

CITY OF CAPITOLA HOUSING ELEMENT OF THE GENERAL PLAN 2007-2014



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CREDITS

City of Capitola Housing Element of the General Plan 2007-2014, prepared by: The City of Capitola Planning Commission, David Foster, Project Manager, City staff, Julianne Ward, Housing Element Consultant and Ariana Green, Intern

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Housing Element of the General Plan City of Capitola

EXECUTIVE SUMMARY

With a population of 10,015¹ persons residing in 5,478² dwelling units the City of Capitola is nearly built out. Capitola's existing housing is uniquely balanced to meet the diverse needs of its residents. Though its history, Capitola has served as a vacation destination with a mixture of summer cottages and fairly high-valued single-family homes with ocean views.

Capitola's housing stock is comprised of over 63% multiple-family units with over 53% of the total housing units in the City occupied by renters. Capitola has a fairly high population density of 6,220 persons per square mile and a housing unit density of 3,292 units per square mile.³ Multiple family dwellings and mobile home parks are interspersed within and adjacent to single family neighborhoods. Many of the community's major commercial areas are zoned to encourage mixed uses and a more pedestrian friendly environment.

The City of Capitola has been, and continues to be, a proponent of affordable housing. It has actively assisted with the construction of new affordable units and the maintenance and improvement of its existing affordable housing stock. In this 2007-2014 Housing Element Update, the City of Capitola outlines its plan to identify new opportunities for expanding affordable housing opportunities. This Housing Element includes the continuation of the following housing programs from the prior Housing Element:

¹ Department of Finance, E-5 City/County Population and Housing Estimates, 2001-2007

² City of Capitola Building Department Records, 2007

³ Census 2000, SF 3 Population and Housing Unit Density for "Places"
Executive Summary-1

These programs include the following:

Continued Housing Element Programs

- Continued encouraged development of mixed use (multifamily housing in concert with commercial) within existing commercial zones and to locate higher density residential developments along transit routes and arterial corridors.
- Continued support for resident involved acquisitions of mobile home parks to guarantee long-term affordability and to facilitate infrastructure improvements.
- Continued support of the City Rent Stabilization ordinance to protect residents in rental mobile home parks.
- Continued use of the Affordable Housing Overlay District to facilitate development of new low and moderate income units at densities of 20 units per acre. The Overlay can be used to also encourage the preservation of existing rental housing units that currently serve lower income residents.
- Continued enforcement and implementation of the Secondary Dwelling Unit Ordinance that has resulted in the development of six units since 2004 and that should result in an additional 7 units during this planning period.
- Continued enforcement and implementation of the Density Bonus Ordinance consistent with state law.
- Preservation of the City's eight existing affordable housing projects in perpetuity.
- Continued enforcement and implementation of the City Condominium Conversion ordinance.
- Continued collaboration with non-profit housing developers in the acquisition and rehabilitation of existing apartment complexes which serve lower income residents.
- Continued operation of the City's first time homebuyer programs.
- Continued operation of the City's housing rehabilitation programs.

This Housing Element will initiate the following additional housing programs:

Additional Housing Element Programs

- Continued encouraged development of mixed use (multifamily housing in concert with commercial) within existing commercial zones and to locate higher density residential developments along transit routes and arterial corridors.
- Review existing Secondary Dwelling Unit Ordinance to identify modifications needed to encourage increased participation.
- In accordance with Government Code Section 65583(4) (A) Capitola will amend its Zoning Ordinance to allow emergency shelters without CUP or other discretionary approval in the Industrial Park (IP) zone.
- Capitola will review and will, if necessary to comply with Section 65583(c) (1), propose zoning amendments that will make transitional and supportive housing a residential use of property, subject only to the same restrictions that apply to other residential dwellings of the same type in the same zoning district.
- Capitola will review and consider zoning changes to reduce barriers to child care centers and family day care homes
- Capitola will review and consider zoning changes to existing residential parking requirements to reduce development barriers and encourage more efficient land use.
- Capitola will prepare and adopt a Reasonable Accommodation Ordinance.
- Capitola will prepare and adopt a zoning amendment to allow Single-Room-Occupancy (SRO) units.



CHAPTER 1: INTRODUCTION

A. Community Overview

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

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

Today, Capitola, with a population of 10,015⁴ persons residing in 5,478⁵ dwelling units⁶, is nearly built-out. Its housing stock contains a varied and balanced mix of housing types, including single family houses, multifamily structures and mobile homes. Older Victorian-era homes and small cottages on small lots characterize its older neighborhoods such as Depot Hill, the Village and parts of the Jewel Box. Cliffwood Heights, Upper Village and 41st Avenue, located in the northern portions of the City, are newer, more typical suburban neighborhoods, with most of the housing stock between 30-40 years of age (Refer to Figure 2, Capitola Neighborhood Map). New housing, constructed during the past decade, is found on in-fill sites scattered throughout the community.

⁴ California Department of Finance, Table E5 City/County Population and Housing Estimates, 2001-2007

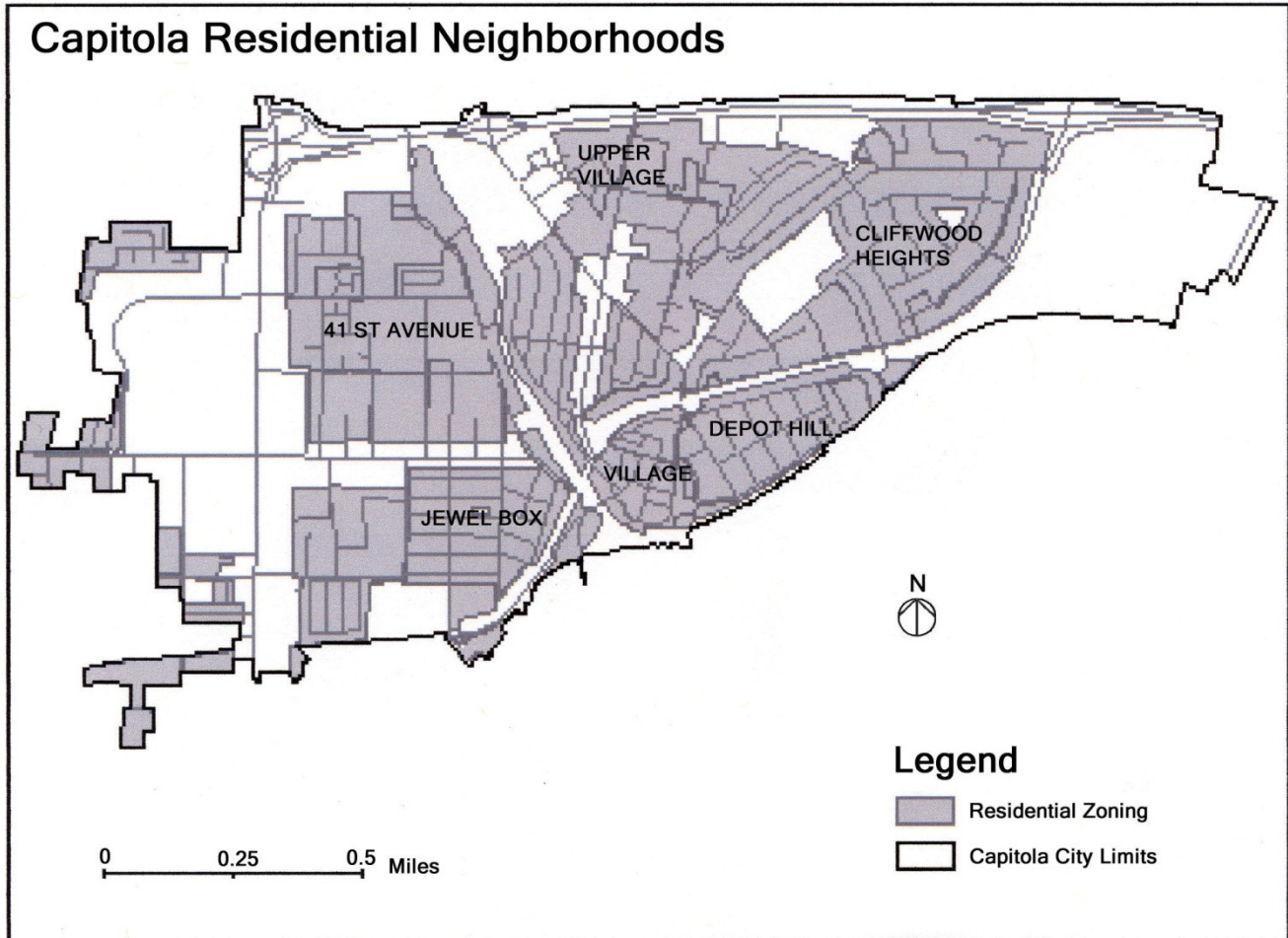
⁵ Capitola Building Department Records, 2007

⁶ Population and dwelling unit totals from the U.S. Census Bureau, Census 2000.

Figure 1-1 Vicinity Map



Figure 1-2 Capitola Neighborhoods



B. Purpose of the Element

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

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

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

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

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

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

C. Legislative Requirements

State law requires each municipality to accomplish the following tasks:

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

This Housing Element addresses the planning period from 2007-2014. It has been prepared in accordance with applicable state law, and consistent with the City of Capitola General Plan and the community’s vision of its housing needs and objectives. For more information regarding compliance with State law please see chapter 6 of this document.

D. Scope and Content

The Housing Element consists of five major components:

- An analysis of the City’s demographic, housing and special needs characteristics and trends.
- Review of potential market, governmental, and environmental constraints which impact the City’s ability to address its housing needs.
- Analysis of land, financial and organizational resource available to address the community’s housing goals.
- Evaluation of the City’s accomplishments toward meeting the goals and objectives of the prior 2000-2007 Housing Element.

- A statement of the Housing Plan for the years 2007-2014 to address the City's identified housing needs, including the housing goals, policies and programs.

E. Relationship to Other General Plan Elements

The Government Code requires internal consistency among the various elements of a General Plan. Section 65300.5 of the Government Code states that, "the General Plan, and the parts and elements thereof, shall comprise an integrated and an internally consistent and compatible statement of policies". The Capitola General Plan contains the following seven elements: 1) Land Use; 2) Housing; 3) Open Space, Parks and Recreation; 4) Conservation; 5) Safety; 6) Noise; and 7) Circulation. The Capitola General Plan is internally consistent. Policy direction introduced in one element is reflected in the other elements.

Relative to housing, the General Plan identifies both constraints and opportunities to providing new affordable housing. The Land Use Element addresses the scarcity of available land to support new development, and the Circulation Element addresses the limitations of the City's roadway capacity. In spite of constraints, Capitola's General Plan supports a balanced land use pattern. 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, industrial, open space and mixed residential uses. The City's residential and mixed use densities allow for an adequate diversity and supply of housing to satisfy the requirements of the Regional Housing Needs Assessment (RHNA) presented in this Housing Element. This Housing Element builds upon the other General Plan elements. It is entirely consistent with the policies and proposals set forth by the Plan.

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

F. Public Participation

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

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

Public workshops and hearings are opportunities for community members to not only learn about certain plans or projects that may affect them in the future, but to let their voices be heard by City officials and staff. The City of Capitola recognizes the importance of community participation in future planning projects such as the Housing Element and General Plan updates as they have the potential to affect all citizens within the City limits for years to come. As such, public outreach was an important piece of the Housing

Element update. For the duration of the Housing Element update, various noticing techniques were used in order to increase public attendance at community workshops and meetings. The goal of this public participation program was to gather the opinions/comments of a large percentage of the population.

Public Outreach and Participation Goals

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

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

Facilitation of Public Meetings

I. Capitola Planning Commission

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

II. Public Meetings

Table 1.1 outlines the public meetings that were held for the development of the Housing Element update.

Table 1.1: Public Hearings

DATE	FORUM	ACTION/PURPOSE OF MEETING
July 9, 2008	DC&E/Staff	Public Workshop
Nov 20, 2008	Planning Commission	Public Workshop II
May 7, 2009	Planning Commission	Reviewed draft,
July 16, 2009	Planning Commission	Reviewed draft, recommendation to CC
Aug.13, 2009	City Council	Review and approve DRAFT for submittal to HCD
Jan.21, 2010	Planning Commission	Review of final draft , Initial Study and Negative Declaration, recommendation to CC
Feb. 11, 2010	City Council	Final HE and Negative Declaration adopted. Submittal to HCD for certification

One Community Meeting was held prior to the Planning Commission's involvement in the Housing Element Update process. The Community Meeting was widely publicized through newspaper display advertisements and fliers posted throughout the City. The workshop was held at the City community center at Jade Street Park on July 9, 2008. The meeting was professionally facilitated and involved both a presentation as well as exercises for group participation. More than twenty people attended the meeting and identified important housing related issues in Capitola. The four most important issues identified in the Community Meeting related to housing in the City are listed in Table 1.2 (refer to Appendix B for more detail). These four issues were incorporated into the 2007-2014 Housing Plan (Chapter 6), in the form of policies and programs.

Three meetings were then held with the Planning Commission to review draft sections of the document. At the first meeting, City staff presented Commission members and the public with information about the Housing Element process and City of Capitola demographics and current housing programs (refer to Appendix B for more detail). Also presented was input from the Community Meeting and the results of an informal survey of housing priorities. During the next two meetings, input from Commission members and the public was solicited regarding the draft chapters of the housing element including the housing goals, policies and programs. This input provided a valuable basis for the Housing Element Update

On August 13, 2009 a preliminary draft Housing Element Update was presented at a regularly scheduled City Council meeting. The draft was approved by Council for submission to HCD for comments. Comments from HCD were then incorporated into a revised draft that was then reviewed by the Planning Commission on January 21, 2010 and then adopted by the City Council on February 11, 2010. All of these meetings were publicized and designed to receive community-wide input on the Housing Element's goals, policies and programs.

In accordance with the California Environmental Quality Act (CEQA) a draft Initial Study and Negative Declaration (ISND) were prepared for the project. A 30-day review period was advertised in the paper and the draft report was available for review from December

18, 2009 through January 21, 2010. The ISND was reviewed by the Planning Commission on January 21, 2010 and was reviewed and adopted by the City Council on February 11, 2010.

Table 1.2: Recommendations from the Community (Workshop I)

1. Help developers build for extremely low-income residents
2. Preserve existing affordable housing
3. Provide housing above commercial uses on 41st Avenue
4. Support development of child care facilities for working families (subsidized and market-rate)

III. Outreach

The following methods were used to encourage public participation:

- Noticing in three local newspapers
- Noticing on public cable “scroll”
- Email and phone invitations to those in contact with special needs/minority groups
- Notification of upcoming workshops/meetings on the City Official Webpage
- The Draft Housing Element was made available at the public library, in person, as well as online free of charge.

Giving notice of a public hearing via a local newspaper is common practice, as is noticing on a public cable scroll. Both methods meet the requirements of the State of California for public outreach. The City of Capitola exceeded requirements by also creating a Housing Element webpage complete with a description of what a Housing Element is, access to the draft Housing Element, information such as the date, time and location of public meetings, and a link to an email account that was checked regularly by staff that allowed community members to write in with comments and questions. Recognizing the fact that some members of the public have constraints that keep them from attending public meetings, community representatives of interest groups that represented all economic segments of the community were contacted via email or telephone to inform them of public workshops and meetings. This was an extra step taken to ensure that voices that have been absent from public meetings in the past were heard (refer to Appendix B for the Workshop I Contact list and attendance information).

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.
- Housing Needs Assessment/Housing Conditions Survey, May 2002.
- Association of Monterey Bay Area Governments (AMBAG) Regional Housing Needs Assessment (RHNA), adopted June 11, 2008
- 2000 and 1990 U.S. Census Reports.
- California Department of Housing and Community Development, State Income for 2008
- US Department of Finance, E-5 City/County Population and Housing Estimates, 2001-2007
- 2007 Santa Cruz County Homeless Census and Survey
- Comprehensive Housing Affordability Strategy (CHAS) data <http://socds.huduser.org/chas/statetable.odt>
- ChildCare Ventures/The use permit process for child care in Santa Cruz County 2005
- Child Development Resource Center (July 2004); the Status of Children, Their Families and Child Care Services: An Assessment of Need and Supply in Santa Cruz County, 2006
- Various other informational sources were also referenced where appropriate. References to these informational sources are cited where they appear within the text.



CHAPTER 2: HOUSING NEEDS ASSESSMENT

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

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

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

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

The most recent demographic data available was from the 2000 U.S. Census report. Where more recent data was available, it was included. The City acknowledges 2000 Census data may be outdated. In some cases, the disparate dates for which data sources were valid resulted in difficulty drawing direct comparisons or conclusions.

A. Population Characteristics

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

Population Change

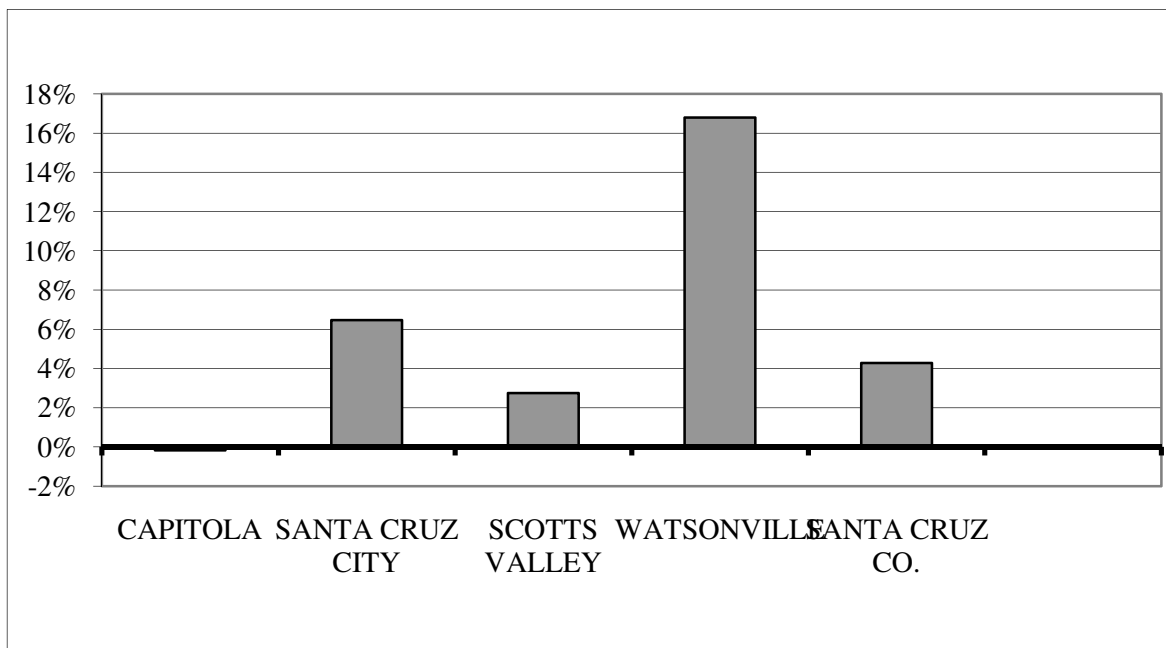
According to the State of California, Department of Finance, the City of Capitola, unlike other jurisdictions in the region, had a slightly smaller population in 2008 than in 2000. During this time frame, the State of California grew by nearly 12% according to the U.S. Census Bureau and Santa Cruz County grew by just over 4%. The fastest growing city within the county, in terms of percentage growth, was Watsonville at 16.80% followed by the City of Santa Cruz at 6.47% and the City of Scotts Valley at 2.74%. Capitola was the only jurisdiction within Santa Cruz County that had a negative growth rate during this period. The population in Capitola decreased by an estimated 18 people or by -0.18%.

Table 2.1
Total Population of Santa Cruz County Jurisdictions and State in 2000 & 2008

	2000	2008	% Change2000-2008
Capitola	10,033	10,015	-0.18%
Santa Cruz	54,593	58,125	6.47%
Scotts Valley	11,385	11,697	2.74%
Watsonville	44,265	51,703	16.80%
Santa Cruz County	255,602	266,519	4.27%
Source: California Department of Finance E-5 Estimates 2000-2008			

Figure 2-1, below, shows the population change between 2000 and 2008 in graphic form, using the Census data shown in Table 2.1.

Figure 2-1: Percent Population Change (Growth or Loss) 2000 – 2008



Source: California Department of Finance, E-5 Population Estimates 2000-2008

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 Mile	Housing Units Per Square Mile	Persons Per Household
City of Capitola	6,220	3,291	1.89
City of Santa Cruz	4,356	1,716	2.54
City of Scotts Valley	2,473	961	2.57
City of Watsonville	6,969	1,841	3.79
Los Angeles City	7,876	2,851	2.76
San Francisco	16,634	7,421	2.24

Source: California-Place GCT-PH1: Population, Housing Units, Area and Density: 2000 U.S. Census Bureau

Age Characteristics

The age characteristics of a population are important factors in evaluating housing needs and planning future housing development. For example, if a city is experiencing an outmigration of young adults (ages 25-34), there may be a shortage of first-time homebuyer opportunities and/or well-paying employment opportunities. If a city has a substantial elderly population, special housing types or services may be needed, such as assisted living facilities, housing rehabilitation programs, paratransit, meals on wheels, and home health care services, in order to enable seniors to remain in the community. **Table 2.3** shows the number of Capitola and Santa Cruz County residents in each age group according to data from the Census 2000.

Capitola is a maturing community. Between 1990 and 2000, the median age of Capitolans increased from 35.2 to 38.4 years (See **Table 2.3** below). County-wide during the same period the median age increased from 33 years to 35 years and state-wide the median age increased from 31 years to 33.3 years. Median age for the City, as well as the County and State, is expected to continue to increase as the Baby Boom generation ages⁷.

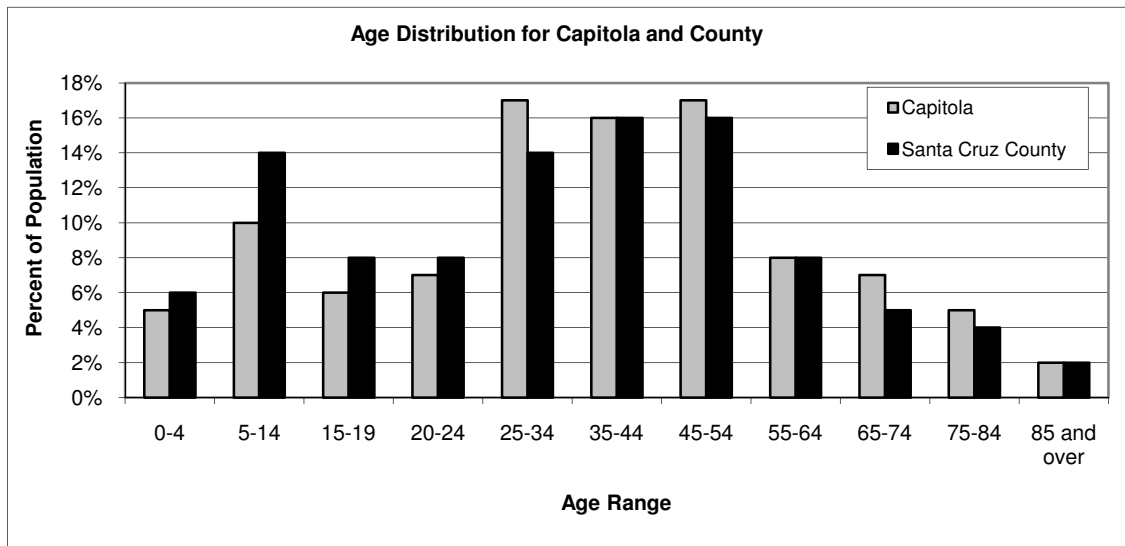
Table 2.3
Population by Age Group: City of Capitola and Santa Cruz County Census 2000

Age Range	City of Capitola		Santa Cruz County	
	# of Persons	% of Population	# of Persons	% of Population
0-4	488	5%	15,544	6%
5-14	1,008	10%	34,707	14%
15-19	602	6%	19,939	8%
20-24	684	7%	20,948	8%
25-34	1,682	17%	36,728	14%
35-44	1,607	16%	42,087	16%
45-54	1,753	17%	40,673	16%
55-64	789	8%	19,489	8%
65-74	663	7%	12,347	5%
75-84	535	5%	9,295	4%
85 and over	222	2%	3,845	2%
Total	10,033	100%	255,602	100%
Median Age 2000	38.4		35.0	
Median Age 1990	35.2		33.0	

⁷ The Baby Boom is defined as the generation of people born between 1946 and 1964, during the post World War II period, when there was a marked increase in the national birth rate.

As seen in the **Figure 2-2** Capitola has a smaller proportional population of children than the County: 15% of Capitolans were aged 14 or younger, while 20% of County residents were children in this age group. 40% of Capitolans are aged 45 or older, while that group comprises just over 30% of the County population.

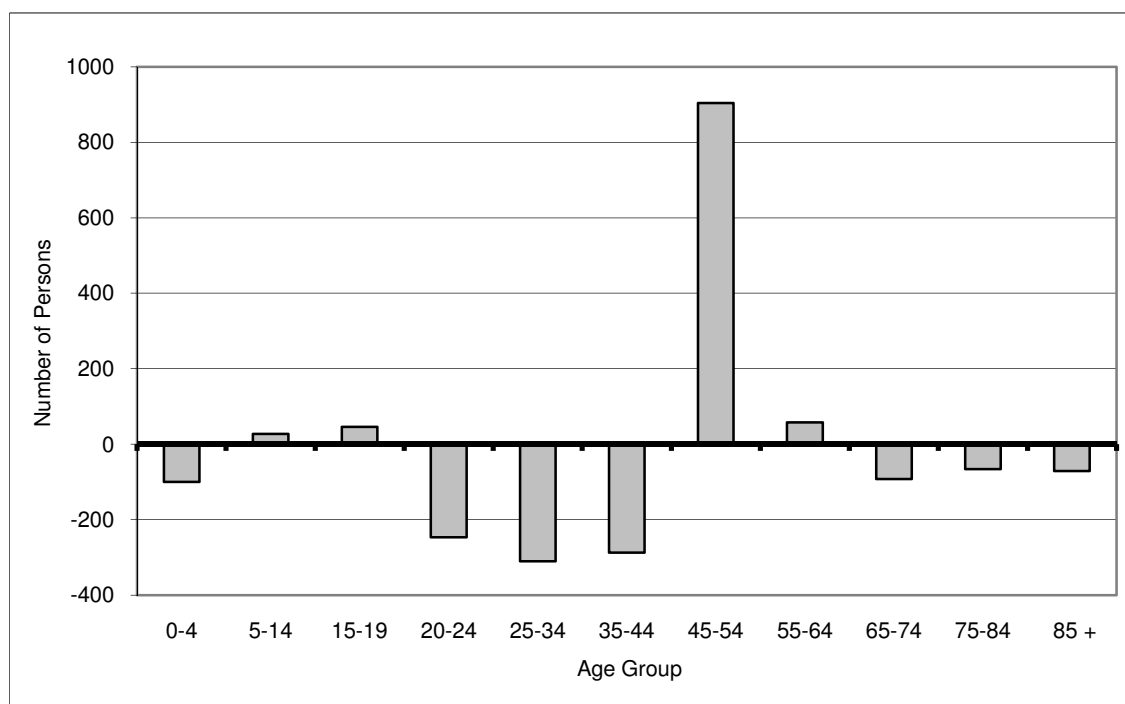
Figure 2-2
Percent of Total Population by Age Group, Capitola and County, 2000



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

Figure 2-3 shows how the number of people in each age group changed between 1990 and 2000. The size of each age group can change for two basic reasons: natural aging, birth, and death; or migration (into or out of the City). For example, there were 100 fewer children in the 0-4 year range in 2000 than in 1990. The largest decrease in any single age group was in the group of young adults aged 25-34 years, which decreased by 310 persons over the 10-year period. In total there were 844 fewer young adults in the combined age ranges of 20 to 44 years in 2000 than there were in 1990. At the same time there was an increase of 962 persons in the 45-64 age groups.

Figure 2-3: Population Change by Age Group, 1990 – 2000, City of Capitola



Source: 1990 Census STF 1 and Census 2000

Race and Ethnicity

The population of the City of Capitola in 2000 was not as racially or ethnically diverse as the County, which in turn is less diverse than the State. For instance, 84% of Capitola's population was white, compared to 75% of the County and 60% of the State population. One of every eight Capitola residents was Hispanic or Latino, while statewide nearly one of every three residents was Hispanic or Latino. Capitola's population had a slightly greater proportion of Asians and African Americans than that of the County, but less than half that of the State. **Table 2.4** below shows the racial and ethnic composition of the population, compared to that of the County and the State.

Table 2.4: Population by Race and Hispanic or Latino Origin, 2000

Race	City of Capitola		Santa Cruz County		State of California	
	No. Persons	% of Total	No. Persons	% of Total	No. Persons	% of Total
One Race	9,562	95.3%	244,431	95.6%	32,264,002	95.3%
White	8,412	83.8%	191,931	75.1%	20,170,059	59.5%
Black or African America	117	1.2%	2,477	1.0%	2,263,882	6.7%
American Indian or Alaskan Native	57	0.6%	2,461	1.0%	333,346	1.0%
Asian	401	4.0%	8,789	3.4%	3,697,513	10.9%
Native Hawaiian or other Pacific Islander	20	0.2%	382	0.1%	116,961	0.3%
Some Other Race	555	5.5%	38,391	15.0%	5,682,241	16.8%
Two or More Races	471	4.7%	11,171	4.4%	1,607,646	4.7%
Total	10,033	100%	255,602	100%	33,871,648	100%
Hispanic or Latino Origin	No. Persons	% of Total	No. Persons	% of Total	No. Persons	% of Total
Hispanic or Latino (of any race)	1,267	12.6%	68,486	26.8%	10,966,556	32.4%
Not Hispanic or Latino	8,766	87.4%	187,116	73.2%	22,905,092	67.6%
Total	10,033	100%	255,602	100%	33,871,648	100%

Source: Census 2000

This comparatively low degree of racial and ethnic diversity may have resulted in part from the high cost of housing in the area as compared to the state, combined with a local employment base comprised of relatively low-wage jobs in the service, retail, and tourism sectors. This combination of low-paying jobs and high cost housing makes it difficult for lower and moderate income households, who may commute in to work in this area, 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. According to the 2000 Census, median household income in 1999 for households headed by Hispanics or Latinos, African Americans, and Native Americans was just 74% to 77% of the state median income for all households, which was \$47,493. For households headed by non-Hispanic Whites and Asians, median household income was 113% and 117%, respectively, of the statewide median figure.⁸ These income disparities tend to result in a lack of racial/ethnic diversity in many areas with high cost housing. For this reason, sufficient affordable housing of all types is needed to ensure fair

⁸ Census 2000, Summary File 3, Median Household Income in 1999 by race of Householder and by Hispanic/Latino origin.

access to housing in this region for all racial and ethnic groups and to prevent further housing segregation, consistent with fair housing goals and laws. The provision of housing that is affordable to the Capitola workforce would also reduce the need for these workers to commute from out of the area.

Employment

Capitola has approximately 900 businesses operating within its boundaries. Most of these businesses are retail and service establishments. Most of the commercial and industrial land in the City is already developed. There are some vacant and prospective commercial parcels with potential to accommodate residential units, in a mixed-use or higher density residential development pattern. The key housing opportunity sites on commercial lands are identified in **Appendix F**. There were approximately 10,500 jobs, including part-time jobs, based in Capitola according to 2000 Census figures. Most of the workers employed in these jobs did not reside within the City, as only 5,699 of the City's residents over the age of 16 were employed in 2000, according to Census sample data⁹, and only 1,130 of these residents worked within the City (20% of all employed Capitola residents). The remaining 80% worked outside of the City of Capitola.

In accordance with the **Table 2.5** below, the highest percentage of Capitola residents worked in the educational, health and social services industry (18.5%) followed by workers in the professional, scientific, management and administration industry (12.7%) and the retail trade (11.8%). Again, it is important to note that the aforementioned industries and associated jobs are not necessarily located within the City of Capitola.

⁹ Census 2000 Summary File 3 P27, Place of Work for Workers 16 Years and Over
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Table 2.5: Employment by Industry (Residents of Capitola)

Industry Type	2000	
	Number	Percent
Agriculture, forestry, fishing and hunting, and mining:	50	0.9 %
Construction	447	7.6 %
Manufacturing	655	11.2%
Wholesale trade	239	4.1%
Retail trade	693	11.8%
Transportation, warehousing, and utilities:	241	4.1%
Information	260	4.4%
Finance, insurance, real estate, rental and leasing:	236	4.0%
Professional, scientific, management, administration.	744	12.7%
Educational, health and social services	1,085	18.5%
Arts, entertainment, recreation, and services	612	10.4%
Other services	371	6.3%
Public administration	238	4.1%
TOTAL	5,871	100%

Source: 2000 U.S. Census

The unemployment rate in Capitola dropped over the 2000-2007 planning period (see **Table 2.7** below). Although the unemployment rate was very low in 2006 and 2007, it is unknown how the economic recession which began in 2008 will affect employment over the next 10 years. The employment trend projections prepared by the Association of Monterey Bay Area Governments (AMBAG) show an overall 29% increase in employment from 2005 to 2035 (Table 2.6). The Service sector is expected to experience the greatest percent increase in employment during this time period, with the addition of 1,766 jobs.

Table 2.6: City of Capitola Employment Projections 2005-2035

Employment Sector	2005	2010	2015	2020	2025	2030	2035	% Change
Retail	2,147	2,060	2,205	2,249	2,292	2,336	2,383	11%
Service	4,330	4,340	4,669	4,987	5,331	5,699	6,096	41%
Industrial	159	154	159	163	168	174	179	13%
Public*	1,146	1,148	1,185	1,241	1,299	1,362	1,427	25%
Construction	346	340	353	368	383	399	415	17%
Agriculture	0	0	0	0	0	0	0	0%
Total Employment	8,128	8,042	8,571	9,008	9,474	9,968	10,500	29%

Source: AMBAG, Monterey Bay Area 2008 Regional Forecast

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

Jurisdiction	2000	2001	2002	2003	2004	2005	2006	2007	'00-'07 Net Change
Capitola	4.1	4.5	5.9	6.3	3.5	3.1	2.7	2.8	-1.3
Santa Cruz County	5.6	6.1	8.0	8.4	7.2	6.3	5.6	5.9	-0.3

Source: State of California Employment Development Department, Labor Market Information Division, 2008.
U.S. Department of Labor, Bureau of Labor Statistics, 2008

Known as the first resort community on the California coast, Capitola still relies heavily on tourism and retail sales tax. The revenue from the transient occupancy tax increased nearly 60% over the 2000-2007 planning period (see **Table 2.8** below), illustrating an opportunity for economic growth in visitor-serving businesses.

**Table 2.8: Transient Occupancy Tax City of Capitola and Santa Cruz County
(in thousands of dollars)**

Jurisdiction	2000	2001	2002	2003	2004	2005	2006	'00-'06 % Change
Capitola	\$340	\$512	\$470	\$492	\$493	\$515	\$543	59.4%
Santa Cruz County	\$8,601	\$9,666	\$7,846	\$7,711	\$7,962	\$8,533	\$8,956	4.1%

Source: Applied Survey Research: Santa Cruz County Community Profile 14

I. Commuting

As was previously mentioned, in 2000 the majority of the City's employed residents worked outside of the City of Capitola. Of the 80% of residents that worked outside of Capitola, just over half worked in Santa Cruz County (52%), while 28% worked outside the county, primarily in Santa Clara and Monterey counties. On average, Capitola residents traveled approximately 28 minutes each way to get to work.¹⁰ As to the mode of transportation used, **Table 2.9** shows that the vast majority of commuters in Capitola drove to work alone (77.1%). The least popular means of travel was public transportation at only 1.3% of commuters.

Table 2.9: Commuting to Work

Mode of Travel	2000	
	Number	Percent
Car, truck or van — drive alone	4,394	77.1%
Car, truck or van — carpool	517	9.1%
Public transport (including taxis)	74	1.3%
Walked	298	5.2%
Other means	174	3.1%
Worked at home	242	4.2%

Source: 2000 U.S. Census

¹⁰ Census 2000 SF 3, Sample Data on Place of Work

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 and SB 375.

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 drive shorter distances. The City of Capitola intends to apply for a grant that will fund a jobs-housing balance survey and identify the types of jobs and housing needed within the City limits. The survey will be used as a tool to guide development in the future, and assist the City in becoming a more sustainable community. In the meantime, all of the opportunity sites identified for the 2007-2014 planning period are located on or near major transportation corridors and are walking distance to amenities and jobs.

The City of Capitola already has some infrastructure to support alternative modes of transportation. The City is serviced by the Santa Cruz Metro buses, which act as the public transit system for the region. One of the major transit stops is located at the Capitola Mall, at the heart of the major commercial district in the City. In addition to encouraging public transit, Capitola offered 10.8 miles of bike paths and bike lanes in 2007 (**Table 2.10**).

The City's bike lanes extend along all of the major transportation corridors (**Figure 2-4**): 41st Avenue, Bay Avenue, Park Avenue and Capitola Road, and connect Capitola to the immediately surrounding areas of Aptos, Live Oak and Soquel, and beyond to the City of Santa Cruz. The City will continue to support alternative modes of transportation and their relation to housing in anticipation of the implementation of SB375.

Table 2.10: Bikeway Miles

Jurisdiction	2002	2003	2004	2005	2006	2007
Capitola	6.4	8.3	10.4	11.0	10.8	10.8
Santa Cruz County*	84.0	91.2	96.9	99.7	192.6	196.7

Source: Valley Transportation Authority, 2000. Santa Cruz County Regional Transportation Commission, 2007. Totals are for bike paths and bike lanes.

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

Applied Survey Research: Santa Cruz County Community Profile 14

Figure 2-4: Capitola Bike Paths/Bike Lanes



Source: Santa Cruz County Regional Transportation Commission (SCRTC) Santa Cruz County Bikeways Map (2008).

Note: Routes lined in red are bike lanes, purple are alternative routes, and green are Class I bike paths.

B. Household Characteristics

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

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

Table 2.11: Households by Type

Household Type	City of Capitola		Santa Cruz County	
	No. of Households	% of Total	No. of Households	% of Total
Families	2,279	48.6%	57,132	62.7%
Singles	1,738	37.0%	22,905	25.1%
Other Non-family	675	14.4%	11,102	12.2%
Total	4,692	100%	91,1396	100%
Average Household Size (all households)	2.11		2.71	
Average Family Household Size	2.79		3.35	

Source: Census 2000

Household Type

As shown in **Table 2.11**, there were a total of 4,692 households in Capitola according to the 2000 US Census Report. Fewer than half of these households (48.6%) are family households, compared to 62.7% family households for the County. Singles comprise over one third (37.0%) of Capitola households, compared to only a quarter (25.1%) for the County. The high proportion of single person households compared to family households is also reflected in Capitola's average household size, which is 2.11 persons per household, compared to 2.71 for the County. As evidenced in **Table 2.12**, just over half (53%) of the households in 2000 were renter-occupied, which is consistent with a high number of single adult households and also attests to the high cost of housing in Capitola (discussed in Section C of this Chapter). The balance of ownership housing and rental housing remained essentially the same from 1990 to 2000 with a slight increase in the percentage of ownership housing (1.7%), and a slight decrease in the percentage of rental housing.

Table 2.12: Households by Tenure

	1990		2000	
	Number	Percent	Number	Percent
Owner	2,111	45.1%	2,195	46.8%
Renter	2,570	54.9%	2,497	53.2%
TOTAL	4,681	100%	4,692	100%

Source: 1990 U.S. Census, 2000 U.S. Census

These household statistics coincide with the age distribution data presented in **Table 2.3 and Figures 2-2 and 2-3** earlier in this chapter: Capitola has a relatively low percentage of children, and high percentage of single adults and elderly, both of whom are more likely to be in single person households. The City's existing pattern of small and/or attached housing units is expected to continue through the current planning period. Many families prefer single family homes, with several bedrooms and a yard. There is very little vacant land available for single family development in the City. New housing developments to be built in Capitola are expected to be mostly medium and higher density dwellings (either attached or detached), which can also accommodate families comfortably if they are designed with families in mind.

Overcrowding

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

According to the 2000 Census, the incidence of overcrowding in Capitola was minimal, with approximately 6.0% or 286 of the City's households defined as overcrowded, compared with 10.9% county-wide. Census estimates indicate that 218 renter households were overcrowded, which means that 76% of all overcrowded households were renters, and 8.6% of all renter households were overcrowded (**Table 2.13**).

Table 2.13: Overcrowded Households

Persons per Room	Owner		Renter		Total Overcrowded	
	Households	Percent	Households	Percent	Households	Percent
0.50 or less	1,720	77.2%	1,449	57.4%	3,169	66.7%
0.51 to 1.00	440	19.7%	856	33.9%	1,296	27.3%
1.01 or more	68	3.1%	218	8.6%	286	6.0%
TOTAL	2,228	100%	2,523	100%	4,751	100 %

Source: 2000 U.S. Census of Population and Housing, Summary Tape File 3A- H20 Tenure by Occupants per Room.

Household Income

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

I. State-Defined Income Categories

According to the Federal Department of Housing and Urban Development (HUD) and the California Department of Housing and Community Development (HCD), the area median income for a four-person household in Santa Cruz County was \$83,800 in 2009¹¹. California law and some federal housing programs define several income categories based on a percentage of the area median income (AMI) determined by HUD and HCD, as follows:

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

These income ranges are used to determine eligibility for various subsidized housing programs. The 2009 income limits for these categories by household size are presented in **Table 2.14**:

Table 2.14
Santa Cruz County 2009 Area Median Incomes and Income Limits Adjusted by Household Size

	MAXIMUM INOCME BY HOUSEHOLD SIZE			
INCOME CATEGORY	1 Person	2 Person	3 Person	4 Person
Extremely Low (Up to 30% of the Median)	\$19,450	\$22,250	\$25,000	\$27,800
Very Low Income (up to 50% of the Median)	\$32,450	\$37,100	\$41,700	\$46,350
Lower Income (51-80% of the Median)	\$51,900	\$59,300	\$ 66,750	\$74,150
Median Income (100% of the Median)	\$58,650	\$67,050	\$75,400	\$83,800
Moderate Income (81%-120% of the Median)	\$70,400	\$80,450	\$90,500	\$100,550

Source: CA Dept. of Housing and Community Development, April, 2009 and Census 2000 SF3

¹¹ CA Dept. of Housing and Community Development
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Table 2.15: Capitola Household Income in 2000

Income Category	Percentage of Population	Number of Households/Units Needed
Extremely Low	14%	651
Very Low	9%	425
Low	32%	1,518
Moderate	19%	896
Above Moderate	26%	1,258
Total	100%	4,748

Although the above **Table 2.15**, was developed using 2000 Census data, is somewhat outdated it is the most current data available; it shows that approximately 2,594 (55%) of the households in Capitola were low-, very low-,or extremely low-income.

Special Needs Groups

Capitola, like many communities, is home to a range of residents with special needs that affect their ability to afford or find suitable housing. State law defines special needs households to include extremely low-income households, seniors, people with disabilities, female headed households, large households, people and families who are homeless, and farmworkers. The identified special needs groups are defined in **Table 2.16**.

Table 2.16
Estimated Population of Special Needs Households in Capitola and Santa Cruz County

Special Needs Group	City of Capitola				Santa Cruz County			
	Number		Percent		Number		Percent	
	House-holds	Persons	House-holds	Persons	House-holds	Persons	House-holds	Persons
Elderly (65 years and older)	1,030	1,429	22%	14%	18,173	25,487	20%	11%
Disabled Persons	-	1,619	-	16%	-	37,895	-	15%
Female-Headed Households with Children under 18	445	-	9.6%	-	1,482	-	2%	-
Farm workers (Persons)	-	50	-	0.5%	-	5,721	-	4%
Large Households	220	-	4.6%	-	11,480	-	13%	-

Source: Census 2000 SF3: H14, P11

I. Extremely Low-Income Households

An extremely low-income household is one that makes less than 30% of the Area Median Income. The most current information on household incomes in Capitola is from the 2000 U.S. Census. In 2000, 14% of households were extremely low-income, creating a demand for 651 units (Table 2.15). In 2009, there were 57 housing units and 150 Housing Choice Vouchers available for extremely low income households. Most of these housing units were in multifamily residential developments.

The 2007-2014 Housing Plan (Chapter 6) addresses the need for more alternative types of housing that will accommodate groups such as extremely low income households. Over the planning period, City staff will review and amend the zoning code to allow Single Room Occupancy (SRO) units (Program 1.3).

II. Elderly

The special needs of many elderly households results from their fixed incomes, higher rate of physical disabilities and increased need for assistance from others.

Elderly households, those headed by a person 65 year or older, comprised 23% of all Capitola households in 2000. By comparison, only 20% of households in the County were headed by elderly persons. 2000 Census data shows that in Capitola, 39.55% of households in the lower income category are 65 and over.

Table 2.17: Householders by Tenure by Age

Householder Age	Capitola			Santa Cruz County		
	Owners	Renters	Total	Owners	Renters	Total
65-74 years	265	186	451	6,189	1,520	7,709
75 plus years	410	169	579	6,706	1,940	8,646
Total Elderly Households	675	355	1,030	12,895	3,460	16,355
TOTAL HOUSEHOLDS	2,228	2,523	4,751	54,665	36,474	91,139

Source: 2000 Census, SF 3: H14

The median age for the City, as well as the County and the State, is expected to continue to increase. According to a projection by AMBAG the percentage of seniors 65 and over in Santa Cruz County will nearly double between 2000 and 2035.¹²

In terms of housing, senior households typically require smaller, more affordable housing options and/or assistance with accessibility and home maintenance.

In 2000 the majority of households ages 62 and over owned their home (**Table 2.18**, below). Over one-third of ownership households were extremely low and very low income (below 50% of the Median Family Income (MFI)). In contrast, nearly two-thirds of elderly renter households were extremely low and very low-income.

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

Table 2.18: Elderly Households by Income and Tenure

Income Level	Elderly Owner Households	Elderly Renter Households
Below 50% MFI	250	260
51% to 80%	220	69
Above 80%	265	69
TOTAL	735	398

Source: CHAS Data, Housing Problems

Note: An "Elderly" Household in Table 2.18 is a household that contains one or more persons 62 years or older, which is why numbers are slightly different than in Tables 2.16 and 2.17

¹² Association of Monterey Bay Area Governments, 2008, Forecast of Population, Housing and Employment to 2035

To address the housing needs of Capitola's elderly population the Housing Element establishes policies and programs to:

- Protect the existing affordable senior housing units through support for resident acquisitions of mobile home parks;
- Encourage and support the acquisition and rehabilitation of existing non-regulated rental housing units by nonprofit affordable housing developers;
- Utilize the City's Affordable Housing Overlay Ordinance to offer increased density in exchange for long-term affordability. This program can be particularly effective in helping encourage non-profit involvement in the acquisition, rehabilitation and new construction of existing non-regulated rental housing sites
- Promote development of new affordable senior housing;
- Assist senior homeowners with maintenance and rehabilitation of their housing units, retrofit senior homes to provide disabled accessibility, and obtain housing support services.
- Consider investigating ways to support the development of gradated care facilities, in-home care assistance and senior day care facilities to help serve our growing senior population.

III. Large Households

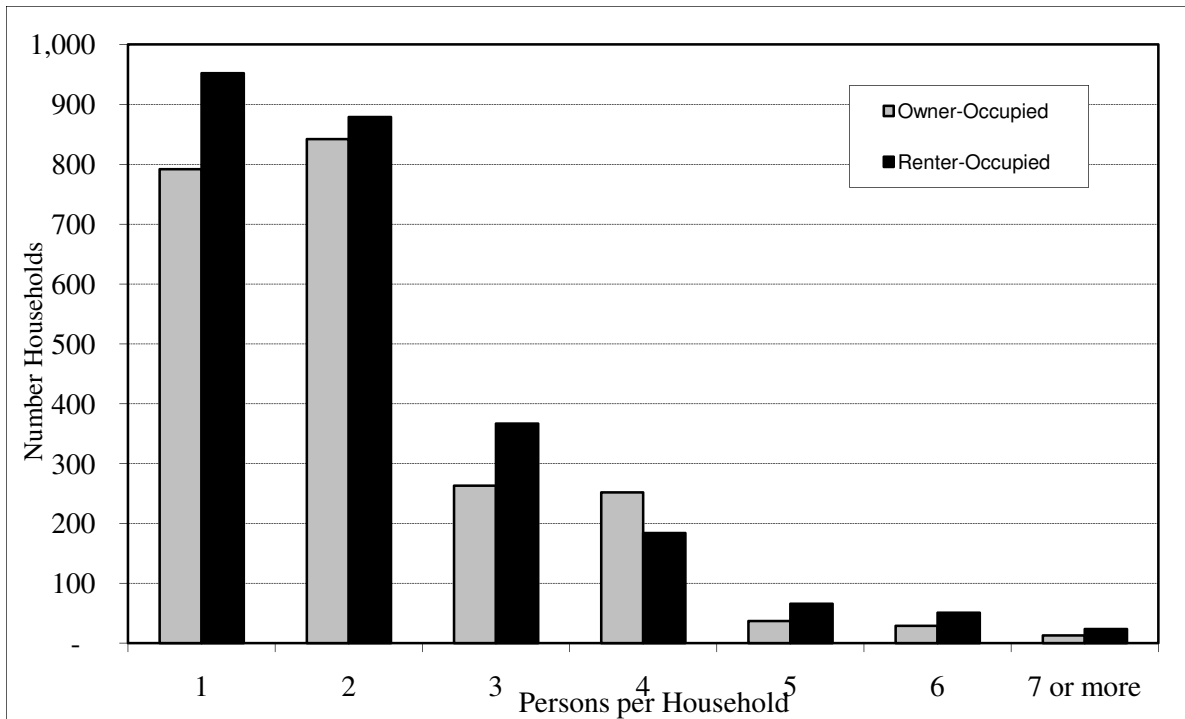
Large households are identified in State housing law as a "group with special housing needs based on the generally limited availability of adequately sized, affordable housing units." Large households are defined as those with five or more members. According to Census 2000 estimates, only 5% of all households in the City, or 220 households, were large households. Approximately two-thirds of these large households, or 141 households, were renters, while one third, or 79 households, were homeowners (**Table 2.19**). See **Figure 2-5** below for detail on household size.

Table 2.19: Household Size by Tenure

	1-4 Persons		5+ Persons	
	Number	Percent	Number	Percent
Owner	2,149	47.4%	79	35.9%
Renter	2,382	52.6%	141	64.1%
TOTAL	4,531	100%	220	100%

Source: 2000 Census, SF 3: H17

Figure 2-5: Household Size By Tenure, Capitola



Source: Census 2000 SF3

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. However, in 2002, 31.6% of the participants of a city-wide telephone survey felt that Capitola needs more housing for larger families (Figure 2-7).

IV. People 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.” People with “mental” disabilities may include people with psychiatric disabilities. Persons with disabilities, including persons with psychiatric disabilities, are protected by the Americans with Disabilities Act and thus are entitled to fair housing treatment. People with disabilities have special housing needs because they are often on a fixed income, usually have higher health costs, and sometimes require accessible housing. They may also face discrimination if landlords treat them differently due to their source of income or perceived ability to maintain the unit.

According to the 2000 Census, 1,619 Capitolars (16% of the City population) were identified as disabled. Of these disabled residents, 39 were children ages 5-15 (or 2.4%), 551 were elderly persons over 65 years old (34.0%) and the majority were ages 16-64 (63.6%). According to the U.S. Census, employment age is from 16-64; 41% of all disabled Capitola residents were employed as opposed to 21.9% who were unemployed (**Table 2.20**).

Table 2.20: Persons with Disability by Employment Status

	Number	Percent
Age 5-15, with a Disability	39	2.4%
Age 16-64, Employed Persons with a Disability	674	41.6%
Age 16-64, Not Employed Persons with a Disability	355	21.9%
Persons Age 65 Plus with a Disability	551	34.0%
Total Persons with a Disability	1,619	16.8%
Total Population (Civilian Non-institutional)	9,633	100%

Source: 2000 Census SF 3: P42

During the 2000-2007 planning period, the City assisted with the construction of the Dakota Apartments Project, which provided 25 accessible rental units for very low and low income disabled persons. One of the City assisted Habitat for Humanity units is also an accessible unit for a very low income household. The Bay Avenue Senior Apartment project, which is being developed during this current Housing Element Planning period, will provide a total of 39 units of housing for very low income chronically ill seniors and five units of housing for extremely low income seniors with mental illness and who are homeless or at risk of homelessness.

Housing opportunities for the disabled will continue to be addressed through the provision of affordable, barrier-free housing. This Housing Element sets forth policies to implement State standards for the provision of disabled accessible units in new developments. Other policies and programs of the Housing Element provide rehabilitation assistance to allow disabled renters and homeowners to modify their dwelling units to improve accessibility.

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

V. Female Headed Households

Female headed households require special consideration and assistance because of their often greater needs for day care, health care, and other services. Female-headed households with children, in particular, tend to have lower incomes, thus limiting housing availability for this group. Out of 4,748 total households in 2000, there were 445 (9.4%) female headed households with children 18 years or younger. The majority of those households were above the poverty line, but 23 were living below the poverty line. (Table 2.21). The 23 impoverished female headed households comprised just over half of all the households living under the poverty level. Countywide, female-headed households

comprise 2% of the population, 86% of which have children 18 years or younger and live in poverty.

Table 2.21: Female Headed Households

Householder Type	Number	Percent
Total Households	4,748	100%
Total Female Headed Householders	1,911	40.2%
Female Heads with Children under 18	445	9.4%
Female Heads without Children under 18	1,466	30.9%
Total Families Under the Poverty Level	45	100%
Female Headed Households Under the Poverty Level	23	51.1%

Source: 2000 Census SF 3: P10 and P90

An issue affecting all households with children, especially those headed by a single parent, is finding quality, affordable child care. Many households find this a severe constraint, and in the case of a single parent household, the parent often becomes unable to work. As a result, the parent cannot provide basic necessities, such as food and housing for their children.

In households with young children in which the single-parent, or both parents in a two-parent, work, convenient and affordable childcare is a necessity. In 2007, the Santa Cruz County Local Child Care Planning Council recommended that child care should be a top funding priority of the County of Santa Cruz. Within the County, the City of Capitola does not have any licensed child care facilities for infants, elementary schools, or licensed family child care centers for school aged children. (see **Tables 2.22** and **2.23** below). Less than 3% of the need for child care for children 0-23 months old has been met in the city of Capitola. While the surrounding areas of Aptos and Live Oak offer elementary schools, they cannot meet the demand for child care for children ages 0-23 months. Therefore, there is a definite need for additional child care facilities to meet the needs of the City's younger population.

Table 2.22: Child Care Expansion Priorities for Santa Cruz County 2007

Jurisdiction	Zip Code	Percentage of need met for child care for 0-23 month olds	Priority Ranking High Need: 0-50% Medium Need: 51-75% Low Need: 75-100%	Total # Income Eligible Children w/Working Parents	Risk Factors	API Scores All public elementary schools listed
Aptos	95003	4.69%	Priority 1 (High Need)	149	Medium-Low	3 schools ranked 7-10
Capitola	95010	2.72%	Priority 1 (High Need)	74	Medium-High	No Elementary Schools
Live Oak	95062	5.25%	Priority 1 (High Need)	229	High Risk	4 schools ranked 4-6

Source: Community in Crisis: Working Families Lack Subsidized Child Care, Santa Cruz County Local Childcare Planning Council, 2007

In 2004, there were a total of 119 children enrolled in licensed child care centers in Capitola, however there were no child care centers that offered care for infants. There were 17 children enrolled in family child care centers for infants and preschool 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".

Table 2.23: Availability of Child Care

Jurisdiction	CHILD CARE CENTERS*				FAMILY CHILD CARE CENTERS**			
	Preschool		School-Age		Infant		Preschool	
	Enrolled	Vacancy	Enrolled	Vacancy***	Enrolled	Vacancy	Enrolled	Vacancy
Capitola	63	15	56	21	5	1	12	1
Santa Cruz County	3,448	372	1,138	75	483	188	1,368	548

*In 2004 there were no licensed child care centers for infants in Capitola

** In 2004 there were no licensed family child care centers for school-aged children in Capitola

*** Vacancy levels shown in child care facilities often reflects preferred occupancy levels that are lower than the maximum allowed by state licensing. The vacancy levels shown do not accurately identify actual vacancies.

Source: Child Development Resource Center (July 2004); the Status of Children, Their Families and Child Care Services: An Assessment of Need and Supply in Santa Cruz County, 2006

Family day care homes can be large or small providing care for up to 14 children in a large home, and up to eight children in a small home if certain criteria are met. By State law small family day care homes are principally permitted in all zones without the need for a use permit or local business license. In Capitola all large family day care homes require a Large Family Day Care Home permit from the City. There are no zoning districts that allow large family day care homes as a principally permitted use. Child care centers are not provided for under Capitola's current municipal code.

The Housing Element provides for the needs of this group through policies that promote maintenance and construction of affordable housing, specifically in areas close to

commercial districts and transportation corridors, as well as programs to improve the availability of affordable child care. The City's Density Bonus Ordinance also provides specific incentives to encourage the development of child care facilities in conjunction with new affordable housing projects.

VI. 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 2000 Census. 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 50 persons, approximately 0.5% of the City 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.

VII. People and Families Who are Homeless

During the past decade, homelessness has become an increasingly reported problem throughout the State. Factors contributing to the rise in homelessness included the general lack of housing affordable to low and very 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.

A comprehensive survey in 2002 reported 3,293 homeless people countywide, whereas a 2007 comprehensive survey reported 3,371 – an increase of 78 homeless individuals. The 2007 Santa Cruz County Homeless Census and Survey, completed by Applied Survey Research, found that there were approximately 23 homeless persons in Capitola (see **Table 2.24**). Of the 23 homeless, fifteen were unsheltered individuals and eight were in families, three of whom were unsheltered. The homeless population in Capitola represents 0.8% of the total homeless population in Santa Cruz County in 2007. It is unclear from the 2007 Survey the age, sex or personal needs of the homeless persons in Capitola. Based on the results of this survey the City of Capitola has an unmet need for eighteen (18) shelter beds. Five supportive housing units are currently under construction as a part of the Bay Avenue Senior Apartments project. These five units will be set aside to serve seniors with mental illness who are at risk of homelessness. As defined by State Law, this leaves an unmet need for 13 homeless shelter beds in Capitola. This need will be met through the development of a year-round shelter in conjunction with adjacent jurisdictions through a Multi-jurisdictional Agreement.

Table 2.24 Sheltered and Unsheltered Homeless Population in Capitola

Status	Individuals	People in Families	Total
Sheltered	0	5	5
Unsheltered	15	3	18
Sub-Total of Need	15	3	18
Homeless units currently under construction	5		
Unsheltered Need	10	3	13

Source: 2007 Santa Cruz County Homeless Census and Survey

The Continuum of Care Program¹³:

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

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

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

Prevention:

- Santa Cruz County's Human Services Department and Santa Cruz AIDS project provides people with HIV/AIDS emergency assistance with rent and utilities
- Santa Cruz Community Action Board's Shelter Project provides rental and mortgage assistance
- Families in Transition provides rental assistance to potentially homeless individuals and families who participate in case management
- Catholic Charities, The Salvation Army, Valley Churches United and Valley Resource Center all provide emergency rental assistance

California Rural Legal Assistance provides legal assistance for low-income housing and landlord problems

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

¹³ Information on the Continuum of Care services was provided by the Santa Cruz County Homeless Action Partnership.

Emergency Shelter:

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

The County has 354 emergency beds available in the winter and 250 beds available during the balance of the year. It is estimated that approximately 270 additional people need, but do not receive, emergency shelter on a typical night.

Transitional Housing:

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

Currently the County has approximately 372 transitional housing beds. It is estimated that there is a need for 614 additional transitional beds for individuals and 423 additional beds for families with children.

Permanent and Supportive Affordable Housing:

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

Permanent affordable housing is in very short supply in Santa Cruz County. No units are currently targeted specifically to homeless individuals or families. Rather, homeless families seeking subsidized housing must rely upon mainstream affordable housing sources such as Public Housing and Section 8 programs operated by the Housing Authority. Countywide, there are a total of 6,484 affordable housing units, including 1,972 Section 8 vouchers. Primary target populations are low-income families, disabled persons, and senior citizens. At any given time, approximately 6,000 people are on the Housing Authority's waiting list, and they wait an average of four to six years for housing.

Homeless people facing serious disabilities often need permanent supportive housing. This model provides permanent affordable housing with comprehensive supportive services tailored to the residents' particular needs. Permanent Supportive Housing helps break the costly cycle of repeat homelessness, shelter stays, correctional and other institutional stays, emergency health system use, and more.

At this time, most of the 241 units of permanent supportive housing in Santa Cruz County are for persons with severe mental illness or for persons with HIV/AIDS. It is estimated that 668 additional units of permanent supportive housing are needed countywide.

Capitola Actions to Assist People Who are Homeless:

Capitola recognizes the diversity of needs of homeless people. Therefore, the City participates in inter-jurisdictional efforts to comprehensively address the needs of people who are homeless. Capitola is a participating jurisdiction in the Santa Cruz County Continuum of Care, a consortium of local jurisdictions and homeless service providers that developed a 5-year Strategic Plan on Homelessness, 2003-2007. Capitola's City Manager now serves on the Executive Committee for the Continuum of Care's Homeless Action Partnership which is in the process of preparing the Santa Cruz County 10-Year Strategic Plan to End 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. This assistance includes \$85,000 each year from the Redevelopment Agency for the Community Action Agency administered Emergency Housing Assistance Program, \$15,000 each year from the Redevelopment Agency to the Housing Authority administered Security Deposit Program and funding from the City's General Fund including \$2,500 per year to the Homeless Services Center, \$2,400 per year to Families and Transition and \$10,785 per year to the Homeless Action Partnership.

To decrease the frequency of homelessness, the City has also begun development of the acquisition/rehabilitation and new construction project, Bay Avenue Senior Apartments, which will include 50 units for extremely low-income seniors and 30 very-low income seniors. 39 of these units will be set aside for chronically ill seniors and five of the units, with funding through the Mental Health Services Act, will serve extremely low-income seniors with mental illness who are homeless or who are at risk of becoming homeless.

In accordance with SB2 Capitola is reviewing any existing barriers to the development of homeless shelters and transitional housing programs. Capitola will plan for and encourage the development of homeless shelters and transitional housing programs. Should a homeless shelter be proposed to be located in Capitola, there are no zoning requirements that would prohibit it. Homeless shelters are conditionally permitted in all residential districts in the City. A conditional use permit is required if the shelter provides housing for more than six people.

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

Homeless Shelters

Within one year of adoption of the housing element, the City will amend its Zoning Ordinance to allow emergency shelters without CUP or other discretionary approval in the Industrial Park (IP) zone. The IP zone includes a total of 6.37 acres in eight parcels. Four of the parcels (approximately 2.17 acres) are vacant or underutilized and demonstrate that sufficient land is available for at least one emergency shelter to accommodate the City's identified homeless need. The City may apply objective development standards to encourage and facilitate the use as provided under Government Code Section 65583(a)(4)(A).

Transitional and Supportive Housing Programs

Capitola will further review and, if necessary to comply with Section 65583(c)(1), will propose zoning amendments to make transitional and supportive housing a residential use of property, subject only to the same restrictions that apply to other residential dwellings of the same type in the same zoning district. This review and any required amendments will be completed within one year of the adoption of the housing element, as required by State Law.

C. Housing Characteristics

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

Housing Growth

Most of Capitola's housing was built between 1970 and 1980. During this decade, the number of housing units in the City increased by 53%, from 2,536 units to 4,794. By 1990, construction rates in the City had begun to slow; there were 5,282 housing units in 1990 according to the Census, a 10% increase from 1980. By 2000, Capitola was nearly built out. City building department records show that 119 net new units were added to the housing stock from 1990 to 2000 for a total of 5,401 units by the end of 1999. Between 2000 and 2006 122 units were built, but 45 of those units involved the demolition of an existing unit. These data indicates an increase of 1.0% since 2000, for a total of approximately 5,478 units (**Table 2.25**). The slowing rate of construction during the last decade is primarily due to the fact that most of the vacant, easily developable parcels in the City were built out during the prior decades.

Table 2.25: Total Number of Housing Units, City of Capitola, 2000 and 2006

Year	Housing Units
2006	5,478 (building records)
2000	5,401 (building records)
1990 (Census)	5,282
Increase according to City permit records (2000-2006)	1.04% (77 units)

Source: Census 1990 STF 1 (baseline) and City Building Permit Records, 2007

Housing Type

The majority of Capitola's housing units are multi-family attached units. As summarized in **Table 2.26** below, single-family detached homes comprise only 36% of the housing stock, with another 10% that is single family attached (townhomes with independent exterior walls and utilities). In comparison, 63% 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. A small portion of the population of Capitola, 156 people, lived in Group Quarters in 2008 compared to 9,948 people who lived in Group Quarters in Santa Cruz County.¹⁴

Table 2.26: 2008 Total Housing Units by Type

	Total	Single		Multiple		Mobile Homes	Occupied	Persons per Household
		Detached	Attached	2 to 4	5 Plus			
Capitola	5,412	1,997	516	1,142	1,107	650	4,782	2.062
Santa Cruz County	104,479	65,650	9,213	8,641	13,720	7,255	96,311	2.664

Source: Table 2: E-5 City/County Population and Housing Estimates, 1/1/2008

In 2000, multi-family developments with 20 or more units in a structure comprised nearly 14% of Capitola's housing stock, compared to 6% for the County and 12% statewide. Capitola also has a larger percentage of mobile home units, 12% compared to 7% for the County and only 4% statewide. Mobile homes in Capitola are installed in nine mobile home parks varying in size from 34 to 114 units (**Table 2.27**). The relative proportion of the City's housing units in each type of structure is shown in **Figure 2-6** below.

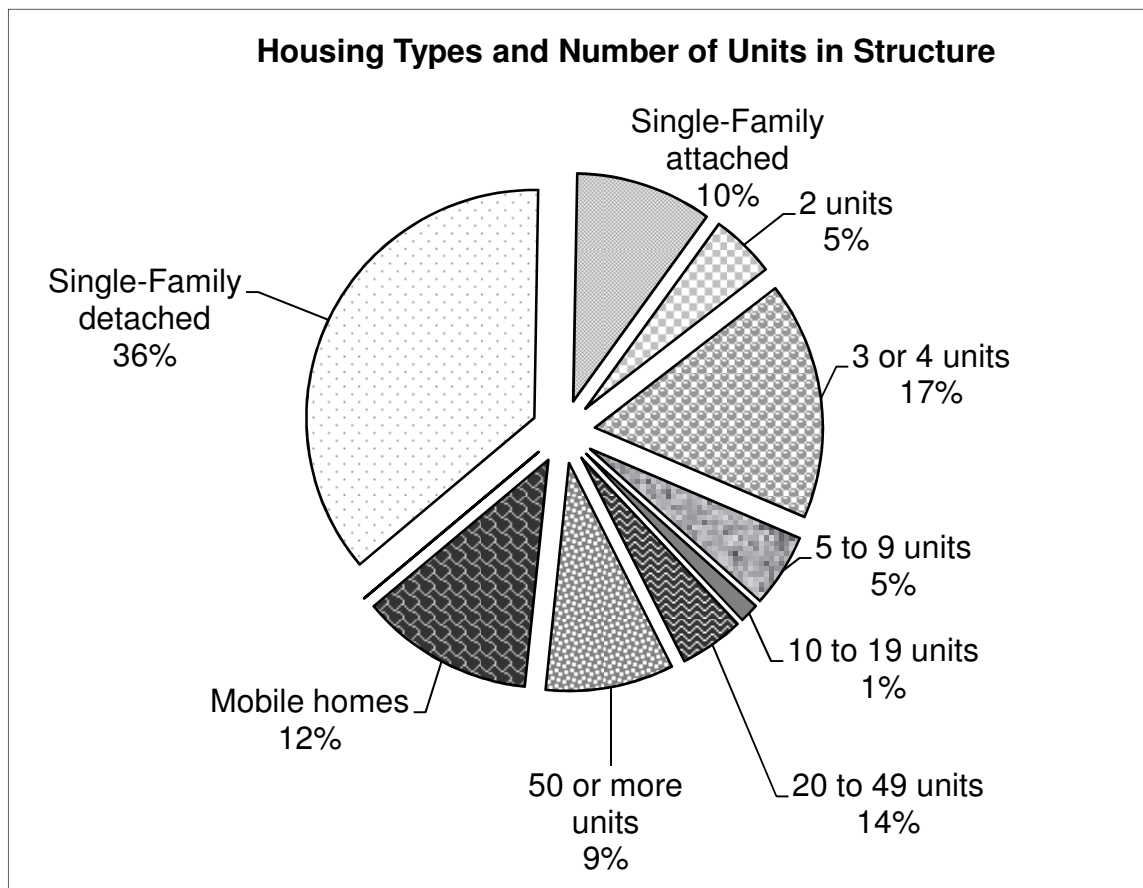
¹⁴ California Department of Finance, 2008

Table 2.27: Housing Units by Type

Unit Type	City of Capitola		Santa Cruz County	
	Number	Percent	Number	Percent
Single-Family detached	1,957	36.4%	62,706	63.4%
Single-Family Attached	521	9.7%	8,750	8.8%
Duplex	246	4.6%	3,181	3.2%
3-4 Units	908	16.9%	5,187	5.2%
5-19 Units	354	6.6%	6,182	6.3%
20 + Units	734	13.6%	5,604	5.7%
Mobile Home	659	12.3%	6,916	7.0%
Boat, RV, van, etc...	0	0.0%	347	0.4%
Totals	5,379	100%	98,873	100%

Source: Census 2000 Summary File 3 (SF 3) H30. Units in structure

Figure 2-6
Percent of Capitola Housing Units by Type and Number of Units in Structure



Source: Census 2000 SF 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, walls, etc. According to the 2000 Census and Capitola Building Department records, as of 2009 approximately 84% of Capitola's housing stock is over 30 years old (**Table 2.28**).

Table 2.28: Year Structure Built

Year Built	Number	Percentage
Built 2000 to 2006	112	2.1%
Built 1995 to 1999	131	2.5%
Built 1990 to 1994	59	1.1%
Built 1980 to 1989	539	10.1%
Built 1970 to 1979	1,831	34.3%
Built 1960 to 1969	1,114	20.9%
Built 1950 to 1959	662	12.4%
Built 1940 to 1949	344	6.4%
Built 1939 or earlier	543	10.2%
Total*	5,335	100%
*Total is not representative of total housing units; this table counts only new structures built and not units demolished.		

Source: Census 2000 Summary File 3 (SF 3) H34. Year structure built up to 1989; City of Capitola Building Department records for years 1990-2006

Understanding the aging character of its housing stock, the City of Capitola undertook a comprehensive housing conditions survey in 2002. The survey was funded by a CDBG grant and conducted by Applied Survey Research (ASR) under a contract with the City. ASR walked every neighborhood of the City, manually recording exterior housing conditions observed. Traditional wood framed and/or masonry dwellings were evaluated according to the following criteria:

- **Frontage Improvements** – including presence of curb and gutter, and identification of apparent site drainage problems.
- **Foundation** – foundation condition including identification of visible cracks in the foundation, or leaning or unstable structures.
- **Roofing** – roof and chimney condition.
- **Siding/Stucco** – condition of exterior paint, stucco and siding.
- **Windows** – condition of window frames and glass.
- **Electrical** – apparent electrical condition including hanging wires, damaged electrical panel.

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

Condominiums and Townhouses were in the best condition overall with 98.3% of the structures in “sound condition”. Duplexes were in the worst condition of the non-mobile home residential structures. In 2002, there were 63 single-family homes, 4 duplexes and two multiple-family buildings in need of moderate rehabilitation, (Table 2.29).

To evaluate the condition of Capitola’s 718 mobile homes, ASR conducted a drive-through inspection of the nine mobile home parks in the City. The following criteria were used to assess the condition of each individual mobile home unit:

- **Sound** – a unit that appears new or well-maintained and structurally intact.
- **Minor** – a unit that shows signs of deferred maintenance, or which needs only one major component, such as a roof.
- **Moderate** – a unit in need of replacement of one or more major components and other repairs, such as roof replacement, painting, and window repairs.
- **Substantial** – a unit that requires replacement of several major systems and possibly other repairs (e.g. complete foundation work, roof structure replacement and re-roofing, as well as painting and window replacement.)
- **Dilapidated** – a unit suffering from excessive neglect, where the building appears structurally unsound and maintenance is non-existent, not fit for human habitation in its current condition, may be considered for demolition or at minimum, major rehabilitation will be required.

Table 2.29: Condition of Housing Stock in 2002

Housing Type	Sound	Minor	Moderate	Substantial	Total Structures
Single-Family	1,717	78	63	0	1,858
Condominium/Townhome	1,127	20	0	0	1,147
Mobile Home	42	296	338	42	718
Duplex	136	12	4	0	152
Multiple family building	141	6	2	0	149

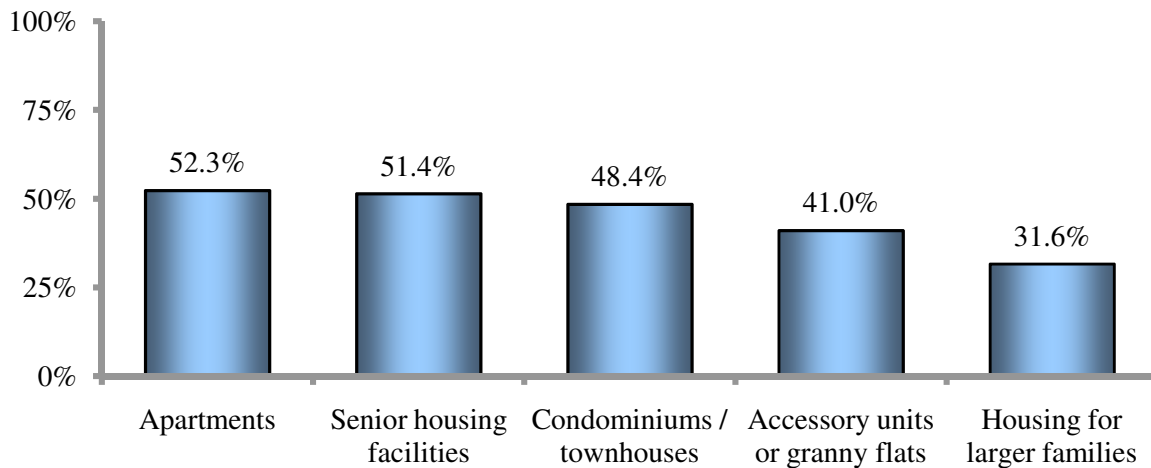
*Extrapolated from the City of Capitola Housing Needs Assessment 2002, ASR

The mobile homes in Capitola were found to be generally in good repair, but almost all were found to need some minor to moderate repairs, such as roof replacement, painting or window repair. In 2002, 338 mobile homes were in need of moderate rehabilitation, and 42 were in need of substantial rehabilitation. Since the completion of the 2002 survey the City’s rehabilitation loan and grant program has helped to address issues involving the mobile home units that needed substantial repairs or replacement.

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

Findings of the telephone survey indicated many residents are concerned about the high cost of homeownership (75.6% of survey respondents) and the high cost of rent (68.6% of survey respondents). Telephone survey respondents wanted to see more housing for seniors, more apartments and more affordable and low-income housing. These housing preferences are described in **Figure 2-7**, below (refer to Appendix D for more detail):

**Figure 2-7: Top Five Most Needed Housing Types
According to ASR Telephone Survey Respondents**



Unfortunately the Housing Conditions Survey completed by ASR in 2002 did not gather information related to the relative energy efficiency of the current housing stock. No current information exists as to the percentage of units that lack insulation or dual-glazed windows and no current information is available on the type, age or efficiency of the heating systems being utilized.

Capitola has been actively working to maintain its existing housing stock. It operates a rehabilitation program that offers financial assistance to eligible homeowners for home maintenance and rehabilitation. Eligible owners of single-family homes and mobile homes can take advantage of this program. The City's continued commitment to these programs is discussed in Chapter 6 of this Element. Between January 1, 2000 and December 21, 2006, 400 building permits were issued for residential remodels and/or additions.

Housing Costs

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

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

I. Ownership Housing

California's homeownership rate in 2003 was the third lowest in the nation (58.9) compared to the national homeownership rate of 68.3%. Homeownership in Santa Cruz County is at 55% and in Capitola the rate is about 47%.

The value of homes in Capitola varies based on the type, size and location. Recent sales data show prices ranging from \$376,185 for a 2 bedroom, 1 bath home; to \$3,000,000 for a 3 bedroom, 2 bath home with an oceanfront view¹⁵. At the end of 2008, the median sale price of a single-family home in Capitola was \$755,000 according to the Santa Cruz Association of Realtors (SCAR) (**Table 2.30**).

Table 2.30

2008 REGIONAL MEDIAN HOME VALUES		
City	Median Value	
	Single-Family	Common Interest
Capitola	\$755,000	\$302,000
Santa Cruz	\$675,000	\$545,000
Scotts Valley	\$702,500	\$415,000
Watsonville	\$376,000	\$214,900

Source: Santa Cruz Association of Realtors, Regional Median Home Values
November 2008

Median home values in neighboring Santa Cruz County communities are similar to that of Capitola, \$675,000 in Santa Cruz and \$702,500 in Scotts Valley.

According to the California Department of Finance "California Economic Indicators" report, 2008, California had the highest number of subprime mortgages in the country. It is unclear as to the number of people who have lost their homes as a result of the mortgage crisis in Capitola. There were 906 homes sold in foreclosure auctions in Santa Cruz County in 2008 and an estimated 300 local homeowners received default notices during the first two quarters of 2009. The majority of these defaults and foreclosures took place in the south county area.

II. Rental Housing

According to the State's 2005-2010 Consolidated Plan "renters represent a higher need group than owners in both total numbers and in the percentage of households experiencing housing problems. Renters have median incomes just under half as high as

¹⁵ Vanguard Real Estate, 2009

owners; are predominantly low-income, and represent a majority of low-income households.”¹⁶ The recent unemployment and foreclosure crises have only exacerbated the difficulties that low-income households have historically encountered in their search for decent, affordable rental housing.

Table 2.31

CURRENT MEDIAN RENTS		
Bedroom Type	Median Market Rents	Mean Market Rents
Studio	\$845	\$834
One-Bedroom	\$1000	\$1072
Two-Bedroom	\$1600	\$1683
Three-Bedroom	\$2300	\$2154

Source: Craigslist April, May 2009

The rental housing market in Capitola is comprised of apartments, condominiums, mobile homes and single-family homes. Some of the rental units are rented on a short-term basis as vacation lodging. The Census 2000 reported that 425 Capitola dwellings (8% of the City’s housing stock) were being used as seasonal or recreational units. The City of Capitola maintains a Mobile Home Park Rent Stabilization Ordinance that regulates the space rents that are charged in rental parks in the City. Currently only four parks (with a total of 292 spaces) remain as rental parks covered by the ordinance with the balance of the parks having been subdivided into individual parcels or having been purchased by resident controlled cooperative ownership structures.

III. Vacancy Rates

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

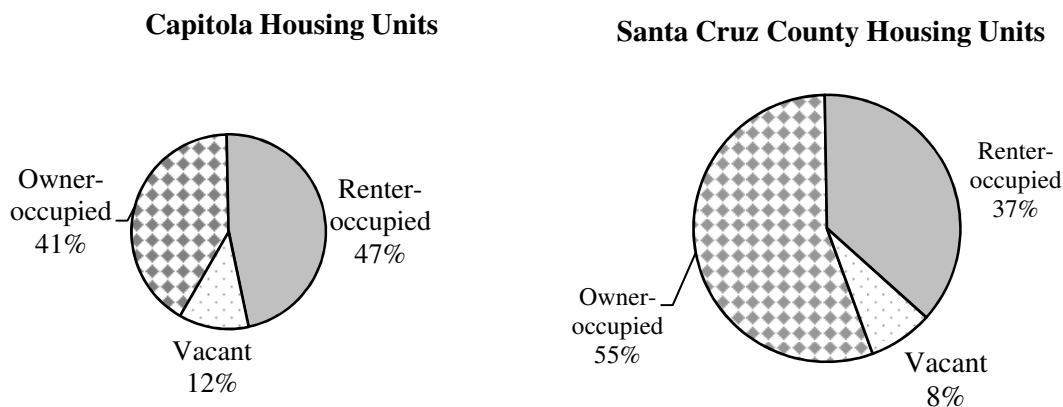
In a healthy housing market, the vacancy rate would be between 5.0 and 8.0 percent. These vacant units should be distributed across a variety of housing types, sizes, price ranges and locations within the City. This allows adequate selection opportunities for households seeking new residences.

According to the 2000 Census, Capitola’s owner-occupied units have a vacancy rate of 1.5% and rental units have a rate of 3.0%. These rates indicate that the housing market is very 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 during the Census 2000 survey. Of these vacant units, nearly 70%

¹⁶ 2005-2010 Consolidated Plan, California Department of Housing and Community Development
Chapter 2-36

(425 units) were vacant for seasonal use as either vacation homes or vacation rental properties. In the county as a whole, more than 5,000 units, or nearly 8% of the entire housing stock in the county, including the cities, were vacant for seasonal use as vacation homes or rentals, as shown in **Figure 2.8** below.

Figure 2.8: Occupancy Status of Housing Units in Capitola and Santa Cruz County



Source: Census 2000

*The 12% Capitola Vacancy Rate shown includes both rental housing vacancies and vacant non-primary residences.

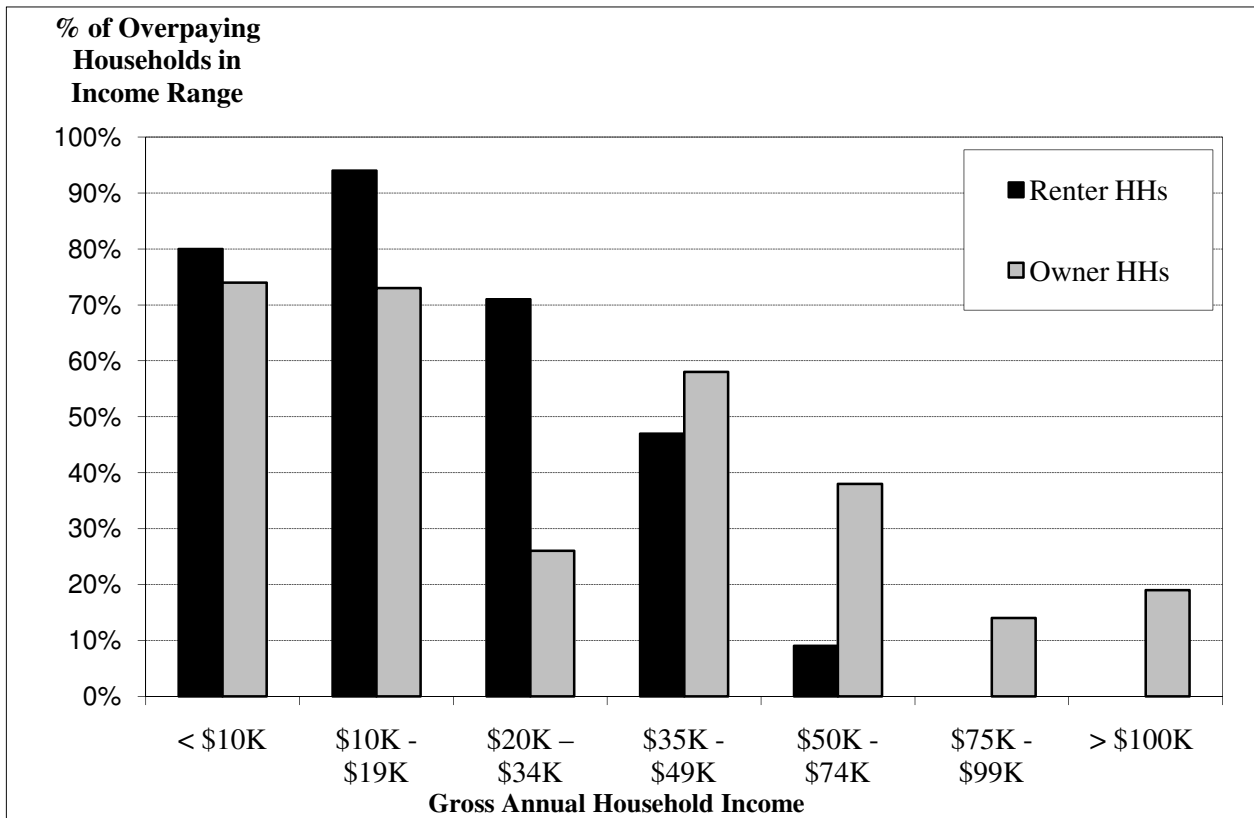
IV. Household Tenure

According to the 2000 Census, there were 4,692 households residing in Capitola. Of these households, 53% were renters and 47% were homeowners. See **Figure 2-9**, below, for further detail regarding housing tenure in Capitola. It is important to note that a relatively high number of multi-family rental housing units exist in Capitola.

V. Housing Affordability and Overpayment

State and Federal standards for housing overpayment are based on an income-to-housing cost ratio of 30% and above. The cost of housing includes: rent or mortgage payments, utilities (e.g. water, sewer, electric, gas), taxes and insurance. Households spending more than 30% of their incomes on housing have limited remaining income for other necessities such as food, clothing, and health care. Upper income households are generally capable of spending a larger proportion of their incomes on housing.

Figure 2-9: Estimated Percent of Capitola Renter and Homeowner Households Paying Over 30% of Income on Housing Cost, by Income Range



Source: Census 2000 SF 3. Universe: Specified Renter- and Owner-occupied Housing Units

Figure 2-9 shows that the majority of households in the lower income ranges paid over 30% of their incomes on housing in 1999. Among lower income households, a greater proportion of renters overpaid than homeowners. Fewer than half of the higher income households paid over 30% of their incomes on housing, however most of those overpaying in this group were homeowners.

The prevalence of overpayment among lower income renters indicates a significant need for more rental housing affordable to the City's low and very low income households. In California 56 percent of the state's renter households are low- or very low-income. A study released in April 2009 by the National Low Income Housing Coalition "Out of Reach 2009" found that Santa Cruz County is the seventh most expensive rental market in the nation.

The Fair Market Rent (FMR) in Santa Cruz County for a two-bedroom apartment is \$1,590. In order to afford this level of rent and utilities, without paying more than 30% of income on housing, a household must earn \$5,300 monthly or \$63,600 annually. Assuming a 40-hour work week, 52 weeks per year, this level of income translates into a Housing Wage of \$30.58. In Santa Cruz County, the estimated mean (average) wage for a renter is currently only \$13.69 an hour.

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

Table 2.32: Overpayment for Housing in Capitola-Renters

Household Income	Number of Renters	Number of Renters w/Cost Burden Greater than 30% of Income
Income \leq 50% Median Family Income (Extremely-Low to Very Low Income)	706	588
Income >50% to \leq 80% Median Family Income (Low Income)	532	361
Income >80% Median Family Income (Moderate & Above Moderate Income)	1,284	124

Source: CHAS Data, 2000 Census

Table 2.33: Overpayment for Housing in Capitola-Owners

Household Income	Number of Owners	Number of Owners w/Cost Burden Greater than 30% of Income *
Income \leq 50% Median Family Income (Extremely-Low to Very Low Income)	414	220
Income >50% to \leq 80% Median Family Income (Low Income)	433	209
Income >80% Median Family Income (Moderate & Above Moderate Income)	1,374	345

Source: CHAS Data, 2000 Census

Table 2.34 estimates the maximum sales prices and rents affordable to very low, low, and moderate income households in Capitola by family size. In each case, the maximum monthly payment is equal to 30% of monthly household income and includes the cost of utilities. For example, in 2009 a two-person household that is very low-income could rent a housing unit for no more than \$853 per month, and would be able to purchase a unit at a maximum sales price of \$86,786. Likewise, a two person moderate income household could afford to purchase a \$196,972 home or rent a unit for up to \$1,936 per month.

Table 2.34
Maximum Affordable Rents and Purchase Prices by Income Level and Unit Size for
Low and Moderate Income Capitola Households

Income Category			Maximum Monthly Payment ²	Maximum Affordable Cost	
	Family Size	Annual Income ¹		Purchase Price ³	Rent ⁴
Extremely Low	1	\$19,450	\$486	\$44,359	\$436
	2	\$22,250	\$556	\$48,938	\$481
	3	\$25,000	\$625	\$53,414	\$525
	4	\$27,800	\$695	\$57,993	\$570
Very Low	1	\$32,450	\$811	\$77,426	\$761
	2	\$37,100	\$928	\$86,786	\$853
	3	\$41,700	\$1,043	\$95,943	\$943
	4	\$46,350	\$1,159	\$105,201	\$1,034
Low	1	\$51,900	\$1,298	\$126,974	\$1,248
	2	\$59,300	\$1,483	\$143,252	\$1,408
	3	\$66,750	\$1,669	\$159,633	\$1,569
	4	\$74,150	\$1,854	\$175,912	\$1,729
Moderate	1	\$70,400	\$1,760	\$173,979	\$1,710
	2	\$80,450	\$2,011	\$196,972	\$1,936
	3	\$90,500	\$2,263	\$220,068	\$2,163
	4	\$100,550	\$2,514	\$243,061	\$2,389

Notations:

1. Income limits based upon HCD income categories based on HUD Surveys
2. Monthly affordable payment is 30% of household income.
3. Affordable sales prices based on a 6% interest rate, 30-year mortgage, 1% property taxes and insurance (0.3%), and 30% cost burden including utilities. A down payment was not included in this calculation.
4. Affordable rent based on 30% cost burden after utilities are deducted. Utility expenditures assume a base of \$50 per person plus \$25 for each additional person.

D. Assisted Housing

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

Description of At-Risk Projects

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

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

Although the current residents were provided with Section 8 vouchers to protect their rental assistance status, as of January, 2000 Capitola, has lost the 78 units of the Capitola Gardens Apartments as permanently affordable housing units. As of March 2009 only 44 of the 78 units in the Capitola Gardens project continue to be rented with households utilizing the Section 8 vouchers that ensure affordability.

Mobile Home Parks in Capitola

Mobile home parks provide another important source of affordable housing for Capitola and should be discussed as a separate form of “at-risk” housing. As a tourist and retirement oriented beach community Capitola developed over time with a large number of small cottage homes and a mobile home parks. The City today continues to host a total of nine parks serving a total of 718 households. Because alternative sites for the relocation of mobile homes are difficult to find, and moving and installation of mobile homes is expensive, the City Council in 1994 adopted the City’s Mobile Home Park Rent Stabilization Program. The program protects park residents by limiting annual rental increases to 60% of the change in the consumer price index while also allowing for a fair rate of return to park owners.

Since the adoption of the Rent Stabilization Ordinance five of the City’s mobile home parks have converted to cooperative ownership or have been subdivided in order for the residents to purchase their own lots. The two cooperative conversions were carried out with technical and financial assistance from the City and have resulted in parks that have long-term affordability requirements. The three parks that have now been subdivided did not result in similar long-term affordability restrictions with the exception of seven affordable spaces that were required under the City’s Affordable “Inclusionary” Housing Ordinance that now covers the subdivision of mobile home parks.

Four parks (292 spaces) currently remain as rental parks covered under the City’s Rent Stabilization Ordinance. These four parks could ultimately transition either to cooperative/non-profit ownership or be subdivided so that the residents can purchase their

individual lots. From past experience a transition to cooperative/ non-profit ownership offers the highest likelihood of preserving long-term affordability. The subdivision of a park also offers some protections to the current residents and provides affordable ownership opportunities consistent with the City's Inclusionary Housing Policy. Both of these options, however, are dependent upon a willingness on the part of the current owners and park residents agreeing on a price.

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 City Municipal Code Section 17.090.045, and other applicable sections of City Municipal Code.
- The closure is consistent with relevant state law.

Inventory of Affordable Housing Not at-Risk

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

I. Shorelife Church Neighborhood Manor

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

II. Grace Street Apartments

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

III. Bay Avenue Senior Apartments (750 Bay Avenue)

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

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

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

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

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

V. Dakota Apartments Accessible Housing

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

VI. Loma Vista Mobile home Park Resident Acquisition

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

VII. Wharf Road Manor Mobile Home Park residents Acquisition

This project is an existing 36-space mobile home park that was purchased by a resident-owned cooperative in 2006. The project was funding with assistance from the Redevelopment Agency's Housing Fund, HOME Program Re-Use funds and the State's

Mobile home Park Resident Ownership Program (MPROP). The mobile home park lots are owned by the cooperative and the homes are owned by the individual residents. 34 of the lots are restricted to moderate income households with incomes at or below 100% of the area median income. Two units in the park were newly constructed in 2006 with the assistance of HOME Program Re-use Funds. These two units are regulated under the City's Inclusionary Housing Program and are resale restricted to remain affordable for Low-Income households.

VIII. Inclusionary Housing Units

Beginning in 2004 the City passed an Inclusionary Housing Ordinance which requires that 15% of the units in any new construction ownership project of seven units or more be made permanently affordable to low or moderate-income households. Three projects have now been constructed that will include Inclusionary housing units.

The first Inclusionary housing units were developed in 2006 as a part of the 12-unit Heritage Lane condominium project of single-family homes. Two of these units have now been sold as resale restricted inclusionary units for moderate-income homeowners. The second project to include inclusionary housing units was the 55-unit Capitola Beach Villas Condominium Project, completed in November 2008. This project included eight inclusionary housing units that will be income and resale restricted when they are sold. In 2007 the residents of the 78-space Turner Lane Mobile home park purchased their park and obtained approval from the City to subdivide the park into individual spaced. Under the City's Inclusionary Housing Program seven of the lots in the park will be restricted as permanently affordable to moderate-income households with incomes at or below 110% of the area median income.

Overall, since the program's adoption in 2004 a total of 17 units and mobile home park spaces have been set aside under the Inclusionary Housing Ordinance.

The City of Capitola has complemented its Inclusionary Housing Ordinance with its First Time Homebuyer program as a way to assist the developer with the marketing of the inclusionary units so that they do not become a burden to the project but actually offer a marketing advantage. For the Capitola Beach Villas project, for example, the City committed \$240,000 in Redevelopment Agency Housing Funds and \$240,000 in State BEGIN Program funds to be spent specifically to assist with the purchase of the project's eight inclusionary housing units.

In the case of the Turner Lane Mobile Home park the City has provided First Time Homebuyer and rehabilitation loan funds to assist two of the park's very low-income residents with the purchase and rehabilitation of their Inclusionary lot and home. Without this assistance these two resident households would not have been able to buy into the subdivided park and the park would have been obligated to continue renting to these two households at a subsidized rate as a requirement under the State's subdivision process. By combining the first time homebuyer program funding with the inclusionary housing program the City has also been able to serve more lower income households than what could have been served under either of these programs being used alone.

The City's Inclusionary Housing Program was designed only to require inclusionary units in the case of for-sale developments of seven units or more. Rental housing developments and projects of six units or less do not have an inclusionary requirement. Because the inclusionary program is relatively new, and because to date only four of the 17 inclusionary units required have been sold, it has not yet been possible to conduct a statistically meaningful analysis of the impacts that this program will have on the overall cost and supply of housing in the community. However, as several projects have been developed since the Inclusionary Ordinance was adopted, the program has not discouraged housing development or caused a significant overall increase in the sales prices of the market rate units. Clearly the program has assisted in the development of permanently affordable housing units that would not have otherwise been developed in the community.



CHAPTER 3: CONSTRAINTS ON HOUSING PRODUCTION

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

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

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

A. Market Constraints

The high cost of building new housing in Capitola is at least partially due to the scarcity and high cost of developable land. High materials costs and labor costs also contribute to the high cost of housing development. Capitola's beach-front setting and commutable distance from Silicon Valley has also allowed many existing and new Capitola homes to sell and rent at higher than average levels. For these reasons, most of the development initiated by the private market in recent years has been within the market niches of custom single-family homes and small high-end subdivisions of fewer than 15 homes. No units affordable to low or moderate-income buyers or renters are being developed with the exception of the required Inclusionary Housing units, and units that are being built by non-profit developers with the assistance of federal, state and local government programs. The only possible exception to this would be the development of Secondary Dwelling Units that, by the nature of their small size, are most likely renting at rates that are affordable to low- and moderate-income households.

Land Costs

In Capitola, vacant, single-family zoned lots are almost non-existent. In April 2009 only two substandard sized lots were listed for sale at \$475,000 and \$525,000 each. There are only seven vacant single family and multi-residential zoned sites remaining within Capitola. Because of the built-out nature of Capitola new development is almost invariably requires the acquisition and redevelopment of prospective in-fill sites. Developing on prospective sites is often more expensive and difficult due to increased acquisition costs, demolition or rehabilitation of existing buildings, and the possible need to remove toxic materials left by earlier uses on the site. Because most new residential construction is taking place on sites that contain some existing residential units the net increase of new units is often greatly reduced.

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

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

Construction Costs

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

Capitola's building department has maintained an in-house survey of costs. The survey suggests that the labor, materials and design costs of an average quality single-family home in 2008 was about \$200 per square foot and about \$300 per square foot for good quality (land costs not included). Multi-family development costs are closer to \$160 per square foot. These costs have more than doubled since 2002 due to significant increases in the costs of materials, shipping and labor.

The current downturn in the economy has slowed the amount of construction taking place, but the City's building department staff does not anticipate that this will have a significant long-term impact in terms of lowering the cost of development. 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.

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

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

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

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

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

Financing

The recent (2008 and 2009) tightening of credit availability that constrains financing for home building, purchase, or rehabilitation is not unique to Capitola. However, the historically large gap between local incomes and housing costs increases the challenge of delivering affordable housing when credit becomes tight. The current mortgage foreclosure crisis has severely constrained loan availability and made both construction and purchase financing extremely challenging.

Over the past two decades, the use of alternative mortgage products (graduated payment mortgages, variable and adjustable rate mortgages, interest-only loans, zero down payment loans, etc) was significantly increased. These loans often allowed homeowners to take advantage of lower initial rates and monthly payments and obtain larger home loans than their incomes could comfortably maintain over the life of the loan. These past lax mortgage lending policies also made the development of ownership housing much more lucrative and contributed to a significant decline in the development of rental housing projects and more modest ownership housing units.

Under these past loan conditions the long-term costs to the homeowner were very unpredictable and the “resetting” of interest rates has in some cases led to significant increases in monthly payments. The unpredictability of an interest rate rise on an adjustable rate mortgage can be especially troublesome to a homeowner who just barely qualified for a home loan at the initial low interest rate. It is unclear as to the number of homeowners in Capitola who have lost their homes as a result of the mortgage crisis. There were 906 homes sold in foreclosure auctions in Santa Cruz County in 2008 but the majority of these foreclosures took place in the south county area

Mortgage lenders are now looking at borrowers with heightened scrutiny and as a consequence, only borrowers with stellar credit and excellent documentation of income can qualify. This has contributed to the slowdown of the housing market as fewer homebuyers can attain financing to purchase. Those with lower incomes and checkered credit history have little hope of purchasing at this point. So, although housing prices have softened in 2009, for many potential homebuyers, ownership remains out of reach. The result of the past lax lending policies and the current foreclosure crisis has resulted in both a decline in the development of new rental housing units and the recent increase in the demand for rental housing. The demand for rental units is expected to rise as homeowners face foreclosure, and some renters face eviction due to foreclosure against their landlord. This recent increase in demand for rental housing has caused rental housing costs to hold steady or increase.

Down Payments and Move-In Costs

The ability to accumulate a down payment remains a formidable barrier to many potential homebuyers. Low- and moderate-income households find it difficult to make the transition from rental to ownership units because they cannot accumulate a down payment while renting. In an effort to make homeownership more possible for buyers, the City currently offers a First Time Homebuyer loan program.

The basic role of the loan program is to fill the “gap” in financing between what a low or moderate income borrower can afford and the sale prices being charged. The program can provide financing of up to \$75,000 in deferred payment loans using a variety of funding sources including the Redevelopment Agency’s Low and Moderate Income Housing Funds, the City’s Housing Trust Fund, and federal and state fund from programs including CDBG, HOME and BEGIN. The difficulty is that market rate home sales prices in the Capitola area are so high that the City’s “gap” financing is not typically able to make up the difference. This means that the City’s First Time Homebuyer Program is used almost exclusively to assist in the purchase of mobile homes and condominiums that already have some level of affordability already built into the sale price via the City’s Inclusionary Housing Ordinance or through other forms of City involvement such as the provision of financial assistance in the cooperative conversion of mobile home parks.

Low-income households may also be unable to obtain rental housing because they cannot accrue the necessary security deposits and first and last months’ rent. The City’s Security Deposit Program also administered by the Housing Authority provides low-income households with deposit assistance in the form of small grants.

B. Governmental Constraints

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

Land Use Controls

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

Table 3.1: Capitola Development Requirements

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

I. R-1 (Single Family Residence)

Permits one dwelling unit on a lot. The lot shall be a minimum 5,000 square feet in size (or less if an existing legally created lot), averaging 8.5 units per acre. Floor Area Ratio is on a sliding scale based on lot size. Front yards for the first floor shall be a minimum of 15' in depth; side yards shall be 10% of lot width with a minimum of 3 feet and rear yards shall be equal to not less than 20% of the lot depth to a maximum of 25 feet. Height limit is 25 feet. Single family dwellings and small community care residential and family day care homes are principally permitted. Architectural and Site Review is required for new construction and substantial additions. Secondary Dwelling Units are allowed in the R-1 zoning district on lots of 5,000 square feet or larger.

II. R-M (Multiple-Family)

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

III. Affordable Housing Overlay Ordinance

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

IV. TRO-Transient Rental Use Overlay District

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

V. C-V Central Village District

This is a mixed use residential/commercial district located in the community's historic village district. Residential is principally permitted on the first and second floors. There are six residential overlay areas within the CV district that allow only residential uses. Weekly rentals are permitted in the zone; and motels/hotels are permitted with a conditional use permit. In the CV zone, there is no minimum lot area per unit; density is only indirectly limited by need to meet parking requirements. In the CV residential overlay districts, allowable lot coverage/footprints range from 70% to 90% for building and parking areas. There are no minimum setback/yard areas, except that 10% of the lot is to be landscaped. Maximum height is 27 feet, and architectural and site review is required.

VI. C-R Commercial Residential District

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

VII. C-N Commercial Neighborhood District

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

VIII. C-C Community Commercial District

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

IX. PO Professional Office District

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

X. IP Industrial Park District

Single and multifamily residential uses are conditionally permitted in the IP district. Maximum height is 30 feet, and there is no specific minimum lot area required. Maximum lot coverage/footprint is 40% for a one-story structure, 35% for two stories, and 30% for three stories. The required front yard is 10% of the lot area, with some side setback

requirements adjacent to residential uses. Parking standards must be met, and projects require Architectural and Site Review.

XI. PD Planned Development District

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

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

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

XIII. Mobile Home Park Rent Stabilization

The City has adopted a rent stabilization ordinance for mobile home parks. The rent stabilization ordinance protects mobile home park residents from unreasonable increases in space rents. Only four of the City's nine parks continue to operate as rental parks covered under the Rent Stabilization Ordinance. The other parks have converted to cooperative ownership or have been subdivided. The Rent Stabilization Program has continually been challenged in the courts by local mobile home park owners and has thus become a costly program to maintain. Beginning in 2003 the City Council created a Mobile Home Park Administrative Service Fee. The fee is imposed on residents who live in mobile home parks covered under the City's Rent Stabilization Program and the fee is used to help pay a portion of the on-going legal costs of defending the Rent Stabilization Program. At the resident's request the fee has recently been increased to \$240 per year per household. Four mobile home parks (268 mobile homes) are covered by the Rent Stabilization program and participate in the Administrative Service Fee Program.

While the City Council is committed to maintaining the Rent Stabilization Program an alternative long-term solution to the preservation of the affordable housing that these remaining rental parks represent needs to be devised and promoted by the City.

XIV. Condominium Conversion Ordinance

The Condominium Conversion Ordinance regulates the conversion of apartments to condominiums by requiring that 35% of the units be made available to low and moderate income households. Under the Ordinance only projects that were built between 1970 and the date when the Ordinance was adopted in 1979 are eligible for conversion.

XV. Secondary Dwelling Units

A Secondary Dwelling Unit Ordinance was approved in 2004. The Ordinance allows second units in Single Family Residence District (R-1) on lots of 5,000 square feet or more and on lots developed with one single family residential use in the Multiple Family (RM) District. Between 2000 and 2006 a total of ten (10) Secondary Units have been developed. Further modifications to the existing ordinance may need to be considered in order to address current parking standards, second story restrictions and set-back requirements that may restrain the future development of additional secondary units in Capitola.

XVI. Density Bonus

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

XVII. Manufactured Homes

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

XVIII. Parking

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

Table 3.2: Single Family Residential Parking Requirements

SIZE OF HOUSING UNIT	SPACES REQUIRED	COVERED SPACES Req'd
<1,500 Sq.Ft.	2	0
1,500 – 2,000 Sq. Ft.	2	1
2,000 – 2,600 Sq. Ft	3	1
2,600 – 4,000 Sq. Ft	4	1
>4,001 Sq. Ft	Planning Commission Determines # of Spaces	

Table 3.3: Multifamily Residential Parking Requirements

HOUSING UNIT TYPE	SPACES REQUIRED per UNIT	COVERED SPACES Req'd
Duplex/Triplex	2	1
Apartment/Condo > 4 units	2.5	1

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

Removal of Governmental Constraints

During the 2000-2007 planning period the City adopted a number of different zoning amendments including amendments to the CC Community Commercial zoning district to allow residential-commercial mixed use development adoption of an Affordable Housing Overlay (AHO) district which allows a maximum density of 20 dwelling units per acre in exchange for 50% affordable units, the adoption of a Density Bonus Ordinance in accordance with state law, the adoption of a Secondary Dwelling Unit Ordinance, modification to the single family and multi-family parking requirements, the adoption of an Affordable “Inclusionary” Housing Ordinance, and the creation of an Affordable Housing Trust Fund. These modifications and additions to the municipal code represent significant actions to reduce governmental constraints on the development of affordable housing. During the past planning period the City has also reached the goal of encouraging higher density residential development through the use of the Planned Development process. These policies have allowed for the development of new housing units during the past planning period and will encourage development during the new planning period.

Several additional amendments to the zoning code will be considered during the 2007-2014 planning period. One amendment to be considered will allow and encourage large and small family child care homes in all residential zoning districts as principally permitted uses, with reasonable compatibility standards and to allow child care centers within commercial districts. Currently small family child care homes are principally permitted in

the R-1, R-M and PO zoning districts, large family child care homes require a conditional use permit as well as a large family child care home permit for any zoning district (See table below). The permitting of child care centers is not addressed in Capitola's current municipal code.

Table 3.4: Childcare Facilities Allowed in the City of Capitola Zoning Code

	R-1	R-M	CR	CN	V-S	PO*	IP**	PD
Small Family Day Care Home	PP	PP	CUP	CUP	N/A	PP	CUP	CUP
Large Family Day Care Home	CUP & LFDCH HP	CUP & LFDCH P	CUP & LFDCH P	CUP & LFDCH P	N/A	CUP & LFDCH P	CUP & LFDCH P	CUP & LFDCH HP
Children's nursery schools	N/A	CUP	N/A	N/A	N/A	CUP	CUP	CUP
Day Care Centers	N/A	N/A	N/A	N/A	CUP	N/A	N/A	CUP
LFDCHP = "Large Family Day Care Home Permit" PP = Principally Permitted CUP = Conditional Use Permit *17.33.040 – "Residential uses specified in the regulations for RM districts with the density as determined by the City Council upon Planning Commission recommendation" **17.36.060 – "Residential uses (single-family and multiple family)"								

In order to comply with the new Housing Element regulations found in Government Code Section 65583 (c)(1) within one year of the certification of this Housing Element Capitola will enter into a multi-jurisdictional agreement to provide homeless services, or will review and propose zoning ordinance changes that will set design guidelines for homeless shelters that can be allowed "by-right" within at least one zoning district within the city. Capitola will further review and may, if necessary to comply with Section 65583, propose zoning amendments that will reduce barriers to the permitting and operation of transitional housing programs.

The City will also review and consider additional modifications to the residential parking requirements particularly for housing for seniors and for people with disabilities.

Finally, the City's Secondary Dwelling Unit Ordinance will be reviewed to identify modifications to the second story, setback and parking requirements that may encourage increased community participation

Development Fees

Development fees that apply to residential development in Capitola are low relative to most areas in California. There are no parks, transportation, administration, roadside improvement, childcare, or other infrastructure exactions that apply within the city limits. In addition to standard planning and building fees, the City of Capitola does take in the school impact fee for the school district of \$2.24 per square foot, and also takes in a Drainage district fee of 1.05¢ per square foot. The following demonstrates the typical fees that would be charged for a 1,500 square foot single family residence and a 1,500 square foot unit that is part of a 15 unit multiple-family project:

FEE	SINGLE-FAMILY HOUSE	MULTIPLE-FAMILY UNIT
Plan Dept Review Fee	\$5,767	\$762
Permit Fee	\$3,170	\$1,664
Plan Check Fee	\$2,060	\$1,081
Planning Plan Check Fee	\$634	\$332
School Impact Fee	\$3,360	\$3,360
Water Connection/Offset Fee**	\$6,530	\$4,571
Sewer Connection Fee	\$3,000	\$3,000
Seismic Fee	\$30	\$30
Inclusionary Housing Fee	\$3,750	\$3,750
Drainage District Fee	\$1,575	\$1,575
General Plan Fee	\$2,100	\$2,100
PG&E Underground Fee	\$6,000	\$4,000
TOTAL	\$37,976	\$26,225

**For sites located in the Soquel Creek Water District an additional \$13,244 water connection fee is required for both single-family and multi-family units

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

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

If an applicant desires exceptions to development standards for constrained sites, then the Planned Development approach involves a rezoning, and creation of site-specific development standards. The PD approach has been used several times in the last few years to develop higher density detached single family developments on small sites of 1 to 2 acres. In addition the PD process has been used to permit the 55 unit mixed-use

Capitola Beach Villas project on 41st Ave. The PD rezoning fee replaces fees that would have been paid for needed variances, and thus does not act as a constraint.

Local Processing and Permit Procedures

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

I. Site Plan Approval Processing

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

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

II. Required On-Site and Off-Site Improvements

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

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

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

III. Local Coastal Program and Coastal Permits

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

IV. General Plan Amendment and Zoning Code Amendment Processing

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

Disabled Access (SB 520)

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

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

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

The City of Capitola has a record of providing financial assistance to projects that include disabled accessible units. The most recent examples are the 25-unit Dakota Apartments for developmentally disabled persons completed in 2000 and the Bay Avenue Senior Apartments project that will include 39 units for extremely low and very low-income seniors who are chronically ill and 5 units, with funding through the State Mental Health Services Act, that will serve extremely low-income seniors with mental illness who are homeless or who are at risk of becoming homeless.

As shown in Program 3.2 of Chapter 6, Capitola will prepare and adopt a reasonable accommodation ordinance.

Jobs/Housing Balance

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

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

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

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

C. Environmental and Infrastructure Constraints

Environmental conditions can affect development potential. Compliance with regulations pertaining to the coastal zone, riparian corridors and environmentally sensitive habitat areas can constrain development potential on certain sites. A few of the opportunity sites identified in Chapter 4 of this Housing Element are in the Coastal Zone, however, the sites are already developed or are in a developed area, so are unlikely to cause a significant environmental impact. As the opportunity sites are already developed, few environmental and infrastructure constraints are projected to be significant. Parking and traffic constraints will likely be more significant to the development of the opportunity sites.

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 and also 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.

The Santa Cruz Regional Transportation Commission, in partnership with Caltrans, is completing the environmental review of a Highway 1 Corridor widening project. The draft environmental review is scheduled to be released in Summer 2009. Funding for this project remains a major obstacle; the SCCRTC continues to explore funding options and is currently considering another sales tax initiative in 2010. Currently funding levels will only complete the environmental review, to advance the project through final design, right-of-way, and construction will require a local funding source. While no Regional traffic impact fee has yet been established for the Highway 1 widening, one may be developed in the near term to help offset project costs.

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

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

If the development creates traffic impacts, then a mitigation measure/condition of approval is imposed. Traffic impact fees have been used along the main transportation corridors, which will allow the development to proceed while ensuring that development's share of the impact is addressed. For example, in 2000 a 56-room hotel paid \$4,200 as an impact

fee for traffic impacts on 41st avenue. The extent of the fee is reasonable and does not act as a constraint to development. Most of 41st Avenue, Capitola Road and the Highway One/41st Avenue interchange, are within the Capitola Redevelopment Agency project area limits, and redevelopment tax increment funds are available to assist with capital improvement projects, in addition to standard transportation funds.

Water supply to projects in Capitola will become a major hindrance to development in the near future. Capitola is served by both the Soquel Creek Water District and to a lesser extent the Santa Cruz Water District. Water supplies for both agencies are failing to meet demand and the agencies have embarked on a joint project to investigate the feasibility of constructing a desalinization plant to service both agencies. A pilot test program began in 2008 to test several methods of treating the sea water to drinking water standards. With the recent successful completion of the pilot program it is anticipated that the two agencies will collaboratively pursue the construction of a full scale plant with a capacity of 2.5 – 4.5 million gallons per day. Under the current utilization plans, the Santa Cruz Water District would utilize this water during drought periods to meet their water demands and the Soquel Creek Water District would use the water at other times to ease the demand on their ground water supplies.

The Soquel Creek Water District has adopted a “zero impact” policy that requires all new development to offset expected water demand (by a 1.2 to 1 ratio) by retrofitting existing property with low-water use fixtures. This policy is intended to minimize exacerbation of the existing overdraft until a new source of supply is developed. Both water districts have implemented policies that provide priority to affordable housing projects for the allocation of water credits. The City of Capitola currently has ten water credits that have been set aside for the exclusive development of future affordable housing unit. These credits were provided through the water conservation measures initiated as a part of the rehabilitation of the 109-unit Bay Avenue Senior Apartments rehabilitation Project. Soquel Creek Water has estimated that the availability of water offset credits may be scarce and development slowed until the desalinization project is completed or other drinking water resources are identified.

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

Regulations in the plan limit the amount of area allowed to discharge from a given site to less than 5% of the total project area and also require the runoff volumes and rates to match predevelopment runoff rates for all projects. It is anticipated that new standards will be in place by 2010 in the City of Capitola. Other state mandated storm water program controls will be put in place in 2009, and these elements must be met on all future projects. It is anticipated that those management practices may affect future housing projects.



CHAPTER 4: HOUSING NEED AND OPPORTUNITIES

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

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

A. Regional Housing Needs

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

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

Local Housing Assessment

Local housing needs, as discussed in Chapter 2, have been identified based on input of the Planning Commission, the Housing Needs Assessment and Housing Conditions Survey, available Census data, Community Development and Building Department records, information obtained from the Housing Authority of the County of Santa Cruz, and input through resident participation workshops. Based on this information, the key areas of housing need and concern in Capitola include:

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

Alternative housing types

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

Regional Housing Need Assessment (RHNA)

State law requires jurisdictions to provide for their share of regional housing needs. As part of the Regional Housing Needs Assessment (RHNA), the Association of Monterey Bay Area Governments (AMBAG) determines the housing growth needs by income category for jurisdictions within Santa Cruz and Monterey Counties. RHNA determinations for the City of Capitola during this planning period (2007 through 2014) are presented in Table 4.1.

As illustrated in the table below, Capitola is required to provide adequate sites for the construction of 143 new dwelling units during this planning period. Of these new units, 16 should be affordable to extremely low-income households, 16 should be affordable to very low-income households, 24 to low-income households, 27 to moderate-income households, and 60 to above moderate-income households.

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

Income Category	Housing Unit Construction Need by Income Group <u>Current Planning Period through 2014</u>	Housing Unit Construction Need by Income Group <u>Annual Need (2007- 2014)*</u>	Percent of Need by Income Group
Extremely Low (0-35% of area median)	16	2.3	
Very Low (35-50% area median)	16	2.3	22%
Low (50-8-% area median income)	24	3.4	17%
Moderate (80-120% area median income)	27	4	19%
Above Moderate (over 120% area median income)	60	8.6	42%
Total Housing Unit Construction Need	143	20	100%
Note: The current Planning Period is calculated by AMBAG over a 7 year period, from 2007-2014			

Source: AMBAG Adopted Regional Housing Needs Determinations June 11, 2008

The City's RHNA determinations were adopted by AMBAG on June 11, 2008, following a lengthy process of meetings, analysis and reporting between AMBAG, California Department of Housing and Community Development, Capitola and other Santa Cruz and Monterey County jurisdictions.

Status of 2000-2007 Housing Element Policies and Actions

The 2000-2007 Housing Element identified a number of policies and action items for the City of Capitola to implement to reduce barriers to development and encourage new affordable housing units to be built. These policies included: amending the Community Commercial zoning district to allow for mixed-use residential development, instituting a Secondary Dwelling Unit ordinance, creating a Bonus Density Ordinance to encourage the development of affordable housing in exchange for a density increase in residential developments, instituting an Affordable Housing Overlay district to provide an incentive to develop affordable housing, and the creation of a Housing Trust Fund. During the past planning period the City has also reached the goal of encouraging higher density residential development through the Planned Development process.

All of those policies and action items have been completed.

These policies have allowed for the development of new housing units during the past planning period and will encourage development during the new planning period.

During the past planning period the City was able to maintain more than adequate affordable housing Opportunity Sites. Between 2000 and 2007 a net increase of 31 new units were developed for very low-income households, 2 new units were developed for low-income households, 2 new inclusionary housing units were developed for moderate-income household, 6 Secondary Dwelling Units were developed that serve moderate-income households and 36 new units were developed for above moderate-income households. The actual number of newly constructed units during this period was 122 but due to the built-out nature of the community this construction involved the demolition of 45 units. The total net number of new units built between January 1, 2000 and December 31, 2006 was 77 units. These 77 units account for 38% of the 82 very low-income RHNA number,, 2% of the 93 low-income RHNA number, 9% of the 92 moderate-income RHNA number, and 51% of the 70 above moderate-income RHNA number; 23% of the total 337 unit RHNA number.

Housing Development and Opportunity Sites for the 2007-2014 Planning Period

Many of the same policies and programs that were implemented for the 2000-2007 Housing Element will be continued during the new 2007-2014 planning period, and will be augmented with additional new policies and programs. More than adequate affordable housing Opportunity Sites have been identified to meet Capitola's current RHNA obligation. Capitola's goal for the 2007-2014 planning period is to meet or exceed the 143 unit obligation with the Opportunity Sites identified in this chapter.

Housing Units Already Built or Approved for the 2007-2014 Planning Period

From January 1, 2007 through March 31, 2009 the City of Capitola constructed or issued permits for a total of 94 units that count toward the 2007-2014 planning period's 143 unit RHNA (Table 4.2). These 94 units account for 100% of the 16 extremely low-income units, 31% of the 16 very low-income units, 25% of the 24 low-income, 31% of the 27 moderate-income units and 97% of the 60 above moderate-income units; 66% of the total 143 RHNA requirement.

Table 4.2: 2007-2014 RHNA Obligation After Already Built/Planned Units

Affordability	RHNA Requirement	# Units Already Developed	Outstanding Units
Extremely Low	16	12	4
Very Low	16	1	15
Low	24	0	24
Moderate	27	9	18
Above Moderate	60	58	2
Total	143	80	63

Policy and program changes adopted under the 2000-2007 Housing Element have enabled the initiation of several housing developments that will be counted under the new 2007-2014 planning period. The Capitola Beach Villas project accounts for the majority of the new construction units that have already been built and that will be counted toward the moderate and above moderate-income RHNA. In addition, a number of single-family homes have been built that will be counted in the above moderate-income category. The Bay Avenue Senior Apartments project, currently in construction, will provide 13 new construction units. The following section describes the aforementioned approved/developed projects as well as the Alternative Sites Program in more detail.

I. 1066 41st Avenue

This 1.9-acre site was most recently a used car sales lot, and an overflow parking lot for the adjacent fitness club. There are residential land uses on two sides of the property, commercial uses on the other two sides, and it is located on the 41st Avenue transportation corridor. The site was zoned C-C (Community Commercial) which at the time did not allow for the desired density or design features of the project. Through a Planned Development Permit process a mixed-use condominium development was approved. A total of 55 residential units were developed on the site at a density of 30 units/acre. The units were completed in December 2008. 47 of the units are being marketed to above-moderate income buyers and 8 units have been developed as Inclusionary Housing units and have resale restrictions requiring that they serve moderate-income households. This 55-unit project is Capitola's most recent example of allowing mixed-use residential development. The current Commercial zones in Capitola allow mixed-use and do not set a maximum density and for the purposes of this Housing Element the City has anticipated that future mixed-use residential developments will be developed at 25 units per acre. This project was approved at 30 units per acre for the residential units. The retail development was allowed in addition to that residential density.



1066 41st Ave Project

II. Single-Family housing units

As of December 2008 a total of six (6) single family homes have been built since January 1, 2007. Six (6) single-family homes were demolished during this same time period for a no net gain of single-family homes. It is projected that any net increase in the development of single-family homes will be affordable to above-moderate income households.

III. Bay Avenue Senior Apartments (750 Bay Avenue)



City and First Community Housing officials celebrate at Bay Avenue Senior Apartments wall raising ceremony June 5, 2009)

This 4.62 acre, 109 unit redevelopment project is an example of the type of acquisition/rehabilitation projects that concentrate on the preservation and conversion of existing units rather than on the building of new units. These types of projects will become the mainstay of future affordable housing development in Capitola. In Capitola many of our existing multi-family housing units are older and will be needing rehabilitation. Acquisition of the 750 Bay Avenue property by First Community Housing, a non-profit housing development corporation from San Jose, was the first step in preserving these homes and providing for long-term affordability.

Alternative Program to Identify Adequate Sites (Chapter 796, Statutes of 1998)

As provided for in Government Code Section 65583.1(c), local governments can rely on existing housing units to address up to 25 percent of their adequate sites requirement by counting existing units made available or preserved through the provision of “committed assistance” to low- and very low-income households at affordable housing costs or affordable rents. This alternatives site program has been applied to count toward our RHNA numbers of some of the existing units that have been preserved and converted as a part of the Bay Avenue Senior Apartments Project.

The City of Capitola is a built-out community. At 3,291 units per square mile Capitola is also one of the most densely populated smaller cities in California. No residentially zoned sites larger than a ½ acre exist within the City limits that have not already been developed. What this means is that the development of new housing units, of necessity, must be built on smaller in-fill sites, on prospective sites that already contain units, or on commercial

sites that can be redeveloped as mixed-use residential projects. During the 2000-2007 Housing Element planning period a total of 122 new residential units were built but the development of 45 of those units involved the demolition of an existing unit. As the City of Capitola plans for the development of new housing units under the 2007-2014 Housing Element Update we have had to look for creative ways to accommodate the required “net increase” in housing units.

Because of Capitola’s built-out nature and because of the advancing age of its existing multi-residential housing stock Capitola has focused its attention on the acquisition, rehabilitation and conversion of its existing multi-residential housing units as a way to increase its affordable housing stock. One example of this type of activity has been the City’s active involvement in the conversion of rental mobile home parks into cooperatively owned parks. Under this program two parks have been converted to cooperative ownership and three parks have been subdivided to allow for resident ownership. The result of these activities has created a total of one hundred and thirty-one (131) units that now have long-term affordability requirements for moderate-income households. Because these units are existing units, and were converted with moderate-income rather than low-income affordability requirements, none of them can be counted toward meeting the City’s RHNA obligation.

Another example of this rehabilitation of existing units is the Bay Avenue Senior Apartments complex. Because this conversion will provide housing for low, very low and extremely low-income households some of the units can be counted under the State’s Alternative Sites Program. The property, originally built in the 1970s as a 96 -unit family housing project, was purchased by the Salvation Army in 1989 to provide housing for low-income seniors who had been displaced by the Loma Prieta earthquake. Although the project served lower income households there were no affordability requirements placed on the property and the units were seen as being “at risk”. By the late 1990s the need for major rehabilitation had become evident. Planning for a major rehabilitation project was initiated by the Salvation Army and the City in 2004 but dramatically escalating construction costs made the project infeasible. Finally, in 2006 the sale of the site was negotiated with the non-profit housing group, First Community Housing. The revised proposal called for major rehabilitation or replacement of the existing housing units and the addition of 13 new units. With the inclusion of the new units the project became eligible for Low Income Housing Tax Credits.

In June of 2007 the City of Capitola Redevelopment Agency committed a total of \$1,365,000 in Low and Moderate Income Housing Funds to the project. A \$2,000,000 HOME grant was also awarded to the City of Capitola for this project. The Standard Agreement was signed in September of 2007 and the Set-Up process was completed in December of 2008. The total development for the project will be approximately \$28 million. Redevelopment Agency Housing Funds, Low Income Housing Tax Credits, funding from the State Multi-Family Housing Program and the Mental Health Services Act (MHSA) and a loan from the California Housing Finance Agency make up the projects financing package.



Construction at 750 Bay Avenue

Construction on the project will be carried out in four phases so that the existing residents can remain on site during construction. No permanent relocation will be required. Building permits were issued in November of 2008 and construction is anticipated for completion in late 2010. The completed project will include 109 units on the 4.62 acre site for a density of 24 units per acre.

As outlined in the Regulatory Agreement of the Redevelopment Agency's loan all of the units in the new project, excluding the manager's unit, are to be maintained as affordable units for a minimum of 55 years. Fifty (50) of the Agency-Assisted units will be rented to and occupied by Extremely Low Income households, thirty (30) of the Agency-Assisted units will be rented to and occupied by Very Low Income households and twenty-eight (28) of the Agency-Assisted units will be rented to and occupied by Low-Income households.

All of the 109 units in the Bay Avenue Senior Apartments project will either undergo major rehabilitation work or will be completely replaced with new units and 108 of the units (with the manager's unit excluded) will have 55 years of affordability for lower-income residents. However, because a portion of the Redevelopment Agency's financing for the project was committed to the project prior to the current 2007-2014 planning period none of the rehabilitated and converted units can be counted under the Alternative Program toward meeting the City's RHNA obligation. Thirteen (13) of the project's units are new ("net") units and will be counted toward our very low and extremely low-income obligation.

Table 4.3: Bay Avenue Senior Housing Project Rehabilitated Units

Income Categories	Capitola's RHNA Obligation	New "net increase" Bay Avenue Apartments units	"Converted" units for 25% of RHNA Obligation	Outstanding Balance of RHNA Obligation	Balance of Bay Avenue Apartments that can't be counted toward RHNA Obligation
Extremely Low-Income	16	12	0	4	38
Very Low-Income	16	1	0	15	29
Low-Income	24	0	0	24	28
TOTAL	56	13	0	43	95

See attached Adequate Sites Program Alternative Checklist in Appendix E

B. Opportunity Sites

This section evaluates the potential additional residential development that could occur in Capitola under the existing General Plan and the existing zoning classifications and regulations. With an extremely limited supply of vacant land, the community is committed to the preservation of its existing affordable housing stock and to the creative redesign and rehabilitation of existing multi-residential housing units to allow for the introduction of a net increase of units on already developed sites. While only a small portion of rehabilitated or converted existing housing units can be counted toward meeting the 2007-2014 RHNA obligation, the City continues to commit a sizable portion of its available housing funds and staff time toward the preservation of these existing units.

Availability of Sites for Housing

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

I. Residential Zoning Districts

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

II. Mixed-use Zoned Districts

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

TABLE 4.4: Zoning Districts that Allow Residential Development

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

III. Single-Family Housing



As discussed above, the City of Capitola is nearly built-out. The bulk of the new single-family construction that has taken place in the City over the 2000-2007 planning period involved the demolition and replacement of existing units with very limited net gain in the number of units. In 2008, there were only seven (7) vacant single-family parcels left in the City.

IV. Multiple-Family Housing

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

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

The City of Capitola recognizes that without an active Housing Plan, only limited housing development beyond the available single-family lots and the anticipated Secondary Dwelling Units would likely occur during the 2007-2014 planning period. To augment its housing supply, the City has undertaken a survey of prospective properties in the multi-residential and commercial zones (Table 4.5 and Appendix F). From this survey, the City has identified available housing Opportunity Sites best suited for redevelopment with the inclusion of multifamily housing units.

V. Additional Residential Zoning Opportunities

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

Planned Development Permits:

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

Affordable Housing Overlay:

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

Density Bonus Ordinance:

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

Secondary Dwelling Unit Ordinance:

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

Inclusionary Housing Ordinance:

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

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

2007-2014 Opportunity Sites

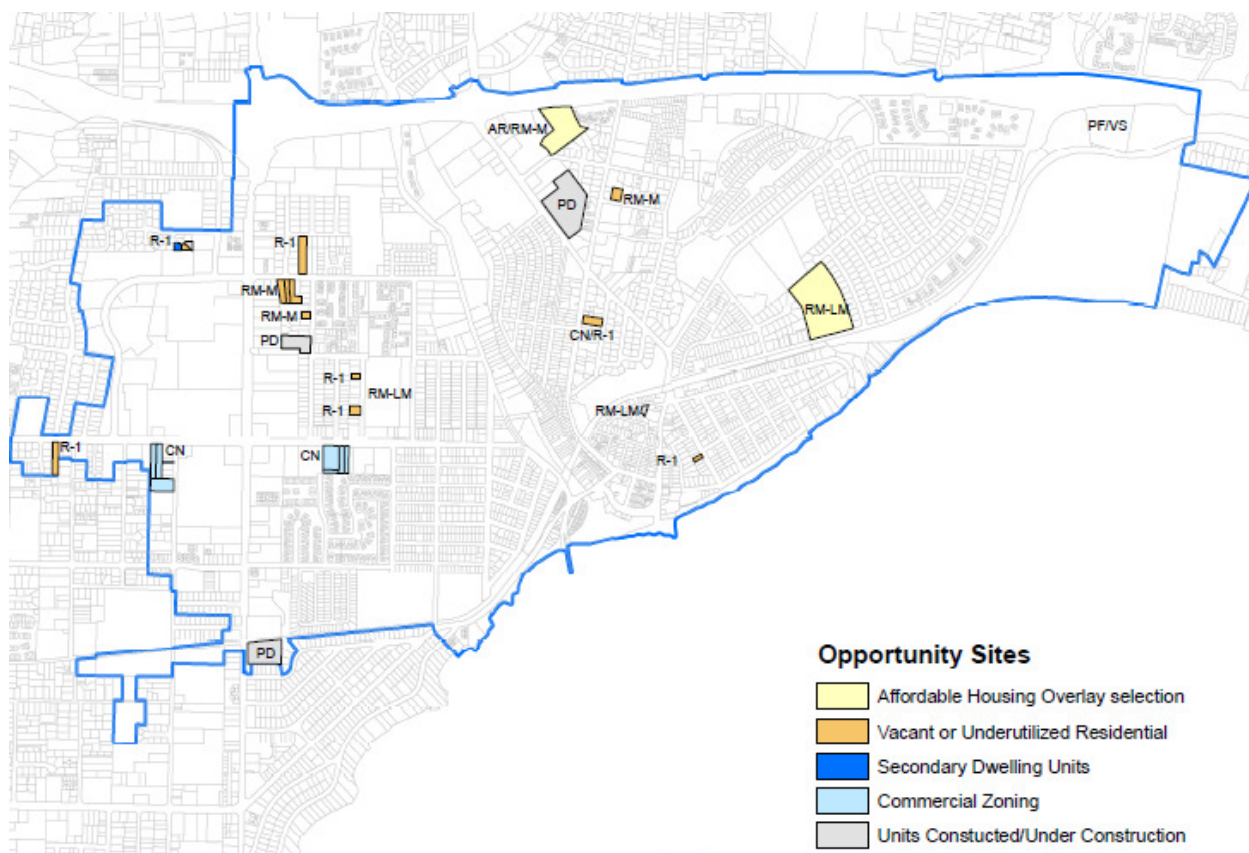
As shown in Table 4.5 the City will be able to exceed the RHNA obligations for all income categories. Due to the City's actions during the past 2000-2007 Planning Period, zoning changes, ordinances and appropriate assistance programs have already been placed into service. All of the following Opportunity Sites shown already have zoning in place that will allow the proposed development at the appropriate densities required.

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

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

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

Figure 4-1: 2007-2014 Housing Opportunity Sites



I. Affordable Housing Overlay (AHO) Sites

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

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

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

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

Affordable Housing Overlay Opportunity Site #1: 600 Park Avenue

- **APN: 036-151-15**
- **Lot Size: 6.8 acres**
- **Zoning: AHO/RM-LM (5-10 dwelling units/acre; up to 20 dwelling units/acre with Affordable Housing Overlay)**
- **General Plan Designation: R-H¹⁷ (residential high density) 10-20 units/acre.**



Using CDBG Planning and Technical Assistance grant funds the City contracted with the Mid-Peninsula Housing Coalition to complete a feasibility study of the 600 Park Avenue site to determine whether or not redevelopment of the site would be feasible. The 600 Park Avenue site study was completed in January 2007 by the Mid-Peninsula Housing Coalition. While the study provided three different redevelopment scenarios the most conservative development scenario was used to estimate the number of housing units that might actually be developed between 2007 and 2014.

¹⁷ Pending Coastal Commission Certification

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

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

The City has been in contact with the current owners of the 600 Park Avenue site and has expressed an interest in working with the owner to take advantage of the Affordable Housing Overlay. The past feasibility study conducted on the site provides an extensive analysis of alternative development scenarios. The City also has set aside \$15,000 in Preservation-Technical Assistance funds in FY 2009-2010 that could be provided to assist with further pre-development expenses such as a phase I report or preliminary geotechnical studies.

Through the adoption of the Overlay the City has expressed its interest in seeing the development of an in-fill housing project on this site and is concerned with the long-term sustainability of the existing affordable housing on the site if an affordable housing project is not initiated in the near future. As was demonstrated with the Bay Avenue Senior Apartments project, the City housing staff and Community Development Department will work closely with the owner/developer to assist in the entitlement process, to prepare a development agreement and to package possible financial assistance from the City or Redevelopment Agency. The City will also work with the developer to apply for any federal or state housing funds that may be available for the project. The City currently has 10 water credits with Soquel Creek Water District for affordable housing that could be provided to this project if needed to help gain water service for the new units. This project could provide for up to 33 new housing units for lower-income households.

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

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



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

The City has set aside \$15,000 in Preservation-Technical Assistance funds in FY 2009-2010 that could be provided to assist with further feasibility studies or other pre-development expenses for this project. As was demonstrated with the Bay Avenue Senior Apartments project, the City housing staff and Community Development Department will work closely with the owner/developer to assist in the entitlement process, to prepare a development agreement and to package possible financial assistance from the City or Redevelopment Agency. The City will also work with the developer to apply for any federal or state housing funds that may be available for the project. The City currently has 10 water credits with Soquel Creek Water District for affordable housing that could be provided to this project if needed to help gain water service for the new units. This project could provide for up to 61 new housing units for lower-income households.

Policy 2.5 and Programs 2.5a and 2.5b have been created to promote the development of affordable housing on the identified opportunity sites including these two Affordable Housing Overlay sites. Program 2.5b specifically will monitor the progress of development on these sites.

II. Mixed-Use Residential/Commercial Sites

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

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

There are several prospective commercially zoned properties that are appropriate sites for development with mixed-commercial/residential redevelopment projects. Zoning changes made over the past planning period allow mixed-use residential development in the CC Community Commerical, CN Neighborhood Commercial, PO Professional Office and CR Commercial/Residential zones. While mixed-use residential development is allowed on

any CC,CN,PO or CR zoned parcel the following four sites have been identified as being particularly appropriate given their current lower-than-typical density of development and need for economic redevelopment, or because of the site's location being particularly advantageous for pedestrian and bicycle oriented residential uses.

1575 38th Avenue:

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



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

It is anticipated that due to the age and poor condition of the existing structures, that the site will be redeveloped in the current planning period. Given current zoning and proximity to public services the site is appropriate for a future mixed residential/commercial development project. Taking into consideration the setbacks, parking, and other design requirements of the CN district, it is possible to build 17 residential units above commercial

on this site or 25 dwelling units per acre. Going by the standards set by the California State Department of Housing and Community Development, a density of 20 dwelling units/acre equates to low and very low income affordability. Although this site qualifies under State Housing Element requirements for the development of low-income housing units, the City of Capitola is choosing to show this site as being developed for moderate and above moderate income households. While a net of 17 units are possible on this site, the City has anticipated development at about 50% of the net new units, for a total of eight units.

3754 and 3780 Capitola Road:

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



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

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

4250-4310 Capitola Road:

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



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

of low-income housing units, the City of Capitola is choosing to show this site as being developed for moderate and above moderate income households. While a net of 37 units are possible on this site, the City has anticipated development at about 50% of the net new units, for a total of 19 units.

III. Secondary Dwelling Units

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

Since the Ordinance was passed a total of 6 new Secondary Dwelling Units have been built. Because of Capitola's early days as "Camp Capitola", many of its older original lots are smaller than the 5,000 square foot minimum lot size requirement specified in the City SDU Ordinance. There are still a total of 654 single-family zoned lots that do meet this requirement and that could accommodate second units. The City estimates that the Second Unit ordinance will yield approximately 7 new units during the 2007-2014 planning period. It is projected that, due to their inherent size limitations and site characteristics, that all of these secondary units will likely be offered at rents affordable to moderate- income households. To further encourage the development of second units the City will review its current ordinance to see if further refinements can help remove any remaining barriers that have discouraged development in the past.



IV. Other Vacant and Prospective Residential Lands

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

Comparison of Available Sites with RHNA

As indicated in Table 4.5, the Regional Housing Need (RHNA) for Capitola is 143 dwelling units, ranging in affordability for households from extremely low-income to above moderate-income. Of the 143 units, 80 have already been built or received planning permits during the 2007-2014 planning period. The available Opportunity Sites identified above provide the capacity to meet, and exceed, the remaining housing need of 63 units. Further, the identified sites will meet or exceed the housing needs for each individual income group. These 63 units will range in housing types from subsidized multi-family housing to market-rate single-family homes.

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

TABLE 4.5: 2007-2014 RHNA OPPORTUNITY SITES CHART

INCOME LEVEL	2007-2014 RHNA	UNITS BUILT	AFFORDABLE HOUSING OVERLAY	COMMERCIAL SITES	PROSPECTIVE RESIDENTIAL SITES	SECONDARY DWELLING UNITS	TOTAL
Extremely Low	16	12	4	0	0	0	16
Very Low	16	1	26	0	0	0	27
Low	24	0	32	0	0	0	32
Moderate	27	9	32	9	7	7	64
Above Moderate	60	58	0	29	7	0	94
TOTAL	143	80	94	38	14	7	233

The City's projections are conservative, and assume development at the lower end of the projected density range. The listed Opportunity Sites allow for the development of a total of 16 extremely low-income units, 27 very low income units, 32 low income units, 64 moderate income units, and 94 above-moderate units. The City of Capitola housing program goal is to provide more than adequate opportunity sites during the entire planning period and to encourage the development of the entire RHNA allocation of 143 units by

2014. New Housing Element policies call for City and Redevelopment Agency staff to work with property owners to target sources of affordable housing funds to achieve goals for the number and affordability of housing units to be developed.

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

C. Resources Available

Availability of Public Services and Facilities

I. Public infrastructure and utilities

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

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

II. Public Transit

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

III. Water Service

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

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

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

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

The Santa Cruz Water District and the Soquel Creek Water District are jointly pursuing seawater desalination as a supplemental water source, which is expected to become available sometime around 2015. As currently envisioned, this facility would add a 2.5 million gallons/day capacity to the Santa Cruz Water District, which could provide upwards of 500 million gallons over the dry season as a backup supply in times of draught. During non-draught years this project would also enable the Soquel Creek Water District to significantly reduce pumping and achieve groundwater management objectives of restoring and protecting the Soquel-Aptos Groundwater Basin.

Both water districts serving Capitola have policies in place that give new water connection priority to affordable housing developments. Through the water saving upgrades incorporated into the Bay Avenue Senior Apartments project the City of Capitola has been issued 10 new water connections from the Soquel Creek Water District for the development of future affordable housing units.

IV. Sewer Capacity

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

Opportunities for Energy Conservation

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

I. Capitola Green Building Ordinance

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

The program has been effective, due to its flexibility and comprehensible requirements. Since its induction, four (4) building permits have been issued utilizing the program.

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

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

- Locating the structure on the northern portion of the sunniest area on the site.

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

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

II. **Policies which Promote Compact Development**

In addition to the Capitola Green Building Program, the City has identified several policies in the 2007-2014 Housing Plan (Chapter 6) that will conserve energy through high density, compact and/or mixed-use residential development. These policies are as follows and are discussed in more detail in Chapter 6 of this housing element.

- **Policy 1.2:** Encourage mixed-use development
- **Policy 1.3:** Provide opportunities for the development of alternative housing
- **Policy 1.5:** Ensure adequate sites for new housing development to meet the needs of the community

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

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

Federal Sources of Funding

I. Public Housing

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

II. Housing Choice Vouchers

In addition to public housing, HUD also funds Housing Choice Vouchers formerly known as Section 8. Unlike public housing, which fixes the tenant's rent to no more than thirty percent (30%) of their household income; Housing Choice Vouchers provide a subsidy to private landlords to pay the difference between what the tenant can afford with thirty percent (30%) of their family income and the fair market rent. The Housing Authority administers approximately 150 Housing Choice Vouchers for Capitola residents.

III. Community Development Block Grant Program (CDBG)

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

CDBG funds are subject to certain restrictions and cannot be used for the actual construction of new housing. The program benefits primarily persons/households with low-

incomes not exceeding 80% 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.

IV. Home Investment Partnership (HOME) Program

HOME is a Federal HUD program that can fund a variety of activities to assist either rental or home ownership projects through acquisition, construction and rehabilitation of affordable housing. Under the HOME program, smaller jurisdictions with populations under 50,000 are allowed to apply for competitive grants administered on an annual basis by the State Department of Housing and Community Development (HCD). HOME funds have been used in past years to assist housing projects including the 12-unit Clares Street, Brookvale Terrace Mobile Home Park purchase and the City's Mobile Home Rehabilitation Loan Program. In January 2007 the City was awarded a \$2 million HOME grant to assist with the rehabilitation and new construction of the 109-unit Bay Avenue Senior Apartments project. Once HOME grant funds are received by the City the funds are used to provide loans to projects and qualified individuals. As those loans are repaid the funds are returned to the City's HOME Reuse Account and can be used again for affordable housing related activities approved by HCD.

V. ESG and HOPWA

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

VI. HUD 811 and 202 programs

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

VII. Low-Income Housing Tax Credits

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

VIII. Mortgage Credit Certificates

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

State Sources of Funding

I. Proposition 1C Funding

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

II. Multifamily Housing Program

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

III. Mental Health Services Act Program

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

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

IV. Building Equity and Growth in Neighborhoods (BEGIN)

BEGIN funding includes grants to local public agencies to make deferred payment second mortgage loans to qualified buyers of new homes in projects with affordability enhanced by local regulatory incentives or barrier reductions. In 2008 Capitola received a BEGIN program grant of \$240,000 to assist buyers of the 8 Inclusionary Housing units of the Capitola Beach Villas condominium project on 41st Avenue.

V. CalHOME

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

VI. Workforce Housing Reward Program

This program provides financial incentives to cities and counties that issue building permits for new housing affordable to very low- or low-income households. Grants can be used for construction or acquisition of capital assets. The grant amount is determined based on the number of units developed. In 2008 Capitola received a grant of \$4,800 for the 2 new units at the Wharf Road Manor Mobile Home Park. These funds were used to assist in the construction of the public art medallion of the Esplanade Plaza Project. Larger grants can be requested for the Bay Avenue Senior Apartment project.

VII. CALIFORNIA HOUSING FINANCE AGENCY (CHFA)

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

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

A new program of CHFA is the HELP Program. This program provides low interest loan assistance to local governments to assist in the provision of affordable housing. Terms of

the low interest loans are 3% simple interest per annum for up to ten years, with a maximum loan amount of \$2,000,000 per project.

Local Sources of Funding:

I. Redevelopment Agency Low and Moderate Income Housing Fund

One of the most significant resources available to Capitola is the Low-Moderate Income Housing Fund (LMIHF) from the City's Redevelopment Agency. In accordance with State law, 20% of the Redevelopment Agency's tax increment is allocated for the improvement or provision of housing for low and moderate income households. Capitola's Redevelopment Agency expects to generate approximately \$400,000 per year in the LMIHF. The City has used these funds to finance a wide array of housing programs including: the 25 unit Dakota Apartments housing project; the 6 unit Habitat for Humanity project; mobile home park rehabilitation and acquisition projects, housing rehabilitation loan programs and the 109-unit Bay Avenue Senior Apartments Project.

The Capitola Redevelopment Agency has adopted a 2004-2009 Implementation Plan and a 2004-2014 Housing Strategy. The Housing Strategy provides a 10-year program for use of an estimated \$5 million redevelopment housing set-aside funds. In addition to funding the RDA's on-going rental assistance, housing rehabilitation and first time homebuyer programs (through the RDA's contract for services with the Housing Authority), the funds will be used to assist in the development of new construction affordable family/all age housing projects.

II. Capitola Affordable Housing Trust Fund

This fund was adopted by the City Council in November 2004 to utilize Inclusionary Housing In-Lieu Fees and to accept donations from individuals and organizations. The Affordable Housing Trust Fund provides the City with a mechanism for accumulating and administering additional housing resources. These funds can be used as matching funds to State and Federal funding sources. To date, the only source of revenue to the Trust Fund has been Inclusionary Housing Fees. The Fund has received approximately \$100,000 per year in past years, but this number may decline with the current slowing of the building industry.

D. Agencies Involved in Housing in Capitola

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

I. City of Capitola Redevelopment Agency

The City of Capitola Redevelopment Agency has played an active role in meeting the housing needs of the community. The Agency oversees the use of the Low and Moderate Income Housing Fund which provides assistance both to affordable housing projects and also to assistance programs including:

- The City's First Time Homebuyer Program
- The City's Owner Occupied Rehabilitation Assistance Program.
- The City's Security Deposit Program to assist low-income families with the deposits needed to rent a home
- The City's Emergency Housing Assistance program that provides one-time rent or mortgage assistance to help families avoid foreclosure or eviction
- The City's Rental Assistance program for low-income Loma Vista and Wharf Road Mobile Home Park residents

II. Housing Authority of the County of Santa Cruz

The Housing Authority of the County of Santa Cruz is the primary agency providing affordable housing opportunities in Capitola. The Housing Authority manages the 12-unit Grace Street apartments, administers the Housing Choice Voucher rental assistance program and operates the Mortgage Credit Certificate program for Capitola. Through a contract with the Capitola Redevelopment Agency, funded by redevelopment housing set-aside and other funding sources as may be available, the Housing Authority also administers the City's First-time Homebuyer Program, Housing Rehabilitation Program, and Security Deposit Program. Under contract to the Capitola RDA, the Housing Authority assisted Capitola with the resident acquisition of Loma Vista and Wharf Road Mobilehome Parks, has completed several other mobilehome resident acquisition feasibility studies.

III. 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.

IV. Senior Network Housing Program:

The Senior Network Housing Program provides some housing-related services to elderly individuals and households. The City of Capitola contracts for provision of these services to city residents through a contract under the Community/Human Services Program. The senior network program has been active in matching seniors in shared housing

arrangements. In addition, staff also maintains an inventory of senior housing developments and provides information on location, eligibility requirements, affordability and level of services offered.

V. California Rural Legal Assistance

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

VI. Habitat for Humanity

Habitat for Humanity is a non-profit organization dedicated to building and rehabilitating affordable ownership housing for lower income families. Habitat for Humanity builds and repairs homes with the help of volunteers and the partner families. Habitat homes are sold to partner families at no profit with affordable, no-interest loans. Habitat for Humanity of Santa Cruz County has now completed the development of 31 homes since 2000, including 2 Secondary Dwelling Units. A Capitola Redevelopment Grant provided financial assistance to build six townhomes in Capitola. Habitat for Humanity broke ground in August of 1998 and completed construction in October of 2000.

VII. Mid-Peninsula Housing Coalition (MPHC)

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

VIII. First Community Housing (FCH)

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

IX. South County Housing

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



CHAPTER 5: PROGRAM EVALUATION

Chapters one through four establish the housing needs, constraints and opportunities in Capitola. Chapter five evaluates the accomplishments of the last adopted housing element covering the planning period from January 1, 2000, through December 31, 2006.

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

A. Progress Toward Implementing the 2000-2007 Housing Element Programs

The 2000 - 2007 Housing Element established five primary housing goals. Under each goal, policies were provided that outlined more specifically how these goals could be carried out. Finally, programs were provided that outlined the actual actions that would be taken to facilitate the goals and policies. To review progress made during this past Housing Element, each goal is listed along with implementing programs and a discussion of the actions that have been accomplished:

GOAL 1 Maintain and Preserve the Character of the Existing Residential Neighborhoods

PROGRAM 1.a Capitola Housing Rehabilitation Program. This program, to be administered by the County Housing Authority, was expected to be funded at \$100,000 per year with the objective of serving 43 owner-occupied units and 92 multi-family rental units over the planning period.

PROGRESS: The City has maintained this contact with the Housing Authority of the County of Santa Cruz since 2000. Funding for the program has varied from year to year with initial funding as high as \$300,000 per year. In 1995 a HOME grant was received to assist with the resident acquisition of the Brookvale Terrace Mobile Home Park. A portion of these funds was also used to assist the residents in the park with rehabilitation efforts. Funding for the rehabilitation program dropped to around \$50,000 for the 04-05 & 05-06 years due to a decline in interested homeowners. This program was funded primarily through the Redevelopment Agency Low and Moderate Income Housing Fund and HOME grant funds. During the 2000-2007 Housing Element planning period this program provided 49 rehabilitation loans and 2 rehabilitation grants. One of the limitations of the program is that it has not been able to assist residents of rental housing units. Apartment owners are not willing to participate in the program because it would then require adherence to income eligibility requirements,

PROGRAM 1.b Code Enforcement. The purpose of this program is to bring substandard units into compliance with City codes and to improve overall housing conditions in Capitola.

PROGRESS: This has been an on-going program administered by City planning and building department staff. As part of the program, property owners are informed of the rehabilitation assistance available to correct health and safety related code violations. This program has resulted in only two or three abatement notices per year and is complaint initiated, or occurs as a part of an inspection of non-permitted construction.

GOAL 2 Maintain Existing Affordable Housing Inventories

PROGRAM 2.a. First Time Homebuyer Program. This program provides deferred second mortgages to low and moderate-income first-time homebuyers at 3% annual interest. The program is administered by the Housing Authority and was to be funded at approximately \$75,000 per year with a goal of funding five units over the planning period.

PROGRESS: This program was initiated in 2003 with \$100,000 in Redevelopment Agency funding. Because of the high purchase prices in Capitola the program has only worked to assist with the purchase of mobile homes. Between 2003 and 2006 four (4) First Time Homebuyer loans were issued.

PROGRAM 2.b Mobilehome Park Resident Acquisition Feasibility. A planning grant from CDBG provided funding for studies to explore the feasibility of resident acquisitions of one or more privately-owned mobile home parks into cooperative resident ownership.

PROGRESS: Feasibility studies were completed on three of the City's nine parks. These studies led to the later resident acquisitions of two of the parks.

PROGRAM 2.c Mobilehome Resident Acquisition Projects. This program was to provide matching funds for financial and technical assistance to mobile home park residents to facilitate their acquisition efforts.

PROGRESS: Of the City's nine parks two of them (Wharf Road Manor and Loma Vista) have now been purchased with City and State MPROP assistance, are being operated as cooperatives and have income requirements so that all 126 spaces in these parks are now permanently affordable to families who earn less than 120% of the area median income (moderate income or below).

In the Wharf Road Manor park two new 3-bedroom manufactured homes have been developed. With the assistance of the City's First Time Homebuyer program these two units have been made permanently affordable to low-income households. Three other parks, Brookvale Terrace, Tradewinds and Turner Lane, have been purchased by the residents and have been subdivided. These parks were provided with technical assistance from the City but have financed the purchases without financial assistance from the City. Under the City's Inclusionary Housing Program, which covers the subdivision of mobile home parks, the Turner Lane Park was required to set aside seven (7) of the spaces in the park as moderate-income restricted units. The City is using its First Time Homebuyer program and Housing Rehabilitation program to help the current residents purchase lots in the parks that will remain permanently affordable.

This leaves four (4) mobile home parks in Capitola as rental parks. Although acquisition feasibility studies have been completed for these parks no purchase agreements have been negotiated. The City remains actively supportive of possible future resident-involved purchases and is particularly supportive of cooperative or non-profit ownership options that would guarantee long-term affordability.

PROGRAM 2.d Security Deposit Program. This program, administered by the Housing Authority, was created to provide low-income households who may have been homeless or who are at risk of becoming homeless with the funds needed for security deposits and last month's rent. The program was funded at \$15,000 per year and was to assist 7-10 households per year.

PROGRESS: The program continues to be funded at the \$15,000 level each year and serves four (4) to six (6) households each year with a total of thirty-five (35) households served during the planning period. Rising required deposit amounts in recent years has limited the number of households that can be served.

PROGRAM 2.e Emergency Housing Assistance. This program is administered by the Community Action Board with the purpose of providing low-income households who are at risk of becoming homeless with emergency, short-term housing payment assistance to prevent eviction or foreclosure leading to homelessness. The program was to be funded at \$60,000 per year with an objective of serving fifteen (15) to twenty (20) households each year.

PROGRESS: This program may be one of the City's most cost effective programs in that it helps avoid homelessness, which can result in increase demand for municipal and other public services. The program has been funded at \$60,000 to \$75,000 each year and serves nineteen (19) or twenty (20) households each year. The assistance provided by the Community Action Board also includes financial counseling and referral services for the households being assisted so that they gain many additional benefits from the program that help them avoid homelessness.

PROGRAM 2.f Section 8 Housing Assistance. Through this federally funded program low-income households can receive rental subsidies that fill the gap between what actual rents cost and what the household can afford.

PROGRESS: This program, now known as the Housing Choice Voucher Program, is administered by the Housing Authority of the County of Santa Cruz. Approximately 150 households living in Capitola participate in the program. Once these vouchers have been issued to a household they are free to move and utilize the voucher wherever they like and are not restricted to the Capitola Area. There is currently a minimum two-year waiting list for households wishing to receive Housing Choice Vouchers in Santa Cruz County. The shortage of vouchers is a major concern but is outside of the control of the City.

PROGRAM 2.g: City Rent Stabilization Ordinance for Mobilehome Parks. This program protects mobile home park residents from unreasonable increases in space rents.

PROGRESS: The City has, and continues to uphold the Rent Stabilization Ordinance. The Ordinance only applies to rental parks, so the five parks that have now subdivided, or are owned by resident controlled cooperatives, are no longer covered. Four parks (268 spaces) remain as rental parks and continue to be covered under the ordinance. Since 2004 the City has expended \$555,900 to uphold the Ordinance against legal challenges. In 2003 the City initiated a Mobile Home Park Administrative Service Fee imposed on all residents living in rent controlled parks. Since 2004 this Service Fee has raised \$232,000 which has been used to offset the legal fees that the City has incurred.

PROGRAM 2.h Condominium Conversion Ordinance. The City has a Condominium Conversion Ordinance in place that regulates the conversion of rental apartments to condominiums by restricting conversions to units built only during a limited time period and by requiring that 35% of the units be made available to low and moderate income households. Projects of less than five units are exempt from the conversion Ordinance.

PROGRESS: Since 2000 only five (5) projects, each exempt under the Ordinance with 4 units or less (a total of 15 units), have been converted to condominium ownership.

GOAL 3 Encourage new affordable housing opportunities through construction of new units.

PROGRAM 3.a Zoning Code Revisions. This program called for zoning code revisions including the following:

Amend the CC (Community Commercial) zoning district to allow residential and mixed-use development at a density of 25-30 units per acre

Amend the CN (Neighborhood Commercial) zoning district which already allows mixed use development at high densities, to establish a desired density of 20-25 units per acre,

Adopt a Secondary Unit Ordinance that will permit second units on designated single family lots of 5,000 square feet or greater.

Adopt a density bonus ordinance consistent with State Law

Adopt an Inclusionary Housing Ordinance

PROGRESS: The CC (Community Commercial) zoning district has been amended, pending Coastal Commission Approval, for areas inside the coastal zone, and now allows mixed-use residential. No density maximum was imposed.

The CN (Neighborhood Commercial) zoning district was not amended. It was determined the existing zoning already allowed mixed-use and residential development as principally permitted uses with no maximum density limit.

A Secondary Dwelling Unit Ordinance was adopted in November 2003. The City has a total of 654 single-family zoned lots that are 5,000 square feet or larger and that may be eligible to build a Secondary Unit. During the 2000-2007 planning period six Secondary Dwelling units have been permitted and built.

A density bonus ordinance has been adopted consistent with State Law.

An Inclusionary Housing Ordinance was adopted in 2004. Since that time 10 Inclusionary housing units have been built that are permanently affordable to low or moderate-income households. Additional In-Lieu Fees under the program have been collected and provide approximately \$100,000 each year to the City's Housing Trust Fund.

PROGRAM 3.b Affordable Housing Development Program. This program calls for the City to coordinate with property owners and non-profit developers to facilitate the development of housing for low and moderate income households and to use of the Affordable Housing Overlay and CDBG Planning Grants to complete feasibility studies and allow increased density to encourage development.

PROGRESS: The City received a CDBG grant to complete feasibility studies on three of the 2000-2007 Housing Element's Opportunity Sites (the McGregor site, the 600 Park Avenue site and 1066 41st Avenue). These studies were completed by Mid-Peninsula Housing in 2006. Following these studies it was determined that the McGregor site would be more appropriately used for non-residential purposes due to its isolated location which would make residential development largely auto dependent.

The 600 Park Avenue feasibility study provided three different residential development scenarios that would help preserve the existing affordable housing on the site and allow for

the development of additional new units on the site. This site was subsequently identified as one of the Affordable Housing Overlay sites and is listed as an opportunity site in the 2007-2014 Housing Element with an anticipated net increase of 33 low and very low-income units. The site continues as a viable development option.

The third site on 41st Avenue was approved for residential development through a Planned Development ("PD") use permit. Variances to allow for increased height, reduced setbacks and reduced parking were approved as a part of the PD permit. The approved project is a mixed-use residential development with commercial space on the ground floor street frontage and 55 condominium units. The project density is 30 units per acre, was completed in late 2008 and will be counted toward the 2007-2014 Housing Element RHNA obligation. Forty-seven (47) of the units will be marketed to above moderate-income buyers and 8 units will be set aside for low and moderate-income buyers through the City's Inclusionary Housing Ordinance. The City is utilizing RDA, Affordable Housing Fund and BEGIN program grant funds to assist lower-income buyers interested in these inclusionary units.

The City also worked with the National Handicapped Housing Institute to develop the Dakota Apartments Accessible Housing project. The 25-unit accessible rental project located at Clares/Capitola Road was constructed in 2000. The rentals are available for very low-income households with one or more persons affected by mobility impairment/traumatic brain injury. The project used funding from the Capitola Redevelopment Agency's Housing Fund, HOME Program Income Re-Use Funds, and the HUD 811 program. The development is owned by the National Handicapped Housing Institute, a nonprofit agency, and restrictions ensure that the units will remain affordable in perpetuity.

The City has also worked closely with the Salvation Army and the non-profit affordable housing developer, First Community Housing, to develop a new project for the Silvercrest Apartments located at 750 Bay Avenue. Through a Planned Development zoning designation the project was awarded an increase in density from 15 to 24 dwelling units per acre, and parking requirements were reduced. This project is an acquisition, rehabilitation and new construction project. It will involve the rehabilitation of the existing 97 units on the site and will allow for the development of 13 new units. The units to be preserved and created on this site will be counted toward the 2007-2014 RHNA obligation.

The City also worked with Habitat for Humanity to develop a six (6) unit housing development that was completed in 2004 and provided six (6) ownership housing units for very low-income households.

PROGRAM 3.c Housing Trust Fund. At the same time that the City adopted its Inclusionary Housing Ordinance in 2004, the City established a Housing Trust Fund to be funded with in-lieu fees collected under the Inclusionary Ordinance. At the time it was hoped that the State would provide periodic matching grants to help local communities built their Housing Trust Funds.

PROGRESS: The Housing Trust Fund has been in place since 2004 and has received approximately \$100,000 per year from in-lieu fee payments. These program funds have been used to provide loans under the City's First Time Homebuyer loan program and Owner Occupied Rehabilitation Assistance Program. To date no matching funds have been received from the State.

GOAL 4 Provide Housing Opportunities for People with Special Needs, Specifically the Elderly and People with Disabilities.

PROGRAM 4 a. Fair Housing Public Outreach. In order to provide the public with Fair housing information, legal assistance for eligible households, and landlord-tenant dispute mediation, the City contributed funds to the offices of California Rural Legal Assistance (CRLA) and the Office of Consumer Affairs in the County District Attorney's office.

PROGRESS: The City funds the California Rural Legal Assistance from the City General Fund's Community Grant program in the amount of \$3,500 each year.

PROGRAM 4.b Barrier Free Housing. Through this program the City promotes implementation of State Standards for the provision of disabled accessible units in new development and provides technical assistance regarding developing accessible housing.

PROGRESS: Building Department staff continues to regularly provide technical assistance to developers and homeowners interested in developing barrier free housing. The City has enacted a local ordinance that requires a minimum 30 inch net clear width on all passage doors on residential structures not regulated by the State Disability Access Code. The City's Home Rehabilitation Loan program is also particularly active in providing loans and grants for homeowners interested in making accessibility improvements to their homes.

GOAL 5. Encourage Siting and Design of Residential Development that Allows People to Live and Work in Capitola.

PROGRAM 5.a Zoning Code Amendments: Update of the zoning ordinance including amending the establishing shared parking provisions and reduced residential parking requirements.

PROGRESS:

The City has revised its parking requirements. In August of 2004 the City Council adopted amendments to the parking standards, lowering the required off-street parking requirement for single-family homes. Previously, the Zoning Code required a minimum of three off-street parking spaces, one of which must be covered, for homes 2,000 square feet or less. For homes greater than 2,000 square feet, four off-street spaces were required, two of which were to be covered. The Zoning Code was amended to require two uncovered off-street spaces for homes less than 1,500 square feet, two off-street spaces (one of which is

to be covered) for homes 1,500 square feet to 2,000 square feet. For residences 2,601 to 4,000 square feet four spaces are required, one of which must be covered. Residences greater than 4,000 square feet may require additional parking at the discretion of the planning commission.

PROGRAM 5.b Application of Affordable Housing Overlay District

PROGRESS: The City Council has adopted an Affordable Housing Overlay District in the Multi-Family zone. This Overlay allows residential development at up to 20 units per acre in exchange for a 50% affordability requirement for the development of either rental or ownership units. Two opportunity sites were identified under the Affordable Housing Overlay Ordinance providing the potential for a net increase of 94 new affordable housing units. These two sites remain available and have been included as affordable housing Opportunity Sites in the 2007-2014 Housing Element.

GOAL 6 Encourage Sustainable Development

PROGRAM 6.a Review by Architectural and Site Review Committee. Continue with project review by Architectural and Site Review Committee for development that requires design review.

PROGRESS: The Architectural and Site Review Committee meets twice a month to review projects for consistency with the Municipal Code and the General Plan and to maintain the character and integrity of the neighborhood by promoting excellence of development, preventing undue traffic hazards or congestion, encouraging the utilization of solar energy, and encouraging the most appropriate development and use of land in harmony with the neighborhood. Per Zoning Code Section 17.63.090, considerations of the architectural and site review committee include sustainable development issues such as:

- The planting of groundcover or other landscape surfacing to prevent dust and erosion,
- The prevention of unnecessary destruction of existing healthy trees,
- Usable open space shall be reviewed both with respect to area and quality of landscape development;
- Considerations relating to site layout:
 - The orientation and location of buildings, decks or balconies, and open spaces in relation to the physical characteristics of the site, the character of the neighborhood and the appearance and harmony of the buildings with adjacent development such that privacy of adjacent properties is maintained;
 - Incorporation of permeable driveway materials and other means of retaining storm water runoff on site and reducing non-point source pollution through use of grassy swales and other water quality enhancement measures;
 - Considerations related to encouraging utilization and protection of solar energy, including the orientation of the lot, height of proposed building, distance between proposed building and south wall of adjacent structure(s), extent to which adjacent building(s) will have solar access to south roof and/or wall, extent to which adjacent

south facing wall(s), roof top(s), and solar collector(s) are shaded by the proposed structure(s).

In all cases the City of Capitola has made strong progress toward meeting the objectives of the 2000-2007 Housing Element. Although only 77 units of the 337-unit production goal were built, the City actively promoted the construction of affordable units and moved forward with the ordinance revisions needed to encourage future affordable housing development. During the Housing Element planning period Capitola was also able to enter into the planning phases for many affordable housing projects that are now be developed during the 2007-2014 planning period.

Table 5.1
Progress toward meeting the 2000-2007 Housing Element RHNA Goals

Income Category	RHNA Goals	Total Units Built	Units Demolished	Net New Units Developed
Very Low	82	31	0	31
Low	41	2	0	2
Moderate	63	8	0	8
Above Moderate	151	81	45	36
TOTAL	337	122	45	77

*Two of the moderate-income units were developed under the City's Affordable "Inclusionary" Housing Ordinance and will have annual income certifications. The remaining six moderate-income units were developed under the City's Secondary Dwelling Unit. We have categorized these units as being moderate-income by virtue of the 500 square foot maximum size and rental nature of the units.

B. Outstanding Issues from the 2000-2007 Housing Element

Items of business unfinished from the 2000-2007 Housing Element include:

- 1) Goal 3, Policy 3.a. called for an amendment of the CN (Neighborhood Commercial) zoning district to establish a desired residential density range of 20-25 units per acre. City staff reviewed the existing CN district zoning to consider making amendments. The zoning district already allows mixed-use residential development as a principally permitted use. Because the current zoning allows residential development without a density limit it was felt that a revision, as proposed, would actually serve to restrict residential development rather than provide for greater flexibility.

C. Analysis of Implementation of Prior Housing Element

The review of progress toward implementation reveals that the City of Capitola has carried out the programs outlined and has been able to maintain more than adequate opportunity sites during the entire 2000-2007 planning period. Because of the built-out nature of the community, however, new development is expensive, time consuming and typically involves some loss of existing units. Although the private housing market did not absorb the available sites at the rate projected by the regional fair share numbers, affordable housing was preserved and constructed, and programs providing assistance with affordable housing development were in place and active.



CHAPTER 6: HOUSING PLAN

The provision of housing that fulfills the diverse needs of the community is a fundamental priority for the City of Capitola. The Housing Plan provides a statement of Capitola's six main housing goals and the policies and programs relative to each goal. These are the City's goals for the 2007-2014 Housing Element formulated with input from the public. This chapter builds upon the earlier chapters which identified housing needs and evaluated constraints and the resources available to address those needs. The chapter ends with Quantified Objectives for housing production and rehabilitation and compliance with State law.

A. Goals, Policies and Programs of the 2007-2014 Housing Element


- Goal 1.0: Housing Production
- Goal 2.0: Affordable Housing Development
- Goal 3.0: Special Needs
- Goal 4.0: Housing Assistance
- Goal 5.0: Neighborhood Vitality
- Goal 6.0: Resource Conservation



Goal 1.0 Housing Production

An adequate diversity of housing types and affordability levels to accommodate housing needs of Capitola Residents

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



Housing Production Policies and Programs:

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

Program 1.1 Providing Adequate Housing Sites: Providing new housing to accommodate projected employment and population growth and to meet the needs of existing residents is a major objective of the City. To that end, the Housing Element identifies “adequate” sites to accommodate the City’s share of the regions’ housing needs from 2007-2014. Adequate sites are those in close proximity to jobs, goods and services, have mitigatable or no constraints, and have adequate infrastructure.

Five-year Objectives:

- Maintain an inventory of available vacant and prospective sites that can accommodate new housing
- Maintain Opportunity sites adequate to meet any outstanding Housing Element RHNA obligation during the 2007-2014 planning period
- Consider the preparation of Specific Plans or Area Plans for larger developable residential areas.
- Continue to require housing production goals for housing opportunity sites remaining in Capitola.

Timing: On-going through December 2014

Responsibility: City/ Redevelopment Agency staff

Policy 1.2 Encourage mixed-use developments

Program 1.2 Mixed-Use Developments: Capitola is nearly built out, and there are very few vacant residentially zoned sites left in the City. In order to protect open space, encourage alternative transportation and create opportunities for affordable housing, the Housing Element encourages mixed-use developments along major transportation corridors. The City Zoning Code identifies commercially zoned areas in which mixed-uses are allowed by-right or by conditional use. Since 2007, one residential-commercial mixed-use project has been developed. The City will continue to support mixed-use developments in order to expand housing opportunities.

Five-year Objectives:

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

Timing: On-going through December 2014 with updates to be provided as a part of the annual Housing Element Progress Report

Responsibility: City/RDA staff

Policy 1.3 Provide opportunities for the development of alternative housing

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

Five-year Objectives:

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

Timing: A review of the Secondary Dwelling Unit Ordinance will be completed within one year of the adoption of the Housing Element. A zoning amendment to allow SROs will be adopted within one year of adoption of the Housing Element. All other program activities will be on-going through December 2014

Responsibility: City/Redevelopment Agency staff

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

Program 1.4 Review Development Regulations: In order to ensure that housing production and rehabilitation measures are working, it is important to evaluate and measure the success or failure of certain regulations, procedures and programs.

Five-year Objectives:

- Examine the City's parking ordinance to determine if the number and type of parking standards for multi-residential, commercial mixed-use and Secondary Dwelling Units is appropriate.
- Allow for shared parking for mixed-use developments.
- Consider reduced parking standards for senior and special needs housing

Timing: The examination of the City's parking ordinance will be completed within one year of the adoption of the Housing Element including the implementation of reductions/incentives as appropriate. All other activities will be on-going through December 2014

Responsibility: City/Redevelopment Agency staff

Policy 1.5 Ensure adequate sites for new housing development to meet the needs of the community.

Program 1.5 Opportunity Sites for Housing Development:

Five-year Objectives:

- Provide adequate sites for new housing through the Affordable Housing Overlay
- Encourage densities at or near the top end of the density range
- Explore the relationship between development standards and the production of for-sale versus rental housing. Recognize the need to maintain a mix of for-sale and rental housing in the City.

Timing: On-going through December 2014


Responsibility: City/Redevelopment Agency staff



Goal 2.0 Affordable Housing Development

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

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



Affordable Housing Policies and Programs:

Policy 2.1 Improve overall housing conditions in Capitola

Program 2.1 Improve Existing Housing Stock:

Five-year Objectives:

- Continue to utilize the City's code enforcement program to bring substandard units into compliance with City codes.
- Continue to administer and expand the City's Housing Rehabilitation loan and grant program to assist with the maintenance and repair of the City's housing stock.

Timing: On-going through December 2014

Responsibility: City/Redevelopment Agency staff

Policy 2.2 Protect the affordability of existing mobile home parks.

Program 2.2.a Mobile Home Park Technical Assistance and Feasibility Studies: Of Capitola's nine mobile home parks five have now been able to convert to resident controlled ownership either as cooperatives or as subdivided parks. The City will continue to work with the residents and owners of the remaining four rental parks to identify realistic plans to transition from the rental park model in ways that will protect the financial investment of both the existing residents and the park

owners and help preserve, to the extent possible, the affordable housing stock represented by these mobile home units.

Five-year Objectives:

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

Timing: On-going through December 2014

Responsibility: City/Redevelopment Agency staff

Program 2.2.b Mobile Home Resident Acquisition Projects: This program provides matching funds from the City and Redevelopment Agency Housing Funds for financial assistance to mobile home park residents, or participating non-profits, to facilitate their acquisition or conversion efforts. City financial assistance will be tied to the level of long-term affordability provided. Proposed funding: RDA Low and Moderate Income Housing Fund, State MPROP, CDBG, HOME; AHP and other funding sources that may be identified, including owner-financing

Five-year Objectives:

- 1-3 park acquisitions or conversions during this planning period, depending on resident and owner interest and the availability of funds. Park acquisitions should include the evaluation and upgrading, as needed, of the park infrastructure and individual homes.

Timing: On-going through December 2014

Responsibility: City/Redevelopment Agency staff

Program 2.2.c City Rent Stabilization Ordinance for Mobile Home Parks: The Rent Stabilization Ordinance protects mobile home park residents from unreasonable increases in space rents. The City has and continues to uphold the Rent Stabilization Ordinance against legal challenges.

Five-year Objectives:

- Maintain rent stabilization protections for existing residents in rental mobile home parks.

- Continue to defend ordinance against legal challenges as long as rental parks remain in Capitola.

Timing: On-going through December 2014

Responsibility: City/Redevelopment Agency staff

Policy 2.3 Preserve and protect the City's rental apartment housing stock.

Program 2.3 Preservation of Rental Housing:

Five-year Objectives:

- Encourage the development, through acquisition of existing housing and new construction, or affordable housing projects that provide long-term affordability through homeownership, non-profit ownership and residentially owned cooperatives

Timing: On-going through December 2014

Responsibility: City/Redevelopment Agency staff

Policy 2.4 Encourage the preservation of existing un-restricted affordable rental housing at risk of conversion to non-affordable units by working with interested parties and offering financial incentives and technical assistance, as feasible and appropriate.

Program 2.4 Condominium Conversion Ordinance: The City has a Condominium Conversion Ordinance in place that regulates the conversion of existing multifamily rental housing and nonresidential structures to residential condominium or community apartments projects. The ordinance regulates the conversion of an existing structure containing five or more units. Under the ordinance no units built prior to January 1, 1970 or built after the 1979 adoption of the ordinance may be converted. Conversions that are allowed under the Ordinance must insure that a minimum of 15% of the units will be available to low-income households and that an additional 20% will be available to low or moderate-income households. Under the City's Affordable "Inclusionary" Housing Ordinance condominium conversions are also required to pay in-lieu fees into the City's Housing Trust Fund.

Five-year Objective:

- Continue to implement the Condominium Conversion Ordinance

Timing: On-going through December 2014

Responsibility: City/Redevelopment Agency staff

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

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

Five-year Objective:

- Encourage utilization of the Affordable Housing Overlay Ordinance by non-profit affordable housing developers with an emphasis on the development of new housing opportunities that result in long-term affordable housing for the 600 Park Avenue and 822 Bay Avenue Opportunity Sites.
- Facilitate the development of affordable housing through the provision of regulatory concessions and density increases under the City's Density Bonus Ordinance.
- Collaborate with non-profit organizations, private developers, employers, special needs groups, state and federal agencies and other interested parties to develop affordable housing.
- Continue to utilize available financing to assist with the planning and development of new affordable housing for all ages and household types. Community Development staff will regularly monitor the variety of federal and state funding sources that are available for affordable housing projects. The annual Housing Element Progress Report will include an analysis of the funding sources that have been applied for and that will become available during the coming year.

Timing: On-going through December 2014 with an annual progress report on potential funding opportunities.

Responsibility: City/Redevelopment Agency staff

Program 2.5b Affordable Housing Development Progress Monitoring: The City Community Development Department will monitor all of the identified affordable housing Opportunity Sites and will include in the annual Housing Element Progress

Report a full accounting of each site including recommendations for any additional action needed to further encourage development.

Five-year Objective:

- To monitor annual progress toward meeting the Housing Element's Quantified Objectives
- To identify any opportunity sites that are no longer available for residential development so that alternative sites can be identified if needed.
- To identify any unforeseen barriers to development that need to be addressed
- To identify additional incentives, funding sources or collaborative partners that could be utilized to encourage development

Timing: On-going through December 2014

Responsibility: City/Redevelopment Agency staff

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

Program 2.6 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 in current and future planning projects, and strives to inform and include everyone in the community who may be affected by such projects.

Five-year Objective:

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

Timing: On-going through December 2014

Responsibility: City/Redevelopment Agency staff

Policy 2.7 Maintain the City's Housing Trust Fund

Program 2.7 Housing Trust Fund:

Five-Year Objectives:

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

Timing: On-going through December 2014

Responsibility: City/Redevelopment Agency staff

Policy 2.8 Encourage the production of affordable ownership housing through the City's Affordable "Inclusionary" Housing Ordinance

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

Five-year Objective:

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

Timing: On-going through December 2014

Responsibility: City/Redevelopment Agency staff



Goal 3.0 Special Housing Needs

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

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



Special Housing Needs Policies and Programs

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

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

Five-Year Objectives:

- Implement State accessibility standards
- provide technical assistance to encourage barrier free housing
- Provide financial assistance to homeowners and renters, through the City's Housing Rehabilitation Program, to make needed accessibility improvements

- Prepare and adopt a Reasonable Accommodation ordinance

Timing: The Reasonable Accommodation Ordinance will be adopted within one year of the adoption of the Housing Element. All other barrier-free program activities will be on-going.

Responsibility: City/Redevelopment Agency staff

Policy 3.2 Promote fair housing

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

Five-Year Objectives:

- Continue to provide funding to agencies such as California Rural Legal Assistance to assist in resolution of fair housing issues.
- Provide referral services to fair housing information to tenants and landlords
- Encourage and support the enforcement of laws and regulations prohibiting discrimination in lending practices and in the sale, rental and management of housing

Timing: On-going through December 2014

Responsibility: City/Redevelopment Agency staff

Policy 3.3 Support and facilitate programs that address the housing needs of the homeless and other special needs populations.

Program 3.3a Homeless Shelters: Within one year of adoption of the housing element, the City will amend its Zoning Ordinance to allow emergency shelters without CUP or other discretionary approval in the Industrial Park (IP) zone. The IP zone includes a total of 6.37 acres in eight parcels. Four of the parcels (approximately 2.17 acres) are vacant or underutilized and demonstrate that sufficient land is available for at least one emergency shelter to accommodate the City's identified homeless need. The City may apply objective development standards to encourage and facilitate the use as provided under Government Code Section 65583(a)(4)(A).

Responsible Agency: Community Development Department

Potential Funding Source: General Fund

Proposed Timing:

- Amend zoning to allow ES without CUP or discretionary approval in the IP zone within one year of adoption of the element.

Program 3.3b Transitional and Supportive Housing

Five-Year Objective:

- Propose zoning amendments that will reduce the barriers to the permitting and operation of transitional housing by making transitional and supportive housing a residential use of property, subject only to the same restrictions that apply to other residential dwellings of the same type in the same zone.

Timing: The review and adoption of any required zoning amendments will be completed within one year of the adoption of the housing element.

Responsibility: City/Redevelopment Agency Staff

Policy 3.4 Support the development of accessible and affordable senior rental housing readily accessible to support services; provide assistance for seniors to maintain and improve their homes.

Policy 3.5 Support the development of accessible and affordable housing that is designed to serve all ages.

Policy 3.6 Facilitate and encourage the development of rental units appropriate for families with children, including the provision of supportive services such as child care.

Policy 3.7 Encourage the integration of special needs housing in residential environments, readily accessible to public transit, shopping, public amenities, and supportive services.

Policy 3.8 Encourage the provision of supportive services for persons with special needs to further the greatest level of independence and equal housing opportunities.

Policy 3.9 Investigate and encourage the development of a variety of housing options for seniors including Congregate Housing, Continuing Care Retirement Communities (CCRCs), Assisted Living, Mobile Home Parks, secondary dwelling units and Independent Living.

Policy 3.10 Encourage the establishment of child care centers and family child care homes in all appropriate zoning districts

Program 3.10 Zoning Amendments to Encourage the Establishment of Child Care Centers and Family Child Care Homes: There is a demand for affordable, conveniently located child care in the City of Capitola and the provision of

neighborhood-centered child care facilities has been proven to reduce vehicle miles traveled and increase public transportation ridership.

Currently, there are no licensed facilities in Capitola serving infants or offering after-school care for school aged children. The Capitola Municipal Code does not allow large family child care homes without a special permit which may be prohibitive to the establishment of such facilities. Child care Centers are currently not defined or listed as being principally or conditionally permitted in the City's Municipal Code

Five-year Objectives:

- Consider modifying the Municipal Code and review procedures and possible incentives to facilitate and encourage the development of child care centers and large and small family child care homes in all appropriate zones.
- Encourage the inclusion of family child care homes and child care centers as a part of affordable housing developments that will serve families with children.
- Utilize the City's Density Bonus Ordinance to provide density bonuses or other concessions as an encouragement for the inclusion of child care facilities as a part of residential and mixed-use developments.

Timing: On-going through December 2014

Responsibility: City/Redevelopment Agency staff



Goal 4.0 Housing Assistance

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

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



Housing Assistance Policies and Programs

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

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

Five-Year Objectives:

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

Timing: On-going through December 2014

Responsibility: City/Redevelopment Agency staff

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

Five-Year Objectives:

- assist 105 households during the planning period
- Continue the funding of the City's Emergency Housing Assistance program that offers eviction and foreclosure prevention in the form of non-reimbursable grants to eligible applicants.

Timing: On-going through December 2014

Responsibility: City/Redevelopment Agency staff

Program 4.1.c First-Time Homebuyer Deferred Second Mortgage Program:

This program provides deferred second mortgages to very low, low and moderate-income first-time homebuyers at 3% simple annual interest. Mobile homes and Inclusionary housing units are the primary housing types within the price range of this program, but all types of owner-occupied units are eligible.

Five-Year Objectives:

- Assist 14 households during the planning period
- Continue the funding of the City's First Time Homebuyer Loan program that offers deferred payment loan assistance to assist low and moderate-income first time homebuyers.
- Continue to seek federal and state grants through programs such as the State's BEGIN program to augment the current City and RDA funding for this program

Timing: On-going through December 2014

Responsibility: City/Redevelopment Agency staff

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

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

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

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



Goal 5.0 Neighborhood Vitality

Maintain, preserve and improve the character of existing residential neighborhoods

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



Neighborhood Vitality Policies and Programs:

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

Program 5.1 Pedestrian-Friendly Neighborhoods: Traffic impacts are a common complaint in auto-centric neighborhoods and in neighborhoods undergoing a transition to higher density development. In order to reduce traffic impacts on the quality of life of Capitola residents, the City promotes developments that increase and emphasize alternative transportation options.

Five-year Objectives:

- Ensure that public spaces, public amenities and pedestrian access are incorporated into new multi-family residential and mixed-use residential development.
- Protect the integrity of residential neighborhoods by directing automobile access and traffic intensive uses to locations on or near major transportation routes.
- Provide signage identifying Capitola's residential neighborhoods and mixed-use areas to enhance each neighborhood's pedestrian orientation and sustainability.

Timing: On-going through December 2014

Responsibility: City/Redevelopment Agency staff

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

Program 5.2 Review by Architectural and Site Review Committee: Continue to have projects be reviewed by the Architectural and Site Review Committee.

Five-Year Objectives:

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

Timing: On-going through December 2014

Responsibility: City/Redevelopment Agency staff

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

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

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

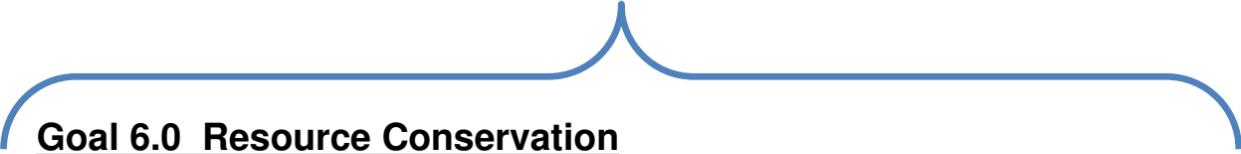
Five-Year Objectives:

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

Timing: On-going through December 2014

Responsibility: City/Redevelopment Agency staff

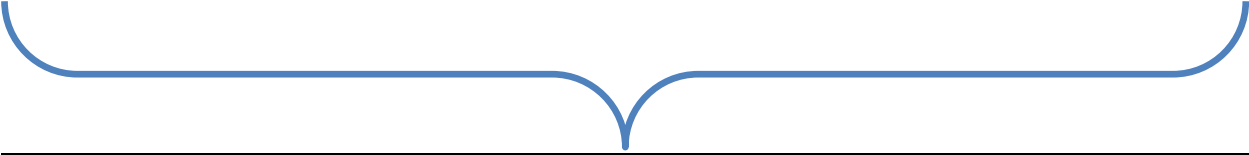
Policy 5.5 Improve the quality of housing and neighborhoods by educating landlords, tenants and property owners about code compliance issues and enforcing compliance with building and property maintenance standards.



Goal 6.0 Resource Conservation

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

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



Resource Conservation Policies and Programs

Policy 6.1 Encourage the use of alternative modes of transportation

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

Five-year Objectives:

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

Timing: On-going through December 2014

Responsibility: City/Redevelopment Agency staff

Policy 6.2 Strive to maintain a jobs/housing balance

Program 6.2 City Jobs/Housing Balance: The quality of life and well being of the community depend in part on the economic well-being of the City and job opportunities for residents. The 2000 U.S. Census identified that the average commute time for Capitola residents was 28 minutes, and that most workers commuted via automobile. By promoting a healthy balance of jobs and housing, it will be possible to reduce commute time for residents, and increase the use of alternative modes of transportation.

Five-year Objectives:

- Encourage housing in close proximity to employment through encouraging residential-commercial mixed use development.
- Encourage the development of housing that will be affordable to the individuals who are employed in locally-centered jobs.
- Continue the policy to inform and market new affordable housing constructed pursuant to Capitola's housing programs to households that currently live or work in Capitola.

- Periodically conduct a jobs/housing balance study to evaluate the current balance and determine which economic and housing strategies are appropriate.

Timing: On-going through December 2014

Responsibility: City/Redevelopment Agency staff

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

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

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

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

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

Five-Year Objectives:

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

Timing: On-going through December 2014

Responsibility: City/Redevelopment Agency staff

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

Program 6.4 Energy Efficiency Rehabilitation Program: The City will explore new funding sources and program guideline changes that will allow the City's housing rehabilitation program to work with both ownership and rental housing units particularly on issues related to improved energy efficiency through weatherization, insulation, appliance and heater upgrades, and the installation of solar hot water and photo voltaic systems.

Five-Year Objectives:

- Reduce greenhouse gas emissions through the reduction in energy usage and the introduction of alternative energy sources.
- To provide loan and grant assistance to a total of 25 households during the planning period

Timing: On-going through December 2014

Responsibility: City/Redevelopment Agency staff

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

Program 6.5 Adequate Water Supplies and Sewer Services

Five-year Objective:

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

Timing: On-going through December 2014

Responsibility: City/Redevelopment Agency staff

Policy 6.6 Preserve the City's designated historic, visual, and cultural resources including landmarks, archaeological sites, views, and areas of special character.

Policy 6.7 Ensure that wetlands, fish and wildlife habitat areas, and sensitive species are protected from the impacts of new residential development.

Policy 6.8 Encourage the use of environmentally sensitive development practices to minimize the effects of growth on the City's natural resource systems.

Program 6.8 Storm water Quality and Mitigation: Due to its proximity to the Soquel Creek and Monterey Bay, storm water quality is extremely important to the City of Capitola. The City has been, and continues to be involved in several programs that aim to improve storm water quality.

Five-year Objective:

- Continue to require, monitor and enforce National Pollutant Discharge Elimination Systems permits, Standard Urban Storm water Mitigation Plans, Best Management Practices, Total Maximum Daily Loads for impaired water bodies, Storm Water Quality Management Programs, and Storm Water Pollution Prevention Plans, as applicable.

Timing: On-going through December 2014

Responsibility: City/Redevelopment Agency staff

B. Quantified Objectives

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

Housing Production

The Association of Monterey Bay Area Governments (AMBAG) has prepared a Regional Housing Needs Allocation (RHNA) for the period of 2007 through 2014. The RHNA determines the region's need for housing and allocates a portion to jurisdictions in Monterey and Santa Cruz counties. AMBAG has assigned a housing production goal of 143 units to the City of Capitola.

As illustrated in Table 6.1 below, Capitola is required to provide adequate sites for the construction of 143 new dwelling units during this planning period. Of these new units, 16 shall be affordable to extremely low-income households, 16 shall be affordable to very low-income households, 24 shall be affordable to low-income households, 27 shall be affordable to moderate-income households, and 60 units shall be affordable to above moderate-income households. The City has planned for significantly more than the opportunity sites required by the RHNA Goals knowing that some of the sites may be developed as market-rate units or for an alternative use during the 2007-2014 planning period. It is expected that new affordable housing will be funded at least in part by public agencies, and will utilize resources such as the Capitola Redevelopment Agency's Housing Funds, the Capitola City's Affordable Housing Trust Fund, and federal CDBG and

HOME funds among the other funding sources listed in Chapter 4 of this Housing Element.

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

Income Category	RHNA Goals (2007-2014)	City Identified Opportunity Sites	Percentage by Income Group
Extremely Low (0-35% of area median)	16	16	7%
Very Low (35-50% area median)	16	27	12%
Low (51-80% area median income)	24	32	14%
Moderate (81-120% area median income)	27	64	27%
Above Moderate (over 120% area median income)	60	94	40%
Total Housing Unit Construction Need	143	233	100%
Note: The current Planning Period is calculated by AMBAG over a 7 year period, from 2007-2014			

Source: AMBAG Adopted Regional Housing Needs Determinations June 11, 2008

Housing Rehabilitation

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

The Bay Avenue Senior Apartments project will undoubtedly serve as a model for future affordable housing development. Due to the high cost and scarcity of land in the City, rehabilitation is not an option, but a necessity. Perhaps the most useful rehabilitation technique used in the Bay Avenue Senior Apartments project was the phased

construction. Relocation costs can be prohibitively expensive and especially hard on residents with special needs, so it is advantageous to do a phased construction when working with seniors or persons with disabilities.

In addition to larger acquisition/rehabilitation projects the City will also continue to operate its housing rehabilitation loan and grant program that will provide services on a smaller scale to individual homeowners. If additional funding can be found the City would like to expand this program to include an increased focus on offering energy conservation upgrades to the owners and renting residents of our older existing single-family homes, mobile homes and apartments. The City's goal for the 2007-2014 planning period is to support and assist in the funding of at least one additional acquisition/rehabilitation project of an existing apartment complex. This will be in addition to the Bay Avenue Senior Apartments project that is already under construction and includes the rehabilitation of the existing 96 units on that site. The acquisition/rehabilitation of an additional existing site may provide the opportunity for the rehabilitation of up to an additional 75 units.

The City will also continue to work with the residents of the existing mobile home parks in the hopes of being able to assist in the resident-involved acquisition of at least one of the parks. The acquisition of any of the parks would, of necessity, involve a program to upgrade the park infrastructure and the rehabilitation or replacement of at least a portion of the homes. It is anticipated that this program will involve the rehabilitation/replacement of approximately 10 mobile homes.

The City's rehabilitation loan and grant program will also continue to provide loans to individual homeowners and will serve approximately 3 households per year for a total of 21 homes being served during the Housing Element planning period.

If funding is available the City will expand its housing rehabilitation program to provide weatherization and energy efficiency upgrades to both homeowners and apartment owners. If possible we would like this program to serve approximately 25 homes during the Housing Element planning period.

Table 6.2: Housing Rehabilitation and Improvement Objectives 2007-2014

Target Income Affordability Levels	Acquisition/ Rehabilitation Project	Mobile home Park Acquisition/ Upgrade Project	Housing Rehabilitation Loan and Grant Program	Weatherization & Energy Conservation Program
Extremely Low	63	0	2	5
Very Low	54	2	4	5
Low	53	5	8	10
Moderate	1	3	7	5
TOTAL	171	10	21	25

C. Capitola Housing Element Compliance with State Law

Since the 2000-2007 Housing Element, new legislation has been passed that changed the State law to include new requirements. Table 6.3 summarizes the significant new legislation and references how these new requirements are addressed by the City of Capitola. The table is followed by a more detailed description of the legislation, and ways in which the Capitola Housing Element complies with State law.

Table 6.3: Compliance with State Law

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

I. AB1233 Cumulative RHNA (Government Code section 65584.09)

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

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

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

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

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

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

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

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

IV. AB2280 Density Bonus (Government Code section 65915)

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

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

The City of Capitola's Density Bonus Ordinance reflects these changes in State law. See Program 2.4

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

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

Included in the 2007-2014 Housing Element is a program (See Program 3.3a) to amend its Zoning Ordinance to allow emergency shelters without CUP or other discretionary approval in the Industrial Park (IP) zone. Capitola will meet this requirement within one year of the adoption of the Housing Element.

VI. SB375 Reduction of Greenhouse Gas Emissions

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

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

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

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

The constraints analysis in the 2007-2014 Capitola Housing Element includes specific information on constraints to housing for disabled persons as well as information about how these constraints are addressed (see chapter 3 for more detail).

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

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

The City complies with this State law.

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

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

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

X. SB1818 Density Bonus (Government Code section 65915)

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

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

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

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

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

APPENDICES

- A.** Glossary of Terms
- B.** Public Workshop I
- C.** Public Workshop II
- D.** 2002 ASR Housing Conditions Telephone Survey
- E.** Adequate Sites Program Alternative Checklist
- F.** Inventory of Opportunity Sites 2007-2014
- G.** April 6, 2010 Letter from Department of Housing and Community Development
- H.** February 11, 2010 City Council Resolution No. 3803

APPENDIX A

Glossary of Terms

A

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

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

C

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

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

D

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

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

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

E

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

F

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

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

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

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

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

G

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

H

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

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

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

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

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

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

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

I

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

K

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

L

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

P

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

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

R

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

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

S

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

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

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

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

I

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

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

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

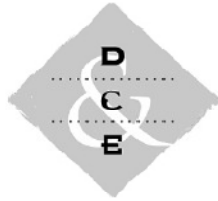
Transportation Corridor, Multi-Modal: An arterial street that can accommodate various modes of transportation including but not limited to automobiles, bicycles, light rail and buses.

U

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

APPENDIX B

Public Workshop I



DESIGN, COMMUNITY & ENVIRONMENT

1625 SHATTUCK AVENUE
SUITE 300
BERKELEY, CA 94709
TEL: 510 848 3815
FAX: 510 848 4315
www.dceplanning.com

MEMORANDUM

DATE August 5, 2008
TO David Foster
City of Capitola
FROM Jeff Williams
RE **Housing Element Update Community Meeting**

The City of Capitola held a community meeting to kick off its Housing Element Update on Wednesday, July 9, 2008, from 6:00 p.m. to 8:00 p.m. The meeting, which was held at the Capitola Community Center at Jade Street Park, was designed to:

- ◆ Educate community members about the State's requirements for Housing Elements
- ◆ Inform the public about the City's upcoming Housing Element Update
- ◆ Gather ideas from the community about housing issues in Capitola

The meeting was widely advertised in advance, with notices published in three local papers; on the City's website; on the community cable television network; through announcements at Planning Commission and City Council meetings; and through posters that were displayed in a variety of public gathering locations around town.

About 25 people attended the meeting, including community members and representatives from several supportive services agencies that serve the Capitola area. The City worked with Design, Community & Environment (DC&E), a city planning consultant based in Berkeley, CA, to prepare and present the meeting. Refreshments were served at the meeting.

This memorandum summarizes the community meeting and lists the ideas that were suggested by participants.

I. INTRODUCTORY EXERCISE

As participants arrived at the workshop, they were invited to complete a worksheet identifying the housing issues in Capitola that they considered most important. The completed worksheets are attached to this memo.

Offices in Berkeley & Ventura

II. BACKGROUND PRESENTATION

Following introductions by Housing and Redevelopment Planner David Foster, David Early of DC&E gave a background presentation about the Housing Element Update process and housing issues in Capitola. The slide presentation from the workshop is attached to this memo.

As David Early explained, the Housing Element is one chapter of the City's General Plan, which establishes basic rules for growth and conservation within the community. The Housing Element sets targets for the City to provide housing for households with a variety of different income levels. The targets are based on the following categories:

- ◆ **Extremely Low Income:** Less than 35 percent of median household income. Persons in this category include food service workers and retail salespeople.
- ◆ **Very Low Income:** Less than 50 percent of median household income. Persons in this category include child care workers and medical assistants.
- ◆ **Low Income:** 50 to 80 percent of median household income. Persons in this category include elementary school teachers and fire fighters.
- ◆ **Moderate Income:** 80 to 120 percent of median household income. Persons in this category include computer support specialists, police patrol officers and registered nurses.
- ◆ **Above Moderate Income:** More than 120 percent of median household income. Housing units for these households are considered to be market-rate housing.

In Santa Cruz County, the median household income for a four-person household is approximately \$81,300. Because many households are smaller than four persons, the median income for all households is approximately \$54,000. In contrast, Capitola's median income for all households is approximately \$46,000.

The Housing Element must provide sites for the number of housing units specified in the Regional Housing Needs Allocation (RHNA), a process in which the Association of Monterey Bay Area Governments (AMBAG) sets housing targets for each city in Santa Cruz and Monterey counties. The overall target for these counties is determined by the California Department of Housing and Community Development (HCD). Although State law technically requires the Housing Element to be updated every five years, Housing Element updates typically occur on a seven-year cycle, which fits more closely with the timeline for allocating RHNA numbers.

Capitola's total RHNA allocation for the 2007-2014 planning period is 143 housing units. This is significantly lower than the City's 337-unit allocation for the 2000-2007 planning period. The City is not required to build these housing units itself, and it cannot require landowners to build them. However, the City must ensure that its development regulations

accommodate the construction of at least this number of units. Part of this requirement can be met by rehabilitating existing homes.

A 2008 community survey found that Capitola's residents are very concerned about the city's lack of affordable housing. As David Early noted, the City already has a variety of programs to create and preserve affordable housing. However, there may be opportunities to create new programs in the future, or to change the City's regulations so that it is easier to build new homes. Of the 143 units in Capitola's current RHNA allocation, 83 units must be affordable to very low, low and moderate income households.

Following the presentation, meeting participants asked a variety of questions, most of which were related to the City's RHNA numbers. As David Early and David Foster explained, AMBAG does not tell cities precisely how it determines the housing targets for each city. Capitola's target may have dropped for the 2007-2014 period because AMBAG believes that most growth will occur in other parts of the region, or because AMBAG recognizes that Capitola is largely built out.

In response to a participant who questioned the RHNA numbers' balance between market-rate housing and affordable housing, David Early noted that the numbers reflect a compromise at the State level between affordable housing advocates, homebuilders and local governments; the City is permitted to accommodate more affordable housing if it chooses to do so. Also, one participant asked about the potential consequences if the City does not accommodate its RHNA allocation; David Early explained that Capitola would be vulnerable to lawsuits, and that a court could order the City to comply with State law by accommodating more housing.

III. GROUP EXERCISE: HOUSING ISSUES IN CAPITOLA

Following the background presentation, David Early led a group exercise in which participants identified housing issues that the City should consider during the Housing Element Update. As each person made suggestions, their ideas were categorized and recorded on large pads at the front of the room.

Participants then received colored dots, which they used to "vote" on the issues that were most important to them. The following issues received the greatest number of votes from participants:

- ◆ Help developers build for extremely low income residents: 9 votes
- ◆ Preserve existing affordable housing: 7 votes
- ◆ Provide housing above commercial on 41st Ave: 6 votes
- ◆ Support childcare for working families (subsidized and market-rate): 6 votes

The following tables provide a complete list of issues that were identified at the workshop.

TABLE 1 Housing Needs

Issue	Votes
Help developers build for extremely low income residents	9
Consider constitutional obligations to lower income residents	2
Provide housing for working families	2
Provide single-room occupancy (SRO) units	1

TABLE 2 Programs for Creating Housing

Issue	Votes
Support rehab of existing units	4
Protect mobile home parks	3
Lower parking requirements for extremely/very low income units	2
Ensure garages can be converted to 2 nd units	2
Assist mobile home residents in negotiations with owners	1
Revisit parking requirements	1
Adopt conversion ordinance to allow conversions	1
Revisit all code standards for low income units	0
Sell Pacific Cove to residents	0
Utilize 25% allowance under state law for housing rehab	0

TABLE 3 **Sites for New Housing**

Issue	Votes
Provide housing above commercial on 41 st Ave	6
Rehab existing housing at 600 Park Ave	1
Consider housing on Capitola Knolls	0
Infill on residual open space	0
Revisit map of potential 2 nd units	0
2 nd units on alleys	0

TABLE 4 **Other Topics**

Issue	Votes
Preserve existing affordable housing	7
Support childcare for working families (subsidized and market-rate)	6
Limit changes to community character	4
Ensure open space/trees are preserved	3
Provide data on rental/ownership housing by housing type	1
Look at Boulder Creek for examples	0
Work closely with neighborhood groups	0

What Are Capitola's Most Important Housing Issues?

Low Cost housing
Motherhome perks. Residents perspective
~~ZONING~~
SENIOR HOUSING

What Are Capitola's Most Important Housing Issues?

• Keep single Family homes
Do not subdivide
Exception - like ss.
for family

What Are Capitola's Most Important Housing Issues?

- ① Housing is needed that is affordable to Seniors & disabled people on fixed incomes. Needs to be flexible so it becomes no more than 30%-40% of income. —
- ② Housing for young Adults — students & starting workers — ~~apartment~~ rentals such as studio & other such.
- ③ Many bedroom units for extended families and room-mates
- ④ Housing affordable to households with young children.

What Are Capitola's Most Important Housing Issues?

Housing being available to all people, whatever their income. More affordable to families, and people with disabilities

What Are Capitola's Most Important Housing Issues?

- More affordable housing.
- Disabled & very ill - in jeopardy of placement.

What Are Capitola's Most Important Housing Issues?

Traffic

Cost of housing

Parking

Lack of child care

What Are Capitola's Most Important Housing Issues?

High cost of ~~living~~ housing makes it hard to afford a place to live.

Housing Element Workshop I Contact List

Name	Affiliation	Email	Telephone	Comments/ Notes	Attendance
Non-Profits/Organizations					
Chris Johnson-Lyons, exec director (cabinc.org)	Shelter Project	chrisjl@cruzers.com	831.763.2147 x203	contacted 6/16/2008	
Paul Brindell	cabinc.org	paul@cabinc.org	831.457.1741 x160	attended	Attended
Mary Lou Goeke	United Way	mlgoeke@unitedwaysc.org	831.779.5466	emailed 6/16	
Central Coast Center for Independent Living	www.cccil.org	cccilcap@cccil.org	831.462.8720	contacted 6/16/2008	
Elizabeth Thompson	Ecology Action	ethompson@ecoact.org		contacted 6/16/2008	
	Dominican Oaks		831.462.6257	contacted 6/16/2008	
Robert Chacanaca, President	Central Labor Council	hongqi@hotmail.com	831.425.1609	contacted 6/16/2008	
Rick De La Cruz	Barry Swenson Builder		831.475.7100	contacted 6/16/2008	
Sue Hoge	Housing Authority	shoge@hacosantacruz.org	831.464.0170 x240	contacted 6/16/2008	
Yana Jacobs	Santa Cruz County Health Department	Yana.Jacobs@health.com.santa-cruz.ca.us	831.454.4539	contacted 6/16/2008	
Geoffrey Morgan	First Community Housing	geoffm@firsthousing.org	408.291.8650 x11	contacted 6/16/2008	
Ann Carney Pomper, exec. Director	Hospice Caring Project	apomper@hospicesantacruz.org	831.430.3000 +684	contacted 6/16/2008	Attended
Rod Quartararo	Bay Federal Credit Union	rquartararo@bayfed.com	831.479.6000 x579	contacted 6/16/2008	
Tom Reeve, Director	Foster Grandparent/Senior Companion Program	Lscc@cruzio.com	831.475.0816 x16	contacted 6/16/2008	
Elizabeth Shilling, Director	Live Oak Family Resource Center	elizabeth@cbridges.org	831.476.7297 x105	contacted 6/16/2008	
General	Mental Health Client Action Network (MHCAN)	mail@mhcan.org	831.469.0462	contacted 6/16/2008	
Julie Rienhardt, Exec director	Imagine Supported Living Services	julie@imaginesls.org		contacted 6/16/2008	
Individuals					
Paul Wagner		paulewagner@sbcglobal.net		Contacted 6/16/2008	Attended
Bud Carney	City of Capitola, Acting Director				Attended

Potential Affordable Housing Developers					
Matt Huerta	South County Housing				Attended
Marisol Verduga	South County Housing				Attended
Jan Lindenthal Director of Housing Development	South County Housing	jan@scounty.com	408.843.9207	contacted 6/16/2008	
Jane Barr, Project Manager	Mid-Peninsula Housing Coalition	barr@midpen-housing.org	831.761.7217	contacted 6/16/2008	
Jeff Oberdorfer, Executive Director	First Community Housing	JeffO@FirstHousing.org	408.291.8650	contacted 6/16/2008	
Sean Sullivan, partner	Easy Access Developers, LLC	easyaccessdevelopers@yahoo.com	831.316.8715	contacted 6/16/2008	
Emily Henson, Executive director	Habitat for Humanity Santa Cruz County	director@habitat-sc.org	cell: 831.262.0473 ; office: 831.685.0671	contacted 6/16/2008	
Adeline Davis, housing director	Santa Cruz Community Counseling Center	Adeline.Davis@scccc.org; info@scccc.org	831.469.1700 x132	contacted 6/16/2008	Attended
Tim Ricker, Senior Manager, property manager	Capitola Mall	tim.ricker@Macerich.com	831.476.9616	contacted 6/16/2008	
Developers/Architects					
Thacher & Thompson	http://www.tntarch.com/index_content.html			emailed 6/30/08	
Rick De La Cruz	Barry Swenson Builder	rdelacruz@barryswensonbuilder.com		emailed 6/30/08	
Craig French, Head	Red Tree Properties	craig@redtreeproperties.com	831.427.1900	Called 7/3/08	
City Council					
Sam Storey	City of Capitola				Attended
Bob Begun	City of Capitola				Attended
Planning Commission					
Ron Burke	City of Capitola				Attended
Stephanie Harlan	City of Capitola				Attended

APPENDIX C

Public Workshop II

SUMMARY OF HOUSING ELEMENT WORKSHOP II

(November 20, 2008)

The City of Capitola held its second public workshop to discuss the Housing Element update on Thursday, November 20, 2008. The workshop was held during the Planning Commission meeting in City Council Chambers from 8:30 to 10:00pm. The meeting was advertised in the Santa Cruz Sentinel, on the community cable television network and by fliers that were posted around the city.

In attendance were the City Planning Commission, City planning staff, and 5 members of the public. City Staff person, David Foster, and planning intern Ariana Green, gave a presentation on the basics of a Housing Element, the regulations and requirements of the State, and local housing statistics. Members of the Planning Commission were invited to ask questions during the presentation and members of the community were asked to give their comments after the presentation. The comments from both the Planning Commission and members of the public are listed below.

PUBLIC COMMENTARY:

- **Secondary Dwelling Units (SDUs)**
 - Accessory Dwelling Units (Secondary Dwelling Units) are a concern, (they break up the continuity of a neighborhood and increase the density)
 - There should be a provision that allows neighbors to weigh-in on ADUs
 - Granny units help us to better utilize the land we have
 - Do not want to see ADUs automatically permitted
 - Make Granny units easier to develop (Santa Cruz model)
 - Options for Granny units should be available, though there isn't a demand for them currently in Capitola
- **Preservation/Conservation**
 - Preserve the character of Capitola (cottages)
 - Preserve green space
 - Keep residential areas as residential

- Would like the City to make a goal of preserving mobile home parks by enabling residents to purchase the park
- The City should focus on preserving affordable units
- Need good development, conserve the housing stock that we have
- We will not be able to preserve the character of neighborhoods by increasing density in these areas
- It is not only important to preserve Capitola neighborhoods, but enhance them as well
- **Growth**
 - Concerns about growth/increased densities in neighborhoods
 - Control growth and size of houses
 - Do not want to see Mega houses that take up two or more lots
 - Should identify areas for growth (along transportations corridors)
 - The City needs more Venetian Court – type developments (higher density, but fits with the character of Capitola)
- **Parking**
 - Parking is inadequate as it is, and should not be reduced
 - Allow shared parking for mixed-use developments
- **Land Use**
 - The City should make better use of “black” space, to make room for more “green” space
 - Make the 41st Ave corridor more walk able
 - Should be looking at the Land Use element at the same time as the Housing Element
 - Circulation Element should be updated with the Housing Element. Make sure all elements are working together
 - Narrow streets to free up land for other uses

- **Affordable Housing**
 - Implications of eminent domain for affordable housing
 - Affordable housing is not 100% of the issue, there are many different components of housing
 - Do not think eminent domain is appropriate to purchase land for affordable housing
 - Would like to see a map showing affordable housing
- **Changing Demographics, Community Values**
 - The City should provide programs to allow residents to age in place
 - Family home daycares should be incorporated in neighborhoods
 - Want to be family-friendly even though our community is aging
 - High rent makes working families feel “unwelcome” in Capitola
 - Ownership housing is important
 - Explore the effects of Condo Conversions
 - Neighborhoods should have a say in how the community looks and functions
- **Opportunity Sites**
 - Potential opportunity site: OSH property
 - Rethink 600 Park Ave as an opportunity site at the same density as was proposed in the past Housing Element
 - Park Ave will be interesting to look at and consider as an opportunity site
- **Other Issues**
 - Address how vacation homes affect the area
 - The Jobs/Housing balance should be evaluated
 - Keep fee schedules reasonable
 - Wish we could end the State mandate

- PC and CC need to send a strong message that they are supportive of mobile homes
- **Public Outreach**
 - Adequate notice was not given for this hearing.
 - The City should have individually noticed mobile home park residents.
 - .Concerned about comments by non-residents at Workshop I
 - Post a timeline of the Housing Element process in a City newsletter to inform the public of upcoming meetings

There were conflicting sentiments regarding Secondary Dwelling Units (SDUs). Some expressed that the City should make it easier to build them, others stated that secondary dwelling units were disruptive to the neighborhood, and that neighbors should have a say in which are approved. The current Secondary Dwelling Unit ordinance states that, “a secondary dwelling unit that meets the design standard shall require administrative review from the community development department and a building permit” (MC 17.99.040). If the Secondary Dwelling Unit does not comply with the design and development standards, they will be subject to an architectural and site review, and a public hearing before the City Planning Commission. Thus, the current Secondary Dwelling Unit ordinance gives neighbors an opportunity to weigh in if the unit does not meet the development and design standards.

Most everyone who participated in the meeting commented on the importance of preservation, be it the preservation of the character of neighborhoods, green space, or the current housing stock. There was no consensus as to how the City could achieve this. This can in part be attributed to the fact that the character of a neighborhood is a subjective perception. The City can work to preserve mobile home parks, affordable housing units and green space through various programs and by providing financial support.

Several individuals expressed that they were concerned about growth, and in particular, seeing higher densities in their neighborhoods. A few solutions that were floated around to address this concern were to designate certain places for growth along transportation corridors, to encourage more developments like the Venetian Court, and to discourage the development of mansions or “mega-houses” that take up two or more lots. The City has also recently done an economic study of the 41st corridor that identified appropriate places for housing in the Community Commercial zoning district.

Linked to growth are issues of land use and parking. One individual stated that parking was inadequate as it is, and that the parking requirements should not be lowered. Another

individual suggested that shared parking be allowed in mixed-use developments. In 2008, the City conducted a parking study to evaluate the parking situation in the Village.

One of the main objectives of the Housing Element is to assess how to best utilize land for all types of housing. Beside the housing units themselves, developments also require that the land be used for supportive infrastructure and amenities. As such, it was not surprising that it was suggested that the Land Use and Circulation Elements of the General Plan be assessed at the same time as the Housing Element. Some suggested that the City should free up “black” space, or paved areas to make room for more “green” space in order to make neighborhoods and developments in Capitola more appealing and livable. Others recommended that transportation and commercial corridors should become more walk able, to encourage mixed-use development.

Planning for, encouraging and preserving affordable housing is another objective of the Housing Element, although it was pointed out during the meeting that it is not the sole objective. There were differing opinions as to the appropriateness of using eminent domain to purchase land and reserve it for affordable housing. According to State law, in order to exercise the use of eminent domain, the City must prove that it will result in a “public benefit”. In the past, the City has successfully worked with non-profit developers to provide affordable housing, and has encouraged such development through financial and zoning incentives.

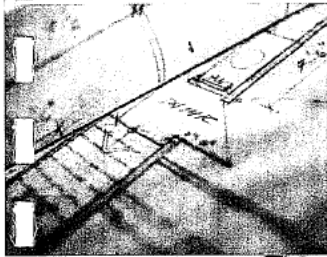
Demographic statistics from the 2000 census show that approximately one third of the population in Capitola will be between the ages of 45 and 65 over the next planning period. Several people expressed the need for programs and policies that allow residents to age in their community, but that there is also a need to attract families. One individual commented that the high rents in Capitola make working families feel unwelcome. Another individual suggested that the City incorporate childcare facilities into neighborhoods as a way to attract young families to Capitola. Childcare facilities and methods to encourage affordable multi-family residential development will be discussed in the 2007 Housing Element.

A general comment from the Planning Commission was that there is more to the Housing Element than just affordable housing. One commissioner specifically wanted a “jobs to housing” ratio to be discussed in the upcoming Housing Element. As was mentioned before, others wanted to discuss the Circulation and Land Use Elements along with the Housing Element. The 2007 Housing Element will attempt to take into consideration the various factors that make up a well- balanced community.

Finally, there were a few comments regarding the public notification of the meeting. One person expressed that they felt the meeting was not adequately advertised, and that the City should have gone door-to-door. It was suggested that the timeline of the Housing Element update process be posted online, to keep the public better informed of upcoming meetings. The City met the public notification requirements specified in the Brown Act for the November 20th meeting, and will continue to encourage public involvement in the Housing Element update process.

APPENDIX D

ASR Housing Conditions Telephone Survey



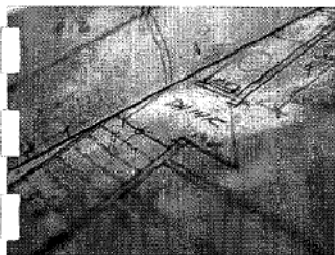
City of Capitola Housing Needs Assessment 2002

A project funded by
**THE PLANNING & TECHNICAL ASSISTANCE
COMMUNITY DEVELOPMENT BLOCK GRANT**

Conducted By:



Applied Survey Research (ASR)
P.O. Box 1927
Watsonville, California 95077
831-728-1356
www.appliedsurveyresearch.org



Household Telephone Survey

Methodology

QUESTIONNAIRE DESIGN

ASR designed the telephone survey after reviewing similar surveys conducted throughout the United States. A draft of the survey was submitted to the City of Capitola Community Development Department for review. After incorporating their input, the survey was presented to the Capitola City Council on May 9, 2002. The City Council approved the final survey with minor changes (final survey is contained in Appendix B).

The telephone survey (see Appendix B) included two qualifying questions to ensure that only Capitola City residents responsible for housing costs in their households were interviewed. The telephone survey consisted of both closed and open-ended questions. Closed-ended questions required the respondent to choose one or more responses from a pre-determined list. Open-ended questions did not have a pre-determined list of responses and respondents were able to give any response they chose. Open-ended survey responses were grouped into categories for purposes of tabulation and presentation in this report. Many of the questions in the survey were multiple response questions, for which respondents could choose more than one response, resulting in percentages that total more than 100%.

SAMPLE DESIGN

The sample was designed to be representative of all City of Capitola residents. Potential respondents were selected using a quota-based random sampling method to ensure a sample that was representative across the entire geographic area of the city. The quota sampling was based upon the 2000 United States Census count of households by Census Block Groups. Thirteen Census Block Groups are located completely or partially within the City of Capitola. The Census Block Groups that extend outside the city limits were examined, and estimates were made of the number of households within the City of Capitola within each of these block groups. For each of the 13 Census Block Groups, a quota number of respondents was established based on the Census Block Group's proportion of the total number of households within the City of Capitola. This quota required 355 completed surveys in order to have a survey sample that was

CITY OF CAPITOLA HOUSING NEEDS ASSESSMENT
HOUSEHOLD TELEPHONE SURVEY - METHODOLOGY

representative of the city. Within each Census Block Group, households were randomly contacted, until the number of completed surveys specified by the Census Block Group's quota was achieved. Slight discrepancies occurred between a few Census Block Groups' quotas and the number of completed surveys; overall, however, the numbers of completed surveys within each Census Block Group corresponded very closely to the quotas. (See Appendix C for detailed information on the Census Block Group quota sampling).

Surveys were completed with 355 respondents within Capitola City limits. Phone calls to 895 people were required to meet the sample target number of 355. The survey completion rate was thus 40%, and item response rates ranged from 92% to 100% for questions asked of all respondents. By comparison, a countywide community assessment telephone survey for Santa Cruz County yielded a completion rate of 34% in 2002. Therefore, Capitola's response rate falls within typical ASR response rates.

The telephone survey took place from May 20, 2002 to June 5, 2002. Interviews were conducted in both English and Spanish from 5:00 pm to 9:00 pm weekdays and from 12:00 pm to 6:00 pm on the weekends. Completed surveys took an average of slightly more than 8 minutes.

We are 95% confident that the responses collected in the telephone survey do not differ from those of the general population of Capitola residents by more than +/- 5%. This was determined from the 2000 U.S. Census data, which indicate that the City of Capitola contains 4,692 households. This permits generalization of the responses collected by the telephone survey to the population of the City of Capitola. For example, 39% of respondents indicated that one-half or more of their household take-home pay was spent on rent / housing costs. Therefore, we have 95% confidence that across all households in the City of Capitola, the percentage that spend more than half of their take-home pay on rent / housing costs is between 34% and 44% (39% +/- 5%). It is important to note that this confidence level and margin of error is based on a city-wide sample and is not necessarily appropriate when looking at targeted subsets of the city population such as findings within the disabled community.

DATA WEIGHTING

Data weighting is a procedure that adjusts for discrepancies between demographic proportions within a sample and the population from which the sample was drawn. For example, within the Capitola Household Telephone Survey, the sample had 63% homeowners and 37% renters, whereas the population in Capitola City, according to the 2000 Census, had 47% homeowners and 53% renters. When the data is weighted to adjust for the oversampling of homeowners, answers given by each homeowner respondent are weighted slightly downward, and answers given by each renter respondent are weighted slightly upward, thus compensating for the disproportionate sampling.

The survey data for the Household Telephone Survey were simultaneously weighted along both homeownership and age of respondent. The weighted data were used in the generation of the overall frequency tables, and all of the cross-tabulations. (Refer to Appendix E.)

STATISTICAL TESTING

Two forms of testing for statistical significance using confidence intervals were conducted on the Capitola phone survey data. In the first case, significance testing was conducted to determine whether a difference observed within the survey data would be likely to be found within the overall Capitola population. For each category of responses (e.g., "Yes" or "No" in response to whether one-half or more of household income is spent on housing costs), 95% confidence intervals were calculated. These confidence intervals represent the range within which there is 95% confidence that the population proportion of "Yes" or "No" responses would be found. If the confidence intervals around the response categories do not overlap, the difference is reported as being statistically significant. This indicates a 95% confidence that a difference would exist within the overall Capitola population between the proportions of people who would respond "Yes" compared to "No" in response to this question.

Significance testing between selected subpopulations within the phone survey data was also conducted using confidence interval comparisons. For each comparison tested, 95% confidence intervals were calculated for the proportions observed in each of the groups (e.g., the percentages of lower income household respondents compared to higher income household respondents who

reported that they own their home, rather than rent). Similar to the first type of significance testing, these confidence intervals represent the range within which there is 95% confidence that the population proportion for each group would be found. If the confidence intervals around the proportions of the groups being compared (lower income household respondents compared to higher income household respondents) do not overlap, statistical significance is reported. This means that there is 95% confidence that a difference would exist in the overall Capitola population between the proportion of lower income residents who would respond that they own their home and the proportion of higher income residents who would respond that they own their home (please see Appendix D for Confidence Interval Testing Formula).

CENSUS COMPARISON

Survey demographics are compared to Census 2000 information to determine how representative the sample is to the entire city.

Figure 2-1: Respondent Profile / Census Comparison

	SURVEY RESPONDENTS	CENSUS 2000
FEMALE	50.3%	53.5%
45 TO 54 YEARS OLD*	26.2%	25.4%
\$34,999 OR LESS	34.4%	36.6%

*Age of householder was used rather than age of all city residents because the survey respondents were required to be responsible for household costs.

Note: This table contains weighted survey data.

Source: U.S. Bureau of the Census, Factfinder Quick tables: Profile of Demographic Characteristics, 2002.

CITY OF CAPITOLA HOUSING NEEDS ASSESSMENT
HOUSEHOLD TELEPHONE SURVEY - METHODOLOGY

The median mortgage from census data is higher at \$1,614 per month as compared to the Household Telephone Survey median mortgage of \$1,200 per month for homeowners who still pay a mortgage above \$0. The figures, however, are not comparable because the census figures include additional selected monthly owner costs.

Figure 2-2: Household Profile / Census Comparison

	SURVEY RESPONDENTS	CENSUS 2000
AVERAGE HOUSEHOLD SIZE	2.26	2.11
CHILDREN UNDER 18 IN HOUSEHOLD	25.7%	22.6%
RENT	52.8%	53.2%
MEDIAN RENT	\$1,100	\$973
MEDIAN MORTGAGE	\$1,200 *	\$1,614**

* Median mortgage in the Household Telephone Survey is \$1,200 for homeowners who still pay a mortgage above \$0. If homeowners that have paid off their mortgage are included, the median monthly mortgage drops to \$1,000. Twenty households included in the Telephone Housing Survey have paid off their mortgages in full.

**Census figures for median mortgage are higher because they include additional selected housing costs.

Note: This table contains weighted survey data.

Source: U.S. Bureau of the Census, Factfinder Quick tables: Profile of Demographic Characteristics, 2002.

Findings and Results

OVERVIEW

It should be noted that all survey respondents were Capitola City residents responsible for housing costs in their households. Some questions, where applicable, are compared to Santa Cruz County Community Assessment survey data for a county comparison.¹

Lower Income (TIG) Households

CDBG standards were used for determining lower income or Target Income Group (TIG) household respondents. A respondent was classified lower income (TIG) if their household income, adjusted for the number of people in the household, did not exceed 80% of the median income for Santa Cruz County in 2002. For example, a two person family would be considered lower income if the family did not earn more than \$43,850 per year while a three person family would be considered lower income if their earning did not exceed \$49,300 a year. A total of 132 (41.1%) lower income (TIG) household respondents were identified. Figure 3-1 shows the state-defined lower income (TIG) threshold by household size and the corresponding telephone survey income group.

Figure 3-1: Lower Income (TIG) Household Respondent Breakdown:

HOUSEHOLD SIZE	LOW INCOME LIMIT	SURVEY INCOME CATEGORIES	NUMBER OF RESPONDENTS	PERCENT OF TOTAL RESPONDENTS*
1 PERSON	\$38,350	\$34,999 AND BELOW	58	18.1%
2 PEOPLE	\$43,850	\$34,999 AND BELOW	33	10.3%
3 PEOPLE	\$49,300	\$49,999 AND BELOW	24	7.5%
4 PEOPLE	\$54,800	\$49,999 AND BELOW	13	4.0%
5 PEOPLE	\$59,200	\$49,999 AND BELOW	2	0.6%
6 PEOPLE	\$63,550	\$65,499 AND BELOW	1	0.3%
7 PEOPLE	\$67,950	\$65,499 AND BELOW	1	0.3%
LOWER INCOME HOUSEHOLD RESPONDENTS			132	41.1%

Source: Community Development Block Grant, Section 8 Income Limits, FY2002.

*321 surveys were evaluated for lower income (TIG). 34 surveys could not be evaluated because the respondent did not provide their income.

¹ The Community Assessment Project (CAP) is a ten-year initiative to measure and improve the quality of life in Santa Cruz County. ASR was contracted by the United Way of Santa Cruz County to conduct a longitudinal community assessment of the quality of life in Santa Cruz County. Specific activities have included yearly in-depth telephone surveys (conducted in English and Spanish) of approximately 700 local residents, quality-of-life indicator creation, extensive data compilation and analysis, and facilitating the collaboration of over thirty community organizations.

CITY OF CAPITOLA HOUSING NEEDS ASSESSMENT
HOUSEHOLD TELEPHONE SURVEY – FINDINGS AND RESULTS

Disabled Households

Disabled households are defined as respondents who had a member of their household who is physically or mentally disabled. A total of 33 respondents belonged to households that had a disabled member.

Senior Households

Senior households are defined as respondents who had a member of their household who is over the age of 62. A total of 91 respondents belonged to households that had a senior member.

RESPONDENT DEMOGRAPHICS

Gender

The gender distribution of survey respondents was almost equal. Half of the 355 respondents were female but more women were in lower income (TIG) or senior households.

Figure 3-2: Gender of respondent:

RESPONSE	CITYWIDE		SPECIAL NEEDS GROUPS		
	FREQUENCY	PERCENT	LOWER INCOME (TIG) HOUSEHOLD PERCENT	DISABLED HOUSEHOLD PERCENT	SENIOR HOUSEHOLD PERCENT
MALE	176	49.7%	40.2%	39.7%	39.2%
FEMALE	179	50.3%	59.8%	60.3%	60.8%
RESPONDENTS	355	100.0%	132	33	91

Note: For definitions of special needs groups see pages 15 and 16.

CITY OF CAPITOLA HOUSING NEEDS ASSESSMENT
HOUSEHOLD TELEPHONE SURVEY – FINDINGS AND RESULTS

Age

The largest percent of respondents was 45 to 54 years old (26.2%). Forty percent of disabled households were 45 to 54 years old. Lower income (TIG) households were fairly even across all age groups. Although the majority of senior households had respondents over the age of 65, 20% of respondents who reported having a member of their household over the age of 62 were themselves under 65 years old.

Figure 3-3: Age group of respondent:

RESPONSE	CITYWIDE		SPECIAL NEEDS GROUPS		
	FREQUENCY	PERCENT	LOWER INCOME (TIG) HOUSEHOLD PERCENT	DISABLED HOUSEHOLD PERCENT	SENIOR HOUSEHOLD PERCENT
18 TO 24 YEARS	20	5.9%	11.1%	0.0%	1.8%
25 TO 34 YEARS	64	18.5%	14.5%	4.7%	0.0%
35 TO 44 YEARS	59	17.1%	14.5%	12.4%	0.0%
45 TO 54 YEARS	90	26.2%	16.7%	40.0%	4.5%
55 TO 64 YEARS	42	12.1%	11.4%	15.1%	14.1%
65 TO 74 YEARS	27	7.7%	9.5%	11.2%	30.7%
75 TO 84 YEARS	34	9.8%	16.8%	14.8%	38.4%
85 YEARS OR OVER	10	2.8%	5.5%	1.8%	10.5%
RESPONDENTS	345	100.0%	131	32	85

Note: For definitions of special needs groups see pages 15 and 16.

Income

Thirty-four percent of Capitola City respondents earned under \$35,000 per year while 38.5% of Santa Cruz County respondents earned under \$35,000 per year (Santa Cruz County Community Assessment Report, 2001). But yearly median income in Capitola is even lower than in Santa Cruz County as a whole. According to the 2000 Census, median yearly income in Capitola was \$46,048 versus \$53,998 in Santa Cruz County. The moderate earnings of many residents make it even more difficult to afford housing costs in Capitola. According to the 2000 Census, thirty-seven percent of Capitola residents earned less than \$35,000 per year, and almost one-quarter (23%) earned less than \$25,000 per year. For a family of four (2 adults and 2 school-age children) to be considered self-sufficient in Santa Cruz County, however, the family would need to earn \$45,841 per year (Wider Opportunities for Women, 2000).

Figure 3-4: Which income range best describes your household income?

RESPONSE	FREQUENCY	PERCENT	SANTA CRUZ COUNTY
LESS THAN \$14,999 PER YEAR	23	7.0%	8.2%
\$15,000 - \$24,999 PER YEAR	41	12.3%	16.0%
\$25,000 - \$34,999 PER YEAR	50	15.1%	14.3%
\$35,000 - \$49,999 PER YEAR	54	16.2%	13.4%
\$50,000 - \$65,499 PER YEAR	53	16.2%	12.7%
\$65,500 - \$99,999 PER YEAR	53	16.1%	18.1%
100,000 TO 149,999 PER YEAR	37	11.3%	8.8%
OVER 150,000 PER YEAR	10	3.0%	4.5%
DON'T KNOW	9	2.8%	4.0%
RESPONDENTS	330	100.0%	666

Source: Santa Cruz County Community Assessment Project, 2001.

CITY OF CAPITOLA HOUSING NEEDS ASSESSMENT
HOUSEHOLD TELEPHONE SURVEY – FINDINGS AND RESULTS

A high percentage of respondents across the three special needs groups made less than \$35,000. As expected, 86% of lower income (TIG) households made less than \$35,000 per year. Sixty percent of disabled households and 58% of senior households made less than \$35,000.

Figure 3-5: Which income range best describes your household income?

RESPONSE	CITYWIDE		SPECIAL NEEDS GROUPS		
	FREQUENCY	PERCENT	LOWER INCOME (TIG) HOUSEHOLD PERCENT	DISABLED HOUSEHOLD PERCENT	SENIOR HOUSEHOLD PERCENT
LESS THAN \$14,999 PER YEAR	23	7.0%	17.4%	21.1%	16.6%
\$15,000 - \$24,999 PER YEAR	41	12.3%	30.9%	22.4%	24.3%
\$25,000 - \$34,999 PER YEAR	50	15.1%	37.8%	16.5%	16.9%
\$35,000 - \$49,999 PER YEAR	54	16.2%	13.1%	14.7%	14.5%
\$50,000 - \$65,499 PER YEAR	53	16.2%	0.7%	7.5%	10.8%
\$65,500 - \$99,999 PER YEAR	53	16.1%	0.0%	7.2%	9.3%
100,000 TO 149,999 PER YEAR	37	11.3%	0.0%	5.9%	4.1%
OVER 150,000 PER YEAR	10	3.0%	0.0%	0.0%	0.7%
DON'T KNOW	9	2.8%	0.0%	4.7%	2.9%
RESPONDENTS	330	100.0%	132	33	81

Note: For definitions of special needs groups see pages 15 and 16.

Female-Headed Households

Thirty-two percent of all respondents reported living in a female-headed household. There were a significantly higher number of female-headed households among the lower income households (48.9%) as compared to female-headed households citywide (32.3%).

Figure 3-6: Is this a female-headed household?

RESPONSE	CITYWIDE		SPECIAL NEEDS GROUPS		
	FREQUENCY	PERCENT	LOWER INCOME (TIG) HOUSEHOLD PERCENT	DISABLED HOUSEHOLD PERCENT	SENIOR HOUSEHOLD PERCENT
YES (FEMALE-HEADED HOUSEHOLDS)	113	32.3%	48.9%	30.9%	39.2%
NO	231	66.1%	51.1%	69.1%	59.4%
DON'T KNOW	6	1.6%	0.0%	0.0%	1.3%
RESPONDENTS	350	100.0%	132	33	91

Note: For definitions of special needs groups see pages 15 and 16.

HOUSEHOLD CHARACTERISTICS

Length of Residence in the City of Capitola

Thirty percent of respondents have lived in Capitola for 1 to 3 years. Over half (50.8%) have lived in Capitola for more than 5 years. Interestingly, a greater percentage of lower income (TIG), disabled, and senior household respondents lived in Capitola over 5 years. Lower income (TIG) household respondents have not just recently moved into the City of Capitola; rather, sixty-one percent have lived in Capitola for over 5 years and forty-five percent have lived in Capitola over ten years. Seventy-one percent of disabled and senior households have lived in the City of Capitola for over 5 years. The majority of disabled (70.6%) and senior (55.6%) households have lived in Capitola over 11 years as compared to 36.6% of citywide households.

CITY OF CAPITOLA HOUSING NEEDS ASSESSMENT
HOUSEHOLD TELEPHONE SURVEY – FINDINGS AND RESULTS

Figure 3-7: How long have you lived in the City of Capitola?

RESPONSE	CITYWIDE		SPECIAL NEEDS GROUPS		
	FREQUENCY	PERCENT	LOWER INCOME (TIG) HOUSEHOLD PERCENT	DISABLED HOUSEHOLD PERCENT	SENIOR HOUSEHOLD PERCENT
LESS THAN ONE YEAR	23	6.5%	8.9%	0.0%	1.6%
1 TO 3 YEARS	105	29.5%	23.6%	25.7%	19.5%
4 TO 5 YEARS	47	13.3%	6.7%	3.7%	7.7%
6 TO 10 YEARS	50	14.2%	15.6%	12.3%	15.6%
11 TO 20 YEARS	62	17.5%	24.8%	34.6%	24.5%
OVER 20 YEARS	68	19.1%	20.4%	23.7%	31.1%
RESPONDENTS	355	100.0%	132	33	91

Note: For definitions of special needs groups see pages 15 and 16.

Length of Residence at the Current Address

Over forty-three percent of Capitola City respondents stated that they lived at their current residence for over 5 years. Sixty-six percent of senior and disabled household respondents lived at their current address for over 5 years. In comparison, 49% of lower income (TIG) household respondents lived at their address for over 5 years.

Figure 3-8: How long have you lived at your current address?

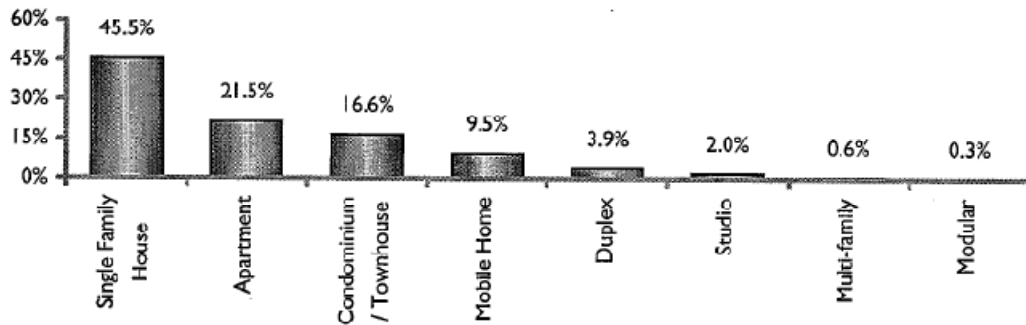
RESPONSE	CITYWIDE		SPECIAL NEEDS GROUPS		
	FREQUENCY	PERCENT	LOWER INCOME (TIG) HOUSEHOLD PERCENT	DISABLED HOUSEHOLD PERCENT	SENIOR HOUSEHOLD PERCENT
LESS THAN ONE YEAR	32	9.1%	12.3%	0.0%	1.6%
1 TO 3 YEARS	118	33.3%	29.1%	29.4%	22.1%
4 TO 5 YEARS	51	14.4%	9.4%	4.6%	10.3%
6 TO 10 YEARS	45	12.8%	10.4%	15.2%	15.3%
11 TO 20 YEARS	59	16.6%	23.9%	34.6%	21.5%
OVER 20 YEARS	49	13.8%	14.8%	16.2%	29.2%
RESPONDENTS	355	100.0%	132	33	91

Note: For definitions of special needs groups see pages 15 and 16.

Type of Housing

The largest percent of survey respondents (45.5%) lived in a single-family house, followed by condominium / townhouse (21.5%), and apartment (16.6%).

Figure 3-9: Type of housing:



Lower income (TIG) household respondents were more likely to live in apartments (29.8%) and houses (28.4%) similar to disabled household respondents with 39% in houses and 33% in apartments. Senior household respondents were more likely to live in houses (39.8%) and mobile homes (21.6%).

Figure 3-10: Type of Housing:

RESPONSE	CITYWIDE		SPECIAL NEEDS GROUPS		
	FREQUENCY	PERCENT	LOWER INCOME (TIG) HOUSEHOLD PERCENT	DISABLED HOUSEHOLD PERCENT	SENIOR HOUSEHOLD PERCENT
HOUSE	162	45.5%	28.4%	39.1%	39.8%
APARTMENT	76	21.5%	29.8%	33.2%	19.5%
CONDOMINIUM / TOWNHOUSE	59	16.6%	14.6%	11.8%	15.1%
MOBILE HOME	34	9.5%	16.7%	15.9%	21.6%
DUPLEX	14	3.9%	6.8%	0.0%	2.7%
STUDIO	7	2.0%	3.2%	0.0%	1.3%
MULTI-FAMILY STRUCTURE	2	0.6%	0.4%	0.0%	0.0%
MODULAR	1	0.3%	0.0%	0.0%	0.0%
RESPONDENTS	355	100.0%	132	33	91

Notes: For definitions of special needs groups see pages 15 and 16.

CITY OF CAPITOLA HOUSING NEEDS ASSESSMENT
HOUSEHOLD TELEPHONE SURVEY – FINDINGS AND RESULTS

Seventeen percent of survey respondents had children under the age of 12. Once again, lower income (TIG) households had the largest percent of children under the age of 12 in their households (21.5%) compared to disabled households (16.3%) and senior households (3.0%).

Figure 3-13: How many children under age twelve live in your home?

RESPONSE	CITYWIDE		SPECIAL NEEDS GROUPS		
	FREQUENCY	PERCENT	LOWER INCOME (TIG) HOUSEHOLD PERCENT	DISABLED HOUSEHOLD PERCENT	SENIOR HOUSEHOLD PERCENT
0	295	83.2%	78.5%	83.7%	97.0%
1	30	8.4%	9.3%	5.9%	3.0%
2	22	6.3%	9.2%	7.5%	0.0%
3	7	2.1%	3.0%	2.9%	0.0%
AVERAGE NUMBER OF CHILDREN UNDER 18	0.27		0.37	0.30	0.00
RESPONDENTS	355	100.0%	132	33	91

Notes: For definitions of special needs groups see pages 15 and 16.

Number of Rooms Per Household

Overall, Capitola City respondents had a median of 6.00 rooms per household. Lower income (TIG) households had a smaller number of rooms in their household at a median of 5.0, compared to 6.3 in disabled households and 6.0 in senior households.

Figure 3-14: How many rooms including bathrooms, the kitchen, etc. are in your home?

RESPONSE	CITYWIDE		SPECIAL NEEDS GROUPS		
	FREQUENCY	PERCENT	LOWER INCOME (TIG) HOUSEHOLD PERCENT	DISABLED HOUSEHOLD PERCENT	SENIOR HOUSEHOLD PERCENT
1	1	0.3%	0.0%	0.0%	0.0%
2	5	1.3%	1.1%	0.0%	0.0%
3	14	4.0%	7.4%	0.0%	0.6%
4	60	16.9%	26.5%	25.1%	17.7%
5	86	24.3%	28.3%	19.2%	19.7%
6	52	14.7%	11.4%	6.5%	18.0%
7	57	16.2%	15.6%	33.5%	24.2%
8	38	10.8%	5.7%	14.0%	14.2%
9	22	6.3%	1.6%	0.0%	3.2%
10+ ROOMS	19	5.2%	2.4%	1.8%	2.3%
MEDIAN NUMBER OF ROOMS	6.00		5.00	6.25	6.00
RESPONDENTS	355	100.0%	132	33	91

Note: For definitions of special needs groups see pages 15 and 16.

CITY OF CAPITOLA HOUSING NEEDS ASSESSMENT
HOUSEHOLD TELEPHONE SURVEY – FINDINGS AND RESULTS

With 2.26 as the average number of people in a household, it was not surprising to find that the median number of bedrooms per household was 2.00. The median number of bedrooms did not change across the three special needs groups which all had a median number of 2.00 bedrooms in their home.

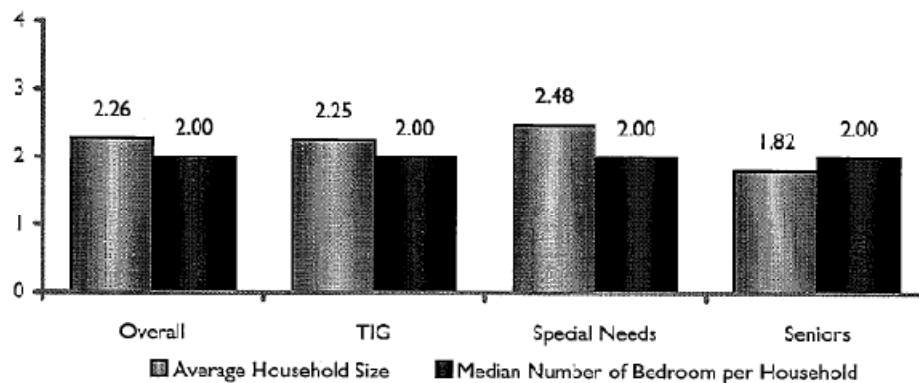
Figure 3-15: How many bedrooms are in your home?

RESPONSE	CITYWIDE		SPECIAL NEEDS GROUPS		
	FREQUENCY	PERCENT	LOWER INCOME (TIG) HOUSEHOLD PERCENT	DISABLED HOUSEHOLD PERCENT	SENIOR HOUSEHOLD PERCENT
0	3	0.8%	1.1%	0.0%	0.0%
1	60	16.9%	26.6%	25.0%	16.9%
2	177	49.9%	52.7%	42.7%	55.1%
3	78	22.0%	14.1%	25.8%	20.2%
4	33	9.4%	5.4%	4.7%	7.8%
5	3	0.9%	0.0%	1.8%	0.0%
MEDIAN NUMBER OF BEDROOMS	2.00		2.00	2.00	2.00
RESPONDENTS	355	100.0%	132	33	91

Note: For definitions of special needs groups see pages 15 and 16.

Lower income (TIG) households and disabled households had slightly fewer bedrooms than the number of people in the home. Since we did not survey for the composition of the household, we cannot assume that there was overcrowding in those households.

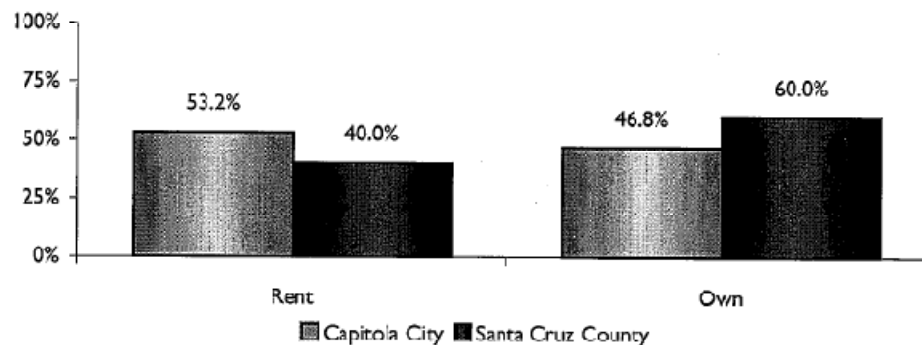
Figure 3-16: Average Household Size and Median Number of Bedrooms per Household



Renters Versus Owners

A slightly higher percentage of Capitola residents rented their housing compared to those that owned their housing. Fifty-three percent of Capitola residents rented their housing versus 47% who owned their housing. Further, when the number of renters in Capitola is compared to the number of renters in Santa Cruz County as a whole, a large gulf emerges. Fifty-three percent of Capitola respondents rented their housing compared to 40% of Santa Cruz County residents (U.S. Census, 2000).

Figure 3-17: Renter-Owner Comparison, Capitola City and Santa Cruz County (Census 2000)



Source: U.S. Bureau of the Census, Factfinder Quick tables: General Housing Characteristics, 2002.

According to the Household Telephone Survey, a significantly larger percentage of lower income (TIG) households rented their home compared to senior households (64.1% and 35.8% respectively).

Figure 3-18: Do you rent or own your home?

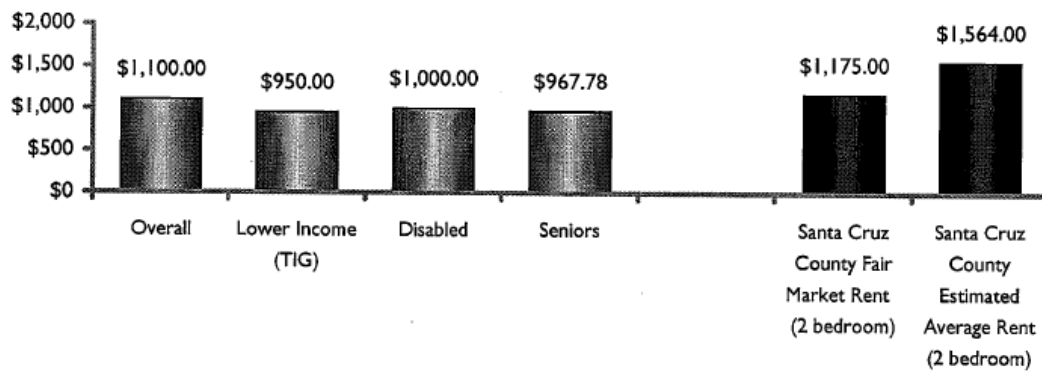
RESPONSE	CITYWIDE		SPECIAL NEEDS GROUPS		
	FREQUENCY	PERCENT	LOWER INCOME (TIG) HOUSEHOLD PERCENT	DISABLED HOUSEHOLD PERCENT	SENIOR HOUSEHOLD PERCENT
RENT	188	52.8%	64.1%	53.3%	35.8%
OWN	167	47.2%	35.9%	46.7%	64.2%
RESPONDENTS	355	100.0%	132	33	91

Note: For definitions of special needs groups see pages 15 and 16.

HOUSEHOLD TELEPHONE SURVEY – FINDINGS AND RESULTS

The 2002 Fair Market Rent for a 2-bedroom unit in Santa Cruz County was \$1,175, but the estimated average rent was \$1,564 (*Housing Authority of Santa Cruz County, 2002.*) Fair Market Rents are used by the Housing Authority to determine the maximum amount that will be paid for rental units. The median rent in Capitola (according to the survey) was below the Fair Market Rent for 2 bedrooms. Capitola City residents who received rental assistance from the Housing Authority, therefore, should have been able to afford their rent without having to supplement it from other sources.

Figure 3-19: Capitola Median Rent vs. Santa Cruz County Average Rent



Source: Housing Authority of Santa Cruz County, 2002.

CITY OF CAPITOLA HOUSING NEEDS ASSESSMENT
HOUSEHOLD TELEPHONE SURVEY – FINDINGS AND RESULTS

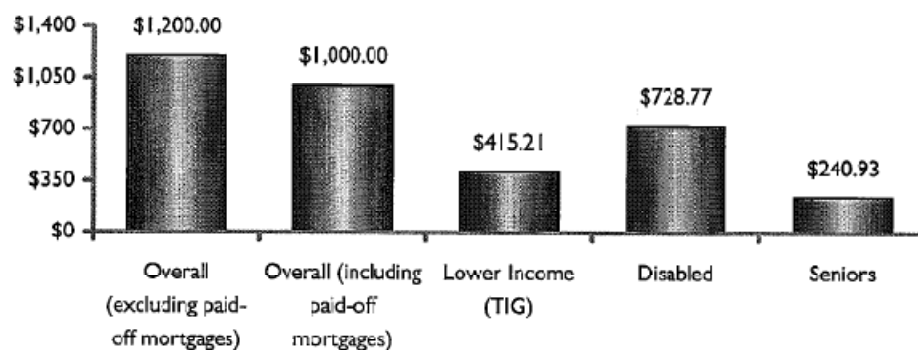
Figure 3-20: If renting, how much is your rent?

RESPONSE	CITYWIDE		SPECIAL NEEDS GROUPS		
	FREQUENCY	PERCENT	LOWER INCOME (TIG) HOUSEHOLD PERCENT	DISABLED HOUSEHOLD PERCENT	SENIOR HOUSEHOLD PERCENT
\$500 AND UNDER	14	7.7%	17.4%	25.6%	19.4%
\$501 TO 700	14	7.6%	10.2%	8.5%	18.3%
\$701 TO 900	20	11.1%	17.9%	12.6%	3.8%
\$901 TO 1100	43	24.2%	17.8%	24.0%	27.4%
\$1,101 TO 1,300	44	24.4%	23.8%	6.9%	12.9%
\$1,301 TO 1,500	18	9.9%	7.2%	6.9%	4.6%
\$1,501 TO 1,700	10	5.7%	3.8%	0.0%	4.6%
\$1,701 TO 1,900	5	3.0%	0.0%	0.0%	4.6%
OVER \$1,900	11	6.3%	1.9%	15.4%	4.6%
MEDIAN RENT	\$1,100.00		\$950.00	\$1,000.00	\$967.78
RESPONDENTS	179	100.0%	80	18	27

Note: For definitions of special needs groups see pages 15 and 16.

The median mortgage payment for Capitola City respondents who were still paying a mortgage above \$0 was \$1,200 per month. The median monthly mortgage for all homeowners, including those who have paid off their homes, was \$1,000. Twenty households or 18% of Capitola City respondents no longer paid a mortgage payment. Forty-six percent of senior respondents no longer had a mortgage payment.

Figure 3-21: Median Mortgage for all Homeowners (Including those that have paid off their mortgage)



CITY OF CAPITOLA HOUSING NEEDS ASSESSMENT
HOUSEHOLD TELEPHONE SURVEY – FINDINGS AND RESULTS

Figure 3-22: If you own your home, how much is your mortgage payment? (Including those that have paid off their mortgage)

RESPONSE	CITYWIDE		SPECIAL NEEDS GROUPS		
	FREQUENCY	PERCENT	LOWER INCOME (TIC) HOUSEHOLD PERCENT	DISABLED HOUSEHOLD PERCENT	SENIOR HOUSEHOLD PERCENT
NONE	20	18.3%	31.2%	10.8%	46.1%
\$500 AND UNDER	12	11.1%	23.5%	23.2%	25.2%
\$501 TO 700	7	6.7%	14.4%	8.9%	2.2%
\$701 TO 900	8	7.3%	5.5%	14.3%	4.3%
\$901 TO 1,100	10	9.4%	8.9%	0.0%	7.9%
\$1,101 TO 1,300	14	12.7%	7.6%	14.3%	5.7%
\$1,301 TO 1,500	10	9.6%	6.8%	17.8%	2.2%
\$1,501 TO 1,700	3	2.6%	2.1%	10.8%	4.3%
\$1,701 TO 1,900	5	5.1%	0.0%	0.0%	0.0%
\$1,901 TO 2,100	7	6.9%	0.0%	0.0%	2.2%
\$2,101 TO 2,300	0	0.0%	0.0%	0.0%	0.0%
\$2,301 TO 2,500	3	3.3%	0.0%	0.0%	0.0%
OVER \$2,500	8	7.1%	0.0%	0.0%	0.0%
MEDIAN MORTGAGE	\$1,000.00		\$415.21	\$728.77	\$240.93
RESPONDENTS	107	100.0%	28	11	27

Note: For definitions of special needs groups see pages 15 and 16.

More Economic Stress on Renters

Renters experienced more economic stress than homeowners. Renters paid a higher percentage of their earnings on housing. Almost fifty percent of renters paid at least one-half of their total household income for rent while 27% of homeowners paid at least one-half of their income on mortgage. Further, significantly fewer renters earned higher wages; thirty-eight percent of renters earned over \$50,000 per year as compared to 57% of homeowners.

HOUSING COSTS BY TYPE OF HOUSING STRUCTURE

The monthly median housing cost was \$1,200 for a house, townhouse or condominium, \$1,295 for a duplex, \$1,040 for an apartment, \$800 for a studio and \$352 for a mobile home. Mobile homes were by far the most affordable housing structure for both renters and owners. The median mobile home rent was \$260 per month for the four respondents who rented mobile homes. There were significantly more owners than renters of mobile homes. Twenty-nine respondents owned mobile homes and of this number, 20 owners reported their monthly mortgage costs. The median monthly mortgage for these 20 mobile homeowners was \$383 per month.

Figure 3-23: Median Monthly Housing Expenses (Rent or Mortgage) by Housing Type

TYPE OF HOUSING	MEDIAN MONTHLY HOUSING EXPENSE (RENT OR MORTGAGE)
HOUSE	\$1,200.00
APARTMENT	\$1,040.16
MOBILE HOME	\$352.36
STUDIO	\$800.00
CONDOMINIUM / TOWNHOUSE	\$1,200.00
DUPLEX	\$1,295.00
MODULAR	\$1,900.00
MULTI-FAMILY STRUCTURE	\$1,515.00
OVERALL	\$1,100.00

Figure 3-24: Median Monthly Rent and Mortgage by Housing Type

TYPE OF HOUSING	MEDIAN MONTHLY RENT	MEDIAN MONTHLY MORTGAGE*
HOUSE	\$1,200.00	\$1,200.00
APARTMENT	\$1,041.63	\$251.00
MOBILE HOME	\$260.00	\$382.70
STUDIO	\$800.00	N/A
CONDOMINIUM / TOWNHOUSE	\$1,182.22	\$1,266.55
DUPLEX	\$1,295.00	\$1,200.00
MODULAR	N/A	\$1,900.00
MULTI-FAMILY STRUCTURE	\$1,515.00	N/A
OVERALL	\$1,100.00	\$1,000.00

*Includes paid off mortgages.

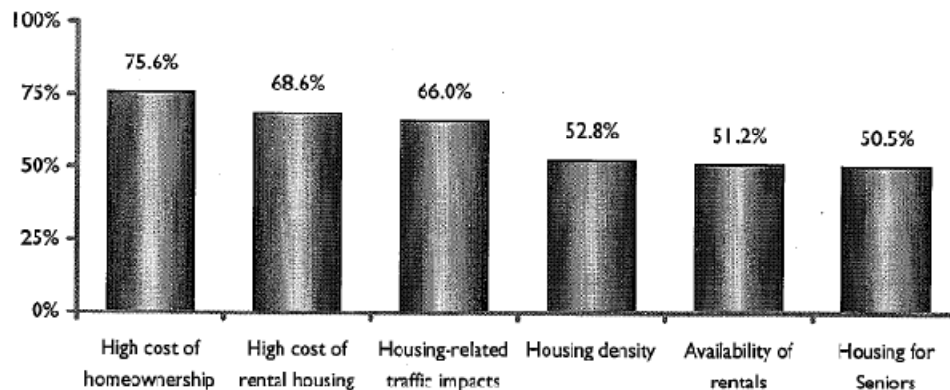
HOUSING CONCERNS

Survey respondents were asked about their top housing concerns for the City of Capitola. The most frequently mentioned concern was the “high cost of homeownership” (75.6%). Homeownership in Capitola has become unreachable for most current city residents, with the city’s median homeownership price at \$528,000 (the RAND Corporation, for the period February through July 2002.) In fact, home prices were higher in Capitola than for the Santa Cruz County region as a whole, which had a median sales price of \$420,000 for the first quarter of 2002. Overall, the region ranks as the *second least affordable for home ownership in the country*, according to the National Association of Home Builders, with only 8% of homes affordable to median income families.

The second largest housing concern was “high cost of rental housing” (68.6%). Capitola citizens face some of the highest housing costs in the nation. Rents are exceptionally high, with Santa Cruz County the *sixth least affordable rental market* for all metropolitan areas in the country for 2002, according to the National Low-Income Housing Coalition.

Capitola City respondents were also concerned about the impact more housing would have on the city. Sixty-six percent of respondents were concerned about “housing related traffic impacts” and 52.8% were concerned about “housing density.”

Figure 3-25: Top 6 Housing Concerns



CITY OF CAPITOLA HOUSING NEEDS ASSESSMENT
HOUSEHOLD TELEPHONE SURVEY – FINDINGS AND RESULTS

Figure 3-26: In general, what are your top housing concerns for the City of Capitola?

RESPONSE	CITYWIDE		SPECIAL NEEDS GROUPS		
	FREQUENCY	PERCENT	LOWER INCOME (TIG) HOUSEHOLD PERCENT	DISABLED HOUSEHOLD PERCENT	SENIOR HOUSEHOLD PERCENT
HIGH COST OF HOMEOWNERSHIP	262	75.6%	72.8%	84.9%	71.3%
HIGH COST OF RENTAL HOUSING	238	68.6%	84.5%	83.8%	64.6%
HOUSING-RELATED TRAFFIC IMPACTS	229	66.0%	58.5%	44.6%	64.0%
HOUSING DENSITY	183	52.8%	46.7%	55.0%	50.0%
AVAILABILITY OF RENTALS	177	51.2%	67.7%	63.0%	55.7%
HOUSING FOR SENIORS	175	50.5%	60.0%	66.1%	71.1%
HOUSING FOR DISABLED PEOPLE	133	38.4%	49.6%	64.0%	53.6%
PARKING	9	2.6%	4.7%	0.0%	0.7%
RENT CONTROL	8	2.2%	1.9%	7.8%	2.1%
RENTERS' RIGHTS	6	1.7%	1.2%	4.6%	1.4%
TEARING DOWN OLD HOMES AND REPLACING THEM, LOSING THE STYLE / ARCHITECTURE OF HOMES	4	1.3%	0.0%	0.0%	1.1%
ZONING / DIFFICULTIES WITH PERMITS	4	1.1%	0.0%	0.0%	0.0%
MORE SIDEWALKS / PEDESTRIAN SAFETY	3	0.9%	1.6%	0.0%	0.7%
TAXES	2	0.6%	0.5%	1.8%	1.4%
OTHER	31	9.0%	5.1%	13.2%	6.8%
RESPONDENTS	346		130	32	86

*Multiple response question.

Note: For definitions of special needs groups see pages 15 and 16.

CITY OF CAPITOLA HOUSING NEEDS ASSESSMENT
HOUSEHOLD TELEPHONE SURVEY – FINDINGS AND RESULTS

Lower income (TIG) household respondents were more likely to rent and their biggest housing concern was the “high cost of rent.” It is not surprising, therefore, that they felt the biggest need for housing was apartments (61.2%). Senior and disabled household respondents felt that senior housing facilities were the biggest need in the City of Capitola (71.7% and 67.5% respectively).

Figure 3-29: What type of housing do you think is most needed in Capitola today?

RESPONSE	CITYWIDE		SPECIAL NEEDS GROUPS		
	FREQUENCY	PERCENT	LOWER INCOME (TIG) HOUSEHOLD PERCENT	DISABLED HOUSEHOLD PERCENT	SENIOR HOUSEHOLD PERCENT
APARTMENTS	173	52.3%	61.2%	41.7%	53.8%
SENIOR HOUSING FACILITIES	170	51.4%	55.6%	67.5%	71.7%
CONDOMINIUMS / TOWNHOUSES	160	48.4%	51.0%	48.5%	46.7%
ACCESSORY UNITS OR GRANNY FLATS	135	41.0%	41.8%	51.5%	46.6%
HOUSING FOR LARGER FAMILIES	105	31.6%	34.5%	35.8%	28.3%
SINGLE FAMILY HOMES	30	9.0%	3.8%	3.9%	6.3%
AFFORDABLE HOUSING	17	5.1%	6.4%	21.7%	3.1%
LOW INCOME HOUSING	11	3.2%	2.4%	0.0%	1.3%
MOBILE HOME PARKS	8	2.3%	3.2%	1.9%	5.4%
HIGH DENSITY HOUSING	4	1.3%	0.0%	0.0%	1.3%
HOUSING FOR DISABLED PEOPLE	2	0.6%	0.5%	0.0%	1.3%
HOUSING FOR TEACHERS	2	0.6%	0.5%	0.0%	1.3%
OTHER	13	3.9%	5.2%	4.9%	1.3%
DON'T KNOW	7	2.2%	0.5%	1.9%	3.3%
RESPONDENTS	331		129	31	88

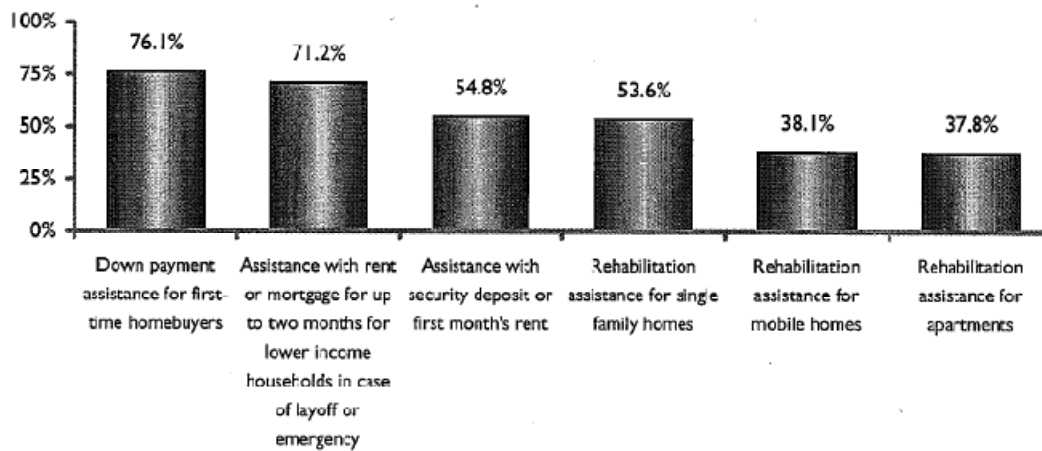
*Multiple response question.

Note: For definitions of special needs groups see pages 15 and 16.

HOUSING PROGRAM NEEDS

The City of Capitola currently offers its residents a variety of housing programs and was interested in assessing the need for current programs and identifying other programs in which residents would have an interest. The existing program for which the respondents felt the biggest need was “down payment assistance for first-time homebuyers” (76.1%) which is consistent with their biggest housing concern of “high cost of homeownership.” Figure 3-30 shows survey respondents’ perceived need for the programs currently offered by the City of Capitola.

Figure 3-30: Do you, or other residents you know in Capitola, have need for any of the following housing programs?



CITY OF CAPITOLA HOUSING NEEDS ASSESSMENT
HOUSEHOLD TELEPHONE SURVEY – FINDINGS AND RESULTS

All three special needs groups felt that “assistance with rent or mortgage for up to two months for lower income households in case of layoff or emergency” was the housing program for which they had the biggest need, followed by “down payment assistance for first-time homebuyers.”

Figure 3-31: Do you, or other residents you know in Capitola, have need for any of the following housing programs?

RESPONSE	CITYWIDE		SPECIAL NEEDS GROUPS		
	FREQUENCY	PERCENT	LOWER INCOME (TIG) HOUSEHOLD PERCENT	DISABLED HOUSEHOLD PERCENT	SENIOR HOUSEHOLD PERCENT
DOWN PAYMENT ASSISTANCE FOR FIRST-TIME HOMEBUYERS	225	76.1%	72.6%	78.4%	61.6%
ASSISTANCE WITH RENT OR MORTGAGE FOR UP TO TWO MONTHS FOR LOWER INCOME HOUSEHOLDS IN CASE OF LAYOFFS OR EMERGENCY	211	71.2%	77.7%	92.5%	70.8%
ASSISTANCE WITH SECURITY DEPOSIT OR FIRST MONTH'S RENT	162	54.8%	65.1%	65.7%	47.9%
REHABILITATION ASSISTANCE FOR SINGLE FAMILY HOMES	159	53.6%	58.5%	68.8%	51.2%
REHABILITATION ASSISTANCE FOR MOBILE HOMES	113	38.1%	50.0%	67.8%	50.3%
REHABILITATION ASSISTANCE FOR APARTMENTS	112	37.8%	44.8%	48.7%	32.6%
DON'T KNOW	9	2.9%	1.5%	0.0%	7.3%
RESPONDENTS	296		118	31	71

*Multiple response question.

Note: For definitions of special needs groups see pages 15 and 16.

HOUSEHOLD TELEPHONE SURVEY – FINDINGS AND RESULTS

In addition to programs already being offered, the City of Capitola was also interested in what other programs respondents felt were necessary. Survey respondents felt there was a need for “more affordable housing” (27.1%) and “low-income housing” (17.7%).

Both lower income (TIG) and disabled household respondents wanted the City of Capitola to offer “more affordable housing” (43.4% and 64.6% respectively). Senior respondents felt that the City of Capitola should offer “senior housing and assist seniors with rent” (19.7%).

Figure 3-32: Are there any other housing programs you, or residents of Capitola have a need for?

RESPONSE	CITYWIDE		SPECIAL NEEDS GROUPS		
	FREQUENCY	PERCENT	LOWER INCOME (TIG) HOUSEHOLD PERCENT	DISABLED HOUSEHOLD PERCENT	SENIOR HOUSEHOLD PERCENT
MORE AFFORDABLE HOUSING	18	27.1%	43.4%	64.6%	12.7%
LOW INCOME HOUSING	12	17.7%	32.5%	43.1%	0.0%
SENIOR HOUSING / ASSIST SENIORS WITH RENT	7	11.2%	5.3%	0.0%	19.7%
1ST TIME HOME BUYERS	6	8.9%	0.0%	0.0%	6.8%
RENT CONTROL	3	4.5%	0.0%	0.0%	0.0%
HOUSING ASSISTANCE FOR SERVICE PROVIDERS (TEACHERS, NURSES, FIREMEN, POLICE MEN, ETC.)	3	3.8%	0.0%	13.9%	6.8%
STUDENT HOUSING	2	3.7%	0.0%	0.0%	0.0%
HOUSING FOR DISABLED PEOPLE	2	3.2%	6.8%	0.0%	0.0%
MOBILE HOME PARKS (PRIVATE OWNERSHIP, EXTEND LEASES BEYOND 6 MONTHS, MORE PARKS)	2	3.2%	2.7%	0.0%	8.3%
REMODELING / REPAIR ASSISTANCE	2	3.2%	5.3%	0.0%	8.3%
SINGLE FAMILY HOUSING	2	3.2%	9.5%	0.0%	0.0%
OTHER	16	23.9%	17.6%	0.0%	37.5%
RESPONDENTS	66		22	7	14

*Multiple response question.

Note: For definitions of special needs groups see pages 15 and 16.

COST OF HOUSING

Over half of the 130 lower income (TIG) household respondents stated that they spent 50% or more of their take home pay on rent / housing costs, compared to 40% of disabled and 28% of senior household respondents.

Figure 3-33: Does one-half (50%) or more of your total household take-home pay (income after taxes) go to rent / housing costs (including utilities, property taxes)?

RESPONSE	CITYWIDE		SPECIAL NEEDS GROUPS		
	FREQUENCY	PERCENT	LOWER INCOME (TIG) HOUSEHOLD PERCENT	DISABLED HOUSEHOLD PERCENT	SENIOR HOUSEHOLD PERCENT
YES	136	39.0%	55.6%	39.9%	28.3%
NO	202	57.9%	41.7%	52.6%	69.2%
DON'T KNOW	11	3.0%	2.8%	7.5%	2.5%
RESPONDENTS	348	100.0%	130	33	88

Note: For definitions of special needs groups see pages 15 and 16.

Eleven percent of Capitola respondents spent 75% or more of their take-home pay on rent / housing costs, as compared to 17.4% of the overall population of Santa Cruz County (Santa Cruz County Community Assessment Report, 2001). Twenty percent of the lower income (TIG) household respondents, fourteen percent of disabled and 9% of senior household respondents spent 75% or more of their take-home pay on rent / housing costs.

Figure 3-34: Does three-fourths (75%) or more of your total household take-home pay (income after taxes) go to rent / housing costs (including utilities, property taxes)?

RESPONSE	CITYWIDE		SPECIAL NEEDS GROUPS		
	FREQUENCY	PERCENT	LOWER INCOME (TIG) HOUSEHOLD PERCENT	DISABLED HOUSEHOLD PERCENT	SENIOR HOUSEHOLD PERCENT
YES	40	11.4%	20.2%	14.0%	8.9%
NO	303	86.9%	78.2%	83.1%	89.7%
DON'T KNOW	6	1.8%	1.6%	2.9%	1.3%
RESPONDENTS	348	100.0	130	33	88

Note: For definitions of special needs groups see pages 15 and 16.

CITY OF CAPITOLA HOUSING NEEDS ASSESSMENT
HOUSEHOLD TELEPHONE SURVEY – FINDINGS AND RESULTS

Over their lifetime, the high cost of housing has caused Capitola City respondents to “live temporarily with family / friends” (53.8%) at a higher rate than in Santa Cruz County (44.0%). Forty-six percent of Capitola respondents felt that, in their lifetime, the high cost of housing has caused them to “move when they didn’t want to” compared to 34% of Santa Cruz County respondents.

Figure 3-35: Has the high cost of housing caused you to:

RESPONSE	FREQUENCY	PERCENT	SANTA CRUZ COUNTY
LIVE TEMPORARILY WITH FAMILY / FRIENDS	73	53.8%	44.0%
MOVE WHEN YOU DIDN'T WANT TO	63	46.2%	33.8%
SHARE HOUSING WITH OTHER FAMILIES	56	41.6%	54.6%
LIVE IN AN OVERCROWDED UNIT	44	32.7%	26.5%
LIVE IN HOUSING UNIT WITHOUT ADEQUATE PLUMBING, HEAT OR ELECTRICITY	19	13.9%	18.5%
GO WITHOUT FOOD	3	2.0%	N/A
CUT DOWN ON EXPENSES / GO INTO DEBT	3	1.9%	N/A
OTHER	7	5.0%	5.6%
DON'T KNOW	3	2.0%	3.1%
RESPONDENTS	135		178

*Multiple response question.

Source: Santa Cruz County Community Assessment Project, 2001.

CITY OF CAPITOLA HOUSING NEEDS ASSESSMENT
HOUSEHOLD TELEPHONE SURVEY – FINDINGS AND RESULTS

In the course of their lifetime, 63.3% of lower income (TIG) household respondents felt that because of the high cost of housing, they had to “live temporarily with family / friends.” Sixty-six percent of disabled household respondents felt that the high cost of housing forced them to “move when they didn’t want to.” Almost half (46.2%) of senior household respondents felt that the high cost of housing has caused them to “share housing with other families.”

Figure 3-36: Has the high cost of housing caused you to:

RESPONSE	CITYWIDE		SPECIAL NEEDS GROUPS		
	FREQUENCY	PERCENT	LOWER INCOME (TIG) HOUSEHOLD PERCENT	DISABLED HOUSEHOLD PERCENT	SENIOR HOUSEHOLD PERCENT
LIVE TEMPORARILY WITH FAMILY / FRIENDS	73	53.8%	63.3%	49.4%	44.4%
MOVE WHEN YOU DIDN'T WANT TO	63	46.2%	42.5%	65.9%	32.1%
SHARE HOUSING WITH OTHER FAMILIES	56	41.6%	42.8%	49.4%	46.2%
LIVE IN AN OVERCROWDED UNIT	44	32.7%	41.5%	37.2%	17.8%
LIVE IN HOUSING UNIT WITHOUT ADEQUATE PLUMBING, HEAT OR ELECTRICITY	19	13.9%	12.8%	6.6%	0.0%
GO WITHOUT FOOD	3	2.0%	2.3%	0.0%	0.0%
CUT DOWN ON EXPENSES / GO INTO DEBT	3	1.9%	2.3%	6.6%	3.5%
OTHER	7	5.0%	6.5%	6.8%	9.4%
DON'T KNOW	3	2.0%	0.0%	0.0%	7.2%
RESPONDENTS	135		66	15	17

*Multiple response question.

Note: For definitions of special needs groups see pages 15 and 16.

DISABLED HOUSEHOLDS

Almost 10% of the survey respondents had a member of their household who was physically or mentally disabled. Seventeen percent of lower income (TIG) and 15% of senior households had a household member who was physically or mentally disabled.

Figure 3-37: Is anyone in your household physically or mentally disabled?

RESPONSE	CITYWIDE		SPECIAL NEEDS GROUPS		
	FREQUENCY	PERCENT	LOWER INCOME (TIG) HOUSEHOLD PERCENT	DISABLED HOUSEHOLD PERCENT	SENIOR HOUSEHOLD PERCENT
YES	33	9.3%	17.4%	100.0%	15.1%
NO	320	90.2%	81.2%	0.0%	82.9%
DON'T KNOW	2	0.5%	1.4%	0.0%	2.0%
RESPONDENTS	354	100.0%	132	33	90

Notes: For definitions of special needs groups see pages 15 and 16.

Two percent (6) of all survey respondents and 18% of disabled household respondents had someone in their household who used a wheelchair.

Figure 3-38: Does anyone in your household use a wheelchair?

RESPONSE	CITYWIDE		SPECIAL NEEDS GROUPS		
	FREQUENCY	PERCENT	LOWER INCOME (TIG) HOUSEHOLD PERCENT	DISABLED HOUSEHOLD PERCENT	SENIOR HOUSEHOLD PERCENT
YES	6	1.6%	3.7%	17.6%	3.0%
NO	349	98.4%	96.3%	82.4%	97.0%
RESPONDENTS	355	100.0%	132	33	91

Notes: For definitions of special needs groups see pages 15 and 16.

Design and construction requirements are included as part of the Americans with Disability Act. Those requirements apply to any multi-family structure newly constructed for first occupancy on or after March 13, 1991 (National Fair Housing Advocate, Fair Housing and Disabilities Guide, 2002). The design and construction requirements were used to design this survey.

CITY OF CAPITOLA HOUSING NEEDS ASSESSMENT
HOUSEHOLD TELEPHONE SURVEY – FINDINGS AND RESULTS

Out of those respondents with a wheelchair user in their home, one household did not have a wheelchair accessible entrance into their home, did not have all doors in their home wide enough for a wheelchair, and did not have a bathroom and kitchen that was configured for a wheelchair to operate.

Two of the households with wheelchairs did not have all environmental controls accessible to a person in a wheelchair.

In one household with a wheelchair, the respondent felt that the disabled member of the household had unmet needs. The respondents stated that their household “needs a step in the shower.”

SENIOR HOUSEHOLDS

Twenty-six percent (91) of respondents had a member of their household who was over the age of 62. The special needs groups had larger percentages of households with a member over the age of 62. Thirty-seven percent of lower income (TIG) households and 42% of disabled households had a member over the age of 62.

Figure 3-39: Is anyone in your household over the age of 62?

RESPONSE	CITYWIDE		SPECIAL NEEDS GROUPS		
	FREQUENCY	PERCENT	LOWER INCOME (TIG) HOUSEHOLD PERCENT	DISABLED HOUSEHOLD PERCENT	SENIOR HOUSEHOLD PERCENT
YES	91	25.7%	37.0%	41.5%	100.0%
NO	264	74.3%	63.0%	58.5%	0.0%
RESPONDENTS	355	100.0%	132	33	91

Notes: For definitions of special needs groups see pages 15 and 16.

Less than twenty percent (18.2%) of senior households lived in a senior exclusive community. Four percent of disabled households with a member over the age of 62 years old lived in a senior exclusive community compared to 24% of lower income (TIG) households.

CITY OF CAPITOLA HOUSING NEEDS ASSESSMENT
HOUSEHOLD TELEPHONE SURVEY – FINDINGS AND RESULTS

Figure 3-40: If anyone in your household is over 62, do you live in a community that is exclusive to seniors?

RESPONSE	CITYWIDE		SPECIAL NEEDS GROUPS		
	FREQUENCY	PERCENT	LOWER INCOME (TIG) HOUSEHOLD PERCENT	DISABLED HOUSEHOLD PERCENT	SENIOR HOUSEHOLD PERCENT
YES	17	18.2%	23.8%	4.3%	18.2%
NO	75	81.8%	76.2%	95.7%	81.8%
RESPONDENTS	91	100.0%	49	14	91

Note: For definitions of special needs groups see pages 15 and 16.

Almost half of senior households relied on Social Security to help pay for their rent or mortgage. The majority (60%) of lower income (TIG) households with a senior member relied on Social Security to pay rent or mortgage. Fifty-two percent of disabled households with a senior member relied on Social Security to pay for rent or mortgage.

Figure 3-41: If anyone in your household is over 62, does your household rely on Social Security to help you pay your mortgage or rent?

RESPONSE	CITYWIDE		SPECIAL NEEDS GROUPS		
	FREQUENCY	PERCENT	LOWER INCOME (TIG) HOUSEHOLD PERCENT	DISABLED HOUSEHOLD PERCENT	SENIOR HOUSEHOLD PERCENT
YES	42	46.7%	59.8%	51.9%	46.7%
NO	45	50.6%	37.7%	43.8%	50.6%
DON'T KNOW	2	2.7%	2.5%	4.3%	2.7%
RESPONDENTS	89	100.0%	49	14	89

Note: For definitions of special needs groups see pages 15 and 16.

CITY OF CAPITOLA HOUSING NEEDS ASSESSMENT
HOUSEHOLD TELEPHONE SURVEY – FINDINGS AND RESULTS

Out of the 6 senior respondents who felt that they had unmet housing needs, two felt they needed assistance with “remodeling” (wheelchair access, more bedrooms, floors, etc.).

Figure 3-42: If anyone in your household is over 62, does the senior in your household have any specific housing needs that are not being met?

RESPONSE	CITYWIDE		SPECIAL NEEDS GROUPS		
	FREQUENCY	PERCENT	LOWER INCOME (TIG) HOUSEHOLD PERCENT	DISABLED HOUSEHOLD PERCENT	SENIOR HOUSEHOLD PERCENT
YES	6	6.3%	11.9%	20.5%	6.3%
NO	85	93.7%	88.1%	79.5%	93.7%
RESPONDENTS	91	100.0%	49	14	91

Note: For definitions of special needs groups see pages 15 and 16.

APPENDIX E

Adequate Sites Program Alternative Checklist

STATE OF CALIFORNIA - BUSINESS, TRANSPORTATION AND HOUSING AGENCY

ARNOLD SCHWARZENEGGER, Governor

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Division of Housing Policy Development

1800 Third Street, Suite 430
P. O. Box 952053
Sacramento, CA 94252-2053
(916) 323-3177
FAX (916) 327-2643



1. Adequate Sites Program Alternative Checklist
2. Government Code Section 65583.1(c)
3. (Chapter 796, Statutes of 1998 [AB 438])

As provided for in Government Code Section 65583.1(c), local governments can rely on existing housing units to address up to 25 percent of their adequate sites requirement by counting existing units made available or preserved through the provision of "committed assistance" to low- and very low-income households at affordable housing costs or affordable rents. The following is a checklist intended to provide guidance in determining whether the provisions of Government Code Section 65583.1(c) can be used to address the adequate sites program requirement. A "yes" answer to the questions below means the alternative site program option(s) may be applicable to your community.

GENERAL REQUIREMENTS		
<i>Note: If you cannot answer "yes" to all of the general requirements questions listed below, your jurisdiction is not eligible to utilize the alternate adequate sites program provisions set forth in Government Code Section 65583.1(c).</i>		
65583.1(c)(4) Is the local government providing, or will it provide "committed assistance" within the first 2 years of the planning period? See the definition of "committed assistance" on page 4.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Housing Element Chapter 4
65583.1(c)(1)(A) Has the local government identified the specific source of "committed assistance" funds? If yes: specify the amount and date when funds will be dedicated through a (legally enforceable agreement). \$ 1,365,000 RDA loan on 6-28-07 \$1,900,000 HOME loan (Set-Up completed) on 12-04-08	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Housing Element Chapter 4
65583.1(c)(3) Has at least some portion of the regional share housing need for very low-income (VL) or low-income (L) households been met in the current or previous planning period? Specify the number of affordable units permitted/constructed in the previous period. (2000-2007 Housing Element: 6 very low, 2 low) Specify the number affordable units permitted/constructed in the current period and document how affordability was established. (2007-2014 Housing Element: Total permitted as of 3-13-09 12 extremely low, 1 very low (RDA and HOME funds. See attached Regulatory Agreements)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <div style="border-bottom: 1px solid black; width: 100px; margin-bottom: 10px;">8 units</div> <div>13 units</div>	Housing Element Chapter 4

13 units count are only the “net increase” in new units all other units are converted existing units.		
65583.1(c)(1)(B) Indicate the total number of units to be assisted with committed assistance funds and specify funding source. Redevelopment Agency Housing Funds and HOME grant funds have been awarded to this project. The assistance is for the entire 109 unit project. 13 units are “net” new units. The remaining 96 units are existing and will undergo major rehabilitation and be converted to long-term affordability. Only 14 of these units can be counted toward the RHNA obligation based on the 25% restriction. 4 will be counted as extremely low income, 4 will be counted as very low income and 6 will be counted as low-income. Not all assisted units are eligible to be counted toward RHNA obligation	50 Ex Low 30 Very Low 28 Low	Housing Element Chapter 4
65583.1(c)(1)(B) Will the funds be sufficient to develop the identified units at affordable costs or rents? The City’s RDA and HOME funds helped to leverage other state and private financing for the total \$28 million project.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Housing Element Chapter 4
65583.1(c)(1)(C) Do the identified units meet the substantial rehabilitation, conversion, or preservation requirements as defined? Which option? These units qualify under the Conversion of Multifamily Rental from Non-Affordable to Affordable	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Housing Element Chapter 4

<i>SUBSTANTIAL REHABILITATION (65583.1(c)(2)(A))</i>		
Include reference to specific program action in the housing element.	Program	
65583.1(c)(2)(A) Will the rehabilitation result in a net increase in the number of housing units available and affordable to very low- and lower-income households? If so, how many units?	<input type="checkbox"/> Yes <input type="checkbox"/> No # of VLI units ___ # of LI units ___	
65583.1(c)(2)(A)(i) (I) Are units at imminent risk of loss to affordable housing stock?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
65583.1(c)(2)(A)(i) (II) Is the local government providing relocation assistance consistent with Health and Safety Code Section 17975, including rent and moving expenses equivalent to four (4) months, to those occupants permanently or temporary displaced?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
65583.1(c)(2)(A)(i) (III) Will tenants will have the right to reoccupy units?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
65583.1(c)(2)(A)(i) (IV) Have the units been determined to be unfit for human habitation due the <u>at least four</u> (4) of the following violations? (a) Termination, extended interruption or serious defects of gas, water or electric utility systems provided such interruptions or termination is not caused by the tenant's failure to pay such gas, water or electric bills. (b) Serious defects or lack of adequate space and water heating. (c) Serious rodent, vermin or insect infestation. (d) Severe deterioration, rendering significant portions of the structure unsafe or	<input type="checkbox"/> Yes <input type="checkbox"/> No	

<p>unsanitary.</p> <p>(e) Inadequate numbers of garbage receptacles or service.</p> <p>(f) Unsanitary conditions affecting a significant portion of the structure as a result of faulty plumbing or sewage disposal.</p> <p>(g) Inoperable hallway lighting.</p>		
<p>65583.1(c)(2)(A)(ii)</p> <p>Will affordability and occupancy restrictions be maintained for at least 20 years?</p>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>	
<p>65583.1(c)(2)(A)(iii)</p> <p>Note: Prior to occupancy of the rehabilitated units, the local government must issue a certificate that finds the units comply with all local and State building and health and safety requirements.</p>		

<p>CONVERSION OF MULTIFAMILY RENTAL UNITS OF 4 OR MORE FROM NON-AFFORDABLE TO AFFORDABLE (65583.1(c)(2)(B))</p>		
Include reference to specific program description in the housing element.	Program	
<p>65583.1(c)(2)(B)(i)</p> <p>Will the acquired units be made affordable to low- or very low-income households?</p> <p>Yes the qualified units will include 4 units for extremely low-income, 4 units for very low-income and 6 units for low-income.</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>	Housing Element Chapter 4
<p>65583.1(c)(2)(B)(ii)</p> <p>Were the units affordable to very low- or low-income households at the time they were identified for acquisition?</p> <p>Prior to acquisition the units were affordable (without affordability requirements) to low-income households. 50 of the units are now affordable to extremely low income households and 30 to very low income households. 14 of these 80 units are being claimed for credit in the very low and low income categories (4 extremely low, 4 very low, 6 low. The 6 units being claimed for low income credit in fact are renting at very low income levels.) Prior to the City's participation the existing units did not have long-term affordability requirements.</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p>	Housing Element Chapter 4
<p>65583.1(c)(2)(B)(iii)</p> <p>If the acquisition results in the displacement of very low- or low-income households, is the local government providing relocation assistance consistent with Health and Safety Code Section 17975, including rent and moving expenses equivalent to four (4) months, to those occupants permanently or temporary displaced?</p> <p>No current residents will be displaced as a result of this acquisition or the rehabilitation/conversion process. The construction work is being completed in four phases in order for the existing residents to be temporarily relocated on-site. All current residents will remain living in the project.</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p>	Housing Element Chapter 4
<p>65583.1(c)(2)(B)(iv)</p> <p>Will units be decent, safe, and sanitary upon occupancy?</p> <p>All units are undergoing major rehabilitation and or demolition and replacement. The building plans have been approved by the City and qualify under the City's Green Building Ordinance for the use of sustainable materials and high energy efficiency.</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>	Housing Element Chapter 4
<p>65583.1(c)(2)(B)(v)</p> <p>Will affordability and occupancy restrictions be maintained at least 55 years?</p> <p>Yes, the City's loan Agreements with the project developer requires a 55-year guarantee of affordability</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>	Housing Element Chapter 4

PRESERVATION OF AFFORDABLE UNITS (65583.1(c)(2)(C))		
Include reference to specific program action in housing element.	Program _____	
65583.1(c)(2)(C)(i) Will affordability and occupancy restrictions be maintained for at least 40 years?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
65583.1(c)(2)(C)(ii) Are the units located within an "assisted housing development" as defined in Government Code Section 65863.10(a)(3)? See definition on page 4.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
65583.1(c)(2)(C)(iii) Did the city/county, via the public hearing process, find that the units are eligible and are reasonably expected to convert to market rate during the next 5 years, due to termination of subsidies, prepayment, or expiration of use?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
65583.1(c)(2)(C)(iv) Will units be decent, safe, and sanitary upon occupancy?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
65583.1(c)(2)(C)(v) Were the units affordable to very low- and low-income households at the time the units were identified for preservation?	<input type="checkbox"/> Yes <input type="checkbox"/> No	

NOTE:

- By no later than July 1st of the third year of the planning period, local governments must report on the status of its program implementation for substantial rehabilitation, conversion, and/or preservation (of affordability) as described above (Government Code 65583.1(c)(7)).
- The report must specify and identify those units for which committed assistance has been provided or which have been made available to low- and very low-income households and document how each unit complies with the substantial rehabilitation, conversion, and/or preservation provisions.
- If the local government has not entered into an enforceable agreement of committed assistance for all units specified in the identified program(s), by the July 1st due date, it must amend its element to identify additional appropriately zoned and suitable sites, sufficient to accommodate the number of units for which committed assistance was not provided. This follow-up action must be taken no later than July 1st of the fourth year of the planning period.
- If a local government fails to amend its element to identify adequate sites to address any shortfall, or fails to complete the rehabilitation, acquisition, purchase of affordability covenants, or the preservation of any housing unit within two years after committed assistance was provided to that unit, the local government cannot use the alternate adequate sites program provisions of Government Code Section 65583.1(c)(1) in its next housing element update, beyond the number of units actually provided or preserved due to committed assistance.

DEFINITIONS:

Committed Assistance: When a local government has entered into a legally enforceable agreement during the first two years of the housing element planning period obligating funds for affordable units available for occupancy within two years of the agreement.

Assisted Housing Development: A multifamily rental housing development that receives governmental assistance under any of the following programs:

- (A) New construction, substantial rehabilitation, moderate rehabilitation, property disposition, and loan management set-aside programs, or any other program providing project-based assistance, under Section 8 of the United States Housing Act of 1937, as amended (42 U.S.C. Sec. 1437f).
- (B) The following federal programs:

- (i) The Below-Market-Interest-Rate Program under Section 221(d)(3) of the National Housing Act (12 U.S.C. Sec. 1715l(d)(3) and (5)).
- (ii) Section 236 of the National Housing Act (12 U.S.C. Sec. 1715z-1).
- (iii) Section 202 of the Housing Act of 1959 (12 U.S.C. Sec. 1701q).
- (C) Programs for rent supplement assistance under Section 101 of the Housing and Urban Development Act of 1965, as amended (12 U.S.C. Sec. 1701s).
- (D) Programs under Sections 514, 515, 516, 533, and 538 of the Housing Act of 1949, as amended (42 U.S.C. Sec. 1485).
- (E) Section 42 of the Internal Revenue Code.
- (F) Section 142(d) of the Internal Revenue Code (tax-exempt private activity mortgage revenue bonds).
- (G) Section 147 of the Internal Revenue Code (Section 501(c)(3) bonds).
- (H) Title I of the Housing and Community Development Act of 1974, as amended (Community Development Block Grant Program).
- (I) Title II of the Cranston-Gonzales National Affordable Housing Act of 1990, as amended (HOME Investment Partnership Program).
- (J) Titles IV and V of the McKinney-Vento Homeless Assistance Act of 1987, as amended, including the Department of Housing and Urban Development's Supportive Housing Program, Shelter Plus Care program, and surplus federal property disposition program.
- (K) Grants and loans made by the Department of Housing and Community Development, including the Rental Housing Construction Program, CHRP-R, and other rental housing finance programs.
- (L) Chapter 1138 of the Statutes of 1987.
- (M) The following assistance provided by counties or cities in exchange for restrictions on the maximum rents that may be charged for units within a multifamily rental housing development and on the maximum tenant income as a condition of eligibility for occupancy of the unit subject to the rent restriction, as reflected by a recorded agreement with a county or city:
 - (i) Loans or grants provided using tax increment financing pursuant to the Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code).
 - (ii) Local housing trust funds, as referred to in paragraph (3) of subdivision (a) of Section 50843 of the Health and Safety Code.
 - (iii) The sale or lease of public property at or below market rates.
 - (iv) The granting of density bonuses, or concessions or incentives, including fee waivers, parking variances, or amendments to general plans, zoning, or redevelopment project area plans, pursuant to Chapter 4.3 (commencing with Section 65915).

Assistance pursuant to this subparagraph shall not include the use of tenant-based Housing Choice Vouchers (Section 8(o)) of the United States Housing Act of 1937, 42 U.S.C. Sec. 1437f(o), excluding subparagraph (13) relating to project-based assistance). Restrictions shall not include any rent control or rent stabilization ordinance imposed by a county, city, or city and county.

APPENDIX F

Inventory of Opportunity Sites 2007-2014

UNITS CONSTRUCTED/UNDER CONSTRUCTION AS OF JANUARY 1, 2007										
Site	Total Built and Projected Units		Notes	Parcel Size	Zoning District	General Plan	Allowable Density with Current Zoning	Total Units	Net Units	Net Units Expected
1066 41 st Avenue Capitola Beach Villas 034-091-06	EL	0	Currently under construction	~1.85 acres	PD	C-SR	~30 du/a	55	55	55
	VL	0								
	L	0								
	M	8								
	AM	47								
750 Bay Avenue Bay Avenue Senior Housing 036-051-33	EL	13	New units	4.18 acres	RM-M	R-M	n/a	13	13	13
	VL	0								
	L	0								
	M	0								
	AM	0								
1911 42 nd Avenue 034-201-33	EL	0	Plans approved by CC	.97 acres	RM-M/PD	R-M	~12 du/a	10	9	9
	VL	0								
	L	0								
	M	1								
	AM	9								
2064 Edmund Land 034-412-57	EL	0	Single-Family home approved	0.12	R-1	R-LM	5-10 du/a	1	1	1
	VL	0								
	L	0								
	M	0								
	AM	1								
107 Fanmar Way 035-163-37	EL	0	Single-Family home finalized 2008	0.12	RM-LM	R-M	5-10 du/a	1	1	1
	VL	0								
	L	0								
	M	0								
	AM	1								

Total Expected Units Constructed/Under Construction as of January 1, 2007 = 79	EL	13
	VL	0
	L	0
	M	9
	AM	57

AFFORDABLE HOUSING OVERLAY (Multi-Family Residential Zones)										
Site	Total Built and Projected Units		Notes	Parcel Size	Zoning District	General Plan	Allowable Density with Current Zoning	Total Units	Net Units	Net Units Expected
600 Park Avenue Newman Apartments 036-151-15	EL	0	Underutilized land. Developed in 1960s with 20 1-story building containing a total of 80 units; 64 1-bedroom , 16, 2-bedroom units	6.8 acres	RM-LM	R-H (Pending Coastal Commission certification)	Maximum of 20 du/a	133 (based on study)	33	33***
	VL	0								
	L	16								
	M	17								
	AM	0								
822 Bay Avenue Capitola Inn 036-011-28	EL	4	Site constraint: currently commercial use	3.09 acres	AR/RM-LM	R-H (Pending Coastal Commission certification)	Maximum of 20 du/a	61	61	61
	VL	26								
	L	16								
	M	15								
	AM	0								
Total Expected Units from the Affordable Housing Overlay = 94								EL	4	
								VL	26	
								L	32	
								M	32	
								AM	0	

COMMERCIAL ZONING DISTRICTS

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

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

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

SECONDARY DWELLING UNITS										
Site	Total Built and Projected Units VL-Very Low L-Low M-Moderate AB-Above Moderate		Notes	Parcel Size	Zoning District	General Plan	Allowable Density with Current Zoning	Total Units	Net Units	Net Units Expected
2040 Edmund Lane 034-412-55	VL	0	Approved Planning Permit	0.12	R-1	R-LM	5-10 du/a	1	1	1
	L	0								
	M	1								
	AM	0								
Citywide	VL	0	Expect 6 secondary dwelling units to be built between 2007-2014	N/A	R-1	R-LM	5-10 du/a	6	6	6
	L	0								
	M	6								
	AM	0								

Total Expected Units from Secondary Dwelling Units = 7	VL	0
	L	0
	M	7
	AM	0

VANCANT/UNDERUTILIZED RESIDENTIAL LAND

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

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

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

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

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

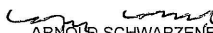
***600 Park Avenue could be built at 20 units/acre to provide for a net of 56 units. However, 33 units are anticipated due to the rehabilitation/phased nature of the project.

SUMMARY OF OPPORTUNITY SITES

Affordability Level	RHNA Requirement	# Units Developed	# Units with Affordable Housing Overlay	Commercial Zoning Districts	Secondary Dwelling Units	Vacant/ Underutilized Land	Total Units
Extremely Low	16	13	4	0	0	0	17
Very Low	16	0	26	0	0	0	26
Low	24	0	32	0	0	0	32
Moderate	27	9	32	9	7	7	64
Above Moderate	60	57	0	29	0	7	93
TOTAL	143	79	94	38	7	14	232

APPENDIX G
April 6, 2010 Letter
Department of Housing and Community Development

STATE OF CALIFORNIA - BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT
1800 Third Street, Suite 430
P. O. Box 952053
Sacramento, CA 94252-2053
(916) 323-3177 / FAX (916) 327-2643
www.hcd.ca.gov


ARNOLD SCHWARZENEGGER, Governor



RECEIVED

APR - 8 2010

CITY OF CAPITOLA

April 6, 2010

Mr. Richard Hill
City Manager
City of Capitola
420 Capitola Avenue
Capitola, CA 95010

Dear Mr. Hill:

RE: Review of the City of Capitola's Adopted Housing Element

Thank you for submitting the City of Capitola's housing element adopted February 11, 2010 and received for review on February 26, 2010. The Department is required to review adopted housing elements and report the findings to the locality pursuant to Government Code Section 65585(h).

As you know, the Department's February 11, 2010 review found Capitola's revised draft housing element addressed the statutory requirements of housing element law. As the adopted element is substantially the same as the revised draft, the Department is pleased to find the element in full compliance with State housing element law (Article 10.6 of the Government Code).

The element includes a complete analysis of the suitability of sites to address Capitola's remaining regional need for lower-income households and includes Program 2.5 to monitor identified affordable housing opportunity sites and report on the status of these sites in the City's annual progress reports required pursuant to Government Code Section 65400. In addition, the element includes Program 2.8 to monitor the City's inclusionary housing ordinance for its impact on costs and supply of housing and evaluate additional incentives that may be needed. These and other programs will facilitate more compact development with a mix of uses to address climate change, energy conservation, air quality, and maximize land resources. Such housing and land-use strategies also promote the feasibility of developing housing for lower-income families and workers while strengthening the local economy.

In addition, Capitola now meets specific requirements for several State funding programs designed to reward local governments for compliance with State housing element law. For example, the Housing Related Parks Program, authorized by Proposition 1C, Local Housing Trust Fund and the Building Equity and Growth in Neighborhoods (BEGIN) Programs include housing element compliance either as a threshold or competitive factor in rating and ranking applications. More specific information about these and other programs is available on the Department's website at http://www.hcd.ca.gov/hpd/hrc/plan/he/loan_grant_hcompl011708.pdf.

Mr. Richard Hill
Page 2

The Department wishes Capitola success in implementing its housing element and looks forward to following its progress through the General Plan annual progress reports. If the Department can provide assistance in implementing the housing element, please contact James Johnson, of our staff, at (916) 323-7271.

Sincerely,

A handwritten signature in cursive script that reads "Cathy E. Creswell".

Cathy E. Creswell
Deputy Director

cc: Jamie Goldstein, Director of Community Development
David Foster, Housing and Redevelopment Planner

APPENDIX H
February 11, 2010
City Council Resolution No. 3803

7469

RESOLUTION NO. 3803

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAPITOLA
CERTIFYING NEGATIVE DECLARATION AND AMENDING THE CITY'S GENERAL PLAN
BY RESCINDING THE 2000-2007 HOUSING ELEMENT AND ADOPTING THE 2007-2014
HOUSING ELEMENT AND AUTHORIZING AND DIRECTING THE COMMUNITY
DEVELOPMENT DIRECTOR TO SUBMIT IT TO THE STATE DEPARTMENT
OF HOUSING AND COMMUNITY DEVELOPMENT FOR CERTIFICATION**

WHEREAS, the City of Capitola recognizes its responsibility to plan for the housing needs of the community; and

WHEREAS, the Housing Element of the General Plan sets forth City policies that will direct City action toward the provision of housing in the community; and

WHEREAS, Section 65580 of the Government Code of the State of California sets forth the requirements for the preparation and adoption of the Housing Element of the General Plan; and

WHEREAS, an Initial Study and Negative Declaration was prepared for the 2007-2014 Housing Element and circulated for review and comments in accordance with CEQA Guidelines; and

WHEREAS, consistent with CEQA and City Guidelines, it was determined that there is no substantial evidence that the 2007-2014 Housing Element will have a significant effect on the environment; and

WHEREAS, the City Council held a public hearing on August 13, 2009, and accepted a Draft 2007-2014 Housing Element and directed staff to submit it to Housing and Community Development (hereafter "HCD") for review; and

WHEREAS, the Draft 2007-2014 Housing Element was submitted to and reviewed by HCD and subsequently revised to respond to comments submitted to the City by HCD; and

WHEREAS, the Planning Commission held a public hearing to review and consider the Draft 2007-2014 Housing Element on January 21, 2010, and recommended to the City Council adoption of the Negative Declaration and adoption of the Draft Housing Element; and

WHEREAS, the revisions to the City's 2007-2014 Housing Element were presented to the City Council at a public meeting held on February 11, 2010; and

WHEREAS, at the meeting of February 11, 2010, the Community Development Director informed the City Council that HCD contacted the City regarding the proposed language for Policy 3.3a Homeless Shelters and they recommended alternate language for that section; and

WHEREAS, the City Council considered the new language proposed by HCD and approved the following language for Policy 3.3a Homeless Shelters, and other changes necessary to ensure consistency with this revised Policy:

"Within one year of adoption of the housing element, the City will amend its Zoning Ordinance to allow emergency shelters without CUP or other discretionary approval in the Industrial Park (IP) zone. The IP zone includes a total of 6.37 acres in eight parcels. Four of the parcels (approximately 2.17 acres) are vacant or underutilized and demonstrate that sufficient land is available for at least one emergency shelter to accommodate the City's identified homeless need. The City may apply objective development standards to encourage and facilitate the use as provided under Government Code Section 65583(a)(4)(A).

Responsible Agency: Community Development Department

Potential Funding Source: General Fund

Proposed Timing:

- Amend zoning to allow ES without CUP or discretionary approval in the IP zone within one year of adoption of the element."

WHEREAS, the City Council now finds:

1. The proposed amendment is deemed to be in the public interest. Availability of housing is a vital issue of local and statewide importance. The Housing Element makes adequate provisions for the existing and projected housing needs for all economic segments of the community. The housing element also is in the public interest since it addresses regional housing needs.
2. The proposed General Plan amendment is consistent and compatible with the rest of the existing General Plan and any implementation programs that may be affected. The 2007-2014 Housing Element replaces the 2000-2007 Housing Element in the General Plan. Most of the policies, programs, and objectives are similar in both elements. The 2007-2014 Housing Element is consistent with the Land Use Element since no land use amendments will be necessary. The Housing Element is also consistent with the Circulation Element with no significant circulation impacts being identified in the Initial Study/Negative Declaration.
3. The potential impacts of the proposed amendment have been assessed and have been determined not to be detrimental to the public health, safety, or welfare. It is intended to promote the housing needs of the community, including safe housing conditions and vital neighborhoods.
4. The Housing Element was prepared in accordance with California Government Code Sections 65580-65589.8 and reviewed by the State Department of Housing and Community Development with a required by State law. An Initial Study was completed consistent with CEQA Guideline requirements. The Planning Commission has considered the Initial Study and Negative Declaration and finds, based on the entire record before it, that there is no substantial evidence that the project will have a significant effect on the environment, and that the Negative Declaration reflects the City's independent judgment and analysis.

WHEREAS, City Council has considered the Negative Declaration, together with the supporting documentation provided, and based on the basis of the whole record before the Council, finds there is no substantial evidence that the amendment will have a significant effect on the environment and that the Negative Declaration reflects the City's independent judgment and analysis.

NOW, THEREFORE, BE IT HEREBY RESOLVED by the City Council of the City of Capitola as follows:

- a) The Negative Declaration for the 2007-2014 Housing Element is hereby certified;
- b) The City's General Plan is hereby amended to rescind the 2000-2007 Housing Element and adopt the 2007-2014 Housing Element; and
- c) The Community Development Director is hereby authorized and directed to submit the 2007-2014 Housing Element to the State Department of Housing and Community Development for final certification.

RESOLUTION NO. 3803

7471

I HEREBY CERTIFY that the above and foregoing resolution was passed and adopted by the City Council of the City of Capitola at its regular meeting held on the 11th day of February, 2010, by the following vote:

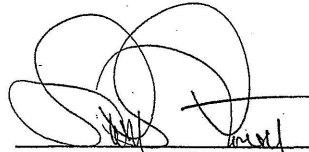
AYES: Council Members Graves, Norton, Nicol, and Begun

NOES: Mayor Storey

ABSENT: None


ABSTAIN: None

DISQUALIFIED: None



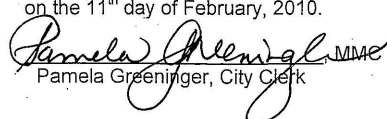
Sam Storey, Mayor

ATTEST:



Pamela Greeninger, City Clerk, MMC

This is to certify that the above and foregoing is a true and correct copy of Resolution No. 3803 passed and adopted by the Capitola City Council on the 11th day of February, 2010.



Pamela Greeninger, City Clerk