



420 CAPITOLA AVENUE
CAPITOLA, CALIFORNIA 95010
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March 27, 2007

Ms. Cathy Creswell, Deputy Director
Department of Housing and Community Development
Division of Housing Policy Development
1800 Third Street, Room 430
Sacramento, CA 95814

HOUSING POLICY
DEVELOPMENT, HCD

MAR 29 2007

RE: Annual Housing Element Progress Report
City of Capitola

Dear Ms. Creswell:

The City of Capitola is pleased to submit this Housing Element Progress Report covering the period from July 1, 2006 through December 31, 2006.

Because our last annual report covered our Housing Element progress through June 30, 2006 this report is very short and only points out the areas of activity during the past six months. The City continues to maintain affordable housing opportunity sites for all income categories well in excess of the fair share numbers assigned to Capitola under the Regional Housing Needs Assessment (RHNA).

We look forward to your review. Please give me a call if you have any questions or need additional information.

Sincerely,

David Foster
Housing and Redevelopment Planner
(831) 475-7300 ext. 215

Attachment

HOUSING ELEMENT PROGRESS REPORT JULY 1, 2006 TO DECEMBER 31, 2006

The City of Capitola adopted its 2000-2007 Housing Element Update on March 25, 2004 and the State Department of Housing and Community Development (HCD) found it to be in substantial compliance with the housing element law on May 7, 2004. The City of Capitola has maintained its Housing Element Progress Reports on a fiscal year basis since that time with the most recent report having been received by HCD on November 17, 2006 for the fiscal years of 2004-2005 and 2005-006. Because of the new calendar year reporting requirement this current report will cover the time period from July 1, 2006 to December 31, 2006.

Progress in Meeting Regional Housing Needs (RHNA Goals)

During the last six months there has been slow but steady progress toward meeting our Regional Housing Needs Goals. Two low-income ownership housing units have been completed and we have moved forward with the predevelopment work on a major new construction/rehabilitation project that will serve 109 very low and extremely low-income seniors. No new moderate-income units were developed during the six months of this reporting period. Eight new above moderate-income units have been issued permits during the same time period. Combined with the demolition of three units this gives us a net gain of five new above moderate-income units. The status has not changed on any of the sites listed in the Housing Element's Housing Opportunity sites list. Capitola continues to maintain affordable housing opportunity sites for all income categories well in excess of the fair share numbers assigned to Capitola under the Regional Housing Needs Assessment (RHNA).

Housing Program Implementation Status

All of the goals and programs outlined in the 2004-2005 & 2005-2006 Progress Report remain in place with the following actions having taken place during the six months of the current report period:

1. Two First Time Homebuyer Loans have been provided for low-income homebuyers for the purchase of inclusionary housing units
2. Three households have received assistance from our Security Deposit Program.
3. 41 unduplicated households have been served through the City's Emergency Housing Assistance Program.



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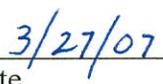
**Department of Housing and
Community Development
Annual Housing Element Progress Report**

CERTIFICATION OF ACCURACY

The undersigned in the capacity of Community Development Director on behalf of the City of Capitola has reviewed the information provided in the report contained herein, and certifies, to the best of her knowledge, that the information that has been provided herein is true and correct.



Juliana Rebagliati, AJCP,
Community Development Director



Date

**CITY OF CAPITOLA
ANNUAL PROGRESS REPORT
ON HOUSING ELEMENT IMPLEMENTATION**

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Reporting Period: July 1, 2006 to December 31, 2006