

# Capitola approves compromise on repaying U.S. housing funds

By DONNA KIMURA

Sentinel staff writer

CAPITOLA — The city of Capitola looks like it won't have to repay the federal government for a housing project the city never built.

Instead, Capitola will commit more than \$364,000 to public improvements for the disabled in the next two years.

City officials said they are confident the U.S. Department of Housing and Urban Development will approve this compromise.

The move brings Capitola one step closer to clearing up years of financial mismanagement. The City Council approved the plan Thursday night.

"It's clear HUD wants us to meet the national objectives," said Mayor Margaret Fabrizio.

In 1982, HUD gave the city a \$140,000 grant to buy a half-acre lot on 38th Avenue to build low-income housing. In 1988, Capitola sold that property for \$226,000 and kept the money.

Former City Manager Steve Bur-

rell said the money from selling the lot would help buy a five-acre parcel at the corner of Wharf Road and Clares Street for \$1.45 million. Instead, the money went into the city's general fund and was spent on day-to-day operations.

No housing has been built on the Wharf Road and Clares Street property.

City officials said the money plus interest needed to be either repaid to HUD or reused by the city for other community purposes that meet the agency's goals.

Capitola plans to use the money to make public buildings more accessible to people with disabilities. The projects include improving access to City Hall, building an accessible restroom and locker room at the police station and fixing city parks and playgrounds for the disabled.

"What a shot in the arm for the ADA program," said Councilwoman Stephanie Harlan.

About half of the funds will be set aside in the 1996-97 budget, according to City Manager Susan

Westman.

The financially strapped city will be able to commit \$180,000 next fiscal year to the improvements as part of the city's capital projects, she said. Another \$184,000 will be committed in the 1997-98 budget.

Capitola leaders are attempting to straighten out the city's finances after much criticism from City Treasurer Glenn Hanna. The city's handling of a 1986 bond deal is under investigation by the county District Attorney's Office.

On Thursday, council members acting as the directors of the city Redevelopment Agency also transferred \$458,165 to the agency's housing fund.