

City of Capitola
Housing Element of the General Plan
2023-2031



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Housing Element of the General Plan City of Capitola

Executive Summary

With a population of 9,938¹ persons residing in 5,292¹ dwelling units, the City of Capitola is nearly built out. Capitola's existing housing is uniquely balanced to meet the diverse needs of its residents. Throughout its history, Capitola has served as a vacation destination with a mixture of summer cottages and fairly high-valued single-family homes with ocean views.

Capitola's housing stock comprises approximately 57% multifamily units. Of occupied housing units, approximately 46% are renter-occupied. Capitola has a fairly high population density of 6,211 persons per square mile and a housing unit density of 3,428 units per square mile.² Multiple-family dwellings and mobile home parks are interspersed within and adjacent to single-family neighborhoods. Many of the community's major commercial areas are zoned to encourage mixed uses and a more pedestrian-friendly environment.

The City of Capitola has been, and continues to be, a proponent of affordable housing. It has actively assisted with the construction of new affordable units and the maintenance and improvement of its existing affordable housing stock. From 2014 to 2020, the City completed a comprehensive zoning code update and city-wide rezoning to permit residential and mixed-use development in the commercial and mixed-use zones with no density limits and removed previous barriers to housing. The update included 66 public meetings from August 2014 through July 2019 and an

1 United States Census Bureau, 2020 5-Year Estimates Table.

2 Based on a geographic land area of 1.6 square miles (United States Census Bureau) of the entire City.

additional 9 hearings in 2019 and 2020 for certification by the California Coastal Commission. Subsequently, the City also amended the accessory dwelling ordinance and inclusionary housing ordinance and added an SB9 ordinance and objective standards for multifamily development ordinance.

In this 2023-2031 Housing Element Update, the City of Capitola outlines its plan to identify new opportunities for expanding affordable housing opportunities. This Housing Element identifies housing programs that:

- Identify adequate sites, with appropriate zoning and development standards to exceed the 1,336 units required under RHNA;
- Assist in the development of adequate housing to meet the needs of extremely low-, very low-, low, and moderate-income households;
- Address and remove governmental constraints, including housing for persons with disabilities;
- Conserve and improve the condition of the existing affordable housing stock;
- Preserve assisted housing developments at-risk of conversion to market-rate; and
- Promote equal housing opportunities for all persons.

This Housing Element represents the City’s strong commitment to expanding housing choices for all in the community. Major initiatives and actions include:

- **Adequate Sites:** In anticipation of this Housing Element update, the City completed a comprehensive rezoning program to allow mixed use development in most commercial zoning districts in the City. This action has significantly expanded the City’s ability to provide additional and diverse housing opportunities in the community.
- **Development Regulations:** The City has adopted Objective Design Standards to facilitate multifamily housing development and is committed to reviewing its overall development standards, including parking requirements to ensure a range of housing types and sizes can be accommodated in the community.

- **Accessory Dwelling Units (ADUs):** The City is committed to promoting ADUs as an alternative affordable housing options. The City has already developed pre-designed plans available to property owners free of charge. In upcoming years, the City will pursue available resources to enhance the affordability of ADUs.
- **Removal of Development Constraints:** The City will review and revise development standards, including parking requirements, to facilitate the development of a range of housing types and sizes that can meet the diverse needs of the community.
- **Mobile Home Park Assistance:** The City adopted an urgency rent stabilization ordinance for mobile home parks in May 2023 and a regular ordinance in June 2023. This ordinance will stabilize mobile home park rent increases to 5 percent plus CPI, or up to 10 percent of base rent, whichever is less.
- **Housing for Special Needs:** The City will amend the Zoning Code to address the provision of a variety of housing options for persons with special needs.

The City looks forward to the successful implementation of this Housing Element. Annually, the City will conduct an evaluation of its progress. This evaluation will be presented to the Planning Commission and City Council to determine if additional efforts or change in policy direction are warranted.



Chapter 1: Introduction

A. Community Overview

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

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

Capitola, with a population of 9,938³ persons residing in 5,292³ dwelling units, is nearly built-out. Its housing stock contains a varied and balanced mix of housing types, including single-family houses, multifamily structures, and mobile

3 United States Census Bureau, 2020 5-Year Estimates Table

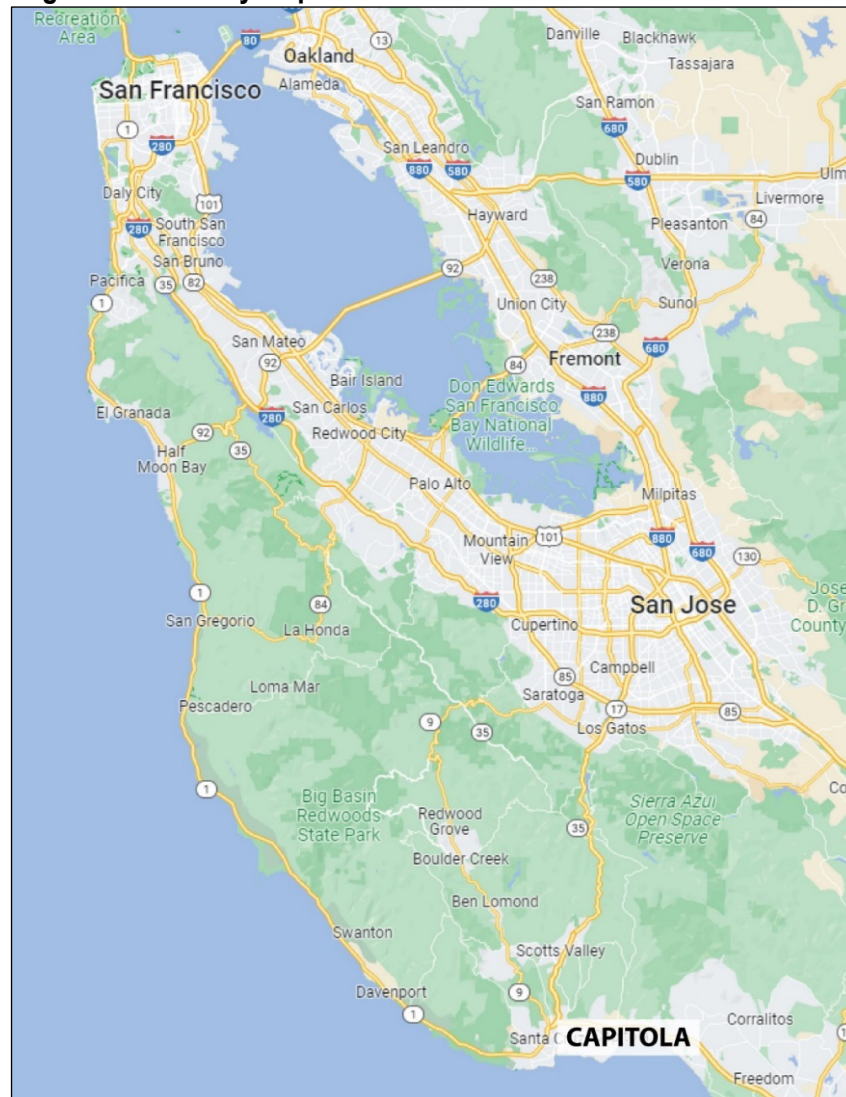
homes. Older Victorian-era homes and small cottages on small lots characterize its older neighborhoods such as Depot Hill, the Village, and parts of the Jewel Box. Cliffwood Heights, the Upper Village, and 41st Avenue, located in the northern portions of the City, are newer, more typical suburban neighborhoods, with most of the housing stock between 40 and 50 years of age (refer to Figure 1-2: Capitola Neighborhoods). New housing, constructed during the past decade, is found on in-fill sites scattered throughout the community.

The City has a residential density of approximately 5,994 persons per square mile. Communities with similar densities include Imperial Beach (5,988), Citrus Heights (5,951), and Rohnert Park (5,901)⁴

B. Purpose of the Element

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

Figure 1-1: Vicinity Map



4 <http://www.usa.com/rank/california-state--population-density--city-rank.htm>

Figure 1-2: Capitola Neighborhoods



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

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

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

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

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

C. Legislative Requirements

State law requires each municipality to accomplish the following tasks:

- To identify and analyze the current and projected housing needs of all economic segments of the community, including persons with disabilities.
- To evaluate and remove, as legally feasible and appropriate, the current and potential constraints to meeting those needs, including identifying the constraints that are due to the marketplace and those imposed by the government.
- To identify adequate sites to facilitate and encourage housing for households of all economic levels, including persons with disabilities.

- To establish a series of goals, objectives, policies and programs aimed at responding to the identified housing needs, the market and governmental constraints, and the housing opportunities.

This Housing Element addresses the planning period from 2023 through 2031. It has been prepared in accordance with applicable state law, and consistent with the City of Capitola General Plan and the community’s vision of its housing needs and objectives. For more information regarding compliance with state law, see Chapter 5 of this document.

D. Scope and Content

The Housing Element consists of five major components:

- An analysis of the City’s demographic, housing, and special needs characteristics and trends.
- Review of potential market, governmental, and environmental constraints that impact the City’s ability to address its housing needs.
- Analysis of land, financial, and organizational resources available to address the community’s housing goals.
- Evaluation of the City’s accomplishments toward meeting the goals and objectives of the prior 2015-2023 Housing Element.
- A statement of the Housing Plan for the years 2023-2031 to address the City’s identified housing needs, including the housing goals, policies, and programs.

E. Relationship to Other General Plan Elements

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

The Capitola General Plan, updated in 2014 with some revisions in 2019, supports a balanced land use pattern that maintains and enhances Capitola’s distinctive identity and unique sense of place. The Housing Element is most directly related to the Land Use Element. Relative to housing, the General Plan identifies constraints and opportunities to providing new affordable housing. The Land Use Element is guided by the principle of sustainable development and supports a pattern of development that protects natural resources, supports economic development, and promotes access to opportunity for all residents. Consistent with its Local Coastal Program policies, the Land Use Element protects and promotes its seashore resources, providing recreational facilities to the community and visitors. It also promotes commercial and mixed-use districts. The City’s residential and mixed use densities allow for an adequate diversity and supply of housing to satisfy the requirements of the Regional Housing Needs Assessment (RHNA) presented in this Housing Element. This Housing Element builds upon the other General Plan elements. It is entirely consistent with the policies and proposals set forth by the Plan.

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

F. Public Participation

The update to the Housing Element has provided residents and other interested parties with opportunities to review draft documents and proposed policies, and to provide recommendations for consideration by decision-makers pursuant to Government Code §65583. The City has conducted community outreach using several in-person and virtual engagement tools. Public participation efforts have included stakeholder interviews, an online housing questionnaire, a dedicated webpage on the City’s website, two Planning Commission Study Sessions, two City Council Study Sessions, a Joint Planning Commission and City Council Study Session focusing on the sites inventory, and two community workshops. All project materials and notices are posted and advertised on the City’s website and social media platforms, and printed copies were made available at public facilities including the Capitola City Hall to ensure broad access and exposure throughout the City. Additional materials about the public outreach process are located in Appendix B of this Housing Element.

1. Community Outreach Summary

The outreach efforts mentioned above generated a variety of comments and input from the public. Community input and feedback to help to guide preparation of the 2023-2031 Housing Element are summarized below.

Stakeholder Interviews

On November 2, November 3, and November 15, 2022, the City conducted stakeholder interviews through a series of seven virtual video calls. City staff reached out to a variety of stakeholders with known involvement in housing issues or development, commitment to serving special needs populations, or affiliation within organizations that provide a variety of services in the community and/or the immediate Santa Cruz County region. Approximately 19 stakeholders were interviewed, with a range of for-profit and nonprofit developers, local realtors, local school district officials, and business leaders. The interviews generally focused on key issues and ideas of the various groups and representatives for the Housing Element Update. A strong consensus among the stakeholders interviewed emerged regarding the major challenges, ideas, and needs for the community. Following is a list of key/recurring themes heard during the stakeholder interviews:

1. Streamline entitlement and permitting processes to encourage housing developments
 - Streamline entitlement process to minimize risk and entice developers and property owners to build housing
 - Streamline permitting process for ADUs to reduce cost and encourage property owners to build ADUs
2. Encourage partnerships with service organizations and nonprofit organizations to provide housing and/or housing-related services/programs.
 - Consider housing development on available, vacant, or underutilized school district or church/religious institution properties
 - Consider further partnership with nonprofit affordable housing advocates
3. Look for mixed-use commercial/housing opportunities at Capitola Mall site and along 41st Avenue.
 - Revisit the ratio of residential to nonresidential uses for mixed-use product types for greater feasibility

Housing Questionnaire

On November 14, 2022, the City launched an online questionnaire on the Housing Element webpage. A printed poster of the questionnaire availability was also provided at public facilities including City Hall, the library, and the senior center. The questionnaire was made available online until March 21, 2023, with a total of 92 responses. Participants were asked to provide feedback on current housing conditions, concerns, and/or preferences for the Housing Element team to consider. Other questions included demographics, such as age and connection to the City of Capitola, to better understand the profile of participants responding. See Appendix A for Housing Questionnaire Summary and Results.

2. Planning Commission and City Council Study Sessions

On February 2 and February 9, 2023, and June 1 and 8, 2023, virtual study sessions focusing on the Housing Element Update were held with the Capitola Planning Commission and the City Council. Staff and the consulting team made brief presentations to the Planning Commission and City Council that provided an overview of the Housing Element Update process, as well as the City's approach to the Regional Housing Needs Assessment (RHNA). The study sessions were properly noticed, agendized, and advertised on the City's website and social media platforms. Comments from the City Council centered around the sites inventory analysis, ranging from ideas on specific site locations for housing to broader level ideas to streamline and meet the RHNA housing allocation for the City.

3. Community Workshops

On February 16, 2023, the City hosted a community workshop to solicit public input on the 2023-2031 Housing Element. The workshop was advertised on the City's website and social media platforms, as well as flyers posted at public facilities. Invitations to participate were also sent directly to stakeholders via email. Staff and consultants gave a presentation that provided an overview of the Housing Element Update process. A virtual poll was conducted during the presentation to gather feedback from participants to gauge perceived housing needs and preferred locations for potential future housing. The Community Workshop presentation can be furnished by City staff per request. Approximately 50 participants attended the workshop and were able to share their ideas and concepts to address the City's housing needs and trends by participating in a large group discussion at the conclusion of the presentation.

On May 16, 2023, City staff and consultants hosted the second of two community meetings regarding the 2024-2031 Housing Element. The workshop was advertised on the City’s website and social media platforms, as well as materials posted at public facilities. Invitations to participate were also sent directly to stakeholders via email. Staff and consultants gave a presentation that provided an overview and update of the housing element update process. The Community Meeting presentation can be furnished by City staff on request. Participants were able to share their ideas to address the City’s housing needs and trends by participating in a group discussion at the conclusion of the presentation.

4. Joint Study Session with Planning Commission and City Council

On March 16, 2023, a joint study session was conducted with the Capitola Planning Commission and the City Council, focusing on the sites inventory, analysis, and site selection. Staff and the consulting team made a brief presentation to the Planning Commission and the City Council that provided an overview of the sites inventory, analysis, and site selection for potential allocation for the Housing Element. A number of public comments were made during the joint study session, primarily on the issues relating to an existing mobile home park. The joint study session was properly noticed, agendized, and advertised on the City’s webpage and social media platforms.

5. Public Review Draft

On May 10, 2023, the Public Review Draft was published online on City website and printed copies were made available at City facilities, including City Hall and the Capitola Library, for 30 days. Local and regional stakeholders and organizations identified in Appendix B were notified of the availability of the Draft Housing Element for public review.

During the development of the Draft Housing Element and during the 30-day public review of the Draft Element, the City also conducted a community meeting and two public meetings, one before the Planning Commission and one before the City Council, to receive public input. The City also received written comments from residents and other interested parties, including:

- Housing Choices – Developmental Disabilities Housing Needs Analysis for City of Capitola
- Santa Cruz County Regional Transportation Commission
- Communities Organized for Regional Power in Action

- Santa Cruz YIMBY
- Carpenters Union
- Merlone Geier Partners
- Housing Authority of the County of Santa Cruz

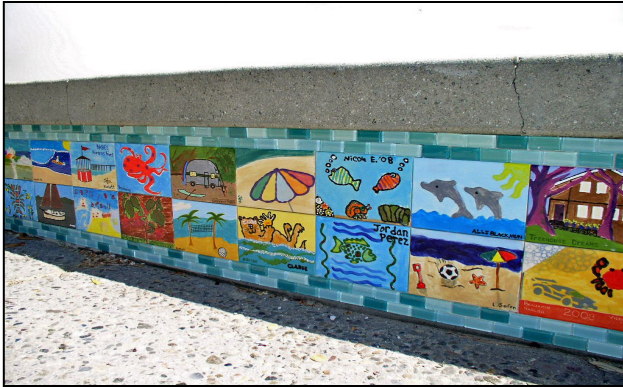
Key Comments	Housing Element Responses
Facilitate the development of housing for persons with developmental disabilities.	Program 3.1 Emergency Shelters and Low Barrier Navigation Center, Program 3.2 Transitional and Supportive Housing, Program 3.4 Housing for Persons with Disabilities, and Program 3.5 Housing for Extremely Low Income Households aim at facilitating housing opportunities for persons with special needs, including those with developmental disabilities.
Reduce parking standards and incentivize the development of high-density housing.	Program 1.6 Development Regulations includes actions to review and revise the development standards, including parking and height, to facilitate multifamily housing development.
Support the City’s priority of planning for sites along transit corridors and pursuing the strategy of infill building and higher density.	The sites inventory focuses on high density sites along transportation corridors.
Support a range of strategies to expand affordable housing opportunities, including acquisition of existing properties for conversion into deed restricted units, Community/Tenant Opportunity to Purchase Act (C/TOPA), housing for persons with disabilities, and providing housing assistance.	<p>Program 2.3 Preservation of Rental Housing includes actions to pursue funding for the acquisition/ rehabilitation of rental housing.</p> <p>Program 2.5 Affordable Housing Development includes actions to pursue affordable housing opportunities. However, the City does not currently have the financial capacity to implement C/TOPA programs.</p> <p>Program 2.7 Housing Trust Fund and Program 2.8 Inclusionary Housing Ordinance to potentially reinstate the rental housing component of inclusionary housing.</p> <p>Program 4.1 Security Deposit and Program 4.2 Rental Housing Assistance include specific commitments of the City to provide assistance to renters.</p>
Consider rezoning/upzoning additional properties.	From 2014 – 2020, the City completed a comprehensive zoning code update and rezoning to permit residential and mixed-use development in the City’s commercially zoned properties with no density limits and removed existing barriers to housing. The update included 66 public meetings from August 2014 through July 2019 and an addition 9 hearings in 2019 and 2020 for Certification by Coastal Commission.

Key Comments	Housing Element Responses
Expand opportunities through ADUs, SB 9, and SB 10 and develop an overlay for congregational and educational sites to allow multifamily housing development at higher density.	<p>Program 1.3 Accessory Dwelling Units includes actions to promote ADU development.</p> <p>The sites inventory includes some church sites. Recent changes in state law (AB 2295) allows affordable housing for staff and faculty members to be constructed on properties owned by a local educational agency.</p>
Identify the Housing Authority as an important partner for affordable housing development and to update the Affordable Housing Overlay.	The Resources section includes the Housing Authority as a partner and the Housing Plan has been revised to include an action to update the Affordable Housing Overlay.
<p>Specific site constraints in the redevelopment of Capitola Mall, including height limit, FAR, and ground floor commercial, as well as existing leases on a portion of the site.</p> <p>Increase height and FAR to enable density that Capitola needs in the C-C and C-R districts, including the mall project and other mixed-use development.</p>	<p>The 2019 mall redevelopment conceptual application included 637 units. The City has removed the Kohl's site from the inventory (site 7), and the adjusted number of units on the mall site is consistent with the conceptual application.</p> <p>The Capitola Mall is included in CMC Chapter 17.88 Incentives for Community Benefits. Within the incentive chapter, the mall can receive an increase FAR of 2.0 and height of 50 feet.</p> <p>Also, the mall could build residential next to commercial on the same development site. Within the regional commercial zone, the land use table allows multifamily residential as long as it is part of a mixed-use project integrated with commercial structures located on the same development site. The first story does not have to be commercial.</p> <p>The City of Capitola included funding in the 23/24 budget to fund a study to identify actions the City could take to assist in mall redevelopment. The City has committed to creating a mall redevelopment committee and completing the study. Capitola anticipates forming the committee and initiating the study by September of 2023.</p>
Local hires preference for housing construction.	Setting a local hire policy for construction requires significant research and considerations regarding legality and feasibility. This policy is not included in the Housing Element.

G. Sources of Information

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

- County of Santa Cruz Assessor’s Office Parcel Information Data
- City of Capitola General Plan
- City of Capitola Community Development and Building Department building permit records
- Association of Monterey Bay Area Governments (AMBAG) Final Regional Housing Needs Allocation Plan 2023-2031, adopted October 2022
- 2010 and 2020 U.S. Census Reports
- 2006-2010 and 2016-2020 American Community Survey, 5-Year Estimates
- California Department of Housing and Community Development, State Income for 2022
- US Department of Finance, E-5 City/County Population and Housing Estimates, 1/1/22
- United States Census Bureau, 5-Year Estimates, 2020
- 2022 Santa Cruz County Homeless Census and Survey
- Comprehensive Housing Affordability Strategy (CHAS) data for 2015-2019 (<https://www.huduser.gov/portal/datasets/cp.html>).
- Various other informational sources were also referenced where appropriate. References to these informational sources are cited where they appear within the text.



Chapter 2: Housing Needs Assessment

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

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

- Section A, Population Characteristics, analyzes the City of Capitola in terms of individual persons and population trends that may affect future housing needs.
- Section B, Household Characteristics, analyzes Capitola in terms of households, or living groups, to see how past and expected household changes will affect housing needs.
- Section C, Housing Stock, analyzes the housing units in Capitola in terms of availability, affordability, and condition.

- Section D, Assisted Housing Developments At-Risk of Conversion, analyzes housing units that have expiring use restrictions. Such projects may be at risk of losing rent restrictions within the next few years, which could result in significant rent increases for their tenants.
- Section E, Regional Housing Needs Assessment (RHNA) looks at the housing units by income category that Capitola must plan for during the 2023-2031 Housing Element planning period.

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

The most recent demographic data available was from the 2020 U.S. Census report and the 2016-2020 American Community Survey, 5-Year Estimates. Where more recent data was available and appropriate, it was included. Some of these sources provide data on the same topic, but because of different methodologies, the resulting data differ. For example, the decennial census and the ACS report slightly different estimates for the total population, number of households, number of housing units, and household size. This is in part because ACS provides estimates based on a small survey of the population taken over the course of the whole year. Because of the survey size and seasonal population shifts, some information provided by the ACS is less reliable. For this reason, the reader should keep in mind the potential for data errors when drawing conclusions based on the ACS data used in this chapter. The information is included because it provides an indication of possible trends.

A. Population Characteristics

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

1. Population Change

According to the State of California, Department of Finance, the City of Capitola had a slight increase in population from 2010 to 2020. During this time Santa Cruz County grew by approximately 3.2%. The fastest growing city within the county, in terms of percentage growth, was Scotts Valley at 5.6%. Table 2-1 indicates population growth trends for Capitola and surrounding communities.

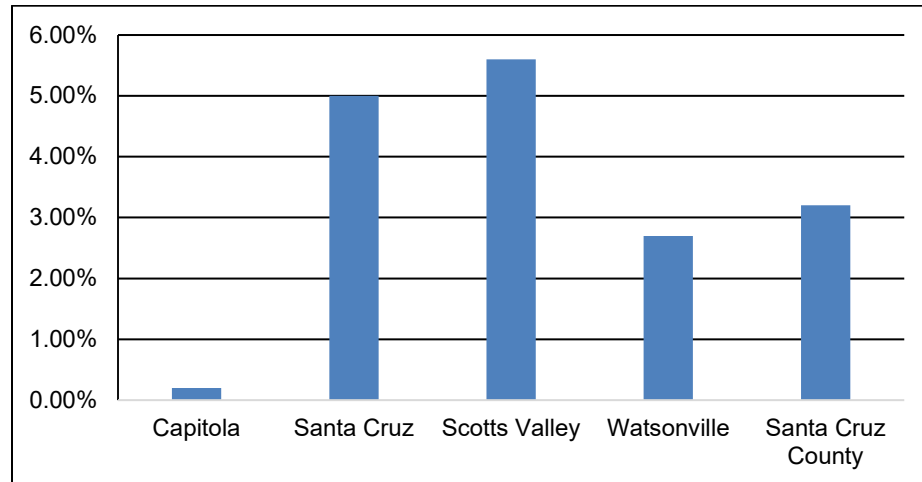
Table 2-1: Total Population of Santa Cruz County Jurisdictions in 2010 and 2020

Jurisdiction	2010	2020	Percentage Change 2010-2020
Capitola	9,918	9,938	+0.2%
Santa Cruz	59,946	62,956	+5.0%
Scotts Valley	11,580	12,224	+5.6%
Watsonville	51,199	52,590	+2.7%
Santa Cruz County	262,382	270,861	+3.2%

Source: 2020 U.S. Census

Figure 2-1 shows the population change between 2010 and 2020 in graphic form, using the California Department of Finance E-5 Estimates shown in Table 2-1.

Figure 2-1: Percent Population Change, 2010-2020



Source: 2020 U.S. Census

Although it has the smallest population of all the jurisdictions in Santa Cruz County, the City of Capitola is among the most densely populated (see Table 2-2). Housing in Capitola is characterized by a large number of housing units per square mile and a small household size. Some of this density occurs in the historic areas such as Capitola Village where small beach bungalows that characterized “Camp Capitola” evolved into permanent single-family housing. The large percentage of multi-residential developments and mobile home parks has also contributed to the community’s higher than average density.

Table 2-2: Housing and Population Densities by Jurisdiction

Jurisdiction	Population per Square Miles ¹	Housing Units per Square Mile ²	Persons per Household ³
City of Capitola	6,235	3,328	2.12
City of Santa Cruz	4,942	1,925	2.41
City of Scotts Valley	2,647	1,136	2.48
City of Watsonville	7,841	2,218	3.63
City of Los Angeles	8,304	2,987	2.77
City of San Francisco	18,629	7,720	2.36

Notes:

¹Total population based on 2020 U.S. Census Estimate divided by the total area in miles of city limits

²Total housing units based on 2020 U.S. Census Estimate divided by the total area in miles of city limits

³Source: 2016-2020 American Community Survey 5-Year Estimates

2. Age Characteristics

The age characteristics of a population are important factors in evaluating housing needs and planning future housing development. For example, if a city is experiencing an outmigration of young adults (ages 25–34), there may be a shortage of first-time homebuyer opportunities and/or well-paying employment opportunities. If a city has a substantial elderly population, special housing types or services may be needed, such as assisted living facilities, housing rehabilitation programs, paratransit, meals on wheels, and home health care services, to enable seniors to remain in the community. Table 2-3 shows the number of Capitola and Santa Cruz County residents in each age group.

Between 2010 and 2020, the median age of Capitolans increased from 42.9 to 45.3 years (see Table 2-3 below). While most age groups declined between 2010 and 2020, the number of city residents aged 5 to 9 doubled and residents age

65 to 74 increased by almost 200% (from 490 residents to 1,427). The median age in Capitola is higher than the County’s (45.3 years versus 38.2 years). Median age for the City, as well as the County, is expected to continue to increase as the Baby Boom generation ages.⁵

Table 2-3: Population by Age Group, City of Capitola and Santa Cruz County

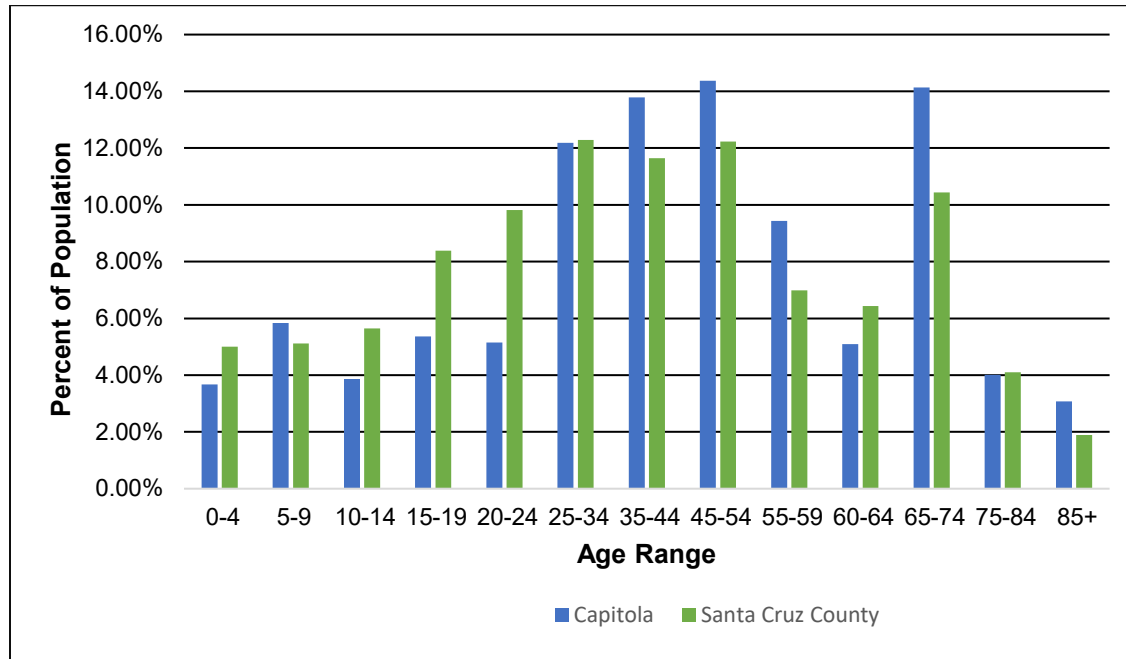
Age Range	City of Capitola					Santa Cruz County	
	2010		2020		% Growth 2010-2020	2020	
	# of Persons	% of Population	# of Persons	% of Population		# of Persons	% of Population
Under 5 years	627	6.4%	371	3.7%	-40.9%	13,661	5.0%
5 – 9	294	3.0%	589	5.8%	100.3%	13,991	5.1%
10 - 14	470	4.8%	389	3.7%	-17.3%	15,432	5.7%
15 - 19	353	3.6%	542	5.4%	53.6%	22,915	8.4%
20 - 24	764	7.8%	520	5.2%	-32.0%	26,816	9.8%
25 - 34	1,392	14.2%	1,229	12.2%	-11.7%	33,559	12.3%
35 - 44	1,186	12.1%	1,391	13.8%	17.3%	31,791	11.6%
45 - 54	1,588	16.2%	1,450	14.4%	-8.7%	33,422	12.2%
55 - 59	951	9.7%	952	9.4%	0.1%	19,084	7.0%
60 - 64	706	7.2%	514	5.1%	-27.2%	17,586	6.4%
65 - 74	490	5.0%	1,427	14.1%	191.2%	28,532	10.4%
75 - 84	568	5.8%	405	4.0%	-28.2%	11,208	4.1%
85 and over	412	4.2%	311	3.1%	-24.4%	5,173	1.9%
Total	9,801	100%	10,090	100%	2.9%	273,170	100%
Median Age	42.9		45.3		-	38.2	

Source: 2006-2010 and 2016-2020 American Community Survey 5-Year Estimates

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

As seen in Figure 2-2 Capitola has a smaller proportional population of children than the County: 13.2% of Capitolans were aged 14 or younger, while 15.8% of County residents were children in this age group. In contrast, 50.1% of Capitola’s residents were aged 45 or older, while that group comprised 42.0% of the County’s population.

Figure 2-2: Percent of Total Population by Age Group, Capitola and Santa Cruz County



Source: 2016-2020 American Community Survey 5-Year Estimates

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

3. Race and Ethnicity

A community’s racial and ethnic composition may have implications for housing needs to the extent that different groups have different household characteristics and cultural backgrounds that may affect housing needs and preferences. Table 2-4 shows the racial and ethnic makeup of Capitola in 2010 and 2020. While the percentage of White residents decreased in the last decade, they still make up the majority of Capitola residents (69%). Hispanic or Latino residents increased from 16% to 23% of residents between 2010 and 2020, while Asian residents increased from 3% to 4% and residents identifying as two or more races increased from 2% to 3%. All other racial and ethnic groups comprise less than 1% of Capitola’s population. The population of the City of Capitola in 2020 had slightly less diversity than Santa Cruz County as a whole (Table 2-4).

Table 2-4: Population by Race and Hispanic or Latino Origin, 2010-2020

Race	City of Capitola					Santa Cruz County	
	2010		2020		% Change 2010-2020	2020	
	# of Persons	% of Population	# of Persons	% of Population		# of Persons	% of Population
One Race	9,589	97.8%	9,771	96.8%	1.9%	264,286	96.7%
Two or More Races	212	2.2%	319	3.2%	50.5%	8,884	3.34%
White	7,410	75.6%	6,962	69.0%	-6.0%	155,409	56.9%
Black or African American	109	1.1%	21	0.2%	-80.7%	2,610	1.0%
American Indian or Alaska Native	20	0.2%	51	0.5%	155.0%	305	0.1%
Asian	299	3.1%	422	4.26%	41.1%	12,944	4.7%
Native Hawaiian or other Pacific Islander	88	0.9%	0	0.0%	-100.0%	295	0.1%
Some Other Race	41	0.4%	0	0.0%	-100.0%	847	0.3%
Total	9,801	100%	10,090	100%	2.9%	273,170	%
Hispanic or Latino Origin							
Hispanic or Latino (of any race)	1,622	16.5%	2,315	22.9%	42.7%	91,876	33.6%
Not Hispanic or Latino	8,179	83.5%	7,775	77.1%	-4.9%	181,294	66.4%
Total	9,801	100%	10,090	100%	2.9%	273,170	100%

Source: 2006-2010 and 2016-2020 American Community Survey 5-Year Estimates

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

4. Employment

Capitola has approximately 1,589 businesses operating within its boundaries. Most of these businesses are retail and service establishments. The majority of the commercial and industrial land in the City is already developed. The primary commercial areas are located on either side of 41st Avenue in the western portion of town and along Bay Avenue just south of Highway 1. The industrial zoned land in Capitola is east of Capitola Avenue and south of Highway 1.

According to the 2016-2020 American Community Survey, there were approximately 5,699 residents in the labor force in Capitola. According to Table 2-5 below, the highest percentage of Capitola residents worked educational services, health care, and social assistance (29.7%) followed by workers in retail trade (13.8%), manufacturing (11.9%), and arts, entertainment, recreation, accommodation and food services (11.8%). It is important to note that the aforementioned industries and associated jobs are not necessarily located within the City of Capitola.

Table 2-5: Employment by Industry (Residents of Capitola)

Industry Type	Number	Percent
Agriculture, forestry, fishing and hunting, and mining	19	0.3%
Construction	286	5.0%
Manufacturing	680	11.9%
Wholesale trade	107	1.9%
Retail trade	786	13.8%
Transportation, warehousing, and utilities	122	2.1%
Information	87	1.5%
Finance, insurance, real estate, rental and leasing	378	6.6%
Professional, scientific, management, administrative	466	8.2%
Educational services, health care and social assistance	1,691	29.7%
Arts, entertainment, recreation, accommodation and food services	671	11.8%
Other, except public administration	219	3.8%
Public administration	187	3.3%
Total	5,699	100%

Source: 2016-2020 American Community Survey 5-Year Estimates

According to the City’s 2022 Annual Financial Report, within the City, the largest employers are:

- Soquel Union School District (198 employees)
- Subaru, Toyota, Kia of Santa Cruz (180 employees)
- Target (170 employees)
- Culinary Enterprises (150 employees)
- Gayle’s Bakery & Rosticceria (140 employees)

Many of these offer service-oriented positions that provide lower to moderate income ranges.

The employment trend projections prepared by the Association of Monterey Bay Area Governments (AMBAG) show an overall 8% increase in employment from 2025 to 2045 (Table 2-6). The financial and professional services sector is expected to experience the greatest percent increase in employment during this period, with the addition of 229 jobs.

Table 2-6: City of Capitola Employment Projections, 2025-2045

Employment Sector	2025	2030	2035	2040	2045	% Change
Agriculture	8	8	8	8	8	0%
Manufacturing	526	529	534	539	544	0%
Skilled Trade	884	906	922	942	962	8.8%
Wholesale	107	107	107	107	107	0%
Retail	3,327	3,354	3,394	3,434	3,469	4.3%
Financial and Professional Services	1,913	1,967	2,023	2,083	2,142	12.0%
Education	370	379	389	399	409	10.5%
Health Care and Social Assistance	1,738	1,777	1,826	1,876	1,926	10.8%
Other Services	2,784	2,872	2,952	3,032	3,112	11.7%
Public	330	335	340	345	350	6.1%
Self-employed	389	399	407	416	425	9.3%
Total	12,376	12,633	12,902	13,181	13,454	8.0%

Source: AMBAG, 2022 Regional Growth Forecast: Technical Document

The unemployment rate in Capitola dropped between 2016 and 2022 (see Table 2-7 below). The trend in unemployment has seen an annual decrease since its peak of 4.1% in 2016. The unemployment rate in Capitola was on average 4.2% lower than the unemployment rate in Santa Cruz County between 2016 and 2022.

Table 2-7: Unemployment Rate, City of Capitola and Santa Cruz County

Jurisdiction	2016	2017	2018	2019	2020	2021	2022*	Net Change
Capitola	4.1%	2.6%	1.5%	1.1%	2.1%	1.8%	1.3%	-2.8%
Santa Cruz County	7%	5.7%	5%	5%	9.5%	6.9%	4.9%	-2.1%

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

*Unemployment rate averaged from monthly unemployment rates through June 2022 from the California Employment Development Department's Labor Force and Unemployment Data

Known as the first resort community on the California coast, Capitola still relies heavily on tourism and retail sales tax. The revenue from tourism increased by 25.3% between 2012 and 2018 (see Table 2-8 below) in Santa Cruz County, illustrating an opportunity for economic growth in visitor-serving businesses.

Table 2-8: Tourism Revenue (in Millions of Dollars), Santa Cruz County

Revenue	2012	2013	2014	2015	2016	2017	2018	2012-2018 % Change
Direct Travel Spending	\$868.1	\$869.5	\$903.6	\$928.1	\$945.7	\$1023.0	\$1088.2	25.3%
Industry Earnings	\$239.8	\$251.7	\$269.8	\$295.9	\$324.6	\$347.6	\$376.2	56.8%
Local Tax Receipts	\$28.4	\$30.0	\$32.5	\$35.5	\$39.5	\$44.5	\$47.1	65.8%
State Tax Receipts	\$40.8	\$41.8	\$43.2	\$43.2	\$42.6	\$43.8	\$49.8	22.1%
Number of Jobs Generated by Tourism	9,450	9,680	10,060	10,470	10,690	11,140	11,403	+21%

Source: Applied Survey Research, 2019 Santa Cruz County Community Assessment Project
Dean Runyan Associates, 2010-2018 California Travel Impacts by County

5. Commuting

According to the 2016-2020 American Community Survey Estimates, 72.7% of Capitola’s working residents were employed outside of Capitola and 12.8% of Capitola’s work force were employed outside Santa Cruz County. The average travel time to work was 22.9 minutes.

As to the mode of transportation used, Table 2-9 shows that the majority of commuters in Capitola drove to work alone (66%). The least popular means of travel was public transportation with less than 1% of the commuters. Approximately 13% of employees worked from home. Given the changes in work trends due to the pandemic, this percentage has likely increased since 2020. These changes in work environments may also have a positive impact on local and regional traffic.

Table 2-9: Commuting to Work

Mode of Travel	Number of Commuters	Percent
Car, truck, or van – drove alone	3,660	66.0%
Car, truck, or van – carpoled	556	10.0%
Public transportation (excluding taxicab)	28	0.5%
Walked	300	5.4%
Other means	249	4.5%
Worked at home	750	13.5%

Source: 2015-2020 American Community Survey 5-Year Estimates

A heavy reliance on automobile use contributes to air pollution and carbon dioxide (CO₂) emissions, which is a contributor to climate change. Lowering CO₂ emissions has been identified as a state goal through the passage of AB 32, the California Global Warming Solutions Act, and SB 375, the Sustainable Communities and Climate Protection Act. The City adopted a Climate Action Plan in 2015. This Plan includes measures to reduce vehicle miles travelled (VMT) and encourage alternative transportation modes such as ridesharing, increased bus ridership, increased bicycle ridership, local uptake of electric vehicles, and public outreach and education about alternative transportation modes (2015 Climate Action Plan, Table 6-1). The proximity of housing to jobs is directly related to the amount of CO₂ emitted. The closer affordable housing is located to jobs, the more likely workers will choose alternative modes of transportation over the automobile or will drive shorter distances.

The City of Capitola already has infrastructure to support alternative modes of transportation. The City is serviced by the Santa Cruz Metro buses, which act as the public transit system for the region. One of the busiest transit stops is located at the Capitola Mall, at the heart of the major commercial district in the City. In 2023, Metro was awarded \$38.6 million from the California State Transportation Agency’s Transit and Intercity Rail Capital Program (TIRCP) to support 24 zero-emission hydrogen-powered buses and associated fueling infrastructure on a regional level. This will increase service frequency while providing clean energy. In addition to encouraging public transit, Capitola offered 15.21 miles of bike paths and bike lanes in 2020 (Table 2-10).

Table 2-10: Bikeway Miles

Jurisdiction	2014	2015	2016	2017	2018	2019	2020
Capitola	14.58	14.58	15.08	15.21	15.21	15.21	15.21
Santa Cruz County*	220.51	221.43	223.28	223.85	225.34	226.29	227.03

Source: Santa Cruz County Regional Transportation Commission, *Annual Bikeway Miles: 2002-2020*

*Santa Cruz County includes incorporated jurisdictions such as the City of Capitola.

The City’s bike lanes extend along all of the major transportation corridors, including 41st Avenue, Bay Avenue, Park Avenue and Capitola Road, and connect Capitola to the immediately surrounding areas of Aptos, Live Oak and Soquel, and beyond to the City of Santa Cruz (Figure 2-3). The City will continue to support alternative modes of transportation and their relation to housing in support of the implementation of SB 375.

The Santa Cruz County Regional Transportation Commission (RTC) adopted the Monterey Bay Sanctuary Scenic Trail (MBSST) Master Plan in November 2013. The Master Plan laid out an overview of the Coastal Rail Trail, a proposed 32-mile-long paved multi-use pathway for bicyclists and pedestrians along the RTC-owned Santa Cruz Branch Rail Line (SCBRL) (Figure 2-4). The Master Plan divided the Coastal Rail Trail into 20 segments. The cities of Capitola, Santa Cruz, and Watsonville, and the County of Santa Cruz all adopted the MBSST Master Plan in 2014.

In December 2022, the County of Santa Cruz applied for, and was awarded, \$67.6 million in competitive grant funding from the California Transportation Commission (CTC) through the State Active Transportation Program (ATP) for Coastal Rail Trail Segments 10 and 11. With matching funds from Measure D, this funding is sufficient to fully fund the Ultimate Trail configuration with construction anticipated to start in Fiscal Year 2026/27. Segments 10 and 11 will create an additional 2 miles of trail through the City from 38th Avenue to New Brighton State Beach. The Capitola Trestle currently is not funded.

Figure 2-3: Capitola Bike Paths/Bike Lanes



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

Figure 2-4: Coastal Rail Trail



B. Household Characteristics

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

The United States Census Bureau defines a “household” as “all persons who occupy a housing unit, which may include single persons living alone, families related through marriage or blood and unrelated individuals living together. The following are also household categories:

- Boarders are included as part of the primary household by the Census.
- Families are households related through marriage, domestic partnership, blood or adoption and includes single-parent households with children.
- A single household refers to individuals living alone.
- “Other” households reflect unrelated individuals living together (e.g., roommates).
- Persons living in retirement or convalescent homes, dormitories, or other group living situations are not considered households.

1. Household Type

As shown in Table 2-11, there were a total of 4,658 households in Capitola according to the 2016-2020 ACS 5-Year Estimates. This is a decrease of 26 households from the year 2010.⁶ Approximately 53% of total households are family households in Capitola, compared to approximately 63% of family households for Santa Cruz County. Nonfamily households made up a larger share of the total number of households in Capitola (47.4%) than in Santa Cruz County (36.8%). While the average household size in Capitola increased from 2.04 persons per household in 2010 to 2.12 in 2020, the average family household size decreased (2.80 versus 2.75). The City of Capitola has a smaller average household and family household size compared to Santa Cruz County.

Table 2-11: Households by Type

Household Type	City of Capitola				Santa Cruz County	
	2010		2020		2020	
	# of Households	% of Total	# of Households	% of Total	# of Households	% of Total
Family Households	2,219	47.4%	2,449	52.6%	60,870	63.2%
Married-Couple Family	1,664	35.5%	1,783	38.3%	46,297	48.1%
Male Householder, No Spouse Present	182	3.9%	209	4.5%	4,855	5.0%
Female Householder, No Spouse Present	373	8.0%	457	9.8%	9,718	10.1%
Nonfamily Households	2,465	52.6%	2,209	47.4%	35,405	36.8%
Single Person Households	1,858	39.7%	1,661	35.7%	24,163	25.1%
Other Nonfamily Households	607	13.0%	548	11.8%	11,242	11.7%
Total	4,684	100%	4,658	100%	96,275	100%
Average Household Size	2.04		2.12		2.70	
Average Family Household Size	2.80		2.75		3.22	

Source: 2006-2010, 2016-2020 American Community Survey 5-Year Estimates

⁶ Vacancy rates in Capitola in 2010 and 2020 are discussed further in this chapter.

As evidenced in Table 2-12, just over half (52.3%) of the households in 2016-2020 were renter-occupied, which is consistent with a high number of nonfamily households and also attests to the high cost of housing in Capitola (discussed in Section C.4, Housing Costs of this chapter). The balance of ownership housing and rental housing changed slightly from 2010 to 2020 with the percentage of ownership housing increasing from 42% to 48%, while the percentage of rental housing decreased from 58% to 52%.

Table 2-12: Households by Tenure

Occupied Housing Units	2010		2020	
	Number	Percent	Number	Percent
Owner	1,976	42.2%	2,222	47.7%
Renter	2,708	57.8%	2,436	52.3%
Total	4,684	100%	4,658	100%

Source: 20006-2010 and 2016-2020 American Community Survey 5-Year Estimates

These household statistics coincide with the age distribution data presented in Table 2-3 and Figure 2-2 earlier in this chapter: Capitola has a relatively low percentage of children and a high percentage of single adults and elderly, both of whom are more likely to be in nonfamily households. The City’s existing pattern of small and/or attached housing units is expected to continue through the current planning period. Many families prefer single-family homes with several bedrooms and a yard. There is very little vacant land available for single-family development in the City. New housing developments to be built in Capitola are expected to be mostly medium and higher density dwellings (either attached or detached), which can also accommodate families comfortably if they are designed with families in mind.

2. Overcrowding

Overcrowding is an indicator of housing affordability. Unit overcrowding is caused by the combined effect of low earnings and high housing costs in a community, and reflects the inability of households to buy or rent housing that provides sufficient living space for their needs. The U.S. Census defines overcrowded households as units with greater than 1.01 persons per room, excluding bathrooms, hallways, and porches. Units with more than 1.5 persons per room are considered severely overcrowded.

According to the 2016-2020 American Community Survey 5-Year Estimates, the incidence of overcrowding in Capitola was minimal, with approximately 3.7% or 171 of the City's households defined as overcrowded, compared with 6.8% County-wide. Estimates indicate that 147 renter households were overcrowded, which means that 86% of all overcrowded households were renters, and 6% of all renter households were overcrowded (Table 2-13). Severe overcrowding (>1.51 persons per room) did not impact any renter or owner households in Capitola.

Table 2-13: Overcrowded Households

Persons per Room	Owner		Renter		Total Overcrowded	
	# of Households*	% of Total	# of Households*	% of Total	# of Households*	% of Total
1.0 or less	2,198	98.9%	2,289	94.0%	4,487	96.3%
1.01 to 1.5	24	1.1%	147	6.0%	171	3.7%
1.51 or more	0	0.0%	0	0.0%	0	0.0%
Total	2,222	100%	2,436	100%	4,658	100%

Source: 2016-2020 American Community Survey 5-Year Estimates

*Based on the estimate of occupied housing units

3. Household Income

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

State-Defined Income Categories

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

County was \$119,300 in 2022.⁷ California law and some federal housing programs define several income categories based on a percentage of the area median income (AMI) determined by HUD and HCD, as follows:

- Extremely Low Income – up to 30% of the area median income
- Very Low Income – between 31% and 50% of the area median income
- Low Income - between 51% and 80% of the area median income
- Moderate Income – between 81% and 120% of the area median income
- Above Moderate Income – over 120% of the area median income

These income ranges are used to determine eligibility for various subsidized housing programs. The 2022 income limits for these categories by household size are presented in Table 2-14.

Table 2-14: Santa Cruz County 2022 Area Median Incomes and Income Limits Adjusted by Household Size

Income Category	Maximum Income by Household Size							
	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Extremely Low (up to 30% AMI)	\$32,700	\$37,350	\$42,000	\$46,650	\$50,400	\$54,150	\$57,850	\$61,600
Very Low Income (31-50% AMI)	\$54,450	\$62,200	\$70,000	\$77,750	\$84,000	\$90,200	\$96,450	\$102,650
Low Income (51-80% of AMI)	\$87,350	\$99,800	\$112,300	\$124,750	\$134,750	\$144,750	\$154,700	\$164,700
Median Income	\$83,500	\$95,450	\$107,350	\$119,300	\$128,850	\$138,400	\$147,950	\$157,500
Moderate Income (81-120% of AMI)	\$100,200	\$114,500	\$128,850	\$143,150	\$154,000	\$166,050	\$177,500	\$188,950

Source: California Department of Housing and Urban Development, FY 2022 State Income Limits, May 13, 2022

Note: Due to a Hold Harmless policy adopted by HCD, the lower income household income limits would not be decreased from the previous year even if the survey result for the new year shows a decreased median income for the county. This often would result in the lower income limits being higher than the median income.

7 California Department of Housing and Community Development, State Income Limits for 20221

According to the 2015-2019 CHAS data generated for the City, approximately 2,405 low-, very low-, and extremely low-income households were living in Capitola. This means that approximately 54% of households in the City have 80% or less of the Median Family Income for Santa Cruz County. Table 2-15 below includes the number and percentage of households by income category for Capitola.

Table 2-15: Capitola Household Median Family Income

Income Category*	# of Households	% of Households
Extremely Low (up to 30% of HAMFI)	860	19.4%
Very Low Income (31 to 50% of HAMFI)	625	14.0%
Low Income (51-80% of HAMFI)	915	20.5%
Moderate Income (81-100% of HAMFI)	510	11.4%
Above Moderate Income (101% and above of HAMFI)	1,550	34.7%
Total	4,460	100%

Source: HUD CHAS Data Tables, 2016-2020

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

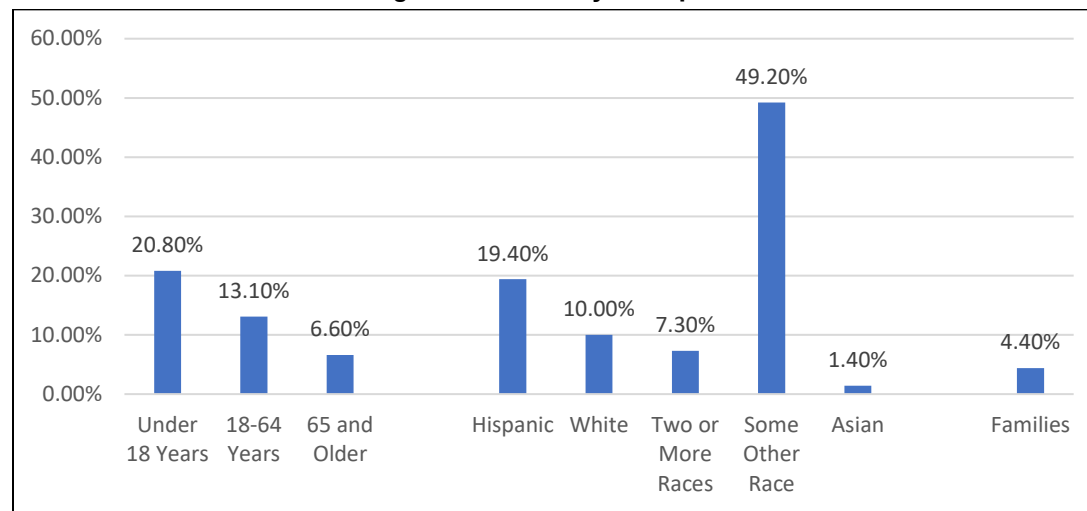
4. Special Needs Groups

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

Residents Living Below the Poverty Level

Residents with incomes below the poverty level are at greatest risk of becoming homeless and typically require special programs to assist them in meeting their rent and mortgage obligations so as to not become homeless. The 2016-2020 ACS 5-Year Estimates identified 13% of Capitola’s residents as living below the poverty line. Figure 2-5 shows further details about poverty in the City. More than 20% of children under the age of 18 live in poverty, compared to 13% of adults age 18 to 64 and 7% of seniors. Regarding race and ethnicity, 10% of White residents, almost 20% of Hispanic residents, 1% of Asian residents, 7% of Two or More races, and 49% of Some Other Race experience poverty in Capitola.

Figure 2-5: Poverty in Capitola



Source: 2016-2020 American Community Survey 5-Year Estimates

Extremely Low-Income Households

An extremely low-income household is one that makes less than 30% of the Area Median Income (AMI). According to the 2015-2019 CHAS data generated for the City, 19.3% of households were extremely low-income (Table 2-16). The percentage of extremely low income renters was similar to owners. Over 90% of owner households and 86% of renter households in the extremely low income category experience housing problems, including cost burden (paying more than 30% of household income on housing costs).

Table 2-16: Extremely Low Income Households by Tenure and Housing Problems

	Owner		Renter		Total	
	Households	Percent	Households	Percent	Households	Percent
ELI Households	415	19.8%	445	18.9%	860	19.3%
With Housing Problems*	380	91.6%	385	86.5%	765	89.0%
With Cost Burden	380	91.6%	385	86.5%	765	89.0%
Total Households in Capitola	2,100		2,360		4,460	

Source: HUD CHAS Data, 2015-2019

Note: *Housing Problems are: (1) incomplete kitchen facilities, (2) incomplete plumbing facilities, (3) more than 1 person per room, and cost burden greater than 30%.

As of April 2023, approximately 206 households were participating in the Housing Choice Voucher (HCV) Program, which provides rent subsidies to the voucher holder. The HCV holder typically pays up to 30% of their income on housing. The difference between the actual rent and what the HCV holder pays is covered by the voucher. Most of these housing units are in multifamily residential developments.⁸

The 2023-2031 Housing Plan in Chapter 5 addresses the need for more alternative types of housing that will accommodate groups such as extremely low-income households.

⁸ California Department of Housing and Community Development, AFFH Data Viewer, Accessed March 2023.

Elderly

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

As reported in the 2016-2020 ACS 5-Year Estimates, 1,448 City residents, or 31% of the total population, were 65 years or older. Table 2-17 indicates the number of elderly households by tenure in Capitola compared to Santa Cruz County. In terms of tenure, 1,096 owner-occupied and 352 renter-occupied units were headed by occupants 65 years or older.

Table 2-17: Elderly Householders by Tenure by Age, Capitola and Santa Cruz County

Householder Age	Capitola			Santa Cruz County		
	Owners	Renters	Total	Owners	Renters	Total
65-74 years	766	308	1,074	13,895	3,693	17,588
75-84 years	121	44	165	5,870	1,233	7,103
85 years and over	209	0	209	2,613	962	3,575
Total Elderly Households	1,096	352	1,448	22,378	5,888	28,266
Total Households	2,222	2,436	4,658	58,094	38,181	96,275

Source: 2016-2020 American Community Survey 5-Year Estimates

The median age for the City, as well as the County and the state, is expected to continue to increase. According to a projection by AMBAG the percentage of seniors 65 and over in Santa Cruz County will nearly double between 2015 and 2045.⁹

Table 2-18 shows the number of elderly householders in Capitola by income, tenure, and housing problems. According to the 2015-2018 CHAS data, approximately 77% of households age 62 and over owned their home.¹⁰ Of the total 1,205

⁹ Association of Monterey Bay Area Governments, 2008, Forecast of Population, Housing and Employment to 2035.

¹⁰ The CHAS data is developed by HUD, which defines seniors as those age 62 or over.

elderly owner households, 797 (66%) of the households are extremely low-, very low-, and low-income. In comparison, 305 of the 360 (85%) elderly renter households are extremely low-, very low-, and low-income households. As shown, housing problems and cost burden impact a majority of lower-income elderly households. Renter elderly households are particularly impacted, with 100% of extremely low, very low and low-income households facing housing problems compared to 36% of moderate- and above-moderate income elderly households.

Table 2-18: Elderly Householders by Income and Tenure

Income Category ¹	Elderly ² Owner Households		Elderly Renter Householder		Total Elderly Householder	
	Number	Percent	Number	Percent	Number	Percent
Extremely Low (up to 30% of HAMFI)	215	17.9%	70	19.5%	285	18.2%
With Housing Problems*	200	93%	70	100%	270	94.7%
With Cost Burden	200	93%	70	100%	270	94.7%
Very Low Income (31-50% of HAMFI)	250	20.7%	120	33.4%	370	23.6%
With Housing Problems*	85	34%	120	100%	205	55.4%
With Cost Burden	85	34%	70	58%	155	41.8%
Low Income (51-80% of HAMFI)	330	27.4%	115	31.9%	445	28.5%
With Housing Problems*	115	34.8%	115	100%	230	51.6%
With Cost Burden	115	34.8%	115	100%	230	51.6%
Moderate and Above Moderate Income (81% and above of HAMFI)	410	34.0%	55	15.2%	465	29.7%
With Housing Problems*	80	19.5%	20	36.3%	100	21.5%
With Cost Burden	75	18.2%	20	36.3%	95	20.4%
Total	1,205	100%	360	100%	1,565	100%

Source: HUD CHAS Data Tables, 2015-2019

1. CHAS data is developed by HUD, which does not offer assistance to households with incomes above 80% AMI.

2. Elderly, under federal definition, refers to seniors aged 62 and over

*Housing Problems include housing cost burden over 30%; housing cost burden over 50%; overcrowding; and inadequate housing.

The City has been able to meet the demand for elderly rental housing, and currently has a number of existing affordable housing projects that rent exclusively or primarily to senior citizens. These include the Bay Avenue Senior Apartments (formerly known as Silvercrest Apartments), the Loma Vista Mobile Home Park, and the Shorelife Community Church Neighborhood Manor. In addition, many seniors reside in non-senior-restricted mobile home parks within the City that have converted to cooperative ownership with income eligibility requirements.

Many elderly persons have limited income potential, as they are most often retired and have fixed incomes. While the majority of seniors are homeowners, the number of lower income senior owners and renters who are overpaying for housing remains a general concern moving into the 2023-2031 planning period. To address the housing needs of Capitola’s elderly population, the Housing Element establishes policies and programs to rehabilitate existing senior housing and encourage the development of this type of housing in the future.

Large Households

Large households are identified by state housing law as a “group with special housing needs based on the generally limited availability of adequately sized, affordable housing units.” Large households are defined as those with five or more members. According to the 2016-2020 American Community Survey 5-Year Estimates, only 3.9% of all households in the City, or 180 households, were large households. Approximately 43.9% of these large households, or 79 households, were renters, while 56.1%, or 101 households, were homeowners (Table 2-19).

Table 2-19: Householder Size by Tenure

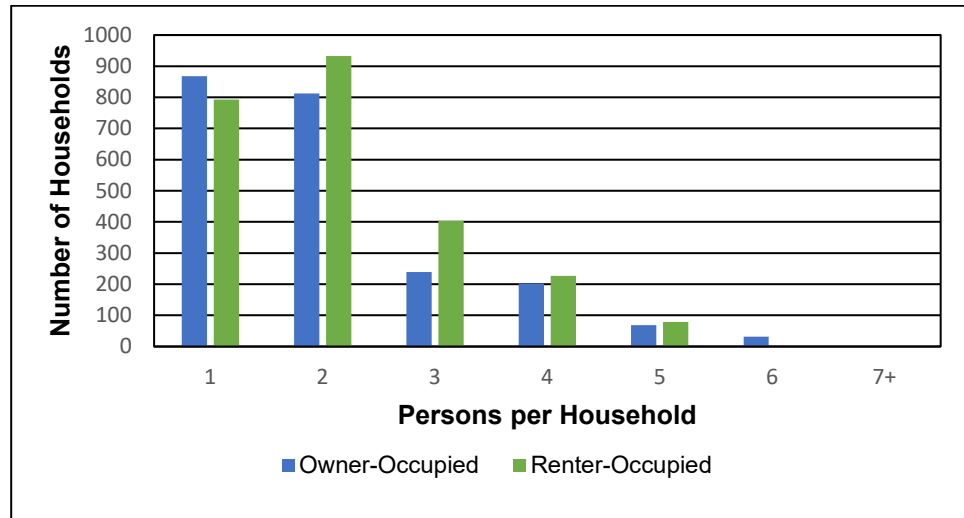
Household Size	Owner		Renter		Total	
	# of Households	% of Households	# of Households	% of Households	# of Households	% of Households
1-4 persons	2,121	95.5%	2,357	96.8%	4,478	96.1%
5 or more persons	101	4.5%	79	3.2%	180	3.9%
Total	2,222	100%	2,436	100%	4,658	100%

Source: 2016-2020 American Community Survey 5-Year Estimates

See Figure 2-6 for detail on household size.

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

Figure 2-6: Householder Size by Tenure, Capitola



Source: 2016-2020 American Community Survey 5-Year Estimates

Persons with Disabilities

According to the Americans with Disabilities Act, a disability refers to a “physical or mental impairment that substantially limits one or more of the major life activities.” Physical and mental disabilities can hinder access to traditionally designed housing units as well as potentially limit the ability to earn adequate income. State and federal laws require that a portion of all rental apartments containing five or more units are made accessible to disabled persons. The cost for retrofitting an existing structure may be thousands of dollars and be beyond the reach of those households with lower incomes. For example, special needs of households with wheelchair-bound or semi-ambulatory individuals may require ramps, holding bars, special bathroom designs, wider doorways, lower cabinets, elevators, and other interior and exterior design features. Furthermore, many lower-income persons with disabilities are likely to require housing assistance.

As shown in the 2016-2020 American Community Survey Estimates, 14.2% of the civilian noninstitutionalized population have some form of disability. When looking at disabilities by age, approximately 15% of children (under the age of 18) have a disability, 10% of the population age 18 to 64 have a disability, and 29% of seniors (age 65 and older) have a

disability. Table 2-20 shows the type of disability by age group in Capitola. Cognitive difficulties impact residents age 64 and younger at a higher rate than other disabilities, while ambulatory difficulties are the most pronounced for seniors (21.1%).

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

Table 2-20: Persons with Disabilities by Age

Disability Status	0-17 years		18-64 years		65 years and over	
	# of Persons	% of Population	# of Persons	% of Population	# of Persons	% of Population
Hearing Difficulty	72	4.5%	156	2.5%	252	12.3%
Vision Difficulty	26	1.6%	140	2.2%	133	6.5%
Cognitive Difficulty	117	9.5%	302	4.8%	186	9.1%
Ambulatory Difficulty	15	1.2%	229	3.6%	433	21.1%
Self-Care Difficulty	15	1.2%	141	2.2%	258	12.6%
Independent Living Difficulty*	–	–	241	3.8%	299	14.6%
Total Population in Capitola by Age Group	1,604	–	6,332	–	2,050	–

Source: 2016-2020 American Community Survey 5-Year Estimates

Note: Residents may have more than one disability

Percent of the total civilian noninstitutionalized population (9,986 persons)

*Independent Living Difficulties are not tabulated for children (under age 18) by the ACS.

Housing opportunities for persons with disabilities will continue to be addressed through the provision of affordable, barrier-free housing. The City’s Zoning Code provides reasonable accommodation procedures. Reasonable accommodation provides a basis for residents with disabilities to request flexibility in the application of land use and zoning regulations or, in some instances, even a waiver of certain restrictions or requirements from the local governments to ensure equal access to housing opportunities. The Zoning Code also provides for reduced parking standards for group homes and residential care facilities (including long-term care facilities).

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

Persons with Developmental Disabilities

Senate Bill 812, which took effect in January 2011, requires housing elements to include an analysis of the special housing needs of the developmentally disabled in accordance with Government Code §65583(e). Developmental disabilities are defined as severe, chronic, and attributed to a mental or physical impairment that begins before a person turns 18 years old. This can include Down Syndrome, autism, epilepsy, cerebral palsy, and mild to severely impaired intellectual and adaptive functioning.

Many persons with developmental disabilities can live and work independently within a conventional housing environment. Individuals with more severe developmental disabilities require a group living environment where supervision is provided. The most severely affected individuals may require an institutional environment where medical attention and physical therapy are provided. Because developmental disabilities exist before adulthood, the first issue in supportive housing for persons with developmental disabilities is the transition from the person's living situation as a child to an appropriate level of independence as an adult.

The California Department of Developmental Services (DDS) currently provides community-based services to approximately 407,020 persons with developmental disabilities and their families through a statewide system of 21 regional centers, 4 developmental centers, and 2 community-based facilities. The San Andreas Regional Center is 1 of 21 regional centers in California that provides point of entry to services for people with developmental disabilities. The center is a community-based, private nonprofit corporation that is funded by the State of California to serve people with developmental disabilities and their families. According to DDS, in December 2021, the San Andreas Regional Center

provided services to 86 people living in the 95010 ZIP code (which includes Capitola).¹¹ Of this total, 15 were under the age of 18 and 71 were over the age of 18. The DDS also included the following information about the 86 regional center consumers:

- 41 persons lived in the home of a parent/family/guardian
- 31 persons lived in independent/supported living
- 14 persons lived in a community care facility

A number of housing types are appropriate for people living with a developmental disability: rent subsidized homes, licensed and unlicensed single-family homes, inclusionary housing, Section 8 vouchers, special programs for home purchase, HUD housing, and SB 962 homes. Two adult residential facilities that provide care for adults ages 18 through 59 with mental health care needs or who have physical or developmental disabilities are licensed in Capitola. These two facilities provide a total of 16 beds.¹² The design of housing-accessibility modifications, the proximity to services and transit, and the availability of group living opportunities represent some of the types of considerations that are important in serving this need group. Incorporating “barrier-free” design in all new multifamily housing (as required by California and federal fair housing laws) is especially important to provide the widest range of choice for disabled residents. Special consideration should also be given to the affordability of housing, as people with disabilities may be living on a fixed income. Currently, the City is looking into the possibility of assisting the Dakota Apartments with necessary rehabilitation and repairs. The apartment complex includes 24 affordable accessible rental apartments.

Single-Parent Family Households

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

11 State of California Department of Developmental Services, Consumer County by California ZIP Code and Residential Type, End of December 2021. www.dds.ca.gov.

12 State of California Department of Social Services, [Home | California Dept. of Social Services](#).

social marginalization pressures that often limit their occupational choices, housing options and access to supportive services.

Table 2-21 shows the number of single-parent family households in Capitola. According to the 2016-2020 American Community Survey Estimates, there were 457 female-headed households in the City of Capitola, of which 295 had children under the age of 18. These numbers account for approximately 10% and 6%, respectively, of all households in the City. Of the 457 female-headed households, 79 live below the poverty level, which is approximately 2% of the City’s households. Capitola had 209 male-headed households in 2020, with 126 of these households having children under the age of 18, representing 4% and 3%, respectively, of the City’s total households. When looking at poverty, 73 of the male-headed household live below the poverty line, which is 2% of Capitola’s households. In the County, there are 9,718 single female-headed households, of which 4,268 have children under the age of 18. These numbers account for approximately 9% and 4%, respectively, of all households in the County. Male-headed households in the County totaled 4,855 in 2020, of which 2,555 had children under the age of 18, representing 5% and 3%, respectively, of the County’s households. Female-headed households in the County facing poverty totaled 1,676 (2% of County households) while 642 male-headed households lived below the poverty line (less than 1% of County households). The percentage of single-parent households within the City is similar to the County as a whole.

Table 2-21: Single-Parent Family Households

Household Type	Number	Percent
Total Households	4,658	100%
Total Female Headed Family Households	457	9.8%
With own children under 18 years	295	6.3%
Living below the poverty level	102	2.2%
Total Male-Headed Family Households	209	4.5%
With own children under 18 years	126	2.7%
Living below the poverty level	56	1.2%

Source: 2016-2020 American Community Survey 5-Year Estimates

In households with young children in which the single parent, or both parents in a two-parent household, work, convenient and affordable childcare is a necessity. According to the Santa Cruz County Child Care Needs Priorities for

fiscal year 2020-21, Capitola is a Priority 1 for Santa Cruz County General Child Care and Development Local Planning Council Priorities.¹³ The Childhood Advisory Council of Santa Cruz County is the Local Planning Council for the County. Table 2-22 below shows the childcare expansion priorities for Santa Cruz County, which was last published by the Childhood Advisory Council in 2018. Approximately 11% of children age 0-12 that are qualified for the Child Care and Development/California State Preschool Program are served in Capitola. Therefore, there is a definite need for additional childcare facilities to meet the needs of the City’s younger population.

Table 2-22: Child Care Expansion Priorities for Santa Cruz County 2018

Jurisdiction	# of Children 0-12 Who Qualify for CCTR/CSPP ¹ Full Day/Needs Based Child Care	Total Served	% of Qualified Children Served	% of Children Not Served	Priority ²
Capitola	362	41	11%	89%	Priority 1
Aptos	1,189	70	6%	94%	Priority 1
Soquel	765	50	7%	93%	Priority 1

Source: Childhood Advisory Council of Santa Cruz County, *Recommended Subsidy Priority Zip Codes for 2018*.

Notes:

- 1 CCTR/CSPP – Child Care and Development/California State Preschool Program
- 2 Priority 1: 40% unserved & more than 150 children
Priority 2: 25% unserved & more than 75 children
Priority 3: 25% unserved & more than 50 children

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

Family day care homes can be large or small, providing care for up to 14 children in a large home, and up to 8 children in a small home if certain criteria are met. By state law, small family day care homes are principally permitted in all zones without the need for a use permit or local business license. In Capitola all large family day care homes require a Large Family Day Care Home permit from the City. There are no zoning districts that allow large family day care homes as a

13 California Department of Education Early Learning and Care Division, Local Planning Council Priorities for Fiscal Year 2020-21. www.cde.ca.gov.

principally permitted use. Day care centers require a Conditional Use Permit in residential and commercial zones in Capitola.

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

Farm Workers

The special housing needs of many agricultural workers stem from their lower wages and the insecure nature of their employment. Estimates of the "farm worker" population in the City are extrapolated from individuals who categorize their employment as "Agriculture, Forestry, Fishing and Hunting, and Mining" in the 2016-2020 American Community Survey Estimates. This category also includes people who work in such non-agricultural fields as boating, veterinary services, and landscape and horticultural. Based on these estimates, there are 19 persons, approximately 0.3% of the City's population, engaged in this broad category of agricultural employment.

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

People and Families Who are Experiencing Homelessness

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

The 2022 Santa Cruz County Homeless Point-in-Time (PIT) Count and Survey Report completed by Applied Survey Research on the morning of February 28, 2022, found that approximately 2,299 persons were experiencing homelessness in Santa Cruz County. This was an increase of 6% from the 2,167 persons included in the 2019 PIT Count and Survey (see Table 2-23). The homeless population in Capitola in 2022 was 35 unsheltered persons, which was an increase from 6 persons counted in Capitola in 2019 and represents approximately 1.5% of the total homeless population in Santa Cruz County in 2022.

Table 2-23: Sheltered and Unsheltered Homeless Population in Capitola and Santa Cruz County

Jurisdiction	2019			2022		
	Unsheltered	Sheltered	Total	Unsheltered	Sheltered	Total
City of Capitola	6	0	6	35	0	35
Santa Cruz County*	1,700	467	2,167	1,774	525	2,299

Source: Applied Survey Research, 2022 Santa Cruz County Homeless Point-in-Time Census & Survey

*Count includes Capitola.

5. Housing for a Healthy Santa Cruz

A three-year strategic framework was adopted in 2021 to address homelessness in Santa Cruz County. The 2021 to 2024 Housing for a Healthy Santa Cruz Framework (Framework) was published by the County’s Housing for Health Division.^{14,15} The County’s new Housing for Health Partnership (H4HP) will serve as the Continuum of Care (CoC) for the County and County staff will provide leadership and the backbone administrative support to implement the Framework.

14 The Housing for Health Division was created in November 2020 within the County of Santa Cruz Human Services Department to support implementation of the Framework and includes a coalition of resources and partners.

15 County of Santa Cruz, Housing for a Healthy Santa Cruz: A Strategic Framework for Addressing Homelessness in Santa Cruz County, January 2021 to January 2024.

The Framework outlined the following causes of homelessness in the County:

- Housing Affordability Gap
- Health Issues Impacting Living Situations
- Lack of Supportive Connections
- Loss of Hope and Sense of Purpose

To address these causes, the Framework includes the following goals and strategies to meet the following: 1) Reduce the number of households experiencing unsheltered homelessness by 50% and 2) Reduce the number of households experiencing homelessness by 25%.

- Goal #1: Improve the effectiveness of all programs in helping people secure housing.
- Goal #2: Expand capacity within the homelessness response system.
- Strategy #1: Build a Coalition – develop a strong and informed action-oriented partnership with leaders and stakeholders within the community.
- Strategy #2: Prevent Homelessness – use targeted prevention and early intervention housing problem solving to help people and families keep or return to housing as quickly as possible.
- Strategy #3: Increase Connections – expand and improve “Front Door” programs and services including outreach, temporary housing, and supportive services.
- Strategy #4: Expand Permanent Housing – increase permanent housing and income growth resources and opportunities to become housed.

One effort currently underway by the H4HP to implement the Framework is a redesign of the coordinated entry system for housing services. The changes are necessary, because there is insufficient permanent housing to meet the needs of people experiencing homelessness in the County. Only 133 referrals to housing were made in 2022, while over 1,774 persons counted in the 2022 PIT count were living without shelter.¹⁶

16 <https://www.homelessactionpartnership.org/GetHelp/CoordinatedEntry.aspx>

6. Emergency Shelters in Santa Cruz County

The emergency shelter system comprises various short-term housing options including permanent shelters with services and case management, temporary winter shelters, and motel vouchers for those with medical emergencies. Some shelters serve special groups, such as families, youth, or severely mentally ill adults, while others serve the general homeless population. Table 2-24 lists the emergency shelters located in Santa Cruz County.

Table 2-24: Santa Cruz Emergency Shelters

Agency and Shelter Name/Location	Location	Target Population	Number of Beds
Association of Faith Communities Rotating Faith Shelter	Site Rotates	Mixed	15
Front St Paget Center	831 Paget Avenue Live Oak, CA 95062	Homeless veterans	14
Housing Matters Emergency Shelter Services	115 Coral Street Santa Cruz, CA 95060	Homeless adults	57
Housing Matters Rebele Family Shelter	115 B Coral Street Santa Cruz, CA 95060	Homeless families	90
Housing Matters Recuperative Care Center	115 D Coral Street Santa Cruz, CA 95060	Hospital/ED discharge	12
Monarch Services Mariposa House	Santa Cruz, CA 95060	Domestic Violence victims (women and children)	12
Pajaro Valley Shelter Services Emergency Shelter and Transitional Housing for Families	115 Brennan Street Watsonville, CA 95076	Women and children, no boys over 12	36
Salvation Army Overlook Shelter and Safe Sleeping Site	301 Armory Road Santa Cruz, CA 95065	Mixed	135
Salvation Army Watsonville Shelter	104 Grant Street Watsonville, CA 95076	Mixed	21
Sienna House	108 High Street Santa Cruz, CA 95060	Pregnant women, women with newborns	16
St. Francis Catholic Kitchen Jesus Mary Joseph	132 Lennox Street Santa Cruz CA 95060	Women, children, hospice	12
Teen Challenge, Monterey Bay Grace Harbor Women's Center	55 Brennan Street Watsonville, CA 95076	Women and children	42
Teen Challenge, Monterey Bay Pajaro Rescue Mission	111 Railroad Avenue Royal Oaks CA 95076	Men	35

Source: County of Santa Cruz, Emergency Shelter and Transitional Housing Inventory, March 2023. <https://www.housingforhealthpartnership.org/>

7. Capitola Actions to Assist People Who are Homeless:

Capitola recognizes the diversity of needs of homeless people. Therefore, the City participates in inter-jurisdictional efforts to comprehensively address the needs of people who are homeless. Capitola is a participating jurisdiction in Santa Cruz County's newly created H4HP described above. The cities and county, along with other interested parties, are part of the H4HP to coordinate a regional system for helping people who are experiencing homelessness or at imminent risk of experiencing homelessness.

Although there are no homeless shelters or transitional housing projects currently located in Capitola, the City does provide direct financial support to a number of agencies that provide social services to people and families who are homeless. The City provides community service grants on a 3-year cycle to a number of nonprofit organizations who provide services to homeless individuals. Grant amounts vary by organization and City general fund availability. The majority of grants provided are between \$7,500 and \$15,000. The City has three categories for prioritizing grants geared toward housing/shelter, health and wellness, and the environment.

To decrease the frequency of homelessness, the City also helped fund the redevelopment of the Bay Avenue Senior Apartments, which includes 50 units for extremely low-income seniors and 30 very-low income seniors, 28 low-income seniors, and one onsite manager. Thirty-nine of these units are set aside for chronically ill seniors and five of the units, with funding through the Mental Health Services Act, serve extremely low-income seniors with mental illness who are homeless or who are at risk of becoming homeless.

C. Housing Characteristics

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

1. Housing Growth

According to the U.S. Census and ACS 5-Year Estimates, from 2010 to 2020 there was a decrease of 49 housing units in Capitola for a total of 5,485 housing units. As seen in Table 2-25, the number of occupied housing units has stayed nearly the same between 2010 and 2020 despite the decrease in housing units. The slowing rate of construction is primarily due to the fact that most of the vacant, easily developable parcels in the City were built out during the prior decades. In 2023, the City had two remaining vacant parcels citywide; all others have been developed.

Table 2-25: Total Number of Housing Units

Year	# of Housing Units	# of Occupied Housing Units
2020	5,485	4,624
2010	5,534	4,626

Source: 2020 and 2010 U.S. Census

2. Housing Type

The majority of Capitola’s housing units are multifamily attached units. As summarized in Table 2-26 below, single-family detached homes comprise approximately 37% of the housing stock, with another 7% that is single-family attached (townhomes with independent exterior walls and utilities). In comparison, 65% of the County’s housing units are single family detached homes, which is due in part to the rural nature of much of the County’s land area.

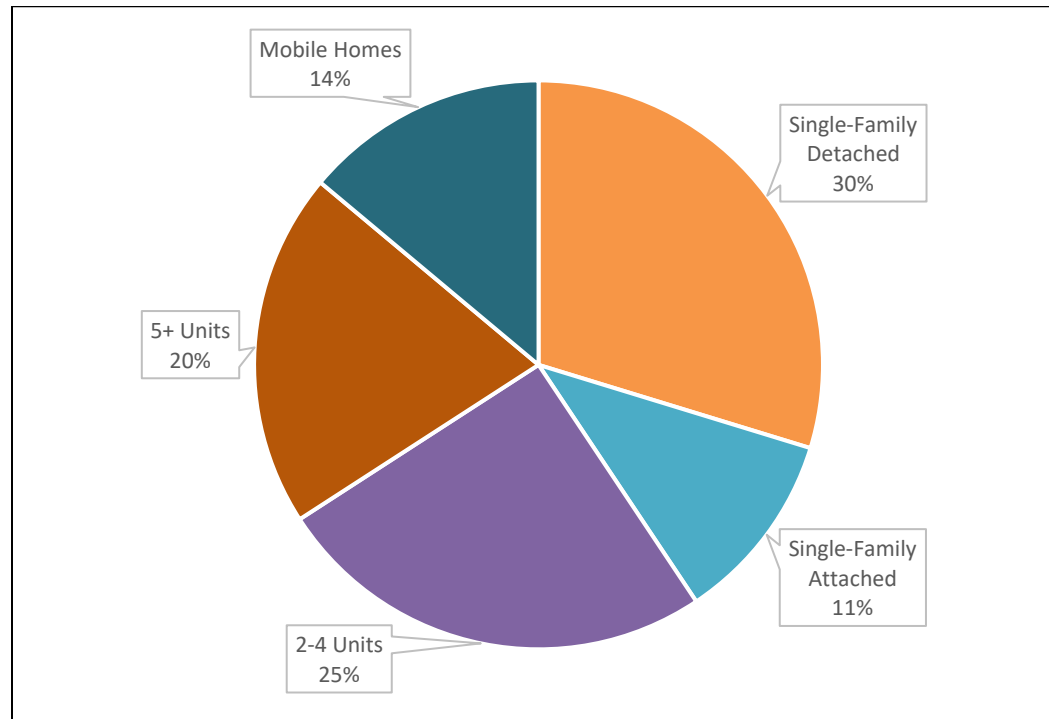
Table 2-26: Housing Units by Type, Capitola and Santa Cruz County

Unit Type	City of Capitola				% Change 2010-2020	Santa Cruz County	
	2010		2020			2020	
	# of Units	% of Units	# of Units	% of Units		# of Units	% of Units
Single-Family Detached	1,638	29.7%	1,634	29.7%	-0.2%	66,913	62.9%
Single-Family Attached	594	10.7%	598	10.9%	0.7%	9,584	9.0%
2-4 Units	1,391	25.1%	1,386	25.2%	-0.4%	9,751	9.2%
5+ Units	1,118	20.2%	1,104	20.2%	-1.3%	13,145	12.4%
Mobile Homes	793	14.3%	763	13.9%	-3.8%	6,952	6.5%
Total	5,534	100%	5,485	100%	-0.9%	106,345	100%

Source: 2010 US Census, Department of Finance E-5 City/County Population and Housing Estimates, 2010-2020

In the 2016-2020 American Community Survey Estimates, multifamily developments with 20 or more units in a structure comprised 8% of Capitola’s housing stock, compared to 6% for the County. Capitola also has a larger percentage of mobile home units, 11% compared to 6% for the County. Mobile homes in Capitola are installed in eight mobile home parks varying in size from 36 to 114 units. The relative proportion of the City’s housing units in each type of structure is shown in Figure 2-7 below.

Figure 2-7: Percent of Capitola Housing Units by Type



Source: DOF E-5 City/County Population and Housing Estimates, 2020

3. Age and Condition of Housing Stock

Most homes begin to exhibit signs of decay when they approach 30 years of age. Common repairs needed include new roofs, wall plaster, and stucco. Homes 30 years or over with deferred maintenance require more substantial repairs, such as new siding, plumbing, or multiple repairs to the roof and walls. According to the 2016-2020 American Community Survey approximately 78% of Capitola’s housing stock is over 30 years old (built prior to 1990) (Table 2-27).

Table 2-27: Year Structure Built

Year Structure Built	# of Units	% of Units
Built 2014 or later	65	1.2%
Built 2010 to 2013	210	4.0%
Built 2000 to 2009	304	5.7%
Built 1990 to 1999	572	10.8%
Built 1980 to 1989	802	15.2%
Built 1970 to 1979	1,036	19.6%
Built 1960 to 1969	1,066	20.1%
Built 1950 to 1959	566	10.7%
Built 1940 to 1949	264	5.0%
Built 1939 or earlier	407	7.7%
Total housing units*	5,292	100%

Source: 2016-2020 American Community Survey 5-Year Estimates

*Total is not representative of total housing units; this table counts only new structures built and not units demolished

Substandard Housing Conditions

The 2016-2020 American Community Survey provides data about the conditions of the City’s existing housing stock (Table 2-28). In general, the housing stock in Capitola is good. None of the owner-occupied units in the City have substandard conditions (lacking plumbing or kitchen facilities) and 1% of renter-occupied households lack kitchen facilities. Overall, in the City, substandard conditions are lower than in Santa Cruz County.

Table 2-28: Lack of Complete Facilities by Tenure

Facility Type	Owner Occupied	Renter Occupied	Total Households	Santa Cruz County
Lacking Complete Kitchen Facilities	0%	1.0%	0.5%	1.0%
Lacking Complete Plumbing Facilities	0%	0%	0%	0.4%
Total Households	2,222	2,436	4,658	96,275

Source: 2016-2020 American Community Survey 5-Year Estimates

Possible code violations can be reported to the City’s Code Enforcement division. Since 2015, the City has received 56 code violation complaints regarding substandard structures, of which only one was for the absence of a kitchen within an accessory dwelling unit (ADU). The list of complaints noted unsafe conditions related to decline of outdated structures including leaking roofs, mold, and issues with electricity. Capitola required improvement on the ADU to comply with building code to include a kitchen. The City is not aware of any additional units needing rehabilitation or replacement as observed by staff inspectors while in the field.

4. Housing Costs

Housing costs are driven by the price of raw land, infrastructure costs (e.g., sewer and water), construction costs, supply relative to demand, and financing costs. The diminishing supply of developable land in Capitola, the built-out nature of the community, its attractive coastal location, and the level of unmet demand for housing in the entire region have driven up the cost of both ownership and rental housing in Capitola.

Ownership Housing

According to the 2016-2020 American Community Survey, approximately 42% of the occupied housing units are owner-occupied. In comparison, in Santa Cruz County, approximately 55% of occupied housing units are owner-occupied.

The value of homes in Capitola varies based on the type, size, and location. Recent listings show prices ranging from \$230,000 for a 2-bedroom, 1-bath mobile home to \$2,875,000 for a 3-bedroom, 2-bath home.¹⁷ In July 2022, the median sale price of a single-family home in Capitola was \$2,147,500 according to the Santa Cruz Association of Realtors (SCAR) (Table 2-29).

Table 2-29: Regional Median Home Values

Jurisdiction	Single-Family Residential	Common Interest Development
City of Capitola	\$2,147,500	\$745,000
City of Santa Cruz	\$1,602,500	\$912,500
City of Scotts Valley	\$1,360,000	\$826,000
City of Watsonville	\$900,000	\$550,000

Source: Santa Cruz Association of Realtors, Regional Median Home Values June 2022

Median home values in neighboring Santa Cruz County communities are lower than that of Capitola, \$1,602,500 in Santa Cruz and \$1,360,000 in Scotts Valley.

¹⁷ Zillow website, www.zillow.com; accessed August 10, 2022.

Rental Housing

The U.S. Census provides information on median contract rents. Table 2-30 shows these rents for Capitola and Santa Cruz County in 2010 and 2020. As shown, the contract rents increased by 43% (\$566) in Capitola and 47% (\$552) in Santa Cruz County.

Table 2-30: Median Contract Rents

Median Contract Rent	2010	2020	% Change
Capitola	\$1,315	\$1,881	43.0%
Santa Cruz County	\$1,170	\$1,722	47.2%

Source: 2006-2010 and 2016-2020 American Community Survey 5-Year Estimates

Because the ACS data may not fully reflect current rent trends, a review of rental listing online was conducted in March 2023. As shown in Table 2-31, the median rents for apartments are \$2,815 for a 1-bedroom and \$2,950 for a 2-bedroom. The median rent for a 3-bedroom townhome is \$3,650 and the rents for a house range from \$3,073 for a 1-bedroom up to \$5,500 for a four-bedroom home.

Table 2-31: Capitola Rent Survey

Unit Type	Number of Listings	Range	Median	Average
Apartments				
Studio	1	\$2,195	--	--
1 bedroom	6	\$2,725-\$3,800	\$2,815	\$2,975
2 bedrooms	7	\$2,695-\$3,582	\$2,950	\$3,017
Townhomes				
3 bedrooms	3	\$3,495-\$4,950	\$3,650	\$4,032
House				
1 bedroom	2	\$1,900-\$4,245	\$3,073	\$3,073
2 bedrooms	2	\$3,900-\$5,500	\$4,700	\$4,700
3 bedrooms	5	\$5,000-\$6,500	\$5,500	\$5,600
4 bedrooms	1	\$5,500	--	--

Source: Zillow.com, Apartments.com and Rent.com, accessed March 2023

The rental housing market in Capitola includes apartments, condominiums, mobile homes and single-family homes. Some of the rental units are rented on a short-term basis as vacation lodging. The 2016-2020 American Community Survey estimates that 410 Capitola dwellings (8% of the City's housing stock) were being used as seasonal, recreational, or occasional units. In 2011, Capitola repealed the City's Mobile Home Park Rent Stabilization Ordinance. The City currently has eight mobile home parks, which have all been subdivided and converted to resident cooperatives or have long-term affordability agreements with tenants. One mobile home park, Cabrillo Mobile Home Estates, faces an expiring rent stabilization agreement in 2023 and is negotiating with the park owner relating to rent increases. The Cabrillo Mobile Home Estate owner has no interest in selling the park; therefore, the residents are working with an attorney on rent negotiations. City staff has provided information on HOME rental assistance for qualified residents within the park under an existing program administered by the County of Santa Cruz.

Given the percentage of units rented on a short-term basis and the median rents described above, residents may face challenges in finding rental units in Capitola.

Vacancy Rates

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

In a healthy housing market, a vacancy rate of 1.5% to 2% for ownership housing and 5% to 6% for rental housing is considered necessary to balance demand and supply for housing. These vacant units should be distributed across a variety of housing types, sizes, price ranges, and locations within the City. This allows adequate selection opportunities for households seeking new residences.

According to the 2016-2020 American Community Survey, Capitola's owner-occupied units have a vacancy rate of 0.8%, and rental units have a rate of 4.0%. These rates indicate that the housing market is somewhat tight with little

room for buyers or renters to find a suitable unit or negotiate a lower purchase or rental price. However, nearly 12% of all the housing units in the City were classified as vacant, according to the 2016-2020 American Community Survey. Of these vacant units, 65% (410 units) were vacant for seasonal use as either vacation homes or vacation rental properties. In the county as a whole, more than 4,890 units, or approximately 5% of the entire housing stock in the county, including the cities, were vacant for seasonal use as vacation homes or rentals. As described earlier, the seasonal and vacation rentals may make it difficult for residents to obtain rental housing, particularly within their price range. Occupancy status of housing units in Capitola and Santa Cruz County are shown in Table 2-32 below.

Table 2-32: Occupancy Status of Housing Units in Capitola and Santa Cruz County

Occupancy Status	Capitola		Santa Cruz County	
	# of Units	% of Units	# of Units	% of Units
Owner-Occupied	2,222	42.0%	58,094	54.9%
Renter-Occupied	2,436	46.0%	38,181	36.1%
Total Occupied	4,658	88.0%	96,275	91.0%
Vacant Housing Units	634	12.0%	9,544	9.0%
Total Housing Units	5,292	100%	105,819	100%
Homeowner Vacancy Rate	0.8%		0.8%	
Rental Vacancy Rate	4.0%		2.1%	

Source: 2016-2020 American Community Survey 5-Year Estimates

5. Housing Affordability and Overpayment

Housing Affordability by Household Income

Housing affordability is dependent upon income and housing costs. Using set income guidelines, current housing affordability can be estimated. According to the HCD income guidelines for 2022, the median income in Santa Cruz County is \$119,300 (adjusted for household size). Assuming that the potential homebuyer has sufficient credit and down payment (10%) and spends no greater than 30% of their income on housing expenses (i.e., mortgage, taxes, utilities, and insurance), the maximum affordable home price and rental price can be determined. The maximum affordable home and rental prices for residents in Santa Cruz County are shown in Table 2-33 below.

Comparing the information from Table 2-33 with the rental and purchase prices described earlier in this section, the following assumptions can be made about affordability in Capitola:

- **Home Purchases:** With a median home value of \$2,147,500 for a single-family home and \$745,000 for a townhome in Capitola (Table 2-29), purchasing a home or townhome is unaffordable for all low- and moderate-income households.
- **Apartment Rentals:** The median rents for studios (\$2,195) and one-bedroom (\$2,815) units are unaffordable to all lower- and moderate-income households in Capitola. The median prices for 2-bedroom units (\$2,950) are only affordable to three-person moderate income families. The median rent for 3-bedroom townhome units (\$3,650) is unaffordable for all lower- and moderate-income households.
- **Single-Family Home Rentals:** The median rents for house rentals (\$3,073 to \$5,500) are unaffordable to all lower- and moderate-income households in Capitola.

One option to increase housing options is to explore “missing middle housing.”¹⁸ In general, the concept of missing middle housing refers to two scenarios. One, housing is not affordable to middle income households. Two, the range of housing available in a community is missing housing types at medium densities. Often these two scenarios overlap, as affordability is correlated with density. Housing in Capitola is generally not affordable to lower and moderate income households. Even middle income or workforce households, defined as households making up to 150% of the area median income, have difficulty locating affordable and adequate housing options. Missing middle housing focuses on smaller multifamily options, such as duplexes, townhomes, live/work units, and cottages located in a walkable neighborhood.¹⁹

18 Association of Bay Area Governments, Missing Middle Housing website. The term “Missing Middle” was coined by Opticos Design in 2010.

19 Missing Middle Housing website, missingmiddlehousing.com, created by Opticos Design.

Table 2-33: Housing Affordability Matrix Santa Cruz County (2022)

	Annual Income	Affordable Costs (All Costs)	Estimated Utilities	Estimated Taxes, Insurance, HOA (Ownership)	Affordable Rent	Affordable Home Price
Extremely Low Income (0-30% AMI)						
1-Person	\$32,700	\$818	\$287	\$286	\$531	\$64,404
2-Person	\$37,350	\$934	\$309	\$327	\$625	\$78,520
3-Person	\$42,000	\$1,050	\$371	\$368	\$679	\$82,094
4 Person	\$46,650	\$1,166	\$439	\$408	\$727	\$84,087
5 Person	\$50,400	\$1,260	\$512	\$441	\$748	\$80,908
Very Low Income (30-50% AMI)						
1-Person	\$54,450	\$1,361	\$287	\$476	\$1,074	\$157,550
2-Person	\$62,200	\$1,555	\$309	\$544	\$1,246	\$184,942
3-Person	\$70,000	\$1,750	\$371	\$613	\$1,379	\$202,006
4 Person	\$77,750	\$1,944	\$439	\$680	\$1,505	\$217,275
5 Person	\$84,000	\$2,100	\$512	\$735	\$1,588	\$224,803
Low Income (50-80% AMI)						
1-Person	\$87,350	\$2,184	\$287	\$764	\$1,897	\$298,447
2-Person	\$99,800	\$2,495	\$309	\$873	\$2,186	\$345,967
3-Person	\$112,300	\$2,808	\$371	\$983	\$2,437	\$383,160
4 Person	\$124,750	\$3,119	\$439	\$1,092	\$2,680	\$418,557
5 Person	\$134,750	\$3,369	\$512	\$1,179	\$2,857	\$442,144
Median Income (80-100% AMI)						
1-Person	\$83,500	\$2,088	\$287	\$731	\$1,801	\$281,959
2-Person	\$95,450	\$2,386	\$309	\$835	\$2,077	\$327,338
3-Person	\$107,350	\$2,684	\$371	\$939	\$2,313	\$361,961
4 Person	\$119,300	\$2,983	\$439	\$1,044	\$2,544	\$395,217
5 Person	\$128,850	\$3,221	\$512	\$1,127	\$2,709	\$416,877
Moderate Income (100-120% AMI)						
1-Person	\$100,200	\$2,505	\$287	\$877	\$2,218	\$353,478
2-Person	\$114,500	\$2,863	\$309	\$1,002	\$2,554	\$408,921
3-Person	\$128,850	\$3,221	\$371	\$1,127	\$2,850	\$454,036
4 Person	\$143,150	\$3,579	\$439	\$1,253	\$3,140	\$497,356
5 Person	\$154,000	\$3,850	\$512	\$1,348	\$3,338	\$524,584

Sources: Calif. Dept. of Housing and Comm. Development (HCD) 2022 Income Limits; Housing Authority of Santa Cruz County (HASCSC), 2022 Utility Allowance Schedule; Veronica Tam & Assoc., 2023. Assumptions:

1. 2022 HCD income limits;
2. 30% of household income spent on housing; HASCSC utility allowance; 35% of monthly affordable cost for taxes and insurance; 10% down payment; and 3% interest rate for a 30-year fixed-rate mortgage loan. Taxes and insurance apply to owner costs only; renters do not usually pay taxes or insurance.

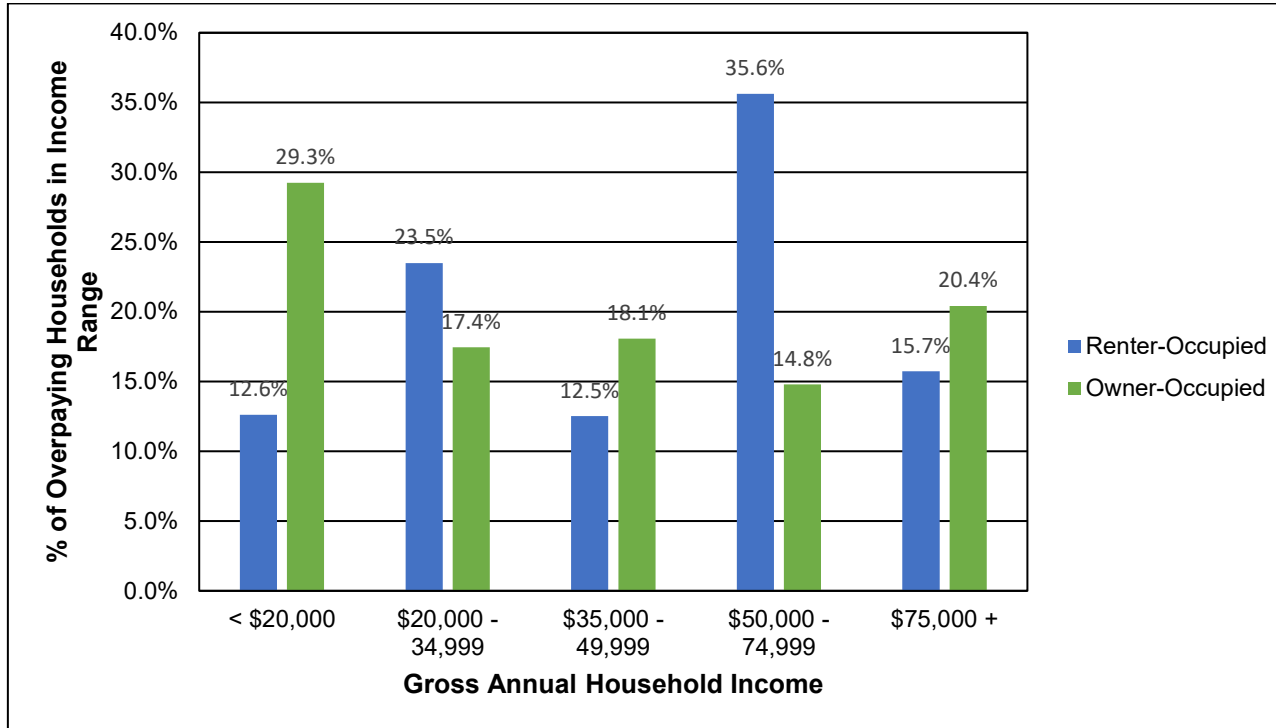
Ability to Pay for Housing/Cost Burden

State and federal standards for housing overpayment are based on an income-to-housing cost ratio of 30% and above. Severe cost burden is when households spend 50% or more on housing. The cost of housing includes rent or mortgage payments, utilities (e.g., water, sewer, electric, gas), taxes, and insurance. Households spending more than 30% of their incomes on housing have limited remaining income for other necessities such as food, clothing, and health care. Because household incomes and sizes vary, the affordable price for each household also varies. For example, a double income household with no children could afford a different level of housing cost than a large family with one lower income wage earner. Figure 2-8 below shows that many households in the lower income ranges paid over 30% of their incomes on housing. Among the lowest income households, a significantly greater proportion of homeowners overpaid than renters. In comparison, of those renters earning between \$50,000 and \$74,999, over 35% were overpaying.

The HUD CHAS data from 2019 shows further detail on cost burden by income category (Table 2-34). Of the 2,100 owner households in Capitola, 895 (42.6%) faced cost burden. Approximately 565 (26.9%) of these households faced severe cost burden. More than 40% of the owner households facing cost burden were extremely low income.

Of those owner households that faced cost burden, more than 45% of Capitola's 2,360 renter-occupied households faced cost burden, and 20% faced severe cost burden. Of the cost burdened renter households, more than 35% were extremely low income.

Figure 2-8: Estimated Percent of Capitola Renter and Owner-Occupied Households Paying over 30% of Income on Housing Cost, by Income Range



Source: 2016-2020 American Community Survey 5-Year Estimates

Table 2-34: Income By Cost Burden

	Cost Burden >30%	Percent	Cost Burden >50%	Percent
Total Owner Households in Capitola	2,100			
Owner Households with Cost Burden	895	42.6%	565	26.9%
Household Income <30% AMI	380	42.5%	325	57.5%
Household Income >30% to <50% AMI	145	16.2%	55	9.7%
Household Income >50% to <80% AMI	185	20.7%	105	18.6%
Household Income >80% to <100% AMI	90	10.1%	25	4.4%
Household Income >100% AMI	95	10.6%	55	9.7%
Total Renter Households in Capitola	2,360			
Renter Households with Cost Burden	1,080	45.8%	475	20.1%
Household Income <30% AMI	385	35.6%	385	81.1%
Household Income >30% to <50% AMI	260	24.1%	40	8.4%
Household Income >50% to <80% AMI	295	27.3%	50	10.5%
Household Income >80% to <100% AMI	65	6.0%	0	0.0%
Household Income >100% AMI	75	6.9%	0	0.0%

Source: HUD CHAS Data Tables, 2015-2019

D. Assisted Housing Developments

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

There are currently two federally assisted multifamily rental complexes in Capitola. One is the Capitola Supportive Housing Development (formerly Dakota Apartments, at 3245 Clares Street), which has 24 units for very low-income households with one or more persons affected by mobility impairment/traumatic brain injury. The project used funding from the Capitola Redevelopment Agency’s Housing Fund, HOME Program Income Re-Use Funds, and the HUD 811 program. The development is owned by the National Handicapped Housing Institute, a nonprofit agency, and restrictions ensure that the units will remain affordable in perpetuity. The second complex, Bay Avenue Senior Apartments (750 Bay Avenue), has 109 units and has a 55-year affordability requirement that will expire in 2065. Fifty of the units are

restricted to extremely low-income senior households, 30 units have been restricted to very low-income senior households, 28 units have been restricted to low-income senior households and one 2-bedroom unit serves as the manager’s unit and will not be restricted. Thirty-nine units in the development have been set aside to serve seniors who need assistance with certain activities of daily living and qualify under the state’s definition of Chronically Ill. First Community Housing worked in participation with the County of Santa Cruz to provide assistance through the Mental Health Services Act (MHSA) program to set aside five units to serve extremely low-income seniors with mental illness who are homeless or at risk of homelessness.

Table 2-35 shows details of these two projects. Neither project is set to expire during the 2023-2031 planning period.

Table 2-35: Assisted Multifamily Rental Complexes in Capitola

Development Name	Number of Units			Type of Assistance	Covenant Start	Covenant End
	Extremely Low	Very Low	Low			
Capitola Supportive Housing Development # of units: 24 Supportive Housing for Persons with Disabilities	0	24	0	PRAC/811	2000	Perpetuity*
Bay Area Senior Apartments # of units: 108 Seniors	50	30	28	LIHTC	2010	2065

Source: City of Capitola, affordablehousingonline.com, affordablehomes.chpc.net

*Capitola Supportive Housing Development is owned by the National Handicapped Housing Institute and will remain affordable in perpetuity.

Another affordable housing development at 1900-1920 Courtyard Drive, was a former public housing development. The Housing Authority of the County of Santa Cruz transferred ownership of this development to New Horizons Affordable Housing and Development Inc. The project also has a long-term affordability requirement that is not set to expire within this Housing Element planning period.

E. Mobile Home Parks in Capitola

Mobile home parks provide another important source of affordable housing for Capitola and should be discussed as a separate form of “at-risk” housing. As a tourist and retirement-oriented beach community, Capitola developed over time with a large number of small cottage homes and mobile home parks. The City today continues to host a total of eight parks serving a total of 681 households.

One park, Pacific Cover, was closed in 2012 due to a flood in 2011, and all of its residents were relocated. Seven of the eight remaining mobile home parks have been subdivided and converted into resident cooperatives or have long-term affordability agreements with tenants. Brookvale Terrace and Tradewinds Mobilehome Park are cooperatives with no ongoing affordability agreements with the City. Loma Vista Estates and Wharf Road Manor have affordable housing income restrictions that all new buyers must comply with. Turner Lane Mobilehome Park also has income restrictions, but they are only applicable to 7 of the 79 spaces. Castle Mobile Home Estates is owned by a nonprofit and has long-term affordability agreements and income restrictions in place. As previously mentioned, Cabrillo Mobilehome Estates had a 12-year affordability agreement in place for rent that expires in July 2023. The residents and City staff are currently working together to identify ways to ensure residents are not displaced by a hike in space rent.

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

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

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

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

F. Inventory of Affordable Housing Not at-Risk

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

1. Shorelife Church Neighborhood Manor

This 20-unit rental property is owned by Shorelife Community Church. Rents are below market, and some units are rented to households who have Section 8 rental assistance, but the project is not deed restricted as affordable housing. The church generally fills vacancies with households referred to them by local social agencies, such as the Housing Authority and the Skills Center, with a preference for disabled, elderly, or low-income students and church staff. Because these units are owned by a nonprofit agency, they are expected to remain affordable indefinitely.

2. Grace Street Apartments

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

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

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

4. Loma Vista Mobile Home Park Resident Acquisition

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

5. Wharf Road Manor Mobile Home Park residents Acquisition

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

G. Inclusionary Housing Units

Beginning in 2004 the City passed an Inclusionary Housing Ordinance that requires that 15% of the units in any new construction ownership project of seven units or more be made permanently affordable to low- or moderate-income households. Currently, the City has created 12 ownership units through this program.

Inclusionary Ordinance Units

- 1) Heritage Lane (2 units-2006)
1616 & 1615 Heritage Lane

- 2) Capitola Beach Villas (8 units-2013)
1066 41st Avenue
- 3) Pearson Court (1 unit-2014)
4150 Pearson Court
- 4) Tera Commons (1 unit-2020)
1506 Tera Court

The City's Inclusionary Housing Program was designed only to require inclusionary units in the case of for-sale developments of seven units or more. Rental housing developments and projects of six units or fewer do not have an inclusionary requirement.

H. Regional Housing Needs Allocation (RHNA)

The Regional Housing Needs Allocation (RHNA) is a critical part of state housing element law (Government Code §65580). The process for determining the RHNA is briefly described below:

- The California Department of Housing and Community Development uses a California Department of Finance growth projection and other factors to determine the number of housing units that are needed statewide over an 8-year planning period (for Capitola and other Monterey Bay Area jurisdictions, this time period is 2023-2031).
- This statewide housing unit number (called the Regional Housing Needs Determination, or RHND), is divided into regions. Capitola is located within the Association of Monterey Bay Area Governments (AMBAG) region.
- AMBAG is responsible for creating a methodology to distribute the RHND among all of its cities and counties. Each jurisdiction's housing unit number is called the Regional Housing Needs Allocation (RHNA).
- The RHNA is the number of units that a jurisdiction must plan for in the Housing Element update. The units are divided into four categories based on median income: very low (earn <50% of the area median income), low (earn between 51% and 80% of the area median income), moderate (earn between 81% and 120% of the area median income) and above moderate (earn 121% or more of the area median income).

Almost all jurisdictions in the AMBAG region received a larger RHNA this cycle compared to the last housing element cycle, primarily due to changes in state law that led to a considerably higher RHND compared to previous cycles.

Table 2-36 illustrates Capitola’s RHNA by income category for the 2023-2031 planning period. Per state law, local jurisdictions are required to provide an estimate for their projected extremely low income households (those earning 30% or less of the area median income). Jurisdictions can use half of their very low income RHNA allocation to make this projection. Therefore, Capitola is dividing the very low income allocation of 430 units in half to meet this state requirement.

Table 2-36: Housing Need by Income Category for Capitola

Extremely Low (0-30% AMI)	Very Low (31-50% AMI)	Low (51-80% AMI)	Moderate (81-120% AMI)	Above Moderate (>121% AMI)	Total RHNA
215*	215*	282	169	455	1,336

Source: Association of Monterey Bay Area Governments, Final 6th Cycle Regional Housing Needs Allocation Plan 2023-2031, October 2022.

*The City has a RHNA allocation of 430 very low income units (inclusive of extremely low income units). While the RHNA did not separately define housing needs for extremely low income households, the very low income allocation can be split evenly between very low- and extremely low income households.



Chapter 3: Constraints on Housing Production

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

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

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

A. Market Constraints

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

1. Land Costs

Capitola is mostly built-out, and vacant residentially zoned lots are almost non-existent. A survey of online real estate listing sites in February 2023²⁰ found no vacant residential sites listed for sale in Capitola. Further, only one vacant site, a single-family lot, was sold in the last 3 years at a high cost of \$288 per square foot. Because of the built-out nature of Capitola, new development almost invariably requires the acquisition and redevelopment of prospective in-fill sites. Developing on prospective sites is often more expensive and difficult due to increased acquisition costs, demolition, or rehabilitation of existing buildings, and the possible need to remove toxic materials left by earlier uses on the site. Additionally, because most new residential construction is taking place on sites that contain some existing residential units, the net increase of new units is often greatly reduced. For example, the online survey found one such site zoned multifamily that contained an existing duplex, but was also entitled for a five-unit development. This site sold for \$1,005,000 in 2021. Ultimately, the new owner rehabilitated the duplex and developed a single-family home on the same parcel in front of the existing duplex.

Utilization of available state and federal funding can counterbalance the constraint of high land costs to some extent. The involvement of state or federal funds, however, also dramatically increases the cost of new development in that the

²⁰ Zillow.com, Redfin.com, and Realty.com; accessed February 27, 2023.

use of these funds triggers the need to comply with federal and state relocation laws and prevailing wage regulations. Relocation costs in some instances can be nearly as high as the original cost of site acquisition.

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

2. Construction Costs

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

One indicator of construction costs is building valuation data. The International Code Council (ICC) compiles building valuation data on a national level. While the data is not local to Capitola, it gives a general range of building costs. Building valuation for various residential construction types is provided in Table 3-1.

Table 3-1: Average Building Valuation by Construction Type

Construction/Residence Type	Average per Square Foot
Type I or II, R-2 Residential Multi-family	\$158-\$179
Type V Wood Frame, R-2 Residential Multi-family	\$120-\$125
Type V Wood Frame, R-3 Residential One- and Two-family	\$131-\$139
R-4 Residential Care/Assisted Living Facilities	\$152-\$211

Source: International Code Council, Building Valuation Data, February 2021. <https://cdn-web.iccsafe.org/>

Included in the cost of development are the costs of building materials. The cost of building materials varies tremendously depending on the material, quality, style, scale of construction, and shipping costs related to the particular product. Additionally, building material prices increased drastically in the last few years due to supply issues relating to the COVID-19 pandemic.

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

Lower residential construction costs can also be achieved by reducing amenities, quality, and/or types of building materials and by reducing the actual square footage of the homes being developed. Since the 1950s the square footage of homes has more than doubled in the United States, according to the National Association of Home Builders, while average household size has dropped. Oversized homes require significantly more construction materials than smaller homes, require more land, and use significantly more energy to operate. Reduced square footage can allow for a higher density of development on the site and thus reduce per unit land costs. The City's efforts to allow higher density housing construction and encourage the development of smaller square footage housing units are illustrated in the Capitola Green Building Program, the Accessory Dwelling Unit Ordinance, and the City's Density Bonus and Affordable Housing Overlay Ordinances. The City has also used the Planned Development zoning process to allow for the development of small units at higher densities.

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

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

3. Timing and Density

In some cases, market demand can act as a constraint to the development of housing at the densities prescribed in the General Plan. Developers may choose to build larger units rather than at the highest density if they believe this will be more profitable. Another reason sites may not be developed to their maximum density is there are currently no density limits in the mixed-use districts. Therefore, maximum density is really the result of conforming with development standards and the unit size. Also, the parcels within the City's multifamily zones have all been developed; therefore, existing owners must decide if there is potential for more units onsite and analyze the economics of redevelopment. Many of the multifamily and mixed-use sites in Capitola have not been built-out with maximum density. Proposition 13 is likely a reason many apartment complex owners have not redeveloped their sites to maximize the allowed density in multifamily zones. Older buildings generally enjoy low property tax valuations, making the rental properties highly profitable investments. However, given the need for additional housing in the community and escalating housing prices, some multifamily property owners have expressed interest in opportunities to intensify the density on their sites.

Non-governmental constraints can impact the timing between when a project receives approval and when the developer pulls building permits to begin project construction. These constraints may include the time it takes to secure construction financing, securing contractors, and changes in the housing market after project approval. According to building permit records, the typical time between project approval and building permit issuance is 190 days. The time lapse is primarily a function of how quickly the applicant can respond to required changes to construction documents, such as adding screening to mechanical equipment to comply with a condition of approval. NIMBYism also tends to extend timeframe for projects requiring discretionary reviews, particularly regarding impacts on water capacity, traffic, and neighborhood/community character.

4. Financing

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

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

Mortgage interest rates reached historic lows during the COVID-19 pandemic, dropping to under 3%. However, to deal with rising inflation, the Federal Reserve Board raised interest rates multiple times in 2022 and 2023, resulting in mortgage interest rates over 7%.

First-time homebuyers are the most impacted by financing requirements. The recent sharp increase in rates has a significant impact on the home price a household can afford and has the potential to price many households out of the market. Lower initial rates may be available with Graduated Payment Mortgages (GPMs), Adjustable Rate Mortgages (ARMs), and Buy-Down Mortgages. However, variable interest rate mortgages on affordable homes may increase to the point that interest rates exceed the cost of living adjustments, which is a constraint on affordability.

A critical impediment to homeownership involves both the affordability of the housing stock and the ability of potential buyers to fulfill down payment requirements. Typically, conventional home loans will require 80% loan-to-value and represent the largest constraint to homebuyers. Down payment requirements are particularly cumbersome for first-time homebuyers who have not built equity in another property.

One of the greatest impediments to homeownership, however, is creditworthiness. According to the Federal Housing Authority, lenders consider a person’s debt-to-income ratio, cash available for down payment, and credit history when determining a maximum loan amount. Many financial institutions are willing to significantly decrease down payment requirements and increase loan amounts to persons with good credit ratings. Persons with poor credit ratings may be forced to accept a higher interest rate or a loan amount insufficient to purchase a house. Poor credit ratings can be

especially damaging to lower-income residents, who have fewer financial resources with which to qualify for a loan. The FHA is generally more flexible than conventional lenders in its qualifying guidelines and allows many residents to re-establish a good credit history.

Under the Home Mortgage Disclosure Act (HMDA), lending institutions are required to report lending activity by the income, gender, and race of the applicants. Table 3-2 provides loan application data for the City of Capitola. In 2021, there were a total of 707 loan applications. Out of these, 477 (67%) were for refinance loans, 182 (26%) were for conventional purchase loans, 45 (6%) were for home improvement loans and three (<1%) were for government-backed purchase loans. Overall approval rate in the City was 71%. The three government-backed purchase loans had a 100% approval rate, followed by refinance loans (72%), conventional purchase loans (70%) and home improvement loans (60%). Home improvement loans had the highest denial rate, at 22%, while 19% of refinance loans were either withdrawn by the applicant or closed for incompleteness.

Table 3-2: Disposition of Home Loan Applications, Capitola (2021)

Loan Type	Total Applications	Approved	Denied	Other
Conventional Purchase	182	69.8%	13.7%	16.5%
Government-Backed Purchase	3	100.0%	0.0%	0.0%
Refinance	477	71.9%	9.4%	18.7%
Home Improvement	45	60.0%	22.2%	17.8%
Total	707	70.7%	11.3%	18.0%

Source: 2021 Home Mortgage Disclosure Data: <https://ffiec.cfpb.gov>

Note: "Approved" loans include loans originated and applications approved but not accepted. "Other" includes loans withdrawn by the applicant or closed for incompleteness.

5. Down Payments and Move-In Costs

The ability to accumulate a sufficient down payment remains a formidable barrier to many potential homebuyers. Low- and moderate-income households find it difficult to make the transition from rental to ownership units because they cannot accumulate a down payment while renting. A program has been added to this Housing Element to utilize HOME funds for a First-Time Homebuyer (FTHB) program. Eligible FTHB programs include down payment assistance, acquisition with rehabilitation, and infill new construction.

Even with down payment assistance, market rate home sales prices in the Capitola area are so high that the City’s “gap” financing is not typically able to make up the difference. This means that the City’s First-Time Homebuyer Program is used almost exclusively to assist in the purchase of mobile homes and condominiums that already have some level of affordability built into the sale price via the City’s Inclusionary Housing Ordinance or through other forms of City involvement such as the provision of financial assistance in the cooperative conversion of mobile home parks. Historically, the City has utilized affordable housing funds to assist residents in the purchase of mobile home parks.

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

Loss Prevention

Capitola has a Landlord Incentive Program. This program is designed to assist Section 8 Landlords to reimburse expenses of up to \$5,000 associated with unpaid rent, property damage, vacancy loss, and legal fees.

Rent and Mortgage Payments

Unexpected financial events (such as job loss, sudden disability, or major medical expenses) prevent households from making their regular monthly rent or mortgage payments. The City has an emergency housing assistance program designed to prevent very low income Capitola households from becoming homeless due to these types of events. The program provides one-time emergency grants for up to 4 months of rent or mortgage payments. The grants are paid directly to the landlord or mortgage company to prevent the household from being evicted or foreclosed upon. To be eligible for this assistance, households must be at or below 50% of median income and must include children, a disabled person, or an elderly person as household members.

B. Governmental Constraints

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

1. Land Use Controls

The Capitola General Plan provides for a range of housing types and densities, including low density single-family development, multifamily development, and mixed-use development. Table 3-3 provides a summary of the General Plan land use designations that allow for residential development, along with the corresponding zoning districts.

Table 3-3: Capitola General Plan Land Use Designations

Land Use Designation	Corresponding Zoning District	Maximum Density	Primary Residential Uses
Single-Family Residential (R-SF)	Residential Single Family (R-1)	10 du/ac	Single family residences
Multifamily Residential (R-MF)	Residential Multifamily, Low Density (RM-L) Residential Multifamily, Medium Density (RM-M) Residential Multifamily, High Density (RM-H)	20 du/ac	Single family, duplexes, townhomes, multifamily residences
Mobile Home Park (MH)	Mobile Home Park (MH)	20 du/ac	Mobile home parks
Village Mixed-Use (MU-V)	Mixed Use, Village (MU-V)	FAR = 2.0	Mixed-use residential; multifamily residential in the village residential overlay zone
Neighborhood Mixed-Use (MU-N)	Mixed Use, Neighborhood (MU-N)	FAR = 1.0	Single family and multifamily residences
Regional Commercial (C-R)	Regional Commercial (C-R)	FAR = 1.5-2.0	Mixed-use residential
Community Commercial (C-C)	Community Commercial (C-C)	FAR = 1.0-1.5	Mixed-use residential

Source: Capitola General Plan, 2014.

In addition to the City’s primary zoning districts included above, the City has adopted overlay districts as well as a Planned Development District to facilitate housing development. These are described in more detail below.

Affordable Housing Overlay

The intent of the Affordable Housing Overlay (-AH) zone is to facilitate the provision of affordable housing through the retention and rehabilitation of existing affordable units and the construction of new affordable units. The -AH zone may be applied to any parcel within a multifamily zone or the C-C zone to permit residential development containing at least 50% affordable units at a density of up to 20 units per acre. At least 25% of the units must be affordable to lower income households. The -AH zone further encourages affordable housing development by providing flexibility in development standards through the design permit review process. However, the Affordable Housing Overlay is obsolete to some extent, given the City's recent comprehensive rezoning program that allows mixed use/residential uses in commercial zones with no density limit and significant density incentives offered by the State Density Bonus law. This Housing Element includes a program review and update the Overlay to enhance its effectiveness in incentivizing affordable housing production.

Vacation Rental Overlay

The Vacation Rental Overlay (-VRU) zone permits transient rental use in the Central Village District and a small portion of Riverview Avenue (within the R-1 zone), subject to a vacation rental permit. Short-term vacation rentals are prohibited outside the -VRU zone. Limiting vacation rentals to the -VRU zone preserves housing in other areas for permanent residents.

Village Residential Overlay

The Village Residential Overlay (-VR) zone applies to a portion of the Mixed Use Village (MU-V) zone that is reserved exclusively for residential uses. The development standards that apply to the MU-V zone also apply to the -VR overlay.

PD Planned Development District

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

2. Development Requirements

In addition to regulating the types of uses permitted in each zone, the Capitola Zoning Ordinance regulates the density, scale, and other design components of residential development. These standards are intended to promote high quality development and neighborhood compatibility, along with ensuring safety and quality of life.

Development Standards

Table 3-4 summarizes development standards for zones that allow residential development. Densities range from approximately 8.7 units per acre in the R-1 zone to 20 units per acre in the RM-H zone. In the mixed use and commercial zones, density is regulated in terms of floor area ratio (FAR) rather than units per acre, with FARs ranging from 1.0 to 2.0. The setback requirements for the residential zones provide flexibility, particularly for smaller lots, by requiring side and rear yard setbacks as a percentage of the lot width or depth rather than a flat requirement for all lots. Setback requirements in the mixed use and commercial areas are intended to provide consistency and a pedestrian-friendly environment. Height limits range from 25 feet in the R-1 zone to 40 feet in the commercial zones and are compatible with the density of development permitted in the zone.

Table 3-4: Capitola Development Standards

Zoning District	Minimum Lot Area / Dwelling Unit	Maximum Height	Minimum Setbacks		
			Front	Side	Rear
R-1	5,000	25'	1 st story: 15' 2 nd story: 20'	Interior: 1 st story: 10% of lot width ¹ 2 nd story: 15% of lot width Street: 10'	20% of lot depth; 25' max.
RM-L	4,400	30'	15'	Interior: 10% of lot width Street: 10'	15% of lot depth
RM-M	2,900	30'			
RM-H	2,200	35'			
MU-V	Max. FAR = 2.0	27'	0'	0'	0'
MU-N	Max. FAR = 1.0	27'	10' ²	Interior: 10% of lot width Street: 10'	10' ²
C-C	Max. FAR = 1.0	40'	15' ³	Interior: 0' ⁴ Street: 15' ³	0' ⁴
C-R	Max. FAR = 1.5	40'	15' ³	Interior: 0' ⁴ Street: 15' ³	0' ⁴

Notes:

1. 3' min.; 7' max.
2. 0' from the property line or 10' from the curb, whichever is greater
3. 15' from curb edge; must allow for a 10' sidewalk along frontage
4. Minimum setback from adjacent residential property is 15' for interior side yards and 20' for rear yards.

Source: Capitola Municipal Code, 2023.

The Zoning Code also includes Chapter 17.88: Incentives for Community Benefits. This chapter allows increased FAR and height in exchange for community benefits, such as affordable housing. The incentives are intended to facilitate the redevelopment of underutilized properties along 41st Avenue. Qualifying projects may receive an increased FAR of 2.0 and increased maximum height of 50 feet.

Parking

Parking standards have the potential to constrain development or limit density on a site due to the cost of constructing parking facilities and space limitations. Capitola’s residential parking requirements are listed in Table 3-5. Parking requirements for single family dwellings are based on the size of the unit. Duplexes require two spaces per unit and multifamily dwellings of three or more units require 2.5 spaces per unit. Although the multifamily parking requirement does not account for the size of the unit, the regulations provide flexibility by allowing a portion of the required spaces to be uncovered. Also, the City does not impose an additional guest parking requirement for multifamily development.

Table 3-5: Residential Parking Requirements

Residential Use	Spaces Required per Unit	Covered Spaces Required
Single Family Dwelling (by unit size)		
< 1,500 SF	2	0
1,501 – 2,000 SF	2	1
2,001 – 2,600 SF	3	1
> 2,600 SF	4	1
Duplex	2	1
Multifamily Dwellings	2.5	1

Source: Capitola Municipal Code, 2023.

Recognizing that parking is a constraint on development in Capitola, the City has implemented strategies that reduce costs and site requirements for parking, while still protecting the integrity of existing neighborhoods. For example, the Zoning Ordinance allows for 30% of required parking to be compact spaces. Additionally, tandem spaces are permitted for all residential uses, provided that spaces configured in tandem are assigned to the same unit.

Section 17.76.050(E) of the Zoning Ordinance allows the Planning Commission to approve “shared parking” arrangements, upon a determination that the periods of occupancy and use of the structures/uses in the development(s) are not simultaneous with each other. This sort of arrangement will likely become more popular in the future as more residential-commercial mixed-use projects are developed in the C-C, C-R and MU-N zoning districts. The Planning Commission may also approve off-site parking for residential uses if it finds that practical difficulties prevent parking from being located on the same lot.

However, the City’s parking requirements for multifamily housing do not vary by size of the unit, potentially constraining the development of smaller units and discouraging higher density. As a program of this Housing Element, the City will review the residential parking requirements to determine if efforts to remove development constraints have been effective and consider modifying multifamily requirements based on the unit size or number of bedrooms.

Objective Design Standards

Objective standards are generally defined by state law as standards that involve no personal or subjective judgment and that rely on a uniform benchmark or criterion available and knowable prior to application submittal. The City adopted objective standards for multifamily and mixed-use residential development in November 2022 (Zoning Ordinance Chapter 17.82). The standards are intended to ensure that development exhibits high quality design and enhance Capitola’s unique identity and sense of place, while providing clear direction to designers and developers. The standards address design elements including the following:

- Circulation and streetscape
- Parking and vehicle access
- Building placement, orientation, and entries
- Building massing
- Façade and roof design
- Other site features (e.g., refuse storage areas and equipment screening)

Objective standards increase approval certainty and decrease processing time and costs for projects by allowing developers to design to clear standards prior to initial submittal, rather than having to change the design to meet City requirements later in the process.

Condominium Conversion Ordinance

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

Density Bonus

The City's density bonus ordinance (Zoning Ordinance Chapter 18.03) was adopted in 2009. Therefore, due to significant changes in state density bonus law since 2009, City staff reference state law directly when processing density bonus applications. Recent changes to state density bonus law include the following:

- Requirement to replace existing affordable units and increase in the required affordability period from 30 years to 55 years (AB 2222);
- Density bonuses for developments serving transitional foster youth, disabled veterans, and homeless individuals (AB 2442);
- Increased density bonus and incentives for 100 percent affordable developments (AB 1763); and
- Increase in the maximum provided density bonus from 35 percent to 50 percent (AB 2345).

As part of the housing programs in this Housing Element, the City will amend Chapter 18.03 of the Zoning Ordinance to be up to date with current state density bonus law.

Inclusionary Housing Ordinance

The City's inclusionary housing requirements are contained in Chapter 18.02 of the Municipal Code. The inclusionary requirement applies to projects creating seven or more for-sale housing units, residential parcels, mobile home parcels, or converted condominium units. Applicable projects must restrict 15% of units or parcels for sale to moderate-, low-, or very low-income households. Rental housing is exempt from the inclusionary requirements. Consistent with state laws, developments subject to the requirement are provided the option of alternative compliance methods, including payment of an in-lieu fee, land dedication, or constructing the units off site.

Multifamily rental housing and other residential development is subject to affordable housing impact fees. The affordable housing impact fee is discussed in more detail in Section B.5, Development Fees of this chapter.

While the inclusionary housing requirements add to the supply of affordable units, the requirements increase the cost of housing development and further limit supply.

3. Zoning for a Variety of Housing Types

Housing element law requires jurisdictions to designate zoning districts within the City to encourage and facilitate the development of a variety of residential uses and types for all economic segments of the community and groups having special housing needs. This includes a wide range of residential uses, including traditional single-family and multifamily housing, mixed-use development, transitional and supportive housing, farm worker and employee housing, and emergency shelters.

Table 3-6 summarizes the various residential uses permitted in Capitola by zone. These uses are discussed in more detail in the following sections.

Table 3-6: Permitted Residential Uses by Zone

Residential Use	R-1	RM-L	RM-M	RM-H	MH	MU-V	MU-N	C-C	C-R
Single Family	P	P	P	P	C	- / P ¹	P	-	-
Duplex	-	P	P	P	-			-	-
Multifamily	-	P	P	P	-	- / P ¹	P	C ⁵	C ⁵
Mixed-use	-	-	-	-	-	P / C ⁴	C	C	C ⁶
Group Housing	-	P	P	P	-	C ²	C	-	-
Mobile Home Parks	-	C	C	C	P	-	-	-	-
Residential Care Facility, Small (6 or fewer)	P	P	P	P	C	3	3	-	-
Residential Care Facility, Large (7 or more)	C	C	C	C	C	3	3	-	-
Accessory Dwelling Units	A	A	A	A	-	A	A	A	A

P = Permitted; A = Administrative Permit required; C = Conditional Use Permit required; - = Use not allowed

1. Only allowed in village residential (-VR) overlay zone.
2. Allowed only on the second or third story of a mixed-use development out of the -VR overlay zone. Allowed in any story in the -VR overlay zone.
3. Residential care facilities shall be allowed with the permits required for dwellings of the same type within the applicable zoning district. For example, a residential care facility in a detached single-family home requires the same permits and is subject to the same use regulations as a detached single-family home.
4. If a proposed residential mixed-use project contains any use that requires a conditional use permit, the entire project, including the residential use, requires a conditional use permit. If a proposed residential use replaces an existing upper-floor commercial use, the residential use is allowed by right.
5. Only allowed as part of a mixed-use project integrated with commercial structures on the same site.
6. Residential uses are prohibited on the first story.

Source: Capitola Municipal Code, 2023.

Single-Family Residences and Duplexes

The City permits single-family residences in all residential zones as well as in the MU-N zone and the Village Residential Overlay zone. Duplexes are permitted in all three multifamily zones.

Multifamily Residences

Multifamily development is permitted in the City's multifamily zones (RM-L, RM-M, and RM-H). Standalone multifamily development is also permitted by right in the MU-N zone and the Village Residential Overlay zone. Multifamily development is permitted with a conditional use permit in the C-C zone.

Mobile Homes and Mobile Home Parks

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

The Mobile Home Park (MH) zone provides areas for exclusive development of mobile home parks. Zoning Ordinance Section 17.16.030(D) provides development standards specific to the MH zone. Mobile home parks are permitted with a conditional use permit in the RM zones. Chapter 17.100 of the Zoning Ordinance provides specific requirements similar to state law that protect the City's existing mobile home parks from conversion to another use, through the Relocation Impact Report and other requirements.

Mixed-Use Developments

Mixed-use development refers to development that locates multiple uses on the same site. Mixed-use developments combining commercial and residential uses typically locate the residential use behind the commercial use or on the upper stories of the building. Mixed-use development is beneficial in that it increases neighborhood walkability and access to transit and other services for residents.

The City has two mixed-use zones, the MU-V and MU-N zones. In the MU-V zone, mixed use development is permitted by right; however, if any use in the development requires a conditional use permit, that requirement will apply to the entire development. Mixed use projects also require a conditional use permit in the MU-N zone. The commercial zones (C-C and C-R) require a conditional use permit for mixed use. Conditional use permit approval is common for mixed use development in many cities, to ensure that uses are compatible and potential negative impacts of various uses sharing a site are mitigated.

Accessory Dwelling Units

As defined by Chapter 17.74 of the Capitola Zoning Ordinance, an accessory dwelling unit (ADU) is “a self-contained living unit located on the same parcel as a primary dwelling unit.” The City last updated its ADU regulations in 2022. Per Chapter 17.74, ADUs are permitted on any parcel with a proposed or existing single- or multifamily dwelling. The City’s regulations allow for the ministerial review of ADUs that meet the requirements outlined in state law. ADUs that do not meet these requirements are subject to design permit review by the Planning Commission.

Single Room Occupancy Developments and Group Homes

The Capitola Zoning Ordinance defines single-room occupancy as “housing consisting of a single-room dwelling unit that is the primary residence of its occupants. A single-room occupancy must include either food preparation or sanitary facilities (or both) and must be four hundred square feet or less.” Due to their smaller size and, in some cases, shared facilities, single-room occupancy units provide an affordable option for lower income individuals. Single-room occupancy developments in Capitola are permitted as group housing.

Group housing is a permitted use in the City’s multifamily zones (RM-L, RM-M, and RM-H) and is conditionally permitted in the mixed-use zones. When a conditional use permit is required, there is an opportunity for public comment that aligns with the review process for mixed-use and multifamily residential developments.

Transitional and Supportive Housing

California Health and Safety Code (§50675.2) defines “transitional housing” and “transitional housing development” as buildings configured as rental housing developments, but operated under program requirements that call for the

termination of assistance and recirculation of the assisted unit to another eligible program recipient at some predetermined future point in time, which shall be no less than 6 months. Residents of transitional housing are usually connected to supportive services designed to assist the homeless in achieving greater economic independence and a permanent, stable living situation. Transitional housing can take several forms, including group quarters with beds, single-family homes, and multifamily apartments, and typically offers case management and support services to help return people to independent living. The Capitola Zoning Ordinance does not include a definition for transitional housing; however, the definition of residential care facility includes transitional housing as a type of residential care facility. Residential care facilities are regulated based on the number of clients they serve (see discussion later in this chapter).

California Government Code §65582 defines supportive housing as housing with no limits on the length of stay that is occupied by a “target population” and links this population with the provision of housing and social services. “Target population” means persons with low incomes who have one or more disabilities, including mental illness, HIV/AIDS, substance abuse, or other chronic health condition, or individuals eligible for services provided pursuant to the Lanterman Developmental Disabilities Services Act (Division 4.5 (commencing with §4500) of the Welfare and Institutions Code) and may include, among other populations, adults, emancipated minors, families with children, elderly persons, young adults aging out of the foster care system, individuals exiting from institutional settings, veterans, and homeless individuals (California Government Code §§65582(f) and (g)). The Capitola Zoning Ordinance does not include a definition of or regulations pertaining to supportive housing.

State law requires transitional and supportive housing to be defined as a residential use that is subject only to the same regulations that pertain to comparable residential uses in the same zone. For example, a transitional housing development configured as multifamily housing should be subject to the requirements that pertain to other multifamily developments. Additionally, with the passage of AB 2162, state law makes further allowances for supportive housing projects in zones where multifamily and mixed-use development are permitted. Supportive housing of 50 or fewer units is permitted by right in these zones and parking requirements are prohibited for developments within one-half mile of a public transit stop. The Housing Element contains a program to remove constraints to the development of transitional and supportive housing by clarifying requirements and ensuring compliance with applicable state requirements.

Emergency Shelters and Low Barrier Navigation Centers

Emergency shelters are currently permitted by right in Capitola's Industrial zone. Section 17.96.030 of the Zoning Ordinance contains supplemental standards that apply to emergency shelters, which include requirements for parking, common facilities, security, lighting, and submittal of a management plan to the City annually. Specifically, the City requires one parking space per staff member and one parking space per six occupants. The City also requires bicycle parking at a rate of one space per occupant. The City has not established a bed limit or separation requirement for emergency shelters.

Government Code §65583(a)(4)(B) lists the operational and development standards that cities are permitted to regulate. These include security, lighting, length of stay, separation from other shelters, provision of on-site management, and parking, among others. A comparison between Zoning Ordinance §17.96.030 and Government Code §65583(a)(4)(B) reveals some inconsistencies. Specifically, state law (AB 139) mandates that the parking requirement imposed by cities may only be based on staffing levels of the facility, not number of occupants, and does not allow for the requirement of bicycle parking.

Additionally, with the passage of AB 2339 in 2022, emergency shelters must be permitted in a zone where residential uses are permitted or in a nonresidential zone where the city can demonstrate that the emergency shelter would be near necessary amenities and services for homeless individuals. The City will amend the Zoning Ordinance to identify the Community Commercial zone where emergency shelter is permitted by right. The Community Commercial zone provides the best access to transit and services in the community. As shown later in this Housing Element, the sites inventory includes 23 parcels totaling 17.5 acres of underutilized Community Commercial land. In addition, many parcels not included in the sites inventory have the potential for adaptive reuse. Capitola has an unsheltered homeless population of 35 persons. Given the general guidance of AB 2339 – an average of 200 square feet of shelter space is needed per person – an estimated 7,000 square feet of building space is needed for 35 persons. Developing new shelter space may be cost prohibitive. However, adaptive reuse of existing buildings can be a feasible option.

In addition to requirements for traditional emergency shelters, AB 101 requires cities to allow the development of Low Barrier Navigation Centers by right in areas zoned for mixed uses and nonresidential zones permitting multifamily uses if the Centers meet specified requirements. A “Low Barrier Navigation Center” is defined as “a Housing First, low-

barrier, service-enriched shelter focused on moving people into permanent housing that provides temporary living facilities while case managers connect individuals experiencing homelessness to income, public benefits, health services, shelter, and housing.” (Government Code Section 65660(a).) Low Barrier Navigation Centers best practices include options such as allowing pets, permitting partners to share living space, and providing storage for residents’ possessions. AB 101 also sets a timeline for jurisdictions to act on applications for Low Barrier Navigation Center developments. The requirements of this bill are effective through the end of 2026, at which point they are repealed.

A program has been included in the Housing Element to amend the Zoning Ordinance to add provisions for Low Barrier Navigation Centers, to review and amend emergency shelter standards, and to identify the Community Commercial zone where emergency shelters are permitted by right that is compliant with the new requirements of AB 2339.

Employee Housing and Farm Worker Housing

The Employee Housing Act (Health and Safety Code §17021.5) requires that employee housing providing accommodations for six or fewer employees be deemed a residential use subject to the same standards as single-family residences. The Capitola Zoning Ordinance does not include provisions for employee housing; therefore, the Housing Element includes a program to amend the Zoning Ordinance to allow employee housing for six or fewer employees where single-family residences are permitted.

Pursuant to the Employee Housing Act (Health and Safety Code §17021.6), any employee housing consisting of no more than 36 beds in a group quarters or 12 units shall be deemed an agricultural land use to be similarly permitted in zones that permit agricultural activities. The City permits Urban Farms conditionally in its residential, mixed use, and commercial zones. Urban Farm is defined as “privately or publicly owned land used for the cultivation of fruits, vegetables, plants, flowers, or herbs by an individual, organization, or business with the primary purpose of growing food for sale.” However, the City has no commercial-scale farming operations and is unlikely to have any in the future. The Housing Element includes a program action to amend the Zoning Ordinance to define the types of small-scale hobby farming activities (not commercial farming) permitted in the City and remove the Urban Farms as a permitted use.

According to the 2016-2020 American Community Survey, just 19 Capitola residents were employed in the agriculture, forestry, fishing and hunting, and mining industries. Therefore, given the absence of farm workers in the community, the City has not identified a need for specialized farm worker housing beyond overall programs for housing affordability.

4. Housing for Individuals with Disabilities

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

Building Code and Public Improvements

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

Residential Care Facilities

Small residential care facilities for up to six clients are allowed as a principal use in the R-1 and RM districts. Large residential care facilities for seven or more clients are allowed as a conditional use in both districts, which requires a public hearing before the Planning Commission. Capitola Zoning Code Section 17.96.080 includes the conditions for large residential care facilities:

- A large residential care facility in a residential zoning district shall not be located within five hundred feet of another large residential care facility.
- A wall or fence shall be provided for purposes of screening and securing outdoor recreational areas in compliance with Chapter 17.60 of the Zoning Code.

- The care provider shall obtain and maintain a license from the State of California Department of Social Services. Large residential care facilities shall be operated according to all applicable state and local regulations.
- The applicant is required to have the facility inspected and submit a letter of compliance from the following:
 - City Building Department. The facility shall be inspected and brought into compliance with the building codes relative to the proposed use.
 - Fire Marshall. The facility shall be inspected and brought into compliance with the California Health and Safety Code and fire code relative to the proposed use.

The findings for use permit approval are:

- The proposed use is allowed in the applicable zoning district.
- The proposed use is consistent with the general plan, local coastal program, zoning code, and any applicable specific plan or area plan adopted by the City Council.
- The location, size, design, and operating characteristics of the proposed use will be compatible with the existing and planned land uses in the vicinity of the property.
- The proposed use will not be detrimental to public health, safety, and welfare.
- The proposed use is properly located within the city and adequately served by existing or planned services and infrastructure. (Ord. 1043 § 2 (Att. 2), 2020)

The majority of the conditions are objective standards geared at balancing safety for residents with disabilities while ensuring mitigation of impacts associated with large residential care facilities. The compatibility requirements may be considered subjective. The Housing Element includes a program action to establish the objective criteria for evaluating the location, size, design, and operating characteristics for determining compatibility of large residential care facilities.

Reasonable Accommodations

Chapter 17.140 of the Capitola Zoning Ordinance provides a procedure to request reasonable accommodation for persons with disabilities seeking equal access to housing under the Federal Fair Housing Act and the California Fair Employment and Housing Act in the application of zoning laws and other land use regulations, policies, and procedures.

Reasonable accommodation requests are reviewed and approved by the Community Development Director, unless the request is filed concurrently with an application that requires discretionary review before the Planning Commission or the City Council.

The review authority shall make a written decision and approve, approve with modifications, or deny a request for reasonable accommodation based on consideration of all of the following factors:

- Whether the housing which is the subject of the request will be used by an individual defined as disabled under the Americans with Disabilities Act.
- Whether the request for reasonable accommodation is necessary to make specific housing available to an individual with a disability under the Americans with Disabilities Act.
- Whether the requested reasonable accommodation would impose an undue financial or administrative burden on the City.
- Whether the requested reasonable accommodation would require a fundamental alteration in the nature of a City program or law, including but not limited to land use and zoning.
- Potential impacts on surrounding uses.
- Physical attributes of the property and structures.

Other reasonable accommodations that may provide an equivalent level of benefit. The two findings relating to “potential impacts on surrounding uses” and “physical attributes of the property and structures” may be considered subjective with the potential to constrain the development and improvement of housing for persons with disabilities. This Housing Element includes a program action to remove the potentially subjective findings.

Definition of Family

Local governments may restrict access to housing for households failing to qualify as a “family” by the definition specified in the Zoning Ordinance. Specifically, a restrictive definition of “family” that limits the number of and differentiates between related and unrelated individuals living together may illegally limit the development and siting of group homes for persons with disabilities but not for housing families that are similarly sized or situated.

The Capitola Zoning Ordinance does not contain any definition for family and therefore, does not constrain development of housing for unrelated persons in the same household.

5. Development Fees

The City charges various fees to cover costs associated with project review, plan check, building permits and inspections. Additionally, impact fees are imposed by outside agencies which are intended to offset the future impact of development on infrastructure and services.

Table 3-7 provides a comparison of typical planning fees for cities in Santa Cruz County. Design permits are the most commonly required entitlement for residential projects in Capitola. Design permit review costs \$2,977 for a new single-family residence and \$4,165 for a new multifamily development, which on a per-unit basis, is less than for single-family housing. The majority of Capitola’s fees are charged on a time and materials basis, with a required minimum deposit. A developer may be billed for additional time if necessary, and any remaining funds are refunded after the project review process is complete. As shown in the table, Capitola’s planning fees tend to be comparable or lower than other regional jurisdictions.

Table 3-7: Planning Fee Comparison

Fee Type	Capitola	Santa Cruz	Scotts Valley	Watsonville
Design Permit	SF, minor: \$870 SF, PC review: \$2,977 MF, minor: \$2,000 deposit* MF, PC review: \$4,165	Minor: \$1,920 Major: \$472 per 1,000 square feet	\$3,548 deposit	N/A
Minor Use Permit	\$1,756	\$2,754	\$3,538	\$1,644
Conditional Use Permit	\$3,000 min. deposit*	\$3,778	\$7,077	\$6,015
Tentative Parcel Map	\$2,000 min. deposit*	\$9,453	\$12,418 deposit	\$9,265 per lot
Tentative Tract Map	\$5,000 min. deposit*	\$18,978	\$12,418 deposit	\$23,978 (1 st 10 lots); \$927/additional lot
General Plan Amendment	\$5,000 min. deposit*	\$6,222 deposit	\$12,418 deposit	\$23,978
Rezone	\$5,000 min. deposit*	\$6,222 deposit	\$9,225 deposit	\$14,169

*Deposit accounts are billed on a time and materials basis. Additional deposits may be necessary depending on the complexity of the project. Unused funds are refunded following case closure.

Sources: City of Capitola, 2022-2023 Amended Fee Schedule; City of Santa Cruz, Unified Master Fee Schedule, 2023; City of Scotts Valley, Fee Schedule, FY 2022-2023; City of Watsonville, Fees, Rates, and Charges for City Services, Effective July 1, 2022.

In addition to planning fees, residential development is subject to building permit, plan check, and impact fees, which can add significantly to the cost of the development. Table 3-8 includes a comparison of fee amounts for a typical single-family dwelling and a four-unit multifamily dwelling. The City’s approach to development fees usually results in a lower per-unit fee cost for multi-unit projects. As shown in Table 3-8, the per-unit fee for the multifamily project was \$67,827, compared to \$118,216 for the single-family dwelling.

Table 3-8: Residential Development Fees

Fee Type	Single-Family Dwelling ¹	4-Unit Multifamily Dwelling ²
City Fees		
Design Permit	\$2,977	\$4,165
CBSC Fee (State Fee)	\$32	\$56
Combo Permit Fee	\$6,933	\$11,320
Combo Plan Check Fee	\$4,506	\$7,358
General Plan Fee	\$3,957	\$6,990
Green Building Fee	\$1,979	\$3,495
IT Combo Fee	\$347	\$566
Seismic Cat 2 Fee	\$103	\$182
Planning Fee Combo- Planning Plan Check and Final Inspection	\$1,387	\$2,264
Zone V- Impervious area Fee	\$3,584	\$8,005
Affordable Housing Impact Fee	\$57,075	\$127,475
Outside Agency Fees		
School Impact Fee	\$9,315	\$20,804
Sewer Connection Fee	\$3,000	\$12,000
Fire District Fee	\$1,210	\$2,702
Soquel Creek Water District Fees ^{3, 4}	\$24,790	\$68,090
Total Cost	\$118,216	\$271,308
Cost per Unit	\$118,216	\$67,827

1. Assumptions for single-family dwelling: 2,283 square feet; valuation of \$791,400.

2. Assumptions for multifamily dwelling: 5,099 square feet total; two units over 640 square feet and two units under 640 square feet; valuation of \$1,398,000.

3. Total includes application fees, water capacity fee, meters, and inspection deposit. Fee does not include connection; developer must hire a contractor to install the new service (typically \$12,000-\$15,000).

4. Fees for projects served by the Santa Cruz City Water are less than the Soquel Creek Water District.

Development and impact fees that apply to residential development in Capitola are low relative to most areas in California. There are no parks, transportation, administration, roadside improvement, childcare, or other infrastructure exactions imposed by the City. The City established an Affordable Housing Impact Fee in 2021. Prior to establishing the fee, the City conducted a nexus study that examined the link between new market rate housing and the demand for affordable housing to accommodate new worker households. The Affordable Housing Impact Fee is charged at a rate of \$25 per square foot. Because the fee is charged on a per square foot basis, rather than a per unit basis, it does not unduly impact multifamily development compared to single-family development. For-sale housing developments of seven or more units are exempt from the impact fee; however, they are subject to the City's inclusionary housing requirements.

Outside agencies impose impact fees on residential development as well. These include the following:

- School fees totaling \$4.08 per square foot to Live Oak School and Soquel Union Elementary School District;
- Sewer connection fee to the County of Santa Cruz Sanitation District;
- Water connection fee to either the Soquel Creek Water District or the Santa Cruz Water District, depending on the area in which the development is located; and
- Fire District fees at \$0.53 per square foot to the Central Fire District.

In general, these fees can be a constraint on housing development and compromise affordability because the additional cost borne by developers contributes to overall increased housing unit cost. However, the fees are necessary to maintain adequate planning services and other public services and facilities in the City. This Housing Element includes a program to incentivize affordable housing development, which may include deferral of fees for affordable housing.

6. Local Processing and Permit Procedures

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

Typical Permit Process and Timeline

Because Capitola is nearly built-out, most residential projects are small infill or redevelopment projects. New single family and new multifamily construction requires a design permit; therefore, the review and approval process is similar for both housing types.²¹ The approval process entails a site review by Community Development Department staff, an advisory review by the Development and Design Review Committee, review and approval by the Planning Commission, followed by plan check by building and planning staff. Total time to process an application typically ranges from 2 to 3 months. For projects that require a Conditional Use Permit, the permitting process will usually take 2 to 6 months. Most zoning districts in the City allow some type of residential use (single-family or multifamily) as principally permitted. The Community Commercial and Commercial/Residential zoning districts allow residential-commercial mixed-use development as a conditional use. Because the Conditional Use Permit only adds an additional 2 to 3 months to the permitting process, it is not seen as a constraint to this sort of development. Coastal permits are processed and approved concurrently for most projects in the Coastal Zone.

After a project has received a permit from the Planning Department, it must obtain a building permit before construction begins. The City of Capitola Building Department provides plan checking and building inspection services to assure compliance with the California Building Code. The Building Department enforces the provisions of the 2022 California Building Code and appendices. Additionally, the Building Official serves as the City of Capitola's Americans with Disabilities Act compliance officer. The City has made no local amendments to the building code that would constrain housing development.

Local Coastal Program and Coastal Permits

The City of Capitola's Local Coastal Program has been certified by the California Coastal Commission, and coastal permits are issued by the City. Within the City of Capitola, the location of a project in the coastal zone generally does not result in a more complex or time-consuming development review process. Because the City requires Development and Design Review (design permit) for nearly all development, the fact that a coastal permit may also be required does not generally result in a substantively different application review process or timing. The City of Capitola typically carries

²¹ For residential projects that are not subject to a design permit per state law then the City's Objective Design Standards apply.

out development review for design review of principally permitted uses in a very timely way, usually completed within 2 to 3 months of application submittal.

General Plan Amendment and Zoning Code Amendment Processing

Applications for amendments to the City General Plan and the Zoning Code are reviewed as discretionary actions. These applications are reviewed by the Community Development Department, then forwarded to the Planning Commission. The Planning Commission holds a public hearing, reviews the application, and forwards its recommendation to the City Council. The City Council is the approving body for all General Plan and Zoning Code amendments. It is the City's goal to process these actions within 6 months after a complete application is received, or as required under CEQA and other applicable laws.

7. Required On-Site and Off-Site Improvements

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

On-Site Improvements

Most projects must submit a final Landscaping Plan and Irrigation Plan at the time of building permit submittal and install improvements prior to final building occupancy. The utilities are to be underground to the nearest utility pole in accordance with PG&E. Required on-site improvements are generally not development or cost prohibitive.

Off-Site Improvements

Required off-site improvements are more costly than on-site improvements; however, they are necessary to achieve consistency within neighborhoods and contribute to systems that benefit the entire community. One such example is requiring curbs and gutters to provide stormwater mitigation. The City requires that any curbs, gutters (concrete swale) and/or sidewalks that are damaged during construction be repaired or replaced.

8. Transparency in Development Processes and Regulations

The City of Capitola strives for transparency in the development review process, facilitating in the streamlining of the development application and review process. A key factor in transparency is providing readily accessible information about the City’s development application review requirements, processes, fees, and development regulations on the City website. Table 3-9 provides a listing of development information provided and its location on the City’s website.

Table 3-9: Development Resources on the Capitola Website

Development Information	Website Location
General Plan	https://www.cityofcapitola.org/communitydevelopment/page/capitola-general-plan
Municipal Code / Zoning Ordinance	https://www.codepublishing.com/CA/Capitola/#!/Capitola17/Capitola17.html
Zoning Map	https://www.cityofcapitola.org/communitydevelopment/page/zoning-maps
Forms and Applications	https://www.cityofcapitola.org/forms?field_microsite_tid=27&field_microsite_tid_1=All
Fee Schedule	https://www.cityofcapitola.org/finance/page/fee-schedule

9. Jobs/Housing Balance

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

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

The Capitola General Plan also promulgates a traffic level of service “C,” which indicates that the roadway is operating at 71% to 80% of its design capacity, and traffic is moving at a moderate pace. Increases in residential development that cause traffic to increase and roadways to exceed level of service “C” would be judged inconsistent with that standard, and CEQA review/mitigation measures would occur. Lower levels of service may be accepted if necessary improvements are infeasible or result in significant environmental impacts. Furthermore, LOS is no longer analyzed under CEQA. As a policy of this Housing Element, the City will locate higher density zoning along transportation corridors and seek opportunities to expand transit ridership and alternative modes of transportation in the community.

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

C. Environmental and Infrastructure Constraints

Environmental conditions can affect development potential. Compliance with regulations pertaining to the coastal zone, riparian corridors, and environmentally sensitive habitat areas can constrain development potential on certain sites. A portion of the opportunity sites identified in Chapter 4 of this Housing Element are in the Coastal Zone; however, apart from four smaller vacant parcels, the sites are already developed or are in a developed area, so are unlikely to cause a significant environmental impact. Within the 2015-2023 housing element cycle, 68 units within the Coastal Zone were demolished. However, they were replaced with new homes. Because all but four of the opportunity sites are already developed, few environmental and infrastructure constraints are projected to be significant.

1. Traffic Constraints

Traffic congestion throughout the region is a significant constraint. Highway 1 along much of its length contains only two lanes in each direction, and it operates at Level of Service F during peak hours as well as at other times. In 2008, Caltrans completed the construction of auxiliary lanes at the interchange of Highway 1 and Highway 17. While this work eased traffic congestion in this area, congestion is still present in the remainder of the corridor. To improve traffic and safety operations on Highway 1, the Santa Cruz County Regional Transportation Commission (SCCRTC) is constructing auxiliary lanes and bus-on-shoulder improvement throughout the county including the segment between the Bay Avenue/Porter Street and State Park Drive interchange. Also, the Capitola Avenue over cross will be replaced as part of the project.

Within the City of Capitola, traffic congestion along the 41st Avenue corridor remains problematic. The County of Santa Cruz completed improvements to the 41st Avenue overcrossing at Highway 1, which include restriping of the bridge deck to add an additional southbound lane. An adaptive signal and bicycle lane mileage for 41st Avenue have also been added. If the development creates traffic impacts, then a mitigation measure or condition of approval is imposed.

2. Water Supply and Infrastructure

The City is currently served by two water districts: the Soquel Creek Water District and the City of Santa Cruz Water Department. The Soquel Water District relies exclusively on available groundwater, while the Santa Cruz Water District uses a combination of groundwater and surface water to serve its customers. Increases in water connection fees, which are beyond the City's control, correlate with the impacts of the drought and saltwater intrusion on the area's water resources. To support water conservation, the City of Capitola encourages residents to take advantage of residential water rebates offered by the Soquel Creek Water District and the Santa Cruz Water District, including rebates on drip irrigation retrofits, graywater landscaping, turf replacement, water efficient toilets and washers, and rain catchments.

According to the City of Santa Cruz 2020 Urban Water Management Plan,²² annual water use was about 2.6 billion gallons in 2020. Due to long-term conservation measures, demand is expected to grow very slowly over the next 25

22 City of Santa Cruz, 2020 Urban Water Management Plan, <https://www.cityofsantacruz.com/home/showpublisheddocument/87122/637739611535800000>.

years. Accounting for projected population growth, demand is anticipated to reach about 2.8 billion gallons per year by 2045. Based on these projections, the District can meet future demand with the implementation of its planned supply augmentation strategy if the region experiences typical rainfall. However, significant reduction savings according to the Water Shortage Contingency Plan would be necessary to maintain supply during a multi-year drought.

Soquel Creek Water District relies entirely on groundwater for its water supply, which is overpumped and experiencing seawater intrusion, a condition that allows seawater to enter and contaminate the groundwater supply. However, the District has taken action with the Pure Water Soquel project to increase groundwater replenishment and prevent salt water intrusion. The project takes highly treated wastewater that would previously have been discharged into Monterey Bay and purifies it to replenish the groundwater basin.

According to the District’s 2020 Urban Water Management Plan,²³ water use in 2020 was 3,062 acre-feet per year (AFY) and is projected to be 3,655 AFY in 2040. This projection takes into account many factors, including anticipated population growth. The Pure Water Soquel Project is a key component to meeting this demand while protecting groundwater resources, and the District projects that water supply in 2040 will be 3,655 AFY, sufficient to meet projected demand.

The Soquel Creek Water District’s Water Demand Offset (WDO) Program was implemented beginning in 2003 to allow development to continue while conserving water and minimizing the impact on the overdrafted groundwater basin. The WDO Policy required the development projects to offset approximately two times the amount of water the project was projected to use so that there was a “net positive impact” on the District’s water supply. However, given the progress of sustainable groundwater management, conservation efforts, and the Pure Water Soquel project, the District’s Board of Directors ended the program in February 2023.

Lack of water does not preclude the City from meeting its obligation to fulfill the planning for future housing needs, as mandated by the State Housing Element Law Regional Housing Needs Assessment (RHNA) process. However, lack of water can be a significant constraint to housing production. While the City has limited control over the availability of

23 Soquel Creek Water District, 2020 Urban Water Management Plan, <https://www.soquelcreekwater.org/DocumentCenter/View/1665/2020-Urban-Water-Management-Report-PDF?bidId=>.

water, this Housing Element includes a program for the City to actively pursue water conservation techniques and to notify water service agencies of their obligation to prioritize water allocation to affordable housing projects, pursuant to SB 1087.

3. Stormwater and Wastewater

Water quality issues may impact the developable areas of projects within the City of Capitola. Federal and state-mandated clean water programs aimed at removing pollutants from stormwater systems will require on-site treatment and percolation of stormwater from all new and redevelopment projects. This program is regulated by the Central Coast Regional Water Quality Control Board, which adopted Post-Construction Requirements effective March 2014 for development projects. These requirements include minimizing impervious surfaces, limiting clearing and grading, treating runoff on site, and limiting off-site discharge, even during significant rain events. While these requirements add to the total cost of residential development, they are necessary to mitigate runoff and prevent pollutants from entering the watershed.

Sanitary sewer services in Capitola are provided by the Santa Cruz County Sanitation District. The sewer system in the District consists of 186 miles of gravity sewers and 35 pump stations. The District has an annual capital improvement program aimed at addressing maintenance and capacity needs in the system. New residential development is charged a sewer connection fee based on the size of the development. These fees are necessary to ensure that ongoing capacity improvements and regular maintenance on the system can be completed.

Wastewater is treated at the City of Santa Cruz Wastewater Treatment Facility. The facility has been expanded several times to accommodate growth and additional flows and has a current capacity of 17 million gallons per day (MGD), with an average daily flow of less than 10 MGD. Therefore, treatment capacity is adequate through the current planning period and wastewater infrastructure is not considered to be a constraint to development.

Chapter 4: Housing Need and Opportunities

This section analyzes the resources available for the development, rehabilitation, and preservation of housing in Capitola. This analysis includes an evaluation of the availability of land resources for future housing development, the City's ability to satisfy its share of the region's future housing needs, financial resources available to support housing activities, and administrative resources available to assist in implementing the City's housing programs and policies. Additionally, this section examines opportunities for energy conservation.

A. Future Housing Needs

1. State Requirements

State law requires each community to play a role in meeting the region's housing needs. As such, the Association of Monterey Bay Area Governments (AMBAG) has allocated the City of Capitola housing production goals for the 6th cycle Housing Element update. This section discusses how Capitola has adequate residential and mixed/multi-use site capacity to accommodate its share of regional housing needs during the planning period.

The California Government Code requires that the Housing Element include an "inventory of land suitable for residential development, including vacant sites and sites having the potential for redevelopment" (California Government Code §65583(a)(3)). It further requires that the Housing Element analyze zoning and infrastructure on these sites, to ensure that development with housing during the planning period is actually feasible. Through this process, the City must demonstrate that it has a sufficient amount of land to accommodate its fair share of the region's housing need for the 2023-2031 Housing Element cycle.

2. Inventory of Land Suitable for Residential Developments

Demonstrating an adequate land supply, however, is only part of the task. Capitola must also show that this supply is capable of supporting housing demand from all economic segments of the community, including lower income

households. This means providing sufficient land for multifamily housing as well as single-family housing, and accommodating a wide variety of housing types, including apartments.

The City conducted a survey of all available land within its jurisdiction and has identified 76 sites that are potentially suitable for new residential development. None of these sites were identified in the 5th Housing Element cycle, and all have been deemed suitable and realistic for future housing development. Through the identification of these sites, as well as the projected development of accessory dwelling units, the City will address its RHNA allocation for the 2023-2031 Housing Element cycle.

B. Regional Housing Needs Assessment (RHNA) Requirement

State law requires that a community provide an adequate number of sites to allow for and facilitate production of a city's regional share of housing. To determine whether the City has sufficient land to accommodate its share of regional housing needs for all income groups, the City must identify "adequate sites." Under state law (California Government Code §65583[c][1]), adequate sites are those with appropriate zoning and development standards, with services and facilities needed to facilitate and encourage the development of a variety of housing for all income levels. Compliance with this requirement is measured by the jurisdiction's ability to provide adequate sites to accommodate the RHNA. The Association of Monterey Bay Area Governments (AMBAG), as the regional planning agency, is responsible for allocating the RHNA to individual jurisdictions within the region.

For the 2023-2031 Housing Element update, the City of Capitola is allocated a RHNA of 1,336 units, a 934% increase from the 5th cycle allocation of 143 units. The 6th cycle RHNA is distributed by income as follows:

- Extremely Low-Income (up to 30% of AMI): 215 units²⁴ (16.1%)
- Very Low-Income (31% to 50% of AMI): 215 units (16.1%)
- Low-Income (51% to 80% of AMI): 282 units (21.1%)

24 The City has a RHNA allocation of 430 very low-income units (inclusive of extremely low-income units). Pursuant to state law (AB 2634), the City must project the number of extremely low-income housing needs based on Census income distribution or assume 50% of the very low-income units as extremely low.

- Moderate-Income (81% to 120% of AMI): 169 units (12.7%)
- Above Moderate-Income (more than 120% of AMI): 455 units (34.0%)

While the Housing Element covers the planning period of December 15, 2023 through December 15, 2031, the RHNA planning period is slightly different – June 30, 2023 through December 15, 2031 (i.e., 2023-2031 RHNA).

Projects within the City’s entitlement or building plan-check process, but that have not obtained a building permit as of July 1, 2023, can be counted toward the 6th Cycle RHNA requirement. Because these projects have development proposals being considered by the City, the potential units associated are considered likely to redevelop during the planning period and can be included within the sites inventory without additional justification.

C. Realistic Capacity

California Government Code §65583.2(c) requires, as part of the analysis of available sites, cities to calculate the projected residential development capacity of the sites identified in the Housing Element that can be realistically achieved. For this Housing Element, calculations of realistic capacity assume that properties will achieve a density less than the maximum allowed density.

This reduction accounts for applicable land use controls and site requirements (i.e., the cumulative impact of standards such as maximum lot coverage, height, open space, parking, on-site improvements such as sidewalks or easements, and floor area ratios), and adjustments based on recent development trends (e.g., local or regional residential development trends in the same nonresidential zoning districts, local or regional track records, past production trends, or net unit increases/yields for redeveloping sites or site intensification, or local or regional track records, trends, or build out yields for redeveloping sites or site intensification). Capacity adjustments for infrastructure availability (i.e., any limitation as a result of availability and accessibility of sufficient water, sewer, and dry utilities) and environmental impacts have not been factored, as infrastructure availability concerns or environmental constraints are not anticipated for sites identified in the inventory.

In the case of Capitola, several of its zoning categories that allow residential development, including Regional Commercial (C-R), Community Commercial (C-C), and Mixed Use Neighborhood (MU-N), currently have no density

limits. There is no proposed rezoning as a part of this housing element update and its sites inventory. As a result, the standard procedure of calculating realistic capacity based on a percentage of allowed maximum density is replaced with an analysis of average densities for various zoning categories of existing developments and applying similar densities to the projected housing units within those zoning categories. With mixed-use developments anticipated to be a future trend in Capitola, this Housing Element conservatively assumes mixed-use projects to be developed at the densities shown in Table 4-1: Adjustment Capacity Factors which result in an adjusted capacity to less than the maximum density allowed (unlimited).

Density realization should not be construed as a result of the City’s development standards. In most instances, developers choose not to maximize the development potential of the subject property due to the economics and profitability of their investment. Further, achievable density on a property is often influenced by unique site constraints, architectural design, engineering, building code requirements, and how much a developer is able to spend on a development in order to generate a return on their investment, all of which are factors that are beyond the control and discretion of the City of Capitola.

Table 4-1: Adjustment Capacity Factors

Capacity Factor	Adjustment	Reasoning
Land Use Controls and Site Improvements	55% - 95%	For net acreage due to on-site improvements including sidewalks, utility easements; these are assumed to be included in existing projects upon which realistic capacity is based.
Realistic capacity	Average densities of existing developments used to project realistic capacity of future housing PD: 19.0 du/ac RM-H: 37.2 du/ac RM-M: 17.1 du/ac C-C: 16.5 du/ac MU-N: 22.2	Assumptions based on past local and regional development trends of residential and mixed-use projects, as well as programs to incentivize development. The densities represent averages of the existing projects analyzed in Table 4-2: Actual Residential Densities
Typical densities	95%	Affordable housing projects are built out to almost maximum density.
Infrastructure availability	No adjustment	Infrastructure available, no constraints
Environmental constraints	No adjustment	No known site constraints. The identified sites are not located within the 100-year Floodplain or Environmentally Sensitive Habitat Areas.

Table 4-2 provides actual densities of approved or constructed housing projects in the various districts that allow residential and mixed-use development which is used as a basis to calculate realistic capacity.

Table 4-2: Actual Residential Densities

PD (Planned Development)	MU-N (No maximum density)
<ul style="list-style-type: none"> • 1066 41st Avenue (Capitola Beach Villas): 29.4 units per acre • Francesco Cir.: 11.4 units per acre • Heritage Ln.: 12.3 units per acre • Ruby/Diamond/Jade/42nd/45th: 22.8 units per acre 	<ul style="list-style-type: none"> • 4524 Capitola Road: 22.2 units per acre • 4401 Capitola Road:(just entitled)
RM-H (base 19.8 units per acre)	C-C (No maximum density)
<ul style="list-style-type: none"> • 815 Balboa Ave.: 42.6 units per acre • 825 Balboa Ave.: 41.0 units per acre • 850 Park Ave.: 32.6 units per acre • 870 Park Ave.: 32.7 units per acre 	<ul style="list-style-type: none"> • 1500 Tera Court (Tera Commons): 15.5 units per acre • 4025 Brommer St.: 17.4 units per acre
RM-M (base 15.0 units per acre)	RM-M (Continued)
<ul style="list-style-type: none"> • 1945 42nd Ave.: 38.8 units per acre • Sea Pines Ct.: 13.8 units per acre • 4320 Clares St.: 8.6 units per acre • 4350 Clares St.: 14.9 units per acre • 919 Capitola Ave.: 34.4 units per acre • 406 Pine St A: 9.8 units per acre • 408 Pine St A: 9.7 units per acre • 410 Pine St 1: 18.0 units per acre 	<ul style="list-style-type: none"> • 503 Pine St A: 12.6 units per acre • 719 Rosedale Ave.: 15.0 units per acre • 735 Rosedale Ave.: 8.5 units per acre • 733 Rosedale Ave 3.: 8.8 units per acre • 501 Plum St.: 37.6 units per acre • 1505 42nd Ave.: 14.0 units per acre • 4211 Clares St.: 9.5 units per acre • 46th Ave.: 23.8 units per acre

850 Rosedale Ave
Density: 21.3 du/ac
Zone: RM-M
Units:62



750 Bay Ave

Density: 22.7 du/ac

Zone: RM-M

Units: 95



Jade St & Ruby Ct & 45th
Density: 22.8 du/ac
Zone: PD
Units: 348



1925 46th Ave

The Villas of Capitola

Density: 23.8 du/ac

Zone: RM-M

Units: 172



900 Capitola Ave
Density: 25.3 du/ac
Zone: RM-M
Units: 28



4820 Opal Cliff Dr
Density: 28.8 du/ac
Zone: RM-M
Units: 12



1066 41st Ave – Beach Villas

Density: 29.4 du/ac

Zone: PD

Units: 55



850 & 870 Park Ave

Density: 32.6 du/ac

Zone: RM-H

Units: 108



919 Capitola Ave
Capitola Mansion
Density: 34.4 du/ac
Zone: RM-M
Units: 66



501 Plum St

Density: 37.6 du/ac

Zone: RM-M

Units: 51

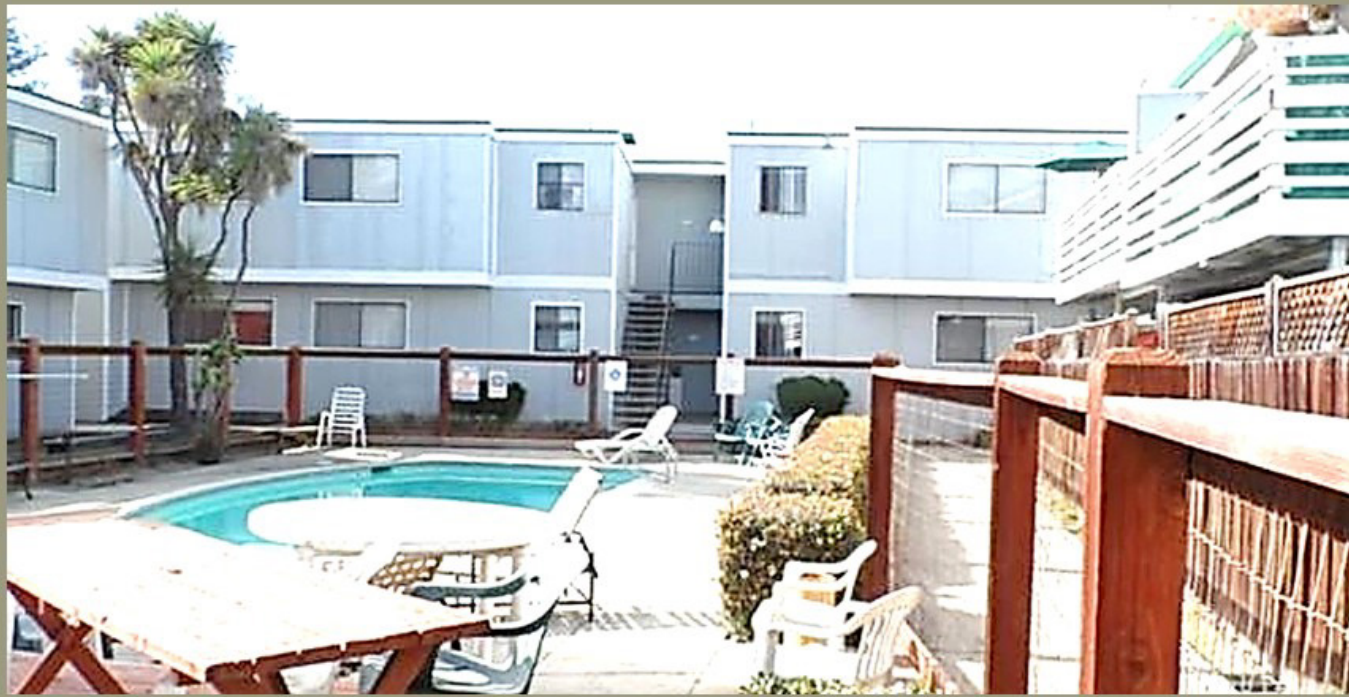


1945 42nd Ave

Density: 38.8 du/ac

Zone: RM-M

Units: 36



815 & 825 Balboa Ave
Anchor West
Density: 41.0 du/ac
Zone: RM-H
Units: 49



D. Estimating Potential Units by Income Category

State law requires that Housing Elements demonstrate that the land inventory is adequate to accommodate that jurisdiction's share of the regional growth. The City is committed to identifying sites at appropriate densities as required by law. The State of California, through Assembly Bill 2348 (AB 2348), has established "default" density standards for local jurisdictions. State law assumes that a density standard of 20 units per acre for a suburban community, such as Capitola, is adequate for facilitating the production of housing affordable to lower income households.

E. Methodology for Identifying Sites

The city's recyclable land inventory was developed with the use of a combination of resources, including the city's GIS database, updated Assessor's data, field and digital surveys, and review of the City's Land Use Element and Zoning Ordinance. The inventory includes large sites and small parcels anticipated to be consolidated that can be redeveloped for more intense residential uses.

F. Recyclable Residential Land

In addition to vacant sites, future housing units can be accommodated on underutilized lots where development is not built out to the maximum density permitted. As a primarily built-out community, recycling opportunities identified in this inventory primarily focus on the C-R zone, which assumes 21 units per acre; the C-C zone, which assumes 17 dwelling units per acre; and the MU-N zone, which assumes 17 units per acre. Some additional units will be accommodated on multifamily lots, community facilities (schools), and religious facilities.

1. Single-Family and Multifamily Residential Zones

The Single Family Residential zone is the most prevalent type of land use designation in Capitola. The City intends to preserve its single-family neighborhoods with a current maximum density of 8.7 units per acre. The two single-family-zoned parcels projected for housing as part of the sites inventory are religious facilities. See the Religious Facilities subsection in this document for an expanded description of these sites.

In the Multi-Family Residential zones, development ranges from small-scale duplexes and triplexes to three-story apartments. The City has three multifamily residential zones. They include the Multi-Family Residential – Low Density zone with up to 9.9 units per acre, the Multi-Family Residential – Medium Density zone with up to 15.0 units per acre, and the Multi-Family Residential – High Density zone with up to 19.8 units per acre. Such density level has facilitated the development of housing including affordable to moderate-income households. The four multifamily-zoned parcels projected for housing as part of the sites inventory include the following:

- 1595 38th Avenue (Capitola Gardens); residential infill – 16 projected units
- 3775 Capitola Road: Rehabilitation development with 52 new low income/affordable units
- Two 41st Avenue sites with five projected units total

2. Commercial and Mixed Use Zones

Given the scarcity of developable residential land in the City and the continuing demand for housing, recycling of underutilized land has been the prevalent trend of development in Capitola. Many of the City’s commercial-zoned corridors allow residential development with no maximum density. These include the Regional Commercial (C-R), Community Commercial (C-C) and Mixed Use Neighborhood (MU-N) zones. Given that Capitola is an almost completely built-out community, with only two vacant lots, the vast majority of the sites inventory include sites within these three zoning areas. There is great potential for including residential units within the commercially zoned areas and roadway corridors given the recent statewide trend of mixed-use projects within commercial areas and declining commercial-only brick and mortar developments. The commercially zoned corridors that are projected to accommodate future housing include Capitola Road, Bay Avenue, and 41st Avenue, which includes the Capitola Mall site (see the Capitola Mall discussion later in this section). The Mixed Use Neighborhood sites are projected to include 173 units and are located along the main roadway corridors of Capitola Road and Capitola Avenue. The projected units for these three commercial and mixed-use zones are distributed across most of the City, and their proximity to main transportation corridors provides opportunities for public transit and potential future light rail travel along the rail corridor.

A developer can request density increase allowances on sites under these mixed-use zones subject to the required provision of 20% of the units set aside to lower income households or a lesser percentage of the units set aside for extremely low- and very low-income households. An option for payment of in-lieu fees may be provided if development

of affordable units as part of an eligible project is not feasible. In-lieu fees collected by the City are anticipated to be used exclusively to facilitate the development of affordable housing throughout the community. Selected mixed-use sites are identified in the Appendix D –Sites Inventory. The selected properties are considered ideal for mixed use based on the potential for transition and redevelopment due to the age, condition, suitability for consolidation, and location within transit corridors. However, as detailed in the Housing Constraints chapter of this Housing Element, actual construction and development of housing will be heavily predicated on the private development industry, private property owners, and processing of required entitlements subject to City review and approval. Projects within the Mixed Use Neighborhood zone are permitted to be 100% residential.

3. Accessory Dwelling Units (ADUs)

In compliance with state law, the City of Capitola allows Accessory Dwelling Units (ADU) and Junior Accessory Dwelling Units (JADU) to be constructed by-right on all residential sites including multifamily and mixed-use-zoned properties in the City. To estimate the number of ADUs that can be counted toward the City’s RHNA inventory, the City used the HCD-sanctioned methodology of analyzing ADU development trends from the last 4 years (2019–2022) as the benchmark for future ADU production. Three ADUs were permitted in 2019. Five ADUs were permitted in 2020. Eight ADUs were permitted in 2021, followed by seven ADUs permitted in 2022. Based on the average ADU production from 2019 to 2022, the City assumes a projection of six ADUs each year through the 2023-2031 planning period, equating to an estimated total of 50 ADUs during the planning period. These ADUs are currently divided among each income category, as shown in Table 4-6: Comparison of Sites Inventory and RHNA.

In accordance with state law (AB 671), the City will promote the creation of ADUs by providing additional material at Capitola City Hall and on the City’s website related to the development of ADUs, including various state and county incentives as available. Additionally, the City will seek to streamline processing of proposed ADUs. Additionally, Capitola will continue to monitor the development of ADUs throughout the City and will amend the Capitola Municipal Code for compliance with changes to state law as applicable.

4. Small Sites and Lot Consolidation

Several of the non-vacant sites identified consist of multiple smaller parcels with different owners, and their development within the planning period will depend on whether they can be consolidated. This Housing Element includes actions to encourage lot consolidation to facilitate small sites development.

In addition to a number of large residential parcels under single ownership elsewhere in Capitola, these smaller sites provide development opportunities to accommodate the City's RHNA fair-share allocation within the planning period along with providing a wider distribution of projected housing opportunities throughout the City. As detailed in Appendix D: Sites Inventory, all parcels identified as affordable that are less than 0.5 acres in size are assumed to be consolidated into clustered sites that are a minimum 0.5 acres in size. The City is prepared to take the following steps to ensure lot consolidation takes place as part of its larger effort to meet the adequate sites inventory and facilitate the buildout of identified sites.

The City's efforts to facilitate lot consolidation will include the following actions:

- Opportunity sites marketing and outreach: The City will make a list of prime opportunity mixed-use sites available on the City's website. The list will include information on parcel size, zoning, and existing uses, as well as highlight opportunities for lot consolidation.
- Outreach to real estate community: The City will establish an outreach program to local real estate brokers and the Santa Cruz County Association of Realtors to increase awareness of lot consolidation opportunities.
- Reduced or Alternative Parking: Required parking may be reduced subject to finding that adequate parking will be available to serve the subject project. To facilitate lot consolidations, tandem, shared, and off-site/remote parking options may be allowed, subject to finding that adequate parking will be available to serve the project.
- Technical assistance: The City will provide technical assistance to expedite the site acquisition, plan review, and entitlement process.

G. Religious Facilities Sites and State Lands Housing

1. Religious Facilities Sites

Adopted in September 2020, Assembly Bill 1851 (AB 1851) increases opportunities to develop housing on religious institutional properties by removing parking as a barrier to development. The new law allows for a 50% reduction in religious use parking spaces to accommodate affordable housing and allows the number of religious use parking spaces available after completion of an affordable housing project to count toward the housing project's parking requirements. As part of the Housing Element's public outreach process, religious institutional leaders expressed interest in developing housing on their properties and indicated that the provision of affordable housing on these sites would be aligned with their core mission.

The City includes many places of worship, with the majority located along major and secondary arterials. Several of these sites include excess surface parking lots and underutilized buildings that have the potential to carry residential units. Staff recommend allowing affordable housing to be constructed on such properties, consistent with state law and other requirements. Understanding the importance of providing diverse housing opportunities citywide, Capitola is committed to updating the zoning ordinance to clarify state law and applicable development standards that would allow residential units to be constructed primarily on open or parking areas on religious institutional sites as a permitted use, as well as creating development standards that facilitate residential development.

The following methodology was used, along with development interest from the religious institutions, to determine which properties were suitable for housing (in descending order of importance):

- Properties at least 0.5 acres in size
- Properties with large parking areas; and
- Properties along major corridors.

Since this is a new housing concept, there are no specific projects being reviewed by the City. Based on discussions with the owners, staff identified two properties that were the most suitable for housing. The residential densities for these two sites will range from 20 to 30 units per net acre, in accordance with state housing law. A conservative total of 10

units, based on parking area, are projected as part of the of the 6th cycle Housing Element Update. Five units each were assigned to both the Shorelife Community Church and Saint Josephs Catholic Church properties.

Potential religious institutional sites with excess surface parking and/or underutilized buildings are identified below in Table 4-3.

Table 4-3: Religious Facilities Sites

Religious Institution	Zoning	Site Acreage	Unit Potential
Shorelife Community Church	R-1	5.02	5
Saint Josephs Catholic Church	R-1	3.14	5
Total		8.16	10

Source: City of Capitola 2023
RF-OZ = Religious Facilities Overlay Zone

2. State Lands Housing

Ten units of low income affordable housing have been identified at the eastern end of the City on state land within the Parks and Open Space zone. This is a conservative estimate based on available property located within New Brighton State Beach land and the available road frontage. The site is located along McGregor Drive, adjacent to existing housing along Pinetree Drive and within close proximity to Highway 1 and the Park Avenue roadway corridor. These units would be intended as employee housing for individuals working at the New Brighton State Beach recreational and related facilities.

H. Vacant and Non-Vacant Land

1. Vacant Land

State law requires that jurisdictions demonstrate in the Housing Element that the land inventory is adequate to accommodate that jurisdiction’s share of the region’s projected growth. Capitola is a built-out community with limited opportunities for development on vacant land. The City’s inventory of vacant residential land totals just 0.69 acres. The only four vacant parcels within the City are designated Mixed Use Neighborhood (MU-N) and can accommodate residential uses. Combined, these parcels have the realistic capacity to yield 12 housing units. Each identified site is

adjacent to developed land and can be readily served with existing infrastructure. Table 4-4 Residential Development Potential on Vacant Residential Zoned Sites summarizes Capitola’s vacant residential development potential by land use designation and zoning.

Table 4-4: Residential Development Potential on Vacant Residential Zoned Sites

Land Use (Zoning)	APN	Base Density	Site Area Bonus	Housing Opportunity Overlay	Vacant Acres	Realistic Capacity*	Affordability Level
Mixed Use Neighborhood (MU-N)	034-022-18	Unlimited	–	–	0.12	2	Mixed Income
Mixed Use Neighborhood (MU-N)	034-022-19	Unlimited	–	–	0.12	2	Mixed Income
Mixed Use Neighborhood (MU-N)	036-011-13	Unlimited	–	–	0.16	3	Mixed Income
Mixed Use Neighborhood (MU-N)	036-051-12	Unlimited	–	–	0.29	5	Mixed Income
Total					0.69	12	

*Adjustment capacity factors applied
Source: City of Capitola, 2023

2. Non-Vacant Sites

The sites inventory consists of a selection of non-vacant sites that are most likely to be redeveloped at the various income levels over the 6th cycle. To identify sites, the City focused much of its housing growth in specific areas and along major corridors. These include 41st Avenue, Capitola Road, Capitola Avenue, and Bay Avenue. The City’s RHNA of 1,336 units is considered very high, and for the purposes of identifying sites, this analysis considered commercially and mixed-use zoned parcels to accommodate the majority of the required RHNA units.

Pursuant to California Government Code §65583.2, if the housing element relies upon non-vacant sites to accommodate more than 50% of the RHNA for lower-income households, it must demonstrate that existing uses are not an impediment to additional residential development. As shown in the sites inventory in Appendix D, non-vacant sites will be utilized to accommodate nearly all the projected housing development, as Capitola is virtually a built-out community. This includes housing for lower-income households. However, the non-vacant sites selected for inclusion in the inventory have been chosen because they represent the best opportunities to add significant numbers of units to the City’s housing stock and possess the highest potential for becoming available for residential development over the 8-year planning period.

Moreover, the varied geographic disposition of these sites also factored strongly in their selections. While located in various parts of the City, the non-vacant sites are almost all within high-resource areas served by existing infrastructure, an arterial roadway network, employment centers, retail services, and community amenities (schools and parks). All the parcels and sites identified in Appendix C remain available to assist in meeting the City’s 2023-2031 RHNA allocation.

In all, 72 non-vacant sites have been identified, covering approximately 89.34 acres and having capacity for an estimated 1,441 units. Of these, 743 units are considered affordable to lower-income households, while the remaining 698 units are considered suitable for moderate-income and above-moderate-income housing. A precise breakdown of the number and affordability of potential units on each site and individual parcels may be found in Appendix D: Sites Inventory. These numbers have been derived by analyzing recent development trends within Capitola and the surrounding communities.

As the City relies on non-vacant sites to accommodate for more than 50% of its RHNA for lower-income households, the non-vacant site’s existing use is presumed to impede additional residential development. However, the non-vacant sites selected for inclusion in the inventory have been chosen because they represent the best opportunities to add significant numbers of units to the City’s housing stock and possess the highest potential for becoming available for residential development over the 8-year planning period.

In selecting sites for meeting the RHNA, the following criteria are used:

1. Property owner or developer interest to redevelop
2. Structures over 40 years old and/or occupied by marginal, low-value or low-intensity non-residential uses (including parking lots)
3. Property located in mixed use zones
4. Considered underdeveloped/underutilized
5. Parcel can be consolidated with adjacent properties and may feature common or government ownership
6. Use is discontinued or non-conforming to the zoning district
7. Parcel is vacant, devoid of structures, site improvements or an established use
8. Current market demand for the use
9. Existing long-term leases
10. Development trends, market conditions, and other incentives

Property Owner or Developer Interest. The City has received development interest from various property owners and developers who seek to repurpose land throughout the City. Interest includes development of residential uses, either exclusively or part of a mixed-use project. The sites inventory analysis has identified several non-vacant parcels selected to accommodate lower-income units where a property owner or developer has stated recent interest to the City in developing residential uses:

- Five parcels along 41st Avenue – These sites have been identified for the Capitola Mall redevelopment (see Capitola Mall sub-section)
- 3720 Capitola Road – a discontinued use
- 1404 38th Avenue – site owner submitted form with interest in redevelopment
- 4148 and 4160 Clares Avenue – a family-owned property; owners have expressed interest in redevelopment
- 1098 38th Avenue – Owners have expressed interest in redevelopment
- 1840 41st Avenue
- 4243 Capitola Road
- Two sites at 4401 Capitola Road
- 4450 Capitola Road
- 1430 41st Avenue – a discontinued use

Age/Condition of Structure. Age of structure is a significant factor in determining suitability of nonvacant sites. Building deterioration, lack of adequate property maintenance issues, as well as other market-driven factors contribute to the likelihood that many existing non-residential uses are being eliminated. In the last housing cycle, the City had success in converting existing older developments into higher density residential development. For example, the 11-unit Tera Commons Development replaced an outdated salvage yard.

Mixed-use Zones. As mentioned, a majority of the non-vacant parcels are located in mixed use zones and consist mainly of underdeveloped commercial and mixed-use properties with low-value or marginal uses. As indicated by recent development trends, existing non-residential developments consisting of single commercial uses continue to decline whereas development of mixed or blend developments are increasing, especially along major thoroughfares in the City. It is anticipated that development in mixed use zones will feature and integrate residential

development where existing commercial uses are present, thus providing for additional housing capacity on sites that contain neighborhood-serving resources and jobs. Projects within the Mixed Use Neighborhood zone are permitted to be 100% residential. Single family and duplexes are permitted uses; multifamily is a conditional use.

Lot Consolidation Potential. Parcels were considered for inclusion based on whether they can be consolidated with adjacent properties to form contiguous development sites that can take advantage of incentives including use of federal, state, regional funding to write-down the cost of land for development of low and moderate-income housing, and technical assistance provided by the City in the form of permit streamlining and expediting for mixed-use projects. The sites inventory analysis has identified approximately 23 non-vacant parcels selected to accommodate lower-income units which have the potential for lot consolidation based on adjacency with like properties. The City recently approved a density bonus application for 4101 and 4205 Clares Street, adjacent properties but separately owned. These projects were approved for ten units.

Discontinued Uses. Some parcels throughout the City contain commercial businesses that are no longer in operation; however, these properties remain improved with vacated structures. With no site activity, these structures quickly fall into disrepair and minimal to no property maintenance is conducted by the owner. With greater demand for housing than commercial uses, there is a high likelihood that redevelopment will include new residential units. The sites inventory analysis has identified at least eight non-vacant parcels selected to accommodate lower-income units that contain discontinued uses:

- 1430 41st Avenue – Site has been without a tenant for 2 years
- 1210 41st Avenue – Site will be vacant soon; current tenant is moving up 41st Avenue to Kings Plaza
- 3825 Clares Street
- 1098 38th Avenue
- Four sites at 911 Capitola Avenue

Current Market Demand for the Existing Use. The City of Capitola has many businesses that are in high demand, including grocery stores, restaurants, gyms, and retail. Properties with high demand from consumers have a low probability of redeveloping and therefore were not included in the sites inventory. On the flip side, types of businesses that are experiencing decreased demand for brick-and-mortar structures, such as banks, were included in the sites inventory.

Existing Long-Term Lease. Businesses with an existing long-term lease have a low probability of redeveloping within the next housing cycle. Sites with newer business or known long-term leases were not included in the sites inventory.

Development Trends, Market Conditions, and other Incentives. In creating the sites inventory, development trends, market conditions, and development incentives were considered. With the relatively new trend of more employees working from home and decreased demand on office space, office buildings were considered for inclusion in the sites inventory if they also met additional criteria for selection such as age and underutilization. In terms of incentives, the City adopted an overlay zone in 2018 to incentivize community benefits in exchange for increased FAR and height. Properties included in the incentivized zone, which include additional favorable criteria for selection, were included in the sites inventory.

I. Capitola Mall Site

The Capitola Mall site is located within the northwest portion of Capitola and is bounded by Clares Street to the north and west, 41st Avenue to the east, and Capitola Road to the south. It is surrounded by regional commercial uses to the north, west and east, and community commercial uses to the south. The site is currently zoned Regional Commercial (C-R) and currently consists of retail, restaurant, and personal services with a parking structure, several surface lots, and a now-defunct Sears location. There are currently five sites within the previously described bounding area that are contiguous, under one ownership, and comprise 23.4 available acres. The six-acre Kohl's site was not included due to a long-term lease agreement. It is with this owner that the City has had recent conversations regarding redevelopment and incorporation of more than the 679 residential mixed-income units, including very low-, low-, moderate- and above moderate-income households to be included in the 6th cycle housing element update. Recent conversations with the owner also reflect an overall minimum residential density of 29 dwelling units/acre. The City's previous mall redevelopment conceptual application included 637 units.

The property owner has expressed interest in including mixed use development in the next phase of the mall's redevelopment, including the development of housing. This would not only provide for additional housing options in Capitola but would also be consistent with the City's goal of developing a "lifestyle" center that emphasizes high-quality, walkable residential communities where dining, shopping, and entertainment are all part of an interconnected

ecosystem. The growing trend of repositioning large obsolete retail stores, like the now-defunct Sears locations, to accommodate residential capacity as part of larger “lifestyle” centers can be observed throughout various California regions. Since 2011, the City of Capitola has taken part in discussions with the Capitola Mall owners regarding potential development concepts of an integrated housing development and retail and commercial services. The City prepared the 41st Avenue/Capitola Mall Re-visioning Plan in 2011 as part of the City’s General Plan Update. Given the need to replace the vacated Sears location with a use vital to sustaining the community, and in keeping with the regional trend of recycling mall sites to “lifestyle” centers that provide housing opportunities, the City believes that this site, along with the other selected mall sites, is a suitable candidate to be transitioned from its current vacant use to a mixed-use development that provides housing coupled with “on-site” commercial and retail uses.

Please refer to Table 4-5 for additional information regarding the results of the site capacity analysis. For the purposes of this analysis, “Status” denotes if the parcel is vacant or non-vacant (e.g., improved site or parking lot/structure). Please refer to Sites Inventory (Appendix D) for a breakdown of projected residential units and income categories for the Capitola Mall site.

Table 4-5: Site Analysis – Capitola Mall

APN	Address	Parcel Size	General Plan Designation	Zoning Designation	Status
034-261-15	4170 Clares St	1.16 acre	Regional Commercial	Regional Commercial (C-R)	Non-vacant
034-261-37	4148 Clares St	8.36 acre	Regional Commercial	Regional Commercial (C-R)	Non-vacant
034-261-38	4160 Clares St	3.57 acre	Regional Commercial	Regional Commercial (C-R)	Non-vacant
034-261-39	1771 44 th Ave	0.28 acre	Regional Commercial	Regional Commercial (C-R)	Non-vacant
034-261-40	1098 38 th Ave	10.05 acre	Regional Commercial	Regional Commercial (C-R)	Non-vacant

Totals: 23.4 acres with a minimum of 679 residential mixed-income units at 29 du/ac density.

The City intends to establish a Development Agreement (DA) that would serve as an added layer to the existing Regional Commercial (C-R) zone that would set forth specific development regulations for the mall site project area to guide future development of residential uses while providing for the redevelopment of retail and commercial uses. The DA would be prepared by the property owner/developer and be approved by the City of Capitola in advance of the City permitting the construction of any and all residential development. Subsequent residential development to be located

within the project area would be completed in accordance with an approved development agreement and the development standards of the Capitola Municipal Code. Various entitlements would be required for residential development at this location. Mall redevelopment is eligible for additional height and floor area ratio within Municipal Code Chapter 17.88 Incentives for Community Benefits.

The Capitola Mall is included in CMC Chapter 17.88, Incentives for Community Benefits; in this chapter, the mall can receive an increased FAR of 2.0 and a building height of 50 feet. Mall redevelopment can include residential development adjacent to commercial development on the same site. Within the Regional Commercial zone, the land use table allows multifamily residential development as long as it is part of a mixed-use project integrated with commercial structures located on the same development site. The first story of a structure does not have to be commercial. The City of Capitola has included funding in the 2023/2024 budget to fund a study to identify actions the City could take to assist in mall redevelopment. The City has also committed to creating a mall redevelopment committee. Capitola anticipates forming the committee and initiating the study by September 2023.

J. Comparison of Sites Inventory and RHNA

Properties identified in the sites inventory have the combined capacity to accommodate approximately 1,453 additional housing units on underutilized sites. These sites, and the associated existing land use regulations, can facilitate the production of 448 extremely low-/very low-income units, 298 low-income units, 239 moderate-income units, and 468 above-moderate-income units during the planning period.

Table 4-6: Comparison of Sites Inventory and RHNA

	Lower	Moderate	Above Moderate	Total
RHNA	712	169	455	1,336
Sites Inventory				
Recyclable Land*	736	209	458	1,403
Rezone/Overlay Sites*	0	0	0	0
Accessory Dwelling Units (ADUs)	10	20	10	50
Total	746	239	468	1,453
Surplus/Deficit	+34	+70	+13	+117

*Includes vacant sites, underutilized land, and pending projects

Table 4-7: Inventory of Land Suitable for Residential Development Summary

	Extremely Low/ Very Low Income	Low Income	Moderate Income	Above Moderate Income	Total Residential Capacity
6th Cycle RHNA	430	282	169	455	1,336
R-1 (churches)	6	4	-	-	10
RM-L	5	3	4	6	18
RM-M	31	21	1	2	55
MU-N	49	33	30	61	173
C-R	251	167	126	289	833
C-C	86	58	48	100	292
P/OS	6	4	-	-	10
CF	7	5	-	-	12
ADUs	6	4	30	10	50
Total	448	298	239	468	1,453

K. Summary of Residential Capacity on Vacant, Recyclable, and ADU Sites

The analysis indicates that the City’s inventory of underutilized/recyclable sites, along with entitled units under plan review and potential ADU production has the potential for the development of 1,453 residential units on existing residential properties and within existing zoning categories. A detailed sites inventory table is also presented in Appendix D.

Table 4-8 below shows the distribution of the City’s RHNA allocation and low and very-low income units. While the projects focus on areas rich in transit and other amenities, the projections are spread throughout the City in various districts and neighborhoods. This includes infill single-family, ADUs and multiple-family, high density corridors, urban density corridors, and transit-oriented development.

Table 4-8: Summary of Housing Units

Sub-Area	Low and Very-Low Income Units	Total Units	Percent of RHNA
Residential Recycling			
Single Family zone (religious sites only)	10	10	0.7%
Multi-Family Residential zones	60	73	5.4%
Commercial zones that permit residential projects	562	1,125	84.3
Mixed Use Neighborhood zone	82	173	12.9%
Community Facility zone (schools only)	12	12	0.9
Parks and Open Space zone	10	10	0.7%
Accessory Dwelling Units (ADUs)	10	50	3.7%
Total*	746	1,453	108.8%

*Total RHNA for lower and very low: 712; total RHNA is 1,336.

L. Opportunities for Energy Conservation

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

Energy-related housing costs can directly impact the affordability of housing. While state building code standards contain mandatory energy efficiency requirements for new development, the city and utility providers are also important resources to encourage and facilitate energy conservation and to help residents minimize energy-related expenses. In addition to required compliance with the Building Code and Title 24, the City’s Climate Action Plan and General Plan sets forth goals and policies that encourage the conservation of non-renewable resources in concert with the use of alternative energy sources to increase energy self-sufficiency. Though Capitola is predominantly developed, there is opportunity for energy savings in existing housing as most residential structures can be retrofitted with conservation measures that nearly provide the energy savings achieved with new construction.

1. Site Planning

The City requires a site plan review of all multiple-family developments and subdivisions. Through this review process, the City promotes energy conservation methods of design and orientation of the housing units. It is a specific goal of the City that all developments of a public or private nature are conscious of the need to conserve energy in all forms using good site planning techniques. Energy conservation can also be promoted by locating residential developments in proximity to schools, employment centers, public transit, and services. The City's Land Use Element and Housing Element make concerted efforts to distribute residential areas in ways that make them accessible to these various amenities and services and are thus more likely to reduce vehicular traffic.

Gases that trap heat in the atmosphere are called greenhouse gases and contribute to global temperatures through the greenhouse effect. Because automobile emissions are major sources of greenhouse gases, a reduction in vehicle trips is the most effective strategy to reduce global warming. The city's policy and land use planning approach will foster infill developments, at appropriate densities, and incentives (through density and height) for infill development near the Capitola Mall Metro Transit Center, and the adoption of mixed uses along major corridors and near major commercial, office, and entertainment/tourist uses. These strategies aim to provide an adequate supply of housing for a full range of income groups reducing long commutes in search of affordable housing.

Specifically, the City has identified several policies/programs in this 2023-2031 housing element that will provide energy conservation opportunities and benefits. Policies and programs for resource conservation and to assist lower income, seniors, and disabled households with necessary repairs, including energy efficiency improvements, are included in Chapter 5: Housing Plan.

2. Capitola Green Building Ordinance

In May 2008, the Capitola City Council approved an amendment to the Zoning Code to include Chapter 17.10 "Green Building Regulations". The Capitola Green Building program became effective July 1, 2008. The program is mandatory and requires that every new development (residential and/or commercial), and major remodels of a specified size, meet certain Green Building requirements. The Green Building requirements are intended to improve or achieve energy

efficiency, indoor air quality, water conservation, reduced waste generation, and reduced carbon emissions. The program has been effective due to its flexibility and comprehensible requirements.

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

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

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

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

3. Capitola Green Energy Incentive Program

The Capitola City Council adopted the Green Energy Incentive Program in 2014 to promote sustainable energy practices. This program provides for expedited and free permit processing for private rooftop solar systems, solar water heaters, and electric vehicle charging stations.

4. Capitola Commission on the Environment

Members of the Capitola Commission on the Environment have an interest in protection and enhancement of the City's environment and assist the City Council in promoting sustainable development, greenhouse gas reduction measures, green building techniques, protection and enhancement of Soquel Creek, the ocean and Capitola Beach, and associated riparian and special habitat areas. The commission members generally meet on the third Wednesday of each month.

M. Financial Resources

A variety of potential funding sources are available for housing activities in general. However, due to both the high costs of developing and preserving housing, and limitations on both the amount and uses of funds, additional funding sources may also be required. The following describes in greater detail the primary federal, state, and local funding sources currently used in, and available to, Capitola. These funding sources can potentially be used to assist in the preservation, improvement, and development of affordable housing in Capitola.

1. Federal Funding Sources

Community Development Block Grant (CDBG) Funds

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

CDBG funds are subject to certain restrictions and cannot be used for the actual construction of new housing. The program benefits primarily persons/households with low-incomes not exceeding 80 percent of the area median income. In the past CDBG grants have provided funding for infrastructure development for the 6-unit Habitat for Humanity homeownership project, the Housing Needs Assessment Survey, disabled access retrofits, membership share loans to Loma Vista Mobile Home Park Cooperative members, and loans to income-eligible borrowers under the City's Owner Occupied Rehabilitation Assistance Program. As CDBG funded loans are repaid, the funds are returned to the City's CDBG Reuse account and can be used again for CDBG eligible activities.

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

Housing Choice Vouchers (Section 8) Rental Assistance

The federal Section 8 program provides Housing Choice Vouchers to very low-income households in need of affordable housing. The Housing Choice Vouchers program assists a very low-income household by paying the difference between 30 percent of the gross household income and the cost of rent. The vouchers program allows the voucher recipients to choose housing that may cost above the fair market rent as long as the recipients pay for the additional cost. The Housing Authority administers approximately 206 households in Capitola to receive rental assistance under the HUD Housing Choice Vouchers program in 2023.

Home Investment Partnership (HOME) Program

HOME is a federal HUD program that can fund a variety of activities to assist either rental or home ownership projects through acquisition, construction, and rehabilitation of affordable housing. Under the HOME program, smaller jurisdictions with populations under 50,000 are allowed to apply for competitive grants administered on an annual basis by the State Department of Housing and Community Development (HCD). HOME funds have been used in past years to assist housing projects including the 12-unit Clares Street, Brookvale Terrace Mobile Home Park purchase and the City's Mobile Home Rehabilitation Loan Program. The City continues to receive program income from the HOME program when loans are paid-off.

ESG and HOPWA

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

HUD 811 and 202 programs

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

Low-Income Housing Tax Credits

The Low Income Housing Tax Credit program is a federal program which provides each state an allocation of tax credits to be used to create affordable housing for low-income households. The tax credits are used as an incentive for private businesses to invest in affordable housing. This program can be used in conjunction with the mortgage revenue bond program. In addition to federal tax credits, California has created a state tax credit program to be used in conjunction with the federal credits. Low Income Housing Tax Credits are a major source of funding for Capitola's \$28 million Bay Avenue Senior Apartments project. The Bluffs is a very recent project that utilized low income tax credits and was entitled in 2023 for 36 units including 25 very low income units, 10 low income units and one staff unit.

2. State Funding Sources

Proposition 1C Funding

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

Senate Bill (SB) 2/LEAP Grants

In 2017, Governor Jerry Brown signed a 15-bill housing package aimed at addressing the state's housing shortage and high housing costs. Specifically, it included the Building Homes and Jobs Act (SB 2, 2017), which establishes a \$75 recording fee on real estate documents to increase the supply of affordable homes in California. To date, the City has been awarded \$160,000 under the SB 2 grant program and \$65,000 under the LEAP grant program. Because the number of real estate transactions recorded in each county will vary from year to year, the revenues collected will fluctuate. SB 2 PLHA funds can be used to:

- Increase the supply of housing for households at or below 60% of AMI.
- Increase assistance to affordable owner-occupied workforce housing.
- Assist persons experiencing or at risk of homelessness.
- Facilitate housing affordability, particularly for lower and moderate-income households
- Promote projects and programs to meet the local government's unmet share of regional housing needs allocation.

Multifamily Housing Program

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

Mental Health Services Act Program

Mental Health Services Act (MHSA) Housing Program was established to fund permanently supportive housing projects for people with psychiatric disabilities and children with serious emotional disturbance. The MHSA program for Santa Cruz County is administered by the County. MHSA funding has been provided for five of the units at the Bay Avenue Senior Apartments project. Those units are occupied by extremely low- income seniors with psychiatric disabilities.

Building Equity and Growth in Neighborhoods (BEGIN)

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

CalHOME Funds

CalHOME funding includes grants to local public agencies and nonprofit corporations to assist individual households through deferred-payment loans, as well as direct, forgivable loans. The grants are used to enable low and very low income residents to become or remain homeowners. The City may pursue this funding during the 2023-2013 6th cycle.

Workforce Housing Reward Program

This program provides financial incentives to cities and counties that issue building permits for new housing affordable to very low- or low-income households. Grants can be used for construction or acquisition of capital assets. The grant amount is determined based on the number of units developed. The City may pursue this utilizing this program during the 2023-2013 6th cycle if there are interested developers.

California Housing Finance Agency (CHFA)

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

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

A new program of CHFA is the HELP Program. This program provides low interest loan assistance to local governments to assist in the provision of affordable housing. The terms of the low interest loans are 3% simple interest per annum for up to 10 years, with a maximum loan amount of \$2,000,000 per project.

Inclusionary Housing Ordinance

In 2004, the City adopted an inclusionary housing ordinance that requires residential developers to provide a percentage of the total number of units as affordable to moderate-, low-, or very low-income households. Developers may choose to build the units and designate them as for-sale or as rental units or propose to use an alternative method of compliance to meet the requirement, one of which is the payment of an in-lieu fee. Under the Inclusionary Ordinance, under limited circumstances, developers can pay in lieu fees rather than providing the required inclusionary housing units. Those fees are deposited into the Affordable Housing Trust Fund (AHTF) and help support affordable housing development in other projects.

Former Redevelopment Agency Housing Set-Aside

Until the dissolution of Community Redevelopment Agencies under AB X1 26, Redevelopment Housing Set-Aside funds were one of the primary sources of financing used for preserving, improving, and developing affordable housing. As of 2013, Redevelopment Housing Set-Aside funds are no longer available for agency use, as all tax increment that previously went to the Agency is diverted to the underlying taxing entities under AB X1 26. Any redevelopment agency housing set-aside loans that are paid off will be reutilized toward future affordable housing projects.

Permanent Local Housing Allocation (PLHA)

PLHA provides funding to local governments in California for housing-related projects and programs that assist in addressing the unmet housing needs of their local communities. There are two types of assistance under PLHA:

- Formula grants to entitlement and non-entitlement jurisdictions based on the formula prescribed under federal law for the Community Development Block Grant.
- Competitive grants to non-entitlement jurisdictions. Funding amounts will vary based on annual revenues to the Building Homes and Jobs Trust Fund.

The state estimates a total of \$630,557 in funding for Capitola over the five-year funding cycle 2020-2024. The City has applied for a grant which is currently pending approval.

3. Local Funding Sources

Capitola Affordable Housing Trust Fund

This fund was adopted by the City Council in November 2004 to utilize Inclusionary Housing In-Lieu Fees and to accept donations from individuals and organizations. The Affordable Housing Trust Fund provides the City with a mechanism for accumulating and administering additional housing resources. These funds can be used as matching funds to state and federal funding sources. To date, the only source of revenue for the Trust Fund has been Inclusionary Housing Fees. The Housing Trust Fund continues to be administered per Section 18.02 of the Capitola Municipal Code. There is currently \$144,000 in available funds.

N. Administrative Resources

1. City of Capitola Community Development Department

The overall department functions include planning, building and safety, housing, community development grant administration, zoning, permit information and guidance, and economic development. While the Building Division ensures compliance with life-safety standards and building codes, the Planning Division provides comprehensive land use services. The Planning Division's primary goal is to ensure and enhance the quality of life in the community through

the administration of the Capitola Municipal Code relative to zoning and subdivisions, the General Plan, the California Environmental Quality Act, and a variety of interrelated laws involving public health, safety, and welfare. The Planning Division is also responsible for the City’s code enforcement program and finding solutions to problems resulting from violations of the Municipal Code. If left unattended, Code violations can detract from the positive appearance of neighborhoods and the business community. Code enforcement efforts help preserve the housing stock by requiring owners to maintain their properties in a sound condition.

Additionally, the City has offered financial assistance to homeowners through its Housing Rehabilitation Program. There currently is not an active rehabilitation program, but the City plans to administer a program during the 6th cycle to maintain the safety and quality of residences occupied by low-income residents through a Grant Program. Under the grant program, a grant will be offered for owner-occupied homes.

2. Nonprofit Developers

Due to the high cost of housing development in coastal California, many communities have found that partnerships with nonprofit housing developers are an effective tool for creating affordable housing units. The City of Capitola is currently working with Mid-Peninsula Housing Coalition on a future 100 percent affordable housing project at 1098 38th Avenue.

3. Additional Agencies Involved in Capitola Housing

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

- **County of Santa Cruz Housing Authority** – The County of Santa Cruz County Housing Authority is a key partner in the development and preservation of affordable housing. The Housing Authority’s project-based

voucher (PBV) program is an important resource in stimulating and supporting affordable housing development. The PBV Program directly counters market barriers (high land and construction costs) by providing the owner with market rate rents on below-market, affordable units, allowing the owner to sufficiently cover operating expenses. Moreover, the Housing Authority is expanding its nascent self-development activities. The Housing Authority manages the 12-unit Grace Street apartments, administers the Housing Choice Voucher rental assistance program and operates the Mortgage Credit Certificate program for Capitola.

- **Community Action Board of Santa Cruz County, Inc. (CAB)** – CAB conducts, administers and coordinates community programs to combat poverty in Santa Cruz and Monterey Counties. CAB offers several programs: energy/utility payment assistance; the Shelter Project (housing and homeless services); job training and employment services; immigration assistance; and community building. CAB operates five services for homeless people or those at risk of homelessness, including: Housing for Medical Emergencies Program, Motel Vouchers for homeless persons facing emergency medical situations, Emergency Rent Assistance to prevent eviction, and a Message Center (voice mail), Shelter Hotline, and Resource Guide.
- **Senior Network Housing Program** – The Senior Network Housing Program provides some housing-related services to elderly individuals and households. The City of Capitola contracts for provision of these services to city residents through a contract under the Community/Human Services Program. The senior network program has been active in matching seniors in shared housing arrangements. In addition, staff maintains an inventory of senior housing developments and provides information on location, eligibility requirements, affordability and level of services offered.
- **California Rural Legal Assistance** – Fair housing information and tenant-landlord dispute mediation is available through California Rural Legal Assistance. Information and resources are provided to both tenants and landlords regarding their rights and responsibilities. The City of Capitola contracts for provision of these services to City residents through a contract with California Rural Legal Assistance under the Community/Human Services Program.
- **Habitat for Humanity** – Habitat for Humanity is a nonprofit organization dedicated to building and rehabilitating affordable ownership housing for lower income families. Habitat for Humanity builds and repairs homes with the help of volunteers and partner families. Habitat homes are sold to partner families at no profit with affordable, no-interest loans.

- **Eden Housing** – Eden Housing creates and sustains high-quality affordable housing communities that advance equity and opportunity for all. Eden has worked in partnership with cities and local community partners to develop or acquire more than 10,600 homes in communities throughout California, currently serving a diverse population of 22,000 low-income residents from all cultures and backgrounds. Since its inception, more than 100,000 people have come home to an Eden community. Eden housing has projects within Santa Cruz County and has expressed interest in Capitola.
- **Mid-Peninsula Housing Coalition (MPHC)** – Mid-Peninsula Housing Coalition is an established regional non-profit organization involved in the development, management, acquisition, and rehabilitation of affordable rental housing. MPHC primarily develops affordable family and senior rental apartments. Since its founding in 1971, MPHC has developed over 3,700 units and rehabilitated over 300 units in six Northern California counties, including several projects in Santa Cruz County.
- **First Community Housing (FCH)** – First Community Housing is a San Jose based non-profit affordable housing developer committed to building high quality, sustainable, affordable housing and passing the energy savings along to their tenants. FCH’s incorporation of Green Building materials has been featured in numerous Green Building journals. First Community Housing develops family housing, senior housing, single room occupancy housing, live/work lofts, mixed-use development and housing for people with disabilities. Since its founding in 1986, FCH has developed over 800 units with another 200 in development. FCH is the owner/developer of the 109-unit Bay Avenue Senior Apartments project in Capitola, a \$28 million acquisition/rehabilitation and new construction project that will serve extremely low, very low and low-income seniors including some units for residents who are chronically ill and who have psychiatric disabilities.
- **South County Housing** – South County Housing is a Gilroy-based non-profit affordable housing developer. South County Housing is a nonprofit community development corporation operating in the California counties of Santa Clara, Santa Cruz, Monterey, and San Benito. Since 1979, they have developed over 2,500 units, including 1,435 affordable apartments. South County Housing’s model, which includes combining mixed income housing with on-site services, addresses the unique needs of each community. When they build neighborhoods, they invest in their long-term success with recreational amenities, childcare facilities and community buildings with computer labs. South County Housing has also been active in Santa Cruz County

with the acquisition and rehabilitation of mobile home parks. In Capitola they have assisted the City with feasibility studies for future additional cooperative or non-profit mobile home park acquisitions.



Chapter 5: Housing Plan

Providing for the diverse housing needs of the community is a fundamental priority for the City of Capitola. The Housing Plan describes Capitola's seven housing goals and the policies and programs necessary to implement them. The Housing Plan represents the City's official housing policy for the 2023-2031 Housing Element planning period.

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

- Goal 1.0: Housing Production
- Goal 2.0: Affordable Housing Development
- Goal 3.0: Housing for Persons with Special Needs
- Goal 4.0: Housing Assistance
- Goal 5.0: Neighborhood Vitality
- Goal 6.0: Resource Conservation
- Goal 7.0: Affirmatively Furthering Fair Housing

Goal 1.0 Housing Production

Diversity in housing types and affordability levels to accommodate the needs of Capitola Residents

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

Housing Production Policies

- Policy 1.1** Provide adequate sites and supporting infrastructure to accommodate present and future housing needs of Capitola residents.
- Policy 1.2** Encourage mixed-use developments.
- Policy 1.3** Provide opportunities for the development of alternative housing options, such as Accessory Dwelling Units.
- Policy 1.4** Periodically review development regulations, permit processes, and fees and their effect on development to ensure that such requirements facilitate housing production and rehabilitation.

Housing Production Programs

Program 1.1 Adequate Housing Sites and Monitoring of No Net Loss: Provide adequate sites for new housing to accommodate the Regional Housing Needs Allocation (RHNA) of 1,336 units for the 2023-2031 planning period. The income distribution of the RHNA is 430 very low income; 282 low income; 169 moderate income; and 455 above moderate income units. Adequate sites are those in close proximity to jobs, goods, and services, have mitigatable or no constraints, and have adequate existing or planned infrastructure.

The City will comply with SB 166 (No Net Loss) by monitoring the consumption of residential and mixed-use acreage to ensure an adequate inventory is available to meet the City’s RHNA obligations. To ensure sufficient residential capacity is maintained to accommodate the RHNA, the City will develop and implement a formal ongoing (project-by-project) evaluation procedure pursuant to Government Code §65863 by July 2024. If an approval of development results in a reduction of capacity below the residential capacity needed to accommodate the remaining need for lower income households, the City will identify and, if necessary, rezone sufficient sites to accommodate the shortfall and ensure “no net loss” in capacity to accommodate the RHNA.

Some sites in the inventory would require consolidation to enhance their feasibility for redevelopment. The City will facilitate lot consolidation of small sites.

The City had previously created an Affordable Housing Overlay (-AH) and designated specific parcels with the Overlay to incentivize the development of affordable housing. However, with the recent comprehensive rezoning program that provides for mixed use development in most of the City’s commercial districts with no density limits, the Overlay has become obsolete. The City will review and update the Affordable Housing Overlay to ensure it complements the City’s mixed use strategy and offer adequate incentives for affordable housing development.

Timeline and Objectives:

- Facilitate the development of 1,336 housing units over 8 years.
- Maintain an inventory of available vacant and prospective sites that can accommodate new housing; update annually.
- Annually meet with property owners and interested developers to pursue housing development in the City.
- By July 2024, develop a formal procedure to monitor no net loss in capacity pursuant to SB 166.
- In 2025, explore and develop options to provide for missing middle housing, such as conversion of second story commercial/office space, live/work housing, and duplex/triplex.
- Facilitate lot consolidation:
 - Make the list of potential sites for lot consolidation available to interested developers. The list will be available online with information on parcel size, zoning, and existing uses.

- Establish an outreach program to local real estate brokers and the Santa Cruz County Association of Realtors to promote opportunities and incentives for lot consolidation.
- Facilitate communications between property owners and interested developers as part of the annual meetings (see above).
- Provide technical assistance to expedite the site acquisition, plan review, and entitlement process.
- By the end of 2025, develop incentives to encourage lot consolidation. Typical strategies include ministerial approval of lot line adjustments and flexible development standards (such as reduced or alternative parking arrangements) for large sites.
- By the end of 2025, update the Affordable Housing Overlay.

Responsibility:

Community Development/Planning

Funding:

General Plan Fund

Program 1.2 Replacement Housing: Development on non-vacant sites with existing residential units is subject to replacement requirements, pursuant to AB 1397. Specifically, AB 1397 requires sites with a residential use within the last 5 years the replacement of units affordable to the same or lower income level as a condition of any development on a non-vacant site consistent with those requirements set forth in state Density Bonus Law.

Timeline and Objectives:

- By July 2024, amend the Zoning Code to address the replacement housing requirements.

Responsibility:

Community Development/Planning

Funding:

General Plan Fund

Program 1.3 Accessory Dwelling Units (ADUs): The City facilitates the development of Accessory Dwelling Units (ADUs) and Junior Accessory Dwelling Units (JADUs) through the following actions:

- Dedicated webpage on City website to provide resources and guidance on ADU construction.
- ADU Resource Guide created by the City to assist homeowners with the review process.
- Five pre-designed ADU Plans that are building code approved by the City’s Building Official and are available free of charge.

The City will take additional actions to promote and monitor the trend of ADU development, including pursuing ADUs that can be made affordable to lower income households.

Timeline and Objectives:

- Facilitate the development of 50 ADUs over 8 years.
- By July 2024, update City ADU webpage to include other resources available, such as the \$40,000 grant for pre-development costs available to lower income homeowners through California Housing Finance Agency (CalHFA).
- By July 2024, develop a Fair Housing Factsheet to be included in the ADU webpage and application packet to inform property owners of their responsibility to comply with state and federal fair housing laws.
- Beginning in 2025, and annually thereafter, pursue funding sources available to enhance ADU affordability with the goal of creating ten affordable ADUs.
- By July 2027, conduct a mid-term review of the City’s ADU construction trend to determine the City’s progress in meeting projected ADU units. If the City’s ADU construction activities fall behind projection, the City will develop additional incentives, resources, and/or tools to encourage ADU development.

Responsibility:

Community Development/Planning

Funding:

General Plan Fund; CalHFA funds

Program 1.4 Mixed-Use Developments: Capitola is nearly built out, and there are very few vacant residentially zoned sites left in the City. To protect open space, encourage alternative transportation, and create opportunities for affordable housing, the Housing Element encourages mixed-use developments along major transportation corridors. The City Zoning Code identifies commercially zoned areas in which mixed uses are allowed by-right or with the approval of a conditional use permit. These include the CC (Community Commercial), CR (Regional Commercial), Mixed Use Neighborhood (MU-N), and Village Mixed Use (MU-V) zones. The City will continue to support mixed-use developments to expand housing opportunities.

Timeline and Objectives:

- Annually meet with property owners and interested developers to pursue mixed-use housing development in the City, especially on sites identified in the sites inventory for RHNA. The sites inventory identifies capacity for 1,298 units on mixed-use properties.
- Utilize the City’s newly established Objective Design Standards to streamline review of mixed-use developments.
- Monitor and include an update in the annual Housing Element Progress Report of all mixed-use development activities to identify unforeseen barriers that should be addressed and to evaluate additional incentives that may be needed.

Responsibility:

Community Development/Planning

Funding:

General Plan Fund

Program 1.5 Alternative Housing: The cost of land and the lack of vacant sites for conventional lower-density housing has heightened the need for the development of alternative types of housing in Capitola. These alternative housing types, including Single Room Occupancy (SRO) units, Accessory Dwelling Units (ADUs), live/work units, micro units, and co-housing programs may offer arrangements that could provide for enhanced affordability, neighborhood interaction, and support services for residents. Capitola is already heavily involved and supportive of the use of manufactured homes within the community’s eight mobile home parks and will continue with that

effort. Given the demand for a variety of housing, the City also facilitates the development of ADUs by providing technical guidance and referral to resources on the City website.

Timeline and Objectives:

- Continue to work with local mobile home park residents, owners, and the state to improve mobile home park affordability and sustainability.
- Encourage and facilitate the exploration and possible development of other alternative housing types, including factory-built housing, live/work units, SRO units, Small Ownership Units (SOUs), and micro units. By the end of 2025, review and revise as appropriate, the Zoning Code to facilitate alternative housing types.

Responsibility:

Community Development/Planning

Funding:

General Plan Fund

Program 1.6 Development Regulations: Development standards should reflect the market conditions and development trends and therefore should be reviewed and revised periodically in order to facilitate developments that reflect current and projected demands. The City will review and revise development regulations to address governmental constraints or further incentivize the development of housing. Specifically, the following revisions are needed:

- **Parking Standards:** The City’s parking requirements for multifamily housing do not vary by the size of the unit, potentially constraining the development of smaller units and discouraging the reaching of higher density. However, the City allows parking studies to request flexibility with mixed use development. Nevertheless, the City will review and revise the parking requirements for multifamily housing based on unit size or number of bedrooms.
- **Density Bonus:** The State Density Bonus law has been amended multiple times in recent years. The City’s Density Bonus ordinance will be updated to be consistent with state law.

Timeline and Objectives:

- Review requirements such as the minimum unit size, setbacks, parking requirements, and height restrictions to determine that they are necessary and pertinent and do not pose constraints on the development of housing.
- Revise parking standards to reflect that the City now allows parking studies to request flexibility for mixed-use developments.
- Evaluate the feasibility of reduced parking standards for senior and special needs housing.

Consider development standards modifications, streamlined processing for applications related to the creation of affordable housing, and fee modifications for projects proposing affordable units that are required to apply for variations to the existing development standards. By December 2024; revise the City’s Density Bonus ordinance, parking standards and development modifications, and streamline processing for affordable housing projects.

Responsibility:

City staff

Funding:

General Plan Fund

Goal 2.0 Affordable Housing Development

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

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

Affordable Housing Policies

- Policy 2.1** Encourage continued affordability of affordable rental housing supply in existing mobile home parks, subsidized rental housing, and special needs housing.
- Policy 2.2** Continue participation in state and federally sponsored programs designed to maintain housing affordability, including the HUD Housing Choice Voucher (HCV) Program.
- Policy 2.3** Preserve existing unrestricted affordable rental housing during the Housing Element planning period.
- Policy 2.4** Promote the development of affordable housing.
- Policy 2.5** Maintain the City's Housing Trust Fund.
- Policy 2.6** Encourage the production of affordable ownership and rental housing through the City's Affordable "Inclusionary" Housing Ordinance.

Affordable Housing Programs

Program 2.1 Mobile Home Park Assistance: Mobile home parks offer an affordable housing option for many lower income households. The City works to preserve the affordability of this important affordable housing source. Capitola has eight mobile home parks. Six parks have converted to resident-controlled ownership either as

cooperatives or through subdivision. Another park – Castle Mobile Estates – was purchased by Millennium Housing, a nonprofit housing provider. The City continues to work with the residents and owners of the remaining rental park (Cabrillo MHP Estates) to identify potential plans to transition from the rental park model in ways that will protect the financial investment of existing residents and the park owners and help preserve, to the extent possible, the affordable housing stock represented by these mobile home units.

The long-term lease of Cabrillo was set to expire on June 1, 2023. Residents received notification of a 56 percent rent increase. On May 25, 2023, the City Council adopted an urgency ordinance to establish mobile home park rent stabilization, which became effective immediately upon adoption. A regular rent stabilization ordinance was adopted on June 8, 2023 and became effective on July 8, 2023. The City’s rent stabilization ordinance sets annual rent increase at 5 percent plus CPI, or up to 10% of the base rent, whichever is lower.

Timeline and Objectives:

- Annually monitor the effectiveness of the rent stabilization ordinance in preserving affordability of mobile home park rents.
- Annually, provide technical assistance, funding, and/or support for funding applications for resident-controlled and nonprofit-owned mobile home parks, and potential tenant/nonprofit acquisition of the remaining park.
- Identify funding opportunities through state, city, or nonprofits for financial assistance to mobile home park residents to facilitate their acquisition or conversion efforts.
- If conversions of use are contemplated, ensure that resident investment values are preserved and that adequate relocation assistance is provided pursuant to state law. To the extent possible, preserve or replace affordable housing units. (Mobile home park closures are subject to rigorous state regulations.)
- Evaluate necessary infrastructure improvements as part of the acquisition or conversion process.

Responsibility:

Community Development

Funding:

PLHA Fund, Housing Trust Fund; State MPROP; CDBG; HOME

Program 2.2 Affordable Housing Monitoring: Preserving the City’s existing affordable housing inventory is an important community goal. While no deed-restricted affordable housing units are at risk of converting to market rate during the Housing Element planning period, the City will proactively monitor these units to encourage continued affordability beyond existing covenants and work proactively with owners of affordable units.

Timeline and Objectives:

- Maintain contact with property owners of affordable housing regarding any change in status/intent or need for assistance, such as rehabilitation assistance.
- Maintain the AB 987 database to include detailed information on all subsidized units, including those that have affordability covenants. Update annually.

Responsibility:

Community Development

Funding:

Housing Trust Fund

Program 2.3 Preservation of Rental Housing: The City will provide proactive assistance to preserve and to enhance the quality of existing rental housing in the City of Capitola. Two rental housing properties may require rehabilitation during the planning period – Dakota Apartments (24 units) and Bay Avenue Senior Apartments (108 units). These properties may require assistance to pursue rehabilitation works in the upcoming years.

Timeline and Objectives:

- Annually investigate new funding and financing opportunities to encourage the acquisition/rehabilitation of existing rental housing and conversion into long-term affordable housing.
- Pursue one acquisition/rehabilitation project over 8 years.

Responsibility:

Community Development

Funding:

Housing Trust Fund; other state and federal housing funds

Program 2.4 Housing Choice Vouchers: The Santa Cruz County Housing Choice Vouchers (HCV) program provides rental subsidies to very low-income households. The program offers a voucher that pays the difference between the current fair market rent established by the Housing Authority and what a tenant can afford to pay (i.e., 30% of household income). The voucher allows a tenant to choose housing that costs above the payment standard, provided the tenant pays the extra rent above the payment standard. Currently 206 households in Capitola are voucher recipients. The City will continue to collaborate with the Housing Authority to disseminate information to persons in need of rental assistance.

Timeline and Objectives:

- Continue to participate in the Housing Authority of Santa Cruz County Housing Choice Vouchers Program, with the goal of providing assistance to 240 households by December 2031.
- Annually promote the HCV program to residents and property owners by disseminating program information at City Hall, on the City website and social media accounts.

Responsibility:

Community Development; Santa Cruz County Housing Authority

Funding:

HUD Section 8 Allocations

Program 2.5 Affordable Housing Development: The City is committed to expanding affordable housing opportunities in the community, using development incentives such as density bonus provisions and/or regulatory concessions. The City will continue to coordinate with property owners and housing developers to facilitate development of housing affordable to extremely low-, very low-, low-, and moderate-income households. The City will collaborate with non-profit organization, private developers, employers, special needs groups, and other interested parties to pursue affordable housing funds available at the county, state, and federal levels.

Timeline and Objectives:

- Facilitate the development of affordable housing through the provision of regulatory concessions and density increases under the City’s Density Bonus Ordinance and the City’s Incentives for Community Benefit Ordinance.
- Annually collaborate with non-profit organizations, private developers, employers, special needs groups, state and federal agencies and other interested parties to pursue affordable housing projects.
- Continue to utilize available financing to assist with the planning and development of new affordable housing for all ages and household types. Annually, Community Development staff will monitor federal and state funding sources available for affordable housing projects, and pursue or support the applications for funding.
- Facilitate the development of 430 very low and 282 low-income affordable units over 8 years.
- Regularly update the City’s Density Bonus Ordinance to include updates in state law.

Responsibility:

Community Development

Funding:

Housing Trust Fund; Low Income Housing Tax Credits; CalHOME; Permanent Local Housing Allocation

Program 2.6 Public Outreach for Housing and Community Development Activities: Public workshops and hearings are opportunities for community members to not only learn about certain plans or projects that may affect them in the future, but to let their voices be heard by City officials and staff. The City of Capitola recognizes the importance of community participation and strives to inform and include everyone in the community who may be affected by such projects.

Timeline and Objectives:

- Maintain communication channels with City residents, community groups, local housing representatives, and other agencies. Conduct at least one community meeting annually to discuss housing needs and opportunities.

- At least quarterly, update the City website to provide accurate and up-to-date information regarding public hearings, community events, and City projects.
- Organize community workshops for large development projects.

Responsibility:

Community Development

Funding:

Housing Trust Fund; Low Income Housing Tax Credits; CalHOME; Permanent Local Housing Allocation

Program 2.7 Housing Trust Fund: The City utilizes available funds to provide loans and grants through the City’s Housing Rehabilitation Loan and Grant Program, to assist with affordable housing project feasibility studies, and to office assistance in permanent financing of acquisition/rehabilitation projects and new construction affordable housing projects. The primary source of funding is the Housing Trust Fund (HTF).

The HTF was adopted by the City Council in November 2004 to utilize Inclusionary Housing In-Lieu Fees and to accept donations from individuals and organizations. The HTF provides the City with a mechanism for accumulating and administering additional housing resources. The primary sources of the HTF are the Inclusionary Housing In-Lieu fee for ownership housing (for projects with seven or more units) and the Housing Impact fee (for projects with fewer than seven units). The City recently updated the fees to \$25 per square foot as a result of the feasibility study completed in 2022. The study also concludes that an inclusionary housing requirement for rental housing is not financially feasible in Capitola under the current market conditions. An impact fee of \$6 per square foot of multifamily rental housing is established. These funds can be used as matching funds to state and federal funding sources.

To further encourage the development of affordable housing, the City will maintain the HTF and will utilize the available funds to provide loans and grants through the City’s Housing Rehabilitation Loan and Grant Program. The City will also update the affordable housing project feasibility studies and explore options for the permanent financing of acquisition/rehabilitation projects as well as new construction affordable housing projects. The City will also ensure that HTF funds are used to assist households with incomes at or below 80% of the area median income (i.e., lower income).

Timeline and Objectives:

- Utilize the available funds to provide loans and grants through the City’s Housing Rehabilitation Loan and Grant Program, to assist with affordable housing project feasibility studies and permanent financing of acquisition/rehabilitation projects and new construction affordable housing projects. Assist 80 households with affordable housing over 8 years.
- As market conditions change over the 8-year planning period, update the feasibility study to ensure that the fees are sufficient to support the development of affordable housing and, if market conditions have changed, to enable the reinstatement of the inclusionary housing requirement on rental housing.

Responsibility:

Community Development/Planning

Funding:

In-Lieu and Housing Impact fees

Program 2.8 Inclusionary Housing Ordinance: To ensure that affordable units are better integrated into the community, the City will update the Inclusionary Housing Ordinance feasibility study to ensure that fees are sufficient to support the development of affordable housing. The Inclusionary Housing Ordinance was established to not only develop affordable housing, but to ensure that affordable units are better integrated into the community. The Ordinance requires that 15% of units in an ownership housing development with more than seven units be available to lower income households or pay an in-lieu fee. If the project has fewer than seven units, payment of a housing impact fee is required. Both fees are currently set at \$25 per square foot. An impact fee of \$6 per square foot of multifamily housing is also established, but there is no inclusionary requirement. The fees collected from the Inclusionary Housing program are deposited into the City Affordable Housing Trust Fund.

If the feasibility study shows changed market conditions, the City will also reinstate inclusionary housing requirements on rental housing. In the 2021 study, the market conditions did not support inclusionary housing requirements on rental housing.

Timeline and Objectives:

- As market conditions change over the 8-year planning period, update the feasibility study to ensure that the fees are sufficient to support the development of affordable housing and, if market conditions have changed, to enable the reinstatement of the inclusionary housing requirement on rental housing. Conduct review when the City has achieved 50% of its production goal or by the end of the fourth year of the planning period, whichever is earlier.
- Facilitate the development of 430 very low and 282 low-income affordable units over 8 years.

Responsibility:

Community Development/Planning

Funding:

In-Lieu and Housing Impact fees

Goal 3.0 Housing for Persons with Special Needs

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

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

Special Housing Needs Policies

- Policy 3.1** Support and facilitate programs that address the housing needs of special needs groups, including the elderly population, homeless persons, single-parent headed households, large households, extremely low-income households, and persons with disabilities, including developmental disabilities.
- Policy 3.2** Continue the provision of city-initiated incentives to encourage affordable units in development projects.
- Policy 3.3** Support the development of accessible and affordable housing that is designed to serve all ages and is readily accessible to support services.
- Policy 3.4** Provide assistance for seniors and disabled to maintain and improve their homes.
- Policy 3.5** Facilitate and encourage the development of rental units appropriate for families with children, including the provision of supportive services such as childcare.
- Policy 3.6** Encourage the integration of special needs housing in residential environments, readily accessible to public transit, shopping, public amenities, and supportive services.
- Policy 3.7** Encourage the provision of supportive services for persons with special needs to further the greatest level of independence and equal housing opportunities.
- Policy 3.8** Investigate and encourage the development of a variety of housing options for seniors including Congregate Housing, Continuing Care Retirement Communities (CCRCs), Assisted Living, Mobile Home Parks, co-housing, accessory dwelling units, and Independent Living.
- Policy 3.9** Encourage the establishment of childcare centers and family childcare homes in all appropriate zoning districts.

Special Housing Needs Programs

Program 3.1 Emergency Shelters and Low Barrier Navigation Centers: Capitola contributes to the regional solutions to addressing homelessness through land use planning to accommodate housing options of the homeless, and funding support of homeless services. In compliance with Senate Bill 2, the City of Capitola has amended the Zoning Code to allow emergency shelters by-right within the Industrial Park (IP) zoning district. This

area was selected due to multiple opportunities for vacant or underutilized parcels for the development of new emergency shelters. However, new state law (AB 2339) effective January 1, 2023 requires the identification of one or more zones that allow residential uses, including mixed uses, where emergency shelters are allowed as a permitted use without a conditional use or other discretionary permit and that are suitable for residential uses. AB 2339 further requires that the definition of emergency shelters include other interim interventions, including but not limited to, navigation centers, bridge housing, and respite or recuperative care. The City will be updating its Zoning Code to permit emergency shelters by-right in the Community Commercial zone.

Furthermore, AB 101 requires jurisdictions to allow the development of Low Barrier Navigation Centers (LBNC) by-right in areas zoned for mixed uses and nonresidential zones permitting multifamily uses if they meet specified requirements. A code amendment will be processed to comply with this requirement.

Timeline and Objectives:

- By December 31, 2024, amend the Zoning Code to permit emergency shelters by-right in the Community Commercial zone and to permit LBNCs in areas zoned for mixed uses and other nonresidential zones permitting multifamily housing.
- Work with the appropriate organizations to ensure the needs of homeless and extremely low-income residents are met.
- Prioritize funding and other available incentives for projects that provide housing for homeless and extremely low-income residents whenever possible.

Responsibility:

Community Development/Planning

Funding:

General Plan fund

Program 3.2 Transitional and Supportive Housing:

Transitional and supportive housing addresses the housing needs of special needs populations (including persons with disabilities and the homeless). The City’s Zoning Code lists transitional and supportive housing under residential care facilities. However, state law requires that transitional and supportive housing be considered a regular residential use to be similarly permitted as other residential uses in the same zone. Furthermore, state law (AB 2162) requires supportive housing (up to 50 units) meeting other income and target population requirements to be permitted by right in multi-family and mixed-use zones. If the project is located within one-half mile of transit, the City cannot impose minimum parking requirements. The City will amend the Zoning Code for transitional and supportive housing to comply with state law.

Transitional Housing: California Health and Safety Code (Section 50675.2) defines "transitional housing" and "transitional housing development" as buildings configured as rental housing developments, but operated under program requirements that call for the termination of assistance and recirculation of the assisted unit to another eligible program recipient at some predetermined future point in time, which shall be no less than six months. Residents of transitional housing are usually connected to supportive services designed to assist the homeless in achieving greater economic independence and a permanent, stable living situation.

Supportive Housing: California Government Code Section 65582 defines supportive housing as housing with no limits on the length of stay that is occupied by a "target population" and links this population with the provision of housing and social services. "Target population" means persons with low incomes who have one or more disabilities, including mental illness, HIV/AIDS, substance abuse, or other chronic health condition, or individuals eligible for services provided pursuant to the Lanterman Developmental Disabilities Services Act.

Timeline and Objectives:

- By December 31, 2024, amend the Zoning Code to address the provision of transitional and supportive housing consistent with state law.

Responsibility:

Community Development/Planning

Funding:

General Plan fund

Program 3.3 Employee Housing and Farm Worker Housing: The Employee Housing Act (Health and Safety Code §17021.5) requires that employee housing providing accommodations for six or fewer employees be deemed a residential use subject to the same standards as single-family residences. The City’s Zoning Code does not currently address the provision of employee housing and therefore will be amended

While the City conditionally permits Urban Farms in various zoning districts, the City has no commercial scale farming operations existing or anticipated in the future. The City will review and revise the Zoning Code to redefine the types of farming activities allowed (primarily related to hobby farming, not intended as commercial operations).

Timeline and Objectives:

- By December 31, 2024, amend the Zoning Code to address the provision of employee housing consistent with state law and revise the types of hobby farming activities allowed in various zones.

Responsibility:

Community Development/Planning

Funding:

General Plan fund

Program 3.4 Housing for Persons with Disabilities: To encourage the provision of housing for persons with disabilities, the City will amend its Zoning Code to permit large residential care facilities (for seven or more persons) in all zones where residential uses are permitted and establish objective approval standards. Currently, large residential care facilities are not permitted in residential zones other than the R1 and RM districts. Similarly, the City’s reasonable accommodation procedure requires two findings relating to “potential impacts on surrounding uses” and “physical attributes of the property and structures” may be considered subjective with the potential to constrain the development and improvement of housing for persons with disabilities. Therefore, the City will also establish objective criteria for the approval of large residential care facilities and reasonable accommodations to provide greater certainty in outcomes.

Timeline and Objectives:

- By December 31, 2024, amend the Zoning Code to permit large residential care facilities in zones where residential uses are permitted.
- By December 31, 2024, amend the Zoning Code to review the separation requirement and to establish objective criteria for the approval of large residential care facilities as well as reasonable accommodations.
- Annually seek state and federal monies, as funding becomes available, in support of housing construction and rehabilitation targeted for persons with disabilities, including developmental disabilities.
- By the end of 2024, amend the Zoning Code to provide regulatory incentives, such as expedited permit processing, and fee waivers and deferrals, to projects targeted for persons with disabilities.
- By end of 2025, collaborate with the San Andreas Regional Center to implement an outreach program informing households within the City of housing and services available for persons with developmental disabilities.
- Annually update information on housing and services available for persons with disabilities at City Hall and on the City website.

Responsibility:

Community Development/Planning

Funding:

General Plan fund

Program 3.5 Housing for Extremely Low-Income Households: The City will continue to encourage the development of housing for extremely low-income households by reaching out to housing developers, providing financial or in-kind technical assistance, when available, providing expedited processing, identifying grant and funding opportunities, and offering additional incentives beyond density bonus provisions. The City will also seek state and federal funding on an annual basis in support of housing construction for households with extremely low incomes.

Timeline and Objectives:

- Annually seek state and federal monies, as funding becomes available, in support of housing construction and rehabilitation targeted for households with extremely low incomes.
- Provide regulatory incentives, such as expedited permit processing, and fee waivers and deferrals, to projects that include housing for extremely-low income households.

Responsibility:

Community Development/Planning

Funding:

General fund

Program 3.6 Childcare and Daycare Facilities: Capitola recognizes children represent our future community, existing childcare services and facilities may not be adequate to meet today’s demand, and the demand is increasing. To ignore this fact jeopardizes the long-term quality of the City’s social, physical, and economic well-being. Thus, the City is committed to promoting high quality childcare services in conjunction with housing development, particularly through the Density Bonus Ordinance. Therefore, the City will seek to expand opportunities for childcare facilities. The City will also study and revise, as appropriate, the Zoning Code to create objective standards for daycare centers and to allow daycare centers in commercial zoning districts with a minor use permit.

Timing and Objectives:

- By the end of 2024, study and revise, as appropriate, the Zoning Code to create objective standards for daycares in the commercial districts to allow daycares with a minor use permit.
- By end of 2024, update Density Bonus Ordinance.

Responsibility:

Community Development/Planning

Funding:

General fund

Goal 4.0 Housing Assistance

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

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

Housing Assistance Policies

- Policy 4.1** Maintain the City's rental and ownership assistance programs.
- Policy 4.2** Explore and pursue City participation in other affordable homeownership assistance programs in the private market.
- Policy 4.3** Support the provision of childcare services, employment training, rental assistance, and other supportive services to enable households to be self-sufficient.
- Policy 4.4** Seek and support collaborative partnerships of nonprofit organizations and the development community to aid in the provision of affordable housing.

Housing Assistance Programs

Program 4.1 Security Deposit Program: The City will continue to support and fund the Security Deposit Program administered by the Santa Cruz County Housing Authority. The objective of this program is to provide extremely-low, very-low, and low-income households who are homeless or at risk of becoming homeless with the funds to get into decent rental housing. Expenses eligible for assistance are the security deposit and last month's rent.

Timeline and Objectives:

- Assist 7 to 10 households per year during the planning period.
- Annually seek state and federal funding to expand this program.

Responsibility:

Community Development

Funding:

Housing Trust Fund

Program 4.2 Emergency Rental Housing Assistance: To help prevent evictions and homelessness, the City will continue funding the Emergency Housing Assistance program. This program is administered by the Community Action Board (CAB). The objective of this program is to provide emergency short-term housing payment assistance to lower-income families to prevent eviction or foreclosure leading to homelessness. The assistance granted must be used for the household’s rent or mortgage payment in cases where a job loss, a medical emergency, or similar event has precluded the household from making their regular housing payment. The household must have no other funds available to make this payment, and must be below very-low income limits, with either children or a disabled adult in the household, or people 60 years or older.

Timing and Objectives:

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

Responsibility:

Community Development

Funding:

Housing Trust Fund

Program 4.3 Homebuyer Assistance: Given the market conditions, homeownership is beyond the reach of many lower- and moderate-income households, especially first-time homebuyers. Even with assistance, home prices in Capitola often exceed the allowable limits. The City has therefore discontinued its mortgage assistance program funded by competitive CDBG grants. Instead, the City will promote homebuyer assistance programs available through the California Housing Finance Agency (CalHFA). These include:

- First mortgage programs
- Downpayment assistance programs

Timeline and Objectives:

- By December 2024, update City website to provide links to homebuying resources available at CalHFA.

Responsibility:

Community Development

Funding:

General fund

Goal 5.0 Neighborhood Vitality

Maintain, preserve, and improve the character of existing residential neighborhoods

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

Neighborhood Vitality Policies

- Policy 5.1** Ensure a compatible relationship between new housing and circulation patterns and encourage pedestrian and bicycle-friendly communities to minimize traffic impacts on quality of life.
- Policy 5.2** Protect the integrity of existing single-family and multifamily neighborhoods by promoting balanced site design and architecture.
- Policy 5.3** Assist individual neighborhoods in establishing their own identity through the development of neighborhood amenities (e.g., pocket parks, lighting, signs), mixed-use neighborhood nodes, and pedestrian and sustainability improvements.
- Policy 5.4** Promote the repair, improvement, and rehabilitation of housing and encourage replacement of substandard housing to enhance quality of life in neighborhoods.
- Policy 5.5** Improve the quality of housing and neighborhoods by educating landlords, tenants, and property owners about code compliance issues and enforcing compliance with building and property maintenance standards.

Neighborhood Vitality Programs

Program 5.1 Housing Rehabilitation Program: The program is designed to address basic health and safety issues in owner-occupied housing by providing small loans to cover the costs of repairs. Eligibility is restricted to low-income households in Capitola. However, given the limited funding, administrative burden and onerous requirements of a loan program, this program has not been effective or attracted sufficient interest from the community. Therefore, the City will restructure the program to provide grant assistance to seniors and the disabled, as well as lower-income households, to make necessary repairs.

Timeline and Objectives:

- By the end of 2024, restructure program to provide grant assistance to lower income and special needs households.
- Annually seek federal and state grants to support a rehabilitation grant program.
- Assist 16 seniors, disabled, and lower income households during the planning period through the Housing Rehabilitation program.

Responsibility:

Community Development

Funding:

Local, state, or federal funding

Program 5.2 Code Enforcement: The City will continue to implement the code enforcement program. Currently, the City administers the program on a complaint basis, but also provides proactive code enforcement for health and safety violations through the Community Development Department staff. The City will also inform residents of rehabilitation assistance by posting opportunities at City Hall and on the City's website.

Timeline and Objectives:

- Continue to implement a proactive code enforcement program for health and safety violations through the Building Department and inform residents of rehabilitation assistance when available at City Hall and the City's website.
- Assist 16 households during the planning period through the City's Housing Rehabilitation Program.

Responsibility:

Community Development

Funding:

General fund

Goal 6.0 Resource Conservation

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

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

Resource Conservation Policies

Policy 6.1 Encourage the use of alternative modes of transportation.

Policy 6.2 Strive to maintain a jobs/housing balance.

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

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

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

Resource Conservation Programs

Program 6.1 Adequate Water Supplies and Sewer Services: The City will continue to work with its various water and sewer service providers to expand water and sewer services to ensure that water and sewer providers meet their obligation to provide priority to affordable housing projects pursuant to state law.

Timeline and Objectives:

- Within 30 days of Housing Element adoption, provide a copy of the adopted Element to water and sewer providers, reiterating their obligation to provide priority to affordable housing projects pursuant to state law.

Responsibility:

Community Development

Funding:

General fund

Goal 7.0 Affirmatively Furthering Fair Housing

Equal access to housing opportunities regardless of one's unique characteristics as protected by local, state and federal fair housing laws

All persons and households shall have equal access to housing resources and opportunities in the community.

Fair Housing Policies

- Policy 7.1** Promote meaningful and informed participation of residents, community groups, and governmental agencies in all local housing and community development activities.
- Policy 7.2** Comply with federal, state, and local Fair Housing and anti-discrimination laws, and affirmatively further fair housing for all, ensuring equal access to housing regardless of their special circumstances as protected by fair housing laws.
- Policy 7.3** Promote housing mobility by expanding housing choices and increasing housing opportunities in higher resource areas.
- Policy 7.4** Protect tenants from discriminatory housing practices and displacement.
- Policy 7.5** Promote the integration of affordable and special needs housing projects in existing neighborhoods.
- Policy 7.6** Collaborate with and support efforts of organizations dedicated to eliminating housing discrimination.

Fair Housing Programs

Program 7.1 Affirmatively Furthering Fair Housing: The City will undertake a series of meaningful actions to further fair housing choices in the community.

Timeline and Objectives:

- See Table 5-1: Summary of Fair Housing Actions.

Table 5-1: Summary of Fair Housing Actions

Program	Specific Action	Timeline	Geographic Targeting	8-Year Metric
Fair Housing Enforcement and Outreach				
Program 2.4: Housing Choice Vouchers (HCV)	<ul style="list-style-type: none"> Continue to participate in the Housing Authority of Santa Cruz County HCV Program 	Annually	Citywide, with emphasis in lower density neighborhoods	Provide assistance to 240 households; seek to increase use of HCV by 5% over 8 years
	<ul style="list-style-type: none"> Promote the HCV program to residents and property owners by providing information at City Hall, the City’s website, and social media accounts 			
Program 2.6: Public Outreach for Housing and Community Development Activities	<ul style="list-style-type: none"> Maintain communication channels with City residents, community groups, local housing representatives and other agencies 	Ongoing	Citywide	Monitor inquiries for fair housing and housing information; seek to provide responses to 100% of inquiries
	<ul style="list-style-type: none"> Periodically update the City website and social media accounts (Instagram, Facebook, YouTube) to provide accurate and up-to-date information regarding public hearings, community events and City projects 	Quarterly		
	<ul style="list-style-type: none"> Include information in the City’s newsletter that is published twice a year and mailed to every household in Capitola 	Twice a year		
	<ul style="list-style-type: none"> Organize community workshops for large development projects 	When large projects are proposed		
New Opportunities in High Resource Areas				
Program 1.1: Providing Adequate Housing Sites	<ul style="list-style-type: none"> Maintain an inventory of available vacant and prospective sites that can accommodate new housing 	Update annually	Western – high Eastern -- highest	Facilitate the development of 1,336 housing units over 8 years; target 100% of new development in high and highest resource areas
	<ul style="list-style-type: none"> Meet with property owners and interested developers to pursue housing development in the City 	Annually		
	<ul style="list-style-type: none"> Develop a formal procedure to monitor no net loss in capacity pursuant to SB 166 	By July 2024		
	<ul style="list-style-type: none"> Explore and develop options to provide for missing middle housing, such as conversion of second story commercial/ office space, live/work housing, and duplex/triplex. 	In 2025		
	<ul style="list-style-type: none"> Update the Affordable Housing Overlay. 	By the end of 2025		

Program	Specific Action	Timeline	Geographic Targeting	8-Year Metric
Program 1.4: Mixed-Use Developments	<ul style="list-style-type: none"> Meet with interested property owners and developers to pursue mixed use housing development in the City, especially on sites identified in the sites inventory for RHNA. 	Annually	Locations identified on sites inventory	Provide capacity for 1,472 units; facilitate the development of eight mixed use projects over 8 years
	<ul style="list-style-type: none"> Utilize the City’s newly established Objective Design Standards to streamline review of mixed-use developments. 	For new applications	Citywide	
	<ul style="list-style-type: none"> Monitor and include an update in the Housing Element Progress Report about all mixed-use developments activities. 	Annually	Citywide	
Program 2.5: Affordable Housing Development	<ul style="list-style-type: none"> Facilitate the development of affordable housing through the provision of regulatory concessions and density increases under the City’s Density Bonus Ordinance and the City’s Incentives for Community Benefit Ordinance. 	Ongoing	Citywide, emphasis in high and highest resource areas	Development of 430 very low and 282 low-income affordable units
	<ul style="list-style-type: none"> Collaborate with nonprofit organizations, private developers, employers, special needs groups, state and federal agencies and other interested parties to pursue affordable housing projects. 	Annually		
	<ul style="list-style-type: none"> Continue to utilize available financing to assist with the planning and development of new affordable housing for all ages and household types. Community Development staff will monitor federal and state funding sources available for affordable housing projects, and pursue or support the applications for funding. 	Annually		
Program 2.8: Inclusionary Housing Ordinance	<ul style="list-style-type: none"> Continue implementation of inclusionary housing requirements Update feasibility study to determine whether inclusionary housing for rental units can be required. 	Ongoing		
Program 3.5: Housing for Extremely Low Income Households	<ul style="list-style-type: none"> Seek state and federal monies, as funding becomes available, in support of housing construction and rehabilitation targeted for households with extremely low incomes. Provide regulatory incentives, such as expedited permit processing, and fee waivers and deferrals, to projects that include housing for extremely low-income households. 	Annually		
Program 1.6: Development Regulations	<ul style="list-style-type: none"> Review development standards to facilitate mixed use and multifamily housing development 	December 2024		

Program	Specific Action	Timeline	Geographic Targeting	8-Year Metric
Program 1.3: ADUs	<ul style="list-style-type: none"> Fair housing brochure/flyer with application packet, add to guidance document 	July 2024	Citywide, with emphasis in lower density, single-family neighborhood	Facilitate the development of 64 ADUs; seek to provide 25% of the ADUs in the highest resource areas
Housing Mobility				
Program 1.5: Alternative Housing	<ul style="list-style-type: none"> Continue to work with local mobile home park residents, owners, and the state to improve mobile home park affordability and sustainability 	Ongoing	Citywide	Facilitate the development of 1,336 housing units over 8 years; pursue 5% of the units as alternative housing types
	<ul style="list-style-type: none"> Encourage and facilitate the exploration and possible development of other alternative housing types including factory-built housing, live/work units, SRO units, Small Ownership Units (SOUs), and micro units. Review and revise as appropriate, the Zoning Code to facilitate alternative housing types 	December 31st, 2025		
Program 3.4: Housing for Persons with Disabilities	<ul style="list-style-type: none"> Amend the Zoning Code to permit large residential care facilities in zones where residential uses are permitted 	December 31st, 2024	Citywide	Facilitate the development of 1,336 housing units over 8 years; pursue 10% of the units as housing for persons with disabilities
	<ul style="list-style-type: none"> Amend the Zoning Code to revise the conditions for approval of large residential care facilities and reasonable accommodation to ensure objective criteria are established to provide certainty in outcomes 	December 31st, 2024		
	<ul style="list-style-type: none"> Seek state and federal monies, as funding becomes available, in support of housing construction and rehabilitation targeted for persons with developmental disabilities, including developmental disabilities 	Annually		
	<ul style="list-style-type: none"> Provide regulatory incentives, such as expedited permit processing, fee waivers and deferrals, to projects targeted for persons with disabilities 	By December 31, 2025		
	<ul style="list-style-type: none"> Collaborate with the San Andreas Regional Center to implement an outreach program informing households within the City of housing and services available for persons with developmental disabilities 	Annually		
	<ul style="list-style-type: none"> Update information on housing and services available for persons with disabilities at City Hall and on the City website 	Annually		

Program	Specific Action	Timeline	Geographic Targeting	8-Year Metric
Place-Based Strategies for Neighborhood Improvement				
Program 2.7: Housing Trust Fund	<ul style="list-style-type: none"> Maintain the Housing Trust Fund and utilize the available funds to provide loans and grants through the City's Housing rehabilitation loan and grant program 	2023-2031	Areas with concentration of lower-income households	Assist 16 households with rehabilitation
Program 3.6: Child Care and Day Care Centers	<ul style="list-style-type: none"> Study and revise, as appropriate, the Zoning Code to create objective standards for daycare centers in the Commercial Districts to allow daycare centers with a minor use permit 	December 31 st , 2024	Commercial districts	Increase the number of childcare and daycare centers
Program 2.3: Preservation of Rental Housing	<ul style="list-style-type: none"> Pursue at least one acquisition/rehabilitation project 	By 2031	Citywide, with emphasis in areas with concentration of rental units	Facilitate the rehabilitation/improvement of 132 rental housing units over 8 years
Program 4.2: Rental Housing Assistance	<ul style="list-style-type: none"> Advertise program to residents through: <ul style="list-style-type: none"> City newsletter Food truck Fridays – Cliffwood heights National Night Out – hosted by the Police Department in August Capitola recreation and community center, Jade Street Flyers through school district 	Annually	Citywide, with emphasis in north of Jade Street – large multifamily North of Capitola Rd (“west Capitola”)	Assist 160 households over 8 years
AFFH Action: Supportive Services	<p>25 percent of Capitola households receive food assistance due to high housing costs. Continue to provide food assistance to lower-income elderly and family households through:</p> <ul style="list-style-type: none"> Food bank - Second Harvest Deliveries - Community Bridges 	Annually	Citywide	Assist 25% of City households
Program 5.1: Housing Rehabilitation Program	<ul style="list-style-type: none"> Seek federal and state grants through programs such as the state CDBG funds to support a rehabilitation grant program 	2023-2031	Citywide, with emphasis in areas with concentration of lower-income homeowners	Assist 16 households

Program	Specific Action	Timeline	Geographic Targeting	8-Year Metric
Tenant Protection and Anti-Displacement				
Program 2.1: Mobile Home Park Assistance	<ul style="list-style-type: none"> Annually monitor the effectiveness of the rent stabilization ordinance in preserving the affordability of mobile home park rents. Provide technical assistance, funding and/or support for funding applications for resident-controlled and non-profit owned mobile home parks, and potential tenant/non-profit acquisition of the remaining park Identify funding opportunities through state, city or non-profits for financial assistance to mobile home park residents to facilitate their acquisition or conversion efforts If conversions of use are contemplated, ensure that resident investment values are preserved and that adequate relocation assistance is provided. To the extent possible, preserve or replace affordable housing units Evaluate necessary infrastructure improvements as part of the acquisition or conversion process 	2023-2031	Mobile home parks	Negotiate/assist for long term lease agreement 67 units
Program 4.1: Security Deposit Program	<ul style="list-style-type: none"> Continue funding the City's Security Deposit Program which offers income-eligible individuals and families assistance to cover the costs of the security deposit for new residential rental contracts 	During the planning period	Citywide, with emphasis in areas with concentrations of lower income households	Assist 7 to 10 households
	<ul style="list-style-type: none"> Seek state and federal funding to expand this program. 	Annually		
Program 1.2: Replacement Housing	<ul style="list-style-type: none"> Amend the Zoning Code to address the replacement housing requirements pursuant to AB 1397 	By July 2024	Citywide	100% replacement of demolished lower-income units
Program 2.2: Affordable Housing Monitoring	<ul style="list-style-type: none"> Maintain contact with property owners of affordable housing regarding any change in status/intent or need for assistance, such as rehabilitation assistance Maintain the AB 987 database to include detailed information on all subsidized units, including those that have affordability covenants 	Update annually	Citywide	Preserve all 164 lower income rental housing units
Program 2.3: Preservation of Rental Housing	<ul style="list-style-type: none"> Pursue at least one acquisition/rehabilitation project 	By 2031	Citywide, with emphasis in areas with concentration of rental units	Facilitate the rehabilitation/improvement of 132 rental housing units

Program	Specific Action	Timeline	Geographic Targeting	8-Year Metric
Program 3.1: Emergency Shelters and Low Barrier Navigation Centers	<ul style="list-style-type: none"> Amend the Zoning Code to permit emergency shelters by right in the Community Commercial zone and to permit LBNCs in areas zoned for mixed uses and other nonresidential zones permitting multifamily housing 	By December 31, 2024	Citywide	Reduce unsheltered homeless by 20% over 8 years
	<ul style="list-style-type: none"> Work with the appropriate organizations to ensure the needs of homeless and extremely low-income residents are met 	Throughout the planning period		
	<ul style="list-style-type: none"> Prioritize funding and other available incentives for projects that provide housing for homeless and extremely low-income residents whenever possible 	Throughout the planning period		
Program 3.2: Transitional and Supportive Housing	<ul style="list-style-type: none"> Amend the Zoning Code to address the provision of transitional and supportive housing consistent with state law 	By December 31, 2024	Citywide	Facilitate the development of 712 lower income housing units over 8 years; seek to provide 25% as affordable housing for special needs households
Program 3.3: Employee Housing and Farm Worker Housing	<ul style="list-style-type: none"> Amend the Zoning Code to address the provision of employee housing consistent with state law and revise the types of hobby farming activities allowed in various zones 	By December 31, 2024		

B. Quantified Objectives

Capitola has established quantified objectives for housing production and rehabilitation for the Housing Element. These objectives are based upon expected availability of resources to address the City’s housing needs, expectations regarding future housing development, as well as prior objectives established in earlier housing plans. Table 5-2 below summarizes the City’s quantified objectives for implementing its various programs and actions outlined above.

Table 5-2: Quantified Objectives 2023-2031

Target Income Affordability Levels	New Construction	Rehabilitation ¹	Conservation ²
Extremely Low	215	4	50
Very Low	215	4	86
Low	282	8	28
Moderate	169	0	0
Above Moderate	455	0	0
Total	1,336	16	164

1. Housing Rehabilitation Program
2. Capitola Supportive Housing (Dakota Apartments) and Bayside Senior Apartments

Appendix A: Glossary of Terms

A

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

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

C

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

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

D

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

Developmental Disability: A disability that originates before an individual attains age 18 years, continues, or can be expected to continue, indefinitely, and constitutes a substantial disability for that individual. As defined by the Director of Developmental Services, in consultation with the Superintendent of Public Instruction, this term shall include mental retardation, cerebral palsy, epilepsy, and autism. This term shall also include disabling conditions found to be closely related to mental retardation or to require treatment similar to that required for individuals with mental retardation, but shall not include other handicapping conditions that are solely physical in nature. (California Welfare and Institutions Code §4512)

E

Emergency Shelter: Housing with minimal supportive services for homeless persons that is limited to occupancy of 6 months or less by a homeless person. No individual or household may be denied emergency shelter because of an inability to pay. Emergency shelter shall include other interim interventions, including, but not limited to, a navigation center, bridge housing, and respite or recuperative care. (California Government Code §65583)

F

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

Family Day Care Home: A home that regularly provides care, protection and supervision for 14 or fewer children, in the provider’s own home, for periods of less than 24 hours per day, while the parents or guardians are away, and is either a large family day care home or a small family day care home.

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

Family Day Care Home, Small: A home that provides family day care for up to 6 children, or for up to 8 children if certain criteria are met, as set forth in California Health and Safety Code §1597.44 and as defined in regulations. These capacities include children under age 10 who live in the licensee’s home.



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



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

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

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

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

Household, Moderate Income: A household whose income, with adjustment for household size, is between 80% and 120% of the Santa Cruz County area median income.

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

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



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



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



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



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

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



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

Regional Housing Needs Assessment (RHNA): The state determines the projected regional housing need for each part of California. Each Council of Government (in our case, the Association of Monterey Bay Area Governments) allocates the region's housing need, or "Fair share Allocation" among its member jurisdictions. In the 2023-2031 Housing Element the City of Capitola's RHNA allocation is 1,336 units (430 very low income; 282 low income; 169 moderate income; and 455 above moderate income).

S

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

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

T

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

Transitional Housing: Buildings configured as rental housing developments, but operated under program requirements that call for the termination of assistance and recirculation of the assisted unit to another eligible program recipient at some predetermined future point in time, which shall be no less than 6 months. (California Health and Safety Code §50675.2)

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

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



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

Appendix B: Community Outreach Summary

The update to the Housing Element has provided residents and other interested parties with opportunities to review draft documents and proposed policies, and to provide recommendations for consideration by decision-makers pursuant to California Government Code §65583. Community outreach has been conducted using several in-person and virtual engagement tools. Public participation efforts have included stakeholder interviews, an online housing questionnaire, a webpage on the City's website, two Planning Commission Study Sessions, two City Council Study Sessions, a Joint Planning Commission and City Council Study Session focusing on the sites inventory, and two community meetings. All project materials and notices are posted and advertised on the City's website and social media platforms, and printed materials were made available at public facilities including the Capitola City Hall to ensure broad access and exposure throughout the City.

Community Outreach Summary

The outreach efforts mentioned above generated a variety of comments and input from the public. Community input and feedback to help to guide preparation of the 2023-2031 Housing Element are summarized below.

Stakeholder Interviews

On November 2, 2022, November 3, 2022, and November 15, 2022, the City of Capitola's consultant team including Veronica Tam with Veronica Tam & Associates, as well as Brady Woods and Erina Shimanuki with RRM Design Group, conducted stakeholder interviews through a series of seven Teams virtual video calls. City staff reached out to a variety of stakeholders with known involvement in housing issues or development, commitment to serving special needs populations, or affiliation within organizations that provide a variety of services in the community and/or immediate Santa Cruz County region. Approximately 19 stakeholders were interviewed, with a range of for-profit and nonprofit developers, local realtors, local school district officials, and business leaders. The interviews generally focused on key issues and ideas of the various groups and representatives for the Housing Element Update. A strong consensus among the stakeholders interviewed emerged regarding the major challenges, ideas, and needs for the community. Stakeholders were invited to respond to the following questions:

1. What types of housing development or housing programs are you involved with, and what are the specific development types or housing programs with which you are most familiar?
2. In thinking about the Housing Element Update, what are the primary issues that we should consider?
3. How effective are the City's current Housing Element policies and programs (such as those related to developing affordable housing or programs to support special needs populations)? Are there things that could be improved?
4. The City needs to accommodate new housing in the future, and it is likely to be multi-family. Where should new housing opportunities occur? Where do you envision areas of potential change?
5. What challenges do you see for providing a range of housing opportunities, including affordable housing? What regulations and processes could be enhanced?
6. In your opinion, what would be the best outcome for the Housing Element Update?
7. Are there other issues we have not covered that are important for us to consider?

Emerging Themes

A consensus among the stakeholders interviewed emerged about the major issues, ideas, and needs for the community. There is clear agreement on the need for housing in the City and opportunities and constraints that pertain to developing additional housing. The following are key/reoccurring themes heard during the interviews.

1. Streamline entitlement and permitting processes to encourage housing developments
 - Streamline entitlement process to minimize risk and entice developers and property owners to build housing
 - Streamline permitting process for ADU to reduce cost and encourage property owners to build ADUs
2. Encourage partnerships with service organizations and nonprofit organizations to provide housing and/or housing-related services/programs.
 - Consider housing development on available, vacant, or underutilized school district or church/religious institution properties.
 - Consider further partnership with nonprofit affordable housing advocates
3. Look for mixed-use retail/commercial and housing opportunities at Capitola Mall site and along 41st Avenue.
 - Revisit the ratio of residential to non-residential uses for mixed use product types for greater feasibility.

The following pages provide a comprehensive list of the comments received and are organized and separated into the following topics.

1. Demographics, Geographic Context and Influences
2. Housing Development Process
3. COVID-19 Influences and Response
4. Primary Issues / Concerns
5. Sites Inventory
6. Opportunities / Ideas
7. Strategic Partnerships

1. Demographics, Geographic Context, and Influences

- Capitola is a coastal city with unique constraints
 - Hotels bring in major revenue to the City, therefore hotel conversion is not financially viable
 - Residents are proud to live in Capitola and do not necessarily want to see additional housing and development in their city
- Schools with declining enrollments
 - Santa Cruz County
 - 2019 -1,900 enrollments to now - 1,600 enrollments
 - Covid and cost of living may be factors
 - Santa Cruz City Schools
 - Enrollment decline from 7,000 to 6,000 in the last 8 years
 - 96 teachers have left in the last 8 years because of cost of living, and many can't find a rental that is affordable
- Many employees in Capitola are leaving their jobs due to cost of living and lack of affordable housing within the city
 - Teachers
 - Santa Cruz Toyota and Subaru employees
- Many employees currently commute to Capitola
 - Prunedale, Salinas, Watsonville, San Lorenzo Valley, San Jose

- Housing navigation is one of the main housing problems in Capitola
 - Property owners forcing tenants to relocate in order to increase rent
 - People looking for a rental can't afford move-in costs (security deposit + first month's rent)
 - Cost burden for seniors
 - Rent taking up most of SSI that seniors receive, leaving very little for food, transportation, etc.
 - Housing and food insecurity
 - Increasing interest in smaller units (more affordable), especially for seniors living by themselves
2. Housing Development Process
- City of Capitola has pre-approved ADU prototypes that can help streamline the ADU permitting process
 - Make housing entitlement process easier / more streamlined
 - City of Capitola's required radius for neighborhood notice is 300ft, which is the state minimum
3. COVID-19 Influences and Response
- Cost of building has significantly increased due to shortage of labor and materials
 - High demand for contractors has led to increasing costs and delay in projects
4. Primary Issues / Concerns
- Limited available land with existing services
 - Lack of affordable housing for employees in Capitola
 - Housing allocation numbers are significantly higher than what it was in the past
 - Negative community preconception towards additional housing and development in Capitola
 - Not enough action from the City to encourage and bring affordable housing to the City
 - Hotel conversion is not a viable option in Capitola
 - Traffic congestion
 - Limited alternative transportation option in Capitola
 - Lack of connected transportation grid in the region
 - Requires significant streetscape changes, which may not be feasible
 - Housing is a net service sink
 - Every new housing unit diminished the level of service in the City (infrastructure, police, fire, etc)
 - Lack of incentives for businesses to build housing
 - Fear towards SB 9
 - Density and height limitations

5. Sites Inventory

- Capitola Mall
 - Opportunity for mixed-use housing development
 - Likely where residents will have jobs, can easily commute to work
 - Consider subdividing the mall and taking into account leasing duration of tenants, multiple ownership, and feasibility of housing development to identify a site with least disturbance
 - Merlone Geier proposed converting Sears into 629 housing units in 2019
- 41st Avenue
 - Vacant lots along 41st avenue
 - Prime for infill/redevelopment
- Land adjacent to King's Plaza (owned by Ow Commercial)
 - Interest in multifamily housing (affordable, market rate, etc)
- School sites
 - Possibly converting a portion of the school into affordable housing
 - Schools allow up to two ADUs on site for school workers
- Churches
 - Any underutilized properties or buildings can be an opportunity for affordable housing
 - Fairfield Inn used to be a church that got converted into a hotel
- New Brighton State Park
 - A major portion of land within Capitola
 - Look into any opportunities for affordable housing
 - 600 Park Avenue
- Ideal sites
 - Close to jobs
 - Adjacent to existing services
 - Vacant land
 - Underutilized properties
- Accessory Dwelling Units (ADUs)
 - City has recently launched pre-approved ADU prototypes to help streamline the permitting process and reduce cost

6. Opportunities / Ideas

- Educate property owners
 - Exchange of free land for higher density affordable housing units
 - More profit opportunities for property owners
- Look for opportunities to incentivize property owners to build housing
- Capitola Mall and 41st Avenue are high interest opportunity sites
 - 41st Avenue has opportunity for higher density development
- Santa Cruz County has water system plans and Sanitation District has a master plan that shows sufficient capacity in the future
- The City is currently working on adaptive signals to mitigate traffic impacts
- Educate Capitola residents by appealing to their need
- Increase height limit along 41st avenue to allow for additional housing
- Rezone to allow minimum 20 du/acre and increase upper limit
- Funnel select residential projects to planning approval to streamline the process
- Reduce parking size standards
- Ground lease City-owned properties to non-profit housing organizations

7. Strategic Partnerships

- Habitat for Humanity Monterey Bay
 - Completed affordable housing project in Capitola approximately 10 years ago
 - Has interest in further partnership to build affordable housing in the City
- Eden Housing – Non-Profit Affordable Housing Advocate
 - Eden is partnering with market rate developers to allow more units to be built
- School districts
 - Have underutilized land that can be used for housing, but don't have the funds to build
- Religious congregations
- Ow Commercial
 - Land adjacent to King's Plaza
 - Interested in buying properties for housing
- Merlone Geier
 - Capitola Mall

- Community Action Board of Santa Cruz County
 - Strong understanding of housing issues in Capitola and directly works with people struggling to find affordable housing

List of Interviewees

Andrea Mares-Quiroz - Community Action Board of Santa Cruz County, Inc
Benjamin Ow, Ow Commercial
Brian Froelich, Senior Planner, City of Capitola
Doug Kaplan, Lomak Group
Elyssa Sanchez - Community Action Board of Santa Cruz County, Inc
Erica Nunez-Zarate - Community Action Board of Santa Cruz County, Inc
Jamie Goldstein, City Manager, City of Capitola
Jane Barr, Eden
Jeff Hodge, Owner of Santa Cruz Toyota and Santa Cruz Subaru
Jennifer Cosgrove, Intero
Jessica Khan, Director of Public Works, City of Capitola
Katie Herlihy, Community Development Director, City of Capitola
Kris Munro, Santa Cruz City Schools
Lourdes Arellano-Perez - Community Action Board of Santa Cruz County, Inc
Michael Lavigne, Compass
Owen Lawlor, Lawlor Land Use
Satish Rishi, Habitat for Humanity Monterey Bay
Scott McPherson, Merlone Geier
Scott Turnbull, SUESD

Planning Commission and City Council Study Sessions

On February 2 and 9, 2023, and June 1 and 8, 2023, public meetings with the Capitola Planning Commission and City Council were held as study sessions focused on the Housing Element Update. Staff and the consulting team made brief presentations to the Planning Commission and City Council that provided an overview of the Housing Element update process, as well as the City’s approach to the Regional Housing Needs Assessment (RHNA). The study sessions were properly noticed, agendized, and advertised on the City’s website and social media platforms. Comments from the City Council centered around the sites inventory analysis, ranging from ideas on specific site locations for housing to broader-level ideas to streamline and meet the RHNA housing allocation for the City.

Permit Information and Guidance	<p>3. Attend Planning Commission meeting on June 1, 2023 at 6 pm.</p> <p>At the Planning Commission meeting, the City’s Housing Consultant Team (RRM Design and VTA, Inc.) will provide an overview of the 6th Cycle Housing Element. The Planning Commission will open a public hearing to receive public comment on the draft document.</p> <p>WHEN: Thursday, June 1, 2023 TIME: 6:00 pm WHERE: City Council Chambers, Capitola City Hall, 420 Capitola Avenue, Capitola, CA 95010 VIRTUAL:</p> <p style="text-align: right;">Meeting link: https://us02web.zoom.us/j/84769092900?pwd=anpWVWlQamFzT3BGUm54QStJWtdwQT09 (link is external) Dial in by Phone: 1 (669) 900 6833 or 1 (408) 638 0968 Meeting ID: 847 6909 2900 Meeting Passcode: 379704</p> <p>4. Attend the City Council meeting on June 8, 2023 at 6 pm.</p> <p>At the City Council meeting, the City’s housing consultant team (RRM Design and VTA, Inc.) will present an overview of the 6th Cycle Housing Element. The City Council will open a public hearing to receive public comment on the draft document.</p> <p>WHEN: Thursday, June 8, 2023 TIME: 6:00 pm WHERE: City Council Chambers, Capitola City Hall, 420 Capitola Avenue, Capitola, CA 95010 VIRTUAL:</p> <p style="text-align: right;">Meeting link: https://us02web.zoom.us/j/83328173113?pwd=aVRwcWN3RU03Zzc2dkNpQzRWVXAydz09 (link is external) Dial in by Phone: 1 (669) 900 6833, 1 (408) 638 0968, 1 (346) 248 7799 Meeting ID: 833 2817 3113 Meeting Passcode: 678550</p>
Vacation Rentals	
Zoning Maps	
Zoning Ordinance	
View Full Contact Details	
<p>Contact Information</p> <p>General Inquiries: planning@ci.capitola.ca.us</p> <p>Building Inquiries: building@ci.capitola.ca.us</p> <p>Building Counter Hours 9 a.m. - 12 p.m. Mon - Fri</p> <p>Planning Counter Hours 1 p.m. - 4 p.m. Mon - Fri</p>	

Joint Study Session with Planning Commission and City Council

On March 16, 2023, a meeting with the Capitola Planning Commission and City Council was held as a joint study session focused on the sites inventory, analysis, and site selection. Staff and the consulting team made a brief presentation to the Planning Commission and the City Council that provided an overview of the sites inventory, analysis, and site selection for potential allocation for the Housing Element. There were a small number of public comments made during the joint study session, but they were limited to issues relating to existing mobile home developments. The joint study session was properly noticed, agendized, and advertised on the City’s webpage and social media platforms.

The screenshot shows the City of Capitola website. At the top, there is a blue banner that says "Capitola Village is Open!". Below this is a navigation menu with four main categories: "Local Government", "City Services", "Community", and "I Want To...". Under "Local Government" are "City Council & Committees", "City Services" includes "Departments & Resources", "Community" includes "Activities & Culture", and "I Want To..." includes "Apply For | Connect With | F". There is a search bar and social media icons for Facebook, Instagram, and YouTube. The main content area is titled "Community Development" and features a sidebar menu with items like "Building", "Applications and Forms", "Resources and Documents", "Accessory Dwelling Units", "Affordable Housing", and "Advance Planning". The main content area displays a "2024 - 2031 Housing Element Update" with a "How to Participate:" section. It lists two ways to participate: attending a joint session on Thursday, March 16, 2023, at 6:00 pm at City Hall, or completing a housing questionnaire.

Community Workshops

On February 16, 2023, City staff and consultants hosted the first of two community workshops to solicit public input on the 2024-2031 Housing Element. The workshop was advertised on the City’s website and social media platforms, as well as materials posted at public facilities. Invitations to participate were also sent directly to stakeholders via email. Staff and consultants gave a presentation that provided an overview of the housing element update process. A virtual poll was conducted during the presentation to gather feedback from participants to gauge perceived housing needs and preferred locations for potential future housing. The Community Workshop presentation can be furnished by City staff on request. Participants were able to share their ideas and concepts to address the City’s housing needs and trends by participating in a group discussion at the conclusion of the presentation.

Community Development

Building	<h4 style="margin: 0;">City of Capitola Housing Element Update - Virtual Public Workshop</h4> <div style="border: 1px solid black; padding: 5px; margin: 10px 0;"> <p style="margin: 0;">Thursday, February 16, 2023 - 6:30pm Add to your calendar ></p> <p style="text-align: right; font-size: small; margin: 0;">Back to calendar</p> </div> <p style="font-size: small; margin: 10px 0;">The City of Capitola is in the process of updating the 2023-2031 Housing Element. The Housing Element is a part of the City’s General Plan and includes goals, policies, and programs for adequately housing our future population.</p> <p style="font-size: small; margin: 10px 0;">Please join us for a virtual community workshop to learn about the Housing Element Update process. We want to hear from you on your ideas!</p> <p style="font-size: small; margin: 10px 0;">Zoom Link: https://rmdesign.zoom.us/j/89256605234?pwd=aHhBUUJVVWNTDhRU0VEQ1BVV01wdz09</p> <p style="font-size: small; margin: 10px 0;">Call into the meeting: +1 669 900 6833</p> <p style="font-size: small; margin: 10px 0;">Meeting ID: 892 5660 5234 Passcode: 984328</p> <p style="font-size: small; margin: 10px 0;">For questions/comments, please contact Katie Herlihy, Community Development Director at kherlihy@ci.capitola.ca.us</p> <p style="font-size: small; margin: 10px 0;">For more information about the City’s Housing Element update, please visit our webpage: https://www.cityofcapitola.org/communitydevelopment/page/2024-2031-housing-element-update</p>
Applications and Forms	
+ Resources and Documents	
Accessory Dwelling Units	
+ Affordable Housing	
+ Advance Planning	
Capitola Fee Schedule	
Code Enforcement	
Outdoor Dining	
Permit Information and Guidance	
Vacation Rentals	
Zoning Maps	
Zoning Ordinance	

Contact Information

2023-2031 HOUSING ELEMENT UPDATE

VIRTUAL COMMUNITY WORKSHOP

CAPITOLA

The City of Capitola is in the process of updating the 2023-2031 Housing Element. The **Housing Element** is part of the City’s General Plan and includes goals, policies, and programs for adequately housing our future population.

Join us for a virtual community workshop to learn about the Housing Element Update process. We want to hear from you on your ideas!

WHEN Thursday, February 16, 2023
6:30 - 7:30 p.m.

WHERE Zoom (virtual)

HOW

Zoom Link
<https://rmdesign.zoom.us/j/89256605234?pwd=aHhBUUJVVWNTDhRU0VEQ1BVV01wdz09>

Call into the meeting: +1 669 900 6833
Meeting ID: 892 5660 5234
Passcode: 984328

Questions?

For questions or comments, please contact Katie Herlihy, Community Development Director at: kherlihy@ci.capitola.ca.us

City Website

Visit the City’s webpage for more information on the Housing Element: <https://www.cityofcapitola.org/communitydevelopment/page/2024-2031-housing-element-update>

On May 16, 2023, City staff and consultants hosted the second of two community meetings regarding the 2024-2031 Housing Element. The workshop was advertised on the City’s website and social media platforms, as well as materials posted at public facilities. Invitations to participate were also sent directly to stakeholders via email. Staff and consultants gave a presentation that provided an overview and update of the housing element update process. The Community Meeting presentation can be furnished by City staff on request. Participants were able to share their ideas to address the City’s housing needs and trends by participating in a group discussion at the conclusion of the presentation.

MAY 2023 ISSUE 1

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Capitola Waves

The City of Capitola Bi-Monthly E-Newsletter



Wharf Resiliency & Public Access Project Approved!

INSIDE THIS ISSUE:

- Housing Element
- Wine Walk
- Wharf Plaque Survey
- Tree Stump Art Project
- Latest Council Action

The City is thrilled to announce that during the May 11 Council Meeting the Capitola Wharf Resiliency and Public Access Improvement Project was approved, and staff has been authorized to advertise for construction bids. Staff anticipates opening bids as soon as May 15.

The project includes work to widen and strengthen the Wharf as well as repairs of storm damage from earlier this year. Staff is hopeful that construction will begin sometime this late summer/early fall and that the Wharf project will be complete by summer 2023.

For more information on the status of this exciting project, visit the City’s website.



We Want Your Feedback on Housing!

The first draft of the **Capitola Housing Element Update** was published on May 10 for public review and comment. The Housing Element is one of the seven State-required “elements” or chapters that comprise the City’s General Plan and includes goals, policies, and programs, to be implemented during the planning period to meet current and future housing needs within the City. The Housing Element provides an analysis of the City’s population, economic, and housing stock characteristics, in addition to a comprehensive evaluation of housing programs and regulations. The following are ways to participate in the discussion:

- Review the Draft Housing element and submit public comment. Review and submit public comment/questions by Friday June 9. Submit via email to kherlihy@ci.capitola.ca.us or mail to City Hall at 420 Capitola Avenue.
- Attend Virtual Community Meeting on May 16, at 6 PM via zoom. At the virtual community meeting, the City’s Housing Consultant Team will provide an overview of the 6th Cycle Housing Element Update. Comments and Q&A to follow. Meeting Link: <https://us02web.zoom.us/j/81650075653>
- Attend the Planning Commission Meeting June 1 at 6PM (virtual or in person)
- Attend the City Council Meeting June 8 at 6PM (virtual or in person)

Village Sip & Stroll

Enjoy sipping local wines and beers while strolling through the charming shops and boutiques in Capitola Village. This fun event is on **Saturday, May 13 beginning at 11AM** and is hosted by the Capitola Village and Wharf Business Improvement Area. To buy tickets and learn more, click this [link](#). Pre-registration is \$40 and includes:

- Capitola Village Sip & Stroll commemorative glass
- 12 two-ounce pour tickets to be used as you shop
- A map to locate which Village shops are hosting

On May 13, Wineries & Brewery will be pouring wine in shops from noon to 5PM for your shopping enjoyment. This event will be held rain or shine.



Join Our Team

Work with Us!

There are several opportunities to work for the City of Capitola. Click [here](#), to apply today!

Hourly/Seasonal:

- Recreation Leader I (part-time)
- Recreation Leader II (part-time)
- Rec Program Assistant Coordinator

Career/Fulltime:

- Police Officer - Lateral Recruitment

Public Review Draft

On May 10, 2023, the Public Review Draft was published online, and printed copies were made available at City facilities, including City Hall, for 30 days. The Public Review Draft was distributed to local and regional stakeholders and organizations listed in the List of Interviewees above. Also, an email notifying over 100 interested parties was sent.

Community Development

	Building
	Applications and Forms
+	Resources and Documents
	Accessory Dwelling Units
+	Affordable Housing
-	Advance Planning
	2024 - 2031 Housing Element Update

2023 - 2031 Housing Element Update

Capitola Housing Element Update - Public Review Draft (5/10/2023)

The first draft of the Capitola Housing Element Update was published on May 10, 2023 for public review and comment. The City is seeking feedback on the draft. The following list includes multiple ways to participate in the discussion and help shape the future of housing in Capitola.

1. Review the Draft Housing element and submit public comment.

The first draft of the Capitola Housing Element Update was published on the Capitola website and is available in print at City Hall and the Capitola Library. The 30-day public review extends from May 10, 2023 to June 9, 2023. Interested members of the public are encouraged to review the document and submit public comment/questions by Friday June 9, 2023. Public comment may be submitted via email to kherlihy@ci.capitola.ca.us, or mail to City Hall at 420 Capitola Avenue, Capitola, CA 95076.

Housing Questionnaire

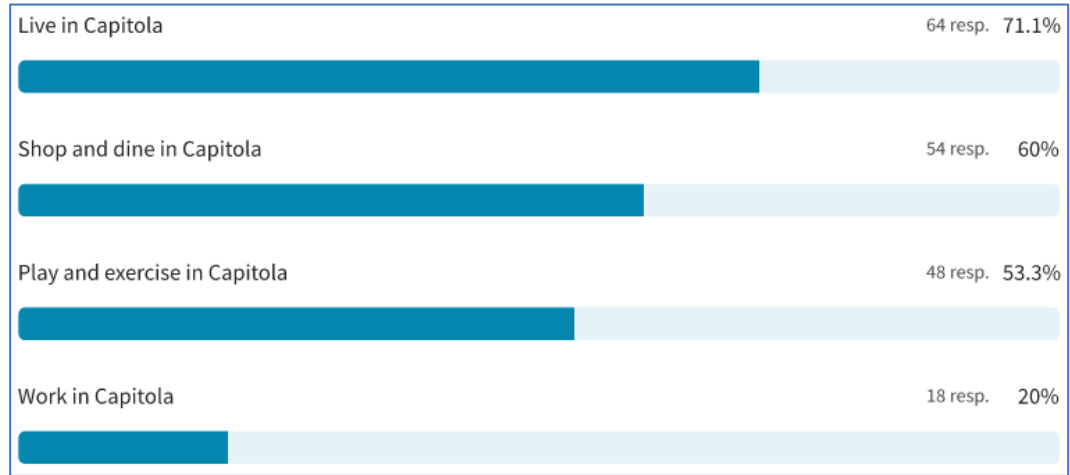
On November 14, 2022, the City launched an online questionnaire on the Housing Element webpage. A printed poster notifying the public of the questionnaire was provided at public facilities, including City Hall. The questionnaire was made available online until March 21, 2023, with a total of 92 responses. Participants were asked to provide feedback on current housing conditions, concerns, and/or preferences for the Housing Element team to consider. Other questions including demographics, age, and connection to the City of Capitola were asked to better understand the range of participants responding. The questionnaire consisted of 22 questions designed to get input on the following:

- Participants Orientation (Questions 1-5)
- Preferred New Housing Locations (6-7)
- Favored Housing-Related Strategies and Programs (8-10)
- Perception of Difficulty Finding Housing (11-14)
- Perceived Condition of Neighborhoods and Properties in Capitola (15-16)
- Level of Support for Various Housing Developments (17-19)
- Perceived Housing Challenges and Issues (20-29)

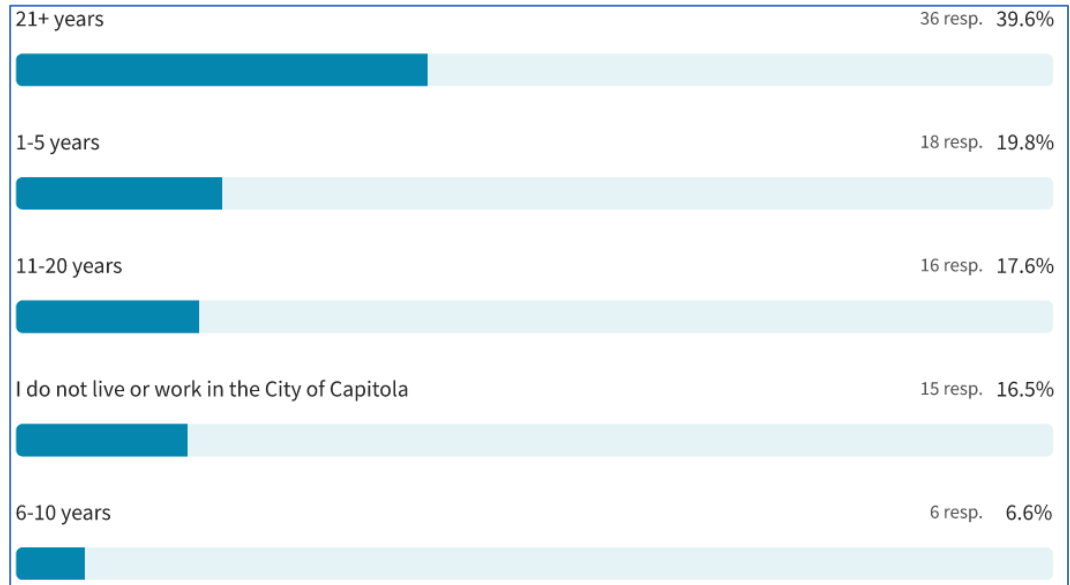
Participant Orientation

The survey's introductory question was aimed at understanding participants' relationship with the City of Capitola. The majority of respondents, 71%, "live in Capitola." 40% of participants indicated that they have lived in worked in Capitola for over 21 years. The majority of respondents are over the age of 65 (36%) or between the ages of 35 and 54 (30%). When asked if participants rent, own a home, or rent a rental property, the majority (52%) indicated that they "own a home" in Capitola.

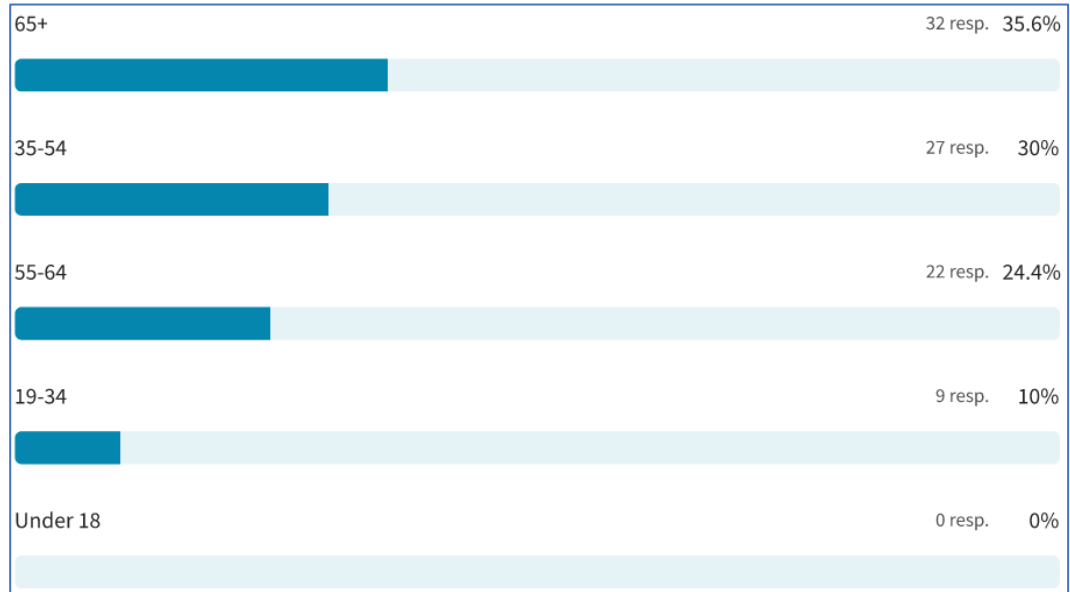
Question 1: What is your primary connection to the City of Capitola?
(select all that apply)



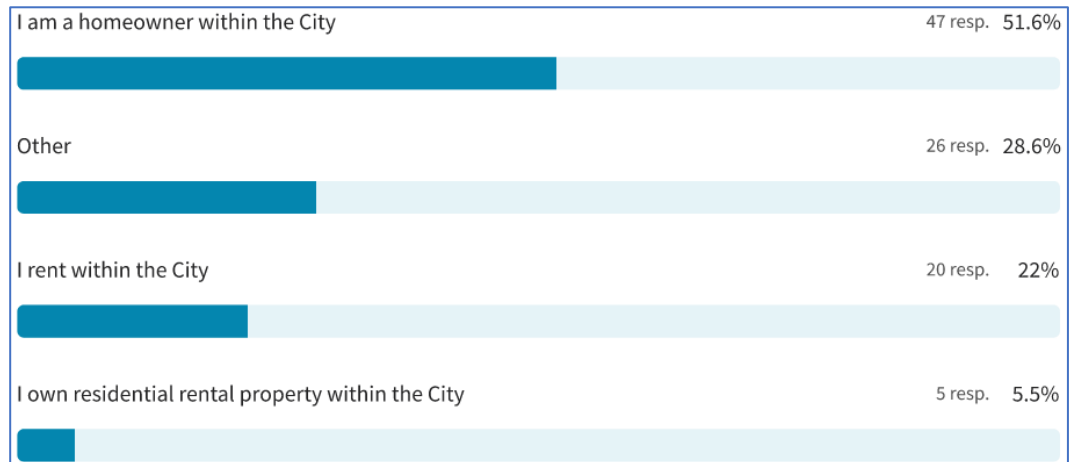
Question 2: How long have you lived and/or worked in the City of Capitola?



Question 3: What is your age?



Question 4: Do you rent, own a home, and/or own a residential rental property within the City? (select all that apply)



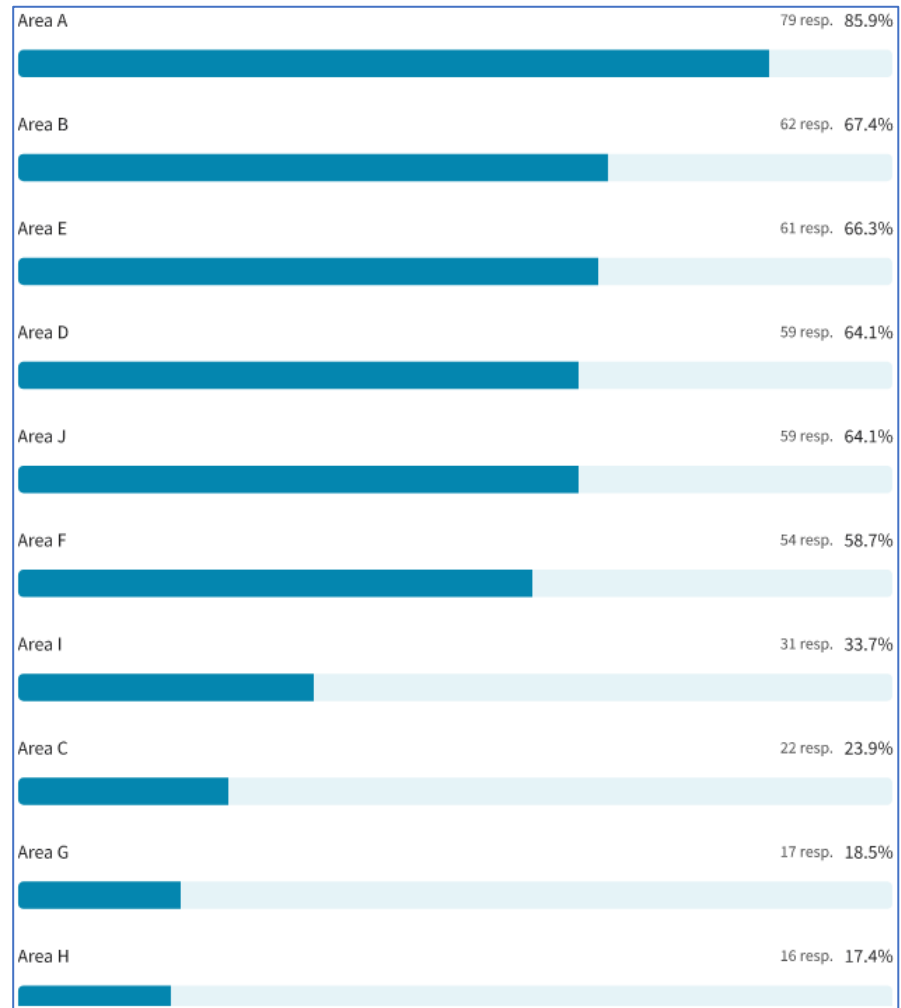
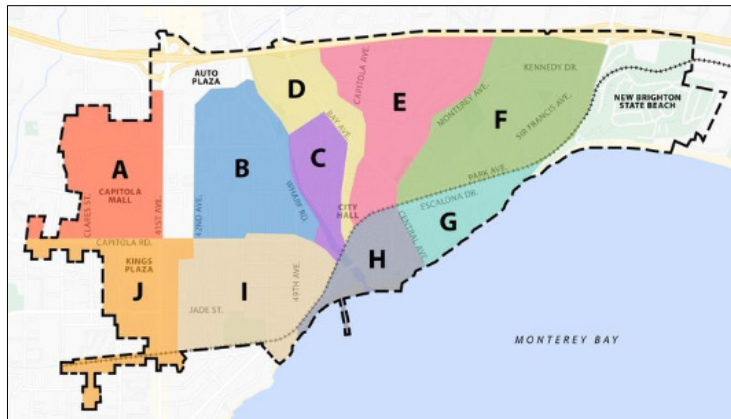
Question 5: If you selected other, please write in your response here:

My disabled son lives in Capitola
Own/live on the Capitola-Soquel border.
I live 1.7 miles from Capitola. Drive/bike through daily. Family members live, work and school within Capitola.
I am a Student at UCSC
I own in Live Oak
I do not live or own property in Capitola, but housing is a regional issue. What Capitola does affects adjacent jurisdictions in the region.
I do not live or own property in Capitola
I have a business in Capitola
Student at UCSC who would like to live in Capitola
I rent in unit in SC
I conduct business but do not have a store-front in Capitola
I live outside the city limits in Aptos
I live and work in Santa Cruz County.
I own a home in Pleasure Point.
Live in Live Oak area
I am a homeowner in Live Oak, very close to the Capitola line, so we are sort of functionally part of the community, if not technically.
own a home in Santa Cruz
I shop and play in Capitola
Live in unincorporated Santa Cruz County
I have family members that rent in Capitola
I rent in Aptos
I own home 🏠 on 32nd Ave
I do not own residential property in Capitola
I live in Santa Cruz County
My disabled son lives in Capitola

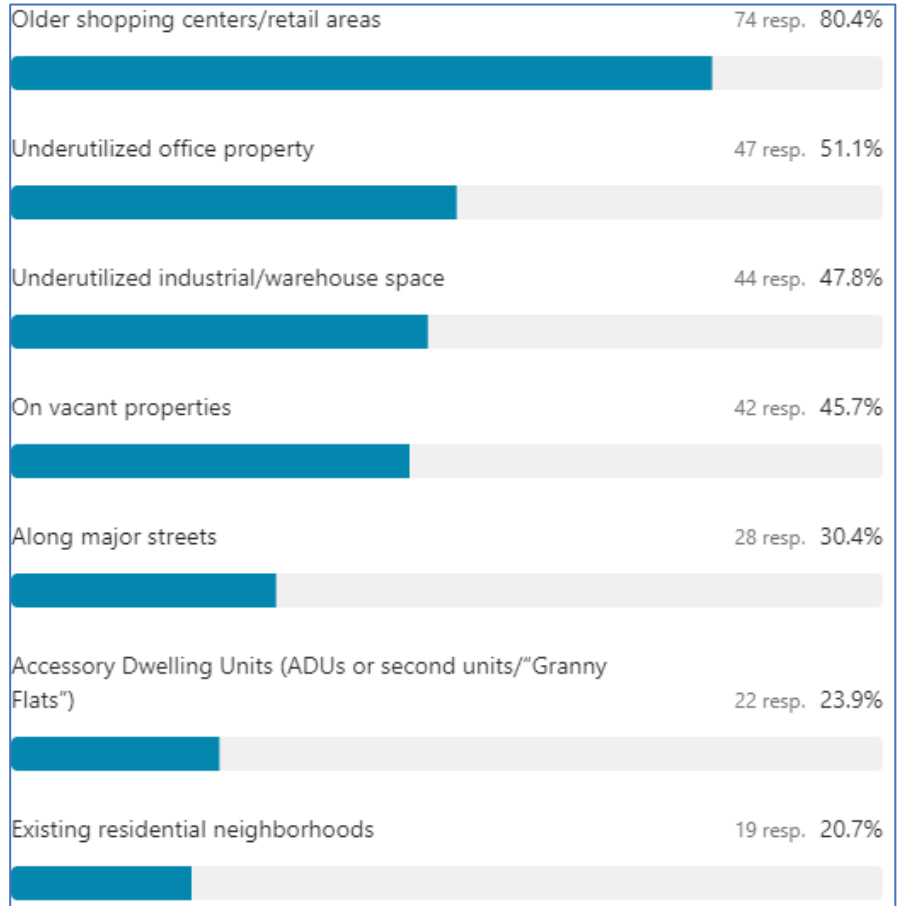
Preferred New Housing Locations

Questions 6 and 7 were designed to identify respondents' favored locations for new housing in Capitola. The majority of respondents (86%) indicated they preferred new housing to be located in "Area A" and in "older shopping centers/retail areas" (80%).

Question 6: As noted previously, the City of Capitola is required to plan for at least 1,336 new housing units during the 2024-2031 planning period. The City is working to identify strategies to meet this obligation. Based on the map provided below, please identify the areas where you think new housing within the City should be prioritized. (Please select five.)



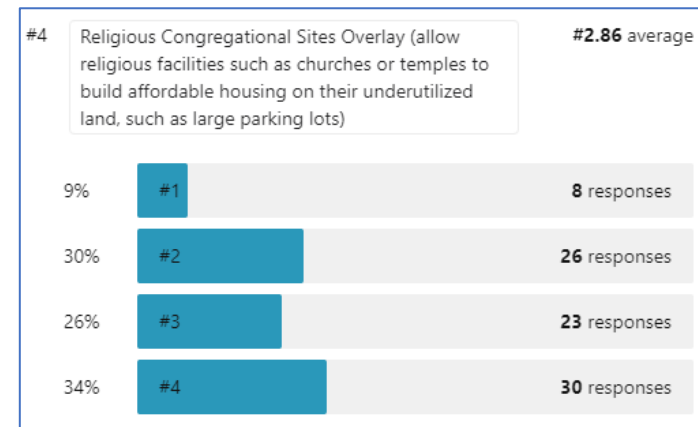
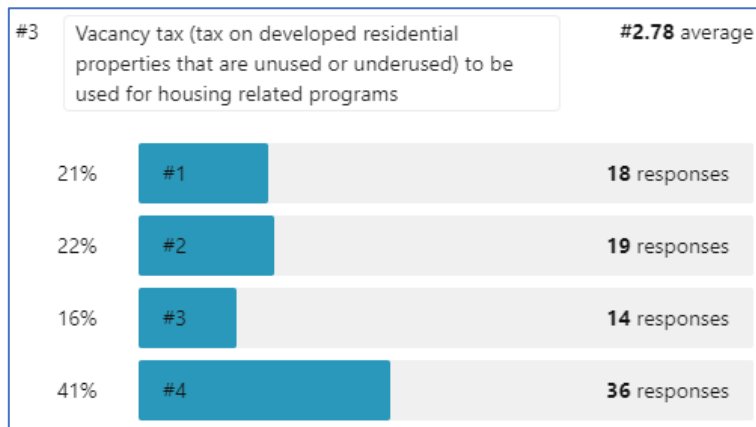
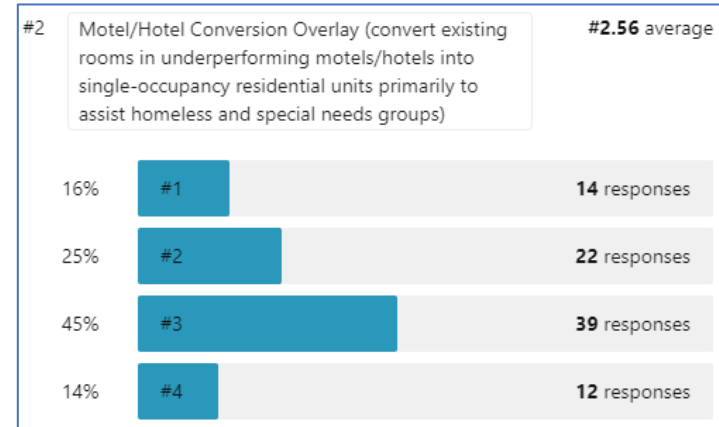
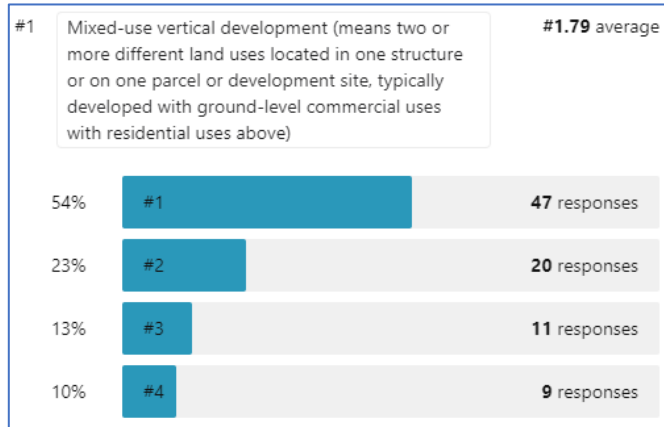
Question 7: Please select the top opportunity areas where you would most like to see additional housing opportunities in Capitola. (Select three choices.)



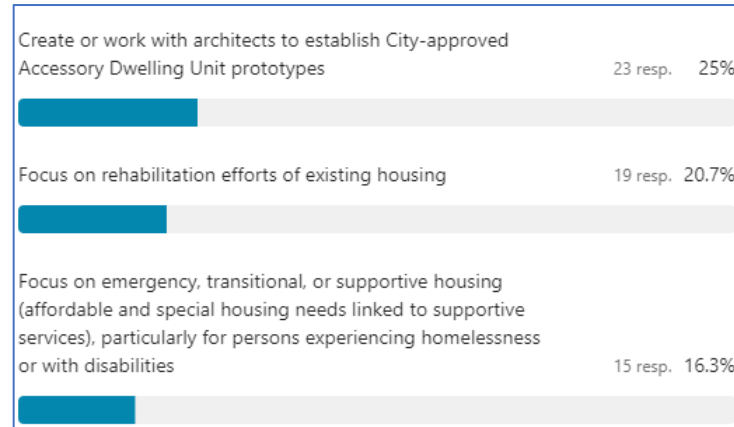
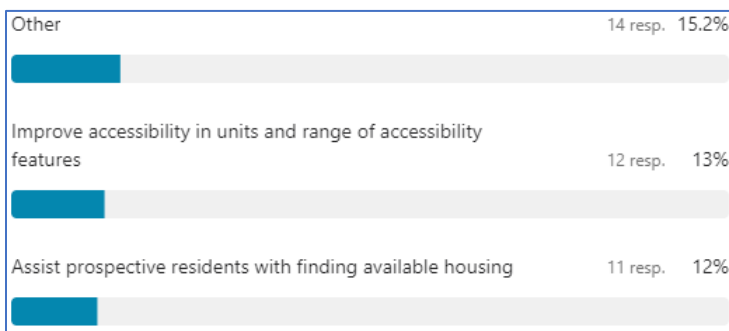
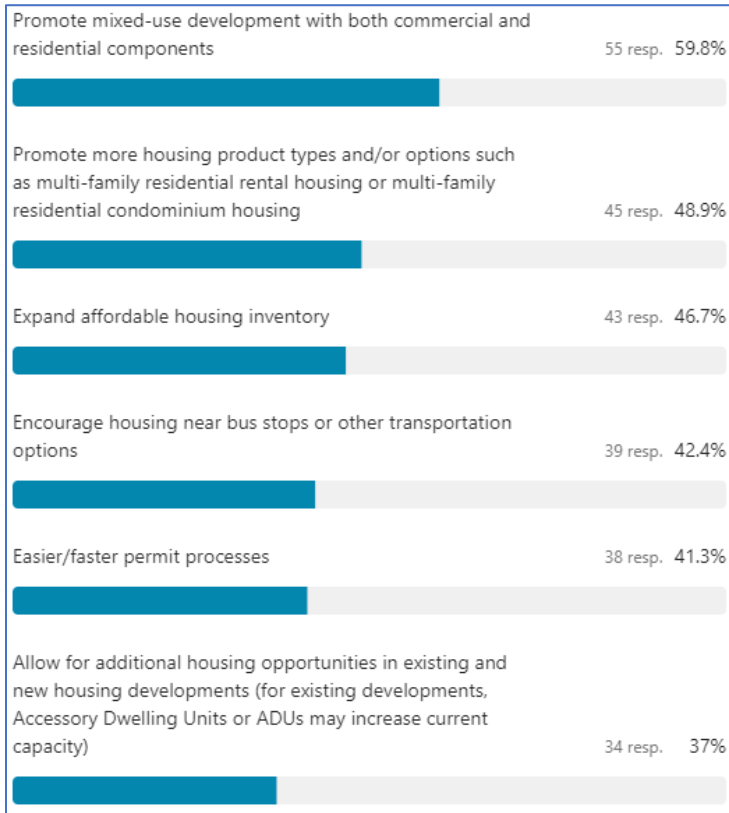
Favored Housing-Related Strategies and Programs

Questions 8, 9, and 10 asked respondents about their preferred strategies and programs to provide additional housing in Capitola. The majority of participants indicated that they prefer “mixed-use vertical development” for providing additional housing in Capitola. The majority of participants are in favor of the City of Capitola promoting “mixed-use development with both commercial and residential components” as a primary housing-related program.

Question 8: Please rank the following strategies the City should consider implementing to provide additional housing in Capitola.



Question 9: What types of housing-related programs and/or activities do you believe the City should concentrate on over the next eight (8) years? (Please select the top five priorities.)



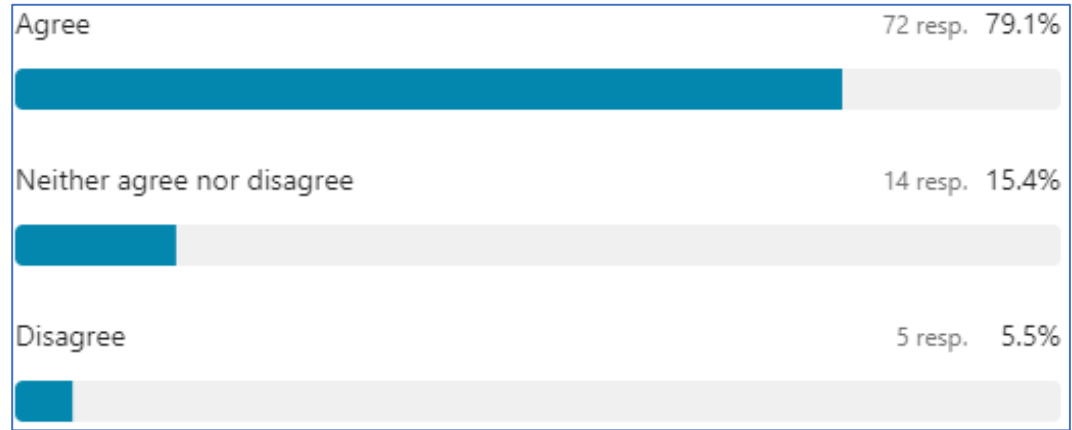
Question 10: If you selected Other, please write in your response here:

Protect existing neighborhoods from overdevelopment
Place affordable housing equally in the city. Consider the Jewel Box and Depot Hill which seem exempt from this type of housing save for the very few duplexes, et al. Develop in the Rispin Mansion instead of creating another park at a reprehensible cost to the taxpayers.
Let's not just cram more units in without addressing the needs of the entire community ie, schools, parks, open space, infrastructure maintenance, water, parking.
Assist and support resident owned mobile home parks and reinstate rent control for those residents that are suffering from the loss of it.
Request that fewer additional units be required to be built
Eliminate single family zoning
Consider abolishing zoning. Plans to limit the availability of homes are plans for creating homelessness.
My biggest fear is the loss of the ability to be a homeowner. Big developers creating "affordable housing" is rental property. That will never allow folks to gain generational wealth. We need a mix of rentals AND condo/apartment/single family.
Too many vacation rentals are in the area and displacing people who would otherwise live year round in Capitola.
Universal design features for increase in accessibility housing with all housing
Capitola will lose its uniqueness without a plan that preserves the existing neighborhood concepts. I mean this is a ten year plan. What are we supposed to look like in 100 years?
Leave R1 neighborhoods alone!
convert unused buildings to housing.

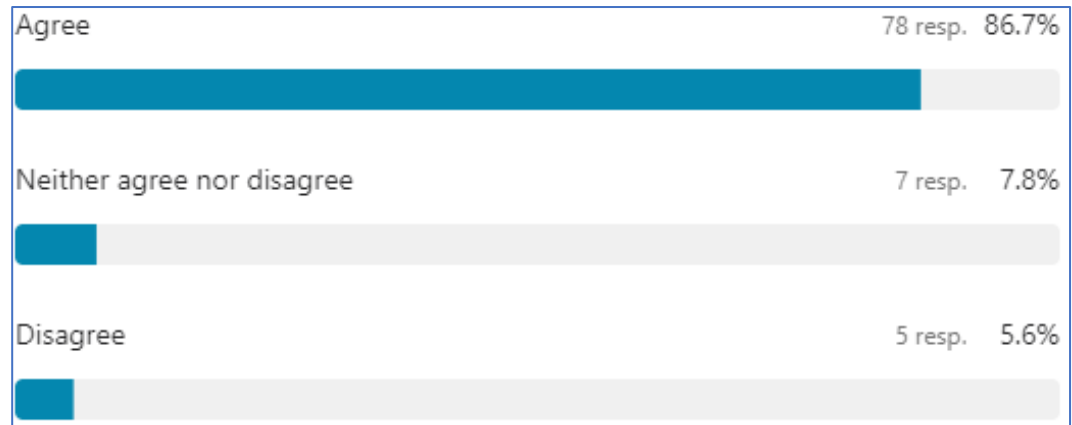
Perception of Difficulty Finding Housing

Questions 11 through 14 asked participants if they agree, disagree, or neither agree nor disagree with the level of difficulty of finding housing in Capitola. The vast majority of respondents indicated that they agree that it is difficult ‘to find affordable rental housing’ (79%) and “affordable housing for ownership” (87%) in Capitola. The majority of respondents indicated that it is difficult “to find rental available housing” (68%) and “available homes for purchase” in Capitola (67%).

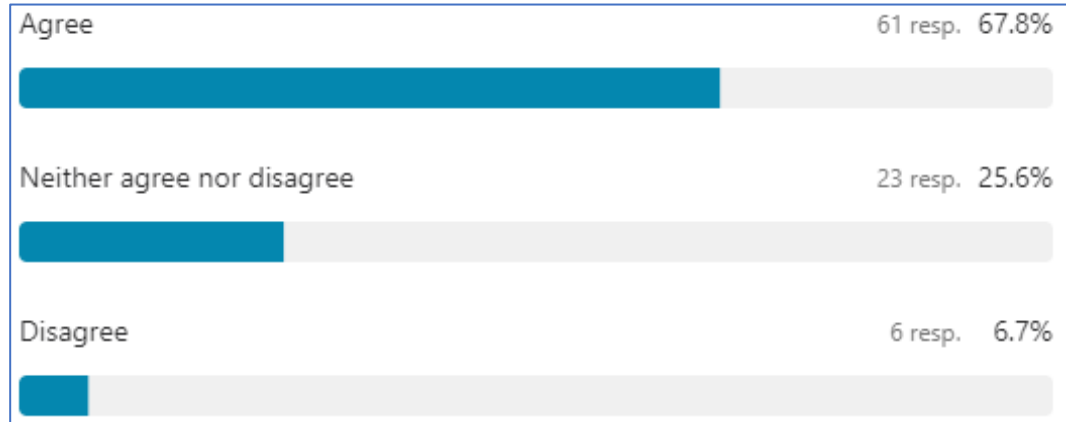
Question 11: Select whether you agree, disagree, or neither agree nor disagree with the following statement: It is difficult to find affordable rental housing in the City of Capitola.



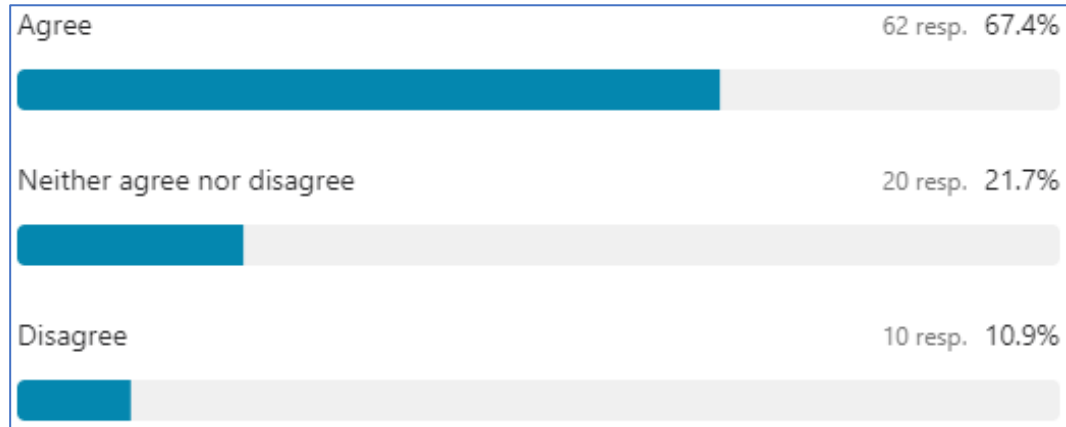
Question 12: Select whether you agree, disagree, or neither agree nor disagree with the following statement: It is difficult to find affordable housing for ownership in the City of Capitola.



Question 13: Select whether you agree, disagree, or neither agree nor disagree with the following statement: It is difficult to find available rental housing in the City of Capitola.



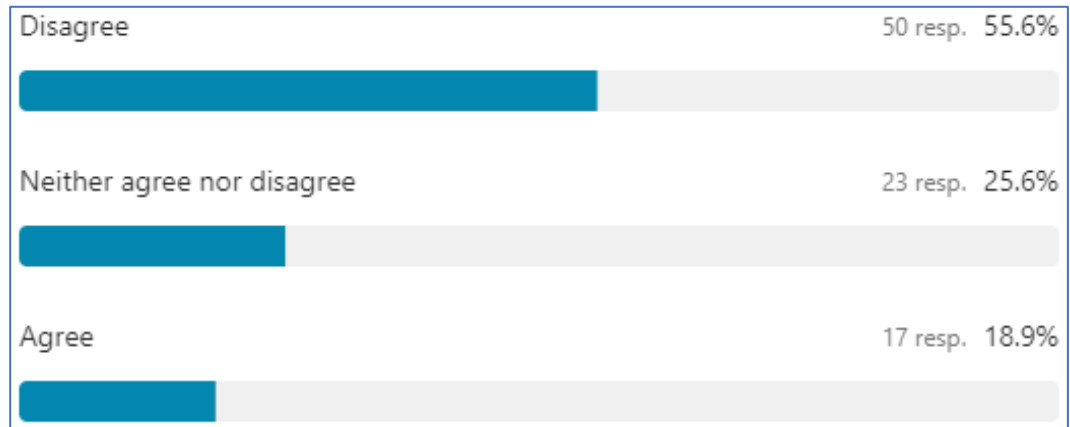
Question 14: Select whether you agree, disagree, or neither agree nor disagree with the following statement: It is difficult to find available homes for purchase in the City of Capitola.



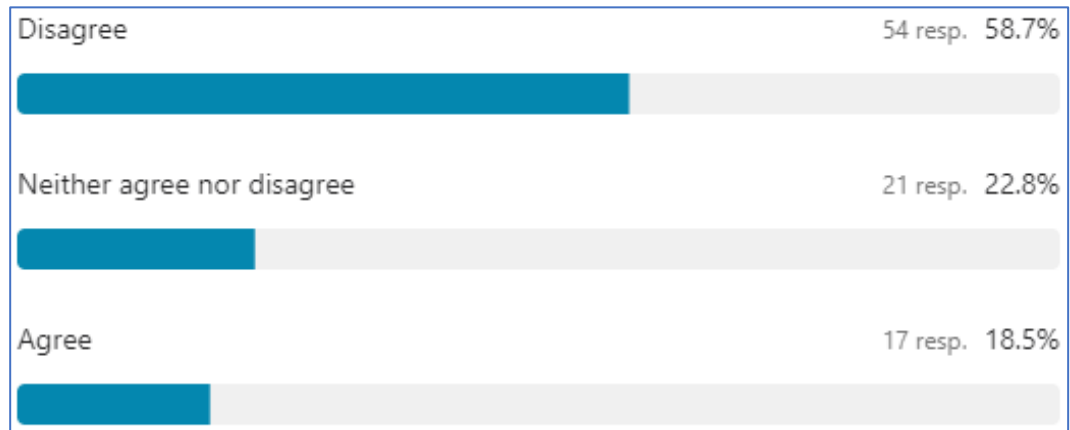
Perceived Condition of Neighborhoods and Properties in Capitola

Questions 15 and 16 asked participants about their perceived condition of neighborhoods and properties in the City of Capitola. The majority of respondents indicated that they “disagree” that the condition of neighborhoods (streetlights, sidewalks, parks, etc.) is the foremost challenge facing the City of Capitola (56%). When asked if participants perceive the condition of existing housing and property maintenance as the foremost challenge facing the City of Capitola, the majority indicated they “disagree” (59%).

Question 15: Select whether you agree, disagree, or neither agree nor disagree with the following statement: The condition of neighborhoods (streetlights, sidewalks, parks, etc.) is the foremost challenge facing the City of Capitola.



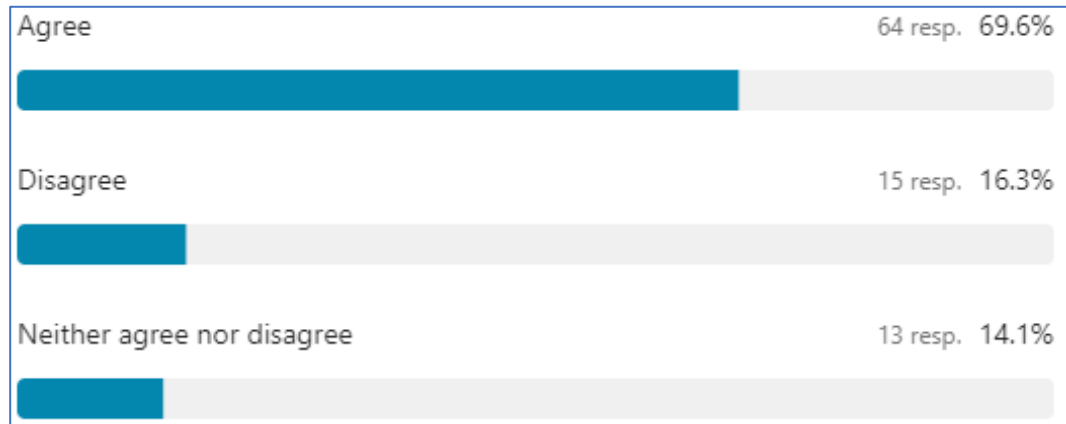
Question 16: Select whether you agree, disagree, or neither agree nor disagree with the following statement: The condition of existing housing and property maintenance is the foremost challenge facing the City of Capitola.



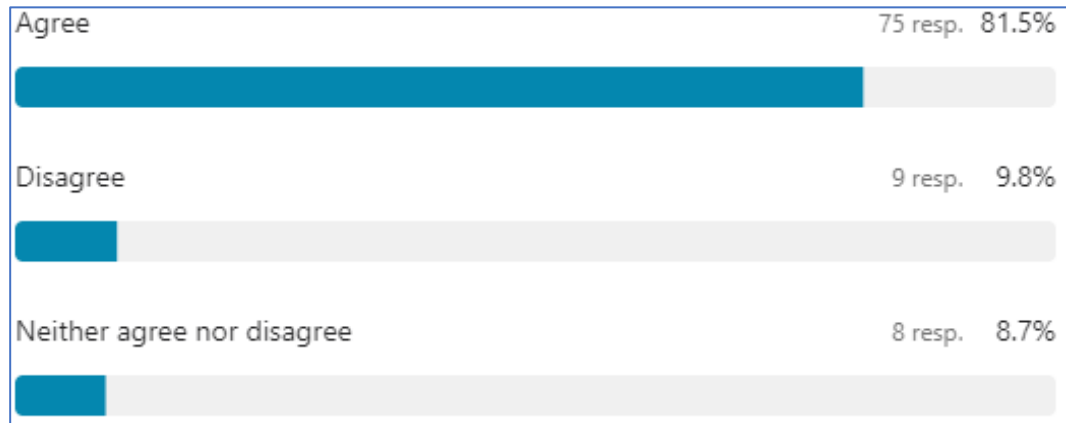
Level of Support for Various Housing Developments

Questions 17, 18, and 19 asked respondents about their support of housing developments in the City. When asked if participants ‘agree’ with the support of Accessory Dwelling Units in existing residential neighborhoods, the majority of respondents strongly agreed (70%). When asked if respondents ‘agree’ with support of additional mixed-use housing on 41st Avenue Corridor, the majority strongly agreed (82%). When asked if respondents ‘agree’ with development of mixed-use housing at the Capitola mall, the majority of participants strongly agreed (86%).

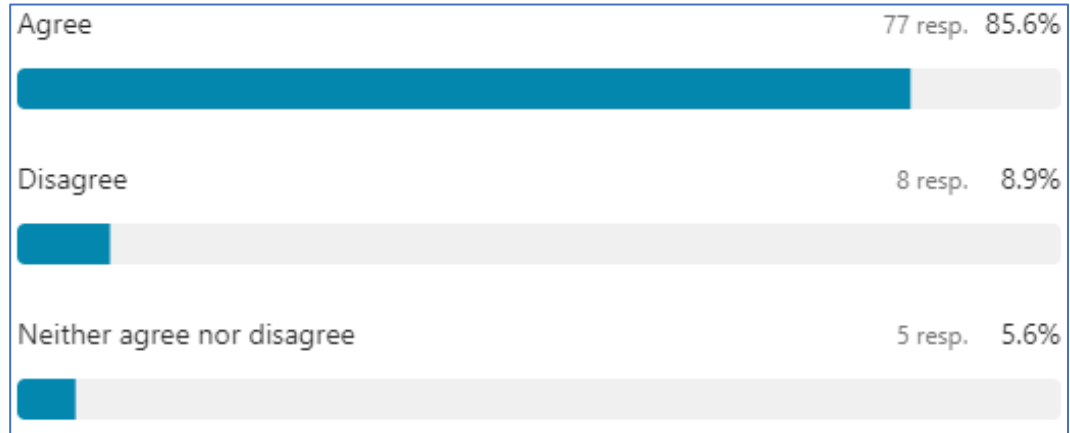
Question 17: Select whether you agree, disagree, or neither agree nor disagree with the following statement: I support the development of Accessory Dwelling Units (Second Units/“Granny Flats”) in existing residential neighborhoods.



Question 18: Select whether you agree, disagree, or neither agree nor disagree with the following statement: I support the development of additional mixed-use housing on 41st Avenue Corridor.



Question 19: Select whether you agree, disagree, or neither agree nor disagree with the following statement: I support the development of mixed-use housing at the Capitola Mall.

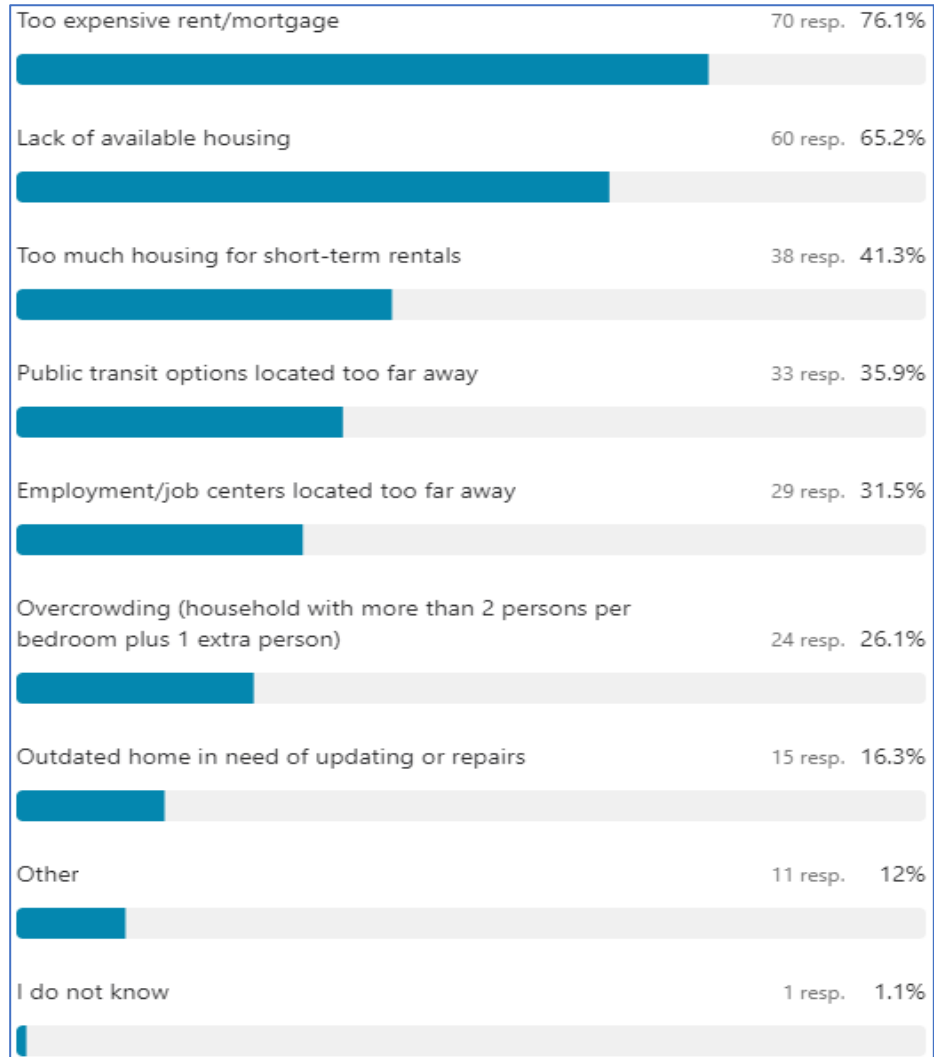


Perceived Housing Challenges and Issues

Question 20 asked participants about their perceived housing challenges and issues. When asked about the main challenges in the City of Capitola, the most favored responses included ‘Too expensive rent/mortgage’ (76%), ‘Lack of available housing’ (65%), and ‘too much housing for short-term rentals’ (41%). While the majority of participants indicated that they have not experienced any housing issues (44.8%), other respondents indicated they have experienced ‘Insufficient income to afford living in Capitola’, ‘Other’, ‘Adult children living at home due to the inability to afford housing’, and ‘struggle to pay rent or mortgage’. When asked about factors affecting housing discrimination in the City, participants selected ‘Not Applicable’ (36%) and ‘Source of Income (including using public assistance for housing payments)’ (25%). Respondents indicated that they felt the ‘City of Capitola’ (32%), ‘Department of Housing and Urban Development (HUD)’ (17.9%), and ‘Santa Cruz County Housing Authority’ (17.9%) were the most prevalent factors in housing discrimination in the City. When participants were asked to select the groups with the greatest need for housing and related services, the most popular responses included ‘Single-parent head of household’ (75%), ‘Young adults (19-24 years old)’ (65.2%), ‘Seniors (65+ years old)’, and ‘Persons experiencing homelessness’ (63%). Other responses included low-income individuals and young professionals.

The final poll question allowed participants to submit free responses related to any ideas that the City should consider for creating more housing opportunities or as part of its Housing Element Update. Ideas included mixed-use development supported by public transit, penalizing illegal short-term rentals, dispersing housing developments throughout the city, and streamlining permit processes, among others.

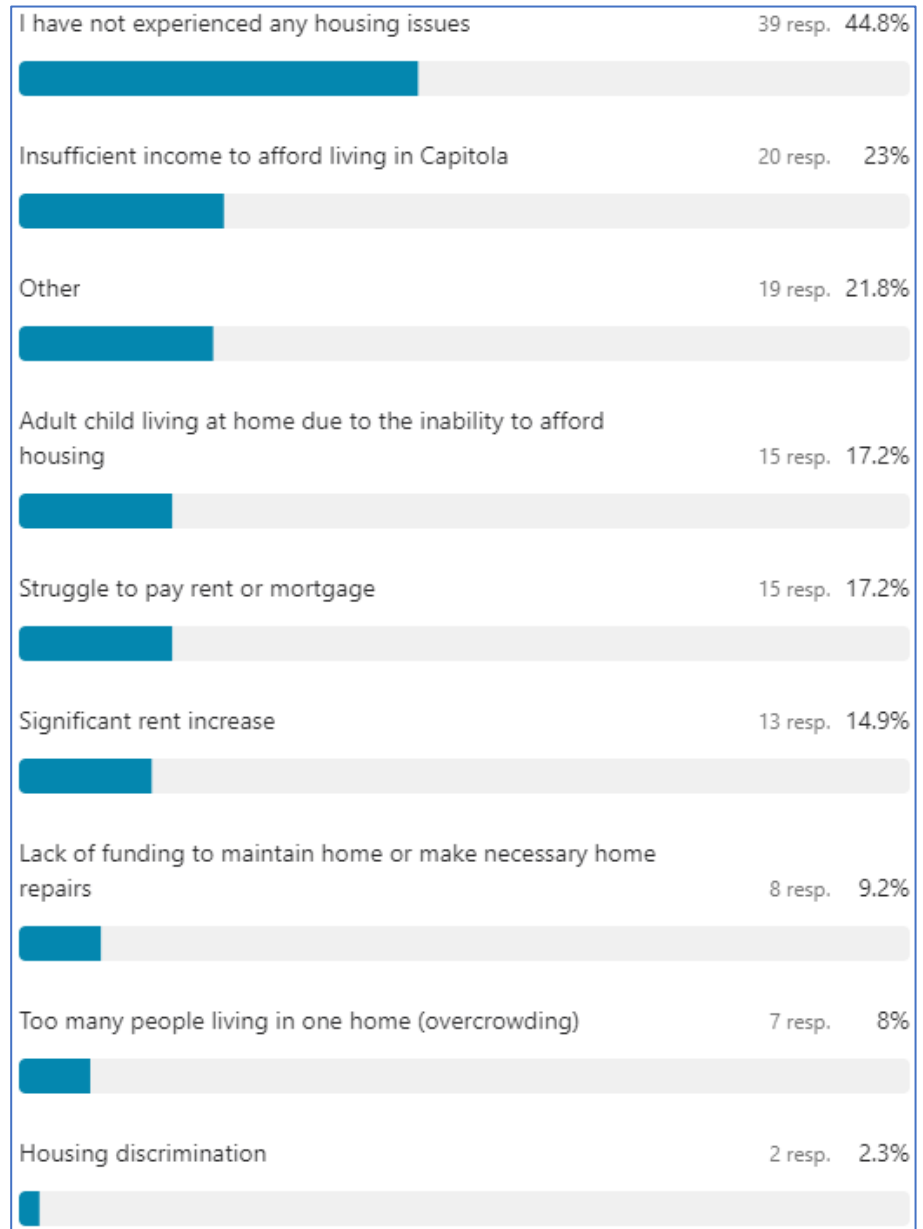
Question 20: What are the main housing challenges in the City of Capitola? (choose all that apply)



Question 21: If you selected Other, please write in your response here:

Maintain the Capitola charm. Resist over development.
Capitola is crowded. There are multiple granny units; they are often illegal. I live in the Heights and there are 5 homes in a very small space. We can hear each other cough. The Rispin Mansion is a boondoggle of epic status. Where is the water coming from for all these additional people? As it is, we keep buckets in my shower, mellow yellow, etcetera and you tell us you are adding more people! City should focus on re-paving streets and placing utilities underground. 41st Avenue is full of potholes yet it is the entrance to this, supposedly, tourist town.
The loss of rent control for low income residents who depended on it for their housing security
Too many wildly overpriced homes bought up by wealthy out-of-town second and third home-buyers that then sit empty. We need a vacancy tax to discourage this!
Restrictive zoning
No available vacant land
Mixed use Zoning which allows for 15 minute walkable neighborhoods and access to basic needs without driving
Providing relevant service for senior homeowners needing help with home repairs.
NIMBY not in my backyard residents - who oppose everything and anything - 1/3 of the houses in Capitola have people living in them. These people vote - just owning property gives no one any say in laws or implementation
Capitola could improve safety, bike lanes, etc for bikers
No land to build on other than mall site. Need to balance sales tax revenue against cost of services for additional housing,

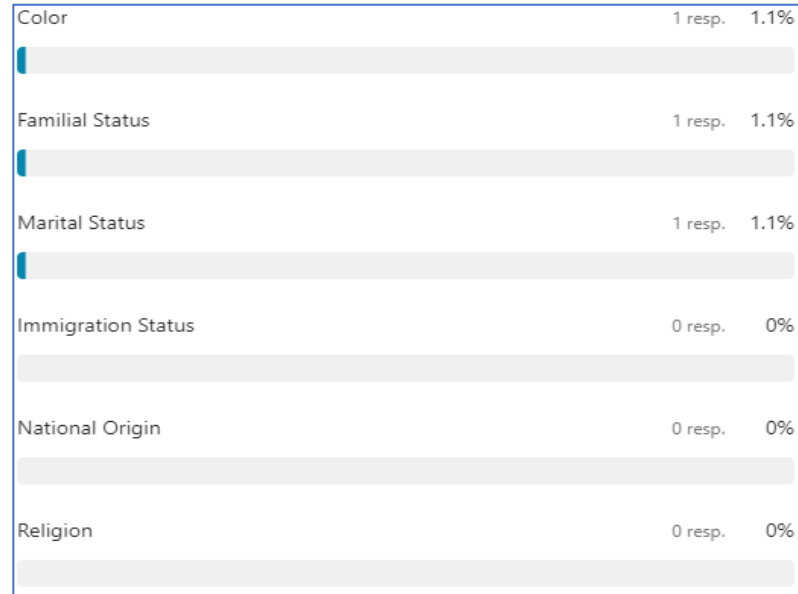
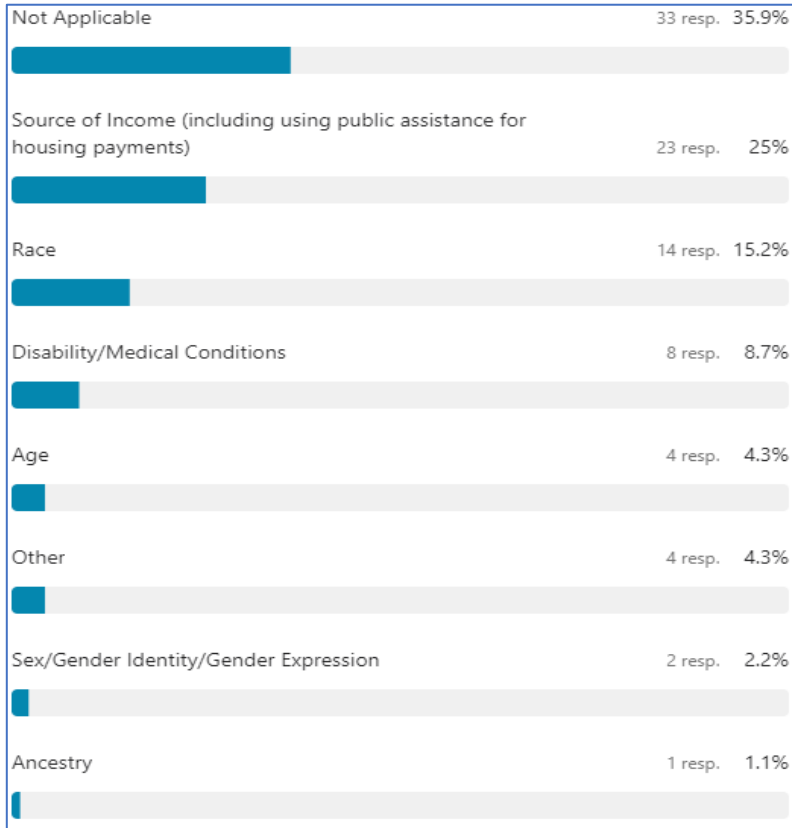
Question 22: If you live in the City of Capitola, within the past five (5) years have you experienced any of the following housing issues? (select all that apply)



Question 23: If you selected Other, please write in your response here:

My grandson has experienced homelessness. He was born at Sutter Maternity Center to a middle class family.
Live on the outskirts of Capitola, not in the city itself
Albeit of an older generation, we worked 47 years each to be able to afford to live then retire here. It rankles to see the culture change to "give me/give me".
None
My apartment building was purchased 101 Grand Ave. the new owners immediately raised our rent by hundreds of dollars and changed our current lease to not including utilities which added another 200.00 on top of the 300.00 additional rent increase. They then stopped maintaining the building. The intention is to use 101 Grand Ave. as an Airbnb with short term renters instead of long term tenants. One by one we all moved out. It was a complete nightmare because as we moved out they started demolishing the units. It was truly the most stressful situation. I happily lived there for 5 years prior to these new owners. They don't care about human beings. They only care about money. Depot Hill is a charming place to live. Their idea of short term housing in an area that is already lacking in long term housing is bad for the community.
Too many second homes that sit empty nearly year round are destroying the ability to create community and keeping from locals from living in our area.
I have not lived in Capitola
I don't live in Capitola
N/A
I do not live in the City of Capitola, I'm outside the city limits.
Lack of affordable housing in City of Capitola.
neighbors, who overcrowd their house with tenants, construction materials and work, and rodents, but call the police if someone parks in front of their house - city doesn't seem to care
I have not lived in the city of Capitola.
do not live in Capitola
Heating for home is too expensive for me, even with new heat pump units
do not live in the city
I do not live in Capitola, I could not find affordable rental within Capitola.
Limited housing stock for sale
n/a

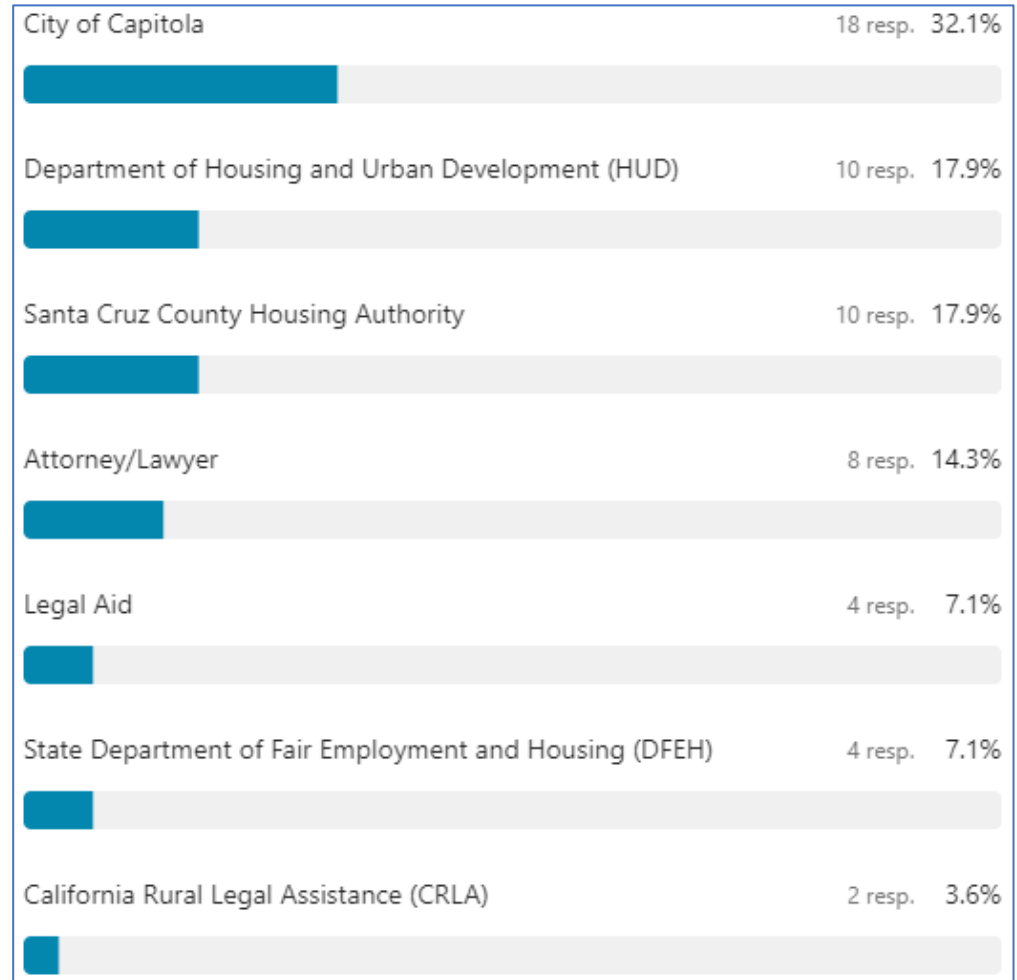
Question 24: State and federal Fair Housing laws prohibit discrimination in the sale, rental, and financing of housing against the protected classes. Of those, which do you think is the most prevalent factor in housing discrimination in the City? (please select one)



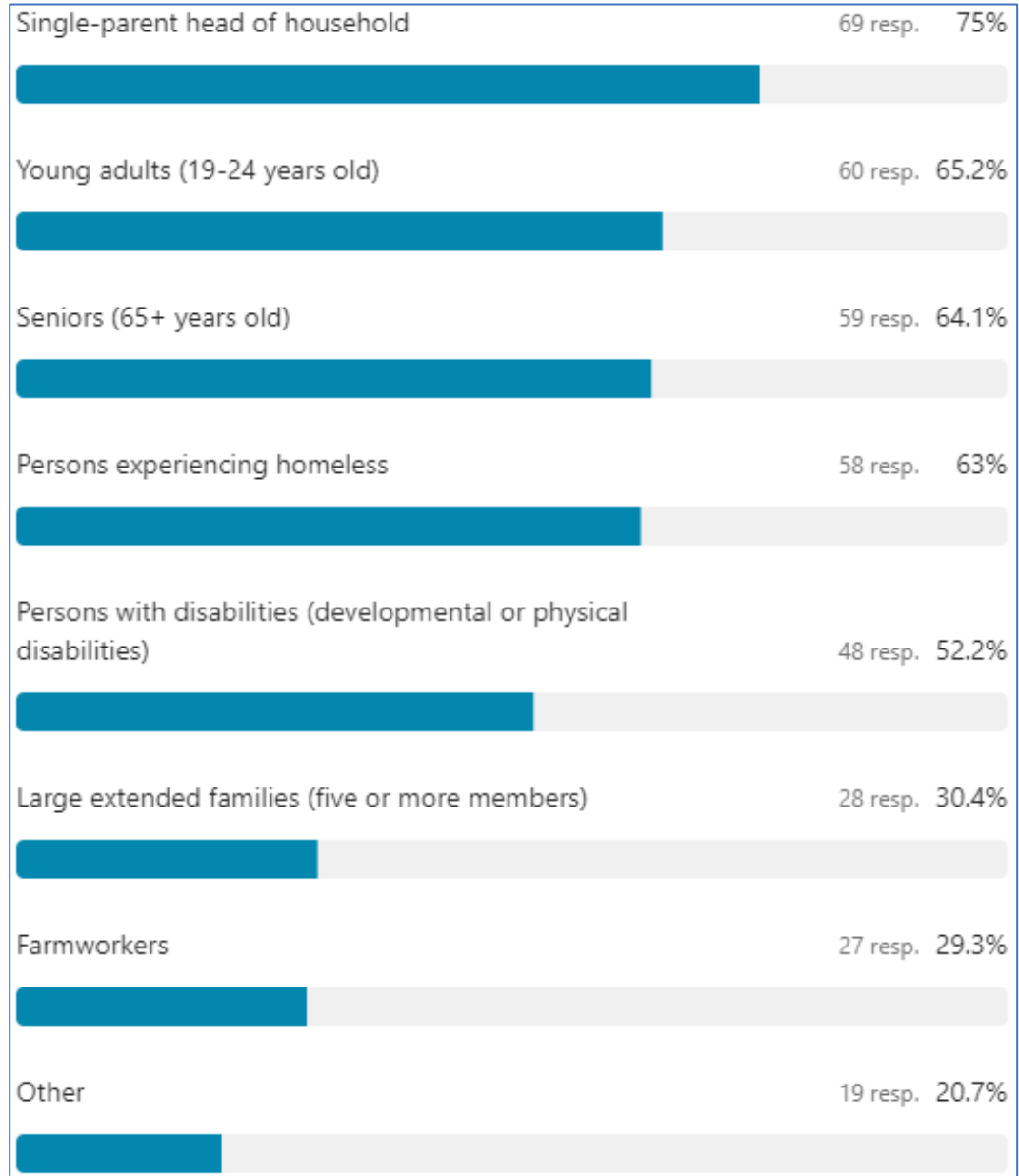
Question 25: If you selected Other, please write in your response here:

My street houses people of all races, creeds and income levels.
Income - we are living through the worst income inequality in one hundred years
unknown

Question 26: State and federal Fair Housing laws prohibit discrimination in the sale, rental, and financing of housing against the protected classes. Of those, which do you think is the most prevalent factor in housing discrimination in the City? (please select one)



Question 27: Please select the groups with the greatest need for housing and related services in the City. (select four choices)



Question 28: If you selected Other, please write in your response here:

Young professionals (25-35 years old)
Those employed in Capitola
First time home buyers
City Workers, School employees
Students
Middle class earners, like teachers, can't afford a home even if there are two earners in the household.
Senior homeowners needing financial assistance to stay in their homes.
Those with Section 8 Vouchers from Housing Authority is being denied housing because of having Section 8 Vouchers. Individuals and families are being discriminated and is illegal under the State of California with the Department of Fair Housing and Employment.
young families, who want to surf
Low income groups
Low income
I only had 2 that I wanted to choose. I don't agree with forcing a choice so I selected other.
unknown

Question 29: Are there any other ideas you would like to suggest the City consider creating more housing opportunities or as part of its Housing Element Update? (Please write in your response)

Turn the mall and major roads into mixed use development well-supported by public transit
Encourage shared housing
Stiff fines for illegal short term rentals
Rispin, Capitola Mall, other empty spaces.
Develop the Capitola Mall. like Santa Row. Or European Centers with shops and gyms day cares and other services downstairs and 2-3 bedroom apartments upstairs with communal living spaces on the roof .. like Facebook main campus. Hire that architect. Save units for teachers and police and fire fighters to lease/ rent at reasonable rents.
Spread out potential housing sites - do not concentrate all identifies sites in one area
The City's plan should equally distribute the housing options throughout the City and not just where there are already a plethora of affordable housing options. A prime example of unequal distribution is the proposed 44th Ave/Capitola Road project which is an area of considerable affordable housing in place.

As previously stated, my wish is to retain the essence of Capitola's charm and beauty by not cramming units in without a commitment to support all residents in the infrastructure and integrity of the community where taxes are paid.
Encourage developers to create more housing with reduced fees and, if the city of Capitola owns property, move forward with development. The process takes years and we don't have time on our side.
Capitola needs to take into consideration all human circumstances and accommodate all without discrimination. Everyone deserves to have shelter and a place to rest. Not having shelter causes so many other issues in a persons life.
More Granny units really to me just means more studios for rent that are super expensive. It really does not help the situation. In fact it makes the housing situation worse because of the expected rental income that teachers cant even afford.
ADU - ease the restrictions
A better survey. Q #22 makes no sense, many other Qs require uneducated guesses.
We all agree that we need affordable housing. The City of Capitola is beautiful place because of all the work City leaders have done in the past years. We cannot over build just for the sake of more housing. The City must make the hard decisions and keep the charm and quality of life. We can meet the numbers of housing that the state is requesting simply by allow existing family homes add ADUs, Granny Flats or split homes into duplexes. The new housing would allow younger folks and families to move in and at the same time benefiting existing property owners.
Rent reduction or reinstate supplemental financial support for households impoverished by the loss of Rent Control especially in my mobile home park because I live on \$100/mo after paying rent, utilities, car insurance and internet.
The City can create housing opportunities without highest density footprints. Development needs to be scaled responsibly and allocated throughout the City; not simply concentrated along the 41st Avenue corridor.
The City of Capitola should streamline permit processes, increase maximum density far above the required 20 du, increase height regulations, and incentivize developers to build affordable housing. Increasing density reduces sprawl
Turn the out-dated, failing Capitola Mall into a large scale 100% affordable housing community featuring mixed-use, including retail and restaurants.
AFFORDABLE HOUSE SHOULD BE WELL DESIGNED, PARKED AND LIVABLE. IT SHOULD NOT BE SUBSTANDARD TO MAKE IT AFFORDABLE.
Consider any & all Options! Do not be deterred! How about Redtree property at bottom of freeway exit?
- Eliminate single family zoning - Add developer incentives for density/height for Transit oriented development, 100% affordable, student housing, and working family housing (2br+) - Adopt a form based zoning code - Create additional commercial/mixed use zones to allow for "15 minute" walkable neighborhoods - Affirmative further fair housing by specifically encouraging low income and multifamily development in opportunity areas / formerly redlined areas - Add tenant protections to prevent displacement - Update laws to allow ministerial approval by city staff of high-quality projects, i.e. under 50 units, or any 100% affordable projects, and pre-approved ADU standards - Remove parking requirements for new housing - Make a realistic Site Inventory - parcels that can actually be developed based on size, and have real redevelopment interest - Plan for a total number of units that goes at least 30% above the required number for capacity buffer
Consider abolishing zoning. If not completely abolishing zoning consider significantly increasing allowable development by setting much higher height limits, nearly eliminating setback requirements, nearly eliminating parking requirements and other items that impede the construction of housing.
Find several locations near jobs or transit that are zoned to allow 5-over-2 mixed use multi family development.

I believe that private landlords and property management companies are the biggest factor in Fair Housing violations. Per Fair Housing the first qualified renter should be offered the opportunity. Santa Cruz Property Management, RE 831, and others collect 50+ applications and fees before offering the units. There should be classes at the library on how to boost credit scores, get rental packets together and how to report fair housing violations!
Affordable homes for first time home buyers and available inventory for long term rentals
Develop the mall property into a mixed use, multiple story, including priced/affordable housing, with wrap-around services
Approve affordable housing projects through an expedited process.
Looser height restrictions, build downtown, incentives to build affordable housing
We are limited on space, and overcrowded as is. Build houses in Merced, Central CA where there is Millions of acres of land! Work with the County to lower Capitola numbers and increase SC / Watsonville that has more land than Capitola. Our infrastructure is taxes, we don't have the space on our Roads, Water, Sewer, Electrical, and School systems. I want to live in Pebble Beach, but i can afford to. Maybe they will subsidize a house i can afford?
Less Commercial, more affordable Residential monitor illegal Short Term Rental
Build multiple story housing.
Join with other cities to fight the state forcing housing mandates on cities.
Housing should be infill, multi-use, easy access to basic needs, safe-walkable, and close to transit. Urban design should include connecting communities, built with street level vibrancy, easy access community commons an easy walk from development, urban forests and community gardens to connect people with each other, nature, source of food, and access to opportunity via public transit which benefits everyone and the local economy. The Capitola Mall is a great location for housing but don't maintain it as a concrete jungle. This is a great opportunity to create a new walkable community with lots of trees and gardens and connecting spaces, as well as dense housing. Let's create affordable housing that ANYONE would want to live in.
Investigate non-profit models of housing, "social housing" as done in other nations. Also, explore "missing middle" types of multifamily development, townhomes and courtyard complexes.
Support passenger rail and metro as well as more housing near public transit
Bay Avenue, around the Nob Hill/CVS area, would be a great place for denser multi-family infill housing as it's in an already-developed zone, offers food and medicine shopping within quick walking distance, and its building heights would be non-disruptive. And: thanks for this survey!
Provide resources for financial assistance to seniors trying to stay in their homes and repairing them.
We need more accessible housing for seniors and people with disabilities. The City has a poor record of letting go like Capitola Gardens and not building any affordable housing. We need mixed of workforce housing, families, seniors, and people with disabilities. Universal designed can increase access to accessible housing significantly. The Capitola mall is a perfect and ideal location.
instead of lying about how long the permit process takes, tell the truth(a year or more)
Pretty much anything to promote density and walkability. Capitola has a weird grid with lots of parking lot surface area, intense arterial "stroads", and a lot of SFDs that are too big and look like they're made of cheap materials. I find it pretty grim, to be honest, and only come out to Capitola because it is convenient to my home in Live Oak (which has all the same problems, FWIW). I think more mixed-use projects and multifamily housing, and more pedestrian friendly streets, would be great for the city and give it a more vibrant character (there are neighborhoods where I am nervous running in broad daylight because all the huge ugly houses are in dumb little cul-de-sacs or whatever, so there are NO eyes on the road, except in the cars that are driving

too fast on all the through streets; it really is pedestrian hell) while at the same time providing badly-needed housing. Making it easier to build ADUs is a great stopgap, and I support that as well as making it easier to build duplexes and triplexes or convert SFDs to duplexes and triplexes, but long-term, Capitola is going to be pretty sad and undesirable if it doesn't densify and do something about its car-centric, hyper-suburban development pattern. Anything you all can come up with to address that, little by little, is great.
Higher FARs near transit possibilities
Some data would be helpful. I don't have a way to assess who is being discriminated against or who the vulnerable populations are
Take advantage of SB 35 to increase development of housing
Does your fee structure incentivize building single-family homes (including second homes) over multi-family homes? Can you shift the incentive so that multiple units make more sense than single family on the expensive lots that are bought and flipped
Paths to home ownership.
Yes. Water, sewer, streets, parking, municipal services, parks, youth activities all should be weighted for the impact on the City and adequacy of city services, police and law enforcement, library, pge, water, and impact on existing schools, roads and traffic, and overall quality of life!
Allow multilabel adu on large property
Send notice to neighbors and allow them to choose if an ADU is appropriate on their street.
Capitola will never be able to provide 1300+ housing units without destroying the city and residential neighborhoods. The city should maintain its current FAR and max bldg height rules. RESTORE LOCAL CONTROL! If you can't afford to live here, go somewhere where you can.
Rezoning of underutilized industrial land for mixed use development
Please increase the infrastructure needed to support more traffic and law enforcement
The city should look to Atherton, which is challenging the state mandate. Even though the intentions are different, Capitola is landlocked and lacks undeveloped spheres. The state's policy is unrealistic.
Increase the housing unit number for the Capitola mall redevelopment plan
None
Focus on multi-story tiny studio apartments in Capitola Mall. Watch y tube video "New Yorkers living large in Small Spaces" for tiny apartment ideas. ideas. Also use vacant businesses for apartments- rezone them for business/ housing uses.
Easier and faster permit process. More permissive zoning with little/no ground floor retail requirements.

Housing Questionnaire Summary

Participants represented a variety of backgrounds and experiences with the City and had differing opinions on housing needs and implementation strategies. However, several main themes emerged from the questionnaire responses:

- **Who participated?** The vast majority of participants were homeowners from Capitola and have lived and/or worked in the City limits for over twenty-one (21) years.
- **Preferred New Housing Locations.** Participants were strongly in favor of Area A as the preferred area for the City to prioritize new housing in the City. The top three preferred opportunity areas for additional housing opportunities included older shopping centers/retail areas, underutilized office property, underutilized industrial warehouse space, and vacant properties.
- **Favored Housing-Related Strategies and Programs.** Participants were supportive of vertical mixed-use development with both commercial and residential components. Many expressed concern for protecting residential neighborhoods from “overdevelopment”, while others support rental and for-sale affordable housing opportunities throughout the city.
- **Perception of Difficulty Finding Housing.** Participants strongly agreed that it is difficult to find affordable and rental housing and affordable and available housing for ownership in the City of Capitola.
- **Perceived Condition of Neighborhoods.** Participants generally disagreed that the foremost challenges facing the City are the condition of neighborhoods and the condition of existing housing and property maintenance.
- **Level of Support for Various Housing Developments.** The majority of participants support the development of Accessory Dwelling Units in existing residential neighborhoods and the development of additional mixed-use housing on 41st Avenue Corridor.
- **Perceived Housing Challenges and Issues.** Participants were mixed on the main housing challenges in the City of Capitola, with some expressing that too expensive rent/mortgage costs were the main challenge, while others attributed challenges to lack of available housing and too much housing for short-term rentals. Many participants generally had not personally experienced any housing issues in the City and were mixed on the most prevalent factor of housing discrimination. Participants were mixed on the City of Capitola, Department of Housing and Urban Development, or Santa Cruz County Housing Authority being the more prevalent factors in housing discrimination in the City. Participants generally agreed that the groups with the greatest need for housing and related services in the City are Single-parent heads of households, young adults, seniors, and persons experiencing homelessness.

Appendix C: 2015-2023 Housing Element Program Evaluation

A. Progress Towards Implementing the 2015-2023 Housing Element Programs

The 2015–2023 Housing Element established six primary housing goals. Under each goal, policies were provided that outlined more specifically how these goals could be carried out. Finally, programs were provided that outlined the actual actions that would be taken to facilitate the goals and policies. To review progress made during the 2015-2023 Housing Element, each goal is listed along with implementing programs and a discussion of the actions that have been accomplished.

Goals / Policies / Implementing Programs	Actions That Have Been Accomplished
Goal 1.0 Housing Production: Diversity in housing type and affordability level to accommodate the needs of Capitola Residents	
Policy 1.1 Provide adequate sites and supporting infrastructure to accommodate present and future housing needs of Capitola residents.	
<p>Program 1.1a Providing Adequate Housing Sites</p> <ul style="list-style-type: none"> Maintain an inventory of available vacant and prospective sites that can accommodate new housing. Maintain Opportunity Sites identified in the Housing Element to meet any outstanding Housing Element RHNA obligation for the 2015-2023 planning period. Continue to require housing production goals for housing opportunity sites remaining in Capitola. 	<p>Effectiveness/Progress in Implementation: The City has worked together with applicants to entitle and/or build residential projects throughout the City, including ADU and inclusionary units:</p> <p>822 Bay Avenue Entitled as a hotel on 7/21/2022 No net loss findings with ADU development, 4401 Capitola Road (36 units pending), and 1098 38th Avenue.</p> <p>1575 38th Avenue Developed with 11 new units. One of the units is an inclusionary unit.</p> <p>Citywide ADUs Expected 6 units 2016–2021: 21 units</p> <p>Most of the housing opportunity sites identified in the 2015-2023 Housing Element to accommodate the City’s RHNA are still available for the 2023-2031 Housing Element cycle. These sites include vacant and underutilized sites, Affordable Housing Overlay sites, ADUs, and commercial zones that allow residential development. All housing sites have zoning in place that will allow residential development at the appropriate densities required by</p>

Goals / Policies / Implementing Programs	Actions That Have Been Accomplished
	<p>state Housing Element law. The City will continue to maintain an inventory of these housing opportunity sites throughout the 2023-2031 Housing Element planning period, as well as include additional sites to satisfy the current required number of RHNA sites.</p> <p>Appropriateness: Program is updated for the 2023-2031 Housing Element.</p>
<p>Policy 1.2 Encourage mixed-use developments.</p>	
<p>Program 1.2a Mixed-Use Developments</p> <ul style="list-style-type: none"> • Encourage opportunities for the production of mixed residential-commercial use projects in the CC (Community Commercial), CN (Neighborhood Commercial), CR (Commercial/Residential), and PO (Professional Office) zones. • Utilize appropriate development standards, design and compatibility review and regulatory and financial incentives to encourage mixed-use development. • Continue to explore possibilities for mixed use development with current property owners, such as the owners of the opportunity sites identified in the Housing Element and in the 41st Avenue Economic Development/Mixed Use Revitalization Study. • Continue to monitor and implement the policies in the 41st Avenue/Capitola Mall Re-Visioning Plan that addresses the distribution of land uses, mixed-use parcels, transportation alternatives, and urban design. • Monitor and include an update in the annual Housing Element Progress Report for all mixed-use development activities to identify unforeseen barriers that should be addressed and to evaluate additional incentives that may be needed. 	<p>Effectiveness/Progress in Implementation: A citywide Zoning Code update was passed in 2018 which encourages mixed use in Regional Commercial (CR), Community Commercial (CC), Mixed Use Neighborhood (MU-N), and Mixed Use Village (MU-V) zones. The zones were renamed but the areas remained the same.</p> <p>The City added a new overlay to incentivize development in return for community benefits. Increased height and density are allowed near the Capitola Mall and intersection of 41st Avenue and Capitola Road.</p> <p>The City also adopted new objective design standards in 2022 for multifamily and mixed use.</p> <p>Appropriateness: Program implementation remains appropriate for the 2023-2031 Housing Element.</p>
<p>Policy 1.3 Provide opportunities for the development of alternative housing.</p>	
<p>Program 1.3a Alternative Housing</p> <ul style="list-style-type: none"> • Review and monitor the effect of the Secondary Dwelling Unit Ordinance on neighborhood vitality; consider possible modifications to the parking, height and setback requirements to encourage increased participation, if necessary. • Review existing zoning codes and the City's Condominium Conversion Ordinance to determine if modifications to encourage co-housing programs would be appropriate. 	<p>Effectiveness/Progress in Implementation: The City updated the Zoning Code in 2018 and the ADU ordinance in 2020 (previously referred to as Secondary Dwelling Unit Ordinance). As a result, an ADU can be built on any lot with a residential use. Limiting factors such as the 5,000-square-foot minimum lot size were removed and setbacks and heights were amended. Also, the review process is now streamlined, consistent with state law.</p> <p>The condominium conversion ordinance was not modified during the 5th cycle. Due to the rising rents statewide, apartment rental is a profitable</p>

Goals / Policies / Implementing Programs	Actions That Have Been Accomplished
<ul style="list-style-type: none"> Continue to work with the local mobile home park residents, owners, and the state to improve mobile home park affordability and sustainability. Encourage and facilitate the exploration and possible development of other alternative housing types including farmworker housing, factory-built housing, live/work units, and Small Ownership Units (SOUs). 	<p>investment option for most property owners. Condominium conversion has not been a trend in the last decade or more.</p> <p>In 2017, the City was awarded a CDBG grant for housing rehabilitation for up to \$7,500 to senior citizens, disabled persons, and income eligible Capitola residents. The program allowed residents to invest in home improvements for energy and water efficiency. The program was available for mobile homes, condos, townhomes, and single-family homes.</p> <p>The City zoning code update included new standards for single-room occupancy units and factory built ADUs.</p> <p>Appropriateness: Program is updated for the 2023-2031 Housing Element.</p>
<p>Policy 1.4 Periodically review development regulations, permit processes, and fees and their effect on development to ensure that such requirements facilitate housing production and rehabilitation.</p>	
<p>Program 1.4a Review Development Regulations</p> <ul style="list-style-type: none"> Review requirements such as the minimum unit size, setbacks, parking requirements, and height restrictions to determine that they are necessary and pertinent and do not pose constraints on the development of affordable housing. Evaluate the feasibility of shared parking for mixed-use developments. Evaluate the feasibility of reduced parking standards for senior and special needs housing. Consider development standard modifications, streamlined processing for applications related to the creation of affordable housing, and fee modifications for projects proposing affordable units that are required to apply for variations to the existing development standards. 	<p>Effectiveness/Progress in Implementation:</p> <p>City zoning code and associated development standards amended and certified by Coastal Commission on June 9, 2021.</p> <p>The City adopted new parking allowances for mixed use to decrease required parking if a study is completed.</p> <p>Appropriateness: Program is updated to reflect recent changes to state law for the 2023-2031 Housing Element.</p>
<p>Goal 2.0 Affordable Housing Development: Increased and protected supply of housing affordable to extremely-low, very- low, low and moderate-income households</p>	
<p>Policy 2.1 Protect the affordability of existing mobile home parks.</p>	
<p>Program 2.1.a Mobile Home Park Technical Assistance and Feasibility Studies</p> <ul style="list-style-type: none"> Provide feasibility and technical assistance funding and predevelopment funding, acquisition, and rehabilitation assistance for resident-controlled and non-profit acquisition of mobile home parks, requiring long-term affordability where possible. 	<p>Effectiveness/Progress in Implementation: In 2017, the City was awarded a CDBG grant for housing rehabilitation for up to \$7,500 to senior citizens, disabled persons, and income eligible Capitola residents. The program allowed residents to invest in a variety of home improvements for energy and water efficiency. The program was available for mobile homes, condos, townhomes, and single-family homes.</p>

Goals / Policies / Implementing Programs	Actions That Have Been Accomplished
<ul style="list-style-type: none"> If conversions of use are contemplated, ensure that resident investment values are preserved and that adequate relocation assistance is provided. To the extent possible, preserve or replace affordable housing units. 	<p>The City has not been able to acquire one of the mobile home parks (Cabrillo) as the owner has no interest in selling. The City is coordinating discussions between park tenants and owner for a new lease.</p> <p>Appropriateness: Program is updated for the 2023-2031 Housing Element.</p>
<p>Program 2.1.b Mobile Home Resident Acquisition Projects</p> <ul style="list-style-type: none"> Encourage park acquisition or conversion, which will depend on resident/owner interest and funding availability. Evaluate necessary infrastructure improvements as part of the acquisition or conversion process. 	<p>Effectiveness/Progress in Implementation: See Program 2.1.a</p> <p>Appropriateness: This program is combined with Program 2.1.a in the 2023-2031 Housing Element.</p>
<p>Policy 2.2 Encourage continued affordability of affordable rental housing supply in existing mobile home parks, subsidized rental housing, and special needs housing.</p>	
<p>Program 2.2a Monitor Affordable Housing Units</p> <ul style="list-style-type: none"> Develop and maintain an AB 987 database to include detailed information on all subsidized units, including those that have affordability covenants. Explore funding sources such as HUD Section 208/811 loans, HOPE I and II Homeownership Program funds, HOME funds, CDBG funds, Low-Income Housing Tax Credit Programs, California Housing Financial Agency single-family and multi-family programs, and other applicable programs to stimulate private developer and non-profit entity efforts to develop and finance housing for extremely-low, low and moderate-income households. Proactively monitor opportunity sites that may be no longer available for residential development and identify alternative sites. 	<p>Effectiveness/Progress in Implementation: The City created 17 affordable units through its inclusionary housing program.</p> <p>Appropriateness: Program is updated for the 2023-2031 Housing Element.</p>
<p>Program 2.2b Preservation of Rental Housing</p> <ul style="list-style-type: none"> Investigate new funding and financing opportunities to encourage the development, through acquisition of existing housing and new construction, of affordable housing projects that provide long-term affordability through homeownership, non-profit ownership, and residentially owned cooperatives. 	<p>Effectiveness/Progress in Implementation: The City funds an emergency rental assistance program and a security deposit program for low income renters.</p> <p>Appropriateness: Program implementation remains appropriate for the 2023-2031 Housing Element, and the investigation of new opportunities for affordable housing projects is ongoing.</p>

Goals / Policies / Implementing Programs	Actions That Have Been Accomplished
Policy 2.3 Continue participation in State and federally sponsored programs designed to maintain housing affordability, including the HUD Section 8 rental assistance program.	
<p>Program 2.3a Section 8</p> <ul style="list-style-type: none"> Continue to participate in the Housing Authority of Santa Cruz County Section 8 Certificate/Voucher Rental Assistance. Continue to refer residents to the County program and provide information at City Hall and the City's website. 	<p>Effectiveness/Progress in Implementation: The City continues to participate in the Section 8 program. Currently 206 Housing Choice Vouchers (HCVs) are used in the City</p> <p>Appropriateness: Program implementation is updated for the 2023-2031 Housing Element.</p>
Policy 2.4 Preserve existing unrestricted affordable rental housing during the Housing Element planning period	
<p>Program 2.4a Condominium Conversion Ordinance</p> <ul style="list-style-type: none"> Continue to implement the Condominium Conversion Ordinance 	<p>Effectiveness/Progress in Implementation: There have been no conversion activities in the last decade or more due to the highly profitable rental housing market.</p> <p>Appropriateness: The ordinance remains in effect but is removed from the Housing Element as a specific program.</p>
Policy 2.5 Promote the development of affordable housing on opportunity sites.	
<p>Program 2.5a Affordable Housing Development Program</p> <ul style="list-style-type: none"> Encourage utilization of the Affordable Housing Overlay Ordinance by non-profit affordable housing developers with an emphasis on the development of new housing opportunities that result in long-term affordable housing. Encourage the production of affordable housing units per the City's 2015-2023 RHNA for very low and low-income housing units (57 units). Facilitate the development of affordable housing through the provision of regulatory concessions and density increases under the City's Density Bonus Ordinance. Collaborate with non-profit organizations, private developers, employers, special needs groups, state and federal agencies and other interested parties to develop affordable housing. Continue to utilize available financing to assist with the planning and development of new affordable housing for all ages and household types. Community Development staff will regularly monitor the variety of federal and state funding sources that are available for affordable housing projects. The annual Housing Element Progress Report will 	<p>Effectiveness/Progress in Implementation: The City promotes the development of affordable units in new developments through its Inclusionary Housing Ordinance, State Density Bonus program, and by encouraging development on opportunity sites and affordable housing overlay sites.</p> <p>However, with the comprehensive zoning change to allow mixed use development in many commercial districts, the Affordable Housing Overlay has become obsolete. The 2023-2031 Housing Element includes an action to review and update the Affordable Housing Overlay.</p> <p>Appropriateness: Program is updated for the 2023-2031 Housing Element. The Density Bonus ordinance will be programmed for an update.</p>

Goals / Policies / Implementing Programs	Actions That Have Been Accomplished
<p>include an analysis of the funding sources that have been applied for and that will become available during the coming year.</p>	
<p>Policy 2.6 Promote meaningful and informed participation of residents, community groups, and governmental agencies, in local housing and community development activities.</p>	
<p>Program 2.6a Public Outreach for Housing and Community Development Activities</p> <ul style="list-style-type: none"> • Maintain communication channels with City residents, community groups, local housing representatives, and other agencies. • Periodically update the City website to provide accurate and up-to-date information regarding public hearings, community events, and City projects. • Organize community workshops for large development projects. 	<p>Effectiveness/Progress in Implementation: The City proactively encourages participation in community development activities through workshops, community meetings, and public hearings. Zoning code update included over 60 opportunities for the public to participate including workshops, stakeholder groups, surveys, and public meetings.</p> <p>Appropriateness: Program is expanded to affirmatively further fair housing during the 2023-2031 Housing Element planning period.</p>
<p>Policy 2.7 Maintain the City’s Housing Trust Fund.</p>	
<p>Program 2.7a Housing Trust Fund</p> <ul style="list-style-type: none"> • Maintain the Housing Trust Fund and utilize the available funds to provide loans and grants through the City’s Housing rehabilitation loan and grant program, to assist with affordable housing project feasibility studies and to assist with the permanent financing of acquisition/ rehabilitation projects and new construction affordable housing projects. Housing Trust Funds must be used to assist households with incomes at or below 80% of the area median income (low-income). • Collect in-lieu fees from the City’s Inclusionary Housing Ordinance to fund the Affordable Housing Trust Fund. Augment the Affordable Housing Trust Fund through researching and applying for state or federal funding. Continue to utilize the Housing Trust Fund balance to fund the City’s housing rehabilitation projects and affordable housing development projects. 	<p>Effectiveness/Progress in Implementation: The City continues to implement the Housing Trust Fund to accrue funds to finance affordable housing activities.</p> <p>Appropriateness: Program implementation remains appropriate for the 2023-2031 Housing Element.</p>
<p>Policy 2.8 Encourage the production of affordable ownership housing through the City’s Affordable “Inclusionary” Housing Ordinance.</p>	
<p>Program 2.8a Inclusionary Housing Ordinance</p> <ul style="list-style-type: none"> • Continue to implement the Inclusionary Housing Ordinance. 	<p>Effectiveness/Progress in Implementation: In 2021, the City updated the Inclusionary Housing Ordinance (IHO) and completed a nexus-based affordable housing fee analysis for for-sale housing and for-rent housing. The City’s IHO was updated to incorporate more options for developers to</p>

Goals / Policies / Implementing Programs	Actions That Have Been Accomplished
<ul style="list-style-type: none"> Monitor and include an update in the annual Housing Element Progress Report to evaluate any possible impacts on the costs and supply of housing and to evaluate additional incentives that may be needed. 	<p>contribute toward Capitola’s housing stock. Also, the inclusionary housing fee was increased based on the nexus study.</p> <p>Appropriateness: Program implementation remains appropriate for the 2023-2031 Housing Element.</p>
<p>Goal 3.0 Special Housing Needs: Accessible housing and appropriate supportive services that provide equal housing opportunities for special needs populations.</p>	
<p>Policy 3.1 Encourage the accessibility and utilization of universal design principles in new housing construction as well as through conversion of existing housing to create environments that can be used by all people.</p>	
<p>Program 3.1 Barrier-Free Housing</p> <ul style="list-style-type: none"> Implement state accessibility standards. Provide technical assistance to encourage barrier-free housing. Provide financial assistance to homeowners and renters through the City’s Housing Rehabilitation Program, to make needed accessibility improvements; assist 12 households during the planning period. Provide information on formal reasonable accommodation procedures at City Hall and on the City’s website. 	<p>Effectiveness/Progress in Implementation: The City follows the state accessibility standards as outlined in the building code.</p> <p>In 2017, the City was awarded a CDBG grant for housing rehabilitation for up to \$7,500 to senior citizens, disabled persons, and income-eligible Capitola residents. The program allowed residents to invest in a variety of home improvements for energy and water efficiency. The program was available for mobile homes, condos, townhomes, and single-family homes. Information on accommodations is on the website and at City Hall on the meeting agendas.</p> <p>Appropriateness: Implementation of building code is not included in the 2023-2031 Housing Element as a separate housing program. The updated Housing Element includes program actions to address special needs housing.</p>
<p>Policy 3.2 Promote Fair Housing</p>	
<p>Program 3.2a Fair Housing</p> <ul style="list-style-type: none"> Continue to provide funding to agencies such as California Rural Legal Assistance to assist in resolution of fair housing issues. Provide referral services and fair housing information to tenants and landlords. Encourage and support the enforcement of laws and regulations prohibiting discrimination in lending practices and in the sale, rental, and management of housing. 	<p>Effectiveness/Progress in Implementation: Ongoing effort. We provide referral services to tenants and landlords when asked.</p> <p>Appropriateness: Program implementation remains appropriate for the 2023-2031 Housing Element. The City recognizes the importance of maintaining fair housing practices and will update this program to reflect changes to state law related to Affirmatively Furthering Fair Housing within the 2023-2031 Housing Element cycle, with the caveat that it will be implemented upon the identification of a funding source that provides the resources needed to properly administer the program to achieve the objectives established herein.</p>

Goals / Policies / Implementing Programs	Actions That Have Been Accomplished
<ul style="list-style-type: none"> Continue to provide informational and educational materials on fair housing services for property owners, apartment managers, and tenants at City Hall and the City's website. Continue to monitor and respond, as appropriate, to complaints of discrimination, and refer tenants to the California Rural Legal Assistance and the Office of Consumer Affairs for proper intake, investigation, and resolution of fair housing complaints. 	
Policy 3.3 Support and facilitate programs that address the housing needs of special needs groups including the elderly population, homeless persons, female-headed households, extremely low-income households, and persons with disabilities, including developmental disabilities.	
Program 3.3a Emergency Shelters <ul style="list-style-type: none"> Continue to monitor the inventory of sites appropriate to accommodate emergency shelters. Work with the appropriate organizations to ensure the needs of homeless and extremely low-income residents are met. Prioritize funding and other available incentives for projects that provide housing for homeless and extremely low-income residents whenever possible. 	Effectiveness/Progress in Implementation: Ongoing monitoring and provides funding to the County toward regional shelters, as funding permits. Appropriateness: Program is updated to reflect recent changes to state law for the 2023-2031 Housing Element.
Program 3.3b Transitional and Supportive Housing <ul style="list-style-type: none"> Continue to monitor the inventory of sites appropriate to accommodate transitional and supportive housing. Prioritize funding and other available incentives for housing projects that provide services to homeless and extremely low-income residents whenever possible. 	Effectiveness/Progress in Implementation: No transitional or supportive housing was developed during the fifth cycle Housing Element. Appropriateness: Program is updated to reflect recent changes to state law for the 2023-2031 Housing Element.
Program 3.3c Housing for Persons with Developmental Disabilities <ul style="list-style-type: none"> Seek State and Federal monies, as funding becomes available, in support of housing construction and rehabilitation targeted for persons with developmental disabilities. Provide regulatory incentives, such as expedited permit processing, and fee waivers and deferrals, to projects targeted for persons with developmental disabilities. Collaborate with the San Andreas Regional Center to implement an outreach program informing households within the City of housing and services available for persons with developmental disabilities. 	Effectiveness/Progress in Implementation: Ongoing. The City is currently working with the Dakota Apartment toward rehabilitation and preservation of affordable unit for persons with disabilities. Appropriateness: Program is updated for the 2023-2031 Housing Element.

Goals / Policies / Implementing Programs	Actions That Have Been Accomplished
<ul style="list-style-type: none"> Provide information on housing and services available for persons with developmental disabilities at City Hall and on the City's website. 	
<p>Program 3.3d Housing for Extremely Low-Income Households</p> <ul style="list-style-type: none"> Encourage the development of housing for extremely low-income households by outreaching to housing developers, providing financial or in-kind technical assistance, when available, providing expedited processing, identifying grant and funding opportunities, and offering additional incentives beyond density bonus provisions. 	<p>Effectiveness/Progress in Implementation: The City continues to maintain a proactive approach to support and allow for extremely-low income households and households with special needs. However, no new housing units appropriate to these groups were built during the 2015-2023 Housing Element cycle.</p> <p>Appropriateness: Program is updated for the 2023-2031 Housing Element.</p>
<p>Policy 3.4 Continue the provision of city-initiated incentives, to encourage affordable units in development projects.</p>	
<p>Program 3.4a Density Bonus Program</p> <ul style="list-style-type: none"> Provide information on the Density Bonus Program at City Hall and on the City's website. 	<p>Effectiveness/Progress in Implementation: Ongoing</p> <p>Appropriateness: Program implementation remains appropriate for the 2023-2031 Housing Element. In accordance with California Government Code 65915 et seq., the City will continue to monitor State requirements related to Density Bonus provisions and amend the Capitola Municipal Code for compliance with changes in State law as applicable during the 2023-2031 Housing Element cycle.</p>
<p>Policy 3.5 Support the development of accessible and affordable senior rental housing readily accessible to support services; provide assistance for seniors to maintain and improve their homes.</p>	
<p>Policy 3.6 Support the development of accessible and affordable housing that is designed to serve all ages.</p>	
<p>Policy 3.7 Facilitate and encourage the development of rental units appropriate for families with children, including the provision of supportive services such as child care.</p>	
<p>Policy 3.8 Encourage the integration of special needs housing in residential environments, readily accessible to public transit, shopping, public amenities, and supportive services.</p>	
<p>Policy 3.9 Encourage the provision of supportive services for persons with special needs to further the greatest level of independence and equal housing opportunities.</p>	
<p>Policy 3.10 Investigate and encourage the development of a variety of housing options for seniors including Congregate Housing, Continuing Care Retirement Communities (CCRCs), Assisted Living, Mobile Home Parks, co-housing, secondary dwelling units and Independent Living.</p>	

Goals / Policies / Implementing Programs	Actions That Have Been Accomplished
Policy 3.11 Encourage the establishment of child care centers and family child care homes in all appropriate zoning districts	
<p>Program 3.11a Child Care and Day Care Facilities</p> <ul style="list-style-type: none"> Continue to work with child care providers and the County to promote adequate child care facilities within the community. Provide current zoning regulations applicable to child care and daycare facilities information at City Hall and on the City's website. Encourage new development to provide child care and day care facilities through a variety of activities, including outreaching to developers; providing financial or in-kind technical assistance, when available; providing expedited processing, identifying grant and funding opportunities; and providing information on the City's Density Bonus Ordinance. 	<p>Effectiveness/Progress in Implementation: The City's recreation department created a new partnership with the local schools to provide after school care with special funds to assist low-income families.</p> <p>The City's zoning ordinance was updated to allow by right small family home daycare and a minor use permit for a large home daycare.</p> <p>The City allocated funds out of the youth and early childhood funds of Measure J to offset the cost associated with large home daycare facilities.</p> <p>The pamphlet is available at City Hall and on the website explaining the standards and available funding.</p> <p>Appropriateness: Program is revised to focus on housing-related activities for the 2023-2031 Housing Element update. The City would also consider creating objective standards for daycare centers in Commercial Districts to allow daycare centers with a minor use permit.</p>
Goal 4.0 Housing Assistance: Increased Assistance for extremely low, very low, low and moderate income residents to rent or purchase homes	
Policy 4.1 Maintain the City's rental and ownership assistance programs.	
<p>Program 4.1a Security Deposit Program</p> <ul style="list-style-type: none"> Assist 7-10 households per year during the planning period. Continue the funding of the City's Security Deposit Program which offers income-eligible individuals and families assistance to cover the costs of the security deposit for new rental contracts. Seek state and federal funding to expand this program. 	<p>Effectiveness/Progress in Implementation: Current annual funding of \$7,500 covers approximately 4 to 5 families.</p> <p>Appropriateness: Program implementation remains appropriate for the 2023-2031 Housing Element, with the goal of increasing funding to assist 7 to 10 households during the planning period.</p>
<p>Program 4.1b Emergency Housing Assistance</p> <ul style="list-style-type: none"> Continue the funding of the City's Emergency Housing Assistance program that offers eviction and foreclosure prevention in the form of non-reimbursable grants to eligible applicants. Assist 20 households per year during the planning period. 	<p>Effectiveness/Progress in Implementation: Successful ongoing program, given the rent increases and impacts of the pandemic.</p> <p>Appropriateness: Program implementation remains appropriate for the 2023-2031 Housing Element.</p>
<p>Program 4.1c Mortgage Assistance Program</p> <ul style="list-style-type: none"> Assist two households during the planning period 	<p>Effectiveness/Progress in Implementation: Challenging program due to real estate pricing and having to qualify for low and moderate income. One household qualified for this program during the 5th cycle. Appropriateness:</p>

Goals / Policies / Implementing Programs	Actions That Have Been Accomplished
<ul style="list-style-type: none"> Continue the funding of the City's Mortgage Assistance program that offers loans for low and moderate income home buyers to purchase a home in the City. Continue to seek federal and state grants through programs such as the State's BEGIN program to augment the current City and grant funding for this program 	<p>Program is updated to reflect the limited funding available and program efforts focus on referral to outside sources of assistance.</p>
<p>Policy 4.2 Explore and pursue City participation in other affordable homeownership assistance programs in the private market.</p>	
<p>Policy 4.3 Support the provision of child care services, employment training, rental assistance, and other supportive services to enable households to be self-sufficient.</p>	
<p>Policy 4.4 Seek and support collaborative partnerships of nonprofit organizations and the development community to aid in the provision of affordable housing.</p>	
<p>Policy 4.5 Prohibit discrimination in all aspects affecting the sale, rental or occupancy of housing based on status or other arbitrary classification.</p>	
<p>Goal 5.0 Neighborhood Vitality: Maintain, preserve and improve the character of existing residential neighborhoods</p>	
<p>Policy 5.1 Ensure a compatible relationship between new housing and circulation patterns and encourage pedestrian and bicycle friendly communities in order to minimize traffic impacts on quality of life.</p>	
<p>Policy 5.2 Protect the integrity of existing single family and multiple family neighborhoods by promoting balanced site design and architecture</p>	
<p>Program 5.2a Design Review</p> <ul style="list-style-type: none"> Continue to enforce guidelines to control the size, scale and appearance of single-family residential development to be compatible with Capitola's traditional or "cottage" character of neighborhoods. Continue to encourage and require sustainable development practices. Continue to review new and substantially rehabilitated residential construction to ensure compatibility with existing scale and architectural character of residences in the surrounding neighborhood. Continue to enforce guidelines to control the size, scale, massing and appearance of multi-residential development to minimize the impacts of any transition from existing single-family residential districts. 	<p>Effectiveness/Progress in Implementation: The City has incorporated new objective design standards into the zoning code for ADUs and Multifamily. The City has also adopted an SB 9 ordinance with objective standards.</p> <p>Appropriateness: Ongoing implementation of adopted codes is not included in the 2023-2031 Housing Element as a separate housing program.</p>

Goals / Policies / Implementing Programs	Actions That Have Been Accomplished
<p>Policy 5.3 Assist individual neighborhoods in establishing their own identify through the development of neighborhood amenities (pocket parks, lighting, signs, etc.), mixed use neighborhood nodes, and pedestrian and sustainability improvements.</p>	
<p>Policy 5.4 Promote the repair, improvement and rehabilitation of housing and encourage replacement of substandard housing to enhance quality of life in neighborhoods.</p>	
<p>Program 5.4a Housing Rehabilitation Program</p> <ul style="list-style-type: none"> Continue to seek federal and state grants through programs such as the State’s BEGIN program to augment the current City and grant funding for this program. Assist 12 low-income households during the planning period through the Housing Rehabilitation program. Promote sustainable energy practices and encourage more residents and businesses to utilize sustainable energy technologies such as, rooftop solar photovoltaic systems, solar water heaters, and electric vehicle charging stations. 	<p>Effectiveness/Progress in Implementation: The program was not effective due to the administrative burden of a loan program and limited funding.</p> <p>Appropriateness: The 2023-2031 Housing Element revises the program to pursue funding for a repair grant program for seniors and lower income households.</p>
<p>Policy 5.5 Improve the quality of housing and neighborhoods by educating landlords, tenants and property owners about code compliance issues and enforcing compliance with building and property maintenance standards.</p>	
<p>Program 5.5a Code Enforcement</p> <ul style="list-style-type: none"> Continue to implement a proactive code enforcement program for health and safety violations through the Building Department and inform residents of rehabilitation assistance when available at City Hall and the City’s website. 	<p>Effectiveness/Progress in Implementation: To prevent the deterioration of the existing housing stock, the City staff has continued to bring sub-standard properties into compliance with the enforcement and implementation of existing development code standards relative to property maintenance. The City’s greatest success was at the Dakota Apartments in which the property management, HUD and the City worked together for the residents to resolve water related issues with the building.</p> <p>Appropriateness: Program implementation remains appropriate for the 2023-2031 Housing Element.</p>
<p>Goal 6.0 Resource Conservation Fulfill the City’s housing needs while promoting an environmentally sensitive, compact community that is a pedestrian oriented, neighborhood-centered community, using resources in a sustainable manner</p>	
<p>Policy 6.1 Encourage the use of alternative modes of transportation</p>	
<p>Program 6.1a Alternative Transportation Planning</p> <ul style="list-style-type: none"> Direct higher density housing close to transportation corridors, including bus routes and arterial roadways 	<p>Effectiveness/Progress in Implementation: Various elements of the City’s General Plan provide the goals, policies, and programs that address transit-oriented development and alternative transportation modes. Policies includes encouraging development and land uses that enhance a</p>

Goals / Policies / Implementing Programs	Actions That Have Been Accomplished
<ul style="list-style-type: none"> • Coordinate with transit service providers to expand service to Capitola's residential and mixed-use districts. • Promote design of new residential development for people rather than for automobiles. • Direct City staff, Planning Commission and City Council to consider amending the zoning code to allow for increased height limits in commercial areas to support mixed-use developments. 	<p>pedestrian-oriented environment; requiring new development to provide for pedestrian and bicycle connections between residential and commercial areas; and supporting projects, programs, policies, and regulations to maintain a balanced multi-modal transportation network.</p> <p>During the 5th Cycle, the City was supportive of a conceptual redevelopment project at the Capitola Mall which would have implemented Policy 6.1.</p> <p>Capitola's zoning code update in 2018 directs higher density housing to be constructed close to transportation corridors.</p> <p>Appropriateness: This is not included in the 2023-2031 Housing Element as a housing program.</p>
<p>Policy 6.2 Strive to maintain a jobs/housing balance</p>	
<p>Program 6.2a City Jobs/Housing Balance</p> <ul style="list-style-type: none"> • Encourage housing in close proximity to employment through encouraging residential-commercial mixed-use development. • Encourage the development of housing that will be affordable to the individuals who are employed in locally-centered jobs. • Continue the policy to inform and market new affordable housing constructed pursuant to Capitola's housing programs to households that currently live or work in Capitola. • Periodically conduct a jobs/housing balance study to evaluate the current balance and determine which economic and housing strategies are appropriate. 	<p>Effectiveness/Progress in Implementation: The Land Use Element of the General Plan provides the goals, policies, and programs that address City Jobs/Housing Balance. Policies include ensuring that land use decisions balance the needs, interests, and concerns of Capitola's residents, visitors, and workers, and maintain and protect a healthy balance of commercial and residential uses in the Village. Additionally, the City informed residents of new affordable housing through its website.</p> <p>Appropriateness: Capitola's zoning code update in 2018 directs higher density housing to be constructed close to employment centers, specifically 41st Avenue. This is not included in the 2023-2031 Housing Element as a housing program.</p>
<p>Policy 6.3 Promote Green Building techniques, development and construction standards that provide for resource conservation</p>	
<p>Program 6.3a City of Capitola Green Building Program</p> <ul style="list-style-type: none"> • Encourage and require sustainable development practices. • Continue to implement the mandatory Green Building Program for all major remodels and new construction. • Update the Program periodically to reflect and utilize new developments in ecological/sustainable technologies. 	<p>Effectiveness/Progress in Implementation: Capitola's Green Building Program is rarely used. state regulations are outpacing the local ordinance.</p> <p>Appropriateness: Implementation of state building code is not included in the 2023-2031 Housing Element as a separate housing program.</p>

Goals / Policies / Implementing Programs	Actions That Have Been Accomplished
Policy 6.4 Promote the use of renewable energy technologies (such as solar and wind) in new and rehabilitated housing when possible.	
Policy 6.5 Ensure that adequate water supplies and sewer services continue to be available for residents and businesses.	
Program 6.5a Adequate Water Supplies and Sewer Services <ul style="list-style-type: none"> Continue to ensure that water and sewer providers meet their obligation to provide priority to affordable housing projects pursuant to state law. 	Effectiveness/Progress in Implementation: The City depends on private water and county sewer. Appropriateness: Program is updated for the 2023-2031 Housing Element.

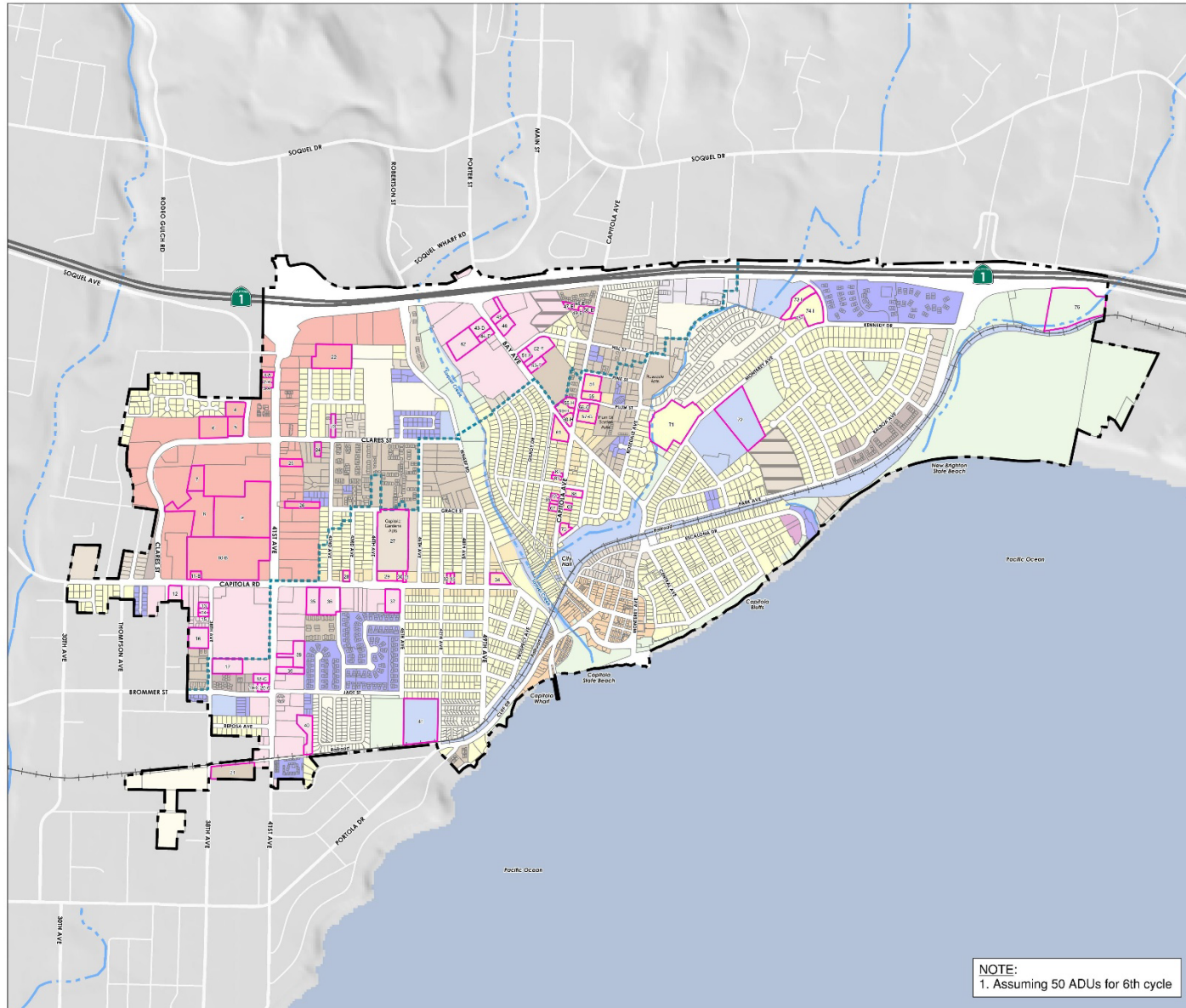
Table C-1: Progress toward Meeting the 2015-2023 Housing Element RHNA Goals

Income Category	RHNA Goals	Total Units Built
Very Low	34	2
Low	23	0
Moderate	26	2
Above Moderate	60	45
Total	143	49

B. Cumulative Impact of the Effectiveness of Addressing Special Housing Needs

As a small city, Capitola has limited funding for affordable housing. However, the City was able to provide some assistance to special needs households during the 2015-2023 planning period. Specifically, the City was able to provide rehabilitation assistance, focusing on energy and water efficiency, to seniors, disabled, and lower income households using CDBG funds. The City also funds an emergency rental assistance program and a security deposit program for lower income households. The Housing Choice Voucher (HCV) program, which prioritizes assistance to extremely low income households, seniors, disabled, and persons at risk of homelessness, provides assistance to 206 households in Capitola.

Appendix D: Sites Inventory



HOUSING ELEMENT UPDATE: 6TH CYCLE
SITES INVENTORY ANALYSIS

PROPOSED RHNA SITES

MAP FEATURES

- City Limit
- Selected Sites for Analysis
- Coastal Zone Boundary

ZONING DESIGNATIONS

- Residential Zoning Districts**
- R-1 - Single Family Residential
 - RM-L - Multi-Family Residential, Low Density
 - RM-M - Multi-Family Residential, Medium Density
 - RM-H - Multi-Family Residential, High Density
 - MH - Mobile Home Park
- Mixed-Use Zoning Districts**
- MU-V - Mixed Use Village
 - MU-N - Mixed Use Neighborhood
- Commercial and Industrial Zoning Districts**
- C-R - Regional Commercial
 - C-C - Community Commercial
 - I - Industrial
- Other Zoning Districts**
- P/OS - Parks and Open Space
 - CF - Community Facility
 - PD - Planned Development
 - VS - Visitor Serving

NOTES

Maps and data are to be used for reference purposes only. Map features are approximate, and are not necessarily accurate to surveying or engineering standards. The City of Capitola makes no warranty or guarantee as to the content or source of either third party, accuracy, timeliness, or completeness of any of the data provided, and assumes no legal responsibility for information contained on this map. Any use of this product with respect to accuracy and precision shall be the sole responsibility of the user.

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ArcMap 10.8.1; Adobe Illustrator, CA 11.6



JUNE 26, 2023



NOTE:
1. Assuming 50 ADUs for 6th cycle

Table D-1: Housing Element Sites Inventory

Site Address	Site #	APN	Consolidated Sites	GP Existing	Zoning Existing	Density Min	Density Max	Density Realistic	Acres	Income Category	Units Low	Units Mod	Units Above	UNITS Realistic Capacity	Developer Interest	Vacant/ Non-Vacant	FAR	Building Age	Land / Improv. Value	Discontinued/ Non-Conforming Use	Existing Uses	Notes
2175 41ST AVE	1	034-192-07	A	C-R	C-R	0	Unlimited	21	0.21	Mixed	2	1	1	4	No	Non-Vacant	0.38	1969	2.74	No	121-MULTI STORES/1 BLDG	
2165 41ST AVE	2	034-192-08	A	C-R	C-R	0	Unlimited	21	0.20	Mixed	2	1	1	4	No	Non-Vacant	0.24	1969	1.46	No	120-SINGLE STORE	
2155 41ST AVE	3	034-192-09	A	C-R	C-R	0	Unlimited	21	0.20	Mixed	2	1	1	4	No	Non-Vacant	0.33	1969	2.22	No	120-SINGLE STORE	
2045 A 40TH AVE	4	034-512-01		C-R	C-R	0	Unlimited	21	0.87	Mixed	9	3	6	18	No	Non-Vacant	0.41	1989	0.48	Yes	171-MULTI OFFICES/1 BLDG; office use	
2001 40TH AVE	5	034-512-02		C-R	C-R	0	Unlimited	21	0.95	Mixed	10	3	7	20	No	Non-Vacant	0.40	1989	1.05	No	121-MULTI STORES/1 BLDG	
3825 CLARES ST	6	034-261-47		C-R	C-R	0	Unlimited	21	1.89	Mixed	10	3	7	20	No	Non-Vacant	0.32	1992	0.96	Yes	160-MAJOR SHOPPING CENTER; discontinued use	Old Pier 1 site; East half available
1855 41ST AVE	7	034-261-15		C-R	C-R	0	Unlimited	29	1.16	Mixed	17	5	12	34	Yes	Non-Vacant	0.00	n/a	0.95	No	192-COMMERCIAL PARKING; Capitola Mall	Capitola Mall
1855 41ST AVE	8	034-261-38		C-R	C-R	0	Unlimited	29	3.57	Mixed	52	15	37	104	Yes	Non-Vacant	0.59	1988	2.15	No	160-MAJOR SHOPPING CENTER; Capitola Mall	Capitola Mall
1855 41ST AVE	9	034-261-37		C-R	C-R	0	Unlimited	29	8.36	Mixed	121	36	85	242	Yes	Non-Vacant	0.42	1978	0.98	No	160-MAJOR SHOPPING CENTER; Capitola Mall	Capitola Mall
4015 CAPITOLA RD	10	034-261-40	B	C-R	C-R	0	Unlimited	29	10.05	Mixed	146	44	101	291	Yes	Non-Vacant	0.24	1971	0.09	No	160-MAJOR SHOPPING CENTER; Capitola Mall	Capitola Mall
3775 CAPITOLA RD	11	034-261-39	B	C-R	C-R	0	Unlimited	29	0.28	Mixed	4	1	3	8	Yes	Non-Vacant	0.69	1992	0.36	Yes	200-RESTAURANT; Capitola Mall; discontinued use	Capitola Mall
3720 CAPITOLA RD	12	034-181-14		C-C	C-C	0	Unlimited	17	0.62	Mixed	5	2	4	11	Yes	Non-Vacant	0.24	1961	0.18	Yes	023-NON-CONFORMING RES; non-conforming use	
1625 38TH AVE	13	034-181-03		C-C	C-C	0	Unlimited	17	0.18	Mixed	0	1	2	3	No	Non-Vacant	0.25	1941	0.39	Yes	171-MULTI OFFICES/1 BLDG; non-conforming use	
1605 38TH AVE	14	034-181-04		C-C	C-C	0	Unlimited	17	0.14	Mixed	0	1	1	2	No	Non-Vacant	0.51	1962	0.32	Yes	023-NON-CONFORMING RES; non-conforming use	
1595 38TH AVE	15	034-181-05		C-C	C-C	0	Unlimited	17	0.13	Mixed	0	1	1	2	No	Non-Vacant	0.31	1962	0.43	No	023-NON-CONFORMING RES	
1465 38TH AVE	16	034-181-18		C-C	C-C	0	Unlimited	17	1.29	Mixed	11	3	8	22	No	Non-Vacant	0.56	1988	0.67	No	322-MINI STORAGE	
1404 38TH AVE	17	034-164-41		C-C	C-C	0	Unlimited	25	1.40	Mixed	18	5	12	35	Yes	Non-Vacant	0.10	1990	0.98	No	615-OTHER SPORTS CENTER	Agility Boulders Gym; Assuming 25 du/ac
1395 41ST AVE	18	034-164-12	C	C-C	C-C	0	Unlimited	17	0.44	Mixed	4	1	3	8	No	Non-Vacant	0.27	1985	0.89	No	131-MULTI STORES/OFFICES	
4055 BROMMER ST A	19	034-164-09	C	C-C	C-C	0	Unlimited	17	0.12	Mixed	1	0	1	2	No	Non-Vacant	0.46	1962	0.24	Yes	030-SINGLE DUPLEX; non-conforming use	
1355 41ST AVE	20	034-164-13	C	C-C	C-C	0	Unlimited	17	0.20	Mixed	2	0	1	3	No	Non-Vacant	0.21	1954	0.52	Yes	028-SFR + SECOND UNIT; non-conforming use	
1098 38TH AVE	21	034-172-01		R-M	RM-M	0	15.0	15	1.98	Low	52	0	0	52	Yes	Non-Vacant	0.36	n/a	n/a	Yes	742-CONVALESCENT HOSPITAL; discontinued use	Rehab - No existing units; 52-unit project
4180 GROSS RD	22	034-141-23		C-R	C-R	0	Unlimited	21	2.82	Mixed	30	9	20	59	No	Non-Vacant	0.41	1977	1.53	Yes	322-MINI STORAGE; non-conforming use	
4205 CLARES ST	23	034-222-06		R-M	RM-L	0	9.9	10	0.34	Mixed	0	1	1	2	No	Non-Vacant	0.18	1978	3.69	No	033-TRIPLEX	
4180 CLARES ST	24	034-201-42		R-M	RM-M	0	15.0	15	0.29	Mixed	0	1	2	3	No	Non-Vacant	0.31	1949	4.18	No	020-SINGLE RESIDENCE	
1970 41ST AVE	25	034-201-11		C-R	C-R	0	Unlimited	21	0.53	Mixed	6	2	3	11	No	Non-Vacant	0.02	n/a	0.07	No	192-COMMERCIAL PARKING	
1840 41ST AVE	26	034-131-15		C-R	C-R	0	Unlimited	21	0.69	Mixed	7	2	5	14	Yes	Non-Vacant	0.29	1984	1.18	No	131-MULTI STORES/OFFICES	
1710 44TH AVE A	27	034-124-21		R-M	RM-L	0	9.9	15	5.91	Mixed	8	3	5	16	No	Non-Vacant	0.20	1979	3.09	No	044-41 - 60 UNITS	Capitola Gardens; 0.8 ac available; Assign AHO
4243 CAPITOLA RD	28	034-121-18		MU-N	MU-N	0	Unlimited	17	0.23	Mixed	0	1	3	4	Yes	Non-Vacant	0.35	1978	1.29	No	171-MULTI OFFICES/1 BLDG	
4401 CAPITOLA RD	29	034-123-05		MU-N	MU-N	0	Unlimited	17	0.63	Low	36	0	0	36	Yes	Non-Vacant	0.14	1985	1.01	No	171-MULTI OFFICES/1 BLDG	The Bluffs; No existing units; 36-unit project
4401 CAPITOLA RD	30	034-124-18		MU-N	MU-N	0	Unlimited	17	0.18	Mixed	0	1	2	3	Yes	Non-Vacant	0.30	n/a	0.00	No	110-VACANT COMMERCIAL LAND	
4525 CAPITOLA RD	31	034-124-06		MU-N	MU-N	0	Unlimited	17	0.12	Mixed	0	1	1	2	No	Non-Vacant	0.33	1949	0.33	No	020-SINGLE RESIDENCE	Congregational; Assigned 2 units
4625 CAPITOLA RD	32	034-022-19		MU-N	MU-N	0	Unlimited	17	0.12	Mixed	0	1	1	2	No	Vacant	0.03	n/a	0.00	No	110-VACANT COMMERCIAL LAND	Vacant
4655 CAPITOLA RD	33	034-022-18		MU-N	MU-N	0	Unlimited	17	0.12	Mixed	0	1	1	2	No	Vacant	0.00	n/a	0.00	No	110-VACANT COMMERCIAL LAND	Vacant
1750 WHARF RD	34	034-024-10		MU-N	MU-N	0	Unlimited	17	0.61	Mixed	5	2	3	10	No	Non-Vacant	0.00	n/a	0.06	No	192-COMMERCIAL PARKING	
4175 CAPITOLA RD	35	034-111-46		C-C	C-C	0	Unlimited	17	1.10	Mixed	9	3	7	19	No	Non-Vacant	0.01	n/a	n/a	No	910-VACANT STATE LAND	
4200 CAPITOLA RD	36	034-111-40		C-C	C-C	0	Unlimited	17	1.73	Mixed	15	5	9	29	No	Non-Vacant	0.23	n/a	n/a	No	911-STATE BUILDING	

Site Address	Site #	APN	Consolidated Sites	GP Existing	Zoning Existing	Density Min	Density Max	Density Realistic	Acres	Income Category	Units Low	Units Mod	Units Above	UNITS Realistic Capacity	Developer Interest	Vacant/ NonVacant	FAR	Building Age	Land / Improv. Value	Discontinued/ Non-Conforming Use	Existing Uses	Notes
4450 CAPITOLA RD	37	034-111-47		C-C	C-C	0	Unlimited	17	1.07	Mixed	9	3	6	18	Yes	Non-Vacant	0.33	1986	1.33	No	171-MULTI OFFICES/1 BLDG	
1430 41ST AVE	38	034-111-52		C-C	C-C	0	Unlimited	17	1.10	Mixed	9	3	7	19	Yes	Non-Vacant	0.34	1987	1.03	Yes	160-MAJOR SHOPPING CENTER; discontinued use	
1408 1/2 41ST AVE	39	034-111-36		C-C	C-C	0	Unlimited	17	0.57	Mixed	5	2	3	10	No	Non-Vacant	0.27	1961	0.49	No	122-STORE W/ LIVING UNIT	
1210 41ST AVE	40	034-101-36		C-C	C-C	0	Unlimited	17	1.17	Mixed	10	3	7	20	No	Non-Vacant	0.34	n/a	7.70	Yes	20-SINGLE STORE; discontinued use	
4510 JADE ST	41	034-551-02		P/QP	CF	n/a	n/a	15	4.70	Low	8	0	0	8	No	Non-Vacant	0.05	n/a	n/a	No	940-SCHOOL DISTRICT APN	School; Assigned 8 units
829 BAY AVE	42	035-381-02		C-C	C-C	0	Unlimited	17	1.82	Mixed	7	2	5	14	No	Non-Vacant	0.12	n/a	1.94	No	620-CLUB/LODGE HALL	Available open space area - 0.8 ac
831 BAY AVE	43	035-381-03	D	C-C	C-C	0	Unlimited	17	0.67	Mixed	6	2	4	12	No	Non-Vacant	0.29	1978	1.00	No	171-MULTI OFFICES/1 BLDG	
827 BAY AVE	44	035-381-04	D	C-C	C-C	0	Unlimited	17	0.35	Mixed	3	1	2	6	No	Non-Vacant	0.23	n/a	1.19	No	122-STORE W/ LIVING UNIT	
830 BAY AVE	45	036-011-22		C-C	C-C	0	Unlimited	17	0.57	Mixed	5	2	3	10	No	Non-Vacant	0.24	1973	3.38	No	171-MULTI OFFICES/1 BLDG	
828 BAY AVE	46	036-011-31		C-C	C-C	0	Unlimited	17	0.68	Mixed	6	2	3	11	No	Non-Vacant	0.18	1986	0.62	No	120-SINGLE STORE	
911 CAPITOLA AVE	47	036-011-13	E	MU-N	MU-N	0	Unlimited	17	0.16	Mixed	1	1	1	3	No	Vacant	0.00	n/a	0.00	No	110-VACANT COMMERCIAL LAND; discontinued use	Vacant
911 CAPITOLA AVE	48	036-011-14	E	MU-N	MU-N	0	Unlimited	17	0.10	Mixed	1	0	1	2	No	Non-Vacant	0.25	n/a	0.00	No	192-COMMERCIAL PARKING; discontinued use	
911 CAPITOLA AVE	49	036-011-12	E	MU-N	MU-N	0	Unlimited	17	0.08	Low	1	0	0	1	No	Non-Vacant	0.94	1967	0.53	No	191-OTHER COMMERCIAL USE; discontinued use	
911 CAPITOLA AVE A	50	036-011-11	E	MU-N	MU-N	0	Unlimited	17	0.18	Mixed	2	0	1	3	No	Non-Vacant	0.22	1870	1.03	No	122-STORE W/ LIVING UNIT; discontinued use	
816 BAY AVE	51	036-051-26	F	C-C	C-C	0	Unlimited	17	0.38	Mixed	3	1	2	6	No	Non-Vacant	0.16	1967	0.32	No	201-FAST FOOD RESTAURANT	
816 BAY AVE A	52	036-051-29	F	C-C	C-C	0	Unlimited	17	1.36	Mixed	12	4	7	23	No	Non-Vacant	0.22	1971	3.20	No	161-MINOR SHOPPING CENTER	
800 BAY AVE	53	036-051-30	F	C-C	C-C	0	Unlimited	17	0.44	Mixed	4	1	2	7	No	Non-Vacant	0.16	1936	0.34	Yes	023-NON-CONFORMING RES; non-conforming use	
718 CAPITOLA AVE	54	036-062-11		MU-N	MU-N	0	Unlimited	17	0.86	Mixed	7	2	6	15	No	Non-Vacant	0.24	1946	0.86	No	190-MISC MULTI USE	
716 CAPITOLA AVE	55	036-062-12		MU-N	MU-N	0	Unlimited	17	0.50	Mixed	4	1	3	8	No	Non-Vacant	0.43	1966	1.45	No	131-MULTI STORES/OFFICES	
712 CAPITOLA AVE	56	036-062-14	G	MU-N	MU-N	0	Unlimited	17	0.27	Mixed	2	1	2	5	No	Non-Vacant	0.23	1965	1.43	No	122-STORE W/ LIVING UNIT	
706 CAPITOLA AVE	57	036-062-15	G	MU-N	MU-N	0	Unlimited	17	0.88	Mixed	7	2	6	15	No	Non-Vacant	0.24	1965	1.45	No	131-MULTI STORES/OFFICES	
715 CAPITOLA AVE	58	036-051-34	H	MU-N	MU-N	0	Unlimited	17	0.33	Mixed	3	1	2	6	No	Non-Vacant	0.32	1980	4.00	No	131-MULTI STORES/OFFICES	
700 BAY AVE	59	036-051-35	H	MU-N	MU-N	0	Unlimited	17	0.50	Mixed	4	1	4	9	No	Non-Vacant	0.35	1948	0.57	No	122-STORE W/ LIVING UNIT	
600 BAY AVE	60	036-051-12	H	MU-N	MU-N	0	Unlimited	17	0.29	Mixed	2	1	2	5	No	Vacant	0.00	n/a	0.00	No	110-VACANT COMMERCIAL LAND	Vacant
601 BAY AVE	61	035-301-01		MU-N	MU-N	0	Unlimited	17	0.86	Mixed	7	2	6	15	No	Non-Vacant	0.16	1974	0.57	No	210-BANK	
605 CAPITOLA AVE	62	035-301-16		MU-N	MU-N	0	Unlimited	17	0.10	Mixed	0	1	1	2	No	Non-Vacant	0.31	1925	0.28	No	020-SINGLE RESIDENCE	
603 CAPITOLA AVE	63	035-301-18		MU-N	MU-N	0	Unlimited	17	0.11	Mixed	0	1	1	2	No	Non-Vacant	0.32	1910	1.08	No	023-NON-CONFORMING RES	
525 CAPITOLA AVE 1	64	035-093-03		MU-N	MU-N	0	Unlimited	17	0.09	Mixed	0	1	1	2	No	Non-Vacant	0.50	1977	0.66	No	180-MEDICAL OFFICE	
523 CAPITOLA AVE	65	035-093-04		MU-N	MU-N	0	Unlimited	17	0.09	Mixed	0	1	1	2	No	Non-Vacant	0.33	1966	0.62	No	181-DENTAL OFFICE	
521 CAPITOLA AVE	66	035-093-05		MU-N	MU-N	0	Unlimited	17	0.09	Mixed	0	1	1	2	No	Non-Vacant	0.45	1964	0.47	No	180-MEDICAL OFFICE	
519 CAPITOLA AVE	67	035-093-06		MU-N	MU-N	0	Unlimited	17	0.19	Mixed	0	1	2	3	No	Non-Vacant	0.29	n/a	2.51	No	171-MULTI OFFICES/1 BLDG	
528 CAPITOLA AVE	68	035-094-29		MU-N	MU-N	0	Unlimited	17	0.38	Mixed	0	2	4	6	No	Non-Vacant	0.36	1961	2.71	No	180-MEDICAL OFFICE	
522 CAPITOLA AVE	69	035-094-37		MU-N	MU-N	0	Unlimited	17	0.18	Mixed	0	1	2	3	No	Non-Vacant	0.36	1976	0.78	No	171-MULTI OFFICES/1 BLDG	
506 CAPITOLA AVE 1	70	035-094-14		MU-N	MU-N	0	Unlimited	17	0.31	Mixed	0	2	3	5	No	Non-Vacant	0.17	1947	1.96	No	041-5 - 10 UNITS	
435 MONTEREY AVE	71	036-072-48		R-1	R-1	0	8.7	10	5.02	Low	5	0	0	5	No	Non-Vacant	0.10	n/a	5.10	No	710-CHURCH	Congregational; Assigned 5 units
700 MONTEREY AVE	72	036-151-01		P/QP	CF	n/a	n/a	15	4.94	Low	4	0	0	4	No	Non-Vacant	0.19	n/a	n/a	No	940-SCHOOL DISTRICT APN	School; Assigned 4 units
875 MONTEREY AVE	73	036-041-28	I	R-1	R-1	0	8.7	0	1.08	Low	1	0	0	1	No	Non-Vacant	0.16	n/a	0.00	No	711-OTHER CHURCH PROPERTY	Congregational
875 MONTEREY AVE	74	036-041-26	I	R-1	R-1	0	8.7	10	1.99	Low	3	0	0	3	No	Non-Vacant	0.30	1972	15.15	No	710-CHURCH	Congregational; Assigned 5 units
837 MONTEREY AVE	75	036-195-02	I	R-1	R-1	0	8.7	0	0.07	Low	1	0	0	1	No	Non-Vacant	0.12	n/a	n/a	No	801-UTILITY WATER COMPANY	Congregational
1500 PARK AVE	76	036-201-03		P/OS	P/OS	n/a	n/a	0	5.88	Low	10	0	0	10	No	Non-Vacant	0.00	n/a	n/a	No	913-STATE PARK/RECREATION; underutilized	State Beach; Assigned 10 employee / workforce units; along frontage road

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Appendix E: Affirmatively Furthering Fair Housing (AFFH)

A. Introduction and Overview of AB 686

Assembly Bill 686 requires the inclusion in the Housing Element of an analysis of barriers that restrict access to opportunity¹ and a commitment to specific meaningful actions to affirmatively further fair housing.² AB 686 mandates that local governments identify meaningful goals to address the impacts of systemic issues such as residential segregation, housing cost burden, and unequal educational or employment opportunities to the extent these issues create and/or perpetuate discrimination against protected classes.³ In addition, AB 686:

- Requires the state, cities, counties, and public housing authorities to administer their programs and activities related to housing and community development in a way that affirmatively furthers fair housing;
- Prohibits the state, cities, counties, and public housing authorities from taking actions materially inconsistent with their AFFH obligation;
- Requires that the AFFH obligation be interpreted consistent with HUD’s 2015 regulation, regardless of federal action regarding the regulation;
- Requires an AFFH analysis in the Housing Element (an existing planning process that California cities and counties must complete); and
- Includes in the Housing Element’s AFFH analysis a required examination of issues such as segregation and resident displacement, as well as the required identification of fair housing goals.
- Requires an assessment of fair housing to the Housing Element that includes the following components: a summary of fair housing issues and assessment of the City’s fair housing enforcement and outreach capacity;

1 While California’s Department of Housing and Community Development (HCD) does not provide a definition of opportunity, opportunity is usually related to access to resources and improvement of quality of life. HCD and the California Tax Credit Allocation Committee (TCAC) have created Opportunity Maps to visualize place-based characteristics linked to critical life outcomes, such as educational attainment, earnings from employment, and economic mobility.

2 “Affirmatively furthering fair housing” is defined to mean taking meaningful actions that “overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity” for communities of color, persons with disabilities, and others protected by California law.

3 A protected class is a group of people sharing a common trait who are legally protected from being discriminated against on the basis of that trait.

an analysis of segregation patterns and disparities in access to opportunities, an assessment of contributing factors, and an identification of fair housing goals and actions.

1. Analysis Requirements

An assessment of fair housing must consider the elements and factors that cause, increase, contribute to, maintain, or perpetuate segregation, racially or ethnically concentrated areas of poverty, significant disparities in access to opportunity, and disproportionate housing needs.⁴ The analysis must address patterns at a regional and local level and trends in patterns over time. This analysis should compare the locality at a county level or even broader regional level such as a Council of Governments, where appropriate, for the purposes of promoting more inclusive communities.

For the purposes of this AFFH, “Regional Trends” describes trends in Santa Cruz County. “Local Trends” describes trends specific to the City of Capitola.

2. Sources of Information

The City uses a variety of data sources for the assessment of fair housing at the regional and local level. Sources include:

- California Department of Housing and Community Development (HCD) AFFH Data Viewer 2.0.
- U.S. Census Bureau’s Decennial Census (referred to as “Census”) and American Community Survey (ACS).
- U.S. Department of Housing and Urban Development (HUD) Comprehensive Housing Affordable Strategy (CHAS) reports (based on the 2015-2019 ACS).

Some of these sources provide data on the same topic, but because of different methodologies, the resulting data differ. For example, the decennial census and ACS report slightly different estimates for the total population, number of households, number of housing units, and household size. This is in part because ACS provides estimates based on a small survey of the population taken over the course of the whole year.⁵ Because of the survey size and seasonal

4 Gov. Code, §§65583, subds. (c)(10)(A), (c)(10)(B), 8899.50, subds. (a), (b), (c); see also AFFH Final Rule and Commentary (AFFH Rule), 80 Fed. Reg. 42271, 42274, 42282-42283, 42322, 42323, 42336, 42339, 42353-42360, esp. 42355-42356 (July 16, 2015). See also 24 C.F.R. §§ 5.150, 5.154(b)(2) (2016).

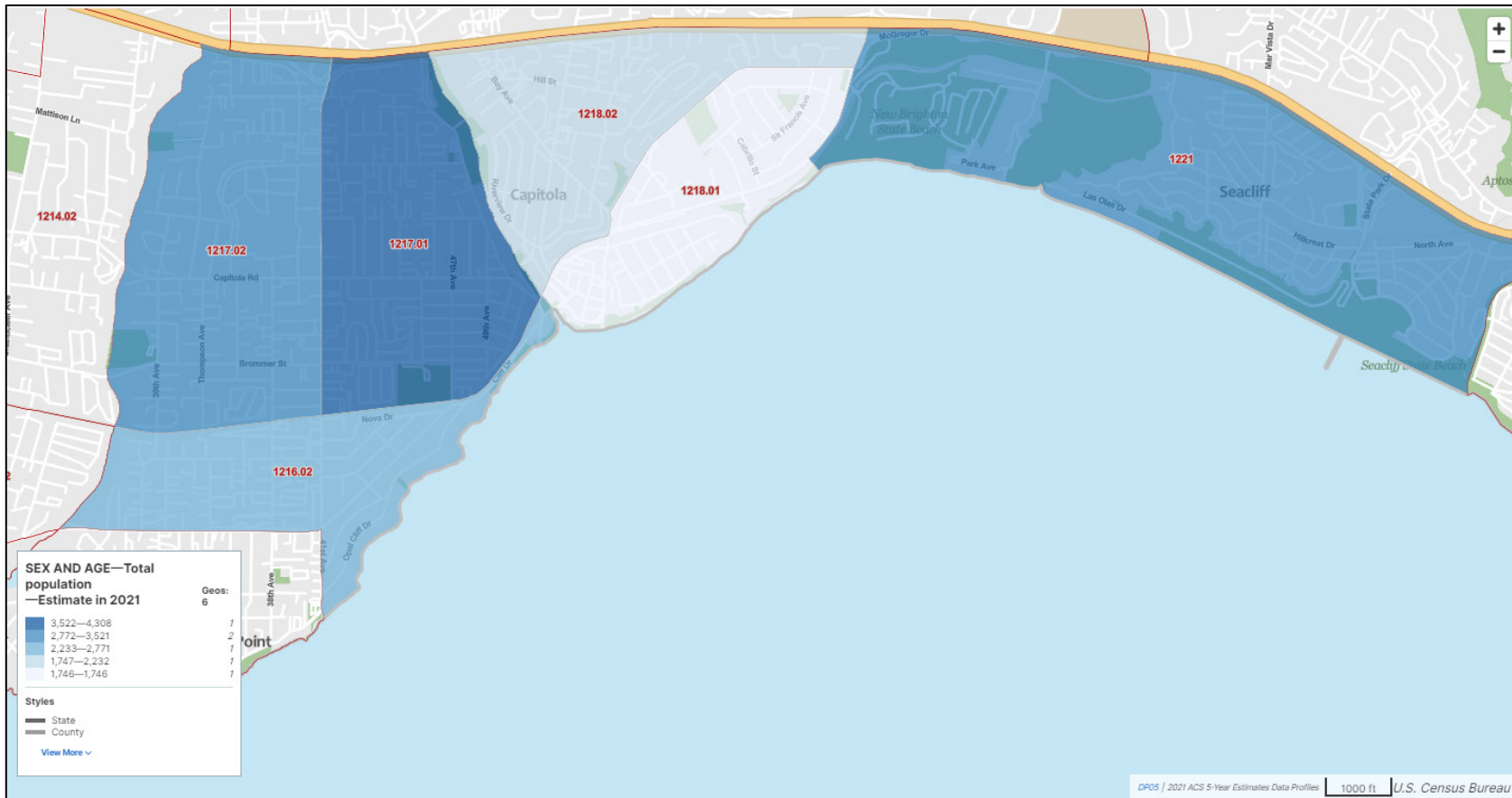
5 The American Community Survey is sent to approximately 250,000 addresses in the United States monthly (or 3 million per year). It regularly gathers information previously contained only in the long form of the decennial census. This information is then averaged to create an estimate reflecting a 1- or 5-year reporting period (referred to as a “5-year estimate”). 5-year estimates have a smaller margin of error due to the longer reporting period and are used throughout this AFFH analysis.

population shifts, some information provided by the ACS is less reliable. For this reason, the readers should keep in mind the potential for data errors when drawing conclusions based on the ACS data used in this chapter. The information is included as it provides an indication of possible trends.

In addition, HCD has developed a statewide AFFH Data Viewer. The AFFH Data Viewer consists of map data layers from various data sources and provides options for addressing each of the components within the full scope of the assessment of fair housing.

Figure E-1 shows the Census tracts in Capitola that will be referred to throughout this Assessment of Fair Housing Issues.

Figure E-1: Capitola Census Tracts and Populations (2021)



Source: 2017-2021 ACS (5-Year Estimates).

B. Assessment of Fair Housing Issues

1. Fair Housing Enforcement and Outreach

Regional Trends

Federal fair housing laws prohibit discrimination based on race, color, religion, national origin, sex/gender, handicap/disability, and familial status. Specific federal legislation and court rulings include:

- **The Civil Rights Act of 1866** – covers only race and was the first legislation of its kind
- **The Federal Fair Housing Act 1968** – covers refusal to rent, sell, or finance to protected classes
- **The Fair Housing Amendment Act of 1988** – added the protected classes of handicap and familial status
- **The Americans with Disabilities Act (ADA)** – covers public accommodations in both businesses and in multifamily housing developments
- **Shelly v. Kramer 1948** – made it unconstitutional to use deed restrictions to exclude individuals from housing based on race
- **Jones v. Mayer 1968** – made restrictive covenants based on race illegal and unenforceable

California state fair housing laws protect the same classes as the federal laws with the addition of marital status, ancestry, source of income, sexual orientation, and arbitrary discrimination. Specific state legislation and regulations include:

- **Unruh Civil Rights Act** – extends to businesses and covers age and arbitrary discrimination
- **California Fair Employment and Housing Act (Rumford Act)** – covers the area of employment and housing, with the exception of single-family houses with no more than one roomer/boarder
- **California Civil Code Section 53** – takes measures against discriminatory restrictive covenants
- **Department of Real Estate Commissioner’s Regulations 2780-2782** – defines disciplinary actions for discrimination, prohibits panic selling and affirms the broker’s duty to supervise
- **Business and Professions Code** – covers people who hold licenses, including real estate agents, brokers, and loan officers

The City has committed to complying with applicable federal and state fair housing laws to ensure that housing is available to all persons without regard to race, color, religion, national origin, disability, familial status, or sex.

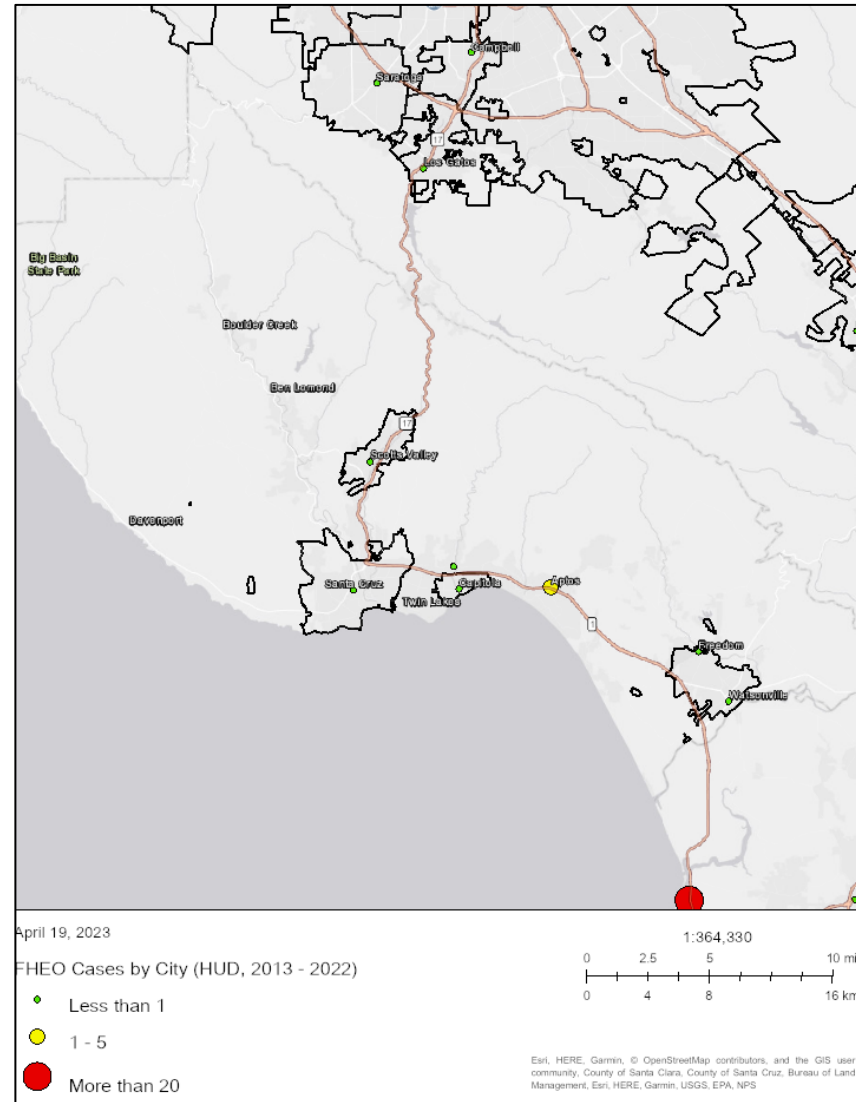
Fair housing enforcement and outreach capacity relates to the ability of a locality and fair housing entities to disseminate information related to fair housing and provide outreach and education to assure community members are aware of fair housing laws and rights. In addition, enforcement and outreach capacity includes the ability to address compliance with fair housing laws, such as investigating complaints, obtaining remedies, and engaging in fair housing testing. The following organizations provide legal assistance and mediation services to Santa Cruz County residents:

- **California Rural Legal Assistance (CRLA)** – Nonprofit law firm that provides a full range of legal services to low-income residents of Santa Cruz and San Benito County who are under the age of 62. Services include legal information, representation, and advocacy.
- **Senior Citizens’ Legal Services** – Nonprofit law firm that provides a full range of legal services to low-income residents in Santa Cruz County aged 62 and older. Services include legal information, representation, and advocacy.
- **Conflict Resolution Center of Santa Cruz County** – Nonprofit organization that provides affordable tools, training, and guided mediation processes for people in conflict. Services include housing mediation, counseling, conflict consultation, and mediation training.
- **Tenant Sanctuary** – Nonprofit organization in the City of Santa Cruz that offers information, education, housing counseling, and advocacy to help renters understand and assert their rights.
- **Watsonville Law Center** – Nonprofit organization that provides free legal services to low-income individuals on the Central Coast.
- **Lawyer Referral Service of Santa Cruz County** – A low-cost attorney referral agency.
- **Self-Help Center of the Superior Court of California, Santa Cruz** – Free assistance to self-represented customers for basic legal issues.
- **Santa Cruz Law Library** – Free access to legal information and free assistance with finding the best resources for legal research.
- **Tenant Power Toolkit** – Collaborative organization that assists with tenant-landlord law issues.

HUD’s Office of Fair Housing and Equal Opportunity implements federal fair housing laws and investigates fair housing complaints. Figure E-2 shows FHEO cases by city in the region in 2022. In most jurisdictions, including Capitola, the FHEO opened less than one case per 1,000 people per year. Aptos and Moss Landing have higher FHEO case rates of 1.26 and 90.9 per 1,000 people, respectively. However, Moss Landing has a population of only 11.

According to the HCD AFFH Data Viewer 2.0, 155 total cases were filed through FHEO between 2006 and 2020. This amounts to approximately 0.58 cases per 1,000 people, a higher rate compared to Santa Clara County (0.40), San Mateo County (0.43), and Monterey County (0.36). While there were 155 cases filed, a single case may be filed with multiple bases for discrimination. A total of 170 bases of discrimination were filed during this period. A majority of cases were filed based on disability status (115 cases), representing 67.6% of all cases filed. An additional 28 (16.5%) were filed on the basis of retaliation, 15 on familial status (8.8%), 13 on race (7.6%), 12 on national origin (7.1%), 12 on sex (7.1%), two on religion (1.2%), and one on color (0.6%). Of the cases filed on the basis of race, 11 were filed with a Black or African American race basis.

Figure E-2: Regional FHEO Cases by City (2022)



Source: HCD AFFH Data Viewer (2013-2022 HUD), 2023.

2. Integration and Segregation

a. Race/Ethnicity

Ethnic and racial composition of a region is useful in analyzing housing demand and any related fair housing concerns, as it tends to demonstrate a relationship with other characteristics such as household size, locational preferences, and mobility. For example, prior studies have identified socioeconomic status, generational care needs, and cultural preferences as factors associated with “doubling up”- households with extended family members and non-kin. These factors have also been associated with ethnicity and race. Other studies have also found minorities tend to congregate in metropolitan areas though their mobility trend predictions are complicated by economic status (minorities moving to the suburbs when they achieve middle class) or immigration status (recent immigrants tends to stay in metro areas/ports of entry).

In addition to an analysis of regional, local, and geographical racial/ethnic population trends over time, HUD provided dissimilarity indices to analyze segregation patterns. Dissimilarity indices are used to measure the evenness with which two groups (frequently defined on racial or ethnic characteristics) are distributed across the geographic units, such as tracts within a community. The index ranges from 0 to 1, with 0 denoting no segregation and 1 indicating complete segregation between the two groups. The index score can be understood as the percentage of one of the two groups that would need to move to produce an even distribution of racial/ethnic groups within the specified area. For example, an index score above 0.60 indicates 60% of people in the specified area would need to move to eliminate segregation. The following shows how HUD views various levels of the index:

- <0.40: Low Segregation
- 0.40-0.54: Moderate Segregation
- >0.55: High Segregation

Regional Trends

Table E-1 shows racial/ethnic populations in Santa Cruz County, Capitola, and neighboring cities. Countywide, 56.1% of the population is White and 34% of the population is Hispanic or Latino. All selected jurisdictions except Watsonville have White populations exceeding the countywide average of 56.1%. Scotts Valley has the largest population of 78%. In comparison, Watsonville has a White population of only 12% and a Hispanic/Latino population of 84%. Los Gatos and the City of Santa Cruz have the largest Asian populations of 16.6% and 10.6%, respectively. As presented in Figure E-4, block groups with larger racial/ethnic minority populations, or non-White populations, are more concentrated in southern Santa Cruz County and Monterey County, as well as the area in and around San Jose City area north of Capitola. The central Santa Cruz County areas, including unincorporated block groups and the cities of Santa Cruz and Capitola, tend to be comprised of block groups with racial/ethnic minority populations.

As presented in Figure E-5, most tracts in the central Santa Cruz County areas have low-medium segregation or high White segregation. Tracts in the San Jose City area and in parts of southern Santa Cruz County have high person-of-color (POC) segregation, consistent with the overall demographics shown in Figure E-5.

Table E-1: Racial/Ethnic Composition of Santa Cruz County and Neighboring Cities

	Santa Cruz County	Capitola	Los Gatos	Santa Cruz (City)	Scotts Valley	Watsonville
White alone	56.1%	66.0%	70.1%	60.8%	77.7%	11.9%
Black or African American alone	0.8%	0.2%	0.8%	1.8%	0.4%	0.5%
American Indian and Alaska Native alone	0.1%	0.4%	0.0%	0.1%	0.0%	0.0%
Asian alone	4.7%	6.3%	16.6%	10.6%	5.8%	2.5%
Native Hawaiian and Other Pacific Islander alone	0.1%	0.0%	0.0%	0.1%	0.0%	0.0%
Some other race alone	0.4%	0.0%	0.4%	0.5%	0.4%	0.3%
Two or more races	3.6%	3.8%	3.9%	5.1%	3.5%	0.5%
Hispanic or Latino	34.0%	23.3%	8.3%	21.1%	12.1%	84.3%
Total	272,138	10,041	33,309	62,714	12,317	52,966

Source: 2017-2021 ACS (5-Year Estimates).

Figure E-4: Regional Racial/Ethnic Minority Population by Block Group (2020)

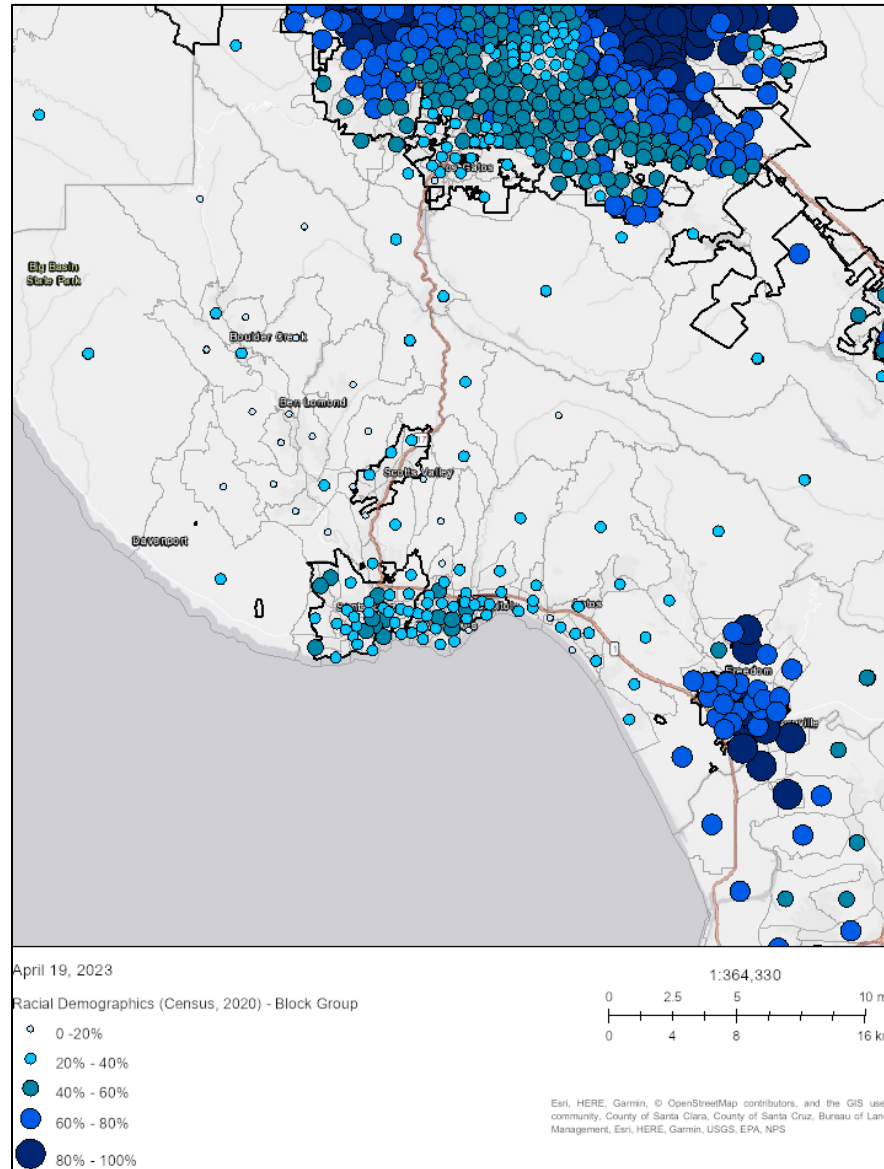
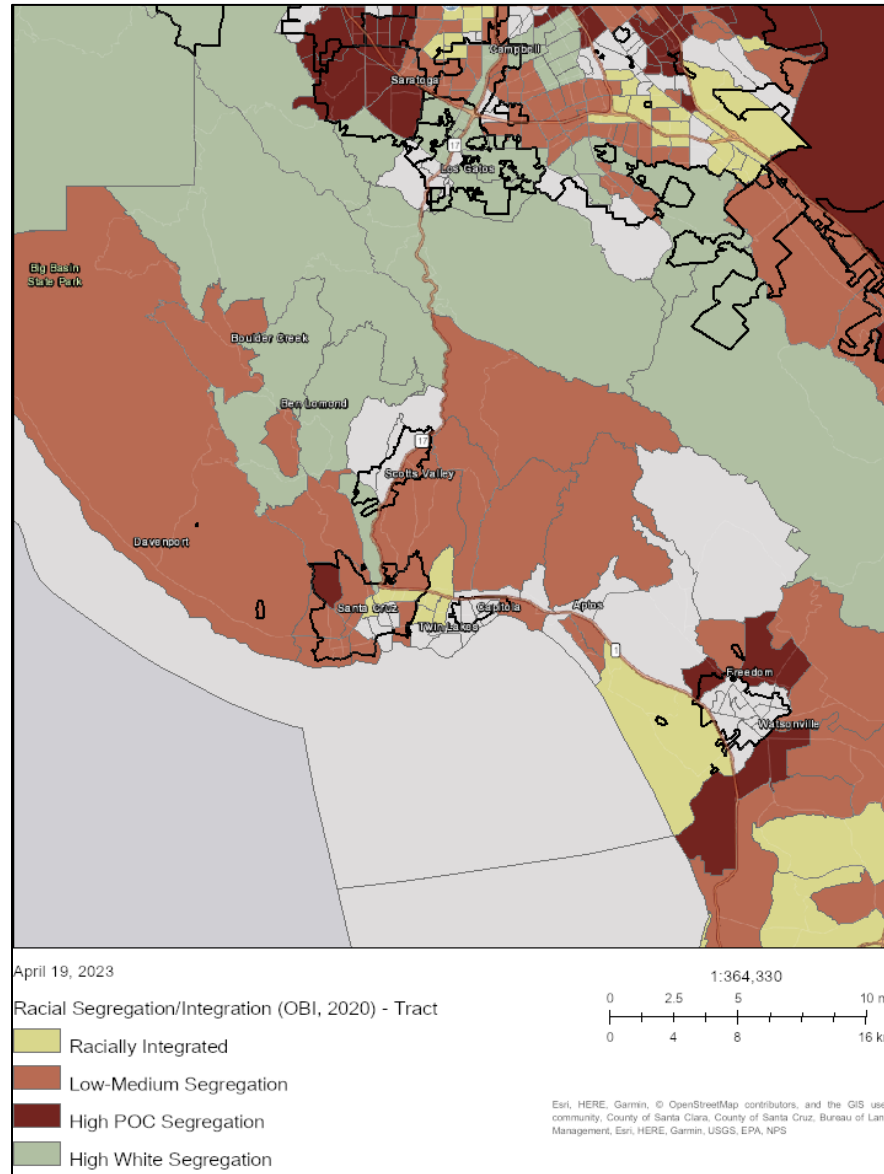


Figure E-5: Regional Racial Segregation by Tract (2020)



Source: HCD AFFH Data Viewer 2.0 (OBI, 2020), 2023.

Dissimilarity indices for Santa Cruz County are shown in Table E-2. According to HUD’s definition of the index, non-White and White populations countywide are moderately segregated. Segregation between Black and White populations and Asian/Pacific Islander and White populations is considered low, while Hispanic and White populations are highly segregated. Since 1990 dissimilarity indices for the non-White and White populations have increased indicating that segregation has increased countywide.

Table E-2: Dissimilarity Indices – Santa Cruz County (1990-2020)

	1990	2000	2010	Current
Non-White/White	47.26	47.95	47.66	53.07
Black/White	28.09	25.72	24.17	33.62
Hispanic/White	54.15	56.53	55.36	58.29
Asian and Pacific Islander/White	26.87	24.76	27.39	35.21

HUD dissimilarity indices are available for entitlement jurisdictions only. HUD dissimilarity indices are not available for Capitola alone.
 Source: HUD AFFH-T Data – Dissimilarity Indices, 2020.

Local Trends

Table E-3 shows the racial and ethnic makeup of Capitola’s population. The White population makes up the largest share of the population citywide, representing 66%. Since the 2006-2010 ACS, the White population has decreased 10.6%. The Black/African American population, Native Hawaiian and other Pacific Islander population, and population of some other race have also decreased. The Asian and American Indian and Alaska Native populations have seen the largest increases of 112% and 80%, respectively. The Hispanic/Latino population has also grown, representing 16.5% of the population during the 2006-2010 ACS and 23.3% of the population during the 2017-2021 ACS.

Consistent with the citywide demographics, all Capitola tracts have White majority populations. As shown in Figure E-6, there are two block groups in Capitola where more than 40% of the population is non-White. The first is bound by Soquel Wharf Road and 41st Avenue and the second is bound by 30th Avenue and 41st Avenue. It is relevant to note that the second block group mentioned encompasses part of Capitola and part of the unincorporated County area west of the City. Both block groups are on the western side of the City. Since the 2010 Census, shown in Figure E-7, all block groups have seen an increase in non-White populations, consistent with the decrease in the White population citywide.

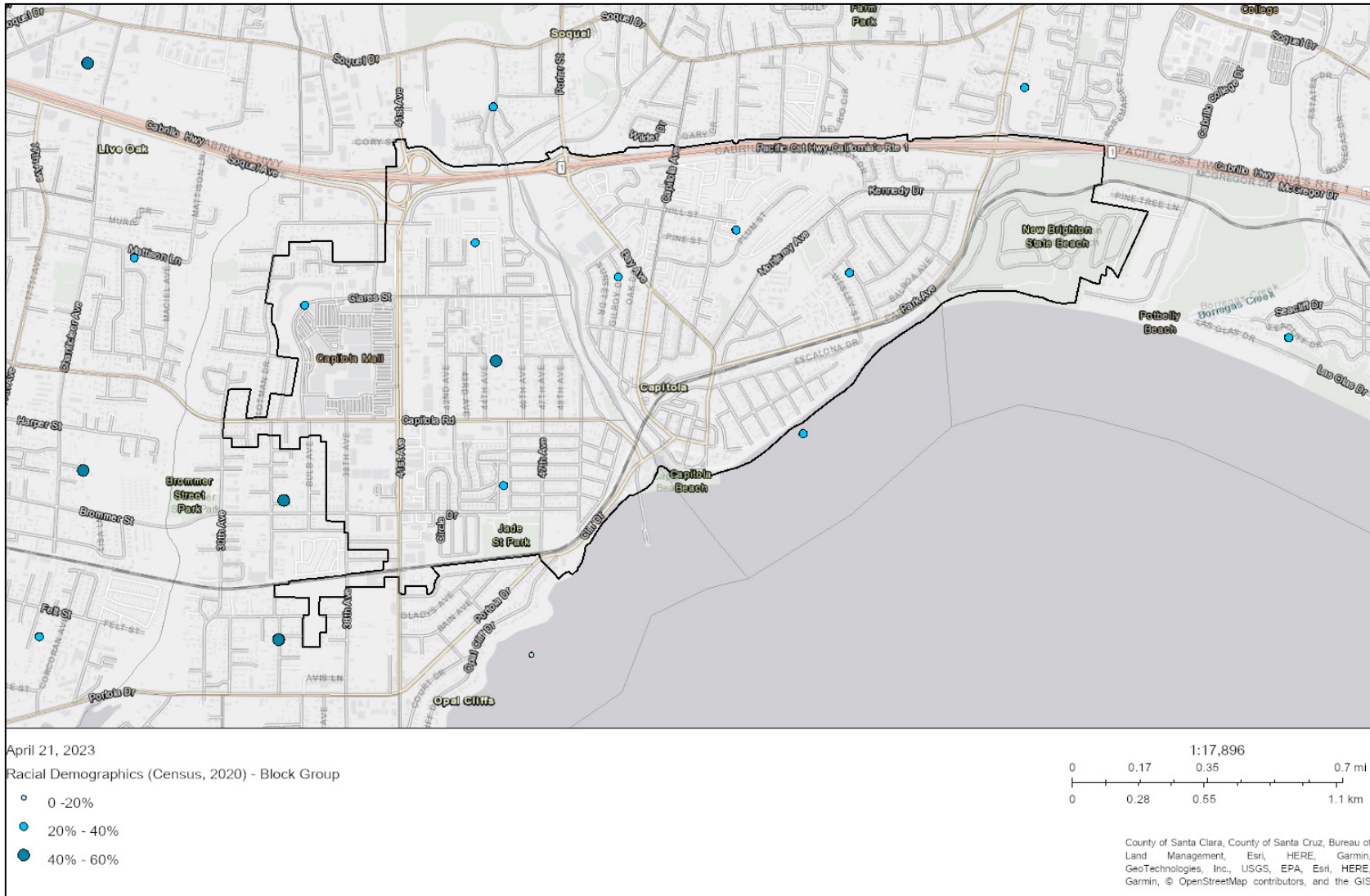
Like the 2020 Census data in Figure E-6, block group data using the 2010 Census shows the western block groups mentioned previously have larger non-White populations compared to all other block groups.

Table E-3: Change in Racial/Ethnic Minority Population (2006-2021)

Race/Ethnicity	2006-2010		2017-2021	
	Persons	Percent	Persons	Percent
White alone	7,410	75.6%	6,624	66.0%
Black or African American alone	109	1.1%	24	0.2%
American Indian and Alaska Native alone	20	0.2%	36	0.4%
Asian alone	299	3.1%	634	6.3%
Native Hawaiian and Other Pacific Islander alone	88	0.9%	0	0.0%
Some other race alone	41	0.4%	0	0.0%
Two or more races	212	2.2%	381	3.8%
Hispanic or Latino	1,622	16.5%	2,342	23.3%
Total	9,801	100.0%	10,041	100.0%

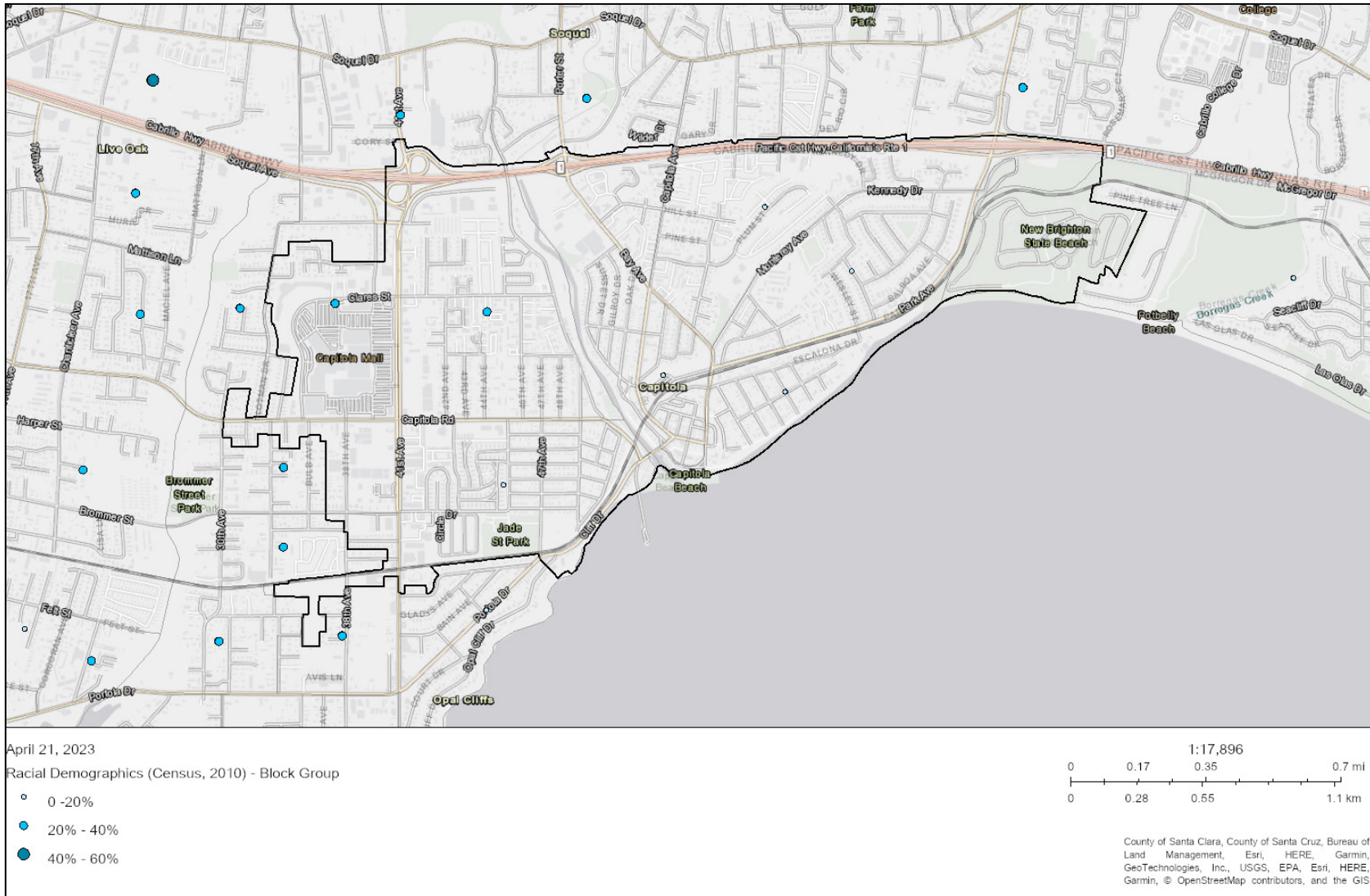
Source: 2006-2010 and 2017-2021 ACS (5-Year Estimates).

Figure E-6: Racial/Ethnic Minority Population by Block Group (2020)



Source: HCD AFFH Data Viewer 2.0 (2020 Census), 2023.

Figure E-7: Racial/Ethnic Minority Population by Block Group (2010)



Source: HCD AFFH Data Viewer 2.0 (2020 Census), 2023.

b. Persons with Disabilities

Persons with disabilities have special housing needs because of the lack of accessible and affordable housing, and the higher health costs associated with their disability. In addition, many may be on fixed incomes that further limits their housing options. Persons with disabilities also tend to be more susceptible to housing discrimination due to their disability status and required accommodations associated with their disability.

Regional Trends

According to the 2017-2021 American Community Survey (ACS) 5-year estimates, 11.3% of the Santa Cruz County population reported having one of six disability types listed in the ACS (hearing, vision, cognitive, ambulatory, self-care difficulties, and independent living difficulties). The percentage of residents detailed by disability are listed in Table E-4 below. The Native Hawaiian and other Pacific Islander population has the highest disability rate of 24.5%, followed by the American Indian and Alaska Native population (18.3%), Black/African American population (12.3%), and non-Hispanic White population (12.2%). All other racial/ethnic groups have disability rates below the County average of 11.3%.

Elderly populations are significantly more likely to experience disability. Approximately 45% of the population aged 75 and older experiences a disability compared to 18.2% of the population aged 65 to 74 and 10.1% of the population aged 35 to 64. Cognitive difficulties and independent living difficulties are the most common disability types in the County, where 5.1% and 5% of the population experiences each, respectively.

Table E-4: Populations of Persons with Disabilities – Santa Cruz County (2021)

	Total Population	Percent with Disability
Total civilian noninstitutionalized population	270,860	11.3%
Race/Ethnicity		
White alone	185,587	11.9%
Black or African American alone	2,983	12.3%
American Indian and Alaska Native alone	1,819	18.3%
Asian alone	13,419	9.9%
Native Hawaiian and Other Pacific Islander alone	564	24.5%
Some other race alone	40,432	9.7%
Two or more races	26,056	9.2%
White alone, not Hispanic or Latino	152,065	12.2%
Hispanic or Latino (of any race)	92,252	10.1%
Age		
Under 5 years	13,075	2.3%
5 to 17 years	38,861	6.4%
18 to 34 years	72,797	7.2%
35 to 64 years	100,788	10.1%
65 to 74 years	29,515	18.2%
75 years and over	15,824	44.9%
Type		
With a hearing difficulty	–	3.5%
With a vision difficulty	–	2.2%
With a cognitive difficulty	–	5.1%
With an ambulatory difficulty	–	4.8%
With a self-care difficulty	–	2.3%
With an independent living difficulty	–	5.0%

Source: 2017-2021 ACS (5-Year Estimates).

Populations of persons with disabilities at the tract-level are presented in Figure E-8. In nearly all tracts in the region surrounding Capitola, less than 20% of the population experiences a disability. There are two tracts in Watsonville and one tract in Capitola where more than 20% of the population has a disability. Beyond these tracts, persons with disabilities are generally not concentrated in a single area of the region.

Local Trends

As presented in Table E-5, Capitola has a larger population of persons with disabilities compared to the County (15% vs. 11.3%). In Capitola, the American Indian and Alaska Native population has the highest disability rate of 39%, followed by the non-Hispanic White population (18.6%). The disability rate amongst the population aged 75 and older in Capitola, 53.5%, is significantly higher than the rate for this age group countywide (44.9%). Like the countywide trend, cognitive difficulties and independent living difficulties are the most common disability types in the City.

The population of persons with disabilities in Capitola in excess of the countywide trend is likely, in part, due to the population of elderly adults residing in the City. According to the 2017-2021 ACS, the population aged 65 and older in Santa Cruz County represents 16.8% of the countywide population compared to 22.3% in Capitola. Further, the population aged 75 and older represents 8.6% of the population in Capitola compared to 5.9% countywide.

Table E-5: Populations of Persons with Disabilities – Capitola (2021)

	Total Population	Percent with Disability
Total civilian noninstitutionalized population	9,938	15.0%
Race/Ethnicity		
White alone	8,060	16.3%
Black or African American alone	24	0.0%
American Indian and Alaska Native alone	59	39.0%
Asian alone	632	10.0%
Native Hawaiian and Other Pacific Islander alone	26	0.0%
Some other race alone	498	9.8%
Two or more races	639	5.6%
White alone, not Hispanic or Latino	6,540	18.6%
Hispanic or Latino (of any race)	2,328	8.1%
Age		
Under 5 years	213	0.0%
5 to 17 years	1,271	9.1%
18 to 34 years	1,989	4.7%
35 to 64 years	4,318	15.5%
65 to 74 years	1,371	13.9%
75 years and over	776	53.5%

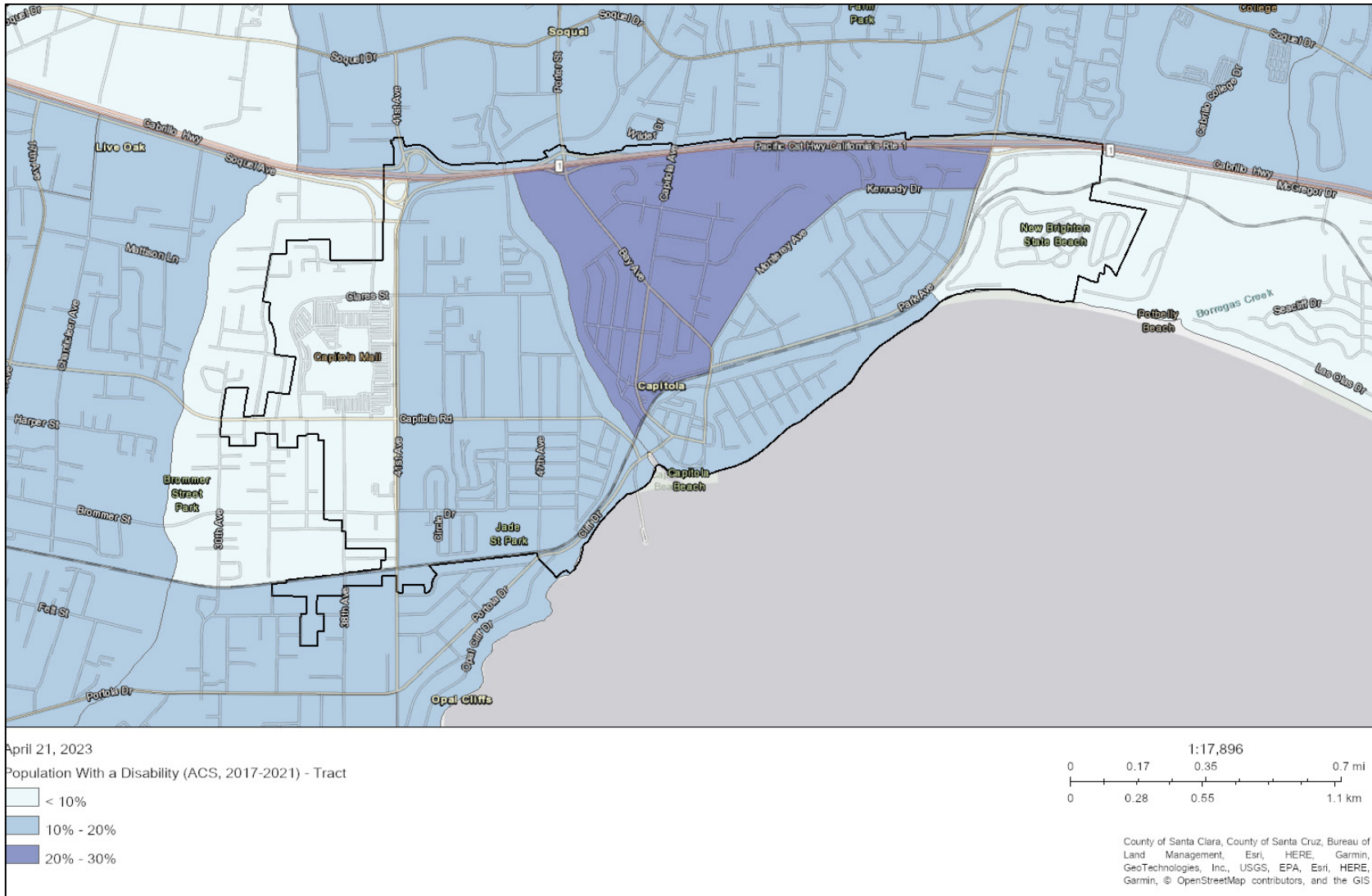
Type	Total Population	Percent with Disability
With a hearing difficulty	--	4.8%
With a vision difficulty	--	3.1%
With a cognitive difficulty	--	8.6%
With an ambulatory difficulty	--	6.6%
With a self-care difficulty	--	4.5%
With an independent living difficulty	--	8.2%

Source: 2017-2021 ACS (5-Year Estimates).

There is one tract in Capitola where more than 20% of the population experiences a disability (Figure E-9). This tract is located in the center of the City, bound by the Pacific Coast Highway (PCH), Monterey Avenue, and Soquel Wharf Drive. The tracts adjacent to the central tract to the east and west have populations of persons with disabilities between 10% and 20%, while the far eastern and western tracts have populations of persons with disabilities below 10%. It is relevant to note that the far eastern and western tracts also include unincorporated County areas outside the City boundaries.

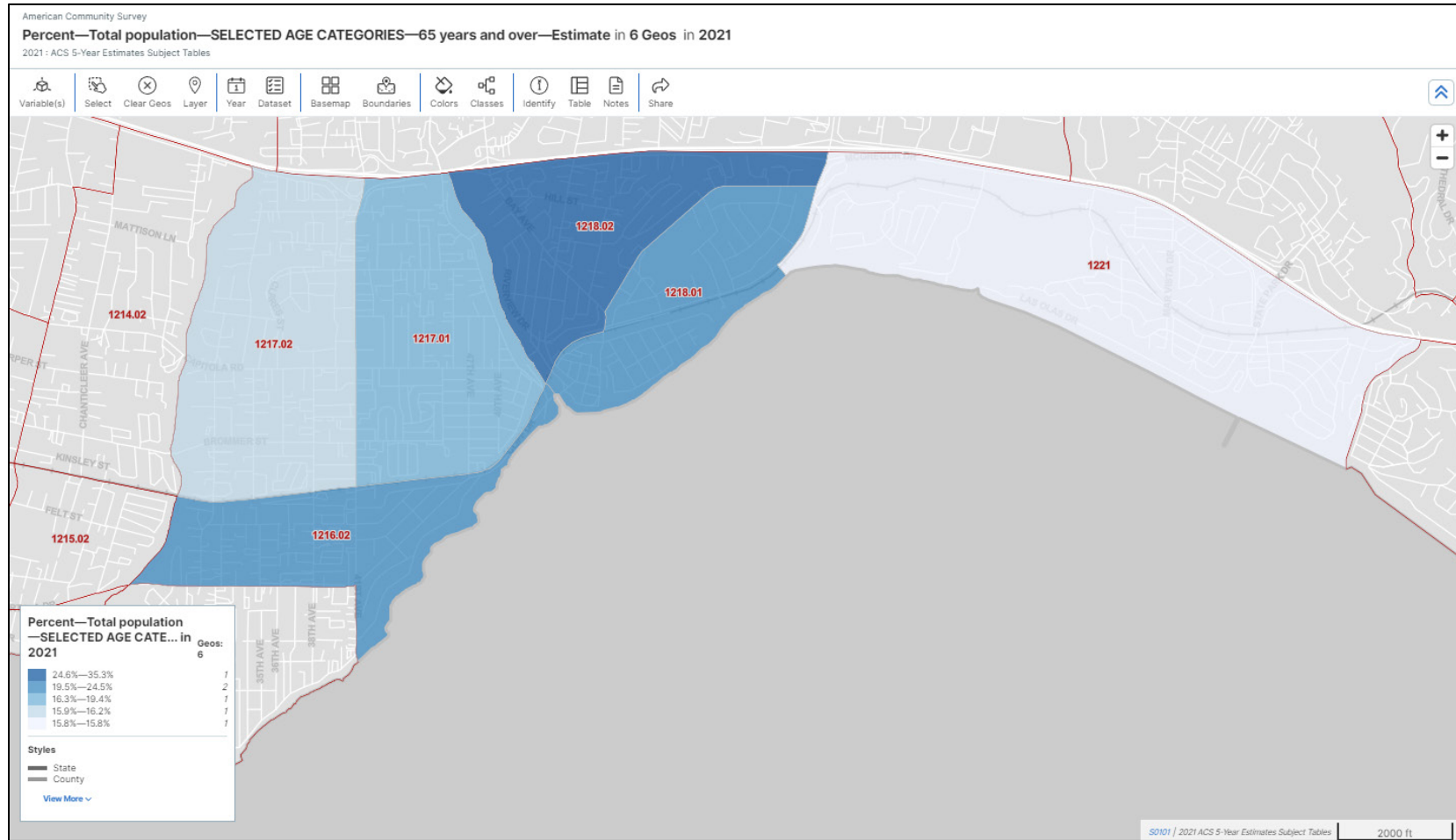
Populations of persons aged 65 and older by tract using the 2017-2021 ACS are shown in Figure E-10. Consistent with the populations of persons with disabilities, the central tract, tract 1218.02, has the largest population aged 65 and older. Tract 1218.02 is generally bound by the PCH, Soquel Wharf Road, and Monterey Avenue. Tracts 1218.01 (bound by Monterey Avenue to the north, Park Avenue to the east, and Soquel Wharf Road to the west), 1217.01 (bound by 41st Avenue and Soquel Wharf Road), and 1216.02 (south of Cliff Drive and the Union Pacific railroad), where between 10% and 20% of the population experiences a disability, also have larger elderly populations compared to tracts 1217.02 and 1221, where less than 10% of the population has a disability.

Figure E-9: Populations of Persons with Disabilities by Tract (2021)



Source: HCD AFFH Data Viewer 2.0 (2017-2021 ACS), 2023.

Figure E-10: Population Aged 65 and Older by Tract (2021)



Source: 2017-2021 ACS (5-Year Estimates).

c. Familial Status

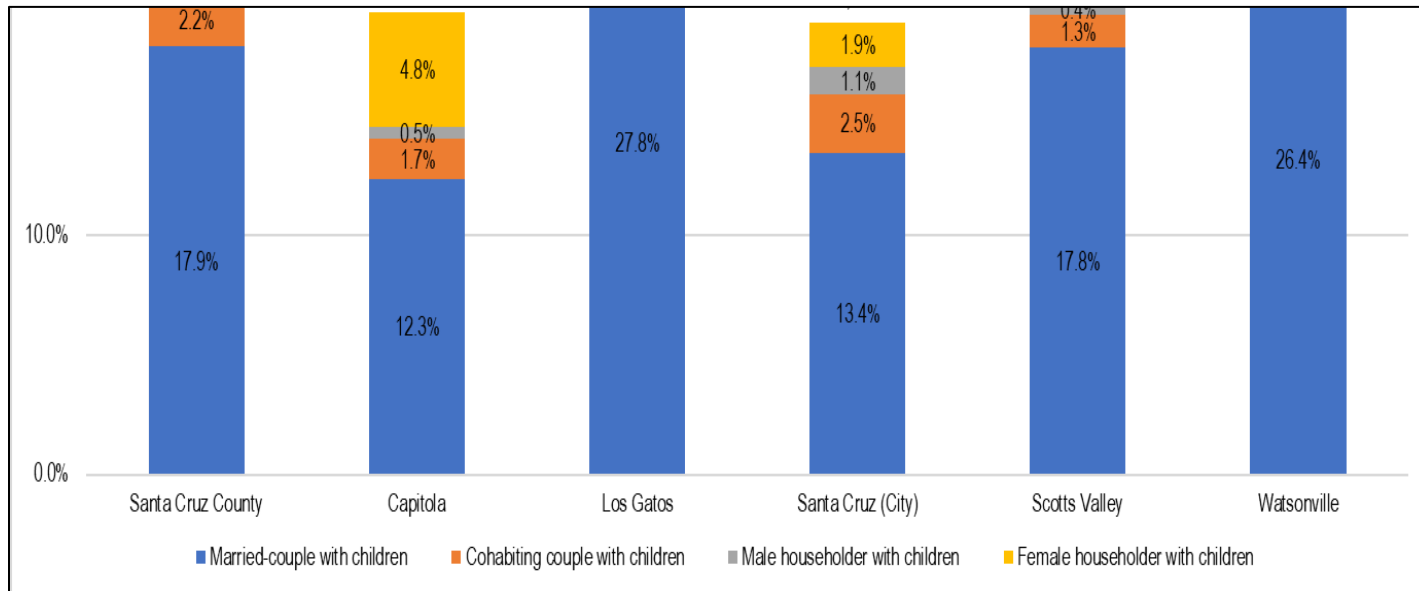
Under the FHA, housing providers (e.g., landlords, property managers, real estate agents, or property owners) may not discriminate because of familial status. Familial status refers to the presence of at least one child under 18 years old, pregnant persons, or any person in the process of securing legal custody of a minor child (including adoptive or foster parents). Examples of familial status discrimination include refusing to rent to families with children, evicting families once a child joins the family (through birth, adoption, or custody), enforcing overly restrictive rules regarding children's use of common areas, requiring families with children to live on specific floors, buildings, or areas, charging additional rent, security deposit, or fees because a household has children, advertising a preference for households without children, and lying about unit availability.

Families with children often have special housing needs due to lower per capita income, the need for affordable childcare, the need for affordable housing, or the need for larger units with three or more bedrooms. Single parent households are also protected by fair housing law. Of particular consideration are female-headed households, who may experience greater housing affordability challenges due to typically lower household incomes compared to two-parent households. Often, sex and familial status intersect to compound the discrimination faced by single mothers.

Regional Trends

According to the 2017-2021 ACS, approximately 24.5% of households in Santa Cruz County are households with children. Of the selected jurisdictions shown in Figure E-11, Watsonville has the largest proportion of households with children, representing 38.7% of households citywide. Los Gatos also has a higher share of households with children compared to the County. Only 19.3% of households in Capitola are households with children. In Santa Cruz County, 17.9% of households are married couples with children, 3.4% are single-parent female-headed households, 2.2% are cohabiting couple households with children, and 1% are single-parent male-headed households. Watsonville has the largest share of single-parent female headed households of the selected jurisdictions (7.5%). Capitola and Scotts Valley also have larger shares of single-parent female-headed households compared to the County, Los Gatos, and the City of Santa Cruz.

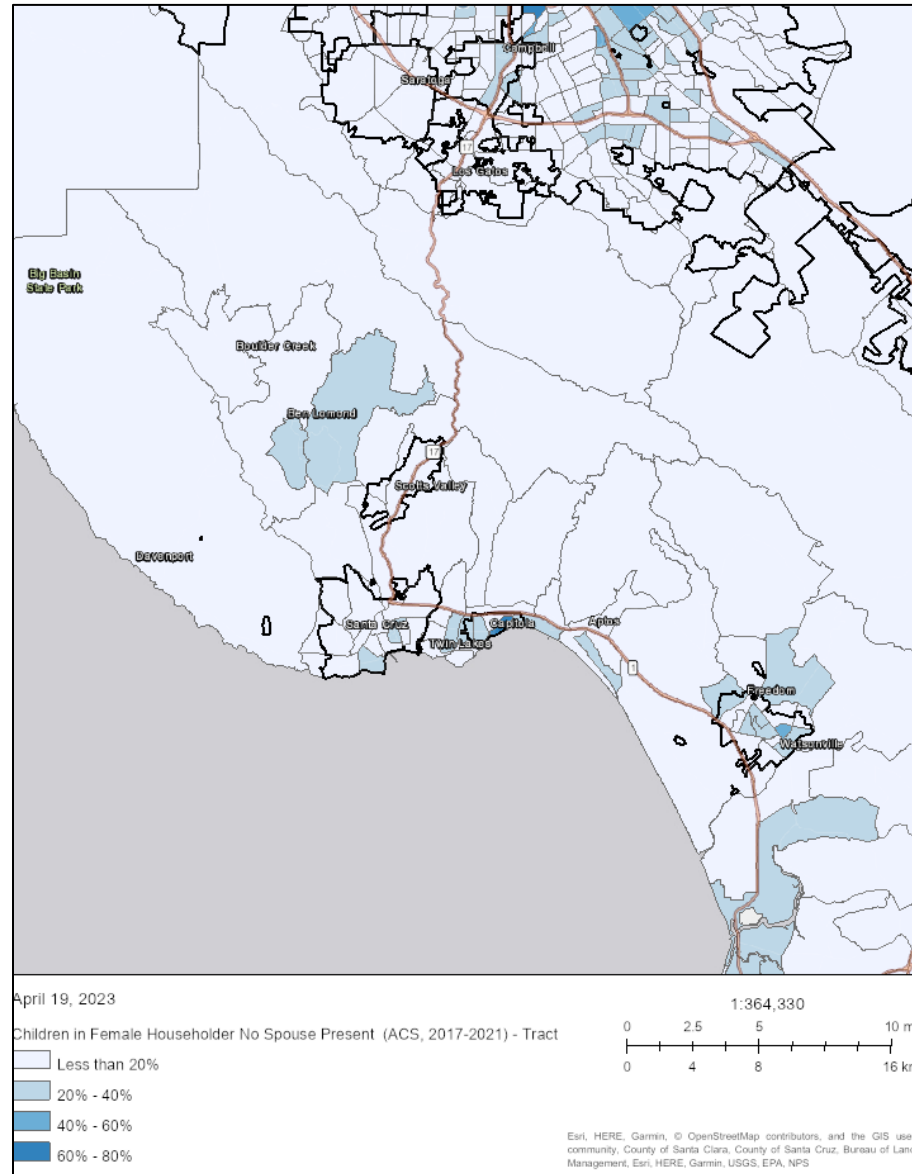
Figure E-11: Households with Children in Santa Cruz County and Neighboring Cities (2021)



Source: 2017-2021 ACS (5-Year Estimates).

Populations of children residing in single-parent female-headed households by tract are presented in Figure E-12. In most tracts in the region, fewer than 40% of children reside in female-headed households. There are a handful of tracts where more than 40% of children are in female-headed households in Capitola, Watsonville, and in the San Jose area. Tracts where more than 40% of children reside in female-headed households are generally more concentrated in and around incorporated cities rather than unincorporated County areas.

Figure E-12: Regional Children in Female-Headed Households by Tract (2021)



Source: HCD AFFH Data Viewer 2.0 (2017-2021 ACS), 2023.

Local Trends

Capitola has seen a slight decrease in the proportion of households with children in recent years (Table E-6). During the 2006-2010 ACS, there were 918 households with children representing 19.6% of all City households. The most recent 2017-2021 ACS estimates show there are now 898 households with children in Capitola representing only 19.3% of households citywide. All household types with children have decreased since the 2006-2010 ACS except for single-parent female-headed households, which grew 2.8% during this period. As discussed previously, Capitola has a smaller share of households with children compared to the County but a larger share of single-parent female-headed households. Capitola also has a larger elderly population compared to the County, as outlined in Subsection B, Persons with Disabilities, above.

Table E-6: Change in Households with Children (2006-2021)

Household Type	2006-2010		2017-2021	
	Households	Percent	Households	Percent
Married-couple family with children	621	13.3%	575	12.3%
Cohabiting couple with children	--	--	78	1.7%
Single-parent, male-headed	81	1.7%	23	0.5%
Single-parent, female-headed	216	4.6%	222	4.8%
Total Households with Children	918	19.6%	898	19.3%
Total Households	4,684	100.0%	4,656	100.0%

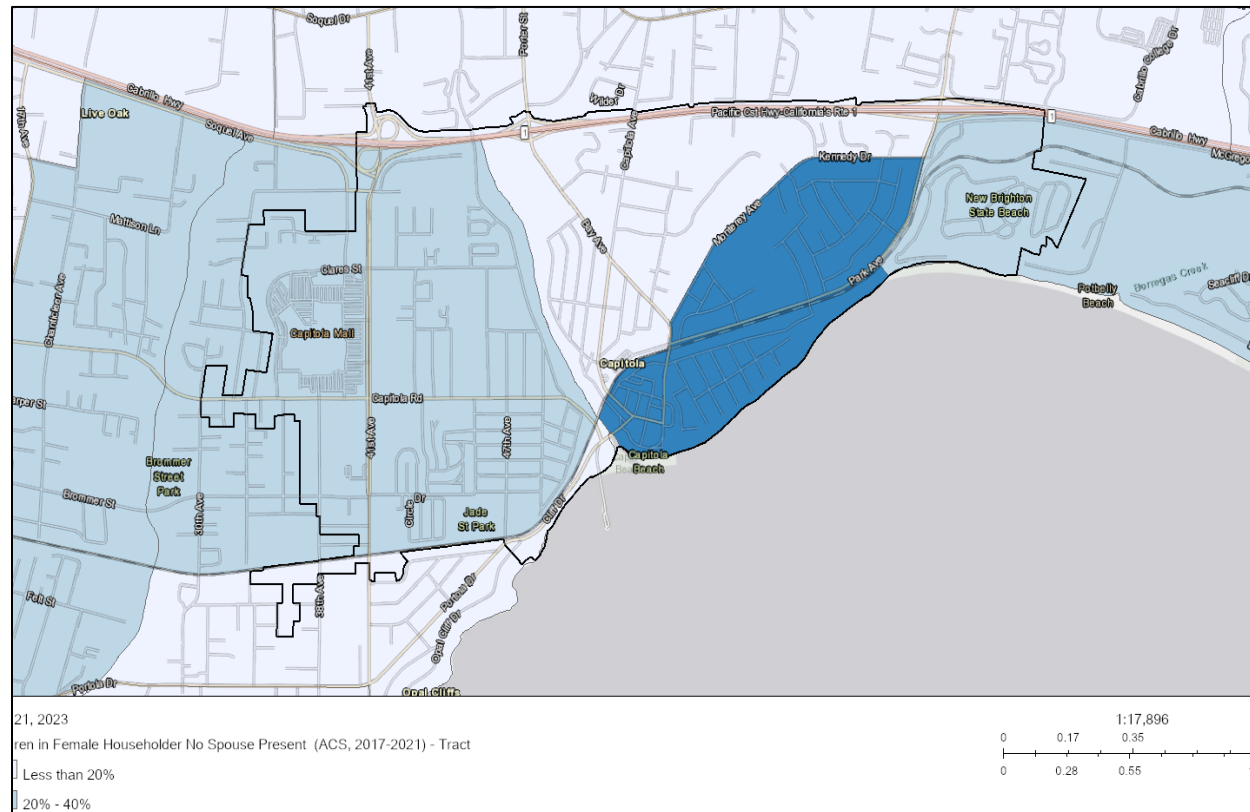
Source: 2006-2010 and 2017-2021 ACS (5-Year Estimates).

Figure E-13 shows that tract 1218.01, generally bound by Monterey Avenue and Kennedy Drive to the north, has the largest share of children residing in single-parent female-headed households. According to the HCD AFFH Data Viewer 2.0, 61.8% of children residing in this tract live in female-headed households. Less than 40% of children live in female-headed households in all other tracts. Conversely, Figure E-14 shows that fewer than 20% of children in this tract live in married couple households. Tract 1218.01 also has the largest population of persons living alone compared to all other Capitola tracts. Approximately 40% of the population 18 years and over are in households living alone in tract 1218.01.

Figure E-16 shows that there are very few children under the age of 18 residing in tract 1218.01. Only 7.5% of the population residing in this tract are children, compared to 13% to 20% of the population in all other tracts. As shown in

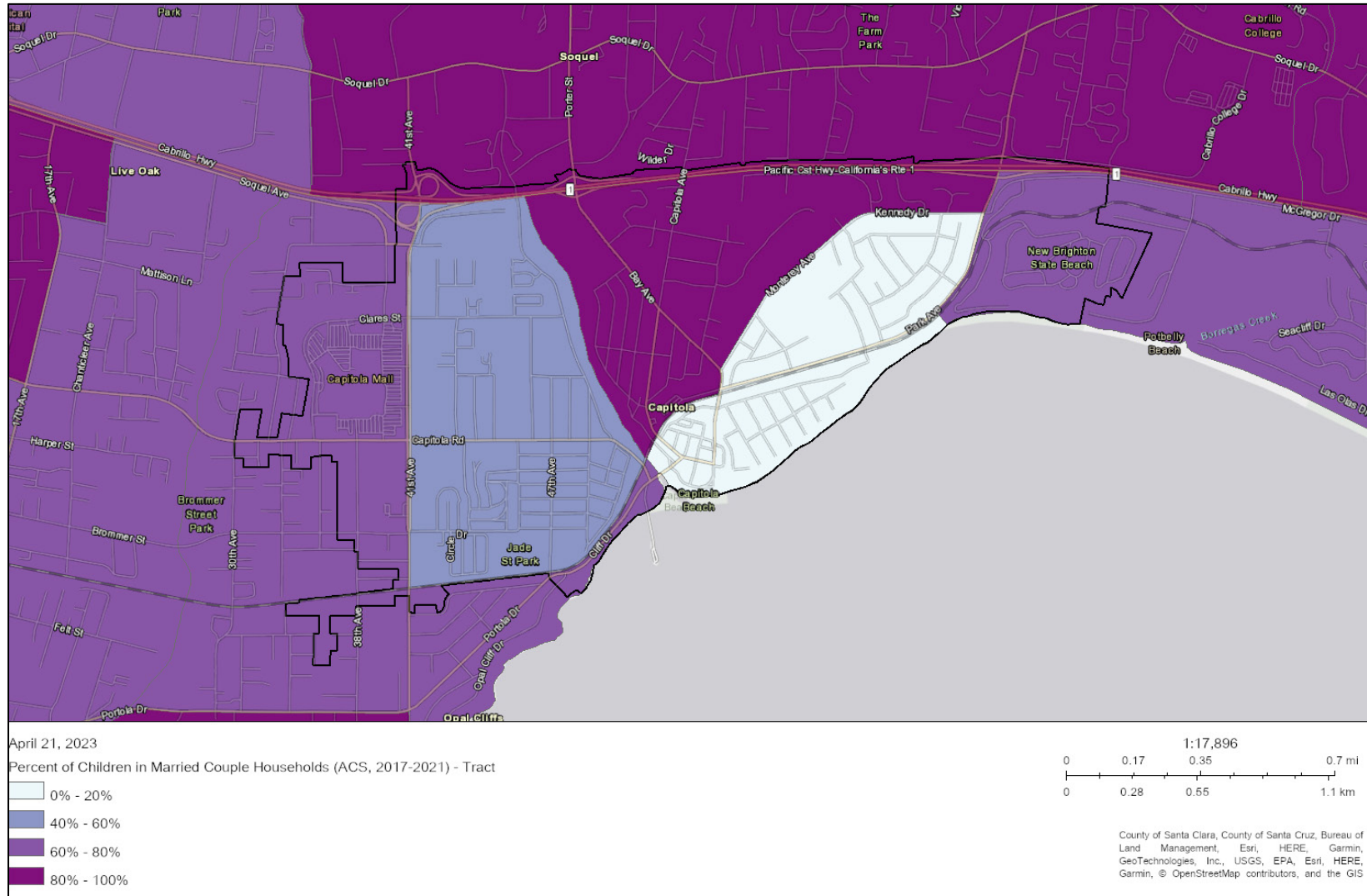
Figure E-10 above, 24.3% of the population in this tract are aged 65 and older compared to 22.3% citywide. Tract 1218.01 also has the second highest median population age of 49.8 years compared to other Capitola tracts. Tract 1218.02 has the highest median age of 52.4. Tract 1218.02 also has a larger population of adults living alone compared to most other areas in Capitola (Figure E-15). Overall, there are very few children residing in tract 1218.01. This section of the City is characterized by an older population, many of which live alone. Cliffwood Heights and Depot Hill, two of Capitola’s more expensive neighborhoods, are located in tract 1218.01.

Figure E-13: Children in Female-Headed Households by Tract (2021)



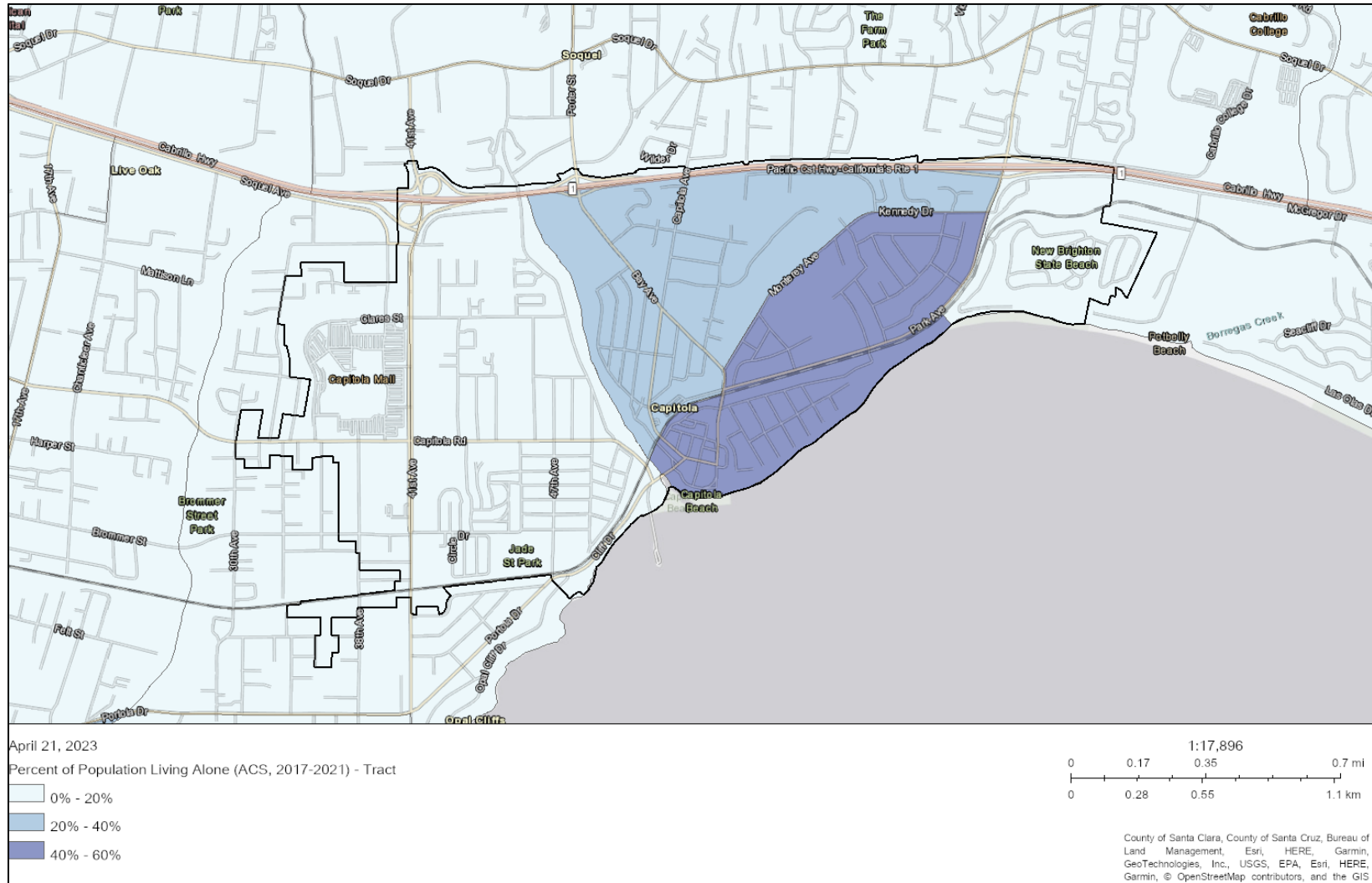
Source: HCD AFFH Data Viewer 2.0 (2017-2021 ACS), 2023.

Figure E-14: Children in Married Couple Households by Tract (2021)



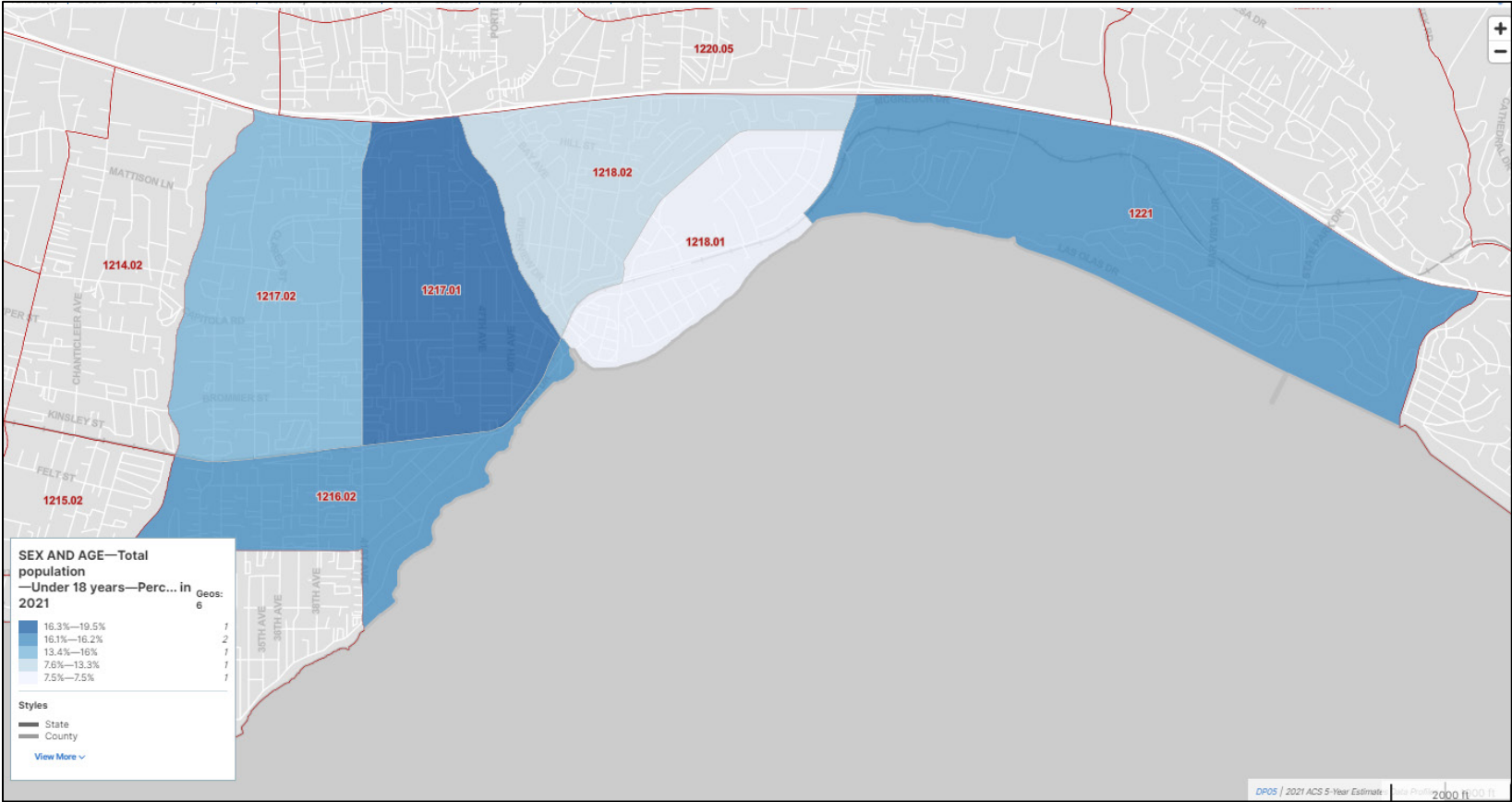
Source: HCD AFFH Data Viewer 2.0 (2017-2021 ACS), 2023.

Figure E-15: Population Living Alone by Tract (2021)



Source: HCD AFFH Data Viewer 2.0 (2017-2021 ACS), 2023.

Figure E-16: Populations of Children Under Age 18 by Tract (2021)



Source: 2017-2021 ACS (5-Year Estimates).

d. Income Level

Identifying low or moderate income (LMI) geographies and individuals is important to overcome patterns of segregation. HUD defines a LMI area as a Census tract or block group where over 51% of the population is LMI (based on HUD income definition of up to 80% of the Area Median Income).

Regional Trends

According to Comprehensive Housing Affordability Strategy (CHAS) data based on the 2015-2019 ACS, 40.9% of Santa Cruz County households earn more than 100% of the AMI (Table E-7). Approximately 49% of households countywide earn 80% or less than the AMI and are considered low or moderate income. A significantly larger proportion of renters, 69%, are LMI households compared to owners (35.1%).

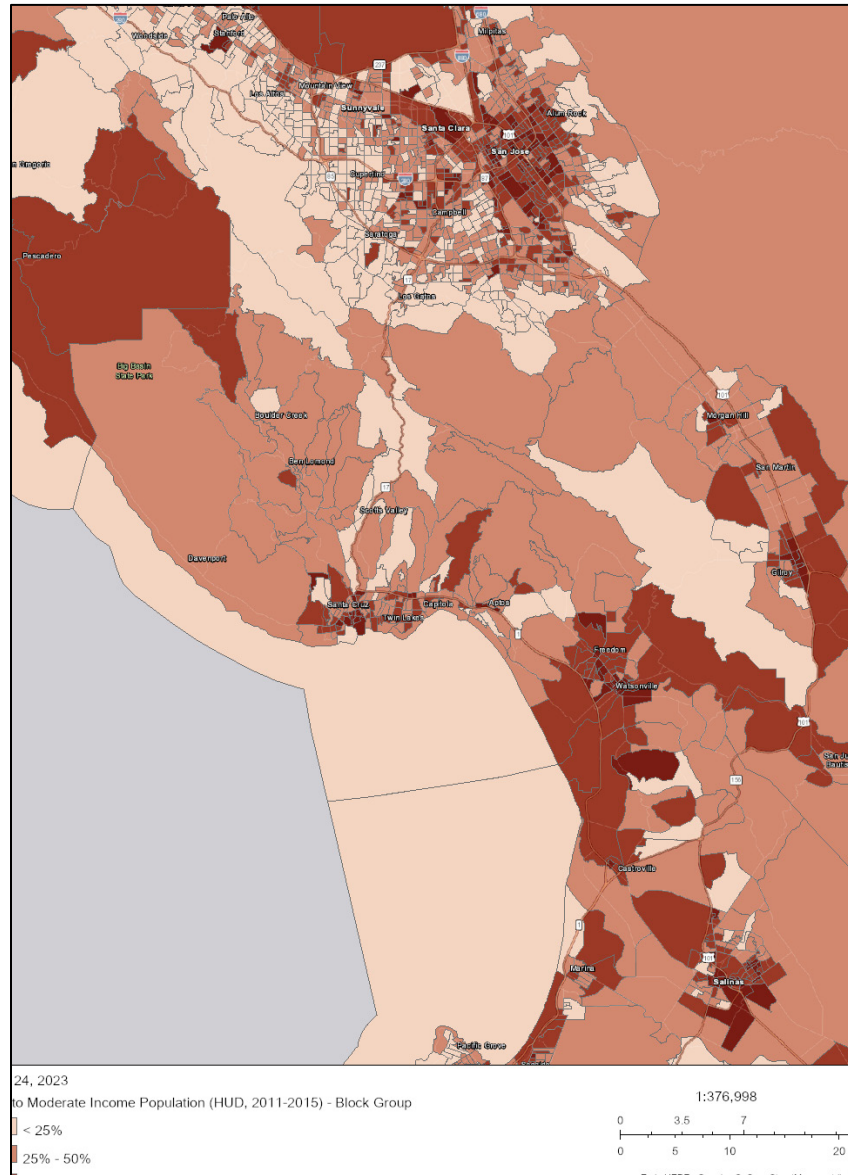
As shown in Figure E-17, block groups with larger populations of LMI households are more concentrated in southern Santa Cruz County around Watsonville. Block groups with larger LMI household populations are generally more prevalent around incorporated cities rather than unincorporated County areas. Block groups that are considered LMI areas, where more than half of households are low or moderate income, are also scattered throughout Capitola, the City of Santa Cruz, Gilroy, and the San Jose area.

Table E-7: Households by Income and Tenure – Santa Cruz County (2022)

Income Category	Owner	Renter	Total
0%-30% of AMI	9.9%	31.4%	18.5%
31%-50% of AMI	9.7%	18.3%	13.1%
51%-80% of AMI	15.5%	19.3%	17.0%
81%-100% of AMI	11.1%	9.5%	10.5%
Greater than 100% of AMI	53.8%	21.5%	40.9%
Total	57,560	38,255	95,820

Source: 2022 HUD CHAS Data (based on 2015-2019 ACS).

Figure E-17: Regional LMI Households by Block Group (2015)



Source: HCD AFFH Data Viewer 2.0 (HUD 2011-2015), 2023.

Local Trends

Capitola has slightly more renter households than owner households. Approximately 53% of households in the City are renter-occupied. As presented in Table E-8, nearly 54% of households in Capitola are LMI households, a larger proportion compared to the County. Unlike the County, a larger proportion of owners in Capitola are low or moderate income. Approximately 54.5% of owner-occupied households are LMI compared to 53.4% of renters. However, a larger proportion of owner households also earn more than 100% of the AMI compared to renters.

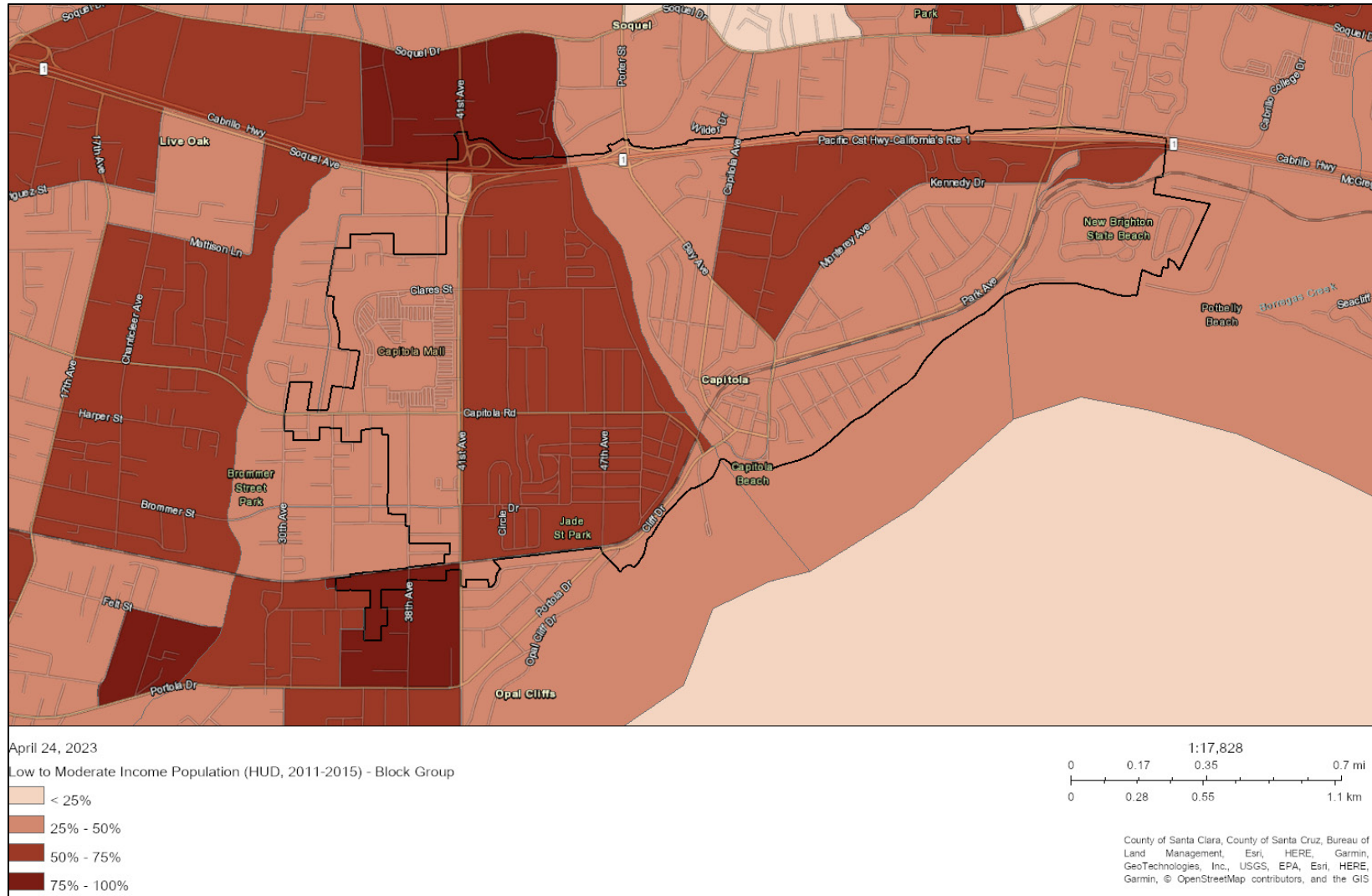
Figure E-18 shows the population of LMI households by block group in Capitola. There are three block groups where 50% to 75% of households are LMI and one block group, encompassing the southwestern corner of the City, where 91% of households are LMI. It is important to note that the block group with an LMI population of 91% encompasses part of Capitola but also extends south of the City to Portola Drive into the unincorporated County area. As mentioned previously, there are two block groups on the western side of the City with larger non-White populations compared to the remainder of Capitola (see Figure E-6). While these block groups are also LMI areas, LMI block groups are not exclusive to areas with larger racial/ethnic minority populations.

Table E-8: Households by Income and Tenure – Capitola (2022)

Income Category	Owner	Renter	Total
0%-30% of AMI	20.0%	18.9%	19.4%
31%-50% of AMI	15.0%	13.1%	14.0%
51%-80% of AMI	19.5%	21.4%	20.5%
81%-100% of AMI	8.6%	14.0%	11.4%
Greater than 100% of AMI	36.9%	32.6%	34.6%
Total	2,100	2,360	4,460

Source: 2022 HUD CHAS Data (based on 2015-2019 ACS).

Figure E-18: LMI Households by Block Group (2015)



Source: HCD AFFH Data Viewer 2.0 (HUD 2011-2015), 2023.

e. Housing Choice Vouchers

An analysis of the trends in Housing Choice Voucher (HCV) concentration can be useful in examining the success of the program in improving the living conditions and quality of life of its holders. The HCV program aims to encourage participants to avoid high-poverty neighborhoods and promote the recruitment of landlords with rental properties in low poverty neighborhoods. HCV programs are managed by Public Housing Agencies (PHAs), and the programs assessment structure (SEMAPS) includes an “expanding housing opportunities” indicator that shows whether the PHA has adopted and implemented a written policy to encourage participation by owners of units located outside areas of poverty or minority concentration.

A study prepared by HUD’s Development Office of Policy Development and Research found a positive association between the HCV share of occupied housing and neighborhood poverty concentration and a negative association between rent and neighborhood poverty⁶. This means that HCV use was concentrated in areas of high poverty where rents tend to be lower. In areas where these patterns occur, the program has not succeeded in moving holders out of areas of poverty.

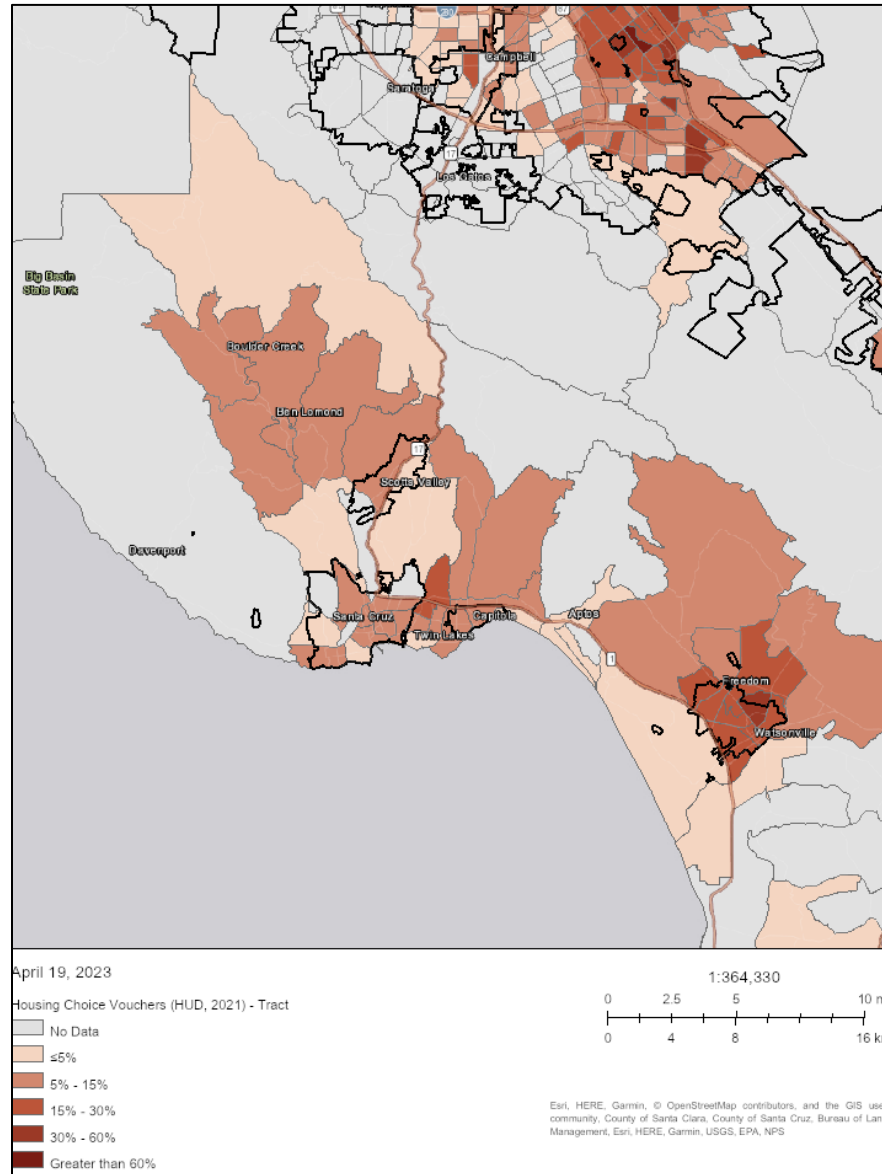
Regional Trends

Like racial/ethnic minority and LMI household populations, tracts with larger populations of renters receiving HCVs are more prevalent in and around incorporated cities compared to unincorporated County areas. As presented in Figure E-19, tracts in Watsonville, Gilroy, and the San Jose area tend to have larger HCV recipient populations. In the area closest to Capitola, including Capitola, the City of Santa Cruz, and Scotts Valley, most tracts have HCV recipient populations of up to 15%.

HCV recipient populations are generally consistent with concentrations of racial/ethnic minority populations, LMI household populations, and populations of children residing in single-parent female-headed households (see Figure E-4, Figure E-12, and Figure E-17). These areas also have larger renter populations (Figure E-20).

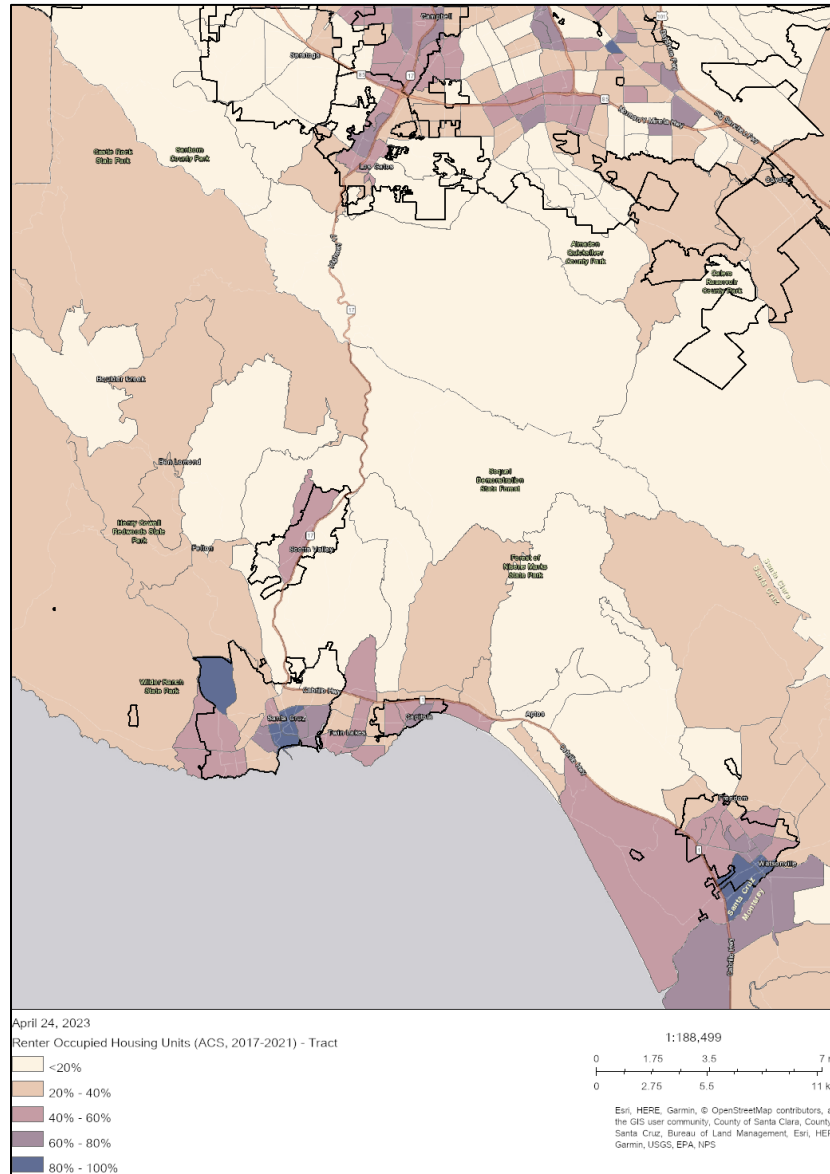
6 Devine, D.J., Gray, R.W., Rubin, L., & Taghavi, L.B. (2003). Housing choice voucher location patterns: Implications for participant and neighborhood welfare. Prepared for the U.S. Department of Housing and Urban Development, Office of Policy Development and Research, Division of Program Monitoring and Research.

Figure E-19: Regional HCV Recipients by Tract (2021)



Source: HCD AFFH Data Viewer 2.0 (HUD 2021), 2023.

Figure E-20: Regional Renter-Occupied Households by Tract (2021)

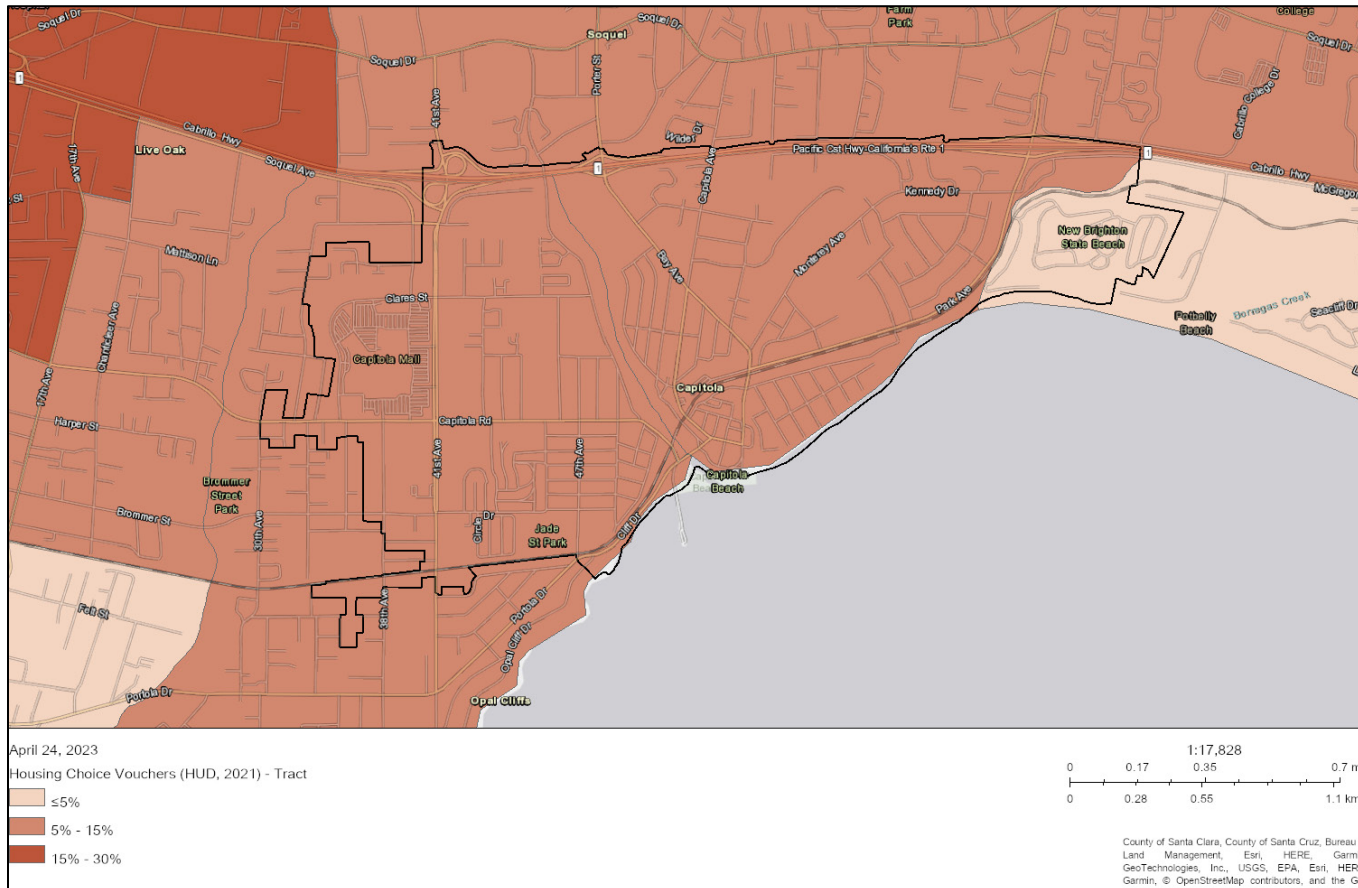


Source: HCD AFFH Data Viewer 2.0 (2017-2021 ACS), 2023.

Local Trends

As of April 2023, 206 Capitola households received HCV assistance from the Housing Authority of the County of Santa Cruz. The map in Figure E-21 shows that in Capitola, between 5% and 15% of renters in most tracts receive HCVs. Only 4.5% of renters in tract 1221 on the eastern side of the City receive HCVs. As mentioned above, this tract encompasses the unincorporated County area east of the City and does not reflect Capitola residents alone.

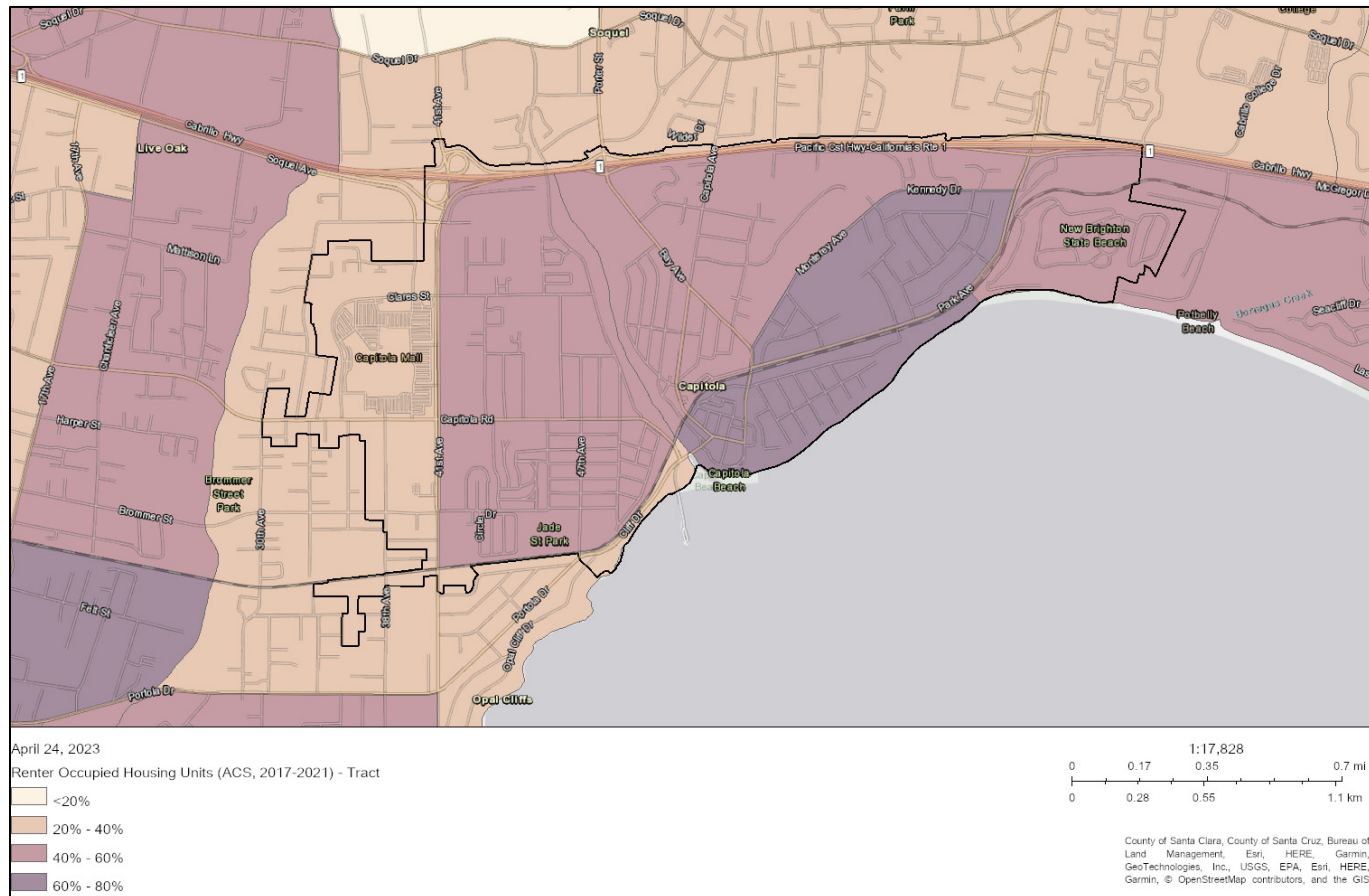
Figure E-21: HCV Recipients by Tract (2021)



Source: HCD AFFH Data Viewer 2.0 (HUD 2021), 2023.

Between 40% and 60% of households are renters in a majority of Capitola (Figure E-22). The western tract, tract 1217.02, has the smallest renter population compared to other tracts in the City. Tract 1216.02, which includes the small section of Capitola south of Cliff Drive, also has a smaller renter population. Like tract 1221, tract 1216.02 encompasses the unincorporated County area south of the City and is not representative of Capitola residents alone. Tract 1218.01 has the largest renter population. Regardless of renter-occupied household populations, HCVs are generally distributed evenly throughout the City.

Figure E-22: Renter-Occupied Households by Tract (2021)



Source: HCD AFFH Data Viewer 2.0 (2017-2021 ACS), 2023.

3. Racially and Ethnically Concentrated Areas

a. Racially/Ethnically Concentrated Areas of Poverty (R/ECAPs)

In an effort to identify racially/ethnically concentrated areas of poverty, HCD has identified areas of high segregation and poverty. Census tracts that are considered areas of high segregation and poverty are based on a two-stage approach. HCD's methodology for identifying areas of high segregation and poverty is as follows:

Concentrated Poverty: First, the filter identifies tracts and rural block groups where at least 30% of the population is living below the poverty line. Research has found that the impact of area poverty rates in producing negative outcomes for individuals—including crime, school leaving, and duration of poverty spells—begin to appear after an area exceeds approximately 20% poverty, whereupon the externality effects grow rapidly until the neighborhood reaches approximately 40% poverty.

To prevent college towns from distorting the filter's concentrated poverty measure, college and graduate students are removed from the poverty calculation in the filter in tracts where they comprise at least 25% of the population. An internal analysis found that without this adjustment, some tracts with high proportions of college students—many of which have high domain scores—are shown as having poverty rates exceeding 30%, likely due to the Census classifying many unemployed and partially employed students living off-campus up as poor.

The total population living in areas of extreme poverty declined in the 1990s, following government action designed to affirmatively counteract intentionally segregationist public policy. Following national trends, however, concentrated poverty has risen dramatically in California since 2000.

Racial Segregation: Second, the filter relies on a measure of racial segregation to capture which tracts and rural block groups have a disproportionate share of households of color. Setting an absolute threshold (as the federal RECAP metric does) does not account for substantial variation in the racial and ethnic population across California's counties. To properly account for the features of inequality operating on individuals at the neighborhood level, a relative segregation measure is more appropriate to reflect the experience of residents. The filter thus relies on the location quotient of residential racial segregation (LQ), which is increasingly being used in studies that seek to assess the impact of racial segregation on individual and community outcomes. The LQ is a small-area measure of relative segregation calculated at the residential census tract level that represents how much more segregated

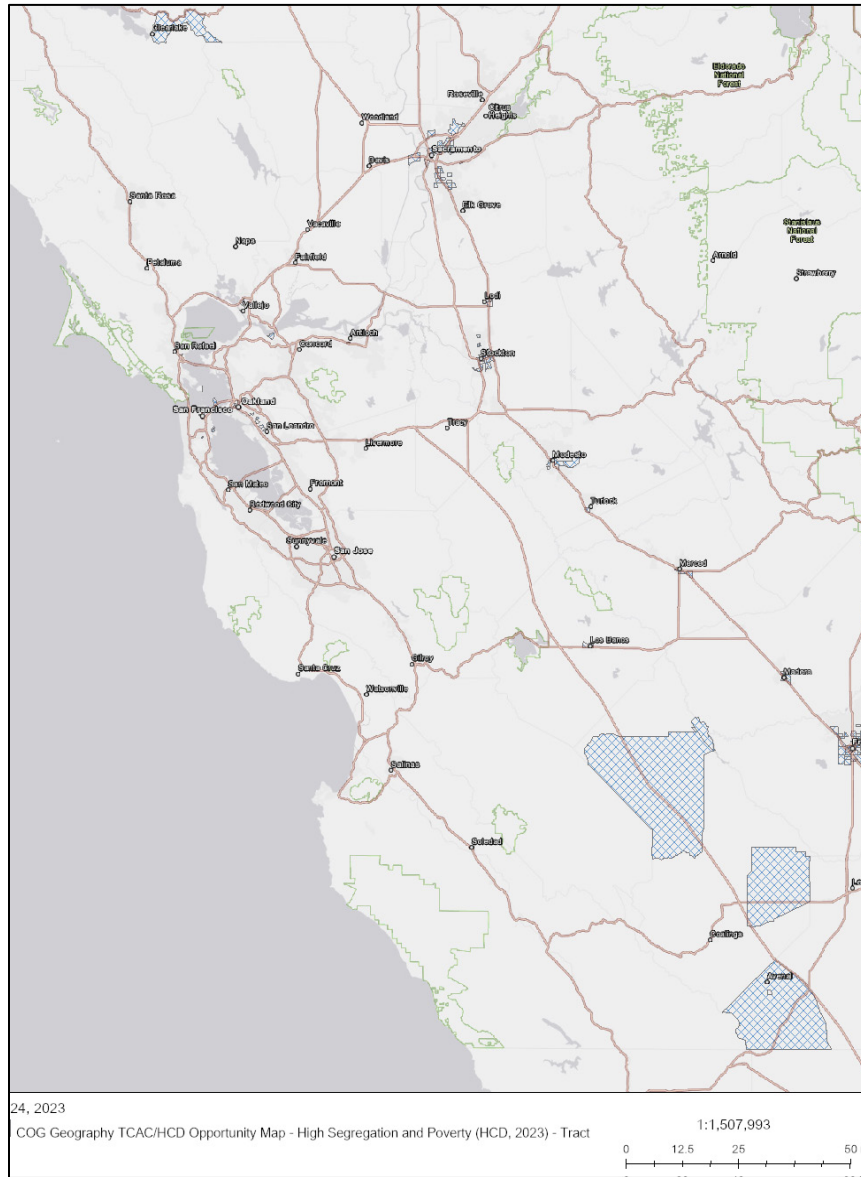
an area (e.g., a census tract or block group) is relative to the larger area (in this case, the county). Tracts that have a LQ higher than 1.25 for Black, Hispanic, Asian, or all people of color are flagged as being racially segregated in comparison to the county. Census tracts and rural block groups that have both a poverty rate of over 30% and that are designated as being racially segregated are filtered into the “High Segregation & Poverty” category. Due to data unreliability at the block group level in the poverty indicator, the “High Poverty and Segregation” category is designated at the tract level in rural areas.

Regional Trends

No areas of high segregation and poverty have been identified in the region surrounding Capitola. The closest areas of high segregation and poverty are in the cities of San Jose and Salinas. Additional areas of high segregation and poverty are located in Stanislaus County, Fresno County, San Francisco, and Alameda County.

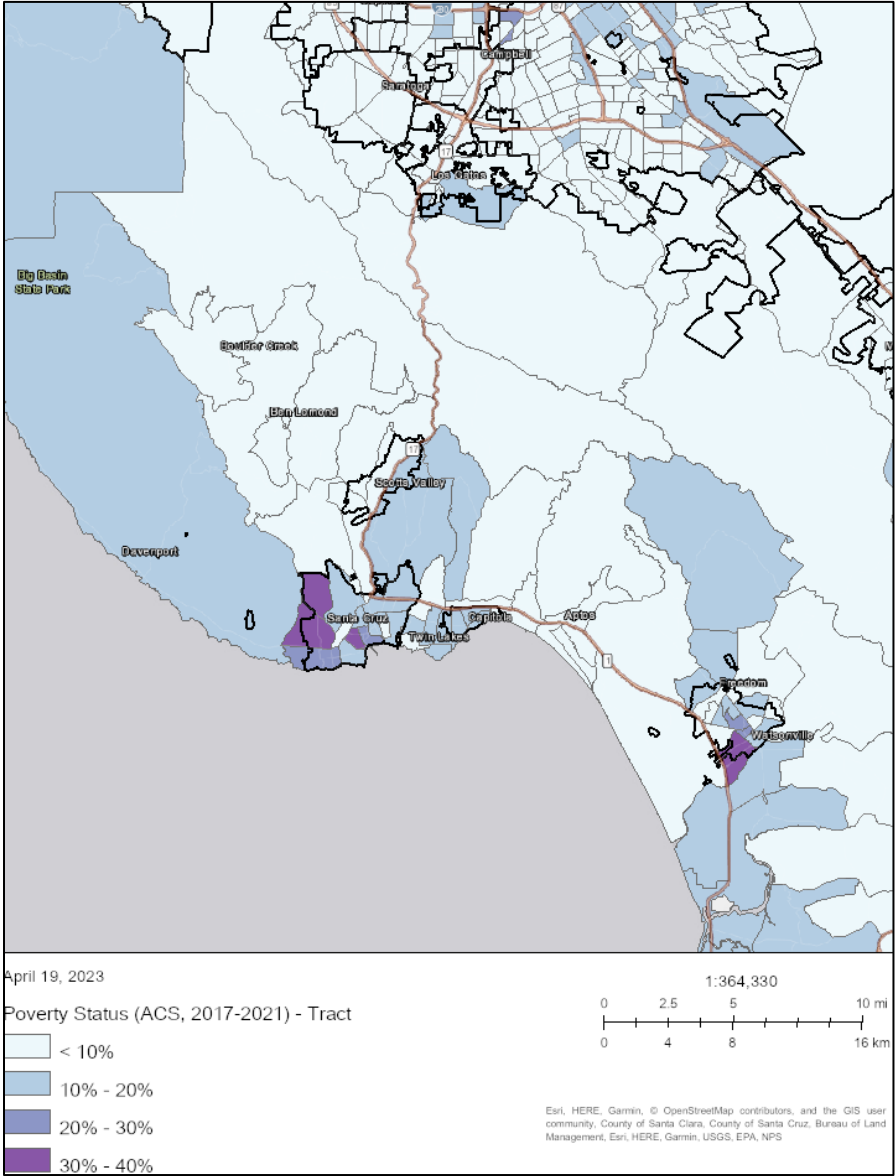
Poverty status by tract for the region is presented in Figure E-24. While these tracts have not been identified as areas of high segregation and poverty, likely due to the small non-White populations, the City of Santa Cruz and Watsonville contain tracts where more than 30% of the population is below the poverty level. There are no other tracts with populations of persons below the poverty line exceeding 30% elsewhere in the region, including in Capitola.

Figure E-23: Regional Areas of High Segregation and Poverty (2023)



Source: HCD AFFH Data Viewer 2.0, 2023.

Figure E-24: Regional Poverty Status by Tract (2021)



Local Trends

There are no tracts in Capitola that have been identified as areas of high segregation and poverty. Most tracts in the City have populations of people below the poverty level between 10% and 20% (Figure E-25). Tract 1221, encompassing the eastern corner of Capitola and the unincorporated County area east of the City, has a smaller population of persons below the poverty level compared to all other areas of the City. As discussed above, this tract also has a smaller population of renters receiving HCVs (see Figure E-21).

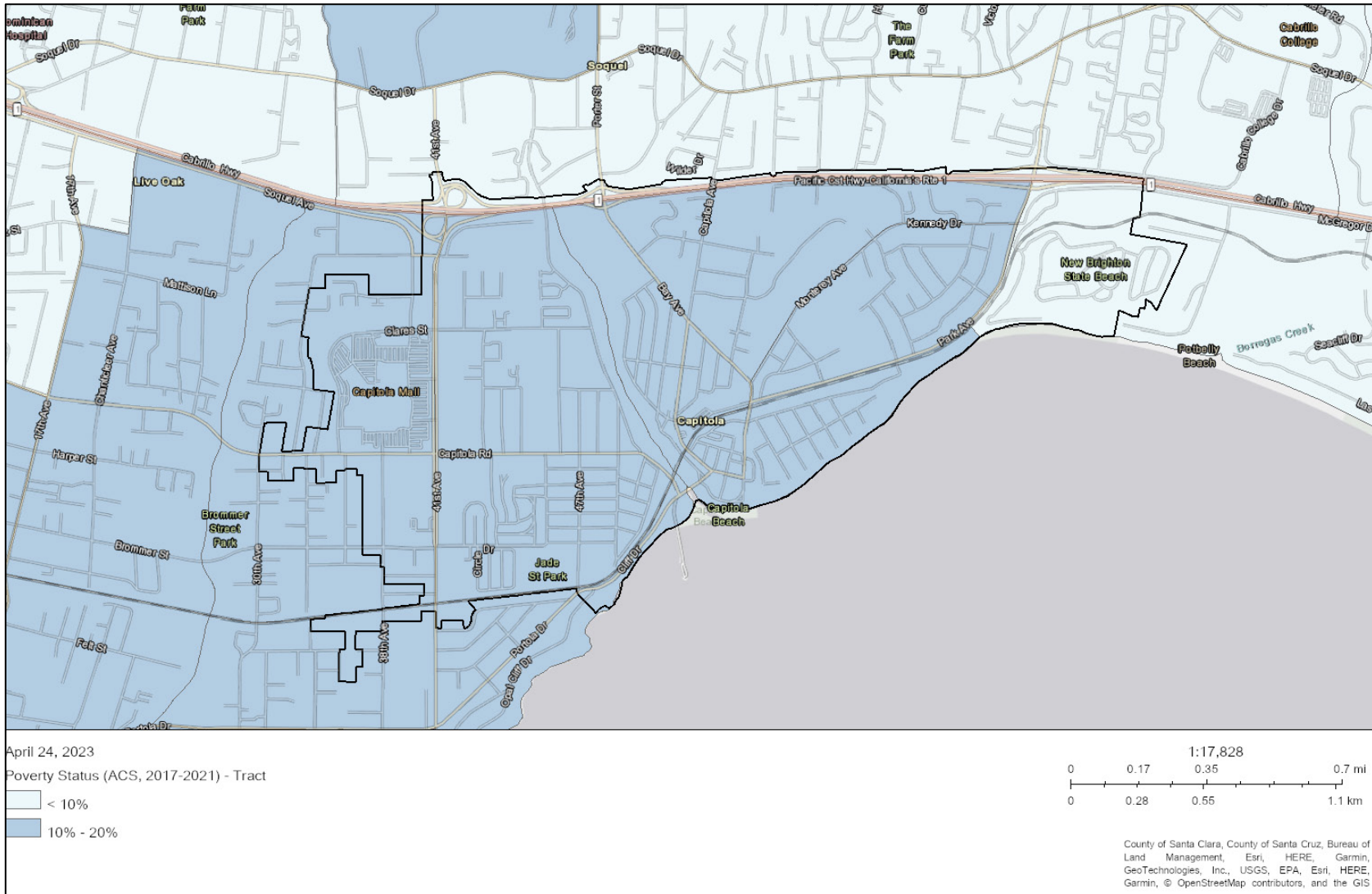
Poverty status by race and ethnicity for Capitola and Santa Cruz County is shown in Table E-9. A larger proportion of Capitola residents are below the poverty line (14.4%) compared to residents countywide (10.9%). In the County, the Asian population has the highest poverty rate of 17.6%, followed by the American Indian and Alaska Native population (17.2%), population of some other race (15.7%), and Native Hawaiian and other Pacific Islander population (15%). In Capitola, the population of some other race has the highest poverty rate of 33.5%. The Black/African American population, population of two or more races, and Hispanic/Latino population also have poverty rates exceeding the citywide average of 14.4%. There are no American Indian/Alaska Native, Asian, and Native Hawaiian/other Pacific Islander residents below the poverty level in Capitola.

Table E-9: Poverty Status by Race/Ethnicity (2021)

Race/Ethnicity	Capitola		Santa Cruz County	
	Total Population	Percent Below Poverty Level	Total Population	Percent Below Poverty Level
Black or African American alone	24	25.0%	2,555	10.9%
American Indian and Alaska Native alone	59	0.0%	1,749	17.2%
Asian alone	632	0.0%	10,828	17.6%
Native Hawaiian and Other Pacific Islander alone	26	0.0%	545	15.0%
Some other race alone	498	33.5%	39,068	15.7%
Two or more races	639	25.7%	24,599	10.2%
Hispanic or Latino origin (of any race)	2,328	27.9%	88,738	13.7%
White alone, not Hispanic or Latino	6,540	10.7%	148,644	8.8%
Population for whom poverty status is determined	9,938	14.4%	260,154	10.9%

Source: 2017-2021 ACS (5-Year Estimates).

Figure E-25: Poverty Status by Tract (2021)



Source: HCD AFFH Data Viewer 2.0 (2017-2021 ACS), 2023.

b. Racially Concentrated Areas of Affluence (RCAAs)

While racially concentrated areas of poverty and segregation (R/ECAPs) have long been the focus of fair housing policies, racially concentrated areas of affluence (RCAAs) must also be analyzed to ensure housing is integrated, a key to fair housing choice. According to a policy paper published by HUD, RCAAs are defined as communities with a large proportion of affluent and non-Hispanic White residents. According to HUD's policy paper, non-Hispanic Whites are the most racially segregated group in the United States. In the same way neighborhood disadvantage is associated with concentrated poverty and high concentrations of people of color, conversely, distinct advantages are associated with residence in affluent, White communities. HCD's methodology for identifying RCAAs is as follows:

HCD has created a new version of the RCAA metric to better reflect California's relative diversity and regional conditions, and to aid local jurisdictions in their analysis of racially concentrated areas of poverty and affluence pursuant to AB 686 and AB 1304.

To develop the RCAA layer, staff first calculated a Location Quotient (LQ) for each California census tract using data from the 2015-2019 ACS. This LQ represents the percentage of total white population (White Alone, Not Hispanic or Latino) for each census tract compared to the average percentage of total white population for all census tracts in a given COG region. For example, a census tract with a LQ of 1.5 has a percentage of total white population that is 1.5 times higher than the average percentage of total white population in the given COG region.

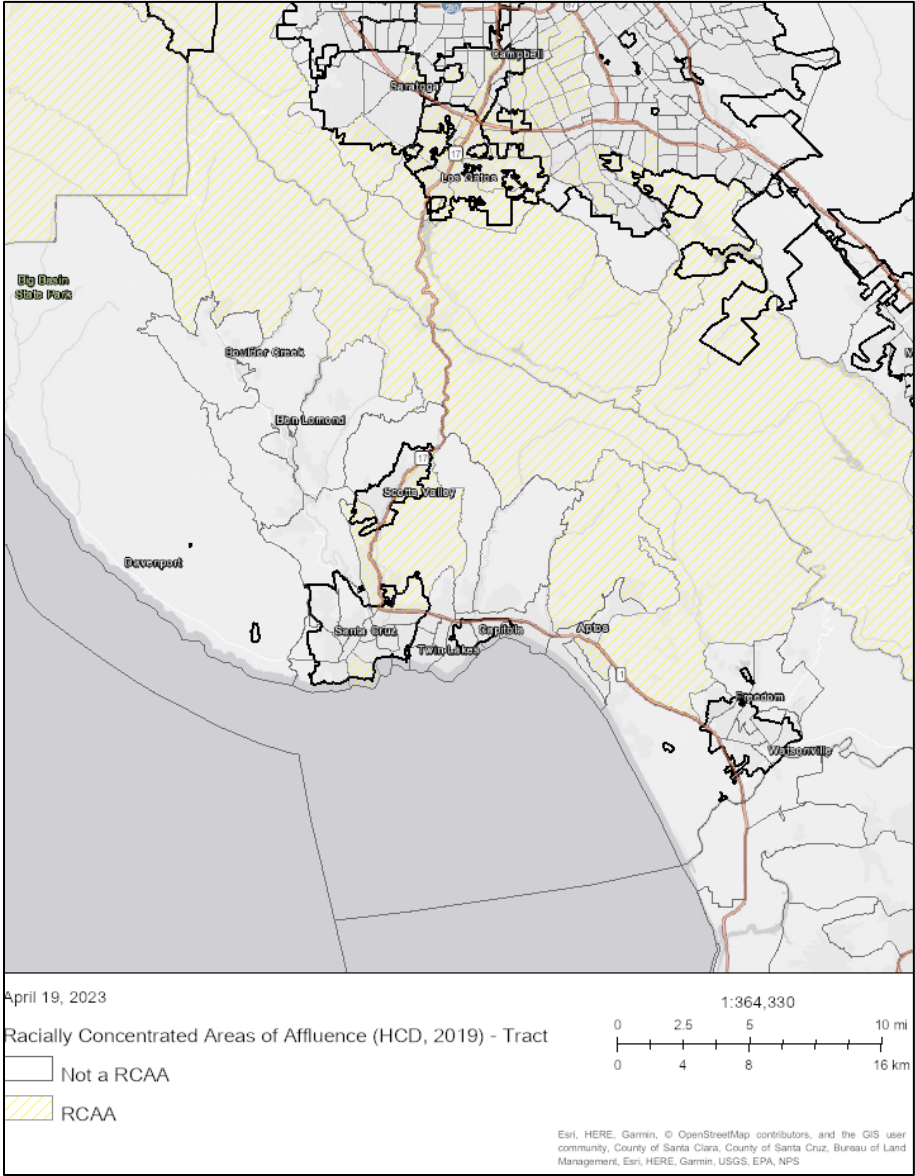
To determine the RCAAs, census tracts with a LQ of more than 1.25 and a median income 1.5 times higher than the COG AMI (or 1.5x the state AMI, whichever is lower) were assigned a numeric score of 1 (Is a RCAA). Census tracts that did not meet this criterion were assigned a score of 0 (Not a RCAA).

Regional Trends

While there are very few areas of high segregation and poverty in the region, RCAAs are prevalent. As shown in Figure E-26, much of the unincorporated Santa Cruz County areas are considered RCAAs. RCAAs have also been identified in the City of Santa Cruz, Scotts Valley, Los Gatos, and throughout the San Jose area. As described above, many of these areas, specifically the unincorporated Santa Cruz County areas, have smaller racial/ethnic minority populations and populations of persons below the poverty line (see Figure E-4 and Figure E-24).

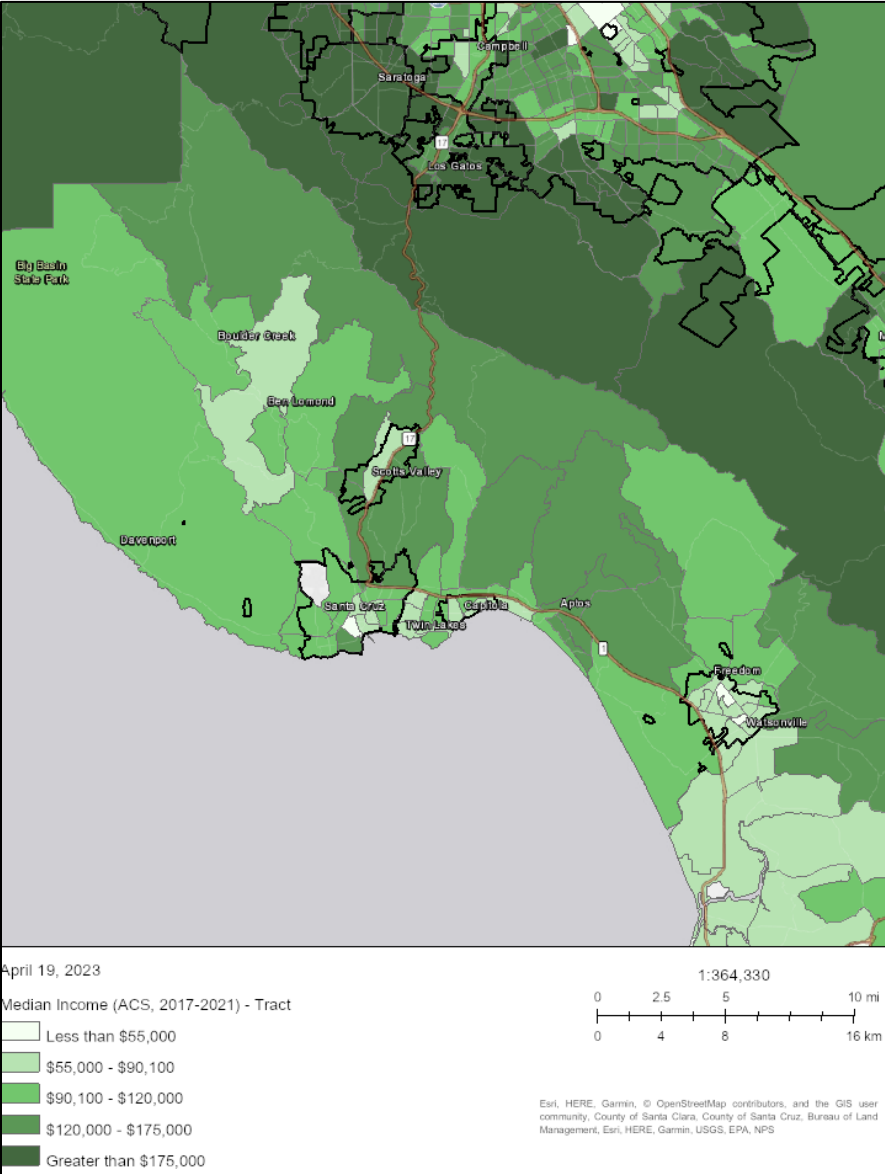
The median income is also highest for tracts in the unincorporated Santa Clara County area along the Santa Cruz County boundary. Tracts with lower median incomes are more prevalent in incorporated cities such as Watsonville, San Jose, and parts of the City of Santa Cruz and Capitola. Lower median incomes are generally consistent with LMI household populations shown in Figure E-17 above.

Figure E-26: Regional RCAA Tracts (2019)



Source: HCD AFFH Data Viewer 2.0 (2019 HCD), 2023.

Figure E-27: Regional Median Income by Tract (2021)



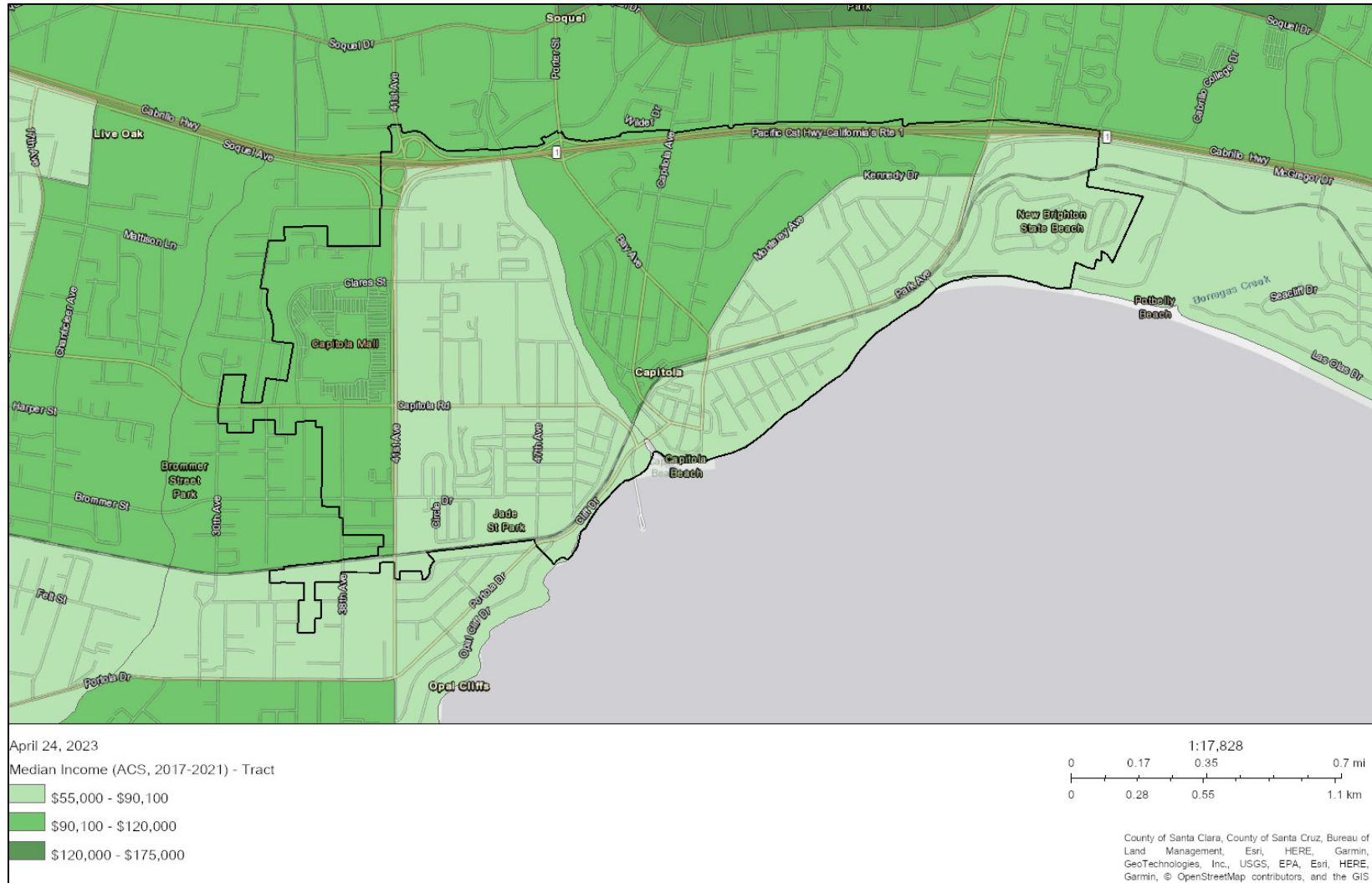
Source: HCD AFFH Data Viewer 2.0 (2017-2021 ACS), 2023.

Local Trends

There are no RCAAs in Capitola. Capitola tracts have median incomes ranging from \$55,000 to \$120,000 (Figure E-28). Tract 1218.02, bound by the PCH, Monterey Avenue, and Soquel Wharf Road, and tract 1217.02 on the western side of the City have higher median incomes compared to all other tracts in Capitola. As discussed previously, tract 1218.02 has a larger population of elderly adults and persons with disabilities compared to other areas of Capitola (see Figure E-9 and Figure E-10). Tract 1217.02 on the western side of Capitola has a larger owner-occupied household population (see Figure E-22). As discussed previously, tract 1218.01 has a large population of older adults living alone (see Figure E-15 and Figure E-16). The median family income at the tract-level is presented in Figure E-29. The median family income is significantly higher for block group 1218.01, containing Cliffwood Heights and Depot Hill, compared to the median household income. A family group is any two or more people (not necessarily including a householder) residing together, and related by birth, marriage, or adoption. A household may be composed of one such group, more than one, or none at all. The household income for this tract is likely lower because elderly adults, who make up a large proportion of this tract population, are more likely to be retired and have fixed or limited incomes. The median family income of \$118,625 in tract 1218.01 is a better indicator of income status in this tract. Income alone, specifically for the elderly and retired population residing in this tract, does not accurately reflect this populations' assets.

While HCD has not identified any RCAAs in Capitola, the Association of Monterey Bay Area Governments (AMBAG) identified the City as an RCAA in its 2023-2031 Regional Housing Needs Allocation Plan. Jurisdictions identified as RCAAs by AMBAG received a higher share of their RHNA in the lower income categories. AMBAG defines RCAAs as “jurisdictions that are both high income (higher than the regional average for percentage above 200% of the poverty level) and racially-concentrated (above the regional average for percent white non-Hispanic).” The AMBAG RCAA analysis does not target specific tracts like HCD.

Figure E-28: Median Income by Tract (2021)



Source: HCD AFFH Data Viewer 2.0 (2017-2021 ACS), 2023.

Figure E-29: Median Family Income by Tract (2021)

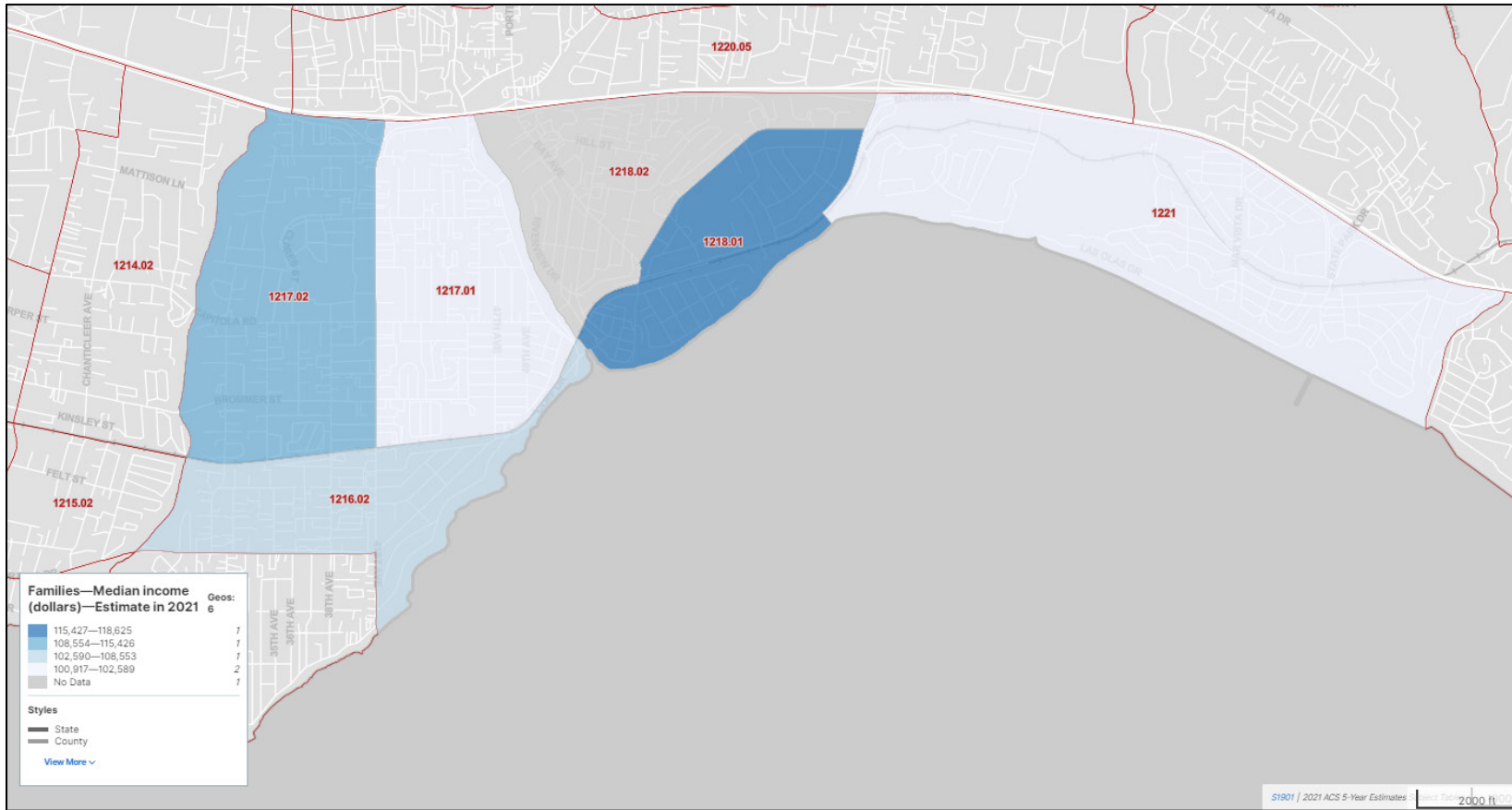


Table E-10 shows median household income by race/ethnicity for Capitola and Santa Cruz County. Santa Cruz County has a higher median income, \$96,093, compared to Capitola, \$83,726. As mentioned above, Capitola also has a higher poverty rate compared to the County as a whole (see Table E-9). Countywide, the population of two or more races and non-Hispanic White population have the highest median household income, while the Asian population has the highest median household income in Capitola. All other racial/ethnic groups in Capitola have lower median household incomes compared to the citywide average of \$83,726.

Table E-10: Median Household Income by Race/Ethnicity (2021)

Race/Ethnicity	Capitola		Santa Cruz County	
	Percent Distribution	Median HH Income	Percent Distribution	Median HH Income
Black or African American alone	0.0%	-	0.8%	\$83,642
American Indian and Alaska Native alone	0.0%	-	0.7%	\$79,000
Asian alone	5.7%	\$118,275	4.6%	\$78,482
Native Hawaiian and Other Pacific Islander alone	0.6%	-	0.2%	-
Some other race alone	4.0%	\$55,963	10.2%	\$68,177
Two or more races	4.7%	\$76,136	6.5%	\$105,864
Hispanic or Latino origin (of any race)	16.1%	-	23.8%	\$78,502
White alone, not Hispanic or Latino	75.0%	\$83,679	68.1%	\$107,361
Total Households	4,656	\$83,726	96,476	\$96,093

Source: 2017-2021 ACS (5-Year Estimates).

4. Access to Opportunities

Access to opportunity is a concept to approximate the link between place-based characteristics (e.g., education, employment, safety, and the environment) and critical life outcomes (e.g., health, wealth, and life expectancy). Ensuring access to opportunity means both improving the quality of life for residents of low-income communities, as well as supporting residents’ mobility and access to ‘high resource’ neighborhoods.

The Department of Housing and Community Development (HCD) and California Tax Credit Allocation Committee (TCAC) convened the California Fair Housing Task force to “provide research, evidence-based policy recommendations, and other strategic recommendations to HCD and other related state agencies/ departments to

further the fair housing goals (as defined by HCD).” The Task Force has created Opportunity Maps to identify resources levels across the state “to accompany new policies aimed at increasing access to high opportunity areas for families with children in housing financed with nine percent Low Income Housing Tax Credits (LIHTCs)”. These opportunity maps are made from composite scores of three different domains made up of a set of indicators. Table E-11 shows the full list of indicators. The opportunity maps include a measure or “filter” to identify areas with poverty and racial segregation. To identify these areas, census tracts were first filtered by poverty and then by a measure of racial segregation. The criteria for these filters are:

- Poverty: Tracts with at least 30% of population under federal poverty line;
- Racial Segregation: Tracts with location quotient higher than 1.25 for Blacks, Hispanics, Asians, or all people of color in comparison to the County.

Table E-11: Domains and List of Indicators for Opportunity Maps

Domain	Indicator
Economic	Poverty Adult education Employment Job proximity Median home value
Environmental	CalEnviroScreen 4.0 pollution Indicators and values
Education	Math proficiency Reading proficiency High School graduation rates Student poverty rates
Poverty and Racial Segregation	Poverty: tracts with at least 30% of population under federal poverty line Racial Segregation: Tracts with location quotient higher than 1.25 for Blacks, Hispanics, Asians, or all people of color in comparison to the County

Source: California Fair Housing Task Force, Methodology for TCAC/HCD Opportunity Maps, December 2020.

TCAC/HCD assigns “scores” for each of the domains in Table E-11 by census tract and computes “composite” scores that are a combination of the three domains. Scores from each individual domain range from 0-1, where higher scores indicate higher “access” to the domain or higher “outcomes.” Composite scores do not have a numerical value but rather rank census tracts by the level of resources (low, moderate, high, highest, and high poverty and segregation).

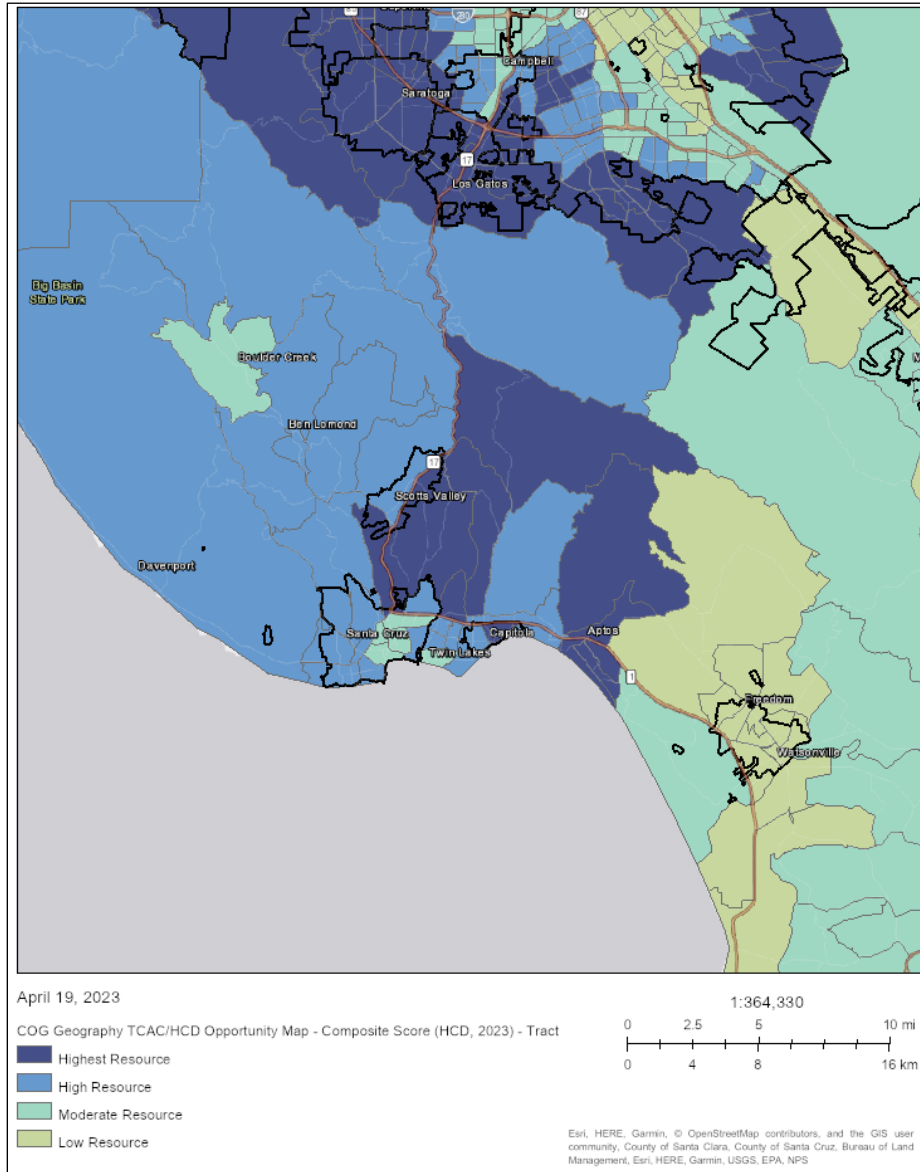
The TCAC/HCD Opportunity Maps offer a tool to show areas of highest resource, high resource, moderate resource, moderate resource (rapidly changing), low resource, and high segregation and poverty and can help to identify areas within the community that provide good access to opportunity for residents or, conversely, provide low access to opportunity. They can also help to highlight areas where there are high levels of segregation and poverty.

The information from the opportunity mapping can help to highlight the need for housing element policies and programs that would help to remediate conditions in low resource areas and areas of high segregation and poverty and to encourage better access for low and moderate income and black, indigenous, and people of color (BIPOC) households to housing in high resource areas.

Regional Trends

Tract-level TCAC Opportunity score categories for the region are shown in Figure E-30. This visual representation of TCAC Opportunity Areas in Santa Cruz County is based on a composite score, where each tract is categorized based on percentile rankings of the level of resources within the region. Most of the tracts in the county are high and highest resource areas. Moderate resource tracts are found near Boulder Creek, Twin Lakes and the in the City of Santa Cruz. Low resource tracts are located in and around the community of Freedom and the City of Watsonville.

Figure E-30: Regional TCAC Opportunity Area Composite Score By Tract (2021)



Source: HCD AFFH Data Viewer 2.0 (2017-2021 ACS), 2023.

Local Trends

TCAC Opportunity Area scores for Capitola have been compiled by tract (Table E-12) and are presented geographically in Figure E-31. The tracts west of Wharf Road (tracts 1216.00 and 1217.00) are high resource areas while the tract between Wharf Road and Park Avenue (1218.00) has a highest resource designation. It should be noted that most of tract 1216.00 is in the unincorporated County. The portion within Capitola is south of the rail line and just on either side of Cliff Drive. Also, the only portion of the tract east of Park Avenue within city limits is New Brighton State Beach; therefore, this tract was not included in the table.

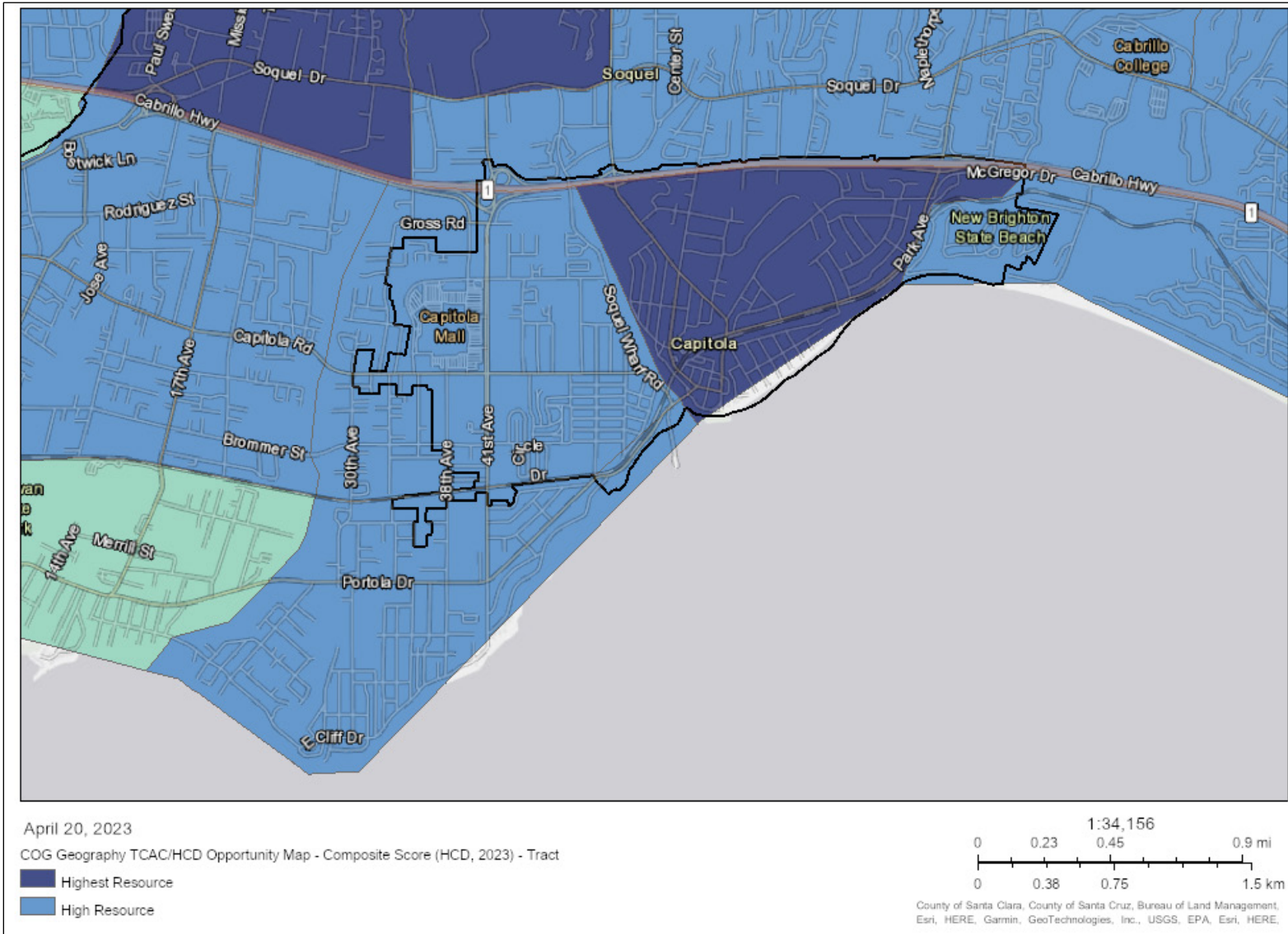
Table E-12: TCAC Opportunity Area Scores By Tract in Capitola

Tract	Economic Score	Environmental Score	Education Score	Composite Score	Final Category
1216.00	0.64	0.61	0.67	4.00	High Resource
1217.00	0.65	0.24	0.64	4.00	High Resource
1218.00	0.86	0.26	0.81	5.00	Highest Resource
Total Households	58,094	38,181	96,275		

Source: Source: HCD AFFH Data Viewer 2.0, 2023; UC Berkeley – TCAC Opportunity Area Scores by Tract.

Note: Most of tract 1216.00 is in the unincorporated County. The portion within Capitola is south of the rail line and just on either side of Cliff Drive.

Figure E-31: Capitola TCAC Opportunity Area Composite Score By Tract (2021)



Source: HCD AFFH Data Viewer 2.0 (2017-2021 ACS), 2023.

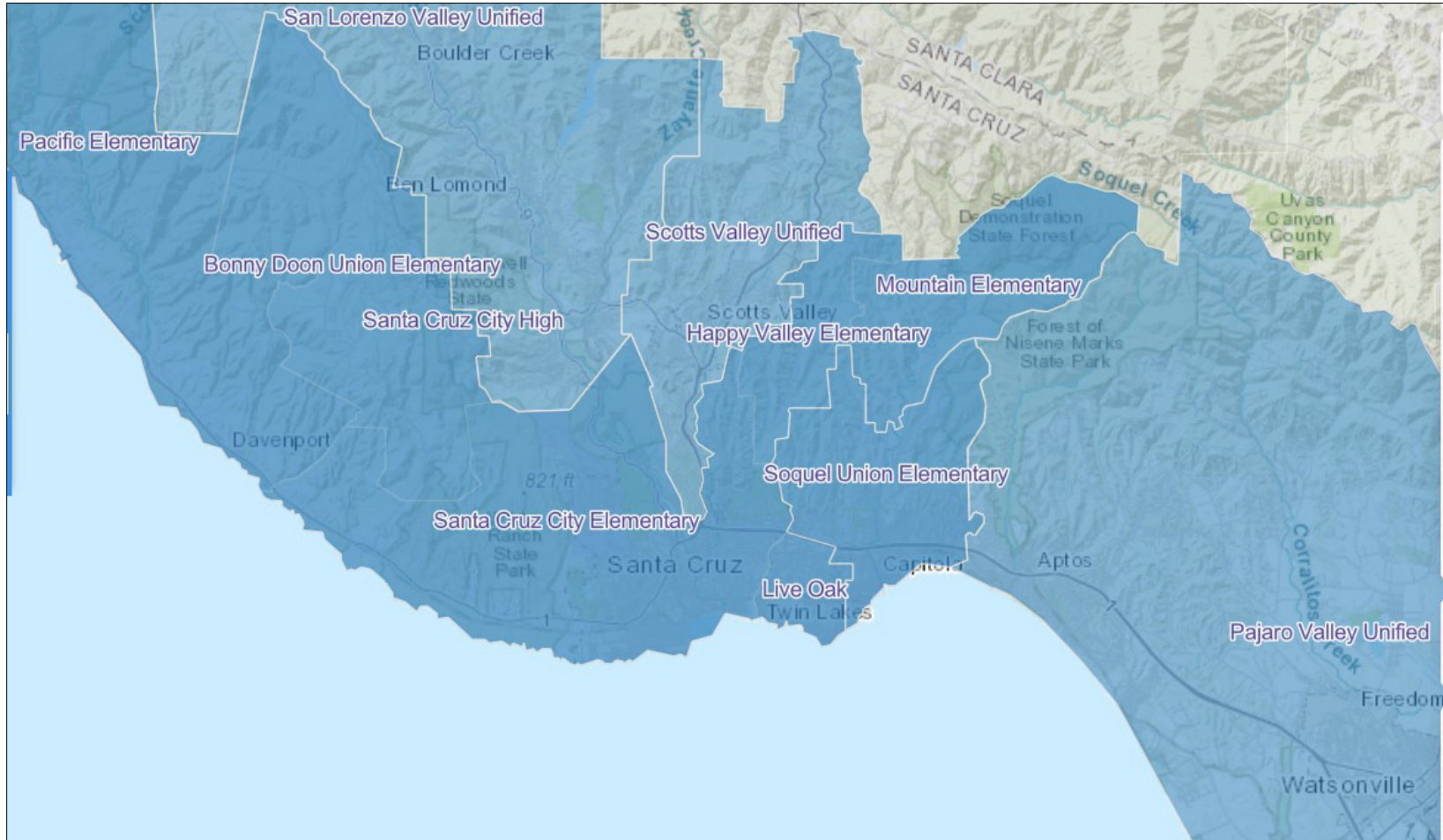
a. Educational

Housing and school policies are mutually reinforcing, which is why it is important to analyze access to educational opportunities when assessing fair housing. At the most general level, school districts with the greatest amount of affordable housing tend to attract larger numbers of LMI families (largely composed of minorities). As test scores are a reflection of student demographics, where Black/Hispanic/Latino students routinely score lower than their White peers, less diverse schools with higher test scores tend to attract higher income families to the school district. This is a fair housing issue because as higher income families move to the area, the overall cost of housing rises and an exclusionary feedback loop is created, leading to increased racial and economic segregation across districts as well as decreased access to high-performing schools for non-White students.

Regional Trends

Santa Cruz County has 10 school districts serving about 40,000 students. The boundaries of these districts are shown on Figure E-32 (Santa Cruz Elementary and Santa Cruz High are under the same District office). In terms of public schools, the County has 40 elementary, 12 middle and eight high schools. In addition, the County has charter schools, alternative high schools and alternative schools of choice.

Figure E-32: School District Boundaries in Santa Cruz County



Source: California State Geoportal; gis.data.ca.gov

Table E-13 looks at high school graduation rates in the County by race and ethnicity. In the 2021-2022 school year, the graduation rate in the County overall was 86.9%, which was comparable to the state (97.0%). Asian and African American students had the highest rates at 96% while Hispanic students had the lowest graduation rate at 84%. The graduation rates of all groups of students increased between the 2016-2017 and 2021-2022 school years.

Table E-13: High School Graduation Rates By Race/Ethnicity in Santa Cruz County

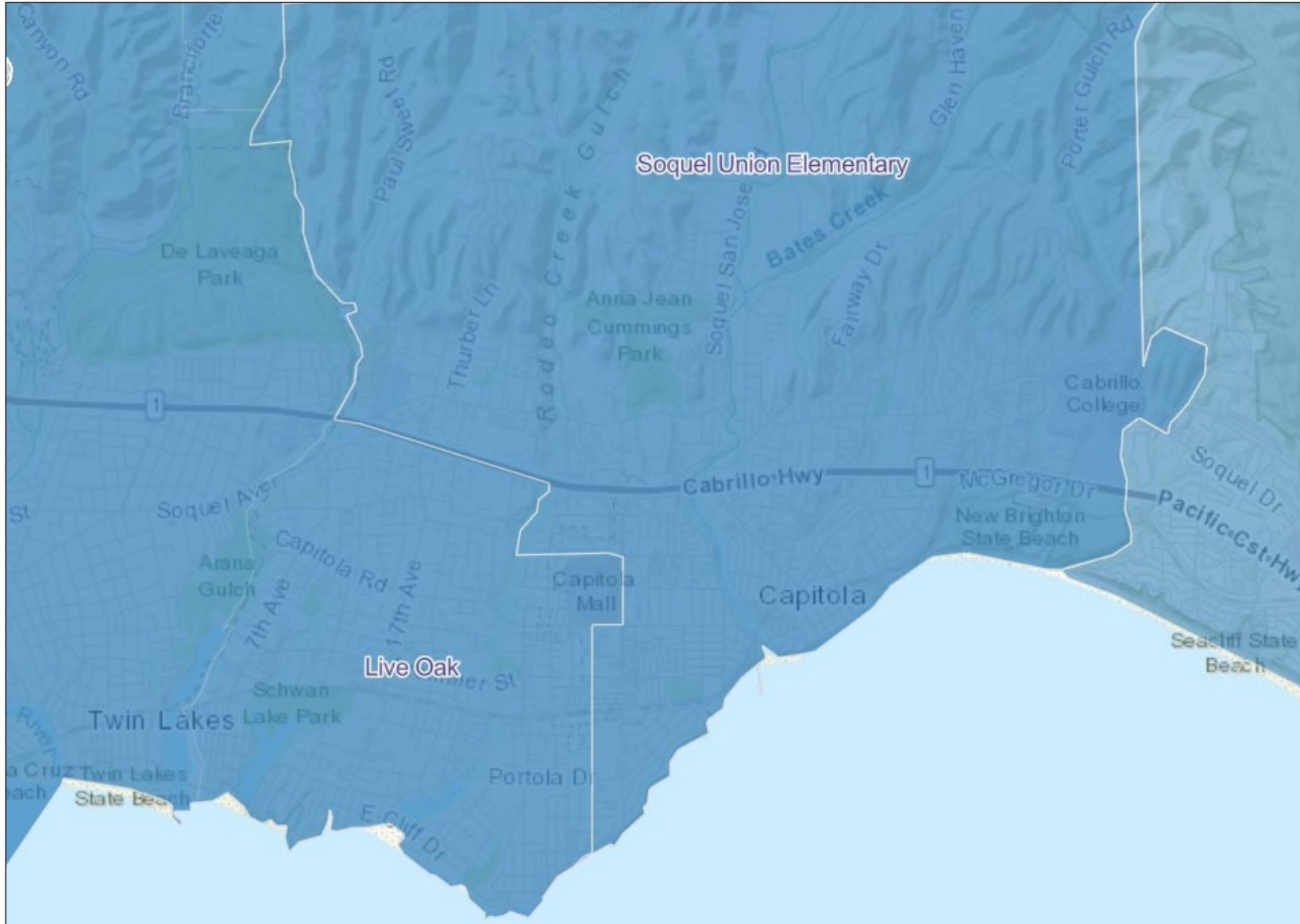
	2016-2017		2021-2022	
	Students	Graduation Rate	Students	Graduation Rate
African American	30	80.0%	25	96.0%
American Indian and Alaska Native	11	72.7%	12	91.7%
Asian	50	94.0%	81	96.3%
Filipino	28	92.9%	19	94.7%
Hispanic or Latino	1,577	82.4%	1,915	84.2%
Pacific Islander	---	---	---	---
White	1,269	88.7%	1,258	90.4%
Two or more races	79	84.8%	126	89.7%
Not Reported	---	---	---	---
Santa Cruz County	2,610	85.0%	3,476	86.9%
California	493,795	82.7%	497,884	87.0%

Source: California Department of Education, Data Reporting Office. Cohort Outcome Data for the Class of 2016-17 and 2021-22.

Local Trends

As shown in Figure E-33, the majority of Capitola is within the Soquel Union Elementary School District. A small western portion of the City is in the Live Oak District boundaries. High school aged students in the Soquel Union Elementary School District attend Soquel High School located north of Highway 1. This high school is in the Santa Cruz City School District. Those in the Live Oak Elementary District are served by the Cypress Charter High School.

Figure E-33: School District Boundaries In and Around Capitola



Source: California State Geoportal; gis.data.ca.gov

Greatschools.org is a nonprofit organization that rates schools across the states. The Great Schools Summary Rating calculation is based on four ratings: the Student Progress Rating or Academic Progress Rating, College Readiness Rating, Equity Rating, and Test Score Rating. Ratings at the lower end of the scale (1-4) signal that the school is “below average,” 5-6 “average.” and 7-10 “above average.”

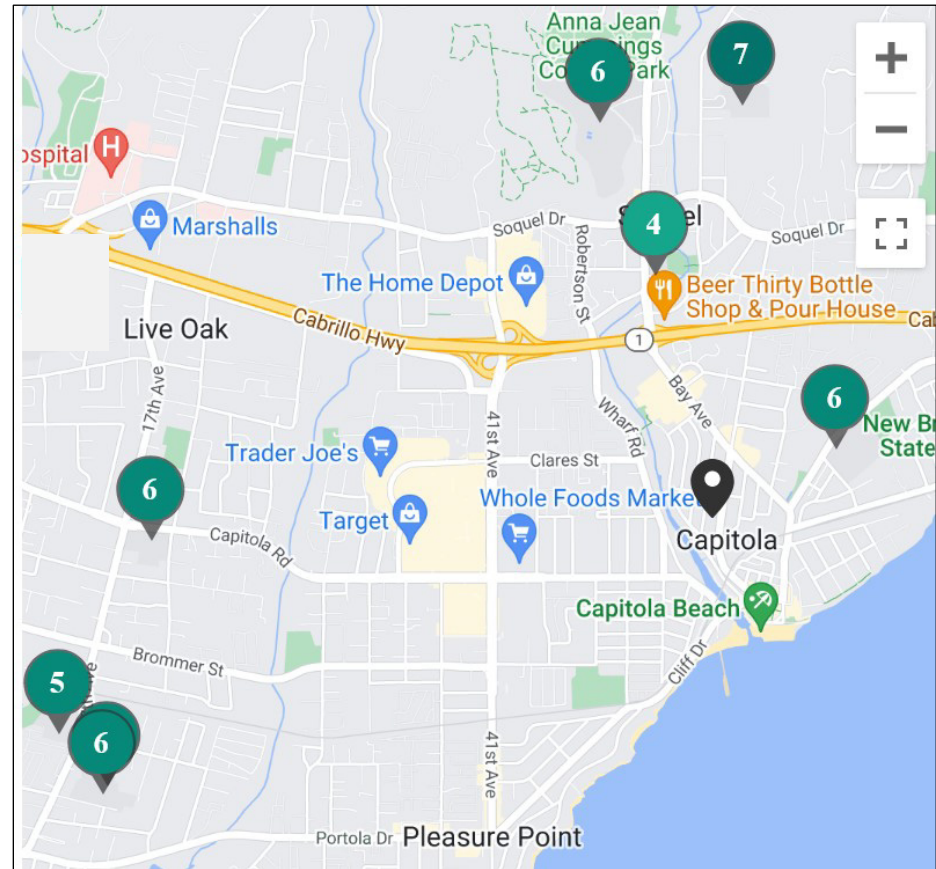
The schools serving Capitola residents in the Soquel Union Elementary School District have the following Great School Summary Ratings:

- Soquel Elementary: 4
- Main Street Elementary: 7
- New Brighton Middle School: 6
- Soquel High School: 6

The schools in the Live Oak District serving Capitola residents have the following ratings:

- Live Oak Elementary: 6
- Shoreline Middle School: 5
- Cypress Charter High School: 6

Figure E-34: Great School Ratings



Source: Greatschools.org

Looking at high school graduation rates in 2021-2022, Soquel High School reported on two race/ethnic groups: White students had a 98.6% graduation rate and Hispanic students had a 97.3% graduation rate. The Cypress Charter High School reported a 100% graduation rate for White students.⁷

⁷ California Department of Education, Data Reporting Office. Cohort Outcome Data for the Class of 2021-22.

b. Transportation

Access to public transit is of paramount importance to households affected by low incomes and rising housing prices, especially because lower income households are often transit dependent. Public transit should strive to link lower income persons, who are often transit dependent, to major employers where job opportunities exist. Access to employment via public transportation can reduce welfare usage and increase housing mobility, which enables residents to locate housing outside of traditionally low-income neighborhoods.

Regional Trends

The Santa Cruz County Regional Transportation Commission (RTC), along with its partners, obtains and distributes funding to maintain the existing transportation network as well as prepare for future transportation needs. The RTC's 2045 Regional Transportation Plan (RTP), approved in June 2022, looks at future projects throughout the County.

Regional Transportation Plan (RTP)⁸

The following information about the County's transportation system is from the 2045 RTP:

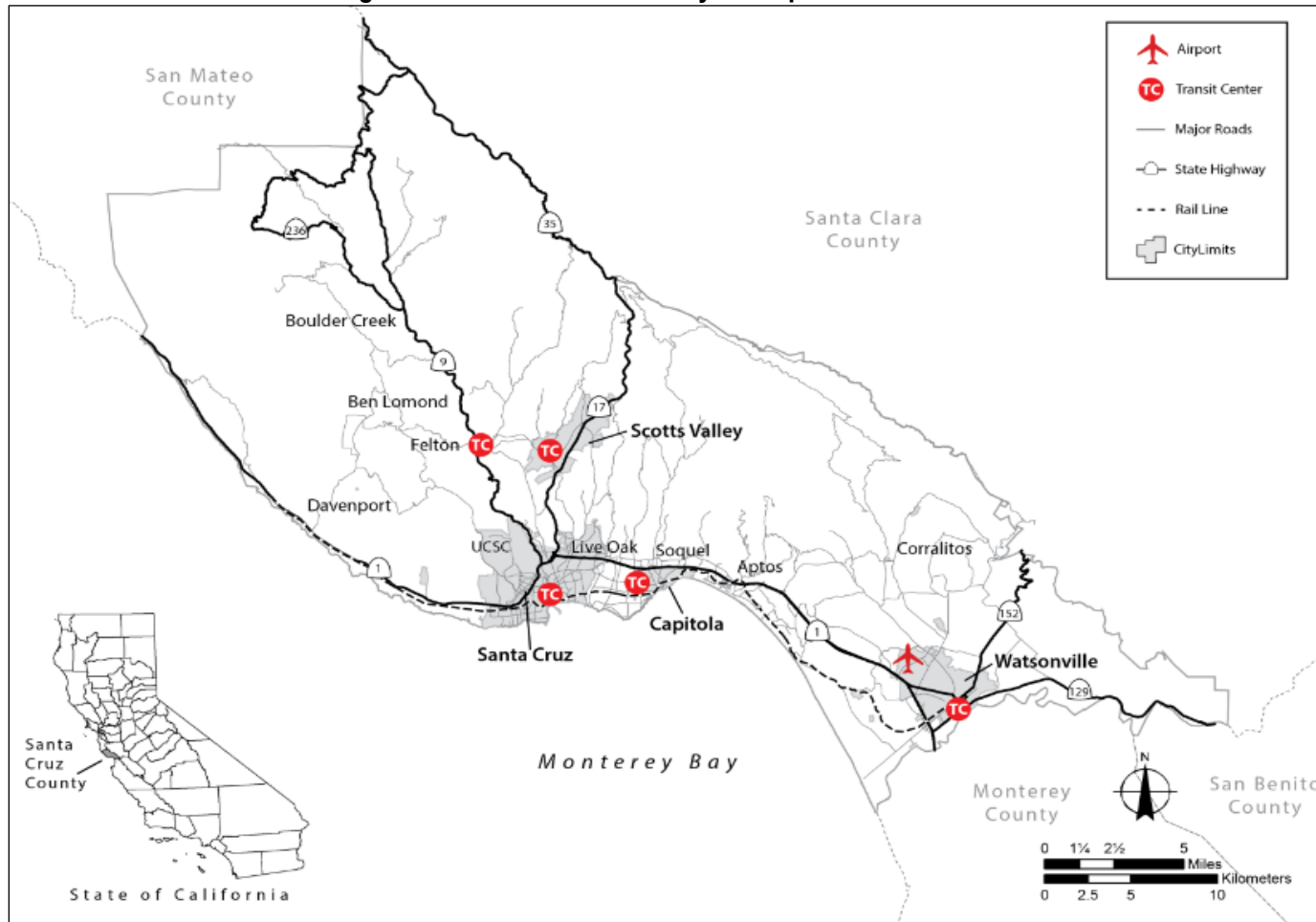
Santa Cruz County's transportation network includes facilities for private automobiles, public transit, bicycles, pedestrians, specialized transportation for seniors and people with physical or mental disabilities, transport of goods and services, and emergency vehicles. Santa Cruz County's main transportation corridors and facilities are limited by the area's physical barriers of mountains and the sea (Figure E-35). Population settlement patterns are primarily centered along highways, major arterials, and the Santa Cruz Branch Rail Line (SCBRL).

Santa Cruz Metropolitan Transit District (METRO) buses serve approximately 400 miles of roads throughout the county and cover the majority of roads designated as arterial and collector routes. There are 218 miles of bicycle lanes and bicycle paths which generally follow primary transportation corridors. Sidewalks and other pedestrian facilities are also an important part of the transportation network.

⁸ Santa Cruz County Regional Transportation Commission, *2045 Regional Transportation Plan for Santa Cruz County*, June 2022.

There are seven state highways, or State Routes (SR), in Santa Cruz County – SR 1, 9, 17, 35, 129, 152 and 236 (Figure E-35).

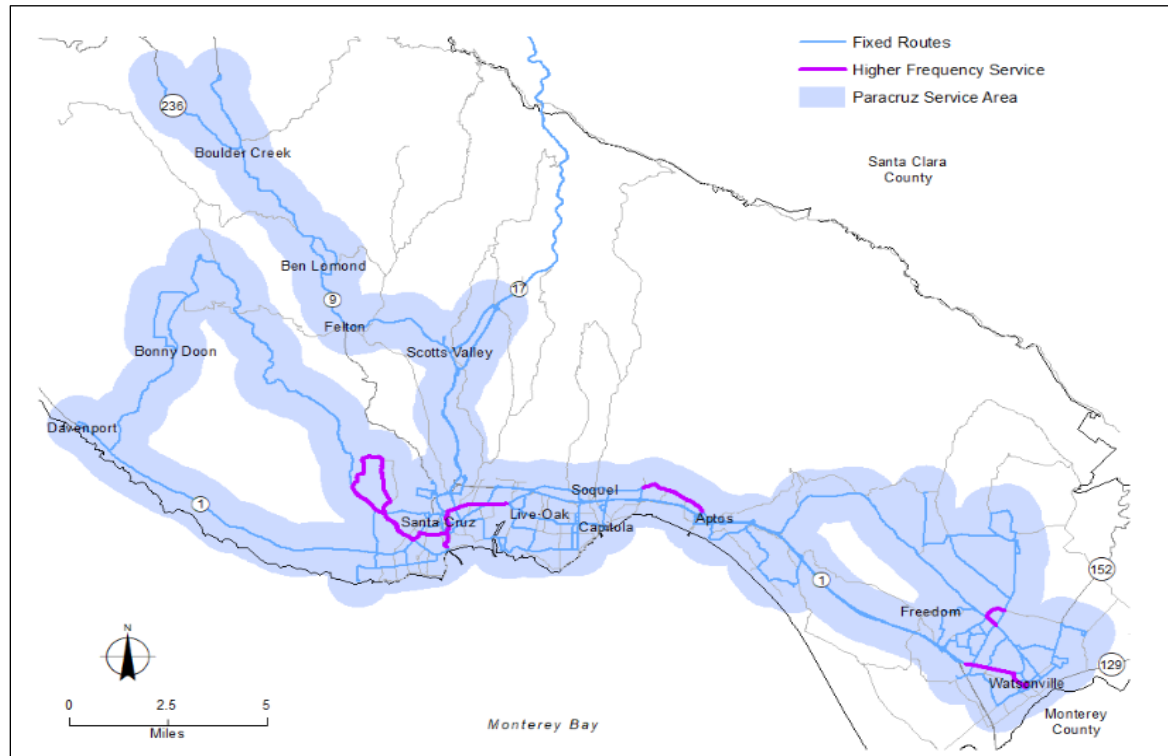
Figure E-35: Santa Cruz County Transportation Network



Source: 2045 Regional Transportation Plan for Santa Cruz County (Figure 2.1)

Public transit is operated locally by the Santa Cruz Metropolitan Transit District (METRO). METRO provides four types of services: local fixed-route bus service, Highway 17 Express Bus service, ParaCruz ADA-mandated paratransit, and Cruz On-Demand microservices (Figure E-36). METRO operates over 90 buses (including four all electric buses) on 24 fixed routes on approximately 400 miles of roads and four transit centers in Santa Cruz County: Cavallaro Transit Center in Scotts Valley, Santa Cruz METRO Center in Downtown Santa Cruz, Capitola Mall Transit Center, and Watsonville Transit Center in Downtown Watsonville (Figure E-35). In 2023, Metro was awarded \$38.6 million from the California State Transportation Agency’s Transit and Intercity Rail Capital Program (TIRCP) to support 24 zero-emission hydrogen-powered buses and associated fueling infrastructure on a regional level. This will increase service frequency while providing clean energy.

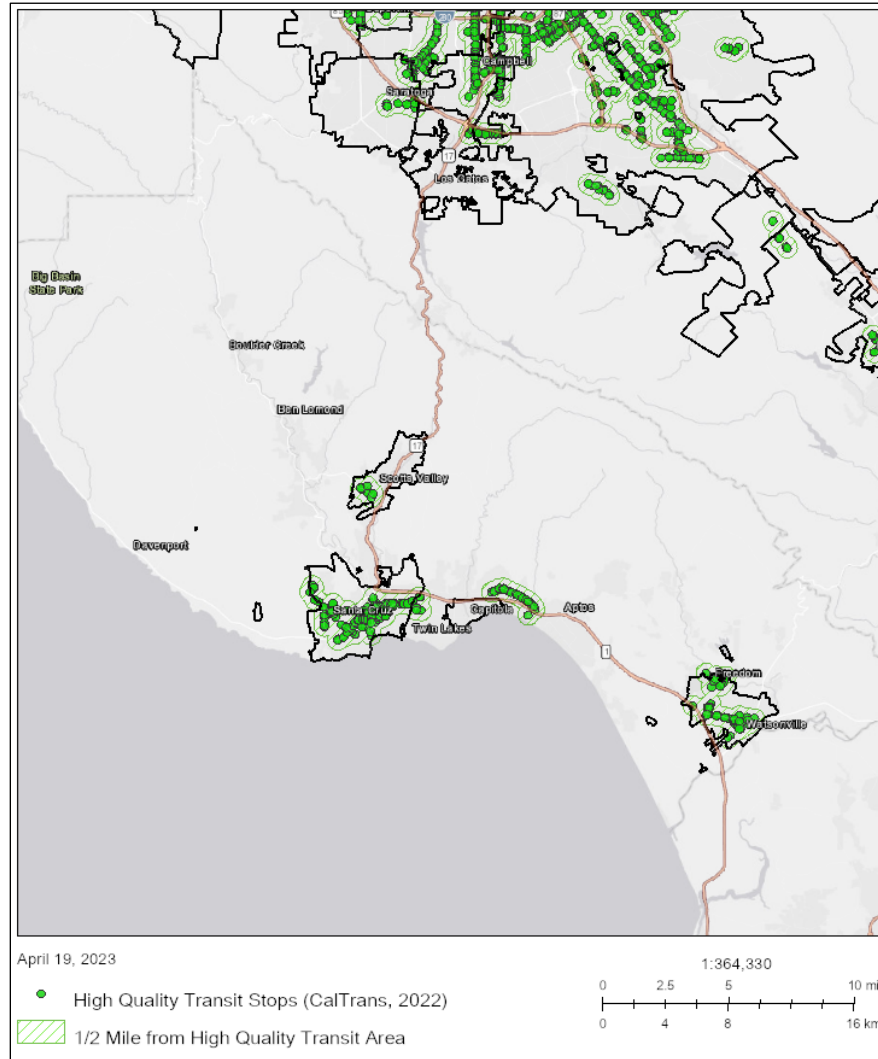
Figure E-36: Transit Provided by Santa Cruz Metropolitan Transit District (METRO)



Source: 2045 Regional Transportation Plan for Santa Cruz County (Figure 2.3)

Figure E-37 shows the locations of high quality transit stops and areas in the County. These areas are located within the boundaries of the County's four incorporated cities.

Figure E-37: High Quality Transit Stops and Areas in Santa Cruz County

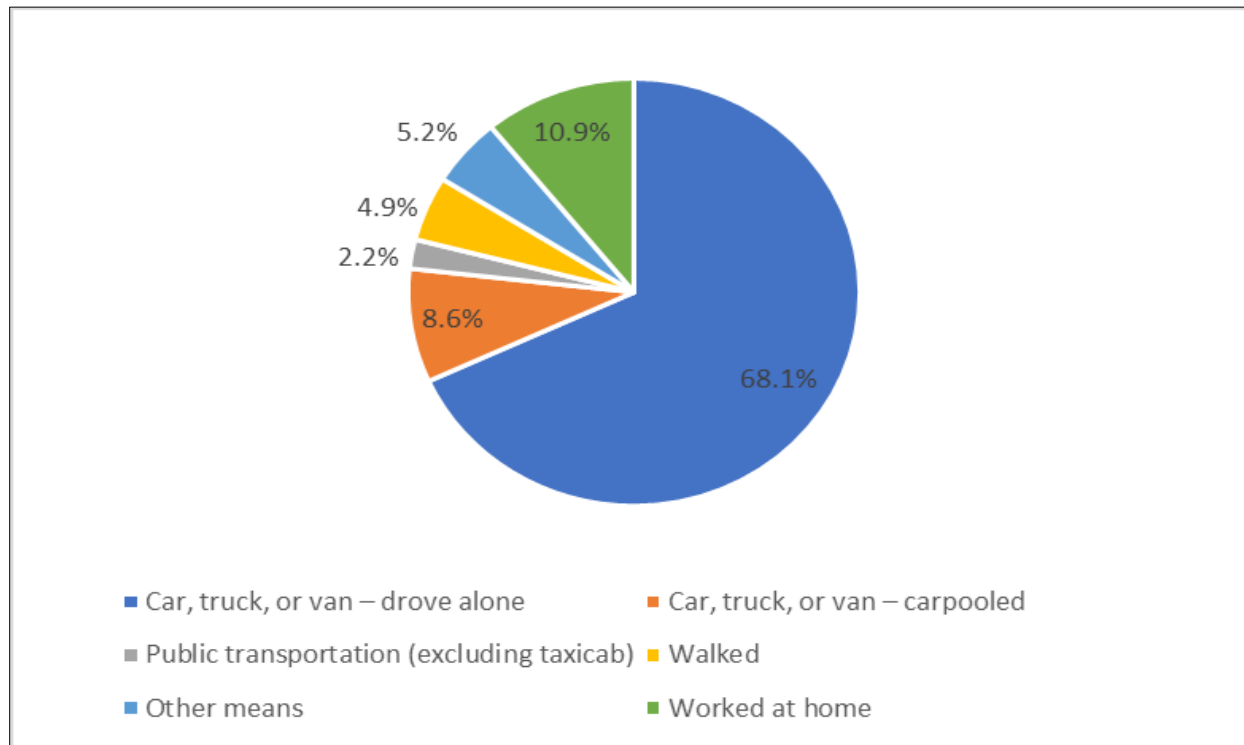


Source: HCD AFFH Data Viewer 2.0 (2017-2021 ACS), 2023.

Commuting Patterns in Santa Cruz County

Additional information about transit usage in Santa Cruz County is available by looking at commuting patterns. Figure E-38 shows how people in the County travel to and from their jobs. Approximately 76% of county residents travel by automobile to their job. Of those who drove, 8.6% carpooled. About 11% of workers in the county worked from home. Public transit was used by 2% of residents for work travel. Five percent of workers walked to their jobs and another 5% used other modes of travel, such as biking.

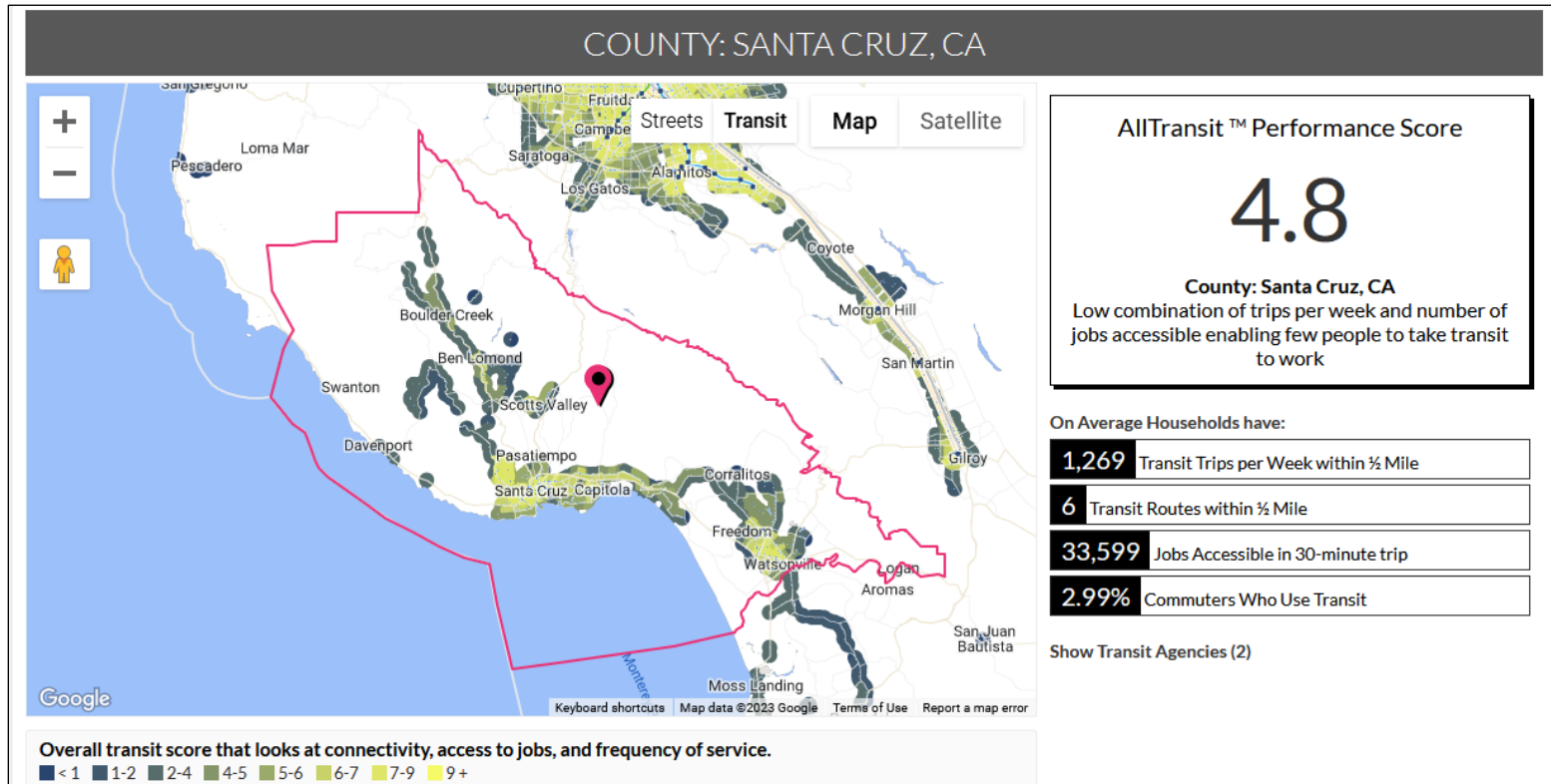
Figure E-38: Means of Transportation to Work in Santa Cruz County



Source: 2016-2020 American Community Survey 5-year Estimates

All Transit explores metrics that reveal the social and economic impact of transit, specifically looking at connectivity, access to jobs, and frequency of service. According to the most recent data posted (2019), Santa Cruz County has an AllTransit Performance Score of 4.8 (out of 10). The map in Figure E-39 shows that the cities in the county as well as the communities in the central corridor of the county have a higher transit usage.

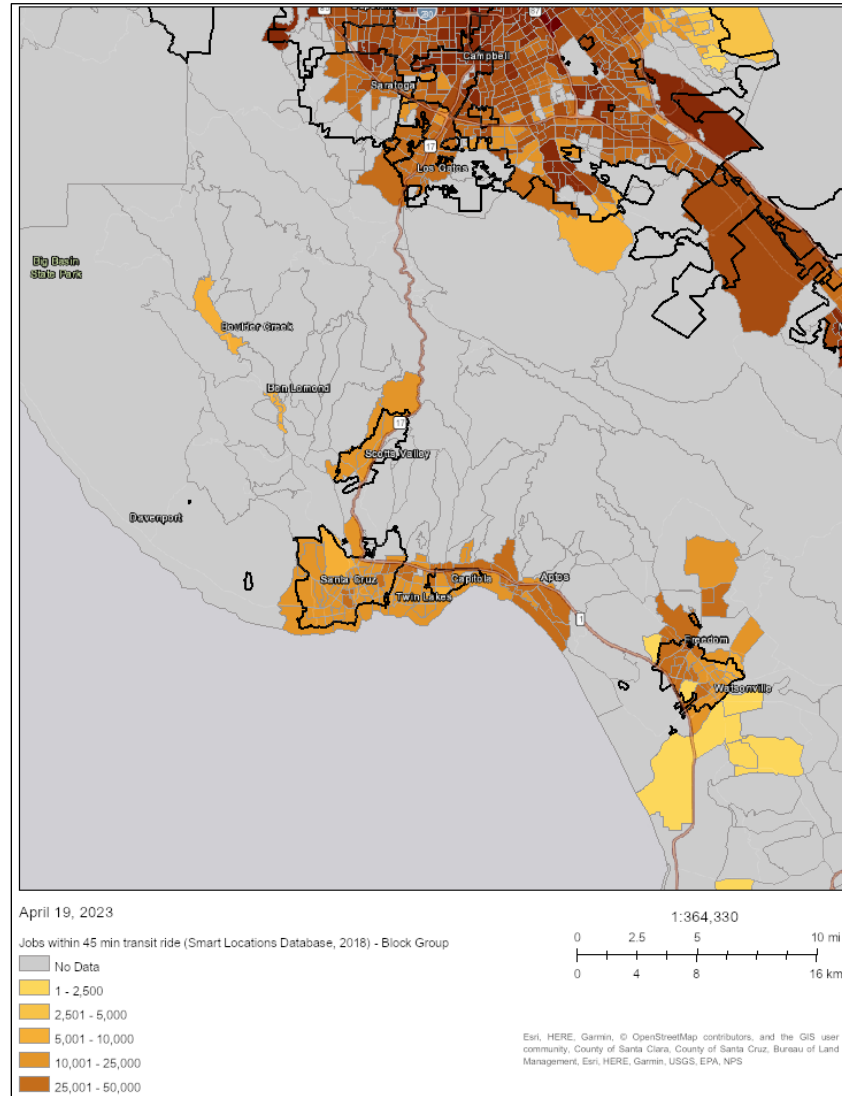
Figure E-39: Santa Cruz County All Transit Performance Score and Map (2019)



Source: AllTransit, <https://alltransit.cnt.org/rankings>

Figure E-40 shows the areas with jobs located within a 45-minute transit ride.

Figure E-40: Jobs Within A 45-Minute Transit Ride in Santa Cruz County



Source: HCD AFFH Data Viewer 2.0 (2017-2021 ACS), 2023.

Local Trends

Highway 1 is the major road that goes through Capitola (Figure E-41). In addition to the regional traffic congestion along Highway 1, within the City of Capitola, traffic congestion along the 41st Avenue corridor remains problematic. The County of Santa Cruz completed improvements to the 41st Avenue overcrossing at Highway 1, which include the restriping of the bridge deck to add an additional southbound lane. An adaptive signal and bicycle lane mileage for 41st Avenue have also been added.

Figure E-41: Capitola Roadway Network



Source: City of Capitola and RBF Consulting, 2011.
Source: City of Capitola General Plan

In February 2011, Capitola adopted an updated Bicycle Transportation Plan (BTP).⁹ The BTP identifies a number of existing and proposed bikeways for Capitola, as shown in Figure E-42. In addition, a multi-use trail for bicycles and pedestrians is planned along the Santa Cruz Branch rail line corridor. The long-term plan is for the multi-use trail to cross Soquel Creek along the trestle. In the short term, the rail trail will cross Soquel Creek over Stockton Bridge in the Village until sufficient funds are available to retrofit the trestle to accommodate bicycles and pedestrians.

Figure E-42: Capitola Bikeway Network

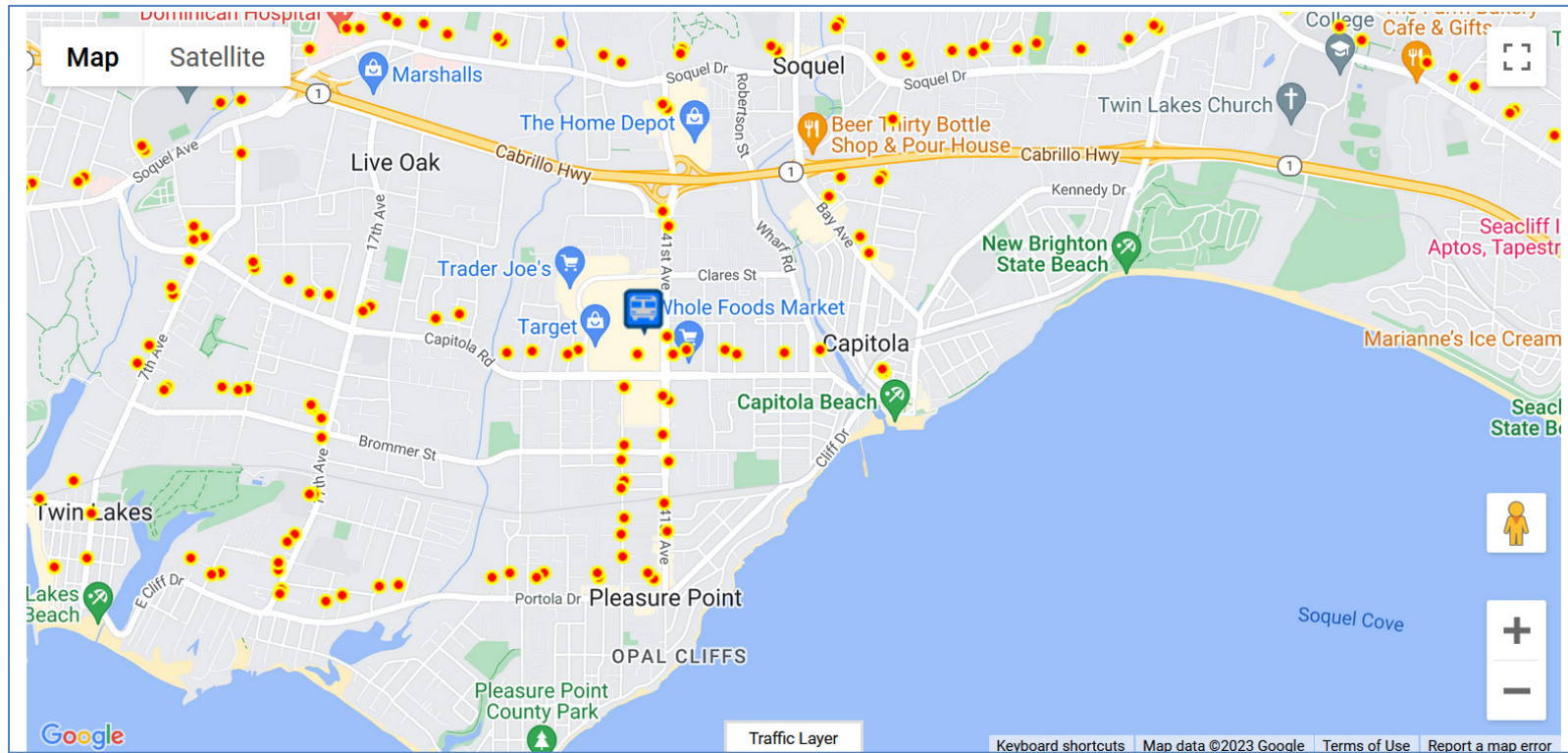


*A sharrow, or shared-lane marking, is a street markings placed in the center of a travel lane to indicate that a bicyclist may use the full lane.
Source: City of Capitola and RBF Consulting, 2011.

9 City of Capitola, Capitola General Plan. Adopted June 26, 2014.

The Capitola Mall Transit Center has a ticket vending machine and has four routes that provide bus service in and around Capitola (Figure E-43). Service begins around 10:30 in the morning until 10:30 at night.

Figure E-43: Bus Service In and Around Capitola



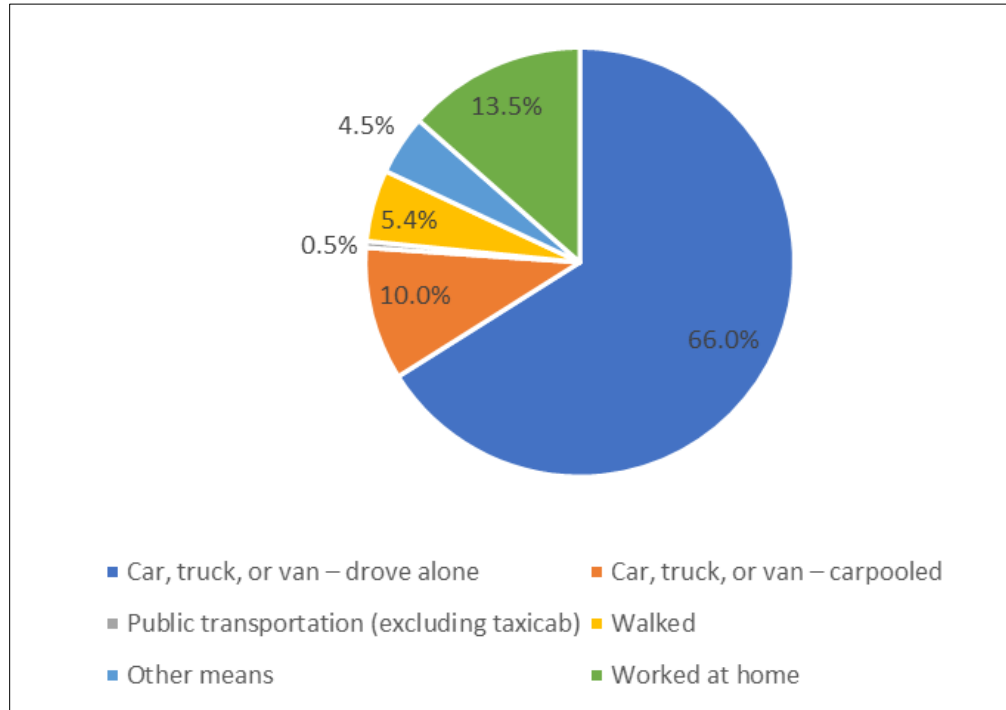
Source: Santa Cruz METRO website, 2023.

In addition to information on bus routes, the City’s website provides information on park and ride locations, ride sharing, bike routes and other means of alternative transportation.

Commuting Patterns in Capitola

Figure E-44 shows the commuting patterns for Capitola residents. The percentage of residents who drive alone (66%) is slightly less than the County (68%). Fewer Capitola workers use public transit (<1%) than the County, but more carpool (10%) and work from home (14%).

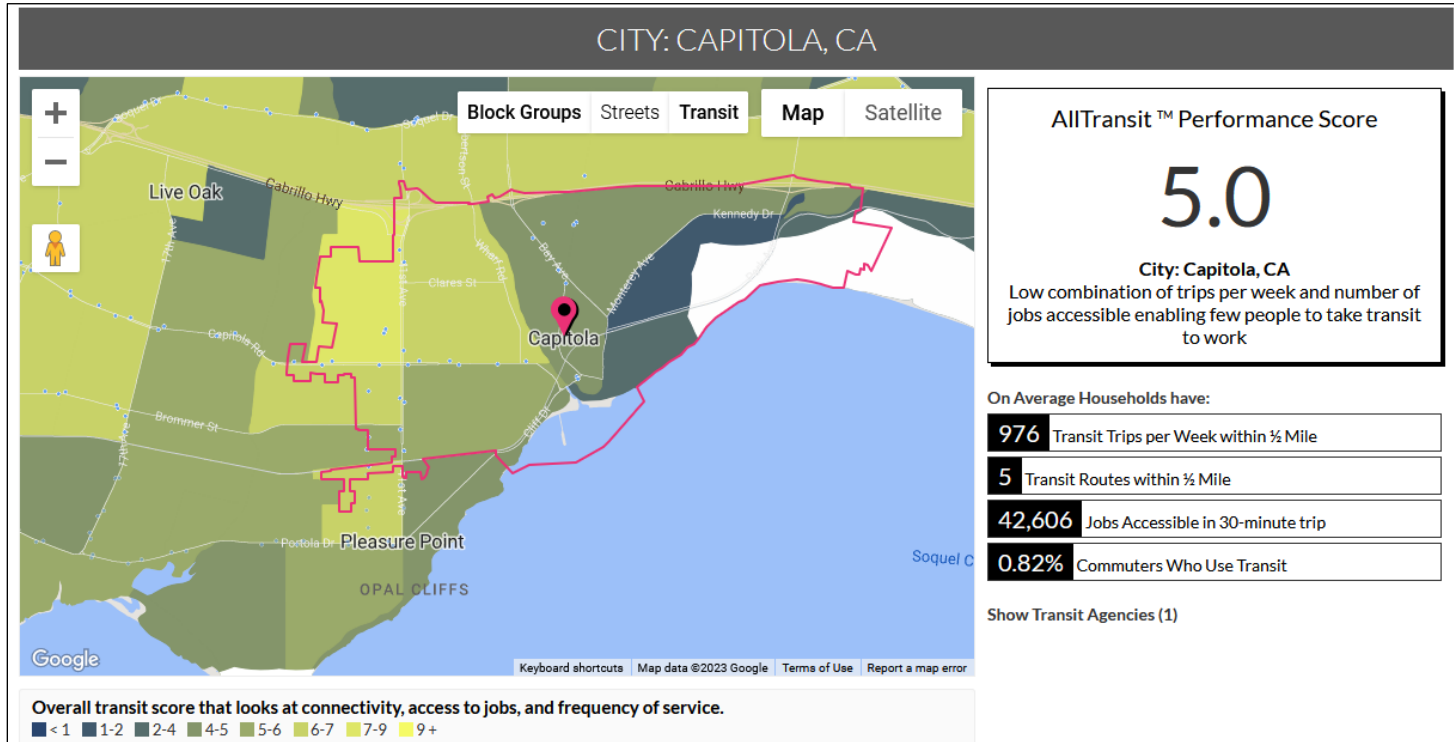
Figure E-44: Means of Transportation to Work in Capitola



Source: 2016-2020 American Community Survey 5-year Estimates

The All Transit score for Capitola is 5.0, which is slightly higher than the 4.8 for the county (Figure E-45).

Figure E-45: Capitola All Transit Performance Score and Map (2019)



c. Economic

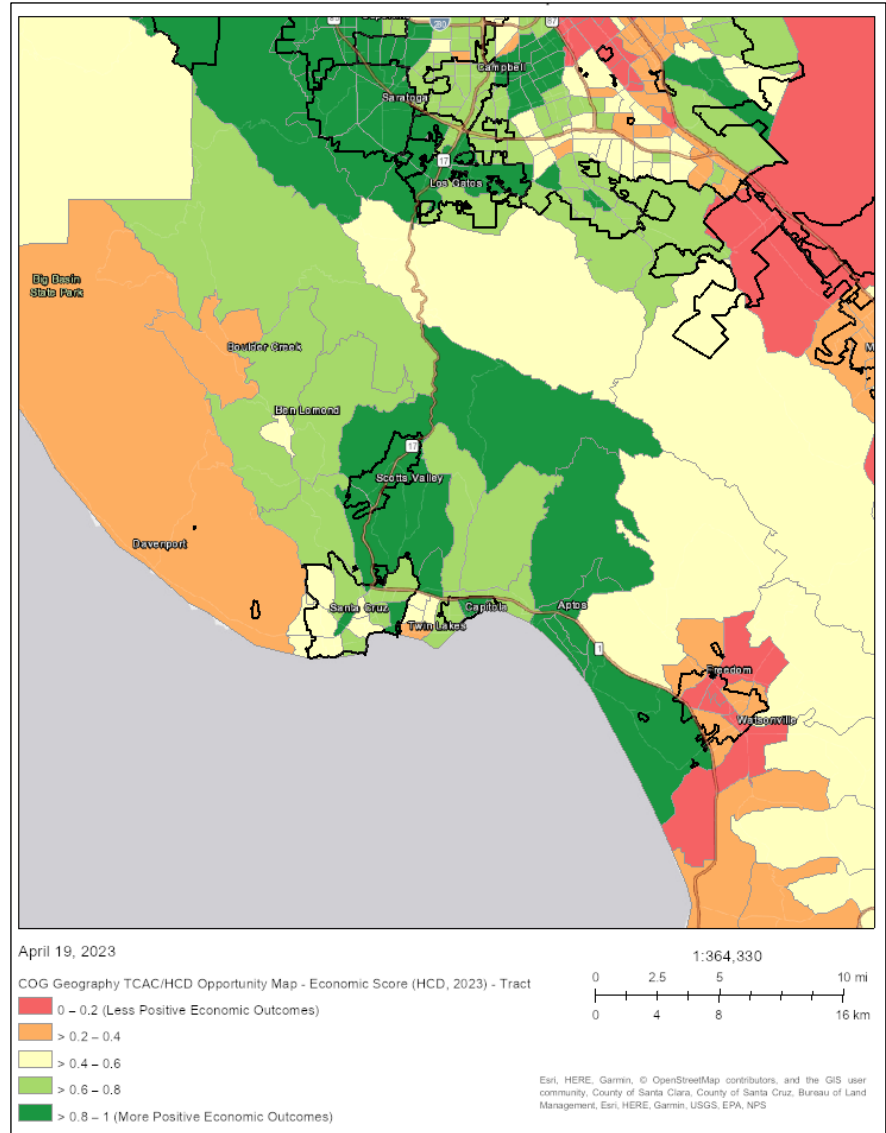
Regional Trends

TCAC economic scores are determined using the following variables: poverty, adult education, employment, job proximity, and median home value. A complete list of TCAC Opportunity Map domains and indicators are included in Table E-11. TCAC economic scores by tract in the County are presented in Figure E-46. The portions of the County with lower economic scores (0.4 or less) are in the northwest, including the community of Davenport, part of the Twin Lakes community, the southwest and in and near the City of Watsonville.

Local Trends

As shown on Figure E-46, Capitola has favorable economic opportunity scores. The eastern area of the City (east of Wharf Road) has the highest score possible (>0.8-1.0). While the economic scores are high in Capitola, one concern is the economic base being dependent of tourism and how that impacts the types of job opportunities for residents. This issue is discussed further in the Other Relevant Factors section of this AFFH.

Figure E-46: Santa Cruz County TCAC Opportunity Areas – Economic Score By Tract



Source: HCD AFFH Data Viewer 2.0 (2017-2021 ACS), 2023.

d. Environmental

TCAC environmental score are based on the CalEnviroScreen 4.0 scores that was developed by the California Environmental Protection Agency (CalEPA) to evaluate pollution sources in a community while accounting for a community's vulnerability to the adverse effects of pollution. Measures of pollution burden and population characteristics are combined into a single composite score that is mapped and analyzed. Higher values on the index indicate higher cumulative environmental impacts on individuals arising from these burdens and population factors.

The California Office of Environmental Health Hazard Assessment (OEHHA) compiles these scores to help identify California communities disproportionately burdened by multiple sources of pollution. In addition to environmental factors (pollutant exposure, groundwater threats, toxic sites, and hazardous materials exposure) and sensitive receptors (seniors, children, persons with asthma, and low birth weight infants), CalEnviroScreen also considers socioeconomic factors such as educational attainment, linguistic isolation, poverty, and unemployment.

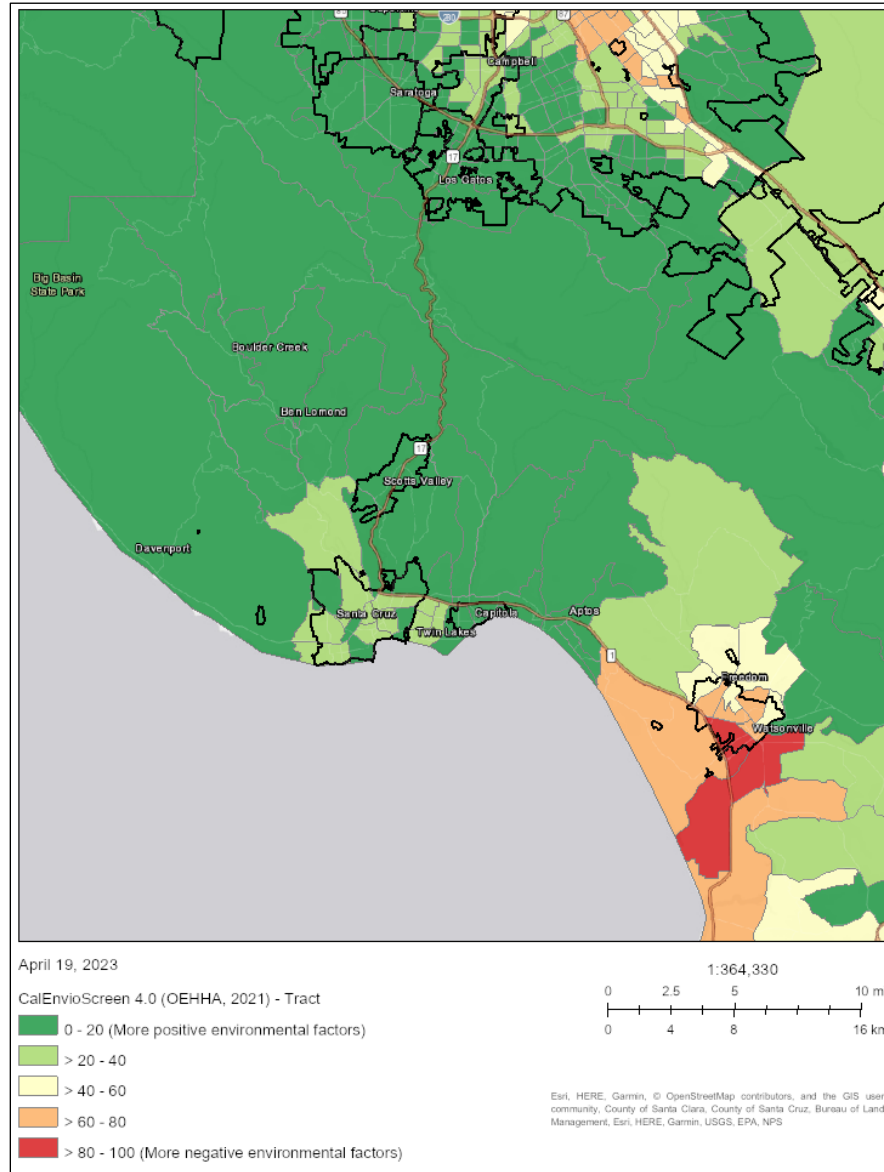
Regional Trends

Figure E-47 shows scores for CalEnviroScreen 4.0 released by the California Office of Environmental Health Hazard Assessment. Most of the County has more positive environmental scores, with the exception of the southwest portion south of Aptos. The southwest corner of the City of Watsonville has the most negative environmental factors.

Local Trends

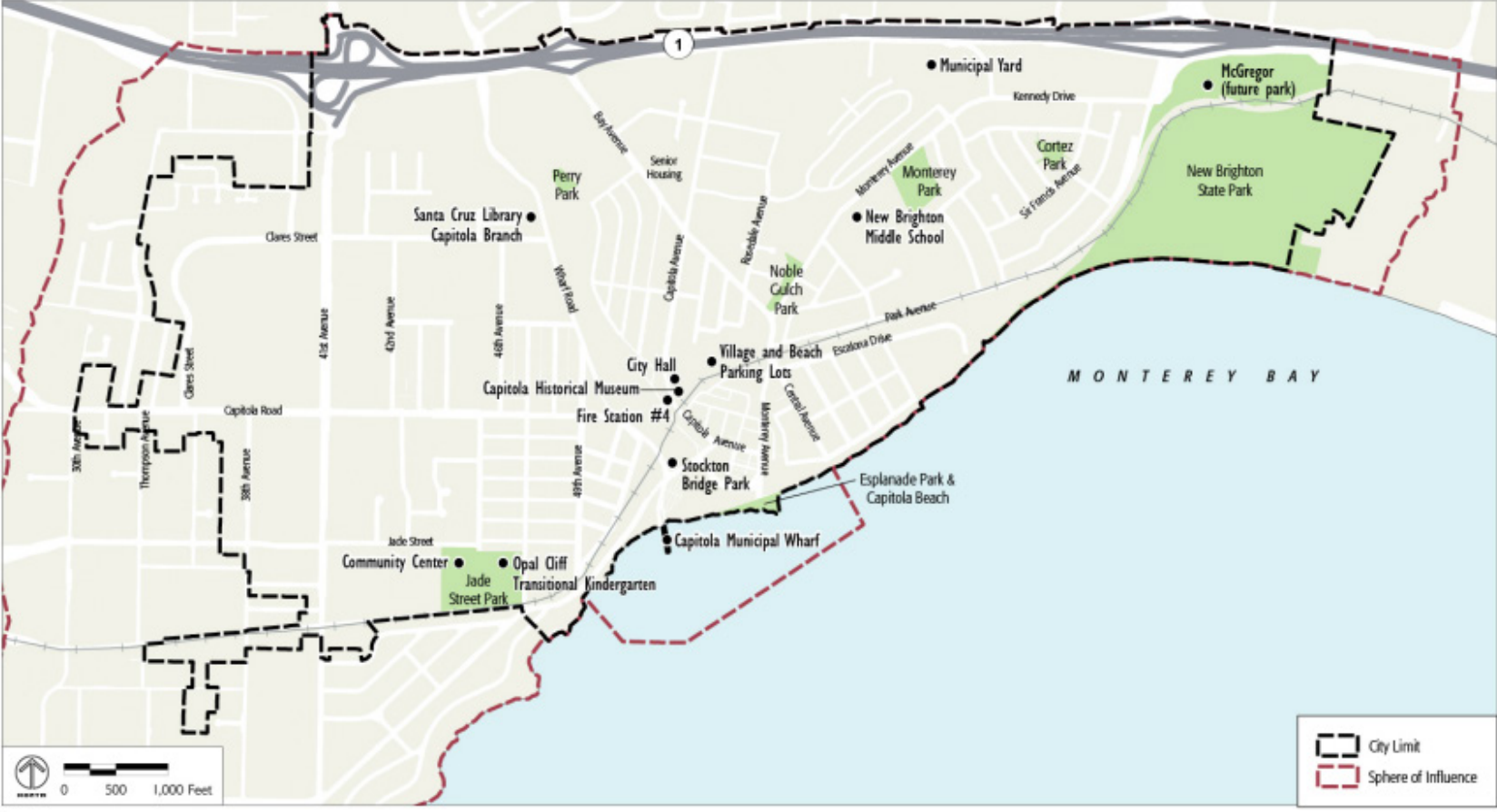
As shown in Figure E-47, Capitola has the most positive environmental scores. The City has a variety of open space and recreational resources, including Capitola Beach and the New Brighton State Beach park. Figure E-48 shows the locations of the local parks in Capitola.

Figure E-47: CalEnviroScreen Scores for Santa Cruz County



Source: HCD AFFH Data Viewer 2.0 (2017-2021 ACS), 2023.

Figure E-48: Local Parks in Capitola



Source: Santa Cruz County and RBF Consulting 2011.

Source: Santa Cruz County and RBF Consulting 2011

5. Disproportionate Housing Needs

Disproportionate housing needs generally refers to a condition in which there are significant disparities in the proportion of members of a protected class experiencing a category of housing need when compared to the proportion of members of any other relevant groups, or the total population experiencing that category of housing need in the applicable geographic area. The Comprehensive Housing Affordability Strategy (CHAS) developed by the Census for HUD provides detailed information on housing needs by income level for different types of households in Santa Cruz County and Capitola. Housing problems considered by CHAS include:

- Housing cost burden, including utilities, exceeding 30% of gross income;
- Severe housing cost burden, including utilities, exceeding 50% of gross income;
- Overcrowded conditions (housing units with more than one person per room); and
- Units with physical defects (lacking complete kitchen or bathroom)

Housing Problems.

In Santa Cruz County, 44% of households experience housing problems (Table E-14). These problems can be: 1) housing units lacking complete kitchen facilities, 2) housing units lacking complete plumbing facilities, 3) household is overcrowded, and 4) household is cost burdened. Renter households in the County face a greater percentage of problems compared to owner households (60% versus 33%). Black residents face the highest amount of housing problems overall (51.2%). When looking at tenure, 80% of American Indian renter households and 43% of Hispanic owner households experience housing problems. The following section provides an overview of housing problems including cost burden, overcrowding, substandard housing conditions, displacement risk and persons experiencing homelessness.

a. Cost Burden

Housing cost burden, or overpayment, is defined as households paying 30% or more of their gross income on housing expenses, including rent or mortgage payments and utilities. Renters are more likely to overpay for housing costs than homeowners. Housing cost burden is considered a housing need because households that overpay for housing costs may have difficulty affording other necessary expenses, such as childcare, transportation, and medical costs.

Regional Trends

In Santa Cruz County, 44% of households experience housing problems (Table E-14). These problems can be: 1) housing units lacking complete kitchen facilities, 2) housing units lacking complete plumbing facilities, 3) household is overcrowded, and 4) household is cost burdened. Renter households in the County face a greater percentage of problems compared to owner households (60% versus 33%). Black residents face the highest amount of housing problems overall (51.2%). When looking at tenure, 80% of American Indian renter households and 43% of Hispanic owner households experience housing problems.

Cost burden impacts 40% of households in the County. Similar to housing problems overall, renter households experience a higher rate of cost burden than owner households (54% versus 30%). When looking at race and ethnicity, American Indian households have the lowest percentage (25%) while half of Hispanic households in the County are paying more than 30% of their income on housing.

Table E-14: Housing Problems and Cost Burden By Race/Ethnicity – Santa Cruz County (2019)

	White	Black	Asian	American Indian	Pacific Islander	Hispanic	All
With Housing Problem							
Owner-Occupied	31.0%	34.5%	41.7%	29.4%	0.0%	42.8%	33.1%
Renter-Occupied	53.3%	64.8%	57.8%	80.0%	0.0%	72.8%	60.4%
All Households	38.2%	51.2%	48.4%	37.0%	0.0%	61.3%	44.0%
With Cost Burden							
Owner-Occupied	29.5%	34.5%	41.2%	26.5%	0.0%	33.2%	30.4%
Renter-Occupied	49.6%	59.2%	51.3%	13.3%	0.0%	61.7%	53.9%
All Households	36.0%	48.1%	45.4%	24.5%	0.0%	50.7%	39.8%

Source: HUD CHAS Data (2015-2019)

Housing problems and cost burdens can also affect special needs populations disproportionately. Table E-15 shows that renter elderly and large family households experience housing problems and cost burdens at higher rates than all renters, all households, and their owner counterparts.

Table E-15: Housing Problems, Elderly and Large Households – Santa Cruz County (2019)

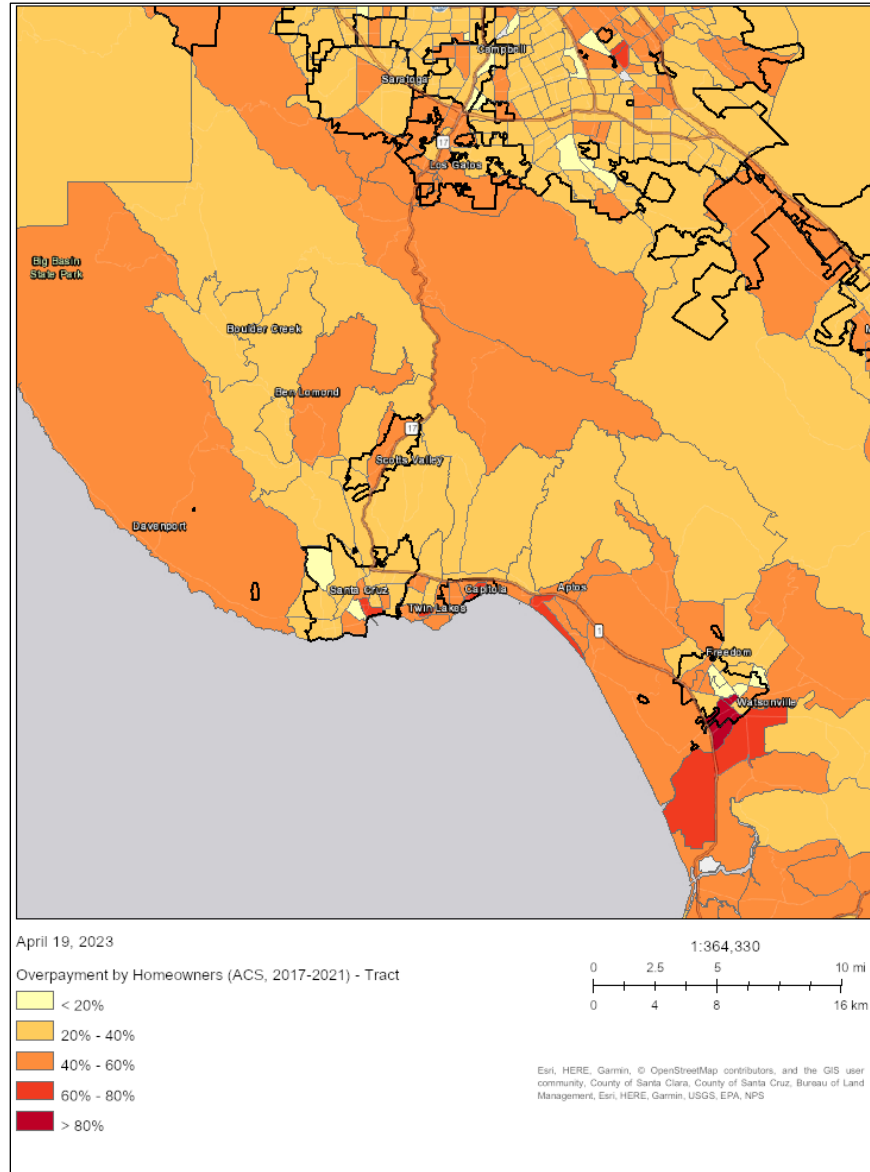
	Owner-Occupied			Renter-Occupied			All Households
	Elderly	Large Households	All Owner	Elderly	Large Households	All Renters	
Any Housing Problem	33.5%	51.1%	33.1%	70.5%	87.9%	60.4%	44.0%
Cost Burden > 30%	32.2%	24.7%	30.4%	66.8%	63.0%	53.9%	39.8%

Source: HUD CHAS Data (2015-2019)

As shown in Figure E-49, the majority of homeowner overpayment in Santa Cruz County is between 20% and 60%. Pockets of higher cost burden are found in the cities of Santa Cruz, Capitola and Watsonville as well as along the coastline west of Aptos. The northern portion of Monterey County also has a high percentage (60% and higher) of cost burdened owner households.

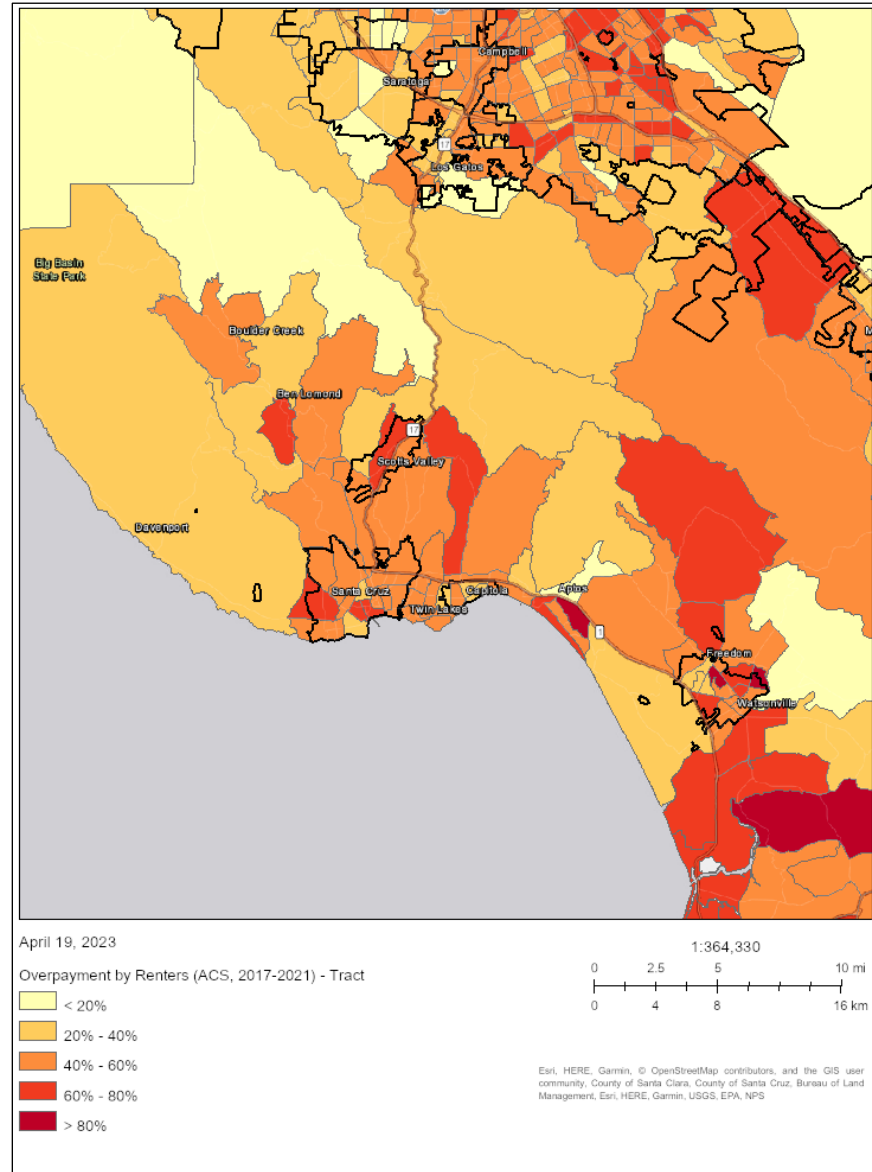
Figure E-50 shows cost burden by renter households in the County. Cost burden for renters is less than owners along the northern coastline, north and west of Boulder Creek, and around the community of Aptos. However, for the remainder of the County, renter household face equal or greater cost burden compared to owners. Concentrations of households with 60% or higher overpayment are found in and around Scott’s Valley, Ben Lomond, Santa Cruz, Capitola, Watsonville and along the coastline south of Capitola.

Figure E-49: Percentage of Overpayment by Homeowners in Santa Cruz County (2021)



Source: HCD AFFH Data Viewer 2.0 (2017-2021 ACS), 2023.

Figure E-50: Percentage of Overpayment by Renters in Santa Cruz County (2021)



Source: HCD AFFH Data Viewer 2.0 (2017-2021 ACS), 2023.

Local Trends

Housing problems and cost burden, for Capitola is shown in Table E-16. Overall housing problems and cost burden is higher in Capitola than the County (46% versus 44% and 45% versus 40%, respectively). Over 60% of Asian and Hispanic households face housing problems and cost burden in the city versus around 40% of White households. Hispanic renter households face the highest percentage in Capitola.

Table E-16: Housing Problems and Cost Burden By Race/Ethnicity – Capitola (2019)

	White	Black	Asian	American Indian	Pacific Islander	Hispanic	All
With Housing Problem							
Owner-Occupied	40.1%	---	100.0%	---	---	47.2%	42.9%
Renter-Occupied	43.8%	---	33.3%	0.0%	---	69.1%	48.7%
All Households	41.9%	---	64.3%	0.0%	---	62.0%	46.0%
With Cost Burden							
Owner-Occupied	40.4%	---	100.0%	---	---	49.1%	43.1%
Renter-Occupied	39.9%	---	33.3%	0.0%	---	66.4%	45.7%
All Households	40.1%	---	64.3%	0.0	---	60.7%	44.5%

Source: HUD CHAS Data (2015-2019)

Table E-17 shows that elderly renter households face housing problems (90%) and cost burden (76%) at a much greater rate than large households and renter households overall in Capitola. These higher percentages indicate that elderly renters face challenges with rental prices and maintenance issues in the City.

Table E-17: Housing Problems, Elderly and Large Households – Capitola (2019)

	Owner-Occupied			Renter-Occupied			All Households
	Elderly	Large Households	All Owner	Elderly	Large Households	All Renters	
Any Housing Problem	39.8%	31.3%	43.1%	90.3%	58.4%	48.7%	46.0%
Cost Burden > 30%	39.4%	25.6%	42.9%	76.4%	38.2%	45.7%	44.5%

Source: HUD CHAS Data (2015-2019)

Figure E-51 and Figure E-52 shows homeowner cost burden in Capitola between 2014 and 2021. Over the six-year period, 40% to 60% of homeowners faced overpayment. However, tract 1218.01 (located on either side of Monterey Avenue) saw an increase in owner cost burdened households to 60% to 80% since 2014.

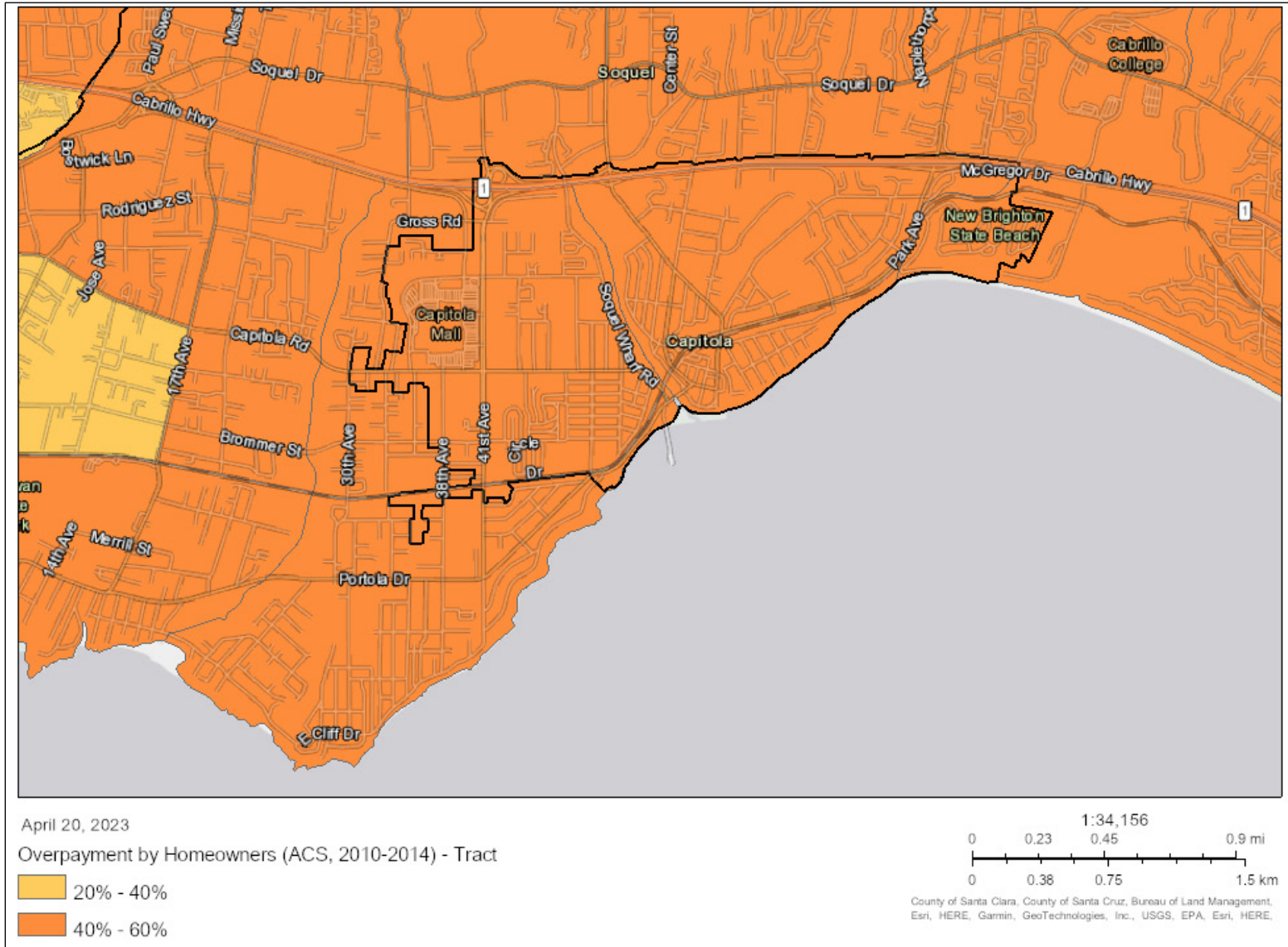
Renter cost burden in Capitola is shown in Figure E-53 and Figure E-54. In 2014, 40% to 60% of renter households in the city faced overpayment. In 2021, that percentage dropped to 20% to 40% of renter households in tract 1217.02 (west of 41st Street), 1218.01 (south of Monterey Avenue) and 1218.02 (north of Monterey Avenue).

As mentioned previously, tract 1218.01, where the Cliff Heights and Depot Hill neighborhoods are located, has a large population of older adults living alone. Elderly adults, who make up a large proportion of this tract population, are more likely to be retired and have fixed or limited incomes and therefore are more likely to experience cost burden. According to the 2016-2020 ACS, 57% of households residing in tract 1218.01 are non-family households. Specifically, in tract 1218.01 57.1% of households are single-person households including 22.6% that are senior single-person households (65 or older). In comparison, only 35.7% of households citywide are one person including 14.5% with an elderly person living alone.

Additionally, only 62% of the population aged 16 and older with earnings residing in tract 1218.01 have full-time year-round earnings, consistent with the large population of elderly adults in this tract. However, the median annual earnings for the 62% of persons in tract 1218.01 with full-time year-round work is \$53,542, significantly higher than the median of \$45,982 citywide. The median income for non-families residing in tract 1218.01 is \$80,541 compared to only \$61,814 for non-family households citywide.

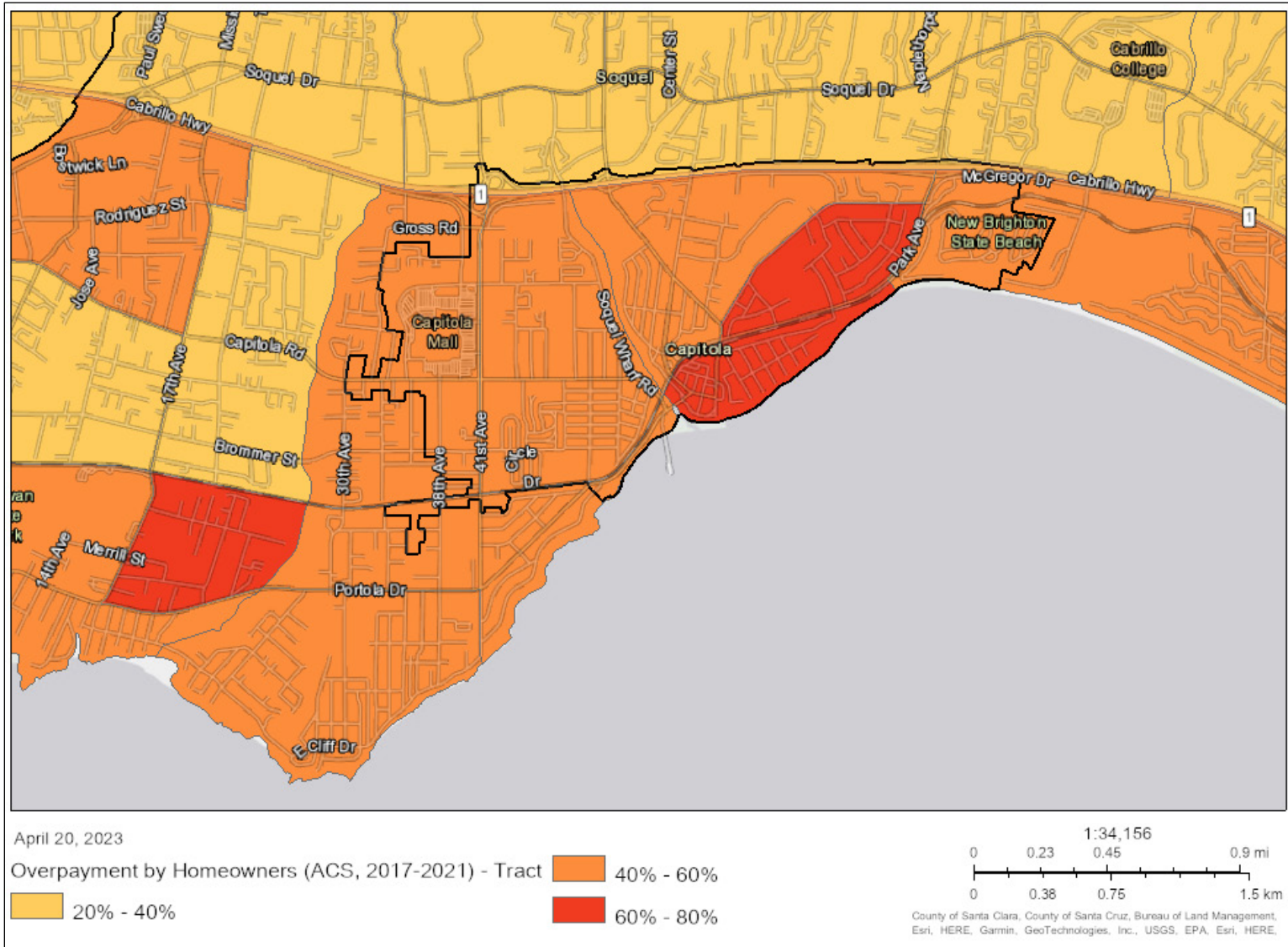
This is likely due to other sources of income including Social Security payments, pensions, child support, public assistance, annuities, money derived from rental properties, interest, and dividends. While owners appear cost burdened at a higher rate in tract 1218.01, this may not reflect the overall character of the population. The map in Figure E-51 below shows housing costs as a percentage of household income based on earnings in the past 12 months of survey. Because a large proportion of the population in tract 1218.01 does not earn salaries or wages due to retirement, cost burden in this area appears worse than it may be in reality. As discussed above, the median income, which includes salaries and other income sources, for non-family households in this tract, including elderly adults living alone, is significantly higher in tract 1218.01 compared to the City as a whole.

Figure E-51: Percentage of Overpayment by Homeowners in Capitola (2014)



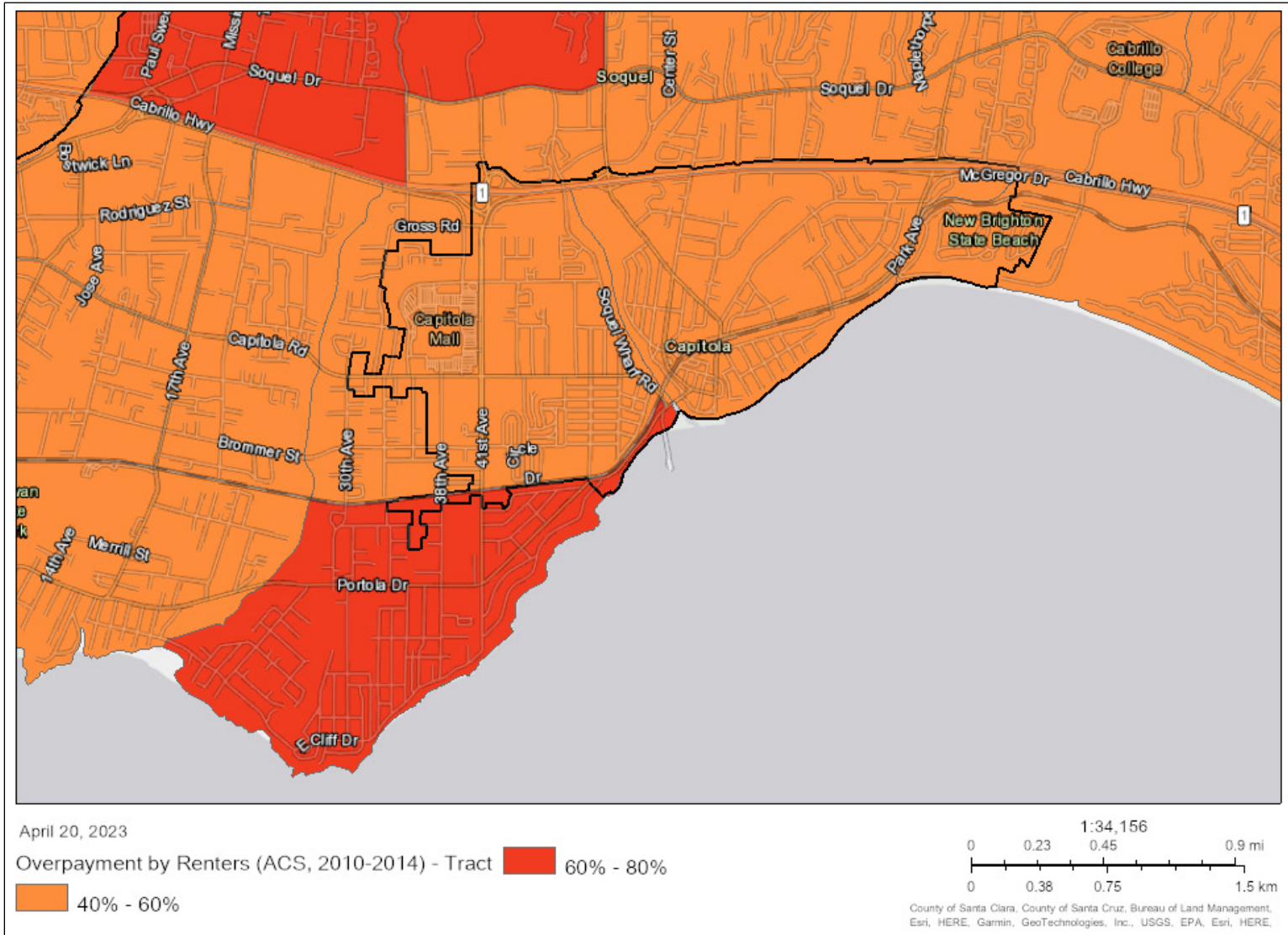
Source: HCD AFFH Data Viewer 2.0 (2017-2021 ACS), 2023.

Figure E-52: Percentage of Overpayment by Homeowners in Capitola (2021)



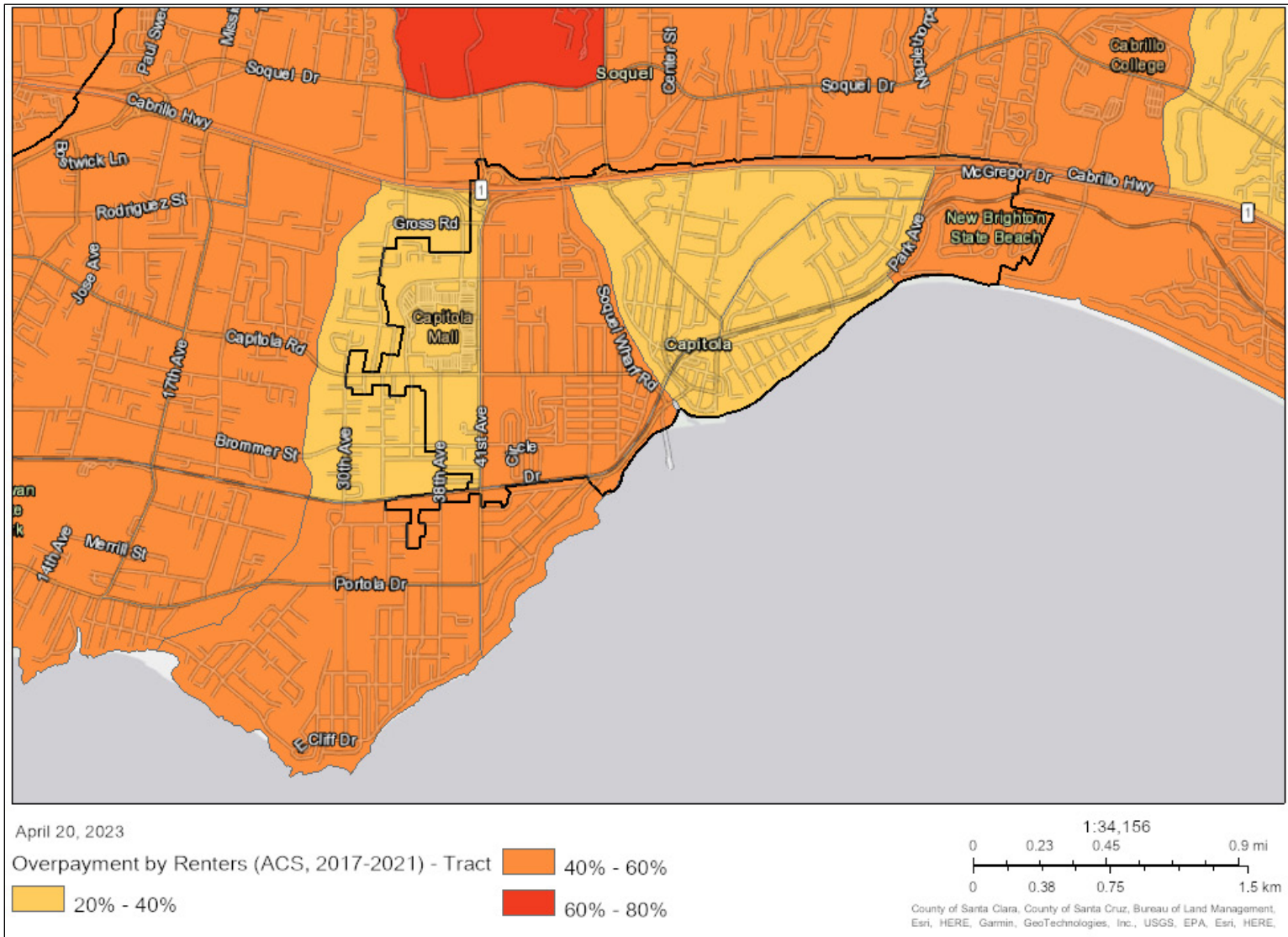
Source: HCD AFFH Data Viewer 2.0 (2017-2021 ACS), 2023.

Figure E-53: Percentage of Overpayment by Renters in Capitola (2014)



Source: HCD AFFH Data Viewer 2.0 (2017-2021 ACS), 2023.

Figure E-54: Percentage of Overpayment by Renters in Capitola (2021)



Source: HCD AFFH Data Viewer 2.0 (2017-2021 ACS), 2023.

b. Overcrowding

Overcrowding is typically defined as a housing unit occupied by more than one person per room. A housing unit occupied by more than 1.5 persons per room is considered to be severely overcrowded. Overcrowding typically occurs when there are not enough adequately sized units within a community, when high housing costs relative to income force too many individuals to share a housing unit than it can adequately accommodate, or when families reside in smaller units than they need to devote income to other necessities, such as food and health care. Overcrowding tends to accelerate the deterioration of housing. Therefore, maintaining a reasonable level of occupancy and alleviating overcrowding are critical to enhancing quality of life.

The 2016-2020 ACS indicates overcrowding affected 7% of all housing units countywide, including 3.5% of owner units and 11.9% of renter units. Figure E-55 shows the geographic distribution of overcrowded households. A majority of the tracts in the County have less than 5% overcrowded households. Tracts with 10% or more overcrowded households are located in the communities of Twin Lakes, Aptos, and Freedom and in and around the City of Watsonville.

Regional Trends

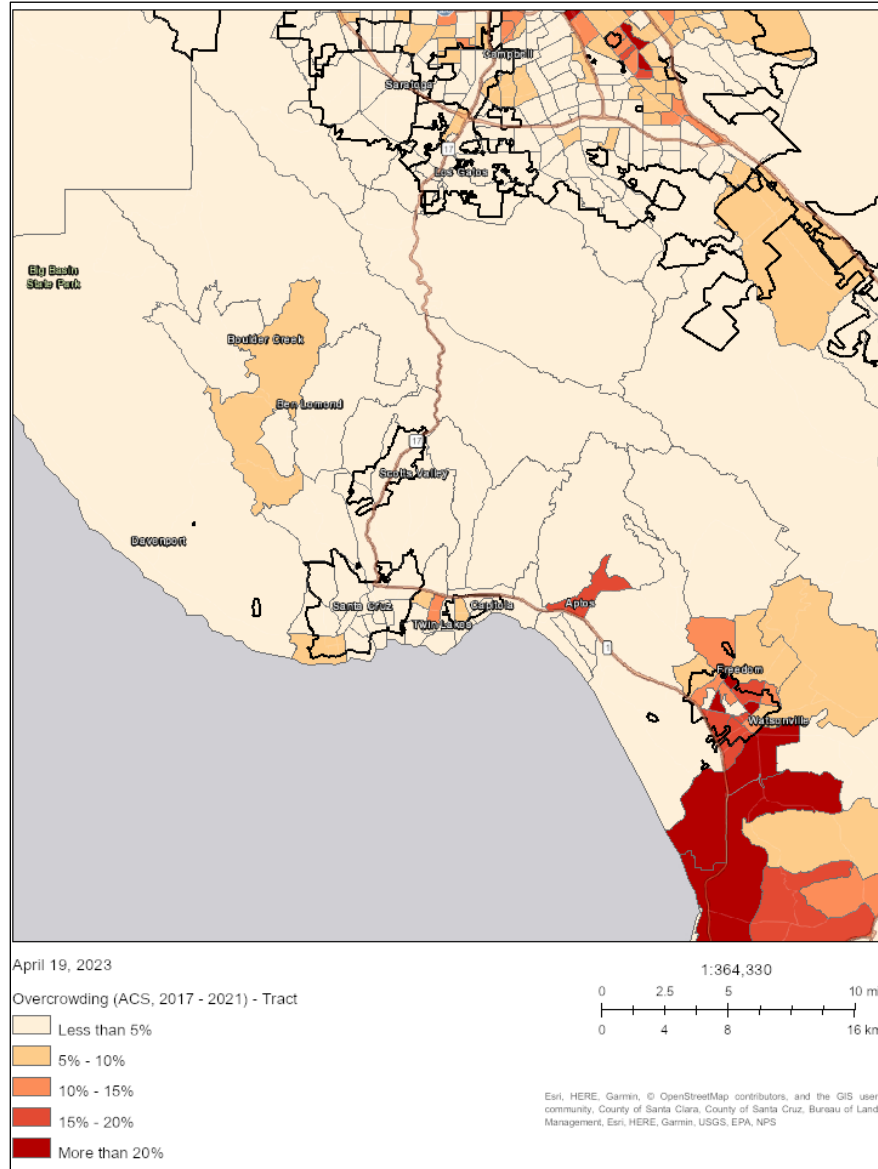
Table E-18: Overcrowded Households in Santa Cruz County

Persons per Room	Owner		Renter		Total Overcrowded	
	# of Households*	% of Total	# of Households*	% of Total	# of Households*	% of Total
1.0 or less	56,066	96.5%	33,618	88.0%	89,684	93.2%
Overcrowded (1.01 to 1.5)	1,631	2.8%	2,385	6.2%	4,016	4.2%
Severely Overcrowded (1.51 or more)	397	0.7%	2,178	5.7%	2,575	2.7%
Total	58,094	100%	38,181	100%	96,275	100%

Source: 2016-2020 American Community Survey 5-Year Estimates

*Based on the estimate of occupied housing units

Figure E-55: Percentage of Overcrowded Households in Santa Cruz County



Source: HCD AFFH Data Viewer 2.0 (2017-2021 ACS), 2023.

Local Trends

Approximately 4% of housing units in Capitola are overcrowded. No units in the city are considered to be severely overcrowded. Renter households have a higher percentage of overcrowding (6%) than owner households (1%). Capitola’s overcrowding is less than the county overall.

Table E-19: Overcrowded Households in Capitola

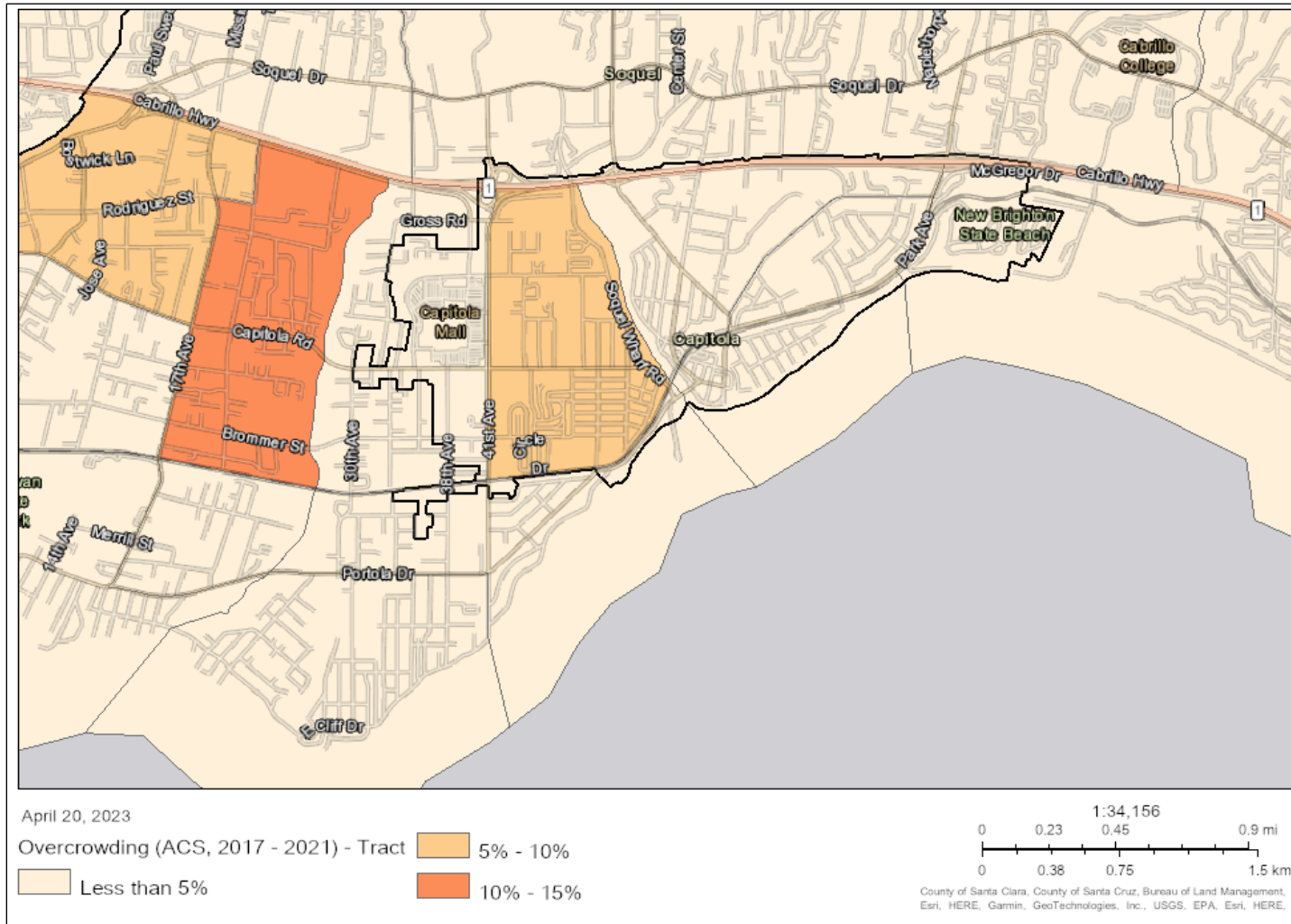
Persons per room	Owner		Renter		Total Overcrowded	
	# of Households*	% of Total	# of Households*	% of Total	# of Household ^s *	% of Total
1.0 or less	2,198	98.9%	2,289	94.0%	4,487	96.3%
Overcrowded (1.01 to 1.5)	24	1.1%	147	6.0%	171	3.7%
Severely Overcrowded (1.51 or more)	0	0.0%	0	0.0%	0	0.0%
Total	2,222	100%	2,436	100%	4,658	100%

Source: 2016-2020 American Community Survey 5-Year Estimates

*Based on the estimate of occupied housing units

Figure E-56 shows that one tract in the City has between 5% and 10% of overcrowded households. This tract (1217.01) is located between 41 Avenue and Wharf Road.

Figure E-56: Percentage of Overcrowded Households in Capitola



Source: HCD AFFH Data Viewer 2.0 (2017-2021 ACS), 2023.

c. Substandard Housing Conditions

Incomplete plumbing or kitchen facilities can be used to measure substandard housing conditions. In general, residential structures over 30 years of age require minor repairs and modernization improvements, while units over 50 years of age are likely to require major rehabilitation such as roofing, plumbing, and electrical system repairs.

Regional Trends

According to 2016-2020 ACS estimates, shown in Table E-20, 1% of households in Santa Cruz County lack complete kitchen facilities and 0.4% of households lack complete plumbing facilities. Renter households are more likely to lack complete facilities compared to owner households.

Table E-20: Substandard Housing Conditions by Tenure in Santa Cruz County

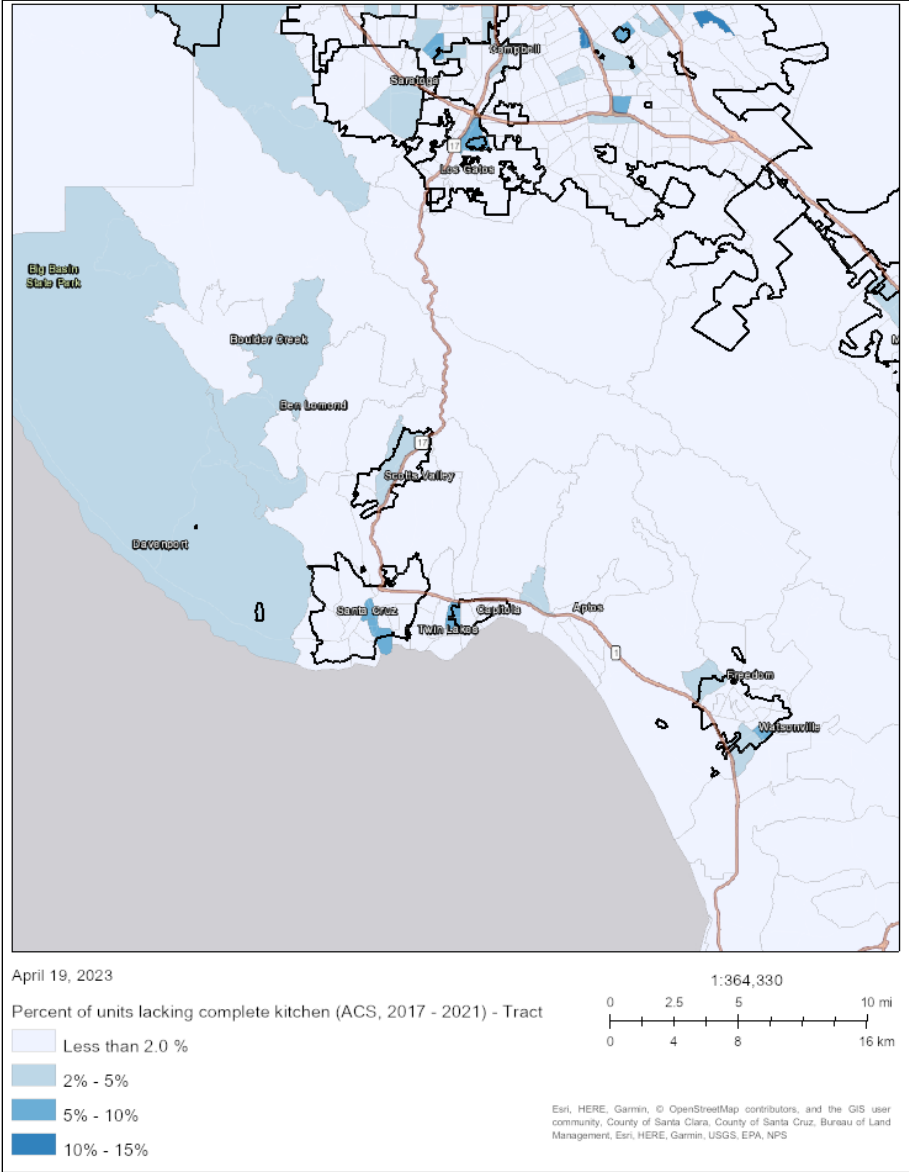
Facility Type	Owner Occupied	Renter Occupied	Total Households
Lacking Complete Kitchen Facilities	0.3%	2.2%	1.0%
Lacking Complete Plumbing Facilities	0.2%	0.6%	0.4%
Total Households	58,094	38,181	96,275

Source: 2016-2020 American Community Survey 5-Year Estimates

Figure E-57 shows the percentage of households lacking complete kitchen facilities in the County, while Figure E-58 shows households lacking complete plumbing facilities. The northwestern portion of the County (including Davenport), a tract just east of Capitola and two tracts in the southern part of Watsonville lack facilities at a greater percentage than the rest of the County. Ten to 20% of households in the northwest corner of the City of Santa Cruz lack complete plumbing facilities.

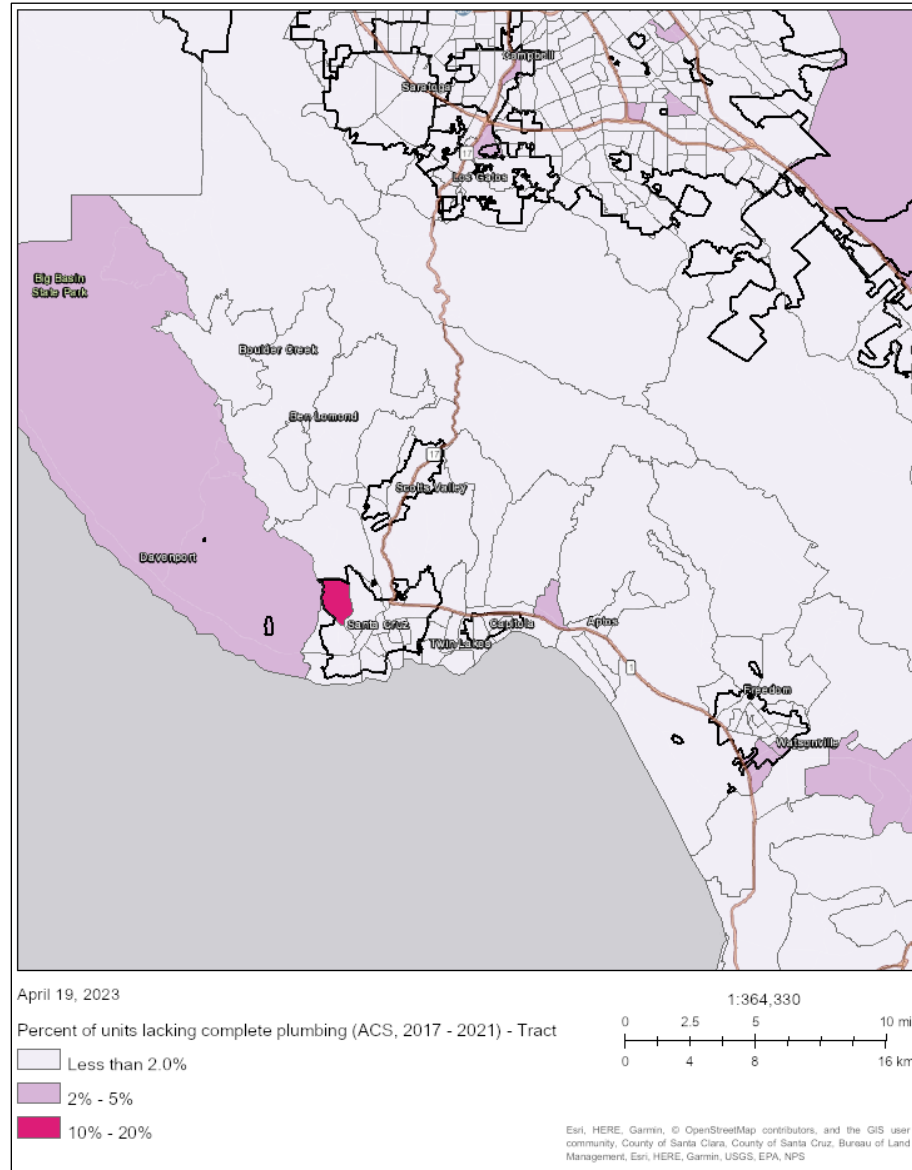
As stated above, structures over 30 years of age typically require minor repairs and modernization improvements, while units over 50 years of age are likely to require major rehabilitation. Figure E-59 shows that a majority of the housing stock in the County is at least 30 years old (built prior to 1990). A significant number of Census tracts in Santa Cruz County have 80% to 100% of units built prior to 1990. A tract along Highway 1 in the western part of Watsonville is the only area that has more than half of its housing units built since 1990.

Figure E-57: Percentage of Housing Units Lacking Complete Kitchen Facilities in Santa Cruz County



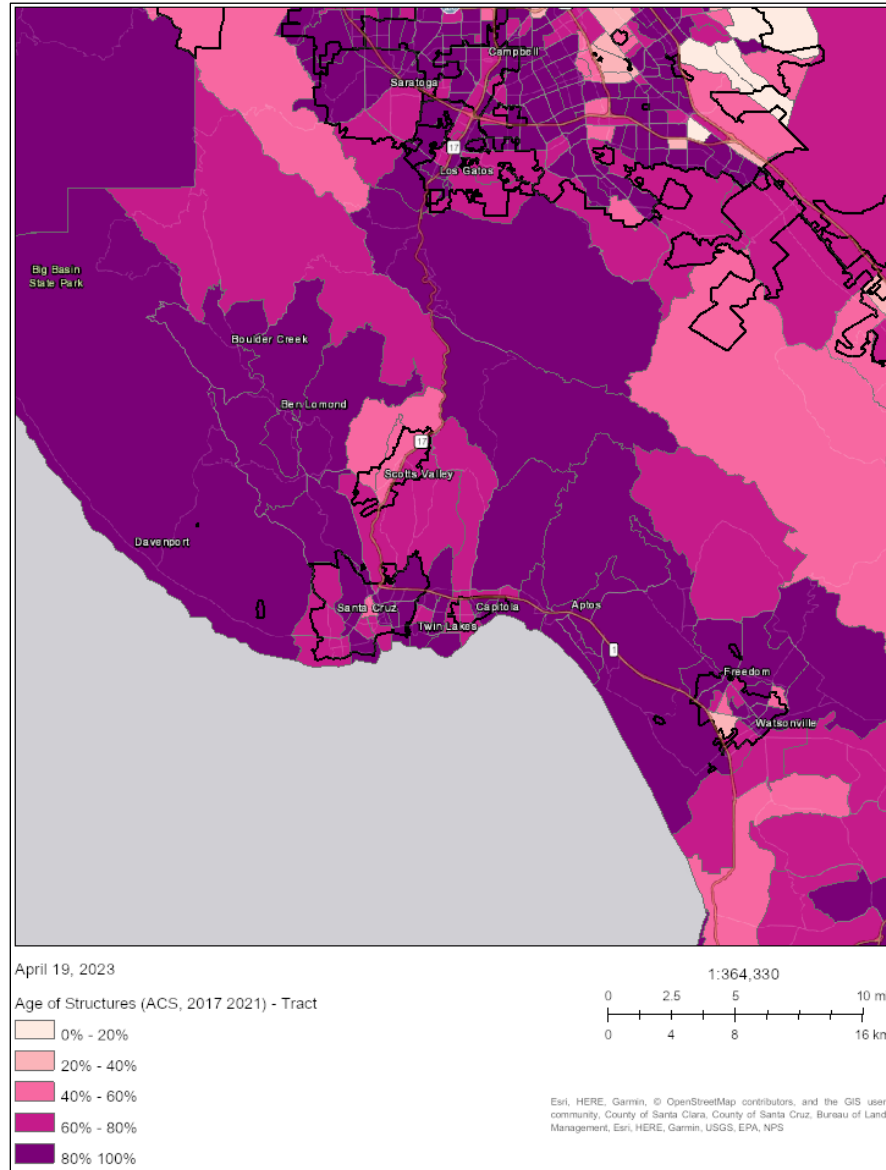
Source: HCD AFFH Data Viewer 2.0 (2017-2021 ACS), 2023.

Figure E-58: Percentage of Housing Units Lacking Complete Plumbing Facilities in Santa Cruz County



Source: HCD AFFH Data Viewer 2.0 (2017-2021 ACS), 2023.

Figure E-59: Percentage of Housing Units Built Before 1990 in Santa Cruz County



Source: HCD AFFH Data Viewer 2.0 (2017-2021 ACS), 2023.

Local Trends

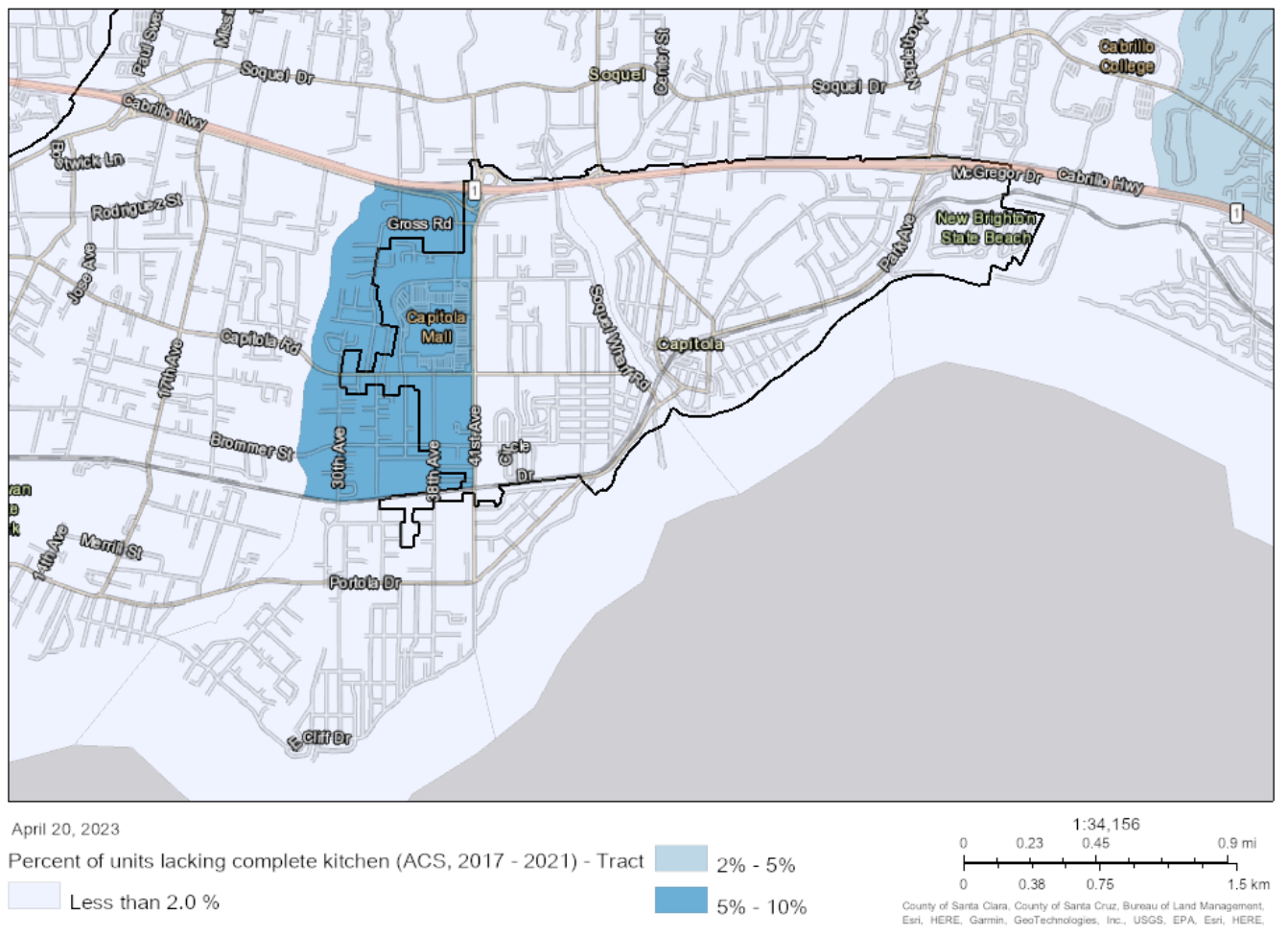
All housing units in Capitola have complete plumbing facilities. Approximately 1% of renter households lack complete kitchen facilities (Table E-21). These units are located in tract 1317.02, west of 41st Avenue.

Table E-21: Substandard Housing Conditions by Tenure in Capitola

Facility Type	Owner Occupied	Renter Occupied	Total Households
Lacking Complete Kitchen Facilities	0%	1.0%	0.5%
Lacking Complete Plumbing Facilities	0%	0%	0%
Total Households	2,222	2,436	4,658

Source: 2016-2020 American Community Survey 5-Year Estimates

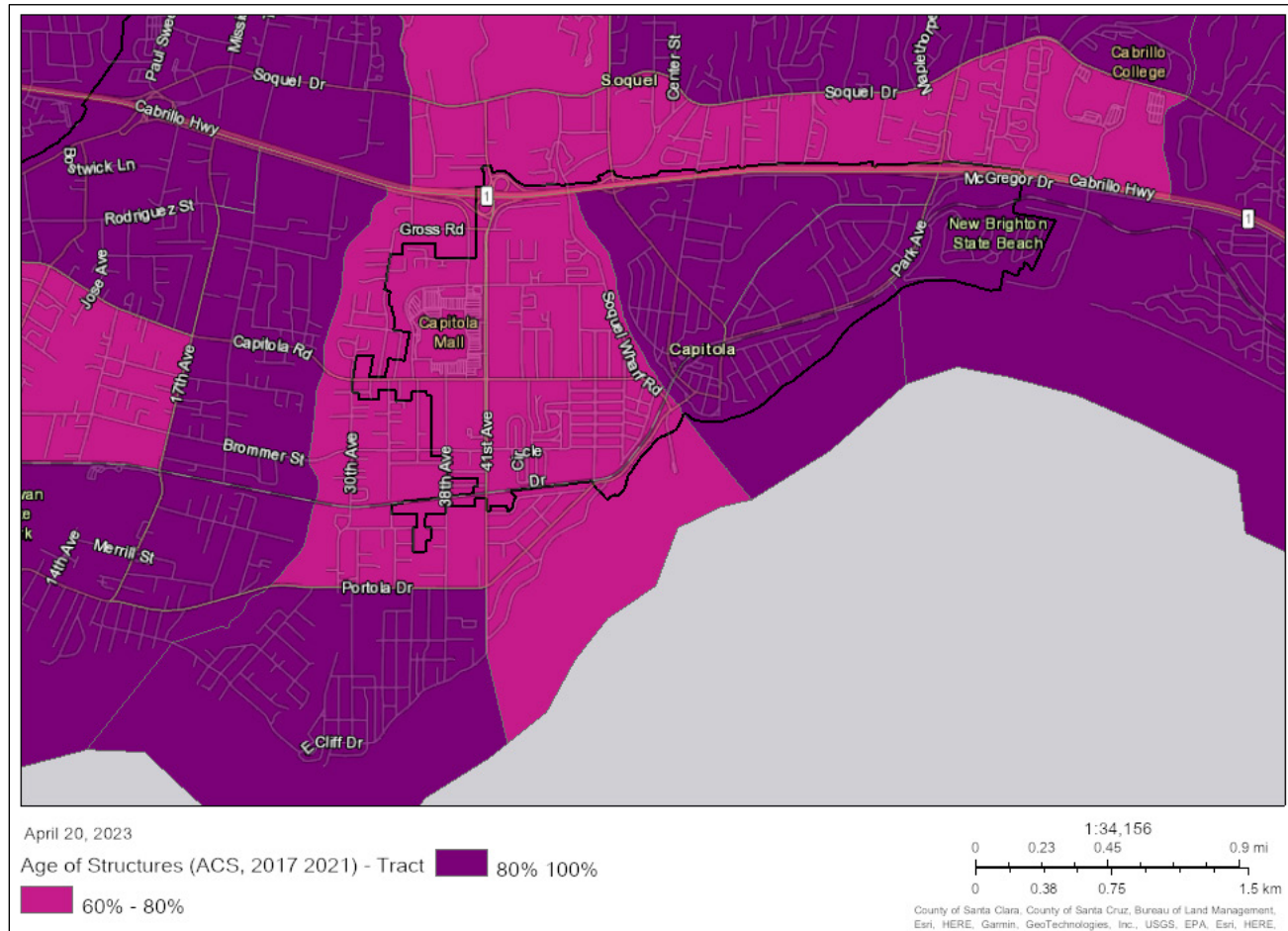
Figure E-60: Percentage of Housing Units Lacking Complete Kitchen Facilities in Capitola



Source: HCD AFFH Data Viewer 2.0 (2017-2021 ACS), 2023.

According to the 2016-2020 American Community Survey approximately 78% of Capitola’s housing stock is over 30 years old (built prior to 1990). Figure E-61 shows that 80% to 100% of housing units east of Wharf Road are at least 30 years old, while 60% to 80% of units west of Wharf Road are 30 years old or more.

Figure E-61: Percentage of Housing Units Built Before 1990 in Capitola



Source: HCD AFFH Data Viewer 2.0 (2017-2021 ACS), 2023.

d. Displacement Risk

Displacement occurs when housing costs or neighboring conditions force current residents out and rents become so high that lower-income people are excluded from moving in. UC Berkeley's Urban Displacement Project's (UDP) Estimated Displacement Risk (EDR) model for California identifies varying levels of displacement risk for low-income renter households in all census tracts in the state from 2015 to 2019.¹⁰ The model uses machine learning to determine which variables are most strongly related to displacement at the household level and to predict tract-level displacement risk statewide while controlling for the region. The two income groups used for the model are households earning 0-50% AMI and 50-80% AMI. Tracts are assigned to one of the following categories, with darker red colors representing higher displacement risk and lighter orange colors representing less risk:

- **Low Data Quality:** the tract has less than 500 total households and/or the census margins of error were greater than 15% of the estimate (shaded gray).
- **Lower Displacement Risk:** the model estimates that the loss of low-income households is less than the gain in low-income households. However, some of these areas may have small pockets of displacement within their boundaries.
- **At Risk of Displacement:** the model estimates there is potential displacement or risk of displacement of the given population in these tracts.
- **Elevated Displacement:** the model estimates there is a small amount of displacement (e.g., 10%) of the given population.
- **High Displacement:** the model estimates there is a relatively high amount of displacement (e.g., 20%) of the given population.
- **Extreme Displacement:** the model estimates there is an extreme level of displacement (e.g., greater than 20%) of the given population.

¹⁰ California Urban Displacement Project 2022, PlaceWorks 2022, HCD 2022

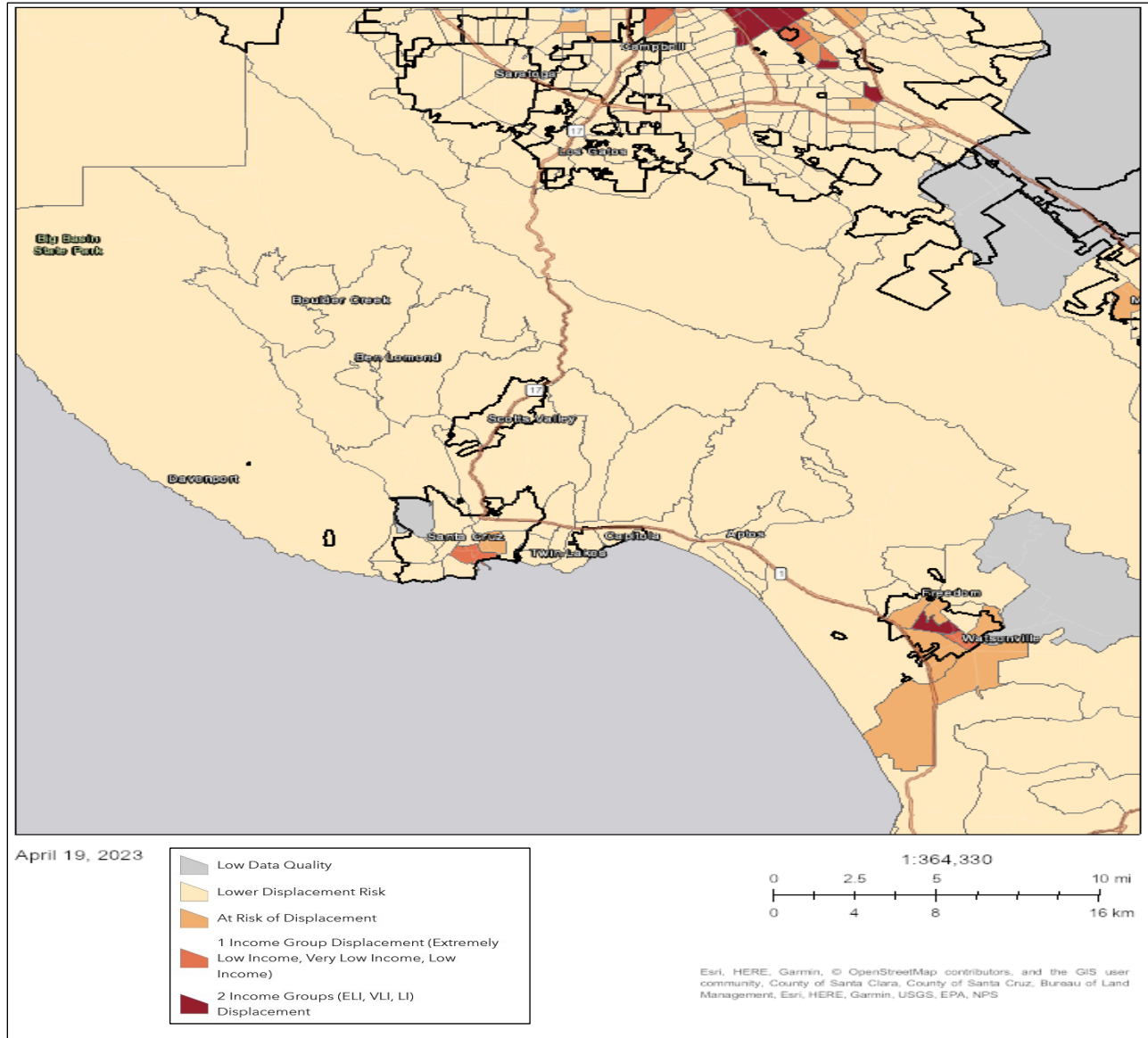
Regional Trends

Using the UDP EDR model, areas in the County identified at risk of displacement are located in the cities of Santa Cruz and Watsonville (Figure E-62).

Local Trends

As shown on Figure E-62, the City of Capitola is considered at lower risk for displacement.

Figure E-62: Displacement Risk in Santa Cruz County



Source: HCD AFFH Data Viewer 2.0 (2017-2021 ACS), 2023.

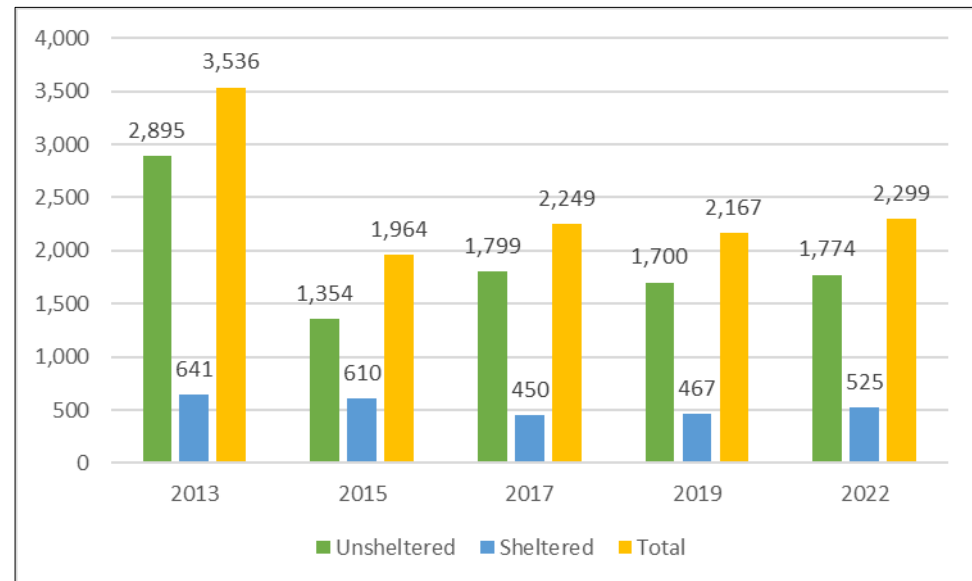
e. Persons Experiencing Homelessness

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

Regional Trends

The 2022 Santa Cruz County Homeless Point-in-Time (PIT) Count and Survey Report completed by Applied Survey Research on the morning of February 28, 2022, found that there were approximately 2,299 persons experiencing homelessness in Santa Cruz County. This was an increase of 6% from the 2,167 persons included in the 2019 PIT Count and Survey. Figure E-63 shows the Santa Cruz County PIT counts from 2013 until 2022. The year 2013 saw the highest number of persons experiencing homelessness (3,536) while 2015 saw the lowest number (1,964).

Figure E-63: Persons Experiencing Homelessness in Santa Cruz County (2013-2022)



Source: Applied Survey Research, Santa Cruz County Homeless Census

Table E-22 shows the demographics of people included in the 2017, 2019 and 2022 PIT Count. The number of unaccompanied minors has decreased from 165 to zero over the last 5 years. Transitional aged youth and families have also decreased. Veterans and people experiencing chronic homelessness have increased during the same time period.

Table E-22: Demographics of Individuals Experiencing Homelessness in Santa Cruz County

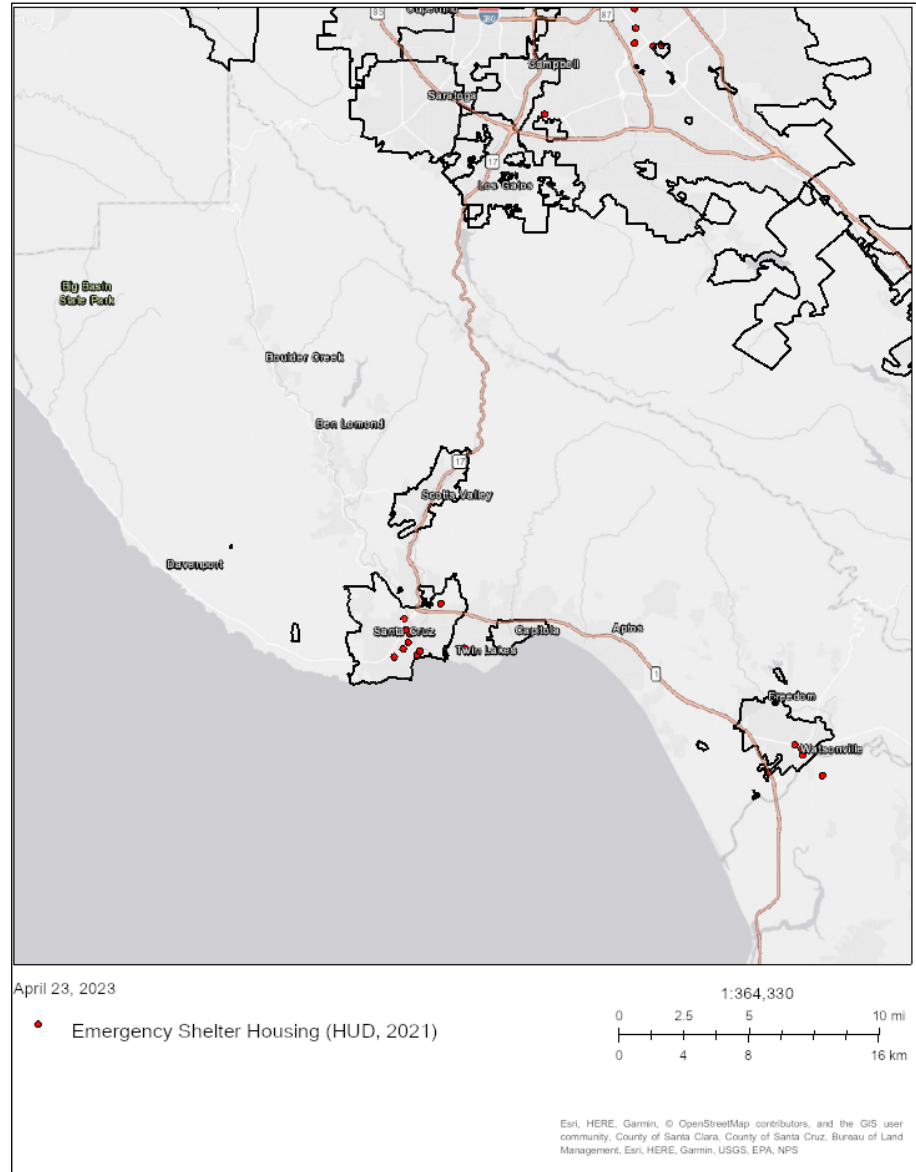
	2017	2019	2022
Total	2,249	2,167	2,299
Unaccompanied Minors (under 18)	165	51	0
Transitional Aged Youth (18-24)	423	569	222
Families	129	122	50
Veterans	236	151	332
People Experiencing Chronic Homelessness	600	403	921
Race/Ethnicity			
White	51%	67%	74%
Black	7%	8%	12%
Multiple Races	10%	14%	9%
American Indian/Alaskan Native	---	10%	3%
Hispanic/Latinx	29%	33%	39%
Gender			
Male	74%	67%	66%
Female	26%	33%	32%
Transgender	<1%	<1%	1%
Health and Disability			
Substance Use Disorder	38%	30%	67%
HIV/AIDS	2%	3%	12%
Psychiatric or Emotional Conditions	39%	32%	39%
Physical Disability	38%	26%	57%
Chronic Health Condition	31%	21%	49%
PTSD	32%	30%	35%
Traumatic Brain Injury	18%	12%	10%
Domestic/Intimate Partner Violence	6%	5%	4%

Source: Applied Survey Research, Santa Cruz County Homeless Census

Of those individuals experiencing homelessness, Whites make up almost three-quarters of the population. This is an increase from 50% in 2017. The percentage of Black and Hispanic individuals has also increased. The percentage of males experiencing homelessness has dropped, with a coinciding increase of female homeless persons. The number of persons with psychiatric or emotional conditions was the same in 2022 as 2017, but persons with substance abuse issues, physical disabilities, HIV/AIDS, PTSD and chronic health conditions have all increased. Those persons experiencing domestic violence slightly decreased between 2017 and 2022.

Figure E-64 shows the location of emergency shelter housing in the County. The majority of facilities are located in the City of Santa Cruz with other locations in Twin Lakes and the City of Watsonville.

Figure E-64: Emergency Shelter Housing in Santa Cruz County



Source: HCD AFFH Data Viewer 2.0 (2017-2021 ACS), 2023.

Housing for a Healthy Santa Cruz

A 3-year strategic framework was adopted in 2021 to address homelessness in Santa Cruz County. The 2021 to 2024 Housing for a Healthy Santa Cruz Framework (Framework) was published by the County’s Housing for Health Division.^{11,12} The County’s new Housing for Health Partnership (H4HP) will serve as the Continuum of Care (CoC) for the County and County staff will provide leadership and the backbone administrative support to implement the Framework.

The Framework outlined the following causes of homelessness in the County:

- Housing Affordability Gap
- Health Issues Impacting Living Situations
- Lack of Supportive Connections
- Loss of Hope and Sense of Purpose

To address these causes, the Framework includes the following goals and strategies to meet the following: 1) Reduce the number of households experiencing unsheltered homelessness by 50% and 2) Reduce the number of households experiencing homelessness by 25%:

- Goal #1: Improve the effectiveness of all programs in helping people secure housing.
- Goal #2: Expand capacity within the homelessness response system
- Strategy #1: Build a Coalition – develop a strong and informed action-oriented partnership with leaders and stakeholders within the community.
- Strategy #2: Prevent Homelessness – use targeted prevention and early intervention housing problem solving to help people and families keep or return to housing as quickly as possible.
- Strategy #3: Increase Connections – Expand and improve “Front Door” programs and services including outreach, temporary housing, and supportive services.

11 The Housing for Health Division was created in November 2020 within the County of Santa Cruz Human Services Department to support implementation of the Framework and includes a coalition of resources and partners.

12 County of Santa Cruz, Housing for a Healthy Santa Cruz: A Strategic Framework for Addressing Homelessness in Santa Cruz County, January 2021 to January 2024.

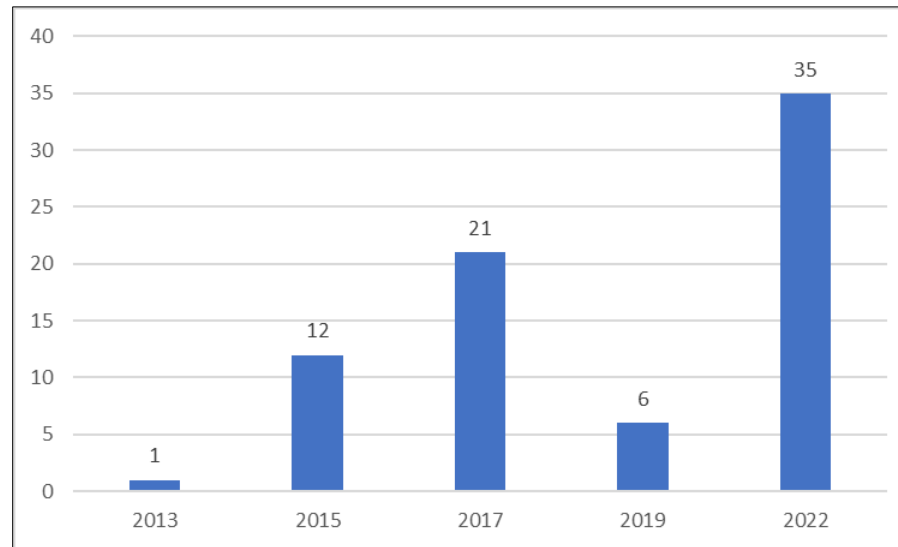
- **Strategy #4: Expand Permanent Housing** – Increase permanent housing and income growth resources and opportunities to become housed.

One effort currently underway by the H4HP to implement the Framework is a redesign of the coordinated entry system for housing services. The changes are necessary since there is insufficient permanent housing to meet the needs of people experiencing homelessness in the County. Only 133 referrals to housing were made in 2022 while over 1,774 persons counted in the 2022 PIT count were living without shelter.¹³

Local Trends

The number of persons experiencing homelessness in Capitola has increased from one person in 2017 to 35 people in 2022 (Figure E-65). All of these persons were unsheltered.

Figure E-65: Persons Experiencing Homelessness in Capitola (2013-2022)*



Source: Applied Survey Research, Santa Cruz County Homeless Census

*All unsheltered persons

13 <https://www.homelessactionpartnership.org/GetHelp/CoordinatedEntry.aspx>

Capitola Actions to Assist People Who are Homeless

Capitola recognizes the diversity of needs of homeless people. Therefore, the City participates in inter-jurisdictional efforts to comprehensively address the needs of people who are homeless. Capitola is a participating jurisdiction in and contributes a regional share of funding to the Santa Cruz County's newly created H4HP described above.

The cities and county, along with other interested parties, are part of the H4HP to coordinate a regional system for helping people who are experiencing homelessness or at imminent risk of experiencing homelessness. Although there are no homeless shelters or transitional housing projects currently located in Capitola, the City does provide direct financial support to a number of agencies that provide social services to people and families who are homeless. The City provides community service grants on a 3-year cycle to a number of nonprofit organizations who provide services to homeless individuals. Grant amounts vary by organization and City general fund availability. The majority of grants provided are between \$7,500 to \$15,000. The City has three categories for prioritizing grants. Stable and affordable housing and shelter is the top priority when evaluating grant applications, followed by health and wellness, and the third category of healthy environment.

6. Other Relevant Factors and Local Knowledge

a. Home Loans

Home loan activity in Capitola during 2021 is available through the Consumer Financial Protection Bureau's (CFPB) Home Mortgage Disclosure Act (HMDA). Table E-23 shows the total number of applications by loan type as well as the approval and denial rates. Out of the 707 loan applications in 2021, 477 (67%) were for refinance loans, 182 (26%) were for conventional purchase loans, 45 (6%) were for home improvement loans and three (<1%) were for government-backed purchase loans. Overall approval rates in the City was 71%. The three government-backed purchase loans had a 100% approval rate, followed by refinance loans (72%), conventional purchase loans (70%) and home improvement loans (60%). Home improvement loans had the highest denial rate, at 22% while 19% of refinance loans were either withdrawn by the applicant or closed for incompleteness.

Table E-23: Disposition of Home Loan Applications in Capitola (2021)

Loan Type	Total Applications	Approved	Denied	Other
Conventional Purchase	182	69.8%	13.7%	16.5%
Government-Backed Purchase	3	100.0%	0.0%	0.0%
Refinance	477	71.9%	9.4%	18.7%
Home Improvement	45	60.0%	22.2%	17.8%
Total	707	70.7%	11.3%	18.0%

Source: 2021 Home Mortgage Disclosure Data: <https://ffiec.cfpb.gov>

Note: "Approved" loans include loans originated and applications approved but not accepted. "Other" includes loans withdrawn by the applicant or closed for incompleteness.

When looking at the 182 applications for conventional home loans by race and ethnicity, the vast majority (63%) are White, followed by race/ethnicity unknown (20%), Hispanic or Latinx (10%), Asian (3%) and Black or African American (<1%). Loan applicants that identified as more than one race had a 100% approval rate while Asian and Hispanic or Latinx applicants had the lowest (33% and 26%, respectively). While the table shows 100% approval rating for Black or African Americans, it should be noted that only one application was received. Asian applicants in Capitola had the highest denial rate at 50%, while Hispanic or Latinx applicants had the highest percentage of applications withdrawn or closed for incompleteness (32%).

Table E-24: Home Purchase Applications by Race and Ethnicity (2021)

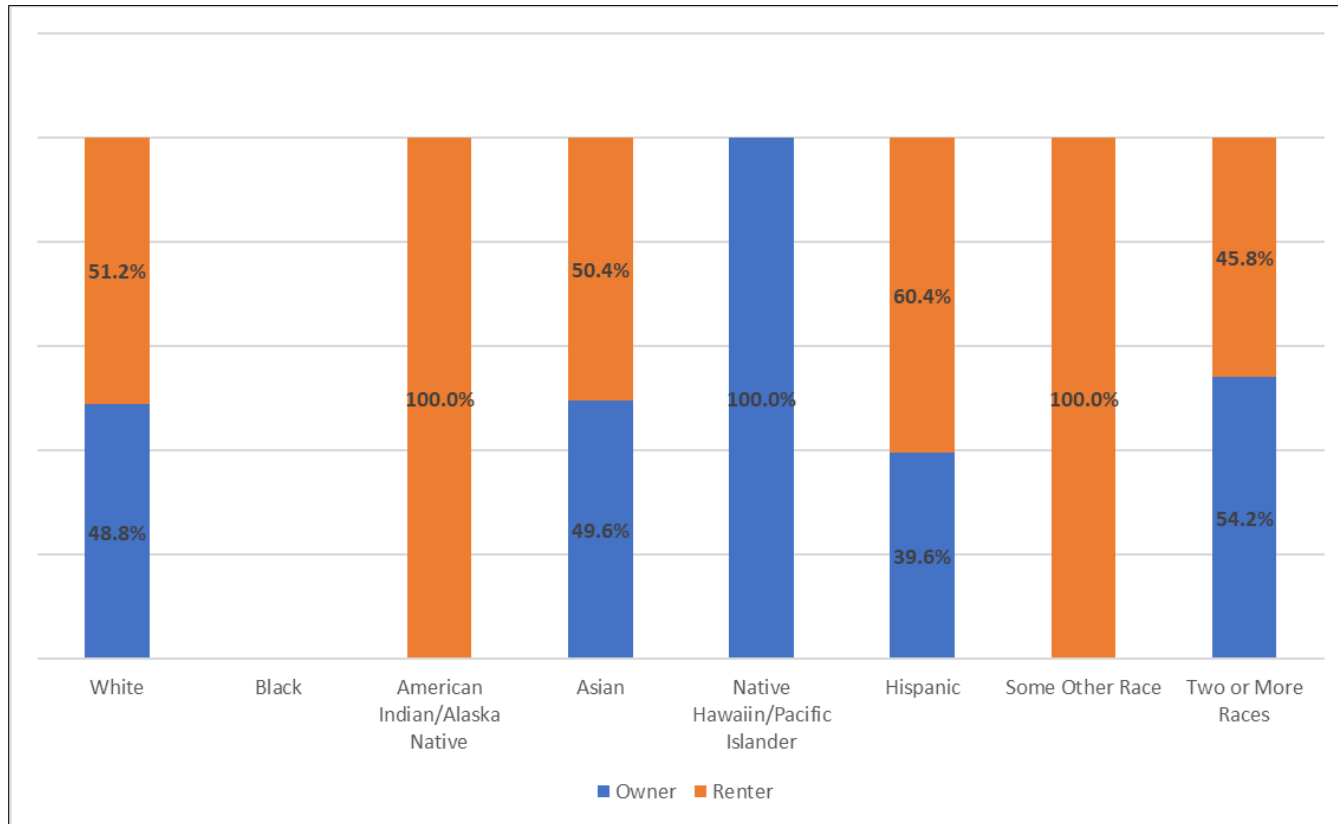
Race/Ethnicity	Total Applications	Approved	Denied	Other
Asian	6	33.3%	50.0%	16.7%
Black or African American	1	100.0%	0.0%	0.0%
Hispanic or Latinx	19	26.3%	42.1%	31.6%
White	114	75.5%	9.6%	14.9%
More than One Race (Joint)	5	100.0%	0.0%	0.0%
Unknown	37	75.7%	8.1%	16.2%
All applicants	182	69.8%	13.7%	16.5%

Source: 2021 Home Mortgage Disclosure Data: <https://ffiec.cfpb.gov>

Note: "Approved" loans include loans originated and applications approved but not accepted. "Other" includes loans withdrawn by the applicant or closed for incompleteness.

Figure E-66 shows housing tenure by race and ethnicity in Capitola. American Indian/Alaska Native and Some Other Race households are solely renters. Compared to other races and ethnicities, Hispanic households have the lowest percentage of ownership in the city. Given the high denial rate for mortgage applications shown above, Hispanic households may face challenges in ownership opportunities in Capitola.

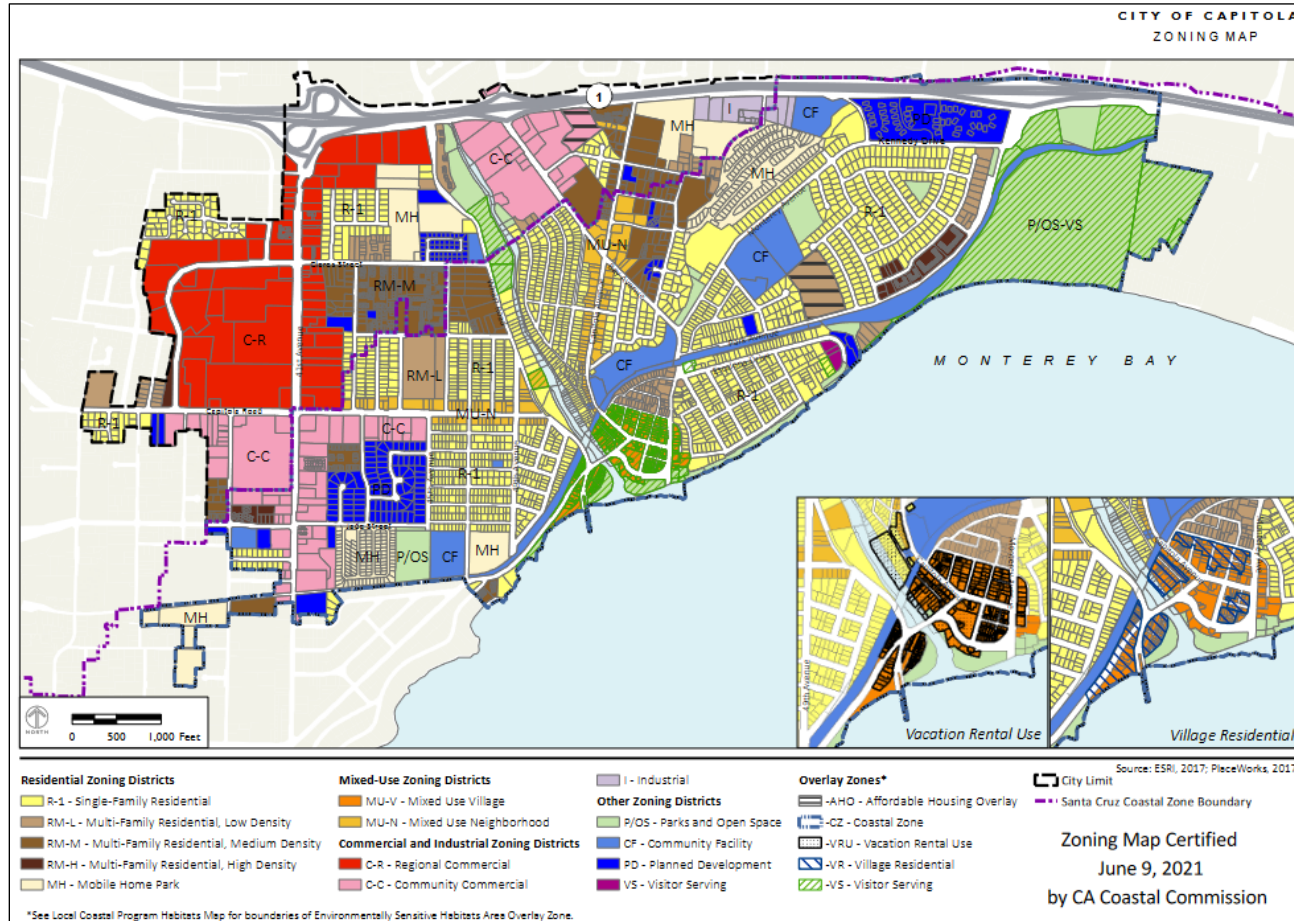
Figure E-66: Housing Tenure by Race and Ethnicity



b. Zoning Code

The City’s Zoning Code was updated in 2021, along with the Zoning Map. As shown in Figure E-67 shows the Zoning Map, which was approved by the California Coastal Commission. Capitola has a variety of special zones, including the Affordable Housing Overlay, Coastal Zone Overlay and Vacation Rental Overlay.

Figure E-67: Capitola Zoning Map



Source: City of Capitola

Coastal Zone

The City of Capitola's Local Coastal Program has been certified by the California Coastal Commission, and coastal permits are issued by the City. Within the City of Capitola, the location of a project in the coastal zone generally does not result in a more complex or time consuming development review process. Because the City requires Development and Design Review (design permit) for nearly all development, the fact that a coastal permit may also be required does not generally result in a substantively different application review process or timing.

Affordable Housing Overlay

The City's Affordable Housing Overlay (-AH) zone aims to facilitate the provision of affordable housing through the retention and rehabilitation of existing affordable units and the construction of new affordable units. The -AH zone may be applied to any parcel within a multifamily zone or the Community Commercial (C-C) zone to permit residential development containing at least 50% affordable units at a density of up to 20 units per acre. At least 25% of the units must be affordable to lower income households. The -AH zone further encourages affordable housing development by providing flexibility in development standards through the design permit review process.

Vacation Rental Overlay

The Vacation Rental Overlay (-VRU) zone permits transient rental use in the Mixed-Use Village (MU-V) District and a small portion of Riverview Avenue (within the R-1 zone), subject to a vacation rental permit. Short-term vacation rentals are prohibited outside the -VRU zone. Limiting vacation rentals to the -VRU zone preserves housing in other areas for permanent residents.

c. Land Development History and Patterns

Capitola incorporated in January 1949. As early as the 1850s, Capitola was seen as an escape from inland residents to escape the heat and enjoy the ocean. This identity as a tourist destination has continued and has been a key component for the City. The famous Capitola Mall opened in 1977.

Mobile Home Parks

The City of Capitola also contains a total of eight existing mobile home parks serving a total of 681 households (Figure E-68). While the development of new parks is not being pursued, the preservation of these existing parks is seen as an important part of maintaining existing homes that are modest in size and higher than average in density. Seven of the eight mobile parks have been subdivided and converted into resident cooperatives or have long-term affordability agreements with tenants. Brookvale Terrace and Tradewinds Mobilehome Park are cooperatives with no ongoing affordability agreements with the City. Loma Vista Estates and Wharf Road Manor have affordable housing income restriction that all new buyers must comply with. Turner Lane Mobile home Park also has an income restriction but it is only applicable to seven of the 79 spaces. Castle Mobile Home Estates is owned by a nonprofit and has long term affordability agreements and income restrictions in place. Cabrillo Mobile home Estates had a 12-year affordability agreement in place for rent which expires in June of 2023. As described in the Constraints chapter of this Housing Element, the residents and City staff are currently working together to identify and ways to ensure residents are not displaced due to a hike in space rent. As the older manufactured homes and mobile homes in the City's existing parks age, the City works to provide financial assistance to park residents who are interested in upgrading with new manufactured homes.

Figure E-68: Mobile Home Parks in Capitola



Affordable Housing

There are currently two federally assisted multifamily rental complexes in Capitola. One is the Capitola Supportive Housing Development (formerly Dakota Apartments), which has 24 units for very low-income households with one or more persons affected by mobility impairment/traumatic brain injury. The project used funding from the Capitola Redevelopment Agency's Housing Fund, HOME Program Income Re-Use Funds, and the HUD 811 program. The development is owned by the National Handicapped Housing Institute, a nonprofit agency, and restrictions ensure that the units will remain affordable in perpetuity. The second complex, Bay Area Senior Apartments, has 109 units and has a 55-year affordability requirement which will expire in 2065. Fifty of the units are restricted to extremely low-income senior households, 30 units have been restricted to very low-income senior households, 28 units have been restricted to low-income senior households and one, 2-bedroom unit serves as the manager's unit and is not restricted. Thirty-nine units in the development have been set aside to serve seniors who need assistance with certain activities of daily living and qualify under the State's definition of Chronically Ill. First Community Housing worked in participation with the County of Santa Cruz to provide assistance through the Mental Health Services Act (MHSA) program to set aside five units to serve extremely low-income seniors with mental illness who are homeless or at risk of homelessness.

Economic Base

As mentioned earlier in this Element, Capitola is known as the first resort community on the California coast. The City still relies heavily on tourism and retail. As a result, Capitola's local employment base is comprised of relatively low-wage jobs in the service, retail, and tourism sectors. This combination of low-paying jobs and high cost housing makes it difficult for lower and moderate income households to find housing they can afford within Capitola.

Sites Inventory

AB 686 requires a jurisdiction's site inventory "...be used to identify sites throughout the community, consistent with..." its duty to affirmatively further fair housing. The number of units, location, and assumed affordability of identified sites throughout the community (i.e., lower, moderate, and above moderate income RHNA) relative to all components of the assessment of fair housing is outlined in the following subsections.

7. Integration and Segregation

a. Race/Ethnicity

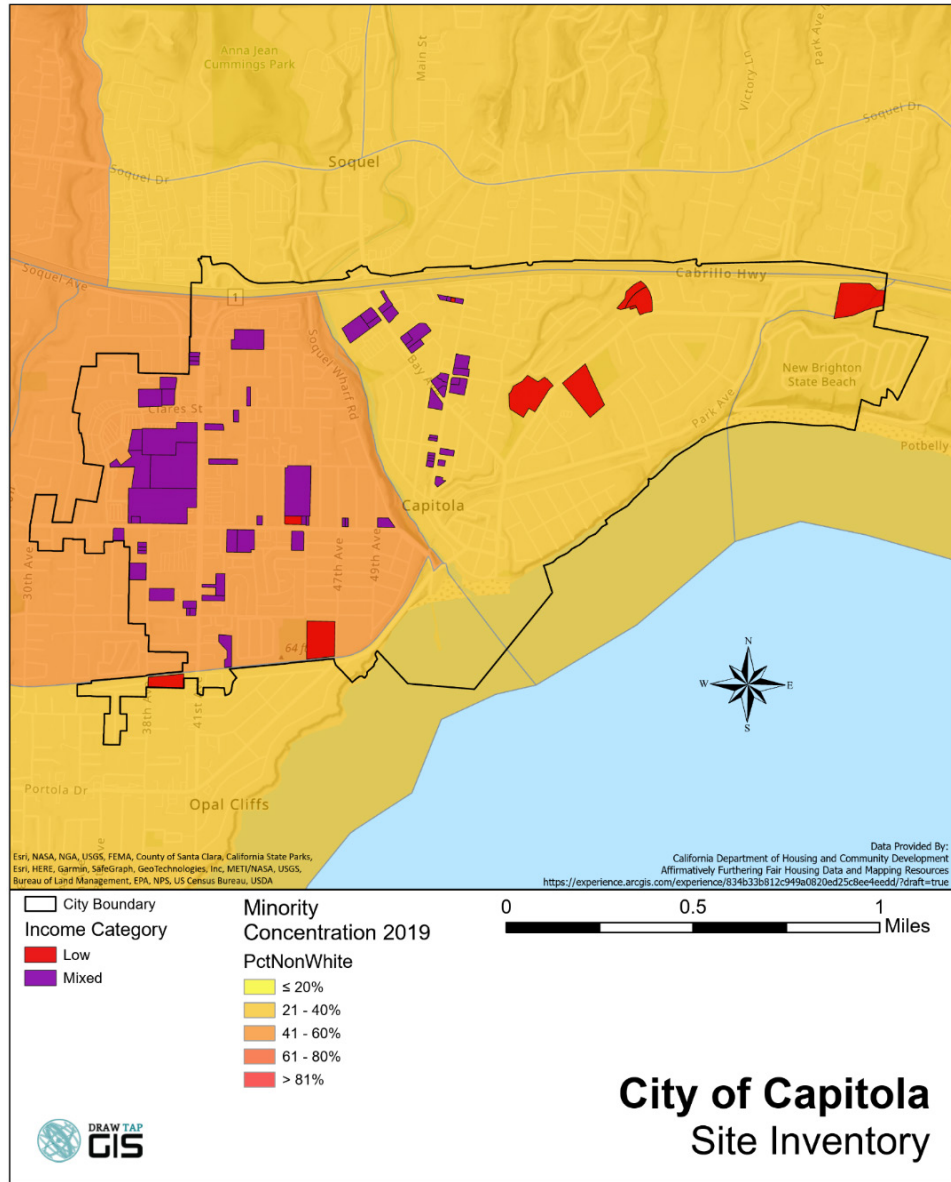
The distribution of RHNA sites by non-White populations in Capitola are presented in Figure E-69 and Table E-25. As discussed previously, the western side of the City tends to have larger racial/ethnic minority populations compared to the eastern side. Most RHNA units (80.1%) are located on the western side of the City in areas where the non-White population comprises 41% to 60% of the population. The remaining 19.9% of RHNA units are in block groups where 21% to 40% of the population belongs to a racial or ethnic minority group.

While there are more RHNA units in block groups with non-White populations comprising between 41% and 60% of the population, sites are generally distributed throughout all areas of the City. Further, the City’s RHNA strategy does not disproportionately place lower income RHNA units in block groups with larger racial/ethnic minority populations. Approximately 78% of units allocated towards the lower income RHNA are in block groups with non-White populations exceeding 41%, compared to 82% of moderate income units and 83% of above moderate income units.

Table E-25: Distribution of RHNA by Non-White Population

Non-White Population (Block Group)	Lower Income		Moderate Income		Above Moderate Income		Total	
	Units	Percent	Units	Percent	Units	Percent	Units	Percent
<20%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
21-40%	163	22.1%	38	18.2%	78	17.0%	279	19.9%
41-60%	573	77.9%	171	81.8%	380	83.0%	1,124	80.1%
61-80%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
>80%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	736	100.0%	209	100.0%	458	100.0%	1,403	100.0%

Figure E-69: Non-White Population by Block Group and Sites Inventory



Note: Sites inventory maps throughout this section include the entire mall site but sites inventory calculations exclude the Kohl's site.

b. Persons with Disabilities

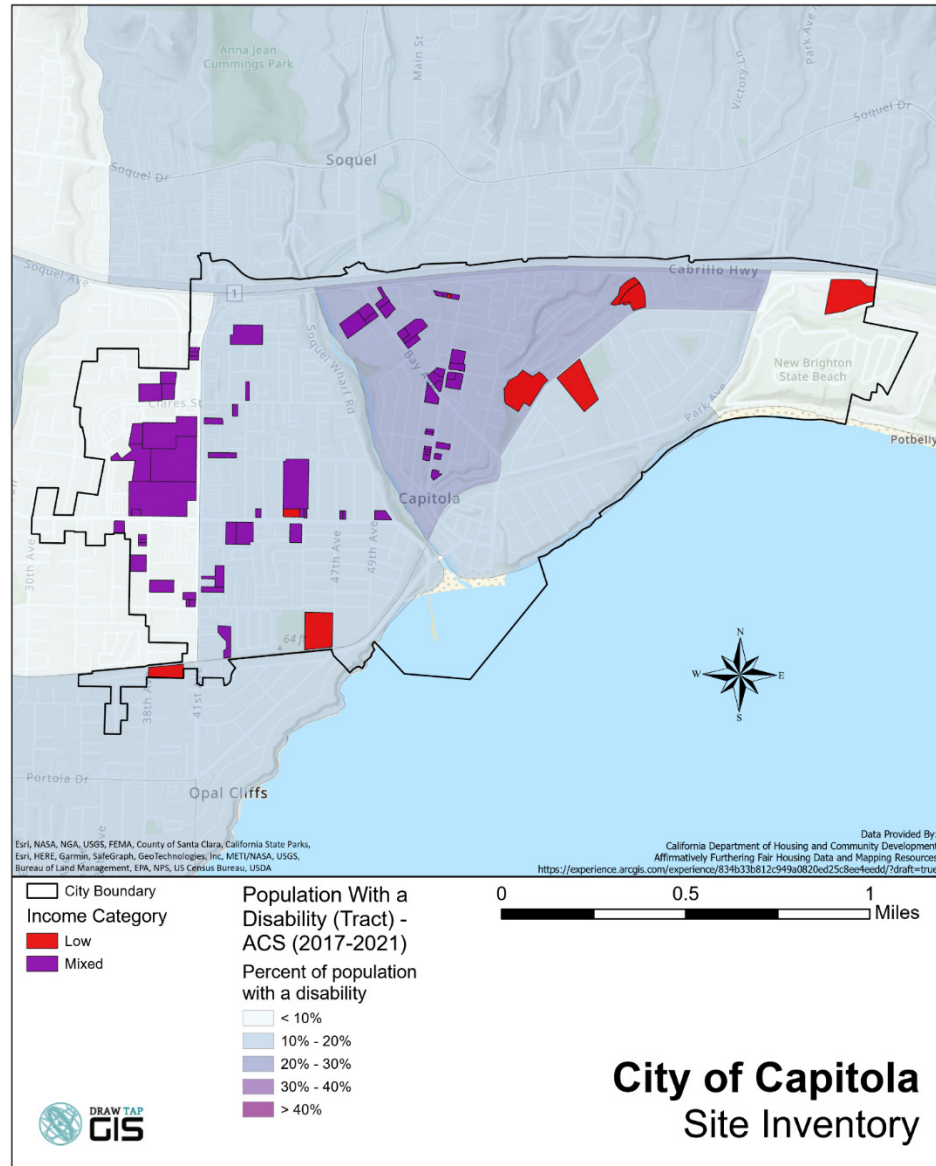
The central areas of Capitola tend to have larger populations of persons with disabilities compared to the far eastern and western tracts (Figure E-70). As presented in Table E-26, 60% of RHNA units are in tracts where fewer than 10% of the population experiences a disability, including 58% of lower income units, 61% of moderate income units, and 64% of above moderate income units. However, a larger proportion of moderate and above moderate income units are in the tract where more than 20% of the population experiences a disability compared to lower income units.

The City’s RHNA strategy distributes sites throughout the City and does not disproportionately place RHNA units of any income level in tracts with larger populations of persons with disabilities.

Table E-26: Distribution of RHNA by Population of Persons with Disabilities

Disabled Population (Tract)	Lower Income		Moderate Income		Above Moderate Income		Total	
	Units	Percent	Units	Percent	Units	Percent	Units	Percent
<10%	426	57.9%	127	60.8%	294	64.2%	847	60.4%
10-20%	213	28.9%	44	21.1%	86	18.8%	343	24.4%
20-30%	97	13.2%	38	18.2%	78	17.0%	213	15.2%
30-40%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
>40%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	736	100.0%	209	100.0%	458	100.0%	1,403	100.0%

Figure E-70: Population of Persons with Disabilities by Tract and Sites Inventory



c. Familial Status

Capitola tracts have variable levels of populations of children residing in married couple households (Figure E-71 and Table E-27). As discussed previously, there are very few children in tract 1218.01, where only 17.6% of children reside in married couple households and 61.8% reside in single-parent female-headed households. According to the 2017-2021 ACS, there are only 131 children under the age of 18 residing in tract 1218.01, representing only 7.5% of the tract-wide population. The population of children in female-headed households in this tract is the result of the small sample size and does not appear to reflect the local knowledge of the neighborhoods in the area, such as Cliffwood Heights and Depot Hill.

The largest proportion of RHNA units are in tracts where 60% to 80% of children reside in married couple households. An additional 20.5% of units are in tracts where 40% to 60% of children reside in married couple households and 15% are in tracts where more than 80% of children reside in married couple households. Another four lower income units are located in the tract where less than 20% of children reside in married couple households.

As shown in Table E-28 and Figure E-72, 80.8% of RHNA units are in tracts where 21% to 40% of children reside in single-parent female-headed households. A slightly larger populations of lower income units (20%) are in tracts where less than 20% of children reside in female-headed households compared to moderate income units (18%) and above moderate income units (17%).

Capitola is made up of tracts with diverse populations of children in married couple and female-headed households. RHNA units of all income levels are distributed throughout the City regardless of familial status to the greatest extent possible. The RHNA strategy does not disproportionately place lower income units in areas with more single-parent female-headed households. The spread of the sites selected ensures existing populations are served while promoting housing mobility and opportunities throughout Capitola.

Table E-27: Distribution of RHNA by Children in Married Couple Households

Children in Married Couple Households (Tract)	Lower Income		Moderate Income		Above Moderate Income		Total	
	Units	Percent	Units	Percent	Units	Percent	Units	Percent
<20%	4	0.5%	0	0.0%	0	0.0%	4	0.3%
20-40%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
40-60%	157	21.3%	44	21.1%	86	18.8%	287	20.5%
60-80%	478	64.9%	127	60.8%	294	64.2%	899	64.1%
>80%	97	13.2%	38	18.2%	78	17.0%	213	15.2%
Total	736	100.0%	209	100.0%	458	100.0%	1,403	100.0%

Table E-28: Distribution of RHNA by Children in Female-Headed Households

Children in Female-Headed Households (Tract)	Lower Income		Moderate Income		Above Moderate Income		Total	
	Units	Percent	Units	Percent	Units	Percent	Units	Percent
<20%	149	20.2%	38	18.2%	78	17.0%	265	18.9%
20-40%	583	79.2%	171	81.8%	380	83.0%	1,134	80.8%
40-60%	4	0.5%	0	0.0%	0	0.0%	4	0.3%
60-80%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
>80%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	736	100.0%	209	100.0%	458	100.0%	1,403	100.0%

Figure E-71: Children in Married Couple Households by Tract and Sites Inventory

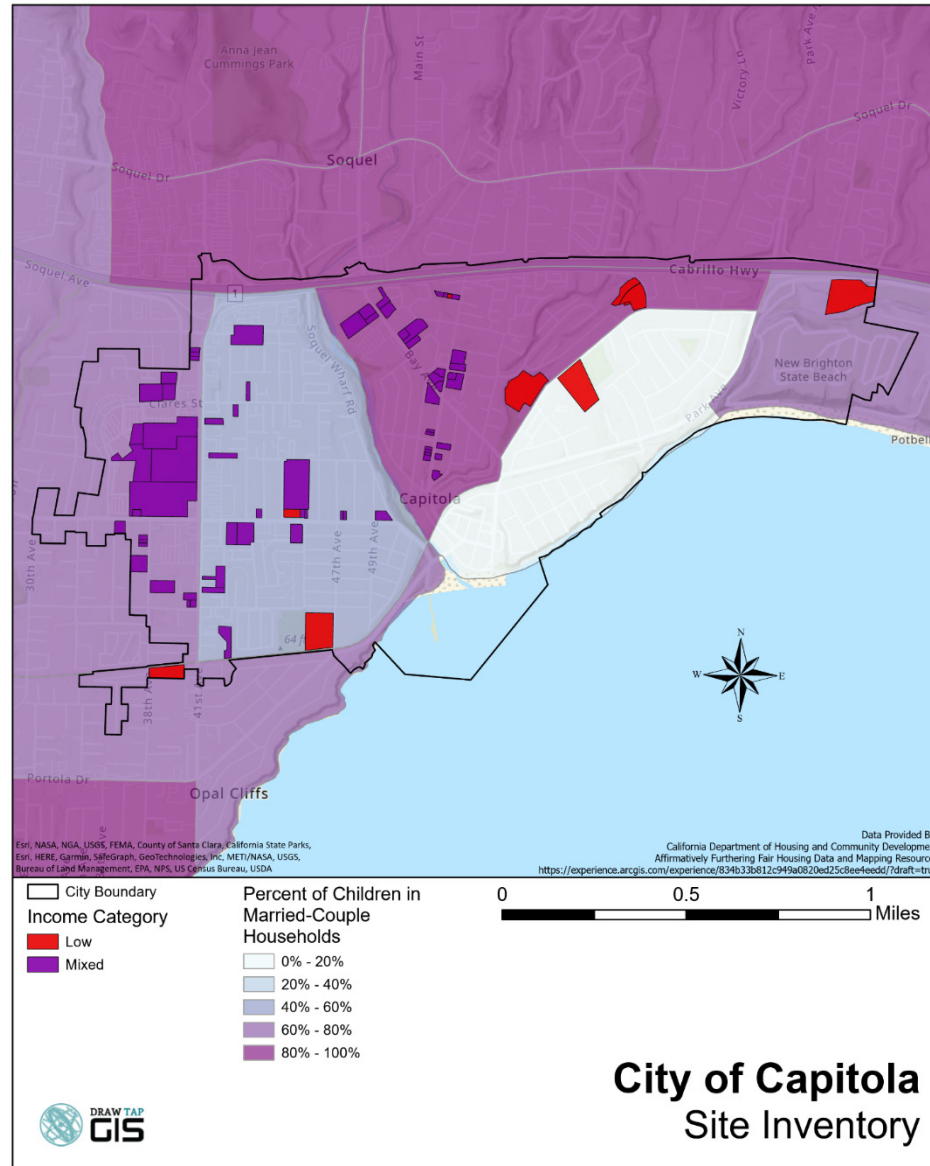
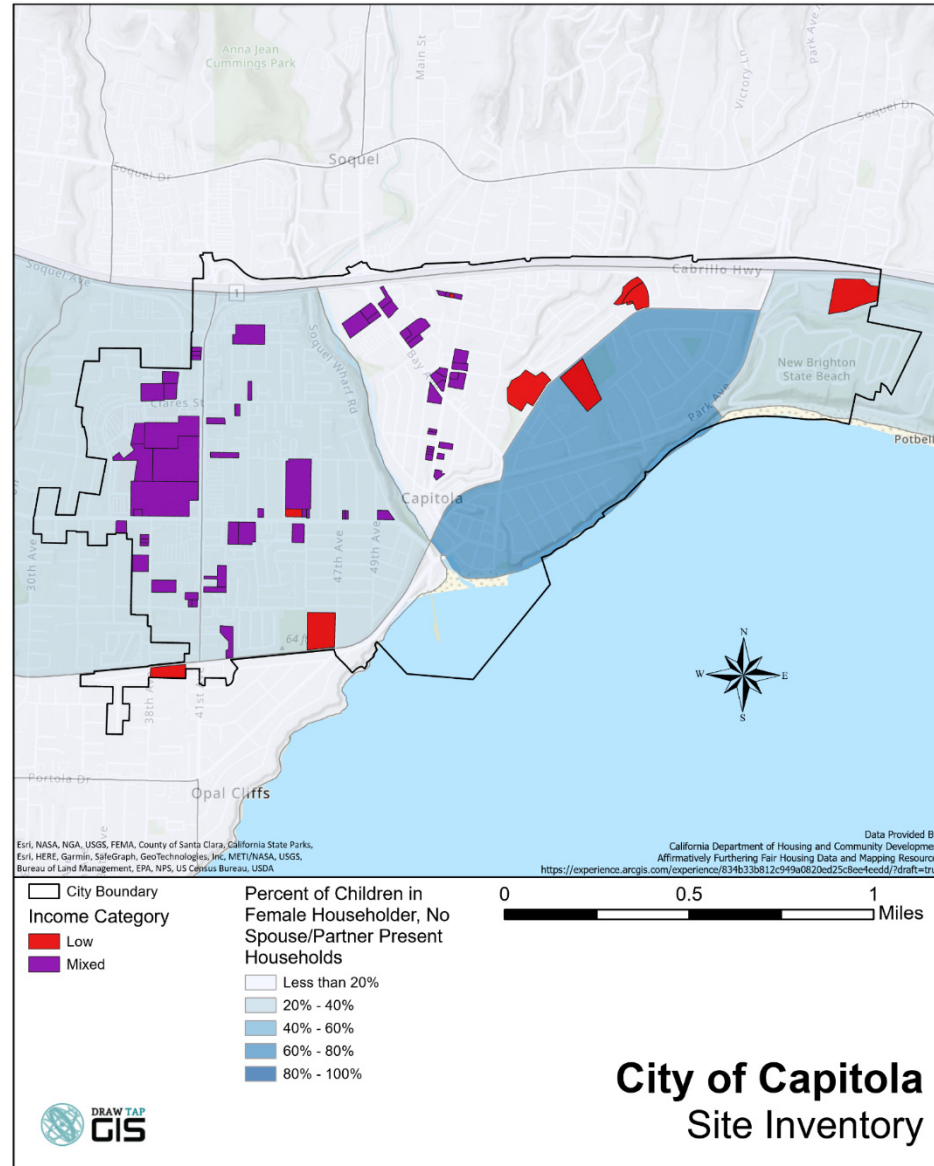


Figure E-72: Children in Female-Headed Households by Tract and Sites Inventory



d. Income Level

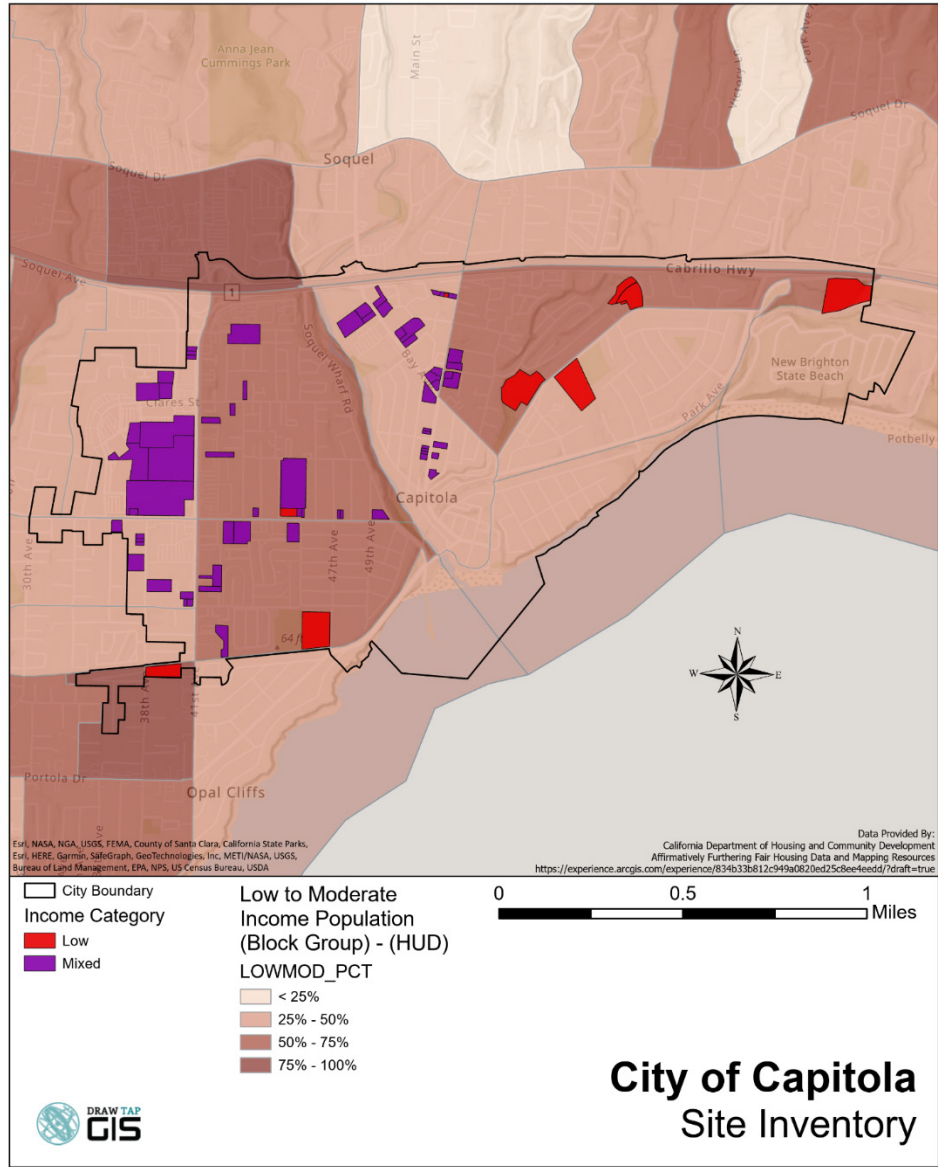
Figure E-73 and Table E-29 show the distribution of RHNA sites and units by Low to Median Income (LMI) household population at the block group level. As discussed previously, approximately half of the City is considered an LMI area where more than 50% of households earn low or moderate incomes. Over 71% of RHNA units are in block groups that are not considered LMI areas, where only 25% to 50% of households are low or moderate income. A larger proportion of units allocated towards the lower income RHNA are in LMI areas (33.8%) compared to moderate income units (23.9%) and above moderate income units (22.5%).

While more lower income RHNA units are allocated in LMI areas, sites accommodating the lower income RHNA are not concentrated in a single area of the City. Further, a majority of lower income units are not located in LMI areas. The City’s RHNA strategy aims to serve existing LMI households while providing additional housing opportunities citywide. Additionally, actions outlined in this Housing Element intend to increase opportunities and address disproportionate housing needs in areas with larger LMI household populations.

Table E-29: Distribution of RHNA by LMI Household Population

LMI Households (Block Group)	Lower Income		Moderate Income		Above Moderate Income		Total	
	Units	Percent	Units	Percent	Units	Percent	Units	Percent
<25%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
25-50%	487	66.2%	159	76.1%	355	77.5%	1,001	71.3%
50-75%	197	26.8%	50	23.9%	103	22.5%	350	24.9%
75-100%	52	7.1%	0	0.0%	0	0.0%	52	3.7%
Total	736	100.0%	209	100.0%	458	100.0%	1,403	100.0%

Figure E-73: LMI Households by Block Group and Sites Inventory



8. Racially and Ethnically Concentrated Areas and Access to Opportunities

a. TCAC Opportunity Area

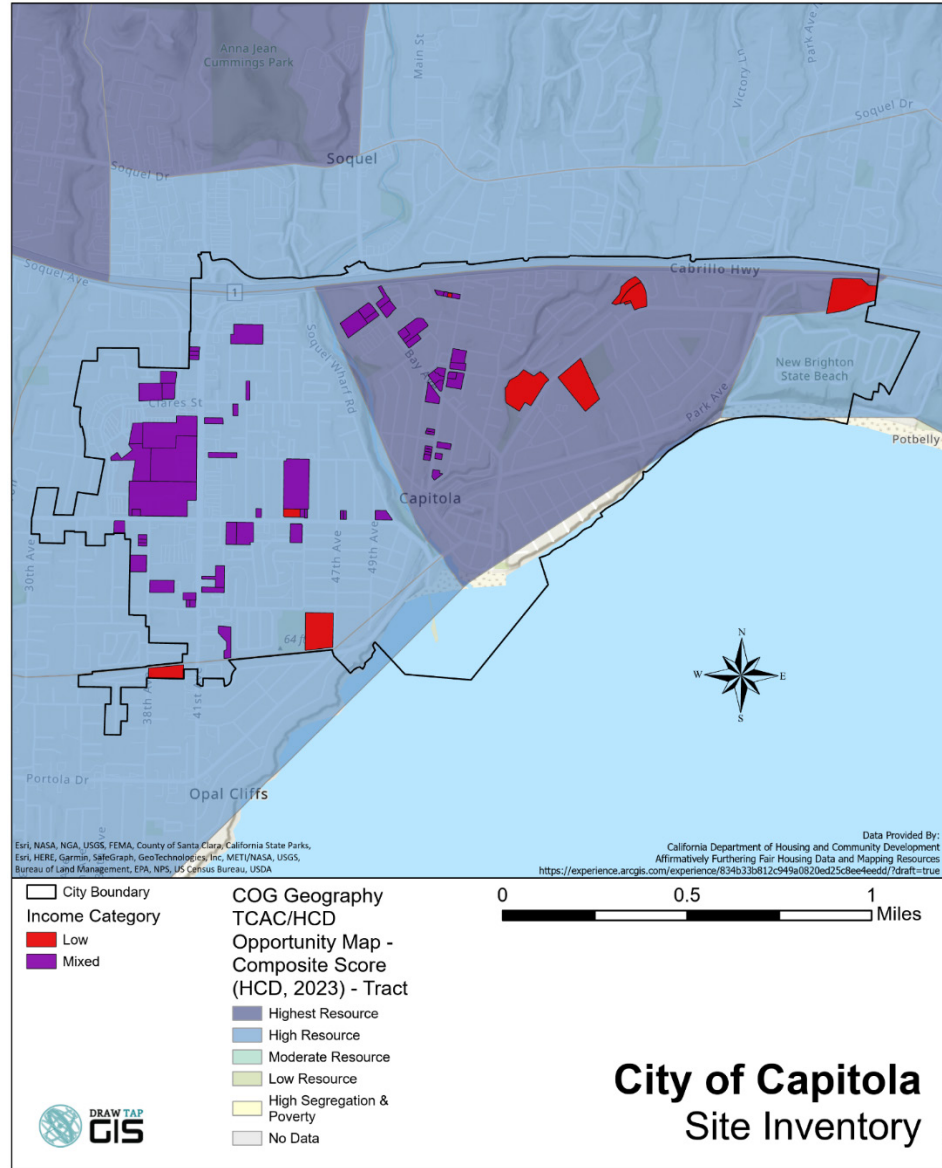
All Capitola tracts are highest and high resource areas (Table E-30 and Figure E-74). The central tract, tract 1218, is a highest resource area, while the eastern and western tracts comprising a majority of the remainder of Capitola, tracts 1217 and 1221, are high resource areas. Consistent with the citywide trend, 84% of RHNA units are in high resource tracts and 16% are in highest resource tracts.

Sites accommodating the City’s RHNA will all be located in areas with highly accessible economic, educational, and environmental opportunities based on the HCD/TCAC opportunity scores.

Table E-30: Distribution of RHNA by TCAC Opportunity Area Score

TCAC Opportunity Area Category (Tract)	Lower Income		Moderate Income		Above Moderate Income		Total	
	Units	Percent	Units	Percent	Units	Percent	Units	Percent
Highest Resource	111	15.1%	38	18.2%	78	17.0%	227	16.2%
High Resource	625	84.9%	171	81.8%	380	83.0%	1,176	83.8%
Moderate Resource	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Low Resource	0	0.0%	0	0.0%	0	0.0%	0	0.0%
High Segregation and Poverty	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	736	100.0%	209	100.0%	458	100.0%	1,403	100.0%

Figure E-74: TCAC Opportunity Areas by Tract and Sites Inventory



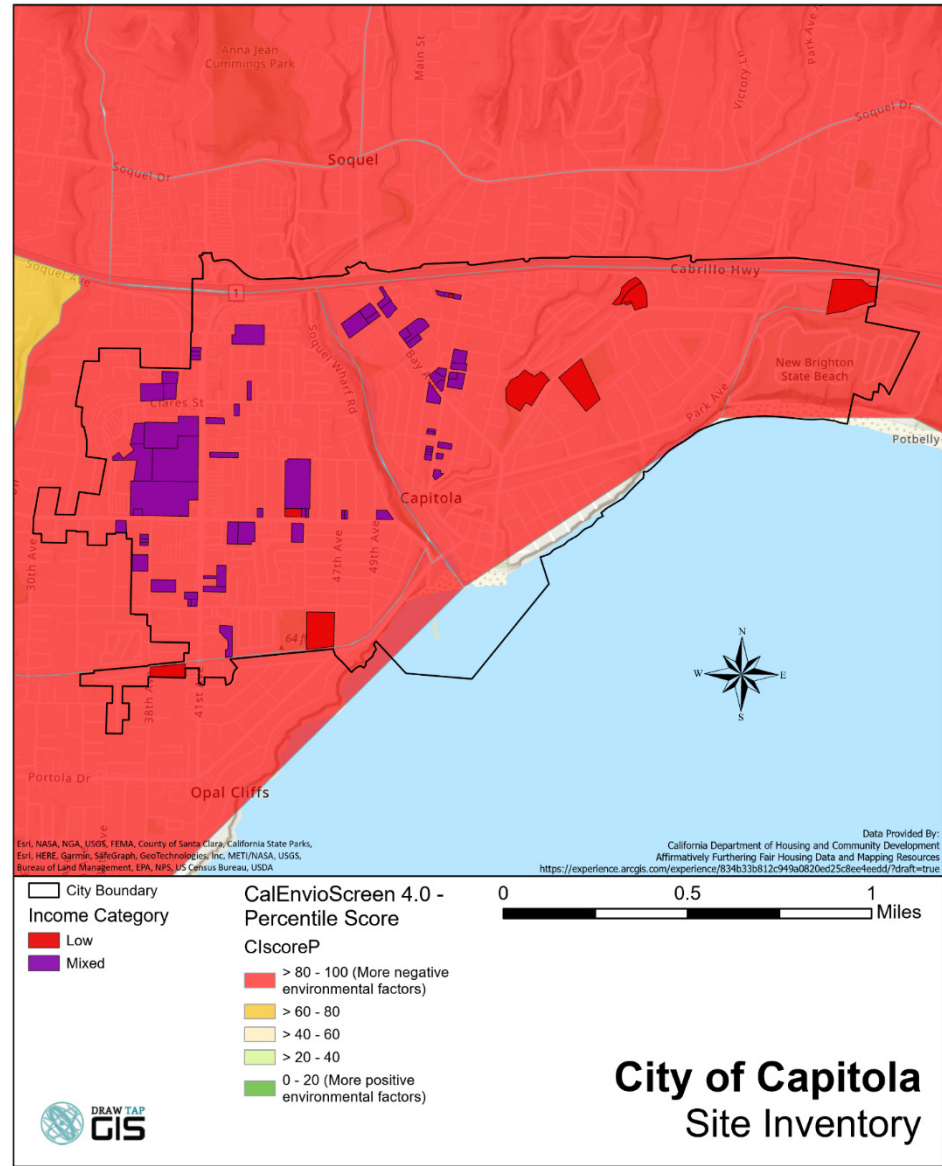
b. Environmental

As discussed above and shown in Figure E-75, all Capitola tracts have low (worse) CalEnviroScreen 4.0 percentile rankings. All RHNA units are in tracts scoring within the 20th percentile. There are no areas in the City with superior environmental scores. The City’s RHNA strategy distributes sites throughout the City to the greatest extent possible. However, due to the CalEnviroScreen 4.0 trend citywide, the placement of sites in tracts scoring in the lowest percentiles is unavoidable.

Table E-31: Distribution of RHNA by CalEnviroScreen 4.0 Score

CalEnviroScreen 4.0 Percentile Score (Tract)	Lower Income		Moderate Income		Above Moderate Income		Total	
	Units	Percent	Units	Percent	Units	Percent	Units	Percent
1-10%	52	7.1%	0	0.0%	0	0.0%	52	3.7%
11-20%	684	92.9%	209	100.0%	458	100.0%	1,351	96.7%
21-30%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
31-40%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
41-50%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
51-60%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
61-70%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
71-80%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
81-90%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
91-100%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	736	100.0%	209	100.0%	458	100.0%	1,403	100.0%

Figure E-75: CalEnviroScreen 4.0 Scores by Tract and Sites Inventory



9. Disproportionate Housing Needs

a. Cost Burden

Most areas of the City have populations of cost burdened owners between 40% and 60% (Figure E-76). There is one tract where more than 60% of owners are cost burdened. Only four lower income units are located in this tract. All other RHNA units are in tracts where 40% to 60% of owners experience cost burden.

As shown in Figure E-77, Capitola tracts have populations of cost burdened renters ranging from 20% to 60%. Table E-33 shows that 75% of units are in tracts where less than 40% of renters are cost burdened. A larger proportion of lower income units (29.8%) are in tracts where more than 40% of renters are cost burdened compared to moderate income units (21%) and above moderate income units (19%).

The western side of the City where more renters overpay for housing is consistent with the tract with a larger proportion of LMI households (see Figure E-73). While the RHNA strategy allocates a larger proportion of lower income units in tracts with larger cost burdened renter populations, sites accommodating lower income units are not concentrated in a single area of the City. As mentioned above, the City’s RHNA strategy aims to serve existing LMI households while providing additional housing opportunities citywide.

Table E-32: Distribution of RHNA by Cost Burdened Owners

Cost Burdened Owners (Tract)	Lower Income		Moderate Income		Above Moderate Income		Total	
	Units	Percent	Units	Percent	Units	Percent	Units	Percent
<20%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
20-40%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
40-60%	732	99.5%	209	100.0%	458	100.0%	1,399	99.7%
60-80%	4	0.5%	0	0.0%	0	0.0%	4	0.3%
>80%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	736	100.0%	209	100.0%	458	100.0%	1,403	100.0%

Table E-33: Distribution of RHNA by Cost Burdened Renters

Cost Burdened Renters (Tract)	Lower Income		Moderate Income		Above Moderate Income		Total	
	Units	Percent	Units	Percent	Units	Percent	Units	Percent
<20%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
20-40%	517	70.2%	165	78.9%	372	81.2%	1,054	75.1%
40-60%	219	29.8%	44	21.1%	86	18.8%	349	24.9%
60-80%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
>80%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	736	100.0%	209	100.0%	458	100.0%	1,403	100.0%

Figure E-76: Cost Burdened Owner Households by Tract and Sites Inventory

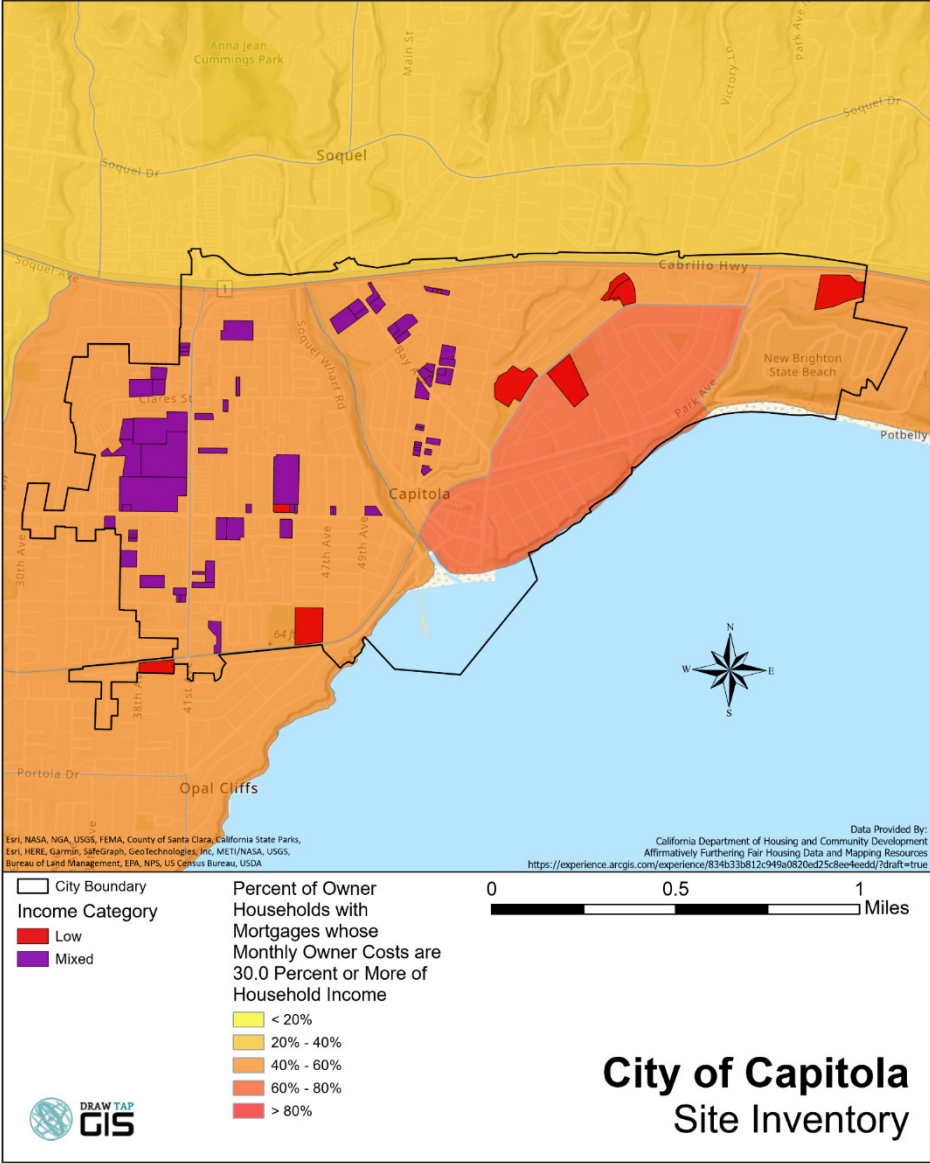
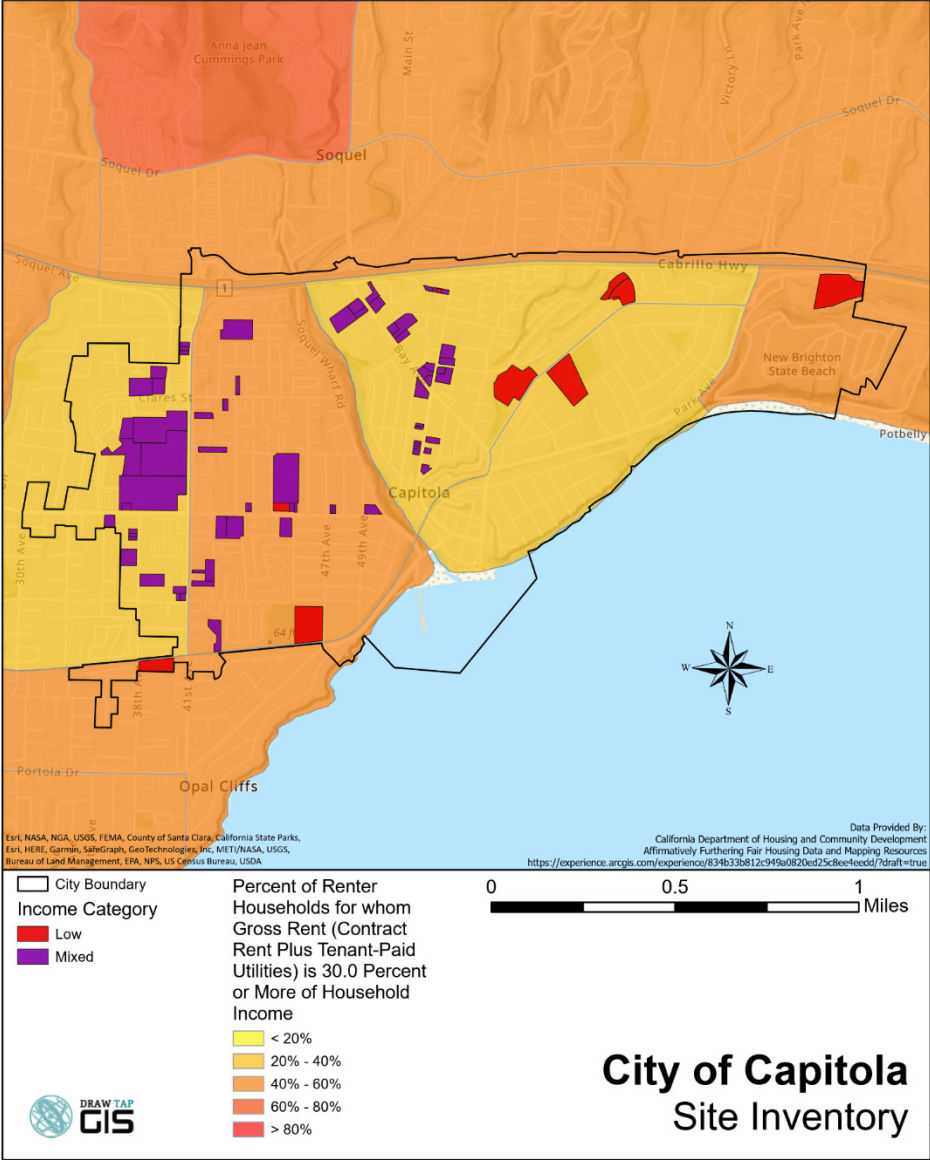


Figure E-77: Cost Burdened Renter Households by Tract and Sites Inventory



b. Overcrowding

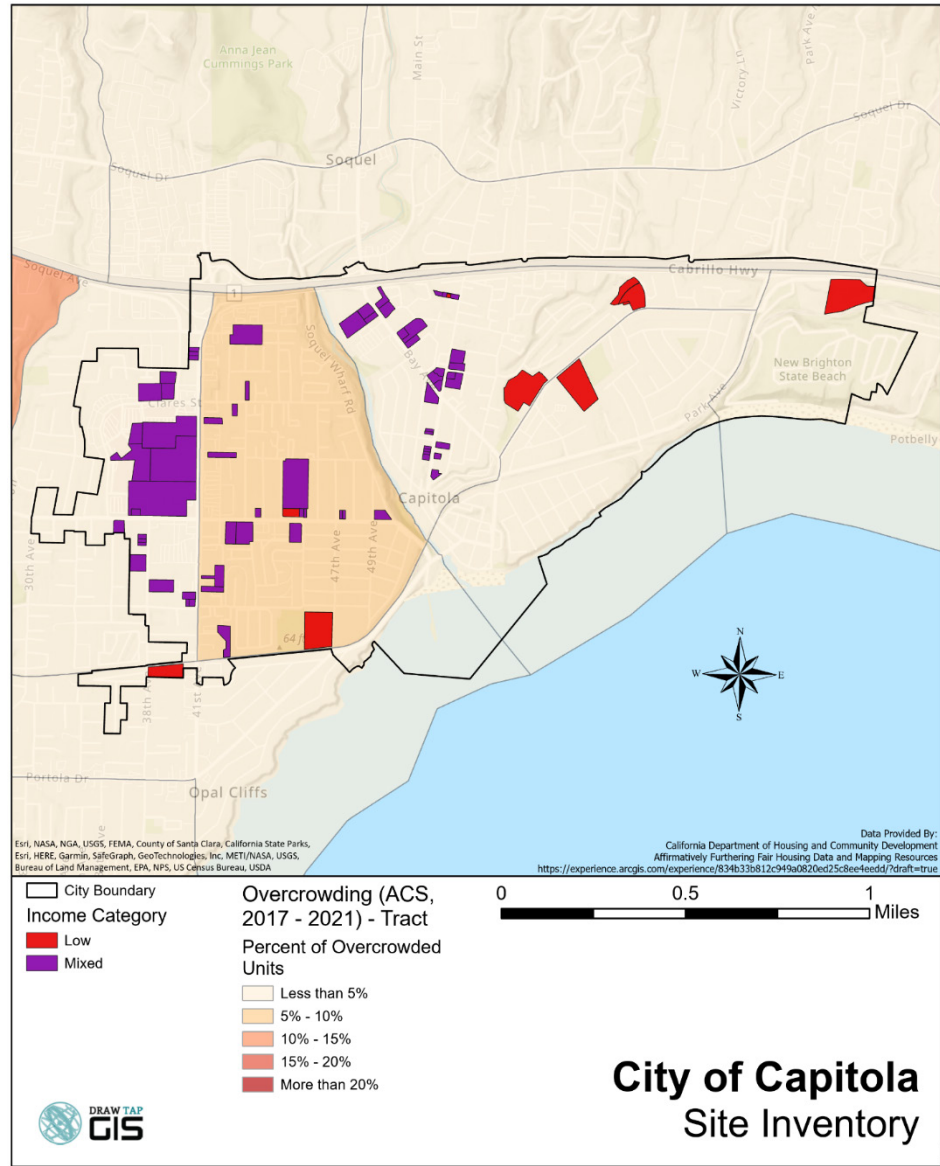
There is only one tract in Capitola where more than 5% of households are overcrowded Figure E-78. This tract also has a larger LMI household population and population of cost burdened renters (see Figure E-73 and Figure E-77). As shown in Table E-34, 20.5% of RHNA units are in this tract. The proportion of lower income units allocated in this tract is only slightly higher (21.3%) compared to the proportion of moderate (21.1%) and above moderate (18.8%) income units.

While there are more lower income units in the tract where more than 5% of households are overcrowded, sites accommodating the lower income RHNA are not concentrated in a single area of the City. Further, targeted actions outlined in this Housing Element aim to serve existing and future households and reduce housing needs in this area of the City.

Table E-34: Distribution of RHNA by Overcrowded Households

Cost Burdened Owners (Tract)	Lower Income		Moderate Income		Above Moderate Income		Total	
	Units	Percent	Units	Percent	Units	Percent	Units	Percent
<5%	579	78.7%	165	78.9%	372	81.2%	1,116	79.5%
5-10%	157	21.3%	44	21.1%	86	18.8%	287	20.5%
10-15%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
15-20%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
>20%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	736	100.0%	209	100.0%	458	100.0%	1,403	100.0%

Figure E-78: Overcrowded Households by Tract and Sites Inventory



10. Summary

Table E-35 shows the sites inventory by tract and AFFH variable. The sites inventory is also included as Figure E-79. RHNA sites are distributed throughout the Capitola over six tracts. This analysis breaks up the tracts into eastern and western Capitola. Eastern Capitola is made up of tracts 1218.01, 1218.02, and 1221, while tracts 1216.02, 1217.01, and 1217.02 are considered Western Capitola.

a. Eastern Capitola

Eastern Capitola is made up of the tracts east of Soquel Wharf Road. Eastern Capitola tends to have smaller non-White populations and cost burdened renter populations. Two of the three tracts are also considered highest resource areas. The third, tract 1221, is a high resource area. Most of Eastern Capitola is zoned for Single-Family Residential (R-1) uses. Additional residential zoning designations on this side of the City include Mobile Home Park (MH), Multi-Family Residential, Low Density (RM-L), Multi-Family Residential, Medium Density (RM-M), Multi-Family Residential, High Density (RM-H), and Mixed Use Neighborhood (MU-N). Approximately 15% of Eastern Capitola is designated open space for New Brighton State Park.

A total of 227 RHNA units are allocated on this side of the City, including 111 lower income units, 38 moderate income units, and 78 above moderate income units. Eastern Capitola has a non-White population of 27.8%, LMI household populations ranging from 29% to 68%, and populations of overcrowded households ranging from 1% to 4%. Tract 1221 has a larger population of cost burdened renters compared to tracts 1218.01 and 1218.02. However, only 10 lower income units are allocated in this tract. The remaining 101 lower income units are distributed throughout tracts 1218.01 and 1218.02. In general, the eastern side of the City has few fair housing issues and small to moderate non-White and LMI household populations. The City's RHNA strategy ensures that RHNA units of all income levels are allocated throughout the eastern side of the City. The City's RHNA strategy in Eastern Capitola does not exacerbate conditions related to fair housing.

b. Western Capitola

This analysis considers Western Capitola to be the area west of Soquel Wharf Road. The western side of the City is comprised of a mix of residential zoning designations including Mobile Home Park (MH), Single-Family Residential (R-1), Multi-Family Residential, Low Density (RM-L), Multi-Family Residential, Medium Density (RM-M), Multi-Family Residential, High Density (RM-H), and Mixed Use Neighborhood (MU-N). The western side of the City has larger areas zoned for Regional Commercial (C-R) and Community Commercial (C-C) uses compared to the eastern side. The west side also has larger lot sizes and can better accommodate large scale redevelopment projects.

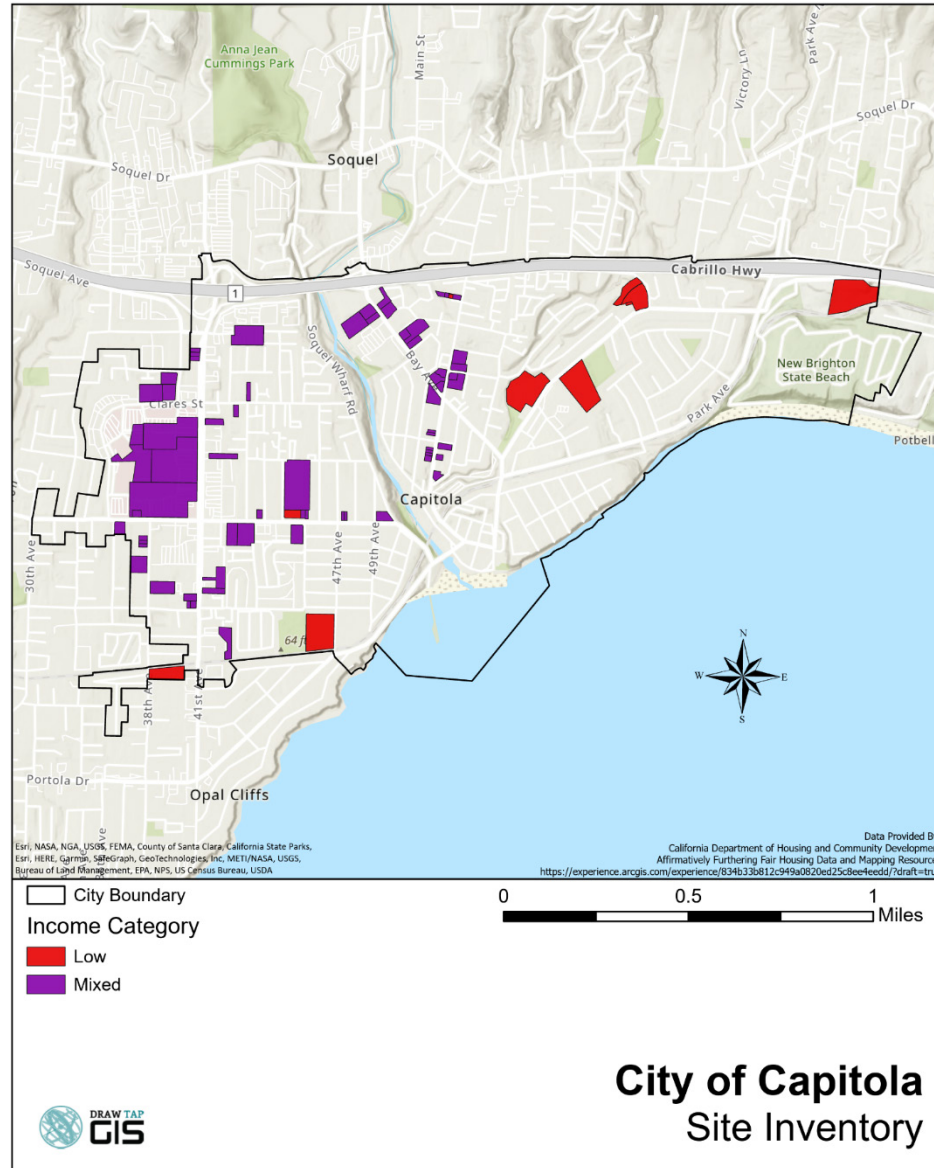
All three tracts on the western side of Capitola are high resource areas. There are more RHNA units allocated on this side of the City compared to the eastern side. The City's RHNA strategy allocated 1,176 units in Western Capitola, including 625 lower income units, 171 moderate income units, and 380 above moderate income units. As discussed in Chapter 4, Housing Need and Opportunities, of this Housing Element, the City's strategy is to locate higher density housing and mixed-use developments along transit corridors. All of the key housing opportunity sites identified are located directly on existing bus routes, and the majority of them are also in close proximity to the regional transit center and Capitola Mall. The Capitola Mall is located on the western side of the City in tract 1217.02. The non-White populations in Western Capitola block groups are generally higher than block groups on the eastern side. RHNA units are located in LMI block groups within tracts 1216.01 and 1217.01. However, a majority of units are in tract 1217.02 that is not considered an LMI area. Tract 1217.01 also has a larger proportion of cost burdened renters and overcrowded households. While housing problems are slightly more prevalent in this tract, RHNA units, specifically lower income units, are allocated throughout the City and are not concentrated in this section of Capitola alone.

The City's RHNA strategy ensures sites are distributed throughout the City. There are no units of any income level that are concentrated in a single area of the Capitola. The City's RHNA strategy, in conjunction with the actions outlined in this Housing Element, promote housing mobility while serving the needs of existing populations. RHNA sites on the western side of the City are located directly on existing bus routes and most are in proximity of the regional transit center and Capitola Mall, ensuring transportation opportunities and resources are highly accessible. The RHNA strategy does not exacerbate fair housing conditions citywide.

Table E-35: Distribution of RHNA Units by Tract and AFFH Variables

Tract	# of Households in Tract	Total Capacity (Units)	Income Distribution			Non-White Population	LMI Households	TCAC Opp. Cat.	Overpay Renters	Over-crowded Households
			Lower	Moderate	Above Moderate					
1216.02	1,212	52	52	0	0	29.7%	91.0%	High	49.2%	2.5%
1217.01	1,795	287	157	44	86	41.0%	56.0 – 62.0%	High	54.2%	5.6%
1217.02	1,284	837	416	127	294	41.0%	26.0 – 43.0%	High	27.1%	0.2%
1218.01	1,048	4	4	0	0	27.8%	29.0%	Highest	39.7%	3.4%
1218.02	1,136	213	97	38	78	27.8%	48.0 – 68.0%	Highest	38.4%	3.8%
1221	1,574	10	10	0	0	27.8%	68.0%	High	53.4%	1.3%

Figure E-79: Capitola Sites Inventory



C. Contributing Factors

1. Lack of Fair Housing Testing, Education, and Outreach

The City lacks information on fair housing law and discrimination complaint filing procedures on the City website. Current outreach practices may not provide sufficient information related to fair housing, including federal and state fair housing law, and affordable housing opportunities. Cost burdened renters throughout the City and cost burdened owners concentrated in tract 1218.01 may be unaware of affordable housing opportunities. Between 2013 and 2022, the FHEO recorded 11 inquiries from Capitola residents, 5 of which were related to disability status. The City may lack sufficient education and outreach related to reasonable accommodation and ADA laws based on the proportion of complaints related to disability status. The County is also not required to complete an Analysis of Impediments to Fair Housing Choice and does not contract with a specific fair housing provider. Additional action may be needed to ensure residents are aware of fair housing laws and protections.

Contributing Factors

- Lack of fair housing testing
- Lack of monitoring
- Lack of targeted outreach and accessible fair housing information

2. Substandard Housing Conditions

While the City does not have a large proportion of households lacking complete kitchen or plumbing facilities, approximately 78% of housing units are aged 30 years or older and may require minor or major rehabilitation. Aging housing units are most concentrated in the central and eastern areas of Capitola, east of Wharf Road. Additionally, 5.1% of units in tract 1217.02 on the western side of the City lack complete kitchen facilities. Less than 1% of units in all other Capitola tracts lack complete kitchen facilities.

Contributing Factors

- Age of housing stock
- Cost of repairs or rehabilitation

3. Affordable Housing Opportunities in High Resource Areas (Citywide)

All of Capitola has been identified as high or highest resource areas. Capitola is generally an affluent City with good quality schools, above average environmental conditions, and accessible economic opportunities. However, existing affordable housing options in Capitola are limited. There are only two assisted multifamily rental complexes in the City, Capitola Supportive Housing Development (Dakota Apartments) (24 affordable units) and Bay Area Senior Apartments (108 affordable units). Additional housing opportunities in Capitola, a high resource area, may be especially important due to the County's overall character. Southern and inland Santa Cruz County has significantly reduced access to opportunities compared to the Capitola/City of Santa Cruz area and northern County. The southern County is comprised of mainly TCAC low and moderate resource tracts, while tracts in and north of Capitola are predominantly high and highest resource areas. Additional housing in Capitola may promote mobility for low income households currently residing in the County.

Contributing Factors

- Lack of affordable housing options
- Location and type of affordable housing