## DRAFT Administrative Report

# Nexus-Based Affordable Housing Fee Analysis for Rental Housing 

Prepared for:

City of Capitola

Prepared by:
Economic \& Planning Systems, Inc.

Economic \& Planning Systems, Inc.
1330 Broadway
Suite 450
Oakland, CA 94612
5108419190 tel

Oakland
Sacramento
Denver
Los Angeles

September 2, 2021

EPS \#201117

## Table of Contents

ExECUTIVE SumMARY ..... 1

1. Affordability Gap Analysis ..... 7
Product Type ..... 7
Development Cost Assumptions ..... 10
Revenue Assumptions. ..... 10
Affordability Gap Results ..... 12
2. Demand-Based Nexus Fee Calculation ..... 13
Market-Rate Household Income Levels ..... 13
Household Expenditures and Job Creation by Income Level ..... 13
Combined Demand for Income-Qualified Workers ..... 17
Fee Calculation ..... 19
Appendix A: Household Expenditures and Employment GenerationAPPENDIX B: Income Levels for Worker Households

## List of Figures and Tables

Figure 1 Illustration of Nexus-Based Housing Fee Methodology ..... 2
Table 1 Summary of Maximum Supportable Nexus-Based Housing Fees or Unit Requirements In-Lieu of Fees ..... 6
Table 2 Affordability Gap Analysis ..... 9
Table 3 Income Limits for Affordable Housing ..... 11
Table 4 Required Income by Unit Type - Market-Rate Rental Apartments ..... 14
Table 5 Summary of Worker and Household Generation per 100 Market-Rate Units ..... 18
Table 6 Nexus-Based Housing Fee Calculations (For-Rent Studio Apartment) ..... 20
Table 7 Nexus-Based Housing Fee Calculations (For-Rent 1-Bedroom Apartment) ..... 21
Table 8 Nexus-Based Housing Fee Calculations (For-Rent 2-Bedroom Apartment) ..... 22
Table 9 Nexus-Based Housing Fee Calculations (For-Rent 3-Bedroom Apartment) ..... 23

## Executive Summary

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


| Step \#3 <br> Compute Impact Fee <br> per Market Rate Unit | Affordability <br> Gap <br> (Susidy Required) | Demand for <br> multiplied <br> by |
| :---: | :---: | :---: |
| Affordable Units for <br> Workers <br> (per market rate unit) | Maximum <br> equals | Supportable Nexus- <br> Based Housing Fee <br> (per market rate unit) |

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 $\mathbf{8 0}$ 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 $\$ \mathbf{2 , 0 0 0}$ 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 onebedroom unit for around $\$ 3,200$ per month would have an income of roughly $\$ 138,800$, if they spent 30 percent ${ }^{\mathbf{1}}$ of their income on housing costs (rent and utilities).
B. Household Expenditures. Based on the household income computed in Step A, Consumer Expenditure Survey data is used to evaluate the typical spending patterns of the household. This analysis provides an estimate of how much the household spends on specific categories of expenditures, such as "Food at Home." The survey consists of two components - the Interview Survey and the Diary Survey - each with its own sample. The surveys collect data on expenditures, income, and consumer unit characteristics. As the households' income increases along with the price and size of the market-rate units, the total spending on goods and services also increases. The Consumer Expenditure Survey also indicates that these relationships are not linear (e.g., a household with twice the income does not necessarily spend twice as much on food). While expenditures do increase with income, the relationship is not linear (i.e., household expenditures do not increase at the same proportion that incomes go up).
C. Job Creation and Worker Households. Having estimated the households' spending on various items, that spending is then converted into an estimate of jobs created. For each expenditure category, data regarding average worker wages and the ratio between gross business receipts and wages are used to translate these household expenditures into the total number of private-sector workers. Because each new worker does not represent an independent household (Capitola has an average of 1.69 workers per working household), the total number of new households created is somewhat less than the number of new jobs created. This analysis assumes that workers form households with others with similar wages. EPS has further adjusted the household formation rates to reflect the fact that a certain proportion of workers will not form their own households, particularly those of younger ages. ${ }^{2}$
D. Worker Households by Income Category. Each worker household generated is assigned to an income category-represented as a proportion of AMI ranging from 50 to 120 percent-based on its estimated gross wages. This provides the total number of households generated at each income level by construction of market-rate units at

[^0]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 |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Fee per Unit | Per Sq.Ft. | $\begin{gathered} \text { VLI } \\ (<50 \% \text { of AMI) } \end{gathered}$ | $\begin{gathered} \text { Low } \\ (<80 \% \text { of AMI) } \end{gathered}$ | $\begin{gathered} \text { Moderate } \\ (<120 \% \text { of AMI) } \end{gathered}$ | Total |
| 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]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 $\mathbf{1}$ 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 |  |  |
| :---: | :---: | :---: | :---: |
|  | $\begin{array}{r} \text { Very Low } \\ \text { Income } \\ (50 \% \text { AMI) } \end{array}$ | $\begin{array}{r} \text { Low } \\ \text { Income } \\ (80 \% \mathrm{AMI}) \end{array}$ | $\begin{array}{r} \text { Moderate } \\ \text { Income } \\ \text { (120\% AMI) } \end{array}$ |
| Development Program Assumptions |  |  |  |
| Density/Acre [1] | 30 | 30 | 30 |
| Gross Unit Size | 1,100 | 1,100 | 1,100 |
| Net Unit Size | 950 | 950 | 950 |
| Number of Bedrooms | 2 | 2 | 2 |
| Number of Persons per 2-bedroom Unit [2] | 3 | 3 | 3 |
| Parking Spaces/Unit | 1.25 | 1.25 | 1.25 |
| Cost Assumptions |  |  |  |
| Land/Acre [3] | \$1,400,000 | \$1,400,000 | \$1,400,000 |
| Land/Unit | \$46,667 | \$46,667 | \$46,667 |
| Direct Costs |  |  |  |
| Direct Construction Costs/Net SF [4] | \$300 | \$300 | \$300 |
| Direct Construction Costs/Unit | \$330,000 | \$330,000 | \$330,000 |
| Parking Construction Costs/Space | \$5,000 | \$5,000 | \$5,000 |
| Parking Construction Costs/Unit | \$6,250 | \$6,250 | \$6,250 |
| Subtotal, Direct Costs/Unit | \$336,250 | \$336,250 | \$336,250 |
| Indirect Costs as a \% of Direct Costs [5] | 35\% | 35\% | 35\% |
| Indirect Costs/Unit | \$117,688 | \$117,688 | \$117,688 |
| Developer Fee (\% of all costs) | 14\% | 14\% | 14\% |
| Fee Amount | \$70,085 | \$70,085 | \$70,085 |
| Total Cost/Unit (rounded) | \$571,000 | \$571,000 | \$571,000 |
| Maximum Supported Home Price |  |  |  |
| Household Income [6] | \$59,600 | \$95,600 | \$118,800 |
| Income Available for Housing Costs/Year [7] | \$17,880 | \$28,680 | \$35,640 |
| (less) Operating Expenses per Unit/Year [8] | $(\$ 6,000)$ | $(\$ 6,000)$ | $(\$ 10,000)$ |
| Net Operating Income | \$11,880 | \$22,680 | \$25,640 |
| Capitalization Rate [9] | 4.5\% | 4.5\% | 4.5\% |
| Total Supportable Unit Value [10] | \$264,000 | \$504,000 | \$569,778 |
| Affordability Gap | \$307,000 | \$67,000 | \$1,222 |

[1] Based on City Staff input of 20 unit per acre, plus a 50 percent density bonus for 100 percent affordable units. State law also allows density bonus projects to have a reduced parking ratio between 0 and 1.5 spaces per 2 -bedroom unit, below the City's standard 2.5 per unit.
[2] An average of 3 persons is used for this analysis based on Census data indicating the average family size in Capitola and State law (Health and Safety Code Section 50052.5) indicates that a 2-bedroom unit should be assumed to be occupied by a 3-person household. Thus, EPS has assumed an average unit for income-qualified worker households would be 2-bedrooms.
[3] Based on CoStar data on land transactions in the Capitola area since 2016.
[4] Includes on-site work, offsite work, vertical construction, general requirements, overhead and builder fees. The cost estimate reflects wood-frame construction above podium parking.
[5] Includes costs for architecture and engineering; entitlement and fees; project management; appraisal and market study; marketing, commissions, and general administration; financing and charges; insurance; and contingency.
[6] Based on 2021 income limits for a three person household in Santa Cruz County.
[7] Assumes housing costs to be $30 \%$ of gross household income.
[8] Operating expenses are generally based on EPS feasibility studies in the region and are inclusive of utility costs; units at or below $80 \%$ of AMI are assumed to be built as non-profit and are therefore exempt from property taxes. Property taxes are assumed to comprise a share of the operating expenses for the moderate income category.
[9] The capitalization rate is used to determine the current value of a property based on estimated future operating income, and is typically a measure of estimated operating risk.
[10] The total supportable unit value is determined by dividing the net operating income by the capitalization rate.
Sources: City of Capitola; HCD; CoStar; and Economic \& Planning Systems, Inc.

## Development Cost Assumptions

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

## Revenue Assumptions

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

- Income Levels-This analysis estimates the subsidy required to produce units for households earning up to 50,80 , and 120 percent of AMI for a three-person household. In 2021, AMI in Santa Cruz County for these households was $\$ 99,000$, as shown in the California Department of Housing and Community Development's (HCD's) income limits chart (see Table 3).
- Percentage of Gross Household Income Available for Housing Costs-HCD standards on overpaying for rent indicate that households should pay no more than 30 percent of their gross income on rental housing costs. For this analysis, EPS has assumed that all households shall spend 30 percent of their gross income on rental housing costs.
- Operating Costs for Rental Units-The analysis assumes that apartment operators incur annual operating costs of $\$ 6,000$ per unit, which include the cost of utilities, for units affordable at 80 percent of AMI or below. EPS has assumed the units for moderate income households would have similar operating costs but would be built by for-profit builders and thus also subject to property taxes, increasing their annual operating cost to $\$ 10,000$ per unit.


## Table 3 Income Limits for Affordable Housing

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

[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 lowincome unit prices may be set at 70 percent of median income, or even 60 percent of AMI. This methodology used by EPS yields higher unit values and thus results in lower maximum fees than the City's current practices would yield, and has been used by EPS to preempt objections that the assumptions and calculations overstate the actual funding gap for affordable units.

## 2. Demand-Based Nexus Fee Calculation

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

## Market-Rate Household Income Levels

Households with larger incomes typically spend more on goods and services, therefore creating additional lower income jobs, which in turn generate a greater demand for affordable housing. To assess the impact that market-rate rental units have on the need for affordable housing, EPS estimated the typical income required to rent a market-rate apartment at various bedroom sizes in Capitola, as shown in Table 4.

Average rents for various apartment sizes (studio, and 1-, 2-, and 3-bedrooms) are based on a survey of rental rates for three market-rate multifamily projects recently developed in Capitola. New apartment rents are significantly higher, on average, than rental rates for existing rental housing stock, both because the newer units are of better-than-average quality and because the higher rents are required to cover the costs of construction. The rents for the most recent apartment projects were used, rather than average rents for all apartments, because these newer apartments best represent the rents that can be expected with new market-rate apartment development. Assuming utility costs for each unit size based on the Housing Authority Utility Allowance for Santa Cruz County, the minimum household income needed to rent each unit is then computed, predicated on the assumption that a household will spend 30 percent of their income on housing costs (rent and utility payments). As shown, required household incomes range from approximately $\$ 90,000$ for a studio apartment to roughly $\$ 195,300$ for a 3-bedroom apartment. Changes in housing market and financing conditions can have a significant effect on the calculations in this study.

## Household Expenditures and Job Creation by Income Level

Having established the income requirements for renting apartments of various sizes, the fee calculation then requires an analysis of the household spending patterns at those required income levels.

Table 4 Required Income by Unit Type - Market-Rate Rental Apartments

|  |  | Required Income by Unit Type |  |  |  |
| :--- | ---: | ---: | ---: | ---: | ---: |

[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, ${ }^{\mathbf{3}}$ which provides employment, gross sales, and payroll data by industry for Santa Cruz County. In certain instances, where local data was not available for every Economic Census industry, EPS relied on statewide Economic Census data for that industry.

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

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

[^2]A range of occupations and incomes exist in a given industry sector. For instance, the methodology used to generate Tables B-1 to B-4 in Appendix B distinguishes between the typical incomes of workers in different types of retail stores (e.g., "food and beverage stores" versus "general merchandise stores"), rather than assuming all retail sector workers earn the same income. However, the average wage is used for each sub-category of industry employment and represents a reasonable proxy for the range of incomes in that group. Using the average approximates the total housing subsidy needed by workers in that industry.

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

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

A simplified example of these calculations follows:
A. Number of Households (prototype project) 1,000
B. Average Household Income (in the project) \$125,000
C. Aggregate Household Income (A x B) $\$ 125$ million
D. Average Income Spent on Retail (Consumer Expenditure Survey) \$40,000
E. Aggregate Retail Spending (A x D) $\$ 40$ million
F. Retail Gross Receipts: Payroll Ratio (Economic Census) 9:1
G. Estimated Retail Payroll $(E \div F)$
\$4.44 million
H. Average Retail Wage (Economic Census) \$28,500
I. Estimated Total Retail Jobs $(\mathrm{G} \div \mathrm{H}) \quad 156$
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 $\div \mathrm{J}) \quad 86$
L. Average Household Income (H x J) \$45,000
M. Income Category Low-Income (up to 80\% of AMI)

[^3]In this simplified example, 1,000 new market-rate apartments rented to households earning $\$ 125,000$ per year would create demand for 86 housing units for retail workers with household incomes typically between 50 and 80 percent of AMI. Actual calculations and impact distinctions by type of household expenditure for various rental unit sizes are shown in the series of tables presented in Appendix B.

## Demand for Income-Qualified Workers

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

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

Table 5 Summary of Worker and Household Generation per 100 Market-Rate Units

|  | Minimum <br> Household <br> Income | Total <br> Workers <br> Renerated | Total <br> Worker <br> Households | Total Income <br> Qualified <br> Households <br> [3] | VLI Households | LI Households |
| :--- | :---: | :---: | :---: | :---: | :---: | :---: | | Moderate Income |
| :---: |
| Unit Type |

[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.

[^4]
## 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 forrent 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] <br> (A) | Affordability Gap per Affordable Unit [2] <br> (B) | Total Nexus-Based Fee Supported |  | Per Sq.Ft. |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  | Per 100 Market-Rate Units $(C=A * B)$ | Per Market-Rate Unit $(D=C / 100)$ |  |
| 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 | 0.2 | \$1,222 | \$268 |  |  |
| Total | 14.0 |  | \$3,649,259 | \$36,493 | \$72.99 |

[1] See Table 5.
[2] See Table 2. EPS has assumed all affordable units will be rental because the subsidy to construct rental units is lower than for-sale for every income-category.
Source: Economic \& Planning Systems, Inc.

## Table 7 Nexus-Based Housing Fee Calculations (For-Rent 1-Bedroom Apartment)

| Item | Affordable Units Required Per 100 Market-Rate Units [1] <br> (A) | Affordability Gap per Affordable Unit [2] <br> (B) | Total Nexus-Based Fee Supported |  | Per Sq.Ft. |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  | Per 100 Market-Rate Units $(C=A * B)$ | Per Market-Rate Unit $(D=C / 100)$ |  |
| 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 | 0.3 | \$1,222 | \$348 |  |  |
| Total | 20.3 |  | \$5,361,665 | \$53,617 | \$67.02 |

[1] See Table 5.
[2] See Table 2. EPS has assumed all affordable units will be rental because the subsidy to construct rental units is lower than for-sale for every income-category.
Source: Economic \& Planning Systems, Inc.

Table 8 Nexus-Based Housing Fee Calculations (For-Rent 2-Bedroom Apartment)

| Item | Affordable Units <br> Required Per 100 Market-Rate Units [1] <br> (A) | Affordability Gap per Affordable Unit [2] <br> (B) | Total Nexus-Based Fee Supported |  | Per Sq.Ft. |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  | Per 100 Market-Rate Units $(C=A * B)$ | Per Market-Rate Unit $\text { ( } \mathrm{D}=\mathrm{C} / \mathrm{100} \text { ) }$ |  |
| 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 | 0.3 | \$1,222 | \$343 |  |  |
| Total | 22.6 |  | \$5,998,910 | \$59,989 | \$54.54 |

[1] See Table 5.
[2] See Table 2. EPS has assumed all affordable units will be rental because the subsidy to construct rental units is lower than for-sale for every income-category.
Source: Economic \& Planning Systems, Inc.

Table 9 Nexus-Based Housing Fee Calculations (For-Rent 3-Bedroom Apartment)

| Item | Affordable Units Required Per 100 Market-Rate Units [1] <br> (A) | Affordability Gap per Affordable Unit [2] <br> (B) | Total Nexus-Based Fee Supported |  | Per Sq.Ft. |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  | Per 100 Market-Rate Units $(C=A * B)$ | Per Market-Rate Unit $(D=C / 100)$ |  |
| 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 | 0.3 | \$1,222 | \$401 |  |  |
| Total | 26.4 |  | \$7,015,491 | \$70,155 | \$46.77 |

[1] See Table 5.
[2] See Tables 2. EPS has assumed all affordable units will be rental because the subsidy to construct rental units is lower than for-sale for every income-category.
Source: Economic \& Planning Systems, Inc.

## Appendices:

## Appendix A: Household Expenditures and Employment Generation

## Appendix B: Income Levels for Worker Households

## APPENDIX A:

Household Expenditures and Employment Generation

Table A-1
Household Expenditures and Employment Generation - For Rent Studio Apartment City of Capitola Rental Housing Fee; EPS\# 201117

| Item |  | $\begin{array}{\|c\|} \text { \% of Household } \\ \text { Income Spent per } \\ \text { Category [1] } \end{array}$ | \% of Category Expenditure per Type of Business [2] | Expenditures [3] | Expenditures per $1,000 \mathrm{HHs}$ | Gross Receipts to Wages $[4]$ | Total Wages per 1,000 Households | 2021 Avg. Wages [5] | \# of New | $\begin{gathered} \% \\ \text { Forming } \\ \text { HH [6] } \end{gathered}$ | Workers HH [7] | Total Worker HHs | $\begin{array}{\|c\|} \text { Avg. } \\ \text { Worker HH } \\ \text { Income } \end{array}$ | Income Category |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Calculation |  | a | $b$ | c | $d=c^{*} 1,000$ | e | $f=d / e$ | $g$ | $h=f / g$ | i | j | $k=h * i / j$ | $l=g^{*} j$ |  |
| Required Income | \$90,000 |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Food at Home |  | 7.2\% | 100\% | \$6,455 |  |  |  |  |  |  |  |  |  |  |
| Food \& Beverage Stores |  |  | 100\% | \$6,455 | \$6,454,786 | 9.01 | \$716,310 | \$30,474 | 23.5 | 87.5\% | 1.69 | 12.2 | \$51,421 | VLIHouseholds |
| Food Away From Home |  | 5.6\% | 100\% | \$5,042 |  |  |  |  |  |  |  |  |  |  |
| Food Services and Drinking Places |  |  | 100\% | \$5,042 | \$5,041,573 | 3.13 | \$1,612,883 | \$21,784 | 74.0 | 87.5\% | 1.69 | 38.4 | \$36,758 | VLI Households |
| Alcoholic Beverages |  | 0.9\% | 100\% | \$854 |  |  |  |  |  |  |  |  |  |  |
| Food \& Beverage Stores |  |  | 50\% | \$427 | \$427,181 | 9.01 | \$47,406 | \$30,474 | 1.6 | 87.5\% | 1.69 | 0.8 | \$51,421 | VLIHouseholds |
| Food Services and Drinking Places |  |  | 50\% | \$427 | \$427,181 | 3.13 | \$136,662 | \$21,784 | 6.3 | 87.5\% | 1.69 | 3.3 | \$36,758 | VLI Households |
| Housing Maintenance, Repairs, Insurance, Other expenses |  | 1.8\% | 100\% | \$1,601 |  |  |  |  |  |  |  |  |  |  |
| Personal and Household Goods Repair and Maintenance |  |  | 45\% | \$721 | \$720,667 | 3.34 | \$215,849 | \$29,298 | 7.4 | 98.1\% | 1.69 | 4.3 | \$49,437 | VLIHouseholds |
| Building Material and Garden Equipment and Supplies Dealer |  |  | 45\% | \$721 | \$720,667 | 8.42 | \$85,611 | \$34,606 | 2.5 | 87.5\% | 1.69 | 1.3 | \$58,395 | VLI Households |
| Real Estate and Rental and Leasing |  |  | 10\% | \$160 | \$160,148 | 5.03 | \$31,818 | \$49,773 | 0.6 | 98.1\% | 1.69 | 0.4 | \$83,988 | LI Households |
| Fuel oil and Other fuels [7] |  | 5.6\% | 100\% | \$5,038 |  |  |  |  |  |  |  |  |  |  |
| Nonstore Retailers |  |  | 100\% | \$5,038 | \$5,037,998 | 7.59 | \$663,509 | \$39,149 | 16.9 | 87.5\% | 1.69 | 8.8 | \$66,060 | LI Households |
| Water and Other Public Services [7] |  | 1.2\% | 100\% | \$1,040 |  |  |  |  |  |  |  |  |  |  |
| Waste Management and Remediation Services |  |  | 100\% | \$1,040 | \$1,040,249 | 4.00 | \$260,057 | \$68,872 | 3.8 | 98.1\% | 1.69 | 2.2 | \$116,214 | Moderate |
| Household Operations Personal Services |  | 0.8\% | 100\% | \$717 |  |  |  |  |  |  |  |  |  |  |
| Nursing and Residential Care Facilities |  |  | 40\% | \$287 | \$286,932 | 2.41 | \$119,017 | \$37,011 | 3.2 | 98.1\% | 1.69 | 1.9 | \$62,453 | LI Households |
| Social Assistance [8] |  |  | 60\% | \$430 | \$430,399 | 2.98 | \$144,260 | \$24,733 | 5.8 | 98.1\% | 1.69 | 3.4 | \$41,735 | VLIHouseholds |
| Household Operations Other Household Expenses |  | 1.3\% | 100\% | \$1,190 |  |  |  |  |  |  |  |  |  |  |
| Services to Buildings and Dwellings |  |  | 100\% | \$1,190 | \$1,190,173 | 2.91 | \$409,151 | \$75,555 | 5.4 | 98.1\% | 1.69 | 3.1 | \$127,492 | Above Mod |
| Housekeeping Supplies |  | 1.0\% | 100\% | \$900 |  |  |  |  |  |  |  |  |  |  |
| Building Materials and Garden Equipment and Supplies Dealers |  |  | 10\% | \$90 | \$89,964 | 8.42 | \$10,687 | \$34,606 | 0.3 | 87.5\% | 1.69 | 0.2 | \$58,395 | VLIHouseholds |
| Food \& Beverage Stores |  |  | 35\% | \$315 | \$314,875 | $9.01{ }^{7}$ | \$34,943 | \$30,474 | 1.1 | 87.5\% | 1.69 | 0.6 | \$51,421 | VLIHouseholds |
| General Merchandise |  |  | 35\% | \$315 | \$314,875 | 10.88 | \$28,954 | \$28,948 | 1.0 | 87.5\% | 1.69 | 0.5 | \$48,847 | VLIHouseholds |
| Miscellaneous Store Retailers |  |  | 20\% | \$180 | \$179,929 | 6.20 | \$29,020 | \$24,716 | 1.2 | 87.5\% | 1.69 | 0.6 | \$41,705 | VLIHouseholds |

[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 retailrestaurant 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.
${ }^{\text {8] }}$ P 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

| Hem | $\begin{gathered} \text { \% of Household } \\ \text { Income Spent per } \\ \text { Category [1] } \end{gathered}$ | \% 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 | $\begin{gathered} \left.\begin{array}{c} \% \\ \text { Forming } \\ \text { HH [6] } \end{array}\right] \end{gathered}$ | Workers/ HH [7] | Total Worker HHs | $\begin{gathered} \text { Avg. } \\ \text { Worker HH } \\ \text { Income } \end{gathered}$ | Income Category |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |

Required Income
Household Furnishings and Equipment
Furniture and Home Furnishings Stores
Electronics and Appliance Stor
General Merchandise Stores
Apparel and Services
Clothing and Clothing Accessories Stores
General Merchandise
Miscellaneous Store Retailers
Personal and Household Goods Repair and Maintenance
Dry cleaning and Laundry Services
Vehicle Purchases (net outlay)
Motor Vehicle and Parts Dealers

## Gasoline and motor o

Gasoline Stations
Vehicle Maintenance and Repairs
Repair and Maintenance
Medical Services
$\$ 90,000$

Ambulatory Heath Care Senvices
General Medical and Surgical Hospitals
Nursing and Residential Care Facilities
Drugs
Health and Personal Care Stores
Medical Supplies
Health and Personal Care Stores
Entertainment Fees and Admissions
Arts, Entertainment, \& Recreation
3.1\%
[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 tota 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 tuilities, 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 retailrestaurant 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 <br> [3] | Expenditures per 1,000 HHs | Gross Receipts to Wages | Total Wages per 1,000 Households | 2021 Avg. Wages [5] | \# of New Workers | $\begin{gathered} \% \\ \text { Forming } \\ \text { HH [6] } \end{gathered}$ | 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 | $k=h^{*} i / j$ | $1=9 * j$ |  |
| Required Income | \$90,000 |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Entertainment Audio and Visual Equipment and Services |  | 1.2\% | 100\% | \$1,052 |  |  |  |  |  |  |  |  |  |  |
| Electronics and Appliance Stores |  |  | 100\% | \$1,052 | \$1,052,165 | 9.49 | \$110,924 | \$29,615 | 3.7 | 87.5\% | 1.69 | 1.9 | \$49,973 | VLIHouseholds |
| Entertainment Pets, Toys, Hobbies, and Playground Equip. |  | 1.3\% | 100\% | \$1,176 |  |  |  |  |  |  |  |  |  |  |
| Sporting Goods, Hobby, and Musical Instrument Stores |  |  | 40\% | \$470 | \$470,436 | 6.59 | \$71,375 | \$21,452 | 3.3 | 87.5\% | 1.69 | 1.7 | \$36,198 | VLIHouseholds |
| Miscellaneous Store Retailers |  |  | 40\% | \$470 | \$470,436 | 6.20 | \$75,874 | \$24,716 | 3.1 | 87.5\% | 1.69 | 1.6 | \$41,705 | VLIHouseholds |
| Veterinary Senices |  |  | 20\% | \$235 | \$235,218 | 2.69 | \$87,398 | \$49,793 | 1.8 | 98.1\% | 1.69 | 1.0 | \$84,021 | LIHouseholds |
| Other Entertainment Supplies, Equipment, and Services |  | 0.5\% | 100\% | \$439 |  |  |  |  |  |  |  |  |  |  |
| Sporting Goods, Hobby, and Musical Instrument Stores |  |  | 85\% | \$373 | \$372,726 | 6.59 | \$56,550 | \$21,452 | 2.6 | 87.5\% | 1.69 | 1.4 | \$36,198 | VLIHouseholds |
| Photographic Services |  |  | 15\% | \$66 | \$65,775 | 3.41 | \$19,308 | \$43,227 | 0.4 | 98.1\% | 1.69 | 0.3 | \$72,941 | LIHouseholds |
| Personal Care Products and Services |  | 1.2\% | 100\% | \$1,062 |  |  |  |  |  |  |  |  |  |  |
| Unspecified Retail |  |  | 50\% | \$531 | \$530,849 | 6.20 | \$85,617 | \$24,716 | 3.5 | 87.5\% | 1.69 | 1.8 | \$41,705 | VLIHouseholds |
| Personal Care Services |  |  | 50\% | \$531 | \$530,849 | 2.74 | \$193,719 | \$22,157 | 8.7 | 98.1\% | 1.69 | 5.1 | \$37,387 | VLIHouseholds |
| Reading |  | 0.1\% | 100\% | \$123 |  |  |  |  |  |  |  |  |  |  |
| Sporting Goods, Hobby, and Musical Instrument Stores |  |  | 100\% | \$123 | \$122,733 | 6.59 | \$18,621 | \$21,452 | 0.9 | 87.5\% | 1.69 | 0.5 | \$36,198 | VLIHouseholds |
| Education |  | 1.0\% | 100\% | \$926 |  |  |  |  |  |  |  |  |  |  |
| Educational Services |  |  | 100\% | \$926 | \$925,857 | 2.59 | \$358,129 | \$35,028 | 10.2 | 98.1\% | 1.69 | 5.9 | \$59,106 | VLIHouseholds |
| Tobacco Products and Smoking Supplies |  | 0.4\% | 100\% | \$323 |  |  |  |  |  |  |  |  |  |  |
| Unspecified Retail |  |  | 100\% | \$323 | \$322,918 | 6.20 | \$52,081 | \$24,716 | 2.1 | 87.5\% | 1.69 | 1.1 | \$41,705 | VLIHouseholds |
| Miscellaneous |  | 1.3\% | 100\% | \$1,133 |  |  |  |  |  |  |  |  |  |  |
| Accounting |  |  | 20\% | \$227 | \$226,638 | 2.64 | \$85,909 | \$40,838 | 2.1 | 98.1\% | 1.69 | 1.2 | \$68,910 | LI Households |
| Architectural, Engineering, and Related |  |  | 20\% | \$227 | \$226,638 | 2.25 | \$100,863 | \$80,414 | 1.3 | 98.1\% | 1.69 | 0.7 | \$135,690 | Above Mod |
| Specialized Design Senvices |  |  | 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 | LIHouseholds |
| Legal Services |  |  | 20\% | \$227 | \$226,638 | 2.85 | \$79,389 | \$100,406 | 0.8 | 98.1\% | 1.69 | 0.5 | \$169,424 | Above Mod |
| Total per 1,000 Market Rate Households |  |  |  |  |  |  |  |  | 268.4 |  |  | 143.9 |  |  |

[1] Percent of income spent per category is based on the 2017 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative [1] Percent of income spent per categorry 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 housenolds at this income
estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most tuilities, 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 retailrestaurant 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.
[7] B Pased 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 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 <br> [3] | Expenditures per $1,000 \mathrm{HHs}$ | Gross Receipts to Wages [4] | Total Wages per 1,000 Households | 2021 Avg. Wages [5] | $\begin{aligned} & \text { \# of New } \\ & \text { Workers } \end{aligned}$ | Forming HH [6] | Workers/ HH [7] | Total Worker HHs HHs | Avg. Worker HH Income | Income Category |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Calculation |  | a | $b$ | c | $d=c^{*} 1,000$ | e | $f=d / e$ | $g$ | $h=f / g$ | $i$ | j | $k=h * i / j$ | $l=g^{*} j$ |  |
| Required Income | \$138,800 |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Food at Home |  | 5.7\% | 100\% | \$7,979 |  |  |  |  |  |  |  |  |  |  |
| Food \& Beverage Stores |  |  | 100\% | \$7,979 | \$7,979,227 | 9.01 | \$885,483 | \$30,474 | 29.1 | 87.5\% | 1.69 | 15.1 | \$51,421 | VLIHouseholds |
| Food Away From Home |  | 5.1\% | 100\% | \$7,040 |  |  |  |  |  |  |  |  |  |  |
| Food Services and Drinking Places |  |  | 100\% | \$7,040 | \$7,040,494 | 3.13 | \$2,252,372 | \$21,784 | 103.4 | 87.5\% | 1.69 | 53.6 | \$36,758 | VLIHouseholds |
| Alcoholic Beverages |  | 0.7\% | 100\% | \$1,027 |  |  |  |  |  |  |  |  |  |  |
| Food \& Beverage Stores |  |  | 50\% | \$513 | \$513,287 | 9.01 | \$56,961 | \$30,474 | 1.9 | 87.5\% | 1.69 | 1.0 | \$51,421 | VLIHouseholds |
| 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 | VLIHouseholds |
| Housing Maintenance, Repairs, Insurance, Other expenses |  | 1.8\% | 100\% | \$2,490 |  |  |  |  |  |  |  |  |  |  |
| Personal and Household Goods Repair and Maintenance |  |  | 45\% | \$1,120 | \$1,120,383 | 3.34 | \$335,569 | \$29,298 | 11.5 | 98.1\% | 1.69 | 6.7 | \$49,437 | VLI Households |
| Building Material and Garden Equipment and Supplies Dealer |  |  | 45\% | \$1,120 | \$1,120,383 | 8.42 | \$133,095 | \$34,606 | 3.8 | 87.5\% | 1.69 | 2.0 | \$58,395 | VLIHouseholds |
| Real Estate and Rental and Leasing |  |  | 10\% | \$249 | \$248,974 | 5.03 | \$49,466 | \$49,773 | 1.0 | 98.1\% | 1.69 | 0.6 | \$83,988 | LI Households |
| Fuel oil and Other fuels [7] |  | 4.5\% | 100\% | \$6,298 |  |  |  |  |  |  |  |  |  |  |
| Nonstore Retailers |  |  | 100\% | \$6,298 | \$6,298,423 | 7.59 | \$829,508 | \$39,149 | 21.2 | 87.5\% | 1.69 | 11.0 | \$66,060 | LI Households |
| Water and Other Public Services [7] |  | 1.0\% | 100\% | \$1,348 |  |  |  |  |  |  |  |  |  |  |
| Waste Management and Remediation Services |  |  | 100\% | \$1,348 | \$1,347,789 | 4.00 | \$336,941 | \$68,872 | 4.9 | 98.1\% | 1.69 | 2.8 | \$116,214 | Moderate |
| Household Operations Personal Services |  | 0.6\% | 100\% | \$836 |  |  |  |  |  |  |  |  |  |  |
| Nursing and Residential Care Facilities |  |  | 40\% | \$335 | \$334,587 | 2.41 | \$138,784 | \$37,011 | 3.7 | 98.1\% | 1.69 | 2.2 | \$62,453 | LI Households |
| Social Assistance [8] |  |  | 60\% | \$502 | \$501,881 | 2.98 | \$168,220 | \$24,733 | 6.8 | 98.1\% | 1.69 | 4.0 | \$41,735 | VLI Households |
| Household Operations Other Household Expenses |  | 1.3\% | 100\% | \$1,836 |  |  |  |  |  |  |  |  |  |  |
| Services to Buildings and Dwellings |  |  | 100\% | \$1,836 | \$1,835,511 | 2.91 | \$631,002 | \$75,555 | 8.4 | 98.1\% | 1.69 | 4.9 | \$127,492 | Above Mod |
| Housekeeping Supplies |  | 0.9\% | 100\% | \$1,246 |  |  |  |  |  |  |  |  |  |  |
| Building Materials and Garden Equipment and Supplies Dealers |  |  | 10\% | \$125 | \$124,553 | 8.42 | \$14,796 | \$34,606 | 0.4 | 87.5\% | 1.69 | 0.2 | \$58,395 | VLIHouseholds |
| Food \& Beverage Stores |  |  | 35\% | \$436 | \$435,934 | 9.01 | \$48,377 | \$30,474 | 1.6 | 87.5\% | 1.69 | 0.8 | \$51,421 | VLIHouseholds |
| General Merchandise |  |  | 35\% | \$436 | \$435,934 | 10.88 | \$40,085 | \$28,948 | 1.4 | 87.5\% | 1.69 | 0.7 | \$48,847 | VLIHouseholds |
| Miscellaneous Store Retailers |  |  | 20\% | \$249 | \$249,105 | 6.20 | \$40,177 | \$24,716 | 1.6 | 87.5\% | 1.69 | 0.8 | \$41,705 | VLIHouseholds |

[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 retailrestaurant 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.
${ }^{[8]}$ P Part of the Utilities, Fuels, and Public Services category, which also includes natural gas, electricity, and telephone services. Natural gas, electricity, and telephone senvices 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 $1,000 \mathrm{HHs}$ | 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 <br> HHs | Avg. Worker HH Income | Income Category |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Calculation |  | a | $b$ | c | $d=c^{*} 1,000$ | e | $f=d / e$ | $g$ | $h=f / g$ | i | j | $k=h * i / j$ | $l=g^{*} j$ |  |
| Required Income | \$138,800 |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Household Furnishings and Equipment |  | 2.8\% | 100\% | \$3,895 |  |  |  |  |  |  |  |  |  |  |
| Furniture and Home Furnishings Stores |  |  | 40\% | \$1,558 | \$1,558,086 | 6.22 | \$250,360 | \$31,496 | 7.9 | 87.5\% | 1.69 | 4.1 | \$53,146 | VLIHouseholds |
| Electronics and Appliance Stores |  |  | 40\% | \$1,558 | \$1,558,086 | 9.49 | \$164,261 | \$29,615 | 5.5 | 87.5\% | 1.69 | 2.9 | \$49,973 | VLI Households |
| General Merchandise Stores |  |  | 10\% | \$390 | \$389,522 | 10.88 | \$35,817 | \$28,948 | 1.2 | 87.5\% | 1.69 | 0.6 | \$48,847 | VLI Households |
| Miscellaneous Store Retailers |  |  | 10\% | \$390 | \$389,522 | 6.20 | \$62,824 | \$24,716 | 2.5 | 87.5\% | 1.69 | 1.3 | \$41,705 | VLI Households |
| Apparel and Services |  | 2.4\% | 100\% | \$3,296 |  |  |  |  |  |  |  |  |  |  |
| Clothing and Clothing Accessories Stores |  |  | 40\% | \$1,318 | \$1,318,421 | 6.20 | \$212,687 | \$19,472 | 10.9 | 87.5\% | 1.69 | 5.7 | \$32,857 | ELIHouseholds |
| 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 | VLIHouseholds |
| Dry cleaning and Laundry Services |  |  | 5\% | \$165 | \$164,803 | 3.34 | \$49,360 | \$29,298 | 1.7 | 87.5\% | 1.69 | 0.9 | \$49,437 | VLI Households |
| Vehicle Purchases (net outlay) |  | 5.3\% | 100\% | \$7,324 |  |  |  |  |  |  |  |  |  |  |
| Motor Vehicle and Parts Dealers |  |  | 100\% | \$7,324 | \$7,323,687 | 35.74 | \$204,894 | \$53,823 | 3.8 | 87.5\% | 1.69 | 2.0 | \$90,821 | LIHouseholds |
| Gasoline and motor oil |  | 3.1\% | 100\% | \$4,348 |  |  |  |  |  |  |  |  |  |  |
| Gasoline Stations |  |  | 100\% | \$4,348 | \$4,347,538 | 27.49 | \$158,141 | \$28,091 | 5.6 | 87.5\% | 1.69 | 2.9 | \$47,401 | VLI Households |
| Vehicle Maintenance and Repairs |  | 1.2\% | 100\% | \$1,598 |  |  |  |  |  |  |  |  |  |  |
| Repair and Maintenance |  |  | 100\% | \$1,598 | \$1,598,205 | 3.24 | \$492,976 | \$43,318 | 11.4 | 98.1\% | 1.69 | 6.6 | \$73,095 | LIHouseholds |
| Medical Services |  | 1.4\% | 100\% | \$1,974 |  |  |  |  |  |  |  |  |  |  |
| Ambulatory Health Care Services |  |  | 40\% | \$790 | \$789,794 | 2.55 | \$309,194 | \$70,780 | 4.4 | 98.1\% | 1.69 | 2.5 | \$119,434 | Above Mod |
| General Medical and Surgical Hospitals |  |  | 30\% | \$592 | \$592,345 | 4.40 | \$134,608 | \$27,115 | 5.0 | 98.1\% | 1.69 | 2.9 | \$45,755 | VLIHouseholds |
| Nursing and Residential Care Facililies |  |  | 30\% | \$592 | \$592,345 | 2.41 | \$245,699 | \$37,011 | 6.6 | 98.1\% | 1.69 | 3.9 | \$62,453 | LI Households |
| Drugs |  | 0.6\% | 100\% | \$798 |  |  |  |  |  |  |  |  |  |  |
| Health and Personal Care Stores |  |  | 100\% | \$798 | \$798,447 | 9.05 | \$88,212 | \$34,602 | 2.5 | 87.5\% | 1.69 | 1.3 | \$58,387 | VLIHouseholds |
| Medical Supplies |  | 0.2\% | 100\% | \$298 |  |  |  |  |  |  |  |  |  |  |
| Health and Personal Care Stores |  |  | 100\% | \$298 | \$297,615 | 9.05 | \$32,880 | \$34,602 | 1.0 | 87.5\% | 1.69 | 0.5 | \$58,387 | VLI Households |
| Entertainment Fees and Admissions |  | 1.1\% | 100\% | \$1,579 |  |  |  |  |  |  |  |  |  |  |
| Arts, Entertainment, \& Recreation |  |  | 100\% | \$1,579 | \$1,578,539 | 3.12 | \$505,180 | \$28,072 | 18.0 | 87.5\% | 1.69 | 9.3 | \$47,369 | VLI Households |

[1] Percent of income spent per category is based on the 2017 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges. ${ }^{[2]}$ Where multiple business types are likely to provide goods and senices 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 retailrestaurant 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.
${ }^{8]}$ P 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 <br> [3] | Expenditures per $1,000 \mathrm{HHs}$ | Gross Receipts to Wages [4] | Total Wages <br> per 1,000 <br> Households | 2021 Avg. Wages [5] | \# of New Workers | $\begin{gathered} \% \\ \text { Forming } \\ \text { HH [6] } \end{gathered}$ | Workers/ HH [7] | Total Worker HHs | $\underset{\substack{\text { Avg. } \\ \text { Worker HH }}}{\text { incone }}$ | Income Category |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Calculation |  | a | $b$ | c | $d=c^{*} 1,000$ | $e$ | $f=d / e$ | $g$ | $h=f / g$ | i | j | $k=h^{*} i / j$ | $1=g^{*} j$ |  |
| Required Income | \$138,800 |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Entertainment Audio and Visual Equipment and Services |  | 1.1\% | 100\% | \$1,579 |  |  |  |  |  |  |  |  |  |  |
| Electronics and Appliance Stores |  |  | 100\% | \$1,579 | \$1,578,539 | 9.49 | \$166,417 | \$29,615 | 5.6 | 87.5\% | 1.69 | 2.9 | \$49,973 | VLIHouseholds |
| Entertainment Pets, Toys, Hobbies, and Playground Equip. |  | 1.2\% | 100\% | \$1,732 |  |  |  |  |  |  |  |  |  |  |
| Sporting Goods, Hobby, and Musical Instrument Stores |  |  | 40\% | \$693 | \$692,774 | 6.59 | \$105,108 | \$21,452 | 4.9 | 87.5\% | 1.69 | 2.5 | \$36,198 | VLIHouseholds |
| 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 | LIHouseholds |
| Other Entertainment Supplies, Equipment, and Services |  | 1.1\% | 100\% | \$1,555 |  |  |  |  |  |  |  |  |  |  |
| Sporting Goods, Hobby, and Musical Instrument Stores |  |  | 85\% | \$1,322 | \$1,321,699 | 6.59 | \$200,528 | \$21,452 | 9.3 | 87.5\% | 1.69 | 4.8 | \$36,198 | VLIHouseholds |
| Photographic Services |  |  | 15\% | \$233 | \$233,241 | 3.41 | \$68,465 | \$43,227 | 1.6 | 98.1\% | 1.69 | 0.9 | \$72,941 | LI Households |
| Personal Care Products and Services |  | 1.1\% | 100\% | \$1,509 |  |  |  |  |  |  |  |  |  |  |
| Unspecified Retail |  |  | 50\% | \$755 | \$754,526 | 6.20 | \$121,693 | \$24,716 | 4.9 | 87.5\% | 1.69 | 2.6 | \$41,705 | VLIHouseholds |
| Personal Care Senices |  |  | 50\% | \$755 | \$754,526 | 2.74 | \$275,344 | \$22,157 | 12.4 | 98.1\% | 1.69 | 7.2 | \$37,387 | VLIHouseholds |
| Reading |  | 0.1\% | 100\% | \$184 |  |  |  |  |  |  |  |  |  |  |
| Sporting Goods, Hobby, and Musical Instrument Stores |  |  | 100\% | \$184 | \$183,551 | 6.59 | \$27,848 | \$21,452 | 1.3 | 87.5\% | 1.69 | 0.7 | \$36,198 | VLI Households |
| Education |  | 1.9\% | 100\% | \$2,677 |  |  |  |  |  |  |  |  |  |  |
| Educational Services |  |  | 100\% | \$2,677 | \$2,677,223 | 2.59 | \$1,035,573 | \$35,028 | 29.6 | 98.1\% | 1.69 | 17.2 | \$59,106 | VLI Households |
| Tobacco Products and Smoking Supplies |  | 0.3\% | 100\% | \$368 |  |  |  |  |  |  |  |  |  |  |
| Unspecified Retail |  |  | 100\% | \$368 | \$368,413 | 6.20 | \$59,419 | \$24,716 | 2.4 | 87.5\% | 1.69 | 1.2 | \$41,705 | VLIHouseholds |
| Miscellaneous |  | 1.1\% | 100\% | \$1,527 |  |  |  |  |  |  |  |  |  |  |
| Accounting |  |  | 20\% | \$305 | \$305,481 | 2.64 | \$115,795 | \$40,838 | 2.8 | 98.1\% | 1.69 | 1.6 | \$68,910 | LI Households |
| Architectural, Engineering, and Related |  |  | 20\% | \$305 | \$305,481 | 2.25 | \$135,951 | \$80,414 | 1.7 | 98.1\% | 1.69 | 1.0 | \$135,690 | Above Mod |
| Specialized Design Services |  |  | 20\% | \$305 | \$305,481 | 3.50 | \$87,197 | \$56,159 | 1.6 | 98.1\% | 1.69 | 0.9 | \$94,763 | LI Households |
| Death Care Services |  |  | 20\% | \$305 | \$305,481 | 2.99 | \$102,125 | \$43,227 | 2.4 | 98.1\% | 1.69 | 1.4 | \$72,941 | LI Households |
| Legal Services |  |  | 20\% | \$305 | \$305,481 | 2.85 | \$107,007 | \$100,406 | 1.1 | 98.1\% | 1.69 | 0.6 | \$169,424 | Above Mod |
| Total per 1,000 Market Rate Households |  |  |  |  |  |  |  |  | 393.0 |  |  | 211.3 |  |  |

[1] Percent of income spent per category is based on the 2017 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges,
[2] Where multiple business types are likely to provide goods and services in the expenditure category, EPS has estimated the proportion accruing to each business type.
[3] Expenditures are based on the percent of household income spent per the 2019 U.S. Consumer Expenditure Survey. Per Table 3 , renting a 1 -Bedroom Unit requires a household income of $\$ 138,800$ per year.
[4] Gross receipts to wages ratio obtained from the 2017 Economic Census data for Santa Cruz County
[5] Based on the 2017 average wage reported by the American Community Survey inflated to $\$ 2021$ based on the Bureau of Labor Statistics data for the Santa Cruz County.
[6] BLS data indicates that $12.5 \%$ of retailrestaurant 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 senvices 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


Required Income<br>\$167,000

| Food at Home | 4.7\% | 100\% | \$7,932 |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Food \& Beverage Stores |  | 100\% | \$7,932 | \$7,932,171 | 9.01 | \$880,261 | \$30,474 | 28.9 | 87.5\% | 1.69 | 15.0 | \$51,421 VLI Households |
| Food Away From Home | 4.8\% | 100\% | \$8,007 |  |  |  |  |  |  |  |  |  |
| Food Services and Drinking Places |  | 100\% | \$8,007 | \$8,006,793 | 3.13 | \$2,561,507 | \$21,784 | 117.6 | 87.5\% | 1.69 | 61.0 | \$36,758 VLIHouseholds |
| Alcoholic Beverages | 0.8\% | 100\% | \$1,270 |  |  |  |  |  |  |  |  |  |
| Food \& Beverage Stores |  | 50\% | \$635 | \$634,877 | 9.01 | \$70,454 | \$30,474 | 2.3 | 87.5\% | 1.69 | 1.2 | \$51,421 VLIHouseholds |
| 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 VLIHouseholds |
| Housing Maintenance, Repairs, Insurance, Other expenses | 1.7\% | 100\% | \$2,921 |  |  |  |  |  |  |  |  |  |
| Personal and Household Goods Repair and Maintenance |  | 45\% | \$1,314 | \$1,314,352 | 3.34 | \$393,665 | \$29,298 | 13.4 | 98.1\% | 1.69 | 7.8 | \$49,437 VLI Households |
| Building Material and Garden Equipment and Supplies Dealer |  | 45\% | \$1,314 | \$1,314,352 | 8.42 | \$156,137 | \$34,606 | 4.5 | 87.5\% | 1.69 | 2.3 | \$58,395 VLI Households |
| Real Estate and Rental and Leasing |  | 10\% | \$292 | \$292,078 | 5.03 | \$58,030 | \$49,773 | 1.2 | 98.1\% | 1.69 | 0.7 | \$83,988 LIHouseholds |
| Fuel oil and Other fuels [7] | 3.8\% | 100\% | \$6,307 |  |  |  |  |  |  |  |  |  |
| Nonstore Retailers |  | 100\% | \$6,307 | \$6,306,793 | 7.59 | \$830,610 | \$39,149 | 21.2 | 87.5\% | 1.69 | 11.0 | \$66,060 LIHouseholds |
| Water and Other Public Services [7] | 0.8\% | 100\% | \$1,330 |  |  |  |  |  |  |  |  |  |
| Waste Management and Remediation Services |  | 100\% | \$1,330 | \$1,330,385 | 4.00 | \$332,590 | \$68,872 | 4.8 | 98.1\% | 1.69 | 2.8 | \$116,214 Moderate |
| Household Operations Personal Services | 0.5\% | 100\% | \$914 |  |  |  |  |  |  |  |  |  |
| Nursing and Residential Care Facililies |  | 40\% | \$366 | \$365,652 | 2.41 | \$151,669 | \$37,011 | 4.1 | 98.1\% | 1.69 | 2.4 | \$62,453 LIHouseholds |
| Social Assistance [8] |  | 60\% | \$548 | \$548,478 | 2.98 | \$183,838 | \$24,733 | 7.4 | 98.1\% | 1.69 | 4.3 | \$41,735 VLIHouseholds |
| Household Operations Other Household Expenses | 1.3\% | 100\% | \$2,208 |  |  |  |  |  |  |  |  |  |
| Services to Buildings and Dwellings |  | 100\% | \$2,208 | \$2,208,431 | 2.91 | \$759,203 | \$75,555 | 10.0 | 98.1\% | 1.69 | 5.8 | \$127,492 Above Mod |
| Housekeeping Supplies | 0.8\% | 100\% | \$1,365 |  |  |  |  |  |  |  |  |  |
| Building Materials and Garden Equipment and Supplies Dealers |  | 10\% | \$137 | \$136,536 | 8.42 | \$16,220 | \$34,606 | 0.5 | 87.5\% | 1.69 | 0.2 | \$58,395 VLI Households |
| Food \& Beverage Stores |  | 35\% | \$478 | \$477,877 | 9.01 | \$53,032 | \$30,474 | 1.7 | 87.5\% | 1.69 | 0.9 | \$51,421 VLIHouseholds |
| 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
oed on the Bureau of Labor Statistics data for the Santa Cruz County.
解 $1.9 \%$ 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
91 Santa he 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


| Required Income | \$167,000 |  |  |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Household Furnishings and Equipment | 2.6\% | 100\% | \$4,342 |  |  |  |  |  |  |  |  |  |
| Furriture and Home Furnishings Stores |  | 40\% | \$1,737 | \$1,736,846 | 6.22 | \$279,084 | \$31,496 | 8.9 | 87.5\% | 1.69 | 4.6 | \$53,146 VLI Households |
| Electronics and Appliance Stores |  | 40\% | \$1,737 | \$1,736,846 | 9.49 | \$183,106 | \$29,615 | 6.2 | 87.5\% | 1.69 | 3.2 | \$49,973 VLI Households |
| General Merchandise Stores |  | 10\% | \$434 | \$434,211 | 10.88 | \$39,927 | \$28,948 | 1.4 | 87.5\% | 1.69 | 0.7 | \$48,847 VLI Households |
| Miscellaneous Store Retailers |  | 10\% | \$434 | \$434,211 | 6.20 | \$70,031 | \$24,716 | 2.8 | 87.5\% | 1.69 | 1.5 | \$41,705 VLI Households |
| Apparel and Services | 2.4\% | 100\% | \$4,055 |  |  |  |  |  |  |  |  |  |
| Clothing and Clothing Accessories Stores |  | 40\% | \$1,622 | \$1,622,113 | 6.20 | \$261,678 | \$19,472 | 13.4 | 87.5\% | 1.69 | 7.0 | \$32,857 ELI Households |
| General Merchandise |  | 40\% | \$1,622 | \$1,622,113 | 10.88 | \$149,157 | \$28,948 | 5.2 | 87.5\% | 1.69 | 2.7 | \$48,847 VLI Households |
| Miscellaneous Store Retailers |  | 10\% | \$406 | \$405,528 | 6.20 | \$65,405 | \$24,716 | 2.6 | 87.5\% | 1.69 | 1.4 | \$41,705 VLI Households |
| Personal and Household Goods Repair and Maintenance |  | 5\% | \$203 | \$202,764 | 3.34 | \$60,730 | \$29,298 | 2.1 | 87.5\% | 1.69 | 1.1 | \$49,437 VLI Households |
| Dry cleaning and Laundry Services |  | 5\% | \$203 | \$202,764 | 3.34 | \$60,730 | \$29,298 | 2.1 | 87.5\% | 1.69 | 1.1 | \$49,437 VLI Households |
| Vehicle Purchases (net outlay) | 5.1\% | 100\% | \$8,589 |  |  |  |  |  |  |  |  |  |
| Motor Vehicle and Parts Dealers |  | 100\% | \$8,589 | \$8,588,618 | 35.74 | \$240,283 | \$53,823 | 4.5 | 87.5\% | 1.69 | 2.3 | \$90,821 LI Households |
| Gasoline and motor oil | 2.4\% | 100\% | \$3,931 |  |  |  |  |  |  |  |  |  |
| Gasoline Stations |  | 100\% | \$3,931 | \$3,930,523 | 27.49 | \$142,972 | \$28,091 | 5.1 | 87.5\% | 1.69 | 2.6 | \$47,401 VLI Households |
| Vehicle Maintenance and Repairs | 1.1\% | 100\% | \$1,920 |  |  |  |  |  |  |  |  |  |
| Repair and Maintenance |  | 100\% | \$1,920 | \$1,920,371 | 3.24 | \$592,350 | \$43,318 | 13.7 | 98.1\% | 1.69 | 7.9 | \$73,095 LIHouseholds |
| Medical Services | 1.0\% | 100\% | \$1,652 |  |  |  |  |  |  |  |  |  |
| Ambulatory Health Care Services |  | 40\% | \$661 | \$660,878 | 2.55 | \$258,725 | \$70,780 | 3.7 | 98.1\% | 1.69 | 2.1 | \$119,434 Above Mod |
| General Medical and Surgical Hospitals |  | 30\% | \$496 | \$495,659 | 4.40 | \$112,636 | \$27,115 | 4.2 | 98.1\% | 1.69 | 2.4 | \$45,755 VLI Households |
| Nursing and Residential Care Facilities |  | 30\% | \$496 | \$495,659 | 2.41 | \$205,595 | \$37,011 | 5.6 | 98.1\% | 1.69 | 3.2 | \$62,453 LI Households |
| Drugs | 0.5\% | 100\% | \$775 |  |  |  |  |  |  |  |  |  |
| Health and Personal Care Stores |  | 100\% | \$775 | \$775,378 | 9.05 | \$85,663 | \$34,602 | 2.5 | 87.5\% | 1.69 | 1.3 | \$58,387 VLI Households |
| Medical Supplies | 0.2\% | 100\% | \$323 |  |  |  |  |  |  |  |  |  |
| Health and Personal Care Stores |  | 100\% | \$323 | \$322,977 | 9.05 | \$35,682 | \$34,602 | 1.0 | 87.5\% | 1.69 | 0.5 | \$58,387 VLI Households |
| Entertainment Fees and Admissions | 1.2\% | 100\% | \$2,066 |  |  |  |  |  |  |  |  |  |
| Arts, Entertainment, \& Recreation |  | 100\% | \$2,066 | \$2,066,119 | 3.12 | \$661,221 | \$28,072 | 23.6 | 87.5\% | 1.69 | 12.2 | \$47,369 VLI Households |

[1] Percent of income spent per category is based on the 2017 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most tutilities, 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 retailrestaurant 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.
牛
[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 <br> [3] | Expenditures per $1,000 \mathrm{HHs}$ | Gross Receipts to Wages [4] | Total Wages per 1,000 Households | 2021 Avg. Wages [5] | \# of New Workers | $\begin{gathered} \% \\ \text { Forming } \\ \text { HH } \end{gathered}$ | Workers/ HH [7] | Total Worker HHs | Avg. Worker HH Income | Income Category |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Calculation |  | a | $b$ | c | $d=c^{*} 1,000$ | , | $f=d / e$ | $g$ | $h=f / g$ | $i$ | j | $k=h^{*} i / j$ | $l=g^{*} j$ |  |
| Required Income | \$167,000 |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Entertainment Audio and Visual Equipment and Services |  | 1.2\% | 100\% | \$2,066 |  |  |  |  |  |  |  |  |  |  |
| Electronics and Appliance Stores |  |  | 100\% | \$2,066 | \$2,066,119 | 9.49 | \$217,820 | \$29,615 | 7.4 | 87.5\% | 1.69 | 3.8 | \$49,973 | VLIHouseholds |
| Entertainment Pets, Toys, Hobbies, and Playground Equip. |  | 0.9\% | 100\% | \$1,554 |  |  |  |  |  |  |  |  |  |  |
| Sporting Goods, Hobby, and Musical Instrument Stores |  |  | 40\% | \$622 | \$621,701 | 6.59 | \$94,325 | \$21,452 | 4.4 | 87.5\% | 1.69 | 2.3 | \$36,198 | VLI Households |
| Miscellaneous Store Retailers |  |  | 40\% | \$622 | \$621,701 | 6.20 | \$100,270 | \$24,716 | 4.1 | 87.5\% | 1.69 | 2.1 | \$41,705 | VLI Households |
| Veterinary Services |  |  | 20\% | \$311 | \$310,851 | 2.69 | \$115,501 | \$49,793 | 2.3 | 98.1\% | 1.69 | 1.3 | \$84,021 | LIHouseholds |
| Other Entertainment Supplies, Equipment, and Services |  | 0.8\% | 100\% | \$1,355 |  |  |  |  |  |  |  |  |  |  |
| Sporting Goods, Hobby, and Musical Instrument Stores |  |  | 85\% | \$1,152 | \$1,151,640 | 6.59 | \$174,727 | \$21,452 | 8.1 | 87.5\% | 1.69 | 4.2 | \$36,198 | VLIHouseholds |
| Photographic Services |  |  | 15\% | \$203 | \$203,231 | 3.41 | \$59,656 | \$43,227 | 1.4 | 98.1\% | 1.69 | 0.8 | \$72,941 | LI Households |
| Personal Care Products and Services |  | 0.8\% | 100\% | \$1,399 |  |  |  |  |  |  |  |  |  |  |
| Unspecified Retail |  |  | 50\% | \$700 | \$699,589 | 6.20 | \$112,832 | \$24,716 | 4.6 | 87.5\% | 1.69 | 2.4 | \$41,705 | VLI Households |
| Personal Care Services |  |  | 50\% | \$700 | \$699,589 | 2.74 | \$255,296 | \$22,157 | 11.5 | 98.1\% | 1.69 | 6.7 | \$37,387 | VLIHouseholds |
| Reading |  | 0.1\% | 100\% | \$150 |  |  |  |  |  |  |  |  |  |  |
| Sporting Goods, Hobby, and Musical Instrument Stores |  |  | 100\% | \$150 | \$150,412 | 6.59 | \$22,820 | \$21,452 | 1.1 | 87.5\% | 1.69 | 0.6 | \$36,198 | VLI Households |
| Education |  | 2.1\% | 100\% | \$3,507 |  |  |  |  |  |  |  |  |  |  |
| Educational Services |  |  | 100\% | \$3,507 | \$3,507,272 | 2.59 | \$1,356,642 | \$35,028 | 38.7 | 98.1\% | 1.69 | 22.5 | \$59,106 | VLIHouseholds |
| Tobacco Products and Smoking Supplies |  | 0.1\% | 100\% | \$246 |  |  |  |  |  |  |  |  |  |  |
| Unspecified Retail |  |  | 100\% | \$246 | \$246,022 | 6.20 | \$39,679 | \$24,716 | 1.6 | 87.5\% | 1.69 | 0.8 | \$41,705 | VLI Households |
| Miscellaneous |  | 1.2\% | 100\% | \$2,039 |  |  |  |  |  |  |  |  |  |  |
| Accounting |  |  | 20\% | \$408 | \$407,860 | 2.64 | \$154,603 | \$40,838 | 3.8 | 98.1\% | 1.69 | 2.2 | \$68,910 | LI Households |
| Architectural, Engineering, and Related |  |  | 20\% | \$408 | \$407,860 | 2.25 | \$181,513 | \$80,414 | 2.3 | 98.1\% | 1.69 | 1.3 | \$135,690 | Above Mod |
| Specialized Design Services |  |  | 20\% | \$408 | \$407,860 | 3.50 | \$116,420 | \$56,159 | 2.1 | 98.1\% | 1.69 | 1.2 | \$94,763 | LIHouseholds |
| Death Care Services |  |  | 20\% | \$408 | \$407,860 | 2.99 | \$136,351 | \$43,227 | 3.2 | 98.1\% | 1.69 | 1.8 | \$72,941 | LIHouseholds |
| Legal Services |  |  | 20\% | \$408 | \$407,860 | 2.85 | \$142,870 | \$100,406 | 1.4 | 98.1\% | 1.69 | 0.8 | \$169,424 | Above Mod |
| Total per 1,000 Market Rate Households |  |  |  |  |  |  |  |  | 436.5 |  |  | 234.8 |  |  |

[1] Percent of income spent per category is based on the 2017 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a [1] Percent of income spent per category is based on the 2017 U.S. Consumer Expenditiure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of housenolds at this income level, and th
conservative estimate of iob creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most tutilities, 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 retailrestaurant 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
${ }^{88}$ Part of the Utilities, Fuels, and Public Senvices 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


Required Income
\$195,300

| Food at Home | 4.7\% | 100\% | \$9,276 |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Food \& Beverage Stores |  | 100\% | \$9,276 | \$9,276,365 | 9.01 | \$1,029,431 | \$30,474 | 33.8 | 87.5\% | 1.69 | 17.5 | \$51,421 VLIHouseholds |
| Food Away From Home | 4.8\% | 100\% | \$9,364 |  |  |  |  |  |  |  |  |  |
| Food Services and Drinking Places |  | 100\% | \$9,364 | \$9,363,633 | 3.13 | \$2,995,583 | \$21,784 | 137.5 | 87.5\% | 1.69 | 71.3 | \$36,758 VLI Households |
| Alcoholic Beverages | 0.8\% | 100\% | \$1,485 |  |  |  |  |  |  |  |  |  |
| Food \& Beverage Stores |  | 50\% | \$742 | \$742,464 | 9.01 | \$82,394 | \$30,474 | 2.7 | 87.5\% | 1.69 | 1.4 | \$51,421 VLIHouseholds |
| Food Services and Drinking Places |  | 50\% | \$742 | \$742,464 | 3.13 | \$237,527 | \$21,784 | 10.9 | 87.5\% | 1.69 | 5.7 | \$36,758 VLI Households |
| Housing Maintenance, Repairs, Insurance, Other expenses | 1.7\% | 100\% | \$3,416 |  |  |  |  |  |  |  |  |  |
| Personal and Household Goods Repair and Maintenance |  | 45\% | \$1,537 | \$1,537,084 | 3.34 | \$460,376 | \$29,298 | 15.7 | 98.1\% | 1.69 | 9.1 | \$49,437 VLI Households |
| Building Material and Garden Equipment and Supplies Dealer |  | 45\% | \$1,537 | \$1,537,084 | 8.42 | \$182,597 | \$34,606 | 5.3 | 87.5\% | 1.69 | 2.7 | \$58,395 VLIHouseholds |
| 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 LIHouseholds |
| Fuel oil and Other fuels [7] | 3.8\% | 100\% | \$7,376 |  |  |  |  |  |  |  |  |  |
| Nonstore Retailers |  | 100\% | \$7,376 | \$7,375,549 | 7.59 | \$971,366 | \$39,149 | 24.8 | 87.5\% | 1.69 | 12.9 | \$66,060 LIHouseholds |
| Water and Other Public Services [7] | 0.8\% | 100\% | \$1,556 |  |  |  |  |  |  |  |  |  |
| Waste Management and Remediation Services |  | 100\% | \$1,556 | \$1,555,833 | 4.00 | \$388,951 | \$68,872 | 5.6 | 98.1\% | 1.69 | 3.3 | \$116,214 Moderate |
| Household Operations Personal Services | 0.5\% | 100\% | \$1,069 |  |  |  |  |  |  |  |  |  |
| Nursing and Residential Care Facilities |  | 40\% | \$428 | \$427,615 | 2.41 | \$177,371 | \$37,011 | 4.8 | 98.1\% | 1.69 | 2.8 | \$62,453 LIHouseholds |
| Social Assistance [8] |  | 60\% | \$641 | \$641,423 | 2.98 | \$214,991 | \$24,733 | 8.7 | 98.1\% | 1.69 | 5.1 | \$41,735 VLIHouseholds |
| Household Operations Other Household Expenses | 1.3\% | 100\% | \$2,583 |  |  |  |  |  |  |  |  |  |
| Services to Buildings and Dwellings |  | 100\% | \$2,583 | \$2,582,674 | 2.91 | \$887,858 | \$75,555 | 11.8 | 98.1\% | 1.69 | 6.8 | \$127,492 Above Mod |
| Housekeeping Supplies | 0.8\% | 100\% | \$1,597 |  |  |  |  |  |  |  |  |  |
| Building Materials and Garden Equipment and Supplies Dealers |  | 10\% | \$160 | \$159,674 | 8.42 | \$18,968 | \$34,606 | 0.5 | 87.5\% | 1.69 | 0.3 | \$58,395 VLI Households |
| Food \& Beverage Stores |  | 35\% | \$559 | \$558,859 | 9.01 | \$62,019 | \$30,474 | 2.0 | 87.5\% | 1.69 | 1.1 | \$51,421 VLIHouseholds |
| General Merchandise |  | 35\% | \$559 | \$558,859 | 10.88 | \$51,388 | \$28,948 | 1.8 | 87.5\% | 1.69 | 0.9 | \$48,847 VLIHouseholds |
| 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 muttiple 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 retailrestaurant 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.
${ }_{[7]}^{[7] \text { Based on the American Community Survey data 2014-2019. }}$
[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 | $\underset{\substack{\text { Avg. } \\ \text { Worker HH } \\ \text { Income }}}{\substack{\text {. } \\ \hline}}$ | Income Category |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Calculation |  | a | b | c | $d=c^{*} 1,000$ | e | $f=d / e$ | $g$ | $h=f / g$ | i | j | $k=h^{*} i / j$ | $1=g^{*} j$ |  |
| Required Income | \$195,300 |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Household Furnishings and Equipment |  | 2.6\% | 100\% | \$5,078 |  |  |  |  |  |  |  |  |  |  |
| Furniture and Home Furrishings Stores |  |  | 40\% | \$2,031 | \$2,031,173 | 6.22 | \$326,377 | \$31,496 | 10.4 | 87.5\% | 1.69 | 5.4 | \$53,146 | VLIHouseholds |
| 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 | VLIHouseholds |
| Miscellaneous Store Retailers |  |  | 10\% | \$508 | \$507,793 | 6.20 | \$81,899 | \$24,716 | 3.3 | 87.5\% | 1.69 | 1.7 | \$41,705 | VLI Households |
| Apparel and Services |  | 2.4\% | 100\% | \$4,742 |  |  |  |  |  |  |  |  |  |  |
| Clothing and Clothing Accessories Stores |  |  | 40\% | \$1,897 | \$1,896,998 | 6.20 | \$306,022 | \$19,472 | 15.7 | 87.5\% | 1.69 | 8.1 | \$32,857 | ELI Households |
| General Merchandise |  |  | 40\% | \$1,897 | \$1,896,998 | 10.88 | \$174,434 | \$28,948 | 6.0 | 87.5\% | 1.69 | 3.1 | \$48,847 | VLI Households |
| Miscellaneous Store Retailers |  |  | 10\% | \$474 | \$474,250 | 6.20 | \$76,489 | \$24,716 | 3.1 | 87.5\% | 1.69 | 1.6 | \$41,705 | VLI Households |
| Personal and Household Goods Repair and Maintenance |  |  | 5\% | \$237 | \$237,125 | 3.34 | \$71,022 | \$29,298 | 2.4 | 87.5\% | 1.69 | 1.3 | \$49,437 | VLIHouseholds |
| Dry cleaning and Laundry Services |  |  | 5\% | \$237 | \$237,125 | 3.34 | \$71,022 | \$29,298 | 2.4 | 87.5\% | 1.69 | 1.3 | \$49,437 | VLI Households |
| Vehicle Purchases (net outlay) |  | 5.1\% | 100\% | \$10,044 |  |  |  |  |  |  |  |  |  |  |
| Motor Vehicle and Parts Dealers |  |  | 100\% | \$10,044 | \$10,044,055 | 35.74 | \$281,001 | \$53,823 | 5.2 | 87.5\% | 1.69 | 2.7 | \$90,821 | LIHouseholds |
| Gasoline and motor oil |  | 2.4\% | 100\% | \$4,597 |  |  |  |  |  |  |  |  |  |  |
| Gasoline Stations |  |  | 100\% | \$4,597 | \$4,596,594 | 27.49 | \$167,200 | \$28,091 | 6.0 | 87.5\% | 1.69 | 3.1 | \$47,401 | VLI Households |
| Vehicle Maintenance and Repairs |  | 1.1\% | 100\% | \$2,246 |  |  |  |  |  |  |  |  |  |  |
| Repair and Maintenance |  |  | 100\% | \$2,246 | \$2,245,799 | 3.24 | \$692,730 | \$43,318 | 16.0 | 98.1\% | 1.69 | 9.3 | \$73,095 | LIHouseholds |
| Medical Services |  | 1.0\% | 100\% | \$1,932 |  |  |  |  |  |  |  |  |  |  |
| Ambulatory Health Care Serrices |  |  | 40\% | \$773 | \$772,871 | 2.55 | \$302,569 | \$70,780 | 4.3 | 98.1\% | 1.69 | 2.5 | \$119,434 | Above Mod |
| General Medical and Surgical Hospitals |  |  | 30\% | \$580 | \$579,653 | 4.40 | \$131,723 | \$27,115 | 4.9 | 98.1\% | 1.69 | 2.8 | \$45,755 | VLI Households |
| Nursing and Residential Care Facilities |  |  | 30\% | \$580 | \$579,653 | 2.41 | \$240,435 | \$37,011 | 6.5 | 98.1\% | 1.69 | 3.8 | \$62,453 | LI Households |
| Drugs |  | 0.5\% | 100\% | \$907 |  |  |  |  |  |  |  |  |  |  |
| Health and Personal Care Stores |  |  | 100\% | \$907 | \$906,774 | 9.05 | \$100,179 | \$34,602 | 2.9 | 87.5\% | 1.69 | 1.5 | \$58,387 | VLI Households |
| Medical Supplies |  | 0.2\% | 100\% | \$378 |  |  |  |  |  |  |  |  |  |  |
| Health and Personal Care Stores |  |  | 100\% | \$378 | \$377,709 | 9.05 | \$41,729 | \$34,602 | 1.2 | 87.5\% | 1.69 | 0.6 | \$58,387 | VLI Households |
| Entertainment Fees and Admissions |  | 1.2\% | 100\% | \$2,416 |  |  |  |  |  |  |  |  |  |  |
| Ars, Entertainment, \& Recreation |  |  | 100\% | \$2,416 | \$2,416,246 | 3.12 | \$773,272 | \$28,072 | 27.5 | 87.5\% | 1.69 | 14.3 | \$47,369 | VLIHouseholds |

[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 retailrestaurant 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] Base 1 Alities, Fuels, and Public Sey data 2014-2019,
绪
[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 <br> Expenditure per <br> Type of Business <br> $[2]$ | Expenditures <br> [3] | Expenditures per $1,000 \mathrm{HHs}$ | Gross <br> Receipts <br> to Wages to Wages | Total Wages per 1,000 Households | 2021 Avg. Wages [5] | \# of New Workers | Forming HH [6] | Workers/ HH [7] | Total Worker HHs | Avg. Worker HH Income | Income Category |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Calculation |  | a | $b$ | c | $d=c^{*} 1,000$ | e | $f=d / e$ | $g$ | $h=f / g$ | i | j | $k=h^{*} i / j$ | $l=g^{*} j$ |  |
| Required Income | \$195,300 |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Entertainment Audio and Visual Equipment and Services |  | 1.2\% | 100\% | \$2,416 |  |  |  |  |  |  |  |  |  |  |
| Electronics and Appliance Stores |  |  | 100\% | \$2,416 | \$2,416,246 | 9.49 | \$254,732 | \$29,615 | 8.6 | 87.5\% | 1.69 | 4.5 | \$49,973 | VLI Households |
| Entertainment Pets, Toys, Hobbies, and Playground Equip. |  | 0.9\% | 100\% | \$1,818 |  |  |  |  |  |  |  |  |  |  |
| Sporting Goods, Hobby, and Musical Instrument Stores |  |  | 40\% | \$727 | \$727,055 | 6.59 | \$110,309 | \$21,452 | 5.1 | 87.5\% | 1.69 | 2.7 | \$36,198 | VLI Households |
| Miscellaneous Store Retailers |  |  | 40\% | \$727 | \$727,055 | 6.20 | \$117,262 | \$24,716 | 4.7 | 87.5\% | 1.69 | 2.5 | \$41,705 | VLI Households |
| Veterinary Services |  |  | 20\% | \$364 | \$363,528 | 2.69 | \$135,074 | \$49,793 | 2.7 | 98.1\% | 1.69 | 1.6 | \$84,021 | LIHouseholds |
| Other Entertainment Supplies, Equipment, and Services |  | 0.8\% | 100\% | \$1,584 |  |  |  |  |  |  |  |  |  |  |
| Sporting Goods, Hobby, and Musical Instrument Stores |  |  | 85\% | \$1,347 | \$1,346,798 | 6.59 | \$204,336 | \$21,452 | 9.5 | 87.5\% | 1.69 | 4.9 | \$36,198 | VLIHouseholds |
| Photographic Services |  |  | 15\% | \$238 | \$237,670 | 3.41 | \$69,765 | \$43,227 | 1.6 | 98.1\% | 1.69 | 0.9 | \$72,941 | LI Households |
| Personal Care Products and Services |  | 0.8\% | 100\% | \$1,636 |  |  |  |  |  |  |  |  |  |  |
| Unspecified Retail |  |  | 50\% | \$818 | \$818,142 | 6.20 | \$131,953 | \$24,716 | 5.3 | 87.5\% | 1.69 | 2.8 | \$41,705 | VLIHouseholds |
| Personal Care Senices |  |  | 50\% | \$818 | \$818,142 | 2.74 | \$298,559 | \$22,157 | 13.5 | 98.1\% | 1.69 | 7.8 | \$37,387 | VLI Households |
| Reading |  | 0.1\% | 100\% | \$176 |  |  |  |  |  |  |  |  |  |  |
| Sporting Goods, Hobby, and Musical Instrument Stores |  |  | 100\% | \$176 | \$175,900 | 6.59 | \$26,688 | \$21,452 | 1.2 | 87.5\% | 1.69 | 0.6 | \$36,198 | VLI Households |
| Education |  | 2.1\% | 100\% | \$4,102 |  |  |  |  |  |  |  |  |  |  |
| Educational Services |  |  | 100\% | \$4,102 | \$4,101,618 | 2.59 | \$1,586,540 | \$35,028 | 45.3 | 98.1\% | 1.69 | 26.3 | \$59,106 | VLI Households |
| Tobacco Products and Smoking Supplies |  | 0.1\% | 100\% | \$288 |  |  |  |  |  |  |  |  |  |  |
| Unspecified Retail |  |  | 100\% | \$288 | \$287,713 | 6.20 | \$46,404 | \$24,716 | 1.9 | 87.5\% | 1.69 | 1.0 | \$41,705 | VLI Households |
| Miscellaneous |  | 1.2\% | 100\% | \$2,385 |  |  |  |  |  |  |  |  |  |  |
| Accounting |  |  | 20\% | \$477 | \$476,977 | 2.64 | \$180,802 | \$40,838 | 4.4 | 98.1\% | 1.69 | 2.6 | \$68,910 | LIHouseholds |
| 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 | LIHouseholds |
| Death Care Services |  |  | 20\% | \$477 | \$476,977 | 2.99 | \$159,457 | \$43,227 | 3.7 | 98.1\% | 1.69 | 2.1 | \$72,941 | LI Households |
| Legal Services |  |  | 20\% | \$477 | \$476,977 | 2.85 | \$167,080 | \$100,406 | 1.7 | 98.1\% | 1.69 | 1.0 | \$169,424 | Above Mod |
| Total per 1,000 Market Rate Households |  |  |  |  |  |  |  |  | 510.5 |  |  | 274.6 |  |  |

[1] Percent of income spent per category is based on the 2017 U.S. Consumer Expenditure Survey data for households at this income level. The sum of the categories included in this analysis is well below the total expenditures of households at this income level, and thus represent a conservative estimate of job creation and housing impacts. Expenditure categories not incorporated due to data constraints include taxes, housing and lodging, most utilities, tobacco, health insurance, personal/ life insurance, cash contributions, and financing charges.
[2] Where mutiple 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.
${ }^{6}$ 6] BLS data indicates that $12.5 \%$ of retailrestaurant 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,
] 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

|  |  |  |  |  |
| :--- | ---: | :--- | :--- | :--- |

[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.

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 <br> Households | LI <br> Households | Moderate Income Households | Above Moderate Income Households |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Retail |  |  |  |  |  |  |
| Unspecified Retail | 7.3 | 3.8 | 3.8 | 0.0 | 0.0 | 0.0 |
| Food \& Beverage Stores | 32.5 | 16.9 | 16.9 | 0.0 | 0.0 | 0.0 |
| Food Services and Drinking Places | 110.9 | 57.5 | 57.5 | 0.0 | 0.0 | 0.0 |
| Health and Personal Care Stores | 3.5 | 1.8 | 1.8 | 0.0 | 0.0 | 0.0 |
| General Merchandise | 6.8 | 3.5 | 3.5 | 0.0 | 0.0 | 0.0 |
| Furniture and Home Furnishings Stores | 7.9 | 4.1 | 4.1 | 0.0 | 0.0 | 0.0 |
| Building Material and Garden Equipment and Supplies Dealer | 4.3 | 2.2 | 2.2 | 0.0 | 0.0 | 0.0 |
| Electronics and Appliance Stores | 11.2 | 5.8 | 5.8 | 0.0 | 0.0 | 0.0 |
| Clothing and Clothing Accessories Stores | 10.9 | 5.7 | 5.7 | 0.0 | 0.0 | 0.0 |
| Motor Vehicle and Parts Dealers | 3.8 | 2.0 | 0.0 | 2.0 | 0.0 | 0.0 |
| Gasoline Stations | 5.6 | 2.9 | 2.9 | 0.0 | 0.0 | 0.0 |
| Sporting Goods, Hobby, and Musical Instrument Stores | 15.5 | 8.1 | 8.1 | 0.0 | 0.0 | 0.0 |
| Miscellaneous Store Retailers | 10.8 | 5.6 | 5.6 | 0.0 | 0.0 | 0.0 |
| Nonstore Retailers | 21.2 | 11.0 | 0.0 | 11.0 | 0.0 | 0.0 |
| Arts, Entertainment, \& Recreation | 18.0 | 9.3 | 9.3 | 0.0 | 0.0 | 0.0 |
| Medical/Health |  |  |  |  |  |  |
| Ambulatory Health Care Services | 4.4 | 2.5 | 0.0 | 0.0 | 0.0 | 2.5 |
| General Medical and Surgical Hospitals | 5.0 | 2.9 | 2.9 | 0.0 | 0.0 | 0.0 |
| Nursing and Residential Care Facilities | 10.4 | 6.0 | 0.0 | 6.0 | 0.0 | 0.0 |
| Social Assistance | 6.8 | 4.0 | 4.0 | 0.0 | 0.0 | 0.0 |
| Services |  |  |  |  |  |  |
| Personal and Household Goods Repair and Maintenance | 13.1 | 7.5 | 7.5 | 0.0 | 0.0 | 0.0 |
| Services to Buildings and Dwellings | 8.4 | 4.9 | 0.0 | 0.0 | 0.0 | 4.9 |
| Waste Management and Remediation Services | 4.9 | 2.8 | 0.0 | 0.0 | 2.8 | 0.0 |
| Real Estate and Rental and Leasing | 1.0 | 0.6 | 0.0 | 0.6 | 0.0 | 0.0 |
| Personal Care Services | 12.4 | 7.2 | 7.2 | 0.0 | 0.0 | 0.0 |
| Dry Cleaning and Laundry Services | 1.7 | 0.9 | 0.9 | 0.0 | 0.0 | 0.0 |
| Auto Repair and Maintenance | 11.4 | 6.6 | 0.0 | 6.6 | 0.0 | 0.0 |
| Veterinary Services | 2.6 | 1.5 | 0.0 | 1.5 | 0.0 | 0.0 |
| Photographic Services | 1.6 | 0.9 | 0.0 | 0.9 | 0.0 | 0.0 |
| Educational Services | 29.6 | 17.2 | 17.2 | 0.0 | 0.0 | 0.0 |
| Accounting | 2.8 | 1.6 | 0.0 | 1.6 | 0.0 | 0.0 |
| Architectural, Engineering, and Related | 1.7 | 1.0 | 0.0 | 0.0 | 0.0 | 1.0 |
| Specialized Design Services | 1.6 | 0.9 | 0.0 | 0.9 | 0.0 | 0.0 |
| Death Care Services | 2.4 | 1.4 | 0.0 | 1.4 | 0.0 | 0.0 |
| Legal Services | 1.1 | 0.6 | 0.6 | $\underline{0.0}$ | 0.0 | 0.0 |
| Total Workers and Households | 393.0 | 211.3 | 167.5 | 32.5 | 2.8 | 8.4 |
| Total Income-Qualified HH Generated Per 1,000 Market-Rate Units [2] |  | 202.9 | 167.5 | 32.5 | 2.8 | 0.0 |
| Total Income-Qualified HH Generated Per 100 Market-Rate Units [2] |  | 20.3 | 16.8 | 3.3 | 0.3 | 0.0 |

[^5]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

|  |  |  |  |  |  |
| :--- | ---: | ---: | ---: | ---: | ---: |
|  |  |  |  |  |  |

[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

[^6]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

|  |  |  |  |  |  |
| :--- | ---: | ---: | ---: | ---: | ---: |
|  |  |  |  |  |  |

[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.


[^0]:    1 California Health and Safety Code Section 50053 specifies that affordable housing cost for rental units is 30 percent of gross income for all income categories. Note that this differs from the State's defined affordable housing cost for for-sale units, which is up to 35 percent of gross income.
    $\mathbf{2}$ BLS data indicates that 12.5\% of retail/restaurant workers are age 16-19, but an average of only $1.9 \%$ of workers overall (this factor is applied to other industries). EPS has assumed that such young workers do not form their own households.

[^1]:    [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 3bedroom assumed to be 1,500 square feet

[^2]:    ${ }^{3}$ Note that the Consumer Expenditure Survey data is based on information current as of 2019. The latest data available for the Economic Census was published in 2017. EPS converted all numbers to 2021 dollars using the Consumer Price Index (CPI) for the San Francisco Metropolitan Statistical Area (MSA) from the Bureau of Labor Statistics.

[^3]:    4 Workers per working household based on American Community Survey (ACS) Census data as of 2019. Although ACS data reported is based on historical figures, these figures can vary somewhat based on ongoing revisions to the ACS data.

[^4]:    $\mathbf{5}$ To correspond to the available data regarding employee wages, the 2021 Santa Cruz County affordable housing income limits from HCD were used to determine the number of income-qualified households based on household expenditures.

[^5]:    [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

[^6]:    Source: Economic \& Planning Systems, Inc.

