



February 16, 2026

**City of Capitola - %: Sean Sesanto, Associate Planner**

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**Regarding Project Site:**

[417 Capitola Avenue](#)

[Capitola Ca 95010](#)

Dear Members of the Capitola Planning Commission and City Staff,

Thank you for the opportunity to submit this request for a permit extension. We appreciate the time and consideration given by both the Commission and City staff as we continue working collaboratively toward the successful implementation of this project.

Over the past two years, our team has acted diligently to advance the project; however, financial challenges have required additional time beyond what was originally anticipated. During this period, we have worked to secure construction financing in a difficult economic climate, navigate ongoing market volatility, and reevaluate project budgets in response to rising interest rates and construction costs.

In parallel with these efforts, the project was submitted for building permit on October 31, 2025, as part of our commitment to continue moving forward responsibly. Shortly thereafter, we became aware of the newly adopted affordable housing impact and in-lieu fee requirements on November 3, 2025, and have since worked closely with City staff to fully understand and incorporate these obligations into the project budget.

This additional time has been essential to ensure the project can move forward in a financially viable and fully compliant manner. We remain fully committed to proceeding with the project and believe the requested extension will allow us to do so in a realistic and responsible way.

Thank you again for your continued support and for including this item on the March 5th 2026 hearing agenda.

Sincerely,

Daniel R. Townsend

Daniel J. Gomez

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