than thirty percent of its gross monthly income for rent.

*Overview of Capitola's Existing IHO*

Under CMC §18.02.030, new housing development projects creating seven or more for-sale housing units, residential parcels, mobile home parcels, or converted condominium units are required to reserve and restrict one unit for every seven units (approximately 15%) as affordable for sale to median income households. Housing development projects that would result in a fractional requirement (e.g., propose a unit count that is not evenly divisible by seven) must pay in lieu fees for the remainder of the units at a cost of \$10 per square foot.

The City of Capitola's in-lieu fee requirements are included in CMC §18.02.050. Housing development projects that consist solely of rental housing units, or 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 or provide affordable units. 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.

Current affordable housing requirements and in-lieu fees are summarized in the table below.

<b>Affordable Housing In-Lieu Fees – CMC §18.02.050</b>		
For Sale New Single-Family Development or Structural Addition >50% of Existing Unit		
Per Unit or Addition		\$2.50 per sq. ft.
For Sale Housing Developments of 2-6 units (CMC 18.02/Reso. 3473)		
All Units		\$10 per sq. ft.
For Sale Housing Developments of 7+ units – 15% Affordability Requirement		
# of Units	# of Units Built	
7	1	
8-13	1	Total # units minus 7 @ \$10/avg. sq. ft./unit
14	2	
15-20	2	Total # units minus 14 @ \$10/avg. sq. ft./unit
21	3	
22-27	3	Total # units minus 21 @ \$10/avg. sq. ft./unit

Inclusionary Housing Affordable Housing Nexus and Feasibility Studies  
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28	4	
Rental Multi-Family		\$6 per sq. ft.

In addition, Sections 18.02.060 through 18.02.150 define policies and procedures that apply to the administration of the City's affordable housing program applicable to all existing affordable housing in the City. These provisions define procedures for calculating the sale price of affordable housing units, prescribe marketing procedures for the resale of affordable housing units, and include eligibility criteria for identifying households that may purchase affordable housing units.

*Housing In-Lieu Fees vs. Affordable Housing Impact Fees*

Inclusionary housing requirements mandate that new ownership housing projects restrict a certain number of units to be affordable for moderate, low, or very low-income households. Many inclusionary housing programs also allow developers to pay an in-lieu fee, rather than dedicate the units, to comply with the affordable housing requirement. Under recent case law, the inclusionary requirements and the voluntary in lieu fee are not considered impact fees, and therefore, the City does not need to demonstrate a nexus between the impacts of the project and the imposition of the inclusionary requirements. (*California Building Industry Assn. v. City of San Jose* (2015) 61 Cal.4th 435.) Instead, to justify the inclusionary requirements on ownership housing, the City only needs to show that the requirements are reasonably related to the enhancement of public welfare.

In contrast to an in-lieu fee, nexus-based affordable housing fees are impact fees that are justified based on the impacts that market rate housing has on the need for below market rate housing. To adopt an affordable housing impact fee, the City must show the fee cost is reasonably related to the City's costs of addressing the increased need for affordable housing created by new market rate housing. To make this showing, cities typically complete nexus studies that (1) quantify the impacts of market rate housing on the need for below market rate housing; (2) calculate the costs of addressing those impacts; and (3) determine the per square foot fee necessary to cover those costs.

Inclusionary housing requirements are generally preferable to affordable housing impact fees because they are subject to less stringent legal requirements. However, since inclusionary requirements require a development project to dedicate a certain percentage of the total project units, they are usually only applied to projects that are large enough to support the dedication of a full unit. For instance, for cities that have a 10% inclusionary housing requirement, the requirement would only apply to projects with 10 or more units, allowing at least one full unit to be dedicated. For smaller projects, cities may adopt affordable housing impact fees to address the need for below market housing created by smaller development projects.

Because the City of Capitola see relatively few larger projects, the City is investigating both housing in-lieu fees and affordable housing impact fees.

*Affordable Housing Law for Rental Housing Development*

AB 1505 authorizes cities to enact inclusionary housing requirements of up to 15% to apply to new rental housing projects. If the inclusionary requirement exceeds 15%, then the City may need to justify the requirement with a feasibility analysis. If the City adopts a rental housing

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inclusionary requirement, it must also provide developers with an alternative mechanism of compliance, which is usually done by giving developers the option of paying an in-lieu fee, rather than dedicating the necessary units. Like for-sale projects, these inclusionary requirements are subject to less stringent legal requirements and are typically applied to housing developments that are large enough to dedicate a full unit.

*Nexus Study and Feasibility Analysis*

The EPS nexus studies calculated the maximum impact fees that the City can charge to new for-sale and for-rent development projects. The for-sale nexus study indicates the City can justify a maximum impact fee of \$44 per square foot, and the for-rent nexus study concludes the City can justify a maximum impact fee of \$55.25 per square foot. While these are the maximum fees justified by the impacts of new development, Capitola must ensure the fees are not so high that they will make new development “infeasible”. In this context, infeasible means that the new development project costs exceed the project value and therefore would not be built. To determine the fee new development projects could support, EPS also conducted a feasibility study, which concluded the maximum fee that can be feasibly paid by for-sale development is \$25 per square foot and \$6 per square foot by for-rent development.

The feasibility analysis found that Capitola’s inclusionary requirement of one deed restricted median unit out of seven units (15%) for for-sale housing is in line with neighboring jurisdictions, but produces a rate of return for developers at 12 percent which is infeasible. An 18 percent rate of return is the industry standard for a feasible project, particularly for higher risk projects that are located in existing urbanize areas. In the past decade, only one development project, Terra Court, triggered production of a single onsite inclusionary unit. The lack of projects can be partially attributed to the infeasibility of the current inclusionary requirements.

The feasibility analysis noted that Capitola requires that inclusionary units be priced at values affordable to median income households, while other jurisdictions require that ownership units be set aside for a range of income categories including very low, low, median, and moderate. The range of income categories also comes into play under Capitola Regional Housing Needs Assessment (RHNA) numbers. RHNA is mandated by state housing law, and the current fifth housing cycle (2015-2023) identified 143 units for Capitola, including 34 very low, 23 low, 26 moderate, and 60 above moderate units for the current housing cycle. From 2015 through 2020, Capitola produced 51 new units, of which 50 were above moderate units and one was moderate (Terra Court). Requiring a mix of low and moderate-income units within the update would assist the City in achieving it RHNA numbers within additional categories.

The feasibility analysis also determined the maximum inclusionary requirement the City could feasibly apply to new development. The analysis includes three scenarios for inclusionary with different affordability requirements (moderate, median, low) in which the rate of return matches the industry standard of 18 percent and would be feasible. These options are summarized in the following table.

Level of Affordability	Percent of Onsite Units Affordable	Unit Count
Moderate	8%	1 unit in 12
Median	7%	1 unit in 14
Low	6%	1 unit in 17

Inclusionary Housing Affordable Housing Nexus and Feasibility Studies  
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*Vacation Rental*

City Council asked that staff consider impact fees for short-term vacation rentals and second homes. EPS has analyzed data related to second homes and vacation homes in the region. The nexus study considers the increase in job creation due to the development. Upon analyzing occupancy trends, the seasonal fluctuation in second homes and vacation rentals would result in decreased demand in jobs. If a separate fee were created for a second home, the fee would be less than that of a fulltime resident. Moreover, there is no guarantee the home would not become a primary home in the future and impact fees are typically not based on the use of how new development is used. To ensure consistency, staff directed EPS to assume fulltime residency of new housing stock.

In conclusion, the Nexus Study and Feasibility Analysis help inform the City's IHO update process. During the September 9 meeting, staff will request Council feedback about using information from the studies to:

- Revise onsite inclusionary requirements in the IHO update
- Update in-lieu housing fees
- Establish affordable housing impact fee levels

*Next Steps*

On September 23, 2021, staff will provide an overview of the remaining IHO policy items, with recommended changes.

FISCAL IMPACT: There are fiscal impacts associated with modifying the IHO. Fiscal impacts will be further analyzed upon review of the draft ordinance. The nexus study identifies that the City is currently well under the recommended impact fee of \$25 per square foot.

ATTACHMENTS:

1. Nexus Study For-sale Housing (PDF)
2. Affordable Housing Fee Feasibility Analysis (PDF)
3. Nexus Study For-rent Housing (PDF)

Report Prepared By: Katie Herlihy  
Community Development Director

**Reviewed and Forwarded by:**



Jamie Goldstein, City Manager

9/3/2021

*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

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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.

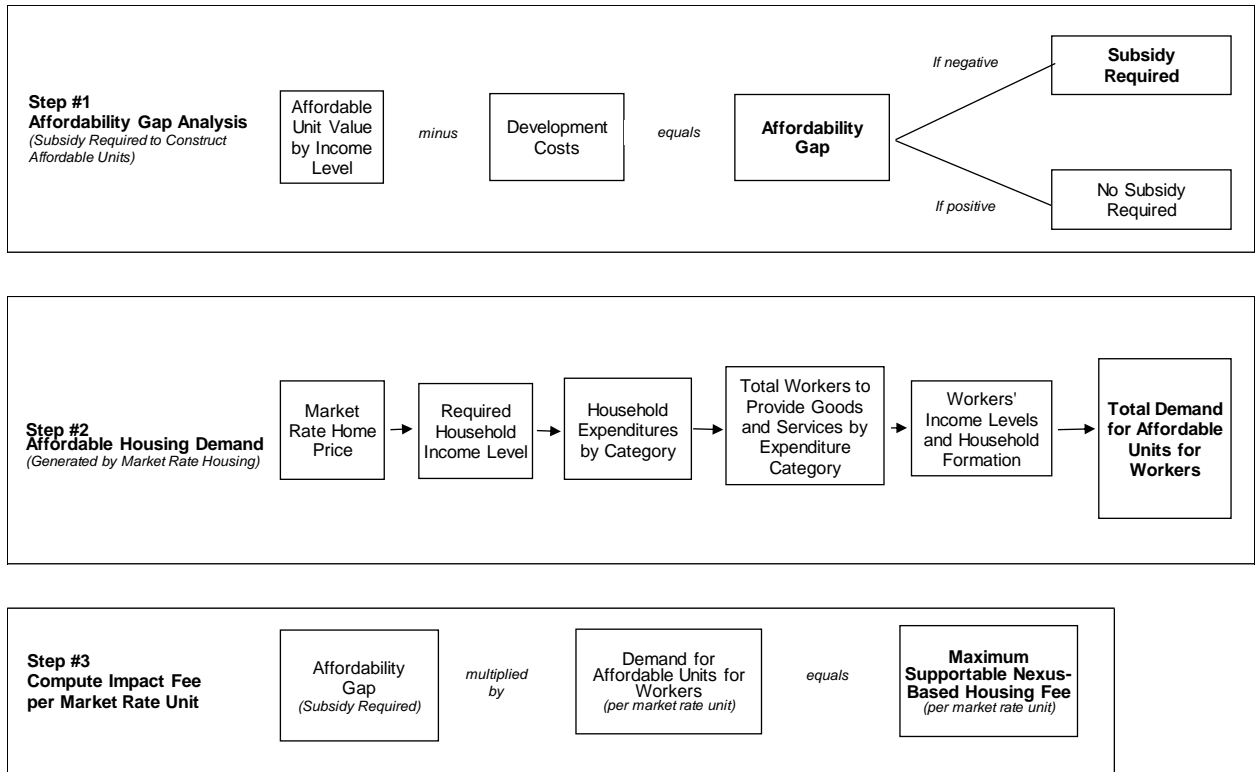
The technical approach used herein quantifies the impacts that the introduction of market-rate units have on the local economy and the demand for additional affordable housing. As new households are added to the community, local employment also will grow to provide the goods and services required by 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 (Inclusionary Housing Affordable Housing Nexus and Feasibility Studies)

- 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 percent<sup>1</sup> 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.<sup>2</sup>
- 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

<sup>1</sup> 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.

<sup>2</sup> 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

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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)
<b>Development Program Assumptions</b>			
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
<b>Cost Assumptions</b>			
Land/Acre [3]	\$1,400,000	\$1,400,000	\$1,400,000
Land/Unit	\$46,667	\$46,667	\$46,667
<b>Direct Costs</b>			
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
<b>Indirect Costs as a % of Direct Costs [5]</b>			
Indirect Costs/Unit	\$117,688	\$117,688	\$117,688
<b>Developer Fee (% of all costs)</b>			
Fee Amount	\$70,085	\$70,085	\$70,085
Total Cost/Unit (rounded)	\$571,000	\$571,000	\$571,000
<b>Maximum Supported Home Price</b>			
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
<b>Affordability Gap</b>	<b>\$307,000</b>	<b>\$67,000</b>	<b>\$1,222</b>

[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**

<b>Affordability Category</b>	<b>Maximum Percentage of County Median</b>	<b>2021 Max Income [1] 3-person household</b>
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

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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,<sup>3</sup> 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.

<sup>3</sup> 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.<sup>4</sup> 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.

<sup>4</sup> 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.<sup>5</sup> 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
<b>For-Sale Units</b>							
\$500,000	\$87,300	26	14.2	<b>13.5</b>	11.0	2.4	0.2
\$750,000	\$126,300	36	19.2	<b>18.4</b>	15.2	2.9	0.3
\$1,000,000	\$167,200	44	23.5	<b>22.5</b>	18.7	3.5	0.3
\$1,250,000	\$208,200	50	26.9	<b>25.6</b>	21.7	3.6	0.3
\$1,500,000	\$247,200	59	31.9	<b>30.4</b>	25.7	4.3	0.3
\$1,750,000	\$288,500	69	37.2	<b>35.4</b>	30.0	5.0	0.4
\$2,000,000	\$329,700	79	42.5	<b>40.5</b>	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.

<sup>5</sup> 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
<b>Overall</b>	<b>\$801</b>	<b>174</b>

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>		
<b>Total</b>	<b>13.5</b>		<b>\$3,525,285</b>	<b>\$35,253</b>	<b>\$63.46</b>

[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>		
<b>Total</b>	<b>18.4</b>		<b>\$4,860,477</b>	<b>\$48,605</b>	<b>\$51.85</b>

[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>		
<b>Total</b>	<b>22.5</b>		<b>\$5,979,167</b>	<b>\$59,792</b>	<b>\$47.83</b>

[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>		
<b>Total</b>	<b>25.6</b>		<b>\$6,901,069</b>	<b>\$69,011</b>	<b>\$44.17</b>

[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>		
<b>Total</b>	<b>30.4</b>		<b>\$8,193,777</b>	<b>\$81,938</b>	<b>\$43.70</b>

[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 &amp; 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>		
<b>Total</b>	<b>35.4</b>		<b>\$9,562,721</b>	<b>\$95,627</b>	<b>\$43.72</b>

[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 &amp; Planning Systems, Inc.

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

Item	Affordable Units Required Per 100 Market-Rate Units [1]  (A)	Affordability Gap per Affordable Unit [2]  (B)	Total Nexus-Based Fee Supported		
			Per 100 Market-Rate Units  (C = A * B)	Per Market-Rate Unit  (D = C / 100)	Per Sq.Ft.
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>	
<b>Required Income</b>	<b>\$87,300</b>												
<b>Food at Home</b>	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
<b>Food Away From Home</b>	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
<b>Alcoholic Beverages</b>	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
<b>Housing Maintenance, Repairs, Insurance, Other expenses</b>	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
<b>Fuel oil and Other fuels [7]</b>	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
<b>Water and Other Public Services [7]</b>	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
<b>Household Operations Personal Services</b>	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
<b>Household Operations Other Household Expenses</b>	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
<b>Housekeeping Supplies</b>	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.



**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>	
<b>Required Income</b>	<b>\$87,300</b>												
<b>Household Furnishings and Equipment</b>	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
<b>Apparel and Services</b>	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
<b>Vehicle Purchases (net outlay)</b>	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
<b>Gasoline and motor oil</b>	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
<b>Vehicle Maintenance and Repairs</b>	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
<b>Medical Services</b>	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
<b>Drugs</b>	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
<b>Medical Supplies</b>	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
<b>Entertainment Fees and Admissions</b>	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	
<b>Required Income</b>		<b>\$87,300</b>												
<b>Entertainment Audio and Visual Equipment and Services</b>		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
<b>Entertainment Pets, Toys, Hobbies, and Playground Equip.</b>		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
<b>Other Entertainment Supplies, Equipment, and Services</b>		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
<b>Personal Care Products and Services</b>		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
<b>Reading</b>		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
<b>Education</b>		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
<b>Tobacco Products and Smoking Supplies</b>		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
<b>Miscellaneous</b>		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
<b>Total per 1,000 Market Rate Households</b>									<b>264.2</b>			<b>141.6</b>		

[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.

**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	
<b>Required Income</b>													
				\$126,300									
<b>Food at Home</b>	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
<b>Food Away From Home</b>	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
<b>Alcoholic Beverages</b>	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
<b>Housing Maintenance, Repairs, Insurance, Other expenses</b>	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
<b>Fuel oil and Other fuels [7]</b>	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
<b>Water and Other Public Services [7]</b>	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
<b>Household Operations Personal Services</b>	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
<b>Household Operations Other Household Expenses</b>	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
<b>Housekeeping Supplies</b>	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>	<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>	
<b>Required Income</b>														
<b>Household Furnishings and Equipment</b>		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
<b>Apparel and Services</b>		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
<b>Vehicle Purchases (net outlay)</b>		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
<b>Gasoline and motor oil</b>		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
<b>Vehicle Maintenance and Repairs</b>		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
<b>Medical Services</b>		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
<b>Drugs</b>		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
<b>Medical Supplies</b>		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
<b>Entertainment Fees and Admissions</b>		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>	
<b>Required Income</b>				<b>\$126,300</b>									
<b>Entertainment Audio and Visual Equipment and Services</b>	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
<b>Entertainment Pets, Toys, Hobbies, and Playground Equip.</b>	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
<b>Other Entertainment Supplies, Equipment, and Services</b>	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
<b>Personal Care Products and Services</b>	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
<b>Reading</b>	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
<b>Education</b>	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
<b>Tobacco Products and Smoking Supplies</b>	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
<b>Miscellaneous</b>	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
<b>Total per 1,000 Market Rate Households</b>								<b>357.0</b>			<b>191.9</b>		

[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
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	
<b>Required Income</b>													
	\$167,200												
<b>Food at Home</b>	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
<b>Food Away From Home</b>	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
<b>Alcoholic Beverages</b>	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
<b>Housing Maintenance, Repairs, Insurance, Other expenses</b>	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
<b>Fuel oil and Other fuels [7]</b>	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
<b>Water and Other Public Services [7]</b>	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
<b>Household Operations Personal Services</b>	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
<b>Household Operations Other Household Expenses</b>	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
<b>Housekeeping Supplies</b>	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 (Inclusionary Housing Affordable Housing Nexus and

**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>	
<b>Required Income</b>													
	\$167,200												
<b>Household Furnishings and Equipment</b>	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
<b>Apparel and Services</b>	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
<b>Vehicle Purchases (net outlay)</b>	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
<b>Gasoline and motor oil</b>	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
<b>Vehicle Maintenance and Repairs</b>	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
<b>Medical Services</b>	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
<b>Drugs</b>	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
<b>Medical Supplies</b>	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
<b>Entertainment Fees and Admissions</b>	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 (Inclusionary Housing Affordable Housing Nexus and

**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>	
<b>Required Income</b>				<b>\$167,200</b>									
<b>Entertainment Audio and Visual Equipment and Services</b>	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
<b>Entertainment Pets, Toys, Hobbies, and Playground Equip.</b>	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
<b>Other Entertainment Supplies, Equipment, and Services</b>	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
<b>Personal Care Products and Services</b>	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
<b>Reading</b>	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
<b>Education</b>	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
<b>Tobacco Products and Smoking Supplies</b>	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
<b>Miscellaneous</b>	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
<b>Total per 1,000 Market Rate Households</b>								<b>437.3</b>			<b>235.3</b>		

[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.



**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>	
<b>Required Income</b>	\$208,200													
<b>Food at Home</b>		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
<b>Food Away From Home</b>		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
<b>Alcoholic Beverages</b>		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
<b>Housing Maintenance, Repairs, Insurance, Other expenses</b>		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
<b>Fuel oil and Other fuels [7]</b>		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
<b>Water and Other Public Services [7]</b>		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
<b>Household Operations Personal Services</b>		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
<b>Household Operations Other Household Expenses</b>		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
<b>Housekeeping Supplies</b>		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.

**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>	
<b>Required Income</b>				\$208,200									
<b>Household Furnishings and Equipment</b>	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
<b>Apparel and Services</b>	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
<b>Vehicle Purchases (net outlay)</b>	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
<b>Gasoline and motor oil</b>	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
<b>Vehicle Maintenance and Repairs</b>	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
<b>Medical Services</b>	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
<b>Drugs</b>	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
<b>Medical Supplies</b>	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
<b>Entertainment Fees and Admissions</b>	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
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	
<b>Required Income</b>	\$208,200												
<b>Entertainment Audio and Visual Equipment and Services</b>	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
<b>Entertainment Pets, Toys, Hobbies, and Playground Equip.</b>	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
<b>Other Entertainment Supplies, Equipment, and Services</b>	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
<b>Personal Care Products and Services</b>	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
<b>Reading</b>	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
<b>Education</b>	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
<b>Tobacco Products and Smoking Supplies</b>	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
<b>Miscellaneous</b>	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
<b>Total per 1,000 Market Rate Households</b>								<b>495.9</b>			<b>268.7</b>		

[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
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	
<b>Required Income</b>	\$247,200												
<b>Food at Home</b>	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
<b>Food Away From Home</b>	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
<b>Alcoholic Beverages</b>	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
<b>Housing Maintenance, Repairs, Insurance, Other expenses</b>	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
<b>Fuel oil and Other fuels [7]</b>	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
<b>Water and Other Public Services [7]</b>	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
<b>Household Operations Personal Services</b>	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
<b>Household Operations Other Household Expenses</b>	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
<b>Housekeeping Supplies</b>	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 (Inclusionary Housing Affordable Housing Nexus and

**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>	
<b>Required Income</b>	\$247,200												
<b>Household Furnishings and Equipment</b>	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
<b>Apparel and Services</b>	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
<b>Vehicle Purchases (net outlay)</b>	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
<b>Gasoline and motor oil</b>	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
<b>Vehicle Maintenance and Repairs</b>	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
<b>Medical Services</b>	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
<b>Drugs</b>	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
<b>Medical Supplies</b>	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
<b>Entertainment Fees and Admissions</b>	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	
<b>Required Income</b>	\$247,200												
<b>Entertainment Audio and Visual Equipment and Services</b>	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
<b>Entertainment Pets, Toys, Hobbies, and Playground Equip.</b>	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
<b>Other Entertainment Supplies, Equipment, and Services</b>	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
<b>Personal Care Products and Services</b>	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
<b>Reading</b>	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
<b>Education</b>	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
<b>Tobacco Products and Smoking Supplies</b>	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
<b>Miscellaneous</b>	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
<b>Total per 1,000 Market Rate Households</b>								<b>588.8</b>			<b>319.0</b>		

[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	
<b>Required Income</b>	\$288,500												
<b>Food at Home</b>	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
<b>Food Away From Home</b>	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
<b>Alcoholic Beverages</b>	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
<b>Housing Maintenance, Repairs, Insurance, Other expenses</b>	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
<b>Fuel oil and Other fuels [7]</b>	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
<b>Water and Other Public Services [7]</b>	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
<b>Household Operations Personal Services</b>	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
<b>Household Operations Other Household Expenses</b>	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
<b>Housekeeping Supplies</b>	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 (Inclusionary Housing Affordable Housing Nexus and

**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>	
<b>Required Income</b>	\$288,500												
<b>Household Furnishings and Equipment</b>	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
<b>Apparel and Services</b>	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
<b>Vehicle Purchases (net outlay)</b>	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
<b>Gasoline and motor oil</b>	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
<b>Vehicle Maintenance and Repairs</b>	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
<b>Medical Services</b>	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
<b>Drugs</b>	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
<b>Medical Supplies</b>	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
<b>Entertainment Fees and Admissions</b>	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	
<b>Required Income</b>	\$288,500												
<b>Entertainment Audio and Visual Equipment and Services</b>	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
<b>Entertainment Pets, Toys, Hobbies, and Playground Equip.</b>	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
<b>Other Entertainment Supplies, Equipment, and Services</b>	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
<b>Personal Care Products and Services</b>	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
<b>Reading</b>	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
<b>Education</b>	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
<b>Tobacco Products and Smoking Supplies</b>	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
<b>Miscellaneous</b>	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
<b>Total per 1,000 Market Rate Households</b>								<b>687.2</b>			<b>372.3</b>		

[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	
<b>Required Income</b>				\$329,700									
<b>Food at Home</b>	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
<b>Food Away From Home</b>	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
<b>Alcoholic Beverages</b>	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
<b>Housing Maintenance, Repairs, Insurance, Other expenses</b>	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
<b>Fuel oil and Other fuels [7]</b>	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
<b>Water and Other Public Services [7]</b>	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
<b>Household Operations Personal Services</b>	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
<b>Household Operations Other Household Expenses</b>	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
<b>Housekeeping Supplies</b>	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>	
<b>Required Income</b>				\$329,700									
<b>Household Furnishings and Equipment</b>	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
<b>Apparel and Services</b>	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
<b>Vehicle Purchases (net outlay)</b>	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
<b>Gasoline and motor oil</b>	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
<b>Vehicle Maintenance and Repairs</b>	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
<b>Medical Services</b>	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
<b>Drugs</b>	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
<b>Medical Supplies</b>	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
<b>Entertainment Fees and Admissions</b>	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>	
<b>Required Income</b>		\$329,700												
<b>Entertainment Audio and Visual Equipment and Services</b>		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
<b>Entertainment Pets, Toys, Hobbies, and Playground Equip.</b>		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
<b>Other Entertainment Supplies, Equipment, and Services</b>		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
<b>Personal Care Products and Services</b>		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
<b>Reading</b>		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
<b>Education</b>		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
<b>Tobacco Products and Smoking Supplies</b>		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
<b>Miscellaneous</b>		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
<b>Total per 1,000 Market Rate Households</b>									<b>785.3</b>			<b>425.5</b>		

[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 (Inclusionary Housing Affordable Housing Nexus and

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
<b>Retail</b>						
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
<b>Arts, Entertainment, &amp; Recreation</b>	<b>11.6</b>	<b>6.0</b>	<b>6.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Medical/Health</b>						
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
<b>Services</b>						
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>
<b>Total Workers and Households</b>	<b>264.2</b>	<b>141.6</b>	<b>109.7</b>	<b>23.6</b>	<b>2.1</b>	<b>6.2</b>
Total Income-Qualified HH Generated Per 1,000 Market-Rate Units [2]		<b>135.4</b>	109.7	23.6	2.1	0.0
Total Income-Qualified HH Generated Per 100 Market-Rate Units [2]		<b>13.5</b>	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
<b>Retail</b>						
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
<b>Arts, Entertainment, &amp; Recreation</b>	<b>16.4</b>	<b>8.5</b>	<b>8.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Medical/Health</b>						
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
<b>Services</b>						
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	0.9	0.5	0.0	0.0	0.0	0.5
<b>Total Workers and Households</b>	<b>357.0</b>	<b>191.9</b>	<b>151.9</b>	<b>29.5</b>	<b>2.6</b>	<b>8.0</b>
Total Income-Qualified HH Generated Per 1,000 Market-Rate Units [2]		<b>183.9</b>	151.9	29.5	2.6	0.0
Total Income-Qualified HH Generated Per 100 Market-Rate Units [2]		<b>18.4</b>	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
<b>Retail</b>						
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
<b>Arts, Entertainment, &amp; Recreation</b>	<b>23.6</b>	<b>12.2</b>	<b>12.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Medical/Health</b>						
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
<b>Services</b>						
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>
<b>Total Workers and Households</b>	<b>437.3</b>	<b>235.3</b>	<b>187.2</b>	<b>34.8</b>	<b>2.8</b>	<b>10.5</b>
Total Income-Qualified HH Generated Per 1,000 Market-Rate Units [2]		<b>224.7</b>	187.2	34.8	2.8	0.0
Total Income-Qualified HH Generated Per 100 Market-Rate Units [2]		<b>22.5</b>	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
<b>Retail</b>						
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
<b>Arts, Entertainment, &amp; Recreation</b>	<b>37.6</b>	<b>19.5</b>	<b>19.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Medical/Health</b>						
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
<b>Services</b>						
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>
<b>Total Workers and Households</b>	<b>495.9</b>	<b>268.7</b>	<b>216.8</b>	<b>36.4</b>	<b>2.6</b>	<b>12.9</b>
Total Income-Qualified HH Generated Per 1,000 Market-Rate Units [2]		<b>255.8</b>	216.8	36.4	2.6	0.0
Total Income-Qualified HH Generated Per 100 Market-Rate Units [2]		<b>25.6</b>	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
<b>Retail</b>						
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
<b>Arts, Entertainment, &amp; Recreation</b>	<b>44.7</b>	<b>23.2</b>	<b>23.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Medical/Health</b>						
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
<b>Services</b>						
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>
<b>Total Workers and Households</b>	<b>588.8</b>	<b>319.0</b>	<b>257.5</b>	<b>43.2</b>	<b>3.0</b>	<b>15.3</b>
Total Income-Qualified HH Generated Per 1,000 Market-Rate Units [2]		<b>303.7</b>	257.5	43.2	3.0	0.0
Total Income-Qualified HH Generated Per 100 Market-Rate Units [2]		<b>30.4</b>	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
<b>Retail</b>						
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
<b>Arts, Entertainment, &amp; Recreation</b>	52.1	27.0	27.0	0.0	0.0	0.0
<b>Medical/Health</b>						
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
<b>Services</b>						
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
<b>Total Workers and Households</b>	<b>687.2</b>	<b>372.3</b>	<b>300.5</b>	<b>50.4</b>	<b>3.6</b>	<b>17.9</b>
Total Income-Qualified HH Generated Per 1,000 Market-Rate Units [2]		<b>354.4</b>	300.5	50.4	3.6	0.0
Total Income-Qualified HH Generated Per 100 Market-Rate Units [2]		<b>35.4</b>	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
<b>Retail</b>						
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
<b>Arts, Entertainment, &amp; Recreation</b>	<b>59.6</b>	<b>30.9</b>	<b>30.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Medical/Health</b>						
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
<b>Services</b>						
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
<b>Total Workers and Households</b>	<b>785.3</b>	<b>425.5</b>	<b>343.4</b>	<b>57.6</b>	<b>4.1</b>	<b>20.4</b>
Total Income-Qualified HH Generated Per 1,000 Market-Rate Units [2]		<b>405.1</b>	343.4	57.6	4.1	0.0
Total Income-Qualified HH Generated Per 100 Market-Rate Units [2]		<b>40.5</b>	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.

## **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

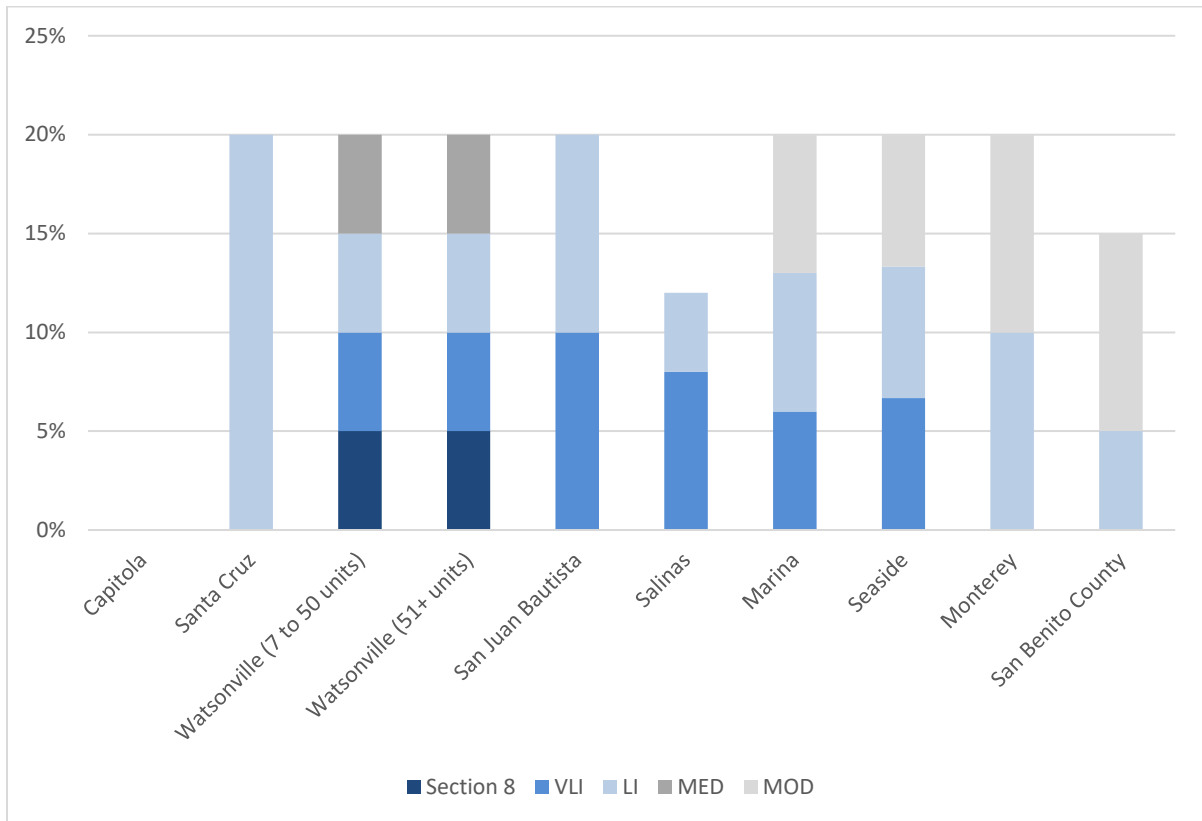
Inclusionary requirements adopted by jurisdictions in the Region vary based on local policy preferences, including factors such as the number of units in the development or the type of housing (i.e., rental, condominium, townhome, or single family). The charts on the following pages are divided into 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.

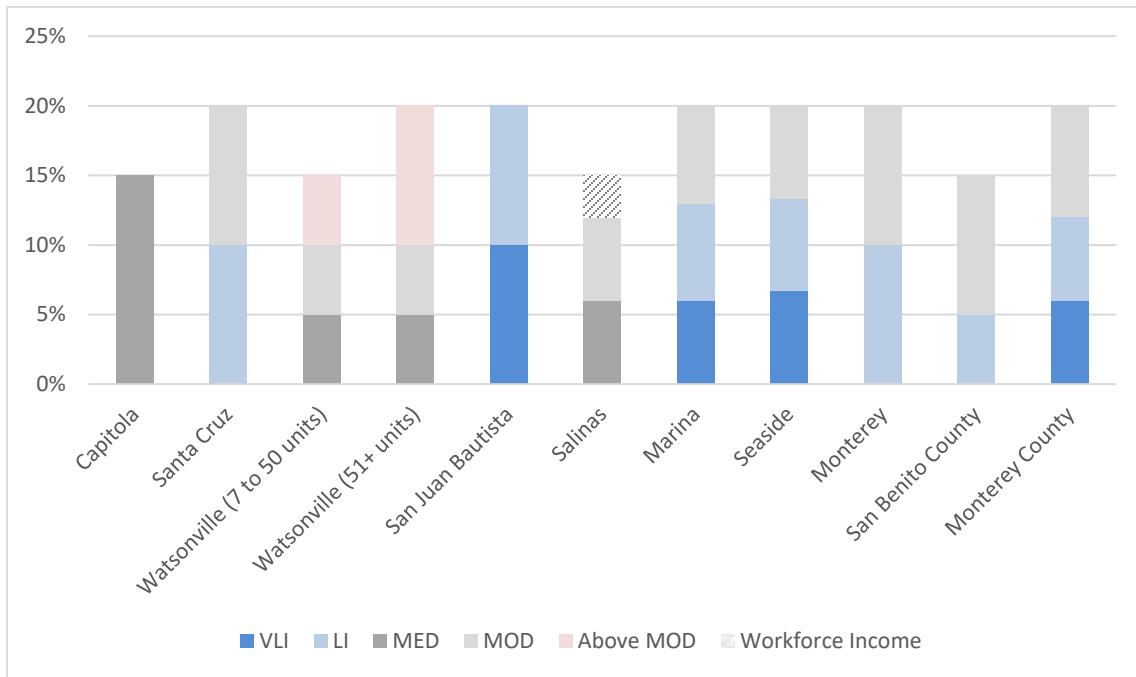
**Figure 1 Inclusionary Requirements for New Rental Development**





**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 units<sup>1</sup> 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.

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<sup>1</sup> 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.<sup>2</sup>

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.

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<sup>2</sup> 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**

<b>Income Category</b>	<b>Maximum Household Income [1]</b>	<b>Maximum Unit Value</b>
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 <sup>1</sup>	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
<b>Revenues</b>																				
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	
<b>Total</b>		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	
<b>Costs</b>																				
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	
<b>Affordable Housing Fee Total</b>			\$0		\$1,800,000		\$0		\$7,950,032		\$0		\$4,435,714		\$0		\$0		\$0	
<b>Total</b>			\$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	
<b>Profit Margin (% of Costs)</b>			<b>12.27%</b>		<b>20.60%</b>		<b>22.45%</b>		<b>14.70%</b>		<b>3.97%</b>		<b>18.00%</b>		<b>18.00%</b>		<b>18.00%</b>		<b>18.00%</b>	

[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 (Inclusionary Housing Affordable Housing

## 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 percent<sup>3</sup> 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

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<sup>3</sup> 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 standards<sup>4</sup> – 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

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<sup>4</sup> See: [Division of Administration and Management Letterhead \(ca.gov\)](https://www.cdph.ca.gov/Programs/OPA/Pages/NR20170228.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.<sup>5</sup>

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.

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<sup>5</sup> 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	<b>3-Story Multifamily Building With Surface Parking</b>			
	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>
<b>Net Operating Income</b>	<b>\$11,880</b>	<b>\$22,680</b>	<b>\$25,640</b>	<b>\$30,030</b>

[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.

**Table 4 Rental Scenarios**

	Current Ordinance	No Inclusionary or Fee	Maximum Nexus Fee	Nexus-Based Inclusionary Requirement
<b>Inclusionary Requirement</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>23%</b>
<b>Total Project Costs</b>				
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
<b>Units by Price Point</b>				
<b>Market Rate Units</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>81</b>
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
<b>Moderate Income Units (120% of AMI)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Annual NOI/Unit [2]	\$25,640	\$25,640	\$25,640	\$25,640
Aggregate NOI of Moderate Income Units	\$0	\$0	\$0	\$0
<b>Low Income Units (80% of AMI)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>
Annual NOI/Unit [2]	\$22,680	\$22,680	\$22,680	\$22,680
Aggregate NOI of Low Income Units	\$0	\$0	\$0	\$90,720
<b>VLI Units (50% of AMI)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15</b>
Annual NOI/Unit [2]	\$11,880	\$11,880	\$11,880	\$11,880
Aggregate NOI of VLI Units	\$0	\$0	\$0	\$178,200
<b>Total Project NOI</b>	<b>\$3,003,000</b>	<b>\$3,003,000</b>	<b>\$3,003,000</b>	<b>\$2,701,350</b>
<b>Weighted Avg. NOI/Unit</b>	<b>\$30,030</b>	<b>\$30,030</b>	<b>\$30,030</b>	<b>\$27,014</b>
<b>Yield on Cost</b>	<b>4.93%</b>	<b>4.98%</b>	<b>4.58%</b>	<b>4.48%</b>

[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 &amp; 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

EPS #201117

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## EXECUTIVE SUMMARY

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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.

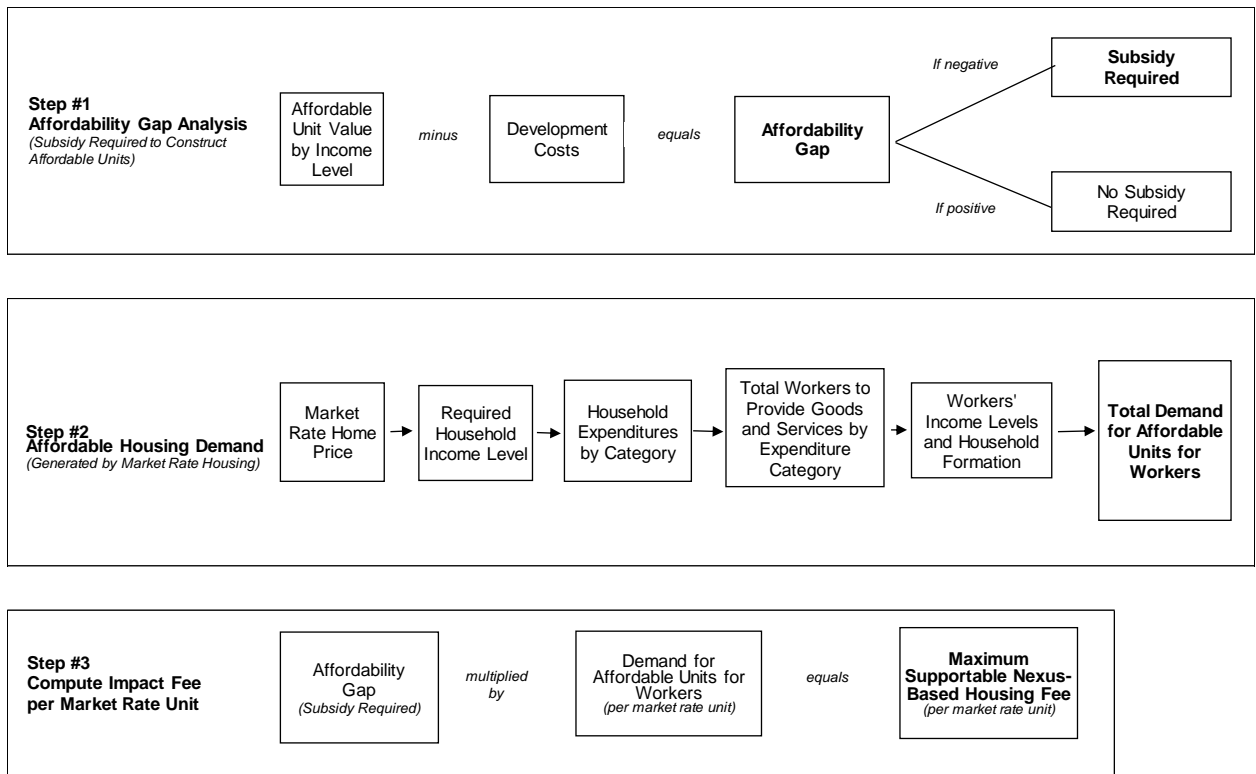
The technical approach used herein quantifies the impacts that the introduction of market-rate rental apartments have on the local economy and the demand for additional affordable housing. As new households are added to the community, local employment also will grow to provide the goods and services 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 (Inclusionary Housing Affordable Housing Nexus and Feasibility Studies)

- 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 percent<sup>1</sup> 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.<sup>2</sup>
- 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

<sup>1</sup> 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.

<sup>2</sup> 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)
<b>Development Program Assumptions</b>			
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
<b>Cost Assumptions</b>			
Land/Acre [3]	\$1,400,000	\$1,400,000	\$1,400,000
Land/Unit	\$46,667	\$46,667	\$46,667
<b>Direct Costs</b>			
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
<b>Indirect Costs as a % of Direct Costs [5]</b>			
Indirect Costs/Unit	\$117,688	\$117,688	\$117,688
<b>Developer Fee (% of all costs)</b>			
Fee Amount	\$70,085	\$70,085	\$70,085
Total Cost/Unit (rounded)	\$571,000	\$571,000	\$571,000
<b>Maximum Supported Home Price</b>			
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
<b>Affordability Gap</b>	<b>\$307,000</b>	<b>\$67,000</b>	<b>\$1,222</b>

[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**

<b>Affordability Category</b>	<b>Maximum Percentage of County Median</b>	<b>2021 Max Income [1] 3-person household</b>
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

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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				
	Average Monthly Rent [1]	Monthly Utility Cost [2]	Subtotal Rent and Utilities	Annual Rent and Utility Expenditures	Annual Household Income Required [3]
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,<sup>3</sup> 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.

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<sup>3</sup> 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.<sup>4</sup> 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)

<sup>4</sup> 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.<sup>5</sup> 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
<b>Rental Units</b>							
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.

<sup>5</sup> 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>		
<b>Total</b>	<b>14.0</b>		<b>\$3,649,259</b>	<b>\$36,493</b>	<b>\$72.99</b>

[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>		
<b>Total</b>	<b>20.3</b>		<b>\$5,361,665</b>	<b>\$53,617</b>	<b>\$67.02</b>

[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.
			(C = A * B)	(D = C / 100)	
(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>		
<b>Total</b>	<b>22.6</b>		<b>\$5,998,910</b>	<b>\$59,989</b>	<b>\$54.54</b>

[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.
			(C = A * B)	(D = C / 100)	
(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>		
<b>Total</b>	<b>26.4</b>		<b>\$7,015,491</b>	<b>\$70,155</b>	<b>\$46.77</b>

[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>	
<b>Required Income</b>	\$90,000												
<b>Food at Home</b>	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
<b>Food Away From Home</b>	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
<b>Alcoholic Beverages</b>	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
<b>Housing Maintenance, Repairs, Insurance, Other expenses</b>	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
<b>Fuel oil and Other fuels [7]</b>	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
<b>Water and Other Public Services [7]</b>	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
<b>Household Operations Personal Services</b>	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
<b>Household Operations Other Household Expenses</b>	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
<b>Housekeeping Supplies</b>	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.

**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>	
<b>Required Income</b>		\$90,000												
<b>Household Furnishings and Equipment</b>		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
<b>Apparel and Services</b>		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
<b>Vehicle Purchases (net outlay)</b>		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
<b>Gasoline and motor oil</b>		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
<b>Vehicle Maintenance and Repairs</b>		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
<b>Medical Services</b>		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
<b>Drugs</b>		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
<b>Medical Supplies</b>		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
<b>Entertainment Fees and Admissions</b>		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.

**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>	
<b>Required Income</b>	\$90,000													
<b>Entertainment Audio and Visual Equipment and Services</b>		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
<b>Entertainment Pets, Toys, Hobbies, and Playground Equip.</b>		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
<b>Other Entertainment Supplies, Equipment, and Services</b>		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
<b>Personal Care Products and Services</b>		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
<b>Reading</b>		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
<b>Education</b>		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
<b>Tobacco Products and Smoking Supplies</b>		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
<b>Miscellaneous</b>		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
<b>Total per 1,000 Market Rate Households</b>									<b>268.4</b>			<b>143.9</b>		

[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 (Inclusionary Housing Affordable Housing Nexus and

**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>	
<b>Required Income</b>		\$138,800												
<b>Food at Home</b>		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
<b>Food Away From Home</b>		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
<b>Alcoholic Beverages</b>		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
<b>Housing Maintenance, Repairs, Insurance, Other expenses</b>		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
<b>Fuel oil and Other fuels [7]</b>		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
<b>Water and Other Public Services [7]</b>		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
<b>Household Operations Personal Services</b>		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
<b>Household Operations Other Household Expenses</b>		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
<b>Housekeeping Supplies</b>		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>	
<b>Required Income</b>	\$138,800												
<b>Household Furnishings and Equipment</b>	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
<b>Apparel and Services</b>	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
<b>Vehicle Purchases (net outlay)</b>	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
<b>Gasoline and motor oil</b>	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
<b>Vehicle Maintenance and Repairs</b>	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
<b>Medical Services</b>	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
<b>Drugs</b>	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
<b>Medical Supplies</b>	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
<b>Entertainment Fees and Admissions</b>	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>	
<b>Required Income</b>	\$138,800												
<b>Entertainment Audio and Visual Equipment and Services</b>	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
<b>Entertainment Pets, Toys, Hobbies, and Playground Equip.</b>	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
<b>Other Entertainment Supplies, Equipment, and Services</b>	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
<b>Personal Care Products and Services</b>	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
<b>Reading</b>	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
<b>Education</b>	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
<b>Tobacco Products and Smoking Supplies</b>	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
<b>Miscellaneous</b>	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
<b>Total per 1,000 Market Rate Households</b>								<b>393.0</b>			<b>211.3</b>		

[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>	
<b>Required Income</b>				\$167,000									
<b>Food at Home</b>	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
<b>Food Away From Home</b>	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
<b>Alcoholic Beverages</b>	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
<b>Housing Maintenance, Repairs, Insurance, Other expenses</b>	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
<b>Fuel oil and Other fuels [7]</b>	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
<b>Water and Other Public Services [7]</b>	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
<b>Household Operations Personal Services</b>	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
<b>Household Operations Other Household Expenses</b>	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
<b>Housekeeping Supplies</b>	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>	
<b>Required Income</b>				\$167,000									
<b>Household Furnishings and Equipment</b>	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
<b>Apparel and Services</b>	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
<b>Vehicle Purchases (net outlay)</b>	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
<b>Gasoline and motor oil</b>	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
<b>Vehicle Maintenance and Repairs</b>	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
<b>Medical Services</b>	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
<b>Drugs</b>	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
<b>Medical Supplies</b>	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
<b>Entertainment Fees and Admissions</b>	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.

**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	
<b>Required Income</b>				\$167,000									
<b>Entertainment Audio and Visual Equipment and Services</b>	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
<b>Entertainment Pets, Toys, Hobbies, and Playground Equip.</b>	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
<b>Other Entertainment Supplies, Equipment, and Services</b>	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
<b>Personal Care Products and Services</b>	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
<b>Reading</b>	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
<b>Education</b>	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
<b>Tobacco Products and Smoking Supplies</b>	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
<b>Miscellaneous</b>	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
<b>Total per 1,000 Market Rate Households</b>								<b>436.5</b>			<b>234.8</b>		

[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.

**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>	
<b>Required Income</b>	\$195,300													
<b>Food at Home</b>		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
<b>Food Away From Home</b>		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
<b>Alcoholic Beverages</b>		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
<b>Housing Maintenance, Repairs, Insurance, Other expenses</b>		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
<b>Fuel oil and Other fuels [7]</b>		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
<b>Water and Other Public Services [7]</b>		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
<b>Household Operations Personal Services</b>		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
<b>Household Operations Other Household Expenses</b>		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
<b>Housekeeping Supplies</b>		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.

**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	
<b>Required Income</b>	\$195,300													
<b>Household Furnishings and Equipment</b>		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
<b>Apparel and Services</b>		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
<b>Vehicle Purchases (net outlay)</b>		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
<b>Gasoline and motor oil</b>		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
<b>Vehicle Maintenance and Repairs</b>		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
<b>Medical Services</b>		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
<b>Drugs</b>		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
<b>Medical Supplies</b>		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
<b>Entertainment Fees and Admissions</b>		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
<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>	
<b>Required Income</b>	\$195,300													
<b>Entertainment Audio and Visual Equipment and Services</b>		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
<b>Entertainment Pets, Toys, Hobbies, and Playground Equip.</b>		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
<b>Other Entertainment Supplies, Equipment, and Services</b>		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
<b>Personal Care Products and Services</b>		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
<b>Reading</b>		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
<b>Education</b>		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
<b>Tobacco Products and Smoking Supplies</b>		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
<b>Miscellaneous</b>		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
<b>Total per 1,000 Market Rate Households</b>									<b>510.5</b>			<b>274.6</b>		

[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.

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
<b>Retail</b>						
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
<b>Arts, Entertainment, &amp; Recreation</b>	12.0	6.2	6.2	0.0	0.0	0.0
<b>Medical/Health</b>						
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
<b>Services</b>						
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
<b>Total Workers and Households</b>	<b>272.2</b>	<b>145.8</b>	<b>113.5</b>	<b>24.5</b>	<b>2.2</b>	<b>5.7</b>
Total Income-Qualified HH Generated Per 1,000 Market-Rate Units [2]		<b>140.2</b>	113.5	24.5	2.2	0.0
Total Income-Qualified HH Generated Per 100 Market-Rate Units [2]		<b>14.0</b>	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
<b>Retail</b>						
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
<b>Arts, Entertainment, &amp; Recreation</b>	<b>18.0</b>	<b>9.3</b>	<b>9.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Medical/Health</b>						
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
<b>Services</b>						
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	<u>1.1</u>	<u>0.6</u>	<u>0.6</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
<b>Total Workers and Households</b>	<b>393.0</b>	<b>211.3</b>	<b>167.5</b>	<b>32.5</b>	<b>2.8</b>	<b>8.4</b>
Total Income-Qualified HH Generated Per 1,000 Market-Rate Units [2]		<b>202.9</b>	167.5	32.5	2.8	0.0
Total Income-Qualified HH Generated Per 100 Market-Rate Units [2]		<b>20.3</b>	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
<b>Retail</b>						
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
<b>Arts, Entertainment, &amp; Recreation</b>	23.6	12.2	12.2	0.0	0.0	0.0
<b>Medical/Health</b>						
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
<b>Services</b>						
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
<b>Total Workers and Households</b>	<b>436.5</b>	<b>234.8</b>	<b>187.8</b>	<b>34.9</b>	<b>2.8</b>	<b>9.3</b>
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
<b>Retail</b>						
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
<b>Arts, Entertainment, &amp; Recreation</b>	27.5	14.3	14.3	0.0	0.0	0.0
<b>Medical/Health</b>						
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
<b>Services</b>						
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	1.7	1.0	1.0	0.0	0.0	0.0
<b>Total Workers and Households</b>	<b>510.5</b>	<b>274.6</b>	<b>219.6</b>	<b>40.9</b>	<b>3.3</b>	<b>10.9</b>
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.



# CAPITOLA CITY COUNCIL AGENDA REPORT

**MEETING OF SEPTEMBER 9, 2021**

FROM: Public Works Department

SUBJECT: Capitola Branch Library Project Update and Consideration of Contract Change Orders 17.1 and 17.2

**RECOMMENDED ACTION:** Approve Contract Changer Orders 17.1 and 17.2 in the amounts of \$250,776 and \$198,921 respectively.

**BACKGROUND:** The Capitola Branch Library's ribbon cutting ceremony was held on June 12, 2021 and the building was opened to the public on June 15, 2021. Barring minor startup and operational issues, the building has received great reviews from library staff and members of the public. Now, the official Library Project is nearly complete; the only work remaining is pathway and fencing work around the Tot Lot and some minor cabinet work.

**DISCUSSION:** In closing out the project, City staff has been working with Otto Construction (Otto) to finalize the delay costs and extra work items. Two contract change orders have been prepared that address these increases in the contract:

1. *Contract Change Order No. 17.1: \$250,776 (Attachment 1)* – Compensates Otto for cost increases caused by project delays resulting from the power-lines issue (the conflict between the building location and the power lines along Wharf Road).
2. *Contract Change Order 17.2: \$198,921 (Attachment 2)* – Compensates Otto for 28 items of extra work that were necessary to complete during construction. These items range in cost from \$31,211 for changes to the fire sprinkler system required by the Fire Marshall, to \$817 for modifications to the exterior drive-up book drop area. All 28 item details are included in the Contract Change Order; which also reduced the retention on the project from 4% to 3%, consistent with the project reaching significant completion. The remaining retention will be held until the Notice of Completion has been approved by the City Council.

Staff anticipates a final Contract Change Order for less than \$30,000 will be brought to the Council for two items of work that have yet to be completed. This work includes additional fencing and pathway work not initially anticipated in the plans, and changes to some of the bookshelves requested by the library staff.

**FISCAL IMPACT:** The original approved funding for this project was \$15,150,000. Since that time investment earnings and new allocations of funding from the County Library Fund have increased available funding by \$653,997. The table below provides an itemization of the current revenue sources:

Library Update and Change Order Approval  
September 9, 2021

<b>Funding Source</b>	<b>Revised Budget to date</b>
Measure S	\$ 10,269,600
Successor Agency	\$ 2,741,568
City General Fund	\$ 1,552,492
Friends (donations)	\$ 600,000
County Library Funds	\$ 510,337
Investment earnings	\$ 130,000
<b>Total</b>	<b>\$ 15,803,997</b>

Library Update and Change Order Approval  
September 9, 2021

The approved total project cost, including Contract Change Order No.'s 17.1 and 17.2, is \$15,573,997; which is itemized below:

<b>Item</b>	<b>Current Budget</b>
Construction (including CCO No 17.1 and 17.2)	\$ 13,182,421
Architecture and Engineering Fees	\$ 1,516,755
Permits/Special Inspections	\$ 149,816
Project Management	\$ 297,061
Misc	\$ 18,494
Furniture, Fixtures, & Equipment	\$ 408,000
PG&E Costs	\$ 1,450
<b>Total</b>	<b>\$ 15,573,997</b>

Based on these budget numbers and a projected final Change Order in the amount of \$30,000, the project will have remaining fund balance of \$200,000. This is less that had been previously projected due the finalization of the extra work costs contained in Change Order 17.2 and delays in completing the project. Staff will report further on the projected completion date at the meeting.

ATTACHMENTS:

1. Change Order 17.1
2. Change Order 17.2

Report Prepared By: Steve Jesberg  
Public Works Director

**Reviewed and Forwarded by:**



Jamie Goldstein, City Manager

9/3/2021

EXHIBIT 9  
**CHANGE ORDER**  
**CITY OF CAPITOLA**

Project Name: CAPITOLA BRANCH LIBRARY Change Order No: 17.1  
 Project Permit Number: 20180129 Date: 8/19/2021  
 To Contractor: Otto Construction  
 Address: 1717 2nd Street Sacramento, CA 95811

You are hereby instructed that the contract in caption is modified as herein specifically set forth, but that in all other respects the Contract remains unaltered.

Description	PCO/Ref. Doc.	Amount	Time
1 Provide all labor and materials to implement the work described in PCO 10.0, and subsequent revisions, as required due to delay in the relocation of PG&E high voltage powerlines. This item is for all-inclusive costs for compensable delays from the current Contract completion date of December 31, 2020, through April 1, 2021. <i>(It should be noted that Otto's bid included a daily rate for compensable delay, of \$2,564/day, and the rate of \$2,070/day is being submitted per this PCO).</i>	Bulletin 10, PCO 10B, PCO 10.02	\$ 186,300	90
2 Provide all labor and materials to install curtain wall system to facilitate building dry-in to allow the work to proceed, while awaiting the PG&E high voltage powerline relocation work to be completed. This includes, but is not limited to, jobsite safety reviews, coordination with PG&E, planning installation options, revising the curtain wall installation to be primarily from the interior, providing additional crews and implementing added safety measures during installation, as required while the PG&E high voltage powerlines were still active.	PCO 10.3.2	\$ 45,672	0
3 Provide all labor and materials for related delay costs to the subcontractors (electrical and ceiling/acoustical panel installer), including labor cost increases, for the delay to the project while awaiting PG&E high voltage power line relocation.	PCO 10.10	\$ 15,564	0
4 Extend Contract time for non-compensable delay from the current Contract completion date of April 2, 2021 (as noted in Item 1 above) to August 31, 2021. This item is for all-inclusive costs for delays .	PCO 10B	\$ -	152
5 Provide all labor and materials to add a layer of Grace Perm-A-Barrier VPS Membrane to recoat and reinforce areas that were exposed to UV longer than five (5) months, per the recommendation of the membrane manufacturer (W.R. Grace), due to delays related to PG&E high voltage powerline relocation.	PCO 48, RFI 211	\$ 3,240	0
<b>TOTAL</b>		<b>\$ 250,776</b>	<b>242</b>

Contractor waives any claim for further adjustments of the Contract Sum and the Contract Time related to the above described change in the Work. This Change Order is complete accord and satisfaction for all items in this change order.

ADD: Two Hundred Fifty Thousand Seven Hundred and Seventy Six Dollars (\$250,776)

This change order **HAS** altered the Contract Completion Date. The Completion Date is: August 31, 2021.

Adjustment of Contract Sum	
Original Contract Sum:	\$ 12,325,000
Prior Adjustments:	\$ 407,724
Contract Sum Prior to this Change:	\$ 12,732,724
Adjustment for this Change:	\$ 250,776
Revised Contract Sum:	\$ 12,983,500

Adjustment of Contract Time	
Original Contract Time:	410 (Days)
Prior Adjustments:	318 (Days)
Contract Time Prior to this Change:	728 (Days)
Adjustment for this Change:	242 (Days)
Revised Contract Time:	970 (Days)

**Recommended:**

By: \_\_\_\_\_ Date  
 David Tanza / Bogard Construction  
 City's Representative

**Reviewed and Recommended:**

By: \_\_\_\_\_ Date  
 Steve Jesberg, Public Works Director  
 City of Capitola

**Approved: City of Capitola**

By: \_\_\_\_\_ Date  
 Jamie Goldstein, City Manager

**Accepted:**

By: \_\_\_\_\_ Date  
 (Contractor Signature)  
 Printed Name  
 Otto Construction

Attachment: Change Order 17.1 (Library Update and Change Order Approval)



### Potential Change Order (PCO) Cost Breakdown & Summary

**Project:** Capitola Branch Library      **Project #** 18-3182      **OTTO PCO #:** 10.02  
**VE Log Item #:** N/A  
**Bulletin #:** Varies  
**Related RFI #:** Varies  
**Date:** 7/16/21

#### Description of Change

PCO 10.02 is for Otto Limited GC's. This is for PG&E Power Line Relocation, Bulletin 10 Modifications and other miscellaneous design changes, that caused the completion schedule to be extended from January 1, 2021 through August 31, 2021. Though we may be justified to receive GCs beyond March 31, 2021 for the PG&E delays, we are only including extended GCs from January 1, 2021 to March 31, 2021 (90 Calendar Days). Otto will not be charging for extended GC beyond this date for the PG&E Delays and for the other miscellaneous project scope changes that affected the schedule, unless resolution of these delays are not approved and in this PCO. We are submitting these items at cost and not including any mark up or insurance. See attached for additional information. This Change Order is to update the Project Completion Date through August 31, 2021. This PCO is part of an overall summary change order (PCO 10B), that is being to submitted to finalize known PG&E Overhead Line Relocation and Bulletin 10/10R1 costs through the end of the project.

CHANGE ESTIMATE ITEM	COST	M/U %	M/U TOTAL	
<b>GC DIRECT COSTS</b>				
Otto Self-Perform Work	\$186,300			
				TOTAL L, M, & E DIRECT COST \$186,300
				SUBTOTAL \$186,300
<b>GC OVERHEAD &amp; PROFIT ON DIRECT COST</b>				
		0.0%	\$0	
				TOTAL OVERHEAD & PROFIT ON DIRECT COST \$0
				SUBTOTAL \$186,300
<b>GC SUBCONTRACT(S)</b>				
Subcontracted Work				
				TOTAL SUBCONTRACT COST \$0
<b>GC FEE ON SUBCONTRACT COST</b>				
Five Percent		0.0%	\$0	
				TOTAL MARKUP ON SUBCONTRACT COST \$0
<b>MISCELLANEOUS COSTS</b>				
Miscellaneous Work				
				TOTAL MISCELLANEOUS COST \$0
<b>GC FEE ON MISCELLANEOUS COSTS</b>				
Fifteen Percent		0.0%	\$0	
				TOTAL MARKUP ON MISCELLANEOUS COSTS \$0
				<b>TOTAL CONSTRUCTION COSTS \$186,300</b>
ADDITIONAL TIME REQUIRED FOR CONTRACT COMPLETION	243	DAY(S)	Calendar Days	
	8/31/2021			
				<b>BOND AND INSURANCE (1%) N/A</b>
				<b>TOTAL COST OF CHANGE ORDER \$186,300</b>

COMPLETED BY: John Vorwerck

Attachment: Change Order 17.1 (Library Update and Change Order Approval)





**Otto Construction**  
 2150 Garden Road, Suite A-1  
 Monterey, CA 93940  
 TEL 831.657.9805 FAX 831.657.9820  
 License #178809

**OTTO ESTIMATE SUMMARY SHEET**

Otto Job No.: 18-3182  
 Project: Capitola Branch Library  
 PCO#: 10.02  
 Date: 7/16/2021

**Description of change:**

PCO 10.02 is for Otto Limited GC's. This is for PG&E Power Line Relocation, Bulletin 10 Modifications and other miscellaneous design changes, that caused the completion schedule to be extended from January 1, 2021 through August 31, 2021. Though we may be justified to receive GCs beyond March 31, 2021 for the PG&E delays, we are only including extended GCs from January 1, 2021 to March 31, 2021 (90 Calendar Days). Otto will not be charging for extended GC beyond this date for the PG&E Delays and for the other miscellaneous project scope changes that affected the schedule, unless resolution of these delays are not approved and in this PCO. We are submitting these items at cost and not including any mark up or insurance. See attached for additional information. This Change Order is to update the Project Completion Date through August 31, 2021. This PCO is part of an overall summary change order (PCO 10B), that is being submitted to finalize known PG&E Overhead Line Relocation and Bulletin 10/10R1 costs through the end of the project.

ID	Description	Days	Rate	Labor	Matl	Equip	Sub/Misc	TOTAL
1	Otto Limited GCs: 5-7-2020 through 6-30-2020 (Includes Items Below)	90	\$2,070.00	186,300			-	186,300
2	Limited Rate: 63,000 month			0			-	-
3	Limited Rate: 2,070 day			0			-	-
4				0			-	-
5	PROJECT MANAGER			included above			-	-
6	PROJECT ENGINEER			included above			-	-
7	PROJECT SUPERINTENDENT			included above			-	-
8	TEMPORARY POWER			included above			-	-
9	TEMP TOILETS & WASH STATIONS			included above			-	-
10	JOBSITE CELL PHONES			included above			-	-
11	CONST FENCE & GATES (ANNUAL)			included above			-	-
12	PICKUPS, VEHICLES, FUEL			included above			-	-
13	DUMPSTER			included above			-	-
14	CONTINUOUS CLEAN-UP			included above			-	-
15				0			-	-
16				0			-	-
17				0			-	-
18				0			-	-
19				0			-	-
20				0			-	-
		90.0		186,300	0	0	0	186,300
		186,300						

Notes:

See Below: Only the Yellow Highlighted Items are included in the costs above

- PAYMENT & PERFORMANCE BONDS
- POLLUTION LIABILITY INSURANCE
- BUILDERS RISK INSURANCE
- PROJECT MANAGER
- ESTIMATOR
- TRAVEL EXPENSE
- ENTERTAINMENT/MEALS
- PROJECT ENGINEER
- PROJECT SUPERINTENDENT
- CPM SCHEDULE
- EXTRA PLANS
- PROGRESS PHOTOS
- CITY BUSINESS LICENSE
- SAFETY INCENTIVES & AWARDS
- DRUG TESTING
- CLASSES AND TRAINING
- TEMPORARY POWER
- MONTHLY OFFICE PHONE, FAX, COPIER
- TEMPORARY HEAT
- STORAGE SHEDS
- TEMP TOILETS & WASH STATIONS
- OFFICE SUPPLIES
- POSTAGE/EXPRESS
- JOBSITE CELL PHONES
- CONST FENCE & GATES (ANNUAL)
- PICKUPS, VEHICLES, FUEL
- FORKLIFT
- MISC. SMALL TOOLS
- MAINTENANCE
- MISC. MATERIALS (FIELD)
- BARRICADES / TRAFFIC CONTROL
- FIRE EXTINGUISHERS
- PROJECT SIGN
- DUMPSTER
- FINAL CLEAN-UP
- CONTINUOUS CLEAN-UP

Attachment: Change Order 17.1 (Library Update and Change Order Approval)



### Potential Change Order (PCO) Cost Breakdown & Summary

**Project:** Capitola Branch Library      **Project #** 18-3182      **OTTO PCO #:** 10.3.2  
**VE Log Item #:** NA  
**Bulletin #:** 10, 10R1  
**Related RFI #:**  
**Date:** 7/16/21

#### Description of Change

PCO 10.3.2 is for Curtain Wall System Changes to facilitate dry in of the building and schedule progress, while awaiting the PG&E Power Line relocation work to be completed. Due to the significant safety issues created by the building proximity to the 21KV PG&E Power Lines, extraordinary measures were taken to facilitate the Curtain Wall Installation. Options were reviewed to complete the work during PG&E Power shut downs, but that was rejected, due to impacts on the City and Residences. To keep the project moving forward, Signature helped come up with a solution to complete the work while working around the live power lines. This process included jobsite safety reviews, coordination with PG&E, planning of options, revising the install to a primarily inside to outside install, additional crews and safety measures during the install, while the 21KV lines were still active. Reference the attached Signature proposal for additional information. Otto crews assistance in this process was done at no charge and Otto has not added any fee to this PCO. This PCO is part of an overall summary change order (PCO 10B), that is being submitted to finalize known PG&E Overhead Line Relocation and Bulletin 10/10R1 costs through the end of the project.

CHANGE ESTIMATE ITEM	COST	M/U %	M/U	TOTAL
<b>GC DIRECT COSTS</b>				
Otto Self-Perform Work	\$0			
TOTAL L, M, & E DIRECT COST				\$0
SUBTOTAL				\$0
<b>GC OVERHEAD &amp; PROFIT ON DIRECT COST</b>				
		5.0%	\$0	
TOTAL OVERHEAD & PROFIT ON DIRECT COST				\$0
SUBTOTAL				\$0
<b>GC SUBCONTRACT(S)</b>				
Subcontracted Work	\$44,776	5.0%		
TOTAL SUBCONTRACT COST				\$44,776
<b>GC FEE ON SUBCONTRACT COST</b>				
Five Percent		0.0%	\$0	
TOTAL MARKUP ON SUBCONTRACT COST				\$0
<b>MISCELLANEOUS COSTS</b>				
Miscellaneous Work				
TOTAL MISCELLANEOUS COST				\$0
<b>GC FEE ON MISCELLANEOUS COSTS</b>				
Fifteen Percent		0.0%	\$0	
TOTAL MARKUP ON MISCELLANEOUS COSTS				\$0
<b>TOTAL CONSTRUCTION COSTS</b>				<b>\$44,776</b>
ADDITIONAL TIME REQUIRED FOR CONTRACT COMPLETION		TBD	DAY(S)	
<b>BOND AND INSURANCE (1%)</b>				<b>\$896</b>
<b>TOTAL COST OF CHANGE ORDER</b>				<b>\$45,672</b>

COMPLETED BY: John Vorwerck

Attachment: Change Order 17.1 (Library Update and Change Order Approval)



**Otto Construction**  
 2150 Garden Road, Suite A-  
 Monterey, CA 93940  
 TEL 831.657.9805 FAX 831.657.9820  
 License #178809

## OTTO ESTIMATE SUMMARY SHEET

Otto Job No.: 18-3182  
 Project: Capitola Branch Library  
 PCO#: 10.3.2  
 Date: 7/16/2021

**Description of change:**

PCO 10.3.2 is for Curtain Wall System Changes to facilitate dry in of the building and schedule progress, while awaiting the PG&E Power Line relocation work to be completed. Due to the significant safety issues created by the building proximity to the 21KV PG&E Power Lines, extraordinary measures were take to facilitate the Curtain Wall Installation. Options were reviewed to compete the work during PG&E Power shut downs, but that was rejected, due to impacts on the City and Residences. To keep the project moving forward, Signature helped come up with a solution to complete the work while working around the live power lines. This process included jobsite safety reviews, coordination with PG&E, planning of options, revising the install to a primarily inside to outside install, additional crews and safety measures during the install, while the 21KV lines were still active. Reference the attached Signature proposal for additional information. Otto crews assistance in this process was done at no charge and Otto has not added any fee to this PCO. This PCO is part of an overall summary change order (PCO 10B), that is being to submitted to finalize known PG&E Overhead Line Relocation and Bulletin 10/10R1 costs through the end of the project.

Attachment: Change Order 17.1 (Library Update and Change Order Approval)

ID	Description	Months	Rate	Labor	Matl	Equip	Sub/Misc	TOTAL
1	Signature CO 12			0			44,776	44,776
2				0			-	-
3				0			-	-
4				0			-	-
5				0			-	-
6				0			-	-
7				0			-	-
8				0			-	-
9				0			-	-
10				0			-	-
11				0			-	-
12				0			-	-
13				0			-	-
14				0			-	-
15				0			-	-
16				0			-	-
17				0			-	-
18				0			-	-
19				0			-	-
20				0			-	-
<b>Totals</b>		0.0		0	0	0	44,776	44,776

"CHECK L,M,E,S": 44,776

Notes:



5 Materials

_____	\$	-
_____	\$	-
_____	\$	-
_____	\$	-
_____	\$	-
_____	\$	-
_____	\$	-

6 Hotel	0	days	x	\$ - /Day	\$	-
7 Small Tools		1%	x	Item	\$	-
8 Vehicle Use	0	days	x	\$ 50 /Day	\$	-
8 Equipment Rental	0	Day(s) @		\$ - /Day	\$	-
9 Escalation:	0%	of	\$0	Period Ending	\$	-
10 Freight/Transportation Cost:				\$ -	\$	-
11 Storage/Warehouse Cost:				\$ -	\$	-

TOTAL MATERIAL	\$	-
TAX	\$	-
TOTAL	\$	-

12 Sales Tax 9.00% on items 5 & 9

13 Subtotal Cost of Extra Work		\$ 40,706.22
15 Signatures' Fee - Material	10% (TOTAL ITEMS 5-11)	\$ -
15a Signatures' Fee - Labor	10% (TOTAL ITEMS 1-2)	\$ 4,070.62
15b Signatures' Fee for Subcontractor Work	10% (TOTAL ITEMS 3-4)	\$ -
17 Project Extended Overhead:	DAYS \$ - /Day	\$ -
	<b>SUBTOTAL</b>	<b>\$ 44,776.84</b>

18 Bond Fee \$ - x 1.50% \$ -

We propose hereby to furnish material and labor - complete in accordance with the above specifications, for the sum of:

<b>TOTAL CHANGE ORDER FORM</b>	<b>\$ 44,776.84</b>
--------------------------------	---------------------

**SUMMARY OF CONTRACT COST**

Original Contract Price	\$	_____
Prior Adjustments	\$	_____
Adjustments for this Change	\$	_____
Revised Contract Sum	\$	_____

**SUMMARY OF CONTRACT TIME**

**PROJECT MANAGER**

  
 Steve Stewart (President)  
 Signature Glass & Windows, Inc.

\_\_\_\_\_  
 Project Manager (Officer)  
 General Contractor

Attachment: Change Order 17.1 (Library Update and Change Order Approval)

**Vertical Curtain Wall Metal Install**

25 verticals- 3Guys @ 2hrs per vertical = 150 Hrs.

**Install Middle Glass at CW1, CW2, CW3, CW4, CW5, CW11**

21 Pieces- 7 Guys @ 1.25hr per a piece = 183 <sup>3</sup>/<sub>4</sub> Hrs.

**Install Top Glass & Vents at CW1, CW2, CW3, CW4, CW5, CW11**

21 Pieces- 2 Guys @ 1.25hr per a piece = 52.5 Hrs.

**Total hours = 386.25**

Scissor Lift was also needed but Signature Glass had a lift figured and covered this portion.



### Potential Change Order (PCO) Cost Breakdown & Summary

**Project:** Capitola Branch Library      **Project #:** 18-3182      **OTTO PCO #:** 10.10  
**VE Log Item #:** N/A  
**Bulletin #:** Varies  
**Related RFI #:** Varies  
**Date:** 7/16/21

PCO 10.10 is for Delay Costs to the Subcontractors for Labor Cost Increases. Prevailing Wage increases were incurred between the time frame between May 2020 and the project completion. Most of the subs that had final MEP and finish work to do while awaiting PG&E power line and structure completion were affected. As of this date, we only have received additional costs from Collins Electric and T3. See attached for additional information. This PCO is part of an overall summary change order (PCO 10B), that is being to submitted to finalize known PG&E Overhead Line Relocation and Bulletin 10/10R1 costs through the end of the project. Otto is not charging any fee on this PCO.

CHANGE ESTIMATE ITEM	COST	M/U %	M/U TOTAL	
<b>GC DIRECT COSTS</b>				
Otto Self-Perform Work	\$0			
				TOTAL L, M, & E DIRECT COST
				\$0
				SUBTOTAL
				\$0
<b>GC OVERHEAD &amp; PROFIT ON DIRECT COST</b>				
		5.0%	\$0	
				TOTAL OVERHEAD & PROFIT ON DIRECT COST
				\$0
				SUBTOTAL
				\$0
<b>GC SUBCONTRACT(S)</b>				
Subcontracted Work	\$15,339			
				TOTAL SUBCONTRACT COST
				\$15,339
<b>GC FEE ON SUBCONTRACT COST</b>				
Five Percent		0.0%	\$0	
				TOTAL MARKUP ON SUBCONTRACT COST
				\$0
<b>MISCELLANEOUS COSTS</b>				
Miscellaneous Work				
				TOTAL MISCELLANEOUS COST
				\$0
<b>GC FEE ON MISCELLANEOUS COSTS</b>				
Fifteen Percent		0.0%	\$0	
				TOTAL MARKUP ON MISCELLANEOUS COSTS
				\$0
				TOTAL CONSTRUCTION COSTS
				\$15,339
ADDITIONAL TIME REQUIRED FOR CONTRACT COMPLETION	TBD	DAY(S)	Calendar Days	
				BOND AND INSURANCE (1%)
				\$225
				TOTAL COST OF CHANGE ORDER
				\$15,564

COMPLETED BY: John Vorwerck

Attachment: Change Order 17.1 (Library Update and Change Order Approval)



**Otto Construction**  
 2150 Garden Road, Suite A-1  
 Monterey, CA 93940  
 TEL 831.657.9805 FAX 831.657.9820  
 License #178809

## OTTO ESTIMATE SUMMARY SHEET

Otto Job No.: 18-3182  
 Project: Capitola Branch Library  
 PCO#: 10.1  
 Date: 7/16/2021

**Description of change:**

PCO 10.10 is for Delay Costs to the Subcontractors for Labor Cost Increases. Prevailing Wage increases were incurred between the time frame between May 2020 and the project completion. Most of the subs that had final MEP and finish work to do while awaiting PG&E power line and structure completion were affected. As of this date, we only have received additional costs from Collins Electric and T3. See attached for additional information. This PCO is part of an overall summary change order (PCO 10B), that is being submitted to finalize known PG&E Overhead Line Relocation and Bulletin 10/10R1 costs through the end of the project. Otto is not charging any fee on this PCO.

ID	Description	Days	Rate	Labor	Matl	Equip	Sub/Misc	TOTAL
1	Collins: CRP 29: 7-6-2021			0			10,246	10,246
2	T3: Proposal 7-8-2021			0			5,093	5,093
3				0			-	-
4				0			-	-
5				0			-	-
6				0			-	-
7				0			-	-
8				0			-	-
9				0			-	-
10				0			-	-
11				0			-	-
12				0			-	-
13				0			-	-
14				0			-	-
15				0			-	-
16				0			-	-
17				0			-	-
18				0			-	-
19				0			-	-
20				0			-	-
		0.0		0	0	0	15,339	15,339

Attachment: Change Order 17.1 (Library Update and Change Order Approval)



# Change Request Proposal

Project: 192001 / CAPITOLA LIBRARY-234  
 (name and address) 2005 WHARF ROAD  
 CAPITOLA, CA 95010

Change request number: 029  
 Description: Time Extension Cost - Labor Rate Increase Only

Customer: JOHN F. OTTO INC DBA OTTO CONS

**Notice to Proceed**

Submitted date:  
 Received date:  
 Rough order of magnitude: 0.00

Status: PROPOSED  
 Origination date: 07/06/21

**Quotation**

Submitted date: 07/06/21  
 Due date:  
 Submitted amount: 10,246.00  
 Requested days delay: 0

**Revenue Detail**

Billing Item	Description	Revenue
		10,246.00
<b>Total Revenue For CR 029</b>		<b>10,246.00</b>

**Approvals**

Customer: JOHN F. OTTO INC DBA OTTO CONS  
 Authorized Representative: \_\_\_\_\_  
 By: \_\_\_\_\_  
 Date: \_\_\_\_\_

Contractor: COLLINS ELECTRICAL COMPANY INC  
 By: \_\_\_\_\_  
 Date: \_\_\_\_\_

Totals Per Week

Row Labels	Sum of Hours				
<b>5/18/2020</b>	<b>16</b>				
ANTHONY C GRANDELLI	8	\$	3.34	\$	26.72
TERRY J TATROE	8	\$	4.02	\$	32.16
<b>5/19/2020</b>	<b>12</b>				
ANTHONY C GRANDELLI	7	\$	3.34	\$	23.38
TERRY J TATROE	5	\$	4.02	\$	20.10
<b>7/2/2020</b>	<b>8</b>				
TERRY J TATROE	8	\$	4.02	\$	32.16
<b>7/13/2020</b>	<b>32</b>				
ALFREDO ORTIZ CUADRAS	8	\$	3.72	\$	29.76
J GUADALUPE ORTIZ	8	\$	3.72	\$	29.76
RANDALL B EVANS	8	\$	4.02	\$	32.16
TERRY J TATROE	8	\$	4.02	\$	32.16
<b>7/14/2020</b>	<b>30</b>				
ALFREDO ORTIZ CUADRAS	8	\$	3.72	\$	29.76
J GUADALUPE ORTIZ	8	\$	3.72	\$	29.76
RANDALL B EVANS	6	\$	4.02	\$	24.12
TERRY J TATROE	8	\$	4.02	\$	32.16
<b>7/15/2020</b>	<b>10</b>				
RANDALL B EVANS	2	\$	4.02	\$	8.04
TERRY J TATROE	8	\$	4.02	\$	32.16
<b>7/16/2020</b>	<b>38</b>				
ALFREDO ORTIZ CUADRAS	8	\$	3.72	\$	29.76
CRISTIAN M GONZALEZ	8	\$	3.34	\$	26.72
J GUADALUPE ORTIZ	8	\$	3.72	\$	29.76
RANDALL B EVANS	6	\$	4.02	\$	24.12
TERRY J TATROE	8	\$	4.02	\$	32.16
<b>7/17/2020</b>	<b>27</b>				
ALFREDO ORTIZ CUADRAS	8	\$	3.72	\$	29.76
CRISTIAN M GONZALEZ	8	\$	3.34	\$	26.72
J GUADALUPE ORTIZ	1.5	\$	3.72	\$	5.58
RANDALL B EVANS	1.5	\$	4.02	\$	6.03
TERRY J TATROE	8	\$	4.02	\$	32.16
<b>7/20/2020</b>	<b>37</b>				
ALFREDO ORTIZ CUADRAS	7	\$	3.72	\$	26.04
CRISTIAN M GONZALEZ	8	\$	3.34	\$	26.72
J GUADALUPE ORTIZ	7	\$	3.72	\$	26.04
RANDALL B EVANS	7	\$	4.02	\$	28.14
TERRY J TATROE	8	\$	4.02	\$	32.16
<b>7/21/2020</b>	<b>37</b>				
ALFREDO ORTIZ CUADRAS	7	\$	3.72	\$	26.04
CRISTIAN M GONZALEZ	8	\$	3.34	\$	26.72
J GUADALUPE ORTIZ	7	\$	3.72	\$	26.04
RANDALL B EVANS	7	\$	4.02	\$	28.14
TERRY J TATROE	8	\$	4.02	\$	32.16
<b>7/22/2020</b>	<b>16</b>				
CRISTIAN M GONZALEZ	8	\$	3.34	\$	26.72
TERRY J TATROE	8	\$	4.02	\$	32.16
<b>7/23/2020</b>	<b>36</b>				
ALFREDO ORTIZ CUADRAS	8	\$	3.72	\$	29.76
CRISTIAN M GONZALEZ	8	\$	3.34	\$	26.72
J GUADALUPE ORTIZ	8	\$	3.72	\$	29.76
RANDALL B EVANS	4	\$	4.02	\$	16.08
TERRY J TATROE	8	\$	4.02	\$	32.16
<b>7/24/2020</b>	<b>16</b>				
CRISTIAN M GONZALEZ	8	\$	3.34	\$	26.72
TERRY J TATROE	8	\$	4.02	\$	32.16
<b>7/27/2020</b>	<b>16</b>				
CRISTIAN M GONZALEZ	8	\$	3.34	\$	26.72
TERRY J TATROE	8	\$	4.02	\$	32.16

Attachment: Change Order 17.1 (Library Update and Change Order Approval)

<b>7/28/2020</b>	<b>16</b>			\$	-
CRISTIAN M GONZALEZ	8		\$	3.34	\$ 26.72
TERRY J TATROE	8		\$	4.02	\$ 32.16
<b>7/29/2020</b>	<b>16</b>			\$	-
CRISTIAN M GONZALEZ	8		\$	3.34	\$ 26.72
TERRY J TATROE	8		\$	4.02	\$ 32.16
<b>7/30/2020</b>	<b>16</b>			\$	-
CRISTIAN M GONZALEZ	8		\$	3.34	\$ 26.72
TERRY J TATROE	8		\$	4.02	\$ 32.16
<b>7/31/2020</b>	<b>16</b>			\$	-
CRISTIAN M GONZALEZ	8		\$	3.34	\$ 26.72
TERRY J TATROE	8		\$	4.02	\$ 32.16
<b>8/3/2020</b>	<b>16</b>	<b>96</b>		\$	-
CRISTIAN M GONZALEZ	8		\$	3.34	\$ 26.72
TERRY J TATROE	8		\$	4.02	\$ 32.16
<b>8/4/2020</b>	<b>31</b>			\$	-
CRISTIAN M GONZALEZ	8		\$	3.34	\$ 26.72
CRISTOBAL ORTIZ CUADRAS JR	6		\$	3.72	\$ 22.32
JOVANNI GUZMAN	6		\$	3.72	\$ 22.32
SERGIO DIAZ	3		\$	3.34	\$ 10.02
TERRY J TATROE	8		\$	4.02	\$ 32.16
<b>8/5/2020</b>	<b>16</b>			\$	-
CRISTIAN M GONZALEZ	8		\$	3.34	\$ 26.72
TERRY J TATROE	8		\$	4.02	\$ 32.16
<b>8/6/2020</b>	<b>16</b>			\$	-
CRISTIAN M GONZALEZ	8		\$	3.34	\$ 26.72
TERRY J TATROE	8		\$	4.02	\$ 32.16
<b>8/7/2020</b>	<b>16</b>	<b>79</b>		\$	-
CRISTIAN M GONZALEZ	8		\$	3.34	\$ 26.72
TERRY J TATROE	8		\$	4.02	\$ 32.16
<b>8/10/2020</b>	<b>16</b>			\$	-
CRISTIAN M GONZALEZ	8		\$	3.34	\$ 26.72
TERRY J TATROE	8		\$	4.02	\$ 32.16
<b>8/11/2020</b>	<b>16</b>			\$	-
CRISTIAN M GONZALEZ	8		\$	3.34	\$ 26.72
TERRY J TATROE	8		\$	4.02	\$ 32.16
<b>8/12/2020</b>	<b>16</b>			\$	-
CRISTIAN M GONZALEZ	8		\$	3.34	\$ 26.72
TERRY J TATROE	8		\$	4.02	\$ 32.16
<b>8/13/2020</b>	<b>16</b>			\$	-
CRISTIAN M GONZALEZ	8		\$	3.34	\$ 26.72
TERRY J TATROE	8		\$	4.02	\$ 32.16
<b>8/14/2020</b>	<b>16</b>	<b>80</b>		\$	-
CRISTIAN M GONZALEZ	8		\$	3.34	\$ 26.72
TERRY J TATROE	8		\$	4.02	\$ 32.16
<b>8/17/2020</b>	<b>24</b>			\$	-
CRISTIAN M GONZALEZ	8		\$	3.34	\$ 26.72
CRISTOBAL ORTIZ CUADRAS JR	8		\$	3.72	\$ 29.76
TERRY J TATROE	8		\$	4.02	\$ 32.16
<b>8/18/2020</b>	<b>24</b>			\$	-
CRISTIAN M GONZALEZ	8		\$	3.34	\$ 26.72
CRISTOBAL ORTIZ CUADRAS JR	8		\$	3.72	\$ 29.76
TERRY J TATROE	8		\$	4.02	\$ 32.16
<b>8/19/2020</b>	<b>24</b>			\$	-
CRISTIAN M GONZALEZ	8		\$	3.34	\$ 26.72
CRISTOBAL ORTIZ CUADRAS JR	8		\$	3.72	\$ 29.76
TERRY J TATROE	8		\$	4.02	\$ 32.16
<b>8/20/2020</b>	<b>16</b>			\$	-
CRISTOBAL ORTIZ CUADRAS JR	8		\$	3.34	\$ 26.72
TERRY J TATROE	8		\$	4.02	\$ 32.16
<b>8/21/2020</b>	<b>8</b>	<b>96</b>		\$	-
TERRY J TATROE	8		\$	4.02	\$ 32.16
<b>8/24/2020</b>	<b>16</b>			\$	-

Attachment: Change Order 17.1 (Library Update and Change Order Approval)

CRISTIAN M GONZALEZ	8		\$	3.34	\$	26.72
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>8/25/2020</b>	<b>24</b>				\$	-
CRISTIAN M GONZALEZ	8		\$	3.34	\$	26.72
KYLE H TUCK	8		\$	3.72	\$	29.76
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>8/26/2020</b>	<b>24</b>				\$	-
CRISTIAN M GONZALEZ	8		\$	3.34	\$	26.72
KYLE H TUCK	8		\$	3.72	\$	29.76
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>8/27/2020</b>	<b>21.5</b>				\$	-
CRISTIAN M GONZALEZ	8		\$	3.34	\$	26.72
KYLE H TUCK	8		\$	3.72	\$	29.76
TERRY J TATROE	5.5		\$	4.02	\$	22.11
<b>8/28/2020</b>	<b>24</b>	<b>109.5</b>			\$	-
CRISTIAN M GONZALEZ	8		\$	3.34	\$	26.72
KYLE H TUCK	8		\$	3.72	\$	29.76
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>8/31/2020</b>	<b>24</b>	<b>24</b>			\$	-
CRISTIAN M GONZALEZ	8		\$	3.34	\$	26.72
KYLE H TUCK	8		\$	3.72	\$	29.76
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>9/1/2020</b>	<b>24</b>				\$	-
CRISTIAN M GONZALEZ	8		\$	3.34	\$	26.72
KYLE H TUCK	8		\$	3.72	\$	29.76
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>9/2/2020</b>	<b>24</b>				\$	-
CRISTIAN M GONZALEZ	8		\$	3.34	\$	26.72
KYLE H TUCK	8		\$	3.72	\$	29.76
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>9/3/2020</b>	<b>24</b>	<b>72</b>			\$	-
CRISTIAN M GONZALEZ	8		\$	3.34	\$	26.72
KYLE H TUCK	8		\$	3.72	\$	29.76
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>9/8/2020</b>	<b>24</b>				\$	-
CRISTIAN M GONZALEZ	8		\$	3.34	\$	26.72
KYLE H TUCK	8		\$	3.72	\$	29.76
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>9/9/2020</b>	<b>24</b>				\$	-
CRISTIAN M GONZALEZ	8		\$	3.34	\$	26.72
KYLE H TUCK	8		\$	3.72	\$	29.76
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>9/10/2020</b>	<b>24</b>				\$	-
CRISTIAN M GONZALEZ	8		\$	3.34	\$	26.72
KYLE H TUCK	8		\$	3.72	\$	29.76
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>9/11/2020</b>	<b>24</b>	<b>96</b>			\$	-
CRISTIAN M GONZALEZ	8		\$	3.34	\$	26.72
KYLE H TUCK	8		\$	3.72	\$	29.76
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>9/14/2020</b>	<b>24</b>				\$	-
CRISTIAN M GONZALEZ	8		\$	3.34	\$	26.72
KYLE H TUCK	8		\$	3.72	\$	29.76
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>9/15/2020</b>	<b>24</b>				\$	-
CRISTIAN M GONZALEZ	8		\$	3.34	\$	26.72
KYLE H TUCK	8		\$	3.72	\$	29.76
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>9/16/2020</b>	<b>24</b>				\$	-
CRISTIAN M GONZALEZ	8		\$	3.34	\$	26.72
KYLE H TUCK	8		\$	3.72	\$	29.76
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>9/17/2020</b>	<b>24</b>				\$	-

Attachment: Change Order 17.1 (Library Update and Change Order Approval)

CRISTIAN M GONZALEZ	8		\$	3.34	\$	26.72
KYLE H TUCK	8		\$	3.72	\$	29.76
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>9/18/2020</b>	<b>24</b>	<b>120</b>			\$	-
CRISTIAN M GONZALEZ	8		\$	3.34	\$	26.72
KYLE H TUCK	8		\$	3.72	\$	29.76
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>9/21/2020</b>	<b>16</b>				\$	-
CRISTIAN M GONZALEZ	8		\$	3.34	\$	26.72
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>9/22/2020</b>	<b>16</b>				\$	-
CRISTIAN M GONZALEZ	8		\$	3.34	\$	26.72
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>9/23/2020</b>	<b>16</b>				\$	-
CRISTIAN M GONZALEZ	8		\$	3.34	\$	26.72
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>9/24/2020</b>	<b>0.5</b>	<b>48.5</b>			\$	-
TERRY J TATROE	0.5		\$	3.34	\$	1.67
<b>11/6/2020</b>	<b>7.75</b>				\$	-
TERRY J TATROE	7.75		\$	4.02	\$	31.16
<b>11/23/2020</b>	<b>16</b>				\$	-
ALFREDO NICOLOSI	8		\$	3.34	\$	26.72
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>11/24/2020</b>	<b>16</b>				\$	-
ALFREDO NICOLOSI	8		\$	3.34	\$	26.72
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>11/25/2020</b>	<b>16</b>	<b>55.75</b>			\$	-
ALFREDO NICOLOSI	8		\$	3.34	\$	26.72
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>11/30/2020</b>	<b>17</b>				\$	-
ALFREDO NICOLOSI	8		\$	3.34	\$	26.72
HECTOR CAMACHO	1		\$	4.32	\$	4.32
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>12/1/2020</b>	<b>16</b>				\$	-
ALFREDO NICOLOSI	8		\$	3.34	\$	26.72
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>12/2/2020</b>	<b>16</b>				\$	-
ALFREDO NICOLOSI	8		\$	3.34	\$	26.72
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>12/3/2020</b>	<b>17</b>				\$	-
ALFREDO NICOLOSI	8		\$	3.34	\$	26.72
HECTOR CAMACHO	1		\$	4.32	\$	4.32
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>12/4/2020</b>	<b>17</b>	<b>83</b>			\$	-
ALFREDO NICOLOSI	8		\$	3.34	\$	26.72
HECTOR CAMACHO	1		\$	4.32	\$	4.32
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>12/7/2020</b>	<b>18</b>				\$	-
ALFREDO NICOLOSI	8		\$	3.34	\$	26.72
HECTOR CAMACHO	2		\$	4.32	\$	8.64
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>12/8/2020</b>	<b>18</b>				\$	-
ALFREDO NICOLOSI	8		\$	3.34	\$	26.72
HECTOR CAMACHO	2		\$	4.32	\$	8.64
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>12/9/2020</b>	<b>16</b>				\$	-
ALFREDO NICOLOSI	8		\$	3.34	\$	26.72
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>12/10/2020</b>	<b>17</b>				\$	-
ALFREDO NICOLOSI	8		\$	3.34	\$	26.72
HECTOR CAMACHO	1		\$	4.32	\$	4.32
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>12/11/2020</b>	<b>16</b>	<b>85</b>			\$	-

Attachment: Change Order 17.1 (Library Update and Change Order Approval)

ALFREDO NICOLOSI	8		\$	3.34	\$	26.72
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>12/14/2020</b>	<b>16</b>				\$	-
ALFREDO NICOLOSI	8		\$	3.34	\$	26.72
HECTOR CAMACHO	1		\$	4.32	\$	4.32
TERRY J TATROE	7		\$	4.02	\$	28.14
<b>12/15/2020</b>	<b>16</b>				\$	-
ALFREDO NICOLOSI	8		\$	3.34	\$	26.72
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>12/16/2020</b>	<b>17</b>				\$	-
ALFREDO NICOLOSI	8		\$	3.34	\$	26.72
HECTOR CAMACHO	1		\$	4.32	\$	4.32
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>12/17/2020</b>	<b>16</b>				\$	-
ALFREDO NICOLOSI	8		\$	3.34	\$	26.72
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>12/18/2020</b>	<b>16</b>	<b>81</b>			\$	-
ALFREDO NICOLOSI	8		\$	3.34	\$	26.72
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>12/21/2020</b>	<b>16</b>				\$	-
ALFREDO NICOLOSI	8		\$	3.34	\$	26.72
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>12/22/2020</b>	<b>17</b>				\$	-
ALFREDO NICOLOSI	8		\$	3.34	\$	26.72
HECTOR CAMACHO	1		\$	4.32	\$	4.32
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>12/23/2020</b>	<b>17</b>	<b>50</b>			\$	-
ALFREDO NICOLOSI	8		\$	3.34	\$	26.72
HECTOR CAMACHO	1		\$	4.32	\$	4.32
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>12/28/2020</b>	<b>18</b>				\$	-
ALFREDO NICOLOSI	8		\$	3.34	\$	26.72
HECTOR CAMACHO	2		\$	4.32	\$	8.64
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>12/29/2020</b>	<b>24</b>				\$	-
ALFREDO NICOLOSI	8		\$	3.34	\$	26.72
RICKY RODRIGUEZ JR	8		\$	3.34	\$	26.72
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>12/30/2020</b>	<b>26</b>	<b>68</b>			\$	-
ALFREDO NICOLOSI	8		\$	3.34	\$	26.72
HECTOR CAMACHO	2		\$	4.32	\$	8.64
RICKY RODRIGUEZ JR	8		\$	3.34	\$	26.72
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>1/4/2021</b>	<b>35</b>				\$	-
ALFREDO NICOLOSI	8		\$	3.34	\$	26.72
HECTOR CAMACHO	3		\$	4.32	\$	12.96
JUSTIN A ANDERSON	8		\$	4.02	\$	32.16
RICKY RODRIGUEZ JR	8		\$	3.34	\$	26.72
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>1/5/2021</b>	<b>25</b>				\$	-
ALFREDO NICOLOSI	8		\$	3.34	\$	26.72
HECTOR CAMACHO	1		\$	4.32	\$	4.32
JUSTIN A ANDERSON	8		\$	4.02	\$	32.16
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>1/6/2021</b>	<b>25</b>				\$	-
ALFREDO NICOLOSI	8		\$	3.34	\$	26.72
HECTOR CAMACHO	1		\$	4.32	\$	4.32
JUSTIN A ANDERSON	8		\$	4.02	\$	32.16
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>1/7/2021</b>	<b>29</b>				\$	-
ALFREDO NICOLOSI	8		\$	3.34	\$	26.72
HECTOR CAMACHO	2		\$	4.32	\$	8.64
JUSTIN A ANDERSON	8		\$	4.02	\$	32.16

Attachment: Change Order 17.1 (Library Update and Change Order Approval)

SERGIO DIAZ	3		\$	3.34	\$	10.02
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>1/8/2021</b>	<b>33</b>	<b>147</b>			\$	-
ALFREDO NICOLOSI	8		\$	3.34	\$	26.72
HECTOR CAMACHO	1		\$	4.32	\$	4.32
JUSTIN A ANDERSON	8		\$	4.02	\$	32.16
SERGIO DIAZ	8		\$	3.34	\$	26.72
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>1/11/2021</b>	<b>29</b>				\$	-
ALFREDO NICOLOSI	8		\$	3.34	\$	26.72
JUSTIN A ANDERSON	5		\$	4.02	\$	20.10
SERGIO DIAZ	8		\$	3.34	\$	26.72
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>1/12/2021</b>	<b>33</b>				\$	-
HECTOR CAMACHO	1		\$	4.32	\$	4.32
JUSTIN A ANDERSON	8		\$	4.02	\$	32.16
JUSTIN D SOTO	8		\$	3.34	\$	26.72
SERGIO DIAZ	8		\$	3.34	\$	26.72
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>1/13/2021</b>	<b>34</b>				\$	-
HECTOR CAMACHO	2		\$	4.32	\$	8.64
JUSTIN A ANDERSON	8		\$	4.02	\$	32.16
JUSTIN D SOTO	8		\$	3.34	\$	26.72
SERGIO DIAZ	8		\$	3.34	\$	26.72
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>1/14/2021</b>	<b>31</b>				\$	-
HECTOR CAMACHO	1		\$	4.32	\$	4.32
JUSTIN A ANDERSON	7		\$	4.02	\$	28.14
JUSTIN D SOTO	8		\$	3.34	\$	26.72
SERGIO DIAZ	8		\$	3.34	\$	26.72
TERRY J TATROE	7		\$	4.02	\$	28.14
<b>1/15/2021</b>	<b>26</b>	<b>153</b>			\$	-
HECTOR CAMACHO	2		\$	4.32	\$	8.64
JUSTIN A ANDERSON	8		\$	4.02	\$	32.16
SERGIO DIAZ	8		\$	3.34	\$	26.72
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>1/19/2021</b>	<b>25.5</b>				\$	-
HECTOR CAMACHO	1.5		\$	4.32	\$	6.48
JUSTIN A ANDERSON	8		\$	4.02	\$	32.16
SERGIO DIAZ	8		\$	3.34	\$	26.72
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>1/20/2021</b>	<b>26</b>				\$	-
HECTOR CAMACHO	2		\$	4.32	\$	8.64
JUSTIN A ANDERSON	8		\$	4.02	\$	32.16
SERGIO DIAZ	8		\$	3.34	\$	26.72
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>1/21/2021</b>	<b>16</b>				\$	-
SERGIO DIAZ	8		\$	3.34	\$	26.72
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>1/22/2021</b>	<b>18</b>	<b>85.5</b>			\$	-
HECTOR CAMACHO	2		\$	4.32	\$	8.64
SERGIO DIAZ	8		\$	3.34	\$	26.72
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>1/25/2021</b>	<b>18</b>				\$	-
HECTOR CAMACHO	2		\$	4.32	\$	8.64
SERGIO DIAZ	8		\$	3.34	\$	26.72
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>1/26/2021</b>	<b>17.5</b>				\$	-
HECTOR CAMACHO	1.5		\$	4.32	\$	6.48
SERGIO DIAZ	8		\$	3.34	\$	26.72
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>1/27/2021</b>	<b>26</b>				\$	-
HECTOR CAMACHO	2		\$	4.32	\$	8.64

Attachment: Change Order 17.1 (Library Update and Change Order Approval)

JUSTIN D SOTO	8		\$	3.34	\$	26.72
SERGIO DIAZ	8		\$	3.34	\$	26.72
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>1/28/2021</b>	<b>34</b>				\$	-
HECTOR CAMACHO	2		\$	4.32	\$	8.64
JUSTIN A ANDERSON	8		\$	4.02	\$	32.16
JUSTIN D SOTO	8		\$	3.34	\$	26.72
SERGIO DIAZ	8		\$	3.34	\$	26.72
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>1/29/2021</b>	<b>32</b>	<b>127.5</b>			\$	-
JUSTIN A ANDERSON	8		\$	4.02	\$	32.16
JUSTIN D SOTO	8		\$	3.34	\$	26.72
SERGIO DIAZ	8		\$	3.34	\$	26.72
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>2/1/2021</b>	<b>26</b>				\$	-
GILBERTO ESPINDOLA RAMIREZ	8		\$	3.34	\$	26.72
HECTOR CAMACHO	2		\$	4.32	\$	8.64
JUSTIN A ANDERSON	8		\$	4.02	\$	32.16
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>2/2/2021</b>	<b>26</b>				\$	-
GILBERTO ESPINDOLA RAMIREZ	8		\$	3.34	\$	26.72
HECTOR CAMACHO	2		\$	4.32	\$	8.64
JUSTIN A ANDERSON	8		\$	4.02	\$	32.16
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>2/3/2021</b>	<b>34</b>				\$	-
GILBERTO ESPINDOLA RAMIREZ	8		\$	3.34	\$	26.72
HECTOR CAMACHO	2		\$	4.32	\$	8.64
JUSTIN A ANDERSON	8		\$	4.02	\$	32.16
SERGIO DIAZ	8		\$	3.34	\$	26.72
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>2/4/2021</b>	<b>34</b>				\$	-
GILBERTO ESPINDOLA RAMIREZ	8		\$	3.34	\$	26.72
HECTOR CAMACHO	2		\$	4.32	\$	8.64
JUSTIN A ANDERSON	8		\$	4.02	\$	32.16
SERGIO DIAZ	8		\$	3.34	\$	26.72
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>2/5/2021</b>	<b>19</b>	<b>139</b>			\$	-
GILBERTO ESPINDOLA RAMIREZ	8		\$	3.34	\$	26.72
HECTOR CAMACHO	1		\$	4.32	\$	4.32
SERGIO DIAZ	2		\$	3.34	\$	6.68
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>2/8/2021</b>	<b>26</b>				\$	-
GILBERTO ESPINDOLA RAMIREZ	8		\$	3.34	\$	26.72
HECTOR CAMACHO	2		\$	4.32	\$	8.64
SERGIO DIAZ	8		\$	3.34	\$	26.72
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>2/9/2021</b>	<b>34</b>				\$	-
GILBERTO ESPINDOLA RAMIREZ	8		\$	3.34	\$	26.72
HECTOR CAMACHO	2		\$	4.32	\$	8.64
JUSTIN A ANDERSON	8		\$	4.02	\$	32.16
SERGIO DIAZ	8		\$	3.34	\$	26.72
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>2/10/2021</b>	<b>18</b>				\$	-
HECTOR CAMACHO	2		\$	4.32	\$	8.64
JUSTIN A ANDERSON	8		\$	4.02	\$	32.16
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>2/11/2021</b>	<b>8</b>				\$	-
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>2/12/2021</b>	<b>8</b>	<b>94</b>			\$	-
TERRY J TATROE	8		\$	4.02	\$	32.16
<b>2/16/2021</b>	<b>9</b>				\$	-
HECTOR CAMACHO	1		\$	4.32	\$	4.32
TERRY J TATROE	8		\$	4.02	\$	32.16

Attachment: Change Order 17.1 (Library Update and Change Order Approval)



2/17/2021	8			\$	-
TERRY J TATROE	8		\$	4.02	\$ 32.16
2/18/2021	9			\$	-
HECTOR CAMACHO	1		\$	4.32	\$ 4.32
TERRY J TATROE	8		\$	4.02	\$ 32.16
2/19/2021	7			\$	-
TERRY J TATROE	7		\$	4.02	\$ 28.14
2/22/2021	16	49		\$	-
ALFREDO ORTIZ CUADRAS	8		\$	3.34	\$ 26.72
HECTOR CAMACHO	1		\$	4.32	\$ 4.32
TERRY J TATROE	7		\$	4.02	\$ 28.14
2/23/2021	8			\$	-
TERRY J TATROE	8		\$	4.02	\$ 32.16
2/24/2021	10			\$	-
HECTOR CAMACHO	2		\$	4.32	\$ 8.64
TERRY J TATROE	8		\$	4.02	\$ 32.16
2/25/2021	8			\$	-
TERRY J TATROE	8		\$	4.02	\$ 32.16
2/26/2021	9	35		\$	-
HECTOR CAMACHO	1		\$	4.32	\$ 4.32
TERRY J TATROE	8		\$	4.02	\$ 32.16
(blank)					
(blank)					
<b>Grand Total</b>	<b>2388.75</b>	<b>2388.75</b>		\$	8,909.23
			15% MARKUP	\$	1,336.38
				\$	10,245.61

Attachment: Change Order 17.1 (Library Update and Change Order Approval)

# Correspondence



**t3 Inc**  
 42307 Osgood Road, Suite F  
 Fremont, CA 94539-5062

510.440.0157 Voice  
 510.440.0159 Fax

Date of Transmittal: **07/08/2021**

Prepared By: **Mike Womack**

<p>To: <b>John Vorwerck</b></p> <p><b>Otto Construction</b>  <b>1717 Second Street</b>  <b>Sacramento CA 95811</b></p> <p>Fax:</p>	<p>Project: <span style="float: right;">T3 Job#: <b>185029</b></span></p> <p><b>Capitola Library</b>  <b>2005 Wharf Road</b>  <b>Capitola CA 95010</b></p> <p>Subject: <b>Labor impact for delay</b></p>
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John,  
 Please see attached sheets for labor increases due to delays on job.

Total labor increase: \$5,093.00  
 15% Mark up: 764.00  
 Total Cost: \$5,857.00

**Attachment: Change Order 17.1 (Library Update and Change Order Approval)**

Journeyman

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107 - Kyle E Mosley	03/01/2021	8
107 - Kyle E Mosley	03/02/2021	8
107 - Kyle E Mosley	03/03/2021	8
107 - Kyle E Mosley	03/05/2021	8
115 - Antonio Herrera	03/01/2021	8
115 - Antonio Herrera	03/02/2021	8
115 - Antonio Herrera	03/03/2021	8
115 - Antonio Herrera	03/04/2021	8
115 - Antonio Herrera	03/05/2021	8
115 - Antonio Herrera	03/08/2021	8
115 - Antonio Herrera	03/09/2021	8
115 - Antonio Herrera	03/10/2021	8
115 - Antonio Herrera	03/11/2021	8
115 - Antonio Herrera	03/12/2021	8
170 - Pedro Cabrera	11/09/2020	5
170 - Pedro Cabrera	11/11/2020	8
170 - Pedro Cabrera	11/12/2020	8
170 - Pedro Cabrera	11/13/2020	8
170 - Pedro Cabrera	11/16/2020	3.5
177 - John Garcia	12/18/2020	8
177 - John Garcia	12/21/2020	8
177 - John Garcia	12/21/2020	-8
177 - John Garcia	12/21/2020	8
177 - John Garcia	12/22/2020	8
177 - John Garcia	12/23/2020	7.5
177 - John Garcia	12/28/2020	8
177 - John Garcia	12/29/2020	8
177 - John Garcia	12/30/2020	6
177 - John Garcia	12/30/2020	2
177 - John Garcia	12/31/2020	8
177 - John Garcia	01/04/2021	8
177 - John Garcia	01/05/2021	8
177 - John Garcia	01/07/2021	1
177 - John Garcia	01/07/2021	7
177 - John Garcia	01/11/2021	8
177 - John Garcia	01/12/2021	2
177 - John Garcia	01/12/2021	6
177 - John Garcia	01/20/2021	8
177 - John Garcia	01/21/2021	8
177 - John Garcia	01/22/2021	8
177 - John Garcia	01/25/2021	8
177 - John Garcia	01/26/2021	8
177 - John Garcia	01/27/2021	8
177 - John Garcia	01/28/2021	8
177 - John Garcia	01/29/2021	8
177 - John Garcia	02/02/2021	4

177 - John Garcia	02/02/2021	4
177 - John Garcia	02/03/2021	6
177 - John Garcia	02/03/2021	2
177 - John Garcia	02/04/2021	2
177 - John Garcia	02/04/2021	5
177 - John Garcia	02/04/2021	1
177 - John Garcia	02/05/2021	8
177 - John Garcia	02/08/2021	2
177 - John Garcia	02/08/2021	6
177 - John Garcia	02/09/2021	8
177 - John Garcia	02/10/2021	8
177 - John Garcia	02/11/2021	7
177 - John Garcia	02/16/2021	8
177 - John Garcia	02/17/2021	8
177 - John Garcia	02/18/2021	7
177 - John Garcia	02/19/2021	7
177 - John Garcia	02/22/2021	8
177 - John Garcia	02/23/2021	8
177 - John Garcia	02/24/2021	7
177 - John Garcia	02/25/2021	8
177 - John Garcia	02/26/2021	8
177 - John Garcia	03/02/2021	8
177 - John Garcia	03/03/2021	8
177 - John Garcia	03/04/2021	8
177 - John Garcia	03/05/2021	8
177 - John Garcia	03/08/2021	3
177 - John Garcia	03/09/2021	8
177 - John Garcia	03/10/2021	8
177 - John Garcia	03/11/2021	8
18 - John Baumann	12/07/2020	6
18 - John Baumann	12/08/2020	8
18 - John Baumann	12/09/2020	8
18 - John Baumann	12/10/2020	8
18 - John Baumann	12/11/2020	5
18 - John Baumann	12/14/2020	8
18 - John Baumann	12/15/2020	8
18 - John Baumann	12/16/2020	8
18 - John Baumann	12/17/2020	8
18 - John Baumann	12/18/2020	8
18 - John Baumann	01/20/2021	8
180 - Kenneth L Romero Sr.	01/21/2021	8
180 - Kenneth L Romero Sr.	01/22/2021	8
180 - Kenneth L Romero Sr.	01/25/2021	8
180 - Kenneth L Romero Sr.	01/26/2021	8
180 - Kenneth L Romero Sr.	01/27/2021	8
180 - Kenneth L Romero Sr.	01/28/2021	4
180 - Kenneth L Romero Sr.	01/29/2021	8

Attachment: Change Order 17.1 (Library Update and Change Order Approval)

180 - Kenneth L Romero Sr.	02/01/2021	8
180 - Kenneth L Romero Sr.	02/02/2021	8
180 - Kenneth L Romero Sr.	02/03/2021	8
180 - Kenneth L Romero Sr.	02/04/2021	3
180 - Kenneth L Romero Sr.	02/05/2021	8
180 - Kenneth L Romero Sr.	02/08/2021	8
180 - Kenneth L Romero Sr.	02/09/2021	8
180 - Kenneth L Romero Sr.	02/10/2021	8
180 - Kenneth L Romero Sr.	02/11/2021	8
180 - Kenneth L Romero Sr.	02/17/2021	8
180 - Kenneth L Romero Sr.	02/25/2021	8
180 - Kenneth L Romero Sr.	02/26/2021	8
180 - Kenneth L Romero Sr.	03/08/2021	8
180 - Kenneth L Romero Sr.	03/09/2021	8
180 - Kenneth L Romero Sr.	03/10/2021	8
180 - Kenneth L Romero Sr.	03/11/2021	8
27 - Adam M Iles	03/24/2021	8
5 - Ben P DeAraujo	11/09/2020	4
5 - Ben P DeAraujo	11/11/2020	8
5 - Ben P DeAraujo	11/12/2020	8
5 - Ben P DeAraujo	11/13/2020	8
5 - Ben P DeAraujo	11/16/2020	8
5 - Ben P DeAraujo	11/18/2020	8
5 - Ben P DeAraujo	11/19/2020	8
5 - Ben P DeAraujo	11/20/2020	8
5 - Ben P DeAraujo	11/23/2020	8
5 - Ben P DeAraujo	11/24/2020	8
5 - Ben P DeAraujo	11/30/2020	8
5 - Ben P DeAraujo	12/01/2020	8
5 - Ben P DeAraujo	12/02/2020	8
5 - Ben P DeAraujo	12/03/2020	8
5 - Ben P DeAraujo	12/04/2020	8
5 - Ben P DeAraujo	12/07/2020	8
5 - Ben P DeAraujo	12/08/2020	8
5 - Ben P DeAraujo	12/09/2020	8
5 - Ben P DeAraujo	12/10/2020	8
5 - Ben P DeAraujo	12/11/2020	8
5 - Ben P DeAraujo	12/14/2020	4
5 - Ben P DeAraujo	12/15/2020	8
5 - Ben P DeAraujo	12/16/2020	8
5 - Ben P DeAraujo	12/17/2020	6
5 - Ben P DeAraujo	12/18/2020	8
5 - Ben P DeAraujo	12/21/2020	8
5 - Ben P DeAraujo	12/22/2020	8
5 - Ben P DeAraujo	12/23/2020	8
5 - Ben P DeAraujo	12/28/2020	8
5 - Ben P DeAraujo	12/29/2020	7

5 - Ben P DeAraujo	12/30/2020	8
5 - Ben P DeAraujo	12/31/2020	8
5 - Ben P DeAraujo	01/04/2021	8
5 - Ben P DeAraujo	01/05/2021	8
5 - Ben P DeAraujo	01/07/2021	8
5 - Ben P DeAraujo	01/08/2021	8
5 - Ben P DeAraujo	01/11/2021	8
5 - Ben P DeAraujo	01/12/2021	8
5 - Ben P DeAraujo	01/13/2021	8
5 - Ben P DeAraujo	01/14/2021	7
5 - Ben P DeAraujo	01/15/2021	8
5 - Ben P DeAraujo	01/19/2021	8
5 - Ben P DeAraujo	01/22/2021	8
5 - Ben P DeAraujo	01/25/2021	8
5 - Ben P DeAraujo	01/26/2021	8
5 - Ben P DeAraujo	01/27/2021	8
5 - Ben P DeAraujo	01/28/2021	8
5 - Ben P DeAraujo	01/29/2021	8
5 - Ben P DeAraujo	02/01/2021	8
5 - Ben P DeAraujo	02/02/2021	8
5 - Ben P DeAraujo	02/03/2021	8
5 - Ben P DeAraujo	02/04/2021	8
5 - Ben P DeAraujo	02/05/2021	8
5 - Ben P DeAraujo	02/08/2021	8
5 - Ben P DeAraujo	02/09/2021	8
5 - Ben P DeAraujo	02/10/2021	8
5 - Ben P DeAraujo	02/11/2021	8
5 - Ben P DeAraujo	02/16/2021	8
5 - Ben P DeAraujo	02/17/2021	8
5 - Ben P DeAraujo	02/18/2021	8
5 - Ben P DeAraujo	02/19/2021	8
5 - Ben P DeAraujo	02/22/2021	8
5 - Ben P DeAraujo	02/23/2021	8
5 - Ben P DeAraujo	02/24/2021	8
5 - Ben P DeAraujo	02/25/2021	8
5 - Ben P DeAraujo	02/26/2021	4
5 - Ben P DeAraujo	03/01/2021	8
5 - Ben P DeAraujo	03/02/2021	8
5 - Ben P DeAraujo	03/03/2021	8
5 - Ben P DeAraujo	03/04/2021	8
5 - Ben P DeAraujo	03/05/2021	8
5 - Ben P DeAraujo	03/08/2021	8
5 - Ben P DeAraujo	03/09/2021	8
5 - Ben P DeAraujo	03/10/2021	8
5 - Ben P DeAraujo	03/11/2021	8
5 - Ben P DeAraujo	03/12/2021	8
5 - Ben P DeAraujo	03/15/2021	8

Attachment: Change Order 17.1 (Library Update and Change Order Approval)

5 - Ben P DeAraujo	03/16/2021	2
5 - Ben P DeAraujo	03/17/2021	8
5 - Ben P DeAraujo	03/18/2021	2
5 - Ben P DeAraujo	03/18/2021	6
5 - Ben P DeAraujo	04/21/2021	4
5 - Ben P DeAraujo	04/26/2021	8
5 - Ben P DeAraujo	04/27/2021	3
5 - Ben P DeAraujo	04/28/2021	8
5 - Ben P DeAraujo	05/04/2021	8
5 - Ben P DeAraujo	05/06/2021	8
5 - Ben P DeAraujo	05/07/2021	8
5 - Ben P DeAraujo	05/10/2021	6
5 - Ben P DeAraujo	05/11/2021	7

Total Hours 7/1/2020 - 6/20/2021 1,447.00

Wage Increase	2.15	3,111.05
Fringe Benefits	0.62	897.14
		<hr/>
		4,008.19

Attachment: Change Order 17.1 (Library Update and Change Order Approval)

1st Period Apprentice

172 - Ricardo B Quintero	12/21/2020	8
172 - Ricardo B Quintero	12/22/2020	8
172 - Ricardo B Quintero	12/23/2020	8
172 - Ricardo B Quintero	12/28/2020	8
172 - Ricardo B Quintero	12/29/2020	8
172 - Ricardo B Quintero	12/30/2020	8
172 - Ricardo B Quintero	12/31/2020	8
172 - Ricardo B Quintero	01/05/2021	8
172 - Ricardo B Quintero	01/07/2021	1
172 - Ricardo B Quintero	01/07/2021	7
172 - Ricardo B Quintero	01/14/2021	1
172 - Ricardo B Quintero	01/19/2021	8
172 - Ricardo B Quintero	01/20/2021	8
172 - Ricardo B Quintero	01/21/2021	8
172 - Ricardo B Quintero	01/22/2021	8
172 - Ricardo B Quintero	01/25/2021	4
172 - Ricardo B Quintero	01/26/2021	5
172 - Ricardo B Quintero	01/27/2021	8
172 - Ricardo B Quintero	01/28/2021	8
172 - Ricardo B Quintero	01/29/2021	6
172 - Ricardo B Quintero	02/02/2021	8
172 - Ricardo B Quintero	02/03/2021	8
172 - Ricardo B Quintero	02/04/2021	7.5
172 - Ricardo B Quintero	02/05/2021	8
172 - Ricardo B Quintero	02/09/2021	3
172 - Ricardo B Quintero	02/09/2021	5
172 - Ricardo B Quintero	02/10/2021	8
172 - Ricardo B Quintero	02/11/2021	8
172 - Ricardo B Quintero	02/16/2021	8
172 - Ricardo B Quintero	02/17/2021	8
172 - Ricardo B Quintero	02/18/2021	8
172 - Ricardo B Quintero	02/19/2021	8
172 - Ricardo B Quintero	02/22/2021	8
172 - Ricardo B Quintero	02/23/2021	8
172 - Ricardo B Quintero	02/24/2021	8
172 - Ricardo B Quintero	02/25/2021	8
172 - Ricardo B Quintero	02/26/2021	8
172 - Ricardo B Quintero	03/01/2021	8
172 - Ricardo B Quintero	03/02/2021	8
172 - Ricardo B Quintero	03/03/2021	8
172 - Ricardo B Quintero	03/04/2021	8
172 - Ricardo B Quintero	03/05/2021	8
172 - Ricardo B Quintero	03/08/2021	8
172 - Ricardo B Quintero	03/09/2021	8
172 - Ricardo B Quintero	03/10/2021	8
172 - Ricardo B Quintero	03/11/2021	8



172 - Ricardo B Quintero	03/12/2021	8
172 - Ricardo B Quintero	03/15/2021	8
172 - Ricardo B Quintero	03/16/2021	8
172 - Ricardo B Quintero	03/17/2021	8
172 - Ricardo B Quintero	03/18/2021	8
172 - Ricardo B Quintero	04/21/2021	4
172 - Ricardo B Quintero	04/26/2021	8
172 - Ricardo B Quintero	04/27/2021	3
172 - Ricardo B Quintero	04/28/2021	8
172 - Ricardo B Quintero	05/06/2021	8
172 - Ricardo B Quintero	05/07/2021	8
172 - Ricardo B Quintero	05/10/2021	6
175 - Jonathan J Schurpf	01/08/2021	2

Total Hours		423
Wage Rate Increase	2.15	908
Fringe Benefit Increase	0.37	156
		1,064.70

6th Period Apprentice

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179 - Jeffrey L Bonacci	03/04/2021	8
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Total Hours		8
Wage Rate Increase	2.15	17.2
Wage Rate Increase	0.37	2.96
		20.16

Total		<u>1,084.86</u>
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Attachment: Change Order 17.1 (Library Update and Change Order Approval)



### Potential Change Order (PCO) Cost Breakdown & Summary

**Project:** Capitola Branch Library      **Project #:** 18-3182      **OTTO PCO #:** 10B  
**VE Log Item #:** NA  
**Bulletin #:** 10, 10R1

**Description of Change:**      **Related RFI #:** Varies  
**Date:** 7/16/21

PCO 10B is a Summary of PG&E Overhead Line Relocation and Structure Redesign changes associated with Bulletins 10 & 10R1. This PCO includes several different PCOs, that are included in a summary format, to wrap up known PG&E Overhead Line Relocation and Bulletin 10/10R1 costs through the end of the project. The primary drivers for Bulletin 10/10R1 work were the redesign to allow for work to continue on the building (which allowed for temporary dry-in of the structure) while the PG&E Overhead Power Line relocation work was being finalized. This created a situation where only a portion of the structure finishes could be installed. Reference the attached PCO's and sub proposals for additional information.

CHANGE ESTIMATE ITEM	COST	M/U %	M/U TOTAL	
<b>GC DIRECT COSTS</b>				
Otto Self-Perform Work	\$186,300			
				TOTAL L, M, & E DIRECT COST
				\$186,300
				SUBTOTAL
				\$186,300
<b>GC OVERHEAD &amp; PROFIT ON DIRECT COST</b>				
		See PCO's		
				TOTAL OVERHEAD & PROFIT ON DIRECT COST
				\$0
				SUBTOTAL
				\$186,300
<b>GC SUBCONTRACT(S)</b>				
Subcontracted Work	\$61,236			
				TOTAL SUBCONTRACT COST
				\$61,236
<b>GC FEE ON SUBCONTRACT COST</b>				
	Five Percent	See PCO's		
				TOTAL MARKUP ON SUBCONTRACT COST
				\$0
<b>MISCELLANEOUS COSTS</b>				
Miscellaneous Work				
				TOTAL MISCELLANEOUS COST
				\$0
<b>GC FEE ON MISCELLANEOUS COSTS</b>				
	Fifteen Percent	0.0%	\$0	
				TOTAL MARKUP ON MISCELLANEOUS COSTS
				\$0
				<b>TOTAL CONSTRUCTION COSTS</b>
				<b>\$247,536</b>
ADDITIONAL TIME REQUIRED FOR CONTRACT COMPLETION	183	DAY(S)	12/31/2020	
				<b>BOND AND INSURANCE (1%)</b>
				<b>\$0</b>
				<b>TOTAL COST OF CHANGE ORDER</b>
				<b>\$247,536</b>

COMPLETED BY: John Vorwerck

Attachment: Change Order 17.1 (Library Update and Change Order Approval)



**Otto Construction**  
 2150 Garden Road, Suite A-1  
 Monterey, CA 93940  
 TEL 831.657.9805 FAX 831.657.9820  
 License #178809

**OTTO ESTIMATE SUMMARY SHEET**

Otto Job No.: 18-3182  
 Project: Capitola Branch Library  
 PCO#: 10B  
 Date: 7/16/2021

**Description of change:**

PCO 10B is a Summary of PG&E Overhead Line Relocation and Structure Redesign changes associated with Bulletins 10 & 10R1. This PCO includes several different PCOs, that are included in a summary format, to wrap up known PG&E Overhead Line Relocation and Bulletin 10/10R1 costs through the end of the project. The primary drivers for Bulletin 10/10R1 work were the redesign to allow for work to continue on the building (which allowed for temporary dry-in of the structure) while the PG&E Overhead Power Line relocation work was being finalized. This created a situation where only a portion of the structure an finishes could be installed. Reference the attached PCO's and sub proposals for additional information.

ID	Description	Days	Rate	GCs/Direct Cost	Matl	Equip	Other	Sub	TOTAL
1	PCO 10.02: Time & Otto GCs from 1-1-2021 to 8-31-2021	90	\$2,070	186,300				-	186,300
2	PCO 10.3.2: Signature Added Glazing Costs			0				45,672	45,672
3	PCO 10.10 Collins and T3 Labor Cost Increases.			0				15,564	15,564
4				0				-	-
5				0				-	-
6				0				-	-
7				0				-	-
8				0				-	-
9				0				-	-
10				0				-	-
11				0				-	-
12				0				-	-
13				0				-	-
14				0				-	-
15				0				-	-
16				0				-	-
17				0				-	-
18				0				-	-
19				0				-	-
20				0				-	-
<b>Totals</b>		90.0		186,300	0	0	0	61,236	247,536

"CHECK L,M,E,S": 247,536

Notes:

Attachment: Change Order 17.1 (Library Update and Change Order Approval)



Potential Change Order (PCO) Cost Breakdown & Summary

Project: Capitola Branch Library Project #: 18-3182 OTTO PCO #: 48 VE Log Item #: NA

Description of Change

Bulletin #: Related RFI #: 211 Date: 7/28/21

PCO 48 is for the added layer of Grace Perm-A-Barrier VPS Membrane to recoat and reinforce areas that were exposed to UV longer than five months, because of the structure delay. RFI 211 was submitted for this issue, per the recommendation of the Grace Representative, that identifies these locations. Noll and Tam did not respond to this RFI, but Otto was provided direction to install the added layers to keep the exterior work moving. See attached for more information.

Table with columns: CHANGE ESTIMATE ITEM, COST, M/U %, M/U TOTAL. Rows include GC DIRECT COSTS, GC OVERHEAD & PROFIT ON DIRECT COST, GC SUBCONTRACT(S), GC FEE ON SUBCONTRACT COST, MISCELLANEOUS COSTS, and GC FEE ON MISCELLANEOUS COSTS.

ADDITIONAL TIME REQUIRED FOR CONTRACT COMPLETION TBD DAY(S)

BOND AND INSURANCE (1%) \$64

COMPLETED BY: John Vorwerck

TOTAL COST OF CHANGE ORDER \$3,240

Attachment: Change Order 17.1 (Library Update and Change Order Approval)



**Otto Construction**  
 2150 Garden Road, Suite A-1  
 Monterey, CA 93940  
 TEL 831.657.9805 FAX 831.657.9820  
 License #178809

**OTTO ESTIMATE SUMMARY SHEET**

Otto Job No.: 18-3182  
 Project: Capitola Branch Library  
 PCO#: 48  
 Date: 7/28/2021

**Description of change:**

PCO 48 is for the added layer of Grace Perm-A-Barrier VPS Membrane to recoat and reinforce areas that were exposed to UV longer than five months, because of the structure delay. RFI 211 was submitted for this issue, per the recommendation of the Grace Representative, that identifies these locations. Noll and Tam did not respond to this RFI, but Otto was provided direction to install the added layers to keep the exterior work moving. See attached for more information.

ID	Description	Hrs	Rate	Labor	Matl	Equip	Sub/Misc	TOTAL
1	Otto: Add Permanbarrier per locations on RFI 211	16	\$95.00	1,520	1,505			3,025
2				0			-	-
3				0			-	-
4				0			-	-
5				0			-	-
6				0			-	-
7				0			-	-
8				0			-	-
9				0			-	-
10				0			-	-
11				0			-	-
12				0			-	-
13				0			-	-
14				0			-	-
15				0			-	-
16				0			-	-
17				0			-	-
18				0			-	-
19				0			-	-
20				0			-	-
21				0			-	-
22				0			-	-
23				0			-	-
24				0			-	-
25				0			-	-
<b>Totals</b>		16.0		1,520	1,505	0	0	3,025

"CHECK L,M,E,S": 3,025

Notes:

Attachment: Change Order 17.1 (Library Update and Change Order Approval)



2150 GARDEN ROAD, SUITE A-1  
MONTEREY, CA 93940  
Ph: 831 657-9805

*RFI*

**To:** NOLL & TAM  
729 Heinz Avenue  
Berkeley, CA 94710  
Ph: (510)542-2200

**RFI #:** 211  
**Date:** 12/22/2020  
**Job:** 18-3182-00 CAPITOLA LIBRARY  
**Phone:**

**CC:** David Tanza (Bogard Construction, Inc.), Steve Jesberg (City of Capitola), John Vorwerck (Otto Construction)

**Subject:** Waterproofing UV Exposed Areas

**Drawing:** A3.12

**Spec Section:**

**Cost Impact:** TBD

**Schedule Impact:** TBD

**Request:**

**Date Required:** 12/28/2020

Submitting this formal RFI to advise that all waterproofing areas exposed to the UV rays for more than 5 months are to be covered with a new layer of VPS.

Due to some of these wall sections already having Z-girts, the VPS Strips will be placed between the Z-girts.

Matt Miller the grace representative took no exception.

**Requested by:** Otto Construction

**Response:**

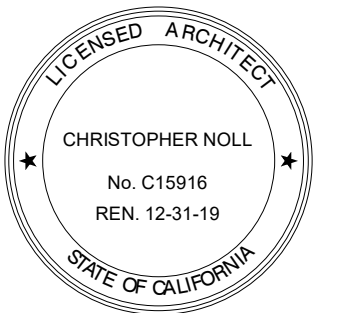
\_\_\_\_\_  
Answered by

\_\_\_\_\_  
Company

\_\_\_\_\_  
Date

Attachment: Change Order 17.1 (Library Update and Change Order Approval)

ARCHITECTS SEAL



## CITY OF CAPITOLA CAPITOLA BRANCH LIBRARY

2005 WHARF ROAD  
CAPITOLA, CA 95010

### CONSOLIDATED SET

ISSUE DATE 12/7/18

N&T JOB # 21637

#### REVISIONS

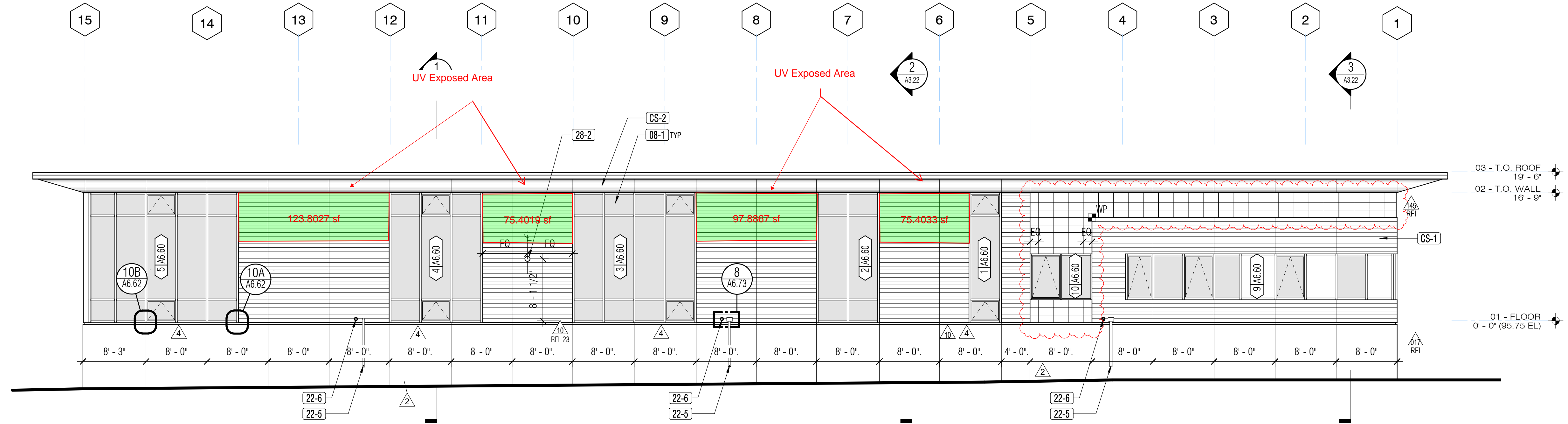
#	DATE	DESCRIPTION
2	10/24/2018	BULLETIN #2
4	1/4/2019	BULLETIN #4
	2/19/2019	RFI-017
8	4/17/2019	BULLETIN #8
10	11/1/2019	BULLETIN #10-R1
15	3/10/2020	RFI-145

SHEET TITLE

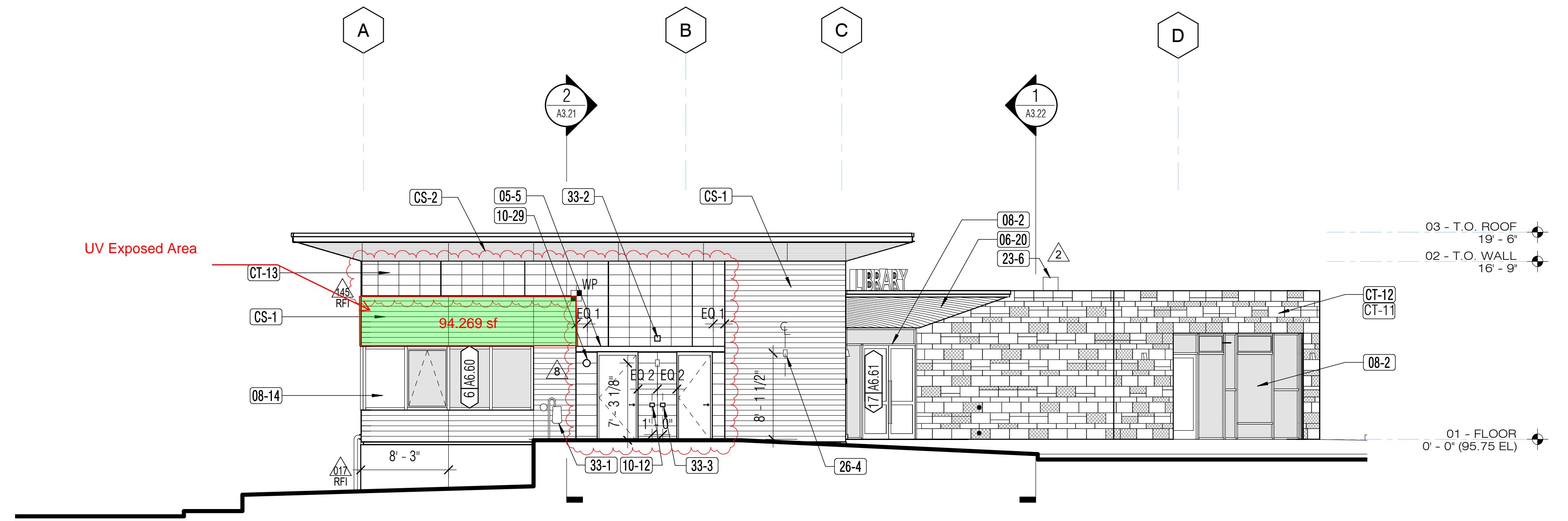
## EXTERIOR ELEVATIONS - EAST & NORTH

SHEET NUMBER

# A3.12



**1 EAST ELEVATION**  
A3.12 1/8" = 1'-0"



**2 NORTH ELEVATION**  
A3.12 1/8" = 1'-0"

### KEYNOTES

05-5	STANDING SEAM KYNAR ROOFING PANELS, FLASHING AND COUNTER FLASHING OVER CANTILEVERED STRUCTURE; COLOR TO MATCH TYP. ROOF-EDGE FASCIA
06-20	NATURAL WOOD PLANK - IPE OR SIMILAR
08-1	GLAZED ALUMINUM VENER CURTAINWALL MOUNTED TO STRUCTURAL GLUED LAMINATED TIMBER
08-2	EXTERIOR ALUMINUM STOREFRONT SYSTEM
08-14	GLAZED IN COMPOSITE ALUMINUM PANEL; PTD. TO MATCH ALUMINUM FRAMING
10-12	PRELIMINARY KNOX BOX LOCATION; FINAL LOCATION TBD BY FIRE MARSHAL
10-29	FIRE ALARM BELL
22-5	ROOF DRAIN DOWNSPOUT TO COBBLE; SPD; SLD

22-6	ROOF DRAIN OVERFLOW DOWNSPOUT W/ HINGED COVER; SPD
23-6	MECHANICAL EQUIPMENT, ROOF MOUNTED, SMD
26-4	EXTERIOR SCONCE LIGHT FIXTURE, SEE ELECTRICAL DRAWINGS
28-2	GLASS BREAK BELL ALARM
33-1	GAS METER
33-2	PG&E METER ANTENNA BOX
33-3	PG&E KEY BOX
CS-1	COMPOSITE SIDING: 6" HIGH; "AGED TEAK"
CS-2	COMPOSITE SIDING: 6" HIGH; "RUST"
CT-12	TILE; TEXTURED, RANDOM PATTERN
CT-13	TILE; FLAT MATT, DARK

### GENERAL NOTES

1. SEE EXTERIOR WINDOW AND STOREFRONT SCHEDULE AND TYPES FOR OPERABLE WINDOW DESIGNATIONS.
2. SEE SHEET A3.13 FOR UNFOLDED ELEVATIONS OF THE CT-11 AND CT-12 TILED EXTERIOR WALLS

DATE 12/17/20 TIME 11:44:33



SALES ORDER  
ACKNOWLEDGEMENT

LOW  
PAGE NO.  
1

PAYMENT TYPE	C.O.D.
DOCUMENT NUMBER	GU75311
DOCUMENT DATE	12/17/20
CUSTOMER NUMBER	423025
WAREHOUSE	673

Order by: JOSE 831 717 7659

REMIT TO	WAREHOUSE
HAYWARD BRANCH - LOWRY'S BEACON BUILDING PRODUCTS PO BOX 101087 PASADENA, CA 91189-0005	HAYWARD BRANCH - LOWRY'S LOWRY'S 23030 KIDDER ST. HAYWARD, CA 94545-1624  Phone # 800 252 2449

SOLD TO	SHIP TO	SPECIAL INSTRUCTIONS
OTTO CONSTRUCTION 23030 KIDDER ST HAYWARD, CA 94545-1624  831 717 7659	OTTO CONSTRUCTION 2005 WHARF ROAD CAPITOLA, CA 95010	AUTH:083764 V\$1504.64 DEP#6282624

CUSTOMER P.O. NUMBER	JOB NAME	JOB NUMBER	WTR	SALES	ORDER DATE	SHIPPING METHOD	PROMISED DATE
CAPITOLA			6H3	B2M	12/16/20	SHIPPED	12/16/20

LINE NO	PRODUCT NUMBER/DESCRIPTION	UOM	ORDERED	SHIPPED	B/O	UNIT PRICE	DISCOUNT	EXTENDED AMOUNT
001	GRAPABVPS 381643 J 9 / J 9 A 450SQF ROLL VAPOR PERMEABLE SHEET 25/PLT	RL	2	2	0	605.0500		1210.10
002	GRAPABDM9 362326 J 12 A 9"X75' RL 4RLS/CTN	RL	1	1	0	68.4300		68.43

<input type="checkbox"/> PREPAID	<input type="checkbox"/> COLLECT	<input type="checkbox"/> PICK UP	NO. CTNS	WEIGHT	SHIPPED VIA	SHIP DATE	PICKED BY	FILLED BY	PACKED BY	CHECKED BY	AMOUNT	1,278.53
				88	LTL	12/17/20					TAX	130.54
<b>MERCHANDISE CANNOT BE RETURNED WITHOUT PRIOR AUTHORIZATION</b> Any shortages or discrepancies concerning this order must be reported within 24 hours											Freight	70.00
RECEIVED BY END OF ORDER							DATE RECEIVED				OTHER	25.57
											TOTAL DUE	1,504.64

Attachment: Change Order 17.1 (Library Update and Change Order Approval)



EXHIBIT 9  
**CHANGE ORDER**  
**CITY OF CAPITOLA**

Project Name: CAPITOLA BRANCH LIBRARY Change Order No: 17.2  
 Project Permit Number: 20180129 Date: 8/19/2021  
 To Contractor: Otto Construction  
 Address: 1717 2nd Street Sacramento, CA 95811

You are hereby instructed that the contract in caption is modified as herein specifically set forth, but that in all other respects the Contract remains unaltered.

Description	PCO/Ref. Doc.	Amount	Time
1 Provide all labor and materials to expand the roof-top mechanical well due to space constraints for equipment, including, but not limited to, miscellaneous interior changes, and roof and overflow roof drain revisions and rerouting, as related to Bulletin 10R1 and Bulletin 10R2. Also includes revisions to the ceiling in Room 122, per Bulletin 10R1.	PCO 10.2, Bulletin 10R1, Bulletin 10.R2	\$ 1,591	0
2 Provide all labor and materials to incorporate miscellaneous civil changes to address and divert stormwater drainage around deck per RFI 185-R1 and RFI 192, including, but not limited to, adjusting surface drainage and adding drain inlets and related underground piping	PCO 11, RFI 185R1, RFI 192	\$ 10,043	0
3 Provide all labor and materials to incorporate various flashing and break metal changes, additions and enhancements per the responses to RFI 46, RFI 91, RFI 93, RFI 94, RFI 95, RFI 96, RFI 98, RFI 99, RFI 101, RFI 102, RFI 122, RFI 123, RFI 123-R1, RFI 126, RFI 163, RFI 164, RFI 169 and 169-R1. Also, included is a credit to change specified Rheinzink material to aluminum with a Zinc color finish, deleting gutter and downspout in the mechanical well, and deleting z-flashing at the IPE deck edge.	PCO 16, RFI 46, RFI 91, RFI 92, RFI 93, RFI 94, RFI 95, RFI 96, RFI 98, RFI 99, RFI 101, RFI 102, RFI 122, RFI 123, RFI 123-R1, RFI 126, RFI 163, RFI 164, RFI 169, RFI 169.R1	\$ 13,840	0
4 Provide all labor and materials to add roof drain collector boxes and downspouts at most of the roof drain wall terminations, to eliminate cascading/waterfall type drops from the roof drains, per the responses to RFI 120, RFI 120-R1, RFI 133 and RFI 217.	PCO 19, RFI 120, RFI 120R1, RFI 133, RFI 217	\$ 14,320	0
5 Provide all labor and materials to add wood framing and a gypsum board "eyebrow" soffit per the response to RFI 121, along Gridline C line. This soffit is required to provide a chase for mechanical, electrical and plumbing systems to allow services to run from mechanical/electrical areas to the south of the entry lobby.	PCO 20, RFI 121	\$ 9,209	0
6 Provide all labor and materials to modify the main entry canopy sign, including, but not limited to, lighting, waterproofing, and custom stainless steel mounting, per the response to RFI 180.	PCO 27.1, RFI 180	\$ 6,266	0
7 Provide all labor and materials to revise exterior lighting and fixture locations per the response to RFI 132 and 132-R1, including, but limited to, removal and re-installation the tile backer in several locations.	PCO 21.8, RFI 132, RFI 132R1	\$ 3,886	0
8 Provide all labor and materials to implement miscellaneous items as requested and required by the Fire Marshal, per Bulletin 15 (RFI 144), RFI 168, RFI 186, RFI 205. Bulletin #15 (RFI 144) includes the removal of the fire sprinkler lines and heads and the roof eaves (which were located in concealed spaces and not accessible for maintenance) and revising and adding draft stops and non-combustible rated gypsum to contain flame spread. The response to RFI 168 adds and relocates fire extinguisher cabinets and fire extinguishers per a field walk with the Fire Marshal, per the response to RFI 186, and add draft stops and fire stopping of penetrations below the TJI framing in the Community Room and children's area.	PCO 27R1, RFI 144, RFI 168, RFI 186	\$ 31,211	0
9 Provide all labor and materials, per Bulletin #17, modify landscape and related irrigation, civil utilities, site walls, including, but not limited to, incorporating the work per the response to RFI 171, to further clarify modifications to the irrigation systems and relocating out of asphalt paving, curb footing areas, and bioretention areas.	PCO 28, Bulletin 17, RFI 171	\$ 2,975	0
10 Provide all labor and materials to add a French drain and modify the storm drain system per the response to RFI 174, between the residential property on the West of the site and parking lot curb, including, but not limited to, connection to the parking area bioretention basin.	PCO 30, RFI 174	\$ 9,029	0
11 Provide all labor and materials to incorporate changes requested by the Structural-Engineer-of-Record, per a field observation report, dated November 18, 2019, including, but not limited to, adding work per the response to RFI 137, to add stiffening framing and metal plates on the non-structural partition wall between Room 104 and the children's area, to address heavy glazing load that bears on this wall.	PCO 32, RFI 137	\$ 3,078	0
12 Provide all labor and materials to implement a redesign of the exterior tile layout per the response to RFI 145. The exterior tile layout dimensions on the exterior elevation drawings did not accurately reflect the actual size of the tile and modifications were required.	PCO 33, RFI 145	\$ 2,236	0

**Attachment: Change Order 17.2 (Library Update and Change Order Approval)**

13	Provide all labor and materials to revise the wall framing and toilet accessory block-outs in Room 112 and Room 113, per the response of RFI 146, as required to relocate the occupancy sensor in Room 112, which affected the waste receptacle framing in Room 112 and Room 113.	PCO 34, RFI 146	\$	1,561	0
14	Provide all labor and materials to install the ceiling grid system in the Adult Reading Room, south of the girder truss at Gridline 14.5, per the response to RFI 45. The initial details in the Contract documents did not show any ceiling framing to carry the finish ceiling, and related mechanical, electrical and plumbing items in this area.	PCO 36, RFI 45	\$	13,491	0
15	Provide all labor and materials to re-route underground domestic water line a minimum of 36 inches away from PG&E underground gas line per the response to RFI 179, including, but not limited to cutting and re-routing underground domestic water line point of connection.	PCO 37, RFI 179	\$	1,593	0
16	Provide all labor and materials to add blocking at the roof eave plywood to allow for the edge nailing of the plywood sheathing, per the response to RFI 181.	PCO 38, RFI 181	\$	5,517	0
17	Provide all labor and materials to install caulking in the interior at joints between storefront window system and glulam supports, per the response to RFI 189. Includes, dark bronze colored sealant at the horizontal sill and the intermediate horizontal mullion, and painting of exposed red shims (at head height).	PCO 39, RFI 189	\$	2,005	0
18	Provide all labor and materials modify south monument sign wall, including, but not limited to, revising grades of the straight portion of the sidewalk at Clares Street, increasing the height of the sign to accommodate revisions to provide more visibility, increasing the footing size, and adjusting adjacent boulders, per the response to RFI 194, RFI 196, and RFI 207.	PCO 42, RFI 194, RFI 196, RFI 207	\$	11,707	0
19	Provide all labor and materials to implement changes at the radius concrete sidewalk adjacent to the existing Tot Lot, as necessary to comply with disabled access requirements, including adding a return curb and making adjustments to avoid work within the critical root zone (around the protected oak tree), per the response to RFI 196 and RFI 229, and added demolition and corrective work at the sidewalk at Clares Street, per the response to RFI 201.	PCO 44, RFI 196, RFI 201, RFI 229	\$	8,838	0
20	Provide all labor and materials to adjust new concrete walk elevations where the existing walk from the neighborhood alley way aligns, to be in compliance with disabled access requirements, per the response to RFI 202, including but not limited to, adjusting new walk to align with existing rubber play surface for a flush condition between the new concrete walk and existing rubber play surface.	PCO 45, RFI 202	\$	7,794	0
21	Provide all labor and materials to revise the design of the back flow devices, meter boxes and fire department connections, per the response to RFI 209, to avoid conflicts with gas line clearance and the required length to install the meter and back flow assemblies, the domestic water and landscape irrigation water meter boxes and backflow prevention devices. Include installation of protective bollards per Soquel Creek Water District and fire marshal standards.	PCO 50, RFI 209	\$	7,997	0
22	Provide all labor and materials to relocate wood bench and related lighting, including repair and patching deck, per the response to RFI 221, as required by the city's building inspector to address concerns regarding the height of bench along the south edge of the deck.	PCO 52, RFI 221	\$	6,261	0
23	Provide all labor and materials to add signage as requested and required by the Fire Marshal, and a new "Information" sign at service desk as requested by the library staff, per the response to RFI 223.	PCO 53, RFI 223	\$	4,808	0
24	Provide all labor and materials to add an anti-graffiti coating to the concrete foundation walls, and concrete monument site wall sign at the corner of Clares Street and Wharf Road, per the response to RFI 224.	PCO 55, RFI 224	\$	4,517	0
25	Provide all labor and materials to add wiremold and electrical outlet in Teen Room per the response to RFI 228, install and connect EV charging stations per the response to RFI 216, extend conduit for relocation of open/closed sign, and replace an LSS-20 receptacle on the service rack to an LSS-30 receptacle per the SCCPL IT departments request.	PCO 56, RFI 216, RFI 228	\$	2,392	0
26	Provide all labor and materials to implement misc. revisions made by the design team as a result of on-site inspections, including, but not limited to, boulder and landscape planting placement, per the response to RFI 194-R2. Also include coordinating work related to boulder retaining wall addition/enhancement at south monument sign, adding 50-mil liner to the back of the boulders, adding drainage to alleviate water from filling the irrigation valve boxes along Clares Street, and incorporate revised planting and boulder layout per the landscape architect's' field report (JLJA Field Report #11).	PCO 59, RFI 194-R2	\$	10,770	0
27	Provide all labor and materials to furnish and install skateboard deterrents as directed by the city.	PCO 60	\$	1,169	0
28	Provide all labor and materials to make modifications existing concrete curb for installation of drive-up book drop as required to allow for access to book drop with moveable book cart.	PCO 61	\$	817	0

Attachment: Change Order 17.2 (Library Update and Change Order Approval)

29 Reduce amount of retention held from four percent (4%) to three percent (3%).

General Conditions, Article 9.5	\$	-	0
TOTAL	\$	198,921	0

Contractor waives any claim for further adjustments of the Contract Sum and the Contract Time related to the above described change in the Work. This Change Order is complete accord and satisfaction for all items in this change order.

ADD: One Hundred Ninety Eight Thousand Nine Hundred and Twenty One Three Dollars (\$198,921)

This change order **HAS NOT** altered the Contract Completion Date. The Completion Date is: August 31, 2021.

Adjustment of Contract Sum	
Original Contract Sum:	\$ 12,325,000
Prior Adjustments:	\$ 658,500
Contract Sum Prior to this Change:	\$ 12,983,500
Adjustment for this Change:	\$ 198,921
Revised Contract Sum:	\$ 13,182,421

Adjustment of Contract Time	
Original Contract Time:	410 (Days)
Prior Adjustments:	560 (Days)
Contract Time Prior to this Change:	970 (Days)
Adjustment for this Change:	0 (Days)
Revised Contract Time:	970 (Days)

**Recommended:**

By: \_\_\_\_\_  
Date

David Tanza / Bogard Construction  
City's Representative

**Reviewed and Recommended:**

By: \_\_\_\_\_  
Date

Steve Jesberg, Public Works Director  
City of Capitola

**Approved: City of Capitola**

By: \_\_\_\_\_  
Date

Jamie Goldstein, City Manager

**Accepted:**

By: \_\_\_\_\_  
(Contractor Signature) Date

\_\_\_\_\_  
Printed Name  
Otto Construction

**Attachment: Change Order 17.2 (Library Update and Change Order Approval)**



# CAPITOLA CITY COUNCIL AGENDA REPORT

**MEETING OF SEPTEMBER 9, 2021**

FROM: City Manager Department  
SUBJECT: Administrative Policy Update Overview

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RECOMMENDED ACTION: Receive report.

BACKGROUND: During the 2021 Budget Goals and Priorities agenda item, Council identified an administrative policy review as a priority for the current fiscal year. The City of Capitola currently has 93 active Administrative Policies.

Since Council made an administrative policy review a priority, Department Heads and staff have reviewed their departmental policies and made the following three determinations of each: update, keep as is, or revoke.

The City's policies are divided into two categories, those approved by the City Council and those approved by the City Manager. In general policies that are approved by the City Manager are more administrative in nature and deal with internal operations, while policies approved by City Council generally affect the public or involve financial issues.

DISCUSSION: Department Heads communicated their determinations to the City Manager Department. Staff has determined the following policies are no longer needed or relevant. Since all of these policies are under the City Manager's jurisdiction they will be revoked by staff:

- I-6: Digital Camera Usage – *unnecessary*
- I-9: Rental of City Owned Mobile Homes – *unnecessary as the City no longer owns any mobile homes that could be rented by employees*
- II-15: Overtime Accumulation – *the current legally-required language has been incorporated in Memorandum of Understanding for non-exempt employee groups, rather than a Citywide Administrative Policy*
- II-16: Bilingual Pay - *updated language has been incorporated in Memorandum of Understanding for employee groups, rather than a Citywide Administrative Policy*

Staff has identified the following policies for updates, as each Department's priorities and staff resources allows. Policies under Council jurisdiction will return to Council for approval once revised drafts are prepared.

*Council Jurisdiction Policies Needing Updates:*

- I-10: Block Party Permit & Grant Program
- I-12: Award of Valor Program
- I-30: Special Event Permits
- I-34: Surf School Permits

Admin Policy Update  
September 9, 2021

- I-35: Proclamation
- I-36 Village Parking Pilot Program – *to be replaced with any adopted Village Dining Deck Program policy*
- II-12: 30-Year Employee Recognition Program
- III-4: Purchasing & Procurement
- III-5: Credit Card Purchasing Program
- III-7: Fixed Assets
- III-8: Surplus Property
- III-14: Budget Adjustments
- V-7: Capitola Bandstand Community Use

*City Manager Jurisdiction Policies Needing Updates:*

- I-8: Public Record Act Request
- I-15: Agenda Preparation for City Council & Successor Agency
- I-16: Development, Review, Approval, & Custody of Contracts
- I-26: Public Convenience & Necessity Applications for ABC Licenses
- I-40: Filming Permit Guidelines – *to be updated when Film Permit Ordinance is complete*
- V-6: Use of Council Chambers & Community Room Facilities
- V-13: Art Exhibitions at the City of Capitola Government Buildings

At least 30 policies were determined up to date, and are not recommended for updates at this time.

FISCAL IMPACT: None.

Report Prepared By: Chloe Woodmansee  
City Clerk

**Reviewed and Forwarded by:**



Jamie Goldstein, City Manager

9/3/2021